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TODAY'S EDITION

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TERRORISM NEWS:

White House Reflects On Steps Taken Since Sept. 11 Attacks (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 11, 2006

NEW YORK -- As President Bush marked the fifth anniversary of the Sept. 11 attacks, top administration officials renounced some rationales for the Iraq war and defended the counterterrorism policies they have put in place.

President Bush has described the Sept. 11 attacks on New York and Washington as the defining moment of his presidency, and the White House has portrayed a number of measures -- including the Iraq war and its warrantless surveillance of some electronic communication -- as efforts to prevent terrorism on American soil.

But Mr. Bush, who placed wreaths here Sunday in two reflecting pools at the site of the former World Trade Center, faces challenges to those policies from Congress and the courts.

On Sunday television talk shows just hours before the president and first lady paid their respects at Ground Zero, Vice President Dick Cheney and Secretary of State Condoleezza Rice said they have no regrets about invading Iraq, which both officials called the central front in the global war on terror. They also said the administration's antiterrorism policies deserved much of the credit for the fact that there have been no attacks in the U.S. in the past five years.

Mr. Cheney and Ms. Rice also said that two of the administration's central prewar claims -- that ousted Iraqi leader Saddam Hussein possessed weapons of mass destruction and was tied to the Sept. 11 attacks -- aren't accurate.

Mr. Cheney, on NBC-TV's "Meet the Press," said Mr. Hussein had no stockpiles of nuclear or chemical weapons, that Iraq wasn't connected to the Sept. 11 attacks and that a government investigation hadn't turned up evidence that would substantiate his previous assertion that Mohammad Atta, the lead Sept. 11 hijacker, met an Iraqi intelligence agent in Prague before the strikes.

RIPPLE EFFECT

· Take a look at charts1 showing Sept. 11's impact on airlines, defense spending and the economy. (Sept. 11, 2006)

· Since Sept. 11:2 A look at how the WTC site has changed and will change (Sept. 8, 2005)

· See a slideshow3 of Bush's two-day Sept. 11 observances.

· Question of the Day:4 How did you first learn of the Sept. 11 attacks?

Speaking to NBC host Tim Russert, the vice president said he was wrong to assert, in May 2005, that the insurgency in Iraq was "in its last throes." Since then, insurgents have killed 1,000 American military personnel and at least 20,000 Iraqis. "I think there's no question, Tim, that the insurgency has gone on longer and been more difficult than I had anticipated," Mr. Cheney said. Mr. Cheney also noted rising violence and the Taliban resurgence in Afghanistan and said U.S. troops will be there "for some considerable" time.

Mr. Cheney credited efforts to step up homeland security, such as terrorist surveillance and financial tracking programs with making the nation safer. "I don't know how much better you can do than no attacks for the last five years," Mr. Cheney said.

Last week's series of presidential speeches showed that the administration is confronting a different legal and political landscape than in previous years. Months after the Supreme Court rejected his administration's argument that it had the authority to use military tribunals to try suspected terrorists, Mr. Bush is asking Congress to give him such powers, which some lawmakers may be unwilling to do. Similarly, some lawmakers in both parties are balking at approving the warrantless wiretapping program.

During the 9/11 fifth-anniversary remembrances, Mr. Bush is attempting to stay above the political fray. Administration aides say the president won't make any public comments when he meets with firefighters here Monday or places wreaths at the Pentagon and in Pennsylvania where terrorists crashed commandeered airliners.

White House spokesman Tony Snow added that the president's Oval Office speech this evening won't "be a political speech -- there are no calls to action, there are no attempts to segregate Democrats from Republicans."

Cheney Hails 'Progress' Since 9/11 (WT)

By Eric Pfeiffer

The Washington Times, September 11, 2006

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The United States has made "significant progress" in the war on terror five years after the September 11 attacks, particularly by pursuing leaders of the al Qaeda network, Vice President Dick Cheney said yesterday.

"We've done enormous damage to al Qaeda, to the leadership of al Qaeda," Mr. Cheney said on NBC's "Meet the Press." "I would say I think we've made significant progress."

Host Tim Russert pressed Mr. Cheney on whether U.S. military action under the Bush administration created more terrorists than it captured or killed. Mr. Russert cited a poll in which 54 percent of respondents said the war on terror is creating more terrorists.

"I can't buy that," Mr. Cheney said. "I mean, I think you've got to look at what's happening in Afghanistan and Iraq in terms of where we were five years ago and where we are today."

Sen. John D. Rockefeller IV, West Virginia Democrat, said Friday that the world would be better off if Iraqi dictator Saddam Hussein were still in power.

"[Saddam] wasn't going to attack us. He would've been isolated there," the leading Democrat on the Senate Select Intelligence Committee told CBS News. "He would have been in control of that country, but we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about."

"Think where we'd be if he was still there," Mr. Cheney retorted yesterday. "He'd be sitting on top of a big pile of cash, because he'd have $65 and $70 [per barrel of] oil. He would by now have taken down the sanctions because he had already -- with the corrupted [United Nations] oil-for-food program -- nearly destroyed them when he was still in power. He would be a major state sponsor of terror."

Sen. Charles E. Schumer, New York Democrat, said Saddam is not the issue.

"It was a good thing to get rid of him. He was a brutal dictator," Mr. Schumer told CBS' "Face the Nation." "But the problem is that, once Saddam was gone, this administration had no plan as to what to do next. ... And so, that's the problem here. It's not getting rid of Saddam Hussein. It's that there was never a plan after he left."

Mr. Schumer saved his sharpest criticism for the vice president.

"Cheney represents what's wrong with this administration policy," he said. "Because we can be both strong and smart. We've seen a lot of strength from this administration, no doubt about it. But we certainly haven't seen enough smarts. And that's why the things in Iraq are getting worse."

Secretary of State Condoleezza Rice, also on "Face the Nation," said that despite faulty intelligence on weapons of mass destruction in Iraq, the war was justified because of Saddam's ties to terrorism and al Qaeda.

"There were clearly links between terrorism and Iraq," Miss Rice said.

"The idea that somehow this was a peaceful relationship with Saddam Hussein -- if we had just let him be, the world would have been fine -- I just find a not-very-sustainable argument," she said.

On "Fox News Sunday," Democratic National Committee Chairman Howard Dean said the war in Iraq is a distraction from the war on terror.

"We have not pursued the war on terror with the vigor that we should have because we got bogged down in a civil war in Iraq," Mr. Dean said. "The bottom line here is the Democrats think we shouldn't be in Iraq and the Republicans want to stay there forever. ... Sixty percent of the American people think we shouldn't be in Iraq. They think it was a mistake. And I am one of those people."

Rice: Do Not Relent In Fighting Iraq War (AP)

By Ben Feller

AP, September 11, 2006

The United States is safer now than it was before the Sept. 11 attacks, but must not relent in fighting terrorism in Iraq and elsewhere, Secretary of State Condoleezza Rice said Sunday.

"I think it's clear that we are safe _ safer _ but not really yet safe," said Rice, who was President Bush's national security adviser when al-Qaida masterminded the attacks of Sept. 11, 2001.

Yet Democratic leaders said the Bush administration has gotten the U.S. bogged down in Iraq when there was no evidence of links to the Sept. 11 attacks, detracting from efforts against al-Qaida and other terrorist groups.

"I think we're in trouble," said Howard Dean, chairman of the Democratic National Committee.

A poll released Sunday found that 55 percent of those surveyed think the country is safer from terrorism than it was before Sept. 11, 2001, while 37 percent do not. The ABC News poll also said 38 percent think the government is doing all it can to prevent another terrorist attack, while 60 percent say it is not.

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Vice President Dick Cheney defended the invasion of Iraq but acknowledged that the insurgency was not "in its last throes," as he said in May 2005. "I think there is no question but that we did not anticipate an insurgency that would last this long," he said.

A Senate report released Friday disclosed for the first time that a CIA assessment in October 2005 said Saddam's government "did not have a relationship, harbor or turn a blind eye toward" al-Qaida operative Abu Musab al-Zarqawi or his associates.

Rice, however, maintained "there were ties between Iraq and al-Qaida. Now, are we learning more now that we have access to people like Saddam Hussein's intelligence services? Of course we're going to learn more."

She said that "as far as we know," Saddam had no knowledge of or role in the Sept. 11 plot. "If you think that 9/11 was just about al-Qaida and the hijackers, then there's no connection to Iraq. But if you believe, as the president does and as I believe, that the problem is this ideology of hatred that has taken root, extremist ideology that has taken root in the Middle East, and that you have to go to the source and do something about the politics of that region.

"It is unimaginable that you could do something about the Middle East with Saddam Hussein sitting in the center of it, threatening his neighbors, threatening our allies, tying down American forces in Saudi Arabia," Rice.

Meantime, the U.S. intelligence chief said that over the past five years, the country has made major gains in "connecting the dots" about threats by sharing information among intelligence agencies.

"The American people should understand that the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11," John Negroponte wrote in Sunday's Washington Post.

According to recent AP-Ipsos polling, half in the U.S. say they feel the cost of fighting terrorism may be too high, and 45 percent say they have less faith in the government's ability to protect them. Also, just over half have little confidence that terrorist leader Osama bin Laden will ever be caught.

A Republican member of the commission that investigated the Sept. 11 attacks said the U.S. has taken important steps to stem terrorism by capturing many of those responsible for the planning.

"We have gotten rid of most if not all theater commanders of al-Qaida, but we have not addressed as a nation the root cause ... this jihadist ideology that is being preached around the world, basically funded with Persian Gulf money," John Lehman said.

Democrats contend the administration should do more to secure ports, chemical plants and other potential sites of homeland terrorism.

"We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq," Dean said. "What we ought to be doing is going after Osama bin Laden full-scale."

Rice appeared on CNN's "Late Edition," CBS' "Face the Nation," and "Fox News Sunday," where Dean was interviewed, too. Cheney was on NBC's "Meet the Press" and Lehman on ABC's "This Week."

Rice: U.S. Is Safer 5 Years After Attacks (UPI)

UPI, September 10, 2006

WASHINGTON, Sept. 10 (UPI) -- U.S. Secretary of State Condoleeza Rice says the United States is safer five years after the Sept. 11 attacks and has new allies in the war on terror.

Rice said those new allies include a democratic Iraq and Afghanistan.

She also told "Fox News Sunday" al-Qaida has been "hurt badly" by U.S. efforts. Rice insisted the administration relied on the best U.S. intelligence when it linked pre-war Iraq to al-Qaida, even though a 2002 Defense Intelligence Agency report released last week by a Senate committee concluded there was no link.

Rice said there are "intelligence reports and conflicting intelligence reports all the time," and she doesn't remember seeing the DIA report.

"I think it's clear that we are ... safer, but not really yet safe ... In terms of homeland, we're more secure, our ports are more secure, our airports are more secure," Rice told Fox News.

"We have a much stronger intelligence-sharing operation, not just within the country, where we've broken down walls between law enforcement and intelligence agencies to get all of the information to break up terrorist plots, but also across the world."

Rice declined to say whether the administration had made mistakes, but said the world was better off without Saddam Hussein in power in Iraq.

War's Critics Abetting Terrorists, Cheney Says (WP)

By Michael Abramowitz

DOJ_NMG_0060200

The Washington Post, September 11, 2006

Vice President Cheney offered a veiled attack yesterday on critics of the administration's Iraq policy, saying the domestic debate over the war is emboldening adversaries who believe they can undermine the resolve of the American people.

"They can't beat us in a stand-up fight -- they never have -- but they're absolutely convinced they can break our will, [that] the American people don't have the stomach for the fight," Cheney said on NBC's "Meet the Press."

The vice president said U.S. allies in Afghanistan and Iraq "have doubts" the United States will finish the job there. "And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States," he said. "Suggestions, for example, that we should withdraw U.S. forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists."

Cheney unapologetically defended the 2003 invasion that toppled Iraqi leader Saddam Hussein, saying the administration would have done "exactly the same thing" even if it knew before the war what he acknowledged knowing now -- that Iraq did not have stockpiles of weapons of mass destruction. Yet he also gave a bit of ground, as he was pressed repeatedly by interviewer Tim Russert about statements that turned out to be wrong or damaging to his credibility.

The vice president acknowledged he had been overly optimistic in predicting a quick demise to the Iraqi insurgency that continues to bedevil U.S. forces. More than a year ago, in May 2005, Cheney proclaimed the insurgency was in its "last throes." Since then, more than 1,000 U.S. troops have died and sectarian violence has intensified.

"I think there's no question . . . that the insurgency's gone on longer and been more difficult [than] I had anticipated," Cheney said. But he added that 2005 will be seen as a "turning point" in Iraq's history because of elections that have led to a democratic government.

He did not mention warnings from the intelligence community and others that the post-invasion Iraq could be consumed by religious violence, and that pacifying the country would require many thousands more troops than those committed by the White House.

Cheney's appearance came on the eve of the five-year anniversary of the Sept. 11, 2001, attacks and as the Bush administration ratchets up efforts to convince Americans that the war in Iraq is part of a global struggle against Islamic terrorism and extremism. As it tries to keep GOP majorities in Congress, the White House is hoping to make the elections more about battling terrorism in general than about the unpopular war in Iraq.

In sending out Cheney to do a nearly hour-long interview with Russert, the administration chose one of the principal authors of its national security strategy -- but one whose stature has been eroded, in part, by assertions that Democrats and even some administration allies consider as lacking credibility.

Democrats reacted with scorn to Cheney's latest comments.

"Vice President Cheney's influence over our nation's foreign policy and defense has made America less safe," said Senate Minority Leader Harry M. Reid (Nev.). "The vice president was a chief architect of the effort to manipulate intelligence to build a case for invading Iraq; he ignored the threat of insurgencies, he took our eye off the ball in Afghanistan, and today he made clear that he would do nothing different."

Cheney appeared unruffled as Russert asked him again and again about his past remarks or about policies that have lost popularity with Americans.

When Russert presented polling data suggesting that most Americans do not view Iraq as part of a war against terrorists, Cheney replied, "I beg to differ. . . . The fact is, the world is much better off today with Saddam Hussein out of power."

Russert pushed Cheney on his repeated assertions that Sept. 11 plotter Mohamed Atta met with an Iraqi intelligence officer in Prague, which the vice president has used to raise the possibility of a connection between Hussein and the Sept. 11 attacks.

Cheney said yesterday the CIA had presented a Czech intelligence report to him of the meeting but later "backed off" it; U.S. intelligence reports, however, repeatedly cast doubt on that meeting, even in the months before Cheney discussed it publicly in September 2002, according to a declassified report released Friday by the Senate intelligence committee.

Separate from the issue of Sept. 11, the vice president maintained, prewar Iraq was a state sponsor of terrorism. He quoted former CIA chief George Tenet in saying there was a relationship between Hussein and al-Qaeda going "back at least a decade" before the U.S. invasion.

Cheney asserted that the slain al-Qaeda operative Abu Musab al-Zarqawi had fled Afghanistan and "set up operations in Baghdad in the spring of '02 and was there from then, basically, until basically the time we launched into Iraq." The Senate intelligence committee reported that, by October 2005, the CIA had debunked the idea of any prewar relationship between Zarqawi and Hussein's government.

Cheney told Russert that he had not read the Senate report.

Cheney said it is "hard to say" whether there are more terrorists now than five years ago. But the fact that al-Qaeda has launched no successful attack on U.S. soil since Sept. 11, 2001, shows that the administration's policies are working, he added.

"I don't know how you can explain five years of no attacks, five years of successful disruption of attacks, five years of, of defeating the efforts of al-Qaeda to come back and kill more Americans," Cheney said. "You've got to give some credence to the notion that maybe somebody did something right."

Cheney said he sees "part of my job is to think about the unthinkable, to focus upon what, in fact, the terrorists may have in store for us." He said the threat that drives administration thinking is "the possibility of a cell of al-Qaeda in the midst of one of our own cities with a nuclear weapon, or a biological agent. In that case, you'd be dealing -- for example, if on 9/11 they'd had a nuke instead of an airplane, you'd have been looking at a casualty toll that would rival all the deaths in all the wars fought by Americans in 230 years."

'We Cannot Let Down Our Guard' (USAT)

By Rudy Giuliani

USA Today, September 11, 2006

The attacks of Sept. 11, 2001, continue to flood me with many memories. Some are sad, some are tragic, others are uplifting. But recently I have been reflecting on how the attacks are ongoing. The attacks of five years ago cannot be consigned to history.

The attacks did not begin on Sept. 11, 2001. They actually began sometime in the late 1960s, when Islamic radicals started hijacking planes and directing terror at civilians. The first attack that drew significant international attention was the slaughter of the Israeli wrestling team at the Munich Olympics in 1972. Numerous attacks followed, leading up to Sept. 11 and the deadliest ever attack on American soil.

The attacks have continued unceasingly since 9/11 and include those on Bali, Indonesia; Madrid; Beslan, Russia; London — and the recent interrupted plot in the United Kingdom, which might have been even deadlier than the attacks five years ago.

So the killing of innocent civilians by Islamic fanatics has been going on for some time. What was quite different about the attacks of five years ago is that Sept. 11, 2001, marks the day that our nation went on offense against the terrorists.

We broke the pattern of inconsistent response to previous attacks. We began a concerted effort to defeat Islamic fundamentalist terrorism.

Five years later, the measures taken to improve safety in our country have made a difference. We are safer, but not safe enough. It might be tempting to lower our guard and allow our memories to fade into history. That's probably a natural tendency. But it would be a dangerous mistake for our country.

The people who consider democracy their enemy have not stopped fighting. They have not stopped killing. We cannot let down our guard.

This month brings us another sad anniversary, the second year since the siege at Beslan by terrorists. Imagine the kind of people who saw their intended targets — schoolchildren — enter for the first day of school laden with flowers for their teachers. Days later, those children would be so hungry they would eat those wilted flowers as the terrorists mocked them. Soon, many of the children and their parents would be dead.

Shortly after the siege ended, I happened to travel to the region. I was in Moscow on the day of the memorial gathering. Having recently endured a deadly takeover of a Moscow theater and the downing of commercial airliners, Russia's reaction was swift and overpowering. The war against radical Chechen Islamists continues, but Russia has won significant victories and seems to have turned the tide.

It is just over a year since the brutal bombing attacks in London that killed more than 50 innocent people on their way to work. I was visiting in London on that date, just a half block from Liverpool Street Station when the bombings occurred. These attacks made it clear to us that any place is vulnerable. Despite having perhaps the best intelligence services in the world, British authorities were not able to prevent the attack. They did, however, display superb skill in responding to the emergency. Their immediate action saved lives, reduced suffering and mitigated the shock the terrorists were attempting to achieve.

They had learned from years of terrorism how to handle an attack. The perpetrators were identified and their accomplices and plotters of further attacks were captured before additional planned attacks could be launched.

The British intelligence services learned a lesson from the bombings on July 7, 2005. They updated their methods and learned to identify new sources of danger. Then, homegrown British citizens planned and executed deadly plans without detection, possibly because the intelligence was focused on foreigners. By 2006, the security services had adapted. They were able to thwart a massive plot involving mostly homegrown terrorists.

The United States has successfully prevented domestic attacks over the past five years, but the terrorists have not relented. Think of the innumerable attacks from Israel to Iraq and the reported attacks planned by sleeper cells in Buffalo, N.Y.; Portland, Ore.; and Canada that were disrupted by alert authorities.

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Some argue that the attacks continue because of the war in Iraq. But the attacks began decades before the Iraq war. Some argue that our enemies seek negotiation and understanding. But our enemies have made clear to us that what they seek is the annihilation of our most precious freedoms.

One of the main reasons for the founding of the United States was to establish freedom, particularly freedom of religion. Our enemies oppose freedom, particularly freedom of religion. This was made shockingly clear by the recent gunpoint "conversion" of two kidnapped journalists in Gaza. The terrorists don't want to understand and co-exist alongside Western democracies. There are those over the past 30 years, and even to this day, who want to negotiate with the fanatic Islamic terrorists. But the fanatics don't want to negotiate. They want to establish a world in which everyone practices a perverted version of their religion. They want to return to a time before the modern age, to a world in which women have no rights and religious dissent is met with death.

These attacks are about a radical form of Islam that views our very existence as a grave threat. This is not a debate over values or policies. This is not a border dispute. This is a war over the preservation and expansion of the modern world.

We must realize the depth of the danger we face and the determination of our enemy. We have increased attention on air security. We have extended the USA Patriot Act, which has given us a greater opportunity to detect terrorist plots before they occur. We now receive much more help from other countries, such as Pakistan, including banks sharing information about money flow inside terrorist organizations. That information was vital to revealing this summer's airline terror plot in Britain.

As we continue to focus on what we've learned, we must also focus on goals for securing our future. We must improve our intelligence. We must commit to restoring a human intelligence base. We must increase our port security and expand the cooperation of other countries. We must ensure at least a minimum level of emergency preparation in every community in America.

If we remain steadfast in our commitment to these goals, we will succeed. We will make the world safe for the practice of all religions, including Islam. After all, the majority of Muslims are peaceful and law-abiding — they too have been victimized by the radical minority.

On the 10th anniversary of Sept. 11, 2001, I hope the world will visit the hallowed ground of the World Trade Center and see a soaring memorial to those who were killed there, as well as those in Washington, D.C., and Shanksville, Pa. A fitting tribute will pay honor not only to the victims of the attacks of Sept. 11, 2001, but also to the spirit of freedom.

There is a reason thousands of rescue personnel rushed into enormous danger to save men and women who were strangers to them. The reason was respect for the value of human life. It can also be described as love — the kind of love expressed in a biblical phrase, "Man has no greater love than to lay down his life for his friend." This respect for human life and love for others, including strangers, form the core of Western civilization. It is the driving force that helped us create freedom.

What I learned from Sept. 11, 2001, is that free people have much greater strength than they realize. Ultimately, free people prevail over oppression.

Rudy Giuliani was the mayor of New York on Sept. 11, 2001.

Lessons Of September 11 (WT)

By Kay Granger

The Washington Times, September 11, 2006

Two years ago, Tom Kean, the chairman of the bipartisan September 11 Commission, said that 3,000 Americans died that September day because the government "simply was not active enough in combating the terrorist threat." And he warned that the terrorists were not going away. "We must prepare," he said, "and we must act."

Last week, President Bush presented documented evidence that we are better prepared and we are taking action. His words should comfort Americans. His proof should silence critics.

Yet as we arrive today on the fifth anniversary of the September 11 attacks, Americans still have legitimate questions about the Global War on Terror. They demand answers. They deserve the truth. And like President Bush last week, we should engage in a serious conversation about where we have been and where we are going.

Are we winning the war on terror? Not one terrorist attack has hit America in five years. Not one. An accident? No way. Have the terrorists stopped trying? Not a chance. Just last month we learned that an even bigger nightmare than September 11 was being planned in London. We haven't had an attack in five years because our policies have prevented an attack and we have tools we simply didn't have before September ll. We haven't won yet. But we're getting there.

How are we doing it? By aggressively taking the fight to the terrorists both here and abroad. By capturing, detaining and interrogating terrorists. By removing their safe havens. And by dismantling their networks.

Why is our approach working? Because terrorists offer a rich quarry of information that we rightfully mine. This information helps us connect the dots to prevent attacks before they occur.

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Take the example of Abu Zubaydah, a key terrorist leader captured not long after September 11. Using specialized procedures, the CIA extracted important information from Zubaydah that led to more arrests, including one of the masterminds of September 11 -- Khalid Shaikh Mohammed.

The CIA interrogated Mohammed with similar methods and generated similar results. Mohammed divulged details about al Qaeda's efforts to acquire biological weapons and revealed a planned operation in America. Based on this information, U.S. authorities prevented the attack.

President Bush last week gave us the details to prove that the information we obtained led to saving innocent American lives. He also explained what it would mean to lose the tools used to obtain that information because the CIA program is now at risk.

The administration is now ready to keep a commitment made to the families of the victims of September 11 -- to bring the terrorists to justice. The administration is ready to try 14 key terrorist leaders, some of whom are believed to have been the primary masterminds behind the September ll attacks.

To do this the president needs Congress to authorize the use of military commissions -- a tool used by presidents during wartime since George Washington's day. After multiple reviews, the Department of Justice determined the use of military commissions to be legal. The Supreme Court agreed that the use of military commissions is appropriate; however, the Court stated that Congress should authorize such use.

That is what the president has asked us to do. And that is exactly what Congress should do.

It's time to bring these terrorists to justice and Congress should vote to create these commissions. I can't think of anything more important for this Congress than to address our national safety and we need to stay in session until this is completed, regardless of how long it takes.

As we commemorate the suffering and sacrifice of 3,000 Americans on September 11, we shouldn't forget the shock, anger and resolve that we all felt that September day. The families who lost their loved ones certainly haven't. Neither should we.

The terrorists certainly haven't.

Five years after the searing fire of September 11, we are indeed better prepared and we are taking action. But Congress needs to continue making available all the necessary tools to fight and win this war.

Now is not the time to move on. Now is the time to keep moving forward.

Rep. Kay Granger, Texas Republican, sits on the Defense Appropriations Subcommittee and chairs 8th Congressional War on Terror Team.

A Force For Good (WSJ)

By Donald H. Rumsfeld

The Wall Street Journal, September 11, 2006

We remember where we were that day.

At 9:38 a.m., the entire Pentagon shook. I went outside and saw the horrific face of war in the 21st century. Those present could feel the heat of the flames and smell the burning jet fuel -- all that remained of American Airlines flight 77.

Destruction surrounded us: smoldering rubble, twisted steel, victims in agony. * * *

Last week, President Bush greeted the families of September 11 victims in the East Room of the White House and told them about the efforts to bring to justice those who attacked our nation -- and those who supported them. He said, "The families of those murdered that day have waited patiently for justice. . . . They should have to wait no longer." He announced that 14 high-level terrorists, including the man referred to as the mastermind of the attacks, have been transferred to the Department of Defense and incarcerated at Guantanamo Bay. There they will be treated humanely -- though their victims were not -- and, if and when the necessary legislation is passed by the Congress, prosecuted for their crimes, in accordance with law.

President Bush has reminded us that this enemy is still seeking new ways to attack us. He told us about captured terrorists who provided key information about planned attacks on buildings here in the U.S., and about al Qaeda's efforts to obtain biological weapons. Information the interrogators received from these terrorists has led to the capture of other terrorists, who have in turn led us to still more.

Yet, even with these victories in the war, President Bush reminded us that it is important to understand the nature of this enemy, and what it is seeking to do. The extremist movement that threatens us is not a reactionary force -- it actively looks for opportunities to acquire new and deadlier weapons, to destabilize governments, and to create discord among our allies and within our own country.

This enemy has made its immediate strategy clear in public announcements and in captured documents: to undermine the Coalition effort in Iraq, drive our forces out, and then use that nation as a base from which to destabilize the surrounding nations.

They seek to extend a hoped-for victory in Iraq to a broad part of the Middle East and even parts of Europe and Asia -- to restore an ancient caliphate.

Iraq is the linchpin in their effort. Osama bin Laden calls Iraq the "epicenter" of this war, and he believes that "America is prepared to wage easy wars but not prepared to fight long and bitter wars." When Gen. Abizaid, commander of Central Command, was asked what effect pulling out of Iraq would have, he said the extremists would become "emboldened, empowered, more aggressive." They will turn whatever part of Iraq they can control into a safe haven for terrorists, just as Afghanistan was before September 11. They likely will attract still more recruits, inspired by their "victory" over the West.

To stop them in Iraq, our country has sent our finest young people -- all volunteers -- to help the Iraqis defeat the terrorists seeking to control the region. And while our military tactics, techniques and procedures have adapted as the enemy has changed its tactics, the guiding principle of the overall military strategy remains constant -- namely, to empower the Iraqi people to defend, govern and rebuild their own country. Extremists know that war and anarchy are their friends -- peace and order their enemies.

There are many challenges ahead in this young century: Among others, Iran's nuclear aspirations, North Korea and the proliferation of dangerous weapons, and the need to build on recent progress in missile defense.

All this while fighting a war in the media on a global stage. As I recently mentioned in remarks to the American Legion and Veterans of Foreign Wars, everyone is watching: the enemies, their supporters, their potential supporters, our allies and our potential allies. In this very public battle for hearts and minds, we must be as confident in the rightness of our cause as the enemy is in its evil purpose. We cannot allow the world to forget that America, though imperfect, is a force for good in the world.

Mr. Rumsfeld is secretary of defense.

Out Of A Black Hole (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, September 11, 2006

For the past year, the CIA's secret overseas prisons were the giant elephant in Washington's parlor. Everybody knew of the jails-and that some of al Qaeda's top leaders were interned there. Officially, however, neither the jails nor the inmates existed.

All this changed last week when President Bush outlined the CIA's detention program and announced that 14 top al Qaeda suspects, including September 11 mastermind Khalid Shaikh Mohammed, had been transferred to the U.S. military prison in Guantánamo Bay. The unusual public revelations provided new insights into the structure, scope, and results of the controversial, covert jails. The facilities and interrogations were highly organized, handled fewer than 100 prisoners, and resulted in what officials say were significant intelligence gains.

Today, the jails (in unnamed countries overseas) are said to stand empty, the result of a sharp reversal by the Bush administration of its terrorism policy. After 9/11, the Bush administration decided that the Geneva Conventions — which then White House counsel Alberto Gonzales dismissed as "quaint" — did not apply to al Qaeda terrorist suspects. This allowed the Bush administration to direct the CIA to use coercive interrogation methods. But a Supreme Court ruling this summer struck down the program.

Shipped out. All the detainees have been sent to Guantánamo or their home countries or a third country to face trial. What kind of trial for those in Guantánamo will be determined by Congress, in what is likely to be a contentious debate (story, Page 34).

Meanwhile, the White House is using the publicity blitz to hammer Congress for clear legal authority to restart the CIA's detention program. Officials made clear that the new Pentagon rules forbidding coercive interrogations (story, Page 35) do not apply to the CIA. "It's our intent that the CIA detention program continue," says a senior U.S. intelligence official. "It represents the single largest source of insight into al Qaeda."

In his speech, Bush outlined how the CIA's prisoners divulged crucial information about the inner workings and plans of al Qaeda. He detailed how a series of interrogations helped lead to arrests of other top operatives (box). In all, U.S. intelligence officials estimate that detainees have named some 86 individuals — many previously unknown — whom al Qaeda had deemed suitable for terrorist operations in the West. Many remain at large, but nearly half have been captured or killed.

Bush's account, however, left out some of the more embarrassing aspects of the program. In some cases, CIA operatives did employ very tough interrogation techniques widely condemned overseas. Mohammed, for instance, was subjected to water-boarding, or simulated drowning. Some of the rougher procedures also backfired. When Ibn al-Shaikh al-Libi was subjected to some of these techniques, he falsely confessed that Iraq had provided chemical and biological weapons training to al Qaeda. "You can make them talk, but you can't make them tell the truth," says Dan Coleman, a retired FBI expert on al Qaeda.

Bush defended the program as legal, despite the Supreme Court ruling. "The United States does not torture," he insisted. Some Democrats, among others, took exception. "It goes back to the claim that this president can do anything as a wartime

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president, whether it's ignoring [the Foreign Intelligence Surveillance Act] or U.S. law regarding treatment of people," says Rep. Rush Holt, a New Jersey Democrat who serves on the House Intelligence Committee.

Nation & World (USNEWS)

U.S. News and World Report, September 11, 2006

U.S. officials last week offered a rare glimpse at the windfall of intelligence obtained from captured al Qaeda suspects, adding new details on how terrorist plots were stopped and key leaders rounded up after 9/11.

Abu Zubaydah: Captured: March 2002

Top al Qaeda facilitator. Identified key 9/11 plotters and operatives planning new U.S. attack. Gave tips that helped lead to Ramzi Binalshibh and Khalid Shaikh Mohammed.

Ramzi Binalshibh: Captured: Sept. 2002

Paymaster and key operative in 9/11 attacks. Provided tips helping lead to Khalid Shaikh Mohammed.

Khalid Shaikh Mohammed: Captured: March 2003

9/11 mastermind. Revealed planned attacks on U.S. and Sufaat work on anthrax. Told of Khan's $50,000 delivery to Hambali group in Southeast Asia, and fingered Hambali's brother as group's key link to al Qaeda.

Yazid Sufaat: Captured: Dec. 2001

Ran al Qaeda anthrax program. Provided tips that led to capture of his two key assistants.

Rusman "Gun Gun" Gunawan: Captured: Sept. 2003

Brother of Hambali and key al Qaeda link to Southeast Asia. Arrest led to breakup of 17-member Southeast Asian cell in Pakistan, thought to be plotting U.S. attack.

Majid Khan: Captured: Spring 2003

Bag man for al Qaeda affiliate in Southeast Asia. Confirmed $50,000 delivered to operative named Zubair.

Mohd Farik bin Amin (aka Zubair): Captured: June 2003

Malaysian-born operative and key player in Southeast Asia. Provided tips leading to capture of Hambali.

Riduan bin Isomuddin (aka Hambali): Captured: August 2003

Al Qaeda's top man in Southeast Asia, leader of Jemmah Islamiyah affiliate. Helped plan Bali bombings that killed over 200.

Sources: Director of National Intelligence, White House

Sidebar: Gitmo Bound

These eight leading terrorism suspects and the others (with the exception of Yazid Sufaat and Rusman Gunawan) have been transferred from secret CIA prisons to the military's detention center at Guantanamo Bay, Cuba.

How To Try A Fanatic (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 11, 2006

Last week's speech by President George W. Bush skillfully put pressure on Congress to quickly approve a revised system for military tribunals that could pass constitutional muster. But Capitol Hill may not be in much of a cooperative mood. Lawmakers have only four weeks left this session, the politics of midterm elections are intruding, and figuring out how to proceed has caused plenty of squabbling-much of it among Republicans.

It's an unenviable position for Congress-but not unexpected. In June the administration got a stinging rebuke from the Supreme Court, which ruled in Hamdan v. Rumsfeld that the military commissions designed to try foreign terrorists were illegal under U.S. law. The high court chided the White House for creating a system that didn't meet basic fairness standards and said congressional authorization was needed to create such courts. The administration last week floated a bill that responded in some respects; for instance, defendants could appeal their convictions to a federal court.

Divisive. The bill immediately caused Republican fissures, mostly because controversial aspects of the pre- Hamdan tribunals would remain intact. Senate Majority Leader Bill Frist vowed to bring the president's measure to the floor as is, but several Republicans on the Senate Armed Services Committee-Sens. John McCain, Lindsey Graham, and John Warner-scrambled to finish a counterproposal they said would be more legally defensible. "What I want to do is try these guys within my lifetime," said Graham, a former military lawyer. "If we keep passing bills that get struck down by the Supreme Court, we've done no good."

The biggest stumbling block for Congress is the administration's plan for handling classified evidence; sensitive security information could be introduced to seal a terrorist conviction without the accused-or his civilian lawyer-ever seeing it. The administration said the tactic would rarely be used, but that didn't mollify critics. Several top Pentagon lawyers told Congress last

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week that no civilized country has such a system, and Marine Brig. Gen. James Walker said the United States "should not be the first."

Kangaroo court. Another major point of friction: exactly what would be admissible in the tribunals. Any confessions gained through coercion would be permissible, as would hearsay evidence-crucial in cases relying on the secondhand knowledge of a small number of terrorists. But Michael Greenberger, a University of Maryland legal scholar, says that by greenlighting hearsay, the administration could create a slippery slope in which unauthenticated documents might be treated like hard proof. The standards Congress adopts, he adds, could set precedents elsewhere. "We're going to put our armed services all around the world at risk," says Greenberger, "if we create a kangaroo court here."

McCain, Warner, and Graham-backed by Senate Democrats who want to avoid being labeled as soft on terrorism-will offer details of their alternative this week. Evidence gleaned through coercion will almost certainly be forbidden in their model, and McCain says they will use the "200-year [accepted] standard" designed for courts-martial to deal with classified evidence: A judge views sensitive information privately and forbids its use in court if it is too sensitive to be shared with the accused. The administration's allies say that could torpedo some cases. Those same players will push to preserve a clause in the administration's bill that says U.S. interrogators cannot be charged under the U.S. War Crimes Act for questioning techniques they've used since Sept. 11, 2001. "No one said this stuff is easy," muses Greenberger. The coming debate in Congress will very likely underscore that point.

Out From The Shadows (NSWK)

By Mark Hosenball And Michael Isikoff

Newsweek, September 11, 2006

Here is a fact about spies you won't find in your average thriller: they worry about getting sued. Veteran CIA officers know from sorry experience that secrets, especially big ones, rarely stay secret forever. When the unseemly details do come to light, it's the agency that often takes the fall. So when President George W. Bush at last acknowledged the existence of an international network of secret CIA prisons where "high value" terror suspects were housed and interrogated, some officials at the agency began worrying about their futures. Would ugly details be revealed about the methods used to extract information from prisoners? And if so, could Clandestine Service officers be taken to court by detainees claiming they were tortured?

To protect themselves, many CIA officers take out insurance policies, according to current and former intelligence officials who, like all agency employees, would not be named. For a $300 yearly premium, Wright & Co. (known around the agency as Wright Brothers) will cover legal fees for CIA employees sued in the line of duty. Last week, at CIA headquarters, agency employees darkly joked among themselves about the possible fallout to come. "A lot of people are checking their Wright Brothers insurance," says a former senior Clandestine Service official.

If the president gets his way, those policies will never have to pay out. Now that the prisons are effectively closed and 14 of the remaining detainees—including suspected 9/11 mastermind Khalid Shaikh Mohammed—have been moved to Guantánamo Bay, administration officials are working out the many complex details of bringing them to trial. The White House insists on military trials that would allow secret evidence—and permit the use of confessions extracted under extreme physical duress. This might keep some embarrassing details from spilling out that could put the interrogators in legal jeopardy and do political harm to the president, who has denied the use of torture. One administration fear has been the spectacle of the suspects' lawyers running to the cameras with claims of mistreatment.

But Congress must approve the trial rules, and that may not be as easy as the president once thought. Many on Capitol Hill insist on tribunals that will convince Americans, and the world, that justice has been done. Some of Bush's strongest opposition may come from within his own party. In the narrowly divided Senate, a small but influential group of Republicans, all military vets, is challenging the president's proposal. They have indicated they may hold up Bush's plan unless he agrees to soften his insistence on the use of secret evidence—where the defendant cannot see classified details of the case against him—and revisit the question of using confessions obtained under extreme physical duress. Democrats quickly aligned themselves with the renegade Republicans.

A just-released Senate report on prewar intelligence highlighted the unreliability of forced confession. Ibn Al-Shaykh al-Libi, a high-ranking Qaeda suspect captured by the United States soon after 9/11 and "rendered" to Egypt, told interrogators that Osama bin Laden had sent operatives to Iraq for chemical- and biological-weapons training. It became a key administration claim for the supposed link between Iraq and Al Qaeda. But the report revealed that after the ground war, al-Libi admitted he'd made it all up so his Egyptian interrogators would stop beating him.

Bush has long known that a confrontation over tribunals was coming. Two years ago, the administration began a sweeping review of the program aimed at finding a way to hold military trials for the captured suspects. According to a senior administration official (who, following policy, agreed to speak on the condition of anonymity), high-ranking aides were concerned that the only

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Qaeda suspect brought to justice was Zacarias Moussaoui, who had never even met any of the 9/11 hijackers. Meanwhile, high-level 9/11 conspirators like Khalid Shaikh Mohammed and Ramzi bin al-Shibh were languishing in secret cells, out of the courts' reach—and out of the public's mind. Bringing the prisoners to trial "reminds people what this is all about," says the official.

External pressure helped force Bush's hand. The prisons' secrecy was blown when The Washington Post exposed the locations of some of the facilities. And a Supreme Court ruling in June, which said captured terror suspects must be treated according to the Geneva Conventions, put the program's future in question. (The CIA, which had never wanted the burden of running the secret prisons in the first place, had also lobbied the White House to end the program. A former senior agency official says: "The agency was desperate to get rid of this.")

The timing of last week's announcement, just before the fifth anniversary of 9/11, was no accident. It allowed the White House to showcase its successes in capturing terrorists, and to put pressure on Congress to quickly approve the tribunals. "There were obviously messaging opportunities," says a senior Bush aide. "We could sit back and let the war be defined by the media and our critics, or we can define it ourselves."

The White House may not have anticipated such determined opposition from Republicans. Senators Lindsey Graham, John McCain and John Warner, all members of the Senate Armed Services Committee, are worried about the appearance of show trials that diminish the standing of the United States in the world. Graham is particularly incensed by the idea that the suspects could be convicted—and sentenced to death—without seeing the evidence against them. "Can you imagine somebody being led to the death chamber and asking on the way, 'What did I do?' " he asks. "This would be a legal and PR disaster."

In public, the White House is taking a firm line, saying it will stick with its version. But privately, it concedes it will have to come to a deal with the three wayward Republicans. "I am confident we're going to work that out," the senior Bush aide says. That alone may be enough to bring along Democrats, who don't want to be seen as coddling terrorists. Which is exactly how the White House will tar them if they try to put the administration's interrogation methods on trial alongside the terror suspects. "We'll see if the Democrats come out and say they believe these Al Qaeda members have the same rights as our U.S. military," says another senior White House aide.

The secret prisons may now be empty, but there are still plenty of unanswered questions about the program. The 14 suspects shipped to Guantánamo account for only a small portion of the approximately 100 prisoners cycled through the system. Asked by NEWSWEEK about their fate, an intelligence official would say only that none died in the program. Those who are unaccounted for may have been rendered to other countries, where they could face continued interrogation. It's just those sorts of details that Clandestine officers—and their insurance agents—would just as soon keep quiet.

Setting The Rules For Interrogations (USNEWS)

U.S. News and World Report, September 11, 2006

It has been the subject of what Pentagon officials last week referred to as "robust discussion"-and what others might safely call some serious political fighting. The Army Field Manual on interrogations was unveiled last week after more than a year of revisions and intergovernmental wrangling, and the result was a sound rebuke of the exercises in prisoner humiliation that came to light in the Abu Ghraib scandal.

The new manual clearly lists banned practices like hooding prisoners, duct-taping their eyes, forcing them to be nude, or threatening them with dogs. It also accords Geneva Conventions protection-which bars "outrages against personal dignity"-for all detainees, for the first time establishing a single standard of treatment for uniformed prisoners and would-be terrorists alike. The manual does not apply to those held in now-acknowledged CIA prisons, where techniques like waterboarding, which simulates drowning and is now explicitly prohibited in the new field manual, have been used. Still, it marks a sharp and significant rejection of the harsh methods backed by the Bush administration, say defense officials.

What's more, it represents a win for military lawyers who pushed for the Geneva protections-against the wishes of some senior political appointees. "We don't need abusive practices in there. Nothing good will come from them," says Lt. Gen. John Kimmons, the Army's senior intelligence officer. "I think the empirical evidence of the last five years-hard years-tells us that."

New reality. The manual, which replaces the 1992 version, reflects new realities. "It takes into consideration now that the foe we're fighting today ... will be a non-stateactor, such as a terrorist," says Cully Stimson, deputy assistant secretary of defense for detainee affairs. Some of the lessons learned include the value of good press-and the damage that the abuses at places like Abu Ghraib prison have done to the U.S. image abroad. To that end, a push to classify three new approved techniques-including playing good cop/bad cop and pretending to be someone other than an American interrogator-was also abandoned. "From the standpoint of world opinion, it's vital that we don't have a separate set of rules that we're not going to release and disclose," says Victor Hansen, a former JAG officer who represented Lt. Gen. Ricardo Sanchez, former head of coalition forces in Iraq, in Abu Ghraib inquiries. The manual is not without its controversies; for instance, suspected terrorists, with expressed command

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approval, may be separated from the general population-"so they cannot coordinate their stories," says Kimmons-which some argue could violate Geneva Conventions if it amounts to prolonged isolation.

As for concerns that publishing interrogation techniques would allow prisoners to prepare for interrogations and hinder intelligence gathering, Kimmons is philosophical. "Even classified techniques, once you use them on the battlefield over time, become increasingly known to your enemies." The manual stresses reporting both abuses-and alleged abuses-up the chain of command, and outlines procedures to follow when soldiers feel that leadership might be complicit. It also defines areas of responsibility. "Military police do not participate in interrogation," says Kimmons. "They do not 'soften up' our detainees."

Most important, defense officials say, is that the manual clearly specifies what's allowed-and what's not-for soldiers in the field. "We have used straightforward language in the field manual. It is not written for lawyers," says Kimmons. "We chose consciously not to be cute with this thing."

Party Lines Blur In Surveillance Debate (WSJ)

By Sarah Lueck

The Wall Street Journal, September 11, 2006

WASHINGTON -- As Congress returns to work following commemoration of the Sept. 11 terror attacks, Republican leaders are eager to draw Democrats into a battle over President Bush's terrorism-surveillance program. But instead of finding an issue that could help them on Election Day, Republicans could be stymied by members of their own party who are raising concerns about the program.

This week, House and Senate committees are expected to take up legislation that would authorize and set limits for Mr. Bush's warrantless-wiretapping program, paving the way for showdowns in both chambers just before the November midterm elections. Republicans are confident the debate will bolster voters' impressions of their party as stronger on national security than the Democrats, many of whom have criticized the surveillance program on civil-liberties grounds.

There are similar splits as Congress prepares to debate the Bush plan to prosecute suspected terrorists using military commissions. "As we bring terrorists to justice, we're acting to secure the homeland," Mr. Bush said in his Saturday radio address. But Democrats, some Republicans and top military lawyers are concerned that the Bush plan wouldn't offer detainees full and fair trials and would invite trouble for U.S. troops abroad.

This week's debates on both issues come amid the fifth-anniversary remembrances of the 9/11 terrorist strikes and as the nation continues to wrestle with ways to thwart such attacks. Indeed, the fall campaign season has been shaped by U.S. terrorism policies and the continued violence in Iraq, which the Bush administration calls a major front in its war on terrorism.

As a tool to prevent terrorist attacks, wiretapping gets strong public support, Republicans say. "We will continue to demonstrate that we are the party that is best prepared to protect the American people both here at home and abroad," House Majority Leader John Boehner, (R., Ohio) said last week.

But the debate over the National Security Agency's program is far from clear-cut. Some Republican lawmakers say they are uncomfortable because the administration has provided little information about the program and how legislation would change it.

The main House bill, sponsored by Rep. Heather Wilson of New Mexico along with fellow Republicans James Sensenbrenner of Wisconsin and Pete Hoekstra of Michigan, would simplify the process of getting a warrant to conduct surveillance from a secret intelligence court and give investigators 60 days after an attack on the U.S. to conduct a wiretap without a warrant. It also requires Congress to be kept informed about groups under surveillance.

Rep. Jeff Flake says that when the House Judiciary Committee takes up the Wilson bill this week, he will propose several amendments to require more disclosure to lawmakers. "The perception is the Wilson bill would put some parameters around this surveillance program, and in reality it looks to be the opposite," the Arizona Republican says, adding that he and some colleagues find it frustrating to legislate when they have few details about the program. "We're in the dark," he says. The administration's assertion that the president has constitutional authority to conduct such programs without congressional approval also stings, he says. "We feel sort of like potted plants here."

Mr. Flake, who gives House Democrats some cover by praising most of them for taking a measured stance on wiretapping, is pushing his own legislation with Democratic Rep. Adam Schiff of California. The measure would require the administration to provide more information on surveillance and classified programs to relevant committees, such as the Judiciary Committee, on which both men serve.

Senators also are grappling with a number of competing proposals. Judiciary Committee Chairman Arlen Specter, (R., Pa.) negotiated a bill with the White House that would allow -- but wouldn't require -- the administration to submit its wiretapping program to legal review by a secret intelligence court. Democrats and the American Civil Liberties Union object, saying the review should be mandatory and the measure would permit surveillance of purely domestic communications.

Meantime, Sen. Mike DeWine of Ohio and several other Republicans have proposed a measure allowing surveillance without a warrant for up to 45 days if the president determines it is necessary and if the communications appear to start or end outside the U.S. Another bill, sponsored by California Democratic Sen. Dianne Feinstein and Mr. Specter, would require the president to brief congressional intelligence panels on the National Security Agency's program and certain other surveillance of people in the U.S.

Democrats, facing their own difficult political calculations on the issue, and possibly internal divisions as well, are taking care to avoid sounding too strident. While they largely oppose wiretapping without judicial review, they say they want to provide the administration with the tools it needs to prevent terrorism. They focus their criticism on the Bush administration, which they say hasn't worked in a bipartisan manner, and they accuse Republicans of trying to rush legislation through Congress for political gain.

But some of the Democratic Party's more liberal members and more vocal civil libertarians have been trying to block legislation. When Mr. Specter brought his bill before his committee last week, Wisconsin Sen. Russ Feingold took the lead in running out the two-hour clock by offering amendments that Republicans said would gut the bill.

"This bill makes the [Foreign Intelligence Surveillance Act] system entirely optional, and I cannot support any proposal that gives the executive branch the power to wiretap our citizens' phones and search their homes without any judicial involvement," Mr. Feingold said in a statement.

Still, three Republicans -- Sens. Larry Craig of Idaho, John Sununu of New Hampshire and Lisa Murkowski of Alaska -- joined Mr. Feingold and two other Democrats in a letter urging Mr. Specter to hold more hearings on his proposal, saying that "additional information is necessary before the Senate can responsibly consider legislation that would dramatically alter" the FISA.

Mr. Specter, who blames election-year "obstructionism" for the delay, plans to try to move the bill again this week. If that doesn't work, Senate Majority Leader Bill Frist of Tennessee could decide to bring it directly to the Senate floor.

Hidden Depths To U.S. Monitoring (LAT)

By Josh Meyer

The Los Angeles Times, September 11, 2006

WASHINGTON — As Americans consider whether they are more safe or less five years after the Sept. 11 attacks, one thing is certain: They are being monitored by their own government in ways unforeseen before terrorists flew planes into the World Trade Center and Pentagon.

Within minutes of the strikes, U.S. law enforcement and intelligence-gathering authorities mobilized to find the culprits and prevent another attack.

They increased the tapping of Americans' phone calls and voice mails. They watched Internet traffic and e-mails as never before. They tailed greater numbers of people and into places previously deemed off-limits, such as mosques.

They clandestinely accessed bank and credit card transactions and school records. They monitored travel. And they entered homes without notice, looking for signs of terrorist activity and copying the contents of entire file cabinets and computer hard drives.

Authorities even tried to get inside people's heads, using supercomputers and "predictive" software to analyze enormous amounts of personal data about them and their associates in an effort to foretell who might become a terrorist, and when.

In the five years since the attacks, the scope of domestic surveillance has steadily increased, according to interviews with dozens of current and former U.S. officials and privacy experts.

Some of these programs have been debated and approved by the courts and Congress — the traditional checks against intrusions on Americans' privacy, protected under the 4th Amendment.

Others have not. Some of them are operating without the knowledge or approval of judicial and legislative overseers, officials and experts say.

Two such classified programs have been disclosed by the media, over the objections of the Bush administration. One involves the National Security Agency's warrantless wiretapping of suspicious phone calls and e-mails into and out of the United States. The other is an effort by the Treasury Department and the CIA to monitor international bank transfers.

Privacy experts and even some ranking lawmakers in Congress say their efforts to learn about other suspected surveillance efforts have been blocked.

They believe that some of the activity is so secret that none but a small circle of top administration officials and operational support personnel know about it — though notification of congressional leaders is legally required.

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"The White House simply refuses to be straight with us about what they're up to," said Sen. Ron Wyden (D-Ore.), who says he has pressed unsuccessfully for answers as a member of the Senate's Select Committee on Intelligence, which entitles him to classified briefings on the subject.

"My sense today is that there is a staggering amount of personal information being collected on millions of Americans," Wyden said. "And how it's accessed and how it's used is at best unclear. What is certain is that there is no real accountability to ensure that a balance is struck between fighting terrorism and protecting privacy."

In response, administration officials say that they have the authority to conduct whatever surveillance is underway, in part due to the special war powers granted to President Bush by Congress a week after the Sept. 11 attacks.

In a speech Thursday, Bush lobbied Congress for updated and expanded surveillance powers, saying they were needed to keep pace with a stealthy and technologically savvy enemy.

Meanwhile, the domestic surveillance effort continues within virtually every U.S. counter-terrorism, law enforcement and intelligence agency.

The programs comprise actual surveillance of Americans' activities and communications, and "dataveillance," the practice of mining the vast amounts of personal data compiled on Americans.

On both fronts, the NSA is leading the effort from its headquarters in Fort Meade, Md., just outside Washington.

For decades, the NSA's satellites and land-based listening posts have intercepted billions of phone calls and e-mails, searching for keywords that might suggest terrorist or criminal activity, espionage, or other efforts harmful to national security.

After Sept. 11 such activity increased dramatically, and has been aided by the cooperation of at least some phone and Internet companies that have granted access to their mammoth caches of digitized information, current and former U.S. officials and privacy experts say.

Robert L. Deitz, general counsel for the NSA, told Congress last week that the NSA's primary mission since Sept. 11 has been to develop ways of eavesdropping on Al Qaeda and other terrorist organizations that have used cutting-edge technologies to stay ahead of their pursuers.

The NSA has improved its ability to monitor the entire spectrum of communications, including fiber-optic and wireless transmissions, instant messages, BlackBerry e-mails and voice conversations sent over the Internet, officials and experts say.

They add that the intelligence community may not be breaking any laws because these kinds of communication might not be covered under loosely worded federal laws that don't account for advances in technology.

Several congressional officials and privacy experts said they believed the NSA also tracked the movement of "persons of interest" by the electronic signals emitted by their cellphones and the Global Positioning Systems in the vehicles they drive.

The NSA had no comment on any aspect of its intelligence-gathering efforts.

The FBI has led the way on the low-tech surveillance front, using little-known powers given to it under the Patriot Act and other post-Sept. 11 policies.

Before Sept. 11, virtually all FBI surveillance was authorized by court-approved warrants and subpoenas issued through federal grand juries, which have some measure of oversight by citizen jurors and judges.

Since then, however, the FBI has sharply increased the use of so-called national security letters, which allow agents to obtain information on people they deem suspicious with little probable cause and without seeking judicial approval. Unlike with traditional search warrants, the target does not have to be notified.

Last year, federal agents issued 9,254 substantive national security letters to access financial transactions and personal data, interviews and government records indicate. Privacy experts and congressional staffers say these letters were rarely used before Sept. 11.

FBI agents are also using what are known as "sneak and peek" warrants on a wider scale, entering hundreds of homes clandestinely to gather intelligence and copy files and computer drives, again without notification. And they have conducted surveillance on antiwar, religious, civil rights and environmental groups, including Greenpeace and the American-Arab Anti-Discrimination Committee.

The NSA and FBI are not the only agencies conducting heightened domestic surveillance.

Treasury Department agents have directed searches of bank records and other financial information in more than 4,000 cases, usually without notifying the U.S.-based individuals, companies, charities and nonprofit organizations, interviews and documents show.

The U.S. military has a program known as Threat and Local Observation Notice, which compiles reports of suspicious activity in and around military installations. Under TALON, military intelligence squads have monitored American citizens at scores of events, including religious and antiwar protests, and have filed suspicious-action reports, according to records obtained by Sen. Patrick J. Leahy (D-Vt.).

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Many government officials and privacy experts say the most alarming expansion in domestic surveillance involves the use of computers.

Because gadget-happy consumers are snapping up the latest devices and online services, authorities and private data brokers now have easy access to a digitized footprint of their activities and interests. Phone records, political preferences and purchasing habits are now only mouse clicks away from government agents.

After Sept. 11, government agencies began combining information collected by private companies with their own storehouses of intelligence. Authorities then used "social networking" software to map relationships among numerous people here and abroad. And they used predictive software to determine terrorism risks associated with individuals based on their activities, purchases, quirks and habits.

In 2004, an investigation by the Government Accountability Office found 199 U.S. government uses of such data mining, 54 of which used private-sector data including credit card records, Internet logs and other information, some of which was of questionable accuracy.

That same year, a Defense Department advisory committee concluded that although data mining could help uncover possible terrorist activity in the United States, "rapid action" was necessary to address "significant" privacy problems associated with such programs.

Nothing has been done since then to address the problem, said Wyden, whose 2003 bill to create a citizens' data-collection Bill of Rights went nowhere. The legislation would have compelled the government to disclose all the ways it is spying on Americans, and establish controls over and oversight of those activities.

"This has to be the largest intrusion on privacy that we have ever seen in the history of this country, undoubtedly," said James Dempsey, policy director for the nonpartisan Center for Democracy and Technology and a former congressional staffer.

One former senior U.S. intelligence official familiar with the most secret surveillance and data-mining programs defended them, saying that combined, they form a nearly all-encompassing web crucial to the counter-terrorism effort.

He said the programs had been hugely successful in catching individual terrorists and in allowing authorities to home in on geographic "hot spots" and ways that terrorist cells communicate and operate.

"If you lose programs like these, you rip a huge hole out of the hide of protection we have put in place around the United States," the former official said. "They are tremendously important, in ways people cannot even imagine."

But even some supporters of such programs believe the administration's failure to disclose them to Congress and the courts could lead to a constitutional showdown, and soon.

Rep. Peter Hoekstra (R-Mich.), the chairman of the House Permanent Select Committee on Intelligence, wrote in May to Bush that he had learned of "some alleged intelligence community activities about which our committee has not been briefed."

"If these allegations are true, they may represent a breach of responsibility by the administration, a violation of the law and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies," wrote Hoekstra, a staunch Bush ally.

"The U.S. Congress," Hoekstra added, "simply should not have to play Twenty Questions to get the information that it deserves under our Constitution."

Were Eco-arson Suspects Wiretapped? (AP)

AP, September 11, 2006

Judge demands an answer from prosecutors

EUGENE — A federal judge has given prosecutors until Sept. 26 to say if they used warrantless wiretaps against 13 defendants facing arson charges in cases believed linked to the radical Earth Liberation Front and Animal Liberation Front.

The defendants are variously charged in a number of major arson cases across the West including fires at tree farms, an SUV dealership, a meatpacking plant and a lumber mill.

If it is determined that there were such wiretaps and a court finds them unconstitutional, the largest indictment of radical environmental activists ever could be thrown out.

A prosecutor said earlier that wiretaps were not involved.

“The only question at this stage is whether there is or is not NSA surveillance material. After we get an answer to that question, we can move on to other questions, such as how much of it the defense may obtain and under what conditions,” Seattle lawyer Amanda Lee said Thursday.

Lee represents Daniel McGowan, one of the 13 defendants. Defense lawyers for several others joined Lee’s request.

Lee based the request on news accounts that President Bush, citing the war on terrorism, had authorized the National Security Agency to eavesdrop on U.S. residents without showing a court any evidence that the residents might be tied to illegal activities.

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The lawyers contend it is logical to believe their clients, as suspected members of groups targeted as “terrorists,’’ may have been targeted.

On Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago.

But he said nobody on the prosecution team has the security clearance to completely answer the defense lawyers’ request for NSA information.

Aiken had given the prosecutors until Tuesday to provide a solid answer but has extended it to Sept. 26.

Wiretap Possibility Raised In Eco-sabotage Case (ERG)

By Bill Bishop, The Register-Guard

The Eugene (OR) Register-Guard, September 8, 2006

Prosecutors have until Sept. 26 to reveal whether warrantless wiretaps were used to gather evidence against 13 defendants facing federal charges of arson in the name of the underground radical environmental groups Environmental Liberation Front and Animal Liberation Front.

The case, the largest indictment of radical environmental activists ever, could be thrown out if the wiretaps exist, and if a court finds them unconstitutional. A prosecutor has said such wiretaps were not part of the investigation.

"The only question at this stage is whether there is or is not NSA surveillance material. After we get an answer to that question, we can move on to other questions, such as how much of it the defense may obtain and under what conditions," Seattle lawyer Amanda Lee said Thursday. Lee represents Daniel McGowan, one of the 13 defendants.

Defense lawyers for several of the defendants joined Lee's request for the information, if it exists.

In a legal brief, Lee based the request on news media revelations that President Bush, citing the war on terrorism, had authorized the National Security Agency to eavesdrop on U.S. residents without showing a court any evidence that the residents might be tied to illegal activities.

Lee cited statements by top administration counterterrorism officials who described ELF and ALF as "one of today's most serious domestic terrorism threats."

The lawyers argue that it is only logical to believe that their clients, as suspected members of groups targeted as "terrorists," may have been subject to warrantless wiretaps and other surveillance that may be unconstitutional.

In a hearing Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago.

However, Peifer said no one on the prosecution team has the security clearance to completely answer the defense lawyers' request for NSA information.

Aiken allowed the prosecutors until Sept. 12 to provide a solid answer. With agreement from both sides, the judge on Wednesday extended the deadline to Sept. 26. The next scheduled hearing is Oct. 31.

HOMELAND RESPONSE:

Bushes Lay Wreaths At Trade Center Site (AP)

By Jennifer Loven

AP, September 11, 2006

President Bush and his wife Laura stood in somber silence on Sunday after laying wreaths at the site where the twin towers of the World Trade Center once soared. He later pledged to make the anniversary "a day of renewing resolve" to remember the lessons of the Sept. 11 terror attacks.

The Bushes set floral wreaths adrift in reflecting pools that mark the former locations of the north and south towers at the beginning of a two-day fifth-anniversary tour that will take them to all three sites of devastation.

They made a slow procession down a long ramp lined with a flag-bearing honor guard made up of firefighters and policemen, making their way four or five stories below ground level. Uttering no words, the Bushes walked hand-in-hand on the floor of the cavernous pit with bagpipes wailing in the background.

Afterward, the Bushes attended a service of prayer and remembrance at nearby St. Paul's Chapel, greeted firefighters at a firehouse overlooking ground zero and toured a private museum next door that is dedicated to 9/11 families.

"Laura and I approach tomorrow with a heavy heart. It's hard not to think about people who lost their lives on Sept. 11th, 2001," a tight-faced Bush told reporters outside the firehouse, which was destroyed in the attack and rebuilt. "I just wish there were some way we could make them whole."

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Bush also called Monday's anniversay "a day of renewing resolve."

"I vowed that I'm never going to forget the lessons of that day," he said, still clutching his wife's hand. "There is still an enemy out there who would like to inflict the same kind of damage again."

They were the first stops of nearly 24 hours of observances at the three sites where terrorists wrought death and destruction and transformed his presidency.

On Monday, he was to visit with firefighters and other first responders at a firehouse in lower Manhattan; attend a ceremony at the field in Shanksville, Pa., where one of the hijacked planes hurtled to the ground; and participate in a wreath-laying ceremony at the Pentagon. Like at ground zero, Bush did not plan to participate in the official anniversary observances at the other crash sites, intending to avoid the distraction that accompanies a presidential appearance.

He was ending Monday with a 9 p.m. EDT address from the Oval Office.

The president's five-year anniversary schedule recalls his marking of the first anniversary in 2002, when he also toured each crash site, embracing family members of the victims and speaking at the Pentagon and New York's Ellis Island. Since then, he has kept a lower profile on each anniversary.

Across New York on Sunday, residents marked the day at other ceremonies large and small. From a service of remembrance at St. Patrick's Cathedral in midtown Manhattan to a chant at a Buddhist temple on Staten Island, New Yorkers observed the somber anniversary with prayer and reflection.

Bush and his wife wore grim expressions as they took their places for the interfaith service at St. Paul's. The 240-year-old Episcopal church, across the street from the site, escaped damage and became a center of refuge for weary rescue workers.

Bush's pew in the church was filled with representatives of the president's experience of the attacks. Jane Vigiano, who lost two sons in the attack — Joe, a policeman and John, a firefighter — greeted the Bushes and sat next to the president. On Laura Bush's side was Bob Beckwith, the retired firefighter who handed Bush a bullhorn on the president's first ground zero visit. Farther down was Arlene Howard, the mother of 9/11 victim George Howard, a New York Port Authority police officer. Bush keeps Howard's badge as a constant reminder of the attacks.

A printed message from the Rev. James H. Cooper said: "The message to people who visit St. Paul's is simple: Go back to your communities knowing that a place of love stood next door to Ground Zero. Try to make the world a better place."

Outside the church, several dozen protesters shouted "arrest Bush" as the president's motorcade left. They held black balloons that said, "Troops home."

Accompanying the president and first lady at ground zero and in church were New York Gov. George Pataki, New York Mayor Michael Bloomberg, and Rudy Giuliani, who was New York mayor at the time of the attacks.

Even before Bush left Washington, surrogates from Vice President Dick Cheney on down spent the Sept. 11 anniversary's eve vigorously defending the administration's record on improving the national defense over the past five years.

"There has not been another attack on the United States," Cheney said on NBC's "Meet the Press." "And that's not an accident."

On television and newspaper opinion columns, Cabinet secretaries and agency heads sought to make the case that the government under Bush has made important changes that have lessened the risk of attack.

Secretary of State Condoleezza Rice cited additional security at ports and airports and increased cooperation among intelligence agencies, a point echoed by the nation's intelligence chief, John Negroponte.

Democrats, however, contend the administration has fallen short because so little cargo is inspected at U.S. ports and chemical plants, and other high-value sites are vulnerable.

"I think we're in trouble," said Democratic National Committee chairman Howard Dean. "We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq."

Presidential spokesman Tony Snow rejected suggestions that the administration's hunt for al-Qaida leader bin Laden — mastermind of the 9/11 attacks — had bogged down. "We're not at liberty to go into sources and methods, but we have never stopped looking for him," Snow told reporters aboard Air Force One as Bush flew to New York.

"Bin Laden is harder to find these days because he in fact does not feel at liberty to move about, he does not feel at liberty to use electronic communications...Under such circumstances, somebody leaves fewer clues," Snow added.

The fifth anniversary falls less than two months before elections in which Republican control of Congress is seen as in danger.

In a series of speeches that began more than a week ago and continue for at least one more, Bush and his political advisers are seeking to frame the vote as a choice between Republicans who are effective stewards of Americans' safety and Democrats who would erode protections.

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A poll released Sunday shows the landscape in which the parties are competing. Just over half of those surveyed believe the country is safer from attack than on Sept. 11, 2001, and that the fight against terrorism is going well, according to ABC News. In December 2003, nearly two-thirds of those questioned felt the anti-terrorism battle was going well.

Some 2,749 died when the twin towers collapsed after being pierced by hijacked airliners. In all, some 2,973 died in the World Trade Center, Pennsylvania and Pentagon attacks, not counting the 19 hijackers.

Bush, Returning To WTC Site, Pays Silent Tribute To Victims (USAT)

By Rick Hampson And Alan Gomez

USA Today, September 11, 2006

NEW YORK — President Bush returned Sunday to the scene of one of the most stirring speeches of his presidency and this time said not one public word.

Visiting Ground Zero to mark the five years since the Sept. 11 terrorist attacks, Bush placed two wreaths in honor of the more than 2,700 people who perished when hijackers crashed airliners into the twin towers of the World Trade Center. The ceremony's silence was broken only by the wail of bagpipes playing America the Beautiful.

Across the Potomac River from Washington, D.C., thousands marched from the National Mall to the Pentagon to honor the 184 who died in the attack there. The Pentagon itself became a memorial as a giant U.S. flag was draped over the crash site and 184 beams of light shot up from the courtyard.

In Lower Manhattan, the president and first lady Laura Bush, escorted by New York Gov. George Pataki, Mayor Michael Bloomberg and former mayor Rudy Giuliani, walked down a long ramp to the floor of the vast pit where the towers once stood.

There, the Bushes walked hand in hand to two square reflecting pools designed to evoke the towers' footprints. They placed a floating floral wreath on each and stood in somber silence.

A small crowd — no more than a few thousand — watched quietly from around the edge of the site.

The Bushes left after the ceremony to attend a memorial service at St. Paul's Chapel, an Episcopal church where rescue workers rested and recovered from their labors in 2001.

After meeting with firefighters at a rebuilt firehouse, Bush said: “Tomorrow is a day of sadness for a lot of people. I vowed that I'm never going to forget the lessons of that day. … So tomorrow is also a day of renewed resolve.”

Three days after the attacks, Bush visited the Trade Center ruins. He stood on a wrecked fire engine and grabbed a bullhorn to speak to emergency rescue workers. When some of the workers shouted that they couldn't hear him, Bush replied, “I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon.”

At the edge of the site Sunday, a group called the Granny Peace Brigade staged a protest against the war in Iraq. “We think Bush is doing (the fight against terrorism) all wrong,” said Joan Wile, a member of the group.

John Cartier, whose brother James, a Queens electrician, died at the Trade Center, said: “The president isn't here for politics or his policies. He's here to remember people like my brother.”

In Washington, Michelle Burkes was with her two children. Burkes' mother, Judith Jones, died in the attack on the Pentagon. “It's very hard to come to these,” she said, “but it warms your heart to see that there's this many people who care so much.”

Nation Stops Again To Remember (USAT)

By Bill Nichols And David Jackson

USA Today, September 11, 2006

Americans remember the sacrifice and horror of the Sept. 11 attacks today on a fifth anniversary capped by a prime-time address from the Oval Office by President Bush.

Bush will attend ceremonies at the three sites where nearly 3,000 people died five years ago: New York City, the Pentagon and the field in Shanksville, Pa., where United Airlines Flight 93 crashed.

Bush began the 9/11 commemoration Sunday at the site of the World Trade Center in New York, where he and his wife, Laura, set wreaths adrift in two reflecting pools that mark where the north and south towers stood. The Bushes then went to a prayer service at St. Paul's Chapel, the 240-year-old Episcopal church across the street from the site, and stopped at a nearby fire station.

In Washington on Sunday evening, thousands of participants, including more than 400 friends and family of victims who died on 9/11, walked from the National Mall to the Pentagon.

One hundred eighty-four beams of light — matching the number of victims killed in the Pentagon attack — were projected into the evening sky.

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Other events are being held from Alaska to Florida to mark the day in 2001 when Muslim terrorists hijacked four passenger jets and turned them into missiles.

U.S. allies abroad also were observing the anniversary. "During these days of sad commemoration, I want to express the friendship and solidarity of the French people with the American people," French President Jacques Chirac wrote in a letter to Bush.

Bush's speech, set for 9:01 p.m. ET, "will be a reflection of what Sept. 11 has meant to the president and to the country," White House spokesman Tony Snow said.

Snow said that Bush planned no remarks at the commemorations and that the Oval Office address won't be a "political speech. There are not going to be any calls for action for Congress."

Nevertheless, coming less than two months before midterm elections, this year's 9/11 anniversary sparked political back-and-forth that was in stark contrast to the national unity seen after the attacks in 2001.

Vice President Cheney said on NBC's Meet The Press Sunday that the Bush administration deserves credit for the fact that "there has not been another attack on the United States" since 9/11. "That's not an accident," Cheney said.

Democratic leaders said the administration has gotten enmeshed in a difficult war in Iraq, where there is no evidence of links to 9/11, causing it to lose focus on combating terrorist groups.

"We're in trouble," Democratic National Chairman Howard Dean said on Fox News Sunday. "We have not pursued the war on terror with the vigor that we should have."

Bush Lets Silence Fill Ground Zero (FT)

By Caroline Daniel In New York

Financial Times, September 11, 2006

President George W. Bush has spoken 22,000 words in the past week in a series of speeches on the "war on terror" but on Sunday he let a carefully posed silence remind Americans of September 11 2001 as he laid a wreath at Ground Zero.

Faced with criticism from Democrats that he was politicising the day, the White House said Mr Bush would make no prepared remarks on Monday, as he marks the fifth anniversary of the attacks with a meeting of emergency personnel in New York and holds further moments of silence at the Pentagon and Shanksville, Pennsylvania.

The return to Ground Zero will revive images of the day that Mr Bush's presidency, and his personality, were transformed, and whose "bullhorn moment" on top of the smouldering rubble became an enduring image of a resolute leader. Tony Snow, the White House spokesman, denied, however, that the aim was to evoke those memories or "draw on some atavistic sense of nostalgia about the date".

Even so, Mr Bush who has let the last two anniversaries pass without much fanfare, has spent the past two weeks framing the debate on the midterm congressional elections in quiet but clear political tones.

In the speeches he has used every opportunity to cast himself and the Republican party as the best hope to secure the US from future attack.

"I just read all the speeches in one sitting this weekend. They set out the mortal threat to our civilisation that America and our allies have to wrestle with," said Newt Gingrich, the former House speaker. "The president is staking his presidency and his place in history on his courage to tell the truth, even if at times it is politically inconvenient. These speeches were a deliberate, systematic effort to reframe the threat for the country, at an historic level, which went beyond partisan politics."

Yet he criticised the administration for how long it had taken to present a more systematic defence. "They probably should have from day one followed a more open policy of engaging the civilised world in this discussion."

Mr Bush's message on the dangers posed by Islamist terrorism will be reinforced on Sunday night with a prime-time television address. "This is not a political speech; there are not going to be any calls to action for Congress," said Mr Snow. "This is not something where we're trying to draw bright lines to separate Democrats from Republicans."

The White House strategy has been crafted to blunt efforts by Democrats to turn the mid-term elections into a referendum on the Iraq war. The aim is to dent the political potency of Iraq by placing it in a wider context of the "war on terror". Polls, however, show that the majority of Americans do not agree the two are connected.

A key part of the strategy has been to use the anniversary to revive fears of Osama bin Laden. The al-Qaeda leader, who has been largely absent in Mr Bush's speeches for the past few years, was cited 17 times in a speech last Tuesday. "They have gone back to the world's leading bogeymen," said Daniel Benjamin, a senior fellow at the Center for Strategic and International Studies.

A leading Republican strategist who attended a dinner last week with senior White House advisers said the mood in the party remained bleak. "It is the only card Republicans have to play. The country may well say they are not buying it another time."

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Bush Mourns 9/11 At Ground Zero As New York Revisits Loss In Ceremonies (NYT)

By Sheryl Gay Stolberg

The New York Times, September 11, 2006

Vowing that he was "never going to forget the lessons of that day," President Bush paid tribute last night to the victims of the Sept. 11, 2001, terrorist attack, laying wreaths at ground zero, attending a prayer service at St. Paul's Chapel and making a surprise stop at a firehouse and a memorial museum overlooking the vast gash in the ground where the twin towers once stood.

The official commemoration of the fifth anniversary of the attacks, one of many memorial gatherings around New York and the United States yesterday, began without a word. The strains of bagpipes were all that could be heard as the president and Mrs. Bush, joined by Gov. George E. Pataki, Mayor Michael R. Bloomberg and former Mayor Rudolph W. Giuliani, descended into the pit at ground zero under a steel-gray sky.

There, the president and the first lady set wreaths of red, white and blue flowers afloat in separate small reflecting pools, one in the footprint of each fallen tower. It was a hint of life in a place that still brims with memories of death, a reminder that even five years later, the attacks are not so very distant.

"Laura and I approach tomorrow with a heavy heart," the president, visibly moved, said later, after an unscripted stop to shake hands with fire crews and view what he called "horrific scenes" inside a small gallery near ground zero established by relatives of trade center victims. "It's hard not to think about the people who lost their lives on September the 11th, 2001. You know, you see the relatives of those who still grieve — I just wish there were some way we could make them whole."

The president spoke outside the brick exterior of the firehouse for Ladder Company 10 and Engine Company 10, against the backdrop of a 56-foot-long bronze bas-relief depicting the towers in flames. Harking back to the theme of a series of speeches he delivered last week, he said he was reminded that "there's still an enemy out there that would like to inflict the same kind of damage again."

The president's visit, on the eve of the anniversary, ushered in what will be a solemn day of remembrance of the attacks that tore through the city and the nation.

Across the city yesterday, there was a feeling of bittersweet reunion as streams of humanity converged and mingled at dozens of memorial services.

They heard the mayor sing the praises of a city largely resurrected. They watched a sprout from a tree damaged in the Oklahoma City bombing be planted near City Hall, beside trees scarred by trade center debris. They gathered in houses of worship and across dinner tables.

"The first year or two, I just tried to forget about it," said Joyce Ng, who was at a restaurant just south of the trade center site where survivors of the devastation of the Marriott hotel at 3 World Trade Center gathered for their annual reunion. She was a guest at the hotel, which was badly damaged when the towers collapsed. "But gradually it's become about celebration because we survived."

Jean Cleere, whose husband, Jim, was a guest at the Marriott and died on Sept. 11, made her annual pilgrimage from Iowa. "This is my husband's death spot," she said, "but I love New York and I love New Yorkers."

At St. Patrick's Cathedral, firefighters in dress blues and white gloves escorted families to the pews for a memorial service, led by Mr. Bloomberg, to honor the 343 Fire Department employees killed on 9/11.

"The events of 9/11 remain a source of great pain to all of us in this country, but our memories of those who responded are also a source of great pride," the mayor said.

"The city that many thought would be down for the count is now back on its feet," he said. "I believe the 2,749 victims of the World Trade Center attack would be proud of just how far we've come."

Several survivors of the firefighters who died on 9/11 said they appreciated the service, but they expressed mixed feelings about the political leaders who have wrestled over the struggle against terrorism and the war in Iraq.

Robin Freund, 51, whose husband, Lt. Peter L. Freund, died on 9/11, said she did not wish to revisit ground zero anytime soon.

"I haven't been to the site since October 2001, five days before they recovered my husband's body," she said. "I don't have a desire to go to the site until there's an appropriate memorial there."

Accompanied by her children, ages 17, 15 and 14, Mrs. Freund said, "It's nice that these men are going to be remembered for their bravery. It's appropriate that we pay homage to them and the sacrifices they made."

A woman whose fiancé died on Sept. 11, Maria Barreto-Mojica, said she noticed that something about yesterday had seemed eerily familiar. "I looked at the sky this morning. It was so blue, just the same as it was that morning," said Ms. Barreto-Mojica, 48, who was to marry fire lieutenant Dennis Mojica. "As beautiful as it is, it's sad. I don't know what normal is anymore."

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Mr. Bush's trip bore echoes of the one he made five years ago, three days after the attacks. Much has changed — for the city, the country and the president himself — since that day, when the president, surrounded by rescue workers streaked with mud and tears, climbed atop a charred fire truck in the smoldering ruins of the twin towers, picked up a bullhorn and bellowed, "I can hear you," in a moment that remade his presidency.

The city is thriving again, its physical — if not emotional — scars nearly healed, despite the 16-acre expanse that is ground zero. The country, united five years ago in anger and grief, is now bitterly divided over the war in Iraq, a division that has driven down Mr. Bush's approval ratings and is dominating the fall midterm campaigns.

"To many of us, that was the high point of his presidency," said Senator Charles E. Schumer, a New York Democrat, who is playing a central role in the elections by running the committee responsible for electing Democrats to the Senate. "We just wish that this same man we saw those days would be the president today."

The White House is hoping that yesterday's visit, to be followed today by breakfast with New York City firefighters and wreath-laying ceremonies in Shanksville, Pa., and at the Pentagon, and then a prime-time Oval Office address, helps the president recapture that less divisive time.

Others would like to recapture it too. "Whether you were a political leader or a firefighter at ground zero, or just an American citizen, I think we had that sense of pride and patriotism and unity," Governor Pataki said as he waited for the president to land at the Wall Street heliport. "I think it's very important we try to recapture that."

Mr. Bush arrived shortly before 5 p.m. and quickly sped to ground zero for the brief wreath-laying ceremony. The presidential motorcade then headed for St. Paul's Chapel, an unassuming stone church that opened its doors to rescue workers for months after the attacks. Along the way, Mr. Bush passed protesters wearing black T-shirts and carrying black balloons, demanding that the troops come home from Iraq.

Near ground zero, where hundreds of people lined the streets to await the president, Sidney Bender, a 79-year-old lawyer from Searington on Long Island and a lifelong Democrat, said that he felt it was his patriotic duty to greet him.

"The trouble is the country has forgotten about 9/11," Mr. Bender said. "Most of the people have gone about their business, which is all right, but you can't forget about it. You've got to make sure we're constantly vigilant because we're at war." He added, "Five years later, I'm even more supportive of the president."

Inside the church, the signs of five years ago were palpable: in the display of uniform patches left behind by police officers and firefighters who came from around the country to help, in the scars on the wooden pews left by the equipment of the rescue workers who used them to rest, in the words of the homily, delivered by the Rev. Timothy J. Keller of Redeemer Presbyterian Church in Manhattan, who said he still struggles with how to reconcile the attacks with his faith in God.

"The very best way to honor the memories of the ones that we've lost and loved is to live productive, confident lives," Dr. Keller said, adding, "We have to have the strength to face a world filled with constant devastation and loss."

The pews were filled with dignitaries, including the four senators from New York and New Jersey, and also families of the fallen.

Mr. and Mrs. Bush were seated in the front row, a few spots away from Arlene Howard, whose son, George, a Port Authority police officer, died in the attack. Five years ago, when Mr. Bush made his first trip to ground zero, Mrs. Howard gave the president her son's badge. White House aides say Mr. Bush still carries it with him.

To the president's left sat Jane Vigiano, whose son, Joe, a New York City detective, died in the attacks. Bob Beckwith, the New York City firefighter who stood beside Mr. Bush as the president addressed the nation through a bullhorn five years ago, also sat in the president's pew.

When the hourlong service was over, a lone clergyman, draped in black, stood in the churchyard facing the western entrance of the chapel to ring the Bell of Hope, presented to New Yorkers by the mayor of London on the first anniversary of the attacks. The bell pealed 20 times, clanging into the dusk as Mr. Bush's motorcade drove off.

Bush Looks Back At 9/11, Looks Ahead To 'Enemy' (LAT)

By James Gerstenzang

The Los Angeles Times, September 11, 2006

NEW YORK -- Declaring that he was approaching the fifth anniversary of the Sept. 11 attacks "with a heavy heart," President Bush said Sunday "there's still an enemy out there that would like to inflict the same kind of damage again."

The president flew to New York on Sunday afternoon at the start of commemorations that will take him from Manhattan to Pennsylvania and then the Pentagon on Monday before he delivers an address to the nation from the Oval Office at 9 p.m.

In a deep and sad pit under a somber gray sky, the president and his wife, Laura, stepped up to a red, white and blue wreath and set it afloat in a small square pool, where, five years ago, the World Trade Center's North Tower had stood. Moments

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later, accompanied by a lone Marine in dress uniform, they repeated the presentation of a second wreath where the South Tower had stood. In silence, they bowed their heads, and then watched the wreath drift toward the center of the pool.

They reached the "foot print" of the towers after a five-minute walk through air made damp by the Hudson River just to the west, down a steep ramp to the bedrock of Manhattan. Just to the east, the now visible tracks of a subway system carry trains under the river to New Jersey.

Then, the president and his wife rode through the mostly quiet streets of lower Manhattan to St. Paul's Chapel, built in 1766, that became a resting point for emergency crews on Sept. 11 and the following days, for an hour-long interfaith worship service. A block from the church, demonstrators shouted "arrest Bush," and held black balloons with the message "troops home now."

The Bushes sat in the front pew of a church where George Washington worshiped April 30, 1789, the day of his inauguration as president.

On a day of quiet grief and symbolism, the front pew offered both: To the president's left sat Jane Vigiano, the mother of a fallen New York City police detective; to the first lady's right sat Barbara and Bob Beckwith, a retired firefighter. Bob Beckwith, atop a fire truck, with the president at his side, became an icon of resilience when Bush first visited the site three days after the attacks.

Reflecting efforts to present an image of a nation united in its commemoration -- if not united now, five years later, in the president's conduct of the fight against terrorism -- the service was conducted by an ecumenical gathering: An Episcopal bishop, a rabbi, a Baptist bishop, the Greek Orthodox primate of America, and, among others, a Muslim imam, Muzammil H. Siddiqi of the Islamic Society of Orange County, Calif.

The president made one stop that had not been included on his public schedule: From the church, his motorcade returned to the trade center site, and he and his wife walked a block along Liberty Street, the southern perimeter, to the rebuilt fire station of Ladder Co. 10 and Engine Co. 10.

They shook hands with firefighters, and then spent about 15 minutes inside an adjacent building, the Tribute WTC Visitors Center, a museum that houses artifacts of the attack: Pieces of the airplanes that struck the towers, remnants of the building, and mementos of the victims.

Around the corner, they viewed a 56-foot-long bronze bas relief depicting firefighters on Sept. 11.

Speaking with reporters in his only public comments of the day, Bush said on the sidewalk in front of the sculpture that it was hard not to think about those who died in the attacks -- brought home, with great emotion, by the museum and by his brief visit to ground zero.

"You know, you see the relatives of those who still grieve -- I just wish there were some way we could make them whole. So tomorrow is going to be a day of sadness for a lot of people."

"It's also a day of remembrance," he said. "And I vowed that I'm never going to forget the lessons of that day."

The "horrific scenes," brought back by the exhibits he viewed, reminded him, he said, "that there's still an enemy out there that would like to inflict the same kind of damage again."

"So," he said, "tomorrow is also a day of renewing resolve."

Bush Playing Central Role In Sept. 11 Commemorations (CHIT)

By Mark Silva

Chicago Tribune, September 11, 2006

WASHINGTON -- President Bush, whose time in office and place in history was forever shaped by the Sept. 11 attacks, is playing a central role in the commemorations, from a solemn wreath-laying ceremony at Ground Zero on Sunday afternoon to a prime-time address Monday to a nation that has grown more skeptical of his leadership.

The president and his wife Laura on Sunday lay wreaths at the site and then attended a service at nearby St. Paul's Chapel. Joining the president and first lady at ground zero were New York Gov. George Pataki, New York Mayor Michael Bloomberg and Rudolph Giuliani, who was New York mayor on Sept. 11, 2001.

In his televised address, the president will attempt to bridge the horrific and the optimistic, delivering a "note of optimism as well as sobriety about what we've been through," a spokesman said. It marks a continuation of what has been a decided push by the administration to focus on the perpetrators of those attacks to try to revive public support for the war in Iraq, the president's prosecution of the war on terror and Republican fortunes in the November midterm elections.

Bush's pursuit of the man responsible for the attacks, Al Qaeda leader Osama bin Laden, has helped shape the president's relationship with the American people. On the morning of the attacks, Bush pledged to "hunt down and to find those folks who committed this act." Within weeks, public support for the president's performance in office soared.

Yet now, with bin Laden at large and a majority of Americans opposed to the war in Iraq, the president is struggling.

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It is in fact difficult for most to think of a pre-9/11 Bush presidency.

Bush could not have been in better shape early on the morning of Sept. 11, 2001, when he set out for a predawn jog around a Florida golf course. With a crescent moon peeking through a beachfront fog, he logged 4.5 miles before showering and boarding his motorcade at 8:30 a.m. for a brief ride to a Sarasota schoolhouse.

As he arrived at Emma E. Booker Elementary School, he learned that an airplane had crashed into a tower of the World Trade Center at 8:46. But not until he had settled into a chair in the gray-carpeted 2nd-grade classroom of teacher Sandra Kay Daniels, at 9:07 a.m., did he learn of the second assault on the Twin Towers, as then-Chief of Staff Andrew Card stepped into the room to whisper the news in the president's ear: "America is under attack."

For five more minutes, as aides outside and in Washington scrambled to sort out unfolding events, the president followed the reading of 18 children seated before him, with the teacher tapping her pencil in rhythm. As they finished reading with the phrase, "More to come," Bush asked them what that means. Something is going to happen, some replied. "That's exactly right," he said.

Moments later, standing in the school library, the president vowed "to conduct a full-scale investigation to hunt down and to find those folks who committed this act. … Terrorism against our nation will not stand."

Within weeks, public support for Bush reached 90 percent in the Gallup Poll, an astounding figure for a president elected less than a year before who did not win the popular vote. But when Bush strayed from the hunt, turning his attention to the invasion and subsequent war in Iraq and away from the elusive bin Laden, the public started to stray from him.

Some of the Democrats challenging Bush's re-election in 2004 taunted him with the image of "Osama been Forgotten." Yet the oft-stated resolve to fight terrorism and his response to the public's persistent fears helped him win a second term.

Now, with a majority of Americans opposing the war in Iraq and questioning its role in the broader war on terror, the president's party is struggling to maintain control of Congress.

While bin Laden and second-in-command Ayman al-Zawahiri remain free, Bush announced last week that the Central Intelligence Agency had moved several Al Qaeda operatives responsible for 9/11 and other attacks to military custody, after years of "tough" interrogation in secret CIA prisons.

The Republican Party has picked up the drumbeat, hoping that voters will again embrace these aggressive tactics in the name of fighting terrorism.

"Because of interrogation programs by the CIA, our nation has gained invaluable intelligence that has saved American lives," Ken Mehlman, chairman of the Republican National Committee, wrote to supporters. "Time and time again, some Democrats in Washington have questioned why our government needs tools like these to prevent attacks on American soil."

Following 9/11 anniversary observances in New York on Monday morning, Bush will travel to the field near Shanksville, Pa., where a commandeered airliner crashed after its passengers tried to take control from the hijackers. He will continue the day's commemoration at the Pentagon, where another hijacked airliner carried out the third strike on Sept. 11. And Monday night, Bush gives his address from the Oval Office.

"It is a day for us to remember the sorrow and the horror of that day," Bush said last week. "It's a day for us to remember the incredible bravery of first responders who were willing to rush into danger to save life. It's a day to remember those on the airplane that drove that airplane into the ground, which was the first victory in the war on terror."

And for many Americans, it will be a day for the public to assess all that has unfolded in five wrenching years.

Bush Honors 9/11 Anniversary (WP)

By Michael A. Fletcher

The Washington Post, September 11, 2006

NEW YORK, Sept. 10 -- Beginning two days of solemn ceremonies to mark the fifth anniversary of the deadliest terrorist attacks in the nation's history, President Bush on Sunday laid two wreaths at Ground Zero before attending a memorial service in remembrance of the Sept. 11, 2001, victims.

Bush's visit here for the moment left aside the partisan rancor that long ago supplanted the sense of unity and shared purpose emerging immediately after the attacks, in which hijackers crashed four planes, killing about 3,000 people.

With the assistance of first lady Laura Bush, the president placed a floral wreath in a reflecting pool in the center of the footprint of what was once the North Tower of the World Trade Center. Then, escorted by a Marine officer, the Bushes walked to the site of the South Tower, where they placed another wreath in an identical pool before returning to their car to the strains of bagpipes playing patriotic music.

Accompanied by Gov. George E. Pataki (R), New York Mayor Michael Bloomberg (R) and former mayor Rudolph W. Giuliani (R), the Bushes joined survivors of the attack's victims in an interfaith memorial service at nearby St. Paul's Chapel. The

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240-year-old Episcopalian church served as a base for relief efforts for months after the attacks collapsed the 110-story twin towers.

The president also toured a firehouse that overlooks Ground Zero and has been rebuilt since the attacks. The station lost five people that day, one firefighter said.

Speaking to reporters after emerging from the firehouse, Bush said he is approaching the anniversary with "a heavy heart" as he recalls those who lost their lives. He also called the day one for "renewing resolve."

"I vowed that I'm never going to forget the lessons of that day," he said.

The attacks did more than change the landscape of Lower Manhattan and the lives of the victims and their families. They also profoundly reshaped Bush's presidency, altering the goals of his foreign policy and leaving him determined to confront perceived terrorist threats before they reach the shores of the United States.

No other terrorist attacks have occurred in the United States on Bush's watch. But his policies have brought other consequences. The war in Iraq strained relations with European allies and continues to divide the nation, and critics say the use of aggressive tactics to ferret out terrorists have eroded civil liberties in the United States and hurt the perception of the nation.

Meanwhile, terrorist incidents have spiked worldwide, even as much of the U.S. public has returned to their routines.

"There is an inherent contradiction between two conflicting but necessary messages," said White House counselor Dan Bartlett. Bush has implored Americans to go about their daily lives, even as he has invoked extraordinary powers that he says are the prerogative of a president leading a nation at war. "I think he recognized this was going to be a challenge," Bartlett said.

Earlier, French President Jacques Chirac sent a handwritten letter to Bush in recognition of the anniversary. Although the popularity of Bush and the United States plummeted in France and across much of Europe after the invasion of Iraq, Chirac said France remains committed to defeating terrorists.

"In these days of sorrowful commemoration, I would like to express the French people's friendship and solidarity with the American people," Chirac wrote. "Together we commune in our remembrance of the victims, their families and their loved ones. Together we pay tribute to all the victims of terrorism throughout the world. Together we will pursue our resolute combat against this scourge that nothing can ever justify."

Bush is scheduled to make a nationally televised address Monday night after touring New York, Shanksville, Pa., and Washington, the sites where the hijacked planes crashed five years ago.

In the days leading up to the anniversary, the president delivered a series of fiery speeches aimed at portraying Republicans as strong on national security and Democrats as weak on the issue, as part of an effort to give the GOP a boost in this fall's midterm elections.

Sunday, he left it to other administration officials to defend how he has conducted the war on terror.

"We are here on the fifth anniversary, and there has not been another attack on the United States," Vice President Cheney said on NBC's "Meet the Press." "And that's not an accident, because we've done a hell of a job here at home."

Secretary of State Condoleezza Rice defended the invasion of Iraq, calling it justified.

"The notion, somehow, that the world would be better off with Saddam Hussein still in power seems to me quite ludicrous," Rice said on "Fox News Sunday."

Democratic National Committee Chairman Howard Dean repeated an assertion made by many in his party: The war in Iraq has hurt anti-terrorism efforts.

"I think we're in trouble," he said on "Fox News Sunday." "We have not pursued the war on terror with the vigor that we should have because we got bogged down in this civil war in Iraq."

Bush Salutes Ground Zero With Silence (WT)

By Joseph Curl

The Washington Times, September 11, 2006

NEW YORK -- President Bush and first lady Laura Bush yesterday descended somberly into the rubble-strewn chasm of ground zero to set afloat two wreaths of red, white and blue flowers in reflecting pools at the site where Islamic terrorists killed 2,749 persons five years ago today.

The president and his wife, holding hands, walked down a long ramp into the hole where the World Trade Center towers once stood.

On a gray afternoon threatening rain, they stepped through a phalanx of soldiers holding U.S. flags, accompanied by former New York Mayor Rudolph W. Giuliani, Gov. George E. Pataki and current Mayor Michael R. Bloomberg.

The Bushes stood silently for more than a minute, watching as the wreaths floated into the center of the water-filled wooden boxes, where families of those killed on September 11 will lay roses today.

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After two weeks of speeches connecting the war in Iraq with the global war on terrorism and urging Americans to stay the course, Mr. Bush let the wordless image speak for itself.

He and Mrs. Bush walked away with heads bowed as bagpipes played "America the Beautiful."

Earlier in the day, Vice President Dick Cheney said the nation has "made significant progress" in its fight against the Islamic extremists who perpetrated the attacks.

"We've done enormous damage to al Qaeda, to the leadership of al Qaeda," Mr. Cheney said on NBC's "Meet the Press."

Democrats kept up their political battle against the Bush administration's response to terrorism, particularly the 2003 invasion of Iraq.

"Cheney represents what's wrong with this administration policy," Sen. Charles E. Schumer, New York Democrat, said on CBS' "Face the Nation," arguing that the administration has not shown "enough smarts" in its policies. "And that's why the things in Iraq are getting worse."

Mr. Bush will address Americans tonight at 9 in a speech from the Oval Office.

The polarization of the nation was evident near ground zero, where hundreds of protesters chanted "Out of Iraq now" and held signs that said "Bush lied."

The immediate aftermath five years ago brought Americans together and sent Mr. Bush's popularity soaring, especially after he grabbed a bullhorn at ground zero on Sept. 14, 2001, and promised that "the people who knocked these buildings down will hear all of us soon."

But support for the president plummeted after U.S. casualties in Afghanistan and Iraq increased. Now, both parties are engaged in a war of words in the lead-up to the November elections, which some analysts say could cost the Republicans control of one or both congressional chambers.

In three speeches and a White House statement on his administration's policy on detention of suspected terrorists, the president laid out the case for war in Iraq, justified his counterterrorism efforts, including a terrorist-surveillance program, and warned Americans that the United States is safer but still not safe from attack.

In one speech, he mentioned al Qaeda leader Osama bin Laden 17 times; in another, he divulged details of plots that have been foiled -- the first time many of those details had been released.

"This time, we're not waiting for our enemies to gather in strength. This time, we're confronting them before they gain the capacity to inflict unspeakable damage on the world. And we're confronting their hateful ideology before it fully takes root," Mr. Bush said last week, defending his doctrine of pre-emption laid out in the months after the attacks.

A new poll released yesterday found his effort may be having some effect.

Just over half of those surveyed by ABC News think the country is safer from attack than on September 11, and that the fight against terrorism is going well. While other polls show American support for the Iraq war waning, the administration has gone on the offensive to paint Iraq as crucial to the war on terrorism.

Democrats have charged that the president is politicizing the anniversary of the September 11 attacks, but Mr. Bush plans only silent observances today.

He plans no comments during appearances this morning when he meets with New York City firefighters and police, or at noon in the Pennsylvania field where one plane crashed after passengers battled terrorists, or at the Pentagon crash site this afternoon. Then he will speak to the nation tonight.

Mr. Bush has led an orchestrated campaign to remind Americans of the attacks. He has framed the November elections as a choice between Republicans, who say they are best able to secure America and have done so for five years, and Democrats, some of whom have opposed the president's efforts at every turn.

Democrats oppose Mr. Bush's contention that Iraq is crucial to the war on terror.

"There is simply no way to overstate how Iraq has subverted our efforts to free the world from global terror," said Sen. John Kerry, Massachusetts Democrat, who Mr. Bush defeated in the 2004 election. "The demagogic drumbeat about fighting terrorists over there instead of here -- even though they weren't in Iraq until we went in, and it's now a civil war we're fighting -- has compromised America's real interests and made us less safe than we ought to be five years after 9/11."

Today's three stops will mark the first time the president has visited each site since 2002. During the past two years, the anniversary fell on a weekend day, and the Bushes did not travel to all three sites.

Former SG Olson Looks Back On 9/11 -- And Moves Forward (LAW)

By Tony Mauro, Legal Times

Legal Times, September 11, 2006

Undeniably, Theodore Olson has moved on from the horror of Sept. 11, 2001.

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Early that day -- his 61st birthday -- his wife, Barbara, left their McLean, Va., house for Dulles International Airport to board American Airlines flight 77, bound for Los Angeles. Olson, then the solicitor general, headed to his Justice Department office. Not long after, Olson's longtime aide, Helen Voss, burst in to tell him that Barbara was on the phone, sounding panicked. Her plane had been hijacked, Barbara told him. What should she tell the pilot to do? The plane rammed into the Pentagon, and she was gone. Olson's wife, a well-known conservative commentator, was one of the best-known victims of the terrorist attacks.

On Sept. 11 this year, Ted Olson celebrates his 66th birthday and will attend a memorial ceremony for Barbara at the U.S. Attorney's Office in D.C., where she once worked. His daily life often brings reminders of the past, he acknowledges, but he adds, "Mostly, I am looking forward."

What Olson is looking forward to most right now is his wedding on Oct. 21 to the new love of his life, Lady Booth -- Lady is her name, not a title -- at a Napa Valley, Calif., resort.

Olson speaks happily but gingerly about his fiancee at first, not wanting to burden her with being mentioned in a story that dwells on Barbara. But once it is clear the interview is about Olson's post-9/11 life, he opens up, just a bit. Booth is a Georgetown University-educated lawyer, he says, with a master's degree in law from New York University. She once launched a successful home health care business and does not currently practice law. And, Olson says, she is a daughter of Kentucky for whom attending the Kentucky Derby is a "religious experience." One of their first dates, he says, was at the derby in May 2002.

But Olson does not want to say much more. Asked how he and Booth met, he goes no further than "We were introduced by mutual friends."

CHARGING AHEAD

Then it is back to business for Olson in his airy office overlooking Connecticut Avenue and L Street at Gibson, Dunn & Crutcher, to which he returned after leaving Justice in 2004. On a shelf sits a bowl jammed full of white quill pens, souvenirs of his 43 oral arguments at the Supreme Court.

Arguing before the Court is the sentimental core of his practice, but since leaving the Justice Department he has joined the Gibson Dunn executive committee and now heads up a new crisis-management group for the firm. The group assists clients (though he won't name them) when disaster strikes -- natural, criminal, or regulatory, or, as Olson puts it, "an oil spill, the SEC, or [New York Attorney General] Eliot Spitzer."

With pride, not regret, Olson says, "I am working as hard as I ever have worked." Close friends agree that if anything, Olson is charging harder ahead than at any time in his long legal career.

"Of course, he was badly shaken by his wife's death," says longtime friend Laurence Silberman, senior judge on the U.S. Court of Appeals for the D.C. Circuit, who will preside over Olson's wedding next month. "Ted threw himself into his work as an antidote. But that is certainly not to suggest that he didn't bear heavy scars for a while."

Silberman offers Booth two compliments. "She's a lovely woman, and she's a tax lawyer," he says. Tax lawyers are the most stable and well-adjusted members of the profession, Silberman explains, because "they spend their time working puzzles that no one else understands.

Gibson Dunn partner Mark Perry also attests to Olson's strong comeback from loss. "From that moment on, he threw himself into his work. I get here by 6:30 a.m., and he's generally in the building before me," says Perry, whose office is next to Olson's. "He has always worked hard, but somehow he has managed to turn that up another level. I think it has been solace for him, and an outlet."

Others might have become depressed or decided to "retire in place," Perry says, but not Olson -- he is growing the practice and mentoring young lawyers. Of Olson's impending marriage, Perry says, "It's healthy that he is emotionally capable of not withdrawing into a shell."

Olson has a long history of aggressively elbowing adversity aside. He survived an independent counsel investigation in the 1980s launched to determine if Olson, then in the Reagan Justice Department, had obstructed justice or committed perjury in testimony before the House Judiciary Committee regarding the DOJ's handling of documents related to the Environmental Protection Agency's Superfund program. No charges were brought.

When President George W. Bush picked Olson as solicitor general, the confirmation hearings turned unusually nasty. Olson's allies believe that Senate Democrats hassled him as payback for representing Bush in the 2000 election litigation, culminating successfully in Bush v. Gore. Olson won Senate confirmation by a narrow 51-47 vote.

After 9/11, Olson took on an expanded portfolio in the Office of the Solicitor General as a leading defender of the administration's anti-terror legal strategy. He coordinated the government's response to the tide of litigation against the USA Patriot Act and the handling of detainees, among other issues. Olson's own loss lent an unspoken gravity to his arguments but, in the end, did not appear to make them any more successful.

Olson's role in actually devising post-9/11 policy appears to have been limited. "I was involved to a small degree," he says. "But I wasn't drafting legislation or making any policy judgments."

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A leading critic of the administration's policies concurs. "I doubt he played much of a role at the creation," says Northwestern University School of Law professor Joseph Margulies, author of a new book on the administration's handling of Guantanamo Bay detainees, "Guantanamo and the Abuse of Presidential Power."

If anything, Olson's office may have had a moderating effect, says Margulies. "What we saw was that, just before the solicitor general had the job of defending these policies, they'd be changed." That was the case in Rasul v. Bush, which Olson himself argued before the Court in April 2004. Margulies, lead counsel for detainee Shafiq Rasul, says that three weeks after the Court granted review in Rasul, the administration announced it would release 140 detainees. As oral arguments approached, the Defense Department announced an administrative review process to examine each detainee's status.

But those moves did not save Olson's case, and that June, the Court ruled that detainees could appeal their imprisonment in U.S. courts. It was among the first of several defeats for the administration's post-9/11 policies at the hands of the Supreme Court.

Looking back, does Olson think the administration asked for too much from the Supreme Court? Did his personal tragedy color his judgment in defending what proved to be flawed policies?

Olson flatly rejects the suggestion.

He did recuse himself from dealing with the case of Zacarias Moussaoui, the only person prosecuted in the United States for a role in the 9/11 hijackings.

But the cases he handled and the arguments his office made, Olson insists, were all based on a valid reading of precedent. "In Rasul, we were relying heavily on a decision [Johnson v. Eisentrager] by Robert Jackson, a very well-respected justice," he says. "The Supreme Court decided to depart from that precedent. I don't think we could have argued that case any differently." Each of the cases, Olson says, was fact-specific and argued on its own terms.

He adds, with emphasis, "I don't think my analysis was colored in any way by my personal experience. There wasn't any area where my position would have been different."

In any event, Olson says, "I haven't gone back and second-guessed myself."

CLIENTS AS CATHARSIS

The rest of his record as solicitor general was strong: He won almost all of the 26 cases he argued, and he won points among career attorneys for attending all of their arguments during his tenure. "At bottom, Ted is an advocate," says Perry. "We all win some and we lose some. He's among the best I've ever seen."

But at the end of the 2004 term, Olson says," it was the right time to leave" the Solicitor General's Office, "given my age and my desire to practice again in the private sector." It was an easy choice to return to Gibson Dunn, where he'd begun in 1965 -- his only other employer besides the government. "I didn't want to go into the marketplace and auction myself off. I didn't feel right about that."

Ever since, the work has flowed in the door, and in this past term he argued two cases before the Supreme Court (others in the firm argued three more), a strong number, given the Court's decreasing docket size. Noncorporate clients range from convicted murderer Michael Skakel to then-Time magazine reporter Matt Cooper, called to testify to a grand jury in the Valerie Plame matter.

Olson has often represented the news media and has argued in favor of a federal shield law for journalists. This, even though he has served Republican administrations which have launched leak investigations and have been largely hostile to the press. Olson sees no contradiction. Is there anything The New York Times could print, he is asked, that would make him unwilling to defend it? "I doubt it," Olson replies. "I can't think of any circumstance where The New York Times wouldn't deserve a really good lawyer." There is only one kind of client Olson would probably decline, he says. "A terrorist. I would have a problem with a terrorist." A reminder, however brief, of Olson's 9/11 scars. In the five years since his loss, Olson says, he has not connected often with other relatives of 9/11 victims. "I didn't have the time or the emotional resources to do my job and also connect with victims' families," he explains.

But he knows he is still one of the most visible symbols of that day and says that his message, his mantra, has been to extol hard work. "I felt that the wonderful job I had as solicitor general would be a catharsis, a way to focus," Olson says. "I thought it would be good for me and good as a symbol for those who were watching me."

He adds: "It's important to understand that while I suffered a great loss, everyone else experiences great loss at some time too. It's important for each of us to accept what happened and move on and do everything possible to go on with leading a productive life."

At this point in the interview, there is a knock on Olson's office door. A colleague enters to tell him that the Supreme Court has just issued a stay in an antitrust case Olson is bringing before the justices. It is a good sign that the Court is interested in the case, which will be good news to his client.

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Memories of the past melt away as Olson reads and savors the Court's order. "This is huge," he says with a smile. Another chance to argue at the Supreme Court suddenly looms larger, and once again, Olson is ready to answer the call.

9/11/06 (opinion) (NYT)

The New York Times, September 11, 2006

The feelings of sadness and loss with which we look back on Sept. 11, 2001, have shifted focus over the last five years. The attacks themselves have begun to acquire the aura of inevitability that comes with being part of history. We can argue about what one president or another might have done to head them off, but we cannot really imagine a world in which they never happened, any more than we can imagine what we would be like today if the Japanese had never attacked Pearl Harbor.

What we do revisit, over and over again, is the period that followed, when sorrow was merged with a sense of community and purpose. How, having lost so much on the day itself, did we also manage to lose that as well?

The time when we felt drawn together, changed by the shock of what had occurred, lasted long beyond the funerals, ceremonies and promises never to forget. It was a time when the nation was waiting to find out what it was supposed to do, to be called to the task that would give special lasting meaning to the tragedy that it had endured.

But the call never came. Without ever having asked to be exempt from the demands of this new post-9/11 war, we were cut out. Everything would be paid for with the blood of other people's children, and with money earned by the next generation. Our role appeared to be confined to waiting in longer lines at the airport. President Bush, searching the other day for an example of post-9/11 sacrifice, pointed out that everybody pays taxes.

That pinched view of our responsibility as citizens got us tax cuts we didn't need and an invasion that never would have occurred if every voter's sons and daughters were eligible for the draft. With no call to work together on some effort greater than ourselves, we were free to relapse into a self- centeredness that became a second national tragedy. We have spent the last few years fighting each other with more avidity than we fight the enemy.

When we measure the possibilities created by 9/11 against what we have actually accomplished, it is clear that we have found one way after another to compound the tragedy. Homeland security is half-finished, the development at ground zero barely begun. The war against terror we meant to fight in Afghanistan is at best stuck in neutral, with the Taliban resurgent and the best economic news involving a bumper crop of opium. Iraq, which had nothing to do with 9/11 when it was invaded, is now a breeding ground for a new generation of terrorists.

Listing the sins of the Bush administration may help to clarify how we got here, but it will not get us out. The country still hungers for something better, for evidence that our leaders also believe in ideas larger than their own political advancement.

Today, every elected official in the country will stop and remember 9/11. The president will remind the country that he has spent most of his administration fighting terrorism, and his opponents will point out that Osama bin Laden is still at large. It would be miraculous if the best of our leaders did something larger — expressed grief and responsibility for the bad path down which we've gone, and promised to work together to turn us in a better direction.

Over the last week, the White House has been vigorously warning the country what awful things would happen in Iraq if American troops left, while his critics have pointed out how impossible the current situation is. They are almost certainly both right. But unless people on both sides are willing to come up with a plan that acknowledges both truths and accepts the risk of making real-world proposals, we will be stuck in the same place forever.

If that kind of coming together happened today, we could look back on Sept. 11, 2006, as more than a day for recalling bad memories and lost chances.

9/11/06 (LAT)

The Los Angeles Times, September 11, 2006

FIVE YEARS AGO TODAY, this space was occupied by what must have been the least-read editorial we've ever published. It was before 6 a.m. Pacific Daylight Time, after all, when the U.S. was attacked by terrorists using airliners as missiles, rendering that morning's newspaper instantly stale, a relic from a more frivolous era.

The only hint of what was to come was a front-page story of an anti-Taliban leader killed in Afghanistan by a suicide bomber posing as a journalist.

9/11 changed everything, Americans earnestly told themselves in the ensuing days, weeks and months. How could it not? A clash of civilizations had brought the apocalypse to ground zero of American capitalism, and the resulting hole in Lower Manhattan and in the nation's heart became Ground Zero of something more. The attack on the Pentagon only reinforced our sense of vulnerability, and that horrible day could have been even more horrible if not for the valor of passengers on United Flight 93.

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Five years later, the rawness of that day has dissipated, and Washington's trivializing war-on-terror rhetoric has become tedious background chatter, not unlike the stream of terrorist chatter officials shrugged off before 9/11. Too much chatter elicits shrugs; it's human nature.

We know now that 9/11 did not change everything, at least not permanently. In some ways, that is unfortunate. New York City subway riders can once again be inconsiderate; cable news networks can again feast on such melodramas as the JonBenet Ramsey case; politicians can again question each other's patriotism; Homeland Security funds can be mischievously diverted to Kansas, just another form of pork.

On the whole, the return of petty politics, crass entertainment, satire and celebrity news is all reassuring, almost a tribute to U.S. resilience. We still fly, even if we have to take off our shoes in the process. The Dow Jones industrial average is 1,787 points higher today than it was on that 9/11. Your home has appreciated considerably in value, as one exuberant bubble succeeded another. The Supreme Court still reins in presidents who overreach. America lives on.

What died on 9/11 was the illusion that history had ended. The halcyon Clinton years were a deceptive interlude between the fall of communism and the collapse of the twin towers. Capitalism had triumphed; investors could disregard such details as price-to-earnings ratios, while Republicans could divert their attention from tax cuts to focus on a president's sex life. It was a time of complacency without guilt.

Now we are back to complacency tinged with guilt. In Washington, the war on terror has been institutionalized, like the war on poverty, or cancer: something for politicians to talk about while the rest of us go about our business. The very abstraction of the term — why not call it a "war on violence" or a "war on hatred"? — invites people to tune it out.

President Bush can be blamed for much oversimplification and for stretching his "fascism" analogies in recent days. But it has at least been refreshing to hear him refer to Osama bin Laden again, and to remind audiences that it is an ideology (as opposed to a method) that threatens Western values. What distinguishes the United States from its enemies in this battle, after all, isn't mainly the prowess of our military or the resilience of our shoppers. It's the vitality of our society and the openness of our culture. That's a message that needs reinforcing in the years ahead.

Solidarity (WSJ)

By Christopher Hitchens

The Wall Street Journal, September 11, 2006

Never mind where I was standing or what I was doing this time five years ago. (Because really, what could be less pertinent?) Except that I do remember wondering, with apparent irrelevance, how soon I would be hearing one familiar cliché. And that I do remember hearing, with annoyance, one other observation that I believe started the whole post-9/11 epoch on the wrong foot.

The cliché, from which we have been generally but not completely spared, was the one about American "loss of innocence." Nobody, or nobody serious, thought that this store-bought phrase would quite rise to the occasion of the incineration of downtown Manhattan and 3,000 of its workers. It might have done for the Kennedy assassination or Watergate, but partly for that very reason it was redundant or pathetic by mid-day on September 11, 2001. Indeed, I believe that the expression, with its concomitant naïve self-regard, may have become superseded for all time. If so, good. The beginning of wisdom is to recognize that the U.S. was assaulted for what it really is, and what it understands as the center of modernity, and not for its unworldliness.

But here I am, writing that it was "the United States" that was assaulted. And there was the president, and most of the media, speaking about "an attack on America." True as this was and is, it is not quite the truth. I deliberately declined, for example, an invitation to attend a memorial for the many hundreds of my fellow-Englishmen who had perished in the inferno. I could have done the same if I was Armenian or Zanzibari -- more than 80 nationalities could count their dead on that day. It would have been far better if President Bush had characterized the atrocity as an attack on civilization itself, and it would be preferable if we observed the anniversary in the same spirit.

In the past five years, I have either registered or witnessed or protested at or simply "observed" the following:

(1) The reopening of a restaurant in Bali, where several dozen Australian holidaymakers and many Indonesian civilians had earlier been torn to shreds. (2) The explosion of a bomb at a Tube station in London which is regularly used by two of my children. (3) The murder of a senior Shiite cleric outside his place of worship in Iraq. (4) The attempt to destroy the Danish economy -- and to torch Danish embassies and civilians -- as a consequence of the publication of a few caricatures in the Danish press. (5) The murder of the U.N. envoy to Baghdad: a heroic Brazilian named Sergio Vieira de Mello, as vengeance (according to his murderers) for his role in shepherding East Timor to independence. (6) The near-successful attempt to blow up the Indian parliament in New Delhi, and two successful attempts to disrupt the commerce and society of Mumbai. (7) The destruction of the Golden Dome in Samara: a place of aesthetic as well as devotional importance. (8) The bombing of ancient synagogues in Tunisia, Turkey and Morocco. (9) The evisceration in the street of a Dutch filmmaker, Theo van Gogh, and the lethal threats that

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drove his Somali-born colleague, a duly elected member of the Dutch parliament, into hiding and then exile. (10) The ritual slaughter on video of a Jewish reporter for this newspaper.

This list is not exhaustive or in any special order, and it does not include any of the depredations undertaken by the votaries of the Iranian version of Islamic fundamentalism. I shall just say that I have stood, alone or in company, with Hindus, Jews, Shiites and secularists (my own non-sectarian group) in the face of a cult of death that worships suicide and exalts murder and desecration. This has not dimmed, for me, the importance of what happened in New York and Washington and Pennsylvania. But it has made me slightly bored with those who continue to wonder, fruitlessly so far, in what fashion "we" should commemorate it.

The time for commemoration lies very far in the future. War memorials are erected when the war is won. At the moment, anyone who insists on the primacy of September 11, 2001, is very likely to be accused -- not just overseas but in this country also -- of making or at least of implying a "partisan" point. I debate with the "antiwar" types almost every day, either in print or on the air or on the podium, and I can tell you that they have been "war-weary" ever since the sun first set on the wreckage of the World Trade Center and the Pentagon and on the noble debris of United Airlines 93. These clever critics are waiting, some of them gleefully, for the moment that is not far off: the moment when the number of American casualties in Afghanistan and Iraq will match or exceed the number of civilians of all nationalities who were slaughtered five years ago today. But to the bored, cynical neutrals, it also comes naturally to say that it is "the war" that has taken, and is taking, the lives of tens of thousands of other civilians. In other words, homicidal nihilism is produced only by the resistance to it! If these hacks were honest, and conceded the simple truth that it is the forces of the Taliban and of al Qaeda in Mesopotamia that are conducting a Saturnalia of murder and destruction, they would have to hide their faces and admit that they were not "antiwar" at all.

One must have a blunt answer to the banal chat-show and op-ed question: What have we learned? (The answer ought not to be that we have learned how to bully and harass citizens who try to take shampoo on flights on which they have lawfully booked passage. Yet incompetent collective punishment of the innocent, and absurd color-coding of the "threat level," is the way in which most Americans actually experience the "war on terror.") Anyone who lost their "innocence" on September 11 was too naïve by far, or too stupid to begin with. On that day, we learned what we ought to have known already, which is that clerical fanaticism means to fight a war which can only have one victor. Afghans, Kurds, Kashmiris, Timorese and many others could have told us this from experience, and for nothing (and did warn us, especially in the person of Ahmad Shah Massoud, leader of Afghanistan's Northern Alliance). Does anyone suppose that an ideology that slaughters and enslaves them will ever be amenable to "us"? The first duty, therefore, is one of solidarity with bin-Ladenism's other victims and targets, from India to Kurdistan.

The second point makes me queasy, but cannot be ducked. "We" -- and our allies -- simply have to become more ruthless and more experienced. An unspoken advantage of the current awful strife in Iraq and Afghanistan is that it is training tens of thousands of our young officers and soldiers to fight on the worst imaginable terrain, and gradually to learn how to confront, infiltrate, "turn," isolate and kill the worst imaginable enemy. These are faculties that we shall be needing in the future. It is a shame that we have to expend our talent in this way, but it was far worse five years and one day ago, when the enemy knew that there was a war in progress, and was giggling at how easy the attacks would be, and "we" did not even know that hostilities had commenced. Come to think of it, perhaps we were a bit "innocent" after all.

Mr. Hitchens is a columnist for Vanity Fair. His most recent book is "Thomas Jefferson: Author of America" (HarperCollins, 2006).

Promises Not Kept (NYT)

By Paul Krugman

The New York Times, September 11, 2006

Five years ago, the nation rallied around a president who promised vengeance against those responsible for the atrocity of 9/11. Yet Osama bin Laden is still alive and at large. His trail, The Washington Post reports, has gone “stone cold.” Osama and his deputy, Ayman al-Zawahiri, are evidently secure enough in their hideaway that they can taunt us with professional-quality videos.

They certainly don’t lack for places to stay. Pakistan’s government has signed a truce with Islamic militants in North Waziristan, the province where bin Laden is presumed to be hiding. Although the Pakistanis say that this doesn’t mean that bin Laden is immune from arrest, their claims aren’t very credible.

Meanwhile, much of Afghanistan has fallen back under the control of drug-dealing warlords and of the Taliban, which sheltered Al Qaeda before it was driven from Kabul. NATO’s top commander has appealed for more troops; the top British commander in Afghanistan has said that fighting there is fiercer than in Iraq. And the numbers bear him out: since the beginning of 2006, the NATO force in Afghanistan has had a higher rate of fatalities than that suffered by coalition troops in Iraq.

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The path to this strategic defeat began with the failure to capture or kill bin Laden. Never mind the anti-Clinton hit piece, produced for ABC by a friend of Rush Limbaugh; there never was a clear shot at Osama before 9/11, let alone one rejected by Clinton officials. But there was a clear shot in December 2001, when Al Qaeda's leader was trapped in the caves of Tora Bora. He made his escape because the Pentagon refused to use American ground troops to cut him off.

No matter, declared President Bush: "I truly am not that concerned about him," he said about bin Laden in March 2002, and more or less stopped mentioning Osama for the next four years. By the time he made his what-me-worry remarks — just six months after 9/11 — the pursuit of Al Qaeda had already been relegated to second-class status. A long report in yesterday's Washington Post adds detail to what has long been an open secret: early in 2002, the administration began pulling key resources, such as special forces units and unmanned aircraft, off the hunt for Al Qaeda's leaders, in preparation for the invasion of Iraq.

At the same time, the administration balked at giving the new regime in Kabul the support it needed. As he often does, Mr. Bush said the right things: the history of conflict in Afghanistan, he declared in April 2002, has been "one of initial success, followed by long years of floundering and ultimate failure. We're not going to repeat that mistake."

But he proceeded to do just that, neglecting Afghanistan in ways that foreshadowed the future calamity in Iraq. During the first 18 months after the Taliban were driven from power, the U.S.-led coalition provided no peacekeeping troops outside the capital city. Economic aid, in a destitute nation shattered by war, was minimal in the crucial first year, when the new government was trying to build legitimacy. And the result was the floundering and failure we see today.

How did it all go so wrong? The diversion of resources into a gratuitous war in Iraq is certainly a large part of the story. Although administration officials continue to insist that the invasion of Iraq somehow made sense as part of a broadly defined war on terror, the Senate Select Committee on Intelligence has just released a report confirming that Saddam Hussein regarded Al Qaeda as a threat, not an ally; he even made attempts to capture Abu Musab al-Zarqawi.

But Iraq doesn't explain it all. Even though the Bush administration was secretly planning another war in early 2002, it could still have spared some troops to provide security and allocated more money to help the Karzai government. As in the case of planning for postwar Iraq, however, Bush officials apparently refused even to consider the possibility that things wouldn't go exactly the way they hoped.

These days most agonizing about the state of America's foreign policy is focused, understandably, on the new enemies we've made in Iraq. But let's not forget that the perpetrators of 9/11 are still at large, five years later, and that they have re-established a large safe haven.

Losing The War On Terror (WP)

By Ahmed Rashid

The Washington Post, September 11, 2006

LAHORE, Pakistan -- In the five years since Sept. 11, the tactics and strategy of Islamic extremists fighting U.S. or NATO forces have improved dramatically. To a degree they could not approach five years ago, the extremists are successfully facing off against the overwhelming technological apparatus that modern armies can bring to bear against guerrillas. Islamic extremists are winning the war by not losing, and they are steadily expanding to create new battlefronts.

Imagine an Arab guerrilla army that is never seen by Israeli forces, never publicly celebrates victories or mourns defeats, and merges so successfully into the local population that Western TV networks can't interview its commanders or fighters. Such was the achievement of Hezbollah's 33-day war against Israeli troops, who admitted that they rarely saw the enemy until they were shot at.

Israel's high-tech surveillance and weaponry were no match for Hezbollah's low-tech network of underground tunnels. Hezbollah's success in stealth and total battlefield secrecy is an example of what extremists are trying to do worldwide.

In southern Afghanistan, the Taliban have learned to avoid U.S. and NATO surveillance satellites and drones in order to gather up to 400 guerrillas at a time for attacks on Afghan police stations and army posts. They have also learned to disperse before U.S. airpower is unleashed on them, to hide their weapons and merge into the local population.

In North and South Waziristan, the tribal regions along the border between Pakistan and Afghanistan, an alliance of extremist groups that includes al-Qaeda, Pakistani and Afghan Taliban, Central Asians, and Chechens has won a significant victory against the army of Pakistan. The army, which has lost some 800 soldiers in the past three years, has retreated, dismantled its checkpoints, released al-Qaeda prisoners and is now paying large "compensation" sums to the extremists.

This region, considered "terrorism central" by U.S. commanders in Afghanistan, is now a fully operational al-Qaeda base area offering a wide range of services, facilities, and military and explosives training for extremists around the world planning attacks. Waziristan is now a regional magnet. In the past six months up to 1,000 Uzbeks, escaping the crackdown in Uzbekistan

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after last year's massacre by government security forces in the town of Andijan, have found sanctuary with al-Qaeda in Waziristan.

In Iraq, according to a recent Pentagon study, attacks by insurgents jumped to 800 per week in the second quarter of this year -- double the number in the first quarter. Iraqi casualties have increased by 50 percent. The organization al-Qaeda in Iraq has spawned an array of new guerrilla tactics, weapons and explosive devices that it is conveying to the Taliban and other groups.

Moreover, efforts by armies to win the local citizens' hearts and minds and carry out reconstruction projects are also failing as extremists attack "soft" targets, such as teachers, civil servants and police officers, decapitating the local administration and terrorizing the people.

No doubt on all these battlefields Islamic extremists are taking massive casualties -- at least a thousand Taliban have been killed by NATO forces in the past six months. But on many fronts there is an inexhaustible supply of recruits for suicide-style warfare.

Western armies, with their Vietnam-era obsession with body counts, are not lessening the number of potential extremists every time they kill them but are actually encouraging more to join, because they have no political strategy to close adjacent borders and put pressure on the neighbors.

Militants from around the Arab world and even Europe are arriving in Iraq to kill Americans. Yet the United States refuses to speak to neighbors Syria and Iran, which facilitate their arrival.

Hundreds of Pakistani Pashtuns are joining the Taliban in their fight against NATO. Yet NATO has adopted a head-in-the-sand attitude, pretending that Afghanistan is a self-contained operational theater without neighbors and so declining to put pressure on Pakistan to close down Taliban bases in Baluchistan and Waziristan.

If this is indeed a long war, as the Bush administration says, then the United States has almost certainly lost the first phase. Guerrillas are learning faster than Western armies, and the West makes appalling strategic mistakes while the extremists make brilliant tactical moves.

As al-Qaeda and its allies prepare to spread their global jihad to Central Asia, the Caucasus and other parts of the Middle East, they will carry with them the accumulated experience and lessons of the past five years. The West and its regional allies are not prepared to match them.

Ahmed Rashid, a Pakistani journalist, is the author of "Taliban" and "Jihad: The Rise of Militant Islam in Central Asia."

Carry On (NYT)

By William Boyd

The New York Times, September 11, 2006

SOMETIMES it feels as if terrorism began on Sept. 11, 2001, but a second's reflection reminds me that it's been a near-constant factor in my adult life. I encountered human conflict early enough, living in Nigeria during that country's civil war (1967-70), but terrorism arrived when I was in my late teens. A school friend was caught up in the multiple P.L.O. plane hijackings of Sept. 6, 1970 (he was unhurt). I happened to be in Munich in 1972 during the Olympic Games when the Israeli athletes were killed. And when I first visited London in the mid-1970's, I remember walking past Walton's restaurant in Chelsea, its windows still covered with chicken wire, grim testimony to its bombing in 1975 (two died).

We've forgotten the brutal wave of I.R.A. bombings and shootings in London at the end of 1975. When I moved to London in the early 1980's, the terrorist threat we endured was all I.R.A.-driven. I knew a young journalist who was killed by the Harrods bomb on Christmas 1983. Then in 1988 a colleague of my wife died in the Pan Am 103 Lockerbie disaster. Terrorism had begun to touch the outer circle of our own existence.

It begins to blur. Each I.R.A. cease-fire would inaugurate a sense of relief, of near euphoria. Life could return to normal, the streets were reclaimed. Then would come another bomb — a building shattered, fatalities, innocent people in the wrong place at the wrong time — and one experienced a feeling of heaviness, awful resignation. It was dread, I suppose.

I was in a taxi going to a meeting at the BBC to talk about a film I was writing when the bombs went off on July 7 last year. The taxi driver got a cellphone call from his son: "They've blown up the Underground, Dad." We nervously speculated that it must have been a fire, some huge electrical malfunction. In the meeting at the BBC we tried to talk but we kept a TV on, soundless, in the corner, and when we saw the images of the ravaged double-decker bus we knew it was something different.

Because suicide bombing changes everything. With the I.R.A. bombing campaigns, buildings were the targets, and warnings were given in most cases. The I.R.A. terrorists didn't want to die. Today as you go about London you realize that the self-immolating terrorist makes every place a potential target. Suspicion waxes and wanes — it's tiring being on your guard all the time.

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London is not the Dante-esque hell of Baghdad, of course. People are fatalistic, stoical, warily feigning unconcern. What else can you do? We know that beneath the seemingly ordered surface of our daily existence all is chaos and uncertainty, anyway. But since the suicide bombs, life has just become that bit more unsettlingly chaotic, that bit more worryingly, lethally uncertain.

Americans Will Take Time Out To Mark Sept. 11 Anniversary (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 11, 2006

NEW YORK - Five years after terrorists slammed hijacked planes into the World Trade Center and the Pentagon, Americans will pause Monday to remember the day terrorism changed their lives.

Observances in New York, Washington, Shanksville, Pa., and scores of other places across the nation will recall the horrific day that, according to new surveys, continues to have a profound impact on the lives of ordinary Americans.

Bayonne, N.J., will dedicate a 175-ton bronze monument built around a 40-foot steel teardrop - a gift from Russia. Residents of Joplin, Mo., will place red, white and blue carnations at the foot of an American flag. The town green in Windsor, Conn., will glow with the light from 2,973 luminary bags, one for each of the Sept. 11 victims.

To a great degree, most people have adjusted to Sept. 11's legacy - long lines at the airport, color-coded threat levels, metal detectors, identity checks and security clampdowns.

"People take it as part of their lives now," said Carroll Doherty, associate director of the Pew Research Center, a nonpartisan polling organization that monitors public attitudes on a wide variety of topics. "This is the world in which we're now living."

Yet memories of the day remain vivid; nearly every adult can recall where he or she first learned of the attacks. An ABC News poll on Sunday found that nearly 80 percent of Americans changed their outlook on life as a result of the tragedy. Nearly 75 percent worry about the possibility of another attack, and about a third are concerned that they could become terrorist victims.

About half, without prompting, listed Sept. 11 as the single most important international event of their lifetime.

"It's still very, very sad," said Anton Kozick of Brooklyn, N.Y., as he stared Sunday at the gaping hole where the World Trade Center used to be. "It's definitely changed our thinking in how we're seeing things. Think back to the day before all this started - it didn't exist, all this business about terrorism."

Anton and his wife, Christine, still have a piece of paper that blew from the World Trade Center to their house, four miles away, on Sept. 11. "Every so often I touch it and pray for whoever touched it last," said Christine.

The couple joined large crowds at Ground Zero in lower Manhattan as President Bush and first lady Laura Bush placed wreaths in two reflecting pools, symbols of the twin towers that collapsed in flame and rubble. Afterward, they attended a memorial service at nearby St. Paul's Chapel, the 230-year-old church that miraculously survived the carnage.

Earlier in the day, worshippers in churches across the country prayed for the victims and their surviving families.

The president will give a televised speech to the nation Monday night after attending commemorative events in New York, at the Pentagon and in Shanksville, where one of the hijacked planes crashed as passengers resisted the terrorists. On Capitol Hill, members of Congress from both parties will gather on the steps of the Capitol for a moment of silence and patriotic songs.

White House spokesman Tony Snow said Bush would avoid partisan commentary while reflecting on a tragedy that left its mark on the American psyche.

"Terrorism was not a concern at all before 9-11," said Frank Newport, editor in chief of the Gallup Poll. Now, most Americans expect another attack.

Yet, life goes on.

While terrorism has become a fact of modern life, Newport called it a "latent concern" - a back-of-the-mind worry that ranks well below day-to-day anxieties about work, kids and money.

Last month's announcement that British authorities had foiled a plot to blow up as many as 10 trans-Atlantic aircraft didn't dent the crowds that have filled the nation's airports since the immediate shock of Sept. 11 wore off.

Five years on, an event that horrified the world and killed nearly 3,000 people has even become acceptable fodder for date-night entertainment. "World Trade Center," the movie version of the disaster, has raked in more than $64 million since its release last month, just in time for the fifth anniversary of the real thing. It'll open overseas later this month.

The shock has faded, but so has the unity that Americans experienced after the attacks. Esteem for government institutions and the media soared as the nation pulled together. Bush's approval rating shot to a record 90 percent - 6 percentage points higher than Franklin Roosevelt's standing after the surprise attack on Pearl Harbor.

No one expected national harmony to last forever, but the breakdown accelerated as war in Iraq and hotly contested national elections in 2002 and 2004 inflamed passions.

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"It was inevitable," Doherty said. "But what Iraq did, starting in the fall of 2002, was divide people even more."

In a sense, the return to partisan bickering is a return to normalcy. Snow said Americans just aren't the type to have "an endless string of Kumbaya moments."

"We're fractious. We disagree with each other. We scrap, we argue, and at the end, we come to consensus about how we move forward," he said. "It's perfectly natural for people, once the painful memories begin to recede, to begin resuming their normal lives. It happens any time you face a crisis in your life, whether it be an illness, or a disaster, or a loss."

On Monday, on this day of remembrance, most Americans will put aside their differences to count the losses.

Does 2001's Shadow Of Fear Still Linger? (USAT)

By Rick Hampson

USA Today, September 11, 2006

The girl's nightmare was always the same: Her airline pilot father is in the cockpit when terrorists break in and take over. The 757 begins to dive, down, down.

Five years later, Claire McGrath's mother can still hear her daughter's cries. “It was a terrible time,” Lynette McGrath says. “It's a time I'd like to forget.”

It's a time no one can forget — late summer and early fall 2001. It was our season of fear, a season that never really ended. There were the 9/11 attacks; the anthrax scare; a jumbo jet crash in New York that killed all 260 on board, five on the ground, and for a few hours inspired fears of terrorism.

They combined with other events to make the last third of 2001 one of the most unnerving periods in American history. Never have so many of us been so angry, so frustrated, so scared. We were afraid to get on a plane, open the mail, eat Halloween candy. In Chicago, guacamole on the sidewalk prompted hysteria; in Boston, burning pizza evacuated a mall.

Today, the fifth anniversary of 9/11, that season of fear seems like more than just a bad dream and less than the advent of a “new normal.” According to a USA TODAY/Gallup Poll last month, about half of Americans think people have permanently changed the way they live as a result of 9/11. But fewer than 1 in 4 say they themselves have changed the way they live.

In retrospect, the days and weeks after 9/11 were not as much a time when everything changed as when everyone changed. Kim Johnson, 41, of Lincoln, Neb., experienced the season's traumas mostly via television. Still, she said, “I feel like a memory was forced on me.”

Roxane Cohen Silver is a psychologist at the University of California, Irvine (UCI) who has studied the mental health of a national sample audience since shortly after the terror attacks. “We're not where we were on Sept. 12, 2001,” Silver says, “but we're not back to where we were on Sept. 10, 2001. We're different.”

On Sept. 12, 2001, in suburban Buffalo, 12-year-old Claire McGrath felt what she later described as “an unbearable weight on my shoulders.” Her father was a Delta pilot who flew Boeing 757s, a model the hijackers had seized. She didn't want him to go back to work.

To make matters worse, her yellow Labrador — who waited with her each day for the school bus and was sitting there when she got off — died three days after the attacks.

Her mother had to read her to sleep and often spend the night with her. The next morning she'd drop Claire off at school, only to be called later to pick her up because she was crying. Claire's grades suffered. She couldn't concentrate; she was withdrawn, anxious. Her father tried to reassure her, telling her how airline security had improved dramatically, what he'd do if anything happened. It didn't ease her fears.

A therapist helped. “But she didn't really know me,” Claire recalls. “I didn't feel it was enough.”

In October, Claire's Girl Scout troop decided to write letters to members of the U.S. military in the Middle East. Her letter, addressed to “Dear Friend,” wound up in the mailbox of a Marine pilot, Capt. Brian Murphy, then 28. It was the first step in a recovery from fear that would mirror her nation's.

Five autumns ago, a generation of Americans found out what history really feels like — not an inevitable sequence of events marching across the page, but calamity and chaos, like Paris 1789, Sarajevo 1914, Honolulu 1941.

Terrorism seemed everywhere — even when it wasn't.

In one week in early October:

·Greyhound idled its national fleet of buses for eight hours after a passenger stabbed a bus driver on a highway in Tennessee.

·A Russian airliner exploded over the Black Sea (accidentally hit by a Ukrainian missile).

·A Washington, D.C., subway station was closed for six hours after a fare jumper squirted a liquid (that proved harmless) at other passengers.

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On Nov. 12, when it seemed New York couldn't get any more tense, mental health workers gathered in a Manhattan hotel ballroom for Red Cross post-9/11 disaster-assistance training. They were watching a video about the 1988 terrorist bombing of a Pan Am jetliner over Lockerbie, Scotland, when suddenly the lights went up.

The session organizer, Paul Ofman, stepped to the podium. He said an airliner had just crashed in Queens. “This was too much, too scary,” Ofman recalls today. “It felt like a siege in many different places, not just New York. … Tragedies, horrors, threats — everywhere.”

When mechanical failure was determined to have caused the Flight 587 crash, it passed for good news. As New York Mayor Rudy Giuliani said, “It could have been worse” — it could have been terrorism.

In those early weeks, Americans took more anti-depressants and placed more calls to mental health hotlines. Some psychologists prescribed media abstinence for patients overwrought by 24/7 terror news. Gas masks sold out after the revelation that the hijackers had investigated crop dusters.

Everyone seemed to be afraid of something: stock brokers of a market crash, retailers of a recession, Arab-Americans of misguided retaliation.

It wasn't just New York and Washington. Air Force fighters patrolled the skies over a dozen other big cities. After someone began sending anthrax-tainted letters to politicians and journalists the fear spread geographically.

Two weeks after the first anthrax report, postal authorities reported receiving reports of 4,600 incidents around the nation, most involving items such as talcum powder and jelly donuts. At the U.S. Capitol, even the police dogs got nasal swabs for anthrax.

On Halloween, fear wasn't as much fun. The mayor of Seat Pleasant, Md., told trick-or-treaters to stay home. In Madison, Wis., the zoo's Tunnel of Terror was renamed the Tunnel of Thrills and Chills.

A hazmat team responded after green goo was found on a Chicago sidewalk. It wasn't lethal. “Guacamole is not dangerous. It's good for you,” Mayor Richard Daley said. “People have to start calming down.”

At his airbase in Pakistan, Brian Murphy got more than a dozen letters from strangers back home and replied to all. Only one person wrote back — Claire McGrath. They were an unlikely pair: he a 6-foot surfer and Harley rider from Southern California, she a 5-foot snowboarder from Upstate New York.

Over the next three years, through wars in Afghanistan and Iraq, they exchanged scores of letters and e-mails. He'd write of scorpions, of sandstorms, of digging a hole to sleep in at night — tales to fascinate and appall an adolescent girl. He'd kid her about being grounded — he sent her an MRE (“meals ready to eat”) to eat in her room — and complain about the lack of surf on the Tigris River.

She sent him a Groucho-style nose, glasses and mustache disguise for use in Iraq, chewing tobacco (valuable currency in the war zone), and stuff to eat. He sent her a Republican Guard beret, a flag that had flown over the caskets of fallen Marines in his air transport cargo bay, and a discarded copy of a physics exam from Saddam University College of Science in Baghdad.

In January, a fellow Marine pilot whom Murphy had befriended in flight school was killed along with six others when their KC-130 cargo plane crashed in Pakistan.

“I was so relieved that your name wasn't on the list,” Claire e-mailed him. “But I still feel so terrible that they were friends of yours. I can't imagine how you must feel.”

She used her babysitting money to buy some outfits for the Marine's infant son and mailed them to Murphy. That was a watershed in their correspondence, Murphy says: “My writing about how that affected me helped Claire to open up.”

She agrees. “Even though the times were really depressing, everything seemed to be getting better after I started writing to him.” She felt she was contributing. “Even though it was just one Marine, I really felt like I was doing something.”

Brian's nonchalant confidence — “I only honestly remember having been shot at twice, personally” he wrote while serving an infantry tour in Iraq — undercut her anxiety.

“He didn't talk about all the bad stuff that was going on,” she says. “When he wrote, everything seemed OK. I felt more secure. I was reassured by that. … I felt I could tell him anything and he would understand. It was like talking back and forth to a friend, not a counselor or anything.”

In religion class at Claire's Catholic high school, students asked how God could have let the terrorists succeed. “It seemed so nonsensical,” she thought. In the end, she did not blame God for terrorism; she thanked God for Brian — “a special gift,” she called him.

Claire McGrath's recovery from the season of fear shared the same elements as the nation's.

There was faith — in God or America or ourselves. There was action — coping through doing, from writing to soldiers to enlisting to fight with them.

There was leadership — from officials such as Giuliani and President Bush, and from those in the field, like Murphy.

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That confidence was bolstered as one milestone after another passed without incident: Halloween, New Year's Eve, the State of the Union address, the Super Bowl, the Winter Olympics. The anthrax scare ended after the fifth death in November 2001. But for some, the season of fear has never ended.

Carnegie Mellon psychologist Jennifer Lerner says her research indicates that, as a result of that period, some Americans still have a "heightened response to fear"— not just of terrorism, but of garden-variety risks like getting the flu.

Some people around the nation continue to experience post-traumatic stress symptoms, according to research by Silver, the UCI psychologist.

Two years ago, the last time Silver's group was surveyed, 4.5% still reported such symptoms. People who merely watched the attacks on television or otherwise learned about them secondhand reported symptoms "at levels comparable" to those who were at or near the scene, Silver says.

Claire McGrath is now 17 and getting ready to apply to college. She keeps in touch with Murphy, who has visited the McGraths twice since becoming Claire's pen pal. He left the Marines last year and is getting his MBA at the University of Southern California.

Lynette McGrath says her daughter is "more mature at the same age than my other daughters were. It makes you grow up fast to have to deal with these things."

Claire agrees that she learned a few things:

·No matter the problem, it's OK to ask for help.

·If you love someone - like a dad you're worried about - then tell him so, every day, before he leaves for work.

·Sometimes when you try to help someone else — like a lonely soldier overseas — you end up helping yourself.

That's what one girl took away from her season of fear. In the weeks ahead, the nation faces a similar reckoning.

9/11 Has Changed Few Lives (LAT)

By Stephanie Simon

The Los Angeles Times, September 11, 2006

Airport trash cans overflow with toothpaste and deodorant.

Thousands of college students bend their heads over Arabic texts.

In Minneapolis, networks of sensors continually sample air for anthrax, smallpox and bubonic plague. In Nebraska, Gov. Dave Heineman is alerted when cars with out-of-state license plates are spotted cruising cattle feedlots.

On a gravel road in rural Indiana, the Amish Country Popcorn factory makes the federal list of potential terrorist targets — a list of 77,069.

Five years after Sept. 11, this is the new normal.

Nearly 3,000 Americans died when terrorists hijacked four planes, crashing two into the World Trade Center's twin towers, one into the Pentagon and another into a field in Pennsylvania.

Documentary filmmaker Ric Burns calls the attack "as seismic as an event can be …. Rarely does the future announce itself so vividly and horrifyingly."

Residents of New York and Washington remain edgy. And those who lost loved ones, or have relatives or friends serving in the military abroad, can't help but be reminded all too often of Sept. 11.

Remarkably, though, the day-to-day lives of most Americans have changed very little. We have found it easy, perhaps startlingly easy, to stick to routines and habits and mind-sets forged before we could have conceived of planes as missiles. Last month, the Pew Research Center polled about 1,500 adults across the country. More than 40% said the terrorist attacks had not changed their personal lives at all. And 36% said their lives had been altered "only a little bit."

Sept. 11 is often compared to another day of infamy, Japan's bombing of Pearl Harbor on Dec. 7, 1941. Historians, however, see no comparison. World War II demanded personal sacrifice from every American family. The global war on terrorism has touched only a few directly, even as the threat level bounces from orange to yellow to orange to red.

"Many of the predictions made five years ago by cultural pundits about positive long-term changes on our behavior, on our attitudes, even on the art we make, have proved largely untrue," says novelist Julia Glass, who won a National Book Award for "Three Junes."

She finds the lack of transformation depressing, a moment missed. "You could say it's because human beings are so good at adapting," Glass suggests. "Or because we tend toward a certain set point of selfishness and complacency."

That capacity for moving on, for getting back to normal, infuriated Army Staff Sgt. Jay White when he was home last summer between tours of duty in Iraq. "It used to drive him nuts when we were standing in line and somebody was complaining about their Frappuccino," recalls his wife, Jessica.

Jessica feels that same frustration at the high school in Cromwell, Conn., where she teaches history.

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"It's a feeling of isolation and loneliness and confusion," she says. Her husband left on his most recent deployment less than three weeks after their wedding. "You hear about the dramas of the 16-year-old girls all the time, and I want to go: 'You don't even know what people are going through. What your own teacher's going through,' " she says.

Though most Americans have seen little change in their lives, many do recognize the effect Sept. 11 had on their neighbors and on society as a whole. In the Pew poll, 51% said their country had changed "in a major way."

Those changes are not exactly what the pundits predicted in the days after Sept. 11.

Back then, President Bush publicly wrapped the top Democrat in the Senate, Tom Daschle, in a bear hug; unity in the face of adversity seemed the only possible course. But fighting terrorism proved a sharply partisan issue — and all too susceptible to fear-mongering.

"National security has become just another political weapon to beat each other up with," says Leon E. Panetta, White House chief of staff under President Clinton.

It has also become a top priority for many voters, a noted change from decades past.

"Generally speaking, you could almost [always] gauge the outcome of elections by the economy," says Sen. John McCain (R-Ariz.), a likely candidate for the Republican presidential nomination in 2008. "Now that issue has been trumped by the war on terror … and understandably. We received a national shock on 9/11."

Immediately after the terrorist strikes, 64% of Americans said they trusted their government to do the right thing all or most of the time. By the summer of 2002, the figure had dropped to 39%.

These days, the paradigm has shifted so dramatically that 36% of Americans say it's at least somewhat likely the federal government was complicit in the attacks, according to a recent Scripps-Howard poll.

Tens of thousands of people have viewed an online film that asserts the government plotted to bring down the twin towers and blow up the Pentagon — and then pin the blame on Arab hijackers as a pretext to invade the Middle East. In the weeks after the attacks, when American flags seemed to fly from nearly every home, when nearly every marquee proclaimed "God Bless America," it would have been impossible to imagine such a dark conspiracy theory gaining such traction.

In those days, many pundits predicted Americans would turn to God in their moment of stress, and, for a time, church attendance shot up. Polls showed Americans grappling with big questions about God and salvation.

The revival lasted three months.

By January, church attendance was back to normal. The Barna Group, a polling firm for religious groups, found no movement in standard measures of faith, such as Bible reading. "Spiritually speaking, it's as if nothing significant ever happened," says David Kinnaman, a Barna vice president.

So what, then, has changed since Sept. 11?

The American Civil Liberties Union has devoted vast amounts to fighting Bush administration policies such as eavesdropping without a warrant on certain phone calls and imprisoning American citizens indefinitely without charges or access to a lawyer. Those efforts have clearly resonated: ACLU membership has grown more than 80%, revenue has jumped 34%, and the group has nearly doubled the size of its national staff.

Other civil liberties groups have been equally charged. At New York's Center for Constitutional Rights, Legal Director Bill Goodman has handled cases brought by terrorist suspects imprisoned at Guantanamo Bay and by U.S. soldiers forced to serve beyond their terms of enlistment. He has sued on behalf of immigrants detained after Sept. 11 and foreigners who allege they were tortured by American agents.

The center's caseload has "been taken over by post-9/11 litigation," Goodman says.

The government, too, has been consumed by its new focus on terrorism. The FBI's budget has doubled. Federal spending on air security has quadrupled. The Department of Homeland Security has checked 2.7 million truckers against a terrorist watch list.

In Los Angeles, Edina Lekovic, a Muslim, senses Sept. 11 fallout when she leaves the house in her head scarf. Strangers stop her in the supermarket to ask if her father forces her to cover her hair. They wonder aloud if she's oppressed. Then they grill her about jihad.

"Life has gotten a lot more complicated," says Lekovic, communications director for the Muslim Public Affairs Council, a national policy group. "To be a Muslim in this day and age is to be in a pressure cooker, 24/7. You have to constantly explain your faith…. [We] went from private citizens to public ambassadors."

For Chris Simcox, the new normal means a new vigilance — and long nights pacing the Mexican border with a gun. Long disturbed by illegal immigration, Simcox says he had an epiphany after Sept. 11: "The next terrorists are not going to come in on visas." So he moved to Phoenix and founded the Minuteman Civil Defense Corps to help guard his country.

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Simcox says he has signed up 8,000 volunteer Minutemen. His themes are also seeping into election-year politics. Randy Graf, an Arizona Republican running for a U.S. House seat, explains his call for a crackdown on illegal immigration this way: "We all remember what happened on Sept. 11."

"I tell you," Simcox says, triumphant, "the sleeping giant has awakened."

The fallout from Sept. 11 has affected the world of culture as well.

Musicians have channeled sorrow, rage and fear into anthems to that indelible day. Classical composer John Adams gave us a haunting elegy with "On the Transmigration of Souls." Country singer Toby Keith served up a lusty cry for vengeance with "Courtesy of the Red, White and Blue (The Angry American)." And Bruce Springsteen poured out his empathy for terrorism's victims — and its perpetrators — in his 2002 album, "The Rising."

With his novel "A Disorder Peculiar to the Country," Ken Kalfus brought black comedy to the age of terror. He sets his satire about a divorcing couple in Manhattan in 2001; at one point, husband and wife each think the other has died in the World Trade Center — and each is secretly delighted. It's a deliberate effort, Kalfus says, to disprove what "we were told after 9/11, that irony was dead."

For her part, New York writer Martha McPhee, a former National Book Award finalist, had one of the main characters in her cross-cultural love story, "L'America," die in the collapse of the north tower.

"It's not surprising that novelists want to try" to take on Sept. 11, McPhee says, "because what a novel tries to do is make sense out of something that makes no sense."

That's what Americans have tried to do as well these last five years: make sense of the senseless. Shock waves from Sept. 11 reverberate still, but carrying on with the familiar humdrum of our lives lets us feel stable, even as radiation detectors are installed at the Super Bowl and security guards at the airport order us to toss our bottled water.

"Probably no American life is totally unaffected by 9/11, but very few people are immobilized or totally preoccupied with it," says Robert Jay Lifton, a psychiatrist at Harvard Medical School.

Lifton studies the psychology of survival, and he says we as a nation have not fully come to terms with the fear, the anger — or the humiliation — 9/11 evoked. We have learned to live with the new normal, yes. But that doesn't mean we've moved past that bright September day of unthinkable horror.

"It's a powerful event which has not been fully absorbed," Lifton says, "and in many ways floats in and out of our psyches."

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Times staff writers Richard Fausset, Janet Hook, Jenny Jarvie, Lynn Marshall, Scott Martelle, Charles McNulty, Ann Powers, Maria Russo, Mark Swed, David L. Ulin, Henry Weinstein and Robert W. Welkos contributed to this report.

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(INFOBOX BELOW)

VOICES

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'The implications of what this country did in response to Sept. 11 will be with us for the rest of our lives, and probably the rest of the century. We will be coping with the culture of vengeance…. If we had changed our policies after Sept. 11 and spent billions alleviating hunger around the world, we would have won over millions of people. We had a real moment, and we lost it.'

Father John Dear
Veteran peace activist,
Santa Fe, N.M.

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'As a teacher who works with emerging American writers, I experience 9/11 and the trauma of the aftermath … in each and every workshop. Plays are pouring in from this rising generation, brave and bold, and 9/11 is not the elephant in the room, it is the walls, the floor, the air.'

Paula Vogel
Pulitzer Prize-winning playwright and professor
at Brown University

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Sept. 11 'has changed every congressional race in the country. Every candidate will be talking about national security — as they did in the last election, and the one before that.'

Vin Weber
Former Republican
member of the House

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'Until 9/11, the U.S. could … be seen as a beacon, the protector of individual freedoms and liberty …. We have grievously tarnished that image around the world, largely unnecessarily, in our handling of individual liberties, torture, Guantanamo, the allegations of secret prisons abroad and the way we dealt with aliens in the U.S. right after 9/11…. We made ourselves look like bullies.'

Geoffrey R. Stone
Constitutional law professor
at the University of Chicago

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'I was six months pregnant with my first daughter on Sept. 11, and I kept thinking, "The world's gone crazy and here I am having children." It changed my outlook. It made me so much more supportive of [my husband's] being in the Army. I'm just so proud of it.'

Will 9/11 Define A Generation? (USAT)

By Sharon Jayson
USA Today, September 11, 2006

An ongoing study of the lingering effects of Sept. 11, 2001, on young people who were in college then finds they reacted with shock and confusion, but also with muted expressions of patriotism and a new commitment to altruism.

In addition to learning about attitudes, the researchers are seeking to find out whether 9/11 is the life marker for today's young people that the Kennedy assassination or Pearl Harbor were for previous generations.

It may be too early to say whether the young Americans often referred to as "millennials" warrant the name "Generation 9/11," but researchers Patricia Somers at the University of Texas-Austin and Rob Wild at Washington University in St. Louis say initial interviews — conducted largely in 2004 — with the 120 students have proved interesting.

Initial findings — yet unpublished — suggest that students greeted the events with shock and confusion and the desire to be with family and community.

The students also were likely to engage in huddling or group hugging and became more activist in their altruism.

Wild says the students did not necessarily support the blind patriotism they saw in the images of 9/11, nor did they necessarily support military action in Afghanistan or Iraq.

The post-9/11 campus environment appeared to inspire blood drives, community service and greater civic engagement, he says. "A very large portion of the population I interviewed talked about really doing some things differently that they would attribute to Sept. 11 — changing their major because they felt after Sept. 11 they wanted do something more related to social justice," he says.

One student, he says, switched his major from pre-med to social work.

Somers says younger millennials will feel the impact even if they don't recall the event. "They may not have been old enough to understand what happened on 9/11, but they are going to see the after-effects — the long-term war on terror," she says. "Things will be different for their everyday lives, even though they may not connect everything with 9/11."

This fall, Somers will launch the second of what she hopes will be at least four cycles of the study to gauge student responses over time. In addition to many more interviews, she plans focus groups and a questionnaire for 1,500 students across the country.

Somers also is studying "helicopter parents," who some say are too heavily involved in directing their kids' lives.

"The working hypothesis is that one of the reasons helicopter parents act the way they do is because of 9/11," Somers says.

Jim Roth: FBI Agent Changes Gears (PPG)

Pittsburgh Post-Gazette, September 11, 2006

FBI Agent Jim Roth, 53, is in charge of investigating terrorist financing in Pittsburgh. An accountant and former retail manager for Kmart, the Cleveland native worked briefly in the Dallas office and then spent seven years during the Cold War on foreign counterintelligence cases in Chicago. He came to Pittsburgh in 1992, handling big white-collar investigations like the $31 million Michael Carlow check-kiting scheme and the collapse of the Allegheny Health Education and Research Foundation. Since 9/11, the entire bureau has shifted its focus to stopping terrorists. In 2003, Mr. Roth joined the Joint Terrorism Task Force, where his work is classified.

Here's his story, as told to Post-Gazette reporter Torsten Ove:

It can be frustrating. We know this is for real. It's not going away. It's long-term.

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But a lot of people in the public are complacent. You know, "9/11, that was a long time ago. We haven't had another attack."

I think I was ready for a change in '03. I could draw on my foreign counterintelligence experience. Terrorism cases are similar to that. During the Cold War, it was spy vs. spy. It's serious in that they can do a great deal of damage to national security. But it's different in the sense that buildings aren't blown up.

I think with terrorism there's a little more urgency.

I had some intelligence background, but I really wasn't geared toward terrorism. The bureau as a whole wasn't geared that way. We were good at what we did, but now we were going to shift gears. It's like turning a battleship.

The main difference obviously is the proactive nature. You can solve a bank robbery. But how do you prevent a bank robbery?

That's a whole different thing. You're going to have to go out and develop informants and other forms of intelligence to figure out who's going to commit a bank robbery and stop them before they do. And how do you prove that?

And then if we announce that today we prevented a bank robbery, the skeptics are not going to believe us. If there's a press conference and they announce that we broke up a big terrorist plot, like the London one, there are people who don't believe that. "They're exaggerating. They were just guys praying together."

We can't get up there and defend it. In some cases maybe we wouldn't even announce it because maybe we're doing other things to prevent another terror attack.

But you do get satisfaction from this work because you know you're doing something that's vitally important. So the satisfaction you have, but the recognition you might not.

It gets frustrating because we could sit here and prevent 99 of the next terrorist attacks. But if number 100 gets pulled off, then we've failed.

It's realistic to think that there is going to be another attack. It's not a matter of if, it's a matter of when. God help the guy who's the case agent for the next Mohamed Atta.

Agent's Career Forged In The Fires Of Terrorism (RTD)

By Lindsey Nair

Richmond (VA) Times-Dispatch, September 11, 2006

Kevin Foust's work in the FBI took unexpected turns after 9/11, including a move to Roanoke.

Inside the FBI nerve center in Washington, D.C., Kevin Foust pressed the phone to his ear and called out updates.

Only Flight 93 had not responded.

If it continued on its course, it would be shot down.

Processing the horrifying news left Foust little room to ponder his own problems.

Sept. 11, 2001, was his first day on the job.

Foust, 45, who now supervises the Roanoke FBI office, realizes that his promotion to chief of the Osama bin Laden unit during the biggest crime in American history could have been his ticket to the top.

But on that day five years ago, he was focused only on this:

People were dying, and it was happening on his watch.

Under attack

The counterterrorism division of the FBI's Washington field office was supposed to begin Sept. 11, 2001, with muffins and fruit.

One of Foust's staff, Howard "Butch" Luker, was three days from retirement, and the FBI airport liaison headed in to the office to start saying goodbyes.

But nobody gathered around Luker in celebration that day. Instead, they crowded around a credenza in Foust's office about 9 a.m. and stared in disbelief at the television screen.

It was a sunny, sparkling day and there was a gaping hole in the north World Trade Center tower.

As the tower spewed black smoke, the agents kicked around theories. Maybe this was an accident, or a suicidal pilot bent on taking out innocent civilians with his cowardice.

"It looks like a Piper," someone said.

"There's no way in hell that was a Piper," Luker replied.

Then a second jet appeared, plowing into the second tower and shocking the agents into momentary silence.

"Oh my God, we're under attack," someone said, and the office cleared out.

Immediately, Foust began to assemble one of the office's Rapid Deployment Teams. The 150-person teams respond to terrorism incidents anywhere in the world.

A page went out. They had two hours to assemble.

The New York field office at 26 Federal Plaza had gone out of commission shortly after the attacks. Not knowing if agents were hurt, Foust expected his team to be ordered to New York to help investigate.

In the midst of the frenzy to determine what the team would take with them and how they would get there -- because they surely weren't flying -- someone walked in and said, "We're not going anywhere. We just got a report that a plane went into the Pentagon."

Foust looked out his office window and saw smoke rising from the structure across the Potomac.

Washington had its own crime scene.

Almost immediately, investigators suspected al-Qaida was behind the attacks.

Foust and his supervisor, Tom Carey, were summoned to FBI headquarters by Dale Watson, assistant director of counterterrorism.

After a discussion of the FBI's planned response to the attacks, Watson turned to Carey.

"Tom, you can go back to the Washington field office," he said.

He looked at Foust.

"You're not going anywhere," he said.

With a half-smile, Foust reminded Watson that he was not scheduled to report to the Osama bin Laden unit until the end of September.

"No," Watson said. "You've just reported."

A career diverted

If not for a nasty snowstorm, Foust might have ended up a loan officer.

During a business trip in 1982, the recent graduate of Grove City College in Pennsylvania stopped at the Mercer County Courthouse to find a safe haven from the storm.

He ran into an old acquaintance, Mercer County Chief Deputy Bill Romine, who asked what he was up to. Foust told him he was selling investments and writing loans, which bored him to death.

Foust landed a job as a sheriff's deputy, and camping with an FBI buddy made him want to be a federal agent.

In his self-deprecating style, Foust says he is convinced that his FBI admission test -- an extremely difficult, top-secret exam -- was accidentally swapped with someone else's.

In 1987, Foust joined the FBI and moved to Jacksonville, Fla., with his wife, Linda, who had been his high school sweetheart.

He worked mostly drug cases in Jacksonville and continued to do so when he was transferred to Washington in 1991. But he didn't like the assignment in the capital.

Public support for agents' work in the drug arena was low. If he was going to risk his life in the line of duty, he figured, he would rather it be for something people appreciated.

In late 1992, Foust joined one of the counterterrorism units in the Washington field office. It was the perfect assignment for agents who could work alone in high-pressure situations.

Periodically, Foust's supervisor would walk out of his office, look around to see which agents were there, and point at them.

"What are you doing right now? Can you travel?" he would ask.

If the answer was yes, the agent would board a plane, pronto.

Foust's miniature flag collection grew extensively. His investigations, which included mostly hijackings, kidnappings and bombings, took him from the jungles of Uganda to the pyramids of Egypt.

He was assigned to the 1985 EgyptAir 648 hijacking and the 1988 bombing of Pan Am 103 over Lockerbie, Scotland, which were still open cases. He also worked the 1998 embassy bombings in Kenya and Tanzania and the 2000 attack on the USS Cole, which were later tied to al-Qaida.

The work was exciting, but also demanding. In 1997, Foust missed his son's second birthday while traveling in Panama.

When he returned from Tanzania, he was promoted to supervisory special agent in his counterterrorism squad.

But in order to be promoted higher, Foust would have to spend two years working at headquarters in Washington. So he applied for the job as unit chief of the Osama bin Laden unit.

The UBLU, as it is called in the bureau (because the FBI spells it Usama, not Osama), had only existed for about four years. Before that, bin Laden and al-Qaida were the responsibility of the Radical Fundamentalist Unit.

The UBLU's mission was to track bin Laden, his actions, his intentions and anything related to al-Qaida.

The unit consisted of 18 people, including analysts who ate, slept and breathed bin Laden.

"They knew his underwear size, they knew his shoe size, they knew what hand he picked his nose with," Foust said.

He got the job as UBLU chief and was told he would start in 60 days -- by the end of September 2001.

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Round-the-clock job

With the slap of closing blinds, the Strategic Information Operation Center at FBI headquarters was battened down to secure mode.

Director Robert Mueller and his staff set up shop in a room at SIOC. Luker set up open telephone lines with the Department of Defense, the Federal Aviation Administration and National and Dulles airports, while Foust passed on what Luker heard.

By late afternoon on 9/11, hundreds of people from divisions across the FBI were assigned to SIOC to process tips as they poured in. Information flowed into the nerve center from all over the world.

More than a million tips would come in within the next month.

Three teams on rotating eight-hour shifts sorted through the data, picking out the relevant information. Intelligence teams and investigative teams were set up, and each doomed flight got its own field team.

The director was briefed hourly. Written reports were constantly updated.

Representatives from the Department of Energy, Secret Service, Virginia State Police, New York Police Department and other agencies filled seats in SIOC and digested information.

That afternoon, Foust finally turned to his new charges. The last thing they needed was upheaval from a new boss.

"You guys have been here in this unit for some time; I have not," he told them. "I'm not going to get in your way. You know what you have to do. Do it."

Suddenly, field offices worldwide that had never had an al-Qaida investigation before found themselves with more than one, and an avalanche of work descended on the unit.

Everything al-Qaida funneled through the UBLU. If Los Angeles turned up something relevant to an al-Qaida investigation in New York, it was the UBLU's job to connect those dots.

At the same time, analysts continued to dig up data on bin Laden and his organization. They also gave daily briefings, sometimes multiple times a day and sometimes to the president himself.

Sept. 11 stretched into a days-long work marathon. Agents stayed up all night and into the next day, grabbing a shower in the FBI locker room and throwing soiled clothes back on.

For months after, Foust arrived at work by 5:30 or 6 a.m., ate lunch at his desk and got home at 9 or 10 p.m. at the earliest. Weekends were no different.

When he was home, the telephone often rang late at night, waking his exceedingly patient wife and his son, Nathan, then 6. Foust took to sleeping in his downstairs office to minimize the disruptions to his family.

Before long, Congress sought responsibility for the attacks, and Foust watched as guilt gripped his staff.

They assumed they were to blame for all those deaths, and they could not bear it.

Every person on his team at some point needed a closed-door session in his office. Foust let them yell, scream, cry, jump up and down or throw things.

He counseled them and offered his shoulder. He told them 9/11 was a crime so huge that no single person could ever be responsible.

In his opinion, it was a failure on many levels.

Sharing responsibility

Foust won't watch "United 93." He heard the cockpit tapes, and the memories are enough to crack his composure.

He has also not read "The 9/11 Commission Report." But that is a decision born of frustration rather than pain.

The commission said CIA and FBI failures allowed the attacks to happen, and in some ways, Foust agrees.

He says law enforcement got complacent and claimed to be handcuffed by the law. They weren't willing to be creative and look for ways to make their tools work.

But lawmakers like the ones who sat on the commission were also partially responsible, he said. They lacked the political will before 9/11 to pass laws with enough teeth to tear out the underbelly of terrorism.

It reminds him of lyrics by the Who: "The men who spurred us on sit in judgment of all wrong."

Foust thinks the Islamic world itself should also be blamed for failing to condemn the actions of extremists who claim to act in the name of religion, but instead stray far from the teachings in their mosques.

He faults the American public, too, for not taking terrorism seriously until it was on our shores.

In his opinion, Americans were more concerned with individual freedom before 9/11 than with society's right to be safe from terrorism. And while he knows the Patriot Act has sparked fear that freedoms are being eroded, he credits the act with toppling The Wall.

That's the invisible barrier that prevented the flow of intelligence information between the FBI and the CIA, the top two counterterrorism agencies in the country.

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Before 9/11, the standards by which an agent could gather information for intelligence and for prosecution were different. But the priority, Foust says, should be to prevent an attack before it happens.

So the implosion of The Wall is probably the biggest tool in counterterrorism's post-9/11 arsenal, Foust says.

Another tool is American vigilance.

Ever since the attacks, the Roanoke FBI office has been getting calls that start out with, "I know this is probably a waste of your time, but ..." or "I know you're going to think I'm crazy, but ...."

Keep them coming, Foust says. Under FBI mandate, they must investigate every tip, no matter how insignificant it might appear.

The next terrorist attack could happen at any time, he says, and it's going to take more than just police or the FBI to stop it.

A wake-up call

Kevin Foust can remember the very moment he decided to leave the Osama bin Laden unit.

One rare night, about a year after the attacks, he got home early enough to sit down and talk to his wife.

She told him that when he used to travel overseas, their son would ask every night when his father was coming home.

Right after Sept. 11, Nathan started asking the same questions each night:

"When is Daddy coming home? Is Daddy coming home soon?"

After a while, she said, something changed.

He just stopped asking.

In 2003, not long after what Foust calls the "baseball bat to the head," he requested a transfer to Roanoke.

He struggled with the feeling that he had abandoned the UBLU and its work.

But the move put him near his in-laws, and he can picture himself retiring here. He still believes that he is contributing to society, just on a different scale.

Per FBI rules, he worked as a special agent for a year before he was promoted again to management in January 2004.

He is the kind of boss who rarely takes himself too seriously, who walks to lunch with his staff and keeps miniature Butterfingers in bowls in his office.

"He keeps his hands on the steering wheel, but he's not going to jerk it either way," said Special Agent Richard Ress.

When Foust misses the excitement badly enough, he grabs his coat and tells his agents, "I'm coming with you."

Even in the relative calm of Roanoke, he remembers how 9/11 humbled him and what it taught him: Nothing is beneath terrorists, and they will stop at nothing to get what they want.

"We can never let our guard down," he says. "We just can't. Never again."

FBI Talks About Changes Since 9/11 (WDBJ-TV)

WDBJ-TV, September 11, 2006

Nine eleven changed this country forever. And, that includes the way federal intelligence agencies think and operate, including the FBI.

And in Richmond, one of the organizations agents talked about some of the changes they've seen.

Pre-nine eleven FBI leaders say the agency was known for its ability to investigate but now, the mission is evolving.

That's where the organizations' 12,000 agents come in. The focus is now on trying to prevent another terrorist attack.

New technology, specialized teams, better management and joint task forces have helped the FBI to focus more attention on counterterrorism since nine eleven.

Miami Agent Plays Key FBI Role (MH)

By Jay Weaver

The Miami Herald, September 11, 2006

In the middle of the night, his buzzing BlackBerry jolted him out of bed at a hotel in New York.

The urgent message: Call the FBI field office in Miami.

Jonathan Solomon, the top agent in charge of that division, was filled in on the foiled Islamic militant plot to blow up airliners departing from London for the United States.

Solomon, who was attending a counterterrorism conference, immediately called a half-dozen South Florida police chiefs and sheriffs that August morning.

"On a case like that, the coordination between law enforcement agencies, between the intelligence communities, between nations, was unbelievable," Solomon told The Miami Herald. ``That's the reality of this business we're in today."

It wasn't always that way.

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Before the Sept. 11, 2001, terrorist attacks, such a call from a top FBI administrator to local police officials was rare. But the assaults, which exposed intelligence flaws at all levels of the federal government, radically transformed the culture of law enforcement -- especially lines of communication.

Miami Police Chief John Timoney said that in the pre-9/11 era ``the only time you'd get called by the FBI was on a really big case -- after it was solved."

He now views the agency as a partner. "Solomon goes out of his way to communicate," said Timoney, who received one of his calls on Aug. 10. ``He made that call so we wouldn't be caught off guard."

Timoney, a former high-ranking police official in New York and the ex-police commissioner in Philadelphia, drew some attention after the Sept. 11 attacks when he complained in testimony before Congress about the poor communication between the FBI and local law enforcement.

MUELLER AT HELM

FBI Director Robert Mueller, who took over the reins of the agency just one week before the attacks, held talks with top police officials that fall. He broke the ice with Timoney with a joke about Timoney's "beating up" on the agency.

Mueller told Timoney and the other police chiefs that his goal was to make the nearly century-old FBI -- known for its stubborn secrecy -- more transparent by sharing vital counterterrorism information, including expanded joint terrorism task forces with local police.

At first, Timoney was skeptical. Not today.

"He promised me things would change, and he fulfilled that promise," Timoney said in a phone interview.

Of course, the cataclysmic event that fueled the reform was the Sept. 11 attacks. They were plotted overseas by the al Qaeda terrorist group and carried out in the United States by "sleepers." Of the 19 al Qaeda hijackers, as many as 14 were hiding out at different times in the Fort Lauderdale area and other parts of Florida -- including ringleader Mohamed Atta.

Solomon, a senior agent in the FBI's Tampa office at the time, watched the live TV coverage of the attack on the World Trade Center.

His immediate reaction -- horror and sadness.

Solomon then joined thousands of other FBI agents around the country on a 24/7 terrorism investigation with no apparent end in sight.

Within hours, intelligence was coming in about the names of hijackers and their whereabouts before the attacks. Florida's role as a base of operation became clear.

"The concern was there were other sleeper cells that we were unaware of," said Solomon. 'In the immediate aftermath of the attacks it was, `Who are these people, what have they been doing here, who else do they know and are there others here intending to do us harm?' "

As the investigation unfolded, the FBI faced the reality that it had failed to follow up on critical leads about al Qaeda suspects in other parts of the country -- leads that may have thwarted the terrorist attacks in the first place.

That pushed Mueller to overhaul the vast agency -- historically known for investigating organized crime, bank robberies and kidnappings -- in the new age of terrorism.

In spring 2002, he announced plans to centralize counterterrorism operations in Washington, create a domestic intelligence section, and double the number of counterterrorism agents, analysts and linguists nationwide. More computer information, such as a watch list of terror suspects, was shared not only with the CIA but also local and state police agencies.

Mueller also bolstered joint terrorism task forces to deal with regional investigations, intelligence and tips.

Solomon, who worked at Mueller's side as a special assistant and later as a senior administrator at headquarters, said the Sept. 11 investigation itself revealed the importance of sharing information at all levels.

Before the attacks, the FBI had 34 joint terrorism task forces. Today, there are 101 FBI-led task forces nationwide. In South Florida, the task force has doubled in size to about 170 FBI agents and police investigators.

NO LEAD IGNORED

"One of the sea changes in the area of counterterrorism -- there is not a lead that goes unaddressed," Solomon said. ``If we get a call that may seem improbable, we're still going to run it to ground and we're still going to check to make sure it's nothing. . . . In counterterrorism, everything is treated as a serious matter."

Since the attacks, South Florida has been the site of three major terror investigations:

· Adnan El Shukrijumah, a former Broward Community College student of Saudi descent, is still the subject of a global manhunt because of his alleged ties to al Qaeda. Shukrijumah, who disappeared from South Florida weeks before the Sept. 11 attacks, was not suspected of being part of that plot but is still considered a threat.

· Jose Padilla was arrested in Chicago in 2002 amid accusations that he had planned to detonate a radioactive "dirty bomb" on American soil. Last fall, Padilla, who lived in Broward during the 1990s, was charged in a Miami indictment with being

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a recruit for an alleged North American terror cell that provided resources for "violent jihad" overseas. The dirty-bomb allegation is not part of the indictment.

· A group of Miami men dubbed the Liberty City Seven were charged in June with conspiring with al Qaeda to bomb FBI buildings and the Sears Tower in Chicago. They're accused of taking an oath to the terrorist group in March before playing some role to carry out an alleged terror war against the United States. Their lawyers have countered that authorities entrapped the men in a fictitious crime fashioned by an FBI informant.

Solomon, a 23-year agency veteran, defended the Liberty City Seven case as a textbook example of stopping a possible terrorist attack before it happens.

"I'd rather have [entrapment] be the issue in court rather than trying to explain why we didn't prevent an attack. The bottom line is, prevention is prevention," he said.

Security At Port An Issue (MH)

By Lisa Arthur And Steve Harrison

The Miami Herald, September 11, 2006

In the five years since the Sept. 11 attacks, Southeast Florida has received about $256 million in state and federal funds to shore up its defenses against terrorist attacks.

The money has bought Hazmat protective suits, upgraded emergency radio equipment, and paid for training for scores of first responders -- police, fire and public-works employees among them.

But the co-chairman of the region's Domestic Security Task Force says the federal government is still underfunding vulnerable areas like South Florida's ports.

"It's time the federal government get off its duff and fund security at the ports in South Florida and nationwide," said Ken Jenne, Broward County sheriff and outgoing co-chairman of the regional task force.

"The port is scary to me," he said. ``In Broward, we've had a County Commission that has been willing to foot the bill to pay for concrete barriers and a harbor-patrol boat and other things we need at Port Everglades. But they get a lot of pressure for that money."

While security at the Port of Miami-Dade and Port Everglades is vastly improved over five years ago, there are holes. The federal government's philosophy has been that it's impossible to scan or physically search all cargo containers entering ports because that would cripple international commerce.

U.S. Customs and Border Protection has, instead, collected manifest information on all containers, which is analyzed in Northern Virginia. Containers from unknown shippers or with unusual contents are often flagged for further inspection.

Still, it's estimated that less than 5 percent of containers are physically inspected.

MONEY AT ISSUE

Earlier this year, the American Association of Port Authorities estimated that ports would need $5.4 billion over 10 years to upgrade security. The Bush administration had budgeted $708 million, although Congress is debating spending more money.

U.S. Customs and Border Protection said that Port Everglades and the Port of Miami-Dade will get new machines later this year that can scan cargo containers leaving the port for radiation.

Some concerns linger at airports as well. There, debate centers on the effectiveness of the Transportation Security Administration, which critics have dubbed "Thousand guys Standing Around." Congressional Republicans have capped the nation's screeners at 45,000, down from about 53,000 in 2002.

At Miami International Airport, the TSA trimmed the number of screeners this year, prompting the airport to lobby intensely to restore the cuts.

On the local level, one early hiccup in security planning has eased: Miami-Dade and Broward counties no longer have to compete for the same dollop of federal funds.

This year, for the first time, Fort Lauderdale was designated an urban area and received its own pot of money to distribute in Broward and Palm Beach. Previously, it shared a pot with Miami, and that city was responsible for splitting the pie. Turf battles ensued after Broward received only a 12 percent share of about $32 million in federal grants for 2003-04.

`MAKING DO'

"I don't think there's ever going to be a point where everyone is going to be satisfied that all their needs are being met," said Robert Parker, director of the Miami-Dade police, who takes over as co-chair of the regional task force this month. ``We're making do with the allocations, and we've made a lot of progress."

Overall, Jenne said, the millions that have flowed into South Florida have made a difference.

"This community, this state is much safer than it was five years ago at this time," he said.

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Amos Rojas, co-chair with Jenne and the special agent in charge of the Florida Department of Law Enforcement office in Miami, agreed -- although he also noted that there is always more to do.

"If it is up to us, we want to be 100 percent assured that nothing will ever happen here, but that's just not possible," Rojas said. ``I don't think all the money in the world could do that."

Jonathan I. Solomon, special agent in charge of the FBI division in Miami, worked closely with Director Robert Mueller to transform the agency's culture after the Sept. 11 attacks exposed flaws in its sharing of valuable information about al Qaeda suspects.

Now he's working to help ensure the security of South Florida. In his mind, law enforcement is far more vigilant today than it was five years ago at all levels -- with an emphasis on prevention.

"We're absolutely safer in my mind because of all the changes that have occurred post-9/11," Solomon told The Miami Herald. ``But that doesn't mean we can become complacent. There's still a threat out there. Certainly, if al Qaeda could attack and harm us, they would."

Getting Past The Pain Of 9/11 With Steps, Big And Small (NYT)

The New York Times, September 11, 2006

For a year after Sept. 11, reporters for The Times offered capsule portraits of 2,400 victims. Their families have now had five years to reflect, to mourn, to recover. Interviews with a sampling of them found that, while they were at markedly different stages in the healing process, many have found constructive ways of embracing life without forgetting. Widows and widowers have remarried. Children have gone on to college or begun first grade. Some people have settled into new homes, new geography. And a few, while still struggling with their loss, have arrived at surprising places that they could never have foreseen.

STEPHEN KEVIN TOMPSETT: Worrying Enough for Two

For Dorry Tompsett it is a daily struggle, trying to make sure her daughter does not mother her too much.

NEILIE ANNE CASEY: A Life With More Meaning

“The cliché is that time heals all wounds,” Michael Casey said. “But I don’t want to say it’s easier after five years. Maybe it’s just less hard.”

ALVIN BERGSOHN: Needing to Help Others

For the problem-solver that Michele Bergsohn was on Sept. 10, 2001, one bewilderment about life afterward was how to be needed by people who assumed that she would be the needy one.

ROBERT G. McILVAINE: Reacquainted With Laughter

The painful annual pilgrimage of Robert McIlvaine Sr. and his family from Oreland, Pa., to the memorial commemoration at ground zero “is a double-edged sword,” he said.

MICHAEL EGAN: In the Embrace of Friends

Anna Maria Egan has been arguing with angels.

KAREN HAWLEY JUDAY: ‘It’s Still Like Yesterday’

Richard A. Pecorella has been invited to call out the name Karen Hawley Juday at the ground zero ceremony today, memorializing the woman with whom he’d lived and planned to grow old.

LEON W. SMITH JR.: A Legacy of Scholarships

“When 9/11 comes, it’s like a slap in the head,” said Irene Smith, recalling when her usually peppy mailman approached her slowly the other day, as she was watering her flowers.

SEAN SCHIELKE: A Difficult Adjustment

Sarah Christie, 32, had gone out with Sean Schielke for four years, and they moved in together just four or five months before Sept. 11.

KEITH FAIRBEN: Delivering ‘Keith’s Gift’

For six months, Kenneth Fairben helped bury other people’s dead, even though his own son, Keith, was missing, his remains lost at ground zero.

MICHAEL EDWARD ROBERTS: A Mother’s Mantra

They are one in their grief, but the three members of Firefighter Michael Edward Roberts’s family mourn in their own way.

FRANCIS S. RICCARDELLI: No Room for Hate

Over the course of five years, Sept. 11 has become shorthand for many things — a national tragedy; an attack on a way of life; an intelligence failure; a cause for war.

KENNETH VAN AUKEN: Birth of a ‘Jersey Girl’

Lorie Van Auken was not content to grieve quietly. Almost from the moment the towers fell, she raised her voice, demanding to know the answer to the big question: why?

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ROBERT LEBLANC: Finding a New Purpose

For the first year-and-a-half, she kept up her veterinary practice in Lee, N.H., but otherwise Andrea LeBlanc withdrew.

MARIA RAMIREZ: Solace in Small Things

Elise Cintron-Rosada still lives with Mozart, all 92 slobbering, hairy pounds of him. Her daughter, Maria Ramirez, spotted the dog in a Long Island shelter in 1995.

KENNETH F. TIETJEN: A Love That Lasts

"This is the first time I won't go to the ceremony," Karen DallaValle said of the annual memorial at ground zero. "I don't want to be sad publicly. I'd like to be sad privately."

SAMUEL OITICE: Feeling Daddy's Presence

Jean Oitice moved out of the house where she had spent almost all of her married life, to be with her elderly mother and to make it easier for her children, who felt too much of the presence of their father, Samuel Oitice, who had been a firefighter.

SIGRID WISWE: Some Things Don't Change

Year by year, Dr. Birgit Wiswe has had to explain to her new daughter what happened to her sister, Sigrid Wiswe, 41.

ALICIA TITUS: An Activist for Peace

"I think this last year has been more difficult, I don't know why," said Bev Titus, describing how she has mourned her daughter, Alicia, a flight attendant on Flight 175.

EDWARD LEHMAN: Keeping Contact

Exactly one month later, Oct. 11, and they were both supposed to be in the delivery room, Joanne Lehman and her husband, Edward, an assistant director in risk management at the Aon Corporation.

THOMAS H. McGINNIS: Love and Marriage, Again

Thomas H. McGinnis and his childhood sweetheart, Iliana, perfected their partnership in Oakland, N.J.

ROBERT A. CAMPBELL: A Down Day Once More

For her, the sadness won't lift. She still sleeps fitfully, and must force herself to begin another day.

DAVID SUAREZ: Writing Out His Grief

They got smaller in number, and as they got smaller they became stronger.

THOMAS BUTLER: A New Neighborhood

Just a few miles made such an enormous difference. Two years ago, Martha Butler and her three young children moved from Kings Point, N.Y., to a house in the adjoining town of Northport.

DAVID RATHKEY: Helping Grieving Children

There was so much solitude during her day. Her three children were at school. She worried so much about them. No resources seemed adequate to address their pain.

ROBERT J. MAYO: Notes of Comfort

For some time now, Meryl Mayo-Marshall has found comfort in sending gifts and notes of hope and strength — and condolences, when necessary — to strangers.

SCOTT HAZELCORN: Setting Up Camp Haze

It is that time of year again, when Charles and Janice Hazelcorn come off their seasonal high.

RICHARD MORGAN: Another Parent Gone

Patricia Morgan's cancer came back three months before the attacks.

JOSEPH E. MALONEY: A Nurse's New Mission

For nearly two years after 9/11, Kathy Maloney of Farmingville, L.I., tried to stick with her job as an intensive care unit nurse.

These are glimpses of those who lost family members in the Sept. 11, 2001, attack on the World Trade Center, and of their lives since. They were written by Cara Buckley, Glenn Collins, Anthony DePalma, Robin Finn, Jan Hoffman, Tina Kelley, N. R. Kleinfield and Andy Newman. Their stories appear alongside photographs of the victims. With the exception of Ms. Buckley, the writers interviewed families they had spoken to five years ago. The families were chosen by the reporters; some who were contacted chose not to participate.

'I Just Want To Move On' (WT)

By Gabriella Boston

The Washington Times, September 11, 2006

The Washington Times, in a special section commemorating the first anniversary of September 11, profiled three men and two women who survived the attack on the Pentagon. They agreed to update their stories for a series this week marking the fifth anniversary.

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First of five parts

As fellow Americans today remember September 11, 2001, with tributes, prayers and other commemorations, Louise Kurtz will try her best to forget that terrible day ever happened.

"I usually try to ignore 9/11. It stirs memories and emotions in me that I've been trying to forget," says Ms. Kurtz, who sustained severe burns -- some fourth-degree -- on 70 percent of her body during the terrorist attack on the Pentagon. "I just want to move on."

But as much as Ms. Kurtz tries, she can't blot out the memory of seeing and trying to help another woman who was on fire, and then looking down at her own swelling, blistering and reddening arms.

Or vanquish the memory of seeing pieces of the Pentagon crumbling around her.

She can't easily forget the 48 surgeries that followed, a year of wearing a "burn suit," the loss of her fingers and severe damage to her face and arms.

"My legs did OK," she says, pulling up black stretch pants to reveal some smooth skin and plenty of square indentations -- skin used for grafting.

A year after terrorists flew American Airlines Flight 77 into the Pentagon, Ms. Kurtz told The Washington Times about her injuries and recovery. She had undergone 39 surgeries by then and been fitted for prosthetic ears that would sport gold earrings.

Now, at the fifth anniversary, the Spotsylvania resident says she doesn't feel sorry for herself. Instead, Ms. Kurtz counts herself fortunate that she made it out alive that sunny September morning, her second day of working as an accountant for the budget office of the Department of the Army.

Two other persons in her office got out and lived, she says. The remaining 50 or so, including the woman she saw on fire, didn't.

When the airliner plowed into the Pentagon, Ms. Kurtz was standing at a machine faxing personnel papers.

"It was dark," she says. "I had grit in my teeth. There was debris everywhere. ... I smelled the jet fuel, and I knew what had happened."

Everything around her appeared to be gone. Amazingly, she remained standing.

For a moment, she wondered if she was dying and about to join her father, who had died a few years earlier.

"I remember looking around for my father, but I didn't see him," she says. "I made a conscious choice at that time to get out, because this was not the way I was supposed to die."

'No room for hatred'

Ms. Kurtz had so much for which to live. Her marriage to Michael Kurtz was in its 30th year, its best year, and her relationships with her two children and two grandchildren were strong and loving, she says.

She climbed out of a shattered window from the ground-floor office. A police officer told her to sit down and wait in his car. She says she didn't realize the extent of her injuries.

"I was wondering what the fuss was about. I didn't think I was that badly off."

Ms. Kurtz was taken to Washington Hospital Center, where she would spend weeks being treated for and recovering from her severe burn wounds. Her ears fell off. Surgeons had to amputate her fingers.

Her husband was by her side through it all.

"It's not the love story it was five years ago," she says, her eyes welling with tears.

She traps a Kleenex between what is left of her hands and uses it to dab her eyes and cheeks.

In the years after September 11, the marriage crumbled. The Kurtzes separated.

But although she cries often -- if not for long -- about the separation and about her traumatized body, Ms. Kurtz, who turned 54 on Aug. 13, does not wish to dwell on what she calls "life's obstacles."

"I'm not buried in self-pity, because there is no point in it," she says, leaning back in an elegant armchair in her living room. Curled on her lap rests Maggie, one of her miniature pinschers.

"I hated [the terrorists] for about two minutes. But there just is no room for hatred in my life."

Adds Monica Youngblood, the certified nursing assistant who helps Ms. Kurtz five days a week: "I think she wants to stay focused on her little corner of the world."

'She's amazing'

Lousie Kurtz remains the matriarch of her family. Her two children, Corey Shaver, 34, and Michael Kurtz Jr., 31, and two grandchildren, Brittany, 18, and Tyler, 11, turn to her for support, advice and love.

Brittany, who lives in Rome, N.Y., calls on a recent afternoon to talk relationships. A few minutes later, son Michael Jr., who recently moved to Southern California to become a kindergarten teacher, calls to check in.

"She's always provided stability in my life. ... She still does," Michael Jr. says. "She's always thinking about others, helping others. What happened to her is never going to stop her from doing that."

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Just as Ms. Kurtz remained standing amid the carnage, an inner strength served her well during her recovery.

Her son says she used to dislike depending on others for anything. She has to now, though, if just a little. But Mrs. Youngblood says Ms. Kurtz needs less and less help every week.

"The one thing she can't do is put on a fitted sheet," Mrs. Youngblood says. "But that's hard for all of us."

Yet, Ms. Kurtz has relearned much. She is a woman craving a return to normal.

She cooks with a crockpot. She dresses herself. She grabs and lifts by squeezing the thumb joint of her right hand against the base of what had been the index finger. She uses bamboo tongs to pick up small items, such as a napkin. Her silverware is outfitted with Velcro straps.

She used to be left-handed. Now she signs her name with her right hand, while paying by credit card, for example, because less remains of the left hand. She has retaken and passed her driver's test, using a special gadget to steer.

Ms. Kurtz says she might undergo more surgeries. She would like to tighten the skin around her right eye, smooth out the skin on her neck and expand the skin on her arms so she can extend them fully.

But the bulk of the operations, therapy and other recovery is finished, and she has had to adjust to the possibilities and limitations of her new body.

"She's amazing. I don't really do much," Mrs. Youngblood says. "I'm more of a cheerleader than anything else."

Ms. Kurtz lives in a plus-sized house in Spotsylvania in which she and her husband had planned to spend the rest of their lives.

Aside from weekly doctor appointments, cooking and cleaning and other daily routines, she and Mrs. Youngblood try to include fun activities. They enjoy going to lunch at Camille's Sidewalk Cafe or the Cracker Barrel at nearby Central Park shopping center.

'Been there, done that'

Ms. Kurtz and Mrs. Youngblood, who jokingly liken themselves to the title characters in the 1991 movie "Thelma and Louise," go out to see "chick flicks," such as "Failure to Launch" and "Rumor Has It."

They recently went to a Faith Hill and Tim McGraw concert in the District.

"We had so much fun. We were really close to the stage and Tim McGraw [Miss Hill's husband] pointed right at Louise ...," Mrs. Youngblood says.

"And I was looking the other way and missed it, of course," Ms. Kurtz interjects with a chuckle.

She does that all the time, using self-effacing humor to defuse dark memories and emotions. She jokes, for example, that she has a young face -- only four years old -- and she makes fun of her sometimes slurred speech: "Come on, spit it out, Louise."

"Been there, done that," she says of the various films about September 11, noting she has no interest in seeing them. She once threatened to wear a T-shirt reading, "I got baked at the Pentagon."

Ms. Kurtz attributes her strength to her Christian faith. She is an Episcopalian.

"It's part of me and it's important, but I don't like talking about politics and religion," she says. "I don't want to be offended, and I don't want to offend anyone."

Her family is a source of strength, too.

"I live for my kids and my grandkids," she says. "And Jake and Maggie are great company." The beloved miniature pinschers have been with her since before September 11.

But Ms. Kurtz admits she wants more out of life. She's considering a second career as an interior designer. She's decorated her home to make it cozy, using plenty of Hawaiian patterns and motifs. Clearly, she likes stalky, elegant white and pink orchids.

"She has the ambition and drive and focus, but she gets tired easily," Michael Kurtz Jr. says. Still, her son stresses, she has the talent and perseverance to make it happen.

Mrs. Youngblood agrees.

"Her spirit never dies," the nursing assistant says. "She gets out of bed no matter what. She's a true hero."

Mrs. Youngblood adds with a chuckle: "One day, I came over and there she was rearranging furniture."

Ms. Kurtz doesn't want to speculate too much about the future but acknowledges that the company of a life partner is high on her wish list.

"I have no clue what I'll be doing in five years. I hope not to be alone," Ms. Kurtz says, her hazel eyes tearing up.

"I still have the faith that someone is out there," she says, a hesitant and slightly quivering smile spreading across her face. "Someone who can see past the face to what's inside."

Those Who Lost Loved Ones Sustain Memorial Charities (WP)

By Jacqueline L. Salmon

DOJ_NMG_0060246

The Washington Post, September 11, 2006

Five years after the Sept. 11 terrorist attacks, the billions of dollars donated to the families of those killed have largely been spent, but the charity work hasn't stopped.

Now the families themselves have taken the stage. They have started scholarship funds and international relief efforts, raised money for memorials to honor the dead and launched organizations that have coalesced into multifaceted crusades for a variety of issues, including skyscraper safety, airline security and national security.

Although it's difficult to gauge exactly how many there are, it's clear that hundreds, if not thousands, of such initiatives have been started by families of the nearly 3,000 killed in the attacks.

And the number keeps rising.

"It's trying to bring redemption out of what happened," said Eugene Steuerle, who lost his wife, Norma, in the attack on the Pentagon. Steuerle and two dozen other Sept. 11 families and friends created a group last year, Our Voices Together. "That's what all of us, at different levels, are trying to do."

Mental health experts are labeling this phenomenon "post-traumatic growth" -- when those affected by trauma seek meaning in the tragedy by turning grief into action.

"It's a common occurrence," said District therapist Duane Bowers, who specializes in treating those who have suffered traumatic loss. Victims are "able to look at this negative event and somehow get something positive out of it."

For some, the efforts focus close to home.

The family of Mark McGinly, who grew up in Vienna and died at the World Trade Center, gives annual scholarships to graduates of Virginia high schools. Entrants are required to write a short essay on their similarities to McGinly, a 26-year-old metals trader who squeezed every ounce of fun out of life, said his family.

In the past five years, the family has raised close to $500,000 through an annual golf tournament and dinner for the scholarship program, said McGinly's father, Bill McGinly.

"It's far exceeded anything I thought would happen," he said.

For others, the attacks have spurred a broader mission.

Jay Winuk and a friend formed One Day's Pay to promote the Sept. 11 anniversary as an annual day of community service. Winuk said they hit on the idea as a way to honor his brother, Glenn, a lawyer and volunteer emergency medical technician who raced to the World Trade Center to join the rescue effort and was killed when the South Tower collapsed.

About 3 million people have participated in One Day's Pay since 2002, Winuk said, and it has received widespread support in Congress.

"It's really representative of the way Glenn lived his life, and I think it would be the thing he would be most proud of," Winuk said.

In some instances, small initiatives sketched out on a kitchen table by grieving relatives immediately after the attacks have morphed into sophisticated operations that take on broader issues and a wider membership.

Nearly half of those who belong to Families of September 11, whose initial members were mostly relatives of those killed, have no direct ties to the attacks.

The organization pushed for an investigation into the attacks and has advocated for airline safety and other national security issues. This week, it is combining forces with another group, the Nuclear Threat Initiative, to urge the federal government to better secure material that could be used for nuclear weapons.

For many, the efforts have become their life's work.

Mary Fetchet's group, Voices of September 11th, at first lobbied for a federal investigation of the attacks. Now it is creating a Web-based archive of mementos of those killed.

"As you become involved, it becomes very difficult -- at least for me personally -- not to continue," said Fetchet, a Connecticut clinical social worker whose 24-year-old son Brad was killed at the World Trade Center.

But money is drying up for some groups. Payments from large Sept. 11 funds, such as the Red Cross's $1 billion Liberty Disaster Fund, are diminishing, and expenses are chewing up life insurance money and federal government payments that had funded programs.

Donn Marshall, whose wife, Shelley, died at the Pentagon, said he is struggling to raise money for the Shelley A. Marshall Foundation, which he started five years ago with his wife's retirement account.

The group sponsors art programs, community tea parties and library story hours.

Marshall sent out his first mail appeal for funds but netted only one check, he said.

He had hoped the couple's two young children would eventually take over the foundation and keep it going. Now, Marshall said, "I just don't know."

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Liz and Steve Alderman, who lost their son, Peter, at the World Trade Center, spend about $150,000 of their own money each year to pay the overhead expenses of the charity they founded, the Peter C. Alderman Foundation.

The group trains doctors to treat victims of mass violence in countries including Iraq, Bosnia and Uganda. Money for the training comes from the $1.5 million they received for Alderman's death from the federal Victim Compensation Fund.

Liz Alderman said the couple is beginning to look elsewhere for money to cover overhead costs, such as their travel to training seminars and office expenses.

More than 50,000 people have been treated by doctors trained through the foundation, Alderman said, and it recently opened a mental health clinic in Cambodia.

"It is the best memorial that we could ever, ever give," she said.

Near Shanksville, Pa., Local 'Ambassadors' Tend To Flight 93 Site (WSJ)

By Jeffrey Zaslow

The Wall Street Journal, September 11, 2006

SHANKSVILLE, Pa. -- On Sept. 11, 2001, United Airlines Flight 93 fell from the sky and crashed in a field three miles from Chuck Wagner's house.

Five years later, he says, his life priorities are now crystallized: "My family, my church, Flight 93."

A 57-year-old heavy-equipment operator, Mr. Wagner is one of 42 volunteer "ambassadors" at the crash site. They are all local people who now see it as their duty to tell visitors about the heroics on that plane, when passengers fought back against terrorists.

Mr. Wagner helps preserve the thousands of mementos left by visitors at the site's makeshift memorial. He maintains decorum; if tourists are giggling into cellphones, he asks them to take their calls elsewhere. When people cry, he has cried with them. "I've told the story thousands of times, but some things just grab my heart," he says. "I'll see a tear running down a woman's cheek, and it's hard for me to keep talking."

Like Mr. Wagner, many of the 2,500-or-so area residents here say Flight 93 forever changed how they view their role in the world. And their sense of purpose has profoundly touched the families of the passengers and crew members. The locals "watch over the area where the plane went down as if it were their own family cemetery," says Christine Fraser, whose sister, Colleen, was on the flight.

"From day one, they opened their arms, their hearts and their homes to all of us," says Larry Catuzzi, who lost his daughter, Lauren, on the plane.

For residents here, such praise makes them wonder: Is there something about their rural area -- populated largely by blue-collar, church-going families -- that makes them special, or would any community have risen to the occasion?

Locals say the past five years haven't been easy for them. Some ambassadors say their home lives have been tested, as they pay less attention to their children while giving long hours to Flight 93 projects. Others have been targeted by bloggers and conspiracy theorists, who charge that they are somehow involved in nefarious cover-ups involving the flight.

At the crash site just outside of Shanksville, in the township of Stonycreek, a $58 million permanent memorial is slated to open in 2011. The 2,200-acre National Park Service project will have 40 groves of maple trees leading to what it calls the "Sacred Ground," where the plane fell. A tower with 40 wind chimes will mark entry to the site, which will include a museum. About $30 million of the cost is to come from nongovernment sources. About $7 million has been raised so far.

Many Shanksville-area residents approve of the design, calling it a fitting tribute to the 40 passengers and crew, whose actions prevented terrorists from reaching their alleged target in Washington, D.C. Others fear the formal memorial won't offer the emotional tugs found at the "temporary" one, which overflows with handmade tributes, crosses, flags and photos.

The current memorial has a Mom-and-Pop quality to it. Mementos are placed on a 40-foot-long, 10-foot-high section of fencing erected on a gravel lot overlooking the filled-in, now grassy crash site, 500 yards away. Ambassadors bring their personal photo albums, showing snapshots they took in the aftermath of the crash. They share stories about how their homes shook when the plane hit, or how debris from the crash floated into their yards. In bad weather, ambassadors invite visitors to talk in a small former state-park guard shack.

Locals think of the memorial as "the people's place," says Donna Glessner, 48, who works at her family's building-supply store and organized the ambassadors. "We didn't make it. The world made it. We just take care of it."

More than 130,000 people visit the site each year -- the ambassadors count them on hand-held clickers -- and all have questions. The ambassadors say they try not to speculate too much. During a training process led by Ms. Glessner, ambassadors agree to stick to the official 9/11 Commission Report or to say, "We don't know."

Dignitaries come and go here, usually on anniversaries. President Bush is due to visit today. But the ambassadors are on duty 365 days a year, from morning to sunset. They are scheduled in two-hour shifts. They have collected 30,000 mementos and

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notes left by visitors, all of which are stored and catalogued: poems, baby pacifiers, guitar picks, soldiers' boots. "We can understand the visitors' words," says Barbara Black, curator of the collection. "Their objects are harder to understand."

Some ambassadors say they appreciate all the crosses and religious tokens now at the site, and worry that the permanent memorial won't have references to faith. "If it is secularized and sanitized, I don't know if I will be involved," says Ed Klein, an ambassador. He believes symbols of faith "bring order out of the chaos that was that flight."

Many say religious expressions belong here, because the crash site is a final resting place. Flight 93 took off from Newark, N.J., bound for San Francisco. There were 33 passengers, seven crew members and four hijackers, and given the impact of the crash -- the plane hit the ground at 580 miles an hour and debris was imbedded 45 feet deep -- more than 90% of human remains couldn't be recovered from the site, according to the county coroner.

Shanksville-area residents understand the impulse people have to come to the site. And they are getting used to outsiders. At first, they admit, they were nervous when hundreds of leather-clad motorcyclists would roar through town in search of the crash site. Ambassadors now say bikers are among the most reverent and patriotic visitors.

At the site, ambassadors show visitors a photo taken by local real-estate agent Val McClatchey. She lives just over a mile from where the plane fell. At 10:03 a.m. on Sept. 11, 2001, she was in her living room, watching TV coverage of the World Trade Center attacks. A loud boom shook her house. She grabbed a digital camera that was by her front door.

The photo she took shows a mushroom cloud rising into a blue sky, with a neighbor's barn in the foreground. The FBI says it is the only known image taken within seconds of the crash. Ms. McClatchey, 50, says, "If I knew how much chaos it would create in my life, I might have just deleted it."

Accusations about her photo have spread across the Internet. Conspiracy theorists say the photo actually depicts a bomb blast, or that the cloud suggests the plane was shot down by the U.S. government. Others charge the photo is a phony. It is hard, she says, to see her name on the Internet alongside the words "total fraud."

The ambassadors feel for Ms. McClatchey. If bloggers would come to Shanksville, "they could talk to a hundred people who saw that same cloud that day," Ms. Glessner says.

Many ambassadors and other locals have formed lasting friendships with the victims' families. Shirley Hillegass, 68, lives three miles from the crash site. Six months after the plane fell, she attended a church service for victims and sat behind a woman who was weeping. Ms. Hillegass says she felt the woman's pain so deeply that "it was like I was in her body." The woman was Esther Heymann, stepmother of Honor Elizabeth Wainio, who died on Flight 93 at age 27.

Ms. Hillegass also has lost a child. Her 32-year-old daughter, Annette, died in a car accident during a 1994 snowstorm.

Ms. Heymann, 57, lives in Catonsville, Md., and every couple of months, drives 180 miles to the crash site. Over time, the two mothers have grown close. They talk about their daughters: vivacious young career women who were alike in many ways. They also recognize the differences in their losses -- one so public, one little noticed beyond friends and loved ones.

Ms. Hillegass last talked to her daughter, who lived out of town, a week before the car accident. It was an uneventful conversation.

By contrast, Ms. Heymann received a cellphone call from her stepdaughter before Flight 93 crashed. They decided that, to remain calm, they both would look at the beauty outside their windows. Ms. Heymann, safe in her home, looked into the sky above Maryland. Ms. Wainio gazed out of the plane at the sky above western Pennsylvania. Ms. Wainio expressed her love for each family member, then said she had to hang up because passengers were "breaking into the cockpit."

Lined up on the grounds of the Flight 93 memorial are 40 painted angels on sticks. The angel bearing Ms. Wainio's name has a photo of her looking radiant, wearing jeans and a short-sleeve white shirt. In the winter, that photo saddens her stepmother. "She's not dressed for snow, and I feel so impotent," Ms. Heymann says. "I wish I could keep her safe." Between Ms. Heymann's visits to the site, Ms. Hillegass checks up on the photo, or places flowers there.

Mr. Wagner, the heavy-equipment operator, is the ambassador in charge of maintenance at the site. He often emails Flight 93 families to let them know that tributes or photos have gotten sun-bleached or tattered and should be replaced. "I try to be their hands and eyes at the site," he says.

For seven days after Sept. 11, 2001, Mr. Wagner volunteered at the crash site, helping to gather plane parts, personal effects such as clothing and shoes, and human remains. "I asked God to direct me," he says. "If it was something I could handle, I wanted to be part of it." Some passengers' loved ones know that Mr. Wagner saw a lot that week. They don't ask him many questions, he says, "and I don't share much."

At the crash site, presentations have changed as information has become available. This spring, the transcript of Flight 93's cockpit voice recorder was made public, revealing the mayhem of the final 31 minutes. Ambassadors now bring photocopies of the transcript to the site each day. Many visitors stand there, solemnly reading every word.

Ambassadors keep a log about each day's visitors. One entry describes a busload of blind people, who crawled along the ground, feeling the tributes left by other visitors. They also asked to touch the ambassador's face.

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The ambassadors, who will remain on duty once the permanent memorial opens, say they have become better listeners since 2001. Many visitors want to tell them where they were on Sept. 11, and how they felt, and ambassadors see it as their job to listen.

When Ms. Glessner interacts with visitors, a mix of sadness and anger sometimes creeps up on her, she says. "I think, 'Why am I, this little person in this little town, talking about Osama bin Laden and Mohammed Atta? Why did they invade my space?' "

Her children, ages 17 and 20, are proud of her work on the memorial but have little interest in Flight 93 anymore, she says. "They see it as something that has taken me away from the family." Though two-thirds of the ambassadors are senior citizens, there is optimism in Shanksville that the younger generation eventually will step up when called on. Ms. Glessner says: "It's a story that will be told as long as stories are told."

Ben Wainio, who lost his daughter on the flight, has visited the crash site on the coldest, windiest days of winter. At times, he has been alone there -- except for the ambassador on duty. Ambassadors have helped him wipe snow off a bench that bears his daughter's name, and they have sat next to him in the cold, saying little. "We just look out at the field together," Mr. Wainio says.

Shanksville's embrace has led him to look at his loss in new ways. There is a thought that never would have occurred to him five years ago, but now he feels comfortable saying it aloud: Americans were murdered on four planes on Sept. 11, and if Elizabeth was fated to be on one of them, he says, "I'm so glad it was Flight 93."

One Mother Looks Ahead, And Finds New Friends (NYT)

By Sean D. Hamill

The New York Times, September 11, 2006

SHANKSVILLE, Pa., Sept. 10 — Knowing the grief she carries with her, Debbie Borza should have been easy to miss on Sunday among the throng of people who showed up for a private service to remember those who died five years ago aboard United Flight 93.

But Ms. Borza, 52, whose 20-year-old daughter, Deora Bodley, was the youngest victim of the 40 passengers and crew members killed on the flight on Sept. 11, 2001, was the one with the wide smile and darting brown eyes looking for four teenagers she had not met in person.

“I’ve got to find my boys,” she said as she scanned the crowd and roamed the temporary memorial that overlooks the crash site.

Her “boys,” four 17-year-old high school students from Rossford, Ohio, touched a chord in Ms. Borza two months ago when she read an article about their efforts to raise money for the Flight 93 and ground zero memorials.

In an idea hatched over lunch in their school cafeteria, the four friends — Chad Coulter, Dustin Dean, Tad Millinger and Brandon Reinhard — vowed to walk 650 miles from their homes outside Toledo to ground zero in New York, stopping in Shanksville along the way.

Ms. Borza encouraged them regularly, talking with them on the telephone and sending motivational e-mails to their Web site, myspace.com/groundzero2006.

After Ms. Borza found the boys on Sunday, she gave them big hugs and accepted a check for $3,500 for the permanent Flight 93 memorial. She then invited them to accompany her to the crash site, which is typically open only to family members of the victims.

This year has been particularly difficult for Ms. Borza. Besides being the fifth anniversary of her daughter’s death, it will be, in just over a week, the first anniversary of the death of her former husband, Derrill Bodley, Ms. Bodley’s father. He was killed last Sept. 21 in a motorcycle accident on his 60th birthday, Ms. Borza said.

Whether it has been viewing the recent movie “United 93,” listening to the jazz great Dave Brubeck’s recording of a song written by Mr. Bodley and dedicated to their daughter, or seeking out people encouraged by her daughter’s life, Ms. Borza said she decided long ago to look for positive ways to stifle the pain.

“Since I’m probably going to spend the rest of my life trying to fill that void, I choose joy and happiness and peace and love,” she said.

Accompanied by 10 relatives and friends, Ms. Borza was composed and steady as she described the crash of Flight 93 in detail, even as the teenagers from Ohio and their family members teared up.

But Ms. Borza began to lose her composure when she began explaining why she reached out to the boys two months ago.

“I just love seeing my daughter in you,” she told them as tears flooded her eyes, a sight that brought her younger daughter, Murial, 15, rushing to her side. “That’s why I called. Thank you for bringing her alive.”

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Walk Honors Pentagon Fallen (WT)

By Michael Hunsberger

The Washington Times, September 11, 2006

Thousands of somber marchers moved through historic Washington and across the Potomac River last evening to the Pentagon, where 184 died five years ago today when terrorists crashed a hijacked airliner into the nation's military headquarters.

Shortly after sunset, 184 beams of light were projected into the clear, dark sky above the Pentagon. The lights will stay on through tonight.

"When you're with people who went through the same thing you did, it's very cathartic," said Danielle Lamana, 32, of Louisiana, whose brother, Navy Lt. Michael "Scott" Lamana, was killed at the Pentagon, where he was a briefer for the chief of naval operations.

"You cannot say thanks enough to the people," she said. "We remember him every day, but when other people memorialize him in some way or another, it makes you feel good."

A flight officer from Baton Rouge, La., Lt. Lamana was working his usual job as a briefer for the chief of naval operations when the terrorists struck.

The second annual event, called the America Supports You Freedom Walk, was led by Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Marchers gathered in the afternoon at the Washington Monument, where a military chaplain led them in prayer.

"I am proud to represent 2.4 million servicemen and women," Gen. Pace said. "We are here to tell the terrorists: 'Not on our watch.' "

Among those joining the general were students from three D.C. schools -- Ketcham Elementary, Bertie Backus Middle and Leckie Elementary -- that lost classmates and teachers aboard American Airlines Flight 77 when hijackers crashed it into the southwest side of the Pentagon.

"It is so important for us not to forget the impact that this had on our school community," Leckie Principal Clementine Homesley said. "This walk has been a wonderful experience."

Of the dead, 59 were on the jetliner and 125 were in the Pentagon.

"When you organize an event that brings together 15,000 people, that says we will not forget," said Allison Barber, deputy assistant secretary of defense.

The marchers, most wearing white T-shirts with the words "Freedom Walk," carried signs in remembrance of the more than 3,000 people killing in the attacks at the Pentagon and the World Trade Center, and when a fourth hijacked airliner crashed near Shanksville, Pa.

"I'm walking because I support my country, and this is one good way," Joanna Matthews, 14, said.

"It is very moving that so many people came and that there is still so much support five years later," said Keith Redding, 39, of Arlington, whose best friend and roommate, Joe Ferguson, was on Flight 77.

Marchers were met along the route by anti-war protesters, whose chants were muted by the walkers' refrain of "USA."

The Freedom Walk expanded this year to 125 events covering all 50 states. The event originated with America Supports You, a Department of Defense program.

"We weren't sure what to expect when we shared the idea of a walk," Mrs. Barber said. "Now we can barely keep up. That's the answer to the question: Do people still remember?"

A 9-year-old boy led the walk in Sebring, Ohio.

Earlier yesterday, the Washington Hebrew Congregation sponsored a Unity Walk from its home on Macomb Street Northwest to the Mahatma Gandhi Memorial at Q and 21st streets Northwest.

Several hundred participants walked past the Washington National Cathedral and the Islamic Center.

Arun Gandhi, a grandson of India's icon of nonviolent resistance, Mohandas K. "Mahatma" Gandhi, took part.

"One of the cornerstones of nonviolence," he said, "was about understanding one another's faith and building bridges."

Five Years Later, Memories And Lessons Of Sept. 11 Remain Strong (WP)

By Stephen Barr

The Washington Post, September 11, 2006

On this morning five years ago, Steven M. Carter Sr. was at work as the assistant building manager for the Pentagon when terrorists slammed a jetliner into the nation's military headquarters. As others sought safety, he stayed in the building to help contain damaged power and water systems.

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William Stout , a Defense Department law enforcement officer, had the day off on Sept. 11, 2001. When he learned of the attack, he jumped in his car and headed for the Pentagon -- and into traffic gridlock. He returned home, got a bike and cycled about seven miles to the Pentagon, where he cleared the way for firefighting crews and helped set up a security perimeter.

Carter and Stout that day showed the importance of leadership, experience and training.

"It didn't matter what position you were in or how many stars were on your shoulder at that point. The people looked to the ones they had faith in," Carter said.

Stout found that "to be an effective leader in that environment, you had to have credibility with your people."

Their memories of 9/11 -- the sequence of events, the confusion, the danger and fear of another attack -- have not faded. In a recent joint interview, they looked back at incidents and training exercises that helped prepare them for catastrophe.

Three weeks before the attack, for example, a Pentagon laundry room caught on fire, putting Carter's building maintenance and operations staff through an emergency drill. "When the plane hit, that was so fresh in everybody's mind that they immediately started those same steps again. When an event happens, it kind of takes your footing out from underneath you. You start to reach back for something familiar," Carter said.

In his office, Carter had been watching televised coverage of the jetliner that had sliced into the north tower of the World Trade Center. When he saw another plane hit the south tower, he grew uneasy and called his boss to suggest they begin locking down electrical and mechanical rooms in the Pentagon in the event that officials upgraded building security.

"All of a sudden, my room shook," Carter said. About 300 yards away, parts of the Pentagon were in ruins. Fire alarms went off and phones began ringing. Fire and smoke began to spread, and broken pipes dumped water.

Not far from his office, Carter discovered a line of Navy and civilian employees near the Navy command center standing calf-deep in water, handing injured employees through an open space where a wall had once stood. They were in an electrical vault that normally handled 13,800 volts of power, at risk of electrocution. Within minutes, though, an electrician on Carter's team arrived to turn off the power.

Warned that a second attack was possible, Carter pulled most of his staff out of the building. He and six others stayed, climbing down tunnels to turn off water pipes in an effort to contain leaks.

Outside the Pentagon, Stout provided what he called "infrastructure support," escorting fire, rescue, natural gas, telephone and electrical crews to the crash site. The next day, he was named the assistant incident commander, part of a unified command that included Arlington County law enforcement and emergency response personnel.

Stout was on duty every day for seven months, overseeing security for the collection of evidence and for building stabilization efforts. The military, National Guard and local police approached the crash site with different priorities, and, Stout said, "to get the job done with the least amount of friction, that was a leadership challenge."

Stout, a lieutenant in 2001, was promoted to major this year and is a deputy division commander with the Pentagon Force Protection Agency. Carter now serves as the Pentagon liaison for the building's renovation project and was put in charge of expediting repairs to areas damaged in the terrorist attack.

Since the attack, the Pentagon has replaced its decades-old manual controls for power and water with automated systems, and Carter has reviewed procedures to minimize "putting people in harm's way" in the event of another catastrophe.

It took four days to get the fires from the jetliner crash extinguished, and Carter is especially proud that "my building" never closed because of the attack.

The terrorists, he said, "bruised us but didn't shut us down."

The Subtle Changes Since 9/11 (WP)

By Stephanie Mccrummen

The Washington Post, September 11, 2006

Five years later and 40 miles west of the Pentagon, beyond a guard and iron gates and as the sun falls into a warm evening on Chalfont Drive, Roya Lovell does not think about Sept. 11, or terrorism, not exactly.

She thinks about what she can make her three kids for dinner -- "Should we order a pizza?" her husband asks, arriving home with them from taekwondo class -- whether she feels like a walk, what she has to do to get ready for a business trip to California in a few days.

Across the wide street, a lazy sprinkler waters a lawn, and several neighbors stand outside watching their children play in the cul-de-sac, discussing vacations and the spate of hot weather.

In this particular corner of Piedmont, a gated golf-course community in western Prince William County, no one lost friends or relatives in the Sept. 11, 2001, terrorist attacks. No one ran down stairs, dived under desks or felt such imminent threats as a rolling cloud of choking dust.

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If you ask how the largest terrorist attack in U.S. history has affected everyday life here, people tend to answer, not much at all. Most of the time, life hums along, perhaps with longer waits at the airport.

And yet it is also true that as the emotional urgency of Sept. 11 receded like a huge wave, it left behind an altered landscape here on Chalfont Drive, both mentally and materially.

For some, there are lingering fears, almost more annoying than frightening, that have become part of the ebb and flow of day-to-day thought. For others, fears have settled into questions about all that has come after Sept. 11 and what it means. Questions have settled into a sober desire to understand the world. And even among those most supportive of U.S. policy after Sept. 11, there is skepticism now -- what one woman calls a "more cynical" view of U.S. power and its limits.

Then there are the more personal, elemental changes that have become such a part of daily life as to escape notice.

Pulling into driveways on this evening, for instance, are several neighbors who moved to Piedmont, in Haymarket, precisely because of the attacks, because they wanted to be far from the bull's-eye that the Washington area seems to have become.

Among them are an Iranian, an Iraqi and two couples named Parsons, comfortably affluent professional couples with young kids living in a booming part of the region very much defined by optimism: a strong economy and brand-new streets, just-planted begonias and vaulted ceilings -- a place that depends on the hopeful and that promises a measure of escape.

Playing in the cul-de-sac is Amber, who is 4 now and who owes her existence to the emotionally intense fall of 2001, when Nicole Parsons and her future husband decided that life is short and had a child. Across the street are Tanya and Scott Charbo. They moved from Colorado when Scott got a high-level position at the Department of Homeland Security, an agency that did not exist before Sept. 11.

Next door is the mom who quit her job to be home with her children after the terrorist attacks and only last month returned to work. A few houses down is the minivan whose gas tank never drops below half-full, a practice begun after Sept. 11 that has become habit.Feeling Less Safe

And here is Roya Lovell, coming home from a long day at work and opening her refrigerator, where there is a bright-orange bottle of expired amoxicillin behind the A1 sauce.

It is vestigial, she realizes, a useless thing that she can't quite bring herself to part with.

"I had this fear of a biological attack," Lovell said, explaining that she has kept the antibiotic for years in case it could protect her kids in another terrorist attack. "Who knows if this antibiotic still works, but I was kind of like, why not keep it?"

She poured herself a glass of iced tea.

Lovell, who works in financial services in Herndon, would put herself with the 63 percent who responded in a national poll this summer by Bloomberg and the Los Angeles Times that Sept. 11 has not changed the way they live. After all, life carries on.

But now and then, Lovell sees the amoxicillin. And she thinks about things -- about the foiled terrorist plots, about her friend who works for Homeland Security and who told her how easily a biological attack could be pulled off, about how much more hatred there seems to be for the United States.

"There's so much intervention, with us in Iraq, and the fighting in Lebanon. . . . I don't know," she said. "There's more anger."

It adds up to her feeling less safe five years later, not more.

And so, Lovell said, she thinks about how to prepare her children for the next terrorist attack, which she considers inevitable. "I think of how to prepare myself, how to prepare my family," she said. "I always think about where my brother lives, 15 minutes away from D.C. I always tell him, 'You need to move out of the area.' But I never tell him why."

Sometimes, wheeling down the bottled-water aisle in the grocery store, she thinks about stockpiling -- "I think, liquid, liquid, liquid," Lovell said. She will not fly in a plane with her children, because she imagines a scene in which they look at her and she has to tell them there's nothing she can do.

For the most part, though, these sorts of darker thoughts are confined to her morning commute, when she's alone for a solid hour, heading closer to the District, one of the most obvious terrorist targets in the world.

It is difficult not to think about it then, about the United Airlines flight that crashed into a Pennsylvania field instead of the U.S. Capitol or the White House. It is difficult to brush aside the idea that if plans were thwarted, they also remain unfinished.

And so Lovell will zip along the Herndon Parkway and near Dulles International Airport, where five of the Sept. 11 hijackers boarded the American Airlines flight that hit the Pentagon. She'll see a plane and wonder, What would I do if it slammed into the cars?

She'll pass a big field of weather satellite dishes to the right and think, "No, the plane wouldn't land there because there are no humans," she said. Then she'll look to the field on the left where houses are going up and consider how much easier her commute would be if she moved there, until she thinks, "No . . . those guys got on those planes right down the street. Right at Dulles."

"It enters my head," Lovell said. "And I stop myself, because I could go on."

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She sipped her tea and pulled her daughter into her lap while her husband, John, tapped an order for pizza into the computer.

"Definitely, over time I've thought about it less and less," John Lovell said, referring to Sept. 11.

For him, all the nervousness and anxiety faded away at some point that he cannot identify. What's left is something perhaps more permanent, more intellectual than emotional.

For one, he does not want to work in the District again. He has accepted the possibility of a terrorist attack as a cold, hard fact. And in the past five years, he has found himself more interested in learning about the rest of the world.

Immediately after Sept. 11, he recalled, he was shocked to hear that there were people who felt the United States somehow had brought the attacks upon itself. "I remember getting angry and thinking, How could they possibly think that?" he said. "But then that enabled me to start digging deeper."

So he began paying more attention to the news, talking more to his wife's family, which is Iranian, and now finds himself to be "the voice of reason" as he debates Middle East policy with friends.

"I just don't assume that a perspective from the Middle East is the wrong perspective," said Lovell, who was raised in a conservative family in a small Virginia town and works for Fannie Mae in Bethesda. "I try to take a look and understand it."

"He's a lot more calm than me," said his wife, who decided she would take a walk after all.

She headed across the street to meet her friend Nicole, who was outside talking with a few neighbors.Seeing the World Differently

Among them were people who had heard fighter jets overhead Sept. 11, who had gotten stuck in the exodus from the District. Mindy Parsons was not one of them, however. She was far away that day, living in Michigan, and watched the whole thing on TV in a hospital, where her daughter was having surgery.

She and her husband, an engineer for Exxon Mobil, flew their U.S. flag in the days after, but the whole awful thing felt distant even as it was happening, she said, and it feels more distant now. When her husband was transferred to the corporate offices in Fairfax, she had no second thoughts about moving to the Washington area.

"I think the chances of another attack are slim," said Parsons, who is originally from Indiana. "It's more the mechanical failure I fear when I'm flying."

She says all the things that people tend to say about Sept. 11: that it will "go down in history," that it was a "wake-up call."

Yet when she really thinks about it, Parsons said, Sept. 11 probably did not change things much at all. People have always hated the United States, she figures, so that's nothing new. And there has always been some type of conflict in the world.

Five years later, she decided, what has really changed is us.

"In recent years, it seems like the U.S. has said, 'Our way or the highway,' and that's not necessarily a good thing," she said. "A lot of people hate our country. Understandably."

It is the sort of statement that was unthinkable for many people in the hyper-patriotic days just after Sept. 11 but that has become a common, if uncomfortable, realization.

Carol Himes, who lives a few doors down, said the past five years have led her and her husband to reconsider their notions of U.S. influence in the world. Although they believed strongly in President Bush's idea of promoting democracy abroad as a deterrent to terrorism, the couple, who consider themselves moderate Republicans, have adopted what Carol calls a "more cynical" view.

"I just feel like at some point, maybe someone would just reflect on the fact that these people don't want our help," she said, referring to Iraq specifically and the Middle East more generally. "Maybe they look at life differently. And maybe what we're hoping to do is just not feasible. This just might be one thing the U.S. can't accomplish."

On a more personal level, though, Himes finds herself better off five years later, if only because Sept. 11 forced her and her husband to reassess their priorities. In the aftermath, they decided to move to Piedmont to be farther from the District, and Carol decided to quit her job managing a health club to be home with their two children until they were both school age, which happened this year.

"It was kind of a reality check for us, especially being a generation of working people and career-oriented people into making money," she said. "We realized that is not as important to us as we had initially thought."

She has had conversations on the subject with Roya Lovell and another neighbor, Faddia Gobi, who is Iraqi American. They both have made distant conflicts seem more real: Lovell's mother and sister were visiting Lebanon when the recent fighting with Israel started; Gobi has cousins in Baghdad.

Gobi is the one who keeps her minivan's tank filled up, just in case; the one who has television news on all day, just in case; and who, like Himes, moved to Piedmont to escape the underlying fear she felt living closer to the District, which, even here, she can't quite shake.

She sat in her living room recently on a sunny afternoon, looking out the window at the rolling green lawn.

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"Look at how peaceful it is, how beautiful it is," she said. "But you never know when a bomb is going to fall."

A few weeks ago, she was visiting her family in Staunton, where her sister lives on 100 acres. They were out on the deck, having dinner and a pleasant conversation in the early evening.

"And we were like, 'Okay, if something happens, this is where we're meeting,' " she said. "We were joking, but it's not a joke. . . . It's in the back of your mind constantly."

Gobi's neighbor Nicole Parsons explained the effects of Sept. 11 this way: "I almost think it's an underlying, unspoken bond. My mom never talked about [World War II], but she lived it."

She forgets sometimes, but the trajectory of her life changed Sept. 11, when she and her boyfriend got more serious and decided to have a baby.

She left her job at the Washington Speakers Bureau, and they got married and moved from Alexandria out to Piedmont, where Parsons hoped they could escape a little bit from all those worries.

"It's almost like we're in our own safe little world . . . like when you go on vacation," she said.

Still, the worries have managed to seep in.

"It was 9/11, then it was Iraq, then all this fighting and the war in Lebanon and North Korea. And the more you hear, the less safe you feel. It's almost like 9/11 is what got the faucet going," Parsons said. "Now it's Hez-bo-llah -- I don't even know how to pronounce these things."

She'd never paid that much attention to world affairs before, but she's trying to now, she said. And if she doesn't fully understand how all the pieces fit or don't fit together, she knows one thing: Five years after Sept. 11, she is exhausted by it all. She is craving some relief.

It was dark on Chalfont Drive, and Parsons and Lovell set off for their nightly power walk in the neighborhood.

They bounded along the sidewalk under the stars and laughed, kind of, about Lovell's amoxicillin in the refrigerator. They strolled past spotlighted houses and white picket fences and said words such as "terrorism" and "bombing" into the quiet evening. They walked along stretches of golf green and talked about how they felt less safe than ever.

They passed a man taking out his garbage and joked about how they take note when Scott Charbo, the Department of Homeland Security official on their cul-de-sac, comes home especially late.

And after a couple of miles, they headed back home, breathing heavily.

"I'm very patriotic, and after 9/11, I was majorly patriotic," Nicole Parsons said, wiping sweat from her face. "But it's getting to the point now where everything is getting so out of control. . . . I do get to the point when I think: When is it enough? When can we stop?

"I feel like we're involved with everything that's going on in the world. I support my country, but at some point we have to stop. I just want it to stop."

Critics Slam Homeland Security Contracts, Cite Waste, Lack Of Oversight (USAT)

By Gary Stoller

USA Today, September 11, 2006

As the biggest purchaser of anti-terrorism goods and services, the U.S. Department of Homeland Security has come under withering criticism about waste, ineffectiveness and lack of contract oversight.

The department spent $17.5 billion while issuing nearly 67,000 contracts last year.

The growing number of department contracts “has not been accompanied by responsible, competent contract management,” says a report released in July by the House Committee on Government Reform. The report cited 32 contracts, worth $34.3 billion and issued during the past three years, for “waste, abuse or mismanagement.”

Some contracts cited in the report: a $10 billion border-security contract to Accenture; a $1.2 billion contract to Boeing for installation of explosives detectors at airports; and a $17 million contract to Lockheed Martin and Northrop Grumman for replacing or modernizing Coast Guard ships and aircraft.

Chief procurement officer Elaine Duke agrees with the House report, and says a lot of the problems cited involved contracts written “during a time of immense urgency.” She says she agrees with the recommendations of Rep. Tom Davis, R-Va., chairman of the House government reform committee, who called for increasing the size of the procurement staff and upgrading its technical competence.

Separately, the Government Accountability Office last month criticized the Transportation Security Administration for lax oversight of contracts with Boeing for bomb detectors.

Critics outside government, including security consultant Doug Laird, also charge that many products bought by the department are not effective in combating terrorism. “Much of what we've seen touted by vendors after 9/11,” Laird says, “is nothing more than a sales force trying to use 9/11 as the hype to get poorly advised folks to buy their products.”

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But John Kubricky, director of the department's office of system engineering and development, defends the agency's record. “We have things in the field today that work darn good” and weren't being used in September 2001, Kubricky says.

Dan Verton, founder of the Homeland Defense Week website, says the Sept. 11 attacks created “an urgency to improve and enhance” new technologies. As a result, anti-terror technology is better than five years ago and should continue to improve, he says.

Emergency Readiness Questioned (WP)

By Mary Beth Sheridan

The Washington Post, September 11, 2006

The Department of Homeland Security is taking a critical look at how well the Washington area is prepared for a terrorist strike or other disaster, amid complaints by business leaders and the local congressional delegation about a lack of sufficient emergency planning since the Sept. 11, 2001, attacks.

As a result of the scrutiny, the tiny Homeland Security office for the National Capital Region has received a boost in funding and personnel in recent months, officials said. Homeland Security has expanded an air-defense center in Herndon to serve as a possible regional operations hub in case of a crisis. And Homeland Security Secretary Michael Chertoff said he has ordered a comprehensive plan for evacuating the region.

"It is something I do think needs some significant attention," Chertoff told reporters and editors at The Washington Post last week.

As the region marks the fifth anniversary of the attacks on the World Trade Center and the Pentagon, officials said they have made enormous strides. Hundreds of millions of dollars have been spent on disaster equipment and training. State and local officials will issue a regionwide strategic plan this week, listing dozens of steps they have agreed to take in the next three years to better prepare for a crisis.

Still, officials said they worry about a repeat of some of the problems that unfolded in the Washington region after the Sept. 11, 2001, attacks -- such as the chaotic exit of thousands of employees from federal buildings. Coordinating disaster response is particularly complex because the area includes parts of two states and the District, a host of local governments and scores of federal agencies.

"We can't have 218 different reactions and 218 different speakers for those agencies" in a crisis, said George Vradenburg, a senior official at the Greater Washington Board of Trade, which has been lobbying Homeland Security to improve disaster coordination between local and federal officials.

Congress tried to address that issue by creating the Office of National Capital Region Coordination within the massive bureaucracy of Homeland Security in 2003. Its director was supposed to be the region's main contact with the federal government on civil defense matters; he also was supposed to help secure federal aid for the region.

But the office can only urge -- not require -- people from different entities to cooperate. And it has been underfunded and understaffed, according to members of the local congressional delegation. Thomas J. Lockwood became the director of the office in May 2004, after the position had been empty for six months.

The office has helped the region form a common disaster strategy, said Rep. Thomas M. Davis III (R-Va.), whose House Committee on Government Reform has held four hearings on the area's preparedness since 2001. "These are steps," Davis said Friday in a statement. "But they're baby steps."

Frustrated by the office's limitations, as well as a lack of coordination during several terrorism scares in the Washington area since 2001, leaders of the influential Board of Trade have stepped in. They have met with Chertoff as well as President Bush's homeland security adviser, Frances Fragos Townsend, and other officials in recent months to urge a greater federal role in organizing the response to a possible catastrophe.

The National Capital Region office "has been okay but not as effective as we had hoped," Vradenburg said. "It was never assigned an operational ability, which is a weakness we're seeing right now."

Asked about the complaints, Chertoff told The Post on Thursday that he had asked one of his deputies, George W. Foresman, "to take kind of a hard look at how the . . . National Capital Region preparedness stuff is going."

The review has already led to some changes.

The number of staff members at the National Capital Region office has roughly doubled in recent months to about 15 people, including several borrowed from other areas of Homeland Security, Foresman said in a telephone interview. The budget, about $883,000, is expected to double or even triple in 2007, thanks in part to a measure sponsored by Virginia's two senators, Republicans John W. Warner and George Allen, seeking $2.74 million for the office.

With the added resources, the office has increased its planning for how the federal government would handle the evacuation of employees in a crisis, said Foresman, a former homeland security official for the Virginia government.

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In addition, Chertoff said he convened a meeting with officials from as far away as West Virginia and Delaware to focus on drawing up an evacuation plan for the Washington area.

Local government officials said they welcome efforts to improve Homeland Security coordination with federal agencies. But they cautioned that they are opposed to federal officials taking charge of an emergency in the region.

"We absolutely do not want a federal government entity assuming control of disaster response," said Edward D. Reiskin, the District's deputy mayor for public safety.

Reiskin and other officials noted that the Arlington County Fire Department led the much-praised response to the Pentagon attack in 2001, with the U.S. military, police, neighboring firefighters and others providing support.

Officials said cooperation among local governments and first responders has gotten even better since then, aided by hundreds of millions of dollars in federal grants.

"We're acting more like one big response agency," said Arlington County Fire Chief James Schwartz, who oversaw the relief and rescue effort at the Pentagon on Sept. 11.

He offered an example: The region's firefighters recently agreed on common procedures in case of a radiological emergency such as a "dirty bomb." All the responders would take the same protective steps and use the same equipment, depending upon the radiation levels, he said.

On Wednesday, state and local representatives are scheduled to vote on a regional strategic plan that would commit them to further measures to improve response. Federal legislators have been sharply critical of the lengthy, two-year process to craft the plan.

Lockwood, however, said it was important to build consensus among officials and first responders in a region with a dozen jurisdictions, two state governments as well as the District's, three branches of the federal government, more than 2,000 nonprofit organizations and many business and civic groups.

"People say it's taken so long, when the real question is, it's been remarkable what's been accomplished," Lockwood said in a telephone interview.

Even as the plan was being developed, it suffered a setback when Homeland Security officials announced in June that they were sharply reducing a major anti-terror grant for the region. As a result, some regional projects, such as a planned high-tech communications system, will take longer than anticipated.

Work on the strategic plan began in 2004, after the Government Accountability Office expressed concern that there was no regionwide framework for spending the hundreds of millions of dollars in federal funds provided to make the area safer after Sept. 11, 2001.

Asked last week how much the area has received in federal funds to improve homeland security in the past five years, Lockwood said his office can't say for certain.

Grants from the Department of Homeland Security total about $239 million for the Washington area, according to a spokeswoman. Hundreds of millions more dollars have been provided by the departments of Defense, Justice and Health and Human Services. But some of those grants went straight to local jurisdictions or private sector institutions such as hospitals.

William O. Jenkins, director of homeland security issues at GAO, who had called for the strategic plan in 2004, said that progress was being made, albeit slowly.

"There has been more communication among the different jurisdictions and people and subgroups," he said. "They're getting more used to talking to each other."

Competition Heats Up For Homeland Security Dollars (CSM)

By Ranty Islam

The Christian Science Monitor, September 11, 2006

The "war on terror" has brought the homeland security industry into the financial limelight. Screening technologies, biometric identification, "smart" detectors, network security, background and database checking, among other things, are in high demand as the US government strives to boost transportation and border security and improve intelligence gathering.

Security companies have scooped billions of federal dollars in contracts and seen company stocks skyrocket. As a result, a number of new stock indices and investment banks catering to the security sector have appeared on the scene. But industry analysts wonder just how many new security companies the market can sustain, especially with the bulk of the contracts coming from the federal government.

"Since 9/11, hundreds of new companies have appeared," says Jack Mallon, founder and principal of Mallon Associates, an investment bank focusing on the security sector. "But with strong competition and a highly fragmented market, consolidation is inevitable."

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On average, homeland security stocks tripled in value within three months of the Sept. 11 attacks, says equity analyst Brian Ruttenbur of Morgan Keegan, an investment firm, although growth has since slowed significantly. One example is InVision Technologies, a California company that installs sophisticated explosive detectors in major US airports. Four months after 9/11, InVision (now owned by GE) saw its stock grow an unprecedented 2,000 percent. Since then, the company has secured billions of federal dollars in contracts, making it one of the single largest recipients of homeland security dollars.

Stock indices focusing on security companies, such as the Spade Defense index or the SecurityStockWatch index, claim a close to 100 percent increase over the past four and five years, respectively - clearly outstripping the Dow Jones and Nasdaq.

Industry watchers are convinced that security is a lucrative issue here to stay, as made evident by the Department of Homeland Security's (DHS) steadily increasing budget. (For fiscal year 2007, President Bush has asked for a record $42.7 billion for the DHS - almost $2 billion more than 2006.)

The hope of securing more government contracts has persuaded some defense contractors to branch out. For instance, Boeing, Lockheed Martin, and Raytheon have dedicated corporate divisions to homeland security or acquired smaller companies in the sector.

War and associated defense spending is "cyclical," says Mr. Ruttenbur. In contrast, "spending on homeland security grows continuously as the threat persists," he says. Ruttenbur expects the DHS's budget to increase by 5 to 7 percent annually over the next 10 years.

According to the Federal Procurement Database, the DHS has awarded at least $15 billion in contracts to the private sector over the past 12 months. Of these, more than one-third were granted after limited or no open bidding.

Despite the large offerings of tax dollars, however, the industry seems uneasy about most of the money coming from just one source. Bruce Aitken, president of the Homeland Security Industries Association insists, not surprisingly, that the private sector needs to vastly increase spending in this area, too.

Presently, the biggest government contracts typically end up in the coffers of the established players, namely defense contractors with a track record of delivering military equipment and services. The government is more comfortable dealing with them, says Mr. Mallon.

Further, continued growth in the industry will largely be affected by the particular needs and priorities in the homeland security agenda. Some sectors can expect to fare better than others, says Ruttenbur.

For instance, as governments and authorities in the United States and abroad move to equip citizens with biometric IDs, companies offering products or services related to biometric identification (such as scanning and processing of a person's fingerprints, irises, facial features, etc.) have a promising future, he says. He adds that prospects also look good for any business involving chemical, biological, and radiation sensors and "smart" cameras - devices that not only monitor an area but also detect unusual behavior of individuals.

Even now, these sectors, together with companies offering computer and network security solutions, already clock an average 20 percent annual rise in stock value - more than double the growth rate of the general security industry, says Mallon.

But the market remains highly fragmented. Hundreds of small- and medium-sized companies - many of them startups - offer narrowly specific services or products. Whether they fit the requirements of the DHS or the large defense companies who may hire them for DHS contracts is vital to their success. Market consolidation is inevitable, says Mallon. And many of the smaller firms with complementary products will likely merge.

However, "we have not seen large-scale acquisitions of small homeland security companies by the big defense contractors," says Mallon. Instead, smaller firms prefer to link up with larger players in the general security business. Organizations like Mallon's, which advise security companies on mergers and acquisitions, may be getting more business in the near future.

But as competition in the marketplace grows, the industry understandably looks for a still larger pie to share. To attain remotely adequate provisions for homeland security, "we need a threefold increase in government spending," according to Mr. Aitken, head of the security industry trade group.

Worried CIA Officers Buy Legal Insurance (WP)

By R. Jeffrey Smith

The Washington Post, September 11, 2006

CIA counterterrorism officers have signed up in growing numbers for a government-reimbursed, private insurance plan that would pay their civil judgments and legal expenses if they are sued or charged with criminal wrongdoing, according to current and former intelligence officials and others with knowledge of the program.

The new enrollments reflect heightened anxiety at the CIA that officers may be vulnerable to accusations they were involved in abuse, torture, human rights violations and other misconduct, including wrongdoing related to the Sept. 11, 2001,

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attacks. They worry that they will not have Justice Department representation in court or congressional inquiries, the officials said.

The anxieties stem partly from public controversy about a system of secret CIA prisons in which detainees were subjected to harsh interrogation methods, including temperature extremes and simulated drowning. The White House contends the methods were legal, but some CIA officers have worried privately that they may have violated international law or domestic criminal statutes.

Details of the rough interrogations could come to light if trials are held for any of the approximately 100 detainees who were held in the prisons. President Bush announced last week that he had transferred the last 14 detainees in the facilities to the military prison at Guantanamo Bay, Cuba, and had submitted a proposal to Congress for the rules under which the administration would like the suspects to be tried.

Terrorism suspects' defense attorneys are expected to argue that admissions made by their clients were illegally coerced as the result of policies set in Washington.

Justice Department political appointees have strongly backed the CIA interrogations. But "there are a lot of people who think that subpoenas could be coming" from Congress after the November elections or from federal prosecutors if Democrats capture the White House in 2008, said a retired senior intelligence officer who remains in contact with former colleagues in the agency's Directorate of Operations, which ran the secret prisons.

"People are worried about a pendulum swing" that could lead to accusations of wrongdoing, said another former CIA officer.

The insurance policies were bought from Arlington-based Wright and Co., a subsidiary of the private Special Agents Mutual Benefit Association created by former FBI officials. The CIA has encouraged many of its officers to take out the insurance, current and former intelligence officials said, but no one interviewed would reveal precisely how many have bought policies.

As part of the administration's efforts to protect intelligence officers from liability, Bush last week called for Congress to approve legislation drafted by the White House that would exempt CIA officers and other federal civilian officials from prosecution for humiliating and degrading terrorism suspects in U.S. custody. Its wording would keep prosecutors or courts from considering a wider definition of actions that constitute torture.

Bush also asked Congress to bar federal courts from considering lawsuits by detainees who were in CIA or military custody that allege violations of international treaties and laws governing treatment of detainees.

The proposals have won mixed reviews in the Senate, where they are generally opposed by Democrats and a group of dissident Republicans. The proposals were deliberately omitted, for example, from competing legislation circulated last week by Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.).

Several former intelligence officials who said CIA officers do not need insurance because they can rely on the government to defend their lawful actions depicted the growing number of policies as a barometer of the uncertainty officers have of the legality of their work.

A recently retired CIA officer who said he had not bought insurance contended that "if an individual does get sued in the course of their official duties, then you get the biggest law firm in the world to step in" -- the Justice Department. Justice regulations allow defending federal workers if the conduct is within the scope of an employee's job and doing so is in the government's "interest."

The insurance, costing about $300 a year, would pay as much as $200,000 toward legal expenses and $1 million in civil judgments. Since the late 1990s, the CIA's senior managers have been eligible for reimbursement of half the insurance premium.

In December 2001, with congressional authorization, the CIA expanded the reimbursements to 100 percent for CIA counterterrorism officers. That was about the time J. Cofer Black, then the CIA's counterterrorism chief, told Bush that "the gloves come off" and promised "heads on spikes" in the counterterrorism effort.

"Why would [CIA officers] take any risks in their professional duties if the government was unwilling to cover the cost of their liability?" asked Rep. Rob Simmons (R-Conn.), a former CIA officer, during congressional debate that year.

Although suing federal officials for their actions is not easy, it is possible; the Supreme Court left the door ajar in two rulings. It ruled in 1971 that six narcotics agents could be sued for monetary damages arising from a warrantless search. Eleven years later, it held that government officials should be immune from civil liability only if their conduct does not violate clear statutory or constitutional rights that should be known by "a reasonable person."

William L. Bransford, a senior partner at the law firm that defends people who take out the insurance, said he is unaware of any recent increase in claims. But agency officials said that interest has been stoked over the years by the $2 million legal bill incurred by CIA officer Clair George before his 1992 conviction for lying to Congress about the Iran-contra arms sales; by the

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Justice Department's lengthy investigation of CIA officers for allegedly lying to Congress about the agency's role in shooting down a civilian aircraft in 2001 in Peru; and by other events.

One former intelligence official said CIA officers have recently expressed concern that lawsuits will erupt if details of the agency's internal probe of wrongdoing related to the September 2001 attacks become public.

In his report, CIA Inspector General John L. Helgerson recommended that the agency convene an accountability board to examine the actions of senior officials. But last October, then-CIA director Porter J. Goss rejected the advice and decided the report should remain secret.

CIA spokesman Mark Mansfield said Friday that "it's fair to say that more employees have chosen to get this insurance, including those who work in counterterrorism." He said the agency's office of general counsel "advises employees to consider it" and called it a "prudent measure, in case of legal claims." But he said more employees at other federal agencies are also enrolling.

CIA employees outside the counterterrorism field who are eligible for reimbursement include the agency's supervisors, attorneys, equal-opportunity- employment counselors, auditors, polygraph examiners, security adjudicators, grievance officers, inspectors general and internal investigators, he said. One in 10 eligible employees sought reimbursement last year, Mansfield said, adding that the fraction from previous years and a breakdown on those in the counterterrorism field were not immediately available.

Brian Lewis, president of Wright and Co., confirmed that the number of new policies "has gone up, especially in the last two years." But he said that the company lumped CIA officers with Justice Department employees who also have the insurance and that he did not have exact numbers for the CIA.

Robert M. McNamara Jr., the CIA's general counsel from 1997 to November 2001, said he advised station chiefs to buy the insurance. "The problem is that we are the victims of shifting winds here," McNamara said he told the officers. "I can't sit here and tell you in all cases that I will be able to defend you."

However, McNamara's predecessor as CIA general counsel, Jeffrey H. Smith, said: "I'm deeply troubled that CIA officers have to buy insurance. . . . There should be clear rules about what the officers can and can't do. The fault here is with more senior people who authorized interrogation techniques that amount to torture" and should now be liable, instead of "the officers who carried it out."

CIA Prisons Spell Trouble For Agents (WT)

By Toby Harnden

The Washington Times, September 11, 2006

Central Intelligence Agency officers involved in the Bush administration's secret prisons program have consulted lawyers after being warned that they could face prosecution for illegally detaining and interrogating terrorism suspects.

Operatives at the CIA's headquarters in Langley fear they will be made scapegoats. President Bush announced last week that the remaining 14 prisoners in CIA jails had been transferred to the U.S. Naval Base Guantanamo Bay, Cuba, to face military trials.

The CIA officers will have to pay for their own defense if they face legal action. CIA recruits are advised on joining to take out private liability insurance against the risk of lawsuits.

"It's bad," said Robert Baer, a former CIA operative specializing in the Middle East. "You get the [White House] Office of Legal Counsel telling the CIA something is legal, and then someone changes their mind. But it's not the counsel that's held responsible, it's the CIA employee."

Some CIA officers, concerned about becoming embroiled in a scandal, refused to take part in meetings to discuss secret prisons, interrogation methods that may breach the Geneva Convention, or the "extraordinary rendition" of prisoners between countries.

Senior Bush administration officials have said they intend to introduce legislation giving CIA officers immunity from prosecution for involvement in any activities later judged illegal. Democrats, however, will try to block any such move.

ABC Edits Drama After Complaints (USAT)

By David Jackson

USA Today, September 11, 2006

WASHINGTON — ABC aired its disputed 9/11 docudrama Sunday night, despite demands from former Clinton administration officials to pull it because they say it distorts their actions to find Osama bin Laden.

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"This TV show started out as an ideological attack piece, and no amount of editing can change that," Jay Carson, spokesman for ex-president Bill Clinton, said in an e-mail Sunday. ABC spokeswoman Hope Hartman said the network would have no comment.

Former Clinton administration officials who saw an advance screening called The Path to 9/11 inaccurate, particularly its claims they missed opportunities to kill bin Laden, the al-Qaeda leader. They had protested ABC's statements that the two-part film was based on the work of the 9/11 Commission. In a disclaimer that aired Sunday, ABC de-emphasized the report, saying material was "drawn from a variety of sources including the 9/11 commission report and other published materials and from personal interviews."

Former commission chairman Thomas Kean, a movie consultant, said on ABC's This Week that filmmakers have been responsive to criticism by him and others "and have made changes that were necessary." Kean is a former Republican governor of New Jersey.

Changes included rewriting and trimming dialogue tying the Monica Lewinsky scandal to Clinton's inaction against bin Laden. Another controversial scene — showing aide Samuel Berger in a videoconference with CIA Director George Tenet, stalling and refusing to approve an attack on bin Laden — was trimmed.

The Center For American Progress Action Fund, part of a Democratic think tank founded by former Clinton chief of staff John Podesta, said the film "largely places the blame for failing to prevent the attacks on the Clinton administration."

Eryn Witcher, a spokeswoman for President Bush, said the White House had no comment. Monday's part of the movie deals with the Bush administration.

The Hole In The City's Heart (NYT)

By Deborah Sontag

The New York Times, September 11, 2006

On July Fourth two years ago, eight weeks before the Republican National Convention in New York City, Gov. George E. Pataki traveled from the Hamptons summer home of his senior economic adviser, Charles A. Gargano, to the dusty crater in the center of Lower Manhattan.

Draped in the symbolism of Independence Day, the two men descended into the baking-hot pit at ground zero. There they oversaw the ceremonial laying of a 20-ton Adirondack granite cornerstone — flecked with garnet, the state gem — for what was to be the first building to rise at the new World Trade Center: the 1,776-foot Freedom Tower.

"How badly our enemies underestimated the resiliency of this city and the resolve of these United States," Mr. Pataki said.

For almost two years after that day's Declaration of Independence reading and "God Bless America" singing, the cornerstone sat forlornly in the 16-acre depression, waiting for a beacon of hope to soar above it. Even as a building redesign left the cornerstone in the wrong place, it waited, inside a blue shed surrounded, often, by a brackish moat.

During that time, Larry A. Silverstein, the commercial leaseholder of the World Trade Center site, often found himself gazing down at the stone, remembering the way he had smiled through his teeth at the July Fourth ceremony. "The whole thing was speeches," he said. "To me, it was illusory, almost like a farce. People were thinking, 'God, this is wonderful,' when I knew in my heart that it was sheer rubbish."

Then, this June, after construction actually began on the substructure of the Freedom Tower, the cornerstone was in the way. Mr. Silverstein's workers used a crane to hoist it from the site, transferring it to a flatbed for a journey that would reverse the one that the governor made on Independence Day 2004: from ground zero out to Long Island, where it is now stored.

Five years after Sept. 11, 2001, ground zero remains a 16-acre, 70-foot-deep hole in the heart of Lower Manhattan. High above it, a scaffolded bank building, contaminated during the attack, hulks like a metal skeleton, waiting endlessly to be razed.

The wreck that still stands tall and the pit that still sinks deep sum up the troubled history of ground zero. A site of horrific tragedy whose rescue and cleanup operation was a model of valiant efficiency, ground zero turned into a sinkhole of good intentions where it was as difficult to demolish a building as to construct one.

For all that has not yet risen from the ashes, there has been considerable sturm und drang, "like a novel, a cheap novel," said Daniel Libeskind, the master planner for the site. The combination of big money, prime real estate, bottomless grief, artistic ego and dreams of legacy transformed ground zero into a mosh pit of stakeholders banging heads over billions in federal aid, tax breaks and insurance proceeds.

Only now, after a whirlwind of negotiations to resolve crises in advance of the fifth anniversary, is subterranean work substantially under way, raising the hope that reconstruction may proceed. Even so, many family members of victims are quick to point out that they still have nowhere to go to mourn their loved ones and only shaken faith that they will see a fitting memorial in the near future.

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Governor Pataki, who assumed control of the reconstruction effort in the earliest days, did not intend it to be so protracted. In the spring of 2003, pressed by business leaders who had denounced the anemic pace of rebuilding, Mr. Pataki promised to be "bold and daring and swift."

Standing in a hotel ballroom, he pledged that the skyline would be restored by this fifth anniversary when the Freedom Tower, as he christened it that day, would be topped off at 1,776 feet. By the end of 2006, he continued, a grand new PATH terminal and Fulton Street Transit Center would open, the substructure for a memorial would be built and a grand piazza, the Wedge of Light, would be created.

None of this has come to pass.

Lower Manhattan itself has experienced an unexpected resurgence with the conversion of outdated office buildings to luxury residential properties. "The problem," as John C. Whitehead, 84, the former chairman of the Lower Manhattan Development Corporation, said baldly in an interview last spring, "is the 16-acre ditch."

To Julie Menin, the chairwoman of Community Board 1 in Lower Manhattan, the ditch represents the "colossal failure" of the reconstruction effort. John E. Zuccotti, whose company is a principal owner of the neighboring World Financial Center, sees it more charitably. He would give officials "an A for planning," given the challenges posed by "a situation where more than 2,700 have been murdered."

"Where it has stumbled," he said crisply, "has been in the execution."

Not long after Sept. 11, it became apparent that ground zero had very many owners, from its technical owners — the Port Authority of New York and New Jersey and Mr. Silverstein — to those who possessed a different kind of claim on the site.

There were developers, architects, politicians, insurers, community residents, relatives of Sept. 11 victims and multiple competing government entities. "Too many cooks," Mr. Whitehead said. And they all viewed ground zero differently.

Where some saw lucrative real estate, others saw a graveyard. Where some saw Rockefeller Center or Lincoln Center or Grand Central Terminal, others saw Gettysburg.

By destroying 16 acres of Manhattan, Sept. 11 produced "an opportunity, as horrible as that sounds," said Anthony G. Cracchiolo, a former Port Authority executive, referring, in his case, to the opportunity to remake a century-old transit system.

For many in government and business, it provided the heady opportunity, also, to participate in history, to "wear the ring," as development officials used to say.

Ambitions were grand, or, critics would say, grandiose, leading to plans for: the tallest building in the country, the most expensive commuter rail station ($2.2 billion), the costliest memorial complex (at least $740 million) and the most technologically advanced "vehicle security center" ($478 million).

Despite $20 billion in federal money and $4.6 billion anticipated in insurance proceeds, however, the site's two central projects, the Freedom Tower and the memorial, have stumbled financially, as in every other way.

Some victims' family members consider it a skewed priority that the World Trade Center transportation hub is claiming about 13 percent of the direct federal aid while the memorial, which recently underwent cost-cutting and depends on a fund-raising campaign, is getting only about 1.6 percent.

"They saw 9/11 as an opportunity to right all the wrongs of Lower Manhattan," said Edith Lutnick, the executive director of the Cantor Fitzgerald Relief Fund. "There's nothing wrong with that. But if you're doing it in the name of 9/11, then take care of 9/11 first."

Over the last five years, as problems arose, blame was assigned to a shifting cast of colorful characters for standing in the way of progress, including: Mr. Silverstein, who was portrayed as a greedy businessman, the architects Daniel Libeskind and Michael Arad, who were labeled difficult and precious, and the most vocal relatives of victims, who were treated as if they were addled by grief.

Ultimately, however, politicians and public institutions bear responsibility for what did and did not occur. As a clangorous public process played out, decisions were made and unmade behind closed doors. Nobody wanted to play the role of a Robert Moses, the fabled planning czar who used to bulldoze projects into existence, and yet the complexity of this reconstruction effort demanded a strong leader.

Mayor Michael R. Bloomberg did not, and, he said, could not, play that role because the city possesses no direct control over the site. "It is what it is," he said in an interview. "This is Port Authority land." His reconstruction vision — that housing and schools should be built — was never even entertained, and his preference for a modest memorial was rebuffed when, as he put it, "everybody voted against me, and that's what democracy is all about."

Nonetheless, some have faulted the mayor for taking a back seat while the governor drove the process. They lament what they saw as his detachment from ground zero, his pragmatism regarding the memorial and his reluctance to use his bully pulpit until this year.

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Others find fault with the Port Authority for viewing the scarred site as a source of revenue. Since 2001, the Port Authority has reported about $530 million in net income on the devastated trade center, mostly from Mr. Silverstein's rent for the empty site, which has gone into the authority's general operating budget. It also has reported a net income of $869 million from its insurance proceeds and Federal Emergency Management Agency money, which has been used to pay off the Port Authority's debts.

It is Mr. Pataki, however, who receives the lion's share of criticism, despite what many see as his heartfelt embrace of this project. He himself said that he had no regrets. The important thing, he said, is that ideas have finally become "shovels in the ground."

"This is not about meeting any particular timeline," he said in a recent interview. "This is not about 2005 or 2006 or 2008 or 2010. We want it to proceed as quickly as it can be done consistent with, 50 years from now, people saying, 'They didn't do it in a hurry, they did it right.' "

But dozens of people interviewed for this article, including some of the governor's allies, described his leadership as erratic, risk-averse and lacking vision.

"Governor Pataki had great intentions, but if this is a great project, it will be despite and not because of him," said Nina Libeskind, whose husband and business partner Daniel's master plan was selected by Mr. Pataki. "Personally, he has been very kind to us. But professionally, he has lacked follow-through. Every once in a while, he would pop up, like the spike of an irregular heartbeat, and then he'd be gone again."

I. THE BRASS RING

At 75, Larry Silverstein is a preternaturally zippy man who has been cast in an unlikely starring role at the end of a successful but largely uncelebrated career in real estate. Given that he signed a 99-year commercial lease on the World Trade Center site just six weeks before the Sept. 11 attack, it is a fluke, really, that he has ended up at the heart of this drama. But he is a genuine New York character, and so he very much fits in this genuine New York story.

Now a chauffeur-driven, cufflink-wearing resident of Park Avenue, Mr. Silverstein spent his earliest years on the top floor of a Bedford-Stuyvesant walkup, "not a very commodious nor sweet-smelling place." The son of Eastern European immigrants, Mr. Silverstein is a classic self-made man whose very way of talking — crisp diction on the one hand, earthy phraseology on the other — carries hints of both old-school rhetoric classes and Depression-era street life.

"You couldn't make Larry up," said Roland W. Betts, a founder and chairman of Chelsea Piers and a former development corporation director. "He should have hosted 'Saturday Night Live' twice by now, playing himself."

Thirty-eight stories above ground zero, Mr. Silverstein, a lanky man whose head seems to sit directly on his shoulders, cannot help but pause at the floor-to-ceiling windows and look down. It does give him a headache, though, he said one morning last spring, as he pushed away from the view.

Mr. Silverstein, dapper in a pink silk tie with blue polka dots, was in the middle of a speed-walking tour of the sprawling office of Silverstein Properties in the newly opened and otherwise empty 7 World Trade Center. It is a glass-skinned, 52-story tower abutting ground zero that he erected "without government interference."

After signing off to his secretary through a window that he closes by remote control — "Nifty, ain't it?" — Mr. Silverstein began bounding through the hallways, distributing salutations like air kisses: "Good morning, good morning. Mo, still of sound mind? Hey, Ed. Hey, Shari. How are you this morning? Hey, Steve. Hey, Roz. Hey, Cliff. Hey, Cath, how are you, honey?"

It was the morning after a "massive" party for his 75th birthday and his 50th wedding anniversary. He was feeling "dandy," he said, as he skidded to a stop before a painting.

An oil of no great subtlety, the painting depicted a sailboat tossing in a rough sea. Mr. Silverstein said he had bought it at a Christie's auction because he saw it as a metaphor for his entanglement with insurers and government at ground zero.

"Look at that ship," Mr. Silverstein said. "It's coming through these mountainous seas obviously having weathered, because of its tattered sails, a massive storm, right? There are storm clouds overhead. Yet you can see in the distance that the sun is beginning to come through, the sky is beginning to clear and the ship is going to make it."

GRABBING THE TROPHY

The World Trade Center was born through a marriage of public and private interests, primarily those of David Rockefeller, whose Chase Manhattan Bank opened new headquarters in a declining Lower Manhattan in 1960, and Austin J. Tobin, the powerful Port Authority director, who saw an opportunity for profitable expansion.

Together they created a gigantic office and retail complex financed by government bonds. The Port Authority shut down a vibrant electronics district and eliminated city streets to form the superblock on which the World Trade Center rose. This gave the authority a large chunk of Lower Manhattan, which frustrated the city's mayors from that point through the ground zero reconstruction effort.

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When it was dedicated in 1973, the World Trade Center was not welcomed. Architecture critics derided its monumentalism. New Yorkers did not warm easily to the monolithic austerity of the twin towers or the barren sweep of the plaza. For many years, the project was a financial burden on the Port Authority.

By the late 1990's, however, the trade center was renovated, upgraded and nearly fully occupied, and the Port Authority made the long-debated move to get out of the commercial real estate business and focus on the region's transportation. While the World Trade Center had never obtained the luster of a premier address, many developers coveted it and none more than Mr. Silverstein, who owned the original 7 World Trade, which sat in the shadow of the twin towers.

When Port Authority officials asked him if he would be interested in submitting a bid for the lease on the trade center, his response, he said, was "affirmative without hesitation."

"The trade center was perceived by many as the brass ring," he said. "Given an opportunity to acquire it, how does anybody who has been in this business for 50 years not salivate at the thought?"

Given the trajectory of his life, it made perfect sense that Mr. Silverstein, at retirement age, would leap for this particular brass ring.

Mr. Silverstein first got into the real estate business by joining his father, Harry, a classical pianist who made a paltry living as a leasing broker of loft space in SoHo, which was then known more prosaically as the rags, woolens and remnants district. Larry Silverstein quickly grew dissatisfied, telling his father: "Dad, we're starving to death as brokers. The people really making the money are owners."

Harry Silverstein, according to his son, answered: "We have nothing. How do you buy a building with nothing?"

And that was the question that propelled Mr. Silverstein on the path toward the World Trade Center. Mr. Silverstein said he found inspiration in "a gentleman by the name of Lawrence Wien and a gentleman by the name of Harry Helmsley," pioneer real estate syndicators who eventually gathered several thousand investors to buy the Empire State Building. Putting together his own first small syndicate to buy a loft building in 1957, Mr. Silverstein established the business model for future transactions, including, one day, the purchase of the World Trade Center lease.

Gradually, Mr. Silverstein made himself into a player in the Manhattan real estate world, securing himself especially in the downtown firmament. Seven World Trade Center, which opened in 1987, was the first office building that he actually built.

Way back then, Mr. Silverstein gave the Port Authority an early taste of his exacting bargaining style, prevailing in his quest to double the square footage of 7 World Trade.

He also gave New York a taste of his tolerance for bottom-line aesthetics. Mr. Silverstein asked his architects "for the most inexpensive box I could build" because he had no tenants lined up. Later, he would refer to 7 World Trade as "the ugliest building in New York City," according to David M. Childs, the architect who designed its replacement after Sept. 11.

In January 2001, a week before the final bids on the World Trade Center were due, Mr. Silverstein attended a real estate dinner at Le Cirque. The room buzzed with speculation about who would bid what on the trade center. At the end of the evening, he bundled up for a leisurely walk home.

When he crossed 57th Street at Madison Avenue, a car slammed into him, sending him "sailing in an easterly direction eight feet closer to the hospital," he said. His pelvis was smashed in a dozen places, and he spent the next three days in a morphine haze. On Jan. 28, 2001, Mr. Silverstein stuttered into consciousness and realized that the bids were due imminently.

"Right away, I called the doctor and I said, 'Kill the morphine. I got to think.' "

On the day that Mr. Silverstein was discharged from the hospital, he received a call that he had lost to Vornado Realty, the largest commercial landlord in Manhattan, by $50 million. "Really, it's de minimis when you're talking about that much money, what I call a rounding error," he said.

But the Port Authority's negotiations with Vornado broke down, and Mr. Silverstein got a second chance. To put together a deal, Mr. Silverstein, who then owned 5.5 million square feet of office space downtown, formed a partnership with Westfield America, a shopping center company. Over the course of negotiations, the Port Authority grew concerned about Mr. Silverstein's financial viability and his ability to manage the gargantuan complex.

But Mr. Silverstein came up with $125 million in equity, including $14 million of his own money, and $563 million in financing from the GMAC Commercial Mortgage Corporation. He paid the Port Authority $491.3 million and pledged to pay more than $100 million a year in rent.

After Sept. 11, Mr. Silverstein was lambasted for underinsuring the trade center. But the Port Authority had carried only $1.5 billion in insurance coverage on the complex, which Mr. Silverstein more than doubled, as required by GMAC. As a result, Joseph J. Seymour, a former executive director of the Port Authority, noted, "Right before Sept. 11, we got additional insurance coverage because of Larry."

On July 24, 2001, Mr. Silverstein took delivery of the World Trade Center. In a ceremony at the complex, he thrust a giant key chain into the air like a glittering trophy of his ascent from the rags district.

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DETERMINATION TO REBUILD

Every morning after the deal was finalized, Mr. Silverstein held breakfast meetings at Windows on the World. Early on Sept. 11, his wife, Klara, reminded him that he had an appointment with his dermatologist. He tried to wriggle out of it, he said, but Mrs. Silverstein insisted.

By the next day, Mr. Silverstein, whose own company had lost four employees, was grappling with how he should confront the tragedy. In a meeting with Howard J. Rubenstein, his public relations adviser, it was decided that "our message needs to reflect the national shock, anger and ultimate defiance against terrorism" while refraining from any suggestion "that the financial markets and the lawyers may ultimately dictate what we do on the property," according to the notes of the meeting.

On Sept. 13, Mr. Silverstein contacted Herbert M. Wachtell, a fierce litigator and a friend since high school. Mr. Wachtell, he said, told him that he had obligations and rights: the obligation to continue paying $10 million in monthly rent and the right to rebuild. Mr. Wachtell would also lead Mr. Silverstein's court battles seeking to double his insurance benefits, claiming that each plane constituted a separate "occurrence," each reimbursable for $3.55 billion.

Mr. Silverstein proclaimed that he would spend the next five years of his life rebuilding ground zero, although he did not propose precise replicas of the twin towers, as others did. Mr. Childs, the architect, who had been hired two weeks before the attack to upgrade the World Trade Center, said that Mr. Silverstein came to feel that the hand of fate had tapped him on the shoulder.

"I think he felt that there was some reason he was there," Mr. Childs said, "that he must have been destined to take this on."

II. A SENSE OF MISSION

A few weeks after Sept. 11, Monica Iken was trying to wrap her arms around the idea that her husband, Michael, a bond trader, had gone to work one morning and would never return home. Ms. Iken, who was then 31 and looking forward to starting a family, had been listening numbly to radio and television reports, but the early chatter about rebuilding the trade center startled her into feeling.

She burst out of her bedroom. "They're going to build over dead people," she told the relatives gathered to keep her company. "I can't let that happen. I have to go on a mission."

Ms. Iken's family treated her pronouncement as if she were unhinged by grief, she recalled. "They said, 'You've just lost your husband. You don't know what you're saying. What do you mean, a mission? Who are you to do that?' "

That was a question that all the family advocates would face at one time, but like Ms. Iken, they were driven to speak out.

Tall and willowy, Ms. Iken found herself in front of television cameras right after Sept. 11, when she was waiting outside a hospital to learn if her husband was a John Doe inside. Over the years, people would take potshots at her for what they saw as glorying in the spotlight. One Lower Manhattan community advocate told a reporter that Ms. Iken used to attend public meetings with a makeup artist, which Ms. Iken, sighing, denied.

Ms. Iken said that she only availed herself of the spotlight that found her first. In those first few months, Ms. Iken, unaware of the real estate complexities that would become paramount, began pushing the idea that all 16 acres should be preserved as a memorial. The idea caught on, and, thrilling her, Rudolph W. Giuliani embraced it in his farewell mayoral address in December 2001.

"I really believe that we shouldn't think about the site out there, right beyond us, as a site for economic development," Mr. Giuliani said. "We really have to be able to do with it what they did with Normandy or Valley Forge or Bunker Hill or Gettysburg. We have to be able to create something here that enshrines this forever."

Publicly, a debate over possibilities for the 16 open acres raged well into 2002.

But the most pivotal conversation over ground zero's future took place in late 2001, behind the Port Authority's closed doors, when officials briefly entertained and then, fearing lengthy, costly litigation, rejected the idea of forcing out Mr. Silverstein.

"No matter who talked about, 'Let's get rid of Larry,' it was not something that could be done unless he was a willing participant or did not meet his contractual obligations," said Kenneth J. Ringler Jr., the authority's current executive director.

This decision vested a private businessman with extraordinary influence over the reconstruction effort and yet, because it is essentially a public project, tied his hands at the same time. It is a decision that has been second-guessed so often it is like a parlor game in certain Manhattan circles.

"They could have gotten Larry out," Mr. Betts said. It would have meant writing a check, Mr. Zuccotti said, but it could have been done. Robert D. Yaro, president of the Regional Plan Association, said the mayor and the governor "could have gotten in a room with Larry Silverstein and said, 'You're out of here.' "

But Mr. Yaro said the Port Authority had multiple motivations for retaining the Silverstein lease. "They saw it as their key to hanging on to the site," he said. "They were afraid of losing control to the city or the state."

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Further, the Port Authority was counting on Mr. Silverstein's aggressive pursuit of insurance proceeds as well as the more than $100 million a year in rent that the Port Authority depended on to keep its overall operation flush.

"I don't think that should shock anybody," Mr. Ringler said. "The World Trade Center was a moneymaker for this agency so that this agency, who pools its resources, can do all the other things we have to do."

The World Trade Center site has been an even better moneymaker since Sept. 11, however, primarily because the attack coincided with the sale of the lease to Mr. Silverstein. While the Port Authority reported an average annual net income of $22 million on the complex in the five years before Sept. 11, it reported an average annual net income of $106 million on the empty site in the five years after.

"When you look at how much more profit we made," Anthony R. Coscia, the authority's chairman, said, "all it represents is monetizing an asset we sold before Sept. 11," that is, turning the buildings into cash.

Although the public would not realize it for some time, there was little room for any wholesale reimagining of the World Trade Center site once the Port Authority made the decision to respect Mr. Silverstein's lease.

"You had this very quiet, very rapid elimination of the idea that it could be something other than 10 million square feet of office space plus a decorative necklace of ancillary institutions," said Michael Sorkin, director of the graduate urban design program at City College of New York.

But that decision did not translate into quick action. The Port Authority, a fiercely independent entity unaccustomed to much public review, was pushed temporarily to the side as Governor Pataki and the Lower Manhattan Development Corporation, a new state entity, took over planning for the site.

That fall, it was anticipated that Mark Green, the Democratic candidate, would be elected mayor in November, and Mr. Giuliani assented to the creation of a state-run development corporation to oversee the rebuilding of Lower Manhattan.

FEELING OUT OF PLACE

When Governor Pataki first phoned him, John Whitehead assumed that he was calling to solicit a campaign contribution. Mr. Whitehead, then 79, a former chairman of Goldman Sachs and a former deputy secretary of state under Ronald Reagan, is an old-school establishment Republican, genteel, decorous and a reliable donor.

But Mr. Pataki was calling instead to ask Mr. Whitehead to serve as chairman of the development corporation, which Mr. Whitehead, keenly aware of his age and his lack of experience in architecture, construction and urban planning, initially considered declining but then accepted.

By the time of the City Hall press conference announcing Mr. Whitehead's appointment, Mr. Bloomberg had won the election, inheriting a development corporation that he considered an additional layer of bureaucracy. Still, Mr. Bloomberg stood beside Mr. Pataki and Mr. Giuliani and embraced the selection of Mr. Whitehead, a fellow Harvard Business School alumnus and, Mr. Whitehead noted in an interview, a fellow Eagle Scout, too.

At the end of that press conference, Mr. Whitehead began having second thoughts. "The governor and the mayor — the two mayors — headed to their limousines clapping each other on their back," he said. "I hailed a cab, sat alone in the back seat and thought it was one of the lowest points in my life. I didn't know what to do next. I had no money, no staff, no office, no program.

"Luckily," he continued, "the good Congress soon put $2.7 billion in the bank for us to spend."

Shortly before Christmas, Mr. Whitehead bumped into Thomas S. Johnson at a holiday cocktail party at the home of Robin Chandler Duke, a leading socialite, former ambassador and champion of reproductive rights. It was the first social engagement that Mr. Johnson had attended since his 26-year-old son, Scott M. Johnson, a securities analyst, was killed on Sept. 11.

By that time, Mr. Johnson, then the chief executive of GreenPoint Bank, had returned to work but he was not "operating on all cylinders," he said in an interview. He ached for his son, whom he describes, after a long pause, as: "No. 1, never had an unkind moment in his life, No. 2, enthusiastic about his life and positive, and No. 3, great-looking."

At the party, Mr. Johnson asked Mr. Whitehead what the development corporation was going to do with ground zero. Mr. Whitehead told him, "We're going to cover it over, make a temporary memorial and think about a permanent memorial way down the road," Mr. Johnson said.

AN EARLY PLAN GOES NOWHERE

The idea that Mr. Whitehead mentioned never really left the inner sanctum of the Port Authority.

The Port Authority lost 84 of its own employees on Sept. 11, including its executive director, Neil D. Levin. Port officials pride themselves on the work ethic that kept employees on the job day and night in the weeks and months that followed. It was their way of coping.

Christopher O. Ward's job was to direct strategic planning and external affairs at the Port Authority. He said he feared that some might want to exclude the authority from the redevelopment of ground zero, thinking, "They're too big and lumbering and they'll waste money."

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"I thought we needed to do something dramatic to put the port in a good place," Mr. Ward said.

Mr. Ward's idea, developed with other officials and an outside consultant, was to create an interim memorial.

Because ground zero itself would be a recovery and construction site for a long time, the Port Authority would create a bare-bones exhibition space, like the temporary Museum of Modern Art in Queens, on the abandoned piers of the Brooklyn Heights waterfront. There, artifacts from the World Trade Center — a crushed police car, a twisted antenna, a steel beam with firefighters' messages — could be displayed.

The public would get a quick way to connect with one another and with the enormity of Sept. 11, and the interim memorial would alleviate time pressure on the difficult planning process for a permanent memorial. Or so it was thought.

At a December 2001 meeting, Mr. Ward, who went on to become Mr. Bloomberg's commissioner of environmental protection, presented the idea to Port Authority commissioners. He told them that the temporary memorial would take seven months to put in place, and he also recommended draping the pit to make it more palatable.

Mr. Ward said he thought that the governor's office squelched the plan, making it clear that all memorial planning would emanate directly from there. Mr. Gargano, the governor's adviser, who is also a Port Authority commissioner, said that he did not remember the idea at all.

Whatever happened to that evanescent concept, the artifacts themselves were eventually transported to Hangar 17 at Kennedy International Airport, where they have been off limits to the public ever since.

THE POWER OF GRIEF

In the spring of 2002, John P. Cahill, the governor's chief of staff, asked Thomas Johnson to serve on the board of the development corporation. At first, the board did not include a single family member, making families feel then, as many times afterward, that the memorial would come second to economic reconstruction.

Mr. Johnson requested a meeting with the governor first. In the governor's Midtown office, Mr. Johnson said, he told Mr. Pataki that he would not be able to represent solely "the narrow interests of the family survivors — important as they are." His allegiance, he said, would have to be to the "whole of the institution and all of its constituencies."

Mr. Pataki accepted this, having chosen a banker and not, say, a firefighter's widow, for a reason.

Still, the suspenders-wearing Mr. Johnson, now 65, did end up playing what he called the "very, very painful and very, very difficult" role of liaison to the families, who alternately resented him for being an insider and appreciated him for standing up to political authorities.

He had a fine line to walk. Some family members believed from the start that government officials were more comfortable with those relatives who were part of the elite establishment, like Mr. Johnson; Paula Grant Berry, a former publishing executive who served on the memorial design jury; and Christine A. Ferer, a business owner, widow of Mr. Levin, the Port Authority's executive director, and Mr. Bloomberg's liaison to the families (who, some time ago, had dated the mayor).

"I think there was an element of elitism towards the families that was quite palpable," said Gretchen Dykstra, former president of the memorial foundation, "and also a naïveté on the part of the families."

Sally Regenhard, a former nursing home administrator married to a retired New York City detective sergeant, said she gradually felt disregarded, as did others who served on the development corporation's family advisory council. "Oh, please," she said. "They say they are inclusionary. And they take everyone's opinion, that's true. But then they put it in the circular file."

On the very day that Ms. Regenhard watched the towers burning from her Bronx apartment, even before she knew that her 28-year-old son, Christian, a probationary firefighter, was at risk, she experienced her first shudder of outrage, she said.

A couple of months later, during Christian's memorial service at St. Patrick's Cathedral, she did not denounce the authorities, as she had intended, for how the emergency communications and building safety systems had failed her son. A onetime Roman Catholic schoolgirl, she felt intimidated by the scarlet-robed Cardinal Edward M. Egan, she said.

But several months later, Ms. Regenhard, a compact woman with blond bangs, stood at the edge of City Hall Park in the pouring rain and gave her first press conference. She announced the formation of the Skyscraper Safety Campaign to push, among other things, for safety issues to be paramount in the rebuilding of ground zero.

"I was a different person before 9/11," said Ms. Regenhard, who wears a locket with Christian's picture and sometimes carries his ponytail, which he cut off before entering the Fire Academy, in a velvet pouch. "I tried to speak out, let's say in Co-op City, where I lived. But now — I'm fueled by adrenaline, outrage and love for my son and that has made me a bigger pain in the ass than I ever was before."

There is a constellation of family members who have been transformed by loss and anger into advocates. Over time, they have formed organizations with different missions, from safety concerns to how the victims' names should be displayed on the memorial.

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And, over time, they have come to be seen by some community, business and redevelopment leaders as impediments to progress. Some view the advocates as self-appointed and unrepresentative; others, in private conversations, describe them heatedly as radical or loopy or desperate for attention.

"My favorite description of the families is: They haven't moved on," said Ms. Lutnick of the Cantor Fitzgerald Relief Fund, which assists the families of the financial service firm's 658 employees who were killed, including her younger brother, Gary. "They also say that we are incapable of being satisfied, that all we want is for everyone else to feel as bad as we do, that we're crazy."

"It's very dismissive," she said, "and it couldn't be further from the truth."

Mr. Pataki said that it was "wrong to generically lump thousands of people together and give them a title" as family members. There is no one way that family members think and feel, he said, and he has worked to balance their concerns.

"I don't expect everybody to stand and cheer," Mr. Pataki said. "All those family members who continually do nothing but bash me — when I see them, I give them a hug, because I appreciate their sense of loss."

Yet many involved in the reconstruction effort say that Mr. Pataki empowered the family advocates and also gave them veto power.

They point to one of Mr. Pataki's first crucial decisions, announced to an ovation at a memorial service in June 2002: that nothing would be built on the twin towers' footprints, where so many victims' remains were found.

Development officials discovered Mr. Pataki's commitment in the morning newspapers the next day. Since that commitment carved nearly five acres out of the site for a memorial, including the underground area that was going to be used for parking, roadways and mechanical components, they were startled that such a fundamental decision had been made without consultation.

Mr. Bloomberg said that declaring the footprints inviolable drove the process from that point forward, although he said he was not sure whether it was Mr. Pataki or Mr. Giuliani, in earlier remarks, who made the decision.

"Once you say that, you've set the scale of the memorial, you've set where the other buildings on the site will be, and you've set the cost," Mr. Bloomberg said.

'IT LOOKS LIKE ALBANY'

In a conference room overlooking the Hudson River, Mr. Betts, a tall, barrel-chested businessman wearing a blue vest with the Chelsea Piers logo, recalled the way that his sports complex was rapidly transformed on Sept. 11 into a triage center.

"Right from that day I remember telling Tom that I wanted to get involved in this thing," Mr. Betts said, referring to his partner, Tom A. Bernstein.

Mr. Betts, a development corporation board member, asked its chairman, Mr. Whitehead, "to put me in charge of ground zero." It was not long before Mr. Betts got a taste of just how difficult it would be to oversee a public project involving clashing government entities, a private developer and a grieving public.

"With 20/20 hindsight, we never should have moved forward with so many conflicting stakes on this piece of real estate," he said. "Those people bombed the most complicated site in the state. If they had chosen the Empire State Building, there would have been no Port Authority, no Larry Silverstein. It seemed like everybody had a vested interest in ground zero."

It took more than a year to settle on a master plan. In early 2002, the Port Authority and the development corporation began the process by seeking bids from architects. And that is when it came to light that the government was treating Mr. Silverstein's lease as sacrosanct, that it wanted to replace the 10 million square feet of office space that was lost.

"This was a disastrous decision, and no one could believe it," said Mr. Yaro of the Regional Plan Association.

A Manhattan architectural firm was awarded the contract and a challenge: to come up with six alternative land-use plans.

When the plans were unveiled in July 2002, critics dismissed them as uninspired. The public's response, delivered at a meeting, called "Listening to the City," that drew thousands to the Jacob K. Javits Convention Center, amounted to a Bronx cheer. What people especially condemned was the site's density, particularly the scale of the commercial square footage.

"Somebody said, 'It looks like Albany,' " Mr. Betts said. "That was the killer line."

In the name of democracy, the development corporation discarded the six plans and embarked on a worldwide search for a more visionary master planner.

A SWAP IS CONSIDERED

From the start, Mr. Bloomberg's advisers had been fretting over the city's limited control of the redevelopment. Like many New Yorkers at "Listening to the City," Mayor Bloomberg disagreed with an approach that made significant office space so central.

"Nobody was being honest about Lower Manhattan," said Daniel L. Doctoroff, deputy mayor for economic development. "The truth is, Lower Manhattan before 9/11 had a growing residential population, but it had been losing worker population since

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1970. By and large, the problems of Lower Manhattan were swept under the rug in the wake of 9/11 by kind of this nostalgia for the World Trade Center and the tremendous emotion that existed."

One night in mid-2002, at a moment of simultaneous frustration about ground zero and about negotiations over the renewal of the Port Authority's leases on the city's airports, Mr. Bloomberg, Mr. Doctoroff and Roy Bahat, a deputy to Mr. Doctoroff, sat in the garden behind City Hall looking at spreadsheets.

Flipping back and forth between the two sets of numbers, Mr. Bahat had an epiphany. The city was looking to collect from the Port Authority about $100 million in annual rent on the airports, and the Port Authority was looking to collect from Mr. Silverstein about $100 million in annual rent on the World Trade Center.

"I think it was even Roy who kind of, late one night, said, 'Why not just trade?' " Mr. Doctoroff said. "We would have gotten the World Trade Center site plus cash," and the Port Authority would have gotten the airports.

The idea was broached.

The city suggested that the World Trade Center site was worth $4.4 billion to $5.5 billion and the airports $7 billion to $9 billion, Port Authority officials said — figures the authority questioned.

But Mr. Doctoroff said that the numbers could have worked out, and that the swap would have served ground zero well. "I'm not sure at the end of the day that it would been the best deal financially for the city, but the hope was that having a single government entity in charge" would have been better, he said.

City officials said that the governor was not interested, preferring to retain control of the site. Aides to the governor, however, said they never took the idea seriously. Mayor Bloomberg never even called Governor Pataki to discuss it, they said. "Come on, of course it wasn't real," Mr. Gargano said. "What were we going to do, abandon the World Trade Center?"

Referring indirectly to the mayor's interest in developing the Far West Side of Manhattan, Mr. Gargano said, "There was speculation that some didn't want the rebuilding of ground zero because they thought there was a better real estate market elsewhere."

After the swap idea dissolved, city officials seemed to disengage from ground zero. Mr. Bloomberg said that they focused their attention on what they did control, the rest of Lower Manhattan. More visibly, he pursued unsuccessful quests to build a West Side football stadium for the Jets and to secure the 2012 Olympics. It was, many community, business and civic leaders said, as if the mayor and the governor had made a pact to divide up Manhattan.

Such an understanding, Mr. Doctoroff said, never existed, even tacitly. "There never was a quid pro quo," he said.

III. ARCHITECT VS. ARCHITECT

The Lower Manhattan Development Corporation's office overlooks ground zero. The blinds in its conference room are often tightly drawn, blotting out the view. On the fall day in 2002 that the seven finalist teams for master planner gathered there, though, they stood at the picture windows and gazed down at the stillness of the site.

"Somebody from the Port said, 'Does anybody want to go down?' " Daniel Libeskind, known then as the architect who had designed the Jewish Museum in Berlin, recalled. "There was complete silence. I said, 'I want to.' It was miserable rain. We borrowed galoshes and bought cheap umbrellas. And as we descended down that huge ramp, really, my view of the world changed."

Deep down at the bedrock level, Mr. Libeskind said, he felt both the "enormity of the loss" and the unadorned power of the pit itself. After placing his hands on the rough face of the concrete slurry wall, he turned to his wife and said, "Call Berlin. Drop everything we're doing. I have a complete vision of what should be."

Mr. Libeskind, 60, whose bubbly, pixyish demeanor contrasts almost comically with his severe black clothing and rectangular eyeglasses, has a talent for packaging his own stories and ideas. Call it salesmanship or, as Mr. Libeskind does, "rhetoric, one of the arts that Aristotle and the Greeks thought fundamental." That fall, when Mr. Libeskind, who immigrated to the United States as a child, presented his ideas to development officials, it made an impression.

"When that magical little guy with the black pants, black shoes, black socks, black belt, black shirt and black glasses stood up and talked about his approach, everybody was emotionally moved," said Mr. Johnson, who served on Mr. Betts's site committee. "When he talked about coming on a boat to America, seeing the Statue of Liberty, going down to ground zero — I don't know anybody there that didn't start out thinking that his plan would be the very best."

But that thinking changed in early 2003 when it came down to a bake-off between two finalists. It was Mr. Libeskind, an architectural theorist who had seen his first building built only four years earlier, versus the Think design team, which included the Argentine-born architect Rafael Viñoly and Frederic Schwartz of New York.

Think's design centered on two latticework structures that rose like Eiffel Towers above the footprints of the twin towers. Mr. Libeskind's "Memory Foundations" featured a memorial site sinking 70 feet down to bedrock with the slurry wall exposed. That hollow would be surrounded by office towers that spiraled progressively higher, with the tallest, at 1,776 feet, reaching up into the sky to echo the Statue of Liberty.

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The competition was intense and mean-spirited. The Think designers rolled their eyes at the American flag lapel pin that Mr. Libeskind, a naturalized American living in Berlin, took to wearing and referred to Mr. Libeskind's design as a death pit. Mr. Libeskind described the design team's name as disturbingly Orwellian and the Think towers as skeletons — a perception that Mr. Pataki came to share.

Some family groups had embraced Mr. Libeskind's plan because it treated bedrock as sacrosanct. Mr. Betts's committee, however, came to favor the Think lattice towers, which members saw as a vertical memorial. "I thought that Libeskind's was down in a hole and depressing while the Viñoly was soaring and uplifting," Mr. Betts said.

The tower would have been built segment by segment, like an Erector Set. "For the public, it would have been an event, like a rising phoenix," Mr. Betts said, growing animated and then wistful.

The day before the two models were to be presented to Mr. Pataki and Mr. Bloomberg, a site committee member told The New York Times that it had chosen the Think design and did not expect to be overruled.

Reading the newspaper the following morning, Nina Libeskind, who grew up in a family of Canadian politicians, reached for the telephone. She called Edward W. Hayes, the Libeskinds' friend and lawyer who also happened to be Mr. Pataki's buddy since law school (and the model for Tommy Killian, the defense lawyer in Tom Wolfe's "Bonfire of the Vanities").

Mr. Hayes had accompanied the governor when he toured an exhibition of the models, giving Mr. Pataki a picture of Mr. Libeskind. The photograph, which showed a young Mr. Libeskind posing before a haystack, echoed a similar photograph of the governor as a child (the haystack being a favorite backdrop of Eastern European immigrants), according to Mr. Libeskind.

After Mrs. Libeskind called him, Mr. Hayes phoned the governor and told him to "do whatever you think is right" for a project that would define his legacy.

The governor arrived at the development corporation's office and met with Mr. Betts's committee, knowing that one member had leaked its choice. "Pataki was really, really irked at us," Mr. Betts said. "It was less substantive than, 'Who do you guys think you are? I'm the governor. I make the decisions.' We did not really have a debate. I made the point that the L.M.D.C. expected to make certain decisions. But instead the decision was crammed down our throats."

Mr. Pataki overruled Mr. Betts's site committee. To this day, committee members regret the governor's intervention. Some of them say that the Think towers would be built by now, lighted for this fifth anniversary like the beacon that the Freedom Tower has yet to become.

At a celebration after the governor, with the mayor's assent, made his decision, Mr. Hayes told Mr. Libeskind, "The governor said that it was the haystack that did it in the end."

ARTISTE VS. MONEY MAN

Right before Mr. Libeskind was chosen, Mr. Silverstein sent Mr. Whitehead a cautionary letter on his World Trade Center Properties stationery.

"Our group has the right to select the architect responsible for preparing rebuilding plans," Mr. Silverstein wrote. Right after Sept. 11, in fact, Mr. Silverstein had chosen David Childs, turning to him and saying, "You can be the new Yamasaki!" (He referred to Minoru Yamasaki, architect for the original World Trade Center.)

Mr. Libeskind would never possess absolute authority as master planner. Even before his plan was selected, he was made to raise the sunken memorial from bedrock to 30 feet below street level for structural reasons. His ability to absorb challenges was tested repeatedly.

But Mr. Silverstein, as he saw it, was a particular challenge. The feeling was mutual.

In some ways, Mr. Silverstein and Mr. Libeskind have a good deal in common. They are both Jews of Eastern European descent raised in working-class immigrant homes in New York City. They were both classically trained musicians, Mr. Libeskind as an accordionist, Mr. Silverstein as a pianist and drummer. They both met their wives at camps in the Catskills. They are both remarkably optimistic by nature.

But to Mr. Silverstein, Mr. Libeskind was an egghead artiste, and to Mr. Libeskind, Mr. Silverstein was a profit-driven developer.

A few days after Mr. Libeskind was "anointed," as Mr. Silverstein put it, the men got together. In Mr. Silverstein's conference room, Nina Libeskind made it clear that her husband would be designing the 1776 building, as it was then known.

"I looked at her in absolute shock and said, 'But he's never designed a high-rise in his life,' " Mr. Silverstein recalled. "I said, 'Tell me something. If you were needing neurosurgery, would you go to a general practitioner who has never done any kind of operating in his life?' She said, 'Daniel is a quick learner.' "

Mr. Silverstein started picking apart Mr. Libeskind's master plan. He objected first to the location of the Freedom Tower at the northwest corner of the site, where it would be farthest from the transportation hub and, complicating construction, above the train tracks.

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But Mr. Silverstein lost that battle, and the next: "I said to Larry," Mr. Childs recalled, " 'If the governor won't move the tower, ask him if he would build it last. Then you'll have more of a market, the train station will be done and the slurry wall fixed.' But the governor said: 'No. I want to build it first. I want to build it there. And I want to build it quickly.' "

And the governor wanted Mr. Childs, a corporate architect, to collaborate with Mr. Libeskind, an academic architect about a foot shorter, whom Mr. Childs addressed with the diminutive Danny. Mr. Libeskind describes it as a forced marriage — in which he reluctantly agreed to play the role of subservient spouse.

As Mr. Childs put it, "I said, 'Danny, if we have a million disagreements, I get 51 percent of the vote on each one.' And he said, 'Yes, I understand.' "

The two architects met weekly in the office of Mr. Childs's Wall Street firm, Skidmore, Owings & Merrill, which has developed a specialty in super-tall buildings. Mr. Childs was elaborating on the design of what he called a torqued building and Mr. Libeskind saw as a "giant corkscrew with a bird on top." Mr. Libeskind still believed strongly in his original asymmetrical tower with a spire mirroring the Statue of Liberty's arm. But Mr. Childs thought, "God doesn't like eccentric loads. That's why he makes trees tapered and they don't have a big branch sticking off the top."

Public officials mediated. As unveiled at the very end of 2003, the Freedom Tower, with a twisted torso and off-center antenna, was a bartered design. At the unveiling, the politicians and architects joined hands, but neither that Kumbaya moment nor the design itself would last.

FROM A DESKTOP FOUNTAIN

After his experience with Mr. Pataki's selection of Mr. Libeskind, Mr. Johnson set out to organize a memorial design competition that the governor "couldn't mess with."

"I worked really hard, with others, to set up a process that would result in a truly independent jury," he said.

The jury of 13 included representatives of the governor and the mayor, one family member and professionals from the art and architecture world, including Maya Lin, who designed the Vietnam Veterans Memorial.

Paula Grant Berry, the family representative, said she entered hesitantly into what became an all-consuming experience. "I felt that the jury was happening at the wrong time," she said. "How can you memorialize something when you are still in it? I wondered what was driving the haste. Why not stop, build a temporary park, put in the PATH station and take a breath?"

Like the other jurors, Ms. Berry did not like the way that Mr. Libeskind had prescribed a large sunken memorial, "a gigantic bomb crater," as James E. Young, a scholar of Judaic and Near Eastern studies who has written books on memorials, put it. "We wanted to bring it to grade, to stitch the site back into downtown and not have a giant hole that people had to walk around."

In April 2003, the development corporation announced an international competition, soliciting "creative and exceptional" design concepts to honor the loss of life on Sept. 11, 2001, and on Feb. 26, 1993, when six people were killed in a bombing attack on the World Trade Center.

At the last minute, the jury inserted into the design guidelines a quiet invitation to ignore Mr. Libeskind's master plan, which many designers were reluctant to do.

Michael Arad, an assistant architect for the New York City Housing Authority, was not.

Unlike the voluble Mr. Libeskind, Mr. Arad speaks softly and methodically.

Try to interrupt him with a question and he says, "I'll get to that." He does not like to be diverted, which made it difficult for him during the fractious reconstruction process, where no path was ever a straight one.

Mr. Arad, now 37, a slim, pale man with rectangular glasses and an intense gaze, had started sketching ideas for a memorial about a year after the attack. Because of a Sept. 11-related delay in the renewal of his work visa, Mr. Arad, the son of an Israeli diplomat who grew up partly in the United States, found himself on leave from an architectural firm, with time to ponder. He imagined two voids in the Hudson River; water would flow into them but they would never fill up. Then he built a model, with a desktop fountain from Bed Bath and Beyond, carried it to his rooftop, photographed it and said to himself, "O.K., now what?"

When the memorial competition was announced, Mr. Arad dusted off his model and contemplated creating the voids on the World Trade Center site itself. He made an early decision to discard important aspects of the master plan, like the sunken plaza and the cultural buildings. He thought Mr. Libeskind had all but designed a memorial himself, relegating prospective designers to "selecting fabric swatches."

In June 2003, Mr. Arad submitted "Reflecting Absence," which carved out an enormous, barren street-level plaza featuring two square depressions 30 feet deep. At the bottom of each depression sat a reflecting pool fed by sheets of water. Each pool was broken by another square, with water falling again into a second void, and the victims' names engraved on parapets around the pools' edges. Visitors could either gaze down into the pools or descend into what Mr. Arad envisioned as a cool, dim, contemplative space vital to the experience.

'LESS IS MORE'

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A few months later, in August 2003, the 13 members of the World Trade Center memorial design jury sat cloistered in a bland meeting room.

Ahead of them was a daunting task. They had received 5,201 designs submitted, as required, on 30- by-40-inch poster boards, as if they were middle school science projects. And no single design had jumped out at them.

That day, they were to receive first Governor Pataki, then Mayor Bloomberg and finally Mr. Giuliani. It was a formality, as the jurors saw it. They had been assured that their decision-making was to be free from political interference.

And yet what they heard from the politicians that day, particularly Mr. Bloomberg, presaged the troubles that lay ahead.

While Governor Pataki essentially gave the jurors a pep talk, the mayor and the former mayor presented them with contrasting and irreconcilable visions of how best to honor the dead. They raised the issues of cost, of scale and of timing: was it too soon to make such a potentially divisive decision?

Most astonishingly, although this was almost two years into an arduous process of determining the fate of ground zero, it was clear that neither of the two mayors believed in the reconstruction program that an Albany-led process had established.

Mr. Giuliani encouraged them to consider the entire site "sacred ground," making it clear that his views had remained consistent since he left office. He said of the memorial, "I think it should be big."

Mr. Bloomberg said just the opposite: "Less is more."

With his hands chopping the air, Mayor Bloomberg told the jurors that he thought they should build a school instead of a monument. "I always thought the best memorial for anybody is to build a better world in their memory," he said. "I'm a believer in the future, not the past. I can't do anything about the past."

Mr. Bloomberg related that before the first anniversary, he had tried to call the families of about 400 uniformed workers killed on Sept. 11. Most were moving on with their lives, he said. "Then there were 15-odd families where the spouse, I think it was probably all women, they just kept crying and crying,'' he said. "It's not my business to say that to a woman, 'Suck it up and get going,' but that is the way I feel. You've got to look to the future."

Mr. Bloomberg also revealed that he had specified in his will a desire to be buried in a plain pine box. "It's not like I can't afford a fancy coffin," he told the jurors. "It's just a waste."

Adding that "there are too many things that are wrong with society that a dollar can fix," Mr. Bloomberg spoke about famine, war and the preventability of deaths from diarrhea in the developing world. He wanted the jurors to think about the memorial project in a broader context, he said.

Vartan Gregorian, a juror and president of the Carnegie Corporation, told the mayor, "In fairness to us, this is the first time we've heard about cost." But it wouldn't be the last, for the estimated cost of the memorial would balloon to almost $1 billion, enough to pay for 20 schools.

Like the deliberations of the memorial jury, these frank conversations were private, but the development corporation had them videotaped for a documentary on the making of the memorial. The videotapes, with a State Supreme Court justice's assent, have been closely guarded ever since. Denied the tapes officially, The New York Times was nonetheless able to view them.

The public may never have that opportunity. The documentary was abandoned.

AN EXPENSIVE VISION

When it came to selecting an architect to build the new PATH station, the Port Authority had no intention of following in the development corporation's footsteps.

"We did not want an endless public process with 5,000 public submittals," said Anthony Cracchiolo, who was in charge of capital projects for the authority. "We said, 'Let's do it the traditional way.' "

Santiago Calatrava, a Spanish architect, artist and engineer who had earned an international reputation for his bridges and transportation terminals, submitted a bid in partnership with two New York firms.

"You see," Mr. Calatrava said in an interview, explaining his interest, "to make a statement of construction in a place that has suffered such a devastating destruction — you cannot be in a better place."

In the summer of 2003, Mr. Calatrava's partnership, which includes the STV Group and DMJM Harris, won a $155.6 million contract to design the PATH station.

(Several years later, Mr. Cracchiolo, who retired from the Port Authority with a $145,000 annual pension, went to work for STV. So did two other former Port executives involved with the PATH project, although the firm said that none of them are working on that terminal.)

Inspired by the idea of a child releasing a dove, Mr. Calatrava designed a soaring winged structure, with a roof that could open to the sky every Sept. 11.

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Port Authority officials quickly found themselves enchanted by Mr. Calatrava's considerable charm. "I have become very, very fond of Santiago," said Mr. Ringler, the Port Authority's executive director. "The guy's a genius. But the first thing that hits you in the face — he gives you a hug."

Mr. Calatrava's business is based in Zurich and Valencia, Spain, but since 2002 he has lived part-time on the Upper East Side of Manhattan.

Unlike many other architects at ground zero, Mr. Calatrava has retained significant creative control, although he has faced both security issues and some minor cost concerns. He was asked to use polished granite instead of marble, for instance, but Port Authority officials have not wanted to tie the hands of a man they consider an artist.

"Our people call him the Da Vinci of our time," said Mr. Seymour of the Port Authority.

After Sept. 11, Port Authority officials jumped at the opportunity to remake the antiquated transportation infrastructure of Lower Manhattan. Almost immediately, they decided that they would not only restore what was lost but also improve on it.

"The trade center had been attacked twice," Mr. Cracchiolo said. "Our thinking at the time was we needed to make a statement. We wanted to create a Grand Central Terminal in Lower Manhattan. It could be a catalyst for development as Grand Central was in Midtown."

Grand Central, however, was built by the Vanderbilts. The new terminal in Lower Manhattan will be built by the taxpayers.

The central hall in Mr. Calatrava's station will be roughly as capacious as Grand Central's main concourse. But while Grand Central has 45 train tracks, the PATH station will have 5. And while Grand Central serves 200,000 train commuters and 700,000 subway riders daily, the World Trade Center PATH station now serves 42,000.

The Port Authority anticipates the number of commuters doubling in a couple of decades, just as it anticipates the transportation hub — with its stores and store-lined underground corridors — evolving into a heavily trafficked crossroads.

New York's leaders stand solidly behind the PATH project even if some gape at the price tag. "It's the only part of the project that has not been controversial," Carl Weisbrod, president of Trinity Real Estate, said. "It's a lot of money to spend on a PATH station. But the Calatrava may well end up becoming the icon of the site."

In trips to Washington after Sept. 11, New York officials made transportation projects a priority, persuading Congress to dedicate $4.55 billion of the ground zero money to them. That was a substantial chunk — almost a third — of the $15 billion in direct federal aid. (Another $5 billion came in the form of a tax incentive program.)

The two major transportation projects, the Metropolitan Transportation Authority's Fulton Street Transit Center and the Port Authority's World Trade Center transportation hub, are nearly side by side. "It will be like having Grand Central and Penn Station a block apart," Mr. Yaro of the Regional Plan Association said.

The M.T.A. project is budgeted at $847 million, and the port's at $2.2 billion, with a $280 million reserve fund. (The Port Authority will contribute $300 million of its own money to the PATH complex.) Neither terminal adds capacity to its system.

As now estimated, the PATH complex — whose price tag includes underground passageways radiating from the terminal and the east foundation — costs roughly the same as the Freedom Tower. But it requires much less concrete and steel, chief ingredients that drive cost, according to construction estimates.

Where the Freedom Tower will need 190,000 cubic yards of concrete and 53,700 tons of steel, according to the estimate, the PATH complex will need less than half as much of those materials.

One reason for the disproportionate cost of the PATH project is that the government is spending more on "soft costs" than Silverstein Properties, which is building the Freedom Tower. For instance, the PATH complex's administration, design and insurance costs will total about $620 million, or 28 percent of the project's total, according to federal transportation documents. The same costs for the Freedom Tower will be about $290 million, or 14.5 percent of that project's total, according to Silverstein Properties.

Port officials say the projects are not comparable. "Ours is a complex transportation project,'' said John J. McCarthy, the agency's public affairs director. "It's very different than a stand-alone office building.''

The new PATH terminal will replace the $323 million temporary PATH terminal built to replace the one destroyed on Sept. 11. That temporary station, an impressively rapid government construction project that seemed to herald a quick rebirth of the site, opened in the fall of 2003.

A WINNER, AND A COMPROMISE

Late one night that same fall, Mr. Arad, after changing his newborn son's diaper, got a cryptic e-mail message asking him to contact the development corporation. He thought, he said, that his $25 entry fee check had bounced, but learned instead that he was one of eight finalists for the memorial.

As the jury slogged through thousands of entries, it knew what it wanted.

"None of us were looking for a literal reference to the attack," Professor Young said. "We weren't interested in planes crashing into towers or flames. We were more disposed to an abstract, under-determined design."

But finding what it wanted was not easy. All the finalists "needed a lot of help," Mr. Young said. Mr. Arad was no exception.

Mr. Arad met with the jury at least three times, the first time talking with nervous rapidity and coming across as arrogant. After a subsequent presentation at Gracie Mansion, Mr. Arad was startled when the jurors broke into applause — all except Maya Lin, he said, who crinkled her nose. In the end, though, it was Ms. Lin who championed his design.

Yet the jurors challenged Mr. Arad on what they saw as the austerity of his memorial plaza. And, at that point, Mr. Arad said, "I tried to find a path between resistance and accommodation."

He agreed to join with an older, more experienced professional, a landscape architect named Peter Walker, in a partnership that grew disharmonious as officials came to prefer dealing with Mr. Walker.

Over time, the memorial concept came to be seen as the seed of an idea rather than as a design itself. Even before he was selected, Mr. Arad agreed to add a grove of trees and cultural buildings to his spare plaza.

In January 2004, Mr. Arad's selection was announced. For all those who admired his design's stark elegance, others found it bland, minimal and so abstract as to be meaningless.

Mr. Arad prepared to defend his design against further changes while development officials, based on initial impressions, worried that he would prove immature and uncompromising. It was the start of an uncomfortable relationship.

Mr. Johnson, the board member, was pleased that the jury had remained immune from political pressure. "That's the good news," he said. "The bad news is that Michael Arad won."

Mr. Libeskind struggled with his emotions as his master plan was altered by the winning memorial design. Initially, he fumed. Eventually, he shrugged.

"I would be throwing myself off an elevation," Mrs. Libeskind said. "But Daniel had the capacity to look at something and find the good in it, to find the way it respected this or that element of his concept."

Friends often suggested that Mr. Libeskind walk away, she said: "They'd come in and say, 'Haven't you had enough? First the Freedom Tower, now the memorial.' "

Mr. Libeskind's response: "In my opinion, people give up too easily."

His equanimity was put to the test one more time that very January when Mr. Calatrava conducted a private unveiling of the model for his PATH station. As designed, the terminal encroached on Mr. Libeskind's Wedge of Light plaza, whose outlines were defined, Mr. Libeskind said, by the angle of the sun's rays on Sept. 11.

Anxious Port Authority officials gathered with the architects on the first floor of Mr. Calatrava's Park Avenue town house, where sweeping white walls and blond wood floors serve as a minimalist backdrop for the Spanish architect's sculptures and watercolors.

"The tension was very high," Mr. Seymour said. "Then Santiago made the point that when the roof opened every Sept. 11, that would allow the wedge of light. Nina started to say something against it. But Daniel stopped her. He said, 'No. He's accented the Wedge of Light. I like it.' And then the wine was served."

A TOXIC BUILDING

By the end of 2003, the black-shrouded Deutsche Bank building at 130 Liberty Street seemed to be standing in the way of progress, which was elusive enough in this one step forward, one step backward reconstruction effort.

It was really just a bystander building on the periphery of ground zero, but it got sucked into the dysfunction all the same.

As a result of the collapse of the southern twin tower, the bank building suffered a 15-story gash, filling with toxic ash and debris. A long, bitter battle between Deutsche Bank and its insurers ensued. Two years passed, during which the master plan that was created counted on the building's property to expand the reconstruction site.

One day, two young executives of the development corporation were sitting in a diner bemoaning that the impasse between Deutsche Bank and its insurers seemed as insurmountable as conflicts of far greater proportion. What we need, Kevin M. Rampe and Matthew T. Higgins joked over lunch, is the kind of world-class mediator who gets dispatched to the Middle East or Northern Ireland.

Enter former Senator George J. Mitchell, his conflict resolution skills honed in Jerusalem and Belfast. And Mr. Mitchell indeed provided a speedy resolution, or so it seemed: the government would save the day, with the development corporation buying the toxic building and razing it.

It was a deal, Governor Pataki proclaimed in early 2004, that would "show the world that we are moving rapidly."

IV. COMING UNDONE

By early 2004, a master plan was in place, a memorial design had been chosen, a PATH station design had been unveiled, a Freedom Tower design had been negotiated and the Deutsche Bank building was in government hands. Everything finally seemed to be coming together. Then the unraveling began.

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Throughout 2004, more than 100 architects, engineers and consultants worked to take the conceptual design for the Freedom Tower through the design development process, level by level. But a dispute between the Port Authority and the Police Department ended up rendering most of their work a waste of time and money (an estimated $30 million).

The dispute, which did not become widely known until April 2005, had been simmering for more than a year before that.

Police officials said that they first voiced their concerns to development officials in late 2003 but were unable to obtain documents from the Port Authority or set up meetings with them.

In the spring of 2004, Raymond W. Kelly, the New York City police commissioner, told Mr. Silverstein that he was "deeply concerned about the Freedom Tower location and design from a terror standpoint," Mr. Silverstein said. He asked for a document called the threat assessment risk analysis. Mr. Silverstein gave it to him, the police said.

As then designed, the Freedom Tower met the security standards of a federal courthouse. Police officials did not think that level of security was high enough. But the Port Authority believed that "doing it at courthouse standards was going far enough," according to Mr. Seymour, then the Port Authority's executive director, and police officials did not suggest an alternative.

Further, port officials thought that the Police Department's discomfort was more fundamental, Mr. Seymour said: "The N.Y.P.D. was really not receptive, in my opinion, to the idea of building the Freedom Tower at all."

On July 4, Mr. Pataki laid the cornerstone for the building.

This irked the police.

On Aug. 31, 2004, Michael A. Sheehan, the police deputy commissioner for counterterrorism, wrote Mr. Seymour a letter expressing his discomfort with the Freedom Tower's "insufficient standoff distance" from West Street and about the use of glass on lower floors. These specific concerns, he wrote, had been voiced in previous meetings and ignored.

Mr. Sheehan did not get a response.

On Oct. 1, 2004, Mr. Sheehan wrote Mr. Seymour again. "Due to the history of Al Qaeda strikes at this location and the symbolic nature of the Freedom Tower itself, it seems clear that this building will become the prime terrorist target in New York City as soon as it is occupied."

Eighteen days later, Mr. Seymour wrote back. "I just received your Oct. 1 letter today, which was apparently misrouted within the Port Authority," he said. "We also have no record of receiving the Aug. 31 letter that was attached."

Still, for the next several months, the Freedom Tower's designers soldiered on.

"I do think that the port and Silverstein, to some extent, had their heads in the sand," said Mr. Doctoroff, the deputy mayor. "They didn't want to slow things down."

A HANDFUL OF M & M's

At the same time, during twice-weekly meetings, the Port Authority, the development corporation and city planners tried to hammer out commercial design guidelines.

The dense site is like a three-dimensional jigsaw puzzle whose interlocking parts made all the government entities co-dependent, like it or not. And, to their chagrin, Mr. Silverstein held a lot of the pieces.

The arduous process involved setting building heights, bulk and setback as well as the width of sidewalks and streets. Mr. Silverstein consistently wanted bigger floors and taller buildings, participants said, leading to such paralysis that Roland Betts stepped in to mediate. It took 12 weeks.

During one mediation session at Chelsea Piers, participants haggled over space allocations for the eastern boundary of the site. That boundary was 1,700 feet long, but it had 1,703 feet worth of things on it. Mr. Betts implored Mr. Silverstein to relinquish one foot of space per floor in each of three buildings. Mr. Silverstein held firm.

Finally, Mr. Betts grabbed a fistful of red, white and blue peanut M & M's from a bowl. He asked for a ruler and lined up the M & M's alongside it. "You can't tell me that you won't concede this amount of M & M's out of each building," he said to Mr. Silverstein.

Mr. Silverstein relented, Mr. Betts said.

There was considerably more at stake when Mr. Silverstein battled his insurers.

In May 2004, after a 52-day trial involving some of his many insurers, Mr. Silverstein lost his first effort to claim that the two planes represented two attacks and required double payments. At the end of 2004, however, after a separate 35-day trial, he won the right to collect double payments from another set of insurers. He had spent about $100 million paying lawyers to fight this particular fight, which critics said was an unconscionable siphoning of money that should have been used for rebuilding. But in his mind, that $100 million produced an additional $1.1 billion for rebuilding ground zero, which was worth it.

The insurers had portrayed Mr. Silverstein as — "What the hell phrase did they use?" Mr. Silverstein said. "Not greedy. Not overreaching. Begins with an 'r' " — rapacious in his scheme to recover as much insurance money as possible. But in an indication that his legal position was not that exotic, the Port Authority, after Mr. Silverstein won the second case, quietly filed its own lawsuit seeking a double payout on its own insurance policy.

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OBJECTIONS FROM THE POLICE

By April 2005, Mr. Silverstein had what amounted to a conditional building permit from the Port Authority. Yet, he said, he was uneasy about proceeding without the Police Department's blessing.

Complicating matters, the Freedom Tower had been designed with the expectation that West Street, a state highway, would be slimmed from six lanes to four for local traffic, with an express roadway depressed in a tunnel. The tunnel, according to some security experts, could have contained damage to the Freedom Tower from a car or truck bomb, reducing the need for standoff distance and bunker-like reinforcements.

If the tunnel idea were to be abandoned, however, that would pose a problem, which is where the future of the Freedom Tower intersected with the future of Goldman Sachs & Company, the investment banking firm.

One of Lower Manhattan's largest employers, Goldman Sachs had resisted political pressure to establish new headquarters in the Freedom Tower, announcing instead that it would build its own building across West Street from ground zero.

But Goldman, whose continued presence downtown was considered vital, did not favor the tunnel, which would have disgorged traffic at its front door. According to government officials and business leaders, Goldman was promised by the governor's office that the tunnel would be quashed. But, as the security concerns over the Freedom Tower became more pronounced, the tunnel, in various iterations, remained alive.

In early April 2005, Goldman Sachs announced that it was suspending plans to build its headquarters across from ground zero.

Less than two weeks later, the tunnel was killed. And, eventually, Goldman announced that it would revive its downtown headquarters, enticed by government incentives. The firm received $1.65 billion in Liberty Bonds, 20 percent of the $8 billion in low-cost, tax-free financing created by the federal government to help New York recover from Sept. 11.

According to a city official involved, it was "too good a deal, but then, the state wanted them to get twice as much."

After the Police Department finally produced a report suggesting that the Freedom Tower be built to the security standards of an American embassy, Mr. Pataki announced at a public breakfast that it would be redesigned. Mr. Silverstein, according to a rebuilding official, was "apoplectic."

"It was an unmitigated disaster," Mr. Silverstein said. "We had wasted two years, and, as I pointed out to the governor, inflation was starting to take hold in the construction trades and everything was going to be more costly."

Mr. Pataki announced that his chief of staff, John Cahill, would oversee the reconstruction effort and that James K. Kallstrom, a former assistant director of the F.B.I., would become the site's security czar.

Kevin M. Rampe resigned as president of the development corporation, the second leader in three years to step down. He said that his resignation had nothing to do with the state of crisis, that he had lined up a job as an insurance executive. But Mr. Rampe disagreed with the abandonment of the tunnel and the redesign of the Freedom Tower.

"The minute the governor made the decision to redesign the Freedom Tower," Mr. Rampe said, "people said, 'Hey, if you can redesign that, why not rethink everything else?' "

Mr. Childs went back to the drawing board, this time alone. By the end of June 2005, he had unveiled yet another version of the Freedom Tower, sitting atop a 200-foot-tall bunker of concrete and steel, its torso slimmer and straighter and crowned by a centered antenna. Mr. Childs declared it a much better building, and Governor Pataki wholeheartedly agreed. But the next controversy was already bubbling.

A MUSEUM IS DERAILED

Tom A. Bernstein, Mr. Betts's partner at Chelsea Piers, first broached the idea of a freedom museum with development officials in early 2002. The idea had been sparked by a casual conversation with Peter W. Kunhardt, a filmmaker who was producing a PBS series called "Freedom: A History of US."

"Peter and I started talking about how to frame the horror of 9/11 in a bigger story," Mr. Bernstein said. "We thought, what if we had an institution devoted to telling the story of the struggle for freedom here and around the world?"

In May 2003, Mr. Bernstein and his friend Kenneth I. Chenault, the chief executive of American Express and a backer of the concept, met with Governor Pataki. They found him receptive.

In June 2004, Mr. Pataki, Mr. Bloomberg and development officials announced the selection, from among more than 100 applicants, of the International Freedom Center and three other institutions — the Drawing Center, the Joyce Theater and the Signature Theater Company — as the cultural anchors for the World Trade Center site.

By that point, Mr. Bernstein and Mr. Kunhardt had invested considerable time into building what they saw primarily as an educational institution, recruiting advisers, conducting feasibility studies and developing the concept.

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With the Drawing Center's leaders, they selected an architect, Snohetta of Norway, which got a $3.25 million contract from the government. In May 2005, Governor Pataki and Mayor Bloomberg unveiled Snohetta's design, which the governor called "part of a lasting tribute to freedom."

A month later, the troubles began, and, like so much of the controversy at ground zero, it involved ad hominem attack. Mr. Bernstein, like Mr. Betts, is a friend of President Bush. But politically, he is a member of the city's liberal intelligentsia, son of the founder of Human Rights Watch and a leader himself of Human Rights First.

In June 2005, Debra Burlingame, a memorial foundation board member whose brother was a pilot of the plane that crashed at the Pentagon on Sept. 11, wrote an op-ed article in The Wall Street Journal calling the Freedom Center "a multimillion-dollar insult" that would offer a "slanted history lesson" without telling the story of Sept. 11. Ms. Burlingame pointed out that Mr. Bernstein's human rights organization had sued Defense Secretary Donald H. Rumsfeld on behalf of the administration's detainees in Afghanistan and Iraq.

"This is a freedom center that will not use the word 'patriot' the way our Founding Fathers did," Ms. Burlingame wrote.

Talk radio snapped up the dispute. At the end of June, Mr. Pataki issued a statement demanding a guarantee that the center would not become a forum for "denigrating America." In July, Mr. Bernstein made that pledge. But it was not enough. Mr. Pataki's advisers said that the freedom center did not "clarify its message" in a way that tamped down the mounting furor.

"The site was supposed to bring people together to heal the wounds of Sept. 11," said Mr. Cahill, the governor's chief of staff. "It was never envisioned as a place that would breed controversy."

Although the development corporation had undertaken a review of the Freedom Center's program, Governor Pataki cut it short and evicted the institution from the memorial quadrangle. The SoHo-based Drawing Center, which had also come under attack, had already pulled out, later accepting an apology in the form of a $10 million grant from the development corporation.

The development corporation board, including Mr. Whitehead, who usually chose to stay above the fray, expressed outrage at Mr. Pataki's intervention. Mr. Betts resigned.

"That was frankly the turning point for me and many others," Mr. Betts said. "We were running a process, and Pataki just blew it all away. He trashed the museum, he upstaged the L.M.D.C., he ceded to the victims, he let them portray Tom as a leftie nut and he made a parody of the process."

"Basically Pataki went like this," Mr. Betts said, wetting his finger in his mouth, and holding it up to the wind.

NAMES AND NUMBERS

Eliminating the Freedom Center did not eliminate controversy from the memorial complex, though. From the time that "Reflecting Absence" was selected in early 2004, the understated eloquence that the jury had admired did not satisfy the need that many families felt to dramatize Sept. 11.

"We did not like the mind-set that 9/11 is too dark and horrific of a story to tell so you need to be general and illustrate a concept, like loss, instead," said Anthony Gardner of the Coalition for 9/11 Families.

Christine Ferer, widow of the Port Authority director, took Mr. Arad "by the hand" to Hangar 17 to experience the power of the World Trade Center artifacts. His eyes welled with tears, she said. At the behest of the jury, he had already added an underground "interpretive center" to house some artifacts, although some family members, like Mr. Gardner and Ms. Ferer, wanted at least some at street level, too.

Even before his design was unveiled, some family advocates urged Mr. Arad to change the way that he had displayed the names of the dead. Mr. Arad had arranged them randomly, but — on what Mr. Bloomberg said was his suggestion — he had placed service insignia beside the names of uniformed emergency workers. Some family members believed that the insignia created an offensive hierarchy among the dead.

"I said to Arad and Rampe, 'Please don't do this,' " said Edith Lutnick of Cantor Fitzgerald. "I said, 'This will cause a tremendous amount of pain to a tremendous amount of people.' But they did it."

Ms. Lutnick then gathered leaders of family organizations and unions. It took more than a year, but eventually they hammered out a proposal for allowing victims to be listed in some kind of context — by tower or workplace name or fire battalion and so on. Civilians would be listed alphabetically, and uniformed workers by rank.

"What the families really want is some kind of affiliation, so they don't have to search for their loved ones anymore," she said.

But the development corporation persisted in supporting Mr. Arad's vision on this one issue, and Mr. Bloomberg, in particular, defended it as one decision that would not be unmade.

The underground interpretive center grew in size and importance, becoming a memorial museum. And Mr. Arad found himself further sidelined when the firm of Davis Brody Bond was brought on as associate architect for the memorial and then named design architect for the museum.

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Eventually, Mr. Arad was barely on speaking terms with any of his associates, although, Mr. Libeskind commented, the development corporation did not foster collegiality. "We were not even allowed to meet together with the others involved to converse and discuss," Mr. Libeskind said. "Do you believe that?"

Mrs. Libeskind added, "It was supposed to be divide, control and conquer. It turned out to be just divide."

After a while, some family members began identifying with Mr. Arad's beleaguered state. "I have a great respect for him," Ms. Iken said, "He's fighting the process like we're fighting the process."

Underlying all the tension was the elephant in the living room: the cost.

The mayor wanted to talk about the memorial's cost from the beginning, but others did not. "When we asked about the various proposals' costs at the behest of the mayor, we got criticism," Mr. Rampe, then president of the development corporation, said. "It was like, 'How can you put a cost on the memorial?' "

There was, at the time, deep-seated confidence in the fund-raising potential of a memorial. "People all over the country will want to contribute," Mr. Whitehead told the mayor.

In late 2004, the corporation spun off a foundation to raise money for the memorial and oversee its construction, which added another layer of bureaucracy and another assemblage of egos to a difficult decision-making process.

"When Whitehead started telling me that we needed a foundation to fund this, my response was, 'Why?' " Mr. Betts said. "Washington gave us tons of money. We're building parks with it. What is that all about? It's great to have the parks. But I mean, this money was about Sept. 11, wasn't it?"

The Lower Manhattan Development Corporation awarded $250 million of federal ground zero money to the memorial and $273.5 million to parks and waterfronts.

Rebuilding officials say that since the Vietnam Veterans Memorial opened in 1982, memorials have been financed privately. The Vietnam memorial, however, one whose scale the mayor often cited, cost $8.4 million. The World Trade Center memorial foundation's fund-raising goal was $300 million.

After trying unsuccessfully to recruit a chairman for the foundation, Mr. Whitehead decided to head it himself. In short order, he single-handedly raised $130 million from 15 companies and individuals, he said. But that left $170 million to be raised, and with all the chaos swirling around the memorial, it was not.

Until this year, though, nobody knew how much the memorial was going to cost. Estimates ranged from $300 million to $350 million during the design competition to $500 million when the memorial foundation was created to the outsized figure of almost $1 billion this spring.

That is when Mayor Bloomberg blew the whistle.

V. SORTING OUT THE FUTURE

Shortly before Election Day last fall, Mr. Bloomberg started using public pressure to force change in the commercial part of ground zero.

According to Mr. Doctoroff, the deputy mayor, Mr. Bloomberg did not have the political clout to assert himself more persuasively earlier, and needed to proceed deftly. "We were facing a $7 billion deficit and needed Albany and the governor's help," Mr. Doctoroff said.

Over time, however, the dynamic changed. By late 2005, the city was posting a record budget surplus, the mayor was celebrating his re-election by a 20 percentage-point margin and the governor was facing his final year in office.

The mayor's first push was to call publicly for Mr. Silverstein to relinquish control of the site.

This public pressure represented collaboration behind the scenes between City Hall and Mr. Coscia, the chairman of the Port Authority.

As Mr. Coscia describes it, the Port Authority had taken a seat on the sidelines while the public process played itself out. The agency did what it could by itself, he said, on its PATH stations. By last fall, however, once ground was broken on Mr. Calatrava's terminal, the Port Authority needed to collaborate more intimately with Mr. Silverstein on the infrastructure for the site and found itself "butting heads" with him on a daily basis.

Mr. Coscia invited the developer to his office to suggest a partial relinquishment of the site and the insurance proceeds so that the site could be developed more quickly.

"I stressed, 'Let's divide the work and do it faster,' " said Mr. Coscia, 46. "Larry, who's always been a gentleman to me, said, 'You're a very nice young man and you probably have good things in your future, but you're very naïve. Have a nice day.' "

"I didn't convince Larry," Mr. Coscia said. "But I did convince Doctoroff and City Hall."

When Mr. Silverstein applied for $3.35 billion in tax-exempt Liberty Bonds to help finance the Freedom Tower and his other buildings on the site, Mr. Bloomberg found a lever. The city and the state each control half those bonds, and the mayor said that he would not agree to the city's half unless Mr. Silverstein made certain concessions.

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Mr. Silverstein needed the Liberty Bonds because insurance proceeds, which amounted to about $4.6 billion, would not nearly cover the expected costs of the five towers.

Mr. Silverstein and the Port Authority together had spent more than $1.5 billion of the insurance money already, including more than $500 million for Mr. Silverstein's rent to the Port Authority; about $190 million for the Port Authority to buy out Westfield America's retail rights; and more than $700 million to repay Mr. Silverstein's lender, GMAC, and to repay Mr. Silverstein and his partners most of their equity.

In the middle of December, Governor Pataki declared that the state would grant Mr. Silverstein $1.67 billion in Liberty Bonds, the state's half of the financing he had requested. But he set a 90-day deadline for the developer and the Port Authority to work out a new understanding.

During that time, City Hall turned up the heat on Mr. Silverstein, pressing the idea that he would not have enough money to build five office towers at the site. The city disseminated a financial analysis concluding that Mr. Silverstein would be able to afford only two towers, at best, and could then pocket tens of millions of dollars while defaulting on the others. Mr. Silverstein disagreed with the analysis.

On March 14, the 90th day, the parties assembled at the Port Authority's headquarters near Union Square in Manhattan. (City officials were not present.) They negotiated all afternoon over how to re-divide the site, breaking at 6 p.m. with a pledge to reassemble after dinner.

According to Janno Lieber, Mr. Silverstein's World Trade Center project director, several substantial issues remained unresolved. He said that Mr. Silverstein, his executives and his lawyers spent the next several hours preparing a "counterdraft" of an agreement and working out differences with Mr. Silverstein's co-investors.

Then they returned, with Mr. Silverstein fueled by several cups of coffee in anticipation of a long night. From the perspective of infuriated government officials, however, Mr. Silverstein and his people had disappeared for hours.

"They came back raring to go not long enough before the midnight deadline, and my normal calm demeanor did not stay calm," Mr. Ringler said. "Quite honestly, this was an example of Larry waiting until the last minute to cut a deal, and probably viewing that he could extract more from us because we were under the gun. So I said, 'It's over.' And I may have uttered profanities."

According to several people present, what Mr. Ringler said was: "Get the hell out of here. This deal is dead. Pay your goddamn rent."

In Mr. Silverstein's eyes, the Port Authority had violated accepted "codes of conduct" by walking away from the negotiating table. He felt insulted by what followed: Mr. Pataki said that the developer had "betrayed the public trust." Mr. Gargano, the governor's senior adviser, called Mr. Silverstein "greedy."

"After I cooled down," Mr. Silverstein said, "I said to myself, 'It's a good thing I'm 74 going on 75.' Because if I were 20 years younger, I would have exploded and told them all to go fly a kite and we would have ended up in litigation and the truth of the matter is, that would have been wrong."

Indeed, the two sides were back at the negotiating table within a few days, and this time the negotiations included the city and the State of New Jersey. By the end of April, Mr. Pataki, Mr. Bloomberg and Gov. Jon S. Corzine of New Jersey presented Mr. Silverstein with two choices in a take-it-or-leave-it offer.

Mr. Silverstein turned down the first choice: $50 million in cash plus the Deutsche Bank property to walk away from the World Trade Center.

Under the offer that he ended up accepting, Mr. Silverstein would retain three towers and 6.2 million square feet of office space on Church Street, with promises of government leases and some $2.6 billion in Liberty Bonds. For a reduction in rent and an approximately $20 million developers' fee, he would cede control of the 2.6-million-square-foot Freedom Tower and the Deutsche Bank property, which might become a hotel and residential building, to the Port Authority. And he would promise to adhere to a strict construction schedule.

In order to take on the Freedom Tower, the Port Authority, although it can issue bonds itself, demanded some $700 million in Liberty Bonds, about a third of the remaining insurance proceeds and a guarantee of 1 million square feet in tenants, which Mr. Pataki promised to secure from government agencies. The Port Authority does not plan to move its own offices into the 1,776-foot building but rather into one of Mr. Silverstein's shorter towers on Church Street.

As part of the deal, the Port Authority made a pledge to set aside $100 million for the memorial. That will go toward infrastructure costs that many thought to be the Port's responsibility all along — including Mr. Coscia, who said that he was a "chorus of one on that issue until I got Corzine on board and he said that he wouldn't allow his commissioners to vote in favor of the agreement unless that was in there." (The Port Authority later agreed to pay for an additional $50 million in infrastructure costs.)

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On April 27, with the specifics of the deal still to be negotiated, Mr. Pataki, Mr. Bloomberg and Mr. Silverstein gathered at ground zero to proclaim the start of construction on the Freedom Tower. And then Mr. Pataki, who is contemplating a presidential bid, left for a two-day trip to New Hampshire.

THE MEMORIAL UNDER ATTACK

Two years after the development corporation took over the Deutsche Bank building, it still loomed over ground zero, as if defying the site to be redeveloped. Its demolition had not proved straightforward at all; the building had been highly contaminated, and, making matters worse, more than 750 human bone fragments were discovered on its roof and in its air vents.

Reluctantly and sometimes resentfully, development officials confronted horrified families, anxious community residents and zealous environmental regulators. The project's anticipated cost rose to $207 million, and delay followed delay while some family advocates took to the streets.

One week, they called for an elite military unit that specializes in the identification of human remains to be enlisted in the Deutsche Bank project. The next week, they held vigils to protest the underground components of the memorial.

The two issues converged briefly on the battlefield of muddy emotions. And tensions over the memorial, which by then was under attack from families, preservationists, politicians, security experts and Mr. Arad himself, finally boiled over.

At City Hall in late March, Councilman Alan Jay Gerson conducted a hearing on the redevelopment of Lower Manhattan, which, Mr. Gerson said, the development corporation would not allow Mr. Arad to attend.

"What do the families want?" Ms. Regenhard said at the hearing, in a short speech that touched all the hot buttons: the perceived elitism and secretiveness of the process, safety and security, cost. "We want a memorial that's above the ground. We want the names above the ground. We want a safe and secure memorial that's built under the legal jurisdiction of the New York City building and fire codes. We don't want this convoluted multimillion- and billion-dollar, really meshuggeneh idea, O.K.?"

In a play on Mr. Arad's name for his design, Ms. Iken protested that the memorial did not reflect absence but an absence of leadership. Mr. Gerson pressed development officials on the names issue. Preservationists complained that tanks, pumps and other mechanical support for the memorial would desecrate the footprints of the towers.

The language was fierce. Referring to a proposed underground family room, Robert J. Kornfeld Jr., an architect representing the Historic Districts Council, described a windowless space wedged between a train track, water tanks and a medical examiner's office. "I can't imagine why anyone would ever go there other than to shoot themselves," he said.

Into this volatile climate, a leaked letter written by Mr. Kallstrom, Mr. Pataki's counterterrorism adviser, landed like a torpedo. In it, Mr. Kallstrom expressed concerns that the memorial would be vulnerable to attack.

In May, a cost analysis overseen by Mr. Betts produced a staggering estimate of $972 million, of which $672 million represented the memorial and memorial museum and the rest infrastructure costs.

Mr. Bloomberg drew a line in the sand. He called for a $500 million cap on spending for the memorial, speaking, he said, on behalf of Governor Pataki and Governor Corzine, too.

In May, Mr. Whitehead, after almost five years, stepped down as chairman of the development corporation and Ms. Dykstra resigned after only a year as president of the memorial foundation.

Weary of the turmoil and with the fifth anniversary of the attack approaching, political leaders wanted to resolve the problems with the memorial just as they had restructured the commercial portion of the site. Frank J. Sciame, a builder who had lost a bid to construct the memorial, was given the task of streamlining the memorial in a way that would cut costs and appease family critics both.

His final cost estimate for the memorial, which called for the elimination of six of eight underground galleries, came out to about $740 million: $510 million for the memorial and the memorial museum, $80 million for a visitors' center and the rest for infrastructure. But that figure is already being revised upward.

Hours before that resolution was made public in late June, Mr. Sciame, Mr. Cahill and Mr. Rampe met with Mr. Arad and asked him if he would publicly challenge the decision to eliminate the underground galleries that he considered a fundamental part of his concept. Happily for them, Mr. Arad had already resigned himself to what was coming, having decided that going public with his discontent "would satisfy nothing but my own feelings."

'MAYBE SAD IS A BETTER WORD'

In his spacious office high above Midtown, Mr. Whitehead sat surrounded by a careerlong arsenal of photographs of himself with world leaders. And then there was the framed picture of Brad Pitt.

Inside a bag over Mr. Pitt's shoulder was a flash of blue, the back cover of Mr. Whitehead's autobiography, "A Life in Leadership, From D-Day to Ground Zero." Mr. Pitt, it seems, borrowed the book from his girlfriend, Angelina Jolie, whom Mr. Whitehead got to know during the filming of "The Good Shepherd,'' a movie in which "my friend Bobby De Niro" gave him a small role as a priest.

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Robert De Niro himself has played a role in the making of the Sept. 11 memorial as a board member on the memorial foundation. His Tribeca Film Festival benefited from a $3 million grant from the development corporation, and he and partners received $38.9 million in Liberty Bonds to finance a luxury hotel downtown.

After Mr. Whitehead stepped down as chairman of the development corporation last spring, a colleague mentioned that he felt despondent. Asked if this were accurate, Mr. Whitehead said, "Yes. I felt responsible. Here I had this job, which gave me responsibility for rebuilding, and I couldn't complete it. Now, despondent is sort of a medical problem. Maybe sad is a better word. I felt sad that a lot of things had gone wrong and I hadn't been able to set them right."

After Mr. Whitehead's resignation, Eliot Spitzer, who is running to succeed the governor, publicly declared the development corporation a failure.

At the end of July, the development corporation announced that it was shutting down. It had, it said, completed its mission. Mr. Spitzer called that declaration "one of the great Orwellian moments of the decade."

After the corporation's announcement, Mr. Whitehead sent this reporter an e-mail message, saying that, upon reflection, he realized how much it really had accomplished, from conducting more than 200 public hearings to producing a master plan that, he said, "has endured.''

For rebuilding officials, progress is the message of this fifth anniversary.

Mr. Pataki said that the vicissitudes of this difficult process would be forgotten with time. One day, he said, the site will be magnificent. "History will write that story, maybe not on Sept. 11, 2006," he said.

But there are a lot of hurdles to clear between now and history.

The future of the memorial probably demands some resolution of the names issue. In the recent redesign, the names of the dead were raised to street level, which greatly placated the families. But because the names were left in random order, Ms. Lutnick says that major family groups will not endorse the memorial as is, and that no fund-raising drive is likely to succeed without their support.

The future of a performing arts center at ground zero, for which the development corporation hired Frank Gehry as architect, remains unclear, with only $50 million set aside for its creation.

Even the future of the Freedom Tower, which many downtown business people consider a potential white elephant, is still uncertain. If the governor does not secure the promised 1 million square feet in government leases at market rates, the tower's construction could be suspended after it is brought up to street level, according to Mr. Coscia, chairman of the Port Authority.

"I'm not a fan of the Freedom Tower if it could financially impair the port," Mr. Coscia said.

Only the PATH station and Mr. Silverstein's three office towers seem securely on track, signaling that at the end of the day, real control of the site has returned to its technical owners, the Port Authority and Mr. Silverstein.

The Port Authority, which sought to divest itself of responsibility for the World Trade Center five years ago, will end up fully immersed in a site two acres bigger than the original. In addition to building the train station, it will now construct the memorial and two of the five towers.

All summer, facing the deadline of a Sept. 21 board meeting, the Port Authority and Mr. Silverstein have been embrangled in difficult negotiations to finalize their April agreement. While Mr. Pataki pressed them to conclude by Sept. 11, it proved impossible.

On Thursday, it fell to Mr. Silverstein, who said the five-year planning process "should have made me a manic-depressive by now,'' to deliver news of progress in time for today's anniversary.

With the governor by his side, Mr. Silverstein unveiled the designs of Towers 2, 3 and 4 by three renowned architects of his generation -- Fumihiko Maki, 78, of Tokyo, and Richard Rogers, 73, and Norman Foster, 71, of London.

For the first time, there was a complete image of ground zero reborn. Monumental and densely packed, it did not overtly resemble Mr. Libeskind's ascending spiral of glass structures. And, with one glance, it raised the lingering issue of whether Lower Manhattan will be able to absorb 8.8 million square feet of new office space.

But it looked tangible, like something that could actually take shape.

Mr. Libeskind says he retains faith that the new World Trade Center will be "memorable'' because of the combined talents — "It's not some schlock architects'' — joined together under the umbrella of his master plan.

Yet he worries that the city's passion for the project has dissipated, that the urgency and idealism have faded.

"For many, Sept. 11 has become very abstract,'' he said. "People forget already what this was all about. They think it's about pretty facades and square-footage prices. They don't remember anymore that it's about people who perished, it's about America, it's about some pretty big ideas."

First Tribute (WSJ)

The Wall Street Journal, September 11, 2006

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The tributes yesterday and today to the victims and the heroes of 9/11 are necessary reminders of that day. At the former World Trade Center site in New York, however, it's also impossible not to notice that five years later it remains a hole in the ground.

The Pentagon was rebuilt long ago, and the site north of the hole, where 7 WTC fell, has also been rebuilt by private developer Larry Silverstein. Just south of the pit, a bronze bas-relief memorial to the 343 firemen who died that day was recently unveiled. It was paid for by private donors organized by the law firm of Holland & Knight, one of whose partners was a volunteer firefighter who died on September 11.

These efforts contrast with the failure of New York's political class to build anything on the main site itself. Yes, the restraining wall against the Hudson River has been reinforced, and public transit hubs have been reconstructed. But the hole on the site itself is embarrassing testimony to dysfunctional New York politics. There is plenty of blame to go around -- from the Port Authority to timid and squabbling politicians, to legal fights over insurance money, to vainglorious architects, to the special interests that have tried to attach their own hobby horses to the site. Construction may finally begin soon on the large official memorial, with a goal of opening by September 11, 2009.

On 9/11's first anniversary, we argued that the best tribute to the dead would be a modest memorial along with a robust effort to revive the trade and commerce whose symbol the terrorists had targeted. The latter has been happening, as Julia Vitullo-Martin argues nearby, and at least the firefighters now have their dignified and deserved tribute.

WAR NEWS:

Cheney Reasserts Iraq/al-Qaeda Links (FT)

By Demetri Sevastopulo

Financial Times, September 11, 2006

US Vice-President Dick Cheney repeated assertions on Sunday on links between the former Iraqi regime of Saddam Hussein and al-Qaeda despite a recent Senate intelligence committee report that concluded otherwise.

In defending the decision to invade Iraq despite its lack of weapons of mass destruction, Mr Cheney said the fact that Abu Musab al-Zarqawi, the former head of al-Qaeda in Iraq who was killed in a US air strike this year, was in Baghdad before the war was evidence that Iraq had links to al-Qaeda.

But a Senate intelligence committee report on prewar Iraq intelligence released on Friday concluded that there was no evidence that Mr Hussein's Ba'athist regime had either harboured or turned a blind eye to Mr Zarqawi.

In an hour-long interview on NBC television, Mr Cheney argued that the invas-ion of Iraq had imp-roved the country. While recognising the increase in sectarian violence, he said Iraq was better off without Mr Hussein. "If we weren't there . . . the situation would be far worse than it is today," Mr Cheney said.

He acknowledged that the US intelligence on Iraq had been poor but he appeared to put the blame on the Central Intelligence Agency, saying George Tenet, the former director of the spy agency, had told President George W. Bush that the case that Mr Hussein had weapons of mass destruction was a "slam dunk".

But he said the lack of weapons of mass destruction would not have changed the decision to invade Iraq.

"If we had to do [it] over again, we would do exactly the same thing," Mr Cheney said. He also defended the use of controversial methods – including the domestic spying programme and US detention policies – in the "war on terror", saying they had helped stop further attacks on the US. "There has not been another attack on the US," he said. "That is not an accident."

Congress is considering legislation to authorise the National Security Agency's warrantless eavesdropping programme. In the wake of a June Supreme Court ruling that the military commissions created to try prisoners at Guantánamo Bay were illegal, the White House and Congress are working towards approving a revamped military tribunal.

Republicans are becoming concerned that Democrats could gain control of one, or both, houses of Congress in November elections. With decreasing support for the Iraq war, which has resulted in the deaths of 2,662 US soldiers and tens of thousands of Iraqis, the administration is trying to argue that success in Iraq is key to winning the "war on terror".

Mr Cheney, who said last year the insurgency was in its "last throes", acknowledged on Sunday that "we did not anticipate an insurgency that would last this long". But he said the US was "well on the way" to success, meaning viable government, a country that was not a safe haven for terrorists, and the elimination of al-Qaeda.

Cheney Returns To A 9/11 Forum For Latest Iraq Defense (NYT)

By David E. Sanger

The New York Times, September 11, 2006

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WASHINGTON, Sept. 10 — Vice President Dick Cheney on Sunday backed away from his insistence last year that the insurgency in Iraq was in its "last throes,'' but in a contentious television interview he said that even if he had known in 2003 that his claims that Iraq had weapons of mass destruction were mistaken, "we'd do exactly the same thing.''

Mr. Cheney's appearance on "Meet the Press'' on NBC was part of the administration's drive before the fifth anniversary of the Sept. 11 terrorist attacks to change the minds of Americans who tell pollsters that they now believe the invasion of Iraq was a misguided diversion in the battle against terrorism.

By the end of the interview he appeared to be preparing the ground for arguments that the country would be far less safe if Republicans lost control of one or both houses of Congress in the November elections.

Mr. Cheney, who is rarely challenged in public, was returning to a forum he used just after the terrorist attacks and just before the Iraq war.

He sounded uncharacteristically defensive at moments, particularly as he tried to explain statements he had made over the past five years about Saddam Hussein's weapons capabilities and ties to Al Qaeda.

After watching videotape of himself declaring in May 2005 that the level of military conflict in Iraq "will clearly decline'' and his now-famous characterization of the insurgents, Mr. Cheney told the program's host, Tim Russert: "I think there's no question, Tim, that the insurgency has gone on longer and been more difficult than I anticipated. I'll be the first to admit that.''

But he defended the invasion of Iraq as being in America's long-term strategic interests. Arguing that "the world is much better off today" with Mr. Hussein in jail, Mr. Cheney said: "Think where we'd be if he was still there. He'd be sitting on top of a big pile of cash, because he'd have $65- and $70-oil. He would by now have taken down the sanctions" imposed by the United Nations. "He would be a major state sponsor of terror. We also would have a situation where he would have resumed his W.M.D. programs."

He also argued that in a decade's time, "2005 will have been the turning point'' in giving Iraqis responsibility for running their country.

Mr. Cheney also struggled to explain his statements, three days before the war began in 2003, that American forces "will, in fact, be greeted as liberators'' and that the war was unlikely to become long or costly.

Asked if — more than 2,500 American deaths and 20,000 casualties later — his statement had been "overly rosy,'' Mr. Cheney responded that he had been correct that the battle to depose Mr. Hussein "was over in a relatively short period of time.'' But he conceded that "the insurgency has been long and costly and bloody, no question.''

He did not answer questions about why the administration had not made adequate contingency plans for the rise of Sunni insurgents or for the outbreak of sectarian war, questions that President Bush has also sidestepped in interviews dating to the 2004 election campaign.

Mr. Cheney appeared to blame the former director of central intelligence, George J. Tenet, for much of the misleading intelligence leading up to the war. But Mr. Cheney did not explain why he had been so dismissive of contrary evidence provided by the International Atomic Energy Agency, whose inspectors re-entered Iraq in 2002, shortly after he had argued that their return would be counterproductive because they would be misled by Mr. Hussein.

Asked on Sunday if the director general of the agency, Mohammed el-Baradei, had been "right about Iraq,'' Mr. Cheney said: "I haven't looked at it. I have to go back and look at it again.''

Mr. Cheney's view of the atomic agency's reliability appears to have changed, however. Asked how, after the failures surrounding Iraq, he could defend the intelligence suggesting that Iran is seeking a nuclear weapon, he noted that the agency's inspectors were in the country, and he called the agency "an international body that, I think, most people wouldn't question.''

Mr. Cheney would not speculate on whether the administration would turn to military force if diplomacy with Iran failed. And he did not directly respond to Mr. Russert's contention that North Korea had built up its nuclear capabilities while the United States focused on Iraq.

Mr. Cheney also declined to be led into a discussion of what he intended in 2003 when he wrote a note to I. Lewis Libby Jr., then his chief of staff, on the margin of a copy of an Op-Ed article in The New York Times written by Joseph C. Wilson IV. In the article, Mr. Wilson accused the administration of manufacturing reports that Mr. Hussein had sought uranium in Africa.

The note, in Mr. Cheney's hand, read "or did his wife send him on a junket?''

Mr. Cheney would not say if he had asked Mr. Libby to talk to reporters about Mr. Wilson or his wife, Valerie, then a C.I.A. officer, whose exposure became the focus of a long investigation. Last week, Richard L. Armitage, the former deputy secretary of state and no ally of Mr. Cheney's, said he had been the inadvertent source of the leak of Ms. Wilson's name.

"I've said all I'm going to say on the subject, Tim,'' Mr. Cheney repeated three times, explaining he could be called as a witness in the perjury case against Mr. Libby, which resulted from the inquiry.

Mr. Cheney was also asked about an article in The Times on Sunday citing reports from his associates that his influence in the administration had weakened.

Saying he had not “read the story in any great detail,’’ Mr. Cheney, who had declined to be interviewed for the article, said, “It looks like one of those thumbsuckers that’s done periodically,” adding, “It’s probably as valid as the ones that were done saying I was in charge of everything.’’

On a less political topic, he said he would hunt again, despite the accident this year in which he shot a good friend.

“Should I be relieved you didn’t bring your shotgun today?’’ Mr. Russert asked with a smile.

“I wouldn’t worry about it,’’ Mr. Cheney responded. “You’re not in season.’’

Cheney Says Iraq War Was The Right Call Even Without WMDs (MCT)

By Steven Thomma

McClatchy Newspapers, September 11, 2006

WASHINGTON - Vice President Dick Cheney said Sunday he was wrong to predict a quicker end to fighting in Iraq, but added that the Bush administration would invade again - even knowing that Iraq had no weapons of mass destruction, the administration's primary rationale for war.

"It was the right thing to do and if we had it to do over again, we'd do exactly the same thing," he said during a nearly hour-long appearance on NBC's "Meet the Press" program.

Cheney defended not only the war in Iraq but the war in Afghanistan, the detention and interrogation of suspected terrorists, the search for Osama bin Laden, and progress building up U.S. defenses against terrorist attack.

"I think we've done a pretty good job of securing the nation against terrorists," he said, adding that it is "no accident" that there has not been a terrorist attack in the country since Sept. 11, 2001.

On the Iraq war, he noted that it was former CIA director George Tenet who assured President Bush that Saddam Hussein still had weapons.

"Clearly, the intelligence that said he did was wrong," Cheney said, without elaborating on his own role or the White House decision to later honor Tenet with the Medal of Freedom.

Still, he said invasion was warranted even without the stockpiled weapons because Saddam was already working around sanctions and eventually would have defeated them outright and rebuilt his weapons programs.

Several times during the interview, Cheney was confronted with videotapes of his own assertions about the war that have since been proved to be false.

Among them:

-His prediction that U.S. forces would be greeted by the Iraqi people as liberators. "We were," he said Sunday. "What obviously has developed after that, the insurgency, has been long and costly and bloody, no question."

-His claim in 2005 that Iraqi insurgents were in their "last throes." "There's no question that the insurgency has gone on longer and been more difficult," he said Sunday.

-His statement that Sept. 11 terrorist Mohammad Atta met with Iraqi forces, suggesting an Iraqi link to the attacks on the United States. "We've never been able to confirm any connection," he said, adding that it was the CIA that suggested an Iraq-Sept. 11 connection and that the CIA did not back off that suggestion until after Cheney spoke publicly.

Former intelligence officials have repeatedly challenged the idea that the CIA was promoting links between Iraq and Atta or wider connections between Iraq and al-Qaida.

Former White House terrorism official Richard Clarke said he was pressured by Cheney's former top aide, Lewis "Scooter" Libby, to accept as fact the Atta-Iraqi connection. And a former senior U.S. intelligence official, who spoke on condition of anonymity because of his continued involvement in sensitive issues, said administration officials have promoted the idea that the CIA "led them to this cliff that they jumped off. And the contrary is actually the truth."

On Afghanistan, Cheney insisted that progress is being made despite a resurgence of violence by the Taliban regime.

He also said the United States remains committed to capturing or killing bin Laden.

Confronted with polls showing majority sentiment solidly against the war or the Bush administration's rationale, Cheney conceded that Americans "obviously are frustrated."

But he said debating how or whether to withdraw from Iraq or Afghanistan plays into a terrorist strategy that hopes to test American resolve.

"They can't beat us in a stand-up fight, they never have, but they're absolutely convinced they can break our will," he said.

Cheney said U.S. allies in Afghanistan, Iraq and Pakistan have doubts about U.S. resolve, and fear they could be left prematurely to face terrorists alone.

"Suggestions, for example, that we should withdraw U.S. forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists," Cheney said.

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Situation Called Dire In West Iraq (WP)

By Thomas E. Ricks

The Washington Post, September 11, 2006

The chief of intelligence for the Marine Corps in Iraq recently filed an unusual secret report concluding that the prospects for securing that country's western Anbar province are dim and that there is almost nothing the U.S. military can do to improve the political and social situation there, said several military officers and intelligence officials familiar with its contents.

The officials described Col. Pete Devlin's classified assessment of the dire state of Anbar as the first time that a senior U.S. military officer has filed so negative a report from Iraq.

One Army officer summarized it as arguing that in Anbar province, "We haven't been defeated militarily but we have been defeated politically -- and that's where wars are won and lost."

The "very pessimistic" statement, as one Marine officer called it, was dated Aug. 16 and sent to Washington shortly after that, and has been discussed across the Pentagon and elsewhere in national security circles. "I don't know if it is a shock wave, but it's made people uncomfortable," said a Defense Department official who has read the report. Like others interviewed about the report, he spoke on the condition that he not be identified by name because of the document's sensitivity.

Devlin reports that there are no functioning Iraqi government institutions in Anbar, leaving a vacuum that has been filled by the insurgent group al-Qaeda in Iraq, which has become the province's most significant political force, said the Army officer, who has read the report. Another person familiar with the report said it describes Anbar as beyond repair; a third said it concludes that the United States has lost in Anbar.

Devlin offers a series of reasons for the situation, including a lack of U.S. and Iraqi troops, a problem that has dogged commanders since the fall of Baghdad more than three years ago, said people who have read it. These people said he reported that not only are military operations facing a stalemate, unable to extend and sustain security beyond the perimeters of their bases, but also local governments in the province have collapsed and the weak central government has almost no presence.

Those conclusions are striking because, even after four years of fighting an unexpectedly difficult war in Iraq, the U.S. military has tended to maintain an optimistic view: that its mission is difficult, but that progress is being made. Although CIA station chiefs in Baghdad have filed negative classified reports over the past several years, military intelligence officials have consistently been more positive, both in public statements and in internal reports.

Devlin, as part of the 1st Marine Expeditionary Force (Forward) headquarters in Iraq, has been stationed there since February, so his report isn't being dismissed as the stunned assessment of a newly arrived officer. In addition, he has the reputation of being one of the Marine Corps' best intelligence officers, with a tendency to be careful and straightforward, said another Marine intelligence officer. Hence, the report is being taken seriously as it is examined inside the military establishment and also by some CIA officials.

Not everyone interviewed about the report agrees with its glum findings. The Defense Department official, who worked in Iraq earlier this year, said his sense is that Anbar province is going to be troubled as long as U.S. troops are in Iraq. "Lawlessness is a way of life there," he said. As for the report, he said, "It's one conclusion about one area. The conclusion on al Anbar doesn't translate into a perspective on the entire country."

No one interviewed would quote from the report, citing its classification, and The Washington Post was not shown a copy of it. But over the past three weeks, Devlin's paper has been widely disseminated in military and intelligence circles. It is provoking intense debate over the key finding that in Anbar, the U.S. effort to clear and hold major cities and the upper Euphrates valley has failed.

The report comes at an awkward time politically, just as a midterm election campaign gets underway that promises to be in part a referendum on the Bush administration's handling of the Iraq war. It also follows by just a few weeks the testimony of Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, who told the Senate Armed Services Committee early last month that "it is possible that Iraq could move toward civil war."

"It's hard to be optimistic right now," said one Army general who has served in Iraq. "There's a sort of critical mass of tough news," he said, with intensifying violence from the insurgency and between Sunnis and Shiites, a lack of effective Iraqi government and a growing concern that Iraq may be falling apart.

"In the analytical world, there is a real pall of gloom descending," said Jeffrey White, a former analyst of Middle Eastern militaries for the Defense Intelligence Agency, who also had been told about the pessimistic Marine report.

Devlin, who is in Iraq, could not be reached to comment. Col. Jerry Renne, a spokesman for the U.S. Central Command, said Saturday that "as a matter of policy, we don't comment on classified documents."

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Anbar is a key province; it encompasses Ramadi and Fallujah, which with Baghdad pose the greatest challenge U.S. forces have faced in Iraq. It accounts for 30 percent of Iraq's land mass, encompassing the vast area from the capital to the borders of Syria and Jordan, including much of the area that has come to be known as the Sunni Triangle.

The insurgency arguably began there with fighting in Fallujah not long after U.S. troops arrived in April 2003, and fighting has since continued. Thirty-three U.S. military personnel died there in August -- 17 from the Marines, 13 from the Army and three from the Navy.

A second general who has read the report warned that he thought it was accurate as far as it went, but agreed with the defense official that Devlin's "dismal" view may not have much applicability elsewhere in Iraq. The problems facing Anbar are peculiar to that region, he and others argued.

But an Army officer in Iraq familiar with the report said he considers it accurate. "It is best characterized as 'realistic,' " he said.

"From what I understand, it is very candid, very unvarnished," said retired Marine Col. G. I. Wilson. "It says the emperor has no clothes."

One view of the report offered by some Marine officers is that it is a cry for help from an area where fighting remains intense, yet which recently has been neglected by top commanders and Bush administration officials as they focus on bringing a sense of security to Baghdad. An Army unit of Stryker light armored vehicles that had been slated to replace another unit in Anbar was sent to reinforce operations in Baghdad, leaving commanders in the west scrambling to move around other troops to fill the gap.

Devlin's report is a work of intelligence analysis, not of policy prescription, so it does not try to suggest what, if anything, can be done to fix the situation. It is not clear what the implications would be for U.S. forces if Devlin's view is embraced by top commanders elsewhere in Iraq. U.S. officials are wary of simply abandoning the Sunni parts of Iraq, for fear that they could become havens for al-Qaeda and other terrorist groups.

One possible solution would be to try to turn over the province to Iraqi forces, but that could increase the risk of a full-blown civil war. Shiite-dominated forces might begin slaughtering Sunnis, while Sunni-dominated units might simply begin acting independently of the central government.

Sadr, A Question Mark Etched In Black (WP)

By Sudarsan Raghavan And Ellen Knickmeyer

The Washington Post, September 11, 2006

NAJAF, Iraq -- A mother's sad wail pierced the stillness of the Cemetery of the Martyrs, where green and black resistance flags fluttered over the graves of hundreds of Shiite Muslim militiamen. Kneeling on the hot, chalk-like dirt, Abbas Sabah, 17, didn't stir. His mind was focused on his brother Anwar, 29, killed in a clash with U.S. troops, like many of the dead here. He poured water on Anwar's gravestone and gently wiped it clean.

"We want vengeance," said Sabah, who was dressed in the black uniform of the Mahdi Army, the militia of anti-U.S. cleric Moqtada al-Sadr. "I want to fight or die for the cause."

In another neighborhood, Mustafa Yaqoubi, a top Sadr deputy who also lost a brother in a battle with U.S. soldiers, was waging a different kind of war.

"We have entered a political game," said Yaqoubi, who wore a black turban signifying his descent from the prophet Muhammad. "We entered this government to use it as a weapon to make pressure on the occupiers."

Sabah and Yaqoubi embody the dilemma Sadr poses for the Bush administration and Iraq's fragile government. Though Sadr and his followers hold more seats in Iraq's parliament than any other faction, their attitude toward the U.S.-led occupation remains belligerent. They participate in government, but they remain outsiders, keenly aware that their authority is derived from their independence and their opposition to the occupation.

The ongoing evolution of Sadr from populist cleric to guerrilla leader to political kingmaker is emerging as a core challenge to U.S. visions of stability in Iraq. He's a question mark that many analysts say needs to be dealt with immediately and delicately.

"Sadr is a work in progress," said Phebe Marr, a leading expert on Iraqi politics. "He is volatile, an opportunist and dangerous. But he is also popular and has grass-roots support among an important slice of the population. He and his movement need to be dealt with carefully and skillfully before he can take permanent root.

"He is too powerful now to take him on frontally."

Senior U.S. military officials are starting to share this view. Once dismissed by Bush administration officials and U.S. generals as irrelevant to Iraq's future, Sadr is increasingly seen as a man who has the power to either implode Iraq or keep it together, even as his militia continues to defy the authority of the Iraqi government and its U.S. backers. As sectarian violence

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ravages Baghdad and other parts of the country, Sunni Muslims accuse Sadr's Mahdi Army of operating death squads under the mantle of Islam.

"There's not a military solution in my view to Moqtada al-Sadr," a senior coalition official said, speaking on condition of anonymity. "We may be a bit uncomfortable with his position as a legitimate political figure, but he is a legitimate player."

It's a remarkable shift for two enemies whose forces are the most powerful in Iraq and fought some of the deadliest battles since the 2003 U.S.-led invasion. But in the fourth year of the occupation, the nature of the Iraqi resistance has changed as politics, religion and war have melded. The guerrilla fighters now control key ministries and derive legitimacy as much from the polls as they do from the battlefield.

Publicly, U.S. officials have declared the Mahdi Army and other militias the biggest threat to Iraq's stability. Privately, their views are now more nuanced.

"We've got to be careful that we don't demonize Jaish al-Mahdi, because look at the polls," the senior coalition official said, using the Arabic name for the Mahdi Army. "Moqtada al-Sadr himself is an enormously popular figure. Why? Because he's thumbing his nose at the coalition. So we do have to be careful that we don't demonize him."

Today, Sadr controls 30 seats in the Iraqi parliament and four ministries. All of Sadr's portfolios revolve around providing key services, such as health and transportation. They give him the ability to funnel resources to supportive constituents and boost his popular base. During the protracted negotiations over who would become prime minister after elections in January, Sadr reluctantly supported Nouri al-Maliki, also a Shiite, to head the government.

"Sadr presents a complex problem," said Vali Nasr, an expert on political Islam with the Council on Foreign Relations. "It is difficult dealing with him politically and militarily without undermining Maliki's government that relies on him."

That predicament was underscored last month when Iraqi soldiers and American military advisers raided Sadr City, the vast slum that is Sadr's Baghdad stronghold, and engaged in a two-hour gun battle. Maliki went on local television the next day to denounce the operation as hindering efforts at national reconciliation, promising Iraqis, "This won't happen again."

The U.S. military, too, has shied away from publicly declaring Sadr and his Mahdi Army a threat to Iraq's stability. But American diplomats have identified Sadr as a threat to the country and have made no overtures to him. In March, U.S. Ambassador Zalmay Khalilzad said in an interview that the United States has had no face-to-face dealings with the cleric.

But Ali al-Dabbagh, an Iraqi government spokesman, said the Bush administration and the U.S. military need to engage Sadr and treat him as a political leader at a time when many Iraqis fear a civil war is on the horizon.

"They have not done anything, taken any steps in this direction," Dabbagh said. "They should do their best to have a dialogue with Moqtada. It's not a wise step to exclude Moqtada. It could mean a push in the other direction.

"Nobody should ignore Moqtada."Switching Strategies

Seated on a chocolate-brown sofa, Yaqoubi, Sadr's aide, spoke with a confidence born of the power his movement now wields. When asked why he thought U.S. officials were not publicly attacking Sadr, Yaqoubi replied with a smile, "They are trying not to inflame the situation."

Soft-voiced, with a thick, neatly kept black beard, Yaqoubi acknowledges that guerrilla warfare has not been effective in ending the U.S. occupation. Now, Sadr and his followers have switched strategies and are focusing on the political arena, in the belief that domestic pressure in the United States will inevitably force U.S. troops to leave Iraq.

"Everyone thought the Sadrists cared only about fighting, like the Taliban," Yaqoubi said. "We'd like to prove that we have the ability to take part in the political process."

The Sadrists refuse to deal with U.S. officials. Yaqoubi expressed some bitterness over the lack of U.S. support for a Shiite uprising after the 1991 Persian Gulf War that Saddam Hussein brutally suppressed.

Asked whether Khalilzad has ever spoken with Sadr, Yaqoubi replied: "He doesn't need to make the effort. He needs not to be an occupier. If he's not an occupier, we can talk to him."

He added that Sadr had turned down diplomatic overtures made by U.S. officials through the United Nations and other third parties.

At the same time, the Sadrists are concerned about the impact the Mahdi Army's reprisal killings and clashes with Iraqi soldiers are having on their image and on their ability to be taken seriously on the political stage. And U.S. officials and Iraq experts are increasingly questioning how much control Sadr actually has over his militiamen.

"I've always believed that he is far less in control of his organization than he would have us believe, and that you've got sort of franchised lieutenants out there who are taking broad guidance but applying it differently," the senior coalition official said. "You can see, on occasion, him trying to change the dynamic."

That happened after intense clashes last week between Mahdi Army militiamen and Iraqi forces in the southern city of Diwaniyah. The attacks unsettled even some of Sadr's own followers. Afterward, Sadr indicated to the governor of Diwaniyah

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that he would investigate the actions of his militiamen. In recent days, he also ordered all photos of him to be taken down from ministries and government offices to prevent any abuse of his name or image.

"It can affect the reputation of Moqtada Sadr," Yaqoubi said.

Yet Sadr has proved unpredictable and surpassingly able to mobilize his followers. Casting a shadow over Yaqoubi's words was his willingness to employ violence, in case Sadr's political experiment fails to achieve its objectives.

"If we leave the decision to them, they will not leave. They'll stay," Yaqoubi said of the Americans. "To get the occupiers to leave, they need some sacrifice. The people need to sacrifice their souls for the Americans to leave."Pressure to Respond

At Najaf's gold-domed Imam Ali Shrine, the burial site of Shiite Islam's most beloved saint, Mahdi Army militiamen in their trademark black uniforms hover around the entrances, watching all who enter. Less than a hundred yards away, young men gravitate toward a stall playing videos of Mahdi Army propaganda films.

Many observers argue that at a time when the Bush administration and Sadr aren't talking, one political option is to try and wean poor and lower-middle-class men such as these from the streets.

"The best way to do it is to give them jobs, not in the security system, but where they could be active in the economy," said Dabbagh, the government spokesman, referring to the Mahdi Army militiamen. "Once they get an income, I don't think they will follow an ideology or become fundamentalist and extremist."

Other observers say the Iraqi government and its U.S. benefactors need to undercut Sadr's social services network by providing health, education and other services, as well as establishing the rule of law.

"Only if moderate Shia leaders deliver on security and governance can they challenge Sadr," Nasr said. "It will be a mistake to confront him directly. He will become martyred, and his movement will become stronger. Also, breaking Sadrists can create much more militant and multifarious militias."

Sadr needs to be gradually integrated into the political mainstream, Marr said, "keeping him above ground, where he can be watched and pressured. . . . We should be clipping his wings militarily, undercutting his support by providing government services, jobs, and publicly discrediting his extremism."

Deal On A Constitution For Iraq Is Teetering (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 11, 2006

BAGHDAD, Sept. 10 — An agreement struck 11 months ago by Shiite and Kurdish leaders to win Sunni Arab support for a new constitution is fraying, causing concern among some political leaders that it could jeopardize Iraq's fragile governing coalition.

The dispute peaked Sunday as a large Shiite faction continued to fight for quick approval of legislation giving provinces the authority to create autonomous states, which some powerful Shiites are seeking for southern Iraq. Sunni lawmakers and others who oppose the proposal refused to attend Parliament on Sunday, and warned that the plan could severely undermine the country's unity government.

Shiite lawmakers said earlier on Sunday that they had reached an agreement with Sunnis and other political coalitions to delay the debate on the proposal until Sept. 19. But hours later legislators said that agreement had fallen apart, and it remained unclear whether Shiites would adhere to the delay.

A faction of Shiites led by Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq, a powerful party with close ties to Iran, wants legislation to establish a mechanism for provinces to start the process of creating semi-independent states. The new regions would have wide powers to control their own security and petroleum resources.

Over the weekend, Mr. Hakim renewed his call for a large autonomous region in southern Iraq that would encompass much of the country's Shiite population and oil wealth. Kurds in the northeast already have a semi-autonomous region. The Sunnis fear that approval of such legislation would strip them of their rightful share of the country's petroleum revenue, as western and north-central Iraq, where the Sunnis dominate, have little oil. The Sunnis accuse some Shiite leaders of breaking a promise last year in exchange for Sunni support for the constitution to follow through on a constitutional requirement to allow Parliament to renegotiate the issue.

A leader of the main Sunni political bloc, Adnan al-Dulaimi, denounced the legislation favored by Mr. Hakim and called for "all Iraqis — whether Sunni, Shiite, Arab, Kurd, Turkmen, Muslim or Christian — to stand against this scheme."

He contended that it was wrong to debate any proposal that could lead to autonomous regions until Parliament had the chance to rewrite portions of the Constitution. He was supported by an official from the secular coalition of the former interim prime minister, Ayad Allawi. Some Shiite legislators from the Fadhila Party and the coalition loyal to the militant cleric Moktada al-Sadr also voiced support for the Sunnis, saying they were concerned that Mr. Hakim's party was racing ahead too quickly.

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The Constitution approved in October requires Parliament to quickly form a committee that would take four months to propose amendments to the Constitution. The Constitution also calls for Parliament to pass, within six months, a law defining the means by which provinces could form autonomous regions. Neither has happened.

Shiites led by Mr. Hakim, and joined by Kurds, may have the votes for the simple majority required to pass the bill for autonomous regions. But Sunnis have powerful allies who want to delay this issue, including members of Mr. Allawi's coalition and some within the Fadhila and Sadr blocs, giving Sunnis hope that they can block the proposal for now.

"The majority of Parliament members are standing with us against this issue," said Dhafir al-Ani, a Sunni member of Parliament.

For a while on Sunday there appeared to be progress. A Shiite legislator, Sami al-Askari, said a deal was struck to delay debate until next week to allow Parliament to examine constitutional changes sought by Sunnis. Khalid al-Atiya, a Shiite and deputy speaker of Parliament, said debate would begin on the Shiite proposal a week from Tuesday, with a vote six days later.

But later on Sunday, an aide released a statement from Mr. Atiya saying political leaders had disavowed the deal. Sayed Ayyad Jamaladin, a politician from Mr. Allawi's coalition who had been involved with the issue, said there was "no deal," and he contended that backers of the Shiite proposal were improperly trying to rush the bill through Parliament "as fast as they can."

If Mr. Hakim's party were to speed the proposal through Parliament it could undermine the consensus government that Shiites and Kurds worked hard to create this year. Last fall, Sunni leaders staked their credibility on the constitutional compromise that called for Parliament to allow for a quick renegotiation of the issue of autonomous regions.

Sunni leaders are quick to point out how central that promise was to supporting the Constitution and joining the government. Mr. Ani said that approving Mr. Hakim's proposal without first resolving these issues would "abort the plan for national reconciliation and will make the national unity government fail."

Moreover, he is skeptical about assurances from Mr. Hakim's party that they would wait a year or two before taking the actual steps to form autonomous regions. "If this draft is approved, that will give the green light for regions to be formed immediately," he said.

Some Shiites respond that the long-term survival of a unified Iraq would be helped, not harmed, if Iraq transferred a lot of authority to regional states.

Some parties are trying "to mislead the people when they say federalism will fragment Iraq," said the statement released by Mr. Atiya's aide. He said a central government that ceded little power to the regions would run a higher risk of inciting a move to partition Iraq.

Elsewhere, the American military reported Sunday night that gunmen killed a United States soldier north of Baghdad about 6:45 p.m.

Residents of Sadr City, home base of Mr. Sadr's powerful Mahdi Army militia, said that American troops backed by armor rolled through portions of the northern Baghdad district on Sunday but that by early evening the area appeared relatively calm.

Officials also said that a planned visit to Tehran by the Iraqi prime minister, Nuri Kamal al-Maliki, had been delayed. It would have been the prime minister's first visit to Iran since taking office earlier this year.

Sunni Bloc Denounces Legislation To Split Iraq (WP)

By Amit R. Paley And K.i. Ibrahim

The Washington Post, September 11, 2006

BAGHDAD, Sept. 10 -- The main Sunni Arab political bloc boycotted parliament Sunday to protest legislation supported by Shiite Muslims and Kurds that would carve Iraq into a federation of three autonomous states.

The bill would create a predominantly Shiite region in the south of Iraq much like the largely independent zone currently controlled by the Kurds in the north. Sunnis vigorously oppose the plan, which would leave them with the center of the country, a vast desert devoid of the oil reserves of the other regions.

"I call on all the people of Iraq -- whether Kurds, Arabs, Turkmen, Muslims or non-Muslims -- to stand with us against the federalism project," Adnan al-Dulaimi, leader of the Iraqi Accordance Front, the main Sunni bloc, said at a televised news conference.

The new Iraqi constitution, approved by voters last fall, includes a provision allowing for the creation of autonomous regions.

Sunnis reluctantly supported the charter with the understanding that the issue of federalism would be reexamined by parliament.

Sunni members of parliament say they now feel betrayed that Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party, is pushing legislation that would create the first steps toward federalism. Analysts say that Hakim hopes to become the leader of the southern Shiite region, which comprises nine provinces.

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The Kurds strongly back the bill.

"We ourselves have a federal region, and we want more authority for our federal region," Mahmoud Othman, a Kurdish member of parliament, said in a telephone interview from London. "So we don't object to others having the same right."

Mahmoud al-Mashhadani, the parliament speaker and an outspoken Sunni, said in an interview that he assembled the leaders of all the political parties in his office Sunday in an effort to strike a compromise: The federalism bill and a constitutional amendment to repeal the charter's federalism provision would be considered simultaneously by parliament next week.

But two Sunni groups -- the Iraqi Accordance Front and the Iraqi National Dialogue Front -- rejected the deal and announced a boycott. They were joined by the Iraqi National List, a secular party led by former prime minister Ayad Allawi, and Shiite politicians who usually side with Hakim's party but oppose federalism.

"We should first introduce the amendments on the constitution, and then we can look into the question of federalism and the establishment of regions," Dulaimi said.

Supporters of federalism said the boycott is a stalling tactic to prevent the implementation of autonomous regions. "They're trying to delay the whole issue," Othman said.

Meanwhile, sectarian violence continued to roil the country. At least 29 people were killed or found dead on Sunday, the Associated Press reported.

An American soldier was killed in combat Sunday night north of Baghdad, the U.S. military said. No other details were released.

Iraqi Interior Ministry officials said they killed three members of the insurgent group al-Qaeda in Iraq on Sunday in Baghdad's Karrada district. They said the three had carried out attacks two weeks ago that killed more than 70 people in the New Baghdad section of the capital.

As Violence Escalates, So Does Talk Of A Divided Iraq (CSM)

By Howard Lafranchi, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, September 11, 2006

An idea to redraw the map to give religious and ethnic groups more autonomy gains traction in Iraq and US.

WASHINGTON

In Iraq's Kurdish north, the Iraqi flag no longer flies alongside the Kurdish banner on public buildings - the presi- dent of the largely autonomous Kurdish region has banned it.

And in Baghdad, Shiite politicians last week introduced legislation defining how the sectarian-riven country could eventually be divided into autonomous regions - including a powerful and oil-rich Shiite region in the south.

Following recent fighting between Iraqi government forces and the militia of Shiite powerhouse Moqtada al-Sadr, the steps suggest a further spiraling toward at least a semiautonomous confederacy, if not a complete dissolution of the country.

A small but apparently growing number of Iraq experts believe dissolution of the country is inevitable. Others say a united and nominally democratic Iraq may still be possible, but suggest other solutions - including a redrawn Iraq - would eventually make the Middle East more stable. Still others say the US should face reality and help create the new Iraq that is already splintering along sectarian and ethnic lines.

But where many specialists agree is that the Bush administration is not planning ahead sufficiently for the curveballs that continuing sectarian and religious conflict might have in store for the US in terms of Iraq's final architecture.

"Of course we should be planning, and not just for Plan B but Plans C, D, E, and F, and maybe G and H, but I see very little sign we're doing that," says Ralph Peters, a retired Army intelligence officer and Middle East specialist who consults on regional policy. "They've gone through the motions of war-gaming some alternative scenarios, but they're not serious about it, and that's because they are still convinced this [Iraq project] is going to work."

Even some Iraqis insist the recent suggestions of a gradual slide toward a divided country are being given too much weight. Some Kurdish leaders, including Iraq president Jalal Talabani, say the banishing of the black-star-studded, green, white, and red Iraqi flag is designed to pressure the government to make good on a promised replacement of a banner that is associated with Saddam Hussein. And some Shiite politicians say the legislation on regions would merely define a provision that is already contained in the new Iraqi constitution approved by referendum last year.

But Mr. Peters says that's the point: that steps being taken now are merely fulfilling the direction the Iraqi people chose with a series of votes over the past year.

"The voters did what we didn't have the courage to do, their voting divided Iraq," he says, pointing to voting that was overwhelmingly along ethnic and sectarian lines. "The question now is whether [Iraq] can continue as a loose confederation - or will it officially break up? We need to be prepared for all of that."

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That may be true now, but some experts say the option of a united Iraq - which remained viable after Hussein's fall - may have been doomed by subsequent American action, including empowerment of the Shiites at the expense of the Sunni elite.

"What we're seeing now may be signs of things to come, but that wasn't so much inevitable as it is a result of our actions," says Michael Hudson, a professor of Arab studies at Georgetown University in Washington.

An Iraqi confederacy with a weak Sunni enclave sandwiched between oil-rich Kurdish regions to the north and Shiite regions to the south is a "recipe for endless trouble," he says. As far back as 2002, before the Iraq war, he says the late Lebanese Prime Minister Rafik Hariri warned him in a conversation about the repercussions of such an outcome.

One worst-case scenario for the US - and perhaps the global economy - is that an autonomous Shiite region in the south could embolden the Shiite minority in Saudi Arabia's north, a significant petroleum region, to press for its own autonomy, or even to join with its Iraqi brethren to the north.

Worries over this kind of scenario, Peters says, caused the US to dismiss the breakup of Iraq after the war - the very thing that may be happening now, he says, though more haphazardly. "At the time of Operation Iraqi Freedom the best solution was to break up Iraq," he says, "but the Bush administration didn't pursue it because the Saudis, among others, absolutely didn't want it."

Peters has raised hackles across the Arab and Muslim worlds in recent months with a proposal for redrawing the post-colonial-era borders of the Middle East. Many experts are critical of such a top-to-bottom redo, including Georgetown's Mr. Hudson, who says it is reminiscent of a Zionist plan of the early 20th century to create many small and unthreatening Arab states. Peters says his plan would simply follow the ethnic and sectarian contours of the region, and thus over time result in greater stability.

As for Iraq, it may actually take a division into ethnic regions - and outside help to facilitate that - to save the country, some experts say. Already Sen. Joseph Biden (D) of Delaware, seconded by Council on Foreign Relations President Emeritus Leslie Gelb, is calling for Iraq to be divided into Shiite, Sunni, and Kurdish regions that would provide their own security but share oil revenue -and leave foreign policy to a central government.

Another proposal, from Michael O'Hanlon of the Brookings Institution in Washington, calls for the US to accept that its project for a "multiethnic democracy" in Iraq may no longer be viable. In its place the US should consider facilitating voluntary sectarian and ethnic relocation, he says, as a means of short-circuiting a long and potentially genocidal civil war.

Any ideas to mold Iraq may remain just that, since the period of the US dictating what happens in the country has largely passed, analysts say.

Hudson notes that it has been suggested, though certainly facetiously, that if the US is set on seeing Iraq remain united, it should switch sides in the civil conflict and champion the Sunni insurgents, since they may be the strongest force opposing Iraq's division.

Short of that, he adds, the US might be best off leaving the fight and letting the Iraqis decide what they really want. "Maybe we need to let things play out," he says. "If we're out of there, the Iraqis might be forced to start talking sense to each other - and to find out if they are irretrievably sectarian or not."

Suicide Bomber Kills A Governor In Afghanistan (NYT)

By Carlotta Gall

The New York Times, September 11, 2006

KABUL, Afghanistan, Sept. 10 — A provincial governor and close friend of President Hamid Karzai was killed along with two staff members by a suicide bomber as they drove away from the governor's office on Sunday, government officials said.

The governor, Hakim Taniwal of Paktia Province, southeast of the capital, is the highest-ranking official to be killed since the Taliban began a campaign of suicide bombings last year, especially singling out senior government officials. At least two other governors and the chairman of the upper house of Parliament have narrowly escaped death in similar attacks.

The bombings have come at a furious rate this year, with 47 so far, including the suicide attack that killed 14 Afghan civilians and two American soldiers in the capital on Friday. They have unnerved the public and Mr. Karzai's government, raising fears of an Iraq-style escalation of violence in large cities.

The governor was assassinated as heavy fighting continued in southern Afghanistan, where NATO and Afghan forces have been battling wave after wave of Taliban fighters in an attempt to drive them out of two districts just west of Kandahar, the main city in the south. At the same time, military leaders of NATO countries wrapped up a meeting in Warsaw without any firm commitments to answer the NATO command's call for 2,000 to 2,500 extra troops to help in the offensive in the south.

Mr. Taniwal, a former sociology professor at Kabul University who went into exile in Australia during the Taliban's rule, returned to join Mr. Karzai's administration in 2002, serving as governor of Khost Province, as minister of mines and industry, and for the past year as governor of Paktia Province. An elder of his Tanai tribe, he was the type of man Mr. Karzai was trying to

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place in senior posts around the country, replacing the warlords and mujahedeen commanders with educated men who could promote education and the rule of law.

"Mr. Taniwal was a patriot, a man of both action and academic achievements," Mr. Karzai said in a statement condemning the attack. "The enemies of Afghanistan are trying to kill those people who are working for the peace and prosperity of Afghanistan. The enemies of Afghanistan must understand that we have millions of people like Mr. Taniwal who will continue to serve this great nation."

The United Nations representative in Afghanistan, Tom Koenigs, released a statement praising Mr. Taniwal as a trusted colleague. "His death is a great loss to the people of Paktia, to the people of the Tanai tribe, of which he was a leader, and to the country as a whole," he said.

The suicide bomber who killed Mr. Taniwal was on foot, detonating his explosives around 1 p.m. as the governor's unarmored car was pulling away from his office in Gardez, the Paktia Province police chief, Gen. Abdul Hanan Raufi, said in a telephone interview.

"We don't know who he was," General Raufi said. "But we know that he had the explosives around his waist."

The blast killed all three men in the car, including the driver and Mr. Taniwal's assistant, his cousin, the general said. The blast also wounded six others, including three police officers at the gate.

Two Americans were reported killed in the fighting in southern Afghanistan, NATO officials said. The two were Special Forces trainers embedded with Afghan Army troops, and they died in separate attacks on Saturday night: one in Kandahar Province and the other in neighboring Zabul Province.

NATO officials said Sunday that troops had killed 94 Taliban fighters in several clashes overnight in the Panjwai and Zhare districts of Kandahar Province. In one episode, Taliban fighters were seen gathering to mount a counterattack and were killed in airstrikes before they could do so, the statement said.

NATO spokesmen have said that their estimates of Taliban casualties have been conservative and are gathered from battle reports, air surveillance and satellite pictures. But there has been no way to independently verify the losses amid the heavy fighting in the area and the lack of access for journalists.

Last week, the governor of Kandahar, Asadullah Khalid, said he had learned that a family of 13 had been killed in an airstrike on their house in the area. The NATO spokesman in Kabul, Mark Laity, said the command was not aware of any confirmed civilian casualties but was not denying the possibility.

NATO forces are trying to dislodge the Taliban fighters in the region, estimated to number several hundred even accounting for the 400 reported to have been killed in the past 10 days of fighting. The operation, meant to allow the return of villagers displaced by the fighting and Taliban presence, is now in its second week. NATO forces are relying on heavy air support daily and have yet to declare any areas ready for civilians to return.

The scale of the fighting has surprised NATO commanders, who took over security in southern Afghanistan from the Americans in August.

NATO officials announced more meetings this week to urge member nations to send long-promised reinforcements to Afghanistan, after the meeting in Warsaw ended with no sure commitments.

The first meeting will be led by NATO's secretary general, Jaap de Hoop Scheffer, in Brussels. That will be followed by two so-called force generation meetings led by NATO's military chief, Gen. James L. Jones, at the alliance's military headquarters in Mons, Belgium, on Wednesday and Friday.

General Jones said in an interview last week that 85 percent of the Afghan force's troop requirements had been met. But despite repeated requests, member states had failed to fill the gap.

James Appathurai, a NATO spokesman, said Sunday that "in most missions, NATO could get by with 85 percent."

"But in the case of southern Afghanistan," he said, "the commanders on the ground really need the entire 100 percent."

Gen. Ray Henault, chairman of NATO's military committee, said after the meeting in Warsaw that the conference on Wednesday would address the "shortfalls" of the alliance's mission in Afghanistan.

"Afghanistan is our No. 1 operational priority," General Henault said. "We will continue to establish a robust military presence throughout the country."

NATO has about 20,000 troops throughout Afghanistan, including about 8,000 in the south, who are mostly British, Canadian and Dutch. The south is the heart of the Taliban resistance, and commanders seek to drive them out and establish enough security so that reconstruction and economic development efforts can establish a foothold.

Civil-military units, known as Provincial Reconstruction Teams, are already operating in most provinces, but reconstruction has ground to a halt in places like Helmand Province, in the south, where British troops are fighting off attacks daily.

In an interview with The Sunday Times in Britain, a former British officer who was stationed in Helmand in July said Sunday that he was disillusioned by the progress of NATO's deployment. British soldiers were fighting off such heavy daily attacks that

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they had to call in repeated airstrikes on surrounding populated areas, and the mission to win the hearts and minds of the people had already been lost, he said.

The officer, Capt. Leo Docherty, who served as the aide-de-camp to a British commander in Helmand, said that the Afghan governor of Helmand had insisted that British troops protect the district centers to prevent them from falling to the Taliban, but that it was a pointless exercise that had only worsened relations with the civilian population.

Lt. Gen. David Richards, the commander of NATO forces in Afghanistan, admitted in an interview last week that the troops were experiencing difficulties. But he said NATO had to fight the Taliban head on in order to establish credibility on the battlefield and among the population.

Amid the grim developments on Sunday, there was one piece of promising news: Mr. Karzai inaugurated a $25 million Coca-Cola bottling plant in a new industrial park on the edge of Kabul. The bottling plant, the project of an Afghan businessman, will provide 600 jobs, and is the first large new factory to open in the country.

Afghan Governor Assassinated In Suicide Bombing (WP)

By Pamela Constable

The Washington Post, September 11, 2006

KABUL, Afghanistan, Sept. 10 -- A suicide bomber with explosives strapped to his body assassinated a popular governor in eastern Afghanistan on Sunday, two days after a powerful car bombing killed 16 people, including two U.S. soldiers, in downtown Kabul, the capital.

Hakim Taniwal, 63, the scholarly and soft-voiced governor of Paktia province, was a close confidant of President Hamid Karzai and a political figure known for his skill at bringing together hostile groups in the country's volatile tribal regions near the Pakistani border.

Taniwal and a nephew, driver and bodyguard were killed when the bomber threw himself under their vehicle and detonated the explosives as they were approaching the governor's office in the provincial capital, Gardez, about 80 miles south of Kabul.

The killing shocked foreign diplomats and political leaders, who praised Taniwal for his service to the country. Long exiled in Australia, the former sociology professor returned home in 2002 after Karzai asked him to become governor of Khost province, also in the east. He shifted to Paktia several months ago.

"He was a great patriot who had fought against violence and corruption in Paktia, he brought tribes together, and he made a great contribution to the national reconciliation program," said Khaleeq Ahmad, a spokesman for Karzai. "It is a very sad day for Afghanistan to lose such a good man."

Officials attributed the killing to unspecified "enemies of peace and stability in Afghanistan," but it came as NATO forces have been battling a fierce insurgency dominated by the revived Taliban militia across southern Afghanistan.

On Sunday, NATO officials in Kabul said their troops had killed more than 400 Taliban fighters in nine days of combat in the southern province of Kandahar, where insurgents have captured several villages in two districts.

In addition to attacking with firearms, insurgents in recent months have increasingly employed suicide bombings, once virtually unknown in Afghanistan. A U.S. military spokesman in Kabul said a suicide cell was now believed to be operating in the city and attempting to target international military facilities.

The suicide bombing Friday in Kabul occurred on the same block as the U.S. Embassy. The bomber drove a white sedan into a passing U.S. military convoy, setting off an explosion that killed two soldiers and 14 Afghan civilians. More than 20 people were injured.

Taniwal was the first Afghan governor to be killed on the job since the Karzai government took office in late 2001. Several other governors have survived assassination attempts, and two cabinet ministers were killed in Kabul by unknown assailants.

In recent months, Taliban fighters have killed numerous local officials in the south, including religious leaders, mayors, members of parliament and others they denounced as traitors for supporting the Karzai government and its Western backers.

In an interview with The Washington Post in 2002 in his former office in Khost province, Taniwal said he had been reluctant to leave his family in Australia but wanted to help Karzai establish a strong democratic government after years of bloodshed and repression in Afghanistan.

He said he believed in bringing all Afghans into a national dialogue, including former Taliban members who were willing to return to civilian life. Afghan officials said Sunday that he had been attempting to do the same thing in his new post in Paktia province.

"I am not a commander. I am a peaceful man, and I want to resolve this peacefully. . . . I want to finish the Kalashnikov culture," Taniwal said in the 2002 interview in Khost, where he was attempting to negotiate with a renegade militia commander.

Taniwal had said that his children opposed his returning to Afghanistan to serve in the Karzai government but that he agreed to help pacify the turbulent eastern region.

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"This is my home, and I wanted to do something for my people," he said. "I am not alone here."

Afghan Envoy Seeks Military, Financial Aid (WT)

By Sharon Behn, The Washington Times

The Washington Times, September 11, 2006

Afghanistan's ambassador to Washington called yesterday for more military and economic help from the West, citing a spike in terrorist activity in the past six months and fears that it could spread.

Almost five years after the U.S.-led invasion that ousted the repressive Taliban regime, only half of the money pledged by the international community to rebuild Afghanistan has been delivered and spent, Said T. Jawad said in an interview with The Washington Times.

"We will not be able to stabilize the country if we don't build up the domestic security forces and have development in the countryside," Mr. Jawad said. "Had we invested more in development, we would have had less security problems today."

Military spending is now about 10 times greater than spending on economic development, he added.

U.S. troops joined an indigenous rebel force to dislodge the ruling Taliban -- the al Qaeda terror network's patrons in Afghanistan -- beginning less than a month after the September 11 attacks on the World Trade Center and the Pentagon.

Afghan President Hamid Karzai yesterday thanked the United States for that assistance and called for a reinvigorated fight against terrorism.

"For many years, the Afghan people were held hostage in their own country and subjected to unspeakable atrocities by foreign terrorists and their Taliban friends," Mr. Karzai said, according to Agence France-Presse.

"The world must continue the fight against the menace of terrorism with greater resolve and dedication," he said.

Al Qaeda leader Osama bin Laden remains on the run from the U.S. military. The Taliban has regrouped and rearmed and, in recent months, mounted increasingly stiff resistance to NATO and government forces, particularly in four southern provinces and one eastern province.

More than 420 insurgents have died in the past nine days during fierce battles with NATO and Afghan forces in southern Kandahar province, a Taliban stronghold.

Two suicide bombings for which the Taliban claimed responsibility in the last three days -- one in the capital Kabul and another in eastern Afghanistan -- have killed at least 17 persons, including Paktia provincial governor Hakim Taniwal and two U.S. soldiers.

In Washington, Mr. Jawad warned that the violence could worsen.

"If we don't build up the capacity of the security forces, there is a danger of the terrorist activities spreading to different provinces," the ambassador said.

NATO commander Gen. Ray Henault has called for an additional 2,000 troops to fight the Taliban. Currently, there are about 20,000 international troops in Afghanistan.

But one analyst involved in the counter-narcotics effort there said international troops already were in danger of wearing out their welcome.

"Now it is in a stage where it is not so clear that the international presence is welcome," said the analyst, who has worked in the country for 10 years but would speak only on the condition of anonymity.

The international community and Afghan government needs to do more to improve basic living conditions and the rule of law, he said.

"The danger if we don't is that we lose the country for sure, or at least certain segments of the south, to anti-government forces," said the analyst, who travels extensively around Afghanistan.

Mr. Jawad said existing troops need more resources -- including helicopters for better mobility -- and improved cooperation with the Afghan security forces and police.

He said the problem in the south was twofold.

"In the past five years, we never had a strong permanent presence of international or Afghan security forces in the south, and just across the border the terrorists are finding financial and ideological support," Mr. Jawad said, apparently referring to Pakistan.

The lack of an effective police presence also is beginning to be felt in the north, where common criminals are becoming increasingly daring, Mr. Jawad said.

The ambassador said there had been vast improvements in Afghanistan, particularly politically, but daily life for the average Afghan must improve more.

The anti-narcotics analyst agreed, saying, "I can go to farmers in villages where life has remained unchanged in 10 years. Maybe there is a road and a cell phone works, but the fundamentals of how to earn a living remain unchanged."

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Poppy cultivation -- which is tied to areas where the government has the least control -- has soared in recent months.

According to the United Nations, Afghanistan freshly produced a record crop -- enough for 6,100 tons of opium, exceeding the total requirements of all the world's heroin users by one-third.

Nato Begins Hunt For More Troops (FT)

By Rachel Morarjee, Dan Dombey

Financial Times, September 11, 2006

Nato will seek this week to find reinforcements for its hard-pressed troops in Afghanistan and elsewhere after a plea by the alliance's top military commander.

The defence chiefs of Nato's 26 member countries agreed at the weekend to hold two "force generation" conferences this week to meet the shortfalls.

The first one, on Wednesday, would seek to obtain enough pledges to send up to 2,500 extra soldiers to Afghanistan. General James Jones, Nato's supreme allied commander Europe, said last week that he urgently needed a reserve battalion of about 1,000 soldiers plus air support involving up to 1,500 more in the wake of the unexpectedly tough fighting in Afghanistan.

The second force generation meeting, on Friday, will attempt to salvage Nato's showpiece rapid response force.

The Nato response force is scheduled to be declared fully operational next month – but last week Gen Jones said it was still significantly under-resourced.

Meanwhile, a suicide bomber killed the governor of the eastern province of Paktika province, striking as he emerged from his office in the provincial capital of Gardez, killing his secretary and his nephew, officials said.

Three others were wounded in the attack outside Governor Abdul Hakim Taniwal's house in the provincial capital of Gardez, according to provincial police chief Abdul Annan Raufi. The attack was the latest outside the traditional Taliban heartland of southern Afghanistan and came as a US military official warned that a suicide bombing cell was operating in Kabul, targeting foreign troops – to coincide with the fifth anniversary of the September 11 attacks on the US.

"Through our intelligence sources we know there's a cell here in Kabul, at least one, whose primary mission is to seek coalition or international troops and hit them with suicide bombs," Colonel Tom Collins, the chief US spokesman, said in Kabul.

On Friday, two US soldiers and at least 14 Afghan civilians were killed by a suicide bomber in the worst bomb attack to hit the Afghan capital in recent years, four days after a British soldier and four civilians were killed.

"The Taliban are showing that they can operate anywhere at will, even in highly secured areas," said Joanna Nathan, senior analyst for the International Crisis Group.

The suicide attack in Paktika was a blow for the province, which has been one of better governed areas of the country, and showed how Taliban fighters are broadening their reach beyond the four southern provinces which are in the grips of fierce guerrilla war.

Over 400 Taliban fighters have been killed in the last week in southern Afghanistan as part of Operation Medusa, a bid by Nato troops to push the Taliban out of Panjwai district on the outskirts of Kandahar.

Doubts Intensify Over Afghanistan's Future (CSM)

By Rachel Morarjee

The Christian Science Monitor, September 11, 2006

KABUL, AFGHANISTAN

When the Taliban suicide car bomb struck the center of Kabul on Friday, it found grandmother Amena Wahidi in the wrong place at the wrong time - and signaled that five years after Sept. 11, the first chapter in the US war on terror is far from over.

Mrs. Wahidi died, along with 13 other Afghan civilians and two US soldiers, when the explosion in central Kabul - the first such Taliban attack in the Afghan capital - targeted a US military convoy. The attack coincides with heavy resistance from Taliban fighters to the new NATO presence in southern Afghanistan. NATO forces say they have killed some 420 fighters over the past week alone.

"The Taliban are showing that they can operate anywhere at will, even in very high security areas," says Joanna Nathan, senior analyst with the International Crisis Group in Kabul. "It is a not a popular uprising at the moment, but people are sitting on the fence waiting to see who will be the winning side."

Popular doubt here about the long-term direction of Afghanistan reflects a perception that the government of Hamid Karzai is weak and the West has not delivered on security and reconstruction, analysts say. Military commanders, international observers, and officials are sounding urgent calls for a redoubling of efforts by the government and its Western backers.

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"We can count ourselves lucky that almost five years after Sept. 11, we have approximately 35,000 to 40,000 troops here. Of course things are salvageable, but it's going to be a hard road," says Francis Vendrell, the European Union's Special Representative to Afghanistan.

Mr. Vendrell argues for a three-pronged approach: Kick out corrupt officials, fast-track reconstruction efforts, and - echoing calls by NATO's own commanders - send more troops.

"The government is facing a crisis of legitimacy," says Michael Shaikh with Human Rights Watch. "The only way to deal with this is to tackle the people within its own ranks."

In the past few months, President Karzai has made efforts to crack down on corruption and bad governance. He's appointed an attorney general who has made corruption his top target. Religious conservatives have been swept off the Supreme Court, yielding to more judges trained in modern jurisprudence. And the government has dispatched a raft of new police chiefs and governors to the south, admitting that the central government has not paid enough attention to the volatile south.

"It's not that the Taliban were strong, it's that the government was weak. They have moved into a vacuum [in the south]. There was protracted negligence on our part of those provinces," says Karzai's chief of staff, Jawed Ludin.

But turning around the security situation is now a much more difficult task as the violence has spread beyond the south. Troubling signs are coming in from points north, east, and west as well, with no-go zones and pockets of violence creeping steadily toward the capital:

· Weapons prices in northern Afghanistan - a region where warlords still hold sway - have more than doubled in the past few months, signaling a setback for disarmament efforts. "It's not that there are no weapons available on the market, it's that people are stockpiling and waiting for something to happen," said a Western military official.

· Many parts of Wardak Province, on the western border of Kabul Province, are no longer safe for aid agencies to operate. "People are starting to pull out, and this will give the Taliban a stronger case to win the population over," says an aid worker, who asked not to be identified.

· A week ago, another blast on the Jalalabad road east of Kabul killed a British soldier and four civilians.

· In the western province of Farah, 100 Taliban fighters in pickup trucks armed with rocket-propelled grenades stormed the district headquarters in Kailargar, killing two policemen and torching a health clinic Sunday.

· And a suicide car bomb killed the governor of the southeastern Paktia Province and two others Sunday.

The notion that Kabul remains an oasis of relative stability was punctured by Friday's bombing.

"Through our intelligence sources, we know there's a cell here in Kabul, at least one, whose primary mission is to seek coalition or international troops and hit them with suicide bombs," Col. Tom Collins, a US military spokesman, told reporters in Kabul.

Suicide bombs first became a phenomenon last summer in Afghanistan but the bombers were inept, often killing no one but themselves. That has changed, with more than 70 suicide attacks since the beginning of this year that have become increasingly lethal.

The number of Taliban fighters met on the battlefields of the south has also risen. Partly, this may be due to the Taliban's willingness to pay better. Police are paid around $2 a day, Afghan National Army fighters are paid roughly $4 a day, but Taliban fighters get $8 a day, says Lt. Col. David Hammond, who is training the Afghan National Army in Helmand Province.

While the lure of a little more money no doubt draws some Afghans to the insurgency, the overall economic picture of the country since 2001 is brighter.

According to the IMF, official GDP growth averaged 22.5 percent between 2002 and 2004 and the organization has projected a 14 percent increase for 2005-06. Over a fifth of GDP comes from investment activity with $1.5 billion new since 2003. Most of it is donor aided public investment, but one-third comes as foreign direct investment.

The downside is that nearly a third of the total licit - illicit GDP (almost $6 billion the IMF estimates) - stems from the production and export of opium.

For some Western observers, the past four years feel like a missed opportunity. "US and international attention veered from Afghanistan in mid-2002, and focused on Iraq," says a senior Western diplomat in Kabul. "There was a feeling they had got rid of the Taliban, and left a good man [Karzai], and that things would settle down."

Afghan Experiment Marked By Progress And Disillusionment (WP)

By Pamela Constable

The Washington Post, September 11, 2006

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KARABAGH, Afghanistan -- When Mahmad Naib ventured back to his village, north of Kabul, after U.S. warplanes and Afghan fighters drove out the Taliban militia in November 2001, he found little but scorched earth. The grapevines were dead, the houses looted, the mosque in ruins and the magnificent sycamores burned black.

Today, the resettled mud-and-timber village is surrounded by ripening grapes and obscured by a thicket of new restaurants, workshops and gas stations lining the nearby Shomali highway. The roar of fast traffic drowns out the ping of hammers as workers erect a shiny tin dome on the half-restored village mosque.

"Life is hard, but it is peaceful, and that is what matters most," said Naib, 55, a mason who was shoveling debris Thursday out of the newly plastered mosque. "We do have our complaints. Wages are low, water is scarce, and the government never dug the wells it promised. But . . . by God's grace, we will finish this mosque in time for Ramadan."

One day after he spoke, a massive car bombing killed 16 people in Kabul, the capital, 30 miles to the south. The brazen midday attack underscored the fragility of peace in Afghanistan today, nearly five years after the overthrow of the Taliban rulers who imposed an extreme form of Islam and harbored Osama bin Laden.

Since late 2001, the country of 25 million people has undergone an ambitious experiment, backed by international troops, expertise and aid, to bring modern democracy to an impoverished, deeply conservative Muslim society.

On some levels, there has been remarkable progress: presidential and parliamentary elections, a new constitution, a new national army and greater freedoms for women. In poor but stable communities such as Karabagh, halting social and economic gains have been made: a part-time nurse in a clinic, carpets in a school where students once crouched on concrete, a grape harvest that is approaching half the pre-Taliban crop.

But in the southern provinces that spawned the Taliban movement, open warfare has resumed after four years of relative quiet. Insurgents are battling NATO troops and employing suicide bombs. Thousands of villagers have fled their homes, to escape both insurgent violence and NATO airstrikes. Schools have shut down, and development projects have stopped.

At the same time, opium poppy cultivation, virtually wiped out by the Taliban, has soared to record levels, largely in the south. Nationwide it increased by 59 percent in the past year alone, according to new U.N. figures. Drug traffickers have formed protective alliances with the Islamic insurgents.

"The situation in the south is difficult and fragile," said Mark Laity, a spokesman here for NATO forces. "We are conducting a number of offensives, but the Taliban have also been pushing hard. They are taking heavy casualties but standing their ground more. Our strategy is still to create secure spaces for development and governance, but the effort is taking longer and involving a lot more combat than expected."

NATO's commanding general, citing the surprising toughness of the insurgents, called last week on member nations to provide as many as 2,500 additional troops for the south. But the proposal faces questions in European capitals about the risks involved. Since taking responsibility for the south from U.S.-led forces at the beginning of August, NATO has lost 35 troops.

Senior Taliban leaders and al-Qaeda figures, including bin Laden, who is widely believed to be hiding in the wilds along the Afghan-Pakistani border, meanwhile continue to elude capture. Afghan officials have repeatedly accused neighboring Pakistan of allowing Taliban insurgents to find refuge in the border region.

In recent months, the violence has spread to the Kabul area and the east, creating a sense of insecurity that now overshadows all other national concerns. Even in the north and west, where the insurgency has hardly reached, many people today express dismay with the government of President Hamid Karzai. They say it remains weak and distant, that public services and protection are grossly inadequate, and that commanders from the war against Soviet troops in the 1980s often hold extortionate sway over daily life.

Foreign analysts and domestic critics point to a daunting list of social, economic and institutional problems that Karzai's government has largely failed to correct despite massive aid and training from abroad: impassable roads, ineffective courts, too few doctors, too few police officers. Complaints of corruption are constant, taking a huge toll on public confidence in the system.

"We have had some big successes -- the development of media, the parliamentary and presidential elections. But real successes that people can feel in their daily lives? Honestly, there is nothing," said Shukria Barakzai, 34, a member of parliament from Kabul. "Poppy is booming, but farmers are still poor. Good jobs are available, but only for the few with computer and English skills. Clinics are open, but anyone with a serious illness has to go to Pakistan for treatment."

For the first four years after Karzai came to office in late 2001, such harsh criticism was rare. The influx of foreign support -- more than $3.5 billion in U.S. economic aid alone -- brought a sense of progress. More than 6 million children were enrolled in schools; crews built a new highway between the two major cities, Kabul and Kandahar; and the economy grew at a brisk 15 percent a year.

But the high expectations that democracy would deliver jobs and development has gradually turned to bitter disappointment as reports of corruption spread and the massive doses of foreign aid seemed to produce few tangible benefits for the poor.

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Kabul, the capital of 3.5 million, did acquire a veneer of commercial and social progress. Dozens of glittering office buildings and wedding salons opened; ATMs whirred and cellphones buzzed. But many neighborhoods remained without electricity and water, and urban poverty exploded with the massive return of war refugees. A major riot in late May revealed both the depth of public frustration and the failure of police protection.

Ethnic tensions deepened despite foreign efforts to craft a government in which major ethnic groups shared power.

Many Afghan Muslims also began to equate modernization with immorality. They mistrusted the emancipation of women enshrined in the new charter and disapproved of Kabul restaurants selling alcohol to foreigners. Earlier this year, an Afghan man was nearly sentenced to death for converting to Christianity.

The strong initial welcome for U.S. and other foreign troops in the country also began to chill. There were complaints about airstrikes on village compounds that killed civilians. As the insurgency erupted this year, with more firefights and bombings in civilian areas, Afghans began blaming the foreign soldiers for exposing them to danger.

"We don't want these troops patrolling here, because it only brings trouble and kills innocent people," said Akbar, a 54-year-old teacher standing beside the Kabul boulevard where a suicide bomber attacked a NATO patrol last week, killing at least three bystanders. "We were happy when the Taliban fell and the new government came, because we thought it would bring peace and development," he said. "Now the people are not starving, but with all these deaths and bombs, it seems like the Taliban time was better."

Afghan officials acknowledge that legal and democratic institutions are still weak, but they point to recent improvements such as the appointments of better-qualified Supreme Court justices and an anti-corruption commission. Human rights activists said they were encouraged by these changes but concerned that they would not trickle down to rural regions.

"We have built institutions and elected legitimate leaders . . . but in much of the country, there is no government at all, just empty locked offices," said Ahmad Nader Nadery of the Afghanistan Independent Human Rights Commission. As a result, he said, some communities are beginning to accept the Taliban, and others are turning to local militias.

With the insurgents exploiting government weaknesses and public frustrations, a variety of experts have warned that the achievements of the past five years -- and even the stability of the Afghan government -- could be in serious jeopardy.

Barnett R. Rubin, an American expert on Afghanistan, conducted a broad survey here last month. In a resulting report, "Still Ours to Lose: Afghanistan on the Brink," sponsored by the Council on Foreign Relations, he wrote that many Afghans had lost faith in the Karzai government and that some felt conditions in the country were "ripe for fundamentalism."

Salvaging the situation, Rubin wrote, will require a major increase and redirection in foreign aid, serious reforms in the justice and police systems, and the shutting down of Taliban support networks in neighboring Pakistan -- none of which seems likely to happen in the near future.

In Karabagh, the Taliban threat still seems far away. Schools are full, tourist shops are stocked with local pottery, smoking kilns bake mountains of construction bricks, and cargo trucks haul away crate after crate of grapes.

But even here, people here are beginning to voice the disillusionment and anxiety expressed by Afghans in more troubled regions. They complain that local officials, linked to former militia commanders, demand shares of their crop profits, bridal dowries and rationed irrigation water.

"Everyone knows the money goes into certain pockets, but at least we can walk down the road without fear," said Naimullah, 40, who was picking grapes on a rented plot Thursday with his wife, brother and four children. "I heard about the Taliban trying to come back, but no one in Afghanistan wants more fighting and killing," he said. "We have come home, so we must plant our crops and see what they produce."

Iraq: A Secret Definition (NSWK)

By Mark Hosenball

Newsweek, September 11, 2006

Is Iraq in a civil war? The CIA has developed its own secret guideline for answering that increasingly contentious question. CIA officials offered the definition of "civil war," which remains classified, at a closed-door Capitol Hill briefing to discuss the latest grim Pentagon assessment of the conflict, according to two U.S. officials familiar with the briefing's content who asked for anonymity due to the sensitivity of the material.

The officials declined to share the CIA's precise criteria for civil war. One former high-level intel official who worked on similar analytical issues said his definition included a conflict in which two or more factions claimed to be operating rival governments, with checkpoints established to separate the parties. A counterterror official who, like the former official, also asked for anonymity due to the sensitive subject, indicated the CIA definition was more "subtle," and alluded to the existence of identifiable factions fighting the government and of "no go" areas in which government forces had no sway. (In other words, the situation in Iraq is too chaotic to qualify as civil war, being as much a matter of thuggery as of a clear competition for political

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power.) But the official added that among intel agencies there are differing opinions over what constitutes civil war, and also about how to describe what is happening in Iraq.

Asked to comment, CIA spokesman Paul Gimigliano told news-week: "There is a range of analytic views within the agency and the intelligence community on violence in Iraq, and we are careful in our products to identify those differences. It's not unusual for CIA to offer policymakers analytic frameworks—comparative case studies, indicators, definitions and more—to help them assess complex issues. In this case, the work is classified, so it would be inappropriate for me to get into specifics."

Straight To The Heart (NSWK)

By Michael Hastings

Newsweek, September 11, 2006

Toward the end of July, Capt. Brad Velotta began daydreaming a lot. He thought about making the summer's last run of salmon in Alaska's Russian River, where bears lumber down from the woods and chase fishermen out of the water. He thought about getting a kitten for his 3-year-old daughter, Sophia. Most of all, Velotta hoped to see his 83-year-old grandmother Mary one last time before she died of cancer. "She thought she could hold on," says Velotta's father, Albert, at the family home in Alexandria, La. Her grandson was supposed to leave Iraq on Aug. 2. "She thought it would only be a few weeks more."

But it wasn't. On July 26, Velotta learned that he and his unit, the 172nd Stryker Brigade, were going not home but to the core of Iraq's sectarian blood feud: Baghdad. After a solid year of battling the insurgency, from Mosul to Tall Afar to the westernmost reaches of Al Anbar province, the 172nd has been extended until after Thanksgiving—if not later. Velotta, 29, Blackhawk Company commander in the 172nd's 4-23 infantry battalion, gave a tough talk to his squad leaders: "I know it f---ing sucks. But you don't have the option to not be motivated. You don't have the privilege to be worn out. This is Baghdad. This is graduate-level s--t."

No one has to tell the 4-23 that every war is cruel. Its members freely admit they've been luckier than a lot of units in Iraq. The 172nd has lost fewer than 20 of its roughly 4,000 troops in the past year, and the 4-23 has had no one killed in action. Their record in the field, along with their almost indestructible armored vehicles, made the 172nd an obvious choice to clean out Baghdad's sectarian death squads. "We were victims of our own success," says Capt. Phillip Mann, the 4-23's intelligence officer. Even so, the war's emotional and spiritual costs keep rising for them and their loved ones back home. Velotta's little girl tells of bad dreams that he's going to die. "No, baby," her mother says. "He is coming home"—wishing she could be sure of that. The wedding of Spc. Shawn Mott and Nina Herrera was set for Sept. 16. Eight hours after she mailed the invitations, he called to say he had to go to Baghdad instead of flying home. "I was so scared to call you," he told her afterward. "I thought you'd leave me."

The Army says troop morale remains high. For the first 11 months of fiscal 2006, two out of three soldiers who were eligible to re-enlist have done so—a rate unchanged since 9/11. But whatever the numbers say, the strain is showing. Capt. John Grauer, the 4-23's chaplain, describes the scene when the order came down: "There was a rush of soldiers trying to get on the phone to call home. Some literally threw up when they heard the news. Some were extremely angry ... Some went to sleep for a couple of days, hoping maybe it was all a bad dream." It was tough for Grauer to tell his wife, Tyra, and their two girls—especially Morriah, 9. "She started crying," he says. "That's when I put the sunglasses on." Behind the shades, he wept.

Back home, the news hit hard. Some 172nd wives are too proud to complain. "At least our husbands are out there saving the world," says one. "They're not wussies just sitting there on the couch." But at Fort Richardson, Alaska, the 4-23rd's home base, chaos erupted at the announcement of the extension. Some wives had already packed up and shipped their household goods to their husbands' next duty stations. There were families without a place to live; children pre-enrolled in schools thousands of miles away; parents scrambling for winter clothing they had given away; household goods in storage; airplane tickets for vacations that could not be taken—not to mention thousands of broken hearts. Grauer says soldiers have told him, "This has killed my marriage, It's been my third deployment in five years, and we've only spent 15 months together."

Staff Sgt. Chad Denton is on his second deployment. "It takes its toll," says his wife, Beth, back home in Anchorage. "You just don't know each other anymore." The Dentons have five children, 1 to 13 years old, and the two middle sons, 6 and 8, are having trouble. "They need their dad," Beth says. "I keep telling him, 'I know you guys are getting blown up, but I'd rather be on that side, doing what you're doing, than on this side, being mom and dad'." Telling her about the extension was "brutal," says Chad. "At first she said she couldn't believe it. I guess there are three stages: denial, shock ... " His voice trails off. He doesn't get to the third stage.

The 172nd is in the thick of Baghdad's largest military action since 2003. U.S. and Iraqi officials call it the Battle of Baghdad. Gen. George Casey, head of all Coalition forces in Iraq, told 172nd officers it's "the defining moment, the defining battle of the war." This summer's sectarian violence was the worst Baghdad has seen since the war began, with roughly 1,800

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killings in July alone, according to the Iraqi Health Ministry. Large parts of the city have fallen into virtual anarchy. Privately, senior U.S. officials say the Iraqi government has only a few months to stop the killing or collapse.

The Stryker teams are supposed to hold the line. They spend their days searching bad neighborhoods for weapons and evidence of death-squad activities. But Baghdad, like much of Iraq, is suffering from "whack-a-mole" syndrome. The militias keep popping up elsewhere. "With two Stryker brigades, one on the east side, one on the west side, we could secure Baghdad," says a 172nd officer, who asks not to be named disputing Coalition strategy. Even then, he adds, it would take more than four months to finish the job. As things stand, many 4-23 members say the sweeps are no more than a temporary fix. Some argue that the aim is only to make Iraq look good before the Nov. 7 U.S. elections—"fighting for the House of Representatives," as Sgt. Brian Patton describes it.

Meanwhile, families are falling apart. Back in Alaska, one 4-23 wife has a suicidal child in the hospital; another suffered an ectopic pregnancy and had to beg her husband's commander to let him come home to care for her. Another wife attempted suicide. Her husband was sent home, but his career, the other wives say, is over. Gossip is running wild: who drinks too much, who has a compulsive-gambling problem, whose kids are left untended.

Defense Secretary Donald Rumsfeld got a taste of this rage and frustration in August when he met with family members of the 172nd at Fort Wainwright, near Fairbanks, Alaska. In a video of the meeting obtained by NEWSWEEK, one woman asked him why the 172nd was spending most of its time clearing houses, instead of patrolling the streets in the relative safety of the big armored vehicles. "My husband hasn't set foot in his Stryker since he arrived in Baghdad," she said. "Over 90 percent of the house clearings are being handled by the Iraqis," Rumsfeld responded, whereupon women in the audience began shouting "No!" and "That's not true!" Flummoxed, Rumsfeld shot back, "No? What do you mean? Don't say 'No,' that's what I've been told. It's the task of the Iraqis to go through the buildings."

The 4-23's soldiers say they, not the Iraqis, do 95 percent of the searches. "I'd like to punch [Rumsfeld] in the gut," says one seasoned NCO on his second Iraq tour. "He treats us like we're not human. He acts like he's not destroying families."

Baghdad in August breeds thoughts like that. Outside it's 120 degrees Fahrenheit. Inside a Stryker armored vehicle it's 130, sometimes 140. Team members sweat more than seems humanly possible. Their mustaches leak with sweat. Their soaked pants leave damp marks where they sit. The sweat collects in the protective goggles they wear, pouring off the eyebrows and into the lenses. Each soldier has to wear 15-pound side plates, 20-pound body armor, and a three-pound helmet that feels like it's baking the brain. When the vehicle stops, the teams dismount and go to work, climbing stairs, scaling walls, breaking down doors—always watching out for snipers and booby traps.

The unit has had plenty of close calls. Capt. Benjamin Nagy, who goes by the nickname Ox, has been hit by 15 IEDs. Chaplain Grauer has been IED'd seven times. Strykers routinely drive away unscathed from explosions that would kill everyone in a Humvee. Sometimes Velotta's men, sick of the drudgery of house searches, say things like: "Please, can someone just shoot at us?" But a single call over the radio can turn the tedium into something far worse. In the Adamiyah neighborhood, a soldier from another 172nd unit, the 4-14, recently became the extension's first loss. He was shot in the face by a sniper and died a week later after being evacuated to a hospital in Germany.

Postscript: Mary Velotta died on Aug. 19. Her grandson missed the funeral.

CORPORATE SCANDALS:

HP's Dunn Defends Actions In Emergency Board Meeting (USAT)

By Jim Hopkins, Usa Today

USA Today, September 11, 2006

SAN FRANCISCO — Hewlett-Packard (HPQ) Chairwoman Patricia Dunn battled for her job Sunday over her role in an internal probe that plunged the tech giant into a scandal being investigated by law-enforcement authorities.

The HP board, meeting Sunday in emergency session over the matter, adjourned and planned another meeting for Monday afternoon, the company said in a news release. It gave no other details on a case that's riveted Corporate America as one of Silicon Valley's pillars was engulfed in crisis in less than a week.

Investigators hired at Dunn's behest to uncover news leaks from the board of directors stole private home phone records of at least one director and up to nine journalists, according to the California Attorney General's Office and HP spokesman Ryan Donovan.

Dunn, 53, mounting an 11th-hour defense, said Friday she did not learn about illegal tactics used by HP's hired investigators until it was too late. She told the Associated Press she found the tactics "appalling" when she learned the truth.

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That defense may have bought her more time, says Beth Young, a senior research associate at the Corporate Library, a corporate governance consultant. "I think people are withholding judgment," Young said.

Dunn is battling forces aligned with dissident ex-director Tom Perkins, 74, a powerful Silicon Valley financier who resigned in May to protest the HP probe and is pushing for its full public disclosure. Perkins says company agents stole his private home phone records. He called for Dunn's resignation Saturday.

Perkins and his attorney had no comment Sunday, said their publicist, Mark Corallo.

The Securities and Exchange Commisson has contacted HP about how it reported Perkins' resignation. And Sen. Dick Durbin, D-Ill., on Friday asked U.S. Attorney General Alberto Gonzales to investigate.

The board starts Monday's meeting divided as HP is recovering under CEO Mark Hurd, hired last year from NCR after the forced ouster of Chairman and CEO Carly Fiorina in an earlier boardroom fight.

HP's news leak probe, first disclosed by HP Wednesday in an SEC filing, has captivated Silicon Valley. It has brought a muted response from Wall Street. HP shares rose 2.1% on Friday, closing at $36.17, near the closing price before the revelations.

The growing scandal came to a head Sunday amid a clash escalating this year between Dunn, a prominent San Francisco banker, and Perkins, a wealthy Valley insider.

Dunn acknowledged publicly that she'd crossed the wrong man, Perkins, over the investigation's course.

"Tom is a very powerful, very formidable individual to have as an enemy," she told the Valley's San Jose Mercury News Friday.

Perkins' reply Saturday: Dunn must resign.

"I am saddened but not surprised that Patricia Dunn has attacked me personally for doing my job," he said through Corallo, the publicist. "I acted not from any ill will toward Ms. Dunn but to protect the best interests of HP."

Dunn, vice chair of money manager Barclays Global Investors, has been an HP director since 1998. Perkins co-founded Kleiner Perkins Caufield & Byers, a venture-capital firm that's backed some of the biggest tech companies, including search giant Google.

The Dunn-Perkins tensions go back to February 2005, when Perkins returned as a director just as the board was ousting Fiorina.

Perkins and his friend and co-director, George Keyworth, wanted Hurd, Fiorina's replacement as CEO, to be given the board chairmanship, Corallo says.

Directors elected Dunn, creating further divisions on a board already restive over Fiorina's exit and a painful restructuring expected under Hurd.

As the probe into boardroom news leaks advanced, Perkins said he had a deal with Dunn to keep the investigation between the two of them. Dunn says she never agreed to that.

The battle reached a climax May 18, when Perkins says directors first learned details of how the company conducted the probe — and Keyworth was identified as the leak in front of the board. HP says Keyworth acknowledged being the source, but refused a board demand to resign.

Perkins resigned on the spot, telling directors Dunn had "betrayed" him.

The situation worsened around Aug. 11, when Perkins learned from AT&T that his personal home phone calling records had been stolen online by HP's agents earlier that year. He demanded HP review how it conducted its investigation.

And in a crucial turn of events, he insisted HP make public the more damaging details of why he resigned. Perkins insisted that HP amend its May 22 SEC filing reporting his resignation. HP refused.

HP agreed to Perkins' demand for a review of the news leak probe, which the company assigned to its outside law firm. That firm found HP's private investigators used a sometimes illegal technique called "pretexting," where investigators posed as directors and journalists to trick telephone companies into handing over records of home phone and cellphone calls.

The use of such pretexting was criminal, according to California Attorney General Bill Lockyer. His office has not ruled out civil or criminal charges, including against top HP executives, spokesman Tom Dresslar said.

Contributing: Greg Farrell, Kevin Johnson and Jon Swartz

An Industry Is Based On A Simple Masquerade (NYT)

By Matt Richtel And Miguel Helft

The New York Times, September 11, 2006

When Patrick Baird, a private detective in Granbury, Tex., was hunting a runaway or helping a husband find out if his wife was cheating, he would often look for clues in telephone records. He bought them from firms that specialized in obtaining them, and says he did not ask about their methods.

But late last year, as scrutiny of such firms and their often deceptive practices heated up, Mr. Baird stopped giving them business.

"If my own mother came to me and said 'I need this done,' I couldn't do it," he said in an interview last week. "We're abiding by public opinion here."

People who obtain calling records often use a technique known as pretexting — using a pretext, like masquerading as a customer, to get a company to disclose information. Their shady subculture has been getting renewed attention since the revelation last week that a subcontractor for an investigative firm working for Hewlett-Packard used pretexting to obtain the call records of company board members and reporters.

It is hard to quantify the size of the telephone pretexting economy. But in recent years it has turned into a small industry, with dozens of Web sites offering calling records to anyone with a credit card, for a modest fee. Their main customers appear to be private investigators, although some in that field criticize the practice.

"Web sites came out of the woodwork like locusts in the last five to seven years," said Eddy L. McClain, past president of the National Council of Investigation and Security Services, a trade group. "It was too tempting for many investigators not to take that shortcut."

Pretexting "is at a minimum unethical and at a maximum unlawful," Mr. McClain said. "It is a real smear on our profession."

Pretexters often use techniques similar to those employed by identity thieves to obtain not only telephone records but also other private data. Robert Douglas, an information security consultant and former private detective, said they often called telephone companies armed with some personal information, like a customer's Social Security number, mailing address or date of birth. Then they charm and cajole the phone company employee into thinking they are the actual customer.

"They have the knack," Mr. Douglas said. "It's more art than science."

Many professionals pretexters, including those who have used the practice to build lucrative data brokering businesses, are reluctant to discuss their methods. At a Congressional hearing in June, 11 of the witnesses who were called refused to answer questions, invoking their Fifth Amendment right against self-incrimination.

But two others agreed to speak. One of them was David Gandal of Loveland, Colo., whose business, Shpondow.com, helps repossession companies find cars whose owners have defaulted on their loans.

Mr. Gandal said in an interview that he used pretexting to obtain cellphone records, when necessary, until last year. He stopped, in part, because carriers began suing some pretexters. But there was nothing difficult about getting cellphone records, Mr. Gandal said.

"All you need is the last four digits of a Social Security number and a correct ZIP code," he said. "You go to the wireless company's Web site, you sign up like you are that person, you can view the bill."

In most cases, Mr. Gandal said, he already had the Social Security number from the lien holder. But if necessary, he could find it in commercial databases. To demonstrate, he asked a reporter his full name and state of residence and read him back his Social Security number within seconds.

Another witness at the June hearing, James Rapp, a former data broker from Colorado with a long history of run-ins with law enforcement, described how he used pretexting to gather all sorts of information: addresses linked to a specific phone number from the telephone company, Social Security numbers from credit reporting agencies, and an address and phone number from a utility company.

Mr. Rapp explained how he might call the utility company pretending to be a customer with a gas leak. He would then give the operator a false address for that customer, only to have the operator correct him. "They're going to say, 'Oh, well, we have you over here, 144 Northwest,' whatever," Mr. Rapp told the committee, according to a transcript. With a bit more subterfuge he could easily get the customer's phone number as well.

At the hearing, Representative Edward Whitfield, a Kentucky Republican who is chairman of the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee, said that research had showed that in addition to private investigators, lawyers and tabloids, the customers of these data brokers included "automobile finance companies and repossession companies and major banks and major corporations around America."

The Federal Trade Commission, some state legislatures and telephone companies have all tried to shut the industry down, with mixed success so far. Many Web sites that sold calling records have disappeared, but experts say many pretexters remain in business.

"Part of the problem is that there is still no law at the federal level making it clear that the activity is illegal," said Marc Rotenberg, executive director of the Electronic Privacy Information Center.

Using pretexting to obtain financial records was made illegal in 1999. Many legal experts say that pretexting to get phone records is already illegal under federal and state laws against fraud, but Congress is considering bills that would make this more explicit.

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The California Legislature has passed a bill that makes it unlawful to obtain phone records by fraud or deceit, and to buy or sell someone's phone records without their consent. The bill has not yet been signed by Gov. Arnold Schwarzenegger.

The F.T.C. has filed suits against several pretexters under laws barring unfair and deceptive practices. AT&T, Cingular, Verizon and other companies have also sued dozens of people whom they accuse of fraudulently obtaining phone records.

And some carriers have changed the way they do business in an attempt to thwart pretexters. Last year Verizon stopped asking customers for their Social Security numbers as a chief way to establish their identity, said Eric Rabe, a Verizon spokesman. Instead, he said, the company is asking people to provide information that is on their phone bill, like an account number. Verizon is also teaching customer service representatives what they should look for to identify possible pretexters, Mr. Rabe said.

The new vigilance comes at a price. Customers often want to get information quickly and are impatient when they have to put up with a series of questions to establish their identity. Mr. Rabe said.

Walt Sharp, a spokesman for AT&T, said his company continued to accept Social Security numbers as a central means of identification. "That's generally something known only to customers, or it should be," Mr. Sharp said.

Mr. Douglas, the security consultant, agreed that the carriers faced a tough balancing act. "We're in the McDonald's generation. Everybody wants information and they don't want to wait for it," he said. "That's why these guys win."

No system is foolproof if a wily pretexter knows how to convince a company representative that he is a customer who is desperate for account information, Mr. Douglas said. This person might say he is on a business trip, without access to account information, but needs to check his records quickly.

"You come up with a plausible scenario as to why you need the information now," he said.

Mr. Baird, who operates a detective agency with three employees, said he did not know if the people he paid for phone records used duplicitous means to get records, though he assumed that their approach may have involved pretexting. He said he once regularly contracted with various companies and people that charged $110 to $175 for sets of records. The records, he said, were of use in many instances, such as tracking runaways, helping insurance companies ferret out fraud or helping the police determine if a criminal suspect was having conversations with another bad actor.

"It's an issue for law enforcement wanting to move on something early and we were able to give them a direction while they're waiting for a subpoena," Mr. Baird said. He said that he stopped trying to obtain phone records because of the negative attention it has received, and the uncertainty about whether obtaining them was legal.

Mr. Baird said he felt that his and other detective agencies were using the phone records in beneficial and legitimate ways. The decision to stop using them has cost him in lost business, though he declined to say how much. "We'll leave it alone and let Congress figure it out," he said.

Disclosure A Key Question In HP Spat (LAW)

By Susan Beck, The American Lawyer

American Lawyer, September 11, 2006

The sensational revelation that Hewlett-Packard Co. engaged in "pretexting" to gain access to directors' and reporters' phone records has not just created damaging headlines for the Silicon Valley company, but made it a target of a criminal investigation. Larry Sonsini, the company's long-time outside counsel, stated in The Wall Street Journal on Thursday that although he told the company after the fact that the practice was "within legal limits," he was just relying on the opinion of an in-house lawyer.

Questions about the seamy practice of pretexting may be outside the normal scope of practice for a corporate lawyer. Questions about securities laws governing the disclosure of board activities, however, should be bread and butter matters for someone like Sonsini.

For that reason, the handling by Sonsini and his partners of the disclosure that followed the resignation of Tom Perkins from the board raises perplexing questions about their judgment.

Although Perkins resigned on May 18, it was not until Sept. 6 that the company amended its 8-K filing to give more detail about the director's action. In that filing, the company also revealed that it had received a comment letter from the SEC asking for more information about Perkins' resignation.

"We engaged in a 3 1/2 month effort to get Hewlett-Packard to come clean about Tom Perkins' reasons for resigning," says Perkins' lawyer, Viet Dinh, a professor at Georgetown University Law Center.

Perkins abruptly quit during an HP board meeting after another board member, George Keyworth, was asked to resign. A company investigation had identified Keyworth as the source of past press leaks. (Keyworth refused to resign, but the company has not renominated him for the board.)

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According to Dinh, Sonsini was not present at that board meeting, but Sonsini soon after called Perkins to discuss his resignation. What was said in that phone call is disputed. According to Sonsini, Perkins told him that he had no disagreement with the company or the board, but did have issues with Chairwoman Patricia Dunn, who ordered the leak investigation.

Dinh says this is not correct. "Tom Perkins disagrees with Mr. Sonsini's recollection" of the phone conversation. "Recollections may differ, but any reasonable person would recognize that 90 minutes of heated discussion [in the boardroom] are not just over personal issues."

Under federal securities law, if a director resigns because of a disagreement with the company over its operations, policies or practices, the company must describe the disagreement. In an 8-K filing made on May 22, Hewlett-Packard announced that Perkins had resigned, without giving any reason.

If there was any confusion about Perkins' resignation, he made his sentiments clear in an Aug. 14 letter to the board. In that two-page letter, which was copied to Sonsini, he stated that he resigned to protest the "questionable ethics and the dubious legality" of the methods used to investigate the leaks. He also stated that he considered the 8-K to be defective because it didn't describe the circumstances of his departure.

Under securities law, if a director sends the company a letter regarding his resignation, the company must file it with the SEC within two business days.

Why HP chose not to do so isn't yet clear.

Instead, HP General Counsel Ann Baskins sent a letter Aug. 16 to Perkins and Sonsini citing Sonsini's version of his discussions with Perkins. Based on that, she said, "it would be inappropriate to amend the 8-K at this time because it was accurate when filed."

The next day Dinh wrote to Baskins in a letter copied to Sonsini and the directors. He contended that, regardless of what the parties remember about that board meeting, the company should have filed the Aug. 14 letter with the SEC. He accused the company of a "willful attempt to evade the company's obligations."

The next volley came from Sonsini's partner, litigator Boris Feldman. Feldman reiterated in an Aug. 22 letter that the 8-K was correct at the time it was filed, but he did not address Dinh's argument that HP was required to disclose Perkins' Aug. 14 letter. Feldman also demanded to know whom Perkins might have discussed internal HP deliberations with.

Dinh raised the stakes Aug. 23 by accusing Wilson Sonsini of having a conflict of interest, in part because of "Mr. Sonsini's key participation in the events at issue." Returning to the disclosure issue, he wrote: "It simply defies legal and common sense to suggest that, by HP's unilateral fiat, 90 minutes of vigorous disagreement leading to the resignation of a senior board member did not happen or can be ignored."

At some point, Perkins contacted the SEC, according to The Wall Street Journal. On Sept. 6, the day the story broke in the Journal, HP filed an 8-K with more details about Perkins' resignation and admitting the use of the pretexting by an outside contractor.

Ryan Donovan, a spokesman for HP, said the company believed its disclosure was adequate based on what it knew at the time of Perkins' resignation.

As for the company's duty to disclose the Aug. 14 letter, Donovan said he needed to look into that issue and did not get back by press time. At Wilson Sonsini, Feldman referred questions to HP. Sonsini did not return a call. Firm spokeswoman Courtney Dorman returned a call to take questions, but did not call back with a response from the firm.

Charles Elson, the director of the Weinberg Center for Corporate Governance at the University of Delaware, says the HP board should have disclosed the circumstances of Perkins' resignation immediately. "Clearly it's something an investor would find important," he says.

Elson also believes the law required that HP disclose the Aug. 14 letter within two days. He says it's immaterial that Perkins wrote his letter to the board two months after his resignation. "In my view, the letter should have been disclosed, under the spirit of the rule."

He adds, "This is about as bad as it gets," referring to the whole controversy surrounding Hewlett-Packard.

GC Ann Baskins Faces The Eye Of The HP Storm (LAW)

By Kellie Schmitt, The Recorder

California Recorder, September 11, 2006

Ann Baskins has spent almost her entire career at Hewlett-Packard Co., and has been general counsel there for the last six years. Now she finds herself at -- or at least very near -- the center of the growing storm over the boardroom investigation at the computing giant.

Newspaper stories detailing the crisis -- kicked off by HP Chairwoman Patricia Dunn's decision to investigate leaks to the press by fellow board members -- place Baskins at several key junctures in the ongoing saga. The controversy so far has led to a

criminal investigation by the state attorney general and public sniping by famed venture capitalist and now ex-HP director Thomas Perkins at HP outside counsel Wilson Sonsini Goodrich & Rosati.

Baskins, one of the most prominent female general counsel in the country, may figure into investigations now under way into how HP obtained phone records of its directors. Press accounts say Baskins had first asked Wilson Sonsini's Larry Sonsini to investigate possible leaks, then later called on him to probe the methods used by an undisclosed third party in a subsequent investigation. That probe apparently included the checking of board members' personal phone records.

In a June e-mail exchange with Perkins, Sonsini said he was not involved in the third-party investigation, according to documents posted Thursday on the Wall Street Journal Web site.

"The investigation was run by the HP legal department with outside experts. ... I am sure that Ann Baskins looked into the legality of every step of the inquiry and was satisfied it was conducted properly," Sonsini stated in one e-mail.

In a subsequent e-mail, he added that the investigatory methods had been checked with unidentified "outside counsel."

Baskins may also be called on to explain the company's decision to disclose as routine Perkins' angry exit from the board.

An HP spokesman said Baskins declined to comment for this story.

Baskins, who is about 50, graduated from Stanford University and obtained her law degree from UCLA. A summer job with an in-house legal department shaped her career path.

"People enjoyed their jobs and had a clear understanding of business because they were part of it," she recalled in an interview with The Recorder in 2000.

Baskins joined HP in 1982 after briefly working at Crosby, Heafey, Roach & May. She worked her way up the ranks and, less than a year after Carly Fiorina became HP's CEO in 1999, was tapped to succeed Jack Brigham, the first corporate attorney at Hewlett-Packard and GC since 1976.

HP's legal department has more than 300 lawyers. It dishes work to a long list of firms, including Wilson, as well as Gibson, Dunn & Crutcher; DLA Piper; Hunton & Williams; Littler Mendelson; Morgan, Lewis & Bockius; and Irell & Manella.

During her career, Baskins has steered HP through a series of deals and suits and, more recently, mergers and related corporate restructurings.

She helped with the spin-off of Agilent Technologies, which she described in 2000 as part of HP's "reinvention process."

Baskins played a visible role in the legal infighting that came with Fiorina's decision to acquire Compaq Computer in 2002. When dissident HP heirs tried to block the acquisition, Baskins teamed up with Sonsini and other Wilson lawyers to defeat that effort in court.

Though the drama has yet to play out, there are already calls, in some quarters, for Baskins to be fired.

"By all accounts, HP's general counsel Ann Baskins showed extremely bad judgment during the affair," wrote David Kirkpatrick, a Fortune senior editor, in a Sept. 7 analysis. "CEO Mark Hurd ought to fire her immediately, along with anyone else who is determined to have played a critical role in hiring or defending investigators who behaved improperly."

HP Merger May Kill Mercury Suit (LAW)

By Justin Scheck, The Recorder

California Recorder, September 11, 2006

The most prominent civil suit in the ongoing backdating disaster may evaporate -- but not before a bitter fight between two of California's most fearsome law firms.

Mercury Interactive Corp. was one of the first companies to publicly admit problems with its options grants, and its board of directors has been the first to join plaintiffs lawyers in a shareholder suit seeking damages from ousted executives.

The board turned over valuable materials to plaintiffs lawyer William Lerach early this summer -- including a report commissioned by a special committee of the board -- and the lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins seemed to have a powerful case.

But then Mercury was bought by Hewlett-Packard. Now, one defendant claims that the suit should be halted. Lerach, of course, disagrees, and says that defendant's attorney has no business being in the case.

As in many of the options backdating cases, the controversy involves pay practices during the dot-com boom and the law firm of Wilson Sonsini Goodrich & Rosati.

The firm's lead partner, Larry Sonsini, advises HP's board, and his firm represents HP in its proposed $4.5 billion acquisition of Mercury, which was announced in July and should be finalized by the end of the year.

The firm also represents Kenneth Klein, the erstwhile Mercury chief operating officer and a defendant in Lerach's suit.

In court papers filed late last month, Klein's lawyer, Wilson partner Jared Kopel, said that once finalized, the deal should kill the suit now in California's Santa Clara County Superior Court.

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"Plaintiffs will lose standing to proceed with this litigation when Mercury Interactive Corp. merges with Hewlett-Packard," Kopel wrote in court filings. The only way the case could continue, he said Thursday, is if the HP board were to take the case up on its own.

Lerach says that could well happen, since -- in his opinion -- Klein and the other former executives owe the company money. With that looming possibility, he argues that Wilson Sonsini is wearing too many hats in the case.

"It simply is unacceptable for a law firm to represent both a defendant and the party in control of the claim," said Lerach. "It's a very clear conflict, and is simply unacceptable."

Kopel disagrees. "Right now they're not adverse to each other, so there's no conflict of interest," he said, since HP does not yet own Mercury, and is not in a position to decide whether to prosecute the case.

And, he added, since it's been publicly known for months that Wilson Sonsini represents HP, Klein has had ample time to switch counsel, which he has not chosen to do.

"He was aware, just from press reports, that HP would be acquiring Mercury, and that we had represented HP," Kopel said.

When it comes to the merger, Kopel added, an ethical wall has been constructed between Wilson Sonsini's HP lawyers and the Klein team to prevent conflicts.

For now, Kopel said his only source of information on the deal is the media. And he wants Judge James Kleinberg to halt discovery requested by Lerach until the merger is done.

The plaintiffs object and want the case to continue moving forward. They bristle at Kopel's claim that the suit is clearly governed by Delaware law -- and that Delaware law clearly puts a stop to such litigation in the event of a merger.

BEST IN SHOW?

The fate of the Mercury suit is of interest to many litigators, since it's the most advanced of the backdating cases and involves a group of executives who've been closely scrutinized in the press and by government investigators.

Since Mercury disclosed its options problems last year, the practice of backdating stock options has become a major corporate scandal, with more than 100 companies having either admitted to having past problems or to being under investigation by the government.

But plaintiff and defense bar hopes that they could get a sense of the trajectory of civil backdating suits from the Mercury case may be dashed with the merger.

And the deal's added involvement of Wilson Sonsini has also raised eyebrows, since Larry Sonsini's name has repeatedly come up in backdating cases -- both because his firm represents several defendants and also because Sonsini himself sat on the boards of at least three companies whose options issues have been publicly questioned. Neither Sonsini nor a spokeswoman for the firm returned calls seeking comment.

But Melinda Haag, a partner at Orrick, Herrington & Sutcliffe who represents the former Mercury general counsel, Susan Skaer, said the conflict issue that Lerach points out is the type of thing that's become increasingly common in Silicon Valley in recent years.

"Conflicts are a mess these days, just generally," she said. "We have ethical walls, we have conflict waiver letters. I think all firms are in this situation now, accounting firms, law firms, we're all so big."

What Options For CEO Pay? (LAT)

The Los Angeles Times, September 11, 2006

DURING HIS FIRST YEAR AS PRESIDENT, Bill Clinton persuaded Congress to reduce the federal deficit by raising taxes and limiting spending. At the time, higher rates and a 10% surcharge on taxpayers who earned more than $250,000 a year attracted most of the attention. But a less publicized increase in corporate taxes has turned out to have had unexpected consequences — which Congress is still addressing.

The provision capped the amount of executive pay that a publicly held company could deduct from its taxable income. Beginning in 1994, only $1 million of the annual salary and benefits paid to a top executive could be deducted as a business expense. This wasn't a wage control so much as a surtax on compensation; the deduction amounted to a subsidy, and capping the deduction eliminated the subsidy for paychecks greater than that amount.

The Congressional Budget Office thought so little of the provision that it made only a passing reference to it in a 72-page analysis of the legislation's changes to tax law. Nor was any mention made of the loophole lawmakers created: The provision did not apply to compensation tied to performance goals, pensions, commissions or pre-existing contracts. The result: Numerous companies reduced top executives' salaries to below $1 million and made up the difference with stock options. The latter could still be deducted because they were theoretically tied to a company's performance — the better a company did, the more its share price should rise, increasing the value of the options.

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The shift to options paid off handsomely for many executives during the dot-com boom. But outfits with gyrating or falling share prices were at a disadvantage because their options didn't have a predictable payout. To keep valuable employees happy, dozens of companies appear to have manipulated the timing of the option awards surreptitiously — and illegally — to maximize the payoff. Federal investigators are now examining the records of more than 100 firms.

The Sarbanes-Oxley Act of 2002 has already put a crimp in options manipulation by requiring companies to tell the public who has been granted options within two days. Still, enough possibilities for mischief remain that some lawmakers are rethinking the change made in 1993. One possibility is to eliminate the exemption for performance-based pay; another is to raise the cap on deductible compensation.

Either way, the shenanigans have already taken their toll on investors in scores of firms whose shares slumped after the wrongdoing was alleged. These companies may have avoided some taxes by awarding options instead of paying higher salaries. But their savings are a drop in the bucket compared to the losses faced by shareholders.

CRIMINAL LAW:

Robberies, Gun Violence Increased Last Year, Justice Report Says (WP/AP)

By Michael J. Sniffen

The Washington Post, September 11, 2006

Americans were robbed and victimized by gun violence at greater rates last year than the year before, even though overall violent and property crime reached a 32-year low, the Justice Department said yesterday.

Experts said the increases buttress reports from the FBI and many mayors and police chiefs that violent crime is beginning to rise after a long decline. Bush administration officials expressed concern but stressed that it is too soon to tell if an upward trend in violence had begun.

Last year, there were two violent gun crimes for every 1,000 individuals, compared with 1.4 in 2004, according to the department's Bureau of Justice Statistics. There were 2.6 robberies for every 1,000 persons, compared with 2.1 the year before.

"This report tells us the more serious events -- robbery and gun crimes -- increased, and the FBI already told us homicides increased," said James Alan Fox, a criminal justice professor at Boston's Northeastern University.

"So while the report shows the more numerous but least serious violence -- simple assaults, which is pushing and shoving -- went down, the mix got worse in terms of severity. That wasn't a very good trade-off," Fox said.

A preliminary FBI report in June on crimes reported to police showed a 4.8 percent increase in the number of murders and 4.5 percent increase in the number of robberies in 2005.

With congressional elections approaching, these reports could pose political problems for the administration. Department officials have been scurrying to understand and deal with the problem.

Deputy Attorney General Paul J. McNulty listened to complaints about dwindling federal anti-crime aid from several dozen mayors and police chiefs at a public meeting in Washington on Aug. 30. Several days later, Attorney General Alberto R. Gonzales told reporters that cities will have to work harder but should not count on more federal money because of growing demands in the fight against terrorism.

Dean Esserman, the police chief of Providence, R.I., said all but a few cities have fewer police officers than in 2001, with big reductions in New York, Boston and Detroit "because of the loss of federal money." A Clinton administration program paid for local departments to hire community-oriented police officers, but the Bush administration stopped the money for such hiring.

"I believe in homeland defense, but I also believe in crime-fighting," Esserman said. "I don't want one neglected for the other. Every year we're losing 16,000 people to murder, mostly young people and mostly killed by guns, and that's more than three times the number that died at the World Trade Center" in the attacks of Sept. 11, 2001.

U.S. Homicide Rate Up In 2005 (LAT)

By Walter F. Roche Jr., Times Staff Writer

The Los Angeles Times, September 11, 2006

A national victimization report echoes what FBI data show. But a one-year rise doesn't necessarily mark a trend, officials say.

WASHINGTON — The national rates of homicide and firearm violence jumped in 2005, ending a decade-long decline, according to a new U.S. Justice Department report that reinforces recent warnings by law enforcement officials.

The National Crime Victimization Survey, released Sunday, found that homicides increased 4.8%, from 16,140 in 2004 to 16,910 last year. The biggest increases were reported in the Midwest and South.

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In a statement that accompanied the report, Deputy Atty. Gen. Paul J. McNulty noted that overall crime data for 2005 showed a continuing decline, but he acknowledged an increase in crimes committed with firearms.

"Whether the increase from 2004 to 2005 marks a change in the trend towards reduced firearms victimization rates cannot be determined from one year's data," he said.

He noted that the 2005 rate was still lower than the 2001 rate.

"We recognize that some jurisdictions are experiencing a recent increase in certain types of violent crime," McNulty said.

Among cities in that category is the nation's capital. More than a dozen homicides occurred in early July alone, prompting Police Chief Charles H. Ramsey to sign an emergency order extending officers' work shifts and putting hundreds more on patrol.

"We're at the front end of an epidemic," said Chuck Wexler, executive director of the Police Executive Research Forum, a law enforcement policy center based in Washington.

Wexler, commenting on the report, said police chiefs from around the country who attended an August forum sponsored by his group reported that the increase in violent crimes first seen in 2005 had continued into this year, with major rises in three categories — homicides, robberies and aggravated assaults.

Noting that McNulty had attended the forum, Wexler said: "There is genuine concern among police agencies that the increases are continuing and expanding. There's a need to pay closer attention."

The victimization survey follows an FBI report issued in June showing that violent crime increased 2.5% in 2005.

Wexler said the FBI data, which also showed a substantial rise in the number of homicides, reflected conditions currently experienced by law enforcement officials.

He said that in Sacramento, for instance, the homicide rate this year had jumped 45%.

According to the report released Sunday, the 2005 overall homicide rate was 5.7 per 100,000 individuals.

The rate in the Midwest jumped 5.8% from 2004 and in the South, 5.3%.

Males, blacks and those under 24 were victims of violent crime more frequently than other groups.

According to the report, 24% of the violent crimes were committed by an armed offender, and the victimization rate of firearm violence jumped from 1.4 individuals per 100,000 in 2004 to 2.0 per 100,000 in 2005.

Overall in 2005, according to the report, U.S. residents 12 or older were the victims of 18 million property crimes and 5.2 million violent crimes.

At the August forum, law enforcement officials called on the federal government to refocus on fighting violent crime and suggested that international anti-terrorism efforts had sapped crime-fighting efforts.

In response, Atty. Gen. Alberto R. Gonzales said cities would have to work harder to fight violence and said they should not count on increased federal assistance.

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Fugitive's Letter To Lawyer: 'I Tried … It Didn't Work' (USAT/AP)

By Ben Dobbin

USA Today, September 11, 2006

CARROLL, N.Y. — Days before breaking out of jail in April, Ralph "Bucky" Phillips sent his parole lawyer a thank-you note that hinted at an ominous turn in his life.

"I'm just not cut out for the life you folks live. I tried it, it didn't work," Phillips wrote, nearing the end of a 90-day sentence for a parole violation and fearing that his sentence was going to be extended — for months, if not years.

A petty criminal for most of his life, he had left prison in November after 13 years for burglary and larceny. Of the past 23 years, he spent 20 in prisons.

Friends and relatives insist Phillips was trying to straighten up. Then he became the suspect in the shootings of three state troopers, including one who died, and was pursued in the state's largest manhunt ever. He was placed on the FBI's Most Wanted list.

Phillips, 44, surrendered without firing a shot Friday night. He appeared in courts in two counties Saturday to face the first of many charges, including attempted murder.

Despite a long disciplinary record in prison, he had no criminal history of violence.

"He's certainly no angel," said John Keavey, Phillips' court-appointed parole lawyer. "But the Phillips I knew was definitely not some kind of animal. This was a guy who was really trying to turn his life around when he came out of prison, who wanted just to work and reconnect with his daughter and was not allowed to."

Phillips got a job after his prison release in November, said his employer and longtime friend Dan Suitor.

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"I know what he's accused of doing, you can't get any worse than that," Suitor said. "But to know him the way I have for as long as I have, up to this point, I could never say a bad word about him. He's very generous, very giving, very caring."

Phillips spent Christmas Day with his former girlfriend and their 23-year-old daughter.

In January, Phillips violated his parole when he was ejected from a halfway house after an argument with a counselor.

Back in jail, Phillips wrote to Keavey in late March.

"I just wanted you to know I enjoyed meeting you and I hope you and your kids will always be able to share the things that make your life most happy," Phillips wrote. "At least one of us has it."

Within days, Phillips started his high-profile flight from justice. He allegedly used a can opener to cut a hole in the ceiling at the Erie County jail near Buffalo and escape April 2.

On June 10, Phillips allegedly shot Trooper Sean Brown during a traffic stop near Elmira. Brown survived.

On Aug. 31, two members of a state police team, Joseph Longobardo, 32, and Donald Baker, 38, were ambushed by a sniper who was in the woods behind the cabin of Phillips' former girlfriend, Kasey Crowe. Longobardo died Sept. 3.

In the weeks leading up to those shootings, Phillips allegedly zigzagged across western New York state and into Pennsylvania.

Private Anguish Emerges In Gotti's Conversations (NYT)

By Timothy Williams

The New York Times, September 11, 2006

As the racketeering trial of John A. Gotti unfolds in Manhattan federal court, one of the subtexts to emerge is how the family business pulled Mr. Gotti in and left him almost powerless to resist.

In secret F.B.I. recordings made while he was in prison from 1999 to 2004, Mr. Gotti, who prosecutors say was in the top echelon of the Gambino organized crime family, can be heard agonizing Hamlet-like about whether he should stay faithful to the dictates of his father, John J. Gotti, who was then the Gambino boss, or muster the courage to create his own identity.

"My father couldn't have loved me to push me into this life," he told a visitor to the federal prison in Ray Brook, N.Y., in September 2003. "I had a good life. I had good guys around me. We did our own thing; we minded our own business. I mean, I know — I know my father loved me, but I got to question how much. He put me with all these wolves."

But Mr. Gotti seemed to change his mind minutes later, apparently accepting that his fate was to remain a member of La Cosa Nostra for life, as he had pledged in the blood oath he had made on Christmas Eve in 1988.

"That's my choice, my choice. When they open the gates, I can go home and be a pacifist, or I can go home and take care of my business," he said. "You know I'm not a pacifist."

The recordings were not used during Mr. Gotti's first two racketeering trials. Both of those trials ended with juries unable to reach a verdict on the most significant racketeering charges, including the allegation that Mr. Gotti ordered the 1992 kidnapping and beating of Curtis Sliwa, a radio talk show host and the founder of the Guardian Angels.

Mr. Gotti's defense maintains that he left the Gambino crime family sometime before 1999, which would allow him to avoid conviction on most of the racketeering counts because of the five-year statute of limitations on those charges.

The tapes are critical, however, because the conversations on them took place after 1999, and seem to back the prosecution's contention that Mr. Gotti still played a key role in the Gambino family.

If convicted of each count, Mr. Gotti, 42, faces at least 30 years in prison. His father died in prison in 2002 at age 61.

It is unclear how the younger Gotti had been employed when his father paved his entry into the Gambino family. But by all accounts, Mr. Gotti learned quickly under his father's tutelage. As a teenager, he spent a good deal of time with older relatives at social clubs. He became proficient at bribery, extortion, loan sharking and running illegal gambling operations.

Mr. Gotti pleaded guilty to those crimes in 1999 and spent about six years in prison.

A former confidante and a Gambino family captain, Michael DiLeonardo, testified during Mr. Gotti's current trial. When he opens his front door, Mr. DiLeonardo said of himself, "felons fall in."

Mr. Gotti did not have to even answer the door. Many of his male relatives — father, brother, uncles, brothers-in-law, cousins — and his close male friends were members or associates of the Gambino family. During the past 15 years, the federal government has worked systematically to prosecute them.

"I know what I'm doing," Mr. Gotti told two friends who had been members of his crew during a prison visit in August 2003. "I worked on all my father's cases." Mr. Gotti eventually became acting chief of the family before he was abruptly demoted to captain while in prison. The orders reportedly came from Mr. Gotti's father, though the recordings show that the younger Gotti's rage is frequently directed at two of his uncles — Peter Gotti, who became the new boss, and Richard Gotti, a captain, who had delivered the news.

He believed that they had lied to his father about him in order to take control of the family.

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"It came from Richie," Mr. Gotti told his sister Angel Gotti during an August 2003 prison visit. "I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him."

The following month, Mr. Gotti complained to John "Johnny Boy" Ruggiero, a member of his crew, that his uncles had turned his father against him, apparently by saying that the younger Gotti had stolen money from the mob and had been verbally abusive to fellow mafia members. For a period of time, Mr. Gotti refused to communicate with his son.

"The only man that had to have my love and undying respect," the younger Gotti said of his father. "Respect more than anything else in this world. They tried to turn my father against me. Keep this garbage life. I don't want it. You turn someone that I love that much against me."

In another 2003 conversation with his sister about their uncles, Mr. Gotti said, "They destroyed me, and they tried to destroy me in my father's eyes."

Although the father and son had eventually made peace through an intermediary, it seemed to have done little to quell the younger Gotti's tortured thoughts.

"Oh, I'd rather be a Latin King than be what I am," he told Steven Kaplan, a member of his crew in 2003, referring to a gang. "I swear to you, Steve, and I, I mean it on my father's grave. I'm so ashamed. I am so ashamed."

FBI Preps For Storm Fraud Cases (NOTP)

By Mark Waller

New Orleans Times-Picayune, September 11, 2006

So great is the surge of recovery dollars pouring into the region that the New Orleans FBI office is preparing a permanent hurricane fraud squad to investigate cases of bilking aid programs for years to come.

The cases started with people lying about their Hurricane Katrina losses to receive the initial $2,000 disbursements from the Federal Emergency Management Agency and money from the Red Cross. The trend continues with overbilling, ghost employees, favoritism in hiring and kickbacks in recovery contracts.

"We're really on the beginning of the upward slope of the bell-shaped curve," said James Bernazzani, special agent in charge of the FBI's regional office. "The more money that comes down, the more temptation there is to steal."

A recent example is two former FEMA employees who were sentenced in August to 21 months in prison for soliciting bribes while running a base camp in Algiers. U.S. Attorney Jim Letten's office said the pair offered to inflate the head count for a food contract in exchange for payments from the vendor.

Also last month, a Metairie man pleaded guilty to collecting about $5,500 in federal rental assistance although he had a place to live rent-free. He faces up to five years in prison, three years of supervised release and a $250,000 fine.

Hundreds of people face federal charges accusing them of abusing relief programs. And Louisiana's Road Home program, with its billions of dollars in home rebuilding grants, is just getting under way. Officials said last week that all Road Home applicants must provide thumbprints to ensure identity.

Bernazzani said agents are even watching for organized crime entities trying to get a piece of the hurricane recovery, although so far none have been detected.

"More things are in place than I can remember on anything to prevent fraud," said Howard Schwartz, a 19-year agent who supervises public corruption and hurricane fraud cases.

Temporary reinforcements have helped the local FBI office pursue fraud cases since Katrina. But by early 2007 a transition to the permanent fraud squad should be complete, Bernazzani said. The cases could be plentiful for a decade, he said.

So far, the FBI seems to have done well. On Tuesday, 11 of its employees will receive attorney general's awards in Washington for their hurricane fraud work. Only 15 such awards will be granted in the fraud category for the entire country.

It is among the most prestigious honors for FBI agents, and it is rare for an office to receive that many in the same year, Bernazzani said.

"It's unprecedented for the New Orleans division," he said.

The honorees include Schwartz and special agents Donald Bostic, William Carter, Brad Casey, Wayne Horner, Jenny Orona, Ed Reed, Peter Smith and Dennis Swikert, assistant special agent in charge Matt Chapman and administrative assistant Rebecca Giddens. Another supervising special agent, Todd Cox, is receiving a distinguished service award not specifically involving fraud cases.

Bernazzani would not give the number of agents working on hurricane fraud, but he said it has become the agency's largest function in New Orleans. Before Katrina, said agency spokeswoman Sheila Thorne, it was counterterrorism, an effort that has not lessened but been eclipsed by hurricane fraud.

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Part of the job, Bernazzani said, is warning people against abusing relief money through news conferences and public service announcements.

The early $2,000 FEMA payments resulted in 2.5 million claims -- and thousands of fraud cases nationwide -- Schwartz said. Punishment for cheating that program can be up to five years in prison, he said.

"It ain't worth it," Bernazzani said. "We are out there. The fellow you may be talking to could be cooperating with the FBI."

Six La. Residents Indicted On Fraud Charges (BRADV)

Advocate Staff Report

Baton Rouge Advocate, September 11, 2006

A federal grand jury has indicted six Louisiana residents on fraud charges related to hurricane disaster relief programs.

Timothy E. DeClouet, 38, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Hurricane Rita. According to the indictment, DeClouet is charged with defrauding the Louisiana Department of Labor and the Federal Emergency Management Agency for applying for disaster unemployment benefits without notifying the department that he was working.

Wanda Turner, 28, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits. Turner applied for and received unemployment benefits and did not notify the Labor Department that she was working, according to the indictment.

If convicted as charged, both Turner and DeClouet face a maximum of 20 years in prison, a $250,000 fine or both.

Robin Becnel, 44, of Baton Rouge was charged with illegal conversion of government property. Becnel allegedly cashed a check from FEMA for expedited disaster assistance to which she was not entitled. If convicted, Becnel faces a maximum sentence of 10 years in prison, a $250,000 fine or both.

Koieasha Jones, 26, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with illegal conversion of government property. The second count carries a 10-year maximum sentence, a $250,000 fine or both.

Bridgette Toney, 24, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with making false and fraudulent claim for disaster assistance benefits and with making false and fraudulent statements to FEMA.

Edwin L. Franklin, 24, of Port Allen was charged in a two-count indictment with making false and fraudulent claims for disaster assistance benefits and with making false and fraudulent statements to FEMA.

Toney and Franklin both face a maximum of five years in prison, a $250,000 fine or both, per count.

The indictments were handed down Wednesday. These six people bring to 74 the total number of defendants who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds.

In September 2005, U.S. Attorney General Alberto R. Gonzales formed the Hurricane Katrina Fraud Task Force, designed to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

Story originally published in The Advocate

Six Indicted On Hurricane Fraud (AP)

AP, September 11, 2006

Six people, including two from New Iberia, have been indicted by a federal grand jury on charges related to hurricane disaster relief.

38-year-old Timothy Declouet and 28-year-old Wanda Turner are charged with wire fraud by trying to apply for disaster unemployment benefits.

If convicted both Turner and Declouet face a maximum of 20 years in prison, a quarter-million dollar fine or both.

Four other people from Baton Rouge were indicted on various charges.

Investigators say so far, 74 people have been charged in the Baton Rouge district.

In Role Reversal, Ex-F.B.I. Agents Help Murder Defendant (NYT)

By Alan Feuer

The New York Times, September 11, 2006

When Lin DeVecchio goes to court, he never goes alone.

His lawyers are there, making arguments. The news media are there, taking photographs and notes.

His wife sometimes shows up, making small, sorrowful faces as she grips him by the hand.

Then there are the men who make a path for him as they escort him back and forth through the crowd. The ones with the gray hair and the jowls, the stern faces and the off-the-rack suits.

Almost from the moment he was charged in March with helping to commit four murders for the mob, R. Lindley DeVecchio has been surrounded by this posse of supporters: retired F.B.I. men who for years were not only his colleagues, but also his friends.

They watch his back. Personally guarantee his million-dollar bond. Solicit money for his legal bills. Scoff at his accusers. Interview — or, some have said, intimidate — witnesses in the case.

And at every chance they get, tell whoever cares to listen that Mr. DeVecchio is an innocent man.

Sixty-five years old and retired from the F.B.I., Mr. DeVecchio stands accused in a state indictment of four counts of second-degree murder.

The Brooklyn district attorney's office says he helped an informant in the mob, Gregory Scarpa Sr., kill four times in the 1980's and early 1990's, so that Mr. Scarpa could rid himself of rivals and win bloody battles in a war within the Colombo family.

To a federal agent, there is nothing more toxic than a corruption charge — which even by association can ruin a career. And the charges faced by Mr. DeVecchio are radioactive: that he gave secret information to Mr. Scarpa in exchange for $66,000.

Which makes it all the more remarkable that 19 former F.B.I. agents have put their names and reputations on the line to save their troubled friend. These were not the bureaucrats or pencil pushers of the New York office, but its veteran undercover and investigative men.

"We've all worked with Lin since the early 1970's," said Joseph D. Pistone, the real-life Donnie Brasco, who infiltrated the Bonanno crime family as an undercover agent in the 1970's.

"We're all veteran street guys," Mr. Pistone said. "If anyone could smell something bad, it would be us. And with Lin, we never smelled bad."

The so-called Friends of Lin DeVecchio have a total of 480 years of street experience, give or take a few, and while most spend their time these days on a golf course or at the shore, they remain encyclopedic on the subject of the mob.

Who knows better than us, they say, what happened 20 years ago at Carmine Sessa's bar or at Larry Lampesi's house near McDonald Avenue in Brooklyn? (Both places will figure prominently at trial.)

"We gathered the information," said James M. Kossler, who from 1979 to 1989 was Mr. DeVecchio's boss.

Much of that information has been posted on a Web site, www.lindevecchio.com, which attempts to refute the state indictment with transcripts of federal trials and with private F.B.I. reports called 302's. There is information about how to donate money toward Mr. DeVecchio's legal expenses.

The Web site also levels personal attacks against the state's lead prosecutor, Michael Vecchione; its chief witness, Linda Schiro, Mr. Scarpa's former companion; and Sandra Harmon, who is a self-described relationship coach and the co-author with Priscilla Presley of a tell-all book on Elvis Presley, and who had planned to write a book with Ms. Schiro but wrote one instead about Mr. Scarpa's son.

Mr. DeVecchio's supporters make no bones about their deep disdain for the Brooklyn district attorney, Charles J. Hynes, who they say considers a good Mafia case to be rounding up gamblers on Super Bowl Sunday.

"Here you have a rackets bureau that doesn't know a thing about organized crime," Mr. Kossler said. "They don't know what they're doing. If they had a track record of making great O.C. cases, fine — but they don't."

The bad blood between the state and the F.B.I. goes back many years, to at least 1992, when Mr. Scarpa went into hiding after Brooklyn prosecutors obtained a warrant for his arrest on a gun possession charge. From April to August of that year, court papers say, Mr. Scarpa met or spoke with Mr. DeVecchio seven times, but the F.B.I. neither informed the state of his whereabouts nor arrested Mr. Scarpa.

Jerry Schmetterer, a spokesman for Mr. Hynes, waved off accusations that the office was incompetent.

"These people who are making these allegations can't possibly know the depth of the evidence we have compiled to make this case," he said.

Part of that evidence is likely to include the testimony of Lawrence Mazza, Mr. Scarpa's one-time disciple, who has already told investigators that Mr. Scarpa had a friend in law enforcement, whom he used to call "the girlfriend."

Mr. Mazza, who now works at a gym in southern Florida, said that several weeks ago, one of the retired agents paid him a visit. Without saying exactly what happened, he said the agent had tried to intimidate him in connection with the case.

Mr. Kossler scoffed at the charge, saying the former agent had gone to Florida merely to interview Mr. Mazza on Mr. DeVecchio's behalf. As a witness for the prosecution, Mr. Mazza is of obvious interest to the defense, he said.

While the prosecution has said in court that intimidation of witnesses may have occurred, it will not publicly discuss Mr. Mazza's accusation.

At its core, the DeVecchio case is about the tenuous give-and-take that exists between an agent and a confidential source.

Prosecutors say that Mr. DeVecchio abused that give-and-take, giving Mr. Scarpa names and addresses of men who wound up dead.

Mr. DeVecchio has said that in the 12 years he "ran" Mr. Scarpa, he never leaked a secret and never received anything more than a Cabbage Patch doll, a bottle of wine and a pan of lasagna.

As for the Friends of Lin DeVecchio, they maintain it takes a special sort of man to handle Mafia informants. He must speak the language of the street and of the F.B.I. He must appreciate the criminal mind without admiring it. He must be able to cultivate trust among those who trust no one but themselves.

"That's the fine line the agent has to walk — to always remember who he is and who he's dealing with," said Christopher Mattice, who served for many years as the F.B.I.'s informant coordinator in New York.

"You have to talk the language and make them understand you understand what's going on."

And most important, he said, you must remember that no conversation between an agent and a mole takes place in a vacuum. Questions fashioned to elicit information give information: If Agent X asks about Gangster Y, it means that he is interested in Gangster Y. If Gangster Y winds up dead, is that Agent X's fault?

For now, Mr. DeVecchio's trial is scheduled to open at the beginning of next year, and his federal friends are planning to attend.

"The bond is very close," said Douglas E. Grover, Mr. DeVecchio's lawyer. "It's not just that they worked together; it's like they were in the Army together, like they went through the wars."

Should things go poorly for Mr. DeVecchio, his supporters will not quit, they say.

"We'll continue to do what we're doing," Mr. Kossler said. "We'll fight this as far as it has to go."

Cuban Community In Miami Rallies Behind Anti-Castro Activist (WP)

By Peter Whoriskey

The Washington Post, September 11, 2006

MIAMI -- He is, depending upon whom you talk to, either a terrorist or a patriot.

The trial of Santiago Alvarez, a 65-year-old businessman here, is scheduled to begin this week on federal charges of maintaining an illegal armory of machine guns, C-4 explosive and hand grenades at a suburban apartment complex he owned.

Federal prosecutors say the anti-Castro crusader was storing "a staggering amount of illegal weaponry and ammunition." The Cuban government, the presumed target, has denounced him as a terrorist.

But in this city of Cuban immigrants and countless schemes to invade the island and topple the Castro regime, the moral distinctions that elsewhere underlie global antiterrorism efforts seem harder to fix precisely. Alvarez's alleged stash is viewed by some less as a criminal offense than as a noble quest.

"He's a patriot," Miguel Saavedra, leader of the hard-line anti-Castro group Vigilia Mambisa, said of Alvarez. "I don't see any good reason to prosecute him."

Particularly galling for many anti-Castro campaigners here is that one of their own has been charged as a criminal for conducting a campaign against Cuba. The country is included on the State Department's list of "State Sponsors of Terrorism," along with Iran, North Korea, Sudan and Syria.

Making matters worse, Alvarez's advocates say, is the slim likelihood of having a Cuban American on the jury -- because the indictment was made in Fort Lauderdale, rather than in Miami, the jury pool will be drawn far from the large Cuban community of Miami-Dade.

Dozens of his supporters staged a protest on the courthouse steps here last year chanting " Libertad! " On Friday evenings, Saavedra and others stand outside the federal detention center holding a Cuban flag and a U.S. flag.

"We just want a chance to fight Fidel Castro," Saavedra said. "But the U.S. government is not giving us that chance."

It's a fight, he says, that is justified by Cuba's role in the world.

According to a State Department terrorism report, "the government of Cuba maintains close relationships with other state sponsors of terror such as Iran and North Korea, and has provided safe haven to members of ETA, FARC and the ELN," citing terrorist groups in Spain and Colombia.

Before his arrest, Alvarez may have been best known for his advocacy on behalf of Luis Posada Carriles, a CIA-trained Cuban immigrant linked to the bombing of a Cuban airliner that killed 73 people in 1976 and to other violent plots. When Posada sought asylum in the United States last year, it was Alvarez who helped present his case to the public.

"He's been a fighter against Castro all his life," Alvarez said of Posada, whom he called a hero. "He advocates violence, but that does not mean violence and terrorism are the same thing."

His association with Posada and other campaigns has earned him the enmity of the Castro regime, according to some press accounts. Supporters say that made Alvarez a likely target for a setup by the Cuban government.

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Castro "for an extended period of time campaigned openly in several speeches for the arrest of Mr. Alvarez," according to a defense document filed in March.

The case against Alvarez and his employee, Osvaldo Mitat, began last year when Customs agents intercepted a FedEx package from Guatemala to Alvarez's office in Hialeah, Fla. Inside a book entitled "Cuba Mia" (My Cuba), agents found a fraudulent Guatemalan passport and a fake identity card.

Agents searched Alvarez's office and found electrical switches and detonating cord for explosives. A confidential informant told the agents that Alvarez had asked him to transport a large white cooler of weapons from the apartment complex where they had been stored to a Miami location, according to the agents' affidavit.

Once the informant delivered the cooler to Mitat, agents moved in. They discovered inside the cooler three live grenades, a grenade launcher, four fully automatic machine guns, a silencer and other weapons, some with the serial numbers obliterated.

"Unfortunately, you guys are doing your job and we got caught with a bunch of guns," Mitat said at the time, according to the agents' account. "I love the United States and would never do anything to hurt this country. These guns were not meant to be used against this country."

The outcome of the trial is expected to turn at least partly on the credibility of the confidential informant, who has been identified as Gilberto Abascal, a former Alvarez employee.

Prosecutors disclosed in April that Abascal was sharing information with a Cuban government official known as "Daniel." Defense attorneys are expected to portray him as a mentally ill "double agent" who cannot be trusted.

Yet a substantial portion of the pretrial maneuvering has concerned exactly who will sit in judgment of Alvarez and Mitat -- and more precisely, how many Cuban Americans are likely to turn up in the jury pool.

Federal prosecutors sought the indictment in Fort Lauderdale, meaning the trial will be heard by a jury from Broward County, where roughly one in 25 people are of Cuban descent. Prosecutors justified the location by saying the apartment complex where the weapons had been stored is in a Fort Lauderdale suburb.

Defense attorneys, noting that the arrests were in Miami-Dade, have charged that the Fort Lauderdale location was strategic -- and discriminatory -- because it avoids a trial in Miami-Dade, where nearly one in three people are of Cuban descent.

"The government's decision to indict in Fort Lauderdale to move the case to Broward County is no accident," they wrote. "No experienced attorney could fairly deny the dramatic difference in jury composition that has resulted."

While U.S. District Judge James I. Cohn has denied two defense motions intended to draw more Cuban Americans into the jury pool, the issue continues to roil debate about the trial and its larger meanings here.

"The Cuban-American community is still suffering from the Elian [Gonzalez] case and the demonization it suffered," Jaime Suchlicki, a University of Miami history professor and Cuba expert, wrote in an affidavit for the defense. "The media and elements of the U.S. government stereotyped the Cuban-Americans as 'terrorists,' 'violators of laws', and 'radical right wingers.' "

"This case," he wrote, " has meaning beyond its facts."

Secret Service Tickets Barry (WP)

By Yolanda Woodlee And Allan Lengel, Washington Post Staff Writers

The Washington Post, September 11, 2006

Officers Say They Smelled Alcohol During Traffic Stop for Running Light

D.C. Council member Marion Barry was detained and ticketed by the Secret Service early yesterday, after uniformed officers stopped him near the White House for running a red light and detected the smell of alcohol, authorities said.

Tom Mazur, spokesman for the Secret Service, said Barry's car ran a red light at 16th and H streets NW. The officers administered a field sobriety test and took Barry to the U.S. Capitol Police station, where he was given a breathalyzer test.

Mazur said police could not get an accurate reading on the breathalyzer, so Barry was asked to submit to a urine analysis, which he refused. Barry was then ticketed for running a red light and failing to submit to a urine analysis, the spokesman said.

Barry, in a telephone interview yesterday, said he was not intoxicated and had not run the light. He said he passed the breathalyzer when the test registered a 0.02, far below the legal threshold for intoxication, 0.08. The former four-term mayor accused federal authorities of trying to "embarrass and discredit me."

This is the second time this year that police have questioned Barry's sobriety. In May, he was involved in a minor fender bender, and he passed a breath test, although the police report indicated that he appeared to be impaired.

Barry is on probation stemming from a tax-related conviction, and Frederick D. Cooke, Barry's attorney, said it is unclear whether the latest citation would affect Barry's legal status. Cooke said he could not comment because he did not have enough details.

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Barry (D-Ward 8) was sentenced in March to three years' supervised probation after pleading guilty in U.S. District Court to misdemeanor charges of failing to file federal and local income tax returns. He tested positive for marijuana and cocaine use in a court-required screening in November, soon after his guilty plea, and underwent drug treatment and counseling.

The former mayor also was convicted of a misdemeanor count of cocaine possession in 1990 after being arrested in a downtown D.C. hotel.

Barry, 70, said he was released yesterday with a citation. He said he believes he was the victim of racial profiling because all the officers involved in the incident are white.

On Saturday night, Barry attended a Ward 8 rally for mayoral candidate and D.C. Council member Adrian M. Fenty (D-Ward 4), whom Barry has endorsed in tomorrow's Democratic primary.

Barry would not discuss his refusal to submit a urine sample but said it was clear that if he had been drinking, "it wasn't much of anything." He said the breathalyzer test was successful and registered his blood alcohol content at 0.02.

"How is that unsuccessful?" Barry said. "They didn't get their desired results."

Barry said the incident occurred after he saw Secret Service officers gesturing at him as he drove near the White House. He was giving a brief tour to an out-of-state elected official, whom he would not identify, when authorities stopped him.

Barry said he had met with two elected officials in the lobby of a hotel about 12:30 a.m. after one of the officials called him at home to say he could not attend a scheduled breakfast meeting.

Barry agreed to drive one of the officials around town after he mentioned that he had visited Washington on many occasions but had never actually seen the city.

After driving past the John A. Wilson Building and the Washington Monument, Barry said, he was approaching Lafayette Square near the White House. The officers pulled him over, and before he gave them his license and registration, six of them surrounded the Camaro he was driving. He said the vehicle is on loan from a dealership while his car is being repaired.

"I was outraged," Barry said. "They were looking for something to deal with me on. I asked, 'Why?' and they wouldn't tell me."

Barry said he took the field sobriety test and was asked to blow into the breathalyzer twice at the station.

A similar incident occurred in March 2002, when the U.S. Park Police said they found traces of marijuana and cocaine in Barry's car while he was parked in a remote area of Southwest Washington. No arrest was made, but it derailed Barry's plan to run for an at-large D.C. Council seat.

Barry later ran for the Ward 8 seat in 2004 and overwhelmingly defeated former ally Sandy Allen.

In the May incident, Barry was ticketed for failing to yield the right of way after a minor accident on First Street SE. That offense is punishable by a $50 fine.

Both the red light violation and the urine analysis citation are considered administrative offenses and not criminal, meaning they typically would be heard before a Department of Motor Vehicles examiner and not a Superior Court judge.

Staff writers Henri E. Cauvin and Martin Weil contributed to this report.

Sex Offender Sues Va. To Keep Name Off Web (WP)

By Theresa Vargas

The Washington Post, September 11, 2006

John Doe is 31 years old, received degrees in philosophy and psychology from the University of Mary Washington and is an aquatics coach in the Washington area.

He does not want you to know his name or that when he was about 18 he was convicted of having sex with his 14-year-old sister. The sex started, police said, when she was in second grade.

Now that Virginia's online sex offender registry has been expanded to include all sex offenders -- not just those considered violent -- people such as Doe are being told that they must register or face arrest. That means that their names, photos and professions will be posted on the Internet amid the rapists and child molesters already there. Hidden under the cloak of a pseudonym, Doe is taking the fight to court.

Today, Doe's attorney will stand on one side of a Prince William County courtroom, asking a judge to allow him to remain anonymous and safe from arrest. On the other, attorneys for the defendants -- the county and the state -- will argue that the public has a right to know who Doe is and where he lives and works. And that he was convicted of incest, a misdemeanor.

"The whole purpose of the registry is public notification and tracking," said Sandra Sylvester, a Prince William prosecutor. "From our point of view, it's not the ones we know about, the ones who are compliant, that worry us. It's the ones we don't know."

Although the registry requirements changed in 2003 to include incest, it wasn't until this year that the information was to be made public online. In July, Doe filed suit.

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"Any requirement for Mr. Doe to register as a sex offender now, more than eleven years after his conviction, would not serve the community in the fashion that the legislators intended," his attorney, Melinda VanLowe, argued in court papers. "The registry would severely damage Mr. Doe's ability to maintain or gain employment, his standing in the community and general livelihood, causing irreparable injury that cannot be compensated by monetary damages." VanLowe would not comment further.

On the registry's Web site is this disclosure: "Effective July 1, 2006, this website will contain information on all sex offenders required to be registered in the Commonwealth, both classifications of offenders, the violent sexual offender and the sexual offender."

County and state officials said they predict that many more nonviolent offenders will challenge the stricter regulation.

Tucker Martin, a spokesman for the attorney general's office, said it is unfortunate that a registry is needed. But with the high recidivism rate among sex offenders, he said, awareness is a community's best protection.

"The question becomes: Do you let the feelings of a convicted sex offender outweigh the safety of Virginia citizens?" Martin said. "Law enforcement must work in the world we live in, not in the world that we wish we had."

Since July, Virginia State Police have added the names of about 2,800 nonviolent sex offenders to the online database, Lt. Thomas W. Turner said.

The agency, which administers the registry, is also creating a 45-member unit dedicated to ensuring that all sex offenders comply with the law. Turner estimates that at any time, 1,300 sex offenders are noncompliant, and his office often fields "outraged" calls from people reporting an offender in their community.

"It's not a matter of wanting to know," Turner said. "They are demanding to know."

Randi Lanzafama, deputy chief probation and parole officer for Prince William, said that even before the new regulations, her office had treated nonviolent sex offenders the same as violent ones.

"Everybody wants to know, 'Are these guys never going to re-offend?' " she said. "I can't ever say they won't. But I believe in what we do, and I believe we give them the opportunity to change, if they want to."

Doe pleaded guilty to incest in February 1994. According to an arrest warrant at the time, his sister told police that for seven years she and her brother had engaged in a variety of sexual acts, including intercourse.

In April 1994, a judge sentenced Doe to 90 days in jail, with all of it suspended if he stayed out of trouble and got counseling. In March 1995, Doe fulfilled his obligations and was released from probation.

Doe's sister wrote a letter of support for her brother to Prince William Commonwealth's Attorney Paul B. Ebert, saying that she and her brother received counseling and that she is doing well in life. She is a lawyer and is married with two young children.

"We have resolved our issues and maintain a close relationship often sharing in large family holidays and vacations," she wrote of her brother in May. "He is an important part of my family."

She described him as an "excellent uncle" to her children, saying she doesn't fear leaving them with him.

"I have healed from what happened to me as a child and continue to grow despite it," she wrote.

Their mother also wrote a letter, saying the two "enjoy a normal brother sister relationship in the family."

CIVIL LAW:

Special Counsel Cancels Award Ceremony For Whistle-Blower (WP)

By Elizabeth Williamson

The Washington Post, September 11, 2006

A funny thing happened to Leroy Smith on his way to the Office of Special Counsel last week.

Smith, a prison safety manager who blew the whistle on life-threatening conditions in a prison-run factory, was to be honored Thursday afternoon by Special Counsel Scott J. Bloch as the office's Public Servant of the Year.

Bloch flew Smith and his wife in from Arizona, where they now live, put them up in a fancy hotel, invited media and dignitaries -- then, minutes before the event, canceled everything. Instead of an acrylic obelisk and 10 minutes of fame, Smith was left with a free hour and no idea what happened. Special counsel staffers wound up with a roomful of free catered food and almost -- but not for long -- as many questions as Smith.

"I'm very disappointed," Smith said. "And it's kind of fishy."

Bloch said Smith remains the 2006 Public Servant of the Year. Bloch said he canceled the award presentation and news conference after Catherine McMullen, who is chief of the office's whistle-blower disclosure unit and played a key role in investigating Smith's case, suffered a death in her family and had to leave town. "It just didn't feel right," Bloch said, to celebrate Smith without McMullen.

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And that, sadly, would have been that. Except for the special counsel staffers who came forward after Bloch pulled the rug out. McMullen's relative, they said, hadn't died suddenly, or even Thursday. Staff members had known for at least a day that McMullen would not attend the event, yet planning for it continued. McMullen could not be reached to comment.

Bloch scuttled Smith's fete, these employees believe, because he got wind of Smith's plan to take his award and head over to a news conference with Public Employees for Environmental Responsibility. Smith and the watchdog group -- which has criticized Bloch in the past -- planned to blast a whistle-blower investigation process that they believe is so lengthy, uncertain and short on employee protections that would-be whistle-blowers might decide it's not worth it.

For Bloch, one staff attorney said, being upstaged by a group of gadflies would put the capper on a bad day that began with a Washington Post story poking fun at the workplace fashion tips published in his office newsletter last month. "Scott does not like negative things said about himself," said the attorney, who would not agree to be named because "I have to keep this job until I can find another one."

Minutes after the cancellation, "We all got an e-mail saying, 'It's cancelled . . . there's food up here if you want it,' " the attorney said. "They had sentries posted in the lobby and up here on the third floor to turn folks away."

Smith reported that his congressman, Rep. Dennis Cardoza (D-Calif.), got the cancellation as he was leaving his office for the event.

As for Bloch, "I don't know anything about what [Smith] was doing" after the ceremony, he said. "The most important consideration is the great service that he performed."

Quibbling over lost pomp and circumstance is "getting lost in nonessential things," Bloch said.

Leroy Smith feels differently. His two-year quest to call attention to airborne toxins poisoning workers and inmates in a computer recycling plant at California's Atwater federal penitentiary has endangered his job and has threatened his marriage. He has taken a year off to deal with stress-related health problems. "The award was kind of semi-closure for me," he said.

CIVIL RIGHTS:

Baca Orders Review Of Interrogation Policy (LAT)

By Andrew Blankstein

The Los Angeles Times, September 11, 2006

It began on an April afternoon in 2005 when neighbors in an upscale section of Manhattan Beach noticed black smoke billowing from an apartment rented by a local doctor.

Firefighters arrived and quickly extinguished the blaze. But when they got inside the home's bedroom, they found the body of the doctor's housekeeper, Libia Cabrera, lying under a window and burned beyond recognition.

The 41-year-old Lawndale mother had been bound, gagged, sexually assaulted and stabbed in the neck.

Months passed without any breaks. Then, in January, detectives arrested Herbert Orlando Gonzales, a 27-year-old clerical worker and aspiring musician.

Gonzales was charged with murder and three other felony counts including arson and residential burglary and, if convicted, could have faced the death penalty.

But the "big break" in the murder mystery has become a black eye for the Los Angeles County Sheriff's Department.

A Los Angeles judge last month threw out the case, raising concerns about the detectives' conduct during a lengthy interrogation.

Though the deputies claimed that Gonzales made incriminating statements during the interview, the judge concluded that they might have violated Gonzales' Miranda rights and bullied him into making incriminating statements that he later recanted.

The judge also cast a skeptical eye on detectives' decision to record only part of the interrogation, saying later that the Sheriff's Department could not afford to audiotape the entire interview.

The decision has reverberated throughout the Sheriff's Department, prompting Sheriff Lee Baca to launch a review of detectives' in-custody interrogations, including the one involving Gonzales.

Michael Gennaco, head of the Sheriff's Office of Independent Review, said he thought the department should consider standardizing policies for how interrogations are carried out and recorded.

Though Gennaco reserved judgment on the Gonzales case, he said it was important for the department to have a consistent policy.

He noted that a confession, absent supporting physical or circumstantial evidence, can be a tenuous foundation for a case.

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The issue also has been debated at the state level. A blue-ribbon panel examining reform of the state's criminal justice system released a report in July urging the Legislature to adopt a law mandating electronic recording of all jailhouse interrogations.

The California Commission on the Fair Administration of Justice — which included Atty. Gen. Bill Lockyer and LAPD Chief William J. Bratton — recommended that if a law enforcement officer fails to make an audiotape, the law should require that criminal juries be instructed to view any confessions with caution.

Baca, who also was on the commission, abstained from the vote, saying he needed more time to study the proposal. The recommendations have since been adopted in a bill passed by the Legislature and sent to the governor's desk for signing.

Homicide investigators had little to go on when they started investigating Cabrera's killing.

Witnesses said they saw little out of the ordinary that day.

Detectives eventually focused on a surveillance video of the ground floor of the apartment building.

Grainy images showed a white truck with a camper shell parked on the street. It also showed a man with a receding hairline and a white stripe on his pants walking back and forth.

At one point, the man appears with a strap over his shoulder, which authorities thought was a carrying case for a laptop computer that was reported missing from the doctor's apartment building.

Although there was nothing definitive, investigators had another element working in their favor: a genetic profile of the killer from DNA evidence recovered from Cabrera's body.

But for months, detectives could not figure out who the man in the video was — or whether he had anything to do with the crime. They moved on to other cases.

Then the case picked up again in December when detectives decided to take a fresh look at the evidence. They opted to focus heavily on identifying the man in the videotape.

So sheriff's investigators descended on the victim's Lawndale neighborhood, hoping residents might have seen the man.

One woman told detectives that the man in the video resembled someone she had seen visiting a neighbor who had since moved to Virginia.

The detectives traveled to the East Coast, where the woman told them after repeated questioning — and viewings of the videotape — that the shadowy figure looked a lot like Herbert Gonzales, the cousin of her former husband.

Finally, the detectives thought they had a solid lead.

On Jan. 6, detectives arrested Gonzales at a South Los Angeles home that he and a fiancee were considering buying.

The interview, with Dets. Randy Seymour and Kathy Gallagher and a Manhattan Beach homicide investigator, occurred the next day at the Twin Towers Jail in downtown Los Angeles.

The interview lasted nearly two hours, but detectives recorded only the last hour, according to court records.

A transcript of the recorded interview shows that detectives told Gonzales their theory of the case: He, a cousin and another man were driving around Manhattan Beach that day in the white truck. They broke into the doctor's building because they needed money and stole the laptop.

At first, Gonzales vehemently denied the allegations. But as detectives pressed him, he seemed to waver.

"Just talk to us about how you came into possession of the laptop, and don't worry about going down for the murder, because you're not," one detective said, according to the transcript.

The detectives repeatedly told Gonzales that the videotape clearly showed him at the scene.

At one point, Gonzales admitted that he was at the apartment building but later recanted.

In throwing out the case, Los Angeles Superior Court Judge Carey H. Nishimoto expressed grave concerns about the interrogation.

His biggest criticism was that the detectives recorded just a portion of it, the part in which they lay out their theory of the case and press Gonzales to admit his role.

The judge noted that the recorded interrogation "consists 90% or more of the detectives talking, not the defendant."

Earlier parts of the interview, in which Gonzales repeatedly denied any involvement in the murder, were not recorded, he said.

The judge also found that the detectives' testimony in court contradicted what was heard on the audiotape, such as whether they fully advised Gonzales of his legal right to an attorney.

"The detectives testified that the defendant answered 'Yes' in response to the question 'Did you understand you rights, your Miranda rights?' " Nishimoto said. "The tape recording transcription shows that this question was followed by '(no audible response).' Not a statement that could be deciphered, but no statement at all."

Nishimoto also said investigators made "what appeared to be false promises of leniency," which "prompted the defendant to make an incriminating statement."

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With the judge's decision, the mystery of who killed Libia Cabrera remains.

Capt. Ray Peavy, head of the sheriff's homicide unit, declined to comment on the status of the case other than to say it was still open. Peavy also declined to discuss the judge's criticism of his detectives' tactics.

Sandi Gibbons, a spokeswoman for the Los Angeles County district attorney, said her office also was still investigating the case.

Gonzales' criminal defense attorney, Joseph Shemaria, said that his client is innocent and that the Sheriff's Department built the entire case against him on a tenuous identification from the grainy security video and a dubious interrogation.

Investigators still have the DNA evidence found in the apartment. But both Shemaria and a top Sheriff's Department source said the DNA didn't match Gonzales'. Authorities have not found the missing laptop computer.

As for Gonzales, he was released in August after six months in jail and said he is trying to get his life back on track.

Before his arrest, Gonzales said, he had a steady job with a company that manages shopping malls and had landed two music recording jobs, including an appearance in a music video.

He recently found a job. But he said sheriff's investigators continue to suggest that he had something to do with the crime.

"People think I'm some sort of monster," he said.

Denying The Vote (NYT)

The New York Times, September 11, 2006

It has been decades since federal laws overturned the literacy tests and poll taxes that were the most blatant forms of discrimination barring black people from voting in Southern states. But even today, felony disenfranchisement is an enormous obstacle to voting for black people in the Deep South. These laws are the worst in the free world. The process for restoring voting rights for people who have been convicted of crimes can be so byzantine that officials don't know who is eligible. The confusion bars some eligible voters from the polls for life.

In Alabama, an archaic law strips the right to vote from people convicted of crimes involving "moral turpitude," without explaining what that is or what crimes are covered. A man who was convicted of a felony for driving under the influence of alcohol, for example, was stripped of his right to vote. When he reapplied for the vote, different agencies gave him contradictory answers, and he was initially prohibited from registering.

An Alabama judge has instructed the Legislature to clear up the confusion by clearly defining what the phrase means. But the problem with the state's system runs far deeper than that. The Legislature recognized that something was seriously wrong in 2003, when it passed a law streamlining the process of restoration of voting rights for people who have completed their sentences for certain crimes. The expedited system has failed, however, because of foot-dragging and endemic confusion.

The Legislature needs to stop tinkering at the margins of this problem. The only honorable solution is to automatically restore voting rights to Alabamians who have completed their sentences. That's the only way to take this issue out of the hands of bureaucrats and make amends for one of the most shameful voting rights records in American history.

ANTITRUST:

'Tween' Toy Firm MGA Nears Deal To Buy Newell's Little Tikes Arm (WSJ)

By Christina Binkley

The Wall Street Journal, September 11, 2006

MGA Entertainment Inc. is close to an agreement to buy Little Tikes Co., a division of Newell Rubbermaid Inc. that makes preschool toys and play equipment, according to people familiar with the situation.

The move would put MGA, maker of the Bratz dolls and other so-called tween-targeted toys, into a new segment of products for young children. A deal could be announced as early as this morning, the people said.

Little Tikes is known for the durable, brightly colored plastic trucks, climbing gyms and infant toys that it has been making since 1970. It may be best known for the foot-powered Cozy Coupe car. About six million of those cars have been sold, according to the company's Web site.

MGA has separately been strengthening its stake in German doll maker Zapf Creation AG, and last month launched an electronic hand-held toy and Internet game called Miuchiz. The Little Tikes acquisition would cement for MGA a broad range of products from babies and toddlers to tweens and teens.

The price of the acquisition wasn't clear. One person familiar with the talks said the Little Tikes company has about $250 million in annual revenue.

A spokesman for MGA declined to comment. A Newell representative couldn't be reached.

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Newell, based in Atlanta, makes office products, tools, and other products from Sharpie pens to Levolor home fashions. The Little Tikes division is based in Hudson, Ohio. The division was acquired by Newell in 1999, as part of the company's acquisition of Rubbermaid Inc.

MGA is expected to leave most of those operations in Ohio, but to move some product-development offices to its Van Nuys, Calif., offices, where there will be an aggressive effort to quickly increase the product line and sales, a person familiar with the discussion said.

Write to Christina Binkley at christina.binkley@wsj.com1

Can Fashion Be Copyrighted? (WSJ)

By Ben Winograd And Cheryl Lu-lien Tan

The Wall Street Journal, September 11, 2006

As fashion models hit New York runways this week, they won't just be showing off spring 2007 designs aimed at high-end retailers. They'll also be providing a wealth of ideas for apparel manufacturers that copy runway looks -- usually with less-expensive fabrics, in foreign assembly plants -- for purchase by the masses.

Hoping to change that by following Europe's lead, prominent fashion designers in the U.S. are pushing for federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Though the odds of passage in the current Congress appear slim, the bill has ignited a fierce debate over how the creative process works in the women's fashion industry, which rang up retail sales of $101 billion in 2005.

The central question is whether fashion design is an art worthy of protection or a craft whose practitioners can and should freely copy one another. In an industry where many designers come out with similar looks each season -- and where inspiration is said to be "in the air" -- designers and the thriving knockoff industry are hotly debating the issue.

Another key question: whether knockoffs, somewhat counterintuitively, actually benefit the industry as a whole. Copying, some argue, propels the fashion cycle forward by creating popular trends that spur designers to move on to the next big idea. In what they dub the "piracy paradox," law professors Kal Raustiala of the University of California, Los Angeles, and Christopher Sprigman of the University of Virginia argue that copying makes trends saturate the market quickly, driving the fashion cognoscenti to search out newer looks. "If copying were illegal, the fashion cycle would occur very slowly, if at all," they write in an article to be published in the Virginia Law Review. While they concede copying can harm individual designers, they say Congress should protect industries only when piracy stymies -- rather than encourages -- innovation.

Joel Paris, who offers some 2,000 handbag styles resembling designer models on his Anyknockoff.com Web site and clearly benefits from others' design inspirations, maintains that knockoffs can boost a design house's profile. "Let's say Versace does a pair of parachute pants. Then three months later, some other designers do versions of parachute pants, and a year later you go to Costco or Target and you see parachute pants there," he says. "Everybody's going to know that it was Versace that kicked off the trend. It's great for the high-end fashion designer."

Taking a different tack, Allen Schwartz, founder and design director of the label A.B.S. by Allen Schwartz, says he makes affordable knockoffs of red-carpet and runway looks to serve average consumers who can't afford high-fashion designs. For example, Mr. Schwartz is selling a $396 white strapless chiffon gown inspired by a $6,700 Alberta Ferretti gown worn by Debra Messing at the Emmy Awards. He's also introducing a $385 purple satin and chiffon version of a silk dress Evangeline Lilly wore to the Emmys. The original was designed by Versace, which says its price is available upon request.

"My job is to bring trends to the consumer at a fair market price," says Mr. Schwartz. "Few people can spend $4,000 on a dress."

But fashion designers -- who invest time and money drawing sketches, ordering samples and making adjustments -- say such arguments ring hollow. Designer Catherine Malandrino, who says she has seen almost identical versions of her blouses and sweaters in such stores as H&M and Esprit, maintains that copying isn't the only way to bring fashion to the masses. "If you're creative, you can design original designs that are affordable," she says. "You don't have to knock off what other people are creating."

Designer Tracy Reese, whose dresses sell for several hundred dollars, says she recently saw a dress from her Spring 2003 collection knocked off by Eci New York, a sportswear brand that sells in such stores as Macy's and Nordstrom. The $164 dress by Eci featured both a similar pattern and silhouette, Ms. Reese says. "My first thought was, 'Can I sue them for this?'"

At the moment, probably not. Currently, federal trademark law protects against infringement of registered logos, brand names and distinctive patterns, like Burberry plaid. Counterfeiting, in which bags, sunglasses and other fashion items are fraudulently stamped with the designer's name, is outlawed.

But when it comes to the basic cut of a dress or shape of a purse, manufacturers are generally free to copy -- or "reference," as many put it -- any style they want. Fashion design has historically fallen outside the scope of copyright protection

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because it was considered a craft, not an art, dating back to a time when clothing served to simply cover the body, says Susan Scafidi, a law professor at Southern Methodist University who runs a blog on counterfeit fashion. Today, "fabric is a means of expression, just like pen or ink," she says.

Under the proposal, designers for the first time could register clothing designs with the U.S. Copyright Office. Registrations would cover the overall appearance of the item in question, barring even those made with inferior fabrics. But designers couldn't protect commonplace designs already in the public domain, like jeans, T-shirts, wrap dresses or trench coats, or anything before the law was passed, such as styles from previous seasons.

If the designer believes another person infringed his copyright, he could sue those who sell or manufacture the design in federal court. Those found guilty would face fines of 250,000 or $5 a copy, whichever is greater.

In other fields, copyright law bars duplicates found to be "substantially similar" to originals. But critics say applying that standard to fashion design would be difficult, and some fear the bill would stifle innovation because designers would constantly worry about being sued. "I don't know how they're going to police this," says Mr. Schwartz of ABS, whose knockoff gowns could be a prime target if the law passes. "This could really damage the creative part of the business if they start putting restrictions on people."

"It's going to be crazy -- there are going to be a lot of lawsuits flying around that have no merit," says Steven Feinstein, president of Eci. He says his company designed the kimono-like dress that upset Tracy Reese after hearing that Japanese-style pieces would be popular this past spring.

The proposed U.S. law would be more modest than the protections offered in Europe. In one famous dispute, Yves Saint Laurent successfully sued Polo Ralph Lauren under a French law in 1994 for copying his $15,000 tuxedo dress. The European Union now grants three years' protection to original fashion designs and allows creators to apply for 25-year extensions. Even so, knockoffs are a thriving business in Europe where purveyors of fast fashion as H&M, Zara and Top Shop freely adapt recent designs from the runway to make inexpensive versions.

In addition to established names, the U.S. bill's supporters say that copying hurts young designers in particular. One example is Jennifer Baum Lagdameo, who runs the handbag label Ananas from the basement of her home outside Washington. For fall 2004, she designed a leather handbag with coconut-shell rings -- dubbed the "Furoshiki" -- inspired by the shape of a traditional cloth used to wrap gifts in Japan, where she once lived. The bag was once her best-selling model, but she says numerous retailers canceled orders after several clothing labels produced similar designs that sold for between 10% and 50% of her $285 price.

As it is, even designers can have difficulty discerning their originals from the copies. Evening-wear designer Carmen Marc Valvo recalls recently meeting a fan who was wearing a chocolate-brown, halter-necked cocktail dress he initially thought was his. "She came up to me and said, 'Oh my god, I love your designs,'" he says. "When I took a closer look, I said, 'Wait a minute, there's something different about this dress -- it has a different back!'"

Still, Mr. Valvo says he's been copied so much he now shrugs it off when he sees styles that imitate his work. He finds the idea of legislation "insane," he says. "Fashion is more evolutionary than revolutionary -- you're always inspired by something else. Besides, I don't think anyone copying me would be able to do it the same way."

ENVIRONMENT:

An Inconvenient Truth About Youth (WP)

By Laura Wray And Constance Flanagan

The Washington Post, September 11, 2006

"An Inconvenient Truth," Al Gore's movie on global warming, is now the fourth-largest-grossing documentary of all time. But apparently it isn't young adults who are paying the price of the ticket -- or, more important, taking the truth about the environment to heart. In fact, the inconvenient truth today is that youths' willingness to conserve gas, heat and energy has taken a precipitous plunge since the 1980s.

According to data from Monitoring the Future, a federally funded national survey on trends in the attitudes, values and behavior of high school seniors since 1976, there has been a clear decline in conservation behavior among 18-year-olds over the past 27 years -- although we are not yet sure whether these attitudes follow youths into adulthood. This decline, interestingly, is coupled with a rise in materialistic values.

In fact, trends in materialism and conservation are highly related: At times when youths place higher value on material goods, they are also much less likely to say they would conserve resources. And when youths are more materially driven, they are also less likely to believe that natural resources will become scarce in the future.

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Since the 1990s, the trends in materialism seem to have topped out at a steady high level, while willingness to conserve keeps declining. These opposing values should raise a red flag about the consumer culture and its influence on youth.

Youths also consistently believe that government is more responsible for the environment than they are personally. Importantly, when they perceive that the government's role in solving environmental problems is declining, so does their belief that they, personally, must do their part to save the environment.

Conservation is a collective responsibility. Likewise, in the minds of youth, their own actions to preserve the environment are inextricably linked to their perception of the government's role in environmental conservation.

Indeed, environmental attitudes of youth seem to mirror the opinions of those in the White House at the time. The highest levels of conservation occurred in the mid- to late 1970s, at the same time President Jimmy Carter was publicly petitioning citizens to take individual responsibility for conserving resources. The steepest decline in conservation occurred during the Reagan administration, which has been widely criticized for its environmental policies. Willingness to conserve enjoyed a slight surge around 1992-93, when Bill Clinton first took office, but this increase was short-lived. (Al Gore must not have been speaking up too loudly about the environment back then.)

The good news in these trends is that when government responds, so do youth. If our country's leaders follow the example of Al Gore and start to genuinely explore sustainable solutions, it's likely that young people will follow suit.

Policymakers and elected officials might also want to note that when youths embrace conservation and pro-environmental attitudes, they are more likely to engage in conventional politics, from writing to officials to giving money to a political campaign, or working on a campaign.

Gore argues that in America, "political will is a renewable resource." Perhaps one way to renew this resource is to start focusing more on young people and their understanding of, as well as contribution to, environmental problems.

Laura Wray is a graduate student and Constance Flanagan a professor of youth civic development at Pennsylvania State University. They work with the MacArthur Research Network on Transitions to Adulthood in mapping the attitudes of young adults.

California Dreamin' (WSJ)

The Wall Street Journal, September 11, 2006

If you've noticed a certain glow emanating from somewhere out West, don't be alarmed. It's only California, engaged in its latest bout of feel-good environmentalism.

We say feel-good, because even the supporters of that state's recent decision to unilaterally enact a mandatory global warming program are admitting it will accomplish, well, nothing much. That didn't stop a round of media huzzahs when Governor Arnold Schwarzenegger and Sacramento Democrats announced a program to require a 25% cut in carbon dioxide emissions by 2020. A point of special pride was that the new regime would be the most stringent in the nation, encompassing not just power plants but companies ranging from oil refineries to cement manufacturers.

This self-congratulation took place despite an understanding that by 2020 California is expected to account for all of 1.3% of total world-wide CO2 emissions. Even if it reaches its CO2 goals (a big if), the state will have reduced global emissions by 0.3%. By contrast, China is expected by 2020 to increase its share of global greenhouse emissions to more than 22% of the world's total, surpassing the output of the entire U.S. "None of it matters or works if other states or nations don't copy us . . . ," admitted Catherine Witherspoon, who runs the California agency charged with implementing the mandate.

What we really have here, then, is the ultimate in political symbolism. California is getting good at this sort of thing, having passed an equally ineffectual global warming program for automobiles in 2004. Its politicians understand that none of this will register on the global temperature dial -- assuming that humans are even the cause of global warming. They also know the Kyoto Protocol has proven to be a failure, as European countries routinely ignore their CO2 limits. What the bill does provide, however, is a chance for the state's elite, including the Silicon Valley crowd, to feel virtuous, and for politicians such as Mr. Schwarzenegger to bolster their green bone-fides in a election year.

Yet even symbolism can have consequences, and California's economy will be lucky to escape this unscathed. Supporters say the Golden State's "leadership" will force other governments to reduce their emissions too. This is part of the environmental community's latest strategy, which is to whip up enough grassroots support to force the federal government to enact a mandatory CO2 program. They've had some limited blue-state success: In addition to California, seven Northeast states recently approved mandatory limits on carbon from power plants.

But there's little evidence that the federal government is any closer to subjecting the economy to a similar CO2 straitjacket. Even California Senator Dianne Feinstein, who has pledged to introduce federal CO2 legislation, noted that some 40 states rely on coal-fired power plants for their energy and aren't likely to cripple their main electricity producers any time soon. "Forty times

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two, in terms of Senators, makes a bill very difficult," she sighed. Most of those state legislatures also won't be enacting a California-like program.

Which gets to California's potential problem. That state already boasts some of the highest energy prices, highest taxes, and toughest regulatory regimes in the U.S. Many of its businesses already depend on lower-cost energy from nearby states, and that practice will likely increase. Others have been looking for an excuse to leave the state for better business climes, and a costly global warming mandate could be the final enticement. One irony is that those companies that do depart for other states or other countries, such as China or India, may well be allowed to emit even more CO2 than they do now.

Supporters argue that the new program will simply require utilities and others to become more efficient, which will save them money in the long run. But California's high energy prices and strict pollution controls long ago forced utilities to tighten up; any low-hanging fruit has been picked. Those companies that do stay in the state will thus pay more for the privilege, passing those costs along to consumers via higher energy prices and more expensive products.

The architects of the bill appear to have realized this, too, which is why they included an escape hatch allowing the Governor to extend compliance deadlines if faced with "the threat of significant economic harm." California's politicians may have to take advantage of that wiggle room down the road -- though they can feel good about themselves all the way up to the point they have to do it.

FBI/DEA/ATF/USMS:

Million-dollar Drug Bust At Buffalo's Peace Bridge (AP)

AP, September 11, 2006

BUFFALO, N.Y. A 28-year-old American woman faces charges after federal officials say she tried to smuggle more than one (m) million dollars worth of the drug Ecstasy into the U-S at the border crossing in Buffalo.U-S Customs and Border Protection officials say officers at the Peace Bridge became suspicious after stopping the woman's car on Wednesday.Officers say a search of the trunk turned up more than 53-thousand Ecstasy tablets wrapped in vacuum-sealed bags.The woman -- whose name has been released -- with charged with importing and possessing a controlled substance with intent to sell it.Federal authorities say the 40 pounds of drugs had a street value of more than one (m) million dollars. Copyright 2006 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

Marijuana Busts Setting Records (SRPD)

By Mike Geniella

The Santa Rosa Press Democrat, September 11, 2006

Attorney General Bill Lockyer said Thursday that marijuana seizures this year are setting records, with Mendocino, Lake and Shasta counties accounting for about 40 percent of the statewide volume.

Lockyer said so far nearly $5 billion worth of maturing pot plants have been destroyed in a beefed up state and federal campaign that will continue into October.

"This is another record-breaking year in finding and destroying illegal enterprises," Lockyer said.

He said drug agents are finding "larger and larger gardens worth tens of millions of dollars."

"It's not unusual for a single garden to have 20,000 plants," Lockyer said.

Lockyer's comments echoed earlier remarks of local, state and federal agents who have cited surging pot production and a growing tie to Mexican crime families.

"There's more marijuana than ever growing out there," Sheriff's Sgt. Rusty Noe, the veteran director of Mendocino County's anti-marijuana growing efforts, has said.

Lockyer in the past has cited the growing role of Mexican drug organizations, concurring with state agents who estimate that as much as 70 percent to 80 percent of illegal pot production on state and federal lands is tied to them.

But Lockyer on Thursday made no reference to the Mexican connection, preferring instead to credit the record seizures to increased numbers of drug teams, aerial surveillance and transportation to the typically remote gardens.

Lockyer spokesman Aaron Carruthers said Thursday the attorney general wanted to emphasize government "efficiencies" over the Mexican crime ties.

The federal Office of National Drug Control Policy last week estimated that 166 of 228 marijuana-growing operations found this year on public lands across the United States were associated with Mexican crime organizations.

National drug czar John Walters said last week in Fresno that "Mexican drug cartels are turning our national parks into centers of international drug trafficking," according to the Fresno Bee.

Lockyer's statewide marijuana statistics released Thursday show that Shasta County led in overall pot seizures, with 204,571 plants yanked.

Lake County was next with 186,327 plants, followed by Mendocino with 114,441. Together the street value of the seized plants in the three counties totaled about $2 billion, according to Lockyer's statement.

State figures were not available Thursday for Sonoma County, but local officials have said at least 70,000 marijuana plants have been uprooted so far this summer. Comment on this article Comments can take a few minutes to display.

Smack Scourge Spreads To City (Trenton)

Trentonian, September 11, 2006

TRENTON -- A potent new brand of heroin blamed for 400 deaths nationwide has killed at least seven people in Trenton in the past two months, police said.

City detectives are waiting for toxicological tests to confirm their suspicions of death by narcotic overdose.

But Police Director Joe Santiago said all the deaths bear the hallmark of the fatal overdose: No signs of murder on a victim like the single woman of 38 who died in the bathtub of a male acquaintance last week, or the new father from Hopewell found dead in a room at a city shelter hours after his release from the county jail.

Santiago said he fears the killer brand of heroin, first seen in Philadelphia and Camden in April, has made its way to Trenton. Sold under the names "Flatline" and "Capone," the so-called "bad heroin" is believed to be cut with fentanyl, a pain killer 80 times more powerful than morphine.

Developed by New Brunswick's Johnson & Johnson, it's been used legally for decades in anesthesia and pain management.

But fentanyl is now found on the streets and is being manufactured illegally, law enforcement officials say.

Traced to heroin labs in Chicago and said to be much more fentanyl than heroin, the stuff can retard breathing, making users feel like they're suffocating.

When mixed with heroin and injected, snorted or smoked, it provides a powerful high.

Addicts can be unaware they are taking fentanyl-laced heroin because it can not be detected through taste or smell.

New Jersey heroin is the purest in the nation, according to the Drug Enforcement Agency.

An Associated Press article put the number of deaths from the heroin at 400 and said thousands of others have been hospitalized.

Trenton's police spokesman, Sgt. Pedro Medina, mentioned the heroin last week in making the disclosures about the woman who died in the bathtub.

"We're not sure yet, but it appears that she died of an overdose," said Medina. "There have been some similar problems in Camden and Philly. Our detectives are reaching out now to police departments and also hospitals in those cities to find out if there's been an upswing in those areas with overdoses, to see if there is any connection with what's happening in Trenton."

Medina said detectives were awaiting toxicology test results on the six other suspected overdoses, and need intelligence from other police departments "before we can see if they are connected to heroin, or not. We believe it could be heroin,'' Medina said. "But detectives don't like to speculate. They don't want to give out wrong information."

As Santiago said, however, signs of overdose are common in sudden deaths among young people and others heroin addicts. He said the woman in the bathtub might have been selling herself to support her heroin habit.

Santiago also confirmed there was a fatal heroin overdose at the shelter on Escher Street late last month. A shelter insider said a 20-something native of Hopewell who had just been released from jail and become a father shot up with the heroin, perhaps knowing it was going to kill him.

Police are also looking into the death of a 26-year-old man in a vacant warehouse and the death of a man of 27 nearby in his Chambersburg home.

And the suburbs have not been immune: In June, West Windsor police responded to a street called Glengarry Way for two men who were hospitalized due to overdoses.

DEA Seeking Man Linked To Arellano Boat (SDUT)

By Anna Cearley

San Diego Union-Tribune, September 9, 2006

A Chula Vista man who helped buy the boat used by suspected Mexican drug kingpin Francisco Javier Arellano Félix is now a fugitive wanted on arms charges.

DOJ_NMG_0060324

Edgardo Leyva Escandon Edgardo Leyva Escandon, a Mexican national with a residence in the United States, faces six counts of possessing thousands of rounds of ammunition while in the United States on a visitor's visa, according to an affidavit unsealed yesterday in U.S. District Court.

Though the affidavit doesn't document his connection with the boat, Drug Enforcement Administration special agent Dan Simmons said Leyva was the treasurer of the company that bought the boat Arellano was using at the time of his arrest last month off the coast of La Paz.

Leyva has a "long-standing relationship with the Arellano Félix organization as far back as the early 1990s," Simmons said. The Arellanos are believed to have controlled the flow of drugs along much of the Baja California border for almost 20 years.

Leyva is part of a well-known Baja California family, and an uncle was once governor of that state. His father, Edgardo Leyva Mortera, defended his son yesterday.

"I can say that he's a decent man, a hard worker and honest, and I have full confidence that whatever he is accused of he will be able to defend himself with success through his legal representative," Leyva Mortera said.

He said he hasn't been in contact with his son lately, and he wasn't aware of who would be representing him.

The DEA revealed the name of Edgardo Leyva Escandon on Tuesday and made a photo available in an attempt to get him to come forward and share information on his relationship with Arellano Félix.

The arrest warrant was filed Tuesday and sealed the next day. It was unsealed yesterday when DEA agents decided that publicity might provide leads on his whereabouts.

The hotline number for tips on the Arellano Félix organization is (800) 720-7775 for calls from the United States, 011-858-277-4215 from Mexico. U.S. authorities, who also are seeking a provisional arrest warrant for Leyva in Mexico, view Leyva as someone who could provide information on Arellano and the drug cartel. Arellano faces a multi-count indictment in U.S. federal court, and prosecutors are holding other men captured on the boat as material witnesses.

The 43-foot-long Dock Holiday was registered in February by a Delaware corporation, M/Y Junior. Simmons, who wouldn't say who else was listed as part of the corporation, said the boat cost $450,000 to $500,000.

Leyva's father said he didn't know how the boat ended up being used by Arellano Félix. He said his son, who lived in the United States with his wife and three children, was an accountant who bought and sold water-sports equipment, including boats.

Simmons said Leyva Escandon is believed to have associated with Ramon Arellano Félix, the cartel's suspected enforcer who was gunned down in 2002, and later with Francisco Javier Arellano Félix.

Leyva's father said he doesn't believe his son, who is 37, would associate with criminals.

"I can't say exactly who his friends are," he said. "I believe that all his friendships are with honest people like he is."

The affidavit information is based on surveillance by the U.S. Bureau of Alcohol, Tobacco and Firearms. Agents said they saw him pick up ammunition from gun stores in Santee and San Diego on five occasions starting in December 2004, when he obtained about 8,000 rounds of .223-caliber ammunition.

ATF agents also served a search warrant at Leyva's Chula Vista residence on July 22, in which they seized parts for an Uzi submachine gun, radio transmitters and bugging devices, along with 478 rounds of ammunition of various calibers, according to the affidavit.

The affidavit says the visa he was using limits him to visiting the United States temporarily for business or pleasure.

Simmons, of the DEA's San Diego office, said Leyva would have needed a U.S. hunting license to possess the ammunition listed in the affidavit, and agents have not been able to find one in his name.

The Leyva family has come under scrutiny in the past. Xicotencatl Leyva Mortera, Leyva's uncle, was a former Tijuana mayor and served as governor from the mid-to the late-1980s. He was forced to leave his governor's post amid allegations that his administration was involved in shady land deals and misappropriation of funds.

No one was at the Leyva family's Chula Vista home yesterday afternoon.

"I believe this is all a lack of communication, a misunderstanding," said one of his relatives in Tijuana, José Leyva Castro.

Coca Crops Keep Growing (FLSUNSEN)

By Juan Forero, The New York Times

South Florida Sun-Sentinel, September 10, 2006

BOGOTA · The latest chapter in America's long war on drugs -- a six-year, $4.7 billion effort to slash Colombia's coca crop -- has left the price, quality and availability of cocaine on American streets virtually unchanged.

The effort, begun in 2000 and known as Plan Colombia, had a goal of halving Colombia's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war.

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Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year.

But that claim was disputed by drug policy experts, and in fact a wide range of them, and some politicians, are questioning the drug war's results.

The plan seemed simple enough. "The closer we can attack to the source, the greater the likelihood of halting the flow of drugs altogether," a State Department report said soon after Plan Colombia began.

Yet recent data show the following results:

>As much coca is cultivated today in Colombia as was grown at the start of the large-scale aerial fumigation effort in 2000, according to State Department figures.

>Colombia, Peru and Bolivia, the leading sources of coca and cocaine, produce more than enough cocaine to satisfy world demand, and possibly as much tonnage as in the mid-1990s, the United Nations says.

>In the United States, the government's tracking over the past quarter century shows that the price of cocaine has tumbled and that purity remains high, signs that the drug is as available as ever.

Overall, demand in the United States has dipped in recent years, but experts say that may be the result of many factors, including changing social fads and better law-enforcement techniques at home.

"If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best," said Russell Crandall, a former adviser to the White House and the author of Driven by Drugs, a book on the drug war in the Andes.

Bush administration officials think that verdict is too harsh. "Over the past five years, you see a compression on cultivation," John P. Walters, director of the White House Office of National Drug Control Policy, said.

Jon Caulkins, a drug policy expert at Carnegie Mellon University, echoing other analysts, estimates that the drug war has cost American taxpayers upward of $40 billion annually in recent years, though there is no comprehensive government tally of all its state and federal spending.

Progress itself is difficult to measure, experts caution. Numbers of arrests, acres fumigated or tons seized may not provide the most accurate snapshot, simply because it is hard to say what portion of the total hidden trade they actually make up.

But by any estimate, the amount of cocaine produced vastly exceeds demand.

For local farmers, the incentive to plant and preserve their coca crop is enormous; few other crops pay as well or as consistently as coca. "We all have a hectare or so of coca," said one farmer, Joel Rubio, 40, in Caldas, a western state better known for coffee. "You keep doing it."

And America's anti-drug planes keep spraying. As the coca crop spreads out in Colombia, they must now fumigate three times as much land as they did in 2002 just to kill the same amount of coca, according to State Department data.

IMMIGRATION:

Immigration Movement Struggles To Regain Momentum Built In Spring Marches (NYT)

By Rachel L. Swarns And Randal C. Archibold

The New York Times, September 11, 2006

WASHINGTON, Sept. 10 — For a moment, it sounded like one of the spirited crowds from this past spring. There, at the foot of the Capitol, flag-waving immigrants chanted and cheered and warned lawmakers in Congress to take notice.

“Legalization now!” they shouted. “Who are we? America!”

But this time, only a few thousand people protested, not the hundreds of thousands that organizers had expected at the rally here on Thursday. And similar scenes played out across the country last week as immigrant demonstrations drew much smaller crowds than anticipated in Los Angeles, Phoenix and Batavia, Ill.

Buoyed by the huge immigrant protests in April and May, some organizers had predicted that a million people would take to the streets around Labor Day. And they vowed to produce a million people, through voter registration and citizenship drives, to press for legislation that would grant legal status to the nation’s illegal immigrants and help shape the outcome of the November midterm elections.

Some organizers now acknowledge that both goals were overly optimistic. And political analysts, policy makers and immigrants alike are questioning the staying power of the fledgling immigrant rights movement. Can the disparate group of churches, unions and immigrant rights organizations that tapped the frustration of immigrant communities transform itself into a political force that can reliably mobilize the masses to march and vote?

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The movement, some organizers say, may have blunted some of the harsher legislation that had been under consideration in Congress. But it faces an uphill effort, and the shifting political landscape will play a major role in its long-term vitality.

Armando Navarro, a professor who helped organize the Los Angeles demonstrations in the spring, said he believed the protest movement had sputtered once it was clear that the harshest legislation would not pass.

Many immigrant marchers were outraged by House legislation, approved in December, that would have made it a federal crime to live in the United States illegally. The provision would have turned millions of illegal immigrants into felons, ineligible to win any legal status. Living in this country without a document like a visa or a green card is now a violation of civil immigration law, not criminal law.

That bill has stalled along with a competing Senate bill, which would have granted legal status to most of the nation's illegal immigrants. The Congressional stalemate has left immigrants less motivated to march, Mr. Navarro said, and less optimistic about the prospects for legislative change while immigrant leaders try to find a new strategy.

"Division has set in over strategy," said Mr. Navarro, who teaches ethnic studies at the University of California, Riverside. "There was no consensus on what we should do next. We lost an opportunity to create a transition to a new rhythm."

Roberto Suro, director of the Pew Hispanic Center, a Washington research group that tracks political trends, said it remained uncertain whether the groups could easily regain their momentum.

"There was an effort to resurrect that collective outpouring of the spring, and it clearly didn't succeed," Mr. Suro said of last week's marches. "The question is, What do they do next? If it's going to be a movement, it's definitely struggling, not just for legs, but probably for air right now."

Organizers counter that their movement is alive and well, but grappling with the inevitable growing pains that afflict any emerging political organization.

Juan Carlos Ruiz, the general coordinator of the National Capital Immigration Coalition, which organized last week's rally in Washington, said immigrant groups were still struggling to raise money, develop strategy and overcome internal divisions and disappointment among their constituents at the slow pace of change.

Mr. Ruiz said the campaign to register voters and naturalize immigrants was initially hobbled by poor financing and the lack of technical expertise to identify potential voters and new citizens. But he said that his group and others were steadily building that expertise and hoped to have an impact in November and beyond, with a particular focus on the presidential election in 2008.

"We had the number of volunteers ready to go, but without financial support, without the technical support, it is very difficult," Mr. Ruiz said.

"But we are building capacity, educating our communities, building relationships with other groups," he said, pointing to emerging alliances with African-American churches, unions, antiwar groups and others. "We are growing, and we are learning. And my sense is that we are cultivating something very powerful. In the presidential election we will see a big shift."

Cecilia Muñoz, a vice president of the National Council of La Raza, an immigrant advocacy group, said she believed many illegal immigrants were reluctant to march because increasing numbers of those immigrants had been arrested in recent months.

This year, the Department of Homeland Security sharply increased the number of workplace raids, making 245 criminal arrests of employers, up from 25 in 2002. Some 2,700 immigrant workers were caught up in those operations, and most were deported, officials said.

Ms. Muñoz also said that immigrants who had hoped the spring marches would move Congress were feeling increasingly disheartened. "In the spring when people were marching, there was a real sense that this could be within our grasp," she said, referring to legislation that would legalize illegal immigrants. "It's clear to people now that we have a long way to go before this is going to happen."

But she, too, emphasized that the immigrant rights movement was shifting into a more critical phase, beyond marching and rallies.

"We're not picking up on diminished urgency or energy in our communities," Ms. Muñoz said. "But a lot of the energy invested in marches in the spring has been invested in developing infrastructure for the long term. And we're discovering it's hard to do that and organize marches."

A survey conducted by the Pew Hispanic Center found that many Hispanics were energized by the demonstrations. About 75 percent of the 2,000 Hispanics randomly surveyed from June 5 to July 3 said they thought the debate would prompt more Latinos to vote in November, and 63 percent said they thought the marches signaled the beginning of a new and lasting social movement.

But the political outlook has changed enormously since then. President Bush, who championed legislation that would put illegal immigrants on a path to citizenship, has found his stature weakened. And conservatives in Congress, who once seemed on the defensive, have rallied.

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Representative Jeff Flake, an Arizona Republican who favors legalization of illegal immigrants, said the protests were ultimately counterproductive because they galvanized conservatives who criticize legalization as amnesty for lawbreakers.

"Looking back, the massive protests with immigrants waving Mexican flags was detrimental to those of us who wanted comprehensive reform," Mr. Flake said. "It just polarized us."

At the rally here in Washington, some marchers said they were disappointed by the low turnout. Aurora Flores, a hotel worker from El Salvador, said people were beginning to doubt that the marches would change anything.

"With the last rally having been so big — so many people — and nothing seemed to happen, a lot of people were discouraged," Ms. Flores said.

But Siu Hin Lee, an immigration advocate from Los Angeles who attended the rally here, said he was hopeful about the power of the movement, even though the crowds had been smaller than expected.

"It's not one march, one mobilization, and you get change," said Mr. Lee, coordinator of the National Immigration Solidarity Network. "It's a long-term struggle. And we're keeping up the momentum."

TAX:

Executive Accused Of Hiding Assets (WT)

By Jim Mcelhatton

The Washington Times, September 11, 2006

The founder of a prominent District-based furniture company who made an unsuccessful bid for a D.C. Council seat in 2000 is facing tax-evasion charges.

The charges against businessman Peter Ross were filed last week in federal court in the District, months after a trustee in his company's bankruptcy case said Mr. Ross had concealed more than $200,000 in assets.

Mr. Ross, president of Spectrum Ltd., a national furniture maker based on L Street in Northeast, failed to pay more than $200,000 in employment withholding taxes, prosecutors said.

Charging documents state that Mr. Ross did not disclose $288,000 in inventory when his company went bankrupt and that he failed, under penalty of perjury, to report more than $50,000 in yearly income from a trust fund.

Mr. Ross' attorney, David Lamb, has declined to comment on the charges.

A phone message left at Spectrum was not returned.

Mr. Ross has been a figure in local politics over the years, including the unsuccessful run to represent Ward 2 on the D.C. Council in 2000.

The tax-evasion charges carry a five-year prison sentence.

In June, the trustee who oversaw Spectrum's bankruptcy sought to reopen the case on the grounds that Mr. Ross had not disclosed all of his company's assets, according to filings in the case.

Authorities say that some of the assets included furniture in showrooms in Atlanta, Dallas and San Francisco.

Prosecutors charged Mr. Ross through a "criminal information" filing, as opposed to a formal indictment. The move indicates that a plea deal likely is being sought.

Spectrum went bankrupt in 2002, and the federal government was one of its major creditors.

The Internal Revenue Service filed a claim for more than $360,000 against Spectrum. The case was closed in 2004, with the IRS receiving less than $4,000, according to records in the case.

In June, bankruptcy trustee Marc Albert moved to reopen the case, citing the discovery of $288,061 worth of previously undisclosed inventory.

He included a letter from Mr. Ross' bankruptcy attorney, Richard Hall, who noted that his client had "not been truthful" in reporting all of Spectrum's assets.

CONGRESS-ADMINISTRATION:

GOP Split On Earmark Reform (RC)

By Susan Davis And Tory Newmyer

Roll Call, September 11, 2006

With hopes for a broader lobbying package still stuck in neutral, House Republican leaders are working to head off another confrontation with GOP appropriators and pass an earmark reform resolution this week.

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"We are working with all of the relevant chairmen and Members on the language and the mechanics," said Kevin Madden, spokesman for Majority Leader John Boehner (R-Ohio), on Friday. Boehner "is determined to get it done."

Leaders face a potentially rocky path to final passage as members of the Appropriations Committee balked at the initial proposal laid out Sept. 7, arguing that the language did not make good on a promise made by Speaker Dennis Hastert (R-Ill.) to Appropriations Chairman Jerry Lewis (R-Calif.) in late April to apply reforms equally to appropriations, tax and authorizing legislation. That last-minute deal was negotiated to secure appropriators' support for a procedural vote to bring the broader lobbying and ethics overhaul package to the floor.

"The committee is very much against what's been put on paper," Rep. Ray LaHood (R-Ill.), an appropriator, said Thursday. "It doesn't allow for the same standard to be set for other committees, and it doesn't keep the promise made by the leadership."

LaHood said appropriators were unanimous in their opposition to the draft proposal but were open to further negotiations. "We're going to try and get back to the commitment they made," LaHood said.

Aides familiar with the legislation cautioned last week that it was a working document and that the proposal given to appropriators was not the final draft. "We are not shoving anything down their throats," one GOP aide said.

No formal meetings were scheduled this week as of press time Friday, but conversations were expected into the weekend among senior aides and Members.

The resolution, which would take effect immediately and apply only to the House, would create a new point of order that could be raised against committee reports or conference agreements if the sponsors of earmarks included in the legislation were not identified.

The reform measure does not eliminate earmarks or change the process by which earmarks are inserted into legislation, but rather it increases transparency on a popular process that has increasingly become the target of fiscal conservatives' ire over how federal dollars are spent.

Passage of an earmark resolution would also give Republicans an accomplishment to cite when critics — especially Democrats — criticize the GOP for being unable to reach a bicameral agreement on the broader lobbying and ethics reform package.

Drew Hammill, a spokesman for House Minority Leader Nancy Pelosi (D-Calif.), said Democrats have yet to see the language of the proposal but believe it does not represent real reform.

"From what we understand, their measure won't save a single dollar for the American taxpayers, and it doesn't impact earmarks in authorizing legislation," he said. "It's not the full amount of transparency that American taxpayers expect and deserve."

Democrats are likely to offer a motion to recommit the resolution, substituting instead their own ethics package.

Appropriators' support may be critical for passage, and Boehner is committed to a vote this week, likely Thursday. While the final bill likely will enjoy some Democratic support, GOP leaders may again face an uphill battle to pass the rule to allow floor consideration of the underlying resolution if appropriators are not on board.

Rule votes generally are viewed as tests of party loyalty, but as appropriators demonstrated earlier this year, they are willing to buck the leadership when it involves their turf. Leaders face a potentially embarrassing situation if they cannot pass the rule to consider the bill, as a defeat of the rule would force the GOP to pull the measure from consideration.

Boehner, who boasts of never making earmark requests, has committed the House to reforming the earmark process. Failing to do so could further agitate an already restless base of voters who believe Republicans have become too freewheeling with their tax dollars.

GOP appropriators insist they support earmark reform but want the provisions addressing other committees to be strengthened. "We're trying to be helpful on this. We don't want to be a stick in the mud," Rep. Mike Simpson (R-Idaho) said. "But we have serious concerns it doesn't meet the agreement we had with leadership that it apply to everybody equally."

Sources familiar with negotiations said the proposal floated to appropriators last Thursday was acceptable to the chairmen of the authorizing committees and the House Ways and Means Committee. It remains to be seen if those panels will revolt if leadership concedes to further reforms sought by appropriators.

Rep. Zach Wamp (R-Tenn.), another appropriator, argued that the draft resolution would not have applied to narrowly targeted tax provisions stuffed into the recently passed pension overhaul bill as corporate giveaways. Nor, he said, would the measure have fingered the notorious "bridge to nowhere" earmark in last year's highway bill. "You've got to make it comprehensive or you're not being honest with the American people," he said.

According to one House aide, the draft proposal would only require disclosure of tax provisions tailored for single entities. Such a standard would not have captured provisions in the pension bill, which were more broadly drawn, but still awarded duty relief to Estée Lauder, Sony and Home Depot, according to the aide.

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The draft earmark reform proposal would also only apply to conference reports on authorizing bills, the aide said, meaning earmarked goodies added in managers' amendments — such as the Alaskan bridge to nowhere project — would not have to be identified.

Across the Capitol, Republican Senate leaders also have pledged to tackle earmark reforms through an internal rules change, though the timeline for action on that side of the Capitol is not yet clear. Lawmakers and staffers alike have warned that House approval of a reform measure without similar action by the Senate could cause confusion as Members move to wrap up work on spending bills this year.

Medicare Costs To Increase For Wealthier Beneficiaries (NYT)

By Robert Pear

The New York Times, September 11, 2006

WASHINGTON, Sept. 9 — Higher-income people will have to pay higher Medicare premiums than other beneficiaries next year, as the government takes a small but significant step to help the financially ailing program remain viable over the long term.

The surcharge is a major departure from the traditional arrangement under which seniors have generally paid the same premium.

It is expected to affect one million to two million beneficiaries: individuals with incomes exceeding $80,000 and married couples with more than $160,000 of income. For individuals with incomes over $200,000, the premium, now $88.50 a month, is expected to quadruple by 2009.

The surcharge was established under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare.

Supporters of the surcharge say it makes sense for wealthy people to pay more at a time when Medicare costs are soaring. But some Medicare experts worry that wealthy retirees will abandon the program and rely on private insurance instead, leaving poorer, sicker people in Medicare.

The premium in question is for Part B of Medicare, a voluntary program that covers doctors' services, diagnostic tests and outpatient hospital care.

"The higher premiums could drive people with higher incomes out of Medicare," said Samuel M. Goodman, a 73-year-old retiree in Derwood, Md. "Medicare would then become a welfare program, rather than a universal social insurance program, and it would be easier to attack."

Federal officials have repeatedly said that Medicare is financially unsustainable in its current form.

Congress said the surcharge would "begin to address fiscal challenges facing the program."

Joanne S. Shulman, who worked at the Social Security Administration for 35 years, said, "The surcharge will come as a shock to many people because they have not received any warning."

Most beneficiaries now pay the same premium for Part B of Medicare. That amount has been increasing rapidly even without a surcharge. The standard premium has shot up an average of 12 percent a year since 2001, when it was $50 a month.

The premium is set each year to cover about 25 percent of projected spending under Part B of Medicare, which has been growing because of increases in the number and complexity of doctors' services. General tax revenues pay 75 percent of the cost.

The Bush administration plans to announce the standard premium for 2007 later this month. In July, Medicare officials estimated that it would be $98.40 a month. The surcharge will be phased in from 2007 to 2009.

Here is how it will work: The surcharge for 2007 will be computed by the Social Security Administration, using income data obtained by the Internal Revenue Service from tax returns for 2005. If an individual has modified adjusted gross income of $80,000 to $100,000, the surcharge will be 13.3 percent, which adds about $13 to the monthly premium, for a total of about $111.50. For a single person with income of more than $200,000, the surcharge will be 73.3 percent, or about $72 a month, for a total premium of about $170.50.

When the transition is complete in January 2009, according to Medicare actuaries, the total premium for a person with income of $80,000 to $100,000 will be 1.4 times the standard premium. A person with income of $100,000 to 150,000 will pay twice the standard premium. A person with income of $150,000 to $200,000 will pay 2.6 times the standard premium, and a beneficiary with more than $200,000 of income will pay 3.2 times the standard amount.

If the basic premium rises 10 percent a year — a relatively conservative forecast — the most affluent beneficiaries will be paying premiums of more than $375 a month in 2009.

Under current law, the $80,000 threshold and the income brackets will be adjusted each year to keep pace with inflation, as measured by the Consumer Price Index.

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President Bush recently proposed eliminating these annual adjustments, so that more people would pay a surcharge. “This change gives beneficiaries increased participation in their health care,” he said.

More than 40 million people are in Part B. Medicare officials estimate that 2 percent of them will have to pay a surcharge next year. The Congressional Budget Office says 5 percent of beneficiaries will be affected. The Social Security Administration puts the figure at 4 percent to 5 percent. Most people have their premiums deducted from monthly Social Security checks.

Fiscally conservative Republicans supported the surcharge. But so did some Democrats, who saw it as a progressive way to finance Medicare without cutting benefits or raising payroll taxes.

Senator Dianne Feinstein, Democrat of California, argued that “high-income beneficiaries can afford to pay a larger share of Medicare’s costs,” in part because Congress has cut their taxes in recent years.

The Congressional Budget Office estimates that the surcharge will raise $15 billion from 2007 to 2013.

Representative Nita M. Lowey, Democrat of New York, recently introduced a bill to repeal the surcharge, which she says will hit “more and more middle-class seniors.” Some advocates for older Americans, including the Senior Citizens League, with 1.2 million members, are lobbying for repeal.

A beneficiary can obtain relief from the surcharge by showing that the I.R.S. data was incorrect or that the person’s income declined because of a “major life-changing event” like the death of a spouse or the loss of pension benefits.

Theodore R. Marmor, a professor of political science at Yale, said the surcharge was more important for the politics of Medicare than for the financing of the program.

“The new income-related premium is fundamentally at odds with the premises of social insurance,” Mr. Marmor said. “Large numbers of upper-income people will eventually want to find alternatives to Part B of Medicare and will no longer be in the same pool with other people who are 65 and older or disabled. Congress will then have less reluctance to cut the program.”

First Lady's Schedule Filled With World Issues (USAT)

By David Jackson

USA Today, September 11, 2006

WASHINGTON — As her husband prepares his annual address to the United Nations next week, Laura Bush also is ascending the global stage.

The first lady is putting the finishing touches on a conference to improve reading skills in the world's most illiterate countries, a roundtable discussion on Burma to press for the release of democracy activist Aung San Suu Kyi and other political prisoners, and a speech on health problems facing women worldwide.

Her activities next week in New York underscore how Bush is pursuing her own second-term agenda — one that gets her out more to champion favorite causes and that some analysts say also helps burnish her husband's image and that of the United States around the world.

In an interview last week with USA TODAY, Bush dismissed with a smile the notion that her work might help the president overcome criticism in Europe and elsewhere. She said such talk is “maybe slightly exaggerated in the media.”

“I'm traveling because I have this opportunity to talk about things that are important to me and that are important to our country,” she said.

A poll released this month of people in European countries said only 18% of respondents approve of President Bush's handling of foreign affairs, compared with 39% in the USA. With that in mind, the first lady's personable style can be an asset, according to pollster Andrew Kohut.

“Even many people who don't like President Bush here like her,” said Kohut, director of the Pew Research Center for the People and the Press. “Maybe she can lend a hand on the other side of the Atlantic.”

Barbara Kellerman, a public policy lecturer at Harvard University's Kennedy School of Government, said Laura Bush's popularity ratings have been above 60%. Kellerman said a first lady can help by being “what we used to call an ambassador of goodwill.”

Bush said she focuses on a wide range of global issues, including the impact of HIV and AIDS in Africa, that have long been personal concerns. She wants people in foreign countries to know they are not alone in facing these problems, she said.

“The people of the United States are standing with them as they address these various challenges,” she said.

First ladies have long mixed advocacy with ceremony around the world. Eleanor Roosevelt became the first presidential spouse to fly overseas without her husband during a 1934 trip to the Virgin Islands, Haiti, and Cuba to inspect labor, housing and farm conditions. Nancy Reagan attended the 1981 wedding of Britain's Prince Charles and Diana Spencer and participated in an anti-drug program in Sweden six years later.

Bush's predecessor, Hillary Rodham Clinton, made at least 23 solo trips abroad, many of them focused on women's education and human rights for children.

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Laura Bush so far has made 11 solo foreign trips, White House records show. She was the first member of her family to visit Afghanistan after the Taliban's fall, and the first to meet with Pope Benedict XVI.

At times, Bush has attracted controversy overseas. During visits last year to Jerusalem shrines sacred to both Jews and Muslims, a group of Palestinians heckled her. She played down the incident, telling reporters at the time, "I knew very well exactly how emotions run in this very, very important part of the world."

At the U.N., Bush — a former librarian and schoolteacher — will participate in a literacy conference co-sponsored by the United Nations Educational, Scientific and Cultural Organization. UNESCO has developed plans in 34 countries to show how improving literacy can have health and economic benefits, Bush said. "People who are educated are much more likely to be able to contribute to a workforce."

As the president addresses the U.N General Assembly on Tuesday, the first lady's roundtable will discuss the plight of Suu Kyi, the Nobel Peace Prize winner whose party won elections in 1990 only to be blocked from taking power by the military junta that controls the nation, also known as Myanmar. Bush calls Suu Kyi, under house arrest off and on ever since, a "role model for women around the world."

Bush plans separate events in Vietnam during her husband's trip there in November and continues a domestic focus on the midterm elections. A woman who once told her husband she never wanted to make a political speech, Bush has been featured in at least 30 GOP events since last year and has helped raise almost $12 million, according to Republican Party records.

Sarah Feinberg of the Democratic Congressional Campaign Committee said the first lady's political influence is most evident in fundraising. "We haven't seen her move any races."

Caucus Mulls Major Changes (RC)

By Jennifer Yachnin, Roll Call Staff

Roll Call, September 11, 2006

As House Democrats consider changes in how they distribute top committee slots, the party also is working to gain pre-election publicity and differentiate itself from the GOP by proposing broader changes in how the House operates.

With Democrats at work on the first significant overhaul of their internal rules in a decade, Democratic Caucus Chairman James Clyburn (S.C.) acknowledged that his colleagues may discuss adopting gavel term limits similar to those instituted by the House Republican Conference after the GOP took control of the chamber in 1995.

"I suspect there could be some discussions of that," Clyburn said.

While Clyburn said he would not support such limitations — "I'm not an advocate of that," he said, asserting that no chairmanship is permanent, given the two-year election cycle — he added that he could not rule out his colleagues implementing such a change.

"I suspect anybody who's been here one or two terms would like to see term limits," he added, noting that more senior Members likely would resist.

Beyond term limits and committee assignments, a draft of rules issued to lawmakers this week proposes an extended list of "Democratic Principles," addressing issues from floor procedures to ethics guidelines, according to Rep. Mike Capuano (D-Mass.), who chairs the Caucus' Organization, Study and Review Committee.

"It's important to let the American public know how we would run the Caucus if we win the majority," Capuano said Thursday.

Among the proposals, Capuano suggested the Caucus rules could dictate the disclosure of private travel, as well as guide the process for earmarking. A letter issued to Democratic lawmakers Friday noted that lobbying guidelines could be included in the rules.

Although a final version of the rules — which must be approved by the full Caucus — is not expected until after the November elections, Capuano said he hoped to have at least a portion of the rules, including the section on principles, approved in late September, before the House is scheduled to go into recess.

In the meantime, Capuano wrote that the 40-member committee is scheduled to hold at least 10 meetings this month, as Members seek to review the 51 Caucus rules now on the books, as well as new suggestions.

In addition to routine procedural policies, the rules also govern the election of Caucus leaders as well as the distribution of committee assignments and selection of chairmen.

While the latter could carry significant consequence should the minority party retake control of the House in the 110th Congress — handing committee gavels to Democratic lawmakers for the first time in 12 years — Clyburn remained adamant Wednesday that the issue has not prompted a stir among lawmakers.

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"Every single member of this body would want to one day be a chairman, but that's not something you wake up in the morning thinking about," Clyburn said Wednesday.

But in a closed meeting with Democrats prior to the August recess, House Minority Leader Nancy Pelosi (D-Calif.) informed Caucus members that new guidelines could expand on the criteria now taken into consideration, while reducing the importance now given to seniority in those decisions.

Pelosi spokeswoman Jennifer Crider declined to discuss potential changes Friday, stating: "We'll organize the 110th Congress when we get there. Leader Pelosi is focused on Nov. 7."

Under current rules, committee chairmen (and ranking members when in the minority) are selected by the Democratic Steering and Policy Committee, which must take into consideration "all relevant factors, including merit, length of service on the committee and degree of commitment to the Democratic agenda, and the diversity of the Caucus," the rules state.

"Seniority is very important, but only one consideration," Clyburn said, citing Rep. David Obey (D-Wis.), who bucked the seniority system in 1994 when he beat out Iowa's Neal Smith to become the Appropriations chairman in the months before Republicans took control of the chamber.

"The focus should be on the ability of the Caucus to work its will," Capuano said of potential rules changes. Committee chairmanships must be confirmed by the entire Caucus.

"We respect seniority. We are not beholden to it," he added.

But Clyburn acknowledged that regardless of what rules changes may be adopted, seniority will remain a significant influence in the selection process.

"Seniority is very, very important, and always will be in the House of Representatives," he said. The seniority system has proved beneficial to many of the Democrats' "Old Bulls"; were all of the current ranking members to be re-elected to their seats, the average age of Democratic committee chairmen next year would be almost 70.

In addition to creating more competitive gavel races, several senior Democratic lawmakers — all contenders for one of the 21 House panels — suggested that devaluing seniority also could serve to consolidate power in the House leadership, mirroring the model used by Republican leaders in recent years.

According to one senior Democratic lawmakers, the leadership hopes to circumvent otherwise autonomous chairmen and prevent "chairmen going off in different directions" rather than following the party's agenda.

Whether such a system could be successful, given that Democratic chairmen remained largely independent during 40 years in the majority, remains to be seen, but the lawmaker said: "I'm optimistic."

But a senior Democratic aide asserted that a divergence would not give House leaders more power, but instead would push Democratic chairmen to lead by consensus from their colleagues.

"You would not have the majority of the minority like you have under Speaker [Dennis] Hastert (R-Ill.)," the aide said.

Another Democratic lawmaker, also speaking on the condition of anonymity, suggested that rules changes are not focused on shoring up the leadership's powers, but instead on pushing Members to raise campaign funds in the final weeks before Election Day.

But it is unlikely the Democrats will determine any changes to chairmanship selection rules before November, Capuano said, adding: "Some things you can't look at until we're there."

Meanwhile, he said, Democrats also could alter the assignment process for rank-and-file committee members. Capuano said the new rules could include a division of the Steering and Policy Committee, creating two panels, one of which would be tasked solely with issuing committee assignments.

Security Holdup (WSJ)

The Wall Street Journal, September 11, 2006

Democrats want Americans to trust them on national security, but one reason many voters don't is the wrecking-ball performance of Carl Levin. The Michigan Senator continues to block Bush administration national security nominees for no discernible reason other than partisan gamesmanship.

The Senator's latest political hostages are Ken Wainstein, who is waiting to become the Assistant Attorney General for National Security, and Alice Fisher, who is currently running up against the end of her recess appointment as Assistant Attorney General for the Criminal Division. Both have testified in front of the Senate, have been voted out of committee and face no real opposition. Yet Mr. Levin has blocked Mr. Wainstein since this spring, and Ms. Fisher for more than a year.

Mr. Wainstein is waiting to fill a new post recommended in last year's Robb-Silberman report to further break down the "wall" between intelligence and law enforcement. The new post would bring Justice's counterespionage, counterintelligence and wiretapping units under one Assistant AG. Mr. Wainstein would also be the law enforcement world's primary liaison with the

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intelligence community. President Bush approved the change, Congress authorized it while renewing the Patriot Act earlier this year, and Mr. Wainstein's offices are humming with computers. All that's missing is a leader.

Mr. Levin's campaign against Mr. Wainstein flows from the Senator's obsession with the alleged but unproven "abuse" of jihadis held at Guantanamo Bay. His interest was fueled last year when emails came to light in which FBI officials had disapproved of the tactics of military interrogators at Gitmo. As former FBI general counsel, Mr. Wainstein's name shows up in some of the correspondence.

It's hardly a revelation that the FBI and military sometimes disagree over interrogation tactics. The FBI focuses on eliciting information that can win a conviction in court; the military wants to prevent future attacks and win on the battlefield. In any case, Mr. Wainstein had no authority over military or CIA interrogations. Mr. Levin has nonetheless barred Mr. Wainstein's confirmation until the administration gives him more classified Gitmo information. We're told Mr. Levin has received all the documents he requested but is annoyed that certain classified names and details have been redacted -- as is standard intelligence procedure.

Mr. Levin's hold on Ms. Fisher is even more bizarre. Given a recess appointment last year to run the Criminal Division, Ms. Fisher also once worked at the FBI and was mentioned in emails, including one claiming she'd attended meetings at which the Pentagon's interrogation techniques were discussed. Ms. Fisher has testified to the Senate about this, met with Senators (including Mr. Levin) in private, and answered written questions.

But this still isn't enough for Senator Ahab, who in July demanded to meet the FBI agent who wrote the email. This is a remarkable intrusion into executive authority, but in desperation the administration allowed the agent to meet with Mr. Levin and Judiciary Chairman Arlen Specter in July. The agent recalled one meeting at which Ms. Fisher was present, in which someone noted that the Pentagon was "pushing hard" to get the FBI to elicit more information from a Gitmo detainee.

The FBI agent also mentioned that he'd separately had discussions with two Justice employees about "inappropriate" Gitmo techniques. These conversations were not in the presence of Ms. Fisher, but Mr. Levin is demanding to meet with those two employees. Meanwhile, the Criminal Division is left hanging, because Ms. Fisher's recess appointment can't be extended past this Congress unless she works without pay.

Both of these nominees -- like several Pentagon targets of Mr. Levin before them -- would easily be confirmed if they'd get an up or down vote. His antics show how easy it is for a single Senator to disrupt vital operations of the executive branch, and without accountability or media coverage. In an earlier era, Senate grown-ups would have intervened to tell Mr. Levin there is a larger public good at stake. Today, Democratic Leader Harry Reid sits on his hands.

OTHER NEWS:

'Caution And Pessimism' Follow 9/11 (USAT)

By Matt Krantz

USA Today, September 11, 2006

Five years is a long time on Wall Street, except when it comes to erasing the psychological damage from the Sept. 11 attacks.

Stocks are up since then, though not by much: The Dow Jones industrial average is up 18.6% and the Standard & Poor's 500 18.9% from just before the attacks, a 3.5% annual return that's way below long-term averages.

It's impossible to know how much the terrorist attacks are to blame for the market's malaise. After all, an earnings recession started in late 2000, and the USA has just emerged from one of its worst periods of corporate fraud in at least a generation. But the attacks injected a new permanent variable into stocks: fear.

“There's a chronic sense of caution and pessimism” that didn't exist before the attacks, says Jim Paulsen of Wells Capital Management. That is showing up in:

·Depressed valuations. Heightened trepidation partly explains why investors won't pay as much for stocks, says Bob Doll, chief investment officer of Merrill Lynch Investment Managers.

Since Sept. 11, 2001, U.S. corporate profits have jumped nearly 75%. Yet that has minimal effect on stock prices, which have pushed the price-earnings ratio down. On Sept. 10, 2001, the S&P 500 traded for 23.2 times its earnings over the previous 12 months. That's sunk to 15.9. That quantifies reduced investor confidence. “The threat of terrorism is in people's minds, so it's in their investment lives,” Doll says.

·Ripple effects. Since the attacks hit during a recession, it forced the Federal Reserve to slash short-term interest rates more than expected, says Liz Ann Sonders of Charles Schwab. Short-term rates hit an almost unheard of low of 1% in 2003, which helped inflate a housing bubble, she says. Now that bubble's deflation is haunting stocks as investors worry how consumers will be affected, she says.

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·Faster reactions. Investors have learned to react more rapidly and less severely to terrorism, Doll says. When trading resumed after the Sept. 11 attacks, the S&P 500 initially tumbled 11.6% before bottoming. But investors collected themselves: The S&P was up 20.3% six months afterward. The Bali bombings in 2002 had a similar shock: The Jakarta composite index fell 10.4% at first and six months later was up 29.9%. Responses have been more muted since. The IBEX 35, FTSE 100 and BSE Sensex 30 indexes fell just 7.2%, 1.4% and 6.3%, respectively, after the 2004 Madrid, 2005 London and 2006 India bombings.

Investors realized many doomsday scenarios didn't materialize. "We now know that many of the fears …that emerged in the wake of 9/11 proved to be unfounded," Joseph Quinlan of Bank of America wrote in a report. But Sonders hopes investors aren't forgetting the risk. "With additional time without an attack, (investors) may be lulled into the sense (terrorism) may not affect them."

The Post-9/11 Economy (WSJ)

By Brian S. Wesbury

The Wall Street Journal, September 11, 2006

The terrorists of 9/11 had bigger plans than just killing people and blowing up buildings. They hoped that the attacks would send shock waves through the American financial system and severely harm the U.S. economy. In December 2001, Osama bin Laden said that the attacks had "shaken the throne of America and hit hard the American economy at its heart and its core."

The economy was already in recession on 9/11, and was theoretically vulnerable. At the time of the attacks, industrial production had fallen for 11 consecutive months, new orders for durable goods were down 8.5% from the previous year, retail sales were barely growing and the unemployment rate had jumped by a full point to 4.9%.

For the most part this recession had gone unrecognized. In July 2001, The Wall Street Journal's semiannual survey of 54 economists found only five with forecasts of negative real GDP growth. The attacks changed this quickly.

Roughly two weeks after 9/11, a Bloomberg survey found 22 out of 30 economists predicting recession. Many feared that the direct and indirect costs of security would reduce profits and productivity, consumer spending would slow sharply, deflationary pressures could worsen, and fearful businesses would lower investment, boost inventories and think more local and less global.

But someone forgot to turn out the lights. According to the National Bureau of Economic Research, the recession officially ended in November 2001, just 50 days after 9/11. Retail sales, excluding autos, were higher in October 2001 than they were in August. Real GDP expanded at an annualized rate of 1.6% in the fourth quarter of 2001, and since then has grown at an annual real rate of 3.2% -- roughly equal to the 50-year average.

What a great story: The vibrant U.S. economy takes a tremendous blow and not only remains standing, but rebounds almost immediately. A free market economy is the ultimate hardened target -- the equivalent of 65 feet of steel-reinforced concrete. The story should end right there. But, it doesn't. The markets and economy are still reverberating with the impact of that day. Not from the actual attack, but from the reaction of government agencies and private industries.

In the three months after 9/11, the Fed cut the federal funds rate four times -- three 50 basis point rate cuts and another of 25 basis points. The nominal funds rate fell from 3.5% to 1.75%, while the real rate fell from a positive 1% to a negative 1%. Before this, the Fed had already cut interest rates seven times in 2001. These cuts pushed interest rates below neutral, and with the normal lag, the economy was already responding. The final four were an overreaction that we are still dealing with to this day.

The price of gold stopped falling in early 2001, was up 8% by the time of the attacks, and since then has climbed another 124%. The dollar fell 7% against the Euro between July and early September 2001, and since then has fallen another 40%. Oil prices fell in the immediate aftermath, but have more than tripled in the past five years. Excessively accommodative monetary policy is one of the key reasons for rising commodity prices and a falling dollar.

Low rates also fueled a housing boom. With the federal funds rate eventually falling to a low of 1%, the demand for housing and the price of residential real estate rose above an already strong trend. Lately, with interest rates back up to more normal levels, the bloom is finally coming off the turbocharged housing market.

Hotels were hammered after 9/11, and the industry pulled in its horns. Ironically, in New York City, as fears that travel would remain subdued and a gold rush into housing took hold, many hotels were converted into condos. But today, there is a shortage of hotel rooms, prices are surging, and housing demand is slowing. It is these unintended consequences that are often overlooked.

A significant reason for the Fed's sustained and absurdly accommodative policy was the fact that real business fixed investment fell for nine consecutive quarters between the first quarter of 2001 and the first quarter of 2003. This was the worst period of decline in business investment since the data were first collected in 1947.

Even though consumer spending and the housing market recovered quickly from recession and the attacks, business investment and the stock market did not. There were many reasons for this. The deflation of the late 1990s and early 2000s

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created massive uncertainty and undermined decision making. In addition, business didn't need new computers or software after a binge of spending to prepare for Y2K. And finally, because the tax cut of 2001 phased in lower rates over five years, entrepreneurs were encouraged to push as much activity into future, lower tax years as they could. Phased-in tax cuts always reduce growth in the early years.

But this wasn't all. The surprise terrorist attacks raised the risk level associated with business investment. While entrepreneurs thumb risk in the eye every day, 9/11 increased perceived risks and reduced perceived returns. No matter how many times the Fed cut interest rates, stocks and investments were pulled lower because the risk-reward ratio was still out of balance. Shifting it back in a positive direction could not be accomplished with monetary policy alone.

By taking the battle to the enemy in Afghanistan (in 2002) and Iraq (in early 2003), and beefing up security here at home, the Bush administration reduced the perceived risks from terrorism. CBS news polls show that the percentage of Americans who think it is "very likely" that there will be another terrorist attack in the U.S. within the next few months has fallen from 53% in October 2001 to roughly 27% in early 2003 to 17% today. With no U.S. attacks in five years, and many successful intelligence operations against terror cells, perceived risks continue to fall.

Moreover, in May 2003, scheduled cuts in marginal tax rates were accelerated, while capital gains and dividend tax rates were cut sharply. These tax cuts immediately lowered the cost of capital and raised after-tax rewards. This caused a shift in the risk-reward ratio, and business investment turned on a dime. Real business fixed investment has now climbed for 13 consecutive quarters, at an annual rate of 7%. While some say it is immoral to cut taxes and at the same time fight a war, it was these two actions working together that finally turned the entire U.S. economy around.

Many assumed that 9/11 would slow globalization, but the opposite happened. Both imports and exports had fallen in the year before the attacks, but turned around in its aftermath. U.S. imports and exports have both grown over 12% in the past year and global trade is a larger share of U.S. GDP than at anytime in at least 135 years. Productivity growth and rising corporate profits act like shock absorbers, allowing the economy to grow rapidly despite higher costs for security.

In the end, it was not the attacks, but the reaction to them that has defined the economy for the past five years. Monetary policy has a very limited ability to fix problems that are not directly related to liquidity, and often causes more problems than it cures. Much more important is for the government to get out of the way, keep tax rates low, and use our armed forces and intelligence capabilities to protect America. A capitalist economy, as long as it is kept free, is the ultimate hardened target.

Mr. Wesbury is chief economist of First Trust Advisors L.P. in Lisle, Ill.

IMF Report Urges US To Raise Petrol Taxes (FT)

By Carola Hoyos, Javier Blas, Kevin Morrison

Financial Times, September 11, 2006

The US, the world's biggest energy consumer, should use the opportunity created by the recent drop in oil prices to raise petrol taxes, according to the International Monetary Fund.

This would prevent pollution and the wild swings in oil price that jeopardise world economic growth, the IMF said in a report to Group of Seven finance ministers meeting this week in Singapore. In the report, which was seen by Expansion, the FT's sister paper, the IMF argued that low prices at the petrol pump "encouraged excessive consumption with adverse environmental implications".

The measure was unpopular among oil ministers of the Organisation of the Petroleum Exporting Countries meeting in Vienna on Sunday. They are already seeing signs of changes in consumer behaviour, such as the trading in of "gasoline-guzzlers" for newer, more efficient vehicles. US sports utility vehicle sales fell 14 per cent in August, while sales of compact cars were up 18 per cent.

The ministers are for the first time in two years beginning to voice concern that the demand slowdown could lead to a price slide that would hit the record profits they have enjoyed since 2003. Nevertheless, they are likely to postpone any reduction in their supply until the end of the hurricane season.

Last year, hurricanes Katrina and Rita smashed into the Gulf of Mexico, the centre of US oil and gas production and refining, driving oil prices to new highs.

Ali al-Naimi, Saudi Arabia's oil minister and Opec's most powerful member, said in Vienna: "Inventories are very comfortable, prices are coming down and nobody is concerned about a shortage of supply. This is nothing more than the reflection of Opec, and Saudi Arabia in particular, showing that they care about the interests of the world's economic growth, and particularly the economic growth of developing countries."

Edmund Daukoru, Nigeria's energy minister and Opec's president, voiced more serious concerns: "We need to review it [the oil price]. We do not know how much further it can go. I am very concerned."

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Since mid-July, oil prices have fallen more than $10, or 16 per cent, with Brent oil futures ending last week at $65.33 a barrel. Oil prices fell to a five-month low on Friday. Traders attributed the drop to fear that US economic growth was slowing, a cooling in tension between the west and Iran over its nuclear ambitions, a lack of hurricanes in the Gulf of Mexico region and an end to the US summer driving season.

¦Production-sharing agreements with international oil companies were the best way to increase Iraq's oil production, Barham Saleh, the country's deputy foreign minister, said yesterday at a United Nations- and US-sponsored conference to boost donor aid to the country, writes Steve Negus. "We need to engage with the major oil companies who will bring in investment as well as technology," Mr Saleh said on the sidelines of the International Compact for Iraq talks in Abu Dhabi.

At OPEC, Some Worry As Oil Prices Start Falling (NYT)

By Jad Mouawad

The New York Times, September 11, 2006

VIENNA, Sept. 10 — What a difference a few weeks can make. As OPEC ministers prepare to meet here Monday, the question on their minds is not how high oil prices will rise, but how far they may drop.

Crude oil prices have fallen more than $10 a barrel in the last month, driving down the retail price of gasoline and providing some relief for consumers. While energy prices remain high, they have not risen to the heights that many analysts had feared, in part because of a light hurricane season this summer, the cease-fire between Israel and Hezbollah, and the fact that the United Nations has not imposed sanctions on Iran.

While there is no sense of urgency about oil price increases, some members of OPEC are beginning to express anxiety about further price declines. Nigeria's representative, Edmund Daukoru, who currently holds the rotating presidency of the group, said Sunday, "I am very concerned about the drop in prices. We do not know how much further they can go and we need to review that in depth."

Others are more optimistic. Ali al-Naimi, Saudi Arabia's oil minister, said on Saturday, "Demand is very well satisfied — you read the numbers, you see the inventories rising. I think the market is very comfortable and very well supplied. We are very happy with the situation."

Members of the Organization of the Petroleum Exporting Countries account for 40 percent of the world's oil exports, and they have been pumping at maximum capacity over the last year in an effort to drive down prices.

It is unlikely that the OPEC ministers will alter at Monday's meeting their current policy of keeping markets well supplied with oil. But some of them are beginning to think about whether to cut output next year, an effort that would be aimed at keeping prices from declining further.

One consideration is that a sharp infusion of new energy supplies is expected to hit the market from producers outside of OPEC. The biggest increases are likely to come from African producers like Angola, from Russia and from Caspian nations, and from unconventional sources of fuel like ethanol, biodiesel or liquefied gases.

"OPEC will have to cut supplies at some point, it's a no-brainer, but not until new supplies come on the market," said Deborah White, an energy economist with Société Générale in Paris. "There were forecasts for substantial non-OPEC supplies for 2005, but everything is running late and behind schedule."

She added, "The only thing OPEC is capable of doing is setting a floor for prices, but not a ceiling."

Like most oil producers, OPEC's 11 members have struggled to catch up with rising demand in the last two years. For some, production has dropped because of armed conflicts, like those in Iraq and Nigeria; for others, lower production has stemmed from restrictive policies at home, as in Iran and Venezuela.

Still, oil prices have dropped. Crude oil futures on the New York Mercantile Exchange fell on Friday to their lowest level in five months. The light, sweet crude contract for October delivery closed at $66.25 a barrel.

Oil markets seem to have evaded predictions that the price would rise to $100 a barrel, but they remain at the mercy of sudden production interruptions. The hurricane season is only at the halfway point, the United Nations may still agree to impose sanctions on Iran, and Nigeria's output remains crimped by violence in the Niger Delta region.

Oil traders have recently been encouraged by signs that the physical market — actual barrels that are traded — is oversupplied, helping bolster fuel stockpiles in the United States to higher-than-average levels and helping to push prices down. Commercial stockpiles of crude oil and products are 6 percent higher today than they were last summer.

Greg Priddy, an analyst in Eurasia Group's Global Energy practice, said: "We've had two sets of factors moving in opposite directions: fundamentals are pulling the market down a little. But the political issues like Iran and Nigeria are still around."

At a meeting in June 2005, OPEC set an official quota of 28 million barrels a day for all its members except Iraq, which has not had a production target for years. Since then, the group has met five times without changing its output goal.

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OPEC members are currently pumping about 27.8 million barrels of crude oil a day, 200,000 barrels less than the quota. With Iraq, the group's output is closer to 30 million barrels a day.

As a group, OPEC failed to anticipate the rapid growth in consumption from China and the United States, an oversight that contributed to a sharp increase in energy prices. Production disruptions in Alaska and the Gulf of Mexico, and geopolitical tensions in the Middle East, have increased fears of supply shortfalls in the global energy markets.

But just a few weeks ago, oil analysts and forecasters were issuing bleaker predictions still. The Atlantic hurricane season was expected to be as bad as last year's; Iran, a top oil producer, was defying the United Nations over a nuclear research program; and BP was forced to shut down a major field in Alaska because of a pipeline leak.

Then there was a monthlong war in the Middle East, which sent oil prices spinning to their highest levels in three decades, almost $80. Gasoline prices soared in the middle of the driving summer season.

But just as suddenly, the bubble seems to have deflated.

So far, there has been only one major hurricane, compared with six at the same time last year, including Hurricane Katrina, which flooded New Orleans and shattered the offshore oil infrastructure in the Gulf of Mexico. The war between Israel and the Hezbollah in Lebanon stopped last month without escalating into a regional conflict. And the prospect of sanctions against Iran seemed further off Sunday, as Iranian and European negotiators appeared to make some headway in their discussions, which are also taking place here.

Of course, oil prices have tripled in the last five years. But when adjusted for inflation, prices have yet to reach records from the 1970's, which would translate into more than $90 a barrel in today's prices.

Regular gasoline averaged $2.68 a gallon last week, an 11 percent drop from last month, according to the Energy Department.

OPEC, Vexed By Price Drop, To Debate Response (WSJ)

By Bhushan Bahree And Steve Levine

The Wall Street Journal, September 11, 2006

VIENNA -- OPEC's ministers were struggling Sunday to ascertain whether the $10-a-barrel slide in the price of crude oil in recent weeks has been the result of excess supply or simply a correction in a frothy world market. The outcome of this debate will determine whether the cartel acts to curb output, even if informally, in an attempt to prevent the price decline from turning into a rout.

The formal meeting of the Organization of Petroleum Exporting Countries starts Monday, and several of the cartel's ministers have said they don't expect a formal decision to lower the group's production ceiling. But they have also expressed concern about falling prices.

"We have to look very, very carefully at what's going on with prices," said Edmund Daukoru, OPEC's president and Nigeria's oil minister. "It's time to look at things. ... We have been producing with no regard to our quotas."

In a development Sunday that could lead to a further decline in crude-oil prices, an Iranian official said the country is willing to suspend its development of enriched uranium temporarily while talks proceed over the country's nuclear program. Analysts say that the prospect of Iran developing nuclear weapons has been among the factors driving up crude-oil prices in recent months. "The fears of a disruption to Iran's oil supply is receding as Iran softens its position in the nuclear talks," said Roger Diwan, an analyst with PFC Energy, a Washington-based consultant firm.

OPEC officials and industry analysts say that the cartel has been producing below its ceiling of 28 million barrels a day for months because there simply hasn't been demand for more.

Some OPEC officials say cartel members are prepared to continue letting their output fall informally if price declines and market dynamics further reduce demand for oil. Such action, they say, is preferable to a formal decision to reduce quotas. That is because a move to formally reduce output quotas could invite a backlash from consumer countries. A barrel of crude oil is still fetching close to $67 a barrel in New York, triple what it was three years ago, at a time when economic growth is slowing in the U.S., which consumes about a quarter of the world's petroleum.

Oil prices have been falling fast, in part because many recent supply fears have proved to be unfounded. These have included a wider conflict in the Middle East, possibly involving Iran, OPEC's second-largest producer; violence in Nigeria and Iraq; and the hurricane season in the Gulf of Mexico. Also, demand for crude oil tends to dip around this time of the year as refineries enter a maintenance period to prepare for a changeover to winter-specification fuels. But extraordinary events, like last year's hurricanes that devastated production facilities in the Gulf of Mexico, resulted in price surges during what would otherwise be the trough before a surge in demand for oil for winter use in the Northern Hemisphere.

For the week, crude for October delivery fell 4.2%, or $2.94 a barrel, to end at $66.25 on the New York Mercantile Exchange on Friday. That was the lowest since April 4, and well below the intraday high of $78.40 a barrel recorded July 14,

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when fears of a wider Middle East conflict were seen as threatening supplies from the Persian Gulf region, the world's richest oil province. At Friday's closing level, crude oil is up $5.21 a barrel, or 8.5%, year to date.

OPEC members "are facing a dilemma," says Vera de Ladoucette, head of Middle East Research at Cambridge Energy Research Associates. "They don't know what part of the price decline relates to the fear premium and what part is due to the fundamentals" of oil supply and demand, she said on the sidelines of discussions here.

Technical analysts inside the cartel argue that prices confirm the market is oversupplied with oil, with excess crude swelling commercial inventories world-wide. This assessment suggests OPEC ought to tighten the spigots some. But a decision to do so rests with the ministers, who have to take a wider view of the response to any formal action on their part.

For Democrats' Hopes, Less Promise In New York (NYT)

By Raymond Hernandez

The New York Times, September 11, 2006

In a year when Democrats hope to take control of the House of Representatives, New York would appear to be fertile ground for toppling Republican incumbents. Democrats have a statewide edge in enrollment, and a popular incumbent, Senator Hillary Rodham Clinton, is at the top of the party's ticket.

In fact, just a few months ago, Democrats envisioned significant gains in New York, perhaps picking up as many as four seats, possibly even five. But that goal now seems increasingly remote, and there is an emerging consensus among political analysts that the party's best chance for capturing a Republican seat is the battle to succeed Representative Sherwood L. Boehlert, one of the most liberal Republicans in Congress, who is retiring.

At the same time, the Democratic Congressional Campaign Committee plans to spend roughly $50 million on advertisements for races around the country, according to Republican estimates. But none of that money has been set aside for New York races, except for Mr. Boehlert's seat in the 24th District in the Utica area, according to Democrats involved in the races.

The shifting local fortunes for Democrats could have serious political implications beyond New York. The party needs 15 seats to take control of the House. Even one victory in New York would be an important step toward that goal, giving the Democrats a cushion if they lose elsewhere in the nation.

The situation in New York is particularly surprising given the state's reputation as a Democratic bastion. National and state party officials have spent months trying to create buzz around those races. But Republican incumbents, in New York and elsewhere, have been trying to shift the focus of the races away from hostility toward the Bush administration to more local concerns, like the potential loss of federal aid to their districts if they lose veteran congressmen.

Representative John E. Sweeney, one of the Republican incumbents, said the situation in New York demonstrated the drawbacks of the Democratic effort to present the midterm elections as a national referendum on President Bush and the policies of Republican leaders in Washington. "Congressional races are local," he said. "There can be superseding events like Watergate. But those are rare. These races really are a referendum on the people running."

In addition — and perhaps most important — the incumbents in New York are benefiting from being in legislative districts drawn to keep the Republican incumbents in place.

The Democrats' inability to gain traction can be measured in the fund-raising disparity between them and Republicans, and is reflected in interviews with strategists in both parties and independent analysts. The national party assesses the strengths of a campaign according to several factors, including the ability of candidates to raise money on their own and their standing in polls.

Some Democrats argue that national party leaders are making a strategic mistake by not being more aggressive in contesting Congressional seats early in a heavily Democratic state like New York. This year in particular, strong campaigns by Eliot Spitzer and Mrs. Clinton, who are both expected to win primary races tomorrow by wide margins, could help generate a huge Democratic voter turnout on Election Day.

Dan Maffei, a Democrat running against Representative James T. Walsh, a Republican representing the Syracuse region, argued in a recent interview that the national party should do more to help him and other Democrats challenging potentially vulnerable incumbents in New York. He said that such support would, if nothing else, give Democrats a strategic advantage in the larger battle for the House and force national Republicans to allocate resources that they otherwise plan to use to defend Republicans elsewhere in the country.

The Congressional campaign committee "needs to be contesting in more districts," Mr. Maffei said.

"If you open up this front," he said, "the Republicans will have to defend it."

Among the seats Democrats have hoped to capture is the Albany-area seat held by Mr. Sweeney, a four-term Republican who has come under criticism for his ties to lobbyists. Kirsten Gillibrand, the Democrat trying to unseat him, also argued that

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Democratic leaders in Washington ought to be aggressively expanding the map by stepping in with financial support for races like hers.

The campaign committee should "invest in a range of races in a range of districts so it can come up with a winning combination on Election Day," Ms. Gillibrand said, though she noted that national party leaders had lent support by, for example, helping her raise money.

Representative Charles B. Rangel, a Harlem Democrat who is the dean of New York's Congressional delegation, said he understood the strategy of national Democratic leaders, given the limited amount of money the party has. But he expressed hope that more money would pour into New York as some races tightened.

In the meantime, he said, the unusually high level of public unhappiness with the direction of the nation works in favor of Democratic challengers, as long as they have enough money to keep their campaigns running. "It is just as important as money," he added.

Some Democrats say nothing should be read into the fact that the House Democrats' campaign committee has not begun investing heavily in New York races, noting that it is still early in the fall campaign season and that national Democratic leaders have offered support by making campaign appearances with the challengers and helping them raise money.

"We continue to feel great about our opportunities in New York and even more so than we did a couple of months ago," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Independent analysts say that several factors make New York an especially difficult place for challengers. The state has 29 House seats, and 9 are held by Republicans, most in upstate areas where districts have been drawn to give Republicans a significant edge, countering increasing Democratic enrollment in the state.

The situation in New York contrasts with the political dynamic elsewhere in the Northeast, a heavily Democratic region that is central to the party's plans for wresting control of the House. In Connecticut, for example, two Republican seats are being fiercely contested in races described as toss-ups. Republican incumbents are also facing stiff challenges in a handful of other states, including Pennsylvania, Indiana, Ohio and Florida.

Amy Walter, an analyst of House races for the nonpartisan Cook Political Report, said that independents would not play nearly as crucial a role in New York's Congressional races as they do in states like Connecticut and Pennsylvania because New York's districts tend to be heavily Republican.

"New York is a tougher place for Democrats than other parts of the Northeast," she said.

The Gillibrand-Sweeney contest in the 20th Congressional District outside Albany underscores the challenges that Democrats face in New York.

Ms. Gillibrand, a lawyer, has been a strong fund-raiser, taking in nearly as much money as Mr. Sweeney. And she and her advisers have run a tenacious campaign, generating headlines by exploiting some of Mr. Sweeney's actions, including a $2,000-a-person "Skiing With Sweeney" weekend getaway he organized that was attended by lobbyists at a resort in Park City, Utah. Mr. Sweeney denied doing anything improper. A spokeswoman said that a lobbyist involved with the trip represented two companies that employ more than 2,000 people in the congressman's district, and that Mr. Sweeney had discussed economic development efforts with him.

But for all that, Ms. Gillibrand appears to have a long way to go in a district where there are nearly 100,000 more Republicans than Democrats. A recent poll released by the Siena Research Institute showed Mr. Sweeney with a 19-point lead.

The Sweeney-Gillibrand race shows how Republicans have deliberately focused on local circumstances and personalities rather than on national issues, at a time when President Bush continues to show weakness in the polls around the country.

For example, one advertisement that the Sweeney campaign began airing in June talks about the congressman's "humble roots" in Troy, a blue-collar city in the district, and describes his father "as a union guy who worked three jobs." Fittingly, the advertisement is called "The Kid From Troy," and it concludes that Mr. Sweeney's rise to Congress is nothing short of a "New York story about America's promise."

Ms. Gillibrand, whose campaign released a poll showing Mr. Sweeney ahead by a smaller margin, sought to play down the significance of polls showing her far behind and predicted that the Democrats' campaign committee would begin funneling resources into her race as she closed in on Mr. Sweeney.

"In the abstract, this is not an obvious race," she said. "But I have made the case from the beginning that this race is winnable because of the changing nature of our district, the voting record of John Sweeney and the strength of our campaign."

Republicans say another reason for the situation shaping up in New York is that their party's incumbents quickly turned their attention on potential challenges to head off serious problems later.

For example, two Republican incumbents in New York, Mr. Walsh and Mr. Sweeney, began running advertisements in June, long before the traditional start of the campaign season, on Labor Day.

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Even Thomas M. Reynolds, a Buffalo-area congressman who is the chairman of the National Republican Congressional Committee, weighed in with advertisements of his own, in late July, apparently to head off attacks from his Democratic challenger, Jack Davis, a multimillionaire businessman.

"The G.O.P. incumbents recognized the difficult environment early on and mobilized to beat back their challenges early," said Carl Forti, a spokesman for the National Republican Campaign Committee. Mr. Reynolds has been highlighting his ability to deliver federal aid to the economically struggling region.

Democrats say there is plenty of time for challengers to close any gaps. To that end, one prominent liberal group, MoveOn.org Political Action, is running advertisements attacking Mr. Sweeney and John R. Kuhl Jr., a first-term Republican from the Corning area, as part of a national campaign to help Democratic challengers who are in so-called second-tier races: contests that have the potential to become competitive but are not considered competitive yet.

The seats that the Democrats had identified as enticing targets include those held by Mr. Sweeney, Mr. Kuhl, Mr. Walsh, Sue Kelly of Westchester, and Mr. Boehlert. State Senator Raymond A. Meier, a Republican, and his Democratic opponent, Michael A. Arcuri, the Oneida County district attorney, are fighting for the seat that Mr. Boehlert is vacating.

The Democrats have also had their eye on Mr. Reynolds, who in 2004 won with 56 percent of the vote over Mr. Davis, who has vowed to spend $2 million on his campaign this year.

Americans Likely To Vote Their Wallet (WT)

By Donald Lambro

The Washington Times, September 11, 2006

Several polls show that the No. 1 issue heading into the election season is not the war in Iraq or the terrorist threat, but the performance of the U.S. economy, which has gotten poor marks from voters despite steady growth and lower unemployment.

But pollsters conducting election surveys for Republicans say persistently sour voter attitudes about the economy have begun to improve recently, partly because of last week's sharp decline in oil and gasoline prices.

"We're seeing that as gas prices have come down, attitudes about the direction of the economy have improved," pollster David Winston said.

Voter concern over the top two or three issues has risen or fallen in tandem with progress in the war in Iraq, the cost of oil and gas and news about the foiled terrorist plot in London. For much of the year, the top three issues -- Iraq, terrorism and the economy -- jockeyed for first place.

But as the political battles over Iraq and the war on terrorism were ratcheted up by President Bush and the Democrats in recent weeks, polls showed that Americans were more concerned about the economy and pocketbook issues closer to home.

A CNN/Opinion Research poll of 1,004 Americans taken Sept. 4 and 5 showed that 28 percent said the economy would be the most important factor in their congressional vote this November, followed by Iraq at 25 percent and terrorism at 18 percent. Moral issues (15 percent) and immigration (14 percent) were fourth and fifth, respectively.

That poll showed voters giving the economy failing grades, with 56 percent rating it "poor" overall, compared with 44 percent who called it "good."

A Fox News/Opinion Dynamics poll of 900 registered voters taken Aug. 29 to 30 reported similar results. When asked which issue would be most important for their vote, 23 percent said the economy, compared with 14 percent who said Iraq and 12 percent who said terrorism.

When gas prices began to climb in the summer driving season, voter complaints about the economy climbed, too.

"Those are the two top issues now, Iraq and the economy," Mr. Winston said. "Those are the two areas that are leading people's concerns."

But with oil prices down from more than $70 a barrel a few weeks ago to $66 at the end of last week, and gas prices falling to an average of $2.68 a gallon for regular -- and to as low as $2.40 in places such as Ohio -- there was growing speculation among Republican strategists that if prices continue to fall, the political climate would improve for the party's candidates.

"Gas prices is one of those issues that is very important as long as they are high," Michigan pollster Steve Mitchell said. "But when they drop, the issue falls off the radar screen."

Mr. Winston said he is seeing movement in the polls as a result of lower gas prices.

"The more positive views people have of the economy, the more favorable the environment is for Republicans," he said.

The Terrorism Card (USNEWS)

By Dan Gilgoff

U.S. News and World Report, September 11, 2006

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What a difference two months can make. In late June, the U.S. Supreme Court dealt two major blows to President Bush's strategy in the war on terrorism, ruling that the military tribunals his administration established to try al Qaeda suspects was unconstitutional and that the Geneva Conventions' standards for prisoner treatment applied to suspected terrorists in U.S. military custody, a view at odds with the White House. Last week, in announcing that his administration would reverse course and meet those demands, the president-to the surprise of almost everyone in Washington-appeared to score a political victory, at least for the moment.

Bush's call for Congress to pass legislation authorizing a revised version of his military tribunals succeeded not only in co-opting the last congressional session before the midterm elections; it came in a speech in which the president disclosed that CIA interrogations in secret prisons abroad had foiled a series of deadly terrorist plots. The revelations raised the specter of more attacks just two months before the midterm elections, playing to one of the only political advantages Republicans have left. On the same day, the Defense Department announced that all detainees in U.S. military custody would now be treated in accordance with the Geneva Conventions, depriving Bush critics of a main attack line. "The White House just gave all Republican congressmen exactly what they need," says GOP strategist Scott Reed. "Every time you see mug shots of those [terrorists], it reminds people that Republicans are on the offensive, and that Democrats don't have a plan."

GOP control. It also reminds the country that, as it marks the fifth anniversary of the September 11 attacks this week, another anniversary looms: the third national election in which the GOP hopes to maintain control of Washington by arguing that it will provide Americans with more security than the Democrats. "Terrorism is not at the top of people's minds day in and day out," says Frank Newport, editor-in-chief of the Gallup Poll. "Republicans are trying to drive it to the fore of public consciousness." The campaign includes Bush's request late last week for congressional authorization of the NSA's warrantless wiretapping program, and even the launch of a new anti-Democrat online newspaper called America Weakly, paid for by the Republican National Committee. With the president's approval rating under 40 percent and a majority of Americans continuing to view the Iraq war as a mistake, the Republicans have little choice but to turn their focus to terrorism, where 42 percent of Americans think the GOP is stronger, compared with 34 percent for Democrats.

But Democrats say the Republican national security campaign, which Senate Minority Leader Harry Reid summed up as "fear, fear, fear, and more fear," won't yield the benefits it did in 2002 and 2004. Even as Democrats pledged cooperation on tribunals legislation, they upped the ante and claimed that they are in fact stronger than their opponents on security issues, framing the Iraq war as a distraction from the war on terrorism. Last week, party leaders distributed a report alleging that Bush has made the country weaker and called for implementing more 9/11 commission recommendations. Democratic pollster Stan Greenberg says last week's White House offensive was another instance where "they get a few points bump up, and then the reality of Iraq ... sets back in, and their numbers go back or even worsen."

Why Bush's Security Pitch May Not Work This Time (TIME)

By Mike Allen

Time, September 11, 2006

Thirty-five minutes after President Bush finished his surprise East Room announcement last week about plans for prosecuting some of the world's most prominent terrorists, White House and Republican officials convened a conference call of conservative TV pundits and other allies, and later of state party leaders around the country. A participant said listeners were urged to spread the word about the aggressive speech "by talking about it in the context of the election." The message: Republicans are strong, and Democrats are weak. The White House strategy isn't subtle. With Republicans worried about losing the House and conceivably even the Senate in November, the President is taking a big gamble that an unflinching focus on national security will be his party's political salvation. That approach helped Bush defy history in 2002 when the Republicans, the party in power, avoided midterm losses. Two years later, his re-election rode largely on reminding Americans that they were a nation at war. But will the gambit work one more time? Many Republicans harbor doubts, and a few dissenters are even steering clear of the President and his game plan. One problem with rerunning an old play is that the opposition figures out how to thwart it. Democrats, having largely steered clear of national-security issues in the 2002 and 2004 campaigns for fear their war reservations and civil-liberties concerns would brand them as effete, are embracing the topic, and they appear to have found their voice with a steady insistence that Iraq has been mishandled. Thus, for the first time in the five years since 9/11, national security is a jump ball.

Recognizing the stakes for his legacy and his party, Bush is dropping into key states and districts with a schedule so ferocious, he seems to be running for a third term. Retreat from his Iraq policy, he has argued, would mean that some 2,660 American soldiers "have given their lives for nothing." In an effort to convince an increasingly skeptical public that Iraq is a critical part of the broader war on terrorism, the Administration has declassified letters, videos and audiotapes of top al-Qaeda members

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talking about Iraq, including a message from Osama bin Laden in which he calls Iraq a "war of destiny between infidelity and Islam."

Deputy White House chief of staff Karl Rove, the architect one last time, says he is confident that voters will buy the President's message. "Given a choice between doing the job and walking away, they will want to do the job," Rove tells TIME. "Given a choice between winning and losing, the American people will always pick winning." But the trouble for Bush is that, at the moment, lots of folks think he lacks a winning formula. In a TIME poll last month, 63% of those surveyed disapproved of the President's handling of the Iraq war, and the figure was 51% for the war on terrorism. What's more, 54% thought the Iraq engagement was hurting U.S. efforts to combat terrorism.

Other polls have shown Bush losing security moms, NASCAR dads and plain ole Southern women--all groups that were tent poles in the coalition that re-elected the President. Voters cite a large stew of concerns, including gas prices and immigration. But political consultants say they find the sourness grounded in the war. "It's the only issue that matters," says a strategist working closely with the White House.

The issue is poisonous enough to have provoked a revolt by a few imperiled Republican candidates, who either have refused to follow the White House advice to beat the war drums or are modifying it drastically to try to save their skin. Representative Tom Reynolds of New York, chairman of the House Republican campaign committee, says that local issues are more important than national security. "The national media always asks, 'What's your national issue?'" says Reynolds. "We don't have a national issue." At least, that's his hope. Most of the Republicans in tough races who distance themselves from Bush do so subtly, by not inviting him in to campaign, for instance. Not so Mike Fitzpatrick, a Representative facing stiff opposition in Philadelphia, who sent out a mailer last month blaring "Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.'"

Democrats, of course, agree. The G.O.P. has scourged the opposition as the party of cut and run, but that tack is of limited value when the Democratic leadership has reined in calls by members for a prompt withdrawal from Iraq and when most Americans no longer support the war. In any case, the Democrats are now playing offense on Iraq. The home page of Diane Farrell, a Democrat seeking to unseat Representative Christopher Shays in Connecticut, features a calculator for the cost of the war in Iraq that updates second by second--$313 billion and counting. In a crucial seat in New Mexico, challenger Patricia Madrid bought a TV ad chiding the incumbent, "Heather Wilson is on the Intelligence Committee, but she never questioned George Bush on the war--and she never said a word about how we've spent $300 billion there."

And it's not just Bush's handling of Iraq that Democrats are targeting but also the larger war on terrorism. Democrats have begun to echo a message template e-mailed to them by party leaders: "President Bush and his Republican Congress have not learned the lessons of 9/11 and, as a result of their failed policies in Iraq and in the War on Terror, America is less safe."

This is where the White House does not want Democrats to get traction. If Bush's Iraq policies are a tough sell with voters, at least he has enjoyed credibility as a terrorism fighter overall. During the summer, Republican consultants watching focus groups of married women with children, a sector that strongly supported Bush's re-election, found that the mothers often asked questions about Iraq like "Does this go on forever?" But if the women were reminded of Iraq in the context of a war on terrorism--say, by being shown a video of a plane flying into the World Trade Center--their opposition waned.

Which may help explain why the White House so excitedly trumpeted Bush's announcement last week that the Administration was transferring 14 high-profile al-Qaeda terrorists to the U.S. prison at GuantÃ¡namo Bay, Cuba. Bush had to acknowledge that the 14 had been held in secret CIA facilities in undisclosed locations, a fact that had been reported and had generated international controversy. But the value for the Administration in bringing these men into the light was to remind Americans of the very real enemies they face.

In the same speech, the President asked Congress to pass an Administration bill allowing the Pentagon to try the 14 before military commissions that would replace the tribunals Bush originally set up, which were struck down by the Supreme Court in June. The bill also spells out specific acts that U.S. interrogators of terrorists are banned from committing--such as torture, murder, rape and infliction of severe physical or mental pain--and by design, some legal scholars say, permits anything else.

If the idea was to dare Democrats to oppose those counterterrorism measures, they were on to the trick. In a private memo to Senate Democratic leader Harry Reid on Jan. 31, his staff laid out the danger in mounting too aggressive a criticism of the freshly disclosed National Security Agency's espionage program: "National security issues are the only issues propping up President Bush. Democrats in general cannot permit themselves to be characterized as being weak on terrorism. We must make it clear that Democrats believe the terrorist threat must be dealt with forcefully and effectively." With that in mind, Democrats were largely quiet about Bush's calls for legislation. Instead, they let Republican Senators argue about it among themselves. "This time we're not taking the bait," declared a Democratic aide.

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That took the air out of Bush's premature October surprise. Anyway, an October surprise isn't much use in September. And between now and the November voting, Bush is likely to find that opportunities for spinning news about terrorism, which tends to help the Republicans, will come up less often than bad news about his millstone, Iraq. The day after his East Room talk, at least 45 people died in violence in Iraq. It wasn't even a particularly bad day. With reporting by Perry Bacon Jr., Massimo Calabresi, Karen Tumulty/Washington, Pat Dawson/Billings, Rita Healy/Denver, Christopher Maag/Cleveland, Eli Sanders/Seattle

Fight To The Finish (NSWK)

By Jonathan Darman And Evan Thomas

Newsweek, September 11, 2006

Candidates for the November elections usually campaign flat-out in the week after Labor Day. Jim Webb, Democratic nominee for the U.S. Senate from Virginia, took off to hang out with a bunch of 20-year-olds on a Marine base in North Carolina, to drink beer, make small talk and wait. He was not on holiday: one of the young men was Webb's son, Jimmy, 24, a lance corporal in the Marines who was about to ship out to Iraq. "I had to clear my schedule and clear my head," says Webb. "I just wanted to be with my son."

Webb is not a normal politician. He is a warrior, with the medals (a Navy Cross, a Silver Star, two Bronze Stars) and the wounds (shrapnel in his head, back, left arm, kidney and left leg) to show for it. He comes from a family that has fought in America's wars back to the Revolution. An ancestor rode with Nathan Bedford Forrest in the Civil War; Webb's father was an Air Force pilot in World War II. Webb has been preparing his own son for war since childhood. The two have walked battlefields from Antietam to Shiloh to Verdun to Webb's own "fields of fire" in Vietnam. Webb hates the Iraq war and is now running against it, but he taught his son the family code: soldiers do their duty, regardless of whether the politicians who lead them into wars are right or wrong. Jimmy understands, says Webb, "because he's part of a continuum. My family has always done this."

Webb's decision to become a politician could be an answered prayer for the Democratic Party. Ever since Vietnam, Democrats have been bedeviled by charges that they are "soft" on national security. GOP operatives now jeer at the Democrats as "Defeatocrats." And last week, as President George W. Bush delivered a flurry of speeches staking out security as the centerpiece of the fall campaign, the Republican National Committee launched a Web site called America Weakly, aimed at undermining voters' confidence in the opposition party. But with polls showing some of the highest levels of antiwar sentiment since Vietnam—with roughly three out of five Americans saying that they disapprove of President Bush's handling of the Iraq war—the Democrats have a chance to recapture Congress, if only they can overcome the perception that they are somehow weak. The war may dominate the 2008 election as well: voters overwhelmingly cite Iraq over the economy as the No. 1 priority for the next president.

John Kerry was a genuine war hero, but in 2004 he was pilloried for growing his hair long and attending peace rallies with the likes of Jane Fonda. No one is going to "Swift Boat" Jim Webb. During Vietnam, he scorned antiwar protesters with the same contempt he shows today for so-called chicken hawks, the neocons who never served in the military but were all for invading Iraq. Webb refuses to speak of sending "forces" into combat. To Webb, they are soldiers who have lives and families to live for. Webb's opponent, incumbent GOP Sen. George Allen Jr., plays the good-ole-boy superpatriot. With his cowboy boots and swagger, he is a reasonable facsimile of George W. Bush. But next to a hardened combat veteran like Webb, he can seem like a tough-guy wanna-be.

Webb's electoral chances went from long shot to medium shot a month ago after his opponent blundered by referring to one of Webb's supporters, an Indian-American college student, as a "macaca," a racially offensive term that refers to a genus of monkey. But Webb must contend with some serious liabilities. As with most other Democratic candidates, he has yet to find a way to express his opposition to the Iraq war that does not sound as if he is either (a) advocating a policy of "cut and run," or (b) complaining and criticizing but offering no clear way out. Stiffly refusing to pander on the stump, Webb tends to ramble on, describing nuances and complexities. "He's never run for office before, and you can tell," says Larry Sabato, director of the Center for Politics at the University of Virginia. "He doesn't know how to give a speech. He seems incapable of comparison campaigning, much less negative campaigning." Way behind Allen in fund-raising, Webb lacks Allen's common touch. Walking around a street fair in Salem, Va., last Saturday, Webb had to be formally introduced to each voter.

In his brooding intensity, he can seem haunted. In Vietnam, 56 members of the platoon Webb commanded were killed or wounded. Webb threw himself in front of a grenade to save one soldier (his badly infected wound finally forced him to resign from the Marines). Webb seethed when he returned to civilian life, and never forgot those veterans who had turned against the war. In 1984, Webb was working with a group involved in building the Vietnam Veterans Memorial. Webb met with sculptor Frederick Hart, who had been an antiwar protester. As Hart walked into what was supposed to be a friendly session, Webb sneered, "Welcome to the other side of the picket line, motherf---er." (Webb says he was joking with Hart, a close friend, about a conflict

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over the design of the memorial.) Webb has mellowed, sort of. He won't overtly criticize men, like Allen, who didn't serve in Vietnam. (Allen had a student deferment.)

But it was Allen's obtuseness about the Iraq war that drew Webb into politics. Webb was an early opponent of invading Iraq. He had opposed the 1991 gulf war because, he said at the time, he was worried that American troops could get bogged down in a long occupation if they pushed on to Baghdad. In a speech at a Naval Institute conference in 2002, he warned that invading Iraq would be a "strategic blunder," a distraction from the war on terror and a potential quagmire for U.S. soldiers. At about that time, Webb met with Allen to press his senator to oppose an invasion. According to Webb, Allen responded, "I feel like you're asking me to be disloyal to my president." (Allen's office confirmed the meeting but declined to comment on a private conversation.)

Webb began thinking about opposing Allen's 2006 re-election bid. At the time, he was writing a book about the warrior tradition of his kinsmen, the Scots-Irish who settled Appalachia and have been disproportionately represented in America's bloodiest battles. Their hero was Andrew Jackson, and Webb regarded Old Hickory as a soldier-statesman role model.

Webb had been a Democrat until, as he puts it, "Jimmy Carter made me a Republican" by appearing weak on foreign policy. Webb went back into government service in the Reagan administration, first as an assistant secretary of Defense for reserve affairs, then as secretary of the Navy. Among his causes was stripping away combat decorations from veterans who had not demonstrably earned them. He quit the Pentagon after two years rather than going along with a diminution in the size of the 600-ship Navy.

Webb was already a cult figure at his alma mater, the U.S. Naval Academy. He charged that academy officials were promoting academics over physical toughness and wrote a defiant Washingtonian magazine article, "Women Can't Fight," after the Academy went coed in the late 1970s. Friends say Webb can seem a little defensive when he launches into a long explanation of why he lost the Academy boxing championship to a fellow midshipman, a mauler named Oliver North, back in 1967.

Webb is something of a literary figure as well as a Hollywood screenwriter. His Vietnam roman à clef, "Fields of Fire," was widely praised; among his books is a brilliant historical novel, "The Emperor's General," about Gen. Douglas MacArthur's running of postwar Japan. Now Allen is trying to portray Webb as a dilettante. "Are we going to choose someone who's spent the last 20 years in service to the state of Virginia as governor and senator? Or do we choose someone whose priority has been writing novels and hanging around Hollywood?" Allen asks.

The GOP's overall strategy to preserve its majorities in the House and Senate is to morph all Democratic candidates into the mold of Senate Minority Leader Harry Reid and House Minority Leader Nancy Pelosi. But the Democrats have had unusual success at fielding candidates like Webb who hardly fit the "San Francisco Democrat" template. Tammy Duckworth, a female helicopter pilot who lost both legs in combat in Iraq in 2004, is running a close race to win an open House seat long held by the GOP in Illinois, and Vice Adm. Joe Sestak, who oversaw combat operations in Afghanistan and Iraq, has a shot at unseating veteran Republican Rep. Curt Weldon in Pennsylvania. GOP candidates like Weldon are showing signs of nervousness. The No. 2 member of the House Armed Services Committee, Weldon is introducing a resolution to give ground commanders more say in deciding troop levels in Iraq. "I'm not trying to undermine the president," protests Weldon. "I am just asking for a clear plan."

A clear plan is not what voters will hear from Jim Webb, however. Webb takes his cue from another soldier-politician, Dwight Eisenhower, whose approach to the Korean stalemate in 1952 was to argue, somewhat vaguely, that America's foreign policy was in shambles and that voters needed a different set of eyes on the problem. Webb avoids any timetables for getting out of Iraq, preferring to rely on "American ingenuity."

Webb does not strongly stir voters. Last Friday night, at a rally of some 200 people in western Virginia, the ex-Marine did take a shot at Allen. He explained that he had driven that day 300 miles from Camp Lejeune, N.C. "I was thinking that if I was George Allen, I'd have been in a helicopter. But then if I was George Allen I'd have $20 to $30 million and I'd be bought and paid for." Biting words, but Webb spoke in a harsh monotone, like a drill sergeant. He seemed weary. He had arisen at 3 a.m. to see off his son, Jimmy, whose Marine battalion left for Iraq that morning at 5.

Among Governor Races, Iowa Lead Shifts Again (WSJ)

WSJ Online's "Washington Wire", September 11, 2006

Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four and one race was mixed. The Republican pickups came in Iowa, where Republican Jim Nussle recaptured his slim lead over Chet Culver, and in Nevada, where Republican nominee Jim Gibbons climbed back into the lead over Dina Tutus.

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Among high-profile states, Arnold Schwarzenegger held onto his come-from-behind lead in California over Democratic challenger Phil Angelides. Meanwhile, in Pennsylvania, Democratic incumbent Ed Rendell pulled to his widest lead this year over Republican Lynn Swann, a former Pittsburgh Steeler wide receiver and TV commentator.

See full results of the Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 8:54 pm Zogby Poll Shows Slide for Allen, Lieberman

Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber.

The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five. In a Zogby poll conducted in August, Democrats were ahead in 12 and Republicans in five. Joe Lieberman, running as an independent, maintains a lead in Connecticut, though his advantage over Democrat Ned Lamont has weakened considerably — to four points from 10 in the previous Zogby poll.

Republican incumbents picked up ground in Ohio and Pennsylvania, two of the seats Democrats had led solidly. Ohio Sen. Mike DeWine and Pennsylvania Sen. Rick Santorum each pulled to four percentage points from their respective opponents Sherrod Brown and Bob Casey. In Virginia, however, Republican incumbent Sen. George Allen's Aug. 11 "macaca" remarks continued to hurt support. In the mid-August Zogby poll, challenger James Webb took a one-percentage-point lead; the latest poll shows Webb now ahead by a seven-point margin.

See the full results of Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 4:10 pm Sen. Allen's Lead Shrivels in Virginia

Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points–46% to 42%–over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll. It was the first since Aug. 11, when Sen. Allen, at a rally of mostly white supporters in the southwestern part of the state, referred to a Webb campaign aide of Indian descent as "macaca," considered an ethnic slur in some countries. (Update: A Zogby Interactive/WSJ.com poll out late Sunday also shows Webb leading, by 7.5 percentage points.)

Polls have tightened all year in the hotly contested race. As recently as April, Allen had a 20 point lead over Webb, a decorated former U.S. marine and a Reagan administration Navy secretary who resigned, refusing to cut the Navy's size.

Allen, long a Bush supporter with presidential aspirations in 2008, has seen his popularity, along with that of the current president, decline. He now appears to be struggling to hold onto his Senate seat. But the poll, with an error margin of four percentage points, might not be as tight as the numbers suggest –or it might be worse. – Bernard Wysocki Jr.

Read more: Global, Campaign 2006

Permalink | Trackbacks

September 10, 2006, 3:29 pm Cheney Makes Fall Predictions

On NBC's "Meet the Press" this morning, Tim Russert asked Vice President Dick Cheney if he thinks the Democrats will take the House in the midterm elections.

According to the transcript, Cheney responded: "I don't think it'll happen. I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago." Asked if he thinks Republicans will keep both the House and the Senate, Cheney says: "I think we will, I really do. … I've seen our candidates. I've seen how they're handling the issues. We've generated the resources we need to be able to have a good, hard-fought competition. I—if I had to bet today, I'd bet that—well, I can bet you a dinner that we hold both houses."

Russert said he doesn't bet, then asked whether Cheney has gone hunting since the accidental shooting earlier this year of Harry Whittington. After Cheney replied no, Russert asked: "Should I be relieved you didn't bring your shotgun in today?" Cheney answered: "I wouldn't worry about it. You're not in season." – Tim Hanrahan

Read more: Global, Campaign 2006, White House

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September 9, 2006, 10:50 am Bush 9/11 Tour Aims to Bolster Republicans

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory. Bush sees the attacks as the defining moment of his presidency, and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its

response to Sept. 11 — part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

Although Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since." Read the full article. –Yochi J. Dreazen

Read more: Global, Homeland Security, Iraq, White House

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September 8, 2006, 5:43 pm Here's a Clue for Ben Bernanke

Bernanke Fed Chairman Ben Bernanke wants to the markets to stop looking to him for cryptic clues about interest rates. Some say he'll be disappointed.

"As a well-respected economist, [Bernanke's] opinions mean something and are worth listening to," said James Bianco, president of Bianco Research, a Chicago research firm that closely watches the Fed and has a large trader clientele. "Unfortunately as Fed chairman, all we care about is, 'Are you raising rates, or aren't you?'"

The problem then becomes that traders and reporters may see clues that don't exist — or overreact because they ignored important points made elsewhere in the speech or testimony. As described in Friday's Wall Street Journal, Bernanke wants to wean the markets and the public off looking for clues for interest rates in his speeches and testimony, and instead wants them to focus on the Fed's objectives and forecasts, extrapolating from them the likely path of rates. But traders and reporters may try to read interest rates hints into what he says, anyway.

"The problem wasn't just Greenspan's tendency for sound bites, it's also the mutually reinforcing need for news services to deliver instant headlines and market participants' short attention spans," noted Tom Gallagher, the Fed watcher for brokerage firm ISI Group, referring to former Fed Chairman Alan Greenspan. "I really think there's a risk that those who read the whole speech can miss the market's read on the Fed for sustained periods of time. Think of Bernanke's early June speech in which he talked about the three and six month annualized inflation rates… If you read the whole speech you got the 'medium-term outlook' and 'take full account of lags' messages, but everyone focused on his use of the recent inflation trends. News services can't put the full speech in their headlines, and I'm not sure how many of us would read them anyway." –Greg Ip

Read more: Global, Economy

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September 8, 2006, 5:31 pm Another Round in Softwood Lumber Trade Dispute

A coalition of independent lumber companies is pressing to reopen a key part of the agreement that settled the long-drawn-out dispute between the U.S. and Canada over trade in softwood lumber.

The settlement provides for tens of millions of dollars to be distributed among some top U.S. lumber producers. The Lumber Manufacturers for Ethics and Equity, a group of about 30 independent producers from around the country, complains the payments will be spread unevenly, benefiting big companies that were party to the original trade dispute and putting smaller producers at a competitive disadvantage.

Next week, coalition members plan to visit lawmakers on Capitol Hill as well as officials at the Commerce Department and the U.S. Trade Representative's office. "What we hope to do is to highlight the issue so Congress might take action," said Edward Lebow, a lawyer representing the group. Lebow said the coalition doesn't want to kill the overall deal, but suggests putting the planned industry payments to different use, perhaps benefiting Habitat for Humanity, the non-profit housing group. –Greg Hitt

Read more: Global, Congress, Trade

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September 8, 2006, 4:24 pm Rumsfeld Handshake Proves Popular

With Defense Secretary Rumsfeld making "appeasement" the big buzzword of the month, the George Washington University's National Security Archive notes that its single most-downloaded file is now the once-classified batch of documents, photos and video documenting Rumsfeld's handshake and meeting with Saddam Hussein in December 1983. President Reagan had sent Rumsfeld to Baghdad to help restore diplomatic ties with Iraq and aid Baghdad in its fight against Iran.

The National Security Archive

Saddam Hussein greets Rumsfeld in Baghdad, 1983 "Rumsfeld meeting Saddam has now far outpaced the previous winner, which was Elvis meeting Nixon," says Thomas Blanton, director of the archive, which collects and posts significant declassified documents under the Freedom of Information Act.

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Rumsfeld last week warned of a rise of Islamic fascism and said that people should not fall into the trap of appeasement as did those who tried to accommodate the Nazis in the 1930s. The remarks led many pundits to compare Rumsfeld's 1983 meeting with Hussein to British Prime Minister Neville Chamberlain's meeting with Adolf Hitler in 1938. One liberal hawker of political posters is now offering one that features photos of the two meetings with the caption "Appeased to meet you…hope you guessed my name." – Neil King Jr.

Read more: Global, Iraq

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September 8, 2006, 10:42 am Schwarzenegger Wades into Hot Water

Want to lay odds on how long it takes the Internet crowd to make a techno-mix using a leaked audio tape of California Gov. Arnold Schwarzenegger? Think Stevens' "Tubes!"

The Los Angeles Times obtained a copy of the tape, in which the governor, who is running for re-election this year, allegedly describes Cubans and Puerto Ricans as "very hot" personalities because of their combo of "black blood" and "Latino blood." The tape, which makes it clear that the governor and other participants knew they were being recorded, comes from a spring meeting of Schwarzenegger and close advisers over Republican lawmakers' resistance to a huge state borrowing effort. If this gets leaked two months before Election Day, imagine what sort of October surprise the governor's opponents may have in mind. –Amy Schatz

Read more: Campaign 2006

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September 8, 2006, 10:26 am If It Quacks…

Congress's lame-duck session emerges as potential venue for action on legislation important to business. Majority Leader Bill Frist rules out action on comprehensive immigration legislation before the midterm elections but says a deal remains possible during post-election session as the White House hopes.

Frist The lame-duck session will largely be consumed with completion of annual spending bills that Congress won't finish before recessing in October to hit the campaign trail. But lawmakers may take up other issues as well.

Another possibility aside from immigration: extension of the research and development tax credit, a top priority for high technology businesses and a key element of President Bush's competitiveness initiative. So far, the tax credit has been stalled as part of the so-called trifecta bill encompassing cuts in the estate tax and an increase in the minimum wage.

Frist says he intends to keep that controversial package intact through the election and not permit separate action on the R&D credit, which has bipartisan support. But a top Republican aide predicts it may be passed individually in the lame-duck session if Republicans keep control of Capitol Hill.

If Democrats take over, the aide says, Republicans would likely hold back on the extension so that it could "became an opportunity" for the party in the next Congress. –John Harwood

Read more: Congress, Business

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September 8, 2006, 6:40 am Some '08 Hopefuls Attend Black Caucus's Conference

Where the Votes Are: 2008 Democratic presidential hopefuls flock to the annual conference of the Congressional Black Caucus.

2004 nominee Kerry participates in sessions on government contracting with Rep. Carolyn Kilpatrick of Michigan, in line to become next Black Caucus chair. Gov. Richardson of New Mexico attends meeting on energy, while former Gov. Warner of Virginia attends Saturday's gala dinner.

African American politicians and voters "pay attention" to those who pay attention to them, says Paul Brathwaite, executive director of the Black Caucus. "Where are the other… potential '08 candidates?" –John Harwood

Read more: Campaign 2006

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September 8, 2006, 5:55 am AIDS Bill Faces Serious Hurdles

Senate aides say they're close to a bipartisan deal on the contentious reworking of the Ryan White CARE Act, which funds AIDS treatment in the states. Unless Congress passes a bill by Oct. 1, several states risk a drop in federal funding under the program.

Even with the deadline looming, negotiations between the House and Senate committees and the Bush administration have been difficult. One aide likened the infighting between cities and rural areas, northern states and those in the South, to a "civil war."

Draft legislation circulated this week strikes a compromise on several of the most controversial issues in the protracted talks, which are meant to update the program, named for a young hemophiliac who died of AIDS. To satisfy calls for greater HIV

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testing without cutting into funds for treatment, the bill would set up a $30 million grant program at the Centers for Disease Control and Prevention that states could tap for testing. Overall, states would be able to use 25% of the funds for services other than care and treatment, such as nutrition and transportation, or they could use all the money for treatment if they already provide those services through programs such as Medicaid.

States that use codes to track HIV and AIDS patients would get more time to switch to systems using patients' names, and patients identified by codes would still be counted in the formula that determines funding—a boon to states such as California, Massachusetts and Washington. Still, states would have to switch to a name-based AIDS tracking system by 2011.

It remains to be seen whether state governors, HIV patient-advocacy groups and other members of Congress will back the deal. For the states, much depends on their funding level. –Sarah Lueck

Read more: Congress, Health

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September 8, 2006, 12:02 am Maneuvering Starts for Post-Election House Leadership

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." … Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years. – John Harwood

Another Round in Softwood Lumber Trade Dispute

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Rumsfeld Handshake Proves Popular

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ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 11, 2006

Sure, he's got only a few more months before giving up the reins of the United Nations, but if Americans had a say, they'd have Secretary General Kofi Annan turn out the lights right now, lock the doors, and call in the Wrecking Corp. of America. "A majority of Americans," pollster Frank Luntz tells Whispers, "are saying that if the U.N. doesn't shape up, it should be shipped out." Republican Luntz isn't making it up. His firm, Luntz, Maslansky Strategic Research, this week releases a huge benchmark survey done for the Hudson Institute that finds Americans sick and tired of U.N. corruption, irked at their tax bill for the sprawling institution, and ready to junk it if the world's diplomats don't show a lot more accountability and a smidge more respect for Uncle Sam.

The figures from his bipartisan poll provided exclusively to Whispers: Fifty-seven percent say the U.N. should be "scrapped altogether" if it isn't reformed fast; 62 percent say it's ineffective in stopping wars; 70 percent want the U.S. contribution slashed; and only 34 percent say it promotes America's security interests. Luntz says it should help embattled U.S. Ambassador John Bolton make his case for radical reform and help Bushies beat back those in the Senate trying to fire him. "It's an indictment of the way the U.N. runs," says Luntz, "and a huge endorsement of Bolton's reforms."

43 Days, Already in Upgrade Heaven

With a 50,000-mile requirement, it normally takes years for United customers to gain entry into the "Premier Executive" club. But new U.S. Trade Representative Susan Schwab has done it before her 100-day anniversary on September 16. A Foreign Service brat who fans say feels more at home on the road, she's logged 67,000 miles in 43 days of travel to nine countries. "That's a lot," says an aide. And, yes, she does travel on United, though almost always in coach. Reason: The Bushies won't pay for business class unless a trip is 14,001 miles or more. But with all those miles, upgrades shouldn't be a prob.

Bidding 'Hooroo, Mate' to Croc Man

Few on Capitol Hill were as busted up about Crocodile Hunter Steve Irwin's death by stingray last week as Sen.John Kerry. Friends tell us that the 2004 Democratic presidential nominee used to spend early mornings in Iowa watching Irwin, even mimicking the Aussie's accent, a game of impressions he'd play with stepson Andre Heinz. Seems he did a bee's knees "crikey," an Irwin fave. Kerry, a huge Jacques Cousteau fan, says Irwin "was my kid's own Cousteau."

A Few to Cross the Aisle For

Connecticut Democratic Senate candidate Ned Lamont is pretty blunt when it comes to his politics. "My dad was a Republican. I've never been a Republican," he tells us. But that doesn't mean he doesn't admire a few in the enemy camp. Like? Maverick Sens. Chuck Hagel, who's tough on Bush foreign policy, and John McCain, who questions some tactics in the war on terrorism. "I admire a guy who stands up" for his views, says Lamont, who will face independent Sen. Joe Lieberman again, this

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time in the general election. Lamont knows mavericks: His socialist uncle and banker dad used to fight it out over dinner. "We had some pretty good kick-ass discussions."

R.I. Race A Tussle For Senate's Most Liberal Republican (USAT)

By Susan Page

USA Today, September 11, 2006

WASHINGTON — A New England senator often at odds with his party faces a down-to-the-wire showdown in his state's primary.

Last month, that description applied to Democrat Joe Lieberman of Connecticut, who ended up losing to anti-war challenger Ned Lamont and is now running as an independent. On Tuesday, it depicts Lincoln Chafee of Rhode Island, the Senate's most liberal Republican. He is imperiled by a challenge from anti-tax conservative Steve Laffey.

"It's a mirror image of what went on next door in Connecticut," says Bob Benenson, editor of the non-partisan CQpolitics.com.

Tuesday's primaries will test whether voters in Rhode Island and Arizona choose a candidate more in tune with the party's ideological base or the one analysts say has a better chance of prevailing in the general election on Nov. 7.

Seven other states — Delaware, Maryland, Minnesota, New Hampshire, New York, Vermont and Wisconsin — and the District of Columbia also hold elections on the busiest primary night of the year, eight weeks before Election Day.

"For Republicans, voters have to decide between their preferences and pragmatism," Darrell West, a political scientist at Brown University, says of Rhode Island's contest. Chafee — such a maverick that in 2004 he didn't vote for President Bush, writing in the name of Bush's father instead — has pitched his appeals to independents, who are allowed to vote in the state's primary.

Who will win? "Flip a coin and take your pick," West says. He predicts Chafee will but "wouldn't be stunned" if the victor was Laffey, the mayor of Cranston.

Laffey is backed by the Club for Growth, a conservative group that has targeted some Republican officeholders who have voted against tax cuts. Chafee also has riled some Republicans by opposing the Iraq war, supporting abortion rights and voting against the Supreme Court nomination of Samuel Alito.

In Arizona, in the congressional district that stretches from Tucson to the Mexican border, state Rep. Steve Huffman has the backing of the GOP establishment for the nomination to succeed Rep. Jim Kolbe, a moderate Republican who is retiring. Randy Graf, a former state representative and golf pro, has tapped voter anger against illegal immigration. The flood of TV ads on immigration and national security may leave scars, says Barbara Norrander, a political scientist at the University of Arizona who lives in the district.

"Republicans might have a hard time coming back together" afterward, she says, in a race against Democrat Gabrielle Giffords, a former state senator.

The National Republican Congressional Committee has run ads boosting Huffman. The Democratic Congressional Campaign Committee has run ads attacking him. Both groups calculate he would be a stronger contender in November.

The race in the Republican-leaning district is rated a tossup in November, one of a handful that may determine whether Democrats pick up the 15 seats they need to gain control of the House.

In the Senate, where Democrats need to pick up six seats for control, Benenson says Laffey's nomination would prompt his online political newsletter to rate the race as leaning toward or favoring Democrat Sheldon Whitehouse, a former state attorney general. A contest between Chafee and Whitehouse — whose fathers were roommates at Yale — would be rated a tossup.

"Polls and common sense have said all along Steve Laffey is unelectable in a general election," Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said Thursday. The committee has run ads blasting Laffey's record as mayor. "Republican voters in the Rhode Island primary are probably troubled that Laffey's biggest cheerleader in the primary is Chuck Schumer."

Schumer is the New York senator who heads the Democrats' Senate campaign committee.

Senate Seat On Line For GOP In Rhode Island Primary (WT)

By Amy Fagan

The Washington Times, September 11, 2006

WARWICK, R.I. -- Senate Republicans face the prospect of one less seat Wednesday morning, party leaders say, if Sen. Lincoln Chafee, a liberal, loses his primary here tomorrow to conservative challenger Stephen Laffey.

"Mr. Laffey has no chance to win a general election. We would find ourselves down a seat going into the November elections," said Dan Ronayne, spokesman for the National Republican Senatorial Committee (NRSC).

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Mr. Ronayne has said the committee will not back Mr. Laffey if he wins, but is confident that Mr. Chafee will prevail.

"If Laffey wins, [Senate Minority Leader] Harry Reid is one step closer to being majority leader," agreed David Winston, a District-based Republican pollster.

In a bitterly competitive election year, every seat counts. Polls indicate that Mr. Laffey would lose badly to the presumed Democratic challenger, former state Attorney General Sheldon Whitehouse, in this Democratic state.

As a result, the national Republican machine has devoted time, money and resources to securing a primary victory for Mr. Chafee. This support came even though the incumbent opposes party leaders on key issues ranging from abortion to tax cuts, and repeatedly criticizes President Bush, whom Mr. Chafee says he didn't vote for in 2004.

The Republican Party has sponsored TV ads and sent volunteers here for a get-out-the-vote effort for Mr. Chafee's re-election. So intense is concern and desire for him to win that Senate Republicans last week delayed a committee vote to confirm U.N. Ambassador John R. Bolton, after Mr. Chafee said he would use the hearing to question the administration's Middle East policy.

Such stands score points for Mr. Chafee with Democrats and independents here, but have angered conservatives.

Darrell West, a professor of political science at Brown University, said the Rhode Island primary is "a battle for the heart and soul of the Republican Party."

"Many Republicans are unhappy with how Chafee has opposed the president," Mr. West said.

That divide helped Mr. Laffey, mayor of Cranston, to make tomorrow's primary a tossup. Two polls last week showed conflicting results: One gave a decided advantage to Mr. Laffey; the other gave Mr. Chafee a clear edge.

Mr. Laffey, 44, backed by the fiscally conservative Club for Growth, campaigned as a Washington outsider and reformer who, unlike Mr. Chafee, would cut federal taxes and spending and get things done.

Mr. Laffey said top Republicans such as Karl Rove and NRSC Chairman Sen. Elizabeth Dole of North Carolina are trying to defeat him because "they are about power" and don't like his aggressiveness. He pushed his 26-page paper on how to win the war on terrorism by reducing dependence on Middle East oil.

Mr. Chafee and supporters stress that he works with both parties and is a calm, trustworthy presence in increasingly partisan Washington.

"They want someone in the middle," Mr. Chafee, 53, said of voters.

Last month, Democrats in Connecticut had a similar internal primary battle. Voters ended up ousting Sen. Joe Lieberman in favor of a more liberal Democrat that supporters said was more in line with the party.

Now from the flip side, Republicans in Rhode Island face a similar choice tomorrow. But although Mr. Lieberman now is running as an independent, Mr. Chafee does not have that option should he lose.

Republicans insist that he won't lose. Republicans leaders' assistance to Mr. Chafee in the primary, however, could alienate some of the incumbent's liberal supporters.

Asked about this, Mr. Chafee said that having Republicans such as first lady Laura Bush campaign for him sends a message: "I can work with anybody."

A self-described "populist" blogger on a Web site called Rhode Island's Future (www.rifuture.org) posted a picture in July of Mrs. Bush campaigning for Mr. Chafee.

The blogger lamented, "Who wants to 'Keep Chafee?' Answer: George W. & Laura Bush. Solution: Remove Chafee."

Gubernatorial Races: Another Big Democratic Gain (RC)

By Stuart Rothenberg

Roll Call, September 11, 2006

It is now clear that when the dust settles on Nov. 8, Democrats will find themselves holding a majority of governorships for the first time since the 1994 midterm elections, when Democratic ranks across the nation were decimated.

While Republicans currently hold 28 of the nation's 50 governorships, Democrats are likely to gain from four to six. If they net as many as four, they should hold a majority of governorships for at least the next two years.

Governorships become particularly important toward the end of a decade, of course, because of the role some governors play in redistricting, as well as in the presidential nominating process.

One big-state GOP governorship, New York, already seems to have slipped away, and another, Ohio, is in serious danger of doing so. I'd be surprised if Republicans win either race.

Republican Govs. George Pataki of New York and Bob Taft of Ohio are widely unpopular at home, and voters in those states appear inclined to vote for change by electing Democrats — state Attorney General Eliot Spitzer in New York and Rep. Ted Strickland in Ohio.

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While Ohio Secretary of State Ken Blackwell is trying to run as a candidate of change, he is still the GOP nominee and represents continuity with the Taft administration and with President Bush more than he stands as a vehicle for change.

Four other states that currently have Republican governors now seem more likely than not to elect Democratic governors.

Gov. Bob Ehrlich has an uphill, though not impossible, battle for re-election in very Democratic Maryland, while three other states with GOP governors — Arkansas, Massachusetts and Colorado — are more likely to elect Democratic than Republican governors.

Four other races — Alaska, Wisconsin, Iowa and Michigan — fall into a broad "too close to call" category.

While Republicans once appeared likely to lose the top job in Alaska, the primary victory of former Wasilla Mayor Sarah Palin gives Republicans a chance to hold the state's top job against Democrat Tony Knowles, a former two-term governor. Knowles lost his bid for the Senate in 2004, and his two victories for governor occurred under unusual circumstances.

In Wisconsin, Democratic Gov. Jim Doyle's administration has had ethics issues to deal with, and the governor's leadership skills are being questioned. As a result, Doyle's job ratings are poor. Rep. Mark Green (R), who is giving up a safe Congressional seat to run for his state's top job, is running about even with Doyle in polls and delivering the same successful "change" message that is being delivered by Democrats nationwide.

Another Republican Member of Congress who's giving up his seat to run for governor, Rep. Jim Nussle, finds himself in a tight race against Iowa Secretary of State Chet Culver (D). Nussle earned a reputation as a tough campaigner while in the House, but he's finding the going a bit rougher than expected this year.

Essentially all of the GOP House Members who ran for governor this cycle have found their years on Capitol Hill at best a mixed blessing in their runs for state office. In addition to Nussle and Green, famed former football coach Tom Osborne lost a GOP gubernatorial primary in Nebraska; Colorado's Bob Beauprez is having a tough time against Democrat Bill Ritter; Oklahoma's Ernest Istook is an underdog in his race against an incumbent Democrat; and Nevada's Jim Gibbons has stumbled even though he retains an edge. Even Idaho's Butch Otter, while favored, is facing a surprisingly aggressive Democratic challenge in his solidly Republican state.

Michigan remains one of the more interesting contests in the nation, as businessman Dick DeVos (R) has opened his checkbook against Democratic Gov. Jennifer Granholm. DeVos and Granholm have generally been locked in a tight contest, with neither one ahead by more than 2 or 3 points. Granholm now has launched a major attack on DeVos, charging him with exporting jobs to Asia. He's answering the ads, and if he can withstand the attacks, he'll have a chance to overtake her in the last month of the race.

Democratic prospects in three of the nation's biggest states now look increasingly poor. In Texas and California, GOP governors appear headed for re-election. California Gov. Arnold Schwarzenegger, in particular, has rallied in the polls and looks headed for a comfortable win over state Treasurer Phil Angelides (D).

And in Florida, Democratic hopes of electing a Democrat to succeed outgoing Gov. Jeb Bush (R) seem to be fading. State Attorney General Charlie Crist (R) is a favorite over his Democratic opponent, Rep. Jim Davis.

While voters will likely elect more Democratic governors, they will also confirm the recent pattern of voters being willing to elect candidates from the minority party to a state's top job. Even with horrible national and state political environments for Republicans, GOP governors in Connecticut, Hawaii and Vermont are likely to win re-election, just as Democrats in heavily Republican states such as Kansas, Oklahoma and Wyoming are headed for another term.

Still, as in the fight for House and Senate seats, gubernatorial races are likely to result in significant gains for Democrats nationally. And that will only add to the GOP's problems heading into the crucial 2008 elections.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 11, 2006

Self-indulgence

"Ground Zero has been the perfect storm of New York politics," Wall Street Journal columnist Daniel Henninger writes.

"Yes, politics by its nature is a slow process of extrusion. And yes, New Yorkers are famously opinionated. But in New York self-expression -- the exhibiting of the glorious self -- is a god worshipped many times a day. And so everything is fought over -- the design of the tower, the meaning of the Memorial, the money -- and no one gets to decide anything. Process, debate and not least, litigation, become the main event," Mr. Henninger said.

"Something similar happened to our national politics through these years. It is one thing to disagree with the decision to go into Iraq, to oppose it and abhor its most painful consequences. It is something else, as some have done, especially in Congress, to withdraw and withhold support for a presidency amid war and to work to thwart virtually every aspect of its war program in Iraq and everywhere. When a Senator [Joe] Lieberman partially dissents, the party purifies itself.

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"This is not opposition in normal political times. This is not Social Security reform; it is not a capital-gains tax cut. It is a war, or whatever euphemism one wishes to use to describe resisting the up-and-running forces that planned 9/11, London, Madrid, the foiled airline-bomb plot and all the other murders of innocent civilians whose crime was that they affronted radical Islam.

"Presumably we want to succeed in this enterprise, that is, stop them. Instead, we stop ourselves -- feeling it necessary to contest, at length and in the loudest public way, surveillance techniques, interrogation techniques, the rules of engagement for U.S. military personnel, the holding of prisoners.

"Is it possible to see all this as the inevitable yeastiness of an active politics? Once again, yes. And yes as well that there is a point past which, as with Ground Zero, it becomes mostly egoistic self-indulgence. Wallowing."

A new answer

Former Vice President Al Gore said yesterday that he has not ruled out making a second bid for the White House, though he said it was unlikely.

Mr. Gore spoke to reporters in Sydney, Australia, where he was promoting the local premiere of his documentary on global warming.

"I haven't completely ruled out running for president again in the future, but I don't expect to," Mr. Gore said before the premiere last night of "An Inconvenient Truth."

"I offer the explanation not as an effort to be coy or clever. It's just the internal shifting of gears after being in politics almost 30 years. I hate to grind the gears," he added.

Mr. Gore, who lost the presidency to George W. Bush in 2000 in disputed circumstances, said there was no doubt the impact of global warming would be best addressed through the power of the presidency, but making a documentary was second best.

Mr. Gore's renewed popularity and movie tours across the United States have spurred speculation of a White House run in 2008. He has previously repeatedly denied such intentions.

The documentary, which Mr. Gore narrates, is critical of the United States and Australia for refusing to adopt the Kyoto Protocol for reducing greenhouse gas emissions.

Prime Minister John Howard, a friend and ally of Mr. Bush, said he would not meet Mr. Gore during his Australian visit and would not heed his advice to sign up to Kyoto, the Associated Press reports.

"I don't take policy advice from films," Mr. Howard told reporters.

Top fundraiser

Sen. Hillary Rodham Clinton, New York Democrat, is the most prolific fundraiser in Congress, far outpacing other lawmakers by collecting $44.9 million over the past six years for her campaign to win a second Senate term, new government reports show.

This is twice the amount raised by the No. 2 fundraiser, Sen. Charles E. Schumer, New York Democrat, Hearst Newspapers reports.

Mrs. Clinton says her fundraising advantage partly reflects that people from New York tend to be so politically active and generous.

"New Yorkers have a many-century-long tradition of being right in the thick of American politics," she said. "We know what the stakes are and that encourages people to be generous and get behind the candidates."

Mrs. Clinton may have a point, though much of the Democratic senator's money comes from out-of-state contributors, reporter Judy Holland said.

New York leads all states in donations to Democratic federal candidates, shelling out $56 million in the 2006 election cycle through the end of June, according to the Center for Responsive Politics.

Seeking switchers

"Here's the bad news about the fall elections: The results of November 7 could lead to a nasty partisan battle to get enough House members to switch parties that the results will be scuttled," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

"We hear that Republicans are already looking at conservative Democrats who might switch parties if the liberals take back control of the House by a seat or two. Ditto for the Democrats, by the way, who think they can lure the few liberal Republicans to their side with promises of pork or even committee chairmanships," Mr. Bedard said.

"'Do they pick off a couple of our guys,' asks a key GOP insider, 'or can we find one or two Democrats to switch to keep control? That'll be the real fight.'"

A Muslim ad

In remembrance of the fifth anniversary of the September 11 attacks, the Free Muslim Coalition Against Terrorism has produced an anti-terrorism TV commercial at www.freemuslims.org.

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"After September 11, many in the Muslim leadership chose denial and conspiracy theories rather than face up to the sad fact that Muslims perpetrated the 9-11 terrorist acts," the group said in a press release.

"Early on, the Free Muslims rejected the approach of denial and conspiracy theories. We felt that the current war on terror is an ideological battle and only good Muslims can win this battle.

"We knew that Islam is a great religion and that extremism is a result of an ideology called 'political Islam' or 'islamofascism' as others call it. The basis of this ideology is the rejection of the secular state and the utopian (delusional) ideology that religion and politics must be one and the same."

The group added: "As to fighting terrorism, we did not wait for others to do the correct thing and we took it upon ourselves to lay the foundation for defeating bin Laden and others. Our latest achievement is an anti-terror TV commercial in remembrance of 9-11."

Blogs remember

While the terrorist attacks of September 11, 2001, are being remembered today at services across the country, bloggers are paying tribute to the victims of the attacks.

Dale Roe organized the online project called simply "2,996" -- www.dcroe.com/2996 -- in which individual bloggers were assigned to prepare a tribute to one of the nearly 3,000 victims.

"We will honor them by remembering their lives, and not by remembering their murderers," Mr. Roe said.

The Couric Report, Week 1 (WP)

By Howard Kurtz

The Washington Post, September 11, 2006

Now that everyone in America has analyzed Katie Couric's look and legs and wardrobe and delivery and all-around suitability for sitting in Walter Cronkite's chair, this question remains:

Couric's gamble -- and it is one big roll of the dice -- is that so many people already know the headlines by 6:30 p.m. that she can dispense with some of the day's fare and devote the time to longer features, interviews, commentary and chat. On her first four nights, that approach produced some solid storytelling and funny moments but also bypassed or truncated some important daily events. And therein lies the trade-off.

The show's executive producer, Rome Hartman, says Couric's debut might have conveyed the wrong impression because "Tuesday was a slow news day. There were not a lot of stories competing to get into that broadcast that we ignored.

"We know most of our viewers come to the evening news already having a sense of the events of the day. . . . We've never been the broadcast of record, and we're less the broadcast of record than ever." Their mission, Hartman says, is to provide "a little more depth" at the expense of routine news. "On a day we can say this and this happened but we have this incredible story from Afghanistan, damn right."

The first day's lead, in fact, was Lara Logan's dispatch from Afghanistan, which, although lacking a hard-news peg, included eye-catching footage of Taliban fighters displaying their weapons and later praying. Much of the program was devoted to features, such as the first look at Vanity Fair's cover shot of Tom Cruise and Katie Holmes with new baby Suri.

CBS News President Sean McManus calls criticism of the news mix "completely unfounded," saying that some of the detractors "must not have watched the evening news in a long time, because the mix of hard news is basically the same as we've been doing with Bob Schieffer and basically the same as every network does."

"There's zero desire or effort to minimize hard news," he says. "The fact that we spent all of 20 seconds on the Cruise baby is not an indication of our dedication to hard news."

On that first broadcast, what was condensed into two sentences apiece -- but got longer treatment on the other networks -- was William Ford stepping down as chief executive of the automaker that bears his family name and a study showing that 7 out of 10 workers at Ground Zero had developed lung problems.

The rest of the week was newsier. On Wednesday, Couric interviewed President Bush, pressing him about the treatment of detainees and the war in Iraq. On Thursday, correspondent David Martin scored the first interview with former deputy secretary of state Richard Armitage expressing regret for his role in outing CIA operative Valerie Plame. On Friday, Couric was seen confronting former Environmental Protection Agency chief Christine Todd Whitman about her reassurances of air quality at Ground Zero -- an excerpt from Couric's first "60 Minutes" piece last night.

There were other interesting news features, such as Martin's behind-the-scenes peek at the National Counterterrorism Center and Byron Pitts's look at how support for the Iraq war has declined around Camp Lejeune, N.C. There was Couric's quickie look at what's hot on the Web (her newscast is the first to be simulcast online). There was also standard television fare, such as a profile of an irrepressible blind teenager.

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As the week wore on, Couric began doing brief chats with CBS correspondents such as Schieffer. And Couric, who often talked about her family on "Today," was not afraid to get personal. During an interview about a new vaccine for cervical cancer, she mentioned her teenage daughters, and when her medical expert said there was a 50 percent chance that a 17-year-old girl has had intercourse, Couric said: "Well, you've just ruined my day." Among the stories that didn't make the cut at CBS but appeared on "NBC Nightly News" or ABC's "World News": Democrats pushing for a no-confidence vote against Donald Rumsfeld, the certification of a Mexican presidential winner, and the furor over the ABC docudrama "The Path to 9/11" (which Gibson's program, to its credit, was quick to cover). British Prime Minister Tony Blair's decision to step down within a year got two sentences and a sound bite on the "CBS Evening News" and full stories on the rival newscasts. On Friday, Couric's broadcast carried nothing on a Senate report finding that intelligence officials were disputing alleged links between Saddam Hussein and al-Qaeda while the Bush administration was pushing that argument -- news that got big play on NBC, ABC and in the next day's papers.

CBS's much-ballyhooed "Free Speech" segment was a mixed bag. "Super Size Me" filmmaker Morgan Spurlock's rant about a polarized media culture drew catcalls from the critics. Rush Limbaugh's skewering of those who fail to support Bush's war against terrorism was not the sort of thing you usually see on the nightly news. But aren't opinions available on the cable channels around the clock?

Whatever the gibes by television writers and rival network executives, Couric boosted the third-place "Evening News" to the No. 1 spot for her first three nights, drawing a remarkable 13.5 million viewers for her debut. But no one, including the folks at CBS, expects that to last once the curiosity factor fades.

Couric's new role rekindles an old debate: Why do people watch one newscast over another? Williams has remained No. 1 since taking over for Tom Brokaw 21 months ago not only because viewers feel comfortable with him, but also with his NBC team. Whether Couric's charm and celebrity can steal part of her rivals' audience depends on how people take to her chattier approach to the news, as well as on the journalistic hustle of her supporting cast.

The much-scrutinized first show "is being looked at as the culmination of a process. It's not," Hartman says. "It's the beginning of a broadcast. Her goal is to try some new things, some different things, acknowledge that not everything is going to work and try to make it better day after day."

Post Bush Pundit

Michael Gerson, a key member of President Bush's inner circle until 10 weeks ago, has a new job: Washington Post op-ed columnist.

Editorial Page Editor Fred Hiatt has signed up the longtime White House speechwriter and policy adviser, who will start in January while remaining a member of the Council on Foreign Relations. Hiatt, who says he first raised the possibility of a future job with Gerson years ago, describes him as having "a really interesting mind" and being "a different kind of conservative from the other conservatives on our page. . . . He's been part of this White House, but I expect he will be an independent voice."

The hiring of Gerson, who is widely credited with crafting some of Bush's most eloquent addresses, will undoubtedly draw fire from liberals unhappy with The Post's editorial page for supporting the war in Iraq.

Gerson, a former senior editor at U.S. News & World Report, says he is "looking forward to doing things in my own voice." He says his spin through the revolving door is hardly unprecedented, citing William Safire's jump from the Nixon White House to the New York Times op-ed page and George Stephanopoulos's move from the Clinton White House to ABC News.

Although he greatly respects the president, says Gerson, who will also contribute to The Post Co.'s Newsweek, "I'm going to call them the way I see them. I don't believe in criticism for the sake of criticism."

On the Payroll

The Miami Herald has fired two reporters and a freelancer who work for its Spanish-language edition, El Nuevo Herald, for accepting money from the federal government.

The journalists were compensated for appearances on Radio Marti and TV Marti, the broadcasting services beamed into Cuba. One of them, Pablo Alfonso, who covers Cuba, has been paid almost $175,000 over the past five years to host Marti programs. Fellow staff writer Wilfredo Cancio Isla, who covers the Cuban exile community and politics, was paid almost $15,000 in the past five years. The freelancer, Olga Connor, who writes about Cuban culture, received about $71,000, according to the Herald.

Jesus Diaz Jr., publisher of both Herald papers, was quoted as saying the journalists had violated a "sacred trust." A Freedom of Information Act request by the Herald found that at least 10 South Florida journalists accepted payments from Radio and TV Marti.

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Juan Manuel Cao, a reporter for Miami's WJAN who received $11,400 this year from TV Marti, drew attention in July when he confronted Fidel Castro about his refusal to let a dissident leave the island. The Cuban leader asked Cao whether anyone was paying him to ask that question.

"There is nothing suspect in this," Cao told the Herald. "I would do it for free. But the regulations don't allow it. I charge symbolically, below market prices."

Activism Is In The Eye Of The Ideologist (NYT)

The New York Times, September 11, 2006

Conservatives like to divide judges into liberal "activists" and conservative nonactivists who interpret the law rather than making it. Anyone who follows the courts knows that conservative judges are as activist as liberal judges —just for different causes. A new study of Supreme Court voting patterns confirms this and suggests that the conservative Justices Antonin Scalia and Clarence Thomas are actually more activist than their liberal colleagues.

Lori Ringhand, a professor at the University of Kentucky College of Law, examined the voting records of the Supreme Court justices from 1994 to 2005. Because judicial activism is a vague concept, she applied a reasonable, objective standard. In the study, which is forthcoming in Constitutional Commentary, justices were considered to have voted in an activist way when they voted to overturn a federal or state law, or one of the court's own precedents.

The conservative justices were far more willing than the liberals to strike down federal laws — clearly an activist stance, since they were substituting their own judgment for that of the people's elected representatives in Congress. Justice Thomas voted to overturn federal laws in 34 cases and Justice Scalia in 31, compared with just 15 for Justice Stephen Breyer. When state laws were at issue, the liberals were more activist. Add up the two categories, and the conservatives and liberals turned out to be roughly equal. But Justices Thomas and Scalia, who are often held out as models of nonactivism, voted to strike down laws in more of these cases than Justice Breyer and Justice Ruth Bader Ginsburg, the court's two Clinton appointees.

By the third measure, overturning the court's own precedents (for which data were available only up to 2000), the conservatives were far more activist. Justice Thomas voted to overturn precedent 23 times and Justice Scalia 19 times, while the court's four liberals did so in 10 cases or fewer.

Activism is not necessarily a bad thing. The Supreme Court is supposed to strike down laws that are unconstitutional or otherwise flawed. Clearly, all nine justices, from across the political spectrum, believe this, since they all regularly vote to strike down laws. What is wrong is for one side to pretend its judges are not activist, and turn judicial activism into a partisan talking point, when the numbers show a very different story.

Mr. Janey's New Exam (WP)

The Washington Post, September 11, 2006

THE RECENT Post article reporting that only 28 of the District's 146 public schools met academic benchmarks on a new city test in April was sobering news. The focus on school performance, however, may have obscured the story's more consequential finding: Takers of the new test were students, not the schools they attended. Students -- not their schools -- failed to achieve proficiency in reading, math and other subjects. And equally important, the adverse effects of those academic failures -- if not remedied in time -- will be felt directly by students themselves, not the buildings, classrooms or playgrounds where they spend time during the day.

We state what perhaps is obvious, for a purpose. Under the federal No Child Left Behind law, students in so-called failing schools are allowed to transfer to higher-performing schools in their districts. With an overwhelming majority of District schools falling short of the standard, there are few "better" schools for students to attend. Put another way, the District's large numbers of poorly performing students swamp the number of available schools attended predominantly by proficient students.

At a community meeting to discuss the test results, Superintendent Clifford B. Janey went to the heart of what faces poorly performing students. Schools will not be the ones to suffer. "We see universities banning kids if they need remediation. We see businesses cutting back on the amount they spend on remediation," he said. Without the skills that come with a quality education, students will not become "gainfully employable . . . and able to finish college," Mr. Janey added. That, as it stands, is the stark future for thousands of District students unless parents and school and city leaders address the problem with the urgency it deserves.

True, Mr. Janey has introduced a test with strict standards. And yes, some administrators and teachers may feel they haven't had enough time to prepare for the changes. But the additional truth is that Mr. Janey is seeking a more accurate assessment of student performance so that he and his teachers will know how much they have to do to reverse a failing situation. Parents need to know the truth as well. And city leaders must stop giving lip service to the crisis in their midst. Without an investment of time and resources by families and educators to raise student performance to a higher standard, generations of

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District children will not make the grade as contributing and self-sustaining adults. Both they and the city -- not schools -- will be the losers.

Iran May Consider Enrichment Suspension (AP)

By George Jahn

AP, September 11, 2006

Iran is ready to consider complying — at least temporarily — with a U.N. Security Council demand that it freeze uranium enrichment, which can be used in developing atomic weapons, diplomats told The Associated Press on Sunday.

Such a concession would be a major departure by Tehran as it faces possible U.N. sanctions for its nuclear defiance and would be a huge step toward defusing a confrontation over the program it says is only aimed at generating electricity.

The compromise was mentioned by senior Iranian nuclear negotiator Ali Larijani during two-day talks that ended Sunday with European Union foreign policy chief Javier Solana, the diplomats said.

The diplomats, who spoke on condition of anonymity in exchange for sharing confidential information, were familiar with the substance of the discussions.

One of them said Larijani floated the possibility of Iran stopping its enrichment activities "voluntarily, for one or two months, if presented ... in such a way that it does it without pressure." The diplomats did not say when such a move might occur.

Iran says its nuclear program is intended solely to produce fuel for nuclear reactors to generate electricity. But there are growing concerns Tehran seeks the technology to enrich uranium for use in atomic warheads.

The compromise, which would defuse a confrontation that all sides do not want, would likely be welcomed by three of the five U.N. permanent members of the Security Council who are reluctant to support a quick move to sanctions.

It might fall short of U.S. and British demands that Iran freeze enrichment before broader negotiations on its nuclear program. But Washington and London — the chief backers of a quick move to sanctions — might back off and accept a later freeze for the interests of maintaining council unity.

Russia and China have resisted U.S. pressure for fast action on sanctions even though they agree to them as a lever. And French Foreign Minister Philippe Douste-Blazy last week appeared to suggest that the demand to stop enrichment before any talks on Iran's nuclear program begin was negotiable.

He later reversed himself. Still, such vacillation appeared to reflect that — although Britain, France and Germany formally represent the European Union in the talks_ a sizable number of countries within the 25-member bloc are against quick punishment.

A European diplomat told AP on Sunday that much of the opposition came from Italy, Spain, Portugal and Slovenia. Italy and Spain have agitated for a larger role in talks with Iran, and Larijani met with Spanish and Italian leaders before coming to Vienna on Friday.

A European official said Solana discussed the issue with Secretary of State Condoleezza Rice before going into the weekend meetings, but declined to offer details.

Solana was to brief senior representatives of the six powers on Monday by phone on his Vienna talks in a conference call, he added. Those discussions will likely influence what steps are next taken by the Security Council.

Before the Solana-Larijani talks, U.S. Undersecretary of State Nicholas Burns had said Washington expected the Security Council to start discussing a draft on sanctions as early as next week.

In Washington, State Department spokeswoman Janelle Hironimus said the telephone conference would proceed as scheduled on Monday and further negotiations on sanctions would be held at the United Nations later in the week.

Emerging from the Vienna talks, both Larijani and Solana spoke of progress and agreed to meet again later this week.

While neither side disclosed the substance of discussions, Solana said "the meeting was worth it," while Larijani told reporters that "many of the misunderstandings were removed."

"We have reached a common point of view on a number of issues," he said.

The meeting had been billed as possibly the last chance for Iran to avoid penalties for rejecting the U.N. Security Council's demand to stop uranium enrichment by Aug. 31.

The six powers agreed in June on a package of economic and political rewards to be offered to Tehran, but only if it stops enrichment before the start of such negotiations — meant to achieve a long-term enrichment moratorium.

Iran's package of counterproposals, made Aug. 22, has not been disclosed but was initially dismissed as inadequate by leaders of the six-nation alliance, primarily because it did not mention the demanded pre-negotiation enrichment freeze. A confidential memo from Britain, France and Germany made available to AP and sent to dozens of capitals also said it fell short.

Still, both Solana and Larijani suggested Sunday the gap had been narrowed.

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Their comments — and the information given the AP on Iran's readiness to consider a temporary enrichment stop — jibed with indications that positions may have shifted, both for Iran and within the six-nation alliance.

European officials had suggested earlier that at least some of the six nations were ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of before talks.

Ali Ashgar Soltanieh, the chief Iranian delegate to the International Atomic Energy Agency, told AP that Larijani briefed IAEA chief Mohamed ElBaradei before flying back to Tehran on Sunday.

Wobbly Diplomacy (WP)

The Washington Post, September 11, 2006

What happened to the support that the Bush administration said it had for sanctions against Iran?

LAST SPRING the Bush administration struck what looked like a clever diplomatic bargain with European governments, Russia and China on addressing Iran. The Islamic regime, Secretary of State Condoleezza Rice said, would be offered a "clear choice" between a package of economic and political treats -- including the direct dialogue with the United States that Tehran has long craved -- and international sanctions, depending on whether it agreed to suspend its nuclear program. Bush administration officials said they agreed to back the incentive package because Germany, France, Russia and China all pledged that in the event of a negative answer from Iran, they would support sanctions.

Iran's answer is now in: It is unambiguously negative. The administration has consequently turned to its partners and asked for the response they committed themselves to. Their reactions -- at least in public -- have been almost as dismaying as that of the mullahs. "The parties involved should be cautious about moving toward sanctions," said Chinese Premier Wen Jiabao, whose country imports almost 12 percent of its oil from Iran. "We cannot support ultimatums that lead everyone to a dead end," said Russian Foreign Minister Sergei Lavrov, whose country is selling Iran hundred of millions of dollars in nuclear materials that might be affected by the proposed sanctions.

French Foreign Minister Philippe Douste-Blazy, whose country is reluctantly deploying troops to Lebanon within range of the Iranian-backed Hezbollah militia, cynically claimed the middle ground: "If the Americans want sanctions, and the Russians and Chinese don't, there will be no sanctions," he said last week. "We must continue more than ever to keep the dialogue with Iran open."

Bush administration officials maintain they are not alarmed by these declarations; better answers, they suggest, will come in closed-door negotiations among the permanent members of the U.N. Security Council and Germany that began Thursday in Vienna. They predict that a new U.N. resolution applying a first set of mild sanctions will be passed in the end -- though not before many weeks of negotiations among the allies.

Meanwhile, Iran's nuclear program will continue. U.N. inspectors reported last week that the uranium enrichment operation that began this year is proceeding more slowly than expected. At the same time, they came across new traces of bomb-grade uranium for which Iran provided no explanation -- just as it has refused to explain its president's public statement that work is proceeding on a new, advanced centrifuge that would greatly speed enrichment.

Russian and Chinese officials may fear that international sanctions are a prelude to more drastic measures, such as U.S. military action. In fact, their resistance to sanctions only raises the chances that President Bush will see force as the only way to stop an Iranian bomb.

Blair Warned To Stay Away From Beirut (FT)

By Christopher Adams, Sharmila Devi, Andrew England

Financial Times, September 11, 2006

Tony Blair, Britain's prime minister, has been told to stay away from Lebanon by the country's most senior Shia cleric ahead of a visit on Monday to Beirut, the first by any western leader since the war with Israel.

Grand Ayatollah Mohammed Hussein Fadlallah declared the prime minister persona non grata for his unswerving support of President George W. Bush and the Israeli assault against Hizbollah guerillas.

He said the British leader was "a real partner in the Israeli-American war on Lebanon" and should have been brought to account instead of being welcomed to Lebanon.

Mr Blair travels to Lebanon at the end of a Middle-East tour that also saw him visit Israel and the Palestinian territories. On Sunday, Israeli and Palestinian leaders said they would meet within weeks to restart stalled peace talks.

The British premier told reporters at a joint press conference with Mahmoud Abbas, the Palestinian president, in Ramallah that a "window of opportunity" existed to secure a lasting peace between the two sides.

But Hamas, which runs the Palestinian Authority that is subject to a western aid boycott, rejected Mr Blair's conditions for any dialogue, signalling one of the many hurdles that lie ahead.

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The premier said the international community would restore contacts with any Palestinian national unity government as long as it renounced violence and recognised Israel, conditions set by the international quartet made up of the US, European Union, Russia and the United Nations.

Mr Abbas said he was willing to meet Ehud Olmert, the Israeli prime minister, who said on Saturday that he would meet the PA president. But any negotiations are unlikely to lead to much progress while an Israeli soldier, Gilad Shalit, remains in captivity in Gaza and Hamas refuses to change its stance on the recognition of Israel.

The British prime minister is braced for a frosty reception when he arrives in Beirut on Monday for talks with Fouad Siniora, his Lebanese counterpart, on reconstructing the battered economy.

He has made revival of the stalled peace efforts in the Middle East a priority for his last nine months in office as he seeks to build a political legacy before quitting. However, officials in London had made it clear they did not expect him to be welcomed on every stage of his trip.

In Lebanon, where more than 1,000 people, most of them civilians, were killed in the 34-day conflict, Mr Blair has been criticised for not demanding an immediate ceasefire in the early days of the war. Ayatollah Fadallah said in a statement issued last night that the government should have told him "he is not wanted in Lebanon . . . so that he – and those like him – would know that we are not so naive as to welcome him when he has contributed to killing us and slaughtering our children".

Diatribes And Dialogue In Mideast For Annan (NYT)

By Warren Hoge

The New York Times, September 11, 2006

UNITED NATIONS, Sept. 10 — "It was the longest and most strenuous and most demanding trip that I have done in my 10 years in office," Secretary General Kofi Annan said last week of his just-ended 11-day Middle Eastern marathon.

The trip was the kind of shuttle diplomacy that American secretaries of state used to do but could not now, given that there has been such a plunge in American credibility over Iraq and that two places Mr. Annan visited, Iran and Syria, are no-go zones for American officials.

At the same time, Mr. Annan and his aides had to struggle against their own perception problem. The United Nations, sometimes portrayed in the United States as standing in the way of American objectives, is often seen abroad as being much too close to America.

From the outside, the trip was a whirl of motorcades twisting through streets hung with banners portraying the "divine victory" of Hezbollah's leader, Sheik Hassan Nasrallah; audiences with presidents, prime ministers and mullahs in grandiose palaces with courtiers seated in stiff formations around the national leader; and formal greetings at garden entrances with fountains sparkling in the sunlight.

Behind the pageantry, Mr. Annan made dozens of phone calls to leaders in the region, Europe and the United States. The results: the end of the Israeli blockade of Lebanon on Friday and the agreement by both Israel and Lebanon that Mr. Annan would be the broker of confidential negotiations in the coming weeks seeking the release of two Israeli soldiers held by Hezbollah.

A daily contact was Secretary of State Condoleezza Rice, the Bush administration official with whom Mr. Annan has a close association, offsetting his strained relations with John R. Bolton, the United States ambassador to the United Nations.

The purpose of the swing through nine Middle East countries, the West Bank and stops in Brussels, Geneva and Madrid was to build support for the Security Council resolution that ended the fighting between Israel and Hezbollah in Lebanon.

In Damascus, Syria, Mr. Annan and his associates said they sat through a diatribe from Bashar al-Assad, the Syrian president, depicting the Western powers as bankrupt and powerless. They said he included in his list of Western failures the inability of the European Union to adopt a constitution — a comment they said they found remarkable coming from a strongman leader with no known constitutional concerns of his own.

Terje Roed-Larsen, one of Mr. Annan's Middle East envoys, said the United Nations team had made no demands of Mr. Assad, whose country finances and arms Hezbollah, but rather "told him what was expected of him." Two days later, Walid al-Moallem, the Syrian foreign minister, called Mr. Annan in Qatar to say Syria was sending a battalion to the border with Lebanon to help the Lebanese Army and German inspection experts stationed there enforce an embargo on illegal arms.

In Iran, which also finances and arms Hezbollah, the United Nations diplomats said, the tenor was one of supreme confidence. "The Iranians told me, 'The West says we have to re-establish confidence with them,' " Mr. Annan said. "But they said, 'We think it's for the West to re-establish confidence with us.' " The team listened as Mahmoud Ahmadinejad, the Iranian president, told them that Iran was the dominant player in the region and would soon consign Britain and America to secondary roles.

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"He said that Britain and America won the last world war, but they wouldn't win the next one, Iran would," said one of the aides, who said he could not comment for attribution on a private meeting.

"It wasn't the tone and content that stunned us," he said. "It was the fact that he talked like he meant it and believed it. Remember, this is a man with very little exposure to the outside world." The Iranians offered no direct assurances about Hezbollah, but said they would cooperate in carrying out the Security Council resolution, which calls for disarming it in Lebanon.

In their visits to all Arab capitals except Damascus, Mr. Annan's associates said they found deep concern over Iran and its pursuit of nuclear energy. "It's the ancient rivalry between the Arabs and Persia that used to motivate this region returning now with force," one of them said.

In discussing Iran's nuclear program, the Iranian negotiator Ali Larijani artfully claimed that, by rejecting Western demands to suspend it before entering negotiations over its purposes, Iran was simply acting in keeping with Mr. Annan's stated preference for unconditional talks. An Egyptian official said there was a local expression for this maneuver. "They're trying to put the turban on Kofi," he said.

In Jerusalem, the Annan team had to face the longtime distrust of the Israeli public over actions by the United Nations seen as favoring Palestinian claims. The diplomats said they were impressed by the Israeli prime minister, Ehud Olmert, who, they said, cited a desire to be cooperative. "Olmert's tough and direct," Mr. Roed-Larsen said. "He admitted to us up front that he had constraints, which made it easer for us to help."

Mr. Annan's first stop was Lebanon, where he saw the destruction in Beirut's suburbs and the ruins of villages in southern Lebanon. He reported with some sympathy the growing frustration of Fouad Siniora, the prime minister, over the blockade of his country. "When I spoke to Siniora the last time," Mr. Annan said in Amman, Jordan, "he said he's getting really fed up. You know he's getting one condition after the other, and he says, 'What I want is for somebody to give me a clear indication of what needs to be done.' "

Mr. Siniora received it on Wednesday in a six-point plan composed by Mr. Annan involving sequenced steps by naval forces from Britain, France, Germany, Greece and Italy. The plan, which was also presented to Mr. Olmert, provided the Israelis the assurances they needed. Two days later, the blockade ended.

It was likely the last major diplomatic journey for Mr. Annan, who won a Nobel Peace Prize during his first five-year term but who has become more accustomed in recent years to being criticized for mismanagement. He will leave office on Dec. 31. During the trip, he mused about how he had no weapons, no troops, only the power of dialogue. That set him apart from all the leaders he was talking to, in a region where brazen show of muscle is the normal persuader. It also illustrated a founding idea of the United Nations: that an organization with no national agenda can bring together countries with competing agendas.

"Individual nations have individual views and they convince themselves they are right and they are so sure of what they say, and they don't want to budge because they feel if they budge, they will lose face," Mr. Annan said in an interview aboard his plane on Wednesday night while departing Ankara, Turkey. "My job is to give them a ladder to climb down from the precipice."

An Arab Peace Plan (TIME)

By Scott Macleod

Time, September 11, 2006

King Abdullah II of Jordan has few opportunities to relax. Speaking with TIME at Basman Palace last week, he spent a moment describing how he likes to take Queen Rania out for a spin on his Harley-Davidson and hopes to get the family, including two sons and two daughters, away for a picnic soon. Then it was on to business. While much of the interview focused on his uncharacteristically dark outlook on the Middle East--Abdullah, 44, is usually known for his optimism--he also revealed the outlines of a new Arab peace initiative, dubbed Beirut Plus (a reference to an Arab League initiative adopted in Beirut in 2002). The effort, which the King insists is "really one of the last chances" for peace, hopes to revive Arab-Israeli talks before the November elections in the U.S.

Five years after 9/11, has the war on terrorism made the world safer?

What it's done is make it more complicated. We are still not addressing the root causes. The Lebanese war dramatically opened all eyes to the fact that if we don't solve the Palestinian issue, the future looks pretty bleak for the Middle East. Unless we solve the core problems, terrorism in its strength will always be with us.

Why stress the Palestinian issue?

There needs to be some sort of Palestinian integral geographic state, today and not tomorrow. If we don't achieve that, the trend is maybe Israel doesn't want peace, maybe the Americans don't want peace. That's what we moderates are having to fight. We are running out of arguments. If we don't see tangible results on the ground by 2007, then I don't think there will ever be a Palestinian state. Then I think we are doomed to another decade or decades of violence between Israelis and Arabs, which affects everybody.

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Why so dire?

A lot of people in the area feel that because Israel is not invincible, as people thought, maybe dialogue is not the way to discuss issues with Israel. The moderate voice now has been neutralized.

What can you do?

We are relaunching the Arab initiative, reaching out to the Israeli public, saying, Look, it is Beirut Plus now. There is movement by core Arab and Muslim countries [Saudi Arabia, Egypt and Jordan], saying, Look, if we solve the Palestinian issue, it is one major step forward in bringing peace and stability to the region.

What's new with Beirut Plus?

The short-term objective is to get straight back to negotiations. But we want to jump ahead to something tangible. We need to get to the point where people want to sign on the dotted line. We want to move to a two-state solution, but we are not going to go back and forth with lawyers until we get there. We need to start building things on the ground. What we have seen with Israel and its Arab neighbors is a unilateral approach. I think it has finally dawned on our friends in Israel that that doesn't work.

What does this plan have for the Israelis?

Security guarantees by the Arabs. The assurance that they [the Israelis] are fully integrated--socially, economically, politically and culturally--into the Middle East.

Is the Bush Administration on board? The back-and-forth is very positive.

What about Israeli Prime Minister Ehud Olmert?

He is a man that I trust will commit to peace and deliver.

Why should Israel deal with Hamas when you don't trust it either? I don't think that Israel is looking just at having a problem with Hamas. It is looking further afield and seeing major security challenges. There are other regional powers that are vying for supremacy in this area. Usually when that happens the net result is conflict and violence.

If you mean Iran, does President Mahmoud Ahmadinejad scare you?

Nobody scares me. I think part of the Iranian policy is to say, I am here, people, take me seriously.

How tough should the U.S. get with Iran over its nuclear program?

I don't think the Middle East could afford another war. And a war with Iran would open a Pandora's box, one that I don't think the Middle East would recover from.

Roh And Bush Set For Bumpy Summit Amid Strains Over North Korea (AFP)

By Simon Martin

AFP, September 11, 2006

North Korea's military threat will dominate this week's summit between the South Korean and US presidents, but analysts say they are unlikely to narrow sharp differences on how to handle the isolated communist state.

The self-declared nuclear-armed North, which sparked international alarm by test-firing seven missiles in July, is seen by President George W. Bush as part of an "axis of evil."

President Roh Moo-Hyun's administration, which wants engagement with its prickly neighbour rather than isolation, plays down the military threat posed by the missile tests and sees them as a negotiating tactic.

Relations between the South and the US -- its ally for six decades -- are in trouble, as Roh's administration admits.

"Unfortunately there exists a perception gap between South Korea and the US," Foreign Minister Ban Ki-Moon acknowledged recently without elaborating.

"This summit meeting between Korea and the United States is far more important than before."

Roh promised to coordinate relations "to make them trouble-free" but acknowledged concerns.

"Some people in South Korea and the United States are worried that there are problems in Korea-US relations," he said last week during a trip to Romania.

"Such concerns die down for a time whenever I meet the US president, though this does not last for long."

The presidential Blue House said the two leaders were expected on Thursday to discuss ways of strengthening their alliance "and talk deeply and widely about North Korea's nuclear and missile issues..."

The greatest crisis facing the military alliance, Seoul's international security affairs ambassador said Thursday, is the different perceptions of North Korea's potential threat.

Moon Chung-in told a seminar that Seoul looks at Pyongyang both as a threat and a partner that it must deal with to bring peace and stability.

He was quoted by Yonhap news agency as saying Washington sees the North merely as a rogue state that must be contained or overturned.

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The North since November has boycotted six-nation talks aimed at curbing its nuclear programme in return for economic and diplomatic rewards, in protest at US financial sanctions.

It also dismissed a UN Security Council resolution, backed by its major ally China, which condemned the missile tests and imposed missile-related sanctions.

A US news report has said the North may now also be preparing a nuclear test. It declared itself nuclear-armed in February last year.

With the US pushing for enforcement of the missile-related sanctions and curbs on the North's missile exports, and South Korea pushing its "Sunshine Policy" of engagement, "expectations are very low going into the summit" as one analyst said.

"They have fundamentally different world views on North Korea," said Peter Beck, director for Northeast Asia of the International Crisis Group.

"Seoul wants to expand economic cooperation with North Korea, Washington wants to tighten the financial noose around its neck."

The two leaders, Beck told AFP, are from opposite ends of the political spectrum and don't give "good chemistry".

"Washington faces a president who thinks Japan is a bigger threat than North Korea," he added in reference to a Japanese-South Korean dispute over an island chain.

"It will be really a 'grin and a handshake' kind of meeting."

Beck said the distance between the two countries was growing rather than diminishing.

Other likely summit topics are a free trade agreement now under negotiation, which Roh is pushing despite intense domestic opposition.

Seoul's push to regain wartime control over its military from a US-led unified command may not come up for discussion, officials say.

The proposal has sparked protests in Seoul from veterans, former defence ministers and academics which say it would threaten security.

The US, which has stationed tens of thousands of troops in the South since the end of the Korean War in 1953, has not publicly objected to the proposal. It even said the change could take effect in 2009 -- three years earlier than Seoul proposes.

"It may be a case of 'Be careful what you wish for'," said Beck.

Brown Denies Role In British Political Coup (NYT)

By Alan Cowell

The New York Times, September 11, 2006

LONDON, Sept. 10 — As the feud over Prime Minister Tony Blair's succession continued, Gordon Brown, the heir-apparent, denied today that he had sponsored a political coup that divided the ruling Labor Party and produced days of infighting and crisis.

Mr. Brown, the chancellor of the exchequer, was speaking in his first television interview since Mr. Blair, under severe pressure, pledged last Thursday that he would leave office within the next 12 months. Some of his critics are still pressing for a commitment to a much quicker timetable.

Speaking Saturday, Mr. Blair urged Labor supporters to end the squabbling, saying they would lose the next election, due by 2010 at the latest, if they did. He spoke after Charles Clarke, a former senior minister, assailed Mr. Brown, calling him "deluded'' and a "control-freak'' bereft of collegiality — charges seen by some as intended to undermine Mr. Brown's credentials as a future prime minister and to encourage rival contenders for the prime ministry.

The attack reinforced a calculation among political analysts that the pressure has shifted to Mr. Brown to prove his suitability as a national leader.

"Brown has branded himself a traitor, almost as if he had wielded the dagger,'' Michael Portillo, a former Conservative minister, wrote in The Sunday Times of London, comparing Mr. Brown to Michael Heseltine, the Conservative challenger who took the lead in bringing down Margaret Thatcher in 1990 but did not replace her. "Even those who had wanted her gone balked at rewarding the lead plotter,'' Mr. Portillo said.

Indeed, said Andrew Rawnsley in a column in The Observer: "His time almost done, Tony Blair has not much left to lose. Gordon Brown has everything to lose. The departing king knows his destiny. More uneasy lies the head that would wear that bloodied crown.''

In his interview today, Mr. Brown sought to define the outlines of his likely political agenda and to leaven what newspaper columnists and political adversaries have depicted as a dour and charm-less persona lacking the charisma often ascribed to Mr. Blair.

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He was asked specifically if he had sponsored a letter by 17 dissident Labor legislators that triggered the crisis last week by urging Mr. Blair to quit. Eight of the signatories subsequently resigned from junior government positions, strengthening the rebellion against Mr. Blair.

"If anybody had asked me about the contents of that letter I would have said it was completely ill-advised," Mr. Brown said. "And the reason is this. Some people want to tell Tony Blair when he should finally make the decision that he has said he will make about when he wishes to go."

"I've always said to Tony - and I think this should be clear, and it was made clear on many occasions when I've talked to Tony, the decision is for him, it should be for him," Mr. Brown said. Traveling in the Middle East, Mr. Blair said he accepted the assurance from Mr. Brown.

Seeking to reshape his image as a brooding loner, Mr. Brown called himself a "team player" and said that, if chosen to replace Mr. Blair, he would seek to lead a "government of all talents" including some leading Blairites.

He said he would be guided by a "moral compass" toward hard work, fairness and responsibility towards others and indicated that there would be no immediate change in policies promising a withdrawal of British troops from Iraq only when Iraqi forces can replace them. Mr. Brown spoke, too, of "managed migration" as the European Union is enlarged to embrace Bulgaria and Romania – a development that may Britons fear will bring an upsurge of migrants from southeastern Europe.

Moreover, Mr. Brown said he would welcome a leadership contest to replace Mr. Blair. For years, it had been assumed that Mr. Brown will take over from Mr. Blair under a secret deal between the two men struck three years before Labor came to power in 1997.

But the crisis has undermined that assumption. Indeed, Mr. Blair has refused to endorse Mr. Brown as his successor. Mr. Brown said today:

"I think it's good for the party if there's an election. I've got no difficulty and certainly there's no personal issues about other people standing."

PM "Heir" Denies Anti-Blair Plot (AP)

AP, September 10, 2006

LONDON, England (AP) -- Treasury chief Gordon Brown denied plotting to bring down Tony Blair, saying Sunday he had nothing to do with the letter from governing party lawmakers that urged the British prime minister to stand aside.

Brown, though long regarded as Blair's heir apparent, told British Broadcasting Corp. television that he welcomed a contest to choose the next Labour Party leader, who also would be prime minister.

"I would welcome the candidates for the election. They should be free ... to stand, if that's what they want to do," Brown told BBC interviewer Andrew Marr. "It's good for the party if there is an election."

It was the first time Brown had talked in depth publicly about the bitter infighting that has torn the party in recent days.

Many in the Labour Party had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would end the strife. But questions about his departure have followed the prime minister to the Middle East, where he is pushing for a renewal of stalled Israeli-Palestinian peace efforts.

Asked at a news conference in the West Bank town of Ramallah whether he accepted Brown's assurances that he was not part of a plot, Blair replied: "Of course ... but I really want to concentrate on Palestine today."

Senior party figures have publicly backed Brown as the next Labour leader in an effort to prevent the eventual handover of power from getting even uglier and throwing national elections, expected in 2009, to a resurgent Conservative Party.

But Brown has been damaged by reports that he was behind attempts to get Blair to stand down, and is now more likely to face rival bids from other senior Labour figures.

After he met Blair this week it was reported that the two men had reached a private understanding over the handover of power.

Brown's BBC interview appeared to be a carefully crafted attempt to dampen the claims that he was plotting a takeover, while promoting his bid to be the next prime minister. He appeared upbeat, presenting himself as serious and caring, and he answered questions on everything from Iraq to his personal style.

The chancellor denied that there had been an attempted coup against Blair, or that he was behind a letter from 15 Labour lawmakers sent Tuesday telling Blair it was time to go. "I have not even seen a letter," he said. "There were rumors, of course, about all sorts of things happening ... If anybody had asked me about the contents of that letter, I would have said it was completely ill-advised."

Brown said Blair "will make his decision (about standing down) in his own way, and that is the right position."

Brown said he did not know any timetable for Blair's departure, and did not want Blair to go earlier than he has intimated. "It's for him to make the announcement, not for me," Brown said.

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Brown was also conciliatory about former Home Secretary Charles Clarke, who recently accused Brown of being a "control-freak" who could not work with people and who lacked Blair's charm.

Brown said that, if he took over, he might consider Clarke for a ministerial post as he hoped to form a "government of all the talents."

"I'm not going to hold against him statements that he made," Brown said.

Brown Vows To Follow Blair's Agenda (FT)

By Jean Eaglesham, Christopher Adams

Financial Times, September 11, 2006

Gordon Brown, chancellor of the exchequer, on Sunday pledged to continue to pursue a modernising centre-left agenda if – as is widely expected – he succeeds Tony Blair as UK prime minister.

Outlining his leadership manifesto, Mr Brown, who is typically seen as being to the left of Mr Blair, offered an olive branch to his critics by promising to include "all talents" in his cabinet and welcoming a contest for the leadership of the ruling Labour party as "good for the party".

In his first interview since Mr Blair last week confirmed he was stepping down as prime minister within a year, Mr Brown also backed many of the most contentious Blairite policies.

On domestic policy, Mr Brown backed the prime minister's drive further to strengthen anti-terrorism laws by allowing suspects to be held for longer than 28 days. He reiterated his previous commitment that reform of the public services "will continue [and] in some cases intensify quickly" under a Brown government. He also signalled the need for a "policy of managed immigration in the future".

The chancellor told the BBC he was "holding to the policy" of the government on Iraq, while conceding that mistakes had been made by not preparing sufficiently for the postwar transition.

US President George W. Bush "deserves support" in the fight against terrorism, as well as by the nature of his office, Mr Brown argued.

Mr Brown's conciliatory tones follow a week of bitter and public infighting within Labour ranks over the succession issue, which many in the party fear may prove to be highly damaging electorally.

Critics of Mr Brown claim the chancellor lacks Mr Blair's popular appeal and that his supposed preference for more leftwing "traditional" Labour policies will lose the party support among the middle classes.

David Cameron, the leader of the opposition Conservatives, will today differentiate his party from Labour's unflinching support for Mr Bush. He will cite concerns about American policy, evidenced by a poll for Sky TV on Sunday showing only 7 per cent thought the US-led war on terror was being won. Mr Cameron will attack the "deeply worrying" anti-US sentiment in Europe, but will argue it is best addressed by moving "beyond neoconservatism".

"That means reviving the best traditions of the special relationship. And it means developing with America a tough and effective foreign policy for the age of international terrorism – a policy that moves beyond neoconservatism, retaining its strengths but learning from its failures," the Conservative leader will state.

Mr Brown insisted he was unaware of any attempts to oust Mr Blair, saying he had not seen the letter sent last week by 17 Labour MPs calling on the prime minister to quit. Mr Brown promised to support Mr Blair on whatever handover date he chose, insisting he would be happy with a May succession. Asked if he wanted the prime minister to go earlier, Mr Brown said: "No, I don't."

Mr Blair, asked if he was "100 per cent convinced" by these assurances, said: "Of course". But the prime minister, on a tour of the Middle East, declined invitations from reporters to endorse the chancellor as his successor.

A Chilled Relationship, For Now (WP)

By Sebastian Mallaby

The Washington Post, September 11, 2006

British politics has delivered its own verdict on the war on terror. By a poignant coincidence, Tony Blair, the prime minister who has often been the world's most forceful exponent of a virile response to militant Islam, became a political eunuch last week -- just as the world was taking stock of the fifth anniversary of 9/11. A revolt within Blair's Labor Party forced him to promise that he would be gone within a year. He had become too close to the foreign policy of George W. Bush: in short, too pro-American.

Blair has always been that way, even before those hijacked planes smashed into the World Trade Center and the Pentagon. In the 1990s he bonded with the Clinton team, promoting a new politics that eschewed the statist left and free-market right in favor of a Third Way synthesis. Ideas such as welfare reform and wage subsidies for poor workers were test-driven in the

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United States and then rolled out in Britain. The Blairites embraced the Clinton mix of pro-market economics and pro-poor social policies.

But Blair's affinity with the United States went deeper than policy. His can-do optimism, his relentlessly on-message spin, his frank love of the camera: All would have been unremarkable in an American pol, but all challenged British tradition. Blair's predecessors respected their countrymen's distaste for showmanship, and they often seemed mousy when appearing alongside U.S. leaders. But Blair smiled his enormous chipmunk smile. He was even more upbeat than Americans.

It's worth pondering these things as you contemplate the future of the war on terror. The United States has few allies in the world, and Blair's forced promise to step down reduces America's most faithful friend to lame-duck status. Under Blair's leadership, the British did more than contribute troops to Afghanistan and Iraq. They contributed Blair's singular, self-certain voice. Often the prime minister seemed to be acting as Bush's chief spokesman and chief diplomat all rolled into one. He could make the arguments that the president struggled crudely to articulate -- and make them sound sophisticated.

Once Blair is gone, nobody will play his role with comparable conviction. Gordon Brown, the all-but-anointed prime minister-in-waiting, vacations in Cape Cod, but he evidently feels no love for Bush's foreign policy. David Cameron, the fresh leader of the opposition Conservative Party, knows how to read the national mood. He is not going to pick up the pro-American baton.

Some commentators, reacting to Brown's emphasis on British national identity, predict that the country may be entering a prickly phase -- the Frenchification of British foreign policy, you might call it. But my hunch is that the Anglo-American affair will resume relatively soon: most likely, the day after George W. Bush leaves office. Despite all those opinion polls that show anti-Americanism running at alarming levels, the pull of pro-Americanism is strong and growing stronger in Britain.

This hunch is based on personal experience. I grew up in the Britain of the 1970s and 1980s, a land in which class resentments were intense, success was regarded as suspect and pessimism was the unofficial national religion. The only relief from the sensation of national decline came from a perfunctory military victory over a third-rate Argentine dictatorship. The Britain of that time was profoundly un-American.

But that changed during the 1990s. Unemployment came down, the economy bloomed and Britain started to outpace some of its European rivals. Optimism ceased to be a heretical credo; a go-getting meritocracy hatched from the cracked husk of the class system. London became a city of American investment bankers and Indian entrepreneurs. The national soccer team was coached by a Swede, and the most celebrated soccer club was owned by a Russian.

If you could date the crystallization of this new Britain, it was the moment when Tony Blair was elected in 1997. "New Labour, New Britain," his campaign slogan went, and he showed what he meant by promoting women and racial minorities in his cabinet, chasing hereditary lords out of their privileged position in the upper house of Parliament, and generally by championing energy and ideas rather than caution and tradition. It was only natural that this exuberance was accompanied by a love affair with the United States. Whether he was embracing the Third Way ambition to remake social policy or the neoconservative ambition to remake entire countries, Blair could not resist the sense of possibility that American optimism brings -- the sheer idealism of it.

In electing Blair nine years ago, Britons showed they identified with this American sensibility. Two more Blair victories later, this is even truer. Continued economic growth has pushed the old class system further off to the margins; melting-pot meritocracy has been strengthened. All of which sets Britain apart from the congenitally pessimistic and anti-American nations of stagnant Europe. The next blooming of the Anglo-American affair will not be long in coming.

A Major Image Problem (USNEWS)

By Liz Halloran

U.S. News and World Report, September 11, 2006

Angling for laughs at the recent Emmy Awards, host Conan O'Brien noted that some big-screen actors had been seduced by television: "Alec Baldwin has a new show on NBC. James Woods has a new show on CBS," he said. "And Mel Gibson has a new show on al Jazeera."

The Hollywood crowd roared at the tongue-in-cheek suggestion that Gibson, who'd just unleashed an anti-Semitic rant during his arrest for drunk driving, might have a deal with the Arab network that is seen by many Americans as Osama bin Laden's favorite news outlet.

But they weren't laughing in the Qatar-based network's well-staffed Washington bureau, which is part of an effort to launch a global English-language sibling to the all-Arabic news channel. Al Jazeera International has CNN-like ambitions and hubs in Washington; London; Kuala Lumpur, Malaysia; and Doha-but its rollout timetable remains uncertain. Though 500 staffers have been hired worldwide, including about 100 in Washington, the launch has fallen victim to enormous technical difficulties and the

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herculean task of selling an al Jazeera product in a post-9/11 America that's at war in the Arab world and suspects-rightly or wrongly-that the network favors the bad guys.

Delayed. The kickoff for the new channel was originally expected in early 2006; then a spokesman predicted a September date, later amending that in favor of "the end of the year." Now, says Lindsey Oliver, the channel's commercial director, "We won't confirm a specific launch date, other than to say we are very close." Al Jazeera wants the new channel to reach up to 40 million households worldwide, but it's unclear who the target audience is, and the firm has found some U.S. cable and satellite companies reluctant to carry the al Jazeera brand. Several U.S. companies declined to comment.

Ironically, in its quest to convince U.S. broadcast and advertising muckety-mucks that the new channel, led by a British-dominated management team, will be independent from its Arabic sister, al Jazeera has also managed to anger many in the Arab community.

"This is an Arab network from the Arab world-if people are going to watch a western point of view, they already have CNN, Fox, and the rest," says Mohammud el-Nawawy, a professor at Queens University of Charlotte (N.C.) and coauthor of Al Jazeera: How the Free Arab News Network Scooped the World and Changed the Middle East.

A decade ago, when al Jazeera's Arabic channel was founded with a grant from the emir of Qatar, it was the first network in the Arab world not directly government operated. It quickly won huge audiences and plaudits here and abroad for bringing a more open press to the Middle East, reporting on government corruption and at times angering Arab viewers for giving Israelis an on-air voice. Defense Secretary Donald Rumsfeld was among top officials who appeared on the network.

But after 9/11, when the network began airing gruesome images of Arab casualties and became the conduit through which bin Laden released his statements,the al Jazeera brand became poison in the United States. Just last week, al Jazeera broadcast excerpts of a new video showing bin Laden meeting with some of the 9/11 hijackers. And Rumsfeld has denounced the network for anti-U.S. propaganda, including reports that American troops in Fallujah were terrorizing civilians. "They are simply lying," he said.

Agriculture Discord Stymies World Trade Talks' Revival (NYT)

By Larry Rohter

The New York Times, September 11, 2006

RIO DE JANEIRO, Sept. 10 — Despite repeated declarations of their desire to resuscitate suspended global trade negotiations, representatives of leading industrial and developing nations meeting here this weekend were unable to agree on a resumption date.

The talks were suspended in July, and much of the blame over an impasse in resuming them has been directed at the United States.

"What happened in July was a serious accident" that could lead to litigation and "protectionist surges" that would damage global trade, Pascal Lamy, director general of the World Trade Organization, said at a news conference here on Sunday. "We want the negotiations to resume," he continued, "but I'm not sure we have all the elements in line" to do so.

As was the case in July, the sticking point is agriculture. Developing nations have been demanding that in return for opening their markets to more manufactured goods and services, the United States and other rich industrialized countries eliminate farm subsidies and related measures that inhibit exports of agricultural products from poorer nations.

The meeting here was sponsored by the Group of 20, or G-20, a coalition led by large fast-developing countries from Asia, Latin America and Africa. After meeting on Saturday to form their common position, the G-20 emissaries were joined Sunday by representatives of the United States, the European Union and Japan, as well as Mr. Lamy.

Taking the offensive, the European Union said it was willing to make new concessions on agriculture and called on the Bush administration to do the same. "The U.S. needs to make a fresh proposal during this time to reduce in real terms what it spends on trade-distorting subsidies and to discipline the programs it uses," said Peter Mandelson of Britain, the trade commissioner for the European Union.

But the United States trade representative, Susan C. Schwab, said Washington had already agreed to "very real and very dramatic cuts" with a proposal that was "not a take-it-or-leave-it offer." She rejected suggestions that the Bush administration was acting primarily to protect powerful farm groups in Republican or swing states. "Being a champion of small family farms cuts across party lines," she said.

The breakdown of talks in July stemmed from "a collective effort and a collective failure," she continued. "The Doha round is in serious trouble, there is no question," she said, referring to the global trade talks that began five years ago in Doha, the capital of Qatar. She said the United States was committed to a successful outcome "if one can be found."

Several emissaries expressed hope that negotiations could resume after the American midterm elections in November, when the Bush administration will presumably be less subject to pressure from the farm lobby. They spoke of a "window of

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opportunity" that would extend until the middle of next year, when Congress would be drafting the next farm bill and President Bush's authority to negotiate trade pacts that Congress could not amend would expire.

"It seems to me so patently obvious that farmers have votes and write checks," Mr. Mandelson said at a news conference on Sunday afternoon. While the United States electoral calendar is not the only factor that will determine the date of any resumption of talks, said Celso Amorim, Brazil's foreign minister, "the fact the elections are over can help" break the logjam.

Brazil itself has a presidential election in three weeks, and the meeting here, a joint initiative of Brazil and India, allowed Brazil's left-wing government, whose own foreign policy has been criticized by opposition parties, to play the role of champion of the developing world. President Luiz Inácio Lula da Silva will meet in Brasília this week with his counterparts from India and South Africa to fine-tune the G-20's position.

"We saw signs of flexibility and a preparedness to move," Mr. Amorim said, in summarizing the meetings between the camps. "We didn't have any sign of blockages."

Russia To Boost Asia Energy Exports (FT)

By Stefan Wagstyl

Financial Times, September 11, 2006

Russia plans a massive increase in the scale of its exports of oil and gas to Asia in its quest to expand its political and economic role as a global energy supplier, Vladimir Putin has said.

According to the Russian president, it plans to export 30 per cent of its oil and gas to Asia in 10-15 years compared with 3 per cent today.

Mr Putin said Russia would continue to "behave in a responsible way" in the market. But his ambitious target will raise concerns in the European Union, the biggest importer of Russian energy, that its supplies might one day be affected by the flow of oil and gas to Asia.

Oil industry experts are debating whether Russia will find sufficient new reserves in western and – especially – in eastern Siberia to fill the eastbound oil pipeline it is already building and the two proposed gas links to China.

It is believed to be the first time Mr Putin has publicly put his name to the 30 per cent goal. Speaking on Saturday to foreign academics and journalists, Mr Putin said prospects for the eastbound energy links were "very good" and that Russia, with its border on the Pacific Ocean, had "a certain natural advantage" in developing ties in Asia.

Mr Putin did not specifically address the possible concerns of European customers but said Russia would consider other states' interests.

"I have never stated Russia is an energy superpower but we have more reserves than almost anybody else. We have always behaved, and we will continue to behave, in a responsible way. We intend to participate in the elaboration of common rules in the energy sector and to abide by rules that are developed together. But these should be fair rules that include the production of energy, the transport of energy and the consumption of energy."

Mr Putin warned the EU to act fairly in its demands for Russia to implement the European Energy Charter, a Europe-wide liberalisation programme that would commit Russia to granting private companies access to the state-run gas pipe network.

He repeated proposals for the EU to open its energy sector to Russian companies in return for access to pipelines. "If they want something from us, if we allow them in, what will be the benefit for us? . . . There is no gas production in Europe and no gas pipelines in Europe. So let's have something equivalent in western Europe and discuss how we will be let in."

Gazprom, the Russian gas monopoly, is already buying a small UK gas distributor and has expressed interest in acquiring Centrica. Mr Putin indicated Russia was also interested in supplying the EU nuclear fuel market – dominated by France.

Lonely Power (TIME)

By Romesh Ratnesar, Aryn Baker

Time, September 11, 2006

Hamid Karzai is a hard man to see. Even for those who gain access to the Presidential Palace in Kabul, his office is nearly invisible, tucked into the corner of a two-story building and marked only by a plainclothes security guard who sits outside its wooden door holding a machine gun. The interior of the office is adorned with large Afghan rugs, cream-colored sofas and a marble fireplace; behind Karzai's desk is a bookcase that prominently displays the collected writings of George Washington. From the serenity of that perch, it's tempting to gaze down at the blossoming rose garden below and convince yourself that the war being waged to save Karzai's country is far, far away.

But in Afghanistan, peace is still an illusion. Minutes before we are ushered in to meet Karzai, a distant blast shakes the windows of the palace. When he opens the door, he's in a typically affable mood, joking with his advisers, offering visitors coffee and apologizing for having a cold. As Karzai sits down for the interview, Amrullah Saleh, the head of Afghan intelligence,

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appears. "The chief of the spooks! How are you--good?" Karzai asks. But he knows the news is bad. The two men retreat into a back room, where Saleh tells him that a suicide bombing near the U.S. embassy, about a mile away, has killed two U.S. soldiers and 14 Afghans. It is the worst attack in the capital since the fall of the Taliban five years before, and for a moment, Karzai becomes grim. "Afghanistan has been going through this suffering for a long time," he says, "and you get very angry. Each time you get angrier." So how does he cope when every day seems to bring more tragedy? Karzai sighs. "We're used to it," he says.

Since becoming Afghan leader nearly five years ago, Karzai has been the face, voice and guiding spirit of the new Afghanistan, an urbane antidote to the depraved rule of the Taliban. In 2004, bolstered by billions of dollars in Western aid and the firepower of 18,000 U.S. troops, Karzai won Afghanistan's first presidential election in a half-century. Since then, nothing has gone right. Taliban guerrillas have overrun swaths of territory in the south, sparking a battle for control with NATO forces that has left 55 Western troops dead in five weeks. Squabbles between Western military commanders and the Karzai government over antidrug policies have allowed poppy growth to reach an all-time peak. It's a sign of how much security has deteriorated in Kabul that Karzai's movements are as restricted as ever. In his meeting with TIME, Karzai's aides would not allow him to be photographed beyond the door of his office, for fear that his whereabouts could be exposed. "The palace is like a jail," says Shukria Barakzai, a member of Afghanistan's parliament and a Karzai ally. "The walls are so high that he has become distant from his own nation." That helps explain why, as hope fades and parts of the country drift into lawlessness, Afghans have started to direct their anger toward Karzai himself.

As the insurgency has intensified, so has carping about Karzai's failings--not just his physical remoteness but also his willingness to placate the country's warlords, his failure to take on government corruption, even his inability to get the traffic lights working in Kabul. The very qualities that catapulted Karzai to power and burnished his celebrity abroad--his flair, openness and old-world gentility--now seem to be exactly the wrong traits for a leader of a developing country at war with itself. "He brought a new face to Afghanistan by being nice to everybody," says Ahmad Nader Nadery, head of the Afghan Independent Human Rights Commission. "But as the challenges have multiplied, he's revealed weaknesses that we never could have expected." Jan Mohammed, an adviser to Karzai and former provincial governor, is more blunt. "Kindness will not help him. If Karzai does not get stronger, it will be difficult for him to run the country."

Karzai isn't naturally imposing. In person, his slight frame, drawn countenance and trimmed white beard make him look a decade older than his 48 years. "If I adopt a style of not consulting, and of doing it alone, the country will not have the kind of harmony it has today," he says. "My problem is perhaps that I'm too much of a democrat for this time of the country's life. If you need a dictator, then go to the Afghan people. Let them elect a dictator. I am not one of those." Of course, what Karzai and his Western benefactors know is that the alternative to a democratically elected Afghan leader isn't despotism--it's all-out anarchy. "If Karzai isn't there," says Jamil Karzai, a member of parliament and second cousin of the President, "forget about democracy. Forget about human rights. Forget about Afghanistan." The dilemma is that even if Karzai is the wrong man for the job, he is also the only one who can do it.

Karzai says, "What the world should see is the desire of the Afghan people, not the problems we have along the way." A first-time visitor to Kabul is struck by the relative normality of the place, the absence of the barbed wire, blast walls and paranoia that have become familiar in Baghdad. The roads bustle with traffic--the number of cars in Kabul has tripled since the fall of the Taliban in 2001. Garish new building projects loom over some of Kabul's oldest, poorest slums, dramatizing the extent to which the country is beginning to emerge from decades of underdevelopment. A late-afternoon walk through Shar-i-Naw Park offers a glimpse of the country's transformation: while Afghan boys play volleyball and girls mingle uncovered by burqas, local men gather with a member of parliament to voice complaints about the government. Although small-bore, all of those activities happen every day; none were tolerated by the Taliban.

So much for the good news. Venture outside Kabul, and the reality of the country's blight becomes overwhelming. Sixty percent of the country is still without electricity, 80% without potable water. Unemployment hovers around 40%. The absence of credible police and consistent government services in rural areas has created vacuums that are being filled by an array of antigovernment forces: Islamists in the south, '80s-era warlords in the west and drug runners in the north. Meanwhile, the fighting between coalition troops and the Taliban has halted new reconstruction projects and undermined the impact of finished ones. Only half the aid pledged to the country since 2001 has been distributed, and violence has rendered the road from Kabul to Kandahar--until now, the U.S.'s biggest reconstruction success--impassable.

The 20,000 U.S. troops that have until now been largely focused on hunting al-Qaeda are turning toward nation building. Not a week goes by without the launch of a new school, road, medical clinic or water project, but those successes are overshadowed by reports of schools burning and teachers being assassinated.

Few Afghans blame Karzai for the rise of the insurgency. They're more likely to share his view that culpability for the Taliban's resurgence lies with Pakistan, for harboring the movement's leaders (a charge Pakistan denies), and with the U.S., for not committing sufficient troops to fight them. In a visit to Kabul last week, Pakistani President Pervez Musharraf vowed to do

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more to curb the support the insurgents receive from their brethren, but Karzai has yet to be convinced. "That is what I want the international community to focus on," he says.

However, ordinary Afghans do criticize Karzai and his government for failing to improve anything else. The most common complaint is the pervasiveness of official corruption. Karzai says he has addressed the problem by appointing a new attorney general and a chief justice, but no one expects results. Electrician Shapoor Malik Zada, 42, says he doesn't have electricity in his house because he refused to pay the $140 in extra "fees" to hook up his connection a few months ago. Now, he says, a standard bribe runs $600. (The average annual income is about $300 per capita.) Another man, Samiullah, 24, says the price for obtaining a driver's license has doubled in the past two months. "Now that the government says it is fighting corruption," he says, "everyone is trying to get as much money as they can."

It's debatable whether Karzai deserves blame for such abuses, since low-level graft has been a fact of life in Afghanistan, as in most poor countries, for decades. But it's indisputable that Karzai has been slow to expel corrupt government officials, nor has he taken on the warlords, many of whom helped overthrow the Taliban but also have records of drug trafficking and human-rights abuses. Far from being sidelined in the new Afghanistan, militia leaders have won seats in parliament and landed jobs in the Presidential Palace. Human-rights commissioner Nadery says the government's coddling of widely loathed strongmen is fueling resentment that the Taliban has managed to exploit. "There's a strong relationship between this policy of accommodating bad guys and the increase in the insurgency," he says. "In places like Kandahar, I see huge differences from what I saw a year ago. Last year we had the active support of the tribal leaders against the Taliban. But now they see the kind of people in power, and they've become convinced that the government won't help them either."

Karzai vigorously defends his decision to work with the warlords. "They have done a service to their country," he says. "We can't shun those who have served this country and throw them into nothing. That will bring us into another form of instability. My job here is to try to move forward, keeping this very delicate jar of the Afghan peace process and reconstruction and institution building in my hands, through troubled waters ... Along the way I may have to do things that some in the international community may not like. But I have my Afghan judgment, and that is what I use."

Those who have worked with Karzai say he can be generous to a fault with other Afghans, answering his own phones and holding listening sessions with dozens of tribal leaders in the palace every day. But those meetings often come at the expense of serious policy analysis, and Afghans and Western officials say Karzai's avuncular, consensus-building approach is ill suited to a time when what the country needs most is decisive action--not just against the Taliban and the drug lords but also against unaccountable, rogue officials who are undermining faith in the country's nascent democracy. "He does move too slowly," says a Western official in Kabul. "He is a ditherer. He's not always wrong, and he is doing better ... It's not like things aren't happening." The official adds, "But we still have a national government without broad-based institutions of governance across the country. So this is going to be really hard and slow."

Even those critical of Karzai sympathize with the demands he faces: working 14-hour days, he hasn't taken a vacation in five years. Karzai's burdens are compounded by his isolation. He rarely leaves his compound, although he says he recently slipped out of the palace in an unmarked car to press the flesh in Kabul. For all his ebullience, he can't help sounding weary from having to shoulder so much of the responsibility, and the blame, for Afghanistan's turbulent rebirth. "Our expectations were too high. My own expectations were too high," he says. "We came, we thought the neighbors were going to be good with us, that terrorism was gone, that everybody was cooperating, that the little politics around the region were no longer there to sabotage the process." Karzai adds, "You can't imagine how dispirited this country was. How miserable it had become. Unbelievable. When you go to the country, to the mountains where I was fighting the Taliban, I came across families and people who had nothing on earth. Nothing. We have to provide them a better life."

The next Afghan presidential election is in 2009, and Karzai has said he doesn't plan to run again. But he hedged on that vow at the end of our interview. "If there is an alternative three years from now that I can be comfortable with, who is patriotic, good and deserves to be elected, I would definitely quit in his favor." That's hard to imagine, both because of Karzai's ambitions and because the country's survival depends on the international support that only Karzai can guarantee. But sooner or later, both will run out. Karzai's biggest test, and his country's, will come when he is gone.

Tensions Spike As Georgia Alleges Coup (CSM)

By Daria Vaisman And Fred Weir

The Christian Science Monitor, September 11, 2006

TBILISI, GEORGIA; AND MOSCOW

Tensions ratcheted up between Russia and Georgia following a successful Georgian military offensive against a pro-Russian separatist rebellion in the remote Kodori Gorge in July - and they are soaring again with last week's sensational allegations of a Moscow-backed coup d'état planned to overthrow President Mikhael Saakashvili.

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Georgian security forces last week rounded up about 30 opposition leaders and charged 14 of them with treason in a purported plan to stage disturbances in Tbilisi, leading to an opposition seizure of power.

Most of those arrested were officials of the pro-Moscow Justice Party, whose leader, former Georgian KGB chief Igor Giorgadze, is reportedly hiding in Russia. Others were activists of the opposition Conservative Monarchists and of the Anti-Soros Movement, a coalition of groups that accuses billionaire George Soros of "interfering" in Georgian politics by funding pro-Western nongovernmental organizations and think tanks.

Mr. Saakashvili, who himself came to power on a wave of mass unrest in 2003's pro-democracy "Rose Revolution," suggested that the Kremlin stood behind the alleged coup plotters. "Certain forces in Russia decided that this autumn is the last time when it is still possible to stop the process of Georgia's formation," Saakashvili said. "Their ... hope was that local collaborators would help them. But this scenario has failed."

Russia has denied any involvement. Breakaway statelets fuel deadly feud

It's just the latest chapter in a deadly chess game - played out on Georgian soil - between Moscow and successive Georgian leaders who've sought to loosen traditional ties with Russia and move closer to the West. In the early 1990s, Russia backed the violent emergence of two separatist statelets, South Ossetia and Abkhazia, to keep pressure on Georgia, experts say. Former Soviet foreign minister Eduard Shevardnadze, who ran Georgia from 1992 to 2003, walked a cautious line between Russia and the West. But Saakashvili, a US-trained lawyer, has pledged to reunite his nation and lead it into NATO before his term expires in 2009.

In a recent speech, Saakashvili acknowledged that this might lead to conflict with Russia. "Moscow has very firmly expressed its policy in respect to Georgia. I want to believe that this is the policy of only one part of the Russian authorities - and this policy is very simple: not to let Georgia become strong and not to let Georgia restore its territorial integrity," he said.

The danger of war with Russia was on full display when Georgia moved this summer to crush a local warlord, Emzar Kvitsiani, who was threatening to move his tiny fiefdom in the rugged Kodori Gorge away from central government control and into the arms of separatist forces in Abkhazia. In late July, Mr. Kvitsiani announced he would take up arms against the central Georgian government. Kvitsiani's paramilitary group, called Mondaire, or Hunter, was officially disbanded by Minister of Defense Irakli Okruashvili more than a year ago. A stronger show for Georgia's military

Saakashvili ordered his ministers of interior and defense to lead an operation deep into the tight gorge, disbanding Mondaire, though failing to capture Kvitsiani. Journalists were prevented from entering the gorge and camped out in a nearby village, unable to make telephone calls after the government cut the lines.

Still, successful seizure of the district is widely seen as a key step for the Georgian military, which has been remaking itself, with US assistance, after being defeated by Abkhazia and South Ossetia's separatist armies more than 10 years ago.

"It's not about the Kodori Gorge. It's about the success of the Georgian state," said Parliamentary Deputy Chairman of Defense Nick Rurua. Part of Georgia's Svaneti region, the gorge is virtually inaccessible for four months of the year when snows block the mountain passes, and has traditionally been seen as a zone of lawlessness and tribal rule.

But Georgia's Kodori operation was viewed with deep alarm by Russia, whose armed peacekeepers police the region under a 1994 cease-fire accord. At the height of the crisis, Moscow sent 6,000 special alpine troops to hold "exercises" nearby and the Russian Foreign Ministry warned in a statement that, "this area borders directly on Russian territory, and what is going on there affects the security of the Russian Federation." Russian officials have repeatedly said that Moscow will intervene "to protect Russian citizens" if Georgia moves militarily against South Ossetia or Abkhazia. Experts say about 90 percent of the population in both statelets have been issued Russian passports.

Occupation of the Kodori Gorge, which makes up 17 percent of Abkhazian territory, brings Georgian forces much closer to the Abkhaz capital of Sukhumi. The Abkhaz separatist government and Russia claim that Georgia has violated the cease-fire pact, which forbids the use of military troops in the conflict zone. But Georgia claims the Kodori invasion was a "police action." Abkhaz leaders warn that they, too, might turn to military action. "Countermeasures will be tough," said Abkhaz president Sergei Bagapsh.

Georgia has since installed a shadow Abkhazian government, housed in Tbilisi.

Fighting has also flared around South Ossetia. Last month, Ossetian gunners nearly brought down a helicopter carrying Georgian Defense Minister Okruashvili, while forces of the two sides clashed last week near Tskhinvali, South Ossetia's capital, killing four people.

But for now, the impact of the Kodori siege is most visible at home. In recent months, Georgians have been swept by a resurgent nationalism. But some experts worry that Saakashvili may be moving too quickly to end Georgia's multiple separatist threats and cement the country's pro- Western course. "There is a Russian expression that talks about the hangover of success," says Georgian Open Society Institute chief Dato Darchiashvili. "That is what I am afraid of here."

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Bolivia 'Close' To Split After Violence, Eastern Strike (WT)

By Martin Arostegui

The Washington Times, September 11, 2006

SANTA CRUZ, Bolivia -- Racial and economic tensions tearing at the social fabric of Bolivia have been laid bare by a general strike on Friday that sparked violent clashes and paralyzed the eastern half of the country.

"We are very close to a separation of the two regions of Bolivia," said Ruben Dario Cuellar, a deputy for the conservative Podemos party, which accuses President Evo Morales of trying to force through a new constitution that would institutionalize an indigenous socialist state.

All commerce and transport halted during the daylong work stoppage called by opposition leaders and regional governors in the four eastern provinces that produce 60 percent of Bolivia's economic output.

Pro-government groups trying to break the strike clashed in several eastern cities with members of civic and militant youth organizations that favor regional independence for Bolivia's wealthiest provinces.

Mr. Morales accused his opponents of seeking to "sabotage" the constituent assembly in which his Movement to Socialism (MAS) party has a majority of delegates. He also called the strike "racist" and said the opposition wanted to "humiliate the original indigenous people of Bolivia."

But Mr. Cuellar said the country is "divided between two visions. The west wants to take us back a thousand years to a savage primitivism while the east wants to move toward the future through a culture of free enterprise."

MAS scored barely a quarter of votes in Santa Cruz, Beni, Tarija and Pando during recent balloting, in which the four eastern departments voted overwhelmingly for regional autonomy.

Mountainous western Bolivia strongly backed the central government, but fell short of delivering the two-thirds majority required to force constitutional changes that would restrict private enterprise and empower a peasant-controlled "council of original peoples."

The assembly fell apart when opposition leaders protested rulings by MAS Assembly President Sylvia Lazarte, a Quechua coca farmer, that would allow key clauses to be approved by a simple majority.

The conflict is also marked by racial animosities. Eastern lowland "cambas" are a mix of European whites and Guarani Indians. The western Andean region is mainly composed of Quechua and Aymara Indians.

Santa Cruz civic leader German Antelo warned at a weekend press conference that the opposition will adopt "further measures" if the government does not give in to regional demands.

"They have until Thursday to agree to our conditions for restoring two-thirds majority and recognize regional autonomy," he said.

The coordinator of civic committees, Mariano Aguilera, says that eastern Bolivia is going to hold its own constitutional assembly.

"If they want their Aymara nation in the west, let them have it. We can write our own constitution here in the east," he said.

S. Africa Refocuses AIDS Program (WP/AP)

By Terry Leonard

The Washington Post, September 11, 2006

JOHANNESBURG, Sept. 10 -- South Africa's government has scaled back the influence of its minister for AIDS policy, pilloried for questioning the effectiveness of antiretroviral drug treatments and promoting beetroot, garlic and African potatoes as ways to fight AIDS.

A group of international scientists called last week for the health minister, Manto Tshabalala-Msimang, nicknamed "Dr. Beetroot," to be fired, and they labeled South Africa's program "inefficient and immoral."

Government spokesman Themba Maseko defended the minister but said Friday that the cabinet had appointed a committee headed by Deputy President Phumzilie Mlambo-Ngcuka to oversee the implementation of the country's AIDS program.

"We need to shift focus from saying the problem in the program is the minister of health," Maseko said.

In an open letter to President Thabo Mbeki on Wednesday, 81 international AIDS scientists said the health minister was an embarrassment to South Africa, had undermined HIV science and lacked international respect.

The scientists included American Nobel laureate David Baltimore and Robert Gallo, a co-discoverer of the virus that causes AIDS and developer of the first HIV blood test. The group called for an end to South Africa's "disastrous, pseudoscientific policies" and urged Mbeki to remove the health minister immediately.

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With the letter, the scientists joined mounting calls by AIDS activists and opposition parties for the president to fire Tshabalala-Msimang.

South Africa has an estimated 5.5 million people infected with HIV, a number second only to India and one that amounts to about an eighth of estimated cases worldwide. On average, more than 900 people die of the disease each day in South Africa. The government said Thursday that the adult death rate had climbed significantly over a seven-year period, largely because of AIDS.

Mbeki previously has expressed doubts about the connection between HIV and AIDS, and along with Tshabalala-Msimang has questioned the effectiveness of antiretroviral drugs in treating the disease.

Tshabalala-Msimang's office said in a statement Friday that there was a campaign aimed at deliberately misrepresenting the government's program to fight the disease.

The government estimates it treats 140,000 people with antiretroviral drugs.

Beijing Is Cracking Down On Foreign-Media Access (WSJ)

By Andrew Browne

The Wall Street Journal, September 11, 2006

Stricter Curbs Give Xinhua More Control Over Financial News

BEIJING -- China's government issued sweeping restrictions on foreign news in China yesterday as it also moved to bar international financial-information companies from selling directly to Chinese customers.

The restrictions, announced by China's official Xinhua news agency, make it illegal to distribute articles that "undermine China's national unity, sovereignty and territorial integrity" and that "endanger China's national security, reputation and interests."

They also place curbs on access to a multimillion-dollar financial-information market for companies such as Reuters Group PLC and Bloomberg LP, which currently sell directly to Chinese banks, brokerage firms and corporations. Chinese traders rely on this information to buy and sell financial products in global markets.

The new rules appear to nullify a hard-fought agreement reached between U.S. and Chinese officials a decade ago that gave foreign financial-information companies direct access to the China market.

Under the new rules, Reuters and other companies will have to sell their products through the China Economic Information Service, an agency appointed by Xinhua, according to an official at Xinhua's Foreign Information Administration Center. The rules take effect immediately.

The new restrictions are part of a broader crackdown on the media under the administration of President Hu Jintao. Independent-minded editors and journalists have been fired for pushing the limits of press freedom by publishing news articles that go beyond the stodgy fare offered by Xinhua, which openly describes itself as the "mouth and throat" of the Communist Party.

Xinhua has long claimed a monopoly over the distribution of general news in China covering areas such as politics, natural disasters, social developments and sport. It insists that foreign news agencies, such as the Associated Press and Agence France Presse can't sell general news or news pictures directly to the Chinese media.

Chinese media are required to use Xinhua articles as the benchmark for reporting on sensitive political issues, including accounts of natural and man-made disasters

However, foreign media companies have been allowed to sell financial products in China by registering themselves and their clients with Xinhua. That will now change, according to the official from the Foreign Information Administration Center, which was set up to register foreign financial-news vendors and monitor their output under the 1996 regulations.

The official described the information service as a commercial enterprise with no links to Xinhua. Asked whether the service would take fees or make other demands, the official said "it's up to them [foreign companies] to negotiate."

Simon Walker, a Reuters spokesman in London, said that Reuters is studying the measures and intends to discuss the details with Xinhua but couldn't comment further.

Reuters is the dominant supplier of international financial information in China. Bloomberg has growing business in the country, too. Bloomberg didn't immediately return a call seeking comment.

According to people close to the situation, Reuters may be potentially vulnerable because its news and financial data are mixed together in products delivered by electronic screens. Some of that news includes content that China may regard as politically sensitive. Recently, Reuters was forced to pull a Chinese-language channel from its screens after pressure from the Foreign Information Administration Center, which complained that it contained sensitive news from Taiwan and Hong Kong newspapers, according to these people.

Dow Jones & Co. was formerly a large player in the financial-data market through Telerate, a subsidiary that it sold. Dow Jones is registered with the Foreign Information Administration Center as a financial-news vendor.

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Joe Spitzer, a Dow Jones spokesman, said he had no immediate comment. In addition to The Wall Street Journal and its international and online editions and other publications, Dow Jones publishes Dow Jones Newswires, Dow Jones Indexes and MarketWatch and is co-owner with Reuters of Factiva. Reuters and Bloomberg also distribute Dow Jones Newswires.

The official from the Foreign Information Administration Center said the new rules were aimed at protecting the intellectual-property rights of foreign financial information vendors. "We hope this will not be misinterpreted," the official said, maintaining that because such information is being pirated around the country, creating a single channel to distribute it will bring order to the market.

The new rules supersede a set of regulations governing the distribution of foreign financial news and information announced in 1996. At that time, Xinhua sought to muscle in on the rapidly growing financial-information market by demanding the right to set prices charged by foreign suppliers, share their revenue, vet their information output and gain access to their technical secrets.

Xinhua's demands became an irritant in trade relations between China and the U.S. and European Union, which saw it as a test of China's readiness to open its markets and join the World Trade Organization.

After talks between U.S. and Chinese officials, China eventually backed down. Foreign suppliers were allowed to continue selling financial information directly, albeit after registering with Xinhua. The Chinese news agency was given the right to monitor their news but didn't get any of their revenue. China joined the WTO in 2001.

However, Xinhua hasn't abandoned its efforts to grab market share in the financial-information business -- an aspiration that potentially sets up a conflict of interest under WTO rules between its role as government regulator and a market player.

In a recent speech carried by a Xinhua-owned magazine, Xinhua President Tian Congming said that the news agency's goal was to dislodge Reuters in the China market. He said Xinhua had carried out a study of Reuters products, printing out a week of its output, to "see what we can learn, what can be substituted. He added that Xinhua's goal was to "replace the competition."

China's demand for international financial information has exploded as it integrates more with the global economy. Its stash of foreign-exchange reserves, which are about to top $1 trillion, is the world's largest. Its banks are among the biggest in the world, and several are listed on the Hong Kong stock exchange. This year, Chinese savers were allowed for the first time to invest in overseas stock and bond markets -- boosting demand in China for news about international markets.

Chinese bank traders are active in the world's $2 trillion-a-day foreign-exchange market, and they increasingly participate in complex derivative markets. Reuters and Bloomberg not only supply key data and trading systems but also products to help Chinese banks manage their financial risks.

The regulations also cover news and information supplied by Hong Kong and Taiwan companies, but don't represent an effort to control information sold into their markets.

--Gren Manuel in London contributed to this article.

Write to Andrew Browne at andrew.browne@wsj.com1

Gas Bill For German Firms, New Emission Caps Roil Landscape (WSJ)

By Jeffrey Ball

The Wall Street Journal, September 11, 2006

NIEDERAUSSEM, Germany -- Last year, to help combat global warming, Europe started charging industry for the right to spew hot air. For the first time on such a scale, governments slapped limits on the carbon-dioxide emissions of power plants, steelworks and other factories. Companies exceeding the caps have to buy CO2 "allowances" that trade on a European market.

Because CO2 emissions now carry a cost, Germany's largest utility, RWE AG, is spending to improve the efficiency of its aging coal-fired power plants, including its biggest power station here in the country's industrial heartland.

Carbon dioxide also is padding the profits of RWE and other utilities, because they have been able to raise electricity rates to more than cover the new costs. Manufacturers that use a lot of juice are fuming. "The utilities get a huge amount of windfall profits, and the energy users get windfall costs," complains Markus Weber, a manager responsible for CO2-allowance trading at steelmaker ThyssenKrupp AG.

Germany's experience with Europe's new emissions constraints holds important lessons for countries that want to curb emissions of CO2, a product of fossil-fuel combustion that contributes to global warming. In Germany, the caps are starting to have their intended environmental effect: They are prodding industry to burn fossil fuels more efficiently.

At the same time, the new rules have upset the business status quo. Industries battled hard to bend the rules in their favor, creating new winners and losers. The winners include utilities that can charge higher rates and profit from trading allowances -- permits that give companies the right to emit carbon dioxide -- at opportune moments. Losers include energy-intensive manufacturers.

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Although the U.S., the world's biggest emitter of CO2, has rejected the Kyoto Protocol, many U.S. business leaders say it is only a matter of time before the country imposes some sort of carbon constraint. Earlier this year, Congress discussed how such a nationwide cap might be structured. Last month, California passed a law that will impose the U.S.'s first cap on global-warming emissions. Now the state has to figure out how to put that mandate into practice.

Europe's caps have their roots in Kyoto, which requires ratifying industrialized countries to cut annual global-warming emissions a collective 5% by 2012. To prepare, the European Union decided to run a road test ending in 2007, levying caps on utilities and energy-intensive industries such as steel, cement and paper, which account for roughly half the EU's total emissions. Each European country was allowed to pick its own emissions-reduction target, which then had to pass muster with the EU.

Biggest Chunk

Germany, which accounts for the biggest chunk of emissions covered by the European Union mandate, has pledged a Kyoto-related emissions cut of 21%. Its pledge under the EU experiment is far smaller: The 1,849 facilities covered by the caps have to cut more-recent emissions by 0.4%. Scientists generally agree that neither Kyoto nor the EU experiment, both of which are considered first steps only, is enough to meaningfully curb global warming.

In Germany, companies scrambled to shape the rules to their benefit. Coal-dependent utilities protested government proposals that would have encouraged gas-fired power stations. (Burning coal to produce electricity emits about double the amount of CO2 as is produced from burning gas.) The utilities largely won the battle, helped by support from Germany's then-economics minister, who hailed from a coal-rich region.

After pressure from manufacturers, Germany also scaled back emissions cuts required of companies who emit most of their CO2 in the course of making things, rather than from burning fuel. One byproduct of the steelmaking process, for example, is an industrial gas that is about half CO2. In their lobbying, some industries threatened to relocate to countries without emission constraints. When it was over, Germany's CO2 plan contained 58 combinations of emissions rules from which companies could pick and choose.

Each allowance entitles its holder to emit one ton of CO2. The price of the allowance is set on several exchanges around Europe; one is in the German city of Leipzig. The actual buying and selling is done by hundreds of traders sitting at computer screens. The market's most active players are utilities, many of which have hired specialized traders. Bankers and independent brokers also trade, both speculatively and on behalf of corporate clients.

Throughout 2005 and early 2006, the price of European CO2 allowances rose amid speculation that industry was having a tough time complying with the caps, suggesting companies would need to buy more. In April, European countries began disclosing that their capped industries had emitted less CO2 than permitted under their 2005 allowances. The price of CO2 plummeted. In mid-May, the EU confirmed that the EU as a whole ended 2005 with allowances to spare. The biggest surplus was in Germany.

One cause of the surplus was the rules allowing big emitters to snag relatively permissive CO2 allocations, the German government says. Another factor was real energy-efficiency improvements.

"Emissions trading is working," says Franzjosef Schafhausen, an environment ministry official who oversees the country's CO2-trading program. Companies "are thinking about possibilities to reduce their CO2 emissions."

One such company is the municipal utility in Würzburg, a city of about 100,000 people about an hour's drive southeast of Frankfurt. The utility's main power plant was built in 1954. In 2002, it faced a choice: Modernize the plant to reduce production costs or shut down its generators and buy power from the grid.

Though the details of Germany's CO2 cap had yet to be worked out, "we could assume it would be an advantage" to improve the plant's efficiency, and that "it would be a disadvantage if we did nothing," recalls Armin Lewetz, head of the utility's power-generation company.

In 2003, the utility began switching its coal-fired boilers to gas-fired models. The project cost about €45 million ($57 million), nearly half of which will be defrayed by a German government subsidy.

The plant received 319,000 annual CO2 allowances for 2005, based on its prior life as a coal burner. Because of the switch, it emitted just 267,000 tons of CO2. It sold the extra 52,000 allowances, plus several thousand allowances for 2006, on the European market for a profit of about €1.5 million.

Würzburg's gas-fired equipment produces more electricity than the coal-fired plant, which means it can sell more electricity to the grid. It also is selling power at higher rates.

Utilities across the country have raised prices to reflect additional costs they have incurred -- for example, from buying extra CO2 allowances. They also can turn a profit from the initial allowances they received from the government, thanks to an accounting move: Even though the allowances are free, the utilities incorporate the value into the price of electricity.

"It doesn't matter if you get it free or not," says Ralf Schäfer, vice president for legal and compliance issues at the trading unit of RWE, the nation's biggest utility. "It becomes part of your production cost."

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That has manufacturers such as ThyssenKrupp seething. ThyssenKrupp's economic heart is the steelmaking complex in Duisburg, a company town at the confluence of the Ruhr and the Rhine rivers in western Germany. It sprawls across more than three square miles, comprising four blast furnaces and two steel mills.

Inside the factory, molten metal flows and orange sparks fly in a process whose basic steps haven't changed much in a century. This is the world's second-biggest steel plant, cranking out more than 11 million tons of steel a year. It is sold far beyond Europe, which means ThyssenKrupp faces competitors in countries that haven't imposed CO2 caps, including South Korea, home to the world's biggest steel plant.

ThyssenKrupp's Mr. Weber says wholesale electricity rates in Germany have risen 25% to 60% in the past few years. ThyssenKrupp blames the run-up largely on the actions of a few dominant utilities.

A German energy-market regulator has said it is investigating whether utilities abused their market power to raise electricity rates. That inquiry hasn't reached a conclusion. The German government already has said it will impose tougher emission-reduction requirements on utilities starting in 2008. In a report, it justified the move because power plants "are seen to be generating 'windfall profits' as operators are taking into account the value of emissions allowances allocated free of charge when establishing their product prices."

ThyssenKrupp faces its own CO2 cap under the German rules. The company says there isn't much it can do to reduce its emissions, most of which come from the chemical process by which steel is produced, Mr. Weber says. Though the steel industry has chipped away at those "process emissions" over the years, "there's a limit that you can't go below, and we are getting closer to that limit," Mr. Weber says.

Looking Abroad

So ThyssenKrupp is looking abroad for help in meeting its CO2 obligation. A unit of the company is selling equipment to three South Korean chemical plants that will reduce their emissions of nitrous oxide, a greenhouse gas believed to be more dangerous to the atmosphere than CO2. Under the EU cap-and-trade program, such projects produce credits that companies like ThyssenKrupp can buy to offset their emissions back home.

An hour's drive south of Duisburg is a triangular swath of countryside dominated by another German industrial giant: RWE. The company is here because of what sits just below the ground: massive quantities of a soft, wet coal called lignite.

Spread across this roughly 120-square-mile triangle is a soup-to-nuts operation that powers a good chunk of the German economy. It comprises three strip mines, four massive power plants and an RWE railroad.

Last year, these plants burned about 90 million tons of lignite, cranking out 13% of all the electricity generated in Germany. They also emitted about 90 million tons of CO2, or about 10% of Germany's total. Lignite is among the most CO2-intensive types of coal.

Many environmental advocates hope the CO2 caps will force power companies to replace lignite with cleaner-burning fuels. Not RWE.

Lignite "is our holding in the bank," says Theo Tippkötter, the coordinator of RWE's lignite power stations, standing at the Niederaussem plant. "We have the whole supply chain in our hands."

RWE denies ThyssenKrupp's assertion that German utilities have inappropriately exploited CO2 to raise prices. They say market prices have risen naturally because of the caps, other government mandates and higher fuel prices. Mr. Schäfer, the RWE trading official, says companies that use large amounts of electricity could have protected themselves by negotiating long-term contracts.

"We offered them hedges but they didn't hedge with us," Mr. Schäfer says. "You can't have the cake and eat it too."

RWE, for its part, coughed out slightly more CO2 last year than it was given allowances to emit. It is scrambling to burn its lignite more efficiently. Just before the caps took effect, RWE decided to invest about €150 million to improve a lignite plant in the village of Weisweiler, about 25 miles from Niederaussem. The company is bolting onto two lignite-fired power units contraptions called "topping-gas turbines" -- essentially turbo-chargers powered by natural gas that boosts the plant's electrical output at a lower rate of CO2 emissions.

At the Niederaussem plant, RWE plans to replace blades in two turbines with new, three-dimensional ones that use less energy. Refurbishing the turbines, along with other improvements, will cost about €117 million, Mr. Tippkötter says. Without the CO2 caps, the project would have taken eight to 10 years to pay off. Now, the project may pay off in as little as two years, depending on the market price of CO2.

The CO2 limits have become part of daily business. In April, when European CO2 prices peaked, an RWE manager told the Niederaussem operators to shut down the plant's two oldest, and least-efficient, units. The price surge meant they no longer were profitable to run.

Within days, the market price of CO2 fell back, and the Niederaussem plant got the go-ahead to restart the units.

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"We have a clear signal," says Joachim Löchte, a manager responsible for environmental affairs at RWE. "There will be a carbon-constrained world."

Three Weeks To Save Darfur (NYT)

The New York Times, September 11, 2006

Last month the United Nations Security Council passed a resolution authorizing the creation of a peacekeeping force to intervene in Darfur. But it had a big catch. These troops can be deployed only with the consent of Sudan's government, which in effect allows the regime responsible for this genocide to decide whether or not the killings will continue.

Clearly, that cannot be the end of the discussion. The next step is for leading governments, including Washington, to apply maximum political pressure on Sudan, all the countries that support it (including China) and all the nations that could help sway it from its current course. The Bush administration needs to couple its tough talk on Darfur with some focused, high-level diplomacy. This would be a good time for President Bush to name a special envoy for Darfur. To make clear that the full weight of the administration is behind the new envoy, Mr. Bush and Secretary of State Condoleezza Rice should call officials in Sudan, China and Russia, as well as in powerful African countries like South Africa and Nigeria. Similar efforts should be made by leaders of the European Union.

At the end of this month, African Union forces, the only peacekeepers in Darfur, are scheduled to go home. That will leave the field open to President Omar Hassan al-Bashir and his army to resume the killing, which they have given every indication of doing. That gives the rest of the world only three weeks to avoid a worsening tragedy.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, September 11, 2006 8:27 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, September 10, 2006
Attachments:	agnb060910.pdf; agnb060910.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 10, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Gonzales Urges Strength, Cooperation In Anti-Terrorism Efforts. In an op-ed in the Chicago Tribune (9/10), Attorney General Alberto Gonzales writes, "Anniversaries, whether celebratory or somber, are times to reflect, but more important, to look forward. … On Monday, our enemies are certain to be doing just that. We must as well." Gonzales continues, "The terrorist network views Sept. 11, 2001, as a success to be matched or exceeded. They are, we are quite certain, planning future large-scale attacks right now, today--as our nation remembers and honors the victims of Sept. 11. The killers' approach is dangerously flexible; they are always seeking new angles from which to strike. … Their flexibility makes them a considerable opponent. Our flexibility, cohesion and resolve must be stronger than theirs to win this war. … Our network--made up of federal, state, local and international law enforcement and intelligence organizations--proved itself to be quite agile after the Sept. 11 attacks shocked the conscience of the world. We quickly put into place new structures while tearing down walls that had slowed or even halted intergovernment communication. Our military moved quickly to tear down Al Qaeda's 'home base' in Afghanistan. … We destroyed training camps, cut off funding channels and disrupted means of communication. We have captured or killed many of Al Qaeda's key leaders." Gonzales adds, "Our counterstrikes have forced the enemy to reorganize and take a new approach; such is the course of an extended war with a clever and patient enemy. … The Internet is an important tool for terrorists. Extremist Web sites are inspiring disaffected souls in neighborhoods all over the world to join a global fight that is a perversion of the good faith of Islam. … This new trend is a serious threat. From London to Madrid to the U.S., we are seeing evidence of the trend, but our network has already found ways to deal with it. We have disrupted plots and put homegrown radicals behind bars. In early August, British authorities disrupted what would have been a major terrorist attack with massive casualties. … As the homegrown threat continues to develop, we must outpace the terrorists' level of organization and sophistication--because when our network is really working together, we can uncover and disrupt their deadly activities. Disruption and prosecution are the keys to protecting the American people from homegrown radicals." Gonzales concludes, "The U.S. government and its citizens must be good, trustworthy neighbors to Muslim communities. Building strong relationships can take years, and we are really just beginning. This step will make identifying and investigating radical elements faster and more efficient for law enforcement. Ultimately, it will help disrupt terrorist plots. … There can be no question that it takes a network to defeat a network. As we look forward on this anniversary, let's also look to each other and reinforce the ties that make our network stronger than theirs."

Military Lawyers And Senators Fault Bush Detainee Plan. The Washington Post (9/10, A19, Babington, Smith, 748K) reports, "President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition Thursday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice. The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee." A GOP Senate aide predicted that Sens. John Warner, John McCain, and Lindsey Graham would find it difficult to defend a "bloodless legal principle" against the "politically popular idea" of convicting perpetrators of 2001 "atrocities"; however, USMC staff judge advocate Brig. Gen. James Walker said in support of the senators, "I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him."

Bill Would Reduce Limits On CIA Interrogations. The AP (9/9, Flaherty) reports, "To many of President Bush's allies, it is time to free intelligence officials from 'legislative purgatory' and get the CIA back in the business of effective interrogations of suspected terrorists. That chance could come this week if the Senate takes up a White House proposal limiting the punishable offenses that CIA interrogators may face when questioning 'high-value' terrorist suspects." Interrogators would not be punished for "harsh techniques that critics contend potentially violate the Geneva Conventions, which govern the treatment of war prisoners. These methods include hypothermia, stress positions and 'waterboarding,' a practice of simulated drowning." The AP reports objections by human rights and legal experts that the plan "would undermine the 1949 Geneva Conventions." It speculates, "The effort is seen by many critics as an election-season push to expand his authorities to monitor suspected terrorists at a time when lawmakers from both parties are selling themselves as tough on terrorism."

Disputes Flared Over Interrogation Of Abu Zubaydah. The New York Times (9/10, Johnston, 1.21M) reports that when "bloodied and feverish" Osama bin Laden

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"henchman" Abu Zubaydah was interrogated by US forces in 2002, he was "subjected to coercive interrogation techniques — he was stripped, held in an icy room and jarred by earsplittingly loud music." President Bush touted the questioning of Zubaydah; however, the Times alleges that interviews of former and current officials show his interrogation "was fraught with sharp disputes, debates about the legality and utility of harsh interrogation methods, and a rupture between the [FBI] and the C.I.A. that has yet to heal." FBI agents who had uncoercively questioned Zubaydah first "angrily protested the more aggressive approach" adopted by CIA interrogators, "arguing that persuasion rather than coercion had succeeded."

Due Process For Detainees Is Discussed. In a New York Times Week in Review article (9/10), legal scholar Jeff Rosen quotes the diverse views about "how to try the 14 terror suspects recently transferred from Central Intelligence Agency prisons to military custody at Guantánamo Bay." Opinions range from those of administration supporters like former Bush administration official John Yoo, who "argue that national security cannot be compromised," to those of critics like Canadian John Barrett, who contends, "At Nuremberg, there was no secret evidence and no closed proceedings that the defendants' counsel was excluded from." South African jurist Richard Goldstone concedes that the right "balance of fairness and control" is hard to strike.

In the Washington Post Outlook section (9/10, B2), Slate columnist Dalia Lithwick reviews Judge Richard Posner's new book "Not a Suicide Pact: the Constitution in a Time of National Emergency." She faults Secretary Rumsfeld's "nasty attacks on war critics" and the administration's failure to recognize "that important freedoms are lost [in the GWOT]; that waterboarding prisoners is more than 'tough, and . . . safe, and lawful' or that programs such as the National Security Agency's warrantless surveillance of citizens carry a price." While Posner, in her view, puts "a price tag on everything," he deserves praise for "his essential project -- the notion that fundamentalist terrorism is not quite a crime, and not quite a war; and that new systems require meticulous calibration," which Lithwick finds "vastly preferable to the all-or-nothing vision of Bush and his lawyers."

Informants Said To Exert Unusual Power In Terrorism Probe. The San Francisco Chronicle (9/10, E - 5, Bulwa) reports, "From Lodi to New York, many terrorism investigations since the attacks of Sept. 11, 2001, have shared a similar plot line. … An informant posing as an Islamic radical gets close to one or more Muslim men. The informant spouts anti-American rhetoric, speaks favorably of terrorism or even offers to provide supplies or weapons. If he is successful in drawing out his targets, arrests are made, even if the suspects lack a firm plan or the means to carry out an attack." The Chronicle continues, "Other steps that authorities have taken since 2001 to head off terrorist strikes -- such as airport screenings and stepped-up surveillance of landmarks, ports and public transportation -- have garnered plenty of attention. But the use of informants has figured more prominently in arrests of suspected plotters. … The scenario has placed informants in an important and contentious role. Though informants have long been central to infiltrating organized crime, they have exerted unusual power in terror probes, according to experts who have followed the investigations. Many of the resulting criminal cases have rested heavily on conversations, not overt actions." The Chronicle adds, "Defense attorneys say informants are often under intense pressure to deliver a case because they are either being paid or have agreed to cooperate to avoid punishment for their own crimes. Some plots wouldn't have hatched at all without an informant's provocation, say the attorneys, though they concede that such saber-rattling is not illegal. … The use of informants is a sore subject among many Muslims in the Bay Area. Some say the whole community should not be targeted because of the actions of a few extremists, and they worry that such scrutiny could alienate ordinary Muslims and make them reluctant to volunteer information to law enforcement." The Chronicle notes, "U.S. Deputy Attorney General Paul McNulty, addressing the American Enterprise Institute in May, said the Justice Department had charged 435 people and had won 253 convictions in cases related to international terrorism since September 2001. … Citing a computer-aided review of data, the Washington Post reported that most of the defendants were charged with minor crimes unrelated to terrorism. But McNulty said his agency had used 'the full arsenal of tools Congress has given us,' including immigration charges."

Moussaoui Attorney Discusses Frustrations Of Case. The Santa Cruz (CA) Sentinel (9/10, Townsend) reports, "The trial of al-Qaida conspirator Zacarias Moussaoui decimated Alan Yamamoto's law practice. … It wore him down physically. It drained him emotionally. … He was so exhausted after the trial, he didn't talk about it for months. … But last week, the Watsonville (CA) High School graduate was ready to speak about the years he spent defending a man who vowed to kill Americans, despised his defense team, taunted the families of the victims of 9/11 and admitted allegiance to Osama bin Laden. A man who greeted his attorney each day with the words, 'Curse you, Yamamoto.'" The Sentinel continues, "In a telephone interview from his one-man law office in Alexandria, Va., the only member of the defense team to whom Moussaoui would talk spoke about the man behind the courtroom rantings; about a moment in the trial that surprised him; about his client's mental health;

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why he won't write a book about the case; and why he thought the years-long trial was a waste of taxpayer money. .. .His words came even as President Bush was upping the stakes with Congress over trying terror suspects through military tribunals to avoid what occurred in the Moussaoui case — the release of classified information to attorneys defending clients in those cases. … 'No, I'm not bitter,' the 61-year-old Yamamoto said of the years he spent helping defend Moussaoui. 'I just think it was a waste of money, that's all. I was too busy to be bitter.'"

Baltimore Suburbanite Winds Up As "High Value" Gitmo Detainee. The Washington Post (9/10, Rich, Eggen, 748K) reports on Majid Khan, an Owings Mill High School graduate who, "now 26, is one of the 14 'high-value' terrorism suspects transferred Monday to the U.S. detention facility at Guantanamo Bay, Cuba." Khan is accused of being "a figure who had contact with terrorist operatives from Pakistan, Indonesia and elsewhere. U.S. officials also allege that Khan took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks." His new status "shocked" those who had known him, including his father and a teacher.

WPost Publishes List Of Gitmo Detainees. The website of the Washington Post (9/10, 748K) gives a link to a list of "Names of the Detained in Guantanamo Bay, Cuba." The Post writes, "On May 15, 2006, the Pentagon released to the Associated Press the first comprehensive list of everyone who has been held at Guantanamo Bay, more than four years after it opened the detention center. Two-hundred and one of the names had not been disclosed by the Defense Department before. That more complete register follows below."

Egyptian Falsely Jailed Following 9/11 Recounts Incident. The AP (9/10, Hays) reports, "They were different men going in different directions — one a visiting Egyptian student on scholarship, the other an ex-cop in a dead-end job as a hotel security guard. But an aviation radio left in a high-rise hotel brought Abdallah Higazy and Ronald Ferry together in an unfortunate footnote to the Sept. 11 terrorist attacks." The report adds, "In his zeal to fight terror, Ferry twisted the truth about the radio — capable of contacting commercial pilots from the ground — and triggered an investigation that needlessly landed Higazy in jail for a month. Five years later, Higazy, 35, is back in Egypt, where he views his case as a parable about the false suspicions endured by innocent young Arab and Muslim men following the attacks."

Pakistan Official Defends Country's Counter-Terrorism Vigilance. In a letter to the editor of The New York Times (9/10, 1.21M), Pakistan Mission to the U.N. (Press) Minister Mansoor Suhai writes, "Pakistan joined the coalition to fight terrorism because of its own conviction and vital national interest. We have killed or captured more than 680 foreign Al Qaeda terrorists." Suhai adds, "We have banned all organizations that were suspected of involvement in terrorism. … Through a comprehensive military, political and economic strategy, Pakistan is succeeding in the endeavor to end support for the Taliban in our frontier regions." Suhai adds, "Exerting undue pressure on Pakistan to "do more" is unnecessary and likely to be counterproductive. … The American media should be doing more to support Pakistan's economic and social success, rather than playing the blame game."

PATRIOT ACT:

Debate Over Patriot Act Pits Security Over Civil Liberties Concerns. The Columbus Dispatch (9/10, Tullis) reports, "It's there, protecting you, helping law enforcement investigate drug dealers, murderers and terrorists. It doesn't inconvenience you — unless you're evil. … Or, it's there, lurking in the background. You don't know when the government is snooping through your bank accounts and your library records. You will likely never know. … So go the arguments for and against the USA Patriot Act, the first of several laws passed under the banner of fighting terrorism after 9/11." The Dispatch continues, "The American Civil Liberties Union and other privacy advocates cried foul when the act passed with only one dissenting vote in the Senate. They vowed court challenges and said American civil liberties were no longer safe. … 'We didn't realize the Patriot Act was just the beginning,' said ACLU spokeswoman Chris Link. 'It's not about the Patriot Act anymore. It's about the Patriot Act and the expansion of presidential powers.'" The Dispatch adds, "One month after the Patriot Act became law, Congress passed the Aviation and Transportation Security Act, which created the Transportation Security Administration, the agency that makes you take your shoes off and dump your shampoo at the airport. … As for the Patriot Act, law enforcement continues to hail it as a useful tool and, in some cases, terrorist-fighting weapon. The FBI cites Iyman Faris, the Columbus truck driver convicted in 2003 of conspiring with terrorists, including a plan to blow up the Brooklyn Bridge. … FBI spokesman Michael Brooks said the agency sent national security letters to electronic communication service providers and financial institutions to obtain information about Faris. Also, intelligence agents shared information they had on Faris with the FBI. Both steps used new powers in the Patriot Act. … Faris' attorney, David B. Smith, said it was his client's confession that he was an al-Qaida operative, not the Patriot

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Act, that did him in. Faris, who is serving 20 years in a federal prison, has recanted the confession and asked a federal judge to vacate his guilty plea."

The San Jose Mercury News (9/10, Hull) reports, "The Patriot Act. Airport watch lists. Special registration by the INS. Detention. Extraordinary rendition -- sending terrorism suspects outside the United States for interrogation. Torture. Surveillance. Combing through phone calls, bank records and e-mail. … The attacks of Sept. 11, 2001, led the Bush administration to declare G-WOT, government shorthand for the 'Global War on Terror.'" The News continues, "Five years later, G-WOT is far from over, and Sept. 11 has changed the landscape of civil liberties, influencing its culture of dissent and robust political debate, and the rights to privacy and a fair trial. .. . The U.S. government has greatly expanded its ability to collect information about its citizens as it looks for possible terrorists in our midst. It tracks travel and spending patterns, overseas phone calls, financial donations and e-mail. … Proponents say these measures are critical to preventing further attacks on U.S. soil, and legal scholars with the Bush administration argue that they are permitted because the president has unilateral war powers. Measures like surveillance are seen as key weapons in the arsenal. … 'The conflict against Al-Qaida is, in fundamental respects, a war of information,' said Attorney General Alberto Gonzales in a January speech at Georgetown University. 'We cannot build walls thick enough, fences high enough or systems strong enough to keep our enemies out of our open and welcoming country. . . . We have to collect more dots, if you will, before we can "connect the dots."' … But critics warn the potential for abuse is enormous, because various government programs are conducted in secret with little congressional or judicial oversight. … 'What's at stake are core American values: the fundamental right to freedom of expression, privacy, due process,' said Dorothy Ehrlich, executive director of the American Civil Liberties Union of Northern California. 'The core values of our democracy are under assault.'"

HOMELAND RESPONSE:

Bush Says US Safer, Calls For Congress To Pass Plan To Prosecute Terrorists. President Bush in his radio address described the Administration's efforts to improve national security after the 9/11 attacks and called on Congress to pass his plan to use military tribunals to prosecute terrorists. Bush's remarks were carried by the wire services and the Washington Times, but a much larger number of articles and opinion pieces examined the Administration's record, mainly in a negative light.

The AP (9/10) reports Bush said prosecuting terrorists would "send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice. … As we bring terrorists to justice, we're acting to secure the homeland." He "has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice. However, some Republican moderates on defense issues, including Senators John Warner, John McCain, and Lindsey Graham, have agreed with the Pentagon lawyers that Mr. Bush's plan may go too far.

The Washington Times (9/10, Curl, 88K) in an article detailing Bush's upcoming schedule to commemorate the 9/11 attacks reports Bush said "that a CIA detention program to interrogate terrorism suspects, which was at issue, had been 'invaluable' in efforts to prevent another attack on the United States." I the Democratic radio address Rep. Sherrod Brown focused on the "increasingly unpopular Iraq war with voters." Brown said the US "must refocus our efforts on the war on terror by ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda."

Bloomberg (9/10, Dodge) notes, "Bush said Americans are safer now than before the Sept. 11 terrorist attacks five years ago because of steps taken by his administration." But while Bush said, "We've acted to address the gaps in security, intelligence and information sharing that the terrorists exploited in the 9-11 attacks," Rep. Brown said the US "is not nearly as safe as we can be and we must be." Bush has recently made a number of speeches on national security "to help his party hold majorities in the House of Representatives and the Senate in midterm elections in November. With public approval of the war in Iraq waning and Bush's approval ratings near record lows, Democrats have a chance at taking control in Congress and dealing a major blow to the White House."

Negroponte Touts Improvements In US Intelligence Capabilities. Echoing and highlighting Bush's message that the US is safer, National Intelligence Director John Negroponte in an op-ed in the Washington Post (9/10, B7, 748K) writes, "Is our nation's intelligence community better prepared to keep America safe? The answer is yes. U.S. intelligence has made major advances since that Sept. 11." The Sept. 11 commission and the Robb-Silberman WMD commissions "offered a vision for 21st-century intelligence that we have fully embraced. We are 'connecting the dots' both nationally and internationally, integrating counterterrorism analysis across the intelligence community, and removing bureaucratic barriers to information-sharing. This is a tall order. But the American people should understand that the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11."

Bush Seen As Gaining Traction After War On Terrorism Speeches. Julie Mason in her "White House Watch" column in the Houston Chronicle (9/10, 535K) reports,

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"Just about a week into his drive to highlight terrorism and national security, President Bush appears to be getting some new political traction. A CBS News/New York Times poll found 55 percent of Americans approve of how Bush is handling the anti-terrorism campaign, a slight increase from last month." And "Bush's grim rhetoric on terrorism, echoed and in some cases amplified by Vice President Dick Cheney and other administration officials, also could serve the GOP by eroding gains Democrats have made recently on their handling of national security issues."

Public Accepts Security Measures Despite Civil Liberties Concerns. The CBS Evening News (9/10, story 8, 3:20, Mitchell, 7.66M) reported that before the 9/11 attacks random passenger searches at subway stations would have been "unthinkable" and the ACLU has sued to stop them, "In fact, not one person we talked to had any complaints about the bag searches. And the new CBS News poll" released August 6th "finds 68% of Americans understand they will to trade freedom for security. But it doesn't mean they like it. More than half say they're at least somewhat concerned about losing liberties. One in four is very concerned." Despite reports of increased monitoring by the FBI and NSA, in New York's subway system, "commuters seem to think current measures are right track." Passenger Eric Miller: "People make a big deal — the only people worried about it are the people doing wrong things."

Questions Raised About Threat To US Of Terrorist Attack. The New York Times (9/10, 1.21M) for the second day downplays concerns about the threat of another terrorist attack on the US. In a "Week in Review" article titled "Adding Up the Ounces of Prevention" Scott Shane and Lowell Bergman say the consensus of counter-terrorism experts is "that the government's actions over the last five years -- from the dismantling of camps run by Al Qaeda and the decimation of its leadership, to the tightening of visa and border controls, to the scores of terrorism-related prosecutions -- have made the country a harder target." Yet "this very success has led to a new debate. The government says the record vindicates its prevention strategy -- to intervene long before an attack is imminent. Its critics assert that officials have exaggerated the threat posed by some accused plotters, painting hapless misfits as Qaeda operatives." The threat of terrorism remains, yet "five years of evidence suggests that the terrorist threat within the United States is much more modest than was feared after 9/11."

Threat Of Terrorist Attack Against US Seen As Serious. In contrast to the New York Times, the AP (9/10, Jordan) reports, "The threat of terrorism against the United States remains chillingly lethal five years after 9/11, and officials predict another massive attack is not a matter of if -- but when." The AP notes, "Despite a government overhaul and more than $250 billion spent to bolster security on airlines, at borders and in seaports, few doubt al-Qaida's intent to strike the U.S. again. That the nation hasn't been hit since Sept. 11, 2001, may say as much about terrorists' patience as it does about steps taken to stop them." Despite increased security and the disruption of "high-profile plots," some "glaring gaps in the security net remain." DHS Secretary Michael Chertoff "points to strides made in sharing intelligence and screening passengers and cargo on flights and at seaports as proof that the country has been made safer without shutting down commerce. Yet he acknowledges more needs to be done in his agency that largely grapples with reacting to past crises while also thinking about what terrorists might try next."

The Los Angeles Times (9/10, McManus, 918K) asks in a 2,323-word article, "Five years after Sept. 11, is the United States winning the war against Al Qaeda? President Bush says yes, but most experts -- including many inside the U.S. government -- say no." While the US has made "life difficult" for Al Qaeda leaders, its "successes have been mostly tactical, short-term gains -- the equivalent of winning the first few battles in a long war. On longer-term strategic issues, they warn, the U.S. may have lost ground since 2001."

Houston US Attorney, FBI SAC Urge Citizens To Report Suspicious Behavior. The Houston Chronicle (9/10, Rice) interviewed US Attorney Don DeGabrielle and FBI Houston SAC Roderick Beverly, asking each "whether authorities still urge people to call about suspicious activities." Beverly: "Absolutely. You know, I think the greatest threat to the American people today is the threat of complacency. We continue to encourage people to be vigilant and report suspicious activities to their local police and the FBI." DeGabrielle: Fortunately, a lot of (tips) turn out to be nothing. But we would rather err on the side of caution. … I'm certainly not encouraging crank calls, and I'm not encouraging people to call when there is absolutely no reason to do so. But people in neighborhoods know what is normal in the area, and they sometimes are best suited to seeing something out of the ordinary."

Questions Remain About Motivations Of 9/11 Hijackers. The Washington Times (9/10, Scarborough, Seper, 88K) in a 2,258 word front page article reports that despite the efforts of the FBI and the 9/11 Commission "the deaths of all 19 hijackers denied probers interrogations that likely would have produced even more information on the planning and on" al Qaeda. Former 9/11 commissioner Lee Hamilton said another part of the plot remains a mystery. The hijackers devoted one plane, United Flight 93, to a target in Washington, D.C. But which one?" It "is important because al Qaeda tends to revisit targets."

No Progress Made In Hunt For Bin Laden. The Washington Post (9/10, A1, Priest, Tyson, 748K) in a 3,060 word front page story titled "Bin Laden Trail 'Stone Cold'"

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reports, "The clandestine U.S. commandos whose job is to capture or kill Osama bin Laden have not received a credible lead in more than two years. Nothing from the vast U.S. intelligence world -- no tips from informants, no snippets from electronic intercepts, no points on any satellite image -- has led them anywhere near the al-Qaeda leader, according to U.S. and Pakistani officials." So "in the last three months, following a request from President Bush to 'flood the zone,' the CIA has sharply increased the number of intelligence officers and assets devoted to the pursuit of bin Laden." But according to former and current counterterrorism officials "no one is certain where the 'zone' is." Later in the article the Post cites an unidentified source as claiming Secretary of Defense Donald Rumsfeld, whose "sense of territoriality has become legendary" blocked cooperation in the hunt for bin Laden and says that in 2004 he "finally won the president's approval to put SOCOM in charge of the 'Global War on Terrorism'" but now "no one person is in charge of the overall hunt for bin Laden with the authority to direct covert CIA operations to collect intelligence and to dispatch JSOC units. Some counterterrorism officials find this absurd. 'There's nobody in the United States government whose job it is to find Osama bin Laden!' one frustrated counterterrorism official shouted. 'Nobody!'"

Al Qaeda Believed To Be Centered In Pakistan-Afghanistan Border Region. David Rohde in a "Week in Review" article in the New York Times (9/10, 1.21M) writes that while media attention has focused Iran, Iraq and Lebanon "hopes of gaining firmer control of a largely forgotten corner of the war on terrorism -- the lawless Pakistan-Afghanistan border region -- have quietly evaporated." American analysts are concerned about the recent truce Pakistan signed with militants because "Al Qaeda's surviving leadership is suspected of using the border areas as a base of operation to support international terrorist attacks, including possibly the July 2005 London subway bombings. Meanwhile, the Taliban leadership is widely believed to be using another border area to direct spiraling attacks in Afghanistan." Meanwhile, residents in southern Afghanistan are concerned about the US commitment and in 2006 the US "cut its aid to Afghanistan by 30 percent. Al Qaeda and the Taliban are no doubt betting that time is on their side."

US Urged To Increase Reconstruction Funding In Afghanistan To Beat Taliban. Peter Bergen, a Schwartz senior fellow at the New America Foundation, in an op-ed in the Washington Post (9/10, B1, 748K) writes the war in Afghanistan is "a conflict in which the fighting and ferocity are regaining strength with each passing month. Indeed, the U.S. military and NATO are now battling the Taliban on a scale not witnessed since 2001…and are increasingly fighting them in remote areas such as Larzab where the Taliban once roamed freely." But while Afghan residents remain "generally pro-American, the "risks of a slide into Iraq-style chaos remain. Averting it would require Washington to end the Afghan drug trade and compel Pakistan to crack down on the Taliban warriors' havens. These are both tall orders, but Washington could gain real leverage in the area of reconstruction. So far, it has appropriated only $9 billion for Afghan reconstruction, as compared with $34 billion for Iraq, even though Afghanistan is larger, more populous and has greater infrastructure needs. And of the appropriated amount, only $2.5 billion, a State Department official told me, has been spent."

More Commentary On Threat Form Border Region. In his column in the Los Angeles Times (9/10, 918K) Jonathan Chait says Pakistans agreement with the militants is a sign they "have thrown in the towel." Chait adds, "In related news, the Bush administration has decided to stake the 2006 elections on Bush's record of fighting terrorism. It sounds like a joke, but it isn't." According to Chait, Bush "let our worst enemies escape; he is on the verge of creating a terrorist haven in Iraq where none existed before; and this is the issue he picks to highlight. Why not run on his record of evacuating New Orleans?"

Experts Debate Whether US Is Safer From Attack. The issue of whether the Administration's efforts have made the US safer was the subject of much speculation in the major US newspapers Sunday morning. In particular, the New York Times and Los Angles Times sought the opinion of a combine 19 opinion leaders on the subject.

Among the opinions more favorable to the Administration, White House homeland security adviser Frances Fragos Townsend in the New York Times (9/10, 1.21M) writes, "Bush has transformed the way we fight terrorism and the tools we use." He "has strengthened and transformed the intelligence community, integrated our military and intelligence assets, and broken down the barriers that kept domestic law enforcement and intelligence agencies from sharing information."

And Israeli security expert Rafi Ron in the New York Times (9/10, 1.21M) agrees with President Bush's description of the war against terrorism as an international struggle and advocates terrorist profiling writing that "we must be less politically correct, and begin a program that looks for risks where they are most likely to be found. For example, it is crucial to identify high-risk airline passengers through all criteria -- including appearance and behavior -- and spend more resources on them, rather than maintaining an across-the-board, politically correct low level of search."

Harvard law professors Jack Goldsmith and Adrian Vermuele in the New York Times (9/10, 1.21M) write, "Offensive action abroad has protected the homeland. Our military presence in Afghanistan and our aggressive policies around the globe have seriously disrupted the enemy.

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Through a mix of military and paramilitary action, pre-emptive strikes, deterrent threats and surveillance we have captured many terrorist leaders, destroyed training camps and structures of communication and control, and uncovered valuable intelligence troves." They dispute the contention "that such offensive action feeds resentment and spawns more terrorism" because the "weak responses to Qaeda attacks on the Khobar Towers, the African embassies and the destroyer Cole, and our withdrawal from Somalia, emboldened the enemy and allowed it to organize and train for the 9/11 attacks."

But in more critical analyses, former German foreign minister Joschka Fischer in the New York Times (9/10, 1.21M) writes, "Immediately after 9/11, Al Qaeda seemed to be losing its battle with America and the West. Unfortunately, that changed when America invaded Iraq. The fight against the jihadists will not be decided simply on the battlefield; it will also be decided in the sphere of international legitimacy. We know that Islamic extremists celebrate death through martyrdom, and the killing of innocents. But what are we in the West fighting for?" Fischer states, "Against the new totalitarian challenge of Islamic extremism, we have to defend our values; and this means sticking to the values of our democratic societies, even under fire."

And former NSC staffer Jessica Stern in the New York Times (9/10, 1.21M) faults the decision to topple Saddam Hussein the al Qaeda manual "The Management of Savagery," "prescribes a strategy of forcing America 'to abandon its war against Islam by proxy' by provoking it into direct military confrontation with a Muslim country. When the United States attacked Iraq, it inadvertently 'expanded the jihadi current' just as Osama bin Laden's strategists had hoped."

Meanwhile, former DHS IG Clark Kent Ervin in the New York Times (9/1, 1.21M) says the DHS "has earned its reputation as the most dysfunctional agency in all of government. It has played little role in keeping us safe since 9/11." For example, the DHS played no role in foiling the British airliner plot.

Taking a more neutral tone, former 9/11 commission co-chairmen Thomas Kean and Lee Hamilton in the New York Times (9/10, 1.21M) write, "Our most important long-term recommendations involve foreign policy. First, preventing terrorists from gaining access to nuclear weapons, especially by stepping up efforts to secure loose nuclear materials abroad, must be our highest priority." In addition, "the long-term challenge is for America to stop the radicalization of young Muslims from Jakarta to London by serving as a source of opportunity, not despair. Too many young Muslims are without jobs or hope, are angry with their governments, and don't like the war in Iraq or American foreign policy."

Similarly former C.I.A. operations officer Melissa Boyle Mahle in the New York Times (9/10, 1.21M) writes, "During the last five years, our priority has been to beef up defenses and take the war to the terrorists. It's time to start discrediting Al Qaeda's ideology and offering Muslims nonviolent alternatives. The first step is to acknowledge that their grievances are legitimate and center on issues of dignity, economic disparity, border disputes and power alignment. The second is to acknowledge that our current approach is only helping Al Qaeda go mainstream."

Michael Sheehan, former New York City police deputy commissioner for counterterrorism in the New York Times (9/10, 1.21M) touts the new cooperation between Federal and local officials and writes, "To prevent the next attack in the United States we need a similar coordinated intelligence effort at home. In New York City, the F.B.I. and Police Department share this responsibility. And although they do not always love each other, they find ways to work together. The Police Department brings grit, creativity and street smarts to the investigative programs. The F.B.I. connects local efforts with information from national and international intelligence databases. Other cities should emulate their example."

Among the nine selected by the Los Angeles Times (9/10, 918K) Los Angeles police chief William Bratton is the most prominent. Bratton writes, "Upon my appointment as police chief here four years ago, I created the LAPD's counter-terrorism bureau. L.A. remains a primary target. On 9/11, I was working in the private sector -- on the outside looking in. I could grieve, but I couldn't make a difference. Now maybe I can help to prevent another 9/11. I never want to feel as helpless as I did on that day."

Regional Coverage Reflects Mixed Assessment Of Administration's National Security Efforts. The Pittsburgh Post-Gazette (9/10, Levin, 241K) in an article titled "For Most Of Us, Life After 9/11 Still Very Much The Same" reports, "The obvious changes -- increased airport security, secret wiretapping, tighter scrutiny of foreigners, world opinion of the United States, the higher cost of doing business -- have been absorbed fitfully by Americans." Yet "five years since the day that forever will be known simply as 9/11, life, in fact, remains very much the same." For example "Church attendance, volunteering, blood donations -- none changed appreciably in the past five years, despite the initial spike in numbers common following disasters. After a brief hiatus, partisan politics, government boondoggles, celebrity scandals and sports obsessions also returned."

The Boston Herald (9/10, Crimaldi, 203K) reports, "While terrorists have not struck on American soil since Sept. 11, 2001, security officials have not done enough to protect vulnerable targets such as trains, subways and the borders in the past five years, security experts said yesterday." They

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"agree it's less likely to see another "spectacular" attack, such as Sept. 11 or the USS Cole bombing in Yemen, but the country may face more enemies than it did five years ago."

In contrast, the Detroit Free Press (9/10, Crumm, 346K) reports, "The legacy of 9/11 moved far beyond the tidal wave of fear and anger that swept across the United States and set in motion changes in everyday life that are as diverse as Americans themselves." For example, "Before the 2001 attacks, Americans virtually never mentioned terrorism when Gallup pollsters asked them to name the most important problems facing the country. But it zoomed to the top of the list a month after 9/11, when nearly half of all Americans called terrorism the nation's leading problem. Now, the top worries Americans voice in the Gallup Poll are Iraq, at 26%, and fuel prices, at 15%."

The Baton Rouge Advocate (9/10, Dunne) notes, "Most of the parts are in place for better security, but there are still some problems putting them all together." For example, "Baton Rouge Metro Airport has more elaborate security, as anyone who has flown in the past five years knows. Chemical plants and refineries are better-guarded, and their gates harder to crash. Specialized teams are in place to help the area recover from disasters." Yet "some threats remain unaddressed. Railroad tank cars with hazardous chemicals such as chlorine still roll through neighborhoods, past schools and by the downtown River Center. Trucks full of chemicals zoom down highways."

Harry Levins in his column in the St. Louis Post-Dispatch (9/10, 300K) writes that "outside the indignity of removing one's shoes at Lambert Field's security checkpoints, most things seem unchanged. Indeed, some things are unchanged." After "almost five years of boots-on-the ground battling in Afghanistan, and more than three years of the same in Iraq, the Army and Marine Corps remain at their prewar strength of 13 divisions. To bolster the ranks, our friends and neighbors in the National Guard and Reserve have been summoned to arms." And "the hope for a burst of democratic change throughout the Middle East has so far gone unfulfilled."

Bill Clinton Blasts Bush's Record On Homeland Security At McCaskill Event. The St. Louis Post-Dispatch (9/10, Mannies, 300K) reports former President Bill Clinton "asserted here Saturday that if Republicans were serious about national security, they'd carry out the recommendations of the bipartisan 9/11 Commission instead of regularly using the issue to pound political opponents. … Clinton's jab appeared aimed, in part, at challenging the Republican-led effort to blame his administration for some of the government failures in advance of the terrorist attacks in New York and Washington five years ago Monday." Clinton "contended that the Republicans controlling the federal government for the past five years have talked tough but 'basically ignored' the security improvements that the commission said were necessary." The fundraising event "raised more than $1 million for state Auditor Claire McCaskill's campaign against U.S. Sen. Jim Talent."

Kerry Attacks Bush Record On Fighting Terrorism. The Washington Post (9/10, Balz, 748K) reports, "Sen. John F. Kerry (D-Mass.) yesterday urged the deployment of more U.S. troops to combat the growing Taliban threat in Afghanistan while accusing the administration of trying to salvage its congressional majorities by playing on public fears...rather than fixing what he said is a disastrous policy in Iraq." Kerry "said the Pentagon should deploy at least 5,000 more troops to help suppress the Taliban insurgency. He said allied forces there need more helicopters, drones, heavy equipment and reconstruction funds to help prop up the government in Kabul," accusing the US of pursuing a "cut-and-ran" strategy.

The Boston Herald (9/10, Atkins, 203K) says "Kerry yesterday blasted the Bush administration for war and homeland security policies that he said leave Americans more vulnerable to attack." He "accused the administration of using the tragedy that killed about 3,000 Americans to justify the war in Iraq." Kerry "called the London terror plot to blow up trans-Atlantic airplanes…an example of the need to bolster the focus on Afghanistan" saying, "The Bush-Cheney administration (has) cut and run even as we learn (the plan's mastermind) was an al-Qaeda leader operating from Afghanistan. … That's right - the same killers who attacked us on 9/11 are still plotting attacks against America, and they're still holed up in Afghanistan."

Post-9/11 Unity Perceived As Fleeting. The New York Times' Frank Rich (9/10) writes, "If you were in New York then [9/11], you saw it in the streets, and not just at ground zero, where countless thousands of good Samaritans joined the official responders and caregivers to help, at the cost of their own health. … This good feeling quickly spread to Capitol Hill, to red states where New York had once been Sodom incarnate and to the world, the third world included, where America was a nearly uniform object of sympathy and grief. At the National Cathedral prayer service on Sept. 14, 2001, President Bush found just the apt phrase to describe this phenomenon: 'Today we feel what Franklin Roosevelt called "the warm courage of national unity." This is the unity of every faith and every background. It has joined together political parties in both houses of Congress.' What's more, he added, 'this unity against terror is now extending across the world.' The destruction of that unity, both in this nation and in the world, is as much a cause for mourning on the fifth anniversary as the attack itself."

Will Recommends Novelist's Treatment Of 9/11. George Will, in his column for the Washington Post (9/10, B7, 748K), writes, "It has taken five years for Sept. 11, 2001, to

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receive a novelist's subtle and satisfying treatment, but it was worth the wait for Claire Messud's 'The Emperor's Children.' Her intimation of the mark the attacks made on the American mind is convincing because in her comedy of manners, as in the nation's life, that horrific event is, oddly, both pivotal and tangential."

WPost Says Bush Taking Wrong Approach With Broader War Against Terrorism. The Washington Post (9/10, B6, 748K) in an editorial faults President Bush's recent re-classification of the war against terrorism because while he "is mostly right about the stakes of the threat posed by Islamic extremism," he "skates over the enormous differences between Sunni terrorist networks and Iran." He "seems to understand better than he did five years ago that diplomacy and the promotion of democratic values are as important to winning the war as military action. But in insisting on maintaining the CIA's secret prisons and in asking Congress to cancel some of the protections from abuse granted prisoners by the Geneva Conventions, he risks perpetuating and compounding one of his greatest errors." He "could do the country a great service by using the remainder of his term to put the war against terrorism on a sustainable long-term course. But lumping disparate threats together, insisting on tactics that alienate allies and violate fundamental American values, and using the war as a partisan bludgeon makes for an unpromising start."

LAT Says Bush Right To Take Some Credit For Lack Of Attacks On US. The Los Angeles Times (9/10, 918K) in an editorial says many factors could account for the lack of another terrorist attack on US soil including "luck" but "Bush is correct when he says…that 'one reason the terrorists have not succeeded is because of the hard work of thousands of dedicated men and women in our government.' The president also is right to point to changes in the law -- most of them enacted with bipartisan support -- to break down walls between the FBI and the CIA and to extend to counter-terrorism investigations techniques that already had been authorized in criminal investigations." But the Times also faults the Administration for objecting to opposition to "particular provisions of the Patriot Act, interrogation techniques at Guantanamo Bay or the National Security Agency's warrantless wiretapping of Americans." The Times also applauds Congress and the courts for refusing "to rubber-stamp every initiative advertised by the administration as being essential to the war on terror" and credits the openness of US society for the lack of a significant home-grown terrorist threat.

NYC Prepares To Mark Attacks Anniversary, Receive Bush. The Minneapolis Star Tribune/AP (9/10) reports preparations are underway this weekend for Monday's commemoration of the fifth anniversary of the World Trade Center attack. According to the AP, "On the nearby Lower East Side, a firehouse made preparations for Monday's arrival of President Bush, part of his two-day visit to the city. Nicknamed 'Fort Pitt,' the base for Ladder 18, Engine 15 and Battalion 4 will host Bush for a Sept. 11 breakfast. On Saturday, the firehouse's two front doors sported a new coat of fire-engine red paint. Contractors used power washers to clean the brick facade and bagpipers practiced on the second floor. There were no visible signs of security as locals strolled past and visitors stopped to chat with the firefighters. That will change by Monday morning, when Bush shares breakfast with 25 firefighters, 25 police officers from the adjoining 7th Precinct and 25 Port Authority police officers. The president was scheduled to arrive in New York on Sunday and lay a wreath at ground zero."

Flight 93 Families Buy First Parcel Of Land For Memorial. The Philadelphia Inquirer (9/10, Worden, 399K) reports, "Families of Flight 93 have sealed a deal on a postage-stamp-size parcel that would be the first tract bought for a memorial to the 40 people on board the United Airlines jetliner when it slammed into the ground near here Sept. 11. The purchase of the three acres - only a fraction of the 2,200 planned for the Flight 93 Memorial park - is largely a symbolic gesture. But to many it is a sign that, at long last, the acquisition of land to honor the passengers and crew who thwarted an attack on Washington is gaining momentum." Memorial supporters "have overcome opposition to the park's size and cost, but federal funding has yet to flow to the National Park Service, which is overseeing the site's creation."

Some Minnesotans Have Personal Connection With 9-11 Attacks. The Minneapolis Star Tribune (9/10, Von Sternberg, 398K) reports, "For most Minnesotans, 9/11 was a remote event, witnessed on television or read about in a newspaper. For a few, it was immediate, awful and sometimes life-changing. Here are some of their stories." The article lists some stories of Minnesota natives who suffered directly from the attacks, such as Beverly Burnett, "the mother of Tom Burnett, who famously helped lead the passenger insurrection on United Flight 93, causing the plane to crash in Pennsylvania, short of its intended target in Washington, D.C. She and her husband, Tom Sr., live in Northfield."

South Florida Residents Remember Experiences. The South Florida Sun-Sentinel (9/10, Collie, Bauza, 265K) reports, "Five years after Sept. 11, six South Floridians continue to rebuild their lives and mend their broken hearts. Each has moved from grief and shock to finding a new perspective on life and a way to honor those who died that day. It's the sound of a plane overhead that makes Corneliu Vaduva flinch." He "was in front of the south tower when the first plane hit its twin at 8:46 a.m. The explosion sent airplane parts, building debris and body parts onto the street in front of

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him. Soon he heard the thud of bodies as office workers jumped to their deaths."

Families Of Victims Protest Treatment Of Remains. The Atlanta Journal-Constitution (9/10, Ho, 399K) reports, "Near Ground Zero, where their loved ones died nearly five years ago, families of victims blamed city officials Saturday for allowing human remains to stay entombed at a closed city garbage dump without proper burial. Of the 2,749 people killed in the terror attacks at the World Trade Center, the remains of about 1,150 were never found or identified. While some family members have for years pushed for a fuller accounting, their efforts have intensified in the weeks leading up to the fifth anniversary of the attacks on Monday. The discovery in recent months of about 760 body parts, mostly small bone fragments, at a nearby damaged skyscraper slated for demolition has fueled their outrage."

Bloomberg Unhappy With New Laws Covering Ground Zero Workers. The New York Times Magazine (9/10, Mahler) reports in a 7,400-word article about Mayor Michael Bloomberg's vision for New York, "That afternoon, the mayor was focused on new state legislation aimed at making it easier for workers who claim they developed illnesses while cleaning up the World Trade Center site to collect benefits. Bloomberg was conspicuously absent from the ground-zero press conference the day before at which Governor Pataki signed the bills into law, and the mayor then proceeded to denounce the laws as fiscally unsound. 'I have a legal responsibility to make sure the public's money is spent wisely,' the mayor told me, stuffing a slaw-laden Saltine into his mouth. 'You're either going to have to raise taxes or cut services for this. We're talking about $10 to $15 million a year. Do you know how many teachers or firefighters you can get for that?'"

US Saying Little About Florida Ties To 9/11 Attacks. The Palm Beach Post (FL) (9/10, Kleinberg) reports, "On July 5, 2001, a Delray Beach (FL) police officer pulled over a motorist for speeding. He let the man go with a warning. The pre-printed caution on it read in part: 'Take a minute and consider how your careless driving affects the people you share these streets with and try to help make our streets a safer place to be.' Nine weeks later, the motorist, Mohamed Atta, helped pilot American Airlines Flight 11 into the north tower of the World Trade Center." The Post continues, "For South Florida, the horror of Sept. 11 was compounded by the realization that at least 15 of the 19 hijackers were at one point living in the region — 12 of them in Palm Beach County. … But we know little more than that. … The federal government has told what it learned about the movements of the 19 hijackers in Hamburg, Germany; in San Diego; and in Maine. But not what they were doing here." The Post adds, "Terrorists rented apartments and hotel rooms, opened bank accounts, rented cars. Several had arrest warrants for traffic violations. They took flying lessons in at least six Florida cities. They took in naked lap dancers, intimidated hotel maids, gave waitresses lousy tips and argued with bar managers. They went on the Internet in a city library. And one quizzed a pharmacist about how to relieve mysteriously irritated hands. … But people who were interviewed when FBI agents swarmed across South Florida in the days following the attacks said in recent weeks that, if the investigation is ongoing, it's news to them. They said no one has contacted them since a few weeks after the attacks. … The U.S. Justice Department, parent agency of the FBI, has rejected three separate attempts by The Palm Beach Post to obtain documents under the federal Freedom of Information Act — in October 2001, November 2004 and May 2006. An appeal of the 2001 rejection was denied; the appeal of the 2006 rejection is pending. … Justice was not the only federal agency queried. Wanting to cover all possibilities, The Post submitted requests to more than 75 entities, from Amtrak to the Peace Corps to the State Department."

Washington State Ferries Are A Potential Terror Target. McClatchy Newspapers (9/10, Blumenthal) report that though security in Washington state has improved following 9/11, "the ferries plying the waters of Puget Sound remain vulnerable, and intelligence suggests that terrorists are conducting surveillance and the ferries could be a target. FBI and homeland security officials said no terrorist plots had been uncovered, but in the three years after Sept. 11, the FBI reviewed 157 'suspicious incidents' involving the Washington state ferry system, the nation's largest." According to the report, "Of those, seven were classified as having an 'extremely' high likelihood of being pre-operational planning, 11 were classified as a 'high' likelihood and 49 as 'medium,' according to briefing documents provided in late August to members of the House Homeland Security Committee."

After Post-9/11 Dip, Number Of Arab Immigrants Up Sharply. The New York Times (9/10, Elliott, 1.21M) reports, "The events of Sept. 11 transformed life for Muslims in the United States, and the flow of immigrants from countries like Egypt, Pakistan and Morocco thinned sharply. But five years later, as the United States wrestles with questions of terrorism, civil liberties and immigration control, Muslims appear to be moving here again in surprising numbers, according to statistics collected by the Department of Homeland Security and the Census Bureau." According to the report, "In 2005, more people from Muslim countries became legal permanent United States residents — nearly 96,000 — than in any year in the previous two decades. More than 40,000 of them were admitted last year,

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the highest annual number since the terrorist attacks, according to data on 22 countries provided by the Department of Homeland Security."

US-Saudi Educational Exchange Program Questioned. The AP (9/10, Burke) reports, "Thousands of students from Saudi Arabia are enrolling on college campuses across the United States this semester under a new educational exchange program brokered by President Bush and Saudi King Abdullah. The program will quintuple the number of Saudi students and scholars in the United States by the academic year's end." The report adds, "The State Department sees the exchange as a way to build ties with future Saudi leaders and young scholars at a time of unsteady relations with the Muslim world. But some officials say efforts to fast-track educational diplomacy with Saudi Arabia could use additional scrutiny." According to the report, "Clark Kent Ervin, a former inspector general of the Department of Homeland Security (DHS), said the U.S. government has yet to ensure proper safeguards are in place to do effective background checks on all applicants."

Man Charged With Trying To Board Plane Carrying Knife. The AP (9/10) reports, "A man with a one-way ticket to Yemen attempted to board a plane with a knife hidden in a book, authorities said. Mohammed Ghanem, 21, of Hamtramck, was jailed Saturday on $500,000 after being arraigned on a charge of possessing a weapon in the sterile area of an airport." According to the report, "Ghanem was arrested Thursday at Detroit Metropolitan Airport after Transportation Security Administration officers detected the knife 'artfully concealed' in the book, airport spokesman Michael Conway said." The report adds that Ghanem's attorney, Nabih Ayad, told the Detroit Free Press that his client, "'didn't know where the knife came from.'"

U.S. Transportation Officials Urged To Ban "Virtually All" Airline Carry-On Luggage. The New York Times (9/10, 1.21M) writes in an editorial, "In a directive whose logic is not always apparent, the Transportation Security Administration has spelled out what airline passengers can carry on board with them, what must be placed in checked luggage, and what can't go on the plane at all." The Times adds, "The ban on liquids surely makes sense given the lack of a reliable, efficient way to detect liquid explosives on the passenger screening line. But the other fine distinctions in this directive make us think the best approach would be a ban on virtually all carry-on items, or at least a limit of one small personal bag per passenger to tote travel documents, keys, vital medications, reading materials and any other minimal items that are allowed." The Times adds, "A ban on most carry-on items need not be permanent. Technologies that could screen passengers and their carry-on bags rapidly to detect known dangerous materials are under development, but it is uncertain when they might be ready." According to The Times, "For now, the surest way to keep dangerous materials out of the cabin is to keep virtually all materials out of the cabin."

FEMA, Louisiana At Loggerheads Over Paying For Katrina Services. The Baton Rouge Advocate (9/10, Davis) reports, "FEMA is lowering the boom on Louisiana for refusing to pay its $338 million share of a federal program that bought goods and services ranging from chainsaws to dental care for hurricane victims." However, "Louisiana's legislative auditor claims FEMA hasn't provided enough information to allow the state to determine whether the money was spent on legitimate needs for people who truly were victims. The Legislative Auditor's Office notes that state lawmakers passed a measure requiring such a review before FEMA is paid."

Louisiana Officials, Corps Of Engineers In Internal Debates About Coastal Protection Standards. The New Orleans Times-Picayune (9/10, Schleifstein) reports, "State officials said Friday that they are on schedule for a Nov. 20 release of a draft of the Louisiana Comprehensive Coastal Protection Master Plan, which will include two alternative combinations of higher levees and gates, and wetland and barrier island restoration projects aimed at protecting the state's coastline from major hurricanes. Jean Cowan, a spokeswoman for the state Coastal Protection and Restoration Authority's Integrated Planning Team, said the team has not yet decided whether to "increase protection beyond a 1 in 100 level of risk, or whether it is considering a higher level of risk, such as the 1 in 10,000 level used in designing flood control in the Netherlands." Meanwhile, the Army Corps of Engineers "is in the midst of a similar internal debate spurred by a congressional requirement that the existing New Orleans area levee system be improved to the 1 in 100 standard by 2010 and a separate requirement that the federal catastrophic hurricane protection plan protect the state's coastline from a Category 5 hurricane."

WAR NEWS:

Senator Rockefeller Says US Would Be Better Off With Saddam Still In Power. The Senate report refuting Bush administration assertions of a Saddam Hussein-Al Qaeda link led CBS News. The CBS Evening News (9/9, lead story, 3:00, Mitchell, 7.66M) reported, "A newly released report on prewar intelligence on Iraq is still spreading shock

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waves this evening and moving a key Democratic senator to make a dramatic claim. The Senate Intelligence Committee found no evidence of a link between Saddam Hussein and al Qaeda and no proof Iraq was developing weapons of mass destruction. But it does quote former CIA Director George Tenet testifying that the White House had pressured him to back up the case for war. ... But after two and a half years of reviewing prewar intelligence behind closed doors, the lead Democrat on the intelligence committee, Sen. John Rockefeller, who voted for the Iraq war, said the Bush Administration pulled the wool over everyone's eyes. ... Senator Rockefeller went a step further. He says the world would be better off today if the U.S. had never invaded, even if it means Saddam Hussein would still be running Iraq." Rockefeller: "He wasn't going to attack us. He would have been isolated there. ... we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about." Mitchell: "Let's go back to the very provocative comments by Senator Rockefeller. Do you get the sense a lot of folks on Capitol Hill are shocked he went there?" Attkisson: "Some maybe. I've not heard it said like that before, and half the American public may agree, and half may disagree, but it's a perfect example of where the dividing line is on this issue." A print version of the story appears on the CBS (9/10) website.

Saddam's Weapons Are Described. The New York Times (9/10, Glanz, 1.21M) reports, "Most of Mr. Hussein's vast network of military complexes and the weapons they contained have been looted, often to the last bolt and window frame. But as weapons experts continue to see and gauge what is left — weapons held within protected enclaves or hulking metal relics even the most ambitious looters were unable to cart away — they are getting a concentrated picture of the obsessive martial mind that ran this country for 25 years." The scattered arms seem "equal parts Jules Verne, power-mad dictator and adolescent boy." The Times describes in some detail "what may have been Saddam Hussein's wildest reach: the supergun, an artillery piece so powerful that it could not only shell his enemies in Tel Aviv and Tehran but also fire a projectile into orbit."

Maliki Will Visit Tehran. The New York Times (9/10, Wong, 1.21M) notes Iraqi Prime Minister Nouri al-Maliki "plans to visit Iran [tomorrow] to discuss security and political matters with Iranian leaders ...The visit would be the first by Mr. Maliki to Iran since he took office in late May." The Times notes he "lived for some time in Tehran, the Iranian capital, while in exile during Saddam Hussein's rule," and says the "purpose" of the visit "is to 'enhance relationships between the two countries,' his spokesman" said. Iraqis and Americans, the Times says, "have long accused Iran…of interfering in political and military affairs" in Iraq, and "ordinary Iraqis are generally suspicious of Iran, whose ethnic Persians have traditionally rivaled Arabs for influence in this region." Ambassador Khalilzad "and American commanders strongly condemned Iranian interference in Iraq last month"; however, "it would be difficult for the White House to persuade Iraq to take a strong stand against Iran. Besides the political ties among Shiite politicians, the border is very porous, and Shiite pilgrims from Iran often come to Iraq to mingle freely in the religious cities here."

Budding Iran-Iraq Friendship Is "Unsettling." The Los Angeles Times (9/10, McDonnell, Moore, 918K) reports, "Maliki's visit would underscore an emerging regional Shiite alliance that deeply troubles the Bush administration and much of the Arab world." The Times elaborates, "Many Arab leaders fear growth of a Shiite crescent and militancy emanating from the newfound" friendship. The Bush administration "probably has recognized that Baghdad and Tehran will inevitably grow closer and that fanning anti-Iranian sentiments here could be counterproductive"; however, the increasing warmth might not "ultimately increase stability," given distrust between the Arabs and Persians and Sunni Iraqis' fear of an "Iranian takeover."

Shiite Pilgrims Celebrate "Without Bloodshed." The AP (9/9, Becatoros) reports, "Iraq's Sunni Arab vice president renewed his call for Sunni-led insurgents to quickly join the Shiite prime minister's national reconciliation effort, while a Shiite festival that drew millions of pilgrims was held without bloodshed Saturday." While "no day in Iraq goes by without violence," the prevention of attacks on the Shiite festival is portrayed as something of a triumph for the Iraqi forces, which "fanned out" with "air support from the U.S.-led coalition."

US Numbers Of Iraqi Dead "Don't Add Up." The Los Angeles Times (9/10, McDonnell, 918K) reports in a highly skeptical article about the vaunted 50% decrease in Baghdad deaths that turned out to be something less: "a significant drop of about 17% from the record of more than 1,800 killings in July ... hardly a great leap forward." How the US computed a 50% decrease "remains a mystery"; commanders contend that releasing the raw data "could help the enemy." The Times recalls past semantic disputes, when the US used "insurgents" rather than the more positive-sounding term "resistance" to describe the enemy, or when the US held back from the term "death squads" rather than aggravate an "extremely touchy" issue for the Shiite-led government.

Wisconsin National Guard's Post-9/11 Evolution Chronicled. The Milwaukee Journal Sentinel (9/9. Glauber, Jones, 259K) reports that after 9/11, the Wisconsin National Guard "and its members were catapulted into a new, more uncertain and violent era. When terrorists flew planes into New York's World Trade Center, the

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Pentagon and a Pennsylvania field, they set in motion a chain of events that would transform weekend warriors into global war fighters." According to the report, "The ripples have been felt throughout the state, in every small-town police force with an officer dispatched overseas, in every office missing a worker who was called up, in every college and technical school whose students traded book bags for M-4 rifles. Not since the Vietnam-era draft have so many Wisconsin neighbors, colleagues and drinking buddies been off to war, or newly returned." The report adds, "If you want to know how the Wisconsin National Guard has changed since Sept. 11, you could look at the broad brush strokes of war — seven members of the Guard killed in combat in Iraq, scores more injured, including 43 who received the Purple Heart."

Homeland Defense A Key Post-9/11 Mission Of Wisconsin Air National Guard. The Milwaukee Journal Sentinel (9/9, Jones, 259K) reports, "If ever there was a time to travel at the speed of sound, this was it. Commanders at the 115th Fighter Wing received word that two of the Wisconsin Air National Guard's F-16s parked at Truax Field were needed" as a passenger tried to breach the cockpit of an American Airlines plane. According to the report, "The mission of the 115th Fighter Wing changed on the morning of Sept. 11, 2001. The wing of roughly 1,000 airmen switched from one that trained in the U.S. for overseas deployments — such as enforcing the no-fly zones over Iraq — to a first-response unit on call 24/7 that could face enemies in American airspace." The report adds, "Wing members also have been deployed several times to war zones since the war began in Iraq."

Wisconsin National Guardsmen Reflect On Iraq Tours Of Duty. The Milwaukee Journal Sentinel (9/9, Glauber, 259K) reports that the Iraq war followed thousands of National Guardsmen "back to Wisconsin. Some can talk with their families and friends about their experiences. Others keep those experiences close, unable to express just what they felt and absorbed during the long months away from home." The report adds, "They also have their opinions about how the war is going, what the stakes are and whether America should keep the troops in Iraq. 'I don't know what people expect sometimes,'" said Wisconsin National Guardsman Tony Gatlin. According to the report, he adds, "'How long did it take this country to get it right, hundreds of years? You've got a culture that has been fighting for eons.'"

Coalition Kills At Least 40 Afghan Insurgents. The Washington Post/AP (9/10, A21, Faiez) reports, "NATO and Afghan soldiers killed at least 40 suspected Taliban fighters in fierce raids that destroyed insurgent hideouts and a weapons factory, the European military alliance said Saturday. One NATO soldier also died." NATO has now reported 320 "suspected insurgents" killed in its Operation Medusa. The AP adds that "thousands" joined Afghan President Karzai in a memorial "marking the fifth anniversary of the assassination of Ahmed Shah Massoud, a mujaheddin commander who had battled the Taliban."

Another AP (9/9, Khan) article reports, "NATO's count [of Taliban dead] has been strongly disputed by a Taliban commander and has not been independently verified. Reporters cannot access the site of the fighting."

NATO Commanders Will Meet To Discuss Afghan Troops. The AP (9/9, Scislowska) reports, "NATO will hold two more conferences aimed at pushing member states to commit more troops to the alliance's mission in Afghanistan as it faces tough resistance from insurgents there, a spokesman said Saturday. Military leaders decided after two days of closed-door discussions in the Polish capital that further efforts were needed to plug shortfalls in the force, which has faced increased violence from a resurgent Taliban along Afghanistan's southern border." The AP notes "donor fatigue" among NATO members and remarks that the "emboldened" insurgency "demonstrates how shaky Afghanistan's Western-backed government remains."

Afghans Celebrate Memory Of Slain Northern Alliance Leader. The AP (9/10, Pennington) reports that five years after Taliban opponent and Mujahedeen hero Ahmad Shah Massood "was slain by a bomb hidden in the camera, a former Taliban official on Saturday described how al-Qaida staged the killing — two days before the Sept. 11 attack on America — hoping to strike a fatal blow to the pro-U.S. Northern Alliance." The report adds, "Waheed Mozhdah, director of the then-Taliban Foreign Ministry's Middle East and Africa department, also showed The Associated Press a copy of what he said was a signed letter dated Sept. 13, 2001, from bin Laden to Taliban leader Mullah Omar, urging him to launch an offensive against the alliance." Though Massood's supporters were on the run before 9/11, the "U.S. military campaign after Sept. 11 to punish the Taliban for giving refuge to bin Laden propelled Massood's supporters to power, and the bearded commander has achieved iconic status. Giant portraits of him adorn government offices and public spaces in Kabul, and the Sept. 9 anniversary of his death is marked in grand style."

"Kidnapped" USAF Major Leaves Kyrgyzstan. The case of the female USAF major who surfaced after an alleged abduction was covered by major print media. The New York Times (9/10, Chivers, 1.21M) reports, "A United States Air Force officer who had been missing in Kyrgyzstan ... was flown from the Central Asian country early Saturday, the Air Force said, while the investigation into her disappearance continued." Metzger's "case has confounded investigators."

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The Washington Post (9/10, Finn, 748K) reports, "On Friday night, Kyrgyz officials said, she turned up in Kant exhausted and with her hair dyed brown. ... U.S. officials have not provided any details on what Metzger has said to them." The Washington Times/AP (9/10, Saralayeva), which was largely the source for the Washington Post story, reports that Metzger "reported feeling as if she were in a trance as she followed the instructions" that she found in her back pocket."

CORPORATE SCANDALS:

Many In Tech Industry Consider Options Backdating Legitimate. The Los Angeles Times (9/10, Petruno, Gaither) reports, "Gregory Reyes was facing a personnel crisis. The executive he had just hired for a top sales job at his Silicon Valley company suddenly was threatening to jump to a competitor. … So Reyes, then chief executive of computer networking firm Brocade Communications Systems Inc., decided to offer the recruit a much bigger pay package. Instead of options to buy 285,000 Brocade shares — the initial offer — Reyes anted up 500,000. … He didn't stop there, according to federal prosecutors. They say Reyes dangled a sweetener: The purchase price of the options would be fudged – 'backdated' -- so that the employee would have an immediate paper profit of $2.5 million on the shares." The Times adds, "The government says that was a crime, one that could put Reyes behind bars for 20 years if the charges stick. And more executives could find themselves joining Reyes in court dockets, as prosecutors and securities regulators examine past option grants at more than 100 companies nationwide, most of them technology firms. .. . The widening probe is of particular concern in the nation's tech center — Silicon Valley and the San Francisco Bay Area — where options have long been the coin of the realm. At least 30 firms in the area have disclosed federal inquiries. … But even as the Justice Department and the Securities and Exchange Commission bear down in their investigations, there is a sense of disbelief among many in the tech sector that companies' option practices of the last decade have literally become a federal case. … 'Clearly, they did something wrong, but it's very different from a WorldCom or Enron situation, where it appeared the fraud was just to fleece investors,' said Tom LaWer, an executive compensation lawyer in East Palo Alto. 'It seems as if there was a bit of laziness and stupidity involved.' … In the hard-charging entrepreneurial culture of Silicon Valley, the creative use of stock options to reward favored employees is seen by many as a reasonable means to further a company's goals — not the basis of a criminal conspiracy."

HChronicle Blasts DOJ For Pursuit Of Lay Estate's Assets. The Houston Chronicle (9/10) editorializes, "The Justice Department is asking for lightning-swift passage of a federal law that would prevent Ken Lay's lawyers from having the late Enron founder's criminal record wiped clean. The prosecution appears poised to give up the high ground — the trial's noble pursuit of justice — for the low road of an ill-considered, desperate grab at the estate's assets." The Chronicle continues, "In May, Lay was convicted in two separate cases of 10 counts of fraud, conspiracy and lying to banks. But before final judgment in the case, Lay died of heart disease while vacationing in Aspen, Colo. According to a 5th U.S. Circuit Court of Appeals ruling from 2004, a defendant who hasn't had the benefit of a full appeal should have his conviction nullified. … However, there is $43.5 million standing between federal prosecutors' acceptance of this legal precedent and their waging an unseemly battle with a dead man's estate." The Chronicle adds, 'Lay is no hero in death. His victims will not forget his complicity in Enron's destruction in 2001. His actions helped destroy a company, wipe out thousands of employees' jobs and retirement savings, and convert some $60 billion in stock value into practically worthless shares. … Lay's demise does nothing to diminish his victims' financial claims. Neither does the former CEO's death prevent victims from continuing to seek justice. In fact, their legal demands are proceeding apace in civil court, the better venue at this point for this pursuit. The government pleadings cite both forfeiture and restitution as the rationale for carrying on with what now must be seen as a pointless raid on Lay's assets. As a civil matter, all aggrieved parties, including the government, can have their day in court. The Chronicle concludes, "Less than a month ago, prosecutors tried a different shot in the dark: They sought to make former Enron CEO Jeff Skilling responsible for the entire $182.8 million in ill-gotten gains the government alleges against Skilling and Lay. Observers say this tactic also has only a slim chance of success. .. . The Justice Department's proposed legislation has not yet found a congressional sponsor. There are too many good reasons why lawmakers should continue to stay away from it."

CRIMINAL LAW:

Owner Of Software Website Sentenced To Seven Years For Piracy. The AP (9/10) reports, "The owner of one of the nation's largest Internet software piracy Web sites has been sentenced to more than seven years in prison." The AP continues, "Nathan Peterson, 27, of Los Angeles, sold products copyrighted by companies such as Microsoft Corp. and Adobe Systems Inc. at a huge discount on his site, iBackups.net, prosecutors said. The site began

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operating in 2003 and was shut down by the FBI in February 2005." The AP adds, 'In addition to Friday's 87-month sentence, U.S. District Court Judge T.S. Ellis III ordered Peterson to pay restitution of more than $5.4 million and to forfeit the proceeds of his scheme, which included homes, cars and a boat. … Peterson pleaded guilty in December in Alexandria to two counts of copyright infringement."

CNET News (9/10, Musil) reports, "Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted." CNET adds, "Last month, Ellis sentenced Danny Ferrer, a Florida man who pleaded guilty to copyright charges in connection with multimillion-dollar sales of pirated software, to six years in prison. … Software piracy resulted in a loss of $34 billion worldwide in 2005, a $1.6 billion increase over 2004, according to a study commissioned by the Business Software Alliance."

FBI Interviews Harris's Former Campaign Manager Over Illegal Donations. The AP (9/10) reports Rep. Katherine Harris' former campaign manager "has been interviewed by federal investigators as part of an inquiry into her relationship with a convicted defense contractor, a newspaper reported Saturday. Jim Dornan spoke to FBI and Defense Department investigators in Washington for about 90 minutes Thursday, the St. Petersburg Times reported." The AP notes Harris "has been in the spotlight for her dealings with Mitchell Wade, a defense contractor who pleaded guilty to bribing a California congressman and admitted funneling $32,000 in illegal donations to Harris. She later said she gave the money to charity. Dornan was not Harris' campaign manager when she accepted the donations. The Justice Department investigation already has involved interviews with former top campaign strategist Ed Rollins and Fred Asbell, who quit in June as Harris' chief of staff in Congress. Harris has said previously she is cooperating with the investigation but is 'not a target.'"

ENVIRONMENT/INDIAN AFFAIRS:

Warner Concerned Recognition Of Indian Tribes Might Abet Gambling Expansion. The Washington Times/AP (9/10) reports Sen. John W. Warner, "a strong supporter of legislation to grant sovereign status to Virginia Indian tribes, is expressing new concerns about the law potentially paving the way for Indian-operated casino gambling in the state. … Six Indian tribes have sought recognition through legislation sponsored in the House by Rep. James P. Moran, a Democrat, and in the Senate by Sen. George Allen, a Republican. The tribes say the legislation will give them access to federal funds." Warner "recently said he didn't want legislation that could 'thwart the ability of a state, whether it's Virginia or any other state, to prohibit gambling.'"

Volunteers Maintain Unfunded National Parks Programs. The New York Times (9/10, Zezima, 1.21M) reports the Student Conservation Association is "a 50-year-old organization that among other things does grunt work in public outdoor spaces — cutting trails, building walls, tending plants. In recent years, the group has taken on the added role of helping the national parks continue programs that might otherwise have been abandoned because of budget cuts."

Agricultural-Based Fuels May Threaten World's Food Supply. In an op-ed in The Washington Post (9/10, B3, 748K) The Earth Policy Institute's Lester R. Brown writes, "High oil prices are much more than just a drain on drivers' pocketbooks or a sign of tough economic times ahead; they could also prove to be a leading indicator of the unraveling of our global civilization." Brown adds, "Now, almost everything we eat can be converted into automotive fuel. And once the price of oil surpassed $60 a barrel last year, the business of transforming wheat, corn, soybeans and sugarcane into fuel for cars instead of food for people became hugely profitable." Brown adds, "As crops that have long sustained us are diverted to provide fuel, we may encounter the same fate that brought down great civilizations of the past." According to Brown, "Whenever the food value of a crop drops below its fuel value, the market will convert it into fuel. Ultimately, this dynamic risks driving up world food prices, destabilizing governments in low-income nations and disrupting global economic growth."

FBI/DEA/ATF/USMS:

Movement Of Guns In California Examined. The Monterey (CA) Herald (9/10, Reynolds) reports, "No one knows how the Czech ended up in Salinas. … Worn and battle-weary, the Cold War veteran had slipped quietly into the U.S., and in only a year, detectives in Monterey County were working overtime to track the foreigner's deadly trail. … Early in 2001, detectives found tell-tale bullet casings after a shooting. In June, more spent casings at another shooting scene showed the outlaw's crimes had escalated to attempted murder." The Herald continues, "In August, another shooting could have easily become a homicide but the victim survived. Within days, as if to silence any witnesses, gunshots rained upon residents in a Salinas home. … The Czech ended the year with a murder outside the city limits in

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Monterey County. .. . A year and a half later, sheriff's deputies finally nabbed one of Salinas' most-wanted killers." The Herald adds, "The Czech, it turned out, was a CZ 85, a 1970s-era 9 mm semiautomatic pistol that had fallen into the hands of Salinas criminals. … The pistol's short but extremely active time in Monterey County is typical of many guns used in Salinas crimes -- guns that are quickly passed from hand to hand and from shooter to shooter. … With more than 300 firearms crimes committed every year, Salinas has struggled for more than a decade with a river of illegal weapons easily acquired and passed around among its youths. … The murder rate is declining, but the number of shootings and gun crimes has held steady for five years. And those statistics tell a grim tale: For the last three years, the number of serious assaults with firearms has stayed above 100 annually, with 61 drive-by shootings and 87 robberies involving a firearm in 2005 alone. … A major difficulty in trying to solve these crimes can be traced to what officers call the 'communal' use of guns in Salinas, meaning illegal guns don't tend to stay in one person's hands for very long."

IMMIGRATION:

Voter Registration Analysis Finds No Evidence Of Surge Among Hispanics. The Washington Post (9/10, A5, Cillizza, Goldfarb, 748K) reports, "The huge rallies earlier this year of Hispanics alarmed by anti-immigration sentiments seemed to presage the potential of this group as a voting bloc this fall. … But as Nov. 7 nears, some analysts are wondering whether reality will match anticipation. An analysis by the Associated Press of voter registration data in 12 U.S. cities with substantial Hispanic populations -- including Los Angeles, Houston and Atlanta -- did not find a major spike in voter registration. The news agency found that there were fewer new registrants through July in every city, compared with 2004 figures."

Last Spring's Immigration Rallies Seen As Counterproductive. The Los Angeles Times (9/10, Watanabe, 918K) reports, "Although Congress has stalled action on broad immigration reform and Labor Day marches failed to mobilize wide support, activists said they were only now beginning to roll out the next stage of their battle: a massive effort to produce 1 million new Latino voters and U.S. citizens. … But immigration control advocates say the marches last spring doomed activists' efforts by alienating most Americans and strengthening support for stronger border control and opposition to legalization. 'The mass sea of illegal aliens bearing foreign flags and hostile placards really produced a pronounced backlash, from which they've never recovered,' said John Keeley, spokesman for the Washington-based Center for Immigration Studies. The movement's fate is in question just months after hundreds of thousands of immigrants and their supporters startled the nation by pouring into the streets to protest a House bill that would criminalize undocumented immigrants and those who support them." The Times adds, "some activists acknowledge…their ranks have become demoralized as congressional action on the issue stalled over the summer and recent marches have fallen flat."

Very Few Turn Out For Los Angeles Pro-Immigration Rally. The AP (9/10, Prengaman) reports, "Few people turned out Saturday for a [Los Angeles] rally demanding amnesty for 11 million illegal immigrants, the latest sign of pro-immigrant groups' struggles to regain momentum after hundreds of thousands marched for the cause in the spring. … Only about 350 people showed up, and many were organizers and journalists. Organizers, who had expected about 5,000 participants, downplayed the low turnout. They said their point was made even with sparse crowds."

Immigrants Seeking Green Cards Find "Extremely Long Waits." The Washington Post (9/10, A6, Kalita, 748K) reports, "Since Congress has tabled immigration reform, millions of immigrants living and working here illegally now find they have a tougher path toward legalization. … While employers and relatives can still sponsor immigrants for green cards, limited quotas have resulted in extremely long waits. The United States allows 5,000 low-skilled workers to be sponsored for green-card-based visas every year." The Post notes, "Exceptions are made for some immigrants who come from crisis-ridden countries that can no longer absorb them. Immigrants from El Salvador, Nicaragua, Honduras, Somalia and Sudan, for example, can qualify for temporary protected status if they were in the United States before a certain date."

Cantor Backs Virginia's Crackdown On Illegals. The Washington Times/AP (9/10) reports Rep. Eric Cantor "is lending his support to an effort in Culpeper to crack down on illegal immigration." Cantor "said he has been following the debate over the issue, which drew attention when Town Council member Steve Jenkins began an effort to target landlords and employers who house or hire illegal aliens. Mr. Jenkins also is considering calling for an official designation of English as the town's primary language. The Culpeper County Board of Supervisors voted Tuesday to send a letter to Mr. Cantor requesting help."

New Jersey Schools Collect Immigration Data. The Washington Post (9/10, A7, Garcia, 748K) reports, "Scores of New Jersey school districts are stirring unease among immigrant parents by asking them to provide immigration-related information when they register their children for school. Fourteen years ago, the Supreme Court ruled that cities and towns must provide education for all students, regardless of immigration status. The New Jersey chapter of

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the American Civil Liberties Union conducted a survey in the past few weeks and found that 57 schools and district offices request immigration-related information or a student's Social Security number for school registration."

Immigrants Seen As Necessary To Maintain Housing Prices. In a piece for the New York Times Magazine (9/10) Damon Darlin writes, "It's often said that immigrants do the jobs Americans don't want to do. They've just been assigned another task: Buy the homes of the baby boom generation. But this task is one that native-born Americans simply can't do. There won't be enough of them. … What many boomers should be asking right now is who will buy their 34 million homes. The buyers may well be immigrants, and not necessarily legal ones." Demographers "say there aren't enough potential homeowners in the echo boom (the children of the baby boomers) or in the generation that comes after that (still without a catchy name) to soak up that supply, no matter how slowly it goes on the market."

CONGRESS-ADMINISTRATION:

Cheney Said To Have Lost Some Of His Influence Over Bush. The New York Times (9/10, A1, Sanger, Schmitt, 1.21M), in a front-page article titled, "Cheney's Power No Longer Goes Unquestioned," reports that since 9/11, Vice President Cheney, "the man who had returned to Washington…to remake the powers of the presidency seemed unstoppable." Now, however, Cheney "finds the powers he has asserted under attack and his influence challenged," according to the Times. The Times goes on to report that on national security issues, Cheney, "once the unchallenged adviser to a president who came to office with little experience in foreign affairs, remains a pivotal figure but now vies for influence with other officials like Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser. Over the past 18 months, Mr. Cheney appears to have reluctantly given ground on detention practices and, at least for now, on policy disputes involving Iran and North Korea. On Friday, the Senate Intelligence Committee — controlled by Mr. Cheney's Republican allies — declared that there had been no basis for Mr. Cheney's repeated claims that Saddam Hussein had harbored a Qaeda leader and had ties to the group. But Mr. Cheney has never conceded that his statement was in error." The Times adds, "Measuring the accumulation or the erosion of power is an imprecise art. But interviews with more than 45 people over the past five months — including current and former White House aides, foreign diplomats, members of Congress and confidants of Mr. Cheney — painted a picture of a vice president who, while still influential, has seen his power wane. Most agreed to speak candidly only if their names were not used. Mr. Cheney himself declined repeated requests for an interview. Instead, his office encouraged Ms. Rice and Mr. Hadley to give interviews to dispute the view that Mr. Cheney's power is in decline."

First Lady On Hand To Commission New Navy Submarine. The AP (9/10, Hays) reports, "The USS Texas, the Navy's newest attack submarine, was commissioned at the Port of Galveston Saturday as first lady Laura Bush gave the traditional command: 'Man your ship and bring it to life!'" According to the report, "The nuclear-powered USS Texas began construction in 1999 and was delivered to the Navy in June. Its reactor is designed to not require refueling throughout the boat's service. The 377-foot-long submarine can attack targets with Tomahawk cruise missiles and conduct long-term surveillance. It can dive to 800 feet."

Two articles and a series of photographs appear in the Houston Chronicle. The Houston Chronicle (9/10, Feldstein, 535K) reports the ceremony and its "colorful and cheery" trappings, saying of the sub: "If it were a 377-foot sausage, it would cost $193 per pound. ... The ship is fast, stealthy and flexible. It can spy, shoot cruise missiles and torpedoes, lay mines and deliver up to nine SEALs or other special-operations forces through a special hatch either by minisub or directly into the water." The Chronicle furthermore describes the high security and observes that, besides the first lady, both Texas senators and Adm. Michael Mullen were present.

The Houston Chronicle (9/9, Tolson, 535K) elaborates in another article on the sub's technical attributes, calling it a "high-tech killer." It calls the Texas "the latest and greatest the U.S. Navy has to offer: a $2.7 billion, state-of-the-art, fast-attack sub bearing a nuclear power plant, a formidable array of weapons and every electronic bell and whistle imaginable."

Lobbying Industry Seen As Too Powerful To Be Curtailed By Congress. The Washington Post's Jeffrey Birnbaum (9/10) writes, "The Jack Abramoff scandal has incited predictable outrage among Washington's political class this year, and with the midterm elections approaching, candidates across the country are promising to clean up the city's lobbying culture. … Such theatrics notwithstanding, don't imagine for a moment that anything will really change." According to Birnbaum, "K Street has "experienced a quantum leap in clout" and is a "permanent and pervasive force in Washington, essential to the daily workings of government and politics. Lobbyist bashing, no matter how shrill, will not diminish that power. … Despite the latest scandals, lobbying has become a respectable, appealing profession. A couple of decades ago, it was considered too unsavory to attract former Congress members. But now, lobbyists have become so influential -- and so rich -- that

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more and more lawmakers and their aides consider the profession a second career. A recent study by the liberal group Public Citizen reported that nearly half of all lawmakers who return to the private sector join the lobbying ranks."

Atlantis Roars Skyward In "Majestic" Launch. The CBS Evening News (9/9, story 4, :20, Mitchell, 7.66M) reported, "A majestic launch of the shuttle Atlantis, according to NASA. After two weeks of delay Atlantis carried six astronauts into orbit. Two small pieces of foam insulation fell off the external fuel tank during the launch, but NASA said it should not cause a problem."

The New York Times (9/10, Leary, 1.21M) reports, "The space shuttle Atlantis made a thunderous ascent into cloud-studded skies on Saturday morning, carrying its crew of six to a rendezvous with the International Space Station. After two weeks of postponements caused by bad weather and nagging mechanical problems, the Atlantis lifted off on time, at 11:14:55 a.m. About 10 minutes later — after a blazing rise into the sky, the yellow flames of its booster rockets visible through holes in billowing cloud banks — the shuttle slipped into orbit."

Foam Debris Does Not Appear To Harm Shuttle. The Los Angeles Times (9/10, Johnson, 918K) reports, "Atlantis roared off pad 39B on the last possible day of the launch window, following two weeks of delays caused by bad weather and minor mechanical glitches. 'What we saw today was a flawless countdown and a majestic launch,' said NASA Administrator Michael Griffin. NASA cameras captured images of five incidents of ice and insulating foam flaking off the shuttle's external fuel tank. At least one piece of foam appeared to hit the underside of the craft. Analysts at Johnson Space Center in Houston were studying the pictures late Saturday. But space agency officials said it was unlikely the debris could have damaged the spacecraft because the pieces were small."

The Washington Post (9/10, A03, Harwood, 748K) adds, "A camera mounted on the shuttle's external tank provided spectacular views as Atlantis wheeled about and lined up on a trajectory up the East Coast, homing in on the space station. More important, the camera showed no obvious signs of damage from several pieces of foam insulation seen breaking away from the shuttle's external fuel tank four minutes after liftoff, past the time of aerodynamic danger. Although it will take several days to carry out a detailed analysis, the mission appeared to get off to a good start, and 8 1/2 minutes after launch, traveling at five miles per second, Atlantis slipped into its initial orbit."

NIH Says Researcher Committed "Serious Misconduct" In Failing To Report Outside Income. The Los Angeles Times (9/10, Willman, 918K) reports, "A senior researcher at the National Institutes of Health engaged in 'serious misconduct' by entering into dozens of unauthorized private arrangements with drug companies and failing to report annually the outside income, totaling more than $100,000, a confidential internal review by the agency has found. Officials at the NIH concluded late last year that the actions of Dr. Thomas J. Walsh, who has helped lead major clinical trials involving cancer patients, might result in dismissal from federal government service. No disciplinary action has been taken."

Scientists Leaving CDC. The Atlanta Journal-Constitution (9/10, Young, 399K) reports, "By the end of this year, most of the people who lead CDC's key scientific centers -- in some cases for a decade -- will be gone. The wave of departures began in 2004, about a year after Dr. Julie Gerberding launched her strategic 'Futures Initiative' to transform the agency, and not quite two years after she was named CDC director. Most of the former directors of CDC's scientific centers declined to talk publicly for this article, citing the close-knit world of public health that requires them to still work with CDC. The reorganization and questions about the agency's leadership and direction were factors for some of those who left, they said privately."

OTHER NEWS:

U.S. Stocks Slide On Worries Housing Slump Will Weigh Down Corporate Profits. Bloomberg (9/9, Baker) reports, "U.S. stocks declined this week on concern a deepening housing-market slump will slow the economic expansion and limit increases in corporate profits. Exxon Mobil Corp., the biggest oil company, and other energy stocks led the drop as crude oil sank to a five-month low." According to the report, "Data showing labor costs climbed last quarter also weighed on the market by reviving speculation the Federal Reserve will resume raising interest rates to curb inflation." The report adds, "The Standard & Poor's 500 Index lost 0.9 percent to 1298.92. The Dow Jones Industrial Average fell 0.6 percent to 11,392.11, and the Nasdaq Composite Index slumped 1.3 percent to 2165.79."

Wall Street Analyst Says U.S. Economy May Avoid Slowdown. The New York Times (9/10, De Aenlle, 1.21M) reports, "Investors have been placing their bets on whether the economy will experience a hard or soft landing. One Wall Street veteran suggests a third possible outcome — no landing at all — and he will be looking at data this week to help weigh the odds of its occurrence." According to the report, "Edward E. Yardeni, chief investment

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strategist at Oak Associates, expects reports on consumer prices and retail sales to be tame enough to persuade the Federal Reserve to hold interest rates steady when its policy makers meet on Sept. 20. That may just give the economy the breathing room it needs, he said, to avoid an appreciable slowdown, let alone the recession that some commentators have said is a serious possibility."

Some Economists Say Job Turnover Trends Unchanged For Decades. In an economic view column in The New York Times (9/10, 1.21M), Daniel Gross writes, "Virtually every week brings news of large-scale corporate layoffs. On Tuesday, the day after Labor Day, Intel said it would reduce its work force by 10,500, or about 10 percent." Gross adds, "According to the Bureau of Labor Statistics, the United States economy — a giant job-churning machine — each quarter destroys nearly 7 percent of existing jobs and creates a roughly equivalent percentage." According to Gross, "Yet labor economists, who prefer sifting through reams of yesterday's data to parsing today's headlines, detect a seemingly counterintuitive trend. During the last few decades, job stability and job tenure for the typical worker don't seem to have changed much, if at all."

International Paper Takes Steps To Stabilize Pension Fund. The New York Times (9/9, Walsh, 1.21M) reports, "The winter of 2002 was a scary time for pension funds and the millions of Americans whose retirement they have promised to secure. … Some companies even started talking about going into bankruptcy, in part because they could no longer afford their pension obligations." According to the report, "Congress and the Bush administration began planning to tighten the law. Most corporate pension funds sat tight, warning that if the government got too tough, they would be forced to freeze their plans." According to the report, "One large company, International Paper, decided to strike out in an entirely different direction. Today, International Paper's $7 billion pension fund, which covers 175,000 people, is three years into a broad revamping, one that the company believes will protect it from the forces that wreaked havoc in the last few years."

Common Ground Urged To Deal With Wage Stagnation Issue. In a column in The New York Times (9/10, 1.21M), David Brooks writes, "Some people don't think wage stagnation is mainly about education and skills. They think the economy is so broken, the Republican Party so malevolent and all-controlling, that almost all the gains would go to the top 5 percent or 1 percent anyway." Brooks adds, "I may be a sucker, but I think they're wrong. … When you ask free-market purists about wage stagnation, they either deny it's a problem or brag about how Republicans have increased disposable income by reducing the tax burden." Brooks adds, "When you ask orthodox liberals about wage stagnation, they never tell you exactly what they would do to counteract the epic forces of globalization and technological change, but they seem to imply they can restructure the economy with the right trade, minimum-wage and union rules to create middle-class wealth." According to Brooks, "But this debate is not going to be won either by the free-market fatalists or by the angry but amorphous populists. It'll be won by the human capital reformers, the alliance of progressive conservatives and conservative progressives (like the Clintonites) who believe that the market fundamentally works and that social mobility requires what it has always required, skill and effort."

Gubernatorial Campaigns May Influence 2008 Presidential Election. The Milwaukee Journal Sentinel (9/10, Gilbert, 259K) reports, "When Wisconsinites pick a governor Nov. 7, they'll also be setting the stage for the state's next huge election drama: the 2008 race for president. Many of this year's hottest gubernatorial races are taking place in the nation's most competitive presidential battlegrounds: Wisconsin, Iowa, Michigan, Colorado and Nevada, to name a few. The outcome of those races will have a bearing on presidential politics. Governors are not only a prime source of political ideas and talent for their parties. They also can play an active role in the sort of ultra-tight races the nation saw in 2000 and 2004, providing help to their party's nominees in key swing states." Mark Mellman, pollster for John Kerry's presidential bid and for Gov. Jim Doyle, "contends that 'if Jim Doyle were not governor of Wisconsin, John Kerry would not have won Wisconsin.' There is no way to test that proposition, and some strategists - such as Matthew Dowd of the Bush re-election team - are skeptical about the impact of home-state governors on the ticket."

Candidates' Pledges To Remain Independent Said To Presage 2008 Race. The Los Angeles Times' Ron Brownstein (9/10) writes, "In an era when party-line voting in Congress has reached the highest level, by some measures, since the 1890s, a growing number of office-seekers are pledging to operate as an independent voice and a bridge between the parties if voters give them a ticket to Capitol Hill. In the process, they are honing arguments likely to be common in the race to succeed President Bush. … Because so many GOP candidates have struck these notes, political analysts primarily have viewed them as attempts to separate from Bush as his approval ratings remain weak." However, Brownstein adds, "there's more to the dynamic than Republicans ditching Bush. For one thing, Democrats such as Senate challengers Jim Pederson in Arizona and Bob Casey Jr. in Pennsylvania are emphasizing their willingness to work across party lines. Sen. Joe Lieberman of

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Connecticut, trying to hold his seat as an independent after losing the Democratic primary last month, is centering his campaign on a promise to transcend partisan differences. More important, the candidates in both parties using these arguments are raising issues much broader than the proper level of loyalty to a president; they are indicting the entire system of lock step partisan allegiance — and reflexive partisan confrontation — that now drives so much of the Washington debate."

Broder Notes Vilsack's Success Bringing Together Democratic Factions. The Washington Post's David Broder (9/10, B7) writes about the "rather surprising press event" Iowa Gov. Tom Vilsack "orchestrated one day last week in his role as chairman of the centrist Democratic Leadership Council. … On stage with Vilsack were Al From, the combative DLC chief executive, and Jerry McEntee, the equally tempestuous president of the American Federation of State, County and Municipal Employees, plus John Sweeney, the president of the AFL-CIO, and Anna Burger, the head of Change to Win, the coalition of unions that broke away from the AFL-CIO last year. It was remarkable enough to see the feuding labor people together, but adding From was really tempting fate. He is an outspoken advocate of open-trade policies that are anathema to much of labor and has argued fervently for years that Democrats should not be beholden to their union allies. In turn, union leaders have viewed the DLC as a front for crypto-Republican, pro-business policies. When Vilsack became chairman of the DLC last year, it raised eyebrows because unions have been a backbone of his support in Iowa. But he said he wanted to try to heal the breach, and he quickly began a series of private conversations with labor leaders, followed by joint sessions of DLC staffers and union operatives. … For Vilsack, a long-shot candidate for the 2008 presidential nomination, it is the strongest proof of his ability to be a successful power broker."

Bush Predicts GOP Will Maintain Control Of Congress. The AP (9/10) reports President Bush "says he believes Republicans will retain control of the Congress after the November elections, even as members of his own party predict a loss of some seats. Dismissing the possibility the top House Democrat, Rep. Nancy Pelosi of California, could rise to House speaker if the GOP lost its majority, the president said, 'That's not going to happen.' … 'I believe the Republicans will end up being -- running the House and the Senate,' the president was quoted as saying in the interview Thursday aboard Air Force One. Bush said his confidence is based on his belief that voters will be convinced that Republicans were right to cut taxes to stimulate the economy, and that the GOP has a better understanding about the need to nurture Iraq's fragile government and spread democracy."

Pelosi Reportedly Backing Murtha's Potential Candidacy For Majority Leader. Syndicated columnist Robert Novak (9/10) writes, "In expectation of a Democratic takeover of the House in this year's elections, advocates of Minority Whip Steny Hoyer and Rep. John Murtha are engaged in a fierce backstage battle for their candidate to become majority leader. Minority Leader Nancy Pelosi, who would be unopposed to become speaker of a Democratic-controlled House, is considered certain to vote for Murtha against Hoyer. Murtha managed Pelosi's successful campaign for party whip against Hoyer in 2001, which provided the stepping stone toward her current dominance in the House. Hoyer associates say Pelosi is working behind the scenes for Murtha, but Hoyer told this column he sees no such activity by her."

GOP Expands Its Opposition Research Efforts. The Washington Post (9/10, A1, Vandehei, Cillizza, 748K) reports, "Republicans are planning to spend the vast majority of their sizable financial war chest over the final 60 days of the campaign attacking Democratic House and Senate candidates over personal issues and local controversies, GOP officials said. The National Republican Congressional Committee, which this year dispatched a half-dozen operatives to comb through tax, court and other records looking for damaging information on Democratic candidates, plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads." NRCC Chairman Rep. Thomas Reynolds is quoted as saying, "Opposition research is power. … Opposition research is the key to defining untested opponents." The Post adds that the RNC "has enlisted veteran party strategist Terry Nelson to run a campaign that will coordinate with Senate Republicans on ads that similarly will rely on the best of the worst that researchers have dug up on Democrats. The first ad run by the new RNC effort criticizes Ohio Rep. Sherrod Brown (D) for voting against proposals designed to toughen border protection and deport illegal immigrants.

Swing Voters' Antipathy For GOP May Have Already "Hardened." The Houston Chronicle (9/10, Roth, 535K) reports, "In the weeks leading up to the Nov. 7 elections, Democrats will hammer at what they argue is the incompetence of the Bush administration in prosecuting the war in Iraq. They also are appealing to economic jitters of voters by criticizing high, albeit falling, gas prices and lack of wage growth. Republicans are fighting back by highlighting the national security theme that worked so well for the party in the past two elections, when President Bush convinced many Americans that he and his party were tougher than

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Democrats in the war against terrorism. … Analysts say the problem for Republicans is that public opinion already may have hardened, particularly in the Northeast and Midwest, where Bush is particularly unpopular and voters may have tuned out the White House message. Polls also show that most voters do not see Iraq as a part of the war on terrorism, making it difficult for Bush to justify the urgency of winning in Iraq."

Georgia Districts Among Democrats' Few Vulnerabilities In The House. The Los Angeles Times (9/10, Fausset, 918K) reports, "Riding a wave of discontent over the economy, Iraq and gas prices, Democrats are hoping to win enough seats to retake the House of Representatives this November. But their success could also hinge on their ability to keep the seats they already have — and doing so could prove difficult in two key races in Georgia. Democratic U.S. Reps. Jim Marshall of Macon and John Barrow of Savannah are facing hearty challenges from a pair of former Republican congressmen with name recognition and the ability to raise big money. Bolstering their chances are new district boundaries drawn up by the first GOP-dominated Georgia Legislature since Reconstruction. The outcome of the races could have broad national implications. … 'Everyone's focused right now on where Democrats can gain seats, and properly so — it's a Democratic year,' said Larry Sabato, director of the University of Virginia's Center for Politics. 'But if Republicans can steal even a few seats from Democrats, it will probably eliminate the chances of a Democratic takeover. "Georgia has two of these races — I really don't think there is another state where there are two Democratic seats that are at least somewhat vulnerable.'" The Times adds that Carl Forti, NRCC communications director "said Marshall and Barrow were among 10 House Democratic incumbents his party considered beatable this year. Others include veteran Iowa Rep. Leonard L. Boswell, a septuagenarian who has had health problems and who is facing a well-funded Republican challenger; Rep. Melissa Bean, an Illinois freshman whose victory was aided by the lackluster campaign of her 2004 rival; and Rep. Chet Edwards of Texas, whose district includes President Bush's Crawford ranch."

NRSC Will Concede Rhode Island Senate Race If Laffey Wins Nomination. The New York Times (9/10, A1, Nagourney, 1.21M), in a front-page article titled, "To Hold Senate, G.O.P. Bolsters Its Most Liberal," reports, "the national Republican Party has lined up in Rhode Island to beat back a conservative primary challenge to the most liberal Republican in the Senate, Lincoln Chafee. … In an extraordinary pre-emptive announcement, the National Republican Senatorial Committee has said it will concede Rhode Island to the Democrats should Stephen Laffey, the mayor of Cranston, defeat Mr. Chafee in the primary. Citing poll data, Republican leaders said they saw no way someone as conservative as Mr. Laffey could win in a state as Democratic as this; as it is, they are increasingly worried about Mr. Chafee's hopes in a general election. The result has been the striking sight of the national Republican Party, dominated by conservatives, using resources to save the seat of a Republican who said he voted against Mr. Bush in 2004." Brian Nick, the communications director for the Republican Senate campaign committee, is quoted as saying, "If Laffey won, on Day 1 of the general election, it would be over for us." Asked "if his committee would then concede Rhode Island to the Democrats, Mr. Nick responded: 'No question about it. Would you play somewhere where you were down by 30 and you couldn't move the numbers?'"

The Washington Post (9/10, A4, Murray, 748K) reports, "GOP leaders are so pessimistic about Laffey's prospects in November that they intend to pull out of the state if Chafee loses. 'It would be a disservice to our other candidates if we didn't,' said Dan Ronayne, spokesman for the National Republican Senatorial Committee, which is leading the Chafee rescue effort with help from other GOP groups. Ronayne noted that Rhode Island has elected two Republican senators since the Depression -- Chafee and his father, the late John H. Chafee. 'That's why we're so plain-spoken about losing the seat,' he said."

The Los Angeles Times (9/10, Mehren, 918K) reports, "national Republican groups worried about the party losing its hold on the Senate have sponsored anti-Laffey ads, such as the one that warns: 'Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?' Perhaps the better question is whether Rhode Island voters will deal a clear blow to the GOP Senate majority. The outcome of the Chafee-Laffey race, considered too close to call, could alter the larger struggle for dominance in the Senate, because Laffey probably could not defeat the expected Democratic nominee. … A Laffey victory would represent a major triumph for the Club for Growth, an anti-tax and advocacy group that seeks to return the Republican Party to the economically conservative ideals of President Reagan." David Keating, the Club for Growth's executive director, "said he was unconcerned about how a potential Chafee defeat might shift Senate power.'

Cardin Relying On Ambitious GOTV Effort. The Washington Times (9/10, Miller, Ward, 88K) reports Rep. Ben Cardin "turned to his political machine -- built over his 40 years of state politics -- to launch an imposing voter-turnout effort in the final days before the primary election Tuesday. 'We've got to get the vote out, so we need your help today,'" Cardin said "to about 100 volunteers at a rally in Towson. Mr.

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Cardin, 62, then went to two other rallies with volunteers, in East Baltimore and Upper Marlboro. High overall turnout will benefit him because it will offset the black vote, which accounts for about 40 percent of votes in Maryland Democratic primaries. Most of those votes likely will go to" Kweisi Mfume. Cardin's campaign "said yesterday that staff members already had made about 300,000 phone calls to voters and planned to make 250,000 more between yesterday and Tuesday. They also planned to knock on 75,000 'targeted doors in communities across the state.' More than 1,200 volunteers would make phone calls, work at polls, drive voters to polls, and knock on doors on primary day, the Cardin campaign said."

Cardin And Mfume Stayed Ahead Of Pack Throughout Primary Campaign. The Washington Post (9/10, A1, Barnes, 748K) reports Sen. Paul Sarbanes's "decision to not seek a sixth term has brought an outpouring of candidates to replace him. But the two who jumped into the race first" -- Mfume and Cardin – "are the front-runners at the end. … Potomac businessman and philanthropist Josh Rales has spent more than $5 million of his own money on the campaign, and his television commercials became ubiquitous in the Baltimore and Washington media markets. But Rales's lack of Democratic connections -- he has contributed money to President Bush and Ehrlich -- meant he had no network of supporters to build on his media campaign."

Mason-Dixon Poll Shows Allen Leading Webb 46-42. The Washington Post (9/10, C6, Craig, 748K) reports Sen. George Allen "joined several hundred Asian, Hispanic and black supporters in Fairfax County yesterday at a rally designed to show diversity within the Republican Party while recognizing immigrants' growing clout in state elections. The event came as Allen, a candidate for reelection who has been dogged for weeks by charges of insensitivity to minorities, juggles a rural image that has served him well in past races with the political reality that vote-rich Northern Virginia includes swelling ethnic populations. 'It is invigorating to be here with all sorts of different, diverse backgrounds,' Allen told the audience after saying 'good morning' and 'thank you' in several languages." The Post adds, "A Mason-Dixon poll commissioned by several newspapers across the state and scheduled for release today shows Allen leading Democratic challenger James Webb 46 to 42 percent, according to people familiar with the survey. But Webb leads Allen by 13 points in Northern Virginia, even though the Democrat is relatively unknown and won't air his first television ad until tomorrow. The poll has a margin of error of plus or minus four percentage points."

Missouri Independents Said To Be Trending Towards GOP. The Kansas City Star (9/10, Kraske, 278K) reports "the distinct shift in the state's voting patterns toward the GOP presents a thorny challenge" for McCaskill, who "must capture a greater share of independent voters than Democrats had to win just a few years ago. In 1998, according to the polling firm Zogby International, a Democrat needed about a third of independents to top 50 percent overall. These days, McCaskill must hold her Democratic base and attract at least half of all independents, who now are more than a quarter of all voters. That challenge is compounded by two factors: More independents are voting Republican in recent years. Also, Republicans remain more reliable voters than their Democratic counterparts."

Missouri Democrats Accused Of Taking Black Voters For Granted. The St. Louis Post-Dispatch's (9/10) Sylvester Brown in his column writes, "Committeewoman Norma Leggette (4th Ward) isn't sure what the Democratic Party stands for anymore. She wonders how she's supposed to excite constituents in her ward about November's elections. Leggette said there are two Democratic parties in St. Louis - one that benefits whites and another that ignores blacks. 'At one time, Democrats were a solution for us. I don't know when that changed or why that changed, but it has,' Leggette told me. Her comments underscore a familiar complaint from blacks who claim the Democratic Party takes them for granted. Leggette voiced her concerns Tuesday during a rah-rah session with several local elected Democrats, hosted by U.S. Senate candidate Claire McCaskill. … She has no intention of voting for McCaskill's Republican rival, U.S. Sen. Jim Talent, but, like me, she's grown bored with the dog and pony show put on when major elections roll around. Democrats show up, throw out the 'evil Republican' mantra, ask for black votes, then disappear without ever addressing our socioeconomic concerns or needs."

Burns Will Attend Fundraiser For DeWine. Syndicated columnist Robert Novak (9/10) writes Sen. Mike DeWine, "who has been aggressively soaking up Washington lobbyist money for his uphill re-election campaign in Ohio, has added an unprecedented campaign finance twist: bringing in another endangered Republican senator for his fund-raiser. During the August recess of Congress, lobbyists received an invitation for a $1,000-a-ticket 'sunrise breakfast' (8 a.m.) in Washington Sept. 14 to 'honor' DeWine. Listed as a 'special guest' is Sen. Conrad Burns of Montana. … The listed hosts are the political action committees of EarthLink, an Internet service provider, and the National Mining Association."

Casey Seeks To Be More Than The "Anti-Santorum." The Pittsburgh Post-Gazette (9/10, O'Toole, 241K) reports, "To his challenge to incumbent Republican Sen. Rick Santorum, [Bob] Casey brings a golden name in Pennsylvania politics and the hopes of a Democratic Party

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hungry for victory against a polarizing figure with a record of frustrating their partisan hopes. The imperative of defeating Mr. Santorum was the chief reason party leaders turned to Mr. Casey in the days after he won his term as state treasurer with the largest vote total of any candidate for any office in Pennsylvania history. It was the reason that Gov. Ed Rendell, the brunt of tough Casey attacks in their primary for governor four years ago, helped clear the field of serious opposition for him in this year's primary. It was the reason that many liberal Democrats overcame their objections to conservative positions on social issues. In a state where no Democrat has won a full Senate term since 1962, Bob Casey offers the promise of victory -- or so they hope. … So for Mr. Casey, is it enough to be the anti-Santorum? 'No, it's not,' he insisted on a holiday weekend as he rode through Westmoreland County. His campaign, he says, offers a positive choice, not just a chance to vote against someone."

NRCC Involvement Roils Arizona House Race. The AP (9/10, Espo) reports, "In a Tucson-area seat in Arizona, the National Republican Congressional Committee has run an ad supporting Steve Huffman, praising him as an advocate of lower taxes and a 'common sense approach to immigration that puts security first.' Huffman is 'the conservative choice,' said the commercial. A recent poll showed Huffman trailing a former state lawmaker, Randy Graf. Graf won 43 percent of the primary vote in an unsuccessful run against Rep. Jim Kolbe two years ago, but party officials have expressed concerns he may be too conservative to win the seat in November. The decision by strategists in Washington to intervene did not impress Graf or the three other contenders for the nomination. They held a news conference to criticize the move. 'They're idiots,' said one, former state party chairman Mike Hellon. He and the three other Republicans running said the GOP had split the party and they predicted Democrats would benefit. Huffman's campaign did not seem bothered. 'It's made the choice more clear. The fact of the matter is Steve is the only Republican in the race who can win the general election,' said David Steumpfle, Huffman's campaign manager.

The Los Angeles Times (9/10, Frederick, 918K) reports Graf "is banking that his tough stance against illegal immigration will propel him to victory. A Graf win would strengthen the hand of Republicans opposing any revision to immigration law that includes a path to citizenship for those in the U.S. illegally. But a Graf win also could improve prospects for Democrats gaining one of the 15 GOP seats they need to control the House."

MD3 Voters Have Sixteen Candidates To Choose From. The Washington Post (9/10, C5, Spivack, 748K) reports, "In the days before the primary, voters…in Maryland's 3rd Congressional District, a zigzagging urban and suburban swath that cuts across three counties and Baltimore, are about to narrow the field. It's not a simple task. With the retirement of U.S. Sen. Paul S. Sarbanes (D) and [Rep. Ben] Cardin's decision to seek his seat, the 3rd District voters find themselves confronting a rare political dilemma: The primary ballot will have the names of eight Republicans and eight Democrats, including many experienced politicians with polished resumes who figured it was now or never for a seat that had not come open for a generation." Cardin "won the district in 2004 with 63 percent of the vote, but Republican Gary Applebaum…said he thought a Republican stood a reasonable chance this November. 'This is a district that [Gov. Robert L.] Ehrlich won four years ago.' … Among the Democrats, John Sarbanes, who as the retiring senator's son enjoys high name recognition, said at the forum that he wasn't running on his family name and cited his community service and experience as a lawyer in the private and public sectors. He has raised nearly $1 million. Peter L. Beilenson, a former Baltimore health commissioner…whose father, Anthony, was a well-known congressman from California, has raised about $845,000. Paula C. Hollinger -- a state senator from Baltimore County…has attracted support from such state politicians as state Senate President Thomas V. Mike Miller Jr. (D-Calvert). She has collected about $775,000."

Four DFL Candidates Seek To Replace Sabo In MN5. The Minneapolis Star Tribune (9/10, Olson, 398K) reports, "Congressional hopeful Paul Ostrow extended a hand to a rumpled patron Saturday in a south Minneapolis coffee shop, asking for his vote in the Fifth District DFL primary. … Ostrow and his main opponents -- former state Sen. Ember Reichgott Junge, former state DFL chair Mike Erlandson and state Rep. Keith Ellison -- scrambled hard Saturday to get voters to focus . They face off Tuesday in what has been the most competitive race that the district's voters have seen in decades. The frenzy will continue until the polls close at 8 p.m. Primaries tend to have low turnout, but this one counts big. The DFLers want to replace 28-year Rep. Martin Sabo, who is retiring. The district, including Minneapolis and inner- ring suburbs, is deeply DFL, so the primary winner is a solid favorite in November. Ostrow, a Minneapolis City Council member, says he's got broad support, but many observing the contest say it has narrowed to a three-way match."

Challengers Are So Far Unable To Capitalize On Perry's Weakness. The Houston Chronicle (9/10, Ratcliffe, 535K) reports, "The horse race polls have varied dramatically about who is running second in the Texas governor's race, but those surveys have made one thing perfectly clear: for most of the past year, Texans have been

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unhappy with the job Rick Perry has done as governor. Perry's sagging job approval also is reflected in poll numbers showing support for his re-election has hovered between 35 percent and 41 percent since February. However, that does not mean the Republican incumbent is in immediate danger of defeat. His four challengers are dividing the discontented voters, and none of them has gained traction so far."

Spitzer Heads Into Primary With Huge Lead. The New York Times (9/10, Healy, 1.21M) reports, "After 21 months as a candidate for governor, Eliot Spitzer entered this final weekend of campaigning for the Democratic nomination without the battle scars or empty coffers that can often hobble front-runners, and appears poised to defeat Thomas R. Suozzi in Tuesday's primary. Mr. Spitzer, holding a 50-point lead in the latest polls, and Mr. Suozzi campaigned aggressively in and around New York City in recent days, with Mr. Spitzer seeking to energize his base of liberals and union members."

O'Malley Campaign Treasurer's Firm Received $1.2 Million From Baltimore. The Washington Times/AP (9/10) reports, "A law firm that has employed Mayor Martin O'Malley's campaign treasurer for the past six years has been awarded more than $1.2 million in city legal contracts since 2000, city records show. Brown & Sheehan and its predecessor firm have won city contracts mostly for defending police officers and commanders, according to records obtained by the Baltimore Sun. During the same time that the city's Board of Estimates voted to award many of the contracts, the firm employed the mayor's campaign treasurer, Martin Cadogan, as an attorney and later as a partner."

Pawlenty And Hatch Keep Distance Between Themselves And Opponents. The Minneapolis Star Tribune (9/10, Smith, 398K) reports, "Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a pattern this year, and they reflect the front-runners' approach to Tuesday's primary election. The Sept. 12 ballot will present contests for each of the major parties' gubernatorial nominations, but the heavily favored party-endorsed candidates are ignoring their challengers. Overmatched on nearly every conventional measure of political strength, the underdogs remain unbowed and are frantically campaigning to the end."

Florida Democrats Work To Recruit Non-Cuban Hispanics. The South Florida Sun-Sentinel (9/10, Abbady, 265K) reports Democrats "are forming Hispanic caucuses in South Florida to bridge the quiet, clannish divisions among immigrant groups and coax more Latinos to the polls in November. The last decade's surge in eligible voters with ties to countries as disparate as Venezuela and Peru has challenged the Cuban Republican vote, experts say. But Democrats trying to seize on the numbers and find a common Latino voice are often stumped. Language barriers, cultural rifts, a lack of trust in the political system and an unwillingness to unite under a single label keep many immigrants eligible to vote away from the polls, activists say. … There are roughly 321,000 eligible Hispanic voters in South Florida, according to the civic education and voter registration group Democracia U.S.A. in Miami. In 2004, about 40 percent of Hispanic voters were registered Republicans, 40 percent Democrats and 20 percent independents, the group said. Hispanic Republicans are predominantly Cuban-Americans."

Cuomo Questions Donations From Green's Family. The New York Times (9/10, Hicks, 1.21M) reports, "Many of the statewide races in Tuesday's primary are seen as being less than competitive, but in the Democratic race for attorney general, Andrew M. Cuomo and his major rival, Mark Green, began broadcasting new campaign commercials this weekend. And they continued to exchange fire yesterday. A day after Mr. Cuomo criticized contributions to Mark Green's campaign by his brother, the Green campaign shot back with an angry demand for an apology. … In the attorney general's race, recent campaign finance disclosures showed that Mr. Green's campaign received another $102,000 from his brother, Stephen L. Green, a real estate executive. Mr. Cuomo, saying the situation had the makings of a conflict of interest, called on the Green campaign to return that money. The candidate's brother is part of a group bidding on a 20-year franchise to operate three New York racetracks. The franchise is being monitored by the attorney general's office."

Huckabee's Lifestyle Pronouncements Are Not Universally Popular. The New York Times (9/10, Dewan, 1.21M) reports Arkansas Gov. Mike Huckabee "is most famous for what he has done in the last three years: lose more than 100 pounds and encourage other Arkansans to follow his example. As he contemplates a bid for the Republican nomination for president in 2008, the slenderized governor has inspired a host of imitators, including Gov. Sonny Perdue of Georgia, who shed 33 pounds, and Gov. Haley Barbour of Mississippi, who promised in June to go on a diet. … But for those who would join the health crusade, Mr. Huckabee's tale includes a cautionary thread. In the South, the fight against obesity is essentially a culture war. And while the campaign may have raised Mr. Huckabee's national profile, not everyone here appreciates a governor

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whose policies include weighing schoolchildren and sending home report cards on their body mass index. Mr. Huckabee, a teetotaler who now rises before dawn to jog five miles, has been accused of nagging the populace, banning birthday cakes in schools (not true, he says) and trampling the personal freedoms of smokers with an indoor smoking ban."

Progressives Countering Conservative Movement Among Evangelical Christians. The Washington Post (9/10, A1, Murphy, 748K) in a front page story reports that Brian D. McLaren, founding pastor of Cedar Ridge Community Church in Maryland "has emerged as one of the most prominent voices in an increasingly active group of progressive evangelicals who are challenging the theological orthodoxy and political dominance of the religious right. He also is an intellectual guru of 'Emerging Church,' a grass-roots movement among young evangelicals exploring new models of living out their Christian faith." According to the report, "Progressives, who range from 11 to 36 percent of all evangelicals, according to various polls, are still overshadowed by the Christian right among evangelicals. But the steady popularity of McLaren's books over the past eight years signals an expanding diversity of thought in this important political constituency."

Progressive Evangelical Ministers Rail Against Hard-Right Conservatives During Conference. The Los Angeles Times (9/10, Kang, 918K) reports, "Declaring that Americans have been exposed to 'too much bad religion' for too long, activist preacher and author Jim Wallis on Saturday called on more than 1,000 Christians gathered in Pasadena to join him in a national movement to create a more unifying 'good religion.' … Wallis, founder of Washington, D.C.-based Sojourner, a progressive Christian magazine, and a self-described evangelical, was among prominent liberal Christian leaders who spoke at a three-day conference on 'Politics and Spirituality' at Pasadena Civic Auditorium, which concludes today." According to the report, "Wallis, author of 'God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It,' believes that many Christians feel that their faith has been stolen from them by the Christian right. He said the Christian right's preoccupation with two issues — abortion and same-sex union — misrepresents their faith."

Book Giving First-Hand Account Of Prison Life Favorably Reviewed. In a book review of "Inside: Life Behind Bars In America" in The New York Times (9/10, 1.21M) The American Prospect's Tara McKelvey writes that though book author Michael G. Santos "hardly seems like a reliable narrator," given his drug dealing ways that earned him a 45-year prison term, however, "Santos deserves a hearing. More than 6 percent of Americans will find themselves behind bars at some point in their lives, according to the Justice Department." According to McKelvey "Nobody knows better than he does what it's like. "Inside" is a quasi-sociological treatise, with sections on the prison economy (it features smuggling and prostitution), educational system (one library specializes in "westerns and romance novels") and labor conditions (prisoners work in a dairy, a slaughterhouse and "a rock patch," raking "parallel lines"). Though McKelvey says, "His writing is stilted," and "the book hits some false notes," she adds that "Nevertheless, he lays out a strong case for prison reform."

Poll Finds Europeans Increasingly Critical Of Bush And US Foreign Policy. The Washington Post (9/10, A5, Cillizza, Goldfarb, 748K) reports, "A comprehensive survey of public opinion in a dozen European nations and the United States found that things have gone from bad to worse when it comes to disdain for the administration and its national security policies. The annual survey, taken by the highly regarded German Marshall Fund of the United States, shows that 77 percent of Europeans disapprove of the way Bush has handled international affairs, as compared with 56 percent who felt that way in GMF's 'Transatlantic Trends' survey in 2002. Asked how desirable it was for the United States to exert strong leadership on the world stage, 37 percent of Europeans said that should be a goal -- down from 64 percent five years ago." The Post adds, "the GMF poll…also found interesting nuances in attitudes of those residing across the pond. Even though Europeans' views of Bush have collapsed over the past five years, their fears about the threat posed by international terrorism have grown closer to Bush's view. Sixty-six percent of Europeans called terrorism an 'extremely important' threat, up eight percentage points since last year. In Britain, which has been the target of several terrorist operations in the past year, the number of those viewing terrorism as a main priority rose by 22 percentage points."

Solana, Larjani Will Continue "Last Ditch" Iran Nuclear Talks Today. The New York Times (9/10, Dempsey, 1.21M) reports EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larjani "said Saturday that they would continue last-ditch negotiations [today] in Vienna to see how far Iran would go to meet United Nations Security Council demand that it freeze its uranium-enrichment program or risk sanctions." Undersecretary Burns "said Friday in Berlin that the United States hoped to begin talks next week to fashion a resolution that would seek sanctions against Iran if it did not halt its enrichment of uranium." He spoke "after extensive talks with the other four permanent members of the Security Council…as well as with Germany." Burns "said the talks with the Europeans, Russia and China would continue Monday and would focus on the

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possibility of drawing up a draft on sanctions before the" UNGA "convened the following week."

The AP (9/10, Jahn) notes Solana and Larjani "reported progress Saturday at talks meant to find common ground for resolving Tehran's defiance of a U.N. demand that the Islamic republic freeze uranium enrichment or risk sanctions. In an encouraging sign, the two sides agreed to hold further discussions Sunday." Their talks "have been billed as possibly the last chance for Iran to avoid [UNSC] sanctions." The AP analyzes, "With the two side seemingly so far apart, hopes for success had been slim for the mission by Solana," but "positions appeared to have shifted slightly," with EU officials suggesting "that at least some of the six nations were at least ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of doing so as a condition for such talks." Also, a source "said Solana discussed the issue with" Secretary Rice "before going into the meeting but declined to offer details." The Washington Times/AP (9/10, Jahn) runs the AP story.

Pentagon Calls Iranian Missile Test Video Fake. The Los Angeles Times (9/10, Barnes, 918K) reports, "U.S. military intelligence has determined that a video released by the Iranian government [on August 27] purporting to show a test of a new submarine missile is bogus, three Pentagon officials confirmed." The plume of smoke in the video matched that "from an earlier Chinese test." US military officers are "scratching their heads" over why a rising military power would "see the need to release a phony video." Experts quoted in the article speculate that Iran may have meant to intimidate Saudi Arabia and the gulf states.

Tehran Said To Have Deep, Lasting Ties To Hezbollah. The Los Angeles Times (9/10, Daragahi, 918K) notes, "A tour of Hezbollah's state within a state in southern Lebanon reveals a replica of the distinctive institutions and styles of the Islamic Republic's ideological machinery, and offers clues to the militant group's powerful hold here." Tehran's "relationship with Lebanon's Shiites is a complex web stretching back decades and spanning nearly all facets of religious, economic and social life — ties that have grown stronger since hard-line Iranian President Mahmoud Ahmadinejad came to power last year." Noting that "Lebanon and Iran have had strong religious and commercial ties for centuries," the Times adds Tehran "promised a quick reconstruction" of Lebanon," and, "although some argue that Lebanese Shiites have no cultural affinity with their Persian coreligionists, the money, schools, charities and attention have paid off in loyalty to Iran."

Lebanese Said To Rethink Political Institutions Following War. A 1,414-word piece in today's Washington Post (9/10, A20, Cody, 748K) says the Israel-Hezbollah conflict "has raised fundamental questions about Lebanon's future and its identity, straining the political institutions on which the country was built, perhaps to the breaking point." Many Lebanese "have begun to think that their country and its historic melding of Christians with Muslims may not prevail after all." Washington and Tel Aviv "have grappled with the same problem in Lebanon. In parallel policies, they have insisted that Hezbollah disarm and fully join in the Lebanese political process. But because Lebanon's political institutions do not reflect Hezbollah's wider support in the population, [Hezbollah] has made it clear that greater changes will be needed before it lays down its arms." The Post says "the Lebanon most foreigners think of -- tolerant, easy-living, Western-oriented -- bore the imprint of Maronite families…, and not by accident. France…originally carved Lebanon off from Syria to provide a place for the Maronites," making it "a 'hinge country,' linking East and West." The recent war "further dramatized the gap between Lebanon's institutions and its new political demography. Communal strains had been swept under the rug for years under the leadership of Prime Minister Rafiq al-Hariri... But in the crucible of a destructive, bloody war, those strains suddenly seemed glaring."

Rome Says Damascus Will Allow EU "Personnel" On Lebanese Border. The AP (9/10, Karam) notes Italian Prime Minister Romano Prodi "said Saturday that Syrian President Bashar Assad has agreed to the deployment of European Union personnel along Lebanon's border with Syria." The AP says those personnel "could help allay Israel's concerns about the smuggling of weapons from Syrian to Hezbollah guerrillas in Lebanon. Prodi said "he had spoken with Assad several times over the last few days and he has agreed 'in principle' to an EU presence on" that border. Official Syrian press "did not say whether [Assad] had agreed to any other type of European presence on their border. It said that as part of continued consultations between Syria and Italy, Assad and Prodi spoke by telephone Saturday night during which 'the talks were on technical assistance, including training, that'" the EU will provide to Syrian border guards.

Olmert Will Meet Abbas Without Conditions. The New York Times (9/10, Erlanger, 1.21M) reports Israeli Prime Minister Ehud Olmert said yesterday "that he was prepared to meet" Palestinian President Mahmoud Abbas "even without the release of the Israeli soldier captured by militants in Gaza." The Times notes, "Faced with that stalemate, and under much criticism for Israel's recent war in Lebanon…Mr. Olmert has apparently decided to play on the obvious rift between the Hamas government and" Abbas. Olmert "also emphasized that there could be no political progress with the Palestinians until the corporal is free, and then only along the path of the so-called road map for peace. But with his plan to pull thousands more settlers out of the

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West Bank put aside for now, he is clearly trying to find an agenda in dealing with the Palestinians, as his allies are urging him to do."

The AP (9/10) adds Olmert said "he would meet" Abbas "and work closely with him to advance peace efforts." Olmert "said the meet was not conditional on the release of Cpl. Gilad Shalit," but he "said no progress would be made in the peace process until the soldier is released, indicating talks with Abbas could help gain Shalit's freedom."

30,000 Protesters Demand Olmert Conduct Independent War Review. The Los Angeles Times/wire services (9/10) reports, "About 30,000 Israelis demonstrated in Tel Aviv to demand that" Olmert "order an independent state inquiry into his government's handling of the war in Lebanon." The rally "was the largest public show of dissatisfaction with Olmert since he took office in May. Polls show his popularity has tumbled amid public frustration with Israel's failure to crush Hezbollah guerrillas," but he "has pledged only a government inquiry on the war."

Putin's Russia Said To Use Middle East To Gain New Global Role. In its "Week In Review" section, the New York Times (9/10, Myers, 1.21M) reports, "On issue after issue this year, Vladimir V. Putin's Kremlin has thrust itself back into the thicket of Middle Eastern diplomacy, most recently, to urge caution and more talks with Iran over its nuclear ambitions. In this, it has been reasserting a Russian role that was largely abandoned when the Soviet Union collapsed. But one thing is lacking so far: results." Noting Hamas' lack of reform despite being hosted in Moscow by Putin after its election, the Times notes, "To supplant the United States or Europe as a real broker in the region, experts say, Russia will have to do more." Moscow's efforts are "a quest for prestige" that seek to use "the Middle East as a forum to reach with new confidence for an independent global role." Russia is also "driven by economics — including arm deals with Syria, Iran and Algeria — and by hope that good relations with the Muslim world may cool any support for Russia's own Islamic insurgencies in and around Chechnya." The Times says this new assertiveness does not constitute "a new zero-sum confrontation with America, though almost certainly some of those advising Mr. Putin would welcome it. In fact, there are signs that the Bush administration has resigned itself to Russia's new role, at least to a point."

Putin Said To Spearhead Conglomerate Creation. The New York Times (9/10, Kramer, 1.21M) says Russia is trying to create the world's "biggest corporations" as "part of President Vladimir V. Putin's effort to create giant enterprises as a way of reviving Russia's strategic industries." Key figures within the Kremlin "say that the creation of giant enterprises makes perfect sense in a world that has seen consolidation in natural resources industries, which make up a huge portion of the country's economy." The Times notes that Rusal will soon eclipse Alcoa in annual aluminum production, and Gazprom is the world's second largest energy company behind Exxon Mobil, both of which are examples of "the sweep of Russian ambition these days, in which market capitalization is the new yardstick for comparison with the West." Russian leaders are "clearly hoping to sell the new gigantism not just as a business strategy, but as a balm for the wounded pride of Russians who endured the economic disasters of the 1990's," however, "critics say these bulging new corporations trace their origins to patronage within the Kremlin's factions."

Putin's "Rules" Said To Dominate Russian Politics, Economics. In his op-ed in today's Washington Post (9/10, B7, 748K), Jim Hoagland says, "What he has done to the once-turbulent Russian political scene Vladimir Putin would like to do to the world's equally volatile energy markets: Make them as stable and peaceful as the graveyard." Putin "has crushed the vibrant domestic opposition that flourished under Boris Yeltsin. … He has gained control over the flood of oil dollars pouring into Russia. And perhaps most satisfyingly for him, the political revolution lapping at Russia's frontiers a year ago has receded." Putin "remains intense, focused and at times prickly," and "his eyes flare when the subject turns to energy supplies and the vast infrastructure of new pipelines and producing fields that Russia intends to develop over a decade to become the world's dominant exporter of energy." Kremlin insiders "insist that to justify the investment needed to build that infrastructure, consuming nations must begin to sign 20- to 30-year contracts with Russia now to avoid the boom-and-bust cycles of petroleum and natural gas prices of the past three decades." While Putin is quoted saying, "Stability is what the world economy needs," Hoagland says, "In his view, the same is true for Russia's political future. Putin promised again not to change the constitution so he could serve a third term after 2008. 'Public opinion wants a country that will be stable, and stability is not assured by one man alone,' Putin said. It comes instead from following Moscow rules."

OPEC Members' Inability To Modulate Output Said To Hamper Group's Influence. The Washington Post (9/10, A25, Mufson, 748K) reports, "As OPEC prepares to meet [tomorrow], the group is worried that high oil prices will chase consumers to alternate energy sources, weaken Western and Asian economies to the point of hurting demand and bring about a boost in supply from non-OPEC countries." The Post says OPEC "is not expected to make changes in output or production quotas on Monday. But its very lack of action raises questions about whether the group, which produces nearly 40 percent of the world's

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petroleum, can still act effectively to sway prices or whether its members are simply riding the cyclical waves of the market." While "OPEC would have to be able to cut or increase supplies to influence prices" in order to exert influence, the Post notes that, "outside Saudi Arabia, OPEC members have virtually no excess capacity to help drive down prices. And outside Saudi Arabia, hardly any OPEC member has the political will or desire to cut production." Most recent cuts in production are not "by grand design" and "have nothing to do with oil policy," but rather are results of geo-political events.

Central Asian Nations Sign Nuclear-Free Zone Treaty. The New York Times (9/10, Greenberg, 1.21M) reports Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan "signed a nuclear-free-zone treaty on Friday that commits the region's rich uranium deposits to peaceful uses but leaves open loopholes that could allow Russia to transport nuclear weapons into Central Asia. It is the first mutual security pact among all five Central Asian nations, a group that has often quarreled about security issues." The five nations "agreed that they would neither acquire nuclear weapons nor allow them within their borders. But the treaty does not cancel an agreement that the Central Asian nations signed in 1992 that allows Russia to transport and deploy nuclear weapons in Central Asia under certain circumstances." Washington, Paris and London "boycotted the signing ceremony because they objected to that aspect of the treaty, said embassy officials and participants in the treaty negotiations. Only Russia and China sent representatives to Kazakhstan to observe the treaty signing."

McCain And Dole Call For Robust, Immediate Action On Darfur. In their op-ed in today's Washington Post (9/10, B7, 748K), Sen. John McCain and former Senate Majority Leader Bob Dole discuss the Bosnian wars in relation to the Darfur conflict. In 1995, "all of us pledged anew that, should such a situation again unfold, we would do things very differently. Today, the Darfur region of Sudan faces its own Srebrenica moment." The "scale of human destruction thus far…has been staggering," and that "catastrophe is the result of a directed slaughter perpetrated by the Sudanese government and allied Janjaweed militias." Washington "should reject out of hand Khartoum's demand that the [AU] force leave and should insist that it stay," and then "call on the [EU] to impose financial sanctions against the Sudanese leadership and pursue the immediate imposition of similar sanctions by the" UNSC. NATO should establish a no-fly zone over Darfur, they say, and the US should "intensify efforts to persuade U.N. members to commit troops and funds for the U.N. force." Failure to take "dramatic and difficult" steps will produce "a humanitarian disaster that the world will in any case have to address; a massive and possibly permanent population of refugees dependent on international support; a conflict spreading to neighboring countries with prospects for settlement even more remote; and a permanent stain on our conscience." They conclude, "Throughout the world, people of conscience were shocked by and ashamed of our failure to stop the genocide in Bosnia and Rwanda. We must not repeat these mistakes. In Darfur, the moment of truth is now."

Kristof Says, Numbers Aside, Genocide Is Uniquely Abhorrent. In his column in the New York Times (9/10, 1.21M), Nicholas Kristof says intervention in Darfur is not merely about stopping the killing of a certain number of people. "We have a moral compass within us, and its needle is moved not only by human suffering but also by human evil. That's what makes genocide special — not just the number of deaths but the government policy behind them. And that in turn is why stopping genocide should be an even higher priority than saving lives from AIDS or malaria." When suffering "arises from genocide, the horror resonates with all humans. Or it should. But for whatever reason, Sudan's decision to kill people on the basis of tribe and skin color has aroused mostly yawns around the globe." Kristof continues, "We urgently need U.N. peacekeepers, even over Sudan's objections. … The U.S. should also impose a no-fly zone from Chad and work with France to keep Chad and the Central African Republic from collapsing into this maelstrom." President Bush "showed an important flash of leadership on Darfur early this year, but lately he has fallen quiet again. He should appoint a special envoy for Darfur and use his bully pulpit to put genocide on the international agenda," by addressing the issue in his UNGA speech and by linking support for a UN SYG candidate to their stance on genocide. Kristof concludes, If we don't act, the slaughter may end up claiming more than one million lives, but this is about more than body count. This time the teenagers are not named Anne and Elie, but Fatima and Ahmed, but the horror is the same."

Darfur Refugees Said To Expect Rwanda-Style Genocide If AU Force Leaves. A 2,124-word piece in the New York Times (9/10, Polgreen, 1.21M) entitled, "Darfur Trembles As Peacekeepers' Exit Looms," details a "sprawling, makeshift" Darfur refugee camp on a AU base that sits "astride a deadly fault line in Darfur. This small but strategic town has been the front line of some of the deadliest battles in a conflict that has killed hundreds of thousands of people and sent 2.5 million fleeing. It is a place where a grim struggle between the government and its Arab allies, and non-Arab rebel factions, has given way to a fractured struggle that pits non-Arab tribes against one another, fanning centuries-old rivalries and setting the scene for a bloodbath of score-settling vengeance should the African Union soldiers

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withdraw, as demanded, at the end of this month." The camp "is an apocalyptic postcard from the next and perhaps the grimmest chapter in Darfur's agony, a preview of the coming cataclysm in the conflict the United Nations has called the world's gravest humanitarian crisis."

DC Protesters Urge Bush To Insist On UN Darfur Force. The Washington Post (9/10, A22, Cauvin, 748K) reports, "Two years after the Bush administration said genocide had taken place in Sudan, protesters marched yesterday on the White House, demanding that the president press for U.N. peacekeepers who could halt the continuing attacks in the country's Darfur region." Demonstrators "said time was short for President Bush to exert U.S. influence on Sudan's president," and one Sudanese American said Darfur "is desperate for the help of the international community." The Post adds, "In a planned act of civil disobedience, 30 protesters carrying signs marched from Lafayette Square across Pennsylvania Avenue, where they lay down on the sidewalk outside the White House fence and held up the signs. The protesters were arrested by U.S. Park Police to the cheers of hundreds of fellow demonstrators who watched from across Pennsylvania Avenue, chanting for their cause."

China's Wen Asks EU To Lift Tiananmen-Era Arms Sale Ban. The AP (9/10, Wielaard) reports Chinese Prime Minister Wen Jiabao "urged the European Union Saturday to lift its ban on arms sales to Beijing imposed after the 1989 crackdown on pro-democracy protests in Tiananmen Square." Wen "told a news conference China has made significant progress in 'protecting the human rights of Chinese people,'" and Beijing has in the past called the ban "a 'Cold War relic.'" The AP says the ban "has been a sticking point in the EU's relations with Beijing and stems from China's questionable human rights record," a linkage Wen has said is unfair.

At Least 70,000 Taiwanese Protesters Demand Chen Resign. The Washington Post (9/10, A21, Rickards, 748K) reports, "Tens of thousands of protesters took to the streets of" Taipei yesterday "demanding the resignation of President Chen Shui-bian, whose family members and close aides have been embroiled in a string of corruption scandals." Crowd estimates varied from 70,000 to 200,000. The Post says Chen, "a passionate supporter of formalizing Taiwan's independence from China, has the backing of his party and pro-independence stalwarts and is unlikely to step down before his term expires in 2008." However, the "months-old allegations" about his family "have weakened his leadership" and have "raised questions about whether Chen will have the confidence to push for formal independence." Notably, the rally "was led by Shih Ming-teh, former chairman of Chen's ruling Democratic Progressive Party," who spent "more than two decades" in prison "for opposing the authoritarian rule of the Nationalist Party."

Blair Urges Labor To Focus On Governing As Clarke Continues Attacking Brown. The New York Times (9/10, Cowell, 1.21M) notes UK Prime Minister Tony Blair "warned Saturday that Britain's Labor Party would lose control of the government if it did not show it was 'hungry for power' and halt the 'irredeemably old-fashioned' personal feuds surrounding his succession." Despite Blair's efforts, "the feuding has continued." Yesterday, former Home Minister Charles Clarke "said in an interview with The Daily Telegraph that [Chancellor of the Exchequer Gordon] Brown was an uncollegial 'control freak' who had 'psychological' problems with debate. 'We just don't know what he thinks on a range of issues,' Mr. Clarke said. 'What would his foreign policy look like? Will he pull troops out of Iraq? He wants to produce rabbits out of a hat after he becomes leader. I think he's got to produce his rabbits now. He's got to explain what his vision is.'" While Brown "offered no public response to the attack," a supporter said Clarke's remarks "seemed to suggest an effort by Mr. Blair's supporters to discredit Mr. Brown as a potential successor. By that argument, Mr. Blair wishes to block Mr. Brown, fearing he would undo Mr. Blair's political legacy." Blair's "less harried mood" yesterday "suggested that he felt the pressure had eased — if only slightly — with the spotlight now shifting to Mr. Brown, his policies and his prospects. But many in the party still seemed troubled by the high-level fighting."

The AP (9/10, Wagner) adds Blair said "his Labour Party risks losing the next general election if personal attacks among party members continue and the party fails to redefine itself and its goals." He "urged his party to stop the disputes and clearly outline its positions on complex issues such as security during the war on terrorism, immigration, pension shortfalls and global warming." While many Labor supporters "had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would quiet the bitter infighting," the "the issue refused to go away" yesterday.

Blair-Brown Relationship Called Key Factor In Recent British History. A Los Angeles Times (9/10, Murphy, 918K) piece analyzes Blair and Brown's 25-year relationship. In 1994, "the two reportedly struck an agreement: Blair would take the party leadership — and soon, the leadership of the country — and Brown would inherit later, being granted responsibility for social and economic policymaking in the meantime." In recent years, Brown "tired of waiting," and last week "he finally struck," leaving Labor "in chaos and [guaranteeing] that Blair's final months in office would be marked by a bruising battle for leadership of the party both men helped to shape." The Times notes, "The story of Blair's last months as prime

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minister, like the years that preceded them, cannot be written without reference to his relationship with Brown, the brooding and brilliant son of a Scottish minister who both guided Blair's Britain to economic vigor and waited resentfully in Blair's shadow for the day he would be allowed to lead. The political fortunes of Britain for years have depended on the interplay between these two powerful politicians who have worked closely together for two decades, sometimes while barely speaking to each other."

America Needs Blair To Remain In UK. In an op-ed in today's Washington Post (9/10, B2, 748K), Foreign Policy assistant editor James Forsyth says Blair may seek employment in Washington when he steps down next year. "But American institutions should issue a moratorium -- a long one -- on hiring Blair. Yes, America's best friend has stood by the nation in times of war and controversy. But for that very reason, the U.S. national interest would be better served if Blair remained in Britain, where his reputation will steadily recover after he steps down, and where he could continue to make the case for the values that unite the two nations." Blair risks becoming the latest in "a long line of world leaders whose support for American values has landed them" here, and "this pro-American brain drain is a luxury the United States can't afford as it wages a battle of ideas worldwide." He continues, "Hiring friendly foreigners not only cuts them out of the debate in their own countries, but also taints their reputations back home, as former Harvard academic Michael Ignatieff [and Canadian Liberal Party leader candidate] is learning." He concludes, "Leading pro-American politicians and intellectuals from abroad are a rare commodity -- one that shouldn't be wasted here on the homefront. The United States must export more pro-Americans than it imports. Maybe it's time to round up all these sympathetic foreigners -- and send them home."

G-20 Nations Urge Restart To WTO Doha Talks. The AP (9/10, Astor) reports trade representatives from the G-20 nations "called on rich countries to restart global trade talks, saying the suspension of negotiations not only threatened the current round of discussions but also the multilateral trading system itself." The AP says those "developing nations are demanding greater market access for their agricultural products," and quotes the G-20 statement saying, "Not only is the round threatened, but the multilateral trading system itself now faces a serious crisis. This is an unacceptable situation for all developing countries." The AP notes, "Analysts said the presence of U.S. Trade Representative Susan Schwab, EU Trade Commissioner Peter Mandelson, WTO chief Pascal Lamy and Japanese Agriculture Minister Shoichi Nakagawa was a positive sign but that gaps between the two groups would be difficult to bridge. The four will meet with G-20 members [today]."

First Post-Independence Montenegrin Vote Likely To Return Djukanovic To Office. The New York Times (9/10, Wood, 1.21M) notes, "Montenegrins vote in parliamentary elections [today] and few have any doubts who will be the winner. For 15 years, Prime Minister Milo Djukanovic, the longest-serving political leader in the Balkans, has dominated Montenegrin politics and is likely to continue to do so after the votes are counted late Sunday night." Djukanovic's alliance will likely win 45 percent of the vote, and the "margin of that expected victory will dictate the exact shape of the next government. But the real mystery is how Mr. Djukanovic — whose career was initially defined by making an alliance with the Yugoslavian leader Slobodan Milosevic and was later enhanced by breaking it — will choose to lead this country into a future seemingly free of the baggage of the former Yugoslavia." He has campaigned as the leader "best-suited to lead Montenegro to full membership in the European Union," and "has emphasized that Montenegro is free to redefine itself," but analysts says "it will have a tough time doing so, in part because of Mr. Djukanovic himself."

In Deal With Senegal, Spain Will Patrol Coast To Detect Illegal Immigrants. The New York Times/AFP (9/10) reports Madrid "said Saturday that it would send planes to scan the coast of Senegal for migrants trying to sail to Europe, in a bid to stem a flood of illegal immigration from Africa to its shores." Interior Minister Alfredo Pérez Rubalcaba "announced the measure after a meeting on Friday with his Senegalese counterpart Ousmane Ngom and after 90 migrants landed overnight in a vessel on Tenerife, a Spanish island." AFP notes "many of the migrants have landed on the Canary Islands, a Spanish-held archipelago north of Senegal off the Moroccan coast. They often risk death, traveling in small boats, to enter Spain in hopes of finding work in Europe."

Bill Richardson Wins Journalist's Freedom. The CBS Evening News (9/9, story 6, :10, Mitchell, 7.66M) reported, "A Chicago Tribune journalist was freed after a month in prison in Sudan's Darfur region on spying charges thanks in part to the intervention of New Mexico Governor Bill Richardson. He was on assignment for National Geographic."

Property Restitution Becomes Major Concern, For Exiles And Cuba-Based Dispossessed. The Los Angeles Times (9/10, Williams, 918K) reports, "The question of who will own what in a post-Castro Cuba has been an intoxicating subject here since the July 31 news of [Fidel Castro's] surgery and temporary transfer of power to his brother Raul." Few Cubans are "optimistic" that "the question

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could be resolved cleanly and simply." The Times notes, There are about 6,000 claims valued at nearly $8 billion registered with the U.S. Foreign Claims Settlement Commission." However, "the vast majority of property seized in the name of Castro's revolution was from Cuban owners, large and small. Though original owners are dying, some survive on dreams of recovering family homes, replanting gardens or rebuilding businesses opened by their ancestors."

Mexicans Said To Make Irrational Post-Election Decisions. In an op-ed in the Washington Post (9/10, B7, 748K), Ruben Navarrette Jr. says "the long wait is over in Mexico," and "the hope is that things will calm down. Don't bet on it." Saying "Mexico has gone made," Navarrette notes, "Our neighbor to the south is no model of stability. If that were the case, it wouldn't be hemorrhaging its best people -- the daring young men and women whose optimism leads them north in search of a better wage. There wouldn't be polls showing that nearly half of Mexicans would migrate to the United States if they could." Navarrette calls much of Lopez Obrador's actions since the election "wrong," and concludes that suggestions that the PRD part ways with [him] over his antics and concentrate on building on its significant gains in Congress. That approach makes sense. It is practical and reasonable and mature, which explains why some Mexicans want nothing to do with it."

NYT Warns "Turkey At The Tipping Point." The New York Times (9/10, 1.21M) in an editorial notes the appointment of retired USAF Gen. Joseph Ralston "to work with Turkish authorities" after Kurdish terrorist bombings. It editorializes, "The United States would be wise to create many more and varied opportunities to engage with Turkey, a longtime ally, and a uniquely important one. ... The United States must not ever take Turkey for granted."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Is the U.S. Winning This War?"
"Five Years After: Anxiety Lingers In New York"
"NIH Audit Criticizes Scientist's Dealings"
"News Analysis: Why The Numbers Don't Add Up In Iraq"

New York Times:
"At A Secret Interrogation, Dispute Flared Over Tactics"
"To Hold Senate, G.O.P. Bolsters Its Most Liberal"
"More Muslims Arrive In U.S., After 9/11 Dip"
"Cheney's Power No Longer Goes Unquestioned"
"Darfur Trembles As Peacekeepers' Exit Looms"
"Retirees Discover A Place To Foster Their Inner Artist"

Washington Post:
"Bin Laden Trail Is 'Stone Cold'"
"In a Pivotal Year, GOP Plans to Get Personal: Millions to Go to Digging Up Dirt on Democrats"
"Contests To Portend A Political Sea Change: Leadership Positions At Stake In D.C. Primary"
"Evangelical Author Puts Progressive Spin On Traditional Faith"
"Reaching For Legitimacy In the Immigrant Economy"

Washington Times:
"Unanswered Questions Of September 11"
"Mayoral Hopefuls Sprint To Finish"
"Cardin, Mfume Eye Prize"
"New college program brings Saudis to U.S."
"Florida County Plans Futuristic Incinerator

Detroit Free Press:
"Five Years Later: Our Grief Turns To Strength, Hope"
"Mulally Hire Lets Ford Get Back To Big Picture"
"Gloomy Fans Expect Losing Lions, Poll Says"

Atlanta Journal-Constitution:
"Exodus, Morale Shake CDC"
"Macy's Raises Profile, Hackles"
"Did He Kill His Wife?"
"Fulton Inmate 'Disappeared,' Then Died In Cell"
"Five Years After 9/11"
"Cuddly Cub Takes Focus Off Zoo's Prickly Problems"

Dallas Morning News:
"When First Plane Struck, A Generation Came Of Age"
"Is U.S. Winning War On Terror?"
"Campaign Against Child Sex Predators Draws Critics"
"Billionaire Pickens In His Prime — Once Again"
"U.S. Says Baghdad Deaths Fall But Isn't Counting Car Bombs, Mortar Attacks"
"Swiss Ave. Estate Sale Draws Hundreds"

Houston Chronicle:
"HPD's New Rules Risk Safety But Nab Criminals"
"Car Crashes Biggest Killer Of Children In Houston"
"Polls Show Perry's Rivals Aren't Closing The Gap"
"Silicosis attorneys Accused Of 'Double Dipping'"
"At last, Shuttle Atlantis En Route To Space Station"
"Texas Duo Says Farming Worth It, Despite Drought"

Story Lineup From Last Night's Network News:
ABC: Pre-empted by NCAA football.
CBS: Senate Report on Al Qaeda-Iraq; Pennsylvania Immigration Debate; Hewlett Packard Scandal; Shuttle Launch; Richardson Frees Journalist; Post-9/11 Civil Liberties; Profile of 9/11 Victim.
NBC: Pre-empted by NCAA football.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Lays wreath marking the 5th anniversary of 9/11. Ground Zero, New York.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 7 - 11. 9/11 ANNIVERSARY RELATED EVENTS. Highlights: 1:30 p.m. - 6 p.m. National religious leaders hold a ``Unity Walk," to mark the anniversary. Starts at 1:30 p.m. at Washington Nebrew Congregation, 3935 Macomb St. NW. Stops at Washington National Cathedral at 2:45 p.m. Stops at Islamic Center, 2551 Massachusetts Ave. NW at 3:30 p.m. Finishes at the Gandhi Memorial Statue, Massachusetts Ave. at 21st St. NW. at 5:30 p.m. Contact: Daniel Tutt, 202-244-5006.

6:30 p.m. National Freedom Walk. Begins on the National Mall and finishes at the Pentagon with a tribute by Opera Singer Denyse Graves and an illumination ceremony. The illumination ceremony will include 184 beams of light to commemorate each life lost in the attack on the Pentagon and each light will remain lit throughout September 11.

7:30 p.m. 2nd annual America Supports You Freedom Walk. Starts at the Washington Monument, across Arlington Memorial Bridge to the Pentagon crash site. Contact: Michelle Shortencarrier, 202-615-7152.

Sept. 8 - 10. MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 9:30 a.m. Discussion on youth and the future of U.S.-MUslim world relations, with Akbar Ahmed, American University; Shadi Hamid, Project on Middle East Democracy; Hadia Mubarak, Islam in the Age orf Globalization Initiative; others. Location: Elliott School of International Affairs, 1957 E St. NW. Contacts: Seth Green, 202-270-6268.

Sept. 8 - 12. MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047, Kate Thomas, 703-620-6600 ext 231.

Sept. 9 - 12. ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace." Highlights: 6:30 p.m. Opening session, with Palesinian Amb. Afif Safieh, Lebanese charge d'affaires Carla Jazzar, and Iraqi Amb. Samir Sumaida'ie. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted. Contacts: Natasha Tynes, 202-429-9210.

Sept. 9 - 10. 8:30 a.m. - 8 p.m. NEGRO WOMEN _ The National Council of Negro Women host its 21st Annual Black Family Celebration, a free, outdoor event focusing on the historic strengths and traditional values of the black family. Highlights: 8:30 a.m. Ecumenical prayer service. 12 p.m. - 6 p.m. Celebration activities. 6 p.m. - 8 p.m. Gospel concert. Location: National Mall between 7th and 14th Streets NW. Contacts: Starla Stiles, 202-466-6040.

Sept. 10 - 12. JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 2 p.m. John Bolton, U.S. Ambassador to the United Nations; and Dan Gillerman, Israeli Ambassador, speak on ``New Political Realities of the U.N." Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jessica Rosenblum (202-279-0005), 202-265-3000.

Sept. 10 - 12. WATER SECURITY _ American Water Works Association holds Water Security Congress. Location: Omni Shoreham. Contacts: Greg Kail, 303-913-0063.

Sept. 10 - 14. MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Mohit Ghose, 202-778-8494

10 a.m. BLACK WOMEN _ The National Congress of Black Women holds its 2nd annual awards brunch, honoring Sen. Hillary Clinton and ``First First Lady of Gospel," Shirley Caesar. Location: Washington Renaissance Hotel, 999 9th St. NW. Contacts: LaVita Simpson, 202-365-8694.

10 a.m. ISRAEL-ABDUCTED SOLDIERS _ Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser, addresses the National Synagogue. Following the speech, congregation will recite prayers on behalf of all three kidnapped soldiers. Location: 1600 Jonquil St. NW. Contacts: Shmuel Herzfeld, 202-812-8900.

1 p.m. - 5 p.m. SMITHSONIAN-``BANDING TOGETHER" _ Media preview and opening of Smithsonian exhibition ``Banding Together: School Bands as Instruments of Opportunity." Participants include historian Camille Akeju; and Dorothy Marshak, founding director of Community Help in Music Education. Location: 1901 Fort Pl. SE. Contacts: Marcia Baird Burris, 202-633-4869.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 10, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Gonzales Urges Strength, Cooperation In Anti-Terrorism Efforts. In an op-ed in the Chicago Tribune (9/10), Attorney General Alberto Gonzales writes, "Anniversaries, whether celebratory or somber, are times to reflect, but more important, to look forward. … On Monday, our enemies are certain to be doing just that. We must as well." Gonzales continues, "The terrorist network views Sept. 11, 2001, as a success to be matched or exceeded. They are, we are quite certain, planning future large-scale attacks right now, today--as our nation remembers and honors the victims of Sept. 11. The killers' approach is dangerously flexible; they are always seeking new angles from which to strike. … Their flexibility makes them a considerable opponent. Our flexibility, cohesion and resolve must be stronger than theirs to win this war. … Our network--made up of federal, state, local and international law enforcement and intelligence organizations--proved itself to be quite agile after the Sept. 11 attacks shocked the conscience of the world. We quickly put into place new structures while tearing down walls that had slowed or even halted intergovernment communication. Our military moved quickly to tear down Al Qaeda's 'home base' in Afghanistan. … We destroyed training camps, cut off funding channels and disrupted means of communication. We have captured or killed many of Al Qaeda's key leaders." Gonzales adds, "Our counterstrikes have forced the enemy to reorganize and take a new approach; such is the course of an extended war with a clever and patient enemy. … The Internet is an important tool for terrorists. Extremist Web sites are inspiring disaffected souls in neighborhoods all over the world to join a global fight that is a perversion of the good faith of Islam. … This new trend is a serious threat. From London to Madrid to the U.S., we are seeing evidence of the trend, but our network has already found ways to deal with it. We have disrupted plots and put homegrown radicals behind bars. In early August, British authorities disrupted what would have been a major terrorist attack with massive casualties. … As the homegrown threat continues to develop, we must outpace the terrorists' level of organization and sophistication--because when our network is really working together, we can uncover and disrupt their deadly activities. Disruption and prosecution are the keys to protecting the American people from homegrown radicals." Gonzales concludes, "The U.S. government and its citizens must be good, trustworthy neighbors to Muslim communities. Building strong relationships can take years, and we are really just beginning. This step will make identifying and investigating radical elements faster and more efficient for law enforcement. Ultimately, it will help disrupt terrorist plots. … There can be no question that it takes a network to defeat a network. As we look forward on this anniversary, let's also look to each other and reinforce the ties that make our network stronger than theirs."

Military Lawyers And Senators Fault Bush Detainee Plan. The Washington Post (9/10, A19, Babington, Smith, 748K) reports, "President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition Thursday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice. The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee." A GOP Senate aide predicted that Sens. John Warner, John McCain, and Lindsey Graham would find it difficult to defend a "bloodless legal principle" against the "politically popular idea" of convicting perpetrators of 2001 "atrocities"; however, USMC staff judge advocate Brig. Gen. James Walker said in support of the senators, "I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him."

Bill Would Reduce Limits On CIA Interrogations. The AP (9/9, Flaherty) reports, "To many of President Bush's allies, it is time to free intelligence officials from 'legislative purgatory' and get the CIA back in the business of effective interrogations of suspected terrorists. That chance could come this week if the Senate takes up a White House proposal limiting the punishable offenses that CIA interrogators may face when questioning 'high-value' terrorist suspects." Interrogators would not be punished for "harsh techniques that critics contend potentially violate the Geneva Conventions, which govern the treatment of war prisoners. These methods include hypothermia, stress positions and 'waterboarding,' a practice of simulated drowning." The AP reports objections by human rights and legal experts that the plan "would undermine the 1949 Geneva Conventions." It speculates, "The effort is seen by many critics as an election-season push to expand his authorities to monitor suspected terrorists at a time when lawmakers from both parties are selling themselves as tough on terrorism."

Disputes Flared Over Interrogation Of Abu Zubaydah. The New York Times (9/10, Johnston, 1.21M) reports that when "bloodied and feverish" Osama bin Laden "henchman" Abu Zubaydah was interrogated by US forces in

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2002, he was "subjected to coercive interrogation techniques — he was stripped, held in an icy room and jarred by earsplittingly loud music." President Bush touted the questioning of Zubaydah; however, the Times alleges that interviews of former and current officials show his interrogation "was fraught with sharp disputes, debates about the legality and utility of harsh interrogation methods, and a rupture between the [FBI] and the C.I.A. that has yet to heal." FBI agents who had uncoercively questioned Zubaydah first "angrily protested the more aggressive approach" adopted by CIA interrogators, "arguing that persuasion rather than coercion had succeeded."

Due Process For Detainees Is Discussed. In a New York Times Week in Review article (9/10), legal scholar Jeff Rosen quotes the diverse views about "how to try the 14 terror suspects recently transferred from Central Intelligence Agency prisons to military custody at Guantánamo Bay." Opinions range from those of administration supporters like former Bush administration official John Yoo, who "argue that national security cannot be compromised," to those of critics like Canadian John Barrett, who contends, "At Nuremberg, there was no secret evidence and no closed proceedings that the defendants' counsel was excluded from." South African jurist Richard Goldstone concedes that the right "balance of fairness and control" is hard to strike.

In the Washington Post Outlook section (9/10, B2), Slate columnist Dalia Lithwick reviews Judge Richard Posner's new book "Not a Suicide Pact: the Constitution in a Time of National Emergency." She faults Secretary Rumsfeld's "nasty attacks on war critics" and the administration's failure to recognize "that important freedoms are lost [in the GWOT]; that waterboarding prisoners is more than 'tough, and . . . safe, and lawful' or that programs such as the National Security Agency's warrantless surveillance of citizens carry a price." While Posner, in her view, puts "a price tag on everything," he deserves praise for "his essential project -- the notion that fundamentalist terrorism is not quite a crime, and not quite a war; and that new systems require meticulous calibration," which Lithwick finds "vastly preferable to the all-or-nothing vision of Bush and his lawyers."

Informants Said To Exert Unusual Power In Terrorism Probe. The San Francisco Chronicle (9/10, E - 5, Bulwa) reports, "From Lodi to New York, many terrorism investigations since the attacks of Sept. 11, 2001, have shared a similar plot line. … An informant posing as an Islamic radical gets close to one or more Muslim men. The informant spouts anti-American rhetoric, speaks favorably of terrorism or even offers to provide supplies or weapons. If he is successful in drawing out his targets, arrests are made, even if the suspects lack a firm plan or the means to carry out an attack." The Chronicle continues, "Other steps that authorities have taken since 2001 to head off terrorist strikes -- such as airport screenings and stepped-up surveillance of landmarks, ports and public transportation -- have garnered plenty of attention. But the use of informants has figured more prominently in arrests of suspected plotters. … The scenario has placed informants in an important and contentious role. Though informants have long been central to infiltrating organized crime, they have exerted unusual power in terror probes, according to experts who have followed the investigations. Many of the resulting criminal cases have rested heavily on conversations, not overt actions." The Chronicle adds, "Defense attorneys say informants are often under intense pressure to deliver a case because they are either being paid or have agreed to cooperate to avoid punishment for their own crimes. Some plots wouldn't have hatched at all without an informant's provocation, say the attorneys, though they concede that such saber-rattling is not illegal. … The use of informants is a sore subject among many Muslims in the Bay Area. Some say the whole community should not be targeted because of the actions of a few extremists, and they worry that such scrutiny could alienate ordinary Muslims and make them reluctant to volunteer information to law enforcement." The Chronicle notes, "U.S. Deputy Attorney General Paul McNulty, addressing the American Enterprise Institute in May, said the Justice Department had charged 435 people and had won 253 convictions in cases related to international terrorism since September 2001. … Citing a computer-aided review of data, the Washington Post reported that most of the defendants were charged with minor crimes unrelated to terrorism. But McNulty said his agency had used 'the full arsenal of tools Congress has given us,' including immigration charges."

Moussaoui Attorney Discusses Frustrations Of Case. The Santa Cruz (CA) Sentinel (9/10, Townsend) reports, "The trial of al-Qaida conspirator Zacarias Moussaoui decimated Alan Yamamoto's law practice. … It wore him down physically. It drained him emotionally. … He was so exhausted after the trial, he didn't talk about it for months. … But last week, the Watsonville (CA) High School graduate was ready to speak about the years he spent defending a man who vowed to kill Americans, despised his defense team, taunted the families of the victims of 9/11 and admitted allegiance to Osama bin Laden. A man who greeted his attorney each day with the words, 'Curse you, Yamamoto.'" The Sentinel continues, "In a telephone interview from his one-man law office in Alexandria, Va., the only member of the defense team to whom Moussaoui would talk spoke about the man behind the courtroom rantings; about a moment in the trial that surprised him; about his client's mental health; why he won't write a book about the case; and why he

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thought the years-long trial was a waste of taxpayer money. .. .His words came even as President Bush was upping the stakes with Congress over trying terror suspects through military tribunals to avoid what occurred in the Moussaoui case — the release of classified information to attorneys defending clients in those cases. … 'No, I'm not bitter,' the 61-year-old Yamamoto said of the years he spent helping defend Moussaoui. 'I just think it was a waste of money, that's all. I was too busy to be bitter.'"

Baltimore Suburbanite Winds Up As "High Value" Gitmo Detainee. The Washington Post (9/10, Rich, Eggen, 748K) reports on Majid Khan, an Owings Mill High School graduate who, "now 26, is one of the 14 'high-value' terrorism suspects transferred Monday to the U.S. detention facility at Guantanamo Bay, Cuba." Khan is accused of being "a figure who had contact with terrorist operatives from Pakistan, Indonesia and elsewhere. U.S. officials also allege that Khan took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks." His new status "shocked" those who had known him, including his father and a teacher.

WPost Publishes List Of Gitmo Detainees. The website of the Washington Post (9/10, 748K) gives a link to a list of "Names of the Detained in Guantanamo Bay, Cuba." The Post writes, "On May 15, 2006, the Pentagon released to the Associated Press the first comprehensive list of everyone who has been held at Guantanamo Bay, more than four years after it opened the detention center. Two-hundred and one of the names had not been disclosed by the Defense Department before. That more complete register follows below."

Egyptian Falsely Jailed Following 9/11 Recounts Incident. The AP (9/10, Hays) reports, "They were different men going in different directions — one a visiting Egyptian student on scholarship, the other an ex-cop in a dead-end job as a hotel security guard. But an aviation radio left in a high-rise hotel brought Abdallah Higazy and Ronald Ferry together in an unfortunate footnote to the Sept. 11 terrorist attacks." The report adds, "In his zeal to fight terror, Ferry twisted the truth about the radio — capable of contacting commercial pilots from the ground — and triggered an investigation that needlessly landed Higazy in jail for a month. Five years later, Higazy, 35, is back in Egypt, where he views his case as a parable about the false suspicions endured by innocent young Arab and Muslim men following the attacks."

Pakistan Official Defends Country's Counter-Terrorism Vigilance. In a letter to the editor of The New York Times (9/10, 1.21M), Pakistan Mission to the U.N. (Press) Minister Mansoor Suhai writes, "Pakistan joined the coalition to fight terrorism because of its own conviction and vital national interest. We have killed or captured more than 680 foreign Al Qaeda terrorists." Suhai adds, "We have banned all organizations that were suspected of involvement in terrorism. … Through a comprehensive military, political and economic strategy, Pakistan is succeeding in the endeavor to end support for the Taliban in our frontier regions." Suhai adds, "Exerting undue pressure on Pakistan to "do more" is unnecessary and likely to be counterproductive. … The American media should be doing more to support Pakistan's economic and social success, rather than playing the blame game."

PATRIOT ACT:

Debate Over Patriot Act Pits Security Over Civil Liberties Concerns. The Columbus Dispatch (9/10, Tullis) reports, "It's there, protecting you, helping law enforcement investigate drug dealers, murderers and terrorists. It doesn't inconvenience you — unless you're evil. … Or, it's there, lurking in the background. You don't know when the government is snooping through your bank accounts and your library records. You will likely never know. … So go the arguments for and against the USA Patriot Act, the first of several laws passed under the banner of fighting terrorism after 9/11." The Dispatch continues, "The American Civil Liberties Union and other privacy advocates cried foul when the act passed with only one dissenting vote in the Senate. They vowed court challenges and said American civil liberties were no longer safe. … 'We didn't realize the Patriot Act was just the beginning,' said ACLU spokeswoman Chris Link. 'It's not about the Patriot Act anymore. It's about the Patriot Act and the expansion of presidential powers.'" The Dispatch adds, "One month after the Patriot Act became law, Congress passed the Aviation and Transportation Security Act, which created the Transportation Security Administration, the agency that makes you take your shoes off and dump your shampoo at the airport. … As for the Patriot Act, law enforcement continues to hail it as a useful tool and, in some cases, terrorist-fighting weapon. The FBI cites Iyman Faris, the Columbus truck driver convicted in 2003 of conspiring with terrorists, including a plan to blow up the Brooklyn Bridge. … FBI spokesman Michael Brooks said the agency sent national security letters to electronic communication service providers and financial institutions to obtain information about Faris. Also, intelligence agents shared information they had on Faris with the FBI. Both steps used new powers in the Patriot Act. … Faris' attorney, David B. Smith, said it was his client's confession that he was an al-Qaida operative, not the Patriot Act, that did him in. Faris, who is serving 20 years in a federal prison, has recanted the

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confession and asked a federal judge to vacate his guilty plea."

The San Jose Mercury News (9/10, Hull) reports, "The Patriot Act. Airport watch lists. Special registration by the INS. Detention. Extraordinary rendition -- sending terrorism suspects outside the United States for interrogation. Torture. Surveillance. Combing through phone calls, bank records and e-mail. … The attacks of Sept. 11, 2001, led the Bush administration to declare G-WOT, government shorthand for the 'Global War on Terror.'" The News continues, "Five years later, G-WOT is far from over, and Sept. 11 has changed the landscape of civil liberties, influencing its culture of dissent and robust political debate, and the rights to privacy and a fair trial. .. . The U.S. government has greatly expanded its ability to collect information about its citizens as it looks for possible terrorists in our midst. It tracks travel and spending patterns, overseas phone calls, financial donations and e-mail. … Proponents say these measures are critical to preventing further attacks on U.S. soil, and legal scholars with the Bush administration argue that they are permitted because the president has unilateral war powers. Measures like surveillance are seen as key weapons in the arsenal. … 'The conflict against Al-Qaida is, in fundamental respects, a war of information,' said Attorney General Alberto Gonzales in a January speech at Georgetown University. 'We cannot build walls thick enough, fences high enough or systems strong enough to keep our enemies out of our open and welcoming country. . . . We have to collect more dots, if you will, before we can "connect the dots."' … But critics warn the potential for abuse is enormous, because various government programs are conducted in secret with little congressional or judicial oversight. … 'What's at stake are core American values: the fundamental right to freedom of expression, privacy, due process,' said Dorothy Ehrlich, executive director of the American Civil Liberties Union of Northern California. 'The core values of our democracy are under assault.'"

HOMELAND RESPONSE:

Bush Says US Safer, Calls For Congress To Pass Plan To Prosecute Terrorists. President Bush in his radio address described the Administration's efforts to improve national security after the 9/11 attacks and called on Congress to pass his plan to use military tribunals to prosecute terrorists. Bush's remarks were carried by the wire services and the Washington Times, but a much larger number of articles and opinion pieces examined the Administration's record, mainly in a negative light.

The AP (9/10) reports Bush said prosecuting terrorists would "send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice. … As we bring terrorists to justice, we're acting to secure the homeland." He "has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice. However, some Republican moderates on defense issues, including Senators John Warner, John McCain, and Lindsey Graham, have agreed with the Pentagon lawyers that Mr. Bush's plan may go too far.

The Washington Times (9/10, Curl, 88K) in an article detailing Bush's upcoming schedule to commemorate the 9/11 attacks reports Bush said "that a CIA detention program to interrogate terrorism suspects, which was at issue, had been 'invaluable' in efforts to prevent another attack on the United States." I the Democratic radio address Rep. Sherrod Brown focused on the "increasingly unpopular Iraq war with voters." Brown said the US "must refocus our efforts on the war on terror by ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda."

Bloomberg (9/10, Dodge) notes, "Bush said Americans are safer now than before the Sept. 11 terrorist attacks five years ago because of steps taken by his administration." But while Bush said, "We've acted to address the gaps in security, intelligence and information sharing that the terrorists exploited in the 9-11 attacks," Rep. Brown said the US "is not nearly as safe as we can be and we must be." Bush has recently made a number of speeches on national security "to help his party hold majorities in the House of Representatives and the Senate in midterm elections in November. With public approval of the war in Iraq waning and Bush's approval ratings near record lows, Democrats have a chance at taking control in Congress and dealing a major blow to the White House."

Negroponte Touts Improvements In US Intelligence Capabilities. Echoing and highlighting Bush's message that the US is safer, National Intelligence Director John Negroponte in an op-ed in the Washington Post (9/10, B7, 748K) writes, "Is our nation's intelligence community better prepared to keep America safe? The answer is yes. U.S. intelligence has made major advances since that Sept. 11." The Sept. 11 commission and the Robb-Silberman WMD commissions "offered a vision for 21st-century intelligence that we have fully embraced. We are 'connecting the dots' both nationally and internationally, integrating counterterrorism analysis across the intelligence community, and removing bureaucratic barriers to information-sharing. This is a tall order. But the American people should understand that the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11."

Bush Seen As Gaining Traction After War On Terrorism Speeches. Julie Mason in her "White House Watch" column in the Houston Chronicle (9/10, 535K) reports, "Just about a week into his drive to highlight terrorism and national security, President Bush appears to be getting some new political traction. A CBS News/New York Times

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poll found 55 percent of Americans approve of how Bush is handling the anti-terrorism campaign, a slight increase from last month." And "Bush's grim rhetoric on terrorism, echoed and in some cases amplified by Vice President Dick Cheney and other administration officials, also could serve the GOP by eroding gains Democrats have made recently on their handling of national security issues."

Public Accepts Security Measures Despite Civil Liberties Concerns. The CBS Evening News (9/10, story 8, 3:20, Mitchell, 7.66M) reported that before the 9/11 attacks random passenger searches at subway stations would have been "unthinkable" and the ACLU has sued to stop them, "In fact, not one person we talked to had any complaints about the bag searches. And the new CBS News poll" released August 6th "finds 68% of Americans understand they will to trade freedom for security. But it doesn't mean they like it. More than half say they're at least somewhat concerned about losing liberties. One in four is very concerned." Despite reports of increased monitoring by the FBI and NSA, in New York's subway system, "commuters seem to think current measures are right track." Passenger Eric Miller: "People make a big deal — the only people worried about it are the people doing wrong things."

Questions Raised About Threat To US Of Terrorist Attack. The New York Times (9/10, 1.21M) for the second day downplays concerns about the threat of another terrorist attack on the US. In a "Week in Review" article titled "Adding Up the Ounces of Prevention" Scott Shane and Lowell Bergman say the consensus of counter-terrorism experts is "that the government's actions over the last five years -- from the dismantling of camps run by Al Qaeda and the decimation of its leadership, to the tightening of visa and border controls, to the scores of terrorism-related prosecutions -- have made the country a harder target." Yet "this very success has led to a new debate. The government says the record vindicates its prevention strategy -- to intervene long before an attack is imminent. Its critics assert that officials have exaggerated the threat posed by some accused plotters, painting hapless misfits as Qaeda operatives." The threat of terrorism remains, yet "five years of evidence suggests that the terrorist threat within the United States is much more modest than was feared after 9/11."

Threat Of Terrorist Attack Against US Seen As Serious. In contrast to the New York Times, the AP (9/10, Jordan) reports, "The threat of terrorism against the United States remains chillingly lethal five years after 9/11, and officials predict another massive attack is not a matter of if -- but when." The AP notes, "Despite a government overhaul and more than $250 billion spent to bolster security on airlines, at borders and in seaports, few doubt al-Qaida's intent to strike the U.S. again. That the nation hasn't been hit since Sept. 11, 2001, may say as much about terrorists' patience as it does about steps taken to stop them." Despite increased security and the disruption of "high-profile plots," some "glaring gaps in the security net remain." DHS Secretary Michael Chertoff "points to strides made in sharing intelligence and screening passengers and cargo on flights and at seaports as proof that the country has been made safer without shutting down commerce. Yet he acknowledges more needs to be done in his agency that largely grapples with reacting to past crises while also thinking about what terrorists might try next."

The Los Angeles Times (9/10, McManus, 918K) asks in a 2,323-word article, "Five years after Sept. 11, is the United States winning the war against Al Qaeda? President Bush says yes, but most experts -- including many inside the U.S. government -- say no." While the US has made "life difficult" for Al Qaeda leaders, its "successes have been mostly tactical, short-term gains -- the equivalent of winning the first few battles in a long war. On longer-term strategic issues, they warn, the U.S. may have lost ground since 2001."

Houston US Attorney, FBI SAC Urge Citizens To Report Suspicious Behavior. The Houston Chronicle (9/10, Rice) interviewed US Attorney Don DeGabrielle and FBI Houston SAC Roderick Beverly, asking each "whether authorities still urge people to call about suspicious activities." Beverly: "Absolutely. You know, I think the greatest threat to the American people today is the threat of complacency. We continue to encourage people to be vigilant and report suspicious activities to their local police and the FBI." DeGabrielle: Fortunately, a lot of (tips) turn out to be nothing. But we would rather err on the side of caution. … I'm certainly not encouraging crank calls, and I'm not encouraging people to call when there is absolutely no reason to do so. But people in neighborhoods know what is normal in the area, and they sometimes are best suited to seeing something out of the ordinary."

Questions Remain About Motivations Of 9/11 Hijackers. The Washington Times (9/10, Scarborough, Seper, 88K) in a 2,258 word front page article reports that despite the efforts of the FBI and the 9/11 Commission "the deaths of all 19 hijackers denied probers interrogations that likely would have produced even more information on the planning and on" al Qaeda. Former 9/11 commissioner Lee Hamilton said another part of the plot remains a mystery. The hijackers devoted one plane, United Flight 93, to a target in Washington, D.C. But which one?" It "is important because al Qaeda tends to revisit targets."

No Progress Made In Hunt For Bin Laden. The Washington Post (9/10, A1, Priest, Tyson, 748K) in a 3,060 word front page story titled "Bin Laden Trail 'Stone Cold'" reports, "The clandestine U.S. commandos whose job is to capture or kill Osama bin Laden have not received a credible lead in more than two years. Nothing from the vast U.S. intelligence world -- no tips from informants, no snippets from electronic intercepts, no points on any satellite image -- has

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led them anywhere near the al-Qaeda leader, according to U.S. and Pakistani officials." So "in the last three months, following a request from President Bush to 'flood the zone,' the CIA has sharply increased the number of intelligence officers and assets devoted to the pursuit of bin Laden." But according to former and current counterterrorism officials "no one is certain where the 'zone' is." Later in the article the Post cites an unidentified source as claiming Secretary of Defense Donald Rumsfeld, whose "sense of territoriality has become legendary" blocked cooperation in the hunt for bin Laden and says that in 2004 he "finally won the president's approval to put SOCOM in charge of the 'Global War on Terrorism'" but now "no one person is in charge of the overall hunt for bin Laden with the authority to direct covert CIA operations to collect intelligence and to dispatch JSOC units. Some counterterrorism officials find this absurd. 'There's nobody in the United States government whose job it is to find Osama bin Laden!' one frustrated counterterrorism official shouted. 'Nobody!'"

Al Qaeda Believed To Be Centered In Pakistan-Afghanistan Border Region. David Rohde in a "Week in Review" article in the New York Times (9/10, 1.21M) writes that while media attention has focused Iran, Iraq and Lebanon "hopes of gaining firmer control of a largely forgotten corner of the war on terrorism -- the lawless Pakistan-Afghanistan border region -- have quietly evaporated." American analysts are concerned about the recent truce Pakistan signed with militants because "Al Qaeda's surviving leadership is suspected of using the border areas as a base of operation to support international terrorist attacks, including possibly the July 2005 London subway bombings. Meanwhile, the Taliban leadership is widely believed to be using another border area to direct spiraling attacks in Afghanistan." Meanwhile, residents in southern Afghanistan are concerned about the US commitment and in 2006 the US "cut its aid to Afghanistan by 30 percent. Al Qaeda and the Taliban are no doubt betting that time is on their side."

US Urged To Increase Reconstruction Funding In Afghanistan To Beat Taliban. Peter Bergen, a Schwartz senior fellow at the New America Foundation, in an op-ed in the Washington Post (9/10, B1, 748K) writes the war in Afghanistan is "a conflict in which the fighting and ferocity are regaining strength with each passing month. Indeed, the U.S. military and NATO are now battling the Taliban on a scale not witnessed since 2001…and are increasingly fighting them in remote areas such as Larzab where the Taliban once roamed freely." But while Afghan residents remain "generally pro-American, the "risks of a slide into Iraq-style chaos remain. Averting it would require Washington to end the Afghan drug trade and compel Pakistan to crack down on the Taliban warriors' havens. These are both tall orders, but Washington could gain real leverage in the area of reconstruction. So far, it has appropriated only $9 billion for Afghan reconstruction, as compared with $34 billion for Iraq, even though Afghanistan is larger, more populous and has greater infrastructure needs. And of the appropriated amount, only $2.5 billion, a State Department official told me, has been spent."

More Commentary On Threat Form Border Region. In his column in the Los Angeles Times (9/10, 918K) Jonathan Chait says Pakistans agreement with the militants is a sign they "have thrown in the towel." Chait adds, "In related news, the Bush administration has decided to stake the 2006 elections on Bush's record of fighting terrorism. It sounds like a joke, but it isn't." According to Chait, Bush "let our worst enemies escape; he is on the verge of creating a terrorist haven in Iraq where none existed before; and this is the issue he picks to highlight. Why not run on his record of evacuating New Orleans?"

Experts Debate Whether US Is Safer From Attack. The issue of whether the Administration's efforts have made the US safer was the subject of much speculation in the major US newspapers Sunday morning. In particular, the New York Times and Los Angles Times sought the opinion of a combine 19 opinion leaders on the subject.

Among the opinions more favorable to the Administration, White House homeland security adviser Frances Fragos Townsend in the New York Times (9/10, 1.21M) writes, "Bush has transformed the way we fight terrorism and the tools we use." He "has strengthened and transformed the intelligence community, integrated our military and intelligence assets, and broken down the barriers that kept domestic law enforcement and intelligence agencies from sharing information."

And Israeli security expert Rafi Ron in the New York Times (9/10, 1.21M) agrees with President Bush's description of the war against terrorism as an international struggle and advocates terrorist profiling writing that "we must be less politically correct, and begin a program that looks for risks where they are most likely to be found. For example, it is crucial to identify high-risk airline passengers through all criteria -- including appearance and behavior -- and spend more resources on them, rather than maintaining an across-the-board, politically correct low level of search."

Harvard law professors Jack Goldsmith and Adrian Vermuele in the New York Times (9/10, 1.21M) write, "Offensive action abroad has protected the homeland. Our military presence in Afghanistan and our aggressive policies around the globe have seriously disrupted the enemy. Through a mix of military and paramilitary action, pre-emptive strikes, deterrent threats and surveillance we have captured many terrorist leaders, destroyed training camps and structures of communication and control, and uncovered valuable intelligence troves." They dispute the contention "that such offensive action feeds resentment and spawns more terrorism" because the "weak responses to Qaeda

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attacks on the Khobar Towers, the African embassies and the destroyer Cole, and our withdrawal from Somalia, emboldened the enemy and allowed it to organize and train for the 9/11 attacks."

But in more critical analyses, former German foreign minister Joschka Fischer in the New York Times (9/10, 1.21M) writes, "Immediately after 9/11, Al Qaeda seemed to be losing its battle with America and the West. Unfortunately, that changed when America invaded Iraq. The fight against the jihadists will not be decided simply on the battlefield; it will also be decided in the sphere of international legitimacy. We know that Islamic extremists celebrate death through martyrdom, and the killing of innocents. But what are we in the West fighting for?" Fischer states, "Against the new totalitarian challenge of Islamic extremism, we have to defend our values; and this means sticking to the values of our democratic societies, even under fire."

And former NSC staffer Jessica Stern in the New York Times (9/10, 1.21M) faults the decision to topple Saddam Hussein the al Qaeda manual "The Management of Savagery," "prescribes a strategy of forcing America 'to abandon its war against Islam by proxy' by provoking it into direct military confrontation with a Muslim country. When the United States attacked Iraq, it inadvertently 'expanded the jihadi current' just as Osama bin Laden's strategists had hoped."

Meanwhile, former DHS IG Clark Kent Ervin in the New York Times (9/1, 1.21M) says the DHS "has earned its reputation as the most dysfunctional agency in all of government. It has played little role in keeping us safe since 9/11." For example, the DHS played no role in foiling the British airliner plot.

Taking a more neutral tone, former 9/11 commission co-chairmen Thomas Kean and Lee Hamilton in the New York Times (9/10, 1.21M) write, "Our most important long-term recommendations involve foreign policy. First, preventing terrorists from gaining access to nuclear weapons, especially by stepping up efforts to secure loose nuclear materials abroad, must be our highest priority." In addition, "the long-term challenge is for America to stop the radicalization of young Muslims from Jakarta to London by serving as a source of opportunity, not despair. Too many young Muslims are without jobs or hope, are angry with their governments, and don't like the war in Iraq or American foreign policy."

Similarly former C.I.A. operations officer Melissa Boyle Mahle in the New York Times (9/10, 1.21M) writes, "During the last five years, our priority has been to beef up defenses and take the war to the terrorists. It's time to start discrediting Al Qaeda's ideology and offering Muslims nonviolent alternatives. The first step is to acknowledge that their grievances are legitimate and center on issues of dignity, economic disparity, border disputes and power alignment. The second is to acknowledge that our current approach is only helping Al Qaeda go mainstream."

Michael Sheehan, former New York City police deputy commissioner for counterterrorism in the New York Times (9/10, 1.21M) touts the new cooperation between Federal and local officials and writes, "To prevent the next attack in the United States we need a similar coordinated intelligence effort at home. In New York City, the F.B.I. and Police Department share this responsibility. And although they do not always love each other, they find ways to work together. The Police Department brings grit, creativity and street smarts to the investigative programs. The F.B.I. connects local efforts with information from national and international intelligence databases. Other cities should emulate their example."

Among the nine selected by the Los Angeles Times (9/10, 918K) Los Angeles police chief William Bratton is the most prominent. Bratton writes, "Upon my appointment as police chief here four years ago, I created the LAPD's counter-terrorism bureau. L.A. remains a primary target. On 9/11, I was working in the private sector -- on the outside looking in. I could grieve, but I couldn't make a difference. Now maybe I can help to prevent another 9/11. I never want to feel as helpless as I did on that day."

Regional Coverage Reflects Mixed Assessment Of Administration's National Security Efforts. The Pittsburgh Post-Gazette (9/10, Levin, 241K) in an article titled "For Most Of Us, Life After 9/11 Still Very Much The Same" reports, "The obvious changes -- increased airport security, secret wiretapping, tighter scrutiny of foreigners, world opinion of the United States, the higher cost of doing business -- have been absorbed fitfully by Americans." Yet "five years since the day that forever will be known simply as 9/11, life, in fact, remains very much the same." For example "Church attendance, volunteering, blood donations -- none changed appreciably in the past five years, despite the initial spike in numbers common following disasters. After a brief hiatus, partisan politics, government boondoggles, celebrity scandals and sports obsessions also returned."

The Boston Herald (9/10, Crimaldi, 203K) reports, "While terrorists have not struck on American soil since Sept. 11, 2001, security officials have not done enough to protect vulnerable targets such as trains, subways and the borders in the past five years, security experts said yesterday." They "agree it's less likely to see another "spectacular" attack, such as Sept. 11 or the USS Cole bombing in Yemen, but the country may face more enemies than it did five years ago."

In contrast, the Detroit Free Press (9/10, Crumm, 346K) reports, "The legacy of 9/11 moved far beyond the tidal wave of fear and anger that swept across the United States and set in motion changes in everyday life that are as diverse as Americans themselves." For example, "Before the 2001 attacks, Americans virtually never mentioned terrorism when

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Gallup pollsters asked them to name the most important problems facing the country. But it zoomed to the top of the list a month after 9/11, when nearly half of all Americans called terrorism the nation's leading problem. Now, the top worries Americans voice in the Gallup Poll are Iraq, at 26%, and fuel prices, at 15%."

The Baton Rouge Advocate (9/10, Dunne) notes, "Most of the parts are in place for better security, but there are still some problems putting them all together." For example, "Baton Rouge Metro Airport has more elaborate security, as anyone who has flown in the past five years knows. Chemical plants and refineries are better-guarded, and their gates harder to crash. Specialized teams are in place to help the area recover from disasters." Yet "some threats remain unaddressed. Railroad tank cars with hazardous chemicals such as chlorine still roll through neighborhoods, past schools and by the downtown River Center. Trucks full of chemicals zoom down highways."

Harry Levins in his column in the St. Louis Post-Dispatch (9/10, 300K) writes that "outside the indignity of removing one's shoes at Lambert Field's security checkpoints, most things seem unchanged. Indeed, some things are unchanged." After "almost five years of boots-on-the ground battling in Afghanistan, and more than three years of the same in Iraq, the Army and Marine Corps remain at their prewar strength of 13 divisions. To bolster the ranks, our friends and neighbors in the National Guard and Reserve have been summoned to arms." And "the hope for a burst of democratic change throughout the Middle East has so far gone unfulfilled."

Bill Clinton Blasts Bush's Record On Homeland Security At McCaskill Event. The St. Louis Post-Dispatch (9/10, Mannies, 300K) reports former President Bill Clinton "asserted here Saturday that if Republicans were serious about national security, they'd carry out the recommendations of the bipartisan 9/11 Commission instead of regularly using the issue to pound political opponents. … Clinton's jab appeared aimed, in part, at challenging the Republican-led effort to blame his administration for some of the government failures in advance of the terrorist attacks in New York and Washington five years ago Monday." Clinton "contended that the Republicans controlling the federal government for the past five years have talked tough but 'basically ignored' the security improvements that the commission said were necessary." The fundraising event "raised more than $1 million for state Auditor Claire McCaskill's campaign against U.S. Sen. Jim Talent."

Kerry Attacks Bush Record On Fighting Terrorism. The Washington Post (9/10, Balz, 748K) reports, "Sen. John F. Kerry (D-Mass.) yesterday urged the deployment of more U.S. troops to combat the growing Taliban threat in Afghanistan while accusing the administration of trying to salvage its congressional majorities by playing on public fears...rather than fixing what he said is a disastrous policy in Iraq." Kerry "said the Pentagon should deploy at least 5,000 more troops to help suppress the Taliban insurgency. He said allied forces there need more helicopters, drones, heavy equipment and reconstruction funds to help prop up the government in Kabul," accusing the US of pursuing a "cut-and-ran" strategy.

The Boston Herald (9/10, Atkins, 203K) says "Kerry yesterday blasted the Bush administration for war and homeland security policies that he said leave Americans more vulnerable to attack." He "accused the administration of using the tragedy that killed about 3,000 Americans to justify the war in Iraq." Kerry "called the London terror plot to blow up trans-Atlantic airplanes…an example of the need to bolster the focus on Afghanistan" saying, "The Bush-Cheney administration (has) cut and run even as we learn (the plan's mastermind) was an al-Qaeda leader operating from Afghanistan. … That's right - the same killers who attacked us on 9/11 are still plotting attacks against America, and they're still holed up in Afghanistan."

Post-9/11 Unity Perceived As Fleeting. The New York Times' Frank Rich (9/10) writes, "If you were in New York then [9/11], you saw it in the streets, and not just at ground zero, where countless thousands of good Samaritans joined the official responders and caregivers to help, at the cost of their own health. … This good feeling quickly spread to Capitol Hill, to red states where New York had once been Sodom incarnate and to the world, the third world included, where America was a nearly uniform object of sympathy and grief. At the National Cathedral prayer service on Sept. 14, 2001, President Bush found just the apt phrase to describe this phenomenon: 'Today we feel what Franklin Roosevelt called "the warm courage of national unity." This is the unity of every faith and every background. It has joined together political parties in both houses of Congress.' What's more, he added, 'this unity against terror is now extending across the world.' The destruction of that unity, both in this nation and in the world, is as much a cause for mourning on the fifth anniversary as the attack itself."

Will Recommends Novelist's Treatment Of 9/11. George Will, in his column for the Washington Post (9/10, B7, 748K), writes, "It has taken five years for Sept. 11, 2001, to receive a novelist's subtle and satisfying treatment, but it was worth the wait for Claire Messud's 'The Emperor's Children.' Her intimation of the mark the attacks made on the American mind is convincing because in her comedy of manners, as in the nation's life, that horrific event is, oddly, both pivotal and tangential."

WPost Says Bush Taking Wrong Approach With Broader War Against Terrorism. The Washington Post (9/10, B6, 748K) in an editorial faults President Bush's recent re-classification of the war against terrorism because while he "is mostly right about the stakes of the threat posed by

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Islamic extremism," he "skates over the enormous differences between Sunni terrorist networks and Iran." He "seems to understand better than he did five years ago that diplomacy and the promotion of democratic values are as important to winning the war as military action. But in insisting on maintaining the CIA's secret prisons and in asking Congress to cancel some of the protections from abuse granted prisoners by the Geneva Conventions, he risks perpetuating and compounding one of his greatest errors." He "could do the country a great service by using the remainder of his term to put the war against terrorism on a sustainable long-term course. But lumping disparate threats together, insisting on tactics that alienate allies and violate fundamental American values, and using the war as a partisan bludgeon makes for an unpromising start."

LAT Says Bush Right To Take Some Credit For Lack Of Attacks On US. The Los Angeles Times (9/10, 918K) in an editorial says many factors could account for the lack of another terrorist attack on US soil including "luck" but "Bush is correct when he says…that 'one reason the terrorists have not succeeded is because of the hard work of thousands of dedicated men and women in our government.' The president also is right to point to changes in the law -- most of them enacted with bipartisan support -- to break down walls between the FBI and the CIA and to extend to counter-terrorism investigations techniques that already had been authorized in criminal investigations." But the Times also faults the Administration for objecting to opposition to "particular provisions of the Patriot Act, interrogation techniques at Guantanamo Bay or the National Security Agency's warrantless wiretapping of Americans." The Times also applauds Congress and the courts for refusing "to rubber-stamp every initiative advertised by the administration as being essential to the war on terror" and credits the openness of US society for the lack of a significant home-grown terrorist threat.

NYC Prepares To Mark Attacks Anniversary, Receive Bush. The Minneapolis Star Tribune/AP (9/10) reports preparations are underway this weekend for Monday's commemoration of the fifth anniversary of the World Trade Center attack. According to the AP, "On the nearby Lower East Side, a firehouse made preparations for Monday's arrival of President Bush, part of his two-day visit to the city. Nicknamed 'Fort Pitt,' the base for Ladder 18, Engine 15 and Battalion 4 will host Bush for a Sept. 11 breakfast. On Saturday, the firehouse's two front doors sported a new coat of fire-engine red paint. Contractors used power washers to clean the brick facade and bagpipers practiced on the second floor. There were no visible signs of security as locals strolled past and visitors stopped to chat with the firefighters. That will change by Monday morning, when Bush shares breakfast with 25 firefighters, 25 police officers from the adjoining 7th Precinct and 25 Port Authority police officers. The president was scheduled to arrive in New York on Sunday and lay a wreath at ground zero."

Flight 93 Families Buy First Parcel Of Land For Memorial. The Philadelphia Inquirer (9/10, Worden, 399K) reports, "Families of Flight 93 have sealed a deal on a postage-stamp-size parcel that would be the first tract bought for a memorial to the 40 people on board the United Airlines jetliner when it slammed into the ground near here Sept. 11. The purchase of the three acres - only a fraction of the 2,200 planned for the Flight 93 Memorial park - is largely a symbolic gesture. But to many it is a sign that, at long last, the acquisition of land to honor the passengers and crew who thwarted an attack on Washington is gaining momentum." Memorial supporters "have overcome opposition to the park's size and cost, but federal funding has yet to flow to the National Park Service, which is overseeing the site's creation."

Some Minnesotans Have Personal Connection With 9-11 Attacks. The Minneapolis Star Tribune (9/10, Von Sternberg, 398K) reports, "For most Minnesotans, 9/11 was a remote event, witnessed on television or read about in a newspaper. For a few, it was immediate, awful and sometimes life-changing. Here are some of their stories." The article lists some stories of Minnesota natives who suffered directly from the attacks, such as Beverly Burnett, "the mother of Tom Burnett, who famously helped lead the passenger insurrection on United Flight 93, causing the plane to crash in Pennsylvania, short of its intended target in Washington, D.C. She and her husband, Tom Sr., live in Northfield."

South Florida Residents Remember Experiences. The South Florida Sun-Sentinel (9/10, Collie, Bauza, 265K) reports, "Five years after Sept. 11, six South Floridians continue to rebuild their lives and mend their broken hearts. Each has moved from grief and shock to finding a new perspective on life and a way to honor those who died that day. It's the sound of a plane overhead that makes Corneliu Vaduva flinch." He "was in front of the south tower when the first plane hit its twin at 8:46 a.m. The explosion sent airplane parts, building debris and body parts onto the street in front of him. Soon he heard the thud of bodies as office workers jumped to their deaths."

Families Of Victims Protest Treatment Of Remains. The Atlanta Journal-Constitution (9/10, Ho, 399K) reports, "Near Ground Zero, where their loved ones died nearly five years ago, families of victims blamed city officials Saturday for allowing human remains to stay entombed at a closed city garbage dump without proper burial. Of the 2,749 people killed in the terror attacks at the World Trade Center, the remains of about 1,150 were never found or identified. While some family members have for years pushed for a fuller

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accounting, their efforts have intensified in the weeks leading up to the fifth anniversary of the attacks on Monday. The discovery in recent months of about 760 body parts, mostly small bone fragments, at a nearby damaged skyscraper slated for demolition has fueled their outrage."

Bloomberg Unhappy With New Laws Covering Ground Zero Workers. The New York Times Magazine (9/10, Mahler) reports in a 7,400-word article about Mayor Michael Bloomberg's vision for New York, "That afternoon, the mayor was focused on new state legislation aimed at making it easier for workers who claim they developed illnesses while cleaning up the World Trade Center site to collect benefits. Bloomberg was conspicuously absent from the ground-zero press conference the day before at which Governor Pataki signed the bills into law, and the mayor then proceeded to denounce the laws as fiscally unsound. 'I have a legal responsibility to make sure the public's money is spent wisely,' the mayor told me, stuffing a slaw-laden Saltine into his mouth. 'You're either going to have to raise taxes or cut services for this. We're talking about $10 to $15 million a year. Do you know how many teachers or firefighters you can get for that?'"

US Saying Little About Florida Ties To 9/11 Attacks. The Palm Beach Post (FL) (9/10, Kleinberg) reports, "On July 5, 2001, a Delray Beach (FL) police officer pulled over a motorist for speeding. He let the man go with a warning. The pre-printed caution on it read in part: 'Take a minute and consider how your careless driving affects the people you share these streets with and try to help make our streets a safer place to be.' Nine weeks later, the motorist, Mohamed Atta, helped pilot American Airlines Flight 11 into the north tower of the World Trade Center." The Post continues, "For South Florida, the horror of Sept. 11 was compounded by the realization that at least 15 of the 19 hijackers were at one point living in the region — 12 of them in Palm Beach County. … But we know little more than that. … The federal government has told what it learned about the movements of the 19 hijackers in Hamburg, Germany; in San Diego; and in Maine. But not what they were doing here." The Post adds, "Terrorists rented apartments and hotel rooms, opened bank accounts, rented cars. Several had arrest warrants for traffic violations. They took flying lessons in at least six Florida cities. They took in naked lap dancers, intimidated hotel maids, gave waitresses lousy tips and argued with bar managers. They went on the Internet in a city library. And one quizzed a pharmacist about how to relieve mysteriously irritated hands. … But people who were interviewed when FBI agents swarmed across South Florida in the days following the attacks said in recent weeks that, if the investigation is ongoing, it's news to them. They said no one has contacted them since a few weeks after the attacks. … The U.S. Justice Department, parent agency of the FBI, has rejected three separate attempts by The Palm Beach Post to obtain documents under the federal Freedom of Information Act — in October 2001, November 2004 and May 2006. An appeal of the 2001 rejection was denied; the appeal of the 2006 rejection is pending. … Justice was not the only federal agency queried. Wanting to cover all possibilities, The Post submitted requests to more than 75 entities, from Amtrak to the Peace Corps to the State Department."

Washington State Ferries Are A Potential Terror Target. McClatchy Newspapers (9/10, Blumenthal) report that though security in Washington state has improved following 9/11, "the ferries plying the waters of Puget Sound remain vulnerable, and intelligence suggests that terrorists are conducting surveillance and the ferries could be a target. FBI and homeland security officials said no terrorist plots had been uncovered, but in the three years after Sept. 11, the FBI reviewed 157 'suspicious incidents' involving the Washington state ferry system, the nation's largest." According to the report, "Of those, seven were classified as having an 'extremely' high likelihood of being pre-operational planning, 11 were classified as a 'high' likelihood and 49 as 'medium,' according to briefing documents provided in late August to members of the House Homeland Security Committee."

After Post-9/11 Dip, Number Of Arab Immigrants Up Sharply. The New York Times (9/10, Elliott, 1.21M) reports, "The events of Sept. 11 transformed life for Muslims in the United States, and the flow of immigrants from countries like Egypt, Pakistan and Morocco thinned sharply. But five years later, as the United States wrestles with questions of terrorism, civil liberties and immigration control, Muslims appear to be moving here again in surprising numbers, according to statistics collected by the Department of Homeland Security and the Census Bureau." According to the report, "In 2005, more people from Muslim countries became legal permanent United States residents — nearly 96,000 — than in any year in the previous two decades. More than 40,000 of them were admitted last year, the highest annual number since the terrorist attacks, according to data on 22 countries provided by the Department of Homeland Security."

US-Saudi Educational Exchange Program Questioned. The AP (9/10, Burke) reports, "Thousands of students from Saudi Arabia are enrolling on college campuses across the United States this semester under a new educational exchange program brokered by President Bush and Saudi King Abdullah. The program will quintuple the number of Saudi students and scholars in the United States by the academic year's end." The report adds, "The State Department sees the exchange as a way to build ties

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with future Saudi leaders and young scholars at a time of unsteady relations with the Muslim world. But some officials say efforts to fast-track educational diplomacy with Saudi Arabia could use additional scrutiny." According to the report, "Clark Kent Ervin, a former inspector general of the Department of Homeland Security (DHS), said the U.S. government has yet to ensure proper safeguards are in place to do effective background checks on all applicants."

Man Charged With Trying To Board Plane Carrying Knife. The AP (9/10) reports, "A man with a one-way ticket to Yemen attempted to board a plane with a knife hidden in a book, authorities said. Mohammed Ghanem, 21, of Hamtramck, was jailed Saturday on $500,000 after being arraigned on a charge of possessing a weapon in the sterile area of an airport." According to the report, "Ghanem was arrested Thursday at Detroit Metropolitan Airport after Transportation Security Administration officers detected the knife 'artfully concealed' in the book, airport spokesman Michael Conway said." The report adds that Ghanem's attorney, Nabih Ayad, told the Detroit Free Press that his client, "'didn't know where the knife came from.'"

U.S. Transportation Officials Urged To Ban "Virtually All" Airline Carry-On Luggage. The New York Times (9/10, 1.21M) writes in an editorial, "In a directive whose logic is not always apparent, the Transportation Security Administration has spelled out what airline passengers can carry on board with them, what must be placed in checked luggage, and what can't go on the plane at all." The Times adds, "The ban on liquids surely makes sense given the lack of a reliable, efficient way to detect liquid explosives on the passenger screening line. But the other fine distinctions in this directive make us think the best approach would be a ban on virtually all carry-on items, or at least a limit of one small personal bag per passenger to tote travel documents, keys, vital medications, reading materials and any other minimal items that are allowed." The Times adds, "A ban on most carry-on items need not be permanent. Technologies that could screen passengers and their carry-on bags rapidly to detect known dangerous materials are under development, but it is uncertain when they might be ready." According to The Times, "For now, the surest way to keep dangerous materials out of the cabin is to keep virtually all materials out of the cabin."

FEMA, Louisiana At Loggerheads Over Paying For Katrina Services. The Baton Rouge Advocate (9/10, Davis) reports, "FEMA is lowering the boom on Louisiana for refusing to pay its $338 million share of a federal program that bought goods and services ranging from chainsaws to dental care for hurricane victims." However, "Louisiana's legislative auditor claims FEMA hasn't provided enough information to allow the state to determine whether the money was spent on legitimate needs for people who truly were victims. The Legislative Auditor's Office notes that state lawmakers passed a measure requiring such a review before FEMA is paid."

Louisiana Officials, Corps Of Engineers In Internal Debates About Coastal Protection Standards. The New Orleans Times-Picayune (9/10, Schleifstein) reports, "State officials said Friday that they are on schedule for a Nov. 20 release of a draft of the Louisiana Comprehensive Coastal Protection Master Plan, which will include two alternative combinations of higher levees and gates, and wetland and barrier island restoration projects aimed at protecting the state's coastline from major hurricanes. Jean Cowan, a spokeswoman for the state Coastal Protection and Restoration Authority's Integrated Planning Team, said the team has not yet decided whether to "increase protection beyond a 1 in 100 level of risk, or whether it is considering a higher level of risk, such as the 1 in 10,000 level used in designing flood control in the Netherlands." Meanwhile, the Army Corps of Engineers "is in the midst of a similar internal debate spurred by a congressional requirement that the existing New Orleans area levee system be improved to the 1 in 100 standard by 2010 and a separate requirement that the federal catastrophic hurricane protection plan protect the state's coastline from a Category 5 hurricane."

WAR NEWS:

Senator Rockefeller Says US Would Be Better Off With Saddam Still In Power. The Senate report refuting Bush administration assertions of a Saddam Hussein-Al Qaeda link led CBS News. The CBS Evening News (9/9, lead story, 3:00, Mitchell, 7.66M) reported, "A newly released report on prewar intelligence on Iraq is still spreading shock waves this evening and moving a key Democratic senator to make a dramatic claim. The Senate Intelligence Committee found no evidence of a link between Saddam Hussein and al Qaeda and no proof Iraq was developing weapons of mass destruction. But it does quote former CIA Director George Tenet testifying that the White House had pressured him to back up the case for war. ... But after two and a half years of reviewing prewar intelligence behind closed doors, the lead Democrat on the intelligence committee, Sen. John Rockefeller, who voted for the Iraq war, said the Bush Administration pulled the wool over everyone's eyes. ... Senator Rockefeller went a step further. He says the

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world would be better off today if the U.S. had never invaded, even if it means Saddam Hussein would still be running Iraq." Rockefeller: "He wasn't going to attack us. He would have been isolated there. ... we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about." Mitchell: "Let's go back to the very provocative comments by Senator Rockefeller. Do you get the sense a lot of folks on Capitol Hill are shocked he went there?" Attkisson: "Some maybe. I've not heard it said like that before, and half the American public may agree, and half may disagree, but it's a perfect example of where the dividing line is on this issue." A print version of the story appears on the CBS (9/10) website.

Saddam's Weapons Are Described. The New York Times (9/10, Glanz, 1.21M) reports, "Most of Mr. Hussein's vast network of military complexes and the weapons they contained have been looted, often to the last bolt and window frame. But as weapons experts continue to see and gauge what is left — weapons held within protected enclaves or hulking metal relics even the most ambitious looters were unable to cart away — they are getting a concentrated picture of the obsessive martial mind that ran this country for 25 years." The scattered arms seem "equal parts Jules Verne, power-mad dictator and adolescent boy." The Times describes in some detail "what may have been Saddam Hussein's wildest reach: the supergun, an artillery piece so powerful that it could not only shell his enemies in Tel Aviv and Tehran but also fire a projectile into orbit."

Maliki Will Visit Tehran. The New York Times (9/10, Wong, 1.21M) notes Iraqi Prime Minister Nouri al-Maliki "plans to visit Iran [tomorrow] to discuss security and political matters with Iranian leaders ...The visit would be the first by Mr. Maliki to Iran since he took office in late May." The Times notes he "lived for some time in Tehran, the Iranian capital, while in exile during Saddam Hussein's rule," and says the "purpose" of the visit "is to 'enhance relationships between the two countries,' his spokesman" said. Iraqis and Americans, the Times says, "have long accused Iran…of interfering in political and military affairs" in Iraq, and "ordinary Iraqis are generally suspicious of Iran, whose ethnic Persians have traditionally rivaled Arabs for influence in this region." Ambassador Khalilzad "and American commanders strongly condemned Iranian interference in Iraq last month"; however, "it would be difficult for the White House to persuade Iraq to take a strong stand against Iran. Besides the political ties among Shiite politicians, the border is very porous, and Shiite pilgrims from Iran often come to Iraq to mingle freely in the religious cities here."

Budding Iran-Iraq Friendship Is "Unsettling." The Los Angeles Times (9/10, McDonnell, Moore, 918K) reports, "Maliki's visit would underscore an emerging regional Shiite alliance that deeply troubles the Bush administration and much of the Arab world." The Times elaborates, "Many Arab leaders fear growth of a Shiite crescent and militancy emanating from the newfound" friendship. The Bush administration "probably has recognized that Baghdad and Tehran will inevitably grow closer and that fanning anti-Iranian sentiments here could be counterproductive"; however, the increasing warmth might not "ultimately increase stability," given distrust between the Arabs and Persians and Sunni Iraqis' fear of an "Iranian takeover."

Shiite Pilgrims Celebrate "Without Bloodshed." The AP (9/9, Becatoros) reports, "Iraq's Sunni Arab vice president renewed his call for Sunni-led insurgents to quickly join the Shiite prime minister's national reconciliation effort, while a Shiite festival that drew millions of pilgrims was held without bloodshed Saturday." While "no day in Iraq goes by without violence," the prevention of attacks on the Shiite festival is portrayed as something of a triumph for the Iraqi forces, which "fanned out" with "air support from the U.S.-led coalition."

US Numbers Of Iraqi Dead "Don't Add Up." The Los Angeles Times (9/10, McDonnell, 918K) reports in a highly skeptical article about the vaunted 50% decrease in Baghdad deaths that turned out to be something less: "a significant drop of about 17% from the record of more than 1,800 killings in July ... hardly a great leap forward." How the US computed a 50% decrease "remains a mystery"; commanders contend that releasing the raw data "could help the enemy." The Times recalls past semantic disputes, when the US used "insurgents" rather than the more positive-sounding term "resistance" to describe the enemy, or when the US held back from the term "death squads" rather than aggravate an "extremely touchy" issue for the Shiite-led government.

Wisconsin National Guard's Post-9/11 Evolution Chronicled. The Milwaukee Journal Sentinel (9/9. Glauber, Jones, 259K) reports that after 9/11, the Wisconsin National Guard "and its members were catapulted into a new, more uncertain and violent era. When terrorists flew planes into New York's World Trade Center, the Pentagon and a Pennsylvania field, they set in motion a chain of events that would transform weekend warriors into global war fighters." According to the report, "The ripples have been felt throughout the state, in every small-town police force with an officer dispatched overseas, in every office missing a worker who was called up, in every college and technical school whose students traded book bags for M-4 rifles. Not since the Vietnam-era draft have so many Wisconsin neighbors, colleagues and drinking buddies been off to war, or newly returned." The report adds, "If you want to know how the Wisconsin National Guard has changed since Sept. 11, you could look at the broad brush strokes of war —

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seven members of the Guard killed in combat in Iraq, scores more injured, including 43 who received the Purple Heart."

Homeland Defense A Key Post-9/11 Mission Of Wisconsin Air National Guard. The Milwaukee Journal Sentinel (9/9, Jones, 259K) reports, "If ever there was a time to travel at the speed of sound, this was it. Commanders at the 115th Fighter Wing received word that two of the Wisconsin Air National Guard's F-16s parked at Truax Field were needed" as a passenger tried to breach the cockpit of an American Airlines plane. According to the report, "The mission of the 115th Fighter Wing changed on the morning of Sept. 11, 2001. The wing of roughly 1,000 airmen switched from one that trained in the U.S. for overseas deployments — such as enforcing the no-fly zones over Iraq — to a first-response unit on call 24/7 that could face enemies in American airspace." The report adds, "Wing members also have been deployed several times to war zones since the war began in Iraq."

Wisconsin National Guardsmen Reflect On Iraq Tours Of Duty. The Milwaukee Journal Sentinel (9/9, Glauber, 259K) reports that the Iraq war followed thousands of National Guardsmen "back to Wisconsin. Some can talk with their families and friends about their experiences. Others keep those experiences close, unable to express just what they felt and absorbed during the long months away from home." The report adds, "They also have their opinions about how the war is going, what the stakes are and whether America should keep the troops in Iraq. 'I don't know what people expect sometimes,'" said Wisconsin National Guardsman Tony Gatlin. According to the report, he adds, "'How long did it take this country to get it right, hundreds of years? You've got a culture that has been fighting for eons.'"

Coalition Kills At Least 40 Afghan Insurgents. The Washington Post/AP (9/10, A21, Faiez) reports, "NATO and Afghan soldiers killed at least 40 suspected Taliban fighters in fierce raids that destroyed insurgent hideouts and a weapons factory, the European military alliance said Saturday. One NATO soldier also died." NATO has now reported 320 "suspected insurgents" killed in its Operation Medusa. The AP adds that "thousands" joined Afghan President Karzai in a memorial "marking the fifth anniversary of the assassination of Ahmed Shah Massoud, a mujaheddin commander who had battled the Taliban."

Another AP (9/9, Khan) article reports, "NATO's count [of Taliban dead] has been strongly disputed by a Taliban commander and has not been independently verified. Reporters cannot access the site of the fighting."

NATO Commanders Will Meet To Discuss Afghan Troops. The AP (9/9, Scislowska) reports, "NATO will hold two more conferences aimed at pushing member states to commit more troops to the alliance's mission in Afghanistan as it faces tough resistance from insurgents there, a spokesman said Saturday. Military leaders decided after two days of closed-door discussions in the Polish capital that further efforts were needed to plug shortfalls in the force, which has faced increased violence from a resurgent Taliban along Afghanistan's southern border." The AP notes "donor fatigue" among NATO members and remarks that the "emboldened" insurgency "demonstrates how shaky Afghanistan's Western-backed government remains."

Afghans Celebrate Memory Of Slain Northern Alliance Leader. The AP (9/10, Pennington) reports that five years after Taliban opponent and Mujahedeen hero Ahmad Shah Massood "was slain by a bomb hidden in the camera, a former Taliban official on Saturday described how al-Qaida staged the killing — two days before the Sept. 11 attack on America — hoping to strike a fatal blow to the pro-U.S. Northern Alliance." The report adds, "Waheed Mozhdah, director of the then-Taliban Foreign Ministry's Middle East and Africa department, also showed The Associated Press a copy of what he said was a signed letter dated Sept. 13, 2001, from bin Laden to Taliban leader Mullah Omar, urging him to launch an offensive against the alliance." Though Massood's supporters were on the run before 9/11, the "U.S. military campaign after Sept. 11 to punish the Taliban for giving refuge to bin Laden propelled Massood's supporters to power, and the bearded commander has achieved iconic status. Giant portraits of him adorn government offices and public spaces in Kabul, and the Sept. 9 anniversary of his death is marked in grand style."

"Kidnapped" USAF Major Leaves Kyrgyzstan. The case of the female USAF major who surfaced after an alleged abduction was covered by major print media. The New York Times (9/10, Chivers, 1.21M) reports, "A United States Air Force officer who had been missing in Kyrgyzstan ... was flown from the Central Asian country early Saturday, the Air Force said, while the investigation into her disappearance continued." Metzger's "case has confounded investigators."

The Washington Post (9/10, Finn, 748K) reports, "On Friday night, Kyrgyz officials said, she turned up in Kant exhausted and with her hair dyed brown. ... U.S. officials have not provided any details on what Metzger has said to them." The Washington Times/AP (9/10, Saralayeva), which was largely the source for the Washington Post story, reports that Metzger "reported feeling as if she were in a trance as she followed the instructions" that she found in her back pocket."

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CORPORATE SCANDALS:

Many In Tech Industry Consider Options Backdating Legitimate. The Los Angeles Times (9/10, Petruno, Gaither) reports, "Gregory Reyes was facing a personnel crisis. The executive he had just hired for a top sales job at his Silicon Valley company suddenly was threatening to jump to a competitor. … So Reyes, then chief executive of computer networking firm Brocade Communications Systems Inc., decided to offer the recruit a much bigger pay package. Instead of options to buy 285,000 Brocade shares — the initial offer — Reyes anted up 500,000. … He didn't stop there, according to federal prosecutors. They say Reyes dangled a sweetener: The purchase price of the options would be fudged – 'backdated' -- so that the employee would have an immediate paper profit of $2.5 million on the shares." The Times adds, "The government says that was a crime, one that could put Reyes behind bars for 20 years if the charges stick. And more executives could find themselves joining Reyes in court dockets, as prosecutors and securities regulators examine past option grants at more than 100 companies nationwide, most of them technology firms. .. . The widening probe is of particular concern in the nation's tech center — Silicon Valley and the San Francisco Bay Area — where options have long been the coin of the realm. At least 30 firms in the area have disclosed federal inquiries. … But even as the Justice Department and the Securities and Exchange Commission bear down in their investigations, there is a sense of disbelief among many in the tech sector that companies' option practices of the last decade have literally become a federal case. … 'Clearly, they did something wrong, but it's very different from a WorldCom or Enron situation, where it appeared the fraud was just to fleece investors,' said Tom LaWer, an executive compensation lawyer in East Palo Alto. 'It seems as if there was a bit of laziness and stupidity involved.' … In the hard-charging entrepreneurial culture of Silicon Valley, the creative use of stock options to reward favored employees is seen by many as a reasonable means to further a company's goals — not the basis of a criminal conspiracy."

HChronicle Blasts DOJ For Pursuit Of Lay Estate's Assets. The Houston Chronicle (9/10) editorializes, "The Justice Department is asking for lightning-swift passage of a federal law that would prevent Ken Lay's lawyers from having the late Enron founder's criminal record wiped clean. The prosecution appears poised to give up the high ground — the trial's noble pursuit of justice — for the low road of an ill-considered, desperate grab at the estate's assets." The Chronicle continues, "In May, Lay was convicted in two separate cases of 10 counts of fraud, conspiracy and lying to banks. But before final judgment in the case, Lay died of heart disease while vacationing in Aspen, Colo. According to a 5th U.S. Circuit Court of Appeals ruling from 2004, a defendant who hasn't had the benefit of a full appeal should have his conviction nullified. … However, there is $43.5 million standing between federal prosecutors' acceptance of this legal precedent and their waging an unseemly battle with a dead man's estate." The Chronicle adds, 'Lay is no hero in death. His victims will not forget his complicity in Enron's destruction in 2001. His actions helped destroy a company, wipe out thousands of employees' jobs and retirement savings, and convert some $60 billion in stock value into practically worthless shares. … Lay's demise does nothing to diminish his victims' financial claims. Neither does the former CEO's death prevent victims from continuing to seek justice. In fact, their legal demands are proceeding apace in civil court, the better venue at this point for this pursuit. The government pleadings cite both forfeiture and restitution as the rationale for carrying on with what now must be seen as a pointless raid on Lay's assets. As a civil matter, all aggrieved parties, including the government, can have their day in court. The Chronicle concludes, "Less than a month ago, prosecutors tried a different shot in the dark: They sought to make former Enron CEO Jeff Skilling responsible for the entire $182.8 million in ill-gotten gains the government alleges against Skilling and Lay. Observers say this tactic also has only a slim chance of success. .. . The Justice Department's proposed legislation has not yet found a congressional sponsor. There are too many good reasons why lawmakers should continue to stay away from it."

CRIMINAL LAW:

Owner Of Software Website Sentenced To Seven Years For Piracy. The AP (9/10) reports, "The owner of one of the nation's largest Internet software piracy Web sites has been sentenced to more than seven years in prison." The AP continues, "Nathan Peterson, 27, of Los Angeles, sold products copyrighted by companies such as Microsoft Corp. and Adobe Systems Inc. at a huge discount on his site, iBackups.net, prosecutors said. The site began operating in 2003 and was shut down by the FBI in February 2005." The AP adds, 'In addition to Friday's 87-month sentence, U.S. District Court Judge T.S. Ellis III ordered Peterson to pay restitution of more than $5.4 million and to forfeit the proceeds of his scheme, which included homes, cars and a boat. … Peterson pleaded guilty in December in Alexandria to two counts of copyright infringement."

CNET News (9/10, Musil) reports, "Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted." CNET

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adds, "Last month, Ellis sentenced Danny Ferrer, a Florida man who pleaded guilty to copyright charges in connection with multimillion-dollar sales of pirated software, to six years in prison. … Software piracy resulted in a loss of $34 billion worldwide in 2005, a $1.6 billion increase over 2004, according to a study commissioned by the Business Software Alliance."

FBI Interviews Harris's Former Campaign Manager Over Illegal Donations. The AP (9/10) reports Rep. Katherine Harris' former campaign manager "has been interviewed by federal investigators as part of an inquiry into her relationship with a convicted defense contractor, a newspaper reported Saturday. Jim Dornan spoke to FBI and Defense Department investigators in Washington for about 90 minutes Thursday, the St. Petersburg Times reported." The AP notes Harris "has been in the spotlight for her dealings with Mitchell Wade, a defense contractor who pleaded guilty to bribing a California congressman and admitted funneling $32,000 in illegal donations to Harris. She later said she gave the money to charity. Dornan was not Harris' campaign manager when she accepted the donations. The Justice Department investigation already has involved interviews with former top campaign strategist Ed Rollins and Fred Asbell, who quit in June as Harris' chief of staff in Congress. Harris has said previously she is cooperating with the investigation but is 'not a target.'"

ENVIRONMENT/INDIAN AFFAIRS:

Warner Concerned Recognition Of Indian Tribes Might Abet Gambling Expansion. The Washington Times/AP (9/10) reports Sen. John W. Warner, "a strong supporter of legislation to grant sovereign status to Virginia Indian tribes, is expressing new concerns about the law potentially paving the way for Indian-operated casino gambling in the state. … Six Indian tribes have sought recognition through legislation sponsored in the House by Rep. James P. Moran, a Democrat, and in the Senate by Sen. George Allen, a Republican. The tribes say the legislation will give them access to federal funds." Warner "recently said he didn't want legislation that could 'thwart the ability of a state, whether it's Virginia or any other state, to prohibit gambling.'"

Volunteers Maintain Unfunded National Parks Programs. The New York Times (9/10, Zezima, 1.21M) reports the Student Conservation Association is "a 50-year-old organization that among other things does grunt work in public outdoor spaces — cutting trails, building walls, tending plants. In recent years, the group has taken on the added role of helping the national parks continue programs that might otherwise have been abandoned because of budget cuts."

Agricultural-Based Fuels May Threaten World's Food Supply. In an op-ed in The Washington Post (9/10, B3, 748K) The Earth Policy Institute's Lester R. Brown writes, "High oil prices are much more than just a drain on drivers' pocketbooks or a sign of tough economic times ahead; they could also prove to be a leading indicator of the unraveling of our global civilization." Brown adds, "Now, almost everything we eat can be converted into automotive fuel. And once the price of oil surpassed $60 a barrel last year, the business of transforming wheat, corn, soybeans and sugarcane into fuel for cars instead of food for people became hugely profitable." Brown adds, "As crops that have long sustained us are diverted to provide fuel, we may encounter the same fate that brought down great civilizations of the past." According to Brown, "Whenever the food value of a crop drops below its fuel value, the market will convert it into fuel. Ultimately, this dynamic risks driving up world food prices, destabilizing governments in low-income nations and disrupting global economic growth."

FBI/DEA/ATF/USMS:

Movement Of Guns In California Examined. The Monterey (CA) Herald (9/10, Reynolds) reports, "No one knows how the Czech ended up in Salinas. … Worn and battle-weary, the Cold War veteran had slipped quietly into the U.S., and in only a year, detectives in Monterey County were working overtime to track the foreigner's deadly trail. … Early in 2001, detectives found tell-tale bullet casings after a shooting. In June, more spent casings at another shooting scene showed the outlaw's crimes had escalated to attempted murder." The Herald continues, "In August, another shooting could have easily become a homicide but the victim survived. Within days, as if to silence any witnesses, gunshots rained upon residents in a Salinas home. … The Czech ended the year with a murder outside the city limits in Monterey County. .. . A year and a half later, sheriff's deputies finally nabbed one of Salinas' most-wanted killers." The Herald adds, "The Czech, it turned out, was a CZ 85, a 1970s-era 9 mm semiautomatic pistol that had fallen into the hands of Salinas criminals. … The pistol's short but extremely active time in Monterey County is typical of many guns used in Salinas crimes -- guns that are quickly passed from hand to hand and from shooter to shooter. … With more than 300 firearms crimes committed every year, Salinas has struggled for more than a decade with a river of illegal weapons easily acquired and passed around among its

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youths. … The murder rate is declining, but the number of shootings and gun crimes has held steady for five years. And those statistics tell a grim tale: For the last three years, the number of serious assaults with firearms has stayed above 100 annually, with 61 drive-by shootings and 87 robberies involving a firearm in 2005 alone. … A major difficulty in trying to solve these crimes can be traced to what officers call the 'communal' use of guns in Salinas, meaning illegal guns don't tend to stay in one person's hands for very long."

IMMIGRATION:

Voter Registration Analysis Finds No Evidence Of Surge Among Hispanics. The Washington Post (9/10, A5, Cillizza, Goldfarb, 748K) reports, "The huge rallies earlier this year of Hispanics alarmed by anti-immigration sentiments seemed to presage the potential of this group as a voting bloc this fall. … But as Nov. 7 nears, some analysts are wondering whether reality will match anticipation. An analysis by the Associated Press of voter registration data in 12 U.S. cities with substantial Hispanic populations -- including Los Angeles, Houston and Atlanta -- did not find a major spike in voter registration. The news agency found that there were fewer new registrants through July in every city, compared with 2004 figures."

Last Spring's Immigration Rallies Seen As Counterproductive. The Los Angeles Times (9/10, Watanabe, 918K) reports, "Although Congress has stalled action on broad immigration reform and Labor Day marches failed to mobilize wide support, activists said they were only now beginning to roll out the next stage of their battle: a massive effort to produce 1 million new Latino voters and U.S. citizens. … But immigration control advocates say the marches last spring doomed activists' efforts by alienating most Americans and strengthening support for stronger border control and opposition to legalization. 'The mass sea of illegal aliens bearing foreign flags and hostile placards really produced a pronounced backlash, from which they've never recovered,' said John Keeley, spokesman for the Washington-based Center for Immigration Studies. The movement's fate is in question just months after hundreds of thousands of immigrants and their supporters startled the nation by pouring into the streets to protest a House bill that would criminalize undocumented immigrants and those who support them." The Times adds, "some activists acknowledge…their ranks have become demoralized as congressional action on the issue stalled over the summer and recent marches have fallen flat."

Very Few Turn Out For Los Angeles Pro-Immigration Rally. The AP (9/10, Prengaman) reports, "Few people turned out Saturday for a [Los Angeles] rally demanding amnesty for 11 million illegal immigrants, the latest sign of pro-immigrant groups' struggles to regain momentum after hundreds of thousands marched for the cause in the spring. … Only about 350 people showed up, and many were organizers and journalists. Organizers, who had expected about 5,000 participants, downplayed the low turnout. They said their point was made even with sparse crowds."

Immigrants Seeking Green Cards Find "Extremely Long Waits." The Washington Post (9/10, A6, Kalita, 748K) reports, "Since Congress has tabled immigration reform, millions of immigrants living and working here illegally now find they have a tougher path toward legalization. … While employers and relatives can still sponsor immigrants for green cards, limited quotas have resulted in extremely long waits. The United States allows 5,000 low-skilled workers to be sponsored for green-card-based visas every year." The Post notes, "Exceptions are made for some immigrants who come from crisis-ridden countries that can no longer absorb them. Immigrants from El Salvador, Nicaragua, Honduras, Somalia and Sudan, for example, can qualify for temporary protected status if they were in the United States before a certain date."

Cantor Backs Virginia's Crackdown On Illegals. The Washington Times/AP (9/10) reports Rep. Eric Cantor "is lending his support to an effort in Culpeper to crack down on illegal immigration." Cantor "said he has been following the debate over the issue, which drew attention when Town Council member Steve Jenkins began an effort to target landlords and employers who house or hire illegal aliens. Mr. Jenkins also is considering calling for an official designation of English as the town's primary language. The Culpeper County Board of Supervisors voted Tuesday to send a letter to Mr. Cantor requesting help."

New Jersey Schools Collect Immigration Data. The Washington Post (9/10, A7, Garcia, 748K) reports, "Scores of New Jersey school districts are stirring unease among immigrant parents by asking them to provide immigration-related information when they register their children for school. Fourteen years ago, the Supreme Court ruled that cities and towns must provide education for all students, regardless of immigration status. The New Jersey chapter of the American Civil Liberties Union conducted a survey in the past few weeks and found that 57 schools and district offices request immigration-related information or a student's Social Security number for school registration."

Immigrants Seen As Necessary To Maintain Housing Prices. In a piece for the New York Times Magazine (9/10) Damon Darlin writes, "It's often said that immigrants do the jobs Americans don't want to do. They've just been assigned another task: Buy the homes of the baby boom generation. But this task is one that native-born Americans simply can't do. There won't be enough of them. … What many boomers should be asking right now is who

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will buy their 34 million homes. The buyers may well be immigrants, and not necessarily legal ones." Demographers "say there aren't enough potential homeowners in the echo boom (the children of the baby boomers) or in the generation that comes after that (still without a catchy name) to soak up that supply, no matter how slowly it goes on the market."

CONGRESS-ADMINISTRATION:

Cheney Said To Have Lost Some Of His Influence Over Bush. The New York Times (9/10, A1, Sanger, Schmitt, 1.21M), in a front-page article titled, "Cheney's Power No Longer Goes Unquestioned," reports that since 9/11, Vice President Cheney, "the man who had returned to Washington…to remake the powers of the presidency seemed unstoppable." Now, however, Cheney "finds the powers he has asserted under attack and his influence challenged," according to the Times. The Times goes on to report that on national security issues, Cheney, "once the unchallenged adviser to a president who came to office with little experience in foreign affairs, remains a pivotal figure but now vies for influence with other officials like Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser. Over the past 18 months, Mr. Cheney appears to have reluctantly given ground on detention practices and, at least for now, on policy disputes involving Iran and North Korea. On Friday, the Senate Intelligence Committee — controlled by Mr. Cheney's Republican allies — declared that there had been no basis for Mr. Cheney's repeated claims that Saddam Hussein had harbored a Qaeda leader and had ties to the group. But Mr. Cheney has never conceded that his statement was in error." The Times adds, "Measuring the accumulation or the erosion of power is an imprecise art. But interviews with more than 45 people over the past five months — including current and former White House aides, foreign diplomats, members of Congress and confidants of Mr. Cheney — painted a picture of a vice president who, while still influential, has seen his power wane. Most agreed to speak candidly only if their names were not used. Mr. Cheney himself declined repeated requests for an interview. Instead, his office encouraged Ms. Rice and Mr. Hadley to give interviews to dispute the view that Mr. Cheney's power is in decline."

First Lady On Hand To Commission New Navy Submarine. The AP (9/10, Hays) reports, "The USS Texas, the Navy's newest attack submarine, was commissioned at the Port of Galveston Saturday as first lady Laura Bush gave the traditional command: 'Man your ship and bring it to life!'" According to the report, "The nuclear-powered USS Texas began construction in 1999 and was delivered to the Navy in June. Its reactor is designed to not require refueling throughout the boat's service. The 377-foot-long submarine can attack targets with Tomahawk cruise missiles and conduct long-term surveillance. It can dive to 800 feet."

Two articles and a series of photographs appear in the Houston Chronicle. The Houston Chronicle (9/10, Feldstein, 535K) reports the ceremony and its "colorful and cheery" trappings, saying of the sub: "If it were a 377-foot sausage, it would cost $193 per pound. ... The ship is fast, stealthy and flexible. It can spy, shoot cruise missiles and torpedoes, lay mines and deliver up to nine SEALs or other special-operations forces through a special hatch either by minisub or directly into the water." The Chronicle furthermore describes the high security and observes that, besides the first lady, both Texas senators and Adm. Michael Mullen were present.

The Houston Chronicle (9/9, Tolson, 535K) elaborates in another article on the sub's technical attributes, calling it a "high-tech killer." It calls the Texas "the latest and greatest the U.S. Navy has to offer: a $2.7 billion, state-of-the-art, fast-attack sub bearing a nuclear power plant, a formidable array of weapons and every electronic bell and whistle imaginable."

Lobbying Industry Seen As Too Powerful To Be Curtailed By Congress. The Washington Post's Jeffrey Birnbaum (9/10) writes, "The Jack Abramoff scandal has incited predictable outrage among Washington's political class this year, and with the midterm elections approaching, candidates across the country are promising to clean up the city's lobbying culture. … Such theatrics notwithstanding, don't imagine for a moment that anything will really change." According to Birnbaum, "K Street has "experienced a quantum leap in clout" and is a "permanent and pervasive force in Washington, essential to the daily workings of government and politics. Lobbyist bashing, no matter how shrill, will not diminish that power. … Despite the latest scandals, lobbying has become a respectable, appealing profession. A couple of decades ago, it was considered too unsavory to attract former Congress members. But now, lobbyists have become so influential -- and so rich -- that more and more lawmakers and their aides consider the profession a second career. A recent study by the liberal group Public Citizen reported that nearly half of all lawmakers who return to the private sector join the lobbying ranks."

Atlantis Roars Skyward In "Majestic" Launch. The CBS Evening News (9/9, story 4, :20, Mitchell, 7.66M) reported, "A majestic launch of the shuttle Atlantis, according to NASA. After two weeks of delay Atlantis carried six astronauts into orbit. Two small pieces of foam insulation fell off the external fuel tank during the launch, but NASA said it should not cause a problem."

The New York Times (9/10, Leary, 1.21M) reports, "The space shuttle Atlantis made a thunderous ascent into cloud-

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studded skies on Saturday morning, carrying its crew of six to a rendezvous with the International Space Station. After two weeks of postponements caused by bad weather and nagging mechanical problems, the Atlantis lifted off on time, at 11:14:55 a.m. About 10 minutes later — after a blazing rise into the sky, the yellow flames of its booster rockets visible through holes in billowing cloud banks — the shuttle slipped into orbit."

Foam Debris Does Not Appear To Harm Shuttle. The Los Angeles Times (9/10, Johnson, 918K) reports, "Atlantis roared off pad 39B on the last possible day of the launch window, following two weeks of delays caused by bad weather and minor mechanical glitches. 'What we saw today was a flawless countdown and a majestic launch,' said NASA Administrator Michael Griffin. NASA cameras captured images of five incidents of ice and insulating foam flaking off the shuttle's external fuel tank. At least one piece of foam appeared to hit the underside of the craft. Analysts at Johnson Space Center in Houston were studying the pictures late Saturday. But space agency officials said it was unlikely the debris could have damaged the spacecraft because the pieces were small."

The Washington Post (9/10, A03, Harwood, 748K) adds, "A camera mounted on the shuttle's external tank provided spectacular views as Atlantis wheeled about and lined up on a trajectory up the East Coast, homing in on the space station. More important, the camera showed no obvious signs of damage from several pieces of foam insulation seen breaking away from the shuttle's external fuel tank four minutes after liftoff, past the time of aerodynamic danger. Although it will take several days to carry out a detailed analysis, the mission appeared to get off to a good start, and 8 1/2 minutes after launch, traveling at five miles per second, Atlantis slipped into its initial orbit."

NIH Says Researcher Committed "Serious Misconduct" In Failing To Report Outside Income. The Los Angeles Times (9/10, Willman, 918K) reports, "A senior researcher at the National Institutes of Health engaged in 'serious misconduct' by entering into dozens of unauthorized private arrangements with drug companies and failing to report annually the outside income, totaling more than $100,000, a confidential internal review by the agency has found. Officials at the NIH concluded late last year that the actions of Dr. Thomas J. Walsh, who has helped lead major clinical trials involving cancer patients, might result in dismissal from federal government service. No disciplinary action has been taken."

Scientists Leaving CDC. The Atlanta Journal-Constitution (9/10, Young, 399K) reports, "By the end of this year, most of the people who lead CDC's key scientific centers -- in some cases for a decade -- will be gone. The wave of departures began in 2004, about a year after Dr. Julie Gerberding launched her strategic 'Futures Initiative' to transform the agency, and not quite two years after she was named CDC director. Most of the former directors of CDC's scientific centers declined to talk publicly for this article, citing the close-knit world of public health that requires them to still work with CDC. The reorganization and questions about the agency's leadership and direction were factors for some of those who left, they said privately."

OTHER NEWS:

U.S. Stocks Slide On Worries Housing Slump Will Weigh Down Corporate Profits. Bloomberg (9/9, Baker) reports, "U.S. stocks declined this week on concern a deepening housing-market slump will slow the economic expansion and limit increases in corporate profits. Exxon Mobil Corp., the biggest oil company, and other energy stocks led the drop as crude oil sank to a five-month low." According to the report, "Data showing labor costs climbed last quarter also weighed on the market by reviving speculation the Federal Reserve will resume raising interest rates to curb inflation." The report adds, "The Standard & Poor's 500 Index lost 0.9 percent to 1298.92. The Dow Jones Industrial Average fell 0.6 percent to 11,392.11, and the Nasdaq Composite Index slumped 1.3 percent to 2165.79."

Wall Street Analyst Says U.S. Economy May Avoid Slowdown. The New York Times (9/10, De Aenlle, 1.21M) reports, "Investors have been placing their bets on whether the economy will experience a hard or soft landing. One Wall Street veteran suggests a third possible outcome — no landing at all — and he will be looking at data this week to help weigh the odds of its occurrence." According to the report, "Edward E. Yardeni, chief investment strategist at Oak Associates, expects reports on consumer prices and retail sales to be tame enough to persuade the Federal Reserve to hold interest rates steady when its policy makers meet on Sept. 20. That may just give the economy the breathing room it needs, he said, to avoid an appreciable slowdown, let alone the recession that some commentators have said is a serious possibility."

Some Economists Say Job Turnover Trends Unchanged For Decades. In an economic view column in The New York Times (9/10, 1.21M), Daniel Gross writes, "Virtually every week brings news of large-scale corporate layoffs. On Tuesday, the day after Labor Day, Intel said it would reduce its work force by 10,500, or about 10

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percent." Gross adds, "According to the Bureau of Labor Statistics, the United States economy — a giant job-churning machine — each quarter destroys nearly 7 percent of existing jobs and creates a roughly equivalent percentage." According to Gross, "Yet labor economists, who prefer sifting through reams of yesterday's data to parsing today's headlines, detect a seemingly counterintuitive trend. During the last few decades, job stability and job tenure for the typical worker don't seem to have changed much, if at all."

International Paper Takes Steps To Stabilize Pension Fund. The New York Times (9/9, Walsh, 1.21M) reports, "The winter of 2002 was a scary time for pension funds and the millions of Americans whose retirement they have promised to secure. … Some companies even started talking about going into bankruptcy, in part because they could no longer afford their pension obligations." According to the report, "Congress and the Bush administration began planning to tighten the law. Most corporate pension funds sat tight, warning that if the government got too tough, they would be forced to freeze their plans." According to the report, "One large company, International Paper, decided to strike out in an entirely different direction. Today, International Paper's $7 billion pension fund, which covers 175,000 people, is three years into a broad revamping, one that the company believes will protect it from the forces that wreaked havoc in the last few years."

Common Ground Urged To Deal With Wage Stagnation Issue. In a column in The New York Times (9/10, 1.21M), David Brooks writes, "Some people don't think wage stagnation is mainly about education and skills. They think the economy is so broken, the Republican Party so malevolent and all-controlling, that almost all the gains would go to the top 5 percent or 1 percent anyway." Brooks adds, "I may be a sucker, but I think they're wrong. … When you ask free-market purists about wage stagnation, they either deny it's a problem or brag about how Republicans have increased disposable income by reducing the tax burden." Brooks adds, "When you ask orthodox liberals about wage stagnation, they never tell you exactly what they would do to counteract the epic forces of globalization and technological change, but they seem to imply they can restructure the economy with the right trade, minimum-wage and union rules to create middle-class wealth." According to Brooks, "But this debate is not going to be won either by the free-market fatalists or by the angry but amorphous populists. It'll be won by the human capital reformers, the alliance of progressive conservatives and conservative progressives (like the Clintonites) who believe that the market fundamentally works and that social mobility requires what it has always required, skill and effort."

Gubernatorial Campaigns May Influence 2008 Presidential Election. The Milwaukee Journal Sentinel (9/10, Gilbert, 259K) reports, "When Wisconsinites pick a governor Nov. 7, they'll also be setting the stage for the state's next huge election drama: the 2008 race for president. Many of this year's hottest gubernatorial races are taking place in the nation's most competitive presidential battlegrounds: Wisconsin, Iowa, Michigan, Colorado and Nevada, to name a few. The outcome of those races will have a bearing on presidential politics. Governors are not only a prime source of political ideas and talent for their parties. They also can play an active role in the sort of ultra-tight races the nation saw in 2000 and 2004, providing help to their party's nominees in key swing states." Mark Mellman, pollster for John Kerry's presidential bid and for Gov. Jim Doyle, "contends that 'if Jim Doyle were not governor of Wisconsin, John Kerry would not have won Wisconsin.' There is no way to test that proposition, and some strategists - such as Matthew Dowd of the Bush re-election team - are skeptical about the impact of home-state governors on the ticket."

Candidates' Pledges To Remain Independent Said To Presage 2008 Race. The Los Angeles Times' Ron Brownstein (9/10) writes, "In an era when party-line voting in Congress has reached the highest level, by some measures, since the 1890s, a growing number of office-seekers are pledging to operate as an independent voice and a bridge between the parties if voters give them a ticket to Capitol Hill. In the process, they are honing arguments likely to be common in the race to succeed President Bush. … Because so many GOP candidates have struck these notes, political analysts primarily have viewed them as attempts to separate from Bush as his approval ratings remain weak." However, Brownstein adds, "there's more to the dynamic than Republicans ditching Bush. For one thing, Democrats such as Senate challengers Jim Pederson in Arizona and Bob Casey Jr. in Pennsylvania are emphasizing their willingness to work across party lines. Sen. Joe Lieberman of Connecticut, trying to hold his seat as an independent after losing the Democratic primary last month, is centering his campaign on a promise to transcend partisan differences. More important, the candidates in both parties using these arguments are raising issues much broader than the proper level of loyalty to a president; they are indicting the entire system of lock step partisan allegiance — and reflexive partisan confrontation — that now drives so much of the Washington debate."

Broder Notes Vilsack's Success Bringing Together Democratic Factions. The Washington Post's David Broder (9/10, B7) writes about the "rather surprising press event" Iowa Gov. Tom Vilsack "orchestrated

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one day last week in his role as chairman of the centrist Democratic Leadership Council. … On stage with Vilsack were Al From, the combative DLC chief executive, and Jerry McEntee, the equally tempestuous president of the American Federation of State, County and Municipal Employees, plus John Sweeney, the president of the AFL-CIO, and Anna Burger, the head of Change to Win, the coalition of unions that broke away from the AFL-CIO last year. It was remarkable enough to see the feuding labor people together, but adding From was really tempting fate. He is an outspoken advocate of open-trade policies that are anathema to much of labor and has argued fervently for years that Democrats should not be beholden to their union allies. In turn, union leaders have viewed the DLC as a front for crypto-Republican, pro-business policies. When Vilsack became chairman of the DLC last year, it raised eyebrows because unions have been a backbone of his support in Iowa. But he said he wanted to try to heal the breach, and he quickly began a series of private conversations with labor leaders, followed by joint sessions of DLC staffers and union operatives. … For Vilsack, a long-shot candidate for the 2008 presidential nomination, it is the strongest proof of his ability to be a successful power broker."

Bush Predicts GOP Will Maintain Control Of Congress. The AP (9/10) reports President Bush "says he believes Republicans will retain control of the Congress after the November elections, even as members of his own party predict a loss of some seats. Dismissing the possibility the top House Democrat, Rep. Nancy Pelosi of California, could rise to House speaker if the GOP lost its majority, the president said, 'That's not going to happen.' … 'I believe the Republicans will end up being -- running the House and the Senate,' the president was quoted as saying in the interview Thursday aboard Air Force One. Bush said his confidence is based on his belief that voters will be convinced that Republicans were right to cut taxes to stimulate the economy, and that the GOP has a better understanding about the need to nurture Iraq's fragile government and spread democracy."

Pelosi Reportedly Backing Murtha's Potential Candidacy For Majority Leader. Syndicated columnist Robert Novak (9/10) writes, "In expectation of a Democratic takeover of the House in this year's elections, advocates of Minority Whip Steny Hoyer and Rep. John Murtha are engaged in a fierce backstage battle for their candidate to become majority leader. Minority Leader Nancy Pelosi, who would be unopposed to become speaker of a Democratic-controlled House, is considered certain to vote for Murtha against Hoyer. Murtha managed Pelosi's successful campaign for party whip against Hoyer in 2001, which provided the stepping stone toward her current dominance in the House. Hoyer associates say Pelosi is working behind the scenes for Murtha, but Hoyer told this column he sees no such activity by her."

GOP Expands Its Opposition Research Efforts. The Washington Post (9/10, A1, Vandehei, Cillizza, 748K) reports, "Republicans are planning to spend the vast majority of their sizable financial war chest over the final 60 days of the campaign attacking Democratic House and Senate candidates over personal issues and local controversies, GOP officials said. The National Republican Congressional Committee, which this year dispatched a half-dozen operatives to comb through tax, court and other records looking for damaging information on Democratic candidates, plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads." NRCC Chairman Rep. Thomas Reynolds is quoted as saying, "Opposition research is power. … Opposition research is the key to defining untested opponents." The Post adds that the RNC "has enlisted veteran party strategist Terry Nelson to run a campaign that will coordinate with Senate Republicans on ads that similarly will rely on the best of the worst that researchers have dug up on Democrats. The first ad run by the new RNC effort criticizes Ohio Rep. Sherrod Brown (D) for voting against proposals designed to toughen border protection and deport illegal immigrants.

Swing Voters' Antipathy For GOP May Have Already "Hardened." The Houston Chronicle (9/10, Roth, 535K) reports, "In the weeks leading up to the Nov. 7 elections, Democrats will hammer at what they argue is the incompetence of the Bush administration in prosecuting the war in Iraq. They also are appealing to economic jitters of voters by criticizing high, albeit falling, gas prices and lack of wage growth. Republicans are fighting back by highlighting the national security theme that worked so well for the party in the past two elections, when President Bush convinced many Americans that he and his party were tougher than Democrats in the war against terrorism. … Analysts say the problem for Republicans is that public opinion already may have hardened, particularly in the Northeast and Midwest, where Bush is particularly unpopular and voters may have tuned out the White House message. Polls also show that most voters do not see Iraq as a part of the war on terrorism, making it difficult for Bush to justify the urgency of winning in Iraq."

Georgia Districts Among Democrats' Few Vulnerabilities In The House. The Los Angeles Times (9/10, Fausset, 918K) reports, "Riding a wave of discontent over the economy, Iraq and gas prices, Democrats are hoping to win enough seats to retake the House of Representatives this November. But their success could also hinge on their ability to keep the seats they already have —

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and doing so could prove difficult in two key races in Georgia. Democratic U.S. Reps. Jim Marshall of Macon and John Barrow of Savannah are facing hearty challenges from a pair of former Republican congressmen with name recognition and the ability to raise big money. Bolstering their chances are new district boundaries drawn up by the first GOP-dominated Georgia Legislature since Reconstruction. The outcome of the races could have broad national implications. … 'Everyone's focused right now on where Democrats can gain seats, and properly so — it's a Democratic year,' said Larry Sabato, director of the University of Virginia's Center for Politics. 'But if Republicans can steal even a few seats from Democrats, it will probably eliminate the chances of a Democratic takeover. "Georgia has two of these races — I really don't think there is another state where there are two Democratic seats that are at least somewhat vulnerable.'" The Times adds that Carl Forti, NRCC communications director "said Marshall and Barrow were among 10 House Democratic incumbents his party considered beatable this year. Others include veteran Iowa Rep. Leonard L. Boswell, a septuagenarian who has had health problems and who is facing a well-funded Republican challenger; Rep. Melissa Bean, an Illinois freshman whose victory was aided by the lackluster campaign of her 2004 rival; and Rep. Chet Edwards of Texas, whose district includes President Bush's Crawford ranch."

NRSC Will Concede Rhode Island Senate Race If Laffey Wins Nomination. The New York Times (9/10, A1, Nagourney, 1.21M), in a front-page article titled, "To Hold Senate, G.O.P. Bolsters Its Most Liberal," reports, "the national Republican Party has lined up in Rhode Island to beat back a conservative primary challenge to the most liberal Republican in the Senate, Lincoln Chafee. … In an extraordinary pre-emptive announcement, the National Republican Senatorial Committee has said it will concede Rhode Island to the Democrats should Stephen Laffey, the mayor of Cranston, defeat Mr. Chafee in the primary. Citing poll data, Republican leaders said they saw no way someone as conservative as Mr. Laffey could win in a state as Democratic as this; as it is, they are increasingly worried about Mr. Chafee's hopes in a general election. The result has been the striking sight of the national Republican Party, dominated by conservatives, using resources to save the seat of a Republican who said he voted against Mr. Bush in 2004." Brian Nick, the communications director for the Republican Senate campaign committee, is quoted as saying, "If Laffey won, on Day 1 of the general election, it would be over for us." Asked "if his committee would then concede Rhode Island to the Democrats, Mr. Nick responded: 'No question about it. Would you play somewhere where you were down by 30 and you couldn't move the numbers?'"

The Washington Post (9/10, A4, Murray, 748K) reports, "GOP leaders are so pessimistic about Laffey's prospects in November that they intend to pull out of the state if Chafee loses. 'It would be a disservice to our other candidates if we didn't,' said Dan Ronayne, spokesman for the National Republican Senatorial Committee, which is leading the Chafee rescue effort with help from other GOP groups. Ronayne noted that Rhode Island has elected two Republican senators since the Depression -- Chafee and his father, the late John H. Chafee. 'That's why we're so plain-spoken about losing the seat,' he said."

The Los Angeles Times (9/10, Mehren, 918K) reports, "national Republican groups worried about the party losing its hold on the Senate have sponsored anti-Laffey ads, such as the one that warns: 'Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?' Perhaps the better question is whether Rhode Island voters will deal a clear blow to the GOP Senate majority. The outcome of the Chafee-Laffey race, considered too close to call, could alter the larger struggle for dominance in the Senate, because Laffey probably could not defeat the expected Democratic nominee. … A Laffey victory would represent a major triumph for the Club for Growth, an anti-tax and advocacy group that seeks to return the Republican Party to the economically conservative ideals of President Reagan." David Keating, the Club for Growth's executive director, "said he was unconcerned about how a potential Chafee defeat might shift Senate power.'

Cardin Relying On Ambitious GOTV Effort. The Washington Times (9/10, Miller, Ward, 88K) reports Rep. Ben Cardin "turned to his political machine -- built over his 40 years of state politics -- to launch an imposing voter-turnout effort in the final days before the primary election Tuesday. 'We've got to get the vote out, so we need your help today,'" Cardin said "to about 100 volunteers at a rally in Towson. Mr. Cardin, 62, then went to two other rallies with volunteers, in East Baltimore and Upper Marlboro. High overall turnout will benefit him because it will offset the black vote, which accounts for about 40 percent of votes in Maryland Democratic primaries. Most of those votes likely will go to" Kweisi Mfume. Cardin's campaign "said yesterday that staff members already had made about 300,000 phone calls to voters and planned to make 250,000 more between yesterday and Tuesday. They also planned to knock on 75,000 'targeted doors in communities across the state.' More than 1,200 volunteers would make phone calls, work at polls, drive voters to polls, and knock on doors on primary day, the Cardin campaign said."

Cardin And Mfume Stayed Ahead Of Pack Throughout Primary Campaign. The Washington Post

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(9/10, A1, Barnes, 748K) reports Sen. Paul Sarbanes's "decision to not seek a sixth term has brought an outpouring of candidates to replace him. But the two who jumped into the race first" -- Mfume and Cardin – "are the front-runners at the end. … Potomac businessman and philanthropist Josh Rales has spent more than $5 million of his own money on the campaign, and his television commercials became ubiquitous in the Baltimore and Washington media markets. But Rales's lack of Democratic connections -- he has contributed money to President Bush and Ehrlich -- meant he had no network of supporters to build on his media campaign."

Mason-Dixon Poll Shows Allen Leading Webb 46-42. The Washington Post (9/10, C6, Craig, 748K) reports Sen. George Allen "joined several hundred Asian, Hispanic and black supporters in Fairfax County yesterday at a rally designed to show diversity within the Republican Party while recognizing immigrants' growing clout in state elections. The event came as Allen, a candidate for reelection who has been dogged for weeks by charges of insensitivity to minorities, juggles a rural image that has served him well in past races with the political reality that vote-rich Northern Virginia includes swelling ethnic populations. 'It is invigorating to be here with all sorts of different, diverse backgrounds,' Allen told the audience after saying 'good morning' and 'thank you' in several languages." The Post adds, "A Mason-Dixon poll commissioned by several newspapers across the state and scheduled for release today shows Allen leading Democratic challenger James Webb 46 to 42 percent, according to people familiar with the survey. But Webb leads Allen by 13 points in Northern Virginia, even though the Democrat is relatively unknown and won't air his first television ad until tomorrow. The poll has a margin of error of plus or minus four percentage points."

Missouri Independents Said To Be Trending Towards GOP. The Kansas City Star (9/10, Kraske, 278K) reports "the distinct shift in the state's voting patterns toward the GOP presents a thorny challenge" for McCaskill, who "must capture a greater share of independent voters than Democrats had to win just a few years ago. In 1998, according to the polling firm Zogby International, a Democrat needed about a third of independents to top 50 percent overall. These days, McCaskill must hold her Democratic base and attract at least half of all independents, who now are more than a quarter of all voters. That challenge is compounded by two factors: More independents are voting Republican in recent years. Also, Republicans remain more reliable voters than their Democratic counterparts."

Missouri Democrats Accused Of Taking Black Voters For Granted. The St. Louis Post-Dispatch's (9/10) Sylvester Brown in his column writes, "Committeewoman Norma Leggette (4th Ward) isn't sure what the Democratic Party stands for anymore. She wonders how she's supposed to excite constituents in her ward about November's elections. Leggette said there are two Democratic parties in St. Louis - one that benefits whites and another that ignores blacks. 'At one time, Democrats were a solution for us. I don't know when that changed or why that changed, but it has,' Leggette told me. Her comments underscore a familiar complaint from blacks who claim the Democratic Party takes them for granted. Leggette voiced her concerns Tuesday during a rah-rah session with several local elected Democrats, hosted by U.S. Senate candidate Claire McCaskill. … She has no intention of voting for McCaskill's Republican rival, U.S. Sen. Jim Talent, but, like me, she's grown bored with the dog and pony show put on when major elections roll around. Democrats show up, throw out the 'evil Republican' mantra, ask for black votes, then disappear without ever addressing our socioeconomic concerns or needs."

Burns Will Attend Fundraiser For DeWine. Syndicated columnist Robert Novak (9/10) writes Sen. Mike DeWine, "who has been aggressively soaking up Washington lobbyist money for his uphill re-election campaign in Ohio, has added an unprecedented campaign finance twist: bringing in another endangered Republican senator for his fund-raiser. During the August recess of Congress, lobbyists received an invitation for a $1,000-a-ticket 'sunrise breakfast' (8 a.m.) in Washington Sept. 14 to 'honor' DeWine. Listed as a 'special guest' is Sen. Conrad Burns of Montana. … The listed hosts are the political action committees of EarthLink, an Internet service provider, and the National Mining Association."

Casey Seeks To Be More Than The "Anti-Santorum." The Pittsburgh Post-Gazette (9/10, O'Toole, 241K) reports, "To his challenge to incumbent Republican Sen. Rick Santorum, [Bob] Casey brings a golden name in Pennsylvania politics and the hopes of a Democratic Party hungry for victory against a polarizing figure with a record of frustrating their partisan hopes. The imperative of defeating Mr. Santorum was the chief reason party leaders turned to Mr. Casey in the days after he won his term as state treasurer with the largest vote total of any candidate for any office in Pennsylvania history. It was the reason that Gov. Ed Rendell, the brunt of tough Casey attacks in their primary for governor four years ago, helped clear the field of serious opposition for him in this year's primary. It was the reason that many liberal Democrats overcame their objections to conservative positions on social issues. In a state where no Democrat has won a full Senate term since 1962, Bob Casey offers the promise of victory -- or so they hope. … So for Mr. Casey, is it enough to be the anti-Santorum? 'No, it's not,' he

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insisted on a holiday weekend as he rode through Westmoreland County. His campaign, he says, offers a positive choice, not just a chance to vote against someone."

NRCC Involvement Roils Arizona House Race. The AP (9/10, Espo) reports, "In a Tucson-area seat in Arizona, the National Republican Congressional Committee has run an ad supporting Steve Huffman, praising him as an advocate of lower taxes and a 'common sense approach to immigration that puts security first.' Huffman is 'the conservative choice,' said the commercial. A recent poll showed Huffman trailing a former state lawmaker, Randy Graf. Graf won 43 percent of the primary vote in an unsuccessful run against Rep. Jim Kolbe two years ago, but party officials have expressed concerns he may be too conservative to win the seat in November. The decision by strategists in Washington to intervene did not impress Graf or the three other contenders for the nomination. They held a news conference to criticize the move. 'They're idiots,' said one, former state party chairman Mike Hellon. He and the three other Republicans running said the GOP had split the party and they predicted Democrats would benefit. Huffman's campaign did not seem bothered. 'It's made the choice more clear. The fact of the matter is Steve is the only Republican in the race who can win the general election,' said David Steumpfle, Huffman's campaign manager.

The Los Angeles Times (9/10, Frederick, 918K) reports Graf "is banking that his tough stance against illegal immigration will propel him to victory. A Graf win would strengthen the hand of Republicans opposing any revision to immigration law that includes a path to citizenship for those in the U.S. illegally. But a Graf win also could improve prospects for Democrats gaining one of the 15 GOP seats they need to control the House."

MD3 Voters Have Sixteen Candidates To Choose From. The Washington Post (9/10, C5, Spivack, 748K) reports, "In the days before the primary, voters…in Maryland's 3rd Congressional District, a zigzagging urban and suburban swath that cuts across three counties and Baltimore, are about to narrow the field. It's not a simple task. With the retirement of U.S. Sen. Paul S. Sarbanes (D) and [Rep. Ben] Cardin's decision to seek his seat, the 3rd District voters find themselves confronting a rare political dilemma: The primary ballot will have the names of eight Republicans and eight Democrats, including many experienced politicians with polished resumes who figured it was now or never for a seat that had not come open for a generation." Cardin "won the district in 2004 with 63 percent of the vote, but Republican Gary Applebaum…said he thought a Republican stood a reasonable chance this November. 'This is a district that [Gov. Robert L.] Ehrlich won four years ago.' … Among the Democrats, John Sarbanes, who as the retiring senator's son enjoys high name recognition, said at the forum that he wasn't running on his family name and cited his community service and experience as a lawyer in the private and public sectors. He has raised nearly $1 million. Peter L. Beilenson, a former Baltimore health commissioner…whose father, Anthony, was a well-known congressman from California, has raised about $845,000. Paula C. Hollinger -- a state senator from Baltimore County…has attracted support from such state politicians as state Senate President Thomas V. Mike Miller Jr. (D-Calvert). She has collected about $775,000."

Four DFL Candidates Seek To Replace Sabo In MN5. The Minneapolis Star Tribune (9/10, Olson, 398K) reports, "Congressional hopeful Paul Ostrow extended a hand to a rumpled patron Saturday in a south Minneapolis coffee shop, asking for his vote in the Fifth District DFL primary. … Ostrow and his main opponents -- former state Sen. Ember Reichgott Junge, former state DFL chair Mike Erlandson and state Rep. Keith Ellison -- scrambled hard Saturday to get voters to focus . They face off Tuesday in what has been the most competitive race that the district's voters have seen in decades. The frenzy will continue until the polls close at 8 p.m. Primaries tend to have low turnout, but this one counts big. The DFLers want to replace 28-year Rep. Martin Sabo, who is retiring. The district, including Minneapolis and inner- ring suburbs, is deeply DFL, so the primary winner is a solid favorite in November. Ostrow, a Minneapolis City Council member, says he's got broad support, but many observing the contest say it has narrowed to a three-way match."

Challengers Are So Far Unable To Capitalize On Perry's Weakness. The Houston Chronicle (9/10, Ratcliffe, 535K) reports, "The horse race polls have varied dramatically about who is running second in the Texas governor's race, but those surveys have made one thing perfectly clear: for most of the past year, Texans have been unhappy with the job Rick Perry has done as governor. Perry's sagging job approval also is reflected in poll numbers showing support for his re-election has hovered between 35 percent and 41 percent since February. However, that does not mean the Republican incumbent is in immediate danger of defeat. His four challengers are dividing the discontented voters, and none of them has gained traction so far."

Spitzer Heads Into Primary With Huge Lead. The New York Times (9/10, Healy, 1.21M) reports, "After 21 months as a candidate for governor, Eliot Spitzer entered this final weekend of campaigning for the Democratic nomination without the battle scars or empty coffers that can often hobble front-runners, and appears poised to defeat Thomas R. Suozzi in Tuesday's primary. Mr. Spitzer, holding a 50-point lead in the latest polls, and Mr. Suozzi campaigned

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aggressively in and around New York City in recent days, with Mr. Spitzer seeking to energize his base of liberals and union members."

O'Malley Campaign Treasurer's Firm Received $1.2 Million From Baltimore. The Washington Times/AP (9/10) reports, "A law firm that has employed Mayor Martin O'Malley's campaign treasurer for the past six years has been awarded more than $1.2 million in city legal contracts since 2000, city records show. Brown & Sheehan and its predecessor firm have won city contracts mostly for defending police officers and commanders, according to records obtained by the Baltimore Sun. During the same time that the city's Board of Estimates voted to award many of the contracts, the firm employed the mayor's campaign treasurer, Martin Cadogan, as an attorney and later as a partner."

Pawlenty And Hatch Keep Distance Between Themselves And Opponents. The Minneapolis Star Tribune (9/10, Smith, 398K) reports, "Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a pattern this year, and they reflect the front-runners' approach to Tuesday's primary election. The Sept. 12 ballot will present contests for each of the major parties' gubernatorial nominations, but the heavily favored party-endorsed candidates are ignoring their challengers. Overmatched on nearly every conventional measure of political strength, the underdogs remain unbowed and are frantically campaigning to the end."

Florida Democrats Work To Recruit Non-Cuban Hispanics. The South Florida Sun-Sentinel (9/10, Abbady, 265K) reports Democrats "are forming Hispanic caucuses in South Florida to bridge the quiet, clannish divisions among immigrant groups and coax more Latinos to the polls in November. The last decade's surge in eligible voters with ties to countries as disparate as Venezuela and Peru has challenged the Cuban Republican vote, experts say. But Democrats trying to seize on the numbers and find a common Latino voice are often stumped. Language barriers, cultural rifts, a lack of trust in the political system and an unwillingness to unite under a single label keep many immigrants eligible to vote away from the polls, activists say. … There are roughly 321,000 eligible Hispanic voters in South Florida, according to the civic education and voter registration group Democracia U.S.A. in Miami. In 2004, about 40 percent of Hispanic voters were registered Republicans, 40 percent Democrats and 20 percent independents, the group said. Hispanic Republicans are predominantly Cuban-Americans."

Cuomo Questions Donations From Green's Family. The New York Times (9/10, Hicks, 1.21M) reports, "Many of the statewide races in Tuesday's primary are seen as being less than competitive, but in the Democratic race for attorney general, Andrew M. Cuomo and his major rival, Mark Green, began broadcasting new campaign commercials this weekend. And they continued to exchange fire yesterday. A day after Mr. Cuomo criticized contributions to Mark Green's campaign by his brother, the Green campaign shot back with an angry demand for an apology. … In the attorney general's race, recent campaign finance disclosures showed that Mr. Green's campaign received another $102,000 from his brother, Stephen L. Green, a real estate executive. Mr. Cuomo, saying the situation had the makings of a conflict of interest, called on the Green campaign to return that money. The candidate's brother is part of a group bidding on a 20-year franchise to operate three New York racetracks. The franchise is being monitored by the attorney general's office."

Huckabee's Lifestyle Pronouncements Are Not Universally Popular. The New York Times (9/10, Dewan, 1.21M) reports Arkansas Gov. Mike Huckabee "is most famous for what he has done in the last three years: lose more than 100 pounds and encourage other Arkansans to follow his example. As he contemplates a bid for the Republican nomination for president in 2008, the slenderized governor has inspired a host of imitators, including Gov. Sonny Perdue of Georgia, who shed 33 pounds, and Gov. Haley Barbour of Mississippi, who promised in June to go on a diet. … But for those who would join the health crusade, Mr. Huckabee's tale includes a cautionary thread. In the South, the fight against obesity is essentially a culture war. And while the campaign may have raised Mr. Huckabee's national profile, not everyone here appreciates a governor whose policies include weighing schoolchildren and sending home report cards on their body mass index. Mr. Huckabee, a teetotaler who now rises before dawn to jog five miles, has been accused of nagging the populace, banning birthday cakes in schools (not true, he says) and trampling the personal freedoms of smokers with an indoor smoking ban."

Progressives Countering Conservative Movement Among Evangelical Christians. The Washington Post (9/10, A1, Murphy, 748K) in a front page story reports that Brian D. McLaren, founding pastor of Cedar Ridge Community Church in Maryland "has emerged as one of the most prominent voices in an increasingly active group of progressive evangelicals who are challenging the theological orthodoxy and political dominance of the religious

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right. He also is an intellectual guru of 'Emerging Church,' a grass-roots movement among young evangelicals exploring new models of living out their Christian faith." According to the report, "Progressives, who range from 11 to 36 percent of all evangelicals, according to various polls, are still overshadowed by the Christian right among evangelicals. But the steady popularity of McLaren's books over the past eight years signals an expanding diversity of thought in this important political constituency."

Progressive Evangelical Ministers Rail Against Hard-Right Conservatives During Conference. The Los Angeles Times (9/10, Kang, 918K) reports, "Declaring that Americans have been exposed to 'too much bad religion' for too long, activist preacher and author Jim Wallis on Saturday called on more than 1,000 Christians gathered in Pasadena to join him in a national movement to create a more unifying 'good religion.' … Wallis, founder of Washington, D.C.-based Sojourner, a progressive Christian magazine, and a self-described evangelical, was among prominent liberal Christian leaders who spoke at a three-day conference on 'Politics and Spirituality' at Pasadena Civic Auditorium, which concludes today." According to the report, "Wallis, author of 'God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It,' believes that many Christians feel that their faith has been stolen from them by the Christian right. He said the Christian right's preoccupation with two issues — abortion and same-sex union — misrepresents their faith."

Book Giving First-Hand Account Of Prison Life Favorably Reviewed. In a book review of "Inside: Life Behind Bars In America" in The New York Times (9/10, 1.21M) The American Prospect's Tara McKelvey writes that though book author Michael G. Santos "hardly seems like a reliable narrator," given his drug dealing ways that earned him a 45-year prison term, however, "Santos deserves a hearing. More than 6 percent of Americans will find themselves behind bars at some point in their lives, according to the Justice Department." According to McKelvey "Nobody knows better than he does what it's like. "Inside" is a quasi-sociological treatise, with sections on the prison economy (it features smuggling and prostitution), educational system (one library specializes in "westerns and romance novels") and labor conditions (prisoners work in a dairy, a slaughterhouse and "a rock patch," raking "parallel lines"). Though McKelvey says, "His writing is stilted," and "the book hits some false notes," she adds that "Nevertheless, he lays out a strong case for prison reform."

Poll Finds Europeans Increasingly Critical Of Bush And US Foreign Policy. The Washington Post (9/10, A5, Cillizza, Goldfarb, 748K) reports, "A comprehensive survey of public opinion in a dozen European nations and the United States found that things have gone from bad to worse when it comes to disdain for the administration and its national security policies. The annual survey, taken by the highly regarded German Marshall Fund of the United States, shows that 77 percent of Europeans disapprove of the way Bush has handled international affairs, as compared with 56 percent who felt that way in GMF's 'Transatlantic Trends' survey in 2002. Asked how desirable it was for the United States to exert strong leadership on the world stage, 37 percent of Europeans said that should be a goal -- down from 64 percent five years ago." The Post adds, "the GMF poll…also found interesting nuances in attitudes of those residing across the pond. Even though Europeans' views of Bush have collapsed over the past five years, their fears about the threat posed by international terrorism have grown closer to Bush's view. Sixty-six percent of Europeans called terrorism an 'extremely important' threat, up eight percentage points since last year. In Britain, which has been the target of several terrorist operations in the past year, the number of those viewing terrorism as a main priority rose by 22 percentage points."

Solana, Larjani Will Continue "Last Ditch" Iran Nuclear Talks Today. The New York Times (9/10, Dempsey, 1.21M) reports EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larjani "said Saturday that they would continue last-ditch negotiations [today] in Vienna to see how far Iran would go to meet United Nations Security Council demand that it freeze its uranium-enrichment program or risk sanctions." Undersecretary Burns "said Friday in Berlin that the United States hoped to begin talks next week to fashion a resolution that would seek sanctions against Iran if it did not halt its enrichment of uranium." He spoke "after extensive talks with the other four permanent members of the Security Council…as well as with Germany." Burns "said the talks with the Europeans, Russia and China would continue Monday and would focus on the possibility of drawing up a draft on sanctions before the" UNGA "convened the following week."

The AP (9/10, Jahn) notes Solana and Larjani "reported progress Saturday at talks meant to find common ground for resolving Tehran's defiance of a U.N. demand that the Islamic republic freeze uranium enrichment or risk sanctions. In an encouraging sign, the two sides agreed to hold further discussions Sunday." Their talks "have been billed as possibly the last chance for Iran to avoid [UNSC] sanctions." The AP analyzes, "With the two side seemingly so far apart, hopes for success had been slim for the mission by Solana," but "positions appeared to have shifted slightly," with EU officials suggesting "that at least some of the six nations were at least ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead

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of doing so as a condition for such talks." Also, a source "said Solana discussed the issue with" Secretary Rice "before going into the meeting but declined to offer details." The Washington Times/AP (9/10, Jahn) runs the AP story.

Pentagon Calls Iranian Missile Test Video Fake. The Los Angeles Times (9/10, Barnes, 918K) reports, "U.S. military intelligence has determined that a video released by the Iranian government [on August 27] purporting to show a test of a new submarine missile is bogus, three Pentagon officials confirmed." The plume of smoke in the video matched that "from an earlier Chinese test." US military officers are "scratching their heads" over why a rising military power would "see the need to release a phony video." Experts quoted in the article speculate that Iran may have meant to intimidate Saudi Arabia and the gulf states.

Tehran Said To Have Deep, Lasting Ties To Hezbollah. The Los Angeles Times (9/10, Daragahi, 918K) notes, "A tour of Hezbollah's state within a state in southern Lebanon reveals a replica of the distinctive institutions and styles of the Islamic Republic's ideological machinery, and offers clues to the militant group's powerful hold here." Tehran's "relationship with Lebanon's Shiites is a complex web stretching back decades and spanning nearly all facets of religious, economic and social life — ties that have grown stronger since hard-line Iranian President Mahmoud Ahmadinejad came to power last year." Noting that "Lebanon and Iran have had strong religious and commercial ties for centuries," the Times adds Tehran "promised a quick reconstruction" of Lebanon," and, "although some argue that Lebanese Shiites have no cultural affinity with their Persian coreligionists, the money, schools, charities and attention have paid off in loyalty to Iran."

Lebanese Said To Rethink Political Institutions Following War. A 1,414-word piece in today's Washington Post (9/10, A20, Cody, 748K) says the Israel-Hezbollah conflict "has raised fundamental questions about Lebanon's future and its identity, straining the political institutions on which the country was built, perhaps to the breaking point." Many Lebanese "have begun to think that their country and its historic melding of Christians with Muslims may not prevail after all." Washington and Tel Aviv "have grappled with the same problem in Lebanon. In parallel policies, they have insisted that Hezbollah disarm and fully join in the Lebanese political process. But because Lebanon's political institutions do not reflect Hezbollah's wider support in the population, [Hezbollah] has made it clear that greater changes will be needed before it lays down its arms." The Post says "the Lebanon most foreigners think of -- tolerant, easy-living, Western-oriented -- bore the imprint of Maronite families…, and not by accident. France…originally carved Lebanon off from Syria to provide a place for the Maronites," making it "a 'hinge country,' linking East and West." The recent war "further dramatized the gap between Lebanon's institutions and its new political demography. Communal strains had been swept under the rug for years under the leadership of Prime Minister Rafiq al-Hariri... But in the crucible of a destructive, bloody war, those strains suddenly seemed glaring."

Rome Says Damascus Will Allow EU "Personnel" On Lebanese Border. The AP (9/10, Karam) notes Italian Prime Minister Romano Prodi "said Saturday that Syrian President Bashar Assad has agreed to the deployment of European Union personnel along Lebanon's border with Syria." The AP says those personnel "could help allay Israel's concerns about the smuggling of weapons from Syrian to Hezbollah guerrillas in Lebanon. Prodi said "he had spoken with Assad several times over the last few days and he has agreed 'in principle' to an EU presence on" that border. Official Syrian press "did not say whether [Assad] had agreed to any other type of European presence on their border. It said that as part of continued consultations between Syria and Italy, Assad and Prodi spoke by telephone Saturday night during which 'the talks were on technical assistance, including training, that'" the EU will provide to Syrian border guards.

Olmert Will Meet Abbas Without Conditions. The New York Times (9/10, Erlanger, 1.21M) reports Israeli Prime Minister Ehud Olmert said yesterday "that he was prepared to meet" Palestinian President Mahmoud Abbas "even without the release of the Israeli soldier captured by militants in Gaza." The Times notes, "Faced with that stalemate, and under much criticism for Israel's recent war in Lebanon…Mr. Olmert has apparently decided to play on the obvious rift between the Hamas government and" Abbas. Olmert "also emphasized that there could be no political progress with the Palestinians until the corporal is free, and then only along the path of the so-called road map for peace. But with his plan to pull thousands more settlers out of the West Bank put aside for now, he is clearly trying to find an agenda in dealing with the Palestinians, as his allies are urging him to do."

The AP (9/10) adds Olmert said "he would meet" Abbas "and work closely with him to advance peace efforts." Olmert "said the meet was not conditional on the release of Cpl. Gilad Shalit," but he "said no progress would be made in the peace process until the soldier is released, indicating talks with Abbas could help gain Shalit's freedom."

30,000 Protesters Demand Olmert Conduct Independent War Review. The Los Angeles Times/wire services (9/10) reports, "About 30,000 Israelis demonstrated in Tel Aviv to demand that" Olmert "order an independent state inquiry into his government's handling of the war in Lebanon." The rally "was the largest public show of dissatisfaction with Olmert since he took office in May. Polls

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show his popularity has tumbled amid public frustration with Israel's failure to crush Hezbollah guerrillas," but he "has pledged only a government inquiry on the war."

Putin's Russia Said To Use Middle East To Gain New Global Role. In its "Week In Review" section, the New York Times (9/10, Myers, 1.21M) reports, "On issue after issue this year, Vladimir V. Putin's Kremlin has thrust itself back into the thicket of Middle Eastern diplomacy, most recently, to urge caution and more talks with Iran over its nuclear ambitions. In this, it has been reasserting a Russian role that was largely abandoned when the Soviet Union collapsed. But one thing is lacking so far: results." Noting Hamas' lack of reform despite being hosted in Moscow by Putin after its election, the Times notes, "To supplant the United States or Europe as a real broker in the region, experts say, Russia will have to do more." Moscow's efforts are "a quest for prestige" that seek to use "the Middle East as a forum to reach with new confidence for an independent global role." Russia is also "driven by economics — including arm deals with Syria, Iran and Algeria — and by hope that good relations with the Muslim world may cool any support for Russia's own Islamic insurgencies in and around Chechnya." The Times says this new assertiveness does not constitute "a new zero-sum confrontation with America, though almost certainly some of those advising Mr. Putin would welcome it. In fact, there are signs that the Bush administration has resigned itself to Russia's new role, at least to a point."

Putin Said To Spearhead Conglomerate Creation. The New York Times (9/10, Kramer, 1.21M) says Russia is trying to create the world's "biggest corporations" as "part of President Vladimir V. Putin's effort to create giant enterprises as a way of reviving Russia's strategic industries." Key figures within the Kremlin "say that the creation of giant enterprises makes perfect sense in a world that has seen consolidation in natural resources industries, which make up a huge portion of the country's economy." The Times notes that Rusal will soon eclipse Alcoa in annual aluminum production, and Gazprom is the world's second largest energy company behind Exxon Mobil, both of which are examples of "the sweep of Russian ambition these days, in which market capitalization is the new yardstick for comparison with the West." Russian leaders are "clearly hoping to sell the new gigantism not just as a business strategy, but as a balm for the wounded pride of Russians who endured the economic disasters of the 1990's," however, "critics say these bulging new corporations trace their origins to patronage within the Kremlin's factions."

Putin's "Rules" Said To Dominate Russian Politics, Economics. In his op-ed in today's Washington Post (9/10, B7, 748K), Jim Hoagland says, "What he has done to the once-turbulent Russian political scene Vladimir Putin would like to do to the world's equally volatile energy markets: Make them as stable and peaceful as the graveyard." Putin "has crushed the vibrant domestic opposition that flourished under Boris Yeltsin. … He has gained control over the flood of oil dollars pouring into Russia. And perhaps most satisfyingly for him, the political revolution lapping at Russia's frontiers a year ago has receded." Putin "remains intense, focused and at times prickly," and "his eyes flare when the subject turns to energy supplies and the vast infrastructure of new pipelines and producing fields that Russia intends to develop over a decade to become the world's dominant exporter of energy." Kremlin insiders "insist that to justify the investment needed to build that infrastructure, consuming nations must begin to sign 20- to 30-year contracts with Russia now to avoid the boom-and-bust cycles of petroleum and natural gas prices of the past three decades." While Putin is quoted saying, "Stability is what the world economy needs," Hoagland says, "In his view, the same is true for Russia's political future. Putin promised again not to change the constitution so he could serve a third term after 2008. 'Public opinion wants a country that will be stable, and stability is not assured by one man alone,' Putin said. It comes instead from following Moscow rules."

OPEC Members' Inability To Modulate Output Said To Hamper Group's Influence. The Washington Post (9/10, A25, Mufson, 748K) reports, "As OPEC prepares to meet [tomorrow], the group is worried that high oil prices will chase consumers to alternate energy sources, weaken Western and Asian economies to the point of hurting demand and bring about a boost in supply from non-OPEC countries." The Post says OPEC "is not expected to make changes in output or production quotas on Monday. But its very lack of action raises questions about whether the group, which produces nearly 40 percent of the world's petroleum, can still act effectively to sway prices or whether its members are simply riding the cyclical waves of the market." While "OPEC would have to be able to cut or increase supplies to influence prices" in order to exert influence, the Post notes that, "outside Saudi Arabia, OPEC members have virtually no excess capacity to help drive down prices. And outside Saudi Arabia, hardly any OPEC member has the political will or desire to cut production." Most recent cuts in production are not "by grand design" and "have nothing to do with oil policy," but rather are results of geo-political events.

Central Asian Nations Sign Nuclear-Free Zone Treaty. The New York Times (9/10, Greenberg, 1.21M) reports Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan "signed a nuclear-free-zone treaty on Friday that commits the region's rich uranium deposits to peaceful

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uses but leaves open loopholes that could allow Russia to transport nuclear weapons into Central Asia. It is the first mutual security pact among all five Central Asian nations, a group that has often quarreled about security issues." The five nations "agreed that they would neither acquire nuclear weapons nor allow them within their borders. But the treaty does not cancel an agreement that the Central Asian nations signed in 1992 that allows Russia to transport and deploy nuclear weapons in Central Asia under certain circumstances." Washington, Paris and London "boycotted the signing ceremony because they objected to that aspect of the treaty, said embassy officials and participants in the treaty negotiations. Only Russia and China sent representatives to Kazakhstan to observe the treaty signing."

McCain And Dole Call For Robust, Immediate Action On Darfur. In their op-ed in today's Washington Post (9/10, B7, 748K), Sen. John McCain and former Senate Majority Leader Bob Dole discuss the Bosnian wars in relation to the Darfur conflict. In 1995, "all of us pledged anew that, should such a situation again unfold, we would do things very differently. Today, the Darfur region of Sudan faces its own Srebrenica moment." The "scale of human destruction thus far…has been staggering," and that "catastrophe is the result of a directed slaughter perpetrated by the Sudanese government and allied Janjaweed militias." Washington "should reject out of hand Khartoum's demand that the [AU] force leave and should insist that it stay," and then "call on the [EU] to impose financial sanctions against the Sudanese leadership and pursue the immediate imposition of similar sanctions by the" UNSC. NATO should establish a no-fly zone over Darfur, they say, and the US should "intensify efforts to persuade U.N. members to commit troops and funds for the U.N. force." Failure to take "dramatic and difficult" steps will produce "a humanitarian disaster that the world will in any case have to address; a massive and possibly permanent population of refugees dependent on international support; a conflict spreading to neighboring countries with prospects for settlement even more remote; and a permanent stain on our conscience." They conclude, "Throughout the world, people of conscience were shocked by and ashamed of our failure to stop the genocide in Bosnia and Rwanda. We must not repeat these mistakes. In Darfur, the moment of truth is now."

Kristof Says, Numbers Aside, Genocide Is Uniquely Abhorrent. In his column in the New York Times (9/10, 1.21M), Nicholas Kristof says intervention in Darfur is not merely about stopping the killing of a certain number of people. "We have a moral compass within us, and its needle is moved not only by human suffering but also by human evil. That's what makes genocide special — not just the number of deaths but the government policy behind them. And that in turn is why stopping genocide should be an even higher priority than saving lives from AIDS or malaria." When suffering "arises from genocide, the horror resonates with all humans. Or it should. But for whatever reason, Sudan's decision to kill people on the basis of tribe and skin color has aroused mostly yawns around the globe." Kristof continues, "We urgently need U.N. peacekeepers, even over Sudan's objections. … The U.S. should also impose a no-fly zone from Chad and work with France to keep Chad and the Central African Republic from collapsing into this maelstrom." President Bush "showed an important flash of leadership on Darfur early this year, but lately he has fallen quiet again. He should appoint a special envoy for Darfur and use his bully pulpit to put genocide on the international agenda," by addressing the issue in his UNGA speech and by linking support for a UN SYG candidate to their stance on genocide. Kristof concludes, If we don't act, the slaughter may end up claiming more than one million lives, but this is about more than body count. This time the teenagers are not named Anne and Elie, but Fatima and Ahmed, but the horror is the same."

Darfur Refugees Said To Expect Rwanda-Style Genocide If AU Force Leaves. A 2,124-word piece in the New York Times (9/10, Polgreen, 1.21M) entitled, "Darfur Trembles As Peacekeepers' Exit Looms," details a "sprawling, makeshift" Darfur refugee camp on a AU base that sits "astride a deadly fault line in Darfur. This small but strategic town has been the front line of some of the deadliest battles in a conflict that has killed hundreds of thousands of people and sent 2.5 million fleeing. It is a place where a grim struggle between the government and its Arab allies, and non-Arab rebel factions, has given way to a fractured struggle that pits non-Arab tribes against one another, fanning centuries-old rivalries and setting the scene for a bloodbath of score-settling vengeance should the African Union soldiers withdraw, as demanded, at the end of this month." The camp "is an apocalyptic postcard from the next and perhaps the grimmest chapter in Darfur's agony, a preview of the coming cataclysm in the conflict the United Nations has called the world's gravest humanitarian crisis."

DC Protesters Urge Bush To Insist On UN Darfur Force. The Washington Post (9/10, A22, Cauvin, 748K) reports, "Two years after the Bush administration said genocide had taken place in Sudan, protesters marched yesterday on the White House, demanding that the president press for U.N. peacekeepers who could halt the continuing attacks in the country's Darfur region." Demonstrators "said time was short for President Bush to exert U.S. influence on Sudan's president," and one Sudanese American said Darfur "is desperate for the help of the international community." The Post adds, "In a planned act of civil disobedience, 30 protesters carrying signs marched from Lafayette Square across Pennsylvania Avenue, where they lay down on the

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sidewalk outside the White House fence and held up the signs. The protesters were arrested by U.S. Park Police to the cheers of hundreds of fellow demonstrators who watched from across Pennsylvania Avenue, chanting for their cause."

China's Wen Asks EU To Lift Tiananmen-Era Arms Sale Ban. The AP (9/10, Wielaard) reports Chinese Prime Minister Wen Jiabao "urged the European Union Saturday to lift its ban on arms sales to Beijing imposed after the 1989 crackdown on pro-democracy protests in Tiananmen Square." Wen "told a news conference China has made significant progress in 'protecting the human rights of Chinese people,'" and Beijing has in the past called the ban "a 'Cold War relic.'" The AP says the ban "has been a sticking point in the EU's relations with Beijing and stems from China's questionable human rights record," a linkage Wen has said is unfair.

At Least 70,000 Taiwanese Protesters Demand Chen Resign. The Washington Post (9/10, A21, Rickards, 748K) reports, "Tens of thousands of protesters took to the streets of" Taipei yesterday "demanding the resignation of President Chen Shui-bian, whose family members and close aides have been embroiled in a string of corruption scandals." Crowd estimates varied from 70,000 to 200,000. The Post says Chen, "a passionate supporter of formalizing Taiwan's independence from China, has the backing of his party and pro-independence stalwarts and is unlikely to step down before his term expires in 2008." However, the "months-old allegations" about his family "have weakened his leadership" and have "raised questions about whether Chen will have the confidence to push for formal independence." Notably, the rally "was led by Shih Ming-teh, former chairman of Chen's ruling Democratic Progressive Party," who spent "more than two decades" in prison "for opposing the authoritarian rule of the Nationalist Party."

Blair Urges Labor To Focus On Governing As Clarke Continues Attacking Brown. The New York Times (9/10, Cowell, 1.21M) notes UK Prime Minister Tony Blair "warned Saturday that Britain's Labor Party would lose control of the government if it did not show it was 'hungry for power' and halt the 'irredeemably old-fashioned' personal feuds surrounding his succession." Despite Blair's efforts, "the feuding has continued." Yesterday, former Home Minister Charles Clarke "said in an interview with The Daily Telegraph that [Chancellor of the Exchequer Gordon] Brown was an uncollegial 'control freak' who had 'psychological' problems with debate. 'We just don't know what he thinks on a range of issues,' Mr. Clarke said. 'What would his foreign policy look like? Will he pull troops out of Iraq? He wants to produce rabbits out of a hat after he becomes leader. I think he's got to produce his rabbits now. He's got to explain what his vision is.'" While Brown "offered no public response to the attack," a supporter said Clarke's remarks "seemed to suggest an effort by Mr. Blair's supporters to discredit Mr. Brown as a potential successor. By that argument, Mr. Blair wishes to block Mr. Brown, fearing he would undo Mr. Blair's political legacy." Blair's "less harried mood" yesterday "suggested that he felt the pressure had eased — if only slightly — with the spotlight now shifting to Mr. Brown, his policies and his prospects. But many in the party still seemed troubled by the high-level fighting."

The AP (9/10, Wagner) adds Blair said "his Labour Party risks losing the next general election if personal attacks among party members continue and the party fails to redefine itself and its goals." He "urged his party to stop the disputes and clearly outline its positions on complex issues such as security during the war on terrorism, immigration, pension shortfalls and global warming." While many Labor supporters "had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would quiet the bitter infighting," the "the issue refused to go away" yesterday.

Blair-Brown Relationship Called Key Factor In Recent British History. A Los Angeles Times (9/10, Murphy, 918K) piece analyzes Blair and Brown's 25-year relationship. In 1994, "the two reportedly struck an agreement: Blair would take the party leadership — and soon, the leadership of the country — and Brown would inherit later, being granted responsibility for social and economic policymaking in the meantime." In recent years, Brown "tired of waiting," and last week "he finally struck," leaving Labor "in chaos and [guaranteeing] that Blair's final months in office would be marked by a bruising battle for leadership of the party both men helped to shape." The Times notes, "The story of Blair's last months as prime minister, like the years that preceded them, cannot be written without reference to his relationship with Brown, the brooding and brilliant son of a Scottish minister who both guided Blair's Britain to economic vigor and waited resentfully in Blair's shadow for the day he would be allowed to lead. The political fortunes of Britain for years have depended on the interplay between these two powerful politicians who have worked closely together for two decades, sometimes while barely speaking to each other."

America Needs Blair To Remain In UK. In an op-ed in today's Washington Post (9/10, B2, 748K), Foreign Policy assistant editor James Forsyth says Blair may seek employment in Washington when he steps down next year. "But American institutions should issue a moratorium -- a long one -- on hiring Blair. Yes, America's best friend has stood by the nation in times of war and controversy. But for that very reason, the U.S. national interest would be better served if Blair remained in Britain, where his reputation will steadily recover after he steps down, and where he could continue to

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make the case for the values that unite the two nations." Blair risks becoming the latest in "a long line of world leaders whose support for American values has landed them" here, and "this pro-American brain drain is a luxury the United States can't afford as it wages a battle of ideas worldwide." He continues, "Hiring friendly foreigners not only cuts them out of the debate in their own countries, but also taints their reputations back home, as former Harvard academic Michael Ignatieff [and Canadian Liberal Party leader candidate] is learning." He concludes, "Leading pro-American politicians and intellectuals from abroad are a rare commodity -- one that shouldn't be wasted here on the homefront. The United States must export more pro-Americans than it imports. Maybe it's time to round up all these sympathetic foreigners -- and send them home."

G-20 Nations Urge Restart To WTO Doha Talks. The AP (9/10, Astor) reports trade representatives from the G-20 nations "called on rich countries to restart global trade talks, saying the suspension of negotiations not only threatened the current round of discussions but also the multilateral trading system itself." The AP says those "developing nations are demanding greater market access for their agricultural products," and quotes the G-20 statement saying, "Not only is the round threatened, but the multilateral trading system itself now faces a serious crisis. This is an unacceptable situation for all developing countries." The AP notes, "Analysts said the presence of U.S. Trade Representative Susan Schwab, EU Trade Commissioner Peter Mandelson, WTO chief Pascal Lamy and Japanese Agriculture Minister Shoichi Nakagawa was a positive sign but that gaps between the two groups would be difficult to bridge. The four will meet with G-20 members [today]."

First Post-Independence Montenegrin Vote Likely To Return Djukanovic To Office. The New York Times (9/10, Wood, 1.21M) notes, "Montenegrins vote in parliamentary elections [today] and few have any doubts who will be the winner. For 15 years, Prime Minister Milo Djukanovic, the longest-serving political leader in the Balkans, has dominated Montenegrin politics and is likely to continue to do so after the votes are counted late Sunday night." Djukanovic's alliance will likely win 45 percent of the vote, and the "margin of that expected victory will dictate the exact shape of the next government. But the real mystery is how Mr. Djukanovic — whose career was initially defined by making an alliance with the Yugoslavian leader Slobodan Milosevic and was later enhanced by breaking it — will choose to lead this country into a future seemingly free of the baggage of the former Yugoslavia." He has campaigned as the leader "best-suited to lead Montenegro to full membership in the European Union," and "has emphasized that Montenegro is free to redefine itself," but analysts says "it will have a tough time doing so, in part because of Mr. Djukanovic himself."

In Deal With Senegal, Spain Will Patrol Coast To Detect Illegal Immigrants. The New York Times/AFP (9/10) reports Madrid "said Saturday that it would send planes to scan the coast of Senegal for migrants trying to sail to Europe, in a bid to stem a flood of illegal immigration from Africa to its shores." Interior Minister Alfredo Pérez Rubalcaba "announced the measure after a meeting on Friday with his Senegalese counterpart Ousmane Ngom and after 90 migrants landed overnight in a vessel on Tenerife, a Spanish island." AFP notes "many of the migrants have landed on the Canary Islands, a Spanish-held archipelago north of Senegal off the Moroccan coast. They often risk death, traveling in small boats, to enter Spain in hopes of finding work in Europe."

Bill Richardson Wins Journalist's Freedom. The CBS Evening News (9/9, story 6, :10, Mitchell, 7.66M) reported, "A Chicago Tribune journalist was freed after a month in prison in Sudan's Darfur region on spying charges thanks in part to the intervention of New Mexico Governor Bill Richardson. He was on assignment for National Geographic."

Property Restitution Becomes Major Concern, For Exiles And Cuba-Based Dispossessed. The Los Angeles Times (9/10, Williams, 918K) reports, "The question of who will own what in a post-Castro Cuba has been an intoxicating subject here since the July 31 news of [Fidel Castro's] surgery and temporary transfer of power to his brother Raul." Few Cubans are "optimistic" that "the question could be resolved cleanly and simply." The Times notes, There are about 6,000 claims valued at nearly $8 billion registered with the U.S. Foreign Claims Settlement Commission." However, "the vast majority of property seized in the name of Castro's revolution was from Cuban owners, large and small. Though original owners are dying, some survive on dreams of recovering family homes, replanting gardens or rebuilding businesses opened by their ancestors."

Mexicans Said To Make Irrational Post-Election Decisions. In an op-ed in the Washington Post (9/10, B7, 748K), Ruben Navarrette Jr. says "the long wait is over in Mexico," and "the hope is that things will calm down. Don't bet on it." Saying "Mexico has gone made," Navarrette notes, "Our neighbor to the south is no model of stability. If that were the case, it wouldn't be hemorrhaging its best people -- the daring young men and women whose optimism leads them north in search of a better wage. There wouldn't be polls showing that nearly half of Mexicans would migrate to the United States if they could." Navarrette calls much of Lopez

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Obrador's actions since the election "wrong," and concludes that suggestions that the PRD part ways with [him] over his antics and concentrate on building on its significant gains in Congress. That approach makes sense. It is practical and reasonable and mature, which explains why some Mexicans want nothing to do with it."

NYT Warns "Turkey At The Tipping Point." The New York Times (9/10, 1.21M) in an editorial notes the appointment of retired USAF Gen. Joseph Ralston "to work with Turkish authorities" after Kurdish terrorist bombings. It editorializes, "The United States would be wise to create many more and varied opportunities to engage with Turkey, a longtime ally, and a uniquely important one. ... The United States must not ever take Turkey for granted."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Is the U.S. Winning This War?"
"Five Years After: Anxiety Lingers In New York"
"NIH Audit Criticizes Scientist's Dealings"
"News Analysis: Why The Numbers Don't Add Up In Iraq"

New York Times:
"At A Secret Interrogation, Dispute Flared Over Tactics"
"To Hold Senate, G.O.P. Bolsters Its Most Liberal"
"More Muslims Arrive In U.S., After 9/11 Dip"
"Cheney's Power No Longer Goes Unquestioned"
"Darfur Trembles As Peacekeepers' Exit Looms"
"Retirees Discover A Place To Foster Their Inner Artist"

Washington Post:
"Bin Laden Trail Is 'Stone Cold'"
"In a Pivotal Year, GOP Plans to Get Personal: Millions to Go to Digging Up Dirt on Democrats"
"Contests To Portend A Political Sea Change: Leadership Positions At Stake In D.C. Primary"
"Evangelical Author Puts Progressive Spin On Traditional Faith"
"Reaching For Legitimacy In the Immigrant Economy"

Washington Times:
"Unanswered Questions Of September 11"
"Mayoral Hopefuls Sprint To Finish"
"Cardin, Mfume Eye Prize"
"New college program brings Saudis to U.S."
"Florida County Plans Futuristic Incinerator

Detroit Free Press:
"Five Years Later: Our Grief Turns To Strength, Hope"
"Mulally Hire Lets Ford Get Back To Big Picture"
"Gloomy Fans Expect Losing Lions, Poll Says"

Atlanta Journal-Constitution:
"Exodus, Morale Shake CDC"
"Macy's Raises Profile, Hackles"
"Did He Kill His Wife?"
"Fulton Inmate 'Disappeared,' Then Died In Cell"
"Five Years After 9/11"
"Cuddly Cub Takes Focus Off Zoo's Prickly Problems"

Dallas Morning News:
"When First Plane Struck, A Generation Came Of Age"
"Is U.S. Winning War On Terror?"
"Campaign Against Child Sex Predators Draws Critics"
"Billionaire Pickens In His Prime — Once Again"
"U.S. Says Baghdad Deaths Fall But Isn't Counting Car Bombs, Mortar Attacks"
"Swiss Ave. Estate Sale Draws Hundreds"

Houston Chronicle:
"HPD's New Rules Risk Safety But Nab Criminals"
"Car Crashes Biggest Killer Of Children In Houston"
"Polls Show Perry's Rivals Aren't Closing The Gap"
"Silicosis attorneys Accused Of 'Double Dipping'"
"At last, Shuttle Atlantis En Route To Space Station"
"Texas Duo Says Farming Worth It, Despite Drought"

Story Lineup From Last Night's Network News:
ABC: Pre-empted by NCAA football.
CBS: Senate Report on Al Qaeda-Iraq; Pennsylvania Immigration Debate; Hewlett Packard Scandal; Shuttle Launch; Richardson Frees Journalist; Post-9/11 Civil Liberties; Profile of 9/11 Victim.
NBC: Pre-empted by NCAA football.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Lays wreath marking the 5th anniversary of 9/11. Ground Zero, New York.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 7 - 11. 9/11 ANNIVERSARY RELATED EVENTS. Highlights: 1:30 p.m. - 6 p.m. National religious leaders hold a ``Unity Walk," to mark the anniversary. Starts at 1:30 p.m. at Washington Nebrew Congregation, 3935 Macomb St. NW. Stops at Washington National Cathedral at 2:45 p.m. Stops at Islamic Center, 2551 Massachusetts Ave. NW at 3:30 p.m. Finishes at the Gandhi Memorial Statue, Massachusetts Ave. at 21st St. NW. at 5:30 p.m. Contact: Daniel Tutt, 202-244-5006.

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6:30 p.m. National Freedom Walk. Begins on the National Mall and finishes at the Pentagon with a tribute by Opera Singer Denyse Graves and an illumination ceremony. The illumination ceremony will include 184 beams of light to commemorate each life lost in the attack on the Pentagon and each light will remain lit throughout September 11.

7:30 p.m. 2nd annual America Supports You Freedom Walk. Starts at the Washington Monument, across Arlington Memorial Bridge to the Pentagon crash site. Contact: Michelle Shortencarrier, 202-615-7152.

Sept. 8 - 10. MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 9:30 a.m. Discussion on youth and the future of U.S.-MUslim world relations, with Akbar Ahmed, American University; Shadi Hamid, Project on Middle East Democracy; Hadia Mubarak, Islam in the Age orf Globalization Initiative; others. Location: Elliott School of International Affairs, 1957 E St. NW. Contacts: Seth Green, 202-270-6268.

Sept. 8 - 12. MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047, Kate Thomas, 703-620-6600 ext 231.

Sept. 9 - 12. ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace." Highlights: 6:30 p.m. Opening session, with Palesinian Amb. Afif Safieh, Lebanese charge d'affaires Carla Jazzar, and Iraqi Amb. Samir Sumaida'ie. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted. Contacts: Natasha Tynes, 202-429-9210.

Sept. 9 - 10. 8:30 a.m. - 8 p.m. NEGRO WOMEN _ The National Council of Negro Women host its 21st Annual Black Family Celebration, a free, outdoor event focusing on the historic strengths and traditional values of the black family. Highlights: 8:30 a.m. Ecumenical prayer service. 12 p.m. - 6 p.m. Celebration activities. 6 p.m. - 8 p.m. Gospel concert. Location: National Mall between 7th and 14th Streets NW. Contacts: Starla Stiles, 202-466-6040.

Sept. 10 - 12. JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 2 p.m. John Bolton, U.S. Ambassador to the United Nations; and Dan Gillerman, Israeli Ambassador, speak on ``New Political Realities of the U.N." Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jessica Rosenblum (202-279-0005), 202-265-3000.

Sept. 10 - 12. WATER SECURITY _ American Water Works Association holds Water Security Congress. Location: Omni Shoreham. Contacts: Greg Kail, 303-913-0063.

Sept. 10 - 14. MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Mohit Ghose, 202-778-8494

10 a.m. BLACK WOMEN _ The National Congress of Black Women holds its 2nd annual awards brunch, honoring Sen. Hillary Clinton and ``First First Lady of Gospel," Shirley Caesar. Location: Washington Renaissance Hotel, 999 9th St. NW. Contacts: LaVita Simpson, 202-365-8694.

10 a.m. ISRAEL-ABDUCTED SOLDIERS _ Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser, addresses the National Synagogue. Following the speech, congregation will recite prayers on behalf of all three kidnapped soldiers. Location: 1600 Jonquil St. NW. Contacts: Shmuel Herzfeld, 202-812-8900.

1 p.m. - 5 p.m. SMITHSONIAN-``BANDING TOGETHER" _ Media preview and opening of Smithsonian exhibition ``Banding Together: School Bands as Instruments of Opportunity." Participants include historian Camille Akeju; and Dorothy Marshak, founding director of Community Help in Music Education. Location: 1901 Fort Pl. SE. Contacts: Marcia Baird Burris, 202-633-4869.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
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To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, September 10, 2006
Attachments:	dojclips060910.pdf; dojclips060910.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 10, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

What Has Risen From The Rubble (CHIT) 3
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TERRORISM NEWS:

What Has Risen From The Rubble (CHIT)

By Alberto Gonzales, Attorney General Of The US

Chicago Tribune, September 10, 2006

Strength, solidarity will defeat terror

Anniversaries, whether celebratory or somber, are times to reflect, but more important, to look forward.

On Monday, our enemies are certain to be doing just that. We must as well.

The terrorist network views Sept. 11, 2001, as a success to be matched or exceeded. They are, we are quite certain, planning future large-scale attacks right now, today--as our nation remembers and honors the victims of Sept. 11. The killers' approach is dangerously flexible; they are always seeking new angles from which to strike.

Their flexibility makes them a considerable opponent. Our flexibility, cohesion and resolve must be stronger than theirs to win this war.

Our network--made up of federal, state, local and international law enforcement and intelligence organizations--proved itself to be quite agile after the Sept. 11 attacks shocked the conscience of the world. We quickly put into place new structures while tearing down walls that had slowed or even halted intergovernment communication. Our military moved quickly to tear down Al Qaeda's "home base" in Afghanistan.

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We destroyed training camps, cut off funding channels and disrupted means of communication. We have captured or killed many of Al Qaeda's key leaders.

Our counterstrikes have forced the enemy to reorganize and take a new approach; such is the course of an extended war with a clever and patient enemy.

The Internet is an important tool for terrorists. Extremist Web sites are inspiring disaffected souls in neighborhoods all over the world to join a global fight that is a perversion of the good faith of Islam. "Recruits" are encouraged to identify and join forces with other like-minded individuals. Sometimes these "homegrown" terrorists are in communication with Al Qaeda, sometimes they are simply motivated by Al Qaeda's ideology.

This new trend is a serious threat. From London to Madrid to the U.S., we are seeing evidence of the trend, but our network has already found ways to deal with it. We have disrupted plots and put homegrown radicals behind bars. In early August, British authorities disrupted what would have been a major terrorist attack with massive casualties.

Last summer, police officers in Los Angeles uncovered a plot by local radicals to attack government buildings and a synagogue. Working with state and federal partners on an FBI-led Joint Terrorism Task Force, they were able to "connect the dots" and arrest and prosecute those would-be killers who were robbing gas stations to raise money for their plot.

As the homegrown threat continues to develop, we must outpace the terrorists' level of organization and sophistication -- because when our network is really working together, we can uncover and disrupt their deadly activities. Disruption and prosecution are the keys to protecting the American people from homegrown radicals.

As terrorist leaders search for new recruits all over the world, we must add to our network, identify new partners and strengthen existing relationships, particularly in the Muslim community. Because a clear expression of opposition to acts of terrorism from Muslim leaders is an essential part of our efforts to win, and end, this war.

The U.S. government and its citizens must be good, trustworthy neighbors to Muslim communities. Building strong relationships can take years, and we are really just beginning. This step will make identifying and investigating radical elements faster and more efficient for law enforcement. Ultimately, it will help disrupt terrorist plots.

There can be no question that it takes a network to defeat a network. As we look forward on this anniversary, let's also look to each other and reinforce the ties that make our network stronger than theirs.

Bush's Detainee Plan Assailed (WP)

By Charles Babington And R. Jeffrey Smith, Washington Post Staff Writers

The Washington Post, September 10, 2006

Military Lawyers and Senators Call Proposed Rules Unfair

President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition Thursday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice.

The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee.

One of those is John McCain (R-Ariz.), a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries. Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal.

The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections. Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials.

Bush placed the issue near the top of the political agenda Wednesday when he announced that several top al-Qaeda suspects have been moved from secret CIA-run prisons to the U.S. military base at Guantanamo Bay, Cuba. The president

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suggested that Congress will be to blame if it fails to approve his proposals for prosecuting the detainees under guidelines that critics say are unconstitutional and unfair.

Lawmakers in both parties agree that enemy combatants should be afforded fewer rights than defendants enjoy in civil trials or, for the most part, in military courts-martial. But several uniformed military lawyers told the House Armed Services Committee Thursday that the White House goes too far in seeking to convict detainees on classified information never shared with the suspects.

"I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him," said Brigadier Gen. James C. Walker, staff judge advocate to the Marine Corps commandant.

Bush's high-profile drive for his version of the legislation has been particularly awkward for the three Republican senators who circulated a different bill earlier this week: McCain; Armed Services Committee Chairman John W. Warner (Va.), a former Navy secretary; and Lindsey O. Graham (S.C.), a former Air Force lawyer.

A GOP Senate aide, who asked that he not be identified because of the nature of the deliberations, predicted the trio will find it difficult to hold their ground because they are defending "a bloodless legal principle" while the White House is pushing the politically popular idea of convicting those accused of the 2001 atrocities.

But virtually all Senate Democrats, and at least a few more Republicans, appear sympathetic to Warner, McCain and Graham. Sen. Chuck Hagel (R-Neb.) said in an interview that he takes very seriously the testimony of the uniformed lawyers. He also said Bush was "unwise" to come close to threatening Congress in his Wednesday speech.

Under Bush's proposal, any detainees eventually put forward for trial -- a group that may or may not include all 14 suspects who figured in Wednesday's announcement -- could be convicted or acquitted under conditions that differ sharply from those in standard U.S. criminal trials. The "jury" in a trial by the commissions not involving the death penalty would consist of at least five military officers, and in death penalty cases a dozen officers. A presiding officer, dubbed the military "judge" and possessing legal training or experience, would decide all legal matters but would not vote.

Those eligible for such military trials would be any foreigners deemed "unlawful enemy combatants," a term the administration defines more broadly than Bush did in an executive order shortly after the 2001 terrorist attacks. That category would include not just al-Qaeda and Taliban members, but also anyone who is affiliated with a "force or organization" engaged in hostilities against the United States and its allies, who commits hostile acts for such groups, or -- most broadly -- who "supports hostilities" that aid such groups.

Terrorism would be only one of 27 offenses that could be charged under the Bush plan; the others include conspiracy, hostage-taking, torture, rape and hijacking.

During the trials, prosecutors would be permitted to use classified information to secure convictions; defendants and their lawyers would not be told about such information. Prosecutors could also rely on hearsay, or evidence obtained indirectly, and evidence obtained by coercion if the panel's chief deemed it reliable and directly related to the accusations.

A rival set of rules circulated earlier this week by Warner, McCain and Graham would bar any use in the trials of secret evidence or information obtained from "cruel, inhuman, or degrading treatment" and would admit information from coercive interrogations only if the military judge found it reliable and pertinent. The proposal would allow trials to be closed only to protect information that would damage national security, leaving out any reference to "the public interest" as a reason.

Staff writer Jonathan Weisman contributed to this report.

Bill Would Ease CIA Interrogation Limits (WP/AP)

By Anne Plummer Flaherty

The Washington Post/AP, September 10, 2006

WASHINGTON -- To many of President Bush's allies, it is time to free intelligence officials from "legislative purgatory" and get the CIA back in the business of effective interrogations of suspected terrorists.

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That chance could come this week if the Senate takes up a White House proposal limiting the punishable offenses that CIA interrogators may face when questioning "high-value" terrorist suspects. Senate Majority Leader Bill Frist, R-Tenn., is expected to begin debate on the bill as early as Tuesday.

Through omissions and legal definitions, the proposal could authorize harsh techniques that critics contend potentially violate the Geneva Conventions, which govern the treatment of war prisoners. These methods include hypothermia, stress positions and "waterboarding," a practice of simulated drowning.

The bill would keep in law prohibitions on war crimes such as rape and torture that are widely accepted as illegal.

The proposal would apply back to 2001 the Bush administration's standards for treatment of detainees. That would shield CIA personnel from liability under a 1996 law intended to uphold the Geneva Conventions, since the fight against terrorism began and harsher interrogation methods were approved.

The New York Times, meanwhile, reported in a story posted Saturday on its Web site for Sunday newspapers that sharp differences arose between the CIA and the FBI over tactics used in the questioning of Abu Zubaydah at a safe house in Thailand in the spring of 2002.

In a speech last Wednesday, Bush cited the questioning of Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells, in saying that questioning of various terrorists in CIA custody has played a role in the capture or questioning of nearly every senior al-Qaida member or associate detained by the U.S. and its allies.

The Times said interviews with "nearly a dozen" officials that it did not identify showed disagreements over the interrogation methods used on Zubaydah exposed a rupture between the FBI and CIA that has yet to heal.

"It would be improper for us to comment on operational issues involving any sensitive or ongoing matters," FBI Special Agent Richard Kolko said Saturday in response to the Times story. "It is also important to note that we have a strong and vital partnership with the CIA. We work together every day to ensure the safety of Americans everywhere."

Sen. John Warner, chairman of the Senate Armed Services Committee, has developed his own plan to address concerns he has related to the military commissions that would prosecute terrorism detainees. According to a draft copy of the bill, his legislation also may amend that 1996 law, the War Crimes Act.

Bush sent his plan to Capitol Hill last Wednesday, the same day the Pentagon issued rules forbidding military personnel from using those same harsh techniques.

"The net effect is that at least some of the alternative techniques are rendered, in effect, lawful" for the CIA, said Martin Lederman, a Georgetown law professor and former legal adviser at the Justice Department during the Clinton administration.

Lederman and other legal experts, along with human rights activists, say the White House proposal would undermine the 1949 Geneva Conventions by providing a more narrow definition of objectionable treatment.

"I think that's the bombshell ... because no other country has done that," said Elisa Massimino, the Washington director for Human Rights First. "And once we do, we lower the floor and the whole structure could crumble."

But according to conservatives, the move was necessary to repair damage done to the White House's intelligence program since a Supreme Court ruling in June. The court ruled against Bush's claim that interrogators did not have to comply with the Geneva Conventions when dealing with members of al-Qaida.

The court's decision to grant suspected terrorists certain rights potentially exposed Americans to prosecution under the War Crimes Act. The result, conservatives say, was a profound cooling effect on the CIA interrogation program.

"We're interviewing, not interrogating," said Sen. Pat Roberts, chairman of the Senate Intelligence Committee.

Roberts, R-Kan., said in a recent interview that he believes intelligence officials are frozen in a type of "legislative purgatory." He said that keeps them from wanting to "walk up to the line, as has been the case before where we got 50 percent of our intelligence on what the terrorists were doing."

Tom Crispell, a CIA spokesman, declined comment on the agency's program.

According to recent public opinion polls, Roberts is not alone with his concerns. In an August poll conducted by Time, 55 percent of those surveyed said they support the harsh interrogation methods sometimes used to obtain information from prisoners in Iraq and Guantanamo Bay, Cuba. In a separate poll also by Time, 15 percent of respondents favored torture, even though it is against the law.

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Such a willingness to be tough on terrorists could help Bush push a hard line on his legislation. At the same the president is asking Congress to amend the War Crimes Act and establish military tribunals to try detainees, he also wants lawmakers to approve the National Security Agency's terrorist surveillance program.

The effort is seen by many critics as an election-season push to expand his authorities to monitor suspected terrorists at a time when lawmakers from both parties are selling themselves as tough on terrorism.

At A Secret Interrogation, Dispute Flared Over Tactics (NYT)

By David Johnston

The New York Times, September 10, 2006

WASHINGTON, Sept. 9 — Abu Zubaydah, the first Osama bin Laden henchman captured by the United States after the terrorist attacks of Sept. 11, 2001, was bloodied and feverish when a C.I.A. security team delivered him to a secret safe house in Thailand for interrogation in the early spring of 2002. Bullet fragments had ripped through his abdomen and groin during a firefight in Pakistan several days earlier when he had been captured.

The events that unfolded at the safe house over the next few weeks proved to be fateful for the Bush administration. Within days, Mr. Zubaydah was being subjected to coercive interrogation techniques — he was stripped, held in an icy room and jarred by earsplittingly loud music — the genesis of practices later adopted by some within the military, and widely used by the Central Intelligence Agency in handling prominent terrorism suspects at secret overseas prisons.

President Bush pointedly cited the capture and interrogation of Mr. Zubaydah in his speech last Wednesday announcing the transfer of Mr. Zubaydah and 13 others to the American detention center in Guantánamo Bay, Cuba. And he used it to call for ratification of the tough techniques employed in the questioning.

But rather than the smooth process depicted by Mr. Bush, interviews with nearly a dozen current and former law enforcement and intelligence officials briefed on the process show, the interrogation of Mr. Zubaydah was fraught with sharp disputes, debates about the legality and utility of harsh interrogation methods, and a rupture between the Federal Bureau of Investigation and the C.I.A. that has yet to heal.

Some of those interviewed offered sharply contrasting accounts, but all said that the disagreements were intense. More than four years later, these disputes are foreshadowing the debate that Mr. Bush's new proposals are meeting in Congress, as lawmakers wrangle about what rules should apply as terrorism suspects are captured, questioned and, possibly, tried before military tribunals.

A reconstruction of Mr. Zubaydah's initial days of detention and interrogation, based on accounts by former and current law enforcement and intelligence officials in a series of recent interviews, provides the first detailed account of his treatment and the disputes and uncertainties that surrounded it. The basic chronology of how the capture and interrogation unfolded was described consistently by sources from a number of government agencies.

The officials spoke on the condition that they not be identified because many aspects of the handling of Mr. Zubaydah remain classified and because some of the officials may be witnesses in future prosecutions involving Mr. Zubaydah.

This week, President Bush said that he had not and never would approve the use of torture. The C.I.A. declined to discuss the specifics of the case on the record. At F.B.I. headquarters, officials refused to publicly discuss the interrogation of Mr. Zubaydah, citing what they said were "operational sensitivities."

Some of the officials who were interviewed for this article were briefed on the events as they occurred. Others were provided with accounts of the interrogation later.

Before his capture, Mr. Zubaydah was regarded as a top bin Laden logistics chief who funneled recruits to training bases in Afghanistan and served as a communications link between Al Qaeda's leadership and extremists in other countries.

As interrogators dug into his activities, however, they scaled back their assessment somewhat, viewing him more as the terror network's personnel director and hotelier who ran a string of guest houses in Afghanistan and Pakistan.

Mr. Zubaydah's whereabouts in Pakistan had been determined in part through intercepted Internet communications, but for days after his capture his identity was in doubt. He had surgically altered his appearance and was using an alias. But when

agents used a nickname for Mr. Zubaydah, he acknowledged his true identity, which was confirmed through analysis of his voice, facial structure and DNA tests.

By all accounts, Mr. Zubaydah's condition was rapidly deteriorating when he arrived in Thailand. Soon after his capture, Mr. Zubaydah nearly died of his infected wounds. At one point, he was covertly rushed to a hospital after C.I.A. medical officers warned that he might not survive if he did not receive more extensive medical treatment.

According to accounts from five former and current government officials who were briefed on the case, F.B.I. agents — accompanied by intelligence officers — initially questioned him using standard interview techniques. They bathed Mr. Zubaydah, changed his bandages, gave him water, urged improved medical care, and spoke with him in Arabic and English, languages in which he is fluent.

To convince him they knew details of his activities, the agents brought a box of blank audiotapes which they said contained recordings of his phone conversations, but were actually empty. As the F.B.I. worked with C.I.A. officers who were present, Mr. Zubaydah soon began to provide intelligence insights into Al Qaeda.

For the C.I.A., Mr. Zubaydah was a test case for an evolving new role, conceived after Sept. 11, in which the agency was to act as jailer and interrogator for terrorism suspects.

According to accounts by three former intelligence officials, the C.I.A. understood that the legal foundation for its role had been spelled out in a sweeping classified directive signed by Mr. Bush on Sept. 17, 2001. The directive, known as a memorandum of notification, authorized the C.I.A. for the first time to capture, detain and interrogate terrorism suspects, providing the foundation for what became its secret prison system.

That 2001 directive did not spell out specific guidelines for interrogations, however, and senior C.I.A. officials began in late 2001 and early 2002 to draw up a list of aggressive interrogation procedures that might be used against terrorism suspects. They consulted agency psychiatrists and foreign governments to identify effective techniques beyond standard interview practices.

After Mr. Zubaydah's capture, a C.I.A. interrogation team was dispatched from the agency's counterterrorism center to take the lead in his questioning, former law enforcement and intelligence officials said, and F.B.I. agents were withdrawn. The group included an agency consultant schooled in the harsher interrogation procedures to which American special forces are subjected in their training. Three former intelligence officials said the techniques had been drawn up on the basis of legal guidance from the Justice Department, but were not yet supported by a formal legal opinion.

In Thailand, the new C.I.A. team concluded that under standard questioning Mr. Zubaydah was revealing only a small fraction of what he knew, and decided that more aggressive techniques were warranted.

At times, Mr. Zubaydah, still weak from his wounds, was stripped and placed in a cell without a bunk or blankets. He stood or lay on the bare floor, sometimes with air-conditioning adjusted so that, one official said, Mr. Zubaydah seemed to turn blue. At other times, the interrogators piped in deafening blasts of music by groups like the Red Hot Chili Peppers. Sometimes, the interrogator would use simpler techniques, entering his cell to ask him to confess.

"You know what I want," the interrogator would say to him, according to one official's account, departing leaving Mr. Zubaydah to brood over his answer.

F.B.I. agents on the scene angrily protested the more aggressive approach, arguing that persuasion rather than coercion had succeeded. But leaders of the C.I.A. interrogation team were convinced that tougher tactics were warranted and said that the methods had been authorized by senior lawyers at the White House.

The agents appealed to their superiors but were told that the intelligence agency was in charge, the officials said. One law enforcement official who was aware of events as they occurred reacted with chagrin. "When you rough these guys up, all you do is fulfill their fantasies about what to expect from us," the official said.

Mr. Bush on Wednesday acknowledged the use of aggressive interview techniques, but only in the most general terms. "We knew that Zubaydah had more information that could save innocent lives, but he stopped talking," Mr. Bush said. He said the C.I.A. had used "an alternative set of procedures'' after it became clear that Mr. Zubaydah "had received training on how to resist interrogation.

"These procedures were designed to be safe, to comply with our laws, our Constitution and our treaty obligations,'' Mr. Bush said. "The Department of Justice reviewed the authorized methods extensively and determined them to be lawful.''

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In his early interviews, Mr. Zubaydah had revealed what turned out to be important information, identifying Khalid Shaikh Mohammed — from a photo on a hand-held computer — as the chief planner of the Sept. 11 attacks. Mr. Zubaydah also identified Jose Padilla, an American citizen who has been charged with terrorism-related crimes.

But Mr. Zubaydah dismissed Mr. Padilla as a maladroit extremist whose hope to construct a dirty bomb, using conventional explosives to disperse radioactive materials, was far-fetched. He told his questioners that Mr. Padilla was ignorant on the subject of nuclear physics and believed he could separate plutonium from nuclear material by rapidly swinging over his head a bucket filled with fissionable material.

Crucial aspects of what happened during Mr. Zubaydah's interrogation are sharply disputed. Some former and current government officials briefed on the case, who were more closely allied with law enforcement, said Mr. Zubaydah cooperated with F.B.I. interviewers until the C.I.A. interrogation team arrived. They said that Mr. Zubaydah's resistance began after the agency interrogators began using more stringent tactics.

Other officials, more closely tied to intelligence agencies, dismissed that account, saying that the C.I.A. had supervised all interviews with Mr. Zubaydah, including those in which F.B.I. agents asked questions. These officials said that he proved a wily adversary. "He was lying, and things were going nowhere," one official briefed on the matter said of the early interviews. "It was clear that he had information about an imminent attack and time was of the essence."

Several officials said the belief that Mr. Zubaydah might have possessed critical information about a coming terrorist operation figured significantly in the decision to employ tougher tactics, even though it later became apparent he had no such knowledge.

"As the president has made clear, the fact of the matter is that Abu Zubaydah was defiant and evasive until the approved procedures were used," one government official said. "He soon began to provide information on key Al Qaeda operators to help us find and capture those responsible for the 9/11 attacks."

This official added, "When you are concerned that a hard-core terrorist has information about an imminent threat that could put innocent lives at risk, rapport-building and stroking aren't the top things on your agenda."

A Terror Trial, With Or Without Due Process (NYT)

By Jeffrey Rosen

The New York Times, September 10, 2006

SOME debates are so polarized, with the competing sides so certain that any compromise would be dangerous, that it's hard to imagine any middle ground emerging.

The argument over how to try the 14 terror suspects recently transferred from Central Intelligence Agency prisons to military custody at Guantánamo Bay seems to be one of them.

On one side is the Bush administration, which last week proposed that these suspects, whom it called the most dangerous in the war on terror, should be tried in military commissions under procedures that the White House asked Congress to endorse.

Under the Bush proposal, the trials would not resemble any civilian trials or courts-martial held in the United States. Hearsay evidence and evidence obtained under coercion or duress could be admitted. And suspects could be denied access to classified evidence, although it would be disclosed to their military defense lawyers.

On the other side of this debate are civil libertarians who insist that suspected terrorists can't receive fair trials unless they are given the protections of an ordinary court-martial — including the right to exclude hearsay and coerced evidence and the right to see evidence against them.

So, what's a fair trial and how much due process does it require? Can the suspected terrorists be tried by a tribunal that lacks some of the protections that military defendants ordinarily demand? Surprisingly enough, this is not a debate about what the law requires. Short of endorsing cruel and unusual punishments for terrorists, Congress can set up whatever military commissions it likes.

"The administration's proposals, if adopted by Congress, would almost surely pass muster with the Supreme Court," said Peter Spiro, who teaches international law at Temple University. "Congress may not have complete carte blanche, but in the

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Hamdan case last June, four of the justices who voted against the commissions stressed that the president could always go back to Congress to get the authority he wanted."

The issue, then, is more about the court of public opinion: how a trial, without the customary procedural rights, would be perceived in the United States and abroad.

Inevitably, the military commissions, whatever form they take, will be compared to the Nuremberg trials in which Nazi war crime defendants were given due process — up to a point.

"At Nuremberg, there was no secret evidence and no closed proceedings that the defendants' counsel was excluded from, although it's not clear how much physical access to the evidence the individual defendants had," said John Barrett, who teaches at St. John's University law school. "Hearsay and evidence produced by coercive methods weren't formally excluded by the Nuremberg charter, but the American interrogators didn't do rough stuff like water boarding — although there might have been a corner or two cut that the coercion standard would find troubling."

Many want the United States to meet this Nuremberg standard, which they believe gave it authority and credibility over the next half century to serve as a global model of due process.

"The trials shouldn't differ fundamentally from the fair trial provisions in any trial, especially when you have the potential death penalty or life in prison," said Richard Goldstone, the South African chief prosecutor of the United Nations International Criminal Tribunals for the former Yugoslavia and Rwanda. "To exclude a defendant from any part of the trial, or to withhold evidence from the defendant, seems to me, by any civilized standard, outside what is acceptable."

He added, "The other objectionable provision is that evidence would be admitted even if obtained under duress or torture."

But other legal scholars say that this is a different time. For one thing, they point out, the war is not over. "In a war situation, international commissions often use hearsay as long as it's reliable," said Jack Goldsmith of Harvard Law School, who led the Office of Legal Counsel under President Bush.

Other scholars who defend the administration argue that national security cannot be compromised.

"The issue of access to classified information is pivotal," says John Yoo, who helped the Bush administration draft an earlier version of the proposed commissions and who now teaches law at University of California, Berkeley. In his new book, "War By Other Means," Professor Yoo argues that in the first World Trade Center bombing case in 1993, prosecutors had to give the defense a list of 200 unindicted co-conspirators. The list, he writes, was "delivered to bin Laden" " and "was later found during the investigation of the African embassy bombings."

Republicans in Congress are now negotiating with the Bush administration on a series of compromises. The military commissions may operate closer to the Nuremberg standard, but give the administration some of the authority it seeks. For example, one proposal would allow the use of hearsay and evidence obtained through coercion short of torture, while refusing to allow the use of evidence not disclosed to the defendant.

Could this satisfy critics? Some legal scholars suggest that a trial conducted along these lines could have international legitimacy as well as meeting basic standards of due process. Even Mr. Goldstone, the chief prosecutor for the U.N. tribunals, says that jettisoning the use of secret evidence would remove the "most objectionable" part of the proposal.

Professor Spiro of Temple University agrees. "The Republican moderates' proposal would come a lot closer to satisfying international opinion, and in part because it's coming from the Senate and not the administration," he said.

Still, the atmospherics of the trial, and the fact that the defendants face the death penalty, may make it harder for the verdict to be internationally accepted.

"Guantánamo is now a rallying cry in Europe, so any trials that take place there will be tainted by that fact alone," Professor Spiro said. "The administration would be well advised to allow the proceedings to be televised to avoid the image of a show trial."

But televised proceedings might give the defendants a political platform to hijack the proceedings. "There's always a danger that this will degenerate into a political circus," says Professor Goldsmith. "Slobodan Milosevic used the trial against him as a political platform, and Saddam Hussein is doing the same thing. The more procedural rights you give the defendant, the more you allow him to continue the war by other means."

Professor Goldsmith says the debate about what a fair trial requires will continue throughout every stage of the terrorist trials — from the initial indictments to the actual trials to the Supreme Court appeals that would follow any death sentence. "There's a

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trade-off," he said. "You can clamp down on access, but you do so at the cost of the perception of fairness, and finding the right balance of fairness and control is very hard."

Not Just Because Bush Says So (WP)

By Dahlia Lithwick

The Washington Post, September 10, 2006

The Bush administration is marking the fifth anniversary of the Sept. 11 attacks this week with a charm offensive touting its War on Terror. At the less charming end of the spectrum: Defense Secretary Donald H. Rumsfeld's nasty attacks on war critics. More charming: President Bush's new willingness to empty secret CIA prisons and put the alleged 9/11 ringleaders on trial. But what's missing from all these election-season defenses of the government's actions is the same ingredient that has always been missing: a fair-minded balancing of what's been lost against what's been gained.

Like the administration's old rationalizations for the fight against terrorism, the new ones write off critics as appeasers or suggest that the United States is foiling terrorism plots through "alternative interrogation procedures." The president claims that every suspension of the laws of war, the Geneva Conventions and domestic civil liberties is justified because it is necessary, and is necessary because he says so. There is no recognition that important freedoms are lost; that waterboarding prisoners is more than "tough, and . . . safe, and lawful" or that programs such as the National Security Agency's warrantless surveillance of citizens carry a price.

That is why Richard A. Posner, a judge on the U.S. Court of Appeals for the 7th Circuit, is such a welcome voice in the national debate about freedom vs. security. Posner is renowned -- and not always in a good way -- for putting a price tag on everything . But whatever quibbles liberals may have with his law-and-economics approach to issues such as rape and unwanted pregnancies, they should celebrate the rigor he brings to the problem of civil liberties in wartime. In his new book, "Not a Suicide Pact: The Constitution in a Time of National Emergency," Posner approaches the wartime civil liberties problem in precisely the manner the Bush administration will not: with a dispassionate weighing of what is won against what is forsaken each time the government engages in data mining, indefinite detentions or the suppression of free speech.

Posner first quickly dispenses with the notion of an immutable Constitution; indeed, as Instapundit blogger Glenn Reynolds and his wife recently discovered in an interview with the judge, Posner may even be embracing the liberal concept of an evolving "living constitution" that keeps pace with modern life. But if one agrees that the boundaries of what is "constitutional" are almost completely mutable, one can easily appreciate Posner's approach to determining which suspensions of constitutional rights are justifiable in wartime.

Posner concludes that broader government surveillance powers, computerized data mining, zealous deterrence of media leaks and even "coercive interrogation up to and including torture" are all constitutionally permissible against an unprecedented new threat. And though I may differ with him on the balances he strikes between liberty and safety, I find his essential project -- the notion that fundamentalist terrorism is not quite a crime, and not quite a war; and that new systems require meticulous calibration -- vastly preferable to the all-or-nothing vision of Bush and his lawyers.

By virtue of his analysis, Posner even criticizes a few Bush administration decisions. He questions, for instance, the decision to suspend the right to habeas corpus of U.S. citizens or foreign terrorism suspects captured in the United States, because he thinks the cost of indefinite detention exceeds the gain in public safety. It is precisely this kind of exercise that makes Posner's book so important, as voters begin the preelection analysis of which elements of the president's surveillance, detention and prosecution strategy have made us safer -- and which have made us less free.

But if we are really to follow Posner's lead and undertake a sober national assessment of the costs and benefits of suspending civil liberties, we need better information on, well, the costs and the benefits. Surely Posner would agree that a good consumer is an informed consumer. But is anyone informed enough to engage in such an analysis?

For instance, Posner seems to share Bush's assumption that torture is, broadly speaking, worth it, that it extracts information that can disrupt terrorism plots. He goes on to argue that even in the face of anti-torture statutes, there is a moral obligation -- in, say, ticking time-bomb situations -- for leaders to exercise a form of civil disobedience and ignore the statutes.

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But without fuller information on who is being tortured, and how, and for how long, and how many false confessions are elicited, how is a meaningful cost-benefit assessment possible? I am willing to be convinced, nearly five years later, that provisions of the USA Patriot Act really do make us safer. But I am not moved by assertion alone. How can I weigh the security benefits of so-called national security letters, or the subpoena of my library records, if the government refuses to disclose how that information is used and why?

If I can only assess the curtailment of my civil liberties against the government's claims that such curtailment makes me safer, then no real balancing is possible; I am merely weighing my own subjective sense of freedom against the president's promise that I am safer. Posner argues convincingly that our judges don't have the institutional capacity to decide these questions of national security. But then, using only the knowledge he has as a judge, he undertakes precisely such a balancing test. Why? Because, as he reveals, smart, "generalist" judges are still better situated to perform the kinds of assessments necessary to measure whether Freedom A is worth sacrificing for Security Measure X.

The real power of Posner's effort is that he stands back and measures whether Guantanamo Bay and wiretapping are really worth it. It's proof that the best cure for partisan shrieking is a good old-fashioned game of cost-benefit analysis. Now, if the Bush administration would follow suit and frame the debate about freedom and war in terms of security gains and civil-liberties sacrifices (rather than cheap attacks on critics or grandiose claims of unlimited wartime authority) we might begin the sort of careful debate about this possibly never-ending fight against terrorism -- a debate that is long overdue.

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INFORMANTS TELL TERRORIST TALES (SFC)

By Demian Bulwa,, Chronicle Staff Writer

San Francisco Chronicle, September 10, 2006

They have exerted unusual power

From Lodi to New York, many terrorism investigations since the attacks of Sept. 11, 2001, have shared a similar plot line.

An informant posing as an Islamic radical gets close to one or more Muslim men. The informant spouts anti-American rhetoric, speaks favorably of terrorism or even offers to provide supplies or weapons. If he is successful in drawing out his targets, arrests are made, even if the suspects lack a firm plan or the means to carry out an attack.

Other steps that authorities have taken since 2001 to head off terrorist strikes -- such as airport screenings and stepped-up surveillance of landmarks, ports and public transportation -- have garnered plenty of attention. But the use of informants has figured more prominently in arrests of suspected plotters.

The scenario has placed informants in an important and contentious role. Though informants have long been central to infiltrating organized crime, they have exerted unusual power in terror probes, according to experts who have followed the investigations. Many of the resulting criminal cases have rested heavily on conversations, not overt actions.

Defense attorneys say informants are often under intense pressure to deliver a case because they are either being paid or have agreed to cooperate to avoid punishment for their own crimes. Some plots wouldn't have hatched at all without an informant's provocation, say the attorneys, though they concede that such saber-rattling is not illegal.

"In order to open a dialogue with radicals, to a certain extent (the informant) has to share their rhetoric," said Brian Jenkins, a terrorism expert and senior official at the Rand Corp. think tank in Santa Monica. "The fact that an informant engages in radical rhetoric is not evidence that he is a provocateur -- it's a prerequisite to establishing his credentials."

However, Jenkins said, "the difficulty is that a lot of these angry young men who are susceptible to this ideology are constantly fantasizing about operations. They may even engage in planning attacks that in all probability are going to remain in the realm of fantasy."

The use of informants is a sore subject among many Muslims in the Bay Area. Some say the whole community should not be targeted because of the actions of a few extremists, and they worry that such scrutiny could alienate ordinary Muslims and make them reluctant to volunteer information to law enforcement.

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"That's probably not the best way to do it," said Irfan Rydhan, a board member for the South Bay Islamic Association in San Jose, who compared the use of informants in mosques to the government's infiltration of activist groups in the 1960s.

"I can understand why they're thinking like that -- the main stereotype is that Muslims are causing all the problems," Rydhan said. "But we Muslims in America are the bridge to the greater Muslim community in the world. Law enforcement should be openly talking to us."

Rydhan stressed that his mosque and its imam had a strong relationship with authorities. FBI agents recently had dinner at the mosque during a monthly "family night" and took questions from members.

U.S. Deputy Attorney General Paul McNulty, addressing the American Enterprise Institute in May, said the Justice Department had charged 435 people and had won 253 convictions in cases related to international terrorism since September 2001.

Citing a computer-aided review of data, the Washington Post reported that most of the defendants were charged with minor crimes unrelated to terrorism. But McNulty said his agency had used "the full arsenal of tools Congress has given us," including immigration charges.

Informants are a recurring theme in high-profile terrorism prosecutions. In Portland, Ore., a man posing as a Taliban supporter helped convict six Portland residents of conspiring to join the radical group in Afghanistan. In Detroit, questions about an informant's credibility helped overturn convictions of Muslims accused of being members of a suspected terror cell.

Reports indicate that informants were central to the arrests in Canada in June of 17 people suspected of planning to use fertilizer to make truck bombs.

At a federal trial earlier this year, defense attorneys argued that 24-year-old Pakistani immigrant Shahawar Matin Siraj had been radicalized over the course of a year by a 50-year-old informant before Siraj suggested blowing up a New York subway station in 2004.

The older man, posing as the son of an Islamic scholar and as a determined terrorist, showed photos to Siraj of the abuse of Iraqi prisoners at Abu Ghraib and offered to provide explosives, defense attorney Martin Stolar said.

"My client was very easily manipulated. The idea of doing something violent had been drilled into him by the informant," Stolar said in an interview. "His response was to say, 'How about this idea?' But it was never going to happen."

However, prosecutors showed that Siraj had a history of espousing violence, including in tape-recorded talks with the informant. A federal jury rejected Stolar's claim that Siraj had been entrapped and convicted him.

In Lodi, the FBI assigned 33-year-old informant Naseem Khan to infiltrate the city's only mosque, even after discovering that he had falsely told agents that he had seen three of the world's most notorious terrorists there, including al Qaeda second-in-command Ayman al-Zawahiri.

Khan, posing as a man interested in holy war, focused on two Pakistani clerics who were in Lodi on religious visas. Then in the summer of 2002, he came across Hamid Hayat, 23, who displayed enthusiasm for militant groups and kept what prosecutors called a "jihadi scrapbook" of news clippings. The men became best friends, at least in Hayat's mind.

At one point, Khan berated Hayat for not going to a terrorist training camp in Pakistan, and told him to "be a man" and "do something." Khan testified later that he had scolded Hayat "as a way to make him talk."

Hayat was convicted of providing material support to terrorists by allegedly attending a camp in Pakistan. He faces up to 39 years in prison at a sentencing later this year.

Hayat's attorney, Wazhma Mojaddidi, argued that Hayat had not been to the camp and said the FBI had not kept a tight enough leash on Khan. She said the informant had a financial incentive to incriminate Hayat. The FBI paid Khan more than $225,000.

"The informants in these cases are being trusted more than traditional informants," Mojaddidi said. "I guess the FBI considers them to have more specialized knowledge about the culture. But what that does is give them more power than they should have in these investigations."

McGregor Scott, the U.S. attorney for California's eastern district, which includes Lodi, said agents had handled Khan legally and properly.

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"Oftentimes, the best evidence is what comes from the mouth of a suspect in an unguarded moment," Scott said in a recent interview.

"In the terrorism context, typically the people we are investigating are Muslim males, and those can be self-contained communities," Scott said. "The use of an informant who fits into that self-contained community can be a very effective law enforcement tool in these investigations."

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Onetime Watsonville Resident, Attorney Reflects On Work With '20th Hijacker' (SCS)

By Peggy Townsend, SENTINEL STAFF WRITER

Santa Cruz (CA) Sentinel, September 10, 2006

The trial of al-Qaida conspirator Zacarias Moussaoui decimated Alan Yamamoto's law practice.

It wore him down physically. It drained him emotionally.

He was so exhausted after the trial, he didn't talk about it for months.

But last week, the Watsonville High School graduate was ready to speak about the years he spent defending a man who vowed to kill Americans, despised his defense team, taunted the families of the victims of 9/11 and admitted allegiance to Osama bin Laden. A man who greeted his attorney each day with the words, "Curse you, Yamamoto."

In a telephone interview from his one-man law office in Alexandria, Va., the only member of the defense team to whom Moussaoui would talk spoke about the man behind the courtroom rantings; about a moment in the trial that surprised him; about his client's mental health; why he won't write a book about the case; and why he thought the years-long trial was a waste of taxpayer money.

His words came even as President Bush was upping the stakes with Congress over trying terror suspects through military tribunals to avoid what occurred in the Moussaoui case — the release of classified information to attorneys defending clients in those cases.

"No, I'm not bitter," the 61-year-old Yamamoto said of the years he spent helping defend Moussaoui. "I just think it was a waste of money, that's all. I was too busy to be bitter."

Getting to know Moussaoui

There is probably not a person in the United States who knew the burly 37-year-old terrorist better than Alan Yamamoto.

For almost three years, the unassuming man who likes mystery novels and volunteers at the animal shelter was the only member of the defense team to whom the French-born Moussaoui would speak.

It meant that Yamamoto spent hours locked in a windowless 6-by-6 room in the Alexandria Detention Center with a man the government once dubbed the "20th hijacker," and a man who rained insults on his other defense attorneys.

"He could be very funny. He had a terrific sense of humor. He was very bright," Yamamoto said of the man who was arrested three weeks before Sept. 11 after his behavior aroused suspicion at a Minnesota flight school.

"But he could also be a royal pain in the ass: argumentative, nasty. Just a jerk."

Most of the time, Yamamoto said, Moussaoui would lecture him about converting to Islam and rant about the sins of America and of Christianity. He would insist that his defense team, including Yamamoto, wanted to have him put to death and refuse to answer questions that would help defense attorneys in the case.

"God curse and kill you, Yamamoto," he would always say as the attorney left the meeting room.

"After awhile, it wore me down," Yamamoto said of the long harangues, the refusal to trust the attorneys who were trying to help him.

But there were also times when the two men would sit at the room's small table and Moussaoui would ask Yamamoto about his own life or tell him about growing up in France — a childhood dominated by a father who beat his sisters and mother, in a country that looked down on Moroccan immigrants like him.

It was testimony about that abusive childhood, an anonymous juror later revealed to the Washington Post, that led nine of the 12 jurors to say it was one of the mitigating factors in their decision to recommend a life sentence instead of death for the al-Qaida operative.

But Yamamoto's answers to questions about his childhood growing up in the strawberry fields outside of Watsonville puzzled Moussaoui. He could not understand how Yamamoto could continue to be an American in the face of the bombings of Hiroshima and Nagasaki and of the internment of Yamamoto's parents in a Poston, Ariz., camp during World War II.

"He couldn't fathom how I could live like that," Yamamoto said.

So it surprised Yamamoto when Moussaoui, after listening to families of the victims of the World Trade Center attack testify that despite their pain they had found ways to move on — like establishing scholarships or working for peace — told him he was "very moved" by their words.

"The people who testified for the prosecution and just wanted him dead, he could understand that," Yamamoto said. "But what he couldn't understand was these other people coming and saying I think we should have peace."

The fact that they didn't want revenge affected Moussaoui deeply, Yamamoto said.

And while some questioned Moussaoui's sanity because of the courtroom tirades, his rambling legal briefs and paranoia, Moussaoui was not crazy, Yamamoto said.

Although Moussaoui's family was filled with mental instability — his father is in a mental institution in France and his two sisters are living in government housing for the mentally ill — Moussaoui was more like those who fall into cults, a person who was susceptible to indoctrination, Yamamoto said.

"He had mental health issues and I've told him that to his face," Yamamoto said.

"... I never thought he was crazy."

A terrible pilot

The case cast a shadow over Yamamoto's life.

His work week stretched from 60 hours to 100 hours as he huddled with Moussaoui or holed up in a cramped room in the courthouse going over boxes of classified documents that he could not even discuss with his client.

With a one-man law practice, Yamamoto was soon turning away new business and referring his regular clients to other attorneys to concentrate on the case. When it ended, he had no clients left.

"My personal life suffered the same way," he said.

"I didn't have one."

But there were a few high points — one of them when the defense team set legal precedent by winning access to senior al-Qaida operatives like Khalid Shaikh Mohammed who were being held at undisclosed sites overseas.

It was Shaikh Mohammed who said Moussaoui hadn't known about the Sept. 11 plot, and had been training for an unspecified second wave of attacks that never occurred — the same thing Moussaoui had admitted in July 2002, telling the court "he was in the United States for something else," according to Yamamoto.

In fact, Moussaoui had confided to Yamamoto that he was a terrible pilot.

"He once explained to me that he would be flying the plane and see something in the distance and start looking at it and forget to fly," Yamamoto said. "He couldn't fly to save his life."

Had Moussaoui been allowed to plead guilty to that crime, he would have received a life sentence like the one he got after years of legal wrangling, according to Yamamoto.

Instead, the government continued to press for the death penalty, saying Moussaoui's lies after his capture permitted the Sept. 11 attacks to go forward, spending tens of millions of dollars, he said.

"Prosecuting him was a waste of money, because ultimately, he Moussaoui was not really aware of what was going on," Yamamoto said. And while the government has yet to disclose the cost of the trial, according to reports in the Associated Press last week, Attorney General Alberto Gonzales admitted it was "millions of dollars," calling the trial a lesson for the government.

"The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in a civil court where you might have to put at risk classified information, where the terrorist may insist on having direct access to someone that's being detained by the United States," Gonzales said.

The defense team's fees are also under seal. But, Yamamoto said, "It didn't make me a rich man, oh no. Nobody gets rich doing this work." And, he will not write a book about his experience, he said, "because I told him Moussaoui I wouldn't ... and I haven't."

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Yamamoto was thoughtful when asked how history would look at the Moussaoui trial.

"This will probably be one of the only trials of this sort that you will see because there were so many problems that no one anticipated," he said.

"I don't think the government will want to go through that again."

Indeed, last week, the Bush administration was pushing to use military tribunals to try terror suspects.

Now Moussaoui sits in a cell in a super-maximum security prison in Florence, Colo., as Yamamoto tries to get on with his life, to restart his law practice, to finish dealing with the death of his father earlier this year.

But the belief that led him to agree to be part of the case, in the end turned out to be true, said Yamamoto, who came east for law school and who had agreed to help defend Moussaoui at U.S. District Judge Leonie M. Brikema's request.

"I believe in the justice system and I believe in the way it operates; the way it is supposed to work.

"And it did in this case," he said.

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From Baltimore Suburbs To A Secret CIA Prison (WP)

By Eric Rich And Dan Eggen, Washington Post Staff Writers

The Washington Post, September 10, 2006

Family Learned Last Week That Man Was Among 'High-Value' Terrorism Suspects Moved to Guantanamo

BALTIMORE -- He was the studious one in Janis Sanford's social studies class at Owings Mills High School, the teenager who stood apart from his suburban Baltimore peers for his no-nonsense attitude. Majid Khan worked at the family gas station after school and, in his free time, indulged his interest in computers.

But something happened to the serious young man after he graduated in 1999, when his life took a dramatic -- and much-disputed -- turn.

Khan, now 26, is one of the 14 "high-value" terrorism suspects transferred Monday to the U.S. detention facility at Guantanamo Bay, Cuba, men the government considered so dangerous they had been held by the CIA at secret foreign prisons for years. Khan is expected to stand trial on terrorism charges after Congress approves a new set of rules for the special military courts that will decide the fates of the 14 suspects.

This week's allegations stunned Sanford, who said the young man she taught in her English-as-a-second-language class could not, as alleged, have plotted to blow up gas stations or poison drinking water in U.S. reservoirs.

"It doesn't make any sense to me," said Sanford, who taught many of the school's foreign students. "I can't imagine it.

"He wasn't one of these kinds of fool-around kids. He just seemed serious. . . . He wasn't a light-hearted jokester."

In brief interviews Thursday and Friday, his father said the charges are false. "He's a terrorist, my son? No!" Khan Ali said, speaking in the family's brick duplex in Windsor Mill. "I don't accept this."

The father spoke only hours after the first official confirmation of what he and others had long presumed: that his son had been held by the CIA since he disappeared in Pakistan in 2003.

The family moved to the United States in 1996 and settled in the Baltimore area, authorities said. After graduating, Khan married a woman in Pakistan and became a father. Though the child is now 2, Ali said, his son has been in custody since before her birth and has had no contact with her. Ali said his son had been in Pakistan less than a year when, in 2003, he was arrested by Pakistani authorities.

At one point, in seeming contradiction, he said of his son, "He has been brainwashed." He also acknowledged that a relative is affiliated with al-Qaeda. Authorities last week described that unidentified relative as an uncle, but Ali said the relationship is more distant.

Before Khan was detained, he and his family lived in a modest home in Catonsville. Some recalled that, for a time several years ago, the house appeared to be under surveillance. Neighbor John Owen said another resident once called him in the middle of the night to say that a person was sitting in a car outside Owen's home. Owen said he went out and tapped on the window.

"This guy holds up a shield," Owen said, referring to a law enforcement badge, "and said, 'I'm watching a house.' "

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Khan's name has surfaced in other terrorism prosecutions. But until the government's disclosure this week, details about his case were sketchy.

A single-page "biography" released by the office of John D. Negroponte, the director of national intelligence, portrays Khan as a figure who had contact with terrorist operatives from Pakistan, Indonesia and elsewhere. U.S. officials also allege that Khan took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks.

According to the document, Khan became involved in a "local Islamic organization" before returning to Pakistan in early 2002. The federal accusations say his radicalization proceeded rapidly once he was back. A cousin and the uncle, both of whom were al-Qaeda operatives, introduced Khan to Mohammed, the document alleges.

Before long, Khan was training to make bomb components and discussing terrorist attacks that could be conducted in the United States, according to the document and government officials.

Mohammed allegedly asked Khan to research poisoning U.S. reservoirs and considered him for an operation to assassinate the Pakistani president. The document also alleges that Mohammed orchestrated a test that "showed that Khan was committed to being a suicide operative."

Mohammed, the document says, "selected Khan as an operative for a possible attack inside the United States . . . because of his excellent English and extensive knowledge of the United States."

Brian Levin, director of the Center for the Study of Hate and Extremism at California State University in San Bernardino, said al-Qaeda values recruits who have lived in the United States. The government asserted that Khan's familiarity with the gas station business might have given him insight into a vulnerability that could be exploited.

"His familiarity with the Baltimore-Washington area, fluency in English, as well as his study of fuel tank explosives and water reservoir vulnerabilities made him a logical choice to be on KSM's [Khalid Sheik Mohammed's] list of operatives," said Levin, who has no firsthand knowledge about Khan.

Khan also is accused of delivering money to an operative for Jemaah Islamiyah, the Indonesian extremist group affiliated with al-Qaeda, to "support terrorist attacks against Western targets," the government alleged.

Furthermore, according to the document, Khan received help from Aafia Siddiqui, a scientist accused of helping al-Qaeda. According to the government, Khan also recommended the recruitment of Iyman Faris, a naturalized U.S. citizen who was convicted of providing material support to terrorists in 2003 after allegedly plotting to take down suspension bridges in New York.

Khan's wife, Rubia, is in Pakistan, according to family and friends. Khalid Khawaja, a former member of the Pakistani intelligence service who is acting as a spokesman for her, said information obtained through interrogations in the CIA prison system is inherently unreliable.

"When you are in that kind of custody and the worst kind of human treatment, you can get them to say any kind of statement," said Khawaja, who was reached by telephone in Pakistan. "They don't have any evidence against Majid Khan as far as I know. . . . We don't believe he has done anything. He is a victim of this so-called war on terrorism by George Bush."

A central figure in Khan's case is another Pakistani national, Uzair Paracha, who was sentenced in New York earlier this year to 30 years in prison for providing material support to terrorists.

Authorities allege that Khan and Mohammed planned to use the Paracha family's textile-importing business to smuggle explosives into the United States and blow up underground gasoline storage tanks in Maryland. Paracha was accused of attempting to help Khan reenter the United States from Pakistan illegally.

Paracha denied wrongdoing, saying that he was used by Khan and Mohammed and that a confession to FBI agents was "what they wanted to hear." But he also admitted that his father, Saifullah Paracha, had told him about Khan's terrorism ties. The elder Paracha, who also had met with Osama bin Laden, is being held as an enemy combatant at Guantanamo Bay.

According to an interrogation summary filed in the case, Khan said that the younger Paracha had no knowledge of the plan to blow up gas stations and was merely "willing to help a fellow Muslim at his father's request." Khan said that while he considered recruiting Paracha for al-Qaeda, he was probably unsuitable because he "had no extremist views and was not really a practicing Muslim," according to the summary.

DOJ_NMG_0060465

Edward D. Wilford, one of Paracha's attorneys, said the newly released information about Khan -- and his transfer to Guantanamo Bay -- is an important development for Paracha's case, which is currently on appeal in the U.S. Court of Appeals for the 2nd Circuit.

Lack of access to Khan and Mohammed hurt Paracha's defense, Wilford said. "It's interesting that everything we couldn't get is now part of the public record because it serves the administration's purposes," he added.

Eggen reported from Washington. Staff researchers Julie Tate and Meg Smith contributed to this report.

Names Of The Detained In Guantanamo Bay, Cuba (WP)

Washington Post, September 10, 2006

Until March 3rd, the Pentagon had declined to identify the detainees at Guantanamo Bay Military Prison, most of whom were captured in Afghanistan during and after the 2001 war there. As a result of an Associated Press Freedom of Information Act request and lawsuit, the Department of Defense released the unredacted transcripts of Combatant Status Review Tribunals and Administrative Review Boards.

Special Report

Guantanamo Prison

The Archived List

From 2002 to May 2006, Washington Post researchers compiled the names and countries of origin of detainees in Guantanamo from unofficial, public sources: news accounts, legal documents (such as habeas corpus petitions and from the CSRT tribunals), interviews with attorneys and relatives, and information from detainee support sites on the Web. The Post printed only names that it had verified from a single reputable source or multiple sources. Some names were transliterated from Arabic or had alternative spellings. The collection was the largest list of names made public at that point, encompassing: more than 550.

Many names came from two Web sites that monitor the status of Guantanamo detainees: the Arabic-language Alasra and the Britain-based CagePrisoners. The two sites, which advocate the release of the detainees, have published lists of names, photographs and documents provided by families. Alasra is registered to an unknown individual in Saudi Arabia, and CagePrisoners is registered to a group of Muslim computer programmers based in Britain.

The Archived List The Pentagon List

On May 15, 2006, the Pentagon released to the Associated Press the first comprehensive list of everyone who has been held at Guantanamo Bay, more than four years after it opened the detention center. Two-hundred and one of the names had not been disclosed by the Defense Department before. That more complete register follows below. Post researchers will continue to monitor the names on this new list to verify the information previously reported and will provide updates as they are available. See Also

Detainees by Age

Detainees Charged by Military Commissions

Detainees Classifed as "No Longer Enemy Combatants" (NLECs) Related Stories

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Ruling for Hamdan v. Rumsfeld (From FindLaw) Guantanamo Bay Detainees by Nationality Afghanistan | Algeria | Australia | Azerbaijan | Bahrain | Bangladesh | Belgium | Canada | Chad | China | Denmark | Egypt | Ethiopia | France | Indonesia | Iran | Iraq | Jordan | Kazakhstan | Kuwait | Lebanon | Libya | Malaysia | Maldives | Mauritania | Morocco | Pakistan | Palestine | Qatar | Russia | Saudi Arabia | Somalia | Spain | Sudan | Sweden | Syria | Tajikistan | Tanzania | Tunisia | Turkey | Turkmenistan | Uganda | United Arab Emirates | United Kingdom | Uzbekistan | West Bank | Yemen Afghanistan

No

DOJ_NMG_0060466

31
Baku, Azerbaijan
Bahrain
NameNationalityReleasedAge (approximate)BirthplaceNLEC
Al Balushi, Salah Abdul Rasul Ali Abdul Rahman
35
Aubervilliers, France
Indonesia
NameNationalityReleasedAge (approximate)BirthplaceNLEC
Hambali
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Al Futuri, Muhammad Abd Allah Mansur
Libya
No
38
Al Rimi, Yemen
Al Ghazzawi, Abdel Hamid Ibn Abdussalem Ibn Mifte
Libya
No
44
Tripoli, Libya
Al Libi, Abu Faraj
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
30
Sorman, Libya
Malaysia
NameNationalityReleasedAge (approximate)BirthplaceNLEC
bin Amin, Mohd Farik
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Malaysia
No
Unknown
Unknown
bin Lep, Mohammed Nazir
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Pakistan
Yes
33
Helmand, Afghanistan
Al Baluchi, Ammar
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

Pakistan
Yes
31
Bannu, Pakistan
Khan, Majid
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Pakistan
Yes
37
Malakan District, Pakistan
Muhammad, Khalid Sheikh
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Palestine / Saudi Arabia
No
26
Khan Younis, Israel
Zubaida, Abu
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Al Awfi, Mazin Salih Musaid
Saudi Arabia
No
27
Medina, Saudi Arabia
Al Baddah, Abdul Aziz Abdul Rahman Abdul Aziz
Al Harbi, Ghanim Abdul Rahman
Saudi Arabia
No
32
Khobar, Saudi Arabia
Al Harbi, Majid Abdallah Husayn Muhammad Al Samluli
Saudi Arabia
No
26
Dehman, Saudi Arabia
Al Hawsawi, Mustafa Ahmed
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Saudi Arabia
No
31
Khafji, Saudi Arabia
Al Nashiri, Abd al Rahim

DOJ_NMG_0060468

One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

Formal Charges

Saudi Arabia

No

29

Tabuk, Saudi Arabia

Al Qahtani, Muhammad Mani Ahmed Al Shal Lan

Nur, Yusif Khalil Abdallah

Saudi Arabia

No

24

Mecca, Saudi Arabia

Qa Id, Rashid Abd Al Muslih Qa Id Al

Somalia

No

42

Burco, Somalia

Dourad, Gouled Hassan

One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

Janko, Abd Al Rahim Abdul Rassak

Syria

No

28

Al Qamashil, Syria

Khantumani, Abd Al Nasir Mohammed Abd Al Qadir

37

Itsfaratz, Tajikistan

Tanzania

NameNationalityReleasedAge (approximate)BirthplaceNLEC

Ghaliani, Ahmed Khalfan

One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

Yes

27

Bunamwaya, Uganda

United Arab Emirates

NameNationalityReleasedAge (approximate)BirthplaceNLEC

Abd Al Sattar, Muieen A Deen Jamal A Deen Abd Al Fusal

Al Omairah, Othman Ahmed Othman

Yemen

No

33

Shabwa, Yemen

Al Qadasi, Khalid Abd Jal Jabbar Muhammad Juthman

Al Qurashi, Sabri Mohammed Ebrahim
Yemen
No
36
Hudaydah, Yemen
Al Radai, Riyad Atiq Ali Abdu Al Haj
Yemen
No
28
Ta'iz, Yemen
bin Al Shibh, Ramzi
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Yemen
No
Unknown
Unknown
bin Attash, Walid
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

False Accusation Creates A 9/11 Footnote (AP)

By Tom Hays, Associated Press Writers
AP, September 10, 2006
They were different men going in different directions — one a visiting Egyptian student on scholarship, the other an ex-cop in a dead-end job as a hotel security guard. But an aviation radio left in a high-rise hotel brought Abdallah Higazy and Ronald Ferry together in an unfortunate footnote to the Sept. 11 terrorist attacks.
In his zeal to fight terror, Ferry twisted the truth about the radio — capable of contacting commercial pilots from the ground — and triggered an investigation that needlessly landed Higazy in jail for a month.
Five years later, Higazy, 35, is back in Egypt, where he views his case as a parable about the false suspicions endured by innocent young Arab and Muslim men following the attacks.
"Not all the victims of 9/11 were in the twin towers and Pentagon," he said in a recent interview. "There were other victims, too."
Attempts by The Associated Press to contact Ferry, 53, were unsuccessful. There was no telephone listing for him, and his former attorney said they were out of touch.
Speaking by phone from Cairo, Higazy recalled being thrilled when he arrived in the United States on Aug. 27, 2001, to begin a graduate program in computers. His college temporarily put him up in a room on the 51st floor at the Millennium Hotel, in the shadow of the World Trade Center.
He was there on the morning of Sept. 11 when the planes struck with a force that shook the hotel. During an evacuation, he managed to grab only his student identification and cash. He later found housing in Brooklyn and began school.
Enter Ferry.
The Millennium security guard — who had quit the Newark, N.J., police force because of a drug problem — was assigned in October to inventory items left behind by guests, court papers said. He reported to a supervisor that among the belongings found in a safe in Room 5101 were the aviation radio and an Egyptian passport — Higazy's.

DOJ_NMG_0060470

The discovery was troubling to investigators who believed a conspirator could have used the handheld device to coordinate with the hijackers aiming airliners at the twin towers. It was considered "an extremely important item of evidence," one government filing said.

When Higazy was summoned to the hotel in December to retrieve his belongings, the FBI confronted him with the radio.

"I'm sorry, this isn't mine," he told agents.

The FBI brushed aside his denials and arrested him as a material witness. He was sure someone would quickly realize he'd been framed — until he spotted Zacarias Moussaoui inside a jail in lower Manhattan.

The man already known as "20th Hijacker" was lodged in the same maximum-security wing. Being in Moussaoui's company — and being strip-searched, shackled and insulted by guards — was unnerving to a moderate Muslim who had never even read the Koran.

"That's when it really sunk in that I was in a very, very serious situation," he said.

Higazy agreed to a polygraph examination. He stuck to the truth, he said, until an FBI agent made veiled threats against his family in Egypt.

He broke down and responded with wild and contradictory tales: He found the radio in the subway. No, he stole it from the Egyptian military.

Citing his "confession," federal authorities charged him on Jan. 11, 2002, with making false statements. Three days later, a private pilot who was staying one floor below Higazy at the Millennium on Sept. 11, returned to the hotel looking for his aviation radio.

Ferry recanted his story on Jan. 16, court papers said. The same day, with no explanation, a deputy U.S. marshal removed Higazy's shackles and told him, "You're free to go."

About a year later, Higazy sued the hotel and the FBI agent who coerced his false confession for $20 million. He reached an undisclosed settlement with the hotel; a judge later cleared the agent — a ruling that's still being appealed.

Now married and teaching computer courses, Higazy still blames Ferry for "fooling the government." But he also has fond memories of New Yorkers who, after recognizing him from news accounts, greeted him with kind words after he was freed.

"Aren't you the Egyptian man?" he recalled some saying. "We're sorry."

Ferry, who pleaded guilty on Feb. 27, 2002, to lying to the FBI about the radio, served his sentence of weekends in jail for six months, then faded back into obscurity. His motives remain murky as well.

"That was during a time of patriotism," he said at his sentencing, "and I'm very, very sorry for that mistake."

Pakistan And Terrorism (1 Letter) (NYT)

The New York Times, September 10, 2006

To the Editor:

Re “The Wrong Battle in Pakistan” (editorial, Sept. 3):

Pakistan joined the coalition to fight terrorism because of its own conviction and vital national interest. We have killed or captured more than 680 foreign Al Qaeda terrorists. We have banned all organizations that were suspected of involvement in terrorism.

The Taliban insurgency is mainly within Afghanistan. Pakistan has deployed 90,000 troops — three times as many as fielded in Afghanistan — to interdict Al Qaeda and Taliban movement across the border. But we host 2.6 million Afghan refugees, some sympathetic to the Taliban.

Through a comprehensive military, political and economic strategy, Pakistan is succeeding in the endeavor to end support for the Taliban in our frontier regions. Exerting undue pressure on Pakistan to “do more” is unnecessary and likely to be counterproductive.

You do not mention Pakistan’s larger reality: a democratic country, regular elections, a free press, empowered women and minorities, a vibrant economy (growing at 7 percent) that has doubled output and incomes over five years, significant and profitable foreign investment and an overwhelmingly moderate and tolerant, even if conservative, Muslim population.

DOJ_NMG_0060471

The American media should be doing more to support Pakistan's economic and social success, rather than playing the blame game.

Mansoor Suhail
Minister (Press)
Pakistan Mission to the U.N.
New York, Sept. 7, 2006

PATRIOT ACT:

Patriot Act Eroded Privacy For Terrorists – And Everyone Else (COLDISP)

By Matt Tullis, THE COLUMBUS DISPATCH

Columbus Dispatch, September 10, 2006

It's there, protecting you, helping law enforcement investigate drug dealers, murderers and terrorists. It doesn't inconvenience you — unless you're evil.

Or, it's there, lurking in the background. You don't know when the government is snooping through your bank accounts and your library records. You will likely never know.

So go the arguments for and against the USA Patriot Act, the first of several laws passed under the banner of fighting terrorism after 9/11.

The American Civil Liberties Union and other privacy advocates cried foul when the act passed with only one dissenting vote in the Senate. They vowed court challenges and said American civil liberties were no longer safe.

"We didn't realize the Patriot Act was just the beginning," said ACLU spokeswoman Chris Link. "It's not about the Patriot Act anymore. It's about the Patriot Act and the expansion of presidential powers."

One month after the Patriot Act became law, Congress passed the Aviation and Transportation Security Act, which created the Transportation Security Administration, the agency that makes you take your shoes off and dump your shampoo at the airport.

As for the Patriot Act, law enforcement continues to hail it as a useful tool and, in some cases, terrorist-fighting weapon. The FBI cites Iyman Faris, the Columbus truck driver convicted in 2003 of conspiring with terrorists, including a plan to blow up the Brooklyn Bridge.

FBI spokesman Michael Brooks said the agency sent national security letters to electronic communication service providers and financial institutions to obtain information about Faris. Also, intelligence agents shared information they had on Faris with the FBI. Both steps used new powers in the Patriot Act.

Faris' attorney, David B. Smith, said it was his client's confession that he was an al-Qaida operative, not the Patriot Act, that did him in. Faris, who is serving 20 years in a federal prison, has recanted the confession and asked a federal judge to vacate his guilty plea.

Ironically, Smith said, the Patriot Act is a good law.

"Ninety-eight percent of it is really not controversial," he said. "I have problems with a lot of other government bills that haven't attracted nearly as much attention."

Faris' case is one of 212 terroristrelated convictions the Justice Department contends were possible because of the Patriot Act. However, a Washington Post analysis of those cases put the number of terrorism-related ones closer to 39. The rest were relatively minor crimes like making false statements or violating immigration law.

The ACLU has successfully challenged some provisions of the law. It helped a group of Connecticut librarians fight an FBI demand to search, without a warrant, records on who had used a computer at a library. The librarians had been given national security letters telling them they couldn't mention the search to anyone.

The provision has been amended to allow those who receive a letter to speak with a lawyer.

"You don't feel the Patriot Act at work, but it's there," Link said. "We get letters and phone calls every day from people or their lawyers who are under investigation. Perfectly innocent people are being swept up in these things."

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Link pointed to the case of Osama Sabhi Abulhassan and Ali Houssaiky. The two Dearborn, Mich., men were charged in Washington County with terrorist acts.

Employees at a Radio Shack near Marietta called law enforcement, saying the men had bought several cell phones and were acting suspiciously. A deputy stopped them for a minor traffic violation and found 12 cell phones and $11,000 in cash. The men said they were buying cell phones for resale.

The county prosecutor later said he didn't have enough evidence to pursue terrorism charges against the men.

Besides terrorism, the Patriot Act has been used to investigate everything from murder to child pornography to drug trafficking, according to the Justice Department.

Locally, law enforcement has used it to investigate check forgery, fraud and bank robbery, said Lt. Jeff Spence, commander of the Gahanna Police Division's detective bureau.

"If we're looking into a financial crime, it is much easier for us to get complete information," Spence said. "In the past, we would get nothing but a signature card. Now we get a driver's license and more complete information."

According to a Financial Crimes Enforcement Network report, the Patriot Act provision allowing federal agencies to request financial records as part of terrorist-funding or money-laundering investigations was used 553 times by 16 agencies between Nov. 1, 2002, and Aug. 15, 2006.

Of those requests, about one-third involved terrorist financing while the rest were for unrelated money-laundering crimes. All of the investigations resulted in 80 arrests and 10 convictions, according to the report, although it wasn't broken down by offense.

The act also let the Treasury Department require broader suspiciousactivity reporting from banks, insurance companies, stockbrokers, check-cashing stores, even jewelers.

Since 2002, the first full year the law was in effect, reports to the financial-crimes network have jumped from 281,373 to 919,230 last year. Steve Hudak, a spokesman for the network, said reports would top 1 million this year.

"All that are related to terrorist financing receive special handling," Hudak said, adding that most reports are read by some law-enforcement agency.

What constitutes suspicious activity is vague, Hudak said. "We don't offer a checklist."

According to the instructions on a banking form, though, it can include a customer deviating from his or her normal pattern with a transaction of $5,000 or more.

If a report is filed as a result of something you have done, you likely won't find out about it. As with the national security letters, the law prohibits the institution from informing you.

"The presumption should be that people can talk about searches once they have been performed," said Peter Swire, a professor in the Moritz College of Law at OSU, former Clinton administration official and a critic of the Patriot Act. "With the gag rule, we lose crucial accountability against government overuse."

Brooks argues that the Patriot Act doesn't impact most people's lives. That includes those who are investigated but never charged, he said.

"In many instances," he said, "we're able to conduct investigations quickly or quietly without individuals knowing we're there."

That is exactly the problem, critics say.

Jennifer Nimer, legal director for the Ohio Chapter of the Council on American-Islamic Relations, said the act had a profound impact on Middle Easterners and Muslims. They are skeptical of law enforcement and afraid to come forward when they know something important for fear of being implicated, she said.

"With so much secrecy and not knowing what people's rights are, people are just very afraid," Nimer said.

CHANGING TERRAIN OF CIVIL LIBERTIES (MERCN)

By Dana Hull

The San Jose Mercury News, September 10, 2006

DOJ_NMG_0060473

The Patriot Act. Airport watch lists. Special registration by the INS. Detention. Extraordinary rendition -- sending terrorism suspects outside the United States for interrogation. Torture. Surveillance. Combing through phone calls, bank records and e-mail.

The attacks of Sept. 11, 2001, led the Bush administration to declare G-WOT, government shorthand for the ``Global War on Terror."

Five years later, G-WOT is far from over, and Sept. 11 has changed the landscape of civil liberties, influencing its culture of dissent and robust political debate, and the rights to privacy and a fair trial.

The U.S. government has greatly expanded its ability to collect information about its citizens as it looks for possible terrorists in our midst. It tracks travel and spending patterns, overseas phone calls, financial donations and e-mail.

Proponents say these measures are critical to preventing further attacks on U.S. soil, and legal scholars with the Bush administration argue that they are permitted because the president has unilateral war powers. Measures like surveillance are seen as key weapons in the arsenal.

``The conflict against Al-Qaida is, in fundamental respects, a war of information," said Attorney General Alberto Gonzales in a January speech at Georgetown University. ``We cannot build walls thick enough, fences high enough or systems strong enough to keep our enemies out of our open and welcoming country. . . . We have to collect more dots, if you will, before we can `connect the dots.' "

But critics warn the potential for abuse is enormous, because various government programs are conducted in secret with little congressional or judicial oversight.

``What's at stake are core American values: the fundamental right to freedom of expression, privacy, due process," said Dorothy Ehrlich, executive director of the American Civil Liberties Union of Northern California. ``The core values of our democracy are under assault."

Executive power

Recently, some federal courts are reining in the executive branch.

In June, the Supreme Court struck down President Bush's creation of military war tribunals to try Guantánamo Bay detainees suspected of belonging to Al-Qaida. The court ruled the proposed trials were illegal under both U.S. law and the international Geneva Conventions.

And on Aug. 17, a federal judge in Detroit ruled the National Security Agency surveillance program is unconstitutional and must stop.

Bush vehemently disagreed with the ruling.

``This country of ours is at war," Bush said the next day. ``And we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

Some polls suggest Americans are more fearful of terrorism than the erosion of civil liberties. A January survey by the Pew Research Center found one in three respondents named restrictions in civil liberties as a big concern.

``There is not an outcry or even consensus opinion about the government's monitoring, without court permission, the phone and e-mail communications of Americans suspected of having terrorist ties," says the Pew report, adding, ``48 percent feel this is generally right, while about the same number, 47 percent, think it is generally wrong."

Brian Michael Jenkins, a terrorism expert at the Rand Corp. in Santa Monica, says the United States has slowed Al-Qaida's military capability. But he warns we are losing the battle of ideas, and revelations of torture and abuse at Abu Ghurayb serve as recruiting posters for terrorist cells. The culture of fear in the United States also isn't making us stronger, he says.

``Americans have spent the past five years scaring the hell out of ourselves," Jenkins said. ``Our most effective defense against terrorism will come not from surveillance, concrete barriers, metal detectors, or new laws. It will come from our fierce determination to defend our liberties and to protect our values despite the risks."

Defending rights

Still, new measures passed at the national level have had a profound effect locally.

The first law was the USA Patriot Act, overwhelmingly passed by Congress in October 2001, which gives law enforcement expanded authority for the purpose of fighting terrorism at home and abroad. But some provisions caused enormous controversy,

DOJ_NMG_0060474

and cities like San Jose, Mountain View and Palo Alto are among the hundreds of municipalities that have passed local resolutions to defend the Bill of Rights and civil liberties.

In June 2002, former Attorney General John Ashcroft weakened longstanding rules that barred law enforcement agents from spying on political, religious or community groups that are not linked to any crime.

Many anti-war groups in the Bay Area and Northern California experienced the fallout first-hand. A deputy sheriff infiltrated Peace Fresno. The California National Guard monitored an anti-war protest held on Mother's Day in 2005. Plainclothes Palo Alto police videotaped a peace rally before the war in Iraq began in 2003.

Some Bay Area residents have altered their behavior since Sept. 11 in order to safeguard their privacy.

Trudy Reagan, 69, lives in Palo Alto and is active in local peace and social justice groups. She still remembers the virulent anti-communist sentiment of the McCarthy era.

An avid reader, she no longer feels comfortable buying certain books online or with a credit card because the Patriot Act allows federal agents to examine library and bookstore records.

``If I'm buying a politically sensitive book, like something about Iraq, I pay in cash at Kepler's," she said, referring to the independent Menlo Park bookstore. ``It's none of anyone's business what I'm reading."

But more than anything, the culture of the United States has shifted. In the five years since Sept. 11, we've gotten used to random airport searches, surveillance and the idea that our phones may be tapped.

``What's dangerous is the changing atmosphere," said Melissa Ngo of EPIC, the Electronic Privacy Information Council. ``People are becoming more and more used to invasive technology and invasive government actions, and the catchall reason for it is terrorism."

HOMELAND RESPONSE:

Bush, Dems Debate Post-9/11 Safety (AP)

AP, September 10, 2006

Radio Addresses Focus On Terror Trials And War In Iraq

(AP) President George W. Bush pressed Congress on Saturday to approve his plan for prosecuting suspected terrorists, a proposal that lawmakers could debate as early as next week.

"As soon as Congress acts to authorize these military commissions, we will prosecute these men and send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice," Mr. Bush said in his weekly radio address. "As we bring terrorists to justice, we're acting to secure the homeland."

The radio address marked the fourth time this week that Mr. Bush has delivered a message about the fight against terrorism. The series of speeches gave Mr. Bush an opportunity to buttress the Republican Party's national security credentials just two months before the critical congressional elections on Nov. 7.

In his speeches, delivered leading up to the anniversary of the attacks of Sept. 11, 2001, Mr. Bush described the enemies and their motives and outlined the steps the administration has taken to protect the nation.

He also acknowledged for the first time that the CIA runs secret prisons overseas and uses tough interrogation techniques to get suspected terrorists to divulge information about their networks and plots. Listen: The President's Radio Address Listen to Rep. Sherrod Brown's Radio AddressMr. Bush wants Congress to support new legislation the White House drafted for prosecuting suspected terrorists for war crimes. A new plan was needed after the Supreme Court, the top U.S. court, ruled in June that an earlier plan violated U.S. and international law.

Senate leaders are backing the plan. But some Republicans support alternative legislation, and several of the military's top lawyers worry that Mr. Bush's plan could violate treaty obligations and make U.S. troops vulnerable.

Majority Leader Bill Frist, a Republican, has placed the White House proposal on the Senate calendar, allowing debate to begin as early as Tuesday, the day after the nation mourns the loss of the nearly 3,000 victims of the Sept. 11 attacks.

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"On this anniversary, we also remember the brutality of the enemy who struck our country and renew our resolve to defeat this enemy and secure a future of peace and freedom," Mr. Bush said in the radio speech. He will address the nation Monday after visiting the sites of the Sept. 11 attacks in New York; Shanksville, Penn.; and the Pentagon.

Democrats, hoping to make the November midterm elections a referendum on Mr. Bush's policies in Iraq and the war on terror, argued again this week that Defense Secretary Donald H. Rumsfeld be made to step down. They contend the White House has mishandled the war, failed to prosecute terrorists and mismanaged the detainee system.

Some Democrats say the first step toward making Americans safe is to chart a new course in Iraq.

"While Iraq was not part of the war on terror before we invaded, it's now a training ground for terrorists and a recruiting tool for the leaders of al Qaeda and other terrorist organizations," said Rep. Sherrod Brown of Ohio, who is running for a seat in the Senate.

"The truth is, five years after the 9/11 attacks, America is not nearly as safe as we can be and we must be," he said.

Brown, who is running for a seat in the Senate, delivered the Democrats' weekly radio address.

Brown said the U.S. needed to refocus efforts on the war on terror by "ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda."

The president's new plan for trying detainees would authorize the defense secretary to convene military tribunals to prosecute terrorism suspects and omit rights common in military and civil courts, such as the defendant's right to access all evidence and a ban on coerced testimony.

Mr. Bush has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice. However, some Republican moderates on defense issues, including Senators John Warner, John McCain, and Lindsey Graham, have agreed with the Pentagon lawyers that Mr. Bush's plan may go too far.

President Set To Visit All Three 9/11 Sites (WT)

By Joseph Curl, The Washington Times

The Washington Times, September 10, 2006

NEW YORK -- President Bush will visit all three sites of the September 11 terrorist attacks that killed 2,973 persons five years ago and then deliver a primetime address tomorrow to tell Americans the United States is safer -- but still not safe from attack.

Mr. Bush and first lady Laura Bush will visit ground zero in New York today, where they will lay a wreath and attend a church service.

Tomorrow, the president and Mrs. Bush will begin the day at 7:40 a.m. with a breakfast with New York City first-responders at Fort Pitt Firehouse. At 8:46 a.m. -- the moment that hijacked American Airlines Flight 11 slammed into the North Tower of the World Trade Center -- they will bow their heads in a moment of silence.

At the same time, Vice President Dick Cheney and his wife, Lynne, with Defense Secretary Donald H. Rumsfeld, will observe a moment of silence near the spot where American Airlines Flight 77 struck the Pentagon five years ago.

Just before noon tomorrow, the Bushes will participate in a wreath-laying ceremony in Shanksville, Pa. A lush hilltop on Skyline Road now serves as a memorial for those killed aboard United Flight 93, when passengers battled terrorists likely targeting the Capitol or the White House, eventually bringing the plane down. The president also will meet with family members of those who died in the crash.

Mr. and Mrs. Bush then will return to Washington to attend a 3:30 p.m. ceremony at the Pentagon.

The president's address at 9:01 p.m. tomorrow "is not a political speech," Bush spokesman Tony Snow said Friday.

"It will be a reflection of what September 11th has meant to the president and to the country; the realities that it has brought to all of our attention, and how we can move forward together to try to win the war on terror," Mr. Snow said.

The president will speak just before the second part of a controversial ABC miniseries that blames in large part the Clinton administration for lapses in national security that led to the September 11 attacks, a charge that has incensed Democrats.

Mr. Bush said yesterday in his weekly radio address that a CIA detention program to interrogate terrorism suspects, which was at issue, had been "invaluable" in efforts to prevent another attack on the United States.

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"This program has been invaluable to the security of America and its allies, and helped us identify and capture men who our intelligence community believes were key architects of the September the 11th attacks," he said.

Meanwhile, Democrats, seeking to win control of at least one chamber of Congress in the November elections, are highlighting an increasingly unpopular Iraq war with voters.

Five years after the September 11 attacks, "America is not nearly as safe as we can be and we must be," said Rep. Sherrod Brown of Ohio in the Democratic radio address.

"This anniversary of 9/11, we must refocus our efforts on the war on terror by ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda," Mr. Brown said.

"Democrats will fight for this goal even as the president and as congressional Republicans stubbornly insist on staying a failed course," he said.

Bush Marks Sept. 11, Says Americans Are Safer Now (Update1) (BLOOM)

By Catherine Dodge

Bloomberg, September 10, 2006

Sept. 9 (Bloomberg) -- President George W. Bush said Americans are safer now than before the Sept. 11 terrorist attacks five years ago because of steps taken by his administration.

``We've acted to address the gaps in security, intelligence and information sharing that the terrorists exploited in the 9-11 attacks," Bush said in his weekly radio address today. U.S. Representative Sherrod Brown of Ohio said in the Democratic response that the country ``is not nearly as safe as we can be and we must be."

Bush's broadcast recapped four speeches the president has given in the past week covering his strategy for the war against terrorism. Bush this week confirmed for the first time the existence of secret prisons run by the Central Intelligence Agency that held suspected terrorists, including alleged Sept. 11 mastermind Khalid Sheikh Mohammed.

The prisoners have been turned over to the Department of Defense and transferred to the military detention center at Guantanamo Bay, Cuba. Bush called on Congress to pass a law establishing military tribunals to try suspected terrorists for war crimes. The Supreme Court ruled on June 29 that Congress hadn't authorized the president to conduct such trials.

``As soon as Congress acts to authorize these military commissions, we will prosecute these men and send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice," Bush said in the radio address.

Approval Waning

By delivering a series of speeches emphasizing the need for tough national security, historically a strong suit for Republicans, Bush aims to help his party hold majorities in the House of Representatives and the Senate in midterm elections in November. With public approval of the war in Iraq waning and Bush's approval ratings near record lows, Democrats have a chance at taking control in Congress and dealing a major blow to the White House.

Two senior Republican senators will travel tomorrow to the Guantanamo detention center to assess the conditions under which prisoners are held there. Majority Leader Bill Frist from Tennessee will accompany Majority Whip Mitch McConnell of Kentucky.

Democrats said the administration has failed to make the nation's transportation systems and ports and its chemical and nuclear plants more secure.

``We ask our grandmothers to take their shoes off at airports, yet only 6 percent of the cargo entering our ports is inspected," Brown said in his response to Bush's speech.

Commission Recommendations

The administration has yet to fully implement the recommendations made two years ago by a bipartisan commission, Brown said in his radio address.

``It's unacceptable that this Republican government hasn't done all it can to protect Americans in the five years since the Sept. 11 attacks," said Brown, who is running for the U.S. Senate.

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On Monday's anniversary of the attacks, Bush will participate in ceremonies in New York, at the Pentagon and in Shanksville, Pennsylvania, to honor those killed in the attacks. He'll end his day with a televised address to the nation from Washington at 9 p.m. local time.

``The war on terror will be long and difficult," Bush said in the radio broadcast. ``And more tough days lie ahead."

To contact the reporter on this story: Catherine Dodge in Washington at cdodge1@bloomberg.net

Yes, We Are Better Prepared (WP)

By John D. Negroponte

The Washington Post, September 10, 2006

Surprise is what intelligence is intended to prevent, but on Sept. 11, 2001, our nation was surprised, and the results were tragic. Now the fifth anniversary of those horrific events raises anew the question: Is our nation's intelligence community better prepared to keep America safe? The answer is yes. U.S. intelligence has made major advances since that Sept. 11.

First and foremost, we better understand, and are aligned to meet, the threat of transnational terror. Although our enemy is constantly changing and remains deadly, our collectors and analysts are carefully tracking the evolution of al-Qaeda and its ideological allies. Today, we have several times as many "all source" analysts -- those who look at all types of intelligence -- focusing on the terrorist threat as were in place on Sept. 11. And as we build up analytic insight and expertise, we also are devoting resources to increased human intelligence collection on targets of primary concern. One important indicator of effectiveness: We and our partners have captured or killed a majority of the al-Qaeda leadership involved in planning and directing the Sept. 11 attacks.

Second, we know that intelligence does little good if those who need it don't see it. Over the past five years we have made great progress in breaking down information "stovepipes." The results are tangible.

Without good intelligence in the right hands, coalition forces in Iraq could not have located and killed Abu Musab al-Zarqawi, whose bloody attacks took so many Iraqi and coalition lives. More recently, British intelligence performed spectacularly in enabling British law enforcement to shut down last month's airline plot. All credit goes to the British, but U.S. and Pakistani intelligence-sharing -- among U.S. intelligence agencies and with the British -- supported their efforts.

These are concrete examples of how we have changed and are changing the way we do business. We continue to strengthen the National Counterterrorism Center, which integrates 28 intelligence networks. In addition, we have created the National Security Branch at the FBI, expanding and connecting the bureau's intelligence, counterterrorism and counterintelligence capabilities. In 2005 only a few hundred employees at the FBI had access to the National Counterterrorism Center's secret-level online information sources. Now that figure is in the thousands. At the same time, we are weaving state and regional fusion centers, as well as more than 100 FBI Joint Terrorism Task Forces, into a national network designed to ensure that actionable threat information gets where it needs to go in a timely fashion. Although sharing information between agencies and with allies is a demanding process, it is critical to countering transnational threats.

We are also more vigilant than ever concerning the threat posed by weapons of mass destruction in the hands of terrorists. We located the National Counterterrorism Center and the newly created National Counterproliferation Center together. We have worked closely with the FBI to establish a WMD Division to ensure that our domestic counterterrorism efforts include expertise on weapons of mass destruction. And we created a "WMD Innovation Fund" for intelligence community analysis, collection, and science and technology projects.

Of course, we continue to improve our efforts against other, more traditional challenges. We have enhanced our focus on North Korea and Iran -- in particular those nations' WMD programs. North Korea's recent long-range missile launch tested the intelligence community's integration, and we ensured that military and civilian intelligence agencies, in concert with our international partners, provided policymakers with the intelligence they needed to fashion an appropriate diplomatic response.

That's good, but we can do even better. We know this because we have already completed an intelligence community-wide "lessons learned" review to see how we can improve. We will not allow ourselves to become complacent; every success affords us an opportunity to prepare better for the next challenge, which will surely come.

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In the decades leading up to Sept. 11, America's intelligence community was configured to focus on the major threats presented by the Cold War. We now live in a different era, challenged by a radically different set of threats that have crossed our borders.

Both the Sept. 11 commission and the Robb-Silberman WMD commission accurately and eloquently detailed these new challenges. These commissions also offered a vision for 21st-century intelligence that we have fully embraced. We are "connecting the dots" both nationally and internationally, integrating counterterrorism analysis across the intelligence community, and removing bureaucratic barriers to information-sharing. This is a tall order. But the American people should understand that the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11.

Through a new focus and better techniques, U.S. intelligence is collecting more information, analyzing it more rigorously and sharing it more broadly. Intelligence is not a panacea, but there are ways to ensure that the intelligence contribution to national security gets stronger, helping thwart our adversaries before they bring us more harm.

The writer is director of national intelligence.

Support For Bush's Handling Of War On Terror Rises (HC)

By Julie Mason

Houston Chronicle, September 10, 2006

His blitz of speeches, interviews may erode Dems' gains on security issues

WASHINGTON — Just about a week into his drive to highlight terrorism and national security, President Bush appears to be getting some new political traction.

A CBS News/New York Times poll found 55 percent of Americans approve of how Bush is handling the anti-terrorism campaign, a slight increase from last month.

In recent days, Bush delivered four major speeches and a national radio address on terrorism, bolstered by a quick round of network television interviews.

If Bush's strategy for reminding Americans about the threat of terrorism helps Republicans in November's congressional elections, it will be in part because he's mining a deep vein of lingering public anxiety. A recent Pew Research Center poll found 67 percent are either very or somewhat worried about another attack.

"I actually think it's likely to be fairly good for him politically," said John Fortier, a political scholar at the American Enterprise Institute. "Obviously, things are very bad — he is not popular and the Republicans are not popular, and the direction right now is toward the Democrats. But arguments for national security still work for Bush."

Bush's grim rhetoric on terrorism, echoed and in some cases amplified by Vice President Dick Cheney and other administration officials, also could serve the GOP by eroding gains Democrats have made recently on their handling of national security issues.

A Fox News poll last week found 33 percent said they trust Democrats to protect the country from terrorism, and 37 percent said they trust Republicans.

For the 9/11 anniversary, Bush plans to visit all three attack sites, in New York, Arlington, Va., and Shanksville, Pa.

Polls show what most people probably know: memories of the attacks are still very potent for Americans. According to the Pew poll, 95 percent said they remember exactly where they were or what they were doing when they heard of the attacks.

A Time magazine poll found that 18 percent said they think about the attacks every day; 35 percent said a few times a week or a few times a month. Only 13 percent said they hardly ever think about it.

"Many Americans look at these events and ask the same question: Five years after 9/11, are we safer? The answer is, yes, America is safer," Bush said last week in Atlanta. "We are safer because we've taken action to protect the homeland."

Of course, many security experts and voters disagree.

Asked why they think the U.S. hasn't been hit again since 2001, 39 percent in the Pew poll credited the government's efforts and 40 percent said it was luck.

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Terrorism is a strong issue for Bush, but the administration's secret weapon in the campaigns remains first lady Laura Bush.

She has a 69 percent public approval rating, and she is in constant demand by candidates to headline fundraisers and other events.

Last month she checked in at five events for Republican candidates, and is expected to step up her schedule as November approaches.

Bush also mentions her frequently in campaign speeches — generally to apologize that he's there instead of her. Bush's public approval rating is about 40 percent.

Nevertheless, in an interview last week with ABC News, the president downplayed the notion that Republican candidates are shying away from him.

"I frankly haven't had that many say, 'I don't want you around.' " Bush said. "Uh, now some of them are wisely saying, 'I'd rather have Laura than you.' "

Adding Up The Ounces Of Prevention (NYT)

By Scott Shane And Lowell Bergman

The New York Times, September 10, 2006

THERE are few counterterrorism success stories more compelling than that of Raed al-Banna, a 32-year-old Jordanian turned away by wary border officers who found "multiple terrorist risk factors" and refused him entry at O'Hare Airport in Chicago in July 2003.

Given Mr. Banna's fluent English and education as a lawyer, the next chapter in his story might conceivably have been a civil rights complaint. But events took a starkly different turn.

After a suicide car bombing killed 132 people in Hilla, Iraq, in February 2005, the bomber's severed hand, still chained to the steering wheel, was found in the wreckage. Fingerprints identified the bomber as Mr. Banna, said Robert C. Bonner, who led United States Customs and Border Protection until last year.

"We've put some things in place, you bet, that make it more difficult for Al Qaeda to get terrorist operatives in the United States," Mr. Bonner said. The absence of new attacks, even as terrorist violence worldwide has increased and bombers have struck in Madrid, London and beyond, he said, "is not pure luck."

If the Banna case appears to show government vigilance at its best, critics say the case of seven men arrested in June in Miami's Haitian community illustrates government overzealousness in the campaign against terror.

Announced with dual news conferences in Washington and Miami, the indictment accused the men of planning to "levy war against the United States," targeting the Sears Tower in Chicago and federal office buildings in Florida.

But if some terrorism defendants charged after 9/11 had ties to Al Qaeda, in the Miami case, the F.B.I. itself supplied Al Qaeda. Its informer, posing as a member of Al Qaeda, bought the men military boots and promised money and weapons even as the group began to crumble.

"The Miami case is nonsense," said Marc S. Sageman, a former Central Intelligence Agency officer and consultant on terrorism, who said the group showed little ability to execute any plot. "Those are absolute jokers."

There is a consensus among counterterrorism officials and independent experts that the government's actions over the last five years — from the dismantling of camps run by Al Qaeda and the decimation of its leadership, to the tightening of visa and border controls, to the scores of terrorism-related prosecutions — have made the country a harder target.

The Age of Terror, at least inside the United States, has morphed into the Age of the Foiled Plot. But this very success has led to a new debate. The government says the record vindicates its prevention strategy — to intervene long before an attack is imminent. Its critics assert that officials have exaggerated the threat posed by some accused plotters, painting hapless misfits as Qaeda operatives.

None of this means that a serious plot isn't being hatched now, invisible even to a counterterrorist bureaucracy hugely expanded since 2001. But five years of evidence suggests that the terrorist threat within the United States is much more modest

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than was feared after 9/11, when it seemed quite possible that there were terrorist sleeper cells in American cities, armed with "weapons of mass destruction" and awaiting orders to attack.

Even as some European immigrant communities have emerged as caldrons of jihadist anger, American Muslims have turned out to be a loyal group whose affluence and diversity offer infertile ground for plotting. And the Iraq war, even as it has deepened Muslim hostility to the United States, has most likely diverted anti-American terrorists to a more convenient target.

"The idea that we are surrounded by terrorists who could strike anywhere, anytime, is a complete misconception," said Karen J. Greenberg, director of the Center on Law and Security at New York University.

That misconception, she said, is fueled in part by the Justice Department's much-publicized pursuit of what it calls "terrorism-related" cases. But a new study of all such prosecutions since 9/11, conducted by the university center, found that of 417 people charged in the cases — including some involving anti-abortion violence and other crimes unrelated to the threat from Al Qaeda — the overwhelming majority faced immigration or other lesser charges. Just 39 have been convicted so far on terrorism-related charges, and only three of actual terrorism.

And some antiterrorism successes claimed by the government seem distinctly underwhelming.

The four "examples of W.M.D. cases" described in a June Justice Department report on counterterrorism efforts over five years include accounts of two Texas survivalists caught with hazardous chemicals, two Chinese-born American citizens who offered shoulder-fired missiles to an undercover F.B.I. agent, a Washington State engineer who wanted to use poisonous ricin to kill his wife, and an Arizona man whose attempt to make ricin failed but who wore the harmless powder he did make in a vial around his neck.

As time has passed without a new attack, the voices of skeptics who believe that 9/11 was more a fluke than a harbinger are beginning to be heard.

"A perfectly plausible explanation is that there are no terrorists here," said John Mueller, a political scientist at Ohio State University who advances the doubters' case in an article in Foreign Affairs. "I don't say there's no threat, but the threat has been massively exaggerated."

Even Thomas H. Kean, chairman of the national 9/11 commission, who believes that the terrorist threat to the United States is extremely serious, says that the F.B.I. has sometimes squandered huge resources on minor domestic cases.

Some 400 investigators from 23 federal, state and local agencies were mobilized in Los Angeles last year to look for a suspected prison-based terror cell tied to several gas station robberies, a case held up in April by the F.B.I. director, Robert S. Mueller III, as a prime example of the homegrown terrorist threat.

But Mr. Kean said the case threatened small-scale violence and should have been a routine police concern.

"We're going to have those things and always have had," Mr. Kean said. Al Qaeda, he said, is an international network "that has announced they want to do us harm and kill as many Americans as possible, that has technology to support them, and has some very intelligent people who are working to do us harm."

"That is the enemy," Mr. Kean said. "We've got to always keep our focus on that."

F.B.I. officials protest that such remarks misread a clear and successful strategy. Excoriated for failing to detect the 9/11 hijackers before they acted, agents now are finding and arresting people the government describes as extremists from Lackawanna, N.Y., to Lodi, Calif., before they can get close to mounting an attack, the officials say.

"People criticize us for having counterterrorism cases that result in relatively modest criminal prosecutions," said Philip Mudd, second in command of the F.B.I.'s new National Security Branch. "I look at that and applaud it. I'd prefer to bust conspiracies so early that someone doesn't have access to a weapon."

That certainly describes the alleged plots uncovered in the United States. Consider the new schemes unearthed in 2006 to attack Washington and New York. In April, two young Atlanta men were accused of making a "casing video" of the United States Capitol and the World Bank and sending it to a London extremist active on jihadist Web sites. In July, the authorities revealed that a Lebanese business professor had been arrested after discussing over the Internet the notion of placing suicide bombers aboard commuter trains to Manhattan, hoping to flood the submerged tunnels.

Both cases briefly made headlines before blurring with all the rest of the unconsummated mayhem reported since 2001. But neither had progressed beyond the fantasy stage. None of the people exchanging messages about the tunnel scheme had

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set foot in the United States. The “casing video” of Washington, according to one person who has seen it, amounted to shaky images totaling less than a minute that would have been useless in planning a real attack.

Evan F. Kohlmann, a terrorism researcher and author who has consulted for the F.B.I. and Scotland Yard, said the F.B.I.’s policy of rapid intervention often makes sense.

“We look at some of these guys and say, ‘If this is the threat, what do we have to worry about?’ ” Mr. Kohlmann said. “But a lot of the 9/11 hijackers were not exactly brain surgeons either. If they get in contact with people who have more sophistication and money, they can become very dangerous.”

But John Arquilla, who studies terrorism at the Naval Postgraduate School, said that it sometimes makes more sense to continue monitoring the would-be plotters than to arrest them. The greatest value of such primitive conspirators as the Miami men is as bait for more sophisticated terrorists who might try to use them as cannon fodder, he said.

By cutting off insights into future contacts, Mr. Arquilla said, “I think making arrests in the Florida case actually made us less secure.”

Experts: U.S. Likely To Be Hit Again (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, September 10, 2006

The threat of terrorism against the United States remains chillingly lethal five years after 9/11, and officials predict another massive attack is not a matter of if — but when.

Despite a government overhaul and more than $250 billion spent to bolster security on airlines, at borders and in seaports, few doubt al-Qaida's intent to strike the U.S. again. That the nation hasn't been hit since Sept. 11, 2001, may say as much about terrorists' patience as it does about steps taken to stop them.

"I know of nobody in the intelligence field who doesn't believe there will be another attack," said Thomas Kean, former New Jersey governor and Republican chair of the 9/11 Commission that investigated the government's security missteps leading up to the 2001 hijackings.

"There's going to be another attack," Kean said. "They just can't tell you when."

In a new age of rapid and widespread ID checks, locked and bulletproof cockpit doors in airliners, armed pilots, tracking foreigners' visas and monitoring Muslim and Arab communities, few expect a precise repeat of the plot that used airline hijackings to bring down big buildings.

The unsettling reality of terrorism, however, is that it is always in search of new ways to accomplish mass death and destruction. And always in search of the weakest link.

Authorities have disrupted a number of high-profile plots, including last month's bombing scare on as many as 10 Britain-to-U.S. flights. The CIA has helped ensnare some 5,000 terror suspects around the world. And the government has imposed hundreds of security measures on foreign visitors and U.S. residents alike, from making travelers take off their shoes at airport checkpoints to eavesdropping on phone and e-mail conversations.

But glaring gaps in the security net remain.

Undercover inspectors testing the nation's security system have repeatedly sneaked weapons through airport checkpoints, entered the country with fake identification and foiled detectors that catch the trace amounts of radiation in kitty litter and bananas, but not always nuclear materials. Air testers to sniff out biological agents are becoming obsolete. And not all port or airline cargo is rigorously inspected.

And, as Hurricane Katrina showed last year, disaster response systems at all levels of government are woefully unprepared for a catastrophe.

"No matter what you do, it's not enough," said Rep. Carolyn Maloney, D-N.Y., co-chair of a congressional 9/11 caucus. "But the systems we've worked hard on to put in place are not working."

Homeland Security Secretary Michael Chertoff, whose department was created in 2003 as a result of 9/11, points to strides made in sharing intelligence and screening passengers and cargo on flights and at seaports as proof that the country has been

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made safer without shutting down commerce. Yet he acknowledges more needs to be done in his agency that largely grapples with reacting to past crises while also thinking about what terrorists might try next.

The intelligence community spends a significant amount of time doing what Chertoff described as "putting ourselves in the heads of terrorists — looking at emerging techniques and trying to figure out how terrorists might exploit our systems."

In one example, Chertoff said, the department last year relaxed its ban on scissors and small innocuous tools from being carried on planes to give inspectors more time to look for explosive devices. Screeners also are now being trained to interpret facial expressions and other behavioral patterns to pick out suspicious travelers.

"We will live with some form of this problem for a very long time," Chertoff said in an hour-long interview last month wedged between a phone call with British Home Secretary John Reid about the foiled flight plot and a meeting with FEMA director David Paulison about the hurricane season.

Several government-appointed panels — including the 9/11 Commission — have concluded over the last five years that the nation was vastly unprepared for the deadly attacks.

Their findings triggered a massive reshuffling of the government's counterterror missions, the largest since the Defense Department was created in 1947. In addition to merging 22 agencies into the new Homeland Security Department, a new position of intelligence director to oversee the nation's 16 spy agencies was established.

Congress approved policies such as the USA Patriot Act, allowing more surveillance in counterterrorism investigations. Federal spending on domestic security programs has more than tripled since 2001, to $55 billion this year, almost equal to what is spent on education.

The results have been mixed. Criticism for Homeland Security has run from sweeping (for cutting emergency responder funding to New York and Washington) to nitpicky (the color-coded threat alert system is too vague to be meaningful).

"Everything the department was supposed to do is still, at best, a work in progress," said Clark Kent Evin, Homeland Security's former inspector general.

Meanwhile, the government's once-greatest target in the war on terror — Osama bin Laden — remains on the loose. Michael Scheuer, the former head of the now-defunct CIA unit dedicating to finding the al-Qaida leader, said catching him now is mostly a matter of luck. "He's going to have to zig when we zag and we'll end up in the same place at once," Scheuer said.

With or without bin Laden, authorities expect al-Qaida's threat won't dim in coming years.

Some sympathizers — including small pockets of homegrown Islamic extremists already in the United States — may not even be directly linked to al-Qaida but aim to carry out its mission. Those who make up al-Qaida's core will wait years, and even decades, for the chance to attack when America least expects it.

"I'm convinced they're prepared to wait centuries if they have to," former Homeland Security Secretary Tom Ridge said. "They're looking much longer term than we are. So we have to match their patience with our persistence and our continued focus. We can never let our guard down."

Is The U.S. Winning This War? (LAT)

By Doyle Mcmanus, Times Staff Writer

The Los Angeles Times, September 10, 2006

Al Qaeda has suffered setbacks, but America may have lost ground in the long-term fight, experts say. Statistics can't tell the full story.

WASHINGTON — Five years after Sept. 11, is the United States winning the war against Al Qaeda? President Bush says yes, but most experts — including many inside the U.S. government — say no.

An all-out effort by the United States and its allies has succeeded in making life difficult for Al Qaeda leaders Osama bin Laden and Ayman Zawahiri, and has probably disrupted any plans they had for further terrorism on the scale of the attacks in 2001, the experts say.

But as even Bush acknowledged last week, Al Qaeda is far from dead.

"In the five years since our nation was attacked, Al Qaeda and terrorists it has inspired have continued to attack across the world," the president said. "The terrorist danger remains."

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In a series of recent speeches to mark the anniversary of the attacks, Bush has declared: "America is winning the war on terror" and cited a list of achievements: "We've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in America and other nations, and stopped new attacks before they're carried out."

But terrorism experts worry that those successes have been mostly tactical, short-term gains — the equivalent of winning the first few battles in a long war. On longer-term strategic issues, they warn, the U.S. may have lost ground since 2001:

• Al Qaeda, the initial focus of the "global war on terror," has been disrupted and dispersed. But it has been succeeded by a looser network of affiliates and homegrown terrorists — like those who carried out bombings in Madrid in 2004 and London in 2005 — who could grow to be just as dangerous.

• The war in Iraq has become a training ground for Islamic extremists from Saudi Arabia and other countries, and some have returned home with expertise in urban warfare and explosives. Some experts fear the Persian Gulf's oil terminals could be among their next targets.

• Wars in Iraq, Afghanistan and Lebanon have damaged the image of the U.S. in much of the Muslim world and made it easier for terrorist organizations to win recruits. The wars and controversies over U.S. treatment of detainees also have made it more difficult for allied governments to cooperate with American counterterrorism programs, diplomats say.

• When Foreign Policy magazine surveyed more than 100 experts earlier this year, 84% said they did not believe the United States was winning the war on terrorism. In a Los Angeles Times poll, fewer than one-fourth of Americans said they believed the nation was "winning"; more than half said it was too soon to tell.

"Even the most sanguine optimist cannot yet conclude we are winning," John F. Lehman Jr., a former Navy secretary under President Reagan, warned in a recent article for the U.S. Naval Institute.

"It looks worse to me," said Bruce Hoffman, a former director of terrorism studies at the Rand Corp. who teaches at Georgetown University and the U.S. Military Academy. "Al Qaeda is still alive and kicking. It's just changed its modus operandi. We've often painted a picture of Al Qaeda in retreat. I'm not sure it isn't Al Qaeda on the march."

When asked for his report card on the war on terrorism, Henry A. Crumpton, the State Department's top counterterrorism officer, paused and said: "It's uneven…. It's hard for me to give it an A or an F. It's a real mixed bag."

At first glance, the experts' gloom may seem odd. There haven't been any successful terrorist attacks inside the U.S. since Sept. 11, although law enforcement officials say there have been several close calls.

"It's been five years, and the U.S. homeland has not been hit," said Daniel Byman, director of Georgetown's security studies program. "I don't know any terrorism experts who called this…. We were all wrong."

As a result, he said: "My assessment is that we're doing reasonably well. If the test is reducing catastrophic violence that can change our lives, we're doing rather well. If it's reducing the overall climate of violence, we're doing fairly poorly. If 30 or 40 Americans die from terrorism each year, that's a tragedy, but it's different from losing 3,000 a year. It's a problem, but it's probably not a strategic problem."

Indeed, some national security experts — like John Mueller of Ohio State University — argue that the terrorist threat has been overblown and that a terrorist industry of consultants, government contractors and politicians is hyping the problem out of self-interest.

"For all the attention it evokes, terrorism, in reasonable context, actually causes rather little damage," Mueller said, noting that automobile accidents kill many more Americans than terrorists do. "The likelihood that any individual will become a victim in most places is microscopic."

But the consensus of government officials and nongovernmental experts is that the terrorist threat remains real, and the respite from violence is temporary.

"Why have we not suffered [another] attack?" asked Lee H. Hamilton, co-chairman of the Sept. 11 commission, which exhaustively studied the 2001 attacks. "The honest answer is: We don't know. We simply don't know. Because we don't know the minds of the terrorists."

Paul Pillar, a former top CIA analyst, said: "The line between an attack that occurs and one that doesn't can be very thin. It comes down to luck and circumstance with regard to any particular operation."

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One theory on the lack of homegrown Islamic terrorism inside the U.S. — especially in contrast to Europe, where police have foiled several planned attacks — is that Muslims in this country are more assimilated and less alienated.

"There are a lot of possible explanations," Byman said. "But they're all conjecture."

In any case, most Bush administration officials have been careful to avoid taking credit for the fact that there has been no second Sept. 11 attack — because, they say, they still expect one.

"We have hurt Al Qaeda severely, I think, but they continue to work toward another 9/11 or something even more spectacular," Crumpton said.

Although there have been no other attacks inside the United States, terrorism as a worldwide phenomenon has not diminished since 2001.

The National Memorial Institute for the Prevention of Terrorism, which maintains an exhaustive database, reports that terrorism has killed more than 2,300 people every year since 2001.

Most of those fatalities resulted from domestic terrorism — attacks that stemmed from strife within a single country — rather than international attacks like Sept. 11. But the institute's research director, James O. Ellis III, notes that domestic terrorism often gives birth to the international kind.

The number of civilian deaths from terrorism in 2005, as defined by the institute, swelled to more than 8,000, mostly because of sectarian violence in Iraq. But even outside Iraq, 1,952 civilians died in terrorist attacks last year.

"In international terrorism, we've seen a decrease in the number of incidents but a rise in lethality; more people are dying," Ellis said. "In domestic terrorism, we've seen a rising number of incidents and rising lethality too."

Those numbers don't measure the likelihood of more attacks on the United States; they merely confirm that terrorism as a tactic for radical insurgent groups around the world is thriving.

The statistics are part of a broad debate on how best to gauge progress in the larger battle — a measure the Pentagon calls "metrics."

In October 2003, Defense Secretary Donald H. Rumsfeld wrote a memo to his closest aides, asking: "Are we winning or losing the global war on terror?"

"Today, we lack metrics to know," Rumsfeld complained. "Are we capturing, killing or deterring and dissuading more terrorists every day than the madrasas [Islamic religious schools] and the radical clerics are recruiting, training and deploying against us?"

He told his aides he wanted better measuring sticks and a clearer strategy.

Almost three years after Rumsfeld's memo, the Bush administration last week issued a long-range plan, the "National Strategy for Combating Terrorism," most of the details of which remain classified.

But the Pentagon concluded it just wasn't possible to keep accurate track of terrorist recruiting trends, as Rumsfeld had asked — especially as Al Qaeda evolved from a close-knit organization into an amorphous, radical movement.

"It's a hard thing to measure," said Stephen A. Cambone, the undersecretary of Defense for intelligence, who oversees much of the Pentagon's counterterrorism effort. "It's … more difficult than an observer might think."

Said Raphael Perl of the Congressional Research Service, who has monitored the issue for lawmakers: "There are metrics we could use," but not all parts of the government can agree on them.

He listed some measurements, beginning with the size and strength of terrorist organizations, their levels of technology and weaponry, and their access to state sponsors or havens. "Is radical Islam growing or shrinking? We aren't measuring it," he said.

Some criteria, he added, are domestic: "Our ability to recover [from terrorist attacks]. Our ability to damage ourselves through overreaction."

Perl said an important gauge was how much money was being spent to combat potential terrorism.

"9/11 has cost the world economy more than a trillion dollars in added security spending," he said. "If you can tear down the global economy, people are going to be much more receptive to other ideologies."

Before Rumsfeld's 2003 memo, the Bush administration focused its efforts and its metrics on the campaign to destroy or dismantle the leadership of Al Qaeda and its allies. That campaign, which ranged from detective work to capture suspects to "targeted killing" strikes against terrorist leaders, was largely successful.

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The Bush administration maintains that three-fourths of Al Qaeda's known leaders have been removed. Other experts have disputed the figure but agree that what was known as "Al Qaeda Central" — Al Qaeda in its 2001 form — at least was reduced in size and effectiveness.

But in response, the terrorist organization has changed, the State Department's Crumpton noted. "Al Qaeda and affiliates are learning organizations," he said. "They evolve. If we make changes in our efforts and we have success — and we have — then they will make changes and counter what we have done."

"The core group of people around Bin Laden are weaker. The angry young sympathizers are more numerous," Hoffman said.

Hoffman said the new mix would mean fewer complicated, large-scale attacks like the bombing of the U.S. destroyer Cole in Yemen in 2000. "But you can still have something like the Madrid terrorist attacks," he said. "Is that progress?"

As homegrown anti-American terrorist groups have sprung up from Spain and Britain to Indonesia and Canada, the Bush administration has augmented its "kill and capture" strategy with a longer-term drive to spread democracy, stabilize Muslim societies and win hearts and minds around the globe.

The aim, officials say, isn't to persuade the world's Muslims to like the U.S. — the focus of the administration's unsuccessful early "public diplomacy" efforts.

"That turned out to be Mission: Impossible," one official said.

Instead, the main goal is to delegitimize terrorism — to convince Muslims that Bin Laden and his followers threaten Muslim communities as much as they threaten New York or Washington.

Bush calls this "the war of ideas," and compared it last week to the 20th century battle between communism and democracy in the Cold War.

The newest effort is still in its early stages. Some parts, officials acknowledge, have met with what one called "rough going": anti-American insurgencies in Iraq and Afghanistan. Others have been painfully slow at best: encouraging democracy in Egypt and Saudi Arabia. But some, officials say, have gone well: keeping countries like Indonesia, Malaysia and the Philippines from turning into havens for terrorist groups.

One metric that administration officials don't like talking about involves how people in other countries view the U.S. The results of a multi-country poll sponsored this year by the Pew Charitable Trusts are sobering.

When people in largely Muslim nations were asked whether they approved of "U.S.-led efforts to fight terrorism," 82% in Egypt said no, as did 74% in Jordan, 77% in Turkey and 50% in Pakistan. Some European countries showed similar results: 76% of those surveyed in Spain and 57% in France said they did not approve.

"When the United States is that unpopular in countries we count on as our closest allies, we have a real uphill struggle," said Paul B. Stares of the U.S. Institute of Peace, a congressionally funded nonpartisan think tank.

One senior U.S. official, speaking on condition he not be identified so that he could speak more candidly, acknowledged that the unpopularity of the U.S. had made it harder for allied governments — like Pakistan and India — to cooperate with U.S. counterterrorism efforts.

In response, the Bush administration has significantly increased the amount of money it is spending on "public diplomacy" to more than $1.4 billion this year, double the funding level before Sept. 11.

But improving the U.S. image abroad will be an uphill battle.

"There is a certain amount of anti-Americanism which exists just because we're the world superpower," said Sen. John McCain (R-Ariz.). "But in addition to that, deserved or undeservedly, the American image of hubris and condescension is damaging to our efforts. We should be more humble; we should be more considerate."

Asked whether Bush had made that problem worse, McCain smiled.

"I think sometimes the president's passion is interpreted as hubris…. [But] I think he fully recognizes that we have a problem, and I think he's working at trying to help improve America's image."

The additional attention and money for nation-building and public relations is increasingly seen as a key to winning the war against Al Qaeda.

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"It's not so much a question [of] whether you're able to … capture or kill or otherwise drive off" terrorists, said Cambone, the Pentagon intelligence chief. "That we know we can do. It's whether the confidence of those who stand in opposition [to terrorism] is going up … and that of the terrorists is going down.

"Then you're succeeding," he said. "And then the issue isn't how many successive terrorist cells you've undone. They will disband."

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(INFOBOX BELOW)

Tracking terror

Despite military operations to fight terrorism in Iraq and Afghanistan, terrorism incidents and fatalities are on the rise worldwide, especially in Iraq. Meanwhile, U.S. spending on domestic security and funding for military operations overseas has risen steadily since the Sept. 11, 2001, attacks.

Where terror attacks occur

Sept. 12, 2001-June 30, 2006

(Total attacks by country)

Iraq: 5,408

Israel: 2,091

India: 1,511

Colombia: 904

Afghanistan: 733

Thailand: 671

Pakistan: 548

Nepal: 428

Northern Ireland: 399

France: 391

United States: 63

Note: U.S. attacks are mostly ecoterrorism arson and Animal Liberation Front actions

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Sources: Congressional Research Service, National Memorial Institute for the Prevention of Terrorism, Foreign Policy magazine

Citizens Can Aid FBI By Keeping Eyes Open (HC)

Houston Chronicle, September 10, 2006

U.S. Attorney Don DeGabrielle and Roderick Beverly, special agent in charge of the Houston FBI office, are top federal officials in the area's anti-terrorism efforts. Chronicle reporter Harvey Rice spoke separately to the two and asked how ordinary citizens can play a role in combating terrorism five years after the Sept. 11 attacks. Here are their responses.

• On whether authorities still urge people to call about suspicious activities:

BEVERLY: Absolutely. You know, I think the greatest threat to the American people today is the threat of complacency. We continue to encourage people to be vigilant and report suspicious activities to their local police and the FBI.

DeGABRIELLE: Fortu-

nately, a lot of (tips) turn out to be nothing. But we would rather err on the side of caution.

• On their reaction to people who refrain from calling for fear a tip might sound silly:

BEVERLY: If we don't know there is a potential problem out there, there

is no way we can fix it. I would err on the side of being vigilant.

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DeGABRIELLE: I would hope they would check their feelings at the door and go ahead and make the call and, hopefully, we can make an informed decision about whether a response is necessary. I'm certainly not encouraging crank calls, and I'm not encouraging people to call when there is absolutely no reason to do so. But people in neighborhoods know what is normal in the area, and they sometimes are best suited to seeing something out of the ordinary.

• On the kinds of activities that people should look for:

BEVERLY: Anything that's out of the ordinary, anything that looks to be criminal in nature should be reported to (the FBI) and/or the local police. We always encourage people to kind of follow their instincts.

DeGABRIELLE: As many activities as there are people to conduct them. I know that's a rather vague direction to give to people, but they perhaps best know what is unusual, or out of the ordinary, or suspicious.

• On whether people should be especially vigilant around places like airports, ports and refineries:

DeGABRIELLE: Certainly. Law enforcement pays greater attention to those areas, and it would be a good idea for people also to be aware of things that are out of the ordinary.

• On the number of tips received since Sept. 11, 2001:

BEVERLY: The first couple of months after 9/11, we were easily over 100 a month. Now it's kind of leveled off, and we're around 75 a month probably.

• On whether any tips have panned out:

BEVERLY: I certainly think there have been tips that we have taken to a second level or otherwise made the subject of an investigation. Probably the overwhelming majority will not result in any type of an arrest or much beyond a cursory check of identity.

DeGABRIELLE: I have to say yes, but I can't be specific. Obviously, there is information that we cannot share publicly. What might, on the one hand, seem to be a rather benign federal prosecution, can and has been on occasion coupled with intelligence that, for reasons of classification, could not be and was not shared.

• On phone numbers that people should call:

DeGABRIELLE: The main number at the FBI is one obvious number, but, frankly, any law enforcement agency that they are familiar with. The main number at the FBI,

713-693-5000, would be a good place to start.

• On what people should do when the national system of color-coded alerts is raised to a higher level:

BEVERLY: This is a visual stimulus, if you will. All things being equal, they should take that into consideration for their personal security habits.

DeGABRIELLE: Generally speaking, they should be even more vigilant.

• On whether asking people to be vigilant, in effect, asks them to keep an eye on their neighbors:

BEVERLY: We're not asking them to spy on their neighbors per se or do anything distasteful. It's just like we do on neighborhood watch: Be a good neighbor and take care of your neighbors.

DeGABRIELLE: I don't think we are asking people to spy on one another, certainly. It's only in those circumstances when people see something that's unusual, they can make the phone call and, if law enforcement deems it appropriate, that agency will follow up with an appropriate investigation.

Unanswered Questions Of September 11 (WT)

By Rowan Scarborough And Jerry Seper, The Washington Times

The Washington Times, September 10, 2006

Five years after the deadliest enemy attack ever on the United States, questions linger about the terror plot that toppled New York's World Trade Center, damaged the Pentagon and ignited the ongoing war on terrorism.

The killing of nearly 3,000 people on September 11, 2001, is not a "cold case."

But it also is not a closed case, and despite the huge body of evidence collected, unanswered questions remain. Among them:

•Who did the airliner hijackers meet as they spent months in the U.S. planning -- and traveling to places such as Las Vegas and Los Angeles?

•What was the ultimate source of money for the terrorist operation?

•What was the Washington target of United Flight 93, which crashed near Shanksville, Pa.?

•What motivated 19 relatively well-off Arab men, all Muslims, to become such horrific suicide bombers?

Lee Hamilton, vice chairman of the national September 11 commission, says motivation was the "big question" the panel could not answer.

"We were never able to answer why the 19 were willing to kill themselves. What was the motivation? I am talking in a very personal way," Mr. Hamilton, a Democrat who represented Indiana's 9th District in the House for 34 years, said in an interviewwih The Washington Times.

"What was the motivation for each one of these hijackers? I think the question of motivation was opaque to us. We just could not nail it. They were dead, of course."

He said investigators guessed at a religious motive or a political grievance against the West, or more specifically the United States.

"Why do they hate us? It's one of the fundamental questions raised again and again," Mr. Hamilton said. "We couldn't pin it down for the 19."

Fourth target

The attack spurred the FBI to open the largest criminal investigation in its history.

Penttbomb, as the probe was code-named, culled the depths of radical Islam and the al Qaeda network to construct an authoritative chronology of the terrorists' four years of planning to drive fuel-packed jetliners into the World Trade Center, the Pentagon and an unidentified Washington symbol of political power.

The FBI followed more than a half-million leads and conducted more than 165,000 interviews.

The national September 11 commission, with former New Jersey Gov. Thomas H. Kean, a Republican, as chairman, examined the FBI's work and coaxed huge amounts of documents from the nation's intelligence agencies.

The commission produced a narrative on the attack. So did journalists who dug up additional facts on events leading up to the September 11 assault on America's financial and military brain center.

But the deaths of all 19 hijackers denied probers interrogations that likely would have produced even more information on the planning and on militant Islamist Osama bin Laden's global terrorist organization, al Qaeda.

Mr. Hamilton said another part of the plot remains a mystery. The hijackers devoted one plane, United Flight 93, to a target in Washington, D.C. But which one?

The answer is important because al Qaeda tends to revisit targets, such as the World Trade Center, on which a previous attack in 1993 failed.

"We know they want to attack symbols of American power," Mr. Hamilton said. "It would be interesting to know which symbols they put at the top, the top of their list."

The commission's report says bin Laden, who is still on the run from the U.S. military, wanted the fourth plane to hit the White House.

But Mohammed Atta, a key plot organizer and hijacker, thought the target too difficult and preferred the U.S. Capitol. Officials also speculated that CIA headquarters in McLean was the target.

Because of all this painstaking detective work, it is part of the historical record that Khalid Shaikh Mohammed, a Kuwaiti living in Pakistan, dreamed up the September 11 scheme and sold the plan to bin Laden.

It is known that bin Laden and his No. 2, Ayman al-Zawahri, personally recruited some of the 19 hijackers. Atta, who flew American Flight 11 into the trade center's North Tower at 8:46 a.m., was radicalized in a mosque in Hamburg, Germany.

Others found jihad at Islamic centers around the Middle East. All passed through bin Laden's fiefdom in Afghanistan before making their way to America, using passports and visas.

'Odd travel patterns'

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A U.S. intelligence official, who asked not to be named, said the CIA still doesn't know with whom the hijackers met as they traveled across the United States.

Intelligence agencies would like to know "the nature and extent of support the hijackers had while in the United States, not to mention the nature and support in Germany and elsewhere," the official said in an interview. "We can't rule out as a possibility people who either knowingly or unwittingly" aided the conspirators.

The official asked, "What was behind their odd travel patterns? Why all the trips to Las Vegas? What exactly may have happened there? There are still some unanswered questions."

September 11 commissioner Fred Fielding, White House counsel to President Reagan, has his own pet mystery.

"The one thing that always bothered me, and we never got to the bottom of," Mr. Fielding said, was why Atta and fellow hijacker Abdulaziz Alomari drove from Boston to Maine to catch a flight back to Boston to connect with American Flight 11.

"What doesn't make sense to me is, this plot had to be perfect," Mr. Fielding said in an interview. "Everything had to work right for these guys, and unfortunately, it did. They couldn't have any mistakes.

"Atta and his team went up to Portland, Maine, and they flew back and had to go through two security checks. … I've never figured it out. Why did he go to Portland, and what [did they do] in Portland, because it doesn't make any sense. He put the whole plan in jeopardy."

FBI Special Agent James N. Fitzgerald told the September 11 commission that the bureau has not figured out why Atta went to Maine.

"So the best indication we have of why he did what he did is from that detainee reporting, indicating that he probably did so to minimize the amount of people who would be arriving at Flight 11 at one time," Mr. Fitzgerald said.

Why it matters

Some of the unsolved mysteries -- such as with whom the hijackers met -- are important in understanding the plot's true breadth and whether any conspirators remain at large in the U.S., planning the next attack.

Other questions asked by the FBI, the commission and lawmakers would, if answered, shed more light on how al Qaeda terrorists operate in the days leading up to an attack. Such a profile might tip off the next attempt at mass murder.

Among other unanswered questions:

•More conspirators. Investigators believe there were other September 11 plotters. For instance, Atta took several trips to Europe after first arriving in the United States. The presumption is he met with jihadist allies -- but who? When Atta returned to Florida from one trip, fellow conspirator Marwan Al-Shehhi went to Casablanca, Morocco, for eight days. But why?

•Money. Investigators estimate the total cost of executing the attack at about $500,000, but do not know the ultimate source. Khalid Shaikh Mohammed, who is in CIA custody, handled most of the funds, but apparently cannot cast much light on its original source.

•The 20th hijacker. Three of the hijacked jets carried five jihadists; four hijackers were aboard the fourth, United Airlines Flight 93, which crashed in a field near Shanksville, Pa., after passengers attempted to retake the plane. The FBI's theory is that Mohammed planned for a 20th, but who?

The bureau initially said that Zacarias Moussaoui was to be that man. Moussaoui took flight lessons in Oklahoma and received $14,000 from conspirator Ramzi Binalshibh. But the government didn't present any evidence when Moussaoui pleaded guilty to conspiracy. He was sentenced to life in prison.

The September 11 commission said as many as eight other al Qaeda members attempted to enter the country but failed, including Mohammed al-Kahtani. The U.S. later captured al-Kahtani in Afghanistan and shipped him to a detention facility at the U.S. Naval Base Guantanamo Bay, Cuba.

Binalshibh, another captured al Qaeda member, was denied entry into the U.S. four times. Authorities eventually captured him in 2002.

Debunking myths

Conspiracy theorists have had a field day with the September 11 attacks. Exploiting gaps in knowledge, fuzzy photographs and mistaken eyewitnesses, Internet bloggers circulated reams of unsubstantiated assertions.

Among these unlikely claims:

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•The U.S. government planned and carried out the hijackings. How else to explain why none of the four planes was shot down by the military?

•The plane that hit the South Tower was not a Boeing 767 but a military refueling jet. Bombs must have caused the collapse of the twin towers because burning jet fuel is not hot enough to melt steel.

•A missile, not a Boeing 757, hit the Pentagon. French author Thierry Meyssan even knows what kind. He wrote in a book that it was a satellite-guided missile.

Now, a new book from Popular Mechanics magazine takes on the conspiratorialists. "Debunking the 9/11 Myths" examines 20 of the most persistent conspiracy theories and counters them with facts.

Reporters and editors say they consulted with more than 300 specialists and organizations to reach their conclusions. The book does not look at the al Qaeda plot, per se, but instead focuses on the major events that day, such as the fall of the twin towers.

For example: Maybe burning jet fuel is not hot enough to melt steel, but it did create an inferno hot enough -- when coupled with burning rugs, furniture and curtains -- to significantly weaken the frames, leading to the collapse.

About the Pentagon strike, "Debunking the 9/11 Myths" starts with the fact that dozens of persons actually saw American Flight 77 slam into the building's "E Ring" and bore toward the center courtyard. Then there is the plane's debris, scattered on the lawn.

"I held parts of uniforms from crew members in my hands, including body parts. OK?" structural engineer Allyn E. Kilsheimer told the book's authors.

Flight 93

"We are not attempting to tell the story of September 11," said James B. Meigs, Popular Mechanics editor in chief. "What we are doing is fact-checking the factual claims made by conspiratorial theorists themselves.

"They ignore the vast body of evidence. They ignore the huge accumulation of historical facts that confirms the mainstream view."

Critics of that view discount the entire story of United Flight 93, in which passengers talked on cell phones to authorities and loved ones before mounting an assault on the hijackers. The critics contend cell phones do not work in high-flying jet airliners.

But Mr. Meigs' reporters went to specialists who explained: "Cell phones work pretty well in airplanes, especially in rural areas."

Bloggers also wrote that World Trade Center building No. 7 must have been felled by demolition professionals because it received little damage in the attack. An early government report seemed to substantiate the damage angle.

Popular Mechanics discovered that report was wrong. The building's facade had been damaged significantly from falling debris, subsequent examinations showed.

And, skeptics ask, how could NORAD (North American Aerospace Defense Command) fail to launch intercepts to shoot down the four planes in the minutes after the Federal Aviation Administration determined they were hijacked?

NORAD, however, was ill-equipped to quickly respond and shoot down a civilian airliner. The command lacked streamlined communications with the FAA.

"The way the conspiracy theorists work is, they exploit the way they think things ought to work," Mr. Meigs said. "I call it the 'myth of government hyper-competence.'"

Body count

One glaring gap at the World Trade Center crime scene is the body count. Some victims simply vanished. The extensive fireball incinerated some to dust, making recovery impossible.

Of the 2,749 persons killed, the remains of 1,151 have not been identified.

Last spring, nearly 500 human remains were found on the roof of the Deutsche Bank building at ground zero by workers preparing the site for demolition, offering hope that the remains of more of those killed might yet be identified.

The grisly discovery prompted a coalition of September 11 survivors' organizations to ask that demolition of the building be halted until after a thorough search of the site.

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"The huge amount of human remains recently found after nearly five years, and the prediction from experts that large amounts will continue to be discovered, is cause for great concern," the coalition announced. "Now is the time to take action to recover the over 40 percent of victims still missing."

Federal, state and local authorities made a massive effort to identify the remains of missing victims until New York officials suspended the process.

The last official identification took place in January: New York firefighter Keithroy M. Maynard, 30, of Engine Co. 33. His family had held off having a funeral until DNA testing identified his remains -- four years after the attack.

City and state officials have said they expect to find more remains as demolition and construction work near ground zero continues.

Despite the use of advanced DNA techniques, the remains of nearly 42 percent of those killed at the World Trade Center have not been found. Of the more than 19,900 separate remains recovered from ground zero, 4,735 were identified.

Only 293 intact bodies were found, authorities said, of which only 12 could be identified by sight. Nearly 10,000 remains have been frozen for future analysis.

Case open

Dr. Robert C. Shaler doubts that all those killed will be accounted for. As the director of forensic biology at the New York City Office of Chief Medical Examiner, he was responsible for overseeing DNA identification of the World Trade Center victims.

Some of the victims likely were incinerated amid the burning rubble, Dr. Shaler said in an interview with The Washington Times. Others were so decomposed that DNA testing may not be possible.

Dr. Shaler is now a professor of biochemistry and molecular biology at Penn State University, where he is director of the forensics science program.

In his book, "Who They Were," Dr. Shaler writes that New York City was unprepared for such mass fatalities. The Office of the Chief Medical Examiner, he says, had to be reconfigured to process and identify the dead.

Authorities say the September 11 plot will remain an open case for years. One key reason: Any new tidbit can help stop the next conspiracy.

"This has been and continues to be an area of focus for the CIA and other intelligence agencies, because the answers could help deter or disrupt future terrorists attacks," the intelligence official said.

"Some questions may be answered with the passage of more time. But others may not be, because the precise details might be known only by the hijackers themselves."

And Mr. Hamilton, the commission vice chairman, cautions that his panel's voluminous report and archive of documents are not the final word on how the attack was carried out.

"We understood that we were writing a first draft of history," he said. "We tried very hard to make it factually accurate.

"Commissioners asked again and again and again, 'What are the facts?' We didn't claim to be infallible here. This will be an event, like the Kennedy assassination, that will be examined by generations to come."

Bin Laden Trail 'Stone Cold' (WP)

By Dana Priest And Ann Scott Tyson, Washington Post Staff Writers

The Washington Post, September 10, 2006

U.S. Steps Up Efforts, But Good Intelligence On Ground is Lacking

The clandestine U.S. commandos whose job is to capture or kill Osama bin Laden have not received a credible lead in more than two years. Nothing from the vast U.S. intelligence world -- no tips from informants, no snippets from electronic intercepts, no points on any satellite image -- has led them anywhere near the al-Qaeda leader, according to U.S. and Pakistani officials.

"The handful of assets we have have given us nothing close to real-time intelligence" that could have led to his capture, said one counterterrorism official, who said the trail, despite the most extensive manhunt in U.S. history, has gone "stone cold."

But in the last three months, following a request from President Bush to "flood the zone," the CIA has sharply increased the number of intelligence officers and assets devoted to the pursuit of bin Laden. The intelligence officers will team with the

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military's secretive Joint Special Operations Command (JSOC) and with more resources from the National Security Agency and other intelligence agencies.

The problem, former and current counterterrorism officials say, is that no one is certain where the "zone" is.

"Here you've got a guy who's gone off the net and is hiding in some of the most formidable terrain in one of the most remote parts of the world surrounded by people he trusts implicitly," said T. McCreary, spokesman for the National Counterterrorism Center. "And he stays off the net and is probably not mobile. That's an extremely difficult problem."

Intelligence officials think that bin Laden is hiding in the northern reaches of the autonomous tribal region along the Afghanistan-Pakistan border. This calculation is based largely on a lack of activity elsewhere and on other intelligence, including a videotape, obtained exclusively by the CIA and not previously reported, that shows bin Laden walking on a trail toward Pakistan at the end of the battle of Tora Bora in December 2001, when U.S. forces came close but failed to capture him.

Many factors have combined in the five years since the Sept. 11, 2001, attacks to make the pursuit more difficult. They include the lack of CIA access to people close to al-Qaeda's inner circle; Pakistan's unwillingness to pursue him; the reemergence of the Taliban and al-Qaeda in Afghanistan; the strength of the Iraqi insurgency, which has depleted U.S. military and intelligence resources; and the U.S. government's own disorganization.

But the underlying reality is that finding one person in hiding is difficult under any circumstances. Eric Rudolph, the confessed Olympics and abortion clinic bomber, evaded authorities for five years, only to be captured miles from where he was last seen in North Carolina.

It has been so long since there has been anything like a real close call that some operatives have given bin Laden a nickname: "Elvis," for all the wishful-thinking sightings that have substituted for anything real.

After playing down bin Laden's importance and barely mentioning him for several years, Bush last week repeatedly invoked his name and quoted from his writings and speeches to underscore what Bush said is the continuing threat of terrorism.

Many terrorism experts, however, say the importance of finding bin Laden has diminished since Bush first pledged to capture him "dead or alive" in the aftermath of the Sept. 11 attacks. Terrorists worldwide have repeatedly shown they no longer need him to organize or carry out attacks, the experts say. Attacks in Europe, Asia and the Middle East were perpetrated by homegrown terrorists unaffiliated with al-Qaeda.

"Will his capture stop terrorism? No," Rep. Jane Harman (D-Calif.), vice chairman of the House Intelligence Committee, said in a recent interview. "But in terms of a message to the world, it's a huge message."

Despite a lack of progress, at CIA headquarters bin Laden and his deputy, Ayman al-Zawahiri, are still the most wanted of the High Value Targets, referred to as "HVT 1 and 2." The CIA station in Kabul still offers a briefing to VIP visitors that declares: "We are here for the hunt!" -- a reminder that finding bin Laden is a top priority.

Gary Berntsen, the former CIA officer who led the first and last hunt for bin Laden at Tora Bora, in December 2001, says, "This could all end tomorrow." One unsolicited walk-in. One tribesman seeking to collect the $25 million reward. One courier who would rather his kids grow up in the United States. One dealmaker, "and this could all change," Berntsen said.Bin Laden Still Alive

On the videotape obtained by the CIA, bin Laden is seen confidently instructing his party how to dig holes in the ground to lie in undetected at night. A bomb dropped by a U.S. aircraft can be seen exploding in the distance. "We were there last night," bin Laden says without much concern in his voice. He was in or headed toward Pakistan, counterterrorism officials think.

That was December 2001. Only two months later, Bush decided to pull out most of the special operations troops and their CIA counterparts in the paramilitary division that were leading the hunt for bin Laden in Afghanistan to prepare for war in Iraq, said Flynt L. Leverett, then an expert on the Middle East at the National Security Council.

"I was appalled when I learned about it," said Leverett, who has become an outspoken critic of the administration's counterterrorism policy. "I don't know of anyone who thought it was a good idea. It's very likely that bin Laden would be dead or in American custody if we hadn't done that."

Several officers confirmed that the number of special operations troops was reduced in March 2001.

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White House spokeswoman Michele Davis said she would not comment on the specific allegation. "Military and intelligence units move routinely in and out," she said. "The intelligence and military community's hunt for bin Laden has been aggressive and constant since the attacks."

The Pakistani intelligence service, notoriously difficult to trust but also the service with the best access to al-Qaeda circles, is convinced bin Laden is alive because no one has ever intercepted or heard a message mourning his death. "Al-Qaeda will mourn his death and will retaliate in a big way. We are pretty sure Osama is alive," Pakistan's interior minister, Aftab Khan Sherpao, said in a recent interview with The Washington Post.

Pakistani intelligence officials also say they think bin Laden remains actively involved in al-Qaeda activities. They cite the interrogations of Ahmed Khalfan Ghailani, a key planner of the bombings of two U.S. embassies in East Africa in 1998, and Abu-Faraj al-Libbi, who served as a communications conduit between bin Laden and senior al-Qaeda operatives until his capture last year.

Libbi and Ghailani, who was arrested in Pakistan in July 2004, were the last two people taken into custody to have met with and taken orders from Zawahiri and to hear directly from bin Laden. "Both Ghailani and Libbi were informed that Osama was well and alive and in the picture by none other than Zawahiri himself," one Pakistani intelligence official said.

Two Pakistani intelligence officials recently interviewed in Karachi said that the last time they received firsthand information on bin Laden was in April 2003, when an arrested al-Qaeda leader, Tawfiq bin Attash, disclosed having met him in the Khost province of Afghanistan three months earlier.

Attash, who helped plan the 2000 USS Cole bombing, told interrogators that the meeting took place in the Afghan mountains about two hours from the town of Khost.

By then, Pakistan was the United States' best bet for information after an infusion of funds from the U.S. intelligence community, particularly in the area of expensive NSA eavesdropping equipment.

"For technical intelligence ISI (Inter-Services Intelligence) works hand in hand with the NSA," a senior Pakistani intelligence official said. "The U.S. assistance in building Pakistan's capabilities for technical intelligence since 9/11 is superb."

Since early 2002, the United States has stationed a small number of personnel from the NSA and the CIA near where bin Laden may be hiding. They are embedded with counterterrorism units of the Pakistan army's elite Special Services Group, according to senior Pakistani intelligence officials.

The NSA and other specialists collect imagery and electronic intercepts that their CIA counterparts then share with the Pakistani units in the tribal areas and with the province of Baluchistan to the south.

But even with sophisticated technology, the local geography presents formidable obstacles. In a land of dead-end valleys, high peaks and winding ridge lines, it is easy to hide within the miles of caves and deep ravines, or to live unnoticed in mud-walled compounds barely distinguishable from the surrounding terrain.

The Afghan-Pakistan border is about 1,500 miles. Pakistan deploys 70,000 troops there. Its army had never entered the area until October 2001, more than a half century after Pakistan's founding.Pakistani Sources Lost

A Muslim country where many consider bin Laden a hero, Pakistan has grown increasingly reluctant to help the U.S. search. The army lost its best source of intelligence in 2004, after it began raids inside the tribal areas. Scouts with blood ties to the tribes ceased sharing information for fear of retaliation.

They had good reason. At least 23 senior anti-Taliban tribesmen have been assassinated in South and North Waziristan since May 2005. "Al-Qaeda footprints were found everywhere," Interior Minister Sherpao said in a recent interview. "They kidnapped and chopped off heads of at least seven of these pro-government tribesmen."

Pakistani and U.S. counterterrorism and military officials admit that Pakistan has now all but stopped looking for bin Laden. "The dirty little secret is, they have nothing, no operations, without the Paks," one former counterterrorism officer said.

Last week, Pakistan announced a truce with the Taliban that calls on the insurgent Afghan group to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight the government and international troops. The agreement also requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there.

In Afghanistan, the hunt for bin Laden has been upstaged by the reemergence of the Taliban and al-Qaeda, and by Afghan infighting for control of territory and opium poppy cropland.

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Lt. Gen. John R. Vines, who commanded U.S. troops in Afghanistan in 2003, said he thinks bin Laden kept close to the border, not wandering far into either country. That belief is still current among military and intelligence analysts.

"We believe that he held to a pretty narrow range of within 15 kilometers of the border," said Vines, who now commands the XVIII Airborne Corps, "so that if the Pakistanis, for whatever reason, chose to do something to him, he could cross into Afghanistan and vice versa."

He said he thinks bin Laden's protection force "had a series of outposts with radios that could alert each other" if helicopters were coming or other troop movements were evident.

Pakistani military officials in Wana, the capital of South Waziristan, described bin Laden as having three rings of security, each ring unaware of the movements and identities of the other. Sometimes they communicated with specially marked flashlights. Sometimes they dressed as women to avoid detection by U.S. spy planes.

Pakistan will permit only small numbers of U.S. forces to operate with its troops at times and, because their role is so sensitive politically, it officially denies any U.S. presence. A frequent complaint from U.S. troops is that they have too little to do. The same complaint is also heard from U.S. forces in Afghanistan, where there were few targets to go after.

Although the hunt for bin Laden has depended to a large extent on technology, until recently unmanned aerial vehicles (UAVs) were in short supply, especially when the war in Iraq became a priority in 2003.

In July 2003, Vines said that U.S. forces under his command thought they were close to striking bin Laden, but had only one drone to send over three possible routes he might take. "A UAV was positioned on the route that was most likely, but he didn't go that way," Vines said. "We believed that we were within a half-hour of possibly getting him, but nothing materialized."

Faced with the most sophisticated technology in the world, bin Laden has gone decidedly low-tech. His 23 video or audiotapes in the last five years are thought to have been hand-carried to news outlets or nearby mail drops by a series of couriers who know nothing about the contents of their deliveries or the real identity of the sender, a simple method used by spies and drug traffickers for centuries.

"They are really good at operational security," said Ben Venzke, chief executive officer of IntelCenter, a private company that analyzes terrorist information and has obtained, analyzed and published all bin Laden's communiques. "They are very good at having enough cut-outs" to move videos into circulation without detection. "It's some of the simplest things to do."

Uncertain Command Structure

Bureaucratic battles slowed down the hunt for bin Laden for the first two or three years, according to officials in several agencies, with both the Pentagon and the CIA accusing each other of withholding information. Defense Secretary Donald H. Rumsfeld's sense of territoriality has become legendary, according to these officials.

In early November 2002, for example, a CIA drone armed with a Hellfire missile killed a top al-Qaeda leader traveling through the Yemeni desert. About a week later, Rumsfeld expressed anger that it was the CIA, not the Defense Department, that had carried out the successful strike.

"How did they get the intel?" he demanded of the intelligence and other military personnel in a high-level meeting, recalled one person knowledgeable about the meeting.

Gen. Michael V. Hayden, then director of the National Security Agency and technically part of the Defense Department, said he had given it to them.

"Why aren't you giving it to us?" Rumsfeld wanted to know.

Hayden, according to this source, told Rumsfeld that the information-sharing mechanism with the CIA was working well. Rumsfeld said it would have to stop.

A CIA spokesman said Hayden, now the CIA director, does not recall this conversation. Pentagon spokesman Bryan Whitman said, "The notion that the department would do anything that would jeopardize the success of an operation to kill or capture bin Laden is ridiculous." The NSA continues to share intelligence with the CIA and the Defense Department.

At that time, Rumsfeld was putting in place his own aggressive plan, led by the U.S. Special Operations Command (SOCOM), to dominate the hunt for bin Laden and other terrorists. The overall special operations budget has grown by 60 percent since 2003 to $8 billion in fiscal year 2007.

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Rows and rows of temporary buildings sprang up on SOCOM's parking lots in Tampa as Rumsfeld refocused the mission of a small group of counterterrorism experts from long-term planning for the war on terrorism to manhunting. The group "went from 20 years to 24-hour crisis-mode operations," one former special operations officer said. "It went from planning to manhunting."

In 2004, Rumsfeld finally won the president's approval to put SOCOM in charge of the "Global War on Terrorism."

Today, however, no one person is in charge of the overall hunt for bin Laden with the authority to direct covert CIA operations to collect intelligence and to dispatch JSOC units. Some counterterrorism officials find this absurd. "There's nobody in the United States government whose job it is to find Osama bin Laden!" one frustrated counterterrorism official shouted. "Nobody!"

"We work by consensus," explained Brig. Gen. Robert L. Caslen Jr., who recently stepped down as deputy director of counterterrorism under the Joint Chiefs of Staff. "In order to find Osama bin Laden, certain departments will come together. . . . It's not that effective, or we'd find the guy, but in terms of advancing United States power for that mission, I think that process is effective."

But Lt. Gen. Stanley A. McChrystal, the JSOC commander since 2003, has become the de facto leader of the hunt for bin Laden and developed a good working relationship with the CIA to the extent that he recently was able to persuade the former station chief in Kabul to become his special assistant. He asks for targets from the CIA, and it tries to comply. "We serve the military," one intelligence officer said.

McChrystal's troops have shuttled between Afghanistan and Iraq, where they succeeded in killing al-Qaeda leader Abu Musab al-Zarqawi and killed or captured dozens of his followers.

Under McChrystal, JSOC has improved its ability to quickly turn captured documents, computers and cellphones into leads and then to act upon them, while waiting for more analysis from CIA or SOCOM.

Industry experts and military officers say they are being aided by computer forensic field kits that let technicians retrieve information from surviving hard drives, cellphones and other electronic devices, as was the case in the Zarqawi strike.

McChrystal, who has commanded JSOC since 2003, now has the authority to go after bin Laden inside Pakistan without having to seek permission first, two U.S. officials said.

"The authority," one knowledgeable person said, "follows the target," meaning that if the target is bin Laden, the stakes are high enough for McChrystal to decide any action on his own. The understanding is that U.S. units will not enter Pakistan, except under extreme circumstances, and that Pakistan will deny giving them permission.

Such was the case in early January, when JSOC troops clandestinely entered the village of Saidgai, two officials familiar with the operation said, and Pakistan protested.

A week later, acting on what Pakistani intelligence officials said was information developed out of Libbi's interrogation, the CIA ordered a missile strike against a house in the village of Damadola, about 120 miles northwest of Islamabad, where Pakistani and American officials thought Zawahiri to be hiding.

The missile killed 13 civilians and several suspected terrorists. But Zawahiri was not among them. The strike "could have changed the destiny of the war on terror. Zawahiri was 100 percent sure to visit Damadola . . . but he disappeared at the last moment," one Pakistani intelligence official said.

Tens of thousands of Pakistanis staged an angry anti-American protest near Damadola, shouting, "Death to America!"

"Once again, we have lost track of Ayman al-Zawahiri," the Pakistani intelligence official said in a recent interview. "He keeps popping on television screens. It's miserable, but we don't know where he or his boss are hiding."

Contributing to this report were staff writers Bradley Graham, Thomas E. Ricks, Josh White, Griff Witte and Allan Lengel in Washington, Kamran Khan in Islamabad and John Lancaster in Wana, Pakistan, and staff researchers Julie Tate and Robert E. Thomason.

Al Qaeda Finds Its Center Of Gravity (NYT)

By David Rohde

The New York Times, September 10, 2006

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OVER the last year, as Iran, Iraq and Lebanon have dominated headlines, hopes of gaining firmer control of a largely forgotten corner of the war on terrorism — the lawless Pakistan-Afghanistan border region — have quietly evaporated.

On Tuesday, the Pakistani government signed a "truce" with militants who have resisted Pakistani military efforts to gain control of the region, which is roughly the size of Delaware. The agreement, which lets militants remain in the area as long as they promised to halt attacks, immediately set off concern among American analysts.

Al Qaeda's surviving leadership is suspected of using the border areas as a base of operation to support international terrorist attacks, including possibly the July 2005 London subway bombings. Meanwhile, the Taliban leadership is widely believed to be using another border area to direct spiraling attacks in Afghanistan.

"There's a link with broader international terrorism," said Robert Grenier, the former top counterterrorism official for the Central Intelligence Agency. "There's a link with what is happening in Afghanistan. Al Qaeda, such as it is now, really has its center of gravity in the area."

Last week's truce agreement covers North Waziristan, an area on the Pakistani side of the border. After the Taliban fell in 2001, senior Qaeda and Taliban leaders are believed to have fled there from Afghanistan and to other remote border areas in Pakistan.

The locations of Osama bin Laden and his deputy Ayman al-Zawahiri remain unknown. But American officials suspect that they are somewhere along the border.

After two attempts to assassinate President Pervez Musharraf in December 2003 were linked to the tribal areas, Pakistani officials expanded the military effort to subdue the region. But after suffering heavy casualties in 2004 and early 2005, they began negotiating with local militants. Last year, Pakistan signed a separate agreement with militants in South Waziristan, but the move failed to slow the killing of government supporters.

"If you look at the number of deaths in the region, it's not clear that they've dropped," said Xenia Dormandy, former director for South Asia for the National Security Council. Signing such truces, she said, "is a potentially dangerous route to take because there is little pressure that you can bring to bear to make sure they can follow through on the agreements."

Two hundred miles to the south, the Taliban leadership is believed to have established a base of operations in and around the Pakistani city of Quetta, according to American analysts. Afghan officials say the Taliban used the area to plan and carry out sweeping attacks in southern Afghanistan in the spring.

Pakistan has largely turned a blind eye to Taliban activities, American officials say, because it sees the group as a tool to counter growing Indian influence in Afghanistan. The Pakistanis have longed viewed a friendly Afghanistan as critical to their survival and fears India may be trying to encircle their country.

At the same time, a separate uprising in Baluchistan province has tied up Pakistani soldiers. Ethnic Baluch tribesmen complain that Pakistan's military government is not sharing enough of the profits from natural gas exploration with the locals. The killing last month of a charismatic tribal elder who was a rebel leader set off riots in several cities.

"Pakistan is essentially trying to put down a civil war in Baluchistan," said Ms. Dormandy, now an analyst at the Kennedy School of Government at Harvard. "At the same time, it's trying to monitor its border with India, monitor the border of Afghanistan and bring down the Taliban and Al Qaeda."

In Afghanistan, NATO forces that took control of security in the south from American forces this summer have been surprised by the size and strength of the Taliban insurgency. Roadside bomb attacks have doubled this year, and suicide bombings have tripled. Yesterday, a suicide bombing in Kabul killed at least 2 American soldiers and 14 Afghan civilians.

All told this year, heavy clashes in eastern and southern Afghanistan have killed more than 100 American and NATO soldiers, roughly twice the number killed in the same period in 2005. Since Aug. 1 alone, 28 NATO soldiers have been killed.

Analysts say the problem in the border region is an explosive mix of conditions: a lack of government authority, a vast amount of weaponry and the rise of Islamic militancy. Until the 1980's, the area was ruled by local tribes, whose brute self-government kept the population isolated and impoverished but allowed for a degree of stability.

In the 1980's, the American-backed anti-Soviet jihad unfolded in the region and began to wear away longstanding tribal structures. Huge piles of weapons and cash empowered Islamist organizations to open dozens of training camps, hard-line mosques and conservative religious schools along the border. In the 1990's, the Taliban emerged there.

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Today, said Mr. Grenier, the former C.I.A. official, the only way to increase government authority in the rural areas on both sides of the Pakistan-Afghanistan border was to develop the impoverished rural areas over time. “But that’s a generational process,” said Mr. Grenier, now a managing director at Kroll Inc., a security firm based in New York.

This summer, local people interviewed in southern Afghanistan said they were unsure that the United States and NATO would remain committed to the long, expensive process of stabilizing the border region. This year, the United States cut its aid to Afghanistan by 30 percent.

Al Qaeda and the Taliban are no doubt betting that time is on their side.

The Taliban, Regrouped And Rearmed (WP)

By Peter Bergen

The Washington Post, September 10, 2006

KABUL, Afghanistan

The interpreter's hand-held radio crackled with the sound of intercepted Taliban transmissions, and he signaled the infantry patrol to wait while he translated. At 7 a.m. one morning late in the summer, peasants were already out scything wheat, with their children tending fields of pink and white poppies that would soon add to Afghanistan's record-setting opium and heroin supplies. We were 9,000 feet up, in the hamlet of Larzab, in a remote part of Zabul province -- the heart of Talibanland.

Our interpreter, Mohammed, estimated that the Taliban fighters were less than half a mile away. We walked through the fields for 20 more minutes before stopping next to a small hill. The chatter revealed that the Taliban were "watching us and waiting for us to get closer," Maj. Ralph Paredes explained to me as his men radioed to their base the likely coordinates of the hidden fighters. Soldiers back at the base -- a mud-walled compound without electricity or water -- fired mortar rounds over our heads to a hill several hundred meters from our position, where the Taliban might be hiding. We never learned whether they found their target.

Just one more patrol, and one more skirmish, in Afghanistan's war -- a conflict in which the fighting and ferocity are regaining strength with each passing month. Indeed, the U.S. military and NATO are now battling the Taliban on a scale not witnessed since 2001, when the war here began, and are increasingly fighting them in remote areas such as Larzab where the Taliban once roamed freely.

When I traveled in Afghanistan in 2002 and 2003, the Taliban threat had receded into little more than a nuisance. But now the movement has regrouped and rearmed. Bolstered by a compliant Pakistani government, hefty cash inflow from the drug trade and a population disillusioned by battered infrastructure and lackluster reconstruction efforts, the Taliban is back -- as is Afghanistan's once forgotten war.

In the past three months alone, coalition forces have killed more than 1,000 Taliban fighters, according to Col. Tom Collins, a U.S. military spokesman, while the religious militia has killed dozens of coalition troops and hundreds of Afghan civilians, spreading a climate of fear throughout the country. And suicide attacks in Afghanistan have risen from single digits two years ago to more than 40 already this year. Most of the victims are civilians -- including more than a dozen bystanders who were killed here Friday when a bomb-laden car struck a convoy of armored U.S. vehicles just 200 yards from the U.S. Embassy; the attack also killed two U.S. soldiers and wounded a third. Half an hour after the blast, I watched as firefighters hosed down the streets, which were littered with shards of blackened metal and singed body parts.

I recently traveled to Afghanistan for three weeks, meeting with government officials, embedding with U.S. soldiers from the 2-4 Infantry and interviewing senior American military officers. I found that while the Taliban may not constitute a major strategic threat to President Hamid Karzai's government, they have become a serious tactical challenge for U.S. and NATO troops, as the war here intensifies. And their threat is only amplified by their ubiquity and invisibility.

"In this place, they are everywhere," explained Mohammed, our interpreter. "They are sitting here as a farmer. Then they are Taliban."

When I visited Zabul province in July, Lt. Col. Frank Sturek was in charge of U.S. military operations there. Sturek, from Aberdeen, Md., earned his insurgent-fighting stripes in Mosul, Iraq, under the tutelage of Lt. Gen. David Petraeus. When I spoke to Sturek, he had recently lost two of his men in firefights with the Taliban. In a nighttime interview conducted by flashlight in the

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mud compound, Sturek described a two-hour struggle on July 19 against about 120 Taliban who were armed with mortars, recoil-less rifles, machine guns and rocket-propelled grenades. Judging from newly dug graves, Sturek estimated 35 to 40 Taliban had been killed.

Despite their numerous casualties, the Taliban are much more willing than Iraqi insurgents to engage in pitched battles, Sturek said. "These guys will mix it up," he said, "and they use a lot more direct fire." In the five months he had been in Afghanistan, he noted, none of the Taliban fighters his men had fought had ever surrendered.

Echoing all other U.S. officers I interviewed in Afghanistan, Sturek emphasized that the Taliban threat required a political solution, not a military one, and that expanding the U.S. presence and reconstruction efforts into remote areas would win the long-term conflict. "You can win every firefight you want, but the battle is in these villages," he said. "This is where you change the minds of the people -- or at least create a doubt that the Taliban are not preaching the right message."

A political solution is also the mantra of the U.S. commanding officer in Afghanistan, Lt. Gen. Karl Eikenberry, an intense, intellectual soldier who speaks Mandarin and is on his second tour in the country. Over coffee in his Kabul office, he said that the situation in Afghanistan still looks reasonably optimistic. "I tell everyone don't look at the snapshot," he said. "Look at the movie called Afghanistan."

For Eikenberry, that movie features the democratically elected president and parliament, as well as millions of boys and girls who are newly in school. Indeed, in the most recent poll of Afghan public opinion, released by ABC News in December 2005, 77 percent of Afghans said their country is headed in the right direction.

Of course, a similar poll today might find fewer Afghans with this point of view, given rising dissatisfaction with the Karzai government and growing anti-American sentiment revealed in riots that shook Kabul in May. Eikenberry acknowledges that "the strength and coherence of the Taliban movement is greater than it was a year ago," citing tribal and land disputes and trafficking in narcotics as reasons for the resurgence. He also draws a clear link between reconstruction and violence: "Wherever the roads end, that's where the Taliban starts."

An amnesty program formally begun in 2005 by the Karzai government offers one promising approach to containing the Taliban threat. In Qalat, the provincial capital of Zabul, I witnessed U.S. forces release Mullah Abdul Ali Akundzada, who was accused of sheltering Taliban members and had been arrested near the site where a makeshift bomb had detonated. In a deal brokered by the Karzai government and the U.S. military, Akundzada was handed over to a group of about 30 religious and tribal leaders, who publicly pledged that the released mullah would support the government. In an honor-based society such as Afghanistan, this program is working well. According to Afghan and U.S. officials, only a handful of the more than 1,000 Taliban fighters taking advantage of the amnesty have gone back to fighting the government and coalition forces.

Yet even as the amnesty program shows promise, Afghanistan's ballooning drug trade has succeeded in expanding the Taliban ranks. It is no coincidence that opium and heroin production, which now makes up about half of the Afghan economy, spiked at the same time that the Taliban staged a comeback. A U.S. military official told me that charities and individual donations from the Middle East are also boosting the Taliban's coffers. These twin revenue streams -- drug money and contributions -- allow the Taliban to pay their fighters as much as $100 a month, which compares favorably to the $70 salary of an Afghan police officer. Whatever the source, the Taliban can draw upon significant resources, at least by Afghan standards. One U.S. military raid on a Taliban safe house this year recovered $900,000 in cash.

The Taliban's growing presence in central Afghanistan's Ghazni province -- outside the group's traditional strongholds in the south and east -- is another benchmark of its strength. Nearly half the districts in Ghazni are now under significant Taliban influence, a U.S. military official said. The Taliban units operating there aim to control access to Kabul 100 miles to the north, just one more sign that Taliban forces increasingly move across the country with ease.

But the key to the resurgent Taliban can be summarized in one word: Pakistan. The Pakistani government has proved unwilling or incapable (or both) of clamping down on the religious militia, even though the headquarters of the Taliban and its key allies are in Pakistan. According to a U.S. military official, not one senior Taliban leader has been arrested or killed in Pakistan since 2001 -- nor have any of the top leaders of the militias headed by Gulbuddin Hekmatyar and Jalaluddin Haqqani, who are fighting U.S. forces alongside the Taliban.

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Amir Haqqani, the leader of the Taliban in Zabul province, "never comes across the border" from Pakistan into Afghanistan, Sturek told me. The Taliban's most important leadership council, the Quetta Shura, is based in the capital of Pakistan's Baluchistan province; the Peshawar Shura is headquartered in Pakistan's North-West Frontier Province. In addition, Hekmatyar operates in the tribal areas of Dir and Bajur; Haqqani is based in Waziristan; and al-Qaeda has a presence in Waziristan and Chitral -- all Pakistani regions that border Afghanistan.

Finally, the peace deal announced this month between the Pakistani government and pro-Taliban militants along the Afghan border raises more concerns that such groups will operate more freely on and across the border. A U.S. military official in Afghanistan told me he is "extremely worried" about the pact, through which Pakistan agrees to withdraw army units from the region and will turn over checkpoints to local tribes that are effectively Taliban. And with military force against the Taliban highly unpopular among residents in the border region, the upcoming Pakistani presidential election in 2007 means that even less action will be taken in the months ahead.

Mullah Dadullah, a key Taliban commander, gave two interviews to al-Jazeera in the past year in which he made several illuminating observations about the scale and nature of the insurgency. Dadullah put Taliban forces at about 12,000 fighters -- considerably greater than a U.S. military source's estimate of 7,000 to 10,000, but a number that could have some validity given the numerous part-time Taliban farmer/fighters. Dadullah also stressed the Taliban's "close links" to al-Qaeda. "Our cooperation is ideal," he said, adding that Osama bin Laden is issuing orders to the Taliban. Indeed, a senior U.S. military intelligence official told me that "trying to separate Taliban and al-Qaeda in Pakistan serves no purpose. It's like picking gray hairs out of your head."

Dadullah also noted that "we have 'give and take' with the mujaheddin in Iraq." Considering the rising number of suicide attacks in Afghanistan and the increased use of makeshift bombs, Taliban forces appear to have learned from the Iraqi insurgents. A videotape posted on the Internet by al-Qaeda in May shows how critical Iraqi techniques have become to the Afghan insurgency: The tape shows an Arab suicide bomber in Afghanistan prepping a car bomb, and driving it into an American convoy.

Just as suicide bombings in Iraq had an enormous strategic impact -- from pushing the United Nations out of the country to helping spark a civil war -- such attacks may also plunge Afghanistan into chaos. Already, suicide attacks have made much of southern Afghanistan a no-go area for foreigners and for any reconstruction efforts. According to Hekmat Karzai, head of an independent terrorism research center in Kabul, these attacks "have really instilled fear in the heart of the population." Luckily, for the moment, the suicide attackers in Afghanistan have not been nearly as deadly as those in Iraq. As one U.S. military official explained to me, almost all of the Taliban's suicide bombers are "Pashtun country guys from Pakistan," with little effective training.

The Afghan population remains generally pro-American, and its appetite for more conflict is low after more than two decades of war. However, the risks of a slide into Iraq-style chaos remain. Averting it would require Washington to end the Afghan drug trade and compel Pakistan to crack down on the Taliban warriors' havens. These are both tall orders, but Washington could gain real leverage in the area of reconstruction. So far, it has appropriated only $9 billion for Afghan reconstruction, as compared with $34 billion for Iraq, even though Afghanistan is larger, more populous and has greater infrastructure needs. And of the appropriated amount, only $2.5 billion, a State Department official told me, has been spent.

In the absence of greater U.S. investments in roads, power and water resources, the Taliban will surely prosper and continue to gain adherents. Unless they take decisive action now, U.S. policymakers may be looking back in a few years, asking themselves why they lost Afghanistan despite the promise the country showed after the fall of the Taliban regime.

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Jonathan Chait: A Fighting Image Is Everything (LAT)

Jonathan Chait

The Los Angeles Times, September 10, 2006

Bush helping Republicans by highlighting the war on terror is like Clinton running on his record of marriage fidelity.

FIVE YEARS AGO, President Bush stood on the pile of rubble that had been the World Trade Center and announced, "The people who knocked these buildings down will hear all of us soon!" Remember that? Well, the people who knocked down those buildings just won.

Last week, in a news story that was buried by all the major newspapers, Pakistan signed an agreement to "allow militants to operate freely in one of Pakistan's most restive border areas in return for a pledge to halt attacks and infiltration into Afghanistan." Which is to say, Pakistan surrendered. The border areas of Pakistan are where thousands of Al Qaeda militants and (almost certainly) Osama bin Laden himself reside. On Thursday, Pakistan President Pervez Musharraf made a not very reassuring statement that he'd go after the insurgents' command structure.

It's worth briefly refreshing our memories as to why Bin Laden and his closest friends are hiding out in Pakistan. In 2002, we had them surrounded near Tora Bora in Afghanistan, but Gen. Tommy Franks, the former head of U.S. Central Command, persuaded our commander-in-chief to rely on poorly equipped, ill-trained Afghan mercenaries of dubious loyalty, rather than U.S. soldiers, to finish the job. (Apparently the operating theory was, if you can't trust mercenaries, who can you trust?) Shockingly, as Peter Bergen reported in 2004 in the Atlantic Monthly, Bin Laden paid off the mercenaries, who let him escape to Pakistan. And now the Pakistanis, who were at least nominally trying to hunt him down, have thrown in the towel.

In related news, the Bush administration has decided to stake the 2006 elections on Bush's record of fighting terrorism. It sounds like a joke, but it isn't. He let our worst enemies escape; he is on the verge of creating a terrorist haven in Iraq where none existed before; and this is the issue he picks to highlight. Why not run on his record of evacuating New Orleans? Maybe Bill Clinton can run on his record of chastity!

Of course, Bush doesn't really want to be judged on his record of fighting terrorism as much as his image. Republicans want you to think about him on that rubble pile and of his vow to bring Bin Laden to justice "dead or alive," rather than whether Bin Laden actually has been brought to justice.

Bush's defenders insist that his paramount contribution to the war against Islamic radicalism is "moral clarity." Moral clarity means keeping in mind that even if we're not perfect, we're the good guys and they're the bad guys. The president's defenders are correct that having moral clarity is a necessary condition for fighting evil. What they fail to realize is that it's not a sufficient condition.

There are millions of teenage boys who have moral clarity but who are nonetheless unqualified to lead the free world against jihadists. If your leader has moral clarity but lacks the other relevant intellectual qualities, you end up with a president whose foreign policy doctrine is expressed in statements such as: "I intend to kick [Saddam Hussein's] sorry … ass all over the Mideast." (This Bush quote comes from Michael Isikoff and David Corn's new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War.")

It's precisely because the image of Bush as brave leader in the war on terror is so lacking in substance that his admirers have been forced to manufacture it assiduously.

In 2003, Showtime aired a movie called "DC 9/11: Time of Crisis," written by a conservative Bush admirer and featuring an implausibly heroic Bush ordering around Dick Cheney and daring the terrorists to come get him. (In fact, the president was ushered around Air Force bases on 9/11 to protect him from further attack.)

Tonight and Monday night, ABC-TV is airing a similarly propagandistic drama called "The Path to 9/11," written, apparently, by a friend of Rush Limbaugh and gleefully circulated among right-wing bloggers. The thrust of the show is that any failures against Al Qaeda are primarily the fault of the Clinton administration — which, of course, is in keeping with the conservative mythology that the U.S. was soft on terrorism until we got a clear-eyed commander-in-chief in Bush.

ABC is portraying the movie as based on the report of the 9/11 commission, but two former counter-terrorism officials who served under Clinton and Bush, one 9/11 commission member and many others have called some of the key scenes fake. ABC says it's not a documentary but a "dramatization."

It's fitting that the most powerful propaganda reflecting Bush's view of his own indispensability are, literally, works of fiction.

The President's Plan (NYT)

By Frances Fragos Townsend

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The New York Times, September 10, 2006

AS a result of the horror of Sept. 11, 2001, President Bush has transformed the way we fight terrorism and the tools we use. We successfully attack those very things our enemies need to operate and survive: leadership, communications, the ability to travel, weapons; foot soldiers and financing. The president has strengthened and transformed the intelligence community, integrated our military and intelligence assets, and broken down the barriers that kept domestic law enforcement and intelligence agencies from sharing information.

The United States has enhanced relationships with allies around the world, recognizing that this is truly a global war on terrorism. Working together, we have denied Al Qaeda the safe havens and resources it needs to plan and carry out attacks and made it more difficult for our enemies to travel. We use their communications against them and have cut off their money.

At home, the president has transformed the fight by creating the Department of Homeland Security and by ensuring that the F.B.I. had the necessary tools, like the Patriot Act, to get the job done. The airline bombing plot disrupted by our British allies this summer is only the most recent case of brutal terrorists continuing to plan mass murder. We must be right 100 percent of the time; the terrorists have to succeed only once. On Sept. 11, 2001, each of us became soldiers in this fight to protect freedom. We're in a war we didn't ask for, but it's a war we must wage and a war we will win. — FRANCES FRAGOS TOWNSEND, White House homeland security adviser.

Less Political Correctness (NYT)

By Rafi Ron

The New York Times, September 10, 2006

THE reason we have not been attacked on American soil is that the war started by radical Muslims is not against the United States, but against everyone who does not conform to their beliefs and way of life. It is the first global war we have experienced since globalization became a factor in our life, and the terrorist battlefield has included Madrid, London, Bali, Moscow, Egypt, Iraq, Jordan, Saudi Arabia and India. The terrorists have had a very busy five years.

The struggle imposed on us is, by nature, a long-term struggle. Only an effective homeland security system will provide us with the necessary political power to prevail in those instances where the terrorists do find value in attacking within the United States. In that sense, we must be less politically correct, and begin a program that looks for risks where they are most likely to be found. For example, it is crucial to identify high-risk airline passengers through all criteria — including appearance and behavior — and spend more resources on them, rather than maintaining an across-the-board, politically correct low level of search. — RAFI RON, a security consultant and the former head of security at Ben-Gurion Airport in Tel Aviv.

How War Can Bring Peace (NYT)

By Jack L. Goldsmith And Adrian Vermeule

The New York Times, September 10, 2006

OFFENSIVE action abroad has protected the homeland. Our military presence in Afghanistan and our aggressive policies around the globe have seriously disrupted the enemy. Through a mix of military and paramilitary action, pre-emptive strikes, deterrent threats and surveillance we have captured many terrorist leaders, destroyed training camps and structures of communication and control, and uncovered valuable intelligence troves.

Some maintain that such offensive action feeds resentment and spawns more terrorism. But if aggression can create resentment, passivity and defensiveness can inspire contempt. Our weak responses to Qaeda attacks on the Khobar Towers, the African embassies and the destroyer Cole, and our withdrawal from Somalia, emboldened the enemy and allowed it to organize and train for the 9/11 attacks.

Going forward, we should more vigorously embrace technology as a tool for taking the fight to the Islamic terrorists. The same technological changes that help terrorists plot to deliver weapons of mass destruction, including low-cost information and communication over the Internet, also make it easier for the government to monitor and pre-empt terrorist plots. Libertarians overreact to the new technology, stoking fears of an Orwellian surveillance state. But properly designed programs can produce large gains in security in return for small losses of privacy and liberty. — JACK L. GOLDSMITH and ADRIAN VERMEULE, Harvard

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law professors and, respectively, an assistant attorney general from 2003 to 2004 and a co-author of the forthcoming "Terror in the Balance."

Don't Forget Our Values (NYT)

By Joschka Fischer

The New York Times, September 10, 2006

THE 9/11 attacks were a defining moment for the course of world politics and a strategic assault against the world's leading power at the beginning of the 21st century. But the question is, were the terrorists successful? The answer is mixed. In the aftermath of 9/11, the world was united with America. Even in Arab and Muslim countries, the sense of shock and feelings of solidarity with America far outweighed any sympathies with the terrorists.

Since then, international counterterrorism cooperation has disrupted the terrorists' activities. Yet even public awareness of the threat, counterterrorism cooperation, and more stringent anti-terrorism laws in democratic societies around the globe couldn't prevent the bombings in Madrid, London and Istanbul.

Immediately after 9/11, Al Qaeda seemed to be losing its battle with America and the West. Unfortunately, that changed when America invaded Iraq. The fight against the jihadists will not be decided simply on the battlefield; it will also be decided in the sphere of international legitimacy. We know that Islamic extremists celebrate death through martyrdom, and the killing of innocents. But what are we in the West fighting for?

We fight for our values: for our freedom, for democracy, for the rule of law, the equality of all human beings and for peace. In this context, Guantánamo Bay, Abu Ghraib and the situation in Iraq could hardly be called successes. Against the new totalitarian challenge of Islamic extremism, we have to defend our values; and this means sticking to the values of our democratic societies, even under fire. — JOSCHKA FISCHER, the foreign minister of Germany from 1998 to 2005 and a visiting professor at Princeton's Woodrow Wilson School.

Keep American Muslims On Our Side (NYT)

By Jessica Stern

The New York Times, September 10, 2006

SINCE 9/11, terrorism has increased significantly around the globe, but the United States has been spared. Eurasia rather than America has been the main source and victim. Why?

Increased awareness and surveillance have made a strike as sophisticated as the 9/11 attacks far more difficult to achieve, especially without local support. Unlike their counterparts in Britain, for example, few of America's Muslims at least for now subscribe to the notion that Western governments or their proxies are deliberately hurting and humiliating Muslims and that the way to restore dignity is to join a jihad. Moreover, terrorist strategists like Ayman al-Zawahri have warned that while smaller strikes serve as training opportunities for their fighters, major strikes can backfire; attacking the wrong people at the wrong time would reduce the popularity of their movement.

The jihadists understand that they are fighting a war of ideas. According to "The Management of Savagery," a Qaeda manual, the success of the movement will ultimately depend on the jihadists' ability to damage America's prestige throughout the globe, sow discord between America and its allies and expose the hollowness of American values. The manual prescribes a strategy of forcing America "to abandon its war against Islam by proxy" by provoking it into direct military confrontation with a Muslim country. When the United States attacked Iraq, it inadvertently "expanded the jihadi current" just as Osama bin Laden's strategists had hoped.

Every foreign-policy decision entails tradeoffs in regard to terrorism, especially with respect to the spread of the jihadist idea. Attacking the wrong people at the wrong time can backfire, just as Al Qaeda's strategists say. Let's not make that mistake again. — JESSICA STERN, a former National Security Council staff member and the author of "Terror in the Name of God."

Qaeda Set The Bar High (NYT)

By Clark Kent Ervin

The New York Times, September 10, 2006

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S O why haven't we been attacked in five years? Terrorists — especially those directed by or affiliated with Al Qaeda — are committed to carrying out spectacular attacks that maximize death, injury, economic damage and political symbolism. If their aim were merely to blow up the odd bus or to level a supermarket, doing so would be a very short order. But, the more spectacular the scale of a plot, the longer it takes to plan, the costlier it is to finance, the more operatives you need to carry it out, and the greater the chance that something will go awry.

For the future, we must take a hard look at how to improve the Department of Homeland Security, which has earned its reputation as the most dysfunctional agency in all of government. It has played little role in keeping us safe since 9/11.

One need look no further than the recently foiled London jetliner plot. The department had nothing to do with uncovering the plot; that was primarily the work of British counterterrorism agencies. If not for their efforts, it would very likely have succeeded. This is because we still lack defenses against liquid explosives, although the Transportation Security Administration, part of the department, has been aware of this particular vulnerability for years and claims that its principal focus nowadays is on detecting explosives.

If after spending some $20 billion on securing the nation's airways since 9/11 we are still vulnerable in the skies, one shudders to think how much more vulnerable our seaports, land borders, mass transit systems, chemical plants and "soft targets" like shopping malls and sports arenas are to terrorist attack.

The good news, then, is that we are unlikely to see many future attempts to strike our homeland. The bad news is that the few we will see are likely to be giant in scale, and the likelihood that the Department of Homeland Security will be able to stop them is small. — CLARK KENT ERVIN, the inspector general of the Department of Homeland Security from 2003 to 2004 and author of "Open Target."

Giving Muslims Hope (NYT)

By Thomas H. Kean And Lee H. Hamilton

The New York Times, September 10, 2006

THE best news in our struggle against terrorism is that we have not been hit at home since the 9/11 attacks. Yet terrorists are patient. We remain a target and must expect another attack.

Our most important long-term recommendations involve foreign policy. First, preventing terrorists from gaining access to nuclear weapons, especially by stepping up efforts to secure loose nuclear materials abroad, must be our highest priority.

Second, the long-term challenge is for America to stop the radicalization of young Muslims from Jakarta to London by serving as a source of opportunity, not despair. Too many young Muslims are without jobs or hope, are angry with their governments, and don't like the war in Iraq or American foreign policy.

We should cultivate educational and cultural exchanges, and vigorous public diplomacy. We must offer moral leadership, treating all people — including detainees — with respect for the rule of law and human decency. And we must put forward an agenda of opportunity for the Islamic world. This includes support for pragmatic political reform, as well as education and economic empowerment. — THOMAS H. KEAN and LEE H. HAMILTON, the co-chairmen of the 9/11 commission and co-authors of "Without Precedent."

We Can't Kill An Ideology (NYT)

By Melissa Boyle Mahle

The New York Times, September 10, 2006

THOUGH it may not be immediately apparent to the casual viewer, Al Qaeda is attacking when and where it chooses. It is an ideology-driven global insurgency on the march. It has not hit America because it has chosen not to. Whether it lacks on-the-ground capacity for a spectacular attack, is still in the planning stages or is busy elsewhere is under debate within our intelligence community. The point is that five years out, Al Qaeda is as dangerous as, if not more than, it was on 9/11.

Yes, our intelligence agencies have struck the terrorist group hard, detaining or killing many of its founding leaders. But these are not death blows — because you cannot decapitate an ideology. Although the majority of Muslims reject the political vision of a Taliban-style Islamic caliphate, many agree with Al Qaeda that the Western-imposed political order is the source of

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their political and economic woes. Moreover, militant resistance to the current order is gaining acceptance and prestige, aptly demonstrated by the groundswell of popular support for Hamas and Hezbollah in the Muslim world.

During the last five years, our priority has been to beef up defenses and take the war to the terrorists. It's time to start discrediting Al Qaeda's ideology and offering Muslims nonviolent alternatives. The first step is to acknowledge that their grievances are legitimate and center on issues of dignity, economic disparity, border disputes and power alignment. The second is to acknowledge that our current approach is only helping Al Qaeda go mainstream. — MELISSA BOYLE MAHLE, a former C.I.A. operations officer and the author of "Denial and Deception: An Insider's View of the C.I.A. from Iran-Contra to 9/11."

Walking The Terror Beat (NYT)

By Michael A. Sheehan

The New York Times, September 10, 2006

THE most important counterterrorism activity since the fall of the Taliban has been the close cooperation of the C.I.A. with foreign intelligence services.

Powerful American technologies identify names, locations, phone numbers and computer addresses of suspicious people. Local intelligence services operate informant networks. The C.I.A. station chief works with intelligence officials to follow up and coordinate hundreds of leads generated by these joint collection efforts. The connections often cross national boundaries, and periodically they "connect the dots," identify a key terrorist and have the local services execute a nighttime raid against a terrorist safe house.

Such coordinated efforts have led to the captures of key Qaeda operatives including Khalid Shaikh Mohammed, the 9/11 mastermind; Hambali, the planner of the Bali bombings; and Abd al-Rahim al-Nashiri, who oversaw the attack on the Navy destroyer Cole. With midlevel leaders like these out of commission, terrorist operations have been left to less capable local operatives. As a result, the Qaeda movement has been limited to only two successful operations in the West in the past five years, in Madrid and London.

To prevent the next attack in the United States we need a similar coordinated intelligence effort at home. In New York City, the F.B.I. and Police Department share this responsibility. And although they do not always love each other, they find ways to work together. The Police Department brings grit, creativity and street smarts to the investigative programs. The F.B.I. connects local efforts with information from national and international intelligence databases. Other cities should emulate their example. — MICHAEL A. SHEEHAN, former deputy commissioner for counterterrorism for the New York City Police Department.

Terrorism's Ripple Effects (LAT)

The Los Angeles Times, September 10, 2006

Professionals from nine different jobs examine 9/11's reach into their lives

The police chief

By William J. Bratton

SEPT. 11, 2001, primary election day in New York City, began as a picture-perfect day. Early that morning, I'd done a call-in interview with radio show host Don Imus, commenting on the mayoral primary and speculation that, after the election, I might return as New York City police commissioner.

Later, my wife, Rikki, and I walked down Park Avenue to vote. After casting our ballots, we headed back to our apartment. As I walked in, I saw on the TV I'd accidentally left on the now-familiar images of one of the twin towers burning. Rushing to my office, I learned that the second tower had been hit. Later, I noticed a fax from a client at the World Trade Center. He had sent it two minutes before the first plane hit. I did not learn of his survival until several days later. Unfortunately, many other friends and colleagues did not survive.

That day left me feeling helpless and propelled me back into public life. I had gone to work as a consultant, but I simply could no longer stand to be on the sidelines. I needed to get back into policing, the profession I loved and where I knew I could make a difference. And that's why I am in Los Angeles.

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Upon my appointment as police chief here four years ago, I created the LAPD's counter-terrorism bureau. L.A. remains a primary target. On 9/11, I was working in the private sector — on the outside looking in. I could grieve, but I couldn't make a difference. Now maybe I can help to prevent another 9/11. I never want to feel as helpless as I did on that day.

William J. Bratton is the police chief of Los Angeles.

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The Muslim leader

By Maher Hathout

THE EVENING OF SEPT. 10, 2001, I was preparing for a scheduled meeting with the president of the United States the following morning. Because our group would be the first Muslim Americans to meet with George W. Bush, I wanted my discussion points to be concise and clear, suitable for the rarity of the opportunity at hand.

After a restless night, I went to the hotel lobby in desperate search of a proper dose of caffeine. There, on many television screens, I saw the painful images of the terrorist attacks in New York that I will never forget. Needless to say, I didn't meet the president.

9/11 confirmed my decision to retire as a cardiologist. From that day on, I have worked to clear the name of my religion, done what I could to fight terrorism, lobbied to safeguard Muslim Americans' civil liberties and tried to convince law enforcement that Muslim Americans are an essential part of the solution, not part of the problem.

I have also found myself arguing the case for a Muslim theology of inclusion and life against the false one of exclusion and death. Now more than ever, I'm certain that a huge dose of spirituality must be injected in our lives to make them bearable.

Maher Hathout is the senior advisor of the Muslim Public Affairs Council and the chairman of the Islamic Center of Southern California.

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The travel agent

By Alice Gokkes

CLIENTS ARE so much more watchful than they were before the 9/11 attacks, and news of a new terrorist attack or a foiled plot only makes them more apprehensive. They want to know what's going on in the places they're traveling to, which means I spend a lot of time researching current events at overseas destinations and contacting various experts to gauge the risk of traveling to them. Add to that client worries caused by heightened security at airports — fear of missed connections, delays, lost luggage. More than ever, I feel responsible for getting my clients safely to and back from their destinations.

Alice Gokkes is manager of Let's Travel Enterprises in Santa Monica.

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The TV writer

By Joel Surnow

THE INSPIRATION for "24" was John Le Carre novels and such movies as "In the Line of Fire." It was happenstance that Jack Bauer's organization was called the Counter-terrorist Unit.

I was in the middle of writing and producing our first season of "24" on the day of 9/11. The show was to premiere two weeks later, and there was talk of shutting down altogether. The network was concerned that the nation's psyche was too raw to watch a show about terrorism. However, after editing out a few explicit shots from the pilot, we proceeded to air the series. In the last five years, I and my writing staff have experienced the war on terror through our show. We've dealt with radical Islam, a ramp-up to war, debates of constitutional law and a host of other issues. It's made all of us — and we span the political spectrum — acutely aware of the dangerous times we live in.

Joel Surnow is writer, producer and co-creator of "24."

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The historian

By Joanne Meyerowitz

FOR HISTORIANS of the United States, the events of 9/11 reminded us of the broader context of our work. We may focus on particular political movements, urban geographies, cultural trends, social groups or any number of specific topics, but

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ultimately we cannot understand the past — or the present — without some knowledge of the rest of the world and the contested place of American power and American culture within it.

In universities, the trend toward "transnational" history or toward the "internationalization" of American studies was well underway before Sept. 11, but the terrorist attacks accelerated it. My students now show greater interest in international affairs, and my own research attends more to the transnational circulation of ideas and to the effect of world events on American social thought. These changes may not be due entirely to Sept. 11, but they aren't divorced from it either.

Joanne Meyerowitz, professor of history and American studies at Yale University, is the editor of "History and September 11th."

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The bookseller

By Kerry Slattery

SOON AFTER 9/11, we set aside space in the store exclusively devoted to books on the Middle East and current events because customers were hungry for information on these subjects. It was separate from our politics section. It has become the most important part of the store. Before 9/11, these books, mostly published by university presses, collected dust. After the attacks, these books, plus new works on the Middle East, were quickly snapped up. We sold the Koran, books on the Taliban and U.S. involvement in the Middle East, Noam Chomsky's book on 9/11. We thought this little section at the front of the store would be viable for only a few months, but it continues to hold some of our bestsellers.

Kerry Slattery is general manager of Skylight Books.

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The Architect

By Barbara A. Nadel

IN OUR litigious society, in which building owners and architects can be liable if their structures and designs do not take into account the possibility of catastrophic events, the standard of care after Sept. 11 has risen.

I generally advise clients and colleagues to consider several post-9/11 design strategies. For example, widening exit stairs in a new high-rise, and opening them to the outdoors rather than to a lobby, facilitates faster building evacuation and gives first responders better access. Laminated glass, which shatters in place, or blast windows, developed in Israel and widely used in high-risk facilities, offer greater safety because they prevent flying glass pieces from causing fatalities. Finally, to guard against the progressive collapse of a building as a result of a blast, more structural redundancy and robustness can be designed into the building. In basic terms, structural loads are more widely distributed so that a blast won't cause the building to immediately collapse, as was the case in Oklahoma City.

Architect Barbara A. Nadel is editor in chief of "Building Security: Handbook for Architectural Planning and Design."

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The movie director

By Paul Greengrass

THE 9/11 COMMISSION'S report had a powerful effect on me. I knew after I read it that I wanted to do a film on that day. Last summer, as I was looking into doing a film on United Flight 93, the subway and bus bombings in London happened. That further motivated me to make the film.

In a sense, cinema flourishes when political arguments and divisions are deep and loud. Cinema is one of the ways we seek common ground. It's right and proper that filmmakers should join the 9/11 conversation.

The unique thing about the people on United Airlines Flight 93 is they knew what we on the ground didn't understand. We watched the aftermath of the terrorist attacks on television, aware that something terrible was unfolding but not really understanding what it was. Those passengers were the first people to inhabit our world today, the post-9/11 world. That's what gives their story such immense power.

Paul Greengrass directed "United 93."

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The Arabic professor

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By Ismail Poonawala

THERE IS a good outcome to this tragic event. Enrollment in Arabic language classes, as well as in Islamic and Near Eastern history courses, has dramatically jumped at UCLA. In the last five years, Arabic and Islam courses have been added at other universities.

Before 9/11, I taught an introductory Islam course for a number of years. After the terrorist attacks, enrollment has grown to more than 120. It could even go higher if there was more funding for teacher assistants.

Ismail Poonawala teaches Arabic and Islam at UCLA.

For Most Of Us, Life After 9/11 Still Very Much The Same (PPG)

By Steve Levin, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 10, 2006

Sept. 11 - Five Years Later

The pervading sense after Sept. 11, 2001 from politicians, media, clergy and psychologists was that life would never be the same.

The obvious changes -- increased airport security, secret wiretapping, tighter scrutiny of foreigners, world opinion of the United States, the higher cost of doing business -- have been absorbed fitfully by Americans, the price of living in an open society during a battle that has been called "American pop culture vs. the radical mosque."

But five years since the day that forever will be known simply as 9/11, life, in fact, remains very much the same.

Church attendance, volunteering, blood donations -- none changed appreciably in the past five years, despite the initial spike in numbers common following disasters. After a brief hiatus, partisan politics, government boondoggles, celebrity scandals and sports obsessions also returned.

A year after 9/11, a Gallup poll showed that three-quarters of Americans were living their lives as they did before the attacks. This summer, a third of Americans surveyed in a Scripps-Howard/Ohio University poll said they suspected federal officials assisted in the attacks or did nothing to stop them in order to facilitate a war in the Middle East.

And a month ago, a Washington Post poll showed that 30 percent of Americans couldn't name the year the attacks occurred.

Has anything changed? What is different five years later?

For such a shocking event, the changes have been surprisingly subtle: loss of well-being and personal security, a sense of bonding, suspicions of foreigners. Time fits neatly into pre-9/11 and post-9/11 compartments.

"We understand 9/11 as having been some kind of life-transforming event," said Daniel J. Santoro, an associate professor of political sociology at the University of Pittsburgh-Johnstown. "Even if people don't have a clear understanding of history before 9/11, they understand things are different now.

"We don't see the impact of it every day."

The bonding, he said, is characterized by "a general consensus" that the attacks were a tragic event for the country. But it is easily broken by politics.

"The question comes, what are we going to do about it?" Dr. Santoro asked. "When we get into the issue of policy, then we're going to get into positions and they're drawn along political lines."

Over time, it's natural for the force of that day to diminish. The process usually occurs in three stages, according to Dr. Garret Evans, a former University of Florida professor who now is a disaster consultant for businesses.

The first phase after a disaster is a heroic time, said Dr. Evans. For 9/11 that was exemplified by New York Mayor Rudolph Giuliani's calm control of the city's chaos, and the United Flight 93 passengers who prevented their plane from striking its Washington, D.C. target.

Disillusionment follows; in this case, Dr. Evans said, it was bickering about the nation's intelligence failures, insurance problems and the recovery process. Communities wanted life to revert to the way it was before the disaster, something obviously not possible.

The final stage, he said, is resolution, and not everyone is equally happy about it.

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"It's a reorientation to acceptance that we're not going to have our communities back the way it was," he said. "But we're not going to let it run our lives. There's hope that things can be good again."

What remains five years later is a bond among Americans, but its strength differs by geography, remaining strongest in the locations closest to the attacks, said Dr. Evans, who met with New York City fire department families in the aftermath and helped organize local counselors' work with city residents.

"It's easier in Sonoma, [Calif.] to have 9/11 clouded by all the events since then, the political overtones to what's happened since that time," he said.

Roy Licklider, a political science professor at Rutgers University, compares the bonding to Marine boot camp, where people from varied backgrounds are placed in a high-stress situation.

Similarly, he said, studies show that college students' lifelong friends are those most likely met within the first three weeks of school.

"Sometimes, it's not the experience of it but having been through the experience with these folks," he said.

One group whose bond has been strengthened by the experience of 9/11 is the National Guard. The guard always has had both a combat and a support role, but prior to 9/11 members were required to serve no more than six months overseas. Following 9/11, President Bush issued massive Guard call-ups, first for airport security and then for manpower in Afghanistan, followed soon after by Iraq. Now, overseas deployments can be for as long as 24 months for the roughly 435,000 members of the Army and Air National Guard during their six-year service compacts.

Subsequently, said Cindy Williams, principal research scientist for the Massachusetts Institute of Technology's Security Studies Program, Guard members feel the government hasn't treated them honestly.

"For a lot of members who were already in the National Guard, they perceived a real breaking of the compact," she said. "Their understanding of the job was that they still would be a part-time force.

"They didn't think they would be called up routinely. For those people, it's really bad for them and it's really bad for their families."

The 9/11 attacks also precipitated changes across the country in universities' international student programs. Notification of the federal government, for example, is required within 10 days of foreign students changing their home addresses. Prior to the attacks, such information was forwarded to the federal government only when requested. Now, it's done as policy.

At the University of Pittsburgh, David B. Clubb, director of the Office of International Services, has charted all the regulatory and legislative changes since 9/11, each of which has required significant operational changes in his office.

Still, the number of international students at Pitt has remained virtually the same since 9/11, totaling 1,618 last year compared with 1,640 in 2000.

Mr. Clubb said the regulatory changes have not altered his office's primary focus of "being international educators."

"The bottom line is, international students are still part of the solution and not part of the problem," he said. "We're trying to bring people here to improve dialogue, so that we can send them back home as ambassadors for the U.S.

"They are a huge asset for us."

Are We Any Safer Today? (BOSH)

By Laura Crimaldi

Boston Herald, September 10, 2006

Sources say U.S. targets vulnerable

While terrorists have not struck on American soil since Sept. 11, 2001, security officials have not done enough to protect vulnerable targets such as trains, subways and the borders in the past five years, security experts said yesterday.

“There’s no question we’re more secure than we were, but since 9/11 the threat has increased during that period of time as well,” said Neil C. Livingstone, CEO of the Washington, D.C.-based GlobalOptions Inc. “The Department of Homeland Security has to do more than it’s doing today to address the new threats.”

On Friday, DHS issued a fact sheet detailing 41 steps taken since the Sept. 11 attacks to improve national security. The list covers changes made to airport, seaport, railway and border security. It also details steps taken to improve local preparedness,

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increase information sharing between law enforcement and intelligence-gathering agencies and diminish threats posed by weapons of mass destruction and biological weapons.

Aviation security tops the DHS overview of security changes, a list that includes the introduction of hardened cockpit doors, additional air marshals and screenings for all passengers and checked baggage.

But security experts point out there's still no missile defense system for passenger aircraft or mandated cargo screenings.

"They spent most of their money on the passengers and their carry-on luggage," said Livingstone. "We still don't do anything for the cargo hold. We still don't do an adequate job of screening people at the airport in terms of people who have access to airplanes, like people who clean the aircraft are mostly immigrants."

Another weak point is mass transit, where federal officials have spent $375 million so far on rail security and backed pilot programs to screen commuter rail passengers for explosive materials in a few states.

"Two of the biggest attacks since Sept. 11 have included subways in Madrid and London, and they're not even trying on that," said John Pike, director of the Virginia-based GlobalSecurity.org.

Border patrol staff has increased from 9,000 to more than 12,000 agents since the 2001 calamities, and DHS has ended the federal "catch-and-release" policy for people coming into the country from anywhere but Mexico, but the border is still far from secure, experts said.

"We have been a bit slow about doing anything about the southern border," said Fred Burton, counterterrorism vice president for the Texas-based Stratfor. "To try to secure that stretch of geography is really a daunting task."

Security experts agree it's less likely to see another "spectacular" attack, such as Sept. 11 or the USS Cole bombing in Yemen, but the country may face more enemies than it did five years ago.

"We are not safer. Because of the war in Iraq and other things that have happened, al-Qaeda has decentralized. It has gone from an orgranization to a movement," said Jim Walsh, an international security expert at the Massachusetts Institute of Technology.

"We now have people in Britian who want to attack. There are attacks in Morroco. There are attacks in Spain. There wasn't this before 9/11. In the big picture, we're in worse shape."

FIVE YEARS LATER: Our Grief Turns To Strength, Hope (FREEP)

By David Crumm, Free Press Religion Writer

Detroit Free Press, September 10, 2006

The numbers 9/11 are shorthand for more than airplanes-turned-deadly-missiles five years ago. The impact of the terrorist attacks on Sept. 11, 2001, roared around the globe, touched off wars and still is changing American life from Washington, D.C., to Michigan's smallest towns.

The legacy of 9/11 moved far beyond the tidal wave of fear and anger that swept across the United States and set in motion changes in everyday life that are as diverse as Americans themselves.

Across Michigan, those changes are as stunning as a huge memorial flag for a fallen soldier that young swimmers see before diving into the Grand Ledge High School pool. They're as indelible as the agonizing delays the 2001 attacks caused a family from Lake Isabella in northern Michigan when they were trying to adopt an infant from India.

The legacy is as vivid as the new banner-draped Peace Center at a Southfield church and as solemn as a black-and-bronze tombstone in Delta Township that has become a shrine for people honoring the first Michigander to fall in a post-9/11 war.

"A lot of people expected that 9/11's legacy would be that concerns about terrorism would forever be a major part of our lives, but that's not really what Americans are telling us," Frank Newport, editor in chief of the Gallup Poll, said last week.

"In fact, the percentage of Americans who say that terrorism is our biggest problem dropped to just 3% in June, before news about terrorists in London and all the recent talk about terrorism in our political campaigns," Newport said. "Now it's up to 10%.

"But what this shows overall is that terrorism had been dropping from the forefront of people's minds for a long time, closer to what it was before

9/11."

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Before the 2001 attacks, Americans virtually never mentioned terrorism when Gallup pollsters asked them to name the most important problems facing the country. But it zoomed to the top of the list a month after 9/11, when nearly half of all Americans called terrorism the nation's leading problem.

Now, the top worries Americans voice in the Gallup Poll are Iraq, at 26%, and fuel prices, at 15%.

Wayne Baker, a University of Michigan sociologist who studies American attitudes about the world, said, "What we're finding is that the impact of 9/11 is so much bigger than that one event in 2001. What makes

9/11 so personal for American families is all that followed because of that day, including the wars.

"We will see a lasting impact on the generation that came of age during

9/11, but it's difficult to identify the long-term effects because we're still discovering all of the grassroots influences that are moving through our families."

A TOMBSTONE TRANSFORMED: Family turns loss into community's gain

The death of 21-year-old Jason Plite on March 23, 2003, the first fatality of a Michigan man in the wars after 9/11, still reverberates through Grand Ledge High School and nearby Delta Township, where he lived.

The tragedy of his helicopter crashing into a mountain as his six-man Air Force unit rushed to save a group of injured Afghan children is among thousands of heroic war stories echoing through small towns across the United States.

Although it happened more than three years ago, responses to Plite's heroism remain as fresh as a tiny oval stone that his mother, Dawn Peterson, discovered near his tombstone on Tuesday. Painstakingly painted on the stone were two words: "Thank you!"

"Someone left it here," Peterson said. "I keep finding things like this. So many people knew Jason or they know his story now, and they stop by and leave things like this.

"I leave things, too. At Christmas, I bring out a big, 5-foot Christmas tree and set it up with ribbons, bows and ornaments because Jason was really big on Christmas," she said. "I come here every day, year-round. It's such a beautiful place, driving into the cemetery beneath a canopy of trees."

But Peterson isn't trapped by her memories in a maudlin way. Like millions of other Americans stunned by tragedy after 9/11, she looked for innovative ways to transform her loss into ways her family could contribute to their community.

"That day we got the news about Jason, I did lose it. I screamed and was shaking violently," Peterson said. "And for months after that, I was pretty worthless."

Then, a year after her son's death, Peterson decided that she should give up her old life as a stay-at-home mom. Jason's sisters Alissa, now 16, and Shaynah, now 14, were away at school all day. Sitting home alone with memories of Jason left Peterson feeling isolated and depressed. So, she took a job as an aide at Grand Ledge High School. "What I also realized was: Jason was such a giving person himself that I had to carry on as a giving person, too," she said.

One gift that the Petersons gave to the high school that their son graduated from is an annual college scholarship program that gives $1,000 to a graduating artist and $1,000 to a graduating swimmer. Plaques honoring the winners hang in a school hallway near a mural of jazz musicians that Plite painted in 1999, the year he graduated.

"Each year now, we have a fund-raising dinner and present the awards to the students at the Grand Ledge Opera House," Peterson said. "We try to do it ... around Jason's birthday" on April 13.

There's also the 10-by-16-foot flag that hangs over the school's swimming pool. The Petersons helped to dedicate the flag two years ago as a reminder of their son's service. The flag hangs near big boards displaying swimming records, including the day in 1997 when Jason and three friends posted the school's 200-yard freestyle-relay record.

"Having that big flag here gives us a chance to tell Jason's story a lot," Todd Marsh, a swim coach at the school, said Tuesday. "All our swimmers know his story and a lot of visiting teams will ask about that ... flag, too."

Marsh was one of Plite's teammates, so he felt the loss, too.

And the impact of Plite's death extended to the way Marsh's family dealt with the yearlong deployment of Marsh's father, a sergeant in the National Guard, to Iraq in January 2005.

"Dad would try to keep in touch by e-mail almost every day," Marsh said. "But when we wouldn't hear from him for a couple of days?"

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Marsh paused for a moment, then sighed.

"Well, it was very hard, because my family had known Jason so well and we knew what happened to him over there," he said.

The wait was agonizing until Marsh's father finally came home in late 2005.

BATTLING A FEAR LIKE CANCER: 9/11 couldn't keep them from their son

Such dramas are the legacy of 9/11 in high schools and living rooms across America.

"I didn't really expect it would have such an impact on me," Larry Jose, the head football coach at Chippewa Hills High School in Remus, near Lake Isabella, said on Wednesday. "But then it did."

Jose is a Marine Corps veteran who is sought out now by football players or students in his health and computer classes who are thinking about enlisting in the military.

"This spring it was Ryan Cutler who came to see me. He was a captain on our team two years ago, a big guy, and he went into the Marines, too," Jose said. "He had leave to come home after boot camp and stopped to see me in my office. I'm always happy to talk to kids, but there was something different this time.

"That was the moment it hit me: In less than a month, this kid who I coached was going to be over there with bullets flying around him, right in the heart of it. And here's what hit me: There was a chance I might never see Ryan again.

"That's when the reality of what's going on in the world right now came crashing into my little office."

It wasn't the first time the Jose family was jolted by the impact of 9/11.

Heather Jose, his wife, is a breast cancer survivor who learned during her medical battles in the late 1990s that she could not have a second child. As part of her battle, Heather Jose wrote and later published a memoir of her struggle, dedicated to their first child, Sydney, now 8. The book is called, "Letters to Sydney: Every Day I am Killing Cancer."

The Jose family's recovery plan also involved a deep desire to have a second child through adoption and, by fall 2001, they were set to fly to India to adopt their son, Ty, now 5.

"Then on 9/11, the world came to a grinding halt and our lives did, too," Heather Jose said. "I still remember e-mails flying around like crazy, wondering if we would ever be able to fly to India. Oh, what were we going to do? It was terrible."

Finally, in July 2002, the agency the Joses were using resumed adoptions, and the couple flew to Pune, India, to bring Ty home.

"But now, of course, we're always thinking about what's happening in the rest of the world in a way we never did before," Heather Jose said.

A lot of those thoughts are troubling, she said. "But I've started giving talks to groups about my experiences with cancer and, you know what? Living with 9/11 is a lot like living with cancer.

"In both cases, we try so hard to control our lives, but we learn that ultimately we're really not in control. The best we can do is to make an effort to make a positive difference every day we're alive and, after that, we've just got to leave things up to God."

WORKING FOR PEACE AND A SCHOLAR'S PLEA: 'The legacy of 9/11 is what you make of it'

Ever since 9/11, partly to rebuke terrorist claims about religion, more and more Americans have gotten involved in programs that highlight religion's peaceful goals.

That's the mission of Barbara Talley, a longtime local civil-rights activist who opened a Peace Center last year at the 5,000-member Hope United Methodist Church in Southfield. The large room where she organizes community-wide programs is decked with banners representing many faiths.

"The legacy of 9/11 is what you make of it," Talley said. "And, while it was a tragedy, it also is an opportunity for all of us to really look at ourselves, both individually and collectively, in our communities. And, if we do that, I think we'll see that we can work step-by-step to shake off a lot of this hatred."

A year ago, a dozen curious teenagers from the church strolled into her center and asked Talley what she could teach them about peace. Talley soon convinced the teens to meet with her one Saturday each month for a study of peace in cultures around the world.

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By December, the kids had dubbed themselves Minds of Wisdom, elected officers and written and published 4-by-6-inch cards spelling out their "Peace Pledge." In part, the cards say, "I believe I can make a difference in developing a global vision and blueprint for peace."

That's not a naive idea, said Baker, the U-M sociologist.

As simple as it might sound for a church to set up a peace center or for a family like the Petersons to organize a community-based scholarship program, Baker said, there's research to show that such things can make a difference in the post-9/11 world.

"Studies that have been done over the last 20 years show an amazing decline in personal connections between Americans," Baker said. "We've reached the point where one out of four Americans say that there isn't a single person with whom they can discuss the most important matters in their lives.

"Talking about the legacy of 9/11, I think this is an absolutely astounding finding in the research," Baker said. "It may sound simple, but we're finding that just having positive interaction with other people can make us feel more secure, more trusting and, in the end, more positive about the world."

That certainly was Dawn Peterson's experience after her son's death.

When a family gets news like that, "You feel like you're the only one hurting, the only one suffering," she said.

"Then, we established the scholarship fund and got more involved in the community. And it was good we did that. Of course, I often think about all the 'what-ifs,' but what I try to focus on now is how Jason always was trying to pull people into his life to make his world a little larger.

"I think that's what we all need to do these days."

EBR Safer, But More Work Remains (BRADV)

By Mike Dunne, Advocate Staff Writer

Baton Rouge Advocate, September 10, 2006

Pam Kaster has a bright orange backpack full of emergency equipment and the training to go with it. But she says her community response team — formed in response to the Sept. 11 terrorist attacks in 2001 — “never seems to fit in” with the emergency agencies it is supposed to help.

Her experience may be a symbolic answer to the question of whether Baton Rouge is less vulnerable to terrorists five years after the attacks on New York City and Washington, D.C. Most of the parts are in place for better security, but there are still some problems putting them all together.

Baton Rouge Metro Airport has more elaborate security, as anyone who has flown in the past five years knows. Chemical plants and refineries are better-guarded, and their gates harder to crash. Specialized teams are in place to help the area recover from disasters.

But some threats remain unaddressed. Railroad tank cars with hazardous chemicals such as chlorine still roll through neighborhoods, past schools and by the downtown River Center. Trucks full of chemicals zoom down highways.

JoAnne Moreau, who heads the East Baton Rouge Office of Homeland Security and Emergency Preparedness, says the area is better-prepared than most communities.

“I don’t think we realized we were unsafe before 9/11,” she said. “Terrorism is now on everybody’s mind.”

Terrorism preparedness didn’t begin with the Sept. 11 attacks. Baton Rouge was one of 120 cities that received training and equipment after the 1995 bombing of the Murrah Building in Oklahoma City.

But especially after 2001, the focus of response efforts and planning shifted from natural disasters like hurricanes to potential threats such as biological and other “weapons-of-mass-destruction” attacks, Moreau said.

Front lines

Much of the focus has been on training, equipment and planning for police, firefighters, medical workers and others with major response roles.

The medical sector has become “an integral part” of preparedness in Baton Rouge, Moreau said, since hospitals would be swamped with victims after a biological, radiological or chemical attack.

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Agencies like the Department of Public Works are now more integrated into response plans. Firefighters and law enforcement officers have more equipment and better training, Moreau said.

Col. Greg Phares of the East Baton Rouge Sheriff's Office agrees.

For example, the Sheriff's Office has a 32-foot patrol boat capable of operating in the Mississippi River to help secure ports. Deputies received special training from programs at LSU and elsewhere.

"You try to train the best you can and select your purchases as well as you can and try to tip the scale to your benefit," he said.

But nothing will be foolproof, Phares said.

Moreau and Kaster say communication and relationships are key elements in how officials respond to emergencies.

Kaster has served on the parish's emergency planning committee for nearly 20 years. She also formed a community emergency-response team under a national program created by the federal Department of Homeland Security after Sept. 11.

The response team is supposed to help secure disaster areas and to assist local responders. Kaster said she has seen an erosion in communication among agencies since 2001.

Kaster blames the creation of the Department of Homeland Security by the Bush administration as an umbrella for 22 agencies. The new bureaucracy adds an unnecessary layer that she thinks hinders communication and crucial relationships.

The added emphasis on homeland security has diminished natural-disaster response, she said.

"All of the agencies follow the funding stream, and what is funded becomes what is important," she said.

She cites a May 24 hurricane-preparedness drill as an example of what has happened. During the drill, she was helping staff a mock shelter at the Baker Civic Center. The plan called for moving 10 people from a nearby FEMA trailer village to the shelter.

"Everyone knew the scenario," she said.

But the state, local and federal agencies involved couldn't make the necessary decisions, she said.

"The sun is shining, and we can't get 10 people into a bus?" she said. "What would occur in a real emergency?"

Moreau and others said cooperation has improved since the May drill. She also said relationships are not as damaged as Kaster thinks.

Guarding the plants

The concentration of industry in the Baton Rouge area prompted fears that terrorists could target plants here.

Kaster also sits on community advisory panels designed to be local sounding boards for Rhodia and Honeywell Specialty Chemicals. She said those plants are less-vulnerable to terrorist attacks than before Sept. 11.

But homeland security plans for chemical plants and refineries are still voluntary, and no national standards have been set. Congress is considering requiring a review of security plans.

Some proposals would require plants to use "inherently safer" alternative chemicals and processes to reduce the potential for toxic releases through accidents or terrorist attacks. But industry is balking at that.

Such decisions should be made by engineers, not homeland security officials, said the Louisiana Chemical Association's Ed Flynn. Industry favors a standard that applies nationally rather than what is now being done voluntarily, he said.

He said far more attention is being paid to security in Louisiana now. Plants have added guards, security equipment and other procedures, Flynn said.

Ronnie Logan oversees homeland security for Baton Rouge-area ExxonMobil facilities, including the refinery and chemical complex on Scenic Highway. He said the company uses "a structured risk assessment process."

"Some of the things would be pretty obvious: increased counter-measures and security enhancements," Logan said.

Air defenses

The most obvious impact of Sept. 11 is found where the attacks originated: airports.

"We know how lax things were in the past," said Baton Rouge Metro Airport Director Anthony Marino.

Before Sept. 11, private contractors provided screening and security, and the key motivation was profit. Those jobs were filled by a new agency, the Transportation Safety Administration, which provides more professional service and uses better equipment, Marino said.

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Everyone who works at the airport is subject to a criminal background check, from baggage handlers to shop clerks, he said.

"I like the idea of the criminal background checks," Marino said.

Security rules imposed after Sept. 11 limit access to the terminal building, including a spacious atrium — finished not long before the 2001 attacks — that overlooks the runway. Only ticketed passengers can use it now. People accompanying them must stop in a small area outside the security checkpoint.

But that will change as the airport continues to expand, Marino said.

Population and business shifts after Hurricane Katrina have boosted passengers at Metro Airport by 40 percent, Marino said.

A new passenger concourse to the loading gates will be built in the coming year, which should double screening capacity and reduce congestion, Marino said.

The new section will be designed with security in mind — not something really factored into the facility's design years ago, he added.

Marino said he has heard few complaints from passengers about added inconveniences — people like the feel of tighter security.

It's Become 'The Long War' (SLPD)

By Harry Levins, POST-DISPATCH SENIOR WRITER

St. Louis Post-Dispatch, September 10, 2006

Five years after 9/11, we're still waiting for the other shoe to drop.

As the cliche puts it, "It isn't if we'll get attacked again - it's when." And maybe that's the biggest change in American life since Sept. 11, 2001: the nagging, insecure suspicion that this mess will drag on indefinitely, with no clear-cut ending.

To cap their crises, Americans fancy clear-cut endings, like the surrender aboard the battleship Missouri at the end of World War II. That ceremony ended 1,365 days of war for America.

In today's war on terrorism, Day No. 1,365 came and went on June 6, 2005. Monday's anniversary will run the count to Day No. 1,826. No wonder people of power in Washington are starting to call the struggle "The Long War."

Unlike the newspaper maps of WWII, the maps of this war lack front lines charting the advance toward Berlin, toward Tokyo, toward victory. Instead, today's maps can only pinpoint the site of the latest outrage, from Manhattan to Madrid, from Bali to Baghdad.

Five years ago Monday, in downtown St. Louis, Bleeker Cunningham captured the sudden chill of change and insecurity when she said, "It's like we're in another country. We've been safe all of our lives, but it's here now."

If Bleeker read that morning's Post-Dispatch - the last ink-on-paper record after nearly a decade of peace and prosperity - nothing much would have jumped out at her.

The headlines on Page 1 spoke of a Republican tax plan in Congress, of a willingness by Palestinians and Israelis to talk about peace - and of the arrival of Tiger Woods at Bellerive Country Club for a pro tournament.

The ads for movies that nobody would leave home that evening to watch included "Rock Star," with Jennifer Aniston and Mark Wahlberg. The listing of TV shows that would give way that evening to 9/11 news featured "Who Wants to Be a Millionaire?"

If Cunningham scanned the headlines over the day's editorials, she saw one that read, presciently, "St. Louis School Board: Time for Professionalism."

MORE

Read our previous stories on 9/11--Five years later

See a timeline on the events on 9/11 and afterwards

The Dow Jones opened that day at 9,605. The weather forecast for that Tuesday called for a high of 83, with lots of sunshine.

Darkly, that end-of-an-era newspaper mentioned (albeit in passing, and only on the bottom of Page 2) a name that would loom over the next five years.

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The nine-paragraph story told of a weekend suicide bombing in faraway Afghanistan. The blast killed the head of the ragtag Northern Alliance struggling to hold out against the Taliban.

The story quoted a spokesman for the victim as suggesting that the bombing "could be the work of Osama bin Laden, who is living in Afghanistan and is accused by Washington of blowing up two U.S. embassies in Africa in 1998."

On that sunny morning of Sept. 11, 2001, bin Laden blew up America's self-assurance.

In an extra edition published that afternoon, the Post-Dispatch quoted Lambert Field baggage official Shawn Lankford as saying, "This place will never be the same. This country will never be the same."

Well, "never" overstates things. As 2001 recedes in the rear-view mirror of history, everyday life seems by and large to be back to normal. Christmas draws crowds to the Galleria. The Cardinals rivet St. Louisans' attention. The Lake of the Ozarks exerts its weekend pull. Golf courses are full, as are supermarket shelves - no rationing in this war.

In short, outside the indignity of removing one's shoes at Lambert Field's security checkpoints, most things seem unchanged. Indeed, some things are unchanged.

Despite almost five years of boots-on-the ground battling in Afghanistan, and more than three years of the same in Iraq, the Army and Marine Corps remain at their prewar strength of 13 divisions. To bolster the ranks, our friends and neighbors in the National Guard and Reserve have been summoned to arms.

On the other side of the equation, the hope for a burst of democratic change throughout the Middle East has so far gone unfulfilled.

But Monday's anniversary will rekindle the sense of American change that hit home five years ago. That's when the manager of a Steak 'n' Shake in Bridgeton - David Walker, then 40 - said, "It's like our generation's Pearl Harbor. Actually, I think it's worse."

Given the lingering sense of insecurity, Walker's ranking may have it right.

For that extra of Sept. 11, 2001, an editorial writer scrambling to meet a short-term deadline cast Walker's words in long-range perspective:

We are living through another day of infamy. Sept. 11, 2001, will live alongside Dec. 7, 1941, as a day when America changed. The United States will be a different, more vulnerable place. Daily life as an American will never seem as safe or as free.

Last week, a White House paper put the thought in almost paradoxical prose:

"America is safer, but we are not yet safe."

Clinton Questions GOP's Sincerity On Security Issues (SLPD)

By Jo Mannies, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 10, 2006

Former President Bill Clinton asserted here Saturday that if Republicans were serious about national security, they'd carry out the recommendations of the bipartisan 9/11 Commission instead of regularly using the issue to pound political opponents.

"They've trotted that dog out for the last three elections - and it's got mange all over it," Clinton told an enthusiastic crowd of about 2,000 packing the Pageant for a morning Democratic rally.

Clinton's jab appeared aimed, in part, at challenging the Republican-led effort to blame his administration for some of the government failures in advance of the terrorist attacks in New York and Washington five years ago Monday.

Outside the Pageant, about a dozen protesters underscored that line of Republican attack. One protester sported a giant telephone costume, while others waved phones, to mock the Democratic opposition to some of the Bush administration's anti-terrorism measures.

Clinton contended that the Republicans controlling the federal government for the past five years have talked tough but "basically ignored" the security improvements that the commission said were necessary.

"Let's check all those cargo containers at ports and airports," Clinton said. He then cited the congressional failure to allocate money for inspection equipment, because of concerns that it is too expensive.

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Such spending wouldn't be a problem, he said, if Republicans would stop approving tax cuts for the wealthy. "Millionaires like me get our taxes cut like clockwork," he said.

At a fundraising brunch later at the Chase Park Plaza, Clinton asserted that some Republicans use the terrorism issue to mask their chief aim of "concentrating wealth and power" into the hands of a few.

"They could give their crowd shovelfuls of money, as long as they kept America scared," Clinton said. "They think government for special interests is good."

State Republican Party spokesman Paul Sloca said the tax cuts promoted by President George W. Bush have helped create millions of jobs.

But the GOP's key point, the spokesman said, is that Clinton and other Democratic leaders in the 1990s failed to properly confront the terrorist threats in the 1990s. "Americans have confidence that this president (Bush) can protect them," Sloca said.

The brunch raised more than $1 million for state Auditor Claire McCaskill's campaign against U.S. Sen. Jim Talent, a Republican. Joining Clinton at the brunch was former U.S. Rep. Richard Gephardt, D-St. Louis County, and former U.S. Sen. Jean Carnahan, D-Mo. Clinton left town after the brunch.

The rally at the Pageant was aimed at energizing rank-and-file Democrats on behalf of McCaskill and the party's other candidates. Several in the audience said afterward that the former president's rousing 40-minute address - delivered without notes - achieved that goal. "It's about time the Democrats have a good strong figure to lead us," said Kat O'Brian, 28, of University City.

Clinton contended that Missouri's Senate contest was perfect for framing the national security debate, because the state's only president - Harry S Truman - made his name in the U.S. Senate during World War II as an outspoken critic of some government wartime policies.

Truman's hearings spotlighting wartime waste and corruption led to then-President Franklin D. Roosevelt's decision to select Truman as his 1944 running mate. Truman became president when Roosevelt died in April 1945.

In today's climate, Clinton said, "that same Harry Truman would be facing ads back home questioning his patriotism."

Kim Bell of the Post-Dispatch contributed to this report.

Kerry Seeks More US Troops For Afghanistan (WP)

By Dan Balz

The Washington Post, September 10, 2006

Sen. John F. Kerry (D-Mass.) yesterday urged the deployment of more U.S. troops to combat the growing Taliban threat in Afghanistan while accusing the administration of trying to salvage its congressional majorities by playing on public fears of future terrorist attacks rather than fixing what he said is a disastrous policy in Iraq.

As the nation prepares to mark the fifth anniversary of the Sept. 11, 2001, attacks, Kerry offered a pointed rejoinder to President Bush's recent rhetorical offensive on terrorism. He said Bush's policies have turned Iraq into a terrorist breeding ground, unleashed dangerous forces elsewhere in the Middle East and diverted resources from the battle against terrorism at home and in Afghanistan.

"We have a Katrina foreign policy, a succession of blunders and failures that have betrayed our ideals, killed and maimed our soldiers, and widened the terrorist threat instead of defeating it," Kerry said in a speech at Boston's historic Faneuil Hall.

A copy of the prepared text was distributed by Kerry's office.

The 2004 Democratic presidential nominee also accused Defense Secretary Donald H. Rumsfeld, who recently spoke of "moral confusion" in the debate about how best to fight the radical Islamic terrorist threat, of smearing those who dissent from the administration's policies by suggesting they are similar to Nazi appeasers in the 1930s.

"It is immoral for old men to send young Americans to fight and die in a conflict without a strategy that can work," he said. "It is immoral to lie about progress in that war to get through a news cycle or an election. It is immoral to treat 9/11 as a political pawn."

Speaking a day after a suicide bomber killed 16 people, including two U.S. soldiers, in Afghanistan, Kerry accused the administration of pursuing "a policy of cut-and-run" in that country and said the Pentagon should deploy at least 5,000 more

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troops to help suppress the Taliban insurgency. He said allied forces there need more helicopters, drones, heavy equipment and reconstruction funds to help prop up the government in Kabul.

Kerry restated his call for the withdrawal of most U.S. forces from Iraq by next July, a recommendation that most of his fellow Democratic senators have already rejected. He also urged new policies to free the United States from its dependence on Middle East oil, which he described as the "great treasury of jihadist terrorism."

"There is simply no way to overstate how Iraq has subverted our efforts to free the world from global terror," Kerry said, according to the prepared text. "It has overstretched our military. It has served as an essential recruitment tool for terrorists. It has divided and pushed away our traditional allies. It has diverted critical billions of dollars from the real front lines against terrorism and from homeland security."

Kerry, in a rhetorical twist that invoked one of the worst moments of his 2004 campaign, also took note of Bush's speech this week about the treatment of terrorist suspects who have been held at secret CIA prisons abroad. "Let me say it plainly," he said. "No American president should be for torture before he's against it."

A Republican National Committee spokeswoman, Tara Wall, called Kerry's criticism ill-timed on the eve of the commemoration of the Sept. 11 attacks and charged that Kerry's blueprint would embolden terrorists and diminish domestic efforts to prevent future attacks.

Kerry: Bush Uses 9/11 As 'political Pawn' (BOSH)

By Kimberly Atkins, Boston Herald Reporter

Boston Herald, September 10, 2006

Sen. John F. Kerry yesterday blasted the Bush administration for war and homeland security policies that he said leave Americans more vulnerable to attack.

Kerry's remarks came in a Faneuil Hall speech on the eve of tomorrow's five-year anniversary of the Sept. 11, 2001, terror attacks.

In his fourth speech this year at the venue, Kerry accused the administration of using the tragedy that killed about 3,000 Americans to justify the war in Iraq.

"It is immoral to treat 9/11 as a political pawn (to) excuse the invasion of Iraq," Kerry said. "They were attacked and killed not by Saddam Hussein but by Osama bin Laden."

Kerry, who is likely prepping for another presidential run, urged Democrats to "redeploy from Iraq, recommit to Afghanistan, reduce our dependence on foreign oil, reinforce our homeland defense and restore America's moral leadership in the world." Kerry also laid out the strategy in a Boston Herald Op-Ed column yesterday.

He called the London terror plot to blow up trans-Atlantic airplanes - thwarted last month - an example of the need to bolster the focus on Afghanistan.

"The Bush-Cheney administration (has) cut and run even as we learn (the plan's mastermind) was an al-Qaeda leader operating from Afghanistan," Kerry said. "That's right - the same killers who attacked us on 9/11 are still plotting attacks against America, and they're still holed up in Afghanistan."

He also accused Republicans of playing politics with Homeland Security funding by decreasing funds for "states that need it most - which happens to be 'blue' states," while increasing it in "the 'red' states that need it least."

"What should count here is the terrorist list, not the Republican National Committee's political target list," Kerry said.

Kerry's speech comes a day after the Republican National Committee launched a Web site (www.demfacts.com) that the group says "highlights Democrat leaders' hypocrisy by juxtaposing their prewar intelligence statements to their current attacks," according to the site.

Whatever Happened To The America Of 9/12? (NYT)

By Frank Rich

The New York Times, September 10, 2006

"THE most famous picture nobody's ever seen" is how the Associated Press photographer Richard Drew has referred to his photo of an unidentified World Trade Center victim hurtling to his death on 9/11. It appeared in some newspapers, including this

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one, on 9/12 but was soon shelved. "In the most photographed and videotaped day in the history of the world," Tom Junod later wrote in Esquire, "the images of people jumping were the only images that became, by consensus, taboo."

Five years later, Mr. Drew's "falling man" remains a horrific artifact of the day that was supposed to change everything and did not. But there's another taboo 9/11 photo, about life rather than death, that is equally shocking in its way, so much so that Thomas Hoepker of Magnum Photos kept it under wraps for four years. Mr. Hoepker's picture can now be found in David Friend's compelling new 9/11 book, "Watching the World Change," or on the book's Web site, watchingtheworldchange.com. It shows five young friends on the waterfront in Brooklyn, taking what seems to be a lunch or bike-riding break, enjoying the radiant late-summer sun and chatting away as cascades of smoke engulf Lower Manhattan in the background.

Mr. Hoepker found his subjects troubling. "They were totally relaxed like any normal afternoon," he told Mr. Friend. "It's possible they lost people and cared, but they were not stirred by it." The photographer withheld the picture from publication because "we didn't need to see that, then." He feared "it would stir the wrong emotions." But "over time, with perspective," he discovered, "it grew in importance."

Seen from the perspective of 9/11's fifth anniversary, Mr. Hoepker's photo is prescient as well as important — a snapshot of history soon to come. What he caught was this: Traumatic as the attack on America was, 9/11 would recede quickly for many. This is a country that likes to move on, and fast. The young people in Mr. Hoepker's photo aren't necessarily callous. They're just American. In the five years since the attacks, the ability of Americans to dust themselves off and keep going explains both what's gone right and what's gone wrong on our path to the divided and dispirited state the nation finds itself in today.

What's gone right: the terrorists failed to break America's back. The "new" normal lasted about 10 minutes, except at airport check-ins. The economy, for all its dips and inequities and runaway debt, was not destroyed. The culture, for better and worse, survived intact. It took only four days for television networks to restore commercials to grim news programming. Some two weeks after that Rudy Giuliani ritualistically welcomed laughter back to American living rooms by giving his on-camera imprimatur to "Saturday Night Live." Before 9/11, Americans feasted on reality programs, nonstop coverage of child abductions and sex scandals. Five years later, they still do. The day that changed everything didn't make Americans change the channel, unless it was from "Fear Factor" to "American Idol" or from Pamela Anderson to Paris Hilton.

For those directly affected by the terrorists' attacks, this resilience can be hard to accept. In New York, far more than elsewhere, a political correctness about 9/11 is still strictly enforced. We bridle when the mayor of New Orleans calls ground zero "a hole in the ground" (even though, sadly, he spoke the truth). We complain that Hollywood movies about 9/11 are "too soon," even as "United 93" and "World Trade Center" came and went with no controversy at multiplexes in middle America. The Freedom Tower and (now kaput) International Freedom Center generated so much political rancor that in New York freedom has become just another word for a lofty architectural project soon to be scrapped.

The price of all New York's 9/11 P.C. is obvious: the 16 acres of ground zero are about the only ones that have missed out on the city's roaring post-attack comeback. But the rest of the country is less invested. For tourists — and maybe for natives, too — the hole in the ground is a more pungent memorial than any grandiose official edifice. You can still see the naked wound where it has not healed and remember (sort of) what the savage attack was about.

But even as we celebrate this resilience, it too comes at a price. The companion American trait to resilience is forgetfulness. What we've forgotten too quickly is the outpouring of affection and unity that swelled against all odds in the wake of Al Qaeda's act of mass murder. If you were in New York then, you saw it in the streets, and not just at ground zero, where countless thousands of good Samaritans joined the official responders and caregivers to help, at the cost of their own health. You saw it as New Yorkers of every kind gathered around the spontaneous shrines to the fallen and the missing at police and fire stations, at churches and in parks, to lend solace or a hand. This good feeling quickly spread to Capitol Hill, to red states where New York had once been Sodom incarnate and to the world, the third world included, where America was a nearly uniform object of sympathy and grief.

At the National Cathedral prayer service on Sept. 14, 2001, President Bush found just the apt phrase to describe this phenomenon: "Today we feel what Franklin Roosevelt called 'the warm courage of national unity.' This is the unity of every faith and every background. It has joined together political parties in both houses of Congress." What's more, he added, "this unity against terror is now extending across the world."

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The destruction of that unity, both in this nation and in the world, is as much a cause for mourning on the fifth anniversary as the attack itself. As we can't forget the dead of 9/11, we can't forget how the only good thing that came out of that horror, that unity, was smothered in its cradle.

When F.D.R. used the phrase "the warm courage of national unity," it was at his first inaugural, in 1933, as the country reeled from the Great Depression. It is deeply moving to read that speech today. In its most famous line, Roosevelt asserted his "firm belief that the only thing we have to fear is fear itself — nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." Another passage is worth recalling, too: "We now realize as we have never realized before our interdependence on each other; that we cannot merely take but we must give as well; that if we are to go forward, we must move as a trained and loyal army willing to sacrifice for the good of a common discipline, because without such discipline no progress is made, no leadership becomes effective."

What followed under Roosevelt's leadership is one of history's most salutary stories. Americans responded to his twin entreaties — to renounce fear and to sacrifice for the common good — with a force that turned back economic calamity and ultimately an axis of brutal enemies abroad. What followed Mr. Bush's speech at the National Cathedral, we know all too well, is another story.

On the very next day after that convocation, Mr. Bush was asked at a press conference "how much of a sacrifice" ordinary Americans would "be expected to make in their daily lives, in their daily routines." His answer: "Our hope, of course, is that they make no sacrifice whatsoever." He, too, wanted to move on — to "see life return to normal in America," as he put it — but toward partisan goals stealthily tailored to his political allies rather than the nearly 90 percent of the country that, according to polls, was rallying around him.

This selfish agenda was there from the very start. As we now know from many firsthand accounts, a cadre from Mr. Bush's war cabinet was already busily hyping nonexistent links between Iraq and the Qaeda attacks. The presidential press secretary, Ari Fleischer, condemned Bill Maher's irreverent comic response to 9/11 by reminding "all Americans that they need to watch what they say, watch what they do." Fear itself — the fear that "paralyzes needed efforts to convert retreat into advance," as F.D.R. had it — was already being wielded as a weapon against Americans by their own government.

Less than a month after 9/11, the president was making good on his promise of "no sacrifice whatsoever." Speaking in Washington about how it was "the time to be wise" and "the time to act," he declared, "We need for there to be more tax cuts." Before long the G.O.P. would be selling 9/11 photos of the president on Air Force One to campaign donors and the White House would be featuring flag-draped remains of the 9/11 dead in political ads.

And so here we are five years later. Fearmongering remains unceasing. So do tax cuts. So does the war against a country that did not attack us on 9/11. We have moved on, but no one can argue that we have moved ahead.

What 9/11 Didn't Change (WP)

By George F. Will

The Washington Post, September 10, 2006

Before the dust from the collapsed towers had settled, conventional wisdom had congealed: "Everything has changed." But what about what matters most, the public's sensibility?

It has taken five years for Sept. 11, 2001, to receive a novelist's subtle and satisfying treatment, but it was worth the wait for Claire Messud's "The Emperor's Children." Her intimation of the mark the attacks made on the American mind is convincing because in her comedy of manners, as in the nation's life, that horrific event is, oddly, both pivotal and tangential.

Messud's Manhattan story revolves around two women and a gay man who met as classmates at Brown University and who, as they turn 30 in 2001, vaguely yearn to do something "important" and "serious." Vagueness -- lack of definition -- is their defining characteristic. Which may be because -- or perhaps why -- all three are in the media. All are earnest auditors and aspiring improvers of the nation's sensibility.

Marina is a glamorous child of privilege because she is the child of Murray, a famous liberal commentator given to saying things such as, to a seminar on "Resistance in Postwar America," "once upon a time, poetry did matter." A former intern at Vogue, Marina lives with her parents, on an allowance from them, on Central Park West. She is having trouble finishing her book on "how

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complex and profound cultural truths -- our mores entire -- could be derived from" analysis of changing fashions in children's clothes. "I want to make a difference." But get a job? "I worry that will make me ordinary, like everybody else." She is, her father recognizes, "stymied, now, by the very lack of smallness" in her life, "by the absence of any limitations against which to rebel."

Danielle, from Ohio, is a producer of documentaries who hopes to "articulate" an "ethos" into a "movement." Her current project, to raise "questions about integrity and authenticity," concerns women who had bad experiences with liposuction.

Julius, from Michigan, is an independent book and film reviewer "with a youthful certainty that attitude would carry him." His "life of Wildean excess and insouciance seemed an accomplishment in itself." He is "an inchoate ball of ambition," and is intermittently aware that at 30 "some actual sustained endeavor might be in order." That might, however, be difficult, given his belief that "regularity was bourgeois."

The problem the three share is not that their achievements, if there ever are any, will be ephemeral, but that their intentions to achieve them are ephemeral. Not solid, like those of the Australian who comes to New York "to foment revolution." With a new magazine.

Murray's nephew, Bootie, a morose autodidact -- imagine Holden Caulfield with his nose in a book of Emerson's essays -- rounds out Messud's central cast, each illustrating Messud's acute understanding of the Peter Pan complex now rampant among young adults who feel entitled to be extraordinary: "To be your own person, to find your own style -- these were the quests of adolescence and young adulthood, pushed, in a youth-obsessed culture, well into middle age."

Not until Page 370 of Messud's delicious depiction of the quintet's tangled lives, "torn between Big Ideas and a party," do the planes hit the towers. Bootie -- it could have been any of these people preoccupied with manufacturing interpretations of fashions and fashions of interpretations -- has "a fearful thought: you could make something inside your head, as huge and devastating as this, and spill it out into reality, make it really happen." Imagine that.

Before Sept. 11, Messud began writing a Manhattan novel about young adults living in the media hall of mirrors. After Sept. 11, she abandoned it. Then returned to it. Asked if she thought she had written a "9/11 novel," she demurs: "I wrote an August 1914 novel." Meaning, "The world I had set out to describe in 2001 had become historical."

But what had changed? The party, scheduled for Sept. 11, to launch the Australian's magazine and the revolution -- Renee Zellweger had accepted; Susan Sontag was a maybe -- was canceled, as was the magazine. Murray "formulated a reasoned middle ground": America did not deserve the attacks, but remember the West Bank. "He wasn't opposed to the invasion of Afghanistan, but qualified about its methods." Danielle decides to proceed with her liposuction documentary.

Nothing changes everything. And even huge events that, as Messud says, make "certain things seem particularly frivolous," leave most of our enveloping normality largely unscathed. That truth and a heightened sense of the frivolous are conducive to national poise five years into a long war.

The Fifth Anniversary (WP)

The Washington Post, September 10, 2006

Mr. Bush has refined his theory and conduct of the war against terrorism -- but not in the right way.

AS THE fifth anniversary of Sept. 11, 2001, approaches, President Bush has offered the country a partisan but sometimes revealing review of the war that began with the attacks on New York and Washington. For the most part, he has belligerently defended his strategy and methods; he has demanded that Congress immediately approve his controversial schemes for the detention and trial of foreign terrorists, once again using vital questions of national security as a campaign wedge issue. But the president has also signaled subtle shifts of course in the way his administration understands the war and in the way it proposes to fight it.

Mr. Bush has refined his description of the enemy: Now he says "the war on terror" is "the decisive ideological struggle of the 21st century," pitting free nations against a "totalitarian" version of Islam. Tacitly acknowledging that some of the ad hoc measures he adopted in secret after Sept. 11 are unsustainable, he has also sought to reshape them and put them on a more solid legal footing. With little more than two years left in office, aides say, Mr. Bush is trying to lay the foundation for a long struggle that he believes is "only in its opening stages."

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We think Mr. Bush is mostly right about the stakes of the threat posed by Islamic extremism, and we've welcomed some of his adjustments, such as his steps to bring all U.S. military operations back into conformance with the Geneva Conventions. But two major aspects of the president's speeches are troubling: his characterization of the Islamic threat as "a single movement" including both al-Qaeda and Iran; and his insistence that the United States reserve the right to violate international humanitarian laws.

In the immediate aftermath of Sept. 11 Mr. Bush's declared enemy was al-Qaeda and the allied Taliban regime in Afghanistan; later he defined an "axis of evil" that lumped together Communist North Korea, Iran and the secular Iraqi dictatorship of Saddam Hussein. Now he perceives both al-Qaeda and Iran, as well as affiliates like the Lebanese Hezbollah movement, as collectively making up "a worldwide network of radicals that use terror."

One problem with this view is that it acknowledges but skates over the enormous differences between Sunni terrorist networks and Iran. In Iraq, al-Qaeda is literally at war with proxies of Iran, which in turn is a sworn enemy of the Taliban. Mr. Bush asserts that "the Shia and Sunni extremists represent different faces of the same threat"; in fact the Iranian regime does not threaten, as does al-Qaeda, to launch devastating attacks on the American homeland. Its interests are more nationalist and regional than ideological and global. There is a wide gap inside the regime between extremists like President Mahmoud Ahmadinejad and moderates like former president Mohammed Khatami, who on Thursday delivered a speech at Washington National Cathedral calling for dialogue between the West and the Islamic world.

The danger is that Mr. Bush's flawed definitions will lead to flawed strategy. While the threat that Iran will acquire nuclear weapons must be confronted -- as should the nuclear threat from North Korea -- Tehran's Islamic doctrine has not proved a major danger to the world, or even the region, over the last quarter-century. Mr. Bush rightly said that "it is foolish to think that you can negotiate with" al-Qaeda. But as the State Department's recent diplomacy reflects, negotiation -- or long-term containment -- may be the best option for Iran.

Mr. Bush seems to understand better than he did five years ago that diplomacy and the promotion of democratic values are as important to winning the war as military action. But in insisting on maintaining the CIA's secret prisons and in asking Congress to cancel some of the protections from abuse granted prisoners by the Geneva Conventions, he risks perpetuating and compounding one of his greatest errors. As senior U.S. generals now state publicly, abusive interrogation techniques are ineffective and counterproductive; they do not produce reliable intelligence. At the same time, they make it impossible for the United States to obtain full cooperation from key allies in Europe and elsewhere, damage its reputation around the world, and make it more likely that captured Americans will be tortured.

Mr. Bush could do the country a great service by using the remainder of his term to put the war against terrorism on a sustainable long-term course. But lumping disparate threats together, insisting on tactics that alienate allies and violate fundamental American values, and using the war as a partisan bludgeon makes for an unpromising start.

Why Haven't We Been Attacked? (LAT)

The Los Angeles Times, September 10, 2006

Five years later, the absence of catastrophic attacks indicates that something must be going right, even if it's luck.

IN THE DAYS AND WEEKS AFTER Sept. 11, 2001, anguished Americans asked "Why do they hate us?" and "How could this have happened?" As the nation prepares to mark the fifth anniversary of the terrorist attacks, the question preoccupying Americans is different: "Why haven't we been attacked again?"

One answer, of course, is that we have — just not on U.S. soil. And the question could be rendered horribly irrelevant tomorrow if Al Qaeda or its sinister soul mates manage to penetrate the defenses erected over the last five years. But there really can be no single answer to the question. A certain humility becomes those who try to explain why the U.S. has been spared an attack in the last five years. After all, no less an authority than Tom Ridge, then secretary of the Department of Homeland Security, predicted in 2002 that another terrorist attack was "not a question of if, but a question of when."

Security measures adopted since 9/11 — such as more secure airplane cockpits and more thorough baggage screening — are certainly part of the explanation, as is a generally heightened state of vigilance. But pure luck also may be a factor.

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That said, President Bush is correct when he says, as he did last week, that "one reason the terrorists have not succeeded is because of the hard work of thousands of dedicated men and women in our government, who have toiled day and night, along with our allies, to stop the enemy from carrying out their plans." The president also is right to point to changes in the law — most of them enacted with bipartisan support — to break down walls between the FBI and the CIA and to extend to counter-terrorism investigations techniques that already had been authorized in criminal investigations.

More debatable is the proposition that the U.S. is safer because of the reconfiguring of various agencies into a massive Department of Homeland Security, or the creation of a new position of director of national intelligence. A substantive commitment to greater vigilance is a more important consequence of 9/11 than changes in governmental flow charts.

Some initiatives undertaken after 9/11 are clearly efficacious; others are still a question mark, and still others amount to an overreaction. Unfortunately, the Bush administration has suggested that its anti-terrorist initiatives are all of a piece. Because the "world has changed" since 9/11, it asserts, no opposition to its policies can be tolerated. According to this view, amplified in the squawk box of partisan rhetoric, it is obstructionist or even disloyal to question particular post-9/11 policies, be they particular provisions of the Patriot Act, interrogation techniques at Guantanamo Bay or the National Security Agency's warrantless wiretapping of Americans.

Testifying before Congress in December 2001, then-Atty. Gen. John Ashcroft suggested that critics of some of the administration's terrorist proposals might be giving "ammunition to America's enemies." Almost five years later, House Republican leader John Boehner of Ohio complained that the Supreme Court was granting "special privileges to terrorists" when it ruled that Bush could not impanel tribunals to try suspected terrorists without congressional approval.

Often ignored in this partisan cut-and-thrust is the fact that Democrats have supported many of the president's initiatives and that Republicans — notably Sen. John McCain of Arizona — have been critical of others. It's a sign of national strength that Congress and the courts have refused to rubber-stamp every initiative advertised by the administration as being essential to the war on terror. But it's equally encouraging that the broad lines of a post-9/11 policy have been embraced by both parties.

A final thought: Although it was appropriate for Bush to focus on how the governmental response to 9/11 has minimized the threat of further attacks, another factor may be the very openness and mobility of American society that the 9/11 conspirators were able to exploit because of inadequate airport security and sluggish surveillance.

In Britain, where authorities last month announced that they had frustrated a plot to bomb U.S.-bound planes in midair, the suspects had been raised in Muslim communities that were cut off culturally from mainstream British society. Whether this separation fostered their extremism remains to be seen. But it is a welcome fact that Muslims in the United States are not an isolated minority.

Ridge may yet be proved a prophet for saying four years ago that the question was when, not if, the U.S. would be attacked again. But the fact that another 9/11 hasn't happened is at least in part a tribute to the way Americans, and the American political system, have responded.

New Yorkers Make Preparations For Monday's 9/11 Anniversary, In Ways Grand And Quiet (MINNST/AP)

Minneapolis Star Tribune, September 10, 2006

NEW YORK (AP) — A Manhattan firehouse glistened with a fresh coat of red paint on Saturday, memorial quilts were put on display, and an enormous American flag billowed from the George Washington Bridge, all parts of the preparations for the approaching fifth anniversary of the World Trade Center attack.

And among the people getting ready for the observances was an Army reservist, in town for his baptism.

The reservist, Sgt. Larry Provost, was back at ground zero, the spot where he spent weeks digging bodies from the rubble of the World Trade Center towers after the terrorist attacks that killed 2,749. On Sunday, he planned to return to neighboring St. Paul's Chapel for his baptism.

Provost's godparents are a couple he met while working at the World Trade Center site.

"I felt I was doing something truly unselfish for the first time in my life," Provost said of his time working the pile in lower Manhattan. The experience sustained him during tours in Afghanistan and Iraq, and led him back to the church for his baptism.

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St. Paul's, the 240-year-old Episcopal church across from ground zero, became a center for the recovery effort. Volunteers provided weary rescue workers with round-the-clock food, water, massages and comfort.

"It is the most special place in all the world," Provost said of St. Paul's, which escaped damage when the towers collapsed across the street. "It became what a church should be: open to everyone."

On the nearby Lower East Side, a firehouse made preparations for Monday's arrival of President Bush, part of his two-day visit to the city. Nicknamed "Fort Pitt," the base for Ladder 18, Engine 15 and Battalion 4 will host Bush for a Sept. 11 breakfast.

On Saturday, the firehouse's two front doors sported a new coat of fire-engine red paint. Contractors used power washers to clean the brick facade and bagpipers practiced on the second floor.

There were no visible signs of security as locals strolled past and visitors stopped to chat with the firefighters.

That will change by Monday morning, when Bush shares breakfast with 25 firefighters, 25 police officers from the adjoining 7th Precinct and 25 Port Authority police officers.

The president was scheduled to arrive in New York on Sunday and lay a wreath at ground zero.

Elsewhere in the city, a 90-foot-by-60-foot American flag was unfurled on the George Washington Bridge spanning the Hudson River.

An assortment of quilts honoring the victims appeared around the city. And in Queens, a plaque was unveiled honoring 34 local residents killed when the twin towers collapsed.

At ground zero on Saturday, family members demanded the return of remains of World Trade Center victims. Some victims' relatives believe the tons of ash and debris taken from the Trade Center site to the Fresh Kills landfill still contains fine particles of human tissue and bone that could be recovered.

"If the country truly wants to honor those lost in 9-11, then give them a proper burial," Joanne Meehan of Carteret, N.J. told a crowd of demonstrators. Meehan's daughter, 26-year-old Colleen Markow, was one of the Cantor Fitzgerald employees killed in the attack.

She has received only six small pieces of her daughter's remains for burial.

Flight 93 Memorial Gets Momentum (PHI)

By Amy Worden

The Philadelphia Inquirer, September 10, 2006

SHANKSVILLE, Pa. - Families of Flight 93 have sealed a deal on a postage-stamp-size parcel that would be the first tract bought for a memorial to the 40 people on board the United Airlines jetliner when it slammed into the ground near here Sept. 11.

The purchase of the three acres - only a fraction of the 2,200 planned for the Flight 93 Memorial park - is largely a symbolic gesture. But to many it is a sign that, at long last, the acquisition of land to honor the passengers and crew who thwarted an attack on Washington is gaining momentum.

"This is a first small step in what will be the larger picture of getting the balance of the acreage," said Larry Catuzzi, whose daughter Lauren Grandcolas was aboard the plane.

Supporters have overcome opposition to the park's size and cost, but federal funding has yet to flow to the National Park Service, which is overseeing the site's creation. A powerful House member from North Carolina blocked federal funding for the land for three years before dropping his opposition.

But park proponents still face other hurdles - unwilling sellers, negotiations over mineral rights, and environmental hazards from decades of coal mining at the site.

If all goes on schedule, the park will open in 2011, the 10th anniversary of terrorist attacks. The centerpiece is the memorial itself, set in a 400-acre natural "bowl" atop a mountain. Plans include a black slate plaza and a grove of 40 maples.

The park would be surrounded by 1,800 acres of protected land, mostly woods, fields and farms.

The start-up costs are estimated at nearly $60 million, about one-third of that for the land.

"We are still awaiting the federal funding," said Joanne Hanley, superintendent of the Flight 93 Memorial. "The negotiations with landowners are in different stages, but we have to have money to move forward."

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The $10 million federal request for land acquisition was contested by U.S. Rep. Charles Taylor (R., N.C.), chairman of the Appropriations subcommittee on interior, environment and related agencies. Under intense public pressure, Taylor dropped his opposition in June. But Congress has yet to vote on the request for the project's first $5 million installment.

The Families of Flight 93 group decided to move forward on its own this summer, using a portion of the $1.2 million it received from the opening weekend box office receipts of the movie United 93 to buy the three acres.

Patrick White, whose cousin Louis J. Nacke II died in the crash, said the group was on track to close on two larger parcels this fall.

"We want to demonstrate to those who are not as willing to sell that it's real and it's happening and there's money," he said.

Josh First, as former Pennsylvania director of the Conservation Fund, was among the most vocal supporters of preserving not only the crash site but thousands of acres around it in the scenic Laurel Highlands of western Pennsylvania, 80 miles southeast of Pittsburgh.

First said in 2003 that he had come up with the boundaries for the park: a 1,200-acre central section to be purchased outright and a 1,000-acre buffer zone surrounding it. That land would remain in private hands but be preserved through the sale of conservation easements preventing commercial development.

Some family members said they could understand the initial opposition to the park's size.

"If I wasn't involved and heard 2,000 acres, I'd say, 'Why is it that big?' " said Ken Nacke, Louis Nacke's brother. "But they are trying to protect the town of Shanksville from the onslaught."

A nearby temporary memorial attracts 150,000 visitors a year, and organizers estimate that 250,000 a year will visit the new memorial, he said.

While the landscape remains largely unchanged, work on the memorial design, awarded to a Los Angeles architectural firm last year, is under way. And more than $7 million of the $30 million anticipated in private funding has been raised from corporations and individuals.

But with the memorial's groundbreaking slated for 2008, some family members and land owners are eager for the land acquisition to speed up.

"Personally, I wish it would go faster," said Ben Wainio, whose daughter Honor Elizabeth died aboard Flight 93. "I want to see a monument built and see it come to fruition. I'm 61 years old."

Landowner Tim Lambert said he had committed to donating six acres just beyond the row of hemlocks scorched by the explosion. But he wants fair market value for an additional 150 acres, which his grandfather bought in the 1930s.

"I feel I am walking a fine line between doing what's best for the families and making sure our family is taken care of," said Lambert, a public radio host in Harrisburg.

Catuzzi said he was dismayed to see some property owners seeking higher prices for their land with each passing year.

Some family members recognize that any deal involving multiple landowners and the federal government takes time.

The land the memorial sits on "has to come from willing sellers," Ken Nacke said. "I don't want to put pressure on landowners."

After all, he and others said, the people of Shanksville never could have anticipated their community would be part of the nation's worst terrorist act.

View plans for the memorial via http://go.philly.com/93memorial

For Some, Tragedy Came Close (MINNST)

By Bob Von Sternberg, Star Tribune

Minneapolis Star Tribune, September 10, 2006

Five years on, their memories remain as vivid, shocking and painful as they were on Sept. 11, 2001: The brilliant blue morning in lower Manhattan ... the terror that swept Pennsylvania Avenue ... the fear of becoming another target ... the loss of a belov

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Five years on, their memories remain as vivid, shocking and painful as they were on Sept. 11, 2001: The brilliant blue morning in lower Manhattan ... the terror that swept Pennsylvania Avenue ... the fear of becoming another target ... the loss of a beloved son ... the sickened realization that suspicions about a guy named Moussaoui had been right all along.

For most Minnesotans, 9/11 was a remote event, witnessed on television or read about in a newspaper. For a few, it was immediate, awful and sometimes life-changing. Here are some of their stories.

DEAN KOPPERUD commuted from his home in Eden Prairie to New York, where he worked on the 33rd floor of Two World Trade Center as the Oppenheimer Funds' national sales director. He has since retired.

"I actually don't think about it much anymore, "Kopperud said. "At dinner, someone will bring up the fact that I was there and it seems to be one of those things people want to hear about first hand. But I don't focus on it.

"There are so many memories, what a high, crisp clear morning it was, the sky so high and blue. Then, after the first plane hit, how the paper, files and tiles flew out of Tower One, like the thickest snowstorm you've ever seen. We were told Tower Two was secure, so I figured, OK, I'll go back to work. But fortunately, the elevator I used only went down. A guy from the Port Authority told me I was leaving, so I decided not to argue with him.

"Just as I stepped onto Liberty Street, I saw the shadow of the second plane and heard the bang when it hit ... I marched up the east side of Manhattan and the minute you got to 42nd Street, it was as if life hadn't changed, the cars, taxis and buses were all running. I was going to take the train to Connecticut, and at Grand Central you could tell who'd come up [from lower Manhattan] -- we all had about 8 inches of soot on the bottom of our pants. It was a long day, and I don't ever forget that if things happened differently -- if the elevator had gone up, not down -- I wouldn't be here."

BEVERLEY BURNETT is the mother of Tom Burnett, who famously helped lead the passenger insurrection on United Flight 93, causing the plane to crash in Pennsylvania, short of its intended target in Washington, D.C. She and her husband, Tom Sr., live in Northfield.

"Tom and I still grieve for our son, and we'll probably grieve for the rest of our lives," she said. "I think any parent can relate to that, how we miss him.

"It hasn't faded at all, and I know it never will, because he was our only son. Every day is still 9/11 for us. I miss his phone calls, how he was going to take care of us in our really old age.

"We're very proud of what he did that day. We went to the White House to see 'United 93' -- it was important to see what Tom and the others did that day. I believe everyone should see that movie, even those who say it's too horrible to watch. But maybe it would help people imagine what it was like on that airplane.

"We're still looking for our government to chase down the terrorists who planned this and punish them for what they did. I want those people brought to justice. Could the government have done better that day? I don't think Flight 93 should have ever been allowed to take off. These bureaucracies -- the FAA, the FBI, the Border Patrol -- all have to be looked at. You can't just say it was [President] Bush's fault."

THE REV. MICHAEL O'CONNELL, rector at the Basilica of St. Mary and pastor at the Church of the Ascension in Minneapolis, was aboard a 60-foot yacht cruising Long Island Sound at the tail end of a weekend trip to New York, where he had been visiting family and friends.

"Two things have been enduring for me," O'Connell said. "First, we were the only boat on the water in the middle of the sound that morning. We'd seen the smoke from Manhattan, the second tower's collapse.

"We were listening to the news, and they said all aircraft had been grounded, but they didn't say why. Everyone knew why by then.

"The second thing was the fighter jet that came toward us from the city at about 5,000 feet. He came along our port side and did a power turn around us to starboard. It was a uniquely frightening experience because all we could wonder was what was he thinking we were?

"On the 12th, we found out that [Wayzata native] Gordon Aamoth Jr. was missing in the towers, so we planned a memorial for him at the basilica. Since then, I've become friends with his parents. Because of his name, he'll always be the first named among the victims. That should sustain his memory."

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BILL AND LAUREN SCHNEIDER had traveled with their two young daughters from their home in Stillwater to Washington, D.C., where they were to receive an award for their work on behalf of adoptive parents. That morning, they went sightseeing, starting at the White House.

"Just the other night, we were looking at photos we took outside on the sidewalk [in front of the White House] after the plane hit the Pentagon. I thought, again, my God, if that fourth plane [Flight 93] had reached Washington we could have easily been killed," Bill Schneider said. "It's not every day, but September 11th is still with me a lot.

"My feeling is those people who attacked us are still out there and want to attack us again. It makes me worry about the world my kids are growing up in."I still remember how frightening it was when they told us to get away from the White House," Lauren Schneider said. "We were carrying the girls, they were just babies then, up and down the streets of Washington. We didn't know where to go. When we got to our hotel, someone said a bomb had been planted inside.

"It stays with you. When we went to England last year, I was afraid to go into London ... even before the bombings there. It's in the back of your mind all the time."

HUGH SIMS was one of the instructors at a flight school in Eagan who became suspicious enough of a student named Zacarias Moussaoui that they called the FBI's Minneapolis field office on Aug. 15, 2001. The next day, Moussaoui was arrested on an immigration violation. Now retired, Sims divides his time between Florida and Minnesota.

"I was sitting in a 747 requalification class that I needed to keep moving planes around for the airlines," he said. "Somebody turned the TV on right about the time the second plane hit the towers. I almost got sick to my stomach -- I couldn't believe what I was seeing.

"I called Senator Wellstone's office and got ahold of his chief of staff. I told him I hope everyone remembers we've got Zacarias Moussaoui in jail here. Someone has to think about that. They moved him the next day.

"Initially, I thought [Moussaoui] knew more about the overall plan, but I began to wonder if he was just a wannabe. We'll never know, I guess.

"I definitely thought he wanted to learn to fly so he could hijack an airplane. But I never imagined he'd want to use a plane as a weapon. Who did?"

COLEEN ROWLEY, former Minneapolis FBI agent, gained national attention after she accused bureau headquarters of impeding the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui. In June, the Justice Department commended her while also criticizing her for failing to push for a criminal warrant to search his possessions. She is currently running for Congress.

"I was walking by my boss' office that morning, and his secretary had turned on the TV in there," she said. "Two or three of us were watching, and within a few minutes, we saw the plane fly into the building.

"I was stunned for a few seconds, and then I thought, 'Oh, my gosh, this must be connected to the guy we've got back here.' I went to one of my other bosses and said there's a guy here who might be connected to this.

"Later, we're sitting around the table with some guys from the U.S. attorney's office trying to put together a probable-cause warrant. There's a TV on in there, too, and we heard, a noise and you could see the whole building crumbling down.

"I don't think about that day too often anymore, mostly because so many events have transpired since September 11th. Since then, it seems as if the entire United States has gone off the deep end."

Bob Von Sternberg • vonste@startribune.com

September 11 Forever Changed Their Lives (FLSUNSEN)

By Tim Collie And Vanessa Bauza, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 10, 2006

Five years after Sept. 11, six South Floridians continue to rebuild their lives and mend their broken hearts. Each has moved from grief and shock to finding a new perspective on life and a way to honor those who died that day.

It's the sound of a plane overhead that makes Corneliu Vaduva flinch.

"If I'm playing tennis ... I have to stop and look up. I cannot help it."

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He remembers the roar of a plane as he lit up a cigarette the morning of Sept. 11. He had left his office on the 83rd floor of the World Trade Center for a smoke, even though the night before he had watched a documentary about the dangers of smoking and vowed to quit. By 8:30 a.m., his resolve was gone.

He was in front of the south tower when the first plane hit its twin at 8:46 a.m.

The explosion sent airplane parts, building debris and body parts onto the street in front of him. Soon he heard the thud of bodies as office workers jumped to their deaths.

As he walked away from the building, the native of Romania heard other survivors talk about "terrorists" and "Arabs" and feared that his dark complexion and accent would draw suspicion.

Yet what he remembers most is the help people offered as the buildings fell and the streets filled with dust. Others stopped, held his arm, gently guiding him forward.

"It impressed me a lot that simple people on the street would help each other, that they would take risks, go out of their way," said Vaduva.

Hours later, Vaduva received calls from radio and TV news stations in Romania. A friend who worked at one of the country's largest TV stations remembered that Vaduva worked in the World Trade Center.

During those phone interviews, Vaduva asked listeners to get word to his parents, living in a remote village without telephones, that he was alive.

Listeners contacted family members in the region, urging them to call neighbors and friends who might live close to Vaduva's parents. Truck drivers hearing the interviews turned off the highways to tell the couple their son was OK, he said.

In the days that followed, Vaduva buried four co-workers. He eventually moved to Parkland, and he now works for the South Florida Sun-Sentinel.

In the coming week, he expects to hear from former co-workers and friends. "It's a way, we keep in touch--talking like this to let each other know we're still alive," said Vaduva.

"What it does is teach you how beautiful, how important life is. Each and every day. Things just don't upset me the way they used to."

-- TIM COLLIE

Randy Tulepan bristles when he hears criticism of the treatment given to prisoners held at the U.S. Naval Base at Guantanamo Bay, Cuba.

He was there -- as a Marine, within weeks after 9-11. Just after his father almost died in the World Trade Center attacks.

"In the beginning it was like the wild west out there. ... We were angry, and they knew it," he said. "...You had to be a professional, always do the right thing. And we did."

On Sept. 11, 2001, Tulepan was training at a U.S. military base in Japan. Through a call home, he learned his father, Craig, right in photo above, had been in a meeting at the trade center, and was almost sucked out of the 63rd floor of the south tower when windows shattered around him. He made it out of the building minutes before it collapsed.

Craig Tulepan's first thought after finding safety was, "What's going to happen to my son? Where are they going to send him? What will he be facing?"

Randy Tulepan was in his third year in the Marines. What began as a rite of passage for an adventurous young man seeking an alternative to college was now a war machine.

A week later, he was preparing to fight in Afghanistan in the second wave of infantrymen. But when U.S. forces gained control of Kabul, he was sent to Guantanamo Bay to guard the first arriving prisoners.

He left the military six months later when his enlistment was up. At 26, he is now a real estate executive with his father's company in Coral Springs.

Randy Tulepan is no longer sure where the war on terror is heading. He fears the American public is losing faith in the fight, and its leaders are losing the will.

"People have moved on since 9-11, I'm talking about those who don't have anybody in the military," Tulepan said. "They're focused on other things, and patriotism just isn't as high any more.

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" ... There should be a time now when people reflect on 9-11, think about what happened on that day. And the people who are involved right now in service--the troops, those who died, those who survived--they should be given a thank you for all that they've done."

-- TIM COLLIE

The cotton ball Gladys Martines swabbed across the inside of her cheek led to no DNA matches among the fragments of bone and tissue recovered from Ground Zero. Her son's wallet, watch or wedding ring were never unearthed from the smoldering rubble.

After working as a maintenance man in the World Trade Center for 17 years, it was as though James Audiffred "disappeared off the face of the Earth" on Sept. 11, Martines said.

Audiffred is one of 1,151 victims of the World Trade Center attacks whose remains were never identified. An urn with ashes from the site is the closest Martines comes to closure. She calls them "Jimmy's ashes," though she knows they are not his, and keeps the urn on a ledge in a corner of her living room surrounded by family photos and a framed copy of the last e-mail he sent her before he died. It reads: "You've been on my mind a lot lately."

The little memorial at her home in Boynton Beach helps ease the void.

Born in Queens but raised mostly in Puerto Rico, Audiffred loved the towers and would proudly take relatives to see the view from the top. In the year before his death, he was promoted to elevator operator and often improvised a role as tour guide, pointing out Manhattan's landmarks for the tourists he shuttled up and down the tower's 110 floors.

"He was fascinated by [the twin towers] and his son also is the same way," said Audiffred's sister, Dolly, who lives in Queens. "There was something about them that he loved ... He felt like he was on the top of the world when he was on the observation deck."

He often worked double shifts, hoping to save money to buy a home for his wife Robin and son Jason, now 24. Audiffred also became a surrogate father to his sister's daughter, when her own father died a decade ago.

Because Audiffred knew the towers so well, his family hoped he had been able to escape. But they later learned from his co-workers that Audiffred had taken a group to the Windows of the World restaurant on the top floor just before the plane crashed into the north tower.

Despite all this, sometimes in a crowd Martines does a double-take when she spots someone with Audiffred's large build.

"I've never been able to cry, like a big sob, like many people have," Martines, 62, said. "I see people in the street, and I look because they look like him. I say, `Maybe he escaped and lost his memory.' But it's all in your imagination. You try to do that as an escape, but I guess he's gone."

-- VANESSA BAUZA

Five years after her brother's death, Janet Roy is working toward a memorial worthy of his sacrifice.

Within minutes after the twin towers were attacked, Capt. William F. Burke Jr., of Engine Company 21, was climbing the north tower with other firefighters.

And in one of his last calls, he reassured a frightened friend, saying, "This is who I am. This is my job." When the south tower collapsed, he ordered the firefighters around him out of the building and stayed to help carry a paraplegic man down the stairs.

The rest of his company made it to safety. Burke died with the man he was attempting to save, his sister later learned.

Burke was the oldest of six children; Roy the youngest.

After the towers collapsed, her day was consumed by prayer and dozens of frantic phone calls.

At first she prayed that Burke had escaped and lost communication. Then she hoped he was injured but alive at a hospital. Or breathing but trapped beneath the rubble.

As the days wore on, it became clear that Burke had perished.

"It's still very painful, but I know his life wasn't given up in vain," said Roy, a mother of two young children who lives in Pompano Beach.

"He saved the lives of his engine company, Engine Company 21, people who are working there these days."

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"There's a soldier who carries his Mass card in Afghanistan--it's something like that that makes it bearable," she said, referring to the cards that signify a Catholic Mass has been celebrated for the deceased.

Now she's concerned with how we pay tribute to the fallen. Not just emergency workers like her brother, she stressed, but the hundreds of office workers and the men, women and children on the jets.

Together with other families of those who died, Roy has pushed architects, planners and government officials to develop a memorial less abstract than the one planned. This is consecrated ground, she said, the graveyard of almost 3,000 people. No trace was found of about 1,000 people, including her brother.

"As horrible as that day was, as many deaths as there were, people can't look at that as a day of defeat," Roy said.

"Pure evil attacked us--there's no other way to describe it. But look at what happened. We know from the film, the tapes, all of the accounts, that they were very compassionate, very heroic, with each other."

-- TIM COLLIE

For Carrie Ross, Sept. 11 brings a bittersweet pilgrimage to the knee-high grasses and hemlock trees of the Pennsylvania field where her daughter died.

This weekend Ross, her two sisters and brother-in-law plan to drive the 1,000 miles from Fort Pierce to the crash site in rural Shanksville to pay tribute to Cee Cee Ross Lyles, a flight attendant on United Airlines Flight 93, mother of two, wife, daughter and niece. It is a place that fills Ross with heartache, but offers comfort in the embrace of other victims' relatives. Their faces and stories are familiar from previous visits to the site.

"We're all in the same boat," Ross said. "You are hurting, and yet you are trying to be strong. I start to think about how brave they were and how they fought back. I think we feel a sense of pride. A sense of sorrow, of course, but also a sense of pride because we know they were the first civilian soldiers."

Becoming a flight attendant was a dream come true for Ross Lyles, who was 33. The former Fort Pierce police officer started a job at United Airlines about a year before the crash. She loved traveling and made a point of coordinating mini-vacations to different cities with her husband, Lorne Lyles, and sons, Jerome Smith, now 21, and Jevon Castrillo, now 11.

Though Ross worried her daughter's new career would keep her away from the family too much, she thought it would be safer than patrolling the streets. She also knew better than to try to change her daughter's mind once it was made up, and seeing how happy she was made their time apart easier.

Ross feels grateful that the Pennsylvania crash claimed no victims on the ground.

"I would say that God chose that field," she said. "All around that place is homes ... and there is a school within two minutes of where the plane went down."

The field has yielded some powerful mementos: poems scrawled on fence boards, 40 angels carved of wood, military medals and boots left by soldiers, flags planted in the ground. Carrie Ross keeps a handful of stones from the field in her dresser drawer at home.

"I picked the rocks up because I felt I was picking up part of my child," she said. "I felt it was a sacred place, and I wanted to bring a part of that with me."

-- VANESSA BAUZA

Cheryl Paynter's brother and sister-in-law worked together at the Pentagon for 20 years. When Paynter did not hear from Craig or Cheryle Sincock in the frantic hours after Sept. 11, 2001 she feared the worst: that they had both been killed in the fire that engulfed the west side of the building where they worked.

But Craig Sincock was out of the building when American Airlines Flight 77 crashed into the Pentagon. His wife of 25 years, however, was in her office, talking on the phone with her daughter when the plane crashed.

Sincock, who was 53 when she died, doted on her three daughters and six grandchildren. Though they prodded her to retire she enjoyed her job as a secretary to one of the generals too much.

"She had a wonderful sense of humor, was always joking around and making wise cracks…The kids really wanted her to be home more, but she loved her job," said Paynter, 60, of Lake Worth.

In the five years since the terrorist attacks, Paynter and Craig Sincock, like so many other relatives of Sept. 11 victims, have worked to rebuild their lives.

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"His words to me were 'I knew I had to reach out and help other people,'." Paynter said.

After his wife's death Craig Sincock founded a support group for Pentagon families. Through that group he met a widow, Patricia Fallon, whose daughter was killed at the Pentagon. Their relationship deepened, and the couple married in January, Paynter said.

Paynter said Sincock's death has brought her closer to her brother and other siblings.

"It makes one realize in a split second they can be gone," said Paynter, who now talks to Craig Sincock on the phone several times a week and takes vacation time to see him.

After Sincock died Paynter also paid closer attention to politics. She began scrutinizing candidates' positions on security issues, making sure she knew their background and experience before voting.

"I feel like we all have to be involved," Paynter said. "I'm definitely more involved in my community and do a lot more reading on the political side than I used to. I became an advocate to make sure…it doesn't happen again…The only way we can make government accountable to the people is to take an active part and be heard."

-- VANESSA BAUZA

Reopening Old Wounds 9/11 Families Say Remains Mishandled (AJC)

By David Ho, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 10, 2006

New York — Near Ground Zero, where their loved ones died nearly five years ago, families of victims blamed city officials Saturday for allowing human remains to stay entombed at a closed city garbage dump without proper burial.

Of the 2,749 people killed in the terror attacks at the World Trade Center, the remains of about 1,150 were never found or identified.

While some family members have for years pushed for a fuller accounting, their efforts have intensified in the weeks leading up to the fifth anniversary of the attacks on Monday.

The discovery in recent months of about 760 body parts, mostly small bone fragments, at a nearby damaged skyscraper slated for demolition has fueled their outrage.

"The dead are not here at Ground Zero, though for many of us their spirits are still here," said Diane Horning, whose son, Matthew, was killed in the attacks. "Their corporal bodies are in a garbage dump."

She called it a "national shame."

Horning, a co-founder of WTC Families For Proper Burial, spoke to the scores of family members and supporters who gathered near the site surrounded by news crews and curious tourists.

Many family members wore black and purple ribbons, held photos of their dead and hefted signs saying "Rest in Peace NOT in Garbage."

After the attacks, search crews excavated the mountains of debris where the twin towers once stood. Trucks hauled away much of the rubble to a closed Staten Island landfill, where workers sifted one last time, spending months looking for remains, IDs, personal effects and criminal evidence.

Overall, fewer than 300 intact bodies and more than 20,000 parts were recovered. Many of those remains have not been identified.

Horning's group sued New York City in federal court, accusing it of not doing enough to search the debris for remains. The group said the city is expected to respond on Sept. 22 to the lawsuit, which alleges negligence and violations of property and religious rights.

Much of the concern had been over remains turned to ash and mixed with pulverized building materials by the incredible violence of the attacks. But the recent finding of body parts near Ground Zero has some families asking if larger and identifiable remains are still in other buildings and the landfill.

Mayor Michael Bloomberg's administration has said past searches were adequate and moving all the debris that might contain remains — hundreds of thousands of tons — would cost too much.

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While much of the initial search after the attacks focused on the 16-acre World Trade Center site, debris from the towers and the hijacked jetliners also fell on other buildings and the surrounding neighborhood.

Massive falling wreckage from one of the twin towers severely damaged and contaminated the skyscraper known as the Deutsche Bank building. Wrapped in black netting and filled with toxic dust, the vacant building has been an environmental nightmare and a looming reminder of the attacks.

In the past year, crews preparing to tear it down found so many remains that expert searchers were called in.

Some U.S. senators have called for a special military team experienced in finding the remains of soldiers from past wars to search the area.

The Bloomberg Vista (NYT)

By Jonathan Mahler

The New York Times, September 10, 2006

Mayor Bloomberg likes to eat out, and he makes an effort to have at least one meal a week in a borough other than Manhattan, often at restaurants that are more old-school than upscale. On an afternoon last month, he went to Bensonhurst, a working-class Italian neighborhood in Brooklyn, for lunch at the Vegas Diner. "My ex-wife used to always have two different answers to the question 'What's your favorite restaurant?' " Bloomberg said, studying the Vegas's oversize menu. "What's your favorite restaurant if you're going to eat one meal before you die, or if you're going to eat all of the meals the rest of your life? I would pick a big Greek diner for all of the meals the rest of my life. All the food comes in 10 minutes, it's all the same price and it's actually not bad."

The mayor had left his jacket in the car but was otherwise in his trademark attire: dark blue suit pants, black tasseled loafers, red tie and a monogrammed dress shirt — MRB — with Big Apple cuff links. A small, trim man, he looked well rested and energetic, despite the fact that he'd been up before dawn to jog on his treadmill after a late night out with his youngest daughter in George Steinbrenner's box at Yankee Stadium.

The mayor is by no means folksy, but he seemed surprisingly at ease piling coleslaw on top of Saltines and chatting with customers as he waited for his western omelet to arrive. He gamely, if a bit stiffly, raised his palm up for high-fives to autograph-seeking children — "How about a high-five for the mayor? Come on, you can do better than that!" — and parried chivalrously with a few elderly women who approached to pay their respects. "I can't tell you how much I love you," said one. "Women in their mid-30's like you are so smart," the mayor replied. "I'm going to be 86," the woman said. Bloomberg feigned surprise. "My mother's 97. You're a young woman!"

That afternoon, the mayor was focused on new state legislation aimed at making it easier for workers who claim they developed illnesses while cleaning up the World Trade Center site to collect benefits. Bloomberg was conspicuously absent from the ground-zero press conference the day before at which Governor Pataki signed the bills into law, and the mayor then proceeded to denounce the laws as fiscally unsound.

"I have a legal responsibility to make sure the public's money is spent wisely," the mayor told me, stuffing a slaw-laden Saltine into his mouth. "You're either going to have to raise taxes or cut services for this. We're talking about $10 to $15 million a year. Do you know how many teachers or firefighters you can get for that?" The mayor pushed away his plate of pickles and coleslaw. "We've got an insurance fund, and if we don't make sure that we only pay out legitimate claims, we're not going to have any money down the road. When I say you've got to show the damage was done to your worker, they say, 'Oh, well, we'll have them sign a paper.' Does anybody understand what's going on?" Here Bloomberg lowered his voice to a whisper, as he often does when he's about to say something a little bit controversial, an unconscious tick that can drive his press secretaries crazy. "In some agencies there's never been a person who retired without a disability claim."

If the mayor has grown more comfortable with small talk and quotidian interactions since he was first elected, in 2001, he has not lost his knack for staking out politically unpopular positions, particularly when it comes to emotionally charged, symbolic issues. And even five years after the terrorist attack on the World Trade Center, no issue is more emotionally charged and symbolic than ground zero. On the day that the mayor and I met for lunch, The Daily News, usually Bloomberg's most faithful

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supporter, called him "coldhearted" for opposing the new laws. A prominent labor leader told The New York Post: "It's time for him to stop talking like a private banker . . . and start talking about human life — like the governor."

It was perhaps inevitable that whoever succeeded Rudolph Giuliani was going to seem insufficiently passionate when it came to 9/11, but from the beginning, some have found Bloomberg's attitude toward ground zero jarringly unsentimental. Giuliani established a close bond with the relatives of the victims, appearing frequently at funerals and inviting families to participate in discussions of what kind of memorial would be appropriate on the site; Bloomberg was criticized for not attending enough memorial services and was wary of giving the grieving families a role in urban planning. ("These people shouldn't be deciding on the future of a huge chunk of a city," the mayor told me.) Whenever the mayor ventured his own thoughts about the future of the World Trade Center site — warning against building too large a memorial or proposing that the site include residential buildings — his comments invariably provoked controversy. More often than not, Bloomberg simply said nothing. He appeared uncomfortable with the sort of muscular, emotional rhetoric that ground zero triggered in other politicians. In the spring of 2002, a ceremony was held at City Hall to raise the famous flag that had flown over the smoldering ruins; no speeches were given.

Today when you talk to the mayor about ground zero, he will often steer the conversation away from the 16-acre site and toward the rest of the area around it, a neighborhood that starts north of the Trade Center site at Chambers Street and extends to the southern tip of the island. "The press keeps writing about the World Trade Center site," he says, "but if you look at a map, it's a very small part of downtown. The other part of Lower Manhattan, which is the vast bulk of it, doesn't get any attention."

The World Trade Center site is owned in its entirety by the Port Authority, and the leases to the buildings that were reduced to rubble on 9/11 are all held by a single private developer, Larry Silverstein. With no legal authority on the site itself, the mayor has opted to concentrate his efforts instead on the surrounding area, which was also badly damaged — if psychologically and economically rather than physically — on 9/11.

But Bloomberg's emphasis on Lower Manhattan also reveals something more fundamental about his attitude toward ground zero. To many New Yorkers, whatever buildings rise on that hallowed ground will be our response to the terrorists, a statement of defiance and an expression of our ideals. Bloomberg's hope for these 16 acres is both more and less ambitious. To him, they are not important for what they say to the world but rather for what they could mean to a reimagined and re-energized Lower Manhattan, which in many ways embodies his larger vision for the future of the city.

For decades, the story of Lower Manhattan has been one of seemingly inexorable economic decline. The city's business axis first began tilting toward Midtown before the Depression, when Grand Central Terminal and Pennsylvania Station started bringing in waves of commuters who preferred to work within walking distance of their train stations, not to mention all of the restaurants and theaters around Times Square. Innovations in engineering were giving rise to a new generation of taller skyscrapers with more usable floor space, larger windows, modern elevators and central air-conditioning, rendering Lower Manhattan's patchwork of low-slung 19th- and early-20th-century limestone-and-granite relics and cramped turn-of-the-century office towers obsolete. In the 1950's, the growing suburbanization of metropolitan New York and a postwar building boom concentrated almost exclusively in Midtown made downtown seem all the more anachronistic.

In 1955, the banking scion and aspiring urban planner David Rockefeller tried to jump-start development in the district by placing the new headquarters of his family's Chase Manhattan Bank there. But the 60-story tower did little to stop the flow of business uptown. In the 1970's came Westway, a federally financed proposal to bury the West Side Highway and build above it a huge waterfront park lined with clusters of high-rises; it was defeated after nearly a decade of contentious debate.

The World Trade Center was itself conceived to help breathe new life into Lower Manhattan by transforming it into the global center of international trade. Instead, the twin towers only exacerbated the neighborhood's problems, cannibalizing tenants from the rest of the financial district while pushing restaurants and retail stores underground and — in unflattering contrast with Midtown's Rockefeller Center — failing to provide any public outdoor space save for a wind-swept plaza. By 1995, about one-quarter of the offices in Lower Manhattan, roughly 20 million square feet, stood vacant.

"If you take a look at the concentration of financial firms downtown, the high point was before World War II, and it has been declining ever since," the mayor told me a few months ago. The principal architect of Bloomberg's effort to reinvent downtown is his deputy mayor for economic development and reconstruction, Daniel Doctoroff, a former investment banker who, in 1996, founded NYC 2012, the campaign to bring the 2012 summer Olympics to New York. "Our vision for Lower Manhattan was in

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some ways a very romantic notion, and in other ways an unromantic notion," Doctoroff says. "The unromantic notion was accepting that the place was a mess before 9/11. It's no coincidence that the mayor didn't put his company there. But there's also an opportunity because all of this money's going to be pouring in. So it was a matter of creating an opportunity out of a problem."

From the beginning of his tenure at City Hall, Doctoroff wanted to find a way to gain control over the Trade Center site — he ultimately proposed an unsuccessful trade with the Port Authority: the two New York City airports for ground zero — but he was confident that even if he failed, the city could transform the neighborhood by working around the 16-acres, nurturing its redevelopment not just as a financial district but as a mixed-use community. In the spring of 2002, Doctoroff started working on a new blueprint for Lower Manhattan. A number of city agencies provided input, as did a variety of architects and city planners, including Alex Garvin, a bow-tied urban planner and professor at Yale University who helped Doctoroff create a conceptual strategy for the city's Olympic bid. "We know how to build memorials, and we know how to rebuild cities," Garvin says. "But the problem here was different. The problem here was how do you grow a downtown, which was essentially slowly dying in its competition with Midtown and the rest of the region, around a memorial?"

A little more than a year after his election, Mayor Bloomberg rolled out his vision for the future of Lower Manhattan at a breakfast of the city's leading businessmen in the ballroom of the Wall Street's Regent Hotel, a 160-year-old Greek Revival landmark that was once home to the New York Stock Exchange. Standing in the hotel's ballroom, a 12,000-square-foot rotunda that only a year before was a haven for 9/11 rescue workers and downtown's dispossessed, Bloomberg conjured a sort of utopian urban hamlet, "a live-and-work-and-visit community for the world," with apartments and offices but also cafes, performing-arts pavilions, cultural facilities and public places. Tree-lined boulevards would replace the canyons of Wall Street, and the East River waterfront would be studded with ballfields, an outdoor ice rink and even a floating garden.

"Chuck Schumer says he wants downtown to be a vibrant financial center," the mayor told me this summer, referring to New York's senior senator. We were at City Hall, sitting in a vast 19th-century chamber that represents one of the mayor's first managerial innovations: neither the mayor nor his senior staff have offices; they all sit in cubicles in what was once this former hearing room. "But there's real evidence that the future of downtown is not as an enormous commercial center. On the other hand, what does downtown have? It has phenomenal views, great mass transportation, beautiful old buildings that can be converted easily into residential. Now, does that mean companies can't stay down there? No, quite the contrary. I would argue that the reason most companies want to be in Midtown is because their employees can walk to work, go out to lunch to great restaurants. After work they can find taxi cabs, be entertained, go to the theater or a bar or whatever."

There is no model for the Lower Manhattan the mayor envisions. Unlike TriBeCa, its neighbor to the north, it will remain partly commercial, though it will be considerably more residential than Midtown. Because the island narrows so much at the tip, the apartments and office buildings will stand shoulder to shoulder. Most of Manhattan was built to face inward, away from the bustling, filthy waterfront; Bloomberg hopes to reconnect downtown to both the Hudson and East Rivers by encircling the neighborhood with a necklace of public parkland.

Partly to encourage downtown's evolution into a more residential neighborhood, the mayor has refused to offer aggressive incentives to businesses that are considering moving into, or out of, the area. Shortly after his inauguration, Bloomberg scuttled several hundred million dollars in subsidies that Giuliani had promised the New York Stock Exchange, which had been making noise about relocating to New Jersey, to help underwrite a new 10-story trading floor, topped by a 50-story office tower. (The N.Y.S.E. ultimately decided to stay, which hardly surprised Bloomberg: "They're the New York Stock Exchange. Where were they going to go?") The mayor gave Goldman Sachs about half the tax breaks it demanded to build a new $2 billion headquarters just west of ground zero, and he still regrets not giving the firm less.

More controversially, the mayor has allocated hundreds of millions of dollars' worth of Liberty Bonds, awarded by Congress to the city and state after Sept. 11, for new apartment towers in Lower Manhattan, as well as new office buildings in Midtown and Brooklyn. The bonds were intended to help finance New York's 9/11 recovery, and Bloomberg has been accused of betraying their spirit. The mayor's critics also point out that downtown was undergoing something of a commercial renaissance when the twin towers were attacked: thanks to the bull market of the late 1990's, offices that had long been empty were filling with traders, brokers, bankers and lawyers.

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If Bloomberg is underestimating the commercial potential of downtown, the nation's historic heart of high finance, it is partly deliberate. According to the Federal Reserve, Wall Street continues to account for 20 percent of the city's earnings, which means that New York's economy is inevitably at the whim of the market. The mayor would like to reduce the city's dependence on the financial sector by encouraging residential conversions downtown and creating new commercial centers in other parts of the city.

But the mayor's ideas about the future of downtown are also a product of his own experience. Bloomberg started working for Salomon Brothers fresh out of Harvard Business School in a run-down building on Wall Street in 1966, hand-counting stock and bond certificates in an un-air-conditioned bank vault in his underwear, a task that has long since gone the way of the telegram and the mimeograph. His career in business traced the rise of the information age that contributed to downtown's demise; he made his fortune by developing a desktop terminal that allows brokers and traders to remain connected to Wall Street from anywhere in the world.

Bloomberg says that what will attract companies to Lower Manhattan — and, for that matter, to the rest of the city — are not the imperatives of their industry but the quality of life. "Companies come here because the people they want to employ want to live here," the mayor told me. "I can look at my own business. We never would have been remotely successful anywhere else in the world." The city's job, then, is to make New York an appealing place to live. "Cultural institutions, great parks, clean streets, safe streets — those are the things that get the work force here."

The transformation of Lower Manhattan is now under way. Many of the old office buildings lining Wall Street are being converted into luxury apartments. In the immediate aftermath of Sept. 11, it seemed almost inconceivable that anyone would ever want to live downtown; today, it is the fastest-growing residential area in the city. There has been an influx of new stores, including a BMW dealership that recently appeared on the former site of an investment bank. Santiago Calatrava's $2.2 billion glass-enclosed train station, which planners hope will ultimately connect Lower Manhattan directly to J.F.K. and Newark airports, is under construction, as is a new, 12-line subway station and Hudson River ferry terminal. The extension of the West Side promenade to the Battery, the first phase in the reclaiming of downtown's waterfront, was completed in July. "For 25 years, people have been trying to figure out how to bring people from the northern suburbs to Lower Manhattan," says Mitchell L. Moss, a professor of New York history at New York University and an informal adviser to Bloomberg. "What we're seeing now is that downtown is being made into a place where people can work and live."

Some of this development would surely have happened without Bloomberg. Like the obsolete manufacturing lofts of SoHo and TriBeCa, the old office buildings of Lower Manhattan were ripe for conversion; the trend started in earnest under Mayor Giuliani. Still, even after just five years, it's easy to forget how uncertain the future of this neighborhood seemed in the wake of 9/11. "People say, 'Oh, it's just market forces,' " Doctoroff says. "But people invest in an area because they believe in its future, and that requires articulating a vision and a plan that gives people hope."

It is impossible to separate the mayor from his personal fortune, and one of the clearest ways in which his wealth has manifested itself is in his senior staff appointments. For most mayors, hiring deputies is an exercise in rewarding political supporters and loyal foot soldiers. There is an element of quid pro quo to this, but it is also the most efficient way for mayors to insulate themselves against the hostile forces they will inevitably confront while running the city. The 2001 election was Bloomberg's first foray into politics; he had no political foot soldiers to speak of. What's more, he financed his own campaign, so he had no favors to repay.

As a result, Bloomberg has surrounded himself with an unusual group of senior staff members, including the 48-year-old Doctoroff. A Harvard graduate with a law degree from the University of Chicago, Doctoroff had virtually no political experience before joining the Bloomberg administration, and he and the mayor were only casually acquainted; Doctoroff had lobbied Bloomberg, then a private businessman, to help support the city's Olympic bid.

Bloomberg has also given his deputies an unusual amount of power, particularly compared with Giuliani, a notorious micromanager. This is not to say that Bloomberg is easy to work for. At a recent civic-association meeting in Queens, I heard the mayor publicly grill a commissioner for the Department of Buildings about a potentially unsafe construction site: "You're telling me there's nothing we can do about it? When was the last time we had a building inspector there? Well, let's have another one there tomorrow." But as long as his senior staff can prove, in numerical terms, that they are producing results, the mayor lets them

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do their jobs and is happy to give them credit for their accomplishments. In Bloomberg's mind, no one deserves more credit than Doctoroff: "History will show that Dan Doctoroff had a bigger impact on this city than virtually anybody."

Bloomberg and Doctoroff are, in many ways, kindred spirits. Both were born and raised away from New York — Bloomberg grew up in suburban Boston, Doctoroff in suburban Detroit — but started their careers in the city and quickly fell in love with it. Doctoroff also decided to go into government after first making his fortune in business. Before joining the mayor's administration following the 2001 election, he ran Oak Hill Capital Partners, whose largest investor is the Texas billionaire Robert Bass. Now he makes an annual pretax salary of $1. And like the mayor, Doctoroff has a reputation for being competitive and inflexible. "Dan is not a guy who likes to go along for the ride," someone who has negotiated against him told me. "He's an able guy who has been successful throughout his career and has always gotten his way."

Doctoroff lives on the Upper West Side, but when we made a date to meet for dinner a few months ago, he suggested an Italian restaurant in a converted 130-year-old drugstore in Clinton Hill, a recently gentrified brownstone neighborhood in north Brooklyn. Doctoroff is tall and athletic-looking — he often bikes to work at City Hall — but shortly after we sat down he told me he was on a diet. He had just made a $1,000 bet with a friend that he could lose 15 pounds first. "I've done it before," he said. "It's the only way I can lose weight."

Doctoroff ordered fish and a diet Coke and over the course of the next three hours proceeded to explain the mayor's broader development strategy for New York. For the most part, the plan grew out of a McKinsey & Company study revealing that the city's need for office space and housing was quickly outpacing its supply. According to McKinsey's estimates, the city would need an additional 70 million square feet of office space over the next 25 years; over that same period, more than one million people were going to arrive in New York. More people meant more amenities. The conclusion was self-evident: to continue to grow, the city was going to have to undergo a period of hyperactive development.

Doctoroff set about identifying underused areas that could be repurposed. Here, the city's outdated zoning codes played to his advantage. Because New York's last comprehensive rezoning took place in 1961, when there were nearly one million more manufacturing jobs in the city, there were large tracts of idle land across the five boroughs. If necessary, Doctoroff figured, the city could employ its powers of eminent domain to condemn private property before turning it over to developers. "You have huge swaths of the city that are no longer relevant to its economy," he told me, "old piers on the waterfront, elevated freight lines, military bases like Governors Island, warehousing districts, rail yards." The approach mirrored Doctoroff's strategy for NYC 2012, which envisioned transforming neglected pockets of the city into sporting venues.

The Olympic plan is dead, but signs of the Bloomberg administration's development strategy will soon spring to life around the city. "We are literally dragging New York into the 21st century," Doctoroff says. A two-mile stretch of dormant Brooklyn property along the Greenpoint-Williamsburg waterfront was recently rezoned for housing and parkland; a decommissioned Navy port on Staten Island will be turned into apartment complexes, restaurants and a recreational sports facility; the crumbling Bronx Terminal Market will be demolished and reconstructed as a retail mall; the Atlantic railroad yards in Brooklyn may someday soon house the New Jersey Nets, as well as mixed-income apartments and 600,000 square feet of new office space. These are just a few of the dozens of development projects currently on the boards. All are contingent on the continuing strength of the city's economy. Most are years away from completion; some, like the Atlantic yards plan, face strong community resistance. But the mayor's office has already rezoned the equivalent of nearly 4,300 blocks throughout the five boroughs for commercial and residential use.

It's not Bloomberg's style to speak in grandiose terms about these projects — he is by nature more of a problem solver than a visionary — and yet taken together, they do amount to a surprising vision for the future of New York. The popular cliché holds that the mayor governs like a modern C.E.O., and hiring McKinsey to help devise a long-term business strategy for the city certainly plays into that perception. But at the same time, Bloomberg seems to be trying to return parts of New York to what it was before it became a city of investment bankers and venture capitalists. By setting all of this development in motion, the mayor is seeking to sustain the city's growth — and thus ensure that there will be housing and jobs for those who don't work on Wall Street. It was toward that same end that Bloomberg took control of the city's struggling school system and that he introduced New York's largest affordable-housing program in decades.

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Bloomberg's New York is hardly a city where the children of civil servants will live alongside the children of financiers. It's far more economical for him to create affordable housing in the outer boroughs, which will no doubt accelerate Manhattan's evolution into an island of the wealthy, a trend underscored by the imminent sale of Stuyvesant Town and Peter Cooper Village, two large middle-class enclaves on the east side. And the mayor is by no means opposed to the sort of gentrification that has driven up prices in once relatively affordable neighborhoods like Harlem. "If you're worried about gentrification," he says, "don't improve the schools and don't bring down crime."

Still, the mayor's development strategy harks back to a less high-flying, more idealistic era in the city's history. His affordable-housing initiative, for instance, embraces New York's rent-control laws, a remnant of its social-democratic past. There is something incongruous about a billionaire entrepreneur championing, if implicitly, a return to a time when the city was more hospitable to the working class. For better or for worse, Bloomberg doesn't engage in self-mythologizing about his own lower-middle-class roots when he speaks about his plans for the city. "What, I have to prove that my mother washed more floors than yours to prove that I have the legitimacy to address issues?" he says. "I don't think so."

Similarly, in reviving the city's long-dormant tradition of large-scale urban planning, Bloomberg is, in a sense, trying to reverse recent history. Ever since Jane Jacobs and her fellow urban warriors rose up against Robert Moses nearly a half-century ago, an ethos of preservation and protection has held sway in New York. Unwilling to entrust the city's growth to gradual, organic forces, Bloomberg is opting instead for bold re-engineering. He and Doctoroff have clearly learned from the mistakes of their predecessors. Rather than heedlessly plowing under indigenous neighborhoods in the name of urban renewal, they have largely targeted derelict areas whose natural evolution has been retarded by the city's anachronistic zoning codes. Nor do their development plans include housing projects or monolithic commercial towers, which invariably create ghettos and destroy street life; they are geared instead toward what planners refer to as "mixed-use complexes" and "24-hour communities."

Nevertheless, the mayor's ambitions can hardly be concealed, and his critics on the right would prefer that he leave development to the free market. "We have such pie-in-the-sky ideas from Bloomberg," says Nicole Gelinas, a senior fellow at the Manhattan Institute, an influential conservative research group. "Meanwhile, the infrastructure that the city should be focusing on, like the subways, is being ignored. That's the real barrier our natural growth is going to bump up against." (For his part, Bloomberg told me: "I take the subway. My attitude is go earlier if the train's crowded.")

Moreover, in a city as densely packed as New York, development almost always encroaches on existing neighborhoods; opposition is inevitable, as was the case with Bloomberg's failed plan to build a $2 billion stadium for the New York Jets, the centerpiece of his plan to create a new neighborhood of residential and office towers on a vacant tract of property on Manhattan's Far West Side. "History will show that the decision on the West Side stadium was a disaster for the city," the mayor told me, reiterating his conviction that the stadium's retractable roof would have made it a popular venue for conventions and thus created countless jobs.

To Bloomberg's critics, the stadium showed the mayor at his worst, callously disregarding public opinion and stubbornly refusing to build a consensus among his fellow elected officials. In the end, it was one of those politicians, Assembly Speaker Sheldon Silver, Lower Manhattan's representative in Albany, who delivered the fatal blow to the stadium, maintaining that the development of the West Side would impede the commercial rebirth of downtown. In fact, Silver says the city went so far as to actively steer businesses away from Lower Manhattan and toward the Far West Side. (Doctoroff denies this.) To Silver, it was unconscionable for the mayor to set his sights on a whole new piece of property in Manhattan rather than helping to replace the nearly 15 million square feet of downtown office space the city lost on 9/11.

It was almost a year ago that Mayor Bloomberg walked into a meeting with the Daily News editorial board and joined the ground-zero fray, calling for housing to be built on the site rather than offices and declaring that the city would be better off without Larry Silverstein there. "Butt Out, Larry," blared a headline in The News two days later.

Bloomberg's comments were unplanned, and they came as a shock to Silverstein and to Governor Pataki, who controls half of the Port Authority, the owner of the land, and was thus the lead politician at ground zero. The mayor's staff was less surprised: for months, he had privately been expressing concern about the site, which, for all of the post-9/11 urgency to rebuild, still hadn't been excavated. Only weeks earlier, the governor had scrapped two of the cultural institutions intended for the site after a number of the victims' families voiced concerns that they might mount exhibits that denigrate America. The foundation in

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charge of raising money for the memorial was several hundred million dollars shy of their estimated cost of $1 billion. “Things were getting out of hand,” Bloomberg told me, “and nobody had the courage to stand up and — well that’s a little bit self-serving — but nobody would stand up and say anything.”

Eight days before Bloomberg’s comments to The News, a Quinnipiac poll revealed that an overwhelming number of New Yorkers wanted the mayor, rather than the governor, to be in charge at ground zero. The World Trade Center site was obviously in chaos, but those sentiments seemed as much a measure of New York’s confidence in its mayor as they were an expression of frustration with the rebuilding process. That impression was confirmed less than a month after the poll was conducted, when the mayor was re-elected in a historic landslide.

Today, rumors persist that Bloomberg is considering running for president, his own coy protestations notwithstanding. (When I asked the mayor about this, he repeated his intentions to leave politics when his second term expires: “It’s very nice they play <object.title class="Movie" idsrc="nyt_ttl" value="21268">“Hail to the Chief” and that you have your own plane. For most people that’s a big deal, but it isn’t a big deal for me — no offense, I hope you have your own plane someday.”)</object.title>

Given how popular he has become, it’s easy to forget that only three years ago, Bloomberg’s approval ratings were hovering at 30 percent, the lowest of any New York mayor in decades. The prevailing perception was that he was completely divorced from the experiences of everyday New Yorkers, and yet just self-righteous enough to tell them what was in their best interests.

What accounts for this turnaround? The most obvious answer is circumstantial. When Bloomberg came into office, he inherited a $4 billion budget deficit — $1 billion less than his own personal fortune but nevertheless a staggering sum — and a local economy buffeted by Sept. 11. Economists were talking about the prospect of a fiscal crisis, and New Yorkers were imagining the rest: a return to the gritty, grimy 70’s. New York is now booming: during the fiscal year that ended on June 30, the city recorded a budget surplus of $3.7 billion. The $85 million that the mayor spent on his 2005 re-election campaign also, no doubt, helped burnish his image.

The mayor himself ascribes his newfound popularity to the fact that the city respects him for sticking to his beliefs. “I am adamantly pro-choice, I am pro-gay-rights and have said a thousand times that I don’t think it’s the government’s business who you marry, and yet I carried most Catholic communities,” Bloomberg told me, referring to his re-election. “And we carried the Upper West Side, an area where you’d never think in a million years a capitalist, running as a Republican, could win. That will be my legacy.”

Bloomberg and his staff like to talk about his refusal to pander, which isn’t to say that he isn’t happy to exploit his views for political gain. On the eve of the 2005 mayoral election, Bloomberg came out against the confirmation of Justice John Roberts, citing the possibility that he might vote to overturn Roe v. Wade, the landmark abortion-rights decision that the vast majority of New Yorkers support. And in New York, a city that likes its mayors combative, talking about your unwillingness to pander is its own form of pandering. That said, it is hard not to admire the political courage Bloomberg has displayed in championing unpopular causes like the smoking ban, which he pursued with the zeal of a modern-day prohibitionist. Nor is there much doubt that by virtually every measure, New York is a better place to live and work than when Bloomberg first took office — crime is down, the welfare rolls are shrinking, the city is experiencing a historic boom in construction.

The mayor has clearly settled into the job. He rarely flies off to Bermuda in his private jet for the weekend; instead he traverses the boroughs, marching in parades, visiting injured cops and attending funerals and weddings. He’ll occasionally manage to get in a round of golf at one of the private clubs he belongs to in Westchester or Long Island, but he also speaks with firsthand knowledge about the city’s public courses. During his first few years in office, he tended to avoid civic-association meetings whenever he could. He now seems to genuinely enjoy the feedback, and no complaint is too picayune to capture his interest. He’s a regular caller to 311, the hotline he created so New Yorkers could voice nonemergency concerns, identifying himself simply as “Bloomberg,” before reporting some unsightly graffiti or uncollected garbage.

Most of all, though, New York has gotten used to Bloomberg. New Yorkers have a unique personal relationship with their mayor. They expect him to be as much a mascot for the city, a personification of its particular spirit, as an executive. They want wisecracks, expressions of outrage, expressions of compassion, displays of emotion. These are not abundant in Bloomberg’s repertory. While he seems much looser speaking publicly than he did during his first years in office, the mayor can still sound like

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a substitute teacher trying to relate to his class, reminding students to get good grades and to swim only when lifeguards are on duty.

Not that the mayor notices. If Ed Koch, the archetype of the mayor as mascot, had an almost pathological need for affirmation, evidenced by his famous rhetorical refrain, "How am I doin'?" Bloomberg truly doesn't seem to care what people think of him. When Salomon Brothers was purchased in 1981, Bloomberg, who'd been with the firm for 15 years, was one of only a handful of partners fired rather than offered employment at the newly merged company, a seeming indignity that evidently didn't bother him in the least. The morning after his last day on the job, he started Bloomberg L.P., the eponymous media company that would make him one of the richest men in America.

Even when his poll numbers were in the tank, he rarely expressed anything approaching regret about having decided to go into politics. "There were days when I was furious about things that were written about me, I was furious about something I had said or about something that had happened, but I always get into bed and fall asleep instantly," the mayor says. "You've got to look forward. You've got to get on with it."

To date, only one building leveled on Sept. 11 has been rebuilt: 7 World Trade Center, a sleek, soaring pale glass tower just north of the site, and therefore just beyond the reach of the architect Daniel Libeskind's master plan. It is hard not to see the building as a 52-story monument to the triumph of the free market over big government. And yet that perception is complicated by the fact that the historic skyscraper, which opened with great fanfare last May, remains about half-empty.

Silverstein Properties is the owner of 7 W.T.C. and is one of its seven tenants, occupying the entire 38th floor. Rather than taking a space on the north side of the building, which offers sweeping views of the Manhattan skyline and the Hudson River, the head of the company, Larry Silverstein, chose to be on the less-scenic south side, where he could monitor the rebuilding on the World Trade Center site.

The 75-year-old Silverstein's relentless optimism has carried him through seven recessions and a few brushes with bankruptcy over the course of his long career. The son of a Russian-Jewish immigrant and Lower East Side real estate broker, Silverstein bought his first building on East 23rd Street in 1957, picked up some used fluorescent lights for the lobby, slapped a fresh coat of white paint on the dingy walls and raised the rent 10 cents a square foot. A career as a real estate developer was born. Until recently, Silverstein's crowning achievement was signing a 99-year lease for the World Trade Center with the Port Authority in July 2001. Now his sights are set on something much, much bigger: rebuilding ground zero.

The lone private developer in the tangle of interest groups at the site, Silverstein has come under frequent fire. While rescue workers were still sifting through the debris, Silverstein announced that he intended to move quickly on the rebuilding. Later, his decision to sue his insurers over their unwillingness to treat the attacks as two separate incidents cemented his reputation as the money- and power-hungry real estate developer who puts his own ambitions over the public good.

At moments, the attacks on Silverstein have been unusually nasty. Charles Gargano, the vice chairman of the Port Authority, called him "greedy." The Daily News ran a humor column parodying the developer: "Oy. . .you think it's easy counting all that insurance money?" Silverstein is unfazed by the criticism. "There are a lot of naysayers out there," he told me in his office recently, "and no shortage of people who would like to get their hands on one of these buildings. I heard that there were all kinds of developers talking to the mayor and governor, urging them to throw me out so they could come in."

Silverstein's immediate task is finding tenants for 7 World Trade Center, a job that has not been made any easier by the enduring physical reminders of the lack of progress at ground zero. On one side of the building sits the empty 16-acre plot; on another is the scarred, moldy shell of Manhattan Community College's Fiterman Hall, which was half-destroyed on 9/11 and remains untouched. But the rents at 7 W.T.C. are also high. Silverstein is asking for a little more than $50 a square foot, a steep sum when compared with the average price of $40 in most commercial buildings in Lower Manhattan, though still less than Midtown, where the going rate is $57.

Months before the building was completed, Bloomberg was concerned about Silverstein's failure to find tenants for 7 W.T.C., and what that failure said about the developer's ability to rebuild the World Trade Center site. The mayor and Silverstein have an odd relationship. Bloomberg is close to a number of the city's high-profile real estate developers, polished, sophisticated men who belong to the same social and philanthropic circles as he does. Silverstein, who may be the only person who calls Bloomberg <object.title class="Movie" idsrc="nyt_ttl" value="102216;136443">"Michael" — most people call him Mr. Mayor; his

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friends call him Mike — is cut from a very different cloth. The differences run deep. Bloomberg and Doctoroff, the former investment bankers, last year pressed Silverstein for cash-flow numbers proving that he had the funds to get all five towers built before he ran out of money. Silverstein hadn't figured everything out yet; he was relying instead on confidence and moxie, the stock in trade of real estate developers. </object.title>

Much as he would have liked to, Bloomberg couldn't throw Silverstein off the site. The best he could hope for was to get him to surrender some of his control over it. Toward that end, he withheld more than a billion dollars' worth of Liberty Bonds that the developer was counting on. His administration also commissioned an investment bank to scrutinize the economics of Silverstein's rebuilding plan and used every opportunity to publicly question the developer's ability to build the five towers slated for the site before he ran out of money.

The mayor's biggest obstacle to forcing Silverstein to cede some control was the governor. Pataki and Bloomberg had diametrically different priorities at ground zero. No matter what the mayor accomplishes in the rest of Lower Manhattan, his legacy will be bound up with whatever happens, or doesn't happen, on those 16 acres. The governor's final term was winding down, and as a likely presidential candidate for 2008, he was disproportionately invested in a single building, the symbolically resonant Freedom Tower. As long as it was rising toward the sky when he hit the campaign trail, Pataki could use ground zero to his political advantage. He had a compelling incentive not to lean on Silverstein, lest he wind up jeopardizing progress on the Freedom Tower. Pataki and the small coterie of old-fashioned political operatives who make up his inner circle were also worried, according to a former senior city official, that it might look as if the mayor were — as the governor put it — "riding in on a white horse" to rescue him. (Pataki's office denies that the governor said that.)

Last spring, however, the governor agreed to join the mayor's campaign against the developer. In April, Bloomberg, Pataki and the Port Authority presented Silverstein with a new deal and pressured him to take it. Silverstein, his back against the wall, agreed to what were, in the end, relatively modest concessions. He retained control over three of the five towers and will build a fourth, the Freedom Tower, before handing it off to the Port Authority.

From Bloomberg's perspective, though, it was a victory. Silverstein surrendered some of his power over ground zero — enough, the mayor says, to get the site built. If everything goes according to plan, Lower Manhattan, which is already encased in scaffolding, will soon be the site of the largest urban redevelopment project ever undertaken. Over the next five years, 11,000 construction workers are expected to pack into downtown Manhattan, pouring 1.6 million cubic yards of concrete and raising 350,000 tons of steel at a total cost of roughly $22 billion, more than half of which will be spent at ground zero.

Substantial questions remain, however, including the consent of several of Silverstein's insurers. Until a final agreement is signed, the negotiations are not over. As Bloomberg knows, getting anything accomplished in New York is difficult under the best of circumstances, and the Trade Center site poses unique challenges. Outside ground zero, the forces arrayed against the mayor, from resolute community activists to ambitious political adversaries, are also estimable. What's more, the culture of preservation has strong roots in New York. While no one disputes that the city needs to adapt and grow, the handful of attempts to significantly alter the cityscape in the past half-century — the twin towers among them — have only vindicated opponents of large-scale urban planning.

In June, when I was riding uptown with the mayor to tour a newly renovated affordable-housing complex in the Bronx, I asked him what he thought was going to happen at ground zero. "There will be continuing problems — yelling and screaming — but we'll get it done," he answered. He paused for a moment, as he gazed out the window of his S.U.V. at Van Cortlandt Park, where he won a controversial battle a few years ago to bury a water-filtration plant beneath the park's golf course. "It ain't easy," he went on to say. "If you want to get something done, you bring in one person and give him power. But the days of Robert Moses are gone."

Feds Tight-lipped On Local 9/11 Ties (PALMBEACHP)

By Eliot Kleinberg, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 10, 2006

DELRAY BEACH — On July 5, 2001, a Delray Beach police officer pulled over a motorist for speeding. He let the man go with a warning. The pre-printed caution on it read in part: "Take a minute and consider how your careless driving affects the

people you share these streets with and try to help make our streets a safer place to be." Nine weeks later, the motorist, Mohamed Atta, helped pilot American Airlines Flight 11 into the north tower of the World Trade Center.

For South Florida, the horror of Sept. 11 was compounded by the realization that at least 15 of the 19 hijackers were at one point living in the region — 12 of them in Palm Beach County.

But we know little more than that.

The federal government has told what it learned about the movements of the 19 hijackers in Hamburg, Germany; in San Diego; and in Maine. But not what they were doing here.

Terrorists rented apartments and hotel rooms, opened bank accounts, rented cars. Several had arrest warrants for traffic violations. They took flying lessons in at least six Florida cities. They took in naked lap dancers, intimidated hotel maids, gave waitresses lousy tips and argued with bar managers. They went on the Internet in a city library. And one quizzed a pharmacist about how to relieve mysteriously irritated hands.

But people who were interviewed when FBI agents swarmed across South Florida in the days following the attacks said in recent weeks that, if the investigation is ongoing, it's news to them. They said no one has contacted them since a few weeks after the attacks.

The exception: Willie Lee, manager of a crop-dusting outfit in Belle Glade that authorities said Atta checked out. He said investigators contacted him about eight months ago.

"They wanted to know if I'd noticed anything or seen anything suspicious," Lee said. "I haven't seen nothing."

The U.S. Justice Department, parent agency of the FBI, has rejected three separate attempts by The Palm Beach Post to obtain documents under the federal Freedom of Information Act — in October 2001, November 2004 and May 2006. An appeal of the 2001 rejection was denied; the appeal of the 2006 rejection is pending.

Justice was not the only federal agency queried. Wanting to cover all possibilities, The Post submitted requests to more than 75 entities, from Amtrak to the Peace Corps to the State Department.

Many took months or even years to process inquiries — one responded to an October 2001 request in July of this year — often blaming delays on disruption of mail service because of the anthrax attacks. The majority of agencies released a few pages, nearly all of them already public, including news clippings, or said they had no documents related to the investigation, or said they'd turned over what they did have to Justice.

Justice, in denying the requests, said documents are part of an ongoing investigation. In interviews, Justice Department spokesmen have refused to comment, saying again Friday that the refusals speak for themselves.

Spokesmen for Delray Beach, Boynton Beach and Boca Raton police said that as far as they knew, their agencies had no contact from federal agents since soon after Sept. 11. Palm Beach County sheriff's spokesman Paul Miller said he couldn't comment.

Groups advocating open records say they have a hard time accepting the "ongoing investigation" argument five years after the hijackers' dramatic deaths and with little evidence that investigators are currently doing anything in South Florida. In addition, some material was introduced in the trial of 9/11 conspirator Zacarias Moussaoui and then released this summer.

The Reporters Committee for Freedom of the Press was instrumental in the release of many of those court documents.

"After five years, knowing some of this information was released and some of it was in the Moussaoui trial, their assertion that there's an ongoing investigation and for that reason they want to keep it (the South Florida angle) secret, their justification seems a little thin," committee Executive Director Lucy Dalglish said.

The Moussaoui trial produced the largest trove of government documents about the hijackers' South Florida movements.

When the long-awaited 9/11 Commission report came out in July 2004, it gave scant attention.

And a 900-page report issued in July 2003 by a joint congressional inquiry has only a single mention: Atta's inquiry at Belle Glade.

The leaders of that 2003 inquiry were U.S. Rep. Porter Goss, R-Sanibel, later head of the CIA; and now-retired U.S. Sen. Bob Graham, D-Fla. Graham recalled pressing the FBI on certain aspects of the investigation it was keeping secret.

"They said, 'We're not going to tell you anything,' " Graham said last month.

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"The White House has put the clamps on the FBI for reasons that I could speculate upon, but it will probably take a different administration, who's more willing to let access to information become public, before we'll really know the reasons," Graham said.

U.S. Rep. Mark Foley, R-Fort Pierce, is more circumspect.

"Obviously we're still trying to uncover operations. I almost want to err on the side of caution to the government," Foley said last month. But, he said, "I don't see why they can't give us some data. I've always been one for more disclosure. But I don't, at the same time, want to second-guess FBI methodology if they're actually on to something."

Intelligence Suggests Terrorists Conduct Surveillance On Ferries (MCT)

By Les Blumenthal

McClatchy Newspapers, September 10, 2006

WASHINGTON - It could be a bomb stuffed in a car or truck or strapped around the waist of a suicide bomber. It could be a small boat filled with high explosives approaching, like the one that attacked the guided-missile destroyer USS Cole in Yemen six years ago. Or it could be a small plane packed with explosives diving out of the sky.

Or terrorists might simply hijack one of Washington state's jumbo ferries with 2,500 people on board and aim it at the Puget Sound Naval Shipyard in Bremerton, which overhauls nuclear aircraft carriers and Trident nuclear submarines.

Although security has improved dramatically since the terrorist attacks of Sept. 11, 2001, the ferries plying the waters of Puget Sound remain vulnerable, and intelligence suggests that terrorists are conducting surveillance and the ferries could be a target.

FBI and homeland security officials said no terrorist plots had been uncovered, but in the three years after Sept. 11, the FBI reviewed 157 "suspicious incidents" involving the Washington state ferry system, the nation's largest. Of those, seven were classified as having an "extremely" high likelihood of being pre-operational planning, 11 were classified as a "high" likelihood and 49 as "medium," according to briefing documents provided in late August to members of the House Homeland Security Committee.

"Intelligence suggests that WSF (the Washington state ferry system) is being monitored and may be a potential terrorist target," according to the documents, which were marked as sensitive but not classified. "Attacks on mass transit systems are increasingly terrorists' choice."

As for who's conducting the surveillance, the documents said, "The subjects involved in suspicious activities were associated with FBI terrorism investigations."

Some of these figures were reported previously by the Seattle Post-Intelligencer and the Seattle Times, but documents obtained by McClatchy Newspapers provided additional details on the number of incidents that involved possible terrorist planning and potential ties to other FBI terrorism investigations

From spring 2004 to fall 2005, there were 247 suspicious incidents, said Ted Turner, a supervisory intelligence analyst at the FBI office in Seattle. The FBI thinks the increase is due to better reporting by ferry system personnel, the Washington State Patrol - which handles ferry security along with the Coast Guard - and from the general public riding the ferries.

Suspicious activity sometimes may involve a tourist taking pictures or asking out-of-the-ordinary questions, but the incidents that attracted attention from the FBI and other investigators "involved behavior out of the mainstream for either tourists or commuters," Turner said. He wouldn't elaborate.

"There is ongoing suspicious activity continuing to this date," said Coast Guard Lt. Mark Kneeland, who's involved in the Coast Guard's effort to protect the ferries.

However, Turner said, "We have not, after four years, been able to link a suspicious incident to a plan or terrorist group."

"We do not posses any specific or credible information indicating any threat to the Washington state ferry system," said Kirk Whitworth, of the Homeland Security Department.

The state's 28 ferries carry 26 million passengers and 11 million vehicles a year. The ferries make 500 trips a day on 20 different routes carrying commuters across Puget Sound and passengers to islands, such as Vashon or the San Juans, that are accessible only by boat. Alaska and New York also operate ferry systems, but Washington's is the biggest.

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Before Sept. 11, the Washington ferry system's most pressing security issues focused on petty crime. Now they're all about terrorism.

"The worst-case scenario is a large truck bomb," Washington State Patrol Lt. Travis Matheson said. But he said attacks could come from the air, the sea or a passenger with a homemade bomb. "The ferries are considered very high risk and they are difficult to protect."

As with subways or other mass-transit systems, it would be impractical to search every passenger or vehicle coming aboard. The Washington State Patrol uses bomb-sniffing dogs to check vehicles that are waiting to board, and undercover troopers randomly ride the ferries.

Access to a ferry's pilot house, which once involved little more than a chain across a ladder with a sign saying "Authorized personnel," has been restricted.

Members of a highly trained Coast Guard Marine Safety and Security Team stationed in Seattle escort ferries in 25-foot boats to enforce a 500-yard security zone. The escorts are random, though on days when there's a big event such as a football game in downtown Seattle, the number of escorts is increased.

"We can't escort every ferry," said Coast Guard Cmdr. Leonard Tumbarello in Seattle. "We try to be random to keep whoever is watching in the dark."

Ferry system personnel have received training in spotting potential security problems, and each ferry is supposed to have a security plan.

The Coast Guard, the Washington State Patrol and other law enforcement agencies participate in training exercises involving ferries. In an exercise scheduled for next Sunday, SWAT teams will board a ferry hijacked by fictitious terrorists. The SWAT team members will board the ferry, which has been taken out of service and won't carry passengers, from other boats or by rappelling from helicopters to the deck. They also will use robots to search for bombs.

Officials know there's no way they can eliminate the risk of a terrorist attack on the ferries.

"Our goal," said Seattle Coast Guard Lt. Cmdr. Josh Reynolds, "is to harden the target enough to make the ferries a less attractive target and the terrorists go somewhere else."

Washington Sen. Patty Murray, a Democrat, rides the ferries almost every weekend to her home on Whidbey Island. She said security had increased but that there was no way to make riding a ferry risk-free.

"We're making progress, but it is a tough balancing act," Murray said. "If we started searching every vehicle it would bring the system to a standstill. We can't guarantee anyone's safety 100 percent anywhere in the nation, but we are making progress."

Rep. Norm Dicks, D-Wash., agreed.

"The threat is real and we need to take it seriously," he said. "If we went to an airport-type security approach it would break the (ferry) system. Everyone has to assume some risk."

More Muslims Arrive In U.S., After 9/11 Dip (NYT)

By Andrea Elliott

The New York Times, September 10, 2006

America's newest Muslims arrive in the afternoon crunch at John F. Kennedy International Airport. Their planes land from Dubai, Casablanca and Karachi. They stand in line, clasping documents. They emerge, sometimes hours later, steering their carts toward a flock of relatives, a stream of cabs, a new life.

This was the path for Nur Fatima, a Pakistani woman who moved to Brooklyn six months ago and promptly shed her hijab. Through the same doors walked Nora Elhainy, a Moroccan who sells electronics in Queens, and Ahmed Youssef, an Egyptian who settled in Jersey City, where he gives the call to prayer at a palatial mosque.

"I got freedom in this country," said Ms. Fatima, 25. "Freedom of everything. Freedom of thought."

The events of Sept. 11 transformed life for Muslims in the United States, and the flow of immigrants from countries like Egypt, Pakistan and Morocco thinned sharply.

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But five years later, as the United States wrestles with questions of terrorism, civil liberties and immigration control, Muslims appear to be moving here again in surprising numbers, according to statistics collected by the Department of Homeland Security and the Census Bureau.

Immigrants from predominantly Muslim countries in the Middle East, North Africa and Asia are planting new roots in states from Virginia to Texas to California.

In 2005, more people from Muslim countries became legal permanent United States residents — nearly 96,000 — than in any year in the previous two decades.

More than 40,000 of them were admitted last year, the highest annual number since the terrorist attacks, according to data on 22 countries provided by the Department of Homeland Security.

Many have made the journey unbowed by tales of immigrant hardship, and despite their own opposition to American policy in the Middle East. They come seeking the same promise that has drawn foreigners to the United States for many decades, according to a range of experts and immigrants: economic opportunity and political freedom.

Those lures, both powerful and familiar, have been enough to conquer fears that America is an inhospitable place for Muslims.

"America has always been the promised land for Muslims and non-Muslims," said Behzad Yaghmaian, an Iranian exile and author of "Embracing the Infidel: Stories of Muslim Migrants on the Journey West." "Despite Muslims' opposition to America's foreign policy, they still come here because the United States offers what they're missing at home."

For Ms. Fatima, it was the freedom to dress as she chose and work as a security guard. For Mr. Youssef, it was the chance to earn a master's degree.

He came in spite of the deep misgivings that he and many other Egyptians have about the war in Iraq and the Bush administration. In America, he said, one needs to distinguish between the government and the people.

"Who am I dealing with, Bush or the American public?" he said. "Am I dealing with my future in Egypt or my future here?"

Muslims have been settling in the United States in significant numbers since the mid-1960's, after immigration quotas that favored Eastern Europeans were lifted. Spacious mosques opened in Chicago, Los Angeles and New York as a new, highly educated Muslim population took hold.

Over the next three decades, the story of Muslim migration to the United States was marked by growth and prosperity. A larger percentage of immigrants from Muslim countries have graduate degrees than other American residents, and their average salary is about 20 percent higher, according to census data.

But Sept. 11 altered the course of Muslim life in America. Mosques were vandalized. Hate crimes rose. Deportation proceedings began against thousands of men.

Some Muslims changed their names to avoid job discrimination, making Mohammed "Moe," and Osama "Sam." Scores of families left for Canada.

Yet this period also produced something strikingly positive, in the eyes of many Muslims: they began to mobilize politically and socially. Across the country, grass-roots groups expanded to educate Muslims on civil rights, register them to vote and lobby against new federal policies such as the Patriot Act.

"There was the option of becoming introverted or extroverted," said Agha Saeed, national chairman of the American Muslim Task Force on Civil Rights and Elections, an umbrella organization in Newark, Calif. "We became extroverted."

In some ways, new Muslim immigrants may be better off in the post-9/11 America they encounter today, say Muslim leaders: Islamic centers are more organized, and resources like English instruction and free legal help are more accessible.

But outside these newly organized mosques, life remains strained for many Muslims. To avoid taunts, women are often warned not to wear head scarves in public, as was Rubab Razvi, 21, a Pakistani who arrived in Brooklyn nine months ago. (She ignored the advice, even though people stare at her on the bus, she said.) Muslims continue to endure long waits at airports, where they are often tagged for questioning.

To some longtime immigrants, the life embraced by newcomers will never compare to the peaceful era that came before.

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"They haven't seen the America pre-9/11," said Khwaja Mizan Hassan, 42, who left Bangladesh 30 years ago. He rose to become the president of Jamaica Muslim Center, a mosque in Queens, and has a comfortable job with the New York City Department of Probation.

But after Sept. 11, he was stopped at Kennedy Airport because his name matched one on a watch list.

A Drop, Then a Surge

Up to six million Muslims live in the United States, by some estimates. While the Census Bureau and the Department of Homeland Security do not track religion, both provide statistics on immigrants from predominantly Muslim countries. It is presumed that many of these immigrants are Muslim, but people of other faiths, such as Iraqi Chaldeans and Egyptian Copts, have also come in appreciable numbers.

Immigration from these regions slowed considerably after Sept. 11. Fewer people were issued green cards and nonimmigrant visas. By 2003, the number of immigrants arriving from 22 Muslim countries had declined by more than a third. For students, tourists and other nonimmigrants from these countries, the drop was even more dramatic, with total visits down by nearly half.

The falloff affected immigrants from across the post-9/11 world as America tightened its borders, but it was most pronounced among those moving here from Pakistan, Morocco, Iran and other Muslim nations.

Several factors might explain the drop: more visa applications were rejected due to heightened security procedures, said officials at the State Department and Department of Homeland Security; and fewer people applied for visas.

But starting in 2004, the numbers rebounded. The tally of people coming to live in the United States from Bangladesh, Turkey, Algeria and other Muslim countries rose by 20 percent, according to an analysis of Census Bureau data.

The uptick was also notable among foreigners with nonimmigrant visas. More than 55,000 Indonesians, for instance, were issued those visas last year, compared with roughly 36,000 in 2002.

The rise does not reflect relaxed security measures, but a higher number of visa applications and greater efficiency in processing them, said Chris Bentley, a spokesman for United States Citizenship and Immigration Services, part of Homeland Security.

Like other immigrants, Muslims find their way to the United States in myriad ways: they come as refugees, or as students and tourists. Others arrive with immigrant visas secured by relatives here. A lucky few win the green-card lottery.

Ahmed Youssef, 29, never thought he would be among the winners. But in 2003, Mr. Youssef, who taught Arabic in Egypt, was one of 50,000 people randomly chosen from 9.5 million applicants around the world.

As he prepared to leave Benha, a city north of Cairo, some friends asked him how he could move to a country that is "killing people in Iraq and Afghanistan," he recalled. But others who had been to the United States encouraged him to go.

He arrived in May 2005, and he found work loading hot dog carts from sunrise to sundown. He shared an apartment in Washington Heights with other Egyptians, but for the first month, he never saw his neighborhood in daylight.

"I joked to my roommates, 'When am I going to see America?' " said Mr. Youssef, a slight man with thinning black hair and an easy smile.

Only three months later, when he began selling hot dogs on Seventh Avenue, did Mr. Youssef discover his new country.

He missed hearing the call to prayer, and thought nothing of unrolling his prayer rug beside his cart until other vendors warned him against it. He could be mistaken for an extremist, they told him.

Eventually, Mr. Youssef found a job as the secretary of the Islamic Center of Jersey City. He plans to apply to a master's program at Columbia University, specializing in Arabic. For now, he lives in a spare room above the mosque. Near his bed, he keeps a daily log of his prayers. If he makes them on time, he writes "Correct" in Arabic. "I am much better off here than selling hot dogs," he said.

Awash in American Flags

Nur Fatima landed in Midwood, Brooklyn, at a propitious time. Had she come three years earlier, she would have seen a neighborhood in crisis.

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Hundreds of Pakistani immigrants disappeared after being asked to register with the government. Thirty shops closed along a stretch of Coney Island Avenue known as Little Pakistan. The number of new Urdu-speaking pupils at the local elementary school, Public School 217, dropped by half in the 2002-3 school year.

But then Little Pakistan got organized. A local businessman, Moe Razvi, converted a former antique store into a community center offering legal advice, computer classes and English instruction. Local Muslim leaders began meeting with federal agents to soothe relations.

The annual Pakistan Independence Day parade is now awash in American flags.

It is a transformation seen in Muslim immigrant communities around the nation.

"They have to prove that they are living here as Muslim Americans rather than living as Pakistanis and Egyptians and other nationalities," said Zahid H. Bukhari, the director of the American Muslim Studies Program at Georgetown University.

Ms. Fatima arrived in Brooklyn from Pakistan in March with an immigrant visa. She began by taking English classes at Mr. Razvi's center, the Council of Peoples Organization.

She has heard stories of the neighborhood's former plight but sees a different picture.

"This is a land of opportunity," Ms. Fatima said. "There is equality for everyone."

Five days after she came to Brooklyn, Ms. Fatima removed her head scarf, which she had been wearing since she was 10. She began to change her thinking, she said: She liked living in a country where people respected the privacy of others and did not interfere with their religious or social choices.

"I came to the United States because I want to improve myself," she said. "This is a second birth for me."

New College Program Brings Saudis To U.S. (WT/AP)

By Garance Burke, Associated Press

The Washington Times, September 10, 2006

MANHATTAN, Kan. -- Thousands of students from Saudi Arabia are enrolling on college campuses across the United States this semester under a new educational exchange program brokered by President Bush and Saudi King Abdullah.

The program will quintuple the number of Saudi students and scholars in the United States by the academic year's end. And big, public universities from Florida to Oregon are in a fierce competition for their tuition dollars.

The kingdom's royal family -- which is paying full scholarships for most of the 15,000 students -- says the program will help stem unrest at home by schooling the country's brightest in the American tradition. The State Department sees the exchange as a way to build ties with future Saudi leaders and young scholars at a time of unsteady relations with the Muslim world.

But some officials say efforts to fast-track educational diplomacy with Saudi Arabia could use additional scrutiny. Clark Kent Ervin, a former inspector general of the Department of Homeland Security (DHS), said the U.S. government has yet to ensure proper safeguards are in place to do effective background checks on all applicants.

Administrators at Kansas State University, an agricultural school surrounded by miles of prairie grass, say the scholarships are a bonanza for public education.

"The Saudi scholarship program has definitely heightened our interest in that part of the world," said Kenneth Holland, associate provost for international programs. "Not only are the students fully funded, but they're also paying out-of-state tuition."

Kansas State administrators say common misperceptions about the oil-rich nation make it crucial to create a tolerant environment for Arab and Muslim students, who have been singled out for scrutiny since the September 11 attacks.

Before then, Saudi visa applicants were allowed to bypass the U.S. Embassy in Riyadh by submitting their applications to preapproved travel agencies, which forwarded them onto the consulate for approval or rejection. Three of the 15 Saudi September 11 hijackers used that program, dubbed "Visa Express," to enter the United States.

"Since then, everything has changed," Saudi Embassy spokesman Nail Al-Jubeir said. "There are long lines to wait for a visa. Once they get in to a university here, they are checked and rechecked."

In 2002, Congress mandated that the DHS create the "Visa Security Officer" program in consular offices in Saudi Arabia.

That would bump up security by allowing counterterrorism officials to check visa applications against lists of known or suspected terrorists, Mr. Ervin said.

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That same year, Congress also instituted the Student and Exchange Visitor Information System, or SEVIS, which monitors all foreign students' activities -- including where they live, whether they go to class and whether they finish their studies.

All foreign students are tracked on that program, which Mr. Holland said made him feel "very comfortable."

Kansas State boosted efforts to court Saudi officials in the past year, flying administrators and department heads to the Saudi Embassy in Washington. It's paid off: Last month about 150 Saudi students started classes there, each funded to the tune of about $31,000.

Mr. Al-Jubeir said 90 percent of the Saudi students the State Department has registered for the fall semester in the United States also will get such scholarships.

"This is a critically important bilateral relationship," said Tom Farrell, a deputy assistant secretary for academic programs at the State Department. "It's an opportunity to increase understanding of Saudi Arabia for the United States and of the United States for Saudi Arabia."

As Kansas State students enjoy a string of home football games this month, they also are preparing for the campus' first celebration of Ramadan, the Muslim holy month.

"We really want to make this special. We're going to truck in halal food from Kansas City," Mr. Holland said. "The Saudi government is trying to place the students in a variety of institutions across the country, but where you get the competitive advantage is how you treat the students when they get here."

Marwan Al-Kadi, who was active in the Muslim student association while he studied industrial engineering at Kansas State, said efforts to raise awareness about religious diversity have helped the new influx of students feel comfortable.

"Sometimes people ask me if I ride a camel to campus. They don't even realize how many cities we have in Saudi Arabia," Mr. Al-Kadi said. "I want to use the education to go back and work for my father's company."

Allan Goodman, president and chief executive officer of the Institute of International Education in New York, said the new bilateral agreement is a "tremendously positive" step toward person-to-person diplomacy.

"These 15,000 students will really jump-start education, and that will be a great addition to the kingdom," Mr. Goodman said. "At its base, it's about mutual understanding."

Man Arrested In Airport Knife Scare (AP)

AP, September 10, 2006

A man with a one-way ticket to Yemen attempted to board a plane with a knife hidden in a book, authorities said.

Mohammed Ghanem, 21, of Hamtramck, was jailed Saturday on $500,000 after being arraigned on a charge of possessing a weapon in the sterile area of an airport.

Ghanem was arrested Thursday at Detroit Metropolitan Airport after Transportation Security Administration officers detected the knife "artfully concealed" in the book, airport spokesman Michael Conway said.

Someone had carved out the inside of the book and placed the knife inside it, said Ghanem's attorney, Nabih Ayad.

"He said he didn't know where the knife came from," Ayad told the Detroit Free Press.

If convicted, he faces up to 10 years in prison.

Ghanem was born in Yemen, a republic bordering Saudi Arabia whose 18 million residents are primarily Muslim. He is now a legal permanent resident of the United States and was returning to Yemen to get married, Ayad said.

Ghanem works as a busboy and lives in Hamtramck with family members, but he had a one-way ticket to Yemen, authorities said.

A Ban On Carry-On Luggage (NYT)

The New York Times, September 10, 2006

In a directive whose logic is not always apparent, the Transportation Security Administration has spelled out what airline passengers can carry on board with them, what must be placed in checked luggage, and what can't go on the plane at all. Knives must be checked but knitting needles and corkscrews are allowed in the cabin. Up to four ounces of eye drops can be carried aboard, with fingers crossed that multiple terrorists won't combine their allotments to exceed the limit. Laptops, digital cameras, mobile phones and other electronic devices are permitted, so never mind any warnings you've heard that they could be

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used to trigger a bomb. The bomb ingredients themselves, notably liquid explosives, will be kept out of the cabin by a ban on liquids, gels and lotions, except for small amounts of baby formula and medications.

The ban on liquids surely makes sense given the lack of a reliable, efficient way to detect liquid explosives on the passenger screening line. But the other fine distinctions in this directive make us think the best approach would be a ban on virtually all carry-on items, or at least a limit of one small personal bag per passenger to tote travel documents, keys, vital medications, reading materials and any other minimal items that are allowed.

There's a lot to be said for a drastic reduction in what can be carried aboard. Passenger security lines would move faster if there were little or nothing for the screeners to screen. Passengers could be boarded faster and more comfortably if they weren't clogging the aisles while stuffing bags in the overhead bins. Most important, security would probably be enhanced. If a terrorist somehow slipped onto your flight, he wouldn't have bomb materials with him, or much of anything else for that matter. And his bags would get tougher scrutiny because the machines that screen checked luggage are said to be better at detecting explosives and other dangerous materials than the metal detectors and X-ray machines used for screening passengers and their carry-on bags.

The chief downside, from a security standpoint, is that a greater burden would be placed on the lines that screen checked baggage, which in some airports are already overstretched. That raises the risk that screeners will rush checked bags through with inadequate scrutiny of the images of their contents, or that bags will back up and flights will be delayed to wait for them to be loaded. Still, that should not be a problem beyond the ingenuity of aviation planners. The handful of airports that already have big explosive-detection machines integrated into their baggage conveyor systems ought to be able to handle the load easily.

When we raised the possibility of a ban on most carry-on items a month ago, there was a chorus of complaints from travelers who count on using their laptops during the flight; or fear that valuable electronic devices might be lost, broken or stolen if checked; or resent long waits after a flight to get their checked bags. Some travelers have already shifted to trains or automobiles for short trips and more will do so if the inconvenience mounts. These are not trivial issues. Airlines, already financially strapped, depend on business fliers who are the most likely to object to a change in the rules.

Airlines could head off some of these problems by, for example, storing valuable electronic devices in locked overhead bins where they can't easily be stolen, and hiring more baggage handlers to unload planes rapidly. Separating people from their laptops during flights would be painful, although some people could surely use the time to go over reading material, or even revert to pen and paper.

A ban on most carry-on items need not be permanent. Technologies that could screen passengers and their carry-on bags rapidly to detect known dangerous materials are under development, but it is uncertain when they might be ready. Even then, sophisticated terrorists will always look for new tactics to evade detection. For now, the surest way to keep dangerous materials out of the cabin is to keep virtually all materials out of the cabin.

Louisiana, FEMA In Fight Over Storm Funds` (BRADV)

By Sandy Davis, Advocate Staff Writer

Baton Rouge Advocate, September 10, 2006

Feds want money — now — but state wants to do audit

FEMA is lowering the boom on Louisiana for refusing to pay its $338 million share of a federal program that bought goods and services ranging from chainsaws to dental care for hurricane victims.

On July 22, FEMA started assessing interest of $14,308.22 for each day the state doesn't pay. If the bill isn't paid by Oct. 20, FEMA will add penalties — retroactive to July 22 — of $55,723.11 per day.

Louisiana's legislative auditor claims FEMA hasn't provided enough information to allow the state to determine whether the money was spent on legitimate needs for people who truly were victims. The Legislative Auditor's Office notes that state lawmakers passed a measure requiring such a review before FEMA is paid.

"Nothing has been paid on any of the bills," said Daryl Purpera, assistant legislative auditor and director of the Compliance Audit Division. "They can't be paid until the audit is complete."

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But the Federal Emergency Management Agency insists that under an agreement with Louisiana, the state has no right to audit the federal payments and notes it recently gave the legislative auditor more specific billing information.

FEMA's chief financial officer, Margaret Young, laid out the consequences of nonpayment in an Aug. 22 letter to state Attorney General Charles Foti. Young said the state can't appeal the decision, adding that FEMA expects "a prompt remittance" of the payment.

She also pointed out that the state owes an additional $32 million for its share of Other Needs Assistance Program payments made by FEMA in May and June. That bill, which was due Sept. 6, has not been paid.

FEMA started billing Louisiana in December for the state's 25 percent share of the $1.3 billion FEMA paid to victims of hurricanes Rita and Katrina under the program.

"Other needs" include chain saws, generators, burials, cars, health care, dental care, furniture and anything else victims of a catastrophe might require.

State lawmakers approved nearly $500 million to cover the bills, said Legislative Auditor Steve Theriot, but set the money aside in a separate fund until the audit is completed.

"Our biggest problem was we wanted to know whether we were reimbursing FEMA for fraudulent benefits they may have paid," he said. "And FEMA wasn't sending us detailed information we could use for an audit."

In her letter to Foti, Young says the state has no "entitlement" to audit FEMA. She also insists FEMA "is actively assessing whether improper payments have occurred" and is taking steps to recoup any such money.

Every state facing a disaster has the option of administering the Other Needs Assistance Program itself or having FEMA administer it for the state.

"We chose a number of years ago to allow the feds to distribute these funds on behalf of the state," Theriot said. "Quite frankly, because of the enormity of this disaster, it would have been difficult had the state undertaken it on its own. Just to get the staffing to do it would have been an enormous task."

Young cites that decision by the state in demanding immediate payment.

"FEMA did not obligate itself to cover 100 percent of payments made in error," she wrote, "nor to pay 100 percent of all payments until such time as the state agrees to every payment."

Louisiana has been given extensions on due dates, but those have expired, Young wrote.

She said other states affected by the hurricanes have not been given extensions, and interest and penalties were not waived for them.

"Mississippi has paid its share plus accrued interest, and Alabama paid its portion prior to interest accruing," she wrote.

While FEMA said the state has no right to audit it, about two weeks ago the agency gave state auditors access to its National Emergency Management Information System, which contains some information on people who received assistance.

Purpera said the state is doing a "sample audit" with the new information.

"We will use a selected sample of items paid by FEMA and verify the eligibility of those payments and the residency of the occupants who received the money and things like that," he said. "In some cases, we'll have to go to the clerk's office to confirm who was living at an address. It's a very manual and tedious job."

He said about 25 state auditors worked through Labor Day weekend hurrying to complete the process. He said the job might be finished later this week.

"We have every intention of meeting the Oct. 20 deadline," he said.

In the dark

In the days before the storm, Theriot said, a flurry of documents were signed between state officials and FEMA. One is simply known as the FEMA/State agreement, which allowed FEMA to administer the Other Needs Program.

That document was signed by the governor, and Theriot has reviewed that agreement. But attachments to the agreement also contain critical information, he said.

"One of the attachments, which we think is Attachment D, contained the agreed-upon prices for goods," Theriot said. "I think it's a standardized agreement that FEMA has used in other disasters. We also believe there are other addendums and revisions that were made to that agreement."

But Attachment D is missing, along with the other addendums.

"We've asked FEMA and our state officials for them," Theriot said." So far, we've gotten nothing."

Who signed Attachment D and the addendums?

"We're still asking that question," Theriot said. "We just can't get our hands on them."

The information in those documents is crucial, he said.

"We need to know what the state agreed to pay and how much they agreed to pay," he said. "We don't want to pay the proverbial $300 for a hammer."

For example, Theriot said, FEMA paid some victims for automobiles that were uninsured and reportedly destroyed in the storm.

"We've been told FEMA paid up to $4,500 for automobiles," he said. "We have no idea what criteria they were using to reimburse people. Were these people Louisiana residents and taxpayers? And did they really own an automobile that was registered in the state before the storm? And was it destroyed?"

Stories about reimbursements for generators have made their way back to the auditor's office.

"Again, because we have no paperwork, we don't know what happened. But we've been told that FEMA paid about $791 for each generator," Theriot said.

One person may have paid $300 for a generator, he noted, and another $500.

"Let's say the person who spent $500 on the generator sent FEMA a receipt for it," Theriot said. "FEMA would have sent them $500. But the person who bought the $300 generator didn't produce a receipt. So FEMA apparently paid them $791 because that's what FEMA paid for generators."

In many cases, Theriot said, FEMA got rid of receipts, an action that causes auditors to shudder.

At the very least, Theriot said, he wants the document that shows the state agreed to pay $791 for generators.

And then there's furniture, kitchen appliances and even beds that FEMA apparently purchased for victims.

"We've been told FEMA bought things like beds and bedding," Theriot said.

Theriot notes agencies such as the Red Cross gave people beds and bedding. One of FEMA's mandated jobs, he said, was to coordinate with relief agencies.

"FEMA is supposed to ensure that people do not double dip," Theriot said. "But because of the magnitude of this disaster, I don't think FEMA was able to coordinate these efforts very well."

Emotions have run high as the federal and state agencies try to piece together what should have been paid, he said.

"It's been frustrating for FEMA and it's been frustrating for us because this event is unprecedented in size," Theriot said. "The amount of individual assistance paid was unprecedented. But we do know some of it was necessary because of the broad breadth of destruction that occurred here. But the question is how much."

FEMA claims no other state has tried to make the agency prove the benefits it paid were legitimate, Theriot said.

"They're upset with us because we're asking for so much proof about what they paid," he said.

But the state's share is likewise an unprecedented amount, Theriot said.

"We want to see receipts, dates of things and verify victims' residencies," he said. "That's a key factor. We want to make sure they were occupying a home in the disaster area. We want to verify they had a loss. We want to make sure the money wasn't going to prison inmates. We want to make sure the recipients were alive."

No regrets

Several state legislators say they stand by their decision to request the audit even though FEMA is charging them more than $14,000 a day in interest.

State Rep. John A. Alario Jr., D-Westwego and chairman of the House Appropriations Committee, said the state deserves an explanation from FEMA.

"What happened is FEMA simply sent us a two-page bill that looks like a light bill with a coupon on the bottom," he said. "And it was for $139 million."

He said FEMA "doesn't need to get upset" because the state hasn't paid the bills.

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"All FEMA needs to do is tell us what they spent the money on," he said. "I hope they didn't just pull it out and say, 'We're going to bill them $500 million.' I hope they have some backup documents that show how they spent it."

Alario said he is not concerned that FEMA is charging the state interest.

"I'm sure our treasurer invested the money we set aside for paying these bills," he said. "It will be interesting to see how much we've earned on our money. Hopefully, it will offset what FEMA is charging us."

Sen. Francis C. Heitmeier, D-New Orleans and chairman of the Senate Finance Committee, said FEMA should have provided itemized statements with the bills.

"Those bills were crazy," Heitmeier said. "I don't believe that FEMA would have paid a bill if we had sent them a bill like we were receiving."

He said he knows that FEMA is upset with the state over its refusal to pay until the audit is complete.

"FEMA was getting mad, and we're sorry," Heitmeier said. "We're not trying to jack FEMA around. We need them to help us, but we can't write checks until we know what we're paying for. We're accountable to our taxpayers for every penny we spend."

State Rep. Don Cazayoux, D-New Roads, said legislators were concerned that FEMA might have problems with "accounting and checks and balances."

"It wasn't a punitive idea," Cazayoux said of asking for the audit. "We're happy that FEMA has done as much for Louisiana as they have. But we still want to make sure that our percentage of those expenses were prudent expenses."

He said he isn't surprised auditors had a hard time getting detailed information from FEMA.

"FEMA operates off of different rules than everyone else," he said. "I didn't expect it to be easy."

Plan For Rebuilding Coast To Be Ready In November (NOTP)

By Mark Schleifstein, Staff Writer

New Orleans Times-Picayune, September 10, 2006

State draft to be sent to engineering corps

BATON ROUGE -- State officials said Friday that they are on schedule for a Nov. 20 release of a draft of the Louisiana Comprehensive Coastal Protection Master Plan, which will include two alternative combinations of higher levees and gates, and wetland and barrier island restoration projects aimed at protecting the state's coastline from major hurricanes.

The state plan will be presented to the Army Corps of Engineers in February for its consideration as part of the federal Coastal Protection and Restoration Plan to be submitted to Congress by Dec. 30, 2007.

Several members of the governor's advisory panel on coastal protection questioned whether the state plan will be using the correct risk standard in determining how much protection is needed.

Mark Davis, executive director of the Coalition to Restore Coastal Louisiana, wanted to know if state officials have agreed whether to increase protection beyond a 1 in 100 level of risk, or whether it is considering a higher level of risk, such as the 1 in 10,000 level used in designing flood control in the Netherlands. The risk level determines the size and strength of the protective structures.

Catastrophic protection

Jean Cowan, a spokeswoman for the state Coastal Protection and Restoration Authority's Integrated Planning Team, which is working with the state Department of Natural Resources to write the state plan, said the team has not yet made that decision, although the plan's draft principles lists the 1 in 100 risk level as the objective of storm protection for residential, public, industrial and commercial infrastructure.

The corps is in the midst of a similar internal debate spurred by a congressional requirement that the existing New Orleans area levee system be improved to the 1 in 100 standard by 2010 and a separate requirement that the federal catastrophic hurricane protection plan protect the state's coastline from a Category 5 hurricane.

Cowan said the state plan also will attempt to address how to restore coastal wetland areas in a way that maintains existing proportions of fish and wildlife habitats.

That also may be problematical, several commission members said, as the need to develop restoration projects that can be sustained over decades could result in significant changes in the mix of freshwater and saltwater wetland areas.

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Unique coastal heritage

Lake Charles Mayor Randy Roach, another commission member, also warned that as the levee and wetland mix is designed, it will be difficult to meet another of the plan's goals, to sustain "the unique heritage of coastal Louisiana."

Roach said residents of surge-devastated areas like Cameron Parish are running into financial problems rebuilding homes and businesses that meet the state's new building code that requires structures to withstand Category 3 hurricane winds and the federal flood insurance program's requirements that they be raised.

The Governor's Advisory Commission on Coastal Protection and Restoration also heard from representatives of several western parishes about the need to ensure that the state's comprehensive master plan include projects that will restore freshwater wetlands in their areas.

Tim Creswell, a Vermilion Parish emergency management official, and David Richard, representing Cameron Parish, said areas inundated by storm surge from Hurricane Rita last September are still registering high in salt content, which has meant lower yields for rice, crawfish and the annual harvesting of alligator eggs.

They said state and federal officials also should focus on ways of restoring freshwater wetlands west of the Atchafalaya River because those wetlands can help reduce the height of surge from large storms cutting across the area toward Lake Charles.

Rebuilding wetlands

The commission also heard that unusually low flow of water in the Mississippi River this year has delayed attempts to see if changes in the layout of the Davis Pond Freshwater Diversion Project will allow more fresh water into the upper Barataria basin, where it could help rebuild freshwater wetlands.

The spillway, near Waggaman on the West Bank of St. Charles Parish, was designed to funnel a maximum 10,500 cubic feet per second of water from the river south through a holding area to the targeted wetlands adjacent to Lake Cataouatche.

But a weir designed to keep some water in the holding area ended up collecting fast-growing vegetation that blocked the flow of water. The corps has added a half-dozen cuts in the structure, but the river's been so low this year that no water can flow into the diversion, said Ted Falgout, a commission member and executive director of the Greater Lafourche Port Commission.

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WAR NEWS:

Rockefeller: Bush Duped Public On Iraq (CBS)

CBS News, September 10, 2006

Senator Says World Would Be Better Without Iraq Invasion

(CBS News) WASHINGTON When the Senate Intelligence Committee released a declassified version of its findings this past week, the Republican chairman of the committee, Pat Roberts, left town without doing interviews, calling the report a rehash of unfounded partisan allegations.

Its statements like this one, made Feb. 5, 2003, by then-Secretary of State Colin Powell that have become so controversial, implying Iraq was linked to terror attacks.

"Iraq today harbors a deadly terrorist network headed by abu Musab al-Zarqawi, an associated collaborator of Osama bin Laden and his al Qaeda lieutenants," Powell said.

But after 2 1/2 years of reviewing pre-war intelligence behind closed doors, the lead Democrat on the Intelligence Committee, Sen. John Rockefeller (D-W. Va.), who voted for the Iraq War, says the Bush administration pulled the wool over everyone's eyes.

"The absolute cynical manipulation, deliberately cynical manipulation, to shape American public opinion and 69 percent of the people, at that time, it worked, they said 'we want to go to war,'" Rockefeller told CBS News correspondent Sharyl Attkisson. "Including me. The difference is after I began to learn about some of that intelligence I went down to the Senate floor and I said 'my vote was wrong.'"

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Rockefeller went a step further. He says the world would be better off today if the United States had never invaded Iraq — even if it means Saddam Hussein would still be running Iraq.

He said he sees that as a better scenario, and a safer scenario, "because it is called the 'war on terror.'"

Does Rockefeller stands by his view, even if it means that Saddam Hussein could still be in power if the United States didn't invade?

"Yes. [Saddam] wasn't going to attack us. He would've been isolated there," Rockefeller said. "He would have been in control of that country but we wouldn't have depleted our resources preventing us from prosecuting a war on terror which is what this is all about."

Republicans say there was flawed intelligence to be sure, but they insist there was no attempt to mislead the public.

"In 2002 and 2003, members of both parties got a good look at the intelligence we had and they came to the very same conclusions about what was going on," White House Spokesman Tony Snow said.

Shades Of Supergun Evoke Hussein's Thirst For Arms (NYT)

By James Glanz

The New York Times, September 10, 2006

ISKANDARIYA, Iraq — Sabah al-Khafaji remembers when the pieces started arriving here at the height of Iraq's weapons program in the late 1980's, each menacing section of the gun barrel so huge it had to be carried on a separate flatbed truck.

Now, Mr. Khafaji fumbles with the lock on a metal gate near his bus factory 30 miles south of Baghdad and swings it open to a trashy asphalt lot. There lie the rusting steel sections of what may have been Saddam Hussein's wildest reach: the supergun, an artillery piece so powerful that it could not only shell his enemies in Tel Aviv and Tehran but also fire a projectile into orbit.

Most of Mr. Hussein's vast network of military complexes and the weapons they contained have been looted, often to the last bolt and window frame. But as weapons experts continue to see and gauge what is left — weapons held within protected enclaves or hulking metal relics even the most ambitious looters were unable to cart away — they are getting a concentrated picture of the obsessive martial mind that ran this country for 25 years.

In Taji and Miqdadiya, both north of Baghdad, the bulky carcasses of tanks, armored personnel carriers, mobile radio shacks and ungainly amphibious vehicles go on for acres, gutted and mismatched weaponry purchased from every country that would do business with Saddam Hussein — which at times, directly or indirectly, seemed to include most of the world's major arms dealers, including the United States and Britain.

Scattered more thinly are the traces of grandiose projects like the supergun, nicknamed Big Babylon and designed for Mr. Hussein by a brilliant Canadian engineer named Gerald V. Bull, who was eventually assassinated for his trouble, probably by Israeli or Western intelligence agents.

The oversize palaces Mr. Hussein compulsively built are more familiar as visible monuments to his rule. But while the palaces have a decidedly Dr. Seuss feel, the weaponry seems equal parts Jules Verne, power-mad dictator and adolescent boy.

"I would say that Saddam's regime was not a model of rationality," said John Pike, director of GlobalSecurity.org, a Washington-based organization that has studied Mr. Hussein's weaponry. "He did in some respects share Hitler's fascination with wonder weapons."

Some of his dark arsenal was put into action, some just came close. Mr. Hussein's weaponeers produced the chemical agents that his army used to gas Iranian troops and Kurdish civilians, killing thousands. In 1991, after the Persian Gulf war, weapons inspectors discovered that the Iraqi nuclear bomb program was far more advanced than expected — though after the 2003 invasion no evidence of new nuclear work turned up.

Mostly, Mr. Hussein's scientists could not satisfy his craving for wonder weaponry, although they tried often enough.

There was a reported program to create a "rail gun," in which electromagnetic pulses would accelerate a projectile to high speeds, research on elaborate multistage rockets and re-entry vehicles, and, before 1991, endless tinkering with weird biological agents. None of it produced anything particularly useful.

Still, Mr. Hussein's attachment to armor, artillery and technology was not entirely useless strategically — the arsenal was perhaps a reason he literally stuck to his guns as foreign pressure on his government mounted in 1991 and again in 2003. Back

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in the 1980's during Iraq's war with Iran, it helped Iraq to hold off primitive "human wave" attacks by the Iranian infantry and preserve a grim stalemate. But Iraq could do little, overtly at least, against American and British firepower in the later conflicts.

Maj. William C. Taylor of the Army's Fourth Infantry Division conducted a recent sunset tour of two enormous scrap yards in Taji, a former Iraqi military base now run by the Americans, where acres of partly destroyed Iraqi military vehicles are laid out like the bones of dinosaurs preserved in their last agonies.

In one scrap yard, the spindly and partly broken superstructures of Soviet radar and missile launching equipment really did look skeletal, with their long-outmoded telescoping antennas and drooping starburst aerials. The stripped chassis of military trucks were stacked as haphazardly as old bedsprings across the turrets of broken tanks.

There was more Russian gear in the other scrap yard, where row after row of damaged and sometimes charred hardware spread out for hundreds of yards in every direction.

Perhaps strangest of all were little Russian armored reconnaissance ground vehicles, somehow evoking Jetsons-style spaceships, made for just one occupant. Major Taylor explained that the two extra wheels drawn up into the vehicle like landing gear would have been lowered for extra support in rough terrain.

But there were also French, American and Brazilian armored vehicles of one kind or another.

"It's a British Mark I," Major Taylor marveled, his forage cap disappearing into the hatch of a strangely shaped tank that seemed many decades old. Then he appeared to change his mind. "1970's?" he said uncertainly as he re-emerged.

Most of the junked vehicles were tagged with graffiti by the Westerners who had dealt this armed menagerie its demise. "Ouch!" read one bit of graffiti, with an arrow pointing to the ragged hole where a shell had torn into the cockpit of a piece of motorized artillery.

There was the inevitable "Size does matter" on the barrel of a cannon, but there were also a few sweet messages in this place of death. "Te amo mi amor," someone had written on a squat troop carrier with steel tracks.

If at least some of those pieces had practical military uses, the supergun existed in the realm of almost pure fantasy. According to "Arms and the Man: Dr. Gerald Bull, Iraq and the Supergun," by William Lowther, the barrel alone would have been 512 feet long and weighed 1,665 tons. As the pieces lying around in the lot in Iskandariya illustrated, the barrel was wide enough to fire projectiles "the size of industrial garbage cans," as Mr. Lowther put it.

Estimates on the cost of two planned superguns and a smaller prototype called Baby Babylon range from $25 million to several hundred million dollars. If the big guns had operated as designed, they could have shot a 300-pound projectile 600 miles, or lifted a much larger payload into orbit if it was outfitted with a small rocket engine.

That would have dwarfed the capabilities of conventional artillery pieces and given Mr. Hussein's enormous prestige in the Middle East. Dr. Bull, an engineering genius who had once fired a small projectile more than 100 miles straight up as part of a Canadian research project, always maintained that the supergun had no credible military uses.

That assurance was eventually contradicted by a senior Iraqi defector, Gen. Hussein Kamel al-Majid, who according to a GlobalSecurity.org analysis said the supergun "was meant for long-range attack and also to blind spy satellites."

Still, Lt. Col. James A. Howard, a commander in the Fourth Infantry Division whose unit was shown the Iskandariya scrap yard on a recent day by Mr. Khafaji, who runs a bus factory nearby, the immobility and slow firing rate of the supergun would severely limit its usefulness.

"I think a gun this big would be kind of dumb," Colonel Howard said, speculating that the device could fire at the most a few rounds a year.

Laughing as he walked among the giant pieces, he played the part of Iraqi artillerymen shooting the weapon: "Oops, we missed! Let's try another one."

Iraqi Premier Will Visit Iran To 'Enhance' Ties (NYT)

By Edward Wong

The New York Times, September 10, 2006

DOJ_NMG_0060554

BAGHDAD, Sept. 9 — Prime Minister Nuri Kamal al-Maliki plans to visit Iran on Monday to discuss security and political matters with Iranian leaders, his spokesman said Saturday. The visit would be the first by Mr. Maliki to Iran since he took office in late May.

The visit is expected to last two days. A delegation led by Barham Salih, a deputy prime minister, traveled to Iran last week to pave the way for Mr. Maliki's visit. Mr. Maliki lived for some time in Tehran, the Iranian capital, while in exile during Saddam Hussein's rule.

The purpose of Mr. Maliki's visit is to "enhance relationships between the two countries," his spokesman, Ali al-Dabagh, said in a written statement.

Any relationship between Iraq and Iran should be "based on mutual interests and the respect of the sovereignty of the two countries and noninterference in internal affairs," Mr. Dabagh said.

American and Sunni Arab officials have long accused Iran, a Shiite-ruled country, of interfering in political and military affairs here. Many religious Shiite parties now in power in Iraq, including Mr. Maliki's Islamic Dawa Party, have close ties to Iran. But ordinary Iraqis are generally suspicious of Iran, whose ethnic Persians have traditionally rivaled Arabs for influence in this region.

Ibrahim al-Jaafari, the former prime minister and head of Dawa, visited Iran while he was in office. The head of the main Shiite bloc in Parliament, Abdul Aziz al-Hakim, is considered extremely close to Iran's top leaders. His party was founded in Iran and its armed wing, the Badr Brigade, fought against Iraq in the eight-year Iran-Iraq war in the 1980's.

On Friday, an Interior Ministry official said Iranian troops had arrested five members of the Iraqi security forces and their interpreter last week while the Iraqis were patrolling the Iraq-Iran border northeast of Baghdad. The official Iranian news agency said seven Iraqis had been captured.

The American ambassador, Zalmay Khalilzad, and American commanders strongly condemned Iranian interference in Iraq last month, saying they had evidence that individuals or groups in Iran were training and supporting Shiite militias here. Mr. Khalilzad said Iranians were urging militia groups to step up attacks against the Americans.

The United States has been pressing Iran over its nuclear program as well. The Bush administration is urging the United Nations Security Council to pass a resolution that would impose economic and political sanctions on Iran if Iran persists in its uranium enrichment program, which the Americans say is intended for the manufacture of nuclear weapons.

But it would be difficult for the White House to persuade Iraq to take a strong stand against Iran. Besides the political ties among Shiite politicians, the border is very porous, and Shiite pilgrims from Iran often come to Iraq to mingle freely in the religious cities here. Iranians helped make up the hundreds of thousands of Shiites, possibly millions, who gathered in the city of Karbala on Saturday to celebrate the birthday of a vanished Shiite imam known as the Mahdi.

Three pilgrims en route to Karbala were killed in the town of Musayyib by a mortar round, an Interior Ministry official said.

In Baghdad, gunmen killed a secretary for a government-financed newspaper, Al Sabah, in a drive-by shooting. A minibus driver was killed when his vehicle exploded. A bomb in a parked car killed a policeman and wounded six others, and another bomb exploding near an American convoy killed one civilian and wounded at least six.

A homemade bomb that was detonated near a bakery in Kirkuk killed three civilians, two of them children, and wounded eight others, all women and children, police officials said. Another bomb in the city killed a policeman and wounded two others.

Iraqi's Trip To Iran Accents An Unsettling Friendship (LAT)

By Patrick J. Mcdonnell And Solomon Moore, Times Staff Writers

The Los Angeles Times, September 10, 2006

BAGHDAD — Iraqi Prime Minister Nouri Maliki is set to begin a state visit to neighboring Iran on Monday in a trip that would spotlight the close relations between the U.S.-backed government here and a Tehran regime at loggerheads with Washington.

The Iraqi leader plans a two-day visit "to discuss security and political matters and strengthen the relations between the two countries," government spokesman Ali Dabbagh said..

Traditional enemies that warred in the 1980s, Iraq and Iran have grown close since a Shiite-led government with strong links to Tehran won electoral control of Iraq last year.

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Shiite mullahs hold the reins of power in Iran, where Sunni Muslims — the other major sect of Islam — are a distinct minority.

Iraqi leaders such as President Jalal Talabani and Deputy Prime Minister Barham Salih have made state visits to Iran on diplomatic and trade missions. As prime minister last year, Ibrahim Jafari also visited Tehran. The Iranian government sees a strategic and commercial advantage in courting the new Baghdad leadership.

Maliki's visit would underscore an emerging regional Shiite alliance that deeply troubles the Bush administration and much of the Arab world.

Sunni Muslims rule most Arab lands, where Shiites often are restive minorities. Many Arab leaders fear growth of a Shiite crescent and militancy emanating from the newfound Iraq-Iran friendship.

The two nations' embrace is an unintended consequence of the U.S.-led toppling of Saddam Hussein, a Sunni Muslim who repressed Iraq's Shiite majority and viewed Persian Iran as a historic and bitter rival.

Shiites' rise to power in Iraq is viewed as signaling a power shift in the Arab world with far-reaching consequences yet unknown.

Today, Iranian products line the shelves of Iraqi shops and Iranians join pilgrimages to Shiite shrines in the Iraqi cities of Najaf and Karbala. Iranian currency even circulates in some Iraqi border towns.

Such commerce and interaction was unheard of during the Hussein regime, which tightly controlled Iranian visitors and influence.

Many Iraqi Shiite lawmakers, including Maliki, have warm relationships with Iran and took refuge there for many years from Hussein's Baath Party dictatorship. Maliki, a longtime Islamist who lived for years in exile in Iran and Syria, is making his first visit to Iran since being elected prime minister in May.

From the standpoint of some in the Bush administration, Iran belongs to what the White House has called "an axis of evil" and is bent on acquiring nuclear weapons and arming militant Shiite groups such as Lebanon's Hezbollah (Party of God), an Iranian client.

U.S. officials suspect that Iran has bankrolled Shiite politicians in Iraq and may be arming powerful Shiite militias, though proof of such aid has not emerged publicly. U.S. field commanders in Iraq regularly refer to armor-piercing roadside bombs as Iranian-made.

Nonetheless, some experts say the Bush administration probably has recognized that Baghdad and Tehran will inevitably grow closer and that fanning anti-Iranian sentiments here could be counterproductive. Moreover, some observers argue, Iran could eventually assist the U.S. agenda in creating a functional Iraqi government.

A greater Iranian role in stabilizing Iraq "seems to me to be a necessary step forward, even if that ultimately means considerable Iranian influence over the government in Baghdad," said Charles A. Kupchan, a professor of international affairs at Georgetown University and former National Security Council director for European affairs. "That influence already exists, and it would be in America's interest to try and support that relationship."

But whether closer ties between Iraq and Iran will ultimately increase stability remains a question.

The Tehran-Baghdad thaw is a major irritant to Iraq's Sunni minority, which fears an Iranian takeover. Iraq's Sunni Arabs, from the man on the street to politicians and insurgents, routinely denounce certain Shiite politicians and clerics as pawns of Iran.

Despite the diplomatic ties, the two oil-rich nations have many differences, and each harbors a certain distrust of the other.

Their distinct ethnic makeups — Iraq is Arab, Iran is Persian — have contributed to their historical rivalries.

Iraqi officials have reported occasional skirmishes along the two nations' long border. Iraq's Ministry of Defense disclosed Friday that Iranian authorities had detained five Iraqi soldiers near the border; no other news was available Saturday on the five.

Meanwhile, sectarian violence continued in Iraq, though authorities reported no major incidents as hundreds of thousands of Shiites descended on the southern shrine city of Karbala for a religious celebration.

Eight people were reported slain in Baqubah, northeast of Baghdad, where, as in the capital, unrelenting civil conflict pits Shiites against Sunnis.

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The Associated Press reported six bullet-riddled bodies were found on the streets of Mahmoudiya, a mixed Shiite-Sunni city south of Baghdad that has seen ferocious internecine violence.

And the design director of the state-funded Al Sabah newspaper, Abdul-Kareem Rubaie, was assassinated in a drive-by shooting in Baghdad. That ambush came a few days after a car bomb outside the newspaper's offices killed two and wounded more than two dozen.

Scores of journalists and other media workers have been slain in the Iraq conflict.

Bombs and other attacks in Baghdad and the northern cities of Kirkuk and Baiji killed at least eight and wounded more than a dozen, authorities said.

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Times staff writers Saif Rashee and Shamil Aziz and special correspondents in Baghdad, Tikrit and Baqubah contributed to this report.

Iraq Shiite Pilgrims Celebrate Festival (WP/AP)

By Elena Becatoros

The Washington Post/AP, September 10, 2006

BAGHDAD, Iraq -- Iraq's Sunni Arab vice president renewed his call for Sunni-led insurgents to quickly join the Shiite prime minister's national reconciliation effort, while a Shiite festival that drew millions of pilgrims was held without bloodshed Saturday.

Attacks around Iraq killed at least 12 people, including two gunmen and two would-be bombers. Seven apparent victims of sectarian killings, their bodies all showing signs of torture, also were found dumped on city streets and in a river.

During a meeting with community leaders from a predominantly Sunni Arab district in Baghdad, Vice President Tariq al-Hashimi said it was not too late to stop spiraling sectarian conflict, "as the rules of the game have been changed and problems can't be solved only by weapons."

"This is a call for the Iraqi resistance to think ... and sit around the negotiating table before it's too late," he told about 100 people at Islamic University in the Azamiyah neighborhood. "Differences will devastate Iraq and this division is not to our benefit."

Prime Minister Nouri al-Maliki, who announced he will be visiting Iran on Monday for talks on security and bilateral relations, unveiled a 24-point reconciliation plan last month that he hopes will bridge the religious, ethnic and political divisions feeding Iraq's violence.

The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, and calls for disarming primarily Shiite sectarian militias.

But no major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves. Car bombings, mortar attacks and shootings have killed hundreds of Iraqis the past few weeks.

Amid worries about sectarian attacks, including an assault by snipers that disrupted a Shiite observance in Baghdad last month, a major security operation was mounted in the Shiite holy city of Karbala, 50 miles south of Baghdad, to protect Saturday's festival observing the birthday of Imam al-Mahdi, a 9th century religious leader.

In most Shiite Muslim sects, Mahdi is considered the last "imam," or leader of the Shiite community. The son of the 11th imam, Hasan al-Askari, he is said to have disappeared in the 9th century. But Shiites believe he is still alive and will one day return as a savior of mankind.

Authorities imposed a four-day vehicle ban in Karbala, while thousands of Iraqi police and soldiers _ backed by air support from the U.S.-led coalition _ fanned out across the city to ward off potential suicide bombers.

Hundreds of people have died in suicide bombings and other attacks in Karbala since Saddam Hussein was ousted in 2003. Suspicion has fallen on Sunni Arab extremist groups, including al-Qaida in Iraq, which consider Shiites to be heretics and collaborators with the Americans.

Many pilgrims walk to Karbala from across Iraq. But while several attacks on processions heading to the city were reported in the days before the festival, the event itself passed off without violence and authorities lifted the vehicle ban Saturday afternoon.

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Authorities estimated that 3 million to 4 million pilgrims from across the Arab world, as well as from Iran, Pakistan, Afghanistan, Nepal and India, attended the festival.

The "festival today ended without any incident," Minister of State for National Security Sherwan al-Waili said, thanking Iraqi and coalition forces.

But no day in Iraq goes by without violence.

Two roadside bombs planted near each other exploded as a police foot patrol passed in the northern city of Kirkuk, killing four people and wounding 16, police said.

A parked car bomb struck a U.S. military convoy in eastern Baghdad, killing at least two passers-by and wounding five, police said. The U.S. military said three coalition soldiers were wounded.

Police prevented a suicide car bomber from striking a police station near a mosque in northern Baghdad by shooting the driver before he could reach the building. But the explosives in his car detonated, killing an officer and wounding 10 civilians, the Interior Ministry said.

In the center of the capital, a bomb exploded as a man planted it by the side of a road, killing him and wounding another person.

Authorities found the bullet-riddled bodies of six people dumped on streets in Mahmoudiya, about 20 miles south of Baghdad, the army said. All had their hands and feet bound and bore signs of torture, a hallmark of sectarian killings that have escalated since a Shiite shrine was bombed in February.

Police also found an unidentified body in the Tigris River in Suwayah, 25 miles south of Baghdad. The blindfolded and bound body had been shot several times, Kut city morgue said.

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Why The Numbers Don't Add Up In Iraq (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, September 10, 2006

The Pentagon's fondness for secrecy along with partisan agendas in Baghdad often lead to contortions with death tolls and other details.

BAGHDAD — In this besieged capital, it was a rare good-news story: Killings had plummeted by as much as 50% since U.S. and Iraqi forces hit the streets last month in a show of strength after the sectarian bloodbath of July.

"We're actually seeing progress out there," Army Maj. Gen. William B. Caldwell IV, the chief military spokesman here, said when making the announcement.

Not so fast.

Last week, Iraqi officials released new figures showing the city morgue had received more than 1,500 victims of violent death in August — a significant drop of about 17% from the record of more than 1,800 killings in July, but hardly a great leap forward.

How the U.S. military arrived at the 50% figure remains a mystery. Commanders won't release the raw data, saying such specifics could help the enemy.

In the volatile atmosphere of today's Iraq, numbers can lie and statistics can be notional, be they from U.S. or Iraqi sources.

Government agencies here rarely keep reliable statistics. Fear and partisan agendas sway Iraqi officials, making them reluctant to divulge what little data they collect. The U.S. military's fondness for secrecy tends to clash with the brass' demands for "metrics" to quantify any progress.

This tension often leads to curious contortions of numbers and nomenclature.

During weekly news briefings deep inside barricaded compounds, commanders regularly display slick charts, multicolored bar graphs and PowerPoint presentations, all heralding good news.

"One more indicator that operations are in fact reducing the amount of attacks on civilians is shown here on this graph," Caldwell assured reporters the other day, pointing to a bar chart dutifully placed on an easel by a stone-faced uniformed subordinate. But all the numbers had been carefully scrubbed. They were classified.

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"We typically characterize trends in ways that do not divulge raw data," explained a military spokesman, Lt. Col. Barry Johnson.

Commanders have consistently declined to say how many civilians have been killed by U.S. forces, although officials have acknowledged tracking the number. Avoiding the Vietnam-era stigma of "body counts," authorities also refuse to divulge "kill" totals for suspected insurgents.

A similar imprecision applies when it comes to describing the enemy.

At the conflict's outset, U.S. officials used phrases such as "dead-enders," Saddam Hussein "loyalists" and "foreign terrorists" in an attempt to label the armed opposition a marginal force.

Gradually, as it became clear that Iraq was in the midst of a protracted guerrilla war, the U.S. military rejected the title "resistance," with its connotations of legitimacy, and settled on "insurgents" or "terrorists" as operative labels.

But the evolving nature of the battle has thrown those terms into question too.

"The core conflict in Iraq [has] changed into a struggle between Sunni and Shia extremists," the Pentagon wrote in an unusually frank report to Congress last month. "Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife."

Trained and equipped by the U.S. government, Iraq's security forces have been infiltrated by thousands of militiamen loyal to Shiite clerics and factions. There is widespread agreement among military commanders that Shiite militiamen are behind most death squad killings.

The term "death squad" entered public discourse during the dirty wars in Central America to describe clandestine assassins who often plied their trade with the tacit approval of government authorities in the region. But the issue of Shiite death squads is an extremely touchy one for the U.S.-backed, Shiite-dominated government.

Members of the fiercest death squad are allegedly recruited from the Al Mahdi militia, a group under the command of Muqtada Sadr, a virulently anti-U.S. cleric whose supporters are key players in the ruling coalition of Prime Minister Nouri Maliki.

U.S. officials were reluctant to use the term until July, when Gen. George W. Casey Jr., the top military commander here, and U.S. Ambassador Zalmay Khalilzad issued a joint statement condemning "in the strongest possible language the recent attacks by terrorists and death squads against innocent Iraqi civilians."

The following day, Caldwell used the term repeatedly when speaking with reporters — but he applied the term to both Sunni and Shiite Arab groups.

"We're really not boring in on what organization they're from," said Col. Michael Shields, commander of the Army's 172nd Stryker Brigade Combat Team.

By unmooring death squads from the context of government-backed Shiite militias, U.S. officials have redefined the problem — and avoided a direct confrontation with the U.S.-backed Iraqi leadership.

Like their U.S. colleagues, Iraqi authorities have demonstrated an adroitness with numbers, terms and dates.

A week ago, Mowaffak Rubaie, Iraq's national security advisor, went on television with great fanfare to declare that authorities had arrested Hamed Jumaa Farid Saeedi, allegedly the No. 2 man in Al Qaeda here.

"This is a major blow for Al Qaeda in Iraq," Rubaie declared, trumpeting a story that spread across the globe.

Later in the week, U.S. officials acknowledged that the suspect had been captured more than two months earlier, and had been sitting in detention all that time.

"When Dr. Rubaie said we had just captured him this week, we've gone back and what he really meant was they had just been cleared to announce that he was in fact in captivity," Caldwell told reporters.

The question of Iraqi casualties has also been a contentious one.

Iraqi officials stopped giving out daily death counts more than a year ago, Iraqi authorities said, after government officials decided that the steady stream of casualties was too bleak.

One of the most reliable barometers of the bloodshed here has been the monthly numbers report from the Baghdad morgue, where coffins strapped to car roofs arrive hourly, and residents trying to identify loved ones look through gruesome autopsy photos.

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Last week, health officials unveiled a change in morgue policy: All requests for statistics would henceforth be routed through the Health Ministry. Morgue officials who previously provided details have abruptly "retired" or left the country.

Iraqis worry about a sinister turn. Sadr loyalists head the Health Ministry. In effect, Sadr controls an agency in charge of putting out information on killings reportedly committed by his own gunmen.

Even as information sources have been squeezed, Iraqi authorities have cracked down on the media, threatening to close newspapers and TV stations whose reporting falls afoul of the government line. Last week, the Iraqi government closed the widely watched, U.S.-style satellite channel Al Arabiya for a month, dispatching police to the channel's Baghdad offices. The Shiite government charged that the station, based in Sunni-dominated United Arab Emirates, had aired "sectarian" reports.

Even Iraqi officials acknowledge that Al Arabiya's reports about Iraq are more straightforward than dispatches from Al Jazeera, the Qatar-based channel that authorities here considered pro-insurgency and whose Baghdad office was shut down two years ago.

Still, the government Friday issued a public warning — this is the final chance for Al Arabiya to "correct its behavior."

"We have a problem in Iraq with media that is against the Iraqi people," explained Ali Dabbagh, a government spokesman. "They present reports that have a hostile character and try to foment the view that Iraq is about to fall into a sectarian war. This is a problem."

*

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Times staff writers Louise Roug and Solomon Moore contributed to this report.

Changing Of The Guard (MJS)

By Bill Glauber And Meg Jones Bglauber@journalsentinel.com

Milwaukee Journal Sentinel, September 10, 2006

Five years after Sept. 11, state soldiers are working, fighting on new fronts

Five years later, and they are in Iraq, Kuwait and Afghanistan.

Five years later, and they are on the border with Mexico.

Five years later, and they still train for floods, tornadoes and riots, natural disasters and man-made catastrophes.

This is the Wisconsin National Guard and its soldiers and airmen, five years after Sept. 11, 2001.

Remember how the events of that day were supposed to change everything? Did they really? Or did most of us go back to our lives, routines, jobs, families, while war echoed far away?

The Guard and its members were catapulted into a new, more uncertain and violent era. When terrorists flew planes into New York's World Trade Center, the Pentagon and a Pennsylvania field, they set in motion a chain of events that would transform weekend warriors into global war fighters.

The ripples have been felt throughout the state, in every small-town police force with an officer dispatched overseas, in every office missing a worker who was called up, in every college and technical school whose students traded book bags for M-4 rifles. Not since the Vietnam-era draft have so many Wisconsin neighbors, colleagues and drinking buddies been off to war, or newly returned.

Bloodied in combat, stretched through deployments, its equipment pushed to the limit in searing desert heat, the Guard still stands - battle tested and perhaps battle weary, but in many ways more able to carry out missions and more indispensable.

If you want to know how the Wisconsin National Guard has changed since Sept. 11, you could look at the broad brush strokes of war - seven members of the Guard killed in combat in Iraq, scores more injured, including 43 who received the Purple Heart.

Guard members have rebuilt Iraqi schools and police departments, brought fresh water to impoverished neighborhoods, tried to keep peace in a tinderbox of heaving ethnic rivalries.

"We have effectively mobilized every unit in the Wisconsin National Guard except the band," said Brig. Gen. Kerry Denson, leader of the Wisconsin Army National Guard.

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Despite the burden borne by the Guard, recruitment targets have been met, and re-enlistments have risen, officials say. 'How did this happen?'

Yet to truly understand the change in the Wisconsin National Guard, you have to go back to April 9, 2004, around 11:30 p.m., on Baghdad's bleak streets.

It was the moment the war came home, more shockingly than ever, to Wisconsin, the night Michelle Witmer went out on her final patrol.

That night, troops from the 32nd Military Police unit exited Baghdad's well-fortified Green Zone through the terrifyingly named Assassin's Gate. The convoy split - three vehicles turned right to cross a bridge over the Tigris River, and three vehicles moved straight ahead. The unit's mission was to root out local gunmen who occupied a police station.

Inside one of the vehicles that headed straight was Charles E. Crowley of Middleton, a licensed practical nurse and battle-hardened lieutenant, the very definition of a citizen-soldier whose civilian skills could be used in the battlefield.

In an instant, Crowley saw the flash of a rocket-propelled grenade igniting on the curb and heard the unmistakable plink-plink of bullets riddling his armored Humvee. One of the other vehicles was hit and veered sharply right. Crowley's driver shouted, "Get going, get going!" and then rear-ended the limping vehicle, forcing it ahead.

At that moment, as tracer bullets flecked the night sky, Crowley looked up through the hatch to his 20-year-old gunner, Witmer, a bright, ebullient woman with an infectious smile, everyone's little sister.

But that night, Witmer's smile was erased forever.

"She was looking down," Crowley said.

The New Berlin woman was shot in the shoulder area. Crowley took Witmer in his arms, placed her across the back seats of the Humvee and tried to resuscitate her as the convoy raced through a three-block gantlet of high-caliber gunfire, crossed the Tigris River and reached the relative safety of a field artillery base.

Just after midnight, April 10, Witmer was pronounced dead.

Crowley broke the news to the patrol.

"They took it hard," he said. "Obviously, everyone was weeping, pounding stuff, pounding the ground, asking, 'How did this happen? How did this happen?' "

Witmer's death - the first in combat for the Wisconsin National Guard since World War II and the first female Guardsman in the nation to die in battle - marked the Guard's loss of innocence. Father criticizes training

Everyone walking into the Guard's headquarters in Madison passes by Witmer's bronze bust next to the theater named in her honor, a reminder not just of her death, but of six other Guard members killed in action in Iraq. Overall, 61 Wisconsin soldiers, sailors and Marines have been killed in Iraq.

Two Guard deaths this summer symbolized the toll war has taken on the state. One soldier died on his last scheduled mission in Iraq and another died during his first.

The father of one of those soldiers criticized the training and equipment his son's unit received, accusations denied by the Pentagon. Stephen W. Castner, 27, who had just arrived in Iraq, died July 24 after the Humvee he was riding in was struck by a roadside bomb in Tallil.

Scores of Wisconsin National Guard members have been injured, from small cuts to the loss of an eye, shrapnel wounds to brain injuries. Some have suffered post-traumatic stress once they returned to their homes and farms after a year living in a country where death can happen without warning, in the time it takes a heart to beat.

A total of 7,600 soldiers and airmen have been mobilized since Sept. 11, 2001 - 81% of the Wisconsin National Guard. Some were mobilized within hours of the toppling of the Twin Towers. Other Guardsmen waited until this summer for their turn to be deployed. Equipment takes a beating

Equipment has been retrofitted, lost in combat and left behind for other units, a materiel merry-go-round requiring split-second logistics to supply and equip not just soldiers at war, but soldiers prepared to deal with natural disaster at home.

"We're short equipment, and the equipment we're bringing back needs work," Denson said.

But he added, "We've got enough Humvees, 5-ton trucks, 2 1/2 -ton trucks, enough aviation equipment to respond to any (domestic) emergency."

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When the Wisconsin Guard deployed for Katrina, for example, there was no shortage of trucks, water tanks, Humvees, wrecker vehicles and fuel tankers, according to those who were part of the mission.

Early on in the Iraq conflict, there were some glaring equipment shortfalls. The 32nd MPs arrived in Baghdad in the summer of 2003 driving soft-skinned Humvees with fiberglass doors and sandbags on the floors. As the insurgency flared, the unit improvised and bought scrap metal off the local market and welded the pieces onto the Humvees - "cowboy armor."

When the up-armored Humvees finally arrived, the unit discovered another problem: they had longer-barreled M-16 rifles, which were difficult to maneuver in the close quarters of the newer Humvees.

The unit eventually left Iraq, and left those armored Humvees for other soldiers but did bring back its share of soft-skinned Humvees. The unit is still using M-16 rifles, but many would prefer the more modern and agile M-4, designed for close-quarter battle.

The maneuver - equipment left, equipment taken - has been repeated many times.

"To be an effective combat force, we're going to have to be re-equipped," Denson said.

But it's not the equipment that makes the Guard unique - it is the people.

All of Wisconsin's 67 communities that are home to National Guard units have seen someone, and in many cases everyone, from their companies and battalions deployed to a war zone.

Since the Sept. 11, 2001, attacks, 5,716 people have joined the Wisconsin Guard for six-year enlistments, officials said, with the state's Army National Guard currently at 98% strength and the Air National Guard at 105% strength. The authorized strength of the Wisconsin Guard is 9,749, with 7,500 Army soldiers and the rest Air Guard members.

Much to the surprise of commanders, soldiers are staying in the Guard, especially in units that have been called to war.

"We thought we'd have a mass exodus," Denson said.

Instead, the annual attrition rate has been cut - from as high as 24% pre-Sept. 11 to 17% now, officials said. Denson, a helicopter pilot in Vietnam, attributes that to a sense of patriotism and the pride felt by Guard members when they return home to exuberant, flag-waving crowds - a far different reaction from what Vietnam veterans saw. Getting out, staying in

Whether to leave or re-enlist becomes a personal choice.

Anna Gates and Sgt. Carrie Peterson shared a trailer at a base in Tikrit, Iraq, while serving there for 11 months with the 264th Engineer Battalion.

When the deployment ended earlier this year, Gates, a single mom, left the Guard to spend more time with her son, Dylan, now 4, and to receive her degree in criminal justice at her hometown school, the University of Wisconsin-Eau Claire. Gates could have re-enlisted in Iraq and earned a $15,000 bonus.

"Just short of giving away vehicles, they were doing anything they could to get people to stay in," Gates said.

Meanwhile, Peterson, 24, re-enlisted for another six years.

"I plan on doing a lot more with my military career," said Peterson, who attends UW-Eau Claire and lives in an apartment a few doors down from Gates.

Peterson, who recently completed officer candidate school, yearns to become a helicopter pilot.

"I think there is a lot of patriotism," Peterson said. "People when they come back from deployment feel proud they got to be a part of that.

"Some people don't want to leave that part of their life. This is one of the best things that happened to my life." 'Wisconsin International Guard'

In many ways, Crowley, now 42 and a captain, reflects the Guard's experience of the last few years, before and after Sept. 11. He pulls out a sheet of paper that tracks his deployments, from peacekeeping in the former Yugoslavia to rushing to New Orleans with more than 400 other Wisconsin Guardsmen after Hurricane Katrina.

Now, he's the operations officer, one of 22 full-time members of the 54th Civil Support Team, a 24/7 rapid-response team designed to detect weapons of mass destruction.

And then, of course, there is Iraq, the long tour when he was deployed with the 32nd MP unit. In a Baghdad palace where Saddam Hussein's vice president lived until Tomahawk missiles blew giant holes in the roof, the unit created a mini Garden of Eden. Plumbers and electricians hooked up water and power lines, carpenters built bunks and housing. The large swimming

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pool was scrubbed and filled with clean water. A bunch of the soldiers made up T-shirts that read "We're part of the Wisconsin International Guard."

"No one, including our commander, thought a little MP company from Wisconsin would be deployed to a combat zone in the middle of Baghdad," Crowley said.

But his job was to follow orders, which meant trying to reinvent a local police force in Baghdad, where he was shot at, mortared and bombed.

"I don't know everything of why we were there," he said. "We were given a mission and given objectives. We carried them out."

Crowley carries the scars of combat - a half-moon scar on the back of his head and shrapnel that remains in his arm. They are remnants of an October 2003 blast that leveled a police station and left up to 14 civilians dead and dozens more wounded. Crowley and fellow Guardsmen survived the blast, he said, because of divine intervention. Amid the rubble, a surgeon reattached Crowley's right ear and sutured the head wound.

"It felt as if my whole head and face were on fire," Crowley said.

In the years since, Crowley has coped with his wounds and his memories, coped with being a National Guardsman in the age after Sept. 11, a radically different Guard from the organization he joined in the mid-1990s, when the world seemed a quieter place.

"I don't have any close friendships anymore," he said.

But he has pictures of friends and comrades snapped while on deployment. In his wallet he carries a single photo of a smiling young woman sitting on a building in Iraq. And he carries that woman's name on a wrist bracelet: Michelle Witmer.

"She was so young," he said. "Such a waste." From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

Wisconsin Pilots Ready To Thwart Air Attack (MJS)

By Meg Jones

Milwaukee Journal Sentinel, September 10, 2006

Weeks after 9-11, Guard responded to threat over U.S.

Madison - If ever there was a time to travel at the speed of sound, this was it.

Commanders at the 115th Fighter Wing received word that two of the Wisconsin Air National Guard's F-16s parked at Truax Field were needed. The reason? Some sort of disturbance on an American Airlines flight en route to O'Hare International Airport.

It was 3 1/2 weeks since passenger planes had been used as weapons, toppling the World Trade Center, smashing a hole in the Pentagon and leaving a giant black groove in the Pennsylvania countryside. What had seemed unthinkable a month before could be happening again.

Lt. Col. Joe Brandemuehl was on duty that day in the command center.

"They said get the jets there as fast as they could. The crews got there as fast as they could, which meant they went supersonic," said Brandemuehl, 45, of Lancaster.

Some southern Wisconsin residents heard sonic booms and saw their windows crack as the F-16s traveled at Mach 1, zooming the equivalent of four football fields per second. At that speed it took the two pilots 10 minutes to reach Chicago and find the American Airlines plane, where a 31-year-old passenger with a history of mental illness had tried to break into the cockpit.

As the Wisconsin jets escorted the airliner to a safe landing at O'Hare, Brandemuehl, a United Airlines pilot as well as a National Guardsman, watched the scene on MSNBC. He breathed a sigh of relief: The Wisconsin F-16 pilots were not forced to shoot down the plane full of people.

The mission of the 115th Fighter Wing changed on the morning of Sept. 11, 2001. The wing of roughly 1,000 airmen switched from one that trained in the U.S. for overseas deployments - such as enforcing the no-fly zones over Iraq - to a first-response unit on call 24/7 that could face enemies in American airspace. Wing members also have been deployed several times to war zones since the war began in Iraq.

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"We stood up within those first eight to 10 hours and have never really come off that," said Brig. Gen. Fred Sloan, head of the Wisconsin Air National Guard.

Every hour of every day since then, 115th Fighter Wing airmen have been on duty, ready to scramble any of the unit's 17 jets within minutes. That meant building quarters for pilots and crew members to stay in while they wait to hear the Klaxon horn, changing duty rosters and adding 70 full-time positions.

Now the F-16s are kept in what's called "hot cocked" mode so pilots can jump in, pull the stick back and fly. Inside the crew quarters, it's kept quiet - no incoming calls are allowed - so pilots can rest and stay focused during their 24-hour shifts, which sometimes stretch up to seven consecutive days; even the stove and washer/dryer automatically shut off when the horn sounds.

The 115th Fighter Wing has been scrambled since the October 2001 incident over Chicago, though military officials declined to release details for security reasons. Many of the Air National Guard crew members are also civilian pilots, and it's never far from their minds that should a terrorist hijacking happen again, they could find themselves aiming their missiles at a passenger plane.

"If they were called upon to follow the rules of engagement, they will," said Brandemuehl, the wing's commander, adding that those rules are "designed to protect citizens."

And if communications fail and there's no way to contact a plane, it would be up to military pilots to fly next to the aircraft and find out if there's a threat or if the problem is accidental, such as a rapid decompression, said Lt. Col. Tom Kahle, 40, of Hazel Green.

"We treat ourselves as the last line. Hopefully it will happen like in Britain where it's foiled on the ground," said Kahle, who is on leave from his civilian job as a FedEx pilot. On Sept. 11, 2001, he was flying from Memphis to Houston when his plane filled with packages was grounded as the Federal Aviation Administration shut down the skies.

Now he folds his 6-foot-4 frame into the tight F-16 cockpit, handles scheduling for the fighter wing and takes his turn in the on-call rotation, hoping that his skills as a fighter pilot won't be needed in American airspace.

"It's just an added stress, but it's an honorable one," Kahle said. From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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Still Touched By War (MJS)

By Bill Glauber

Milwaukee Journal Sentinel, September 10, 2006

Memories, mixed feelings linger for those who served in Iraq

Tony Gatlin can reach out and touch the Iraq war.

It's there, on the basement walls of his tidy suburban home in Oconomowoc, reminders of his 14 months in-country with the 32nd Military Police Company of the Wisconsin National Guard.

Near the bar hang two maps of downtown Baghdad that detail every nook and cranny of the sun-bleached neighborhood where he and his fellow citizen-soldiers patrolled, tried to bring law to a lawless place. On another wall hang three medals - two Purple Hearts and a Bronze Star. There's also an American flag that flew in Iraq.

How often does he think of the war?

"Every day," said Gatlin, 30, a City of Brookfield police officer.

The war has followed thousands of Guardsmen back to Wisconsin. Some can talk with their families and friends about their experiences. Others keep those experiences close, unable to express just what they felt and absorbed during the long months away from home.

They also have their opinions about how the war is going, what the stakes are and whether America should keep the troops in Iraq.

"I don't know what people expect sometimes," Gatlin said. "How long did it take this country to get it right, hundreds of years? You've got a culture that has been fighting for eons."

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Gatlin is a doer. In Iraq, other units might have waited for sandbags. Not Gatlin's. He and his troops hauled 150-pound slabs of concrete up three flights to create fighting positions in a burned-out Baghdad palace.

"That's the attitude you have to have, otherwise you're a victim," he said. "Just grab your bootstraps and get the job done because otherwise you're just a statistic. And nobody in my unit is going to be a statistic."

He calls his attitude a military mind-set, and it colors his view on what the United States should do now in Iraq.

"You commit to doing a job and you see it through," he said. "That's what we're doing. You liberate millions of people and you see it through so they can stand on their own two feet."

But he said Iraqis need to take responsibility for their country's future.

"You can only lead them so far," he said. "You take the training wheels off their bike, they might crash, but you know they'll get the hang of it."

When something happens in Iraq, Wisconsin soldiers feel it at home.

In February, insurgents blasted the golden dome of the Askariya mosque in Samarra, one of Shiite Islam's holiest shrines.

"Why would you want to do a thing like that?" said Bob Randall, a farmer from Soldiers Grove who joined the Guard in 1988 and deployed to Iraq with the 1st Battalion, 128th Infantry. Randall's unit was stationed in Samarra for a year, guarding the main thoroughfare that pilgrims traveled to visit the sparkling Askariya mosque.

To Randall, a sergeant, the mosque was a vision of beauty amid a harsh landscape.

"We came from rural Wisconsin, rural America, where we trust everybody," he said. "We keep the keys in our vehicles at home. And over there you could trust nobody."

Some soldiers lost a lot in Iraq. Friends were killed, illusions shattered.

"There were times I thought, 'Why are we here?' They were blowing up their own people," said Troy Davis of Lancaster, a former member of the 1st Battalion 128th Infantry. Davis, a construction worker, recently left the Guard.

Davis and Randall shared a difficult tour that began harshly, with the death of Staff Sgt. Todd Olson of Loyal, who died Dec. 27, 2004, from injuries he suffered in a roadside bomb blast, leaving behind a wife, daughter and three sons. The three men, all in their 30s, were friends who bonded during training. Davis and Randall were on the same foot patrol and heard the bomb that killed their buddy.

"I think a lot of times how close I came to getting hurt and not coming home," Davis said. "I try to be a strong man. And then I think Todd is never going to be with his boys."

Capt. Scott Southworth, Juneau County's district attorney, commanded the 32nd MP unit during its 14-month tour of Iraq. Southworth said there were moments of horror in Iraq, when comrades died and civilians were murdered.

And yet, he also recalls moments of small triumphs, training Iraqi police in the fine arts of investigation, interrogation and incarceration.

"Those were the moments when you said, 'I'm doing something, helping the Iraqi police service move from dictatorship to democracy,' " he said. "You feel relevant."

The war remains close. Southworth cares for an Iraqi orphan named Ala'a, 11, now a fifth-grader with a growing command of English.

Southworth hears growing dissent about the war, understands the passions on both sides, but also wants to tell those who ask him why it is important for American troops to remain in the country.

"We took out their government, and when we did that, with that act, we accepted a responsibility to make sure that the government that came after was stable enough and they didn't fall into a civil war," he said. "If we leave now, we will have condemned hundreds of thousands of people to their death. And that blood will be on our hands as Americans, period. That's a pretty harsh statement, but it is the reality."

Others, though, are not convinced that American troops should remain long.

"I'm a little torn on my thoughts on how long we should stay there," said Anna Gates, who served 11 months in Iraq with the 264th Engineer Battalion. "I know we're helping them, but we're going to need help at home, too."

Troy Stoneberg, a combat medic who served in Iraq for 11 months with the 1st Battalion, 128th Infantry, tries to avoid watching news about Iraq.

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"I think it's clear that it's getting worse over there," he said.

Stoneberg's medical unit treated civilians in villages near a massive U.S. air base.

"I think we did a good job over there," he said. "But when you look back you ask, 'What was the purpose?' Our guys did humanitarian support, but in the grand scheme of things, did it matter?" From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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At Least 40 Insurgents Killed In Afghanistan (WP/AP)

By Rahim Faiez, Associated Press

The Washington Post, September 10, 2006

KANDAHAR, Afghanistan, Sept. 9 -- NATO and Afghan soldiers killed at least 40 suspected Taliban fighters in fierce raids that destroyed insurgent hideouts and a weapons factory, the European military alliance said Saturday. One NATO soldier also died.

The insurgents were killed late Friday and early Saturday in Kandahar province's Panjwai district, where an anti-Taliban operation was launched Sept. 2. The latest deaths brought to at least 320 the number of suspected insurgents reported killed by NATO in Operation Medusa.

A NATO spokesman, Maj. Scott Lundy, said the casualty count was based on reports from troops viewing the battlefield through weapons sights and other devices.

In Kabul, thousands of people joined Afghan President Hamid Karzai at a memorial ceremony marking the fifth anniversary of the assassination of Ahmed Shah Massoud, a mujaheddin commander who had battled the Taliban. Massoud was killed in an al-Qaeda suicide bombing in northern Afghanistan two days before the Sept. 11, 2001, attacks in the United States.

"Massoud was a great martyr for this land, and like him, today, each son of this country is ready to sacrifice his life to make the nation free," Karzai said in a speech. "We are still not free, and our nation's children are still being sacrificed, like yesterday in Kabul when more people were martyred in a terrorist attack."

Massoud was the most famous of the mujaheddin commanders who fought the Soviet occupation of Afghanistan during the 1980s, and he later led the resistance to the Taliban after the religious militia seized power in 1996.

The ceremony came a day after a car bombing in Kabul killed at least 16 people, including two American soldiers, in the deadliest suicide attack in the Afghan capital since U.S.-led forces overthrew the Taliban for harboring al-Qaeda leader Osama bin Laden.

In the south, NATO said that alliance and Afghan troops destroyed three insurgent positions, a bomb factory and a weapons cache in battles that killed more than 40 militants in Panjwai, a district west of Kandahar city that has long been regarded as a Taliban stronghold.

One NATO soldier was killed Saturday, the alliance said in a statement. The soldier's nationality was not released, but Canadian forces are leading the Panjwai push, and at least five Canadian soldiers have been killed since the operation began.

NATO Forces Kill More Than 40 Taliban (WP/AP)

By Noor Khan

The Washington Post/AP, September 10, 2006

KANDAHAR, Afghanistan -- NATO and Afghan forces killed more than 40 militants Saturday on the fifth anniversary of the death of a legendary mujahedeen commander killed by al-Qaida days before the Sept. 11 attacks.

The insurgents were killed in Kandahar province's Panjwayi district as part of an anti-Taliban operation launched Sept. 2. The latest deaths brought the number of suspected militants claimed killed by NATO in Operation Medusa to at least 320.

The anti-insurgent blitz came as a top NATO general said he would ask alliance members Monday to provide up to 2,500 more soldiers to combat Afghanistan's deadliest spate of violence since the Taliban regime was ousted in late 2001.

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In Kabul, thousands of people attended a memorial ceremony marking the fifth anniversary of the assassination of mujahedeen leader Ahmad Shah Massood, who died in an al-Qaida suicide bombing in northern Afghanistan two days before the Sept. 11, 2001, attacks on America.

"Massood was a great martyr for this land and like him, today, each son of this country is ready to sacrifice his life to make the nation free," President Hamid Karzai said in a speech. "We are still not free and our nation's children are still being sacrificed like yesterday in Kabul when more people were martyred in a terrorist attack."

Massood fought the Soviet occupation of Afghanistan during the 1980s, and later led the resistance to the Taliban after the Islamic militia seized power in 1996.

In the anti-Taliban push, NATO and Afghan have pounded insurgents in Panjwayi with airstrikes, artillery and mortars in one of the most intense military confrontations since the campaign that toppled the Islamist regime.

The operation comes amid concerns that NATO lacks enough troops to succeed in its mission. In Poland, Gen. Ray Henault, chief of NATO's military committee, said he would formally ask the alliance's 26 member states on Monday to provide the additional 2,500 troops.

NATO, which took command in the south from a U.S.-led coalition on Aug. 1, has deployed about 8,000 mostly British, Canadian and Dutch forces. It has about 20,000 forces nationwide.

In the latest fighting, NATO said it had destroyed three insurgent positions, a bomb-making factory and a weapons cache in the battles that killed more than 40 militants. One NATO soldier was killed Saturday. The soldier's nationality was not immediately released.

Canadian forces are leading the Panjwayi push and have had at least five soldiers killed since the operation began.

A NATO spokesman, Maj. Scott Lundy, said the casualty count was based on reports from troops viewing the battlefield through weapons sights and other devices.

In all, the alliance has reported 330 militant deaths since the Operation Medusa began. NATO's count has been strongly disputed by a Taliban commander and has not been independently verified. Reporters cannot access the site of the fighting.

Troops now occupy parts of Panjwayi and neighboring Zhari district and reopened a section of highway that had been closed to civilian traffic during the operation, NATO said.

"There is severe pressure on the insurgents remaining in the area, which will continue until they are either defeated or choose reconciliation through surrender," said Canadian Brig. Gen. David Fraser, commander of NATO forces in southern Afghanistan.

In Rome, Italian Premier Romano Prodi said Italian troops will remain in Afghanistan despite calls by some government allies for withdrawal after four Italian soldiers were wounded Friday.

Italy has some 1,800 troops in the Afghan cities of Kabul and Herat.

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Associated Press writers Rahim Faiez in Kabul and Monika Scislowska in Warsaw, Poland contributed to this report.

NATO Commanders To Meet On Afghan Troops (WP/AP)

By Monika Scislowska

The Washington Post/AP, September 10, 2006

WARSAW, Poland -- NATO will hold two more conferences aimed at pushing member states to commit more troops to the alliance's mission in Afghanistan as it faces tough resistance from insurgents there, a spokesman said Saturday.

Military leaders decided after two days of closed-door discussions in the Polish capital that further efforts were needed to plug shortfalls in the force, which has faced increased violence from a resurgent Taliban along Afghanistan's southern border, NATO spokesman Col. Brett Boudreau told The Associated Press.

Earlier Saturday, Gen. Ray Henault, chairman of the NATO military committee, said he would appeal formally to the alliance's council Monday for member states to commit another 2,000-2,500 soldiers to confront the Taliban guerrillas.

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NATO military leaders also will hold further conferences on Wednesday and Friday to address the issue of the shortfall of troops in southern Afghanistan and urge member states to live up to the numbers they had pledged to the mission, Boudreau said. Commitments to other missions also will be discussed.

Last week, alliance commander Gen. James L. Jones called for extra troops and aircraft to be sent to southern Afghanistan, where NATO relieved U.S.-led troops one month ago.

But the appeals were running into donor fatigue from several key NATO members, many of whom have indicated they had reached the limit of their capabilities.

"Afghanistan is the most complex mission NATO has ever undertaken," Henault said. "Our collective assessment is that we are satisfied with the military-related progress to date, particularly in the north and the west, but less so in the south, where it's been more difficult."

Henault said only 85 percent of forces required for the mission have been supplied by the member nations so far.

That was "considered acceptable by the commanders ... to undertake the level of mission activity that they had anticipated ... until they discovered the intensity of the resistance" from Taliban forces, he said.

The NATO military leaders' conference on Wednesday will "look to obtain the people and the equipment required to bring that 85 percent as close to 100 percent as possible," Boudreau said.

The second meeting will "look at addressing a shortfall in the immediate requirement and for subsequent rotation of forces" that the alliance has on other missions.

Some 20,000 NATO soldiers and a similar number of U.S. forces in Afghanistan face an emboldened Taliban insurgency that demonstrates how shaky Afghanistan's Western-backed government remains.

Jones is seeking reinforcements for the 8,000 mainly British, Canadian and Dutch troops that took over the region in August. Fighting since then has left at least 35 NATO troops and hundreds of militants dead.

Ex-Taliban Chief Details Massood Killing (AP)

By Matthew Pennington, Associated Press Writer

AP, September 10, 2006

The beat-up video camera was delivered to Afghanistan in a box, and picked up by two clean-shaven Arabs posing as journalists. They met with Osama bin Laden before leaving on their mission — to kill mujahedeen hero Ahmad Shah Massood.

Five years after the Taliban opponent was slain by a bomb hidden in the camera, a former Taliban official on Saturday described how al-Qaida staged the killing — two days before the Sept. 11 attack on America — hoping to strike a fatal blow to the pro-U.S. Northern Alliance.

Waheed Mozhdah, director of the then-Taliban Foreign Ministry's Middle East and Africa department, also showed The Associated Press a copy of what he said was a signed letter dated Sept. 13, 2001, from bin Laden to Taliban leader Mullah Omar, urging him to launch an offensive against the alliance.

In the letter, written in Arabic, bin Laden said that if America failed to respond to the Sept. 11 attacks, it would decline as a superpower. But if the U.S. started fighting, he added, its economy would suffer a major blow and it would face the same destiny as the Soviet Union — whose ill-fated 1980s occupation of Afghanistan heralded its disintegration.

Few details have emerged previously about how al-Qaida plotted to murder Massood, the "Lion of Panjshir" who fought Soviet troops and led resistance to the Taliban regime. At the time, his Northern Alliance was under siege, barely clinging to a mountainous northern corner of the country.

But the U.S. military campaign after Sept. 11 to punish the Taliban for giving refuge to bin Laden propelled Massood's supporters to power, and the bearded commander has achieved iconic status. Giant portraits of him adorn government offices and public spaces in Kabul, and the Sept. 9 anniversary of his death is marked in grand style.

President Hamid Karzai on Saturday addressed a crowd of thousands at a Kabul stadium attending an official Massood commemoration.

"They came from outside to kill him. They put a bomb inside a camera pretending they wanted to interview him. Why did they kill him? Because he said they would defeat them," he said.

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The attackers apparently were North African Arabs traveling on forged Belgian passports who managed to pass through the front line between the warring Taliban and Northern Alliance carrying their bomb.

"We never suspected journalists. Our leaders were careless," said Massood Khalili, a former Massood adviser who was seriously wounded in the blast.

One of the Arabs died in the bombing. The other, who survived the blast, was shot dead by enraged bodyguards.

Mozhdah said bin Laden appeared to hint at the plot during a meeting with Taliban Information Minister Amir Khan Muttaqi in the southern city of Kandahar — the seat of the ousted Taliban regime — just after the Islamic fasting month of Ramadan in 2000.

Citing an account provided by a translator at the meeting, Mozhdah said bin Laden complained to Muttaqi about Taliban restrictions that prevented al-Qaida from contacting the media. "My hands are tied behind my back and my mouth is taped shut," an annoyed bin Laden reportedly said.

When Muttaqi blamed international pressure — including sanctions — facing the Taliban regime for hosting al-Qaida bases and fighting the Northern Alliance, bin Laden thought for a while before replying, Mozhdah said.

"I know your difficulties. I'm looking at how to solve your problem," the al-Qaida leader said, without elaborating, according to Mozhdah.

Mozhdah said that the following spring — he was unsure of the precise date — a parcel from Pakistan was received at an official media office used by al-Qaida and the Taliban in Kandahar.

The box looked new, but it contained a rather old-looking video camera, Mozhdah said, and the computer technician at the office expressed puzzlement about it. A day later, he said, it was picked up by an al-Qaida official accompanied by two Arabs with shaven faces — a curious sight in Taliban-dominated Afghanistan, where men were made to wear beards.

The Arabs, known to Mozhdah only as Karim and Arbet, subsequently had the camera while purportedly taping an interview with Taliban Foreign Minister Abdul Wakil Mutawakil but never gave a requested copy to him, he said.

Mozhdah said the Arabs later met with bin Laden, top deputy Ayman al-Zawahri and Mullah Omar, who gave them a warm send-off before they flew to Kabul. There, he said, the Foreign Ministry gave them a letter of permission to cross the front line into Northern Alliance-held territory in the Panjshir Valley, Massood's domain north of the capital.

To win acceptance on the other side, the journalists had an introduction from an Islamic group in London to Abdul Rasul Sayyaf, a Northern Alliance commander in Panjshir with strong contacts to Arab mujahedeen from the days of the Soviet resistance, said Abdullah Abdullah, another close associate of Massood.

Abdullah, who served as Afghan foreign minister until earlier this year, said this facilitated the Arabs' entry into Panjshir. Sayyaf hoped their report could help the alliance's standing in the Muslim world but also warned the commander at the front line, Bismullah Khan, now chief of Afghan army staff, "to be watchful of them," Abdullah said.

Abdullah said he saw the Arabs in Panjshir about 20 days before the assassination.

"It was a very brief encounter. When I wind my mind back, I remember their gaze was one of hatred," he said.

The journalists waited for a chance to speak with Massood. When the opportunity came, at his redoubt in the town of Khodja Bahauddin, they had 15 questions — eight of them about bin Laden.

Khalili, now the Afghan ambassador to Turkey, said that as the camera supposedly began rolling, he started to translate the first question for Massood from English — "What is the situation in Afghanistan?" — when a fireball ripped through the room.

Massood died, and Khalili spent seven days in a coma.

The death wasn't reported for six days, in fear of undermining the Northern Alliance. By the time of the announcement, the Sept. 11 attacks had transformed the world. Two months later, Massood's once beleaguered forces routed the Taliban with the support of U.S. air power.

Air Force Officer Leaves Kyrgyzstan (NYT)

By C. J. Chivers

The New York Times, September 10, 2006

DOJ_NMG_0060569

MOSCOW, Sept. 9 — A United States Air Force officer who had been missing in Kyrgyzstan for more than three days was flown from the Central Asian country early Saturday, the Air Force said, while the investigation into her disappearance continued.

The officer, Maj. Jill M. Metzger, 33, was found alive late Friday night outside Bishkek, the Kyrgyz capital, and was taken to the hospital by the police, the Kyrgyz authorities said. The Air Force swiftly claimed her and returned her to Manas Air Base, where she had been stationed as a personnel officer.

The American Embassy in Bishkek said in a statement that it appeared she had been abducted but that the investigation had not ended. After determining that her medical condition was stable, her command flew her to an undisclosed location.

The air base declined to disclose the nature of any injuries she might have, citing privacy concerns, but said her blond hair had been cut and darkened. The Air Force also expressed relief that she had been found, but noted that many questions remained.

"The first thing is that we're excited that she's alive and that we're going to be able to send her back to her family and friends," said Capt. Anna Carpenter, an air base spokeswoman. "The second thing is that we're going to find out what happened to her."

Since the major disappeared on Sept. 5, just days before she was scheduled to return to the United States, her case has confounded investigators. Her reappearance added new layers of mystery.

Major Metzger vanished in civilian clothes while on an off-duty shopping trip with co-workers at a department store in central Bishkek.

Kyrgyz police officials said the store's security videotapes recorded her walking out of the store alone. They also said her cellphone records showed she had called numbers outside Bishkek and that witnesses said she traveled by car to a bus station on the capital's eastern side.

Bishkek is not generally considered dangerous, and northern Kyrgyzstan, where Manas Air Base is situated and whose population is almost unfailingly friendly to outsiders, is far from the combat zones in Afghanistan that the air base supports.

But members of the military stationed at Manas are allowed to leave the base only with permission and in groups; once off-base they are expected to remain in pairs.

Her departure from her co-workers, by the Kyrgyz description, would appear to violate those rules and clash with her professional reputation.

Major Metzger, the daughter of a retired Air Force colonel, married an Air Force captain this year. She has been described by the Air Force as an accomplished officer and a disciplined, standout athlete who specialized in running marathons.

No breakthrough occurred until Friday night, when the major surfaced in Kant, a town east of the capital. The Kyrgyz Interior Ministry said in a statement that she appeared about 11:45 p.m. at a residence there, and, speaking in broken Russian, told a family that she had been kidnapped.

The police picked her up, the statement said, and found her disheveled and with a scratch on her forehead and another on her neck, but without serious injury. She was then treated at the hospital before being picked up by an Air Force team.

Police officials have said that no one has claimed to have kidnapped her, and there were no calls for ransom or political demands surrounding her disappearance. There were no immediate signs that she had been robbed and no arrests in the case.

Speaking to reporters in Bishkek, Kyrgyz law enforcement officials presented a variety of contradictory accounts of her disappearance and re-emergence, further confusing the case.

Captain Carpenter declined to comment on the Kyrgyz statements, and said the Air Force was conducting an investigation of its own.

U.S. Officer Tells of Being abducted (WP)

By Peter Finn

The Washington Post, September 10, 2006

MOSCOW, Sept. 9 -- A U.S. Air Force major who disappeared while on an off-base trip in Kyrgyzstan, where she was stationed, surfaced late Friday and reported that she had been abducted, U.S. and Kyrgyz officials said Saturday.

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Maj. Jill Metzger, 33, walked out of a department store in the capital, Bishkek, on Tuesday and vanished, setting off a nationwide search in which more than 20 U.S. agents participated.

Air Force Maj. Jill Metzger's report of a kidnapping is still under investigation. (AP)

Late Friday evening, Metzger showed up at a house in the town of Kant, about 20 miles from the capital. Accounts about what had happened to her were fragmentary, and the U.S. Embassy said in a statement that "it now appears that Major Metzger had been abducted."

Metzger was stationed at a U.S. base in Kyrgyzstan, a former Soviet republic in Central Asia, that is used to support operations in Afghanistan. Air Force officials said she was in stable condition and had been flown to another base in the region.

"Her condition will be determined by a team of medical professionals," the military said in a statement. "The investigation concerning her disappearance is continuing."

A Kyrgyz police official, Kemilbek Kiyazov, told the Associated Press that Metzger had given a dramatic account of being kidnapped.

According to Kiyazov, Metzger said that while she was shopping at a department store in Bishkek, someone placed an object in her back pocket with a note saying it was a bomb and telling her to go to an address in Bishkek.

Metzger went to the address "as if she were in a trance," Kiyazov said. Three men and a woman then forced her into a van and took her to a house in a rural area outside the capital.

Other Kyrgyz officials, speaking to reporters on condition of anonymity, said they found her story baffling.

Metzger was on a shopping trip with other U.S. personnel who reported her missing after she failed to meet up with them for the return trip to the base. She reportedly does not speak any of the major local languages, Kyrgyz, Russian or Uzbek. And investigators said they determined that she appeared to have left the store of her own volition.

Metzger, who is permanently assigned to Moody Air Force Base in Georgia, had nearly completed a four-month tour in Kyrgyzstan and was scheduled to ship out Friday. Military officials said she had recently married and was planning to join her husband on a belated honeymoon.

On Friday night, Kyrgyz officials said, she turned up in Kant exhausted and with her hair dyed brown. Kiyazov told the AP that Metzger's hands were stained with dye. It was unclear how Metzger eluded her kidnappers.

Metzger's father-in-law, Kelly Mayo, told the AP in Colorado Springs that the Air Force's Office of Special Investigations said she was found on the side of a road with her head shaved. He suggested that she may have suffered some physical injuries. U.S. officials have not provided any details on what Metzger has said to them.

U.S. Major 'Stable' After Reported Kidnapping (WT/AP)

By Leila Saralayeva, Associated Press

The Washington Times, September 10, 2006

BISHKEK, Kyrgyzstan -- A U.S. Air Force officer who went missing for three days said someone stuffed an object in her jeans pocket with a note saying it was bomb and telling her to go to a site in Bishkek, where kidnappers grabbed her, Kyrgyz authorities said yesterday.

They said Maj. Jill Metzger reported feeling as if she were in a trance as she followed the instructions.

U.S. officials said the 33-year-old officer was in "stable condition" after she turned up Friday night and had been moved to another American base in the region.

Maj. Metzger disappeared Tuesday in Bishkek, capital of this former Soviet state in Central Asia, while shopping at the TsUM department store for souvenirs before a scheduled departure from the country Friday.

Her disappearance touched off an extensive search by Kyrgyz police and by U.S. military personnel, including 22 special agents.

But no trace was found until late Friday when Maj. Metzger knocked on the door of a house in Kant, a town about 22 miles from Bishkek, and told its residents she had been abducted, Kyrgyz Deputy Interior Minister Omurbek Suvanaliyev said.

Military officials said Maj. Metzger was a newlywed and had been scheduled to travel with her husband to Jamaica for a belated 10-day honeymoon.

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Maj. Metzger told Kyrgyz police she had been abducted by three young men and a woman in a minibus and held in a rural area about 30 miles from the capital, Mr. Suvanaliyev said.

Kemilbek Kiyazov, chief of the Chuysk regional police department, said, "Her first testimony was that when she split up with her group in the department store, someone put a hard object and a note saying it was an explosive in a back pocket of her jeans.

"In the note there were also detailed instructions about where to go and what to do. Metzger says it was as if she were in a trance and fulfilling someone else's wishes."

Mr. Kiyazov said the major reported that she was met by three men and a woman who put her into a vehicle, took her to a house and placed her in a dark room. He quoted her as saying she managed to escape after an abductor brought her food and she struck him.

Mr. Kiyazov, who said he talked with Maj. Metzger, said her blondish hair had been dyed dark brown and her hands were stained with dye.

Capt. Anna Carpenter, a spokeswoman at the U.S. air base at Bishkek's Manas airport, where Maj. Metzger had been temporarily stationed, said the major was in "stable condition."

Maj. Metzger was taken several hours later to another base in the region, Capt. Carpenter said, but declined to say where. Manas is the only U.S. base in Kyrgyzstan.

Maj. Metzger was serving a four-month stint with the 376th Air Expeditionary Wing at Manas. She had been scheduled to return Friday to her regular post at Moody Air Force Base in Georgia.

Maj. Metzger's father-in-law, Kelly Mayo, said her husband, Air Force Capt. Joshua Mayo, was overjoyed when he was told Friday that his wife had been found.

"I can't even describe it. He's just beside himself, just unbelievable joy," Mr. Mayo said.

CORPORATE SCANDALS:

Backdating Is Seen As Option In Tech Realm (LAT)

By Tom Petruno And Chris Gaither, Times Staff Writers

The Los Angeles Times, September 10, 2006

Silicon Valley probes are targeting practices that many consider legitimate means to advance firms' goals.

SAN FRANCISCO — Gregory Reyes was facing a personnel crisis. The executive he had just hired for a top sales job at his Silicon Valley company suddenly was threatening to jump to a competitor.

So Reyes, then chief executive of computer networking firm Brocade Communications Systems Inc., decided to offer the recruit a much bigger pay package. Instead of options to buy 285,000 Brocade shares — the initial offer — Reyes anted up 500,000.

He didn't stop there, according to federal prosecutors. They say Reyes dangled a sweetener: The purchase price of the options would be fudged — "backdated" — so that the employee would have an immediate paper profit of $2.5 million on the shares.

The government says that was a crime, one that could put Reyes behind bars for 20 years if the charges stick. And more executives could find themselves joining Reyes in court dockets, as prosecutors and securities regulators examine past option grants at more than 100 companies nationwide, most of them technology firms.

The widening probe is of particular concern in the nation's tech center — Silicon Valley and the San Francisco Bay Area — where options have long been the coin of the realm. At least 30 firms in the area have disclosed federal inquiries.

But even as the Justice Department and the Securities and Exchange Commission bear down in their investigations, there is a sense of disbelief among many in the tech sector that companies' option practices of the last decade have literally become a federal case.

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"Clearly, they did something wrong, but it's very different from a WorldCom or Enron situation, where it appeared the fraud was just to fleece investors," said Tom LaWer, an executive compensation lawyer in East Palo Alto. "It seems as if there was a bit of laziness and stupidity involved."

In the hard-charging entrepreneurial culture of Silicon Valley, the creative use of stock options to reward favored employees is seen by many as a reasonable means to further a company's goals — not the basis of a criminal conspiracy.

"I'm reluctant to read a gigantic morality tale into this," said Paul Kedrosky, a former tech stock analyst who now runs the von Liebig Center for Entrepreneurism and Technology Advancement at UC San Diego. "It's more like speeding on the highway. Everyone saw other people doing it and thought it was OK."

That doesn't wash with many big investors and corporate governance experts, who note that the crux of the government's concern is that executives flat-out lied to shareholders and handed out unauthorized stock wealth to colleagues and to themselves.

To some critics, it's no surprise that the tech industry is playing a starring role in the option scandal. Silicon Valley has long had a reputation for being disdainful of outside shareholders' demands for accountability.

"They thought they lived by different rules," said Jeffrey Sonnenfeld, a professor of management at Yale and founder of the Chief Executive Leadership Institute in Atlanta. "They said e-governance was different."

A stock option is the right to buy shares for a set amount — the exercise price — within a certain period of time. For the tech industry, options were a favored compensation tool beginning in the 1980s because many up-and-coming firms couldn't afford to pay big salaries to workers. Stock was the logical alternative.

A key argument for using options as a carrot has been that they aligned workers' interests with those of shareholders. With skin in the game, employees would have a greater incentive to work hard and boost sales and earnings, thus driving up the share price.

With the tech industry boom and rocketing stock prices of the late 1990s, options became the most coveted currency of Silicon Valley.

"The temper of the time was equity uber alles," Kedrosky said. "The whole game was stock, which was totally motivated by the perception that stock had unlimited upside and the upside happened within six months."

If the market price of a firm's shares soared, an employee with vested options could immediately sell and haul in a handsome capital gain.

But from shareholders' viewpoint, a crucial feature of options is that the exercise price normally is the stock's final market price the day the option is granted by company directors. In other words, there is no built-in gain for the employee when options are awarded.

It now is clear that some companies in fact awarded options that already were profitable, or "in the money," at least on paper.

"The whole point is to incentivize performance" via options, said Carol Bowie, director of governance at the Investor Responsibility Research Center, a Washington-based group that counsels institutional investors on governance issues. "If you're giving in-the-money options, that defeats the purpose."

Investigators are focusing largely on so-called backdating, which at its most extreme amounts to looking back on the calendar and cherry-picking the most favorable recent prices for option grants.

Backdating itself isn't illegal, as long as it's disclosed to shareholders. Over the last decade, however, most companies repeatedly assured shareholders that options were granted only at market prices, not at discounts, said Patrick McGurn, a corporate governance expert at investor advisory firm Institutional Shareholder Services.

For most of that period, he noted, the tech industry also fought aggressively to beat back proposals from accounting regulators and shareholder activists to require the formal expensing of stock options in corporate financial statements. The industry said such expensing would unfairly shrink companies' reported profits.

Now, with dozens of firms acknowledging backdating, many have been forced to reduce previously reported earnings. That's because the granting of discounted options understated expenses and overstated profit.

But was backdating premeditated fraud or something more akin to cutting corners?

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Some tech veterans say there could be legitimate explanations for some of the pricing disparities that companies, and the government, are finding as they review past option grants.

John Duncan, a tax lawyer in Silicon Valley during the dot-com heyday, said option paperwork might have often languished on administrators' desks, or corporate officers might have known they had decided to grant options sometime in the prior weeks but couldn't remember exactly when.

So option program administrators may have just picked the most favorable recent date to price the awards, figuring it wouldn't make much difference if their companies' shares rose over the long run, said Duncan, now general counsel for Slide Inc., a San Francisco-based Internet company.

"Silicon Valley entrepreneurs dramatically undervalue the headaches and issues of paperwork and are so optimistic about the upward movement of stocks that they blind themselves as to whether these things really could hurt somebody," he said. "My guess is the vast majority saw it as a gray area."

Paperwork mistakes form the basis of Reyes' defense in the case the Justice Department and SEC brought against him and another former Brocade executive, Stephanie Jensen, in late July.

"Any variance between the date Mr. Reyes granted stock options and company documentation is the result of paperwork processing delays and/or administrative errors," said Richard Marmaro, his attorney.

The government accused Reyes and Jensen of routinely backdating option grants from 2000 through 2004. The two pleaded not guilty Aug. 30.

If proper accounting for options was gray to some companies, however, there was only black or white for Silicon Valley's two most prominent companies: Chip giant Intel Corp. and computer networking titan Cisco Systems Inc. say unequivocally that they never engaged in option backdating.

That is a blow to attempts to defend the practice by contending that it was accepted throughout the tech industry.

Another defense offered by some in Silicon Valley — although few will attach their names to it — is that fudging option prices was good for shareholders because it kept valuable employees on board.

Mark Jaffe, president of executive recruiting firm Wyatt & Jaffe, said he believed that some tech executives who backdated options convinced themselves that " 'I didn't do it for myself. I did it to hold my team together, I did it to maintain integrity and the continuity of executive staff, I did it so the employees didn't lose morale,' and so on."

But in the Brocade case and a case filed against Comverse Technology Inc. of New York, the SEC alleges that top executives backdated not only employees' options but their own — belying the idea that personal enrichment wasn't a motive.

"This was a fairly widespread situation of at best poor judgment and at worst unmitigated greed," said Bowie of the Investor Responsibility Research Center.

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Petruno reported from Los Angeles and Gaither reported from San Francisco.

Editorial: Post-mortem (HC)

Houston Chronicle, September 10, 2006

Prosecutors take the low road in their grab for the assets of the late Ken Lay's estate

The Justice Department is asking for lightning-swift passage of a federal law that would prevent Ken Lay's lawyers from having the late Enron founder's criminal record wiped clean. The prosecution appears poised to give up the high ground — the trial's noble pursuit of justice — for the low road of an ill-considered, desperate grab at the estate's assets.

In May, Lay was convicted in two separate cases of 10 counts of fraud, conspiracy and lying to banks. But before final judgment in the case, Lay died of heart disease while vacationing in Aspen, Colo. According to a 5th U.S. Circuit Court of Appeals ruling from 2004, a defendant who hasn't had the benefit of a full appeal should have his conviction nullified.

However, there is $43.5 million standing between federal prosecutors' acceptance of this legal precedent and their waging an unseemly battle with a dead man's estate.

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Lay is no hero in death. His victims will not forget his complicity in Enron's destruction in 2001. His actions helped destroy a company, wipe out thousands of employees' jobs and retirement savings, and convert some $60 billion in stock value into practically worthless shares.

Lay's demise does nothing to diminish his victims' financial claims. Neither does the former CEO's death prevent victims from continuing to seek justice. In fact, their legal demands are proceeding apace in civil court, the better venue at this point for this pursuit. The government pleadings cite both forfeiture and restitution as the rationale for carrying on with what now must be seen as a pointless raid on Lay's assets. As a civil matter, all aggrieved parties, including the government, can have their day in court.

In fact, contends Nancy Rappoport, former dean of the University of Houston Law Center and co-editor of Enron: Corporate Fiascos and Their Implications, prosecutors' dogging of the Lay estate will drain assets otherwise available to compensate victims.

"They are making matters worse for everybody, and they are not keeping their eye on the ball," Rappoport said. "Prosecutors have a highly developed sense of right and wrong. They are frustrated that Lay cheated the system out of his just punishment."

The government's Hail Mary pass to Congress is a testament to the weakness of its case. On Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to wait until Oct. 23 — what would have been Lay's sentencing date — before deciding whether to grant a request by lawyers for Lay's estate to set aside his convictions. Prosecutors hope, against all expectation, that the delay will give Congress time to pass a bill that would preserve a conviction even after a defendant's death and convert the government's criminal forfeiture proceedings to one in which the government would not have to compete with other creditors.

That would harm the victims the government purports to want to help. It would also harm other potentially innocent defendants who die before their appeals are heard. This mad dash to change the rules retroactively is an excellent way to create in haste a bad law that will be repented at leisure.

Less than a month ago, prosecutors tried a different shot in the dark: They sought to make former Enron CEO Jeff Skilling responsible for the entire $182.8 million in ill-gotten gains the government alleges against Skilling and Lay. Observers say this tactic also has only a slim chance of success.

The Justice Department's proposed legislation has not yet found a congressional sponsor. There are too many good reasons why lawmakers should continue to stay away from it.

CRIMINAL LAW:

Web Site Owner Gets 7 Years For Piracy (AP-Y)

AP, September 10, 2006

The owner of one of the nation's largest Internet software piracy Web sites has been sentenced to more than seven years in prison.

Nathan Peterson, 27, of Los Angeles, sold products copyrighted by companies such as Microsoft Corp. and Adobe Systems Inc. at a huge discount on his site, iBackups.net, prosecutors said. The site began operating in 2003 and was shut down by the FBI in February 2005.

In addition to Friday's 87-month sentence, U.S. District Court Judge T.S. Ellis III ordered Peterson to pay restitution of more than $5.4 million and to forfeit the proceeds of his scheme, which included homes, cars and a boat.

Peterson pleaded guilty in December in Alexandria to two counts of copyright infringement.

Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted.

Last month, Ellis sentenced a Florida man to six years in prison for selling illegal copies of computer programs on another site, BuysUSA.com.

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Man Gets 7 Years For Software Piracy (CNET)

By Steven Musil, Staff Writer, CNET News.com

CNET News, September 10, 2006

Owner of software piracy Web site receives the longest sentence ever handed down for software piracy.

The owner of a software piracy Web site has been sentenced to more than seven years in prison--the longest sentence ever handed down for software piracy.

Nathan Peterson, 27, of Los Angeles, sold copyrighted software at a huge discount on his site, iBackups.net, prosecutors said. The FBI began investigating the site in 2003 and shut it down in February 2005.

U.S. District Court Judge T.S. Ellis III on Friday ordered Peterson to pay restitution of more than $5.4 million. Peterson pleaded guilty in December in Alexandria, Va., to two counts of copyright infringement for illegally copying and selling more than $20 million in software.

Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted.

Last month, Ellis sentenced Danny Ferrer, a Florida man who pleaded guilty to copyright charges in connection with multimillion-dollar sales of pirated software, to six years in prison.

Software piracy resulted in a loss of $34 billion worldwide in 2005, a $1.6 billion increase over 2004, according to a study commissioned by the Business Software Alliance.

Report: Harris Official Interviewed (AP)

AP, September 10, 2006

U.S. Rep. Katherine Harris' former campaign manager has been interviewed by federal investigators as part of an inquiry into her relationship with a convicted defense contractor, a newspaper reported Saturday.

Jim Dornan spoke to FBI and Defense Department investigators in Washington for about 90 minutes Thursday, the St. Petersburg Times reported.

Dornan, who left Harris' Senate campaign in November, declined to comment to the paper, and messages left Saturday for Dornan by The Associated Press were not immediately returned. The Department of Justice has said previously it does not comment on pending investigations.

Harris has been in the spotlight for her dealings with Mitchell Wade, a defense contractor who pleaded guilty to bribing a California congressman and admitted funneling $32,000 in illegal donations to Harris. She later said she gave the money to charity. Dornan was not Harris' campaign manager when she accepted the donations.

The Justice Department investigation already has involved interviews with former top campaign strategist Ed Rollins and Fred Asbell, who quit in June as Harris' chief of staff in Congress. Harris has said previously she is cooperating with the investigation but is "not a target."

Though she won the recent Republican primary, Harris has not had an easy campaign season. She has faced the departure of staff members, and Republican leaders have not gotten behind her campaign.

ENVIRONMENT/INDIAN AFFAIRS:

Warner Worries Bill Will Allow Casinos (WT/AP)

The Washington Times, September 10, 2006

RICHMOND (AP) -- Sen. John W. Warner, a strong supporter of legislation to grant sovereign status to Virginia Indian tribes, is expressing new concerns about the law potentially paving the way for Indian-operated casino gambling in the state.

Mr. Warner, chairman of the Armed Services Committee and a co-sponsor of the so-called federal recognition bill, has asked the Virginia congressional delegation to take a closer look at the legislation.

Six Indian tribes have sought recognition through legislation sponsored in the House by Rep. James P. Moran, a Democrat, and in the Senate by Sen. George Allen, a Republican. The tribes say the legislation will give them access to federal funds.

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Mr. Moran introduced recognition legislation in 2000. The Senate version is in the chamber's Committee on Indian Affairs. The House version has been referred to its chamber's Committee on Resources.

Mr. Warner recently said he didn't want legislation that could "thwart the ability of a state, whether it's Virginia or any other state, to prohibit gambling."

He also said, in light of federal court decisions, "It's tough [to determine] whether or not the state can prohibit gambling, once sovereignty is granted to these tribes."

Supporters of the legislation didn't take Mr. Warner's concerns as a setback.

Wayne Adkins, a member of the Chickahominy Tribe and president of Virginia Indians Tribal Alliance for Life, an advocacy group pushing for federal recognition, said Mr. Warner's statement is a step in the right direction.

"He wants to see us have recognition," he said. "It looks like he's trying to remove the stumbling blocks."

Mr. Moran thinks Mr. Warner is simply being thorough and politically practical about the legislation.

Mr. Allen was equally optimistic, spokesman David Snepp said.

"He wants these questions to be settled by the Virginia delegation," Mr. Snepp said. "That's the only way this bill will be in the strongest position going forward."

The tribes are asking for the same status given to more than 560 other tribal governments.

The tribes mentioned in Mr. Allen's bill are the Chickahominy, the Eastern Chickahominy, the Monacan Indian Nation, the Nansemond, the Rappahannock and the Upper Mattaponi.

The Senate's Committee on Indian Affairs is expected to meet again this month.

Volunteers Come To Aid Of Parks Hurt By Cutbacks (NYT)

By Katie Zezima

The New York Times, September 10, 2006

MOUNT WASHINGTON, Mass. — Ever wonder who builds the stairs on hiking trails deep in the woods? Along the Appalachian Trail near the Connecticut border here this summer, the credit went to a group of young volunteers who spent four weeks turning stray rocks into staircases.

The seven teenagers and two crew leaders are part of the Student Conservation Association, a 50-year-old organization that among other things does grunt work in public outdoor spaces — cutting trails, building walls, tending plants.

In recent years, the group has taken on the added role of helping the national parks continue programs that might otherwise have been abandoned because of budget cuts.

Dale Penny, the association's president, said his crew of 3,000, mostly high school and college students with a few retirees and professionals on sabbatical, are not labor replacements. Rather, the students are a cadre of helpers assembled to assist park staff members in any way necessary. The volunteers work with state and federal land agencies, including the Bureau of Indian Affairs and the Forest Service.

"They're there to support the Park Service and do work that wouldn't otherwise get done," Mr. Penny said.

Scott Gediman, a ranger at Yosemite National Park, said the association's interns have supplemented the park's trail efforts, maintaining and repairing some of Yosemite's 800 miles of trails, including some backcountry ones that would have probably gone untended. Other members have filled in as park guides.

"These crews allow us to do more than we can do with our existing budget," Mr. Gediman said of the organization and others like it. "It allows us to keep up with a lot of the extra things, if you will, the kind of things that keep up the margin of excellence."

Kathy Kupper, a National Parks Service spokeswoman who recently worked as a ranger at the Chesapeake and Ohio Canal National Historical Park in Washington, said the Student Conservation Association started running tours on a riverboat that had been taken out of service and restored by local volunteers.

"The only way the park could do it was to hire the S.C.A. because it didn't have the money. They didn't have the staff up there for three years, and the money got absorbed into other things," Ms. Kupper said. "A friend of the park group raised all the money for the boat, and there's just no money in the budget there to pay for another ranger. So the S.C.A. will run the boat."

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The association is a public-private partnership supplemented by government grants, money from parks' operating budgets and private contributions. It received $23,462,000 in revenue and contributions last year, and spent $22,771,000 on operating expenses.

It deploys three types of workers among various public land agencies. Conservation interns are undergraduate or graduate students who spend 3 to 12 months working on field projects like land surveying or bird tracking. Interns' expenses are paid, and they receive a stipend. The association also dispatches interns to tackle large-scale land projects like fire prevention and detection of burn-prone areas and weeding out of invasive plant species. Each summer it also deploys conservation crews of six to eight high school students recruited through their school and two adults on 15- to 35-day labor-intensive projects like clearing and maintaining trails.

The stair-maintenance crew here spent eight-hour days hauling rocks from a riverbank and constructing dam-like structures that ensure trails drain properly. Showers were nonexistent and meals consisted generally of trail mix and instant macaroni and cheese, although some crew members got creative, fashioning peanut butter and noodles into a roughing-it approximation of pad Thai.

Though they were craving pizza, the students said that the experience taught them the value of the outdoors and hard work, and that they would do it again.

"I really love nature, and I want to do something important," said Graham Thompson, 17, from Irvine, Calif. "You focus entirely on your project and fall into this groove where it's really all about the work."

Starving The People To Feed The Cars (WP)

By Lester R. Brown

The Washington Post, September 10, 2006

High oil prices are much more than just a drain on drivers' pocketbooks or a sign of tough economic times ahead; they could also prove to be a leading indicator of the unraveling of our global civilization.

That may sound unlikely, or melodramatic. But consider this: Now, almost everything we eat can be converted into automotive fuel. And once the price of oil surpassed $60 a barrel last year, the business of transforming wheat, corn, soybeans and sugarcane into fuel for cars instead of food for people became hugely profitable. As crops that have long sustained us are diverted to provide fuel, we may encounter the same fate that brought down great civilizations of the past.

Plans for new ethanol distilleries and biodiesel refineries are announced almost daily, setting the stage for an epic competition. In a narrow sense, it is one between the world's supermarkets and its service stations. More broadly, it is a battle between the world's 800 million automobile owners, who want to maintain their mobility, and the world's 2 billion poorest people, who simply want to survive.

Whenever the food value of a crop drops below its fuel value, the market will convert it into fuel. Ultimately, this dynamic risks driving up world food prices, destabilizing governments in low-income nations and disrupting global economic growth.

Ours is not the first society to face a predicament of this kind. In his book "Collapse: How Societies Choose to Fail or Succeed," Jared Diamond assesses our current civilization against the backdrop of earlier ones, some of which recognized only too late how their future depended on safeguarding their basic resources.

Take the Sumerian civilization of the fourth millennium BC, which was based on an ingeniously engineered irrigation system -- one yielding a food surplus that supported the first cities. Some of the irrigation water percolated downward, slowly raising the water table. As the water rose, it began to evaporate, leaving a residue of salt. Over time, the accumulating salt lowered wheat yields, and the Sumerians turned to barley, a more salt-tolerant crop. But eventually the yields of barley also fell, bringing down this once-great civilization.

The New World counterpart to Sumer was the Mayan civilization in the lowlands of southern Mexico and Guatemala, a society that flourished from AD 250 until around AD 900. But deforestation and the resulting soil erosion undermined their agriculture. Today this region is covered in jungle, reclaimed by nature, and the Mayan civilization is a mere archaeological curiosity.

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Some early societies recognized environmental trouble and fashioned an effective response. In the 15th century, Icelanders realized that overgrazing of their grasslands was leading to soil erosion. Farmers then calculated how many sheep the land could sustain and allocated quotas among themselves, thus preserving their grasslands -- and a wool industry that thrives today.

What salt levels, deforestation and soil erosion foretold for past societies, high oil prices could reveal about our own.

Among the many environmental threats to our future -- increasing CO2levels, melting ice sheets, rising sea levels, falling water tables and shrinking forests -- the depletion of oil reserves may be the most immediate for our oil-based global civilization.

The price of oil has more than tripled over the past four years, jumping from $20 to nearly $70 a barrel. Mainstream analysts talk about prices rising to $100 a barrel or more if major disruptions in supply occur -- such as the explosion of violence and chaos in the oil-rich Middle East. And even though the discovery of oil reserves last week beneath the Gulf of Mexico was hailed as a boost for the U.S. oil industry, it will only temporarily delay the ongoing depletion. The real news is that so few such discoveries are made.

These runaway oil prices are now driving biofuel production, once spurred mainly by government subsidies. Brazil, the world's largest exporter of sugar, converts half of its crop into ethanol for cars, contributing to a doubling of the world sugar price over the past two years. In Europe, where rapeseed is grown for both biodiesel and cooking, margarine manufacturers have asked the European Parliament for protection from the heavily subsidized biodiesel refineries.

However, it is Malaysia, the leading producer and exporter of palm oil -- the most widely used vegetable oil -- that plans to lead the world in biodiesel production. Within the past 18 months, it has approved 52 proposals to build palm-oil refineries, raising doubts as to whether there will be enough palm oil to satisfy its export commitments and to feed these refineries.

And in the United States, investors are jumping on the biofuel bandwagon, pumping billions into new ethanol distilleries and biodiesel refineries. Last year, the United Sates produced more than 4 billion gallons of ethanol. Corn use by the ethanol distilleries has increased from 18 million tons in 2001 to an estimated 55 million tons from the 2006 crop, or nearly one-sixth of the U.S. grain harvest.

In some Corn Belt states, ethanol distilleries are taking over the corn supply. In Iowa, a staggering 55 ethanol plants are already operating or are planned. Iowa State University economist Bob Wisner observes that if all these plants are completed, they would use virtually the entire Iowa corn harvest.

With so many distilleries being built, livestock producers fear there may not be enough corn to feed animals, possibly leading to shortages in milk, eggs, beef, pork and poultry. And because the United States supplies 70 percent of world corn exports, importing countries -- such as Egypt, Japan and Mexico -- should be worried, too.

In agricultural terms, our appetite for automotive fuel is insatiable: The grain required to fill a 25-gallon SUV gas tank with ethanol would feed one person for a full year. If the United States converted its entire grain harvest into ethanol, it would satisfy less than 16 percent of its automotive fuel needs.

Yet, no one in the United States or internationally is monitoring the escalating diversion of grain to fuel distilleries to ensure that it will not disrupt food supplies. Instead, a market free-for-all dominates, with commodities going to the highest bidder.

All of this is unfolding as the world's farmers are trying to feed 76 million additional people each year. In six of the past seven years, world grain consumption has exceeded production. As a result, the reserve of public and private grain stocks that we rely on as a carryover from harvest to harvest has fallen to the lowest level in 34 years.

There are alternatives to this food-based fuels scenario. The equivalent of a 3 percent gain in U.S. automotive fuel supplies from ethanol could be achieved several times over -- and at a fraction of the cost -- simply by raising automobile fuel-efficiency standards by 20 percent. We can also shift to highly efficient gas-electric hybrid plug-in vehicles. And if we invest in wind farms, feeding cheap electricity into the grid, cars could run primarily on wind energy, and at the gasoline equivalent of less than $1 a gallon.

Like earlier civilizations, we face a choice. When the Sumerians got into trouble on the food front, they substituted barley for wheat, which delayed but did not prevent their ultimate decline. We are similarly substituting ethanol for oil, treating the symptoms rather than the cause. The question is whether we will move quickly enough to reduce our dependence on oil, or whether we will continue with business as usual. Will we choose to follow the Icelanders, or the Sumerians and Mayans?

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FBI/DEA/ATF/USMS:

In Salinas, Guns Used In Crimes Get Around (MHCA)

By Julia Reynolds

Monterey (CA) Herald, September 10, 2006

No one knows how the Czech ended up in Salinas.

Worn and battle-weary, the Cold War veteran had slipped quietly into the U.S., and in only a year, detectives in Monterey County were working overtime to track the foreigner's deadly trail.

Early in 2001, detectives found tell-tale bullet casings after a shooting. In June, more spent casings at another shooting scene showed the outlaw's crimes had escalated to attempted murder.

In August, another shooting could have easily become a homicide but the victim survived. Within days, as if to silence any witnesses, gunshots rained upon residents in a Salinas home.

The Czech ended the year with a murder outside the city limits in Monterey County.

A year and a half later, sheriff's deputies finally nabbed one of Salinas' most-wanted killers.

The Czech, it turned out, was a CZ 85, a 1970s-era 9 mm semiautomatic pistol that had fallen into the hands of Salinas criminals.

The pistol's short but extremely active time in Monterey County is typical of many guns used in Salinas crimes -- guns that are quickly passed from hand to hand and from shooter to shooter.

With more than 300 firearms crimes committed every year, Salinas has struggled for more than a decade with a river of illegal weapons easily acquired and passed around among its youths.

The murder rate is declining, but the number of shootings and gun crimes has held steady for five years. And those statistics tell a grim tale: For the last three years, the number of serious assaults with firearms has stayed above 100 annually, with 61 drive-by shootings and 87 robberies involving a firearm in 2005 alone.

A major difficulty in trying to solve these crimes can be traced to what officers call the "communal" use of guns in Salinas, meaning illegal guns don't tend to stay in one person's hands for very long.

Since 2001, using a state-of-the-art bullet "fingerprinting" system, Salinas police have learned a lot about how weapons are passed among the city's youths, and investigators have discovered that several guns have been used in a dozen or more crimes.

"Our bullet casing (marks) are high-probability candidates for being in multiple crimes," Salinas police Cmdr. Kelly McMillin said. "It's because of the communal nature of guns in Salinas."

This unusual situation exists, he said, because young gang members pass their guns along to friends.

According to one Norteño gang member who asked not to be named, once a gun is used in a crime, "it's time to get rid of it. I used to go through a couple of guns in a month."

"Sometimes the guns even change sides," McMillin said. Using ballistic identification to trace shell casings left at crime scenes, officers may link a weapon to a series of shootings by Sureño gangs. Later, bullets from the same gun suddenly show up in crimes police believe were committed by Norteños.

Switching sides|

"It's like the guy dropped it in a shootout, and another guy picked it up," McMillin said.

It's this fluid, community ownership of guns that gives Salinas a higher-than-usual number of guns used in multiple crimes, according to Mark Babione, a criminologist at the Salinas Police Department who spoke with The Herald before he recently went on medical leave.

"It all started when we had 114 shootings in one year," he said.

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In 2001, detectives began sending shell casings to Santa Clara County, which had the only bullet testing lab in the area. There, the casings were analyzed for preliminary matches -- called "hits" -- against casings found at other Salinas crime scenes.

"In six months, they got more hits from us than they ever had," Babione said. "We're a frequent flier."

"We have a high hit rate," McMillin agreed. "Before, we had to rely on Santa Clara County for casing IDs -- Salinas was 75 percent of their work. Salinas gave them more work than all of Santa Clara County combined."

Some of the early "hits" were astounding.

When 17-year-old Sureño gang member Miguel Rivera was arrested for a 2002 homicide, Salinas police ran ballistic fingerprinting tests on the casings.

By comparing their unique markings, investigators found that the same gun had been used in at least 11 other shootings. Two were linked to Rivera, police said, but someone else may have committed the other crimes.

As of late August, 164 Salinas guns have been linked to multiple crimes since 2001.

The same year Rivera was arrested, the Salinas Police Department wrote a federal grant for its own "data acquisition station" -- essentially a compact bullet fingerprinting lab -- and was able to hire one of the state's top ballistics experts, Stephen O'Clair, a retiring Justice Department criminalist from Fresno.

O'Clair works part time as a bullet identification expert, running the Integrated Ballistics Information System, also called IBIS.

What's distinctive about the system is that it can link bullets to the same gun, even if police never recover the weapon.

"This gun here is connected to four Santa Clara County cases," O'Clair says, pointing to a line of red type in his computer's list of bullets he's entered into the system. The red ones are the hits.

With the data acquisition station, a computer and camera set up in a windowless room at the Police Department, he'll take photos of the end of the casing and study the images under a comparison microscope.

"Semiautomatic guns also might have an ejector mark," he says. "It's made when the bullet's cartridge is kicked out."

O'Clair has more than 160 matched guns listed in his computer.

"One is a Glock that was used in 13 different cases," he says. "The gun disappeared after a homicide in April 2002."

"Sometimes they disappear and come back again," he says.

Another was used nine times, until the gun and a shooter were picked up last July.

There are maybe a dozen people in California who do what O'Clair does, and most work in U.S. Department of Justice IBIS labs in Stockton, Sacramento and Fresno, along with a couple of labs used by the Los Angeles Police Department.

Studying bullet casings from crime scenes is only one side of O'Clair's job. The other is shooting guns.

It's dark in the basement shooting range at the Salinas Police Department. Years of stray bullets have strafed the cement walls, floors and ceiling.

On this particular day, O'Clair is hoping that any of 30 confiscated guns sent over by the Monterey County Sheriff's Office might match a crime scene casing on file.

A cardboard box sits on the floor filled with plastic bags, each holding a handgun and paperwork labeled "Outside agency assist."

Wearing ear protection and latex gloves, O'Clair and crime scene investigator Neil Harrier methodically clean, load and shoot. They'll fire three bullets from each weapon into a funny-looking metal box with a plastic funnel aiming inside before the guns are processed and eventually destroyed.

After several guns of different calibers are fired, the casings are picked up off the floor and the bullets are pulled out of a long metal canister from inside the box.

"When I worked in Fresno we had a water tank, but since we don't have room for a water tank, we use that can full of black rubber balls," O'Clair says.

Sometimes risky|

His gloves black from the rubber, O'Clair fishes out the bullets and puts them in a little envelope and a plastic Ziploc bag, along with the gun.

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"Some just can't be fired," O'Clair said. He said he had a "slam fire" last week, when he pulled on the slide and the gun fired prematurely.

"You have to make sure the barrel is clear or it could blow up in your hand."

Out comes a black .44 Magnum.

"This is gonna be a big bang," he says. It is. "That's kind of fun, too. That's what Dirty Harry used to carry."

Despite the system's successful matches for Salinas guns, police officers still have trouble catching criminals. They may know which guns were used in which crimes, but they don't necessarily know who the shooter was. In many communities, the registered owner might be a suspect, but that's a rare case in Salinas.

But the ballistic matching system sometimes gives officers clues they would never have found otherwise.

After a recent homicide, police found out that a gun picked up in an unrelated arrest was also the murder weapon, giving their investigation an entirely new turn.

And with more than 4,000 serious firearms crimes reported in the last decade in the city, officers say that no matter what its shortcomings, they'll keep relying on IBIS to trace the wayward path followed by guns in Salinas.

IMMIGRATION:

Bush's Approval Ratings Slumping Further In Europe (WP)

By Chris Cillizza And Zachary A. Goldfarb

The Washington Post, September 10, 2006

President Bush's approval ratings in the United States are nothing to cheer about, but he can count himself lucky that the midterm elections will not be held in Europe. A comprehensive survey of public opinion in a dozen European nations and the United States found that things have gone from bad to worse when it comes to disdain for the administration and its national security policies.

The annual survey, taken by the highly regarded German Marshall Fund of the United States, shows that 77 percent of Europeans disapprove of the way Bush has handled international affairs, as compared with 56 percent who felt that way in GMF's "Transatlantic Trends" survey in 2002.

Asked how desirable it was for the United States to exert strong leadership on the world stage, 37 percent of Europeans said that should be a goal -- down from 64 percent five years ago. In this country, 82 percent of Americans think it is very desirable or somewhat desirable for the United States to exert leadership.

Anyone who has seen the large antiwar rallies in Europe on television won't be surprised that people living on the other side of the Atlantic are less than enthusiastic in their views toward Bush and America's role in the world.

But, the GMF poll, which tested approximately 1,000 people in each of the countries it surveyed, also found interesting nuances in attitudes of those residing across the pond.

Even though Europeans' views of Bush have collapsed over the past five years, their fears about the threat posed by international terrorism have grown closer to Bush's view. Sixty-six percent of Europeans called terrorism an "extremely important" threat, up eight percentage points since last year. In Britain, which has been the target of several terrorist operations in the past year, the number of those viewing terrorism as a main priority rose by 22 percentage points. But Europeans remained wary of military action as the answer to security threats, and they put greater emphasis on diplomacy.

GMF President Craig Kennedy said the survey revealed "broad agreement on threats across the Atlantic and a profound division on how to deal with them."

Some Democrats, however, have suggested that the majority opinion in the United States has grown closer to a European outlook. Democratic pollster Mark Mellman said he recently conducted a poll finding that 31 percent believed that it is better for the United States to "act on its own because we can act more decisively and effectively in our national interest." Twice as many said it is better to work through multilateral institutions such as the United Nations.

"The American public prefers multilateralism wherever possible because they understand that our strength in confronting terror rests in part on the cohesion of our alliances," Mellman said.Hispanics' Clout

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Massive The huge rallies earlier this year of Hispanics alarmed by anti-immigration sentiments seemed to presage the potential of this group as a voting bloc this fall. "Today We March, Tomorrow We Vote" was one popular slogan.

But as Nov. 7 nears, some analysts are wondering whether reality will match anticipation. An analysis by the Associated Press of voter registration data in 12 U.S. cities with substantial Hispanic populations -- including Los Angeles, Houston and Atlanta -- did not find a major spike in voter registration.

The news agency found that there were fewer new registrants through July in every city, compared with 2004 figures. Presidential elections ordinarily excite more interest among nearly all voters, so that lag is not entirely a surprise. It also suggests that 2006 may not be the year Hispanics fully exercise the clout that could come with rising numbers.

Clarissa Martinez, director of state and local public policy at the National Council of La Raza, said this year's demonstrations and voter mobilization efforts will have a long-term impact, even if the immediate effect is not so dramatic. She said aggressive work is being done to naturalize immigrants, which will mean more voters and higher turnout. "A couple of things are in motion, some of which will be felt in '06, but the real effect will be in '08," she said.

Robert de Posada, a former president of the Latino Coalition, questioned whether the demonstrations, while initially energizing Hispanics, might ultimately have had negative consequences. "It turned off a lot of people who did not like the tone of the debate on both extremes," he said.

He said many Hispanics feel disaffected with the political process and don't expect anything constructive to happen, regardless of who wins this fall.

Hispanics are the fastest-growing segment of the population in the United States, but they are less likely than whites or blacks to vote. From 2000 through 2004, according to the Pew Hispanic Center, they accounted for half of U.S. population growth but only a 10th of the increase in votes cast.

Latino Activists Put Faith In Ballots (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, September 10, 2006

As immigration rights leaders assess gains and losses since rallies last spring, they turn their focus to the recruitment of 1 million new voters.

Has the immigrant rights movement fizzled?

At a national Latino conference that drew hundreds to downtown Los Angeles last week, movement leaders emphatically said no.

Although Congress has stalled action on broad immigration reform and Labor Day marches failed to mobilize wide support, activists said they were only now beginning to roll out the next stage of their battle: a massive effort to produce 1 million new Latino voters and U.S. citizens.

"Now is not march time," Antonio Gonzalez, president of the Southwest Voter Registration Education Project in Los Angeles, said Saturday. "We're mobilizing voters. That's the big deal."

But immigration control advocates say the marches last spring doomed activists' efforts by alienating most Americans and strengthening support for stronger border control and opposition to legalization.

"The mass sea of illegal aliens bearing foreign flags and hostile placards really produced a pronounced backlash, from which they've never recovered," said John Keeley, spokesman for the Washington-based Center for Immigration Studies.

The movement's fate is in question just months after hundreds of thousands of immigrants and their supporters startled the nation by pouring into the streets to protest a House bill that would criminalize undocumented immigrants and those who support them. Buoyed by their success, they helped push the U.S. Senate to pass a landmark bill increasing visas and offering legalization to many of the nation's estimated 11 million undocumented immigrants.

Since then, some activists acknowledge, their ranks have become demoralized as congressional action on the issue stalled over the summer and recent marches have fallen flat.

In Los Angeles, for instance, police estimated that only about 1,500 people turned out for a Labor Day weekend rally that organizers had predicted would draw as many as 50,000. And Cecilia Munoz, a vice president of the National Council of La Raza,

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said some immigrants were reluctant to risk their jobs to march because the likelihood of legalization and other reform does not appear imminent.

"A lot of people feel a loss," immigrant activist Oscar Garcon said Saturday at the National Latino Congreso, which was billed as the most comprehensive gathering of Latino leaders in nearly 30 years. "They say, 'We demonstrated, we came out by the millions, but what did we change?' "

But he and others said a movement cannot fairly be measured by the size of its marches or its early setbacks, and some experts agree.

Louis DeSipio, a UC Irvine associate professor of political science and Chicano/Latino studies, said it was premature to dismiss prospects for broad immigration reform.

He said such aims could take years to achieve. The 1986 amnesty for illegal immigrants, for instance, took a decade to pass and did so abruptly, just as most members of Congress thought the provision dead.

DeSipio said movements cannot be built from marches alone.

"It's good they've moved away from the marches," he said. "Marches can get people's attention, but it doesn't necessarily get a higher percentage of the community involved in civic participation. That's what things like get-out-the-vote and voter registration drives do."

DeSipio said the ferment over immigration could in time lead to a surge in Latino voters similar to the one after the 1994 passage of Proposition 187. The measure would have denied health benefits to undocumented immigrants had it not been overturned in the courts.

The number of legal residents who became U.S. citizens increased from 434,000 in 1994 to more than 1 million in 1996; and Latino registered voters in California increased from 1.6 million in 1996 to 1.9 million in 2000, according to the National Assn. of Latino Elected and Appointed Officials Educational Fund in Los Angeles.

Activists argue that some preliminary data offer evidence of another surge. According to U.S. immigration statistics, the number of citizenship applications increased by 41.5% in May over last year, a far larger increase than in previous periods.

"This is one of many issues, and it's going to take time, but it will come," said Cristina Basurto, 32, a member of Women of Earth, a social justice organization, who attended a small rally after the conference Saturday near downtown. "I think people still have it in their hearts and still want to fight for what they believe in."

The number of new Latino voters grew by 35,000 in Los Angeles County from March to August, helping to boost their share of the electorate from 20% to 24% over last year, according to an analysis of Los Angeles County registrar-recorder data by the Latino officials' organization.

Marcelo Gaete, the organization's senior program director, said his staff used a surname dictionary to determine how many of the county's new voters were Latino.

Keeley, however, said the political landscape proves his point: A get-tough stand on immigration is a winning political message.

In Pennsylvania, for instance, he said Republican Sen. Rick Santorum is rapidly closing what had been a double-digit deficit in the polls in his race against his Democratic challenger, state Treasurer Robert Casey Jr., by campaigning with a tough immigration message.

He also said congressional hearings on immigration and local town halls during the summer recess have convinced many legislators that constituents see border control as a top priority.

As a result, he said, "the chances are less than zero" of winning legalization this year.

Some Latino activists, including UC Riverside ethnic studies department Chairman Armando Navarro, agree that the movement for immigrant rights has lost steam. He said internal squabbling, a lack of leadership and a failure to organize immigrants for long-term political change had squandered their gains of the spring.

DeSipio and others, however, said activists had already scored a significant victory by so far stopping the House bill, especially the provision that would criminalize undocumented immigrants and those who aid them, from becoming law. Elements of that bill, including border enforcement measures, however, may still pass.

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Now, activists say, they are gearing up to launch what they envision will be a long-term effort to mobilize Latino voters for elections this November and, more important, in 2008.

Two organizations — the Service Employees International Union and the Southwest Voter Registration Education Project — have raised $7 million for national voter registration and get-out-the-vote efforts.

The National Assn. of Latino Elected and Appointed Officials plans to include 150,000 voter registration cards in La Opinion later this month and help sponsor another major workshop at the L.A. Convention Center to help immigrants apply for citizenship. A July workshop produced about 1,300 completed new citizenship applications, Gaete said.

Spanish-language radio DJs, who helped turn masses out for marches, have also begun to actively promote voter registration and citizenship efforts. Renan Almendarez "El Cucuy" Coello took his "Votos por America" campaign to 10 cities over two weeks last month.

DeSipio cautioned, however, that it was easier to register voters than to get them out to the polls.

"There's certainly the potential there," he said, "but it will require sustained investment and a lot of hard work."

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Times staff writer Bettina Boxall contributed to this report.

Low Turnout At L.A. Immigration Rally (AP)

By Peter Prengaman, Associated Press Writer

AP, September 10, 2006

Few people turned out Saturday for a rally demanding amnesty for 11 million illegal immigrants, the latest sign of pro-immigrant groups' struggles to regain momentum after hundreds of thousands marched for the cause in the spring.

Local bands played rock music, vendors offered chicken tacos and dozens of activists set up information booths in a downtown field. But only about 350 people showed up, and many were organizers and journalists.

Organizers, who had expected about 5,000 participants, downplayed the low turnout. They said their point was made even with sparse crowds.

"This community has shown it wants a solution, so we shouldn't have to show it with half a million people each time we do it," said Maria Elena Durazo, secretary treasurer of the Los Angeles County Federation of Labor, AFL-CIO.

The rally comes as pro-immigrant coalitions try to re-energize their campaign after summer vacation and internal divisions have weakened a movement that brought hundreds of thousands to the streets in the spring.

The rally culminated this week's National Latino Congreso, billed as one of the largest gatherings of Hispanic leaders in decades.

Sessions included speeches and workshops on registering Hispanic voters, running Hispanic political candidates, wage gaps between Hispanics and whites, environmental issues and a lack of access to health care in immigrant communities.

But the week's central issue was creating new strategies to urge lawmakers to offer a path to citizenship to illegal immigrants.

"We need to frame this as a national security issue," said Peter Schey, president of the Center for Human Rights and Constitutional Law in Los Angeles. "It's ridiculous to have immigrants at airports giving their fingerprints when there are 12 million people in the country illegally."

The House passed legislation in December that would add hundreds of miles of fence along the U.S.-Mexico border and criminalize anyone who lent a hand to illegal immigrants.

That bill created a groundswell of anger in immigrant communities, leading to a 500,000-strong rally in Los Angeles in March that was followed by hundreds of other demonstrations across the country.

The Senate scrapped the House bill when it took up immigration reform in April, instead passing legislation that would strengthen the border and create a limited legalization program.

Since then, however, Congress has all but shelved immigration reform. And efforts by pro-immigrant coalitions to registers thousands of new voters has yet to take shape.

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An Associated Press review this week of voter registration figures from Chicago, Denver, Houston, Atlanta, Los Angeles and other major urban areas that saw large rallies showed no sign of a historic new voter boom that could sway elections.

An Ever-Changing Path To Legal Status (WP)

By S. Mitra Kalita

The Washington Post, September 10, 2006

Since Congress has tabled immigration reform, millions of immigrants living and working here illegally now find they have a tougher path toward legalization.

In the past, illegal immigrants have been helped by specific amnesty programs, such as a 1986 law that allowed nearly 3 million immigrants to gain legal status. In 1994, Congress passed a law that allowed people sponsored by employers or relatives to qualify for green cards, if they paid a $1,000 fine. The law was phased out in 1998 but then reinstated by Congress in December 2000. The deadline was April 30, 2001.

While employers and relatives can still sponsor immigrants for green cards, limited quotas have resulted in extremely long waits. The United States allows 5,000 low-skilled workers to be sponsored for green-card-based visas every year.

Those sponsoring an illegal worker, such as a nanny, often encounter a "cruel myth," said Crystal Williams, deputy director for programs at the American Immigration Lawyers Association. "Families go through the process and they discover that the kids will be grown before the nanny gets a green card."

Exceptions are made for some immigrants who come from crisis-ridden countries that can no longer absorb them. Immigrants from El Salvador, Nicaragua, Honduras, Somalia and Sudan, for example, can qualify for temporary protected status if they were in the United States before a certain date. Temporary protected status is given to immigrants from certain countries who cannot return because of ongoing conflicts, environmental disasters or other conditions. The program does not lead to permanent residency.

One way to gain legal status, depicted in a movie aptly named "Green Card," is to marry a U.S. citizen. But, Williams warned, "the marriage has got to be real. If you do it on a bogus basis, it's a felony." (Twenty-two people in the Washington area were charged last week in relation to sham marriages related to immigration status.)

Congressman Backs Town's Bid To Curb Illegals (WT/AP)

The Washington Times, September 10, 2006

FREDERICKSBURG, Va. (AP) -- U.S. Rep. Eric Cantor is lending his support to an effort in Culpeper to crack down on illegal immigration.

Mr. Cantor, Virginia Republican, said he has been following the debate over the issue, which drew attention when Town Council member Steve Jenkins began an effort to target landlords and employers who house or hire illegal aliens.

Mr. Jenkins also is considering calling for an official designation of English as the town's primary language.

The Culpeper County Board of Supervisors voted Tuesday to send a letter to Mr. Cantor requesting help.

The Town Council will on Tuesday consider sending a joint letter with the county supervisors.

"Illegal immigration is a national crisis that must be addressed at all levels of government," Mr. Cantor wrote in a letter to town and county leaders. "If you identify a need for federal legislation to help you, I stand ready to consider any and all ideas to help you solve this growing crisis."

The Senate and the House are at a stalemate on how best to address illegal immigration.

In his letter, Mr. Cantor said he doubts the Senate will take action on the issue until after the November elections.

Mr. Jenkins said he was pleased Mr. Cantor, in his third term representing the 3rd Congressional District, had responded.

"I believe right will prevail and [that federal officials] will step up," he said.

A meeting recently called by Mr. Jenkins on the topic drew more than 200 people and became contentious when some exchanged angry words.

At the same time, about 100 people sympathetic to immigrants marched downtown. Such supporters also have sent a letter to the Town Council urging its members to reject measures that target illegal aliens.

Mr. Jenkins has cited Hazelton, Pa., as a city that is taking local action to curb illegal immigration.

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Hazelton has legislation targeting landlords and employers who house or hire illegal aliens. However, a federal court order has stopped the city from enforcing the measures, which were to take effect tomorrow.

They plan to rework the legislation as the city contends with a lawsuit by the Puerto Rican Legal Defense and Education Fund and the American Civil Liberties Union.

School Forms' Immigration-Related Questions Stir Concern (WP)

By Michelle Garci-a, Washington Post Staff Writer

The Washington Post, September 10, 2006

CARTERET, N.J. -- A few weeks back, Linda Singh picked up the registration packet from her local school district. There, at the bottom of the first page, was the question regarding birthplace, followed by: "If not USA, date entered USA."

It set off alarm bells for Singh, who is of Irish ancestry and married to an Indian immigrant, with five U.S.-born children. She feared that this was another school district trying to figure out the immigration status of its students.

She alerted the Sikh temple where her family goes, and they drew up fliers notifying parents that they did not have to answer immigration questions. She called civil liberties advocates. Then, armed with legal citations, she attended a recent school board meeting and would not back down.

"I feel like it concerns me because this is my town," Singh said. "If I don't make a stand in my back yard, then what's next?"

Scores of New Jersey school districts are stirring unease among immigrant parents by asking them to provide immigration-related information when they register their children for school. Fourteen years ago, the Supreme Court ruled that cities and towns must provide education for all students, regardless of immigration status.

The New Jersey chapter of the American Civil Liberties Union conducted a survey in the past few weeks and found that 57 schools and district offices request immigration-related information or a student's Social Security number for school registration.

The advocacy group, which surveyed 224 schools, said such questions violate federal and state privacy laws and can discourage immigrant families from registering their children.

"We live in a society that is increasingly encroaching on our privacy," said Annu Mangat, a spokesman for the New Jersey chapter. "This is a fairly straightforward thing to remedy. They need to train staff and revise their forms."

School officials, by and large, insist that they are not asking these questions out of any desire to ferret out students who are illegal immigrants. They note that New Jersey is a densely packed state and that all districts scrutinize their student body for interlopers. And they say that their districts can receive federal funds for immigrants who arrived recently.

"I can assure that it wasn't meant to check immigration status, to determine if someone has a green card or a red card," said Dennis W. Siddons, assistant superintendent of the Carteret School District. "I don't work for immigration."

After the school board clarified the intent behind its question, it saw an increase in the number of South Asian families registering their children, Siddons said.

But these immigration questions arise against a backdrop of escalating tensions over immigration. Singh thought nothing of it several years ago, when the school district requested the Social Security numbers of her children, but that was before towns in New Jersey and Pennsylvania embraced the current wave of ordinances aimed at restricting jobs and housing for undocumented immigrants.

Add to that the attacks against Sikhs after Sept. 11, 2001. Her husband, Harminder Singh, a charter bus driver, was once asked if he had a bomb on his bus.

Linda Singh, whose Gaelic features are framed by black hair, has felt the return of the fighting spirit of her twenties, when she took up the cause of Northern Irish independence. "My grandparents are from Belfast," she said. "I care a lot about civil rights being trampled on."

Michael Hethmon, an attorney for the Federation for American Immigration Reform, a group that seeks to limit immigration, says that the ACLU has interpreted the court ruling too broadly. He cited a federal regulation that allows schools to collect immigration information.

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Hethmon said the classroom may become the next legal battlefield in the effort to deny services to people who are here illegally. He said that anti-immigration ordinances, such as one passed in Hazleton, Pa., which denies housing to some immigrants, will extend to education.

"Eventually, a Hazleton situation will be created in the school district, and we'll be there," he said.

The Immigration Equation (NYT)

By Damon Darlin

The New York Times, September 10, 2006

It's often said that immigrants do the jobs Americans don't want to do. They've just been assigned another task: Buy the homes of the baby boom generation. But this task is one that native-born Americans simply can't do. There won't be enough of them.

Many of the 78 million boomers, the first of whom turn 60 this year, will sell their property over the next two decades, says George Masnick, a research affiliate with the Joint Center for Housing Studies at Harvard University. Some will move to a smaller home or to their second home, others will move into a managed-care complex. And for some who never moved, it will be their estate making the sale. What many boomers should be asking right now is who will buy their 34 million homes. The buyers may well be immigrants, and not necessarily legal ones (about 12 million of the 35 million foreign-born people in America are illegal immigrants, according to estimates from the Center for Immigration Studies, in Washington).

Demographers say there aren't enough potential homeowners in the echo boom (the children of the baby boomers) or in the generation that comes after that (still without a catchy name) to soak up that supply, no matter how slowly it goes on the market. (It is presumed that the bulk of the Gen Xers will have done their home buying by then.)

Without sufficient demand, prices will fall. Masnick predicts that as many as 90 percent of the homes will be bought by native-born Americans. "But the last 10 percent is central," he says. "Without that 10 percent, it will be a buyers' market."

The good news is that there are enough young first- and second-generation immigrants to do the job. The popular telling of the American dream that has Smith selling to Schmidt who then sells to Shapiro will record the next chapter with Sung and Sanchez doing the buying. Dowell Myers, a professor at the University of Southern California who studies the impact of demography on urban planning, says, "The odds are that a white baby boomer won't be selling to another white."

He or she will be selling to what we today call a minority, though in many communities, whites may then be in the minority. "The immigrants will take up the slack," Myers says, "and it will be huge."

The even better news, Masnick says, is that "the second-generation immigrants will hit the housing market just when they are needed most."

Demographers are sure this will come to pass, because they have studied the baby boom population bulge, or as they call it, "cohort dynamics." And they see immigrants as another large cohort moving steadily upward. California, where more than 25 percent of the residents are immigrants, is their observation booth. "What happens in California is a precursor to what will happen in the rest of the United States," says John Pitkin, who runs a demographic forecasting firm in Cambridge, Mass. "There is no question that real estate in California will be shaped by immigrants and their children."

What forecasters have seen happen in California is encouraging. The per-household homeownership rate among native-born Americans is about 61 percent, 14 percentage points above the rate for immigrants. But immigrants who have lived in the United States for 30 years or more exceed the homeownership rate of native-born Americans by about 10 percentage points.

Myers now finds ownership rates of 60 percent among Hispanics in the Los Angeles area. "They are buying really cheap housing, but it creates a base of demand that pushes everyone up," he says.

Myers also found that home prices rose faster in areas that Hispanics are moving to, like the Los Angeles County cities El Monte and Montebello, than in surrounding neighborhoods. According to figures compiled by Dataquick, prices for single-family homes in these cities rose at least 25 percent between 2004 and 2005, compared with the 20 percent average gain for all of the county. Prices in parts of Compton, a predominantly black city that has turned increasingly Hispanic, were up almost 40 percent in that one year. "Immigrants have strong upward mobility in housing," Myers says.

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If this all seems overly rosy, a 2006 Harvard housing study found that foreign-born residents already account for 37 percent of the new growth in households.

But it's no sure thing that immigrants will save the day. A lot can go wrong. "The danger is downward mobility," says Fred Siegel, a professor at the Cooper Union for Science and Art, who has studied immigration patterns. "If a significant portion of recent immigrants are downwardly mobile, then that is bad news for the boomers. Who will afford the McMansions?"

And while United States Census data now show that immigrants are spread all over the country — even well into suburban areas of the heartland — they certainly aren't evenly dispersed. In 2000, more than half of the foreign-born population lived in just three states — California, New York and Texas — and in 10 metropolitan areas. And even though they continue to fan out into other areas in increasing numbers, there may not be enough of them to help homeowners in places like West Virginia and Indiana.

Predictions also become murky for demographers because no one knows what will happen to immigration in the next decade. Will borders really be tightened? Will illegal immigrants be deported?

Will amnesty be granted?

The political picture will have as much impact on the housing market as the demographic one will.

CONGRESS-ADMINISTRATION:

Cheney's Power No Longer Goes Unquestioned (NYT)

By David E. Sanger And Eric Schmitt

The New York Times, September 10, 2006

WASHINGTON, Sept. 9 — From those first moments five years ago when Secret Service agents burst into Vice President Dick Cheney's office on Sept. 11, lifted him off his feet and propelled him to the underground Presidential Emergency Operations Center, the man who had returned to Washington that year to remake the powers of the presidency seemed unstoppable.

Within minutes, Mr. Cheney was directing the government's response to an attack that was still under way. Within weeks, he was overseeing the surveillance program that tracked suspected terrorist communications into and out of the United States without warrants. Within months, he and his staff, guided by a loyal aide, David S. Addington, were championing the reinterpretation of the rules of war so that they could detain "enemy combatants" and interrogate them at secret detention facilities run by the C.I.A. around the world.

It was Mr. Cheney and his staff who helped shape the rules under which members of the Taliban and Al Qaeda were denied some of the core rights of the Geneva Conventions and would be tried by "military commissions" at Guantánamo Bay — if they faced trial at all.

"I believe in a strong, robust executive authority, and I think that the world we live in demands it," Mr. Cheney said in December on a flight from Pakistan to Oman. "You know," he added, "it's not an accident that we haven't been hit in four years."

But as the nation observes the fifth anniversary of the Sept. 11 terrorist attacks, Mr. Cheney finds the powers he has asserted under attack and his influence challenged. Congress and the Supreme Court have pushed back at his claim that the president alone, as commander in chief, can set the rules for detention, interrogation and domestic spying.

On Wednesday afternoon in the East Room of the White House, Mr. Cheney sat silently as President Bush urged Congress to restore to him the powers, stripped away by the Supreme Court in a 5-to-3 ruling in June, to create military commissions and define the precise meaning of the Geneva Conventions when it comes to interrogations.

There is little question that Mr. Bush and Mr. Cheney still share the goal of expanding the power of the presidency: legislation they have sent to Congress would essentially allow them to set the rules of evidence, define interrogation techniques and intercept domestic communications as they have for the past five years.

But they have been stymied in their effort to simply assert those powers and carry them out with minimal oversight, as part of Mr. Cheney's declared goal to restore to the presidency an authority that he believed was dangerously eroded after Vietnam and Watergate.

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On national security issues, Mr. Cheney, once the unchallenged adviser to a president who came to office with little experience in foreign affairs, remains a pivotal figure but now vies for influence with other officials like Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser. Over the past 18 months, Mr. Cheney appears to have reluctantly given ground on detention practices and, at least for now, on policy disputes involving Iran and North Korea.

On Friday, the Senate Intelligence Committee — controlled by Mr. Cheney's Republican allies — declared that there had been no basis for Mr. Cheney's repeated claims that Saddam Hussein had harbored a Qaeda leader and had ties to the group. But Mr. Cheney has never conceded that his statement was in error.

His prediction in 2002 that overthrowing Mr. Hussein would force radical extremists "to rethink their strategy of jihad" proved wrong, as Mr. Bush implicitly acknowledged last week when he described how the array of enemies facing America has multiplied. Mr. Cheney's friends and former aides said they were mystified about how the same man who as defense secretary in 1991 warned that "for us to get American military personnel involved in a civil war inside Iraq would literally be a quagmire" managed, 15 years later, to find himself facing that prospect.

A Waning Influence

Measuring the accumulation or the erosion of power is an imprecise art. But interviews with more than 45 people over the past five months — including current and former White House aides, foreign diplomats, members of Congress and confidants of Mr. Cheney — painted a picture of a vice president who, while still influential, has seen his power wane.

Most agreed to speak candidly only if their names were not used. Mr. Cheney himself declined repeated requests for an interview. Instead, his office encouraged Ms. Rice and Mr. Hadley to give interviews to dispute the view that Mr. Cheney's power is in decline.

Mr. Hadley said the vice president "is often the first to insist that the president hear a variety of views" and argued that reports of his powers in the first term were always exaggerated. "It's the president who creates the foreign policy around here," Mr. Hadley said, "not some hidden hand."

Ms. Rice disputed the view that she had supplanted Mr. Cheney, pointing out that he still had one-on-one lunches with Mr. Bush where he could make his views known "in his quiet way."

Mr. Cheney's defenders said that over the summer he was among the strongest voices arguing within the White House that the United States had to give Israel as much time as possible to strike a decisive blow against Hezbollah.

But those same insiders said that in retrospect Mr. Cheney's power was at its peak in 2003 and 2004, before Iraq's insurgency flared, before the abuses at Abu Ghraib were revealed, before the setbacks in Congress and at the Supreme Court.

Without the help of his closest adviser, I. Lewis Libby Jr., who resigned last fall after his indictment in the Central Intelligence Agency leak case, Mr. Cheney has lost the early warning radar that gave him and his staff such command over the federal bureaucracy. Administration insiders said Mr. Cheney and his aides were now having to fight to maintain positions that a few years ago he would have won handily.

"During the first term, Cheney was considered one of the smartest guys in the administration," said Representative Ray LaHood, Republican of Illinois. "But his influence has been diminished because of the Scooter Libby thing and because the war in Iraq has not gone well."

In his second term, Mr. Bush has grown less dependent on Mr. Cheney for information, current and former officials said. When Joshua B. Bolten became the White House chief of staff earlier this year, he told associates that he wanted to make sure the president heard from more voices. "My impression is that there are a lot more data points or gathering points now," said Senator John Thune, Republican of South Dakota.

For instance, Mr. Bush has turned to another Washington insider, James A. Baker III, who served Mr. Bush's father as secretary of state, for help as the co-chairman of an outside group developing options for dealing with Iraq. One group member said, "You get the sense that the president now realizes, perhaps a little late, that he needs Baker to find him an exit door."

Mr. Cheney told NBC News in May that his influence with Mr. Bush was unchanged. "I feel like he gives me the access that I need to be able to do my job," Mr. Cheney said, adding later: "I give him the best advice I can. He doesn't always agree. Sometimes he does, sometimes he doesn't."

Challenges in Congress

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Perhaps nowhere has Mr. Cheney's shifting influence been more visible than on Capitol Hill, where the vice president's ability to win his way without challenge — a luxury he enjoyed through much of the first term — has evaporated.

In the first four years, Mr. Cheney often bypassed Congress on issues like detention policy.

He and Mr. Addington began to pave the way for the reassertion of executive power that they had long talked about. Mr. Cheney took control of crucial intelligence-gathering programs, including the one that involved eavesdropping on conversations between suspects in the United States and their overseas counterparts without getting a warrant from a special court set up by Congress for such cases.

"They have a view of executive authority that basically smothers the other two branches," said Senator Lindsey Graham, a South Carolina Republican who found himself at odds with Mr. Cheney on detention and interrogation policy.

But in the second term, whether the issue was the treatment and prosecution of terror suspects or Congressional oversight of domestic spying, Mr. Cheney has been forced into an unhappy retreat.

The Supreme Court's recent ruling struck at the heart of Mr. Cheney's goal to expand presidential powers. By mid-July, it prompted the White House to concede that terror suspects had a right under international law to basic human and legal protections under the Geneva Conventions.

Similarly, Mr. Bush's announcement on Wednesday amounted to an opening gambit in negotiations with Congress over the rules of tribunals, in what could amount to bargaining over the scope of Mr. Bush's powers.

Mr. Hadley said in an interview that in recent weeks Mr. Cheney had offered advice to Mr. Bush about how to deal with the court's decision. But Mr. Hadley, not Mr. Cheney, has been acting as negotiator with Congress, a decision that administration officials said reflected the rockiness of the vice president's relationship with Republicans on Capitol Hill.

Mr. Cheney discovered the depth of that opposition last summer, when Republicans began to rebel against the White House after he tried to block a bill by Senator John McCain, Republican of Arizona, that would bar cruel and inhumane treatment of all prisoners in American custody.

In a tense, 30-minute meeting in July 2005, Mr. Cheney scolded three Republicans — Mr. McCain, Mr. Graham and Senator John W. Warner of Virginia — for proposing legislation that he said interfered with the president's authority to protect Americans against terrorist attacks.

But the senators did not budge despite the threat of a veto. "The three of us were firmly of one view, he of another," Mr. Warner said.

After the Senate and the House voted overwhelmingly against Mr. Cheney's position, the White House decided that the vice president had become so radioactive that his interventions were losing votes, rather than winning them, White House officials acknowledge. So Mr. Cheney stepped aside, and the less ideological, more lawyerly Mr. Hadley was sent to deal with Mr. McCain. The result was a deal that Mr. Cheney had previously rejected.

The White House also appeared to yield this summer when it agreed to allow a secret intelligence court to rule on the constitutionality of the National Security Agency's program of eavesdropping without warrants. Civil rights groups and lawmakers from both parties have since criticized the agreement and cast doubt on whether it will be approved by Congress.

Shifting Constellations

At the height of his influence in the Bush White House two years ago, Mr. Cheney stepped into the Oval Office early one evening and raised an alarm about an agreement that American negotiators were about to sign in Beijing.

The negotiators, mostly from the State Department, were trying to entice North Korea to sign a document outlining the steps for resolving the standoff over the country's nuclear weapons. But it lacked the tough language on disarmament that North Korea had rejected and that Mr. Cheney knew Mr. Bush wanted.

With Colin L. Powell, then the secretary of state, and his deputy, Richard L. Armitage, at a black-tie dinner where they could not be easily reached on secure telephones, Mr. Cheney "declared this thing a loser," said a former senior official involved in the discussions that night.

Mr. Bush sent new instructions to the negotiators — through the National Security Council, rather than the State Department — that essentially killed the deal. "Powell and Armitage were not happy," one official said. "But it was too late."

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It would be hard to imagine a similar course of events today. Soon after the start of the second term, Mr. Bush began signaling to foreign leaders visiting him in the Oval Office that he knew much had gone wrong in his first term, and that he empowered Ms. Rice to put a new emphasis on consultation and teamwork with allies. Ms. Rice, aides said, asserted her authority early, sending her own envoy to the North Korean nuclear talks last September, though the process has so far proved fruitless.

This spring, Ms. Rice determined that the only way to hold together the international coalition against Iran was to volunteer to join negotiations with Tehran, but only if it first agreed to suspend its production of uranium. (So far, the Iranians have refused.)

The proposal was notable because in the first term, Mr. Powell's top aides, led by Richard N. Haass, the director of policy planning, had tried and failed to promote direct engagement with the Iranians.

Ms. Rice said that when her proposal to engage Iran was presented to the president this spring, Mr. Cheney agreed that it was worth a try and that changed circumstances required a changed strategy.

"The constellations have shifted somewhat," said Dov S. Zakheim, who served as an undersecretary of defense in Mr. Bush's first term, giving an image used by others to suggest that Mr. Cheney has been partially eclipsed.

In particular, Mr. Cheney has fewer allies in crucial posts than he once did. Those who have left the administration include Paul D. Wolfowitz and Douglas J. Feith, who quit as deputy defense secretary and undersecretary of defense last year.

Mr. Cheney's associates said the departure of Mr. Libby was particularly severe. As Mr. Cheney's chief of staff, Mr. Libby served as the vice president's eyes and ears around Washington, working the bureaucratic machinery deftly and choking off ideas Mr. Cheney opposed before they rose to the Oval Office. "Scooter was a big loss," Mr. Feith said.

For his part, Mr. Cheney brushes off poll approval ratings now hovering around 20 percent.

"I suppose, sometimes, people look at my demeanor and say, well, he's the Darth Vader of the administration," Mr. Cheney told CNN in June. "I'm not running for anything. My career will end, politically, with this administration. I have the freedom and the luxury, as does the president, of doing what we think is right for the country."

Mr. Cheney still appears regularly in public, mainly in front of military crowds or campaigning for Republicans. His stump speech denounces Democrats who have called for withdrawal from Iraq and news organizations that have revealed secret counterterrorism programs.

Mr. Cheney maintains that what matters now is convincing the country that it is really at war and that defeat is not an option. And at 65, he seems willing to wait for his vindication. As Mr. Cheney recently told NBC, "History will decide how I did."

First Lady Leads Commissioning Navy Sub (AP)

By Kristen Hays, Associated Press Writer

AP, September 10, 2006

The USS Texas, the Navy's newest attack submarine, was commissioned at the Port of Galveston Saturday as first lady Laura Bush gave the traditional command: "Man your ship and bring it to life!"

The submarine's commanding officer, Capt. John Litherland, and crew of 134 officers and enlisted sailors obliged, running through an applauding crowd of thousands to stand atop the vessel and salute.

"Today, at long last, she and you are ready," she told the crew. She said she and the nation were "trusting you to remind the world 'Don't Mess with Texas.'"

It is the fourth Navy ship to carry the name Texas.

"After a 13-year absence from the fleet, the proud name of Texas returns to the Navy," said Dionel Aviles, undersecretary of the Navy.

The nuclear-powered USS Texas began construction in 1999 and was delivered to the Navy in June. Its reactor is designed to not require refueling throughout the boat's service.

The 377-foot-long submarine can attack targets with Tomahawk cruise missiles and conduct long-term surveillance. It can dive to 800 feet.

"Texas is a very elegant ship, but it is very lethal," said Mike Petters, president of Northrop Grumman Newport News, the shipbuilder.

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Sen. John Cornyn, R-Texas, said such strength is necessary in the nation's war on terrorism. The new submarine, he said, should "provide our war fighters with the tools for the job they have so nobly volunteered to perform."

USS Texas Grandly Welcomed Aboard (HC)

By Dan Feldstein

Houston Chronicle, September 10, 2006

Speakers say it's needed in the war on global terror

GALVESTON — With a command from first lady Laura Bush to "man our ship and bring her to life," the 134-man crew of the USS Texas yelled "Aye-aye, ma'am" and ran aboard the newly commissioned submarine Saturday.

Thousands of guests cheered at the Port of Galveston, two Navy FA-18s roared overhead and the submarine blasted its horn and raised its five communications masts from its conning tower.

A submarine doesn't care about the weather, but the humans were lucky. Overcast skies and a breeze kept them comfortable. As the morning ceremony finished, a slow rain started. Within the hour, the heavens erupted.

The $2.7 billion USS Texas is the second in the Virginia class of fast-attack submarines. If it were a 377-foot sausage, it would cost $193 per pound.

With a first lady, a gaggle of admirals and a nuclear submarine gathered in one spot, the Navy and Coast Guard set up a bristling security perimeter. Large men carried large guns. Small boats carried large guns. Camouflage netting shielded even more large guns.

Since the ceremony was not at a Navy base, the Navy created a temporary one between the 14th Street entrance to the port and the opposite shore of Pelican Island.

Organizers set up 9,500 chairs and most were filled. But guests who didn't heed pleas to arrive two hours early stood in metal-detector lines up to 30 minutes after the ceremony started.

Virginia class submarines aren't any bigger than their ancestors. But those ships didn't have their own five-member IT department. (Perhaps they should call it the help deck.)

Views don't come through a traditional periscope but are transmitted from special cameras .

The ship is fast, stealthy and flexible. It can spy, shoot cruise missiles and torpedoes, lay mines and deliver up to nine SEALs or other special-operations forces through a special hatch either by minisub or directly into the water.

It has a dry deck to deliver special forces equipment and the ability to patrol in shallow water. Its technology is designed to be removed easily to be replaced with upgrades.

Speakers, including Texas Republican Sens. Kay Bailey Hutchison and John Cornyn, emphasized the post-Cold War calling of the vessel. The global war on terror earned mention in virtually every speech.

"It's a very elegant ship, but it's very lethal," said Mike Petters, president of Northrop Grumman Newport News, which built the vessel with General Dynamics Electric Boat.

The USS Texas is the fourth Navy vessel to carry that name. Laura Bush was named the sponsor of the submarine when she was first lady of Texas. As first lady of the United States, she christened it in July 2004 where it was built in Newport News, Va.

At Saturday commissioning ceremony, which came after the vessel's sea trials, Adm. Michael Mullen noted that Bush had christened the sub with a bottle of American sparkling wine — lest anyone think it was champagne.

The Galveston crowd was colorful and cheery. Women wore sun dresses, children wore Navy blue and white, and men with red-white-and-blue ties dotted the pier. A tent full of USS Texas hats, T-shirts and coffee mugs did so much business it might have paid for the submarine.

Among the crowd were many older gentlemen in blue vests, who belonged to various chapters of the U.S. Submarine Veterans.

Joe Kruppa of La Grange served on the Kamehameha and the Hawkbill from 1966 to 1972. He came with seven other members of the group's Austin chapter.

The new sub is the same size as the old ones, he said, only nicer.

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After a stay at Naval Submarine Base Kings Bay, Ga., and more testing, the USS Texas will be based at Groton, Conn. It will pull out from Galveston in the next few days.

The veterans, crew, families and other guests enjoyed a light lunch after the ceremony under a giant pavilion. They were served sodas, chips and — of course — submarine sandwiches.

This Texas Lady Is A High-tech Killer (HC)

By Mike Tolson

Houston Chronicle, September 10, 2006

GALVESTON — The long, black cylinder sits baking at water's edge in the oppressive coastal heat, its upwardly protruding wedge making it instantly recognizable as a machine not to be trifled with.

A raft of images comes to mind: tense moments of confrontation with the enemy inspired by a score of old movies and television shows. The sonar operator makes contact. The captain orders the ship to periscope depth. Everyone in the crowded command center watches the depth gauge. Finally, he climbs a few steps up to the conning tower, pushes a button and a sleek metal pole rises toward the surface.

Wait a minute ... wrong sub. That's your father's submarine, the USS Cavalla, permanently berthed a few miles away at Galveston's Seawolf Park.

This dark tube is the latest and greatest the U.S. Navy has to offer: a $2.7 billion, state-of-the-art, fast-attack sub bearing a nuclear power plant, a formidable array of weapons and every electronic bell and whistle imaginable.

But no periscope. That has been replaced by a "photonic mast," essentially a fancy digital camera that displays what it sees on a large screen. An operator moves the camera with a joystick. Submarine movies will never be the same.

The 377-foot SSN 775, to be formally commissioned as the USS Texas in a dockside ceremony this morning, is to the diesel electric subs of yore as today's F-16 is to the P-51 Mustang that battled over the skies of Europe. Both have lethal potential, but ...

The Texas' command and control center, for example, is a dark, cool and quiet place. But for its cramped quarters, it could be the nerve center of any high-tech operation. Flat-panel displays cover the walls. Highly trained technicians sit at consoles, communicating via headset. Nobody barks orders.

Like any nuclear sub, it can remain submerged for weeks at a time. It has machines that create oxygen from seawater and other machines to clean the recirculating air. The only things that compel it to surface other than a medical emergency or mechanical breakdown are food and sanity.

The Texas is the second of 10 authorized Virginia class fast-attack subs. Its home port will be in Groton, Conn., where it will serve in the Atlantic fleet.

Virginia classThe Navy has three iterations of fast-attack vessels — the fourth sub class, the Ohio, carries ballistic missiles and is much larger — with each new version featuring improvements in design and hardware. The ultimate goal is to build an attack sub that can be reconfigured for different needs, can perform a variety of missions and can be built for $2 billion.

The last goal has proved the hardest to attain.

The Virginia class, the first without a traditional periscope, has improved sonar arrays and electronic surveillance equipment, significantly more integration among the various information systems and a more flexible platform that allows it to carry special operations forces for ground missions. Its large "lockout chamber" — an airlock that allows up to nine people to move into an attached mini-sub or into the water — is a first.

"The Texas has really impressed me," said Capt. John Litherland, who will relinquish command soon as the ship goes through the final year of preparations before deployment. "Everybody says it's a revolutionary sub, but this is an incredibly new and different ship. It gathers more information together in the control room than ever before. You had to do a lot of that manually in the past."

Like all attack subs, the Texas will carry torpedoes, mines and vertically launched Tomahawk cruise missiles. Its stated speed is a vague "in excess of 25 knots," though it is widely known that attack subs can travel underwater at twice that speed. It carries a crew of 134, with no women allowed because of privacy issues.

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For all its improvements — from a better backup diesel engine to a new computer-controlled oxygen generator to easily upgradeable off-the-shelf commercial computer equipment to a roomier torpedo bay — the Texas shares many traits with Cavalla and subs everywhere.

The passageways are narrow, accommodations are tight, and you can bump your head just about anywhere. Anyone needing privacy had best serve on a carrier. Even the captain's quarters on the Texas would not make for a respectable closet in most homes.

"It takes a special person to serve on a sub," said Lt. Chris Lee, the boat's chief weapons officer whose fire control system also has been improved. "Not everyone is cut out for it."

Few creature comfortsThose who choose subs get longer deployments, up to six months, and fewer creature comforts. No workout rooms or theaters on board. Sunlight and fresh air become a distant memory. One's personal space is a bunk that measures roughly seven feet by three. It does have a curtain, though.

The good news is that because of enhanced communications equipment, sailors on the Texas can now receive e-mail almost daily. Before, weeks could pass with no communication from home.

Washington's Once And Future Lobby (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 10, 2006

The Jack Abramoff scandal has incited predictable outrage among Washington's political class this year, and with the midterm elections approaching, candidates across the country are promising to clean up the city's lobbying culture. Ned Lamont, Connecticut's upstart Democratic candidate for Senate, went out of his way this summer to attack the capital's influence peddlers and their patrons. "We know who the lobbyists are taking care of," he said ominously on CBS's "Face the Nation." And as Maryland Lt. Gov. Michael S. Steele, the state's leading Republican candidate for Senate, recently proclaimed in an advertisement, "We've got congressmen on the take and lobbyists eager to make a deal. The whole system's broken."

Such theatrics notwithstanding, don't imagine for a moment that anything will really change. Lobbying has grown massively in just the past few years, becoming a multibillion-dollar industry, and it will continue to expand long after Abramoff is imprisoned and released. Lobby-law firms, trade associations, interest groups and labor unions -- known collectively as K Street -- have experienced a quantum leap in clout and are now, more than ever, a permanent and pervasive force in Washington, essential to the daily workings of government and politics. Lobbyist bashing, no matter how shrill, will not diminish that power.

Every 10 years or so, reformers have sought to rein in these paid persuaders, but the influence of lobbyists has only expanded. Today, twice as many registered lobbyists -- about 30,000 -- ply their trade than did so just six years ago. And overall spending on federal lobbying has nearly doubled, to $200.2 million per month in 2005 from $116.3 million per month in 1999. By all accounts, business is booming.

One reason behind this growth is the lobbying industry's simple-yet-dazzling economics. For a relatively small investment in a lobbying campaign, corporations can receive a gargantuan return. The Carmen Group Inc., a mid-size firm, has calculated that for every $1 million its clients spend on its services, it delivers, on average, $100 million in government benefits. A yield that immense, common in federal lobbying, is unheard of anyplace else.

K Street wasn't always so lucrative. In the 1990s, lobbying was mostly a defensive effort, with corporate interests fending off unwanted restrictions. But in this decade, industries have increasingly gone on the offensive, treating Washington like a profit center rather than a place to minimize losses. Since President Bush took office in 2001, the White House and both legislative chambers have been controlled by pro-business politicians, and corporations have lined up for tax breaks and lighter regulations. In Bush's first term, Congress passed and the president signed five bills containing significant corporate and personal tax cuts.

At the same time, the size of government has ballooned, and lawmakers have become ever more willing to share the wealth. Federal spending grew by 49 percent from 2000 to 2006, to $2.66 trillion. And an increasing share of that amount was handed out in narrowly focused projects called earmarks, for which an entire sub-industry of lobbyists has emerged. According to the Congressional Research Service, the number of earmarks in appropriations bills alone more than tripled to 15,887 in 2005 from 4,155 in 1994 -- and most of them were shepherded by lobbyists.

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Earmarking is not hard work. Lobbyist Jeffrey S. Shockey earned about $2 million from four dozen clients in 2004 and he needed only one associate, people familiar with his operation said. All a lobbyist must do is fill out some forms and write up a short proposal for the money; find a lawmaker (preferably on either the House or Senate appropriations committee) to sponsor the earmark; and make a few follow-up calls during the year to the lawmaker's staffers, nudging them to move the proposal along. In return, lobbyists try to keep their lawmakers happy. Shockey kept in particularly close touch; he is now a top aide to his frequent patron, Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee.

Some companies previously shunned such back-scratching as distasteful -- and paid a heavy price. Microsoft Corp. didn't hire a full-fledged staff of lobbyists or donate heavily to political causes until after the Justice Department sued it for antitrust behavior in 1998. Dozens of corporations learned from Microsoft's mistake and opened their own D.C. offices. In just the past couple of years, Google, Valero Energy Corp., Herbalife International, Walgreens and GoDaddy.com have opened for business in the District. Wal-Mart has also beefed up its presence as Democrats have attacked its business practices. And the hedge fund industry, worried about attracting extra regulation, has tripled the amount it spends on federal lobbyists since 2003, so far to sterling effect.

Government has become so complex that only experts -- say, ex-congressional staff members turned lobbyists -- can decipher and navigate it. Anyone who wants to penetrate the system has little choice but to hire lobbying firms. And for good reason: Washington is no longer the insular and distant regulator it was before World War II. It insinuates itself into almost every facet of Americans' lives, from school assessments to corporate accounting to homeland security.

In turn, lawmakers have come to rely on lobbyists to provide much of their campaign cash, most of the information and voter support that propel their legislative initiatives, and many of the off-hour perks that keep them well-traveled and well-fed. These benefits are so valuable that Congress -- even faced with an ornery, anti-Washington electorate -- is poised to pass, as soon as this week, a sliver of an already weak lobby-reform bill, and discard anything that would limit its contact with lobbyists. Almost no one on Capital Hill wants to discourage the sugar daddies on K.

Lobby groups have become players in virtually everything government does; often, they are the key players. During the first six months of 2005, for example, the AARP (and its $20 million advertising and lobbying blitz) was instrumental in shooting down Bush's plan to add private accounts to Social Security. And this year, a Republican bill that would have combined a minimum-wage increase with a cut in the estate tax was stopped dead by a coalition of labor unions led by UNITE HERE, which publicized a provision in the bill that could have reduced wages for some workers who rely on tips. At least five senators cited the provision as a major reason they voted no.

One bill that did pass this summer updated the nation's pension and trade laws; like every other piece of legislation, it was shaped by lobbying. Representatives for Delta and Northwest airlines won special pension protections to ease their financial woes. And at least 73 imported products -- such as nail clippers and vicuÃ±a hair -- received targeted tariff relief, virtually all because of pressure from Washington lobbyists.

Despite the latest scandals, lobbying has become a respectable, appealing profession. A couple of decades ago, it was considered too unsavory to attract former Congress members. But now, lobbyists have become so influential -- and so rich -- that more and more lawmakers and their aides consider the profession a second career. A recent study by the liberal group Public Citizen reported that nearly half of all lawmakers who return to the private sector join the lobbying ranks. Former top congressional officials can easily earn $300,000 a year or more as lobbyists -- or about double their government salaries.

Many former lawmakers are proud to be lobbyists and consider themselves part of a vital establishment -- one sometimes known as the Fifth Estate, after the three branches of government and the media. This level of comfort has no doubt made contacts between lobbyists and lawmakers increasingly sympathetic. Why would congressional aides and lawmakers want to anger the lobbyists who approach them when they aspire to become lobbyists themselves?

Former congressman Bill Paxon (R-N.Y.) remembers fondly when he was looking for work as a lobbyist in 1998 and interviewed at Akin Gump Strauss Hauer & Feld LLP. "It was such a pleasure," he said. He sat down with senior partner Robert S. Strauss, who told him, "Bill, we're not in this for the short term. We want to hire people who will offer quality advice to quality clients for a long period of time." And, Paxon said, "that's proven true." He has been a senior adviser at the firm since 1999. He is also

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part of a lobbying family; Paxon's wife, former congresswoman Susan Molinari (R-N.Y.), is chairman of a firm named the Washington Group.

As Paxon discovered, lobby companies and associations are built to last. Akin Gump and most other K Street organizations are carefully populated with Republicans and Democrats so that they can stay in business no matter which party runs the show. They also donate big bucks to politicians of both parties. In fact, most of the money raised by House members is collected either "by or through groups that lobby," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. Senators also receive a lot of their dough from the K Street set. (Members of the House and Senate spent a total of $623.4 million for their 2004 reelection campaigns.) All of which makes the anti-lobbyist rhetoric ring rather hollow. Even lobbying antagonists have their ties. Connecticut's Lamont accepts contributions from so-called leadership political action committees, which routinely receive money from labor and corporate organizations. And Lt. Gov. Steele's coffers have swelled thanks to fundraising by a group of Republican lobbyists in Washington that unabashedly calls itself Team Steele.

"Lobbyist-bashing may provide some convenient sound bites this fall, but it doesn't have much of a connection to the way Washington normally operates," said Alex Vogel of the bipartisan lobbying shop Mehlman Vogel Castagnetti. He should know. Vogel is a former chief counsel to Senate Majority Leader Bill Frist (R-Tenn.). As the company's Web site notes, "Alex's engagement with Majority Leader Frist continues. He currently provides counsel to Volunteer PAC, the Majority Leader's political action committee, and World of Hope, his charitable organization."

Such connections are hard, if not impossible, to break. "For the more than 30 years I've been around here, people have always complained about lobbyists," said Wright H. Andrews Jr. of the lobbying firm Butera & Andrews. "But they don't understand. My own mother didn't understand. She cried when I told her what I was going to do." But he explained, "After people have been here a while, they find out that the lobbying community is an essential part of the legislative process."

Joel Jankowsky knows this firsthand. He left the staff of House Speaker Carl B. Albert in 1977 and became the first official lobbyist at Akin Gump. Now, nearly 30 years later, Jankowsky oversees 45 full-time lobbyists and a dozen other professionals who plead before government regularly. He and his colleagues serve 161 clients and generate nearly $30 million in annual revenue. His once-rare transition from top congressional aide to private lobbyist has become common, and his firm's practice continues to bloom.

After the midterm elections, Jankowsky predicts, the lobbying industry will get even busier and grow larger -- no matter which party prevails. History says he's right.

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Jeffrey H. Birnbaum covers lobbying and politics for The Washington Post.

Shuttle Lifts Off Without Incident After Delay (NYT)

By Warren E. Leary

The New York Times, September 10, 2006

CAPE CANAVERAL, Fla., Sept. 9 — The space shuttle Atlantis made a thunderous ascent into cloud-studded skies on Saturday morning, carrying its crew of six to a rendezvous with the International Space Station.

After two weeks of postponements caused by bad weather and nagging mechanical problems, the Atlantis lifted off on time, at 11:14:55 a.m.

About 10 minutes later — after a blazing rise into the sky, the yellow flames of its booster rockets visible through holes in billowing cloud banks — the shuttle slipped into orbit.

“Your long wait is over,” Michael D. Leinbach, the NASA launch director, told the crew just before liftoff.

After achieving orbit, the shuttle opened its payload bay doors while its crew of five men and one woman began preparations for a Monday rendezvous with the space station. During an intense 11-day mission, the astronauts will resume construction of the station after a more than three-year hiatus that followed the loss of the shuttle Columbia.

A preliminary look at images from launching and ascent showed several incidents in which debris came off the external tank and may have struck the orbiter, said N. Wayne Hale, the shuttle program manager. However, Mr. Hale said, the earliest

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“dribbly streams” of debris occurred more than four minutes after liftoff, at a time when the air was so thin that the pieces posed little risk to the craft or crew. No damage has been detected so far, he said.

“The bottom line is,” he said, “we are looking at nits, nothing of any remote consequence.”

NASA has closely monitored liftoff debris since the Columbia and its crew were lost in February 2003 in a disaster caused by foam falling from the fuel tank and punching a hole in the craft’s heat shield. The space agency spent more than two years redesigning the tank to prevent most such debris shedding.

The fuel tank sensor that forced postponement of Atlantis’ launching attempt on Friday appeared to work normally during early morning fueling of the 500,000-gallon tank holding propellant for the shuttle’s three main engines. Since Aug. 27, the National Aeronautics and Space Administration had been trying to launch Atlantis on its mission to resume construction of the space station since. A lightning strike on the launching pad, a looming tropical storm and equipment problems with a shuttle power generator and the fuel sensor forced repeated delays.

“What you saw today was a flawless count, a majestic launch, and it was tough to get here,” the NASA administrator, Michael D. Griffin, said at a news conference about an hour after liftoff. “Not everything in the count leading up to this day was easy. And in between we had to dodge tropical storms, lightning strikes and things like that. But we got here and it was just a flawless day.”

The shuttle had to be launched this weekend to avoid interfering with a planned Russian launch of a Soyuz spacecraft carrying a new crew to the space station on Sept. 18, and the return of the laboratory’s crew to earth on Sept. 29. A delay would have forced NASA to wait until at least the end of September to try again.

Construction of the half-built space station stopped when shuttles were grounded after the Columbia accident. NASA is eager to resume building the orbiting outpost by having Atlantis taking up a 35,000-pound girder section that includes a new set of solar power arrays.

Delayed Atlantis Makes 'Majestic' Launch (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, September 10, 2006

CAPE CANAVERAL, Fla. -- The shuttle Atlantis, America's long-haul space truck, returned to duty Saturday, blasting into orbit with a 17-ton load of construction material for the International Space Station.

Atlantis roared off pad 39B on the last possible day of the launch window, following two weeks of delays caused by bad weather and minor mechanical glitches.

"What we saw today was a flawless countdown and a majestic launch," said NASA Administrator Michael Griffin.

NASA cameras captured images of five incidents of ice and insulating foam flaking off the shuttle's external fuel tank. At least one piece of foam appeared to hit the underside of the craft.

Analysts at Johnson Space Center in Houston were studying the pictures late Saturday. But space agency officials said it was unlikely the debris could have damaged the spacecraft because the pieces were small.

The first piece of debris appeared to come off about four minutes after launch. By that time, the shuttle is 325,000 feet above Earth, where the air is too thin to accelerate debris to the speeds necessary to cause damage.

"Anything that comes off that late is of no consequence," said N. Wayne Hale Jr., the shuttle program manager.

Hale and others stressed that the analysis of images taken by more than 100 cameras on the shuttle and at the launch site in central Florida has just begun. It will take several days to determine fully if the craft is undamaged.

The shuttle's six-person crew is scheduled to use a boom with attached sensors Sunday to inspect the critical leading edges of the wings, which are covered by delicate heat-resistant reinforced carbon.

Another round of inspections will be performed Monday, when Atlantis docks with the space station. Shuttle mission commander Brent Jett will put the craft into a maneuver resembling a diver's back flip as it approaches the station. That will expose the underside of Atlantis to the station's three crew members so they can take pictures.

Those precautions were instituted after the Columbia tragedy in 2003. The shuttle was damaged during launch by a piece of foam and broke up during re-entry when aerodynamic forces tore open the left wing.

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This is the third mission since NASA returned to spaceflight last year, but it will be the first mission in four years to resume work on the half-built space station.

In its payload bay, Atlantis carries a massive truss and a set of solar arrays that will double the amount of power the station produces.

When unfurled, the solar arrays will be 240 feet long. Each of the 82 array "blankets" contains 16,400 photovoltaic cells. The truss will serve as a new piece of the station's spine, where future laboratories and crew containers will be attached.

NASA is hurrying to finish building the station before the shuttle is retired in 2010. This mission will be one of the most complicated in the history of the shuttle program, officials said.

The crew is scheduled to take three spacewalks, beginning Tuesday with the installation of the truss on the port side of the station. The solar array also will be released from its housing. The work will be finished on the spacewalks Thursday and Friday.

Atlantis' mission was delayed several times, first by bad weather and then by mechanical problems, including an old problem with sensors that shut down the engines when they get low on fuel.

The glitches were exacerbated by the fact that Atlantis had not flown in four years. The orbiter underwent extensive modifications since its last launch.

In the end, none of the mechanical problems affected the launch.

Atlantis Takes Off For Space Station (WP)

By William Harwood, Special to The Washington Post

The Washington Post, September 10, 2006

Shuttle to Dock Monday, Begin Week's Work

CAPE CANAVERAL, Sept. 9 -- The shuttle Atlantis rocketed into orbit Saturday on a long-awaited mission to resume assembly of the space station 3 1/2 years after the 2003 Columbia disaster.

Running two weeks late because of bad weather and technical glitches, Atlantis roared to life and climbed away from its ocean-side pad at 11:15 a.m. Atlantis, which at liftoff weighed 4.5 million pounds, hit 100 mph in just seven seconds, climbing away atop a brilliant plume of 5,000-degree flame and churning clouds of exhaust.

A camera mounted on the shuttle's external tank provided spectacular views as Atlantis wheeled about and lined up on a trajectory up the East Coast, homing in on the space station.

More important, the camera showed no obvious signs of damage from several pieces of foam insulation seen breaking away from the shuttle's external fuel tank four minutes after liftoff, past the time of aerodynamic danger.

Although it will take several days to carry out a detailed analysis, the mission appeared to get off to a good start, and 8 1/2 minutes after launch, traveling at five miles per second, Atlantis slipped into its initial orbit.

"What you saw today was a flawless count, a majestic launch -- and it was tough to get here," said NASA Administrator Michael D. Griffin. "Not everything in the count leading up to this day was easy. And in between we had to dodge tropical storms, lightning strikes and things like that. But we got here, and it was just a flawless day."

Atlantis's commander, Brent W. Jett Jr., is joined by pilot Christopher J. Ferguson, flight engineer Daniel C. Burbank, veteran spacewalker Joseph R. Tanner, mission specialist Heidemarie M. Stefanyshyn-Piper and Canadian astronaut Steve MacLean.

If all goes well, Jett will guide Atlantis to a linkup with the space station early Monday, kicking off a busy week of work to install and connect a huge set of solar arrays and a massive rotary joint that will slowly spin the panels like a waterwheel to keep them aimed at the sun as the lab circles the globe.

NASA originally planned to install the 35,000-pound, $372 million truss in 2003, but assembly flights were put on hold after the Columbia disaster.

Atlantis's flight is the third mission since flights resumed last year, intended to be the first in a series of complex flights to build out the lab's main solar array truss and clear the way for attachment of European and Japanese research modules.

"In my opinion, every one of these flights we're flying in the next 12 to 18 months ranks right up there as the most complicated flights we've ever flown, including Hubble Space Telescope repair missions," said Paul Hill, mission operations manager at the Johnson Space Center.

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The space station currently consists of six pressurized modules, three provided by NASA and three by the Russian space agency. The four largest modules are in a row, lined up with the station's direction of travel.

An unfinished truss, which eventually will be as long as a football field and will sport two sets of solar panels at each end, is attached to the top of the U.S. Destiny laboratory module at right angles to the axis formed by the pressurized modules.

The arrays in Atlantis's cargo bay will be attached to the truss's side.

Burbank will use the shuttle's robotic arm to pull the 45-foot-long payload from Atlantis's cargo bay a few hours after docking and hand it off to MacLean, operating the station's larger Canadarm 2.

They will leave the truss on the end of the station's arm until the next day, when MacLean will position it so four motorized bolts can lock it in place on the left end of the main truss. Tanner and Piper will begin the first of two back-to-back spacewalks to make critical electrical connections and unlatch various launch restraints.

The second spacewalk will be carried out by MacLean and Burbank, followed the next day by extension of the new arrays, which will stretch 240 feet from tip to tip. A third spacewalk, by Tanner and Piper, is planned the following day to complete truss setup and to upgrade the station's antennas.

If all goes well, Atlantis could return to Earth on Sept. 20. But the flight is likely to be extended one day if onboard supplies allow the crew time to inspect the shuttle's heat shield or handle unexpected problems.

NIH Audit Criticizes Scientist's Dealings (LAT)

By David Willman, Times Staff Writer

The Los Angeles Times, September 10, 2006

A researcher received more than $100,000 from drug firms. The agency calls it 'serious misconduct' but has issued no penalty.

WASHINGTON — A senior researcher at the National Institutes of Health engaged in "serious misconduct" by entering into dozens of unauthorized private arrangements with drug companies and failing to report annually the outside income, totaling more than $100,000, a confidential internal review by the agency has found.

Officials at the NIH concluded late last year that the actions of Dr. Thomas J. Walsh, who has helped lead major clinical trials involving cancer patients, might result in dismissal from federal government service. No disciplinary action has been taken.

The internal review, conducted by lawyers and other ethics specialists within the office of the NIH director, found that from 1999 to 2004, Walsh received fees totaling $100,970 from pharmaceutical and biotechnology companies. He accepted fees from 25 companies and has led government-sponsored research involving some of those companies' drugs.

"Dr. Walsh has engaged in serious misconduct, in violation of the Department's Standards of Conduct Regulations … and federal law and regulation," the review concluded.

The previously unreported findings shed light on the depth of conflict-of-interest problems that have persisted at the NIH — the government's preeminent agency for medical research on humans. The NIH's handling of disciplinary decisions related to Walsh and other senior scientists is expected to be a focus of a congressional hearing scheduled for Thursday.

In written comments to NIH ethics officials, private attorneys for Walsh said that the agency's rules were complicated and that his motives were beyond reproach. NIH officials said the rules were well known and should have been followed.

"Dr. Walsh fails to acknowledge that the reason for the 'complex set of rules' governing NIH staff in regards to real or potential conflicts of interest is to prevent the integrity of the agency and its science from being called into question," the summary said. "His assertions that his reputation is sufficient to dismiss any questions about his impartiality cannot be the standard that he or the agency use in deciding to adhere to well-publicized rules."

The summary, dated in December, also said that Walsh's "conduct continued over time and involved at least 38 separate instances where he chose not to follow agency procedures. He actively chose not to adhere to policies because it was inconvenient or time-consuming; he knew it was likely his participation [with the drug companies] would have been disapproved. His actions reflected negatively upon the agency."

The Los Angeles Times obtained copies of the internal findings and conclusions last week. Based on interviews and documents gathered earlier, the newspaper reported in July that Walsh had appeared alongside company representatives at

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public and private meetings held by the U.S. Food and Drug Administration and that he received fees from Merck & Co. and Pfizer Inc., with whom he has collaborated in his government work. Clinical trials he helped lead influenced FDA approvals of three antifungal drugs.

Walsh's appearances at the FDA meetings — with representatives of Merck, Pfizer Inc., and Fujisawa USA Inc. — are the subject of a newly opened inquiry by the NIH director's Office of Management Assessment, according to people familiar with the matter.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency, regardless of whether the employee accepts payment for the appearance.

Another NIH review, which ended three months ago, "did not identify issues of concern with the design or methodology" used in two clinical trials overseen by Walsh. When results of those trials were published, in 1999 and 2004, other research physicians had questioned in letters to the New England Journal of Medicine whether cancer patients with suspected fungal infections were given "control" drugs at dosages that were strong enough to be effective.

Reached briefly by phone on Friday, Walsh referred questions to NIH press aides. He earlier declined to answer questions from The Times regarding details of his arrangements with several companies, but also said that he had never served as a representative or advocate for any pharmaceutical company.

Members of the House Energy and Commerce Committee's investigative subcommittee are expected to question officials at the hearing this week about their handling of ethics matters, including the cases of Walsh and another senior NIH researcher, Dr. P. Trey Sunderland III.

Sunderland, who has specialized in researching Alzheimer's disease, accepted hundreds of thousands of dollars in drug-company fees — including about $612,000 from Pfizer — without obtaining required advance approval. In June, Sunderland asserted his 5th Amendment right against self-incrimination while declining to answer questions before the congressional subcommittee.

Neither Sunderland nor Walsh has been publicly disciplined, and each maintains his senior government position. Directly or through their lawyers, Sunderland and Walsh have said that they aimed to advance research that benefits patients. Both have worked for more than 20 years at the NIH as members of the U.S. Public Health Service Commissioned Corps, a uniformed branch of the service that is led by the surgeon general.

Officials at the NIH have said recently that they lack authority to discipline members of the corps — several of whose members have drawn scrutiny related to conflict of interest. The summary of the NIH internal report on Walsh noted, implicitly, his status within the corps: "It has been determined by the Office of Human Resources [at NIH] that if he were a civilian employee, his actions would lead to a recommendation for his proposed removal."

The Bush administration official that oversees the surgeon general and the corps, Assistant Secretary for Health John O. Agwunobi, said through an aide that he could not discuss details of the pending cases because of privacy concerns.

"The commissioned corps is very concerned about these allegations and will take appropriate action should wrongdoing be found," said Christina Pearson, a Health and Human Services Department spokeswoman. "However, our review must be coordinated with other reviews already in process."

Walsh was referred to a corps administrator nine months ago "for action" by a deputy NIH director, Dr. Raynard S. Kington, and by Dr. John Niederhuber, the then-acting director of the National Cancer Institute.

Walsh, 54, a medical graduate of Johns Hopkins University, arrived at the National Cancer Institute in 1986 and now heads a pediatric research and treatment unit. Walsh is well recognized in his field and has won government honors. Along the way, he collaborated with drug companies in his official role and, privately, as a paid advisor or speaker.

The industry compensation received by Walsh and Sunderland came to light because of a series of events over the past three years: After The Times reported in December 2003 that ranking NIH officials had received hundreds of company consulting payments or grants of stock or stock options, the House committee asked the agency to disclose all such transactions over a five-year period. When the NIH was slow to respond to the committee's broad request, lawmakers elicited information from 21 drug companies.

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The companies' responses identified scores of NIH researchers who were not previously known to have received payments. One company, Merck, listed fees to Walsh that had not been reported to the NIH. Meanwhile, NIH Director Elias A. Zerhouni also was urging employees to report any previously undisclosed outside arrangements.

For Walsh, the first questions from NIH ethics officials centered on his arrangements with Merck. The NIH's internal review found that, at the same time Walsh accepted $3,000 in fees for attending separate Merck-sponsored events in 2000 and 2001, he was leading a formal "cooperative research and development agreement" between Merck and the National Cancer Institute.

Months before his case was referred for possible disciplinary action, the NIH ethics review panel concluded privately that Walsh should not have engaged in the simultaneous government and paid arrangements with Merck.

"The review panel finds that the scientific subject matter of the activities overlap directly with Dr. Walsh's research at NIH," the agency's chief ethics lawyer, Holli Beckerman Jaffe, wrote in June 2005.

"In addition, while Dr. Walsh was a paid speaker for Merck on two occasions, he was collaborating with Merck, and one of its competitors, in his official capacity," Jaffe said. "Accordingly, the panel finds his unapproved outside activities with Merck to be highly problematic."

A subsequent summary of the NIH's internal review added, "this situation is one in which a reasonable person could question Dr. Walsh's impartiality."

The new documents show that when Merck paid Walsh a $2,000 fee in September 2000, it was to discuss the company's new antifungal drug, Cancidas, at a company-sponsored meeting with medical-opinion leaders in Montreal.

Four months later, Merck identified Walsh as a consultant at an FDA advisory committee meeting at which the company made its case for the drug's approval.

Walsh told the FDA committee on Jan. 10, 2001, that, based on his and his government staff's review of data from a Merck study, Cancidas effectively combats a fungal infection called aspergillus. The committee unanimously recommended approval.

Later that month, FDA staff approved Merck's application to market Cancidas. Through 2005, the drug had generated $859 million in U.S. sales.

And, in the months leading up to an October 2001 FDA advisory committee meeting on Pfizer's antifungal drug, Walsh received $12,000 in fees for conferring three times with company representatives, the internal NIH documents show. Walsh has said he did not accept company payment for appearing at any FDA meeting.

Walsh's lawyers have said in letters to NIH officials that his government decisions were not swayed by the compensation from Merck or any other company. They also have stressed Walsh's diligence throughout his career.

Jaffe, the NIH ethics lawyer, told officials in a memo that if Walsh had sought permission to accept compensation from Merck, "it is highly unlikely that Dr. Walsh would have been granted approval."

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CDC Brain Drain? (AJC)

By Alison Young, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 10, 2006

By the end of this year, most of the people who lead CDC's key scientific centers — in some cases for a decade — will be gone. The wave of departures began in 2004, about a year after Dr. Julie Gerberding launched her strategic "Futures Initiative" to transform the agency, and not quite two years after she was named CDC director.

Most of the former directors of CDC's scientific centers declined to talk publicly for this article, citing the close-knit world of public health that requires them to still work with CDC. The reorganization and questions about the agency's leadership and direction were factors for some of those who left, they said privately.

While CDC employment data do not indicate significant jumps in overall employee departures, many current and former employees said they are concerned that the agency's morale problems will spur more to leave.

Last year, for instance, 46 CDC staffers who are also members of the U.S. Public Health Service Commissioned Corps retired from the agency — the largest group of retirees in a decade; in those other years just 26 have retired on average,

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employment data show. The 850 CDC employees who are Corps members are eligible to retire after 20 years of service, but often work much longer. They historically have been the source of much of the agency's senior scientific leadership.

Recent efforts by Washington to make the corps more regimented, with a greater emphasis on such things as wearing uniforms and meeting physical fitness tests, may be contributing to commissioned officers retiring sooner than they might have, some CDC officials said. But among CDC's 4,298 science staff overall, 63 retired and 131 resigned last year, numbers that show no clear trend in recent years.

Losing highly qualified people — whether it's caused by turmoil or simply the natural progression of aging workers — is a problem, government service experts said.

"What's special about CDC is it has a lot of expertise in highly specialized fields," said Max Stier, president of the Partnership for Public Service, a Washington-based nonprofit that is concerned about a federal retirement wave that's expected to crest between 2008 and 2010. "We have a massive problem that very few people are focusing on," he said. "It's like rust, not engine failure."

Among those who have left CDC or have recently announced they are leaving:

Dr. Jose Cordero

Director, National Center on Birth Defects and Developmental Disabilities, since 2001. Left the directorship last month to become dean of the University of Puerto Rico, his alma mater. Joined CDC in 1979. "For me, it was the stars aligned for me to return," Cordero said. "I was not looking for a job."

Dr. James Marks

Director, National Center for Chronic Disease Prevention and Health Promotion, since 1995. Left CDC in November 2004. Became senior vice president and director of the health group at the Robert Wood Johnson Foundation. Joined CDC first from 1976-1978, then continuously there since 1980. Marks declined to comment.

Dr. Richard Jackson

Director, National Center for Environmental Health, 1994 through July 2003. Left CDC's headquarters in 2004, after being an adviser to the CDC director. He took a CDC assignment to the state of California, then continued with CDC at the University of California. "All of these moves have been voluntary on my part," he said.

Dr. James Hughes

Director, National Center for Infectious Diseases, since 1992. Left CDC in 2005 to become director, Program in Global Infectious Diseases and Center for Global Safe Water, at Emory University. Hughes declined to comment. He was at CDC from 1973-1975, then continuously since 1978.

Dr. Stephen Ostroff

Deputy Director, National Center for Infectious Diseases, since 2002. Left CDC in March 2005 to become representative to the Pacific Islands for the U.S. Department of Health and Human Services. "My plan had always been when I got to 20 years I would retire" in Hawaii, Ostroff said. Joined CDC in 1986.

Dr. Sue Binder

Director, National Center for Injury Prevention and Control, since 2000. Left in August 2004 to become a private consultant on public health and management issues. Binder declined to comment. She joined CDC in 1984.

Dr. Harold Jaffe

Director, National Center for HIV, STD and TB Prevention, since 2001. Left in June 2004 to become a professor of public health at the University of Oxford in England. Jaffe declined to comment. Was at CDC first from 1974-1977, then continuously since 1980.

Dr. Ronald Valdiserri

Deputy Director, National Center for HIV, STD and TB Prevention, since 1996. Leaving this month to become chief consultant for the Public Health Strategic Health Care Group at the Veterans Health Administration. Valdiserri declined to comment. He joined CDC in 1989.

Dr. Walter Orenstein

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Director, National Immunization Program (and its predecessor), since 1988. Left CDC in April 2004 to become associate director of the Emory Vaccine Center. "I left CDC because of a great opportunity," he said. He was at CDC from 1974-1977, then continuously since 1980.

Dr. Roger Glass

Chief, CDC Viral Gastroenteritis Section, since 1986. Left CDC in May 2006 to go to the National Institutes of Health to be director of the Fogarty International Center. He commutes between Bethesda, Md., and Atlanta, where his wife is chair of pediatrics at Emory University. Glass was unavailable for comment, an assistant said.

Dr. Rick Steketee

Chief, CDC Malaria Branch, since 2000. Left CDC in January 2005 to become deputy director of the Malaria Control and Evaluation Partnership in Africa, a program of an international public health nonprofit called PATH. He joined CDC in 1983.

Dr. Harold Margolis

Chief, Division of Viral Hepatitis, since 1987. Left CDC in June 2004 to become director of the Pediatric Dengue Vaccine Initiative of the International Vaccine Institute in Seoul, Korea. "To be honest, I wasn't having fun anymore," said Margolis, who said changes at CDC caused him to leave. He had been with the agency since 1975.

James LeDuc

Pandemic coordinator and former director, Division of Viral and Rickettsial Diseases, now disassembled. Leaving CDC in November to direct global health at the University of Texas Medical Branch at Galveston. "I wasn't looking for a job," said LeDuc, with CDC since 1992. "I have tremendous respect for Dr. Gerberding."

OTHER NEWS:

U.S. Stocks Fall This Week; Housing Slump Stokes Growth Concern (BLOOM)

By Nick Baker

Bloomberg, September 10, 2006

Sept. 9 (Bloomberg) -- U.S. stocks declined this week on concern a deepening housing-market slump will slow the economic expansion and limit increases in corporate profits.

Exxon Mobil Corp., the biggest oil company, and other energy stocks led the drop as crude oil sank to a five-month low. Data showing labor costs climbed last quarter also weighed on the market by reviving speculation the Federal Reserve will resume raising interest rates to curb inflation.

``Earnings growth is going to slow," said Joseph Keating, who manages about $3 billion as chief investment officer at Birmingham, Alabama-based First American Asset. ``You have to lower your expectations" for stock-market returns.

Viacom Inc. plunged after the media company ousted Chief Executive Officer Tom Freston. Intel Corp., the world's largest semiconductor maker, slipped after proposing fewer job cuts than some analysts had forecast.

The Standard & Poor's 500 Index lost 0.9 percent to 1298.92. The Dow Jones Industrial Average fell 0.6 percent to 11,392.11, and the Nasdaq Composite Index slumped 1.3 percent to 2165.79.

Economic-growth concern was stoked by signs the housing market slowdown is steeper than had been anticipated.

Two homebuilders, KB Home and Beazer Homes USA Inc., this week cut their profit forecasts and Lennar Corp., the third-largest U.S. builder by stock-market value, missed its own earnings projection. The National Association of Realtors said home prices may drop for the first time since 1993.

Oil fell on signs U.S. fuel inventories will be sufficient as economic growth in the world's biggest energy consumer slows.

Productivity, Labor Costs

Expectations that the Fed might resume boosting rates, after pausing its two-year policy of higher borrowing costs last month, were fueled by government data on employment.

The productivity of U.S. workers slowed last quarter while labor costs jumped at a revised 4.9 percent annual rate, exceeding economists' estimates, according to a Labor Department report.

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Crude fell 4.2 percent this week to $66.25 in New York, the lowest close since April 4. Energy companies in the S&P 500 lost 3.7 percent for the top loss among 10 industry groups in the index.

Exxon fell 1.9 percent to $66.81 for the Dow average's No. 3 drop. Valero Energy Corp., North America's largest refiner, lost 10 percent to $51.75, the second-steepest drop in the S&P 500.

Intel

Viacom slipped 6.5 percent this week to $34.55. The company, controlled by billionaire Sumner Redstone, said board member Philippe Dauman will take over for Freston. Merrill Lynch & Co. cut the shares to ``neutral," citing ``significant uncertainty" about the management change.

Intel lost 2.2 percent to $19.45 for the second-steepest drop in the Dow average. The company plans to eliminate 10,500 jobs. Analysts, including David Wu at Global Crown Capital and Doug Freedman at American Technology Research, said they had expected Chief Executive Officer Paul Otellini to cut more jobs in the largest overhaul of Intel's operations since the 1980s.

Homebuilders in S&P indexes lost 3.1 percent. KB Home slipped 4.9 percent to $40.35. Beazer declined 7.6 percent to $37.24, and Lennar fell 4.6 percent to $42.71.

S&P 500 members that produce raw-materials such as gold, silver and paper lost 1.6 percent, the No. 2 slide in the index.

Newmont, Temple-Inland

Newmont Mining Corp. slid 5.9 percent to $48.19. The world's second-biggest gold producer was downgraded to ``sector perform" from ``outperform" by analyst Stephen Walker at RBC Capital Markets, who cited challenges in managing costs and lower production.

Temple-Inland Inc. fell 7.4 percent to $41.94. The real- estate developer and forest-products maker said third-quarter corrugated shipments will fall after the company sold a plant and shut another temporarily.

Apollo Group Inc. lost 5.8 percent to $47.87. The operator of for-profit colleges faces trial on charges that it obtained at least $3 billion in federal funds even as it paid recruiters according to the number of students enrolled, the Chronicle of Higher Education reported. U.S. Education Department rules forbid such payments, the Chronicle said.

Procter & Gamble Co. lost 1.2 percent to $61.14. The largest U.S. consumer-products maker forecast first-quarter profit of 76 cents to 78 cents a share. The average estimate from analysts surveyed by Thomson Financial is 78 cents. Thomson doesn't disclose the parameters of its figures to Bloomberg News.

Hershey Co. fell 5.4 percent to $51.34. The biggest U.S. chocolate maker was cut to ``neutral" from ``overweight" by J.P. Morgan Securities Inc. analyst Pablo Zuanic. He said the company may not meet its annual sales forecast and may have lost market share.

To contact the reporter on this story: Nick Baker in New York at nbaker7@bloomberg.net .

What If The Economy Doesn't Land? (NYT)

By Conrad De Aenlle

The New York Times, September 10, 2006

INVESTORS have been placing their bets on whether the economy will experience a hard or soft landing. One Wall Street veteran suggests a third possible outcome — no landing at all — and he will be looking at data this week to help weigh the odds of its occurrence.

Edward E. Yardeni, chief investment strategist at Oak Associates, expects reports on consumer prices and retail sales to be tame enough to persuade the Federal Reserve to hold interest rates steady when its policy makers meet on Sept. 20. That may just give the economy the breathing room it needs, he said, to avoid an appreciable slowdown, let alone the recession that some commentators have said is a serious possibility.

Mr. Yardeni foresees a 0.2 percent increase in the Consumer Price Index, excluding food and energy items, for August and an increase of 0.4 percent or so in August retail sales. A Bloomberg News poll of economists predicts increases of 0.2 percent for the C.P.I., to be announced on Friday, and 0.3 percent for retail sales, to be reported the previous day.

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If the price index comes in "somewhere between a disturbing 0.3 and a happier 0.1," he said, "the Fed will look at it in the context of an economy that is still growing, although with significant weakness in housing, and that is behaving itself in a way that the Fed anticipated when it paused at the last meeting."

It may not happen often in Washington, but the central bank appears to be two for two in achieving its policy aims.

"One of the Fed's objectives a year ago was to take the froth out of housing, and it has significantly done that," Mr. Yardeni said. "It also set out to keep energy from affecting core inflation. There is evidence that that's the case."

The benign numbers that he expects are consistent with 3.5 percent annual growth in economic output and 2 percent core inflation, which he described as "the kind of growth you get when the economy is expanding at trend pace." It is a set of conditions that should be good for the stock market, he said.

In fact, the talk among traders may soon turn to the next Fed rate cut, Mr. Yardeni said, and he pointed out how soothing that topic of conversation would be, compared with others in recent months that have produced "one anxiety attack after another."

"We've spent the whole year going through a litany of fears, from bird flu to monetary overkill to bursting the housing bubble," he recalled. "I'm exhausted listing all the things to worry about, but none of these things has affected the economy or corporate earnings."

DATA WATCH The first key report of the week, on Tuesday, will examine the nation's trade account. In the Bloomberg poll, imports are expected to have exceeded exports by $65.5 billion in July, compared with $64.8 billion in June.

Behind That Sense Of Job Insecurity (NYT)

By Daniel Gross

The New York Times, September 10, 2006

JOBS today seem as long-lasting as the petals of a flower. Virtually every week brings news of large-scale corporate layoffs. On Tuesday, the day after Labor Day, Intel said it would reduce its work force by 10,500, or about 10 percent.

According to the Bureau of Labor Statistics, the United States economy — a giant job-churning machine — each quarter destroys nearly 7 percent of existing jobs and creates a roughly equivalent percentage. Even for those at the top rungs of the labor ladder, job stability isn't what it used to be. Burson-Marsteller, the public relations firm, reported earlier this year that 470 of the Fortune 1000 companies have changed C.E.O.'s since 2000.

Yet labor economists, who prefer sifting through reams of yesterday's data to parsing today's headlines, detect a seemingly counterintuitive trend. During the last few decades, job stability and job tenure for the typical worker don't seem to have changed much, if at all.

Ann Stevens, an associate professor of economics at the University of California, Davis, has looked through a time series — interviews with men between the ages of 58 and 62 conducted by the Bureau of Labor Statistics and other research groups at intervals from 1969 to 2002.

She found that in 1969, the average tenure of the longest job a man had held in his career was 21.9 years. In 2002, the figure was only marginally smaller: 21.4 years. In both 1969 and 2002, about half of those interviewed had spent more than two decades with a single employer.

"I'm not convinced there has been a dramatic change," said Professor Stevens, who presented her findings in a National Bureau of Economic Research working paper.

That conclusion may seem surprising, given the heightened media and political attention to outsourcing, corporate overhauls and layoffs — and given the peculiar dynamics of the late 1990's, when low unemployment, significant job growth and technological advances led many people to switch jobs voluntarily.

"In those years, companies couldn't hold on to workers," said David Neumark, a professor of economics at the University of California, Irvine.

Recent evidence indicates that jobs aren't any more or less disposable than they were in the past. According to the Bureau of Labor Statistics, the median job tenure for all workers at their current jobs rose to 4 years in January 2004 from 3.5 years in 1983. In the same period, the percentage of workers older than 25 with job tenure of more than 10 years fell only modestly, to 30.6 percent from 31.9 percent.

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But there are subtle shifts underneath the headline numbers, says Steven J. Davis, the William H. Abbott professor of international business and economics at the University of Chicago. As they have become more entrenched in the work force, women have seen their average job tenure rise, to 3.8 years in 2004 from 3.1 years in 1983. In the same period, the figure declined for men — particularly for those ages 45 to 54, whose average tenure in 2004 was 9.67 years, down from 12.8 years in 1983.

Job tenure has declined "among both blue-collar and white-collar male workers," Professor Davis said. "White-collar jobs, which were historically dominated by college-educated men, are no longer quite as secure as they were a generation ago."

So what accounts for the public concern over job instability? Professor Davis notes that job stability at publicly held companies — large, brand-name businesses like Intel that make news when they restructure — has decreased markedly. "But such companies only account for about one-third of all business employment," he said. Among privately held companies — a much larger sector — job stability has actually been on the rise in recent years.

What's more, workers have plenty of reason to feel anxious about their prospects. "Job stability isn't the same as job security," said Jacob S. Hacker, a professor of political science at Yale and author of "The Great Risk Shift" (Oxford University Press). The consequences of losing a job are far more severe today than they were in previous generations, as laid-off employees tend to see their compensation and benefits fall sharply when they find new employment. As a result, "people are more likely today to worry about what will happen if they lose their job," Professor Hacker said.

CLEARLY, in today's economy, workers have to prepare for the possibility that their jobs won't last as long as they once expected. "It was and still is the case that roughly a quarter of jobs end within a year," said Professor Neumark of U.C. Irvine. Americans today should expect to have many different jobs over the course of their working lifetime, especially when they are starting out.

"But that doesn't mean you won't eventually find an employer with whom you'll have a long-term attachment," said Professor Stevens, who has been at U.C. Davis for three years, her third job since receiving her Ph.D. in 1995.

A Different Strategy On Pensions (NYT)

By Mary Williams Walsh

The New York Times, September 9, 2006

The winter of 2002 was a scary time for pension funds and the millions of Americans whose retirement they have promised to secure.

Investment losses had wiped away billions of dollars. Required contributions were ballooning. Some companies even started talking about going into bankruptcy, in part because they could no longer afford their pension obligations. Congress and the Bush administration began planning to tighten the law.

Most corporate pension funds sat tight, warning that if the government got too tough, they would be forced to freeze their plans. But one large company, International Paper, decided to strike out in an entirely different direction.

Today, International Paper's $7 billion pension fund, which covers 175,000 people, is three years into a broad revamping, one that the company believes will protect it from the forces that wreaked havoc in the last few years.

When the changes to its investment strategy are complete, said Robert Hunkeler, the company's vice president for investments, "we will have protected the company and the plan — and therefore the plan participants — from the worst effects of interest rate moves."

The ability to shelter the plan from financial storms has allowed International Paper to keep it going, even as a number of other large companies, like I.B.M., Tenneco and DuPont, have frozen theirs.

Freezing a plan halts the growth of benefits, and even though most companies sweeten the pill by expanding their 401(k) programs, the move often dashes the hopes of older workers. That is because in traditional pensions, which provide a predictable monthly income in retirement, workers typically build the biggest part of their benefit in their last few years of service.

Danny Morris, president of the United Steel Workers local that represents 400 employees in International Paper's mill in Courtland, Ala., said that he was pleased with the steps the company had taken to make its pension fund more secure.

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Pensions, he said, are always "the No. 1 topic" when he asks his members what matters to them most. The average worker at the mill is 54 years old, he said, with 25 to 35 years of service. A pension freeze would devastate them.

"It's really the only thing they've known all through the years," he said of the plan, which pays a flat pension of $45 a month for every year of service a person has completed. "Any time you start talking about a change to the pension plan it sort of scares people."

Yet even as traditional pension plans — which still cover about 21 million of the nation's 115 million private-sector employees — have come under siege, International Paper's efforts suggest there may be ways of preserving them, at least for those already promised a pension when they retire.

International Paper began putting newly hired employees into a 401(k) plan after an acquisition in 2004, but the previous employees still participate in the pension plan, with no freeze. And others are beginning to look at International Paper's approach as a possible way out of the pension minefield.

"There's a very healthy discourse that's taking place in the industry," said Joseph Nankof, a partner with Rocaton Investment Advisors, a firm in Norwalk, Conn., that advises pension funds, including the one at International Paper.

It can take a strong stomach to make the necessary changes, however, because they involve breaking away from the herd approach to managing pension assets. Federal law requires pension officials to operate "prudently," and years of court decisions have taught them that they will be bulletproof in a lawsuit if they stick to the same investment techniques everybody else uses.

Nearly all pension funds invest in a broad mix of stocks and bonds, counting on expected gains over the long run to make up for any short-run losses. But that approach has exposed companies — and their shareholders — to big risks.

The risks were hidden by the longstanding actuarial practice of "smoothing" pension numbers, or spreading short-term market swings over many years. Smoothing was supposed to reduce pension volatility, but it is now widely understood to have merely concealed volatility that was there all along.

The pension law that Congress just approved, along with coming accounting changes, will greatly reduce the ability of companies to smooth their pension numbers. So if a company decides to use an aggressive, high-volatility pension strategy in the future, investors will be able to see it and may well shun the company's shares.

One of the biggest sources of pension fund volatility is interest rates.

Pension funds are acutely sensitive to interest rate changes because of the role rates play in setting the value of pension benefits that will be paid in the future. When interest rates fall, the value of the benefits rises because it will take more of today's dollars, compounding at the lower rates, to be able to pay benefits falling due in the future.

The interest rate effect is very powerful. The decline of interest rates, combined with depressed stock prices, brought many pension funds to their knees in the early years of the decade. At G.M., for example, a mere quarter-point rate decline increased pension obligations by $2.3 billion.

The interest rate International Paper uses for its pension calculations fell by a full percentage point from 2001 to 2003, and smoothing, rather than eliminating the pain, was making it last longer.

Those harsh conditions made Mr. Hunkeler start to think, in 2002, about hedging International Paper's pension fund against future rate swings. He knew it would be possible to do this with fixed-income assets, like bonds.

Bonds react to interest rate changes in the same way pension obligations do. When rates fall, bond prices go up. So if International Paper had bonds in its pension fund that matched the characteristics of its pension obligations, it would not matter how far rates fell — the prices of the bonds would rise in step to keep pace with the increased pension obligations.

Mr. Hunkeler was not the first person to think of this. A number of pension funds in the 1980's bought bonds with payment schedules timed to coincide with the benefit payments they owed. High interest rates at that time made such bonds inexpensive.

American Airlines adopted such a strategy in 1987. Its investment manager, William F. Quinn, held onto the bonds even in the 1990's, when the soaring stock market made bond-matching strategies go out of style and lured many pension funds into putting most of their money into stocks.

Keeping the hedge intact proved a good move. Of all the major airlines, American's bond-laden pension fund weathered the financial storms of the last few years the best. The pension funds at most other airlines — United, US Airways, Aloha, and now Delta — have failed, leading them to be taken over by the federal government.

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American's pension fund, meanwhile, is "below where it needs to be, but it is in much better shape than most of the others," Robert L. Crandall, the former chief executive of American, told a Congressional committee two years ago. "Anybody who wants to offer a fixed-benefit pension plan should be required to put those assets into long-term fixed-income instruments which match the liability stream over time," Mr. Crandall said in his testimony.

"If that happens, Senator," he added under questioning from Senator Trent Lott, Republican of Mississippi, "you won't ever have underfunded benefit plans."

International Paper already had about 20 percent of its total portfolio in bonds at the end of 2002. But the bonds were not serving as a hedge against interest rate swings, because their durations then did not match those of the company's pension obligations.

The bonds in International Paper's pension fund had a duration of four or five years in 2002, Mr. Hunkeler said, but its pension obligations had a duration of about 12 years. The difference meant the bonds and the pension obligations would not respond the same way to interest rate changes.

To make a better match, Mr. Hunkeler needed bonds with longer durations. One way to get them would be to do what American Airlines did: sell the existing bonds and buy new, longer ones. But buying enough long bonds to carry out that strategy was a lot more expensive in 2002 than in the 1980's.

So Mr. Hunkeler chose a second method, which used a financial instrument, interest rate swaps, to extend the duration of the bonds the pension fund already owned.

Interest rate swaps are a relatively recent innovation, but they are in widespread use. The global market is valued at almost $5 trillion, according to the Bank for International Settlements.

International Paper is setting up its hedge in phases. Starting in December 2002, it extended the duration of its bonds to 10 years, then kept the portfolio at that point for three years, while the company evaluated how the strategy was working.

Phase 2 began this year. It involves expanding the hedge until 50 percent of International Paper's pension obligations are hedged against interest rate swings, a process Mr. Hunkeler says will take two to three more years. He said a company like International Paper would probably get the greatest benefit from the strategy when 75 percent of its pension obligations were hedged, but it was not rushing to get there.

Indeed, International Paper is confident that even if it takes several years to fully build its hedge, it will still be better positioned than most companies that have not even started to secure their pensions.

"It's like the old joke, 'How fast do you have to run to outrun a hungry bear?' " Mr. Hunkeler said. "You have to run faster than your friend."

Investing In Human Futures (NYT)

By David Brooks

The New York Times, September 10, 2006

Imagine a classroom of first graders. Now imagine we could get every kid in that classroom to graduate from college, and that we could get every kid in every classroom to graduate from college. Don't you think that's the most important thing we could do to make America a richer and fairer place?

Some people, actually, don't think that. Some people don't think wage stagnation is mainly about education and skills. They think the economy is so broken, the Republican Party so malevolent and all-controlling, that almost all the gains would go to the top 5 percent or 1 percent anyway.

I may be a sucker, but I think they're wrong.

I may be a sucker, but I doubt we can achieve broad-based social mobility unless workers possess the skills that a global economy now rewards. I may be a sucker, but I suspect the most important thing we can do to increase social mobility is to come up with second-generation human capital policies.

The first-generation policies gave people access to schools, colleges and training facilities. The second-generation policies will help them develop the habits, knowledge and mental traits they need to succeed once they are there.

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That means, first, strengthening the family, the nuclear core of human capital formation. Ramesh Ponnuru of National Review points out that investments in human capital are overtaxed. He suggests raising the child tax credit to $5,000. That would be part of a plan to lighten the tax burden on families while they are raising kids and shift it to when they are done. It would enable more parents to stay home if they wanted and invest more in those crucial early years.

Second, it means strengthening marriage. Only half of American kids can expect to live with both biological parents at age 15 (compared with two-thirds of kids in Western Europe). That has calamitous effects on education and development. There are many cultural ways to strengthen marriage, but financially, the government could extend the earned income tax credit to single males. That would not only induce more young men to enter the labor force, it would also make them more marriageable.

Third, it means encouraging people to think about the future. Senator Jeff Sessions has a proposal (similar to a program earlier supported by Senators Santorum and Schumer, and others) that would give every child $1,000 at birth for a savings account, which could then be built up over a lifetime. Among other things, that sort of asset building awakens a sense of future possibilities.

Fourth, children from disorganized homes need quality preschool. As a mountain of research has shown, children who have not developed mental traits like self-control by age 3 are much less likely to exercise them later on. Their prospects are permanently diminished.

Fifth, schools need to be tailored to the way children actually are. Different human beings have radically different learning styles. So long as diverse individuals are forced to sit in the same classroom and endure uniform teaching techniques, they'll underperform. It doesn't matter whether the school is public, charter or administered by Martians.

I'm hinting at an agenda that is socially conservative and economically progressive, because when it comes to building human capital, the two go hand in hand. To pay for this stuff, I'd trail along behind Sebastian Mallaby of The Washington Post: Cut the mortgage interest deduction so it doesn't subsidize people who want million-dollar homes, and reform the savings and health insurance tax incentives that subsidize rich people to do things they'd do anyway. I'd also keep the inheritance tax (I don't want a bunch of spoiled heirs starting lefty foundations).

When you ask free-market purists about wage stagnation, they either deny it's a problem or brag about how Republicans have increased disposable income by reducing the tax burden. When you ask orthodox liberals about wage stagnation, they never tell you exactly what they would do to counteract the epic forces of globalization and technological change, but they seem to imply they can restructure the economy with the right trade, minimum-wage and union rules to create middle-class wealth.

But this debate is not going to be won either by the free-market fatalists or by the angry but amorphous populists. It'll be won by the human capital reformers, the alliance of progressive conservatives and conservative progressives (like the Clintonites) who believe that the market fundamentally works and that social mobility requires what it has always required, skill and effort.

All Eyes On The States (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, September 10, 2006

Governor's races may swing vote for president

When Wisconsinites pick a governor Nov. 7, they'll also be setting the stage for the state's next huge election drama: the 2008 race for president.

Many of this year's hottest gubernatorial races are taking place in the nation's most competitive presidential battlegrounds: Wisconsin, Iowa, Michigan, Colorado and Nevada, to name a few.

The outcome of those races will have a bearing on presidential politics. Governors are not only a prime source of political ideas and talent for their parties. They also can play an active role in the sort of ultra-tight races the nation saw in 2000 and 2004, providing help to their party's nominees in key swing states.

"It's not the be-all and end-all, but it can make an important difference," said Mark Mellman, the pollster for John Kerry's presidential bid in 2004 and for Gov. Jim Doyle's 2006 re-election campaign.

Mellman contends that "if Jim Doyle were not governor of Wisconsin, John Kerry would not have won Wisconsin."

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There is no way to test that proposition, and some strategists - such as Matthew Dowd of the Bush re-election team - are skeptical about the impact of home-state governors on the ticket.

But as the closest state in the nation in 2004 (Kerry won by 0.38 percentage points), Wisconsin is the kind of place where even marginal factors can matter. Possible party shift

It is also one of at least seven or eight presidential battlegrounds where control of the governor's office could shift this fall from one party to the other.

Such a shift is already likely in Ohio, the No. 1 electoral target in the '04 race for president, where Democrats are now favored to end the GOP's hold on the governor's office.

Other swing states where Democrats have at least a plausible chance to gain a governor this fall include Nevada, Colorado and Minnesota.

But Republicans have their own pick-up opportunities, including Wisconsin, Iowa, Michigan and Oregon.

Governors will be elected this year in each of the 11 states decided by fewer than 5 percentage points in 2004. At least six of those races are rated as tossups.

"When you look at a red-and-blue map, and you're doing the Electoral College math, you would certainly rather have more governors than not," said Jennifer Duffy, who analyzes contests for governor for the non-partisan Cook Political Report.

In a column this year for The Hill newspaper, Democratic pollster Mellman called Wisconsin the presidential battle ground state that Democrats are in the "greatest danger of losing" in 2008 (they won by 11,384 votes in 2004). And he noted that if that happens, even picking up Ohio won't be enough for Democrats to win back the White House.

"Targeting these states now will likely pay dividends later," wrote Mellman of the importance of the Doyle-Green race. Role in policy is key

How much difference can a governor make to his party's presidential nominee?

Aside from whatever intangibles they may provide as high-profile cheerleaders, they can matter in very concrete ways. For one, governors help shape voting rules and procedures, which have become a battleground unto themselves in presidential politics.

Democrats believe George Bush attained the presidency in 2000 because his brother Jeb was governor amid Florida's post-election dispute.

In Wisconsin, Republicans believe that Doyle's pre-election veto in 2003 of a GOP-backed election bill requiring voters to present a photo ID resulted in more Democratic votes in '04. Post-election investigations did find fraudulent votes were cast, but didn't find nearly enough to change the outcome.

"I do think it made a difference (in '04) that we had a governor who vetoed election reform. . . . That in and of itself was probably the most helpful thing Jim Doyle did for John Kerry," said Mark Graul, who ran Bush's Wisconsin campaign and now runs the campaign of Doyle's opponent, Republican Mark Green. Green supports the photo ID plan.

Democrats contend that the bill is designed to lower Democratic turnout, and would discourage voting by tens of thousands of poor and elderly Wisconsinites who don't have driver's licenses. Doyle issued a veto on the issue in 2005 as well.

"This was an attempt by Republicans in the Legislature to disenfranchise voters," said Doyle spokesman Matt Canter, who said Doyle remains open to compromise legislation on voter identification.

What neither side disputes is that the fate of the photo ID plan backed by Republicans hinges on this year's governor's race. And that in turn could have an impact on the 2008 presidential race in Wisconsin if that contest is as close as it was in 2004 or 2000, when the margin was a mere 5,708 votes. Both sides believe enough votes are at stake in the matter to affect very tight races. Local 'echo chamber'

The governor's role in the election process doesn't end there. Wisconsin's governor gets what can be a tie-breaking appointment on the state Elections Board, which handles election disputes. And Democrats who worked on the '04 election say it was an asset to the Kerry effort to have as governor a former attorney general who was experienced in election law and could help in the pre-election partisan wrangling over ballot access and voting procedures.

A governor also can help his or her party's nominee on the campaign trail, with local organization and expertise. He or she can serve as a high-profile, in-state "echo chamber" for the nominee's message. Presidential campaigns put enormous effort into

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the use of "surrogate" speakers during the campaign. And unless they're unpopular, governors are seen as better surrogates than members of Congress because they command more attention and have no ties to Washington. Mellman says the absence of any prominent statewide Democratic politicians in Ohio complicated Kerry's effort there.

"If a Democrat had been governor in Ohio, would that have made a difference? We'll never know, but it was close enough that it could have made a difference," Mellman said.

In Wisconsin, Kerry made extensive use of Doyle as a surrogate, while the Bush campaign "had to be little bit more sporadic in who we used to speak on our behalf," said Graul, tapping GOP congressmen such as Green and Paul Ryan in their own districts. Skeptics doubt impact

Some strategists are skeptical that in the end governors have much impact on presidential outcomes, either as surrogates or by deploying their political networks.

"Presidential races are just so much bigger than that," said Dowd, Bush's top strategist in the 2004 campaign. Referring to the first Bush campaign four years earlier, Dowd said, "I remember losing Michigan and losing Pennsylvania and losing Wisconsin, all of which had popular Republican governors in 2000."

In his years as governor, Tommy Thompson never delivered Wisconsin in a presidential race. Of course, that doesn't mean he had no effect on the ticket's performance.

Dowd said governors have a bigger potential role in their party's nominating process than in a general election, especially in states with early primaries and caucuses. The hotly contested open-seat race for governor in Iowa has drawn the lavish attention of '08 hopefuls in both parties, who are providing money and manpower in the race.

Dowd also contends that the bigger legacy of these governor's races for their national parties is a more long-term one because governors are a key source of new ideas and policies, and supply the parties with many of their presidential prospects.

"They become the sort of momentum for the vision of the party," Dowd said. "If you lose some of them, and (in) some of the big states, that's a problem." From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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'06 Campaign Cry: Public First, Party Second (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 10, 2006

As campaign 2006 heats up, the first important new theme of the 2008 presidential election may be emerging.

From Washington state to Maryland, candidates in both parties are running against the relentless partisan conflict that now defines life in the nation's capital. In an era when party-line voting in Congress has reached the highest level, by some measures, since the 1890s, a growing number of office-seekers are pledging to operate as an independent voice and a bridge between the parties if voters give them a ticket to Capitol Hill. In the process, they are honing arguments likely to be common in the race to succeed President Bush.

In Missouri, Republican Sen. Jim Talent has run television advertisements in his reelection campaign highlighting the legislation he co-sponsored with Democrats. "Most people don't care if you're red or blue. Republican or Democrat," an announcer says. "They care about getting things done."

In Minnesota, Republican Rep. Mark Kennedy, who's seeking a Senate seat, has aired an advertisement promoting his willingness to break with the GOP on education, the environment and pension protection. "I'm not afraid to work with the other side," he says in the spot.

In an ad in Maryland, Republican Senate hopeful Michael Steele looks earnestly into the camera and promises: "I'll talk straight about what's wrong in both parties."

Because so many GOP candidates have struck these notes, political analysts primarily have viewed them as attempts to separate from Bush as his approval ratings remain weak. And candidates such as Talent (who voted on Bush's side 91% of the time in 2005, according to Congressional Quarterly) and Kennedy (87% support for the Bush position) clearly are displaying more enthusiasm for independence on the campaign trail than they have most days in Congress.

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But there's more to the dynamic than Republicans ditching Bush. For one thing, Democrats such as Senate challengers Jim Pederson in Arizona and Bob Casey Jr. in Pennsylvania are emphasizing their willingness to work across party lines. Sen. Joe Lieberman of Connecticut, trying to hold his seat as an independent after losing the Democratic primary last month, is centering his campaign on a promise to transcend partisan differences.

More important, the candidates in both parties using these arguments are raising issues much broader than the proper level of loyalty to a president; they are indicting the entire system of lock step partisan allegiance — and reflexive partisan confrontation — that now drives so much of the Washington debate.

Mike McGavick, the Republican challenging Democratic Sen. Maria Cantwell in Washington state, is among the candidates questioning that system most fundamentally. McGavick, the former chairman and chief executive for the insurance giant Safeco Corp., has had a rough few weeks. Recently, he preemptively released information on a number of embarrassing episodes in his past, including a 1993 drunk driving arrest in Maryland — only to face persistent questions about the accuracy of his recollection that forced him last week to issue a second statement clarifying his description of the arrest.

But McGavick has developed a sophisticated critique of the way Washington works — or doesn't. The intensifying pressure for party unity, he argues, makes it impossible for Congress to resolve difficult problems. Republican unwillingness to compromise, he maintains, is preventing action on immigration, just as the Democratic refusal to negotiate doomed any possibility of restructuring the Social Security system.

Just as important, he argues, the growing tendency toward party-line voting compromises legislators' ability to represent their states. By definition, he says, members of Congress who vote with their own party almost all of the time are elevating partisan over local interests. "I vowed to my state that I want to be thrown out if I am voting with my party 90% of the time," McGavick says. "Because [if I do that], I cannot possibly be representing my state well."

It's no coincidence that these arguments are being raised most forcefully by candidates caught behind enemy lines: Republicans, including McGavick and Steele, running in Democratic-leaning blue states, or Democrats such as Pederson in Republican-leaning red states. Cooperation with the other party is unquestionably most attractive for politicians who need votes from the other side to win.

But that's nothing new. Historically, the best bridge builders in Congress have been politicians facing electorates that lean toward the other party — former senators such as Republican Jacob K. Javits of New York or Democrat John B. Breaux of Louisiana. Compromise in Washington would almost certainly come easier if voters elected more cross-pressured legislators — red state Democrats and blue state Republicans — compelled to balance partisan demands against local opinion.

It's not clear how many of the candidates promising more independence will get a chance to demonstrate it. Apart from Talent — and perhaps Lieberman — the Senate candidates emphasizing that theme are clear underdogs. And the danger of too often actually breaking from the party mainstream in office was evident in Lieberman's primary defeat — and the possibility that Sen. Lincoln Chafee (R-R.I.) could lose a GOP primary Tuesday on similar charges of disloyalty.

But the candidates pledging more cooperation are tapping into what polls show is public exhaustion with the bruising collisions between the parties that dominated most of President Clinton's term and have consumed almost every day of Bush's presidency.

Whatever happens to McGavick and the others, they are blazing trails presidential contenders from both parties are likely to follow. These '06 campaigns are an early signal that in '08, many Americans may want a president who, as someone once put it, will govern as a "uniter, not a divider."

*

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at latimes.com/brownstein.

Vilsack's Labors For Unity (WP)

By David S. Broder

The Washington Post, September 10, 2006

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The anniversary of Sept. 11, 2001, and President Bush's speeches on his anti-terrorism strategy have placed the issue of personal security in the public eye. Iowa Gov. Tom Vilsack, a Democrat, offered a different perspective on the question during a visit to Washington last week.

Vilsack said that the people he met on his just-completed annual walk across Iowa voiced concerns about security that were directly linked "to a feeling that they are in this alone," trying to cope by themselves with forces larger than they can manage.

It is not that Americans have lost their self-reliance, he said, or their willingness to help their neighbors. But the bigger institutions on which they once thought they could rely -- the government, their employers, their unions -- are now either unreliable or entirely absent. When federal, state and local officials left the victims of Hurricane Katrina stranded in their flooded homes for days, it symbolized a fundamental breach of trust. When giants such as General Motors and Ford laid off thousands of workers while other companies walked away from the pensions they had promised retirees, it removed another prop to confidence. And when unions increasingly lost their ability to organize and represent workers, the sense of isolation became even stronger.

All that leads Vilsack to the conclusion that the key to rebuilding national confidence and a sense of security lies as much within the nation and its economy as it does in stabilizing Iraq or in devising new safeguards against international terrorism.

That conviction underlies the rather surprising press event Vilsack orchestrated one day last week in his role as chairman of the centrist Democratic Leadership Council. He brought together traditional antagonists in intraparty battles: the leaders of the DLC, the longtime home of the Clintons and other Democratic moderates, and the leaders of organized labor. On stage with Vilsack were Al From, the combative DLC chief executive, and Jerry McEntee, the equally tempestuous president of the American Federation of State, County and Municipal Employees, plus John Sweeney, the president of the AFL-CIO, and Anna Burger, the head of Change to Win, the coalition of unions that broke away from the AFL-CIO last year.

It was remarkable enough to see the feuding labor people together, but adding From was really tempting fate. He is an outspoken advocate of open-trade policies that are anathema to much of labor and has argued fervently for years that Democrats should not be beholden to their union allies. In turn, union leaders have viewed the DLC as a front for crypto-Republican, pro-business policies.

When Vilsack became chairman of the DLC last year, it raised eyebrows because unions have been a backbone of his support in Iowa. But he said he wanted to try to heal the breach, and he quickly began a series of private conversations with labor leaders, followed by joint sessions of DLC staffers and union operatives.

The upshot was the news conference, where the DLC formally endorsed a bill called the Employee Free Choice Act that is high on labor's wish list.

The legislation, which enjoys broad support from congressional Democrats, would require employers to recognize and bargain immediately with any union once a majority of employees have signed certifiable cards requesting union representation. Now, after the cards are presented, employers can demand a formal secret-ballot election before granting such recognition, and union spokesmen claim that intimidation and threats often cost them certification. Last year, Sweeney said, only 70,000 workers were able to form unions.

The U.S. Chamber of Commerce dismissed the intimidation charges when I called but readily acknowledged it is fighting the legislation -- ostensibly because secret-ballot elections are necessary to protect workers' choices.

The DLC endorsement is just symbolic; most DLC adherents in Congress already are listed as co-sponsors. But all the news conference participants credited Vilsack for bringing the two sides together, and they said the dialogue will continue in coming months.

It has a double significance. For Vilsack, a long-shot candidate for the 2008 presidential nomination, it is the strongest proof of his ability to be a successful power broker.

And for the Democrats, it holds important potential. For most of the past decade, the DLC and its adherents have supplied the best policy thinking for the party while the labor movement has supplied most of the grass-roots organization and effort.

For the first time, you can see mind and muscle working together, a healthy development for the Democrats.

davidbroder@washpost.com

Bush Confident GOP Will Hold Congress (AP)

DOJ_NMG_0060614

AP, September 10, 2006

President Bush says he believes Republicans will retain control of the Congress after the November elections, even as members of his own party predict a loss of some seats.

Dismissing the possibility the top House Democrat, Rep. Nancy Pelosi of California, could rise to House speaker if the GOP lost its majority, the president said, "That's not going to happen."

Democrats need to gain six seats in the Senate and 15 in the House to gain control.

In an interview with The Wall Street Journal's editorial page editor, Bush was commenting on how he planned to resurrect his push to change Social Security next year when he was reminded that some polls show Democrats were likely to win control of at least the House.

"I just don't believe it," the president told Paul Gigot, according to an account published Saturday.

"I believe the Republicans will end up being — running the House and the Senate," the president was quoted as saying in the interview Thursday aboard Air Force One.

Bush said his confidence is based on his belief that voters will be convinced that Republicans were right to cut taxes to stimulate the economy, and that the GOP has a better understanding about the need to nurture Iraq's fragile government and spread democracy.

On Iraq, Bush said dividing Iraq three separate regions — Kurdish, Shiite and Sunni — with a central government in Baghdad would be a mistake. Bush said Iraqis did not vote for partition when they approved a new constitution and government.

On Iran, Bush said he personally signed off on the recent U.S. visit by former Iranian President Mohammad Khatami, saying he wants to learn more how the Tehran government works. The visit drew protests from some conservatives who say Khatami oversaw development of the nuclear weapons development Bush is now working to halt.

"My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions, and in order for diplomacy to work, it's important to hear voices other than (Mahmoud) Ahmadinejad's," Bush said referring to Iran's current president.

As for his goal of spreading democracy in the Middle East, Bush said he had not given up on seeking reforms in Egypt. He said he was disappointed that Egyptian opposition leader Ayman Nour had been convicted on forgery charges. Nour alleges that the government, run by President Hosni Mubarak, trumped up the charges to eliminate him from politics.

"There's an impressive group of younger Egyptians — the trade minister and some of the economic people — that understand the promise and the difficulties of democracy," he said.

Robert D. Novak: Dem Outrage At ABC Could Help Republicans (UL)

By ROBERT D. NOVAK

Manchester (NH) Union Leader, September 10, 2006

The unusual Democratic outrage over ABC-TV's "The Path to 9/11" film to be shown Sunday and Monday reflects private concern in the party that the fifth anniversary of the terrorist attack can reverse the political tide running against Republicans.

The highly partisan Rep. Louise Slaughter of New York composed a tough letter to Robert A. Iger, CEO of Walt Disney (ABC's parent company). The letter cites two scenes from the program casting doubt on the Clinton administration's legacy in fighting terrorism.

Slaughter added as co-signers of the letter three senior Democrats who would join her as committee chairmen if Democrats win control of the House. They were Rep. John Dingell of Michigan, senior member of the House; Rep. Jane Harman of California, a top party spokesman on national security; and Rep. John Conyers of Michigan, a left-wing leader.

DEMOCRATIC INFIGHTING

In expectation of a Democratic takeover of the House in this year's elections, advocates of Minority Whip Steny Hoyer and Rep. John Murtha are engaged in a fierce backstage battle for their candidate to become majority leader.

Minority Leader Nancy Pelosi, who would be unopposed to become speaker of a Democratic-controlled House, is considered certain to vote for Murtha against Hoyer. Murtha managed Pelosi's successful campaign for party whip against Hoyer

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in 2001, which provided the stepping stone toward her current dominance in the House. Hoyer associates say Pelosi is working behind the scenes for Murtha, but Hoyer told this column he sees no such activity by her.

Although both Hoyer and Murtha once were considered part of the Democratic Party's relatively moderate wing, Murtha's aggressive opposition to U.S. intervention in Iraq has made him a favorite of the left.

A REPUBLICAN BREAK

Republican strategists figure they benefited from a little political break Aug. 28 when U.S. District Judge Ellen Segal Huvelle in Washington agreed to a joint motion by defense and prosecution lawyers to postpone the sentencing of disgraced Republican lobbyist Jack Abramoff.

Abramoff, who in January pleaded guilty to corruption charges, had been scheduled to appear at a sentencing hearing before Huvelle last Wednesday. The reason stated by the Justice Department in agreeing to Abramoff's request for a delay was his cooperation with prosecutors, resulting in the conviction of former Bush administration officials.

The only Republican congressman who so far has become directly involved in the Abramoff investigation is Bob Ney of Ohio, who has not been charged with any offense but decided not to seek re-election. Nevertheless, GOP campaign managers did not relish the publicity of the Abramoff sentencing as midterm election campaigns began.

FUND-RAISING DOUBLE

Sen. Mike DeWine, who has been aggressively soaking up Washington lobbyist money for his uphill re-election campaign in Ohio, has added an unprecedented campaign finance twist: bringing in another endangered Republican senator for his fund-raiser.

During the August recess of Congress, lobbyists received an invitation for a $1,000-a-ticket "sunrise breakfast" (8 a.m.) in Washington Sept. 14 to "honor" DeWine. Listed as a "special guest" is Sen. Conrad Burns of Montana. DeWine and Burns are considered two of the Republican senators most likely to be defeated in November.

The breakfast will be held at Charlie Palmer's on Pennsylvania Ave. in Washington, a favorite restaurant among lobbyists. The listed hosts are the political action committees of EarthLink, an Internet service provider, and the National Mining Association.

ANTI-HORSE SLAUGHTER

With scarcely two weeks of work left before Congress breaks for the midterm election, House leaders scheduled time to consider the American Horse Slaughter Prevention Act.

The measure, which would ban killing horses for human consumption, passed the House Thursday and was sent to the Senate. Many American horse owners pick up money on the side by exporting horses or horsemeat to Europe.

The anti-slaughter bill is sponsored by two Republicans: Ed Whitfield of Kentucky and John Sweeney of New York.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

In A Pivotal Year, GOP Plans To Get Personal (WP)

By Jim Vandehei And Chris Cillizza, Washington Post Staff Writers

The Washington Post, September 10, 2006

Millions to Go to Digging Up Dirt on Democrats

Republicans are planning to spend the vast majority of their sizable financial war chest over the final 60 days of the campaign attacking Democratic House and Senate candidates over personal issues and local controversies, GOP officials said.

The National Republican Congressional Committee, which this year dispatched a half-dozen operatives to comb through tax, court and other records looking for damaging information on Democratic candidates, plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads.

The hope is that a vigorous effort to "define" opponents, in the parlance of GOP operatives, can help Republicans shift the midterm debate away from Iraq and limit losses this fall. The first round of attacks includes an ad that labeled a Democratic candidate in Wisconsin "Dr. Millionaire" and noted that he has sued 80 patients.

"Opposition research is power," said Rep. Thomas M. Reynolds (N.Y.), the NRCC chairman. "Opposition research is the key to defining untested opponents."

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The Republican National Committee, meanwhile, has enlisted veteran party strategist Terry Nelson to run a campaign that will coordinate with Senate Republicans on ads that similarly will rely on the best of the worst that researchers have dug up on Democrats. The first ad run by the new RNC effort criticizes Ohio Rep. Sherrod Brown (D) for voting against proposals designed to toughen border protection and deport illegal immigrants.

Because challengers tend to be little-known compared with incumbents, they are more vulnerable to having their public image framed by the opposition through attacks and unflattering personal revelations.

And with polls showing the Republicans' House and Senate majorities in jeopardy, party strategists said they have concluded that their best chance to prevent big Democratic gains is a television and direct-mail blitz over the next eight weeks aimed at raising enough questions about Democratic candidates that voters decide they are unacceptable choices.

"When you run in an adverse political environment, you try to localize and personalize the race as much as you can," Rep. Tom Cole (R-Okla.) said.

In a memo released last week, Cole, who is running to succeed Reynolds at the NRCC, expanded on that strategy. The memo recommended that vulnerable incumbents spend $20,000 on a research "package" to find damaging material about challengers and urged that they "define your opponent immediately and unrelentingly."

GOP officials said internal polling shows Republicans could limit losses to six to 10 House seats and two or three Senate seats if the strategy -- combined with the party's significant financial advantage and battled-tested turnout operation -- proves successful. Democrats need to pick up 15 seats to win control of the House and six to regain power in the Senate.

Against some less experienced and little-known opponents, said Matt Keelen, a Republican lobbyist heavily involved in House campaigns, "It will take one or two punches to fold them up like a cheap suit."

Republicans plan to attack Democratic candidates over their voting records, business dealings, and legal tussles, the GOP officials said.

John Geer, a political scientist at Vanderbilt University and the author of a book on negative advertising, said Republicans and Democrats alike lack positive issues on which to run because of divisions over the war and economic policy. This will be a "very negative campaign and probably a more negative campaign than any in recent memory," Geer said.

As Republicans try to localize races, Democrats' hopes for the most part hinge on being able to nationalize the election and turn it into a referendum on the Iraq war, President Bush, and the performance of the Republican Congress -- all faring poorly in polls this year.

Bush will try to make terrorism the issue nationally, casting the election as a choice between two distinct approaches for protecting the nation from attack. Beyond that, however, most Republicans want to distance their elections from the national context.

That strategy is born of necessity. Republicans are alarmed by the large number of House and Senate incumbents who are trailing or tied in their internal polling. Many are attracting the support of less than 45 percent of likely voters -- a danger zone for any incumbent 60 days before an election. The political rule of thumb is that incumbents rarely draw a majority of voters who make up their minds in the days shortly before Election Day.

History shows how the combination of opposition research and negative advertising can work. In 2000, Republicans unleashed a furious attack on the spending practices of Democratic House candidate Linda Chapin, including her purchase of an $18,500 bronze frog as a legislator in Florida. Chapin, then the favorite to win an open Florida House seat, lost to Republican Ric Keller. That same election cycle, Republicans dug up a tape of state Rep. Eleanor Jordan (D-Ky.) asking to speed up a vote so she could attend a fundraiser, an image that destroyed her chances of knocking off Rep. Anne M. Northup (R).

This year, the challenge is tougher, as national polling shows voters dissatisfied with the party in power and ready for a change.

"When all [Republicans] do is launch potshots, they look like they're trying to cover up the fact that they have no solutions" said Phil Singer, communications director for the Democratic Senatorial Campaign Committee.

As in past elections, the bulk of negative advertising this year probably will be delivered by party committees -- a strategy that allows the candidates to distance themselves from the trash-talking messages that turn off some voters.

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Wisconsin's 8th District offers an example. Earlier this summer, the NRCC sent a young staff member to the district for one week to look through court records, government and medical documents, and local newspapers to find embarrassing information about physician Steve Kagen, one of the leading Democratic candidates in an important swing district, an NRCC aide said. The researcher discovered that Kagen's allergy clinic has sued more than 80 patients, mostly for failing to pay their bills.

A new NRCC ad airing in the Green Bay area, the district's main media market, warns: "What Dr. Millionaire doesn't want you to know is his clinic left more than 80 patients behind -- suing them. That's right, suing more than 80 patients."

In recent elections, Democratic officials have complained that Republicans are much better at opposition research. But Rep. Rahm Emanuel (D-Ill.) and Sen. Charles E. Schumer (D-N.Y.), who chair the Democrats' House and Senate campaign committees, have invested more heavily in research. Notably, the researchers dig not only into Republicans, but also their own candidates. This allows Democrats to anticipate what is coming and be ready to respond quickly.

One Democratic research success this year came when Emanuel's staff combed though the archives of several universities to find a copy of an article Colorado Republican candidate Rick O'Donnell wrote for an obscure publication in the mid-1990s. A researcher eventually found the article at George Washington University. In it, O'Donnell argued that Social Security should be abolished -- a revelation that was highlighted in three sharply worded DSCC mailings in the district.

Direct-mail appeals often carry the most negative and potentially damaging messages. Dan Hazelwood, a leading GOP direct mail consultant, said that if a hypothetical Democratic candidate favors the establishment of a garbage dump in a section of the district, for instance, it makes more sense to "narrow-cast" this message by mail to the people most affected rather than buying an expensive, districtwide television ad.

The RNC's expanded role in part reflects concerns that Senate Republicans may not have enough money to take the fight to Democrats. The National Republican Senatorial Committee, under Chair Elizabeth Dole (R-N.C.), had $15 million less to spend than the DSCC at the end of July. But, the RNC is planning to make up the difference. The committee ended July with nearly $44 million in the bank, four times what the Democratic National Committee had on hand.

In setting up a separate arm to spend money on Senate races, the RNC is altering its past practice. In the past, the RNC simply transferred a large sum of money to the House and Senate campaign committees and let the chairmen decide how to spend it. This year, Nelson -- a former top official in the Bush reelection effort and political strategist for House Republicans -- will work with consultants Tony Feather and Curt Anderson to oversee the TV and direct-mail campaign, which by law must remain independent of coordination directly with candidates.

Dems Seek To Tap Voter Discontent, Economic Jitters (HC)

By Bennett Roth

Houston Chronicle, September 10, 2006

GOP highlights national security theme as a bleak year is predicted for House majority

WASHINGTON — The fall congressional campaign season promises a wild ride as Democrats seek to tap into voter discontent and end the Republicans' 12-year reign as the majority in the House.

In the weeks leading up to the Nov. 7 elections, Democrats will hammer at what they argue is the incompetence of the Bush administration in prosecuting the war in Iraq.

They also are appealing to economic jitters of voters by criticizing high, albeit falling, gas prices and lack of wage growth.

Republicans are fighting back by highlighting the national security theme that worked so well for the party in the past two elections, when President Bush convinced many Americans that he and his party were tougher than Democrats in the war against terrorism.

Republicans hold a 232-203 majority in the House.

Stuart Rothenberg, of the Rothenberg Political Report, predicts that the Democrats will pick up between 15 and 20 seats.

Amy Walter, who analyzes House races for the Cook Political Report, also predicts a bleak year for Republicans, noting that all but nine of the 44 House races considered competitive are held by Republicans.

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Analysts say the problem for Republicans is that public opinion already may have hardened, particularly in the Northeast and Midwest, where Bush is particularly unpopular and voters may have tuned out the White House message.

Polls also show that most voters do not see Iraq as a part of the war on terrorism, making it difficult for Bush to justify the urgency of winning in Iraq.

Further, voters' opinion of the GOP-controlled Congress, where major issues such as immigration reform remained stalled, is lower than that of the president.

In a Zogby poll taken Sept. 1-5, 17 percent of respondents rated Congress' performance excellent or good. The same poll found 37 percent rated Bush's performance excellent or good.

Tough races ahead

Seniority may not guarantee re-election, as several top House Republicans find themselves in peril this year, including Ohio Rep. Deborah Pryce, who ranks fourth in the House GOP leadership and is in charge of fashioning the party message.

The seven-term congresswoman has been comfortably re-elected in the past but faces a strong headwind this year in a state where the manufacturing sector is in the dumps and top state Republicans, including the current governor, have been ensnared in corruption scandals.

Pryce's Columbus-area district has become more Democratic.

Bush narrowly defeated Democrat John Kerry there in 2004. Her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, has accused Pryce of pushing the unsuccessful GOP proposal to create private Social Security accounts.

In Connecticut, GOP Rep. Nancy Johnson, who was first elected in 1982 and has risen to become an expert on heath care issues, is facing a tough race against state Sen. Chris Murphy in a Democrat-leaning state where the Iraq conflict is particularly unpopular.

Senate challengesWhile no one is yet predicting the Democrats will seize control of the Senate, experts say they could come close to winning the six seats needed to oust the Republicans from power.

Republican Senate incumbents Mike DeWine of Ohio, Conrad Burns of Montana and Jim Talent of Missouri face spirited challenges.

Pennsylvania Republican Sen. Rick Santorum, an outspoken social conservative who has unabashedly backed Bush on Iraq, is considered the most endangered GOP incumbent in his race against Democrat Bob Casey Jr., son of a late popular governor.

Democrats, however, face a competitive race in New Jersey, where polls show moderate Republican Tom Kean Jr., son of the former governor, running even with Democrat Sen. Robert Menendez.

2 Georgia Races May Threaten Democrats' Struggle For Power (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, September 10, 2006

Two congressmen face well-known opponents whose bids are aided by GOP redistricting.

ATLANTA — Riding a wave of discontent over the economy, Iraq and gas prices, Democrats are hoping to win enough seats to retake the House of Representatives this November. But their success could also hinge on their ability to keep the seats they already have — and doing so could prove difficult in two key races in Georgia.

Democratic U.S. Reps. Jim Marshall of Macon and John Barrow of Savannah are facing hearty challenges from a pair of former Republican congressmen with name recognition and the ability to raise big money. Bolstering their chances are new district boundaries drawn up by the first GOP-dominated Georgia Legislature since Reconstruction.

The outcome of the races could have broad national implications. The Democratic Party needs a net gain of 15 seats to obtain a majority in the House. Its candidates are posing serious threats to Republican incumbents in states such as Indiana, Connecticut and Pennsylvania.

But Republicans have also identified a handful of vulnerable Democratic incumbents, and are hoping to pick off a few of them to thwart a Democratic return to power.

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"Everyone's focused right now on where Democrats can gain seats, and properly so — it's a Democratic year," said Larry Sabato, director of the University of Virginia's Center for Politics. "But if Republicans can steal even a few seats from Democrats, it will probably eliminate the chances of a Democratic takeover.

"Georgia has two of these races — I really don't think there is another state where there are two Democratic seats that are at least somewhat vulnerable."

Carl Forti, communications director of the National Republican Congressional Committee, said Marshall and Barrow were among 10 House Democratic incumbents his party considered beatable this year.

Others include veteran Iowa Rep. Leonard L. Boswell, a septuagenarian who has had health problems and who is facing a well-funded Republican challenger; Rep. Melissa Bean, an Illinois freshman whose victory was aided by the lackluster campaign of her 2004 rival; and Rep. Chet Edwards of Texas, whose district includes President Bush's Crawford ranch.

In Georgia, as in much of the South, the Democratic Party has been dramatically losing ground in recent years. Since 2004, Republicans have controlled both chambers of the state Legislature and the governor's office.

Democrats grumbled when the ascendant Republicans redrew congressional maps, which were introduced last year. Republicans said they were correcting years of Democratic gerrymandering.

This year, Barrow, a former county commissioner from Athens, and Marshall, a former mayor of Macon, were left with districts that had fewer registered Democrats. Barrow even had to leave Athens, his longtime hometown and, as the home of the University of Georgia, a Democratic redoubt, because it was left out of the boundaries of his redrawn 12th District. He moved to Savannah in January.

In November, Barrow will again face off against Max Burns, a conservative farmer who served in the House for one term before being defeated by Barrow in 2004. In the 8th District, Marshall is facing Mac Collins, a trucking entrepreneur who was a congressman from 1993 to 2003 and lost a bid for U.S. Senate in 2004.

Barrow and Marshall call themselves conservative Democrats — and point to their routine flouting of the party line. Both voted for the strict House bill addressing illegal immigration, both oppose gay marriage and both oppose set timelines for a withdrawal from Iraq.

Perhaps as a result, their Republican rivals have emphasized the bigger picture in their campaigns — namely, what would happen if the Democrats took control of the house. In a recent Collins TV ad, his opponent isn't mentioned at all. Instead, the ad targets House Minority Leader Nancy Pelosi (D-San Francisco), who would presumably become House Speaker with a Democratic majority.

The ad says Pelosi would give "amnesty" to illegal aliens, doling out "welfare, food stamps and free education."

"How do we stop her?" the ad says. "Elect Mac Collins."

In a recent news release, Burns' camp also points to the alleged perils of a Pelosi-led Congress, noting her opposition to the National Security Administration's wiretapping program.

"At a time when our country needs to clearly remain on the offense against terrorists, John Barrow supports leaders who want to retreat and take away the programs necessary to win the global War on Terror," Burns said in the release.

In a phone interview, Barrow said voters in his district respected him for voting not according to dogma, but according to the district's best interests. "Ms. Pelosi only controls her vote," he said. "She doesn't control mine."

On Thursday, Bush traveled to Pooler, Ga., a Savannah suburb, and spoke at a fundraiser for Burns (who, unlike Collins, has lagged behind his Democratic opponent in the money race, despite raising more than $1.1 million through July 1).

Bush focused on national security, telling the GOP donors that Burns "understands the stakes" in the war on terrorism.

Democrats may disagree with that assessment. But everyone seems to agree the stakes in these two races could be greater than who represents a handful of Georgia counties.

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To Hold Senate, G.O.P. Bolsters Its Most Liberal (NYT)

By Adam Nagourney

DOJ_NMG_0060620

The New York Times, September 10, 2006

WARWICK, R.I., Sept. 9 — With a barrage of television advertisements and the mobilization of its get-out-the-vote machine, the national Republican Party has lined up in Rhode Island to beat back a conservative primary challenge to the most liberal Republican in the Senate, Lincoln Chafee. The outcome on Tuesday could help determine whether Democrats have a shot at taking back the Senate.

In an extraordinary pre-emptive announcement, the National Republican Senatorial Committee has said it will concede Rhode Island to the Democrats should Stephen Laffey, the mayor of Cranston, defeat Mr. Chafee in the primary. Citing poll data, Republican leaders said they saw no way someone as conservative as Mr. Laffey could win in a state as Democratic as this; as it is, they are increasingly worried about Mr. Chafee's hopes in a general election.

The result has been the striking sight of the national Republican Party, dominated by conservatives, using resources to save the seat of a Republican who said he voted against Mr. Bush in 2004. He chose instead to write in the name of the first President Bush.

Mr. Chafee has opposed many centerpiece Republican policies, from the war in Iraq to tax cuts to most restrictions on abortion. This week, he helped force a delay on the confirmation of John R. Bolton as the United States ambassador to the United Nations.

For all that, Republicans said they expected to spend more than $1.2 million on advertisements attacking Mr. Laffey, saturating the television stations of this state, the nation's smallest. One advertisement lifts a line Republicans have used in countless attacks against Democrats, mocking the mayor as "tax-and-spend Steve Laffey."

Mr. Laffey's supporters, led by the Club for Growth, an organization advocating tax and spending cuts, have countered energetically with advertisements that have hammered the senator as a Washington insider and a Republican reprobate.

The Republican National Committee has rolled out its 72-hour get-out-the-vote program — used to great effect in 2002 and 2004 — against one of its own this year. More than a dozen trained party turnout specialists are encamped at a local motel.

"If Laffey won, on Day 1 of the general election, it would be over for us," said Brian Nick, the communications director for the Republican Senate campaign committee. Asked if his committee, run by Senator Elizabeth Dole of North Carolina, would then concede Rhode Island to the Democrats, Mr. Nick responded:

"No question about it. Would you play somewhere where you were down by 30 and you couldn't move the numbers?"

The fight has laid bare the ideological divisions in the Republican Party as well as the difficult road it faces in the fall. The Senate seat, which Mr. Chafee took over from his father, John H. Chafee, after he died in 1999, has been held by Republicans since 1976.

Mr. Laffey, standing on his front lawn before a Saturday morning of door-to-door campaigning, said Washington Republicans were coming after him because they viewed him as a threat to their power.

"It is really incredible to watch," he said. "Senator Elizabeth Dole and Karl Rove, and all those people down in Washington, they are just about power. The last thing anybody wants down in Washington — whether it is the Democratic National Party or the Republican National Party — is somebody there asking questions."

The contest in Rhode Island, where fewer than 15 percent of registered voters are Republicans, is one of several primaries on Tuesday that will begin to set the final cast for the fall elections. It comes as President Bush has sought to shape the midterm campaigns with a new emphasis on national security.

To win the Senate, Democrats need to capture six seats, and Rhode Island is high on their target list. Both sides see Democrats as having a better shot at winning the 15 seats they need to seize the House.

Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee, said he was confident that the Democratic challenger in Rhode Island — it is likely to be Sheldon Whitehouse, a former state attorney general — could defeat whoever wins the Republican primary.

"We have the inverse of what is usually true," Mr. Schumer said. "The Republicans are beating each other up in the primary, and our Democratic candidate has had two months to get to know the voters."

Mr. Chafee said in an interview that he appreciated the reinforcements from Washington, but that it could hurt the complicated juggling act confronting him in the primary and in the general election: appealing to both independent and

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Democratic voters. Independents, who outnumber Democrats but lean Democratic in their voting habits, are allowed to vote in the primary here.

"It's a double-edged sword because I need Democratic-leaning unaffiliated voters," he said. "This is a very Democratic state."

Still, Mr. Chafee appeared heartened, if slightly bemused, at the image of Washington Republicans riding to his rescue. He said he thought that was because he had taken care in how he positioned himself as a red senator from a blue state.

"I've taken an extra step in my rhetoric not to go over the line, so to speak," he said. "I have walked a fine line in how I vote and not taking it too far to alienate some people who could be helpful."

Mr. Chafee spent his Saturday morning at a barbeque with supporters here, where he warned that a Laffey victory on Tuesday would lead to a Republican defeat in November.

"Everybody knows who has the best chance to win in this very, very Democratic state — Rhode Island might be the most Democratic state in the country," he said. "My chances of winning are much, much greater than Mr. Laffey."

In many ways, what is happening in Rhode Island is a mirror of what happened in neighboring Connecticut last month: an ideological challenge from the wings to an established senator who is seen as out of step with his party. In that case, a Democrat, Senator Joseph I. Lieberman, lost a primary to Ned Lamont, who attacked Mr. Lieberman for his support of the war in Iraq and his dalliances with the White House.

The difference is that there was no serious Republican challenger in the Connecticut race, so the Democratic Party invested relatively minimal resources in Mr. Lieberman.

And the sheer intensity of the attacks in Rhode Island — both in tone and the amount likely to be spent per voter — was described by party leaders and others as unlike anything they could remember.

"I'm searching for the right word — vicious," said Victor L. Profughi, a retired political science professor at Rhode Island College and a pollster who has studied the state's politics for 40 years. "I've never seen a race that was anything like this in Rhode Island."

In one advertisement, which critics have called racist, an announcer says that as mayor, Mr. Laffey agreed to accept "Mexican ID cards" as proof of citizenship, while an ominous blur of dark-skinned faces flashes across the screen. "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security," the announcer said. "Will he put our security at risk in the Senate?'

The Republican attacks on Mr. Laffey have been met by attacks on Mr. Chafee by the Club for Growth and other groups. One advertisement belittled Mr. Chafee as "a Washington politician so out of touch he votes to waste $200 million on that Bridge to Nowhere in Alaska."

Mr. Profughi conducted a poll for Rhode Island College at the end of August that found that Mr. Laffey would easily beat Mr. Chafee. But this is proving to be a particularly tough primary to poll because independent voters are allowed to participate, and aides to both candidates say they expected the race to be much closer.

With both sides saying the outcome would be determined by turnout, the Republican National Committee's vaunted turnout operation could prove crucial in countering the anti-Chafee sentiment that has energized Mr. Laffey's supporters.

"There's no doubt that if the primary was held only among Republicans, Chafee would lose," said Nelson Warfield, the Republican consultant who produced the advertisements for the Club for Growth. "He would be repudiated by the Republicans who he has constantly repudiated."

Mr. Laffey's supporters said they were hopeful that should he win, Republicans would reconsider, the way Democrats have rallied around Mr. Lamont.

"Hopefully, it's just campaign bluster," said Pat Toomey, the president of the Club for Growth. The National Republican Senatorial Campaign, Mr. Toomey said, "would not be that irresponsible."

Mr. Laffey said he did not care what Washington Republicans did if he won. "Let them stay out," he said Saturday, huffing and puffing as he ran up a hill toward a voter's house. "We'll do it without them."

GOP Forced To Fight For Rebel Chafee (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, September 10, 2006

His Challenger in the Primary May Be Too Conservative to Win R.I.

WARWICK, R.I. -- Republican Sen. Lincoln D. Chafee disagrees with his party on the Iraq war, tax cuts and a host of other issues. But national GOP leaders are flooding this tiny state with manpower and money to save the rebel senator, fearing that his loss in a primary could cost Republicans control of the Senate in November.

Party leaders believe that if Chafee loses to Cranston Mayor Stephen Laffey in Tuesday's election, they will have little chance of keeping the seat because many see Laffey as too conservative in Democratic Rhode Island to prevail against Democrat Sheldon Whitehouse.

If Chafee falls, he will be the second sitting senator to lose a primary this year. But unlike Democrat Joseph I. Lieberman in Connecticut, whose defeat is attributed to his outspoken support for the war, Chafee's problems have little to do with where he stands on issues. Rather, they are rooted in his contemplative, consensus-building style, an aberration in the current bitterly partisan climate.

By contrast, Laffey has an assertive, tough personality. He contends that Chafee's independence has made him irrelevant, and that his unpredictable voting patterns suggest a political identity crisis, as if the senator can't make up his mind. Most political observers in Rhode Island gave Laffey the edge as of late last week, but polling has been erratic, and both sides say the outcome is impossible to predict.

GOP leaders are so pessimistic about Laffey's prospects in November that they intend to pull out of the state if Chafee loses.

"It would be a disservice to our other candidates if we didn't," said Dan Ronayne, spokesman for the National Republican Senatorial Committee, which is leading the Chafee rescue effort with help from other GOP groups.

Ronayne noted that Rhode Island has elected two Republican senators since the Depression -- Chafee and his father, the late John H. Chafee. "That's why we're so plain-spoken about losing the seat," he said.

Chafee's struggles serve as a warning to other incumbents that voters are dangerously open-minded this year. Chafee may be a Republican in a Democratic state, but he is well in sync with Rhode Island voters. He opposes the war, backs abortion rights and other liberal social causes, and is an ardent environmentalist. But it's Laffey who has struck a chord with voters such as Roger Dupont.

"I don't care about any particular issue. Steve wants to upset the apple cart, which is good," said Dupont, a retiree who lives in a middle-class neighborhood in West Warwick where Laffey was knocking on doors. As the candidate trudged up the street with his wife, Kelly, four of his five children and six campaign workers, Dupont shrugged, saying, "The guy wants to work for it. He comes up and rings my doorbell, it gets my attention."

Only about 11 percent of voters here are registered Republicans, and while the primary is open to a much larger pool of independent voters, turnout is unlikely to be more than 50,000. Still, the two campaigns and their allies are expected to spend $5 million by primary day, saturating the state with television and radio ads, yard signs, fliers, Chafee wristbands, Laffey caps and other paraphernalia.

Laffey's advantage is that his voter base is easier to identify and highly motivated, consisting of Republicans who think Chafee is too liberal and independents who like the 44-year-old mayor's blustery, in-your-face style. His antics at Cranston City Hall have provided fodder for critics and fans alike, but Laffey is widely respected for having saved his home town from fiscal disaster. The GOP's rejection of his candidacy has only bolstered his populist image. It's also kept the spotlight off his conservative views on hot-button issues, including his support for the war and opposition to abortion and embryonic stem cell research.

Chafee, on the other hand, worries that he is trapped between two constituencies. He is too middle-of-the-road to compete against Laffey for conservative support, and now -- given the GOP's blitz on his behalf -- too tethered to the Republican establishment to connect with moderates.

North Carolina Sen. Elizabeth Dole, the NRSC chair, warned in a recent letter to GOP donors that if Chafee loses and Democrats take the seat, conservative judicial nominees may not advance and tax cuts could be in jeopardy. But Chafee is

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already a roadblock on both fronts. He opposed Samuel A. Alito's nomination to the Supreme Court and voted against the Bush tax cuts.

Chafee worries that the letter, which was widely reported in Rhode Island, casts him as a party pawn and could diminish his chances not only on Tuesday but also in a general election, when he will need a huge independent turnout to fend off Whitehouse.

"It's a high-wire act," Chafee said. "In either direction, you can't go too far."

Nor is Chafee convinced that the Republican outpouring has helped him much with conservatives. Many voters complain about the negative ads. First lady Laura Bush, Sen. John McCain (R-Ariz.) and other luminaries have campaigned for Chafee, but the senator said he has seen little evidence that voters care. "I'm surprised the Republican support hasn't resonated more deeply," he said.

The senator's family is a pillar of Rhode Island's patrician ruling class, and his father was a popular governor and senator who died in office in 1999. His son had served as mayor of Warwick and had worked as a blacksmith on the Canadian harness-racing circuit before succeeding him.

After being appointed to complete his father's term, Chafee won a full Senate term in 2000, but it remains unclear whether he has formed the deep connection with voters that helps politicians survive volatile times.

Some Rhode Islanders do seem to have grown impatient with Chafee, unsure that he has the grit to tackle the many complicated problems that the country faces. Mary Beth Tsiokas, a Cranston housewife, stopped the senator on the sidewalk last week to ask about terrorism and the Iraq war.

"What would be your plan long term?" Tsiokas quizzed him. Chafee thought for a moment and began talking about the Cold War and the merits of diplomacy. Tsiokas studied the senator skeptically. "I can't get anyone to say why we should be so involved," she said, adding that she was still undecided on how to vote Tuesday.

Laffey relishes pointed questions and will expound on any subject voters raise. Shahnaz Siddigi, a Pakistani immigrant who lives in West Warwick, greeted Laffey at her door one evening and asked him how the United States should deal with Iran. The response was a long-winded lecture about standing up to dictators, weaning the country off foreign oil and completing the Iraq war. Siddigi listened intently, then announced she disagreed with him on every point.

"But I'm voting for you anyway," she reassured Laffey. "I'm impressed with what you're doing. I like your approach."

Rhode Island Race May Be Key To Senate (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, September 10, 2006

Sen. Lincoln Chafee is in a tough fight for the GOP nomination. But his more conservative opponent could lose the seat for the party.

CRANSTON, R.I. — He opposed Bush administration tax cuts, voted against Supreme Court nominee Samuel A. Alito Jr. and was the only Republican senator to vote no on the war in Iraq. On his presidential ballot in 2004, Lincoln Chafee even voted against George W. Bush, writing in the name of the president's father instead.

Chafee's liberal-to-moderate inclinations have served him well in his home state, where fewer than 70,000 voters are registered Republicans. His famous name also has been an asset: Chafee's late father, John, was beloved as a progressive Republican who served Rhode Island as governor and U.S. senator. Lincoln Chaffee was appointed to his father's seat in 1999.

But in a surprisingly heated primary contest Tuesday, Chafee will face off against Cranston Mayor Stephen Laffey. The 44-year-old former investment banker, who has drawn support from national conservative organizations, has tried to paint Chafee as hopelessly out of touch with his own party.

In turn, national Republican groups worried about the party losing its hold on the Senate have sponsored anti-Laffey ads, such as the one that warns: "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?"

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Perhaps the better question is whether Rhode Island voters will deal a clear blow to the GOP Senate majority. The outcome of the Chafee-Laffey race, considered too close to call, could alter the larger struggle for dominance in the Senate, because Laffey probably could not defeat the expected Democratic nominee.

Democrats must win a net six seats in November's general election to gain a majority. The spot held by the 53-year-old Chafee — one of the Republicans' most prominent Senate renegades — is among the most vulnerable, making his battle with Laffey the marquee matchup on a day when eight other states and the District of Columbia will conduct primaries.

"This primary determines whether Republicans can stay competitive in the Senate race" in Rhode Island, said Jennifer Duffy, a native of the state who is editor of the Cook Political Report in Washington. "If Chafee does not win this primary, Republicans may be done in Rhode Island. They may take the resources they have allocated for this state and put them somewhere else because they don't believe Laffey can win."

A Laffey victory would represent a major triumph for the Club for Growth, an anti-tax and advocacy group that seeks to return the Republican Party to the economically conservative ideals of President Reagan. The Club for Growth, which has poured more than $700,000 into Laffey's campaign, also takes credit for toppling Republican Rep. Joe Schwarz of Michigan in that state's August primary.

David Keating, the group's executive director, said he was unconcerned about how a potential Chafee defeat might shift Senate power. "Looking at the whole picture, we thought this was a good idea," Keating said. "Look, if the Republicans are going to lose control, they are going to lose this seat anyway."

Chafee could become the latest in a spate of incumbents defeated in recent primaries. Republican Gov. Frank H. Murkowski of Alaska lost his party's primary in late August, as did Rep. Cynthia A. McKinney of Georgia and Sen. Joe Lieberman of Connecticut, both Democrats, earlier in the month.

In Rhode Island, comparisons are being drawn between Chafee and Lieberman, despite the fact that they represent different parties. The parallel, Rhode Islanders say, lies in grass-roots dissatisfaction with someone in power.

"Everyone wants to know if Chafee is going to be the next Lieberman," said Darrell West, a Brown University professor of political science. "His problem is that he is a moderate facing a rebellion from within his own party. It is much the same as Lieberman. The difference is, Chafee voted against the war, and Lieberman in favor. Chafee has upset the Republican rank-and-file voters. If only the grass roots show up on Tuesday, he will lose."

West said he did not conduct a poll in this Senate primary because the sample of voters was so unreliable. As registered independents, about 50% of Rhode Islanders can take a GOP ballot on Tuesday. Democrats are barred from crossing over.

Chuck Newton, spokesman for the Rhode Island Republican Party, said state and national GOP groups have backed Chafee because "no poll has come out from day one showing that Steve Laffey can beat Sheldon Whitehouse," the former state attorney general who is heavily favored in the Democratic primary.

"Chafee can win against Whitehouse, and Laffey can't. That's exactly it," he said.

Veteran pollster Victor Profughi, director of the Bureau of Government Research and Services at Rhode Island College, agreed that conventional wisdom said Laffey couldn't win. "But I would never put much stock in conventional wisdom," Profughi said. "Laffey is a very effective grass-roots campaigner. He really excites people. He is very strong among people who ought to be dyed-in-the-wool Democrats. If you think of a Huey Long, he's that kind of person. It's oratory — all style."

Laffey's director of communications, Nachama Soloveichik, said: "Listen, the polls have said a lot of things. Stay tuned. Steve has never entered anything that he didn't think he could do all the way."

Soloveichik all but dismissed the role the Club for Growth has played in Laffey's campaign. "A lot of candidates get a lot of money from out of state," she said. "It is a small state, not a particularly wealthy state. This is not some nefarious issue."

But Ian Lang, Chafee's campaign manager, accused Laffey of putting personal ambition "above the good of the party — jeopardizing this seat. If Steve Laffey wins, this seat goes Democratic. It's as simple as that."

Lang said the Rhode Island results could ripple across the Senate. "I think the Club for Growth is trying to send a message to other moderates — that 'we're going to come after you,' " he said. "And they're not thinking about what's in the best interest of the Republican Party."

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Cardin, Mfume Eye Prize (WT)

By S.a. Miller And Jon Ward, The Washington Times

The Washington Times, September 10, 2006

The leading Democrat in Maryland's U.S. Senate race yesterday turned to his political machine -- built over his 40 years of state politics -- to launch an imposing voter-turnout effort in the final days before the primary election Tuesday.

"We've got to get the vote out, so we need your help today," Rep. Benjamin L. Cardin, a 10-term congressman from Baltimore, said to about 100 volunteers at a rally in Towson.

Mr. Cardin, 62, then went to two other rallies with volunteers, in East Baltimore and Upper Marlboro.

High overall turnout will benefit him because it will offset the black vote, which accounts for about 40 percent of votes in Maryland Democratic primaries. Most of those votes likely will go to primary rival Kweisi Mfume, a former congressman and past president of the National Association for the Advancement of Colored People.

Cardin campaign leaders said yesterday that staff members already had made about 300,000 phone calls to voters and planned to make 250,000 more between yesterday and Tuesday. They also planned to knock on 75,000 "targeted doors in communities across the state." More than 1,200 volunteers would make phone calls, work at polls, drive voters to polls, and knock on doors on primary day, the Cardin campaign said.

The Mfume campaign indeed faces a much larger challenge, with one staffer saying yesterday that he and other staffers were "running around like crazy."

Mr. Mfume, 57, has 300 to 400 volunteers, an adviser said. They had made about 100,000 phone calls by yesterday, but did not have a targeted goal for the next few days. They hoped to knock on 40,000 doors.

The Mfume campaign also sent a caravan of 12 dump trucks and several other vehicles, bearing large Mfume signs, throughout Baltimore.

"It's a sprint to the finish line, and we're sprinting, and we've got 17 vehicles sprinting with us," said Mfume spokesman Steve Marinoff.

Mfume campaign manager Mark Clack said the goal of the final push is to make sure their candidate's base and those who would turn out to vote for Mr. Mfume indeed go to the polls on primary day.

"That is what it is all boiling down to," he said.

The Democratic nominee will face the likely Republican nominee -- Lt. Gov. Michael S. Steele, 47, and the first black elected to statewide office in Maryland.

The candidates are competing for the seat opened by retiring Sen. Paul S. Sarbanes, a Democrat.

Mfume campaign callers are touting their candidate as an "independent voice" who will press for a quick military withdrawal from Iraq, universal health care and more college-tuition grants for the poor.

Mr. Cardin's campaign says its candidate helped expand Medicare benefits and "stood up to the president" by voting against the Iraq invasion in 2003.

High turnout also can help Mr. Cardin by reducing the percentage of votes siphoned off by the 16 lesser-known candidates in the Democratic primary, including Bethesda millionaire Josh Rales, who has raised his visibility in the race by spending about $4 million of his own money on TV ads.

Turnout for Maryland's Democratic primaries has averaged about 34 percent in the past four election cycles, according to the state Board of Elections.

At those levels, Mr. Mfume needs about three-quarters of the black vote and about 20 percent of the remaining votes to win, said Patrick Gonzales, president of the nonpartisan polling firm, Gonzales Research & Marketing Strategies. A recent Gonzales poll showed Mr. Mfume trailing Mr. Cardin, 43 percent to 30 percent, and Mr. Mfume winning about 15 percent of the black vote.

Other polls have showed a much closer primary race, including a SurveyUSA poll for WUSA-TV (Channel 9) last week, in which Mr. Mfume led Mr. Cardin, 42 percent to 38 percent. Mr. Mfume has had a marked advantage in all of the polls among black voters who have declared their support for a candidate.

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"It could be Mr. Mfume still needs to get a higher percentage of the white vote than I've seen so far," Mr. Gonzales said.

The black vote also will be a key issue in the general election in November, when Mr. Steele, who is black and a Republican, will try to win votes from black Democrats.

Mr. Cardin and Mr. Mfume are aiming their drives to get out the vote in the state's most populated and most heavily Democratic jurisdictions: the city of Baltimore and Anne Arundel, Baltimore, Howard, Montgomery and Prince George's counties.

The Cardin campaign has concentrated its efforts further on his support base in the 3rd Congressional District, which Mr. Cardin has represented for 20 years. The district comprises parts of Baltimore city and Anne Arundel, Baltimore and Howard counties.

Neither campaign would say how it differentiates between Democratic voters within jurisdictions. A Cardin campaign official said the staff had cast a wide net and was telephoning Democrats who might have voted as infrequently as once in the past four primary elections.

Crucial Md. Vote To Mold New Political Landscape (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, September 10, 2006

A Younger Generation Finds a Rare Opening

Maryland is a state where politicians get elected and tend to settle in. But Tuesday's party primaries are the first step in a dramatic reordering of the political hierarchy, one that will mean a new U.S. senator for the first time in decades and could result in new faces in every statewide office.

The changes will range from the state's delegation on Capitol Hill to the county administrative buildings, where several of the state's most enduring county executives are moving on. And there could be a generational shift, as even the state's most iconic politician -- 84-year-old Comptroller William Donald Schaefer -- is in what appears to be his tightest election battle.

"It's a benchmark year," said House Speaker Michael E. Busch (D-Anne Arundel). "We're talking about replacing the longest-serving senator in Maryland history; we'll have new executives in three of the state's largest counties; and at least one new congressman."

Busch was referring to retiring Sen. Paul S. Sarbanes, who was first elected to public office 40 years ago and will have served in the Senate for 30. The low-key contest to replace him is the marquee race on the Democratic ballot. And in November, there will be new executives in Montgomery, Howard and Anne Arundel counties, as well as a host of new legislators and council members across the state.

Those in the new generation of Maryland leaders elected this fall "are the ones who will be faced with our toughest problems: how to solve the health-care crisis, how to restructure our budget, how to make college affordable," Busch said. It will be November before Marylanders know whether their overwhelmingly Democratic state has changed enough to re elect a Republican governor for the first time since the 1950s or to elect a GOP senator for the first time in a quarter-century.

But the party's leaders are thinking big. Chip DiPaula, who ran Gov. Robert L. Ehrlich Jr.'s groundbreaking campaign in 2002 and now serves as his chief of staff, said he believes the elections will swing the door open for Republicans, who have been out of power for most of the past century.

"We're looking at real [shared] government," he said.

Ehrlich is unopposed in the primary, as is his Democratic competitor, Baltimore Mayor Martin O'Malley, who leads in the polls. For all the change in the air, it is the first time in years that neither party's nomination for governor is contested. Montgomery County Executive Douglas M. Duncan (D) pulled out of the race in June.

The replacement for Democratic Attorney General J. Joseph Curran Jr., who is retiring, will be of a younger generation. And Republicans in November will be looking to increase the gains they have made in recent years in the General Assembly, especially in the outer suburbs.

But some things about Maryland haven't changed much. With less than a third of the state's voters registered as Republicans and with few competitive battles, the party's contests Tuesday have drawn little notice.

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And the Democratic tradition remains overwhelming in Montgomery and Prince George's counties, where the primary is almost always the final say. Of 46 General Assembly, County Council and other seats chosen on a partisan vote in Montgomery, only two are held by Republicans. In Prince George's, none is.

Below are summaries of the principal races.U.S. Senate and House

Sarbanes's decision to not seek a sixth term has brought an outpouring of candidates to replace him. But the two who jumped into the race first -- former congressman Kweisi Mfume and Baltimore Rep. Benjamin L. Cardin -- are the front-runners at the end.

Five of the 18 candidates on the Democratic ballot have conducted the most visible campaigns, and for the most part, they have given little indication that they would vary greatly from the reliably liberal record Sarbanes built.

Potomac businessman and philanthropist Josh Rales has spent more than $5 million of his own money on the campaign, and his television commercials became ubiquitous in the Baltimore and Washington media markets. But Rales's lack of Democratic connections -- he has contributed money to President Bush and Ehrlich -- meant he had no network of supporters to build on his media campaign.

American University professor Allan Lichtman has offered voters a strict opposition to the Iraq war and his long career as an educator, but his campaign never became the grass-roots force he had hoped for. Former Baltimore county executive Dennis Rasmussen presented himself as the moderate alternative but drew little attention in Montgomery and Prince George's counties, where 40 percent of the state's Democrats reside.

Cardin and Mfume agree so much on the issues that in recent forums Cardin began using Mfume's lines. In the end, Mfume said that though the two might vote the same, he would be the more passionate voice for the poor and for Democratic causes. Cardin promoted his success at forging bipartisan consensus during his nearly 20 years in Congress.

Political experts believe that the others in the crowded field could draw their support from voters who might otherwise back Cardin. Polls show that black Democrats overwhelmingly support Mfume, and he is hoping that the chance for an African American on the statewide Democratic ticket will increase the turnout. But Cardin, with far more money and a statewide television campaign, is thought to have the most organized operation for getting supporters to the polls.

On the Republican side, Lt. Gov. Michael S. Steele, the chosen candidate of the national and state GOP, faces only nominal opposition.

Maryland will have at least one new member of Congress next year as voters in Cardin's squiggly district pick a replacement. The district rambles from Baltimore's Inner Harbor through parts of Baltimore, Howard and Anne Arundel counties. Democrats will choose from a group that includes a state senator, a former television reporter, a Baltimore health commissioner and a lawyer, John Sarbanes, who is the senator's son. Republicans will choose among a doctor who lost to Cardin last time and two others.

House Democratic Whip Steny H. Hoyer is unopposed, and Rep. Chris Van Hollen (D) is not seriously threatened. The most spirited challenge to an incumbent is in the 4th District, where Rep. Albert R. Wynn is in a surprising battle with community activist Donna Edwards. Wynn stresses what he has brought home to the district, but Edwards labels him "Maryland's Joe Lieberman" for his vote in favor of authorizing the Iraq war and of other issues in which he strayed from his Democratic colleagues. The district stretches from the Frederick County line through Montgomery and down to Fort Washington in Prince George's.Statewide Offices

Schaefer, who began his public life in 1955 on the Baltimore City Council, wants one more term. But his close ties to Ehrlich, controversial remarks on immigrants and outlandish comments about women have not endeared him to the state's mostly liberal Democrats.

The comptroller stresses a career free of scandal and a "name you can trust," but his opponents are trying to make the case that his time has come.

Del. Peter Franchot, a liberal from Takoma Park, was the first to take on the legend, saying that antics that once seemed eccentric now are embarrassing. He promotes himself as the only real Democrat running and says he would be a more formidable watchdog on the Board of Public Works, the panel that approves much of state government's business.

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But Franchot's mission became far more complicated when Anne Arundel County Executive Janet S. Owens jumped into the race. Owens, the only woman mounting a serious statewide campaign, presents herself as a moderate alternative. A series of bizarre spats between Owens and Schaefer has drawn the most attention: She said running against him was like telling grandpa it's time to turn over the car keys, and he responded by saying she dressed like Old Mother Hubbard and is "getting fat."

Four Republicans have waged a quiet race to take on the winner.

To replace Curran, Democrats will choose between Montgomery State's Attorney Douglas F. Gansler, who has coveted the job his entire career, and former Baltimore state's attorney Stuart O. Simms, who has wanted it for a few weeks. (Montgomery County Council member Tom Perez will appear on the ballot, although the state's high court has ruled him ineligible.)

Simms hasn't run for elected office in a decade, but he signed on to be Duncan's lieutenant governor candidate. When Duncan exited the race, he and others, including those who thought the Baltimore region should not be without a candidate for attorney general, encouraged Simms to run. He has drawn a number of high-profile supporters, but his campaign has been hindered by a lack of money and a late start.

Gansler, by contrast, has been planning his campaign for years. He has a Web site filled with proposals on combating gangs and pursuing polluters, and he has raised almost $2 million.

Frederick County State's Attorney Scott L. Rolle is unopposed on the Republican side.Montgomery County

The state's largest jurisdiction will see a new leader after 12 years of Duncan's stewardship, and the two leading candidates to replace him are County Council member Steven Silverman (D-At Large) and former council member Isiah "Ike" Leggett, former chairman of the state Democratic Party.

The two share goals of creating affordable housing and maintaining the quality of Montgomery's schools. Leggett has said he would do a better job of controlling growth, standing up to developers who have been generous to Silverman's campaign.

Silverman, in turn, has cast himself as the more decisive leader and said he would be more aggressive in funding road projects and the proposed Purple Line.

All nine council seats are up for election, and two are open. Among General Assembly contests, the incumbent facing the most trouble is Democratic Sen. Ida G. Ruben, who has represented the Takoma Park-Silver Spring district for 20 years. She is in an increasingly bitter primary with American University law professor Jamie Raskin.

Voters not affiliated with a party can vote in the school board races.Prince George's County

More than 100 candidates in 21 races will be on the Democratic primary ballot, where winning the nomination usually means election.

County Executive Jack B. Johnson is running hard for a second term, emphasizing an economic boom and rising property tax revenue, which have brought added services and school construction.

Rushern L. Baker III, who lost in a multi-candidate race four years ago, charges that Johnson has been unwilling to acknowledge the county's rising crime problem and says Johnson's awarding of county contracts to friends and campaign supporters is a form of corruption.

All nine seats of the County Council are on the ballot, although there will be far less turnover than four years ago, when eight members were elected. There are a number of spirited General Assembly battles, including crowded races to replace three retiring Democrats: Del. Pauline H. Menes and Sens. Leo E. Green and Gloria G. Lawlah.

All registered voters are allowed to vote for the school board, which becomes an elected body for the first time since 2002. Voters on Tuesday will winnow a field of 46 candidates to 18, and in the Nov. 7 election will choose the board of nine.

Staff writer Matthew Mosk and staff researcher Meg Smith contributed to this report.

Minorities In GOP Rally For Allen In N.Va. (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, September 10, 2006

Virginia Sen. George Allen joined several hundred Asian, Hispanic and black supporters in Fairfax County yesterday at a rally designed to show diversity within the Republican Party while recognizing immigrants' growing clout in state elections.

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The event came as Allen, a candidate for reelection who has been dogged for weeks by charges of insensitivity to minorities, juggles a rural image that has served him well in past races with the political reality that vote-rich Northern Virginia includes swelling ethnic populations.

"It is invigorating to be here with all sorts of different, diverse backgrounds," Allen told the audience after saying "good morning" and "thank you" in several languages.

Allen was joined by Reps. Frank R. Wolf and Thomas M. Davis III, two Northern Virginia Republicans facing aggressive Democratic challengers in an area where political allegiances could be shifting.

"This is a tough year," Davis told the crowd, which included at least a dozen ethnic Republican groups. "You can read the polls. You can read the press. You can see we are all under fire. We need your help."

A Mason-Dixon poll commissioned by several newspapers across the state and scheduled for release today shows Allen leading Democratic challenger James Webb 46 to 42 percent, according to people familiar with the survey. But Webb leads Allen by 13 points in Northern Virginia, even though the Democrat is relatively unknown and won't air his first television ad until tomorrow. The poll has a margin of error of plus or minus four percentage points.

Northern Virginia has changed since Allen, a former U.S. representative and governor, last ran for office in 2000.

In Fairfax County, the state's largest jurisdiction, 27 percent of the population is foreign-born. In Loudoun County, whites made up nearly 83 percent of the population in 2000, compared with 74 percent today. The number of Hispanics in Prince William County more than doubled in the past six years, census figures show.

Virginia's ethnic population remains a relatively small portion of the electorate, pollsters say. And unlike African Americans, who tend to vote Democratic, immigrants in Virginia are not closely aligned with either political party, making them critical swing voters in close elections.

Allen is trying to recover from his remark last month to a young man of Indian descent. Allen called the Webb campaign aide "macaca." After nationwide criticism, Allen apologized, saying he didn't realize the word, a genus of monkey, is a slur in some cultures.

Democrats say the remark hurt Allen among non-white voters, including Korean and Indian Americans who often vote Republican in federal races.

"I think it creates a big opening," said Peter Brodnitz, Webb's pollster. "In addition to the real impact, there is a symbolic problem, which is George Allen coming across as closed-minded."

Robert E. Lang, director of Virginia Tech's Metropolitan Institute, said many first- and second-generation Americans in Northern Virginia are well-educated with high incomes, a combination increasingly receptive to Democrats.

"The way to look at Virginia now is it's like South Carolina, with the suburbs in New Jersey and Connecticut laid on top of it," Lang said. "I think it signals a new politics."

For years, Northern Virginia communities outside the Capital Beltway were Republican strongholds, offsetting liberal-leaning neighborhoods closer to the District. But Democrats have been making steady gains. In 2004, Sen. John F. Kerry (Mass.) became the first Democratic presidential candidate in four decades to win Fairfax County. In last year's governor's race, Timothy M. Kaine (D) trounced Republican Jerry W. Kilgore in parts of Northern Virginia.

After Kilgore's loss, the state Republican Party commissioned a study to examine how to prevent similar defeats. Among other findings, the report concluded that the area's changing demographics "are having a dramatic impact on the politics of the region."

Virginia Attorney General Robert F. McDonnell (R), who won his race last year by 323 votes, said: "We need to go into ethnic communities, look them in the eye and tell them why our solutions are better."

Yesterday, Allen spoke about his efforts to support minorities. He said he has secured more visas for high-tech workers, backed historically black colleges, promoted a nuclear deal between India and the United States, fought gangs and encouraged more students to study math and science. In Allen's past statewide races, aides said, he has won more black votes than Republicans traditionally receive.

"My friends, I look at each election as a way to unify and inspire," he said at the event, sponsored by the Fairfax County Republican Committee at Edison High School in the county's Alexandria section.

Do Thieu, a Vietnamese American from Annandale who attended the rally, said Allen has always been there for his community. "He has listened, so his actions speak louder than words," he said.

Despite Allen's outreach, some analysts are wondering whether the Republican fully comprehends how the state is changing.

Last week, as he has for years, Allen put on a cowboy hat and saddled up a horse -- this time named Bubba -- to ride in Buena Vista's annual Labor Day parade. Allen, who was born and raised in California, rode down the parade route greeting the Shenandoah Valley crowd by saying, "Howdy! How y'all doing? Good to see y'all."

When the image was broadcast, one longtime Allen supporter said he cringed. "Seeing him with a horse called Bubba wearing cowboy boots, that doesn't resonate with us," said Terone Green, a Republican activist from Richmond who is black.

Green added: "He needs to revamp his whole operation. . . . I have never seen it this bad. I have friends who are just so anti-[Allen] now."

In an interview yesterday, Allen said: "I always ride horses. I wear boots. I am who I am."

Davis said Allen, who ended his day with a speech to 100,000 NASCAR fans at Richmond International Raceway, can't afford to have a rural image in Northern Virginia. Some GOP leaders say Kilgore's southwest Virginia accent cost him votes from independents.

Even so, Virginia remains relatively conservative. In 2004, President Bush defeated Kerry by nine percentage points. Lang said Allen might want to consider losing the cowboy image if he wants to avoid a loss in Northern Virginia. "The sort of Los Angeles identity might serve him better" in the area, said Lang, referring to where Allen grew up.

Allen rebuffed that advice, saying he lost his first campaign for the House of Delegates in 1979 after an adviser made him stop wearing his belt buckle and cowboy boots.

"The best advice I ever received from anyone was 'Just be yourself,' " Allen said.

McCaskill Tries To Buck State's Rising 'red' Tide (KCS)

By Steve Kraske

The Kansas City Star, September 10, 2006

One big question for Democrat Claire McCaskill: Can she stem Missouri's Republican tide?

As McCaskill seeks to defeat U.S. Sen. Jim Talent, the distinct shift in the state's voting patterns toward the GOP presents a thorny challenge.

That is, she must capture a greater share of independent voters than Democrats had to win just a few years ago. In 1998, according to the polling firm Zogby International, a Democrat needed about a third of independents to top 50 percent overall. These days, McCaskill must hold her Democratic base and attract at least half of all independents, who now are more than a quarter of all voters.

That challenge is compounded by two factors: More independents are voting Republican in recent years. Also, Republicans remain more reliable voters than their Democratic counterparts.

"All things being equal, McCaskill has to do better with that middle voter," said Missouri State University political scientist George Connor.

Democrats downplay recent Republican victories and insist the two parties remain basically at par. Recent narrow Republican wins, said Roy Temple, a former chief of staff to U.S. Sen. Jean Carnahan, have made the state appear redder than it really is.

"It's amazing how much the Republicans have capitalized powerwise on essentially a quite marginal electoral advantage," he said.

McCaskill says the shift has more to do with GOP organizers outhustling Democrats than any significant ideological swing.

"The Democratic Party had gotten fat and lazy in terms of taking its majorities for granted," she said.

But analysts say something more significant has occurred. After all, in the state House and Senate, Republicans now dominate chambers that in the 1980s were firmly in Democratic hands. Five of the state's nine U.S. House members are

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Republican, as are its two U.S. senators. Putting aside the 2000 election of Gov. Mel Carnahan, who died in a plane crash just before the vote, the state has not elected a Democratic senator since 1980.

The major change has been in the rural-urban population split. The portion of the state's population growth for the state's two largest metropolitan areas dropped nearly 20 percent from the decade of the 1980s to the '90s. (St. Louis has actually lost population since 2000, while Kansas City has grown, but only slightly.)

At the same time, the share of the population growth in rural Missouri, where the GOP has been deriving strength for decades, nearly doubled from the decade of the '80s to the decade of the '90s. From 1990 to 2000, rural Missouri had 36 percent of the state's growth, and that share continues to increase this decade.

The Kansas City and the St. Louis areas still had the biggest slice of the population pie — 55 percent in 2000, according to The Brookings Institution — but that percentage was down slightly from its share 10 years before.

"The growth in outstate Missouri is one of the most important political trends in the last couple of years," said Democratic pollster Fred Yang, who has polled in Missouri since the mid-1990s.

That growth, he said, has turned Missouri into an "even-steven" state. Who wins on Election Day, he said, depends on who turns out to vote.

Another key shift: the dramatic drop in union members, who remain part of the bedrock Democratic base. In 1983, nearly 21 percent of Missouri workers belonged to a union. Twenty years later, just 12 percent did.

Republicans have capitalized on the shifts by emphasizing social issues, such as abortion, gun rights and opposition to gay marriage. That has helped cement the GOP base, said Republican consultant John Hancock.

The shift in focus combined with the new demographics has altered the way Missouri votes.

George W. Bush carried Missouri in 2000 and 2004 by percentages that topped his national support.

In 1992, network exit polls showed 42 percent of Missouri voters were Democrats, compared with 29 percent who were Republican. Those numbers narrowed during the next decade. By 2004, Republicans had the edge over Democrats — 36 percent to 35 percent.

In U.S. Senate primaries, Democratic Missourians once routinely outvoted Republicans 2-to-1 and even 3-to-1. Since 2000, almost equal numbers of Democrats and Republicans show up on primary day.

Missouri's "tilting conservative," pollster John Zogby said.

Still, said Connor, the political scientist, McCaskill must attract moderate independent voters.

He pointed to McCaskill's handling of immigration as a classic example of a Democrat trying to find middle ground on a contentious issue. McCaskill's approach has been to focus on businesses that hire illegal immigrants. In doing so, she can sound tough in a way that relates to Republicans angry at the flow of illegal immigrants into the country, Connor said. And by targeting businesses instead of the immigrants, McCaskill probably won't anger Democrats sympathetic to immigrants.

U.S. Sen. Kit Bond, a Republican, said the shift to the GOP was primarily because of the leftward lean of the national Democratic Party:

"I can't tell you how many people come up to me from all over the state and say, 'I've always been a Democrat, but I can't vote for that left-wing group up there (in Washington).' "

McCaskill, though, agrees with Talent that Missourians are independent-minded enough to vote the person rather than the party. Rural Missouri may have swung Republican in recent years. But look at St. Louis County, the state's largest, which once was a tough place for Democrats to win, she said.

In the 2004 governor's race, McCaskill carried it by nearly 60,000 votes. That she still lost is one more indicator of the growing clout of rural Missouri.

McCaskill is convinced that Republicans don't have an electoral lock on outstate Missouri, and is actively campaigning in rural counties.

"I really believe … that our problems in rural Missouri have stemmed from inattention and our willingness to let the Republican message dominate. We should have been going out there and making the powerful case that we will do a better job of looking out for people who live in rural Missouri."

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Hancock says the next two elections will determine how long the pro-GOP shift is destined to last. There again, demographics don't favor the Democrats.

In 2004, Bush won all 10 of the state's fastest-growing counties, many by big margins.

Neglected By Democrats, Blacks Jump The Party Line (SLPD)

St. Louis Post-Dispatch, September 10, 2006

Committeewoman Norma Leggette (4th Ward) isn't sure what the Democratic Party stands for anymore. She wonders how she's supposed to excite constituents in her ward about November's elections.

Leggette said there are two Democratic parties in St. Louis - one that benefits whites and another that ignores blacks. "At one time, Democrats were a solution for us. I don't know when that changed or why that changed, but it has," Leggette told me.

Her comments underscore a familiar complaint from blacks who claim the Democratic Party takes them for granted.

Leggette voiced her concerns Tuesday during a rah-rah session with several local elected Democrats, hosted by U.S. Senate candidate Claire McCaskill. After reading the exchange posted on a local Weblog, Pub Def Weekly, I called Leggette to confirm her comments.

The quotes were correct, the 40-year veteran of local politics told me. She has no intention of voting for McCaskill's Republican rival, U.S. Sen. Jim Talent, but, like me, she's grown bored with the dog and pony show put on when major elections roll around. Democrats show up, throw out the "evil Republican" mantra, ask for black votes, then disappear without ever addressing our socioeconomic concerns or needs.

Democrats raise millions for major campaigns that rarely trickle down to neighborhood committees, like Leggette's, charged with getting blacks to the polls, she said. It's a "frustrating" experience, complicated by "clueless" leadership and blacks seeking personal gain.

"My community has been affected by benign neglect. Black political leaders only interested in lining their pockets with crumbs ought to get the hell out of the way," Leggette said.

During the meeting Tuesday, Leggette said McCaskill dissed Talent's friendship with President George W. Bush and criticized the president for letting poor and black people die in New Orleans. That didn't cut it for Leggette.

"Being a Democrat doesn't just mean being in opposition to Bush or Talent. You have to bring some meat to the table."

Other black Democrats I spoke with Friday agreed with Leggette, but they are willing to take their disenchantment further. Some were among the 300 guests who attended the "African-Americans for Talent" soiree in July. Charles Kirkwood, owner of Midwestern Construction & Development in the city, plans to jump party lines in the upcoming election.

"I've never voted for a Republican in my life, but I'm supporting Talent," Kirkwood told me, ticking off several reasons the candidate has earned his respect. He particularly respects Talent's federal initiatives to empower disadvantaged minority and small businesses. The $1.2 billion digital and wireless technology bill Talent sponsored will streamline needed job-training funds to institutions like Harris-Stowe State University and Lincoln University in Jefferson City, Kirkwood said. Blacks, he said, are "carrying the water" for the Democratic party - it hasn't reciprocated.

"We have a majority black populated city. Billions have been spent on development in this region. Very little has gone to black developers," Kirkwood said. "I've been blindly supporting Democrats for years, but what has it gotten me? Nothing."

Caroline Douglas, a black Democrat living in Manchester and president of the Sickle Cell Disease Community Advocates, also supports Talent. He "stepped up" to address a health crisis in Missouri, Douglas said, not only passing legislation that increased federal spending on sickle-cell anemia, but also he personally helped raise almost $3 million toward building and operating 40 treatment centers throughout the state, she said.

Halbert Sullivan, CEO and founder of the Father's Support Center in St. Louis, said Talent helped his agency obtain federal money for programs to help African-American men and low-income families. McCaskill, Sullivan said, is relying on black politicians to carry her message because she has no record of accomplishments in the black community.

"Her commercials boast of her desire to combat terrorism and illegal immigration, but how does that make her different than her opponent?" Sullivan said.

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I remember walking away impressed with Talent after we'd shared a table at a minority business luncheon. Although an impressive candidate, he wouldn't get my vote because I think his politics are in line with a downright scary administration.

Kirkwood, Sullivan and Douglas aren't exactly fans of Bush either. But their differences with the top-ranking Republican won't alter their vote, they told me.

"All politics are local," said Kirkwood. "I disagree with Bush on mostly everything, especially this war, but I'm still supporting Talent."

Casey Says He's More Than Just The 'Anti-Santorum' (PPG)

By James O'Toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 10, 2006

CAMPAIGN 2006

Rushing away from the Labor Day parade, Bob Casey had just crossed Stanwix Street when a woman grabbed his hand, looked him in the eye, and said vigorously, "Keep after him; you've got to beat that guy."

Moments later, a car's horn beeped, and its driver poked his head out of the window. "Good Luck, Bob. You've got to beat that Sanitation guy," the man said.

"I keep getting these directives," a bemused Mr. Casey observed as he walked on. " 'You HAVE to ...' "

To his challenge to incumbent Republican Sen. Rick Santorum, Mr. Casey brings a golden name in Pennsylvania politics and the hopes of a Democratic Party hungry for victory against a polarizing figure with a record of frustrating their partisan hopes.

The imperative of defeating Mr. Santorum was the chief reason party leaders turned to Mr. Casey in the days after he won his term as state treasurer with the largest vote total of any candidate for any office in Pennsylvania history. It was the reason that Gov. Ed Rendell, the brunt of tough Casey attacks in their primary for governor four years ago, helped clear the field of serious opposition for him in this year's primary. It was the reason that many liberal Democrats overcame their objections to conservative positions on social issues. In a state where no Democrat has won a full Senate term since 1962, Bob Casey offers the promise of victory -- or so they hope.

"Sometimes Democrats ... we've forgotten that the objective of every election is to win," Mr. Casey said as he recalled the deliberations that brought him to the race.

But as the admonitions that followed him on Labor Day and throughout the campaign attest, the strongest passions in this campaign are generated not by this champion vote-getter, but by his opponent. The incumbent has devoted followers. He also generates antipathy unusual even in this increasingly polarized climate.

So for Mr. Casey, is it enough to be the anti-Santorum?

"No, it's not," he insisted on a holiday weekend as he rode through Westmoreland County. His campaign, he says, offers a positive choice, not just a chance to vote against someone. Buttressing his argument, he points to his record as auditor general and treasurer, the state offices he has occupied for the last decade after a political apprenticeship at the feet of his father, the late governor.

As auditor general, the post that first made his father's name as well, Mr. Casey won generally positive headlines for spotlighting abuses in areas such as nursing home supervision, child care policies and the follow-through on Megan's law.

Discussing that record, he said, "I think nursing homes and child care were the most significant, because they led to real change."

The nursing home audit prodded the administration of former Gov. Tom Ridge to increase spending and change procedures for the monitoring of the state's institutions for the elderly. On child care, Mr. Casey's office successfully fought a proposal to increase co-payments for lower-income working mothers.

The issues he cites were substantive, but they also point to a tactical advantage he holds in this race, conferred by the nature of candidates' different political paths. Over 16 years in the House and Senate, Mr. Santorum has cast votes on hundreds of issues, many of them difficult. Savvy opposition researchers have each of them archived, ready to be retrieved to fuel efforts to place him on the defensive.

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Mr. Casey has dealt with tough, substantive issues, but for the most part, they've been issues of his choosing. In contrast to a legislator or a governor, he has not had issues thrust upon him. So far in this campaign, Mr. Santorum has attempted to raise questions about Mr. Casey's work habits and attendance record in his state posts, but he's yet to challenge any policy choices.

For months, the Republican campaign has asserted that Mr. Casey is too content to be the anti-Santorum, that he has no positions and won't discuss issues. As an overall statement, that's not accurate. Mr. Casey has clear and well-known positions on a variety of issues, some of them controversial within his own party.

He supports the rights of gun owners and he opposes abortion. Those positions are seen by Democratic strategist as keys to muting issues that have allowed Republicans such as Mr. Santorum to harvest votes from more conservative Democrats. Mr. Casey and Mr. Santorum are both observant Roman Catholics, but they differ on the legal grounding of their opposition to abortion.

Mr. Santorum argues that a whole line of Supreme Court cases, starting with the Griswold v. Connecticut, a 1965 decision that struck down a Connecticut ban on contraceptives, were wrongly decided in that they found an implicit right to privacy within the Constitution. While Mr. Casey would like to see Roe v. Wade, the landmark abortion case, overturned, he said, "I don't think there's any question that there's a right to privacy. I disagree with a lot of Democrats that that right should be the foundation of a right to abortion."

Flouting the tax hike taboo that rose with the Republican revolution of 1994, Mr. Casey has called for a repeal of the Bush tax cuts for those earning more than $200,000 a year. Taking pages from the moderate playbook of the Democratic Leadership Council, he has endorsed legislative proposals to provide health insurance for children and help small businesses provide health insurance for their employees. He has also embraced a call issued by lawmakers including Sen. John McCain, R-Ariz., for a corporate welfare commission to root out tax breaks and budget pork.

But the charges of vagueness ring truer on some of the more important issues facing the Senate and the country. While sharply criticizing the incumbent's call for private accounts for younger workers to transform the current Social Security system, Mr. Casey has not offered any specific alternative to its looming solvency problems. He calls Social Security a problem, not a crisis.

He notes that other entitlement problems, notably Medicare, represent a much greater threat to the overall federal budget. Mr. Casey advocates a change in the Medicare Part D legislation to allow government to negotiate lower drug prices but acknowledges that is just one part of any overall solution to the financial burden promised with the retirement of the Baby Boom generation.

Budget arithmetic questions

The steps he has advocated on the budget deficit, including the tax increase, add up, by his calculation, to about $1.3 trillion over 10 years. But, as his exchanges with Tim Russert on last week's edition of NBC's "Meet the Press" underscored, that number is less than half way to the deficit remedy he has called for. Neither in answer to Mr. Russert nor elsewhere in the campaign has he recommended specific programs to be eliminated from the budget. And he has advocated a variety of significant spending increases, such as making Veterans Administration health care a virtual entitlement for veterans that, while arguably worthwhile in isolation, would add many billions to federal spending. The new direction he advocates on the budget, Mr. Casey said, "is not an easy path, it's not a smooth road; it's not the path of least resistance. It's going to be difficult to reduce the deficit but we have to do it."

When pressed on the budget arithmetic, Mr. Casey continues his call for tough measures, but still largely begs the question of specifics.

"It's more than saying we can cut here; we can move this money there. A lot of it has to do with fiscal discipline over time," he said. "When you have that fiscal discipline as a regular part of how you do your budgeting, it has a disciplining effect."

Mr. Casey argues further that demands he provide a complete blueprint for deficit elimination amount to a double standard when he is running against a candidate whose party has presided over a hemorrhage of federal red ink.

"I'm still waiting for Rick Santorum to come up with $1.3 trillion," he said. "He's been there for 12 years; where's his plan. ... You can't support the case for deficit reduction and support the tax cuts for the top 1 percent; [he] has a maniacal obsession with the top 1 percent."

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'New strategy' on Iraq

On the Iraq war, he has offered specifics in one sense, calling for the firing of Defense Secretary Donald Rumsfeld. He said, "We need a new strategy and that means completely new leadership if we are going to avoid a civil war, and a lot of people think it's been moving in that direction."

He has resisted the calls of some fellow Democrats for a withdrawal or a timetable for disengagement. Asked what he would do if it became clear that a civil war had emerged, he employs a typical tactical segue, deflecting the answer into an attack on his opponent, "You've got to have a long and well-informed debate in Congress. ... In the weeks leading up to the war, there were no questions. ... It was breathtaking."

The Santorum campaign constantly refers to their challenger as "Bobby Casey Jr." Using the diminutive is meant to remind voters that Mr. Casey's political career is a function of the fact that he is the son of the late governor. While it may represent an attack for some, it's one that Mr. Casey is eager to embrace. He regularly reminds audiences of his father's legacy.

"If I can be half as good as my dad, I'll be one of the best," he told a well-wisher at a union picnic who praised the former governor.

Such references are always warmly received by Democratic audiences, a fact that yields some irony given the late governor's relations with his party in his later years. All the Caseys long remembered what they saw as a deliberate snub when the governor was denied a speaking spot at the 1992 Democratic National Convention. While an unreconstructed New Dealer on economic issues, the elder Casey considered his party's drift to the left on social issues a mistake, in the case of abortion, on both moral and tactical grounds.

Reflecting on the calls he received from national Democrats courting his candidacy for this race, Mr. Casey said he thought it showed that Democrats were ready to learn a lesson from his father.

"I think it showed that some national leaders were interested in broadening the perspective of the party," he said.

Smiling, he said of his father, "I wish he was around to hear about those calls."

Mr. Santorum charged in the "Meet the Press" debate that the elder Mr. Casey would be upset by his son's endorsement of a recent Federal Drug Administration decision to allow over-the-counter sales of the Plan B contraception pill.

The day after their face-off, Mr. Casey, who characterizes the pill as contraception rather than abortion, expressed anger at his opponent's reference to his father.

"I had a feeling that, at some point in this campaign, he would use that," Mr. Casey said. "But I thought it would be at a point when he was getting particularly desperate; and I think, for whatever reason, he reached that point yesterday."

But Mr. Casey is not surprised that the race is turning tougher as the election gets closer.

A few week earlier, he stood beside the demolition derby pit at the Big Butler Fair. Minutes later a car emblazoned with his name would meet a brave but ignominious end, going down at the first blow, faster than Liston against Ali. Mr Casey, naturally, didn't dwell on the fate of his namesake. To the suggestion that he and Mr. Santorum could save a lot of time and money by getting behind the wheel themselves and settling their battle amid this cacophony of collisions, Mr. Casey gestured over his shoulder and said, "It'll be worse than this before it's over."

A profile of Sen. Rick Santorum, R-Pa., appeared in last Sunday's editions

Primary Day A Warm-up For November Vote (AP)

By David Espo, Ap Special Correspondent

AP, September 10, 2006

In Arizona, one House candidate called party officials idiots. In Rhode Island, ad-makers turned a Senate hopeful into a political pinata.

And that's just Republicans attacking Republicans ahead of Tuesday's nine-state primary night, the busiest of the year.

For some candidates on the ballot, Democratic Sen. Hillary Rodham Clinton of New York among them, the primaries are a warm-up of sorts in advance of the fall re-election campaign and then a possible 2008 race for the White House.

For other successful politicians, they are a winnowing process.

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That is the situation in Maryland, where Rep. Ben Cardin and Kweisi Mfume, a former congressman and one-time head of the NAACP, are the best known among 18 contenders for the Democratic Senate nomination.

The primary winner will run against Michael Steele, the state's lieutenant governor who is seeking to be the Senate's only black Republican.

Republicans, facing the possibility of the loss of seats in several states, hope Steele can become their brightest star of the year, even though it has been more than a quarter-century since the GOP has won a Senate race in Maryland.

After Tuesday's primary, the Democratic nominee "will be broke and without momentum facing a strong candidate with a message of empowerment that is resonating across Maryland," said Dan Ronayne, spokesman for the Republican senatorial committee.

For the political parties, the week's primaries represent another in a dwindling number of chances to influence the lineup for the November ballot, when the GOP's continued control of the House and the Senate is at stake.

Hence, the controversy.

In a Tucson-area seat in Arizona, the National Republican Congressional Committee has run an ad supporting Steve Huffman, praising him as an advocate of lower taxes and a "common sense approach to immigration that puts security first." Huffman is "the conservative choice," said the commercial.

A recent poll showed Huffman trailing a former state lawmaker, Randy Graf.

Graf won 43 percent of the primary vote in an unsuccessful run against Rep. Jim Kolbe two years ago, but party officials have expressed concerns he may be too conservative to win the seat in November.

The decision by strategists in Washington to intervene did not impress Graf or the three other contenders for the nomination. They held a news conference to criticize the move.

"They're idiots," said one, former state party chairman Mike Hellon. He and the three other Republicans running said the GOP had split the party and they predicted Democrats would benefit.

Huffman's campaign did not seem bothered.

"It's made the choice more clear. The fact of the matter is Steve is the only Republican in the race who can win the general election," said David Steumpfle, Huffman's campaign manager.

Whether or not they benefit, Democrats appear to believe that Huffman would be the toughest Republican to beat in November. No sooner had the House Republican committee begin airing its ad supporting him than Democrats rolled out one of their own criticizing him.

It said Huffman's tough-on-immigration claims were not true, and that he had skipped votes in the Arizona Legislature on new border technology and enforcement of immigration laws.

"If we can't trust Huffman to show up for work, how can we trust him to protect us," it asks.

The most prominent Democratic contenders are Gabrielle Giffords and Patty Weiss, a former television journalist.

Republicans intervened in Rhode Island, too, but went one step further than in Arizona.

With Sen. Lincoln Chafee struggling to fend off a primary challenge, the National Republican Senatorial Committee attacked his rival on television and in mass mailings. "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?" asked one recent ad that has drawn criticism from Hispanic groups.

Ironically, Laffey's views on numerous issues are more in the mainstream of the Republican Party than are Chafee's. Laffey opposes abortion, favors making tax cuts permanent and supports the war in Iraq.

But as in Arizona, party strategists fear the loss of Chafee's seat to the Democrats.

"Obviously Linc Chafee is the only one who can win in Rhode Island," said Sen. Elizabeth Dole of North Carolina, head of the GOP campaign committee. She said that if Laffey wins the primary, her organization will not spend any money to help him in the fall.

Delaware, Minnesota, New Hampshire, Vermont and Wisconsin also have primaries on Tuesday. The District of Columbia will select mayoral candidates.

Familiar Names In Primary Races (LAT)

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By Don Frederick, Times Staff Writer

The Los Angeles Times, September 10, 2006

Contests around the country Tuesday include members of longtime political families.

WASHINGTON — A trio of famed political names — Goldwater, Clinton and Cuomo — dot the ballots in some of the 10 primaries being held across the nation on Tuesday.

In Arizona, contenders for the Republican gubernatorial nomination include the nephew of the late Sen. Barry Goldwater — for decades the state's preeminent politician and a father of the conservative movement that dominates the national GOP.

Buoyed by his last name, Don Goldwater, 50, is given a strong shot at winning the primary. But whoever the Republicans pick will be an underdog against Democratic Gov. Janet Napolitano in November's vote.

Also attracting attention is the GOP primary for an open House seat in the Tucson area. With several candidates in the race, former state Rep. Randy Graf is banking that his tough stance against illegal immigration will propel him to victory.

A Graf win would strengthen the hand of Republicans opposing any revision to immigration law that includes a path to citizenship for those in the U.S. illegally. But a Graf win also could improve prospects for Democrats gaining one of the 15 GOP seats they need to control the House. The district is politically competitive and has been represented by a moderate — Jim Kolbe, the only openly gay GOP member of Congress.

In New York, Democrats are poised to renominate Sen. Hillary Rodham Clinton, and to name state Atty. Gen. Eliot Spitzer as their gubernatorial choice — both by overwhelming margins. The Republicans who will emerge as their opponents are seen as little more than sacrificial lambs in November.

A more competitive race features Democrat Andrew Cuomo, son of former New York Gov. Mario M. Cuomo and Housing and Urban Development secretary under President Clinton. He is attempting to resuscitate his political career by claiming his party's nod for attorney general. Cuomo's chief primary rival is Mark Green, a longtime public figure in New York.

Elsewhere, Maryland Democrats would set up a Senate race between two black candidates if they chose Kweisi Mfume as their nominee against Michael S. Steele, the presumptive GOP nominee, who is the state's lieutenant governor.

Mfume is well-known — after five terms in the House, he headed the NAACP for several years. His liberal views are in sync with the state's Democrats, and he could benefit from a crowded field. But the primary's favorite remains Rep. Benjamin L. Cardin, who is white. He is spotlighting his vote against the congressional resolution that authorized the Iraq war.

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3rd District Voters Face A Dizzying Field (WP)

By Miranda S. Spivack, Washington Post Staff Writer

The Washington Post, September 10, 2006

16 Candidates Are Jostling for Attention in Packed Contest for Cardin's Seat

Bob and Betty Jackson patiently listened for more than two hours as the questions bounced down the banquet table from candidate to candidate at a forum for Howard County residents trying to figure out who should succeed Benjamin L. Cardin in the House of Representatives.

After absorbing answers about the war in Iraq, health care, voting machines and education from the 11 hopefuls who had attended the evening forum in Columbia, Bob Jackson pronounced himself satisfied.

"I think I've narrowed it down to four," said the 62-year-old National Security Agency retiree and longtime Columbia resident, who plans to vote in Tuesday's Democratic primary.

He reeled off his list. Barth, Beilenson, Hollinger and Sarbanes.

Betty Jackson, 62, a part-time technical writer, said she was impressed by all seven Democrats and four Republicans who spoke. "They were very dignified," she said. "Much better than the race for governor."

In the days before the primary, voters such as the Jacksons in Maryland's 3rd Congressional District, a zigzagging urban and suburban swath that cuts across three counties and Baltimore, are about to narrow the field. It's not a simple task.

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With the retirement of U.S. Sen. Paul S. Sarbanes (D) and Cardin's decision to seek his seat, the 3rd District voters find themselves confronting a rare political dilemma: The primary ballot will have the names of eight Republicans and eight Democrats, including many experienced politicians with polished rÃ©sumÃ©s who figured it was now or never for a seat that had not come open for a generation.

"I wasn't looking forward to this evening," Bob Jackson said. "It could have gone on and on forever." But he was pleasantly surprised by the candidates' ability to separate themselves -- more or less -- from the pack. "I really got a good sense of who they are," he said.

That's what the candidates have to hope for as primary day looms: that they can break out and convince voters that they are the best for the job.

Cardin (D) won the district in 2004 with 63 percent of the vote, but Republican Gary Applebaum, one of two physicians running, said he thought a Republican stood a reasonable chance this November. "This is a district that [Gov. Robert L.] Ehrlich won four years ago," Applebaum said. "He is a very popular governor who has bridged the political divide." Applebaum said he hoped to do the same in the district, where Democrats are firmly in the majority.

The district, which Cardin represented for nearly 20 years, runs east from Baltimore to Baltimore County, west to Howard County and east again to parts of Anne Arundel and is among the country's most affluent, with the median household income topping $62,000. There are small pockets of poverty in the district, which is within commuting distance of Washington.

As the candidates head toward the finish line, several are leading in the money race, which will help them get their names and views out through direct mail, television and radio.

Having a well-known name can help -- at candidate forums such as the one Aug. 29 in Columbia, the Democrats often said they agreed with one another. Same with the Republicans.

Among the Democrats, John Sarbanes, who as the retiring senator's son enjoys high name recognition, said at the forum that he wasn't running on his family name and cited his community service and experience as a lawyer in the private and public sectors. He has raised nearly $1 million. Peter L. Beilenson, a former Baltimore health commissioner who stresses his experience managing a multimillion-dollar budget and whose father, Anthony, was a well-known congressman from California, has raised about $845,000.

Paula C. Hollinger -- a state senator from Baltimore County who chairs a key committee with jurisdiction over health, education and the environment -- has attracted support from such state politicians as state Senate President Thomas V. Mike Miller Jr. (D-Calvert). She has collected about $775,000.

Andy Barth, the longtime Baltimore television reporter whose father, Alan, was a well-known Washington Post editorial page writer, has raised about $160,000. Oz Bengur, a political operative and businessman, has raised close to $500,000. Bengur, whose son in serving with the Marines in Iraq, is among the most vocal of the Democrats about Iraq, although all say they support some version of a phased withdrawal of U.S. troops. Kevin O'Keeffe, a former lobbyist for the Anne Arundel County and Baltimore City governments, who points to his rise from a family of modest means, has raised about $215,000. Mishonda Baldwin, a Persian Gulf War veteran and a lawyer, has raised about $30,000.

Among Republicans, Applebaum is the leading fundraiser, according to recent campaign reports, gathering about $270,000. John White, a marketing executive, reported raising about $200,000, much of it a loan. The other Republicans reported little or no fundraising. "It speaks to support," Applebaum said.

A few days after the forum, the Jacksons were still mulling their options among the Democrats. They planned to do more research and will attend a neighbor's gathering for Barth to learn more about him. Betty said she liked the fact that Beilenson had substantial experience running a large agency. She and her husband also liked Sarbanes -- "he's very smooth" -- but worried, as Beilenson had at the candidates' forum earlier in the week, that perhaps there are too many lawyers in Congress.

"I think we feel like we don't have to vote for John Sarbanes because a lot of others will vote for him," Betty Jackson said. As for Hollinger, she thought Annapolis might need her spunk more than Washington.

"I think we'd be happy with any of the four of them," she said.

Four DFLers Dash For Every Last Vote (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, September 10, 2006

The contenders reach out before Tuesday's vote, knowing that whoever advances from the primary is the favorite to win it all.

Congressional hopeful Paul Ostrow extended a hand to a rumpled patron Saturday in a south Minneapolis coffee shop, asking for his vote in the Fifth District DFL primary.

"It's too early to think about voting," said the man, who declined to give his name. "I just want to have a cup of coffee right now."

But Ostrow and his main opponents -- former state Sen. Ember Reichgott Junge, former state DFL chair Mike Erlandson and state Rep. Keith Ellison -- scrambled hard Saturday to get voters to focus. They face off Tuesday in what has been the most competitive race that the district's voters have seen in decades. The frenzy will continue until the polls close at 8 p.m.

Primaries tend to have low turnout, but this one counts big. The DFLers want to replace 28-year Rep. Martin Sabo, who is retiring. The district, including Minneapolis and inner- ring suburbs, is deeply DFL, so the primary winner is a solid favorite in November.

Ostrow, a Minneapolis City Council member, says he's got broad support, but many observing the contest say it has narrowed to a three-way match.

"The race is a tossup between Ellison, Erlandson and Ember, and it would take a major event or electoral crisis for Paul Ostrow to have a chance of winning this race," said Blois Olson, copublisher of the newsletter Politics in Minnesota.

The candidates will continue to criss-cross the district's cities from coffeehouses to the Metrodome Plaza. Reichgott Junge was at the Richfield Farmers Market wearing a shiny red track suit. "You want to stand out in the crowd," she said. Early Saturday she was on handshake 2,672 of her goal of 7,000 for the last week of the campaign.

"A familiar face from the television," said Joyce Anderson of Minneapolis as she met the former state senator. "That's a good ad. It's a go."

Reichgott Junge handed her a sticker and said, "It will help you to remember to vote on Tuesday."

Erlandson knocked on doors in Uptown with Sabo, who is supporting his 13-year chief of staff. The day was a historic final door-knocking for Sabo.

Erlandson picked up Sabo's techniques -- keep moving and keep the message short. "I've never believed you should give them a civics test at the door," Sabo said. "Say 'Hello, and I'd like your vote.' "

A few miles north, Ellison wore a pinstripe suit as he delivered an indignant stump speech to Service Employees International Union members preparing to hand out his literature. Ellison had come from the funeral of 15-year-old Courtney Brown, killed a week earlier, apparently by teenagers trying to take his jersey.

"We cannot ignore the fact that when they squeeze us for $5.15 an hour or even $10 an hour, it has social implications." When parents work so much, "the little ones are out on the street trying to figure it out for themselves," Ellison said.

Squeezing all they can

Every minute counts now in a race too close to call. The prediction is somewhere between 65,000 and 80,000 voters will cast ballots.

The candidates long ago identified tactics and issues designed to carve out the biggest piece of the primary pie.

Ellison, the DFL endorsee, is targeting the "unlikely" primary voters who tend to vote only in November. He wants to pull U.S. troops out of Iraq and has made economic and social justice a centerpiece of his campaign. "We all count. We all matter," he said. But issues from his personal life have dogged him since he won the endorsement in May. He failed to pay parking tickets, federal income taxes and file campaign finance reports.

He's considered to be strong in north Minneapolis, an area he has represented for four years but where turnout tends to be low. He focused his efforts on a get-out-the-vote and direct-mail effort. Campaign manager Dave Colling said Ellison is working to get out voters who are black, Somali, gay and lesbian, peace activists and Latinos.

Of the four main candidates, Erlandson hit the air hardest with radio and television commercials. He is focusing on his ties to Sabo and experience and has made the environment a priority in campaigning. He is also targeting voters 58 and older who

make up 70 percent of those who vote in the primary. Erlandson said he believes he got a boost from a Star Tribune editorial endorsement that hit on his experience, potential for accruing seniority and DFL credentials.

He expects to do well in his boyhood turf of Fridley and Columbia Heights.

Reichgott Junge has been running a television commercial about the recent deaths of four family members and her top priority -- universal health care coverage.

Reichgott Junge is considered strong in Robbinsdale, New Hope and Crystal, an area she represented in the state Senate for 18 years.

Her opponents have questioned her liberal credibility and tagged her a Sen. Joe Lieberman Democrat. Lieberman's support of the Iraq war cost him a primary in Connecticut.

Reichgott Junge responded with an automated phone call by former Secretary of State Joan Growe on Saturday to 46,000 primary voters.

Ostrow has an army of young volunteers that has knocked on as many as 1,200 doors a night.

Although Ostrow represents northeast Minneapolis, the campaign is targeting his literature to south and southwest Minneapolis, said Ostrow's wife and campaign manager, Julie Mattson Ostrow, because they are traditionally high voter turnout areas.

Ostrow said he would be a strong voice for cities in Congress and wants to serve on the Education Committee to focus on schools.

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Perry Rivals Aren't Closing The Gap (HC)

By R.g. Ratcliffe

Houston Chronicle, September 10, 2006

Polls show he's vulnerable, but crowded field has divided vote

AUSTIN - The horse race polls have varied dramatically about who is running second in the Texas governor's race, but those surveys have made one thing perfectly clear: for most of the past year, Texans have been unhappy with the job Rick Perry has done as governor.

Perry's sagging job approval also is reflected in poll numbers showing support for his re-election has hovered between 35 percent and 41 percent since February.

However, that does not mean the Republican incumbent is in immediate danger of defeat. His four challengers are dividing the discontented voters, and none of them has gained traction so far.

"They're like dogs, running around chasing each other's tails, trying to eat the same piece of the pie," said Perry pollster Mike Baselice. "Perry, meanwhile, is sitting over there with a plurality, and he wins."

Perry's main challengers are after what they call the "anti-Perry vote." But the question remains whether Democrat Chris Bell or independents Kinky Friedman and Comptroller Carole Keeton Strayhorn or Libertarian James Werner can consolidate this vote into a winning coalition.

"There is a bloc of voters out there right now waiting to see which one of the three is most likely to get Perry out," said Friedman campaign manager Dean Barkley. "That is the battle of September, to be the alternative to Perry."

Perry's job approval ratings have lagged behind his job disapproval rating among Texans for 10 of the past 16 months in SurveyUSA polling done by television stations WOAI in San Antonio and KEYE in Austin.

Root of the issuePerry's job rating was decidedly favorable only in the month after Texas accepted Hurricane Katrina evacuees; when Perry visited troops in Iraq in January; and immediately after the Legislature passed a bill to solve public school finance problems in June.

The polls raise questions about why Perry's job approval and re-elect numbers are so low after six years in office, and they pose the problem of how he would lead the state for another four years if 55 percent to 65 percent of voters turned against him.

Perry's support for re-election was 36 percent in a February Dallas Morning News Poll. Polls last month by Zogby Interactive for the Wall Street Journal and Rassmussen Reports each set Perry's re-election support at 35 percent.

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A survey the Texas Trial Lawyers Association distributed to its members last week showed Perry's re-election support at 41 percent.

"I'm not sure why people don't like him (Perry), except he's been divisive to the extreme," said Democratic political consultant Dan McClung of Houston.

McClung said Perry tailored his political agenda to his own party without worrying about his general popularity. "He has run this state based on primary election polls."

Placing the blameTexas Eagle Forum President Cathie Adams said she thinks Perry's poll numbers are down because he is taking the blame from Republicans angry at the federal government for not doing more to stop illegal immigration.

"I don't think the word has gotten out about what he's done at the border," said Adams, head of the local conservative women's political organization.

Perry last week launched a television commercial promising if re-elected to ask the Legislature for $100 million to fight crime along the border with Mexico.

Former state GOP Chairman Tom Pauken, who is heading a property tax appraisal study for Perry, said he thinks the governor's numbers reflect voter disappointment in the Bush administration and with Congress.

A CNN poll released last week found 55 percent of the likely voters surveyed nationally plan to vote against the incumbent of either party for federal, state and local offices this fall.

"This is a tough year for incumbents around the country, not just in Texas," Pauken said.

Pauken said he also thinks Perry has not gotten "the credit he deserves" for passage of a school finance plan and a new business tax that will cut property tax rates.

Connecting with votersIn the poll distributed by the trial lawyers, all the candidates, including Perry, were viewed as likable by voters — except for Friedman. Friedman was viewed negatively by 32 percent of those surveyed and positively by 22 percent. Bell was the least-known candidate among the top four. However, at the moment, none of Perry's opponents has surpassed 25 percent support in any of the polls. So how do they make the campaign jell for them?

Barkley said Friedman is trying to expand his base of voters. Friedman also last week tried to appeal to conservatives by undercutting Perry's border security television commercial by proposing to put 10,000 state National Guard troops on the border with Mexico.

"We hit a home run all week with the free media," Barkley said. "Perry's ad on the border, we trumped him."

Bell strategist, Jason Stanford, said Bell's message is simple: Perry is beatable and only a Democrat can do it. Stanford said the built-in Democratic vote and straight ticket voting for Bell means it will be impossible for any other candidate to get enough votes to win.

Two-horse race?Stanford noted that the lowest Democratic vote-getter in 2002 — Marty Akins for comptroller — received 1.4 million votes, 33 percent of the turnout. Democrat Garry Mauro got wiped out in his 1998 challenge of Gov. George W. Bush and still received 1.1 million votes.

"If Chris Bell wakes up on Election Day and he has done nothing, he's going to get in the low 30s percent of the vote," Stanford said.

Strayhorn spokesman Mark Sanders said Bell's strategy will not work because he has no money to advertise his campaign. Sanders said it will quickly become evident to the anti-Perry voters that the two-person race is between Perry and Strayhorn.

Sanders said Perry's problems are multi-fold.

"Democrats absolutely hate him. The far right hates him because of his (business) tax bill, and you've got a group in the middle that has just got Perry fatigue," Sanders said.

He noted Govs. Mark White and Ann Richards were voted out of office after one term. Gov. Bill Clements lost his re-election and then won again four years later.

The race at the moment appears to favor a victory by Perry, said Southern Methodist University political scientist Cal Jillson. Jillson said if Perry wins with a 40 percent plurality, it should not affect his ability to govern.

"Texans don't expect much from state government, and Rick Perry delivers what they expect," Jillson said.

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Primary Contest For Governor Overshadowed (NYT)

By Patrick Healy

The New York Times, September 10, 2006

After 21 months as a candidate for governor, Eliot Spitzer entered this final weekend of campaigning for the Democratic nomination without the battle scars or empty coffers that can often hobble front-runners, and appears poised to defeat Thomas R. Suozzi in Tuesday's primary.

Mr. Spitzer, holding a 50-point lead in the latest polls, and Mr. Suozzi campaigned aggressively in and around New York City in recent days, with Mr. Spitzer seeking to energize his base of liberals and union members and acting like a confident incumbent with a ready-to-roll agenda: job creation, more money for public schools, and an overhaul of the health care system.

If the governor's race is the most consequential one of the ballot, given that Gov. George E. Pataki is stepping down after 12 years, the most compelling contests on Tuesday are further down the ballot — especially a fight between two New York political titans, Andrew M. Cuomo and Mark Green, for the Democratic nomination for attorney general. Tuesday's outcome might well end the political career of whichever man loses.

That hard-fought contest has proved fascinating to Democratic loyalists, bloggers, and political analysts: Mr. Cuomo and Mr. Green each started the race in 2005 as damaged figures seeking redemption from voters.

In conversations with consultants, reporters, and donors, each man sought to explain his past mistakes and say he had learned his lessons. Mr. Green had a grating image for some after several past bids for office, most recently as the Democratic nominee for mayor of New York in 2001. Mr. Cuomo had struck some voters as arrogant as a candidate for governor in 2002.

As newspaper endorsements and analysts have noted, the Cuomo-Green battle will partly hinge on which man is less unlikable in the eyes of voters.

"It's incredibly telling that Mark and Andrew don't speak or appear prominently in their TV commercials, because likable candidates usually do," said Ruth Sherman, a communications consultant who works with politicians and has examined their behavior. "Mark is perhaps better known, since Andrew worked in Washington, so Mark may have more to overcome there."

Polls show Mr. Cuomo with a 20-point lead. One pollster, Lee M. Miringoff, director of the Marist College Institute for Public Opinion, said that Mr. Cuomo and Mr. Green might cancel out each other when it comes to likability, yet said it was still a factor because there were few substantive issues driving the race.

"It has basically come down to these two well-known personalities slugging it out negatively, and people's feelings about each guy," Mr. Miringoff said.

A third Democratic candidate, Sean Patrick Maloney, is running far behind in the polls, but has made his mark in this campaign for his nimble performance in debates.

Both Mr. Cuomo and Mr. Green deny the charge of unlikability. Mr. Cuomo said no voters had brought up his own likability to him. Mr. Green quipped, "My wife and daughter think I'm lovable."

Mr. Green added that he felt he was enjoying a surge thanks to recent endorsements by editorials in The Daily News and The New York Times.

Mr. Cuomo had moved earlier and more quickly to lock up support from labor unions and political leaders. He counted, in particular, on two king-makers in Democratic politics: His father, former Gov. Mario M. Cuomo, and his political counselor, Jennifer Cunningham, executive vice president of S.E.I.U./1199, the health care workers' union.

Yet Mr. Green's tireless campaigning is legendary, and he released a new commercial on Friday that touted his newspaper endorsements and attacked Mr. Cuomo. Mr. Cuomo unveiled his own ad featuring praise from prominent supporters such as Ed Koch.

Probably the other most competitive Democratic race, in the 11th Congressional District in Brooklyn, has draw attention for its racial dynamic: A respected white city councilman, David Yassky, moved into the district to run for the seat, which has been a preserve of black politicians.

He is running against three black candidates, each of whom has passionate bases of support: Councilwoman Yvette D. Clarke, State Senator Carl Andrews, and Chris Owens, the son of the sitting congressman, Major R. Owens.

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Those three candidates risk undercutting each other by splitting the black vote, and Mr. Yassky has won praise from some black voters.

Senator Hillary Rodham Clinton has a primary challenger on Tuesday, Jonathan Tasini, a liberal and former union leader who has based his candidacy on opposition to the war in Iraq.

Mrs. Clinton has a huge lead, but she has still spent money on a glossy mailing pleading for a huge primary vote.

A low turnout might skew the result a bit if liberals embrace Mr. Tasini; for image, the Clinton camp wants to limit the protest vote against her to the single digits.

Turnout is a concern for all of the candidates, particularly on the Republican side, where a former Yonkers mayor, John Spencer, and a former Reagan administration aide, Kathleen Troia McFarland, are vying for the nomination to face Mrs. Clinton. Because both candidates have lacked money to get out their message, they have dwelled on personal attacks instead, especially Mrs. McFarland, resulting in a negative political atmosphere that traditionally depresses turnout.

"McFarland has had a lot of problems as a candidate, and Spencer has not overwhelmed here, so you may end up seeing a historically low turnout," said Jerry Skurnik, a political consultant who analyzes voter trends. "It could even be 10 or 15 percent."

The Republican candidates for governor, John Faso, and for attorney general, Jeanine F. Pirro, do not face primary contests on Tuesday.

For a politically voracious state like New York, it is somewhat unusual that the primary races never became especially creative or close: Mr. Spitzer, Mrs. Clinton, and Mr. Cuomo have all held double-digit leads for months, and only Mr. Green has shown ability to narrow his gap.

"This looks an awful lot like it looked like seven months ago," said Kieran Mahoney, a Republican political consultant in New York, referring to the primary political landscape.

Mr. Suozzi argued that his problem was money: He could not compete with Mr. Spitzer's television commercials — making only one large-scale advertising purchase last spring — or with the Spitzer political apparatus, which included most unions and elected Democrats.

"I would rather I was winning, but I simply haven't had enough money," Mr. Suozzi said. "Eliot's obviously very smart, but I never had enough the resources to put enough pressure to force him to tell us what he's going to do as governor."

Mr. Spitzer wrapped up a bus tour of the state late last week, and said he would campaign flat out through Tuesday night. He said he felt enthusiastic but also a little bit tired — not just from the bus tour, but the primary race that essentially began when he tried to clear the Democratic field by announcing for governor in December 2004.

He said that a great deal of hard work had made him a battle-tested candidate rather than a battle-scarred one.

"The hard work has not just been the campaign, but in the attorney general's office, where the work has reflected the values and dedication to public service that has been part of our message," he said.

Firm Tied To O'Malley Given City Contracts (WT/AP)

The Washington Times, September 10, 2006

BALTIMORE (AP) -- A law firm that has employed Mayor Martin O'Malley's campaign treasurer for the past six years has been awarded more than $1.2 million in city legal contracts since 2000, city records show.

Brown & Sheehan and its predecessor firm have won city contracts mostly for defending police officers and commanders, according to records obtained by the Baltimore Sun.

During the same time that the city's Board of Estimates voted to award many of the contracts, the firm employed the mayor's campaign treasurer, Martin Cadogan, as an attorney and later as a partner.

David Sheehan, a founding partner, defended the firm's record for obtaining city work, saying that Mr. Cadogan was not involved in the contracts.

He told the newspaper that Mr. Cadogan did not do legal work connected to them and did not benefit financially.

City officials and an attorney with the firm also said Brown & Sheehan's predecessor received its first contract with the city before Mr. Cadogan was hired.

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"We're comfortable with it because we're comfortable that [Mr. Cadogan] separates out his political role from his legal role in the firm," Mr. Sheehan told the newspaper. "We're comfortable with it because it reflects such a tiny fraction of our overall business. We think the city really values our work."

Typically, professional-services contracts that are awarded to outside law firms are approved by the Board of Estimates but are not competitively bid.

Mr. O'Malley, a Democrat running for governor, sits on the five-member Board of Estimates and appoints two other voting members, the city solicitor and the head of the department of public works.

An O'Malley spokeswoman referred questions to the solicitor.

Solicitor Ralph Tyler said he did not know why Brown & Sheehan was selected, though he said that there are a limited number of firms -- particularly ones certified as a minority business such as Brown & Sheehan -- able to perform the work.

Mr. Tyler said the city's use of the firm does not represent a conflict for Mr. O'Malley.

"It's my understanding that Mr. Cadogan does not participate in the profits of the firm and therefore would derive no benefits from the firm's representation of the city or its agencies," Mr. Tyler said.

Brown & Sheehan, which has five partners and nine associates, does a wide range of legal work, including commercial litigation, corporate and employment law and government representation.

Before 2004, the firm was known as Brown, Diffenderffer & Kearney.

The firm's Web site (www.brownsheehan.com) indicates that Mr. Cadogan practices "business and corporate law, real estate development and general civil litigation with an emphasis on insurance defense."

Governor's Race Gets Down To Tactics (MINNST)

By Dane Smith, Star Tribune

Minneapolis Star Tribune, September 10, 2006

Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a patt

Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a pattern this year, and they reflect the front-runners' approach to Tuesday's primary election. The Sept. 12 ballot will present contests for each of the major parties' gubernatorial nominations, but the heavily favored party-endorsed candidates are ignoring their challengers. Overmatched on nearly every conventional measure of political strength, the underdogs remain unbowed and are frantically campaigning to the end.

Here are looks at the candidates' central themes and tactics:

DFL

Attorney General Mike Hatch: Hatch has said almost nothing about Lourey and has been pummeling Pawlenty on the campaign circuit, accusing him of abandoning progressive Minnesota values that were shared by Republican and DFL governors. He is emphasizing an economic revitalization plan, more funding for schools and cutting health-care costs.

On the trail most of last week in outstate Minnesota, Hatch has been hitting state college campuses, focusing on his plan to reduce tuition at state higher education campuses. Earlier he unleashed a $300,000 TV ad campaign, with the punch line, "Minnesota Tough, Making Minnesota Nice."

Sen. Becky Lourey: As one of the Legislature's more ardent liberals, Lourey has made universal health-care coverage and pulling out of the war in Iraq her campaign pillars. Last year she lost a son in combat, and she insists that there are things governors can do unilaterally and cooperatively to push for withdrawal.

Lourey has called for specific tax increases, including restoration of higher rates on the wealthy, to finance her agenda. She describes Hatch's plan on health care and revenue-raising as timid and inadequate, and she says both Pawlenty and Hatch have laid out a lot of costly policy proposals without credible plans to pay for them.

Working her home territory in northeastern Minnesota in the final week, Lourey picked up a half-dozen endorsements from labor union and party activists in and around Duluth. A big showing by anti-war liberals in the Fifth Congressional District, where turnout in a multi-candidate primary is expected to be high, and a strong showing in the northeast, will help produce an upset, her supporters say.

She's campaigning frenetically and attended another Hatch-less debate in Duluth on Friday evening.

Ole Savior, self-described poet, artist and writer: After no fewer than eight landslide losses in candidacies for top office since 1984, Savior is trying again. He's calling for a nuclear-free world and a gasoline price limit of $1.50 a gallon, and he lists as a credential the fact that he is a "certified blood donor of six gallons."

INDEPENDENCE

Peter Hutchinson, consultant to state and local governments, former state Finance Department commissioner, former superintendent of Minneapolis schools: Hutchinson's message is that both of the big parties are dysfunctional and doing a poor job of addressing the "main things," which he lists as soaring health-care and tuition costs, a decaying transportation system and declining water quality.

He has a plan to save the state more than a billion dollars in health-care spending through cutting administrative costs. The savings would be invested in early childhood education and tuition aid, and a 10-cent increase in the gas tax would help bankroll an ambitious restoration of highway and transit programs.

The candidate and his hand-picked team of IP constitutional office hopefuls are blitzing the state on a "Drive to Independence," a ground-level barnstorm through 210 cities covering 5,500 miles.

Pam Ellison, library assistant and St. Paul community activist: Her dominant theme is a call for a universal, single-payer health-care system in Minnesota. She's also calling for total funding of public schools by the state government and ending the reliance on property taxes. And she's encouraging organic agriculture and development of farmers' markets.

She's got media interviews lined up on a swing through central Minnesota and Duluth this weekend. Total funds on hand as of Aug. 21: $616.33.

REPUBLICAN

Gov. Tim Pawlenty: The early message is a classic incumbent story line, that the ship of state is shipshape, that he has balanced a huge deficit, cracked down on crime, and produced strong job growth. His primary focus, the subject of his latest ad, is a batch of public school reform proposals, including a requirement that 70 percent of funds be spent on classroom instruction.

An e-mail "blast" from his campaign office will remind tens of thousands of Republicans to turn out for the incumbent governor, but Pawlenty is not personally campaigning very hard. He's doing gubernatorial stuff instead this weekend, attending funeral services for soldiers and a National Guard send-off. But he has put $300,000 worth of TV ads on the air in the past two weeks.

Sue Jeffers, owner of Stub & Herb's Bar near the University of Minnesota, conservative activist. Jeffers' main thrust is that she's the only real conservative Republican on the ballot and that Pawlenty has violated conservative principles too many times, topped by his tobacco fee and his supporting taxpayer financing for sports stadiums and light-rail systems.

She's raised $24,000 to Pawlenty's $2 million, but the feisty Jeffers insists that her campaign is catching fire.

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Democrats Working To Attract Hispanics Throughout South Florida (FLSUNSEN)

By Tal Abbady, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 10, 2006

Democrats are forming Hispanic caucuses in South Florida to bridge the quiet, clannish divisions among immigrant groups and coax more Latinos to the polls in November.

The last decade's surge in eligible voters with ties to countries as disparate as Venezuela and Peru has challenged the Cuban Republican vote, experts say. But Democrats trying to seize on the numbers and find a common Latino voice are often stumped.

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Language barriers, cultural rifts, a lack of trust in the political system and an unwillingness to unite under a single label keep many immigrants eligible to vote away from the polls, activists say.

"We'll meet up to watch fútbol or have a drink. But when it comes to bringing people together for a political vision or to exercise our vote, we don't do that. We don't unify ourselves like the Haitians do," said Peter Camacho.

The Colombian-American is president of the Palm Beach Hispanic Democratic Caucus, which had its first meeting in June. In the past two months, it has held fundraisers and sent bilingual volunteers to canvass neighborhoods in West Palm Beach, Lake Worth and other cities.

There are roughly 321,000 eligible Hispanic voters in South Florida, according to the civic education and voter registration group Democracia U.S.A. in Miami. In 2004, about 40 percent of Hispanic voters were registered Republicans, 40 percent Democrats and 20 percent independents, the group said. Hispanic Republicans are predominantly Cuban-Americans.

Republican gubernatorial nominee Charlie Crist and Democratic nominee Jim Davis have both hired Hispanic outreach directors to court voters.

"There's such an influx of nationalities now. It's a good time for groups to come out from under the perception that all Florida Hispanics are going to vote lock, stock and barrel like Cuban Republicans," said Michael Rodriguez, a Cuban-American who is secretary of the Palm Beach Hispanic Democratic Caucus.

Carlos Mario Ortiz, owner of El Bodegon supermarket in West Palm Beach, has pledged his support to the caucus.

As he walked through his store on a recent morning, shoppers milled around a pyramid of gnarled, pungent chiles and ordered cuts from a barrel-sized round of palomilla steak.

Among Ortiz' customers are Colombians, Peruvians, Mexicans, Guatemalans, Venezuelans and others. He said there's a long road ahead for Democrats trying to unite Latinos.

"We're regionalists," said Ortiz, who is Colombian. "We come here and look out for our own. Colombians help other Colombians. If some Peruvian had come to my door talking about uniting, I might not have paid attention. But when Peter came as a fellow Colombian, I listened."

In Broward County, cultural niches have also stymied efforts to organize, according to Linda Alber, a Colombian who heads the 210-member Latin Democratic Club of Broward County. The group meets twice a month in Cooper City.

"When we do elect Hispanics to local offices, they do little to bring us together," Alber said.

But Mark Romero, 19, a Florida International University student with a major in political science, says the biggest problem is not group divisions, but a lack of organized, political outreach targeted to Hispanics, especially those who are eligible voters but speak little English and have not registered.

Romero, a New Yorker of Puerto Rican heritage, has teamed up with other Hispanics to form a Broward Hispanic Democratic caucus, though it is in the early stages. The effort began when Romero worked for gubernatorial candidate Jim Davis' primary campaign.

"Hispanics in Broward are simply not being reached. If you don't have outreach, you don't have issues," Romero said. "There are a lot of stereotypes out there. Not all people are going to come under one giant blanket issue like immigration."

Michelle Acuña, a Colombian-American Hollywood resident, is helping Romero start the caucus, which she said will focus on Spanish-language outreach to voters with poor English skills. That includes her mother, a citizen and voter.

"On Tuesday my mom asked me, `OK, which Democrat should I vote for?' She speaks little English and depends on me to give her the information," she said.

When language and cultural cliques are not an obstacle, Democrats must still reach voters who lived under broken political systems in their homelands and brought their disaffection to the United States.

Among them is Alcides Gil, 58, a Colombian who lives in West Palm Beach and is a regular at El Bodegon. Gil, a U.S. citizen, has not voted in any election.

"My vote would only serve to keep the privileged in power," he said. "I've seen it in Colombia, and I see it here."

Three Days Before Vote, Democrats Avidly Stump (NYT)

By Jonathan P. Hicks

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The New York Times, September 10, 2006

With just three days before voters go to the polls for party primaries, candidates for a number of offices trekked to neighborhoods throughout the New York City area yesterday, to street fairs, housing complexes, outdoor markets and parades.

Many of the statewide races in Tuesday's primary are seen as being less than competitive, but in the Democratic race for attorney general, Andrew M. Cuomo and his major rival, Mark Green, began broadcasting new campaign commercials this weekend. And they continued to exchange fire yesterday.

A day after Mr. Cuomo criticized contributions to Mark Green's campaign by his brother, the Green campaign shot back with an angry demand for an apology.

"I'm awaiting Andrew's apology for attacking my family member since I wouldn't and haven't criticized his father and brother-in-law for also making perfectly lawful, generous contributions," Mr. Green said in a written statement.

The current attorney general, Eliot Spitzer, is likely to prevail easily over Thomas R. Suozzi, the Nassau County executive, in the Democratic primary for governor, polls have indicated, and United States Senator Hillary Rodham Clinton is expected to have little trouble with Jonathan Tasini, a former union leader.

Nonetheless, the candidates were out in full force yesterday, particularly at the Labor Day Parade up Fifth Avenue in Manhattan.

The event began with an old-style political rally organized by the New York City Central Labor Council and the Retail, Wholesale and Department Store Union.

The speakers included Mrs. Clinton, State Comptroller Alan G. Hevesi and Mr. Spitzer, as well as his running mate for lieutenant governor, State Senator David A. Paterson.

"I never feel confident about victory," Mrs. Clinton said in an interview before marching in the parade. "I'm always running scared. I feel I have to reach every voter that I haven't reached."

In the attorney general's race, recent campaign finance disclosures showed that Mr. Green's campaign received another $102,000 from his brother, Stephen L. Green, a real estate executive. Mr. Cuomo, saying the situation had the makings of a conflict of interest, called on the Green campaign to return that money.

The candidate's brother is part of a group bidding on a 20-year franchise to operate three New York racetracks. The franchise is being monitored by the attorney general's office.

"What's wrong with brotherly or fatherly love?" Mark Green said. "Conflicts? Of course if a matter involving my brother or his brother-in-law hypothetically came before us as attorney general, we would each recuse ourselves. Where's the problem?"

Mr. Green's newest commercial highlighted questions that he has raised about Mr. Cuomo's ethics. The criticism followed an article in The Village Voice that reported that Mr. Cuomo, while federal housing secretary, pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials, and that years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign.

The Cuomo campaign made public a letter jointly sent by three public officials asking Mr. Green to stop broadcasting the commercial.

They contended that it had misrepresented Mr. Cuomo's role in a suit by Mr. Spitzer's office against the Department of Housing and Urban Development. Their letter noted that Mr. Cuomo had already left the department by then.

"How could you run to be the state's top law enforcement official while making such a wildly false allegation," stated the letter, sent by Christine C. Quinn, the speaker of the City Council; Scott Stringer, the Manhattan borough president; and William C. Thompson Jr., the city comptroller.

Both candidates marched in the labor parade, but while Mr. Cuomo attended the rally, Mr. Green did not. He marched with members of the Public Employees Federation, which endorsed him. The third candidate in the primary is Sean Patrick Maloney.

The statewide candidates were not the only ones crisscrossing the city yesterday. In Brooklyn, the four Democratic candidates in a hotly contested race for the House of Representatives were scurrying through the 11th Congressional District.

That race in central Brooklyn has attracted much attention because three candidates are black and one is white. The district's population is about 60 percent black, and many black officials in Brooklyn have worried that a crowded Democratic field

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of candidates would pave the way for the white candidate, City Councilman David Yassky, to win the seat, which has been held by black politicians for years.

The four are running to succeed United States Representative Major R. Owens, who is not running for re-election.

Yesterday, one of the candidates for the Congressional seat, State Senator Carl Andrews, was campaigning at a farmers' market in Park Slope with Mr. Spitzer, who is Mr. Andrews's most prominent political supporter.

Mr. Andrews campaigned at the market just hours after Mr. Yassky greeted voters there and before the arrival of Chris Owens, another candidate, who is the incumbent's son. The fourth candidate, City Councilwoman Yvette D. Clarke, was greeting voters at housing complexes in the district.

The Slenderized Governor, With Advice To Share (NYT)

By Shaila Dewan

The New York Times, September 10, 2006

LITTLE ROCK, Ark., Sept. 8 — Mike Huckabee has been the governor of Arkansas for a decade, but he is most famous for what he has done in the last three years: lose more than 100 pounds and encourage other Arkansans to follow his example.

As he contemplates a bid for the Republican nomination for president in 2008, the slenderized governor has inspired a host of imitators, including Gov. Sonny Perdue of Georgia, who shed 33 pounds, and Gov. Haley Barbour of Mississippi, who promised in June to go on a diet. These and other Southern politicians say they are trying to set an example for their constituents, who exhibit the highest rates of obesity in the country.

But for those who would join the health crusade, Mr. Huckabee's tale includes a cautionary thread. In the South, the fight against obesity is essentially a culture war. And while the campaign may have raised Mr. Huckabee's national profile, not everyone here appreciates a governor whose policies include weighing schoolchildren and sending home report cards on their body mass index.

Mr. Huckabee, a teetotaler who now rises before dawn to jog five miles, has been accused of nagging the populace, banning birthday cakes in schools (not true, he says) and trampling the personal freedoms of smokers with an indoor smoking ban. While he says he uses the carrot, not the stick, to encourage better health, his virtue alone has a way of making people like Pearletha David, the owner of David Family Kitchen, a soul food restaurant here, feel henpecked.

"I think it's fine for him," Ms. David said, putting her hands on her hips. "But he ain't got to make the whole state lose weight."

After the governor's nutritional guidelines for school lunches took effect, one girl wrote a letter to him demanding "real food" like nachos and pizza. A columnist for The Baxter Bulletin imagined a future of diners picking at their "sautéed soybeans with flavor-free dressing" and discussing the criminalization of cheese curls.

Despite the efforts, the state's obesity rate among adults has actually increased since last year, according to the Trust for America's Health.

Mr. Huckabee counters that changing dietary habits is a long-term, generational project, and says that in three years of recording children's body mass index and reporting it to parents, the number of children at risk of obesity has decreased — by half of 1 percent.

Mr. Huckabee knows what he is up against, namely all-you-can-eat buffets, cheese grits and a local ice cream flavor called Woo Pig Chewy. One of his own family dogs is named Sonic, after the fast-food chain whose cherry limeades are favored by his wife, Janet.

"It's not just your culture," he said, speaking in his office in the Capitol building. "It's your comfort."

But Mr. Huckabee insists that a lifestyle revolution can happen, citing four behaviors that have been reshaped over the years by concerted government effort: littering, seatbelt use, smoking and drunken driving.

"In each of those cases, in my lifetime, I have seen the needle move from one side to the other," he said. "People used to throw entire sacks of trash out of their cars without thinking it was inappropriate."

Mr. Huckabee's health obsession began in 2003, when he received a diagnosis of Type 2 diabetes, which can sometimes be controlled by diet and exercise. At the time, he weighed close to 300 pounds.

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With the help of doctors at the University of Arkansas for Medical Sciences, the governor went on a strict diet and began to exercise, shedding weight so rapidly that it was as if he simply unzipped a fat suit and stepped out. He wrote a book called "Quit Digging Your Grave With a Knife and Fork." In March 2005, he ran the Little Rock marathon in 3 hours 38 minutes.

But Mr. Huckabee's change of eating habits has put him in another sort of bubble. He no longer eats at banquets and receptions. He keeps a cooler of food in his car. On a recent day, an acquaintance started to offer him a slice of homemade cheesecake, then stopped herself. "I'd give it to you, but then I'd be digging your grave with a fork and a plastic knife," she said.

The governor insists he does not want to create a "nanny state" or a "grease police." Many of his policies include incentives like exercise breaks for state employees. He has expanded state insurance coverage to cover obesity treatment. He advocated restricting access to vending machines for high school students and replacing the sugary sodas in them with juice and water. Arkansas is one of a handful of states where the nutritional guidelines for school lunches are stricter than the federal requirements.

But some critics say Mr. Huckabee's crusade has more rhetoric than substance. Part of his Healthy Arkansas initiative is to give a seal of approval to restaurants that offer healthful alternatives and nutritional information, but critics point out that the list of 106 restaurants includes a Burger King, a Pizza Hut and 52 McDonald's.

The policy that has brought the most attention to the governor, however, was not his initiative. In the spring of 2003, Herschel W. Cleveland, then the Arkansas House speaker, introduced a bill to remove vending machines from elementary schools and send home the body mass index report cards.

The bill passed easily, but the public generally did not notice until Mr. Huckabee had become the health governor. The news made national headlines and brought vehement objections from parents concerned about government intrusion and fragile young egos, recalled the sponsor, State Representative Jay Bradford, a Democrat, who spoke by telephone from his office in Pine Bluff. "I'm also thin, by the way," Mr. Bradford added.

For those who would change Southern eating habits, though, there is always the problem of tradition and identity. And though Mr. Huckabee is not naïve, his strategy for tackling the issue is optimistic. "There's much more to celebrate in a person's health than there is about just what they eat," he said.

Evangelical Author Puts Progressive Spin On Traditional Faith (WP)

By Caryle Murphy, Washington Post Staff Writer

The Washington Post, September 10, 2006

Lyndsay Moseley was no longer inspired by the evangelical Christian faith of her youth. As an environmental activist, she believed that it offered little spiritual support for her work and was overly focused on opposing abortion and gay marriage.

Then the 27-year-old District resident discovered Brian D. McLaren of Laurel, one of contemporary Christianity's hottest authors and founding pastor of Cedar Ridge Community Church in upper Montgomery County.

"He always talks about the environment as a priority when he talks about the church being relevant to the world," Moseley said. "He's leading a [spiritual] conversation that needs to happen," one that "I've been hungry for."

McLaren has emerged as one of the most prominent voices in an increasingly active group of progressive evangelicals who are challenging the theological orthodoxy and political dominance of the religious right. He also is an intellectual guru of "emerging church," a grass-roots movement among young evangelicals exploring new models of living out their Christian faith.

Progressives, who range from 11 to 36 percent of all evangelicals, according to various polls, are still overshadowed by the Christian right among evangelicals. But the steady popularity of McLaren's books over the past eight years signals an expanding diversity of thought in this important political constituency.

McLaren, 50, offers an evangelical vision that emphasizes tolerance and social justice. He contends that people can follow Jesus's way without becoming Christian. In the latest of his eight books, "The Secret Message of Jesus," which has sold 55,000 copies since its April release, he argues that Christians should be more concerned about creating a just "Kingdom of God" on earth than about getting into heaven.

Along with such other progressive evangelicals as Washington-based anti-poverty activist Jim Wallis and educator Tony Campolo, McLaren is openly critical of the conservative political agenda favored by many evangelicals.

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"When we present Jesus as a pro-war, anti-poor, anti-homosexual, anti-environment, pro-nuclear weapons authority figure draped in an American flag, I think we are making a travesty of the portrait of Jesus we find in the gospels," McLaren said in a recent interview.

Scot McKnight, a professor of religious studies at Chicago's North Park University who has studied McLaren's career, said that "he wants there to be greater cooperation among Christians, and he thinks evangelical Christians have aligned themselves too closely with the Republican Party. He wants to see Christians . . . pursue what is right, regardless of the political party's platform."

What makes McLaren's ideas attractive to progressive evangelicals appalls the more numerous conservatives. Noting that he fails to condemn homosexuality, one conservative Web site called him "A True Son of Lucifer" for ignoring "absolute biblical truth." And last year, Baptists in Kentucky revoked a speaking invitation after McLaren said that followers of Jesus might not be the only ones to gain salvation.

"If you have some person or movement coming along calling into question the non-negotiables of Christianity, then those who espouse Christianity find such a challenge dangerous," said Donald A. Carson, professor of New Testament at Trinity Evangelical Divinity School in Illinois, who has criticized McLaren's theology.

Though a "creative, sparkly writer," added Carson, McLaren has "got so many things wrong in his analysis that his work is not going to last that long."Modernizing the Message

"Emerging church" is a loose network of mostly young evangelicals who believe the Christian message needs to be made more relevant in a time of rapid technological and societal change, particularly to those who've never been part of any church. Participants refer to their interaction as a "conversation," much of which takes place on the Internet at sites such as http://www.emergentvillage.com and blogs such as pomomusings.com.

"We are questioning a lot of presuppositions of conventional Christians: What should a church look like? How do we really understand Scripture in a modern context?" said Tony Jones, the conversation's national coordinator. "To conservatives, we seem like relativists, and to liberals, we seem like Jesus freaks."

The movement has no membership rolls, set beliefs or creed; liturgical diversity is encouraged. There is no way to know how many congregations are putting "emerging church" ideas into practice, Jones said. But "thousands of churches and pastors are . . . listening in, coming to hear Brian and reading my weekly e-mails."

McLaren said the name "emerging church" came out of a 2001 discussion he had with Doug Pagitt, pastor of Solomon's Porch in Minneapolis, about "why the megachurches were not attracting young people." The reasons, experts said, were becoming evident in the 1990s: dissatisfaction with the rightward drift in evangelical politics; worship styles so contemporary and casual they had no spiritual uplift; a lack of emphasis on social justice; and a theology that some say reduced Christianity to a recipe.

"The modern Christian formula of 'I mentally assent to the fact that Jesus died for my sins and therefore I get to live forever in heaven' . . . is entirely cognitive," said Ken Archer, 33, a D.C. software entrepreneur who is studying philosophy at Catholic University. "It's a mathematical formula [that] leaves the rest of our being unfulfilled."

McLaren's 2001 book, "A New Kind of Christian," captured the dissatisfaction. "I felt like someone had read my mind," said Michael Lamson, 31, an evangelical youth pastor in Mercersburg, Pa. Three years later, in "A Generous Orthodoxy," McLaren elaborated his theological outlook, which became a major influence on the "emerging conversation."

"What Brian is contributing is excellent questions that expose the modern roots of our spiritual angst," said Archer, who has had long conversations with McLaren. "He sees the answers coming from others, and he has encouraged thousands of people, including myself, to find the answers."A Fellowship Expands

Cedar Ridge, the congregation McLaren founded, is a far cry from the religious environment in which he was raised in Rockville. His family belonged to the ultraconservative Plymouth Brethren, which also is the childhood church of activist Wallis and radio celebrity Garrison Keillor.

As someone who loved books, music and science, "I was on the way out from the Christian faith" in his mid-teens, said the balding McLaren, who wears glasses and a closely cropped grey beard.

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But that changed with the Jesus Movement of the 1970s, whose anti-establishment spirit attracted him. "I've always had the sense that Jesus's message is not a chaplaincy to the establishment," he said, "but that it is countercultural."

In 1982, while he was teaching English at the University of Maryland, McLaren and his wife, Grace, started a small "fellowship group" in their College Park apartment. "We'd have prayer, I'd do a little Bible study, then we'd have dinner. It was mostly grad students," he recalled.

The group met for several years in homes and school buildings until it ended up at Eleanor Roosevelt High School in Beltsville and took the name Cedar Ridge. McLaren left teaching -- and his unfinished doctorate studies -- to be pastor. In the late 1990s, the congregation of about 250 bought a 63-acre farm in Spencerville and moved there in January 1999.

The church now has an average attendance of 600 at Sunday services, and members say a big reason for the growth was McLaren's openness to ideas that are unconventional in evangelical circles.

"I don't see the issue of homosexuality as the simple black-and-white issue that some of my fellow evangelicals make it out to be," said McLaren, who last year was named by Time magazine among the "25 most influential evangelicals in America."

And while not happy about widespread abortions, he added, "to just say 'Okay, let's pass laws about it' seems to me to skip a number of important steps, like honest and open dialogue, persuasion and seeking to remove the conditions that make abortion so prevalent."

McLaren, who never attended seminary or divinity school, said his congregants' questions made him realize that the old answers no longer worked. "I remember thinking these are a different kind of question, and I didn't have good answers," he said. "I went through a real period of doubt . . . about the form of Christianity that I'd inherited. . . . In many ways, that struggle is what gave birth to my first book."A Bigger Mission

The scent of summer grass hung in the steamy air on a recent Sunday morning as a parade of Toyota and Honda SUVs turned off Route 198 into the bucolic compound of Cedar Ridge. The onetime farm's brick silo stood in front of the new church -- built to look like a barn, complete with loft door. No religious symbols adorned the exterior.

Volunteers stood at the door greeting young families, elderly couples, singles and teenagers with studded ears. In the lobby, coffee and bagels were available. "Make yourself a nametag," invited a sign next to pens and labels.

The sanctuary is a huge open space with folding chairs circling a platform that serves as a pulpit. Behind that is an altar covered in purple cloth with a two-foot-high wooden cross. Behind that is a stage with two electric guitars, a keyboard, drums and tambourines. Two large video screens display words to contemporary hymns. The liturgy, which includes Communion, is casual but reverent.

Beverly Farmer of Silver Spring, a traffic reporter with WUSA (Channel 9), has attended Cedar Ridge for five years. "The big, metal building, the folding chairs, was not my idea of church . . . but it appealed to me," Farmer said. "I felt I was at home."

With McLaren's books drawing increased international attention, he asked to step down last year so he could travel more. Matthew Dyer took over as pastor in February.

But McLaren returned on a Sunday in July to preach on the theme of his latest book. Farmer, who was in the congregation that day, said she misses her former pastor but understands.

"Brian's mission is bigger than just Cedar Ridge," she said. "I know he has more work to do in this world."

Activist Preacher Calls For 'Good Religion' (LAT)

By K. Connie Kang, Times Staff Writer

The Los Angeles Times, September 10, 2006

At a conference in Pasadena, liberal Christians are urged to create a kinder, gentler way to practice their faith and politics.

Declaring that Americans have been exposed to "too much bad religion" for too long, activist preacher and author Jim Wallis on Saturday called on more than 1,000 Christians gathered in Pasadena to join him in a national movement to create a more unifying "good religion."

"Good religion pulls our best — our hunger for justice, for peace, for connection — and our lives mean something in the world," Wallis said. "Bad religion pulls our worst stuff — our fears, our divisions, our hatreds, our selfishness."

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Wallis, founder of Washington, D.C.-based Sojourner, a progressive Christian magazine, and a self-described evangelical, was among prominent liberal Christian leaders who spoke at a three-day conference on "Politics and Spirituality" at Pasadena Civic Auditorium, which concludes today. Other speakers included Father Richard Rohr, a Franciscan priest who founded the Center for Action and Contemplation in Albuquerque, N.M., and Anne Lamott, best-selling author and teacher. The conference included interactive workshops on contemplative prayer, handling the news media and waging campaigns for peace and social justice.

For Christians, good religion means heeding Christ's admonition to look after the poor, said Wallis, who in 1995 founded "Call to Renewal," a national network of churches and faith-based groups that works to influence public policy on social justice issues.

Poverty, he said, is today's slavery.

Wallis, author of "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It," believes that many Christians feel that their faith has been stolen from them by the Christian right.

He said the Christian right's preoccupation with two issues — abortion and same-sex union — misrepresents their faith.

"How did the faith of Jesus come to be known as pro-rich, pro-war, and only pro-American?" he asked. "How do we get back to a historic, biblical, and genuine evangelical faith rescued from its contemporary distortions?"

Wallis urged the attendees — many of them pastors and Christian workers from around the country — to make a "covenant" for a new America, to overcome poverty with religious commitment and political leadership.

Wallis, who has lived in a tough inner-city Washington, D.C., neighborhood for more than three decades, said liberals and conservatives have both failed the poor.

Overcoming poverty will require personal and social responsibilities, he said.

"I want to see liberals in Washington, D.C., talk about out-of-wedlock births and the need for personal responsibility and better choices," he said. "And I want conservatives to talk about strategic investments in child care, healthcare, housing and education. If that were to happen in Washington, D.C., it would be an explosion."

In his travels around the country — he has about 200 speaking engagements a year — he sees a hunger for spirituality and a hunger for social justice, especially among young people.

The challenge for Christians is to help connect the two, he said.

He believes a change is on the way.

Mary O'Brien, a human resources executive and a Roman Catholic who came to the conference with her husband, Tim, said she found Wallis' message of "transformation in our culture," uplifting.

"It's a very hopeful message," she said. "I am just praying that it will happen."

"I really believe this country has to take a new direction," said her husband, who teaches at Schuur High School in Montebello.

The Rev. Dan Smith, senior pastor of West Hollywood Presbyterian Church, called Wallis' message "very exciting."

"He is one of the best articulators of this spiritual and theological values that can be heard by both sides," Smith said.

"For those of us who live in Los Angeles and interact every day with the poor and the homeless, it becomes a personal experience. I think he is trying to personalize the issues for us."

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Among The Thugs (NYT)

By Tara Mckelvey

The New York Times, September 10, 2006

Michael G. Santos hardly seems like a reliable narrator. As a middle-class kid in Seattle, he was “a mediocre student” in high school, and then, three years after graduation, he chose drug trafficking as a profession. He lived “arrogantly,” driving Porsches and wearing Cartier diamonds, and he owned an offshore race boat called the Outlaw. He was eventually charged with distributing cocaine and, in 1987, sentenced to 45 years in prison. In his book, he presents accounts of the sex, violence and drugs found behind bars. Yet he knows that a man like him — “a long-term prisoner” — is seen as “prone to prevarication or

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exaggeration." Few would have believed the Abu Ghraib stories if they'd come from the prisoners, he points out. It was the pictures that made them real.

Santos deserves a hearing. More than 6 percent of Americans will find themselves behind bars at some point in their lives, according to the Justice Department. Nobody knows better than he does what it's like. "Inside" is a quasi-sociological treatise, with sections on the prison economy (it features smuggling and prostitution), educational system (one library specializes in "westerns and romance novels") and labor conditions (prisoners work in a dairy, a slaughterhouse and "a rock patch," raking "parallel lines"). Marx and Maxim both make an appearance.

Mainly, though, it's a diary of "a gladiator school," "a walled city of madness." Guards act savagely — a natural outcome in a culture where "the only thing lower than an inmate is an 'inmate lover,' a 'hug-a-thug.' " They can also be infuriatingly petty. "Guards are the only people I see throwing cigarettes on the ground," one prisoner says. "They walk across lawns and then order inmates to rake up behind them." Meanwhile, prisoners stab and rape one another and make weapons out of everything from a heavy pipe to a tube sock filled with combination locks. Violence, or the threat of it, permeates Santos's life. When he runs into an old buddy, "a hard-core gang leader" named Crip Tank, he calls out a friendly greeting: "The last time I saw you, you were leaving a guy's guts hanging out of his stomach in the corridor." Santos survives among the thugs by acting as a jailhouse lawyer for Crip Tank's friend and others, and he backs up stories of brutality by citing federal cases.

His writing is stilted (he's no Jean Genet), and the narrative jumps, jarringly, from prison to prison (he's been held in at least six). With all the blood and gore, it's hard to know where we are. Also, the book hits some false notes. Santos shows only a crude understanding of female psychology. His spicy accounts of encounters between prisoners and hot women — including an educator, a business manager and a lawyer, all with their skirts hiked up — seem based more on prison-porn fantasy than on empirical evidence: "Wendy cannot help herself," he writes, unconvincingly.

Nevertheless, he lays out a strong case for prison reform. Most inmates focus on survival, not rehabilitation. And the flaws in the system seem to create a steady stream of prisoners — namely, those who are released and then end up back behind bars. Even worse, "neither those in corrections, nor those benefiting from the enormous capital disbursements — like prison towns, suppliers, contractors, etc. — want to see material changes. Why would they? Doing so would be akin to those in Las Vegas making a call for an end to gambling." Despite a breathless style, Santos provides more than just a seamy look at prison life. He also offers a chilling, timely portrayal of a place where, as one man says, all you need to survive is "a steel ball of hate and a knife."

European Union In Last-Ditch Talks With Iran On Nuclear Plans (NYT)

By Judy Dempsey

The New York Times, September 10, 2006

BERLIN, Sept. 9 — Javier Solana, the European Union's foreign policy chief and Ali Larijani, Iran's top nuclear negotiator, said Saturday that they would continue last-ditch negotiations on Sunday in Vienna to see how far Iran would go to meet United Nations Security Council demand that it freeze its uranium-enrichment program or risk sanctions.

Christina Gallach, Mr. Solana's spokeswoman, told reporters that the three hours of talks on Saturday had been "positive and constructive.'' Mr. Larijani said, "We had some good and constructive talks, we made some progress in some areas, and we shall continue tomorrow."

Diplomatic pressure on Iran to halt its enrichment of uranium has increased in recent weeks. Iran says its nuclear program is designed to generate electricity, but the United States and Europe suspect the program is meant to develop nuclear weapons.

R. Nicholas Burns, the American under secretary of state for political affairs, said Friday in Berlin that the United States hoped to begin talks next week to fashion a resolution that would seek sanctions against Iran if it did not halt its enrichment of uranium.

Mr. Burns was speaking after extensive talks with the other four permanent members of the Security Council — Russia, France, China, Britain — as well as with Germany. Talks were held separately with Canada, Italy and Japan.

He said the talks with the Europeans, Russia and China would continue Monday and would focus on the possibility of drawing up a draft on sanctions before the General Assembly convened the following week.

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But Russia and China have made it clear that they will oppose sanctions, and on Saturday, the Chinese prime minister, Wen Jaibao, warned against stepping up pressure on Iran.

"To mount pressure or to take sanctions will not necessarily bring about a peaceful solution," he told a news conference in Helsinki, Finland, after a meeting with European Union officials. He added that resolving the nuclear dispute peacefully would take time.

Mr. Wen will start a two-day official visit to Germany on Wednesday, and is expected to discuss Iran with the German chancellor, Angela Merkel.

Before arriving in Vienna, Mr. Solana said he did not want United Nations sanctions to be imposed on Iran "as long as meetings with Mr. Larijani continue."

Britain, France and Germany circulated a letter to other European capitals on Thursday warning that Iran was intent on "splitting the international community" and playing for time by declining to answer in detail a package of economic and political incentives that American, European, Russian and Chinese negotiators presented it in July.

Iran Nuke Negotiators Report Progress (AP)

By George Jahn, Associated Press Writer

AP, September 10, 2006

Senior negotiators for Iran and the European Union reported progress Saturday at talks meant to find common ground for resolving Tehran's defiance of a U.N. demand that the Islamic republic freeze uranium enrichment or risk sanctions.

In an encouraging sign, the two sides agreed to hold further discussions Sunday.

"We had some good and constructive talks and we have made some progress in some areas, and we shall continue ... tomorrow," chief Iranian nuclear negotiator Ali Larijani said, speaking through an interpreter.

Cristina Gallach, spokeswoman for Javier Solana, the EU's foreign policy chief, confirmed that more talks would be held Sunday. "The feedback from the table is that the talks have been constructive and positive," she said.

The discussions have been billed as possibly the last chance for Iran to avoid sanctions for rejecting the U.N. Security Council's demand that it suspend its uranium enrichment processes, which can be misused to make nuclear bombs.

Being held at the Austrian chancellor's office, the talks are looking for a basis to open negotiations between Iran and six world powers that have offered a package of economic and diplomatic incentives meant to persuade Tehran to limit its nuclear program.

The five permanent Security Council members — the United States, China, Britain, France and Russia — along with Germany have demanded that Iran halt enrichment as a condition for the talks, but the Iranians have steadfastly refused to do so.

With the two side seemingly so far apart, hopes for success had been slim for the mission by Solana, who is formally authorized by the six powers to carry their message and listen to the Iranians, without actually negotiating.

Still, positions appeared to have shifted slightly.

European officials who insisted on anonymity for sharing confidential information with The Associated Press suggested that at least some of the six nations were at least ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of doing so as a condition for such talks.

The officials declined to provide details. But such a readiness would deal a blow to U.S.-led attempts to hold fast to the demand that Iran freeze enrichment before any talks commence — or face the prospect of Security Council sanctions.

One of the officials said Solana discussed the issue with Secretary of State Condoleezza Rice before going into the meeting but declined to offer details.

As late as Friday, U.S. Undersecretary of State Nicholas Burns said Washington expected the Security Council to start discussing a draft on sanctions as early as next week unless Tehran reversed course and agreed to freeze enrichment.

But there might be opposition to that within the council. Russia and China have resisted a quick move to sanctions even while agreeing to them as the ultimate punishment.

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And French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest the demand on freezing enrichment first and talking later was negotiable. "The question is to know at what moment this suspension takes place compared to negotiations," he said.

He later appeared to reverse himself, saying in separate comments that suspension "is an absolute prerequisite for restoring trust and resuming negotiations."

A European diplomat told AP the mixed signals seemed to reflect that a sizable number of countries within the 24-member EU oppose a quick move to sanctions — even though Britain, France and Germany formally represent the bloc within the six-nation negotiating group.

China, meanwhile, repeated on Saturday its stance that patience was needed in dealing with Iran.

During a meeting with EU leaders in Finland, Chinese Premier Wen Jiabao urged Tehran "to make constructive steps" toward ending the standoff, but added: "Our purpose is that the nuclear issue of Iran will be settled peacefully."

Burns had dismissed suggestions of cracks in the six-power coalition on when Iran should commit to enrichment Friday, a day after those six countries ended confidential discussions on Iran in Berlin.

Outlining the U.S. view of the timetable on Iran, Burns said the six nations would consult further by phone Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Iran says it wants to develop an enrichment program to produce fuel for nuclear reactors that generate electricity. But there are growing concerns it seeks enrichment technology to make weapons-grade uranium for the core of warheads.

The six powers agreed on a package of economic and political rewards in June to be offered to Tehran, but only if it stops enrichment before the start of negotiations aimed at a long-term enrichment moratorium.

But the international alliance also warned of punishments, including U.N. sanctions, if Tehran did not halt enrichment — something Iran refused to do by the Aug. 31 deadline set by the Security Council.

Associated Press writer Robert Wielaard in Helsinki, Finland, contributed to this report.

Iran, EU Negotiators Make Progress In Nuke Talks (WT/AP)

By George Jahn, Associated Press

The Washington Times, September 10, 2006

VIENNA, Austria -- Senior negotiators for Iran and the European Union reported progress yesterday at talks meant to find common ground for resolving Tehran's defiance of a U.N. demand that the Islamic republic freeze uranium enrichment or risk sanctions.

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Video Of Iranian Missile Test Is Fake, Pentagon Says (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, September 10, 2006

WASHINGTON — U.S. military intelligence has determined that a video released by the Iranian government purporting to show a test of a new submarine missile is bogus, three Pentagon officials confirmed.

The Iranians released the video Aug. 27, one of a series of steps the Tehran government has taken in recent months to display its military potency in the midst of a confrontation with the United States and other Western nations over its nuclear ambitions.

The test apparently was designed to intimidate Iran's neighbors in the Persian Gulf, including Saudi Arabia and Kuwait, which are U.S. allies and important oil-producing countries, regional experts said. The video showed what appeared to be a successful test of a submarine-fired missile that flies above the water's surface to attack ships.

But U.S. intelligence officers analyzed the plume of smoke from the missile and determined it matched a video of an earlier Chinese test.

"It's the identical launch," a Pentagon official said. "The plume, everything, is the same."

U.S. officials have been unable to confirm whether any test took place during the Iranian exercise. They say they are certain, however, that the video of the purported test is not of an Iranian sub in the Persian Gulf.

U.S. intelligence agencies have been closely tracking developments in Iran in an attempt to monitor Tehran's efforts to build up its nuclear capabilities as well as its conventional military capacity. The surveillance efforts are part of what experts see as a strategic contest of increasing complexity, with the two nations working to decipher each other's motivations and intentions.

The purported missile test was announced by Iran's official news agency a day before the video was released and just before an Aug. 31 deadline set by the United Nations for Iran to halt its uranium enrichment.

The Bush administration is pushing for U.N. sanctions against the country unless it stops enriching uranium. Although Iran, an oil-rich country, says it is solely pursuing civilian power, the U.S. and other countries believe Tehran is intent on building nuclear weapons.

The test video was broadcast on Iranian state television and picked up around the world, including by CNN and Fox News.

What has American military officers scratching their heads is why the Iranians would see the need to release a phony video.

"They have enough things they can do to frighten people, I don't know why they would have to fake something," a senior defense official said. "They are frightening enough as it is without faking things."

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Iran said it was conducting the test as part of a summer war games exercise in the Persian Gulf that began Aug. 19. U.S. military officials believe such exercises are aimed primarily at intimidating gulf countries.

"It is like when the missiles went through Red Square in front of the Politburo," a military official said. "Their MO is to put on a media blitz."

The officials asked that their names not be used because the Defense Department had decided not to publicize the discovery. Taking on the role of superpower tattletale could exacerbate already tense relations, or provoke more, real tests.

The missile was named Sagheb, meaning "penetrating" or "piercing." After the alleged test, Adm. Sajjad Kouchaki, the top Iranian naval commander, said on Iranian television that the weapon was a long-range missile that could be fired from a variety of ships and evade radar.

(A copy of the Iranian television report, including the video of the missile launch, can be seen at http://www.youtube.com/watchvtvpPAKNlf44.)

"It is smart," Kouchaki said, according to a BBC transcript. "It has a very high degree of precision, taking the enemy by surprise. The missile has a massive destructive power."

Pentagon officials said Iran had several Russian Kilo-class submarines, the kind shown in the Chinese video. Iran's growing naval capability is real, said the senior official, which is what made the use of fake video seem particularly "clumsy."

"They do have a serious military capability," the official said. "They are a growing military problem."

Wayne White, the former deputy director of the State Department's Middle East intelligence office, called the news of the deception "a scream."

"I was looking at what they were showing" on the video, White said. "And it was not the kind of thing that would intimidate a military of the capabilities of the United States."

White argued that Iran wanted to intimidate Saudi Arabia and other gulf countries, saying that if the U.S. tried to destroy Iran's ability to create nuclear weapons, oil tankers in the gulf would be a likely target of an initial Iranian counterattack. And Iran may hope that the threat it poses to U.S. allies in the region is its best chance at pressuring Washington not to attack.

The video, White said, "is aimed at intimidating the Saudis and the gulf states, to get them to press Washington not to exercise the military option."

But he said that Iran's recent tactics seem to be self-defeating, only working to increase the perception in Europe that the country is becoming an ever greater world threat.

And so why highlight a video, so easily determined to be fake?

"They may not have believed that the inauthenticity would be so easily detected," said John Calabrese, a scholar at the Middle East Institute. "It's an attention-grabber. But it's bizarre."

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The Roots Of Hezbollah's Clout Lie In Iran (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, September 10, 2006

The ties between the militant group and Tehran are complex and go back decades. For many in Lebanon, it's a beneficial partnership.

BAALBEK, Lebanon — Charities modeled after Iranian organizations provide healthcare to the poor. Religious schools funded with help from an Iranian bank educate thousands of children. Islamic foundations with ties to Iran make loans to home buyers.

And when a "martyr" falls in battle, posters reminiscent of the ones studding Tehran rise up in the scenery of south Beirut, southern Lebanon and here in the Bekaa Valley. They even appear to have been drawn by the same artist.

A tour of Hezbollah's state within a state in southern Lebanon reveals a replica of the distinctive institutions and styles of the Islamic Republic's ideological machinery, and offers clues to the militant group's powerful hold here.

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Iran's relationship with Lebanon's Shiites is a complex web stretching back decades and spanning nearly all facets of religious, economic and social life — ties that have grown stronger since hard-line Iranian President Mahmoud Ahmadinejad came to power last year.

"The Americans and Israelis are convinced that they're fighting a terrorist organization and they'll bomb it and the people will turn against it, like you're making a coup d'etat," said a critic of Hezbollah, who asked that his name not be printed for fear of retribution. "But the Iranians have knitted a carpet. You have to have patience to unravel it."

Lebanon and Iran have had strong religious and commercial ties for centuries.

The charismatic Imam Musa Sadr came to Lebanon from Iran in the 1960s to help the then-disenfranchised Shiite plurality, financing a series of schools throughout the country. After the 1979 Iranian revolution led by Ayatollah Ruhollah Khomeini, those ties were strengthened by blood as Iran dispatched hundreds of Revolutionary Guard troops to the Bekaa Valley to help organize Shiite militants and direct their guns toward invading Israeli forces.

In return, Lebanese guerrillas trained Iranian soldiers, accustomed to American equipment, to use Russian-made weaponry during Iran's 1980s war against Sunni-dominated Iraq, said Hassan Hosseini, a Beirut researcher writing a book on relations between Iran and Lebanon.

The Islamic Republic opened its purse to Hezbollah with the group's inception in 1982, in part because the militants provided direct access to the Arab-Israeli conflict. Iran's new rulers were ideologically committed to opposing Israel and eager to prove themselves as the true champions of the Islamic nation.

Almost immediately as well, Iranians began exporting versions of their unique institutions. Jihad al Bina, which is handing out cash to homeless Shiites, was launched in 1984, an offshoot of the similarly named organization in Iran. The Imam Khomeini Foundation began operations in 1987.

Overt Iranian funding comes through Bank Saderat, a state-owned import-export bank that arrived in Lebanon in the early 1960s and expanded its presence there during the 1990s, opening branches in the Bekaa Valley and the south.

The bank was used as a tool to further Iran's foreign policy goals in Lebanon, disbursing funds for charities, social services and several networks of schools, said a former financial services industry professional and scholar who has studied Saderat's operations.

"It became a receptacle of all the goodwill activity of all the organizations that are linked to Iran," he said. "They funnel through the bank."

On Friday, the Treasury Department announced it was barring Saderat from doing business with the U.S. The bank allegedly has given one Hezbollah-controlled organization $50 million since 2001, the department said in a statement.

"Bank Saderat facilitates Iran's transfer of hundreds of millions of dollars to Hezbollah and other terrorist organizations each year," said Stuart Levey, the department's undersecretary for terrorism and financial intelligence. "We will no longer allow a bank like Saderat to do business in the American financial system, even indirectly."

Indeed, Saderat practices none of the traditional banking activities in Lebanon: There are no ATMs or gifts for opening savings accounts. Its assets totaled a modest $101 million in 2004. Yet at times its receipts have careened off the map, the former industry professional said.

Lebanon is awash in cash. Although the country of 4 million has an annual trade deficit of $6 billion to $7 billion a year, it almost always ends up with a positive balance of payments, meaning more than $7 billion in cash enters the country annually, said Kamal Hamdan, a Lebanese economist.

"Nothing is really traceable," he said. "You have remittances. You have tourism. You have transfers from nonofficial sources and direct private investment."

Even after Lebanon implemented strict money-laundering laws in 2001, funds kept flowing to Hezbollah. In a 2004 study, one secular Shiite political party estimated that Hezbollah had an annual budget of $600 million to $700 million and was providing jobs to 37,000 people.

"Hezbollah is not a volunteer thing," said Ahmed Asaad, leader of Competence, a small political party with roots in Lebanon's south. "Even from day one they had a payroll system."

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Iran's election of reformist President Mohammad Khatami in 1997 spurred a dramatic change in relations with Hezbollah, as the moderate cleric tried to cut off covert ties with the group or rein it in. Although Hezbollah's relations with the state faltered, it maintained strong contacts with the Iranian clerical establishment in Qom and with figures in the country's security apparatus, several experts said.

During the 1990s, Hezbollah allegedly continued to receive weapons from Iran across the Lebanese-Syrian border, including sophisticated medium-range rockets.

Hezbollah officials scoff at the suggestion that Iran supplies them with arms, saying they have built up such an economic base among Lebanese at home and abroad that they don't need Iranian largesse to equip themselves.

"It's very easy to buy arms when you have the money to get arms," said Nawar Sahili, a member of Hezbollah's 14-member parliamentary bloc.

Under Ahmadinejad's presidency, Tehran's official players and its shadow government of hard-line clerics have become one, and the rhetorical support for Hezbollah has increased.

Ahmadinejad and his inner circle include hard-core ideologues who hope to reinvigorate the Islamic Republic's revolutionary goals.

"This man means business," said Amal Saad-Ghorayeb, a professor at the Lebanese American University who has studied Hezbollah for more than a decade. "His rhetoric means open support for Hezbollah and Hamas against Israel."

Even as Israeli warplanes wreaked havoc on Lebanese housing and infrastructure, Iranian officials promised a quick reconstruction. Jaws dropped as Hezbollah officials, acting through Jihad al Bina, began handing out wads of crisp $100 bills to homeless families, reportedly to the tune of $180 million.

"You want to tell me Lebanese investors are paying for that?" said Asaad, the Competence party leader. "This is Iranian money."

Although some argue that Lebanese Shiites have no cultural affinity with their Persian coreligionists, the money, schools, charities and attention have paid off in loyalty to Iran.

"I feel closer to Iran than to other Lebanese," said Tarek Adad, a 36-year-old iron importer and a Hezbollah supporter in the Bekaa Valley. "This is natural, because the Shiites in Iran would never betray us. The others in Lebanon have all betrayed us."

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Lebanon Left To Face Most Basic Of Issues (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, September 10, 2006

War Exposes Deep Conflicts About the Nation's Identity and Its Future

BIKFAYA, Lebanon -- From the terrace of former president Amin al-Gemayel's ancestral mansion, Lebanon appeared so beautiful that it seemed it should go on forever. Traditional houses of ocher stone huddled far below in close-knit villages, and churches with tiny domes stood sentinel along the twisting roads. In the distance, the Mediterranean gleamed under a warm Middle Eastern sun.

But the recent 33-day war between Israel and Hezbollah has raised fundamental questions about Lebanon's future and its identity, straining the political institutions on which the country was built, perhaps to the breaking point. In Bikfaya, Gemayel's tranquil little town in the hills behind Beirut, and across the rest of Lebanon, people have begun to think that their country and its historic melding of Christians with Muslims may not prevail after all.

"Lebanon is at a crossroads," said Gemayel, who was president during wars from 1982 to 1988. "Either we draw the lessons from the war and build a Lebanon that is genuinely democratic and liberal, and an example of intercommunal coexistence, or we are headed for the disintegration of Lebanon."

In their own ways, Israel and the Bush administration have grappled with the same problem in Lebanon. In parallel policies, they have insisted that Hezbollah disarm and fully join in the Lebanese political process. But because Lebanon's political

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institutions do not reflect Hezbollah's wider support in the population, the militant Shiite Muslim movement has made it clear that greater changes will be needed before it lays down its arms.

The Gemayel family, Maronite Christians, had a lot to do with the creation of Lebanon's old landscape, a place where Christians and Muslims coexisted and business flourished while the tax man looked the other way. Amin al-Gemayel's father, Pierre, was a pharmacist who became a leader of the independence movement. His elder brother, Bashir, was president briefly in 1982 before being assassinated at the behest of the Syrian government.

The Lebanon most foreigners think of -- tolerant, easy-living, Western-oriented -- bore the imprint of Maronite families such as the Gemayels, and not by accident. France, the mandate power here until just after World War II, originally carved Lebanon off from Syria to provide a place for the Maronites in the predominantly Muslim Middle East. They made it into a "hinge country," linking East and West.

To rule the new country and preserve its unusual personality, France left behind a system under which the president and the army commander must be Maronites, giving decisive power to what was then the major community. The prime minister was to be Sunni Muslim and the speaker of parliament a Shiite.

Lebanon's demography has changed drastically since then. No official census has been taken, a reflection of how delicate the issue is here. But academics said that over the past two decades, Shiites have become a plurality -- estimates range from 32 percent to 45 percent of the population -- and Maronites a minority of less than a quarter. With Sunni Muslims and other sects counted, the overall balance has changed to more than 60 percent Muslim.

Hezbollah's emergence as a political party and armed militia was in large measure a response to that shift. In effect, the organization stepped in to represent Shiites because many of them felt the government did not, particularly in the southern hills along the border with Israel.

"We are not a replacement for the state," Hasan Nasrallah, the Hezbollah leader, said in a recent televised interview. "But where the state is absent, we have to take up the slack."

The war with Israel further dramatized the gap between Lebanon's institutions and its new political demography. Communal strains had been swept under the rug for years under the leadership of Prime Minister Rafiq al-Hariri, who was assassinated in 2005. But in the crucible of a destructive, bloody war, those strains suddenly seemed glaring.

Lebanon's official, Maronite-led army sat out the conflict, for instance, while Hezbollah's militia, which was better armed, did the fighting and dying. President Emile Lahoud, the other Maronite pillar of power, was also on the sidelines because of his association with Syria, an ally of Hezbollah.

As a result, Prime Minister Fouad Siniora, a Sunni economist, spoke in the name of Lebanon and received foreign visitors such as Secretary of State Condoleezza Rice for negotiations about the war. But he had to check with Nasrallah regarding important decisions, because Hezbollah was the seat of Lebanon's real power of war or peace.

"What institutions do we have?" asked Social Affairs Minister Nayla Moawad, a Maronite and the widow of assassinated president RenÃ© Moawad. "We have inherited a non-administration. The Lebanese government is like this box," she said, holding up a silver coffee-table decoration. "There is nothing in it. It is empty."

Moawad and other Christians, along with Sunni Muslims, have stressed that the right response is strengthening the Lebanese government. Hezbollah must recognize that only the state can have the power of arms, they said, and it must turn away from Iranian-style theocracy to become part of the relaxed mix that has made Lebanon so attractive over the years to investors and Arab vacationers.

"It is up to Hezbollah to make this decision," Gemayel said. "Unfortunately, Lebanon is hanging on the choice."

Although the country's Sunni establishment fought the Maronites in the 1950s and again in the 1970s in the heyday of Arab nationalism, it has recoiled at Hezbollah's politically charged brand of Islam and its ties with Iran. In the debate over Lebanon's identity, conducted before the war in a round of meetings called the National Dialogue, most Sunnis opted for alliance with the Maronites and endorsed their demand for Hezbollah's disarmament.

"Nasrallah has been lying to us all along," sneered a Sunni minister in describing Hezbollah's participation in the National Dialogue.

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Nasrallah has gone out of his way to reassure fellow Lebanese that Hezbollah has no intention of remaking Lebanon to look like Iran. In his recent interview, he pledged loyalty to the Lebanese tradition of religious and social tolerance.

"Lebanon is a pluralistic country," he declared. "It is not an Islamic country. It is not a Maronite country. It is not an Orthodox country. It is not a Shiite country. It is a country of consensus. You have nothing to fear from anybody from Hezbollah."

But Nasrallah's pledge was not well received by many Sunnis and Maronites. Hezbollah only weeks ago went to war without consulting the government, they noted, and moved as soon as the cease-fire took effect to help refugees without reference to government agencies charged with the same task.

Perhaps more important, they noted, was Nasrallah's postwar assertion that Hezbollah must be taken into account in government deliberations from here on out. The party ran for office in the last elections, gaining seats in parliament and two ministers in Siniora's cabinet. But Nasrallah seemed to be saying his group will be seeking more power now that, in his words, it has fought a war on Lebanon's behalf.

A share of power that reflects the Shiites' true place in the population would probably change Lebanon's orientation significantly, the Sunni and Maronite observers predicted. But a refusal to acknowledge the demographic change and Hezbollah's enhanced status after the war, they said, would be a recipe for more intercommunal conflict. As a result, the timeless view from Gemayel's terrace may be in for a change.

"I don't see Lebanon surviving as it is today," said Dori Chamoun, leader of the Maronite-based National Liberal party and son of a former president and longtime political figure, the late Camille Chamoun. "It is inevitable that the Christians will have a smaller share of the country. I only see one solution, cantonization. Everybody wants it. Nobody says it out loud."

In a recent book, Gemayel proposed abandoning Lebanon's current system and replacing it with election of the president by popular vote and decentralization along the geographical lines that largely define where Muslims and Christians live in any case. "The institutions of Lebanon are tired," he said. "They are drained of their blood."

The losers in such a change would largely be Sunni Muslims, Chamoun pointed out, because by and large they have not carved out sections of the country as theirs. Public Works Minister Mohamad Safadi, a Sunni who lives in Beirut, said he was discussing the problem with his wife recently and reassured her that, if worse comes to worst, they could always live in their weekend house -- in the quintessentially Christian port of Byblos.

Italy Says Syria OKs EU Border Personnel (AP)

By Zeina Karam, Associated Press Writer

AP, September 10, 2006

Italy's prime minister said Saturday that Syrian President Bashar Assad has agreed to the deployment of European Union personnel along Lebanon's border with Syria.

Syria's official news agency denied news reports that the EU personnel under discussion would be border guards.

"The reports by some news agencies that Syria has accepted that European border guards monitor the Lebanese-Syrian borders are not true," the official Syrian Arab News Agency reported.

The positioning of European Union guards could help allay Israel's concerns about the smuggling of weapons from Syrian to Hezbollah guerrillas in Lebanon, which the U.N. Security Council has demanded be stopped under the nearly month-old cease-fire it brokered to end the war in southern Lebanon.

Syria and Iran are Hezbollah's main backers, and Western and Israeli officials repeatedly have said the guerrillas receive arms from the two countries, often in land convoys from Syria.

Italian Prime Minister Romano Prodi issued a statement Saturday saying he had spoken with Assad several times over the last few days and he has agreed "in principle" to an EU presence on the border between Lebanon and Syria.

"I reminded President Assad that the European Union has significant experience in training programs for frontier guards, and that the idea of an EU mission of assistance on the border between Syria and Lebanon would be an excellent signal of cooperation between Syria and Europe," Prodi's statement said. "President Assad gave me his accord in principle."

Prodi's statement also said "we believe that a significant quantity of arms pass through this border ... toward southern Lebanon."

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The Italian news agency ANSA quoted Prodi as saying Syria had agreed to European border guards in plainclothes and without weapons to prevent arms shipments to the Hezbollah. Prodi's office earlier on Saturday confirmed the ANSA report was accurate.

But after Syria issued its denial, Prodi's spokesman Silvio Sircana clarified the prime minister's earlier statements. He said Syria's denial was accurate and quoted Prodi as saying Syria had agreed to "EU personnel." He denied Prodi had referred to them as border guards.

"I confirm that Prodi and Assad did not discuss troops or guards, but only EU personnel without uniforms or arms that will be at the disposal of the Syrian forces," Sircana told the Associated Press.

The Syrian news agency did not say whether the president had agreed to any other type of European presence on their border. It said that as part of continued consultations between Syria and Italy, Assad and Prodi spoke by telephone Saturday night during which "the talks were on technical assistance, including training, that is expected to be offered to Syrian border guards."

Until now, Syria has vehemently rejected the deploying of armed U.N. peacekeepers on the Lebanese side of the border. Assad has said he would consider such a deployment a hostile move toward his country.

In a meeting with U.N. Secretary-General Kofi Annan in Damascus earlier this month, Assad promised to increase Syrian patrols on the border and work with Lebanese troops to enforce the arms embargo.

Prodi said Saturday that Assad told him Syria would send 500 border guards, but did not say when. The Lebanese military said Saturday there had been no changes on the Syrian side of the border.

The U.N. resolution that halted 34 days of fighting between Israel and Hezbollah on Aug. 14 laid out a delicate and complicated process for keeping the peace — but so far its provisions are slowly coming together.

Israel lifted its air and sea blockades of Lebanon this week, and Israeli troops are pulling out of the south as the Lebanese army moves in.

Some 3,250 U.N. peacekeepers have fanned out across the south as well, part of a force planned to reach 15,000. A naval force is patrolling off shore, and international officials will operate at Lebanon's seaports and airport to help Lebanese officials watch for arms smuggling.

The next test will be how the U.N. peacekeepers deal with Hezbollah as they enforce a buffer zone in southern Lebanon where the guerrillas' weapons are banned.

Another major issue remains sensitive and untouched: Hezbollah's disarmament.

The U.N. force, known as UNIFIL, does not plan to seek out hidden Hezbollah arsenals, only to deal with any weapons its troops might encounter.

"We're mandated to make sure there are no forces outside the Lebanese army and UNIFIL in south Lebanon. But I'm not a fortuneteller and we haven't been in such situations yet," UNIFIL spokesman Alexander Ivanko said.

He repeated Annan's position that "disarming Hezbollah is something for the Lebanese army."

Some 200 French soldiers landed in Beirut on Saturday to join the U.N. force, the largest French deployment so far out of 2,000 troops it has promised. The amphibious ship La Foudre delivered some 100 military vehicles and weaponry as well.

Also Saturday, Pakistan's Prime Minister Shaukat Aziz said his government would send hundreds of army engineers under the U.N. umbrella to Lebanon to help clear land mines.

The United Nations said, however, that Pakistan's participation was not a done deal, alluding to Israel's objection to UNIFIL troops coming from countries that have no diplomatic relations with the Jewish state.

Hezbollah, meanwhile, criticized the Lebanese government's decision to allow foreign ships to monitor the coast, saying that put the country under foreign sway.

Israeli Says Fatah Leader Could Help Free Soldier (NYT)

By Steven Erlanger

The New York Times, September 10, 2006

JERUSALEM, Sept. 9 — Prime Minister Ehud Olmert of Israel said Saturday night that he was prepared to meet the Palestinian Authority president, Mahmoud Abbas, even without the release of the Israeli soldier captured by militants in Gaza.

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Mr. Olmert, after meeting with the British prime minister, Tony Blair, said that "I intend to meet Chairman Abbas" in the near future.

"I have no conditions or prerequisites for such a meeting," Mr. Olmert said, in an apparent policy shift. He added, "It may be even be helpful with regard to Gilad Shalit," referring to the Israeli corporal who was captured June 25.

In that episode, Palestinian militants, including members of Hamas, which runs the Palestinian Authority, entered Israel from Gaza through a tunnel. They also killed two soldiers.

Three days later, Israeli forces re-entered Gaza to try to force Corporal Shalit's release and weaken the Hamas government. But the Hamas political bureau leader, Khaled Meshal, in Damascus, has insisted that the corporal will only be released in a prisoner exchange.

Mr. Meshal has reportedly rejected an Egyptian proposal that the corporal be handed over to Egypt, and that hundreds of Palestinian prisoners would be released later, after Mr. Olmert and Mr. Abbas meet.

Faced with that stalemate, and under much criticism for Israel's recent war in Lebanon — prompted by Hezbollah's capture of two Israeli soldiers — Mr. Olmert has apparently decided to play on the obvious rift between the Hamas government and Mr. Abbas, who is known as Abu Mazen and is the elected president from Fatah.

After all, Mr. Olmert said, "I know very well that Gilad Shalit is not being held by Abu Mazen and I'm sure he would like to see his release."

But he also emphasized that there could be no political progress with the Palestinians until the corporal is free, and then only along the path of the so-called road map for peace. But with his plan to pull thousands more settlers out of the West Bank put aside for now, he is clearly trying to find an agenda in dealing with the Palestinians, as his allies are urging him to do.

The meeting with Mr. Blair drew together two war-damaged prime ministers — Mr. Olmert for the 34 days of military strikes against Hezbollah in Lebanon, and Mr. Blair for his strong support of the Bush administration's positions in Iraq and Israel.

Mr. Blair deflected questions from the British press about his political future and his reaction to criticism of his heir apparent, Gordon Brown. The prime minister said it was "kind of disrespectful" to discuss such internal matters in Israel.

He also gave a ringing defense of his support of the United States and Israel in the war against terrorism, saying, "We face a global threat." Problems in the Middle East have a direct impact on Britain, he said, adding: "I will continue to stand up for an alliance of people who believe in peace and tolerance and democracy against those who believe in terrorism. There is no bigger and more important struggle in the world today."

Mr. Olmert said Mr. Blair was a loyal but critical friend, always pressing humanitarian concerns about the Palestinians and the need to negotiate a two-state solution with them. Mr. Blair has been criticized at home for his support for the United States in Afghanistan and Iraq and for support of Israel in the war in Lebanon.

But Mr. Blair, who pressed for a robust international force in Lebanon, said the United Nations resolution that ended the fighting could be "a major strategic advance for peace in the region."

Israeli PM To Meet Palestinian President (AP)

AP, September 10, 2006

Israeli Prime Minister Ehud Olmert said Saturday he would meet Palestinian President Mahmoud Abbas and work closely with him to advance peace efforts.

Olmert, who spoke after meeting with visiting British Prime Minister Tony Blair, did not say when he would meet Abbas.

Olmert said the meet was not conditional on the release of Cpl. Gilad Shalit, an Israeli soldier being held captive by militants with links to the ruling Hamas party. But Olmert said no progress would be made in the peace process until the soldier is released, indicating talks with Abbas could help gain Shalit's freedom.

"I assured Prime Minister Blair that I am ready to work closely with ... Mahmoud Abbas," Olmert said at a joint news conference with his British counterpart. "I also told Prime Minister Blair that I intend to meet with him (Abbas.)" Olmert has not met with Abbas since June.

Shalit was captured on June 25 by militants in Gaza who carried out a cross-border on a military outpost in southern Israel.

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Long-stalled Israeli-Palestinian peace talks hit a new obstacle in January when the Islamic Hamas group swept a Palestinian parliamentary election.

Blair expressed support for a renewal of Israeli dialogue with Abbas despite Hamas' control of the Palestinian parliament and government. Hamas refuses to recognize Israel or renounce violence.

"It's very important that we see what we can do to re-energize this process," said Blair.

Blair this week gave in to a fierce rebellion in his Labour Party, reluctantly announcing he would resign within a year. He brushed aside suggestions that his Mideast visit was an effort to distract attention from those woes.

"People can be as cynical as they like, but I've been passionate about this issue (Mideast peace) ... for many years and I'm not going to stop trying on it," he said.

Blair's handling of last month's fighting between Israel and Hezbollah militants in Lebanon is a major cause of his political troubles. Many in his party were infuriated by his refusal to break ranks with President Bush and call for a swift end to the fighting, interpreting that stance as a tacit backing of Israel's offensive.

Blair defended his position.

"We worked very hard to get the only cease-fire that was ever going to be sustainable, and that was one based on the political framework set out in (U.N.) Resolution 1701," he said.

He has also alienated many in the Palestinian territories, where a group of prominent intellectuals published a statement Thursday saying he would not be welcome in the West Bank.

He plans to meet Abbas there Sunday.

He will not see Palestinian Prime Minister Ismail Haniyeh of Hamas or other members of his administration.

Haniyeh blasted Blair in a column published Saturday in the London-based Guardian newspaper, accusing him of having "one-sided" policies that hurt the Palestinians.

"At the heart of our region's problems is the Israeli occupation, which has brought about endless suffering and disasters. If you wish to do the right thing, Mr. Blair, then work for the end of occupation without further delay," Haniyeh wrote.

Thousands In Tel Aviv Demand War Inquiry (LAT)

From Times Wire Reports

The Los Angeles Times, September 10, 2006

About 30,000 Israelis demonstrated in Tel Aviv to demand that Prime Minister Ehud Olmert order an independent state inquiry into his government's handling of the war in Lebanon.

It was the largest public show of dissatisfaction with Olmert since he took office in May. Polls show his popularity has tumbled amid public frustration with Israel's failure to crush Hezbollah guerrillas. Olmert has pledged only a government inquiry on the war.

Russia And The Mideast: Talk, No Walk (NYT)

By Steven Lee Myers

The New York Times, September 10, 2006

MOSCOW

IS Russia the new powerbroker — even peacemaker — of the Middle East? It certainly aspires to be.

On issue after issue this year, Vladimir V. Putin's Kremlin has thrust itself back into the thicket of Middle Eastern diplomacy, most recently, to urge caution and more talks with Iran over its nuclear ambitions. In this, it has been reasserting a Russian role that was largely abandoned when the Soviet Union collapsed.

But one thing is lacking so far: results.

In March, after Hamas won control of the Palestinian Legislature, Mr. Putin invited the new leaders to Moscow even as the United States, Europe and Israel tried to isolate them. He insisted that holding talks with the movement would nudge its leaders to the bargaining table. "I don't think Hamas would have any serious future if Hamas doesn't change," Foreign Minister Sergey V. Lavrov said at the time.

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On Thursday, Mr. Lavrov was still repeating the theme, saying that Hamas, now joined by Hezbollah, needed to renounce terrorism and recognize Israel's right to exist. Neither group has.

Mr. Lavrov included Hezbollah while he was in Beirut on a Mideast tour after the recent Israel-Hezbollah fighting was halted by an indefinite cease-fire. The truce was arranged largely as a result of efforts by the United States and France, and in the face of a Russian counterproposal for a 72-hour cease-fire, which Hezbollah and Syria would have preferred.

Now Russia is promising Lebanon support for reconstruction, but so far it has offered only $1.75 million. Its Defense Ministry has also balked at sending peacekeepers to join a new United Nations force, although officials have said they might send military engineers to help rebuild bridges.

To supplant the United States or Europe as a real broker in the region, experts say, Russia will have to do more. "Even the Germans, with all their history, are sending soldiers," one Middle Eastern diplomat said in an interview in Moscow.

Other Russian diplomatic efforts have sputtered as well. Mr. Putin, who last year became the first Russian president to visit Israel, has hinted that Russia has been reaching out through unspecified channels to free the two Israeli soldiers whose capture in July set off Israel's incursion into Lebanon. "I have reason to believe that our efforts are not in vain," Mr. Putin said.

That was a month and a half ago. The soldiers remain captives.

At the same time, Mr. Putin's tactics have frequently put Russia at odds with the United States and Israel. "We're not playing games here," the American ambassador to the United Nations, John Bolton, responded bitingly to Russia's cease-fire proposal.

So what exactly is Russia after? Most of all, it is a quest for prestige. And a suggestion of the strategy was contained in Mr. Putin's comment to the Group of 8 summit meeting in St. Petersburg in July. "We will not participate in any crusades, in any holy alliances," he said. Emboldened by an economic boom and seeing an opening caused by Muslim anger at America, the Kremlin seems to be using the Middle East as a forum to reach with new confidence for an independent global role. Vladimir Y. Satanovsky, the president of the Institute for Near Eastern Studies, a private research group in Moscow, put it simply: "The period of collapse is over."

Russia's deep interest in the region is also driven by economics — including arm deals with Syria, Iran and Algeria — and by hope that good relations with the Muslim world may cool any support for Russia's own Islamic insurgencies in and around Chechnya.

"The Middle East is one of their historic bastions of influence," said Clifford Kupchan of the Eurasia Group, a Washington consulting firm. "I think they see their old contacts and their history there as an opening for a resurgent Russia to return to the world stage."

That does not necessarily mean a new zero-sum confrontation with America, though almost certainly some of those advising Mr. Putin would welcome it. In fact, there are signs that the Bush administration has resigned itself to Russia's new role, at least to a point.

That is certainly the case with Iran. President Bush has welcomed Mr. Putin's proposals for a compromise in which Iranian nuclear materials would be processed in Russia, and his willingness to warn Iran of the consequences of failing to agree to U.N. demands that it halt uranium enrichment — even if the Russians now appear unwilling to take that next step.

"It's important to give Russia credit for how constructive they have been," Mr. Kupchan said.

Many here say that Russia, which has more than 20 million Muslims, has a special affinity with the Islamic world that can make Russia a mediator between it and the West. Just two weeks ago, in Kazan, the capital of the Russian republic of Tatarstan, Russian officials met with leaders of Islamic countries as part of a newly created body called the Strategic Vision Group.

"In the Islamic world, Russia is viewed as a friendly power," Veniamin V. Popov, a Russian diplomat, told Izvestia, "and our participation is a guarantee to Muslims that negotiations will produce reasonable results."

In that, the Kremlin faces some wariness. Its willingness to negotiate with Hamas and Hezbollah stands in contrast to Mr. Putin's refusal to talk with the Chechens he considers terrorists. Russia's eagerness to sell arms in the region has also revived old suspicions.

Mr. Satanovsky said that in the end what Russia feared most was instability in the region, especially if another war like the current one in Iraq spread unrest and violence much closer to Russia's border.

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"The strategy is 'we don't need enemies,' " he said. "The distance between Iran and Russia is nearly the same as between Cuba and the United States."

Where Big Is Always Better (NYT)

By Andrew E. Kramer

The New York Times, September 10, 2006

MOSCOW

ONCE Russia wanted the biggest dams in the world. Now it wants the biggest corporations.

Next month, if the deal goes through as expected, Russia will have the world's largest aluminum company, a step that is part of President Vladimir V. Putin's effort to create giant enterprises as a way of reviving Russia's strategic industries.

Some Russians, recalling the Soviet boasts of having the biggest rockets, the biggest steel mills, the biggest ice-breakers, were cynical. "We had a joke in the 1980's that our microchips were the biggest in the world," said Aleksei Venediktov, the editor in chief of Echo of Moscow Radio. "It's that mentality of greatness, in the sense of size, even if it doesn't make sense."

But Russian leaders say that the creation of giant enterprises makes perfect sense in a world that has seen consolidation in natural resources industries, which make up a huge portion of the country's economy.

Last month, Russian Aluminum, or Rusal for short, announced plans to merge with a smaller domestic competitor while also swallowing the mines and factories belonging to Switzerland-based Glencore, a commodity trader. The deal would create a company that would pour more aluminum than the Aluminum Company of America — roughly 4 million tons a year, compared with Alcoa's 2005 output of 3.55 million tons.

While Rusal's executives insist that size itself is not the goal, this is only one of several large-scale projects undertaken recently in industries like oil, natural gas, minerals and aerospace. The most striking example is Gazprom, which has become the second-largest publicly traded energy company in the world, after Exxon Mobil of the United States.

In the steel industry, a Russian tycoon proposed last spring to merge with the Luxembourg-based Arcelor, the world's largest steel company by volume of sales. The deal ultimately unraveled, but it suggested the sweep of Russian ambition these days, in which market capitalization is the new yardstick for comparison with the West.

Stephen Kotkin, a professor of Russian history at Princeton University and author of "Magnetic Mountain," about the archetypal Soviet steelworks at Magnitogorsk, says that ultimately Russia's new giants "will either be competitive companies or they will fail."

"That is not Soviet," he wrote in an e-mail message.

Mr. Putin, who published a doctoral dissertation in the 1990's on the role of large, state-supported companies in reviving the economy of Western Europe after World War II, says he is aware of the new climate. "This result didn't happen by itself, but as a result of focused actions of the government," he said at a news conference.

The Kremlin is clearly hoping to sell the new gigantism not just as a business strategy, but as a balm for the wounded pride of Russians who endured the economic disasters of the 1990's.

Mr. Venediktov of Echo of Moscow radio explained it this way: "We need to say we are the greatest somewhere, in something. Russia is suffering post-imperial syndrome, like England in the 40's or France in the 50's. But ah-hah! We are still the best someplace. We win more gold medals in gymnastics. And now in this: We passed America in aluminum."

Critics say these bulging new corporations trace their origins to patronage within the Kremlin's factions. Members of their boards tend to be allies of Mr. Putin. Dmitry A. Medvedev, for example, is simultaneously deputy prime minister and chairman of the board of Gazprom.

Mr. Medvedev and others cite arguments that internal competition would only lower export profits in natural resources, depriving Russia of its maximum income. Yaroslav D. Lissovolik, chief economist at Deutsche UFG, estimates that 30 percent of the Russian economy is now controlled by monopolies, both private and state-owned. Official statistics, Mr. Lissovolik said, have become suspect since an anti-monopoly committee was found to be taking bribes from companies to avoid classification as a monopoly.

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"I do not see competition policy as being very important to the Russian government right now," he said. "Gigantism, just like in the past, is a popular thing that is seen as very successful."

The Rules According To Putin (WP)

By Jim Hoagland

The Washington Post, September 10, 2006

MOSCOW -- What he has done to the once-turbulent Russian political scene Vladimir Putin would like to do to the world's equally volatile energy markets: Make them as stable and peaceful as the graveyard.

This grand ambition comes through vividly if implicitly as I listen to the Russian president outline in detail the concept of "energy security" that he had presented to world leaders in July at the Group of Eight summit. Putin wants markets built on long-term contracts guaranteeing not only adequate supply (of oil and gas from Russia) but also sustained demand (from consumers willing to pay fixed prices that would hold for decades).

His fellow leaders listened politely but did not commit to an idea that might have seemed quixotic coming from anyone else. Given the year that Putin is having, however, no one was willing to bet that he would fail at grand designs.

He has crushed the vibrant domestic opposition that flourished under Boris Yeltsin. With a 70 percent approval rating, he holds the power to name his successor. He has gained control over the flood of oil dollars pouring into Russia. And perhaps most satisfyingly for him, the political revolution lapping at Russia's frontiers a year ago has receded as reformers who accomplished Ukraine's Orange Revolution splintered and as his non-democratic allies in Belarus easily won reelection.

So the wiry former KGB colonel was chipper as he underwent an annual political checkup of sorts by a group of about 40 American, European and Asian policy and academic experts at his sprawling dacha in suburban Moscow yesterday. He took questions between servings of octopus carpaccio, baked sea bass and figs with yogurt sorbet, all prepared by his Italian chef and washed down by an unassuming pinot grigio 2005.

The clearest sign that fortune has smiled broadly on Putin since he met with the same organization, the Valdai Discussion Group, a year ago in the Kremlin was his warm praise for Ukrainian President Viktor Yushchenko, whom he now magnanimously terms "a serious, responsible" leader. Last September, he accused Yushchenko of allowing corruption to flourish in Ukraine while suggesting that the West was fomenting upheaval throughout the former Soviet Union.

President Bush also came in for praise and was offered a carefully hedged olive branch on Iran:

"Iran is a special case" located "in a very dangerous area," Putin said. Other nuclear-capable countries such as Brazil or South Africa "do not establish in their constitutions the goal of destroying another state," as he said Iran did with Israel.

"Iran should abandon its plans for nuclear enrichment on its soil," he continued. When asked specifically if Russia would support U.S. calls for sanctions, he declined to rule them out. Economic reprisals should be avoided if possible and adopted only after more discussions between Iran and the six-nation negotiating group that includes Russia and the United States. But Putin's remarks, delivered in simultaneous translation, lent weight to reports that Moscow has agreed to support symbolic sanctions if Iran remains adamant.

Putin, however, does not do mellow for long. He remains intense, focused and at times prickly even when munching the octopus carpaccio (quite tasty, by the way). His eyes flare when the subject turns to energy supplies and the vast infrastructure of new pipelines and producing fields that Russia intends to develop over a decade to become the world's dominant exporter of energy.

Putin and his aides insist that to justify the investment needed to build that infrastructure, consuming nations must begin to sign 20- to 30-year contracts with Russia now to avoid the boom-and-bust cycles of petroleum and natural gas prices of the past three decades.

"We have tremendous potential in energy. Not everybody appreciates that potential," Russia's president said in a waspish swipe aimed at the European Union, which is wrangling with Moscow over natural gas supplies. "But it is not their resource. It is Russia's resource," which must be developed "under clear rules of behavior."

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Asked by British political theorist Anthony Giddens to consider swift changes that technology could force on energy suppliers because of global warming in that time frame, Putin turned the question away: "Stability is what the world economy needs . . . to become more predictable."

In his view, the same is true for Russia's political future. Putin promised again not to change the constitution so he could serve a third term after 2008. "Public opinion wants a country that will be stable, and stability is not assured by one man alone," Putin said. It comes instead from following Moscow rules.

As OPEC Meets, Fresh Doubts About Its Power (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, September 10, 2006

When the secretary general of the Organization of the Petroleum Exporting Countries spoke in London in October 2003, he advocated moderation in oil prices, sounding a familiar OPEC theme that extremely high prices could drive off consumers.

"OPEC knows, through both intuition and experience, that it does not operate in a vacuum," said Alvaro Silva-CalderÃ³n, then the secretary general. "If it wants to sell its oil, then it must attract buyers. And it does not attract buyers by scaring them off, or being unreliable." He added, "Producers need consumers and consumers need producers."

When he gave that speech, OPEC's price target for a barrel of crude oil ranged from $22 to $28. Three years later, the price of oil has nearly tripled. And as OPEC prepares to meet on Monday, the group is worried that high oil prices will chase consumers to alternate energy sources, weaken Western and Asian economies to the point of hurting demand and bring about a boost in supply from non-OPEC countries.

While OPEC ministers no longer forecast prices in the mid-$20s, they still talk about a sustainable price in the $50 to $55 range -- well below current market levels, which have already fallen more than $10 a barrel from the $78 peak in mid-July. Every $10 drop in the price of crude oil knocks about 25 cents off the price of a gallon of gasoline.

The 11-member organization is not expected to make changes in output or production quotas on Monday. But its very lack of action raises questions about whether the group, which produces nearly 40 percent of the world's petroleum, can still act effectively to sway prices or whether its members are simply riding the cyclical waves of the market.

"OPEC has been a hostage to fortune: to what happens on the demand side, to non-OPEC output and geopolitics," said Leo Drollas, deputy executive director and chief economist of the Center for Global Energy Studies in London. At the same time, he noted, its members are "crying all the way to the bank."

In order to act effectively as a cartel, OPEC would have to be able to cut or increase supplies to influence prices. But outside Saudi Arabia, OPEC members have virtually no excess capacity to help drive down prices. And outside Saudi Arabia, hardly any OPEC member has the political will or desire to cut production.

At the moment, the only factors reining in production by the group have nothing to do with oil policy. Nigeria's output has been cut by 600,000 barrels a day because of insurgents sabotaging pipelines in the Niger Delta. Iraq's production has been trimmed by about 800,000 barrels a day by the continuing mayhem there. Venezuela, which is busy quarreling with oil workers' unions and foreign oil companies, is falling about 600,000 barrels a day short of what it once produced. If the would-be cartel is holding back, it isn't by grand design.

And few of the members can boost production immediately -- except Saudi Arabia. The kingdom has a capacity of more than 10 million barrels a day, but it is currently producing around 9.1 million barrels. That has prompted some critics to complain that Saudi Arabia is not doing all it can to lower oil prices.

Saudi oil minister Ali Naimi, citing rising world crude oil inventories, has said that supplies are plentiful and that customers aren't interested in buying more.

Drollas called that "disingenuous." He said, "It's a question of price." The extra oil Saudi Arabia can produce is heavy, high-sulfur crude that costs more to refine and yields a lower-value range of products. Saudi Arabia provides a discount to customers, but Drollas said that isn't enough. "People will lift your oil if they can take it to a refinery and make money," he added.

At the same time, oil analysts say, prices over $70 a barrel make many OPEC members nervous. While OPEC countries sit on top of four-fifths of the world's proven oil reserves, if prices are high enough all sorts of other sources become attractive, from

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the icy waters off Sakhalin Island to the mile-and-a-half-deep waters in the Gulf of Mexico, from gas liquids projects in the Persian Gulf to the unwieldy oil sands in Canada.

"What's keeping them more anxious is demand," said Roget Diwan, an OPEC expert at PFC Energy, a consulting group. "They want to see China keep growing. They want a soft landing in the United States. They don't want to see a crash."

The outdated OPEC price band was suspended in early 2005, but Diwan said Saudi Arabia and others will try to keep the price around $60. "It's in their interest," he said. "They won't do it to please America."

Indeed many consultants and oil executives who have spoken to Naimi say that the Saudi was miffed earlier this year when President Bush said the United States should reduce dependence on Middle Eastern oil while his administration was urging the kingdom to boost its production capacity to ease world prices. Saudi Arabia has committed to expand its production capacity to 12.5 million barrels a day.

Other OPEC countries could also step up exploration and boost output. A Cambridge Energy Research Associates forecast issued last month predicted that oil and gas liquids production would hit 110 million barrels a day by 2015, up from 89 million barrels today, with most of that coming from OPEC nations.

By then, who knows what prices will be.

"My theory is that the reason the price of oil is very high today is that it was excessively low 10 years ago and the reason it's going to be low 10 years from now is that it is excessively high today," said Paolo Scaroni, chief executive of Italian oil giant ENI SpA. "When the price is very low no one invests in development. Prices go up and everybody invests."

Central Asia Pact Frees The Region Of Nuclear Arms (NYT)

By Ilan Greenberg

The New York Times, September 10, 2006

SEMIPALATINSK, Kazakhstan, Sept. 9 — Five nations in Central Asia signed a nuclear-free-zone treaty on Friday that commits the region's rich uranium deposits to peaceful uses but leaves open loopholes that could allow Russia to transport nuclear weapons into Central Asia.

It is the first mutual security pact among all five Central Asian nations, a group that has often quarreled about security issues.

By adopting the legally binding nuclear-free pact the signatories — the former Soviet republics of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan — agreed that they would neither acquire nuclear weapons nor allow them within their borders. But the treaty does not cancel an agreement that the Central Asian nations signed in 1992 that allows Russia to transport and deploy nuclear weapons in Central Asia under certain circumstances.

The United States, Britain and France boycotted the signing ceremony because they objected to that aspect of the treaty, said embassy officials and participants in the treaty negotiations. Only Russia and China sent representatives to Kazakhstan to observe the treaty signing.

Central Asia currently contains no nuclear weapons, but Kazakhstan was home to the world's fourth-largest nuclear missile arsenal in the wake of the Soviet Union's dissolution. Kazakhstan voluntarily decommissioned its nuclear weaponry in the mid-1990's. Nuclear-free zones often are opposed by the large nuclear powers because they can limit the movement of military assets and expose military bases to intrusive inspections. The United States has an air base in Kyrgyzstan, and Tajikistan allows NATO fighter planes with missions in Afghanistan to use its territory.

But zones can be crucial confidence-building measures among suspicious neighbors in a troubled region, said John Endicott, a professor of international affairs at the Georgia Institute of Technology, in a telephone interview.

"The United States' lack of support for this nuclear-free zone is a colossal mistake," said Mr. Endicott, who participated in the initial round of talks over the treaty nine years ago in Tashkent, Uzbekistan.

Rescue Darfur Now (WP)

By John McCain And Bob Dole

The Washington Post, September 10, 2006

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In 1995, the writing was on the wall. The conflict in Bosnia was escalating. Tens of thousands of civilians had been driven from their homes and were trapped in places the United Nations had designated as "safe areas," including Srebrenica. Only a few hundred poorly equipped U.N. peacekeepers stood between those civilians and Bosnian Serb forces. The Serbs had signaled their defiance of the United Nations, their disdain for diplomatic overtures and their determination to advance on the safe areas and finish the job of ethnic cleansing in Bosnia. All the makings of a massacre were present, and, before the eyes of the world, that is what unfolded. Eight thousand Bosnian Muslims were systematically killed at Srebrenica, and history has judged severely those policymakers who failed to heed the warning signs of mass murder.

As advocates of military action in Bosnia, we will never forget those terrible days. We remember that when the United States and its allies did finally act, military intervention saved countless lives. And all of us pledged anew that, should such a situation again unfold, we would do things very differently.

Today, the Darfur region of Sudan faces its own Srebrenica moment.

The scale of human destruction thus far in Sudan has been staggering. Already, more than 200,000 civilians have been killed, with perhaps 2.5 million forced into squalid camps. This catastrophe is the result of a directed slaughter perpetrated by the Sudanese government and allied Janjaweed militias.

Faced with its moral responsibility to act, the U.N. Security Council has adopted a resolution that would replace a courageous but inadequate African Union force with a much larger U.N. force empowered to protect civilians. Last week, the Sudanese government not only rejected the resolution but demanded that the African Union withdraw from the country, leaving civilians vulnerable. Meanwhile, government forces have launched a major offensive in Darfur to finish off any rebel forces there, pushing tens of thousands more civilians into the camps.

As with Srebrenica in 1995, the potential for further mass killing in Darfur today is plain for all to see. All the warnings have been issued, including one from the United Nations that the coming weeks may see "a man-made catastrophe of an unprecedented scale." What remains unclear is only whether the world has the will to impose an outcome on Sudan different from that which unfolded so tragically in Bosnia. Make no mistake: At some point we will step in to help victims in Darfur and police an eventual settlement. The question is whether the United States and other nations will act now to prevent a tragedy, or merely express sorrow and act later to deal with its aftermath.

Urgent action is required in the coming hours and days.

First, the United States should reject out of hand Khartoum's demand that the African Union force leave and should insist that it stay, with broad international support, until the introduction of a robust U.N. force in accordance with Security Council Resolution 1706.

Second, the United States should call on the European Union to impose financial sanctions against the Sudanese leadership and to pursue the immediate imposition of similar sanctions by the U.N. Security Council.

Third, NATO should immediately establish and enforce a no-fly zone over Darfur to ensure that Khartoum ends its offensive military flights and bombing raids, as the Security Council has already demanded.

Fourth, the United States should intensify efforts to persuade U.N. members to commit troops and funds for the U.N. force in Darfur, and it should develop plans for U.S. logistical support. The administration should push the United Nations to draw up firm plans for the entrance of a robust force into Darfur and contingency plans for the force to enter without Sudanese consent.

Fifth, U.S. and allied intelligence assets, including satellite technology, should be dedicated to record any atrocities that occur in Darfur so that future prosecutions can take place. We should publicly remind Khartoum that the International Criminal Court has jurisdiction to prosecute war crimes in Darfur and that Sudanese leaders will be held personally accountable for attacks on civilians.

Finally, the United States should increase pressure on countries friendly to Khartoum -- and particularly our allies in the Arab League -- to abandon their support for Sudan's refusal to accept the U.N. force.

Some of these steps would be dramatic and difficult. But the circumstances imposed on the people of Darfur are likewise dramatic and difficult. And so would be the consequences of inaction: a humanitarian disaster that the world will in any case have to address; a massive and possibly permanent population of refugees dependent on international support; a conflict spreading to neighboring countries with prospects for settlement even more remote; and a permanent stain on our conscience.

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Throughout the world, people of conscience were shocked by and ashamed of our failure to stop the genocide in Bosnia and Rwanda. We must not repeat these mistakes. In Darfur, the moment of truth is now.

John McCain is a U.S. senator from Arizona and Bob Dole was a longtime senator from Kansas and the 1996 Republican presidential nominee.

Why Genocide Matters (NYT)

By Nicholas D. Kristof

The New York Times, September 10, 2006

When I spoke at Cornell University recently, a woman asked why I always harp on Darfur.

It's a fair question. The number of people killed in Darfur so far is modest in global terms: estimates range from 200,000 to more than 500,000.

In contrast, four million people have died since 1998 as a result of the fighting in Congo, the most lethal conflict since World War II. And malaria annually kills one million to three million people — meaning that three years' deaths in Darfur are within the margin of error of the annual global toll from malaria.

So, yes, you can make an argument that Darfur is simply one of many tragedies and that it would be more cost-effective to save lives by tackling diarrhea, measles and malaria.

But I don't buy that argument at all. We have a moral compass within us, and its needle is moved not only by human suffering but also by human evil. That's what makes genocide special — not just the number of deaths but the government policy behind them. And that in turn is why stopping genocide should be an even higher priority than saving lives from AIDS or malaria.

Even the Holocaust amounted to only 10 percent of World War II casualties and cost far fewer lives than the AIDS epidemic. But the Holocaust evokes special revulsion because it wasn't just tragic but also monstrous, and that's why we read Anne Frank and Elie Wiesel. Teenage girls still die all the time, and little boys still starve and lose their parents — but when this arises from genocide, the horror resonates with all humans.

Or it should. But for whatever reason, Sudan's decision to kill people on the basis of tribe and skin color has aroused mostly yawns around the globe. Now Sudan is raising the stakes by starting a new military offensive in Darfur — and by eliminating witnesses.

The government charged Paul Salopek, an ace Chicago Tribune correspondent, with espionage in an effort to keep foreign reporters away (on Saturday it released him after a month in prison). And even African Union peacekeepers may be forced out of Darfur by the end of this month.

Twelve aid workers have been killed since May — more than in the previous three years. These killings are forcing aid groups to pull back, and the U.N. warns that if the humanitarian operation collapses, the result will be "hundreds of thousands of deaths." If all foreign witnesses are pushed out, the calamity is barely imaginable.

We urgently need U.N. peacekeepers, even over Sudan's objections. (If Sudan sees them coming, it will hurriedly consent.) The U.S. should also impose a no-fly zone from Chad and work with France to keep Chad and the Central African Republic from collapsing into this maelstrom.

President Bush showed an important flash of leadership on Darfur early this year, but lately he has fallen quiet again. He should appoint a special envoy for Darfur and use his bully pulpit to put genocide on the international agenda — for starters, by employing his speech to the U.N. General Assembly this month to remind the world of the children being tossed onto bonfires in Sudan. He could also announce that the U.S. will choose candidates to support for U.N. secretary general based in part on their positions on the genocide.

You can see how your member of Congress does on Darfur at www.darfurscores.org. Information about Darfur rallies next Sunday in New York and other cities worldwide is at www.savedarfur.org.

If we don't act, the slaughter may end up claiming more than one million lives, but this is about more than body count. This time the teenagers are not named Anne and Elie, but Fatima and Ahmed, but the horror is the same.

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To stir up interest among young people in issues like Darfur and global poverty, I held a contest in the spring to choose a university student to take with me on a reporting trip to Africa. From 4,000 entries, I chose Casey Parks, a young woman from Mississippi who had never been outside the U.S.

We're leaving tomorrow for Equatorial Guinea. It's a backwater that has fascinated me since I first traveled through Africa in 1982 and my Lonely Planet guidebook said about it: "We've never heard of any travelers going there, so we have no details."

Casey and I then travel through remote parts of Cameroon and the Central African Republic. You can follow our journey beginning Wednesday with our daily blog entries at www.nytimes.com/kristof.

Darfur Trembles As Peacekeepers' Exit Looms (NYT)

By Lydia Polgreen

The New York Times, September 10, 2006

TAWILA, Sudan, Sept. 8 — They call this place Rwanda.

A year ago it was a collection of straw huts, hastily thrown together in the aftermath of battle, hard by the razor-wire edge of a small African Union peacekeeper base.

Today it is a tangle of sewage-choked lanes snaking among thousands of squalid shacks, an endless sprawl that dwarfs the base at its heart. Pounding rainstorms gather fetid pools that swarm with mosquitoes and flies spreading death in their filthy wake. All but one of the aid groups working here have pulled out.

Many who live here say the camp is named for the Rwandan soldiers based here as monitors of a tattered cease-fire. But the camp's sheiks say the name has a darker meaning, one that reveals their deepest fears.

"What happened in Rwanda, it will happen here," said Sheik Abdullah Muhammad Ali, who fled here from a nearby village seeking the safety that he hoped the presence of about 200 African Union peacekeepers would bring. But the Sudanese government has asked the African Union to quit Darfur rather than hand over its mission to the United Nations. "If these soldiers leave," Sheik Ali said, "we will all be slaughtered."

Tawila and the sprawling, makeshift camp of displaced people at its edge sit astride a deadly fault line in Darfur. This small but strategic town has been the front line of some of the deadliest battles in a conflict that has killed hundreds of thousands of people and sent 2.5 million fleeing.

It is a place where a grim struggle between the government and its Arab allies, and non-Arab rebel factions, has given way to a fractured struggle that pits non-Arab tribes against one another, fanning centuries-old rivalries and setting the scene for a bloodbath of score-settling vengeance should the African Union soldiers withdraw, as demanded, at the end of this month.

Tawila is an apocalyptic postcard from the next and perhaps the grimmest chapter in Darfur's agony, a preview of the coming cataclysm in the conflict the United Nations has called the world's gravest humanitarian crisis.

Thousands of people in this squalid camp fear that their annihilation will be the final chapter in this brutal battle over land, identity, resources and power, which the Bush administration and many others have called genocide.

"We beg the international community, somebody, come and save us," Sheik Ali said. "We have no means to protect ourselves. The only thing we can do is run and hide in the mountains and caves. We will all die."

The portents of violence have become so ominous, and Sudan's stonewalling of international intervention so complete, that Kofi Annan, secretary general of the United Nations, warned last week that the Sudanese government would be "held collectively and individually responsible for what happens to the population in Darfur."

Death is no stranger here. Malaria and diarrhea course through the camp, picking off children first, then the old. There are no doctors or nurses or medicine. There is no clean water. There are no toilets or latrines. And yet the conflict, unchecked even by the presence of the African peacekeeping force, drives more people from their homes into the camp each day.

Mariam Ibrahim Omar buried her son Ismail in a graveyard near here Wednesday. She was not sure what had killed him, only that he burned with fever, heaved and vomited. She took him to a clinic run by the aid organization Relief International in town, carrying him on her back swaddled in rags, only to find its doors locked and its doctors and nurses long gone. The lone aid organization still operating here is the United Nations World Food Program, usually the last to go in even the direst situation.

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"We bought medicines in the market but none of them helped him," Ms. Omar said, her face swathed in black. "He died yesterday and we buried him."

Ismail was 21 months old. They buried him in a growing graveyard on a small rise above the camp. Two bricks stood atop his grave, indicating where his tiny head lay, pointed toward Mecca, as Islamic custom demands.

Next to his fresh coverlet of earth, men in white robes dug a new pit, deep and wide, to hold the camp's latest casualty. No one was sure how old Halima Batwal was — some said 80, others 90. They dug the loose sand with shovels until they hit hard-packed earth, and then switched to pickaxes to carve a narrow trench for her slender, wasted body.

The rituals of a Muslim burial are simple, easily satisfied even by the destitute — the body must be washed, then wrapped in unbleached cloth. The men gently placed her in the trench, then stacked bricks atop the body, a makeshift crypt in a makeshift graveyard.

Ms. Batwal was from Tina, a village just a few miles away, but she had to flee when rival rebel factions clashed there this spring. Her relatives said she would have preferred to be buried nearer to home, as tradition demands. But it was too dangerous to carry her body there.

"She will have to stay here," said Adam Ali, a distant relative who teaches mathematics to children at the camp. "We have no choice."

Whether the living will remain here, too, is an open question.

A United Nations Security Council resolution authorized a force of more than 22,000 troops and police officers to take over peacekeeping duties from the African Union. But Sudan has refused to allow the new force to deploy, and it says the African Union must leave by the end of this month, when its mandate ends, if it cannot work on its own.

If the African Union troops leave, the residents of the camp say, they, too, will flee. But there are few places for them to hide — in the mountains or hundreds of miles west, across the border with Chad.

For the moment the peacekeepers are still here, the contingent of 200 Rwandan troops led by a Ghanaian lieutenant colonel named Wisdom Bleboo. But there is little they can do to help the people living in the Rwanda camp.

"People are dying here," Colonel Bleboo said. "Children are dying. They come to us thinking that we can help them, but we have no means to help them."

Similarly helpless is the sole Red Cross worker still permanently based here, a slender 29-year-old with a faint goatee named Issa Ahmed Muhammad Sraj. His job is to help families separated by the war to stay in touch.

In a dusty black nylon briefcase he carries forms that camp residents fill out to send to relatives elsewhere in Sudan, simple messages of greetings — news of weddings, births and deaths. He is originally from Tawila, but like most of its residents, he had to abandon his home and move into the camp.

He has nothing else to offer but his forms, yet residents of the camp come to him anyway with their endless problems — sick children, stolen goats, leaky huts and empty food bowls.

"I have nothing to help them, so I just explain to them, 'I am living here in the camp just like you, suffering together,' " Mr. Sraj said. "I sympathize with them and listen to them. I report back to headquarters what is happening here, but no one comes." The local Red Cross headquarters is in El Fasher, the state capital.

Aid organizations have always found Tawila a difficult place to operate in. Nestled in the foothills of the rich and fertile farmland of the Jebel Marra mountains and home to a mix of Arabs and non-Arabs, herders and farmers, it sits along a crucial livestock migration route and next to the main east-west road in Darfur, stretching from Chad to the main north-south road leading to Khartoum, the capital. Tawila is a strategic prize all sides in this increasingly complicated conflict have tried to win.

On Feb. 27, 2004, hundreds of Arab tribesmen in military uniforms attacked Tawila, led by Musa Hilal, the leader of the Arab militia known as the janjaweed.

Mr. Sraj was in his house when the assault began, but at the first crack of gunfire he fled with his family to a nearby valley, where they hid for three days.

When they returned to survey the damage, much of the town was leveled, including his house. Their furniture and livestock had been stolen, their store of grain burned. Dozens of people had been killed, and many women and girls had been raped. The attack on Tawila and its surrounding villages was to become one of the most notorious of the Darfur conflict.

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Mr. Sraj fled to El Fasher, where he and his family lived in the vast Abu Shouk camp. The rebels regained control of Tawila from the Arab militias, and last year its residents started to return, planting their fields and resuming their lives.

A cease-fire agreement seemed to bring some modicum of tranquillity. Mr. Sraj came back, this time as a worker for the Red Cross.

This spring the troubles started again, this time between the non-Arab tribes that had previously been the champions of the people of this area, mostly Fur villagers who lived as farmers and Zaghawa herdsmen and traders.

The Sudanese Liberation Army, the main rebel group fighting the government for greater autonomy in Darfur, split in two along tribal lines. The two sides fought for control of this crucial territory in advance of a peace agreement with the government that one of the factions, the Zaghawa-led group, signed in May.

The peace agreement has only made things worse here. The Fur-led faction of the Sudanese Liberation Army did not sign, and violence between the factions increased. The Rwanda camp, estimated in May to have had 9,000 residents, now holds perhaps double that number.

As the battle between the factions has intensified, ethnic lines in the camp have hardened. The Fur majority is suspicious of Zaghawas, who it claims have joined with the government to oppress the Fur.

Most of the displaced people at Argo, another camp just outside Tawila, have fled to the Rwanda camp to be closer to the African Union soldiers.

Those who remain at Argo are the most destitute. Under a thorn tree in the center of the camp sit a few old men, so poor that they lack the most basic furniture for any Darfurian household — a woven plastic mat on which to sit, eat and pray. They sat on empty wheat sacks, their foreheads sprinkled with dust and gravel from praying on the naked earth.

As the men talked, a dozen women on donkeys laden with water jugs, cooking pots, sacks of grain and children approached. One woman, Leimoun Ali Ahmed, said she had fled her village, Kalma, after bandits attacked to steal her livestock. She loaded her four children on two donkeys and was headed for the Rwanda camp.

"We don't have anything so we hope they will help us there," Ms. Ahmed said, referring to international aid organizations. She had heard that food, health care and clean water were available in the Rwanda camp.

But she will find little food and none of the rest. Relief International and Save the Children pulled out after attacks on their workers and vehicles. Relief International had offered health services, but its midwives, nurses, vaccinators and nutrition counselors have been evacuated to El Fasher. A dozen aid workers have been killed since May, all of them Sudanese, so aid organizations have had to curtail their activities in many areas. A World Health Organization car traveling with the World Food Program was hijacked Thursday by rebel gunmen.

That has left hundreds of thousands of people across Darfur without food, shelter, medicine and clean water. Disease and hunger are rampant.

"It is painful to think of those I left behind," said Halima Muhammad Ahmed, a midwife who had been working for Relief International in Tawila and who is now in El Fasher, waiting to return to the expectant mothers she left. Like so many of the aid workers in Darfur, she, too, is a victim — her village, Umo, was attacked by janjaweed in March 2004.

"We only think of going back," Ms. Ahmed said. "We are helpless here."

At the Rwanda camp, babies arrive, midwife or no. In a straw hut at the edge of the camp, Hasima Abakar sat with her month-old baby, a boy she named Hamid. The birth had been hard, and she lost a lot of blood. But she was more worried about Hamid — pus oozed from his navel. Radiant with fever, he squirmed and turned away from her breast.

"I don't know my future," she said, her face blank as she gazed down at Hamid. "Only God knows."

A Cry For Intervention In Darfur (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, September 10, 2006

D.C. Demonstrators Call On Bush to Press for U.N. Peacekeepers

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Two years after the Bush administration said genocide had taken place in Sudan, protesters marched yesterday on the White House, demanding that the president press for U.N. peacekeepers who could halt the continuing attacks in the country's Darfur region.

The United States and other members of the Security Council have endorsed a plan for U.N. peacekeepers to replace a beleaguered force of African Union soldiers in enforcing a peace agreement signed last year. But the Sudanese government has rejected the deployment, which would be bigger and better-equipped than the African Union force.

With signs that the Sudanese government and its allied militias are preparing to step up their attacks, demonstrators said time was short for President Bush to exert U.S. influence on Sudan's president.

"We need to hurry up; we need to put pressure," Fatima Mohammed Haroun, a Sudanese activist, told a crowd of a few hundred protesters massed in Lafayette Square, across from the White House.

Fresh from a trip to see family in Darfur, Haroun said her besieged homeland is desperate for the help of the international community. "The people are just waiting for someone to come and help them," she said.

Organized by Africa Action, the rally coincided with the group's release of a report comparing the restrained U.S. response to Darfur to the Clinton administration's inaction on Rwanda as hundreds of thousands of people perished there more than a decade ago.

Almost everyone in the crowd wore a shirt with the report's title: "A Tale of Two Genocides." Underneath the title were images of two bloody handprints, one above the word Rwanda, the other above the word Darfur. And below the handprints, an assertion: "The U.S. Has the Power to Protect."

In a planned act of civil disobedience, 30 protesters carrying signs marched from Lafayette Square across Pennsylvania Avenue, where they lay down on the sidewalk outside the White House fence and held up the signs.

The protesters were arrested by U.S. Park Police to the cheers of hundreds of fellow demonstrators who watched from across Pennsylvania Avenue, chanting for their cause.

"Stop the genocide! Break the deadlock! Protect the people!" the group called out as the 30 demonstrators lay, still holding up their signs.

A poor region of Sudan, Darfur has been at war since 2003, when rebels attacked government posts, triggering a massive response by the Sudanese military and the notorious government-backed militias known as Janjaweed.

Hundreds of thousands of people have died in the war, and an estimated 2 million people have been forced from their homes. Their plight has provoked protests across the country over the past couple of years, including a large demonstration in April on the Mall.

Yesterday's protest was aimed at pushing Sudan back into the broader public conscience and onto the president's agenda two years after his secretary of state made what many thought would be a seminal statement on Sudan.

"It's been two years, and Mr. Bush hasn't done anything about it," said Emily Funigiello, 17, who traveled from the University of North Carolina in Wilmington to join the demonstration.

Her friend Melissa Salvatore, 18, said the United States and the president cannot forget what happened not so many years ago.

"We can't let what happened in Rwanda happen in Darfur."

China Urges EU To End Ban On Arms Sales (AP)

By Robert Wielaard, Associated Press Writer

AP, September 10, 2006

Chinese Premier Wen Jiabao urged the European Union Saturday to lift its ban on arms sales to Beijing imposed after the 1989 crackdown on pro-democracy protests in Tiananmen Square.

Beijing has lobbied repeatedly for lifting the ban, calling it a "Cold War relic." France is in favor, but others in the 25-nation EU have failed to reach agreement.

Wen told a news conference China has made significant progress in "protecting the human rights of Chinese people."

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"No country can say they can resolve all the issues related to human rights perfectly," Wen said after a summit meeting with EU officials.

The European arms ban has been a sticking point in the EU's relations with Beijing and stems from China's questionable human rights record.

Wen objected to the EU's practice of linking "economic and trade issues with the so-called human rights issues."

"China attaches great importance to the issue of human rights and we identified human rights as the basic rights of the Chinese people," he said.

Wen also urged the international community not to threaten Iran with economic and other sanctions over Tehran's nuclear enrichment program.

"It is our hope that the international community ... will exercise caution on this matter and continue to work for a peaceful solution," he said.

The permanent members of the U.N. Security Council — the U.S., Britain, France, China and Russia — plus Germany have offered Iran economic incentives to persuade Tehran from enriching uranium.

Iran has ignored an Aug. 31 U.N. Security Council deadline to suspend enrichment.

The EU and China, meanwhile, agreed to step up cooperation in nonproliferation and disarmament issues and "expressed their grave concern over (North Korea's) recent multiple launch of missiles," said a final summit statement.

The two sides called for an early resumption of six-nation talks designed to resolve North Korea's standoff with its neighbors over its nuclear arms ambitions.

In those talks, South Korea, China, Japan, Russia and the United States have tried to persuade the North to abandon its nuclear program. North Korea has refused to negotiate since November to protest a U.S. crackdown on Pyongyang's assets abroad for alleged money-laundering and counterfeiting.

Protesters Call On Taiwan's Leader To Quit (WP)

By Jane Rickards, Special To The Washington Post

The Washington Post, September 10, 2006

Chen Urged to Take Responsibility for Alleged Wrongdoing by Relatives, Aides

TAIPEI, Taiwan, Sept. 9 -- Tens of thousands of protesters took to the streets of Taiwan's capital Saturday demanding the resignation of President Chen Shui-bian, whose family members and close aides have been embroiled in a string of corruption scandals.

Chanting "Step down!" and wearing red, the protesters called for Chen to take responsibility for the alleged wrongdoing and resign.

Huge red balloons, some with the Chinese characters for "honor," floated above the masses of people gathered in a main street near the Presidential Office in Taipei. Organizers of the mostly peaceful rally said the protesters' numbers swelled to 200,000, but police put the figure at 70,000.

Chen, a passionate supporter of formalizing Taiwan's independence from China, has the backing of his party and pro-independence stalwarts and is unlikely to step down before his term expires in 2008.

The months-old allegations that his wife, other relatives and key aides exploited their positions for illegal financial gain have weakened his leadership. The situation has raised questions about whether Chen will have the confidence to push for formal independence for the self-ruled island of 23 million, a move China has threatened to oppose with military force.

The rally, one of the first not to be sponsored by either Chen's party or the opposition, was led by Shih Ming-teh, former chairman of Chen's ruling Democratic Progressive Party. Shih, a former mentor of Chen's, was a prisoner for more than two decades for opposing the authoritarian rule of the Nationalist Party, or Kuomintang.

Shih announced his campaign to oust Chen last month, saying he would seek support from a million people and ask each to donate about $3. He said he reached his target of $3 million in less than two weeks.

Taiwanese intellectuals who formerly supported Chen, including artists, novelists and key members of bar associations, have joined the push for his resignation.

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Shih appeared before the crowd Saturday making the "thumbs down" sign. Shih, who plans to stage a sit-in outside the Presidential Office until Chen steps down, said the protest would continue indefinitely.

Chen's son-in-law, Chao Chien-ming, was indicted on insider trading charges in July. Prosecutors are also investigating allegations that first lady Wu Shu-chen accepted millions of Taiwan dollars in gift vouchers in exchange for using her influence in a department store takeover.

The Presidential Office acknowledged in a statement Thursday that prosecutors had questioned Chen last month about the suspected use of fake receipts to account for part of secret state funds used for diplomatic activities. Chen has said that he and his wife are innocent and that no state funds went to private individuals.

Protesters said Saturday that the statement was not enough and that the president should resign.

"We hope our president can step down," said Lee Huang-ming, who works at a state-run enterprise. "He is corrupt, and his family is corrupt. He is not suited to our times."

Independent analysts said the protests could compel the judiciary to investigate the scandals more thoroughly.

Blair Warns Against Infighting, But Feud Persists (NYT)

By Alan Cowell

The New York Times, September 10, 2006

LONDON, Sept. 9 — Prime Minister Tony Blair warned Saturday that Britain's Labor Party would lose control of the government if it did not show it was "hungry for power" and halt the "irredeemably old-fashioned" personal feuds surrounding his succession.

After a week of bitter infighting and pressure from his rival and onetime ally Gordon Brown, Mr. Blair was forced Thursday to set a 12-month limit on his tenure after nine years in office.

But the feuding has continued. On Saturday, Charles Clarke, a Labor stalwart and a government minister until Mr. Blair dismissed him in May in a cabinet shuffle, said in an interview with The Daily Telegraph that Mr. Brown was an uncollegial "control freak" who had "psychological" problems with debate.

"We just don't know what he thinks on a range of issues," Mr. Clarke said. "What would his foreign policy look like? Will he pull troops out of Iraq? He wants to produce rabbits out of a hat after he becomes leader. I think he's got to produce his rabbits now. He's got to explain what his vision is."

Mr. Brown offered no public response to the attack, the second by Mr. Clarke in two days. But one Labor legislator and Brown loyalist, George Mudie, said Mr. Clarke's "abusive and offensive language" seemed to suggest an effort by Mr. Blair's supporters to discredit Mr. Brown as a potential successor. By that argument, Mr. Blair wishes to block Mr. Brown, fearing he would undo Mr. Blair's political legacy.

At a speech to the loyalist Progress research organization, Mr. Blair said "there was something irredeemably old-fashioned" about the sparring between rival camps over the past week. "The only thing we did not have is the smoke-filled rooms, and that is because we banned those," he said, referring jokingly to Britain's broad indoor smoking ban.

But, Mr. Blair said, "we are not going to win if we have personal attacks by anybody on anyone because it turns the public off and makes them think we are interested again in ourselves and not in them."

He said Labor could win a fourth term in office, "not by behaving like we did last week, but behaving like we did when we were hungry for power before 1997, when we understood that what matters is the people of the country, not ourselves."

Mr. Blair seemed relaxed and at ease among faithful followers who gave him three standing ovations before he left, heading for the Middle East on a trip likely to focus on Lebanon and the Israeli-Palestinian issue.

The speech was Mr. Blair's first since his reluctant announcement on Thursday that he would resign within 12 months. He has not specified a date, but acknowledged that "there is a stage at which it is sensible as a political leader to move on and that is just the way it is."

Mr. Blair is the first Labor leader to win three successive terms in office. He said two years ago that he would not try for a fourth election, and Mr. Brown has been pressing for a firm date for him to go.

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The prime minister's less harried mood suggested that he felt the pressure had eased — if only slightly — with the spotlight now shifting to Mr. Brown, his policies and his prospects. But many in the party still seemed troubled by the high-level fighting.

"This government is becoming a wounded animal," said Diana Strongbow, a Labor Party figure who spoke during a question-and-answer session after the speech. "This has got to stop," she said of the warring camps. With young men "coming back from Afghanistan in body bags," it was an insult for politicians to go on fighting among themselves, she said.

Mr. Blair's speech seemed to persuade some loyalists that the party would survive the crisis to fight the next election, due by 2010 at the latest. "In the last few days people thought we had lost it," said Lord Clive Soley, a Labor peer who was part of the audience. "I think people will pull back."

Blair Urges Party To Stop Infighting (AP)

By Thomas Wagner, Associated Press Writer

AP, September 10, 2006

Prime Minister Tony Blair said Saturday his Labour Party risks losing the next general election if personal attacks among party members continue and the party fails to redefine itself and its goals.

Blair urged his party to stop the disputes and clearly outline its positions on complex issues such as security during the war on terrorism, immigration, pension shortfalls and global warming.

"We're not going to win if we have personal attacks by anybody on anyone," Blair said in a speech to a progressive think-tank in London.

Many party members had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would quiet the bitter infighting that flared in the party last week.

But even after Blair left London for Jerusalem — where he met Saturday evening with Israeli Prime Minister Ehud Olmert — the issue refused to go away.

During a news conference with the Israeli leader, Blair was asked if he would endorse Treasury chief Gordon Brown, widely expected to be the next prime minister, as his successor.

He said he was "not going to go back into all the leadership issues" and chastised journalists for continuing to press the matter.

"I actually think it's kind of disrespectful to come here, after everything this country and this region has been through, and talk about our own internal matters," Blair said.

It is believed that Blair and Brown have reached a private understanding over the handover of power. But angry comments by Charles Clarke, formerly Britain's top law and order official, have since demonstrated how uneasy the new peace is.

In comments published Saturday in The Daily Telegraph, Clarke said Brown's "massive weakness" was that he was a "control-freak" who could not work with people and who lacked Blair's "charm."

In comments published Friday in London's Evening Standard newspaper, Clarke harshly criticized Brown for the way he handled the week's turmoil, saying that his succession as prime minister was not guaranteed.

Brown's allies have insisted he was not behind the anti-Blair plotting.

Senior party figures have publicly backed him as the next Labour leader in an effort to prevent the eventual handover of power from getting even uglier and throwing national elections expected in 2009 to a resurgent Conservative Party.

In his speech in London on Saturday, Blair said the infighting reminded him how his party's ideological disputes had kept it out of power for many years. He said the center-left party, which has been in power since 1997, could still win the next general election if it puts aside the infighting and adapts its positions on complex issues of concern to the British general public.

In a newspaper article Friday, Brown sought to ease the fears of those who worry he would veer left instead of following in Blair's centrist footsteps.

Brown praised the prime minister as courageous and promised that Britain would do whatever was necessary to battle terrorism. He said that during an upcoming trip to New York he would reaffirm to Americans that, as it did after the Sept. 11, 2001, terror attacks, Britain "stands ... shoulder to shoulder with them."

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At a joint news conference with Olmert, Blair expressed his support for Olmert's decision to renew Israel's dialogue with Palestinian President Mahmoud Abbas, despite Hamas' control of the Palestinian parliament and government.

President Bush issued a statement praising Blair's visit to Lebanon, Israel and the Palestinian territories, saying the trip is timely given the deployment of international forces in Lebanon.

"I wish him well in his efforts to promote peace and stability," he said.

Britain's Leadership Battle Years In Making (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, September 10, 2006

Tony Blair's ally and enduring rival, Gordon Brown, tired of waiting to ascend. Now he has forced the issue -- and cast Labor into chaos.

LONDON — The photographs of the two men from the old days look like weathered yearbook snapshots, two fresh-faced politicians elected together to Parliament in 1983, their hair a little too long. One of them, a young man named Tony Blair, is beaming broadly; the other, Gordon Brown, looks studious and serious.

They shared an office for a time, eventually collaborating in drafting a new vision of what Britain's Labor Party should be, marrying its old trade union, socialist traditions with market principles. When the party leadership came up for grabs in 1994, both men wanted the job. Brown, especially, thought he had earned it.

"Basically, Brown was the senior partner. Brown had been in the party longer, had more sort of intellectual roots," said Nick Kochan, coauthor of "Gordon Brown: The First Year in Power." "Blair was Johnny-come-lately, trained as a barrister, had lots of charm and appeal and savoir-faire. Brown was rather retiring and awkward — brainy, but bad at people."

The two reportedly struck an agreement: Blair would take the party leadership — and soon, the leadership of the country — and Brown would inherit later, being granted responsibility for social and economic policymaking in the meantime.

More than a decade later, Brown tired of waiting. As chancellor of the exchequer — Britain's treasury chief — he has been one of Blair's most important allies and his most enduring rival during the prime minister's nine years in office. But he finally struck last week, forcing Blair to announce his departure within the year.

The move left the Labor Party in chaos and virtually guaranteed that Blair's final months in office would be marked by a bruising battle for leadership of the party both men helped to shape.

On Saturday, Blair appealed to the party to leave behind the vicious internal sniping of the last week and remake Labor's message to suit a changed Britain.

"There was something sort of irredeemably old-fashioned about it, I'm afraid: the attacks on the leader, the leader responds…. The only thing we didn't have was the smoke-filled room, and that's because we banned those," said Blair, whose entry into the room of party supporters was met with a standing ovation.

"We're three years away from an election, and we can remake ourselves," he said. "But we can only do it not by behaving like we did last week, but by behaving like we did when we were hungry for power, before 1997, when we understood that what mattered was the people and the country, not ourselves."

The story of Blair's last months as prime minister, like the years that preceded them, cannot be written without reference to his relationship with Brown, the brooding and brilliant son of a Scottish minister who both guided Blair's Britain to economic vigor and waited resentfully in Blair's shadow for the day he would be allowed to lead.

The political fortunes of Britain for years have depended on the interplay between these two powerful politicians who have worked closely together for two decades, sometimes while barely speaking to each other.

"Each of them and their acolytes spilling bile into the media [about each other] is pretty much normal behavior for them," said Tony Travers, a professor of politics at the London School of Economics.

"At one level, they're like an elderly married couple who kind of hover between a sort of final divorce, which would shock everybody, and occasionally getting back together and everything's fine. There's an element of can't live with and can't live without each other," Travers said.

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The marriage of opposites seemed to work. After Blair became prime minister in 1997, Brown proceeded to take expert command of the economy, handing over responsibility for interest-rate setting to the Bank of England and charting nine years of steady growth, while Blair focused on high-profile foreign policy initiatives and plunged into overhauling healthcare and education.

But well into his third term as prime minister, Blair had steadily refused to either step aside or set a date for when he planned to, leaving Brown, aides said, feeling frustrated and betrayed — all the more so as the party's poll numbers plummeted in the face of Blair's increasingly unpopular alliance with the U.S. on the war in Iraq.

Brown's supporters have been urging him to launch an attack on Blair for months. Blair's backers warned that attacking the sitting prime minister of a successful party 16 months after he had been reelected would amount to political suicide for all involved.

"Blair's star has really waned, ever since the end of the [initial phase of the Iraq] war and the failure to find any weapons of mass destruction. And yet each time it seemed to me there was a moment where Brown might have moved, he stood back," Kochan said.

Even last week, he said, Brown fell short of demanding Blair's immediate resignation, although reports have circulated of a private deal under which Blair would step down in the spring.

"Sometimes I think maybe the reason he doesn't go for it is he's not totally convinced that he's a natural leader," Kochan said. "Is Brown really convinced he'd be the right prime minister?"

Blair has never been troubled by such doubts, and even in the current crisis, with his party threatening open revolt, he has not been cowed, say those who know him. To the contrary, they said, Blair thrives on high drama.

"His adrenaline flows in helpful ways in his body. It's fight and fight, not fight-or-flight," said Anthony Seldon, headmaster of Wellington College and one of Blair's biographers. "He also has a kind of Zen personality whereby he is able to be remarkably positive about events. To a remarkable degree, he is able to let things go and live in the present, without being dogged by regret. He just bounces back."

In the end, Blair appears to have a kind of toughness, even ruthlessness, that Brown lacks, say many who know Blair. And he is buoyed in the current showdown, some suggested, by caring less about the consequences of the infighting.

"For Gordon Brown, the longer this civil war goes on, the more likely it is that Labor will lose the election. From Tony Blair's point of view, it's much less of a problem. Because the worst that could happen from his point of view is that Labor loses the election, and that in turn would suggest that he, Tony Blair, had been the magic ingredient that had won all the elections before," Travers said.

"And it is just possible, although the Blairites would aggressively deny it, that Tony Blair thinks [Conservative Party leader] David Cameron might be a better long-term successor as prime minister than some of the Labor candidates on offer."

Yet policy differences between Blair and Brown are not substantial. Both place greater value on transatlantic relations than on those with Europe.

"Brown will want to maintain the traditional British alliance with the U.S., and while he probably will not think the current policy on Iraq is sensible, until there is a change of U.S. presidents he won't be able to do much," said Patrick Dunleavy, a professor at the London School of Economics.

In general, Brown is thought to be to the left of Blair, more at home with labor-movement roots and slightly less committed to market-based solutions for base-line public services, including healthcare.

But because of the ghost of the Blair-Brown feud, the upcoming leadership contest will involve personalities as much as policy. Some Labor deputies have acknowledged reservations about whether Brown is up to the job, or have suggested, as Labor deputy Meg Hillier has, that Brown would need a good running mate.

"Politics is about communicating," Hillier said. "Brown is very warm one-to-one, but you need someone who can go out and talk the language that people can understand on the street."

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Please Don't Hire Tony Blair (WP)

By James Forsyth

The Washington Post, September 10, 2006

Things must be pretty bad for a trip to the West Bank town of Ramallah to seem like a chance to get away from it all. But that is where British Prime Minister Tony Blair -- hounded at home by his own party -- headed this weekend.

America's top defender abroad spent last week pulling knives out of his back, front and sides. Critics within his party insisted that he should announce the date of his resignation -- a move that would make Blair not just a lame duck but a legless one. His statement on Thursday that he would be gone by this time next year isn't enough: The rebels want a precise timetable. Even former Blair loyalists have collected signatures for letters imploring him to stand aside.

One small consolation for the prime minister: He won't be short of job offers once he takes early retirement. As long ago as 2001, the then-popular P.M. mused to the Sunday Telegraph about how "lucky" he was that he'll "get out before my working life is over. I'll have time to do something else."

That something else is likely to be on this side of the Atlantic, where Blair is in greater demand than back home and would probably earn more money -- a real concern for a man who likes the good life and must pay off a mortgage on a $6 million London townhouse. Indeed, if the London papers and rumor mills are to be believed, establishment Washington institutions such as the Carlyle Group or Georgetown University -- where Blair delivered a major foreign-policy speech in May -- could be seeking his services.

But American institutions should issue a moratorium -- a long one -- on hiring Blair. Yes, America's best friend has stood by the nation in times of war and controversy. But for that very reason, the U.S. national interest would be better served if Blair remained in Britain, where his reputation will steadily recover after he steps down, and where he could continue to make the case for the values that unite the two nations.

If Blair takes a big-bucks job over here, he will join a long line of world leaders whose support for American values has landed them in U.S. universities or think tanks. It must be nice to have friendly foreigners on hand to lionize U.S. virtues, but this pro-American brain drain is a luxury the United States can't afford as it wages a battle of ideas worldwide.

As Washington looks south at a rising tide of Hugo ChÃ¡vez-led populism, it must rue the fact that two of Latin America's most high-profile supporters of free markets now reside at U.S. universities. Former Brazilian president Fernando Henrique Cardoso, who tamed his country's inflation and transformed its economy, is now a professor at Brown University. And after serving as Mexico's budget secretary and president during the 1990s, U.S. ally Ernesto Zedillo returned to Yale, his alma mater, to direct its center on globalization. Similarly, as U.S. policymakers contemplate how India's intransigence contributed to the recent failure of the World Trade Organization to reduce trade barriers, they must wonder whether Indian free-trade guru and economist Jagdish Bhagwati could have tilted the balance back home if he still lectured at the Indian Statistical Institute or the Delhi School of Economics rather than Columbia University.

Consider the debate over Muslim radicalization in Europe. The Dutch-Somali politician Ayaan Hirsi Ali -- famous as a writer for the documentary "Submission," about the role of women in Islam -- was making the provocative but important argument that, in the Netherlands, Dutch values should trump Islamic ones when they come into conflict. But now she's at Washington's American Enterprise Institute. And former Spanish prime minister JosÃ© MarÃ-a Aznar -- who sent his country's troops to Iraq despite deep resistance at home -- isn't spending his time in Europe debating the merits of U.S. policy; instead, he's a scholar at Georgetown and sits on the board of Rupert Murdoch's News Corp.

Hiring friendly foreigners not only cuts them out of the debate in their own countries, but also taints their reputations back home, as former Harvard academic Michael Ignatieff is learning. Ignatieff is running for the Liberal Party leadership in his native Canada, where he supports involvement in the fight against terrorism and ridicules anti-Americanism as the "patriotism of fools." In short, Ignatieff is as good as Washington can get as the leader of Canada's left-wing party.

But his political opponents are using the time he spent south of the border against him. "Michael Ignatieff wants to be prime minister of our country," columnist Paul Wells wrote in the Canadian newsweekly Macleans last week. "And just in case I'm not being clear, I mean Canada ." The many years Ignatieff spent in England don't generate anywhere near as much attention as his

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five-year stint as a professor in Cambridge, Mass., illustrating people's sensitivity to the notion of their leaders being seduced by the Yankee dollar -- or corrupted by superpower values.

U.S. institutions should not, obviously, bar their doors to foreigners. American universities, in particular, generate goodwill toward the United States; those who spend a few years studying here are more likely to return home and foster empathy for the American predicament. In the short term, however, even the most precocious Fulbrighters are unlikely to reshape their countries' attitudes toward the United States. Leading pro-American politicians and intellectuals from abroad are a rare commodity -- one that shouldn't be wasted here on the homefront.

The United States must export more pro-Americans than it imports. Maybe it's time to round up all these sympathetic foreigners -- and send them home.

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James Forsyth is an assistant editor at Foreign Policy magazine.

Trade Ministers Vow To Break Log Jam (AP)

By Michael Astor, Associated Press Writer

AP, September 10, 2006

Developing nations on Saturday called on rich countries to restart global trade talks, saying the suspension of negotiations not only threatened the current round of discussions but also the multilateral trading system itself.

The Doha Round — named after the Qatari capital where they were started in 2001 — is aimed at slashing trade barriers across the planet. But the Doha talks stalled in July over the question of rich nations' subsidies for agriculture. The meeting here was the first since the World Trade Organization discussions faltered.

Developing nations are demanding greater market access for their agricultural products while developed nations complain of barriers in emerging markets for their industrialized goods and services.

"Not only is the round threatened, but the multilateral trading system itself now faces a serious crisis," said the statement issued by the emerging market nations of the Group of 20. "This is an unacceptable situation for all developing countries."

The trade representatives from nearly 30 nations seemed determined to plow ahead even though neither side seemed prepared to give much ground.

"The simple fact that we are meeting here demonstrates our engagement with the negotiations," Brazil's Foreign Minister Celso Amorim said. "We are living a unique moment where developing companies are saying, 'We need more access and less restrictions. Failure is simply not an option.'"

Analysts said the presence of U.S. Trade Representative Susan Schwab, EU Trade Commissioner Peter Mandelson, WTO chief Pascal Lamy and Japanese Agriculture Minister Shoichi Nakagawa was a positive sign but that gaps between the two groups would be difficult to bridge. The four will meet with G-20 members Sunday.

Philippe de Pontet, an analyst with the Eurasia Group consulting firm, said that an immediate resumption of talks was unrealistic.

"More plausible would be a return to the negotiating table in November or early December," he said.

But the G-20 statement made clear developing nations were unlikely to back off their key demands developed nations do away with agricultural subsidies and tariff barriers for their farm products.

"Most of the world's poor make their living out of agriculture. Their livelihood and standards of living are seriously jeopardized by subsidies and market access barriers prevailing in international agricultural trade," the statement said.

Powerful farm lobbies in the United States, Europe and Japan, however, oppose an end to subsidies, which they fear will leave them unable to compete with the flood of cheap imports.

Indian Commerce Minister Kamal Nath said it was up to the developed countries to take the lead in talks.

U.S. trade representative Schwab said she was trying to take that lead.

"I am actively seeking a new way forward for the Doha Round," Schwab said in statement.

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Supporters say a successful round will boost the global economy and lift poor countries out of misery. But opponents contend a binding WTO trade treaty will simply reap more profits for multinational companies while virtually enslaving workers in developing nations.

The entire process is rapidly running out of time because President Bush's authority to "fast track" the trade deal expires in mid-2007. The fast-track mechanism enables U.S. envoys to negotiate an agreement that can be submitted to Congress for a yes-or-no vote without amendments.

The G-20, formed in 2003, includes Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, the Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe.

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On the Net:

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Montenegro Votes, With Post-Serbia Path Unclear (NYT)

By Nicholas Wood

The New York Times, September 10, 2006

PODGORICA, Montenegro, Sept. 9 — Montenegrins vote in parliamentary elections on Sunday and few have any doubts who will be the winner. For 15 years, Prime Minister Milo Djukanovic, the longest-serving political leader in the Balkans, has dominated Montenegrin politics and is likely to continue to do so after the votes are counted late Sunday night.

Buoyed by electoral success in May, when referendum voters backed Mr. Djukanovic's call for Montenegro to split from Serbia and form an independent state, his two-party alliance is expected to win about 45 percent of the vote to fill the 81-seat Parliament, according to recent polling.

The margin of that expected victory will dictate the exact shape of the next government. But the real mystery is how Mr. Djukanovic — whose career was initially defined by making an alliance with the Yugoslavian leader Slobodan Milosevic and was later enhanced by breaking it — will choose to lead this country into a future seemingly free of the baggage of the former Yugoslavia.

In what has turned out to be a lackluster campaign compared with the emotional independence vote, Mr. Djukanovic has portrayed his coalition as an inevitable choice and the one best-suited to lead Montenegro to full membership in the European Union.

The Parliamentary election is "the second leg of the match we played up to May 21," he told supporters last month, referring to the May independence referendum. "After winning back our home at the referendum, at these elections we should pick a responsible caretaker."

But while he has emphasized that Montenegro is free to redefine itself, diplomats and experts here say it will have a tough time doing so, in part because of Mr. Djukanovic himself.

His tenacious hold on power — indeed, few here seemed shocked that his repeated promises to step down before this vote have gone unfulfilled — has contributed to the challenges still facing this state of 650,000 people.

Montenegro's tiny size has raised a question over its capacity to complete the complex and highly technical application process for the European Union. There are, for example, no precise figures on the number of government employees.

Vanja Calovic, the executive director of a group that is lobbying for government and administrative overhaul, said, "We are a really small country, so we have a few government employees, and on the other side our system of education does not prepare people do their jobs sufficiently well."

Montenegro's involvement in organized crime has earned it one of the worst reputations in the Balkans.

Mr. Djukanovic's government has long been at the center of corruption allegations, and it was named in a European lawsuit against American tobacco makers alleging collusion in cigarette smuggling.

Philip Morris agreed to pay $ 1.25 billion over 12 years in an out-of-court settlement with the European Union in July 2004, with the money earmarked for helping to crack down on the smuggling.

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Mr. Djukanovic himself faces an arrest warrant in Italy, brought by a court there in 2004 in connection with the smuggling. He dismisses the charges as politically motivated.

After he aligned himself with Western countries pitted against Mr. Milosevic and Serbia, little international pressure was initially brought against him to end the illicit trade, which was seen by some as a crucial source of revenue for the country.

Although the recent European pressure seems to have reduced the smuggling, opposition politicians charge that Mr. Djukanovic and his allies have grown rich while in power and have little interest in real economic reform.

"Djukanovic is directly linked to the financial oligarchy in Montenegro," said Nejbojsa Medojevic, the leader of the Movement for Changes, a new opposition party that has campaigned on an anticorruption platform. "Their interests are opposed to European standards. If Djukanovic wins the elections, E.U. integration will go very, very slowly."

In a twist to the Parliamentary election campaign, a state prosecutor announced Thursday an investigation into Mr. Medojevic's purchase of an apartment in Podgorica. Mr. Medojevic — who polls show is one of Montenegro's most popular politicians but is unlikely to win enough votes to rival Mr. Djukanovic — said the inquiry was designed to discredit him before the vote on Sunday.

Others suggest that corruption in Montenegro is no worse than in any other Balkan nation. Croatia and Macedonia are beset by similar problems, said James Lyon, an analyst with the International Crisis Group, and each of those countries already has European Union candidate status.

Spain To Monitor Senegalese Coast (NYT/AFP)

By AFP

The New York Times, September 10, 2006

MADRID, Sept. 9 — Spain said Saturday that it would send planes to scan the coast of Senegal for migrants trying to sail to Europe, in a bid to stem a flood of illegal immigration from Africa to its shores.

Spain's interior minister, Alfredo Pérez Rubalcaba, announced the measure after a meeting on Friday with his Senegalese counterpart Ousmane Ngom and after 90 migrants landed overnight in a vessel on Tenerife, a Spanish island.

They were the latest of more than 22,000 illegal arrivals on Spanish soil from Africa this year. Many of the migrants have landed on the Canary Islands, a Spanish-held archipelago north of Senegal off the Moroccan coast. They often risk death, traveling in small boats, to enter Spain in hopes of finding work in Europe.

Spain and Senegal also agreed to bolster the measures in place on the Canaries to identify people arriving from Senegal, one of the main countries of origin for the wave of migrants.

The two countries signed an agreement in August for Senegal to discourage people from migrating and providing logistical help for Spain to monitor the African country's coasts.

Senegal's president, Abdoulaye Wade, criticized Spain on Thursday for what he described as its government's slowness to send adequate patrols to Senegal.

Rescue services estimate that 550 people may have died this year in unsuccessful attempts to reach the Canaries.

Ownership In Cuba Becomes Hot Issue (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, September 10, 2006

With democratization possible, exiles wonder whether they'd get back the land seized decades ago -- and how, if it all, they'd be compensated.

MIAMI — In the 1950s, when Alberto Beguiristain's family owned 130,000 acres of farmland, two sugar mills and a distillery in Cuba, their 5,000 employees earned an average of $6 a day.

Now, at the dilapidated mill in Quemado de Guines that is the sole Beguiristain enterprise still functioning, it takes the average laborer almost a month to earn $6.

Beguiristain, who now lives in Miami, says he thinks his former countrymen would welcome his return to run what's left of the family business if the ailing Fidel Castro dies and Cubans turn toward a democratic government and pro-market economy.

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"My cousin went back to our hometown a few years ago," the 74-year-old insurance agent recalled. Outside the mill gates, the travelers encountered some elderly peasants. "They told her, 'We need your people. When are you coming back?' "

The question of who will own what in a post-Castro Cuba has been an intoxicating subject here since the July 31 news of the president's surgery and temporary transfer of power to his brother Raul.

But few are as optimistic as Beguiristain that the question could be resolved cleanly and simply.

Beguiristain is one of more than 150,000 Cubans who initially fled the 1959 revolution that brought Fidel Castro's guerrillas to power. Each family stripped of its property for alleged collaboration with the deposed regime of Fulgencio Batista was usually allowed to take only $5 and the clothes they were wearing.

Many of the exiles have kept tabs on their properties through friends who visit the island, or, like Beguiristain, from the Google Earth program that allows them to see satellite images on the Internet. There they get a glimpse of the time, money and energy needed for restoration.

It has been nearly half a century since Castro's revolutionaries took control of the Cuban economy. Factories were put under state management, farmland handed to cooperatives, and elegant houses carved up into small apartments and doled out to the poor.

The Communist government settled claims early on with most foreign investors, though not with U.S. owners. There are about 6,000 claims valued at nearly $8 billion registered with the U.S. Foreign Claims Settlement Commission.

But the vast majority of property seized in the name of Castro's revolution was from Cuban owners, large and small. Though original owners are dying, some survive on dreams of recovering family homes, replanting gardens or rebuilding businesses opened by their ancestors.

Cuban American lawyer Nicolas Gutierrez, whose family was one of the wealthiest in Cuba before the revolution, estimates that at least $100 billion in property was taken from Cuban owners.

Although there is no formal registry of Cuban claims, Gutierrez estimates that at least 2 million people on the island or in exile may have the right, as original owners or their heirs, to claim seized assets or compensation if Cuba is democratized.

"Restitution is not only a pro-exile policy, it's a pro-Cuban policy. Most former property owners are still on the island," said Gutierrez, who was born in Miami to exile parents. "We want everyone to get what they lost."

Cuba has the advantage of learning from the mistakes and successes of new democracies in Eastern Europe, said Tania C. Mastrapa, a Miami consultant on foreign property claims who did her doctoral dissertation on ownership resolution in those post-Communist countries.

How quickly any restitution or compensation program could be enacted in Cuba depends on when and what kind of change occurs, Mastrapa said.

Flocks of former owners have descended on Mastrapa's practice in recent weeks, newly encouraged that political change is coming in Cuba because of the illness and incapacitation of 80-year-old Castro.

"I try to get my clients to hope for the best but to expect the worst," she said.

Even if transition is swift and thorough, a Communist-controlled judiciary will probably still be in power during the crucial early days — and therefore in charge of administering privatization and setting terms for resolving multiple claims and ethical conflicts.

In Eastern Europe, private ownership has been restored with an array of privatization, restitution and compensation programs.

In Latvia, residential property that had been seized from owners after the 1940 Soviet takeover was occupied — sometimes for decades — by other families.

The new Latvian government crafted a seven-year property ownership transition period after the country broke from the Soviet Union in 1991, leaving original owners and occupants to negotiate rents or buyouts and providing arbitration for the few irreconcilable cases.

Mastrapa conducted an informal survey of Cuban exiles with property claims. She said she was surprised to learn that most would be willing to accept some other form of compensation if their property was irreparable or being used for a socially redeeming purpose. Only 23% insisted on restitution.

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Over the years, Cuba's government has equated any steps toward capitalism with an invasion of property-grabbing exiles. Some exiles with more recent experience of life on the island warn that the property issue is hypersensitive and that owners should come to terms with their losses.

"It's a page in ancient history, and it would be sheer madness from the political standpoint to be making claims," said Domingo Amuchastegui, a former Cuban intelligence official who defected in 1994.

Restoring private property and settling outstanding claims are among the transitional issues addressed in the 2004 report by the U.S. Commission for Assistance to a Free Cuba, which lays out over nearly 450 pages Washington's priorities for rebuilding democratic and free-market institutions in Cuba.

Amuchastegui criticized the Bush administration report as presumptuously advising Cubans on what reforms they should undertake, and he warned that it fed into the Castro regime's propaganda meant to frighten Cubans about change.

"The U.S. government, if requested by a transition Cuban government, could help establish a structure for addressing property expropriations," the report says, detailing a legal and judicial process for Cubans to follow.

Cuban American social leaders agree the issue is delicate and divisive.

"Cuban exiles are not going to go back and boot people out of their homes," said Alfredo Mesa, executive director of the Cuban American National Foundation.

Attorney Gaston Cantens represents the Fanjul family, which lost sugar mills, farmland and homes in Cuba but rebuilt in Palm Beach County into Florida Crystals, the state's largest sugar producer. Cantens says that recovering property is "in the back of everyone's mind," but that most exiles are more focused on seeing democracy brought to their native land.

Recalling the Eastern European success in restoring property, Cantens added: "I can't imagine in Cuba there is not going to be a similar process. But I don't think you're going to have people knocking on doors saying, 'This is my home, you've got to leave.' "

Still, it remains uncertain whether, when and what kind of change is ahead for Cuba — a Western-style democracy, the Chinese model or some hybrid.

Though most former owners are in their 70s or older, they refuse to concede that they are unlikely to live to see their properties returned to them.

That hope dies last is evident in the long-nurtured dreams of exiles like Beguiristain to once again see the land of their birth and the backdrop of their youth.

Beguiristain, who moves slowly and with a cane after knee surgery this year, said that he would never displace Cubans from the residential properties his family lost but that he would eagerly return to a free Cuba to try to breathe life into his family's dying businesses.

"I hope that it is in my lifetime," he said with a dejected glance at his swollen leg. "I think once it gets going, it's going to be almost immediately. Once they get an elected government, they'll need to reconstruct everything."

He's ready to leave his spacious home and the comforts he built for himself and his family to be part of that reconstruction, he said, noting that his son's power boat is gassed up and ready to depart for Havana at the first sign from either government that U.S. investment is welcome on the island.

*

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Reason On Holiday In Mexico (WP)

By Ruben Navarrette Jr.

The Washington Post, September 10, 2006

SAN DIEGO -- The long wait is over in Mexico, where the top electoral court has declared a winner in a presidential election held two months ago. The hope is that things will calm down.

Don't bet on it.

Having lost the election, a left-wing populist with a flair for the dramatic labels his opponents "criminals" and vows to set up a shadow government.

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About 150 equally dramatic legislators in Congress take control of the podium and prevent the sitting president from delivering his final state-of-the-nation address. In the streets, protesters throw rocks and bottles at police and stage sit-ins at makeshift shantytowns.

Who needs a presidential address? The state of the nation is obvious: Mexico has gone mad.

More so than usual, I mean. Our neighbor to the south is no model of stability. If that were the case, it wouldn't be hemorrhaging its best people -- the daring young men and women whose optimism leads them north in search of a better wage. There wouldn't be polls showing that nearly half of Mexicans would migrate to the United States if they could.

Still, economic instability is one thing. Political turmoil is a whole different headache. As long as the issue has a binational dimension to it, Mexican elites can dodge accountability by spinning it as Mexico vs. the United States. Concerned that Mexico can't provide opportunities for its people? What you should be concerned about, the elites say, is how los americanos treat your sons and daughters in el norte .

With political turmoil, there is no place to hide. It is Mexico vs. Mexico -- in this case, middle-class Mexico vs. poor Mexico.

Never mind the rich. They're yesterday's news. They still have resources, but their candidates don't have the popular support to win elections without dealing from the bottom of the deck. The party that many of them backed, the Institutional Revolutionary Party (PRI), came in third in the presidential race, lost seats in Congress and teeters on the brink of extinction.

The real struggle is between those in the middle class who are afraid to lose what they have earned and the poor who have nothing to lose.

A few months ago, before Mexican voters went to the polls on July 2 to select a new president, I suggested that Mexico needed a revolution. I also said that such a thing would never come to pass if pro-business conservative Felipe CalderÃ³n got more votes than left-wing populist AndrÃ©s Manuel LÃ³pez Obrador.

I was one for two. I was right that Mexico needs a revolution; the poor have had enough of being swindled and preyed upon -- first by the rich and then by the middle class. In fact, the poor are so accustomed to this sort of treatment that it's easy to see why they have taken to the streets. But I was wrong that a CalderÃ³n victory would preserve the status quo. Instead, that victory -- and how it came to be -- may just send the country into a tailspin.

Which is not to say that LÃ³pez Obrador was the better choice. Just take a look at his loco behavior since the election, and you'll see: He's not ready for prime time.

After the initial count showed CalderÃ³n winning by about 243,000 votes out of 41 million ballots cast, LÃ³pez Obrador called for a full recount. Election officials granted a partial one.

There was nothing wrong with LÃ³pez Obrador's asking for a recount. It was a close election. Wrong was when he went on television before the recount was completed and unilaterally declared himself the president-elect. Wrong was when he accused his political opponents -- including CalderÃ³n -- of orchestrating a coup d'etat and then charged that Mexico's electoral tribunal had gone along with it. Wrong was when LÃ³pez Obrador called for democracy and then wiped his feet on the democratic outcome when it didn't go his way.

Poor CalderÃ³n. He has an uphill climb. The first goal of his presidency has to be to convince the poor and the disaffected that they have a voice and he's listening to it. The president-elect can also expect to battle rival factions in Congress.

That includes those feisty legislators from LÃ³pez Obrador's Democratic Revolution Party (PRD) who caused the scene last week by preventing Mexican President Vicente Fox from speaking. The lawmakers said they were protesting voter fraud and the theft of an election.

The protest wasn't supposed to happen. CalderÃ³n's supporters had hoped that the PRD would part ways with LÃ³pez Obrador over his antics and concentrate on building on its significant gains in Congress.

That approach makes sense. It is practical and reasonable and mature, which explains why some Mexicans want nothing to do with it.

Turkey At The Tipping Point (NYT)

The New York Times, September 10, 2006

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After a Kurdish group claimed responsibility for a series of recent bombings in Turkey that killed three civilians and injured many others, the United States appointed a retired Air Force general and former NATO commander, Joseph Ralston, to work with Turkish authorities. General Ralston will be responsible for coordinating American antiterrorist efforts with Iraq and Turkey, both of which have sizable Kurdish minorities — and minorities within those minorities who have resorted to terror.

The Turkish foreign ministry hailed the appointment as a "new opportunity" for cooperation between the United States and Turkey.

The United States would be wise to create many more and varied opportunities to engage with Turkey, a longtime ally, and a uniquely important one. Turkey is a predominantly Muslim, secular democracy, situated between Europe and the Middle East. After years of trying to make amends for having suppressed its Kurdish population, often brutally, Turkey has seen violence resume of late. The United States needs to frankly acknowledge that instability in Iraq, on Turkey's southeast border, has fomented instability in Turkey. That morally obligates the United States to help with corrective action.

Equally important, a renewed focus on Turkey is in the United States' self interest. Last week, the nonprofit German Marshall Fund of the United States released the results of its annual survey of public opinion in the United States and 12 countries in Europe, including Turkey. The survey's most striking finding is the degree to which Turks now question their ties to the United States and Europe, and have warmed to Iran, their neighbor to the east.

The discontent appears anchored in Turks' overwhelming disapproval of President Bush's handling of international affairs and growing disapproval of European Union leadership. Both are manifest in waning Turkish support for the institutions that have bound Turkey to the West. Though Turkey has been a staunch NATO member since 1952, only 44 percent of Turks in this year's survey agreed that NATO was essential for Turkey's security, versus 52 percent in 2005. Even though Turkey opened official membership talks with the European Union last year — after strenuous efforts to meet the union's criteria — only 54 percent of Turks now view membership as a good thing, versus 73 percent in 2004.

As Turks see it, their support over decades for the West and for democracy has been rewarded with severe regional tension brought on by the United States, and by a cold shoulder, particularly from France and Austria, ever since Turkey qualified for European Union accession talks.

The appointment of General Ralston may help the United States to re-engage with Turkey, though ending Kurdish violence and tensions requires mainly political solutions. The United States can also help to keep Turkey's aspiration to join the European Union on track, by advocating more openly for resolution of the division of Cyprus between Greek and Turkish Cypriots.

The United States must not ever take Turkey for granted.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

What Has Risen From The Rubble (CHIT)

By Alberto Gonzales, Attorney General Of The US
Chicago Tribune, September 10, 2006
Strength, solidarity will defeat terror

Anniversaries, whether celebratory or somber, are times to reflect, but more important, to look forward.

On Monday, our enemies are certain to be doing just that. We must as well.

The terrorist network views Sept. 11, 2001, as a success to be matched or exceeded. They are, we are quite certain, planning future large-scale attacks right now, today--as our nation remembers and honors the victims of Sept. 11. The killers' approach is dangerously flexible; they are always seeking new angles from which to strike.

Their flexibility makes them a considerable opponent. Our flexibility, cohesion and resolve must be stronger than theirs to win this war.

Our network--made up of federal, state, local and international law enforcement and intelligence organizations--proved itself to be quite agile after the Sept. 11 attacks shocked the conscience of the world. We quickly put into place new structures while tearing down walls that had slowed or even halted intergovernment communication. Our military moved quickly to tear down Al Qaeda's "home base" in Afghanistan.

We destroyed training camps, cut off funding channels and disrupted means of communication. We have captured or killed many of Al Qaeda's key leaders.

Our counterstrikes have forced the enemy to reorganize and take a new approach; such is the course of an extended war with a clever and patient enemy.

The Internet is an important tool for terrorists. Extremist Web sites are inspiring disaffected souls in neighborhoods all over the world to join a global fight that is a perversion of the good faith of Islam. "Recruits" are encouraged to identify and join forces with other like-minded individuals. Sometimes these "homegrown" terrorists are in communication with Al Qaeda, sometimes they are simply motivated by Al Qaeda's ideology.

This new trend is a serious threat. From London to Madrid to the U.S., we are seeing evidence of the trend, but our network has already found ways to deal with it. We have disrupted plots and put homegrown radicals behind bars. In early August, British authorities disrupted what would have been a major terrorist attack with massive casualties.

Last summer, police officers in Los Angeles uncovered a plot by local radicals to attack government buildings and a synagogue. Working with state and federal partners on an FBI-led Joint Terrorism Task Force, they were able to "connect the dots" and arrest and prosecute those would-be killers who were robbing gas stations to raise money for their plot.

As the homegrown threat continues to develop, we must outpace the terrorists' level of organization and sophistication--because when our network is really working together, we can uncover and disrupt their deadly activities. Disruption and prosecution are the keys to protecting the American people from homegrown radicals.

As terrorist leaders search for new recruits all over the world, we must add to our network, identify new partners and strengthen existing relationships, particularly in the Muslim community. Because a clear expression of opposition to acts of terrorism from Muslim leaders is an essential part of our efforts to win, and end, this war.

The U.S. government and its citizens must be good, trustworthy neighbors to Muslim communities. Building strong relationships can take years, and we are really just beginning. This step will make identifying and investigating radical elements faster and more efficient for law enforcement. Ultimately, it will help disrupt terrorist plots.

There can be no question that it takes a network to defeat a network. As we look forward on this anniversary, let's also look to each other and reinforce the ties that make our network stronger than theirs.

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Bush's Detainee Plan Assailed (WP)

By Charles Babington And R. Jeffrey Smith, Washington Post Staff Writers

The Washington Post, September 10, 2006

Military Lawyers and Senators Call Proposed Rules Unfair

President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition Thursday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice.

The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee.

One of those is John McCain (R-Ariz.), a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries. Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal.

The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections. Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials.

Bush placed the issue near the top of the political agenda Wednesday when he announced that several top al-Qaeda suspects have been moved from secret CIA-run prisons to the U.S. military base at Guantanamo Bay, Cuba. The president suggested that Congress will be to blame if it fails to approve his proposals for prosecuting the detainees under guidelines that critics say are unconstitutional and unfair.

Lawmakers in both parties agree that enemy combatants should be afforded fewer rights than defendants enjoy in civil trials or, for the most part, in military courts-martial. But several uniformed military lawyers told the House Armed Services Committee Thursday that the White House goes too far in seeking to convict detainees on classified information never shared with the suspects.

"I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him," said Brigadier Gen. James C. Walker, staff judge advocate to the Marine Corps commandant.

Bush's high-profile drive for his version of the legislation has been particularly awkward for the three Republican senators who circulated a different bill earlier this week: McCain; Armed Services Committee Chairman John W. Warner (Va.), a former Navy secretary; and Lindsey O. Graham (S.C.), a former Air Force lawyer.

A GOP Senate aide, who asked that he not be identified because of the nature of the deliberations, predicted the trio will find it difficult to hold their ground because they are defending "a bloodless legal principle" while the White House is pushing the politically popular idea of convicting those accused of the 2001 atrocities.

But virtually all Senate Democrats, and at least a few more Republicans, appear sympathetic to Warner, McCain and Graham. Sen. Chuck Hagel (R-Neb.) said in an interview that he takes very seriously the testimony of the uniformed lawyers. He also said Bush was "unwise" to come close to threatening Congress in his Wednesday speech.

Under Bush's proposal, any detainees eventually put forward for trial -- a group that may or may not include all 14 suspects who figured in Wednesday's announcement -- could be convicted or acquitted under conditions that differ sharply from those in standard U.S. criminal trials. The "jury" in a trial by the commissions not involving the death penalty would consist of at least five military officers, and in death penalty cases a dozen officers. A presiding officer, dubbed the military "judge" and possessing legal training or experience, would decide all legal matters but would not vote.

Those eligible for such military trials would be any foreigners deemed "unlawful enemy combatants," a term the administration defines more broadly than Bush did in an executive order shortly after the 2001 terrorist attacks. That category would include not just al-Qaeda and Taliban members, but also anyone who is affiliated with a "force or organization" engaged in hostilities against the United States and its allies, who commits hostile acts for such groups, or -- most broadly -- who "supports hostilities" that aid such groups.

Terrorism would be only one of 27 offenses that could be charged under the Bush plan; the others include conspiracy, hostage-taking, torture, rape and hijacking.

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During the trials, prosecutors would be permitted to use classified information to secure convictions; defendants and their lawyers would not be told about such information. Prosecutors could also rely on hearsay, or evidence obtained indirectly, and evidence obtained by coercion if the panel's chief deemed it reliable and directly related to the accusations.

A rival set of rules circulated earlier this week by Warner, McCain and Graham would bar any use in the trials of secret evidence or information obtained from "cruel, inhuman, or degrading treatment" and would admit information from coercive interrogations only if the military judge found it reliable and pertinent. The proposal would allow trials to be closed only to protect information that would damage national security, leaving out any reference to "the public interest" as a reason.

Staff writer Jonathan Weisman contributed to this report.

Bill Would Ease CIA Interrogation Limits (WP/AP)

By Anne Plummer Flaherty

The Washington Post/AP, September 10, 2006

WASHINGTON -- To many of President Bush's allies, it is time to free intelligence officials from "legislative purgatory" and get the CIA back in the business of effective interrogations of suspected terrorists.

That chance could come this week if the Senate takes up a White House proposal limiting the punishable offenses that CIA interrogators may face when questioning "high-value" terrorist suspects. Senate Majority Leader Bill Frist, R-Tenn., is expected to begin debate on the bill as early as Tuesday.

Through omissions and legal definitions, the proposal could authorize harsh techniques that critics contend potentially violate the Geneva Conventions, which govern the treatment of war prisoners. These methods include hypothermia, stress positions and "waterboarding," a practice of simulated drowning.

The bill would keep in law prohibitions on war crimes such as rape and torture that are widely accepted as illegal.

The proposal would apply back to 2001 the Bush administration's standards for treatment of detainees. That would shield CIA personnel from liability under a 1996 law intended to uphold the Geneva Conventions, since the fight against terrorism began and harsher interrogation methods were approved.

The New York Times, meanwhile, reported in a story posted Saturday on its Web site for Sunday newspapers that sharp differences arose between the CIA and the FBI over tactics used in the questioning of Abu Zubaydah at a safe house in Thailand in the spring of 2002.

In a speech last Wednesday, Bush cited the questioning of Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells, in saying that questioning of various terrorists in CIA custody has played a role in the capture or questioning of nearly every senior al-Qaida member or associate detained by the U.S. and its allies.

The Times said interviews with "nearly a dozen" officials that it did not identify showed disagreements over the interrogation methods used on Zubaydah exposed a rupture between the FBI and CIA that has yet to heal.

"It would be improper for us to comment on operational issues involving any sensitive or ongoing matters," FBI Special Agent Richard Kolko said Saturday in response to the Times story. "It is also important to note that we have a strong and vital partnership with the CIA. We work together every day to ensure the safety of Americans everywhere."

Sen. John Warner, chairman of the Senate Armed Services Committee, has developed his own plan to address concerns he has related to the military commissions that would prosecute terrorism detainees. According to a draft copy of the bill, his legislation also may amend that 1996 law, the War Crimes Act.

Bush sent his plan to Capitol Hill last Wednesday, the same day the Pentagon issued rules forbidding military personnel from using those same harsh techniques.

"The net effect is that at least some of the alternative techniques are rendered, in effect, lawful" for the CIA, said Martin Lederman, a Georgetown law professor and former legal adviser at the Justice Department during the Clinton administration.

Lederman and other legal experts, along with human rights activists, say the White House proposal would undermine the 1949 Geneva Conventions by providing a more narrow definition of objectionable treatment.

"I think that's the bombshell ... because no other country has done that," said Elisa Massimino, the Washington director for Human Rights First. "And once we do, we lower the floor and the whole structure could crumble."

But according to conservatives, the move was necessary to repair damage done to the White House's intelligence program since a Supreme Court ruling in June. The court ruled against Bush's claim that interrogators did not have to comply with the Geneva Conventions when dealing with members of al-Qaida.

The court's decision to grant suspected terrorists certain rights potentially exposed Americans to prosecution under the War Crimes Act. The result, conservatives say, was a profound cooling effect on the CIA interrogation program.

"We're interviewing, not interrogating," said Sen. Pat Roberts, chairman of the Senate Intelligence Committee.

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Roberts, R-Kan., said in a recent interview that he believes intelligence officials are frozen in a type of "legislative purgatory." He said that keeps them from wanting to "walk up to the line, as has been the case before where we got 50 percent of our intelligence on what the terrorists were doing."

Tom Crispell, a CIA spokesman, declined comment on the agency's program.

According to recent public opinion polls, Roberts is not alone with his concerns. In an August poll conducted by Time, 55 percent of those surveyed said they support the harsh interrogation methods sometimes used to obtain information from prisoners in Iraq and Guantanamo Bay, Cuba. In a separate poll also by Time, 15 percent of respondents favored torture, even though it is against the law.

Such a willingness to be tough on terrorists could help Bush push a hard line on his legislation. At the same the president is asking Congress to amend the War Crimes Act and establish military tribunals to try detainees, he also wants lawmakers to approve the National Security Agency's terrorist surveillance program.

The effort is seen by many critics as an election-season push to expand his authorities to monitor suspected terrorists at a time when lawmakers from both parties are selling themselves as tough on terrorism.

At A Secret Interrogation, Dispute Flared Over Tactics (NYT)

By David Johnston

The New York Times, September 10, 2006

WASHINGTON, Sept. 9 — Abu Zubaydah, the first Osama bin Laden henchman captured by the United States after the terrorist attacks of Sept. 11, 2001, was bloodied and feverish when a C.I.A. security team delivered him to a secret safe house in Thailand for interrogation in the early spring of 2002. Bullet fragments had ripped through his abdomen and groin during a firefight in Pakistan several days earlier when he had been captured.

The events that unfolded at the safe house over the next few weeks proved to be fateful for the Bush administration. Within days, Mr. Zubaydah was being subjected to coercive interrogation techniques — he was stripped, held in an icy room and jarred by earsplittingly loud music — the genesis of practices later adopted by some within the military, and widely used by the Central Intelligence Agency in handling prominent terrorism suspects at secret overseas prisons.

President Bush pointedly cited the capture and interrogation of Mr. Zubaydah in his speech last Wednesday announcing the transfer of Mr. Zubaydah and 13 others to the American detention center in Guantánamo Bay, Cuba. And he used it to call for ratification of the tough techniques employed in the questioning.

But rather than the smooth process depicted by Mr. Bush, interviews with nearly a dozen current and former law enforcement and intelligence officials briefed on the process show, the interrogation of Mr. Zubaydah was fraught with sharp disputes, debates about the legality and utility of harsh interrogation methods, and a rupture between the Federal Bureau of Investigation and the C.I.A. that has yet to heal.

Some of those interviewed offered sharply contrasting accounts, but all said that the disagreements were intense. More than four years later, these disputes are foreshadowing the debate that Mr. Bush's new proposals are meeting in Congress, as lawmakers wrangle about what rules should apply as terrorism suspects are captured, questioned and, possibly, tried before military tribunals.

A reconstruction of Mr. Zubaydah's initial days of detention and interrogation, based on accounts by former and current law enforcement and intelligence officials in a series of recent interviews, provides the first detailed account of his treatment and the disputes and uncertainties that surrounded it. The basic chronology of how the capture and interrogation unfolded was described consistently by sources from a number of government agencies.

The officials spoke on the condition that they not be identified because many aspects of the handling of Mr. Zubaydah remain classified and because some of the officials may be witnesses in future prosecutions involving Mr. Zubaydah.

This week, President Bush said that he had not and never would approve the use of torture. The C.I.A. declined to discuss the specifics of the case on the record. At F.B.I. headquarters, officials refused to publicly discuss the interrogation of Mr. Zubaydah, citing what they said were "operational sensitivities."

Some of the officials who were interviewed for this article were briefed on the events as they occurred. Others were provided with accounts of the interrogation later.

Before his capture, Mr. Zubaydah was regarded as a top bin Laden logistics chief who funneled recruits to training bases in Afghanistan and served as a communications link between Al Qaeda's leadership and extremists in other countries.

As interrogators dug into his activities, however, they scaled back their assessment somewhat, viewing him more as the terror network's personnel director and hotelier who ran a string of guest houses in Afghanistan and Pakistan.

Mr. Zubaydah's whereabouts in Pakistan had been determined in part through intercepted Internet communications, but for days after his capture his identity was in doubt. He had surgically altered his appearance and was using an alias. But when

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agents used a nickname for Mr. Zubaydah, he acknowledged his true identity, which was confirmed through analysis of his voice, facial structure and DNA tests.

By all accounts, Mr. Zubaydah's condition was rapidly deteriorating when he arrived in Thailand. Soon after his capture, Mr. Zubaydah nearly died of his infected wounds. At one point, he was covertly rushed to a hospital after C.I.A. medical officers warned that he might not survive if he did not receive more extensive medical treatment.

According to accounts from five former and current government officials who were briefed on the case, F.B.I. agents — accompanied by intelligence officers — initially questioned him using standard interview techniques. They bathed Mr. Zubaydah, changed his bandages, gave him water, urged improved medical care, and spoke with him in Arabic and English, languages in which he is fluent.

To convince him they knew details of his activities, the agents brought a box of blank audiotapes which they said contained recordings of his phone conversations, but were actually empty. As the F.B.I. worked with C.I.A. officers who were present, Mr. Zubaydah soon began to provide intelligence insights into Al Qaeda.

For the C.I.A., Mr. Zubaydah was a test case for an evolving new role, conceived after Sept. 11, in which the agency was to act as jailer and interrogator for terrorism suspects.

According to accounts by three former intelligence officials, the C.I.A. understood that the legal foundation for its role had been spelled out in a sweeping classified directive signed by Mr. Bush on Sept. 17, 2001. The directive, known as a memorandum of notification, authorized the C.I.A. for the first time to capture, detain and interrogate terrorism suspects, providing the foundation for what became its secret prison system.

That 2001 directive did not spell out specific guidelines for interrogations, however, and senior C.I.A. officials began in late 2001 and early 2002 to draw up a list of aggressive interrogation procedures that might be used against terrorism suspects. They consulted agency psychiatrists and foreign governments to identify effective techniques beyond standard interview practices.

After Mr. Zubaydah's capture, a C.I.A. interrogation team was dispatched from the agency's counterterrorism center to take the lead in his questioning, former law enforcement and intelligence officials said, and F.B.I. agents were withdrawn. The group included an agency consultant schooled in the harsher interrogation procedures to which American special forces are subjected in their training. Three former intelligence officials said the techniques had been drawn up on the basis of legal guidance from the Justice Department, but were not yet supported by a formal legal opinion.

In Thailand, the new C.I.A. team concluded that under standard questioning Mr. Zubaydah was revealing only a small fraction of what he knew, and decided that more aggressive techniques were warranted.

At times, Mr. Zubaydah, still weak from his wounds, was stripped and placed in a cell without a bunk or blankets. He stood or lay on the bare floor, sometimes with air-conditioning adjusted so that, one official said, Mr. Zubaydah seemed to turn blue. At other times, the interrogators piped in deafening blasts of music by groups like the Red Hot Chili Peppers. Sometimes, the interrogator would use simpler techniques, entering his cell to ask him to confess.

"You know what I want," the interrogator would say to him, according to one official's account, departing leaving Mr. Zubaydah to brood over his answer.

F.B.I. agents on the scene angrily protested the more aggressive approach, arguing that persuasion rather than coercion had succeeded. But leaders of the C.I.A. interrogation team were convinced that tougher tactics were warranted and said that the methods had been authorized by senior lawyers at the White House.

The agents appealed to their superiors but were told that the intelligence agency was in charge, the officials said. One law enforcement official who was aware of events as they occurred reacted with chagrin. "When you rough these guys up, all you do is fulfill their fantasies about what to expect from us," the official said.

Mr. Bush on Wednesday acknowledged the use of aggressive interview techniques, but only in the most general terms. "We knew that Zubaydah had more information that could save innocent lives, but he stopped talking," Mr. Bush said. He said the C.I.A. had used "an alternative set of procedures'' after it became clear that Mr. Zubaydah "had received training on how to resist interrogation.

"These procedures were designed to be safe, to comply with our laws, our Constitution and our treaty obligations,'' Mr. Bush said. "The Department of Justice reviewed the authorized methods extensively and determined them to be lawful.''

In his early interviews, Mr. Zubaydah had revealed what turned out to be important information, identifying Khalid Shaikh Mohammed — from a photo on a hand-held computer — as the chief planner of the Sept. 11 attacks. Mr. Zubaydah also identified Jose Padilla, an American citizen who has been charged with terrorism-related crimes.

But Mr. Zubaydah dismissed Mr. Padilla as a maladroit extremist whose hope to construct a dirty bomb, using conventional explosives to disperse radioactive materials, was far-fetched. He told his questioners that Mr. Padilla was ignorant on the subject of nuclear physics and believed he could separate plutonium from nuclear material by rapidly swinging over his head a bucket filled with fissionable material.

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Crucial aspects of what happened during Mr. Zubaydah's interrogation are sharply disputed. Some former and current government officials briefed on the case, who were more closely allied with law enforcement, said Mr. Zubaydah cooperated with F.B.I. interviewers until the C.I.A. interrogation team arrived. They said that Mr. Zubaydah's resistance began after the agency interrogators began using more stringent tactics.

Other officials, more closely tied to intelligence agencies, dismissed that account, saying that the C.I.A. had supervised all interviews with Mr. Zubaydah, including those in which F.B.I. agents asked questions. These officials said that he proved a wily adversary. "He was lying, and things were going nowhere," one official briefed on the matter said of the early interviews. "It was clear that he had information about an imminent attack and time was of the essence."

Several officials said the belief that Mr. Zubaydah might have possessed critical information about a coming terrorist operation figured significantly in the decision to employ tougher tactics, even though it later became apparent he had no such knowledge.

"As the president has made clear, the fact of the matter is that Abu Zubaydah was defiant and evasive until the approved procedures were used," one government official said. "He soon began to provide information on key Al Qaeda operators to help us find and capture those responsible for the 9/11 attacks."

This official added, "When you are concerned that a hard-core terrorist has information about an imminent threat that could put innocent lives at risk, rapport-building and stroking aren't the top things on your agenda."

A Terror Trial, With Or Without Due Process (NYT)

By Jeffrey Rosen

The New York Times, September 10, 2006

SOME debates are so polarized, with the competing sides so certain that any compromise would be dangerous, that it's hard to imagine any middle ground emerging.

The argument over how to try the 14 terror suspects recently transferred from Central Intelligence Agency prisons to military custody at Guantánamo Bay seems to be one of them.

On one side is the Bush administration, which last week proposed that these suspects, whom it called the most dangerous in the war on terror, should be tried in military commissions under procedures that the White House asked Congress to endorse.

Under the Bush proposal, the trials would not resemble any civilian trials or courts-martial held in the United States. Hearsay evidence and evidence obtained under coercion or duress could be admitted. And suspects could be denied access to classified evidence, although it would be disclosed to their military defense lawyers.

On the other side of this debate are civil libertarians who insist that suspected terrorists can't receive fair trials unless they are given the protections of an ordinary court-martial — including the right to exclude hearsay and coerced evidence and the right to see evidence against them.

So, what's a fair trial and how much due process does it require? Can the suspected terrorists be tried by a tribunal that lacks some of the protections that military defendants ordinarily demand? Surprisingly enough, this is not a debate about what the law requires. Short of endorsing cruel and unusual punishments for terrorists, Congress can set up whatever military commissions it likes.

"The administration's proposals, if adopted by Congress, would almost surely pass muster with the Supreme Court," said Peter Spiro, who teaches international law at Temple University. "Congress may not have complete carte blanche, but in the Hamdan case last June, four of the justices who voted against the commissions stressed that the president could always go back to Congress to get the authority he wanted."

The issue, then, is more about the court of public opinion: how a trial, without the customary procedural rights, would be perceived in the United States and abroad.

Inevitably, the military commissions, whatever form they take, will be compared to the Nuremberg trials in which Nazi war crime defendants were given due process — up to a point.

"At Nuremberg, there was no secret evidence and no closed proceedings that the defendants' counsel was excluded from, although it's not clear how much physical access to the evidence the individual defendants had," said John Barrett, who teaches at St. John's University law school. "Hearsay and evidence produced by coercive methods weren't formally excluded by the Nuremberg charter, but the American interrogators didn't do rough stuff like water boarding — although there might have been a corner or two cut that the coercion standard would find troubling."

Many want the United States to meet this Nuremberg standard, which they believe gave it authority and credibility over the next half century to serve as a global model of due process.

"The trials shouldn't differ fundamentally from the fair trial provisions in any trial, especially when you have the potential death penalty or life in prison," said Richard Goldstone, the South African chief prosecutor of the United Nations International

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Criminal Tribunals for the former Yugoslavia and Rwanda. “To exclude a defendant from any part of the trial, or to withhold evidence from the defendant, seems to me, by any civilized standard, outside what is acceptable.”

He added, “The other objectionable provision is that evidence would be admitted even if obtained under duress or torture.”

But other legal scholars say that this is a different time. For one thing, they point out, the war is not over. “In a war situation, international commissions often use hearsay as long as it’s reliable,” said Jack Goldsmith of Harvard Law School, who led the Office of Legal Counsel under President Bush.

Other scholars who defend the administration argue that national security cannot be compromised.

“The issue of access to classified information is pivotal,” says John Yoo, who helped the Bush administration draft an earlier version of the proposed commissions and who now teaches law at University of California, Berkeley. In his new book, “War By Other Means,” Professor Yoo argues that in the first World Trade Center bombing case in 1993, prosecutors had to give the defense a list of 200 unindicted co-conspirators. The list, he writes, was “delivered to bin Laden” ” and “was later found during the investigation of the African embassy bombings.”

Republicans in Congress are now negotiating with the Bush administration on a series of compromises. The military commissions may operate closer to the Nuremberg standard, but give the administration some of the authority it seeks. For example, one proposal would allow the use of hearsay and evidence obtained through coercion short of torture, while refusing to allow the use of evidence not disclosed to the defendant.

Could this satisfy critics? Some legal scholars suggest that a trial conducted along these lines could have international legitimacy as well as meeting basic standards of due process. Even Mr. Goldstone, the chief prosecutor for the U.N. tribunals, says that jettisoning the use of secret evidence would remove the “most objectionable” part of the proposal.

Professor Spiro of Temple University agrees. “The Republican moderates’ proposal would come a lot closer to satisfying international opinion, and in part because it’s coming from the Senate and not the administration,” he said.

Still, the atmospherics of the trial, and the fact that the defendants face the death penalty, may make it harder for the verdict to be internationally accepted.

“Guantánamo is now a rallying cry in Europe, so any trials that take place there will be tainted by that fact alone,” Professor Spiro said. “The administration would be well advised to allow the proceedings to be televised to avoid the image of a show trial.”

But televised proceedings might give the defendants a political platform to hijack the proceedings. “There’s always a danger that this will degenerate into a political circus,” says Professor Goldsmith. “Slobodan Milosevic used the trial against him as a political platform, and Saddam Hussein is doing the same thing. The more procedural rights you give the defendant, the more you allow him to continue the war by other means.”

Professor Goldsmith says the debate about what a fair trial requires will continue throughout every stage of the terrorist trials — from the initial indictments to the actual trials to the Supreme Court appeals that would follow any death sentence. “There’s a trade-off,” he said. “You can clamp down on access, but you do so at the cost of the perception of fairness, and finding the right balance of fairness and control is very hard.”

Not Just Because Bush Says So (WP)

By Dahlia Lithwick

The Washington Post, September 10, 2006

The Bush administration is marking the fifth anniversary of the Sept. 11 attacks this week with a charm offensive touting its War on Terror. At the less charming end of the spectrum: Defense Secretary Donald H. Rumsfeld's nasty attacks on war critics. More charming: President Bush's new willingness to empty secret CIA prisons and put the alleged 9/11 ringleaders on trial. But what's missing from all these election-season defenses of the government's actions is the same ingredient that has always been missing: a fair-minded balancing of what's been lost against what's been gained.

Like the administration's old rationalizations for the fight against terrorism, the new ones write off critics as appeasers or suggest that the United States is foiling terrorism plots through "alternative interrogation procedures." The president claims that every suspension of the laws of war, the Geneva Conventions and domestic civil liberties is justified because it is necessary, and is necessary because he says so. There is no recognition that important freedoms are lost; that waterboarding prisoners is more than "tough, and . . . safe, and lawful" or that programs such as the National Security Agency's warrantless surveillance of citizens carry a price.

That is why Richard A. Posner, a judge on the U.S. Court of Appeals for the 7th Circuit, is such a welcome voice in the national debate about freedom vs. security. Posner is renowned -- and not always in a good way -- for putting a price tag on everything . But whatever quibbles liberals may have with his law-and-economics approach to issues such as rape and unwanted pregnancies, they should celebrate the rigor he brings to the problem of civil liberties in wartime. In his new book, "Not a Suicide Pact: The Constitution in a Time of National Emergency," Posner approaches the wartime civil liberties problem in

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precisely the manner the Bush administration will not: with a dispassionate weighing of what is won against what is forsaken each time the government engages in data mining, indefinite detentions or the suppression of free speech.

Posner first quickly dispenses with the notion of an immutable Constitution; indeed, as Instapundit blogger Glenn Reynolds and his wife recently discovered in an interview with the judge, Posner may even be embracing the liberal concept of an evolving "living constitution" that keeps pace with modern life. But if one agrees that the boundaries of what is "constitutional" are almost completely mutable, one can easily appreciate Posner's approach to determining which suspensions of constitutional rights are justifiable in wartime.

Posner concludes that broader government surveillance powers, computerized data mining, zealous deterrence of media leaks and even "coercive interrogation up to and including torture" are all constitutionally permissible against an unprecedented new threat. And though I may differ with him on the balances he strikes between liberty and safety, I find his essential project -- the notion that fundamentalist terrorism is not quite a crime, and not quite a war; and that new systems require meticulous calibration -- vastly preferable to the all-or-nothing vision of Bush and his lawyers.

By virtue of his analysis, Posner even criticizes a few Bush administration decisions. He questions, for instance, the decision to suspend the right to habeas corpus of U.S. citizens or foreign terrorism suspects captured in the United States, because he thinks the cost of indefinite detention exceeds the gain in public safety. It is precisely this kind of exercise that makes Posner's book so important, as voters begin the preelection analysis of which elements of the president's surveillance, detention and prosecution strategy have made us safer -- and which have made us less free.

But if we are really to follow Posner's lead and undertake a sober national assessment of the costs and benefits of suspending civil liberties, we need better information on, well, the costs and the benefits. Surely Posner would agree that a good consumer is an informed consumer. But is anyone informed enough to engage in such an analysis?

For instance, Posner seems to share Bush's assumption that torture is, broadly speaking, worth it, that it extracts information that can disrupt terrorism plots. He goes on to argue that even in the face of anti-torture statutes, there is a moral obligation -- in, say, ticking time-bomb situations -- for leaders to exercise a form of civil disobedience and ignore the statutes.

But without fuller information on who is being tortured, and how, and for how long, and how many false confessions are elicited, how is a meaningful cost-benefit assessment possible? I am willing to be convinced, nearly five years later, that provisions of the USA Patriot Act really do make us safer. But I am not moved by assertion alone. How can I weigh the security benefits of so-called national security letters, or the subpoena of my library records, if the government refuses to disclose how that information is used and why?

If I can only assess the curtailment of my civil liberties against the government's claims that such curtailment makes me safer, then no real balancing is possible; I am merely weighing my own subjective sense of freedom against the president's promise that I am safer. Posner argues convincingly that our judges don't have the institutional capacity to decide these questions of national security. But then, using only the knowledge he has as a judge, he undertakes precisely such a balancing test. Why? Because, as he reveals, smart, "generalist" judges are still better situated to perform the kinds of assessments necessary to measure whether Freedom A is worth sacrificing for Security Measure X.

The real power of Posner's effort is that he stands back and measures whether Guantanamo Bay and wiretapping are really worth it. It's proof that the best cure for partisan shrieking is a good old-fashioned game of cost-benefit analysis. Now, if the Bush administration would follow suit and frame the debate about freedom and war in terms of security gains and civil-liberties sacrifices (rather than cheap attacks on critics or grandiose claims of unlimited wartime authority) we might begin the sort of careful debate about this possibly never-ending fight against terrorism -- a debate that is long overdue.

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INFORMANTS TELL TERRORIST TALES (SFC)

By Demian Bulwa,, Chronicle Staff Writer

San Francisco Chronicle, September 10, 2006

They have exerted unusual power

From Lodi to New York, many terrorism investigations since the attacks of Sept. 11, 2001, have shared a similar plot line.

An informant posing as an Islamic radical gets close to one or more Muslim men. The informant spouts anti-American rhetoric, speaks favorably of terrorism or even offers to provide supplies or weapons. If he is successful in drawing out his targets, arrests are made, even if the suspects lack a firm plan or the means to carry out an attack.

Other steps that authorities have taken since 2001 to head off terrorist strikes -- such as airport screenings and stepped-up surveillance of landmarks, ports and public transportation -- have garnered plenty of attention. But the use of informants has figured more prominently in arrests of suspected plotters.

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The scenario has placed informants in an important and contentious role. Though informants have long been central to infiltrating organized crime, they have exerted unusual power in terror probes, according to experts who have followed the investigations. Many of the resulting criminal cases have rested heavily on conversations, not overt actions.

Defense attorneys say informants are often under intense pressure to deliver a case because they are either being paid or have agreed to cooperate to avoid punishment for their own crimes. Some plots wouldn't have hatched at all without an informant's provocation, say the attorneys, though they concede that such saber-rattling is not illegal.

"In order to open a dialogue with radicals, to a certain extent (the informant) has to share their rhetoric," said Brian Jenkins, a terrorism expert and senior official at the Rand Corp. think tank in Santa Monica. "The fact that an informant engages in radical rhetoric is not evidence that he is a provocateur -- it's a prerequisite to establishing his credentials."

However, Jenkins said, "the difficulty is that a lot of these angry young men who are susceptible to this ideology are constantly fantasizing about operations. They may even engage in planning attacks that in all probability are going to remain in the realm of fantasy."

The use of informants is a sore subject among many Muslims in the Bay Area. Some say the whole community should not be targeted because of the actions of a few extremists, and they worry that such scrutiny could alienate ordinary Muslims and make them reluctant to volunteer information to law enforcement.

"That's probably not the best way to do it," said Irfan Rydhan, a board member for the South Bay Islamic Association in San Jose, who compared the use of informants in mosques to the government's infiltration of activist groups in the 1960s.

"I can understand why they're thinking like that -- the main stereotype is that Muslims are causing all the problems," Rydhan said. "But we Muslims in America are the bridge to the greater Muslim community in the world. Law enforcement should be openly talking to us."

Rydhan stressed that his mosque and its imam had a strong relationship with authorities. FBI agents recently had dinner at the mosque during a monthly "family night" and took questions from members.

U.S. Deputy Attorney General Paul McNulty, addressing the American Enterprise Institute in May, said the Justice Department had charged 435 people and had won 253 convictions in cases related to international terrorism since September 2001.

Citing a computer-aided review of data, the Washington Post reported that most of the defendants were charged with minor crimes unrelated to terrorism. But McNulty said his agency had used "the full arsenal of tools Congress has given us," including immigration charges.

Informants are a recurring theme in high-profile terrorism prosecutions. In Portland, Ore., a man posing as a Taliban supporter helped convict six Portland residents of conspiring to join the radical group in Afghanistan. In Detroit, questions about an informant's credibility helped overturn convictions of Muslims accused of being members of a suspected terror cell.

Reports indicate that informants were central to the arrests in Canada in June of 17 people suspected of planning to use fertilizer to make truck bombs.

At a federal trial earlier this year, defense attorneys argued that 24-year-old Pakistani immigrant Shahawar Matin Siraj had been radicalized over the course of a year by a 50-year-old informant before Siraj suggested blowing up a New York subway station in 2004.

The older man, posing as the son of an Islamic scholar and as a determined terrorist, showed photos to Siraj of the abuse of Iraqi prisoners at Abu Ghraib and offered to provide explosives, defense attorney Martin Stolar said.

"My client was very easily manipulated. The idea of doing something violent had been drilled into him by the informant," Stolar said in an interview. "His response was to say, 'How about this idea?' But it was never going to happen."

However, prosecutors showed that Siraj had a history of espousing violence, including in tape-recorded talks with the informant. A federal jury rejected Stolar's claim that Siraj had been entrapped and convicted him.

In Lodi, the FBI assigned 33-year-old informant Naseem Khan to infiltrate the city's only mosque, even after discovering that he had falsely told agents that he had seen three of the world's most notorious terrorists there, including al Qaeda second-in-command Ayman al-Zawahiri.

Khan, posing as a man interested in holy war, focused on two Pakistani clerics who were in Lodi on religious visas. Then in the summer of 2002, he came across Hamid Hayat, 23, who displayed enthusiasm for militant groups and kept what prosecutors called a "jihadi scrapbook" of news clippings. The men became best friends, at least in Hayat's mind.

At one point, Khan berated Hayat for not going to a terrorist training camp in Pakistan, and told him to "be a man" and "do something." Khan testified later that he had scolded Hayat "as a way to make him talk."

Hayat was convicted of providing material support to terrorists by allegedly attending a camp in Pakistan. He faces up to 39 years in prison at a sentencing later this year.

DOJ_NMG_0060700

Hayat's attorney, Wazhma Mojaddidi, argued that Hayat had not been to the camp and said the FBI had not kept a tight enough leash on Khan. She said the informant had a financial incentive to incriminate Hayat. The FBI paid Khan more than $225,000.

"The informants in these cases are being trusted more than traditional informants," Mojaddidi said. "I guess the FBI considers them to have more specialized knowledge about the culture. But what that does is give them more power than they should have in these investigations."

McGregor Scott, the U.S. attorney for California's eastern district, which includes Lodi, said agents had handled Khan legally and properly.

"Oftentimes, the best evidence is what comes from the mouth of a suspect in an unguarded moment," Scott said in a recent interview.

"In the terrorism context, typically the people we are investigating are Muslim males, and those can be self-contained communities," Scott said. "The use of an informant who fits into that self-contained community can be a very effective law enforcement tool in these investigations."

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Onetime Watsonville Resident, Attorney Reflects On Work With '20th Hijacker' (SCS)

By Peggy Townsend, SENTINEL STAFF WRITER

Santa Cruz (CA) Sentinel, September 10, 2006

The trial of al-Qaida conspirator Zacarias Moussaoui decimated Alan Yamamoto's law practice.

It wore him down physically. It drained him emotionally.

He was so exhausted after the trial, he didn't talk about it for months.

But last week, the Watsonville High School graduate was ready to speak about the years he spent defending a man who vowed to kill Americans, despised his defense team, taunted the families of the victims of 9/11 and admitted allegiance to Osama bin Laden. A man who greeted his attorney each day with the words, "Curse you, Yamamoto."

In a telephone interview from his one-man law office in Alexandria, Va., the only member of the defense team to whom Moussaoui would talk spoke about the man behind the courtroom rantings; about a moment in the trial that surprised him; about his client's mental health; why he won't write a book about the case; and why he thought the years-long trial was a waste of taxpayer money.

His words came even as President Bush was upping the stakes with Congress over trying terror suspects through military tribunals to avoid what occurred in the Moussaoui case — the release of classified information to attorneys defending clients in those cases.

"No, I'm not bitter," the 61-year-old Yamamoto said of the years he spent helping defend Moussaoui. "I just think it was a waste of money, that's all. I was too busy to be bitter."

Getting to know Moussaoui

There is probably not a person in the United States who knew the burly 37-year-old terrorist better than Alan Yamamoto.

For almost three years, the unassuming man who likes mystery novels and volunteers at the animal shelter was the only member of the defense team to whom the French-born Moussaoui would speak.

It meant that Yamamoto spent hours locked in a windowless 6-by-6 room in the Alexandria Detention Center with a man the government once dubbed the "20th hijacker," and a man who rained insults on his other defense attorneys.

"He could be very funny. He had a terrific sense of humor. He was very bright," Yamamoto said of the man who was arrested three weeks before Sept. 11 after his behavior aroused suspicion at a Minnesota flight school.

"But he could also be a royal pain in the ass: argumentative, nasty. Just a jerk."

Most of the time, Yamamoto said, Moussaoui would lecture him about converting to Islam and rant about the sins of America and of Christianity. He would insist that his defense team, including Yamamoto, wanted to have him put to death and refuse to answer questions that would help defense attorneys in the case.

"God curse and kill you, Yamamoto," he would always say as the attorney left the meeting room.

"After awhile, it wore me down," Yamamoto said of the long harangues, the refusal to trust the attorneys who were trying to help him.

But there were also times when the two men would sit at the room's small table and Moussaoui would ask Yamamoto about his own life or tell him about growing up in France — a childhood dominated by a father who beat his sisters and mother, in a country that looked down on Moroccan immigrants like him.

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It was testimony about that abusive childhood, an anonymous juror later revealed to the Washington Post, that led nine of the 12 jurors to say it was one of the mitigating factors in their decision to recommend a life sentence instead of death for the al-Qaida operative.

But Yamamoto's answers to questions about his childhood growing up in the strawberry fields outside of Watsonville puzzled Moussaoui. He could not understand how Yamamoto could continue to be an American in the face of the bombings of Hiroshima and Nagasaki and of the internment of Yamamoto's parents in a Poston, Ariz., camp during World War II.

"He couldn't fathom how I could live like that," Yamamoto said.

So it surprised Yamamoto when Moussaoui, after listening to families of the victims of the World Trade Center attack testify that despite their pain they had found ways to move on — like establishing scholarships or working for peace — told him he was "very moved" by their words.

"The people who testified for the prosecution and just wanted him dead, he could understand that," Yamamoto said. "But what he couldn't understand was these other people coming and saying I think we should have peace."

The fact that they didn't want revenge affected Moussaoui deeply, Yamamoto said.

And while some questioned Moussaoui's sanity because of the courtroom tirades, his rambling legal briefs and paranoia, Moussaoui was not crazy, Yamamoto said.

Although Moussaoui's family was filled with mental instability — his father is in a mental institution in France and his two sisters are living in government housing for the mentally ill — Moussaoui was more like those who fall into cults, a person who was susceptible to indoctrination, Yamamoto said.

"He had mental health issues and I've told him that to his face," Yamamoto said.

"... I never thought he was crazy."

A terrible pilot

The case cast a shadow over Yamamoto's life.

His work week stretched from 60 hours to 100 hours as he huddled with Moussaoui or holed up in a cramped room in the courthouse going over boxes of classified documents that he could not even discuss with his client.

With a one-man law practice, Yamamoto was soon turning away new business and referring his regular clients to other attorneys to concentrate on the case. When it ended, he had no clients left.

"My personal life suffered the same way," he said.

"I didn't have one."

But there were a few high points — one of them when the defense team set legal precedent by winning access to senior al-Qaida operatives like Khalid Shaikh Mohammed who were being held at undisclosed sites overseas.

It was Shaikh Mohammed who said Moussaoui hadn't known about the Sept. 11 plot, and had been training for an unspecified second wave of attacks that never occurred — the same thing Moussaoui had admitted in July 2002, telling the court "he was in the United States for something else," according to Yamamoto.

In fact, Moussaoui had confided to Yamamoto that he was a terrible pilot.

"He once explained to me that he would be flying the plane and see something in the distance and start looking at it and forget to fly," Yamamoto said. "He couldn't fly to save his life."

Had Moussaoui been allowed to plead guilty to that crime, he would have received a life sentence like the one he got after years of legal wrangling, according to Yamamoto.

Instead, the government continued to press for the death penalty, saying Moussaoui's lies after his capture permitted the Sept. 11 attacks to go forward, spending tens of millions of dollars, he said.

"Prosecuting him was a waste of money, because ultimately, he Moussaoui was not really aware of what was going on," Yamamoto said. And while the government has yet to disclose the cost of the trial, according to reports in the Associated Press last week, Attorney General Alberto Gonzales admitted it was "millions of dollars," calling the trial a lesson for the government.

"The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in a civil court where you might have to put at risk classified information, where the terrorist may insist on having direct access to someone that's being detained by the United States," Gonzales said.

The defense team's fees are also under seal. But, Yamamoto said, "It didn't make me a rich man, oh no. Nobody gets rich doing this work." And, he will not write a book about his experience, he said, "because I told him Moussaoui I wouldn't ... and I haven't."

Yamamoto was thoughtful when asked how history would look at the Moussaoui trial.

"This will probably be one of the only trials of this sort that you will see because there were so many problems that no one anticipated," he said.

"I don't think the government will want to go through that again."

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Indeed, last week, the Bush administration was pushing to use military tribunals to try terror suspects.

Now Moussaoui sits in a cell in a super-maximum security prison in Florence, Colo., as Yamamoto tries to get on with his life, to restart his law practice, to finish dealing with the death of his father earlier this year.

But the belief that led him to agree to be part of the case, in the end turned out to be true, said Yamamoto, who came east for law school and who had agreed to help defend Moussaoui at U.S. District Judge Leonie M. Brikema's request.

"I believe in the justice system and I believe in the way it operates; the way it is supposed to work.

"And it did in this case," he said.

Contact Peggy Townsend at ptownsend@santacruzsentinel.com.

From Baltimore Suburbs To A Secret CIA Prison (WP)

By Eric Rich And Dan Eggen, Washington Post Staff Writers

The Washington Post, September 10, 2006

Family Learned Last Week That Man Was Among 'High-Value' Terrorism Suspects Moved to Guantanamo

BALTIMORE -- He was the studious one in Janis Sanford's social studies class at Owings Mills High School, the teenager who stood apart from his suburban Baltimore peers for his no-nonsense attitude. Majid Khan worked at the family gas station after school and, in his free time, indulged his interest in computers.

But something happened to the serious young man after he graduated in 1999, when his life took a dramatic -- and much-disputed -- turn.

Khan, now 26, is one of the 14 "high-value" terrorism suspects transferred Monday to the U.S. detention facility at Guantanamo Bay, Cuba, men the government considered so dangerous they had been held by the CIA at secret foreign prisons for years. Khan is expected to stand trial on terrorism charges after Congress approves a new set of rules for the special military courts that will decide the fates of the 14 suspects.

This week's allegations stunned Sanford, who said the young man she taught in her English-as-a-second-language class could not, as alleged, have plotted to blow up gas stations or poison drinking water in U.S. reservoirs.

"It doesn't make any sense to me," said Sanford, who taught many of the school's foreign students. "I can't imagine it.

"He wasn't one of these kinds of fool-around kids. He just seemed serious. . . . He wasn't a light-hearted jokester."

In brief interviews Thursday and Friday, his father said the charges are false. "He's a terrorist, my son? No!" Khan Ali said, speaking in the family's brick duplex in Windsor Mill. "I don't accept this."

The father spoke only hours after the first official confirmation of what he and others had long presumed: that his son had been held by the CIA since he disappeared in Pakistan in 2003.

The family moved to the United States in 1996 and settled in the Baltimore area, authorities said. After graduating, Khan married a woman in Pakistan and became a father. Though the child is now 2, Ali said, his son has been in custody since before her birth and has had no contact with her. Ali said his son had been in Pakistan less than a year when, in 2003, he was arrested by Pakistani authorities.

At one point, in seeming contradiction, he said of his son, "He has been brainwashed." He also acknowledged that a relative is affiliated with al-Qaeda. Authorities last week described that unidentified relative as an uncle, but Ali said the relationship is more distant.

Before Khan was detained, he and his family lived in a modest home in Catonsville. Some recalled that, for a time several years ago, the house appeared to be under surveillance. Neighbor John Owen said another resident once called him in the middle of the night to say that a person was sitting in a car outside Owen's home. Owen said he went out and tapped on the window.

"This guy holds up a shield," Owen said, referring to a law enforcement badge, "and said, 'I'm watching a house.' "

Khan's name has surfaced in other terrorism prosecutions. But until the government's disclosure this week, details about his case were sketchy.

A single-page "biography" released by the office of John D. Negroponte, the director of national intelligence, portrays Khan as a figure who had contact with terrorist operatives from Pakistan, Indonesia and elsewhere. U.S. officials also allege that Khan took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks.

According to the document, Khan became involved in a "local Islamic organization" before returning to Pakistan in early 2002. The federal accusations say his radicalization proceeded rapidly once he was back. A cousin and the uncle, both of whom were al-Qaeda operatives, introduced Khan to Mohammed, the document alleges.

Before long, Khan was training to make bomb components and discussing terrorist attacks that could be conducted in the United States, according to the document and government officials.

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Mohammed allegedly asked Khan to research poisoning U.S. reservoirs and considered him for an operation to assassinate the Pakistani president. The document also alleges that Mohammed orchestrated a test that "showed that Khan was committed to being a suicide operative."

Mohammed, the document says, "selected Khan as an operative for a possible attack inside the United States . . . because of his excellent English and extensive knowledge of the United States."

Brian Levin, director of the Center for the Study of Hate and Extremism at California State University in San Bernardino, said al-Qaeda values recruits who have lived in the United States. The government asserted that Khan's familiarity with the gas station business might have given him insight into a vulnerability that could be exploited.

"His familiarity with the Baltimore-Washington area, fluency in English, as well as his study of fuel tank explosives and water reservoir vulnerabilities made him a logical choice to be on KSM's [Khalid Sheik Mohammed's] list of operatives," said Levin, who has no firsthand knowledge about Khan.

Khan also is accused of delivering money to an operative for Jemaah Islamiyah, the Indonesian extremist group affiliated with al-Qaeda, to "support terrorist attacks against Western targets," the government alleged.

Furthermore, according to the document, Khan received help from Aafia Siddiqui, a scientist accused of helping al-Qaeda. According to the government, Khan also recommended the recruitment of Iyman Faris, a naturalized U.S. citizen who was convicted of providing material support to terrorists in 2003 after allegedly plotting to take down suspension bridges in New York.

Khan's wife, Rubia, is in Pakistan, according to family and friends. Khalid Khawaja, a former member of the Pakistani intelligence service who is acting as a spokesman for her, said information obtained through interrogations in the CIA prison system is inherently unreliable.

"When you are in that kind of custody and the worst kind of human treatment, you can get them to say any kind of statement," said Khawaja, who was reached by telephone in Pakistan. "They don't have any evidence against Majid Khan as far as I know. . . . We don't believe he has done anything. He is a victim of this so-called war on terrorism by George Bush."

A central figure in Khan's case is another Pakistani national, Uzair Paracha, who was sentenced in New York earlier this year to 30 years in prison for providing material support to terrorists.

Authorities allege that Khan and Mohammed planned to use the Paracha family's textile-importing business to smuggle explosives into the United States and blow up underground gasoline storage tanks in Maryland. Paracha was accused of attempting to help Khan reenter the United States from Pakistan illegally.

Paracha denied wrongdoing, saying that he was used by Khan and Mohammed and that a confession to FBI agents was "what they wanted to hear." But he also admitted that his father, Saifullah Paracha, had told him about Khan's terrorism ties. The elder Paracha, who also had met with Osama bin Laden, is being held as an enemy combatant at Guantanamo Bay.

According to an interrogation summary filed in the case, Khan said that the younger Paracha had no knowledge of the plan to blow up gas stations and was merely "willing to help a fellow Muslim at his father's request." Khan said that while he considered recruiting Paracha for al-Qaeda, he was probably unsuitable because he "had no extremist views and was not really a practicing Muslim," according to the summary.

Edward D. Wilford, one of Paracha's attorneys, said the newly released information about Khan -- and his transfer to Guantanamo Bay -- is an important development for Paracha's case, which is currently on appeal in the U.S. Court of Appeals for the 2nd Circuit.

Lack of access to Khan and Mohammed hurt Paracha's defense, Wilford said. "It's interesting that everything we couldn't get is now part of the public record because it serves the administration's purposes," he added.

Eggen reported from Washington. Staff researchers Julie Tate and Meg Smith contributed to this report.

Names Of The Detained In Guantanamo Bay, Cuba (WP)

Washington Post, September 10, 2006

Until March 3rd, the Pentagon had declined to identify the detainees at Guantanamo Bay Military Prison, most of whom were captured in Afghanistan during and after the 2001 war there. As a result of an Associated Press Freedom of Information Act request and lawsuit, the Department of Defense released the unredacted transcripts of Combatant Status Review Tribunals and Administrative Review Boards.

Special Report

Guantanamo Prison

The Archived List

From 2002 to May 2006, Washington Post researchers compiled the names and countries of origin of detainees in Guantanamo from unofficial, public sources: news accounts, legal documents (such as habeas corpus petitions and from the CSRT tribunals), interviews with attorneys and relatives, and information from detainee support sites on the Web. The Post

printed only names that it had verified from a single reputable source or multiple sources. Some names were transliterated from Arabic or had alternative spellings. The collection was the largest list of names made public at that point, encompassing: more than 550.

Many names came from two Web sites that monitor the status of Guantanamo detainees: the Arabic-language Alasra and the Britain-based CagePrisoners. The two sites, which advocate the release of the detainees, have published lists of names, photographs and documents provided by families. Alasra is registered to an unknown individual in Saudi Arabia, and CagePrisoners is registered to a group of Muslim computer programmers based in Britain.

The Archived List The Pentagon List

On May 15, 2006, the Pentagon released to the Associated Press the first comprehensive list of everyone who has been held at Guantanamo Bay, more than four years after it opened the detention center. Two-hundred and one of the names had not been disclosed by the Defense Department before. That more complete register follows below. Post researchers will continue to monitor the names on this new list to verify the information previously reported and will provide updates as they are available. See Also

Detainees by Age

Detainees Charged by Military Commissions

Detainees Classifed as "No Longer Enemy Combatants" (NLECs) Related Stories

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Courted as Spies, Held as Combatants (Post, April 2, 2006)

In Guantanamo Bay Documents, Prisoners Plead for Release (Post, March 5, 2006)

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Ruling for Hamdan v. Rumsfeld (From FindLaw) Guantanamo Bay Detainees by Nationality Afghanistan | Algeria | Australia | Azerbaijan | Bahrain | Bangladesh | Belgium | Canada | Chad | China | Denmark | Egypt | Ethiopia | France | Indonesia | Iran | Iraq | Jordan | Kazakhstan | Kuwait | Lebanon | Libya | Malaysia | Maldives | Mauritania | Morocco | Pakistan | Palestine | Qatar | Russia | Saudi Arabia | Somalia | Spain | Sudan | Sweden | Syria | Tajikistan | Tanzania | Tunisia | Turkey | Turkmenistan | Uganda | United Arab Emirates | United Kingdom | Uzbekistan | West Bank | Yemen Afghanistan

No

31

Baku, Azerbaijan

Bahrain

NameNationalityReleasedAge (approximate)BirthplaceNLEC

Al Balushi, Salah Abdul Rasul Ali Abdul Rahman

35

Aubervilliers, France

Indonesia

NameNationalityReleasedAge (approximate)BirthplaceNLEC

Hambali

One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

Al Futuri, Muhammad Abd Allah Mansur

Libya

No

38

Al Rimi, Yemen

Al Ghazzawi, Abdel Hamid Ibn Abdussalem Ibn Mifte

Libya

No

44

Tripoli, Libya

Al Libi, Abu Faraj

One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

30

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Sorman, Libya
Malaysia
NameNationalityReleasedAge (approximate)BirthplaceNLEC
bin Amin, Mohd Farik
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Malaysia
No
Unknown
Unknown
bin Lep, Mohammed Nazir
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Pakistan
Yes
33
Helmand, Afghanistan
Al Baluchi, Ammar
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Pakistan
Yes
31
Bannu, Pakistan
Khan, Majid
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Pakistan
Yes
37
Malakan District, Pakistan
Muhammad, Khalid Sheikh
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Palestine / Saudi Arabia
No
26
Khan Younis, Israel
Zubaida, Abu
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Al Awfi, Mazin Salih Musaid
Saudi Arabia
No
27
Medina, Saudi Arabia
Al Baddah, Abdul Aziz Abdul Rahman Abdul Aziz
Al Harbi, Ghanim Abdul Rahman
Saudi Arabia
No
32
Khobar, Saudi Arabia
Al Harbi, Majid Abdallah Husayn Muhammad Al Samluli

Saudi Arabia
No
26
Dehman, Saudi Arabia
Al Hawsawi, Mustafa Ahmed
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Saudi Arabia
No
31
Khafji, Saudi Arabia
Al Nashiri, Abd al Rahim
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Formal Charges
Saudi Arabia
No
29
Tabuk, Saudi Arabia
Al Qahtani, Muhammad Mani Ahmed Al Shal Lan
Nur, Yusif Khalil Abdallah
Saudi Arabia
No
24
Mecca, Saudi Arabia
Qa Id, Rashid Abd Al Muslih Qa Id Al
Somalia
No
42
Burco, Somalia
Dourad, Gouled Hassan
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Janko, Abd Al Rahim Abdul Rassak
Syria
No
28
Al Qamashil, Syria
Khantumani, Abd Al Nasir Mohammed Abd Al Qadir
37
Itsfaratz, Tajikistan
Tanzania
NameNationalityReleasedAge (approximate)BirthplaceNLEC
Ghaliani, Ahmed Khalfan
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Yes
27
Bunamwaya, Uganda
United Arab Emirates
NameNationalityReleasedAge (approximate)BirthplaceNLEC
Abd Al Sattar, Muieen A Deen Jamal A Deen Abd Al Fusal
Al Omairah, Othman Ahmed Othman

Yemen
No
33
Shabwa, Yemen
Al Qadasi, Khalid Abd Jal Jabbar Muhammad Juthman
Al Qurashi, Sabri Mohammed Ebrahim
Yemen
No
36
Hudaydah, Yemen
Al Radai, Riyad Atiq Ali Abdu Al Haj
Yemen
No
28
Ta'iz, Yemen
bin Al Shibh, Ramzi
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.
Yemen
No
Unknown
Unknown
bin Attash, Walid
One of the "high value" detainees whose transfer from a secret foreign prison to Guantanamo Bay was announced by President Bush on Sept. 6, 2006, during a speech in which he outlined a reformed detainee policy.

False Accusation Creates A 9/11 Footnote (AP)

By Tom Hays, Associated Press Writers
AP, September 10, 2006
They were different men going in different directions — one a visiting Egyptian student on scholarship, the other an ex-cop in a dead-end job as a hotel security guard. But an aviation radio left in a high-rise hotel brought Abdallah Higazy and Ronald Ferry together in an unfortunate footnote to the Sept. 11 terrorist attacks.
In his zeal to fight terror, Ferry twisted the truth about the radio — capable of contacting commercial pilots from the ground — and triggered an investigation that needlessly landed Higazy in jail for a month.
Five years later, Higazy, 35, is back in Egypt, where he views his case as a parable about the false suspicions endured by innocent young Arab and Muslim men following the attacks.
"Not all the victims of 9/11 were in the twin towers and Pentagon," he said in a recent interview. "There were other victims, too."
Attempts by The Associated Press to contact Ferry, 53, were unsuccessful. There was no telephone listing for him, and his former attorney said they were out of touch.
Speaking by phone from Cairo, Higazy recalled being thrilled when he arrived in the United States on Aug. 27, 2001, to begin a graduate program in computers. His college temporarily put him up in a room on the 51st floor at the Millennium Hotel, in the shadow of the World Trade Center.
He was there on the morning of Sept. 11 when the planes struck with a force that shook the hotel. During an evacuation, he managed to grab only his student identification and cash. He later found housing in Brooklyn and began school.
Enter Ferry.
The Millennium security guard — who had quit the Newark, N.J., police force because of a drug problem — was assigned in October to inventory items left behind by guests, court papers said. He reported to a supervisor that among the belongings found in a safe in Room 5101 were the aviation radio and an Egyptian passport — Higazy's.
The discovery was troubling to investigators who believed a conspirator could have used the handheld device to coordinate with the hijackers aiming airliners at the twin towers. It was considered "an extremely important item of evidence," one government filing said.
When Higazy was summoned to the hotel in December to retrieve his belongings, the FBI confronted him with the radio.

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"I'm sorry, this isn't mine," he told agents.

The FBI brushed aside his denials and arrested him as a material witness. He was sure someone would quickly realize he'd been framed — until he spotted Zacarias Moussaoui inside a jail in lower Manhattan.

The man already known as "20th Hijacker" was lodged in the same maximum-security wing. Being in Moussaoui's company — and being strip-searched, shackled and insulted by guards — was unnerving to a moderate Muslim who had never even read the Koran.

"That's when it really sunk in that I was in a very, very serious situation," he said.

Higazy agreed to a polygraph examination. He stuck to the truth, he said, until an FBI agent made veiled threats against his family in Egypt.

He broke down and responded with wild and contradictory tales: He found the radio in the subway. No, he stole it from the Egyptian military.

Citing his "confession," federal authorities charged him on Jan. 11, 2002, with making false statements. Three days later, a private pilot who was staying one floor below Higazy at the Millennium on Sept. 11, returned to the hotel looking for his aviation radio.

Ferry recanted his story on Jan. 16, court papers said. The same day, with no explanation, a deputy U.S. marshal removed Higazy's shackles and told him, "You're free to go."

About a year later, Higazy sued the hotel and the FBI agent who coerced his false confession for $20 million. He reached an undisclosed settlement with the hotel; a judge later cleared the agent — a ruling that's still being appealed.

Now married and teaching computer courses, Higazy still blames Ferry for "fooling the government." But he also has fond memories of New Yorkers who, after recognizing him from news accounts, greeted him with kind words after he was freed.

"Aren't you the Egyptian man?" he recalled some saying. "We're sorry."

Ferry, who pleaded guilty on Feb. 27, 2002, to lying to the FBI about the radio, served his sentence of weekends in jail for six months, then faded back into obscurity. His motives remain murky as well.

"That was during a time of patriotism," he said at his sentencing, "and I'm very, very sorry for that mistake."

Pakistan And Terrorism (1 Letter) (NYT)

The New York Times, September 10, 2006

To the Editor:

Re “The Wrong Battle in Pakistan” (editorial, Sept. 3):

Pakistan joined the coalition to fight terrorism because of its own conviction and vital national interest. We have killed or captured more than 680 foreign Al Qaeda terrorists. We have banned all organizations that were suspected of involvement in terrorism.

The Taliban insurgency is mainly within Afghanistan. Pakistan has deployed 90,000 troops — three times as many as fielded in Afghanistan — to interdict Al Qaeda and Taliban movement across the border. But we host 2.6 million Afghan refugees, some sympathetic to the Taliban.

Through a comprehensive military, political and economic strategy, Pakistan is succeeding in the endeavor to end support for the Taliban in our frontier regions. Exerting undue pressure on Pakistan to “do more” is unnecessary and likely to be counterproductive.

You do not mention Pakistan’s larger reality: a democratic country, regular elections, a free press, empowered women and minorities, a vibrant economy (growing at 7 percent) that has doubled output and incomes over five years, significant and profitable foreign investment and an overwhelmingly moderate and tolerant, even if conservative, Muslim population.

The American media should be doing more to support Pakistan’s economic and social success, rather than playing the blame game.

Mansoor Suhail
Minister (Press)
Pakistan Mission to the U.N.
New York, Sept. 7, 2006

PATRIOT ACT:

Patriot Act Eroded Privacy For Terrorists – And Everyone Else (COLDISP)

By Matt Tullis, THE COLUMBUS DISPATCH

DOJ_NMG_0060709

Columbus Dispatch, September 10, 2006

It's there, protecting you, helping law enforcement investigate drug dealers, murderers and terrorists. It doesn't inconvenience you — unless you're evil.

Or, it's there, lurking in the background. You don't know when the government is snooping through your bank accounts and your library records. You will likely never know.

So go the arguments for and against the USA Patriot Act, the first of several laws passed under the banner of fighting terrorism after 9/11.

The American Civil Liberties Union and other privacy advocates cried foul when the act passed with only one dissenting vote in the Senate. They vowed court challenges and said American civil liberties were no longer safe.

"We didn't realize the Patriot Act was just the beginning," said ACLU spokeswoman Chris Link. "It's not about the Patriot Act anymore. It's about the Patriot Act and the expansion of presidential powers."

One month after the Patriot Act became law, Congress passed the Aviation and Transportation Security Act, which created the Transportation Security Administration, the agency that makes you take your shoes off and dump your shampoo at the airport.

As for the Patriot Act, law enforcement continues to hail it as a useful tool and, in some cases, terrorist-fighting weapon. The FBI cites Iyman Faris, the Columbus truck driver convicted in 2003 of conspiring with terrorists, including a plan to blow up the Brooklyn Bridge.

FBI spokesman Michael Brooks said the agency sent national security letters to electronic communication service providers and financial institutions to obtain information about Faris. Also, intelligence agents shared information they had on Faris with the FBI. Both steps used new powers in the Patriot Act.

Faris' attorney, David B. Smith, said it was his client's confession that he was an al-Qaida operative, not the Patriot Act, that did him in. Faris, who is serving 20 years in a federal prison, has recanted the confession and asked a federal judge to vacate his guilty plea.

Ironically, Smith said, the Patriot Act is a good law.

"Ninety-eight percent of it is really not controversial," he said. "I have problems with a lot of other government bills that haven't attracted nearly as much attention."

Faris' case is one of 212 terroristrelated convictions the Justice Department contends were possible because of the Patriot Act. However, a Washington Post analysis of those cases put the number of terrorism-related ones closer to 39. The rest were relatively minor crimes like making false statements or violating immigration law.

The ACLU has successfully challenged some provisions of the law. It helped a group of Connecticut librarians fight an FBI demand to search, without a warrant, records on who had used a computer at a library. The librarians had been given national security letters telling them they couldn't mention the search to anyone.

The provision has been amended to allow those who receive a letter to speak with a lawyer.

"You don't feel the Patriot Act at work, but it's there," Link said. "We get letters and phone calls every day from people or their lawyers who are under investigation. Perfectly innocent people are being swept up in these things."

Link pointed to the case of Osama Sabhi Abulhassan and Ali Houssaiky. The two Dearborn, Mich., men were charged in Washington County with terrorist acts.

Employees at a Radio Shack near Marietta called law enforcement, saying the men had bought several cell phones and were acting suspiciously. A deputy stopped them for a minor traffic violation and found 12 cell phones and $11,000 in cash. The men said they were buying cell phones for resale.

The county prosecutor later said he didn't have enough evidence to pursue terrorism charges against the men.

Besides terrorism, the Patriot Act has been used to investigate everything from murder to child pornography to drug trafficking, according to the Justice Department.

Locally, law enforcement has used it to investigate check forgery, fraud and bank robbery, said Lt. Jeff Spence, commander of the Gahanna Police Division's detective bureau.

"If we're looking into a financial crime, it is much easier for us to get complete information," Spence said. "In the past, we would get nothing but a signature card. Now we get a driver's license and more complete information."

According to a Financial Crimes Enforcement Network report, the Patriot Act provision allowing federal agencies to request financial records as part of terrorist-funding or money-laundering investigations was used 553 times by 16 agencies between Nov. 1, 2002, and Aug. 15, 2006.

Of those requests, about one-third involved terrorist financing while the rest were for unrelated money-laundering crimes. All of the investigations resulted in 80 arrests and 10 convictions, according to the report, although it wasn't broken down by offense.

The act also let the Treasury Department require broader suspiciousactivity reporting from banks, insurance companies, stockbrokers, check-cashing stores, even jewelers.

Since 2002, the first full year the law was in effect, reports to the financial-crimes network have jumped from 281,373 to 919,230 last year. Steve Hudak, a spokesman for the network, said reports would top 1 million this year.

"All that are related to terrorist financing receive special handling," Hudak said, adding that most reports are read by some law-enforcement agency.

What constitutes suspicious activity is vague, Hudak said. "We don't offer a checklist."

According to the instructions on a banking form, though, it can include a customer deviating from his or her normal pattern with a transaction of $5,000 or more.

If a report is filed as a result of something you have done, you likely won't find out about it. As with the national security letters, the law prohibits the institution from informing you.

"The presumption should be that people can talk about searches once they have been performed," said Peter Swire, a professor in the Moritz College of Law at OSU, former Clinton administration official and a critic of the Patriot Act. "With the gag rule, we lose crucial accountability against government overuse."

Brooks argues that the Patriot Act doesn't impact most people's lives. That includes those who are investigated but never charged, he said.

"In many instances," he said, "we're able to conduct investigations quickly or quietly without individuals knowing we're there."

That is exactly the problem, critics say.

Jennifer Nimer, legal director for the Ohio Chapter of the Council on American-Islamic Relations, said the act had a profound impact on Middle Easterners and Muslims. They are skeptical of law enforcement and afraid to come forward when they know something important for fear of being implicated, she said.

"With so much secrecy and not knowing what people's rights are, people are just very afraid," Nimer said.

CHANGING TERRAIN OF CIVIL LIBERTIES (MERCN)

By Dana Hull

The San Jose Mercury News, September 10, 2006

The Patriot Act. Airport watch lists. Special registration by the INS. Detention. Extraordinary rendition -- sending terrorism suspects outside the United States for interrogation. Torture. Surveillance. Combing through phone calls, bank records and e-mail.

The attacks of Sept. 11, 2001, led the Bush administration to declare G-WOT, government shorthand for the ``Global War on Terror."

Five years later, G-WOT is far from over, and Sept. 11 has changed the landscape of civil liberties, influencing its culture of dissent and robust political debate, and the rights to privacy and a fair trial.

The U.S. government has greatly expanded its ability to collect information about its citizens as it looks for possible terrorists in our midst. It tracks travel and spending patterns, overseas phone calls, financial donations and e-mail.

Proponents say these measures are critical to preventing further attacks on U.S. soil, and legal scholars with the Bush administration argue that they are permitted because the president has unilateral war powers. Measures like surveillance are seen as key weapons in the arsenal.

``The conflict against Al-Qaida is, in fundamental respects, a war of information," said Attorney General Alberto Gonzales in a January speech at Georgetown University. ``We cannot build walls thick enough, fences high enough or systems strong enough to keep our enemies out of our open and welcoming country. . . . We have to collect more dots, if you will, before we can `connect the dots.' "

But critics warn the potential for abuse is enormous, because various government programs are conducted in secret with little congressional or judicial oversight.

``What's at stake are core American values: the fundamental right to freedom of expression, privacy, due process," said Dorothy Ehrlich, executive director of the American Civil Liberties Union of Northern California. ``The core values of our democracy are under assault."

Executive power

Recently, some federal courts are reining in the executive branch.

In June, the Supreme Court struck down President Bush's creation of military war tribunals to try Guantánamo Bay detainees suspected of belonging to Al-Qaida. The court ruled the proposed trials were illegal under both U.S. law and the international Geneva Conventions.

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And on Aug. 17, a federal judge in Detroit ruled the National Security Agency surveillance program is unconstitutional and must stop.

Bush vehemently disagreed with the ruling.

``This country of ours is at war," Bush said the next day. ``And we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

Some polls suggest Americans are more fearful of terrorism than the erosion of civil liberties. A January survey by the Pew Research Center found one in three respondents named restrictions in civil liberties as a big concern.

``There is not an outcry or even consensus opinion about the government's monitoring, without court permission, the phone and e-mail communications of Americans suspected of having terrorist ties," says the Pew report, adding, ``48 percent feel this is generally right, while about the same number, 47 percent, think it is generally wrong."

Brian Michael Jenkins, a terrorism expert at the Rand Corp. in Santa Monica, says the United States has slowed Al-Qaida's military capability. But he warns we are losing the battle of ideas, and revelations of torture and abuse at Abu Ghurayb serve as recruiting posters for terrorist cells. The culture of fear in the United States also isn't making us stronger, he says.

``Americans have spent the past five years scaring the hell out of ourselves," Jenkins said. ``Our most effective defense against terrorism will come not from surveillance, concrete barriers, metal detectors, or new laws. It will come from our fierce determination to defend our liberties and to protect our values despite the risks."

Defending rights

Still, new measures passed at the national level have had a profound effect locally.

The first law was the USA Patriot Act, overwhelmingly passed by Congress in October 2001, which gives law enforcement expanded authority for the purpose of fighting terrorism at home and abroad. But some provisions caused enormous controversy, and cities like San Jose, Mountain View and Palo Alto are among the hundreds of municipalities that have passed local resolutions to defend the Bill of Rights and civil liberties.

In June 2002, former Attorney General John Ashcroft weakened longstanding rules that barred law enforcement agents from spying on political, religious or community groups that are not linked to any crime.

Many anti-war groups in the Bay Area and Northern California experienced the fallout first-hand. A deputy sheriff infiltrated Peace Fresno. The California National Guard monitored an anti-war protest held on Mother's Day in 2005. Plainclothes Palo Alto police videotaped a peace rally before the war in Iraq began in 2003.

Some Bay Area residents have altered their behavior since Sept. 11 in order to safeguard their privacy.

Trudy Reagan, 69, lives in Palo Alto and is active in local peace and social justice groups. She still remembers the virulent anti-communist sentiment of the McCarthy era.

An avid reader, she no longer feels comfortable buying certain books online or with a credit card because the Patriot Act allows federal agents to examine library and bookstore records.

``If I'm buying a politically sensitive book, like something about Iraq, I pay in cash at Kepler's," she said, referring to the independent Menlo Park bookstore. ``It's none of anyone's business what I'm reading."

But more than anything, the culture of the United States has shifted. In the five years since Sept. 11, we've gotten used to random airport searches, surveillance and the idea that our phones may be tapped.

``What's dangerous is the changing atmosphere," said Melissa Ngo of EPIC, the Electronic Privacy Information Council. ``People are becoming more and more used to invasive technology and invasive government actions, and the catchall reason for it is terrorism."

HOMELAND RESPONSE:

Bush, Dems Debate Post-9/11 Safety (AP)

AP, September 10, 2006

Radio Addresses Focus On Terror Trials And War In Iraq

(AP) President George W. Bush pressed Congress on Saturday to approve his plan for prosecuting suspected terrorists, a proposal that lawmakers could debate as early as next week.

"As soon as Congress acts to authorize these military commissions, we will prosecute these men and send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice," Mr. Bush said in his weekly radio address. "As we bring terrorists to justice, we're acting to secure the homeland."

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The radio address marked the fourth time this week that Mr. Bush has delivered a message about the fight against terrorism. The series of speeches gave Mr. Bush an opportunity to buttress the Republican Party's national security credentials just two months before the critical congressional elections on Nov. 7.

In his speeches, delivered leading up to the anniversary of the attacks of Sept. 11, 2001, Mr. Bush described the enemies and their motives and outlined the steps the administration has taken to protect the nation.

He also acknowledged for the first time that the CIA runs secret prisons overseas and uses tough interrogation techniques to get suspected terrorists to divulge information about their networks and plots. Listen: The President's Radio Address Listen to Rep. Sherrod Brown's Radio AddressMr. Bush wants Congress to support new legislation the White House drafted for prosecuting suspected terrorists for war crimes. A new plan was needed after the Supreme Court, the top U.S. court, ruled in June that an earlier plan violated U.S. and international law.

Senate leaders are backing the plan. But some Republicans support alternative legislation, and several of the military's top lawyers worry that Mr. Bush's plan could violate treaty obligations and make U.S. troops vulnerable.

Majority Leader Bill Frist, a Republican, has placed the White House proposal on the Senate calendar, allowing debate to begin as early as Tuesday, the day after the nation mourns the loss of the nearly 3,000 victims of the Sept. 11 attacks.

"On this anniversary, we also remember the brutality of the enemy who struck our country and renew our resolve to defeat this enemy and secure a future of peace and freedom," Mr. Bush said in the radio speech. He will address the nation Monday after visiting the sites of the Sept. 11 attacks in New York; Shanksville, Penn.; and the Pentagon.

Democrats, hoping to make the November midterm elections a referendum on Mr. Bush's policies in Iraq and the war on terror, argued again this week that Defense Secretary Donald H. Rumsfeld be made to step down. They contend the White House has mishandled the war, failed to prosecute terrorists and mismanaged the detainee system.

Some Democrats say the first step toward making Americans safe is to chart a new course in Iraq.

"While Iraq was not part of the war on terror before we invaded, it's now a training ground for terrorists and a recruiting tool for the leaders of al Qaeda and other terrorist organizations," said Rep. Sherrod Brown of Ohio, who is running for a seat in the Senate.

"The truth is, five years after the 9/11 attacks, America is not nearly as safe as we can be and we must be," he said.

Brown, who is running for a seat in the Senate, delivered the Democrats' weekly radio address.

Brown said the U.S. needed to refocus efforts on the war on terror by "ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda."

The president's new plan for trying detainees would authorize the defense secretary to convene military tribunals to prosecute terrorism suspects and omit rights common in military and civil courts, such as the defendant's right to access all evidence and a ban on coerced testimony.

Mr. Bush has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice. However, some Republican moderates on defense issues, including Senators John Warner, John McCain, and Lindsey Graham, have agreed with the Pentagon lawyers that Mr. Bush's plan may go too far.

President Set To Visit All Three 9/11 Sites (WT)

By Joseph Curl, The Washington Times

The Washington Times, September 10, 2006

NEW YORK -- President Bush will visit all three sites of the September 11 terrorist attacks that killed 2,973 persons five years ago and then deliver a primetime address tomorrow to tell Americans the United States is safer -- but still not safe from attack.

Mr. Bush and first lady Laura Bush will visit ground zero in New York today, where they will lay a wreath and attend a church service.

Tomorrow, the president and Mrs. Bush will begin the day at 7:40 a.m. with a breakfast with New York City first-responders at Fort Pitt Firehouse. At 8:46 a.m. -- the moment that hijacked American Airlines Flight 11 slammed into the North Tower of the World Trade Center -- they will bow their heads in a moment of silence.

At the same time, Vice President Dick Cheney and his wife, Lynne, with Defense Secretary Donald H. Rumsfeld, will observe a moment of silence near the spot where American Airlines Flight 77 struck the Pentagon five years ago.

Just before noon tomorrow, the Bushes will participate in a wreath-laying ceremony in Shanksville, Pa. A lush hilltop on Skyline Road now serves as a memorial for those killed aboard United Flight 93, when passengers battled terrorists likely targeting the Capitol or the White House, eventually bringing the plane down. The president also will meet with family members of those who died in the crash.

Mr. and Mrs. Bush then will return to Washington to attend a 3:30 p.m. ceremony at the Pentagon.

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The president's address at 9:01 p.m. tomorrow "is not a political speech," Bush spokesman Tony Snow said Friday.

"It will be a reflection of what September 11th has meant to the president and to the country; the realities that it has brought to all of our attention, and how we can move forward together to try to win the war on terror," Mr. Snow said.

The president will speak just before the second part of a controversial ABC miniseries that blames in large part the Clinton administration for lapses in national security that led to the September 11 attacks, a charge that has incensed Democrats.

Mr. Bush said yesterday in his weekly radio address that a CIA detention program to interrogate terrorism suspects, which was at issue, had been "invaluable" in efforts to prevent another attack on the United States.

"This program has been invaluable to the security of America and its allies, and helped us identify and capture men who our intelligence community believes were key architects of the September the 11th attacks," he said.

Meanwhile, Democrats, seeking to win control of at least one chamber of Congress in the November elections, are highlighting an increasingly unpopular Iraq war with voters.

Five years after the September 11 attacks, "America is not nearly as safe as we can be and we must be," said Rep. Sherrod Brown of Ohio in the Democratic radio address.

"This anniversary of 9/11, we must refocus our efforts on the war on terror by ending our open-ended commitment in Iraq and by redirecting our efforts to destroy al Qaeda," Mr. Brown said.

"Democrats will fight for this goal even as the president and as congressional Republicans stubbornly insist on staying a failed course," he said.

Bush Marks Sept. 11, Says Americans Are Safer Now (Update1) (BLOOM)

By Catherine Dodge

Bloomberg, September 10, 2006

Sept. 9 (Bloomberg) -- President George W. Bush said Americans are safer now than before the Sept. 11 terrorist attacks five years ago because of steps taken by his administration.

``We've acted to address the gaps in security, intelligence and information sharing that the terrorists exploited in the 9-11 attacks," Bush said in his weekly radio address today. U.S. Representative Sherrod Brown of Ohio said in the Democratic response that the country ``is not nearly as safe as we can be and we must be."

Bush's broadcast recapped four speeches the president has given in the past week covering his strategy for the war against terrorism. Bush this week confirmed for the first time the existence of secret prisons run by the Central Intelligence Agency that held suspected terrorists, including alleged Sept. 11 mastermind Khalid Sheikh Mohammed.

The prisoners have been turned over to the Department of Defense and transferred to the military detention center at Guantanamo Bay, Cuba. Bush called on Congress to pass a law establishing military tribunals to try suspected terrorists for war crimes. The Supreme Court ruled on June 29 that Congress hadn't authorized the president to conduct such trials.

``As soon as Congress acts to authorize these military commissions, we will prosecute these men and send a clear message to those who kill Americans: No matter how long it takes, we will find you and bring you to justice," Bush said in the radio address.

Approval Waning

By delivering a series of speeches emphasizing the need for tough national security, historically a strong suit for Republicans, Bush aims to help his party hold majorities in the House of Representatives and the Senate in midterm elections in November. With public approval of the war in Iraq waning and Bush's approval ratings near record lows, Democrats have a chance at taking control in Congress and dealing a major blow to the White House.

Two senior Republican senators will travel tomorrow to the Guantanamo detention center to assess the conditions under which prisoners are held there. Majority Leader Bill Frist from Tennessee will accompany Majority Whip Mitch McConnell of Kentucky.

Democrats said the administration has failed to make the nation's transportation systems and ports and its chemical and nuclear plants more secure.

``We ask our grandmothers to take their shoes off at airports, yet only 6 percent of the cargo entering our ports is inspected," Brown said in his response to Bush's speech.

Commission Recommendations

The administration has yet to fully implement the recommendations made two years ago by a bipartisan commission, Brown said in his radio address.

``It's unacceptable that this Republican government hasn't done all it can to protect Americans in the five years since the Sept. 11 attacks," said Brown, who is running for the U.S. Senate.

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On Monday's anniversary of the attacks, Bush will participate in ceremonies in New York, at the Pentagon and in Shanksville, Pennsylvania, to honor those killed in the attacks. He'll end his day with a televised address to the nation from Washington at 9 p.m. local time.

``The war on terror will be long and difficult," Bush said in the radio broadcast. ``And more tough days lie ahead."

To contact the reporter on this story: Catherine Dodge in Washington at cdodge1@bloomberg.net

Yes, We Are Better Prepared (WP)

By John D. Negroponte

The Washington Post, September 10, 2006

Surprise is what intelligence is intended to prevent, but on Sept. 11, 2001, our nation was surprised, and the results were tragic. Now the fifth anniversary of those horrific events raises anew the question: Is our nation's intelligence community better prepared to keep America safe? The answer is yes. U.S. intelligence has made major advances since that Sept. 11.

First and foremost, we better understand, and are aligned to meet, the threat of transnational terror. Although our enemy is constantly changing and remains deadly, our collectors and analysts are carefully tracking the evolution of al-Qaeda and its ideological allies. Today, we have several times as many "all source" analysts -- those who look at all types of intelligence -- focusing on the terrorist threat as were in place on Sept. 11. And as we build up analytic insight and expertise, we also are devoting resources to increased human intelligence collection on targets of primary concern. One important indicator of effectiveness: We and our partners have captured or killed a majority of the al-Qaeda leadership involved in planning and directing the Sept. 11 attacks.

Second, we know that intelligence does little good if those who need it don't see it. Over the past five years we have made great progress in breaking down information "stovepipes." The results are tangible.

Without good intelligence in the right hands, coalition forces in Iraq could not have located and killed Abu Musab al-Zarqawi, whose bloody attacks took so many Iraqi and coalition lives. More recently, British intelligence performed spectacularly in enabling British law enforcement to shut down last month's airline plot. All credit goes to the British, but U.S. and Pakistani intelligence-sharing -- among U.S. intelligence agencies and with the British -- supported their efforts.

These are concrete examples of how we have changed and are changing the way we do business. We continue to strengthen the National Counterterrorism Center, which integrates 28 intelligence networks. In addition, we have created the National Security Branch at the FBI, expanding and connecting the bureau's intelligence, counterterrorism and counterintelligence capabilities. In 2005 only a few hundred employees at the FBI had access to the National Counterterrorism Center's secret-level online information sources. Now that figure is in the thousands. At the same time, we are weaving state and regional fusion centers, as well as more than 100 FBI Joint Terrorism Task Forces, into a national network designed to ensure that actionable threat information gets where it needs to go in a timely fashion. Although sharing information between agencies and with allies is a demanding process, it is critical to countering transnational threats.

We are also more vigilant than ever concerning the threat posed by weapons of mass destruction in the hands of terrorists. We located the National Counterterrorism Center and the newly created National Counterproliferation Center together. We have worked closely with the FBI to establish a WMD Division to ensure that our domestic counterterrorism efforts include expertise on weapons of mass destruction. And we created a "WMD Innovation Fund" for intelligence community analysis, collection, and science and technology projects.

Of course, we continue to improve our efforts against other, more traditional challenges. We have enhanced our focus on North Korea and Iran -- in particular those nations' WMD programs. North Korea's recent long-range missile launch tested the intelligence community's integration, and we ensured that military and civilian intelligence agencies, in concert with our international partners, provided policymakers with the intelligence they needed to fashion an appropriate diplomatic response.

That's good, but we can do even better. We know this because we have already completed an intelligence community-wide "lessons learned" review to see how we can improve. We will not allow ourselves to become complacent; every success affords us an opportunity to prepare better for the next challenge, which will surely come.

In the decades leading up to Sept. 11, America's intelligence community was configured to focus on the major threats presented by the Cold War. We now live in a different era, challenged by a radically different set of threats that have crossed our borders.

Both the Sept. 11 commission and the Robb-Silberman WMD commission accurately and eloquently detailed these new challenges. These commissions also offered a vision for 21st-century intelligence that we have fully embraced. We are "connecting the dots" both nationally and internationally, integrating counterterrorism analysis across the intelligence community, and removing bureaucratic barriers to information-sharing. This is a tall order. But the American people should understand that

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the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11.

Through a new focus and better techniques, U.S. intelligence is collecting more information, analyzing it more rigorously and sharing it more broadly. Intelligence is not a panacea, but there are ways to ensure that the intelligence contribution to national security gets stronger, helping thwart our adversaries before they bring us more harm.

The writer is director of national intelligence.

Support For Bush's Handling Of War On Terror Rises (HC)

By Julie Mason

Houston Chronicle, September 10, 2006

His blitz of speeches, interviews may erode Dems' gains on security issues

WASHINGTON — Just about a week into his drive to highlight terrorism and national security, President Bush appears to be getting some new political traction.

A CBS News/New York Times poll found 55 percent of Americans approve of how Bush is handling the anti-terrorism campaign, a slight increase from last month.

In recent days, Bush delivered four major speeches and a national radio address on terrorism, bolstered by a quick round of network television interviews.

If Bush's strategy for reminding Americans about the threat of terrorism helps Republicans in November's congressional elections, it will be in part because he's mining a deep vein of lingering public anxiety. A recent Pew Research Center poll found 67 percent are either very or somewhat worried about another attack.

"I actually think it's likely to be fairly good for him politically," said John Fortier, a political scholar at the American Enterprise Institute. "Obviously, things are very bad — he is not popular and the Republicans are not popular, and the direction right now is toward the Democrats. But arguments for national security still work for Bush."

Bush's grim rhetoric on terrorism, echoed and in some cases amplified by Vice President Dick Cheney and other administration officials, also could serve the GOP by eroding gains Democrats have made recently on their handling of national security issues.

A Fox News poll last week found 33 percent said they trust Democrats to protect the country from terrorism, and 37 percent said they trust Republicans.

For the 9/11 anniversary, Bush plans to visit all three attack sites, in New York, Arlington, Va., and Shanksville, Pa.

Polls show what most people probably know: memories of the attacks are still very potent for Americans. According to the Pew poll, 95 percent said they remember exactly where they were or what they were doing when they heard of the attacks.

A Time magazine poll found that 18 percent said they think about the attacks every day; 35 percent said a few times a week or a few times a month. Only 13 percent said they hardly ever think about it.

"Many Americans look at these events and ask the same question: Five years after 9/11, are we safer? The answer is, yes, America is safer," Bush said last week in Atlanta. "We are safer because we've taken action to protect the homeland."

Of course, many security experts and voters disagree.

Asked why they think the U.S. hasn't been hit again since 2001, 39 percent in the Pew poll credited the government's efforts and 40 percent said it was luck.

Terrorism is a strong issue for Bush, but the administration's secret weapon in the campaigns remains first lady Laura Bush.

She has a 69 percent public approval rating, and she is in constant demand by candidates to headline fundraisers and other events.

Last month she checked in at five events for Republican candidates, and is expected to step up her schedule as November approaches.

Bush also mentions her frequently in campaign speeches — generally to apologize that he's there instead of her. Bush's public approval rating is about 40 percent.

Nevertheless, in an interview last week with ABC News, the president downplayed the notion that Republican candidates are shying away from him.

"I frankly haven't had that many say, 'I don't want you around.' " Bush said. "Uh, now some of them are wisely saying, 'I'd rather have Laura than you.' "

Adding Up The Ounces Of Prevention (NYT)

By Scott Shane And Lowell Bergman

DOJ_NMG_0060716

The New York Times, September 10, 2006

THERE are few counterterrorism success stories more compelling than that of Raed al-Banna, a 32-year-old Jordanian turned away by wary border officers who found "multiple terrorist risk factors" and refused him entry at O'Hare Airport in Chicago in July 2003.

Given Mr. Banna's fluent English and education as a lawyer, the next chapter in his story might conceivably have been a civil rights complaint. But events took a starkly different turn.

After a suicide car bombing killed 132 people in Hilla, Iraq, in February 2005, the bomber's severed hand, still chained to the steering wheel, was found in the wreckage. Fingerprints identified the bomber as Mr. Banna, said Robert C. Bonner, who led United States Customs and Border Protection until last year.

"We've put some things in place, you bet, that make it more difficult for Al Qaeda to get terrorist operatives in the United States," Mr. Bonner said. The absence of new attacks, even as terrorist violence worldwide has increased and bombers have struck in Madrid, London and beyond, he said, "is not pure luck."

If the Banna case appears to show government vigilance at its best, critics say the case of seven men arrested in June in Miami's Haitian community illustrates government overzealousness in the campaign against terror.

Announced with dual news conferences in Washington and Miami, the indictment accused the men of planning to "levy war against the United States," targeting the Sears Tower in Chicago and federal office buildings in Florida.

But if some terrorism defendants charged after 9/11 had ties to Al Qaeda, in the Miami case, the F.B.I. itself supplied Al Qaeda. Its informer, posing as a member of Al Qaeda, bought the men military boots and promised money and weapons even as the group began to crumble.

"The Miami case is nonsense," said Marc S. Sageman, a former Central Intelligence Agency officer and consultant on terrorism, who said the group showed little ability to execute any plot. "Those are absolute jokers."

There is a consensus among counterterrorism officials and independent experts that the government's actions over the last five years — from the dismantling of camps run by Al Qaeda and the decimation of its leadership, to the tightening of visa and border controls, to the scores of terrorism-related prosecutions — have made the country a harder target.

The Age of Terror, at least inside the United States, has morphed into the Age of the Foiled Plot. But this very success has led to a new debate. The government says the record vindicates its prevention strategy — to intervene long before an attack is imminent. Its critics assert that officials have exaggerated the threat posed by some accused plotters, painting hapless misfits as Qaeda operatives.

None of this means that a serious plot isn't being hatched now, invisible even to a counterterrorist bureaucracy hugely expanded since 2001. But five years of evidence suggests that the terrorist threat within the United States is much more modest than was feared after 9/11, when it seemed quite possible that there were terrorist sleeper cells in American cities, armed with "weapons of mass destruction" and awaiting orders to attack.

Even as some European immigrant communities have emerged as caldrons of jihadist anger, American Muslims have turned out to be a loyal group whose affluence and diversity offer infertile ground for plotting. And the Iraq war, even as it has deepened Muslim hostility to the United States, has most likely diverted anti-American terrorists to a more convenient target.

"The idea that we are surrounded by terrorists who could strike anywhere, anytime, is a complete misconception," said Karen J. Greenberg, director of the Center on Law and Security at New York University.

That misconception, she said, is fueled in part by the Justice Department's much-publicized pursuit of what it calls "terrorism-related" cases. But a new study of all such prosecutions since 9/11, conducted by the university center, found that of 417 people charged in the cases — including some involving anti-abortion violence and other crimes unrelated to the threat from Al Qaeda — the overwhelming majority faced immigration or other lesser charges. Just 39 have been convicted so far on terrorism-related charges, and only three of actual terrorism.

And some antiterrorism successes claimed by the government seem distinctly underwhelming.

The four "examples of W.M.D. cases" described in a June Justice Department report on counterterrorism efforts over five years include accounts of two Texas survivalists caught with hazardous chemicals, two Chinese-born American citizens who offered shoulder-fired missiles to an undercover F.B.I. agent, a Washington State engineer who wanted to use poisonous ricin to kill his wife, and an Arizona man whose attempt to make ricin failed but who wore the harmless powder he did make in a vial around his neck.

As time has passed without a new attack, the voices of skeptics who believe that 9/11 was more a fluke than a harbinger are beginning to be heard.

"A perfectly plausible explanation is that there are no terrorists here," said John Mueller, a political scientist at Ohio State University who advances the doubters' case in an article in Foreign Affairs. "I don't say there's no threat, but the threat has been massively exaggerated."

Even Thomas H. Kean, chairman of the national 9/11 commission, who believes that the terrorist threat to the United States is extremely serious, says that the F.B.I. has sometimes squandered huge resources on minor domestic cases.

Some 400 investigators from 23 federal, state and local agencies were mobilized in Los Angeles last year to look for a suspected prison-based terror cell tied to several gas station robberies, a case held up in April by the F.B.I. director, Robert S. Mueller III, as a prime example of the homegrown terrorist threat.

But Mr. Kean said the case threatened small-scale violence and should have been a routine police concern.

"We're going to have those things and always have had," Mr. Kean said. Al Qaeda, he said, is an international network "that has announced they want to do us harm and kill as many Americans as possible, that has technology to support them, and has some very intelligent people who are working to do us harm."

"That is the enemy," Mr. Kean said. "We've got to always keep our focus on that."

F.B.I. officials protest that such remarks misread a clear and successful strategy. Excoriated for failing to detect the 9/11 hijackers before they acted, agents now are finding and arresting people the government describes as extremists from Lackawanna, N.Y., to Lodi, Calif., before they can get close to mounting an attack, the officials say.

"People criticize us for having counterterrorism cases that result in relatively modest criminal prosecutions," said Philip Mudd, second in command of the F.B.I.'s new National Security Branch. "I look at that and applaud it. I'd prefer to bust conspiracies so early that someone doesn't have access to a weapon."

That certainly describes the alleged plots uncovered in the United States. Consider the new schemes unearthed in 2006 to attack Washington and New York. In April, two young Atlanta men were accused of making a "casing video" of the United States Capitol and the World Bank and sending it to a London extremist active on jihadist Web sites. In July, the authorities revealed that a Lebanese business professor had been arrested after discussing over the Internet the notion of placing suicide bombers aboard commuter trains to Manhattan, hoping to flood the submerged tunnels.

Both cases briefly made headlines before blurring with all the rest of the unconsummated mayhem reported since 2001. But neither had progressed beyond the fantasy stage. None of the people exchanging messages about the tunnel scheme had set foot in the United States. The "casing video" of Washington, according to one person who has seen it, amounted to shaky images totaling less than a minute that would have been useless in planning a real attack.

Evan F. Kohlmann, a terrorism researcher and author who has consulted for the F.B.I. and Scotland Yard, said the F.B.I.'s policy of rapid intervention often makes sense.

"We look at some of these guys and say, 'If this is the threat, what do we have to worry about?' " Mr. Kohlmann said. "But a lot of the 9/11 hijackers were not exactly brain surgeons either. If they get in contact with people who have more sophistication and money, they can become very dangerous."

But John Arquilla, who studies terrorism at the Naval Postgraduate School, said that it sometimes makes more sense to continue monitoring the would-be plotters than to arrest them. The greatest value of such primitive conspirators as the Miami men is as bait for more sophisticated terrorists who might try to use them as cannon fodder, he said.

By cutting off insights into future contacts, Mr. Arquilla said, "I think making arrests in the Florida case actually made us less secure."

Experts: U.S. Likely To Be Hit Again (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, September 10, 2006

The threat of terrorism against the United States remains chillingly lethal five years after 9/11, and officials predict another massive attack is not a matter of if — but when.

Despite a government overhaul and more than $250 billion spent to bolster security on airlines, at borders and in seaports, few doubt al-Qaida's intent to strike the U.S. again. That the nation hasn't been hit since Sept. 11, 2001, may say as much about terrorists' patience as it does about steps taken to stop them.

"I know of nobody in the intelligence field who doesn't believe there will be another attack," said Thomas Kean, former New Jersey governor and Republican chair of the 9/11 Commission that investigated the government's security missteps leading up to the 2001 hijackings.

"There's going to be another attack," Kean said. "They just can't tell you when."

In a new age of rapid and widespread ID checks, locked and bulletproof cockpit doors in airliners, armed pilots, tracking foreigners' visas and monitoring Muslim and Arab communities, few expect a precise repeat of the plot that used airline hijackings to bring down big buildings.

The unsettling reality of terrorism, however, is that it is always in search of new ways to accomplish mass death and destruction. And always in search of the weakest link.

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Authorities have disrupted a number of high-profile plots, including last month's bombing scare on as many as 10 Britain-to-U.S. flights. The CIA has helped ensnare some 5,000 terror suspects around the world. And the government has imposed hundreds of security measures on foreign visitors and U.S. residents alike, from making travelers take off their shoes at airport checkpoints to eavesdropping on phone and e-mail conversations.

But glaring gaps in the security net remain.

Undercover inspectors testing the nation's security system have repeatedly sneaked weapons through airport checkpoints, entered the country with fake identification and foiled detectors that catch the trace amounts of radiation in kitty litter and bananas, but not always nuclear materials. Air testers to sniff out biological agents are becoming obsolete. And not all port or airline cargo is rigorously inspected.

And, as Hurricane Katrina showed last year, disaster response systems at all levels of government are woefully unprepared for a catastrophe.

"No matter what you do, it's not enough," said Rep. Carolyn Maloney, D-N.Y., co-chair of a congressional 9/11 caucus. "But the systems we've worked hard on to put in place are not working."

Homeland Security Secretary Michael Chertoff, whose department was created in 2003 as a result of 9/11, points to strides made in sharing intelligence and screening passengers and cargo on flights and at seaports as proof that the country has been made safer without shutting down commerce. Yet he acknowledges more needs to be done in his agency that largely grapples with reacting to past crises while also thinking about what terrorists might try next.

The intelligence community spends a significant amount of time doing what Chertoff described as "putting ourselves in the heads of terrorists — looking at emerging techniques and trying to figure out how terrorists might exploit our systems."

In one example, Chertoff said, the department last year relaxed its ban on scissors and small innocuous tools from being carried on planes to give inspectors more time to look for explosive devices. Screeners also are now being trained to interpret facial expressions and other behavioral patterns to pick out suspicious travelers.

"We will live with some form of this problem for a very long time," Chertoff said in an hour-long interview last month wedged between a phone call with British Home Secretary John Reid about the foiled flight plot and a meeting with FEMA director David Paulison about the hurricane season.

Several government-appointed panels — including the 9/11 Commission — have concluded over the last five years that the nation was vastly unprepared for the deadly attacks.

Their findings triggered a massive reshuffling of the government's counterterror missions, the largest since the Defense Department was created in 1947. In addition to merging 22 agencies into the new Homeland Security Department, a new position of intelligence director to oversee the nation's 16 spy agencies was established.

Congress approved policies such as the USA Patriot Act, allowing more surveillance in counterterrorism investigations. Federal spending on domestic security programs has more than tripled since 2001, to $55 billion this year, almost equal to what is spent on education.

The results have been mixed. Criticism for Homeland Security has run from sweeping (for cutting emergency responder funding to New York and Washington) to nitpicky (the color-coded threat alert system is too vague to be meaningful).

"Everything the department was supposed to do is still, at best, a work in progress," said Clark Kent Evin, Homeland Security's former inspector general.

Meanwhile, the government's once-greatest target in the war on terror — Osama bin Laden — remains on the loose. Michael Scheuer, the former head of the now-defunct CIA unit dedicating to finding the al-Qaida leader, said catching him now is mostly a matter of luck. "He's going to have to zig when we zag and we'll end up in the same place at once," Scheuer said.

With or without bin Laden, authorities expect al-Qaida's threat won't dim in coming years.

Some sympathizers — including small pockets of homegrown Islamic extremists already in the United States — may not even be directly linked to al-Qaida but aim to carry out its mission. Those who make up al-Qaida's core will wait years, and even decades, for the chance to attack when America least expects it.

"I'm convinced they're prepared to wait centuries if they have to," former Homeland Security Secretary Tom Ridge said. "They're looking much longer term than we are. So we have to match their patience with our persistence and our continued focus. We can never let our guard down."

Is The U.S. Winning This War? (LAT)

By Doyle Mcmanus, Times Staff Writer

The Los Angeles Times, September 10, 2006

Al Qaeda has suffered setbacks, but America may have lost ground in the long-term fight, experts say. Statistics can't tell the full story.

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WASHINGTON — Five years after Sept. 11, is the United States winning the war against Al Qaeda? President Bush says yes, but most experts — including many inside the U.S. government — say no.

An all-out effort by the United States and its allies has succeeded in making life difficult for Al Qaeda leaders Osama bin Laden and Ayman Zawahiri, and has probably disrupted any plans they had for further terrorism on the scale of the attacks in 2001, the experts say.

But as even Bush acknowledged last week, Al Qaeda is far from dead.

"In the five years since our nation was attacked, Al Qaeda and terrorists it has inspired have continued to attack across the world," the president said. "The terrorist danger remains."

In a series of recent speeches to mark the anniversary of the attacks, Bush has declared: "America is winning the war on terror" and cited a list of achievements: "We've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in America and other nations, and stopped new attacks before they're carried out."

But terrorism experts worry that those successes have been mostly tactical, short-term gains — the equivalent of winning the first few battles in a long war. On longer-term strategic issues, they warn, the U.S. may have lost ground since 2001:

· Al Qaeda, the initial focus of the "global war on terror," has been disrupted and dispersed. But it has been succeeded by a looser network of affiliates and homegrown terrorists — like those who carried out bombings in Madrid in 2004 and London in 2005 — who could grow to be just as dangerous.

· The war in Iraq has become a training ground for Islamic extremists from Saudi Arabia and other countries, and some have returned home with expertise in urban warfare and explosives. Some experts fear the Persian Gulf's oil terminals could be among their next targets.

· Wars in Iraq, Afghanistan and Lebanon have damaged the image of the U.S. in much of the Muslim world and made it easier for terrorist organizations to win recruits. The wars and controversies over U.S. treatment of detainees also have made it more difficult for allied governments to cooperate with American counterterrorism programs, diplomats say.

· When Foreign Policy magazine surveyed more than 100 experts earlier this year, 84% said they did not believe the United States was winning the war on terrorism. In a Los Angeles Times poll, fewer than one-fourth of Americans said they believed the nation was "winning"; more than half said it was too soon to tell.

"Even the most sanguine optimist cannot yet conclude we are winning," John F. Lehman Jr., a former Navy secretary under President Reagan, warned in a recent article for the U.S. Naval Institute.

"It looks worse to me," said Bruce Hoffman, a former director of terrorism studies at the Rand Corp. who teaches at Georgetown University and the U.S. Military Academy. "Al Qaeda is still alive and kicking. It's just changed its modus operandi. We've often painted a picture of Al Qaeda in retreat. I'm not sure it isn't Al Qaeda on the march."

When asked for his report card on the war on terrorism, Henry A. Crumpton, the State Department's top counterterrorism officer, paused and said: "It's uneven…. It's hard for me to give it an A or an F. It's a real mixed bag."

At first glance, the experts' gloom may seem odd. There haven't been any successful terrorist attacks inside the U.S. since Sept. 11, although law enforcement officials say there have been several close calls.

"It's been five years, and the U.S. homeland has not been hit," said Daniel Byman, director of Georgetown's security studies program. "I don't know any terrorism experts who called this…. We were all wrong."

As a result, he said: "My assessment is that we're doing reasonably well. If the test is reducing catastrophic violence that can change our lives, we're doing rather well. If it's reducing the overall climate of violence, we're doing fairly poorly. If 30 or 40 Americans die from terrorism each year, that's a tragedy, but it's different from losing 3,000 a year. It's a problem, but it's probably not a strategic problem."

Indeed, some national security experts — like John Mueller of Ohio State University — argue that the terrorist threat has been overblown and that a terrorist industry of consultants, government contractors and politicians is hyping the problem out of self-interest.

"For all the attention it evokes, terrorism, in reasonable context, actually causes rather little damage," Mueller said, noting that automobile accidents kill many more Americans than terrorists do. "The likelihood that any individual will become a victim in most places is microscopic."

But the consensus of government officials and nongovernmental experts is that the terrorist threat remains real, and the respite from violence is temporary.

"Why have we not suffered [another] attack?" asked Lee H. Hamilton, co-chairman of the Sept. 11 commission, which exhaustively studied the 2001 attacks. "The honest answer is: We don't know. We simply don't know. Because we don't know the minds of the terrorists."

Paul Pillar, a former top CIA analyst, said: "The line between an attack that occurs and one that doesn't can be very thin. It comes down to luck and circumstance with regard to any particular operation."

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One theory on the lack of homegrown Islamic terrorism inside the U.S. — especially in contrast to Europe, where police have foiled several planned attacks — is that Muslims in this country are more assimilated and less alienated.

"There are a lot of possible explanations," Byman said. "But they're all conjecture."

In any case, most Bush administration officials have been careful to avoid taking credit for the fact that there has been no second Sept. 11 attack — because, they say, they still expect one.

"We have hurt Al Qaeda severely, I think, but they continue to work toward another 9/11 or something even more spectacular," Crumpton said.

Although there have been no other attacks inside the United States, terrorism as a worldwide phenomenon has not diminished since 2001.

The National Memorial Institute for the Prevention of Terrorism, which maintains an exhaustive database, reports that terrorism has killed more than 2,300 people every year since 2001.

Most of those fatalities resulted from domestic terrorism — attacks that stemmed from strife within a single country — rather than international attacks like Sept. 11. But the institute's research director, James O. Ellis III, notes that domestic terrorism often gives birth to the international kind.

The number of civilian deaths from terrorism in 2005, as defined by the institute, swelled to more than 8,000, mostly because of sectarian violence in Iraq. But even outside Iraq, 1,952 civilians died in terrorist attacks last year.

"In international terrorism, we've seen a decrease in the number of incidents but a rise in lethality; more people are dying," Ellis said. "In domestic terrorism, we've seen a rising number of incidents and rising lethality too."

Those numbers don't measure the likelihood of more attacks on the United States; they merely confirm that terrorism as a tactic for radical insurgent groups around the world is thriving.

The statistics are part of a broad debate on how best to gauge progress in the larger battle — a measure the Pentagon calls "metrics."

In October 2003, Defense Secretary Donald H. Rumsfeld wrote a memo to his closest aides, asking: "Are we winning or losing the global war on terror?"

"Today, we lack metrics to know," Rumsfeld complained. "Are we capturing, killing or deterring and dissuading more terrorists every day than the madrasas [Islamic religious schools] and the radical clerics are recruiting, training and deploying against us?"

He told his aides he wanted better measuring sticks and a clearer strategy.

Almost three years after Rumsfeld's memo, the Bush administration last week issued a long-range plan, the "National Strategy for Combating Terrorism," most of the details of which remain classified.

But the Pentagon concluded it just wasn't possible to keep accurate track of terrorist recruiting trends, as Rumsfeld had asked — especially as Al Qaeda evolved from a close-knit organization into an amorphous, radical movement.

"It's a hard thing to measure," said Stephen A. Cambone, the undersecretary of Defense for intelligence, who oversees much of the Pentagon's counterterrorism effort. "It's … more difficult than an observer might think."

Said Raphael Perl of the Congressional Research Service, who has monitored the issue for lawmakers: "There are metrics we could use," but not all parts of the government can agree on them.

He listed some measurements, beginning with the size and strength of terrorist organizations, their levels of technology and weaponry, and their access to state sponsors or havens. "Is radical Islam growing or shrinking? We aren't measuring it," he said.

Some criteria, he added, are domestic: "Our ability to recover [from terrorist attacks]. Our ability to damage ourselves through overreaction."

Perl said an important gauge was how much money was being spent to combat potential terrorism.

"9/11 has cost the world economy more than a trillion dollars in added security spending," he said. "If you can tear down the global economy, people are going to be much more receptive to other ideologies."

Before Rumsfeld's 2003 memo, the Bush administration focused its efforts and its metrics on the campaign to destroy or dismantle the leadership of Al Qaeda and its allies. That campaign, which ranged from detective work to capture suspects to "targeted killing" strikes against terrorist leaders, was largely successful.

The Bush administration maintains that three-fourths of Al Qaeda's known leaders have been removed. Other experts have disputed the figure but agree that what was known as "Al Qaeda Central" — Al Qaeda in its 2001 form — at least was reduced in size and effectiveness.

But in response, the terrorist organization has changed, the State Department's Crumpton noted. "Al Qaeda and affiliates are learning organizations," he said. "They evolve. If we make changes in our efforts and we have success — and we have — then they will make changes and counter what we have done."

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"The core group of people around Bin Laden are weaker. The angry young sympathizers are more numerous," Hoffman said.

Hoffman said the new mix would mean fewer complicated, large-scale attacks like the bombing of the U.S. destroyer Cole in Yemen in 2000. "But you can still have something like the Madrid terrorist attacks," he said. "Is that progress?"

As homegrown anti-American terrorist groups have sprung up from Spain and Britain to Indonesia and Canada, the Bush administration has augmented its "kill and capture" strategy with a longer-term drive to spread democracy, stabilize Muslim societies and win hearts and minds around the globe.

The aim, officials say, isn't to persuade the world's Muslims to like the U.S. — the focus of the administration's unsuccessful early "public diplomacy" efforts.

"That turned out to be Mission: Impossible," one official said.

Instead, the main goal is to delegitimize terrorism — to convince Muslims that Bin Laden and his followers threaten Muslim communities as much as they threaten New York or Washington.

Bush calls this "the war of ideas," and compared it last week to the 20th century battle between communism and democracy in the Cold War.

The newest effort is still in its early stages. Some parts, officials acknowledge, have met with what one called "rough going": anti-American insurgencies in Iraq and Afghanistan. Others have been painfully slow at best: encouraging democracy in Egypt and Saudi Arabia. But some, officials say, have gone well: keeping countries like Indonesia, Malaysia and the Philippines from turning into havens for terrorist groups.

One metric that administration officials don't like talking about involves how people in other countries view the U.S. The results of a multi-country poll sponsored this year by the Pew Charitable Trusts are sobering.

When people in largely Muslim nations were asked whether they approved of "U.S.-led efforts to fight terrorism," 82% in Egypt said no, as did 74% in Jordan, 77% in Turkey and 50% in Pakistan. Some European countries showed similar results: 76% of those surveyed in Spain and 57% in France said they did not approve.

"When the United States is that unpopular in countries we count on as our closest allies, we have a real uphill struggle," said Paul B. Stares of the U.S. Institute of Peace, a congressionally funded nonpartisan think tank.

One senior U.S. official, speaking on condition he not be identified so that he could speak more candidly, acknowledged that the unpopularity of the U.S. had made it harder for allied governments — like Pakistan and India — to cooperate with U.S. counterterrorism efforts.

In response, the Bush administration has significantly increased the amount of money it is spending on "public diplomacy" to more than $1.4 billion this year, double the funding level before Sept. 11.

But improving the U.S. image abroad will be an uphill battle.

"There is a certain amount of anti-Americanism which exists just because we're the world superpower," said Sen. John McCain (R-Ariz.). "But in addition to that, deserved or undeservedly, the American image of hubris and condescension is damaging to our efforts. We should be more humble; we should be more considerate."

Asked whether Bush had made that problem worse, McCain smiled.

"I think sometimes the president's passion is interpreted as hubris…. [But] I think he fully recognizes that we have a problem, and I think he's working at trying to help improve America's image."

The additional attention and money for nation-building and public relations is increasingly seen as a key to winning the war against Al Qaeda.

"It's not so much a question [of] whether you're able to … capture or kill or otherwise drive off" terrorists, said Cambone, the Pentagon intelligence chief. "That we know we can do. It's whether the confidence of those who stand in opposition [to terrorism] is going up … and that of the terrorists is going down.

"Then you're succeeding," he said. "And then the issue isn't how many successive terrorist cells you've undone. They will disband."

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(INFOBOX BELOW)

Tracking terror

Despite military operations to fight terrorism in Iraq and Afghanistan, terrorism incidents and fatalities are on the rise worldwide, especially in Iraq. Meanwhile, U.S. spending on domestic security and funding for military operations overseas has risen steadily since the Sept. 11, 2001, attacks.

Where terror attacks occur

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Sept. 12, 2001-June 30, 2006
(Total attacks by country)
Iraq: 5,408
Israel: 2,091
India: 1,511
Colombia: 904
Afghanistan: 733
Thailand: 671
Pakistan: 548
Nepal: 428
Northern Ireland: 399
France: 391
United States: 63
Note: U.S. attacks are mostly ecoterrorism arson and Animal Liberation Front actions
*

Sources: Congressional Research Service, National Memorial Institute for the Prevention of Terrorism, Foreign Policy magazine

Citizens Can Aid FBI By Keeping Eyes Open (HC)

Houston Chronicle, September 10, 2006

U.S. Attorney Don DeGabrielle and Roderick Beverly, special agent in charge of the Houston FBI office, are top federal officials in the area's anti-terrorism efforts. Chronicle reporter Harvey Rice spoke separately to the two and asked how ordinary citizens can play a role in combating terrorism five years after the Sept. 11 attacks. Here are their responses.

· On whether authorities still urge people to call about suspicious activities:

BEVERLY: Absolutely. You know, I think the greatest threat to the American people today is the threat of complacency. We continue to encourage people to be vigilant and report suspicious activities to their local police and the FBI.

DeGABRIELLE: Fortu-
nately, a lot of (tips) turn out to be nothing. But we would rather err on the side of caution.

· On their reaction to people who refrain from calling for fear a tip might sound silly:

BEVERLY: If we don't know there is a potential problem out there, there
is no way we can fix it. I would err on the side of being vigilant.

DeGABRIELLE: I would hope they would check their feelings at the door and go ahead and make the call and, hopefully, we can make an informed decision about whether a response is necessary. I'm certainly not encouraging crank calls, and I'm not encouraging people to call when there is absolutely no reason to do so. But people in neighborhoods know what is normal in the area, and they sometimes are best suited to seeing something out of the ordinary.

· On the kinds of activities that people should look for:

BEVERLY: Anything that's out of the ordinary, anything that looks to be criminal in nature should be reported to (the FBI) and/or the local police. We always encourage people to kind of follow their instincts.

DeGABRIELLE: As many activities as there are people to conduct them. I know that's a rather vague direction to give to people, but they perhaps best know what is unusual, or out of the ordinary, or suspicious.

· On whether people should be especially vigilant around places like airports, ports and refineries:

DeGABRIELLE: Certainly. Law enforcement pays greater attention to those areas, and it would be a good idea for people also to be aware of things that are out of the ordinary.

· On the number of tips received since Sept. 11, 2001:

BEVERLY: The first couple of months after 9/11, we were easily over 100 a month. Now it's kind of leveled off, and we're around 75 a month probably.

· On whether any tips have panned out:

BEVERLY: I certainly think there have been tips that we have taken to a second level or otherwise made the subject of an investigation. Probably the overwhelming majority will not result in any type of an arrest or much beyond a cursory check of identity.

DeGABRIELLE: I have to say yes, but I can't be specific. Obviously, there is information that we cannot share publicly. What might, on the one hand, seem to be a rather benign federal prosecution, can and has been on occasion coupled with intelligence that, for reasons of classification, could not be and was not shared.

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· On phone numbers that people should call:

DeGABRIELLE: The main number at the FBI is one obvious number, but, frankly, any law enforcement agency that they are familiar with. The main number at the FBI,

713-693-5000, would be a good place to start.

· On what people should do when the national system of color-coded alerts is raised to a higher level:

BEVERLY: This is a visual stimulus, if you will. All things being equal, they should take that into consideration for their personal security habits.

DeGABRIELLE: Generally speaking, they should be even more vigilant.

· On whether asking people to be vigilant, in effect, asks them to keep an eye on their neighbors:

BEVERLY: We're not asking them to spy on their neighbors per se or do anything distasteful. It's just like we do on neighborhood watch: Be a good neighbor and take care of your neighbors.

DeGABRIELLE: I don't think we are asking people to spy on one another, certainly. It's only in those circumstances when people see something that's unusual, they can make the phone call and, if law enforcement deems it appropriate, that agency will follow up with an appropriate investigation.

Unanswered Questions Of September 11 (WT)

By Rowan Scarborough And Jerry Seper, The Washington Times

The Washington Times, September 10, 2006

Five years after the deadliest enemy attack ever on the United States, questions linger about the terror plot that toppled New York's World Trade Center, damaged the Pentagon and ignited the ongoing war on terrorism.

The killing of nearly 3,000 people on September 11, 2001, is not a "cold case."

But it also is not a closed case, and despite the huge body of evidence collected, unanswered questions remain. Among them:

·Who did the airliner hijackers meet as they spent months in the U.S. planning -- and traveling to places such as Las Vegas and Los Angeles?

·What was the ultimate source of money for the terrorist operation?

·What was the Washington target of United Flight 93, which crashed near Shanksville, Pa.?

·What motivated 19 relatively well-off Arab men, all Muslims, to become such horrific suicide bombers?

Lee Hamilton, vice chairman of the national September 11 commission, says motivation was the "big question" the panel could not answer.

"We were never able to answer why the 19 were willing to kill themselves. What was the motivation? I am talking in a very personal way," Mr. Hamilton, a Democrat who represented Indiana's 9th District in the House for 34 years, said in an interview wih The Washington Times.

"What was the motivation for each one of these hijackers? I think the question of motivation was opaque to us. We just could not nail it. They were dead, of course."

He said investigators guessed at a religious motive or a political grievance against the West, or more specifically the United States.

"Why do they hate us? It's one of the fundamental questions raised again and again," Mr. Hamilton said. "We couldn't pin it down for the 19."

Fourth target

The attack spurred the FBI to open the largest criminal investigation in its history.

Penttbomb, as the probe was code-named, culled the depths of radical Islam and the al Qaeda network to construct an authoritative chronology of the terrorists' four years of planning to drive fuel-packed jetliners into the World Trade Center, the Pentagon and an unidentified Washington symbol of political power.

The FBI followed more than a half-million leads and conducted more than 165,000 interviews.

The national September 11 commission, with former New Jersey Gov. Thomas H. Kean, a Republican, as chairman, examined the FBI's work and coaxed huge amounts of documents from the nation's intelligence agencies.

The commission produced a narrative on the attack. So did journalists who dug up additional facts on events leading up to the September 11 assault on America's financial and military brain center.

But the deaths of all 19 hijackers denied probers interrogations that likely would have produced even more information on the planning and on militant Islamist Osama bin Laden's global terrorist organization, al Qaeda.

Mr. Hamilton said another part of the plot remains a mystery. The hijackers devoted one plane, United Flight 93, to a target in Washington, D.C. But which one?

The answer is important because al Qaeda tends to revisit targets, such as the World Trade Center, on which a previous attack in 1993 failed.

"We know they want to attack symbols of American power," Mr. Hamilton said. "It would be interesting to know which symbols they put at the top, the top of their list."

The commission's report says bin Laden, who is still on the run from the U.S. military, wanted the fourth plane to hit the White House.

But Mohammed Atta, a key plot organizer and hijacker, thought the target too difficult and preferred the U.S. Capitol. Officials also speculated that CIA headquarters in McLean was the target.

Because of all this painstaking detective work, it is part of the historical record that Khalid Shaikh Mohammed, a Kuwaiti living in Pakistan, dreamed up the September 11 scheme and sold the plan to bin Laden.

It is known that bin Laden and his No. 2, Ayman al-Zawahri, personally recruited some of the 19 hijackers. Atta, who flew American Flight 11 into the trade center's North Tower at 8:46 a.m., was radicalized in a mosque in Hamburg, Germany.

Others found jihad at Islamic centers around the Middle East. All passed through bin Laden's fiefdom in Afghanistan before making their way to America, using passports and visas.

'Odd travel patterns'

A U.S. intelligence official, who asked not to be named, said the CIA still doesn't know with whom the hijackers met as they traveled across the United States.

Intelligence agencies would like to know "the nature and extent of support the hijackers had while in the United States, not to mention the nature and support in Germany and elsewhere," the official said in an interview. "We can't rule out as a possibility people who either knowingly or unwittingly" aided the conspirators.

The official asked, "What was behind their odd travel patterns? Why all the trips to Las Vegas? What exactly may have happened there? There are still some unanswered questions."

September 11 commissioner Fred Fielding, White House counsel to President Reagan, has his own pet mystery.

"The one thing that always bothered me, and we never got to the bottom of," Mr. Fielding said, was why Atta and fellow hijacker Abdulaziz Alomari drove from Boston to Maine to catch a flight back to Boston to connect with American Flight 11.

"What doesn't make sense to me is, this plot had to be perfect," Mr. Fielding said in an interview. "Everything had to work right for these guys, and unfortunately, it did. They couldn't have any mistakes.

"Atta and his team went up to Portland, Maine, and they flew back and had to go through two security checks. ... I've never figured it out. Why did he go to Portland, and what [did they do] in Portland, because it doesn't make any sense. He put the whole plan in jeopardy."

FBI Special Agent James N. Fitzgerald told the September 11 commission that the bureau has not figured out why Atta went to Maine.

"So the best indication we have of why he did what he did is from that detainee reporting, indicating that he probably did so to minimize the amount of people who would be arriving at Flight 11 at one time," Mr. Fitzgerald said.

Why it matters

Some of the unsolved mysteries -- such as with whom the hijackers met -- are important in understanding the plot's true breadth and whether any conspirators remain at large in the U.S., planning the next attack.

Other questions asked by the FBI, the commission and lawmakers would, if answered, shed more light on how al Qaeda terrorists operate in the days leading up to an attack. Such a profile might tip off the next attempt at mass murder.

Among other unanswered questions:

·More conspirators. Investigators believe there were other September 11 plotters. For instance, Atta took several trips to Europe after first arriving in the United States. The presumption is he met with jihadist allies -- but who? When Atta returned to Florida from one trip, fellow conspirator Marwan Al-Shehhi went to Casablanca, Morocco, for eight days. But why?

·Money. Investigators estimate the total cost of executing the attack at about $500,000, but do not know the ultimate source. Khalid Shaikh Mohammed, who is in CIA custody, handled most of the funds, but apparently cannot cast much light on its original source.

·The 20th hijacker. Three of the hijacked jets carried five jihadists; four hijackers were aboard the fourth, United Airlines Flight 93, which crashed in a field near Shanksville, Pa., after passengers attempted to retake the plane. The FBI's theory is that Mohammed planned for a 20th, but who?

The bureau initially said that Zacarias Moussaoui was to be that man. Moussaoui took flight lessons in Oklahoma and received $14,000 from conspirator Ramzi Binalshibh. But the government didn't present any evidence when Moussaoui pleaded guilty to conspiracy. He was sentenced to life in prison.

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The September 11 commission said as many as eight other al Qaeda members attempted to enter the country but failed, including Mohammed al-Kahtani. The U.S. later captured al-Kahtani in Afghanistan and shipped him to a detention facility at the U.S. Naval Base Guantanamo Bay, Cuba.

Binalshibh, another captured al Qaeda member, was denied entry into the U.S. four times. Authorities eventually captured him in 2002.

Debunking myths

Conspiracy theorists have had a field day with the September 11 attacks. Exploiting gaps in knowledge, fuzzy photographs and mistaken eyewitnesses, Internet bloggers circulated reams of unsubstantiated assertions.

Among these unlikely claims:

·The U.S. government planned and carried out the hijackings. How else to explain why none of the four planes was shot down by the military?

·The plane that hit the South Tower was not a Boeing 767 but a military refueling jet. Bombs must have caused the collapse of the twin towers because burning jet fuel is not hot enough to melt steel.

·A missile, not a Boeing 757, hit the Pentagon. French author Thierry Meyssan even knows what kind. He wrote in a book that it was a satellite-guided missile.

Now, a new book from Popular Mechanics magazine takes on the conspiratorialists. "Debunking the 9/11 Myths" examines 20 of the most persistent conspiracy theories and counters them with facts.

Reporters and editors say they consulted with more than 300 specialists and organizations to reach their conclusions. The book does not look at the al Qaeda plot, per se, but instead focuses on the major events that day, such as the fall of the twin towers.

For example: Maybe burning jet fuel is not hot enough to melt steel, but it did create an inferno hot enough -- when coupled with burning rugs, furniture and curtains -- to significantly weaken the frames, leading to the collapse.

About the Pentagon strike, "Debunking the 9/11 Myths" starts with the fact that dozens of persons actually saw American Flight 77 slam into the building's "E Ring" and bore toward the center courtyard. Then there is the plane's debris, scattered on the lawn.

"I held parts of uniforms from crew members in my hands, including body parts. OK?" structural engineer Allyn E. Kilsheimer told the book's authors.

Flight 93

"We are not attempting to tell the story of September 11," said James B. Meigs, Popular Mechanics editor in chief. "What we are doing is fact-checking the factual claims made by conspiratorial theorists themselves.

"They ignore the vast body of evidence. They ignore the huge accumulation of historical facts that confirms the mainstream view."

Critics of that view discount the entire story of United Flight 93, in which passengers talked on cell phones to authorities and loved ones before mounting an assault on the hijackers. The critics contend cell phones do not work in high-flying jet airliners.

But Mr. Meigs' reporters went to specialists who explained: "Cell phones work pretty well in airplanes, especially in rural areas."

Bloggers also wrote that World Trade Center building No. 7 must have been felled by demolition professionals because it received little damage in the attack. An early government report seemed to substantiate the damage angle.

Popular Mechanics discovered that report was wrong. The building's facade had been damaged significantly from falling debris, subsequent examinations showed.

And, skeptics ask, how could NORAD (North American Aerospace Defense Command) fail to launch intercepts to shoot down the four planes in the minutes after the Federal Aviation Administration determined they were hijacked?

NORAD, however, was ill-equipped to quickly respond and shoot down a civilian airliner. The command lacked streamlined communications with the FAA.

"The way the conspiracy theorists work is, they exploit the way they think things ought to work," Mr. Meigs said. "I call it the 'myth of government hyper-competence.'"

Body count

One glaring gap at the World Trade Center crime scene is the body count. Some victims simply vanished. The extensive fireball incinerated some to dust, making recovery impossible.

Of the 2,749 persons killed, the remains of 1,151 have not been identified.

Last spring, nearly 500 human remains were found on the roof of the Deutsche Bank building at ground zero by workers preparing the site for demolition, offering hope that the remains of more of those killed might yet be identified.

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The grisly discovery prompted a coalition of September 11 survivors' organizations to ask that demolition of the building be halted until after a thorough search of the site.

"The huge amount of human remains recently found after nearly five years, and the prediction from experts that large amounts will continue to be discovered, is cause for great concern," the coalition announced. "Now is the time to take action to recover the over 40 percent of victims still missing."

Federal, state and local authorities made a massive effort to identify the remains of missing victims until New York officials suspended the process.

The last official identification took place in January: New York firefighter Keithroy M. Maynard, 30, of Engine Co. 33. His family had held off having a funeral until DNA testing identified his remains -- four years after the attack.

City and state officials have said they expect to find more remains as demolition and construction work near ground zero continues.

Despite the use of advanced DNA techniques, the remains of nearly 42 percent of those killed at the World Trade Center have not been found. Of the more than 19,900 separate remains recovered from ground zero, 4,735 were identified.

Only 293 intact bodies were found, authorities said, of which only 12 could be identified by sight. Nearly 10,000 remains have been frozen for future analysis.

Case open

Dr. Robert C. Shaler doubts that all those killed will be accounted for. As the director of forensic biology at the New York City Office of Chief Medical Examiner, he was responsible for overseeing DNA identification of the World Trade Center victims.

Some of the victims likely were incinerated amid the burning rubble, Dr. Shaler said in an interview with The Washington Times. Others were so decomposed that DNA testing may not be possible.

Dr. Shaler is now a professor of biochemistry and molecular biology at Penn State University, where he is director of the forensics science program.

In his book, "Who They Were," Dr. Shaler writes that New York City was unprepared for such mass fatalities. The Office of the Chief Medical Examiner, he says, had to be reconfigured to process and identify the dead.

Authorities say the September 11 plot will remain an open case for years. One key reason: Any new tidbit can help stop the next conspiracy.

"This has been and continues to be an area of focus for the CIA and other intelligence agencies, because the answers could help deter or disrupt future terrorists attacks," the intelligence official said.

"Some questions may be answered with the passage of more time. But others may not be, because the precise details might be known only by the hijackers themselves."

And Mr. Hamilton, the commission vice chairman, cautions that his panel's voluminous report and archive of documents are not the final word on how the attack was carried out.

"We understood that we were writing a first draft of history," he said. "We tried very hard to make it factually accurate.

"Commissioners asked again and again and again, 'What are the facts?' We didn't claim to be infallible here. This will be an event, like the Kennedy assassination, that will be examined by generations to come."

Bin Laden Trail 'Stone Cold' (WP)

By Dana Priest And Ann Scott Tyson, Washington Post Staff Writers

The Washington Post, September 10, 2006

U.S. Steps Up Efforts, But Good Intelligence On Ground is Lacking

The clandestine U.S. commandos whose job is to capture or kill Osama bin Laden have not received a credible lead in more than two years. Nothing from the vast U.S. intelligence world -- no tips from informants, no snippets from electronic intercepts, no points on any satellite image -- has led them anywhere near the al-Qaeda leader, according to U.S. and Pakistani officials.

"The handful of assets we have have given us nothing close to real-time intelligence" that could have led to his capture, said one counterterrorism official, who said the trail, despite the most extensive manhunt in U.S. history, has gone "stone cold."

But in the last three months, following a request from President Bush to "flood the zone," the CIA has sharply increased the number of intelligence officers and assets devoted to the pursuit of bin Laden. The intelligence officers will team with the military's secretive Joint Special Operations Command (JSOC) and with more resources from the National Security Agency and other intelligence agencies.

The problem, former and current counterterrorism officials say, is that no one is certain where the "zone" is.

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"Here you've got a guy who's gone off the net and is hiding in some of the most formidable terrain in one of the most remote parts of the world surrounded by people he trusts implicitly," said T. McCreary, spokesman for the National Counterterrorism Center. "And he stays off the net and is probably not mobile. That's an extremely difficult problem."

Intelligence officials think that bin Laden is hiding in the northern reaches of the autonomous tribal region along the Afghanistan-Pakistan border. This calculation is based largely on a lack of activity elsewhere and on other intelligence, including a videotape, obtained exclusively by the CIA and not previously reported, that shows bin Laden walking on a trail toward Pakistan at the end of the battle of Tora Bora in December 2001, when U.S. forces came close but failed to capture him.

Many factors have combined in the five years since the Sept. 11, 2001, attacks to make the pursuit more difficult. They include the lack of CIA access to people close to al-Qaeda's inner circle; Pakistan's unwillingness to pursue him; the reemergence of the Taliban and al-Qaeda in Afghanistan; the strength of the Iraqi insurgency, which has depleted U.S. military and intelligence resources; and the U.S. government's own disorganization.

But the underlying reality is that finding one person in hiding is difficult under any circumstances. Eric Rudolph, the confessed Olympics and abortion clinic bomber, evaded authorities for five years, only to be captured miles from where he was last seen in North Carolina.

It has been so long since there has been anything like a real close call that some operatives have given bin Laden a nickname: "Elvis," for all the wishful-thinking sightings that have substituted for anything real.

After playing down bin Laden's importance and barely mentioning him for several years, Bush last week repeatedly invoked his name and quoted from his writings and speeches to underscore what Bush said is the continuing threat of terrorism.

Many terrorism experts, however, say the importance of finding bin Laden has diminished since Bush first pledged to capture him "dead or alive" in the aftermath of the Sept. 11 attacks. Terrorists worldwide have repeatedly shown they no longer need him to organize or carry out attacks, the experts say. Attacks in Europe, Asia and the Middle East were perpetrated by homegrown terrorists unaffiliated with al-Qaeda.

"Will his capture stop terrorism? No," Rep. Jane Harman (D-Calif.), vice chairman of the House Intelligence Committee, said in a recent interview. "But in terms of a message to the world, it's a huge message."

Despite a lack of progress, at CIA headquarters bin Laden and his deputy, Ayman al-Zawahiri, are still the most wanted of the High Value Targets, referred to as "HVT 1 and 2." The CIA station in Kabul still offers a briefing to VIP visitors that declares: "We are here for the hunt!" -- a reminder that finding bin Laden is a top priority.

Gary Berntsen, the former CIA officer who led the first and last hunt for bin Laden at Tora Bora, in December 2001, says, "This could all end tomorrow." One unsolicited walk-in. One tribesman seeking to collect the $25 million reward. One courier who would rather his kids grow up in the United States. One dealmaker, "and this could all change," Berntsen said.Bin Laden Still Alive

On the videotape obtained by the CIA, bin Laden is seen confidently instructing his party how to dig holes in the ground to lie in undetected at night. A bomb dropped by a U.S. aircraft can be seen exploding in the distance. "We were there last night," bin Laden says without much concern in his voice. He was in or headed toward Pakistan, counterterrorism officials think.

That was December 2001. Only two months later, Bush decided to pull out most of the special operations troops and their CIA counterparts in the paramilitary division that were leading the hunt for bin Laden in Afghanistan to prepare for war in Iraq, said Flynt L. Leverett, then an expert on the Middle East at the National Security Council.

"I was appalled when I learned about it," said Leverett, who has become an outspoken critic of the administration's counterterrorism policy. "I don't know of anyone who thought it was a good idea. It's very likely that bin Laden would be dead or in American custody if we hadn't done that."

Several officers confirmed that the number of special operations troops was reduced in March 2001.

White House spokeswoman Michele Davis said she would not comment on the specific allegation. "Military and intelligence units move routinely in and out," she said. "The intelligence and military community's hunt for bin Laden has been aggressive and constant since the attacks."

The Pakistani intelligence service, notoriously difficult to trust but also the service with the best access to al-Qaeda circles, is convinced bin Laden is alive because no one has ever intercepted or heard a message mourning his death. "Al-Qaeda will mourn his death and will retaliate in a big way. We are pretty sure Osama is alive," Pakistan's interior minister, Aftab Khan Sherpao, said in a recent interview with The Washington Post.

Pakistani intelligence officials also say they think bin Laden remains actively involved in al-Qaeda activities. They cite the interrogations of Ahmed Khalfan Ghailani, a key planner of the bombings of two U.S. embassies in East Africa in 1998, and Abu-Faraj al-Libbi, who served as a communications conduit between bin Laden and senior al-Qaeda operatives until his capture last year.

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Libbi and Ghailani, who was arrested in Pakistan in July 2004, were the last two people taken into custody to have met with and taken orders from Zawahiri and to hear directly from bin Laden. "Both Ghailani and Libbi were informed that Osama was well and alive and in the picture by none other than Zawahiri himself," one Pakistani intelligence official said.

Two Pakistani intelligence officials recently interviewed in Karachi said that the last time they received firsthand information on bin Laden was in April 2003, when an arrested al-Qaeda leader, Tawfiq bin Attash, disclosed having met him in the Khost province of Afghanistan three months earlier.

Attash, who helped plan the 2000 USS Cole bombing, told interrogators that the meeting took place in the Afghan mountains about two hours from the town of Khost.

By then, Pakistan was the United States' best bet for information after an infusion of funds from the U.S. intelligence community, particularly in the area of expensive NSA eavesdropping equipment.

"For technical intelligence ISI (Inter-Services Intelligence) works hand in hand with the NSA," a senior Pakistani intelligence official said. "The U.S. assistance in building Pakistan's capabilities for technical intelligence since 9/11 is superb."

Since early 2002, the United States has stationed a small number of personnel from the NSA and the CIA near where bin Laden may be hiding. They are embedded with counterterrorism units of the Pakistan army's elite Special Services Group, according to senior Pakistani intelligence officials.

The NSA and other specialists collect imagery and electronic intercepts that their CIA counterparts then share with the Pakistani units in the tribal areas and with the province of Baluchistan to the south.

But even with sophisticated technology, the local geography presents formidable obstacles. In a land of dead-end valleys, high peaks and winding ridge lines, it is easy to hide within the miles of caves and deep ravines, or to live unnoticed in mud-walled compounds barely distinguishable from the surrounding terrain.

The Afghan-Pakistan border is about 1,500 miles. Pakistan deploys 70,000 troops there. Its army had never entered the area until October 2001, more than a half century after Pakistan's founding.Pakistani Sources Lost

A Muslim country where many consider bin Laden a hero, Pakistan has grown increasingly reluctant to help the U.S. search. The army lost its best source of intelligence in 2004, after it began raids inside the tribal areas. Scouts with blood ties to the tribes ceased sharing information for fear of retaliation.

They had good reason. At least 23 senior anti-Taliban tribesmen have been assassinated in South and North Waziristan since May 2005. "Al-Qaeda footprints were found everywhere," Interior Minister Sherpao said in a recent interview. "They kidnapped and chopped off heads of at least seven of these pro-government tribesmen."

Pakistani and U.S. counterterrorism and military officials admit that Pakistan has now all but stopped looking for bin Laden. "The dirty little secret is, they have nothing, no operations, without the Paks," one former counterterrorism officer said.

Last week, Pakistan announced a truce with the Taliban that calls on the insurgent Afghan group to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight the government and international troops. The agreement also requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there.

In Afghanistan, the hunt for bin Laden has been upstaged by the reemergence of the Taliban and al-Qaeda, and by Afghan infighting for control of territory and opium poppy cropland.

Lt. Gen. John R. Vines, who commanded U.S. troops in Afghanistan in 2003, said he thinks bin Laden kept close to the border, not wandering far into either country. That belief is still current among military and intelligence analysts.

"We believe that he held to a pretty narrow range of within 15 kilometers of the border," said Vines, who now commands the XVIII Airborne Corps, "so that if the Pakistanis, for whatever reason, chose to do something to him, he could cross into Afghanistan and vice versa."

He said he thinks bin Laden's protection force "had a series of outposts with radios that could alert each other" if helicopters were coming or other troop movements were evident.

Pakistani military officials in Wana, the capital of South Waziristan, described bin Laden as having three rings of security, each ring unaware of the movements and identities of the other. Sometimes they communicated with specially marked flashlights. Sometimes they dressed as women to avoid detection by U.S. spy planes.

Pakistan will permit only small numbers of U.S. forces to operate with its troops at times and, because their role is so sensitive politically, it officially denies any U.S. presence. A frequent complaint from U.S. troops is that they have too little to do. The same complaint is also heard from U.S. forces in Afghanistan, where there were few targets to go after.

Although the hunt for bin Laden has depended to a large extent on technology, until recently unmanned aerial vehicles (UAVs) were in short supply, especially when the war in Iraq became a priority in 2003.

In July 2003, Vines said that U.S. forces under his command thought they were close to striking bin Laden, but had only one drone to send over three possible routes he might take. "A UAV was positioned on the route that was most likely, but he didn't go that way," Vines said. "We believed that we were within a half-hour of possibly getting him, but nothing materialized."

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Faced with the most sophisticated technology in the world, bin Laden has gone decidedly low-tech. His 23 video or audiotapes in the last five years are thought to have been hand-carried to news outlets or nearby mail drops by a series of couriers who know nothing about the contents of their deliveries or the real identity of the sender, a simple method used by spies and drug traffickers for centuries.

"They are really good at operational security," said Ben Venzke, chief executive officer of IntelCenter, a private company that analyzes terrorist information and has obtained, analyzed and published all bin Laden's communiques. "They are very good at having enough cut-outs" to move videos into circulation without detection. "It's some of the simplest things to do."

Uncertain Command Structure

Bureaucratic battles slowed down the hunt for bin Laden for the first two or three years, according to officials in several agencies, with both the Pentagon and the CIA accusing each other of withholding information. Defense Secretary Donald H. Rumsfeld's sense of territoriality has become legendary, according to these officials.

In early November 2002, for example, a CIA drone armed with a Hellfire missile killed a top al-Qaeda leader traveling through the Yemeni desert. About a week later, Rumsfeld expressed anger that it was the CIA, not the Defense Department, that had carried out the successful strike.

"How did they get the intel?" he demanded of the intelligence and other military personnel in a high-level meeting, recalled one person knowledgeable about the meeting.

Gen. Michael V. Hayden, then director of the National Security Agency and technically part of the Defense Department, said he had given it to them.

"Why aren't you giving it to us?" Rumsfeld wanted to know.

Hayden, according to this source, told Rumsfeld that the information-sharing mechanism with the CIA was working well. Rumsfeld said it would have to stop.

A CIA spokesman said Hayden, now the CIA director, does not recall this conversation. Pentagon spokesman Bryan Whitman said, "The notion that the department would do anything that would jeopardize the success of an operation to kill or capture bin Laden is ridiculous." The NSA continues to share intelligence with the CIA and the Defense Department.

At that time, Rumsfeld was putting in place his own aggressive plan, led by the U.S. Special Operations Command (SOCOM), to dominate the hunt for bin Laden and other terrorists. The overall special operations budget has grown by 60 percent since 2003 to $8 billion in fiscal year 2007.

Rows and rows of temporary buildings sprang up on SOCOM's parking lots in Tampa as Rumsfeld refocused the mission of a small group of counterterrorism experts from long-term planning for the war on terrorism to manhunting. The group "went from 20 years to 24-hour crisis-mode operations," one former special operations officer said. "It went from planning to manhunting."

In 2004, Rumsfeld finally won the president's approval to put SOCOM in charge of the "Global War on Terrorism."

Today, however, no one person is in charge of the overall hunt for bin Laden with the authority to direct covert CIA operations to collect intelligence and to dispatch JSOC units. Some counterterrorism officials find this absurd. "There's nobody in the United States government whose job it is to find Osama bin Laden!" one frustrated counterterrorism official shouted. "Nobody!"

"We work by consensus," explained Brig. Gen. Robert L. Caslen Jr., who recently stepped down as deputy director of counterterrorism under the Joint Chiefs of Staff. "In order to find Osama bin Laden, certain departments will come together. . . . It's not that effective, or we'd find the guy, but in terms of advancing United States power for that mission, I think that process is effective."

But Lt. Gen. Stanley A. McChrystal, the JSOC commander since 2003, has become the de facto leader of the hunt for bin Laden and developed a good working relationship with the CIA to the extent that he recently was able to persuade the former station chief in Kabul to become his special assistant. He asks for targets from the CIA, and it tries to comply. "We serve the military," one intelligence officer said.

McChrystal's troops have shuttled between Afghanistan and Iraq, where they succeeded in killing al-Qaeda leader Abu Musab al-Zarqawi and killed or captured dozens of his followers.

Under McChrystal, JSOC has improved its ability to quickly turn captured documents, computers and cellphones into leads and then to act upon them, while waiting for more analysis from CIA or SOCOM.

Industry experts and military officers say they are being aided by computer forensic field kits that let technicians retrieve information from surviving hard drives, cellphones and other electronic devices, as was the case in the Zarqawi strike.

McChrystal, who has commanded JSOC since 2003, now has the authority to go after bin Laden inside Pakistan without having to seek permission first, two U.S. officials said.

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"The authority," one knowledgeable person said, "follows the target," meaning that if the target is bin Laden, the stakes are high enough for McChrystal to decide any action on his own. The understanding is that U.S. units will not enter Pakistan, except under extreme circumstances, and that Pakistan will deny giving them permission.

Such was the case in early January, when JSOC troops clandestinely entered the village of Saidgai, two officials familiar with the operation said, and Pakistan protested.

A week later, acting on what Pakistani intelligence officials said was information developed out of Libbi's interrogation, the CIA ordered a missile strike against a house in the village of Damadola, about 120 miles northwest of Islamabad, where Pakistani and American officials thought Zawahiri to be hiding.

The missile killed 13 civilians and several suspected terrorists. But Zawahiri was not among them. The strike "could have changed the destiny of the war on terror. Zawahiri was 100 percent sure to visit Damadola . . . but he disappeared at the last moment," one Pakistani intelligence official said.

Tens of thousands of Pakistanis staged an angry anti-American protest near Damadola, shouting, "Death to America!"

"Once again, we have lost track of Ayman al-Zawahiri," the Pakistani intelligence official said in a recent interview. "He keeps popping on television screens. It's miserable, but we don't know where he or his boss are hiding."

Contributing to this report were staff writers Bradley Graham, Thomas E. Ricks, Josh White, Griff Witte and Allan Lengel in Washington, Kamran Khan in Islamabad and John Lancaster in Wana, Pakistan, and staff researchers Julie Tate and Robert E. Thomason.

Al Qaeda Finds Its Center Of Gravity (NYT)

By David Rohde

The New York Times, September 10, 2006

OVER the last year, as Iran, Iraq and Lebanon have dominated headlines, hopes of gaining firmer control of a largely forgotten corner of the war on terrorism — the lawless Pakistan-Afghanistan border region — have quietly evaporated.

On Tuesday, the Pakistani government signed a “truce” with militants who have resisted Pakistani military efforts to gain control of the region, which is roughly the size of Delaware. The agreement, which lets militants remain in the area as long as they promised to halt attacks, immediately set off concern among American analysts.

Al Qaeda’s surviving leadership is suspected of using the border areas as a base of operation to support international terrorist attacks, including possibly the July 2005 London subway bombings. Meanwhile, the Taliban leadership is widely believed to be using another border area to direct spiraling attacks in Afghanistan.

“There’s a link with broader international terrorism,” said Robert Grenier, the former top counterterrorism official for the Central Intelligence Agency. “There’s a link with what is happening in Afghanistan. Al Qaeda, such as it is now, really has its center of gravity in the area.”

Last week’s truce agreement covers North Waziristan, an area on the Pakistani side of the border. After the Taliban fell in 2001, senior Qaeda and Taliban leaders are believed to have fled there from Afghanistan and to other remote border areas in Pakistan.

The locations of Osama bin Laden and his deputy Ayman al-Zawahiri remain unknown. But American officials suspect that they are somewhere along the border.

After two attempts to assassinate President Pervez Musharraf in December 2003 were linked to the tribal areas, Pakistani officials expanded the military effort to subdue the region. But after suffering heavy casualties in 2004 and early 2005, they began negotiating with local militants. Last year, Pakistan signed a separate agreement with militants in South Waziristan, but the move failed to slow the killing of government supporters.

“If you look at the number of deaths in the region, it’s not clear that they’ve dropped,” said Xenia Dormandy, former director for South Asia for the National Security Council. Signing such truces, she said, “is a potentially dangerous route to take because there is little pressure that you can bring to bear to make sure they can follow through on the agreements.”

Two hundred miles to the south, the Taliban leadership is believed to have established a base of operations in and around the Pakistani city of Quetta, according to American analysts. Afghan officials say the Taliban used the area to plan and carry out sweeping attacks in southern Afghanistan in the spring.

Pakistan has largely turned a blind eye to Taliban activities, American officials say, because it sees the group as a tool to counter growing Indian influence in Afghanistan. The Pakistanis have longed viewed a friendly Afghanistan as critical to their survival and fears India may be trying to encircle their country.

At the same time, a separate uprising in Baluchistan province has tied up Pakistani soldiers. Ethnic Baluch tribesmen complain that Pakistan’s military government is not sharing enough of the profits from natural gas exploration with the locals. The killing last month of a charismatic tribal elder who was a rebel leader set off riots in several cities.

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"Pakistan is essentially trying to put down a civil war in Baluchistan," said Ms. Dormandy, now an analyst at the Kennedy School of Government at Harvard. "At the same time, it's trying to monitor its border with India, monitor the border of Afghanistan and bring down the Taliban and Al Qaeda."

In Afghanistan, NATO forces that took control of security in the south from American forces this summer have been surprised by the size and strength of the Taliban insurgency. Roadside bomb attacks have doubled this year, and suicide bombings have tripled. Yesterday, a suicide bombing in Kabul killed at least 2 American soldiers and 14 Afghan civilians.

All told this year, heavy clashes in eastern and southern Afghanistan have killed more than 100 American and NATO soldiers, roughly twice the number killed in the same period in 2005. Since Aug. 1 alone, 28 NATO soldiers have been killed.

Analysts say the problem in the border region is an explosive mix of conditions: a lack of government authority, a vast amount of weaponry and the rise of Islamic militancy. Until the 1980's, the area was ruled by local tribes, whose brute self-government kept the population isolated and impoverished but allowed for a degree of stability.

In the 1980's, the American-backed anti-Soviet jihad unfolded in the region and began to wear away longstanding tribal structures. Huge piles of weapons and cash empowered Islamist organizations to open dozens of training camps, hard-line mosques and conservative religious schools along the border. In the 1990's, the Taliban emerged there.

Today, said Mr. Grenier, the former C.I.A. official, the only way to increase government authority in the rural areas on both sides of the Pakistan-Afghanistan border was to develop the impoverished rural areas over time. "But that's a generational process," said Mr. Grenier, now a managing director at Kroll Inc., a security firm based in New York.

This summer, local people interviewed in southern Afghanistan said they were unsure that the United States and NATO would remain committed to the long, expensive process of stabilizing the border region. This year, the United States cut its aid to Afghanistan by 30 percent.

Al Qaeda and the Taliban are no doubt betting that time is on their side.

The Taliban, Regrouped And Rearmed (WP)

By Peter Bergen

The Washington Post, September 10, 2006

KABUL, Afghanistan

The interpreter's hand-held radio crackled with the sound of intercepted Taliban transmissions, and he signaled the infantry patrol to wait while he translated. At 7 a.m. one morning late in the summer, peasants were already out scything wheat, with their children tending fields of pink and white poppies that would soon add to Afghanistan's record-setting opium and heroin supplies. We were 9,000 feet up, in the hamlet of Larzab, in a remote part of Zabul province -- the heart of Talibanland.

Our interpreter, Mohammed, estimated that the Taliban fighters were less than half a mile away. We walked through the fields for 20 more minutes before stopping next to a small hill. The chatter revealed that the Taliban were "watching us and waiting for us to get closer," Maj. Ralph Paredes explained to me as his men radioed to their base the likely coordinates of the hidden fighters. Soldiers back at the base -- a mud-walled compound without electricity or water -- fired mortar rounds over our heads to a hill several hundred meters from our position, where the Taliban might be hiding. We never learned whether they found their target.

Just one more patrol, and one more skirmish, in Afghanistan's war -- a conflict in which the fighting and ferocity are regaining strength with each passing month. Indeed, the U.S. military and NATO are now battling the Taliban on a scale not witnessed since 2001, when the war here began, and are increasingly fighting them in remote areas such as Larzab where the Taliban once roamed freely.

When I traveled in Afghanistan in 2002 and 2003, the Taliban threat had receded into little more than a nuisance. But now the movement has regrouped and rearmed. Bolstered by a compliant Pakistani government, hefty cash inflow from the drug trade and a population disillusioned by battered infrastructure and lackluster reconstruction efforts, the Taliban is back -- as is Afghanistan's once forgotten war.

In the past three months alone, coalition forces have killed more than 1,000 Taliban fighters, according to Col. Tom Collins, a U.S. military spokesman, while the religious militia has killed dozens of coalition troops and hundreds of Afghan civilians, spreading a climate of fear throughout the country. And suicide attacks in Afghanistan have risen from single digits two years ago to more than 40 already this year. Most of the victims are civilians -- including more than a dozen bystanders who were killed here Friday when a bomb-laden car struck a convoy of armored U.S. vehicles just 200 yards from the U.S. Embassy; the attack also killed two U.S. soldiers and wounded a third. Half an hour after the blast, I watched as firefighters hosed down the streets, which were littered with shards of blackened metal and singed body parts.

I recently traveled to Afghanistan for three weeks, meeting with government officials, embedding with U.S. soldiers from the 2-4 Infantry and interviewing senior American military officers. I found that while the Taliban may not constitute a major strategic

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threat to President Hamid Karzai's government, they have become a serious tactical challenge for U.S. and NATO troops, as the war here intensifies. And their threat is only amplified by their ubiquity and invisibility.

"In this place, they are everywhere," explained Mohammed, our interpreter. "They are sitting here as a farmer. Then they are Taliban."

When I visited Zabul province in July, Lt. Col. Frank Sturek was in charge of U.S. military operations there. Sturek, from Aberdeen, Md., earned his insurgent-fighting stripes in Mosul, Iraq, under the tutelage of Lt. Gen. David Petraeus. When I spoke to Sturek, he had recently lost two of his men in firefights with the Taliban. In a nighttime interview conducted by flashlight in the mud compound, Sturek described a two-hour struggle on July 19 against about 120 Taliban who were armed with mortars, recoil-less rifles, machine guns and rocket-propelled grenades. Judging from newly dug graves, Sturek estimated 35 to 40 Taliban had been killed.

Despite their numerous casualties, the Taliban are much more willing than Iraqi insurgents to engage in pitched battles, Sturek said. "These guys will mix it up," he said, "and they use a lot more direct fire." In the five months he had been in Afghanistan, he noted, none of the Taliban fighters his men had fought had ever surrendered.

Echoing all other U.S. officers I interviewed in Afghanistan, Sturek emphasized that the Taliban threat required a political solution, not a military one, and that expanding the U.S. presence and reconstruction efforts into remote areas would win the long-term conflict. "You can win every firefight you want, but the battle is in these villages," he said. "This is where you change the minds of the people -- or at least create a doubt that the Taliban are not preaching the right message."

A political solution is also the mantra of the U.S. commanding officer in Afghanistan, Lt. Gen. Karl Eikenberry, an intense, intellectual soldier who speaks Mandarin and is on his second tour in the country. Over coffee in his Kabul office, he said that the situation in Afghanistan still looks reasonably optimistic. "I tell everyone don't look at the snapshot," he said. "Look at the movie called Afghanistan."

For Eikenberry, that movie features the democratically elected president and parliament, as well as millions of boys and girls who are newly in school. Indeed, in the most recent poll of Afghan public opinion, released by ABC News in December 2005, 77 percent of Afghans said their country is headed in the right direction.

Of course, a similar poll today might find fewer Afghans with this point of view, given rising dissatisfaction with the Karzai government and growing anti-American sentiment revealed in riots that shook Kabul in May. Eikenberry acknowledges that "the strength and coherence of the Taliban movement is greater than it was a year ago," citing tribal and land disputes and trafficking in narcotics as reasons for the resurgence. He also draws a clear link between reconstruction and violence: "Wherever the roads end, that's where the Taliban starts."

An amnesty program formally begun in 2005 by the Karzai government offers one promising approach to containing the Taliban threat. In Qalat, the provincial capital of Zabul, I witnessed U.S. forces release Mullah Abdul Ali Akundzada, who was accused of sheltering Taliban members and had been arrested near the site where a makeshift bomb had detonated. In a deal brokered by the Karzai government and the U.S. military, Akundzada was handed over to a group of about 30 religious and tribal leaders, who publicly pledged that the released mullah would support the government. In an honor-based society such as Afghanistan, this program is working well. According to Afghan and U.S. officials, only a handful of the more than 1,000 Taliban fighters taking advantage of the amnesty have gone back to fighting the government and coalition forces.

Yet even as the amnesty program shows promise, Afghanistan's ballooning drug trade has succeeded in expanding the Taliban ranks. It is no coincidence that opium and heroin production, which now makes up about half of the Afghan economy, spiked at the same time that the Taliban staged a comeback. A U.S. military official told me that charities and individual donations from the Middle East are also boosting the Taliban's coffers. These twin revenue streams -- drug money and contributions -- allow the Taliban to pay their fighters as much as $100 a month, which compares favorably to the $70 salary of an Afghan police officer. Whatever the source, the Taliban can draw upon significant resources, at least by Afghan standards. One U.S. military raid on a Taliban safe house this year recovered $900,000 in cash.

The Taliban's growing presence in central Afghanistan's Ghazni province -- outside the group's traditional strongholds in the south and east -- is another benchmark of its strength. Nearly half the districts in Ghazni are now under significant Taliban influence, a U.S. military official said. The Taliban units operating there aim to control access to Kabul 100 miles to the north, just one more sign that Taliban forces increasingly move across the country with ease.

But the key to the resurgent Taliban can be summarized in one word: Pakistan. The Pakistani government has proved unwilling or incapable (or both) of clamping down on the religious militia, even though the headquarters of the Taliban and its key allies are in Pakistan. According to a U.S. military official, not one senior Taliban leader has been arrested or killed in Pakistan since 2001 -- nor have any of the top leaders of the militias headed by Gulbuddin Hekmatyar and Jalaluddin Haqqani, who are fighting U.S. forces alongside the Taliban.

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Amir Haqqani, the leader of the Taliban in Zabul province, "never comes across the border" from Pakistan into Afghanistan, Sturek told me. The Taliban's most important leadership council, the Quetta Shura, is based in the capital of Pakistan's Baluchistan province; the Peshawar Shura is headquartered in Pakistan's North-West Frontier Province. In addition, Hekmatyar operates in the tribal areas of Dir and Bajur; Haqqani is based in Waziristan; and al-Qaeda has a presence in Waziristan and Chitral -- all Pakistani regions that border Afghanistan.

Finally, the peace deal announced this month between the Pakistani government and pro-Taliban militants along the Afghan border raises more concerns that such groups will operate more freely on and across the border. A U.S. military official in Afghanistan told me he is "extremely worried" about the pact, through which Pakistan agrees to withdraw army units from the region and will turn over checkpoints to local tribes that are effectively Taliban. And with military force against the Taliban highly unpopular among residents in the border region, the upcoming Pakistani presidential election in 2007 means that even less action will be taken in the months ahead.

Mullah Dadullah, a key Taliban commander, gave two interviews to al-Jazeera in the past year in which he made several illuminating observations about the scale and nature of the insurgency. Dadullah put Taliban forces at about 12,000 fighters -- considerably greater than a U.S. military source's estimate of 7,000 to 10,000, but a number that could have some validity given the numerous part-time Taliban farmer/fighters. Dadullah also stressed the Taliban's "close links" to al-Qaeda. "Our cooperation is ideal," he said, adding that Osama bin Laden is issuing orders to the Taliban. Indeed, a senior U.S. military intelligence official told me that "trying to separate Taliban and al-Qaeda in Pakistan serves no purpose. It's like picking gray hairs out of your head."

Dadullah also noted that "we have 'give and take' with the mujaheddin in Iraq." Considering the rising number of suicide attacks in Afghanistan and the increased use of makeshift bombs, Taliban forces appear to have learned from the Iraqi insurgents. A videotape posted on the Internet by al-Qaeda in May shows how critical Iraqi techniques have become to the Afghan insurgency: The tape shows an Arab suicide bomber in Afghanistan prepping a car bomb, and driving it into an American convoy.

Just as suicide bombings in Iraq had an enormous strategic impact -- from pushing the United Nations out of the country to helping spark a civil war -- such attacks may also plunge Afghanistan into chaos. Already, suicide attacks have made much of southern Afghanistan a no-go area for foreigners and for any reconstruction efforts. According to Hekmat Karzai, head of an independent terrorism research center in Kabul, these attacks "have really instilled fear in the heart of the population." Luckily, for the moment, the suicide attackers in Afghanistan have not been nearly as deadly as those in Iraq. As one U.S. military official explained to me, almost all of the Taliban's suicide bombers are "Pashtun country guys from Pakistan," with little effective training.

The Afghan population remains generally pro-American, and its appetite for more conflict is low after more than two decades of war. However, the risks of a slide into Iraq-style chaos remain. Averting it would require Washington to end the Afghan drug trade and compel Pakistan to crack down on the Taliban warriors' havens. These are both tall orders, but Washington could gain real leverage in the area of reconstruction. So far, it has appropriated only $9 billion for Afghan reconstruction, as compared with $34 billion for Iraq, even though Afghanistan is larger, more populous and has greater infrastructure needs. And of the appropriated amount, only $2.5 billion, a State Department official told me, has been spent.

In the absence of greater U.S. investments in roads, power and water resources, the Taliban will surely prosper and continue to gain adherents. Unless they take decisive action now, U.S. policymakers may be looking back in a few years, asking themselves why they lost Afghanistan despite the promise the country showed after the fall of the Taliban regime.

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Jonathan Chait: A Fighting Image Is Everything (LAT)

Jonathan Chait

The Los Angeles Times, September 10, 2006

Bush helping Republicans by highlighting the war on terror is like Clinton running on his record of marriage fidelity.

FIVE YEARS AGO, President Bush stood on the pile of rubble that had been the World Trade Center and announced, "The people who knocked these buildings down will hear all of us soon!" Remember that? Well, the people who knocked down those buildings just won.

Last week, in a news story that was buried by all the major newspapers, Pakistan signed an agreement to "allow militants to operate freely in one of Pakistan's most restive border areas in return for a pledge to halt attacks and infiltration into Afghanistan." Which is to say, Pakistan surrendered. The border areas of Pakistan are where thousands of Al Qaeda militants

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and (almost certainly) Osama bin Laden himself reside. On Thursday, Pakistan President Pervez Musharraf made a not very reassuring statement that he'd go after the insurgents' command structure.

It's worth briefly refreshing our memories as to why Bin Laden and his closest friends are hiding out in Pakistan. In 2002, we had them surrounded near Tora Bora in Afghanistan, but Gen. Tommy Franks, the former head of U.S. Central Command, persuaded our commander-in-chief to rely on poorly equipped, ill-trained Afghan mercenaries of dubious loyalty, rather than U.S. soldiers, to finish the job. (Apparently the operating theory was, if you can't trust mercenaries, who can you trust?) Shockingly, as Peter Bergen reported in 2004 in the Atlantic Monthly, Bin Laden paid off the mercenaries, who let him escape to Pakistan. And now the Pakistanis, who were at least nominally trying to hunt him down, have thrown in the towel.

In related news, the Bush administration has decided to stake the 2006 elections on Bush's record of fighting terrorism. It sounds like a joke, but it isn't. He let our worst enemies escape; he is on the verge of creating a terrorist haven in Iraq where none existed before; and this is the issue he picks to highlight. Why not run on his record of evacuating New Orleans? Maybe Bill Clinton can run on his record of chastity!

Of course, Bush doesn't really want to be judged on his record of fighting terrorism as much as his image. Republicans want you to think about him on that rubble pile and of his vow to bring Bin Laden to justice "dead or alive," rather than whether Bin Laden actually has been brought to justice.

Bush's defenders insist that his paramount contribution to the war against Islamic radicalism is "moral clarity." Moral clarity means keeping in mind that even if we're not perfect, we're the good guys and they're the bad guys. The president's defenders are correct that having moral clarity is a necessary condition for fighting evil. What they fail to realize is that it's not a sufficient condition.

There are millions of teenage boys who have moral clarity but who are nonetheless unqualified to lead the free world against jihadists. If your leader has moral clarity but lacks the other relevant intellectual qualities, you end up with a president whose foreign policy doctrine is expressed in statements such as: "I intend to kick [Saddam Hussein's] sorry … ass all over the Mideast." (This Bush quote comes from Michael Isikoff and David Corn's new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War.")

It's precisely because the image of Bush as brave leader in the war on terror is so lacking in substance that his admirers have been forced to manufacture it assiduously.

In 2003, Showtime aired a movie called "DC 9/11: Time of Crisis," written by a conservative Bush admirer and featuring an implausibly heroic Bush ordering around Dick Cheney and daring the terrorists to come get him. (In fact, the president was ushered around Air Force bases on 9/11 to protect him from further attack.)

Tonight and Monday night, ABC-TV is airing a similarly propagandistic drama called "The Path to 9/11," written, apparently, by a friend of Rush Limbaugh and gleefully circulated among right-wing bloggers. The thrust of the show is that any failures against Al Qaeda are primarily the fault of the Clinton administration — which, of course, is in keeping with the conservative mythology that the U.S. was soft on terrorism until we got a clear-eyed commander-in-chief in Bush.

ABC is portraying the movie as based on the report of the 9/11 commission, but two former counter-terrorism officials who served under Clinton and Bush, one 9/11 commission member and many others have called some of the key scenes fake. ABC says it's not a documentary but a "dramatization."

It's fitting that the most powerful propaganda reflecting Bush's view of his own indispensability are, literally, works of fiction.

The President's Plan (NYT)

By Frances Fragos Townsend

The New York Times, September 10, 2006

AS a result of the horror of Sept. 11, 2001, President Bush has transformed the way we fight terrorism and the tools we use. We successfully attack those very things our enemies need to operate and survive: leadership, communications, the ability to travel, weapons; foot soldiers and financing. The president has strengthened and transformed the intelligence community, integrated our military and intelligence assets, and broken down the barriers that kept domestic law enforcement and intelligence agencies from sharing information.

The United States has enhanced relationships with allies around the world, recognizing that this is truly a global war on terrorism. Working together, we have denied Al Qaeda the safe havens and resources it needs to plan and carry out attacks and made it more difficult for our enemies to travel. We use their communications against them and have cut off their money.

At home, the president has transformed the fight by creating the Department of Homeland Security and by ensuring that the F.B.I. had the necessary tools, like the Patriot Act, to get the job done. The airline bombing plot disrupted by our British allies this summer is only the most recent case of brutal terrorists continuing to plan mass murder. We must be right 100 percent of the time; the terrorists have to succeed only once. On Sept. 11, 2001, each of us became soldiers in this fight to protect freedom.

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We're in a war we didn't ask for, but it's a war we must wage and a war we will win. — FRANCES FRAGOS TOWNSEND, White House homeland security adviser.

Less Political Correctness (NYT)

By Rafi Ron

The New York Times, September 10, 2006

THE reason we have not been attacked on American soil is that the war started by radical Muslims is not against the United States, but against everyone who does not conform to their beliefs and way of life. It is the first global war we have experienced since globalization became a factor in our life, and the terrorist battlefield has included Madrid, London, Bali, Moscow, Egypt, Iraq, Jordan, Saudi Arabia and India. The terrorists have had a very busy five years.

The struggle imposed on us is, by nature, a long-term struggle. Only an effective homeland security system will provide us with the necessary political power to prevail in those instances where the terrorists do find value in attacking within the United States. In that sense, we must be less politically correct, and begin a program that looks for risks where they are most likely to be found. For example, it is crucial to identify high-risk airline passengers through all criteria — including appearance and behavior — and spend more resources on them, rather than maintaining an across-the-board, politically correct low level of search. — RAFI RON, a security consultant and the former head of security at Ben-Gurion Airport in Tel Aviv.

How War Can Bring Peace (NYT)

By Jack L. Goldsmith And Adrian Vermeule

The New York Times, September 10, 2006

OFFENSIVE action abroad has protected the homeland. Our military presence in Afghanistan and our aggressive policies around the globe have seriously disrupted the enemy. Through a mix of military and paramilitary action, pre-emptive strikes, deterrent threats and surveillance we have captured many terrorist leaders, destroyed training camps and structures of communication and control, and uncovered valuable intelligence troves.

Some maintain that such offensive action feeds resentment and spawns more terrorism. But if aggression can create resentment, passivity and defensiveness can inspire contempt. Our weak responses to Qaeda attacks on the Khobar Towers, the African embassies and the destroyer Cole, and our withdrawal from Somalia, emboldened the enemy and allowed it to organize and train for the 9/11 attacks.

Going forward, we should more vigorously embrace technology as a tool for taking the fight to the Islamic terrorists. The same technological changes that help terrorists plot to deliver weapons of mass destruction, including low-cost information and communication over the Internet, also make it easier for the government to monitor and pre-empt terrorist plots. Libertarians overreact to the new technology, stoking fears of an Orwellian surveillance state. But properly designed programs can produce large gains in security in return for small losses of privacy and liberty. — JACK L. GOLDSMITH and ADRIAN VERMEULE, Harvard law professors and, respectively, an assistant attorney general from 2003 to 2004 and a co-author of the forthcoming "Terror in the Balance."

Don't Forget Our Values (NYT)

By Joschka Fischer

The New York Times, September 10, 2006

THE 9/11 attacks were a defining moment for the course of world politics and a strategic assault against the world's leading power at the beginning of the 21st century. But the question is, were the terrorists successful? The answer is mixed. In the aftermath of 9/11, the world was united with America. Even in Arab and Muslim countries, the sense of shock and feelings of solidarity with America far outweighed any sympathies with the terrorists.

Since then, international counterterrorism cooperation has disrupted the terrorists' activities. Yet even public awareness of the threat, counterterrorism cooperation, and more stringent anti-terrorism laws in democratic societies around the globe couldn't prevent the bombings in Madrid, London and Istanbul.

Immediately after 9/11, Al Qaeda seemed to be losing its battle with America and the West. Unfortunately, that changed when America invaded Iraq. The fight against the jihadists will not be decided simply on the battlefield; it will also be decided in the sphere of international legitimacy. We know that Islamic extremists celebrate death through martyrdom, and the killing of innocents. But what are we in the West fighting for?

We fight for our values: for our freedom, for democracy, for the rule of law, the equality of all human beings and for peace. In this context, Guantánamo Bay, Abu Ghraib and the situation in Iraq could hardly be called successes. Against the new totalitarian challenge of Islamic extremism, we have to defend our values; and this means sticking to the values of our

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democratic societies, even under fire. — JOSCHKA FISCHER, the foreign minister of Germany from 1998 to 2005 and a visiting professor at Princeton's Woodrow Wilson School.

Keep American Muslims On Our Side (NYT)

By Jessica Stern

The New York Times, September 10, 2006

SINCE 9/11, terrorism has increased significantly around the globe, but the United States has been spared. Eurasia rather than America has been the main source and victim. Why?

Increased awareness and surveillance have made a strike as sophisticated as the 9/11 attacks far more difficult to achieve, especially without local support. Unlike their counterparts in Britain, for example, few of America's Muslims at least for now subscribe to the notion that Western governments or their proxies are deliberately hurting and humiliating Muslims and that the way to restore dignity is to join a jihad. Moreover, terrorist strategists like Ayman al-Zawahri have warned that while smaller strikes serve as training opportunities for their fighters, major strikes can backfire; attacking the wrong people at the wrong time would reduce the popularity of their movement.

The jihadists understand that they are fighting a war of ideas. According to "The Management of Savagery," a Qaeda manual, the success of the movement will ultimately depend on the jihadists' ability to damage America's prestige throughout the globe, sow discord between America and its allies and expose the hollowness of American values. The manual prescribes a strategy of forcing America "to abandon its war against Islam by proxy" by provoking it into direct military confrontation with a Muslim country. When the United States attacked Iraq, it inadvertently "expanded the jihadi current" just as Osama bin Laden's strategists had hoped.

Every foreign-policy decision entails tradeoffs in regard to terrorism, especially with respect to the spread of the jihadist idea. Attacking the wrong people at the wrong time can backfire, just as Al Qaeda's strategists say. Let's not make that mistake again. — JESSICA STERN, a former National Security Council staff member and the author of "Terror in the Name of God."

Qaeda Set The Bar High (NYT)

By Clark Kent Ervin

The New York Times, September 10, 2006

S O why haven't we been attacked in five years? Terrorists — especially those directed by or affiliated with Al Qaeda — are committed to carrying out spectacular attacks that maximize death, injury, economic damage and political symbolism. If their aim were merely to blow up the odd bus or to level a supermarket, doing so would be a very short order. But, the more spectacular the scale of a plot, the longer it takes to plan, the costlier it is to finance, the more operatives you need to carry it out, and the greater the chance that something will go awry.

For the future, we must take a hard look at how to improve the Department of Homeland Security, which has earned its reputation as the most dysfunctional agency in all of government. It has played little role in keeping us safe since 9/11.

One need look no further than the recently foiled London jetliner plot. The department had nothing to do with uncovering the plot; that was primarily the work of British counterterrorism agencies. If not for their efforts, it would very likely have succeeded. This is because we still lack defenses against liquid explosives, although the Transportation Security Administration, part of the department, has been aware of this particular vulnerability for years and claims that its principal focus nowadays is on detecting explosives.

If after spending some $20 billion on securing the nation's airways since 9/11 we are still vulnerable in the skies, one shudders to think how much more vulnerable our seaports, land borders, mass transit systems, chemical plants and "soft targets" like shopping malls and sports arenas are to terrorist attack.

The good news, then, is that we are unlikely to see many future attempts to strike our homeland. The bad news is that the few we will see are likely to be giant in scale, and the likelihood that the Department of Homeland Security will be able to stop them is small. — CLARK KENT ERVIN, the inspector general of the Department of Homeland Security from 2003 to 2004 and author of "Open Target."

Giving Muslims Hope (NYT)

By Thomas H. Kean And Lee H. Hamilton

The New York Times, September 10, 2006

THE best news in our struggle against terrorism is that we have not been hit at home since the 9/11 attacks. Yet terrorists are patient. We remain a target and must expect another attack.

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Our most important long-term recommendations involve foreign policy. First, preventing terrorists from gaining access to nuclear weapons, especially by stepping up efforts to secure loose nuclear materials abroad, must be our highest priority.

Second, the long-term challenge is for America to stop the radicalization of young Muslims from Jakarta to London by serving as a source of opportunity, not despair. Too many young Muslims are without jobs or hope, are angry with their governments, and don't like the war in Iraq or American foreign policy.

We should cultivate educational and cultural exchanges, and vigorous public diplomacy. We must offer moral leadership, treating all people — including detainees — with respect for the rule of law and human decency. And we must put forward an agenda of opportunity for the Islamic world. This includes support for pragmatic political reform, as well as education and economic empowerment. — THOMAS H. KEAN and LEE H. HAMILTON, the co-chairmen of the 9/11 commission and co-authors of "Without Precedent."

We Can't Kill An Ideology (NYT)

By Melissa Boyle Mahle

The New York Times, September 10, 2006

THOUGH it may not be immediately apparent to the casual viewer, Al Qaeda is attacking when and where it chooses. It is an ideology-driven global insurgency on the march. It has not hit America because it has chosen not to. Whether it lacks on-the-ground capacity for a spectacular attack, is still in the planning stages or is busy elsewhere is under debate within our intelligence community. The point is that five years out, Al Qaeda is as dangerous as, if not more than, it was on 9/11.

Yes, our intelligence agencies have struck the terrorist group hard, detaining or killing many of its founding leaders. But these are not death blows — because you cannot decapitate an ideology. Although the majority of Muslims reject the political vision of a Taliban-style Islamic caliphate, many agree with Al Qaeda that the Western-imposed political order is the source of their political and economic woes. Moreover, militant resistance to the current order is gaining acceptance and prestige, aptly demonstrated by the groundswell of popular support for Hamas and Hezbollah in the Muslim world.

During the last five years, our priority has been to beef up defenses and take the war to the terrorists. It's time to start discrediting Al Qaeda's ideology and offering Muslims nonviolent alternatives. The first step is to acknowledge that their grievances are legitimate and center on issues of dignity, economic disparity, border disputes and power alignment. The second is to acknowledge that our current approach is only helping Al Qaeda go mainstream. — MELISSA BOYLE MAHLE, a former C.I.A. operations officer and the author of "Denial and Deception: An Insider's View of the C.I.A. from Iran-Contra to 9/11."

Walking The Terror Beat (NYT)

By Michael A. Sheehan

The New York Times, September 10, 2006

THE most important counterterrorism activity since the fall of the Taliban has been the close cooperation of the C.I.A. with foreign intelligence services.

Powerful American technologies identify names, locations, phone numbers and computer addresses of suspicious people. Local intelligence services operate informant networks. The C.I.A. station chief works with intelligence officials to follow up and coordinate hundreds of leads generated by these joint collection efforts. The connections often cross national boundaries, and periodically they "connect the dots," identify a key terrorist and have the local services execute a nighttime raid against a terrorist safe house.

Such coordinated efforts have led to the captures of key Qaeda operatives including Khalid Shaikh Mohammed, the 9/11 mastermind; Hambali, the planner of the Bali bombings; and Abd al-Rahim al-Nashiri, who oversaw the attack on the Navy destroyer Cole. With midlevel leaders like these out of commission, terrorist operations have been left to less capable local operatives. As a result, the Qaeda movement has been limited to only two successful operations in the West in the past five years, in Madrid and London.

To prevent the next attack in the United States we need a similar coordinated intelligence effort at home. In New York City, the F.B.I. and Police Department share this responsibility. And although they do not always love each other, they find ways to work together. The Police Department brings grit, creativity and street smarts to the investigative programs. The F.B.I. connects local efforts with information from national and international intelligence databases. Other cities should emulate their example. — MICHAEL A. SHEEHAN, former deputy commissioner for counterterrorism for the New York City Police Department.

Terrorism's Ripple Effects (LAT)

The Los Angeles Times, September 10, 2006

Professionals from nine different jobs examine 9/11's reach into their lives

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The police chief

By William J. Bratton

SEPT. 11, 2001, primary election day in New York City, began as a picture-perfect day. Early that morning, I'd done a call-in interview with radio show host Don Imus, commenting on the mayoral primary and speculation that, after the election, I might return as New York City police commissioner.

Later, my wife, Rikki, and I walked down Park Avenue to vote. After casting our ballots, we headed back to our apartment. As I walked in, I saw on the TV I'd accidentally left on the now-familiar images of one of the twin towers burning. Rushing to my office, I learned that the second tower had been hit. Later, I noticed a fax from a client at the World Trade Center. He had sent it two minutes before the first plane hit. I did not learn of his survival until several days later. Unfortunately, many other friends and colleagues did not survive.

That day left me feeling helpless and propelled me back into public life. I had gone to work as a consultant, but I simply could no longer stand to be on the sidelines. I needed to get back into policing, the profession I loved and where I knew I could make a difference. And that's why I am in Los Angeles.

Upon my appointment as police chief here four years ago, I created the LAPD's counter-terrorism bureau. L.A. remains a primary target. On 9/11, I was working in the private sector — on the outside looking in. I could grieve, but I couldn't make a difference. Now maybe I can help to prevent another 9/11. I never want to feel as helpless as I did on that day.

William J. Bratton is the police chief of Los Angeles.

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The Muslim leader

By Maher Hathout

THE EVENING OF SEPT. 10, 2001, I was preparing for a scheduled meeting with the president of the United States the following morning. Because our group would be the first Muslim Americans to meet with George W. Bush, I wanted my discussion points to be concise and clear, suitable for the rarity of the opportunity at hand.

After a restless night, I went to the hotel lobby in desperate search of a proper dose of caffeine. There, on many television screens, I saw the painful images of the terrorist attacks in New York that I will never forget. Needless to say, I didn't meet the president.

9/11 confirmed my decision to retire as a cardiologist. From that day on, I have worked to clear the name of my religion, done what I could to fight terrorism, lobbied to safeguard Muslim Americans' civil liberties and tried to convince law enforcement that Muslim Americans are an essential part of the solution, not part of the problem.

I have also found myself arguing the case for a Muslim theology of inclusion and life against the false one of exclusion and death. Now more than ever, I'm certain that a huge dose of spirituality must be injected in our lives to make them bearable.

Maher Hathout is the senior advisor of the Muslim Public Affairs Council and the chairman of the Islamic Center of Southern California.

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The travel agent

By Alice Gokkes

CLIENTS ARE so much more watchful than they were before the 9/11 attacks, and news of a new terrorist attack or a foiled plot only makes them more apprehensive. They want to know what's going on in the places they're traveling to, which means I spend a lot of time researching current events at overseas destinations and contacting various experts to gauge the risk of traveling to them. Add to that client worries caused by heightened security at airports — fear of missed connections, delays, lost luggage. More than ever, I feel responsible for getting my clients safely to and back from their destinations.

Alice Gokkes is manager of Let's Travel Enterprises in Santa Monica.

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The TV writer

By Joel Surnow

THE INSPIRATION for "24" was John Le Carre novels and such movies as "In the Line of Fire." It was happenstance that Jack Bauer's organization was called the Counter-terrorist Unit.

I was in the middle of writing and producing our first season of "24" on the day of 9/11. The show was to premiere two weeks later, and there was talk of shutting down altogether. The network was concerned that the nation's psyche was too raw to watch a show about terrorism. However, after editing out a few explicit shots from the pilot, we proceeded to air the series. In the last five years, I and my writing staff have experienced the war on terror through our show. We've dealt with radical Islam, a ramp-up to war, debates of constitutional law and a host of other issues. It's made all of us — and we span the political spectrum — acutely aware of the dangerous times we live in.

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Joel Surnow is writer, producer and co-creator of "24."

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The historian

By Joanne Meyerowitz

FOR HISTORIANS of the United States, the events of 9/11 reminded us of the broader context of our work. We may focus on particular political movements, urban geographies, cultural trends, social groups or any number of specific topics, but ultimately we cannot understand the past — or the present — without some knowledge of the rest of the world and the contested place of American power and American culture within it.

In universities, the trend toward "transnational" history or toward the "internationalization" of American studies was well underway before Sept. 11, but the terrorist attacks accelerated it. My students now show greater interest in international affairs, and my own research attends more to the transnational circulation of ideas and to the effect of world events on American social thought. These changes may not be due entirely to Sept. 11, but they aren't divorced from it either.

Joanne Meyerowitz, professor of history and American studies at Yale University, is the editor of "History and September 11th."

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The bookseller

By Kerry Slattery

SOON AFTER 9/11, we set aside space in the store exclusively devoted to books on the Middle East and current events because customers were hungry for information on these subjects. It was separate from our politics section. It has become the most important part of the store. Before 9/11, these books, mostly published by university presses, collected dust. After the attacks, these books, plus new works on the Middle East, were quickly snapped up. We sold the Koran, books on the Taliban and U.S. involvement in the Middle East, Noam Chomsky's book on 9/11. We thought this little section at the front of the store would be viable for only a few months, but it continues to hold some of our bestsellers.

Kerry Slattery is general manager of Skylight Books.

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The Architect

By Barbara A. Nadel

IN OUR litigious society, in which building owners and architects can be liable if their structures and designs do not take into account the possibility of catastrophic events, the standard of care after Sept. 11 has risen.

I generally advise clients and colleagues to consider several post-9/11 design strategies. For example, widening exit stairs in a new high-rise, and opening them to the outdoors rather than to a lobby, facilitates faster building evacuation and gives first responders better access. Laminated glass, which shatters in place, or blast windows, developed in Israel and widely used in high-risk facilities, offer greater safety because they prevent flying glass pieces from causing fatalities. Finally, to guard against the progressive collapse of a building as a result of a blast, more structural redundancy and robustness can be designed into the building. In basic terms, structural loads are more widely distributed so that a blast won't cause the building to immediately collapse, as was the case in Oklahoma City.

Architect Barbara A. Nadel is editor in chief of "Building Security: Handbook for Architectural Planning and Design."

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The movie director

By Paul Greengrass

THE 9/11 COMMISSION'S report had a powerful effect on me. I knew after I read it that I wanted to do a film on that day. Last summer, as I was looking into doing a film on United Flight 93, the subway and bus bombings in London happened. That further motivated me to make the film.

In a sense, cinema flourishes when political arguments and divisions are deep and loud. Cinema is one of the ways we seek common ground. It's right and proper that filmmakers should join the 9/11 conversation.

The unique thing about the people on United Airlines Flight 93 is they knew what we on the ground didn't understand. We watched the aftermath of the terrorist attacks on television, aware that something terrible was unfolding but not really understanding what it was. Those passengers were the first people to inhabit our world today, the post-9/11 world. That's what gives their story such immense power.

Paul Greengrass directed "United 93."

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The Arabic professor

By Ismail Poonawala

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THERE IS a good outcome to this tragic event. Enrollment in Arabic language classes, as well as in Islamic and Near Eastern history courses, has dramatically jumped at UCLA. In the last five years, Arabic and Islam courses have been added at other universities.

Before 9/11, I taught an introductory Islam course for a number of years. After the terrorist attacks, enrollment has grown to more than 120. It could even go higher if there was more funding for teacher assistants.

Ismail Poonawala teaches Arabic and Islam at UCLA.

For Most Of Us, Life After 9/11 Still Very Much The Same (PPG)

By Steve Levin, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 10, 2006

Sept. 11 - Five Years Later

The pervading sense after Sept. 11, 2001 from politicians, media, clergy and psychologists was that life would never be the same.

The obvious changes -- increased airport security, secret wiretapping, tighter scrutiny of foreigners, world opinion of the United States, the higher cost of doing business -- have been absorbed fitfully by Americans, the price of living in an open society during a battle that has been called "American pop culture vs. the radical mosque."

But five years since the day that forever will be known simply as 9/11, life, in fact, remains very much the same.

Church attendance, volunteering, blood donations -- none changed appreciably in the past five years, despite the initial spike in numbers common following disasters. After a brief hiatus, partisan politics, government boondoggles, celebrity scandals and sports obsessions also returned.

A year after 9/11, a Gallup poll showed that three-quarters of Americans were living their lives as they did before the attacks. This summer, a third of Americans surveyed in a Scripps-Howard/Ohio University poll said they suspected federal officials assisted in the attacks or did nothing to stop them in order to facilitate a war in the Middle East.

And a month ago, a Washington Post poll showed that 30 percent of Americans couldn't name the year the attacks occurred.

Has anything changed? What is different five years later?

For such a shocking event, the changes have been surprisingly subtle: loss of well-being and personal security, a sense of bonding, suspicions of foreigners. Time fits neatly into pre-9/11 and post-9/11 compartments.

"We understand 9/11 as having been some kind of life-transforming event," said Daniel J. Santoro, an associate professor of political sociology at the University of Pittsburgh-Johnstown. "Even if people don't have a clear understanding of history before 9/11, they understand things are different now.

"We don't see the impact of it every day."

The bonding, he said, is characterized by "a general consensus" that the attacks were a tragic event for the country. But it is easily broken by politics.

"The question comes, what are we going to do about it?" Dr. Santoro asked. "When we get into the issue of policy, then we're going to get into positions and they're drawn along political lines."

Over time, it's natural for the force of that day to diminish. The process usually occurs in three stages, according to Dr. Garret Evans, a former University of Florida professor who now is a disaster consultant for businesses.

The first phase after a disaster is a heroic time, said Dr. Evans. For 9/11 that was exemplified by New York Mayor Rudolph Giuliani's calm control of the city's chaos, and the United Flight 93 passengers who prevented their plane from striking its Washington, D.C. target.

Disillusionment follows; in this case, Dr. Evans said, it was bickering about the nation's intelligence failures, insurance problems and the recovery process. Communities wanted life to revert to the way it was before the disaster, something obviously not possible.

The final stage, he said, is resolution, and not everyone is equally happy about it.

"It's a reorientation to acceptance that we're not going to have our communities back the way it was," he said. "But we're not going to let it run our lives. There's hope that things can be good again."

What remains five years later is a bond among Americans, but its strength differs by geography, remaining strongest in the locations closest to the attacks, said Dr. Evans, who met with New York City fire department families in the aftermath and helped organize local counselors' work with city residents.

"It's easier in Sonoma, [Calif.] to have 9/11 clouded by all the events since then, the political overtones to what's happened since that time," he said.

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Roy Licklider, a political science professor at Rutgers University, compares the bonding to Marine boot camp, where people from varied backgrounds are placed in a high-stress situation.

Similarly, he said, studies show that college students' lifelong friends are those most likely met within the first three weeks of school.

"Sometimes, it's not the experience of it but having been through the experience with these folks," he said.

One group whose bond has been strengthened by the experience of 9/11 is the National Guard. The guard always has had both a combat and a support role, but prior to 9/11 members were required to serve no more than six months overseas. Following 9/11, President Bush issued massive Guard call-ups, first for airport security and then for manpower in Afghanistan, followed soon after by Iraq. Now, overseas deployments can be for as long as 24 months for the roughly 435,000 members of the Army and Air National Guard during their six-year service compacts.

Subsequently, said Cindy Williams, principal research scientist for the Massachusetts Institute of Technology's Security Studies Program, Guard members feel the government hasn't treated them honestly.

"For a lot of members who were already in the National Guard, they perceived a real breaking of the compact," she said. "Their understanding of the job was that they still would be a part-time force.

"They didn't think they would be called up routinely. For those people, it's really bad for them and it's really bad for their families."

The 9/11 attacks also precipitated changes across the country in universities' international student programs. Notification of the federal government, for example, is required within 10 days of foreign students changing their home addresses. Prior to the attacks, such information was forwarded to the federal government only when requested. Now, it's done as policy.

At the University of Pittsburgh, David B. Clubb, director of the Office of International Services, has charted all the regulatory and legislative changes since 9/11, each of which has required significant operational changes in his office.

Still, the number of international students at Pitt has remained virtually the same since 9/11, totaling 1,618 last year compared with 1,640 in 2000.

Mr. Clubb said the regulatory changes have not altered his office's primary focus of "being international educators."

"The bottom line is, international students are still part of the solution and not part of the problem," he said. "We're trying to bring people here to improve dialogue, so that we can send them back home as ambassadors for the U.S.

"They are a huge asset for us."

Are We Any Safer Today? (BOSH)

By Laura Crimaldi

Boston Herald, September 10, 2006

Sources say U.S. targets vulnerable

While terrorists have not struck on American soil since Sept. 11, 2001, security officials have not done enough to protect vulnerable targets such as trains, subways and the borders in the past five years, security experts said yesterday.

“There’s no question we’re more secure than we were, but since 9/11 the threat has increased during that period of time as well,” said Neil C. Livingstone, CEO of the Washington, D.C.-based GlobalOptions Inc. “The Department of Homeland Security has to do more than it’s doing today to address the new threats.”

On Friday, DHS issued a fact sheet detailing 41 steps taken since the Sept. 11 attacks to improve national security. The list covers changes made to airport, seaport, railway and border security. It also details steps taken to improve local preparedness, increase information sharing between law enforcement and intelligence-gathering agencies and diminish threats posed by weapons of mass destruction and biological weapons.

Aviation security tops the DHS overview of security changes, a list that includes the introduction of hardened cockpit doors, additional air marshals and screenings for all passengers and checked baggage.

But security experts point out there’s still no missile defense system for passenger aircraft or mandated cargo screenings.

“They spent most of their money on the passengers and their carry-on luggage,” said Livingstone. “We still don’t do anything for the cargo hold. We still don’t do an adequate job of screening people at the airport in terms of people who have access to airplanes, like people who clean the aircraft are mostly immigrants.”

Another weak point is mass transit, where federal officials have spent $375 million so far on rail security and backed pilot programs to screen commuter rail passengers for explosive materials in a few states.

“Two of the biggest attacks since Sept. 11 have included subways in Madrid and London, and they’re not even trying on that,” said John Pike, director of the Virginia-based GlobalSecurity.org.

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Border patrol staff has increased from 9,000 to more than 12,000 agents since the 2001 calamities, and DHS has ended the federal "catch-and-release" policy for people coming into the country from anywhere but Mexico, but the border is still far from secure, experts said.

"We have been a bit slow about doing anything about the southern border," said Fred Burton, counterterrorism vice president for the Texas-based Stratfor. "To try to secure that stretch of geography is really a daunting task."

Security experts agree it's less likely to see another "spectacular" attack, such as Sept. 11 or the USS Cole bombing in Yemen, but the country may face more enemies than it did five years ago.

"We are not safer. Because of the war in Iraq and other things that have happened, al-Qaeda has decentralized. It has gone from an orgranization to a movement," said Jim Walsh, an international security expert at the Massachusetts Institute of Technology.

"We now have people in Britian who want to attack. There are attacks in Morroco. There are attacks in Spain. There wasn't this before 9/11. In the big picture, we're in worse shape."

FIVE YEARS LATER: Our Grief Turns To Strength, Hope (FREEP)

By David Crumm, Free Press Religion Writer

Detroit Free Press, September 10, 2006

The numbers 9/11 are shorthand for more than airplanes-turned-deadly-missiles five years ago. The impact of the terrorist attacks on Sept. 11, 2001, roared around the globe, touched off wars and still is changing American life from Washington, D.C., to Michigan's smallest towns.

The legacy of 9/11 moved far beyond the tidal wave of fear and anger that swept across the United States and set in motion changes in everyday life that are as diverse as Americans themselves.

Across Michigan, those changes are as stunning as a huge memorial flag for a fallen soldier that young swimmers see before diving into the Grand Ledge High School pool. They're as indelible as the agonizing delays the 2001 attacks caused a family from Lake Isabella in northern Michigan when they were trying to adopt an infant from India.

The legacy is as vivid as the new banner-draped Peace Center at a Southfield church and as solemn as a black-and-bronze tombstone in Delta Township that has become a shrine for people honoring the first Michigander to fall in a post-9/11 war.

"A lot of people expected that 9/11's legacy would be that concerns about terrorism would forever be a major part of our lives, but that's not really what Americans are telling us," Frank Newport, editor in chief of the Gallup Poll, said last week.

"In fact, the percentage of Americans who say that terrorism is our biggest problem dropped to just 3% in June, before news about terrorists in London and all the recent talk about terrorism in our political campaigns," Newport said. "Now it's up to 10%.

"But what this shows overall is that terrorism had been dropping from the forefront of people's minds for a long time, closer to what it was before

9/11."

Before the 2001 attacks, Americans virtually never mentioned terrorism when Gallup pollsters asked them to name the most important problems facing the country. But it zoomed to the top of the list a month after 9/11, when nearly half of all Americans called terrorism the nation's leading problem.

Now, the top worries Americans voice in the Gallup Poll are Iraq, at 26%, and fuel prices, at 15%.

Wayne Baker, a University of Michigan sociologist who studies American attitudes about the world, said, "What we're finding is that the impact of 9/11 is so much bigger than that one event in 2001. What makes

9/11 so personal for American families is all that followed because of that day, including the wars.

"We will see a lasting impact on the generation that came of age during

9/11, but it's difficult to identify the long-term effects because we're still discovering all of the grassroots influences that are moving through our families."

A TOMBSTONE TRANSFORMED: Family turns loss into community's gain

The death of 21-year-old Jason Plite on March 23, 2003, the first fatality of a Michigan man in the wars after 9/11, still reverberates through Grand Ledge High School and nearby Delta Township, where he lived.

The tragedy of his helicopter crashing into a mountain as his six-man Air Force unit rushed to save a group of injured Afghan children is among thousands of heroic war stories echoing through small towns across the United States.

Although it happened more than three years ago, responses to Plite's heroism remain as fresh as a tiny oval stone that his mother, Dawn Peterson, discovered near his tombstone on Tuesday. Painstakingly painted on the stone were two words: "Thank you!"

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"Someone left it here," Peterson said. "I keep finding things like this. So many people knew Jason or they know his story now, and they stop by and leave things like this.

"I leave things, too. At Christmas, I bring out a big, 5-foot Christmas tree and set it up with ribbons, bows and ornaments because Jason was really big on Christmas," she said. "I come here every day, year-round. It's such a beautiful place, driving into the cemetery beneath a canopy of trees."

But Peterson isn't trapped by her memories in a maudlin way. Like millions of other Americans stunned by tragedy after 9/11, she looked for innovative ways to transform her loss into ways her family could contribute to their community.

"That day we got the news about Jason, I did lose it. I screamed and was shaking violently," Peterson said. "And for months after that, I was pretty worthless."

Then, a year after her son's death, Peterson decided that she should give up her old life as a stay-at-home mom. Jason's sisters Alissa, now 16, and Shaynah, now 14, were away at school all day. Sitting home alone with memories of Jason left Peterson feeling isolated and depressed. So, she took a job as an aide at Grand Ledge High School. "What I also realized was: Jason was such a giving person himself that I had to carry on as a giving person, too," she said.

One gift that the Petersons gave to the high school that their son graduated from is an annual college scholarship program that gives $1,000 to a graduating artist and $1,000 to a graduating swimmer. Plaques honoring the winners hang in a school hallway near a mural of jazz musicians that Plite painted in 1999, the year he graduated.

"Each year now, we have a fund-raising dinner and present the awards to the students at the Grand Ledge Opera House," Peterson said. "We try to do it ... around Jason's birthday" on April 13.

There's also the 10-by-16-foot flag that hangs over the school's swimming pool. The Petersons helped to dedicate the flag two years ago as a reminder of their son's service. The flag hangs near big boards displaying swimming records, including the day in 1997 when Jason and three friends posted the school's 200-yard freestyle-relay record.

"Having that big flag here gives us a chance to tell Jason's story a lot," Todd Marsh, a swim coach at the school, said Tuesday. "All our swimmers know his story and a lot of visiting teams will ask about that ... flag, too."

Marsh was one of Plite's teammates, so he felt the loss, too.

And the impact of Plite's death extended to the way Marsh's family dealt with the yearlong deployment of Marsh's father, a sergeant in the National Guard, to Iraq in January 2005.

"Dad would try to keep in touch by e-mail almost every day," Marsh said. "But when we wouldn't hear from him for a couple of days?"

Marsh paused for a moment, then sighed.

"Well, it was very hard, because my family had known Jason so well and we knew what happened to him over there," he said.

The wait was agonizing until Marsh's father finally came home in late 2005.

BATTLING A FEAR LIKE CANCER: 9/11 couldn't keep them from their son

Such dramas are the legacy of 9/11 in high schools and living rooms across America.

"I didn't really expect it would have such an impact on me," Larry Jose, the head football coach at Chippewa Hills High School in Remus, near Lake Isabella, said on Wednesday. "But then it did."

Jose is a Marine Corps veteran who is sought out now by football players or students in his health and computer classes who are thinking about enlisting in the military.

"This spring it was Ryan Cutler who came to see me. He was a captain on our team two years ago, a big guy, and he went into the Marines, too," Jose said. "He had leave to come home after boot camp and stopped to see me in my office. I'm always happy to talk to kids, but there was something different this time.

"That was the moment it hit me: In less than a month, this kid who I coached was going to be over there with bullets flying around him, right in the heart of it. And here's what hit me: There was a chance I might never see Ryan again.

"That's when the reality of what's going on in the world right now came crashing into my little office."

It wasn't the first time the Jose family was jolted by the impact of 9/11.

Heather Jose, his wife, is a breast cancer survivor who learned during her medical battles in the late 1990s that she could not have a second child. As part of her battle, Heather Jose wrote and later published a memoir of her struggle, dedicated to their first child, Sydney, now 8. The book is called, "Letters to Sydney: Every Day I am Killing Cancer."

The Jose family's recovery plan also involved a deep desire to have a second child through adoption and, by fall 2001, they were set to fly to India to adopt their son, Ty, now 5.

"Then on 9/11, the world came to a grinding halt and our lives did, too," Heather Jose said. "I still remember e-mails flying around like crazy, wondering if we would ever be able to fly to India. Oh, what were we going to do? It was terrible."

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Finally, in July 2002, the agency the Joses were using resumed adoptions, and the couple flew to Pune, India, to bring Ty home.

"But now, of course, we're always thinking about what's happening in the rest of the world in a way we never did before," Heather Jose said.

A lot of those thoughts are troubling, she said. "But I've started giving talks to groups about my experiences with cancer and, you know what? Living with 9/11 is a lot like living with cancer.

"In both cases, we try so hard to control our lives, but we learn that ultimately we're really not in control. The best we can do is to make an effort to make a positive difference every day we're alive and, after that, we've just got to leave things up to God."

WORKING FOR PEACE AND A SCHOLAR'S PLEA: 'The legacy of 9/11 is what you make of it'

Ever since 9/11, partly to rebuke terrorist claims about religion, more and more Americans have gotten involved in programs that highlight religion's peaceful goals.

That's the mission of Barbara Talley, a longtime local civil-rights activist who opened a Peace Center last year at the 5,000-member Hope United Methodist Church in Southfield. The large room where she organizes community-wide programs is decked with banners representing many faiths.

"The legacy of 9/11 is what you make of it," Talley said. "And, while it was a tragedy, it also is an opportunity for all of us to really look at ourselves, both individually and collectively, in our communities. And, if we do that, I think we'll see that we can work step-by-step to shake off a lot of this hatred."

A year ago, a dozen curious teenagers from the church strolled into her center and asked Talley what she could teach them about peace. Talley soon convinced the teens to meet with her one Saturday each month for a study of peace in cultures around the world.

By December, the kids had dubbed themselves Minds of Wisdom, elected officers and written and published 4-by-6-inch cards spelling out their "Peace Pledge." In part, the cards say, "I believe I can make a difference in developing a global vision and blueprint for peace."

That's not a naive idea, said Baker, the U-M sociologist.

As simple as it might sound for a church to set up a peace center or for a family like the Petersons to organize a community-based scholarship program, Baker said, there's research to show that such things can make a difference in the post-9/11 world.

"Studies that have been done over the last 20 years show an amazing decline in personal connections between Americans," Baker said. "We've reached the point where one out of four Americans say that there isn't a single person with whom they can discuss the most important matters in their lives.

"Talking about the legacy of 9/11, I think this is an absolutely astounding finding in the research," Baker said. "It may sound simple, but we're finding that just having positive interaction with other people can make us feel more secure, more trusting and, in the end, more positive about the world."

That certainly was Dawn Peterson's experience after her son's death.

When a family gets news like that, "You feel like you're the only one hurting, the only one suffering," she said.

"Then, we established the scholarship fund and got more involved in the community. And it was good we did that. Of course, I often think about all the 'what-ifs,' but what I try to focus on now is how Jason always was trying to pull people into his life to make his world a little larger.

"I think that's what we all need to do these days."

EBR Safer, But More Work Remains (BRADV)

By Mike Dunne, Advocate Staff Writer

Baton Rouge Advocate, September 10, 2006

Pam Kaster has a bright orange backpack full of emergency equipment and the training to go with it. But she says her community response team — formed in response to the Sept. 11 terrorist attacks in 2001 — “never seems to fit in” with the emergency agencies it is supposed to help.

Her experience may be a symbolic answer to the question of whether Baton Rouge is less vulnerable to terrorists five years after the attacks on New York City and Washington, D.C. Most of the parts are in place for better security, but there are still some problems putting them all together.

Baton Rouge Metro Airport has more elaborate security, as anyone who has flown in the past five years knows. Chemical plants and refineries are better-guarded, and their gates harder to crash. Specialized teams are in place to help the area recover from disasters.

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But some threats remain unaddressed. Railroad tank cars with hazardous chemicals such as chlorine still roll through neighborhoods, past schools and by the downtown River Center. Trucks full of chemicals zoom down highways.

JoAnne Moreau, who heads the East Baton Rouge Office of Homeland Security and Emergency Preparedness, says the area is better-prepared than most communities.

"I don't think we realized we were unsafe before 9/11," she said. "Terrorism is now on everybody's mind."

Terrorism preparedness didn't begin with the Sept. 11 attacks. Baton Rouge was one of 120 cities that received training and equipment after the 1995 bombing of the Murrah Building in Oklahoma City.

But especially after 2001, the focus of response efforts and planning shifted from natural disasters like hurricanes to potential threats such as biological and other "weapons-of-mass-destruction" attacks, Moreau said.

Front lines

Much of the focus has been on training, equipment and planning for police, firefighters, medical workers and others with major response roles.

The medical sector has become "an integral part" of preparedness in Baton Rouge, Moreau said, since hospitals would be swamped with victims after a biological, radiological or chemical attack.

Agencies like the Department of Public Works are now more integrated into response plans. Firefighters and law enforcement officers have more equipment and better training, Moreau said.

Col. Greg Phares of the East Baton Rouge Sheriff's Office agrees.

For example, the Sheriff's Office has a 32-foot patrol boat capable of operating in the Mississippi River to help secure ports. Deputies received special training from programs at LSU and elsewhere.

"You try to train the best you can and select your purchases as well as you can and try to tip the scale to your benefit," he said.

But nothing will be foolproof, Phares said.

Moreau and Kaster say communication and relationships are key elements in how officials respond to emergencies.

Kaster has served on the parish's emergency planning committee for nearly 20 years. She also formed a community emergency-response team under a national program created by the federal Department of Homeland Security after Sept. 11.

The response team is supposed to help secure disaster areas and to assist local responders. Kaster said she has seen an erosion in communication among agencies since 2001.

Kaster blames the creation of the Department of Homeland Security by the Bush administration as an umbrella for 22 agencies. The new bureaucracy adds an unnecessary layer that she thinks hinders communication and crucial relationships.

The added emphasis on homeland security has diminished natural-disaster response, she said.

"All of the agencies follow the funding stream, and what is funded becomes what is important," she said.

She cites a May 24 hurricane-preparedness drill as an example of what has happened. During the drill, she was helping staff a mock shelter at the Baker Civic Center. The plan called for moving 10 people from a nearby FEMA trailer village to the shelter.

"Everyone knew the scenario," she said.

But the state, local and federal agencies involved couldn't make the necessary decisions, she said.

"The sun is shining, and we can't get 10 people into a bus?" she said. "What would occur in a real emergency?"

Moreau and others said cooperation has improved since the May drill. She also said relationships are not as damaged as Kaster thinks.

Guarding the plants

The concentration of industry in the Baton Rouge area prompted fears that terrorists could target plants here.

Kaster also sits on community advisory panels designed to be local sounding boards for Rhodia and Honeywell Specialty Chemicals. She said those plants are less-vulnerable to terrorist attacks than before Sept. 11.

But homeland security plans for chemical plants and refineries are still voluntary, and no national standards have been set. Congress is considering requiring a review of security plans.

Some proposals would require plants to use "inherently safer" alternative chemicals and processes to reduce the potential for toxic releases through accidents or terrorist attacks. But industry is balking at that.

Such decisions should be made by engineers, not homeland security officials, said the Louisiana Chemical Association's Ed Flynn. Industry favors a standard that applies nationally rather than what is now being done voluntarily, he said.

He said far more attention is being paid to security in Louisiana now. Plants have added guards, security equipment and other procedures, Flynn said.

Ronnie Logan oversees homeland security for Baton Rouge-area ExxonMobil facilities, including the refinery and chemical complex on Scenic Highway. He said the company uses "a structured risk assessment process."

“Some of the things would be pretty obvious: increased counter-measures and security enhancements,” Logan said.

Air defenses

The most obvious impact of Sept. 11 is found where the attacks originated: airports.

“We know how lax things were in the past,” said Baton Rouge Metro Airport Director Anthony Marino.

Before Sept. 11, private contractors provided screening and security, and the key motivation was profit. Those jobs were filled by a new agency, the Transportation Safety Administration, which provides more professional service and uses better equipment, Marino said.

Everyone who works at the airport is subject to a criminal background check, from baggage handlers to shop clerks, he said.

“I like the idea of the criminal background checks,” Marino said.

Security rules imposed after Sept. 11 limit access to the terminal building, including a spacious atrium — finished not long before the 2001 attacks — that overlooks the runway. Only ticketed passengers can use it now. People accompanying them must stop in a small area outside the security checkpoint.

But that will change as the airport continues to expand, Marino said.

Population and business shifts after Hurricane Katrina have boosted passengers at Metro Airport by 40 percent, Marino said.

A new passenger concourse to the loading gates will be built in the coming year, which should double screening capacity and reduce congestion, Marino said.

The new section will be designed with security in mind — not something really factored into the facility’s design years ago, he added.

Marino said he has heard few complaints from passengers about added inconveniences — people like the feel of tighter security.

It's Become 'The Long War' (SLPD)

By Harry Levins, POST-DISPATCH SENIOR WRITER

St. Louis Post-Dispatch, September 10, 2006

Five years after 9/11, we're still waiting for the other shoe to drop.

As the cliche puts it, "It isn't if we'll get attacked again - it's when." And maybe that's the biggest change in American life since Sept. 11, 2001: the nagging, insecure suspicion that this mess will drag on indefinitely, with no clear-cut ending.

To cap their crises, Americans fancy clear-cut endings, like the surrender aboard the battleship Missouri at the end of World War II. That ceremony ended 1,365 days of war for America.

In today's war on terrorism, Day No. 1,365 came and went on June 6, 2005. Monday's anniversary will run the count to Day No. 1,826. No wonder people of power in Washington are starting to call the struggle "The Long War."

Unlike the newspaper maps of WWII, the maps of this war lack front lines charting the advance toward Berlin, toward Tokyo, toward victory. Instead, today's maps can only pinpoint the site of the latest outrage, from Manhattan to Madrid, from Bali to Baghdad.

Five years ago Monday, in downtown St. Louis, Bleeker Cunningham captured the sudden chill of change and insecurity when she said, "It's like we're in another country. We've been safe all of our lives, but it's here now."

If Bleeker read that morning's Post-Dispatch - the last ink-on-paper record after nearly a decade of peace and prosperity - nothing much would have jumped out at her.

The headlines on Page 1 spoke of a Republican tax plan in Congress, of a willingness by Palestinians and Israelis to talk about peace - and of the arrival of Tiger Woods at Bellerive Country Club for a pro tournament.

The ads for movies that nobody would leave home that evening to watch included "Rock Star," with Jennifer Aniston and Mark Wahlberg. The listing of TV shows that would give way that evening to 9/11 news featured "Who Wants to Be a Millionaire?"

If Cunningham scanned the headlines over the day's editorials, she saw one that read, presciently, "St. Louis School Board: Time for Professionalism."

MORE

Read our previous stories on 9/11--Five years later

See a timeline on the events on 9/11 and afterwards

The Dow Jones opened that day at 9,605. The weather forecast for that Tuesday called for a high of 83, with lots of sunshine.

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Darkly, that end-of-an-era newspaper mentioned (albeit in passing, and only on the bottom of Page 2) a name that would loom over the next five years.

The nine-paragraph story told of a weekend suicide bombing in faraway Afghanistan. The blast killed the head of the ragtag Northern Alliance struggling to hold out against the Taliban.

The story quoted a spokesman for the victim as suggesting that the bombing "could be the work of Osama bin Laden, who is living in Afghanistan and is accused by Washington of blowing up two U.S. embassies in Africa in 1998."

On that sunny morning of Sept. 11, 2001, bin Laden blew up America's self-assurance.

In an extra edition published that afternoon, the Post-Dispatch quoted Lambert Field baggage official Shawn Lankford as saying, "This place will never be the same. This country will never be the same."

Well, "never" overstates things. As 2001 recedes in the rear-view mirror of history, everyday life seems by and large to be back to normal. Christmas draws crowds to the Galleria. The Cardinals rivet St. Louisans' attention. The Lake of the Ozarks exerts its weekend pull. Golf courses are full, as are supermarket shelves - no rationing in this war.

In short, outside the indignity of removing one's shoes at Lambert Field's security checkpoints, most things seem unchanged. Indeed, some things are unchanged.

Despite almost five years of boots-on-the ground battling in Afghanistan, and more than three years of the same in Iraq, the Army and Marine Corps remain at their prewar strength of 13 divisions. To bolster the ranks, our friends and neighbors in the National Guard and Reserve have been summoned to arms.

On the other side of the equation, the hope for a burst of democratic change throughout the Middle East has so far gone unfulfilled.

But Monday's anniversary will rekindle the sense of American change that hit home five years ago. That's when the manager of a Steak 'n' Shake in Bridgeton - David Walker, then 40 - said, "It's like our generation's Pearl Harbor. Actually, I think it's worse."

Given the lingering sense of insecurity, Walker's ranking may have it right.

For that extra of Sept. 11, 2001, an editorial writer scrambling to meet a short-term deadline cast Walker's words in long-range perspective:

We are living through another day of infamy. Sept. 11, 2001, will live alongside Dec. 7, 1941, as a day when America changed. The United States will be a different, more vulnerable place. Daily life as an American will never seem as safe or as free.

Last week, a White House paper put the thought in almost paradoxical prose:

"America is safer, but we are not yet safe."

Clinton Questions GOP's Sincerity On Security Issues (SLPD)

By Jo Mannies, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 10, 2006

Former President Bill Clinton asserted here Saturday that if Republicans were serious about national security, they'd carry out the recommendations of the bipartisan 9/11 Commission instead of regularly using the issue to pound political opponents.

"They've trotted that dog out for the last three elections - and it's got mange all over it," Clinton told an enthusiastic crowd of about 2,000 packing the Pageant for a morning Democratic rally.

Clinton's jab appeared aimed, in part, at challenging the Republican-led effort to blame his administration for some of the government failures in advance of the terrorist attacks in New York and Washington five years ago Monday.

Outside the Pageant, about a dozen protesters underscored that line of Republican attack. One protester sported a giant telephone costume, while others waved phones, to mock the Democratic opposition to some of the Bush administration's anti-terrorism measures.

Clinton contended that the Republicans controlling the federal government for the past five years have talked tough but "basically ignored" the security improvements that the commission said were necessary.

"Let's check all those cargo containers at ports and airports," Clinton said. He then cited the congressional failure to allocate money for inspection equipment, because of concerns that it is too expensive.

Such spending wouldn't be a problem, he said, if Republicans would stop approving tax cuts for the wealthy. "Millionaires like me get our taxes cut like clockwork," he said.

At a fundraising brunch later at the Chase Park Plaza, Clinton asserted that some Republicans use the terrorism issue to mask their chief aim of "concentrating wealth and power" into the hands of a few.

"They could give their crowd shovelfuls of money, as long as they kept America scared," Clinton said. "They think government for special interests is good."

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State Republican Party spokesman Paul Sloca said the tax cuts promoted by President George W. Bush have helped create millions of jobs.

But the GOP's key point, the spokesman said, is that Clinton and other Democratic leaders in the 1990s failed to properly confront the terrorist threats in the 1990s. "Americans have confidence that this president (Bush) can protect them," Sloca said.

The brunch raised more than $1 million for state Auditor Claire McCaskill's campaign against U.S. Sen. Jim Talent, a Republican. Joining Clinton at the brunch was former U.S. Rep. Richard Gephardt, D-St. Louis County, and former U.S. Sen. Jean Carnahan, D-Mo. Clinton left town after the brunch.

The rally at the Pageant was aimed at energizing rank-and-file Democrats on behalf of McCaskill and the party's other candidates. Several in the audience said afterward that the former president's rousing 40-minute address - delivered without notes - achieved that goal. "It's about time the Democrats have a good strong figure to lead us," said Kat O'Brian, 28, of University City.

Clinton contended that Missouri's Senate contest was perfect for framing the national security debate, because the state's only president - Harry S Truman - made his name in the U.S. Senate during World War II as an outspoken critic of some government wartime policies.

Truman's hearings spotlighting wartime waste and corruption led to then-President Franklin D. Roosevelt's decision to select Truman as his 1944 running mate. Truman became president when Roosevelt died in April 1945.

In today's climate, Clinton said, "that same Harry Truman would be facing ads back home questioning his patriotism."

Kim Bell of the Post-Dispatch contributed to this report.

Kerry Seeks More US Troops For Afghanistan (WP)

By Dan Balz

The Washington Post, September 10, 2006

Sen. John F. Kerry (D-Mass.) yesterday urged the deployment of more U.S. troops to combat the growing Taliban threat in Afghanistan while accusing the administration of trying to salvage its congressional majorities by playing on public fears of future terrorist attacks rather than fixing what he said is a disastrous policy in Iraq.

As the nation prepares to mark the fifth anniversary of the Sept. 11, 2001, attacks, Kerry offered a pointed rejoinder to President Bush's recent rhetorical offensive on terrorism. He said Bush's policies have turned Iraq into a terrorist breeding ground, unleashed dangerous forces elsewhere in the Middle East and diverted resources from the battle against terrorism at home and in Afghanistan.

"We have a Katrina foreign policy, a succession of blunders and failures that have betrayed our ideals, killed and maimed our soldiers, and widened the terrorist threat instead of defeating it," Kerry said in a speech at Boston's historic Faneuil Hall.

A copy of the prepared text was distributed by Kerry's office.

The 2004 Democratic presidential nominee also accused Defense Secretary Donald H. Rumsfeld, who recently spoke of "moral confusion" in the debate about how best to fight the radical Islamic terrorist threat, of smearing those who dissent from the administration's policies by suggesting they are similar to Nazi appeasers in the 1930s.

"It is immoral for old men to send young Americans to fight and die in a conflict without a strategy that can work," he said. "It is immoral to lie about progress in that war to get through a news cycle or an election. It is immoral to treat 9/11 as a political pawn."

Speaking a day after a suicide bomber killed 16 people, including two U.S. soldiers, in Afghanistan, Kerry accused the administration of pursuing "a policy of cut-and-run" in that country and said the Pentagon should deploy at least 5,000 more troops to help suppress the Taliban insurgency. He said allied forces there need more helicopters, drones, heavy equipment and reconstruction funds to help prop up the government in Kabul.

Kerry restated his call for the withdrawal of most U.S. forces from Iraq by next July, a recommendation that most of his fellow Democratic senators have already rejected. He also urged new policies to free the United States from its dependence on Middle East oil, which he described as the "great treasury of jihadist terrorism."

"There is simply no way to overstate how Iraq has subverted our efforts to free the world from global terror," Kerry said, according to the prepared text. "It has overstretched our military. It has served as an essential recruitment tool for terrorists. It has divided and pushed away our traditional allies. It has diverted critical billions of dollars from the real front lines against terrorism and from homeland security."

Kerry, in a rhetorical twist that invoked one of the worst moments of his 2004 campaign, also took note of Bush's speech this week about the treatment of terrorist suspects who have been held at secret CIA prisons abroad. "Let me say it plainly," he said. "No American president should be for torture before he's against it."

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A Republican National Committee spokeswoman, Tara Wall, called Kerry's criticism ill-timed on the eve of the commemoration of the Sept. 11 attacks and charged that Kerry's blueprint would embolden terrorists and diminish domestic efforts to prevent future attacks.

Kerry: Bush Uses 9/11 As 'political Pawn' (BOSH)

By Kimberly Atkins, Boston Herald Reporter

Boston Herald, September 10, 2006

Sen. John F. Kerry yesterday blasted the Bush administration for war and homeland security policies that he said leave Americans more vulnerable to attack.

Kerry's remarks came in a Faneuil Hall speech on the eve of tomorrow's five-year anniversary of the Sept. 11, 2001, terror attacks.

In his fourth speech this year at the venue, Kerry accused the administration of using the tragedy that killed about 3,000 Americans to justify the war in Iraq.

"It is immoral to treat 9/11 as a political pawn (to) excuse the invasion of Iraq," Kerry said. "They were attacked and killed not by Saddam Hussein but by Osama bin Laden."

Kerry, who is likely prepping for another presidential run, urged Democrats to "redeploy from Iraq, recommit to Afghanistan, reduce our dependence on foreign oil, reinforce our homeland defense and restore America's moral leadership in the world." Kerry also laid out the strategy in a Boston Herald Op-Ed column yesterday.

He called the London terror plot to blow up trans-Atlantic airplanes - thwarted last month - an example of the need to bolster the focus on Afghanistan.

"The Bush-Cheney administration (has) cut and run even as we learn (the plan's mastermind) was an al-Qaeda leader operating from Afghanistan," Kerry said. "That's right - the same killers who attacked us on 9/11 are still plotting attacks against America, and they're still holed up in Afghanistan."

He also accused Republicans of playing politics with Homeland Security funding by decreasing funds for "states that need it most - which happens to be 'blue' states," while increasing it in "the 'red' states that need it least."

"What should count here is the terrorist list, not the Republican National Committee's political target list," Kerry said.

Kerry's speech comes a day after the Republican National Committee launched a Web site (www.demfacts.com) that the group says "highlights Democrat leaders' hypocrisy by juxtaposing their prewar intelligence statements to their current attacks," according to the site.

Whatever Happened To The America Of 9/12? (NYT)

By Frank Rich

The New York Times, September 10, 2006

"THE most famous picture nobody's ever seen" is how the Associated Press photographer Richard Drew has referred to his photo of an unidentified World Trade Center victim hurtling to his death on 9/11. It appeared in some newspapers, including this one, on 9/12 but was soon shelved. "In the most photographed and videotaped day in the history of the world," Tom Junod later wrote in Esquire, "the images of people jumping were the only images that became, by consensus, taboo."

Five years later, Mr. Drew's "falling man" remains a horrific artifact of the day that was supposed to change everything and did not. But there's another taboo 9/11 photo, about life rather than death, that is equally shocking in its way, so much so that Thomas Hoepker of Magnum Photos kept it under wraps for four years. Mr. Hoepker's picture can now be found in David Friend's compelling new 9/11 book, "Watching the World Change," or on the book's Web site, watchingtheworldchange.com. It shows five young friends on the waterfront in Brooklyn, taking what seems to be a lunch or bike-riding break, enjoying the radiant late-summer sun and chatting away as cascades of smoke engulf Lower Manhattan in the background.

Mr. Hoepker found his subjects troubling. "They were totally relaxed like any normal afternoon," he told Mr. Friend. "It's possible they lost people and cared, but they were not stirred by it." The photographer withheld the picture from publication because "we didn't need to see that, then." He feared "it would stir the wrong emotions." But "over time, with perspective," he discovered, "it grew in importance."

Seen from the perspective of 9/11's fifth anniversary, Mr. Hoepker's photo is prescient as well as important — a snapshot of history soon to come. What he caught was this: Traumatic as the attack on America was, 9/11 would recede quickly for many. This is a country that likes to move on, and fast. The young people in Mr. Hoepker's photo aren't necessarily callous. They're just American. In the five years since the attacks, the ability of Americans to dust themselves off and keep going explains both what's gone right and what's gone wrong on our path to the divided and dispirited state the nation finds itself in today.

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What's gone right: the terrorists failed to break America's back. The "new" normal lasted about 10 minutes, except at airport check-ins. The economy, for all its dips and inequities and runaway debt, was not destroyed. The culture, for better and worse, survived intact. It took only four days for television networks to restore commercials to grim news programming. Some two weeks after that Rudy Giuliani ritualistically welcomed laughter back to American living rooms by giving his on-camera imprimatur to "Saturday Night Live." Before 9/11, Americans feasted on reality programs, nonstop coverage of child abductions and sex scandals. Five years later, they still do. The day that changed everything didn't make Americans change the channel, unless it was from "Fear Factor" to "American Idol" or from Pamela Anderson to Paris Hilton.

For those directly affected by the terrorists' attacks, this resilience can be hard to accept. In New York, far more than elsewhere, a political correctness about 9/11 is still strictly enforced. We bridle when the mayor of New Orleans calls ground zero "a hole in the ground" (even though, sadly, he spoke the truth). We complain that Hollywood movies about 9/11 are "too soon," even as "United 93" and "World Trade Center" came and went with no controversy at multiplexes in middle America. The Freedom Tower and (now kaput) International Freedom Center generated so much political rancor that in New York freedom has become just another word for a lofty architectural project soon to be scrapped.

The price of all New York's 9/11 P.C. is obvious: the 16 acres of ground zero are about the only ones that have missed out on the city's roaring post-attack comeback. But the rest of the country is less invested. For tourists — and maybe for natives, too — the hole in the ground is a more pungent memorial than any grandiose official edifice. You can still see the naked wound where it has not healed and remember (sort of) what the savage attack was about.

But even as we celebrate this resilience, it too comes at a price. The companion American trait to resilience is forgetfulness. What we've forgotten too quickly is the outpouring of affection and unity that swelled against all odds in the wake of Al Qaeda's act of mass murder. If you were in New York then, you saw it in the streets, and not just at ground zero, where countless thousands of good Samaritans joined the official responders and caregivers to help, at the cost of their own health. You saw it as New Yorkers of every kind gathered around the spontaneous shrines to the fallen and the missing at police and fire stations, at churches and in parks, to lend solace or a hand. This good feeling quickly spread to Capitol Hill, to red states where New York had once been Sodom incarnate and to the world, the third world included, where America was a nearly uniform object of sympathy and grief.

At the National Cathedral prayer service on Sept. 14, 2001, President Bush found just the apt phrase to describe this phenomenon: "Today we feel what Franklin Roosevelt called 'the warm courage of national unity.' This is the unity of every faith and every background. It has joined together political parties in both houses of Congress." What's more, he added, "this unity against terror is now extending across the world."

The destruction of that unity, both in this nation and in the world, is as much a cause for mourning on the fifth anniversary as the attack itself. As we can't forget the dead of 9/11, we can't forget how the only good thing that came out of that horror, that unity, was smothered in its cradle.

When F.D.R. used the phrase "the warm courage of national unity," it was at his first inaugural, in 1933, as the country reeled from the Great Depression. It is deeply moving to read that speech today. In its most famous line, Roosevelt asserted his "firm belief that the only thing we have to fear is fear itself — nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." Another passage is worth recalling, too: "We now realize as we have never realized before our interdependence on each other; that we cannot merely take but we must give as well; that if we are to go forward, we must move as a trained and loyal army willing to sacrifice for the good of a common discipline, because without such discipline no progress is made, no leadership becomes effective."

What followed under Roosevelt's leadership is one of history's most salutary stories. Americans responded to his twin entreaties — to renounce fear and to sacrifice for the common good — with a force that turned back economic calamity and ultimately an axis of brutal enemies abroad. What followed Mr. Bush's speech at the National Cathedral, we know all too well, is another story.

On the very next day after that convocation, Mr. Bush was asked at a press conference "how much of a sacrifice" ordinary Americans would "be expected to make in their daily lives, in their daily routines." His answer: "Our hope, of course, is that they make no sacrifice whatsoever." He, too, wanted to move on — to "see life return to normal in America," as he put it — but toward partisan goals stealthily tailored to his political allies rather than the nearly 90 percent of the country that, according to polls, was rallying around him.

This selfish agenda was there from the very start. As we now know from many firsthand accounts, a cadre from Mr. Bush's war cabinet was already busily hyping nonexistent links between Iraq and the Qaeda attacks. The presidential press secretary, Ari Fleischer, condemned Bill Maher's irreverent comic response to 9/11 by reminding "all Americans that they need to watch what they say, watch what they do." Fear itself — the fear that "paralyzes needed efforts to convert retreat into advance," as F.D.R. had it — was already being wielded as a weapon against Americans by their own government.

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Less than a month after 9/11, the president was making good on his promise of “no sacrifice whatsoever.” Speaking in Washington about how it was “the time to be wise” and “the time to act,” he declared, “We need for there to be more tax cuts.” Before long the G.O.P. would be selling 9/11 photos of the president on Air Force One to campaign donors and the White House would be featuring flag-draped remains of the 9/11 dead in political ads.

And so here we are five years later. Fearmongering remains unceasing. So do tax cuts. So does the war against a country that did not attack us on 9/11. We have moved on, but no one can argue that we have moved ahead.

What 9/11 Didn't Change (WP)

By George F. Will

The Washington Post, September 10, 2006

Before the dust from the collapsed towers had settled, conventional wisdom had congealed: "Everything has changed." But what about what matters most, the public's sensibility?

It has taken five years for Sept. 11, 2001, to receive a novelist's subtle and satisfying treatment, but it was worth the wait for Claire Messud's "The Emperor's Children." Her intimation of the mark the attacks made on the American mind is convincing because in her comedy of manners, as in the nation's life, that horrific event is, oddly, both pivotal and tangential.

Messud's Manhattan story revolves around two women and a gay man who met as classmates at Brown University and who, as they turn 30 in 2001, vaguely yearn to do something "important" and "serious." Vagueness -- lack of definition -- is their defining characteristic. Which may be because -- or perhaps why -- all three are in the media. All are earnest auditors and aspiring improvers of the nation's sensibility.

Marina is a glamorous child of privilege because she is the child of Murray, a famous liberal commentator given to saying things such as, to a seminar on "Resistance in Postwar America," "once upon a time, poetry did matter." A former intern at Vogue, Marina lives with her parents, on an allowance from them, on Central Park West. She is having trouble finishing her book on "how complex and profound cultural truths -- our mores entire -- could be derived from" analysis of changing fashions in children's clothes. "I want to make a difference." But get a job? "I worry that will make me ordinary, like everybody else." She is, her father recognizes, "stymied, now, by the very lack of smallness" in her life, "by the absence of any limitations against which to rebel."

Danielle, from Ohio, is a producer of documentaries who hopes to "articulate" an "ethos" into a "movement." Her current project, to raise "questions about integrity and authenticity," concerns women who had bad experiences with liposuction.

Julius, from Michigan, is an independent book and film reviewer "with a youthful certainty that attitude would carry him." His "life of Wildean excess and insouciance seemed an accomplishment in itself." He is "an inchoate ball of ambition," and is intermittently aware that at 30 "some actual sustained endeavor might be in order." That might, however, be difficult, given his belief that "regularity was bourgeois."

The problem the three share is not that their achievements, if there ever are any, will be ephemeral, but that their intentions to achieve them are ephemeral. Not solid, like those of the Australian who comes to New York "to foment revolution." With a new magazine.

Murray's nephew, Bootie, a morose autodidact -- imagine Holden Caulfield with his nose in a book of Emerson's essays -- rounds out Messud's central cast, each illustrating Messud's acute understanding of the Peter Pan complex now rampant among young adults who feel entitled to be extraordinary: "To be your own person, to find your own style -- these were the quests of adolescence and young adulthood, pushed, in a youth-obsessed culture, well into middle age."

Not until Page 370 of Messud's delicious depiction of the quintet's tangled lives, "torn between Big Ideas and a party," do the planes hit the towers. Bootie -- it could have been any of these people preoccupied with manufacturing interpretations of fashions and fashions of interpretations -- has "a fearful thought: you could make something inside your head, as huge and devastating as this, and spill it out into reality, make it really happen." Imagine that.

Before Sept. 11, Messud began writing a Manhattan novel about young adults living in the media hall of mirrors. After Sept. 11, she abandoned it. Then returned to it. Asked if she thought she had written a "9/11 novel," she demurs: "I wrote an August 1914 novel." Meaning, "The world I had set out to describe in 2001 had become historical."

But what had changed? The party, scheduled for Sept. 11, to launch the Australian's magazine and the revolution -- Renee Zellweger had accepted; Susan Sontag was a maybe -- was canceled, as was the magazine. Murray "formulated a reasoned middle ground": America did not deserve the attacks, but remember the West Bank. "He wasn't opposed to the invasion of Afghanistan, but qualified about its methods." Danielle decides to proceed with her liposuction documentary.

Nothing changes everything. And even huge events that, as Messud says, make "certain things seem particularly frivolous," leave most of our enveloping normality largely unscathed. That truth and a heightened sense of the frivolous are conducive to national poise five years into a long war.

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The Fifth Anniversary (WP)

The Washington Post, September 10, 2006

Mr. Bush has refined his theory and conduct of the war against terrorism -- but not in the right way.

AS THE fifth anniversary of Sept. 11, 2001, approaches, President Bush has offered the country a partisan but sometimes revealing review of the war that began with the attacks on New York and Washington. For the most part, he has belligerently defended his strategy and methods; he has demanded that Congress immediately approve his controversial schemes for the detention and trial of foreign terrorists, once again using vital questions of national security as a campaign wedge issue. But the president has also signaled subtle shifts of course in the way his administration understands the war and in the way it proposes to fight it.

Mr. Bush has refined his description of the enemy: Now he says "the war on terror" is "the decisive ideological struggle of the 21st century," pitting free nations against a "totalitarian" version of Islam. Tacitly acknowledging that some of the ad hoc measures he adopted in secret after Sept. 11 are unsustainable, he has also sought to reshape them and put them on a more solid legal footing. With little more than two years left in office, aides say, Mr. Bush is trying to lay the foundation for a long struggle that he believes is "only in its opening stages."

We think Mr. Bush is mostly right about the stakes of the threat posed by Islamic extremism, and we've welcomed some of his adjustments, such as his steps to bring all U.S. military operations back into conformance with the Geneva Conventions. But two major aspects of the president's speeches are troubling: his characterization of the Islamic threat as "a single movement" including both al-Qaeda and Iran; and his insistence that the United States reserve the right to violate international humanitarian laws.

In the immediate aftermath of Sept. 11 Mr. Bush's declared enemy was al-Qaeda and the allied Taliban regime in Afghanistan; later he defined an "axis of evil" that lumped together Communist North Korea, Iran and the secular Iraqi dictatorship of Saddam Hussein. Now he perceives both al-Qaeda and Iran, as well as affiliates like the Lebanese Hezbollah movement, as collectively making up "a worldwide network of radicals that use terror."

One problem with this view is that it acknowledges but skates over the enormous differences between Sunni terrorist networks and Iran. In Iraq, al-Qaeda is literally at war with proxies of Iran, which in turn is a sworn enemy of the Taliban. Mr. Bush asserts that "the Shia and Sunni extremists represent different faces of the same threat"; in fact the Iranian regime does not threaten, as does al-Qaeda, to launch devastating attacks on the American homeland. Its interests are more nationalist and regional than ideological and global. There is a wide gap inside the regime between extremists like President Mahmoud Ahmadinejad and moderates like former president Mohammed Khatami, who on Thursday delivered a speech at Washington National Cathedral calling for dialogue between the West and the Islamic world.

The danger is that Mr. Bush's flawed definitions will lead to flawed strategy. While the threat that Iran will acquire nuclear weapons must be confronted -- as should the nuclear threat from North Korea -- Tehran's Islamic doctrine has not proved a major danger to the world, or even the region, over the last quarter-century. Mr. Bush rightly said that "it is foolish to think that you can negotiate with" al-Qaeda. But as the State Department's recent diplomacy reflects, negotiation -- or long-term containment -- may be the best option for Iran.

Mr. Bush seems to understand better than he did five years ago that diplomacy and the promotion of democratic values are as important to winning the war as military action. But in insisting on maintaining the CIA's secret prisons and in asking Congress to cancel some of the protections from abuse granted prisoners by the Geneva Conventions, he risks perpetuating and compounding one of his greatest errors. As senior U.S. generals now state publicly, abusive interrogation techniques are ineffective and counterproductive; they do not produce reliable intelligence. At the same time, they make it impossible for the United States to obtain full cooperation from key allies in Europe and elsewhere, damage its reputation around the world, and make it more likely that captured Americans will be tortured.

Mr. Bush could do the country a great service by using the remainder of his term to put the war against terrorism on a sustainable long-term course. But lumping disparate threats together, insisting on tactics that alienate allies and violate fundamental American values, and using the war as a partisan bludgeon makes for an unpromising start.

Why Haven't We Been Attacked? (LAT)

The Los Angeles Times, September 10, 2006

Five years later, the absence of catastrophic attacks indicates that something must be going right, even if it's luck.

IN THE DAYS AND WEEKS AFTER Sept. 11, 2001, anguished Americans asked "Why do they hate us?" and "How could this have happened?" As the nation prepares to mark the fifth anniversary of the terrorist attacks, the question preoccupying Americans is different: "Why haven't we been attacked again?"

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One answer, of course, is that we have — just not on U.S. soil. And the question could be rendered horribly irrelevant tomorrow if Al Qaeda or its sinister soul mates manage to penetrate the defenses erected over the last five years. But there really can be no single answer to the question. A certain humility becomes those who try to explain why the U.S. has been spared an attack in the last five years. After all, no less an authority than Tom Ridge, then secretary of the Department of Homeland Security, predicted in 2002 that another terrorist attack was "not a question of if, but a question of when."

Security measures adopted since 9/11 — such as more secure airplane cockpits and more thorough baggage screening — are certainly part of the explanation, as is a generally heightened state of vigilance. But pure luck also may be a factor.

That said, President Bush is correct when he says, as he did last week, that "one reason the terrorists have not succeeded is because of the hard work of thousands of dedicated men and women in our government, who have toiled day and night, along with our allies, to stop the enemy from carrying out their plans." The president also is right to point to changes in the law — most of them enacted with bipartisan support — to break down walls between the FBI and the CIA and to extend to counter-terrorism investigations techniques that already had been authorized in criminal investigations.

More debatable is the proposition that the U.S. is safer because of the reconfiguring of various agencies into a massive Department of Homeland Security, or the creation of a new position of director of national intelligence. A substantive commitment to greater vigilance is a more important consequence of 9/11 than changes in governmental flow charts.

Some initiatives undertaken after 9/11 are clearly efficacious; others are still a question mark, and still others amount to an overreaction. Unfortunately, the Bush administration has suggested that its anti-terrorist initiatives are all of a piece. Because the "world has changed" since 9/11, it asserts, no opposition to its policies can be tolerated. According to this view, amplified in the squawk box of partisan rhetoric, it is obstructionist or even disloyal to question particular post-9/11 policies, be they particular provisions of the Patriot Act, interrogation techniques at Guantanamo Bay or the National Security Agency's warrantless wiretapping of Americans.

Testifying before Congress in December 2001, then-Atty. Gen. John Ashcroft suggested that critics of some of the administration's terrorist proposals might be giving "ammunition to America's enemies." Almost five years later, House Republican leader John Boehner of Ohio complained that the Supreme Court was granting "special privileges to terrorists" when it ruled that Bush could not impanel tribunals to try suspected terrorists without congressional approval.

Often ignored in this partisan cut-and-thrust is the fact that Democrats have supported many of the president's initiatives and that Republicans — notably Sen. John McCain of Arizona — have been critical of others. It's a sign of national strength that Congress and the courts have refused to rubber-stamp every initiative advertised by the administration as being essential to the war on terror. But it's equally encouraging that the broad lines of a post-9/11 policy have been embraced by both parties.

A final thought: Although it was appropriate for Bush to focus on how the governmental response to 9/11 has minimized the threat of further attacks, another factor may be the very openness and mobility of American society that the 9/11 conspirators were able to exploit because of inadequate airport security and sluggish surveillance.

In Britain, where authorities last month announced that they had frustrated a plot to bomb U.S.-bound planes in midair, the suspects had been raised in Muslim communities that were cut off culturally from mainstream British society. Whether this separation fostered their extremism remains to be seen. But it is a welcome fact that Muslims in the United States are not an isolated minority.

Ridge may yet be proved a prophet for saying four years ago that the question was when, not if, the U.S. would be attacked again. But the fact that another 9/11 hasn't happened is at least in part a tribute to the way Americans, and the American political system, have responded.

New Yorkers Make Preparations For Monday's 9/11 Anniversary, In Ways Grand And Quiet (MINNST/AP)

Minneapolis Star Tribune, September 10, 2006

NEW YORK (AP) — A Manhattan firehouse glistened with a fresh coat of red paint on Saturday, memorial quilts were put on display, and an enormous American flag billowed from the George Washington Bridge, all parts of the preparations for the approaching fifth anniversary of the World Trade Center attack.

And among the people getting ready for the observances was an Army reservist, in town for his baptism.

The reservist, Sgt. Larry Provost, was back at ground zero, the spot where he spent weeks digging bodies from the rubble of the World Trade Center towers after the terrorist attacks that killed 2,749. On Sunday, he planned to return to neighboring St. Paul's Chapel for his baptism.

Provost's godparents are a couple he met while working at the World Trade Center site.

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"I felt I was doing something truly unselfish for the first time in my life," Provost said of his time working the pile in lower Manhattan. The experience sustained him during tours in Afghanistan and Iraq, and led him back to the church for his baptism.

St. Paul's, the 240-year-old Episcopal church across from ground zero, became a center for the recovery effort. Volunteers provided weary rescue workers with round-the-clock food, water, massages and comfort.

"It is the most special place in all the world," Provost said of St. Paul's, which escaped damage when the towers collapsed across the street. "It became what a church should be: open to everyone."

On the nearby Lower East Side, a firehouse made preparations for Monday's arrival of President Bush, part of his two-day visit to the city. Nicknamed "Fort Pitt," the base for Ladder 18, Engine 15 and Battalion 4 will host Bush for a Sept. 11 breakfast.

On Saturday, the firehouse's two front doors sported a new coat of fire-engine red paint. Contractors used power washers to clean the brick facade and bagpipers practiced on the second floor.

There were no visible signs of security as locals strolled past and visitors stopped to chat with the firefighters.

That will change by Monday morning, when Bush shares breakfast with 25 firefighters, 25 police officers from the adjoining 7th Precinct and 25 Port Authority police officers.

The president was scheduled to arrive in New York on Sunday and lay a wreath at ground zero.

Elsewhere in the city, a 90-foot-by-60-foot American flag was unfurled on the George Washington Bridge spanning the Hudson River.

An assortment of quilts honoring the victims appeared around the city. And in Queens, a plaque was unveiled honoring 34 local residents killed when the twin towers collapsed.

At ground zero on Saturday, family members demanded the return of remains of World Trade Center victims. Some victims' relatives believe the tons of ash and debris taken from the Trade Center site to the Fresh Kills landfill still contains fine particles of human tissue and bone that could be recovered.

"If the country truly wants to honor those lost in 9-11, then give them a proper burial," Joanne Meehan of Carteret, N.J. told a crowd of demonstrators. Meehan's daughter, 26-year-old Colleen Markow, was one of the Cantor Fitzgerald employees killed in the attack.

She has received only six small pieces of her daughter's remains for burial.

Flight 93 Memorial Gets Momentum (PHI)

By Amy Worden

The Philadelphia Inquirer, September 10, 2006

SHANKSVILLE, Pa. - Families of Flight 93 have sealed a deal on a postage-stamp-size parcel that would be the first tract bought for a memorial to the 40 people on board the United Airlines jetliner when it slammed into the ground near here Sept. 11.

The purchase of the three acres - only a fraction of the 2,200 planned for the Flight 93 Memorial park - is largely a symbolic gesture. But to many it is a sign that, at long last, the acquisition of land to honor the passengers and crew who thwarted an attack on Washington is gaining momentum.

"This is a first small step in what will be the larger picture of getting the balance of the acreage," said Larry Catuzzi, whose daughter Lauren Grandcolas was aboard the plane.

Supporters have overcome opposition to the park's size and cost, but federal funding has yet to flow to the National Park Service, which is overseeing the site's creation. A powerful House member from North Carolina blocked federal funding for the land for three years before dropping his opposition.

But park proponents still face other hurdles - unwilling sellers, negotiations over mineral rights, and environmental hazards from decades of coal mining at the site.

If all goes on schedule, the park will open in 2011, the 10th anniversary of terrorist attacks. The centerpiece is the memorial itself, set in a 400-acre natural "bowl" atop a mountain. Plans include a black slate plaza and a grove of 40 maples.

The park would be surrounded by 1,800 acres of protected land, mostly woods, fields and farms.

The start-up costs are estimated at nearly $60 million, about one-third of that for the land.

"We are still awaiting the federal funding," said Joanne Hanley, superintendent of the Flight 93 Memorial. "The negotiations with landowners are in different stages, but we have to have money to move forward."

The $10 million federal request for land acquisition was contested by U.S. Rep. Charles Taylor (R., N.C.), chairman of the Appropriations subcommittee on interior, environment and related agencies. Under intense public pressure, Taylor dropped his opposition in June. But Congress has yet to vote on the request for the project's first $5 million installment.

The Families of Flight 93 group decided to move forward on its own this summer, using a portion of the $1.2 million it received from the opening weekend box office receipts of the movie United 93 to buy the three acres.

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Patrick White, whose cousin Louis J. Nacke II died in the crash, said the group was on track to close on two larger parcels this fall.

"We want to demonstrate to those who are not as willing to sell that it's real and it's happening and there's money," he said.

Josh First, as former Pennsylvania director of the Conservation Fund, was among the most vocal supporters of preserving not only the crash site but thousands of acres around it in the scenic Laurel Highlands of western Pennsylvania, 80 miles southeast of Pittsburgh.

First said in 2003 that he had come up with the boundaries for the park: a 1,200-acre central section to be purchased outright and a 1,000-acre buffer zone surrounding it. That land would remain in private hands but be preserved through the sale of conservation easements preventing commercial development.

Some family members said they could understand the initial opposition to the park's size.

"If I wasn't involved and heard 2,000 acres, I'd say, 'Why is it that big?' " said Ken Nacke, Louis Nacke's brother. "But they are trying to protect the town of Shanksville from the onslaught."

A nearby temporary memorial attracts 150,000 visitors a year, and organizers estimate that 250,000 a year will visit the new memorial, he said.

While the landscape remains largely unchanged, work on the memorial design, awarded to a Los Angeles architectural firm last year, is under way. And more than $7 million of the $30 million anticipated in private funding has been raised from corporations and individuals.

But with the memorial's groundbreaking slated for 2008, some family members and land owners are eager for the land acquisition to speed up.

"Personally, I wish it would go faster," said Ben Wainio, whose daughter Honor Elizabeth died aboard Flight 93. "I want to see a monument built and see it come to fruition. I'm 61 years old."

Landowner Tim Lambert said he had committed to donating six acres just beyond the row of hemlocks scorched by the explosion. But he wants fair market value for an additional 150 acres, which his grandfather bought in the 1930s.

"I feel I am walking a fine line between doing what's best for the families and making sure our family is taken care of," said Lambert, a public radio host in Harrisburg.

Catuzzi said he was dismayed to see some property owners seeking higher prices for their land with each passing year.

Some family members recognize that any deal involving multiple landowners and the federal government takes time.

The land the memorial sits on "has to come from willing sellers," Ken Nacke said. "I don't want to put pressure on landowners."

After all, he and others said, the people of Shanksville never could have anticipated their community would be part of the nation's worst terrorist act.

View plans for the memorial via http://go.philly.com/93memorial

For Some, Tragedy Came Close (MINNST)

By Bob Von Sternberg, Star Tribune

Minneapolis Star Tribune, September 10, 2006

Five years on, their memories remain as vivid, shocking and painful as they were on Sept. 11, 2001: The brilliant blue morning in lower Manhattan ... the terror that swept Pennsylvania Avenue ... the fear of becoming another target ... the loss of a belov

Five years on, their memories remain as vivid, shocking and painful as they were on Sept. 11, 2001: The brilliant blue morning in lower Manhattan ... the terror that swept Pennsylvania Avenue ... the fear of becoming another target ... the loss of a beloved son ... the sickened realization that suspicions about a guy named Moussaoui had been right all along.

For most Minnesotans, 9/11 was a remote event, witnessed on television or read about in a newspaper. For a few, it was immediate, awful and sometimes life-changing. Here are some of their stories.

DEAN KOPPERUD commuted from his home in Eden Prairie to New York, where he worked on the 33rd floor of Two World Trade Center as the Oppenheimer Funds' national sales director. He has since retired.

"I actually don't think about it much anymore, "Kopperud said. "At dinner, someone will bring up the fact that I was there and it seems to be one of those things people want to hear about first hand. But I don't focus on it.

"There are so many memories, what a high, crisp clear morning it was, the sky so high and blue. Then, after the first plane hit, how the paper, files and tiles flew out of Tower One, like the thickest snowstorm you've ever seen. We were told Tower Two was secure, so I figured, OK, I'll go back to work. But fortunately, the elevator I used only went down. A guy from the Port Authority told me I was leaving, so I decided not to argue with him.

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"Just as I stepped onto Liberty Street, I saw the shadow of the second plane and heard the bang when it hit ... I marched up the east side of Manhattan and the minute you got to 42nd Street, it was as if life hadn't changed, the cars, taxis and buses were all running. I was going to take the train to Connecticut, and at Grand Central you could tell who'd come up [from lower Manhattan] -- we all had about 8 inches of soot on the bottom of our pants. It was a long day, and I don't ever forget that if things happened differently -- if the elevator had gone up, not down -- I wouldn't be here."

BEVERLEY BURNETT is the mother of Tom Burnett, who famously helped lead the passenger insurrection on United Flight 93, causing the plane to crash in Pennsylvania, short of its intended target in Washington, D.C. She and her husband, Tom Sr., live in Northfield.

"Tom and I still grieve for our son, and we'll probably grieve for the rest of our lives," she said. "I think any parent can relate to that, how we miss him.

"It hasn't faded at all, and I know it never will, because he was our only son. Every day is still 9/11 for us. I miss his phone calls, how he was going to take care of us in our really old age.

"We're very proud of what he did that day. We went to the White House to see 'United 93' -- it was important to see what Tom and the others did that day. I believe everyone should see that movie, even those who say it's too horrible to watch. But maybe it would help people imagine what it was like on that airplane.

"We're still looking for our government to chase down the terrorists who planned this and punish them for what they did. I want those people brought to justice. Could the government have done better that day? I don't think Flight 93 should have ever been allowed to take off. These bureaucracies -- the FAA, the FBI, the Border Patrol -- all have to be looked at. You can't just say it was [President] Bush's fault."

THE REV. MICHAEL O'CONNELL, rector at the Basilica of St. Mary and pastor at the Church of the Ascension in Minneapolis, was aboard a 60-foot yacht cruising Long Island Sound at the tail end of a weekend trip to New York, where he had been visiting family and friends.

"Two things have been enduring for me," O'Connell said. "First, we were the only boat on the water in the middle of the sound that morning. We'd seen the smoke from Manhattan, the second tower's collapse.

"We were listening to the news, and they said all aircraft had been grounded, but they didn't say why. Everyone knew why by then.

"The second thing was the fighter jet that came toward us from the city at about 5,000 feet. He came along our port side and did a power turn around us to starboard. It was a uniquely frightening experience because all we could wonder was what was he thinking we were?

"On the 12th, we found out that [Wayzata native] Gordon Aamoth Jr. was missing in the towers, so we planned a memorial for him at the basilica. Since then, I've become friends with his parents. Because of his name, he'll always be the first named among the victims. That should sustain his memory."

BILL AND LAUREN SCHNEIDER had traveled with their two young daughters from their home in Stillwater to Washington, D.C., where they were to receive an award for their work on behalf of adoptive parents. That morning, they went sightseeing, starting at the White House.

"Just the other night, we were looking at photos we took outside on the sidewalk [in front of the White House] after the plane hit the Pentagon. I thought, again, my God, if that fourth plane [Flight 93] had reached Washington we could have easily been killed," Bill Schneider said. "It's not every day, but September 11th is still with me a lot.

"My feeling is those people who attacked us are still out there and want to attack us again. It makes me worry about the world my kids are growing up in."I still remember how frightening it was when they told us to get away from the White House," Lauren Schneider said. "We were carrying the girls, they were just babies then, up and down the streets of Washington. We didn't know where to go. When we got to our hotel, someone said a bomb had been planted inside.

"It stays with you. When we went to England last year, I was afraid to go into London ... even before the bombings there. It's in the back of your mind all the time."

HUGH SIMS was one of the instructors at a flight school in Eagan who became suspicious enough of a student named Zacarias Moussaoui that they called the FBI's Minneapolis field office on Aug. 15, 2001. The next day, Moussaoui was arrested on an immigration violation. Now retired, Sims divides his time between Florida and Minnesota.

"I was sitting in a 747 requalification class that I needed to keep moving planes around for the airlines," he said. "Somebody turned the TV on right about the time the second plane hit the towers. I almost got sick to my stomach -- I couldn't believe what I was seeing.

"I called Senator Wellstone's office and got ahold of his chief of staff. I told him I hope everyone remembers we've got Zacarias Moussaoui in jail here. Someone has to think about that. They moved him the next day.

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"Initially, I thought [Moussaoui] knew more about the overall plan, but I began to wonder if he was just a wannabe. We'll never know, I guess.

"I definitely thought he wanted to learn to fly so he could hijack an airplane. But I never imagined he'd want to use a plane as a weapon. Who did?"

COLEEN ROWLEY, former Minneapolis FBI agent, gained national attention after she accused bureau headquarters of impeding the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui. In June, the Justice Department commended her while also criticizing her for failing to push for a criminal warrant to search his possessions. She is currently running for Congress.

"I was walking by my boss' office that morning, and his secretary had turned on the TV in there," she said. "Two or three of us were watching, and within a few minutes, we saw the plane fly into the building.

"I was stunned for a few seconds, and then I thought, 'Oh, my gosh, this must be connected to the guy we've got back here.' I went to one of my other bosses and said there's a guy here who might be connected to this.

"Later, we're sitting around the table with some guys from the U.S. attorney's office trying to put together a probable-cause warrant. There's a TV on in there, too, and we heard, a noise and you could see the whole building crumbling down.

"I don't think about that day too often anymore, mostly because so many events have transpired since September 11th. Since then, it seems as if the entire United States has gone off the deep end."

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September 11 Forever Changed Their Lives (FLSUNSEN)

By Tim Collie And Vanessa Bauza, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 10, 2006

Five years after Sept. 11, six South Floridians continue to rebuild their lives and mend their broken hearts. Each has moved from grief and shock to finding a new perspective on life and a way to honor those who died that day.

It's the sound of a plane overhead that makes Corneliu Vaduva flinch.

"If I'm playing tennis ... I have to stop and look up. I cannot help it."

He remembers the roar of a plane as he lit up a cigarette the morning of Sept. 11. He had left his office on the 83rd floor of the World Trade Center for a smoke, even though the night before he had watched a documentary about the dangers of smoking and vowed to quit. By 8:30 a.m., his resolve was gone.

He was in front of the south tower when the first plane hit its twin at 8:46 a.m.

The explosion sent airplane parts, building debris and body parts onto the street in front of him. Soon he heard the thud of bodies as office workers jumped to their deaths.

As he walked away from the building, the native of Romania heard other survivors talk about "terrorists" and "Arabs" and feared that his dark complexion and accent would draw suspicion.

Yet what he remembers most is the help people offered as the buildings fell and the streets filled with dust. Others stopped, held his arm, gently guiding him forward.

"It impressed me a lot that simple people on the street would help each other, that they would take risks, go out of their way," said Vaduva.

Hours later, Vaduva received calls from radio and TV news stations in Romania. A friend who worked at one of the country's largest TV stations remembered that Vaduva worked in the World Trade Center.

During those phone interviews, Vaduva asked listeners to get word to his parents, living in a remote village without telephones, that he was alive.

Listeners contacted family members in the region, urging them to call neighbors and friends who might live close to Vaduva's parents. Truck drivers hearing the interviews turned off the highways to tell the couple their son was OK, he said.

In the days that followed, Vaduva buried four co-workers. He eventually moved to Parkland, and he now works for the South Florida Sun-Sentinel.

In the coming week, he expects to hear from former co-workers and friends. "It's a way, we keep in touch--talking like this to let each other know we're still alive," said Vaduva.

"What it does is teach you how beautiful, how important life is. Each and every day. Things just don't upset me the way they used to."

-- TIM COLLIE

Randy Tulepan bristles when he hears criticism of the treatment given to prisoners held at the U.S. Naval Base at Guantanamo Bay, Cuba.

He was there -- as a Marine, within weeks after 9-11. Just after his father almost died in the World Trade Center attacks.

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"In the beginning it was like the wild west out there. ... We were angry, and they knew it," he said. "...You had to be a professional, always do the right thing. And we did."

On Sept. 11, 2001, Tulepan was training at a U.S. military base in Japan. Through a call home, he learned his father, Craig, right in photo above, had been in a meeting at the trade center, and was almost sucked out of the 63rd floor of the south tower when windows shattered around him. He made it out of the building minutes before it collapsed.

Craig Tulepan's first thought after finding safety was, "What's going to happen to my son? Where are they going to send him? What will he be facing?"

Randy Tulepan was in his third year in the Marines. What began as a rite of passage for an adventurous young man seeking an alternative to college was now a war machine.

A week later, he was preparing to fight in Afghanistan in the second wave of infantrymen. But when U.S. forces gained control of Kabul, he was sent to Guantanamo Bay to guard the first arriving prisoners.

He left the military six months later when his enlistment was up. At 26, he is now a real estate executive with his father's company in Coral Springs.

Randy Tulepan is no longer sure where the war on terror is heading. He fears the American public is losing faith in the fight, and its leaders are losing the will.

"People have moved on since 9-11, I'm talking about those who don't have anybody in the military," Tulepan said. "They're focused on other things, and patriotism just isn't as high any more.

" ... There should be a time now when people reflect on 9-11, think about what happened on that day. And the people who are involved right now in service--the troops, those who died, those who survived--they should be given a thank you for all that they've done."

-- TIM COLLIE

The cotton ball Gladys Martines swabbed across the inside of her cheek led to no DNA matches among the fragments of bone and tissue recovered from Ground Zero. Her son's wallet, watch or wedding ring were never unearthed from the smoldering rubble.

After working as a maintenance man in the World Trade Center for 17 years, it was as though James Audiffred "disappeared off the face of the Earth" on Sept. 11, Martines said.

Audiffred is one of 1,151 victims of the World Trade Center attacks whose remains were never identified. An urn with ashes from the site is the closest Martines comes to closure. She calls them "Jimmy's ashes," though she knows they are not his, and keeps the urn on a ledge in a corner of her living room surrounded by family photos and a framed copy of the last e-mail he sent her before he died. It reads: "You've been on my mind a lot lately."

The little memorial at her home in Boynton Beach helps ease the void.

Born in Queens but raised mostly in Puerto Rico, Audiffred loved the towers and would proudly take relatives to see the view from the top. In the year before his death, he was promoted to elevator operator and often improvised a role as tour guide, pointing out Manhattan's landmarks for the tourists he shuttled up and down the tower's 110 floors.

"He was fascinated by [the twin towers] and his son also is the same way," said Audiffred's sister, Dolly, who lives in Queens. "There was something about them that he loved ... He felt like he was on the top of the world when he was on the observation deck."

He often worked double shifts, hoping to save money to buy a home for his wife Robin and son Jason, now 24. Audiffred also became a surrogate father to his sister's daughter, when her own father died a decade ago.

Because Audiffred knew the towers so well, his family hoped he had been able to escape. But they later learned from his co-workers that Audiffred had taken a group to the Windows of the World restaurant on the top floor just before the plane crashed into the north tower.

Despite all this, sometimes in a crowd Martines does a double-take when she spots someone with Audiffred's large build.

"I've never been able to cry, like a big sob, like many people have," Martines, 62, said. "I see people in the street, and I look because they look like him. I say, `Maybe he escaped and lost his memory.' But it's all in your imagination. You try to do that as an escape, but I guess he's gone."

-- VANESSA BAUZA

Five years after her brother's death, Janet Roy is working toward a memorial worthy of his sacrifice.

Within minutes after the twin towers were attacked, Capt. William F. Burke Jr., of Engine Company 21, was climbing the north tower with other firefighters.

And in one of his last calls, he reassured a frightened friend, saying, "This is who I am. This is my job." When the south tower collapsed, he ordered the firefighters around him out of the building and stayed to help carry a paraplegic man down the stairs.

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The rest of his company made it to safety. Burke died with the man he was attempting to save, his sister later learned.

Burke was the oldest of six children; Roy the youngest.

After the towers collapsed, her day was consumed by prayer and dozens of frantic phone calls.

At first she prayed that Burke had escaped and lost communication. Then she hoped he was injured but alive at a hospital. Or breathing but trapped beneath the rubble.

As the days wore on, it became clear that Burke had perished.

"It's still very painful, but I know his life wasn't given up in vain," said Roy, a mother of two young children who lives in Pompano Beach.

"He saved the lives of his engine company, Engine Company 21, people who are working there these days."

"There's a soldier who carries his Mass card in Afghanistan--it's something like that that makes it bearable," she said, referring to the cards that signify a Catholic Mass has been celebrated for the deceased.

Now she's concerned with how we pay tribute to the fallen. Not just emergency workers like her brother, she stressed, but the hundreds of office workers and the men, women and children on the jets.

Together with other families of those who died, Roy has pushed architects, planners and government officials to develop a memorial less abstract than the one planned. This is consecrated ground, she said, the graveyard of almost 3,000 people. No trace was found of about 1,000 people, including her brother.

"As horrible as that day was, as many deaths as there were, people can't look at that as a day of defeat," Roy said.

"Pure evil attacked us--there's no other way to describe it. But look at what happened. We know from the film, the tapes, all of the accounts, that they were very compassionate, very heroic, with each other."

-- TIM COLLIE

For Carrie Ross, Sept. 11 brings a bittersweet pilgrimage to the knee-high grasses and hemlock trees of the Pennsylvania field where her daughter died.

This weekend Ross, her two sisters and brother-in-law plan to drive the 1,000 miles from Fort Pierce to the crash site in rural Shanksville to pay tribute to Cee Cee Ross Lyles, a flight attendant on United Airlines Flight 93, mother of two, wife, daughter and niece. It is a place that fills Ross with heartache, but offers comfort in the embrace of other victims' relatives. Their faces and stories are familiar from previous visits to the site.

"We're all in the same boat," Ross said. "You are hurting, and yet you are trying to be strong. I start to think about how brave they were and how they fought back. I think we feel a sense of pride. A sense of sorrow, of course, but also a sense of pride because we know they were the first civilian soldiers."

Becoming a flight attendant was a dream come true for Ross Lyles, who was 33. The former Fort Pierce police officer started a job at United Airlines about a year before the crash. She loved traveling and made a point of coordinating mini-vacations to different cities with her husband, Lorne Lyles, and sons, Jerome Smith, now 21, and Jevon Castrillo, now 11.

Though Ross worried her daughter's new career would keep her away from the family too much, she thought it would be safer than patrolling the streets. She also knew better than to try to change her daughter's mind once it was made up, and seeing how happy she was made their time apart easier.

Ross feels grateful that the Pennsylvania crash claimed no victims on the ground.

"I would say that God chose that field," she said. "All around that place is homes ... and there is a school within two minutes of where the plane went down."

The field has yielded some powerful mementos: poems scrawled on fence boards, 40 angels carved of wood, military medals and boots left by soldiers, flags planted in the ground. Carrie Ross keeps a handful of stones from the field in her dresser drawer at home.

"I picked the rocks up because I felt I was picking up part of my child," she said. "I felt it was a sacred place, and I wanted to bring a part of that with me."

-- VANESSA BAUZA

Cheryl Paynter's brother and sister-in-law worked together at the Pentagon for 20 years. When Paynter did not hear from Craig or Cheryle Sincock in the frantic hours after Sept. 11, 2001 she feared the worst: that they had both been killed in the fire that engulfed the west side of the building where they worked.

But Craig Sincock was out of the building when American Airlines Flight 77 crashed into the Pentagon. His wife of 25 years, however, was in her office, talking on the phone with her daughter when the plane crashed.

Sincock, who was 53 when she died, doted on her three daughters and six grandchildren. Though they prodded her to retire she enjoyed her job as a secretary to one of the generals too much.

"She had a wonderful sense of humor, was always joking around and making wise cracks…The kids really wanted her to be home more, but she loved her job," said Paynter, 60, of Lake Worth.

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In the five years since the terrorist attacks, Paynter and Craig Sincock, like so many other relatives of Sept. 11 victims, have worked to rebuild their lives.

"His words to me were 'I knew I had to reach out and help other people,'." Paynter said.

After his wife's death Craig Sincock founded a support group for Pentagon families. Through that group he met a widow, Patricia Fallon, whose daughter was killed at the Pentagon. Their relationship deepened, and the couple married in January, Paynter said.

Paynter said Sincock's death has brought her closer to her brother and other siblings.

"It makes one realize in a split second they can be gone," said Paynter, who now talks to Craig Sincock on the phone several times a week and takes vacation time to see him.

After Sincock died Paynter also paid closer attention to politics. She began scrutinizing candidates' positions on security issues, making sure she knew their background and experience before voting.

"I feel like we all have to be involved," Paynter said. "I'm definitely more involved in my community and do a lot more reading on the political side than I used to. I became an advocate to make sure…it doesn't happen again…The only way we can make government accountable to the people is to take an active part and be heard."

-- VANESSA BAUZA

Reopening Old Wounds 9/11 Families Say Remains Mishandled (AJC)

By David Ho, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 10, 2006

New York — Near Ground Zero, where their loved ones died nearly five years ago, families of victims blamed city officials Saturday for allowing human remains to stay entombed at a closed city garbage dump without proper burial.

Of the 2,749 people killed in the terror attacks at the World Trade Center, the remains of about 1,150 were never found or identified.

While some family members have for years pushed for a fuller accounting, their efforts have intensified in the weeks leading up to the fifth anniversary of the attacks on Monday.

The discovery in recent months of about 760 body parts, mostly small bone fragments, at a nearby damaged skyscraper slated for demolition has fueled their outrage.

"The dead are not here at Ground Zero, though for many of us their spirits are still here," said Diane Horning, whose son, Matthew, was killed in the attacks. "Their corporal bodies are in a garbage dump."

She called it a "national shame."

Horning, a co-founder of WTC Families For Proper Burial, spoke to the scores of family members and supporters who gathered near the site surrounded by news crews and curious tourists.

Many family members wore black and purple ribbons, held photos of their dead and hefted signs saying "Rest in Peace NOT in Garbage."

After the attacks, search crews excavated the mountains of debris where the twin towers once stood. Trucks hauled away much of the rubble to a closed Staten Island landfill, where workers sifted one last time, spending months looking for remains, IDs, personal effects and criminal evidence.

Overall, fewer than 300 intact bodies and more than 20,000 parts were recovered. Many of those remains have not been identified.

Horning's group sued New York City in federal court, accusing it of not doing enough to search the debris for remains. The group said the city is expected to respond on Sept. 22 to the lawsuit, which alleges negligence and violations of property and religious rights.

Much of the concern had been over remains turned to ash and mixed with pulverized building materials by the incredible violence of the attacks. But the recent finding of body parts near Ground Zero has some families asking if larger and identifiable remains are still in other buildings and the landfill.

Mayor Michael Bloomberg's administration has said past searches were adequate and moving all the debris that might contain remains — hundreds of thousands of tons — would cost too much.

While much of the initial search after the attacks focused on the 16-acre World Trade Center site, debris from the towers and the hijacked jetliners also fell on other buildings and the surrounding neighborhood.

Massive falling wreckage from one of the twin towers severely damaged and contaminated the skyscraper known as the Deutsche Bank building. Wrapped in black netting and filled with toxic dust, the vacant building has been an environmental nightmare and a looming reminder of the attacks.

In the past year, crews preparing to tear it down found so many remains that expert searchers were called in.

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Some U.S. senators have called for a special military team experienced in finding the remains of soldiers from past wars to search the area.

The Bloomberg Vista (NYT)

By Jonathan Mahler

The New York Times, September 10, 2006

Mayor Bloomberg likes to eat out, and he makes an effort to have at least one meal a week in a borough other than Manhattan, often at restaurants that are more old-school than upscale. On an afternoon last month, he went to Bensonhurst, a working-class Italian neighborhood in Brooklyn, for lunch at the Vegas Diner. "My ex-wife used to always have two different answers to the question 'What's your favorite restaurant?' " Bloomberg said, studying the Vegas's oversize menu. "What's your favorite restaurant if you're going to eat one meal before you die, or if you're going to eat all of the meals the rest of your life? I would pick a big Greek diner for all of the meals the rest of my life. All the food comes in 10 minutes, it's all the same price and it's actually not bad."

The mayor had left his jacket in the car but was otherwise in his trademark attire: dark blue suit pants, black tasseled loafers, red tie and a monogrammed dress shirt — MRB — with Big Apple cuff links. A small, trim man, he looked well rested and energetic, despite the fact that he'd been up before dawn to jog on his treadmill after a late night out with his youngest daughter in George Steinbrenner's box at Yankee Stadium.

The mayor is by no means folksy, but he seemed surprisingly at ease piling coleslaw on top of Saltines and chatting with customers as he waited for his western omelet to arrive. He gamely, if a bit stiffly, raised his palm up for high-fives to autograph-seeking children — "How about a high-five for the mayor? Come on, you can do better than that!" — and parried chivalrously with a few elderly women who approached to pay their respects. "I can't tell you how much I love you," said one. "Women in their mid-30's like you are so smart," the mayor replied. "I'm going to be 86," the woman said. Bloomberg feigned surprise. "My mother's 97. You're a young woman!"

That afternoon, the mayor was focused on new state legislation aimed at making it easier for workers who claim they developed illnesses while cleaning up the World Trade Center site to collect benefits. Bloomberg was conspicuously absent from the ground-zero press conference the day before at which Governor Pataki signed the bills into law, and the mayor then proceeded to denounce the laws as fiscally unsound.

"I have a legal responsibility to make sure the public's money is spent wisely," the mayor told me, stuffing a slaw-laden Saltine into his mouth. "You're either going to have to raise taxes or cut services for this. We're talking about $10 to $15 million a year. Do you know how many teachers or firefighters you can get for that?" The mayor pushed away his plate of pickles and coleslaw. "We've got an insurance fund, and if we don't make sure that we only pay out legitimate claims, we're not going to have any money down the road. When I say you've got to show the damage was done to your worker, they say, 'Oh, well, we'll have them sign a paper.' Does anybody understand what's going on?" Here Bloomberg lowered his voice to a whisper, as he often does when he's about to say something a little bit controversial, an unconscious tick that can drive his press secretaries crazy. "In some agencies there's never been a person who retired without a disability claim."

If the mayor has grown more comfortable with small talk and quotidian interactions since he was first elected, in 2001, he has not lost his knack for staking out politically unpopular positions, particularly when it comes to emotionally charged, symbolic issues. And even five years after the terrorist attack on the World Trade Center, no issue is more emotionally charged and symbolic than ground zero. On the day that the mayor and I met for lunch, The Daily News, usually Bloomberg's most faithful supporter, called him "coldhearted" for opposing the new laws. A prominent labor leader told The New York Post: "It's time for him to stop talking like a private banker . . . and start talking about human life — like the governor."

It was perhaps inevitable that whoever succeeded Rudolph Giuliani was going to seem insufficiently passionate when it came to 9/11, but from the beginning, some have found Bloomberg's attitude toward ground zero jarringly unsentimental. Giuliani established a close bond with the relatives of the victims, appearing frequently at funerals and inviting families to participate in discussions of what kind of memorial would be appropriate on the site; Bloomberg was criticized for not attending enough memorial services and was wary of giving the grieving families a role in urban planning. ("These people shouldn't be deciding on the future of a huge chunk of a city," the mayor told me.) Whenever the mayor ventured his own thoughts about the future of the World Trade Center site — warning against building too large a memorial or proposing that the site include residential buildings — his comments invariably provoked controversy. More often than not, Bloomberg simply said nothing. He appeared uncomfortable with the sort of muscular, emotional rhetoric that ground zero triggered in other politicians. In the spring of 2002, a ceremony was held at City Hall to raise the famous flag that had flown over the smoldering ruins; no speeches were given.

Today when you talk to the mayor about ground zero, he will often steer the conversation away from the 16-acre site and toward the rest of the area around it, a neighborhood that starts north of the Trade Center site at Chambers Street and extends

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to the southern tip of the island. “The press keeps writing about the World Trade Center site,” he says, “but if you look at a map, it’s a very small part of downtown. The other part of Lower Manhattan, which is the vast bulk of it, doesn’t get any attention.”

The World Trade Center site is owned in its entirety by the Port Authority, and the leases to the buildings that were reduced to rubble on 9/11 are all held by a single private developer, Larry Silverstein. With no legal authority on the site itself, the mayor has opted to concentrate his efforts instead on the surrounding area, which was also badly damaged — if psychologically and economically rather than physically — on 9/11.

But Bloomberg’s emphasis on Lower Manhattan also reveals something more fundamental about his attitude toward ground zero. To many New Yorkers, whatever buildings rise on that hallowed ground will be our response to the terrorists, a statement of defiance and an expression of our ideals. Bloomberg’s hope for these 16 acres is both more and less ambitious. To him, they are not important for what they say to the world but rather for what they could mean to a reimagined and re-energized Lower Manhattan, which in many ways embodies his larger vision for the future of the city.

For decades, the story of Lower Manhattan has been one of seemingly inexorable economic decline. The city’s business axis first began tilting toward Midtown before the Depression, when Grand Central Terminal and Pennsylvania Station started bringing in waves of commuters who preferred to work within walking distance of their train stations, not to mention all of the restaurants and theaters around Times Square. Innovations in engineering were giving rise to a new generation of taller skyscrapers with more usable floor space, larger windows, modern elevators and central air-conditioning, rendering Lower Manhattan’s patchwork of low-slung 19th- and early-20th-century limestone-and-granite relics and cramped turn-of-the-century office towers obsolete. In the 1950’s, the growing suburbanization of metropolitan New York and a postwar building boom concentrated almost exclusively in Midtown made downtown seem all the more anachronistic.

In 1955, the banking scion and aspiring urban planner David Rockefeller tried to jump-start development in the district by placing the new headquarters of his family’s Chase Manhattan Bank there. But the 60-story tower did little to stop the flow of business uptown. In the 1970’s came Westway, a federally financed proposal to bury the West Side Highway and build above it a huge waterfront park lined with clusters of high-rises; it was defeated after nearly a decade of contentious debate.

The World Trade Center was itself conceived to help breathe new life into Lower Manhattan by transforming it into the global center of international trade. Instead, the twin towers only exacerbated the neighborhood’s problems, cannibalizing tenants from the rest of the financial district while pushing restaurants and retail stores underground and — in unflattering contrast with Midtown’s Rockefeller Center — failing to provide any public outdoor space save for a wind-swept plaza. By 1995, about one-quarter of the offices in Lower Manhattan, roughly 20 million square feet, stood vacant.

“If you take a look at the concentration of financial firms downtown, the high point was before World War II, and it has been declining ever since,” the mayor told me a few months ago. The principal architect of Bloomberg’s effort to reinvent downtown is his deputy mayor for economic development and reconstruction, Daniel Doctoroff, a former investment banker who, in 1996, founded NYC 2012, the campaign to bring the 2012 summer Olympics to New York. “Our vision for Lower Manhattan was in some ways a very romantic notion, and in other ways an unromantic notion,” Doctoroff says. “The unromantic notion was accepting that the place was a mess before 9/11. It’s no coincidence that the mayor didn’t put his company there. But there’s also an opportunity because all of this money’s going to be pouring in. So it was a matter of creating an opportunity out of a problem.”

From the beginning of his tenure at City Hall, Doctoroff wanted to find a way to gain control over the Trade Center site — he ultimately proposed an unsuccessful trade with the Port Authority: the two New York City airports for ground zero — but he was confident that even if he failed, the city could transform the neighborhood by working around the 16-acres, nurturing its redevelopment not just as a financial district but as a mixed-use community. In the spring of 2002, Doctoroff started working on a new blueprint for Lower Manhattan. A number of city agencies provided input, as did a variety of architects and city planners, including Alex Garvin, a bow-tied urban planner and professor at Yale University who helped Doctoroff create a conceptual strategy for the city’s Olympic bid. “We know how to build memorials, and we know how to rebuild cities,” Garvin says. “But the problem here was different. The problem here was how do you grow a downtown, which was essentially slowly dying in its competition with Midtown and the rest of the region, around a memorial?”

A little more than a year after his election, Mayor Bloomberg rolled out his vision for the future of Lower Manhattan at a breakfast of the city’s leading businessmen in the ballroom of the Wall Street’s Regent Hotel, a 160-year-old Greek Revival landmark that was once home to the New York Stock Exchange. Standing in the hotel’s ballroom, a 12,000-square-foot rotunda that only a year before was a haven for 9/11 rescue workers and downtown’s dispossessed, Bloomberg conjured a sort of utopian urban hamlet, “a live-and-work-and-visit community for the world,” with apartments and offices but also cafes, performing-arts pavilions, cultural facilities and public places. Tree-lined boulevards would replace the canyons of Wall Street, and the East River waterfront would be studded with ballfields, an outdoor ice rink and even a floating garden.

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"Chuck Schumer says he wants downtown to be a vibrant financial center," the mayor told me this summer, referring to New York's senior senator. We were at City Hall, sitting in a vast 19th-century chamber that represents one of the mayor's first managerial innovations: neither the mayor nor his senior staff have offices; they all sit in cubicles in what was once this former hearing room. "But there's real evidence that the future of downtown is not as an enormous commercial center. On the other hand, what does downtown have? It has phenomenal views, great mass transportation, beautiful old buildings that can be converted easily into residential. Now, does that mean companies can't stay down there? No, quite the contrary. I would argue that the reason most companies want to be in Midtown is because their employees can walk to work, go out to lunch to great restaurants. After work they can find taxi cabs, be entertained, go to the theater or a bar or whatever."

There is no model for the Lower Manhattan the mayor envisions. Unlike TriBeCa, its neighbor to the north, it will remain partly commercial, though it will be considerably more residential than Midtown. Because the island narrows so much at the tip, the apartments and office buildings will stand shoulder to shoulder. Most of Manhattan was built to face inward, away from the bustling, filthy waterfront; Bloomberg hopes to reconnect downtown to both the Hudson and East Rivers by encircling the neighborhood with a necklace of public parkland.

Partly to encourage downtown's evolution into a more residential neighborhood, the mayor has refused to offer aggressive incentives to businesses that are considering moving into, or out of, the area. Shortly after his inauguration, Bloomberg scuttled several hundred million dollars in subsidies that Giuliani had promised the New York Stock Exchange, which had been making noise about relocating to New Jersey, to help underwrite a new 10-story trading floor, topped by a 50-story office tower. (The N.Y.S.E. ultimately decided to stay, which hardly surprised Bloomberg: "They're the New York Stock Exchange. Where were they going to go?") The mayor gave Goldman Sachs about half the tax breaks it demanded to build a new $2 billion headquarters just west of ground zero, and he still regrets not giving the firm less.

More controversially, the mayor has allocated hundreds of millions of dollars' worth of Liberty Bonds, awarded by Congress to the city and state after Sept. 11, for new apartment towers in Lower Manhattan, as well as new office buildings in Midtown and Brooklyn. The bonds were intended to help finance New York's 9/11 recovery, and Bloomberg has been accused of betraying their spirit. The mayor's critics also point out that downtown was undergoing something of a commercial renaissance when the twin towers were attacked: thanks to the bull market of the late 1990's, offices that had long been empty were filling with traders, brokers, bankers and lawyers.

If Bloomberg is underestimating the commercial potential of downtown, the nation's historic heart of high finance, it is partly deliberate. According to the Federal Reserve, Wall Street continues to account for 20 percent of the city's earnings, which means that New York's economy is inevitably at the whim of the market. The mayor would like to reduce the city's dependence on the financial sector by encouraging residential conversions downtown and creating new commercial centers in other parts of the city.

But the mayor's ideas about the future of downtown are also a product of his own experience. Bloomberg started working for Salomon Brothers fresh out of Harvard Business School in a run-down building on Wall Street in 1966, hand-counting stock and bond certificates in an un-air-conditioned bank vault in his underwear, a task that has long since gone the way of the telegram and the mimeograph. His career in business traced the rise of the information age that contributed to downtown's demise; he made his fortune by developing a desktop terminal that allows brokers and traders to remain connected to Wall Street from anywhere in the world.

Bloomberg says that what will attract companies to Lower Manhattan — and, for that matter, to the rest of the city — are not the imperatives of their industry but the quality of life. "Companies come here because the people they want to employ want to live here," the mayor told me. "I can look at my own business. We never would have been remotely successful anywhere else in the world." The city's job, then, is to make New York an appealing place to live. "Cultural institutions, great parks, clean streets, safe streets — those are the things that get the work force here."

The transformation of Lower Manhattan is now under way. Many of the old office buildings lining Wall Street are being converted into luxury apartments. In the immediate aftermath of Sept. 11, it seemed almost inconceivable that anyone would ever want to live downtown; today, it is the fastest-growing residential area in the city. There has been an influx of new stores, including a BMW dealership that recently appeared on the former site of an investment bank. Santiago Calatrava's $2.2 billion glass-enclosed train station, which planners hope will ultimately connect Lower Manhattan directly to J.F.K. and Newark airports, is under construction, as is a new, 12-line subway station and Hudson River ferry terminal. The extension of the West Side promenade to the Battery, the first phase in the reclaiming of downtown's waterfront, was completed in July. "For 25 years, people have been trying to figure out how to bring people from the northern suburbs to Lower Manhattan," says Mitchell L. Moss, a professor of New York history at New York University and an informal adviser to Bloomberg. "What we're seeing now is that downtown is being made into a place where people can work and live."

Some of this development would surely have happened without Bloomberg. Like the obsolete manufacturing lofts of SoHo and TriBeCa, the old office buildings of Lower Manhattan were ripe for conversion; the trend started in earnest under Mayor

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Giuliani. Still, even after just five years, it's easy to forget how uncertain the future of this neighborhood seemed in the wake of 9/11. "People say, 'Oh, it's just market forces,' " Doctoroff says. "But people invest in an area because they believe in its future, and that requires articulating a vision and a plan that gives people hope."

It is impossible to separate the mayor from his personal fortune, and one of the clearest ways in which his wealth has manifested itself is in his senior staff appointments. For most mayors, hiring deputies is an exercise in rewarding political supporters and loyal foot soldiers. There is an element of quid pro quo to this, but it is also the most efficient way for mayors to insulate themselves against the hostile forces they will inevitably confront while running the city. The 2001 election was Bloomberg's first foray into politics; he had no political foot soldiers to speak of. What's more, he financed his own campaign, so he had no favors to repay.

As a result, Bloomberg has surrounded himself with an unusual group of senior staff members, including the 48-year-old Doctoroff. A Harvard graduate with a law degree from the University of Chicago, Doctoroff had virtually no political experience before joining the Bloomberg administration, and he and the mayor were only casually acquainted; Doctoroff had lobbied Bloomberg, then a private businessman, to help support the city's Olympic bid.

Bloomberg has also given his deputies an unusual amount of power, particularly compared with Giuliani, a notorious micromanager. This is not to say that Bloomberg is easy to work for. At a recent civic-association meeting in Queens, I heard the mayor publicly grill a commissioner for the Department of Buildings about a potentially unsafe construction site: "You're telling me there's nothing we can do about it? When was the last time we had a building inspector there? Well, let's have another one there tomorrow." But as long as his senior staff can prove, in numerical terms, that they are producing results, the mayor lets them do their jobs and is happy to give them credit for their accomplishments. In Bloomberg's mind, no one deserves more credit than Doctoroff: "History will show that Dan Doctoroff had a bigger impact on this city than virtually anybody."

Bloomberg and Doctoroff are, in many ways, kindred spirits. Both were born and raised away from New York — Bloomberg grew up in suburban Boston, Doctoroff in suburban Detroit — but started their careers in the city and quickly fell in love with it. Doctoroff also decided to go into government after first making his fortune in business. Before joining the mayor's administration following the 2001 election, he ran Oak Hill Capital Partners, whose largest investor is the Texas billionaire Robert Bass. Now he makes an annual pretax salary of $1. And like the mayor, Doctoroff has a reputation for being competitive and inflexible. "Dan is not a guy who likes to go along for the ride," someone who has negotiated against him told me. "He's an able guy who has been successful throughout his career and has always gotten his way."

Doctoroff lives on the Upper West Side, but when we made a date to meet for dinner a few months ago, he suggested an Italian restaurant in a converted 130-year-old drugstore in Clinton Hill, a recently gentrified brownstone neighborhood in north Brooklyn. Doctoroff is tall and athletic-looking — he often bikes to work at City Hall — but shortly after we sat down he told me he was on a diet. He had just made a $1,000 bet with a friend that he could lose 15 pounds first. "I've done it before," he said. "It's the only way I can lose weight."

Doctoroff ordered fish and a diet Coke and over the course of the next three hours proceeded to explain the mayor's broader development strategy for New York. For the most part, the plan grew out of a McKinsey & Company study revealing that the city's need for office space and housing was quickly outpacing its supply. According to McKinsey's estimates, the city would need an additional 70 million square feet of office space over the next 25 years; over that same period, more than one million people were going to arrive in New York. More people meant more amenities. The conclusion was self-evident: to continue to grow, the city was going to have to undergo a period of hyperactive development.

Doctoroff set about identifying underused areas that could be repurposed. Here, the city's outdated zoning codes played to his advantage. Because New York's last comprehensive rezoning took place in 1961, when there were nearly one million more manufacturing jobs in the city, there were large tracts of idle land across the five boroughs. If necessary, Doctoroff figured, the city could employ its powers of eminent domain to condemn private property before turning it over to developers. "You have huge swaths of the city that are no longer relevant to its economy," he told me, "old piers on the waterfront, elevated freight lines, military bases like Governors Island, warehousing districts, rail yards." The approach mirrored Doctoroff's strategy for NYC 2012, which envisioned transforming neglected pockets of the city into sporting venues.

The Olympic plan is dead, but signs of the Bloomberg administration's development strategy will soon spring to life around the city. "We are literally dragging New York into the 21st century," Doctoroff says. A two-mile stretch of dormant Brooklyn property along the Greenpoint-Williamsburg waterfront was recently rezoned for housing and parkland; a decommissioned Navy port on Staten Island will be turned into apartment complexes, restaurants and a recreational sports facility; the crumbling Bronx Terminal Market will be demolished and reconstructed as a retail mall; the Atlantic railroad yards in Brooklyn may someday soon house the New Jersey Nets, as well as mixed-income apartments and 600,000 square feet of new office space. These are just a few of the dozens of development projects currently on the boards. All are contingent on the continuing strength of the city's economy. Most are years away from completion; some, like the Atlantic yards plan, face strong community resistance. But the

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mayor's office has already rezoned the equivalent of nearly 4,300 blocks throughout the five boroughs for commercial and residential use.

It's not Bloomberg's style to speak in grandiose terms about these projects — he is by nature more of a problem solver than a visionary — and yet taken together, they do amount to a surprising vision for the future of New York. The popular cliché holds that the mayor governs like a modern C.E.O., and hiring McKinsey to help devise a long-term business strategy for the city certainly plays into that perception. But at the same time, Bloomberg seems to be trying to return parts of New York to what it was before it became a city of investment bankers and venture capitalists. By setting all of this development in motion, the mayor is seeking to sustain the city's growth — and thus ensure that there will be housing and jobs for those who don't work on Wall Street. It was toward that same end that Bloomberg took control of the city's struggling school system and that he introduced New York's largest affordable-housing program in decades.

Bloomberg's New York is hardly a city where the children of civil servants will live alongside the children of financiers. It's far more economical for him to create affordable housing in the outer boroughs, which will no doubt accelerate Manhattan's evolution into an island of the wealthy, a trend underscored by the imminent sale of Stuyvesant Town and Peter Cooper Village, two large middle-class enclaves on the east side. And the mayor is by no means opposed to the sort of gentrification that has driven up prices in once relatively affordable neighborhoods like Harlem. "If you're worried about gentrification," he says, "don't improve the schools and don't bring down crime."

Still, the mayor's development strategy harks back to a less high-flying, more idealistic era in the city's history. His affordable-housing initiative, for instance, embraces New York's rent-control laws, a remnant of its social-democratic past. There is something incongruous about a billionaire entrepreneur championing, if implicitly, a return to a time when the city was more hospitable to the working class. For better or for worse, Bloomberg doesn't engage in self-mythologizing about his own lower-middle-class roots when he speaks about his plans for the city. "What, I have to prove that my mother washed more floors than yours to prove that I have the legitimacy to address issues?" he says. "I don't think so."

Similarly, in reviving the city's long-dormant tradition of large-scale urban planning, Bloomberg is, in a sense, trying to reverse recent history. Ever since Jane Jacobs and her fellow urban warriors rose up against Robert Moses nearly a half-century ago, an ethos of preservation and protection has held sway in New York. Unwilling to entrust the city's growth to gradual, organic forces, Bloomberg is opting instead for bold re-engineering. He and Doctoroff have clearly learned from the mistakes of their predecessors. Rather than heedlessly plowing under indigenous neighborhoods in the name of urban renewal, they have largely targeted derelict areas whose natural evolution has been retarded by the city's anachronistic zoning codes. Nor do their development plans include housing projects or monolithic commercial towers, which invariably create ghettos and destroy street life; they are geared instead toward what planners refer to as "mixed-use complexes" and "24-hour communities."

Nevertheless, the mayor's ambitions can hardly be concealed, and his critics on the right would prefer that he leave development to the free market. "We have such pie-in-the-sky ideas from Bloomberg," says Nicole Gelinas, a senior fellow at the Manhattan Institute, an influential conservative research group. "Meanwhile, the infrastructure that the city should be focusing on, like the subways, is being ignored. That's the real barrier our natural growth is going to bump up against." (For his part, Bloomberg told me: "I take the subway. My attitude is go earlier if the train's crowded.")

Moreover, in a city as densely packed as New York, development almost always encroaches on existing neighborhoods; opposition is inevitable, as was the case with Bloomberg's failed plan to build a $2 billion stadium for the New York Jets, the centerpiece of his plan to create a new neighborhood of residential and office towers on a vacant tract of property on Manhattan's Far West Side. "History will show that the decision on the West Side stadium was a disaster for the city," the mayor told me, reiterating his conviction that the stadium's retractable roof would have made it a popular venue for conventions and thus created countless jobs.

To Bloomberg's critics, the stadium showed the mayor at his worst, callously disregarding public opinion and stubbornly refusing to build a consensus among his fellow elected officials. In the end, it was one of those politicians, Assembly Speaker Sheldon Silver, Lower Manhattan's representative in Albany, who delivered the fatal blow to the stadium, maintaining that the development of the West Side would impede the commercial rebirth of downtown. In fact, Silver says the city went so far as to actively steer businesses away from Lower Manhattan and toward the Far West Side. (Doctoroff denies this.) To Silver, it was unconscionable for the mayor to set his sights on a whole new piece of property in Manhattan rather than helping to replace the nearly 15 million square feet of downtown office space the city lost on 9/11.

It was almost a year ago that Mayor Bloomberg walked into a meeting with the Daily News editorial board and joined the ground-zero fray, calling for housing to be built on the site rather than offices and declaring that the city would be better off without Larry Silverstein there. "Butt Out, Larry," blared a headline in The News two days later.

Bloomberg's comments were unplanned, and they came as a shock to Silverstein and to Governor Pataki, who controls half of the Port Authority, the owner of the land, and was thus the lead politician at ground zero. The mayor's staff was less

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surprised: for months, he had privately been expressing concern about the site, which, for all of the post-9/11 urgency to rebuild, still hadn't been excavated. Only weeks earlier, the governor had scrapped two of the cultural institutions intended for the site after a number of the victims' families voiced concerns that they might mount exhibits that denigrate America. The foundation in charge of raising money for the memorial was several hundred million dollars shy of their estimated cost of $1 billion. "Things were getting out of hand," Bloomberg told me, "and nobody had the courage to stand up and — well that's a little bit self-serving — but nobody would stand up and say anything."

Eight days before Bloomberg's comments to The News, a Quinnipiac poll revealed that an overwhelming number of New Yorkers wanted the mayor, rather than the governor, to be in charge at ground zero. The World Trade Center site was obviously in chaos, but those sentiments seemed as much a measure of New York's confidence in its mayor as they were an expression of frustration with the rebuilding process. That impression was confirmed less than a month after the poll was conducted, when the mayor was re-elected in a historic landslide.

Today, rumors persist that Bloomberg is considering running for president, his own coy protestations notwithstanding. (When I asked the mayor about this, he repeated his intentions to leave politics when his second term expires: "It's very nice they play <object.title class="Movie" idsrc="nyt_ttl" value="21268">"Hail to the Chief" and that you have your own plane. For most people that's a big deal, but it isn't a big deal for me — no offense, I hope you have your own plane someday.")</object.title>

Given how popular he has become, it's easy to forget that only three years ago, Bloomberg's approval ratings were hovering at 30 percent, the lowest of any New York mayor in decades. The prevailing perception was that he was completely divorced from the experiences of everyday New Yorkers, and yet just self-righteous enough to tell them what was in their best interests.

What accounts for this turnaround? The most obvious answer is circumstantial. When Bloomberg came into office, he inherited a $4 billion budget deficit — $1 billion less than his own personal fortune but nevertheless a staggering sum — and a local economy buffeted by Sept. 11. Economists were talking about the prospect of a fiscal crisis, and New Yorkers were imagining the rest: a return to the gritty, grimy 70's. New York is now booming: during the fiscal year that ended on June 30, the city recorded a budget surplus of $3.7 billion. The $85 million that the mayor spent on his 2005 re-election campaign also, no doubt, helped burnish his image.

The mayor himself ascribes his newfound popularity to the fact that the city respects him for sticking to his beliefs. "I am adamantly pro-choice, I am pro-gay-rights and have said a thousand times that I don't think it's the government's business who you marry, and yet I carried most Catholic communities," Bloomberg told me, referring to his re-election. "And we carried the Upper West Side, an area where you'd never think in a million years a capitalist, running as a Republican, could win. That will be my legacy."

Bloomberg and his staff like to talk about his refusal to pander, which isn't to say that he isn't happy to exploit his views for political gain. On the eve of the 2005 mayoral election, Bloomberg came out against the confirmation of Justice John Roberts, citing the possibility that he might vote to overturn Roe v. Wade, the landmark abortion-rights decision that the vast majority of New Yorkers support. And in New York, a city that likes its mayors combative, talking about your unwillingness to pander is its own form of pandering. That said, it is hard not to admire the political courage Bloomberg has displayed in championing unpopular causes like the smoking ban, which he pursued with the zeal of a modern-day prohibitionist. Nor is there much doubt that by virtually every measure, New York is a better place to live and work than when Bloomberg first took office — crime is down, the welfare rolls are shrinking, the city is experiencing a historic boom in construction.

The mayor has clearly settled into the job. He rarely flies off to Bermuda in his private jet for the weekend; instead he traverses the boroughs, marching in parades, visiting injured cops and attending funerals and weddings. He'll occasionally manage to get in a round of golf at one of the private clubs he belongs to in Westchester or Long Island, but he also speaks with firsthand knowledge about the city's public courses. During his first few years in office, he tended to avoid civic-association meetings whenever he could. He now seems to genuinely enjoy the feedback, and no complaint is too picayune to capture his interest. He's a regular caller to 311, the hotline he created so New Yorkers could voice nonemergency concerns, identifying himself simply as "Bloomberg," before reporting some unsightly graffiti or uncollected garbage.

Most of all, though, New York has gotten used to Bloomberg. New Yorkers have a unique personal relationship with their mayor. They expect him to be as much a mascot for the city, a personification of its particular spirit, as an executive. They want wisecracks, expressions of outrage, expressions of compassion, displays of emotion. These are not abundant in Bloomberg's repertory. While he seems much looser speaking publicly than he did during his first years in office, the mayor can still sound like a substitute teacher trying to relate to his class, reminding students to get good grades and to swim only when lifeguards are on duty.

Not that the mayor notices. If Ed Koch, the archetype of the mayor as mascot, had an almost pathological need for affirmation, evidenced by his famous rhetorical refrain, "How am I doin'?" Bloomberg truly doesn't seem to care what people think

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of him. When Salomon Brothers was purchased in 1981, Bloomberg, who'd been with the firm for 15 years, was one of only a handful of partners fired rather than offered employment at the newly merged company, a seeming indignity that evidently didn't bother him in the least. The morning after his last day on the job, he started Bloomberg L.P., the eponymous media company that would make him one of the richest men in America.

Even when his poll numbers were in the tank, he rarely expressed anything approaching regret about having decided to go into politics. "There were days when I was furious about things that were written about me, I was furious about something I had said or about something that had happened, but I always get into bed and fall asleep instantly," the mayor says. "You've got to look forward. You've got to get on with it."

To date, only one building leveled on Sept. 11 has been rebuilt: 7 World Trade Center, a sleek, soaring pale glass tower just north of the site, and therefore just beyond the reach of the architect Daniel Libeskind's master plan. It is hard not to see the building as a 52-story monument to the triumph of the free market over big government. And yet that perception is complicated by the fact that the historic skyscraper, which opened with great fanfare last May, remains about half-empty.

Silverstein Properties is the owner of 7 W.T.C. and is one of its seven tenants, occupying the entire 38th floor. Rather than taking a space on the north side of the building, which offers sweeping views of the Manhattan skyline and the Hudson River, the head of the company, Larry Silverstein, chose to be on the less-scenic south side, where he could monitor the rebuilding on the World Trade Center site.

The 75-year-old Silverstein's relentless optimism has carried him through seven recessions and a few brushes with bankruptcy over the course of his long career. The son of a Russian-Jewish immigrant and Lower East Side real estate broker, Silverstein bought his first building on East 23rd Street in 1957, picked up some used fluorescent lights for the lobby, slapped a fresh coat of white paint on the dingy walls and raised the rent 10 cents a square foot. A career as a real estate developer was born. Until recently, Silverstein's crowning achievement was signing a 99-year lease for the World Trade Center with the Port Authority in July 2001. Now his sights are set on something much, much bigger: rebuilding ground zero.

The lone private developer in the tangle of interest groups at the site, Silverstein has come under frequent fire. While rescue workers were still sifting through the debris, Silverstein announced that he intended to move quickly on the rebuilding. Later, his decision to sue his insurers over their unwillingness to treat the attacks as two separate incidents cemented his reputation as the money- and power-hungry real estate developer who puts his own ambitions over the public good.

At moments, the attacks on Silverstein have been unusually nasty. Charles Gargano, the vice chairman of the Port Authority, called him "greedy." The Daily News ran a humor column parodying the developer: "Oy. . .you think it's easy counting all that insurance money?" Silverstein is unfazed by the criticism. "There are a lot of naysayers out there," he told me in his office recently, "and no shortage of people who would like to get their hands on one of these buildings. I heard that there were all kinds of developers talking to the mayor and governor, urging them to throw me out so they could come in."

Silverstein's immediate task is finding tenants for 7 World Trade Center, a job that has not been made any easier by the enduring physical reminders of the lack of progress at ground zero. On one side of the building sits the empty 16-acre plot; on another is the scarred, moldy shell of Manhattan Community College's Fiterman Hall, which was half-destroyed on 9/11 and remains untouched. But the rents at 7 W.T.C. are also high. Silverstein is asking for a little more than $50 a square foot, a steep sum when compared with the average price of $40 in most commercial buildings in Lower Manhattan, though still less than Midtown, where the going rate is $57.

Months before the building was completed, Bloomberg was concerned about Silverstein's failure to find tenants for 7 W.T.C., and what that failure said about the developer's ability to rebuild the World Trade Center site. The mayor and Silverstein have an odd relationship. Bloomberg is close to a number of the city's high-profile real estate developers, polished, sophisticated men who belong to the same social and philanthropic circles as he does. Silverstein, who may be the only person who calls Bloomberg <object.title class="Movie" idsrc="nyt_ttl" value="102216;136443">"Michael" — most people call him Mr. Mayor; his friends call him Mike — is cut from a very different cloth. The differences run deep. Bloomberg and Doctoroff, the former investment bankers, last year pressed Silverstein for cash-flow numbers proving that he had the funds to get all five towers built before he ran out of money. Silverstein hadn't figured everything out yet; he was relying instead on confidence and moxie, the stock in trade of real estate developers. </object.title>

Much as he would have liked to, Bloomberg couldn't throw Silverstein off the site. The best he could hope for was to get him to surrender some of his control over it. Toward that end, he withheld more than a billion dollars' worth of Liberty Bonds that the developer was counting on. His administration also commissioned an investment bank to scrutinize the economics of Silverstein's rebuilding plan and used every opportunity to publicly question the developer's ability to build the five towers slated for the site before he ran out of money.

The mayor's biggest obstacle to forcing Silverstein to cede some control was the governor. Pataki and Bloomberg had diametrically different priorities at ground zero. No matter what the mayor accomplishes in the rest of Lower Manhattan, his

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legacy will be bound up with whatever happens, or doesn't happen, on those 16 acres. The governor's final term was winding down, and as a likely presidential candidate for 2008, he was disproportionately invested in a single building, the symbolically resonant Freedom Tower. As long as it was rising toward the sky when he hit the campaign trail, Pataki could use ground zero to his political advantage. He had a compelling incentive not to lean on Silverstein, lest he wind up jeopardizing progress on the Freedom Tower. Pataki and the small coterie of old-fashioned political operatives who make up his inner circle were also worried, according to a former senior city official, that it might look as if the mayor were — as the governor put it — "riding in on a white horse" to rescue him. (Pataki's office denies that the governor said that.)

Last spring, however, the governor agreed to join the mayor's campaign against the developer. In April, Bloomberg, Pataki and the Port Authority presented Silverstein with a new deal and pressured him to take it. Silverstein, his back against the wall, agreed to what were, in the end, relatively modest concessions. He retained control over three of the five towers and will build a fourth, the Freedom Tower, before handing it off to the Port Authority.

From Bloomberg's perspective, though, it was a victory. Silverstein surrendered some of his power over ground zero — enough, the mayor says, to get the site built. If everything goes according to plan, Lower Manhattan, which is already encased in scaffolding, will soon be the site of the largest urban redevelopment project ever undertaken. Over the next five years, 11,000 construction workers are expected to pack into downtown Manhattan, pouring 1.6 million cubic yards of concrete and raising 350,000 tons of steel at a total cost of roughly $22 billion, more than half of which will be spent at ground zero.

Substantial questions remain, however, including the consent of several of Silverstein's insurers. Until a final agreement is signed, the negotiations are not over. As Bloomberg knows, getting anything accomplished in New York is difficult under the best of circumstances, and the Trade Center site poses unique challenges. Outside ground zero, the forces arrayed against the mayor, from resolute community activists to ambitious political adversaries, are also estimable. What's more, the culture of preservation has strong roots in New York. While no one disputes that the city needs to adapt and grow, the handful of attempts to significantly alter the cityscape in the past half-century — the twin towers among them — have only vindicated opponents of large-scale urban planning.

In June, when I was riding uptown with the mayor to tour a newly renovated affordable-housing complex in the Bronx, I asked him what he thought was going to happen at ground zero. "There will be continuing problems — yelling and screaming — but we'll get it done," he answered. He paused for a moment, as he gazed out the window of his S.U.V. at Van Cortlandt Park, where he won a controversial battle a few years ago to bury a water-filtration plant beneath the park's golf course. "It ain't easy," he went on to say. "If you want to get something done, you bring in one person and give him power. But the days of Robert Moses are gone."

Feds Tight-lipped On Local 9/11 Ties (PALMBEACHP)

By Eliot Kleinberg, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 10, 2006

DELRAY BEACH — On July 5, 2001, a Delray Beach police officer pulled over a motorist for speeding. He let the man go with a warning. The pre-printed caution on it read in part: "Take a minute and consider how your careless driving affects the people you share these streets with and try to help make our streets a safer place to be." Nine weeks later, the motorist, Mohamed Atta, helped pilot American Airlines Flight 11 into the north tower of the World Trade Center.

For South Florida, the horror of Sept. 11 was compounded by the realization that at least 15 of the 19 hijackers were at one point living in the region — 12 of them in Palm Beach County.

But we know little more than that.

The federal government has told what it learned about the movements of the 19 hijackers in Hamburg, Germany; in San Diego; and in Maine. But not what they were doing here.

Terrorists rented apartments and hotel rooms, opened bank accounts, rented cars. Several had arrest warrants for traffic violations. They took flying lessons in at least six Florida cities. They took in naked lap dancers, intimidated hotel maids, gave waitresses lousy tips and argued with bar managers. They went on the Internet in a city library. And one quizzed a pharmacist about how to relieve mysteriously irritated hands.

But people who were interviewed when FBI agents swarmed across South Florida in the days following the attacks said in recent weeks that, if the investigation is ongoing, it's news to them. They said no one has contacted them since a few weeks after the attacks.

The exception: Willie Lee, manager of a crop-dusting outfit in Belle Glade that authorities said Atta checked out. He said investigators contacted him about eight months ago.

"They wanted to know if I'd noticed anything or seen anything suspicious," Lee said. "I haven't seen nothing."

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The U.S. Justice Department, parent agency of the FBI, has rejected three separate attempts by The Palm Beach Post to obtain documents under the federal Freedom of Information Act — in October 2001, November 2004 and May 2006. An appeal of the 2001 rejection was denied; the appeal of the 2006 rejection is pending.

Justice was not the only federal agency queried. Wanting to cover all possibilities, The Post submitted requests to more than 75 entities, from Amtrak to the Peace Corps to the State Department.

Many took months or even years to process inquiries — one responded to an October 2001 request in July of this year — often blaming delays on disruption of mail service because of the anthrax attacks. The majority of agencies released a few pages, nearly all of them already public, including news clippings, or said they had no documents related to the investigation, or said they'd turned over what they did have to Justice.

Justice, in denying the requests, said documents are part of an ongoing investigation. In interviews, Justice Department spokesmen have refused to comment, saying again Friday that the refusals speak for themselves.

Spokesmen for Delray Beach, Boynton Beach and Boca Raton police said that as far as they knew, their agencies had no contact from federal agents since soon after Sept. 11. Palm Beach County sheriff's spokesman Paul Miller said he couldn't comment.

Groups advocating open records say they have a hard time accepting the "ongoing investigation" argument five years after the hijackers' dramatic deaths and with little evidence that investigators are currently doing anything in South Florida. In addition, some material was introduced in the trial of 9/11 conspirator Zacarias Moussaoui and then released this summer.

The Reporters Committee for Freedom of the Press was instrumental in the release of many of those court documents.

"After five years, knowing some of this information was released and some of it was in the Moussaoui trial, their assertion that there's an ongoing investigation and for that reason they want to keep it (the South Florida angle) secret, their justification seems a little thin," committee Executive Director Lucy Dalglish said.

The Moussaoui trial produced the largest trove of government documents about the hijackers' South Florida movements.

When the long-awaited 9/11 Commission report came out in July 2004, it gave scant attention.

And a 900-page report issued in July 2003 by a joint congressional inquiry has only a single mention: Atta's inquiry at Belle Glade.

The leaders of that 2003 inquiry were U.S. Rep. Porter Goss, R-Sanibel, later head of the CIA; and now-retired U.S. Sen. Bob Graham, D-Fla. Graham recalled pressing the FBI on certain aspects of the investigation it was keeping secret.

"They said, 'We're not going to tell you anything,' " Graham said last month.

"The White House has put the clamps on the FBI for reasons that I could speculate upon, but it will probably take a different administration, who's more willing to let access to information become public, before we'll really know the reasons," Graham said.

U.S. Rep. Mark Foley, R-Fort Pierce, is more circumspect.

"Obviously we're still trying to uncover operations. I almost want to err on the side of caution to the government," Foley said last month. But, he said, "I don't see why they can't give us some data. I've always been one for more disclosure. But I don't, at the same time, want to second-guess FBI methodology if they're actually on to something."

Intelligence Suggests Terrorists Conduct Surveillance On Ferries (MCT)

By Les Blumenthal

McClatchy Newspapers, September 10, 2006

WASHINGTON - It could be a bomb stuffed in a car or truck or strapped around the waist of a suicide bomber. It could be a small boat filled with high explosives approaching, like the one that attacked the guided-missile destroyer USS Cole in Yemen six years ago. Or it could be a small plane packed with explosives diving out of the sky.

Or terrorists might simply hijack one of Washington state's jumbo ferries with 2,500 people on board and aim it at the Puget Sound Naval Shipyard in Bremerton, which overhauls nuclear aircraft carriers and Trident nuclear submarines.

Although security has improved dramatically since the terrorist attacks of Sept. 11, 2001, the ferries plying the waters of Puget Sound remain vulnerable, and intelligence suggests that terrorists are conducting surveillance and the ferries could be a target.

FBI and homeland security officials said no terrorist plots had been uncovered, but in the three years after Sept. 11, the FBI reviewed 157 "suspicious incidents" involving the Washington state ferry system, the nation's largest. Of those, seven were classified as having an "extremely" high likelihood of being pre-operational planning, 11 were classified as a "high" likelihood and 49 as "medium," according to briefing documents provided in late August to members of the House Homeland Security Committee.

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"Intelligence suggests that WSF (the Washington state ferry system) is being monitored and may be a potential terrorist target," according to the documents, which were marked as sensitive but not classified. "Attacks on mass transit systems are increasingly terrorists' choice."

As for who's conducting the surveillance, the documents said, "The subjects involved in suspicious activities were associated with FBI terrorism investigations."

Some of these figures were reported previously by the Seattle Post-Intelligencer and the Seattle Times, but documents obtained by McClatchy Newspapers provided additional details on the number of incidents that involved possible terrorist planning and potential ties to other FBI terrorism investigations

From spring 2004 to fall 2005, there were 247 suspicious incidents, said Ted Turner, a supervisory intelligence analyst at the FBI office in Seattle. The FBI thinks the increase is due to better reporting by ferry system personnel, the Washington State Patrol - which handles ferry security along with the Coast Guard - and from the general public riding the ferries.

Suspicious activity sometimes may involve a tourist taking pictures or asking out-of-the-ordinary questions, but the incidents that attracted attention from the FBI and other investigators "involved behavior out of the mainstream for either tourists or commuters," Turner said. He wouldn't elaborate.

"There is ongoing suspicious activity continuing to this date," said Coast Guard Lt. Mark Kneeland, who's involved in the Coast Guard's effort to protect the ferries.

However, Turner said, "We have not, after four years, been able to link a suspicious incident to a plan or terrorist group."

"We do not posses any specific or credible information indicating any threat to the Washington state ferry system," said Kirk Whitworth, of the Homeland Security Department.

The state's 28 ferries carry 26 million passengers and 11 million vehicles a year. The ferries make 500 trips a day on 20 different routes carrying commuters across Puget Sound and passengers to islands, such as Vashon or the San Juans, that are accessible only by boat. Alaska and New York also operate ferry systems, but Washington's is the biggest.

Before Sept. 11, the Washington ferry system's most pressing security issues focused on petty crime. Now they're all about terrorism.

"The worst-case scenario is a large truck bomb," Washington State Patrol Lt. Travis Matheson said. But he said attacks could come from the air, the sea or a passenger with a homemade bomb. "The ferries are considered very high risk and they are difficult to protect."

As with subways or other mass-transit systems, it would be impractical to search every passenger or vehicle coming aboard. The Washington State Patrol uses bomb-sniffing dogs to check vehicles that are waiting to board, and undercover troopers randomly ride the ferries.

Access to a ferry's pilot house, which once involved little more than a chain across a ladder with a sign saying "Authorized personnel," has been restricted.

Members of a highly trained Coast Guard Marine Safety and Security Team stationed in Seattle escort ferries in 25-foot boats to enforce a 500-yard security zone. The escorts are random, though on days when there's a big event such as a football game in downtown Seattle, the number of escorts is increased.

"We can't escort every ferry," said Coast Guard Cmdr. Leonard Tumbarello in Seattle. "We try to be random to keep whoever is watching in the dark."

Ferry system personnel have received training in spotting potential security problems, and each ferry is supposed to have a security plan.

The Coast Guard, the Washington State Patrol and other law enforcement agencies participate in training exercises involving ferries. In an exercise scheduled for next Sunday, SWAT teams will board a ferry hijacked by fictitious terrorists. The SWAT team members will board the ferry, which has been taken out of service and won't carry passengers, from other boats or by rappelling from helicopters to the deck. They also will use robots to search for bombs.

Officials know there's no way they can eliminate the risk of a terrorist attack on the ferries.

"Our goal," said Seattle Coast Guard Lt. Cmdr. Josh Reynolds, "is to harden the target enough to make the ferries a less attractive target and the terrorists go somewhere else."

Washington Sen. Patty Murray, a Democrat, rides the ferries almost every weekend to her home on Whidbey Island. She said security had increased but that there was no way to make riding a ferry risk-free.

"We're making progress, but it is a tough balancing act," Murray said. "If we started searching every vehicle it would bring the system to a standstill. We can't guarantee anyone's safety 100 percent anywhere in the nation, but we are making progress."

Rep. Norm Dicks, D-Wash., agreed.

"The threat is real and we need to take it seriously," he said. "If we went to an airport-type security approach it would break the (ferry) system. Everyone has to assume some risk."

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More Muslims Arrive In U.S., After 9/11 Dip (NYT)

By Andrea Elliott

The New York Times, September 10, 2006

America's newest Muslims arrive in the afternoon crunch at John F. Kennedy International Airport. Their planes land from Dubai, Casablanca and Karachi. They stand in line, clasping documents. They emerge, sometimes hours later, steering their carts toward a flock of relatives, a stream of cabs, a new life.

This was the path for Nur Fatima, a Pakistani woman who moved to Brooklyn six months ago and promptly shed her hijab. Through the same doors walked Nora Elhainy, a Moroccan who sells electronics in Queens, and Ahmed Youssef, an Egyptian who settled in Jersey City, where he gives the call to prayer at a palatial mosque.

"I got freedom in this country," said Ms. Fatima, 25. "Freedom of everything. Freedom of thought."

The events of Sept. 11 transformed life for Muslims in the United States, and the flow of immigrants from countries like Egypt, Pakistan and Morocco thinned sharply.

But five years later, as the United States wrestles with questions of terrorism, civil liberties and immigration control, Muslims appear to be moving here again in surprising numbers, according to statistics collected by the Department of Homeland Security and the Census Bureau.

Immigrants from predominantly Muslim countries in the Middle East, North Africa and Asia are planting new roots in states from Virginia to Texas to California.

In 2005, more people from Muslim countries became legal permanent United States residents — nearly 96,000 — than in any year in the previous two decades.

More than 40,000 of them were admitted last year, the highest annual number since the terrorist attacks, according to data on 22 countries provided by the Department of Homeland Security.

Many have made the journey unbowed by tales of immigrant hardship, and despite their own opposition to American policy in the Middle East. They come seeking the same promise that has drawn foreigners to the United States for many decades, according to a range of experts and immigrants: economic opportunity and political freedom.

Those lures, both powerful and familiar, have been enough to conquer fears that America is an inhospitable place for Muslims.

"America has always been the promised land for Muslims and non-Muslims," said Behzad Yaghmaian, an Iranian exile and author of "Embracing the Infidel: Stories of Muslim Migrants on the Journey West." "Despite Muslims' opposition to America's foreign policy, they still come here because the United States offers what they're missing at home."

For Ms. Fatima, it was the freedom to dress as she chose and work as a security guard. For Mr. Youssef, it was the chance to earn a master's degree.

He came in spite of the deep misgivings that he and many other Egyptians have about the war in Iraq and the Bush administration. In America, he said, one needs to distinguish between the government and the people.

"Who am I dealing with, Bush or the American public?" he said. "Am I dealing with my future in Egypt or my future here?"

Muslims have been settling in the United States in significant numbers since the mid-1960's, after immigration quotas that favored Eastern Europeans were lifted. Spacious mosques opened in Chicago, Los Angeles and New York as a new, highly educated Muslim population took hold.

Over the next three decades, the story of Muslim migration to the United States was marked by growth and prosperity. A larger percentage of immigrants from Muslim countries have graduate degrees than other American residents, and their average salary is about 20 percent higher, according to census data.

But Sept. 11 altered the course of Muslim life in America. Mosques were vandalized. Hate crimes rose. Deportation proceedings began against thousands of men.

Some Muslims changed their names to avoid job discrimination, making Mohammed "Moe," and Osama "Sam." Scores of families left for Canada.

Yet this period also produced something strikingly positive, in the eyes of many Muslims: they began to mobilize politically and socially. Across the country, grass-roots groups expanded to educate Muslims on civil rights, register them to vote and lobby against new federal policies such as the Patriot Act.

"There was the option of becoming introverted or extroverted," said Agha Saeed, national chairman of the American Muslim Task Force on Civil Rights and Elections, an umbrella organization in Newark, Calif. "We became extroverted."

In some ways, new Muslim immigrants may be better off in the post-9/11 America they encounter today, say Muslim leaders: Islamic centers are more organized, and resources like English instruction and free legal help are more accessible.

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But outside these newly organized mosques, life remains strained for many Muslims. To avoid taunts, women are often warned not to wear head scarves in public, as was Rubab Razvi, 21, a Pakistani who arrived in Brooklyn nine months ago. (She ignored the advice, even though people stare at her on the bus, she said.) Muslims continue to endure long waits at airports, where they are often tagged for questioning.

To some longtime immigrants, the life embraced by newcomers will never compare to the peaceful era that came before.

"They haven't seen the America pre-9/11," said Khwaja Mizan Hassan, 42, who left Bangladesh 30 years ago. He rose to become the president of Jamaica Muslim Center, a mosque in Queens, and has a comfortable job with the New York City Department of Probation.

But after Sept. 11, he was stopped at Kennedy Airport because his name matched one on a watch list.

A Drop, Then a Surge

Up to six million Muslims live in the United States, by some estimates. While the Census Bureau and the Department of Homeland Security do not track religion, both provide statistics on immigrants from predominantly Muslim countries. It is presumed that many of these immigrants are Muslim, but people of other faiths, such as Iraqi Chaldeans and Egyptian Copts, have also come in appreciable numbers.

Immigration from these regions slowed considerably after Sept. 11. Fewer people were issued green cards and nonimmigrant visas. By 2003, the number of immigrants arriving from 22 Muslim countries had declined by more than a third. For students, tourists and other nonimmigrants from these countries, the drop was even more dramatic, with total visits down by nearly half.

The falloff affected immigrants from across the post-9/11 world as America tightened its borders, but it was most pronounced among those moving here from Pakistan, Morocco, Iran and other Muslim nations.

Several factors might explain the drop: more visa applications were rejected due to heightened security procedures, said officials at the State Department and Department of Homeland Security; and fewer people applied for visas.

But starting in 2004, the numbers rebounded. The tally of people coming to live in the United States from Bangladesh, Turkey, Algeria and other Muslim countries rose by 20 percent, according to an analysis of Census Bureau data.

The uptick was also notable among foreigners with nonimmigrant visas. More than 55,000 Indonesians, for instance, were issued those visas last year, compared with roughly 36,000 in 2002.

The rise does not reflect relaxed security measures, but a higher number of visa applications and greater efficiency in processing them, said Chris Bentley, a spokesman for United States Citizenship and Immigration Services, part of Homeland Security.

Like other immigrants, Muslims find their way to the United States in myriad ways: they come as refugees, or as students and tourists. Others arrive with immigrant visas secured by relatives here. A lucky few win the green-card lottery.

Ahmed Youssef, 29, never thought he would be among the winners. But in 2003, Mr. Youssef, who taught Arabic in Egypt, was one of 50,000 people randomly chosen from 9.5 million applicants around the world.

As he prepared to leave Benha, a city north of Cairo, some friends asked him how he could move to a country that is "killing people in Iraq and Afghanistan," he recalled. But others who had been to the United States encouraged him to go.

He arrived in May 2005, and he found work loading hot dog carts from sunrise to sundown. He shared an apartment in Washington Heights with other Egyptians, but for the first month, he never saw his neighborhood in daylight.

"I joked to my roommates, 'When am I going to see America?' " said Mr. Youssef, a slight man with thinning black hair and an easy smile.

Only three months later, when he began selling hot dogs on Seventh Avenue, did Mr. Youssef discover his new country.

He missed hearing the call to prayer, and thought nothing of unrolling his prayer rug beside his cart until other vendors warned him against it. He could be mistaken for an extremist, they told him.

Eventually, Mr. Youssef found a job as the secretary of the Islamic Center of Jersey City. He plans to apply to a master's program at Columbia University, specializing in Arabic. For now, he lives in a spare room above the mosque. Near his bed, he keeps a daily log of his prayers. If he makes them on time, he writes "Correct" in Arabic. "I am much better off here than selling hot dogs," he said.

Awash in American Flags

Nur Fatima landed in Midwood, Brooklyn, at a propitious time. Had she come three years earlier, she would have seen a neighborhood in crisis.

Hundreds of Pakistani immigrants disappeared after being asked to register with the government. Thirty shops closed along a stretch of Coney Island Avenue known as Little Pakistan. The number of new Urdu-speaking pupils at the local elementary school, Public School 217, dropped by half in the 2002-3 school year.

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But then Little Pakistan got organized. A local businessman, Moe Razvi, converted a former antique store into a community center offering legal advice, computer classes and English instruction. Local Muslim leaders began meeting with federal agents to soothe relations.

The annual Pakistan Independence Day parade is now awash in American flags.

It is a transformation seen in Muslim immigrant communities around the nation.

“They have to prove that they are living here as Muslim Americans rather than living as Pakistanis and Egyptians and other nationalities,” said Zahid H. Bukhari, the director of the American Muslim Studies Program at Georgetown University.

Ms. Fatima arrived in Brooklyn from Pakistan in March with an immigrant visa. She began by taking English classes at Mr. Razvi’s center, the Council of Peoples Organization.

She has heard stories of the neighborhood’s former plight but sees a different picture.

“This is a land of opportunity,” Ms. Fatima said. “There is equality for everyone.”

Five days after she came to Brooklyn, Ms. Fatima removed her head scarf, which she had been wearing since she was 10. She began to change her thinking, she said: She liked living in a country where people respected the privacy of others and did not interfere with their religious or social choices.

“I came to the United States because I want to improve myself,” she said. “This is a second birth for me.”

New College Program Brings Saudis To U.S. (WT/AP)

By Garance Burke, Associated Press

The Washington Times, September 10, 2006

MANHATTAN, Kan. -- Thousands of students from Saudi Arabia are enrolling on college campuses across the United States this semester under a new educational exchange program brokered by President Bush and Saudi King Abdullah.

The program will quintuple the number of Saudi students and scholars in the United States by the academic year's end. And big, public universities from Florida to Oregon are in a fierce competition for their tuition dollars.

The kingdom's royal family -- which is paying full scholarships for most of the 15,000 students -- says the program will help stem unrest at home by schooling the country's brightest in the American tradition. The State Department sees the exchange as a way to build ties with future Saudi leaders and young scholars at a time of unsteady relations with the Muslim world.

But some officials say efforts to fast-track educational diplomacy with Saudi Arabia could use additional scrutiny. Clark Kent Ervin, a former inspector general of the Department of Homeland Security (DHS), said the U.S. government has yet to ensure proper safeguards are in place to do effective background checks on all applicants.

Administrators at Kansas State University, an agricultural school surrounded by miles of prairie grass, say the scholarships are a bonanza for public education.

"The Saudi scholarship program has definitely heightened our interest in that part of the world," said Kenneth Holland, associate provost for international programs. "Not only are the students fully funded, but they're also paying out-of-state tuition."

Kansas State administrators say common misperceptions about the oil-rich nation make it crucial to create a tolerant environment for Arab and Muslim students, who have been singled out for scrutiny since the September 11 attacks.

Before then, Saudi visa applicants were allowed to bypass the U.S. Embassy in Riyadh by submitting their applications to preapproved travel agencies, which forwarded them onto the consulate for approval or rejection. Three of the 15 Saudi September 11 hijackers used that program, dubbed "Visa Express," to enter the United States.

"Since then, everything has changed," Saudi Embassy spokesman Nail Al-Jubeir said. "There are long lines to wait for a visa. Once they get in to a university here, they are checked and rechecked."

In 2002, Congress mandated that the DHS create the "Visa Security Officer" program in consular offices in Saudi Arabia.

That would bump up security by allowing counterterrorism officials to check visa applications against lists of known or suspected terrorists, Mr. Ervin said.

That same year, Congress also instituted the Student and Exchange Visitor Information System, or SEVIS, which monitors all foreign students' activities -- including where they live, whether they go to class and whether they finish their studies.

All foreign students are tracked on that program, which Mr. Holland said made him feel "very comfortable."

Kansas State boosted efforts to court Saudi officials in the past year, flying administrators and department heads to the Saudi Embassy in Washington. It's paid off: Last month about 150 Saudi students started classes there, each funded to the tune of about $31,000.

Mr. Al-Jubeir said 90 percent of the Saudi students the State Department has registered for the fall semester in the United States also will get such scholarships.

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"This is a critically important bilateral relationship," said Tom Farrell, a deputy assistant secretary for academic programs at the State Department. "It's an opportunity to increase understanding of Saudi Arabia for the United States and of the United States for Saudi Arabia."

As Kansas State students enjoy a string of home football games this month, they also are preparing for the campus' first celebration of Ramadan, the Muslim holy month.

"We really want to make this special. We're going to truck in halal food from Kansas City," Mr. Holland said. "The Saudi government is trying to place the students in a variety of institutions across the country, but where you get the competitive advantage is how you treat the students when they get here."

Marwan Al-Kadi, who was active in the Muslim student association while he studied industrial engineering at Kansas State, said efforts to raise awareness about religious diversity have helped the new influx of students feel comfortable.

"Sometimes people ask me if I ride a camel to campus. They don't even realize how many cities we have in Saudi Arabia," Mr. Al-Kadi said. "I want to use the education to go back and work for my father's company."

Allan Goodman, president and chief executive officer of the Institute of International Education in New York, said the new bilateral agreement is a "tremendously positive" step toward person-to-person diplomacy.

"These 15,000 students will really jump-start education, and that will be a great addition to the kingdom," Mr. Goodman said. "At its base, it's about mutual understanding."

Man Arrested In Airport Knife Scare (AP)

AP, September 10, 2006

A man with a one-way ticket to Yemen attempted to board a plane with a knife hidden in a book, authorities said.

Mohammed Ghanem, 21, of Hamtramck, was jailed Saturday on $500,000 after being arraigned on a charge of possessing a weapon in the sterile area of an airport.

Ghanem was arrested Thursday at Detroit Metropolitan Airport after Transportation Security Administration officers detected the knife "artfully concealed" in the book, airport spokesman Michael Conway said.

Someone had carved out the inside of the book and placed the knife inside it, said Ghanem's attorney, Nabih Ayad.

"He said he didn't know where the knife came from," Ayad told the Detroit Free Press.

If convicted, he faces up to 10 years in prison.

Ghanem was born in Yemen, a republic bordering Saudi Arabia whose 18 million residents are primarily Muslim. He is now a legal permanent resident of the United States and was returning to Yemen to get married, Ayad said.

Ghanem works as a busboy and lives in Hamtramck with family members, but he had a one-way ticket to Yemen, authorities said.

A Ban On Carry-On Luggage (NYT)

The New York Times, September 10, 2006

In a directive whose logic is not always apparent, the Transportation Security Administration has spelled out what airline passengers can carry on board with them, what must be placed in checked luggage, and what can't go on the plane at all. Knives must be checked but knitting needles and corkscrews are allowed in the cabin. Up to four ounces of eye drops can be carried aboard, with fingers crossed that multiple terrorists won't combine their allotments to exceed the limit. Laptops, digital cameras, mobile phones and other electronic devices are permitted, so never mind any warnings you've heard that they could be used to trigger a bomb. The bomb ingredients themselves, notably liquid explosives, will be kept out of the cabin by a ban on liquids, gels and lotions, except for small amounts of baby formula and medications.

The ban on liquids surely makes sense given the lack of a reliable, efficient way to detect liquid explosives on the passenger screening line. But the other fine distinctions in this directive make us think the best approach would be a ban on virtually all carry-on items, or at least a limit of one small personal bag per passenger to tote travel documents, keys, vital medications, reading materials and any other minimal items that are allowed.

There's a lot to be said for a drastic reduction in what can be carried aboard. Passenger security lines would move faster if there were little or nothing for the screeners to screen. Passengers could be boarded faster and more comfortably if they weren't clogging the aisles while stuffing bags in the overhead bins. Most important, security would probably be enhanced. If a terrorist somehow slipped onto your flight, he wouldn't have bomb materials with him, or much of anything else for that matter. And his bags would get tougher scrutiny because the machines that screen checked luggage are said to be better at detecting explosives and other dangerous materials than the metal detectors and X-ray machines used for screening passengers and their carry-on bags.

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The chief downside, from a security standpoint, is that a greater burden would be placed on the lines that screen checked baggage, which in some airports are already overstretched. That raises the risk that screeners will rush checked bags through with inadequate scrutiny of the images of their contents, or that bags will back up and flights will be delayed to wait for them to be loaded. Still, that should not be a problem beyond the ingenuity of aviation planners. The handful of airports that already have big explosive-detection machines integrated into their baggage conveyor systems ought to be able to handle the load easily.

When we raised the possibility of a ban on most carry-on items a month ago, there was a chorus of complaints from travelers who count on using their laptops during the flight; or fear that valuable electronic devices might be lost, broken or stolen if checked; or resent long waits after a flight to get their checked bags. Some travelers have already shifted to trains or automobiles for short trips and more will do so if the inconvenience mounts. These are not trivial issues. Airlines, already financially strapped, depend on business fliers who are the most likely to object to a change in the rules.

Airlines could head off some of these problems by, for example, storing valuable electronic devices in locked overhead bins where they can't easily be stolen, and hiring more baggage handlers to unload planes rapidly. Separating people from their laptops during flights would be painful, although some people could surely use the time to go over reading material, or even revert to pen and paper.

A ban on most carry-on items need not be permanent. Technologies that could screen passengers and their carry-on bags rapidly to detect known dangerous materials are under development, but it is uncertain when they might be ready. Even then, sophisticated terrorists will always look for new tactics to evade detection. For now, the surest way to keep dangerous materials out of the cabin is to keep virtually all materials out of the cabin.

Louisiana, FEMA In Fight Over Storm Funds` (BRADV)

By Sandy Davis, Advocate Staff Writer

Baton Rouge Advocate, September 10, 2006

Feds want money — now — but state wants to do audit

FEMA is lowering the boom on Louisiana for refusing to pay its $338 million share of a federal program that bought goods and services ranging from chainsaws to dental care for hurricane victims.

On July 22, FEMA started assessing interest of $14,308.22 for each day the state doesn't pay. If the bill isn't paid by Oct. 20, FEMA will add penalties — retroactive to July 22 — of $55,723.11 per day.

Louisiana's legislative auditor claims FEMA hasn't provided enough information to allow the state to determine whether the money was spent on legitimate needs for people who truly were victims. The Legislative Auditor's Office notes that state lawmakers passed a measure requiring such a review before FEMA is paid.

"Nothing has been paid on any of the bills," said Daryl Purpera, assistant legislative auditor and director of the Compliance Audit Division. "They can't be paid until the audit is complete."

But the Federal Emergency Management Agency insists that under an agreement with Louisiana, the state has no right to audit the federal payments and notes it recently gave the legislative auditor more specific billing information.

FEMA's chief financial officer, Margaret Young, laid out the consequences of nonpayment in an Aug. 22 letter to state Attorney General Charles Foti. Young said the state can't appeal the decision, adding that FEMA expects "a prompt remittance" of the payment.

She also pointed out that the state owes an additional $32 million for its share of Other Needs Assistance Program payments made by FEMA in May and June. That bill, which was due Sept. 6, has not been paid.

FEMA started billing Louisiana in December for the state's 25 percent share of the $1.3 billion FEMA paid to victims of hurricanes Rita and Katrina under the program.

"Other needs" include chain saws, generators, burials, cars, health care, dental care, furniture and anything else victims of a catastrophe might require.

State lawmakers approved nearly $500 million to cover the bills, said Legislative Auditor Steve Theriot, but set the money aside in a separate fund until the audit is completed.

"Our biggest problem was we wanted to know whether we were reimbursing FEMA for fraudulent benefits they may have paid," he said. "And FEMA wasn't sending us detailed information we could use for an audit."

In her letter to Foti, Young says the state has no "entitlement" to audit FEMA. She also insists FEMA "is actively assessing whether improper payments have occurred" and is taking steps to recoup any such money.

Every state facing a disaster has the option of administering the Other Needs Assistance Program itself or having FEMA administer it for the state.

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"We chose a number of years ago to allow the feds to distribute these funds on behalf of the state," Theriot said. "Quite frankly, because of the enormity of this disaster, it would have been difficult had the state undertaken it on its own. Just to get the staffing to do it would have been an enormous task."

Young cites that decision by the state in demanding immediate payment.

"FEMA did not obligate itself to cover 100 percent of payments made in error," she wrote, "nor to pay 100 percent of all payments until such time as the state agrees to every payment."

Louisiana has been given extensions on due dates, but those have expired, Young wrote.

She said other states affected by the hurricanes have not been given extensions, and interest and penalties were not waived for them.

"Mississippi has paid its share plus accrued interest, and Alabama paid its portion prior to interest accruing," she wrote.

While FEMA said the state has no right to audit it, about two weeks ago the agency gave state auditors access to its National Emergency Management Information System, which contains some information on people who received assistance.

Purpera said the state is doing a "sample audit" with the new information.

"We will use a selected sample of items paid by FEMA and verify the eligibility of those payments and the residency of the occupants who received the money and things like that," he said. "In some cases, we'll have to go to the clerk's office to confirm who was living at an address. It's a very manual and tedious job."

He said about 25 state auditors worked through Labor Day weekend hurrying to complete the process. He said the job might be finished later this week.

"We have every intention of meeting the Oct. 20 deadline," he said.

In the dark

In the days before the storm, Theriot said, a flurry of documents were signed between state officials and FEMA. One is simply known as the FEMA/State agreement, which allowed FEMA to administer the Other Needs Program.

That document was signed by the governor, and Theriot has reviewed that agreement. But attachments to the agreement also contain critical information, he said.

"One of the attachments, which we think is Attachment D, contained the agreed-upon prices for goods," Theriot said. "I think it's a standardized agreement that FEMA has used in other disasters. We also believe there are other addendums and revisions that were made to that agreement."

But Attachment D is missing, along with the other addendums.

"We've asked FEMA and our state officials for them," Theriot said." So far, we've gotten nothing."

Who signed Attachment D and the addendums?

"We're still asking that question," Theriot said. "We just can't get our hands on them."

The information in those documents is crucial, he said.

"We need to know what the state agreed to pay and how much they agreed to pay," he said. "We don't want to pay the proverbial $300 for a hammer."

For example, Theriot said, FEMA paid some victims for automobiles that were uninsured and reportedly destroyed in the storm.

"We've been told FEMA paid up to $4,500 for automobiles," he said. "We have no idea what criteria they were using to reimburse people. Were these people Louisiana residents and taxpayers? And did they really own an automobile that was registered in the state before the storm? And was it destroyed?"

Stories about reimbursements for generators have made their way back to the auditor's office.

"Again, because we have no paperwork, we don't know what happened. But we've been told that FEMA paid about $791 for each generator," Theriot said.

One person may have paid $300 for a generator, he noted, and another $500.

"Let's say the person who spent $500 on the generator sent FEMA a receipt for it," Theriot said. "FEMA would have sent them $500. But the person who bought the $300 generator didn't produce a receipt. So FEMA apparently paid them $791 because that's what FEMA paid for generators."

In many cases, Theriot said, FEMA got rid of receipts, an action that causes auditors to shudder.

At the very least, Theriot said, he wants the document that shows the state agreed to pay $791 for generators.

And then there's furniture, kitchen appliances and even beds that FEMA apparently purchased for victims.

"We've been told FEMA bought things like beds and bedding," Theriot said.

Theriot notes agencies such as the Red Cross gave people beds and bedding. One of FEMA's mandated jobs, he said, was to coordinate with relief agencies.

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"FEMA is supposed to ensure that people do not double dip," Theriot said. "But because of the magnitude of this disaster, I don't think FEMA was able to coordinate these efforts very well."

Emotions have run high as the federal and state agencies try to piece together what should have been paid, he said.

"It's been frustrating for FEMA and it's been frustrating for us because this event is unprecedented in size," Theriot said. "The amount of individual assistance paid was unprecedented. But we do know some of it was necessary because of the broad breadth of destruction that occurred here. But the question is how much."

FEMA claims no other state has tried to make the agency prove the benefits it paid were legitimate, Theriot said.

"They're upset with us because we're asking for so much proof about what they paid," he said.

But the state's share is likewise an unprecedented amount, Theriot said.

"We want to see receipts, dates of things and verify victims' residencies," he said. "That's a key factor. We want to make sure they were occupying a home in the disaster area. We want to verify they had a loss. We want to make sure the money wasn't going to prison inmates. We want to make sure the recipients were alive."

No regrets

Several state legislators say they stand by their decision to request the audit even though FEMA is charging them more than $14,000 a day in interest.

State Rep. John A. Alario Jr., D-Westwego and chairman of the House Appropriations Committee, said the state deserves an explanation from FEMA.

"What happened is FEMA simply sent us a two-page bill that looks like a light bill with a coupon on the bottom," he said. "And it was for $139 million."

He said FEMA "doesn't need to get upset" because the state hasn't paid the bills.

"All FEMA needs to do is tell us what they spent the money on," he said. "I hope they didn't just pull it out and say, 'We're going to bill them $500 million.' I hope they have some backup documents that show how they spent it."

Alario said he is not concerned that FEMA is charging the state interest.

"I'm sure our treasurer invested the money we set aside for paying these bills," he said. "It will be interesting to see how much we've earned on our money. Hopefully, it will offset what FEMA is charging us."

Sen. Francis C. Heitmeier, D-New Orleans and chairman of the Senate Finance Committee, said FEMA should have provided itemized statements with the bills.

"Those bills were crazy," Heitmeier said. "I don't believe that FEMA would have paid a bill if we had sent them a bill like we were receiving."

He said he knows that FEMA is upset with the state over its refusal to pay until the audit is complete.

"FEMA was getting mad, and we're sorry," Heitmeier said. "We're not trying to jack FEMA around. We need them to help us, but we can't write checks until we know what we're paying for. We're accountable to our taxpayers for every penny we spend."

State Rep. Don Cazayoux, D-New Roads, said legislators were concerned that FEMA might have problems with "accounting and checks and balances."

"It wasn't a punitive idea," Cazayoux said of asking for the audit. "We're happy that FEMA has done as much for Louisiana as they have. But we still want to make sure that our percentage of those expenses were prudent expenses."

He said he isn't surprised auditors had a hard time getting detailed information from FEMA.

"FEMA operates off of different rules than everyone else," he said. "I didn't expect it to be easy."

Plan For Rebuilding Coast To Be Ready In November (NOTP)

By Mark Schleifstein, Staff Writer

New Orleans Times-Picayune, September 10, 2006

State draft to be sent to engineering corps

BATON ROUGE -- State officials said Friday that they are on schedule for a Nov. 20 release of a draft of the Louisiana Comprehensive Coastal Protection Master Plan, which will include two alternative combinations of higher levees and gates, and wetland and barrier island restoration projects aimed at protecting the state's coastline from major hurricanes.

The state plan will be presented to the Army Corps of Engineers in February for its consideration as part of the federal Coastal Protection and Restoration Plan to be submitted to Congress by Dec. 30, 2007.

Several members of the governor's advisory panel on coastal protection questioned whether the state plan will be using the correct risk standard in determining how much protection is needed.

Mark Davis, executive director of the Coalition to Restore Coastal Louisiana, wanted to know if state officials have agreed whether to increase protection beyond a 1 in 100 level of risk, or whether it is considering a higher level of risk, such as the 1 in

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10,000 level used in designing flood control in the Netherlands. The risk level determines the size and strength of the protective structures.

Catastrophic protection

Jean Cowan, a spokeswoman for the state Coastal Protection and Restoration Authority's Integrated Planning Team, which is working with the state Department of Natural Resources to write the state plan, said the team has not yet made that decision, although the plan's draft principles lists the 1 in 100 risk level as the objective of storm protection for residential, public, industrial and commercial infrastructure.

The corps is in the midst of a similar internal debate spurred by a congressional requirement that the existing New Orleans area levee system be improved to the 1 in 100 standard by 2010 and a separate requirement that the federal catastrophic hurricane protection plan protect the state's coastline from a Category 5 hurricane.

Cowan said the state plan also will attempt to address how to restore coastal wetland areas in a way that maintains existing proportions of fish and wildlife habitats.

That also may be problematical, several commission members said, as the need to develop restoration projects that can be sustained over decades could result in significant changes in the mix of freshwater and saltwater wetland areas.

Unique coastal heritage

Lake Charles Mayor Randy Roach, another commission member, also warned that as the levee and wetland mix is designed, it will be difficult to meet another of the plan's goals, to sustain "the unique heritage of coastal Louisiana."

Roach said residents of surge-devastated areas like Cameron Parish are running into financial problems rebuilding homes and businesses that meet the state's new building code that requires structures to withstand Category 3 hurricane winds and the federal flood insurance program's requirements that they be raised.

The Governor's Advisory Commission on Coastal Protection and Restoration also heard from representatives of several western parishes about the need to ensure that the state's comprehensive master plan include projects that will restore freshwater wetlands in their areas.

Tim Creswell, a Vermilion Parish emergency management official, and David Richard, representing Cameron Parish, said areas inundated by storm surge from Hurricane Rita last September are still registering high in salt content, which has meant lower yields for rice, crawfish and the annual harvesting of alligator eggs.

They said state and federal officials also should focus on ways of restoring freshwater wetlands west of the Atchafalaya River because those wetlands can help reduce the height of surge from large storms cutting across the area toward Lake Charles.

Rebuilding wetlands

The commission also heard that unusually low flow of water in the Mississippi River this year has delayed attempts to see if changes in the layout of the Davis Pond Freshwater Diversion Project will allow more fresh water into the upper Barataria basin, where it could help rebuild freshwater wetlands.

The spillway, near Waggaman on the West Bank of St. Charles Parish, was designed to funnel a maximum 10,500 cubic feet per second of water from the river south through a holding area to the targeted wetlands adjacent to Lake Cataouatche.

But a weir designed to keep some water in the holding area ended up collecting fast-growing vegetation that blocked the flow of water. The corps has added a half-dozen cuts in the structure, but the river's been so low this year that no water can flow into the diversion, said Ted Falgout, a commission member and executive director of the Greater Lafourche Port Commission.

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WAR NEWS:

Rockefeller: Bush Duped Public On Iraq (CBS)

CBS News, September 10, 2006

Senator Says World Would Be Better Without Iraq Invasion

(CBS News) WASHINGTON When the Senate Intelligence Committee released a declassified version of its findings this past week, the Republican chairman of the committee, Pat Roberts, left town without doing interviews, calling the report a rehash of unfounded partisan allegations.

Its statements like this one, made Feb. 5, 2003, by then-Secretary of State Colin Powell that have become so controversial, implying Iraq was linked to terror attacks.

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"Iraq today harbors a deadly terrorist network headed by abu Musab al-Zarqawi, an associated collaborator of Osama bin Laden and his al Qaeda lieutenants," Powell said.

But after 2 1/2 years of reviewing pre-war intelligence behind closed doors, the lead Democrat on the Intelligence Committee, Sen. John Rockefeller (D-W. Va.), who voted for the Iraq War, says the Bush administration pulled the wool over everyone's eyes.

"The absolute cynical manipulation, deliberately cynical manipulation, to shape American public opinion and 69 percent of the people, at that time, it worked, they said 'we want to go to war,'" Rockefeller told CBS News correspondent Sharyl Attkisson. "Including me. The difference is after I began to learn about some of that intelligence I went down to the Senate floor and I said 'my vote was wrong.'"

Rockefeller went a step further. He says the world would be better off today if the United States had never invaded Iraq — even if it means Saddam Hussein would still be running Iraq.

He said he sees that as a better scenario, and a safer scenario, "because it is called the 'war on terror.'"

Does Rockefeller stands by his view, even if it means that Saddam Hussein could still be in power if the United States didn't invade?

"Yes. [Saddam] wasn't going to attack us. He would've been isolated there," Rockefeller said. "He would have been in control of that country but we wouldn't have depleted our resources preventing us from prosecuting a war on terror which is what this is all about."

Republicans say there was flawed intelligence to be sure, but they insist there was no attempt to mislead the public.

"In 2002 and 2003, members of both parties got a good look at the intelligence we had and they came to the very same conclusions about what was going on," White House Spokesman Tony Snow said.

Shades Of Supergun Evoke Hussein's Thirst For Arms (NYT)

By James Glanz

The New York Times, September 10, 2006

ISKANDARIYA, Iraq — Sabah al-Khafaji remembers when the pieces started arriving here at the height of Iraq's weapons program in the late 1980's, each menacing section of the gun barrel so huge it had to be carried on a separate flatbed truck.

Now, Mr. Khafaji fumbles with the lock on a metal gate near his bus factory 30 miles south of Baghdad and swings it open to a trashy asphalt lot. There lie the rusting steel sections of what may have been Saddam Hussein's wildest reach: the supergun, an artillery piece so powerful that it could not only shell his enemies in Tel Aviv and Tehran but also fire a projectile into orbit.

Most of Mr. Hussein's vast network of military complexes and the weapons they contained have been looted, often to the last bolt and window frame. But as weapons experts continue to see and gauge what is left — weapons held within protected enclaves or hulking metal relics even the most ambitious looters were unable to cart away — they are getting a concentrated picture of the obsessive martial mind that ran this country for 25 years.

In Taji and Miqdadiya, both north of Baghdad, the bulky carcasses of tanks, armored personnel carriers, mobile radio shacks and ungainly amphibious vehicles go on for acres, gutted and mismatched weaponry purchased from every country that would do business with Saddam Hussein — which at times, directly or indirectly, seemed to include most of the world's major arms dealers, including the United States and Britain.

Scattered more thinly are the traces of grandiose projects like the supergun, nicknamed Big Babylon and designed for Mr. Hussein by a brilliant Canadian engineer named Gerald V. Bull, who was eventually assassinated for his trouble, probably by Israeli or Western intelligence agents.

The oversize palaces Mr. Hussein compulsively built are more familiar as visible monuments to his rule. But while the palaces have a decidedly Dr. Seuss feel, the weaponry seems equal parts Jules Verne, power-mad dictator and adolescent boy.

"I would say that Saddam's regime was not a model of rationality," said John Pike, director of GlobalSecurity.org, a Washington-based organization that has studied Mr. Hussein's weaponry. "He did in some respects share Hitler's fascination with wonder weapons."

Some of his dark arsenal was put into action, some just came close. Mr. Hussein's weaponeers produced the chemical agents that his army used to gas Iranian troops and Kurdish civilians, killing thousands. In 1991, after the Persian Gulf war, weapons inspectors discovered that the Iraqi nuclear bomb program was far more advanced than expected — though after the 2003 invasion no evidence of new nuclear work turned up.

Mostly, Mr. Hussein's scientists could not satisfy his craving for wonder weaponry, although they tried often enough.

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There was a reported program to create a "rail gun," in which electromagnetic pulses would accelerate a projectile to high speeds, research on elaborate multistage rockets and re-entry vehicles, and, before 1991, endless tinkering with weird biological agents. None of it produced anything particularly useful.

Still, Mr. Hussein's attachment to armor, artillery and technology was not entirely useless strategically — the arsenal was perhaps a reason he literally stuck to his guns as foreign pressure on his government mounted in 1991 and again in 2003. Back in the 1980's during Iraq's war with Iran, it helped Iraq to hold off primitive "human wave" attacks by the Iranian infantry and preserve a grim stalemate. But Iraq could do little, overtly at least, against American and British firepower in the later conflicts.

Maj. William C. Taylor of the Army's Fourth Infantry Division conducted a recent sunset tour of two enormous scrap yards in Taji, a former Iraqi military base now run by the Americans, where acres of partly destroyed Iraqi military vehicles are laid out like the bones of dinosaurs preserved in their last agonies.

In one scrap yard, the spindly and partly broken superstructures of Soviet radar and missile launching equipment really did look skeletal, with their long-outmoded telescoping antennas and drooping starburst aerials. The stripped chassis of military trucks were stacked as haphazardly as old bedsprings across the turrets of broken tanks.

There was more Russian gear in the other scrap yard, where row after row of damaged and sometimes charred hardware spread out for hundreds of yards in every direction.

Perhaps strangest of all were little Russian armored reconnaissance ground vehicles, somehow evoking Jetsons-style spaceships, made for just one occupant. Major Taylor explained that the two extra wheels drawn up into the vehicle like landing gear would have been lowered for extra support in rough terrain.

But there were also French, American and Brazilian armored vehicles of one kind or another.

"It's a British Mark I," Major Taylor marveled, his forage cap disappearing into the hatch of a strangely shaped tank that seemed many decades old. Then he appeared to change his mind. "1970's?" he said uncertainly as he re-emerged.

Most of the junked vehicles were tagged with graffiti by the Westerners who had dealt this armed menagerie its demise. "Ouch!" read one bit of graffiti, with an arrow pointing to the ragged hole where a shell had torn into the cockpit of a piece of motorized artillery.

There was the inevitable "Size does matter" on the barrel of a cannon, but there were also a few sweet messages in this place of death. "Te amo mi amor," someone had written on a squat troop carrier with steel tracks.

If at least some of those pieces had practical military uses, the supergun existed in the realm of almost pure fantasy. According to "Arms and the Man: Dr. Gerald Bull, Iraq and the Supergun," by William Lowther, the barrel alone would have been 512 feet long and weighed 1,665 tons. As the pieces lying around in the lot in Iskandariya illustrated, the barrel was wide enough to fire projectiles "the size of industrial garbage cans," as Mr. Lowther put it.

Estimates on the cost of two planned superguns and a smaller prototype called Baby Babylon range from $25 million to several hundred million dollars. If the big guns had operated as designed, they could have shot a 300-pound projectile 600 miles, or lifted a much larger payload into orbit if it was outfitted with a small rocket engine.

That would have dwarfed the capabilities of conventional artillery pieces and given Mr. Hussein's enormous prestige in the Middle East. Dr. Bull, an engineering genius who had once fired a small projectile more than 100 miles straight up as part of a Canadian research project, always maintained that the supergun had no credible military uses.

That assurance was eventually contradicted by a senior Iraqi defector, Gen. Hussein Kamel al-Majid, who according to a GlobalSecurity.org analysis said the supergun "was meant for long-range attack and also to blind spy satellites."

Still, Lt. Col. James A. Howard, a commander in the Fourth Infantry Division whose unit was shown the Iskandariya scrap yard on a recent day by Mr. Khafaji, who runs a bus factory nearby, the immobility and slow firing rate of the supergun would severely limit its usefulness.

"I think a gun this big would be kind of dumb," Colonel Howard said, speculating that the device could fire at the most a few rounds a year.

Laughing as he walked among the giant pieces, he played the part of Iraqi artillerymen shooting the weapon: "Oops, we missed! Let's try another one."

Iraqi Premier Will Visit Iran To 'Enhance' Ties (NYT)

By Edward Wong

The New York Times, September 10, 2006

BAGHDAD, Sept. 9 — Prime Minister Nuri Kamal al-Maliki plans to visit Iran on Monday to discuss security and political matters with Iranian leaders, his spokesman said Saturday. The visit would be the first by Mr. Maliki to Iran since he took office in late May.

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The visit is expected to last two days. A delegation led by Barham Salih, a deputy prime minister, traveled to Iran last week to pave the way for Mr. Maliki's visit. Mr. Maliki lived for some time in Tehran, the Iranian capital, while in exile during Saddam Hussein's rule.

The purpose of Mr. Maliki's visit is to "enhance relationships between the two countries," his spokesman, Ali al-Dabagh, said in a written statement.

Any relationship between Iraq and Iran should be "based on mutual interests and the respect of the sovereignty of the two countries and noninterference in internal affairs," Mr. Dabagh said.

American and Sunni Arab officials have long accused Iran, a Shiite-ruled country, of interfering in political and military affairs here. Many religious Shiite parties now in power in Iraq, including Mr. Maliki's Islamic Dawa Party, have close ties to Iran. But ordinary Iraqis are generally suspicious of Iran, whose ethnic Persians have traditionally rivaled Arabs for influence in this region.

Ibrahim al-Jaafari, the former prime minister and head of Dawa, visited Iran while he was in office. The head of the main Shiite bloc in Parliament, Abdul Aziz al-Hakim, is considered extremely close to Iran's top leaders. His party was founded in Iran and its armed wing, the Badr Brigade, fought against Iraq in the eight-year Iran-Iraq war in the 1980's.

On Friday, an Interior Ministry official said Iranian troops had arrested five members of the Iraqi security forces and their interpreter last week while the Iraqis were patrolling the Iraq-Iran border northeast of Baghdad. The official Iranian news agency said seven Iraqis had been captured.

The American ambassador, Zalmay Khalilzad, and American commanders strongly condemned Iranian interference in Iraq last month, saying they had evidence that individuals or groups in Iran were training and supporting Shiite militias here. Mr. Khalilzad said Iranians were urging militia groups to step up attacks against the Americans.

The United States has been pressing Iran over its nuclear program as well. The Bush administration is urging the United Nations Security Council to pass a resolution that would impose economic and political sanctions on Iran if Iran persists in its uranium enrichment program, which the Americans say is intended for the manufacture of nuclear weapons.

But it would be difficult for the White House to persuade Iraq to take a strong stand against Iran. Besides the political ties among Shiite politicians, the border is very porous, and Shiite pilgrims from Iran often come to Iraq to mingle freely in the religious cities here. Iranians helped make up the hundreds of thousands of Shiites, possibly millions, who gathered in the city of Karbala on Saturday to celebrate the birthday of a vanished Shiite imam known as the Mahdi.

Three pilgrims en route to Karbala were killed in the town of Musayyib by a mortar round, an Interior Ministry official said.

In Baghdad, gunmen killed a secretary for a government-financed newspaper, Al Sabah, in a drive-by shooting. A minibus driver was killed when his vehicle exploded. A bomb in a parked car killed a policeman and wounded six others, and another bomb exploding near an American convoy killed one civilian and wounded at least six.

A homemade bomb that was detonated near a bakery in Kirkuk killed three civilians, two of them children, and wounded eight others, all women and children, police officials said. Another bomb in the city killed a policeman and wounded two others.

Iraqi's Trip To Iran Accents An Unsettling Friendship (LAT)

By Patrick J. Mcdonnell And Solomon Moore, Times Staff Writers

The Los Angeles Times, September 10, 2006

BAGHDAD — Iraqi Prime Minister Nouri Maliki is set to begin a state visit to neighboring Iran on Monday in a trip that would spotlight the close relations between the U.S.-backed government here and a Tehran regime at loggerheads with Washington.

The Iraqi leader plans a two-day visit "to discuss security and political matters and strengthen the relations between the two countries," government spokesman Ali Dabbagh said..

Traditional enemies that warred in the 1980s, Iraq and Iran have grown close since a Shiite-led government with strong links to Tehran won electoral control of Iraq last year.

Shiite mullahs hold the reins of power in Iran, where Sunni Muslims — the other major sect of Islam — are a distinct minority.

Iraqi leaders such as President Jalal Talabani and Deputy Prime Minister Barham Salih have made state visits to Iran on diplomatic and trade missions. As prime minister last year, Ibrahim Jafari also visited Tehran. The Iranian government sees a strategic and commercial advantage in courting the new Baghdad leadership.

Maliki's visit would underscore an emerging regional Shiite alliance that deeply troubles the Bush administration and much of the Arab world.

Sunni Muslims rule most Arab lands, where Shiites often are restive minorities. Many Arab leaders fear growth of a Shiite crescent and militancy emanating from the newfound Iraq-Iran friendship.

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The two nations' embrace is an unintended consequence of the U.S.-led toppling of Saddam Hussein, a Sunni Muslim who repressed Iraq's Shiite majority and viewed Persian Iran as a historic and bitter rival.

Shiites' rise to power in Iraq is viewed as signaling a power shift in the Arab world with far-reaching consequences yet unknown.

Today, Iranian products line the shelves of Iraqi shops and Iranians join pilgrimages to Shiite shrines in the Iraqi cities of Najaf and Karbala. Iranian currency even circulates in some Iraqi border towns.

Such commerce and interaction was unheard of during the Hussein regime, which tightly controlled Iranian visitors and influence.

Many Iraqi Shiite lawmakers, including Maliki, have warm relationships with Iran and took refuge there for many years from Hussein's Baath Party dictatorship. Maliki, a longtime Islamist who lived for years in exile in Iran and Syria, is making his first visit to Iran since being elected prime minister in May.

From the standpoint of some in the Bush administration, Iran belongs to what the White House has called "an axis of evil" and is bent on acquiring nuclear weapons and arming militant Shiite groups such as Lebanon's Hezbollah (Party of God), an Iranian client.

U.S. officials suspect that Iran has bankrolled Shiite politicians in Iraq and may be arming powerful Shiite militias, though proof of such aid has not emerged publicly. U.S. field commanders in Iraq regularly refer to armor-piercing roadside bombs as Iranian-made.

Nonetheless, some experts say the Bush administration probably has recognized that Baghdad and Tehran will inevitably grow closer and that fanning anti-Iranian sentiments here could be counterproductive. Moreover, some observers argue, Iran could eventually assist the U.S. agenda in creating a functional Iraqi government.

A greater Iranian role in stabilizing Iraq "seems to me to be a necessary step forward, even if that ultimately means considerable Iranian influence over the government in Baghdad," said Charles A. Kupchan, a professor of international affairs at Georgetown University and former National Security Council director for European affairs. "That influence already exists, and it would be in America's interest to try and support that relationship."

But whether closer ties between Iraq and Iran will ultimately increase stability remains a question.

The Tehran-Baghdad thaw is a major irritant to Iraq's Sunni minority, which fears an Iranian takeover. Iraq's Sunni Arabs, from the man on the street to politicians and insurgents, routinely denounce certain Shiite politicians and clerics as pawns of Iran.

Despite the diplomatic ties, the two oil-rich nations have many differences, and each harbors a certain distrust of the other.

Their distinct ethnic makeups — Iraq is Arab, Iran is Persian — have contributed to their historical rivalries.

Iraqi officials have reported occasional skirmishes along the two nations' long border. Iraq's Ministry of Defense disclosed Friday that Iranian authorities had detained five Iraqi soldiers near the border; no other news was available Saturday on the five.

Meanwhile, sectarian violence continued in Iraq, though authorities reported no major incidents as hundreds of thousands of Shiites descended on the southern shrine city of Karbala for a religious celebration.

Eight people were reported slain in Baqubah, northeast of Baghdad, where, as in the capital, unrelenting civil conflict pits Shiites against Sunnis.

The Associated Press reported six bullet-riddled bodies were found on the streets of Mahmoudiya, a mixed Shiite-Sunni city south of Baghdad that has seen ferocious internecine violence.

And the design director of the state-funded Al Sabah newspaper, Abdul-Kareem Rubaie, was assassinated in a drive-by shooting in Baghdad. That ambush came a few days after a car bomb outside the newspaper's offices killed two and wounded more than two dozen.

Scores of journalists and other media workers have been slain in the Iraq conflict.

Bombs and other attacks in Baghdad and the northern cities of Kirkuk and Baiji killed at least eight and wounded more than a dozen, authorities said.

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Times staff writers Saif Rashee and Shamil Aziz and special correspondents in Baghdad, Tikrit and Baqubah contributed to this report.

Iraq Shiite Pilgrims Celebrate Festival (WP/AP)

By Elena Becatoros

The Washington Post/AP, September 10, 2006

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BAGHDAD, Iraq -- Iraq's Sunni Arab vice president renewed his call for Sunni-led insurgents to quickly join the Shiite prime minister's national reconciliation effort, while a Shiite festival that drew millions of pilgrims was held without bloodshed Saturday.

Attacks around Iraq killed at least 12 people, including two gunmen and two would-be bombers. Seven apparent victims of sectarian killings, their bodies all showing signs of torture, also were found dumped on city streets and in a river.

During a meeting with community leaders from a predominantly Sunni Arab district in Baghdad, Vice President Tariq al-Hashimi said it was not too late to stop spiraling sectarian conflict, "as the rules of the game have been changed and problems can't be solved only by weapons."

"This is a call for the Iraqi resistance to think ... and sit around the negotiating table before it's too late," he told about 100 people at Islamic University in the Azamiyah neighborhood. "Differences will devastate Iraq and this division is not to our benefit."

Prime Minister Nouri al-Maliki, who announced he will be visiting Iran on Monday for talks on security and bilateral relations, unveiled a 24-point reconciliation plan last month that he hopes will bridge the religious, ethnic and political divisions feeding Iraq's violence.

The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, and calls for disarming primarily Shiite sectarian militias.

But no major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves. Car bombings, mortar attacks and shootings have killed hundreds of Iraqis the past few weeks.

Amid worries about sectarian attacks, including an assault by snipers that disrupted a Shiite observance in Baghdad last month, a major security operation was mounted in the Shiite holy city of Karbala, 50 miles south of Baghdad, to protect Saturday's festival observing the birthday of Imam al-Mahdi, a 9th century religious leader.

In most Shiite Muslim sects, Mahdi is considered the last "imam," or leader of the Shiite community. The son of the 11th imam, Hasan al-Askari, he is said to have disappeared in the 9th century. But Shiites believe he is still alive and will one day return as a savior of mankind.

Authorities imposed a four-day vehicle ban in Karbala, while thousands of Iraqi police and soldiers _ backed by air support from the U.S.-led coalition _ fanned out across the city to ward off potential suicide bombers.

Hundreds of people have died in suicide bombings and other attacks in Karbala since Saddam Hussein was ousted in 2003. Suspicion has fallen on Sunni Arab extremist groups, including al-Qaida in Iraq, which consider Shiites to be heretics and collaborators with the Americans.

Many pilgrims walk to Karbala from across Iraq. But while several attacks on processions heading to the city were reported in the days before the festival, the event itself passed off without violence and authorities lifted the vehicle ban Saturday afternoon.

Authorities estimated that 3 million to 4 million pilgrims from across the Arab world, as well as from Iran, Pakistan, Afghanistan, Nepal and India, attended the festival.

The "festival today ended without any incident," Minister of State for National Security Sherwan al-Waili said, thanking Iraqi and coalition forces.

But no day in Iraq goes by without violence.

Two roadside bombs planted near each other exploded as a police foot patrol passed in the northern city of Kirkuk, killing four people and wounding 16, police said.

A parked car bomb struck a U.S. military convoy in eastern Baghdad, killing at least two passers-by and wounding five, police said. The U.S. military said three coalition soldiers were wounded.

Police prevented a suicide car bomber from striking a police station near a mosque in northern Baghdad by shooting the driver before he could reach the building. But the explosives in his car detonated, killing an officer and wounding 10 civilians, the Interior Ministry said.

In the center of the capital, a bomb exploded as a man planted it by the side of a road, killing him and wounding another person.

Authorities found the bullet-riddled bodies of six people dumped on streets in Mahmoudiya, about 20 miles south of Baghdad, the army said. All had their hands and feet bound and bore signs of torture, a hallmark of sectarian killings that have escalated since a Shiite shrine was bombed in February.

Police also found an unidentified body in the Tigris River in Suwayah, 25 miles south of Baghdad. The blindfolded and bound body had been shot several times, Kut city morgue said.

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Why The Numbers Don't Add Up In Iraq (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

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The Los Angeles Times, September 10, 2006

The Pentagon's fondness for secrecy along with partisan agendas in Baghdad often lead to contortions with death tolls and other details.

BAGHDAD — In this besieged capital, it was a rare good-news story: Killings had plummeted by as much as 50% since U.S. and Iraqi forces hit the streets last month in a show of strength after the sectarian bloodbath of July.

"We're actually seeing progress out there," Army Maj. Gen. William B. Caldwell IV, the chief military spokesman here, said when making the announcement.

Not so fast.

Last week, Iraqi officials released new figures showing the city morgue had received more than 1,500 victims of violent death in August — a significant drop of about 17% from the record of more than 1,800 killings in July, but hardly a great leap forward.

How the U.S. military arrived at the 50% figure remains a mystery. Commanders won't release the raw data, saying such specifics could help the enemy.

In the volatile atmosphere of today's Iraq, numbers can lie and statistics can be notional, be they from U.S. or Iraqi sources.

Government agencies here rarely keep reliable statistics. Fear and partisan agendas sway Iraqi officials, making them reluctant to divulge what little data they collect. The U.S. military's fondness for secrecy tends to clash with the brass' demands for "metrics" to quantify any progress.

This tension often leads to curious contortions of numbers and nomenclature.

During weekly news briefings deep inside barricaded compounds, commanders regularly display slick charts, multicolored bar graphs and PowerPoint presentations, all heralding good news.

"One more indicator that operations are in fact reducing the amount of attacks on civilians is shown here on this graph," Caldwell assured reporters the other day, pointing to a bar chart dutifully placed on an easel by a stone-faced uniformed subordinate. But all the numbers had been carefully scrubbed. They were classified.

"We typically characterize trends in ways that do not divulge raw data," explained a military spokesman, Lt. Col. Barry Johnson.

Commanders have consistently declined to say how many civilians have been killed by U.S. forces, although officials have acknowledged tracking the number. Avoiding the Vietnam-era stigma of "body counts," authorities also refuse to divulge "kill" totals for suspected insurgents.

A similar imprecision applies when it comes to describing the enemy.

At the conflict's outset, U.S. officials used phrases such as "dead-enders," Saddam Hussein "loyalists" and "foreign terrorists" in an attempt to label the armed opposition a marginal force.

Gradually, as it became clear that Iraq was in the midst of a protracted guerrilla war, the U.S. military rejected the title "resistance," with its connotations of legitimacy, and settled on "insurgents" or "terrorists" as operative labels.

But the evolving nature of the battle has thrown those terms into question too.

"The core conflict in Iraq [has] changed into a struggle between Sunni and Shia extremists," the Pentagon wrote in an unusually frank report to Congress last month. "Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife."

Trained and equipped by the U.S. government, Iraq's security forces have been infiltrated by thousands of militiamen loyal to Shiite clerics and factions. There is widespread agreement among military commanders that Shiite militiamen are behind most death squad killings.

The term "death squad" entered public discourse during the dirty wars in Central America to describe clandestine assassins who often plied their trade with the tacit approval of government authorities in the region. But the issue of Shiite death squads is an extremely touchy one for the U.S.-backed, Shiite-dominated government.

Members of the fiercest death squad are allegedly recruited from the Al Mahdi militia, a group under the command of Muqtada Sadr, a virulently anti-U.S. cleric whose supporters are key players in the ruling coalition of Prime Minister Nouri Maliki.

U.S. officials were reluctant to use the term until July, when Gen. George W. Casey Jr., the top military commander here, and U.S. Ambassador Zalmay Khalilzad issued a joint statement condemning "in the strongest possible language the recent attacks by terrorists and death squads against innocent Iraqi civilians."

The following day, Caldwell used the term repeatedly when speaking with reporters — but he applied the term to both Sunni and Shiite Arab groups.

"We're really not boring in on what organization they're from," said Col. Michael Shields, commander of the Army's 172nd Stryker Brigade Combat Team.

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By unmooring death squads from the context of government-backed Shiite militias, U.S. officials have redefined the problem — and avoided a direct confrontation with the U.S.-backed Iraqi leadership.

Like their U.S. colleagues, Iraqi authorities have demonstrated an adroitness with numbers, terms and dates.

A week ago, Mowaffak Rubaie, Iraq's national security advisor, went on television with great fanfare to declare that authorities had arrested Hamed Jumaa Farid Saeedi, allegedly the No. 2 man in Al Qaeda here.

"This is a major blow for Al Qaeda in Iraq," Rubaie declared, trumpeting a story that spread across the globe.

Later in the week, U.S. officials acknowledged that the suspect had been captured more than two months earlier, and had been sitting in detention all that time.

"When Dr. Rubaie said we had just captured him this week, we've gone back and what he really meant was they had just been cleared to announce that he was in fact in captivity," Caldwell told reporters.

The question of Iraqi casualties has also been a contentious one.

Iraqi officials stopped giving out daily death counts more than a year ago, Iraqi authorities said, after government officials decided that the steady stream of casualties was too bleak.

One of the most reliable barometers of the bloodshed here has been the monthly numbers report from the Baghdad morgue, where coffins strapped to car roofs arrive hourly, and residents trying to identify loved ones look through gruesome autopsy photos.

Last week, health officials unveiled a change in morgue policy: All requests for statistics would henceforth be routed through the Health Ministry. Morgue officials who previously provided details have abruptly "retired" or left the country.

Iraqis worry about a sinister turn. Sadr loyalists head the Health Ministry. In effect, Sadr controls an agency in charge of putting out information on killings reportedly committed by his own gunmen.

Even as information sources have been squeezed, Iraqi authorities have cracked down on the media, threatening to close newspapers and TV stations whose reporting falls afoul of the government line. Last week, the Iraqi government closed the widely watched, U.S.-style satellite channel Al Arabiya for a month, dispatching police to the channel's Baghdad offices. The Shiite government charged that the station, based in Sunni-dominated United Arab Emirates, had aired "sectarian" reports.

Even Iraqi officials acknowledge that Al Arabiya's reports about Iraq are more straightforward than dispatches from Al Jazeera, the Qatar-based channel that authorities here considered pro-insurgency and whose Baghdad office was shut down two years ago.

Still, the government Friday issued a public warning — this is the final chance for Al Arabiya to "correct its behavior."

"We have a problem in Iraq with media that is against the Iraqi people," explained Ali Dabbagh, a government spokesman. "They present reports that have a hostile character and try to foment the view that Iraq is about to fall into a sectarian war. This is a problem."

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Times staff writers Louise Roug and Solomon Moore contributed to this report.

Changing Of The Guard (MJS)

By Bill Glauber And Meg Jones Bglauber@journalsentinel.com

Milwaukee Journal Sentinel, September 10, 2006

Five years after Sept. 11, state soldiers are working, fighting on new fronts

Five years later, and they are in Iraq, Kuwait and Afghanistan.

Five years later, and they are on the border with Mexico.

Five years later, and they still train for floods, tornadoes and riots, natural disasters and man-made catastrophes.

This is the Wisconsin National Guard and its soldiers and airmen, five years after Sept. 11, 2001.

Remember how the events of that day were supposed to change everything? Did they really? Or did most of us go back to our lives, routines, jobs, families, while war echoed far away?

The Guard and its members were catapulted into a new, more uncertain and violent era. When terrorists flew planes into New York's World Trade Center, the Pentagon and a Pennsylvania field, they set in motion a chain of events that would transform weekend warriors into global war fighters.

The ripples have been felt throughout the state, in every small-town police force with an officer dispatched overseas, in every office missing a worker who was called up, in every college and technical school whose students traded book bags for M-4 rifles. Not since the Vietnam-era draft have so many Wisconsin neighbors, colleagues and drinking buddies been off to war, or newly returned.

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Bloodied in combat, stretched through deployments, its equipment pushed to the limit in searing desert heat, the Guard still stands - battle tested and perhaps battle weary, but in many ways more able to carry out missions and more indispensable.

If you want to know how the Wisconsin National Guard has changed since Sept. 11, you could look at the broad brush strokes of war - seven members of the Guard killed in combat in Iraq, scores more injured, including 43 who received the Purple Heart.

Guard members have rebuilt Iraqi schools and police departments, brought fresh water to impoverished neighborhoods, tried to keep peace in a tinderbox of heaving ethnic rivalries.

"We have effectively mobilized every unit in the Wisconsin National Guard except the band," said Brig. Gen. Kerry Denson, leader of the Wisconsin Army National Guard.

Despite the burden borne by the Guard, recruitment targets have been met, and re-enlistments have risen, officials say. 'How did this happen?'

Yet to truly understand the change in the Wisconsin National Guard, you have to go back to April 9, 2004, around 11:30 p.m., on Baghdad's bleak streets.

It was the moment the war came home, more shockingly than ever, to Wisconsin, the night Michelle Witmer went out on her final patrol.

That night, troops from the 32nd Military Police unit exited Baghdad's well-fortified Green Zone through the terrifyingly named Assassin's Gate. The convoy split - three vehicles turned right to cross a bridge over the Tigris River, and three vehicles moved straight ahead. The unit's mission was to root out local gunmen who occupied a police station.

Inside one of the vehicles that headed straight was Charles E. Crowley of Middleton, a licensed practical nurse and battle-hardened lieutenant, the very definition of a citizen-soldier whose civilian skills could be used in the battlefield.

In an instant, Crowley saw the flash of a rocket-propelled grenade igniting on the curb and heard the unmistakable plink-plink of bullets riddling his armored Humvee. One of the other vehicles was hit and veered sharply right. Crowley's driver shouted, "Get going, get going!" and then rear-ended the limping vehicle, forcing it ahead.

At that moment, as tracer bullets flecked the night sky, Crowley looked up through the hatch to his 20-year-old gunner, Witmer, a bright, ebullient woman with an infectious smile, everyone's little sister.

But that night, Witmer's smile was erased forever.

"She was looking down," Crowley said.

The New Berlin woman was shot in the shoulder area. Crowley took Witmer in his arms, placed her across the back seats of the Humvee and tried to resuscitate her as the convoy raced through a three-block gantlet of high-caliber gunfire, crossed the Tigris River and reached the relative safety of a field artillery base.

Just after midnight, April 10, Witmer was pronounced dead.

Crowley broke the news to the patrol.

"They took it hard," he said. "Obviously, everyone was weeping, pounding stuff, pounding the ground, asking, 'How did this happen? How did this happen?' "

Witmer's death - the first in combat for the Wisconsin National Guard since World War II and the first female Guardsman in the nation to die in battle - marked the Guard's loss of innocence. Father criticizes training

Everyone walking into the Guard's headquarters in Madison passes by Witmer's bronze bust next to the theater named in her honor, a reminder not just of her death, but of six other Guard members killed in action in Iraq. Overall, 61 Wisconsin soldiers, sailors and Marines have been killed in Iraq.

Two Guard deaths this summer symbolized the toll war has taken on the state. One soldier died on his last scheduled mission in Iraq and another died during his first.

The father of one of those soldiers criticized the training and equipment his son's unit received, accusations denied by the Pentagon. Stephen W. Castner, 27, who had just arrived in Iraq, died July 24 after the Humvee he was riding in was struck by a roadside bomb in Tallil.

Scores of Wisconsin National Guard members have been injured, from small cuts to the loss of an eye, shrapnel wounds to brain injuries. Some have suffered post-traumatic stress once they returned to their homes and farms after a year living in a country where death can happen without warning, in the time it takes a heart to beat.

A total of 7,600 soldiers and airmen have been mobilized since Sept. 11, 2001 - 81% of the Wisconsin National Guard. Some were mobilized within hours of the toppling of the Twin Towers. Other Guardsmen waited until this summer for their turn to be deployed. Equipment takes a beating

Equipment has been retrofitted, lost in combat and left behind for other units, a materiel merry-go-round requiring split-second logistics to supply and equip not just soldiers at war, but soldiers prepared to deal with natural disaster at home.

"We're short equipment, and the equipment we're bringing back needs work," Denson said.

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But he added, "We've got enough Humvees, 5-ton trucks, 2 1/2 -ton trucks, enough aviation equipment to respond to any (domestic) emergency."

When the Wisconsin Guard deployed for Katrina, for example, there was no shortage of trucks, water tanks, Humvees, wrecker vehicles and fuel tankers, according to those who were part of the mission.

Early on in the Iraq conflict, there were some glaring equipment shortfalls. The 32nd MPs arrived in Baghdad in the summer of 2003 driving soft-skinned Humvees with fiberglass doors and sandbags on the floors. As the insurgency flared, the unit improvised and bought scrap metal off the local market and welded the pieces onto the Humvees - "cowboy armor."

When the up-armored Humvees finally arrived, the unit discovered another problem: they had longer-barreled M-16 rifles, which were difficult to maneuver in the close quarters of the newer Humvees.

The unit eventually left Iraq, and left those armored Humvees for other soldiers but did bring back its share of soft-skinned Humvees. The unit is still using M-16 rifles, but many would prefer the more modern and agile M-4, designed for close-quarter battle.

The maneuver - equipment left, equipment taken - has been repeated many times.

"To be an effective combat force, we're going to have to be re-equipped," Denson said.

But it's not the equipment that makes the Guard unique - it is the people.

All of Wisconsin's 67 communities that are home to National Guard units have seen someone, and in many cases everyone, from their companies and battalions deployed to a war zone.

Since the Sept. 11, 2001, attacks, 5,716 people have joined the Wisconsin Guard for six-year enlistments, officials said, with the state's Army National Guard currently at 98% strength and the Air National Guard at 105% strength. The authorized strength of the Wisconsin Guard is 9,749, with 7,500 Army soldiers and the rest Air Guard members.

Much to the surprise of commanders, soldiers are staying in the Guard, especially in units that have been called to war.

"We thought we'd have a mass exodus," Denson said.

Instead, the annual attrition rate has been cut - from as high as 24% pre-Sept. 11 to 17% now, officials said. Denson, a helicopter pilot in Vietnam, attributes that to a sense of patriotism and the pride felt by Guard members when they return home to exuberant, flag-waving crowds - a far different reaction from what Vietnam veterans saw. Getting out, staying in

Whether to leave or re-enlist becomes a personal choice.

Anna Gates and Sgt. Carrie Peterson shared a trailer at a base in Tikrit, Iraq, while serving there for 11 months with the 264th Engineer Battalion.

When the deployment ended earlier this year, Gates, a single mom, left the Guard to spend more time with her son, Dylan, now 4, and to receive her degree in criminal justice at her hometown school, the University of Wisconsin-Eau Claire. Gates could have re-enlisted in Iraq and earned a $15,000 bonus.

"Just short of giving away vehicles, they were doing anything they could to get people to stay in," Gates said.

Meanwhile, Peterson, 24, re-enlisted for another six years.

"I plan on doing a lot more with my military career," said Peterson, who attends UW-Eau Claire and lives in an apartment a few doors down from Gates.

Peterson, who recently completed officer candidate school, yearns to become a helicopter pilot.

"I think there is a lot of patriotism," Peterson said. "People when they come back from deployment feel proud they got to be a part of that.

"Some people don't want to leave that part of their life. This is one of the best things that happened to my life." 'Wisconsin International Guard'

In many ways, Crowley, now 42 and a captain, reflects the Guard's experience of the last few years, before and after Sept. 11. He pulls out a sheet of paper that tracks his deployments, from peacekeeping in the former Yugoslavia to rushing to New Orleans with more than 400 other Wisconsin Guardsmen after Hurricane Katrina.

Now, he's the operations officer, one of 22 full-time members of the 54th Civil Support Team, a 24/7 rapid-response team designed to detect weapons of mass destruction.

And then, of course, there is Iraq, the long tour when he was deployed with the 32nd MP unit. In a Baghdad palace where Saddam Hussein's vice president lived until Tomahawk missiles blew giant holes in the roof, the unit created a mini Garden of Eden. Plumbers and electricians hooked up water and power lines, carpenters built bunks and housing. The large swimming pool was scrubbed and filled with clean water. A bunch of the soldiers made up T-shirts that read "We're part of the Wisconsin International Guard."

"No one, including our commander, thought a little MP company from Wisconsin would be deployed to a combat zone in the middle of Baghdad," Crowley said.

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But his job was to follow orders, which meant trying to reinvent a local police force in Baghdad, where he was shot at, mortared and bombed.

"I don't know everything of why we were there," he said. "We were given a mission and given objectives. We carried them out."

Crowley carries the scars of combat - a half-moon scar on the back of his head and shrapnel that remains in his arm. They are remnants of an October 2003 blast that leveled a police station and left up to 14 civilians dead and dozens more wounded. Crowley and fellow Guardsmen survived the blast, he said, because of divine intervention. Amid the rubble, a surgeon reattached Crowley's right ear and sutured the head wound.

"It felt as if my whole head and face were on fire," Crowley said.

In the years since, Crowley has coped with his wounds and his memories, coped with being a National Guardsman in the age after Sept. 11, a radically different Guard from the organization he joined in the mid-1990s, when the world seemed a quieter place.

"I don't have any close friendships anymore," he said.

But he has pictures of friends and comrades snapped while on deployment. In his wallet he carries a single photo of a smiling young woman sitting on a building in Iraq. And he carries that woman's name on a wrist bracelet: Michelle Witmer.

"She was so young," he said. "Such a waste." From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

Wisconsin Pilots Ready To Thwart Air Attack (MJS)

By Meg Jones

Milwaukee Journal Sentinel, September 10, 2006

Weeks after 9-11, Guard responded to threat over U.S.

Madison - If ever there was a time to travel at the speed of sound, this was it.

Commanders at the 115th Fighter Wing received word that two of the Wisconsin Air National Guard's F-16s parked at Truax Field were needed. The reason? Some sort of disturbance on an American Airlines flight en route to O'Hare International Airport.

It was 3 1/2 weeks since passenger planes had been used as weapons, toppling the World Trade Center, smashing a hole in the Pentagon and leaving a giant black groove in the Pennsylvania countryside. What had seemed unthinkable a month before could be happening again.

Lt. Col. Joe Brandemuehl was on duty that day in the command center.

"They said get the jets there as fast as they could. The crews got there as fast as they could, which meant they went supersonic," said Brandemuehl, 45, of Lancaster.

Some southern Wisconsin residents heard sonic booms and saw their windows crack as the F-16s traveled at Mach 1, zooming the equivalent of four football fields per second. At that speed it took the two pilots 10 minutes to reach Chicago and find the American Airlines plane, where a 31-year-old passenger with a history of mental illness had tried to break into the cockpit.

As the Wisconsin jets escorted the airliner to a safe landing at O'Hare, Brandemuehl, a United Airlines pilot as well as a National Guardsman, watched the scene on MSNBC. He breathed a sigh of relief: The Wisconsin F-16 pilots were not forced to shoot down the plane full of people.

The mission of the 115th Fighter Wing changed on the morning of Sept. 11, 2001. The wing of roughly 1,000 airmen switched from one that trained in the U.S. for overseas deployments - such as enforcing the no-fly zones over Iraq - to a first-response unit on call 24/7 that could face enemies in American airspace. Wing members also have been deployed several times to war zones since the war began in Iraq.

"We stood up within those first eight to 10 hours and have never really come off that," said Brig. Gen. Fred Sloan, head of the Wisconsin Air National Guard.

Every hour of every day since then, 115th Fighter Wing airmen have been on duty, ready to scramble any of the unit's 17 jets within minutes. That meant building quarters for pilots and crew members to stay in while they wait to hear the Klaxon horn, changing duty rosters and adding 70 full-time positions.

Now the F-16s are kept in what's called "hot cocked" mode so pilots can jump in, pull the stick back and fly. Inside the crew quarters, it's kept quiet - no incoming calls are allowed - so pilots can rest and stay focused during their 24-hour shifts, which sometimes stretch up to seven consecutive days; even the stove and washer/dryer automatically shut off when the horn sounds.

The 115th Fighter Wing has been scrambled since the October 2001 incident over Chicago, though military officials declined to release details for security reasons. Many of the Air National Guard crew members are also civilian pilots, and it's

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never far from their minds that should a terrorist hijacking happen again, they could find themselves aiming their missiles at a passenger plane.

"If they were called upon to follow the rules of engagement, they will," said Brandemuehl, the wing's commander, adding that those rules are "designed to protect citizens."

And if communications fail and there's no way to contact a plane, it would be up to military pilots to fly next to the aircraft and find out if there's a threat or if the problem is accidental, such as a rapid decompression, said Lt. Col. Tom Kahle, 40, of Hazel Green.

"We treat ourselves as the last line. Hopefully it will happen like in Britain where it's foiled on the ground," said Kahle, who is on leave from his civilian job as a FedEx pilot. On Sept. 11, 2001, he was flying from Memphis to Houston when his plane filled with packages was grounded as the Federal Aviation Administration shut down the skies.

Now he folds his 6-foot-4 frame into the tight F-16 cockpit, handles scheduling for the fighter wing and takes his turn in the on-call rotation, hoping that his skills as a fighter pilot won't be needed in American airspace.

"It's just an added stress, but it's an honorable one," Kahle said. From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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Still Touched By War (MJS)

By Bill Glauber

Milwaukee Journal Sentinel, September 10, 2006

Memories, mixed feelings linger for those who served in Iraq

Tony Gatlin can reach out and touch the Iraq war.

It's there, on the basement walls of his tidy suburban home in Oconomowoc, reminders of his 14 months in-country with the 32nd Military Police Company of the Wisconsin National Guard.

Near the bar hang two maps of downtown Baghdad that detail every nook and cranny of the sun-bleached neighborhood where he and his fellow citizen-soldiers patrolled, tried to bring law to a lawless place. On another wall hang three medals - two Purple Hearts and a Bronze Star. There's also an American flag that flew in Iraq.

How often does he think of the war?

"Every day," said Gatlin, 30, a City of Brookfield police officer.

The war has followed thousands of Guardsmen back to Wisconsin. Some can talk with their families and friends about their experiences. Others keep those experiences close, unable to express just what they felt and absorbed during the long months away from home.

They also have their opinions about how the war is going, what the stakes are and whether America should keep the troops in Iraq.

"I don't know what people expect sometimes," Gatlin said. "How long did it take this country to get it right, hundreds of years? You've got a culture that has been fighting for eons."

Gatlin is a doer. In Iraq, other units might have waited for sandbags. Not Gatlin's. He and his troops hauled 150-pound slabs of concrete up three flights to create fighting positions in a burned-out Baghdad palace.

"That's the attitude you have to have, otherwise you're a victim," he said. "Just grab your bootstraps and get the job done because otherwise you're just a statistic. And nobody in my unit is going to be a statistic."

He calls his attitude a military mind-set, and it colors his view on what the United States should do now in Iraq.

"You commit to doing a job and you see it through," he said. "That's what we're doing. You liberate millions of people and you see it through so they can stand on their own two feet."

But he said Iraqis need to take responsibility for their country's future.

"You can only lead them so far," he said. "You take the training wheels off their bike, they might crash, but you know they'll get the hang of it."

When something happens in Iraq, Wisconsin soldiers feel it at home.

In February, insurgents blasted the golden dome of the Askariya mosque in Samarra, one of Shiite Islam's holiest shrines.

"Why would you want to do a thing like that?" said Bob Randall, a farmer from Soldiers Grove who joined the Guard in 1988 and deployed to Iraq with the 1st Battalion, 128th Infantry. Randall's unit was stationed in Samarra for a year, guarding the main thoroughfare that pilgrims traveled to visit the sparkling Askariya mosque.

To Randall, a sergeant, the mosque was a vision of beauty amid a harsh landscape.

"We came from rural Wisconsin, rural America, where we trust everybody," he said. "We keep the keys in our vehicles at home. And over there you could trust nobody."

Some soldiers lost a lot in Iraq. Friends were killed, illusions shattered.

"There were times I thought, 'Why are we here?' They were blowing up their own people," said Troy Davis of Lancaster, a former member of the 1st Battalion 128th Infantry. Davis, a construction worker, recently left the Guard.

Davis and Randall shared a difficult tour that began harshly, with the death of Staff Sgt. Todd Olson of Loyal, who died Dec. 27, 2004, from injuries he suffered in a roadside bomb blast, leaving behind a wife, daughter and three sons. The three men, all in their 30s, were friends who bonded during training. Davis and Randall were on the same foot patrol and heard the bomb that killed their buddy.

"I think a lot of times how close I came to getting hurt and not coming home," Davis said. "I try to be a strong man. And then I think Todd is never going to be with his boys."

Capt. Scott Southworth, Juneau County's district attorney, commanded the 32nd MP unit during its 14-month tour of Iraq. Southworth said there were moments of horror in Iraq, when comrades died and civilians were murdered.

And yet, he also recalls moments of small triumphs, training Iraqi police in the fine arts of investigation, interrogation and incarceration.

"Those were the moments when you said, 'I'm doing something, helping the Iraqi police service move from dictatorship to democracy,' " he said. "You feel relevant."

The war remains close. Southworth cares for an Iraqi orphan named Ala'a, 11, now a fifth-grader with a growing command of English.

Southworth hears growing dissent about the war, understands the passions on both sides, but also wants to tell those who ask him why it is important for American troops to remain in the country.

"We took out their government, and when we did that, with that act, we accepted a responsibility to make sure that the government that came after was stable enough and they didn't fall into a civil war," he said. "If we leave now, we will have condemned hundreds of thousands of people to their death. And that blood will be on our hands as Americans, period. That's a pretty harsh statement, but it is the reality."

Others, though, are not convinced that American troops should remain long.

"I'm a little torn on my thoughts on how long we should stay there," said Anna Gates, who served 11 months in Iraq with the 264th Engineer Battalion. "I know we're helping them, but we're going to need help at home, too."

Troy Stoneberg, a combat medic who served in Iraq for 11 months with the 1st Battalion, 128th Infantry, tries to avoid watching news about Iraq.

"I think it's clear that it's getting worse over there," he said.

Stoneberg's medical unit treated civilians in villages near a massive U.S. air base.

"I think we did a good job over there," he said. "But when you look back you ask, 'What was the purpose?' Our guys did humanitarian support, but in the grand scheme of things, did it matter?" From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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At Least 40 Insurgents Killed In Afghanistan (WP/AP)

By Rahim Faiez, Associated Press

The Washington Post, September 10, 2006

KANDAHAR, Afghanistan, Sept. 9 -- NATO and Afghan soldiers killed at least 40 suspected Taliban fighters in fierce raids that destroyed insurgent hideouts and a weapons factory, the European military alliance said Saturday. One NATO soldier also died.

The insurgents were killed late Friday and early Saturday in Kandahar province's Panjwai district, where an anti-Taliban operation was launched Sept. 2. The latest deaths brought to at least 320 the number of suspected insurgents reported killed by NATO in Operation Medusa.

A NATO spokesman, Maj. Scott Lundy, said the casualty count was based on reports from troops viewing the battlefield through weapons sights and other devices.

In Kabul, thousands of people joined Afghan President Hamid Karzai at a memorial ceremony marking the fifth anniversary of the assassination of Ahmed Shah Massoud, a mujaheddin commander who had battled the Taliban. Massoud was killed in an al-Qaeda suicide bombing in northern Afghanistan two days before the Sept. 11, 2001, attacks in the United States.

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"Massoud was a great martyr for this land, and like him, today, each son of this country is ready to sacrifice his life to make the nation free," Karzai said in a speech. "We are still not free, and our nation's children are still being sacrificed, like yesterday in Kabul when more people were martyred in a terrorist attack."

Massoud was the most famous of the mujaheddin commanders who fought the Soviet occupation of Afghanistan during the 1980s, and he later led the resistance to the Taliban after the religious militia seized power in 1996.

The ceremony came a day after a car bombing in Kabul killed at least 16 people, including two American soldiers, in the deadliest suicide attack in the Afghan capital since U.S.-led forces overthrew the Taliban for harboring al-Qaeda leader Osama bin Laden.

In the south, NATO said that alliance and Afghan troops destroyed three insurgent positions, a bomb factory and a weapons cache in battles that killed more than 40 militants in Panjwai, a district west of Kandahar city that has long been regarded as a Taliban stronghold.

One NATO soldier was killed Saturday, the alliance said in a statement. The soldier's nationality was not released, but Canadian forces are leading the Panjwai push, and at least five Canadian soldiers have been killed since the operation began.

NATO Forces Kill More Than 40 Taliban (WP/AP)

By Noor Khan

The Washington Post/AP, September 10, 2006

KANDAHAR, Afghanistan -- NATO and Afghan forces killed more than 40 militants Saturday on the fifth anniversary of the death of a legendary mujahedeen commander killed by al-Qaida days before the Sept. 11 attacks.

The insurgents were killed in Kandahar province's Panjwayi district as part of an anti-Taliban operation launched Sept. 2. The latest deaths brought the number of suspected militants claimed killed by NATO in Operation Medusa to at least 320.

The anti-insurgent blitz came as a top NATO general said he would ask alliance members Monday to provide up to 2,500 more soldiers to combat Afghanistan's deadliest spate of violence since the Taliban regime was ousted in late 2001.

In Kabul, thousands of people attended a memorial ceremony marking the fifth anniversary of the assassination of mujahedeen leader Ahmad Shah Massood, who died in an al-Qaida suicide bombing in northern Afghanistan two days before the Sept. 11, 2001, attacks on America.

"Massood was a great martyr for this land and like him, today, each son of this country is ready to sacrifice his life to make the nation free," President Hamid Karzai said in a speech. "We are still not free and our nation's children are still being sacrificed like yesterday in Kabul when more people were martyred in a terrorist attack."

Massood fought the Soviet occupation of Afghanistan during the 1980s, and later led the resistance to the Taliban after the Islamic militia seized power in 1996.

In the anti-Taliban push, NATO and Afghan have pounded insurgents in Panjwayi with airstrikes, artillery and mortars in one of the most intense military confrontations since the campaign that toppled the Islamist regime.

The operation comes amid concerns that NATO lacks enough troops to succeed in its mission. In Poland, Gen. Ray Henault, chief of NATO's military committee, said he would formally ask the alliance's 26 member states on Monday to provide the additional 2,500 troops.

NATO, which took command in the south from a U.S.-led coalition on Aug. 1, has deployed about 8,000 mostly British, Canadian and Dutch forces. It has about 20,000 forces nationwide.

In the latest fighting, NATO said it had destroyed three insurgent positions, a bomb-making factory and a weapons cache in the battles that killed more than 40 militants. One NATO soldier was killed Saturday. The soldier's nationality was not immediately released.

Canadian forces are leading the Panjwayi push and have had at least five soldiers killed since the operation began.

A NATO spokesman, Maj. Scott Lundy, said the casualty count was based on reports from troops viewing the battlefield through weapons sights and other devices.

In all, the alliance has reported 330 militant deaths since the Operation Medusa began. NATO's count has been strongly disputed by a Taliban commander and has not been independently verified. Reporters cannot access the site of the fighting.

Troops now occupy parts of Panjwayi and neighboring Zhari district and reopened a section of highway that had been closed to civilian traffic during the operation, NATO said.

"There is severe pressure on the insurgents remaining in the area, which will continue until they are either defeated or choose reconciliation through surrender," said Canadian Brig. Gen. David Fraser, commander of NATO forces in southern Afghanistan.

In Rome, Italian Premier Romano Prodi said Italian troops will remain in Afghanistan despite calls by some government allies for withdrawal after four Italian soldiers were wounded Friday.

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Italy has some 1,800 troops in the Afghan cities of Kabul and Herat.

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Associated Press writers Rahim Faiez in Kabul and Monika Scislowska in Warsaw, Poland contributed to this report.

NATO Commanders To Meet On Afghan Troops (WP/AP)

By Monika Scislowska

The Washington Post/AP, September 10, 2006

WARSAW, Poland -- NATO will hold two more conferences aimed at pushing member states to commit more troops to the alliance's mission in Afghanistan as it faces tough resistance from insurgents there, a spokesman said Saturday.

Military leaders decided after two days of closed-door discussions in the Polish capital that further efforts were needed to plug shortfalls in the force, which has faced increased violence from a resurgent Taliban along Afghanistan's southern border, NATO spokesman Col. Brett Boudreau told The Associated Press.

Earlier Saturday, Gen. Ray Henault, chairman of the NATO military committee, said he would appeal formally to the alliance's council Monday for member states to commit another 2,000-2,500 soldiers to confront the Taliban guerrillas.

NATO military leaders also will hold further conferences on Wednesday and Friday to address the issue of the shortfall of troops in southern Afghanistan and urge member states to live up to the numbers they had pledged to the mission, Boudreau said. Commitments to other missions also will be discussed.

Last week, alliance commander Gen. James L. Jones called for extra troops and aircraft to be sent to southern Afghanistan, where NATO relieved U.S.-led troops one month ago.

But the appeals were running into donor fatigue from several key NATO members, many of whom have indicated they had reached the limit of their capabilities.

"Afghanistan is the most complex mission NATO has ever undertaken," Henault said. "Our collective assessment is that we are satisfied with the military-related progress to date, particularly in the north and the west, but less so in the south, where it's been more difficult."

Henault said only 85 percent of forces required for the mission have been supplied by the member nations so far.

That was "considered acceptable by the commanders ... to undertake the level of mission activity that they had anticipated ... until they discovered the intensity of the resistance" from Taliban forces, he said.

The NATO military leaders' conference on Wednesday will "look to obtain the people and the equipment required to bring that 85 percent as close to 100 percent as possible," Boudreau said.

The second meeting will "look at addressing a shortfall in the immediate requirement and for subsequent rotation of forces" that the alliance has on other missions.

Some 20,000 NATO soldiers and a similar number of U.S. forces in Afghanistan face an emboldened Taliban insurgency that demonstrates how shaky Afghanistan's Western-backed government remains.

Jones is seeking reinforcements for the 8,000 mainly British, Canadian and Dutch troops that took over the region in August. Fighting since then has left at least 35 NATO troops and hundreds of militants dead.

Ex-Taliban Chief Details Massood Killing (AP)

By Matthew Pennington, Associated Press Writer

AP, September 10, 2006

The beat-up video camera was delivered to Afghanistan in a box, and picked up by two clean-shaven Arabs posing as journalists. They met with Osama bin Laden before leaving on their mission — to kill mujahedeen hero Ahmad Shah Massood.

Five years after the Taliban opponent was slain by a bomb hidden in the camera, a former Taliban official on Saturday described how al-Qaida staged the killing — two days before the Sept. 11 attack on America — hoping to strike a fatal blow to the pro-U.S. Northern Alliance.

Waheed Mozhdah, director of the then-Taliban Foreign Ministry's Middle East and Africa department, also showed The Associated Press a copy of what he said was a signed letter dated Sept. 13, 2001, from bin Laden to Taliban leader Mullah Omar, urging him to launch an offensive against the alliance.

In the letter, written in Arabic, bin Laden said that if America failed to respond to the Sept. 11 attacks, it would decline as a superpower. But if the U.S. started fighting, he added, its economy would suffer a major blow and it would face the same destiny as the Soviet Union — whose ill-fated 1980s occupation of Afghanistan heralded its disintegration.

Few details have emerged previously about how al-Qaida plotted to murder Massood, the "Lion of Panjshir" who fought Soviet troops and led resistance to the Taliban regime. At the time, his Northern Alliance was under siege, barely clinging to a mountainous northern corner of the country.

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But the U.S. military campaign after Sept. 11 to punish the Taliban for giving refuge to bin Laden propelled Massood's supporters to power, and the bearded commander has achieved iconic status. Giant portraits of him adorn government offices and public spaces in Kabul, and the Sept. 9 anniversary of his death is marked in grand style.

President Hamid Karzai on Saturday addressed a crowd of thousands at a Kabul stadium attending an official Massood commemoration.

"They came from outside to kill him. They put a bomb inside a camera pretending they wanted to interview him. Why did they kill him? Because he said they would defeat them," he said.

The attackers apparently were North African Arabs traveling on forged Belgian passports who managed to pass through the front line between the warring Taliban and Northern Alliance carrying their bomb.

"We never suspected journalists. Our leaders were careless," said Massood Khalili, a former Massood adviser who was seriously wounded in the blast.

One of the Arabs died in the bombing. The other, who survived the blast, was shot dead by enraged bodyguards.

Mozhdah said bin Laden appeared to hint at the plot during a meeting with Taliban Information Minister Amir Khan Muttaqi in the southern city of Kandahar — the seat of the ousted Taliban regime — just after the Islamic fasting month of Ramadan in 2000.

Citing an account provided by a translator at the meeting, Mozhdah said bin Laden complained to Muttaqi about Taliban restrictions that prevented al-Qaida from contacting the media. "My hands are tied behind my back and my mouth is taped shut," an annoyed bin Laden reportedly said.

When Muttaqi blamed international pressure — including sanctions — facing the Taliban regime for hosting al-Qaida bases and fighting the Northern Alliance, bin Laden thought for a while before replying, Mozhdah said.

"I know your difficulties. I'm looking at how to solve your problem," the al-Qaida leader said, without elaborating, according to Mozhdah.

Mozhdah said that the following spring — he was unsure of the precise date — a parcel from Pakistan was received at an official media office used by al-Qaida and the Taliban in Kandahar.

The box looked new, but it contained a rather old-looking video camera, Mozhdah said, and the computer technician at the office expressed puzzlement about it. A day later, he said, it was picked up by an al-Qaida official accompanied by two Arabs with shaven faces — a curious sight in Taliban-dominated Afghanistan, where men were made to wear beards.

The Arabs, known to Mozhdah only as Karim and Arbet, subsequently had the camera while purportedly taping an interview with Taliban Foreign Minister Abdul Wakil Mutawakil but never gave a requested copy to him, he said.

Mozhdah said the Arabs later met with bin Laden, top deputy Ayman al-Zawahri and Mullah Omar, who gave them a warm send-off before they flew to Kabul. There, he said, the Foreign Ministry gave them a letter of permission to cross the front line into Northern Alliance-held territory in the Panjshir Valley, Massood's domain north of the capital.

To win acceptance on the other side, the journalists had an introduction from an Islamic group in London to Abdul Rasul Sayyaf, a Northern Alliance commander in Panjshir with strong contacts to Arab mujahedeen from the days of the Soviet resistance, said Abdullah Abdullah, another close associate of Massood.

Abdullah, who served as Afghan foreign minister until earlier this year, said this facilitated the Arabs' entry into Panjshir. Sayyaf hoped their report could help the alliance's standing in the Muslim world but also warned the commander at the front line, Bismullah Khan, now chief of Afghan army staff, "to be watchful of them," Abdullah said.

Abdullah said he saw the Arabs in Panjshir about 20 days before the assassination.

"It was a very brief encounter. When I wind my mind back, I remember their gaze was one of hatred," he said.

The journalists waited for a chance to speak with Massood. When the opportunity came, at his redoubt in the town of Khodja Bahauddin, they had 15 questions — eight of them about bin Laden.

Khalili, now the Afghan ambassador to Turkey, said that as the camera supposedly began rolling, he started to translate the first question for Massood from English — "What is the situation in Afghanistan?" — when a fireball ripped through the room.

Massood died, and Khalili spent seven days in a coma.

The death wasn't reported for six days, in fear of undermining the Northern Alliance. By the time of the announcement, the Sept. 11 attacks had transformed the world. Two months later, Massood's once beleaguered forces routed the Taliban with the support of U.S. air power.

Air Force Officer Leaves Kyrgyzstan (NYT)

By C. J. Chivers

The New York Times, September 10, 2006

DOJ_NMG_0060794

MOSCOW, Sept. 9 — A United States Air Force officer who had been missing in Kyrgyzstan for more than three days was flown from the Central Asian country early Saturday, the Air Force said, while the investigation into her disappearance continued.

The officer, Maj. Jill M. Metzger, 33, was found alive late Friday night outside Bishkek, the Kyrgyz capital, and was taken to the hospital by the police, the Kyrgyz authorities said. The Air Force swiftly claimed her and returned her to Manas Air Base, where she had been stationed as a personnel officer.

The American Embassy in Bishkek said in a statement that it appeared she had been abducted but that the investigation had not ended. After determining that her medical condition was stable, her command flew her to an undisclosed location.

The air base declined to disclose the nature of any injuries she might have, citing privacy concerns, but said her blond hair had been cut and darkened. The Air Force also expressed relief that she had been found, but noted that many questions remained.

"The first thing is that we're excited that she's alive and that we're going to be able to send her back to her family and friends," said Capt. Anna Carpenter, an air base spokeswoman. "The second thing is that we're going to find out what happened to her."

Since the major disappeared on Sept. 5, just days before she was scheduled to return to the United States, her case has confounded investigators. Her reappearance added new layers of mystery.

Major Metzger vanished in civilian clothes while on an off-duty shopping trip with co-workers at a department store in central Bishkek.

Kyrgyz police officials said the store's security videotapes recorded her walking out of the store alone. They also said her cellphone records showed she had called numbers outside Bishkek and that witnesses said she traveled by car to a bus station on the capital's eastern side.

Bishkek is not generally considered dangerous, and northern Kyrgyzstan, where Manas Air Base is situated and whose population is almost unfailingly friendly to outsiders, is far from the combat zones in Afghanistan that the air base supports.

But members of the military stationed at Manas are allowed to leave the base only with permission and in groups; once off-base they are expected to remain in pairs.

Her departure from her co-workers, by the Kyrgyz description, would appear to violate those rules and clash with her professional reputation.

Major Metzger, the daughter of a retired Air Force colonel, married an Air Force captain this year. She has been described by the Air Force as an accomplished officer and a disciplined, standout athlete who specialized in running marathons.

No breakthrough occurred until Friday night, when the major surfaced in Kant, a town east of the capital. The Kyrgyz Interior Ministry said in a statement that she appeared about 11:45 p.m. at a residence there, and, speaking in broken Russian, told a family that she had been kidnapped.

The police picked her up, the statement said, and found her disheveled and with a scratch on her forehead and another on her neck, but without serious injury. She was then treated at the hospital before being picked up by an Air Force team.

Police officials have said that no one has claimed to have kidnapped her, and there were no calls for ransom or political demands surrounding her disappearance. There were no immediate signs that she had been robbed and no arrests in the case.

Speaking to reporters in Bishkek, Kyrgyz law enforcement officials presented a variety of contradictory accounts of her disappearance and re-emergence, further confusing the case.

Captain Carpenter declined to comment on the Kyrgyz statements, and said the Air Force was conducting an investigation of its own.

U.S. Officer Tells of Being abducted (WP)

By Peter Finn

The Washington Post, September 10, 2006

MOSCOW, Sept. 9 -- A U.S. Air Force major who disappeared while on an off-base trip in Kyrgyzstan, where she was stationed, surfaced late Friday and reported that she had been abducted, U.S. and Kyrgyz officials said Saturday.

Maj. Jill Metzger, 33, walked out of a department store in the capital, Bishkek, on Tuesday and vanished, setting off a nationwide search in which more than 20 U.S. agents participated.

Air Force Maj. Jill Metzger's report of a kidnapping is still under investigation. (AP)

Late Friday evening, Metzger showed up at a house in the town of Kant, about 20 miles from the capital. Accounts about what had happened to her were fragmentary, and the U.S. Embassy said in a statement that "it now appears that Major Metzger had been abducted."

Metzger was stationed at a U.S. base in Kyrgyzstan, a former Soviet republic in Central Asia, that is used to support operations in Afghanistan. Air Force officials said she was in stable condition and had been flown to another base in the region.

"Her condition will be determined by a team of medical professionals," the military said in a statement. "The investigation concerning her disappearance is continuing."

A Kyrgyz police official, Kemilbek Kiyazov, told the Associated Press that Metzger had given a dramatic account of being kidnapped.

According to Kiyazov, Metzger said that while she was shopping at a department store in Bishkek, someone placed an object in her back pocket with a note saying it was a bomb and telling her to go to an address in Bishkek.

Metzger went to the address "as if she were in a trance," Kiyazov said. Three men and a woman then forced her into a van and took her to a house in a rural area outside the capital.

Other Kyrgyz officials, speaking to reporters on condition of anonymity, said they found her story baffling.

Metzger was on a shopping trip with other U.S. personnel who reported her missing after she failed to meet up with them for the return trip to the base. She reportedly does not speak any of the major local languages, Kyrgyz, Russian or Uzbek. And investigators said they determined that she appeared to have left the store of her own volition.

Metzger, who is permanently assigned to Moody Air Force Base in Georgia, had nearly completed a four-month tour in Kyrgyzstan and was scheduled to ship out Friday. Military officials said she had recently married and was planning to join her husband on a belated honeymoon.

On Friday night, Kyrgyz officials said, she turned up in Kant exhausted and with her hair dyed brown. Kiyazov told the AP that Metzger's hands were stained with dye. It was unclear how Metzger eluded her kidnappers.

Metzger's father-in-law, Kelly Mayo, told the AP in Colorado Springs that the Air Force's Office of Special Investigations said she was found on the side of a road with her head shaved. He suggested that she may have suffered some physical injuries. U.S. officials have not provided any details on what Metzger has said to them.

U.S. Major 'Stable' After Reported Kidnapping (WT/AP)

By Leila Saralayeva, Associated Press

The Washington Times, September 10, 2006

BISHKEK, Kyrgyzstan -- A U.S. Air Force officer who went missing for three days said someone stuffed an object in her jeans pocket with a note saying it was bomb and telling her to go to a site in Bishkek, where kidnappers grabbed her, Kyrgyz authorities said yesterday.

They said Maj. Jill Metzger reported feeling as if she were in a trance as she followed the instructions.

U.S. officials said the 33-year-old officer was in "stable condition" after she turned up Friday night and had been moved to another American base in the region.

Maj. Metzger disappeared Tuesday in Bishkek, capital of this former Soviet state in Central Asia, while shopping at the TsUM department store for souvenirs before a scheduled departure from the country Friday.

Her disappearance touched off an extensive search by Kyrgyz police and by U.S. military personnel, including 22 special agents.

But no trace was found until late Friday when Maj. Metzger knocked on the door of a house in Kant, a town about 22 miles from Bishkek, and told its residents she had been abducted, Kyrgyz Deputy Interior Minister Omurbek Suvanaliyev said.

Military officials said Maj. Metzger was a newlywed and had been scheduled to travel with her husband to Jamaica for a belated 10-day honeymoon.

Maj. Metzger told Kyrgyz police she had been abducted by three young men and a woman in a minibus and held in a rural area about 30 miles from the capital, Mr. Suvanaliyev said.

Kemilbek Kiyazov, chief of the Chuysk regional police department, said, "Her first testimony was that when she split up with her group in the department store, someone put a hard object and a note saying it was an explosive in a back pocket of her jeans.

"In the note there were also detailed instructions about where to go and what to do. Metzger says it was as if she were in a trance and fulfilling someone else's wishes."

Mr. Kiyazov said the major reported that she was met by three men and a woman who put her into a vehicle, took her to a house and placed her in a dark room. He quoted her as saying she managed to escape after an abductor brought her food and she struck him.

Mr. Kiyazov, who said he talked with Maj. Metzger, said her blondish hair had been dyed dark brown and her hands were stained with dye.

Capt. Anna Carpenter, a spokeswoman at the U.S. air base at Bishkek's Manas airport, where Maj. Metzger had been temporarily stationed, said the major was in "stable condition."

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Maj. Metzger was taken several hours later to another base in the region, Capt. Carpenter said, but declined to say where. Manas is the only U.S. base in Kyrgyzstan.

Maj. Metzger was serving a four-month stint with the 376th Air Expeditionary Wing at Manas. She had been scheduled to return Friday to her regular post at Moody Air Force Base in Georgia.

Maj. Metzger's father-in-law, Kelly Mayo, said her husband, Air Force Capt. Joshua Mayo, was overjoyed when he was told Friday that his wife had been found.

"I can't even describe it. He's just beside himself, just unbelievable joy," Mr. Mayo said.

CORPORATE SCANDALS:

Backdating Is Seen As Option In Tech Realm (LAT)

By Tom Petruno And Chris Gaither, Times Staff Writers

The Los Angeles Times, September 10, 2006

Silicon Valley probes are targeting practices that many consider legitimate means to advance firms' goals.

SAN FRANCISCO — Gregory Reyes was facing a personnel crisis. The executive he had just hired for a top sales job at his Silicon Valley company suddenly was threatening to jump to a competitor.

So Reyes, then chief executive of computer networking firm Brocade Communications Systems Inc., decided to offer the recruit a much bigger pay package. Instead of options to buy 285,000 Brocade shares — the initial offer — Reyes anted up 500,000.

He didn't stop there, according to federal prosecutors. They say Reyes dangled a sweetener: The purchase price of the options would be fudged — "backdated" — so that the employee would have an immediate paper profit of $2.5 million on the shares.

The government says that was a crime, one that could put Reyes behind bars for 20 years if the charges stick. And more executives could find themselves joining Reyes in court dockets, as prosecutors and securities regulators examine past option grants at more than 100 companies nationwide, most of them technology firms.

The widening probe is of particular concern in the nation's tech center — Silicon Valley and the San Francisco Bay Area — where options have long been the coin of the realm. At least 30 firms in the area have disclosed federal inquiries.

But even as the Justice Department and the Securities and Exchange Commission bear down in their investigations, there is a sense of disbelief among many in the tech sector that companies' option practices of the last decade have literally become a federal case.

"Clearly, they did something wrong, but it's very different from a WorldCom or Enron situation, where it appeared the fraud was just to fleece investors," said Tom LaWer, an executive compensation lawyer in East Palo Alto. "It seems as if there was a bit of laziness and stupidity involved."

In the hard-charging entrepreneurial culture of Silicon Valley, the creative use of stock options to reward favored employees is seen by many as a reasonable means to further a company's goals — not the basis of a criminal conspiracy.

"I'm reluctant to read a gigantic morality tale into this," said Paul Kedrosky, a former tech stock analyst who now runs the von Liebig Center for Entrepreneurism and Technology Advancement at UC San Diego. "It's more like speeding on the highway. Everyone saw other people doing it and thought it was OK."

That doesn't wash with many big investors and corporate governance experts, who note that the crux of the government's concern is that executives flat-out lied to shareholders and handed out unauthorized stock wealth to colleagues and to themselves.

To some critics, it's no surprise that the tech industry is playing a starring role in the option scandal. Silicon Valley has long had a reputation for being disdainful of outside shareholders' demands for accountability.

"They thought they lived by different rules," said Jeffrey Sonnenfeld, a professor of management at Yale and founder of the Chief Executive Leadership Institute in Atlanta. "They said e-governance was different."

A stock option is the right to buy shares for a set amount — the exercise price — within a certain period of time. For the tech industry, options were a favored compensation tool beginning in the 1980s because many up-and-coming firms couldn't afford to pay big salaries to workers. Stock was the logical alternative.

A key argument for using options as a carrot has been that they aligned workers' interests with those of shareholders. With skin in the game, employees would have a greater incentive to work hard and boost sales and earnings, thus driving up the share price.

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With the tech industry boom and rocketing stock prices of the late 1990s, options became the most coveted currency of Silicon Valley.

"The temper of the time was equity uber alles," Kedrosky said. "The whole game was stock, which was totally motivated by the perception that stock had unlimited upside and the upside happened within six months."

If the market price of a firm's shares soared, an employee with vested options could immediately sell and haul in a handsome capital gain.

But from shareholders' viewpoint, a crucial feature of options is that the exercise price normally is the stock's final market price the day the option is granted by company directors. In other words, there is no built-in gain for the employee when options are awarded.

It now is clear that some companies in fact awarded options that already were profitable, or "in the money," at least on paper.

"The whole point is to incentivize performance" via options, said Carol Bowie, director of governance at the Investor Responsibility Research Center, a Washington-based group that counsels institutional investors on governance issues. "If you're giving in-the-money options, that defeats the purpose."

Investigators are focusing largely on so-called backdating, which at its most extreme amounts to looking back on the calendar and cherry-picking the most favorable recent prices for option grants.

Backdating itself isn't illegal, as long as it's disclosed to shareholders. Over the last decade, however, most companies repeatedly assured shareholders that options were granted only at market prices, not at discounts, said Patrick McGurn, a corporate governance expert at investor advisory firm Institutional Shareholder Services.

For most of that period, he noted, the tech industry also fought aggressively to beat back proposals from accounting regulators and shareholder activists to require the formal expensing of stock options in corporate financial statements. The industry said such expensing would unfairly shrink companies' reported profits.

Now, with dozens of firms acknowledging backdating, many have been forced to reduce previously reported earnings. That's because the granting of discounted options understated expenses and overstated profit.

But was backdating premeditated fraud or something more akin to cutting corners?

Some tech veterans say there could be legitimate explanations for some of the pricing disparities that companies, and the government, are finding as they review past option grants.

John Duncan, a tax lawyer in Silicon Valley during the dot-com heyday, said option paperwork might have often languished on administrators' desks, or corporate officers might have known they had decided to grant options sometime in the prior weeks but couldn't remember exactly when.

So option program administrators may have just picked the most favorable recent date to price the awards, figuring it wouldn't make much difference if their companies' shares rose over the long run, said Duncan, now general counsel for Slide Inc., a San Francisco-based Internet company.

"Silicon Valley entrepreneurs dramatically undervalue the headaches and issues of paperwork and are so optimistic about the upward movement of stocks that they blind themselves as to whether these things really could hurt somebody," he said. "My guess is the vast majority saw it as a gray area."

Paperwork mistakes form the basis of Reyes' defense in the case the Justice Department and SEC brought against him and another former Brocade executive, Stephanie Jensen, in late July.

"Any variance between the date Mr. Reyes granted stock options and company documentation is the result of paperwork processing delays and/or administrative errors," said Richard Marmaro, his attorney.

The government accused Reyes and Jensen of routinely backdating option grants from 2000 through 2004. The two pleaded not guilty Aug. 30.

If proper accounting for options was gray to some companies, however, there was only black or white for Silicon Valley's two most prominent companies: Chip giant Intel Corp. and computer networking titan Cisco Systems Inc. say unequivocally that they never engaged in option backdating.

That is a blow to attempts to defend the practice by contending that it was accepted throughout the tech industry.

Another defense offered by some in Silicon Valley — although few will attach their names to it — is that fudging option prices was good for shareholders because it kept valuable employees on board.

Mark Jaffe, president of executive recruiting firm Wyatt & Jaffe, said he believed that some tech executives who backdated options convinced themselves that " 'I didn't do it for myself. I did it to hold my team together, I did it to maintain integrity and the continuity of executive staff, I did it so the employees didn't lose morale,' and so on."

But in the Brocade case and a case filed against Comverse Technology Inc. of New York, the SEC alleges that top executives backdated not only employees' options but their own — belying the idea that personal enrichment wasn't a motive.

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"This was a fairly widespread situation of at best poor judgment and at worst unmitigated greed," said Bowie of the Investor Responsibility Research Center.

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Petruno reported from Los Angeles and Gaither reported from San Francisco.

Editorial: Post-mortem (HC)

Houston Chronicle, September 10, 2006

Prosecutors take the low road in their grab for the assets of the late Ken Lay's estate

The Justice Department is asking for lightning-swift passage of a federal law that would prevent Ken Lay's lawyers from having the late Enron founder's criminal record wiped clean. The prosecution appears poised to give up the high ground — the trial's noble pursuit of justice — for the low road of an ill-considered, desperate grab at the estate's assets.

In May, Lay was convicted in two separate cases of 10 counts of fraud, conspiracy and lying to banks. But before final judgment in the case, Lay died of heart disease while vacationing in Aspen, Colo. According to a 5th U.S. Circuit Court of Appeals ruling from 2004, a defendant who hasn't had the benefit of a full appeal should have his conviction nullified.

However, there is $43.5 million standing between federal prosecutors' acceptance of this legal precedent and their waging an unseemly battle with a dead man's estate.

Lay is no hero in death. His victims will not forget his complicity in Enron's destruction in 2001. His actions helped destroy a company, wipe out thousands of employees' jobs and retirement savings, and convert some $60 billion in stock value into practically worthless shares.

Lay's demise does nothing to diminish his victims' financial claims. Neither does the former CEO's death prevent victims from continuing to seek justice. In fact, their legal demands are proceeding apace in civil court, the better venue at this point for this pursuit. The government pleadings cite both forfeiture and restitution as the rationale for carrying on with what now must be seen as a pointless raid on Lay's assets. As a civil matter, all aggrieved parties, including the government, can have their day in court.

In fact, contends Nancy Rappoport, former dean of the University of Houston Law Center and co-editor of Enron: Corporate Fiascos and Their Implications, prosecutors' dogging of the Lay estate will drain assets otherwise available to compensate victims.

"They are making matters worse for everybody, and they are not keeping their eye on the ball," Rappoport said. "Prosecutors have a highly developed sense of right and wrong. They are frustrated that Lay cheated the system out of his just punishment."

The government's Hail Mary pass to Congress is a testament to the weakness of its case. On Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to wait until Oct. 23 — what would have been Lay's sentencing date — before deciding whether to grant a request by lawyers for Lay's estate to set aside his convictions. Prosecutors hope, against all expectation, that the delay will give Congress time to pass a bill that would preserve a conviction even after a defendant's death and convert the government's criminal forfeiture proceedings to one in which the government would not have to compete with other creditors.

That would harm the victims the government purports to want to help. It would also harm other potentially innocent defendants who die before their appeals are heard. This mad dash to change the rules retroactively is an excellent way to create in haste a bad law that will be repented at leisure.

Less than a month ago, prosecutors tried a different shot in the dark: They sought to make former Enron CEO Jeff Skilling responsible for the entire $182.8 million in ill-gotten gains the government alleges against Skilling and Lay. Observers say this tactic also has only a slim chance of success.

The Justice Department's proposed legislation has not yet found a congressional sponsor. There are too many good reasons why lawmakers should continue to stay away from it.

CRIMINAL LAW:

Web Site Owner Gets 7 Years For Piracy (AP-Y)

AP, September 10, 2006

The owner of one of the nation's largest Internet software piracy Web sites has been sentenced to more than seven years in prison.

DOJ_NMG_0060799

Nathan Peterson, 27, of Los Angeles, sold products copyrighted by companies such as Microsoft Corp. and Adobe Systems Inc. at a huge discount on his site, iBackups.net, prosecutors said. The site began operating in 2003 and was shut down by the FBI in February 2005.

In addition to Friday's 87-month sentence, U.S. District Court Judge T.S. Ellis III ordered Peterson to pay restitution of more than $5.4 million and to forfeit the proceeds of his scheme, which included homes, cars and a boat.

Peterson pleaded guilty in December in Alexandria to two counts of copyright infringement.

Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted.

Last month, Ellis sentenced a Florida man to six years in prison for selling illegal copies of computer programs on another site, BuysUSA.com.

Man Gets 7 Years For Software Piracy (CNET)

By Steven Musil, Staff Writer, CNET News.com

CNET News, September 10, 2006

Owner of software piracy Web site receives the longest sentence ever handed down for software piracy.

The owner of a software piracy Web site has been sentenced to more than seven years in prison--the longest sentence ever handed down for software piracy.

Nathan Peterson, 27, of Los Angeles, sold copyrighted software at a huge discount on his site, iBackups.net, prosecutors said. The FBI began investigating the site in 2003 and shut it down in February 2005.

U.S. District Court Judge T.S. Ellis III on Friday ordered Peterson to pay restitution of more than $5.4 million. Peterson pleaded guilty in December in Alexandria, Va., to two counts of copyright infringement for illegally copying and selling more than $20 million in software.

Justice Department and industry officials called the case one of the largest involving Internet software piracy ever prosecuted.

Last month, Ellis sentenced Danny Ferrer, a Florida man who pleaded guilty to copyright charges in connection with multimillion-dollar sales of pirated software, to six years in prison.

Software piracy resulted in a loss of $34 billion worldwide in 2005, a $1.6 billion increase over 2004, according to a study commissioned by the Business Software Alliance.

Report: Harris Official Interviewed (AP)

AP, September 10, 2006

U.S. Rep. Katherine Harris' former campaign manager has been interviewed by federal investigators as part of an inquiry into her relationship with a convicted defense contractor, a newspaper reported Saturday.

Jim Dornan spoke to FBI and Defense Department investigators in Washington for about 90 minutes Thursday, the St. Petersburg Times reported.

Dornan, who left Harris' Senate campaign in November, declined to comment to the paper, and messages left Saturday for Dornan by The Associated Press were not immediately returned. The Department of Justice has said previously it does not comment on pending investigations.

Harris has been in the spotlight for her dealings with Mitchell Wade, a defense contractor who pleaded guilty to bribing a California congressman and admitted funneling $32,000 in illegal donations to Harris. She later said she gave the money to charity. Dornan was not Harris' campaign manager when she accepted the donations.

The Justice Department investigation already has involved interviews with former top campaign strategist Ed Rollins and Fred Asbell, who quit in June as Harris' chief of staff in Congress. Harris has said previously she is cooperating with the investigation but is "not a target."

Though she won the recent Republican primary, Harris has not had an easy campaign season. She has faced the departure of staff members, and Republican leaders have not gotten behind her campaign.

ENVIRONMENT/INDIAN AFFAIRS:

Warner Worries Bill Will Allow Casinos (WT/AP)

The Washington Times, September 10, 2006

DOJ_NMG_0060800

RICHMOND (AP) -- Sen. John W. Warner, a strong supporter of legislation to grant sovereign status to Virginia Indian tribes, is expressing new concerns about the law potentially paving the way for Indian-operated casino gambling in the state.

Mr. Warner, chairman of the Armed Services Committee and a co-sponsor of the so-called federal recognition bill, has asked the Virginia congressional delegation to take a closer look at the legislation.

Six Indian tribes have sought recognition through legislation sponsored in the House by Rep. James P. Moran, a Democrat, and in the Senate by Sen. George Allen, a Republican. The tribes say the legislation will give them access to federal funds.

Mr. Moran introduced recognition legislation in 2000. The Senate version is in the chamber's Committee on Indian Affairs. The House version has been referred to its chamber's Committee on Resources.

Mr. Warner recently said he didn't want legislation that could "thwart the ability of a state, whether it's Virginia or any other state, to prohibit gambling."

He also said, in light of federal court decisions, "It's tough [to determine] whether or not the state can prohibit gambling, once sovereignty is granted to these tribes."

Supporters of the legislation didn't take Mr. Warner's concerns as a setback.

Wayne Adkins, a member of the Chickahominy Tribe and president of Virginia Indians Tribal Alliance for Life, an advocacy group pushing for federal recognition, said Mr. Warner's statement is a step in the right direction.

"He wants to see us have recognition," he said. "It looks like he's trying to remove the stumbling blocks."

Mr. Moran thinks Mr. Warner is simply being thorough and politically practical about the legislation.

Mr. Allen was equally optimistic, spokesman David Snepp said.

"He wants these questions to be settled by the Virginia delegation," Mr. Snepp said. "That's the only way this bill will be in the strongest position going forward."

The tribes are asking for the same status given to more than 560 other tribal governments.

The tribes mentioned in Mr. Allen's bill are the Chickahominy, the Eastern Chickahominy, the Monacan Indian Nation, the Nansemond, the Rappahannock and the Upper Mattaponi.

The Senate's Committee on Indian Affairs is expected to meet again this month.

Volunteers Come To Aid Of Parks Hurt By Cutbacks (NYT)

By Katie Zezima

The New York Times, September 10, 2006

MOUNT WASHINGTON, Mass. — Ever wonder who builds the stairs on hiking trails deep in the woods? Along the Appalachian Trail near the Connecticut border here this summer, the credit went to a group of young volunteers who spent four weeks turning stray rocks into staircases.

The seven teenagers and two crew leaders are part of the Student Conservation Association, a 50-year-old organization that among other things does grunt work in public outdoor spaces — cutting trails, building walls, tending plants.

In recent years, the group has taken on the added role of helping the national parks continue programs that might otherwise have been abandoned because of budget cuts.

Dale Penny, the association's president, said his crew of 3,000, mostly high school and college students with a few retirees and professionals on sabbatical, are not labor replacements. Rather, the students are a cadre of helpers assembled to assist park staff members in any way necessary. The volunteers work with state and federal land agencies, including the Bureau of Indian Affairs and the Forest Service.

"They're there to support the Park Service and do work that wouldn't otherwise get done," Mr. Penny said.

Scott Gediman, a ranger at Yosemite National Park, said the association's interns have supplemented the park's trail efforts, maintaining and repairing some of Yosemite's 800 miles of trails, including some backcountry ones that would have probably gone untended. Other members have filled in as park guides.

"These crews allow us to do more than we can do with our existing budget," Mr. Gediman said of the organization and others like it. "It allows us to keep up with a lot of the extra things, if you will, the kind of things that keep up the margin of excellence."

Kathy Kupper, a National Parks Service spokeswoman who recently worked as a ranger at the Chesapeake and Ohio Canal National Historical Park in Washington, said the Student Conservation Association started running tours on a riverboat that had been taken out of service and restored by local volunteers.

"The only way the park could do it was to hire the S.C.A. because it didn't have the money. They didn't have the staff up there for three years, and the money got absorbed into other things," Ms. Kupper said. "A friend of the park group raised all the money for the boat, and there's just no money in the budget there to pay for another ranger. So the S.C.A. will run the boat."

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The association is a public-private partnership supplemented by government grants, money from parks' operating budgets and private contributions. It received $23,462,000 in revenue and contributions last year, and spent $22,771,000 on operating expenses.

It deploys three types of workers among various public land agencies. Conservation interns are undergraduate or graduate students who spend 3 to 12 months working on field projects like land surveying or bird tracking. Interns' expenses are paid, and they receive a stipend. The association also dispatches interns to tackle large-scale land projects like fire prevention and detection of burn-prone areas and weeding out of invasive plant species. Each summer it also deploys conservation crews of six to eight high school students recruited through their school and two adults on 15- to 35-day labor-intensive projects like clearing and maintaining trails.

The stair-maintenance crew here spent eight-hour days hauling rocks from a riverbank and constructing dam-like structures that ensure trails drain properly. Showers were nonexistent and meals consisted generally of trail mix and instant macaroni and cheese, although some crew members got creative, fashioning peanut butter and noodles into a roughing-it approximation of pad Thai.

Though they were craving pizza, the students said that the experience taught them the value of the outdoors and hard work, and that they would do it again.

"I really love nature, and I want to do something important," said Graham Thompson, 17, from Irvine, Calif. "You focus entirely on your project and fall into this groove where it's really all about the work."

Starving The People To Feed The Cars (WP)

By Lester R. Brown

The Washington Post, September 10, 2006

High oil prices are much more than just a drain on drivers' pocketbooks or a sign of tough economic times ahead; they could also prove to be a leading indicator of the unraveling of our global civilization.

That may sound unlikely, or melodramatic. But consider this: Now, almost everything we eat can be converted into automotive fuel. And once the price of oil surpassed $60 a barrel last year, the business of transforming wheat, corn, soybeans and sugarcane into fuel for cars instead of food for people became hugely profitable. As crops that have long sustained us are diverted to provide fuel, we may encounter the same fate that brought down great civilizations of the past.

Plans for new ethanol distilleries and biodiesel refineries are announced almost daily, setting the stage for an epic competition. In a narrow sense, it is one between the world's supermarkets and its service stations. More broadly, it is a battle between the world's 800 million automobile owners, who want to maintain their mobility, and the world's 2 billion poorest people, who simply want to survive.

Whenever the food value of a crop drops below its fuel value, the market will convert it into fuel. Ultimately, this dynamic risks driving up world food prices, destabilizing governments in low-income nations and disrupting global economic growth.

Ours is not the first society to face a predicament of this kind. In his book "Collapse: How Societies Choose to Fail or Succeed," Jared Diamond assesses our current civilization against the backdrop of earlier ones, some of which recognized only too late how their future depended on safeguarding their basic resources.

Take the Sumerian civilization of the fourth millennium BC, which was based on an ingeniously engineered irrigation system -- one yielding a food surplus that supported the first cities. Some of the irrigation water percolated downward, slowly raising the water table. As the water rose, it began to evaporate, leaving a residue of salt. Over time, the accumulating salt lowered wheat yields, and the Sumerians turned to barley, a more salt-tolerant crop. But eventually the yields of barley also fell, bringing down this once-great civilization.

The New World counterpart to Sumer was the Mayan civilization in the lowlands of southern Mexico and Guatemala, a society that flourished from AD 250 until around AD 900. But deforestation and the resulting soil erosion undermined their agriculture. Today this region is covered in jungle, reclaimed by nature, and the Mayan civilization is a mere archaeological curiosity.

Some early societies recognized environmental trouble and fashioned an effective response. In the 15th century, Icelanders realized that overgrazing of their grasslands was leading to soil erosion. Farmers then calculated how many sheep the land could sustain and allocated quotas among themselves, thus preserving their grasslands -- and a wool industry that thrives today.

What salt levels, deforestation and soil erosion foretold for past societies, high oil prices could reveal about our own.

Among the many environmental threats to our future -- increasing CO2levels, melting ice sheets, rising sea levels, falling water tables and shrinking forests -- the depletion of oil reserves may be the most immediate for our oil-based global civilization.

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The price of oil has more than tripled over the past four years, jumping from $20 to nearly $70 a barrel. Mainstream analysts talk about prices rising to $100 a barrel or more if major disruptions in supply occur -- such as the explosion of violence and chaos in the oil-rich Middle East. And even though the discovery of oil reserves last week beneath the Gulf of Mexico was hailed as a boost for the U.S. oil industry, it will only temporarily delay the ongoing depletion. The real news is that so few such discoveries are made.

These runaway oil prices are now driving biofuel production, once spurred mainly by government subsidies. Brazil, the world's largest exporter of sugar, converts half of its crop into ethanol for cars, contributing to a doubling of the world sugar price over the past two years. In Europe, where rapeseed is grown for both biodiesel and cooking, margarine manufacturers have asked the European Parliament for protection from the heavily subsidized biodiesel refineries.

However, it is Malaysia, the leading producer and exporter of palm oil -- the most widely used vegetable oil -- that plans to lead the world in biodiesel production. Within the past 18 months, it has approved 52 proposals to build palm-oil refineries, raising doubts as to whether there will be enough palm oil to satisfy its export commitments and to feed these refineries.

And in the United States, investors are jumping on the biofuel bandwagon, pumping billions into new ethanol distilleries and biodiesel refineries. Last year, the United Sates produced more than 4 billion gallons of ethanol. Corn use by the ethanol distilleries has increased from 18 million tons in 2001 to an estimated 55 million tons from the 2006 crop, or nearly one-sixth of the U.S. grain harvest.

In some Corn Belt states, ethanol distilleries are taking over the corn supply. In Iowa, a staggering 55 ethanol plants are already operating or are planned. Iowa State University economist Bob Wisner observes that if all these plants are completed, they would use virtually the entire Iowa corn harvest.

With so many distilleries being built, livestock producers fear there may not be enough corn to feed animals, possibly leading to shortages in milk, eggs, beef, pork and poultry. And because the United States supplies 70 percent of world corn exports, importing countries -- such as Egypt, Japan and Mexico -- should be worried, too.

In agricultural terms, our appetite for automotive fuel is insatiable: The grain required to fill a 25-gallon SUV gas tank with ethanol would feed one person for a full year. If the United States converted its entire grain harvest into ethanol, it would satisfy less than 16 percent of its automotive fuel needs.

Yet, no one in the United States or internationally is monitoring the escalating diversion of grain to fuel distilleries to ensure that it will not disrupt food supplies. Instead, a market free-for-all dominates, with commodities going to the highest bidder.

All of this is unfolding as the world's farmers are trying to feed 76 million additional people each year. In six of the past seven years, world grain consumption has exceeded production. As a result, the reserve of public and private grain stocks that we rely on as a carryover from harvest to harvest has fallen to the lowest level in 34 years.

There are alternatives to this food-based fuels scenario. The equivalent of a 3 percent gain in U.S. automotive fuel supplies from ethanol could be achieved several times over -- and at a fraction of the cost -- simply by raising automobile fuel-efficiency standards by 20 percent. We can also shift to highly efficient gas-electric hybrid plug-in vehicles. And if we invest in wind farms, feeding cheap electricity into the grid, cars could run primarily on wind energy, and at the gasoline equivalent of less than $1 a gallon.

Like earlier civilizations, we face a choice. When the Sumerians got into trouble on the food front, they substituted barley for wheat, which delayed but did not prevent their ultimate decline. We are similarly substituting ethanol for oil, treating the symptoms rather than the cause. The question is whether we will move quickly enough to reduce our dependence on oil, or whether we will continue with business as usual. Will we choose to follow the Icelanders, or the Sumerians and Mayans?

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FBI/DEA/ATF/USMS:

In Salinas, Guns Used In Crimes Get Around (MHCA)

By Julia Reynolds

Monterey (CA) Herald, September 10, 2006

No one knows how the Czech ended up in Salinas.

Worn and battle-weary, the Cold War veteran had slipped quietly into the U.S., and in only a year, detectives in Monterey County were working overtime to track the foreigner's deadly trail.

Early in 2001, detectives found tell-tale bullet casings after a shooting. In June, more spent casings at another shooting scene showed the outlaw's crimes had escalated to attempted murder.

In August, another shooting could have easily become a homicide but the victim survived. Within days, as if to silence any witnesses, gunshots rained upon residents in a Salinas home.

The Czech ended the year with a murder outside the city limits in Monterey County.

A year and a half later, sheriff's deputies finally nabbed one of Salinas' most-wanted killers.

The Czech, it turned out, was a CZ 85, a 1970s-era 9 mm semiautomatic pistol that had fallen into the hands of Salinas criminals.

The pistol's short but extremely active time in Monterey County is typical of many guns used in Salinas crimes -- guns that are quickly passed from hand to hand and from shooter to shooter.

With more than 300 firearms crimes committed every year, Salinas has struggled for more than a decade with a river of illegal weapons easily acquired and passed around among its youths.

The murder rate is declining, but the number of shootings and gun crimes has held steady for five years. And those statistics tell a grim tale: For the last three years, the number of serious assaults with firearms has stayed above 100 annually, with 61 drive-by shootings and 87 robberies involving a firearm in 2005 alone.

A major difficulty in trying to solve these crimes can be traced to what officers call the "communal" use of guns in Salinas, meaning illegal guns don't tend to stay in one person's hands for very long.

Since 2001, using a state-of-the-art bullet "fingerprinting" system, Salinas police have learned a lot about how weapons are passed among the city's youths, and investigators have discovered that several guns have been used in a dozen or more crimes.

"Our bullet casing (marks) are high-probability candidates for being in multiple crimes," Salinas police Cmdr. Kelly McMillin said. "It's because of the communal nature of guns in Salinas."

This unusual situation exists, he said, because young gang members pass their guns along to friends.

According to one Norteño gang member who asked not to be named, once a gun is used in a crime, "it's time to get rid of it. I used to go through a couple of guns in a month."

"Sometimes the guns even change sides," McMillin said. Using ballistic identification to trace shell casings left at crime scenes, officers may link a weapon to a series of shootings by Sureño gangs. Later, bullets from the same gun suddenly show up in crimes police believe were committed by Norteños.

Switching sides|

"It's like the guy dropped it in a shootout, and another guy picked it up," McMillin said.

It's this fluid, community ownership of guns that gives Salinas a higher-than-usual number of guns used in multiple crimes, according to Mark Babione, a criminologist at the Salinas Police Department who spoke with The Herald before he recently went on medical leave.

"It all started when we had 114 shootings in one year," he said.

In 2001, detectives began sending shell casings to Santa Clara County, which had the only bullet testing lab in the area. There, the casings were analyzed for preliminary matches -- called "hits" -- against casings found at other Salinas crime scenes.

"In six months, they got more hits from us than they ever had," Babione said. "We're a frequent flier."

"We have a high hit rate," McMillin agreed. "Before, we had to rely on Santa Clara County for casing IDs -- Salinas was 75 percent of their work. Salinas gave them more work than all of Santa Clara County combined."

Some of the early "hits" were astounding.

When 17-year-old Sureño gang member Miguel Rivera was arrested for a 2002 homicide, Salinas police ran ballistic fingerprinting tests on the casings.

By comparing their unique markings, investigators found that the same gun had been used in at least 11 other shootings. Two were linked to Rivera, police said, but someone else may have committed the other crimes.

As of late August, 164 Salinas guns have been linked to multiple crimes since 2001.

The same year Rivera was arrested, the Salinas Police Department wrote a federal grant for its own "data acquisition station" -- essentially a compact bullet fingerprinting lab -- and was able to hire one of the state's top ballistics experts, Stephen O'Clair, a retiring Justice Department criminalist from Fresno.

O'Clair works part time as a bullet identification expert, running the Integrated Ballistics Information System, also called IBIS.

What's distinctive about the system is that it can link bullets to the same gun, even if police never recover the weapon.

"This gun here is connected to four Santa Clara County cases," O'Clair says, pointing to a line of red type in his computer's list of bullets he's entered into the system. The red ones are the hits.

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With the data acquisition station, a computer and camera set up in a windowless room at the Police Department, he'll take photos of the end of the casing and study the images under a comparison microscope.

"Semiautomatic guns also might have an ejector mark," he says. "It's made when the bullet's cartridge is kicked out."

O'Clair has more than 160 matched guns listed in his computer.

"One is a Glock that was used in 13 different cases," he says. "The gun disappeared after a homicide in April 2002."

"Sometimes they disappear and come back again," he says.

Another was used nine times, until the gun and a shooter were picked up last July.

There are maybe a dozen people in California who do what O'Clair does, and most work in U.S. Department of Justice IBIS labs in Stockton, Sacramento and Fresno, along with a couple of labs used by the Los Angeles Police Department.

Studying bullet casings from crime scenes is only one side of O'Clair's job. The other is shooting guns.

It's dark in the basement shooting range at the Salinas Police Department. Years of stray bullets have strafed the cement walls, floors and ceiling.

On this particular day, O'Clair is hoping that any of 30 confiscated guns sent over by the Monterey County Sheriff's Office might match a crime scene casing on file.

A cardboard box sits on the floor filled with plastic bags, each holding a handgun and paperwork labeled "Outside agency assist."

Wearing ear protection and latex gloves, O'Clair and crime scene investigator Neil Harrier methodically clean, load and shoot. They'll fire three bullets from each weapon into a funny-looking metal box with a plastic funnel aiming inside before the guns are processed and eventually destroyed.

After several guns of different calibers are fired, the casings are picked up off the floor and the bullets are pulled out of a long metal canister from inside the box.

"When I worked in Fresno we had a water tank, but since we don't have room for a water tank, we use that can full of black rubber balls," O'Clair says.

Sometimes risky|

His gloves black from the rubber, O'Clair fishes out the bullets and puts them in a little envelope and a plastic Ziploc bag, along with the gun.

"Some just can't be fired," O'Clair said. He said he had a "slam fire" last week, when he pulled on the slide and the gun fired prematurely.

"You have to make sure the barrel is clear or it could blow up in your hand."

Out comes a black .44 Magnum.

"This is gonna be a big bang," he says. It is. "That's kind of fun, too. That's what Dirty Harry used to carry."

Despite the system's successful matches for Salinas guns, police officers still have trouble catching criminals. They may know which guns were used in which crimes, but they don't necessarily know who the shooter was. In many communities, the registered owner might be a suspect, but that's a rare case in Salinas.

But the ballistic matching system sometimes gives officers clues they would never have found otherwise.

After a recent homicide, police found out that a gun picked up in an unrelated arrest was also the murder weapon, giving their investigation an entirely new turn.

And with more than 4,000 serious firearms crimes reported in the last decade in the city, officers say that no matter what its shortcomings, they'll keep relying on IBIS to trace the wayward path followed by guns in Salinas.

IMMIGRATION:

Bush's Approval Ratings Slumping Further In Europe (WP)

By Chris Cillizza And Zachary A. Goldfarb

The Washington Post, September 10, 2006

President Bush's approval ratings in the United States are nothing to cheer about, but he can count himself lucky that the midterm elections will not be held in Europe. A comprehensive survey of public opinion in a dozen European nations and the United States found that things have gone from bad to worse when it comes to disdain for the administration and its national security policies.

The annual survey, taken by the highly regarded German Marshall Fund of the United States, shows that 77 percent of Europeans disapprove of the way Bush has handled international affairs, as compared with 56 percent who felt that way in GMF's "Transatlantic Trends" survey in 2002.

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Asked how desirable it was for the United States to exert strong leadership on the world stage, 37 percent of Europeans said that should be a goal -- down from 64 percent five years ago. In this country, 82 percent of Americans think it is very desirable or somewhat desirable for the United States to exert leadership.

Anyone who has seen the large antiwar rallies in Europe on television won't be surprised that people living on the other side of the Atlantic are less than enthusiastic in their views toward Bush and America's role in the world.

But, the GMF poll, which tested approximately 1,000 people in each of the countries it surveyed, also found interesting nuances in attitudes of those residing across the pond.

Even though Europeans' views of Bush have collapsed over the past five years, their fears about the threat posed by international terrorism have grown closer to Bush's view. Sixty-six percent of Europeans called terrorism an "extremely important" threat, up eight percentage points since last year. In Britain, which has been the target of several terrorist operations in the past year, the number of those viewing terrorism as a main priority rose by 22 percentage points. But Europeans remained wary of military action as the answer to security threats, and they put greater emphasis on diplomacy.

GMF President Craig Kennedy said the survey revealed "broad agreement on threats across the Atlantic and a profound division on how to deal with them."

Some Democrats, however, have suggested that the majority opinion in the United States has grown closer to a European outlook. Democratic pollster Mark Mellman said he recently conducted a poll finding that 31 percent believed that it is better for the United States to "act on its own because we can act more decisively and effectively in our national interest." Twice as many said it is better to work through multilateral institutions such as the United Nations.

"The American public prefers multilateralism wherever possible because they understand that our strength in confronting terror rests in part on the cohesion of our alliances," Mellman said.Hispanics' Clout

Massive The huge rallies earlier this year of Hispanics alarmed by anti-immigration sentiments seemed to presage the potential of this group as a voting bloc this fall. "Today We March, Tomorrow We Vote" was one popular slogan.

But as Nov. 7 nears, some analysts are wondering whether reality will match anticipation. An analysis by the Associated Press of voter registration data in 12 U.S. cities with substantial Hispanic populations -- including Los Angeles, Houston and Atlanta -- did not find a major spike in voter registration.

The news agency found that there were fewer new registrants through July in every city, compared with 2004 figures. Presidential elections ordinarily excite more interest among nearly all voters, so that lag is not entirely a surprise. It also suggests that 2006 may not be the year Hispanics fully exercise the clout that could come with rising numbers.

Clarissa Martinez, director of state and local public policy at the National Council of La Raza, said this year's demonstrations and voter mobilization efforts will have a long-term impact, even if the immediate effect is not so dramatic. She said aggressive work is being done to naturalize immigrants, which will mean more voters and higher turnout. "A couple of things are in motion, some of which will be felt in '06, but the real effect will be in '08," she said.

Robert de Posada, a former president of the Latino Coalition, questioned whether the demonstrations, while initially energizing Hispanics, might ultimately have had negative consequences. "It turned off a lot of people who did not like the tone of the debate on both extremes," he said.

He said many Hispanics feel disaffected with the political process and don't expect anything constructive to happen, regardless of who wins this fall.

Hispanics are the fastest-growing segment of the population in the United States, but they are less likely than whites or blacks to vote. From 2000 through 2004, according to the Pew Hispanic Center, they accounted for half of U.S. population growth but only a 10th of the increase in votes cast.

Latino Activists Put Faith In Ballots (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, September 10, 2006

As immigration rights leaders assess gains and losses since rallies last spring, they turn their focus to the recruitment of 1 million new voters.

Has the immigrant rights movement fizzled?

At a national Latino conference that drew hundreds to downtown Los Angeles last week, movement leaders emphatically said no.

Although Congress has stalled action on broad immigration reform and Labor Day marches failed to mobilize wide support, activists said they were only now beginning to roll out the next stage of their battle: a massive effort to produce 1 million new Latino voters and U.S. citizens.

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"Now is not march time," Antonio Gonzalez, president of the Southwest Voter Registration Education Project in Los Angeles, said Saturday. "We're mobilizing voters. That's the big deal."

But immigration control advocates say the marches last spring doomed activists' efforts by alienating most Americans and strengthening support for stronger border control and opposition to legalization.

"The mass sea of illegal aliens bearing foreign flags and hostile placards really produced a pronounced backlash, from which they've never recovered," said John Keeley, spokesman for the Washington-based Center for Immigration Studies.

The movement's fate is in question just months after hundreds of thousands of immigrants and their supporters startled the nation by pouring into the streets to protest a House bill that would criminalize undocumented immigrants and those who support them. Buoyed by their success, they helped push the U.S. Senate to pass a landmark bill increasing visas and offering legalization to many of the nation's estimated 11 million undocumented immigrants.

Since then, some activists acknowledge, their ranks have become demoralized as congressional action on the issue stalled over the summer and recent marches have fallen flat.

In Los Angeles, for instance, police estimated that only about 1,500 people turned out for a Labor Day weekend rally that organizers had predicted would draw as many as 50,000. And Cecilia Munoz, a vice president of the National Council of La Raza, said some immigrants were reluctant to risk their jobs to march because the likelihood of legalization and other reform does not appear imminent.

"A lot of people feel a loss," immigrant activist Oscar Garcon said Saturday at the National Latino Congreso, which was billed as the most comprehensive gathering of Latino leaders in nearly 30 years. "They say, 'We demonstrated, we came out by the millions, but what did we change?' "

But he and others said a movement cannot fairly be measured by the size of its marches or its early setbacks, and some experts agree.

Louis DeSipio, a UC Irvine associate professor of political science and Chicano/Latino studies, said it was premature to dismiss prospects for broad immigration reform.

He said such aims could take years to achieve. The 1986 amnesty for illegal immigrants, for instance, took a decade to pass and did so abruptly, just as most members of Congress thought the provision dead.

DeSipio said movements cannot be built from marches alone.

"It's good they've moved away from the marches," he said. "Marches can get people's attention, but it doesn't necessarily get a higher percentage of the community involved in civic participation. That's what things like get-out-the-vote and voter registration drives do."

DeSipio said the ferment over immigration could in time lead to a surge in Latino voters similar to the one after the 1994 passage of Proposition 187. The measure would have denied health benefits to undocumented immigrants had it not been overturned in the courts.

The number of legal residents who became U.S. citizens increased from 434,000 in 1994 to more than 1 million in 1996; and Latino registered voters in California increased from 1.6 million in 1996 to 1.9 million in 2000, according to the National Assn. of Latino Elected and Appointed Officials Educational Fund in Los Angeles.

Activists argue that some preliminary data offer evidence of another surge. According to U.S. immigration statistics, the number of citizenship applications increased by 41.5% in May over last year, a far larger increase than in previous periods.

"This is one of many issues, and it's going to take time, but it will come," said Cristina Basurto, 32, a member of Women of Earth, a social justice organization, who attended a small rally after the conference Saturday near downtown. "I think people still have it in their hearts and still want to fight for what they believe in."

The number of new Latino voters grew by 35,000 in Los Angeles County from March to August, helping to boost their share of the electorate from 20% to 24% over last year, according to an analysis of Los Angeles County registrar-recorder data by the Latino officials' organization.

Marcelo Gaete, the organization's senior program director, said his staff used a surname dictionary to determine how many of the county's new voters were Latino.

Keeley, however, said the political landscape proves his point: A get-tough stand on immigration is a winning political message.

In Pennsylvania, for instance, he said Republican Sen. Rick Santorum is rapidly closing what had been a double-digit deficit in the polls in his race against his Democratic challenger, state Treasurer Robert Casey Jr., by campaigning with a tough immigration message.

He also said congressional hearings on immigration and local town halls during the summer recess have convinced many legislators that constituents see border control as a top priority.

As a result, he said, "the chances are less than zero" of winning legalization this year.

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Some Latino activists, including UC Riverside ethnic studies department Chairman Armando Navarro, agree that the movement for immigrant rights has lost steam. He said internal squabbling, a lack of leadership and a failure to organize immigrants for long-term political change had squandered their gains of the spring.

DeSipio and others, however, said activists had already scored a significant victory by so far stopping the House bill, especially the provision that would criminalize undocumented immigrants and those who aid them, from becoming law. Elements of that bill, including border enforcement measures, however, may still pass.

Now, activists say, they are gearing up to launch what they envision will be a long-term effort to mobilize Latino voters for elections this November and, more important, in 2008.

Two organizations — the Service Employees International Union and the Southwest Voter Registration Education Project — have raised $7 million for national voter registration and get-out-the-vote efforts.

The National Assn. of Latino Elected and Appointed Officials plans to include 150,000 voter registration cards in La Opinion later this month and help sponsor another major workshop at the L.A. Convention Center to help immigrants apply for citizenship. A July workshop produced about 1,300 completed new citizenship applications, Gaete said.

Spanish-language radio DJs, who helped turn masses out for marches, have also begun to actively promote voter registration and citizenship efforts. Renan Almendarez "El Cucuy" Coello took his "Votos por America" campaign to 10 cities over two weeks last month.

DeSipio cautioned, however, that it was easier to register voters than to get them out to the polls.

"There's certainly the potential there," he said, "but it will require sustained investment and a lot of hard work."

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Times staff writer Bettina Boxall contributed to this report.

Low Turnout At L.A. Immigration Rally (AP)

By Peter Prengaman, Associated Press Writer

AP, September 10, 2006

Few people turned out Saturday for a rally demanding amnesty for 11 million illegal immigrants, the latest sign of pro-immigrant groups' struggles to regain momentum after hundreds of thousands marched for the cause in the spring.

Local bands played rock music, vendors offered chicken tacos and dozens of activists set up information booths in a downtown field. But only about 350 people showed up, and many were organizers and journalists.

Organizers, who had expected about 5,000 participants, downplayed the low turnout. They said their point was made even with sparse crowds.

"This community has shown it wants a solution, so we shouldn't have to show it with half a million people each time we do it," said Maria Elena Durazo, secretary treasurer of the Los Angeles County Federation of Labor, AFL-CIO.

The rally comes as pro-immigrant coalitions try to re-energize their campaign after summer vacation and internal divisions have weakened a movement that brought hundreds of thousands to the streets in the spring.

The rally culminated this week's National Latino Congreso, billed as one of the largest gatherings of Hispanic leaders in decades.

Sessions included speeches and workshops on registering Hispanic voters, running Hispanic political candidates, wage gaps between Hispanics and whites, environmental issues and a lack of access to health care in immigrant communities.

But the week's central issue was creating new strategies to urge lawmakers to offer a path to citizenship to illegal immigrants.

"We need to frame this as a national security issue," said Peter Schey, president of the Center for Human Rights and Constitutional Law in Los Angeles. "It's ridiculous to have immigrants at airports giving their fingerprints when there are 12 million people in the country illegally."

The House passed legislation in December that would add hundreds of miles of fence along the U.S.-Mexico border and criminalize anyone who lent a hand to illegal immigrants.

That bill created a groundswell of anger in immigrant communities, leading to a 500,000-strong rally in Los Angeles in March that was followed by hundreds of other demonstrations across the country.

The Senate scrapped the House bill when it took up immigration reform in April, instead passing legislation that would strengthen the border and create a limited legalization program.

Since then, however, Congress has all but shelved immigration reform. And efforts by pro-immigrant coalitions to registers thousands of new voters has yet to take shape.

An Associated Press review this week of voter registration figures from Chicago, Denver, Houston, Atlanta, Los Angeles and other major urban areas that saw large rallies showed no sign of a historic new voter boom that could sway elections.

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An Ever-Changing Path To Legal Status (WP)

By S. Mitra Kalita

The Washington Post, September 10, 2006

Since Congress has tabled immigration reform, millions of immigrants living and working here illegally now find they have a tougher path toward legalization.

In the past, illegal immigrants have been helped by specific amnesty programs, such as a 1986 law that allowed nearly 3 million immigrants to gain legal status. In 1994, Congress passed a law that allowed people sponsored by employers or relatives to qualify for green cards, if they paid a $1,000 fine. The law was phased out in 1998 but then reinstated by Congress in December 2000. The deadline was April 30, 2001.

While employers and relatives can still sponsor immigrants for green cards, limited quotas have resulted in extremely long waits. The United States allows 5,000 low-skilled workers to be sponsored for green-card-based visas every year.

Those sponsoring an illegal worker, such as a nanny, often encounter a "cruel myth," said Crystal Williams, deputy director for programs at the American Immigration Lawyers Association. "Families go through the process and they discover that the kids will be grown before the nanny gets a green card."

Exceptions are made for some immigrants who come from crisis-ridden countries that can no longer absorb them. Immigrants from El Salvador, Nicaragua, Honduras, Somalia and Sudan, for example, can qualify for temporary protected status if they were in the United States before a certain date. Temporary protected status is given to immigrants from certain countries who cannot return because of ongoing conflicts, environmental disasters or other conditions. The program does not lead to permanent residency.

One way to gain legal status, depicted in a movie aptly named "Green Card," is to marry a U.S. citizen. But, Williams warned, "the marriage has got to be real. If you do it on a bogus basis, it's a felony." (Twenty-two people in the Washington area were charged last week in relation to sham marriages related to immigration status.)

Congressman Backs Town's Bid To Curb Illegals (WT/AP)

The Washington Times, September 10, 2006

FREDERICKSBURG, Va. (AP) -- U.S. Rep. Eric Cantor is lending his support to an effort in Culpeper to crack down on illegal immigration.

Mr. Cantor, Virginia Republican, said he has been following the debate over the issue, which drew attention when Town Council member Steve Jenkins began an effort to target landlords and employers who house or hire illegal aliens.

Mr. Jenkins also is considering calling for an official designation of English as the town's primary language.

The Culpeper County Board of Supervisors voted Tuesday to send a letter to Mr. Cantor requesting help.

The Town Council will on Tuesday consider sending a joint letter with the county supervisors.

"Illegal immigration is a national crisis that must be addressed at all levels of government," Mr. Cantor wrote in a letter to town and county leaders. "If you identify a need for federal legislation to help you, I stand ready to consider any and all ideas to help you solve this growing crisis."

The Senate and the House are at a stalemate on how best to address illegal immigration.

In his letter, Mr. Cantor said he doubts the Senate will take action on the issue until after the November elections.

Mr. Jenkins said he was pleased Mr. Cantor, in his third term representing the 3rd Congressional District, had responded.

"I believe right will prevail and [that federal officials] will step up," he said.

A meeting recently called by Mr. Jenkins on the topic drew more than 200 people and became contentious when some exchanged angry words.

At the same time, about 100 people sympathetic to immigrants marched downtown. Such supporters also have sent a letter to the Town Council urging its members to reject measures that target illegal aliens.

Mr. Jenkins has cited Hazelton, Pa., as a city that is taking local action to curb illegal immigration.

Hazelton has legislation targeting landlords and employers who house or hire illegal aliens. However, a federal court order has stopped the city from enforcing the measures, which were to take effect tomorrow.

They plan to rework the legislation as the city contends with a lawsuit by the Puerto Rican Legal Defense and Education Fund and the American Civil Liberties Union.

School Forms' Immigration-Related Questions Stir Concern (WP)

By Michelle Garci-a, Washington Post Staff Writer

The Washington Post, September 10, 2006

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CARTERET, N.J. -- A few weeks back, Linda Singh picked up the registration packet from her local school district. There, at the bottom of the first page, was the question regarding birthplace, followed by: "If not USA, date entered USA."

It set off alarm bells for Singh, who is of Irish ancestry and married to an Indian immigrant, with five U.S.-born children. She feared that this was another school district trying to figure out the immigration status of its students.

She alerted the Sikh temple where her family goes, and they drew up fliers notifying parents that they did not have to answer immigration questions. She called civil liberties advocates. Then, armed with legal citations, she attended a recent school board meeting and would not back down.

"I feel like it concerns me because this is my town," Singh said. "If I don't make a stand in my back yard, then what's next?"

Scores of New Jersey school districts are stirring unease among immigrant parents by asking them to provide immigration-related information when they register their children for school. Fourteen years ago, the Supreme Court ruled that cities and towns must provide education for all students, regardless of immigration status.

The New Jersey chapter of the American Civil Liberties Union conducted a survey in the past few weeks and found that 57 schools and district offices request immigration-related information or a student's Social Security number for school registration.

The advocacy group, which surveyed 224 schools, said such questions violate federal and state privacy laws and can discourage immigrant families from registering their children.

"We live in a society that is increasingly encroaching on our privacy," said Annu Mangat, a spokesman for the New Jersey chapter. "This is a fairly straightforward thing to remedy. They need to train staff and revise their forms."

School officials, by and large, insist that they are not asking these questions out of any desire to ferret out students who are illegal immigrants. They note that New Jersey is a densely packed state and that all districts scrutinize their student body for interlopers. And they say that their districts can receive federal funds for immigrants who arrived recently.

"I can assure that it wasn't meant to check immigration status, to determine if someone has a green card or a red card," said Dennis W. Siddons, assistant superintendent of the Carteret School District. "I don't work for immigration."

After the school board clarified the intent behind its question, it saw an increase in the number of South Asian families registering their children, Siddons said.

But these immigration questions arise against a backdrop of escalating tensions over immigration. Singh thought nothing of it several years ago, when the school district requested the Social Security numbers of her children, but that was before towns in New Jersey and Pennsylvania embraced the current wave of ordinances aimed at restricting jobs and housing for undocumented immigrants.

Add to that the attacks against Sikhs after Sept. 11, 2001. Her husband, Harminder Singh, a charter bus driver, was once asked if he had a bomb on his bus.

Linda Singh, whose Gaelic features are framed by black hair, has felt the return of the fighting spirit of her twenties, when she took up the cause of Northern Irish independence. "My grandparents are from Belfast," she said. "I care a lot about civil rights being trampled on."

Michael Hethmon, an attorney for the Federation for American Immigration Reform, a group that seeks to limit immigration, says that the ACLU has interpreted the court ruling too broadly. He cited a federal regulation that allows schools to collect immigration information.

Hethmon said the classroom may become the next legal battlefield in the effort to deny services to people who are here illegally. He said that anti-immigration ordinances, such as one passed in Hazleton, Pa., which denies housing to some immigrants, will extend to education.

"Eventually, a Hazleton situation will be created in the school district, and we'll be there," he said.

The Immigration Equation (NYT)

By Damon Darlin

The New York Times, September 10, 2006

It's often said that immigrants do the jobs Americans don't want to do. They've just been assigned another task: Buy the homes of the baby boom generation. But this task is one that native-born Americans simply can't do. There won't be enough of them.

Many of the 78 million boomers, the first of whom turn 60 this year, will sell their property over the next two decades, says George Masnick, a research affiliate with the Joint Center for Housing Studies at Harvard University. Some will move to a smaller home or to their second home, others will move into a managed-care complex. And for some who never moved, it will be their estate making the sale. What many boomers should be asking right now is who will buy their 34 million homes. The buyers may well be immigrants, and not necessarily legal ones (about 12 million of the 35 million foreign-born people in America are illegal immigrants, according to estimates from the Center for Immigration Studies, in Washington).

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Demographers say there aren't enough potential homeowners in the echo boom (the children of the baby boomers) or in the generation that comes after that (still without a catchy name) to soak up that supply, no matter how slowly it goes on the market. (It is presumed that the bulk of the Gen Xers will have done their home buying by then.)

Without sufficient demand, prices will fall. Masnick predicts that as many as 90 percent of the homes will be bought by native-born Americans. "But the last 10 percent is central," he says. "Without that 10 percent, it will be a buyers' market."

The good news is that there are enough young first- and second-generation immigrants to do the job. The popular telling of the American dream that has Smith selling to Schmidt who then sells to Shapiro will record the next chapter with Sung and Sanchez doing the buying. Dowell Myers, a professor at the University of Southern California who studies the impact of demography on urban planning, says, "The odds are that a white baby boomer won't be selling to another white."

He or she will be selling to what we today call a minority, though in many communities, whites may then be in the minority. "The immigrants will take up the slack," Myers says, "and it will be huge."

The even better news, Masnick says, is that "the second-generation immigrants will hit the housing market just when they are needed most."

Demographers are sure this will come to pass, because they have studied the baby boom population bulge, or as they call it, "cohort dynamics." And they see immigrants as another large cohort moving steadily upward. California, where more than 25 percent of the residents are immigrants, is their observation booth. "What happens in California is a precursor to what will happen in the rest of the United States," says John Pitkin, who runs a demographic forecasting firm in Cambridge, Mass. "There is no question that real estate in California will be shaped by immigrants and their children."

What forecasters have seen happen in California is encouraging. The per-household homeownership rate among native-born Americans is about 61 percent, 14 percentage points above the rate for immigrants. But immigrants who have lived in the United States for 30 years or more exceed the homeownership rate of native-born Americans by about 10 percentage points.

Myers now finds ownership rates of 60 percent among Hispanics in the Los Angeles area. "They are buying really cheap housing, but it creates a base of demand that pushes everyone up," he says.

Myers also found that home prices rose faster in areas that Hispanics are moving to, like the Los Angeles County cities El Monte and Montebello, than in surrounding neighborhoods. According to figures compiled by Dataquick, prices for single-family homes in these cities rose at least 25 percent between 2004 and 2005, compared with the 20 percent average gain for all of the county. Prices in parts of Compton, a predominantly black city that has turned increasingly Hispanic, were up almost 40 percent in that one year. "Immigrants have strong upward mobility in housing," Myers says.

If this all seems overly rosy, a 2006 Harvard housing study found that foreign-born residents already account for 37 percent of the new growth in households.

But it's no sure thing that immigrants will save the day. A lot can go wrong. "The danger is downward mobility," says Fred Siegel, a professor at the Cooper Union for Science and Art, who has studied immigration patterns. "If a significant portion of recent immigrants are downwardly mobile, then that is bad news for the boomers. Who will afford the McMansions?"

And while United States Census data now show that immigrants are spread all over the country — even well into suburban areas of the heartland — they certainly aren't evenly dispersed. In 2000, more than half of the foreign-born population lived in just three states — California, New York and Texas — and in 10 metropolitan areas. And even though they continue to fan out into other areas in increasing numbers, there may not be enough of them to help homeowners in places like West Virginia and Indiana.

Predictions also become murky for demographers because no one knows what will happen to immigration in the next decade. Will borders really be tightened? Will illegal immigrants be deported?

Will amnesty be granted?

The political picture will have as much impact on the housing market as the demographic one will.

CONGRESS-ADMINISTRATION:

Cheney's Power No Longer Goes Unquestioned (NYT)

By David E. Sanger And Eric Schmitt

The New York Times, September 10, 2006

WASHINGTON, Sept. 9 — From those first moments five years ago when Secret Service agents burst into Vice President Dick Cheney's office on Sept. 11, lifted him off his feet and propelled him to the underground Presidential Emergency Operations Center, the man who had returned to Washington that year to remake the powers of the presidency seemed unstoppable.

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Within minutes, Mr. Cheney was directing the government's response to an attack that was still under way. Within weeks, he was overseeing the surveillance program that tracked suspected terrorist communications into and out of the United States without warrants. Within months, he and his staff, guided by a loyal aide, David S. Addington, were championing the reinterpretation of the rules of war so that they could detain "enemy combatants" and interrogate them at secret detention facilities run by the C.I.A. around the world.

It was Mr. Cheney and his staff who helped shape the rules under which members of the Taliban and Al Qaeda were denied some of the core rights of the Geneva Conventions and would be tried by "military commissions" at Guantánamo Bay — if they faced trial at all.

"I believe in a strong, robust executive authority, and I think that the world we live in demands it," Mr. Cheney said in December on a flight from Pakistan to Oman. "You know," he added, "it's not an accident that we haven't been hit in four years."

But as the nation observes the fifth anniversary of the Sept. 11 terrorist attacks, Mr. Cheney finds the powers he has asserted under attack and his influence challenged. Congress and the Supreme Court have pushed back at his claim that the president alone, as commander in chief, can set the rules for detention, interrogation and domestic spying.

On Wednesday afternoon in the East Room of the White House, Mr. Cheney sat silently as President Bush urged Congress to restore to him the powers, stripped away by the Supreme Court in a 5-to-3 ruling in June, to create military commissions and define the precise meaning of the Geneva Conventions when it comes to interrogations.

There is little question that Mr. Bush and Mr. Cheney still share the goal of expanding the power of the presidency: legislation they have sent to Congress would essentially allow them to set the rules of evidence, define interrogation techniques and intercept domestic communications as they have for the past five years.

But they have been stymied in their effort to simply assert those powers and carry them out with minimal oversight, as part of Mr. Cheney's declared goal to restore to the presidency an authority that he believed was dangerously eroded after Vietnam and Watergate.

On national security issues, Mr. Cheney, once the unchallenged adviser to a president who came to office with little experience in foreign affairs, remains a pivotal figure but now vies for influence with other officials like Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser. Over the past 18 months, Mr. Cheney appears to have reluctantly given ground on detention practices and, at least for now, on policy disputes involving Iran and North Korea.

On Friday, the Senate Intelligence Committee — controlled by Mr. Cheney's Republican allies — declared that there had been no basis for Mr. Cheney's repeated claims that Saddam Hussein had harbored a Qaeda leader and had ties to the group. But Mr. Cheney has never conceded that his statement was in error.

His prediction in 2002 that overthrowing Mr. Hussein would force radical extremists "to rethink their strategy of jihad" proved wrong, as Mr. Bush implicitly acknowledged last week when he described how the array of enemies facing America has multiplied. Mr. Cheney's friends and former aides said they were mystified about how the same man who as defense secretary in 1991 warned that "for us to get American military personnel involved in a civil war inside Iraq would literally be a quagmire" managed, 15 years later, to find himself facing that prospect.

A Waning Influence

Measuring the accumulation or the erosion of power is an imprecise art. But interviews with more than 45 people over the past five months — including current and former White House aides, foreign diplomats, members of Congress and confidants of Mr. Cheney — painted a picture of a vice president who, while still influential, has seen his power wane.

Most agreed to speak candidly only if their names were not used. Mr. Cheney himself declined repeated requests for an interview. Instead, his office encouraged Ms. Rice and Mr. Hadley to give interviews to dispute the view that Mr. Cheney's power is in decline.

Mr. Hadley said the vice president "is often the first to insist that the president hear a variety of views" and argued that reports of his powers in the first term were always exaggerated. "It's the president who creates the foreign policy around here," Mr. Hadley said, "not some hidden hand."

Ms. Rice disputed the view that she had supplanted Mr. Cheney, pointing out that he still had one-on-one lunches with Mr. Bush where he could make his views known "in his quiet way."

Mr. Cheney's defenders said that over the summer he was among the strongest voices arguing within the White House that the United States had to give Israel as much time as possible to strike a decisive blow against Hezbollah.

But those same insiders said that in retrospect Mr. Cheney's power was at its peak in 2003 and 2004, before Iraq's insurgency flared, before the abuses at Abu Ghraib were revealed, before the setbacks in Congress and at the Supreme Court.

Without the help of his closest adviser, I. Lewis Libby Jr., who resigned last fall after his indictment in the Central Intelligence Agency leak case, Mr. Cheney has lost the early warning radar that gave him and his staff such command over the

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federal bureaucracy. Administration insiders said Mr. Cheney and his aides were now having to fight to maintain positions that a few years ago he would have won handily.

"During the first term, Cheney was considered one of the smartest guys in the administration," said Representative Ray LaHood, Republican of Illinois. "But his influence has been diminished because of the Scooter Libby thing and because the war in Iraq has not gone well."

In his second term, Mr. Bush has grown less dependent on Mr. Cheney for information, current and former officials said. When Joshua B. Bolten became the White House chief of staff earlier this year, he told associates that he wanted to make sure the president heard from more voices. "My impression is that there are a lot more data points or gathering points now," said Senator John Thune, Republican of South Dakota.

For instance, Mr. Bush has turned to another Washington insider, James A. Baker III, who served Mr. Bush's father as secretary of state, for help as the co-chairman of an outside group developing options for dealing with Iraq. One group member said, "You get the sense that the president now realizes, perhaps a little late, that he needs Baker to find him an exit door."

Mr. Cheney told NBC News in May that his influence with Mr. Bush was unchanged. "I feel like he gives me the access that I need to be able to do my job," Mr. Cheney said, adding later: "I give him the best advice I can. He doesn't always agree. Sometimes he does, sometimes he doesn't."

Challenges in Congress

Perhaps nowhere has Mr. Cheney's shifting influence been more visible than on Capitol Hill, where the vice president's ability to win his way without challenge — a luxury he enjoyed through much of the first term — has evaporated.

In the first four years, Mr. Cheney often bypassed Congress on issues like detention policy.

He and Mr. Addington began to pave the way for the reassertion of executive power that they had long talked about. Mr. Cheney took control of crucial intelligence-gathering programs, including the one that involved eavesdropping on conversations between suspects in the United States and their overseas counterparts without getting a warrant from a special court set up by Congress for such cases.

"They have a view of executive authority that basically smothers the other two branches," said Senator Lindsey Graham, a South Carolina Republican who found himself at odds with Mr. Cheney on detention and interrogation policy.

But in the second term, whether the issue was the treatment and prosecution of terror suspects or Congressional oversight of domestic spying, Mr. Cheney has been forced into an unhappy retreat.

The Supreme Court's recent ruling struck at the heart of Mr. Cheney's goal to expand presidential powers. By mid-July, it prompted the White House to concede that terror suspects had a right under international law to basic human and legal protections under the Geneva Conventions.

Similarly, Mr. Bush's announcement on Wednesday amounted to an opening gambit in negotiations with Congress over the rules of tribunals, in what could amount to bargaining over the scope of Mr. Bush's powers.

Mr. Hadley said in an interview that in recent weeks Mr. Cheney had offered advice to Mr. Bush about how to deal with the court's decision. But Mr. Hadley, not Mr. Cheney, has been acting as negotiator with Congress, a decision that administration officials said reflected the rockiness of the vice president's relationship with Republicans on Capitol Hill.

Mr. Cheney discovered the depth of that opposition last summer, when Republicans began to rebel against the White House after he tried to block a bill by Senator John McCain, Republican of Arizona, that would bar cruel and inhumane treatment of all prisoners in American custody.

In a tense, 30-minute meeting in July 2005, Mr. Cheney scolded three Republicans — Mr. McCain, Mr. Graham and Senator John W. Warner of Virginia — for proposing legislation that he said interfered with the president's authority to protect Americans against terrorist attacks.

But the senators did not budge despite the threat of a veto. "The three of us were firmly of one view, he of another," Mr. Warner said.

After the Senate and the House voted overwhelmingly against Mr. Cheney's position, the White House decided that the vice president had become so radioactive that his interventions were losing votes, rather than winning them, White House officials acknowledge. So Mr. Cheney stepped aside, and the less ideological, more lawyerly Mr. Hadley was sent to deal with Mr. McCain. The result was a deal that Mr. Cheney had previously rejected.

The White House also appeared to yield this summer when it agreed to allow a secret intelligence court to rule on the constitutionality of the National Security Agency's program of eavesdropping without warrants. Civil rights groups and lawmakers from both parties have since criticized the agreement and cast doubt on whether it will be approved by Congress.

Shifting Constellations

At the height of his influence in the Bush White House two years ago, Mr. Cheney stepped into the Oval Office early one evening and raised an alarm about an agreement that American negotiators were about to sign in Beijing.

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The negotiators, mostly from the State Department, were trying to entice North Korea to sign a document outlining the steps for resolving the standoff over the country's nuclear weapons. But it lacked the tough language on disarmament that North Korea had rejected and that Mr. Cheney knew Mr. Bush wanted.

With Colin L. Powell, then the secretary of state, and his deputy, Richard L. Armitage, at a black-tie dinner where they could not be easily reached on secure telephones, Mr. Cheney "declared this thing a loser," said a former senior official involved in the discussions that night.

Mr. Bush sent new instructions to the negotiators — through the National Security Council, rather than the State Department — that essentially killed the deal. "Powell and Armitage were not happy," one official said. "But it was too late."

It would be hard to imagine a similar course of events today. Soon after the start of the second term, Mr. Bush began signaling to foreign leaders visiting him in the Oval Office that he knew much had gone wrong in his first term, and that he empowered Ms. Rice to put a new emphasis on consultation and teamwork with allies. Ms. Rice, aides said, asserted her authority early, sending her own envoy to the North Korean nuclear talks last September, though the process has so far proved fruitless.

This spring, Ms. Rice determined that the only way to hold together the international coalition against Iran was to volunteer to join negotiations with Tehran, but only if it first agreed to suspend its production of uranium. (So far, the Iranians have refused.)

The proposal was notable because in the first term, Mr. Powell's top aides, led by Richard N. Haass, the director of policy planning, had tried and failed to promote direct engagement with the Iranians.

Ms. Rice said that when her proposal to engage Iran was presented to the president this spring, Mr. Cheney agreed that it was worth a try and that changed circumstances required a changed strategy.

"The constellations have shifted somewhat," said Dov S. Zakheim, who served as an undersecretary of defense in Mr. Bush's first term, giving an image used by others to suggest that Mr. Cheney has been partially eclipsed.

In particular, Mr. Cheney has fewer allies in crucial posts than he once did. Those who have left the administration include Paul D. Wolfowitz and Douglas J. Feith, who quit as deputy defense secretary and undersecretary of defense last year.

Mr. Cheney's associates said the departure of Mr. Libby was particularly severe. As Mr. Cheney's chief of staff, Mr. Libby served as the vice president's eyes and ears around Washington, working the bureaucratic machinery deftly and choking off ideas Mr. Cheney opposed before they rose to the Oval Office. "Scooter was a big loss," Mr. Feith said.

For his part, Mr. Cheney brushes off poll approval ratings now hovering around 20 percent.

"I suppose, sometimes, people look at my demeanor and say, well, he's the Darth Vader of the administration," Mr. Cheney told CNN in June. "I'm not running for anything. My career will end, politically, with this administration. I have the freedom and the luxury, as does the president, of doing what we think is right for the country."

Mr. Cheney still appears regularly in public, mainly in front of military crowds or campaigning for Republicans. His stump speech denounces Democrats who have called for withdrawal from Iraq and news organizations that have revealed secret counterterrorism programs.

Mr. Cheney maintains that what matters now is convincing the country that it is really at war and that defeat is not an option. And at 65, he seems willing to wait for his vindication. As Mr. Cheney recently told NBC, "History will decide how I did."

First Lady Leads Commissioning Navy Sub (AP)

By Kristen Hays, Associated Press Writer

AP, September 10, 2006

The USS Texas, the Navy's newest attack submarine, was commissioned at the Port of Galveston Saturday as first lady Laura Bush gave the traditional command: "Man your ship and bring it to life!"

The submarine's commanding officer, Capt. John Litherland, and crew of 134 officers and enlisted sailors obliged, running through an applauding crowd of thousands to stand atop the vessel and salute.

"Today, at long last, she and you are ready," she told the crew. She said she and the nation were "trusting you to remind the world 'Don't Mess with Texas.'"

It is the fourth Navy ship to carry the name Texas.

"After a 13-year absence from the fleet, the proud name of Texas returns to the Navy," said Dionel Aviles, undersecretary of the Navy.

The nuclear-powered USS Texas began construction in 1999 and was delivered to the Navy in June. Its reactor is designed to not require refueling throughout the boat's service.

The 377-foot-long submarine can attack targets with Tomahawk cruise missiles and conduct long-term surveillance. It can dive to 800 feet.

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"Texas is a very elegant ship, but it is very lethal," said Mike Petters, president of Northrop Grumman Newport News, the shipbuilder.

Sen. John Cornyn, R-Texas, said such strength is necessary in the nation's war on terrorism. The new submarine, he said, should "provide our war fighters with the tools for the job they have so nobly volunteered to perform."

USS Texas Grandly Welcomed Aboard (HC)

By Dan Feldstein

Houston Chronicle, September 10, 2006

Speakers say it's needed in the war on global terror

GALVESTON — With a command from first lady Laura Bush to "man our ship and bring her to life," the 134-man crew of the USS Texas yelled "Aye-aye, ma'am" and ran aboard the newly commissioned submarine Saturday.

Thousands of guests cheered at the Port of Galveston, two Navy FA-18s roared overhead and the submarine blasted its horn and raised its five communications masts from its conning tower.

A submarine doesn't care about the weather, but the humans were lucky. Overcast skies and a breeze kept them comfortable. As the morning ceremony finished, a slow rain started. Within the hour, the heavens erupted.

The $2.7 billion USS Texas is the second in the Virginia class of fast-attack submarines. If it were a 377-foot sausage, it would cost $193 per pound.

With a first lady, a gaggle of admirals and a nuclear submarine gathered in one spot, the Navy and Coast Guard set up a bristling security perimeter. Large men carried large guns. Small boats carried large guns. Camouflage netting shielded even more large guns.

Since the ceremony was not at a Navy base, the Navy created a temporary one between the 14th Street entrance to the port and the opposite shore of Pelican Island.

Organizers set up 9,500 chairs and most were filled. But guests who didn't heed pleas to arrive two hours early stood in metal-detector lines up to 30 minutes after the ceremony started.

Virginia class submarines aren't any bigger than their ancestors. But those ships didn't have their own five-member IT department. (Perhaps they should call it the help deck.)

Views don't come through a traditional periscope but are transmitted from special cameras .

The ship is fast, stealthy and flexible. It can spy, shoot cruise missiles and torpedoes, lay mines and deliver up to nine SEALs or other special-operations forces through a special hatch either by minisub or directly into the water.

It has a dry deck to deliver special forces equipment and the ability to patrol in shallow water. Its technology is designed to be removed easily to be replaced with upgrades.

Speakers, including Texas Republican Sens. Kay Bailey Hutchison and John Cornyn, emphasized the post-Cold War calling of the vessel. The global war on terror earned mention in virtually every speech.

"It's a very elegant ship, but it's very lethal," said Mike Petters, president of Northrop Grumman Newport News, which built the vessel with General Dynamics Electric Boat.

The USS Texas is the fourth Navy vessel to carry that name. Laura Bush was named the sponsor of the submarine when she was first lady of Texas. As first lady of the United States, she christened it in July 2004 where it was built in Newport News, Va.

At Saturday commissioning ceremony, which came after the vessel's sea trials, Adm. Michael Mullen noted that Bush had christened the sub with a bottle of American sparkling wine — lest anyone think it was champagne.

The Galveston crowd was colorful and cheery. Women wore sun dresses, children wore Navy blue and white, and men with red-white-and-blue ties dotted the pier. A tent full of USS Texas hats, T-shirts and coffee mugs did so much business it might have paid for the submarine.

Among the crowd were many older gentlemen in blue vests, who belonged to various chapters of the U.S. Submarine Veterans.

Joe Kruppa of La Grange served on the Kamehameha and the Hawkbill from 1966 to 1972. He came with seven other members of the group's Austin chapter.

The new sub is the same size as the old ones, he said, only nicer.

After a stay at Naval Submarine Base Kings Bay, Ga., and more testing, the USS Texas will be based at Groton, Conn. It will pull out from Galveston in the next few days.

The veterans, crew, families and other guests enjoyed a light lunch after the ceremony under a giant pavilion. They were served sodas, chips and — of course — submarine sandwiches.

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This Texas Lady Is A High-tech Killer (HC)

By Mike Tolson

Houston Chronicle, September 10, 2006

GALVESTON — The long, black cylinder sits baking at water's edge in the oppressive coastal heat, its upwardly protruding wedge making it instantly recognizable as a machine not to be trifled with.

A raft of images comes to mind: tense moments of confrontation with the enemy inspired by a score of old movies and television shows. The sonar operator makes contact. The captain orders the ship to periscope depth. Everyone in the crowded command center watches the depth gauge. Finally, he climbs a few steps up to the conning tower, pushes a button and a sleek metal pole rises toward the surface.

Wait a minute ... wrong sub. That's your father's submarine, the USS Cavalla, permanently berthed a few miles away at Galveston's Seawolf Park.

This dark tube is the latest and greatest the U.S. Navy has to offer: a $2.7 billion, state-of-the-art, fast-attack sub bearing a nuclear power plant, a formidable array of weapons and every electronic bell and whistle imaginable.

But no periscope. That has been replaced by a "photonic mast," essentially a fancy digital camera that displays what it sees on a large screen. An operator moves the camera with a joystick. Submarine movies will never be the same.

The 377-foot SSN 775, to be formally commissioned as the USS Texas in a dockside ceremony this morning, is to the diesel electric subs of yore as today's F-16 is to the P-51 Mustang that battled over the skies of Europe. Both have lethal potential, but ...

The Texas' command and control center, for example, is a dark, cool and quiet place. But for its cramped quarters, it could be the nerve center of any high-tech operation. Flat-panel displays cover the walls. Highly trained technicians sit at consoles, communicating via headset. Nobody barks orders.

Like any nuclear sub, it can remain submerged for weeks at a time. It has machines that create oxygen from seawater and other machines to clean the recirculating air. The only things that compel it to surface other than a medical emergency or mechanical breakdown are food and sanity.

The Texas is the second of 10 authorized Virginia class fast-attack subs. Its home port will be in Groton, Conn., where it will serve in the Atlantic fleet.

Virginia classThe Navy has three iterations of fast-attack vessels — the fourth sub class, the Ohio, carries ballistic missiles and is much larger — with each new version featuring improvements in design and hardware. The ultimate goal is to build an attack sub that can be reconfigured for different needs, can perform a variety of missions and can be built for $2 billion.

The last goal has proved the hardest to attain.

The Virginia class, the first without a traditional periscope, has improved sonar arrays and electronic surveillance equipment, significantly more integration among the various information systems and a more flexible platform that allows it to carry special operations forces for ground missions. Its large "lockout chamber" — an airlock that allows up to nine people to move into an attached mini-sub or into the water — is a first.

"The Texas has really impressed me," said Capt. John Litherland, who will relinquish command soon as the ship goes through the final year of preparations before deployment. "Everybody says it's a revolutionary sub, but this is an incredibly new and different ship. It gathers more information together in the control room than ever before. You had to do a lot of that manually in the past."

Like all attack subs, the Texas will carry torpedoes, mines and vertically launched Tomahawk cruise missiles. Its stated speed is a vague "in excess of 25 knots," though it is widely known that attack subs can travel underwater at twice that speed. It carries a crew of 134, with no women allowed because of privacy issues.

For all its improvements — from a better backup diesel engine to a new computer-controlled oxygen generator to easily upgradeable off-the-shelf commercial computer equipment to a roomier torpedo bay — the Texas shares many traits with Cavalla and subs everywhere.

The passageways are narrow, accommodations are tight, and you can bump your head just about anywhere. Anyone needing privacy had best serve on a carrier. Even the captain's quarters on the Texas would not make for a respectable closet in most homes.

"It takes a special person to serve on a sub," said Lt. Chris Lee, the boat's chief weapons officer whose fire control system also has been improved. "Not everyone is cut out for it."

Few creature comfortsThose who choose subs get longer deployments, up to six months, and fewer creature comforts. No workout rooms or theaters on board. Sunlight and fresh air become a distant memory. One's personal space is a bunk that measures roughly seven feet by three. It does have a curtain, though.

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The good news is that because of enhanced communications equipment, sailors on the Texas can now receive e-mail almost daily. Before, weeks could pass with no communication from home.

Washington's Once And Future Lobby (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 10, 2006

The Jack Abramoff scandal has incited predictable outrage among Washington's political class this year, and with the midterm elections approaching, candidates across the country are promising to clean up the city's lobbying culture. Ned Lamont, Connecticut's upstart Democratic candidate for Senate, went out of his way this summer to attack the capital's influence peddlers and their patrons. "We know who the lobbyists are taking care of," he said ominously on CBS's "Face the Nation." And as Maryland Lt. Gov. Michael S. Steele, the state's leading Republican candidate for Senate, recently proclaimed in an advertisement, "We've got congressmen on the take and lobbyists eager to make a deal. The whole system's broken."

Such theatrics notwithstanding, don't imagine for a moment that anything will really change. Lobbying has grown massively in just the past few years, becoming a multibillion-dollar industry, and it will continue to expand long after Abramoff is imprisoned and released. Lobby-law firms, trade associations, interest groups and labor unions -- known collectively as K Street -- have experienced a quantum leap in clout and are now, more than ever, a permanent and pervasive force in Washington, essential to the daily workings of government and politics. Lobbyist bashing, no matter how shrill, will not diminish that power.

Every 10 years or so, reformers have sought to rein in these paid persuaders, but the influence of lobbyists has only expanded. Today, twice as many registered lobbyists -- about 30,000 -- ply their trade than did so just six years ago. And overall spending on federal lobbying has nearly doubled, to $200.2 million per month in 2005 from $116.3 million per month in 1999. By all accounts, business is booming.

One reason behind this growth is the lobbying industry's simple-yet-dazzling economics. For a relatively small investment in a lobbying campaign, corporations can receive a gargantuan return. The Carmen Group Inc., a mid-size firm, has calculated that for every $1 million its clients spend on its services, it delivers, on average, $100 million in government benefits. A yield that immense, common in federal lobbying, is unheard of anyplace else.

K Street wasn't always so lucrative. In the 1990s, lobbying was mostly a defensive effort, with corporate interests fending off unwanted restrictions. But in this decade, industries have increasingly gone on the offensive, treating Washington like a profit center rather than a place to minimize losses. Since President Bush took office in 2001, the White House and both legislative chambers have been controlled by pro-business politicians, and corporations have lined up for tax breaks and lighter regulations. In Bush's first term, Congress passed and the president signed five bills containing significant corporate and personal tax cuts.

At the same time, the size of government has ballooned, and lawmakers have become ever more willing to share the wealth. Federal spending grew by 49 percent from 2000 to 2006, to $2.66 trillion. And an increasing share of that amount was handed out in narrowly focused projects called earmarks, for which an entire sub-industry of lobbyists has emerged. According to the Congressional Research Service, the number of earmarks in appropriations bills alone more than tripled to 15,887 in 2005 from 4,155 in 1994 -- and most of them were shepherded by lobbyists.

Earmarking is not hard work. Lobbyist Jeffrey S. Shockey earned about $2 million from four dozen clients in 2004 and he needed only one associate, people familiar with his operation said. All a lobbyist must do is fill out some forms and write up a short proposal for the money; find a lawmaker (preferably on either the House or Senate appropriations committee) to sponsor the earmark; and make a few follow-up calls during the year to the lawmaker's staffers, nudging them to move the proposal along. In return, lobbyists try to keep their lawmakers happy. Shockey kept in particularly close touch; he is now a top aide to his frequent patron, Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee.

Some companies previously shunned such back-scratching as distasteful -- and paid a heavy price. Microsoft Corp. didn't hire a full-fledged staff of lobbyists or donate heavily to political causes until after the Justice Department sued it for antitrust behavior in 1998. Dozens of corporations learned from Microsoft's mistake and opened their own D.C. offices. In just the past couple of years, Google, Valero Energy Corp., Herbalife International, Walgreens and GoDaddy.com have opened for business in the District. Wal-Mart has also beefed up its presence as Democrats have attacked its business practices. And the hedge fund industry, worried about attracting extra regulation, has tripled the amount it spends on federal lobbyists since 2003, so far to sterling effect.

Government has become so complex that only experts -- say, ex-congressional staff members turned lobbyists -- can decipher and navigate it. Anyone who wants to penetrate the system has little choice but to hire lobbying firms. And for good reason: Washington is no longer the insular and distant regulator it was before World War II. It insinuates itself into almost every facet of Americans' lives, from school assessments to corporate accounting to homeland security.

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In turn, lawmakers have come to rely on lobbyists to provide much of their campaign cash, most of the information and voter support that propel their legislative initiatives, and many of the off-hour perks that keep them well-traveled and well-fed. These benefits are so valuable that Congress -- even faced with an ornery, anti-Washington electorate -- is poised to pass, as soon as this week, a sliver of an already weak lobby-reform bill, and discard anything that would limit its contact with lobbyists. Almost no one on Capital Hill wants to discourage the sugar daddies on K.

Lobby groups have become players in virtually everything government does; often, they are the key players. During the first six months of 2005, for example, the AARP (and its $20 million advertising and lobbying blitz) was instrumental in shooting down Bush's plan to add private accounts to Social Security. And this year, a Republican bill that would have combined a minimum-wage increase with a cut in the estate tax was stopped dead by a coalition of labor unions led by UNITE HERE, which publicized a provision in the bill that could have reduced wages for some workers who rely on tips. At least five senators cited the provision as a major reason they voted no.

One bill that did pass this summer updated the nation's pension and trade laws; like every other piece of legislation, it was shaped by lobbying. Representatives for Delta and Northwest airlines won special pension protections to ease their financial woes. And at least 73 imported products -- such as nail clippers and vicuÃ±a hair -- received targeted tariff relief, virtually all because of pressure from Washington lobbyists.

Despite the latest scandals, lobbying has become a respectable, appealing profession. A couple of decades ago, it was considered too unsavory to attract former Congress members. But now, lobbyists have become so influential -- and so rich -- that more and more lawmakers and their aides consider the profession a second career. A recent study by the liberal group Public Citizen reported that nearly half of all lawmakers who return to the private sector join the lobbying ranks. Former top congressional officials can easily earn $300,000 a year or more as lobbyists -- or about double their government salaries.

Many former lawmakers are proud to be lobbyists and consider themselves part of a vital establishment -- one sometimes known as the Fifth Estate, after the three branches of government and the media. This level of comfort has no doubt made contacts between lobbyists and lawmakers increasingly sympathetic. Why would congressional aides and lawmakers want to anger the lobbyists who approach them when they aspire to become lobbyists themselves?

Former congressman Bill Paxon (R-N.Y.) remembers fondly when he was looking for work as a lobbyist in 1998 and interviewed at Akin Gump Strauss Hauer & Feld LLP. "It was such a pleasure," he said. He sat down with senior partner Robert S. Strauss, who told him, "Bill, we're not in this for the short term. We want to hire people who will offer quality advice to quality clients for a long period of time." And, Paxon said, "that's proven true." He has been a senior adviser at the firm since 1999. He is also part of a lobbying family; Paxon's wife, former congresswoman Susan Molinari (R-N.Y.), is chairman of a firm named the Washington Group.

As Paxon discovered, lobby companies and associations are built to last. Akin Gump and most other K Street organizations are carefully populated with Republicans and Democrats so that they can stay in business no matter which party runs the show. They also donate big bucks to politicians of both parties. In fact, most of the money raised by House members is collected either "by or through groups that lobby," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. Senators also receive a lot of their dough from the K Street set. (Members of the House and Senate spent a total of $623.4 million for their 2004 reelection campaigns.) All of which makes the anti-lobbyist rhetoric ring rather hollow. Even lobbying antagonists have their ties. Connecticut's Lamont accepts contributions from so-called leadership political action committees, which routinely receive money from labor and corporate organizations. And Lt. Gov. Steele's coffers have swelled thanks to fundraising by a group of Republican lobbyists in Washington that unabashedly calls itself Team Steele.

"Lobbyist-bashing may provide some convenient sound bites this fall, but it doesn't have much of a connection to the way Washington normally operates," said Alex Vogel of the bipartisan lobbying shop Mehlman Vogel Castagnetti. He should know. Vogel is a former chief counsel to Senate Majority Leader Bill Frist (R-Tenn.). As the company's Web site notes, "Alex's engagement with Majority Leader Frist continues. He currently provides counsel to Volunteer PAC, the Majority Leader's political action committee, and World of Hope, his charitable organization."

Such connections are hard, if not impossible, to break. "For the more than 30 years I've been around here, people have always complained about lobbyists," said Wright H. Andrews Jr. of the lobbying firm Butera & Andrews. "But they don't understand. My own mother didn't understand. She cried when I told her what I was going to do." But he explained, "After people have been here a while, they find out that the lobbying community is an essential part of the legislative process."

Joel Jankowsky knows this firsthand. He left the staff of House Speaker Carl B. Albert in 1977 and became the first official lobbyist at Akin Gump. Now, nearly 30 years later, Jankowsky oversees 45 full-time lobbyists and a dozen other professionals who plead before government regularly. He and his colleagues serve 161 clients and generate nearly $30 million in annual revenue. His once-rare transition from top congressional aide to private lobbyist has become common, and his firm's practice continues to bloom.

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After the midterm elections, Jankowsky predicts, the lobbying industry will get even busier and grow larger -- no matter which party prevails. History says he's right.

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Shuttle Lifts Off Without Incident After Delay (NYT)

By Warren E. Leary

The New York Times, September 10, 2006

CAPE CANAVERAL, Fla., Sept. 9 — The space shuttle Atlantis made a thunderous ascent into cloud-studded skies on Saturday morning, carrying its crew of six to a rendezvous with the International Space Station.

After two weeks of postponements caused by bad weather and nagging mechanical problems, the Atlantis lifted off on time, at 11:14:55 a.m.

About 10 minutes later — after a blazing rise into the sky, the yellow flames of its booster rockets visible through holes in billowing cloud banks — the shuttle slipped into orbit.

“Your long wait is over,” Michael D. Leinbach, the NASA launch director, told the crew just before liftoff.

After achieving orbit, the shuttle opened its payload bay doors while its crew of five men and one woman began preparations for a Monday rendezvous with the space station. During an intense 11-day mission, the astronauts will resume construction of the station after a more than three-year hiatus that followed the loss of the shuttle Columbia.

A preliminary look at images from launching and ascent showed several incidents in which debris came off the external tank and may have struck the orbiter, said N. Wayne Hale, the shuttle program manager. However, Mr. Hale said, the earliest “dribbly streams” of debris occurred more than four minutes after liftoff, at a time when the air was so thin that the pieces posed little risk to the craft or crew. No damage has been detected so far, he said.

“The bottom line is,” he said, “we are looking at nits, nothing of any remote consequence.”

NASA has closely monitored liftoff debris since the Columbia and its crew were lost in February 2003 in a disaster caused by foam falling from the fuel tank and punching a hole in the craft’s heat shield. The space agency spent more than two years redesigning the tank to prevent most such debris shedding.

The fuel tank sensor that forced postponement of Atlantis’ launching attempt on Friday appeared to work normally during early morning fueling of the 500,000-gallon tank holding propellant for the shuttle’s three main engines. Since Aug. 27, the National Aeronautics and Space Administration had been trying to launch Atlantis on its mission to resume construction of the space station since. A lightning strike on the launching pad, a looming tropical storm and equipment problems with a shuttle power generator and the fuel sensor forced repeated delays.

“What you saw today was a flawless count, a majestic launch, and it was tough to get here,” the NASA administrator, Michael D. Griffin, said at a news conference about an hour after liftoff. “Not everything in the count leading up to this day was easy. And in between we had to dodge tropical storms, lightning strikes and things like that. But we got here and it was just a flawless day.”

The shuttle had to be launched this weekend to avoid interfering with a planned Russian launch of a Soyuz spacecraft carrying a new crew to the space station on Sept. 18, and the return of the laboratory’s crew to earth on Sept. 29. A delay would have forced NASA to wait until at least the end of September to try again.

Construction of the half-built space station stopped when shuttles were grounded after the Columbia accident. NASA is eager to resume building the orbiting outpost by having Atlantis taking up a 35,000-pound girder section that includes a new set of solar power arrays.

Delayed Atlantis Makes 'Majestic' Launch (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, September 10, 2006

CAPE CANAVERAL, Fla. -- The shuttle Atlantis, America's long-haul space truck, returned to duty Saturday, blasting into orbit with a 17-ton load of construction material for the International Space Station.

Atlantis roared off pad 39B on the last possible day of the launch window, following two weeks of delays caused by bad weather and minor mechanical glitches.

"What we saw today was a flawless countdown and a majestic launch," said NASA Administrator Michael Griffin.

NASA cameras captured images of five incidents of ice and insulating foam flaking off the shuttle's external fuel tank. At least one piece of foam appeared to hit the underside of the craft.

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Analysts at Johnson Space Center in Houston were studying the pictures late Saturday. But space agency officials said it was unlikely the debris could have damaged the spacecraft because the pieces were small.

The first piece of debris appeared to come off about four minutes after launch. By that time, the shuttle is 325,000 feet above Earth, where the air is too thin to accelerate debris to the speeds necessary to cause damage.

"Anything that comes off that late is of no consequence," said N. Wayne Hale Jr., the shuttle program manager.

Hale and others stressed that the analysis of images taken by more than 100 cameras on the shuttle and at the launch site in central Florida has just begun. It will take several days to determine fully if the craft is undamaged.

The shuttle's six-person crew is scheduled to use a boom with attached sensors Sunday to inspect the critical leading edges of the wings, which are covered by delicate heat-resistant reinforced carbon.

Another round of inspections will be performed Monday, when Atlantis docks with the space station. Shuttle mission commander Brent Jett will put the craft into a maneuver resembling a diver's back flip as it approaches the station. That will expose the underside of Atlantis to the station's three crew members so they can take pictures.

Those precautions were instituted after the Columbia tragedy in 2003. The shuttle was damaged during launch by a piece of foam and broke up during re-entry when aerodynamic forces tore open the left wing.

This is the third mission since NASA returned to spaceflight last year, but it will be the first mission in four years to resume work on the half-built space station.

In its payload bay, Atlantis carries a massive truss and a set of solar arrays that will double the amount of power the station produces.

When unfurled, the solar arrays will be 240 feet long. Each of the 82 array "blankets" contains 16,400 photovoltaic cells. The truss will serve as a new piece of the station's spine, where future laboratories and crew containers will be attached.

NASA is hurrying to finish building the station before the shuttle is retired in 2010. This mission will be one of the most complicated in the history of the shuttle program, officials said.

The crew is scheduled to take three spacewalks, beginning Tuesday with the installation of the truss on the port side of the station. The solar array also will be released from its housing. The work will be finished on the spacewalks Thursday and Friday.

Atlantis' mission was delayed several times, first by bad weather and then by mechanical problems, including an old problem with sensors that shut down the engines when they get low on fuel.

The glitches were exacerbated by the fact that Atlantis had not flown in four years. The orbiter underwent extensive modifications since its last launch.

In the end, none of the mechanical problems affected the launch.

Atlantis Takes Off For Space Station (WP)

By William Harwood, Special to The Washington Post

The Washington Post, September 10, 2006

Shuttle to Dock Monday, Begin Week's Work

CAPE CANAVERAL, Sept. 9 -- The shuttle Atlantis rocketed into orbit Saturday on a long-awaited mission to resume assembly of the space station 3 1/2 years after the 2003 Columbia disaster.

Running two weeks late because of bad weather and technical glitches, Atlantis roared to life and climbed away from its ocean-side pad at 11:15 a.m. Atlantis, which at liftoff weighed 4.5 million pounds, hit 100 mph in just seven seconds, climbing away atop a brilliant plume of 5,000-degree flame and churning clouds of exhaust.

A camera mounted on the shuttle's external tank provided spectacular views as Atlantis wheeled about and lined up on a trajectory up the East Coast, homing in on the space station.

More important, the camera showed no obvious signs of damage from several pieces of foam insulation seen breaking away from the shuttle's external fuel tank four minutes after liftoff, past the time of aerodynamic danger.

Although it will take several days to carry out a detailed analysis, the mission appeared to get off to a good start, and 8 1/2 minutes after launch, traveling at five miles per second, Atlantis slipped into its initial orbit.

"What you saw today was a flawless count, a majestic launch -- and it was tough to get here," said NASA Administrator Michael D. Griffin. "Not everything in the count leading up to this day was easy. And in between we had to dodge tropical storms, lightning strikes and things like that. But we got here, and it was just a flawless day."

Atlantis's commander, Brent W. Jett Jr., is joined by pilot Christopher J. Ferguson, flight engineer Daniel C. Burbank, veteran spacewalker Joseph R. Tanner, mission specialist Heidemarie M. Stefanyshyn-Piper and Canadian astronaut Steve MacLean.

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If all goes well, Jett will guide Atlantis to a linkup with the space station early Monday, kicking off a busy week of work to install and connect a huge set of solar arrays and a massive rotary joint that will slowly spin the panels like a waterwheel to keep them aimed at the sun as the lab circles the globe.

NASA originally planned to install the 35,000-pound, $372 million truss in 2003, but assembly flights were put on hold after the Columbia disaster.

Atlantis's flight is the third mission since flights resumed last year, intended to be the first in a series of complex flights to build out the lab's main solar array truss and clear the way for attachment of European and Japanese research modules.

"In my opinion, every one of these flights we're flying in the next 12 to 18 months ranks right up there as the most complicated flights we've ever flown, including Hubble Space Telescope repair missions," said Paul Hill, mission operations manager at the Johnson Space Center.

The space station currently consists of six pressurized modules, three provided by NASA and three by the Russian space agency. The four largest modules are in a row, lined up with the station's direction of travel.

An unfinished truss, which eventually will be as long as a football field and will sport two sets of solar panels at each end, is attached to the top of the U.S. Destiny laboratory module at right angles to the axis formed by the pressurized modules.

The arrays in Atlantis's cargo bay will be attached to the truss's side.

Burbank will use the shuttle's robotic arm to pull the 45-foot-long payload from Atlantis's cargo bay a few hours after docking and hand it off to MacLean, operating the station's larger Canadarm 2.

They will leave the truss on the end of the station's arm until the next day, when MacLean will position it so four motorized bolts can lock it in place on the left end of the main truss. Tanner and Piper will begin the first of two back-to-back spacewalks to make critical electrical connections and unlatch various launch restraints.

The second spacewalk will be carried out by MacLean and Burbank, followed the next day by extension of the new arrays, which will stretch 240 feet from tip to tip. A third spacewalk, by Tanner and Piper, is planned the following day to complete truss setup and to upgrade the station's antennas.

If all goes well, Atlantis could return to Earth on Sept. 20. But the flight is likely to be extended one day if onboard supplies allow the crew time to inspect the shuttle's heat shield or handle unexpected problems.

NIH Audit Criticizes Scientist's Dealings (LAT)

By David Willman, Times Staff Writer

The Los Angeles Times, September 10, 2006

A researcher received more than $100,000 from drug firms. The agency calls it 'serious misconduct' but has issued no penalty.

WASHINGTON — A senior researcher at the National Institutes of Health engaged in "serious misconduct" by entering into dozens of unauthorized private arrangements with drug companies and failing to report annually the outside income, totaling more than $100,000, a confidential internal review by the agency has found.

Officials at the NIH concluded late last year that the actions of Dr. Thomas J. Walsh, who has helped lead major clinical trials involving cancer patients, might result in dismissal from federal government service. No disciplinary action has been taken.

The internal review, conducted by lawyers and other ethics specialists within the office of the NIH director, found that from 1999 to 2004, Walsh received fees totaling $100,970 from pharmaceutical and biotechnology companies. He accepted fees from 25 companies and has led government-sponsored research involving some of those companies' drugs.

"Dr. Walsh has engaged in serious misconduct, in violation of the Department's Standards of Conduct Regulations … and federal law and regulation," the review concluded.

The previously unreported findings shed light on the depth of conflict-of-interest problems that have persisted at the NIH — the government's preeminent agency for medical research on humans. The NIH's handling of disciplinary decisions related to Walsh and other senior scientists is expected to be a focus of a congressional hearing scheduled for Thursday.

In written comments to NIH ethics officials, private attorneys for Walsh said that the agency's rules were complicated and that his motives were beyond reproach. NIH officials said the rules were well known and should have been followed.

"Dr. Walsh fails to acknowledge that the reason for the 'complex set of rules' governing NIH staff in regards to real or potential conflicts of interest is to prevent the integrity of the agency and its science from being called into question," the summary said. "His assertions that his reputation is sufficient to dismiss any questions about his impartiality cannot be the standard that he or the agency use in deciding to adhere to well-publicized rules."

The summary, dated in December, also said that Walsh's "conduct continued over time and involved at least 38 separate instances where he chose not to follow agency procedures. He actively chose not to adhere to policies because it was

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inconvenient or time-consuming; he knew it was likely his participation [with the drug companies] would have been disapproved. His actions reflected negatively upon the agency."

The Los Angeles Times obtained copies of the internal findings and conclusions last week. Based on interviews and documents gathered earlier, the newspaper reported in July that Walsh had appeared alongside company representatives at public and private meetings held by the U.S. Food and Drug Administration and that he received fees from Merck & Co. and Pfizer Inc., with whom he has collaborated in his government work. Clinical trials he helped lead influenced FDA approvals of three antifungal drugs.

Walsh's appearances at the FDA meetings — with representatives of Merck, Pfizer Inc., and Fujisawa USA Inc. — are the subject of a newly opened inquiry by the NIH director's Office of Management Assessment, according to people familiar with the matter.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency, regardless of whether the employee accepts payment for the appearance.

Another NIH review, which ended three months ago, "did not identify issues of concern with the design or methodology" used in two clinical trials overseen by Walsh. When results of those trials were published, in 1999 and 2004, other research physicians had questioned in letters to the New England Journal of Medicine whether cancer patients with suspected fungal infections were given "control" drugs at dosages that were strong enough to be effective.

Reached briefly by phone on Friday, Walsh referred questions to NIH press aides. He earlier declined to answer questions from The Times regarding details of his arrangements with several companies, but also said that he had never served as a representative or advocate for any pharmaceutical company.

Members of the House Energy and Commerce Committee's investigative subcommittee are expected to question officials at the hearing this week about their handling of ethics matters, including the cases of Walsh and another senior NIH researcher, Dr. P. Trey Sunderland III.

Sunderland, who has specialized in researching Alzheimer's disease, accepted hundreds of thousands of dollars in drug-company fees — including about $612,000 from Pfizer — without obtaining required advance approval. In June, Sunderland asserted his 5th Amendment right against self-incrimination while declining to answer questions before the congressional subcommittee.

Neither Sunderland nor Walsh has been publicly disciplined, and each maintains his senior government position. Directly or through their lawyers, Sunderland and Walsh have said that they aimed to advance research that benefits patients. Both have worked for more than 20 years at the NIH as members of the U.S. Public Health Service Commissioned Corps, a uniformed branch of the service that is led by the surgeon general.

Officials at the NIH have said recently that they lack authority to discipline members of the corps — several of whose members have drawn scrutiny related to conflict of interest. The summary of the NIH internal report on Walsh noted, implicitly, his status within the corps: "It has been determined by the Office of Human Resources [at NIH] that if he were a civilian employee, his actions would lead to a recommendation for his proposed removal."

The Bush administration official that oversees the surgeon general and the corps, Assistant Secretary for Health John O. Agwunobi, said through an aide that he could not discuss details of the pending cases because of privacy concerns.

"The commissioned corps is very concerned about these allegations and will take appropriate action should wrongdoing be found," said Christina Pearson, a Health and Human Services Department spokeswoman. "However, our review must be coordinated with other reviews already in process."

Walsh was referred to a corps administrator nine months ago "for action" by a deputy NIH director, Dr. Raynard S. Kington, and by Dr. John Niederhuber, the then-acting director of the National Cancer Institute.

Walsh, 54, a medical graduate of Johns Hopkins University, arrived at the National Cancer Institute in 1986 and now heads a pediatric research and treatment unit. Walsh is well recognized in his field and has won government honors. Along the way, he collaborated with drug companies in his official role and, privately, as a paid advisor or speaker.

The industry compensation received by Walsh and Sunderland came to light because of a series of events over the past three years: After The Times reported in December 2003 that ranking NIH officials had received hundreds of company consulting payments or grants of stock or stock options, the House committee asked the agency to disclose all such transactions over a five-year period. When the NIH was slow to respond to the committee's broad request, lawmakers elicited information from 21 drug companies.

The companies' responses identified scores of NIH researchers who were not previously known to have received payments. One company, Merck, listed fees to Walsh that had not been reported to the NIH. Meanwhile, NIH Director Elias A. Zerhouni also was urging employees to report any previously undisclosed outside arrangements.

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For Walsh, the first questions from NIH ethics officials centered on his arrangements with Merck. The NIH's internal review found that, at the same time Walsh accepted $3,000 in fees for attending separate Merck-sponsored events in 2000 and 2001, he was leading a formal "cooperative research and development agreement" between Merck and the National Cancer Institute.

Months before his case was referred for possible disciplinary action, the NIH ethics review panel concluded privately that Walsh should not have engaged in the simultaneous government and paid arrangements with Merck.

"The review panel finds that the scientific subject matter of the activities overlap directly with Dr. Walsh's research at NIH," the agency's chief ethics lawyer, Holli Beckerman Jaffe, wrote in June 2005.

"In addition, while Dr. Walsh was a paid speaker for Merck on two occasions, he was collaborating with Merck, and one of its competitors, in his official capacity," Jaffe said. "Accordingly, the panel finds his unapproved outside activities with Merck to be highly problematic."

A subsequent summary of the NIH's internal review added, "this situation is one in which a reasonable person could question Dr. Walsh's impartiality."

The new documents show that when Merck paid Walsh a $2,000 fee in September 2000, it was to discuss the company's new antifungal drug, Cancidas, at a company-sponsored meeting with medical-opinion leaders in Montreal.

Four months later, Merck identified Walsh as a consultant at an FDA advisory committee meeting at which the company made its case for the drug's approval.

Walsh told the FDA committee on Jan. 10, 2001, that, based on his and his government staff's review of data from a Merck study, Cancidas effectively combats a fungal infection called aspergillus. The committee unanimously recommended approval.

Later that month, FDA staff approved Merck's application to market Cancidas. Through 2005, the drug had generated $859 million in U.S. sales.

And, in the months leading up to an October 2001 FDA advisory committee meeting on Pfizer's antifungal drug, Walsh received $12,000 in fees for conferring three times with company representatives, the internal NIH documents show. Walsh has said he did not accept company payment for appearing at any FDA meeting.

Walsh's lawyers have said in letters to NIH officials that his government decisions were not swayed by the compensation from Merck or any other company. They also have stressed Walsh's diligence throughout his career.

Jaffe, the NIH ethics lawyer, told officials in a memo that if Walsh had sought permission to accept compensation from Merck, "it is highly unlikely that Dr. Walsh would have been granted approval."

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CDC Brain Drain? (AJC)

By Alison Young, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 10, 2006

By the end of this year, most of the people who lead CDC's key scientific centers — in some cases for a decade — will be gone. The wave of departures began in 2004, about a year after Dr. Julie Gerberding launched her strategic "Futures Initiative" to transform the agency, and not quite two years after she was named CDC director.

Most of the former directors of CDC's scientific centers declined to talk publicly for this article, citing the close-knit world of public health that requires them to still work with CDC. The reorganization and questions about the agency's leadership and direction were factors for some of those who left, they said privately.

While CDC employment data do not indicate significant jumps in overall employee departures, many current and former employees said they are concerned that the agency's morale problems will spur more to leave.

Last year, for instance, 46 CDC staffers who are also members of the U.S. Public Health Service Commissioned Corps retired from the agency — the largest group of retirees in a decade; in those other years just 26 have retired on average, employment data show. The 850 CDC employees who are Corps members are eligible to retire after 20 years of service, but often work much longer. They historically have been the source of much of the agency's senior scientific leadership.

Recent efforts by Washington to make the corps more regimented, with a greater emphasis on such things as wearing uniforms and meeting physical fitness tests, may be contributing to commissioned officers retiring sooner than they might have, some CDC officials said. But among CDC's 4,298 science staff overall, 63 retired and 131 resigned last year, numbers that show no clear trend in recent years.

Losing highly qualified people — whether it's caused by turmoil or simply the natural progression of aging workers — is a problem, government service experts said.

"What's special about CDC is it has a lot of expertise in highly specialized fields," said Max Stier, president of the Partnership for Public Service, a Washington-based nonprofit that is concerned about a federal retirement wave that's expected

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to crest between 2008 and 2010. "We have a massive problem that very few people are focusing on," he said. "It's like rust, not engine failure."

Among those who have left CDC or have recently announced they are leaving:

Dr. Jose Cordero

Director, National Center on Birth Defects and Developmental Disabilities, since 2001. Left the directorship last month to become dean of the University of Puerto Rico, his alma mater. Joined CDC in 1979. "For me, it was the stars aligned for me to return," Cordero said. "I was not looking for a job."

Dr. James Marks

Director, National Center for Chronic Disease Prevention and Health Promotion, since 1995. Left CDC in November 2004. Became senior vice president and director of the health group at the Robert Wood Johnson Foundation. Joined CDC first from 1976-1978, then continuously there since 1980. Marks declined to comment.

Dr. Richard Jackson

Director, National Center for Environmental Health, 1994 through July 2003. Left CDC's headquarters in 2004, after being an adviser to the CDC director. He took a CDC assignment to the state of California, then continued with CDC at the University of California. "All of these moves have been voluntary on my part," he said.

Dr. James Hughes

Director, National Center for Infectious Diseases, since 1992. Left CDC in 2005 to become director, Program in Global Infectious Diseases and Center for Global Safe Water, at Emory University. Hughes declined to comment. He was at CDC from 1973-1975, then continuously since 1978.

Dr. Stephen Ostroff

Deputy Director, National Center for Infectious Diseases, since 2002. Left CDC in March 2005 to become representative to the Pacific Islands for the U.S. Department of Health and Human Services. "My plan had always been when I got to 20 years I would retire" in Hawaii, Ostroff said. Joined CDC in 1986.

Dr. Sue Binder

Director, National Center for Injury Prevention and Control, since 2000. Left in August 2004 to become a private consultant on public health and management issues. Binder declined to comment. She joined CDC in 1984.

Dr. Harold Jaffe

Director, National Center for HIV, STD and TB Prevention, since 2001. Left in June 2004 to become a professor of public health at the University of Oxford in England. Jaffe declined to comment. Was at CDC first from 1974-1977, then continuously since 1980.

Dr. Ronald Valdiserri

Deputy Director, National Center for HIV, STD and TB Prevention, since 1996. Leaving this month to become chief consultant for the Public Health Strategic Health Care Group at the Veterans Health Administration. Valdiserri declined to comment. He joined CDC in 1989.

Dr. Walter Orenstein

Director, National Immunization Program (and its predecessor), since 1988. Left CDC in April 2004 to become associate director of the Emory Vaccine Center. "I left CDC because of a great opportunity," he said. He was at CDC from 1974-1977, then continuously since 1980.

Dr. Roger Glass

Chief, CDC Viral Gastroenteritis Section, since 1986. Left CDC in May 2006 to go to the National Institutes of Health to be director of the Fogarty International Center. He commutes between Bethesda, Md., and Atlanta, where his wife is chair of pediatrics at Emory University. Glass was unavailable for comment, an assistant said.

Dr. Rick Steketee

Chief, CDC Malaria Branch, since 2000. Left CDC in January 2005 to become deputy director of the Malaria Control and Evaluation Partnership in Africa, a program of an international public health nonprofit called PATH. He joined CDC in 1983.

Dr. Harold Margolis

Chief, Division of Viral Hepatitis, since 1987. Left CDC in June 2004 to become director of the Pediatric Dengue Vaccine Initiative of the International Vaccine Institute in Seoul, Korea. "To be honest, I wasn't having fun anymore," said Margolis, who said changes at CDC caused him to leave. He had been with the agency since 1975.

James LeDuc

Pandemic coordinator and former director, Division of Viral and Rickettsial Diseases, now disassembled. Leaving CDC in November to direct global health at the University of Texas Medical Branch at Galveston. "I wasn't looking for a job," said LeDuc, with CDC since 1992. "I have tremendous respect for Dr. Gerberding."

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OTHER NEWS:

U.S. Stocks Fall This Week; Housing Slump Stokes Growth Concern (BLOOM)

By Nick Baker

Bloomberg, September 10, 2006

Sept. 9 (Bloomberg) -- U.S. stocks declined this week on concern a deepening housing-market slump will slow the economic expansion and limit increases in corporate profits.

Exxon Mobil Corp., the biggest oil company, and other energy stocks led the drop as crude oil sank to a five-month low. Data showing labor costs climbed last quarter also weighed on the market by reviving speculation the Federal Reserve will resume raising interest rates to curb inflation.

``Earnings growth is going to slow," said Joseph Keating, who manages about $3 billion as chief investment officer at Birmingham, Alabama-based First American Asset. ``You have to lower your expectations" for stock-market returns.

Viacom Inc. plunged after the media company ousted Chief Executive Officer Tom Freston. Intel Corp., the world's largest semiconductor maker, slipped after proposing fewer job cuts than some analysts had forecast.

The Standard & Poor's 500 Index lost 0.9 percent to 1298.92. The Dow Jones Industrial Average fell 0.6 percent to 11,392.11, and the Nasdaq Composite Index slumped 1.3 percent to 2165.79.

Economic-growth concern was stoked by signs the housing market slowdown is steeper than had been anticipated.

Two homebuilders, KB Home and Beazer Homes USA Inc., this week cut their profit forecasts and Lennar Corp., the third-largest U.S. builder by stock-market value, missed its own earnings projection. The National Association of Realtors said home prices may drop for the first time since 1993.

Oil fell on signs U.S. fuel inventories will be sufficient as economic growth in the world's biggest energy consumer slows.

Productivity, Labor Costs

Expectations that the Fed might resume boosting rates, after pausing its two-year policy of higher borrowing costs last month, were fueled by government data on employment.

The productivity of U.S. workers slowed last quarter while labor costs jumped at a revised 4.9 percent annual rate, exceeding economists' estimates, according to a Labor Department report.

Crude fell 4.2 percent this week to $66.25 in New York, the lowest close since April 4. Energy companies in the S&P 500 lost 3.7 percent for the top loss among 10 industry groups in the index.

Exxon fell 1.9 percent to $66.81 for the Dow average's No. 3 drop. Valero Energy Corp., North America's largest refiner, lost 10 percent to $51.75, the second-steepest drop in the S&P 500.

Intel

Viacom slipped 6.5 percent this week to $34.55. The company, controlled by billionaire Sumner Redstone, said board member Philippe Dauman will take over for Freston. Merrill Lynch & Co. cut the shares to ``neutral," citing ``significant uncertainty" about the management change.

Intel lost 2.2 percent to $19.45 for the second-steepest drop in the Dow average. The company plans to eliminate 10,500 jobs. Analysts, including David Wu at Global Crown Capital and Doug Freedman at American Technology Research, said they had expected Chief Executive Officer Paul Otellini to cut more jobs in the largest overhaul of Intel's operations since the 1980s.

Homebuilders in S&P indexes lost 3.1 percent. KB Home slipped 4.9 percent to $40.35. Beazer declined 7.6 percent to $37.24, and Lennar fell 4.6 percent to $42.71.

S&P 500 members that produce raw-materials such as gold, silver and paper lost 1.6 percent, the No. 2 slide in the index.

Newmont, Temple-Inland

Newmont Mining Corp. slid 5.9 percent to $48.19. The world's second-biggest gold producer was downgraded to ``sector perform" from ``outperform" by analyst Stephen Walker at RBC Capital Markets, who cited challenges in managing costs and lower production.

Temple-Inland Inc. fell 7.4 percent to $41.94. The real- estate developer and forest-products maker said third-quarter corrugated shipments will fall after the company sold a plant and shut another temporarily.

Apollo Group Inc. lost 5.8 percent to $47.87. The operator of for-profit colleges faces trial on charges that it obtained at least $3 billion in federal funds even as it paid recruiters according to the number of students enrolled, the Chronicle of Higher Education reported. U.S. Education Department rules forbid such payments, the Chronicle said.

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Procter & Gamble Co. lost 1.2 percent to $61.14. The largest U.S. consumer-products maker forecast first-quarter profit of 76 cents to 78 cents a share. The average estimate from analysts surveyed by Thomson Financial is 78 cents. Thomson doesn't disclose the parameters of its figures to Bloomberg News.

Hershey Co. fell 5.4 percent to $51.34. The biggest U.S. chocolate maker was cut to ``neutral'' from ``overweight'' by J.P. Morgan Securities Inc. analyst Pablo Zuanic. He said the company may not meet its annual sales forecast and may have lost market share.

To contact the reporter on this story: Nick Baker in New York at nbaker7@bloomberg.net .

What If The Economy Doesn't Land? (NYT)

By Conrad De Aenlle

The New York Times, September 10, 2006

INVESTORS have been placing their bets on whether the economy will experience a hard or soft landing. One Wall Street veteran suggests a third possible outcome — no landing at all — and he will be looking at data this week to help weigh the odds of its occurrence.

Edward E. Yardeni, chief investment strategist at Oak Associates, expects reports on consumer prices and retail sales to be tame enough to persuade the Federal Reserve to hold interest rates steady when its policy makers meet on Sept. 20. That may just give the economy the breathing room it needs, he said, to avoid an appreciable slowdown, let alone the recession that some commentators have said is a serious possibility.

Mr. Yardeni foresees a 0.2 percent increase in the Consumer Price Index, excluding food and energy items, for August and an increase of 0.4 percent or so in August retail sales. A Bloomberg News poll of economists predicts increases of 0.2 percent for the C.P.I., to be announced on Friday, and 0.3 percent for retail sales, to be reported the previous day.

If the price index comes in "somewhere between a disturbing 0.3 and a happier 0.1," he said, "the Fed will look at it in the context of an economy that is still growing, although with significant weakness in housing, and that is behaving itself in a way that the Fed anticipated when it paused at the last meeting."

It may not happen often in Washington, but the central bank appears to be two for two in achieving its policy aims.

"One of the Fed's objectives a year ago was to take the froth out of housing, and it has significantly done that," Mr. Yardeni said. "It also set out to keep energy from affecting core inflation. There is evidence that that's the case."

The benign numbers that he expects are consistent with 3.5 percent annual growth in economic output and 2 percent core inflation, which he described as "the kind of growth you get when the economy is expanding at trend pace." It is a set of conditions that should be good for the stock market, he said.

In fact, the talk among traders may soon turn to the next Fed rate cut, Mr. Yardeni said, and he pointed out how soothing that topic of conversation would be, compared with others in recent months that have produced "one anxiety attack after another."

"We've spent the whole year going through a litany of fears, from bird flu to monetary overkill to bursting the housing bubble," he recalled. "I'm exhausted listing all the things to worry about, but none of these things has affected the economy or corporate earnings."

DATA WATCH The first key report of the week, on Tuesday, will examine the nation's trade account. In the Bloomberg poll, imports are expected to have exceeded exports by $65.5 billion in July, compared with $64.8 billion in June.

Behind That Sense Of Job Insecurity (NYT)

By Daniel Gross

The New York Times, September 10, 2006

JOBS today seem as long-lasting as the petals of a flower. Virtually every week brings news of large-scale corporate layoffs. On Tuesday, the day after Labor Day, Intel said it would reduce its work force by 10,500, or about 10 percent.

According to the Bureau of Labor Statistics, the United States economy — a giant job-churning machine — each quarter destroys nearly 7 percent of existing jobs and creates a roughly equivalent percentage. Even for those at the top rungs of the labor ladder, job stability isn't what it used to be. Burson-Marsteller, the public relations firm, reported earlier this year that 470 of the Fortune 1000 companies have changed C.E.O.'s since 2000.

Yet labor economists, who prefer sifting through reams of yesterday's data to parsing today's headlines, detect a seemingly counterintuitive trend. During the last few decades, job stability and job tenure for the typical worker don't seem to have changed much, if at all.

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Ann Stevens, an associate professor of economics at the University of California, Davis, has looked through a time series — interviews with men between the ages of 58 and 62 conducted by the Bureau of Labor Statistics and other research groups at intervals from 1969 to 2002.

She found that in 1969, the average tenure of the longest job a man had held in his career was 21.9 years. In 2002, the figure was only marginally smaller: 21.4 years. In both 1969 and 2002, about half of those interviewed had spent more than two decades with a single employer.

"I'm not convinced there has been a dramatic change," said Professor Stevens, who presented her findings in a National Bureau of Economic Research working paper.

That conclusion may seem surprising, given the heightened media and political attention to outsourcing, corporate overhauls and layoffs — and given the peculiar dynamics of the late 1990's, when low unemployment, significant job growth and technological advances led many people to switch jobs voluntarily.

"In those years, companies couldn't hold on to workers," said David Neumark, a professor of economics at the University of California, Irvine.

Recent evidence indicates that jobs aren't any more or less disposable than they were in the past. According to the Bureau of Labor Statistics, the median job tenure for all workers at their current jobs rose to 4 years in January 2004 from 3.5 years in 1983. In the same period, the percentage of workers older than 25 with job tenure of more than 10 years fell only modestly, to 30.6 percent from 31.9 percent.

But there are subtle shifts underneath the headline numbers, says Steven J. Davis, the William H. Abbott professor of international business and economics at the University of Chicago. As they have become more entrenched in the work force, women have seen their average job tenure rise, to 3.8 years in 2004 from 3.1 years in 1983. In the same period, the figure declined for men — particularly for those ages 45 to 54, whose average tenure in 2004 was 9.67 years, down from 12.8 years in 1983.

Job tenure has declined "among both blue-collar and white-collar male workers," Professor Davis said. "White-collar jobs, which were historically dominated by college-educated men, are no longer quite as secure as they were a generation ago."

So what accounts for the public concern over job instability? Professor Davis notes that job stability at publicly held companies — large, brand-name businesses like Intel that make news when they restructure — has decreased markedly. "But such companies only account for about one-third of all business employment," he said. Among privately held companies — a much larger sector — job stability has actually been on the rise in recent years.

What's more, workers have plenty of reason to feel anxious about their prospects. "Job stability isn't the same as job security," said Jacob S. Hacker, a professor of political science at Yale and author of "The Great Risk Shift" (Oxford University Press). The consequences of losing a job are far more severe today than they were in previous generations, as laid-off employees tend to see their compensation and benefits fall sharply when they find new employment. As a result, "people are more likely today to worry about what will happen if they lose their job," Professor Hacker said.

CLEARLY, in today's economy, workers have to prepare for the possibility that their jobs won't last as long as they once expected. "It was and still is the case that roughly a quarter of jobs end within a year," said Professor Neumark of U.C. Irvine. Americans today should expect to have many different jobs over the course of their working lifetime, especially when they are starting out.

"But that doesn't mean you won't eventually find an employer with whom you'll have a long-term attachment," said Professor Stevens, who has been at U.C. Davis for three years, her third job since receiving her Ph.D. in 1995.

A Different Strategy On Pensions (NYT)

By Mary Williams Walsh

The New York Times, September 9, 2006

The winter of 2002 was a scary time for pension funds and the millions of Americans whose retirement they have promised to secure.

Investment losses had wiped away billions of dollars. Required contributions were ballooning. Some companies even started talking about going into bankruptcy, in part because they could no longer afford their pension obligations. Congress and the Bush administration began planning to tighten the law.

Most corporate pension funds sat tight, warning that if the government got too tough, they would be forced to freeze their plans. But one large company, International Paper, decided to strike out in an entirely different direction.

Today, International Paper's $7 billion pension fund, which covers 175,000 people, is three years into a broad revamping, one that the company believes will protect it from the forces that wreaked havoc in the last few years.

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When the changes to its investment strategy are complete, said Robert Hunkeler, the company's vice president for investments, "we will have protected the company and the plan — and therefore the plan participants — from the worst effects of interest rate moves."

The ability to shelter the plan from financial storms has allowed International Paper to keep it going, even as a number of other large companies, like I.B.M., Tenneco and DuPont, have frozen theirs.

Freezing a plan halts the growth of benefits, and even though most companies sweeten the pill by expanding their 401(k) programs, the move often dashes the hopes of older workers. That is because in traditional pensions, which provide a predictable monthly income in retirement, workers typically build the biggest part of their benefit in their last few years of service.

Danny Morris, president of the United Steel Workers local that represents 400 employees in International Paper's mill in Courtland, Ala., said that he was pleased with the steps the company had taken to make its pension fund more secure.

Pensions, he said, are always "the No. 1 topic" when he asks his members what matters to them most. The average worker at the mill is 54 years old, he said, with 25 to 35 years of service. A pension freeze would devastate them.

"It's really the only thing they've known all through the years," he said of the plan, which pays a flat pension of $45 a month for every year of service a person has completed. "Any time you start talking about a change to the pension plan it sort of scares people."

Yet even as traditional pension plans — which still cover about 21 million of the nation's 115 million private-sector employees — have come under siege, International Paper's efforts suggest there may be ways of preserving them, at least for those already promised a pension when they retire.

International Paper began putting newly hired employees into a 401(k) plan after an acquisition in 2004, but the previous employees still participate in the pension plan, with no freeze. And others are beginning to look at International Paper's approach as a possible way out of the pension minefield.

"There's a very healthy discourse that's taking place in the industry," said Joseph Nankof, a partner with Rocaton Investment Advisors, a firm in Norwalk, Conn., that advises pension funds, including the one at International Paper.

It can take a strong stomach to make the necessary changes, however, because they involve breaking away from the herd approach to managing pension assets. Federal law requires pension officials to operate "prudently," and years of court decisions have taught them that they will be bulletproof in a lawsuit if they stick to the same investment techniques everybody else uses.

Nearly all pension funds invest in a broad mix of stocks and bonds, counting on expected gains over the long run to make up for any short-run losses. But that approach has exposed companies — and their shareholders — to big risks.

The risks were hidden by the longstanding actuarial practice of "smoothing" pension numbers, or spreading short-term market swings over many years. Smoothing was supposed to reduce pension volatility, but it is now widely understood to have merely concealed volatility that was there all along.

The pension law that Congress just approved, along with coming accounting changes, will greatly reduce the ability of companies to smooth their pension numbers. So if a company decides to use an aggressive, high-volatility pension strategy in the future, investors will be able to see it and may well shun the company's shares.

One of the biggest sources of pension fund volatility is interest rates.

Pension funds are acutely sensitive to interest rate changes because of the role rates play in setting the value of pension benefits that will be paid in the future. When interest rates fall, the value of the benefits rises because it will take more of today's dollars, compounding at the lower rates, to be able to pay benefits falling due in the future.

The interest rate effect is very powerful. The decline of interest rates, combined with depressed stock prices, brought many pension funds to their knees in the early years of the decade. At G.M., for example, a mere quarter-point rate decline increased pension obligations by $2.3 billion.

The interest rate International Paper uses for its pension calculations fell by a full percentage point from 2001 to 2003, and smoothing, rather than eliminating the pain, was making it last longer.

Those harsh conditions made Mr. Hunkeler start to think, in 2002, about hedging International Paper's pension fund against future rate swings. He knew it would be possible to do this with fixed-income assets, like bonds.

Bonds react to interest rate changes in the same way pension obligations do. When rates fall, bond prices go up. So if International Paper had bonds in its pension fund that matched the characteristics of its pension obligations, it would not matter how far rates fell — the prices of the bonds would rise in step to keep pace with the increased pension obligations.

Mr. Hunkeler was not the first person to think of this. A number of pension funds in the 1980's bought bonds with payment schedules timed to coincide with the benefit payments they owed. High interest rates at that time made such bonds inexpensive.

American Airlines adopted such a strategy in 1987. Its investment manager, William F. Quinn, held onto the bonds even in the 1990's, when the soaring stock market made bond-matching strategies go out of style and lured many pension funds into putting most of their money into stocks.

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Keeping the hedge intact proved a good move. Of all the major airlines, American's bond-laden pension fund weathered the financial storms of the last few years the best. The pension funds at most other airlines — United, US Airways, Aloha, and now Delta — have failed, leading them to be taken over by the federal government.

American's pension fund, meanwhile, is "below where it needs to be, but it is in much better shape than most of the others," Robert L. Crandall, the former chief executive of American, told a Congressional committee two years ago. "Anybody who wants to offer a fixed-benefit pension plan should be required to put those assets into long-term fixed-income instruments which match the liability stream over time," Mr. Crandall said in his testimony.

"If that happens, Senator," he added under questioning from Senator Trent Lott, Republican of Mississippi, "you won't ever have underfunded benefit plans."

International Paper already had about 20 percent of its total portfolio in bonds at the end of 2002. But the bonds were not serving as a hedge against interest rate swings, because their durations then did not match those of the company's pension obligations.

The bonds in International Paper's pension fund had a duration of four or five years in 2002, Mr. Hunkeler said, but its pension obligations had a duration of about 12 years. The difference meant the bonds and the pension obligations would not respond the same way to interest rate changes.

To make a better match, Mr. Hunkeler needed bonds with longer durations. One way to get them would be to do what American Airlines did: sell the existing bonds and buy new, longer ones. But buying enough long bonds to carry out that strategy was a lot more expensive in 2002 than in the 1980's.

So Mr. Hunkeler chose a second method, which used a financial instrument, interest rate swaps, to extend the duration of the bonds the pension fund already owned.

Interest rate swaps are a relatively recent innovation, but they are in widespread use. The global market is valued at almost $5 trillion, according to the Bank for International Settlements.

International Paper is setting up its hedge in phases. Starting in December 2002, it extended the duration of its bonds to 10 years, then kept the portfolio at that point for three years, while the company evaluated how the strategy was working.

Phase 2 began this year. It involves expanding the hedge until 50 percent of International Paper's pension obligations are hedged against interest rate swings, a process Mr. Hunkeler says will take two to three more years. He said a company like International Paper would probably get the greatest benefit from the strategy when 75 percent of its pension obligations were hedged, but it was not rushing to get there.

Indeed, International Paper is confident that even if it takes several years to fully build its hedge, it will still be better positioned than most companies that have not even started to secure their pensions.

"It's like the old joke, 'How fast do you have to run to outrun a hungry bear?' " Mr. Hunkeler said. "You have to run faster than your friend."

Investing In Human Futures (NYT)

By David Brooks

The New York Times, September 10, 2006

Imagine a classroom of first graders. Now imagine we could get every kid in that classroom to graduate from college, and that we could get every kid in every classroom to graduate from college. Don't you think that's the most important thing we could do to make America a richer and fairer place?

Some people, actually, don't think that. Some people don't think wage stagnation is mainly about education and skills. They think the economy is so broken, the Republican Party so malevolent and all-controlling, that almost all the gains would go to the top 5 percent or 1 percent anyway.

I may be a sucker, but I think they're wrong.

I may be a sucker, but I doubt we can achieve broad-based social mobility unless workers possess the skills that a global economy now rewards. I may be a sucker, but I suspect the most important thing we can do to increase social mobility is to come up with second-generation human capital policies.

The first-generation policies gave people access to schools, colleges and training facilities. The second-generation policies will help them develop the habits, knowledge and mental traits they need to succeed once they are there.

That means, first, strengthening the family, the nuclear core of human capital formation. Ramesh Ponnuru of National Review points out that investments in human capital are overtaxed. He suggests raising the child tax credit to $5,000. That would be part of a plan to lighten the tax burden on families while they are raising kids and shift it to when they are done. It would enable more parents to stay home if they wanted and invest more in those crucial early years.

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Second, it means strengthening marriage. Only half of American kids can expect to live with both biological parents at age 15 (compared with two-thirds of kids in Western Europe). That has calamitous effects on education and development. There are many cultural ways to strengthen marriage, but financially, the government could extend the earned income tax credit to single males. That would not only induce more young men to enter the labor force, it would also make them more marriageable.

Third, it means encouraging people to think about the future. Senator Jeff Sessions has a proposal (similar to a program earlier supported by Senators Santorum and Schumer, and others) that would give every child $1,000 at birth for a savings account, which could then be built up over a lifetime. Among other things, that sort of asset building awakens a sense of future possibilities.

Fourth, children from disorganized homes need quality preschool. As a mountain of research has shown, children who have not developed mental traits like self-control by age 3 are much less likely to exercise them later on. Their prospects are permanently diminished.

Fifth, schools need to be tailored to the way children actually are. Different human beings have radically different learning styles. So long as diverse individuals are forced to sit in the same classroom and endure uniform teaching techniques, they'll underperform. It doesn't matter whether the school is public, charter or administered by Martians.

I'm hinting at an agenda that is socially conservative and economically progressive, because when it comes to building human capital, the two go hand in hand. To pay for this stuff, I'd trail along behind Sebastian Mallaby of The Washington Post: Cut the mortgage interest deduction so it doesn't subsidize people who want million-dollar homes, and reform the savings and health insurance tax incentives that subsidize rich people to do things they'd do anyway. I'd also keep the inheritance tax (I don't want a bunch of spoiled heirs starting lefty foundations).

When you ask free-market purists about wage stagnation, they either deny it's a problem or brag about how Republicans have increased disposable income by reducing the tax burden. When you ask orthodox liberals about wage stagnation, they never tell you exactly what they would do to counteract the epic forces of globalization and technological change, but they seem to imply they can restructure the economy with the right trade, minimum-wage and union rules to create middle-class wealth.

But this debate is not going to be won either by the free-market fatalists or by the angry but amorphous populists. It'll be won by the human capital reformers, the alliance of progressive conservatives and conservative progressives (like the Clintonites) who believe that the market fundamentally works and that social mobility requires what it has always required, skill and effort.

All Eyes On The States (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, September 10, 2006

Governor's races may swing vote for president

When Wisconsinites pick a governor Nov. 7, they'll also be setting the stage for the state's next huge election drama: the 2008 race for president.

Many of this year's hottest gubernatorial races are taking place in the nation's most competitive presidential battlegrounds: Wisconsin, Iowa, Michigan, Colorado and Nevada, to name a few.

The outcome of those races will have a bearing on presidential politics. Governors are not only a prime source of political ideas and talent for their parties. They also can play an active role in the sort of ultra-tight races the nation saw in 2000 and 2004, providing help to their party's nominees in key swing states.

"It's not the be-all and end-all, but it can make an important difference," said Mark Mellman, the pollster for John Kerry's presidential bid in 2004 and for Gov. Jim Doyle's 2006 re-election campaign.

Mellman contends that "if Jim Doyle were not governor of Wisconsin, John Kerry would not have won Wisconsin."

There is no way to test that proposition, and some strategists - such as Matthew Dowd of the Bush re-election team - are skeptical about the impact of home-state governors on the ticket.

But as the closest state in the nation in 2004 (Kerry won by 0.38 percentage points), Wisconsin is the kind of place where even marginal factors can matter. Possible party shift

It is also one of at least seven or eight presidential battlegrounds where control of the governor's office could shift this fall from one party to the other.

Such a shift is already likely in Ohio, the No. 1 electoral target in the '04 race for president, where Democrats are now favored to end the GOP's hold on the governor's office.

Other swing states where Democrats have at least a plausible chance to gain a governor this fall include Nevada, Colorado and Minnesota.

But Republicans have their own pick-up opportunities, including Wisconsin, Iowa, Michigan and Oregon.

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Governors will be elected this year in each of the 11 states decided by fewer than 5 percentage points in 2004. At least six of those races are rated as tossups.

"When you look at a red-and-blue map, and you're doing the Electoral College math, you would certainly rather have more governors than not," said Jennifer Duffy, who analyzes contests for governor for the non-partisan Cook Political Report.

In a column this year for The Hill newspaper, Democratic pollster Mellman called Wisconsin the presidential battleground state that Democrats are in the "greatest danger of losing" in 2008 (they won by 11,384 votes in 2004). And he noted that if that happens, even picking up Ohio won't be enough for Democrats to win back the White House.

"Targeting these states now will likely pay dividends later," wrote Mellman of the importance of the Doyle-Green race. Role in policy is key

How much difference can a governor make to his party's presidential nominee?

Aside from whatever intangibles they may provide as high-profile cheerleaders, they can matter in very concrete ways. For one, governors help shape voting rules and procedures, which have become a battleground unto themselves in presidential politics.

Democrats believe George Bush attained the presidency in 2000 because his brother Jeb was governor amid Florida's post-election dispute.

In Wisconsin, Republicans believe that Doyle's pre-election veto in 2003 of a GOP-backed election bill requiring voters to present a photo ID resulted in more Democratic votes in '04. Post-election investigations did find fraudulent votes were cast, but didn't find nearly enough to change the outcome.

"I do think it made a difference (in '04) that we had a governor who vetoed election reform. . . . That in and of itself was probably the most helpful thing Jim Doyle did for John Kerry," said Mark Graul, who ran Bush's Wisconsin campaign and now runs the campaign of Doyle's opponent, Republican Mark Green. Green supports the photo ID plan.

Democrats contend that the bill is designed to lower Democratic turnout, and would discourage voting by tens of thousands of poor and elderly Wisconsinites who don't have driver's licenses. Doyle issued a veto on the issue in 2005 as well.

"This was an attempt by Republicans in the Legislature to disenfranchise voters," said Doyle spokesman Matt Canter, who said Doyle remains open to compromise legislation on voter identification.

What neither side disputes is that the fate of the photo ID plan backed by Republicans hinges on this year's governor's race. And that in turn could have an impact on the 2008 presidential race in Wisconsin if that contest is as close as it was in 2004 or 2000, when the margin was a mere 5,708 votes. Both sides believe enough votes are at stake in the matter to affect very tight races. Local 'echo chamber'

The governor's role in the election process doesn't end there. Wisconsin's governor gets what can be a tie-breaking appointment on the state Elections Board, which handles election disputes. And Democrats who worked on the '04 election say it was an asset to the Kerry effort to have as governor a former attorney general who was experienced in election law and could help in the pre-election partisan wrangling over ballot access and voting procedures.

A governor also can help his or her party's nominee on the campaign trail, with local organization and expertise. He or she can serve as a high-profile, in-state "echo chamber" for the nominee's message. Presidential campaigns put enormous effort into the use of "surrogate" speakers during the campaign. And unless they're unpopular, governors are seen as better surrogates than members of Congress because they command more attention and have no ties to Washington. Mellman says the absence of any prominent statewide Democratic politicians in Ohio complicated Kerry's effort there.

"If a Democrat had been governor in Ohio, would that have made a difference? We'll never know, but it was close enough that it could have made a difference," Mellman said.

In Wisconsin, Kerry made extensive use of Doyle as a surrogate, while the Bush campaign "had to be little bit more sporadic in who we used to speak on our behalf," said Graul, tapping GOP congressmen such as Green and Paul Ryan in their own districts. Skeptics doubt impact

Some strategists are skeptical that in the end governors have much impact on presidential outcomes, either as surrogates or by deploying their political networks.

"Presidential races are just so much bigger than that," said Dowd, Bush's top strategist in the 2004 campaign. Referring to the first Bush campaign four years earlier, Dowd said, "I remember losing Michigan and losing Pennsylvania and losing Wisconsin, all of which had popular Republican governors in 2000."

In his years as governor, Tommy Thompson never delivered Wisconsin in a presidential race. Of course, that doesn't mean he had no effect on the ticket's performance.

Dowd said governors have a bigger potential role in their party's nominating process than in a general election, especially in states with early primaries and caucuses. The hotly contested open-seat race for governor in Iowa has drawn the lavish attention of '08 hopefuls in both parties, who are providing money and manpower in the race.

Dowd also contends that the bigger legacy of these governor's races for their national parties is a more long-term one because governors are a key source of new ideas and policies, and supply the parties with many of their presidential prospects.

"They become the sort of momentum for the vision of the party," Dowd said. "If you lose some of them, and (in) some of the big states, that's a problem." From the Sept. 10, 2006 editions of the Milwaukee Journal Sentinel

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'06 Campaign Cry: Public First, Party Second (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 10, 2006

As campaign 2006 heats up, the first important new theme of the 2008 presidential election may be emerging.

From Washington state to Maryland, candidates in both parties are running against the relentless partisan conflict that now defines life in the nation's capital. In an era when party-line voting in Congress has reached the highest level, by some measures, since the 1890s, a growing number of office-seekers are pledging to operate as an independent voice and a bridge between the parties if voters give them a ticket to Capitol Hill. In the process, they are honing arguments likely to be common in the race to succeed President Bush.

In Missouri, Republican Sen. Jim Talent has run television advertisements in his reelection campaign highlighting the legislation he co-sponsored with Democrats. "Most people don't care if you're red or blue. Republican or Democrat," an announcer says. "They care about getting things done."

In Minnesota, Republican Rep. Mark Kennedy, who's seeking a Senate seat, has aired an advertisement promoting his willingness to break with the GOP on education, the environment and pension protection. "I'm not afraid to work with the other side," he says in the spot.

In an ad in Maryland, Republican Senate hopeful Michael Steele looks earnestly into the camera and promises: "I'll talk straight about what's wrong in both parties."

Because so many GOP candidates have struck these notes, political analysts primarily have viewed them as attempts to separate from Bush as his approval ratings remain weak. And candidates such as Talent (who voted on Bush's side 91% of the time in 2005, according to Congressional Quarterly) and Kennedy (87% support for the Bush position) clearly are displaying more enthusiasm for independence on the campaign trail than they have most days in Congress.

But there's more to the dynamic than Republicans ditching Bush. For one thing, Democrats such as Senate challengers Jim Pederson in Arizona and Bob Casey Jr. in Pennsylvania are emphasizing their willingness to work across party lines. Sen. Joe Lieberman of Connecticut, trying to hold his seat as an independent after losing the Democratic primary last month, is centering his campaign on a promise to transcend partisan differences.

More important, the candidates in both parties using these arguments are raising issues much broader than the proper level of loyalty to a president; they are indicting the entire system of lock step partisan allegiance — and reflexive partisan confrontation — that now drives so much of the Washington debate.

Mike McGavick, the Republican challenging Democratic Sen. Maria Cantwell in Washington state, is among the candidates questioning that system most fundamentally. McGavick, the former chairman and chief executive for the insurance giant Safeco Corp., has had a rough few weeks. Recently, he preemptively released information on a number of embarrassing episodes in his past, including a 1993 drunk driving arrest in Maryland — only to face persistent questions about the accuracy of his recollection that forced him last week to issue a second statement clarifying his description of the arrest.

But McGavick has developed a sophisticated critique of the way Washington works — or doesn't. The intensifying pressure for party unity, he argues, makes it impossible for Congress to resolve difficult problems. Republican unwillingness to compromise, he maintains, is preventing action on immigration, just as the Democratic refusal to negotiate doomed any possibility of restructuring the Social Security system.

Just as important, he argues, the growing tendency toward party-line voting compromises legislators' ability to represent their states. By definition, he says, members of Congress who vote with their own party almost all of the time are elevating partisan over local interests. "I vowed to my state that I want to be thrown out if I am voting with my party 90% of the time," McGavick says. "Because [if I do that], I cannot possibly be representing my state well."

It's no coincidence that these arguments are being raised most forcefully by candidates caught behind enemy lines: Republicans, including McGavick and Steele, running in Democratic-leaning blue states, or Democrats such as Pederson in Republican-leaning red states. Cooperation with the other party is unquestionably most attractive for politicians who need votes from the other side to win.

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But that's nothing new. Historically, the best bridge builders in Congress have been politicians facing electorates that lean toward the other party — former senators such as Republican Jacob K. Javits of New York or Democrat John B. Breaux of Louisiana. Compromise in Washington would almost certainly come easier if voters elected more cross-pressured legislators — red state Democrats and blue state Republicans — compelled to balance partisan demands against local opinion.

It's not clear how many of the candidates promising more independence will get a chance to demonstrate it. Apart from Talent — and perhaps Lieberman — the Senate candidates emphasizing that theme are clear underdogs. And the danger of too often actually breaking from the party mainstream in office was evident in Lieberman's primary defeat — and the possibility that Sen. Lincoln Chafee (R-R.I.) could lose a GOP primary Tuesday on similar charges of disloyalty.

But the candidates pledging more cooperation are tapping into what polls show is public exhaustion with the bruising collisions between the parties that dominated most of President Clinton's term and have consumed almost every day of Bush's presidency.

Whatever happens to McGavick and the others, they are blazing trails presidential contenders from both parties are likely to follow. These '06 campaigns are an early signal that in '08, many Americans may want a president who, as someone once put it, will govern as a "uniter, not a divider."

*

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at latimes.com/brownstein.

Vilsack's Labors For Unity (WP)

By David S. Broder

The Washington Post, September 10, 2006

The anniversary of Sept. 11, 2001, and President Bush's speeches on his anti-terrorism strategy have placed the issue of personal security in the public eye. Iowa Gov. Tom Vilsack, a Democrat, offered a different perspective on the question during a visit to Washington last week.

Vilsack said that the people he met on his just-completed annual walk across Iowa voiced concerns about security that were directly linked "to a feeling that they are in this alone," trying to cope by themselves with forces larger than they can manage.

It is not that Americans have lost their self-reliance, he said, or their willingness to help their neighbors. But the bigger institutions on which they once thought they could rely -- the government, their employers, their unions -- are now either unreliable or entirely absent. When federal, state and local officials left the victims of Hurricane Katrina stranded in their flooded homes for days, it symbolized a fundamental breach of trust. When giants such as General Motors and Ford laid off thousands of workers while other companies walked away from the pensions they had promised retirees, it removed another prop to confidence. And when unions increasingly lost their ability to organize and represent workers, the sense of isolation became even stronger.

All that leads Vilsack to the conclusion that the key to rebuilding national confidence and a sense of security lies as much within the nation and its economy as it does in stabilizing Iraq or in devising new safeguards against international terrorism.

That conviction underlies the rather surprising press event Vilsack orchestrated one day last week in his role as chairman of the centrist Democratic Leadership Council. He brought together traditional antagonists in intraparty battles: the leaders of the DLC, the longtime home of the Clintons and other Democratic moderates, and the leaders of organized labor. On stage with Vilsack were Al From, the combative DLC chief executive, and Jerry McEntee, the equally tempestuous president of the American Federation of State, County and Municipal Employees, plus John Sweeney, the president of the AFL-CIO, and Anna Burger, the head of Change to Win, the coalition of unions that broke away from the AFL-CIO last year.

It was remarkable enough to see the feuding labor people together, but adding From was really tempting fate. He is an outspoken advocate of open-trade policies that are anathema to much of labor and has argued fervently for years that Democrats should not be beholden to their union allies. In turn, union leaders have viewed the DLC as a front for crypto-Republican, pro-business policies.

When Vilsack became chairman of the DLC last year, it raised eyebrows because unions have been a backbone of his support in Iowa. But he said he wanted to try to heal the breach, and he quickly began a series of private conversations with labor leaders, followed by joint sessions of DLC staffers and union operatives.

The upshot was the news conference, where the DLC formally endorsed a bill called the Employee Free Choice Act that is high on labor's wish list.

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The legislation, which enjoys broad support from congressional Democrats, would require employers to recognize and bargain immediately with any union once a majority of employees have signed certifiable cards requesting union representation. Now, after the cards are presented, employers can demand a formal secret-ballot election before granting such recognition, and union spokesmen claim that intimidation and threats often cost them certification. Last year, Sweeney said, only 70,000 workers were able to form unions.

The U.S. Chamber of Commerce dismissed the intimidation charges when I called but readily acknowledged it is fighting the legislation -- ostensibly because secret-ballot elections are necessary to protect workers' choices.

The DLC endorsement is just symbolic; most DLC adherents in Congress already are listed as co-sponsors. But all the news conference participants credited Vilsack for bringing the two sides together, and they said the dialogue will continue in coming months.

It has a double significance. For Vilsack, a long-shot candidate for the 2008 presidential nomination, it is the strongest proof of his ability to be a successful power broker.

And for the Democrats, it holds important potential. For most of the past decade, the DLC and its adherents have supplied the best policy thinking for the party while the labor movement has supplied most of the grass-roots organization and effort.

For the first time, you can see mind and muscle working together, a healthy development for the Democrats.

davidbroder@washpost.com

Bush Confident GOP Will Hold Congress (AP)

AP, September 10, 2006

President Bush says he believes Republicans will retain control of the Congress after the November elections, even as members of his own party predict a loss of some seats.

Dismissing the possibility the top House Democrat, Rep. Nancy Pelosi of California, could rise to House speaker if the GOP lost its majority, the president said, "That's not going to happen."

Democrats need to gain six seats in the Senate and 15 in the House to gain control.

In an interview with The Wall Street Journal's editorial page editor, Bush was commenting on how he planned to resurrect his push to change Social Security next year when he was reminded that some polls show Democrats were likely to win control of at least the House.

"I just don't believe it," the president told Paul Gigot, according to an account published Saturday.

"I believe the Republicans will end up being — running the House and the Senate," the president was quoted as saying in the interview Thursday aboard Air Force One.

Bush said his confidence is based on his belief that voters will be convinced that Republicans were right to cut taxes to stimulate the economy, and that the GOP has a better understanding about the need to nurture Iraq's fragile government and spread democracy.

On Iraq, Bush said dividing Iraq three separate regions — Kurdish, Shiite and Sunni — with a central government in Baghdad would be a mistake. Bush said Iraqis did not vote for partition when they approved a new constitution and government.

On Iran, Bush said he personally signed off on the recent U.S. visit by former Iranian President Mohammad Khatami, saying he wants to learn more how the Tehran government works. The visit drew protests from some conservatives who say Khatami oversaw development of the nuclear weapons development Bush is now working to halt.

"My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions, and in order for diplomacy to work, it's important to hear voices other than (Mahmoud) Ahmadinejad's," Bush said referring to Iran's current president.

As for his goal of spreading democracy in the Middle East, Bush said he had not given up on seeking reforms in Egypt. He said he was disappointed that Egyptian opposition leader Ayman Nour had been convicted on forgery charges. Nour alleges that the government, run by President Hosni Mubarak, trumped up the charges to eliminate him from politics.

"There's an impressive group of younger Egyptians — the trade minister and some of the economic people — that understand the promise and the difficulties of democracy," he said.

Robert D. Novak: Dem Outrage At ABC Could Help Republicans (UL)

By ROBERT D. NOVAK

Manchester (NH) Union Leader, September 10, 2006

The unusual Democratic outrage over ABC-TV's "The Path to 9/11" film to be shown Sunday and Monday reflects private concern in the party that the fifth anniversary of the terrorist attack can reverse the political tide running against Republicans.

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The highly partisan Rep. Louise Slaughter of New York composed a tough letter to Robert A. Iger, CEO of Walt Disney (ABC's parent company). The letter cites two scenes from the program casting doubt on the Clinton administration's legacy in fighting terrorism.

Slaughter added as co-signers of the letter three senior Democrats who would join her as committee chairmen if Democrats win control of the House. They were Rep. John Dingell of Michigan, senior member of the House; Rep. Jane Harman of California, a top party spokesman on national security; and Rep. John Conyers of Michigan, a left-wing leader.

DEMOCRATIC INFIGHTING

In expectation of a Democratic takeover of the House in this year's elections, advocates of Minority Whip Steny Hoyer and Rep. John Murtha are engaged in a fierce backstage battle for their candidate to become majority leader.

Minority Leader Nancy Pelosi, who would be unopposed to become speaker of a Democratic-controlled House, is considered certain to vote for Murtha against Hoyer. Murtha managed Pelosi's successful campaign for party whip against Hoyer in 2001, which provided the stepping stone toward her current dominance in the House. Hoyer associates say Pelosi is working behind the scenes for Murtha, but Hoyer told this column he sees no such activity by her.

Although both Hoyer and Murtha once were considered part of the Democratic Party's relatively moderate wing, Murtha's aggressive opposition to U.S. intervention in Iraq has made him a favorite of the left.

A REPUBLICAN BREAK

Republican strategists figure they benefited from a little political break Aug. 28 when U.S. District Judge Ellen Segal Huvelle in Washington agreed to a joint motion by defense and prosecution lawyers to postpone the sentencing of disgraced Republican lobbyist Jack Abramoff.

Abramoff, who in January pleaded guilty to corruption charges, had been scheduled to appear at a sentencing hearing before Huvelle last Wednesday. The reason stated by the Justice Department in agreeing to Abramoff's request for a delay was his cooperation with prosecutors, resulting in the conviction of former Bush administration officials.

The only Republican congressman who so far has become directly involved in the Abramoff investigation is Bob Ney of Ohio, who has not been charged with any offense but decided not to seek re-election. Nevertheless, GOP campaign managers did not relish the publicity of the Abramoff sentencing as midterm election campaigns began.

FUND-RAISING DOUBLE

Sen. Mike DeWine, who has been aggressively soaking up Washington lobbyist money for his uphill re-election campaign in Ohio, has added an unprecedented campaign finance twist: bringing in another endangered Republican senator for his fund-raiser.

During the August recess of Congress, lobbyists received an invitation for a $1,000-a-ticket "sunrise breakfast" (8 a.m.) in Washington Sept. 14 to "honor" DeWine. Listed as a "special guest" is Sen. Conrad Burns of Montana. DeWine and Burns are considered two of the Republican senators most likely to be defeated in November.

The breakfast will be held at Charlie Palmer's on Pennsylvania Ave. in Washington, a favorite restaurant among lobbyists. The listed hosts are the political action committees of EarthLink, an Internet service provider, and the National Mining Association.

ANTI-HORSE SLAUGHTER

With scarcely two weeks of work left before Congress breaks for the midterm election, House leaders scheduled time to consider the American Horse Slaughter Prevention Act.

The measure, which would ban killing horses for human consumption, passed the House Thursday and was sent to the Senate. Many American horse owners pick up money on the side by exporting horses or horsemeat to Europe.

The anti-slaughter bill is sponsored by two Republicans: Ed Whitfield of Kentucky and John Sweeney of New York.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

In A Pivotal Year, GOP Plans To Get Personal (WP)

By Jim Vandehei And Chris Cillizza, Washington Post Staff Writers

The Washington Post, September 10, 2006

Millions to Go to Digging Up Dirt on Democrats

Republicans are planning to spend the vast majority of their sizable financial war chest over the final 60 days of the campaign attacking Democratic House and Senate candidates over personal issues and local controversies, GOP officials said.

The National Republican Congressional Committee, which this year dispatched a half-dozen operatives to comb through tax, court and other records looking for damaging information on Democratic candidates, plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads.

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The hope is that a vigorous effort to "define" opponents, in the parlance of GOP operatives, can help Republicans shift the midterm debate away from Iraq and limit losses this fall. The first round of attacks includes an ad that labeled a Democratic candidate in Wisconsin "Dr. Millionaire" and noted that he has sued 80 patients.

"Opposition research is power," said Rep. Thomas M. Reynolds (N.Y.), the NRCC chairman. "Opposition research is the key to defining untested opponents."

The Republican National Committee, meanwhile, has enlisted veteran party strategist Terry Nelson to run a campaign that will coordinate with Senate Republicans on ads that similarly will rely on the best of the worst that researchers have dug up on Democrats. The first ad run by the new RNC effort criticizes Ohio Rep. Sherrod Brown (D) for voting against proposals designed to toughen border protection and deport illegal immigrants.

Because challengers tend to be little-known compared with incumbents, they are more vulnerable to having their public image framed by the opposition through attacks and unflattering personal revelations.

And with polls showing the Republicans' House and Senate majorities in jeopardy, party strategists said they have concluded that their best chance to prevent big Democratic gains is a television and direct-mail blitz over the next eight weeks aimed at raising enough questions about Democratic candidates that voters decide they are unacceptable choices.

"When you run in an adverse political environment, you try to localize and personalize the race as much as you can," Rep. Tom Cole (R-Okla.) said.

In a memo released last week, Cole, who is running to succeed Reynolds at the NRCC, expanded on that strategy. The memo recommended that vulnerable incumbents spend $20,000 on a research "package" to find damaging material about challengers and urged that they "define your opponent immediately and unrelentingly."

GOP officials said internal polling shows Republicans could limit losses to six to 10 House seats and two or three Senate seats if the strategy -- combined with the party's significant financial advantage and battled-tested turnout operation -- proves successful. Democrats need to pick up 15 seats to win control of the House and six to regain power in the Senate.

Against some less experienced and little-known opponents, said Matt Keelen, a Republican lobbyist heavily involved in House campaigns, "It will take one or two punches to fold them up like a cheap suit."

Republicans plan to attack Democratic candidates over their voting records, business dealings, and legal tussles, the GOP officials said.

John Geer, a political scientist at Vanderbilt University and the author of a book on negative advertising, said Republicans and Democrats alike lack positive issues on which to run because of divisions over the war and economic policy. This will be a "very negative campaign and probably a more negative campaign than any in recent memory," Geer said.

As Republicans try to localize races, Democrats' hopes for the most part hinge on being able to nationalize the election and turn it into a referendum on the Iraq war, President Bush, and the performance of the Republican Congress -- all faring poorly in polls this year.

Bush will try to make terrorism the issue nationally, casting the election as a choice between two distinct approaches for protecting the nation from attack. Beyond that, however, most Republicans want to distance their elections from the national context.

That strategy is born of necessity. Republicans are alarmed by the large number of House and Senate incumbents who are trailing or tied in their internal polling. Many are attracting the support of less than 45 percent of likely voters -- a danger zone for any incumbent 60 days before an election. The political rule of thumb is that incumbents rarely draw a majority of voters who make up their minds in the days shortly before Election Day.

History shows how the combination of opposition research and negative advertising can work. In 2000, Republicans unleashed a furious attack on the spending practices of Democratic House candidate Linda Chapin, including her purchase of an $18,500 bronze frog as a legislator in Florida. Chapin, then the favorite to win an open Florida House seat, lost to Republican Ric Keller. That same election cycle, Republicans dug up a tape of state Rep. Eleanor Jordan (D-Ky.) asking to speed up a vote so she could attend a fundraiser, an image that destroyed her chances of knocking off Rep. Anne M. Northup (R).

This year, the challenge is tougher, as national polling shows voters dissatisfied with the party in power and ready for a change.

"When all [Republicans] do is launch potshots, they look like they're trying to cover up the fact that they have no solutions" said Phil Singer, communications director for the Democratic Senatorial Campaign Committee.

As in past elections, the bulk of negative advertising this year probably will be delivered by party committees -- a strategy that allows the candidates to distance themselves from the trash-talking messages that turn off some voters.

Wisconsin's 8th District offers an example. Earlier this summer, the NRCC sent a young staff member to the district for one week to look through court records, government and medical documents, and local newspapers to find embarrassing information

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about physician Steve Kagen, one of the leading Democratic candidates in an important swing district, an NRCC aide said. The researcher discovered that Kagen's allergy clinic has sued more than 80 patients, mostly for failing to pay their bills.

A new NRCC ad airing in the Green Bay area, the district's main media market, warns: "What Dr. Millionaire doesn't want you to know is his clinic left more than 80 patients behind -- suing them. That's right, suing more than 80 patients."

In recent elections, Democratic officials have complained that Republicans are much better at opposition research. But Rep. Rahm Emanuel (D-Ill.) and Sen. Charles E. Schumer (D-N.Y.), who chair the Democrats' House and Senate campaign committees, have invested more heavily in research. Notably, the researchers dig not only into Republicans, but also their own candidates. This allows Democrats to anticipate what is coming and be ready to respond quickly.

One Democratic research success this year came when Emanuel's staff combed though the archives of several universities to find a copy of an article Colorado Republican candidate Rick O'Donnell wrote for an obscure publication in the mid-1990s. A researcher eventually found the article at George Washington University. In it, O'Donnell argued that Social Security should be abolished -- a revelation that was highlighted in three sharply worded DSCC mailings in the district.

Direct-mail appeals often carry the most negative and potentially damaging messages. Dan Hazelwood, a leading GOP direct mail consultant, said that if a hypothetical Democratic candidate favors the establishment of a garbage dump in a section of the district, for instance, it makes more sense to "narrow-cast" this message by mail to the people most affected rather than buying an expensive, districtwide television ad.

The RNC's expanded role in part reflects concerns that Senate Republicans may not have enough money to take the fight to Democrats. The National Republican Senatorial Committee, under Chair Elizabeth Dole (R-N.C.), had $15 million less to spend than the DSCC at the end of July. But, the RNC is planning to make up the difference. The committee ended July with nearly $44 million in the bank, four times what the Democratic National Committee had on hand.

In setting up a separate arm to spend money on Senate races, the RNC is altering its past practice. In the past, the RNC simply transferred a large sum of money to the House and Senate campaign committees and let the chairmen decide how to spend it. This year, Nelson -- a former top official in the Bush reelection effort and political strategist for House Republicans -- will work with consultants Tony Feather and Curt Anderson to oversee the TV and direct-mail campaign, which by law must remain independent of coordination directly with candidates.

Dems Seek To Tap Voter Discontent, Economic Jitters (HC)

By Bennett Roth

Houston Chronicle, September 10, 2006

GOP highlights national security theme as a bleak year is predicted for House majority

WASHINGTON — The fall congressional campaign season promises a wild ride as Democrats seek to tap into voter discontent and end the Republicans' 12-year reign as the majority in the House.

In the weeks leading up to the Nov. 7 elections, Democrats will hammer at what they argue is the incompetence of the Bush administration in prosecuting the war in Iraq.

They also are appealing to economic jitters of voters by criticizing high, albeit falling, gas prices and lack of wage growth.

Republicans are fighting back by highlighting the national security theme that worked so well for the party in the past two elections, when President Bush convinced many Americans that he and his party were tougher than Democrats in the war against terrorism.

Republicans hold a 232-203 majority in the House.

Stuart Rothenberg, of the Rothenberg Political Report, predicts that the Democrats will pick up between 15 and 20 seats.

Amy Walter, who analyzes House races for the Cook Political Report, also predicts a bleak year for Republicans, noting that all but nine of the 44 House races considered competitive are held by Republicans.

Analysts say the problem for Republicans is that public opinion already may have hardened, particularly in the Northeast and Midwest, where Bush is particularly unpopular and voters may have tuned out the White House message.

Polls also show that most voters do not see Iraq as a part of the war on terrorism, making it difficult for Bush to justify the urgency of winning in Iraq.

Further, voters' opinion of the GOP-controlled Congress, where major issues such as immigration reform remained stalled, is lower than that of the president.

In a Zogby poll taken Sept. 1-5, 17 percent of respondents rated Congress' performance excellent or good. The same poll found 37 percent rated Bush's performance excellent or good.

Tough races ahead

Seniority may not guarantee re-election, as several top House Republicans find themselves in peril this year, including Ohio Rep. Deborah Pryce, who ranks fourth in the House GOP leadership and is in charge of fashioning the party message.

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The seven-term congresswoman has been comfortably re-elected in the past but faces a strong headwind this year in a state where the manufacturing sector is in the dumps and top state Republicans, including the current governor, have been ensnared in corruption scandals.

Pryce's Columbus-area district has become more Democratic.

Bush narrowly defeated Democrat John Kerry there in 2004. Her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, has accused Pryce of pushing the unsuccessful GOP proposal to create private Social Security accounts.

In Connecticut, GOP Rep. Nancy Johnson, who was first elected in 1982 and has risen to become an expert on heath care issues, is facing a tough race against state Sen. Chris Murphy in a Democrat-leaning state where the Iraq conflict is particularly unpopular.

Senate challengesWhile no one is yet predicting the Democrats will seize control of the Senate, experts say they could come close to winning the six seats needed to oust the Republicans from power.

Republican Senate incumbents Mike DeWine of Ohio, Conrad Burns of Montana and Jim Talent of Missouri face spirited challenges.

Pennsylvania Republican Sen. Rick Santorum, an outspoken social conservative who has unabashedly backed Bush on Iraq, is considered the most endangered GOP incumbent in his race against Democrat Bob Casey Jr., son of a late popular governor.

Democrats, however, face a competitive race in New Jersey, where polls show moderate Republican Tom Kean Jr., son of the former governor, running even with Democrat Sen. Robert Menendez.

2 Georgia Races May Threaten Democrats' Struggle For Power (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, September 10, 2006

Two congressmen face well-known opponents whose bids are aided by GOP redistricting.

ATLANTA — Riding a wave of discontent over the economy, Iraq and gas prices, Democrats are hoping to win enough seats to retake the House of Representatives this November. But their success could also hinge on their ability to keep the seats they already have — and doing so could prove difficult in two key races in Georgia.

Democratic U.S. Reps. Jim Marshall of Macon and John Barrow of Savannah are facing hearty challenges from a pair of former Republican congressmen with name recognition and the ability to raise big money. Bolstering their chances are new district boundaries drawn up by the first GOP-dominated Georgia Legislature since Reconstruction.

The outcome of the races could have broad national implications. The Democratic Party needs a net gain of 15 seats to obtain a majority in the House. Its candidates are posing serious threats to Republican incumbents in states such as Indiana, Connecticut and Pennsylvania.

But Republicans have also identified a handful of vulnerable Democratic incumbents, and are hoping to pick off a few of them to thwart a Democratic return to power.

"Everyone's focused right now on where Democrats can gain seats, and properly so — it's a Democratic year," said Larry Sabato, director of the University of Virginia's Center for Politics. "But if Republicans can steal even a few seats from Democrats, it will probably eliminate the chances of a Democratic takeover.

"Georgia has two of these races — I really don't think there is another state where there are two Democratic seats that are at least somewhat vulnerable."

Carl Forti, communications director of the National Republican Congressional Committee, said Marshall and Barrow were among 10 House Democratic incumbents his party considered beatable this year.

Others include veteran Iowa Rep. Leonard L. Boswell, a septuagenarian who has had health problems and who is facing a well-funded Republican challenger; Rep. Melissa Bean, an Illinois freshman whose victory was aided by the lackluster campaign of her 2004 rival; and Rep. Chet Edwards of Texas, whose district includes President Bush's Crawford ranch.

In Georgia, as in much of the South, the Democratic Party has been dramatically losing ground in recent years. Since 2004, Republicans have controlled both chambers of the state Legislature and the governor's office.

Democrats grumbled when the ascendant Republicans redrew congressional maps, which were introduced last year. Republicans said they were correcting years of Democratic gerrymandering.

This year, Barrow, a former county commissioner from Athens, and Marshall, a former mayor of Macon, were left with districts that had fewer registered Democrats. Barrow even had to leave Athens, his longtime hometown and, as the home of the University of Georgia, a Democratic redoubt, because it was left out of the boundaries of his redrawn 12th District. He moved to Savannah in January.

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In November, Barrow will again face off against Max Burns, a conservative farmer who served in the House for one term before being defeated by Barrow in 2004. In the 8th District, Marshall is facing Mac Collins, a trucking entrepreneur who was a congressman from 1993 to 2003 and lost a bid for U.S. Senate in 2004.

Barrow and Marshall call themselves conservative Democrats — and point to their routine flouting of the party line. Both voted for the strict House bill addressing illegal immigration, both oppose gay marriage and both oppose set timelines for a withdrawal from Iraq.

Perhaps as a result, their Republican rivals have emphasized the bigger picture in their campaigns — namely, what would happen if the Democrats took control of the house. In a recent Collins TV ad, his opponent isn't mentioned at all. Instead, the ad targets House Minority Leader Nancy Pelosi (D-San Francisco), who would presumably become House Speaker with a Democratic majority.

The ad says Pelosi would give "amnesty" to illegal aliens, doling out "welfare, food stamps and free education."

"How do we stop her?" the ad says. "Elect Mac Collins."

In a recent news release, Burns' camp also points to the alleged perils of a Pelosi-led Congress, noting her opposition to the National Security Administration's wiretapping program.

"At a time when our country needs to clearly remain on the offense against terrorists, John Barrow supports leaders who want to retreat and take away the programs necessary to win the global War on Terror," Burns said in the release.

In a phone interview, Barrow said voters in his district respected him for voting not according to dogma, but according to the district's best interests. "Ms. Pelosi only controls her vote," he said. "She doesn't control mine."

On Thursday, Bush traveled to Pooler, Ga., a Savannah suburb, and spoke at a fundraiser for Burns (who, unlike Collins, has lagged behind his Democratic opponent in the money race, despite raising more than $1.1 million through July 1).

Bush focused on national security, telling the GOP donors that Burns "understands the stakes" in the war on terrorism.

Democrats may disagree with that assessment. But everyone seems to agree the stakes in these two races could be greater than who represents a handful of Georgia counties.

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To Hold Senate, G.O.P. Bolsters Its Most Liberal (NYT)

By Adam Nagourney

The New York Times, September 10, 2006

WARWICK, R.I., Sept. 9 — With a barrage of television advertisements and the mobilization of its get-out-the-vote machine, the national Republican Party has lined up in Rhode Island to beat back a conservative primary challenge to the most liberal Republican in the Senate, Lincoln Chafee. The outcome on Tuesday could help determine whether Democrats have a shot at taking back the Senate.

In an extraordinary pre-emptive announcement, the National Republican Senatorial Committee has said it will concede Rhode Island to the Democrats should Stephen Laffey, the mayor of Cranston, defeat Mr. Chafee in the primary. Citing poll data, Republican leaders said they saw no way someone as conservative as Mr. Laffey could win in a state as Democratic as this; as it is, they are increasingly worried about Mr. Chafee's hopes in a general election.

The result has been the striking sight of the national Republican Party, dominated by conservatives, using resources to save the seat of a Republican who said he voted against Mr. Bush in 2004. He chose instead to write in the name of the first President Bush.

Mr. Chafee has opposed many centerpiece Republican policies, from the war in Iraq to tax cuts to most restrictions on abortion. This week, he helped force a delay on the confirmation of John R. Bolton as the United States ambassador to the United Nations.

For all that, Republicans said they expected to spend more than $1.2 million on advertisements attacking Mr. Laffey, saturating the television stations of this state, the nation's smallest. One advertisement lifts a line Republicans have used in countless attacks against Democrats, mocking the mayor as "tax-and-spend Steve Laffey."

Mr. Laffey's supporters, led by the Club for Growth, an organization advocating tax and spending cuts, have countered energetically with advertisements that have hammered the senator as a Washington insider and a Republican reprobate.

The Republican National Committee has rolled out its 72-hour get-out-the-vote program — used to great effect in 2002 and 2004 — against one of its own this year. More than a dozen trained party turnout specialists are encamped at a local motel.

"If Laffey won, on Day 1 of the general election, it would be over for us," said Brian Nick, the communications director for the Republican Senate campaign committee. Asked if his committee, run by Senator Elizabeth Dole of North Carolina, would then concede Rhode Island to the Democrats, Mr. Nick responded:

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"No question about it. Would you play somewhere where you were down by 30 and you couldn't move the numbers?"

The fight has laid bare the ideological divisions in the Republican Party as well as the difficult road it faces in the fall . The Senate seat, which Mr. Chafee took over from his father, John H. Chafee, after he died in 1999, has been held by Republicans since 1976.

Mr. Laffey, standing on his front lawn before a Saturday morning of door-to-door campaigning, said Washington Republicans were coming after him because they viewed him as a threat to their power.

"It is really incredible to watch," he said. "Senator Elizabeth Dole and Karl Rove, and all those people down in Washington, they are just about power. The last thing anybody wants down in Washington — whether it is the Democratic National Party or the Republican National Party — is somebody there asking questions."

The contest in Rhode Island, where fewer than 15 percent of registered voters are Republicans, is one of several primaries on Tuesday that will begin to set the final cast for the fall elections. It comes as President Bush has sought to shape the midterm campaigns with a new emphasis on national security.

To win the Senate, Democrats need to capture six seats, and Rhode Island is high on their target list. Both sides see Democrats as having a better shot at winning the 15 seats they need to seize the House.

Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee, said he was confident that the Democratic challenger in Rhode Island — it is likely to be Sheldon Whitehouse, a former state attorney general — could defeat whoever wins the Republican primary.

"We have the inverse of what is usually true," Mr. Schumer said. "The Republicans are beating each other up in the primary, and our Democratic candidate has had two months to get to know the voters."

Mr. Chafee said in an interview that he appreciated the reinforcements from Washington, but that it could hurt the complicated juggling act confronting him in the primary and in the general election: appealing to both independent and Democratic voters. Independents, who outnumber Democrats but lean Democratic in their voting habits, are allowed to vote in the primary here.

"It's a double-edged sword because I need Democratic-leaning unaffiliated voters," he said. "This is a very Democratic state."

Still, Mr. Chafee appeared heartened, if slightly bemused, at the image of Washington Republicans riding to his rescue. He said he thought that was because he had taken care in how he positioned himself as a red senator from a blue state.

"I've taken an extra step in my rhetoric not to go over the line, so to speak," he said. "I have walked a fine line in how I vote and not taking it too far to alienate some people who could be helpful."

Mr. Chafee spent his Saturday morning at a barbeque with supporters here, where he warned that a Laffey victory on Tuesday would lead to a Republican defeat in November.

"Everybody knows who has the best chance to win in this very, very Democratic state — Rhode Island might be the most Democratic state in the country," he said. "My chances of winning are much, much greater than Mr. Laffey."

In many ways, what is happening in Rhode Island is a mirror of what happened in neighboring Connecticut last month: an ideological challenge from the wings to an established senator who is seen as out of step with his party. In that case, a Democrat, Senator Joseph I. Lieberman, lost a primary to Ned Lamont, who attacked Mr. Lieberman for his support of the war in Iraq and his dalliances with the White House.

The difference is that there was no serious Republican challenger in the Connecticut race, so the Democratic Party invested relatively minimal resources in Mr. Lieberman.

And the sheer intensity of the attacks in Rhode Island — both in tone and the amount likely to be spent per voter — was described by party leaders and others as unlike anything they could remember.

"I'm searching for the right word — vicious," said Victor L. Profughi, a retired political science professor at Rhode Island College and a pollster who has studied the state's politics for 40 years. "I've never seen a race that was anything like this in Rhode Island."

In one advertisement, which critics have called racist, an announcer says that as mayor, Mr. Laffey agreed to accept "Mexican ID cards" as proof of citizenship, while an ominous blur of dark-skinned faces flashes across the screen. "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security," the announcer said. "Will he put our security at risk in the Senate?'

The Republican attacks on Mr. Laffey have been met by attacks on Mr. Chafee by the Club for Growth and other groups. One advertisement belittled Mr. Chafee as "a Washington politician so out of touch he votes to waste $200 million on that Bridge to Nowhere in Alaska."

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Mr. Profughi conducted a poll for Rhode Island College at the end of August that found that Mr. Laffey would easily beat Mr. Chafee. But this is proving to be a particularly tough primary to poll because independent voters are allowed to participate, and aides to both candidates say they expected the race to be much closer.

With both sides saying the outcome would be determined by turnout, the Republican National Committee's vaunted turnout operation could prove crucial in countering the anti-Chafee sentiment that has energized Mr. Laffey's supporters.

"There's no doubt that if the primary was held only among Republicans, Chafee would lose," said Nelson Warfield, the Republican consultant who produced the advertisements for the Club for Growth. "He would be repudiated by the Republicans who he has constantly repudiated."

Mr. Laffey's supporters said they were hopeful that should he win, Republicans would reconsider, the way Democrats have rallied around Mr. Lamont.

"Hopefully, it's just campaign bluster," said Pat Toomey, the president of the Club for Growth. The National Republican Senatorial Campaign, Mr. Toomey said, "would not be that irresponsible."

Mr. Laffey said he did not care what Washington Republicans did if he won. "Let them stay out," he said Saturday, huffing and puffing as he ran up a hill toward a voter's house. "We'll do it without them."

GOP Forced To Fight For Rebel Chafee (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, September 10, 2006

His Challenger in the Primary May Be Too Conservative to Win R.I.

WARWICK, R.I. -- Republican Sen. Lincoln D. Chafee disagrees with his party on the Iraq war, tax cuts and a host of other issues. But national GOP leaders are flooding this tiny state with manpower and money to save the rebel senator, fearing that his loss in a primary could cost Republicans control of the Senate in November.

Party leaders believe that if Chafee loses to Cranston Mayor Stephen Laffey in Tuesday's election, they will have little chance of keeping the seat because many see Laffey as too conservative in Democratic Rhode Island to prevail against Democrat Sheldon Whitehouse.

If Chafee falls, he will be the second sitting senator to lose a primary this year. But unlike Democrat Joseph I. Lieberman in Connecticut, whose defeat is attributed to his outspoken support for the war, Chafee's problems have little to do with where he stands on issues. Rather, they are rooted in his contemplative, consensus-building style, an aberration in the current bitterly partisan climate.

By contrast, Laffey has an assertive, tough personality. He contends that Chafee's independence has made him irrelevant, and that his unpredictable voting patterns suggest a political identity crisis, as if the senator can't make up his mind. Most political observers in Rhode Island gave Laffey the edge as of late last week, but polling has been erratic, and both sides say the outcome is impossible to predict.

GOP leaders are so pessimistic about Laffey's prospects in November that they intend to pull out of the state if Chafee loses.

"It would be a disservice to our other candidates if we didn't," said Dan Ronayne, spokesman for the National Republican Senatorial Committee, which is leading the Chafee rescue effort with help from other GOP groups.

Ronayne noted that Rhode Island has elected two Republican senators since the Depression -- Chafee and his father, the late John H. Chafee. "That's why we're so plain-spoken about losing the seat," he said.

Chafee's struggles serve as a warning to other incumbents that voters are dangerously open-minded this year. Chafee may be a Republican in a Democratic state, but he is well in sync with Rhode Island voters. He opposes the war, backs abortion rights and other liberal social causes, and is an ardent environmentalist. But it's Laffey who has struck a chord with voters such as Roger Dupont.

"I don't care about any particular issue. Steve wants to upset the apple cart, which is good," said Dupont, a retiree who lives in a middle-class neighborhood in West Warwick where Laffey was knocking on doors. As the candidate trudged up the street with his wife, Kelly, four of his five children and six campaign workers, Dupont shrugged, saying, "The guy wants to work for it. He comes up and rings my doorbell, it gets my attention."

Only about 11 percent of voters here are registered Republicans, and while the primary is open to a much larger pool of independent voters, turnout is unlikely to be more than 50,000. Still, the two campaigns and their allies are expected to spend $5 million by primary day, saturating the state with television and radio ads, yard signs, fliers, Chafee wristbands, Laffey caps and other paraphernalia.

Laffey's advantage is that his voter base is easier to identify and highly motivated, consisting of Republicans who think Chafee is too liberal and independents who like the 44-year-old mayor's blustery, in-your-face style. His antics at Cranston City

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Hall have provided fodder for critics and fans alike, but Laffey is widely respected for having saved his home town from fiscal disaster. The GOP's rejection of his candidacy has only bolstered his populist image. It's also kept the spotlight off his conservative views on hot-button issues, including his support for the war and opposition to abortion and embryonic stem cell research.

Chafee, on the other hand, worries that he is trapped between two constituencies. He is too middle-of-the-road to compete against Laffey for conservative support, and now -- given the GOP's blitz on his behalf -- too tethered to the Republican establishment to connect with moderates.

North Carolina Sen. Elizabeth Dole, the NRSC chair, warned in a recent letter to GOP donors that if Chafee loses and Democrats take the seat, conservative judicial nominees may not advance and tax cuts could be in jeopardy. But Chafee is already a roadblock on both fronts. He opposed Samuel A. Alito's nomination to the Supreme Court and voted against the Bush tax cuts.

Chafee worries that the letter, which was widely reported in Rhode Island, casts him as a party pawn and could diminish his chances not only on Tuesday but also in a general election, when he will need a huge independent turnout to fend off Whitehouse.

"It's a high-wire act," Chafee said. "In either direction, you can't go too far."

Nor is Chafee convinced that the Republican outpouring has helped him much with conservatives. Many voters complain about the negative ads. First lady Laura Bush, Sen. John McCain (R-Ariz.) and other luminaries have campaigned for Chafee, but the senator said he has seen little evidence that voters care. "I'm surprised the Republican support hasn't resonated more deeply," he said.

The senator's family is a pillar of Rhode Island's patrician ruling class, and his father was a popular governor and senator who died in office in 1999. His son had served as mayor of Warwick and had worked as a blacksmith on the Canadian harness-racing circuit before succeeding him.

After being appointed to complete his father's term, Chafee won a full Senate term in 2000, but it remains unclear whether he has formed the deep connection with voters that helps politicians survive volatile times.

Some Rhode Islanders do seem to have grown impatient with Chafee, unsure that he has the grit to tackle the many complicated problems that the country faces. Mary Beth Tsiokas, a Cranston housewife, stopped the senator on the sidewalk last week to ask about terrorism and the Iraq war.

"What would be your plan long term?" Tsiokas quizzed him. Chafee thought for a moment and began talking about the Cold War and the merits of diplomacy. Tsiokas studied the senator skeptically. "I can't get anyone to say why we should be so involved," she said, adding that she was still undecided on how to vote Tuesday.

Laffey relishes pointed questions and will expound on any subject voters raise. Shahnaz Siddigi, a Pakistani immigrant who lives in West Warwick, greeted Laffey at her door one evening and asked him how the United States should deal with Iran. The response was a long-winded lecture about standing up to dictators, weaning the country off foreign oil and completing the Iraq war. Siddigi listened intently, then announced she disagreed with him on every point.

"But I'm voting for you anyway," she reassured Laffey. "I'm impressed with what you're doing. I like your approach."

Rhode Island Race May Be Key To Senate (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, September 10, 2006

Sen. Lincoln Chafee is in a tough fight for the GOP nomination. But his more conservative opponent could lose the seat for the party.

CRANSTON, R.I. — He opposed Bush administration tax cuts, voted against Supreme Court nominee Samuel A. Alito Jr. and was the only Republican senator to vote no on the war in Iraq. On his presidential ballot in 2004, Lincoln Chafee even voted against George W. Bush, writing in the name of the president's father instead.

Chafee's liberal-to-moderate inclinations have served him well in his home state, where fewer than 70,000 voters are registered Republicans. His famous name also has been an asset: Chafee's late father, John, was beloved as a progressive Republican who served Rhode Island as governor and U.S. senator. Lincoln Chaffee was appointed to his father's seat in 1999.

But in a surprisingly heated primary contest Tuesday, Chafee will face off against Cranston Mayor Stephen Laffey. The 44-year-old former investment banker, who has drawn support from national conservative organizations, has tried to paint Chafee as hopelessly out of touch with his own party.

In turn, national Republican groups worried about the party losing its hold on the Senate have sponsored anti-Laffey ads, such as the one that warns: "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?"

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Perhaps the better question is whether Rhode Island voters will deal a clear blow to the GOP Senate majority. The outcome of the Chafee-Laffey race, considered too close to call, could alter the larger struggle for dominance in the Senate, because Laffey probably could not defeat the expected Democratic nominee.

Democrats must win a net six seats in November's general election to gain a majority. The spot held by the 53-year-old Chafee — one of the Republicans' most prominent Senate renegades — is among the most vulnerable, making his battle with Laffey the marquee matchup on a day when eight other states and the District of Columbia will conduct primaries.

"This primary determines whether Republicans can stay competitive in the Senate race" in Rhode Island, said Jennifer Duffy, a native of the state who is editor of the Cook Political Report in Washington. "If Chafee does not win this primary, Republicans may be done in Rhode Island. They may take the resources they have allocated for this state and put them somewhere else because they don't believe Laffey can win."

A Laffey victory would represent a major triumph for the Club for Growth, an anti-tax and advocacy group that seeks to return the Republican Party to the economically conservative ideals of President Reagan. The Club for Growth, which has poured more than $700,000 into Laffey's campaign, also takes credit for toppling Republican Rep. Joe Schwarz of Michigan in that state's August primary.

David Keating, the group's executive director, said he was unconcerned about how a potential Chafee defeat might shift Senate power. "Looking at the whole picture, we thought this was a good idea," Keating said. "Look, if the Republicans are going to lose control, they are going to lose this seat anyway."

Chafee could become the latest in a spate of incumbents defeated in recent primaries. Republican Gov. Frank H. Murkowski of Alaska lost his party's primary in late August, as did Rep. Cynthia A. McKinney of Georgia and Sen. Joe Lieberman of Connecticut, both Democrats, earlier in the month.

In Rhode Island, comparisons are being drawn between Chafee and Lieberman, despite the fact that they represent different parties. The parallel, Rhode Islanders say, lies in grass-roots dissatisfaction with someone in power.

"Everyone wants to know if Chafee is going to be the next Lieberman," said Darrell West, a Brown University professor of political science. "His problem is that he is a moderate facing a rebellion from within his own party. It is much the same as Lieberman. The difference is, Chafee voted against the war, and Lieberman in favor. Chafee has upset the Republican rank-and-file voters. If only the grass roots show up on Tuesday, he will lose."

West said he did not conduct a poll in this Senate primary because the sample of voters was so unreliable. As registered independents, about 50% of Rhode Islanders can take a GOP ballot on Tuesday. Democrats are barred from crossing over.

Chuck Newton, spokesman for the Rhode Island Republican Party, said state and national GOP groups have backed Chafee because "no poll has come out from day one showing that Steve Laffey can beat Sheldon Whitehouse," the former state attorney general who is heavily favored in the Democratic primary.

"Chafee can win against Whitehouse, and Laffey can't. That's exactly it," he said.

Veteran pollster Victor Profughi, director of the Bureau of Government Research and Services at Rhode Island College, agreed that conventional wisdom said Laffey couldn't win. "But I would never put much stock in conventional wisdom," Profughi said. "Laffey is a very effective grass-roots campaigner. He really excites people. He is very strong among people who ought to be dyed-in-the-wool Democrats. If you think of a Huey Long, he's that kind of person. It's oratory — all style."

Laffey's director of communications, Nachama Soloveichik, said: "Listen, the polls have said a lot of things. Stay tuned. Steve has never entered anything that he didn't think he could do all the way."

Soloveichik all but dismissed the role the Club for Growth has played in Laffey's campaign. "A lot of candidates get a lot of money from out of state," she said. "It is a small state, not a particularly wealthy state. This is not some nefarious issue."

But Ian Lang, Chafee's campaign manager, accused Laffey of putting personal ambition "above the good of the party — jeopardizing this seat. If Steve Laffey wins, this seat goes Democratic. It's as simple as that."

Lang said the Rhode Island results could ripple across the Senate. "I think the Club for Growth is trying to send a message to other moderates — that 'we're going to come after you,' " he said. "And they're not thinking about what's in the best interest of the Republican Party."

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Cardin, Mfume Eye Prize (WT)

By S.a. Miller And Jon Ward, The Washington Times

The Washington Times, September 10, 2006

The leading Democrat in Maryland's U.S. Senate race yesterday turned to his political machine -- built over his 40 years of state politics -- to launch an imposing voter-turnout effort in the final days before the primary election Tuesday.

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"We've got to get the vote out, so we need your help today," Rep. Benjamin L. Cardin, a 10-term congressman from Baltimore, said to about 100 volunteers at a rally in Towson.

Mr. Cardin, 62, then went to two other rallies with volunteers, in East Baltimore and Upper Marlboro.

High overall turnout will benefit him because it will offset the black vote, which accounts for about 40 percent of votes in Maryland Democratic primaries. Most of those votes likely will go to primary rival Kweisi Mfume, a former congressman and past president of the National Association for the Advancement of Colored People.

Cardin campaign leaders said yesterday that staff members already had made about 300,000 phone calls to voters and planned to make 250,000 more between yesterday and Tuesday. They also planned to knock on 75,000 "targeted doors in communities across the state." More than 1,200 volunteers would make phone calls, work at polls, drive voters to polls, and knock on doors on primary day, the Cardin campaign said.

The Mfume campaign indeed faces a much larger challenge, with one staffer saying yesterday that he and other staffers were "running around like crazy."

Mr. Mfume, 57, has 300 to 400 volunteers, an adviser said. They had made about 100,000 phone calls by yesterday, but did not have a targeted goal for the next few days. They hoped to knock on 40,000 doors.

The Mfume campaign also sent a caravan of 12 dump trucks and several other vehicles, bearing large Mfume signs, throughout Baltimore.

"It's a sprint to the finish line, and we're sprinting, and we've got 17 vehicles sprinting with us," said Mfume spokesman Steve Marinoff.

Mfume campaign manager Mark Clack said the goal of the final push is to make sure their candidate's base and those who would turn out to vote for Mr. Mfume indeed go to the polls on primary day.

"That is what it is all boiling down to," he said.

The Democratic nominee will face the likely Republican nominee -- Lt. Gov. Michael S. Steele, 47, and the first black elected to statewide office in Maryland.

The candidates are competing for the seat opened by retiring Sen. Paul S. Sarbanes, a Democrat.

Mfume campaign callers are touting their candidate as an "independent voice" who will press for a quick military withdrawal from Iraq, universal health care and more college-tuition grants for the poor.

Mr. Cardin's campaign says its candidate helped expand Medicare benefits and "stood up to the president" by voting against the Iraq invasion in 2003.

High turnout also can help Mr. Cardin by reducing the percentage of votes siphoned off by the 16 lesser-known candidates in the Democratic primary, including Bethesda millionaire Josh Rales, who has raised his visibility in the race by spending about $4 million of his own money on TV ads.

Turnout for Maryland's Democratic primaries has averaged about 34 percent in the past four election cycles, according to the state Board of Elections.

At those levels, Mr. Mfume needs about three-quarters of the black vote and about 20 percent of the remaining votes to win, said Patrick Gonzales, president of the nonpartisan polling firm, Gonzales Research & Marketing Strategies. A recent Gonzales poll showed Mr. Mfume trailing Mr. Cardin, 43 percent to 30 percent, and Mr. Mfume winning about 15 percent of the black vote.

Other polls have showed a much closer primary race, including a SurveyUSA poll for WUSA-TV (Channel 9) last week, in which Mr. Mfume led Mr. Cardin, 42 percent to 38 percent. Mr. Mfume has had a marked advantage in all of the polls among black voters who have declared their support for a candidate.

"It could be Mr. Mfume still needs to get a higher percentage of the white vote than I've seen so far," Mr. Gonzales said.

The black vote also will be a key issue in the general election in November, when Mr. Steele, who is black and a Republican, will try to win votes from black Democrats.

Mr. Cardin and Mr. Mfume are aiming their drives to get out the vote in the state's most populated and most heavily Democratic jurisdictions: the city of Baltimore and Anne Arundel, Baltimore, Howard, Montgomery and Prince George's counties.

The Cardin campaign has concentrated its efforts further on his support base in the 3rd Congressional District, which Mr. Cardin has represented for 20 years. The district comprises parts of Baltimore city and Anne Arundel, Baltimore and Howard counties.

Neither campaign would say how it differentiates between Democratic voters within jurisdictions. A Cardin campaign official said the staff had cast a wide net and was telephoning Democrats who might have voted as infrequently as once in the past four primary elections.

Crucial Md. Vote To Mold New Political Landscape (WP)

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By Robert Barnes, Washington Post Staff Writer

The Washington Post, September 10, 2006

A Younger Generation Finds a Rare Opening

Maryland is a state where politicians get elected and tend to settle in. But Tuesday's party primaries are the first step in a dramatic reordering of the political hierarchy, one that will mean a new U.S. senator for the first time in decades and could result in new faces in every statewide office.

The changes will range from the state's delegation on Capitol Hill to the county administrative buildings, where several of the state's most enduring county executives are moving on. And there could be a generational shift, as even the state's most iconic politician -- 84-year-old Comptroller William Donald Schaefer -- is in what appears to be his tightest election battle.

"It's a benchmark year," said House Speaker Michael E. Busch (D-Anne Arundel). "We're talking about replacing the longest-serving senator in Maryland history; we'll have new executives in three of the state's largest counties; and at least one new congressman."

Busch was referring to retiring Sen. Paul S. Sarbanes, who was first elected to public office 40 years ago and will have served in the Senate for 30. The low-key contest to replace him is the marquee race on the Democratic ballot. And in November, there will be new executives in Montgomery, Howard and Anne Arundel counties, as well as a host of new legislators and council members across the state.

Those in the new generation of Maryland leaders elected this fall "are the ones who will be faced with our toughest problems: how to solve the health-care crisis, how to restructure our budget, how to make college affordable," Busch said. It will be November before Marylanders know whether their overwhelmingly Democratic state has changed enough to reelect a Republican governor for the first time since the 1950s or to elect a GOP senator for the first time in a quarter-century.

But the party's leaders are thinking big. Chip DiPaula, who ran Gov. Robert L. Ehrlich Jr.'s groundbreaking campaign in 2002 and now serves as his chief of staff, said he believes the elections will swing the door open for Republicans, who have been out of power for most of the past century.

"We're looking at real [shared] government," he said.

Ehrlich is unopposed in the primary, as is his Democratic competitor, Baltimore Mayor Martin O'Malley, who leads in the polls. For all the change in the air, it is the first time in years that neither party's nomination for governor is contested. Montgomery County Executive Douglas M. Duncan (D) pulled out of the race in June.

The replacement for Democratic Attorney General J. Joseph Curran Jr., who is retiring, will be of a younger generation. And Republicans in November will be looking to increase the gains they have made in recent years in the General Assembly, especially in the outer suburbs.

But some things about Maryland haven't changed much. With less than a third of the state's voters registered as Republicans and with few competitive battles, the party's contests Tuesday have drawn little notice.

And the Democratic tradition remains overwhelming in Montgomery and Prince George's counties, where the primary is almost always the final say. Of 46 General Assembly, County Council and other seats chosen on a partisan vote in Montgomery, only two are held by Republicans. In Prince George's, none is.

Below are summaries of the principal races.U.S. Senate and House

Sarbanes's decision to not seek a sixth term has brought an outpouring of candidates to replace him. But the two who jumped into the race first -- former congressman Kweisi Mfume and Baltimore Rep. Benjamin L. Cardin -- are the front-runners at the end.

Five of the 18 candidates on the Democratic ballot have conducted the most visible campaigns, and for the most part, they have given little indication that they would vary greatly from the reliably liberal record Sarbanes built.

Potomac businessman and philanthropist Josh Rales has spent more than $5 million of his own money on the campaign, and his television commercials became ubiquitous in the Baltimore and Washington media markets. But Rales's lack of Democratic connections -- he has contributed money to President Bush and Ehrlich -- meant he had no network of supporters to build on his media campaign.

American University professor Allan Lichtman has offered voters a strict opposition to the Iraq war and his long career as an educator, but his campaign never became the grass-roots force he had hoped for. Former Baltimore county executive Dennis Rasmussen presented himself as the moderate alternative but drew little attention in Montgomery and Prince George's counties, where 40 percent of the state's Democrats reside.

Cardin and Mfume agree so much on the issues that in recent forums Cardin began using Mfume's lines. In the end, Mfume said that though the two might vote the same, he would be the more passionate voice for the poor and for Democratic causes. Cardin promoted his success at forging bipartisan consensus during his nearly 20 years in Congress.

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Political experts believe that the others in the crowded field could draw their support from voters who might otherwise back Cardin. Polls show that black Democrats overwhelmingly support Mfume, and he is hoping that the chance for an African American on the statewide Democratic ticket will increase the turnout. But Cardin, with far more money and a statewide television campaign, is thought to have the most organized operation for getting supporters to the polls.

On the Republican side, Lt. Gov. Michael S. Steele, the chosen candidate of the national and state GOP, faces only nominal opposition.

Maryland will have at least one new member of Congress next year as voters in Cardin's squiggly district pick a replacement. The district rambles from Baltimore's Inner Harbor through parts of Baltimore, Howard and Anne Arundel counties. Democrats will choose from a group that includes a state senator, a former television reporter, a Baltimore health commissioner and a lawyer, John Sarbanes, who is the senator's son. Republicans will choose among a doctor who lost to Cardin last time and two others.

House Democratic Whip Steny H. Hoyer is unopposed, and Rep. Chris Van Hollen (D) is not seriously threatened. The most spirited challenge to an incumbent is in the 4th District, where Rep. Albert R. Wynn is in a surprising battle with community activist Donna Edwards. Wynn stresses what he has brought home to the district, but Edwards labels him "Maryland's Joe Lieberman" for his vote in favor of authorizing the Iraq war and of other issues in which he strayed from his Democratic colleagues. The district stretches from the Frederick County line through Montgomery and down to Fort Washington in Prince George's.Statewide Offices

Schaefer, who began his public life in 1955 on the Baltimore City Council, wants one more term. But his close ties to Ehrlich, controversial remarks on immigrants and outlandish comments about women have not endeared him to the state's mostly liberal Democrats.

The comptroller stresses a career free of scandal and a "name you can trust," but his opponents are trying to make the case that his time has come.

Del. Peter Franchot, a liberal from Takoma Park, was the first to take on the legend, saying that antics that once seemed eccentric now are embarrassing. He promotes himself as the only real Democrat running and says he would be a more formidable watchdog on the Board of Public Works, the panel that approves much of state government's business.

But Franchot's mission became far more complicated when Anne Arundel County Executive Janet S. Owens jumped into the race. Owens, the only woman mounting a serious statewide campaign, presents herself as a moderate alternative. A series of bizarre spats between Owens and Schaefer has drawn the most attention: She said running against him was like telling grandpa it's time to turn over the car keys, and he responded by saying she dressed like Old Mother Hubbard and is "getting fat."

Four Republicans have waged a quiet race to take on the winner.

To replace Curran, Democrats will choose between Montgomery State's Attorney Douglas F. Gansler, who has coveted the job his entire career, and former Baltimore state's attorney Stuart O. Simms, who has wanted it for a few weeks. (Montgomery County Council member Tom Perez will appear on the ballot, although the state's high court has ruled him ineligible.)

Simms hasn't run for elected office in a decade, but he signed on to be Duncan's lieutenant governor candidate. When Duncan exited the race, he and others, including those who thought the Baltimore region should not be without a candidate for attorney general, encouraged Simms to run. He has drawn a number of high-profile supporters, but his campaign has been hindered by a lack of money and a late start.

Gansler, by contrast, has been planning his campaign for years. He has a Web site filled with proposals on combating gangs and pursuing polluters, and he has raised almost $2 million.

Frederick County State's Attorney Scott L. Rolle is unopposed on the Republican side.Montgomery County

The state's largest jurisdiction will see a new leader after 12 years of Duncan's stewardship, and the two leading candidates to replace him are County Council member Steven Silverman (D-At Large) and former council member Isiah "Ike" Leggett, former chairman of the state Democratic Party.

The two share goals of creating affordable housing and maintaining the quality of Montgomery's schools. Leggett has said he would do a better job of controlling growth, standing up to developers who have been generous to Silverman's campaign.

Silverman, in turn, has cast himself as the more decisive leader and said he would be more aggressive in funding road projects and the proposed Purple Line.

All nine council seats are up for election, and two are open. Among General Assembly contests, the incumbent facing the most trouble is Democratic Sen. Ida G. Ruben, who has represented the Takoma Park-Silver Spring district for 20 years. She is in an increasingly bitter primary with American University law professor Jamie Raskin.

Voters not affiliated with a party can vote in the school board races.Prince George's County

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More than 100 candidates in 21 races will be on the Democratic primary ballot, where winning the nomination usually means election.

County Executive Jack B. Johnson is running hard for a second term, emphasizing an economic boom and rising property tax revenue, which have brought added services and school construction.

Rushern L. Baker III, who lost in a multi-candidate race four years ago, charges that Johnson has been unwilling to acknowledge the county's rising crime problem and says Johnson's awarding of county contracts to friends and campaign supporters is a form of corruption.

All nine seats of the County Council are on the ballot, although there will be far less turnover than four years ago, when eight members were elected. There are a number of spirited General Assembly battles, including crowded races to replace three retiring Democrats: Del. Pauline H. Menes and Sens. Leo E. Green and Gloria G. Lawlah.

All registered voters are allowed to vote for the school board, which becomes an elected body for the first time since 2002. Voters on Tuesday will winnow a field of 46 candidates to 18, and in the Nov. 7 election will choose the board of nine.

Staff writer Matthew Mosk and staff researcher Meg Smith contributed to this report.

Minorities In GOP Rally For Allen In N.Va. (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, September 10, 2006

Virginia Sen. George Allen joined several hundred Asian, Hispanic and black supporters in Fairfax County yesterday at a rally designed to show diversity within the Republican Party while recognizing immigrants' growing clout in state elections.

The event came as Allen, a candidate for reelection who has been dogged for weeks by charges of insensitivity to minorities, juggles a rural image that has served him well in past races with the political reality that vote-rich Northern Virginia includes swelling ethnic populations.

"It is invigorating to be here with all sorts of different, diverse backgrounds," Allen told the audience after saying "good morning" and "thank you" in several languages.

Allen was joined by Reps. Frank R. Wolf and Thomas M. Davis III, two Northern Virginia Republicans facing aggressive Democratic challengers in an area where political allegiances could be shifting.

"This is a tough year," Davis told the crowd, which included at least a dozen ethnic Republican groups. "You can read the polls. You can read the press. You can see we are all under fire. We need your help."

A Mason-Dixon poll commissioned by several newspapers across the state and scheduled for release today shows Allen leading Democratic challenger James Webb 46 to 42 percent, according to people familiar with the survey. But Webb leads Allen by 13 points in Northern Virginia, even though the Democrat is relatively unknown and won't air his first television ad until tomorrow. The poll has a margin of error of plus or minus four percentage points.

Northern Virginia has changed since Allen, a former U.S. representative and governor, last ran for office in 2000.

In Fairfax County, the state's largest jurisdiction, 27 percent of the population is foreign-born. In Loudoun County, whites made up nearly 83 percent of the population in 2000, compared with 74 percent today. The number of Hispanics in Prince William County more than doubled in the past six years, census figures show.

Virginia's ethnic population remains a relatively small portion of the electorate, pollsters say. And unlike African Americans, who tend to vote Democratic, immigrants in Virginia are not closely aligned with either political party, making them critical swing voters in close elections.

Allen is trying to recover from his remark last month to a young man of Indian descent. Allen called the Webb campaign aide "macaca." After nationwide criticism, Allen apologized, saying he didn't realize the word, a genus of monkey, is a slur in some cultures.

Democrats say the remark hurt Allen among non-white voters, including Korean and Indian Americans who often vote Republican in federal races.

"I think it creates a big opening," said Peter Brodnitz, Webb's pollster. "In addition to the real impact, there is a symbolic problem, which is George Allen coming across as closed-minded."

Robert E. Lang, director of Virginia Tech's Metropolitan Institute, said many first- and second-generation Americans in Northern Virginia are well-educated with high incomes, a combination increasingly receptive to Democrats.

"The way to look at Virginia now is it's like South Carolina, with the suburbs in New Jersey and Connecticut laid on top of it," Lang said. "I think it signals a new politics."

For years, Northern Virginia communities outside the Capital Beltway were Republican strongholds, offsetting liberal-leaning neighborhoods closer to the District. But Democrats have been making steady gains. In 2004, Sen. John F. Kerry

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(Mass.) became the first Democratic presidential candidate in four decades to win Fairfax County. In last year's governor's race, Timothy M. Kaine (D) trounced Republican Jerry W. Kilgore in parts of Northern Virginia.

After Kilgore's loss, the state Republican Party commissioned a study to examine how to prevent similar defeats. Among other findings, the report concluded that the area's changing demographics "are having a dramatic impact on the politics of the region."

Virginia Attorney General Robert F. McDonnell (R), who won his race last year by 323 votes, said: "We need to go into ethnic communities, look them in the eye and tell them why our solutions are better."

Yesterday, Allen spoke about his efforts to support minorities. He said he has secured more visas for high-tech workers, backed historically black colleges, promoted a nuclear deal between India and the United States, fought gangs and encouraged more students to study math and science. In Allen's past statewide races, aides said, he has won more black votes than Republicans traditionally receive.

"My friends, I look at each election as a way to unify and inspire," he said at the event, sponsored by the Fairfax County Republican Committee at Edison High School in the county's Alexandria section.

Do Thieu, a Vietnamese American from Annandale who attended the rally, said Allen has always been there for his community. "He has listened, so his actions speak louder than words," he said.

Despite Allen's outreach, some analysts are wondering whether the Republican fully comprehends how the state is changing.

Last week, as he has for years, Allen put on a cowboy hat and saddled up a horse -- this time named Bubba -- to ride in Buena Vista's annual Labor Day parade. Allen, who was born and raised in California, rode down the parade route greeting the Shenandoah Valley crowd by saying, "Howdy! How y'all doing? Good to see y'all."

When the image was broadcast, one longtime Allen supporter said he cringed. "Seeing him with a horse called Bubba wearing cowboy boots, that doesn't resonate with us," said Terone Green, a Republican activist from Richmond who is black.

Green added: "He needs to revamp his whole operation. . . . I have never seen it this bad. I have friends who are just so anti-[Allen] now."

In an interview yesterday, Allen said: "I always ride horses. I wear boots. I am who I am."

Davis said Allen, who ended his day with a speech to 100,000 NASCAR fans at Richmond International Raceway, can't afford to have a rural image in Northern Virginia. Some GOP leaders say Kilgore's southwest Virginia accent cost him votes from independents.

Even so, Virginia remains relatively conservative. In 2004, President Bush defeated Kerry by nine percentage points. Lang said Allen might want to consider losing the cowboy image if he wants to avoid a loss in Northern Virginia. "The sort of Los Angeles identity might serve him better" in the area, said Lang, referring to where Allen grew up.

Allen rebuffed that advice, saying he lost his first campaign for the House of Delegates in 1979 after an adviser made him stop wearing his belt buckle and cowboy boots.

"The best advice I ever received from anyone was 'Just be yourself,' " Allen said.

McCaskill Tries To Buck State's Rising 'red' Tide (KCS)

By Steve Kraske

The Kansas City Star, September 10, 2006

One big question for Democrat Claire McCaskill: Can she stem Missouri's Republican tide?

As McCaskill seeks to defeat U.S. Sen. Jim Talent, the distinct shift in the state's voting patterns toward the GOP presents a thorny challenge.

That is, she must capture a greater share of independent voters than Democrats had to win just a few years ago. In 1998, according to the polling firm Zogby International, a Democrat needed about a third of independents to top 50 percent overall. These days, McCaskill must hold her Democratic base and attract at least half of all independents, who now are more than a quarter of all voters.

That challenge is compounded by two factors: More independents are voting Republican in recent years. Also, Republicans remain more reliable voters than their Democratic counterparts.

"All things being equal, McCaskill has to do better with that middle voter," said Missouri State University political scientist George Connor.

Democrats downplay recent Republican victories and insist the two parties remain basically at par. Recent narrow Republican wins, said Roy Temple, a former chief of staff to U.S. Sen. Jean Carnahan, have made the state appear redder than it really is.

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"It's amazing how much the Republicans have capitalized powerwise on essentially a quite marginal electoral advantage," he said.

McCaskill says the shift has more to do with GOP organizers outhustling Democrats than any significant ideological swing.

"The Democratic Party had gotten fat and lazy in terms of taking its majorities for granted," she said.

But analysts say something more significant has occurred. After all, in the state House and Senate, Republicans now dominate chambers that in the 1980s were firmly in Democratic hands. Five of the state's nine U.S. House members are Republican, as are its two U.S. senators. Putting aside the 2000 election of Gov. Mel Carnahan, who died in a plane crash just before the vote, the state has not elected a Democratic senator since 1980.

The major change has been in the rural-urban population split. The portion of the state's population growth for the state's two largest metropolitan areas dropped nearly 20 percent from the decade of the 1980s to the '90s. (St. Louis has actually lost population since 2000, while Kansas City has grown, but only slightly.)

At the same time, the share of the population growth in rural Missouri, where the GOP has been deriving strength for decades, nearly doubled from the decade of the '80s to the decade of the '90s. From 1990 to 2000, rural Missouri had 36 percent of the state's growth, and that share continues to increase this decade.

The Kansas City and the St. Louis areas still had the biggest slice of the population pie — 55 percent in 2000, according to The Brookings Institution — but that percentage was down slightly from its share 10 years before.

"The growth in outstate Missouri is one of the most important political trends in the last couple of years," said Democratic pollster Fred Yang, who has polled in Missouri since the mid-1990s.

That growth, he said, has turned Missouri into an "even-steven" state. Who wins on Election Day, he said, depends on who turns out to vote.

Another key shift: the dramatic drop in union members, who remain part of the bedrock Democratic base. In 1983, nearly 21 percent of Missouri workers belonged to a union. Twenty years later, just 12 percent did.

Republicans have capitalized on the shifts by emphasizing social issues, such as abortion, gun rights and opposition to gay marriage. That has helped cement the GOP base, said Republican consultant John Hancock.

The shift in focus combined with the new demographics has altered the way Missouri votes.

George W. Bush carried Missouri in 2000 and 2004 by percentages that topped his national support.

In 1992, network exit polls showed 42 percent of Missouri voters were Democrats, compared with 29 percent who were Republican. Those numbers narrowed during the next decade. By 2004, Republicans had the edge over Democrats — 36 percent to 35 percent.

In U.S. Senate primaries, Democratic Missourians once routinely outvoted Republicans 2-to-1 and even 3-to-1. Since 2000, almost equal numbers of Democrats and Republicans show up on primary day.

Missouri's "tilting conservative," pollster John Zogby said.

Still, said Connor, the political scientist, McCaskill must attract moderate independent voters.

He pointed to McCaskill's handling of immigration as a classic example of a Democrat trying to find middle ground on a contentious issue. McCaskill's approach has been to focus on businesses that hire illegal immigrants. In doing so, she can sound tough in a way that relates to Republicans angry at the flow of illegal immigrants into the country, Connor said. And by targeting businesses instead of the immigrants, McCaskill probably won't anger Democrats sympathetic to immigrants.

U.S. Sen. Kit Bond, a Republican, said the shift to the GOP was primarily because of the leftward lean of the national Democratic Party:

"I can't tell you how many people come up to me from all over the state and say, 'I've always been a Democrat, but I can't vote for that left-wing group up there (in Washington).' "

McCaskill, though, agrees with Talent that Missourians are independent-minded enough to vote the person rather than the party. Rural Missouri may have swung Republican in recent years. But look at St. Louis County, the state's largest, which once was a tough place for Democrats to win, she said.

In the 2004 governor's race, McCaskill carried it by nearly 60,000 votes. That she still lost is one more indicator of the growing clout of rural Missouri.

McCaskill is convinced that Republicans don't have an electoral lock on outstate Missouri, and is actively campaigning in rural counties.

"I really believe … that our problems in rural Missouri have stemmed from inattention and our willingness to let the Republican message dominate. We should have been going out there and making the powerful case that we will do a better job of looking out for people who live in rural Missouri."

Hancock says the next two elections will determine how long the pro-GOP shift is destined to last. There again, demographics don't favor the Democrats.

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In 2004, Bush won all 10 of the state's fastest-growing counties, many by big margins.

Neglected By Democrats, Blacks Jump The Party Line (SLPD)

St. Louis Post-Dispatch, September 10, 2006

Committeewoman Norma Leggette (4th Ward) isn't sure what the Democratic Party stands for anymore. She wonders how she's supposed to excite constituents in her ward about November's elections.

Leggette said there are two Democratic parties in St. Louis - one that benefits whites and another that ignores blacks. "At one time, Democrats were a solution for us. I don't know when that changed or why that changed, but it has," Leggette told me.

Her comments underscore a familiar complaint from blacks who claim the Democratic Party takes them for granted.

Leggette voiced her concerns Tuesday during a rah-rah session with several local elected Democrats, hosted by U.S. Senate candidate Claire McCaskill. After reading the exchange posted on a local Weblog, Pub Def Weekly, I called Leggette to confirm her comments.

The quotes were correct, the 40-year veteran of local politics told me. She has no intention of voting for McCaskill's Republican rival, U.S. Sen. Jim Talent, but, like me, she's grown bored with the dog and pony show put on when major elections roll around. Democrats show up, throw out the "evil Republican" mantra, ask for black votes, then disappear without ever addressing our socioeconomic concerns or needs.

Democrats raise millions for major campaigns that rarely trickle down to neighborhood committees, like Leggette's, charged with getting blacks to the polls, she said. It's a "frustrating" experience, complicated by "clueless" leadership and blacks seeking personal gain.

"My community has been affected by benign neglect. Black political leaders only interested in lining their pockets with crumbs ought to get the hell out of the way," Leggette said.

During the meeting Tuesday, Leggette said McCaskill dissed Talent's friendship with President George W. Bush and criticized the president for letting poor and black people die in New Orleans. That didn't cut it for Leggette.

"Being a Democrat doesn't just mean being in opposition to Bush or Talent. You have to bring some meat to the table."

Other black Democrats I spoke with Friday agreed with Leggette, but they are willing to take their disenchantment further. Some were among the 300 guests who attended the "African-Americans for Talent" soiree in July. Charles Kirkwood, owner of Midwestern Construction & Development in the city, plans to jump party lines in the upcoming election.

"I've never voted for a Republican in my life, but I'm supporting Talent," Kirkwood told me, ticking off several reasons the candidate has earned his respect. He particularly respects Talent's federal initiatives to empower disadvantaged minority and small businesses. The $1.2 billion digital and wireless technology bill Talent sponsored will streamline needed job-training funds to institutions like Harris-Stowe State University and Lincoln University in Jefferson City, Kirkwood said. Blacks, he said, are "carrying the water" for the Democratic party - it hasn't reciprocated.

"We have a majority black populated city. Billions have been spent on development in this region. Very little has gone to black developers," Kirkwood said. "I've been blindly supporting Democrats for years, but what has it gotten me? Nothing."

Caroline Douglas, a black Democrat living in Manchester and president of the Sickle Cell Disease Community Advocates, also supports Talent. He "stepped up" to address a health crisis in Missouri, Douglas said, not only passing legislation that increased federal spending on sickle-cell anemia, but also he personally helped raise almost $3 million toward building and operating 40 treatment centers throughout the state, she said.

Halbert Sullivan, CEO and founder of the Father's Support Center in St. Louis, said Talent helped his agency obtain federal money for programs to help African-American men and low-income families. McCaskill, Sullivan said, is relying on black politicians to carry her message because she has no record of accomplishments in the black community.

"Her commercials boast of her desire to combat terrorism and illegal immigration, but how does that make her different than her opponent?" Sullivan said.

I remember walking away impressed with Talent after we'd shared a table at a minority business luncheon. Although an impressive candidate, he wouldn't get my vote because I think his politics are in line with a downright scary administration.

Kirkwood, Sullivan and Douglas aren't exactly fans of Bush either. But their differences with the top-ranking Republican won't alter their vote, they told me.

"All politics are local," said Kirkwood. "I disagree with Bush on mostly everything, especially this war, but I'm still supporting Talent."

Casey Says He's More Than Just The 'Anti-Santorum' (PPG)

By James O'Toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 10, 2006

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CAMPAIGN 2006

Rushing away from the Labor Day parade, Bob Casey had just crossed Stanwix Street when a woman grabbed his hand, looked him in the eye, and said vigorously, "Keep after him; you've got to beat that guy."

Moments later, a car's horn beeped, and its driver poked his head out of the window. "Good Luck, Bob. You've got to beat that Sanitation guy," the man said.

"I keep getting these directives," a bemused Mr. Casey observed as he walked on. " 'You HAVE to ...' "

To his challenge to incumbent Republican Sen. Rick Santorum, Mr. Casey brings a golden name in Pennsylvania politics and the hopes of a Democratic Party hungry for victory against a polarizing figure with a record of frustrating their partisan hopes.

The imperative of defeating Mr. Santorum was the chief reason party leaders turned to Mr. Casey in the days after he won his term as state treasurer with the largest vote total of any candidate for any office in Pennsylvania history. It was the reason that Gov. Ed Rendell, the brunt of tough Casey attacks in their primary for governor four years ago, helped clear the field of serious opposition for him in this year's primary. It was the reason that many liberal Democrats overcame their objections to conservative positions on social issues. In a state where no Democrat has won a full Senate term since 1962, Bob Casey offers the promise of victory -- or so they hope.

"Sometimes Democrats ... we've forgotten that the objective of every election is to win," Mr. Casey said as he recalled the deliberations that brought him to the race.

But as the admonitions that followed him on Labor Day and throughout the campaign attest, the strongest passions in this campaign are generated not by this champion vote-getter, but by his opponent. The incumbent has devoted followers. He also generates antipathy unusual even in this increasingly polarized climate.

So for Mr. Casey, is it enough to be the anti-Santorum?

"No, it's not," he insisted on a holiday weekend as he rode through Westmoreland County. His campaign, he says, offers a positive choice, not just a chance to vote against someone. Buttressing his argument, he points to his record as auditor general and treasurer, the state offices he has occupied for the last decade after a political apprenticeship at the feet of his father, the late governor.

As auditor general, the post that first made his father's name as well, Mr. Casey won generally positive headlines for spotlighting abuses in areas such as nursing home supervision, child care policies and the follow-through on Megan's law.

Discussing that record, he said, "I think nursing homes and child care were the most significant, because they led to real change."

The nursing home audit prodded the administration of former Gov. Tom Ridge to increase spending and change procedures for the monitoring of the state's institutions for the elderly. On child care, Mr. Casey's office successfully fought a proposal to increase co-payments for lower-income working mothers.

The issues he cites were substantive, but they also point to a tactical advantage he holds in this race, conferred by the nature of candidates' different political paths. Over 16 years in the House and Senate, Mr. Santorum has cast votes on hundreds of issues, many of them difficult. Savvy opposition researchers have each of them archived, ready to be retrieved to fuel efforts to place him on the defensive.

Mr. Casey has dealt with tough, substantive issues, but for the most part, they've been issues of his choosing. In contrast to a legislator or a governor, he has not had issues thrust upon him. So far in this campaign, Mr. Santorum has attempted to raise questions about Mr. Casey's work habits and attendance record in his state posts, but he's yet to challenge any policy choices.

For months, the Republican campaign has asserted that Mr. Casey is too content to be the anti-Santorum, that he has no positions and won't discuss issues. As an overall statement, that's not accurate. Mr. Casey has clear and well-known positions on a variety of issues, some of them controversial within his own party.

He supports the rights of gun owners and he opposes abortion. Those positions are seen by Democratic strategist as keys to muting issues that have allowed Republicans such as Mr. Santorum to harvest votes from more conservative Democrats. Mr. Casey and Mr. Santorum are both observant Roman Catholics, but they differ on the legal grounding of their opposition to abortion.

Mr. Santorum argues that a whole line of Supreme Court cases, starting with the Griswold v. Connecticut, a 1965 decision that struck down a Connecticut ban on contraceptives, were wrongly decided in that they found an implicit right to privacy within the Constitution. While Mr. Casey would like to see Roe v. Wade, the landmark abortion case, overturned, he said, "I don't think there's any question that there's a right to privacy. I disagree with a lot of Democrats that that right should be the foundation of a right to abortion."

Flouting the tax hike taboo that rose with the Republican revolution of 1994, Mr. Casey has called for a repeal of the Bush tax cuts for those earning more than $200,000 a year. Taking pages from the moderate playbook of the Democratic Leadership

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Council, he has endorsed legislative proposals to provide health insurance for children and help small businesses provide health insurance for their employees. He has also embraced a call issued by lawmakers including Sen. John McCain, R-Ariz., for a corporate welfare commission to root out tax breaks and budget pork.

But the charges of vagueness ring truer on some of the more important issues facing the Senate and the country. While sharply criticizing the incumbent's call for private accounts for younger workers to transform the current Social Security system, Mr. Casey has not offered any specific alternative to its looming solvency problems. He calls Social Security a problem, not a crisis.

He notes that other entitlement problems, notably Medicare, represent a much greater threat to the overall federal budget. Mr. Casey advocates a change in the Medicare Part D legislation to allow government to negotiate lower drug prices but acknowledges that is just one part of any overall solution to the financial burden promised with the retirement of the Baby Boom generation.

Budget arithmetic questions

The steps he has advocated on the budget deficit, including the tax increase, add up, by his calculation, to about $1.3 trillion over 10 years. But, as his exchanges with Tim Russert on last week's edition of NBC's "Meet the Press" underscored, that number is less than half way to the deficit remedy he has called for. Neither in answer to Mr. Russert nor elsewhere in the campaign has he recommended specific programs to be eliminated from the budget. And he has advocated a variety of significant spending increases, such as making Veterans Administration health care a virtual entitlement for veterans that, while arguably worthwhile in isolation, would add many billions to federal spending. The new direction he advocates on the budget, Mr. Casey said, "is not an easy path, it's not a smooth road; it's not the path of least resistance. It's going to be difficult to reduce the deficit but we have to do it."

When pressed on the budget arithmetic, Mr. Casey continues his call for tough measures, but still largely begs the question of specifics.

"It's more than saying we can cut here; we can move this money there. A lot of it has to do with fiscal discipline over time," he said. "When you have that fiscal discipline as a regular part of how you do your budgeting, it has a disciplining effect."

Mr. Casey argues further that demands he provide a complete blueprint for deficit elimination amount to a double standard when he is running against a candidate whose party has presided over a hemorrhage of federal red ink.

"I'm still waiting for Rick Santorum to come up with $1.3 trillion," he said. "He's been there for 12 years; where's his plan. ... You can't support the case for deficit reduction and support the tax cuts for the top 1 percent; [he] has a maniacal obsession with the top 1 percent."

'New strategy' on Iraq

On the Iraq war, he has offered specifics in one sense, calling for the firing of Defense Secretary Donald Rumsfeld. He said, "We need a new strategy and that means completely new leadership if we are going to avoid a civil war, and a lot of people think it's been moving in that direction."

He has resisted the calls of some fellow Democrats for a withdrawal or a timetable for disengagement. Asked what he would do if it became clear that a civil war had emerged, he employs a typical tactical segue, deflecting the answer into an attack on his opponent, "You've got to have a long and well-informed debate in Congress. ... In the weeks leading up to the war, there were no questions. ... It was breathtaking."

The Santorum campaign constantly refers to their challenger as "Bobby Casey Jr." Using the diminutive is meant to remind voters that Mr. Casey's political career is a function of the fact that he is the son of the late governor. While it may represent an attack for some, it's one that Mr. Casey is eager to embrace. He regularly reminds audiences of his father's legacy.

"If I can be half as good as my dad, I'll be one of the best," he told a well-wisher at a union picnic who praised the former governor.

Such references are always warmly received by Democratic audiences, a fact that yields some irony given the late governor's relations with his party in his later years. All the Caseys long remembered what they saw as a deliberate snub when the governor was denied a speaking spot at the 1992 Democratic National Convention. While an unreconstructed New Dealer on economic issues, the elder Casey considered his party's drift to the left on social issues a mistake, in the case of abortion, on both moral and tactical grounds.

Reflecting on the calls he received from national Democrats courting his candidacy for this race, Mr. Casey said he thought it showed that Democrats were ready to learn a lesson from his father.

"I think it showed that some national leaders were interested in broadening the perspective of the party," he said.

Smiling, he said of his father, "I wish he was around to hear about those calls."

Mr. Santorum charged in the "Meet the Press" debate that the elder Mr. Casey would be upset by his son's endorsement of a recent Federal Drug Administration decision to allow over-the-counter sales of the Plan B contraception pill.

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The day after their face-off, Mr. Casey, who characterizes the pill as contraception rather than abortion, expressed anger at his opponent's reference to his father.

"I had a feeling that, at some point in this campaign, he would use that," Mr. Casey said. "But I thought it would be at a point when he was getting particularly desperate; and I think, for whatever reason, he reached that point yesterday."

But Mr. Casey is not surprised that the race is turning tougher as the election gets closer.

A few week earlier, he stood beside the demolition derby pit at the Big Butler Fair. Minutes later a car emblazoned with his name would meet a brave but ignominious end, going down at the first blow, faster than Liston against Ali. Mr Casey, naturally, didn't dwell on the fate of his namesake. To the suggestion that he and Mr. Santorum could save a lot of time and money by getting behind the wheel themselves and settling their battle amid this cacophony of collisions, Mr. Casey gestured over his shoulder and said, "It'll be worse than this before it's over."

A profile of Sen. Rick Santorum, R-Pa., appeared in last Sunday's editions

Primary Day A Warm-up For November Vote (AP)

By David Espo, Ap Special Correspondent

AP, September 10, 2006

In Arizona, one House candidate called party officials idiots. In Rhode Island, ad-makers turned a Senate hopeful into a political pinata.

And that's just Republicans attacking Republicans ahead of Tuesday's nine-state primary night, the busiest of the year.

For some candidates on the ballot, Democratic Sen. Hillary Rodham Clinton of New York among them, the primaries are a warm-up of sorts in advance of the fall re-election campaign and then a possible 2008 race for the White House.

For other successful politicians, they are a winnowing process.

That is the situation in Maryland, where Rep. Ben Cardin and Kweisi Mfume, a former congressman and one-time head of the NAACP, are the best known among 18 contenders for the Democratic Senate nomination.

The primary winner will run against Michael Steele, the state's lieutenant governor who is seeking to be the Senate's only black Republican.

Republicans, facing the possibility of the loss of seats in several states, hope Steele can become their brightest star of the year, even though it has been more than a quarter-century since the GOP has won a Senate race in Maryland.

After Tuesday's primary, the Democratic nominee "will be broke and without momentum facing a strong candidate with a message of empowerment that is resonating across Maryland," said Dan Ronayne, spokesman for the Republican senatorial committee.

For the political parties, the week's primaries represent another in a dwindling number of chances to influence the lineup for the November ballot, when the GOP's continued control of the House and the Senate is at stake.

Hence, the controversy.

In a Tucson-area seat in Arizona, the National Republican Congressional Committee has run an ad supporting Steve Huffman, praising him as an advocate of lower taxes and a "common sense approach to immigration that puts security first." Huffman is "the conservative choice," said the commercial.

A recent poll showed Huffman trailing a former state lawmaker, Randy Graf.

Graf won 43 percent of the primary vote in an unsuccessful run against Rep. Jim Kolbe two years ago, but party officials have expressed concerns he may be too conservative to win the seat in November.

The decision by strategists in Washington to intervene did not impress Graf or the three other contenders for the nomination. They held a news conference to criticize the move.

"They're idiots," said one, former state party chairman Mike Hellon. He and the three other Republicans running said the GOP had split the party and they predicted Democrats would benefit.

Huffman's campaign did not seem bothered.

"It's made the choice more clear. The fact of the matter is Steve is the only Republican in the race who can win the general election," said David Steumpfle, Huffman's campaign manager.

Whether or not they benefit, Democrats appear to believe that Huffman would be the toughest Republican to beat in November. No sooner had the House Republican committee begin airing its ad supporting him than Democrats rolled out one of their own criticizing him.

It said Huffman's tough-on-immigration claims were not true, and that he had skipped votes in the Arizona Legislature on new border technology and enforcement of immigration laws.

"If we can't trust Huffman to show up for work, how can we trust him to protect us," it asks.

The most prominent Democratic contenders are Gabrielle Giffords and Patty Weiss, a former television journalist.

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Republicans intervened in Rhode Island, too, but went one step further than in Arizona.

With Sen. Lincoln Chafee struggling to fend off a primary challenge, the National Republican Senatorial Committee attacked his rival on television and in mass mailings. "Mayor Steve Laffey accepts Mexican ID cards that can threaten our security. Will he put our security at risk in the Senate?" asked one recent ad that has drawn criticism from Hispanic groups.

Ironically, Laffey's views on numerous issues are more in the mainstream of the Republican Party than are Chafee's. Laffey opposes abortion, favors making tax cuts permanent and supports the war in Iraq.

But as in Arizona, party strategists fear the loss of Chafee's seat to the Democrats.

"Obviously Linc Chafee is the only one who can win in Rhode Island," said Sen. Elizabeth Dole of North Carolina, head of the GOP campaign committee. She said that if Laffey wins the primary, her organization will not spend any money to help him in the fall.

Delaware, Minnesota, New Hampshire, Vermont and Wisconsin also have primaries on Tuesday. The District of Columbia will select mayoral candidates.

Familiar Names In Primary Races (LAT)

By Don Frederick, Times Staff Writer

The Los Angeles Times, September 10, 2006

Contests around the country Tuesday include members of longtime political families.

WASHINGTON — A trio of famed political names — Goldwater, Clinton and Cuomo — dot the ballots in some of the 10 primaries being held across the nation on Tuesday.

In Arizona, contenders for the Republican gubernatorial nomination include the nephew of the late Sen. Barry Goldwater — for decades the state's preeminent politician and a father of the conservative movement that dominates the national GOP.

Buoyed by his last name, Don Goldwater, 50, is given a strong shot at winning the primary. But whoever the Republicans pick will be an underdog against Democratic Gov. Janet Napolitano in November's vote.

Also attracting attention is the GOP primary for an open House seat in the Tucson area. With several candidates in the race, former state Rep. Randy Graf is banking that his tough stance against illegal immigration will propel him to victory.

A Graf win would strengthen the hand of Republicans opposing any revision to immigration law that includes a path to citizenship for those in the U.S. illegally. But a Graf win also could improve prospects for Democrats gaining one of the 15 GOP seats they need to control the House. The district is politically competitive and has been represented by a moderate — Jim Kolbe, the only openly gay GOP member of Congress.

In New York, Democrats are poised to renominate Sen. Hillary Rodham Clinton, and to name state Atty. Gen. Eliot Spitzer as their gubernatorial choice — both by overwhelming margins. The Republicans who will emerge as their opponents are seen as little more than sacrificial lambs in November.

A more competitive race features Democrat Andrew Cuomo, son of former New York Gov. Mario M. Cuomo and Housing and Urban Development secretary under President Clinton. He is attempting to resuscitate his political career by claiming his party's nod for attorney general. Cuomo's chief primary rival is Mark Green, a longtime public figure in New York.

Elsewhere, Maryland Democrats would set up a Senate race between two black candidates if they chose Kweisi Mfume as their nominee against Michael S. Steele, the presumptive GOP nominee, who is the state's lieutenant governor.

Mfume is well-known — after five terms in the House, he headed the NAACP for several years. His liberal views are in sync with the state's Democrats, and he could benefit from a crowded field. But the primary's favorite remains Rep. Benjamin L. Cardin, who is white. He is spotlighting his vote against the congressional resolution that authorized the Iraq war.

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3rd District Voters Face A Dizzying Field (WP)

By Miranda S. Spivack, Washington Post Staff Writer

The Washington Post, September 10, 2006

16 Candidates Are Jostling for Attention in Packed Contest for Cardin's Seat

Bob and Betty Jackson patiently listened for more than two hours as the questions bounced down the banquet table from candidate to candidate at a forum for Howard County residents trying to figure out who should succeed Benjamin L. Cardin in the House of Representatives.

After absorbing answers about the war in Iraq, health care, voting machines and education from the 11 hopefuls who had attended the evening forum in Columbia, Bob Jackson pronounced himself satisfied.

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"I think I've narrowed it down to four," said the 62-year-old National Security Agency retiree and longtime Columbia resident, who plans to vote in Tuesday's Democratic primary.

He reeled off his list. Barth, Beilenson, Hollinger and Sarbanes.

Betty Jackson, 62, a part-time technical writer, said she was impressed by all seven Democrats and four Republicans who spoke. "They were very dignified," she said. "Much better than the race for governor."

In the days before the primary, voters such as the Jacksons in Maryland's 3rd Congressional District, a zigzagging urban and suburban swath that cuts across three counties and Baltimore, are about to narrow the field. It's not a simple task.

With the retirement of U.S. Sen. Paul S. Sarbanes (D) and Cardin's decision to seek his seat, the 3rd District voters find themselves confronting a rare political dilemma: The primary ballot will have the names of eight Republicans and eight Democrats, including many experienced politicians with polished rÃ©sumÃ©s who figured it was now or never for a seat that had not come open for a generation.

"I wasn't looking forward to this evening," Bob Jackson said. "It could have gone on and on forever." But he was pleasantly surprised by the candidates' ability to separate themselves -- more or less -- from the pack. "I really got a good sense of who they are," he said.

That's what the candidates have to hope for as primary day looms: that they can break out and convince voters that they are the best for the job.

Cardin (D) won the district in 2004 with 63 percent of the vote, but Republican Gary Applebaum, one of two physicians running, said he thought a Republican stood a reasonable chance this November. "This is a district that [Gov. Robert L.] Ehrlich won four years ago," Applebaum said. "He is a very popular governor who has bridged the political divide." Applebaum said he hoped to do the same in the district, where Democrats are firmly in the majority.

The district, which Cardin represented for nearly 20 years, runs east from Baltimore to Baltimore County, west to Howard County and east again to parts of Anne Arundel and is among the country's most affluent, with the median household income topping $62,000. There are small pockets of poverty in the district, which is within commuting distance of Washington.

As the candidates head toward the finish line, several are leading in the money race, which will help them get their names and views out through direct mail, television and radio.

Having a well-known name can help -- at candidate forums such as the one Aug. 29 in Columbia, the Democrats often said they agreed with one another. Same with the Republicans.

Among the Democrats, John Sarbanes, who as the retiring senator's son enjoys high name recognition, said at the forum that he wasn't running on his family name and cited his community service and experience as a lawyer in the private and public sectors. He has raised nearly $1 million. Peter L. Beilenson, a former Baltimore health commissioner who stresses his experience managing a multimillion-dollar budget and whose father, Anthony, was a well-known congressman from California, has raised about $845,000.

Paula C. Hollinger -- a state senator from Baltimore County who chairs a key committee with jurisdiction over health, education and the environment -- has attracted support from such state politicians as state Senate President Thomas V. Mike Miller Jr. (D-Calvert). She has collected about $775,000.

Andy Barth, the longtime Baltimore television reporter whose father, Alan, was a well-known Washington Post editorial page writer, has raised about $160,000. Oz Bengur, a political operative and businessman, has raised close to $500,000. Bengur, whose son in serving with the Marines in Iraq, is among the most vocal of the Democrats about Iraq, although all say they support some version of a phased withdrawal of U.S. troops. Kevin O'Keeffe, a former lobbyist for the Anne Arundel County and Baltimore City governments, who points to his rise from a family of modest means, has raised about $215,000. Mishonda Baldwin, a Persian Gulf War veteran and a lawyer, has raised about $30,000.

Among Republicans, Applebaum is the leading fundraiser, according to recent campaign reports, gathering about $270,000. John White, a marketing executive, reported raising about $200,000, much of it a loan. The other Republicans reported little or no fundraising. "It speaks to support," Applebaum said.

A few days after the forum, the Jacksons were still mulling their options among the Democrats. They planned to do more research and will attend a neighbor's gathering for Barth to learn more about him. Betty said she liked the fact that Beilenson had substantial experience running a large agency. She and her husband also liked Sarbanes -- "he's very smooth" -- but worried, as Beilenson had at the candidates' forum earlier in the week, that perhaps there are too many lawyers in Congress.

"I think we feel like we don't have to vote for John Sarbanes because a lot of others will vote for him," Betty Jackson said. As for Hollinger, she thought Annapolis might need her spunk more than Washington.

"I think we'd be happy with any of the four of them," she said.

Four DFLers Dash For Every Last Vote (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, September 10, 2006

The contenders reach out before Tuesday's vote, knowing that whoever advances from the primary is the favorite to win it all.

Congressional hopeful Paul Ostrow extended a hand to a rumpled patron Saturday in a south Minneapolis coffee shop, asking for his vote in the Fifth District DFL primary.

"It's too early to think about voting," said the man, who declined to give his name. "I just want to have a cup of coffee right now."

But Ostrow and his main opponents -- former state Sen. Ember Reichgott Junge, former state DFL chair Mike Erlandson and state Rep. Keith Ellison -- scrambled hard Saturday to get voters to focus. They face off Tuesday in what has been the most competitive race that the district's voters have seen in decades. The frenzy will continue until the polls close at 8 p.m.

Primaries tend to have low turnout, but this one counts big. The DFLers want to replace 28-year Rep. Martin Sabo, who is retiring. The district, including Minneapolis and inner- ring suburbs, is deeply DFL, so the primary winner is a solid favorite in November.

Ostrow, a Minneapolis City Council member, says he's got broad support, but many observing the contest say it has narrowed to a three-way match.

"The race is a tossup between Ellison, Erlandson and Ember, and it would take a major event or electoral crisis for Paul Ostrow to have a chance of winning this race," said Blois Olson, copublisher of the newsletter Politics in Minnesota.

The candidates will continue to criss-cross the district's cities from coffeehouses to the Metrodome Plaza. Reichgott Junge was at the Richfield Farmers Market wearing a shiny red track suit. "You want to stand out in the crowd," she said. Early Saturday she was on handshake 2,672 of her goal of 7,000 for the last week of the campaign.

"A familiar face from the television," said Joyce Anderson of Minneapolis as she met the former state senator. "That's a good ad. It's a go."

Reichgott Junge handed her a sticker and said, "It will help you to remember to vote on Tuesday."

Erlandson knocked on doors in Uptown with Sabo, who is supporting his 13-year chief of staff. The day was a historic final door-knocking for Sabo.

Erlandson picked up Sabo's techniques -- keep moving and keep the message short. "I've never believed you should give them a civics test at the door," Sabo said. "Say 'Hello, and I'd like your vote.' "

A few miles north, Ellison wore a pinstripe suit as he delivered an indignant stump speech to Service Employees International Union members preparing to hand out his literature. Ellison had come from the funeral of 15-year-old Courtney Brown, killed a week earlier, apparently by teenagers trying to take his jersey.

"We cannot ignore the fact that when they squeeze us for $5.15 an hour or even $10 an hour, it has social implications." When parents work so much, "the little ones are out on the street trying to figure it out for themselves," Ellison said.

Squeezing all they can

Every minute counts now in a race too close to call. The prediction is somewhere between 65,000 and 80,000 voters will cast ballots.

The candidates long ago identified tactics and issues designed to carve out the biggest piece of the primary pie.

Ellison, the DFL endorsee, is targeting the "unlikely" primary voters who tend to vote only in November. He wants to pull U.S. troops out of Iraq and has made economic and social justice a centerpiece of his campaign. "We all count. We all matter," he said. But issues from his personal life have dogged him since he won the endorsement in May. He failed to pay parking tickets, federal income taxes and file campaign finance reports.

He's considered to be strong in north Minneapolis, an area he has represented for four years but where turnout tends to be low. He focused his efforts on a get-out-the-vote and direct-mail effort. Campaign manager Dave Colling said Ellison is working to get out voters who are black, Somali, gay and lesbian, peace activists and Latinos.

Of the four main candidates, Erlandson hit the air hardest with radio and television commercials. He is focusing on his ties to Sabo and experience and has made the environment a priority in campaigning. He is also targeting voters 58 and older who make up 70 percent of those who vote in the primary. Erlandson said he believes he got a boost from a Star Tribune editorial endorsement that hit on his experience, potential for accruing seniority and DFL credentials.

He expects to do well in his boyhood turf of Fridley and Columbia Heights.

Reichgott Junge has been running a television commercial about the recent deaths of four family members and her top priority -- universal health care coverage.

Reichgott Junge is considered strong in Robbinsdale, New Hope and Crystal, an area she represented in the state Senate for 18 years.

Her opponents have questioned her liberal credibility and tagged her a Sen. Joe Lieberman Democrat. Lieberman's support of the Iraq war cost him a primary in Connecticut.

Reichgott Junge responded with an automated phone call by former Secretary of State Joan Growe on Saturday to 46,000 primary voters.

Ostrow has an army of young volunteers that has knocked on as many as 1,200 doors a night.

Although Ostrow represents northeast Minneapolis, the campaign is targeting his literature to south and southwest Minneapolis, said Ostrow's wife and campaign manager, Julie Mattson Ostrow, because they are traditionally high voter turnout areas.

Ostrow said he would be a strong voice for cities in Congress and wants to serve on the Education Committee to focus on schools.

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Perry Rivals Aren't Closing The Gap (HC)

By R.g. Ratcliffe

Houston Chronicle, September 10, 2006

Polls show he's vulnerable, but crowded field has divided vote

AUSTIN - The horse race polls have varied dramatically about who is running second in the Texas governor's race, but those surveys have made one thing perfectly clear: for most of the past year, Texans have been unhappy with the job Rick Perry has done as governor.

Perry's sagging job approval also is reflected in poll numbers showing support for his re-election has hovered between 35 percent and 41 percent since February.

However, that does not mean the Republican incumbent is in immediate danger of defeat. His four challengers are dividing the discontented voters, and none of them has gained traction so far.

"They're like dogs, running around chasing each other's tails, trying to eat the same piece of the pie," said Perry pollster Mike Baselice. "Perry, meanwhile, is sitting over there with a plurality, and he wins."

Perry's main challengers are after what they call the "anti-Perry vote." But the question remains whether Democrat Chris Bell or independents Kinky Friedman and Comptroller Carole Keeton Strayhorn or Libertarian James Werner can consolidate this vote into a winning coalition.

"There is a bloc of voters out there right now waiting to see which one of the three is most likely to get Perry out," said Friedman campaign manager Dean Barkley. "That is the battle of September, to be the alternative to Perry."

Perry's job approval ratings have lagged behind his job disapproval rating among Texans for 10 of the past 16 months in SurveyUSA polling done by television stations WOAI in San Antonio and KEYE in Austin.

Root of the issuePerry's job rating was decidedly favorable only in the month after Texas accepted Hurricane Katrina evacuees; when Perry visited troops in Iraq in January; and immediately after the Legislature passed a bill to solve public school finance problems in June.

The polls raise questions about why Perry's job approval and re-elect numbers are so low after six years in office, and they pose the problem of how he would lead the state for another four years if 55 percent to 65 percent of voters turned against him.

Perry's support for re-election was 36 percent in a February Dallas Morning News Poll. Polls last month by Zogby Interactive for the Wall Street Journal and Rassmussen Reports each set Perry's re-election support at 35 percent.

A survey the Texas Trial Lawyers Association distributed to its members last week showed Perry's re-election support at 41 percent.

"I'm not sure why people don't like him (Perry), except he's been divisive to the extreme," said Democratic political consultant Dan McClung of Houston.

McClung said Perry tailored his political agenda to his own party without worrying about his general popularity. "He has run this state based on primary election polls."

Placing the blameTexas Eagle Forum President Cathie Adams said she thinks Perry's poll numbers are down because he is taking the blame from Republicans angry at the federal government for not doing more to stop illegal immigration.

"I don't think the word has gotten out about what he's done at the border," said Adams, head of the local conservative women's political organization.

Perry last week launched a television commercial promising if re-elected to ask the Legislature for $100 million to fight crime along the border with Mexico.

Former state GOP Chairman Tom Pauken, who is heading a property tax appraisal study for Perry, said he thinks the governor's numbers reflect voter disappointment in the Bush administration and with Congress.

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A CNN poll released last week found 55 percent of the likely voters surveyed nationally plan to vote against the incumbent of either party for federal, state and local offices this fall.

"This is a tough year for incumbents around the country, not just in Texas," Pauken said.

Pauken said he also thinks Perry has not gotten "the credit he deserves" for passage of a school finance plan and a new business tax that will cut property tax rates.

Connecting with votersIn the poll distributed by the trial lawyers, all the candidates, including Perry, were viewed as likable by voters — except for Friedman. Friedman was viewed negatively by 32 percent of those surveyed and positively by 22 percent. Bell was the least-known candidate among the top four. However, at the moment, none of Perry's opponents has surpassed 25 percent support in any of the polls. So how do they make the campaign jell for them?

Barkley said Friedman is trying to expand his base of voters. Friedman also last week tried to appeal to conservatives by undercutting Perry's border security television commercial by proposing to put 10,000 state National Guard troops on the border with Mexico.

"We hit a home run all week with the free media," Barkley said. "Perry's ad on the border, we trumped him."

Bell strategist, Jason Stanford, said Bell's message is simple: Perry is beatable and only a Democrat can do it. Stanford said the built-in Democratic vote and straight ticket voting for Bell means it will be impossible for any other candidate to get enough votes to win.

Two-horse race?Stanford noted that the lowest Democratic vote-getter in 2002 — Marty Akins for comptroller — received 1.4 million votes, 33 percent of the turnout. Democrat Garry Mauro got wiped out in his 1998 challenge of Gov. George W. Bush and still received 1.1 million votes.

"If Chris Bell wakes up on Election Day and he has done nothing, he's going to get in the low 30s percent of the vote," Stanford said.

Strayhorn spokesman Mark Sanders said Bell's strategy will not work because he has no money to advertise his campaign. Sanders said it will quickly become evident to the anti-Perry voters that the two-person race is between Perry and Strayhorn.

Sanders said Perry's problems are multi-fold.

"Democrats absolutely hate him. The far right hates him because of his (business) tax bill, and you've got a group in the middle that has just got Perry fatigue," Sanders said.

He noted Govs. Mark White and Ann Richards were voted out of office after one term. Gov. Bill Clements lost his re-election and then won again four years later.

The race at the moment appears to favor a victory by Perry, said Southern Methodist University political scientist Cal Jillson. Jillson said if Perry wins with a 40 percent plurality, it should not affect his ability to govern.

"Texans don't expect much from state government, and Rick Perry delivers what they expect," Jillson said.

Primary Contest For Governor Overshadowed (NYT)

By Patrick Healy

The New York Times, September 10, 2006

After 21 months as a candidate for governor, Eliot Spitzer entered this final weekend of campaigning for the Democratic nomination without the battle scars or empty coffers that can often hobble front-runners, and appears poised to defeat Thomas R. Suozzi in Tuesday's primary.

Mr. Spitzer, holding a 50-point lead in the latest polls, and Mr. Suozzi campaigned aggressively in and around New York City in recent days, with Mr. Spitzer seeking to energize his base of liberals and union members and acting like a confident incumbent with a ready-to-roll agenda: job creation, more money for public schools, and an overhaul of the health care system.

If the governor's race is the most consequential one of the ballot, given that Gov. George E. Pataki is stepping down after 12 years, the most compelling contests on Tuesday are further down the ballot — especially a fight between two New York political titans, Andrew M. Cuomo and Mark Green, for the Democratic nomination for attorney general. Tuesday's outcome might well end the political career of whichever man loses.

That hard-fought contest has proved fascinating to Democratic loyalists, bloggers, and political analysts: Mr. Cuomo and Mr. Green each started the race in 2005 as damaged figures seeking redemption from voters.

In conversations with consultants, reporters, and donors, each man sought to explain his past mistakes and say he had learned his lessons. Mr. Green had a grating image for some after several past bids for office, most recently as the Democratic nominee for mayor of New York in 2001. Mr. Cuomo had struck some voters as arrogant as a candidate for governor in 2002.

As newspaper endorsements and analysts have noted, the Cuomo-Green battle will partly hinge on which man is less unlikable in the eyes of voters.

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"It's incredibly telling that Mark and Andrew don't speak or appear prominently in their TV commercials, because likable candidates usually do," said Ruth Sherman, a communications consultant who works with politicians and has examined their behavior. "Mark is perhaps better known, since Andrew worked in Washington, so Mark may have more to overcome there."

Polls show Mr. Cuomo with a 20-point lead. One pollster, Lee M. Miringoff, director of the Marist College Institute for Public Opinion, said that Mr. Cuomo and Mr. Green might cancel out each other when it comes to likability, yet said it was still a factor because there were few substantive issues driving the race.

"It has basically come down to these two well-known personalities slugging it out negatively, and people's feelings about each guy," Mr. Miringoff said.

A third Democratic candidate, Sean Patrick Maloney, is running far behind in the polls, but has made his mark in this campaign for his nimble performance in debates.

Both Mr. Cuomo and Mr. Green deny the charge of unlikability. Mr. Cuomo said no voters had brought up his own likability to him. Mr. Green quipped, "My wife and daughter think I'm lovable."

Mr. Green added that he felt he was enjoying a surge thanks to recent endorsements by editorials in The Daily News and The New York Times.

Mr. Cuomo had moved earlier and more quickly to lock up support from labor unions and political leaders. He counted, in particular, on two king-makers in Democratic politics: His father, former Gov. Mario M. Cuomo, and his political counselor, Jennifer Cunningham, executive vice president of S.E.I.U./1199, the health care workers' union.

Yet Mr. Green's tireless campaigning is legendary, and he released a new commercial on Friday that touted his newspaper endorsements and attacked Mr. Cuomo. Mr. Cuomo unveiled his own ad featuring praise from prominent supporters such as Ed Koch.

Probably the other most competitive Democratic race, in the 11th Congressional District in Brooklyn, has draw attention for its racial dynamic: A respected white city councilman, David Yassky, moved into the district to run for the seat, which has been a preserve of black politicians.

He is running against three black candidates, each of whom has passionate bases of support: Councilwoman Yvette D. Clarke, State Senator Carl Andrews, and Chris Owens, the son of the sitting congressman, Major R. Owens.

Those three candidates risk undercutting each other by splitting the black vote, and Mr. Yassky has won praise from some black voters.

Senator Hillary Rodham Clinton has a primary challenger on Tuesday, Jonathan Tasini, a liberal and former union leader who has based his candidacy on opposition to the war in Iraq.

Mrs. Clinton has a huge lead, but she has still spent money on a glossy mailing pleading for a huge primary vote.

A low turnout might skew the result a bit if liberals embrace Mr. Tasini; for image, the Clinton camp wants to limit the protest vote against her to the single digits.

Turnout is a concern for all of the candidates, particularly on the Republican side, where a former Yonkers mayor, John Spencer, and a former Reagan administration aide, Kathleen Troia McFarland, are vying for the nomination to face Mrs. Clinton. Because both candidates have lacked money to get out their message, they have dwelled on personal attacks instead, especially Mrs. McFarland, resulting in a negative political atmosphere that traditionally depresses turnout.

"McFarland has had a lot of problems as a candidate, and Spencer has not overwhelmed here, so you may end up seeing a historically low turnout," said Jerry Skurnik, a political consultant who analyzes voter trends. "It could even be 10 or 15 percent."

The Republican candidates for governor, John Faso, and for attorney general, Jeanine F. Pirro, do not face primary contests on Tuesday.

For a politically voracious state like New York, it is somewhat unusual that the primary races never became especially creative or close: Mr. Spitzer, Mrs. Clinton, and Mr. Cuomo have all held double-digit leads for months, and only Mr. Green has shown ability to narrow his gap.

"This looks an awful lot like it looked like seven months ago," said Kieran Mahoney, a Republican political consultant in New York, referring to the primary political landscape.

Mr. Suozzi argued that his problem was money: He could not compete with Mr. Spitzer's television commercials — making only one large-scale advertising purchase last spring — or with the Spitzer political apparatus, which included most unions and elected Democrats.

"I would rather I was winning, but I simply haven't had enough money," Mr. Suozzi said. "Eliot's obviously very smart, but I never had enough the resources to put enough pressure to force him to tell us what he's going to do as governor."

Mr. Spitzer wrapped up a bus tour of the state late last week, and said he would campaign flat out through Tuesday night. He said he felt enthusiastic but also a little bit tired — not just from the bus tour, but the primary race that essentially began when he tried to clear the Democratic field by announcing for governor in December 2004.

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He said that a great deal of hard work had made him a battle-tested candidate rather than a battle-scarred one.

"The hard work has not just been the campaign, but in the attorney general's office, where the work has reflected the values and dedication to public service that has been part of our message," he said.

Firm Tied To O'Malley Given City Contracts (WT/AP)

The Washington Times, September 10, 2006

BALTIMORE (AP) -- A law firm that has employed Mayor Martin O'Malley's campaign treasurer for the past six years has been awarded more than $1.2 million in city legal contracts since 2000, city records show.

Brown & Sheehan and its predecessor firm have won city contracts mostly for defending police officers and commanders, according to records obtained by the Baltimore Sun.

During the same time that the city's Board of Estimates voted to award many of the contracts, the firm employed the mayor's campaign treasurer, Martin Cadogan, as an attorney and later as a partner.

David Sheehan, a founding partner, defended the firm's record for obtaining city work, saying that Mr. Cadogan was not involved in the contracts.

He told the newspaper that Mr. Cadogan did not do legal work connected to them and did not benefit financially.

City officials and an attorney with the firm also said Brown & Sheehan's predecessor received its first contract with the city before Mr. Cadogan was hired.

"We're comfortable with it because we're comfortable that [Mr. Cadogan] separates out his political role from his legal role in the firm," Mr. Sheehan told the newspaper. "We're comfortable with it because it reflects such a tiny fraction of our overall business. We think the city really values our work."

Typically, professional-services contracts that are awarded to outside law firms are approved by the Board of Estimates but are not competitively bid.

Mr. O'Malley, a Democrat running for governor, sits on the five-member Board of Estimates and appoints two other voting members, the city solicitor and the head of the department of public works.

An O'Malley spokeswoman referred questions to the solicitor.

Solicitor Ralph Tyler said he did not know why Brown & Sheehan was selected, though he said that there are a limited number of firms -- particularly ones certified as a minority business such as Brown & Sheehan -- able to perform the work.

Mr. Tyler said the city's use of the firm does not represent a conflict for Mr. O'Malley.

"It's my understanding that Mr. Cadogan does not participate in the profits of the firm and therefore would derive no benefits from the firm's representation of the city or its agencies," Mr. Tyler said.

Brown & Sheehan, which has five partners and nine associates, does a wide range of legal work, including commercial litigation, corporate and employment law and government representation.

Before 2004, the firm was known as Brown, Diffenderffer & Kearney.

The firm's Web site (www.brownsheehan.com) indicates that Mr. Cadogan practices "business and corporate law, real estate development and general civil litigation with an emphasis on insurance defense."

Governor's Race Gets Down To Tactics (MINNST)

By Dane Smith, Star Tribune

Minneapolis Star Tribune, September 10, 2006

Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a patt

Minnesota Public Radio had to cancel its customary gubernatorial debate at the recent State Fair because first Gov. Tim Pawlenty and then DFL adversary Attorney General Mike Hatch said they wouldn't attend. The no-shows by the big names have become a pattern this year, and they reflect the front-runners' approach to Tuesday's primary election. The Sept. 12 ballot will present contests for each of the major parties' gubernatorial nominations, but the heavily favored party-endorsed candidates are ignoring their challengers. Overmatched on nearly every conventional measure of political strength, the underdogs remain unbowed and are frantically campaigning to the end.

Here are looks at the candidates' central themes and tactics:

DFL

Attorney General Mike Hatch: Hatch has said almost nothing about Lourey and has been pummeling Pawlenty on the campaign circuit, accusing him of abandoning progressive Minnesota values that were shared by Republican and DFL governors. He is emphasizing an economic revitalization plan, more funding for schools and cutting health-care costs.

On the trail most of last week in outstate Minnesota, Hatch has been hitting state college campuses, focusing on his plan to reduce tuition at state higher education campuses. Earlier he unleashed a $300,000 TV ad campaign, with the punch line, "Minnesota Tough, Making Minnesota Nice."

Sen. Becky Lourey: As one of the Legislature's more ardent liberals, Lourey has made universal health-care coverage and pulling out of the war in Iraq her campaign pillars. Last year she lost a son in combat, and she insists that there are things governors can do unilaterally and cooperatively to push for withdrawal.

Lourey has called for specific tax increases, including restoration of higher rates on the wealthy, to finance her agenda. She describes Hatch's plan on health care and revenue-raising as timid and inadequate, and she says both Pawlenty and Hatch have laid out a lot of costly policy proposals without credible plans to pay for them.

Working her home territory in northeastern Minnesota in the final week, Lourey picked up a half-dozen endorsements from labor union and party activists in and around Duluth. A big showing by anti-war liberals in the Fifth Congressional District, where turnout in a multi-candidate primary is expected to be high, and a strong showing in the northeast, will help produce an upset, her supporters say.

She's campaigning frenetically and attended another Hatch-less debate in Duluth on Friday evening.

Ole Savior, self-described poet, artist and writer: After no fewer than eight landslide losses in candidacies for top office since 1984, Savior is trying again. He's calling for a nuclear-free world and a gasoline price limit of $1.50 a gallon, and he lists as a credential the fact that he is a "certified blood donor of six gallons."

INDEPENDENCE

Peter Hutchinson, consultant to state and local governments, former state Finance Department commissioner, former superintendent of Minneapolis schools: Hutchinson's message is that both of the big parties are dysfunctional and doing a poor job of addressing the "main things," which he lists as soaring health-care and tuition costs, a decaying transportation system and declining water quality.

He has a plan to save the state more than a billion dollars in health-care spending through cutting administrative costs. The savings would be invested in early childhood education and tuition aid, and a 10-cent increase in the gas tax would help bankroll an ambitious restoration of highway and transit programs.

The candidate and his hand-picked team of IP constitutional office hopefuls are blitzing the state on a "Drive to Independence," a ground-level barnstorm through 210 cities covering 5,500 miles.

Pam Ellison, library assistant and St. Paul community activist: Her dominant theme is a call for a universal, single-payer health-care system in Minnesota. She's also calling for total funding of public schools by the state government and ending the reliance on property taxes. And she's encouraging organic agriculture and development of farmers' markets.

She's got media interviews lined up on a swing through central Minnesota and Duluth this weekend. Total funds on hand as of Aug. 21: $616.33.

REPUBLICAN

Gov. Tim Pawlenty: The early message is a classic incumbent story line, that the ship of state is shipshape, that he has balanced a huge deficit, cracked down on crime, and produced strong job growth. His primary focus, the subject of his latest ad, is a batch of public school reform proposals, including a requirement that 70 percent of funds be spent on classroom instruction.

An e-mail "blast" from his campaign office will remind tens of thousands of Republicans to turn out for the incumbent governor, but Pawlenty is not personally campaigning very hard. He's doing gubernatorial stuff instead this weekend, attending funeral services for soldiers and a National Guard send-off. But he has put $300,000 worth of TV ads on the air in the past two weeks.

Sue Jeffers, owner of Stub & Herb's Bar near the University of Minnesota, conservative activist. Jeffers' main thrust is that she's the only real conservative Republican on the ballot and that Pawlenty has violated conservative principles too many times, topped by his tobacco fee and his supporting taxpayer financing for sports stadiums and light-rail systems.

She's raised $24,000 to Pawlenty's $2 million, but the feisty Jeffers insists that her campaign is catching fire.

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Democrats Working To Attract Hispanics Throughout South Florida (FLSUNSEN)

By Tal Abbady, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 10, 2006

Democrats are forming Hispanic caucuses in South Florida to bridge the quiet, clannish divisions among immigrant groups and coax more Latinos to the polls in November.

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The last decade's surge in eligible voters with ties to countries as disparate as Venezuela and Peru has challenged the Cuban Republican vote, experts say. But Democrats trying to seize on the numbers and find a common Latino voice are often stumped.

Language barriers, cultural rifts, a lack of trust in the political system and an unwillingness to unite under a single label keep many immigrants eligible to vote away from the polls, activists say.

"We'll meet up to watch fútbol or have a drink. But when it comes to bringing people together for a political vision or to exercise our vote, we don't do that. We don't unify ourselves like the Haitians do," said Peter Camacho.

The Colombian-American is president of the Palm Beach Hispanic Democratic Caucus, which had its first meeting in June. In the past two months, it has held fundraisers and sent bilingual volunteers to canvass neighborhoods in West Palm Beach, Lake Worth and other cities.

There are roughly 321,000 eligible Hispanic voters in South Florida, according to the civic education and voter registration group Democracia U.S.A. in Miami. In 2004, about 40 percent of Hispanic voters were registered Republicans, 40 percent Democrats and 20 percent independents, the group said. Hispanic Republicans are predominantly Cuban-Americans.

Republican gubernatorial nominee Charlie Crist and Democratic nominee Jim Davis have both hired Hispanic outreach directors to court voters.

"There's such an influx of nationalities now. It's a good time for groups to come out from under the perception that all Florida Hispanics are going to vote lock, stock and barrel like Cuban Republicans," said Michael Rodriguez, a Cuban-American who is secretary of the Palm Beach Hispanic Democratic Caucus.

Carlos Mario Ortiz, owner of El Bodegon supermarket in West Palm Beach, has pledged his support to the caucus.

As he walked through his store on a recent morning, shoppers milled around a pyramid of gnarled, pungent chiles and ordered cuts from a barrel-sized round of palomilla steak.

Among Ortiz' customers are Colombians, Peruvians, Mexicans, Guatemalans, Venezuelans and others. He said there's a long road ahead for Democrats trying to unite Latinos.

"We're regionalists," said Ortiz, who is Colombian. "We come here and look out for our own. Colombians help other Colombians. If some Peruvian had come to my door talking about uniting, I might not have paid attention. But when Peter came as a fellow Colombian, I listened."

In Broward County, cultural niches have also stymied efforts to organize, according to Linda Alber, a Colombian who heads the 210-member Latin Democratic Club of Broward County. The group meets twice a month in Cooper City.

"When we do elect Hispanics to local offices, they do little to bring us together," Alber said.

But Mark Romero, 19, a Florida International University student with a major in political science, says the biggest problem is not group divisions, but a lack of organized, political outreach targeted to Hispanics, especially those who are eligible voters but speak little English and have not registered.

Romero, a New Yorker of Puerto Rican heritage, has teamed up with other Hispanics to form a Broward Hispanic Democratic caucus, though it is in the early stages. The effort began when Romero worked for gubernatorial candidate Jim Davis' primary campaign.

"Hispanics in Broward are simply not being reached. If you don't have outreach, you don't have issues," Romero said. "There are a lot of stereotypes out there. Not all people are going to come under one giant blanket issue like immigration."

Michelle Acuña, a Colombian-American Hollywood resident, is helping Romero start the caucus, which she said will focus on Spanish-language outreach to voters with poor English skills. That includes her mother, a citizen and voter.

"On Tuesday my mom asked me, `OK, which Democrat should I vote for?' She speaks little English and depends on me to give her the information," she said.

When language and cultural cliques are not an obstacle, Democrats must still reach voters who lived under broken political systems in their homelands and brought their disaffection to the United States.

Among them is Alcides Gil, 58, a Colombian who lives in West Palm Beach and is a regular at El Bodegon. Gil, a U.S. citizen, has not voted in any election.

"My vote would only serve to keep the privileged in power," he said. "I've seen it in Colombia, and I see it here."

Three Days Before Vote, Democrats Avidly Stump (NYT)

By Jonathan P. Hicks

The New York Times, September 10, 2006

With just three days before voters go to the polls for party primaries, candidates for a number of offices trekked to neighborhoods throughout the New York City area yesterday, to street fairs, housing complexes, outdoor markets and parades.

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Many of the statewide races in Tuesday's primary are seen as being less than competitive, but in the Democratic race for attorney general, Andrew M. Cuomo and his major rival, Mark Green, began broadcasting new campaign commercials this weekend. And they continued to exchange fire yesterday.

A day after Mr. Cuomo criticized contributions to Mark Green's campaign by his brother, the Green campaign shot back with an angry demand for an apology.

"I'm awaiting Andrew's apology for attacking my family member since I wouldn't and haven't criticized his father and brother-in-law for also making perfectly lawful, generous contributions," Mr. Green said in a written statement.

The current attorney general, Eliot Spitzer, is likely to prevail easily over Thomas R. Suozzi, the Nassau County executive, in the Democratic primary for governor, polls have indicated, and United States Senator Hillary Rodham Clinton is expected to have little trouble with Jonathan Tasini, a former union leader.

Nonetheless, the candidates were out in full force yesterday, particularly at the Labor Day Parade up Fifth Avenue in Manhattan.

The event began with an old-style political rally organized by the New York City Central Labor Council and the Retail, Wholesale and Department Store Union.

The speakers included Mrs. Clinton, State Comptroller Alan G. Hevesi and Mr. Spitzer, as well as his running mate for lieutenant governor, State Senator David A. Paterson.

"I never feel confident about victory," Mrs. Clinton said in an interview before marching in the parade. "I'm always running scared. I feel I have to reach every voter that I haven't reached."

In the attorney general's race, recent campaign finance disclosures showed that Mr. Green's campaign received another $102,000 from his brother, Stephen L. Green, a real estate executive. Mr. Cuomo, saying the situation had the makings of a conflict of interest, called on the Green campaign to return that money.

The candidate's brother is part of a group bidding on a 20-year franchise to operate three New York racetracks. The franchise is being monitored by the attorney general's office.

"What's wrong with brotherly or fatherly love?" Mark Green said. "Conflicts? Of course if a matter involving my brother or his brother-in-law hypothetically came before us as attorney general, we would each recuse ourselves. Where's the problem?"

Mr. Green's newest commercial highlighted questions that he has raised about Mr. Cuomo's ethics. The criticism followed an article in The Village Voice that reported that Mr. Cuomo, while federal housing secretary, pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials, and that years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign.

The Cuomo campaign made public a letter jointly sent by three public officials asking Mr. Green to stop broadcasting the commercial.

They contended that it had misrepresented Mr. Cuomo's role in a suit by Mr. Spitzer's office against the Department of Housing and Urban Development. Their letter noted that Mr. Cuomo had already left the department by then.

"How could you run to be the state's top law enforcement official while making such a wildly false allegation," stated the letter, sent by Christine C. Quinn, the speaker of the City Council; Scott Stringer, the Manhattan borough president; and William C. Thompson Jr., the city comptroller.

Both candidates marched in the labor parade, but while Mr. Cuomo attended the rally, Mr. Green did not. He marched with members of the Public Employees Federation, which endorsed him. The third candidate in the primary is Sean Patrick Maloney.

The statewide candidates were not the only ones crisscrossing the city yesterday. In Brooklyn, the four Democratic candidates in a hotly contested race for the House of Representatives were scurrying through the 11th Congressional District.

That race in central Brooklyn has attracted much attention because three candidates are black and one is white. The district's population is about 60 percent black, and many black officials in Brooklyn have worried that a crowded Democratic field of candidates would pave the way for the white candidate, City Councilman David Yassky, to win the seat, which has been held by black politicians for years.

The four are running to succeed United States Representative Major R. Owens, who is not running for re-election.

Yesterday, one of the candidates for the Congressional seat, State Senator Carl Andrews, was campaigning at a farmers' market in Park Slope with Mr. Spitzer, who is Mr. Andrews's most prominent political supporter.

Mr. Andrews campaigned at the market just hours after Mr. Yassky greeted voters there and before the arrival of Chris Owens, another candidate, who is the incumbent's son. The fourth candidate, City Councilwoman Yvette D. Clarke, was greeting voters at housing complexes in the district.

The Slenderized Governor, With Advice To Share (NYT)

By Shaila Dewan

The New York Times, September 10, 2006

LITTLE ROCK, Ark., Sept. 8 — Mike Huckabee has been the governor of Arkansas for a decade, but he is most famous for what he has done in the last three years: lose more than 100 pounds and encourage other Arkansans to follow his example.

As he contemplates a bid for the Republican nomination for president in 2008, the slenderized governor has inspired a host of imitators, including Gov. Sonny Perdue of Georgia, who shed 33 pounds, and Gov. Haley Barbour of Mississippi, who promised in June to go on a diet. These and other Southern politicians say they are trying to set an example for their constituents, who exhibit the highest rates of obesity in the country.

But for those who would join the health crusade, Mr. Huckabee's tale includes a cautionary thread. In the South, the fight against obesity is essentially a culture war. And while the campaign may have raised Mr. Huckabee's national profile, not everyone here appreciates a governor whose policies include weighing schoolchildren and sending home report cards on their body mass index.

Mr. Huckabee, a teetotaler who now rises before dawn to jog five miles, has been accused of nagging the populace, banning birthday cakes in schools (not true, he says) and trampling the personal freedoms of smokers with an indoor smoking ban. While he says he uses the carrot, not the stick, to encourage better health, his virtue alone has a way of making people like Pearletha David, the owner of David Family Kitchen, a soul food restaurant here, feel henpecked.

"I think it's fine for him," Ms. David said, putting her hands on her hips. "But he ain't got to make the whole state lose weight."

After the governor's nutritional guidelines for school lunches took effect, one girl wrote a letter to him demanding "real food" like nachos and pizza. A columnist for The Baxter Bulletin imagined a future of diners picking at their "sautéed soybeans with flavor-free dressing" and discussing the criminalization of cheese curls.

Despite the efforts, the state's obesity rate among adults has actually increased since last year, according to the Trust for America's Health.

Mr. Huckabee counters that changing dietary habits is a long-term, generational project, and says that in three years of recording children's body mass index and reporting it to parents, the number of children at risk of obesity has decreased — by half of 1 percent.

Mr. Huckabee knows what he is up against, namely all-you-can-eat buffets, cheese grits and a local ice cream flavor called Woo Pig Chewy. One of his own family dogs is named Sonic, after the fast-food chain whose cherry limeades are favored by his wife, Janet.

"It's not just your culture," he said, speaking in his office in the Capitol building. "It's your comfort."

But Mr. Huckabee insists that a lifestyle revolution can happen, citing four behaviors that have been reshaped over the years by concerted government effort: littering, seatbelt use, smoking and drunken driving.

"In each of those cases, in my lifetime, I have seen the needle move from one side to the other," he said. "People used to throw entire sacks of trash out of their cars without thinking it was inappropriate."

Mr. Huckabee's health obsession began in 2003, when he received a diagnosis of Type 2 diabetes, which can sometimes be controlled by diet and exercise. At the time, he weighed close to 300 pounds.

With the help of doctors at the University of Arkansas for Medical Sciences, the governor went on a strict diet and began to exercise, shedding weight so rapidly that it was as if he simply unzipped a fat suit and stepped out. He wrote a book called "Quit Digging Your Grave With a Knife and Fork." In March 2005, he ran the Little Rock marathon in 3 hours 38 minutes.

But Mr. Huckabee's change of eating habits has put him in another sort of bubble. He no longer eats at banquets and receptions. He keeps a cooler of food in his car. On a recent day, an acquaintance started to offer him a slice of homemade cheesecake, then stopped herself. "I'd give it to you, but then I'd be digging your grave with a fork and a plastic knife," she said.

The governor insists he does not want to create a "nanny state" or a "grease police." Many of his policies include incentives like exercise breaks for state employees. He has expanded state insurance coverage to cover obesity treatment. He advocated restricting access to vending machines for high school students and replacing the sugary sodas in them with juice and water. Arkansas is one of a handful of states where the nutritional guidelines for school lunches are stricter than the federal requirements.

But some critics say Mr. Huckabee's crusade has more rhetoric than substance. Part of his Healthy Arkansas initiative is to give a seal of approval to restaurants that offer healthful alternatives and nutritional information, but critics point out that the list of 106 restaurants includes a Burger King, a Pizza Hut and 52 McDonald's.

The policy that has brought the most attention to the governor, however, was not his initiative. In the spring of 2003, Herschel W. Cleveland, then the Arkansas House speaker, introduced a bill to remove vending machines from elementary schools and send home the body mass index report cards.

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The bill passed easily, but the public generally did not notice until Mr. Huckabee had become the health governor. The news made national headlines and brought vehement objections from parents concerned about government intrusion and fragile young egos, recalled the sponsor, State Representative Jay Bradford, a Democrat, who spoke by telephone from his office in Pine Bluff. “I’m also thin, by the way,” Mr. Bradford added.

For those who would change Southern eating habits, though, there is always the problem of tradition and identity. And though Mr. Huckabee is not naïve, his strategy for tackling the issue is optimistic. “There’s much more to celebrate in a person’s health than there is about just what they eat,” he said.

Evangelical Author Puts Progressive Spin On Traditional Faith (WP)

By Caryle Murphy, Washington Post Staff Writer

The Washington Post, September 10, 2006

Lyndsay Moseley was no longer inspired by the evangelical Christian faith of her youth. As an environmental activist, she believed that it offered little spiritual support for her work and was overly focused on opposing abortion and gay marriage.

Then the 27-year-old District resident discovered Brian D. McLaren of Laurel, one of contemporary Christianity's hottest authors and founding pastor of Cedar Ridge Community Church in upper Montgomery County.

"He always talks about the environment as a priority when he talks about the church being relevant to the world," Moseley said. "He's leading a [spiritual] conversation that needs to happen," one that "I've been hungry for."

McLaren has emerged as one of the most prominent voices in an increasingly active group of progressive evangelicals who are challenging the theological orthodoxy and political dominance of the religious right. He also is an intellectual guru of "emerging church," a grass-roots movement among young evangelicals exploring new models of living out their Christian faith.

Progressives, who range from 11 to 36 percent of all evangelicals, according to various polls, are still overshadowed by the Christian right among evangelicals. But the steady popularity of McLaren's books over the past eight years signals an expanding diversity of thought in this important political constituency.

McLaren, 50, offers an evangelical vision that emphasizes tolerance and social justice. He contends that people can follow Jesus's way without becoming Christian. In the latest of his eight books, "The Secret Message of Jesus," which has sold 55,000 copies since its April release, he argues that Christians should be more concerned about creating a just "Kingdom of God" on earth than about getting into heaven.

Along with such other progressive evangelicals as Washington-based anti-poverty activist Jim Wallis and educator Tony Campolo, McLaren is openly critical of the conservative political agenda favored by many evangelicals.

"When we present Jesus as a pro-war, anti-poor, anti-homosexual, anti-environment, pro-nuclear weapons authority figure draped in an American flag, I think we are making a travesty of the portrait of Jesus we find in the gospels," McLaren said in a recent interview.

Scot McKnight, a professor of religious studies at Chicago's North Park University who has studied McLaren's career, said that "he wants there to be greater cooperation among Christians, and he thinks evangelical Christians have aligned themselves too closely with the Republican Party. He wants to see Christians . . . pursue what is right, regardless of the political party's platform."

What makes McLaren's ideas attractive to progressive evangelicals appalls the more numerous conservatives. Noting that he fails to condemn homosexuality, one conservative Web site called him "A True Son of Lucifer" for ignoring "absolute biblical truth." And last year, Baptists in Kentucky revoked a speaking invitation after McLaren said that followers of Jesus might not be the only ones to gain salvation.

"If you have some person or movement coming along calling into question the non-negotiables of Christianity, then those who espouse Christianity find such a challenge dangerous," said Donald A. Carson, professor of New Testament at Trinity Evangelical Divinity School in Illinois, who has criticized McLaren's theology.

Though a "creative, sparkly writer," added Carson, McLaren has "got so many things wrong in his analysis that his work is not going to last that long."Modernizing the Message

"Emerging church" is a loose network of mostly young evangelicals who believe the Christian message needs to be made more relevant in a time of rapid technological and societal change, particularly to those who've never been part of any church. Participants refer to their interaction as a "conversation," much of which takes place on the Internet at sites such as http://www.emergentvillage.com and blogs such as pomomusings.com.

"We are questioning a lot of presuppositions of conventional Christians: What should a church look like? How do we really understand Scripture in a modern context?" said Tony Jones, the conversation's national coordinator. "To conservatives, we seem like relativists, and to liberals, we seem like Jesus freaks."

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The movement has no membership rolls, set beliefs or creed; liturgical diversity is encouraged. There is no way to know how many congregations are putting "emerging church" ideas into practice, Jones said. But "thousands of churches and pastors are . . . listening in, coming to hear Brian and reading my weekly e-mails."

McLaren said the name "emerging church" came out of a 2001 discussion he had with Doug Pagitt, pastor of Solomon's Porch in Minneapolis, about "why the megachurches were not attracting young people." The reasons, experts said, were becoming evident in the 1990s: dissatisfaction with the rightward drift in evangelical politics; worship styles so contemporary and casual they had no spiritual uplift; a lack of emphasis on social justice; and a theology that some say reduced Christianity to a recipe.

"The modern Christian formula of 'I mentally assent to the fact that Jesus died for my sins and therefore I get to live forever in heaven' . . . is entirely cognitive," said Ken Archer, 33, a D.C. software entrepreneur who is studying philosophy at Catholic University. "It's a mathematical formula [that] leaves the rest of our being unfulfilled."

McLaren's 2001 book, "A New Kind of Christian," captured the dissatisfaction. "I felt like someone had read my mind," said Michael Lamson, 31, an evangelical youth pastor in Mercersburg, Pa. Three years later, in "A Generous Orthodoxy," McLaren elaborated his theological outlook, which became a major influence on the "emerging conversation."

"What Brian is contributing is excellent questions that expose the modern roots of our spiritual angst," said Archer, who has had long conversations with McLaren. "He sees the answers coming from others, and he has encouraged thousands of people, including myself, to find the answers."A Fellowship Expands

Cedar Ridge, the congregation McLaren founded, is a far cry from the religious environment in which he was raised in Rockville. His family belonged to the ultraconservative Plymouth Brethren, which also is the childhood church of activist Wallis and radio celebrity Garrison Keillor.

As someone who loved books, music and science, "I was on the way out from the Christian faith" in his mid-teens, said the balding McLaren, who wears glasses and a closely cropped grey beard.

But that changed with the Jesus Movement of the 1970s, whose anti-establishment spirit attracted him. "I've always had the sense that Jesus's message is not a chaplaincy to the establishment," he said, "but that it is countercultural."

In 1982, while he was teaching English at the University of Maryland, McLaren and his wife, Grace, started a small "fellowship group" in their College Park apartment. "We'd have prayer, I'd do a little Bible study, then we'd have dinner. It was mostly grad students," he recalled.

The group met for several years in homes and school buildings until it ended up at Eleanor Roosevelt High School in Beltsville and took the name Cedar Ridge. McLaren left teaching -- and his unfinished doctorate studies -- to be pastor. In the late 1990s, the congregation of about 250 bought a 63-acre farm in Spencerville and moved there in January 1999.

The church now has an average attendance of 600 at Sunday services, and members say a big reason for the growth was McLaren's openness to ideas that are unconventional in evangelical circles.

"I don't see the issue of homosexuality as the simple black-and-white issue that some of my fellow evangelicals make it out to be," said McLaren, who last year was named by Time magazine among the "25 most influential evangelicals in America."

And while not happy about widespread abortions, he added, "to just say 'Okay, let's pass laws about it' seems to me to skip a number of important steps, like honest and open dialogue, persuasion and seeking to remove the conditions that make abortion so prevalent."

McLaren, who never attended seminary or divinity school, said his congregants' questions made him realize that the old answers no longer worked. "I remember thinking these are a different kind of question, and I didn't have good answers," he said. "I went through a real period of doubt . . . about the form of Christianity that I'd inherited. . . . In many ways, that struggle is what gave birth to my first book."A Bigger Mission

The scent of summer grass hung in the steamy air on a recent Sunday morning as a parade of Toyota and Honda SUVs turned off Route 198 into the bucolic compound of Cedar Ridge. The onetime farm's brick silo stood in front of the new church -- built to look like a barn, complete with loft door. No religious symbols adorned the exterior.

Volunteers stood at the door greeting young families, elderly couples, singles and teenagers with studded ears. In the lobby, coffee and bagels were available. "Make yourself a nametag," invited a sign next to pens and labels.

The sanctuary is a huge open space with folding chairs circling a platform that serves as a pulpit. Behind that is an altar covered in purple cloth with a two-foot-high wooden cross. Behind that is a stage with two electric guitars, a keyboard, drums and tambourines. Two large video screens display words to contemporary hymns. The liturgy, which includes Communion, is casual but reverent.

Beverly Farmer of Silver Spring, a traffic reporter with WUSA (Channel 9), has attended Cedar Ridge for five years. "The big, metal building, the folding chairs, was not my idea of church . . . but it appealed to me," Farmer said. "I felt I was at home."

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With McLaren's books drawing increased international attention, he asked to step down last year so he could travel more. Matthew Dyer took over as pastor in February.

But McLaren returned on a Sunday in July to preach on the theme of his latest book. Farmer, who was in the congregation that day, said she misses her former pastor but understands.

"Brian's mission is bigger than just Cedar Ridge," she said. "I know he has more work to do in this world."

Activist Preacher Calls For 'Good Religion' (LAT)

By K. Connie Kang, Times Staff Writer

The Los Angeles Times, September 10, 2006

At a conference in Pasadena, liberal Christians are urged to create a kinder, gentler way to practice their faith and politics.

Declaring that Americans have been exposed to "too much bad religion" for too long, activist preacher and author Jim Wallis on Saturday called on more than 1,000 Christians gathered in Pasadena to join him in a national movement to create a more unifying "good religion."

"Good religion pulls our best — our hunger for justice, for peace, for connection — and our lives mean something in the world," Wallis said. "Bad religion pulls our worst stuff — our fears, our divisions, our hatreds, our selfishness."

Wallis, founder of Washington, D.C.-based Sojourner, a progressive Christian magazine, and a self-described evangelical, was among prominent liberal Christian leaders who spoke at a three-day conference on "Politics and Spirituality" at Pasadena Civic Auditorium, which concludes today. Other speakers included Father Richard Rohr, a Franciscan priest who founded the Center for Action and Contemplation in Albuquerque, N.M., and Anne Lamott, best-selling author and teacher. The conference included interactive workshops on contemplative prayer, handling the news media and waging campaigns for peace and social justice.

For Christians, good religion means heeding Christ's admonition to look after the poor, said Wallis, who in 1995 founded "Call to Renewal," a national network of churches and faith-based groups that works to influence public policy on social justice issues.

Poverty, he said, is today's slavery.

Wallis, author of "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It," believes that many Christians feel that their faith has been stolen from them by the Christian right.

He said the Christian right's preoccupation with two issues — abortion and same-sex union — misrepresents their faith.

"How did the faith of Jesus come to be known as pro-rich, pro-war, and only pro-American?" he asked. "How do we get back to a historic, biblical, and genuine evangelical faith rescued from its contemporary distortions?"

Wallis urged the attendees — many of them pastors and Christian workers from around the country — to make a "covenant" for a new America, to overcome poverty with religious commitment and political leadership.

Wallis, who has lived in a tough inner-city Washington, D.C., neighborhood for more than three decades, said liberals and conservatives have both failed the poor.

Overcoming poverty will require personal and social responsibilities, he said.

"I want to see liberals in Washington, D.C., talk about out-of-wedlock births and the need for personal responsibility and better choices," he said. "And I want conservatives to talk about strategic investments in child care, healthcare, housing and education. If that were to happen in Washington, D.C., it would be an explosion."

In his travels around the country — he has about 200 speaking engagements a year — he sees a hunger for spirituality and a hunger for social justice, especially among young people.

The challenge for Christians is to help connect the two, he said.

He believes a change is on the way.

Mary O'Brien, a human resources executive and a Roman Catholic who came to the conference with her husband, Tim, said she found Wallis' message of "transformation in our culture," uplifting.

"It's a very hopeful message," she said. "I am just praying that it will happen."

"I really believe this country has to take a new direction," said her husband, who teaches at Schuur High School in Montebello.

The Rev. Dan Smith, senior pastor of West Hollywood Presbyterian Church, called Wallis' message "very exciting."

"He is one of the best articulators of this spiritual and theological values that can be heard by both sides," Smith said.

"For those of us who live in Los Angeles and interact every day with the poor and the homeless, it becomes a personal experience. I think he is trying to personalize the issues for us."

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Among The Thugs (NYT)

By Tara Mckelvey

The New York Times, September 10, 2006

Michael G. Santos hardly seems like a reliable narrator. As a middle-class kid in Seattle, he was "a mediocre student" in high school, and then, three years after graduation, he chose drug trafficking as a profession. He lived "arrogantly," driving Porsches and wearing Cartier diamonds, and he owned an offshore race boat called the Outlaw. He was eventually charged with distributing cocaine and, in 1987, sentenced to 45 years in prison. In his book, he presents accounts of the sex, violence and drugs found behind bars. Yet he knows that a man like him — "a long-term prisoner" — is seen as "prone to prevarication or exaggeration." Few would have believed the Abu Ghraib stories if they'd come from the prisoners, he points out. It was the pictures that made them real.

Santos deserves a hearing. More than 6 percent of Americans will find themselves behind bars at some point in their lives, according to the Justice Department. Nobody knows better than he does what it's like. "Inside" is a quasi-sociological treatise, with sections on the prison economy (it features smuggling and prostitution), educational system (one library specializes in "westerns and romance novels") and labor conditions (prisoners work in a dairy, a slaughterhouse and "a rock patch," raking "parallel lines"). Marx and Maxim both make an appearance.

Mainly, though, it's a diary of "a gladiator school," "a walled city of madness." Guards act savagely — a natural outcome in a culture where "the only thing lower than an inmate is an 'inmate lover,' a 'hug-a-thug.' " They can also be infuriatingly petty. "Guards are the only people I see throwing cigarettes on the ground," one prisoner says. "They walk across lawns and then order inmates to rake up behind them." Meanwhile, prisoners stab and rape one another and make weapons out of everything from a heavy pipe to a tube sock filled with combination locks. Violence, or the threat of it, permeates Santos's life. When he runs into an old buddy, "a hard-core gang leader" named Crip Tank, he calls out a friendly greeting: "The last time I saw you, you were leaving a guy's guts hanging out of his stomach in the corridor." Santos survives among the thugs by acting as a jailhouse lawyer for Crip Tank's friend and others, and he backs up stories of brutality by citing federal cases.

His writing is stilted (he's no Jean Genet), and the narrative jumps, jarringly, from prison to prison (he's been held in at least six). With all the blood and gore, it's hard to know where we are. Also, the book hits some false notes. Santos shows only a crude understanding of female psychology. His spicy accounts of encounters between prisoners and hot women — including an educator, a business manager and a lawyer, all with their skirts hiked up — seem based more on prison-porn fantasy than on empirical evidence: "Wendy cannot help herself," he writes, unconvincingly.

Nevertheless, he lays out a strong case for prison reform. Most inmates focus on survival, not rehabilitation. And the flaws in the system seem to create a steady stream of prisoners — namely, those who are released and then end up back behind bars. Even worse, "neither those in corrections, nor those benefiting from the enormous capital disbursements — like prison towns, suppliers, contractors, etc. — want to see material changes. Why would they? Doing so would be akin to those in Las Vegas making a call for an end to gambling." Despite a breathless style, Santos provides more than just a seamy look at prison life. He also offers a chilling, timely portrayal of a place where, as one man says, all you need to survive is "a steel ball of hate and a knife."

European Union In Last-Ditch Talks With Iran On Nuclear Plans (NYT)

By Judy Dempsey

The New York Times, September 10, 2006

BERLIN, Sept. 9 — Javier Solana, the European Union's foreign policy chief and Ali Larijani, Iran's top nuclear negotiator, said Saturday that they would continue last-ditch negotiations on Sunday in Vienna to see how far Iran would go to meet United Nations Security Council demand that it freeze its uranium-enrichment program or risk sanctions.

Christina Gallach, Mr. Solana's spokeswoman, told reporters that the three hours of talks on Saturday had been "positive and constructive.'' Mr. Larijani said, "We had some good and constructive talks, we made some progress in some areas, and we shall continue tomorrow."

Diplomatic pressure on Iran to halt its enrichment of uranium has increased in recent weeks. Iran says its nuclear program is designed to generate electricity, but the United States and Europe suspect the program is meant to develop nuclear weapons.

R. Nicholas Burns, the American under secretary of state for political affairs, said Friday in Berlin that the United States hoped to begin talks next week to fashion a resolution that would seek sanctions against Iran if it did not halt its enrichment of uranium.

Mr. Burns was speaking after extensive talks with the other four permanent members of the Security Council — Russia, France, China, Britain — as well as with Germany. Talks were held separately with Canada, Italy and Japan.

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He said the talks with the Europeans, Russia and China would continue Monday and would focus on the possibility of drawing up a draft on sanctions before the General Assembly convened the following week.

But Russia and China have made it clear that they will oppose sanctions, and on Saturday, the Chinese prime minister, Wen Jaibao, warned against stepping up pressure on Iran.

"To mount pressure or to take sanctions will not necessarily bring about a peaceful solution," he told a news conference in Helsinki, Finland, after a meeting with European Union officials. He added that resolving the nuclear dispute peacefully would take time.

Mr. Wen will start a two-day official visit to Germany on Wednesday, and is expected to discuss Iran with the German chancellor, Angela Merkel.

Before arriving in Vienna, Mr. Solana said he did not want United Nations sanctions to be imposed on Iran "as long as meetings with Mr. Larijani continue."

Britain, France and Germany circulated a letter to other European capitals on Thursday warning that Iran was intent on "splitting the international community" and playing for time by declining to answer in detail a package of economic and political incentives that American, European, Russian and Chinese negotiators presented it in July.

Iran Nuke Negotiators Report Progress (AP)

By George Jahn, Associated Press Writer

AP, September 10, 2006

Senior negotiators for Iran and the European Union reported progress Saturday at talks meant to find common ground for resolving Tehran's defiance of a U.N. demand that the Islamic republic freeze uranium enrichment or risk sanctions.

In an encouraging sign, the two sides agreed to hold further discussions Sunday.

"We had some good and constructive talks and we have made some progress in some areas, and we shall continue ... tomorrow," chief Iranian nuclear negotiator Ali Larijani said, speaking through an interpreter.

Cristina Gallach, spokeswoman for Javier Solana, the EU's foreign policy chief, confirmed that more talks would be held Sunday. "The feedback from the table is that the talks have been constructive and positive," she said.

The discussions have been billed as possibly the last chance for Iran to avoid sanctions for rejecting the U.N. Security Council's demand that it suspend its uranium enrichment processes, which can be misused to make nuclear bombs.

Being held at the Austrian chancellor's office, the talks are looking for a basis to open negotiations between Iran and six world powers that have offered a package of economic and diplomatic incentives meant to persuade Tehran to limit its nuclear program.

The five permanent Security Council members — the United States, China, Britain, France and Russia — along with Germany have demanded that Iran halt enrichment as a condition for the talks, but the Iranians have steadfastly refused to do so.

With the two side seemingly so far apart, hopes for success had been slim for the mission by Solana, who is formally authorized by the six powers to carry their message and listen to the Iranians, without actually negotiating.

Still, positions appeared to have shifted slightly.

European officials who insisted on anonymity for sharing confidential information with The Associated Press suggested that at least some of the six nations were at least ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of doing so as a condition for such talks.

The officials declined to provide details. But such a readiness would deal a blow to U.S.-led attempts to hold fast to the demand that Iran freeze enrichment before any talks commence — or face the prospect of Security Council sanctions.

One of the officials said Solana discussed the issue with Secretary of State Condoleezza Rice before going into the meeting but declined to offer details.

As late as Friday, U.S. Undersecretary of State Nicholas Burns said Washington expected the Security Council to start discussing a draft on sanctions as early as next week unless Tehran reversed course and agreed to freeze enrichment.

But there might be opposition to that within the council. Russia and China have resisted a quick move to sanctions even while agreeing to them as the ultimate punishment.

And French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest the demand on freezing enrichment first and talking later was negotiable. "The question is to know at what moment this suspension takes place compared to negotiations," he said.

He later appeared to reverse himself, saying in separate comments that suspension "is an absolute prerequisite for restoring trust and resuming negotiations."

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A European diplomat told AP the mixed signals seemed to reflect that a sizable number of countries within the 24-member EU oppose a quick move to sanctions — even though Britain, France and Germany formally represent the bloc within the six-nation negotiating group.

China, meanwhile, repeated on Saturday its stance that patience was needed in dealing with Iran.

During a meeting with EU leaders in Finland, Chinese Premier Wen Jiabao urged Tehran "to make constructive steps" toward ending the standoff, but added: "Our purpose is that the nuclear issue of Iran will be settled peacefully."

Burns had dismissed suggestions of cracks in the six-power coalition on when Iran should commit to enrichment Friday, a day after those six countries ended confidential discussions on Iran in Berlin.

Outlining the U.S. view of the timetable on Iran, Burns said the six nations would consult further by phone Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Iran says it wants to develop an enrichment program to produce fuel for nuclear reactors that generate electricity. But there are growing concerns it seeks enrichment technology to make weapons-grade uranium for the core of warheads.

The six powers agreed on a package of economic and political rewards in June to be offered to Tehran, but only if it stops enrichment before the start of negotiations aimed at a long-term enrichment moratorium.

But the international alliance also warned of punishments, including U.N. sanctions, if Tehran did not halt enrichment — something Iran refused to do by the Aug. 31 deadline set by the Security Council.

Associated Press writer Robert Wielaard in Helsinki, Finland, contributed to this report.

Iran, EU Negotiators Make Progress In Nuke Talks (WT/AP)

By George Jahn, Associated Press

The Washington Times, September 10, 2006

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European officials who insisted on anonymity for sharing confidential information suggested that at least some of the six nations were ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of doing so as a condition for such talks.

The officials declined to provide details. But such a readiness would deal a blow to U.S.-led attempts to hold fast to the demand that Iran freeze enrichment before any talks commence -- or face the prospect of Security Council sanctions.

One of the officials said Mr. Solana discussed the issue with Secretary of State Condoleezza Rice before going into the meeting but declined to offer details.

On Friday, Undersecretary of State R. Nicholas Burns said Washington expected the Security Council to start discussing a draft on sanctions as early as next week unless Tehran reversed course and agreed to freeze enrichment.

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But there might be opposition to that within the council. Russia and China have resisted a quick move to sanctions even while agreeing to them as the ultimate punishment.

During a meeting with EU leaders in Finland, Chinese Premier Wen Jiabao urged Tehran "to make constructive steps" toward ending the standoff, but added: "Our purpose is that the nuclear issue of Iran will be settled peacefully."

Outlining the U.S. view of the timetable on Iran on Friday, a day after those six countries ended confidential discussions on Iran in Berlin, Mr. Burns said the six nations would consult further by phone tomorrow and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

Video Of Iranian Missile Test Is Fake, Pentagon Says (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, September 10, 2006

WASHINGTON — U.S. military intelligence has determined that a video released by the Iranian government purporting to show a test of a new submarine missile is bogus, three Pentagon officials confirmed.

The Iranians released the video Aug. 27, one of a series of steps the Tehran government has taken in recent months to display its military potency in the midst of a confrontation with the United States and other Western nations over its nuclear ambitions.

The test apparently was designed to intimidate Iran's neighbors in the Persian Gulf, including Saudi Arabia and Kuwait, which are U.S. allies and important oil-producing countries, regional experts said. The video showed what appeared to be a successful test of a submarine-fired missile that flies above the water's surface to attack ships.

But U.S. intelligence officers analyzed the plume of smoke from the missile and determined it matched a video of an earlier Chinese test.

"It's the identical launch," a Pentagon official said. "The plume, everything, is the same."

U.S. officials have been unable to confirm whether any test took place during the Iranian exercise. They say they are certain, however, that the video of the purported test is not of an Iranian sub in the Persian Gulf.

U.S. intelligence agencies have been closely tracking developments in Iran in an attempt to monitor Tehran's efforts to build up its nuclear capabilities as well as its conventional military capacity. The surveillance efforts are part of what experts see as a strategic contest of increasing complexity, with the two nations working to decipher each other's motivations and intentions.

The purported missile test was announced by Iran's official news agency a day before the video was released and just before an Aug. 31 deadline set by the United Nations for Iran to halt its uranium enrichment.

The Bush administration is pushing for U.N. sanctions against the country unless it stops enriching uranium. Although Iran, an oil-rich country, says it is solely pursuing civilian power, the U.S. and other countries believe Tehran is intent on building nuclear weapons.

The test video was broadcast on Iranian state television and picked up around the world, including by CNN and Fox News.

What has American military officers scratching their heads is why the Iranians would see the need to release a phony video.

"They have enough things they can do to frighten people, I don't know why they would have to fake something," a senior defense official said. "They are frightening enough as it is without faking things."

Iran said it was conducting the test as part of a summer war games exercise in the Persian Gulf that began Aug. 19. U.S. military officials believe such exercises are aimed primarily at intimidating gulf countries.

"It is like when the missiles went through Red Square in front of the Politburo," a military official said. "Their MO is to put on a media blitz."

The officials asked that their names not be used because the Defense Department had decided not to publicize the discovery. Taking on the role of superpower tattletale could exacerbate already tense relations, or provoke more, real tests.

The missile was named Sagheb, meaning "penetrating" or "piercing." After the alleged test, Adm. Sajjad Kouchaki, the top Iranian naval commander, said on Iranian television that the weapon was a long-range missile that could be fired from a variety of ships and evade radar.

(A copy of the Iranian television report, including the video of the missile launch, can be seen at http://www.youtube.com/watchvtvpPAKNlf44.)

"It is smart," Kouchaki said, according to a BBC transcript. "It has a very high degree of precision, taking the enemy by surprise. The missile has a massive destructive power."

Pentagon officials said Iran had several Russian Kilo-class submarines, the kind shown in the Chinese video. Iran's growing naval capability is real, said the senior official, which is what made the use of fake video seem particularly "clumsy."

"They do have a serious military capability," the official said. "They are a growing military problem."

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Wayne White, the former deputy director of the State Department's Middle East intelligence office, called the news of the deception "a scream."

"I was looking at what they were showing" on the video, White said. "And it was not the kind of thing that would intimidate a military of the capabilities of the United States."

White argued that Iran wanted to intimidate Saudi Arabia and other gulf countries, saying that if the U.S. tried to destroy Iran's ability to create nuclear weapons, oil tankers in the gulf would be a likely target of an initial Iranian counterattack. And Iran may hope that the threat it poses to U.S. allies in the region is its best chance at pressuring Washington not to attack.

The video, White said, "is aimed at intimidating the Saudis and the gulf states, to get them to press Washington not to exercise the military option."

But he said that Iran's recent tactics seem to be self-defeating, only working to increase the perception in Europe that the country is becoming an ever greater world threat.

And so why highlight a video, so easily determined to be fake?

"They may not have believed that the inauthenticity would be so easily detected," said John Calabrese, a scholar at the Middle East Institute. "It's an attention-grabber. But it's bizarre."

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The Roots Of Hezbollah's Clout Lie In Iran (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, September 10, 2006

The ties between the militant group and Tehran are complex and go back decades. For many in Lebanon, it's a beneficial partnership.

BAALBEK, Lebanon — Charities modeled after Iranian organizations provide healthcare to the poor. Religious schools funded with help from an Iranian bank educate thousands of children. Islamic foundations with ties to Iran make loans to home buyers.

And when a "martyr" falls in battle, posters reminiscent of the ones studding Tehran rise up in the scenery of south Beirut, southern Lebanon and here in the Bekaa Valley. They even appear to have been drawn by the same artist.

A tour of Hezbollah's state within a state in southern Lebanon reveals a replica of the distinctive institutions and styles of the Islamic Republic's ideological machinery, and offers clues to the militant group's powerful hold here.

Iran's relationship with Lebanon's Shiites is a complex web stretching back decades and spanning nearly all facets of religious, economic and social life — ties that have grown stronger since hard-line Iranian President Mahmoud Ahmadinejad came to power last year.

"The Americans and Israelis are convinced that they're fighting a terrorist organization and they'll bomb it and the people will turn against it, like you're making a coup d'etat," said a critic of Hezbollah, who asked that his name not be printed for fear of retribution. "But the Iranians have knitted a carpet. You have to have patience to unravel it."

Lebanon and Iran have had strong religious and commercial ties for centuries.

The charismatic Imam Musa Sadr came to Lebanon from Iran in the 1960s to help the then-disenfranchised Shiite plurality, financing a series of schools throughout the country. After the 1979 Iranian revolution led by Ayatollah Ruhollah Khomeini, those ties were strengthened by blood as Iran dispatched hundreds of Revolutionary Guard troops to the Bekaa Valley to help organize Shiite militants and direct their guns toward invading Israeli forces.

In return, Lebanese guerrillas trained Iranian soldiers, accustomed to American equipment, to use Russian-made weaponry during Iran's 1980s war against Sunni-dominated Iraq, said Hassan Hosseini, a Beirut researcher writing a book on relations between Iran and Lebanon.

The Islamic Republic opened its purse to Hezbollah with the group's inception in 1982, in part because the militants provided direct access to the Arab-Israeli conflict. Iran's new rulers were ideologically committed to opposing Israel and eager to prove themselves as the true champions of the Islamic nation.

Almost immediately as well, Iranians began exporting versions of their unique institutions. Jihad al Bina, which is handing out cash to homeless Shiites, was launched in 1984, an offshoot of the similarly named organization in Iran. The Imam Khomeini Foundation began operations in 1987.

Overt Iranian funding comes through Bank Saderat, a state-owned import-export bank that arrived in Lebanon in the early 1960s and expanded its presence there during the 1990s, opening branches in the Bekaa Valley and the south.

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The bank was used as a tool to further Iran's foreign policy goals in Lebanon, disbursing funds for charities, social services and several networks of schools, said a former financial services industry professional and scholar who has studied Saderat's operations.

"It became a receptacle of all the goodwill activity of all the organizations that are linked to Iran," he said. "They funnel through the bank."

On Friday, the Treasury Department announced it was barring Saderat from doing business with the U.S. The bank allegedly has given one Hezbollah-controlled organization $50 million since 2001, the department said in a statement.

"Bank Saderat facilitates Iran's transfer of hundreds of millions of dollars to Hezbollah and other terrorist organizations each year," said Stuart Levey, the department's undersecretary for terrorism and financial intelligence. "We will no longer allow a bank like Saderat to do business in the American financial system, even indirectly."

Indeed, Saderat practices none of the traditional banking activities in Lebanon: There are no ATMs or gifts for opening savings accounts. Its assets totaled a modest $101 million in 2004. Yet at times its receipts have careened off the map, the former industry professional said.

Lebanon is awash in cash. Although the country of 4 million has an annual trade deficit of $6 billion to $7 billion a year, it almost always ends up with a positive balance of payments, meaning more than $7 billion in cash enters the country annually, said Kamal Hamdan, a Lebanese economist.

"Nothing is really traceable," he said. "You have remittances. You have tourism. You have transfers from nonofficial sources and direct private investment."

Even after Lebanon implemented strict money-laundering laws in 2001, funds kept flowing to Hezbollah. In a 2004 study, one secular Shiite political party estimated that Hezbollah had an annual budget of $600 million to $700 million and was providing jobs to 37,000 people.

"Hezbollah is not a volunteer thing," said Ahmed Asaad, leader of Competence, a small political party with roots in Lebanon's south. "Even from day one they had a payroll system."

Iran's election of reformist President Mohammad Khatami in 1997 spurred a dramatic change in relations with Hezbollah, as the moderate cleric tried to cut off covert ties with the group or rein it in. Although Hezbollah's relations with the state faltered, it maintained strong contacts with the Iranian clerical establishment in Qom and with figures in the country's security apparatus, several experts said.

During the 1990s, Hezbollah allegedly continued to receive weapons from Iran across the Lebanese-Syrian border, including sophisticated medium-range rockets.

Hezbollah officials scoff at the suggestion that Iran supplies them with arms, saying they have built up such an economic base among Lebanese at home and abroad that they don't need Iranian largesse to equip themselves.

"It's very easy to buy arms when you have the money to get arms," said Nawar Sahili, a member of Hezbollah's 14-member parliamentary bloc.

Under Ahmadinejad's presidency, Tehran's official players and its shadow government of hard-line clerics have become one, and the rhetorical support for Hezbollah has increased.

Ahmadinejad and his inner circle include hard-core ideologues who hope to reinvigorate the Islamic Republic's revolutionary goals.

"This man means business," said Amal Saad-Ghorayeb, a professor at the Lebanese American University who has studied Hezbollah for more than a decade. "His rhetoric means open support for Hezbollah and Hamas against Israel."

Even as Israeli warplanes wreaked havoc on Lebanese housing and infrastructure, Iranian officials promised a quick reconstruction. Jaws dropped as Hezbollah officials, acting through Jihad al Bina, began handing out wads of crisp $100 bills to homeless families, reportedly to the tune of $180 million.

"You want to tell me Lebanese investors are paying for that?" said Asaad, the Competence party leader. "This is Iranian money."

Although some argue that Lebanese Shiites have no cultural affinity with their Persian coreligionists, the money, schools, charities and attention have paid off in loyalty to Iran.

"I feel closer to Iran than to other Lebanese," said Tarek Adad, a 36-year-old iron importer and a Hezbollah supporter in the Bekaa Valley. "This is natural, because the Shiites in Iran would never betray us. The others in Lebanon have all betrayed us."

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Lebanon Left To Face Most Basic Of Issues (WP)

By Edward Cody, Washington Post Foreign Service

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The Washington Post, September 10, 2006

War Exposes Deep Conflicts About the Nation's Identity and Its Future

BIKFAYA, Lebanon -- From the terrace of former president Amin al-Gemayel's ancestral mansion, Lebanon appeared so beautiful that it seemed it should go on forever. Traditional houses of ocher stone huddled far below in close-knit villages, and churches with tiny domes stood sentinel along the twisting roads. In the distance, the Mediterranean gleamed under a warm Middle Eastern sun.

But the recent 33-day war between Israel and Hezbollah has raised fundamental questions about Lebanon's future and its identity, straining the political institutions on which the country was built, perhaps to the breaking point. In Bikfaya, Gemayel's tranquil little town in the hills behind Beirut, and across the rest of Lebanon, people have begun to think that their country and its historic melding of Christians with Muslims may not prevail after all.

"Lebanon is at a crossroads," said Gemayel, who was president during wars from 1982 to 1988. "Either we draw the lessons from the war and build a Lebanon that is genuinely democratic and liberal, and an example of intercommunal coexistence, or we are headed for the disintegration of Lebanon."

In their own ways, Israel and the Bush administration have grappled with the same problem in Lebanon. In parallel policies, they have insisted that Hezbollah disarm and fully join in the Lebanese political process. But because Lebanon's political institutions do not reflect Hezbollah's wider support in the population, the militant Shiite Muslim movement has made it clear that greater changes will be needed before it lays down its arms.

The Gemayel family, Maronite Christians, had a lot to do with the creation of Lebanon's old landscape, a place where Christians and Muslims coexisted and business flourished while the tax man looked the other way. Amin al-Gemayel's father, Pierre, was a pharmacist who became a leader of the independence movement. His elder brother, Bashir, was president briefly in 1982 before being assassinated at the behest of the Syrian government.

The Lebanon most foreigners think of -- tolerant, easy-living, Western-oriented -- bore the imprint of Maronite families such as the Gemayels, and not by accident. France, the mandate power here until just after World War II, originally carved Lebanon off from Syria to provide a place for the Maronites in the predominantly Muslim Middle East. They made it into a "hinge country," linking East and West.

To rule the new country and preserve its unusual personality, France left behind a system under which the president and the army commander must be Maronites, giving decisive power to what was then the major community. The prime minister was to be Sunni Muslim and the speaker of parliament a Shiite.

Lebanon's demography has changed drastically since then. No official census has been taken, a reflection of how delicate the issue is here. But academics said that over the past two decades, Shiites have become a plurality -- estimates range from 32 percent to 45 percent of the population -- and Maronites a minority of less than a quarter. With Sunni Muslims and other sects counted, the overall balance has changed to more than 60 percent Muslim.

Hezbollah's emergence as a political party and armed militia was in large measure a response to that shift. In effect, the organization stepped in to represent Shiites because many of them felt the government did not, particularly in the southern hills along the border with Israel.

"We are not a replacement for the state," Hasan Nasrallah, the Hezbollah leader, said in a recent televised interview. "But where the state is absent, we have to take up the slack."

The war with Israel further dramatized the gap between Lebanon's institutions and its new political demography. Communal strains had been swept under the rug for years under the leadership of Prime Minister Rafiq al-Hariri, who was assassinated in 2005. But in the crucible of a destructive, bloody war, those strains suddenly seemed glaring.

Lebanon's official, Maronite-led army sat out the conflict, for instance, while Hezbollah's militia, which was better armed, did the fighting and dying. President Emile Lahoud, the other Maronite pillar of power, was also on the sidelines because of his association with Syria, an ally of Hezbollah.

As a result, Prime Minister Fouad Siniora, a Sunni economist, spoke in the name of Lebanon and received foreign visitors such as Secretary of State Condoleezza Rice for negotiations about the war. But he had to check with Nasrallah regarding important decisions, because Hezbollah was the seat of Lebanon's real power of war or peace.

"What institutions do we have?" asked Social Affairs Minister Nayla Moawad, a Maronite and the widow of assassinated president RenÃ© Moawad. "We have inherited a non-administration. The Lebanese government is like this box," she said, holding up a silver coffee-table decoration. "There is nothing in it. It is empty."

Moawad and other Christians, along with Sunni Muslims, have stressed that the right response is strengthening the Lebanese government. Hezbollah must recognize that only the state can have the power of arms, they said, and it must turn away from Iranian-style theocracy to become part of the relaxed mix that has made Lebanon so attractive over the years to investors and Arab vacationers.

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"It is up to Hezbollah to make this decision," Gemayel said. "Unfortunately, Lebanon is hanging on the choice."

Although the country's Sunni establishment fought the Maronites in the 1950s and again in the 1970s in the heyday of Arab nationalism, it has recoiled at Hezbollah's politically charged brand of Islam and its ties with Iran. In the debate over Lebanon's identity, conducted before the war in a round of meetings called the National Dialogue, most Sunnis opted for alliance with the Maronites and endorsed their demand for Hezbollah's disarmament.

"Nasrallah has been lying to us all along," sneered a Sunni minister in describing Hezbollah's participation in the National Dialogue.

Nasrallah has gone out of his way to reassure fellow Lebanese that Hezbollah has no intention of remaking Lebanon to look like Iran. In his recent interview, he pledged loyalty to the Lebanese tradition of religious and social tolerance.

"Lebanon is a pluralistic country," he declared. "It is not an Islamic country. It is not a Maronite country. It is not an Orthodox country. It is not a Shiite country. It is a country of consensus. You have nothing to fear from anybody from Hezbollah."

But Nasrallah's pledge was not well received by many Sunnis and Maronites. Hezbollah only weeks ago went to war without consulting the government, they noted, and moved as soon as the cease-fire took effect to help refugees without reference to government agencies charged with the same task.

Perhaps more important, they noted, was Nasrallah's postwar assertion that Hezbollah must be taken into account in government deliberations from here on out. The party ran for office in the last elections, gaining seats in parliament and two ministers in Siniora's cabinet. But Nasrallah seemed to be saying his group will be seeking more power now that, in his words, it has fought a war on Lebanon's behalf.

A share of power that reflects the Shiites' true place in the population would probably change Lebanon's orientation significantly, the Sunni and Maronite observers predicted. But a refusal to acknowledge the demographic change and Hezbollah's enhanced status after the war, they said, would be a recipe for more intercommunal conflict. As a result, the timeless view from Gemayel's terrace may be in for a change.

"I don't see Lebanon surviving as it is today," said Dori Chamoun, leader of the Maronite-based National Liberal party and son of a former president and longtime political figure, the late Camille Chamoun. "It is inevitable that the Christians will have a smaller share of the country. I only see one solution, cantonization. Everybody wants it. Nobody says it out loud."

In a recent book, Gemayel proposed abandoning Lebanon's current system and replacing it with election of the president by popular vote and decentralization along the geographical lines that largely define where Muslims and Christians live in any case. "The institutions of Lebanon are tired," he said. "They are drained of their blood."

The losers in such a change would largely be Sunni Muslims, Chamoun pointed out, because by and large they have not carved out sections of the country as theirs. Public Works Minister Mohamad Safadi, a Sunni who lives in Beirut, said he was discussing the problem with his wife recently and reassured her that, if worse comes to worst, they could always live in their weekend house -- in the quintessentially Christian port of Byblos.

Italy Says Syria OKs EU Border Personnel (AP)

By Zeina Karam, Associated Press Writer

AP, September 10, 2006

Italy's prime minister said Saturday that Syrian President Bashar Assad has agreed to the deployment of European Union personnel along Lebanon's border with Syria.

Syria's official news agency denied news reports that the EU personnel under discussion would be border guards.

"The reports by some news agencies that Syria has accepted that European border guards monitor the Lebanese-Syrian borders are not true," the official Syrian Arab News Agency reported.

The positioning of European Union guards could help allay Israel's concerns about the smuggling of weapons from Syrian to Hezbollah guerrillas in Lebanon, which the U.N. Security Council has demanded be stopped under the nearly month-old cease-fire it brokered to end the war in southern Lebanon.

Syria and Iran are Hezbollah's main backers, and Western and Israeli officials repeatedly have said the guerrillas receive arms from the two countries, often in land convoys from Syria.

Italian Prime Minister Romano Prodi issued a statement Saturday saying he had spoken with Assad several times over the last few days and he has agreed "in principle" to an EU presence on the border between Lebanon and Syria.

"I reminded President Assad that the European Union has significant experience in training programs for frontier guards, and that the idea of an EU mission of assistance on the border between Syria and Lebanon would be an excellent signal of cooperation between Syria and Europe," Prodi's statement said. "President Assad gave me his accord in principle."

Prodi's statement also said "we believe that a significant quantity of arms pass through this border ... toward southern Lebanon."

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The Italian news agency ANSA quoted Prodi as saying Syria had agreed to European border guards in plainclothes and without weapons to prevent arms shipments to the Hezbollah. Prodi's office earlier on Saturday confirmed the ANSA report was accurate.

But after Syria issued its denial, Prodi's spokesman Silvio Sircana clarified the prime minister's earlier statements. He said Syria's denial was accurate and quoted Prodi as saying Syria had agreed to "EU personnel." He denied Prodi had referred to them as border guards.

"I confirm that Prodi and Assad did not discuss troops or guards, but only EU personnel without uniforms or arms that will be at the disposal of the Syrian forces," Sircana told the Associated Press.

The Syrian news agency did not say whether the president had agreed to any other type of European presence on their border. It said that as part of continued consultations between Syria and Italy, Assad and Prodi spoke by telephone Saturday night during which "the talks were on technical assistance, including training, that is expected to be offered to Syrian border guards."

Until now, Syria has vehemently rejected the deploying of armed U.N. peacekeepers on the Lebanese side of the border. Assad has said he would consider such a deployment a hostile move toward his country.

In a meeting with U.N. Secretary-General Kofi Annan in Damascus earlier this month, Assad promised to increase Syrian patrols on the border and work with Lebanese troops to enforce the arms embargo.

Prodi said Saturday that Assad told him Syria would send 500 border guards, but did not say when. The Lebanese military said Saturday there had been no changes on the Syrian side of the border.

The U.N. resolution that halted 34 days of fighting between Israel and Hezbollah on Aug. 14 laid out a delicate and complicated process for keeping the peace — but so far its provisions are slowly coming together.

Israel lifted its air and sea blockades of Lebanon this week, and Israeli troops are pulling out of the south as the Lebanese army moves in.

Some 3,250 U.N. peacekeepers have fanned out across the south as well, part of a force planned to reach 15,000. A naval force is patrolling off shore, and international officials will operate at Lebanon's seaports and airport to help Lebanese officials watch for arms smuggling.

The next test will be how the U.N. peacekeepers deal with Hezbollah as they enforce a buffer zone in southern Lebanon where the guerrillas' weapons are banned.

Another major issue remains sensitive and untouched: Hezbollah's disarmament.

The U.N. force, known as UNIFIL, does not plan to seek out hidden Hezbollah arsenals, only to deal with any weapons its troops might encounter.

"We're mandated to make sure there are no forces outside the Lebanese army and UNIFIL in south Lebanon. But I'm not a fortuneteller and we haven't been in such situations yet," UNIFIL spokesman Alexander Ivanko said.

He repeated Annan's position that "disarming Hezbollah is something for the Lebanese army."

Some 200 French soldiers landed in Beirut on Saturday to join the U.N. force, the largest French deployment so far out of 2,000 troops it has promised. The amphibious ship La Foudre delivered some 100 military vehicles and weaponry as well.

Also Saturday, Pakistan's Prime Minister Shaukat Aziz said his government would send hundreds of army engineers under the U.N. umbrella to Lebanon to help clear land mines.

The United Nations said, however, that Pakistan's participation was not a done deal, alluding to Israel's objection to UNIFIL troops coming from countries that have no diplomatic relations with the Jewish state.

Hezbollah, meanwhile, criticized the Lebanese government's decision to allow foreign ships to monitor the coast, saying that put the country under foreign sway.

Israeli Says Fatah Leader Could Help Free Soldier (NYT)

By Steven Erlanger

The New York Times, September 10, 2006

JERUSALEM, Sept. 9 — Prime Minister Ehud Olmert of Israel said Saturday night that he was prepared to meet the Palestinian Authority president, Mahmoud Abbas, even without the release of the Israeli soldier captured by militants in Gaza.

Mr. Olmert, after meeting with the British prime minister, Tony Blair, said that “I intend to meet Chairman Abbas” in the near future.

“I have no conditions or prerequisites for such a meeting,” Mr. Olmert said, in an apparent policy shift. He added, “It may be even be helpful with regard to Gilad Shalit,” referring to the Israeli corporal who was captured June 25.

In that episode, Palestinian militants, including members of Hamas, which runs the Palestinian Authority, entered Israel from Gaza through a tunnel. They also killed two soldiers.

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Three days later, Israeli forces re-entered Gaza to try to force Corporal Shalit's release and weaken the Hamas government. But the Hamas political bureau leader, Khaled Meshal, in Damascus, has insisted that the corporal will only be released in a prisoner exchange.

Mr. Meshal has reportedly rejected an Egyptian proposal that the corporal be handed over to Egypt, and that hundreds of Palestinian prisoners would be released later, after Mr. Olmert and Mr. Abbas meet.

Faced with that stalemate, and under much criticism for Israel's recent war in Lebanon — prompted by Hezbollah's capture of two Israeli soldiers — Mr. Olmert has apparently decided to play on the obvious rift between the Hamas government and Mr. Abbas, who is known as Abu Mazen and is the elected president from Fatah.

After all, Mr. Olmert said, "I know very well that Gilad Shalit is not being held by Abu Mazen and I'm sure he would like to see his release."

But he also emphasized that there could be no political progress with the Palestinians until the corporal is free, and then only along the path of the so-called road map for peace. But with his plan to pull thousands more settlers out of the West Bank put aside for now, he is clearly trying to find an agenda in dealing with the Palestinians, as his allies are urging him to do.

The meeting with Mr. Blair drew together two war-damaged prime ministers — Mr. Olmert for the 34 days of military strikes against Hezbollah in Lebanon, and Mr. Blair for his strong support of the Bush administration's positions in Iraq and Israel.

Mr. Blair deflected questions from the British press about his political future and his reaction to criticism of his heir apparent, Gordon Brown. The prime minister said it was "kind of disrespectful" to discuss such internal matters in Israel.

He also gave a ringing defense of his support of the United States and Israel in the war against terrorism, saying, "We face a global threat." Problems in the Middle East have a direct impact on Britain, he said, adding: "I will continue to stand up for an alliance of people who believe in peace and tolerance and democracy against those who believe in terrorism. There is no bigger and more important struggle in the world today."

Mr. Olmert said Mr. Blair was a loyal but critical friend, always pressing humanitarian concerns about the Palestinians and the need to negotiate a two-state solution with them. Mr. Blair has been criticized at home for his support for the United States in Afghanistan and Iraq and for support of Israel in the war in Lebanon.

But Mr. Blair, who pressed for a robust international force in Lebanon, said the United Nations resolution that ended the fighting could be "a major strategic advance for peace in the region."

Israeli PM To Meet Palestinian President (AP)

AP, September 10, 2006

Israeli Prime Minister Ehud Olmert said Saturday he would meet Palestinian President Mahmoud Abbas and work closely with him to advance peace efforts.

Olmert, who spoke after meeting with visiting British Prime Minister Tony Blair, did not say when he would meet Abbas.

Olmert said the meet was not conditional on the release of Cpl. Gilad Shalit, an Israeli soldier being held captive by militants with links to the ruling Hamas party. But Olmert said no progress would be made in the peace process until the soldier is released, indicating talks with Abbas could help gain Shalit's freedom.

"I assured Prime Minister Blair that I am ready to work closely with ... Mahmoud Abbas," Olmert said at a joint news conference with his British counterpart. "I also told Prime Minister Blair that I intend to meet with him (Abbas.)" Olmert has not met with Abbas since June.

Shalit was captured on June 25 by militants in Gaza who carried out a cross-border on a military outpost in southern Israel.

Long-stalled Israeli-Palestinian peace talks hit a new obstacle in January when the Islamic Hamas group swept a Palestinian parliamentary election.

Blair expressed support for a renewal of Israeli dialogue with Abbas despite Hamas' control of the Palestinian parliament and government. Hamas refuses to recognize Israel or renounce violence.

"It's very important that we see what we can do to re-energize this process," said Blair.

Blair this week gave in to a fierce rebellion in his Labour Party, reluctantly announcing he would resign within a year. He brushed aside suggestions that his Mideast visit was an effort to distract attention from those woes.

"People can be as cynical as they like, but I've been passionate about this issue (Mideast peace) ... for many years and I'm not going to stop trying on it," he said.

Blair's handling of last month's fighting between Israel and Hezbollah militants in Lebanon is a major cause of his political troubles. Many in his party were infuriated by his refusal to break ranks with President Bush and call for a swift end to the fighting, interpreting that stance as a tacit backing of Israel's offensive.

Blair defended his position.

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"We worked very hard to get the only cease-fire that was ever going to be sustainable, and that was one based on the political framework set out in (U.N.) Resolution 1701," he said.

He has also alienated many in the Palestinian territories, where a group of prominent intellectuals published a statement Thursday saying he would not be welcome in the West Bank.

He plans to meet Abbas there Sunday.

He will not see Palestinian Prime Minister Ismail Haniyeh of Hamas or other members of his administration.

Haniyeh blasted Blair in a column published Saturday in the London-based Guardian newspaper, accusing him of having "one-sided" policies that hurt the Palestinians.

"At the heart of our region's problems is the Israeli occupation, which has brought about endless suffering and disasters. If you wish to do the right thing, Mr. Blair, then work for the end of occupation without further delay," Haniyeh wrote.

Thousands In Tel Aviv Demand War Inquiry (LAT)

From Times Wire Reports

The Los Angeles Times, September 10, 2006

About 30,000 Israelis demonstrated in Tel Aviv to demand that Prime Minister Ehud Olmert order an independent state inquiry into his government's handling of the war in Lebanon.

It was the largest public show of dissatisfaction with Olmert since he took office in May. Polls show his popularity has tumbled amid public frustration with Israel's failure to crush Hezbollah guerrillas. Olmert has pledged only a government inquiry on the war.

Russia And The Mideast: Talk, No Walk (NYT)

By Steven Lee Myers

The New York Times, September 10, 2006

MOSCOW

IS Russia the new powerbroker — even peacemaker — of the Middle East? It certainly aspires to be.

On issue after issue this year, Vladimir V. Putin's Kremlin has thrust itself back into the thicket of Middle Eastern diplomacy, most recently, to urge caution and more talks with Iran over its nuclear ambitions. In this, it has been reasserting a Russian role that was largely abandoned when the Soviet Union collapsed.

But one thing is lacking so far: results.

In March, after Hamas won control of the Palestinian Legislature, Mr. Putin invited the new leaders to Moscow even as the United States, Europe and Israel tried to isolate them. He insisted that holding talks with the movement would nudge its leaders to the bargaining table. "I don't think Hamas would have any serious future if Hamas doesn't change," Foreign Minister Sergey V. Lavrov said at the time.

On Thursday, Mr. Lavrov was still repeating the theme, saying that Hamas, now joined by Hezbollah, needed to renounce terrorism and recognize Israel's right to exist. Neither group has.

Mr. Lavrov included Hezbollah while he was in Beirut on a Mideast tour after the recent Israel-Hezbollah fighting was halted by an indefinite cease-fire. The truce was arranged largely as a result of efforts by the United States and France, and in the face of a Russian counterproposal for a 72-hour cease-fire, which Hezbollah and Syria would have preferred.

Now Russia is promising Lebanon support for reconstruction, but so far it has offered only $1.75 million. Its Defense Ministry has also balked at sending peacekeepers to join a new United Nations force, although officials have said they might send military engineers to help rebuild bridges.

To supplant the United States or Europe as a real broker in the region, experts say, Russia will have to do more. "Even the Germans, with all their history, are sending soldiers," one Middle Eastern diplomat said in an interview in Moscow.

Other Russian diplomatic efforts have sputtered as well. Mr. Putin, who last year became the first Russian president to visit Israel, has hinted that Russia has been reaching out through unspecified channels to free the two Israeli soldiers whose capture in July set off Israel's incursion into Lebanon. "I have reason to believe that our efforts are not in vain," Mr. Putin said.

That was a month and a half ago. The soldiers remain captives.

At the same time, Mr. Putin's tactics have frequently put Russia at odds with the United States and Israel. "We're not playing games here," the American ambassador to the United Nations, John Bolton, responded bitingly to Russia's cease-fire proposal.

So what exactly is Russia after? Most of all, it is a quest for prestige. And a suggestion of the strategy was contained in Mr. Putin's comment to the Group of 8 summit meeting in St. Petersburg in July. "We will not participate in any crusades, in any holy alliances," he said. Emboldened by an economic boom and seeing an opening caused by Muslim anger at America, the Kremlin

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seems to be using the Middle East as a forum to reach with new confidence for an independent global role. Vladimir Y. Satanovsky, the president of the Institute for Near Eastern Studies, a private research group in Moscow, put it simply: "The period of collapse is over."

Russia's deep interest in the region is also driven by economics — including arm deals with Syria, Iran and Algeria — and by hope that good relations with the Muslim world may cool any support for Russia's own Islamic insurgencies in and around Chechnya.

"The Middle East is one of their historic bastions of influence," said Clifford Kupchan of the Eurasia Group, a Washington consulting firm. "I think they see their old contacts and their history there as an opening for a resurgent Russia to return to the world stage."

That does not necessarily mean a new zero-sum confrontation with America, though almost certainly some of those advising Mr. Putin would welcome it. In fact, there are signs that the Bush administration has resigned itself to Russia's new role, at least to a point.

That is certainly the case with Iran. President Bush has welcomed Mr. Putin's proposals for a compromise in which Iranian nuclear materials would be processed in Russia, and his willingness to warn Iran of the consequences of failing to agree to U.N. demands that it halt uranium enrichment — even if the Russians now appear unwilling to take that next step.

"It's important to give Russia credit for how constructive they have been," Mr. Kupchan said.

Many here say that Russia, which has more than 20 million Muslims, has a special affinity with the Islamic world that can make Russia a mediator between it and the West. Just two weeks ago, in Kazan, the capital of the Russian republic of Tatarstan, Russian officials met with leaders of Islamic countries as part of a newly created body called the Strategic Vision Group.

"In the Islamic world, Russia is viewed as a friendly power," Veniamin V. Popov, a Russian diplomat, told Izvestia, "and our participation is a guarantee to Muslims that negotiations will produce reasonable results."

In that, the Kremlin faces some wariness. Its willingness to negotiate with Hamas and Hezbollah stands in contrast to Mr. Putin's refusal to talk with the Chechens he considers terrorists. Russia's eagerness to sell arms in the region has also revived old suspicions.

Mr. Satanovsky said that in the end what Russia feared most was instability in the region, especially if another war like the current one in Iraq spread unrest and violence much closer to Russia's border.

"The strategy is 'we don't need enemies,' " he said. "The distance between Iran and Russia is nearly the same as between Cuba and the United States."

Where Big Is Always Better (NYT)

By Andrew E. Kramer

The New York Times, September 10, 2006

MOSCOW

ONCE Russia wanted the biggest dams in the world. Now it wants the biggest corporations.

Next month, if the deal goes through as expected, Russia will have the world's largest aluminum company, a step that is part of President Vladimir V. Putin's effort to create giant enterprises as a way of reviving Russia's strategic industries.

Some Russians, recalling the Soviet boasts of having the biggest rockets, the biggest steel mills, the biggest ice-breakers, were cynical. "We had a joke in the 1980's that our microchips were the biggest in the world," said Aleksei Venediktov, the editor in chief of Echo of Moscow Radio. "It's that mentality of greatness, in the sense of size, even if it doesn't make sense."

But Russian leaders say that the creation of giant enterprises makes perfect sense in a world that has seen consolidation in natural resources industries, which make up a huge portion of the country's economy.

Last month, Russian Aluminum, or Rusal for short, announced plans to merge with a smaller domestic competitor while also swallowing the mines and factories belonging to Switzerland-based Glencore, a commodity trader. The deal would create a company that would pour more aluminum than the Aluminum Company of America — roughly 4 million tons a year, compared with Alcoa's 2005 output of 3.55 million tons.

While Rusal's executives insist that size itself is not the goal, this is only one of several large-scale projects undertaken recently in industries like oil, natural gas, minerals and aerospace. The most striking example is Gazprom, which has become the second-largest publicly traded energy company in the world, after Exxon Mobil of the United States.

In the steel industry, a Russian tycoon proposed last spring to merge with the Luxembourg-based Arcelor, the world's largest steel company by volume of sales. The deal ultimately unraveled, but it suggested the sweep of Russian ambition these days, in which market capitalization is the new yardstick for comparison with the West.

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Stephen Kotkin, a professor of Russian history at Princeton University and author of "Magnetic Mountain," about the archetypal Soviet steelworks at Magnitogorsk, says that ultimately Russia's new giants "will either be competitive companies or they will fail."

"That is not Soviet," he wrote in an e-mail message.

Mr. Putin, who published a doctoral dissertation in the 1990's on the role of large, state-supported companies in reviving the economy of Western Europe after World War II, says he is aware of the new climate. "This result didn't happen by itself, but as a result of focused actions of the government," he said at a news conference.

The Kremlin is clearly hoping to sell the new gigantism not just as a business strategy, but as a balm for the wounded pride of Russians who endured the economic disasters of the 1990's.

Mr. Venediktov of Echo of Moscow radio explained it this way: "We need to say we are the greatest somewhere, in something. Russia is suffering post-imperial syndrome, like England in the 40's or France in the 50's. But ah-hah! We are still the best someplace. We win more gold medals in gymnastics. And now in this: We passed America in aluminum."

Critics say these bulging new corporations trace their origins to patronage within the Kremlin's factions. Members of their boards tend to be allies of Mr. Putin. Dmitry A. Medvedev, for example, is simultaneously deputy prime minister and chairman of the board of Gazprom.

Mr. Medvedev and others cite arguments that internal competition would only lower export profits in natural resources, depriving Russia of its maximum income. Yaroslav D. Lissovolik, chief economist at Deutsche UFG, estimates that 30 percent of the Russian economy is now controlled by monopolies, both private and state-owned. Official statistics, Mr. Lissovolik said, have become suspect since an anti-monopoly committee was found to be taking bribes from companies to avoid classification as a monopoly.

"I do not see competition policy as being very important to the Russian government right now," he said. "Gigantism, just like in the past, is a popular thing that is seen as very successful."

The Rules According To Putin (WP)

By Jim Hoagland

The Washington Post, September 10, 2006

MOSCOW -- What he has done to the once-turbulent Russian political scene Vladimir Putin would like to do to the world's equally volatile energy markets: Make them as stable and peaceful as the graveyard.

This grand ambition comes through vividly if implicitly as I listen to the Russian president outline in detail the concept of "energy security" that he had presented to world leaders in July at the Group of Eight summit. Putin wants markets built on long-term contracts guaranteeing not only adequate supply (of oil and gas from Russia) but also sustained demand (from consumers willing to pay fixed prices that would hold for decades).

His fellow leaders listened politely but did not commit to an idea that might have seemed quixotic coming from anyone else. Given the year that Putin is having, however, no one was willing to bet that he would fail at grand designs.

He has crushed the vibrant domestic opposition that flourished under Boris Yeltsin. With a 70 percent approval rating, he holds the power to name his successor. He has gained control over the flood of oil dollars pouring into Russia. And perhaps most satisfyingly for him, the political revolution lapping at Russia's frontiers a year ago has receded as reformers who accomplished Ukraine's Orange Revolution splintered and as his non-democratic allies in Belarus easily won reelection.

So the wiry former KGB colonel was chipper as he underwent an annual political checkup of sorts by a group of about 40 American, European and Asian policy and academic experts at his sprawling dacha in suburban Moscow yesterday. He took questions between servings of octopus carpaccio, baked sea bass and figs with yogurt sorbet, all prepared by his Italian chef and washed down by an unassuming pinot grigio 2005.

The clearest sign that fortune has smiled broadly on Putin since he met with the same organization, the Valdai Discussion Group, a year ago in the Kremlin was his warm praise for Ukrainian President Viktor Yushchenko, whom he now magnanimously terms "a serious, responsible" leader. Last September, he accused Yushchenko of allowing corruption to flourish in Ukraine while suggesting that the West was fomenting upheaval throughout the former Soviet Union.

President Bush also came in for praise and was offered a carefully hedged olive branch on Iran:

"Iran is a special case" located "in a very dangerous area," Putin said. Other nuclear-capable countries such as Brazil or South Africa "do not establish in their constitutions the goal of destroying another state," as he said Iran did with Israel.

"Iran should abandon its plans for nuclear enrichment on its soil," he continued. When asked specifically if Russia would support U.S. calls for sanctions, he declined to rule them out. Economic reprisals should be avoided if possible and adopted only after more discussions between Iran and the six-nation negotiating group that includes Russia and the United States. But Putin's

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remarks, delivered in simultaneous translation, lent weight to reports that Moscow has agreed to support symbolic sanctions if Iran remains adamant.

Putin, however, does not do mellow for long. He remains intense, focused and at times prickly even when munching the octopus carpaccio (quite tasty, by the way). His eyes flare when the subject turns to energy supplies and the vast infrastructure of new pipelines and producing fields that Russia intends to develop over a decade to become the world's dominant exporter of energy.

Putin and his aides insist that to justify the investment needed to build that infrastructure, consuming nations must begin to sign 20- to 30-year contracts with Russia now to avoid the boom-and-bust cycles of petroleum and natural gas prices of the past three decades.

"We have tremendous potential in energy. Not everybody appreciates that potential," Russia's president said in a waspish swipe aimed at the European Union, which is wrangling with Moscow over natural gas supplies. "But it is not their resource. It is Russia's resource," which must be developed "under clear rules of behavior ."

Asked by British political theorist Anthony Giddens to consider swift changes that technology could force on energy suppliers because of global warming in that time frame, Putin turned the question away: "Stability is what the world economy needs . . . to become more predictable."

In his view, the same is true for Russia's political future. Putin promised again not to change the constitution so he could serve a third term after 2008. "Public opinion wants a country that will be stable, and stability is not assured by one man alone," Putin said. It comes instead from following Moscow rules.

As OPEC Meets, Fresh Doubts About Its Power (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, September 10, 2006

When the secretary general of the Organization of the Petroleum Exporting Countries spoke in London in October 2003, he advocated moderation in oil prices, sounding a familiar OPEC theme that extremely high prices could drive off consumers.

"OPEC knows, through both intuition and experience, that it does not operate in a vacuum," said Alvaro Silva-CalderÃ³n, then the secretary general. "If it wants to sell its oil, then it must attract buyers. And it does not attract buyers by scaring them off, or being unreliable." He added, "Producers need consumers and consumers need producers."

When he gave that speech, OPEC's price target for a barrel of crude oil ranged from $22 to $28. Three years later, the price of oil has nearly tripled. And as OPEC prepares to meet on Monday, the group is worried that high oil prices will chase consumers to alternate energy sources, weaken Western and Asian economies to the point of hurting demand and bring about a boost in supply from non-OPEC countries.

While OPEC ministers no longer forecast prices in the mid-$20s, they still talk about a sustainable price in the $50 to $55 range -- well below current market levels, which have already fallen more than $10 a barrel from the $78 peak in mid-July. Every $10 drop in the price of crude oil knocks about 25 cents off the price of a gallon of gasoline.

The 11-member organization is not expected to make changes in output or production quotas on Monday. But its very lack of action raises questions about whether the group, which produces nearly 40 percent of the world's petroleum, can still act effectively to sway prices or whether its members are simply riding the cyclical waves of the market.

"OPEC has been a hostage to fortune: to what happens on the demand side, to non-OPEC output and geopolitics," said Leo Drollas, deputy executive director and chief economist of the Center for Global Energy Studies in London. At the same time, he noted, its members are "crying all the way to the bank."

In order to act effectively as a cartel, OPEC would have to be able to cut or increase supplies to influence prices. But outside Saudi Arabia, OPEC members have virtually no excess capacity to help drive down prices. And outside Saudi Arabia, hardly any OPEC member has the political will or desire to cut production.

At the moment, the only factors reining in production by the group have nothing to do with oil policy. Nigeria's output has been cut by 600,000 barrels a day because of insurgents sabotaging pipelines in the Niger Delta. Iraq's production has been trimmed by about 800,000 barrels a day by the continuing mayhem there. Venezuela, which is busy quarreling with oil workers' unions and foreign oil companies, is falling about 600,000 barrels a day short of what it once produced. If the would-be cartel is holding back, it isn't by grand design.

And few of the members can boost production immediately -- except Saudi Arabia. The kingdom has a capacity of more than 10 million barrels a day, but it is currently producing around 9.1 million barrels. That has prompted some critics to complain that Saudi Arabia is not doing all it can to lower oil prices.

Saudi oil minister Ali Naimi, citing rising world crude oil inventories, has said that supplies are plentiful and that customers aren't interested in buying more.

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Drollas called that "disingenuous." He said, "It's a question of price." The extra oil Saudi Arabia can produce is heavy, high-sulfur crude that costs more to refine and yields a lower-value range of products. Saudi Arabia provides a discount to customers, but Drollas said that isn't enough. "People will lift your oil if they can take it to a refinery and make money," he added.

At the same time, oil analysts say, prices over $70 a barrel make many OPEC members nervous. While OPEC countries sit on top of four-fifths of the world's proven oil reserves, if prices are high enough all sorts of other sources become attractive, from the icy waters off Sakhalin Island to the mile-and-a-half-deep waters in the Gulf of Mexico, from gas liquids projects in the Persian Gulf to the unwieldy oil sands in Canada.

"What's keeping them more anxious is demand," said Roget Diwan, an OPEC expert at PFC Energy, a consulting group. "They want to see China keep growing. They want a soft landing in the United States. They don't want to see a crash."

The outdated OPEC price band was suspended in early 2005, but Diwan said Saudi Arabia and others will try to keep the price around $60. "It's in their interest," he said. "They won't do it to please America."

Indeed many consultants and oil executives who have spoken to Naimi say that the Saudi was miffed earlier this year when President Bush said the United States should reduce dependence on Middle Eastern oil while his administration was urging the kingdom to boost its production capacity to ease world prices. Saudi Arabia has committed to expand its production capacity to 12.5 million barrels a day.

Other OPEC countries could also step up exploration and boost output. A Cambridge Energy Research Associates forecast issued last month predicted that oil and gas liquids production would hit 110 million barrels a day by 2015, up from 89 million barrels today, with most of that coming from OPEC nations.

By then, who knows what prices will be.

"My theory is that the reason the price of oil is very high today is that it was excessively low 10 years ago and the reason it's going to be low 10 years from now is that it is excessively high today," said Paolo Scaroni, chief executive of Italian oil giant ENI SpA. "When the price is very low no one invests in development. Prices go up and everybody invests."

Central Asia Pact Frees The Region Of Nuclear Arms (NYT)

By Ilan Greenberg

The New York Times, September 10, 2006

SEMIPALATINSK, Kazakhstan, Sept. 9 — Five nations in Central Asia signed a nuclear-free-zone treaty on Friday that commits the region's rich uranium deposits to peaceful uses but leaves open loopholes that could allow Russia to transport nuclear weapons into Central Asia.

It is the first mutual security pact among all five Central Asian nations, a group that has often quarreled about security issues.

By adopting the legally binding nuclear-free pact the signatories — the former Soviet republics of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan — agreed that they would neither acquire nuclear weapons nor allow them within their borders. But the treaty does not cancel an agreement that the Central Asian nations signed in 1992 that allows Russia to transport and deploy nuclear weapons in Central Asia under certain circumstances.

The United States, Britain and France boycotted the signing ceremony because they objected to that aspect of the treaty, said embassy officials and participants in the treaty negotiations. Only Russia and China sent representatives to Kazakhstan to observe the treaty signing.

Central Asia currently contains no nuclear weapons, but Kazakhstan was home to the world's fourth-largest nuclear missile arsenal in the wake of the Soviet Union's dissolution. Kazakhstan voluntarily decommissioned its nuclear weaponry in the mid-1990's. Nuclear-free zones often are opposed by the large nuclear powers because they can limit the movement of military assets and expose military bases to intrusive inspections. The United States has an air base in Kyrgyzstan, and Tajikistan allows NATO fighter planes with missions in Afghanistan to use its territory.

But zones can be crucial confidence-building measures among suspicious neighbors in a troubled region, said John Endicott, a professor of international affairs at the Georgia Institute of Technology, in a telephone interview.

"The United States' lack of support for this nuclear-free zone is a colossal mistake," said Mr. Endicott, who participated in the initial round of talks over the treaty nine years ago in Tashkent, Uzbekistan.

Rescue Darfur Now (WP)

By John McCain And Bob Dole

The Washington Post, September 10, 2006

In 1995, the writing was on the wall. The conflict in Bosnia was escalating. Tens of thousands of civilians had been driven from their homes and were trapped in places the United Nations had designated as "safe areas," including Srebrenica. Only a

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few hundred poorly equipped U.N. peacekeepers stood between those civilians and Bosnian Serb forces. The Serbs had signaled their defiance of the United Nations, their disdain for diplomatic overtures and their determination to advance on the safe areas and finish the job of ethnic cleansing in Bosnia. All the makings of a massacre were present, and, before the eyes of the world, that is what unfolded. Eight thousand Bosnian Muslims were systematically killed at Srebrenica, and history has judged severely those policymakers who failed to heed the warning signs of mass murder.

As advocates of military action in Bosnia, we will never forget those terrible days. We remember that when the United States and its allies did finally act, military intervention saved countless lives. And all of us pledged anew that, should such a situation again unfold, we would do things very differently.

Today, the Darfur region of Sudan faces its own Srebrenica moment.

The scale of human destruction thus far in Sudan has been staggering. Already, more than 200,000 civilians have been killed, with perhaps 2.5 million forced into squalid camps. This catastrophe is the result of a directed slaughter perpetrated by the Sudanese government and allied Janjaweed militias.

Faced with its moral responsibility to act, the U.N. Security Council has adopted a resolution that would replace a courageous but inadequate African Union force with a much larger U.N. force empowered to protect civilians. Last week, the Sudanese government not only rejected the resolution but demanded that the African Union withdraw from the country, leaving civilians vulnerable. Meanwhile, government forces have launched a major offensive in Darfur to finish off any rebel forces there, pushing tens of thousands more civilians into the camps.

As with Srebrenica in 1995, the potential for further mass killing in Darfur today is plain for all to see. All the warnings have been issued, including one from the United Nations that the coming weeks may see "a man-made catastrophe of an unprecedented scale." What remains unclear is only whether the world has the will to impose an outcome on Sudan different from that which unfolded so tragically in Bosnia. Make no mistake: At some point we will step in to help victims in Darfur and police an eventual settlement. The question is whether the United States and other nations will act now to prevent a tragedy, or merely express sorrow and act later to deal with its aftermath.

Urgent action is required in the coming hours and days.

First, the United States should reject out of hand Khartoum's demand that the African Union force leave and should insist that it stay, with broad international support, until the introduction of a robust U.N. force in accordance with Security Council Resolution 1706.

Second, the United States should call on the European Union to impose financial sanctions against the Sudanese leadership and to pursue the immediate imposition of similar sanctions by the U.N. Security Council.

Third, NATO should immediately establish and enforce a no-fly zone over Darfur to ensure that Khartoum ends its offensive military flights and bombing raids, as the Security Council has already demanded.

Fourth, the United States should intensify efforts to persuade U.N. members to commit troops and funds for the U.N. force in Darfur, and it should develop plans for U.S. logistical support. The administration should push the United Nations to draw up firm plans for the entrance of a robust force into Darfur and contingency plans for the force to enter without Sudanese consent.

Fifth, U.S. and allied intelligence assets, including satellite technology, should be dedicated to record any atrocities that occur in Darfur so that future prosecutions can take place. We should publicly remind Khartoum that the International Criminal Court has jurisdiction to prosecute war crimes in Darfur and that Sudanese leaders will be held personally accountable for attacks on civilians.

Finally, the United States should increase pressure on countries friendly to Khartoum -- and particularly our allies in the Arab League -- to abandon their support for Sudan's refusal to accept the U.N. force.

Some of these steps would be dramatic and difficult. But the circumstances imposed on the people of Darfur are likewise dramatic and difficult. And so would be the consequences of inaction: a humanitarian disaster that the world will in any case have to address; a massive and possibly permanent population of refugees dependent on international support; a conflict spreading to neighboring countries with prospects for settlement even more remote; and a permanent stain on our conscience.

Throughout the world, people of conscience were shocked by and ashamed of our failure to stop the genocide in Bosnia and Rwanda. We must not repeat these mistakes. In Darfur, the moment of truth is now.

John McCain is a U.S. senator from Arizona and Bob Dole was a longtime senator from Kansas and the 1996 Republican presidential nominee.

Why Genocide Matters (NYT)

By Nicholas D. Kristof

The New York Times, September 10, 2006

When I spoke at Cornell University recently, a woman asked why I always harp on Darfur.

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It's a fair question. The number of people killed in Darfur so far is modest in global terms: estimates range from 200,000 to more than 500,000.

In contrast, four million people have died since 1998 as a result of the fighting in Congo, the most lethal conflict since World War II. And malaria annually kills one million to three million people — meaning that three years' deaths in Darfur are within the margin of error of the annual global toll from malaria.

So, yes, you can make an argument that Darfur is simply one of many tragedies and that it would be more cost-effective to save lives by tackling diarrhea, measles and malaria.

But I don't buy that argument at all. We have a moral compass within us, and its needle is moved not only by human suffering but also by human evil. That's what makes genocide special — not just the number of deaths but the government policy behind them. And that in turn is why stopping genocide should be an even higher priority than saving lives from AIDS or malaria.

Even the Holocaust amounted to only 10 percent of World War II casualties and cost far fewer lives than the AIDS epidemic. But the Holocaust evokes special revulsion because it wasn't just tragic but also monstrous, and that's why we read Anne Frank and Elie Wiesel. Teenage girls still die all the time, and little boys still starve and lose their parents — but when this arises from genocide, the horror resonates with all humans.

Or it should. But for whatever reason, Sudan's decision to kill people on the basis of tribe and skin color has aroused mostly yawns around the globe. Now Sudan is raising the stakes by starting a new military offensive in Darfur — and by eliminating witnesses.

The government charged Paul Salopek, an ace Chicago Tribune correspondent, with espionage in an effort to keep foreign reporters away (on Saturday it released him after a month in prison). And even African Union peacekeepers may be forced out of Darfur by the end of this month.

Twelve aid workers have been killed since May — more than in the previous three years. These killings are forcing aid groups to pull back, and the U.N. warns that if the humanitarian operation collapses, the result will be "hundreds of thousands of deaths." If all foreign witnesses are pushed out, the calamity is barely imaginable.

We urgently need U.N. peacekeepers, even over Sudan's objections. (If Sudan sees them coming, it will hurriedly consent.) The U.S. should also impose a no-fly zone from Chad and work with France to keep Chad and the Central African Republic from collapsing into this maelstrom.

President Bush showed an important flash of leadership on Darfur early this year, but lately he has fallen quiet again. He should appoint a special envoy for Darfur and use his bully pulpit to put genocide on the international agenda — for starters, by employing his speech to the U.N. General Assembly this month to remind the world of the children being tossed onto bonfires in Sudan. He could also announce that the U.S. will choose candidates to support for U.N. secretary general based in part on their positions on the genocide.

You can see how your member of Congress does on Darfur at www.darfurscores.org. Information about Darfur rallies next Sunday in New York and other cities worldwide is at www.savedarfur.org.

If we don't act, the slaughter may end up claiming more than one million lives, but this is about more than body count. This time the teenagers are not named Anne and Elie, but Fatima and Ahmed, but the horror is the same.

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To stir up interest among young people in issues like Darfur and global poverty, I held a contest in the spring to choose a university student to take with me on a reporting trip to Africa. From 4,000 entries, I chose Casey Parks, a young woman from Mississippi who had never been outside the U.S.

We're leaving tomorrow for Equatorial Guinea. It's a backwater that has fascinated me since I first traveled through Africa in 1982 and my Lonely Planet guidebook said about it: "We've never heard of any travelers going there, so we have no details."

Casey and I then travel through remote parts of Cameroon and the Central African Republic. You can follow our journey beginning Wednesday with our daily blog entries at www.nytimes.com/kristof.

Darfur Trembles As Peacekeepers' Exit Looms (NYT)

By Lydia Polgreen

The New York Times, September 10, 2006

TAWILA, Sudan, Sept. 8 — They call this place Rwanda.

A year ago it was a collection of straw huts, hastily thrown together in the aftermath of battle, hard by the razor-wire edge of a small African Union peacekeeper base.

Today it is a tangle of sewage-choked lanes snaking among thousands of squalid shacks, an endless sprawl that dwarfs the base at its heart. Pounding rainstorms gather fetid pools that swarm with mosquitoes and flies spreading death in their filthy wake. All but one of the aid groups working here have pulled out.

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Many who live here say the camp is named for the Rwandan soldiers based here as monitors of a tattered cease-fire. But the camp's sheiks say the name has a darker meaning, one that reveals their deepest fears.

"What happened in Rwanda, it will happen here," said Sheik Abdullah Muhammad Ali, who fled here from a nearby village seeking the safety that he hoped the presence of about 200 African Union peacekeepers would bring. But the Sudanese government has asked the African Union to quit Darfur rather than hand over its mission to the United Nations. "If these soldiers leave," Sheik Ali said, "we will all be slaughtered."

Tawila and the sprawling, makeshift camp of displaced people at its edge sit astride a deadly fault line in Darfur. This small but strategic town has been the front line of some of the deadliest battles in a conflict that has killed hundreds of thousands of people and sent 2.5 million fleeing.

It is a place where a grim struggle between the government and its Arab allies, and non-Arab rebel factions, has given way to a fractured struggle that pits non-Arab tribes against one another, fanning centuries-old rivalries and setting the scene for a bloodbath of score-settling vengeance should the African Union soldiers withdraw, as demanded, at the end of this month.

Tawila is an apocalyptic postcard from the next and perhaps the grimmest chapter in Darfur's agony, a preview of the coming cataclysm in the conflict the United Nations has called the world's gravest humanitarian crisis.

Thousands of people in this squalid camp fear that their annihilation will be the final chapter in this brutal battle over land, identity, resources and power, which the Bush administration and many others have called genocide.

"We beg the international community, somebody, come and save us," Sheik Ali said. "We have no means to protect ourselves. The only thing we can do is run and hide in the mountains and caves. We will all die."

The portents of violence have become so ominous, and Sudan's stonewalling of international intervention so complete, that Kofi Annan, secretary general of the United Nations, warned last week that the Sudanese government would be "held collectively and individually responsible for what happens to the population in Darfur."

Death is no stranger here. Malaria and diarrhea course through the camp, picking off children first, then the old. There are no doctors or nurses or medicine. There is no clean water. There are no toilets or latrines. And yet the conflict, unchecked even by the presence of the African peacekeeping force, drives more people from their homes into the camp each day.

Mariam Ibrahim Omar buried her son Ismail in a graveyard near here Wednesday. She was not sure what had killed him, only that he burned with fever, heaved and vomited. She took him to a clinic run by the aid organization Relief International in town, carrying him on her back swaddled in rags, only to find its doors locked and its doctors and nurses long gone. The lone aid organization still operating here is the United Nations World Food Program, usually the last to go in even the direst situation.

"We bought medicines in the market but none of them helped him," Ms. Omar said, her face swathed in black. "He died yesterday and we buried him."

Ismail was 21 months old. They buried him in a growing graveyard on a small rise above the camp. Two bricks stood atop his grave, indicating where his tiny head lay, pointed toward Mecca, as Islamic custom demands.

Next to his fresh coverlet of earth, men in white robes dug a new pit, deep and wide, to hold the camp's latest casualty. No one was sure how old Halima Batwal was — some said 80, others 90. They dug the loose sand with shovels until they hit hard-packed earth, and then switched to pickaxes to carve a narrow trench for her slender, wasted body.

The rituals of a Muslim burial are simple, easily satisfied even by the destitute — the body must be washed, then wrapped in unbleached cloth. The men gently placed her in the trench, then stacked bricks atop the body, a makeshift crypt in a makeshift graveyard.

Ms. Batwal was from Tina, a village just a few miles away, but she had to flee when rival rebel factions clashed there this spring. Her relatives said she would have preferred to be buried nearer to home, as tradition demands. But it was too dangerous to carry her body there.

"She will have to stay here," said Adam Ali, a distant relative who teaches mathematics to children at the camp. "We have no choice."

Whether the living will remain here, too, is an open question.

A United Nations Security Council resolution authorized a force of more than 22,000 troops and police officers to take over peacekeeping duties from the African Union. But Sudan has refused to allow the new force to deploy, and it says the African Union must leave by the end of this month, when its mandate ends, if it cannot work on its own.

If the African Union troops leave, the residents of the camp say, they, too, will flee. But there are few places for them to hide — in the mountains or hundreds of miles west, across the border with Chad.

For the moment the peacekeepers are still here, the contingent of 200 Rwandan troops led by a Ghanaian lieutenant colonel named Wisdom Bleboo. But there is little they can do to help the people living in the Rwanda camp.

"People are dying here," Colonel Bleboo said. "Children are dying. They come to us thinking that we can help them, but we have no means to help them."

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Similarly helpless is the sole Red Cross worker still permanently based here, a slender 29-year-old with a faint goatee named Issa Ahmed Muhammad Sraj. His job is to help families separated by the war to stay in touch.

In a dusty black nylon briefcase he carries forms that camp residents fill out to send to relatives elsewhere in Sudan, simple messages of greetings — news of weddings, births and deaths. He is originally from Tawila, but like most of its residents, he had to abandon his home and move into the camp.

He has nothing else to offer but his forms, yet residents of the camp come to him anyway with their endless problems — sick children, stolen goats, leaky huts and empty food bowls.

"I have nothing to help them, so I just explain to them, 'I am living here in the camp just like you, suffering together,' " Mr. Sraj said. "I sympathize with them and listen to them. I report back to headquarters what is happening here, but no one comes." The local Red Cross headquarters is in El Fasher, the state capital.

Aid organizations have always found Tawila a difficult place to operate in. Nestled in the foothills of the rich and fertile farmland of the Jebel Marra mountains and home to a mix of Arabs and non-Arabs, herders and farmers, it sits along a crucial livestock migration route and next to the main east-west road in Darfur, stretching from Chad to the main north-south road leading to Khartoum, the capital. Tawila is a strategic prize all sides in this increasingly complicated conflict have tried to win.

On Feb. 27, 2004, hundreds of Arab tribesmen in military uniforms attacked Tawila, led by Musa Hilal, the leader of the Arab militia known as the janjaweed.

Mr. Sraj was in his house when the assault began, but at the first crack of gunfire he fled with his family to a nearby valley, where they hid for three days.

When they returned to survey the damage, much of the town was leveled, including his house. Their furniture and livestock had been stolen, their store of grain burned. Dozens of people had been killed, and many women and girls had been raped. The attack on Tawila and its surrounding villages was to become one of the most notorious of the Darfur conflict.

Mr. Sraj fled to El Fasher, where he and his family lived in the vast Abu Shouk camp. The rebels regained control of Tawila from the Arab militias, and last year its residents started to return, planting their fields and resuming their lives.

A cease-fire agreement seemed to bring some modicum of tranquillity. Mr. Sraj came back, this time as a worker for the Red Cross.

This spring the troubles started again, this time between the non-Arab tribes that had previously been the champions of the people of this area, mostly Fur villagers who lived as farmers and Zaghawa herdsmen and traders.

The Sudanese Liberation Army, the main rebel group fighting the government for greater autonomy in Darfur, split in two along tribal lines. The two sides fought for control of this crucial territory in advance of a peace agreement with the government that one of the factions, the Zaghawa-led group, signed in May.

The peace agreement has only made things worse here. The Fur-led faction of the Sudanese Liberation Army did not sign, and violence between the factions increased. The Rwanda camp, estimated in May to have had 9,000 residents, now holds perhaps double that number.

As the battle between the factions has intensified, ethnic lines in the camp have hardened. The Fur majority is suspicious of Zaghawas, who it claims have joined with the government to oppress the Fur.

Most of the displaced people at Argo, another camp just outside Tawila, have fled to the Rwanda camp to be closer to the African Union soldiers.

Those who remain at Argo are the most destitute. Under a thorn tree in the center of the camp sit a few old men, so poor that they lack the most basic furniture for any Darfurian household — a woven plastic mat on which to sit, eat and pray. They sat on empty wheat sacks, their foreheads sprinkled with dust and gravel from praying on the naked earth.

As the men talked, a dozen women on donkeys laden with water jugs, cooking pots, sacks of grain and children approached. One woman, Leimoun Ali Ahmed, said she had fled her village, Kalma, after bandits attacked to steal her livestock. She loaded her four children on two donkeys and was headed for the Rwanda camp.

"We don't have anything so we hope they will help us there," Ms. Ahmed said, referring to international aid organizations. She had heard that food, health care and clean water were available in the Rwanda camp.

But she will find little food and none of the rest. Relief International and Save the Children pulled out after attacks on their workers and vehicles. Relief International had offered health services, but its midwives, nurses, vaccinators and nutrition counselors have been evacuated to El Fasher. A dozen aid workers have been killed since May, all of them Sudanese, so aid organizations have had to curtail their activities in many areas. A World Health Organization car traveling with the World Food Program was hijacked Thursday by rebel gunmen.

That has left hundreds of thousands of people across Darfur without food, shelter, medicine and clean water. Disease and hunger are rampant.

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"It is painful to think of those I left behind," said Halima Muhammad Ahmed, a midwife who had been working for Relief International in Tawila and who is now in El Fasher, waiting to return to the expectant mothers she left. Like so many of the aid workers in Darfur, she, too, is a victim — her village, Umo, was attacked by janjaweed in March 2004.

"We only think of going back," Ms. Ahmed said. "We are helpless here."

At the Rwanda camp, babies arrive, midwife or no. In a straw hut at the edge of the camp, Hasima Abakar sat with her month-old baby, a boy she named Hamid. The birth had been hard, and she lost a lot of blood. But she was more worried about Hamid — pus oozed from his navel. Radiant with fever, he squirmed and turned away from her breast.

"I don't know my future," she said, her face blank as she gazed down at Hamid. "Only God knows."

A Cry For Intervention In Darfur (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, September 10, 2006

D.C. Demonstrators Call On Bush to Press for U.N. Peacekeepers

Two years after the Bush administration said genocide had taken place in Sudan, protesters marched yesterday on the White House, demanding that the president press for U.N. peacekeepers who could halt the continuing attacks in the country's Darfur region.

The United States and other members of the Security Council have endorsed a plan for U.N. peacekeepers to replace a beleaguered force of African Union soldiers in enforcing a peace agreement signed last year. But the Sudanese government has rejected the deployment, which would be bigger and better-equipped than the African Union force.

With signs that the Sudanese government and its allied militias are preparing to step up their attacks, demonstrators said time was short for President Bush to exert U.S. influence on Sudan's president.

"We need to hurry up; we need to put pressure," Fatima Mohammed Haroun, a Sudanese activist, told a crowd of a few hundred protesters massed in Lafayette Square, across from the White House.

Fresh from a trip to see family in Darfur, Haroun said her besieged homeland is desperate for the help of the international community. "The people are just waiting for someone to come and help them," she said.

Organized by Africa Action, the rally coincided with the group's release of a report comparing the restrained U.S. response to Darfur to the Clinton administration's inaction on Rwanda as hundreds of thousands of people perished there more than a decade ago.

Almost everyone in the crowd wore a shirt with the report's title: "A Tale of Two Genocides." Underneath the title were images of two bloody handprints, one above the word Rwanda, the other above the word Darfur. And below the handprints, an assertion: "The U.S. Has the Power to Protect."

In a planned act of civil disobedience, 30 protesters carrying signs marched from Lafayette Square across Pennsylvania Avenue, where they lay down on the sidewalk outside the White House fence and held up the signs.

The protesters were arrested by U.S. Park Police to the cheers of hundreds of fellow demonstrators who watched from across Pennsylvania Avenue, chanting for their cause.

"Stop the genocide! Break the deadlock! Protect the people!" the group called out as the 30 demonstrators lay, still holding up their signs.

A poor region of Sudan, Darfur has been at war since 2003, when rebels attacked government posts, triggering a massive response by the Sudanese military and the notorious government-backed militias known as Janjaweed.

Hundreds of thousands of people have died in the war, and an estimated 2 million people have been forced from their homes. Their plight has provoked protests across the country over the past couple of years, including a large demonstration in April on the Mall.

Yesterday's protest was aimed at pushing Sudan back into the broader public conscience and onto the president's agenda two years after his secretary of state made what many thought would be a seminal statement on Sudan.

"It's been two years, and Mr. Bush hasn't done anything about it," said Emily Funigiello, 17, who traveled from the University of North Carolina in Wilmington to join the demonstration.

Her friend Melissa Salvatore, 18, said the United States and the president cannot forget what happened not so many years ago.

"We can't let what happened in Rwanda happen in Darfur."

China Urges EU To End Ban On Arms Sales (AP)

By Robert Wielaard, Associated Press Writer

AP, September 10, 2006

DOJ_NMG_0060887

Chinese Premier Wen Jiabao urged the European Union Saturday to lift its ban on arms sales to Beijing imposed after the 1989 crackdown on pro-democracy protests in Tiananmen Square.

Beijing has lobbied repeatedly for lifting the ban, calling it a "Cold War relic." France is in favor, but others in the 25-nation EU have failed to reach agreement.

Wen told a news conference China has made significant progress in "protecting the human rights of Chinese people."

"No country can say they can resolve all the issues related to human rights perfectly," Wen said after a summit meeting with EU officials.

The European arms ban has been a sticking point in the EU's relations with Beijing and stems from China's questionable human rights record.

Wen objected to the EU's practice of linking "economic and trade issues with the so-called human rights issues."

"China attaches great importance to the issue of human rights and we identified human rights as the basic rights of the Chinese people," he said.

Wen also urged the international community not to threaten Iran with economic and other sanctions over Tehran's nuclear enrichment program.

"It is our hope that the international community ... will exercise caution on this matter and continue to work for a peaceful solution," he said.

The permanent members of the U.N. Security Council — the U.S., Britain, France, China and Russia — plus Germany have offered Iran economic incentives to persuade Tehran from enriching uranium.

Iran has ignored an Aug. 31 U.N. Security Council deadline to suspend enrichment.

The EU and China, meanwhile, agreed to step up cooperation in nonproliferation and disarmament issues and "expressed their grave concern over (North Korea's) recent multiple launch of missiles," said a final summit statement.

The two sides called for an early resumption of six-nation talks designed to resolve North Korea's standoff with its neighbors over its nuclear arms ambitions.

In those talks, South Korea, China, Japan, Russia and the United States have tried to persuade the North to abandon its nuclear program. North Korea has refused to negotiate since November to protest a U.S. crackdown on Pyongyang's assets abroad for alleged money-laundering and counterfeiting.

Protesters Call On Taiwan's Leader To Quit (WP)

By Jane Rickards, Special To The Washington Post

The Washington Post, September 10, 2006

Chen Urged to Take Responsibility for Alleged Wrongdoing by Relatives, Aides

TAIPEI, Taiwan, Sept. 9 -- Tens of thousands of protesters took to the streets of Taiwan's capital Saturday demanding the resignation of President Chen Shui-bian, whose family members and close aides have been embroiled in a string of corruption scandals.

Chanting "Step down!" and wearing red, the protesters called for Chen to take responsibility for the alleged wrongdoing and resign.

Huge red balloons, some with the Chinese characters for "honor," floated above the masses of people gathered in a main street near the Presidential Office in Taipei. Organizers of the mostly peaceful rally said the protesters' numbers swelled to 200,000, but police put the figure at 70,000.

Chen, a passionate supporter of formalizing Taiwan's independence from China, has the backing of his party and pro-independence stalwarts and is unlikely to step down before his term expires in 2008.

The months-old allegations that his wife, other relatives and key aides exploited their positions for illegal financial gain have weakened his leadership. The situation has raised questions about whether Chen will have the confidence to push for formal independence for the self-ruled island of 23 million, a move China has threatened to oppose with military force.

The rally, one of the first not to be sponsored by either Chen's party or the opposition, was led by Shih Ming-teh, former chairman of Chen's ruling Democratic Progressive Party. Shih, a former mentor of Chen's, was a prisoner for more than two decades for opposing the authoritarian rule of the Nationalist Party, or Kuomintang.

Shih announced his campaign to oust Chen last month, saying he would seek support from a million people and ask each to donate about $3. He said he reached his target of $3 million in less than two weeks.

Taiwanese intellectuals who formerly supported Chen, including artists, novelists and key members of bar associations, have joined the push for his resignation.

Shih appeared before the crowd Saturday making the "thumbs down" sign. Shih, who plans to stage a sit-in outside the Presidential Office until Chen steps down, said the protest would continue indefinitely.

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Chen's son-in-law, Chao Chien-ming, was indicted on insider trading charges in July. Prosecutors are also investigating allegations that first lady Wu Shu-chen accepted millions of Taiwan dollars in gift vouchers in exchange for using her influence in a department store takeover.

The Presidential Office acknowledged in a statement Thursday that prosecutors had questioned Chen last month about the suspected use of fake receipts to account for part of secret state funds used for diplomatic activities. Chen has said that he and his wife are innocent and that no state funds went to private individuals.

Protesters said Saturday that the statement was not enough and that the president should resign.

"We hope our president can step down," said Lee Huang-ming, who works at a state-run enterprise. "He is corrupt, and his family is corrupt. He is not suited to our times."

Independent analysts said the protests could compel the judiciary to investigate the scandals more thoroughly.

Blair Warns Against Infighting, But Feud Persists (NYT)

By Alan Cowell

The New York Times, September 10, 2006

LONDON, Sept. 9 — Prime Minister Tony Blair warned Saturday that Britain's Labor Party would lose control of the government if it did not show it was "hungry for power" and halt the "irredeemably old-fashioned" personal feuds surrounding his succession.

After a week of bitter infighting and pressure from his rival and onetime ally Gordon Brown, Mr. Blair was forced Thursday to set a 12-month limit on his tenure after nine years in office.

But the feuding has continued. On Saturday, Charles Clarke, a Labor stalwart and a government minister until Mr. Blair dismissed him in May in a cabinet shuffle, said in an interview with The Daily Telegraph that Mr. Brown was an uncollegial "control freak" who had "psychological" problems with debate.

"We just don't know what he thinks on a range of issues," Mr. Clarke said. "What would his foreign policy look like? Will he pull troops out of Iraq? He wants to produce rabbits out of a hat after he becomes leader. I think he's got to produce his rabbits now. He's got to explain what his vision is."

Mr. Brown offered no public response to the attack, the second by Mr. Clarke in two days. But one Labor legislator and Brown loyalist, George Mudie, said Mr. Clarke's "abusive and offensive language" seemed to suggest an effort by Mr. Blair's supporters to discredit Mr. Brown as a potential successor. By that argument, Mr. Blair wishes to block Mr. Brown, fearing he would undo Mr. Blair's political legacy.

At a speech to the loyalist Progress research organization, Mr. Blair said "there was something irredeemably old-fashioned" about the sparring between rival camps over the past week. "The only thing we did not have is the smoke-filled rooms, and that is because we banned those," he said, referring jokingly to Britain's broad indoor smoking ban.

But, Mr. Blair said, "we are not going to win if we have personal attacks by anybody on anyone because it turns the public off and makes them think we are interested again in ourselves and not in them."

He said Labor could win a fourth term in office, "not by behaving like we did last week, but behaving like we did when we were hungry for power before 1997, when we understood that what matters is the people of the country, not ourselves."

Mr. Blair seemed relaxed and at ease among faithful followers who gave him three standing ovations before he left, heading for the Middle East on a trip likely to focus on Lebanon and the Israeli-Palestinian issue.

The speech was Mr. Blair's first since his reluctant announcement on Thursday that he would resign within 12 months. He has not specified a date, but acknowledged that "there is a stage at which it is sensible as a political leader to move on and that is just the way it is."

Mr. Blair is the first Labor leader to win three successive terms in office. He said two years ago that he would not try for a fourth election, and Mr. Brown has been pressing for a firm date for him to go.

The prime minister's less harried mood suggested that he felt the pressure had eased — if only slightly — with the spotlight now shifting to Mr. Brown, his policies and his prospects. But many in the party still seemed troubled by the high-level fighting.

"This government is becoming a wounded animal," said Diana Strongbow, a Labor Party figure who spoke during a question-and-answer session after the speech. "This has got to stop," she said of the warring camps. With young men "coming back from Afghanistan in body bags," it was an insult for politicians to go on fighting among themselves, she said.

Mr. Blair's speech seemed to persuade some loyalists that the party would survive the crisis to fight the next election, due by 2010 at the latest. "In the last few days people thought we had lost it," said Lord Clive Soley, a Labor peer who was part of the audience. "I think people will pull back."

Blair Urges Party To Stop Infighting (AP)

DOJ_NMG_0060889

By Thomas Wagner, Associated Press Writer

AP, September 10, 2006

Prime Minister Tony Blair said Saturday his Labour Party risks losing the next general election if personal attacks among party members continue and the party fails to redefine itself and its goals.

Blair urged his party to stop the disputes and clearly outline its positions on complex issues such as security during the war on terrorism, immigration, pension shortfalls and global warming.

"We're not going to win if we have personal attacks by anybody on anyone," Blair said in a speech to a progressive think-tank in London.

Many party members had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would quiet the bitter infighting that flared in the party last week.

But even after Blair left London for Jerusalem — where he met Saturday evening with Israeli Prime Minister Ehud Olmert — the issue refused to go away.

During a news conference with the Israeli leader, Blair was asked if he would endorse Treasury chief Gordon Brown, widely expected to be the next prime minister, as his successor.

He said he was "not going to go back into all the leadership issues" and chastised journalists for continuing to press the matter.

"I actually think it's kind of disrespectful to come here, after everything this country and this region has been through, and talk about our own internal matters," Blair said.

It is believed that Blair and Brown have reached a private understanding over the handover of power. But angry comments by Charles Clarke, formerly Britain's top law and order official, have since demonstrated how uneasy the new peace is.

In comments published Saturday in The Daily Telegraph, Clarke said Brown's "massive weakness" was that he was a "control-freak" who could not work with people and who lacked Blair's "charm."

In comments published Friday in London's Evening Standard newspaper, Clarke harshly criticized Brown for the way he handled the week's turmoil, saying that his succession as prime minister was not guaranteed.

Brown's allies have insisted he was not behind the anti-Blair plotting.

Senior party figures have publicly backed him as the next Labour leader in an effort to prevent the eventual handover of power from getting even uglier and throwing national elections expected in 2009 to a resurgent Conservative Party.

In his speech in London on Saturday, Blair said the infighting reminded him how his party's ideological disputes had kept it out of power for many years. He said the center-left party, which has been in power since 1997, could still win the next general election if it puts aside the infighting and adapts its positions on complex issues of concern to the British general public.

In a newspaper article Friday, Brown sought to ease the fears of those who worry he would veer left instead of following in Blair's centrist footsteps.

Brown praised the prime minister as courageous and promised that Britain would do whatever was necessary to battle terrorism. He said that during an upcoming trip to New York he would reaffirm to Americans that, as it did after the Sept. 11, 2001, terror attacks, Britain "stands ... shoulder to shoulder with them."

At a joint news conference with Olmert, Blair expressed his support for Olmert's decision to renew Israel's dialogue with Palestinian President Mahmoud Abbas, despite Hamas' control of the Palestinian parliament and government.

President Bush issued a statement praising Blair's visit to Lebanon, Israel and the Palestinian territories, saying the trip is timely given the deployment of international forces in Lebanon.

"I wish him well in his efforts to promote peace and stability," he said.

Britain's Leadership Battle Years In Making (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, September 10, 2006

Tony Blair's ally and enduring rival, Gordon Brown, tired of waiting to ascend. Now he has forced the issue -- and cast Labor into chaos.

LONDON — The photographs of the two men from the old days look like weathered yearbook snapshots, two fresh-faced politicians elected together to Parliament in 1983, their hair a little too long. One of them, a young man named Tony Blair, is beaming broadly; the other, Gordon Brown, looks studious and serious.

They shared an office for a time, eventually collaborating in drafting a new vision of what Britain's Labor Party should be, marrying its old trade union, socialist traditions with market principles. When the party leadership came up for grabs in 1994, both men wanted the job. Brown, especially, thought he had earned it.

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"Basically, Brown was the senior partner. Brown had been in the party longer, had more sort of intellectual roots," said Nick Kochan, coauthor of "Gordon Brown: The First Year in Power." "Blair was Johnny-come-lately, trained as a barrister, had lots of charm and appeal and savoir-faire. Brown was rather retiring and awkward — brainy, but bad at people."

The two reportedly struck an agreement: Blair would take the party leadership — and soon, the leadership of the country — and Brown would inherit later, being granted responsibility for social and economic policymaking in the meantime.

More than a decade later, Brown tired of waiting. As chancellor of the exchequer — Britain's treasury chief — he has been one of Blair's most important allies and his most enduring rival during the prime minister's nine years in office. But he finally struck last week, forcing Blair to announce his departure within the year.

The move left the Labor Party in chaos and virtually guaranteed that Blair's final months in office would be marked by a bruising battle for leadership of the party both men helped to shape.

On Saturday, Blair appealed to the party to leave behind the vicious internal sniping of the last week and remake Labor's message to suit a changed Britain.

"There was something sort of irredeemably old-fashioned about it, I'm afraid: the attacks on the leader, the leader responds…. The only thing we didn't have was the smoke-filled room, and that's because we banned those," said Blair, whose entry into the room of party supporters was met with a standing ovation.

"We're three years away from an election, and we can remake ourselves," he said. "But we can only do it not by behaving like we did last week, but by behaving like we did when we were hungry for power, before 1997, when we understood that what mattered was the people and the country, not ourselves."

The story of Blair's last months as prime minister, like the years that preceded them, cannot be written without reference to his relationship with Brown, the brooding and brilliant son of a Scottish minister who both guided Blair's Britain to economic vigor and waited resentfully in Blair's shadow for the day he would be allowed to lead.

The political fortunes of Britain for years have depended on the interplay between these two powerful politicians who have worked closely together for two decades, sometimes while barely speaking to each other.

"Each of them and their acolytes spilling bile into the media [about each other] is pretty much normal behavior for them," said Tony Travers, a professor of politics at the London School of Economics.

"At one level, they're like an elderly married couple who kind of hover between a sort of final divorce, which would shock everybody, and occasionally getting back together and everything's fine. There's an element of can't live with and can't live without each other," Travers said.

The marriage of opposites seemed to work. After Blair became prime minister in 1997, Brown proceeded to take expert command of the economy, handing over responsibility for interest-rate setting to the Bank of England and charting nine years of steady growth, while Blair focused on high-profile foreign policy initiatives and plunged into overhauling healthcare and education.

But well into his third term as prime minister, Blair had steadily refused to either step aside or set a date for when he planned to, leaving Brown, aides said, feeling frustrated and betrayed — all the more so as the party's poll numbers plummeted in the face of Blair's increasingly unpopular alliance with the U.S. on the war in Iraq.

Brown's supporters have been urging him to launch an attack on Blair for months. Blair's backers warned that attacking the sitting prime minister of a successful party 16 months after he had been reelected would amount to political suicide for all involved.

"Blair's star has really waned, ever since the end of the [initial phase of the Iraq] war and the failure to find any weapons of mass destruction. And yet each time it seemed to me there was a moment where Brown might have moved, he stood back," Kochan said.

Even last week, he said, Brown fell short of demanding Blair's immediate resignation, although reports have circulated of a private deal under which Blair would step down in the spring.

"Sometimes I think maybe the reason he doesn't go for it is he's not totally convinced that he's a natural leader," Kochan said. "Is Brown really convinced he'd be the right prime minister?"

Blair has never been troubled by such doubts, and even in the current crisis, with his party threatening open revolt, he has not been cowed, say those who know him. To the contrary, they said, Blair thrives on high drama.

"His adrenaline flows in helpful ways in his body. It's fight and fight, not fight-or-flight," said Anthony Seldon, headmaster of Wellington College and one of Blair's biographers. "He also has a kind of Zen personality whereby he is able to be remarkably positive about events. To a remarkable degree, he is able to let things go and live in the present, without being dogged by regret. He just bounces back."

In the end, Blair appears to have a kind of toughness, even ruthlessness, that Brown lacks, say many who know Blair. And he is buoyed in the current showdown, some suggested, by caring less about the consequences of the infighting.

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"For Gordon Brown, the longer this civil war goes on, the more likely it is that Labor will lose the election. From Tony Blair's point of view, it's much less of a problem. Because the worst that could happen from his point of view is that Labor loses the election, and that in turn would suggest that he, Tony Blair, had been the magic ingredient that had won all the elections before," Travers said.

"And it is just possible, although the Blairites would aggressively deny it, that Tony Blair thinks [Conservative Party leader] David Cameron might be a better long-term successor as prime minister than some of the Labor candidates on offer."

Yet policy differences between Blair and Brown are not substantial. Both place greater value on transatlantic relations than on those with Europe.

"Brown will want to maintain the traditional British alliance with the U.S., and while he probably will not think the current policy on Iraq is sensible, until there is a change of U.S. presidents he won't be able to do much," said Patrick Dunleavy, a professor at the London School of Economics.

In general, Brown is thought to be to the left of Blair, more at home with labor-movement roots and slightly less committed to market-based solutions for base-line public services, including healthcare.

But because of the ghost of the Blair-Brown feud, the upcoming leadership contest will involve personalities as much as policy. Some Labor deputies have acknowledged reservations about whether Brown is up to the job, or have suggested, as Labor deputy Meg Hillier has, that Brown would need a good running mate.

"Politics is about communicating," Hillier said. "Brown is very warm one-to-one, but you need someone who can go out and talk the language that people can understand on the street."

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Please Don't Hire Tony Blair (WP)

By James Forsyth

The Washington Post, September 10, 2006

Things must be pretty bad for a trip to the West Bank town of Ramallah to seem like a chance to get away from it all. But that is where British Prime Minister Tony Blair -- hounded at home by his own party -- headed this weekend.

America's top defender abroad spent last week pulling knives out of his back, front and sides. Critics within his party insisted that he should announce the date of his resignation-- a move that would make Blair not just a lame duck but a legless one. His statement on Thursday that he would be gone by this time next year isn't enough: The rebels want a precise timetable. Even former Blair loyalists have collected signatures for letters imploring him to stand aside.

One small consolation for the prime minister: He won't be short of job offers once he takes early retirement. As long ago as 2001, the then-popular P.M. mused to the Sunday Telegraph about how "lucky" he was that he'll "get out before my working life is over. I'll have time to do something else."

That something else is likely to be on this side of the Atlantic, where Blair is in greater demand than back home and would probably earn more money -- a real concern for a man who likes the good life and must pay off a mortgage on a $6 million London townhouse. Indeed, if the London papers and rumor mills are to be believed, establishment Washington institutions such as the Carlyle Group or Georgetown University -- where Blair delivered a major foreign-policy speech in May -- could be seeking his services.

But American institutions should issue a moratorium -- a long one -- on hiring Blair. Yes, America's best friend has stood by the nation in times of war and controversy. But for that very reason, the U.S. national interest would be better served if Blair remained in Britain, where his reputation will steadily recover after he steps down, and where he could continue to make the case for the values that unite the two nations.

If Blair takes a big-bucks job over here, he will join a long line of world leaders whose support for American values has landed them in U.S. universities or think tanks. It must be nice to have friendly foreigners on hand to lionize U.S. virtues, but this pro-American brain drain is a luxury the United States can't afford as it wages a battle of ideas worldwide.

As Washington looks south at a rising tide of Hugo ChÃ¡vez-led populism, it must rue the fact that two of Latin America's most high-profile supporters of free markets now reside at U.S. universities. Former Brazilian president Fernando Henrique Cardoso, who tamed his country's inflation and transformed its economy, is now a professor at Brown University. And after serving as Mexico's budget secretary and president during the 1990s, U.S. ally Ernesto Zedillo returned to Yale, his alma mater, to direct its center on globalization. Similarly, as U.S. policymakers contemplate how India's intransigence contributed to the recent failure of the World Trade Organization to reduce trade barriers, they must wonder whether Indian free-trade guru and economist Jagdish Bhagwati could have tilted the balance back home if he still lectured at the Indian Statistical Institute or the Delhi School of Economics rather than Columbia University.

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Consider the debate over Muslim radicalization in Europe. The Dutch-Somali politician Ayaan Hirsi Ali -- famous as a writer for the documentary "Submission," about the role of women in Islam -- was making the provocative but important argument that, in the Netherlands, Dutch values should trump Islamic ones when they come into conflict. But now she's at Washington's American Enterprise Institute. And former Spanish prime minister JosÃ© MarÃ-a Aznar -- who sent his country's troops to Iraq despite deep resistance at home -- isn't spending his time in Europe debating the merits of U.S. policy; instead, he's a scholar at Georgetown and sits on the board of Rupert Murdoch's News Corp.

Hiring friendly foreigners not only cuts them out of the debate in their own countries, but also taints their reputations back home, as former Harvard academic Michael Ignatieff is learning. Ignatieff is running for the Liberal Party leadership in his native Canada, where he supports involvement in the fight against terrorism and ridicules anti-Americanism as the "patriotism of fools." In short, Ignatieff is as good as Washington can get as the leader of Canada's left-wing party.

But his political opponents are using the time he spent south of the border against him. "Michael Ignatieff wants to be prime minister of our country," columnist Paul Wells wrote in the Canadian newsweekly Macleans last week. "And just in case I'm not being clear, I mean Canada ." The many years Ignatieff spent in England don't generate anywhere near as much attention as his five-year stint as a professor in Cambridge, Mass., illustrating people's sensitivity to the notion of their leaders being seduced by the Yankee dollar -- or corrupted by superpower values.

U.S. institutions should not, obviously, bar their doors to foreigners. American universities, in particular, generate goodwill toward the United States; those who spend a few years studying here are more likely to return home and foster empathy for the American predicament. In the short term, however, even the most precocious Fulbrighters are unlikely to reshape their countries' attitudes toward the United States. Leading pro-American politicians and intellectuals from abroad are a rare commodity -- one that shouldn't be wasted here on the homefront.

The United States must export more pro-Americans than it imports. Maybe it's time to round up all these sympathetic foreigners -- and send them home.

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Trade Ministers Vow To Break Log Jam (AP)

By Michael Astor, Associated Press Writer

AP, September 10, 2006

Developing nations on Saturday called on rich countries to restart global trade talks, saying the suspension of negotiations not only threatened the current round of discussions but also the multilateral trading system itself.

The Doha Round — named after the Qatari capital where they were started in 2001 — is aimed at slashing trade barriers across the planet. But the Doha talks stalled in July over the question of rich nations' subsidies for agriculture. The meeting here was the first since the World Trade Organization discussions faltered.

Developing nations are demanding greater market access for their agricultural products while developed nations complain of barriers in emerging markets for their industrialized goods and services.

"Not only is the round threatened, but the multilateral trading system itself now faces a serious crisis," said the statement issued by the emerging market nations of the Group of 20. "This is an unacceptable situation for all developing countries."

The trade representatives from nearly 30 nations seemed determined to plow ahead even though neither side seemed prepared to give much ground.

"The simple fact that we are meeting here demonstrates our engagement with the negotiations," Brazil's Foreign Minister Celso Amorim said. "We are living a unique moment where developing companies are saying, 'We need more access and less restrictions. Failure is simply not an option.'"

Analysts said the presence of U.S. Trade Representative Susan Schwab, EU Trade Commissioner Peter Mandelson, WTO chief Pascal Lamy and Japanese Agriculture Minister Shoichi Nakagawa was a positive sign but that gaps between the two groups would be difficult to bridge. The four will meet with G-20 members Sunday.

Philippe de Pontet, an analyst with the Eurasia Group consulting firm, said that an immediate resumption of talks was unrealistic.

"More plausible would be a return to the negotiating table in November or early December," he said.

But the G-20 statement made clear developing nations were unlikely to back off their key demands developed nations do away with agricultural subsidies and tariff barriers for their farm products.

"Most of the world's poor make their living out of agriculture. Their livelihood and standards of living are seriously jeopardized by subsidies and market access barriers prevailing in international agricultural trade," the statement said.

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Powerful farm lobbies in the United States, Europe and Japan, however, oppose an end to subsidies, which they fear will leave them unable to compete with the flood of cheap imports.

Indian Commerce Minister Kamal Nath said it was up to the developed countries to take the lead in talks.

U.S. trade representative Schwab said she was trying to take that lead.

"I am actively seeking a new way forward for the Doha Round," Schwab said in statement.

Supporters say a successful round will boost the global economy and lift poor countries out of misery. But opponents contend a binding WTO trade treaty will simply reap more profits for multinational companies while virtually enslaving workers in developing nations.

The entire process is rapidly running out of time because President Bush's authority to "fast track" the trade deal expires in mid-2007. The fast-track mechanism enables U.S. envoys to negotiate an agreement that can be submitted to Congress for a yes-or-no vote without amendments.

The G-20, formed in 2003, includes Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, the Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe.

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Montenegro Votes, With Post-Serbia Path Unclear (NYT)

By Nicholas Wood

The New York Times, September 10, 2006

PODGORICA, Montenegro, Sept. 9 — Montenegrins vote in parliamentary elections on Sunday and few have any doubts who will be the winner. For 15 years, Prime Minister Milo Djukanovic, the longest-serving political leader in the Balkans, has dominated Montenegrin politics and is likely to continue to do so after the votes are counted late Sunday night.

Buoyed by electoral success in May, when referendum voters backed Mr. Djukanovic's call for Montenegro to split from Serbia and form an independent state, his two-party alliance is expected to win about 45 percent of the vote to fill the 81-seat Parliament, according to recent polling.

The margin of that expected victory will dictate the exact shape of the next government. But the real mystery is how Mr. Djukanovic — whose career was initially defined by making an alliance with the Yugoslavian leader Slobodan Milosevic and was later enhanced by breaking it — will choose to lead this country into a future seemingly free of the baggage of the former Yugoslavia.

In what has turned out to be a lackluster campaign compared with the emotional independence vote, Mr. Djukanovic has portrayed his coalition as an inevitable choice and the one best-suited to lead Montenegro to full membership in the European Union.

The Parliamentary election is "the second leg of the match we played up to May 21," he told supporters last month, referring to the May independence referendum. "After winning back our home at the referendum, at these elections we should pick a responsible caretaker."

But while he has emphasized that Montenegro is free to redefine itself, diplomats and experts here say it will have a tough time doing so, in part because of Mr. Djukanovic himself.

His tenacious hold on power — indeed, few here seemed shocked that his repeated promises to step down before this vote have gone unfulfilled — has contributed to the challenges still facing this state of 650,000 people.

Montenegro's tiny size has raised a question over its capacity to complete the complex and highly technical application process for the European Union. There are, for example, no precise figures on the number of government employees.

Vanja Calovic, the executive director of a group that is lobbying for government and administrative overhaul, said, "We are a really small country, so we have a few government employees, and on the other side our system of education does not prepare people do their jobs sufficiently well."

Montenegro's involvement in organized crime has earned it one of the worst reputations in the Balkans.

Mr. Djukanovic's government has long been at the center of corruption allegations, and it was named in a European lawsuit against American tobacco makers alleging collusion in cigarette smuggling.

Philip Morris agreed to pay $ 1.25 billion over 12 years in an out-of-court settlement with the European Union in July 2004, with the money earmarked for helping to crack down on the smuggling.

Mr. Djukanovic himself faces an arrest warrant in Italy, brought by a court there in 2004 in connection with the smuggling. He dismisses the charges as politically motivated.

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After he aligned himself with Western countries pitted against Mr. Milosevic and Serbia, little international pressure was initially brought against him to end the illicit trade, which was seen by some as a crucial source of revenue for the country.

Although the recent European pressure seems to have reduced the smuggling, opposition politicians charge that Mr. Djukanovic and his allies have grown rich while in power and have little interest in real economic reform.

"Djukanovic is directly linked to the financial oligarchy in Montenegro," said Nejbojsa Medojevic, the leader of the Movement for Changes, a new opposition party that has campaigned on an anticorruption platform. "Their interests are opposed to European standards. If Djukanovic wins the elections, E.U. integration will go very, very slowly."

In a twist to the Parliamentary election campaign, a state prosecutor announced Thursday an investigation into Mr. Medojevic's purchase of an apartment in Podgorica. Mr. Medojevic — who polls show is one of Montenegro's most popular politicians but is unlikely to win enough votes to rival Mr. Djukanovic — said the inquiry was designed to discredit him before the vote on Sunday.

Others suggest that corruption in Montenegro is no worse than in any other Balkan nation. Croatia and Macedonia are beset by similar problems, said James Lyon, an analyst with the International Crisis Group, and each of those countries already has European Union candidate status.

Spain To Monitor Senegalese Coast (NYT/AFP)

By AFP

The New York Times, September 10, 2006

MADRID, Sept. 9 — Spain said Saturday that it would send planes to scan the coast of Senegal for migrants trying to sail to Europe, in a bid to stem a flood of illegal immigration from Africa to its shores.

Spain's interior minister, Alfredo Pérez Rubalcaba, announced the measure after a meeting on Friday with his Senegalese counterpart Ousmane Ngom and after 90 migrants landed overnight in a vessel on Tenerife, a Spanish island.

They were the latest of more than 22,000 illegal arrivals on Spanish soil from Africa this year. Many of the migrants have landed on the Canary Islands, a Spanish-held archipelago north of Senegal off the Moroccan coast. They often risk death, traveling in small boats, to enter Spain in hopes of finding work in Europe.

Spain and Senegal also agreed to bolster the measures in place on the Canaries to identify people arriving from Senegal, one of the main countries of origin for the wave of migrants.

The two countries signed an agreement in August for Senegal to discourage people from migrating and providing logistical help for Spain to monitor the African country's coasts.

Senegal's president, Abdoulaye Wade, criticized Spain on Thursday for what he described as its government's slowness to send adequate patrols to Senegal.

Rescue services estimate that 550 people may have died this year in unsuccessful attempts to reach the Canaries.

Ownership In Cuba Becomes Hot Issue (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, September 10, 2006

With democratization possible, exiles wonder whether they'd get back the land seized decades ago -- and how, if it all, they'd be compensated.

MIAMI — In the 1950s, when Alberto Beguiristain's family owned 130,000 acres of farmland, two sugar mills and a distillery in Cuba, their 5,000 employees earned an average of $6 a day.

Now, at the dilapidated mill in Quemado de Guines that is the sole Beguiristain enterprise still functioning, it takes the average laborer almost a month to earn $6.

Beguiristain, who now lives in Miami, says he thinks his former countrymen would welcome his return to run what's left of the family business if the ailing Fidel Castro dies and Cubans turn toward a democratic government and pro-market economy.

"My cousin went back to our hometown a few years ago," the 74-year-old insurance agent recalled. Outside the mill gates, the travelers encountered some elderly peasants. "They told her, 'We need your people. When are you coming back?' "

The question of who will own what in a post-Castro Cuba has been an intoxicating subject here since the July 31 news of the president's surgery and temporary transfer of power to his brother Raul.

But few are as optimistic as Beguiristain that the question could be resolved cleanly and simply.

Beguiristain is one of more than 150,000 Cubans who initially fled the 1959 revolution that brought Fidel Castro's guerrillas to power. Each family stripped of its property for alleged collaboration with the deposed regime of Fulgencio Batista was usually allowed to take only $5 and the clothes they were wearing.

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Many of the exiles have kept tabs on their properties through friends who visit the island, or, like Beguiristain, from the Google Earth program that allows them to see satellite images on the Internet. There they get a glimpse of the time, money and energy needed for restoration.

It has been nearly half a century since Castro's revolutionaries took control of the Cuban economy. Factories were put under state management, farmland handed to cooperatives, and elegant houses carved up into small apartments and doled out to the poor.

The Communist government settled claims early on with most foreign investors, though not with U.S. owners. There are about 6,000 claims valued at nearly $8 billion registered with the U.S. Foreign Claims Settlement Commission.

But the vast majority of property seized in the name of Castro's revolution was from Cuban owners, large and small. Though original owners are dying, some survive on dreams of recovering family homes, replanting gardens or rebuilding businesses opened by their ancestors.

Cuban American lawyer Nicolas Gutierrez, whose family was one of the wealthiest in Cuba before the revolution, estimates that at least $100 billion in property was taken from Cuban owners.

Although there is no formal registry of Cuban claims, Gutierrez estimates that at least 2 million people on the island or in exile may have the right, as original owners or their heirs, to claim seized assets or compensation if Cuba is democratized.

"Restitution is not only a pro-exile policy, it's a pro-Cuban policy. Most former property owners are still on the island," said Gutierrez, who was born in Miami to exile parents. "We want everyone to get what they lost."

Cuba has the advantage of learning from the mistakes and successes of new democracies in Eastern Europe, said Tania C. Mastrapa, a Miami consultant on foreign property claims who did her doctoral dissertation on ownership resolution in those post-Communist countries.

How quickly any restitution or compensation program could be enacted in Cuba depends on when and what kind of change occurs, Mastrapa said.

Flocks of former owners have descended on Mastrapa's practice in recent weeks, newly encouraged that political change is coming in Cuba because of the illness and incapacitation of 80-year-old Castro.

"I try to get my clients to hope for the best but to expect the worst," she said.

Even if transition is swift and thorough, a Communist-controlled judiciary will probably still be in power during the crucial early days — and therefore in charge of administering privatization and setting terms for resolving multiple claims and ethical conflicts.

In Eastern Europe, private ownership has been restored with an array of privatization, restitution and compensation programs.

In Latvia, residential property that had been seized from owners after the 1940 Soviet takeover was occupied — sometimes for decades — by other families.

The new Latvian government crafted a seven-year property ownership transition period after the country broke from the Soviet Union in 1991, leaving original owners and occupants to negotiate rents or buyouts and providing arbitration for the few irreconcilable cases.

Mastrapa conducted an informal survey of Cuban exiles with property claims. She said she was surprised to learn that most would be willing to accept some other form of compensation if their property was irreparable or being used for a socially redeeming purpose. Only 23% insisted on restitution.

Over the years, Cuba's government has equated any steps toward capitalism with an invasion of property-grabbing exiles. Some exiles with more recent experience of life on the island warn that the property issue is hypersensitive and that owners should come to terms with their losses.

"It's a page in ancient history, and it would be sheer madness from the political standpoint to be making claims," said Domingo Amuchastegui, a former Cuban intelligence official who defected in 1994.

Restoring private property and settling outstanding claims are among the transitional issues addressed in the 2004 report by the U.S. Commission for Assistance to a Free Cuba, which lays out over nearly 450 pages Washington's priorities for rebuilding democratic and free-market institutions in Cuba.

Amuchastegui criticized the Bush administration report as presumptuously advising Cubans on what reforms they should undertake, and he warned that it fed into the Castro regime's propaganda meant to frighten Cubans about change.

"The U.S. government, if requested by a transition Cuban government, could help establish a structure for addressing property expropriations," the report says, detailing a legal and judicial process for Cubans to follow.

Cuban American social leaders agree the issue is delicate and divisive.

"Cuban exiles are not going to go back and boot people out of their homes," said Alfredo Mesa, executive director of the Cuban American National Foundation.

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Attorney Gaston Cantens represents the Fanjul family, which lost sugar mills, farmland and homes in Cuba but rebuilt in Palm Beach County into Florida Crystals, the state's largest sugar producer. Cantens says that recovering property is "in the back of everyone's mind," but that most exiles are more focused on seeing democracy brought to their native land.

Recalling the Eastern European success in restoring property, Cantens added: "I can't imagine in Cuba there is not going to be a similar process. But I don't think you're going to have people knocking on doors saying, 'This is my home, you've got to leave.' "

Still, it remains uncertain whether, when and what kind of change is ahead for Cuba — a Western-style democracy, the Chinese model or some hybrid.

Though most former owners are in their 70s or older, they refuse to concede that they are unlikely to live to see their properties returned to them.

That hope dies last is evident in the long-nurtured dreams of exiles like Beguiristain to once again see the land of their birth and the backdrop of their youth.

Beguiristain, who moves slowly and with a cane after knee surgery this year, said that he would never displace Cubans from the residential properties his family lost but that he would eagerly return to a free Cuba to try to breathe life into his family's dying businesses.

"I hope that it is in my lifetime," he said with a dejected glance at his swollen leg. "I think once it gets going, it's going to be almost immediately. Once they get an elected government, they'll need to reconstruct everything."

He's ready to leave his spacious home and the comforts he built for himself and his family to be part of that reconstruction, he said, noting that his son's power boat is gassed up and ready to depart for Havana at the first sign from either government that U.S. investment is welcome on the island.

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Reason On Holiday In Mexico (WP)

By Ruben Navarrette Jr.

The Washington Post, September 10, 2006

SAN DIEGO -- The long wait is over in Mexico, where the top electoral court has declared a winner in a presidential election held two months ago. The hope is that things will calm down.

Don't bet on it.

Having lost the election, a left-wing populist with a flair for the dramatic labels his opponents "criminals" and vows to set up a shadow government.

About 150 equally dramatic legislators in Congress take control of the podium and prevent the sitting president from delivering his final state-of-the-nation address. In the streets, protesters throw rocks and bottles at police and stage sit-ins at makeshift shantytowns.

Who needs a presidential address? The state of the nation is obvious: Mexico has gone mad.

More so than usual, I mean. Our neighbor to the south is no model of stability. If that were the case, it wouldn't be hemorrhaging its best people -- the daring young men and women whose optimism leads them north in search of a better wage. There wouldn't be polls showing that nearly half of Mexicans would migrate to the United States if they could.

Still, economic instability is one thing. Political turmoil is a whole different headache. As long as the issue has a binational dimension to it, Mexican elites can dodge accountability by spinning it as Mexico vs. the United States. Concerned that Mexico can't provide opportunities for its people? What you should be concerned about, the elites say, is how los americanos treat your sons and daughters in el norte .

With political turmoil, there is no place to hide. It is Mexico vs. Mexico -- in this case, middle-class Mexico vs. poor Mexico.

Never mind the rich. They're yesterday's news. They still have resources, but their candidates don't have the popular support to win elections without dealing from the bottom of the deck. The party that many of them backed, the Institutional Revolutionary Party (PRI), came in third in the presidential race, lost seats in Congress and teeters on the brink of extinction.

The real struggle is between those in the middle class who are afraid to lose what they have earned and the poor who have nothing to lose.

A few months ago, before Mexican voters went to the polls on July 2 to select a new president, I suggested that Mexico needed a revolution. I also said that such a thing would never come to pass if pro-business conservative Felipe CalderÃ³n got more votes than left-wing populist AndrÃ©s Manuel LÃ³pez Obrador.

I was one for two. I was right that Mexico needs a revolution; the poor have had enough of being swindled and preyed upon -- first by the rich and then by the middle class. In fact, the poor are so accustomed to this sort of treatment that it's easy to

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see why they have taken to the streets. But I was wrong that a CalderÃ³n victory would preserve the status quo. Instead, that victory -- and how it came to be -- may just send the country into a tailspin.

Which is not to say that LÃ³pez Obrador was the better choice. Just take a look at his loco behavior since the election, and you'll see: He's not ready for prime time.

After the initial count showed CalderÃ³n winning by about 243,000 votes out of 41 million ballots cast, LÃ³pez Obrador called for a full recount. Election officials granted a partial one.

There was nothing wrong with LÃ³pez Obrador's asking for a recount. It was a close election. Wrong was when he went on television before the recount was completed and unilaterally declared himself the president-elect. Wrong was when he accused his political opponents -- including CalderÃ³n -- of orchestrating a coup d'etat and then charged that Mexico's electoral tribunal had gone along with it. Wrong was when LÃ³pez Obrador called for democracy and then wiped his feet on the democratic outcome when it didn't go his way.

Poor CalderÃ³n. He has an uphill climb. The first goal of his presidency has to be to convince the poor and the disaffected that they have a voice and he's listening to it. The president-elect can also expect to battle rival factions in Congress.

That includes those feisty legislators from LÃ³pez Obrador's Democratic Revolution Party (PRD) who caused the scene last week by preventing Mexican President Vicente Fox from speaking. The lawmakers said they were protesting voter fraud and the theft of an election.

The protest wasn't supposed to happen. CalderÃ³n's supporters had hoped that the PRD would part ways with LÃ³pez Obrador over his antics and concentrate on building on its significant gains in Congress.

That approach makes sense. It is practical and reasonable and mature, which explains why some Mexicans want nothing to do with it.

Turkey At The Tipping Point (NYT)

The New York Times, September 10, 2006

After a Kurdish group claimed responsibility for a series of recent bombings in Turkey that killed three civilians and injured many others, the United States appointed a retired Air Force general and former NATO commander, Joseph Ralston, to work with Turkish authorities. General Ralston will be responsible for coordinating American antiterrorist efforts with Iraq and Turkey, both of which have sizable Kurdish minorities — and minorities within those minorities who have resorted to terror.

The Turkish foreign ministry hailed the appointment as a “new opportunity” for cooperation between the United States and Turkey.

The United States would be wise to create many more and varied opportunities to engage with Turkey, a longtime ally, and a uniquely important one. Turkey is a predominantly Muslim, secular democracy, situated between Europe and the Middle East. After years of trying to make amends for having suppressed its Kurdish population, often brutally, Turkey has seen violence resume of late. The United States needs to frankly acknowledge that instability in Iraq, on Turkey’s southeast border, has fomented instability in Turkey. That morally obligates the United States to help with corrective action.

Equally important, a renewed focus on Turkey is in the United States’ self interest. Last week, the nonprofit German Marshall Fund of the United States released the results of its annual survey of public opinion in the United States and 12 countries in Europe, including Turkey. The survey’s most striking finding is the degree to which Turks now question their ties to the United States and Europe, and have warmed to Iran, their neighbor to the east.

The discontent appears anchored in Turks’ overwhelming disapproval of President Bush’s handling of international affairs and growing disapproval of European Union leadership. Both are manifest in waning Turkish support for the institutions that have bound Turkey to the West. Though Turkey has been a staunch NATO member since 1952, only 44 percent of Turks in this year’s survey agreed that NATO was essential for Turkey’s security, versus 52 percent in 2005. Even though Turkey opened official membership talks with the European Union last year — after strenuous efforts to meet the union’s criteria — only 54 percent of Turks now view membership as a good thing, versus 73 percent in 2004.

As Turks see it, their support over decades for the West and for democracy has been rewarded with severe regional tension brought on by the United States, and by a cold shoulder, particularly from France and Austria, ever since Turkey qualified for European Union accession talks.

The appointment of General Ralston may help the United States to re-engage with Turkey, though ending Kurdish violence and tensions requires mainly political solutions. The United States can also help to keep Turkey’s aspiration to join the European Union on track, by advocating more openly for resolution of the division of Cyprus between Greek and Turkish Cypriots.

The United States must not ever take Turkey for granted.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Seeks To Boost Support For War Against Terrorism With 9/11 Commemorative Events. President Bush's efforts to boost pubic support for the global war against terrorism as the fifth anniversary of the 9/11 attacks approach were analyzed in a number of prominent national newspapers Saturday morning. While the White House has signaled the 9/11 commemorative events will be non-partisan, Bush's efforts were framed in political terms.

The New York Times (9/9, A1 Sanger, Stolberg, 1.21M) in a front page story describes it as a "carefully calibrated strategy" and quotes presidential counselor Dan Bartlett saying, "You can never turn back the clock. … But we knew that news organizations and everyone else would be using this moment to define where we were five years later, and the president wanted to articulate his view, too." While the White House has downplayed the politics of Bush's 9/11 activities, "it is impossible to separate remembrance and politics" and GOP strategists "say the critical question is whether Mr. Bush still holds the power to alter the course of national conversation away from the Iraq war and back to the theme that has worked for them before, countering direct threats to the United States." Yet "there is another, related question as well: whether Republicans can succeed again in convincing the nation that Democrats cannot be trusted with keeping it safe." The Times notes, "The White House has signaled its intentions on that score and appears to be pivoting to a more openly political phase of its strategy, in which the administration and its allies will try to undermine the Democrats."

Similarly focusing on the political angle, the Washington Times (9/9, Dinan, 88K) in an article titled "Bush Resets Political Debate With Demands For Action" notes Bush garnered "top headlines three days in a row as he dropped several political hot potatoes into Congress' lap and demanded action this month." He "has honed in on one overriding message: Democrats can either join Republicans to pass bipartisan bills or they can try to block them and see

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how that plays in November." Bush " tried to put a face on the terrorists, asked Congress to approve his terrorist wiretapping program and announced he has transferred 14 top terrorists from CIA custody to the Defense Department. He called on Congress to authorize military commissions to try them." White House press secretary Tony Snow said, "That is the No. 1 priority right now."

And the Wall Street Journal (9/9, Dreazen, 2.03M) in an article titled "Bush 9/11 Tour Aims To Bolster Republicans" reports the Administration hopes Bush's trip to the 9/11 sites "can once more lift Republicans to victory." The Journal states, "With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 -- part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it." While the White House says Bush "will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks, Bush's aides "believe terrorism remains a winning political issue for Republicans In recent meetings with lobbyists and political operatives, White House strategist Karl Rove and White House political director Sara Taylor said that Mr. Bush and other top administration officials would make regular reference to Mr. bin Laden and the threat posed by Islamic extremists in the eight weeks that remain until the elections, according to several of those in attendance."

Taking a more neutral tone in its coverage of President Bush's commemoration of the 9/11 attacks the Washington Post (9/9, A4, Asthana, Fletcher, 748K) notes, "The anniversary of the deadliest terrorist attack in the nation's history also will inspire a brief moment of bipartisan comity. Senate Minority Leader Harry M. Reid (D-Nev.) will be among those joining Bush at the Pentagon ceremony. That evening congressional leaders from both parties will lead a commemoration of the national tragedy with speeches, a moment of silence and patriotic songs from the steps of the Capitol."

Similarly, the Los Angeles Times (9/9, Gerstenzang, 918K) notes, "The speech Monday evening will be the fifth address in 12 days Bush will have delivered on terrorism and the wars in Iraq and Afghanistan. The previous speeches have delineated his policies, setting out markers that differentiate them from those of Democrats, without naming the opposition party." But "Snow said the speech Monday 'is not something where we're trying to draw bright lines to separate Democrats from Republicans.'" Snow said, "Bush would try to draw on the way the country responded to the attacks, which Snow said was 'nothing short of sensational, and it's something that could only have happened in this country.'"

And the AP (9/9) briefly notes White House press secretary Tony Snow's characterization of Bush's 9/11 activities. He "said Bush's address would not be a political speech or a charge to Congress for action. Rather, he said, it would be reflective of what Sept. 11 has meant and 'how we move ahead as a country in making use of the lessons of Sept. 11.. … It will have a note of optimism as well as sobriety about what we've been through."

Bush Confident US Public United In Support Of Winning War. Describing President Bush as confident and resolute the Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush on Iraq he "is a bit reflective, if also insistent about the costs of failure. 'I'm not surprised that this war has created consternation amongst the American people,' he concedes. 'The enemy has got the capacity to take -- got the willingness to take innocent life and the capacity to do so, knowing full well that those deaths and that carnage will end up on our TV screens. So the American people are now having to adjust to a new kind of bloody war. … Now, my view of the country is this: Most people want us to win. There are a good number who say, get out now. But most Americans are united in the concept -- of the idea of winning.'" Asked why "both Iraq and his larger antiterror policies have become so politically polarized. 'Well, first of all, I do believe there's a difference between the political rhetoric out of Washington and what the citizens feel. … But this is a different kind of war. In the past, there was troop movements, or, you know, people could report the sinking of a ship. This is a war that requires intelligence and interrogation within the law from people who know what's happening. … Victories you can't see. But the enemy is able to create death and carnage that tends to define the action."

Bush Losing Support Among "Security Moms". NBC Nightly News (9/8, story 6, 2:55, Gregory, 9.87M) reported, Among suburban voters, what a difference two years makes. In the summer of 2004, according to one poll, the President's job approval rating among married women with children, security moms, stood at 52%. Now it's fallen 12 points, just 40% approval. The concern that the President's plunging popularity will hurt Republicans this fall."

Poll Shows US Public Remains Concerned About Terrorist Attacks. ABC World News (9/8, story 3, 0:25, Gibson) reported, "With the fifth anniversary of 9/11 approaching, we have a new poll tonight, which shows the attacks are still having a profound effect on Americans. According to the ABC News survey, seven in ten Americans still think about the attacks regularly. And nearly eight in ten say the attacks changed their outlook in a lasting way. Giving many a sense of insecurity and vulnerability. Two other numbers to mention -- 55% believe the US is safer now than before 9/11. But only 38% say the government is doing all it can to prevent another attack."

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Chief Washington correspondent George Stephanopoulos on ABC World News (9/8, story 4,1:40, Gibson) said the poll shows concerns about a terrorist attack are "number five right now" on the list of top issues after "the economy, behind health care, behind rising gas prices. But this shows it has a deep cultural impact. Almost everyone, 95% of Americans know where they were at the moment of attack." Stephanopoulos added, "Women tend to think more about 9/11. And to worry more that it's going to happen again. And as you said, 55% of Americans think we're safer right now. But that masks a deep partisan divide. Almost 40 points, 76% of Republicans think we're safer. Only 39% of Democrats."

Bush's Focus On War On Terror Said To Risk Reminding Voters Of "Failures." In an analysis piece for the AP (9/9) Tom Raum writes, "President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy. The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad. … Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure."

Democrats Attack Bush Counter Terrorism Policies. The Washington Times (9/9, Bellantoni, 88K) notes the conflicting message some Democrats are offering reporting, "Democrats are challenging Republicans to put politics aside as they craft a resolution commemorating the anniversary of September 11, but also are accusing the majority party of making the country less safe in the five years since the terrorist attacks." Rep. Ed Markey said, "Today, we are still living in a state of homeland insecurity. … That is really what the Bush administration has as a legacy five years after 9/11." And House Minority Whip Steny Hoyer said, "September 11th is not a time for politics," but then proceeded "to outline his view of Republican security failures."

Lawmakers Split Over 9/11 Resolution. McClatchy Newspapers (9/9, Talev) reports, "Republicans and Democrats can't agree on how to honor the victims of the Sept. 11 attacks five years after the tragedy pulled the nation together." In addition to non-controversial sections mourning the victims and condemning terrorism, "it also lauds several Republican-led legislative moves that Democrats opposed or sought to modify." The "Democrats want Republicans to strike those and other references to legislation. But, as of Friday, Republicans were holding firm."

Global Terrorism Seen As On The Rise. The Wall Street Journal (9/9, A6, Etter, 2.03M) in its "Hot Topics" column notes "Bush has made uprooting terrorists the focus of his presidency. Abroad, the president has tried to disrupt terror networks by sending U.S. forces into Afghanistan and Iraq." The Journal notes, "To the surprise of many analysts, there hasn't been another major terror incident in the U.S. since 9/11. Still, global terrorism is on the rise. In 2005 there were 4,960 terrorist incidents, up from 1,150 in 2000, according to the Terrorism Knowledge Base. Critics say the war in Iraq has helped create terrorists. The State Department said this year that terrorists are becoming more sophisticated."

Threat Of Terrorist Attack On US Seen As "Overblown". John Tierney in his column in the New York Times (9/9, 1.21M) highlights the opinions of Ohio State University professor John Mueller who downplays the threat of terrorism. Tierney says, "The Bush administration likes to take credit for stopping domestic plots, but it's hard to gauge whether these are much more than the fantasies of a few klutzes. Bush also claims that the war in Iraq has diverted terrorists' attention there, but why wouldn't global jihadists want the added publicity from attacking America at home, too?" Mueller concludes "that there just aren't that many terrorists out there with the zeal and the competence to attack the United States. In his forthcoming book, 'Overblown,' he argues that the risk of terrorism didn't increase after Sept. 11 -- if anything, it declined because of a backlash against Al Qaeda, making it a smaller and less capable threat than before. But the terrorism industry has been too busy hyping Sept. 11 and several other attacks to notice." Tierney states, "Compared with past threats -- like Communist sociopaths with nuclear arsenals -- Al Qaeda's terrorists are a minor problem."

WSJ Applauds Administration Efforts To Prevent Terrorist Attacks. The Wall Street Journal (9/9, 2.03M) in an editorial reviewing progress made in the years after the 9/11 attacks says lack of any new attack on US soil "should temper the criticism of those who claim that the U.S. policy of aggressively interrogating suspects has yielded no credible information, a point President Bush finally got round to making this week. And it is a strong rebuttal to the argument that, by invading Iraq, the Administration lost focus on the terrorist threat and made America less safe." The Journal applauds Bush's recent efforts to boost support for the war against terrorism "because the great challenge for this presidency is to remind Americans that the threat they face is undimmed even as the events of September 11 recede in memory. The costs of responding to 9/11 have been many, and the temptation is strong to think we can withdraw from Iraq, or from the larger Middle East without consequence to our own security. The abiding lesson of that day five years ago is that this is a dangerous illusion."

Thatcher Will Visit Washington, Meet Rice To Commemorate 9/11. AFP (9/9) reports former UK Prime Minister Margaret Thatcher "will attend events in Washington

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to mark the fifth anniversary of the September 11, 2001, attacks on the United States, her office said." She is slated to accompany Vice President Cheney to a church service and commemorative ceremony Monday. Later, Thatcher "will attend a ceremony at the State Department, where she will meet" Secretary Rice.

Rice Will Meet MacKay, Visit His Nova Scotia Constituency To Commemorate 9/11. AFP (9/9) reports Secretary Rice "will mark the fifth anniversary of the September 11, 2001 attacks in Halifax, Canada, the State Department said." Assistant Secretary McCormack is quoted saying, "Secretary Rice wanted to go to Canada on September 11th as a way of thanking Canada and the Canadian people for all that they did on that day." Canadian willingness to host stranded American passengers "was just an extraordinary act of trust, generosity and kindness in a moment of need, and Secretary Rice wanted to travel to Canada to thank the Canadian government and the Canadian people for those extraordinary act."

More Commentary. Michael Hirsh in a Newsweek (9/9, 3.12M) web exclusive faults Bush's rhetoric on the war against terrorism, contrasting it with former Presidents Harry Truman and Dwight Eisenhower who according to professor of defense analysis at the Naval Postgraduate School John Arquilla, "crafted grand strategy that everybody in America, right and left, accepted for decades. They knew they needed broad support. We don't have that now. We're trying to wage the war on terror with the support of only part of the American people." Hirsh adds, "Perhaps the only thing that is clear any longer is that the war on terror will continue for a long time to come. And so will the war of words over the war on terror."

Bush Defends Rendition Policy. NBC Nightly News (9/8, story 3, 0:35, Williams, 9.87M) reported, "NBC's Matt Lauer sat down today with President Bush, one of the topics they discussed -- the President's confirmation this past week of those secret CIA prisons. He asked if the President, if such facilities passed legal muster." NBC (Lauer) added, "You admitted that there were these CIA secret facilities." President Bush: "So why is that not within the law?" Lauer: "The Amnesty International say that secret sites are against international law." President Bush: "We disagree with them. My job is to protect you. Most American people, if I said we have who we think is the mastermind of 9/11, they'd say, why can't you get information out of him without torturing, which is what we did."

Judge Rejects Padilla Motion To Throw Out Evidence. The Los Angeles Times (9/9, Blum, 918K) reports, "A federal judge has refused to throw out evidence related to the 2002 arrest of alleged Al Qaeda operative Jose Padilla at Chicago's O'Hare International Airport." The Times notes, "Rejecting defense lawyers' requests, U.S. Magistrate Stephen Brown said in a pair of rulings that jurors should be allowed to consider the terror suspect's statements prior to his arrest in May 2002, as well as items in his possession at the time including about $10,000 in cash, a cellphone and a phone book containing numbers for alleged Al Qaeda contacts. Brown's rulings, signed Tuesday, became public Friday."

Senators Work On Tribunal Formation. The New York Times (9/9, Zernike, 1.21M) reports, "The main Senate Republican in talks with the White House over bills to establish tribunals for terror suspects said Friday that a small set of problems divided the two sides and that they would negotiate through the weekend in an effort to reach a compromise. The senator, John W. Warner of Virginia, chairman of the Senate Armed Services Committee, said '90 percent' of the proposal that the White House submitted this week reflected a proposal that he and other Republican senators who have taken the lead on the question had drafted over the summer." The disputes "include whether suspects can be excluded from their trials and what types of evidence would be admissible." Senator Lindsey Graham (R-SC) said that the administration's plan to "deny the accused the right to see and therefore respond to classified evidence" would be struck down by a court "in 30 seconds."

The Washington Post (9/9, 748K) editorializes, "President Bush appears to be hoping that, with an election just around the corner, Congress will not have the stomach to deny him the latitude he demands both on the trials themselves and on larger questions of the treatment of detainees. But quietly, over the past few weeks, a trio of Republican senators -- Armed Services Committee Chairman John W. Warner (Va.), Lindsey O. Graham (S.C.) and John McCain (Ariz.) -- has put together a remarkably good alternative bill." The Post finds the alternative bill "superior to the president's proposal."

Graham Insists On Defendants' Right To See Evidence. McClatchy Newspapers (9/9, Rosen) reports, "Sen. Lindsey Graham said Friday that he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them." Graham remarked, "I don't feel good about telling someone - no matter who they are - `We're going to execute you next week, but I'm sorry, we can't tell you why." He "said that every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security."

Time magazine (9/8) also reports on Graham's misgivings that Bush built "a bridge too far." As the "only serving judge advocate general in the armed forces" in the

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Senate, Graham has "authority" on the issue of allowing detainees to see evidence used against them. Time observes that, while generally a reliable conservative vote for the administration, Graham has "trumped" his own party's leadership on the issue.

Bush Has "Raised His Game." In the New York Times (9/9, 1.21M), columnist Roger Cohen writes, "A lot of words have been expended on President George W. Bush these past years, many of them harsh, and in the cacophony a single thought has perhaps been overlooked: He's a pure political animal." By hammering on "the theme that brought Bush his victory in 2004: terrorism and the supposed resolve of Republicans and wobbliness of Democrats before this mortal threat to America," he has "raised his game when it mattered." Cohen warns Democrats, "A perception of Democratic obstinacy in delaying military tribunals for the likes of Khalid Shaikh Mohammed could carry a heavy political price."

Rivkin And Casey Favor Abbreviating Rights of Gitmo Detainees. In the Wall Street Journal (9/9, 2.03M), former DOJ attorneys David Rivkin and Lee Casey argue, "As it enacts new rules for military commissions, Congress -- as well as the public -- should keep two overriding principles in mind. One: While the jihadists detained at Guantanamo Bay must have due process of law before they can be criminally punished, they are not ... entitled, under the U.S. Constitution or relevant international law, to the same level of procedural protections enjoyed by the lawful soldiers of sovereign states. Two: The methods of warfare employed by unlawful combatants in the war on terror fully justify extraordinary trial rules." President Bush's military commissions bill "should be promptly enacted."

Bin Laden Has A "Blueprint." In a commentary for the Washington Times (9/9, 88K), UPI international editor Claude Salhani writes, "In order to better grasp bin Laden's long-term thinking you will need to look at a map of Central Asia." Salhani sees possible expansion by bin Laden into Pakistan, "Tajikistan, to the northeast, Uzbekistan to the immediate north and Turkmenistan to the northwest." He adds, "The new Muslim empire, or Caliphate, governed by bin Laden or the Taliban would encircle Iran, itself a Muslim nation, also rich in oil and other natural resources. Look at the map again and see the implications for the rest of the oil-rich Arabian Gulf. Iraq, Kuwait, Bahrain, the Emirates, Saudi Arabia and Oman are only a small step and a revolution away. ... Now look at the map again; we are back in the Middle East. Palestine, Israel, Jordan, Egypt, North Africa and sub-Saharan Africa are the natural extension for bin Laden's Caliphate."

HOMELAND RESPONSE:

Chertoff Urges Congress To Address Gaps In Security. The AP (9/8, Jordan) reports today "The nation's homeland security chief urged Congress on Friday to approve plans to better protect seaports and chemical plants from terrorists or risk another attack on the scale of 9/11." In his speech, Chertoff discussed the many advances in Security that have been made since September 11th. He "also rebuked critics who have resisted stepped-up safeguards that might be costly or inconvenient. 'That kind of backsliding runs directly contrary to the lessons of 9/11,' Chertoff told an audience of hundreds at Georgetown University." He also urged if the US had done these changes years ago 9/11 may not have occurred.

Critics Question Administration Dedication To Improving Airport Security. The AP (9/8, Lindlaw) reports that September 11th has led to an "accelerated" effort "to develop better screening technology, research that has advanced with each thwarted terrorism plot." Today "'some things are imminently deployable. Some things are further off,' said Steve Hill, spokesman for GE Security, the unit of General Electric Co. that makes transportation security equipment. "We are not light years off.'" Many critics question if the "Bush Administration is investing enough, even as it spent nearly $1 billion in fiscal 2006 on explosive-detection equipment for checked luggage and checkpoint screening." Currently "TSA and the Department of Homeland Security have repeatedly failed to spend tens of millions of dollars that Congress earmarked for new airport security equipment." At the same time a British Terrorist plot unfolding, Homeland Security quietly tried to take away $6 million that was supposed to be spent this year developing new technology for detecting explosives."

Utah Logs 96 Terrorism Cases In 2005, Tops In Nation. The Deseret Morning News (9/9, Davidson, Fattah) reports, "Federal data on criminal cases show Utah tops the nation in terrorist-related activity. But does it really? … The U.S. Department of Justice reported 96 terrorism-related prosecutions in the Beehive state in 2005. That represents one out of every eight such cases nationwide, well ahead of the second-place 80 filed in the Eastern District of Virginia (in the suburbs of Washington), and the third-place 67 in the Southern District of Texas. … But Utah has not turned suddenly into a stronghold for al-Qaida." The News continues, "A Deseret Morning News review of the cases shows that most of them likely would not be considered terrorism-related by people outside of the Justice Department. In fact, 87 of the 96 were identity-theft cases. None of the cases reviewed had any apparent ties to organized crime or

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terrorist groups listed in court documents. … The Justice Department provided only vague, general reasons why such cases were coded as terrorism-related for national databases. Officials say that terrorists use crimes like identity theft to fund their efforts, making those crimes a potential threat to national security. … 'Since our goal is to charge defendants before they can put their plans into action, this very often leads to the use of non-terrorism statutes such as fraud or false statement charges, immigration violations, identity theft and other offenses that often carry lesser penalties than offenses associated with completed terrorist acts or conspiracies,' Justice Department spokesman Bryan Sierra said. He added that smaller offenses allow officials to disrupt and prevent more serious attacks." The News notes, "Perhaps the reason for the high number of terrorist-related cases in Utah has to do in part with the way the Utah office classifies some cases. Because the Utah Identity Theft Task Force is a component of the FBI's Joint Terrorism Task Force, identity-theft cases often are termed as terrorist-related. … While some of those those cases are not directly linked to a terrorist plot, others are considered 'domestic terrorism' because they have been linked to groups, such as white supremacists, who use identity theft to fund their efforts."

EU Official Angry At Chertoff Allegations About Information Sharing. Sophie in't Veld, a Dutch member of the European Parliament and its Committee on Civil Liberties, Justice and Home Affairs, in an op-ed in the Washington Post (9/9, A17, 748K) takes issue with DHS Secretary Michael Chertoff's Aug. 29, op-ed "A Tool We Need to Stop the Next Airliner Plot" in which he state "that the fight against terrorism is being hampered by European privacy concerns about the U.S. government's use of data collected on airline passengers. This is a very serious allegation that calls for a reaction and some qualification." Veld argues, "friends and allies work together on the basis of mutual respect, trust and shared values. I ssues such as Guantanamo Bay, Abu Ghraib, illegal rendition flights and secret detention camps, the SWIFT spying scandal and the unsatisfactory implementation of the PNR agreement have done much harm to the traditional trust between the transatlantic partners. If we want to beat the terrorists, it is essential that trust be restored. That will not be achieved by tough language between the parties but through respect and willingness to seek compromises."

Police Now Watching For Terrorists With Missiles Near US Airports. The Washington Post (9/8, Wilber, 748K) reports "Police officer Steven Benner was on patrol in northern Anne Arundel County, driving his unmarked sport-utility vehicle through parking lots, climbing onto rooftops and peering down access roads that wind through wooded areas." He has been "looking for threats from shoulder-fired missiles around Baltimore-Washington International Thurgood Marshall Airport." Currently "airport police have expanded their anti-missile networks by reaching out to other law enforcement organizations that patrol potential launch sites and "Police officials said they work closely with the Transportation Security Administration and the FBI to learn about threats" However, Scott Hugh. "former federal security directors say the community meetings have dwindled and occur at only a few airports. He said TSA officials have failed to implement policies that could effectively counter the threat.." In response TSA says "they work closely with local police and federal law enforcement on the issue of shoulder-fired missiles."

Radar Defenses Have Improved. The CBS Evening News (9/8, story 4, 3:15, Couric, 7.66M) reported, "Another failure exposed by the 9/11 attacks was a hole in our aviation communication system. When the hijackers diverted four passenger planes, air force pilots had no way to find or stop them." CBS (Keteyian) added, "Five years ago, on a morning marked by chaos." Unidentified male voice: "It's been hijacked. We don't know where he's going." Keteyian: "Confusion." Unidentified male voice: "I don't know where I'm scrambling these guys to." Keteyian: "And cries for help from the cockpit of one of the hijacked planes. The FAA and North American Aerospace Defense Command, or NORAD, were without a direct line of communications, essentially flying blind during 109 minutes of terror." General Eric Findley: "We had no capability, really, to start looking in because all of our radars looked out." Keteyian: "I welcome to US Northern Command, or North Com, and the new world order of our nation's defense. Inside this nerve center, dozens of military officers and civilians now sit side by side, tracking all things domestic air, land, and sea directly linked to 150 other command centers involved in public safety. And none of this communication was in place five years ago. ... Since the 11th of September, the US has flown more than 44,000 missions, safeguarding the skies over US cities. Radar systems now monitor virtually every aircraft in the sky."

Explosives Lost During Logan Airport Training Exercise. ABC World News (9/8, story 9, 0:15, Gibson) reported, "In Boston, there are a lot of red faces at the Massachusetts port authority. They were using real plastic explosive during a training exercise at Logan airport. And now, they can't find it. And now they can't find it. Eight ounces of semtecks that was attached to a truck bumper. There looking for it now."

Muslims In New York Angered Over Monitoring. The Financial Times (9/9, Birchall, Chaffin) reports that "after being shaken by the widespread detentions

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of suspected illegal immigrants that followed the 9/11 attacks, recent events have highlighted tensions" in New York's Muslim community. Recently Shahawar Matin Siraj was found "guilty of conspiring to blow up the city's Herald Square subway station" and his "case underlined the level of monitoring of some sections of the city's Muslims. Charges were brought against Siraj after a police informer began operating in his mosque."

New Book Describes Missouri Man's Ties To Bin Laden. The Kansas City Star (9/9, Rizzo, 278K) reports, "Did a Kansas City college student help Osama bin Laden start al-Qaida? Federal law enforcement officials think he did. So do private-sector experts on international terrorism. Now, a new book that chronicles the history of al-Qaida portrays former Kansas City resident Mohammed Loay Baizid as a confidant of bin Laden in the early years of the terrorist organization. While The Looming Tower: Al-Qaeda and the Road to 9/11, by Lawrence Wright, a staff writer at The New Yorker magazine, provides Baizid's firsthand account of his association with bin Laden, the former Kansas City resident's activities already have been extensively documented in federal court transcripts and law enforcement documents."

Paulson Reviews Emergency Response Plans. The Financial Times (9/9, Wighton, Taylor) reports, "Concerns about Wall Street's ability to withstand a terrorist attack, natural disaster or flu pandemic have prompted Hank Paulson, the new US Treasury secretary, to review the financial market's disaster-planning." He "has asked the president's working group on financial markets to assess the improvements made since September 11 2001. This comes amid continued Wall Street concerns – five years after the World Trade Center attacks – about the resilience of power and telecommunications services." The Times notes, "Experts say financial services companies in New York and London have improved the resilience of their operations. But some senior Wall Street figures are concerned that the utilities, on which the financial markets depend, have made less progress. There is also greater focus on the impact of a flu pandemic."

The Financial Times (9/9, Wighton, Brewster, Taylor, Gangahar) reports, "Five years and billions of dollars of investment later, many of those flaws have been addressed and there is little doubt that financial markets in New York – and in other leading financial centres – would now be more resilient in the event of a similar disaster." Yet, "concerns remain, not least about the key utilities on which the financial services sector depends and the industry's ability to handle other sorts of threat, such as a flu pandemic." Deputy assistant Treasury secretary for critical infrastructure Scott Parsons "says the most basic lesson learned from September 11 was the need for back-up facilities far enough away from a main site."

Few Major Changes Made In Infrastructure After 9/11 Attacks. The New York Times (9/9, Chan, 1.21M) reports, "The destruction of the World Trade Center produced calls for a wholesale re-evaluation of the way tall buildings are designed and built, but five years later, the changes to New York City's building code, and others across the nation, have been few and modest." Federal recommendations "are still being debated and may yet result in modifications to a national building code that the city plans to adopt. So far, though, 9/11 has not been a turning point for code revision, in the way past disasters were — like the Triangle Shirtwaist fire of 1911."

The Washington Post (9/9, A1, Powell Michelle Garcã, 748K) in a front page story reports, "Some days the hole in the heart of this city appears healed over. The braggadocio is back and the jackhammers rattle near Ground Zero. The scar that is the 16-acre hole is still there, a monument to political paralysis. But a forest of blue condominium towers rises, Hermes and Tiffany are opening shops downtown, Goldman Sachs is throwing up a 43-story office tower, and those Viking-stoved, Jacuzzi-ed lofts still attract high-roller bid-a-thons." Over "5,800 apartments have been built in Lower Manhattan since 2001, and the median residential sales price has jumped 75 percent. Big corporations -- the Bank of New York, Goldman and Moody's Investors Service -- are building millions of square feet of new office space."

Economy Thrives Despite Impact Of 9/11 Attacks. The Wall Street Journal (9/9, A1, Hilsenrath, Pleven, 2.03M) in a front page story reports that despite concerns the 9/11 attacks would continue to have a negative impact on the economy, "The number of security guards on business and government payrolls has declined, companies are holding less inventory, and the amount of freight moving though the nation's ports has soared. Not only has the economy grown, it has become more efficient. And office construction in downtown New York and Washington has continued." The Journal notes, "Several forces are behind the surprising turn. In 2001, years of heavy spending on technology had already begun paying dividends for many companies, permitting them to become more efficient even as they had to divert some resources to security. Massive government stimulus -- hastened by an economic downturn that was in place before the attacks -- helped the economy crawl out of its slump and get on a sustainable growth path. The medicine included steep interest-rate reductions, tax cuts, emergency spending increases and a federal backstop for terrorism insurance -- meaning the U.S. would front part of insurers' losses in the event of a major attack. Meanwhile,

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crime rates were falling, reducing security needs in some places even as fears of domestic terror rose."

The Wall Street Journal (9/9, Chancellor, Vise, Cox, 2.03M) in its EU notebook reports, "Stocks fell by 11% in the immediate aftermath of the Sept. 11, 2001, attacks. At the time, many anticipated dire economic consequences. Fears of financial Armageddon turned out to be exaggerated. Five years later, stocks are up by a third from shortly after the markets reopened. However, it's too early to draw up a final reckoning for that terrible day." The war against terrorism "has boosted U.S. military and security expenditures. Yet foreign loans have enabled Americans to have more guns without skimping on the butter. Economists would normally expect the expansion of such essentially nonproductive activity to have a harmful effect on overall economic efficiency. That hasn't happened. It turns out that average productivity growth over the past five years has actually been greater than during the 1990s." But, "there may still be some future costs to bear. The drop in skilled immigration and foreign students that followed could affect long-term growth prospects. As the war in Iraq drags on, it could well become a greater economic burden. Finally, the economic recovery was accompanied by a surge of consumer borrowing. That's left many households in the red. As the housing market slows, they will come under increasing pressure to settle their bills. Only then will a truer financial accounting for 9/11 be possible."

Democrats Continue To Insist ABC Cancel 9/11 Mini-Series. The New York Times (9/9, Mckinley, 1.21M) reports, "Despite word of small last-minute cuts meant to soften the film's depiction of President Bill Clinton and his aides, members of his administration and Democratic officials yesterday stepped up their campaign to force ABC to cancel its disputed mini-series, 'The Path to 9/11.' The Democratic National Committee delivered to the network a petition with more than 200,000 names that demanded withdrawal of the film, which the petition called 'right-wing propaganda.'" Sen. John Kerry and former vice president Al Gore "also released statements castigating ABC." The Times notes, Sen. Hillary Clinton "was somewhat more guarded in remarks at an event at Columbia University. 'My bottom-line view,' Ms. Clinton said, 'is that when it comes to something as serious and historically significant as 9/11, the truth is enough and we ought to stick to the facts.'"

The Los Angeles Times (9/9, Collins, Duant, 918K) reports, "Walt Disney Co.'s ABC is forging ahead with plans to air a miniseries starting Sunday despite controversy over its efforts to dramatize — and some say unfairly politicize — the events leading up to the Sept. 11 terrorist attacks. … The movie is also threatening the bipartisan work of the Sept. 11 commission, whose Republican chairman, former New Jersey Gov. Thomas H. Kean, served as a paid consultant on the project and has played a key role in ABC's public-relations campaign. At least two other commission members — former Watergate prosecutor Richard Ben-Veniste and Jamie S. Gorelick, a former deputy attorney general under President Clinton — have vehemently criticized the miniseries project."

Bush's Monday Night Speech Interferes With ABC's Schedule. The Washington Post (9/9, A4, Kurtz, 748K) reports, "An ABC spokeswoman said yesterday that changes are being made to a number of scenes in the film. … ABC plans to air the film tomorrow and Monday -- despite another letter from the Clinton camp yesterday asking that it be pulled -- although it is trying to figure out how to accommodate President Bush's prime-time speech Monday and a planned panel discussion after the movie." The Kansas City Star (9/9, Bauder, 278K) reports similar details.

Dowd Claims Clinton And Bush Share Blame For 9/11. The New York Times' Maureen Dowd (9/9) writes, "Sandy Berger is lucky they didn't show him stuffing government documents into his bra. After all, cinematic license is cinematic license. Regarding ABC's tarted-up 9/11 movie that sparked a furor among Clintonites who felt they were unfairly blamed for the rise of Osama, I hate to be so quaint as to defend reality. … The argument over which president is to blame for 9/11 is tiresome. Both obviously bear some blame."

"Irony" Of Clinton's Complaints Noted. Newsweek's Marc Peyser (9/9) writes, "Former president Bill Clinton is blasting the ABC 9/11 docudrama 'The Path to 9/11' for being inaccurate and unfair. You've got to love the irony of that. Wasn't he the guy who hired Hollywood filmmakers to create a campaign biopic of his life? Sure, 'The Path to 9/11' makes up dialogue, invents scenes and creates a composite character or two, but sometimes you have to craft the facts in a certain way to tell a complicated story. Just like sometimes you have to reconsider what the definition of "is" is when you don't want people to know you've had an affair with a White House intern.

Whitman Defends EPA Response To WTC Health Risks. The CBS Evening News (9/8, story 3, , Couric, 7.66M) reported, "Tens of thousands of rescue and recovery workers at ground zero, hailed as heroes at the time, are now suffering from debilitating respiratory problems." Dr. Robin Herbert, Mount Sinai Medical Center: "This is a disaster of, unfortunately, historic proportions in many ways, and I think that the epidemic of disease we're seeing is also going to turn out to be a disaster of historic proportion." Couric: "And another person who has little doubt there is a connection between the dust at ground zero and the health problems today is the woman who was the head of the EPA at the time, Christine Todd Whitman." Christine Todd

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Whitman: "I know there are ongoing scientific studies being done to make the cause and effect, but you know what? We were there saying that this stuff wasn't good to breathe. We were there saying they should take some protection. Now they're getting sick. You see a correlation. You see a connection there." Couric: "But Whitman is the person many first responders hold responsible."

Lawmakers Accuse Administration Of Ignoring Health Problems Stemming From Ground Zero Recovery. The New York Times (9/9, Depalma, 1.21M) reports a bipartisan group of lawmakers including Senators Hillary Rodham Clinton and Charles Schumer "accused the Bush administration of ignoring the health problems that arose among workers who toiled at ground zero and the claims of downtown residents who say they were also sickened by the dust. The administration has done little to prepare for a similar disaster in the future, they said." Rep. Christopher shays said, "Today it appears the public health approach to lingering environmental hazards remains unfocused and halting. … The unquestionable need for long-term monitoring has been met with only short term commitments." And GOP Rep. Vito Fossella "criticized the government for not having done even basic work to record how many people participated in the cleanup and recovery operations." The AP (9/9, Barrett) reports similar details.

More Commentary. The New York Times (9/9, 1.21M) editorializes, "As we pay homage on Monday to those who died on Sept. 11, 2001, it is worth remembering what happened on May 28, 2002. That evening -- a scant 37 weeks after the attack -- workers took down the last column from that smoldering mound and officially cleared the site. … They came when the nation was attacked. Taking care of them now is a national obligation."

US Public Has Mixed Reaction Five Years After 9/11 Attacks. The CBS Evening News (9/8, story 8, 2:15, Hartman, 7.66M) returned to Shanksville, PA the site of the crash of Flight 93 five years after the 9/11 attacks to see how the site "had changed. And what I found was this: Except for a few new stuff in the windows, the town itself is pretty much the same, but the people aren't. They're all coping with the tragedy in such different ways." That's because "the people of Shanksville have very mixed emotions…like the rest of us between moving on and never forgetting."

The New York Times (9/9, A1, Clemetson, 1.21M) in a front page article reports, 'As President Bush prepares to mark the fifth anniversary with high-profile remembrances at the three crash sites, the" Madeleine V. Leckie Elementary School in Virginia "will mark the day with a low-key ceremony. And the families of the school's four victims will cling to the bonds between them." The Times adds, "The families may have scattered, but the school and its garden remain a center of gravity, a place to steal away to and remember the last times their families were whole."

The New York Times (9/9, Barry, 1.21M) in an article titled "He Bears The Mark Of His Loss Sadly" and the New York Times (9/9, Nocera, 1.21M) in an article titled "After 5 Years, His Voice Can Still Crack" describe the personal losses of some family members of 9/11 attack victims.

Some 9/11 Widows Reach Out To Bereaved Women Worldwide. NBC Nightly News (9/8, story 10, 2:55, Fratangelo, 9.87M) reported on the efforts of two 9/11 widows, Susan Retik and Patti Quigley, who started a charity to help bereaved women worldwide. They "started raising money with bicycle rides from ground zero to their homes near Boston to help other widows like them. Not here -- but in Afghanistan, where some lost husbands in the US led bombings." Retik: "A woman in Afghanistan, when she's widowed, their status is automatically lowered a couple of notches. It is an extremely difficult, extremely difficult life." Fratangelo: "Their foundation is called, 'Beyond the 11th.'"

Artist Travels US Painting Patriotic Images. ABC World News (9/8, story 11, 2:50, Gibson) reported on Scott Lobaido's "pilgrimage" to every US state to paint patriotic flags on the roofs of buildings. Lobaido: "It's not pro-war, anti-war. It's about these men and women who step up to the plate. I'm just trying it's about patriotic glue. This glue that keeps us all together regardless of our ideology.

Noonan Sees Message Of Strength In Last 9/11 Calls. Peggy Noonan in her column in the Wall Street Journal (9/9, 2.03M) recalls the last messages the victims of the 9/11 attacks left over their phones and says, "This is what I get from the last messages. People are often stronger than they know, bigger, more gallant than they'd guess. And this: We're all lucky to be here today and able to say what deserves saying, and if you say it a lot, it won't make it common and so unheard, but known and absorbed."

Funding May Run Out For WTC Tribute In Light. The New York Times (9/9, Dunlap, 1.21M) reports, "As twilight falls on Monday, the skies over Lower Manhattan will once again be pierced by the twin beams of the Tribute in Light." It "has become something of a civic tradition" but "the project may run out of money after 2008." And " it may lose its current staging area atop the Battery Garage, six blocks south of ground zero; a rare expanse of secure open space downtown."

Some Listed On Memorial Were Not Victims Of 9/11 Attacks. The AP (9/9, Frankston) reports, "A 100-foot-tall sculpture being unveiled on Monday's fifth anniversary of 9-11 honors thousands of terrorist attack victims, and then some: Carved into the granite base are the names of more than 40 people who weren't killed on Sept. 11 after all." The AP notes, "The majestic sculpture across the Hudson River from ground zero will feature 3,024 names of people once believed

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to have died in the 1993 and Sept. 11, 2001, attacks on the World Trade Center. The problem is that the Russian artist who created the work used an outdated list of names of those missing at the trade center."

WAR NEWS:

Bush Maintains Iraq Is Key To Mideast Reform.

The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he "is most emphatic when he links Iraq to the larger struggle for Mideast reform. 'In the long run, the United States is going to have to make a decision as to whether or not it will support moderates against extremists, reformers against tyrants. And Iraq is the first real test of the nation's commitment to this ideological struggle. … I believe it strongly. One way for the American people to understand the stakes is to envision what happens if America withdraws.' He has been hitting that last point hard in his recent speeches, and it is the linchpin of the argument Mr. Bush will make through November against the Democrats who insist on pulling out immediately."

Khatami Opposes Partitioning Of Iraq. Former Iranian President Mohammad Khatami in an interview with Time Magazine (9/9, Zagorin) calls the partitioning of Iraq "definitely a bad idea," adding, "Iraq should remain unified. The solution is a democratic state." Any "breakup of Iraq is very dangerous. A democratic state can prevent from this from taking place." Later, he adds, "Any aggression against Iran would have costs, serious costs for the U.S., more than for Iran. Public opinion in the world, and a great majority of the American public, would not support a military engagement."

Senate Report Contradicts Claims That Saddam And Al Qaeda Cooperated.

Coverage indicated that the Senate report was a blow to the Bush administration's allegations. Last night NBC and ABC aired lengthy segments on the report regarding Saddam Hussein's government and al Qaeda. NBC opened its broadcast with the story, while ABC ran its second. CBS made no mention of the report during its broadcast. According to ABC correspondent Martha Raddatz, the report "is a stinging rebuke to those assertions made by the White House leading up to the war…and long afterwards." NBC anchor Brian Williams contended that "the notion of any link between the two has been shredded by a big new report issued by the Republican-controlled US Senate Intelligence Committee." Williams added that the report "will be seen as proof that there was a whole lot of bad intelligence floating around. Some of which was used to launch a war."

NBC Nightly News (9/8, lead story, 2:45, Williams, 9.87M) reported, "According to an opinion poll just released this week, 43% of Americans believe Saddam Hussein was personally involved in the 9/11 attacks. That is almost half the country. Linking Iraq and al Qaeda has been a tricky business. Some in the Administration have made the tie. Tonight, the notion of any link between the two has been shredded by a big new report issued by the Republican-controlled US Senate Intelligence Committee. It finds no link between Iraq and al Qaeda. In fact, it says the two have very little in common. There's even evidence Saddam Hussein used to criticize Osama bin Laden." NBC added, "The Senate reports finds that the Bush Administration repeatedly disregarded warnings that key intelligence might be wrong, even a warning that information had been fabricated. The Bush Administration repeatedly claimed there were ties between Saddam and al Qaeda. … But this report finds that none of that was true."

ABC World News (9/8, story 2, 2:40, Gibson) reported that in "the lead up to the war…and for a long time afterward, members of the administration, including the president, have maintained there was a link between Saddam Hussein and al Qaeda. Today, a declassified Senate report said that was not true. That, in fact, Saddam Hussein mistrusted al Qaeda and thought it a threat to his power." ABC added, "The report is a stinging rebuke to those assertions made by the White House leading up to the war…and long afterwards. In four years, the administration has argued that Saddam Hussein was tied to Abu Musab Zarqawi and al Qaeda." ... The Republican chairman of the Senate intelligence committee, Pat Roberts, said today, he was pleased with the overall report but criticized his Democratic colleagues for their statements."

The AP (9/9, Abrams) reports, "Saddam Hussein regarded al-Qaida as a threat rather than a possible ally, a Senate report says, contradicting assertions President Bush has used to build support for the war in Iraq. … Democrats contended that the administration continues to use faulty intelligence, including assertions of a link between Saddam's government and the recently killed al-Zarqawi, to justify the war in Iraq." Republicans "said the document, which compares prewar intelligence with post-invasion findings on Iraq's weapons and on terrorist groups, broke little new ground. And they said Democrats were distorting it for political purposes."

The Washington Post (9/9, A12, Pincus, 748K) reports, "The two newly declassified chapters of the report fueled political accusations yesterday that the Bush administration lied to justify invading Iraq." The Post goes on to report, "Although the Senate report raises questions about the reliability of the information provided by Iraqi exiles, it notes that the information had little direct impact on the National Intelligence Estimate on Iraq produced in October 2002.

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Many of the Iraqi National Congress claims, however, were passed on to the White House and the office of Vice President Cheney through reports by a separate intelligence analysis group established by then-Undersecretary of Defense Douglas J. Feith. The Senate committee's inquiry into the Feith group's activities, another part of the prewar intelligence study, has been delayed by committee Chairman Pat Roberts, who is awaiting the completion of a Pentagon inspector general inquiry into the same matter."

The Los Angeles Times (9/9, Miller, 918K) reports in a 1,500-word article that the Senate committee's findings contradict "claims by the Bush administration before it invaded Iraq." The findings "are the latest in a series of high-profile studies to dispute some of the Bush administration's key arguments for invading Iraq" and will "fuel the election-season debate over the administration's foreign policy at a time when Bush is seeking to shore up support for the war in Iraq." Chairman Roberts was placed "in the awkward position of touting the work of his panel while urging the public to ignore some of its conclusions."

Bush Allegedly Repeated Unsubstantiated Claims Regarding Saddam And Zarqawi. The New York Times (9/9, A1, Mazzetti, 1.21M), in a front-page story, titled, "C.I.A. Said To Find No Hussein Link To Terror Chief," reports that the CIA "last fall repudiated the claim that there were prewar ties" between Hussein's government and Zarqawi. According to the Times, "The disclosure undercuts continuing assertions by the Bush administration that such ties existed, and that they provided evidence of links between Iraq and Al Qaeda. The Republican-controlled committee, in a second report, also sharply criticized the administration for its reliance on the Iraqi National Congress during the prelude to the war in Iraq. … The reports did not address the politically divisive question of whether the Bush administration had exaggerated or misused intelligence as part of its effort to win support for the war. But one report did contradict the administration's assertions, made before the war and since, that ties between Mr. Zarqawi and Mr. Hussein's government provided evidence of a close relationship between Iraq and Al Qaeda. As recently as Aug. 21, President Bush said at a news conference that Mr. Hussein 'had relations with Zarqawi.' But a C.I.A. report completed in October 2005 concluded instead that Mr. Hussein's government 'did not have a relationship, harbor or even turn a blind eye toward Zarqawi and his associates,' according to the new Senate findings." The AP, the Washington Post and the Washington Times also mention the president's August 21 speech.

The Washington Post (9/9, A1, Weisman, 748K), in a front-page article titled, "Iraq's Alleged Al-Qaeda Ties Were Disputed Before War: Links Were Cited to Justify U.S. Invasion, Report Says," reports, "U.S. intelligence analysts were strongly disputing the alleged links between Saddam Hussein and al-Qaeda while senior Bush administration officials were publicly asserting those links to justify invading Iraq. Far from aligning himself with al-Qaeda…Hussein repeatedly rebuffed al-Qaeda's overtures and tried to capture Zarqawi, the report said. Tariq Aziz, the detained former deputy prime minister, has told the FBI that Hussein 'only expressed negative sentiments about [Osama] bin Laden.'"

Bloomberg (9/9) reports Bush "has consistently linked Iraq, where more than 2,600 U.S. military personnel have died and the U.S. is mired in a violent conflict between Shiites and Sunnis, to the larger war on terror and fundamentalist Islamic militants such as al-Qaeda. Bush displayed 'gross negligence' by citing faulty intelligence in speeches and statements to connect Saddam Hussein to al-Qaeda," said Senator Jay Rockefeller.

Snow Responds To Allegations Against Bush. The Washington Times (9/9, A1, Scarborough, Hurt, 88K), in a front-page article titled, "Report Finds No Saddam, Zarqawi Ties," reports Sen. Carl Levin said, 'To this day, these statements haven't stopped. Just two weeks ago, the president said in a press conference that Saddam Hussein had relations with Zarqawi. The intelligence committee's report demonstrates that statement to be false. ... The president's statement, made just two weeks ago, is flat out false.' White House spokesman Tony Snow told The Washington Times last night that Mr. Bush was referring to the fact that Zarqawi was in Iraq receiving medical care and lodging during Saddam's rule. 'The president knows there was no operational relationship and he did not assert there was an operational relationship,' Mr. Snow said. The Senate report also said there is no evidence that Saddam's regime participated in or aided the September 11 attacks. Mr. Snow said the president has never asserted otherwise. 'There have been repeated insinuations that the president had somehow said Saddam was involved in September 11,' Mr. Snow said. 'He has never said that. He has taken great pains from the very beginning to assure people that was not the case.'"

Hagel And Snowe Joined Democrats' Criticism Of US Reliance On INC. NBC Nightly News (9/8, story 2, 2:00, Williams, 9.87M) followed-up its lead story on the Senate report with "analysis" from Washington bureau chief Tim Russert. According to Russert, "two Republican Senators, Chuck Hagel of Nebraska and Olympia Snowe of Maine joined with the Democrats to toughen this report. That's very, very significant." Russert said that when he interviews Vice President Cheney this Sunday he will inquire, "Exactly about this subject."

The New York Times (9/9, A1, Mazzetti, 1.21M) reports, "A set of conclusions that included criticism of the administration's ties with the Iraqi National Congress was opposed by several Republicans on the panel, including Mr. Roberts, but was approved with the support of" Hagel and

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Snowe, "along with all seven Democrats. Senator Roberts even took the unusual step of disavowing the conclusions about the role played by the Iraqi National Congress, saying that they were 'misleading and are not supported by the facts.'

The Washington Post (9/9, A1, Weisman, 748K) reports, "Republican attempts to paint the findings as a partisan rehash were undercut by intelligence committee members from the GOP."

McClatchy (9/9, Strobel, Talev) reports, "The reports are part of a five-report study that the Senate Intelligence Committee has undertaken into the Bush administration's use of intelligence before the invasion of Iraq. The study has left the committee badly divided. Three reports remain classified, including one comparing prewar statements by Bush administration officials to intelligence available at the time. Democrats have accused Republicans of delaying the reports until after the November congressional elections."

The St. Louis Post-Dispatch/Cox (9/9, Deans) reports Sen. Kit Bond "criticized Democrats on the Senate Intelligence Committee for attempting to spin the report released Friday, calling their comments that the administration manipulated pre-war intelligence about Iraq deceptive. 'Democrats continue to make partisan attacks even though the facts do not support those conclusions,' Bond said."

Bush Seen As Unlikely To Admit Making Mistakes. The Washington Post's Linton Weeks, in a piece on past presidents' refusal to apologize for their mistakes (9/9, C1), writes, "Being president apparently means never being able to say you're sorry. Or wrong. President Bush said that the Central Intelligence Agency did secretly detain certain people suspected of working for al-Qaeda, and that CIA interrogators have used 'an alternative set of procedures' designed to pry information from prisoners. Given the opportunity to say he was wrong or that he was sorry, he did what presidents do: neither. … It is a tack that the president may take again in light of reports from the Senate Intelligence Committee that Saddam Hussein was not linked to Osama bin Laden at the time Bush was mounting a war against Iraq."

NYTimes Claims Report's Conclusions Are Already Widely Accepted. The New York Times (9/9, 1.21M) in an editorial writes, "We were certainly relieved that the Senate Intelligence Committee finally made official yesterday what pretty much everyone but President Bush and Vice President Dick Cheney had already acknowledged: There never was any connection between Saddam Hussein and Al Qaeda, not even between Mr. Hussein and the self-styled Qaeda leader in Iraq, Abu Musab al-Zarqawi. Iraq also was not busily trying to build a nuclear weapon before the war, nor did it have a biological weapons program. … Unfortunately, the documents…are beside the big point of this inquiry: Did Mr. Bush and his aides knowingly hype the intelligence on Iraq and deliberately mislead Americans into war?"

General Says Rumsfeld Refused To Plan For Postwar Iraq. McClatchy (9/9, Heinatz) reports, "Long before the United States invaded Iraq in 2003, Defense Secretary Donald Rumsfeld forbade military strategists to develop plans for securing a post-war Iraq, the retiring commander of the Army Transportation Corps said Thursday. In fact, said Brig. Gen. Mark Scheid, Rumsfeld said 'he would fire the next person' who talked about the need for a post-war plan." Scheid, who is retiring in "about three weeks," said that Rumsfeld feared "the American public will not back us if they think we are going over there for a long war." His comments further confirm "the version of events reported in 'Cobra II: The Inside Story of the Invasion and Occupation of Iraq.'" Despite his criticism, Scheid "doesn't go so far as calling for Rumsfeld to resign." This article appeared in about 16 sites.

Iranians Arrest Five Members Of Iraqi Security Forces. The New York Times (9/9, Wong, 1.21M) reports, "Five members of the Iraqi security forces and their interpreter were arrested by Iranian troops as the Iraqis were patrolling the Iraq-Iran border this week. ... The Iraqis were on a joint patrol run by the Interior and Defense ministries ... near the town of Mandali, in Diyala Province. The area has been rife with sectarian violence. It was unclear which side of the border the Iraqis were on." The arrests "come at a time of growing tension between the United States and Iran," the latter of which "detained eight [UK] sailors in June 2004" near the Iranian border. Iraq and Iran fought a war in the 1980s; "though Iraqi Shiite political parties are close to some Iranian officials, many Iraqis distrust the Iranians, who have been the traditional rivals of Arabs for influence in the region." The Times also briefly reports several bombings, a sheik's assassination, and deaths of one British and one American soldier.

The Washington Post (9/9, A12, Paley, 748K) reports the arrests occurred "after a cross-border skirmish Thursday." The captured Iraqis "were part of a joint U.S.-Iraqi patrol that trekked on Thursday afternoon to a border post near Mandali ... to investigate reports that a large number of Iranians were crossing into Iraq there."

Iraqi Forces Protect Karbala. The Washington Times/AP (9/9, Quinn) reports, "Iraqi police and army troops fanned out around Karbala yesterday to safeguard the Shi'ite holy city as a mortar attack killed three pilgrims heading there for a religious festival." Officials expect up to 3 million pilgrims.

The Los Angeles Times (9/9, McDonnell, 918K) reports, "No major attacks were reported against the multitudes

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destined for Karbala, where today they celebrate the birthday of a revered imam who disappeared a millennium ago. But even on a relatively quiet day in the capital, authorities reported finding 14 unidentified bodies in various neighborhoods." Authorities "sealed off Karbala, about 50 miles south of Baghdad, to try to prevent a repeat of previous attacks on masses of Shiite pilgrims, whose boisterous marches are often viewed as a provocation by the rival Sunni Arab community."

Iraqi Death Count Excludes Car Bombs, Mortar Attacks. McClatchy Newspapers (9/9, Brunswick, Obeid) reports, "U.S. officials, seeking a way to measure the results of a program aimed at decreasing violence in Baghdad, aren't counting scores of dead killed in car bombings and mortar attacks as victims of the country's sectarian violence. In a distinction previously undisclosed, U.S. military spokesman Lt. Col. Barry Johnson said Friday that the United States is including in its tabulations of sectarian violence only deaths of individuals killed in drive-by shootings or by torture and execution." The accounting method "allowed U.S. officials to boast that the number of deaths from sectarian violence in Baghdad declined by more than 52 percent in August over July." McClatchy calls the dispute "important" and reports that many Iraqis "say [civil war] has already begun."

New Army Interrogation Manual Recalls Abuses. The Washington Post (9/9, White, 748K) reports, "The chief architect of the new Army field manual on interrogations said yesterday that the document aims to preserve the memory of the detainee abuse at Abu Ghraib and elsewhere so future generations of U.S. soldiers do not repeat the same mistakes." The manual prohibits "abuse alleged at various facilities and some that appear to come directly from Abu Ghraib photographs: forcing a detainee to be naked, perform sexual acts, or pose in a sexual manner," etc. A Human Rights First official expressed concern "that the Army field manual and a new Pentagon directive on detainee treatment designate the CIA as the agency that will do the nation's dirty work under a set of secret guidelines."

US Forces Find Torture Chambers. The AP (9/9) reports, "The senior commander of U.S. and Iraqi forces in northern Iraq said Friday that a small number of 'torture chambers' apparently used for sectarian violence were discovered along the Diyala River. Maj. Gen. Thomas R. Turner II ... told reporters at the Pentagon that two or three small rooms were found in May or June. He mentioned them as examples of sectarian strife that has spread from Baghdad to other parts of Iraq." A Pentagon report had "expressed concern that sectarian violence was spreading beyond the Iraqi capital," which Gen. Turner acknowledged by saying, "We do see that migration."

Ex-Marine Warns Against "Rush To Judgment" Of Murder Suspects. The Los Angeles Times (9/9, Perry, 918K) reports on ex-Marine Ilario Pantano, who "was charged with killing two unarmed Iraqi prisoners but was exonerated last year in a high-profile preliminary hearing at Camp Lejeune, N.C." His Marine career "destroyed," he now expresses concern "that decisions about bringing criminal charges are often made by investigators and officers without direct combat experience. The line between acceptable and unacceptable violence in Iraq is hard to discern, he said." Pantano's "aggressive and media-smart" legal strategy has become a model for other GIs facing "similar charges," such as the Pendleton 8. His accuser remains convinced of Pantano's guilt.

Car Bombing Near US Embassy In Kabul Kills Two US Soldiers. The Kabul suicide bombing resulted in coverage pointing out the increasing boldness of Taliban insurgents in attacking the capital. The Washington Post (9/9, A1, Constable, Hamdard, 748K) reports, "A suicide bomber rammed a Toyota sedan into a U.S. military convoy Friday morning on a busy Kabul street, triggering a blast that killed 14 Afghan civilians and two U.S. soldiers." Seventeen people including a US soldier were wounded in an attack that "tore one U.S. military vehicle in half and scattered chunks of charred metal and human limbs across the pavement." The "attack, carried out on the same block as the heavily guarded U.S. Embassy, was the latest of half a dozen bombings that in recent months have brought what was an almost exclusively rural insurgency onto the streets of the Afghan capital." The Post calls the explosion "the deadliest attack in the capital since September 2002." At the same time, the Post notes, "Taliban militiamen are battling NATO troops in southern Afghanistan with unexpected aggressiveness and occupying rural districts there."

The New York Times (9/9, Gall, Wafa, 1.21M) adds, "A suicide bomber smashed his car into an American military vehicle just yards from the United States Embassy in downtown Kabul on Friday morning, killing as many as 16 people and wounding 29." The attack "came amid a sharp escalation of violence in Afghanistan, where NATO and American military commanders are waging an offensive to crush a Taliban insurgency that has revived with unexpected strength this year." The Washington Times/AP (9/9, Garwood) calls it "the most brazen attack yet on Kabul's heavily guarded center." The Financial Times (9/9, Morarjee, Dombey) calls it "an indication that Taliban insurgents are becoming bold enough to strike outside their traditional southern strongholds."

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The Los Angeles Times (9/9, Rubin, 918K) reports that the bombing has "raised fears here about a growing ability of anti-government extremists to strike with apparent impunity, even in the capital." Kabul residents "blamed the incident on the Musharraf government, which they said had allowed the Taliban to take refuge, train and rearm in Pakistan. But they said the United States was responsible too because it has influence with Musharraf yet has failed to compel him to halt support for Taliban guerrillas or prevent their crossing into Afghanistan."

McClatchy Newspapers (9/9, Landay) reports, "Intelligence officials told McClatchy Newspapers earlier this year that much of the violence in Afghanistan has come from tactics - such as car bombings, suicide attacks and homemade bombs - that were brought to Afghanistan by militants trained in their use in Iraq." The bombing may be linked to "the fifth anniversary Saturday of the assassination of a fabled guerrilla leader and Taliban opponent, Ahmad Shah Massoud, who was killed by suspected al-Qaida operatives posing as television journalists."

Jones Calls For More NATO Troops. The Financial Times (9/9, Morarjee, Dombey) reports that NATO supreme commander Gen. James Jones "made clear that he was looking for a reserve battalion of 800-1000 soldiers, plus air support that could involve additional personnel of up to 1,500 people." He called the reinforcements "more important than ever." However, his "request represents one of Nato's toughest challenges yet, since the alliance has long-standing difficulties in providing speedy troop deployments, air support and forces that can be moved around with ease."

The AP (9/9, Scislowska) reports, "Calls by NATO's top commander for 2,000 more troops in Afghanistan could be running up against donor fatigue from key members of the alliance. The NATO campaign has been draining: In one of the world's harshest environments, it has failed to ensnare top al-Qaida leaders and the insurgency is at its fiercest since the fall of the Taliban — raising the specter of an Iraq-style quagmire." In addition, NATO countries have already contributed troops to Lebanon. The AP says the Afghan military situation has "grim parallels" to Iraq, even though Gen. Jones called such comparisons "a cheap shot." According to the AP, "U.S. and NATO commanders have repeatedly underestimated the ability of the Taliban to regroup after heavy losses, and there are signs that militants in Afghanistan are adopting tactics used in Iraq."

Karzai Says To Expect More Challenges. Time magazine (9/8) reports that the bombing "rocked the floor of the presidential palace a mile away, where President Karzai was sitting down for an interview with TIME." Karzai, "struggling to maintain his composure in the minutes following the blast, condemned the attack and lamented the loss of life, but adamantly rejected any suggestion that the security situation in Afghanistan was deteriorating." He warned, "The enemy is defeated, but it is not eliminated." Time comments, "Events over the past week suggest [the Taliban] are far from being defeated."

Mullah Omar Reportedly In Pakistan. CNN (9/9, Bergen, Cooper, Moore) reports, "The one-eyed Taliban leader Mullah Omar, who heads the religious militia fighting U.S. and NATO forces in Afghanistan, is living in Pakistan, though not in the same area where al Qaeda leader Osama bin Laden is thought to be, according to a U.S. intelligence source. ... The elusive Taliban leader is believed to be in Quetta or its environs." The added "that bin Laden is likely in Bajuar, a sparsely populated remote tribal region on the northern Afghan-Pakistan border, bordering Chitral."

"Kidnapped" Major Turns Up In Kyrgyzstan. The AP (9/9, Saralayeva) reports USAF Maj. Jill Metzger, "who disappeared earlier this week in Kyrgyzstan, was found alive late Friday, reportedly telling people who helped her that she had been kidnapped." Kyrgyz police "informed authorities at the U.S. air base at the airport in Bishkek" that she had been located. Deputy Interior Minister Omurbek Suvanaliyev "said Metzger, 33, knocked on the door of a house on the outskirts of the capital shortly before midnight and told its residents that she had been kidnapped." The AP notes, "The shopping center where Metzger disappeared, located about 35 miles from the base, is not a particularly dangerous area, said" a US military officer. "Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Metzger was found." The New York Times (9/9, 1.21M) runs a slightly modified version of the AP article.

NBC Nightly News (9/8, story 5, Williams, 9.87M) reported, "There is late word tonight that an Air Force major who vanished on Tuesday in the Central Asian nation of Kyrgyzstan has been found. We've learned Major Jill Metzger was found in Bishkek. Wandering near a police station. Her hair had been cut and dyed but it's unclear whether she had been abducted. Air Force doctors are now examining her."

Army Touts Recruiting Increase. The Washington Post (9/9, Tyson, 748K) reports, "The Army will meet its goal of recruiting 80,000 new active-duty soldiers this fiscal year but will fall short in the percentage of high school graduates as the education level of enlistees dips below the norm of the past decade, according to senior Pentagon officials." The recruiting success is a "significant rebound" from last year's failure to meet "the active-duty target" for the first time since 1999. Officials attributed the gains "to a beefed-up active-duty recruiting force" and to incentives for both recruits and recruiters. However, "the proportion of recruits holding a high

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school diploma was 81.2 percent as of August, falling below the Pentagon benchmark of 90 percent for the second year in a row," to the lowest figure since 1981.

The AP (9/8, Burns) reports the story as well, quoting Maj. Gen. Sean Byrne, who concedes that "the Iraq war continues to be a drag on recruiting, and he said unpublished Army research surveys show people of enlistment age are increasingly disinclined to join. Similarly, adults who influence the choices of potential recruits — like parents, teachers and coaches — are less inclined to recommend military service." As it is, "even now, after increasing the active-duty Army by about 10,000 soldiers this year, to about 501,000, soldiers generally get less than two years at home between one-year tours in Iraq."

Journalist Accused Of Assisting Hussein Government Released From Prison. The New York Times (9/9, Hartocollis, 1.21M) reports Susan Lindauer, "a former journalist and Congressional aide accused of working with Iraqi intelligence before the war was released from prison yesterday after a federal judge ruled that she could not be forced to take antipsychotic medication in an effort to make her competent to stand trial. The judge, Michael Mukasey of Federal District Court in Manhattan, said he was not convinced that even if she took the medication…Lindauer, 43, would improve enough to be capable of standing trial. Judge Mukasey also criticized the strength of the government's case, saying that the legal standard for forcibly administering medication requires a strong government interest in prosecution, and that the government has not been able to establish that standard in this case."

CORPORATE SCANDALS:

Probe Of Stock Options Timing Expands. The AP (9/9, Gordon) reports, "As shareholders are finding out how costly the stock-options backdating scandal might be, a widening cast of characters is being targeted." The AP continues, "In the latest development Friday, Broadcom Corp., a supplier of chips used in communications devices, said it may need to boost a charge it takes to $1.5 billion or more for stock-option accounting flaws -- double what it estimated in July." The AP adds, "Government officials said this week they want to know what roles corporate directors as well as outside attorneys, auditors and compensation consultants might have played in helping executives manipulate the timing of option grants to enrich themselves and their colleagues. … More than 100 public companies, many of them in the technology sector, are under scrutiny by the Securities and Exchange Commission for possible rigging of stock-option grants to boost their value to the recipients. The Justice Department is investigating scores of companies for possible criminal violations. … California-based Broadcom, for example, uncovered grants awarded between June 2000 and 2002 in which the measurement dates differed from grant dates. … And the Internal Revenue Service is looking at possible tax-law violations in option grants by some companies."

Broadcom Finds More Options Problems. The San Jose Mercury News (9/9, Schwanhausser) reports, "Broadcom warned investors Friday that its internal review of misdated stock options had uncovered deeper problems that will force it to recognize at least $1.5 billion in expenses -- double the Irvine company's original estimate in July." The News continues, "Meanwhile, a Silicon Valley company said its internal investigation had come to the opposite conclusion: Linear Technology found 'no evidence of fraud or misconduct of any kind.' Still, the Milpitas chip maker apparently became the first valley company to disclose that the Internal Revenue Service is looking into possible option abuses." The News adds, "So far, about 120 U.S. companies face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews, with about one-fourth of them based in Silicon Valley. Many of those have warned they will need to restate past financial reports because option abuses led them to overstate their profits. … Broadcom stands apart, however, because the size and breadth of its errors have grown dramatically. The semiconductor maker said in July that it had understated its option expenses by an estimated $750 million and would restate records dating to 2000. … Now it says it will restate financial reports back to 1998 -- covering its entire history as a public company. The accounting charge 'will be at least twice the amount previously estimated and could be substantially more' if investigators find more tainted options, Broadcom said."

The Los Angeles Times (9/9, Granelli) reports, "As an optimistic symbol of the technology industry's future, Broadcom Corp. in the late 1990s was hard to beat. … Stock options turned average workers into millionaires, and the founders established themselves at the top of Orange County's corporate and philanthropic elite as the Irvine chip maker's share price soared. … But eight years after its frothy debut on the public markets, Broadcom is fast epitomizing the industry's cavalier past — and more sober prospects." The Times continues, "On Friday, the company said unreported expenses related to those stock options that peppered the employee parking lot with Ferraris and Lamborghinis are likely to swell to more than $1.5 billion and ultimately could be 'substantially more.' … The revision is double an estimate of two months ago and would increase Broadcom's accumulated losses since going public in 1998 to more than

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$7 billion. It's also the largest restatement among any of the more than 100 public companies under scrutiny over alleged manipulation of the timing of stock option grants." The Times adds, "Although technology companies were more likely than other firms to grant stock options as incentives for rank-and-file workers as well as executives, questions about the practice are being raised at a number of companies — including Home Depot, Cheesecake Factory, Cablevision and UnitedHealth. … In many cases, experts believe, nothing illegal was done, although the Justice Department is examining more than 45 companies and the Securities and Exchange Commission is reviewing more than 100. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud."

Bloomberg (9/9, Barr) reports, "The restatement is the biggest yet among at least 120 companies facing federal probes or conducting internal reviews into whether they manipulated dates to inflate the value of options. In July, Broadcom said it would take a $750 million charge after an audit committee found options backdating from 2000 to 2002. That review continues. … 'More serious than effect on share price is what it says for the culture of the company,' said Michael Cohen, an analyst for San Diego-based Pacific American Securities. 'In addition to straightening out the accounting, these companies should find the wrongdoers and get some recovery for shareholders.'"

Ebbers Ordered To Report To Prison September 26. The AP (9/9, Neumeister) reports, "Former WorldCom Corp. chief Bernard Ebbers was ordered to report to prison Sept. 26 to begin serving a 25-year sentence for an $11 billion accounting fraud." The AP continues, "U.S. District Judge Barbara Jones, in a ruling made public Thursday, ordered Ebbers to surrender to an institution designated by the U.S. Bureau of Prisons to begin serving a sentence that was delayed for the last year while an appeals court considered it." The AP adds, "Ebbers was sentenced in July of last year after he was convicted of fraud and conspiracy in the massive fraud that drove WorldCom into bankruptcy in 2002. … The 2nd U.S. Circuit Court of Appeals last month upheld his conviction and sentence, finding he was motivated primarily by personal financial circumstances."

Former Enron Executive Delainey Seeks Probation. Bloomberg (9/9, Calkins) reports, "Former Enron Corp. executive David Delainey, who pleaded guilty to insider trading, asked a judge to sentence him to probation or house arrest because he cooperated with prosecutors in their investigation." Bloomberg continues, "Delainey, a Canadian citizen and former head of Enron's energy trading and retail energy services divisions, said he deserves less than the 10-year term he agreed to serve, according to court papers filed Aug. 28. He asked to serve any sentence in Canada, near his job and family in Calgary. … 'Mr. Delainey has provided the government with extraordinary insight and education, and has given powerful, credible testimony,' John Dowd, his lawyer, wrote in court papers filed with U.S. District Judge Kenneth Hoyt in Houston. 'His testimony at the trial of Jeffrey Skilling and Kenneth Lay was critical to achieving the convictions.'" Bloomberg adds, "Skilling, 52, and Lay, who died in July at age 64, were convicted in May of spearheading the fraud that destroyed the world's largest energy trader. More than 5,000 jobs and $1 billion in employee pensions vanished when Enron plunged into bankruptcy in December 2001. … Delainey, 40, pleaded guilty to selling more than $4.26 million in Enron stock between January 2000 and October 2001 based on non-public knowledge of numerous management schemes that were artificially boosting Enron's bottom line. These included realigning business units to hide losses and improperly using reserves to make up shortfalls in earnings expectations. … As part of his plea agreement, Delainey also agreed to forfeit almost $8 million in illicit profits and cooperate with prosecutors when he pleaded guilty to a single count of insider trading in October 2003. In a Sept. 5 response to his sentencing request, prosecutors told Hoyt they will seek an unspecified reduction in Delainey's sentence."

Dunn Denounces Pretexting Tactics In H-P Board Probe. The AP (9/9, Liedtke) reports, "Battling to keep her job, Hewlett-Packard Co. Chairwoman Patricia Dunn tried Friday to defuse the uproar over a company-ordered investigation that relied on a potentially illegal ruse to obtain the personal phone records of her fellow directors and at least nine reporters." The AP continues, "In an interview, Dunn described the tactics as 'absolutely appalling' and 'embarrassing' while defending the need to pursue the investigation to plug a leak on HP's board. … 'I serve at the pleasure of the board,' Dunn said. 'I totally trust their judgment. If they think it would be better for me to step aside, I would do that. But a number of directors have urged me to hang in there.' She declined to say how many of HP's other nine directors support her." The AP adds, "The board plans to hold an emergency meeting by phone during the weekend to discuss the concerns about the company's investigation as well as Dunn's job status. … California Attorney General Bill Lockyer already has concluded the HP investigation broke state law by obtaining people's private phone records under false pretenses -- a charade known as 'pretexting.' … HP's investigators masqueraded as the directors and reporters targeted in the probe, using their Social Security numbers in some instances to dupe phone companies into turning over lists of personal phone calls."

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The San Francisco Chronicle (9/9, Page A - 1, Kopytoff, Guynn) reports, "California Attorney General Bill Lockyer has called the techniques used by Hewlett-Packard's investigators illegal and has opened an inquiry to determine who was responsible. To gain access to the phone records, Hewlett-Packard's investigators obtained Social Security numbers of their targets and then impersonated them online or during phone calls with AT&T. … Dunn stopped short of saying the practice of faking someone's identity to obtain information, called 'pretexting,' was illegal, citing her lack of a legal background. But she said of the tactic, 'I just don't think it's right.'"

CRIMINAL LAW:

Businessman Sentenced To Prison For Bribing Jefferson. The New York Times (9/9, Drew, 1.21M) reports Judge T.S. Ellis III of Federal District Court in Alexandria, Va., "sentenced Vernon L. Jackson, the chief executive of a Kentucky technology company, to 7 years 3 months in jail for paying more than $400,000 to Representative William J. Jefferson, Democrat of Louisiana. In May, Mr. Jackson pleaded guilty to charges that he made the payments to a consulting firm run by Mr. Jefferson's wife in return for the congressman's help on business deals in Africa. Mr. Jefferson has denied any wrongdoing and has not been charged. Prosecutors said Mr. Jackson had been cooperating with a federal investigation of the congressman."

The Washington Post (9/9, A8, Lengel, 748K) reports Jackson "said nothing during the proceeding. His attorney, Michael S. Nachmanoff, said he was pleased the judge gave a sentence that was at the low end of the federal guideline." Jefferson "has not been charged and has denied wrongdoing, but sources have said an indictment appears assured."

The AP (9/9, Barakat) reports, "A former congressional aide of Jefferson was sentenced to eight years in prison after admitting that he helped broker some of the bribes paid to Jefferson."

The Lexington Herald-Leader (KY) (9/9, Cheves) reports, "U.S. District Judge T.S. Ellis III in Alexandria, Va., noted that Jackson is a self-made entrepreneur with strong ties to his community and church. But Ellis said the punishment must reflect the damage that bribery inflicts on the credibility of government. … Ellis ruled that Jackson won't have to report to prison until at least January, as prosecutors said they want to continue to consult him in their investigation."

The New Orleans Times-Picayune (9/9, Walsh) reports, "Kentucky businessman Vernon Jackson, the son of a school custodian who had built himself into a high-tech multimillionaire only to lose it all, was trying to claw his way back into the game six years ago when he met Rep. William Jefferson, D-New Orleans." The Times-Picayune adds, "Jackson, whose fortune was once estimated at $32 million, saw the congressman as his ticket back to financial success and respectability. Jefferson's connections in Washington and West Africa held the promise of finally finding a market for Jackson's patented telecommunications invention that could make both of them rich. … Instead, according to FBI wiretap transcripts and court pleadings, Jefferson hit up Jackson for nearly $400,000 in bribes and eventually sought to seize control of his fledgling telecommunications company, iGate Inc."

More Firms Linked In Jefferson Probe. The New Orleans Times-Picayune (9/9, Alpert) reports, "Documents released this week by Nigerian investigators indicate that the ongoing U.S. probe of Rep. William Jefferson, D-New Orleans, includes an examination of his links to some previously unreported companies." The Times-Picayune continues, "Nigeria's Economic and Financial Crimes Commission said it had been asked by the U.S. Justice Department to examine the congressman's role not only in promoting a Nigerian project proposed by the Kentucky firm iGate Inc., but also his links to" three firms, including "Life Technology Holdings, now known as Global Environmental Energy Corp., which at one time had offices in New Orleans and filed for bankruptcy protection after its efforts to build garbage incinerators failed to catch on. Along with iGate, it helped finance Jefferson's trip to Western Africa, including Nigeria, in 2004. … TDC Overseas of Baton Rouge, which was looking to build a sugar refinery in Nigeria. George Knost, the company's chief executive officer, said TDC is 'cooperating fully' with the Justice Department probe of Jefferson. The company has 'had no improper dealings with Jefferson or anyone else,' Knost said. … Jefferson Interest Inc., which matches the name of a company registered with the Louisiana secretary of state's office in 1983 that lists Jefferson as president and his brothers Bennie and Mose as vice president and secretary-treasurer, respectively." The Times-Picayune notes, "The Justice Department probe of Jefferson centers on allegations that Vernon Jackson, chief executive officer of iGate Inc., funneled more than $360,000 to a company controlled by Jefferson's family in return for the congressman's help in getting contracts in Nigeria and Ghana for iGate's copper wire broadband technology. Jackson has pleaded guilty and was sentenced Friday to seven years and three months in jail."

Libby's Backers Renew Criticism Of Fitzgerald After Armitage Admission. The Los Angeles Times (9/9, Hamburger, Cooper, 918K) reports that "almost three years ago," special prosecutor Patrick J. Fitzgerald learned that Richard Armitage had leaked Valerie Plame's identity to

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Robert Novak. The Times asks, "So if the mystery was already solved, why did Fitzgerald's investigation continue for almost 36 more months? Why does I. Lewis 'Scooter' Libby, former chief of staff to Vice President Dick Cheney, still face criminal charges in connection with the Plame leak? And why were other senior officials left twisting in the wind, facing possible indictment? Did the special counsel, operating behind the veil of secrecy of all such inquiries, abuse his authority in a witch hunt?" The Times goes on to report, "The discovery of Armitage's role — and the fact that it had been known to investigators so early — is stirring administration defenders to fury. After all, they say, the inquiry left the White House under a cloud of suspicion for months and created a costly distraction for senior officials, including political strategist Karl Rove and even Cheney. 'It's as if a giant hoax were perpetrated on the country — by the media, by partisan opponents of the Bush administration, even by several Bush subordinates who betrayed the president and their White House colleagues,' conservative commentator Fred Barnes wrote this week in a Weekly Standard Magazine column that listed Fitzgerald, the news media and others as the culprits."

The AP (9/9, Apuzzo) quotes several supporters of Lewis "Scooter" Libby's, including former Sen. Fred Thompson, "who…said Fitzgerald had a duty to set the record straight yet continued to urge Armitage's silence. Thompson said the case shows the worst side effects of appointing a special prosecutor." Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, "said Friday she believes Fitzgerald knew that no crime had been committed with the leak of Plame's identity, yet he forced reporters to disclose their confidential sources and even sent" the NYTimes' Judy Miller "to jail."

Federal Investigators Interview Harris' Former Campaign Manager. The St. Petersburg Times (9/9, Kumar) reports, "Federal investigators interviewed U.S. Rep. Katherine Harris' former campaign manager as part of an ongoing federal inquiry into her relationship with a convicted defense contractor." The Times continues, "Jim Dornan, who left Harris' Senate campaign in November, spoke to investigators from the FBI and the Defense Department in Washington for about 90 minutes Thursday. … The Justice and Defense departments are examining Harris' dealings with Mitchell Wade, who made illegal campaign contributions to Harris and later asked her to help secure $10-million in federal money for a company project. … They have subpoenaed records from Harris' campaign office and have interviewed at least three former staffers: senior campaign consultant Ed Rollins, congressional chief of staff Fred Asbell and Mona Tate Yost, a congressional aide who later went to work for Wade. … A fourth employee, Kara Borie, Harris' former congressional spokeswoman, was contacted by investigators last month but it is unclear whether she was interviewed." The Times notes, "Wade, who pleaded guilty to bribing another member of Congress, and Harris shared at least two dinners - each costing about $3,000 - at a tony Georgetown restaurant. … Dornan was not working for Harris when she received the donations or requested the money for the project."

US Increases Pressure On Online Gaming Firms. The AP (9/9, Douglas) reports, "Gambling industry experts agree: If you operate an offshore gaming Web site, stay out of the U.S." The AP continues, "Moments after setting foot in the U.S. Thursday, Sportingbet PLC chairman Peter Dicks became the second U.K. offshore sports betting executive arrested in recent months for running an online gambling operation. Former BetOnSports PLC chief executive David Carruthers was arrested on federal charges in July. … It's still unclear if the arrest is a coincidence or part of a government crackdown, but some experts suspect the latter. … And as millions of dollars in bets for the NFL's opening weekend roll into thousands of Web sites, the pressure on the Internet gaming industry has intensified. … 'You don't need legal expertise to know if you are running an offshore gambling site, don't come to America right now. You stand a good chance of being arrested,' Internet gambling expert and lawyer Nelson Rose said." The AP adds, "Dicks, 64, was arrested at Kennedy International Airport in New York after flying from London, where his Web sites operate legally and are traded on the London Stock Exchange. More than $1.5 billion shares in the company were suspended by the LSE at Sportingbet's request Thursday. … Dicks was detained on a Louisiana state warrant from May for gambling by computer, a felony punishable by up to five years year in prison and a $25,000 fine. Similar warrants have been issued for other Sportingbet associates, but authorities would not release information on who or how many of them are wanted. … Seven states have laws prohibiting Internet gambling. The arrest of Dicks marked the first time one of those states has taken action against one of thousands of big-time online gambling operations. Million of American players bet an estimated $6 billion per year online, according to industry figures. … While the Justice Department has said it is being more vigilant in prosecuting illegal offshore betting, the department said Thursday's arrest was not a coordinated effort with state authorities."

US Seeks Death Penalty In Hawaii Child-Beating Death. The Honolulu Advertiser (9/9, Lum) reports, "The U.S. attorney's office in Hawai'i will seek the death penalty in the case of a Schofield Barracks soldier accused of beating to death his 5-year-old daughter last year. … It is only the second time the U.S. Justice Department has

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approved capital punishment in a Hawai'i case since the federal death penalty law was enacted in 1994." The Advertiser continues, "Army Spc. Naeem Williams was indicted by a federal grand jury in February 2006 on one count of first-degree murder. He is accused of the beating death of his daughter, Talia Williams, at the Williams' Wheeler Army Airfield apartment on July 16, 2005. … Last night, Tarshia Williams, Talia's mother, said from her South Carolina home that it was a 'blessing' that the death penalty was approved for her former husband. Naeem Williams was granted custody of Talia in December 2004."

The Honolulu Star-Bulletin (9/9) reports, "The decision to seek the death penalty was made by Attorney General Alberto Gonzales, according to U.S. Attorney Edward Kubo Jr. … The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said. Both are being held in Honolulu, he said." The Star-Bulletin adds, "Hawaii has no death penalty, but Williams will be tried in the state under the federal death penalty law, Silverberg said. … The case is being prosecuted in U.S. District Court because the crime allegedly occurred on a military base, he said."

Former DOD Analyst Sentenced For Giving China Secrets. The AP (9/9) reports, "A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail." The AP continues, "Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001. … At his sentencing, Montaperto said he had wanted to boost his status in the intelligence community and obtain useful intelligence for the United States. 'I never meant to hurt my country in any way,' he said." The AP adds, "Montaperto's lawyer, Stephen Anthony, said Montaperto was an academic and was untrained in dealing with Chinese spies, and that they essentially wheedled him into making illegal disclosures. … In rejecting prosecutors' request for a term of about two years, U.S. District Judge Gerald Bruce Lee said that there was no evidence that Montaperto sought to profit financially from his disclosures, and that the government would not have had a case had he not admitted his misconduct."

The Washington Times (9/9, Gertz, 88K) reports, "A former Pentagon analyst [Ronald Montaperto] who passed highly classified intelligence to two Chinese military officers was sentenced to three months in prison yesterday -- far shy of four to five years called for in sentencing guidelines." Federal Judge Gerald Bruce Lee said he was "swayed" by "letters of support from current and former intelligence and military officials." The Times contrasts the sentence "with the 12-year prison term given in January to another former Pentagon official, Larry Franklin, who was convicted of providing classified information to [officials from AIPAC]." The AP (9/9) also reports the story.

Fugitive Wanted In New York Troopers' Shooting Captured. In a widely-distributed story, the AP (9/9, Thompson) reported, on Friday in western New York, Ralph "Bucky" Phillips "couldn't shake his pursuers. The cordon around one of America's most wanted criminals tightened throughout the afternoon and into the evening. At 8 p.m., an exhausted and gaunt Phillips, with helicopters above and SWAT teams and U.S. Marshals closing in, threw up his hands and surrendered." The AP noted, "On Thursday, the FBI put Phillips on its 10 Most Wanted list. Friday's search started shortly before 2 a.m. in Pennsylvania when a police officer tried to pull over a stolen car. After a short chase, the car crashed and the driver, identified by police as Phillips, fled into the woods." The New York Times (99, Wilson, Staba) added, "After the capture, residents clapped and shouted along the dark roads. … By the end of the manhunt, the reward for information leading to Mr. Phillips's capture had grown to $425,000, and he had been added to the F.B.I.'s 10 Most Wanted List, just three names down from Osama bin Laden."

The Albany Times-Union (9/9, Carleo-Evangelist) and Washington Times (9/9) also reported the story, and all three network news broadcasts on Friday reported on the five-month search for Phillips, including his addition last week to the FBI Most Wanted List. At air time, he had been surrounded but not apprehended. The CBS Evening News (9/8, lead story, 1:40, Pitts) reported that "Phillips stole his first bike in grade school, his first car in middle school, and today, the alleged cop killer made the FBI's 10 most wanted. At this hour, some 300 heavily armed Federal, state, and local law enforcement officers believe they've cornered Phillips near a golf course in upstate New York." ABC World News (9/8, story 8, 2:35, Donovan) noted, "The reward offered for information leading to the capture of Bucky Phillips has now reached $425,000. He's a national figure." NBC Nightly News (9/8, story 8, 2:35, Williams) also reported, "He is one of the most wanted men in this country." In addition to Friday's network news coverage, virtually every cable news program on CNN, MSNBC and Fox News on Friday evening and throughout the day Saturday reported on Phillips' arrest.

CIVIL LAW:

Contractor Fraud In Iraq Is Alleged. The New York Times (9/9, Glanz, 1.21M) reports, "A former employee of a Halliburton subsidiary claims that she was fired for revealing to her managers that the company was charging

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the government fraudulently inflated costs for military facilities it ran in Iraq, according to court papers unsealed yesterday." She charged that KBR "employees faked head counts to inflate its charges for operating recreational and dining facilities, and led a relatively lavish lifestyle by appropriating food and equipment meant for the troops." Julie McBride's allegations against KBR represent "the second corporate whistleblower case to emerge from Iraq. In the first, a jury found the security company Custer Battles guilty of inflating invoices by $3 million, but the case is now going to appeal after a judge held up the settlement.

The AP (9/9, Hastings) reports the same story, observing, "Halliburton subsidiary Kellogg, Brown & Root charged millions to the government for recreational services never provided to U.S. troops in Iraq, including giant tubs of chicken wings and tacos, a widescreen TV, and cheese sticks meant for a military Super Bowl party, according to a federal whistle-blower suit unsealed Friday. Instead, the suit alleges, KBR used the military's supplies for its own football party." McBride "alleges that KBR deliberately overstated the number of military personnel using its services by counting the same person several times." The AP quotes two other KBR employees who blamed the company for defrauding the government, including instances of serving "spoiled food" to troops.

The Los Angeles Times (9/9, Miller, 918K) also reports the story, writing, "The accusations in the lawsuit are the latest involving Halliburton's controversial multibillion-dollar contract to feed and house American soldiers in Iraq. Democrats have been quick to criticize the company, which was run by Vice President Dick Cheney from 1995 to 2000." Rep. Henry Waxman (D-Calif.), "the leader in Congress in attacking Halliburton, said that the charges were further proof of war profiteering by the oil services giant."

The Houston Chronicle/Bloomberg (9/9, O'Reilly) reports, "On June 27, the U.S. declined to take part in the case, according to court records. The False Claims Act allows individual whistle-blowers to sue on behalf of the government and recover part of any settlement or verdict. The Justice Department then decides whether to take part, and while plaintiffs may continue to pursue a case if the U.S. declines to join, they must do so at their own expense. … Cynthia Magnuson, a Justice Department spokeswoman, declined to comment on the complaint but said the agency 'diligently investigates all allegations before determining whether or not to intervene.'"

Red Cross Fined For Violating Blood Safety Laws. NBC Nightly News (9/8, story 9, 0:25, Williams, 9.87M) reported, "The Food and Drug Administration has fined the Red Cross $4.2 million for violating blood-safety laws. The violations include failing to ask donors the right questions, not following test procedures. But officials say there's no evidence anyone suffered health problems from these violations."

Judge Dismisses Whistleblower Suit By Former Pfizer Official. Bloomberg (9/9, O'Reilly, Pettypiece) reports, "Pfizer Inc., the world's largest drugmaker, won dismissal of a 'whistleblower' lawsuit by a former executive who accused the company of promoting unapproved uses for Genotropin, a growth hormone." Bloomberg continues, "U.S. District Judge Joseph Tauro in Boston dismissed the suit by Peter Rost, who was a vice president of marketing at Pfizer until he was fired in December 2005. Rost said in a telephone interview that he plans to appeal. … Rost sued Pfizer in 2003 under the False Claims Act, alleging the New York-based company illegally promoted Genotropin for so-called off-label uses and gained sales of $50 million in 2002 as a result. Rost has criticized the drug industry, including Pfizer, for positions such as opposing legislation that would allow Americans to buy drugs abroad. He is also suing Pfizer for wrongful termination in a separate case." Bloomberg adds, "Rost's suit 'fails to identify one actual false claim that was submitted to the government for the reimbursement of an off- label prescription of Genotropin,' Tauro said in his Aug. 30 order. 'No matter how likely the existence of false claims, this court cannot speculate that such claims inevitably flowed from defendants' activities.'" Bloomberg adds, "The Justice Department in December said it wouldn't join Rost's suit. He was fired the same day."

ANTITRUST:

Michaels Gets Antitrust Nod For Buyout. Bloomberg (9/9) reports, "The $6 billion sale of Michaels Stores Inc. to Bain Capital LLC and Blackstone Group LP won U.S. antitrust clearance, according to a list of terminated merger reviews published by the government." Bloomberg continues, "The sale of the biggest U.S. arts and craft retailer to the two private-equity firms was on the list published by the Federal Trade Commission. Bain Capital and Blackstone agreed June 30 to purchase equal shares of Michaels Stores, based in Irving. … Under the Hart-Scott-Rodino Act, transactions of more than $56 million must be reported to the Justice Department and FTC to give the agencies an opportunity to determine if they might violate antitrust laws. The agencies have 30 days to decide whether to open an investigation or terminate the merger review." Bloomberg adds, "The Justice Department is investigating Michaels' granting of stock options since 1996. A company spokesman said yesterday that an internal review conducted by an

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independent legal counsel found no evidence to support a conclusion that there was intentional misconduct."

The Dallas Business Journal (9/9) reports, "The move was published on the Federal Trade Commissions list of early termination notices. An early termination is granted only when the FTC and the Department of Justice Antitrust Division have completed their review of the deal and determined not to take any action. … The deal is expected to close late during the third quarter or early in the fourth quarter."

Alltel To Sell Minnesota Operations In Antitrust Deal With DOJ. RCR Wireless News (9/8, Silva) reports, "The Justice Department said Alltel Corp. agreed to sell wireless assets in several rural Minnesota markets as a condition to antitrust approval of its $1 billion purchase of regional operator Midwest Wireless. … 'The department's action ensures that wireless telephone consumers will continue to obtain the benefits of competition—lower prices and higher quality,' said Thomas Barnett, chief of the department's antitrust division. 'The required divestitures preserve competition in rural areas where consumers often have fewer choices for wireless telephone services.'" RCR continues, "The state of Minnesota supports the divestiture, in which Alltel will get rid of mobile phone systems in four rural markets where Midwest also offers service, and the issue is now headed to a federal judge for consideration. The Federal Communications Commission too is expected to rule on the Alltel-Midwest Wireless deal by month's end. … U.S. Cellular Corp. previously warned the FCC that an Alltel-Midwest tie-up would hurt competition in southern Minnesota." RCR adds, "Alltel, based in Little Rock, Ark., is the nation's fifth-largest mobile phone operator, serving around 11 million customers. Alltel also provides roaming and other wireless services in 35 states to other mobile wireless providers who use CDMA, TDMA and GSM technologies. Alltel had wireless revenues of approximately $6.6 billion last year."

US Pressures Realtors Over Listings Service. The Milwaukee Journal Sentinel (9/9, Derus) reports, "America's online home shoppers might get a broader view of their choices, because of the Federal Trade Commission. … Regulators want Multiple Listing Service operations to publicly market all 'for sale' listings - not just the ones that guarantee Realtors full sales commissions. Realtors, a trademarked group, created and run the nation's estimated 900 MLS databanks, which showcase all houses for sale listed by Realtors. .. 'We say people should be free to choose,' said Patrick J. Roach, deputy assistant director in the Federal Trade Commission's Bureau of Competition. … 'Upwards of three-quarters of people who buy homes use the Internet, and most of what's out there are sites fed by MLS,' Roach said. 'If its rule says that, if you vary from the traditional form of listing agreement, this house is not going to be visible to the general public - well, from an antitrust perspective, that means a bunch of competitors are dictating terms for all agreements.'" The Sentinel adds, "Roach said his Washington, D.C., agency is challenging such rules where it finds them. In the past week, it logged its first two victories. .. .The Austin, Texas, Board of Realtors signed a consent order agreeing to treat all listings equally, and the Realtors Association of Northeast Wisconsin said it would begin sending exclusive agency listings to www.realtor .com, the biggest public-access site, and the Internet Data Exchange clearinghouse for brokers' sites."

FTC Gives Antitrust Approval To GE's Purchase Of Kinder Morgan Unit. Market Watch (9/9) reports, "General Electric Co. has received antitrust clearance from the Federal Trade Commission to buy the natural gas unit of Kinder Morgan Inc." MarketWatch continues, "The FTC said Friday that it granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law. … General Electric's energy unit will buy Kinder Morgan's U.S. natural gas retail operation for $710 million." MarketWatch adds, "The Hart-Scott-Rodino Act requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the Federal Trade Commission and the antitrust division of the Department of Justice have determined that they won't take enforcement action during the waiting period."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Dept. Blocks Temporary Nuclear Waste Storage On Reservation. The New York Times (9/9, Stolz, Wald, 1.21M) reports the Interior Department "has moved to block a huge 'interim' nuclear waste storage plant on an Indian reservation here [Skull Valley, UT], citing a lack of confidence that it would truly be temporary because there is so much doubt about completion of a permanent repository, at Yucca Mountain, Nev. But sponsors of the project, which was granted a license by the Nuclear Regulatory Commission in February, said that the Interior Department decision had numerous errors and that they were considering an appeal." The Interior Department "said that acting as a 'prudent' trustee of Indian lands, it could 'derive no confidence from the public record' that there would be someplace for the fuel ultimately to go."

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Delaware Refinery To Begin Pollution Curbs. The Wilmington (DE) News Journal (9/9, Montgomery) reports, "A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the Valero refinery near Delaware City." The Journal continues, "The new sulfur dioxide 'scrubber' on Valero's petroleum 'coking' unit will demote its smokestack from one of the nation's top refinery sources of acid rain, smog and dust-forming emissions to something more typical of other nearby crude oil processors. … Valero planned to notify by letter thousands of residents who live within 5 miles of the development. … 'It's going to take out 19,000 tons a year of sulfur dioxide -- it's a huge amount, absolutely,' said Ravi Rangan, an environmental program manager for the Department of Natural Resources and Environmental Control." The Journal adds, "Rangan was one of the DNREC officials who helped pursue the refinery's various owners for years over uncontrolled sulfur dioxide emissions and other pollution offenses. The effort eventually wound up in federal and state courts, producing corporate agreements to install two sulfur scrubbers now slated to start up before the end of the year. .. .The Environmental Protection Agency, DNREC and state and federal justice departments collaborated on the settlements and related penalties -- approved in early 2001 and later amended. Recent estimates of the scrubber costs to the refinery have ranged as high as $400 million."

Judge Orders Halt To Petroleum Lease Sales. The AP (9/9, Lee) reports, "Interior Secretary Dirk Kempthorne expressed confidence in an upcoming oil lease sale in the National Petroleum Reserve-Alaska when he visited the North Slope last week. 'We're set to go forward,' Kempthorne said after taking a helicopter ride over a section of the vast reserve. But that sale will likely have to wait." The AP continues, "A judge on Thursday temporarily halted lease sales of more than 1 million acres in the NPR-A that environmentalists say are essential feeding and breeding grounds for caribou and migratory birds. … Nearly 13 million acres of the reserve in northern Alaska are available for lease sale or have been sold to oil companies, most notably ConocoPhillips. The company hopes to augment waning crude stocks in the Prudhoe Bay fields east of the NPR-A." The AP adds, "Environmentalists filed the lawsuit against the Department of the Interior, the state of Alaska and oil companies in hopes of cordoning off about 600,000 acres of the 23-million acre reserve from more exploratory drilling. The government had planned to open bids on Sept. 27 for about 1.7 million acres, which encompass the area targeted by environmentalists. … ConocoPhillips has its eye on the contested area, which holds a potential 2 billion barrels of oil beneath the permafrost near Lake Teshekpuk. … The order, filed in U.S. District Court in Anchorage, said the government had not adequately considered the cumulative environmental effects of the lease sales in the eastern and western sections of the reserve." The AP notes, "Environmental impact statements addressed the effects of leasing individual parcels, but those reports were too narrow in scope because they did not consider how leasing in the northeastern part of the reserve would affect land and wildlife in the northwestern section, according to the order. … U.S. District Judge James Singleton chastised the defendants for the oversight, writing that they 'violated the National Environmental Protection Act.'"

IMMIGRATION:

Frist Predicts Border Fence Spending Will Limit Fallout Over Immigration Impasse. The Washington Post (9/9, A5, Babington, 748K) reports Senate Majority Leader Bill Frist said that although "Congress will not address major immigration revisions before the Nov. 7 election…he and his allies hope to limit political damage to their party by telling voters they have poured millions of dollars into one component of the controversy: tightening the border with Mexico." Frist "acknowledged that a broad-based immigration bill, backed by President Bush and passed by the Senate, is dead for now. But Republican leaders have added money for border fences and patrol agents to recent spending measures dealing with the Pentagon and homeland security. Frist said he thinks that step may lessen public anger over the porous border and the estimated 12 million illegal immigrants in the country. 'We need to message very well the fact that we have increased over the last two years…the level of funding for immigration and border control fourfold, the fact that by the time we finish here in four weeks we will have 375 miles of fence being built and being funded…and the fact that stopping people at the border coming across has increased…by 25 to 30 percent in the last eight months,' Frist told reporters."

Stalled Legislation Blamed For Weak Turnout At Immigration Rallies. The Washington Post (9/9, B4, Aizenman, Klein, 748K) reports, "In April, Jose Martinez was among the giddiest participants in a pro-immigration rally that attracted more than 100,000 demonstrators to the Mall. … But Thursday afternoon, while immigrants and their supporters were convening on the Mall for a reprise of the April 10 rally, Martinez, 43, was back in the auto shop. … 'No, I'm not going. I'm not motivated this time,' said Martinez." According to the Post, "It was a refrain repeated across the Washington region as immigrants sought to explain how a demonstration that organizers had predicted would mobilize hundreds of thousands fizzled into a gathering of less than 5,000 demonstrators, most from out of town. Rallies in other cities this week drew similar numbers. Many locals who did

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participate Thursday appeared to be union members bused in by their leaders." One marcher "speculated that fewer people might have shown up because a restrictive immigration bill that loomed large in the spring had stalled after winning House approval. … Meanwhile, a Senate bill that would permit illegal immigrants to legalize their status after paying a fine also stalled, causing some immigrants to lose faith in rallies as engines of change."

System Linking Fingerprint Checks With Immigration Violations Tested. The New York Times (9/9, Lipton, 1.21M) reports, "Immigration officials will automatically be notified anytime the local or state police do a federal fingerprint check on a suspect who also happens to be wanted for serious immigration violations, under a new system being tested in Boston. The automated notification is part of a Department of Homeland Security program that could expand the role that the local and state police nationwide play in the immigration enforcement effort. To federal officials, it is a natural next step as police forces have hundreds of thousands of officers who routinely come into contact with illegal immigrants, while Immigration and Customs Enforcement has a squad of only about 6,000 criminal investigators."

Hazelton, Pennsylvania Approves Revisions To Law Aimed Meant To Curb Illegals. The AP (9/9, Rubinkam) reports the City Council of Hazelton, PA "gave tentative approval Friday to an overhaul of an anti-illegal-immigration law considered to be one of the nation's toughest, hoping to put the measure on sounder legal footing. Like the version it will replace if granted final approval Tuesday, the new ordinance punishes businesses that employ illegal immigrants and landlords who rent to them. The revisions, however, remove much of the burden that had been placed on businesses. They soften penalties, give landlords and businesses time to correct violations and leaving it to city officials to verify workers' immigration status with the federal government." The AP notes, "Since the council adopted the original law in July, many municipalities around the nation have approved or considered similar measures."

TAX:

Telecom Official Pleads Guilty To $200 Million Tax Fraud Scheme. The Financial Times (9/9, Grant) reports, "Walter Anderson, a US telecommunications businessman, on Friday pleaded guilty to evading over $100m in taxes in biggest criminal tax fraud in US history." The Times continues, "Mr Anderson was indicted last year on charges that he evaded over $200m in federal income taxes over five years, partly by hiding $450m in earnings at Barclays Bank in the Channel Islands and other offshore accounts. … Prosecutors alleged he concealed his identity as owner of two telecommunications companies in the 1990s through an elaborate web of private mail boxes, including one in the Netherlands." The Times adds, "A search of his home in Washington, DC revealed he had created seven aliases. Officials seized manuals showing how to disguise identities, including one entitled: 'Poof! How to Disappear and Create a New Identity.'"

The New York Times/AP (9/9) reports, "Mr. Anderson started a long-distance telecommunications business in the 1980's as the industry was being deregulated. When his first company, Mid-Atlantic Telecom, merged with another company in 1992, Mr. Anderson formed corporations in the British Virgin Islands to hide the income, prosecutors said. … Authorities said Mr. Anderson used other offshore corporations to disguise his ownership in other telecommunications companies that earned more than $450 million from 1995 to 1999." The AP adds, "Mr. Anderson, who prosecutors said did not file federal income tax returns from 1987 to 1993, has been held without bail since his arrest. Prosecutors say he owes $170 million in federal taxes and $40 million in Washington income taxes."

The Washington Post (9/9, B1, Weiss) reports, "Anderson pleaded guilty at the federal courthouse in Washington to three felony charges -- two for evading federal taxes and one for defrauding the D.C. government with a phony tax return. Among other things, Anderson admitted earning more than $126 million in 1998, a year that he claimed an income of $67,939 on his federal tax return. He paid $495 in taxes that year, authorities said. … 'This case sends a strong signal to anyone thinking about going offshore to avoid taxes,' IRS Commissioner Mark W. Everson said in a statement. 'We have stepped up our efforts to pursue high-income tax cheating, whether it takes place in the United States or overseas.'" The Post notes, "In return for his guilty plea, prosecutors dropped nine felony charges. According to the agreement, Anderson and prosecutors have settled on a maximum sentence of 10 years. In court yesterday, U.S. District Judge Paul L. Friedman indicated that he will go along with the agreement at sentencing Jan. 16. … His attorneys -- including a federal public defender -- have repeatedly sought to have Anderson released on bond. They urged the judge yesterday to cut him loose until sentencing, saying Anderson needed the time to, among other tasks, clean up his aging parents' garage and file his taxes."

CONGRESS-ADMINISTRATION:

Bush Asserts GOP Will Maintain Majorities In Congress. The Wall Street Journal (9/9, Gigot, 2.03M)

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reports that in an interview with President George Bush he rejected the notion of a Democratic takeover of the House saying, "That's not going to happen." Bush "had been saying that he hoped to revisit Social Security reform next year, when he 'will be able to drain the politics out of the issue,' and I rudely interrupted by noting the polls predicting Ms. Pelosi's ascension." Bush adds, "I believe the Republicans will end up being -- running the House and the Senate. And the reason why I believe it is because when our candidates go out and talk about the strength of this economy, people will say their tax cuts worked, their plan worked. … And secondly, that this is a group of people that understand the stakes of the world in which we live and are willing to help this unity government in Iraq succeed for the sake of our children and grandchildren, and that we are steadfast in our belief in the capacity of liberty to bring peace."

Bush To Focus On Social Security In 2007. In its coverage of President Bush's commemoration of the 9/11 attacks the Washington Post (9/9, A4, Asthana, Fletcher, 748K) notes, "Bush said this week he would like to revisit Social Security reform next year." He "failed last year to persuade Congress to overhaul the New Deal-era program, including the creation of private investment accounts and a reduction of guaranteed benefits for future retirees. His staff has said he is exploring the issue, but his comments to" the Wall Street Journal "were the most definitive that he wanted to try something again -- although he did not say exactly what."

Bush Delays Meeting With US Automakers, But Talks With Ford. The AP (9/9, Riechmann) reports President Bush "delayed a summit with the Big Three automakers, but he called a Ford Motor Co. executive as he flew here to raise funds for a Republican facing a tough Senate race. … Democrats — and Dick DeVos, the Republican gubernatorial candidate in Michigan — say the delay in scheduling the meeting shows Bush is not taking seriously the concerns of a major manufacturing sector and its employees.

The New York Times (9/9, Maynard, 1.21M) reports, "Although he has put off a meeting with Detroit automotive leaders until after the November elections, President Bush called the chairman of Ford Motor on Friday, only days after the struggling automaker named a new chief executive. … Bush's call to the Ford chairman, William Clay Ford Jr., came as the President flew to the Detroit area, where he attended a fund-raising event north of Detroit for Mike Bouchard, the Republican candidate for the United States Senate. Mr. Bouchard is challenging Senator Debbie Stabenow, a Democrat who is completing her first term. During the call, Mr. Bush discussed the changes taking place at Ford, which is struggling to hang on to second place in the American car market. As soon as next week, Ford will announce new steps under its restructuring plan, called the Way Forward, which are expected to include more plant closings, job cuts, and buyout offers." The Times notes, "White House officials said Mr. Bush phoned Mr. Ford because the two are friends."

The Detroit Free Press (9/9, Hyde, 346K) reports, "Raising money for a Senate candidate may have been President George W. Bush's motivation for visiting Michigan on Friday, but he spent at least a few minutes discussing Detroit's auto industry. Bush called Ford…to personally deliver a pledge to meet with the heads of the Detroit automakers after Election Day, aiming yet again to calm the tempest stirred by Michigan Democrats over the lack of a date for the meeting.

Democrats Blast Bush For Failure To Schedule Meeting. The Detroit News (9/9, Cain, Shepardson) reports Bush "made the call amid mounting criticism that he has refused to schedule a meeting with executives from the Big Three to discuss domestic carmakers' problems. White House spokesman Alex Conant said the president called Ford because the two men are friends. 'He looks forward to meeting with the Big Three CEOs after the election,' Conant said. Bush and Ford also talked about the recent hiring of Alan Mulally as the new CEO and president of Ford." Rep. John Dingell, "who has repeatedly criticized the president for his dealings with domestic automakers, was not impressed by the phone call. 'The auto industry wonders who's he working for: us or the foreign automakers,' Dingell said." Sen. Debbie Stabenow "was also critical of the president. 'This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need,' Stabenow said."

New Isikoff And Corn Book Details Cheney's Attempt To Influence Armey. Newsweek (9/9, 3.12M) publishes an excerpt from "Hubris," the new Michael Isikoff and David Corn book "about how the Bush administration sold the Iraq war to its supporters," detailing "the previously untold story of how Dick Armey, who was then House majority leader and a silent skeptic about Iraq, succumbed to Vice President Dick Cheney's pressure—much to Armey's later regret."

Higher-Income Seniors Will Pay More For Medicare Starting Next Year. McClatchy (9/9, Pugh) reports, "After 41 years of charging most older Americans the same price for the same care, Medicare will require affluent seniors to pay higher monthly premiums for coverage of doctors' visits, diagnostic tests and outpatient hospital care beginning in 2007. A little-known provision of the 2003 Medicare Modernization Act calls for an estimated 1.5 million seniors to face premium hikes ranging from 10 to 55 percent

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over the next three years if they earn at least $80,000 a year, or $160,000 for married couples. Seniors who earn more than $200,000 and couples with incomes over $400,000 will see their so-called 'Part B' premiums rise the most. The move, designed to help shore up Medicare's shaky finances, has enraged many because it was adopted without public debate. A Republican-led conference committee added the measure to the Medicare bill even though neither the House of Representatives nor the Senate version contained it."

Atlantis Teams Prepping For Last Launch Attempt. ABC World News Tonight (9/8, story 6, 0:15, Gibson, 8.78M) reported, "It was no-go again today for space shuttle Atlantis, when a fuel tank sensor failed. NASA has been trying for two weeks to send the shuttle and its crew to the International Space Station. And they're going to try again tomorrow. And ABC News will carry the shuttle launch live tomorrow, if NASA goes through with it, at 11:15 a.m. Eastern Time."

The New York Times (9/9, Leary, 1.21M) notes, "The effort on Saturday, scheduled for 11:14 a.m., will be the shuttle's last chance before the end of the month to lift off for an 11-day mission to resume construction of the International Space Station. Weather forecasters said conditions at the Kennedy Space Center here should be very good on Saturday morning, with only a slight chance of showers."

In an article titled, "Last-Ditch Launch Attempt," the Los Angeles Times (9/9, Johnson, 918K) reports inside its "A" section, "If the space agency can't get the shuttle off the pad, the launch will have to be put off for weeks, increasing the scheduling pressure on NASA as it works to finish construction of the International Space Station before the shuttle is retired in 2010. The launch window closes after today because a later launch would conflict with the arrival at the space station of a Russian Soyuz craft, which is carrying a new crew. Even if Atlantis launches on schedule, it will be undocking from the space station only 12 hours or so before the arrival of the Soyuz flight."

USA Today (9/9, Watson, 2.27M) reports, "The hatch already had been sealed on Atlantis' crew compartment in preparation for a 11:41 a.m. ET blastoff when launch director Michael Leinbach came onto the radio at 10:54 a.m. ET to break the news. He told the six astronauts that technicians will drain the shuttle's fuel tank and prepare for a possible launch Saturday." USA Today adds, "A Saturday launch would create a delicate job for above-the-air traffic controllers because within 21 hours three spaceships would come and go from the space station. If Atlantis launches Saturday, it would undock from the space station at 9 a.m. ET on Sept. 18, just nine hours after the Soyuz would launch. And 12 hours after the shuttle undocks an unmanned Progress resupply ship also leaves the space station.

OTHER NEWS:

Stocks End Week With Rally. In a brief story, NBC Nightly News (9/8, story 9, 0:25, Williams, 9.87M) reported, "After two days of losses, Wall Street ended the week on a high note." The Wall Street Journal (9/9, Mckay, 2.03M) reports, "Stocks rallied to end an otherwise rocky week of trading, helped by a decline in crude-oil prices to a five-month low and comments by the president of the Cleveland Federal Reserve." The Journal notes, "n particular, traders celebrated the fact that, as the weekend approached, no major storms were threatening offshore drilling facilities in the Gulf of Mexico. On many Fridays in the past, traders have bought futures in order not to be "caught short" in the event of a crisis while markets were closed over the weekend."

Bloomberg (9/9) notes, "The Standard & Poor's 500 Index added 4.90, or 0.4 percent, to 1298.92. The Dow Jones Industrial Average rose 60.67, or 0.5 percent, to 11,392.11. The Nasdaq Composite Index gained 10.50, or 0.5 percent, to 2165.79." But "The S&P 500 dropped 0.9 percent since last Friday, the biggest decline since the period ended Aug. 11. The Dow average lost 0.6 percent and the Nasdaq retreated 1.3 percent."

The New York Times/AP (9/9) in an article titled "A Brief Rebound But Losses For The Week" reports similar details.

Rising Wages Spurs Decrease In Consumer Borrowing. The New York Times/Bloomberg (9/9) reports, "Consumer borrowing increased less than expected in July as higher incomes allowed Americans to reduce their credit card use." Bloomberg adds, "Rising wages gave Americans more cash to spend as they went to shopping malls and auto dealerships in July. Consumer borrowing and spending may slow in coming months as the cooling housing market dents confidence and household wealth."

The AP (9/9, Crutsinger) adds, "The Federal Reserve reported Friday that consumer borrowing rose at an annual rate of 2.8 percent in July, down from an increase of 7.3 percent in June." It "was led by a sharp deceleration in credit card debt, which rose by just 3.4 percent in July after gains of 13.2 percent in June and 13 percent in May."

States Must Find Jobs For Welfare Recipients To Meet Federal Requirements. The AP (9/9, Freking) reports, "The welfare rolls aren't dropping as fast as they used to, and that could pose a big money problem for states from coast to coast after a new federal law takes effect next month. The states' task: find jobs for tens of thousands of people on welfare or risk losing millions in federal money. More than two dozen states have work to do, including Pennsylvania, California and Michigan. The law requires

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states to place into job training, community service or other work activities 50 percent of their households that get welfare aid — and 90 percent of two-parent households that receive assistance." Wade Horn, assistant secretary at the Department of Health and Human Services, is quoted as saying, "About a quarter of the states are really going to have to work hard."

Bush Attends Fundraisers For Bouchard And Talent. The AP (9/9, Riechmann) reports President Bush Bush "was in Michigan for a luncheon fundraiser for Mike Bouchard, the sheriff of Oakland County in suburban Detroit, who is running against" Sen. Debbie Stabenow. The fundraiser "raised $1.5 million for the Michigan Republican Party and Bouchard, who greeted Bush at the airport and rode in the motorcade. … Later, Bush traveled to Kansas City, Mo., where he raised $600,000 at another private event for Sen. Jim Talent, who is facing a difficult re-election challenge from Democratic state Auditor Claire McCaskill. The fundraiser drew hundreds of protesters — some carrying signs that said 'Bring 'em home' and 'No Iran War'."

The Detroit Free Press (9/9, Lam, 346K), in an article titled, "Bush's Speech Called Uplifting And Warm," reports President Bush "swooped in Friday afternoon for a fund-raiser at a palatial house in Clarkston, pleasing listeners with a casual, upbeat speech." Rep Mike Rogers "described Bush's remarks as relaxed, uplifting and warm. 'He talked a little about terrorism and the economy but spent more time talking about the trials and tribulations of being a wartime president,' Rogers said.

The Detroit News (9/9, Cain, Shepardson) reports, "On the drive from Flint's Bishop International Airport to Clarkston, the president's motorcade passed by supporters and protesters who lined the streets. Some applauded, some faced the other way showing the president their backs."

The Kansas City Star (9/9, Helling, Kraske, Canon, 278K) reports, "Air Force One landed uneventfully at Kansas City International Airport about 3:40 p.m. Friday and took off the same way at 6:31. In between, hands were shaken, politics were discussed, large checks were discreetly handled. On Ward Parkway, protesters protested. Across the street, reporters and photographers cooled their heels in a mansion under rehab. … Nothing for the public, nor any impromptu news conferences. He didn't stop at a barbecue pit, either. (He never does. What's up with that, anyway?) So no national ripples; don't go surfing CNN or FOX. Of course, it was pretty exciting if you were one of the 450 folks who were shuttled to the Scott Ward home at 1217 W. 55th St. and got to grip and grin with the big dog, the leader of the free world." The Star adds, "People who attended said Bush spoke about 45 minutes, mixing politics with policy, although he did not take questions. He told the gathering that Talent and Republican Sen. Sam Brownback of Kansas, who also was there, would provide the help he needs to pass legislation expanding his authority to prosecute the war on terror." Former U.S. Rep. Wendell Bailey "said Bush talked about his 'commitment to the presidency rather than being the president. He's just hard to beat in that venue.'"

Romney Fails To Appear In Public With Cheney In Boston. The Boston Globe (9/9, Mishra, Levenson, 425K) reports, "Avoided in public by the state's leading Republicans, Vice President Dick Cheney arrived in Boston yesterday and was greeted by a boisterous protest and a well-heeled GOP crowd in the Back Bay. When Cheney's plane touched down at Logan International Airport, he was greeted by a little-known state representative from Shrewsbury and a small band of local officials. Governor Mitt Romney and Lieutenant Governor Kerry Healey were nowhere in sight, and the vice president, whose poll numbers make him among the least popular political figures in the country, was whisked away in a black limousine." The Globe adds, "Cheney's visit created traffic snarls, and for a few afternoon hours, Back Bay became a congested circus. Sign-waving protesters chanted into bullhorns. A massive retinue of police officers and Secret Service agents lined the streets. … Inside the Harvard Club, Cheney spoke for about 20 minutes to nearly 300 guests, giving a public service award to Richard J. Egan , the founder of the Hopkinton-based EMC Corp. and a stalwart Bush supporter. He also spoke about the war on terrorism." The Globe notes, "In attendance yesterday were Romney , Healey , former governor Paul Cellucci and the new Turnpike Authority head, John Cogliano."

Lamont Praised Lieberman's Rebuke Of Clinton In 1998. The New York Times (9/9, Medina, 1.21M) reports Ned Lamont, "who this week chastised Senator Joseph I. Lieberman for his public rebuke of President Clinton during the Monica Lewinsky scandal, wrote to Mr. Lieberman at the time praising the eloquence of his speech on the Senate floor. 'I supported your statement because Clinton's behavior was outrageous: a Democrat had to stand up and state as much, and I hoped that your statement was the beginning of the end,' Mr. Lamont, then a cable television executive, wrote in an e-mail message to the senator's Washington office on Sept. 16, 1998, two weeks after Mr. Lieberman's speech. … At the time, Mr. Lamont wrote that he had 'supported the moral outrage' Mr. Lieberman expressed reluctantly because he 'thought it might make matters worse,' adding that 'unfortunately, the statement was the beginning of a process that has turned more political and morally offensive.' He urged Mr. Lieberman to 'stand up and use your moral authority to put an

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end to this snowballing mess,' and suggested that 'It's time for you to make up your mind and speak your mind as you did so eloquently last Thursday.'" Lamont, "who declined to discuss the 1998 speech when an Associated Press reporter asked about it on Friday, was unavailable to explain the apparent discrepancy between his recent remarks and his e-mail at the time."

The AP (9/9, Christoffersen) reports Lieberman "defended his reprimand of former President Clinton for his involvement with a White House intern, dismissing rival Ned Lamont's claim that he turned the 1998 rebuke into a spectacle. 'It was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done,' Lieberman said Friday. 'In that case, I stood up and did what I believed was right for our country.'"

Lieberman Must Build His GOTV Operation From The Ground Up. The New York Times (9/9, Medina, Healy, 1.21M) reports Sen. Joseph Lieberman "has begun a complicated, occasionally clumsy tango as he tries to woo Democrats, Republicans and unaffiliated voters without the backing of any party." Lieberman "has been seeking Democrats while appealing to Republicans with tough talk about terrorism that is similar to President Bush's. He is mulling creating nonpartisan 'citizen town committees' because he must build a new voter-turnout operation from scratch. And he is calibrating his language to try to appeal across party lines without seeming inconsistent or awkward — though, at times, he does. No longer the Democratic nominee, he has lost a handful of union endorsements, and his allies in the A.F.L.-C.I.O. may stay neutral. His campaign must replace and train hundreds of field workers that the state party usually deploys to help turn out voters."

Nancy Reagan Asks Webb Campaign To Pull Ad Featuring President Reagan. The Washington Post (9/9, B1, Shear, Craig, 748K) reports former first lady Nancy Reagan asked Virginia Democratic Senate candidate James Webb "to not use a television commercial that shows former president Ronald Reagan praising Webb, his former Navy secretary. In a letter faxed to Webb at 5 p.m., the chief of staff of the Reagan Library in California urged him to not use footage from a speech by the former president at the Naval Academy in 1985. … 'Using the president's name, image or likeness implies endorsement which is neither fair nor respectful of any candidate, certainly not after President Reagan's death,' wrote Joanne Drake. 'At the direction of Mrs. Reagan, please refrain.'" Webb's campaign "immediately rejected the criticism and said it intended to proceed as planned by running the commercial in Norfolk, Roanoke and Northern Virginia."

The AP (9/9, Lewis) reports, "In a telephone interview, Edwin Meese, attorney general under Reagan, called use of the footage 'improper, unethical and very possibly illegal. ... For him to use video of Ronald Reagan to appear in a campaign ad to favor him is fraud.' The ad debuts days after Allen mailed campaign brochures that include a photo of a boyish looking Allen standing beside Reagan. The same photo and a Reagan quote appear on Allen's campaign Web site." Sen. George Allen's campaign manager, Dick Wadhams, "called the ads 'disingenuous and terribly hypocritical' and cited Webb's 1988 resignation, saying he 'quit on Ronald Reagan after he did not get his way as Navy secretary.'"

Many Voters In "Bellwether" Virginia Town Said To Be Undecided. The Washington Times (9/9, McLaughlin, 88K) reports on Bedford, VA which "has picked the Republican winners -- President Bush and Sens. George Allen and John W. Warner -- and Democratic winners Gov. Timothy M. Kaine and former Gov. Mark Warner in Virginia's presidential, congressional and gubernatorial races since 2000."

Menendez's Ethnicity And Background Said To Hamper His Campaign. McClatchy (9/9, Clark) reports Sen. Robert Menendez "is staking his campaign to keep his Senate seat on staunch opposition to the war, lacing his speeches with the body count and price tag of the conflict. It's a strategy that Democrats hope to use to oust Republican incumbents. And it strikes a chord in this heavily Democratic state, where polls suggest that the war is increasingly unpopular. But Menendez's race…has turned into an unexpectedly close and increasingly contentious contest, to the puzzlement of strategists, who wonder whether his ethnicity is a factor." Menendez "voted against the war in Iraq, and he's outdone his opponent 3-to-1 in fundraising. Still, he finds himself neck and neck with Republican challenger Tom Kean Jr., a state senator with a brief record but an outsized name. … Some question whether Menendez's Hispanic roots - and surname - are playing a role in dampening the polls. 'Sad to say, but I do think the Latino surname may be hurting him on the margins,' said David Rebovich, a political science professor at New Jersey's Rider University Institute for New Jersey Politics. 'And there's a lot of skepticism about the Hudson County ties.' The campaign in many ways has revolved around Hudson County, a gritty collection of cities hard by the New York skyline that for years has welcomed newly arrived immigrants - and earned a reputation for political corruption."

Prosecutors Probe Nonprofit That Paid Menendez $300,000 In Rent. The New York Times (9/9, Chen, 1.21M) reports, "Federal prosecutors are reportedly examining the records of a nonprofit community agency in Hudson County

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that paid more than $300,000 in rent to…Menendez while also getting millions of dollars in federal grants with Mr. Menendez's help. WNBC-TV and The Star-Ledger of Newark reported on Thursday that the United States attorney's office had issued subpoenas to the agency, the North Hudson Community Action Corporation, in Union City, this week. A spokesman for the United States attorney declined to confirm or deny those reports on Friday, and repeated attempts to reach the North Hudson Community Action Corporation were unsuccessful." Menendez "criticized the timing of the subpoenas as being politically motivated, and repeated his earlier assertions that he did nothing either illegal or unethical."

Debate Highlights Cardin And Mfume's Similarities. The Washington Times (9/9, Ward, 88K) reports, "One question remained after the two leading Democrats in Maryland's U.S. Senate primary debated for more than an hour in front of an audience of black pastors in Prince George's County yesterday. 'How do the two of you differ?' the moderator asked. 'A lot of times we seem to be very similar,' Rep. Benjamin L. Cardin said. 'I think we're different.' 'We get this question all the time,' said former NAACP leader Kweisi Mfume, a former congressman. Mr. Cardin and Mr. Mfume, whose contest will be decided in Tuesday's primary, emphasized that they have avoided negative attacks and have focused on issues. … But after opening statements and 10 rounds of questions on issues ranging from the war in Iraq and genocide in Sudan to mandatory minimum sentencing and same-sex 'marriage,' their responses provided little to separate the two candidates."

Suburban Philadelphia's Three Close House Races Noted. McClatchy (9/9, Thomma) reports, "There are 435 elections for House seats this fall, but only a few dozen are competitive, and they're almost all in the Northeast and Midwest. Many of them are held by moderate Republicans in places, such as suburban Philadelphia, that went for Democratic presidential candidates Al Gore and John Kerry, as well as local Democrats such as Gov. Ed Rendell. Now, thanks in part to voters' anger at the war in Iraq and disapproval of President Bush, Democrats have an opportunity in these districts to take advantage of a shift away from the national Republican Party that was already occurring."

Wynn Faces Surprising Challenge From Liberal Activists. The Washington Post (9/9, B2, Wiggins, 748K) reports Rep. Albert R. Wynn "has not faced formidable opposition since he was elected in 1992. He has trounced challengers, returning to office with no less than 80 percent of the vote in a primary or general election. But Wynn is facing the political challenge of his career in Tuesday's Democratic primary against Donna Edwards, a lawyer and community activist who has mounted a vigorous and well-organized campaign to represent Maryland's 4th Congressional District. Edwards drew little attention when she filed campaign papers in April to run against Wynn, but she has raised her profile in part with the help of Internet bloggers, who support her positions on the environment, campaign finance reform and Iraq. Edwards opposes the war; Wynn voted for the resolution authorizing it." Wynn "has spent little time campaigning in past elections but has increased his number of public appearances in his district, which includes parts of Prince George's and Montgomery counties."

Schwarzenegger Apologizes For Commenting On Legislator's Ethnic Background. ABC World News (9/8, story 7, 0:25, Gibson) reported Gov. Arnold Schwarzenegger "has found his way into a new controversy, recording remarks he made. The comments came during a closed-door meeting with his advisers in March. And today, he apologized and said the recording made him cringe." 'She's Puerto Rican or same thing or Cuban. I mean they all are very hot. They have the Black blood in them and part Latina blood in them.' Governor Schwarzenegger was speaking about California assembly woman Bonnie Garcia, who is Puerto Rican. She said she was not offended."

The Los Angeles Times (9/9, Salladay, Finnegan, 918K) reports, "Garcia, who has been campaigning for Schwarzenegger as one of his highest profile Latina supporters, said there was no need for apologies, because she refers to herself as hotblooded. The governor attended a fundraiser for Garcia's reelection campaign Thursday."

The New York Times (9/9, Steinhauer, 1.21M) reports Schwarzenegger's Democratic opponent, Phil Angelides, "released a statement chastising the governor. 'Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state,' Mr. Angelides said. But Ms. Garcia, a Republican and an ally of Mr. Schwarzenegger, responded in kind. 'The only embarrassment in California today is Phil Angelides's sad and predictably partisan statement,' she said in a statement distributed by the Schwarzenegger campaign."

The Washington Post (9/9, A2, Pomfret, 748K) reports, "The action hero-turned-governor acknowledged that the tape-recorded comments made him 'cringe' when he read them in yesterday's editions of the Los Angeles Times."

The AP (9/9, Blood) notes Schwarzenegger, "in a tight re-election race, has displayed a more restrained, statesmanlike demeanor while all but retiring his trademark Hollywood swagger. But the newly disclosed remarks

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challenge that carefully managed image and provide a reminder of his history of off-the-cuff — and sometimes off-color — remarks."

Bush Focused On Diplomatic Solutions To Dilemma Posed By Iran. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he acknowledged he allowed former Iranian President Mohammad Khatami to visit the US because, "I'm interested in learning more about the Iranian government, how they think, what people think within the government. My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions. And in order for diplomacy to work, it's important to hear voices other than [current President Mahmoud] Ahmadinejad's." The Journal notes, "The impression Mr. Bush leaves is of a man deeply engaged on the Iran problem and, like several presidents before him, trying to understand what kind of diplomatic or economic pressure short of military means will change the regime's behavior. One way or another, Iran will be the major dilemma of the rest of his presidency, and Mr. Bush knows it."

Khatami Warns US Against Strike On Iran. Time Magazine (9/9, Zagorin) interviews Khatami about the Iran-US relations, the Iraq war and the Israeli-Palestinian conflict. By way of introduction, Times says, "As the most prominent of his nation's reformers, he repeatedly distanced himself from many of the hardline views of Iran's current leadership, but strongly critized the U.S. for what he suggested is 'arrogance' in Iraq. He also cited human-rights violations at both Guantanamo and Abu Ghraib, and warned of the 'costs' of a U.S. or Israeli military strike on his country. But he endorsed a 'two-state solution' to achieve peace between Israel and the Palestinians, and called the Holocaust a 'historical fact.'" Khatami says, "My opposition to Israel is moral. The peaceful solution to the problem of Palestine is to recognize Palestinian rights. This is the only way there could be sustained peace in the region." Khatami later says he believes "the Holocaust, which is an absolute fact, a historical fact, would be misused. The Holocaust should not be, in any way, an excuse for the suppression of Palestinian rights."

Treasury Blocks Key Iranian Bank From US Financial System. The Wall Street Journal (9/9, Solomon, 2.03M) reports remarks by Treasury Undersecretary Stuart Levey that his staff "has blocked a major Iranian bank's access to the U.S. financial system, the latest step in Washington's growing attempt to isolate Iran." Bank Saderat, "one of Iran's largest state-owned banks, no longer will be able to use the U.S. financial system." Levey said the bank "had helped transfer hundreds of millions of dollars to terrorist organizations, including Hezbollah and Hamas." The Journal says the "quest to cut off Iran's support to Hezbollah gained urgency this summer when" the Israel-Hezbollah conflict broke out, and "the U.S. is eager to show that Iran can be cut off economically in the run-up to United Nations Security Council debates this fall that will focus on ways to impose economic sanctions for Tehran's refusal to" suspend uranium enrichment. The Journal calls yesterday's action "part of a broader Bush administration effort to hamper Iran's efforts to aid terrorism and acquire sophisticated weapons, by convincing other governments and financial institutions world-wide to stop doing business with Iranian-controlled companies."

The Washington Post (9/9, A11, Kessler, 748K) notes the Administration "has stepped up a broad effort to choke off Iran's ability to finance militant groups and acquire weapons technology by cutting off suspect banks and firms from the international banking system." That effort "has gathered steam in recent weeks" because of the uranium enrichment issue and the Israel-Hezbollah conflict. The Treasury Department is "accusing Bank Saderat of funneling $50 million to a Hezbollah-controlled firm since 2001."

The AP (9/9, Aversa) says the Administration is "stepping up the pressure on Tehran" with the Bank Saderat move." The AP explains, "While Iranian financial institutions are barred from directly accessing the U.S. financial system, they are permitted to do so indirectly through a bank in another country. The United States is closing down that avenue for Bank Saderat," but the move "doesn't apply to other Iranian banks." The action "marked the administration's latest effort to turn up the heat on Iran," and "is the latest step to financially clamp down on Hezbollah, which the United States says is bankrolled in large part by Iran."

Burns Holds Talks On Iran, Says US Pushing For Sanctions. The New York Times (9/9, Dempsey, 1.21M) reports Undersecretary Burns said publicly yesterday that Washington "wants the major powers to begin talks next week on a draft United Nations resolution against Iran if it does not halt its enrichment of uranium." He is quoted saying, "We are heading toward the U.N. Security Council to consider a sanctions regime." He further said that [his] meeting with the European diplomats, held Thursday, was 'the first time we sat together to discuss what type of sanctions' to impose on Iran. He said talks with them and the diplomats from Russia and China would resume Monday by conference call, and then shift to the United Nations." The AP (9/9, Jahn) says Burns "also dismissed suggestions of cracks in the six-power coalition pushing Tehran to give up enrichment." The Washington Times/AP (9/9, Jahn) runs the AP report this morning.

Khatami Decries Terrorism "Masked" In Islam. The AP (9/9, Mann) details a speech last night by visiting former Iranian President Mohammad Khatami in which he "decried a wave of 'Islamophobia' that he said is being spread in the

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United States by fear and hatred of Islam in response to terror perpetrated by Muslims." Khatami is quoted, "In the crime of 9/11, two crimes were committed. One was killing innocent people. The second crime was masking this crime in the name of Islam." Khatami also told American Muslims that they "should show their countrymen by example that they, not terrorists, represent Islam." The AP notes, "The talk broke no new ground for Khatami, considered a reformist during his two terms as president that ended last year. He was among the first foreign leaders to condemn the Sept. 11, 2001, attacks. His visit to the United States drew criticism from some politicians and others because of the bitter contention now under way between Iran and the United States over actions of his successor, Mahmoud Ahmedinejad."

Khamenei Said To Sideline Other Authorities To Solidify His Dominance. In an 1,841-word piece on its front page, the New York Times (9/9, A1, Slackman, 1.21M) profiles Ayatollah Ali Khamenei, Iran's supreme spiritual leader and the "primary architect" of its "combative" foreign policy. "Cloaked in religious robes, with a black turban signaling that he is a descendant of the Prophet Muhammad, Ayatollah Khamenei delivers the same blistering anti-American, anti-British, anti-Israeli message as the president. His political evolution charts his own rise to power." Although he once "questioned the absolute power of Iran's supreme leader, saying Islamic law and the Constitution must come first," he "has emerged as an aggressive defender of his own right to have the final say in all matters of state and religion — a power he has not been afraid to exercise." Analysts believe Khamenei has sought "a more confrontational approach with the West because he grew disillusioned with the so-called confidence-building policy pursued by the reformist government of Mohammad Khatami." Khamenei has built "a political base among Iran's more fundamentalist circles, which are suspicious of the West. Along the way, he succeeded in sidelining most of those with independent authority, such as the former two-term president Ali Akbar Hashemi Rafsanjani, who pushed to select Ayatollah Khamenei as supreme leader."

Bush Remains Steadfast In Support Of Spreading Democracy In Mideast. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he dismissed critics who "are saying the Bush Doctrine of spreading democracy in the Middle East is dead." He "concedes that Hamas's 'militant wing,' as he calls it, is 'unacceptable.' But he says he sees a virtue in 'creating a sense where people have to compete for people's votes. They have to listen to the concerns of the street.' The answer is for other Palestinian leaders to out-compete Hamas to respond to those concerns. 'Elections are not the end. They're only the beginning. And, no question, elections sometimes create victors that may not conform to everything we want. … On the other hand, it is the beginning of a more hopeful Middle East."

Israel Lifts Naval Blockade Of Lebanon. The New York Times (9/9, Smith, 1.21M) reports Tel Aviv "lifted its sea blockade of Lebanon on Friday, releasing its last major chokehold on the country since war broke out in July." Critically "important for the Lebanese economy, ships loaded with cars, food and oil steamed toward Beirut." Tel Aviv "said it had turned over responsibility for patrolling the Lebanese coast to Italian warships, which would help the Lebanese Navy enforce a United Nations-mandated arms embargo against Hezbollah." The Times says Hezbollah likely "still has plenty of weapons, and they doubt that it would try to import more arms now in any case. Few Lebanese, meanwhile, believe the multinational naval presence can do much to stop any banned shipments that do come."

The Washington Post (9/9, A10, Cody, 748K) notes Tel Aviv "Israel lifted its eight-week-old maritime blockade of Lebanon on Friday, the United Nations announced, and within hours a gleaming white ship pulled into Beirut harbor carrying a load of appliances." Yesterday's shipping "lineup reflected Beirut's role as a regional hub for imports and exports, a major component of the Lebanese economy that withered under restrictions even after fighting ended."

The Financial Times (9/9, England, Morris) notes, prior to the lifting, "Lebanon said the blockade was costing the nation tens of millions of dollars a day and restricted the import of goods - many of which would come through the port - hampering efforts to reconstruct the country following Israel's bombardment. … The loss of business has been huge." The AP (9/9, Dakroub) says the lifting of the naval blockade ends "the country's two months of isolation as the task of preventing the entry of Hezbollah weapons falls to international warships patrolling offshore." It has also removed "a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war." The Washington Times/AP (9/9, Dakroub) runs the AP story this morning.

Siniora Said To Struggle To Hold Divided Lebanon Together. In an analysis piece, the Financial Times (9/9, Khalaf) notes Lebanese Primes Minister Fouad Siniora "focused on averting sectarian conflict and keeping a fractious government (in which Hizbollah is a minority partner) together. He balanced all concerned parties' demands but managed to win concessions, not least Hizbollah's consent to the deployment of the Lebanese army and an expanded UN" border force. "The work was hard, but managing the postwar period could prove more daunting. After projecting a common front during the war, Lebanon has emerged

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politically divided, socially polarised and with an economy in tatters."

Indian Mosque Bombing Kills 31, Wounds 100. The New York Times (9/9, Sengupta, Kumar, 1.21M) reports, "A series of explosions struck in and near the largest mosque in a flashpoint textile town in western India on Friday, killing more than two dozen people, wounding more than 100 and raising the specter of renewed sectarian clashes." The Times says the city of Malegaon has "a history of Hindu-Muslim violence," and notes the targeted mosque is "home to one of the largest Muslim cemeteries in the area." The three explosions "were unusual in that they seemed to target a heavily Muslim area," and "came three days after what now sounds like a prophetic warning from" Prime Minister Manmohan Singh "about the many-headed specter of violence threatening his country." India "has suffered a spate of terrorist attacks in recent years, including the July 7 commuter train bombings in Mumbai, which the authorities have blamed on Islamist militants setting up so-called sleeper cells across the country."

The Washington Post (9/9, A14, Naqvi, 748K) adds, "At least two bombs rigged to bicycles exploded Friday in the town of Malegaon in the western Indian state of Maharashtra, killing 31 people and injuring 125 more, most of them Muslim worshipers leaving a mosque after Friday afternoon prayers." TV "footage on Friday showed chaos as hundreds of people, mostly men in white skullcaps, rushed around in panic after the explosions. There were scenes of people carrying the bodies of the dead and injured. Doctors worked on bloodied survivors brought in on stretchers. People seeking loved ones viewed bodies laid out on the ground, covered by white shrouds."

The AP (9/9, Khan) reports, "Two bombs rigged to bicycles exploded in throngs of Muslims as they left Friday prayers at a mosque in this western Indian city, killing 31 people and wounding 100." Maharashtra Chief Minister Vilasrao Deshmukh "called the blasts 'a terrorist act,' and authorities — fearing revenge attacks across the country's fragile religious divides — clamped a curfew on Malegaon and put security forces on alert." The AP also noted the city "has long been the scene of violence between Hindus and Muslims. The city of about 500,000 people is 75 percent Muslim."

Saudi Muttawa Crack Down On Pet Sales. The Washington Times/AP (9/9, Abu-Nasr) reports Riyadh "religious police, normally tasked with chiding women to cover themselves and ensuring men attend mosque prayers, are turning to a new target: cats and dogs. The police have issued a decree banning the sale of the pets, seen as a sign of Western influence," within Jidda and Mecca. "The prohibition on dogs may be less of a surprise because conservative Muslims despise dogs as unclean. But the cat ban befuddled many, since Islamic tradition holds that the Prophet Muhammad loved cats." While "pet owning is not common in the Arab world," pet ownership has "become a fashion statement among Saudis" in recent years.

Beijing Appoints Polished, Knowledgeable Envoy To Pyongyang. The Washington Post (9/9, A11, Fan, 748K) reports Beijing "has appointed an outspoken career diplomat with extensive knowledge of the United States as its new ambassador to North Korea." Asian security experts "said the appointment of Liu Xiaoming, 50, suggests officials in Beijing are reassessing their relationship with Pyongyang and trying to find a new way to press discussions among China, North Korea and the United States." One analyst is quoted saying Liu "is young and capable, a new-generation diplomat who is outspoken and sees things with a sharp eye. One of his biggest advantages is his knowledge of the United States." Another expert said Liu's selection "is unlikely to affect the current deadlock in six-party talks over North Korea's nuclear program, but it shows that China is thinking about its relations with North Korea in a more comprehensive manner."

Russia Begins Destroying Nerve-Agent Chemical Weapons. The AP (9/9, Ingram) reports, "Engineers covered in head-to-toe protective gear inserted a neutralizing solution Friday into bombs filled with a nerve agent, officially starting the work of Russia's first plant for destroying the deadly chemicals. The opening of the Maradykovsky plant accelerates Russia's campaign to eliminate the world's largest arsenal of the toxins." The AP says the facility "will become a focal point of the push to meet an April 2007 target for Russia to destroy 20 percent of its stockpile." Russia has destroyed three percent of that stockpile, while the US has destroyed 39 percent of its chemical weapons. "Besides the Maradykovsky plant, Russia has two other chemical weapon destruction facilities, both built with generous foreign funding. The Maradykovsky plant is the only one for destroying nerve agents as opposed to blister agents."

Understaffed And Outmaneuvered, African Union Force Struggles To Keep Darfur Peace. The New York Times (9/9, Polgreen, 1.21M) reports, "The missing fuel and the struggle over who controls the main military airstrip in Darfur lays bare just how little autonomy the African Union force actually has as it struggles to keep a fragile peace in" Darfur. The AU force, "with its poor equipment and tiny contingent of 7,000 troops, had hoped to turn over command to a larger, better-equipped United

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Nations-led force at the end of the month. The Security Council has approved the step." Khartoum, however, "has refused, as it continues to press an offensive against some rebel factions. It has instead proposed keeping the African Union force in place, and from [the limitations put on that force by Khartoum], it is easy to see why." AU soldiers told the Times about "what has become an impossible mission — to oversee a peace deal most of the militants in this brutal conflict have signed and to monitor a cease-fire that hardly anyone respects." The Times adds, "But as weak as the African Union force is, nearly all agree it is better than none at all. Frantic diplomatic negotiations are now taking place to make sure some kind of peacekeeping force remains in Darfur, where hundreds of thousands of people have died and 2.5 million have been pushed from their homes in the fighting."

A Washington Post (9/9, A10, Timberg, 748K) piece this morning details the government's use of helicopter gunships against villagers and rebel forces. "Thousands of villagers have been victimized by government troops and proxy militiamen who killed, raped and looted. Now the government is intensifying an air war featuring Soviet-era Antonov planes jury-rigged into bombers and Mi-24 helicopter gunships turned against mud-and-thatch huts. New waves of shellshocked villagers have left their homes and trekked for days to bulging relief camps." The Post calls the 7,000-member AU force "a limited but crucial buffer against the government forces."

Bill Richardson Secures Salopek's Release. The Washington Post (9/9, A10, Timberg, 748K) reports Chicago Tribune Pulitzer-Prize winning journalist Paul Salopek "said from a Sudanese prison Friday night that the government would soon release him and two Chadian colleagues after a 34-day confinement." President Omar Hassan al-Bashir "agreed to release Salopek after meeting with New Mexico Gov. Bill Richardson in Khartoum." Richardson announced that "the three men are expected to be freed" today. Salopek "will return to the United States with Richardson, though the details of their trip have not yet been finalized." He "said he hoped his experience would not prevent other journalists from coming to Sudan to cover Darfur." The New York Times (9/9, Polgreen, 1.21M) adds Khartoum said the releases would be done "on 'humanitarian grounds.'"

Blair Tells Brown He Will Step Down On May 4. The Financial Times (9/9, Blitz) reports UK Prime Minister Tony Blair and Chancellor of the Exchequer Gordon Brown "have reached an understanding that the prime minister will resign on May 4, paving the way for a new Labour leader to take office in mid-June." Gordon allies "said there was now a broad understanding between the two men that Mr Blair will announce next February that he intends to quit as party leader on May 4, 2007 -- one day after the Scottish and Welsh regional elections." Blair's Thursday announcement "amounted to a major victory for Mr Brown." Yesterday, former Home Secretary Charles Clarke "weighed into the leadership row saying Mr Brown's behaviour had been 'absolutely stupid.'" The Times notes Blair's resignation will begin a six-week Labor leadership campaign, "which will see Mr Blair's successor -- almost certain to be Mr Brown -- installed by mid-June."

The New York Times (9/9, Cowell, 1.21M) adds "a rancorous new debate erupted in the Labor Party" Friday, "threatening to upend the uneasy truce that followed a week of feuding between the men over the timing of Mr. Blair's departure. In the new uproar," Clarke "called Mr. Brown's recent behavior stupid." The Times adds, "The signs of restlessness suggested that some legislators were not satisfied with Mr. Blair's refusal to be pinned down on a firm departure date. Some people in Mr. Brown's camp now expect that to be early next May." Notably, the Times says, "some legislators said the duel had damaged Mr. Brown's prospects as an unchallenged successor."

The AP (9/9, Gardiner) adds, "Bitter infighting flared in Tony Blair's Labour Party on Friday as" Clarke "criticized the prime minister's likely successor." Blair and Brown "appeared to have reached a private understanding on the handover of power. But a sharp attack on Brown by Clarke — a Blair ally until the prime minister fired him in May — made clear the peaceful interval that party bigwigs had hoped for was unlikely to materialize." Clarke "harshly chastised Brown for the way he handled this week's party turmoil and said his succession as prime minister was not guaranteed. He said the grin on Brown's face as he emerged from Blair's 10 Downing St. office after handover talks with the prime minister had been provocative and poorly judged." The AP adds, "It was not clear what motivated Clarke's attack. Although he was long seen as a Blair ally, that relationship has grown chilly since his firing so his comments may not have been sanctioned by the prime minister's camp."

The Financial Times (9/9, Ben Hall, Blitz) reports, "Downing Street officials on Friday expressed private delight over a broadside fired at" Brown "by" Clarke, "saying the attack had rightly exposed features of the chancellor's character." The Times adds, "In a sign that Mr. Clarke's attack has emboldened the Blair camp, other figures close to the prime minister expressed pleasure that questions were being raised about Mr. Brown's behaviour. The private view reflects tensions between the camps in spite of the understanding on Mr. Blair's departure date." One source says "relations between the two men remain sore after a serious stand-off at a meeting in Number 10 on Wednesday.

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Mr. Blair, in the presence of officials from both camps, accused the chancellor of plotting a coup against him."

An analysis piece in the Financial Times (9/9, Blitz) entitled, "Britain's Political Enigma," reports Brown "has taken a critical step to becoming Britain's prime minister." He "has never disguised his burning desire to succeed" Blair, and this week Brown "finally got something he long sought: a public assurance from Mr. Blair that he will quit Downing Street by next May." The Times calls the past several days "one of the most tumultuous weeks in recent British politics," and one "that has badly – probably fatally – damaged Mr. Blair." The Times continues, "Perhaps more remarkably, the week's events have also damaged Mr. Brown." For his part, Blair "remains one of the most arresting figures on the international stage," and in the US, "he enjoys mythical status as the sole sure ally of President George W. Bush in the war on terror. In Europe, Mr. Blair is regarded as the one person who has firmly shifted a party of the left to the centre ground." While Brown "enjoys none of this allure," but such an outlook "is to underestimate Gordon Brown. He deserves no less credit than Mr Blair for founding New Labour and making it a powerful electoral machine." He is also "the architect of the government's economic success – implementing reforms that have brought a decade of uninterrupted growth, low unemployment and interest rates. This, above all, is why his bid to succeed Mr. Blair is unstoppable."

LAT Says "Poodle" Label Ignores Blair's Accomplishments. In an editorial, the Los Angeles Times (9/9, 918K) says Blair is "wrongly caricaturized as Bush's poodle." While many UK political analysts "identify Blair's fatal affliction as his support for President Bush's foreign policy," the Times says, "It's not that simple." While "critics deride him as 'Bush's poodle,'" that is "a doubly unfair epitaph for Blair's tenure at 10 Downing Street." His "hawkish position on Iraq involves more than parroting Bush." Blair believes in intervening overseas when necessary, but, "quite unlike Bush, [he] considers these missions to go hand in hand with leadership on global warming, debt reduction in the Third World and aggressively reducing poverty worldwide. Blair has been the most articulate spokesman for what appears to be a political breed in retreat — the liberal internationalist."

Anti-Castro Journalists Fired For Taking Payments From The Bush Administration. The New York Times (9/9, Goodnough, 1.21M) reports, "The Bush administration's Office of Cuba Broadcasting paid 10 journalists…to provide commentary on Radio and TV Martí, which transmit to Cuba government broadcasts critical of Fidel Castro, a spokesman for the office said Friday. The group included three journalists at El Nuevo Herald, the Spanish-language sister newspaper of The Miami Herald, which fired them Thursday after learning of the relationship. Pablo Alfonso, who reports on Cuba for El Nuevo Herald, received the largest payment, almost $175,000 since 2001." The Times notes that "while the Castro regime has long alleged that some Cuban-American reporters in Miami were paid by the government, the revelation on Friday, reported in The Miami Herald, was the first evidence of that. In addition to Mr. Alfonso, the journalists who received payment include Wilfredo Cancio Isla, who writes for El Nuevo Herald and received about $15,000 since 2001; Olga Connor, a freelance reporter for the newspaper who received about $71,000; and Juan Manuel Cao, a reporter for Channel 41 who got $11,000 this year from TV Martí, according to The Miami Herald, which learned of the payments through a Freedom of Information Request."

Ailing Castro Overshadows Havana Summit. The Wall Street Journal (9/9, De Córdoba, 2.03M) reports, "When delegates from 116 countries gather for next week's Nonaligned Movement summit in Havana, the question uppermost in their minds will be whether their ailing host, Fidel Castro, is making his final bow on the world's stage. … Some U.S. officials surmise that Mr. Castro is suffering from a fatal stomach cancer, although they won't say so publicly. Earlier this week, Havana, which denies Mr. Castro has cancer, released a letter written by Mr. Castro that said he had lost 41 pounds in 37 days but was now recuperating at a 'satisfactory rhythm.' Mr. Castro has said he will receive dignitaries at the conference although there is no word on whether he will actually attend." According to the Journal, "If the event does amount to Mr. Castro's unofficial farewell from the global stage, Venezuela's fiery president, Hugo Chávez, stands ready to claim the title of heir apparent to his revolutionary mantle. He will be a visible presence at the conference."

Mexican Electoral Commission's Secrecy Stokes Fraud Suspicions. The Los Angeles Times (9/9, Tobar, 918K) reports, "Top electoral officials and judges are feeding doubts about the outcome of Mexico's presidential vote by declining to release details about a recount of 4 million ballots and by moving quickly to destroy all 41 million ballots." While "the seven judges of the Federal Electoral Tribunal declared conservative candidate Felipe Calderon president-elect on Tuesday," its "300-page ruling on the vote left some experts shaking their heads." One academic "said that although the election was flawed, it was mostly a success. On election day, he said, all of the political parties praised the way the IFE conducted the vote." He "said he opposed granting public access to the ballots because there was no guarantee a 'citizen recount' would follow established standards. But he said the election had shown the need for new reforms, including improved regulation of the media and private financing of campaigns."

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Colombian Drug Cartel Leader Captured. The CBS Evening News (9/8, story 6, 0:15, Couric, 7.66M) reported, "And police in Mexico have captured a top drug kingpin. A leader of a Colombian cartel responsible for nearly half the cocaine smuggled into this country. A US official tells CBS News Duran is now in Federal custody in New York City."

The AP (9/9, Watson) reports an Immigration and Customs Enforcement announcement that Mexican police "have arrested a reputed major figure in one of Colombia's largest and most feared drug cartels responsible for nearly half of the cocaine smuggled into the United States." Jaime Maya Duran "was arrested Wednesday by agents of Mexico's attorney general's office in Mexico City and flown immediately to New York, where he is under indictment on drug trafficking and money laundering charges." US Ambassador to Mexico Tony Garza said the "arrest 'shows the determination of U.S. and Mexican law enforcement authorities to pursue the most dangerous criminals, including those who thought they were untouchable.'" Maya Duran "and three other key lieutenants allegedly took over the Norte Valle cartel, based in Cartago, Colombia, after the ring's suspected leader, Luis Hernando Gomez Bustamante, was jailed in Cuba for attempting to enter the country with a false passport two years ago."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate: Hussein Wasn't Allied With Al Qaeda,"
"Scratch The Dog Jokes."
"ABC Stands By Its 9/11 Story – Almost."
"Lethal Blast Near Embassy Stokes Afghan Security Fears."
"The Gray Ooze That Ate The Indonesian Villages."
"Governor Apologizes For Ethnic Comments."

New York Times:
"C.I.A. Said To Find No Hussein Link To Terror Chief."
"Suicide Bomber Kills 16 In Kabul Near Embassy."
"Baby-Faced Mayor Takes Over An Aging Pittsburgh."
"A Cleric Steeped In Ways Of Power."
"As Outsider, Lieberman Walks A Tricky Path."
"Before Speeches, A Bush Strategy To Regain Edge."

Washington Post:
"Iraq's Alleged Al-Qaeda Ties Were Disputed Before War."
"Blast in Kabul Kills 14 Afghans, 2 U.S. Soldiers."
"Chase Is On for Debate In Prince George's."
"Clinics Offer Sonograms to Cause."
"After Attacks Changed the World, The Recovery Changed a City."

Washington Times:
"Car Bomb Kills U.S. Embassy.'
"Report Finds No Saddam, Zarqawi Ties."
"Israel Lifts Sea Blockade Of Beirut."
"Bellwether Community Still Handicapping Hopefuls."
"Silicon Supplies Pricey, Scarce."
"Hokie Prepared To Fulfill Promise.'
"Saudi Religious Police Outlaw Cat, Dog Sales.'

Detroit Free Press:
"Judge: Back to Class."
"Hi Bill Ford, It's George Calling."
"Hall OF Fame Day."

Atlanta Journal-Constitution:
"'One Of The All-Time Greats."
"Iraq's Terror Link In Doubt."
"Wilkin's Joins The Giants."
"Prayers To Jesus Ok'd For Cobb Commission."
"Aquarium Sharks Go On Smack Attack."

Houston Chronicle:
"Panel Faults A Bush Pretext For War."
"This Texas Lady Is A High Killer."
"Friedman backtracks On His Shot At Hunting."
"Designer Of A Bush Logo Seeks A 'W' In Courtroom."

Story Lineup From Last Night's Network News:
ABC: Afghanistan Violence; Declassified Senate Report Released; Are We Safer Now?; Are We Safer Now?-Analysis; Marshall Fields Becomes Macys; Space Shuttle; Schwarzenegger Under Fire; Buck Phillips Chase; Buck Phillips Chase; Explosives Missing-Boston; Brain Damage Medical Breakthrough; Patriotic Painter.
CBS: Bucky Phillips Chase; Bucky Phillips-Analysis; EPA Under Fire-9/11; US Radar Defense; Afghanistan Violence; Drug Cartel Leader Captured; FaceBook Under Fire; Shanksville Pennsylvania-Five Years Later.
NBC: Declassified Senate Report; Senate Report-Analysis; NBC Bush Interview-Excerpt; Afghanistan Violence; Missing Soldier Found-Asia; Are We Safer Now?; Brain Damage Breakthrough; Bucky Phillips Chase; Red Cross Fined; 9/11 Widows Reach Out.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No public schedule.

THE FIRST LADY -- Participates in the commissioning ceremony of the USS Texas. Galveston, Texas.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

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US House: -- No events scheduled.

Other. ALL DAY

Sept. 6 - 9. BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 7:30 a.m. DNC Chairman Howard Dean attends prayer breakfast. Also attending: Vashi McKenzie, Tramaine Hawkins & Blair Underwood. 10 a.m. - 3 p.m. Issue Forums/Emerging Leaders Series. 1 p.m. CBC members, legal advocates, others, hold a session on what needs to be done to rebuild the Gulf Coast. Room 201. 2 p.m. Rep. Gregory Meeks spponsors a discussion on ``Blacks and Hotel Onwership: The ABC's of Hotel Ownership and Multi-Cultural Tourism." Room 144A. 3 p.m. Rep. Bobby Rush sponsors a pane ldiscussion on``Black Love," with Linda Malone-Colon, National Health Marriage Resource Center; Roland Warren, of the National Fatherhood Initiative, others. Room 145B. Contact: William Marshall, Jr., 202-396-2834. 5:30 p.m. VIP Reception (invitation only). 7 p.m. - 10 p.m. Annual Awards Dinner, hosted by Sheryl Lee Ralph & Isaiah Washington. Attendees include DNC Chairman Howard Dean. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted. Contacts: Sandra Tarver, 404-962-8432.

Sept. 7 - 11. 9/11 ANNIVERSARY RELATED EVENTS Highlights: 10 a.m. - 2 p.m. Public Tours of the Pentagon, to include the site of the attack and the Pentagon Chapel.

Sept. 8 - 9. INDEPENDENT INVENTORS _ Officials from the United States Patent and Trademark Office and successful inventors and entrepreneurs will educate American inventors on effective strategies to help protect and market their ideas at the 11th Annual Independent Inventors Conference. Location: U.S. Patent Office headquarters, 600 Dulany St., Alexandria, Va. Contacts: Neil Grace, 202-530-4558.

Sept. 8 - 10. MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 9:15 a.m. Discussion of 9/11 5 years later, with Peter Singer, Brookings Institution; MJ Akbar, The Asian Age; Shibley Telhami, Brookings; others. Location: Elliott School of International Affairs, 1957 E St. NW. Contacts: Seth Green, 202-270-6268.

Sept. 8 - 12. MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047, Kate Thomas, 703-620-6600 ext 231

Sept. 9 - 12. ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace." Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted. Contacts: Natasha Tynes, 202-429-9210

8:30 a.m. - 3:30 p.m. CHINA _ The U.S.-China Economic and Security Review Commission holds a public hearing on China's proliferation to North Korea and Iran and its role in addressing the nuclear and missile situations in both nations. Location: Room 385, Russell. Contacts: Kathy Michels, 202-624-1409.

Sept. 9 - 10. 8:30 a.m. - 8 p.m. NEGRO WOMEN _ The National Council of Negro Women host its 21st Annual Black Family Celebration, a free, outdoor event focusing on the historic strengths and traditional values of the black family. Highlights: 12 p.m. - 6 p.m. Themed pavilions, guest appearance by Black Cowboy, and local talent stage.
6 p.m. - 8 p.m. R&B concert. Location: National Mall between 7th and 14th Streets NW. Contacts: Starla Stiles, 202-466-6040.

9 a.m. - 12 p.m. ARCHIVES-DECLASSIFICATION BOARD _ The sixth meeting of the Public Interest Declassification Board will discuss declassification program issues.The meeting will include briefings by the Department of State officials from the Office of the Historian and the Advisory Committee on Historical Documentation. Speakers include: Archivist of the United States Allen Weinstein; Information Security and Oversight Office (ISOO) Director J. William Leonard; PIDB Chair L. Britt Snider; Deputy Assistant Secretary for Information Sharing Services Lee Loman; State Department Deputy Historian David Herschler; and General Editor of the Foreign Relations of the United States (FRUS) series, Edward Keefer. Location: National Archives and Records Administration, Washington Room, 700 Pennsylvania Av. NW. Contacts: J. William Leonard, 202-357-5250

10 a.m. SUICIDE PREVENTION _ The Suicide Prevention Action Network (SPAN USA), suicide prevention organization dedicated to organizing grassroots support among suicide survivors, holds a Memorial March on the National Mall. Particpants include former US Army Capt. Stefanie Pelkey; Nakia Sanford of the WNBA Washington Mystics; and author Kay Redfield Jamison. Location: National Mall near World War II Memorial. Contacts: Andi Murray, 202-715-1554.

12 p.m. DARFUR RALLY _ There will be a rally and civil disobedience action, ``Two Years Too Many: Break the Dealock on Darfur," with religuous leaders and members of the Congressional Black Caucus. Location: Lafayette Park. Contacts: Diana Duarte, 202-546-7961.

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12 p.m. EX-OFFENDERS-EMPLOYMENT BARRIERS _ Former WMATA bus driver Sidney Davis joins Reps. Danny Davis and Stephanie Tubbs Jones join D.C. Councilman Vincent Orange for a press conference on barriers ex-offenders face trying to find jobs. (The driver was recently fired due to a previous conviction.). Location: Room 202A, Washington Convention Center. Contacts: Ben Weiss, 240-462-6619

12 p.m. VETERANS MEMORIAL-VOLUNTEERS _ Vietnam Veterans Memorial Fund holds annual Volunteer Appreciation Luncheon. Former VA Secretary Anthony Principi will speak, along with retired Gen. Barry McCaffrey. Location: Zola Restaurant, International Spy Museum, 8th and F sts. NW. Contacts: Lisa Gough, 202-393-0090 ext 109.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Seeks To Boost Support For War Against Terrorism With 9/11 Commemorative Events.

President Bush's efforts to boost pubic support for the global war against terrorism as the fifth anniversary of the 9/11 attacks approach were analyzed in a number of prominent national newspapers Saturday morning. While the White House has signaled the 9/11 commemorative events will be non-partisan, Bush's efforts were framed in political terms.

The New York Times (9/9, A1 Sanger, Stolberg, 1.21M) in a front page story describes it as a "carefully calibrated strategy" and quotes presidential counselor Dan Bartlett saying, "You can never turn back the clock. … But we knew that news organizations and everyone else would be using this moment to define where we were five years later, and the president wanted to articulate his view, too." While the White House has downplayed the politics of Bush's 9/11 activities, "it is impossible to separate remembrance and politics" and GOP strategists "say the critical question is whether Mr. Bush still holds the power to alter the course of national conversation away from the Iraq war and back to the theme that has worked for them before, countering direct threats to the United States." Yet "there is another, related question as well: whether Republicans can succeed again in convincing the nation that Democrats cannot be trusted with keeping it safe." The Times notes, "The White House has signaled its intentions on that score and appears to be pivoting to a more openly political phase of its strategy, in which the administration and its allies will try to undermine the Democrats."

Similarly focusing on the political angle, the Washington Times (9/9, Dinan, 88K) in an article titled "Bush Resets Political Debate With Demands For Action" notes Bush garnered "top headlines three days in a row as he dropped several political hot potatoes into Congress' lap and demanded action this month." He "has honed in on one overriding message: Democrats can either join Republicans to pass bipartisan bills or they can try to block them and see how that plays in November." Bush " tried to put a face on the terrorists, asked Congress to approve his terrorist wiretapping program and announced he has transferred 14 top terrorists from CIA custody to the Defense Department. He called on Congress to authorize military commissions to try them." White House press secretary Tony Snow said, "That is the No. 1 priority right now."

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And the Wall Street Journal (9/9, Dreazen, 2.03M) in an article titled "Bush 9/11 Tour Aims To Bolster Republicans" reports the Administration hopes Bush's trip to the 9/11 sites "can once more lift Republicans to victory." The Journal states, "With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 -- part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it." While the White House says Bush "will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks, Bush's aides "believe terrorism remains a winning political issue for Republicans In recent meetings with lobbyists and political operatives, White House strategist Karl Rove and White House political director Sara Taylor said that Mr. Bush and other top administration officials would make regular reference to Mr. bin Laden and the threat posed by Islamic extremists in the eight weeks that remain until the elections, according to several of those in attendance."

Taking a more neutral tone in its coverage of President Bush's commemoration of the 9/11 attacks the Washington Post (9/9, A4, Asthana, Fletcher, 748K) notes, "The anniversary of the deadliest terrorist attack in the nation's history also will inspire a brief moment of bipartisan comity. Senate Minority Leader Harry M. Reid (D-Nev.) will be among those joining Bush at the Pentagon ceremony. That evening congressional leaders from both parties will lead a commemoration of the national tragedy with speeches, a moment of silence and patriotic songs from the steps of the Capitol."

Similarly, the Los Angeles Times (9/9, Gerstenzang, 918K) notes, "The speech Monday evening will be the fifth address in 12 days Bush will have delivered on terrorism and the wars in Iraq and Afghanistan. The previous speeches have delineated his policies, setting out markers that differentiate them from those of Democrats, without naming the opposition party." But "Snow said the speech Monday 'is not something where we're trying to draw bright lines to separate Democrats from Republicans.'" Snow said, "Bush would try to draw on the way the country responded to the attacks, which Snow said was 'nothing short of sensational, and it's something that could only have happened in this country.'"

And the AP (9/9) briefly notes White House press secretary Tony Snow's characterization of Bush's 9/11 activities. He "said Bush's address would not be a political speech or a charge to Congress for action. Rather, he said, it would be reflective of what Sept. 11 has meant and 'how we move ahead as a country in making use of the lessons of Sept. 11.. … It will have a note of optimism as well as sobriety about what we've been through."

Bush Confident US Public United In Support Of Winning War. Describing President Bush as confident and resolute the Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush on Iraq he "is a bit reflective, if also insistent about the costs of failure. 'I'm not surprised that this war has created consternation amongst the American people,' he concedes. 'The enemy has got the capacity to take -- got the willingness to take innocent life and the capacity to do so, knowing full well that those deaths and that carnage will end up on our TV screens. So the American people are now having to adjust to a new kind of bloody war. … Now, my view of the country is this: Most people want us to win. There are a good number who say, get out now. But most Americans are united in the concept -- of the idea of winning.'" Asked why "both Iraq and his larger antiterror policies have become so politically polarized. 'Well, first of all, I do believe there's a difference between the political rhetoric out of Washington and what the citizens feel. … But this is a different kind of war. In the past, there was troop movements, or, you know, people could report the sinking of a ship. This is a war that requires intelligence and interrogation within the law from people who know what's happening. … Victories you can't see. But the enemy is able to create death and carnage that tends to define the action."

Bush Losing Support Among "Security Moms". NBC Nightly News (9/8, story 6, 2:55, Gregory, 9.87M) reported, Among suburban voters, what a difference two years makes. In the summer of 2004, according to one poll, the President's job approval rating among married women with children, security moms, stood at 52%. Now it's fallen 12 points, just 40% approval. The concern that the President's plunging popularity will hurt Republicans this fall."

Poll Shows US Public Remains Concerned About Terrorist Attacks. ABC World News (9/8, story 3, 0:25, Gibson) reported, "With the fifth anniversary of 9/11 approaching, we have a new poll tonight, which shows the attacks are still having a profound effect on Americans. According to the ABC News survey, seven in ten Americans still think about the attacks regularly. And nearly eight in ten say the attacks changed their outlook in a lasting way. Giving many a sense of insecurity and vulnerability. Two other numbers to mention -- 55% believe the US is safer now than before 9/11. But only 38% say the government is doing all it can to prevent another attack."

Chief Washington correspondent George Stephanopoulos on ABC World News (9/8, story 4,1:40, Gibson) said the poll shows concerns about a terrorist attack are "number five right now" on the list of top issues after "the economy, behind health care, behind rising gas prices. But this shows it has a deep cultural impact. Almost everyone, 95% of Americans know where they were at the moment of attack." Stephanopoulos added, "Women tend to think more about 9/11. And to worry more that it's going to happen

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again. And as you said, 55% of Americans think we're safer right now. But that masks a deep partisan divide. Almost 40 points, 76% of Republicans think we're safer. Only 39% of Democrats."

Bush's Focus On War On Terror Said To Risk Reminding Voters Of "Failures." In an analysis piece for the AP (9/9) Tom Raum writes, "President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy. The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad. … Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure."

Democrats Attack Bush Counter Terrorism Policies. The Washington Times (9/9, Bellantoni, 88K) notes the conflicting message some Democrats are offering reporting, "Democrats are challenging Republicans to put politics aside as they craft a resolution commemorating the anniversary of September 11, but also are accusing the majority party of making the country less safe in the five years since the terrorist attacks." Rep. Ed Markey said, "Today, we are still living in a state of homeland insecurity. … That is really what the Bush administration has as a legacy five years after 9/11." And House Minority Whip Steny Hoyer said, "September 11th is not a time for politics," but then proceeded "to outline his view of Republican security failures."

Lawmakers Split Over 9/11 Resolution. McClatchy Newspapers (9/9, Talev) reports, "Republicans and Democrats can't agree on how to honor the victims of the Sept. 11 attacks five years after the tragedy pulled the nation together." In addition to non-controversial sections mourning the victims and condemning terrorism, "it also lauds several Republican-led legislative moves that Democrats opposed or sought to modify." The "Democrats want Republicans to strike those and other references to legislation. But, as of Friday, Republicans were holding firm."

Global Terrorism Seen As On The Rise. The Wall Street Journal (9/9, A6, Etter, 2.03M) in its "Hot Topics" column notes "Bush has made uprooting terrorists the focus of his presidency. Abroad, the president has tried to disrupt terror networks by sending U.S. forces into Afghanistan and Iraq." The Journal notes, "To the surprise of many analysts, there hasn't been another major terror incident in the U.S. since 9/11. Still, global terrorism is on the rise. In 2005 there were 4,960 terrorist incidents, up from 1,150 in 2000, according to the Terrorism Knowledge Base. Critics say the war in Iraq has helped create terrorists. The State Department said this year that terrorists are becoming more sophisticated."

Threat Of Terrorist Attack On US Seen As "Overblown". John Tierney in his column in the New York Times (9/9, 1.21M) highlights the opinions of Ohio State University professor John Mueller who downplays the threat of terrorism. Tierney says, "The Bush administration likes to take credit for stopping domestic plots, but it's hard to gauge whether these are much more than the fantasies of a few klutzes. Bush also claims that the war in Iraq has diverted terrorists' attention there, but why wouldn't global jihadists want the added publicity from attacking America at home, too?" Mueller concludes "that there just aren't that many terrorists out there with the zeal and the competence to attack the United States. In his forthcoming book, 'Overblown,' he argues that the risk of terrorism didn't increase after Sept. 11 -- if anything, it declined because of a backlash against Al Qaeda, making it a smaller and less capable threat than before. But the terrorism industry has been too busy hyping Sept. 11 and several other attacks to notice." Tierney states, "Compared with past threats -- like Communist sociopaths with nuclear arsenals -- Al Qaeda's terrorists are a minor problem."

WSJ Applauds Administration Efforts To Prevent Terrorist Attacks. The Wall Street Journal (9/9, 2.03M) in an editorial reviewing progress made in the years after the 9/11 attacks says lack of any new attack on US soil "should temper the criticism of those who claim that the U.S. policy of aggressively interrogating suspects has yielded no credible information, a point President Bush finally got round to making this week. And it is a strong rebuttal to the argument that, by invading Iraq, the Administration lost focus on the terrorist threat and made America less safe." The Journal applauds Bush's recent efforts to boost support for the war against terrorism "because the great challenge for this presidency is to remind Americans that the threat they face is undimmed even as the events of September 11 recede in memory. The costs of responding to 9/11 have been many, and the temptation is strong to think we can withdraw from Iraq, or from the larger Middle East without consequence to our own security. The abiding lesson of that day five years ago is that this is a dangerous illusion."

Thatcher Will Visit Washington, Meet Rice To Commemorate 9/11. AFP (9/9) reports former UK Prime Minister Margaret Thatcher "will attend events in Washington to mark the fifth anniversary of the September 11, 2001, attacks on the United States, her office said." She is slated to accompany Vice President Cheney to a church service and commemorative ceremony Monday. Later, Thatcher "will attend a ceremony at the State Department, where she will meet" Secretary Rice.

Rice Will Meet MacKay, Visit His Nova Scotia Constituency To Commemorate 9/11. AFP (9/9) reports Secretary Rice "will mark the fifth anniversary of the September 11, 2001 attacks in Halifax, Canada, the State

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Department said." Assistant Secretary McCormack is quoted saying, "Secretary Rice wanted to go to Canada on September 11th as a way of thanking Canada and the Canadian people for all that they did on that day." Canadian willingness to host stranded American passengers "was just an extraordinary act of trust, generosity and kindness in a moment of need, and Secretary Rice wanted to travel to Canada to thank the Canadian government and the Canadian people for those extraordinary act."

More Commentary. Michael Hirsh in a Newsweek (9/9, 3.12M) web exclusive faults Bush's rhetoric on the war against terrorism, contrasting it with former Presidents Harry Truman and Dwight Eisenhower who according to professor of defense analysis at the Naval Postgraduate School John Arquilla, "crafted grand strategy that everybody in America, right and left, accepted for decades. They knew they needed broad support. We don't have that now. We're trying to wage the war on terror with the support of only part of the American people." Hirsh adds, "Perhaps the only thing that is clear any longer is that the war on terror will continue for a long time to come. And so will the war of words over the war on terror."

Bush Defends Rendition Policy. NBC Nightly News (9/8, story 3, 0:35, Williams, 9.87M) reported, "NBC's Matt Lauer sat down today with President Bush, one of the topics they discussed -- the President's confirmation this past week of those secret CIA prisons. He asked if the President, if such facilities passed legal muster." NBC (Lauer) added, "You admitted that there were these CIA secret facilities." President Bush: "So why is that not within the law?" Lauer: "The Amnesty International say that secret sites are against international law." President Bush: "We disagree with them. My job is to protect you. Most American people, if I said we have who we think is the mastermind of 9/11, they'd say, why can't you get information out of him without torturing, which is what we did."

Judge Rejects Padilla Motion To Throw Out Evidence. The Los Angeles Times (9/9, Blum, 918K) reports, "A federal judge has refused to throw out evidence related to the 2002 arrest of alleged Al Qaeda operative Jose Padilla at Chicago's O'Hare International Airport." The Times notes, "Rejecting defense lawyers' requests, U.S. Magistrate Stephen Brown said in a pair of rulings that jurors should be allowed to consider the terror suspect's statements prior to his arrest in May 2002, as well as items in his possession at the time including about $10,000 in cash, a cellphone and a phone book containing numbers for alleged Al Qaeda contacts. Brown's rulings, signed Tuesday, became public Friday."

Senators Work On Tribunal Formation. The New York Times (9/9, Zernike, 1.21M) reports, "The main Senate Republican in talks with the White House over bills to establish tribunals for terror suspects said Friday that a small set of problems divided the two sides and that they would negotiate through the weekend in an effort to reach a compromise. The senator, John W. Warner of Virginia, chairman of the Senate Armed Services Committee, said '90 percent' of the proposal that the White House submitted this week reflected a proposal that he and other Republican senators who have taken the lead on the question had drafted over the summer." The disputes "include whether suspects can be excluded from their trials and what types of evidence would be admissible." Senator Lindsey Graham (R-SC) said that the administration's plan to "deny the accused the right to see and therefore respond to classified evidence" would be struck down by a court "in 30 seconds."

The Washington Post (9/9, 748K) editorializes, "President Bush appears to be hoping that, with an election just around the corner, Congress will not have the stomach to deny him the latitude he demands both on the trials themselves and on larger questions of the treatment of detainees. But quietly, over the past few weeks, a trio of Republican senators -- Armed Services Committee Chairman John W. Warner (Va.), Lindsey O. Graham (S.C.) and John McCain (Ariz.) -- has put together a remarkably good alternative bill." The Post finds the alternative bill "superior to the president's proposal."

Graham Insists On Defendants' Right To See Evidence. McClatchy Newspapers (9/9, Rosen) reports, "Sen. Lindsey Graham said Friday that he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them." Graham remarked, "I don't feel good about telling someone - no matter who they are - `We're going to execute you next week, but I'm sorry, we can't tell you why." He "said that every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security."

Time magazine (9/8) also reports on Graham's misgivings that Bush built "a bridge too far." As the "only serving judge advocate general in the armed forces" in the Senate, Graham has "authority" on the issue of allowing detainees to see evidence used against them. Time observes that, while generally a reliable conservative vote for the administration, Graham has "trumped" his own party's leadership on the issue.

Bush Has "Raised His Game." In the New York Times (9/9, 1.21M), columnist Roger Cohen writes, "A lot of words have been expended on President George W. Bush these past years, many of them harsh, and in the cacophony a single thought has perhaps been overlooked: He's a pure political animal." By hammering on "the theme that brought Bush his victory in 2004: terrorism and the supposed resolve

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of Republicans and wobbliness of Democrats before this mortal threat to America," he has "raised his game when it mattered." Cohen warns Democrats, "A perception of Democratic obstinacy in delaying military tribunals for the likes of Khalid Shaikh Mohammed could carry a heavy political price."

Rivkin And Casey Favor Abbreviating Rights of Gitmo Detainees. In the Wall Street Journal (9/9, 2.03M), former DOJ attorneys David Rivkin and Lee Casey argue, "As it enacts new rules for military commissions, Congress -- as well as the public -- should keep two overriding principles in mind. One: While the jihadists detained at Guantanamo Bay must have due process of law before they can be criminally punished, they are not ... entitled, under the U.S. Constitution or relevant international law, to the same level of procedural protections enjoyed by the lawful soldiers of sovereign states. Two: The methods of warfare employed by unlawful combatants in the war on terror fully justify extraordinary trial rules." President Bush's military commissions bill "should be promptly enacted."

Bin Laden Has A "Blueprint." In a commentary for the Washington Times (9/9, 88K), UPI international editor Claude Salhani writes, "In order to better grasp bin Laden's long-term thinking you will need to look at a map of Central Asia." Salhani sees possible expansion by bin Laden into Pakistan, "Tajikistan, to the northeast, Uzbekistan to the immediate north and Turkmenistan to the northwest." He adds, "The new Muslim empire, or Caliphate, governed by bin Laden or the Taliban would encircle Iran, itself a Muslim nation, also rich in oil and other natural resources. Look at the map again and see the implications for the rest of the oil-rich Arabian Gulf. Iraq, Kuwait, Bahrain, the Emirates, Saudi Arabia and Oman are only a small step and a revolution away. ... Now look at the map again; we are back in the Middle East. Palestine, Israel, Jordan, Egypt, North Africa and sub-Saharan Africa are the natural extension for bin Laden's Caliphate."

HOMELAND RESPONSE:

Chertoff Urges Congress To Address Gaps In Security. The AP (9/8, Jordan) reports today "The nation's homeland security chief urged Congress on Friday to approve plans to better protect seaports and chemical plants from terrorists or risk another attack on the scale of 9/11." In his speech, Chertoff discussed the many advances in Security that have been made since September 11th. He "also rebuked critics who have resisted stepped-up safeguards that might be costly or inconvenient. 'That kind of backsliding runs directly contrary to the lessons of 9/11,' Chertoff told an audience of hundreds at Georgetown University." He also urged if the US had done these changes years ago 9/11 may not have occurred.

Critics Question Administration Dedication To Improving Airport Security. The AP (9/8, Lindlaw) reports that September 11th has led to an "accelerated" effort "to develop better screening technology, research that has advanced with each thwarted terrorism plot." Today "'some things are imminently deployable. Some things are further off,' said Steve Hill, spokesman for GE Security, the unit of General Electric Co. that makes transportation security equipment. "We are not light years off.'" Many critics question if the "Bush Administration is investing enough, even as it spent nearly $1 billion in fiscal 2006 on explosive-detection equipment for checked luggage and checkpoint screening." Currently "TSA and the Department of Homeland Security have repeatedly failed to spend tens of millions of dollars that Congress earmarked for new airport security equipment." At the same time a British Terrorist plot unfolding, Homeland Security quietly tried to take away $6 million that was supposed to be spent this year developing new technology for detecting explosives."

Utah Logs 96 Terrorism Cases In 2005, Tops In Nation. The Deseret Morning News (9/9, Davidson, Fattah) reports, "Federal data on criminal cases show Utah tops the nation in terrorist-related activity. But does it really? … The U.S. Department of Justice reported 96 terrorism-related prosecutions in the Beehive state in 2005. That represents one out of every eight such cases nationwide, well ahead of the second-place 80 filed in the Eastern District of Virginia (in the suburbs of Washington), and the third-place 67 in the Southern District of Texas. … But Utah has not turned suddenly into a stronghold for al-Qaida." The News continues, "A Deseret Morning News review of the cases shows that most of them likely would not be considered terrorism-related by people outside of the Justice Department. In fact, 87 of the 96 were identity-theft cases. None of the cases reviewed had any apparent ties to organized crime or terrorist groups listed in court documents. … The Justice Department provided only vague, general reasons why such cases were coded as terrorism-related for national databases. Officials say that terrorists use crimes like identity theft to fund their efforts, making those crimes a potential threat to national security. … 'Since our goal is to charge defendants before they can put their plans into action, this very often leads to the use of non-terrorism statutes such as fraud or false statement charges, immigration violations, identity theft and other offenses that often carry lesser penalties than offenses associated with completed terrorist acts or conspiracies,' Justice Department spokesman Bryan Sierra said. He added that smaller offenses allow officials to disrupt and prevent more serious attacks." The News notes,

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"Perhaps the reason for the high number of terrorist-related cases in Utah has to do in part with the way the Utah office classifies some cases. Because the Utah Identity Theft Task Force is a component of the FBI's Joint Terrorism Task Force, identity-theft cases often are termed as terrorist-related. … While some of those those cases are not directly linked to a terrorist plot, others are considered 'domestic terrorism' because they have been linked to groups, such as white supremacists, who use identity theft to fund their efforts."

EU Official Angry At Chertoff Allegations About Information Sharing. Sophie in't Veld, a Dutch member of the European Parliament and its Committee on Civil Liberties, Justice and Home Affairs, in an op-ed in the Washington Post (9/9, A17, 748K) takes issue with DHS Secretary Michael Chertoff's Aug. 29, op-ed "A Tool We Need to Stop the Next Airliner Plot" in which he state "that the fight against terrorism is being hampered by European privacy concerns about the U.S. government's use of data collected on airline passengers. This is a very serious allegation that calls for a reaction and some qualification." Veld argues, "friends and allies work together on the basis of mutual respect, trust and shared values. I ssues such as Guantanamo Bay, Abu Ghraib, illegal rendition flights and secret detention camps, the SWIFT spying scandal and the unsatisfactory implementation of the PNR agreement have done much harm to the traditional trust between the transatlantic partners. If we want to beat the terrorists, it is essential that trust be restored. That will not be achieved by tough language between the parties but through respect and willingness to seek compromises."

Police Now Watching For Terrorists With Missiles Near US Airports. The Washington Post (9/8, Wilber, 748K) reports "Police officer Steven Benner was on patrol in northern Anne Arundel County, driving his unmarked sport-utility vehicle through parking lots, climbing onto rooftops and peering down access roads that wind through wooded areas." He has been "looking for threats from shoulder-fired missiles around Baltimore-Washington International Thurgood Marshall Airport." Currently "airport police have expanded their anti-missile networks by reaching out to other law enforcement organizations that patrol potential launch sites and "Police officials said they work closely with the Transportation Security Administration and the FBI to learn about threats" However, Scott Hugh. "former federal security directors say the community meetings have dwindled and occur at only a few airports. He said TSA officials have failed to implement policies that could effectively counter the threat.." In response TSA says "they work closely with local police and federal law enforcement on the issue of shoulder-fired missiles."

Radar Defenses Have Improved. The CBS Evening News (9/8, story 4, 3:15, Couric, 7.66M) reported, "Another failure exposed by the 9/11 attacks was a hole in our aviation communication system. When the hijackers diverted four passenger planes, air force pilots had no way to find or stop them." CBS (Keteyian) added, "Five years ago, on a morning marked by chaos." Unidentified male voice: "It's been hijacked. We don't know where he's going." Keteyian: "Confusion." Unidentified male voice: "I don't know where I'm scrambling these guys to." Keteyian: "And cries for help from the cockpit of one of the hijacked planes. The FAA and North American Aerospace Defense Command, or NORAD, were without a direct line of communications, essentially flying blind during 109 minutes of terror." General Eric Findley: "We had no capability, really, to start looking in because all of our radars looked out." Keteyian: "I welcome to US Northern Command, or North Com, and the new world order of our nation's defense. Inside this nerve center, dozens of military officers and civilians now sit side by side, tracking all things domestic air, land, and sea directly linked to 150 other command centers involved in public safety. And none of this communication was in place five years ago. ... Since the 11th of September, the US has flown more than 44,000 missions, safeguarding the skies over US cities. Radar systems now monitor virtually every aircraft in the sky."

Explosives Lost During Logan Airport Training Exercise. ABC World News (9/8, story 9, 0:15, Gibson) reported, "In Boston, there are a lot of red faces at the Massachusetts port authority. They were using real plastic explosive during a training exercise at Logan airport. And now, they can't find it. And now they can't find it. Eight ounces of semtecks that was attached to a truck bumper. There looking for it now."

Muslims In New York Angered Over Monitoring. The Financial Times (9/9, Birchall, Chaffin) reports that "after being shaken by the widespread detentions of suspected illegal immigrants that followed the 9/11 attacks, recent events have highlighted tensions" in New York's Muslim community. Recently Shahawar Matin Siraj was found "guilty of conspiring to blow up the city's Herald Square subway station" and his "case underlined the level of monitoring of some sections of the city's Muslims. Charges were brought against Siraj after a police informer began operating in his mosque."

New Book Describes Missouri Man's Ties To Bin Laden. The Kansas City Star (9/9, Rizzo, 278K) reports, "Did a Kansas City college student help Osama bin Laden start al-Qaida? Federal law enforcement officials think

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he did. So do private-sector experts on international terrorism. Now, a new book that chronicles the history of al-Qaida portrays former Kansas City resident Mohammed Loay Baizid as a confidant of bin Laden in the early years of the terrorist organization. While The Looming Tower: Al-Qaeda and the Road to 9/11, by Lawrence Wright, a staff writer at The New Yorker magazine, provides Baizid's firsthand account of his association with bin Laden, the former Kansas City resident's activities already have been extensively documented in federal court transcripts and law enforcement documents."

Paulson Reviews Emergency Response Plans. The Financial Times (9/9, Wighton, Taylor) reports, "Concerns about Wall Street's ability to withstand a terrorist attack, natural disaster or flu pandemic have prompted Hank Paulson, the new US Treasury secretary, to review the financial market's disaster-planning." He "has asked the president's working group on financial markets to assess the improvements made since September 11 2001. This comes amid continued Wall Street concerns – five years after the World Trade Center attacks – about the resilience of power and telecommunications services." The Times notes, "Experts say financial services companies in New York and London have improved the resilience of their operations. But some senior Wall Street figures are concerned that the utilities, on which the financial markets depend, have made less progress. There is also greater focus on the impact of a flu pandemic."

The Financial Times (9/9, Wighton, Brewster, Taylor, Gangahar) reports, "Five years and billions of dollars of investment later, many of those flaws have been addressed and there is little doubt that financial markets in New York – and in other leading financial centres – would now be more resilient in the event of a similar disaster." Yet, "concerns remain, not least about the key utilities on which the financial services sector depends and the industry's ability to handle other sorts of threat, such as a flu pandemic." Deputy assistant Treasury secretary for critical infrastructure Scott Parsons "says the most basic lesson learned from September 11 was the need for back-up facilities far enough away from a main site."

Few Major Changes Made In Infrastructure After 9/11 Attacks. The New York Times (9/9, Chan, 1.21M) reports, "The destruction of the World Trade Center produced calls for a wholesale re-evaluation of the way tall buildings are designed and built, but five years later, the changes to New York City's building code, and others across the nation, have been few and modest." Federal recommendations "are still being debated and may yet result in modifications to a national building code that the city plans to adopt. So far, though, 9/11 has not been a turning point for code revision, in the way past disasters were — like the Triangle Shirtwaist fire of 1911."

The Washington Post (9/9, A1, Powell Michelle Garcã, 748K) in a front page story reports, "Some days the hole in the heart of this city appears healed over. The braggadocio is back and the jackhammers rattle near Ground Zero. The scar that is the 16-acre hole is still there, a monument to political paralysis. But a forest of blue condominium towers rises, Hermes and Tiffany are opening shops downtown, Goldman Sachs is throwing up a 43-story office tower, and those Viking-stoved, Jacuzzi-ed lofts still attract high-roller bid-a-thons." Over "5,800 apartments have been built in Lower Manhattan since 2001, and the median residential sales price has jumped 75 percent. Big corporations -- the Bank of New York, Goldman and Moody's Investors Service -- are building millions of square feet of new office space."

Economy Thrives Despite Impact Of 9/11 Attacks. The Wall Street Journal (9/9, A1, Hilsenrath, Pleven, 2.03M) in a front page story reports that despite concerns the 9/11 attacks would continue to have a negative impact on the economy, "The number of security guards on business and government payrolls has declined, companies are holding less inventory, and the amount of freight moving though the nation's ports has soared. Not only has the economy grown, it has become more efficient. And office construction in downtown New York and Washington has continued." The Journal notes, "Several forces are behind the surprising turn. In 2001, years of heavy spending on technology had already begun paying dividends for many companies, permitting them to become more efficient even as they had to divert some resources to security. Massive government stimulus -- hastened by an economic downturn that was in place before the attacks -- helped the economy crawl out of its slump and get on a sustainable growth path. The medicine included steep interest-rate reductions, tax cuts, emergency spending increases and a federal backstop for terrorism insurance -- meaning the U.S. would front part of insurers' losses in the event of a major attack. Meanwhile, crime rates were falling, reducing security needs in some places even as fears of domestic terror rose."

The Wall Street Journal (9/9, Chancellor, Vise, Cox, 2.03M) in its EU notebook reports, "Stocks fell by 11% in the immediate aftermath of the Sept. 11, 2001, attacks. At the time, many anticipated dire economic consequences. Fears of financial Armageddon turned out to be exaggerated. Five years later, stocks are up by a third from shortly after the markets reopened. However, it's too early to draw up a final reckoning for that terrible day." The war against terrorism "has boosted U.S. military and security expenditures. Yet foreign loans have enabled Americans to have more guns without skimping on the butter. Economists would normally expect the expansion of such essentially nonproductive activity to have a harmful effect on overall economic

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efficiency. That hasn't happened. It turns out that average productivity growth over the past five years has actually been greater than during the 1990s." But, "there may still be some future costs to bear. The drop in skilled immigration and foreign students that followed could affect long-term growth prospects. As the war in Iraq drags on, it could well become a greater economic burden. Finally, the economic recovery was accompanied by a surge of consumer borrowing. That's left many households in the red. As the housing market slows, they will come under increasing pressure to settle their bills. Only then will a truer financial accounting for 9/11 be possible."

Democrats Continue To Insist ABC Cancel 9/11 Mini-Series. The New York Times (9/9, Mckinley, 1.21M) reports, "Despite word of small last-minute cuts meant to soften the film's depiction of President Bill Clinton and his aides, members of his administration and Democratic officials yesterday stepped up their campaign to force ABC to cancel its disputed mini-series, 'The Path to 9/11.' The Democratic National Committee delivered to the network a petition with more than 200,000 names that demanded withdrawal of the film, which the petition called 'right-wing propaganda.'" Sen. John Kerry and former vice president Al Gore "also released statements castigating ABC." The Times notes, Sen. Hillary Clinton "was somewhat more guarded in remarks at an event at Columbia University. 'My bottom-line view,' Ms. Clinton said, 'is that when it comes to something as serious and historically significant as 9/11, the truth is enough and we ought to stick to the facts.'"

The Los Angeles Times (9/9, Collins, Duant, 918K) reports, "Walt Disney Co.'s ABC is forging ahead with plans to air a miniseries starting Sunday despite controversy over its efforts to dramatize — and some say unfairly politicize — the events leading up to the Sept. 11 terrorist attacks. … The movie is also threatening the bipartisan work of the Sept. 11 commission, whose Republican chairman, former New Jersey Gov. Thomas H. Kean, served as a paid consultant on the project and has played a key role in ABC's public-relations campaign. At least two other commission members — former Watergate prosecutor Richard Ben-Veniste and Jamie S. Gorelick, a former deputy attorney general under President Clinton — have vehemently criticized the miniseries project."

Bush's Monday Night Speech Interferes With ABC's Schedule. The Washington Post (9/9, A4, Kurtz, 748K) reports, "An ABC spokeswoman said yesterday that changes are being made to a number of scenes in the film. … ABC plans to air the film tomorrow and Monday -- despite another letter from the Clinton camp yesterday asking that it be pulled -- although it is trying to figure out how to accommodate President Bush's prime-time speech Monday and a planned panel discussion after the movie." The Kansas City Star (9/9, Bauder, 278K) reports similar details.

Dowd Claims Clinton And Bush Share Blame For 9/11. The New York Times' Maureen Dowd (9/9) writes, "Sandy Berger is lucky they didn't show him stuffing government documents into his bra. After all, cinematic license is cinematic license. Regarding ABC's tarted-up 9/11 movie that sparked a furor among Clintonites who felt they were unfairly blamed for the rise of Osama, I hate to be so quaint as to defend reality. … The argument over which president is to blame for 9/11 is tiresome. Both obviously bear some blame."

"Irony" Of Clinton's Complaints Noted. Newsweek's Marc Peyser (9/9) writes, "Former president Bill Clinton is blasting the ABC 9/11 docudrama 'The Path to 9/11' for being inaccurate and unfair. You've got to love the irony of that. Wasn't he the guy who hired Hollywood filmmakers to create a campaign biopic of his life? Sure, 'The Path to 9/11' makes up dialogue, invents scenes and creates a composite character or two, but sometimes you have to craft the facts in a certain way to tell a complicated story. Just like sometimes you have to reconsider what the definition of "is" is when you don't want people to know you've had an affair with a White House intern.

Whitman Defends EPA Response To WTC Health Risks. The CBS Evening News (9/8, story 3, , Couric, 7.66M) reported, "Tens of thousands of rescue and recovery workers at ground zero, hailed as heroes at the time, are now suffering from debilitating respiratory problems." Dr. Robin Herbert, Mount Sinai Medical Center: "This is a disaster of, unfortunately, historic proportions in many ways, and I think that the epidemic of disease we're seeing is also going to turn out to be a disaster of historic proportion." Couric: "And another person who has little doubt there is a connection between the dust at ground zero and the health problems today is the woman who was the head of the EPA at the time, Christine Todd Whitman." Christine Todd Whitman: "I know there are ongoing scientific studies being done to make the cause and effect, but you know what? We were there saying that this stuff wasn't good to breathe. We were there saying they should take some protection. Now they're getting sick. You see a correlation. You see a connection there." Couric: "But Whitman is the person many first responders hold responsible."

Lawmakers Accuse Administration Of Ignoring Health Problems Stemming From Ground Zero Recovery. The New York Times (9/9, Depalma, 1.21M) reports a bipartisan group of lawmakers including Senators Hillary Rodham Clinton and Charles Schumer "accused the Bush administration of ignoring the health problems that arose among workers who toiled at ground zero and the claims of downtown residents who say they were also sickened by the

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dust. The administration has done little to prepare for a similar disaster in the future, they said." Rep. Christopher shays said, "Today it appears the public health approach to lingering environmental hazards remains unfocused and halting. … The unquestionable need for long-term monitoring has been met with only short term commitments." And GOP Rep. Vito Fossella "criticized the government for not having done even basic work to record how many people participated in the cleanup and recovery operations." The AP (9/9, Barrett) reports similar details.

More Commentary. The New York Times (9/9, 1.21M) editorializes, "As we pay homage on Monday to those who died on Sept. 11, 2001, it is worth remembering what happened on May 28, 2002. That evening -- a scant 37 weeks after the attack -- workers took down the last column from that smoldering mound and officially cleared the site. … They came when the nation was attacked. Taking care of them now is a national obligation."

US Public Has Mixed Reaction Five Years After 9/11 Attacks. The CBS Evening News (9/8, story 8, 2:15, Hartman, 7.66M) returned to Shanksville, PA the site of the crash of Flight 93 five years after the 9/11 attacks to see how the site "had changed. And what I found was this: Except for a few new stuff in the windows, the town itself is pretty much the same, but the people aren't. They're all coping with the tragedy in such different ways." That's because "the people of Shanksville have very mixed emotions…like the rest of us between moving on and never forgetting."

The New York Times (9/9, A1, Clemetson, 1.21M) in a front page article reports, 'As President Bush prepares to mark the fifth anniversary with high-profile remembrances at the three crash sites, the" Madeleine V. Leckie Elementary School in Virginia "will mark the day with a low-key ceremony. And the families of the school's four victims will cling to the bonds between them." The Times adds, "The families may have scattered, but the school and its garden remain a center of gravity, a place to steal away to and remember the last times their families were whole."

The New York Times (9/9, Barry, 1.21M) in an article titled "He Bears The Mark Of His Loss Sadly" and the New York Times (9/9, Nocera, 1.21M) in an article titled "After 5 Years, His Voice Can Still Crack" describe the personal losses of some family members of 9/11 attack victims.

Some 9/11 Widows Reach Out To Bereaved Women Worldwide. NBC Nightly News (9/8, story 10, 2:55, Fratangelo, 9.87M) reported on the efforts of two 9/11 widows, Susan Retik and Patti Quigley, who started a charity to help bereaved women worldwide. They "started raising money with bicycle rides from ground zero to their homes near Boston to help other widows like them. Not here -- but in Afghanistan, where some lost husbands in the US led bombings." Retik: "A woman in Afghanistan, when she's widowed, their status is automatically lowered a couple of notches. It is an extremely difficult, extremely difficult life." Fratangelo: "Their foundation is called, 'Beyond the 11th.'"

Artist Travels US Painting Patriotic Images. ABC World News (9/8, story 11, 2:50, Gibson) reported on Scott Lobaido's "pilgrimage" to every US state to paint patriotic flags on the roofs of buildings. Lobaido: "It's not pro-war, anti-war. It's about these men and women who step up to the plate. I'm just trying it's about patriotic glue. This glue that keeps us all together regardless of our ideology.

Noonan Sees Message Of Strength In Last 9/11 Calls. Peggy Noonan in her column in the Wall Street Journal (9/9, 2.03M) recalls the last messages the victims of the 9/11 attacks left over their phones and says, "This is what I get from the last messages. People are often stronger than they know, bigger, more gallant than they'd guess. And this: We're all lucky to be here today and able to say what deserves saying, and if you say it a lot, it won't make it common and so unheard, but known and absorbed."

Funding May Run Out For WTC Tribute In Light. The New York Times (9/9, Dunlap, 1.21M) reports, "As twilight falls on Monday, the skies over Lower Manhattan will once again be pierced by the twin beams of the Tribute in Light." It "has become something of a civic tradition" but "the project may run out of money after 2008." And " it may lose its current staging area atop the Battery Garage, six blocks south of ground zero; a rare expanse of secure open space downtown."

Some Listed On Memorial Were Not Victims Of 9/11 Attacks. The AP (9/9, Frankston) reports, "A 100-foot-tall sculpture being unveiled on Monday's fifth anniversary of 9-11 honors thousands of terrorist attack victims, and then some: Carved into the granite base are the names of more than 40 people who weren't killed on Sept. 11 after all." The AP notes, "The majestic sculpture across the Hudson River from ground zero will feature 3,024 names of people once believed to have died in the 1993 and Sept. 11, 2001, attacks on the World Trade Center. The problem is that the Russian artist who created the work used an outdated list of names of those missing at the trade center."

WAR NEWS:

Bush Maintains Iraq Is Key To Mideast Reform. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he "is most emphatic when he links Iraq to the larger struggle for Mideast reform. 'In the long run, the United States is going to have to make a decision as to whether or not it will support moderates against extremists, reformers against tyrants. And Iraq is the first real test of the nation's commitment to this ideological struggle. …

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I believe it strongly. One way for the American people to understand the stakes is to envision what happens if America withdraws.' He has been hitting that last point hard in his recent speeches, and it is the linchpin of the argument Mr. Bush will make through November against the Democrats who insist on pulling out immediately."

Khatami Opposes Partitioning Of Iraq. Former Iranian President Mohammad Khatami in an interview with Time Magazine (9/9, Zagorin) calls the partitioning of Iraq "definitely a bad idea," adding, "Iraq should remain unified. The solution is a democratic state." Any "breakup of Iraq is very dangerous. A democratic state can prevent from this from taking place." Later, he adds, "Any aggression against Iran would have costs, serious costs for the U.S., more than for Iran. Public opinion in the world, and a great majority of the American public, would not support a military engagement."

Senate Report Contradicts Claims That Saddam And Al Qaeda Cooperated. Coverage indicated that the Senate report was a blow to the Bush administration's allegations. Last night NBC and ABC aired lengthy segments on the report regarding Saddam Hussein's government and al Qaeda. NBC opened its broadcast with the story, while ABC ran its second. CBS made no mention of the report during its broadcast. According to ABC correspondent Martha Raddatz, the report "is a stinging rebuke to those assertions made by the White House leading up to the war…and long afterwards." NBC anchor Brian Williams contended that "the notion of any link between the two has been shredded by a big new report issued by the Republican-controlled US Senate Intelligence Committee." Williams added that the report "will be seen as proof that there was a whole lot of bad intelligence floating around. Some of which was used to launch a war."

NBC Nightly News (9/8, lead story, 2:45, Williams, 9.87M) reported, "According to an opinion poll just released this week, 43% of Americans believe Saddam Hussein was personally involved in the 9/11 attacks. That is almost half the country. Linking Iraq and al Qaeda has been a tricky business. Some in the Administration have made the tie. Tonight, the notion of any link between the two has been shredded by a big new report issued by the Republican-controlled US Senate Intelligence Committee. It finds no link between Iraq and al Qaeda. In fact, it says the two have very little in common. There's even evidence Saddam Hussein used to criticize Osama bin Laden." NBC added, "The Senate reports finds that the Bush Administration repeatedly disregarded warnings that key intelligence might be wrong, even a warning that information had been fabricated. The Bush Administration repeatedly claimed there were ties between Saddam and al Qaeda. … But this report finds that none of that was true."

ABC World News (9/8, story 2, 2:40, Gibson) reported that in "the lead up to the war…and for a long time afterward, members of the administration, including the president, have maintained there was a link between Saddam Hussein and al Qaeda. Today, a declassified Senate report said that was not true. That, in fact, Saddam Hussein mistrusted al Qaeda and thought it a threat to his power." ABC added, "The report is a stinging rebuke to those assertions made by the White House leading up to the war…and long afterwards. In four years, the administration has argued that Saddam Hussein was tied to Abu Musab Zarqawi and al Qaeda." ... The Republican chairman of the Senate intelligence committee, Pat Roberts, said today, he was pleased with the overall report but criticized his Democratic colleagues for their statements."

The AP (9/9, Abrams) reports, "Saddam Hussein regarded al-Qaida as a threat rather than a possible ally, a Senate report says, contradicting assertions President Bush has used to build support for the war in Iraq. … Democrats contended that the administration continues to use faulty intelligence, including assertions of a link between Saddam's government and the recently killed al-Zarqawi, to justify the war in Iraq." Republicans "said the document, which compares prewar intelligence with post-invasion findings on Iraq's weapons and on terrorist groups, broke little new ground. And they said Democrats were distorting it for political purposes."

The Washington Post (9/9, A12, Pincus, 748K) reports, "The two newly declassified chapters of the report fueled political accusations yesterday that the Bush administration lied to justify invading Iraq." The Post goes on to report, "Although the Senate report raises questions about the reliability of the information provided by Iraqi exiles, it notes that the information had little direct impact on the National Intelligence Estimate on Iraq produced in October 2002. Many of the Iraqi National Congress claims, however, were passed on to the White House and the office of Vice President Cheney through reports by a separate intelligence analysis group established by then-Undersecretary of Defense Douglas J. Feith. The Senate committee's inquiry into the Feith group's activities, another part of the prewar intelligence study, has been delayed by committee Chairman Pat Roberts, who is awaiting the completion of a Pentagon inspector general inquiry into the same matter."

The Los Angeles Times (9/9, Miller, 918K) reports in a 1,500-word article that the Senate committee's findings contradict "claims by the Bush administration before it invaded Iraq." The findings "are the latest in a series of high-profile studies to dispute some of the Bush administration's key arguments for invading Iraq" and will "fuel the election-season debate over the administration's foreign policy at a

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time when Bush is seeking to shore up support for the war in Iraq." Chairman Roberts was placed "in the awkward position of touting the work of his panel while urging the public to ignore some of its conclusions."

Bush Allegedly Repeated Unsubstantiated Claims Regarding Saddam And Zarqawi. The New York Times (9/9, A1, Mazzetti, 1.21M), in a front-page story, titled, "C.I.A. Said To Find No Hussein Link To Terror Chief," reports that the CIA "last fall repudiated the claim that there were prewar ties" between Hussein's government and Zarqawi. According to the Times, "The disclosure undercuts continuing assertions by the Bush administration that such ties existed, and that they provided evidence of links between Iraq and Al Qaeda. The Republican-controlled committee, in a second report, also sharply criticized the administration for its reliance on the Iraqi National Congress during the prelude to the war in Iraq. … The reports did not address the politically divisive question of whether the Bush administration had exaggerated or misused intelligence as part of its effort to win support for the war. But one report did contradict the administration's assertions, made before the war and since, that ties between Mr. Zarqawi and Mr. Hussein's government provided evidence of a close relationship between Iraq and Al Qaeda. As recently as Aug. 21, President Bush said at a news conference that Mr. Hussein 'had relations with Zarqawi.' But a C.I.A. report completed in October 2005 concluded instead that Mr. Hussein's government 'did not have a relationship, harbor or even turn a blind eye toward Zarqawi and his associates,' according to the new Senate findings." The AP, the Washington Post and the Washington Times also mention the president's August 21 speech.

The Washington Post (9/9, A1, Weisman, 748K), in a front-page article titled, "Iraq's Alleged Al-Qaeda Ties Were Disputed Before War: Links Were Cited to Justify U.S. Invasion, Report Says," reports, "U.S. intelligence analysts were strongly disputing the alleged links between Saddam Hussein and al-Qaeda while senior Bush administration officials were publicly asserting those links to justify invading Iraq. Far from aligning himself with al-Qaeda…Hussein repeatedly rebuffed al-Qaeda's overtures and tried to capture Zarqawi, the report said. Tariq Aziz, the detained former deputy prime minister, has told the FBI that Hussein 'only expressed negative sentiments about [Osama] bin Laden.'"

Bloomberg (9/9) reports Bush "has consistently linked Iraq, where more than 2,600 U.S. military personnel have died and the U.S. is mired in a violent conflict between Shiites and Sunnis, to the larger war on terror and fundamentalist Islamic militants such as al-Qaeda. Bush displayed 'gross negligence' by citing faulty intelligence in speeches and statements to connect Saddam Hussein to al-Qaeda," said Senator Jay Rockefeller.

Snow Responds To Allegations Against Bush. The Washington Times (9/9, A1, Scarborough, Hurt, 88K), in a front-page article titled, "Report Finds No Saddam, Zarqawi Ties," reports Sen. Carl Levin said, 'To this day, these statements haven't stopped. Just two weeks ago, the president said in a press conference that Saddam Hussein had relations with Zarqawi. The intelligence committee's report demonstrates that statement to be false. ... The president's statement, made just two weeks ago, is flat out false.' White House spokesman Tony Snow told The Washington Times last night that Mr. Bush was referring to the fact that Zarqawi was in Iraq receiving medical care and lodging during Saddam's rule. 'The president knows there was no operational relationship and he did not assert there was an operational relationship,' Mr. Snow said. The Senate report also said there is no evidence that Saddam's regime participated in or aided the September 11 attacks. Mr. Snow said the president has never asserted otherwise. 'There have been repeated insinuations that the president had somehow said Saddam was involved in September 11,' Mr. Snow said. 'He has never said that. He has taken great pains from the very beginning to assure people that was not the case.'"

Hagel And Snowe Joined Democrats' Criticism Of US Reliance On INC. NBC Nightly News (9/8, story 2, 2:00, Williams, 9.87M) followed-up its lead story on the Senate report with "analysis" from Washington bureau chief Tim Russert. According to Russert, "two Republican Senators, Chuck Hagel of Nebraska and Olympia Snowe of Maine joined with the Democrats to toughen this report. That's very, very significant." Russert said that when he interviews Vice President Cheney this Sunday he will inquire, "Exactly about this subject."

The New York Times (9/9, A1, Mazzetti, 1.21M) reports, "A set of conclusions that included criticism of the administration's ties with the Iraqi National Congress was opposed by several Republicans on the panel, including Mr. Roberts, but was approved with the support of" Hagel and Snowe, "along with all seven Democrats. Senator Roberts even took the unusual step of disavowing the conclusions about the role played by the Iraqi National Congress, saying that they were 'misleading and are not supported by the facts.'

The Washington Post (9/9, A1, Weisman, 748K) reports, "Republican attempts to paint the findings as a partisan rehash were undercut by intelligence committee members from the GOP."

McClatchy (9/9, Strobel, Talev) reports, "The reports are part of a five-report study that the Senate Intelligence Committee has undertaken into the Bush administration's use of intelligence before the invasion of Iraq. The study has left the committee badly divided. Three reports remain classified, including one comparing prewar statements by Bush administration officials to intelligence available at the time. Democrats have accused Republicans of delaying the reports until after the November congressional elections."

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The St. Louis Post-Dispatch/Cox (9/9, Deans) reports Sen. Kit Bond "criticized Democrats on the Senate Intelligence Committee for attempting to spin the report released Friday, calling their comments that the administration manipulated pre-war intelligence about Iraq deceptive. 'Democrats continue to make partisan attacks even though the facts do not support those conclusions,' Bond said."

Bush Seen As Unlikely To Admit Making Mistakes. The Washington Post's Linton Weeks, in a piece on past presidents' refusal to apologize for their mistakes (9/9, C1), writes, "Being president apparently means never being able to say you're sorry. Or wrong. President Bush said that the Central Intelligence Agency did secretly detain certain people suspected of working for al-Qaeda, and that CIA interrogators have used 'an alternative set of procedures' designed to pry information from prisoners. Given the opportunity to say he was wrong or that he was sorry, he did what presidents do: neither. … It is a tack that the president may take again in light of reports from the Senate Intelligence Committee that Saddam Hussein was not linked to Osama bin Laden at the time Bush was mounting a war against Iraq."

NYTimes Claims Report's Conclusions Are Already Widely Accepted. The New York Times (9/9, 1.21M) in an editorial writes, "We were certainly relieved that the Senate Intelligence Committee finally made official yesterday what pretty much everyone but President Bush and Vice President Dick Cheney had already acknowledged: There never was any connection between Saddam Hussein and Al Qaeda, not even between Mr. Hussein and the self-styled Qaeda leader in Iraq, Abu Musab al-Zarqawi. Iraq also was not busily trying to build a nuclear weapon before the war, nor did it have a biological weapons program. … Unfortunately, the documents…are beside the big point of this inquiry: Did Mr. Bush and his aides knowingly hype the intelligence on Iraq and deliberately mislead Americans into war?"

General Says Rumsfeld Refused To Plan For Postwar Iraq. McClatchy (9/9, Heinatz) reports, "Long before the United States invaded Iraq in 2003, Defense Secretary Donald Rumsfeld forbade military strategists to develop plans for securing a post-war Iraq, the retiring commander of the Army Transportation Corps said Thursday. In fact, said Brig. Gen. Mark Scheid, Rumsfeld said 'he would fire the next person' who talked about the need for a post-war plan." Scheid, who is retiring in "about three weeks," said that Rumsfeld feared "the American public will not back us if they think we are going over there for a long war." His comments further confirm "the version of events reported in 'Cobra II: The Inside Story of the Invasion and Occupation of Iraq.'" Despite his criticism, Scheid "doesn't go so far as calling for Rumsfeld to resign." This article appeared in about 16 sites.

Iranians Arrest Five Members Of Iraqi Security Forces. The New York Times (9/9, Wong, 1.21M) reports, "Five members of the Iraqi security forces and their interpreter were arrested by Iranian troops as the Iraqis were patrolling the Iraq-Iran border this week. ... The Iraqis were on a joint patrol run by the Interior and Defense ministries ... near the town of Mandali, in Diyala Province. The area has been rife with sectarian violence. It was unclear which side of the border the Iraqis were on." The arrests "come at a time of growing tension between the United States and Iran," the latter of which "detained eight [UK] sailors in June 2004" near the Iranian border. Iraq and Iran fought a war in the 1980s; "though Iraqi Shiite political parties are close to some Iranian officials, many Iraqis distrust the Iranians, who have been the traditional rivals of Arabs for influence in the region." The Times also briefly reports several bombings, a sheik's assassination, and deaths of one British and one American soldier.

The Washington Post (9/9, A12, Paley, 748K) reports the arrests occurred "after a cross-border skirmish Thursday." The captured Iraqis "were part of a joint U.S.-Iraqi patrol that trekked on Thursday afternoon to a border post near Mandali ... to investigate reports that a large number of Iranians were crossing into Iraq there."

Iraqi Forces Protect Karbala. The Washington Times/AP (9/9, Quinn) reports, "Iraqi police and army troops fanned out around Karbala yesterday to safeguard the Shi'ite holy city as a mortar attack killed three pilgrims heading there for a religious festival." Officials expect up to 3 million pilgrims.

The Los Angeles Times (9/9, McDonnell, 918K) reports, "No major attacks were reported against the multitudes destined for Karbala, where today they celebrate the birthday of a revered imam who disappeared a millennium ago. But even on a relatively quiet day in the capital, authorities reported finding 14 unidentified bodies in various neighborhoods." Authorities "sealed off Karbala, about 50 miles south of Baghdad, to try to prevent a repeat of previous attacks on masses of Shiite pilgrims, whose boisterous marches are often viewed as a provocation by the rival Sunni Arab community."

Iraqi Death Count Excludes Car Bombs, Mortar Attacks. McClatchy Newspapers (9/9, Brunswick, Obeid) reports, "U.S. officials, seeking a way to measure the results of a program aimed at decreasing violence in Baghdad, aren't counting scores of dead killed in car bombings and mortar attacks as victims of the country's sectarian violence. In a distinction previously undisclosed, U.S. military spokesman Lt. Col. Barry Johnson said Friday that the United States is including in its tabulations of sectarian violence only deaths of

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individuals killed in drive-by shootings or by torture and execution." The accounting method "allowed U.S. officials to boast that the number of deaths from sectarian violence in Baghdad declined by more than 52 percent in August over July." McClatchy calls the dispute "important" and reports that many Iraqis "say [civil war] has already begun."

New Army Interrogation Manual Recalls Abuses. The Washington Post (9/9, White, 748K) reports, "The chief architect of the new Army field manual on interrogations said yesterday that the document aims to preserve the memory of the detainee abuse at Abu Ghraib and elsewhere so future generations of U.S. soldiers do not repeat the same mistakes." The manual prohibits "abuse alleged at various facilities and some that appear to come directly from Abu Ghraib photographs: forcing a detainee to be naked, perform sexual acts, or pose in a sexual manner," etc. A Human Rights First official expressed concern "that the Army field manual and a new Pentagon directive on detainee treatment designate the CIA as the agency that will do the nation's dirty work under a set of secret guidelines."

US Forces Find Torture Chambers. The AP (9/9) reports, "The senior commander of U.S. and Iraqi forces in northern Iraq said Friday that a small number of 'torture chambers' apparently used for sectarian violence were discovered along the Diyala River. Maj. Gen. Thomas R. Turner II ... told reporters at the Pentagon that two or three small rooms were found in May or June. He mentioned them as examples of sectarian strife that has spread from Baghdad to other parts of Iraq." A Pentagon report had "expressed concern that sectarian violence was spreading beyond the Iraqi capital," which Gen. Turner acknowledged by saying, "We do see that migration."

Ex-Marine Warns Against "Rush To Judgment" Of Murder Suspects. The Los Angeles Times (9/9, Perry, 918K) reports on ex-Marine Ilario Pantano, who "was charged with killing two unarmed Iraqi prisoners but was exonerated last year in a high-profile preliminary hearing at Camp Lejeune, N.C." His Marine career "destroyed," he now expresses concern "that decisions about bringing criminal charges are often made by investigators and officers without direct combat experience. The line between acceptable and unacceptable violence in Iraq is hard to discern, he said." Pantano's "aggressive and media-smart" legal strategy has become a model for other GIs facing "similar charges," such as the Pendleton 8. His accuser remains convinced of Pantano's guilt.

Car Bombing Near US Embassy In Kabul Kills Two US Soldiers. The Kabul suicide bombing resulted in coverage pointing out the increasing boldness of Taliban insurgents in attacking the capital. The Washington Post (9/9, A1, Constable, Hamdard, 748K) reports, "A suicide bomber rammed a Toyota sedan into a U.S. military convoy Friday morning on a busy Kabul street, triggering a blast that killed 14 Afghan civilians and two U.S. soldiers." Seventeen people including a US soldier were wounded in an attack that "tore one U.S. military vehicle in half and scattered chunks of charred metal and human limbs across the pavement." The "attack, carried out on the same block as the heavily guarded U.S. Embassy, was the latest of half a dozen bombings that in recent months have brought what was an almost exclusively rural insurgency onto the streets of the Afghan capital." The Post calls the explosion "the deadliest attack in the capital since September 2002." At the same time, the Post notes, "Taliban militiamen are battling NATO troops in southern Afghanistan with unexpected aggressiveness and occupying rural districts there."

The New York Times (9/9, Gall, Wafa, 1.21M) adds, "A suicide bomber smashed his car into an American military vehicle just yards from the United States Embassy in downtown Kabul on Friday morning, killing as many as 16 people and wounding 29." The attack "came amid a sharp escalation of violence in Afghanistan, where NATO and American military commanders are waging an offensive to crush a Taliban insurgency that has revived with unexpected strength this year." The Washington Times/AP (9/9, Garwood) calls it "the most brazen attack yet on Kabul's heavily guarded center." The Financial Times (9/9, Morarjee, Dombey) calls it "an indication that Taliban insurgents are becoming bold enough to strike outside their traditional southern strongholds."

The Los Angeles Times (9/9, Rubin, 918K) reports that the bombing has "raised fears here about a growing ability of anti-government extremists to strike with apparent impunity, even in the capital." Kabul residents "blamed the incident on the Musharraf government, which they said had allowed the Taliban to take refuge, train and rearm in Pakistan. But they said the United States was responsible too because it has influence with Musharraf yet has failed to compel him to halt support for Taliban guerrillas or prevent their crossing into Afghanistan."

McClatchy Newspapers (9/9, Landay) reports, "Intelligence officials told McClatchy Newspapers earlier this year that much of the violence in Afghanistan has come from tactics - such as car bombings, suicide attacks and homemade bombs - that were brought to Afghanistan by militants trained in their use in Iraq." The bombing may be linked to "the fifth anniversary Saturday of the assassination of a fabled guerrilla leader and Taliban opponent, Ahmad Shah Massoud, who was killed by suspected al-Qaida operatives posing as television journalists."

Jones Calls For More NATO Troops. The Financial Times (9/9, Morarjee, Dombey) reports that NATO supreme

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commander Gen. James Jones "made clear that he was looking for a reserve battalion of 800-1000 soldiers, plus air support that could involve additional personnel of up to 1,500 people." He called the reinforcements "more important than ever." However, his "request represents one of Nato's toughest challenges yet, since the alliance has long-standing difficulties in providing speedy troop deployments, air support and forces that can be moved around with ease."

The AP (9/9, Scislowska) reports, "Calls by NATO's top commander for 2,000 more troops in Afghanistan could be running up against donor fatigue from key members of the alliance. The NATO campaign has been draining: In one of the world's harshest environments, it has failed to ensnare top al-Qaida leaders and the insurgency is at its fiercest since the fall of the Taliban — raising the specter of an Iraq-style quagmire." In addition, NATO countries have already contributed troops to Lebanon. The AP says the Afghan military situation has "grim parallels" to Iraq, even though Gen. Jones called such comparisons "a cheap shot." According to the AP, "U.S. and NATO commanders have repeatedly underestimated the ability of the Taliban to regroup after heavy losses, and there are signs that militants in Afghanistan are adopting tactics used in Iraq."

Karzai Says To Expect More Challenges. Time magazine (9/8) reports that the bombing "rocked the floor of the presidential palace a mile away, where President Karzai was sitting down for an interview with TIME." Karzai, "struggling to maintain his composure in the minutes following the blast, condemned the attack and lamented the loss of life, but adamantly rejected any suggestion that the security situation in Afghanistan was deteriorating." He warned, "The enemy is defeated, but it is not eliminated." Time comments, "Events over the past week suggest [the Taliban] are far from being defeated."

Mullah Omar Reportedly In Pakistan. CNN (9/9, Bergen, Cooper, Moore) reports, "The one-eyed Taliban leader Mullah Omar, who heads the religious militia fighting U.S. and NATO forces in Afghanistan, is living in Pakistan, though not in the same area where al Qaeda leader Osama bin Laden is thought to be, according to a U.S. intelligence source. ... The elusive Taliban leader is believed to be in Quetta or its environs." The added "that bin Laden is likely in Bajuar, a sparsely populated remote tribal region on the northern Afghan-Pakistan border, bordering Chitral."

"Kidnapped" Major Turns Up In Kyrgyzstan. The AP (9/9, Saralayeva) reports USAF Maj. Jill Metzger, "who disappeared earlier this week in Kyrgyzstan, was found alive late Friday, reportedly telling people who helped her that she had been kidnapped." Kyrgyz police "informed authorities at the U.S. air base at the airport in Bishkek" that she had been located. Deputy Interior Minister Omurbek Suvanaliyev "said Metzger, 33, knocked on the door of a house on the outskirts of the capital shortly before midnight and told its residents that she had been kidnapped." The AP notes, "The shopping center where Metzger disappeared, located about 35 miles from the base, is not a particularly dangerous area, said" a US military officer. "Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Metzger was found." The New York Times (9/9, 1.21M) runs a slightly modified version of the AP article.

NBC Nightly News (9/8, story 5, Williams, 9.87M) reported, "There is late word tonight that an Air Force major who vanished on Tuesday in the Central Asian nation of Kyrgyzstan has been found. We've learned Major Jill Metzger was found in Bishkek. Wandering near a police station. Her hair had been cut and dyed but it's unclear whether she had been abducted. Air Force doctors are now examining her."

Army Touts Recruiting Increase. The Washington Post (9/9, Tyson, 748K) reports, "The Army will meet its goal of recruiting 80,000 new active-duty soldiers this fiscal year but will fall short in the percentage of high school graduates as the education level of enlistees dips below the norm of the past decade, according to senior Pentagon officials." The recruiting success is a "significant rebound" from last year's failure to meet "the active-duty target" for the first time since 1999. Officials attributed the gains "to a beefed-up active-duty recruiting force" and to incentives for both recruits and recruiters. However, "the proportion of recruits holding a high school diploma was 81.2 percent as of August, falling below the Pentagon benchmark of 90 percent for the second year in a row," to the lowest figure since 1981.

The AP (9/8, Burns) reports the story as well, quoting Maj. Gen. Sean Byrne, who concedes that "the Iraq war continues to be a drag on recruiting, and he said unpublished Army research surveys show people of enlistment age are increasingly disinclined to join. Similarly, adults who influence the choices of potential recruits — like parents, teachers and coaches — are less inclined to recommend military service." As it is, "even now, after increasing the active-duty Army by about 10,000 soldiers this year, to about 501,000, soldiers generally get less than two years at home between one-year tours in Iraq."

Journalist Accused Of Assisting Hussein Government Released From Prison. The New York Times (9/9, Hartocollis, 1.21M) reports Susan Lindauer, "a former journalist and Congressional aide accused of working with Iraqi intelligence before the war was released from prison yesterday after a federal judge ruled that she could not be forced to take antipsychotic medication in an effort to make her competent to stand trial. The judge,

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Michael Mukasey of Federal District Court in Manhattan, said he was not convinced that even if she took the medication…Lindauer, 43, would improve enough to be capable of standing trial. Judge Mukasey also criticized the strength of the government's case, saying that the legal standard for forcibly administering medication requires a strong government interest in prosecution, and that the government has not been able to establish that standard in this case."

CORPORATE SCANDALS:

Probe Of Stock Options Timing Expands. The AP (9/9, Gordon) reports, "As shareholders are finding out how costly the stock-options backdating scandal might be, a widening cast of characters is being targeted." The AP continues, "In the latest development Friday, Broadcom Corp., a supplier of chips used in communications devices, said it may need to boost a charge it takes to $1.5 billion or more for stock-option accounting flaws -- double what it estimated in July." The AP adds, "Government officials said this week they want to know what roles corporate directors as well as outside attorneys, auditors and compensation consultants might have played in helping executives manipulate the timing of option grants to enrich themselves and their colleagues. … More than 100 public companies, many of them in the technology sector, are under scrutiny by the Securities and Exchange Commission for possible rigging of stock-option grants to boost their value to the recipients. The Justice Department is investigating scores of companies for possible criminal violations. … California-based Broadcom, for example, uncovered grants awarded between June 2000 and 2002 in which the measurement dates differed from grant dates. … And the Internal Revenue Service is looking at possible tax-law violations in option grants by some companies."

Broadcom Finds More Options Problems. The San Jose Mercury News (9/9, Schwanhausser) reports, "Broadcom warned investors Friday that its internal review of misdated stock options had uncovered deeper problems that will force it to recognize at least $1.5 billion in expenses -- double the Irvine company's original estimate in July." The News continues, "Meanwhile, a Silicon Valley company said its internal investigation had come to the opposite conclusion: Linear Technology found 'no evidence of fraud or misconduct of any kind.' Still, the Milpitas chip maker apparently became the first valley company to disclose that the Internal Revenue Service is looking into possible option abuses." The News adds, "So far, about 120 U.S. companies face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews, with about one-fourth of them based in Silicon Valley. Many of those have warned they will need to restate past financial reports because option abuses led them to overstate their profits. … Broadcom stands apart, however, because the size and breadth of its errors have grown dramatically. The semiconductor maker said in July that it had understated its option expenses by an estimated $750 million and would restate records dating to 2000. … Now it says it will restate financial reports back to 1998 -- covering its entire history as a public company. The accounting charge 'will be at least twice the amount previously estimated and could be substantially more' if investigators find more tainted options, Broadcom said."

The Los Angeles Times (9/9, Granelli) reports, "As an optimistic symbol of the technology industry's future, Broadcom Corp. in the late 1990s was hard to beat. … Stock options turned average workers into millionaires, and the founders established themselves at the top of Orange County's corporate and philanthropic elite as the Irvine chip maker's share price soared. … But eight years after its frothy debut on the public markets, Broadcom is fast epitomizing the industry's cavalier past — and more sober prospects." The Times continues, "On Friday, the company said unreported expenses related to those stock options that peppered the employee parking lot with Ferraris and Lamborghinis are likely to swell to more than $1.5 billion and ultimately could be 'substantially more.' … The revision is double an estimate of two months ago and would increase Broadcom's accumulated losses since going public in 1998 to more than $7 billion. It's also the largest restatement among any of the more than 100 public companies under scrutiny over alleged manipulation of the timing of stock option grants." The Times adds, "Although technology companies were more likely than other firms to grant stock options as incentives for rank-and-file workers as well as executives, questions about the practice are being raised at a number of companies — including Home Depot, Cheesecake Factory, Cablevision and UnitedHealth. … In many cases, experts believe, nothing illegal was done, although the Justice Department is examining more than 45 companies and the Securities and Exchange Commission is reviewing more than 100. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud."

Bloomberg (9/9, Barr) reports, "The restatement is the biggest yet among at least 120 companies facing federal probes or conducting internal reviews into whether they manipulated dates to inflate the value of options. In July, Broadcom said it would take a $750 million charge after an audit committee found options backdating from 2000 to 2002. That review continues. … 'More serious than effect on share price is what it says for the culture of the company,' said Michael Cohen, an analyst for San Diego-based Pacific American Securities. 'In addition to straightening out the

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accounting, these companies should find the wrongdoers and get some recovery for shareholders.'"

Ebbers Ordered To Report To Prison September 26. The AP (9/9, Neumeister) reports, "Former WorldCom Corp. chief Bernard Ebbers was ordered to report to prison Sept. 26 to begin serving a 25-year sentence for an $11 billion accounting fraud." The AP continues, "U.S. District Judge Barbara Jones, in a ruling made public Thursday, ordered Ebbers to surrender to an institution designated by the U.S. Bureau of Prisons to begin serving a sentence that was delayed for the last year while an appeals court considered it." The AP adds, "Ebbers was sentenced in July of last year after he was convicted of fraud and conspiracy in the massive fraud that drove WorldCom into bankruptcy in 2002. … The 2nd U.S. Circuit Court of Appeals last month upheld his conviction and sentence, finding he was motivated primarily by personal financial circumstances."

Former Enron Executive Delainey Seeks Probation. Bloomberg (9/9, Calkins) reports, "Former Enron Corp. executive David Delainey, who pleaded guilty to insider trading, asked a judge to sentence him to probation or house arrest because he cooperated with prosecutors in their investigation." Bloomberg continues, "Delainey, a Canadian citizen and former head of Enron's energy trading and retail energy services divisions, said he deserves less than the 10-year term he agreed to serve, according to court papers filed Aug. 28. He asked to serve any sentence in Canada, near his job and family in Calgary. … 'Mr. Delainey has provided the government with extraordinary insight and education, and has given powerful, credible testimony,' John Dowd, his lawyer, wrote in court papers filed with U.S. District Judge Kenneth Hoyt in Houston. 'His testimony at the trial of Jeffrey Skilling and Kenneth Lay was critical to achieving the convictions.'" Bloomberg adds, "Skilling, 52, and Lay, who died in July at age 64, were convicted in May of spearheading the fraud that destroyed the world's largest energy trader. More than 5,000 jobs and $1 billion in employee pensions vanished when Enron plunged into bankruptcy in December 2001. … Delainey, 40, pleaded guilty to selling more than $4.26 million in Enron stock between January 2000 and October 2001 based on non-public knowledge of numerous management schemes that were artificially boosting Enron's bottom line. These included realigning business units to hide losses and improperly using reserves to make up shortfalls in earnings expectations. … As part of his plea agreement, Delainey also agreed to forfeit almost $8 million in illicit profits and cooperate with prosecutors when he pleaded guilty to a single count of insider trading in October 2003. In a Sept. 5 response to his sentencing request, prosecutors told Hoyt they will seek an unspecified reduction in Delainey's sentence."

Dunn Denounces Pretexting Tactics In H-P Board Probe. The AP (9/9, Liedtke) reports, "Battling to keep her job, Hewlett-Packard Co. Chairwoman Patricia Dunn tried Friday to defuse the uproar over a company-ordered investigation that relied on a potentially illegal ruse to obtain the personal phone records of her fellow directors and at least nine reporters." The AP continues, "In an interview, Dunn described the tactics as 'absolutely appalling' and 'embarrassing' while defending the need to pursue the investigation to plug a leak on HP's board. … 'I serve at the pleasure of the board,' Dunn said. 'I totally trust their judgment. If they think it would be better for me to step aside, I would do that. But a number of directors have urged me to hang in there.' She declined to say how many of HP's other nine directors support her." The AP adds, "The board plans to hold an emergency meeting by phone during the weekend to discuss the concerns about the company's investigation as well as Dunn's job status. … California Attorney General Bill Lockyer already has concluded the HP investigation broke state law by obtaining people's private phone records under false pretenses -- a charade known as 'pretexting.' … HP's investigators masqueraded as the directors and reporters targeted in the probe, using their Social Security numbers in some instances to dupe phone companies into turning over lists of personal phone calls."

The San Francisco Chronicle (9/9, Page A - 1, Kopytoff, Guynn) reports, "California Attorney General Bill Lockyer has called the techniques used by Hewlett-Packard's investigators illegal and has opened an inquiry to determine who was responsible. To gain access to the phone records, Hewlett-Packard's investigators obtained Social Security numbers of their targets and then impersonated them online or during phone calls with AT&T. … Dunn stopped short of saying the practice of faking someone's identity to obtain information, called 'pretexting,' was illegal, citing her lack of a legal background. But she said of the tactic, 'I just don't think it's right.'"

CRIMINAL LAW:

Businessman Sentenced To Prison For Bribing Jefferson. The New York Times (9/9, Drew, 1.21M) reports Judge T.S. Ellis III of Federal District Court in Alexandria, Va., "sentenced Vernon L. Jackson, the chief executive of a Kentucky technology company, to 7 years 3 months in jail for paying more than $400,000 to Representative William J. Jefferson, Democrat of Louisiana. In May, Mr. Jackson pleaded guilty to charges that he made the payments to a consulting firm run by Mr. Jefferson's wife

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in return for the congressman's help on business deals in Africa. Mr. Jefferson has denied any wrongdoing and has not been charged. Prosecutors said Mr. Jackson had been cooperating with a federal investigation of the congressman."

The Washington Post (9/9, A8, Lengel, 748K) reports Jackson "said nothing during the proceeding. His attorney, Michael S. Nachmanoff, said he was pleased the judge gave a sentence that was at the low end of the federal guideline." Jefferson "has not been charged and has denied wrongdoing, but sources have said an indictment appears assured."

The AP (9/9, Barakat) reports, "A former congressional aide of Jefferson was sentenced to eight years in prison after admitting that he helped broker some of the bribes paid to Jefferson."

The Lexington Herald-Leader (KY) (9/9, Cheves) reports, "U.S. District Judge T.S. Ellis III in Alexandria, Va., noted that Jackson is a self-made entrepreneur with strong ties to his community and church. But Ellis said the punishment must reflect the damage that bribery inflicts on the credibility of government. … Ellis ruled that Jackson won't have to report to prison until at least January, as prosecutors said they want to continue to consult him in their investigation."

The New Orleans Times-Picayune (9/9, Walsh) reports, "Kentucky businessman Vernon Jackson, the son of a school custodian who had built himself into a high-tech multimillionaire only to lose it all, was trying to claw his way back into the game six years ago when he met Rep. William Jefferson, D-New Orleans." The Times-Picayune adds, "Jackson, whose fortune was once estimated at $32 million, saw the congressman as his ticket back to financial success and respectability. Jefferson's connections in Washington and West Africa held the promise of finally finding a market for Jackson's patented telecommunications invention that could make both of them rich. … Instead, according to FBI wiretap transcripts and court pleadings, Jefferson hit up Jackson for nearly $400,000 in bribes and eventually sought to seize control of his fledgling telecommunications company, iGate Inc."

More Firms Linked In Jefferson Probe. The New Orleans Times-Picayune (9/9, Alpert) reports, "Documents released this week by Nigerian investigators indicate that the ongoing U.S. probe of Rep. William Jefferson, D-New Orleans, includes an examination of his links to some previously unreported companies." The Times-Picayune continues, "Nigeria's Economic and Financial Crimes Commission said it had been asked by the U.S. Justice Department to examine the congressman's role not only in promoting a Nigerian project proposed by the Kentucky firm iGate Inc., but also his links to" three firms, including "Life Technology Holdings, now known as Global Environmental Energy Corp., which at one time had offices in New Orleans and filed for bankruptcy protection after its efforts to build garbage incinerators failed to catch on. Along with iGate, it helped finance Jefferson's trip to Western Africa, including Nigeria, in 2004. … TDC Overseas of Baton Rouge, which was looking to build a sugar refinery in Nigeria. George Knost, the company's chief executive officer, said TDC is 'cooperating fully' with the Justice Department probe of Jefferson. The company has 'had no improper dealings with Jefferson or anyone else,' Knost said. … Jefferson Interest Inc., which matches the name of a company registered with the Louisiana secretary of state's office in 1983 that lists Jefferson as president and his brothers Bennie and Mose as vice president and secretary-treasurer, respectively." The Times-Picayune notes, "The Justice Department probe of Jefferson centers on allegations that Vernon Jackson, chief executive officer of iGate Inc., funneled more than $360,000 to a company controlled by Jefferson's family in return for the congressman's help in getting contracts in Nigeria and Ghana for iGate's copper wire broadband technology. Jackson has pleaded guilty and was sentenced Friday to seven years and three months in jail."

Libby's Backers Renew Criticism Of Fitzgerald After Armitage Admission. The Los Angeles Times (9/9, Hamburger, Cooper, 918K) reports that "almost three years ago," special prosecutor Patrick J. Fitzgerald learned that Richard Armitage had leaked Valerie Plame's identity to Robert Novak. The Times asks, "So if the mystery was already solved, why did Fitzgerald's investigation continue for almost 36 more months? Why does I. Lewis 'Scooter' Libby, former chief of staff to Vice President Dick Cheney, still face criminal charges in connection with the Plame leak? And why were other senior officials left twisting in the wind, facing possible indictment? Did the special counsel, operating behind the veil of secrecy of all such inquiries, abuse his authority in a witch hunt?" The Times goes on to report, "The discovery of Armitage's role — and the fact that it had been known to investigators so early — is stirring administration defenders to fury. After all, they say, the inquiry left the White House under a cloud of suspicion for months and created a costly distraction for senior officials, including political strategist Karl Rove and even Cheney. 'It's as if a giant hoax were perpetrated on the country — by the media, by partisan opponents of the Bush administration, even by several Bush subordinates who betrayed the president and their White House colleagues,' conservative commentator Fred Barnes wrote this week in a Weekly Standard Magazine column that listed Fitzgerald, the news media and others as the culprits."

The AP (9/9, Apuzzo) quotes several supporters of Lewis "Scooter" Libby's, including former Sen. Fred Thompson, "who…said Fitzgerald had a duty to set the record straight yet continued to urge Armitage's silence. Thompson said the case shows the worst side effects of

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appointing a special prosecutor." Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, "said Friday she believes Fitzgerald knew that no crime had been committed with the leak of Plame's identity, yet he forced reporters to disclose their confidential sources and even sent" the NYTimes' Judy Miller "to jail."

Federal Investigators Interview Harris' Former Campaign Manager. The St. Petersburg Times (9/9, Kumar) reports, "Federal investigators interviewed U.S. Rep. Katherine Harris' former campaign manager as part of an ongoing federal inquiry into her relationship with a convicted defense contractor." The Times continues, "Jim Dornan, who left Harris' Senate campaign in November, spoke to investigators from the FBI and the Defense Department in Washington for about 90 minutes Thursday. … The Justice and Defense departments are examining Harris' dealings with Mitchell Wade, who made illegal campaign contributions to Harris and later asked her to help secure $10-million in federal money for a company project. … They have subpoenaed records from Harris' campaign office and have interviewed at least three former staffers: senior campaign consultant Ed Rollins, congressional chief of staff Fred Asbell and Mona Tate Yost, a congressional aide who later went to work for Wade. … A fourth employee, Kara Borie, Harris' former congressional spokeswoman, was contacted by investigators last month but it is unclear whether she was interviewed." The Times notes, "Wade, who pleaded guilty to bribing another member of Congress, and Harris shared at least two dinners - each costing about $3,000 - at a tony Georgetown restaurant. … Dornan was not working for Harris when she received the donations or requested the money for the project."

US Increases Pressure On Online Gaming Firms. The AP (9/9, Douglas) reports, "Gambling industry experts agree: If you operate an offshore gaming Web site, stay out of the U.S." The AP continues, "Moments after setting foot in the U.S. Thursday, Sportingbet PLC chairman Peter Dicks became the second U.K. offshore sports betting executive arrested in recent months for running an online gambling operation. Former BetOnSports PLC chief executive David Carruthers was arrested on federal charges in July. … It's still unclear if the arrest is a coincidence or part of a government crackdown, but some experts suspect the latter. … And as millions of dollars in bets for the NFL's opening weekend roll into thousands of Web sites, the pressure on the Internet gaming industry has intensified. … 'You don't need legal expertise to know if you are running an offshore gambling site, don't come to America right now. You stand a good chance of being arrested,' Internet gambling expert and lawyer Nelson Rose said." The AP adds, "Dicks, 64, was arrested at Kennedy International Airport in New York after flying from London, where his Web sites operate legally and are traded on the London Stock Exchange. More than $1.5 billion shares in the company were suspended by the LSE at Sportingbet's request Thursday. … Dicks was detained on a Louisiana state warrant from May for gambling by computer, a felony punishable by up to five years year in prison and a $25,000 fine. Similar warrants have been issued for other Sportingbet associates, but authorities would not release information on who or how many of them are wanted. … Seven states have laws prohibiting Internet gambling. The arrest of Dicks marked the first time one of those states has taken action against one of thousands of big-time online gambling operations. Million of American players bet an estimated $6 billion per year online, according to industry figures. … While the Justice Department has said it is being more vigilant in prosecuting illegal offshore betting, the department said Thursday's arrest was not a coordinated effort with state authorities."

US Seeks Death Penalty In Hawaii Child-Beating Death. The Honolulu Advertiser (9/9, Lum) reports, "The U.S. attorney's office in Hawai'i will seek the death penalty in the case of a Schofield Barracks soldier accused of beating to death his 5-year-old daughter last year. … It is only the second time the U.S. Justice Department has approved capital punishment in a Hawai'i case since the federal death penalty law was enacted in 1994." The Advertiser continues, "Army Spc. Naeem Williams was indicted by a federal grand jury in February 2006 on one count of first-degree murder. He is accused of the beating death of his daughter, Talia Williams, at the Williams' Wheeler Army Airfield apartment on July 16, 2005. … Last night, Tarshia Williams, Talia's mother, said from her South Carolina home that it was a 'blessing' that the death penalty was approved for her former husband. Naeem Williams was granted custody of Talia in December 2004."

The Honolulu Star-Bulletin (9/9) reports, "The decision to seek the death penalty was made by Attorney General Alberto Gonzales, according to U.S. Attorney Edward Kubo Jr. … The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said. Both are being held in Honolulu, he said." The Star-Bulletin adds, "Hawaii has no death penalty, but Williams will be tried in the state under the federal death penalty law, Silverberg said. … The case is being prosecuted in U.S. District Court because the crime allegedly occurred on a military base, he said."

Former DOD Analyst Sentenced For Giving China Secrets. The AP (9/9) reports, "A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail."

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The AP continues, "Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001. … At his sentencing, Montaperto said he had wanted to boost his status in the intelligence community and obtain useful intelligence for the United States. 'I never meant to hurt my country in any way,' he said." The AP adds, "Montaperto's lawyer, Stephen Anthony, said Montaperto was an academic and was untrained in dealing with Chinese spies, and that they essentially wheedled him into making illegal disclosures. … In rejecting prosecutors' request for a term of about two years, U.S. District Judge Gerald Bruce Lee said that there was no evidence that Montaperto sought to profit financially from his disclosures, and that the government would not have had a case had he not admitted his misconduct."

The Washington Times (9/9, Gertz, 88K) reports, "A former Pentagon analyst [Ronald Montaperto] who passed highly classified intelligence to two Chinese military officers was sentenced to three months in prison yesterday -- far shy of four to five years called for in sentencing guidelines." Federal Judge Gerald Bruce Lee said he was "swayed" by "letters of support from current and former intelligence and military officials." The Times contrasts the sentence "with the 12-year prison term given in January to another former Pentagon official, Larry Franklin, who was convicted of providing classified information to [officials from AIPAC]." The AP (9/9) also reports the story.

Fugitive Wanted In New York Troopers' Shooting Captured. In a widely-distributed story, the AP (9/9, Thompson) reported, on Friday in western New York, Ralph "Bucky" Phillips "couldn't shake his pursuers. The cordon around one of America's most wanted criminals tightened throughout the afternoon and into the evening. At 8 p.m., an exhausted and gaunt Phillips, with helicopters above and SWAT teams and U.S. Marshals closing in, threw up his hands and surrendered." The AP noted, "On Thursday, the FBI put Phillips on its 10 Most Wanted list. Friday's search started shortly before 2 a.m. in Pennsylvania when a police officer tried to pull over a stolen car. After a short chase, the car crashed and the driver, identified by police as Phillips, fled into the woods." The New York Times (99, Wilson, Staba) added, "After the capture, residents clapped and shouted along the dark roads. … By the end of the manhunt, the reward for information leading to Mr. Phillips's capture had grown to $425,000, and he had been added to the F.B.I.'s 10 Most Wanted List, just three names down from Osama bin Laden."

The Albany Times-Union (9/9, Carleo-Evangelist) and Washington Times (9/9) also reported the story, and all three network news broadcasts on Friday reported on the five-month search for Phillips, including his addition last week to the FBI Most Wanted List. At air time, he had been surrounded but not apprehended. The CBS Evening News (9/8, lead story, 1:40, Pitts) reported that "Phillips stole his first bike in grade school, his first car in middle school, and today, the alleged cop killer made the FBI's 10 most wanted. At this hour, some 300 heavily armed Federal, state, and local law enforcement officers believe they've cornered Phillips near a golf course in upstate New York." ABC World News (9/8, story 8, 2:35, Donovan) noted, "The reward offered for information leading to the capture of Bucky Phillips has now reached $425,000. He's a national figure." NBC Nightly News (9/8, story 8, 2:35, Williams) also reported, "He is one of the most wanted men in this country." In addition to Friday's network news coverage, virtually every cable news program on CNN, MSNBC and Fox News on Friday evening and throughout the day Saturday reported on Phillips' arrest.

CIVIL LAW:

Contractor Fraud In Iraq Is Alleged. The New York Times (9/9, Glanz, 1.21M) reports, "A former employee of a Halliburton subsidiary claims that she was fired for revealing to her managers that the company was charging the government fraudulently inflated costs for military facilities it ran in Iraq, according to court papers unsealed yesterday." She charged that KBR "employees faked head counts to inflate its charges for operating recreational and dining facilities, and led a relatively lavish lifestyle by appropriating food and equipment meant for the troops." Julie McBride's allegations against KBR represent "the second corporate whistleblower case to emerge from Iraq. In the first, a jury found the security company Custer Battles guilty of inflating invoices by $3 million, but the case is now going to appeal after a judge held up the settlement.

The AP (9/9, Hastings) reports the same story, observing, "Halliburton subsidiary Kellogg, Brown & Root charged millions to the government for recreational services never provided to U.S. troops in Iraq, including giant tubs of chicken wings and tacos, a widescreen TV, and cheese sticks meant for a military Super Bowl party, according to a federal whistle-blower suit unsealed Friday. Instead, the suit alleges, KBR used the military's supplies for its own football party." McBride "alleges that KBR deliberately overstated the number of military personnel using its services by counting the same person several times." The AP quotes two other KBR employees who blamed the company for defrauding the government, including instances of serving "spoiled food" to troops.

The Los Angeles Times (9/9, Miller, 918K) also reports the story, writing, "The accusations in the lawsuit are the

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latest involving Halliburton's controversial multibillion-dollar contract to feed and house American soldiers in Iraq. Democrats have been quick to criticize the company, which was run by Vice President Dick Cheney from 1995 to 2000." Rep. Henry Waxman (D-Calif.), "the leader in Congress in attacking Halliburton, said that the charges were further proof of war profiteering by the oil services giant."

The Houston Chronicle/Bloomberg (9/9, O'Reilly) reports, "On June 27, the U.S. declined to take part in the case, according to court records. The False Claims Act allows individual whistle-blowers to sue on behalf of the government and recover part of any settlement or verdict. The Justice Department then decides whether to take part, and while plaintiffs may continue to pursue a case if the U.S. declines to join, they must do so at their own expense. … Cynthia Magnuson, a Justice Department spokeswoman, declined to comment on the complaint but said the agency 'diligently investigates all allegations before determining whether or not to intervene.'"

Red Cross Fined For Violating Blood Safety Laws. NBC Nightly News (9/8, story 9, 0:25, Williams, 9.87M) reported, "The Food and Drug Administration has fined the Red Cross $4.2 million for violating blood-safety laws. The violations include failing to ask donors the right questions, not following test procedures. But officials say there's no evidence anyone suffered health problems from these violations."

Judge Dismisses Whistleblower Suit By Former Pfizer Official. Bloomberg (9/9, O'Reilly, Pettypiece) reports, "Pfizer Inc., the world's largest drugmaker, won dismissal of a 'whistleblower' lawsuit by a former executive who accused the company of promoting unapproved uses for Genotropin, a growth hormone." Bloomberg continues, "U.S. District Judge Joseph Tauro in Boston dismissed the suit by Peter Rost, who was a vice president of marketing at Pfizer until he was fired in December 2005. Rost said in a telephone interview that he plans to appeal. … Rost sued Pfizer in 2003 under the False Claims Act, alleging the New York-based company illegally promoted Genotropin for so-called off-label uses and gained sales of $50 million in 2002 as a result. Rost has criticized the drug industry, including Pfizer, for positions such as opposing legislation that would allow Americans to buy drugs abroad. He is also suing Pfizer for wrongful termination in a separate case." Bloomberg adds, "Rost's suit 'fails to identify one actual false claim that was submitted to the government for the reimbursement of an off- label prescription of Genotropin,' Tauro said in his Aug. 30 order. 'No matter how likely the existence of false claims, this court cannot speculate that such claims inevitably flowed from defendants' activities.'" Bloomberg adds, "The Justice Department in December said it wouldn't join Rost's suit. He was fired the same day."

ANTITRUST:

Michaels Gets Antitrust Nod For Buyout. Bloomberg (9/9) reports, "The $6 billion sale of Michaels Stores Inc. to Bain Capital LLC and Blackstone Group LP won U.S. antitrust clearance, according to a list of terminated merger reviews published by the government." Bloomberg continues, "The sale of the biggest U.S. arts and craft retailer to the two private-equity firms was on the list published by the Federal Trade Commission. Bain Capital and Blackstone agreed June 30 to purchase equal shares of Michaels Stores, based in Irving. … Under the Hart-Scott-Rodino Act, transactions of more than $56 million must be reported to the Justice Department and FTC to give the agencies an opportunity to determine if they might violate antitrust laws. The agencies have 30 days to decide whether to open an investigation or terminate the merger review." Bloomberg adds, "The Justice Department is investigating Michaels' granting of stock options since 1996. A company spokesman said yesterday that an internal review conducted by an independent legal counsel found no evidence to support a conclusion that there was intentional misconduct."

The Dallas Business Journal (9/9) reports, "The move was published on the Federal Trade Commissions list of early termination notices. An early termination is granted only when the FTC and the Department of Justice Antitrust Division have completed their review of the deal and determined not to take any action. … The deal is expected to close late during the third quarter or early in the fourth quarter."

Alltel To Sell Minnesota Operations In Antitrust Deal With DOJ. RCR Wireless News (9/8, Silva) reports, "The Justice Department said Alltel Corp. agreed to sell wireless assets in several rural Minnesota markets as a condition to antitrust approval of its $1 billion purchase of regional operator Midwest Wireless. … 'The department's action ensures that wireless telephone consumers will continue to obtain the benefits of competition—lower prices and higher quality,' said Thomas Barnett, chief of the department's antitrust division. 'The required divestitures preserve competition in rural areas where consumers often have fewer choices for wireless telephone services.'" RCR continues, "The state of Minnesota supports the divestiture, in which Alltel will get rid of mobile phone systems in four rural markets where Midwest also offers service, and the issue is now headed to a federal judge for consideration. The Federal Communications Commission too is expected to rule on the Alltel-Midwest Wireless deal by month's end. … U.S. Cellular Corp. previously warned the FCC that an Alltel-Midwest tie-up

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would hurt competition in southern Minnesota." RCR adds, "Alltel, based in Little Rock, Ark., is the nation's fifth-largest mobile phone operator, serving around 11 million customers. Alltel also provides roaming and other wireless services in 35 states to other mobile wireless providers who use CDMA, TDMA and GSM technologies. Alltel had wireless revenues of approximately $6.6 billion last year."

US Pressures Realtors Over Listings Service. The Milwaukee Journal Sentinel (9/9, Derus) reports, "America's online home shoppers might get a broader view of their choices, because of the Federal Trade Commission. … Regulators want Multiple Listing Service operations to publicly market all 'for sale' listings - not just the ones that guarantee Realtors full sales commissions. Realtors, a trademarked group, created and run the nation's estimated 900 MLS databanks, which showcase all houses for sale listed by Realtors. .. 'We say people should be free to choose,' said Patrick J. Roach, deputy assistant director in the Federal Trade Commission's Bureau of Competition. … 'Upwards of three-quarters of people who buy homes use the Internet, and most of what's out there are sites fed by MLS,' Roach said. 'If its rule says that, if you vary from the traditional form of listing agreement, this house is not going to be visible to the general public - well, from an antitrust perspective, that means a bunch of competitors are dictating terms for all agreements.'" The Sentinel adds, "Roach said his Washington, D.C., agency is challenging such rules where it finds them. In the past week, it logged its first two victories. .. .The Austin, Texas, Board of Realtors signed a consent order agreeing to treat all listings equally, and the Realtors Association of Northeast Wisconsin said it would begin sending exclusive agency listings to www.realtor .com, the biggest public-access site, and the Internet Data Exchange clearinghouse for brokers' sites."

FTC Gives Antitrust Approval To GE's Purchase Of Kinder Morgan Unit. Market Watch (9/9) reports, "General Electric Co. has received antitrust clearance from the Federal Trade Commission to buy the natural gas unit of Kinder Morgan Inc." MarketWatch continues, "The FTC said Friday that it granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law. … General Electric's energy unit will buy Kinder Morgan's U.S. natural gas retail operation for $710 million." MarketWatch adds, "The Hart-Scott-Rodino Act requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the Federal Trade Commission and the antitrust division of the Department of Justice have determined that they won't take enforcement action during the waiting period."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Dept. Blocks Temporary Nuclear Waste Storage On Reservation. The New York Times (9/9, Stolz, Wald, 1.21M) reports the Interior Department "has moved to block a huge 'interim' nuclear waste storage plant on an Indian reservation here [Skull Valley, UT], citing a lack of confidence that it would truly be temporary because there is so much doubt about completion of a permanent repository, at Yucca Mountain, Nev. But sponsors of the project, which was granted a license by the Nuclear Regulatory Commission in February, said that the Interior Department decision had numerous errors and that they were considering an appeal." The Interior Department "said that acting as a 'prudent' trustee of Indian lands, it could 'derive no confidence from the public record' that there would be someplace for the fuel ultimately to go."

Delaware Refinery To Begin Pollution Curbs. The Wilmington (DE) News Journal (9/9, Montgomery) reports, "A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the Valero refinery near Delaware City." The Journal continues, "The new sulfur dioxide 'scrubber' on Valero's petroleum 'coking' unit will demote its smokestack from one of the nation's top refinery sources of acid rain, smog and dust-forming emissions to something more typical of other nearby crude oil processors. … Valero planned to notify by letter thousands of residents who live within 5 miles of the development. … 'It's going to take out 19,000 tons a year of sulfur dioxide -- it's a huge amount, absolutely,' said Ravi Rangan, an environmental program manager for the Department of Natural Resources and Environmental Control." The Journal adds, "Rangan was one of the DNREC officials who helped pursue the refinery's various owners for years over uncontrolled sulfur dioxide emissions and other pollution offenses. The effort eventually wound up in federal and state courts, producing corporate agreements to install two sulfur scrubbers now slated to start up before the end of the year. .. .The Environmental Protection Agency, DNREC and state and federal justice departments collaborated on the settlements and related penalties -- approved in early 2001 and later amended. Recent estimates of the scrubber costs to the refinery have ranged as high as $400 million."

Judge Orders Halt To Petroleum Lease Sales. The AP (9/9, Lee) reports, "Interior Secretary Dirk Kempthorne expressed confidence in an upcoming oil lease sale in the National Petroleum Reserve-Alaska when he visited the North Slope last week. 'We're set to go forward,' Kempthorne said after taking a helicopter ride over a section of the vast reserve. But that sale will likely have to wait." The

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AP continues, "A judge on Thursday temporarily halted lease sales of more than 1 million acres in the NPR-A that environmentalists say are essential feeding and breeding grounds for caribou and migratory birds. … Nearly 13 million acres of the reserve in northern Alaska are available for lease sale or have been sold to oil companies, most notably ConocoPhillips. The company hopes to augment waning crude stocks in the Prudhoe Bay fields east of the NPR-A." The AP adds, "Environmentalists filed the lawsuit against the Department of the Interior, the state of Alaska and oil companies in hopes of cordoning off about 600,000 acres of the 23-million acre reserve from more exploratory drilling. The government had planned to open bids on Sept. 27 for about 1.7 million acres, which encompass the area targeted by environmentalists. … ConocoPhillips has its eye on the contested area, which holds a potential 2 billion barrels of oil beneath the permafrost near Lake Teshekpuk. … The order, filed in U.S. District Court in Anchorage, said the government had not adequately considered the cumulative environmental effects of the lease sales in the eastern and western sections of the reserve." The AP notes, "Environmental impact statements addressed the effects of leasing individual parcels, but those reports were too narrow in scope because they did not consider how leasing in the northeastern part of the reserve would affect land and wildlife in the northwestern section, according to the order. … U.S. District Judge James Singleton chastised the defendants for the oversight, writing that they 'violated the National Environmental Protection Act.'"

IMMIGRATION:

Frist Predicts Border Fence Spending Will Limit Fallout Over Immigration Impasse. The Washington Post (9/9, A5, Babington, 748K) reports Senate Majority Leader Bill Frist said that although "Congress will not address major immigration revisions before the Nov. 7 election…he and his allies hope to limit political damage to their party by telling voters they have poured millions of dollars into one component of the controversy: tightening the border with Mexico." Frist "acknowledged that a broad-based immigration bill, backed by President Bush and passed by the Senate, is dead for now. But Republican leaders have added money for border fences and patrol agents to recent spending measures dealing with the Pentagon and homeland security. Frist said he thinks that step may lessen public anger over the porous border and the estimated 12 million illegal immigrants in the country. 'We need to message very well the fact that we have increased over the last two years…the level of funding for immigration and border control fourfold, the fact that by the time we finish here in four weeks we will have 375 miles of fence being built and being funded…and the fact that stopping people at the border coming across has increased…by 25 to 30 percent in the last eight months,' Frist told reporters."

Stalled Legislation Blamed For Weak Turnout At Immigration Rallies. The Washington Post (9/9, B4, Aizenman, Klein, 748K) reports, "In April, Jose Martinez was among the giddiest participants in a pro-immigration rally that attracted more than 100,000 demonstrators to the Mall. … But Thursday afternoon, while immigrants and their supporters were convening on the Mall for a reprise of the April 10 rally, Martinez, 43, was back in the auto shop. … 'No, I'm not going. I'm not motivated this time,' said Martinez." According to the Post, "It was a refrain repeated across the Washington region as immigrants sought to explain how a demonstration that organizers had predicted would mobilize hundreds of thousands fizzled into a gathering of less than 5,000 demonstrators, most from out of town. Rallies in other cities this week drew similar numbers. Many locals who did participate Thursday appeared to be union members bused in by their leaders." One marcher "speculated that fewer people might have shown up because a restrictive immigration bill that loomed large in the spring had stalled after winning House approval. … Meanwhile, a Senate bill that would permit illegal immigrants to legalize their status after paying a fine also stalled, causing some immigrants to lose faith in rallies as engines of change."

System Linking Fingerprint Checks With Immigration Violations Tested. The New York Times (9/9, Lipton, 1.21M) reports, "Immigration officials will automatically be notified anytime the local or state police do a federal fingerprint check on a suspect who also happens to be wanted for serious immigration violations, under a new system being tested in Boston. The automated notification is part of a Department of Homeland Security program that could expand the role that the local and state police nationwide play in the immigration enforcement effort. To federal officials, it is a natural next step as police forces have hundreds of thousands of officers who routinely come into contact with illegal immigrants, while Immigration and Customs Enforcement has a squad of only about 6,000 criminal investigators."

Hazelton, Pennsylvania Approves Revisions To Law Aimed Meant To Curb Illegals. The AP (9/9, Rubinkam) reports the City Council of Hazelton, PA "gave tentative approval Friday to an overhaul of an anti-illegal-immigration law considered to be one of the nation's toughest, hoping to put the measure on sounder legal footing. Like the version it will replace if granted final approval Tuesday, the new ordinance punishes businesses that employ illegal immigrants and landlords who rent to them. The revisions, however, remove much of the burden that had been placed on businesses. They soften penalties, give landlords and businesses time to correct violations and

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leaving it to city officials to verify workers' immigration status with the federal government." The AP notes, "Since the council adopted the original law in July, many municipalities around the nation have approved or considered similar measures."

TAX:

Telecom Official Pleads Guilty To $200 Million Tax Fraud Scheme. The Financial Times (9/9, Grant) reports, "Walter Anderson, a US telecommunications businessman, on Friday pleaded guilty to evading over $100m in taxes in biggest criminal tax fraud in US history." The Times continues, "Mr Anderson was indicted last year on charges that he evaded over $200m in federal income taxes over five years, partly by hiding $450m in earnings at Barclays Bank in the Channel Islands and other offshore accounts. … Prosecutors alleged he concealed his identity as owner of two telecommunications companies in the 1990s through an elaborate web of private mail boxes, including one in the Netherlands." The Times adds, "A search of his home in Washington, DC revealed he had created seven aliases. Officials seized manuals showing how to disguise identities, including one entitled: 'Poof! How to Disappear and Create a New Identity.'"

The New York Times/AP (9/9) reports, "Mr. Anderson started a long-distance telecommunications business in the 1980's as the industry was being deregulated. When his first company, Mid-Atlantic Telecom, merged with another company in 1992, Mr. Anderson formed corporations in the British Virgin Islands to hide the income, prosecutors said. … Authorities said Mr. Anderson used other offshore corporations to disguise his ownership in other telecommunications companies that earned more than $450 million from 1995 to 1999." The AP adds, "Mr. Anderson, who prosecutors said did not file federal income tax returns from 1987 to 1993, has been held without bail since his arrest. Prosecutors say he owes $170 million in federal taxes and $40 million in Washington income taxes."

The Washington Post (9/9, B1, Weiss) reports, "Anderson pleaded guilty at the federal courthouse in Washington to three felony charges -- two for evading federal taxes and one for defrauding the D.C. government with a phony tax return. Among other things, Anderson admitted earning more than $126 million in 1998, a year that he claimed an income of $67,939 on his federal tax return. He paid $495 in taxes that year, authorities said. … 'This case sends a strong signal to anyone thinking about going offshore to avoid taxes,' IRS Commissioner Mark W. Everson said in a statement. 'We have stepped up our efforts to pursue high-income tax cheating, whether it takes place in the United States or overseas.'" The Post notes, "In return for his guilty plea, prosecutors dropped nine felony charges. According to the agreement, Anderson and prosecutors have settled on a maximum sentence of 10 years. In court yesterday, U.S. District Judge Paul L. Friedman indicated that he will go along with the agreement at sentencing Jan. 16. … His attorneys -- including a federal public defender -- have repeatedly sought to have Anderson released on bond. They urged the judge yesterday to cut him loose until sentencing, saying Anderson needed the time to, among other tasks, clean up his aging parents' garage and file his taxes."

CONGRESS-ADMINISTRATION:

Bush Asserts GOP Will Maintain Majorities In Congress. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he rejected the notion of a Democratic takeover of the House saying, "That's not going to happen." Bush "had been saying that he hoped to revisit Social Security reform next year, when he 'will be able to drain the politics out of the issue,' and I rudely interrupted by noting the polls predicting Ms. Pelosi's ascension." Bush adds, "I believe the Republicans will end up being -- running the House and the Senate. And the reason why I believe it is because when our candidates go out and talk about the strength of this economy, people will say their tax cuts worked, their plan worked. … And secondly, that this is a group of people that understand the stakes of the world in which we live and are willing to help this unity government in Iraq succeed for the sake of our children and grandchildren, and that we are steadfast in our belief in the capacity of liberty to bring peace."

Bush To Focus On Social Security In 2007. In its coverage of President Bush's commemoration of the 9/11 attacks the Washington Post (9/9, A4, Asthana, Fletcher, 748K) notes, "Bush said this week he would like to revisit Social Security reform next year." He "failed last year to persuade Congress to overhaul the New Deal-era program, including the creation of private investment accounts and a reduction of guaranteed benefits for future retirees. His staff has said he is exploring the issue, but his comments to" the Wall Street Journal "were the most definitive that he wanted to try something again -- although he did not say exactly what."

Bush Delays Meeting With US Automakers, But Talks With Ford. The AP (9/9, Riechmann) reports President Bush "delayed a summit with the Big Three automakers, but he called a Ford Motor Co. executive as he flew here to raise funds for a Republican facing a tough Senate race. … Democrats — and Dick DeVos, the Republican gubernatorial candidate in Michigan — say the delay in scheduling the meeting shows Bush is not taking

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seriously the concerns of a major manufacturing sector and its employees.

The New York Times (9/9, Maynard, 1.21M) reports, "Although he has put off a meeting with Detroit automotive leaders until after the November elections, President Bush called the chairman of Ford Motor on Friday, only days after the struggling automaker named a new chief executive. … Bush's call to the Ford chairman, William Clay Ford Jr., came as the President flew to the Detroit area, where he attended a fund-raising event north of Detroit for Mike Bouchard, the Republican candidate for the United States Senate. Mr. Bouchard is challenging Senator Debbie Stabenow, a Democrat who is completing her first term. During the call, Mr. Bush discussed the changes taking place at Ford, which is struggling to hang on to second place in the American car market. As soon as next week, Ford will announce new steps under its restructuring plan, called the Way Forward, which are expected to include more plant closings, job cuts, and buyout offers." The Times notes, "White House officials said Mr. Bush phoned Mr. Ford because the two are friends."

The Detroit Free Press (9/9, Hyde, 346K) reports, "Raising money for a Senate candidate may have been President George W. Bush's motivation for visiting Michigan on Friday, but he spent at least a few minutes discussing Detroit's auto industry. Bush called Ford…to personally deliver a pledge to meet with the heads of the Detroit automakers after Election Day, aiming yet again to calm the tempest stirred by Michigan Democrats over the lack of a date for the meeting.

Democrats Blast Bush For Failure To Schedule Meeting. The Detroit News (9/9, Cain, Shepardson) reports Bush "made the call amid mounting criticism that he has refused to schedule a meeting with executives from the Big Three to discuss domestic carmakers' problems. White House spokesman Alex Conant said the president called Ford because the two men are friends. 'He looks forward to meeting with the Big Three CEOs after the election,' Conant said. Bush and Ford also talked about the recent hiring of Alan Mulally as the new CEO and president of Ford." Rep. John Dingell, "who has repeatedly criticized the president for his dealings with domestic automakers, was not impressed by the phone call. 'The auto industry wonders who's he working for: us or the foreign automakers,' Dingell said." Sen. Debbie Stabenow "was also critical of the president. 'This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need,' Stabenow said."

New Isikoff And Corn Book Details Cheney's Attempt To Influence Armey. Newsweek (9/9, 3.12M) publishes an excerpt from "Hubris," the new Michael Isikoff and David Corn book "about how the Bush administration sold the Iraq war to its supporters," detailing "the previously untold story of how Dick Armey, who was then House majority leader and a silent skeptic about Iraq, succumbed to Vice President Dick Cheney's pressure—much to Armey's later regret."

Higher-Income Seniors Will Pay More For Medicare Starting Next Year. McClatchy (9/9, Pugh) reports, "After 41 years of charging most older Americans the same price for the same care, Medicare will require affluent seniors to pay higher monthly premiums for coverage of doctors' visits, diagnostic tests and outpatient hospital care beginning in 2007. A little-known provision of the 2003 Medicare Modernization Act calls for an estimated 1.5 million seniors to face premium hikes ranging from 10 to 55 percent over the next three years if they earn at least $80,000 a year, or $160,000 for married couples. Seniors who earn more than $200,000 and couples with incomes over $400,000 will see their so-called 'Part B' premiums rise the most. The move, designed to help shore up Medicare's shaky finances, has enraged many because it was adopted without public debate. A Republican-led conference committee added the measure to the Medicare bill even though neither the House of Representatives nor the Senate version contained it."

Atlantis Teams Prepping For Last Launch Attempt. ABC World News Tonight (9/8, story 6, 0:15, Gibson, 8.78M) reported, "It was no-go again today for space shuttle Atlantis, when a fuel tank sensor failed. NASA has been trying for two weeks to send the shuttle and its crew to the International Space Station. And they're going to try again tomorrow. And ABC News will carry the shuttle launch live tomorrow, if NASA goes through with it, at 11:15 a.m. Eastern Time."

The New York Times (9/9, Leary, 1.21M) notes, "The effort on Saturday, scheduled for 11:14 a.m., will be the shuttle's last chance before the end of the month to lift off for an 11-day mission to resume construction of the International Space Station. Weather forecasters said conditions at the Kennedy Space Center here should be very good on Saturday morning, with only a slight chance of showers."

In an article titled, "Last-Ditch Launch Attempt," the Los Angeles Times (9/9, Johnson, 918K) reports inside its "A" section, "If the space agency can't get the shuttle off the pad, the launch will have to be put off for weeks, increasing the scheduling pressure on NASA as it works to finish construction of the International Space Station before the shuttle is retired in 2010. The launch window closes after today because a later launch would conflict with the arrival at the space station of a Russian Soyuz craft, which is carrying a new crew. Even if Atlantis launches on schedule, it will be

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undocking from the space station only 12 hours or so before the arrival of the Soyuz flight."

USA Today (9/9, Watson, 2.27M) reports, "The hatch already had been sealed on Atlantis' crew compartment in preparation for a 11:41 a.m. ET blastoff when launch director Michael Leinbach came onto the radio at 10:54 a.m. ET to break the news. He told the six astronauts that technicians will drain the shuttle's fuel tank and prepare for a possible launch Saturday." USA Today adds, "A Saturday launch would create a delicate job for above-the-air traffic controllers because within 21 hours three spaceships would come and go from the space station. If Atlantis launches Saturday, it would undock from the space station at 9 a.m. ET on Sept. 18, just nine hours after the Soyuz would launch. And 12 hours after the shuttle undocks an unmanned Progress resupply ship also leaves the space station.

OTHER NEWS:

Stocks End Week With Rally. In a brief story, NBC Nightly News (9/8, story 9, 0:25, Williams, 9.87M) reported, "After two days of losses, Wall Street ended the week on a high note." The Wall Street Journal (9/9, Mckay, 2.03M) reports, "Stocks rallied to end an otherwise rocky week of trading, helped by a decline in crude-oil prices to a five-month low and comments by the president of the Cleveland Federal Reserve." The Journal notes, "n particular, traders celebrated the fact that, as the weekend approached, no major storms were threatening offshore drilling facilities in the Gulf of Mexico. On many Fridays in the past, traders have bought futures in order not to be "caught short" in the event of a crisis while markets were closed over the weekend."

Bloomberg (9/9) notes, "The Standard & Poor's 500 Index added 4.90, or 0.4 percent, to 1298.92. The Dow Jones Industrial Average rose 60.67, or 0.5 percent, to 11,392.11. The Nasdaq Composite Index gained 10.50, or 0.5 percent, to 2165.79." But "The S&P 500 dropped 0.9 percent since last Friday, the biggest decline since the period ended Aug. 11. The Dow average lost 0.6 percent and the Nasdaq retreated 1.3 percent."

The New York Times/AP (9/9) in an article titled "A Brief Rebound But Losses For The Week" reports similar details.

Rising Wages Spurs Decrease In Consumer Borrowing. The New York Times/Bloomberg (9/9) reports, "Consumer borrowing increased less than expected in July as higher incomes allowed Americans to reduce their credit card use." Bloomberg adds, "Rising wages gave Americans more cash to spend as they went to shopping malls and auto dealerships in July. Consumer borrowing and spending may slow in coming months as the cooling housing market dents confidence and household wealth."

The AP (9/9, Crutsinger) adds, "The Federal Reserve reported Friday that consumer borrowing rose at an annual rate of 2.8 percent in July, down from an increase of 7.3 percent in June." It "was led by a sharp deceleration in credit card debt, which rose by just 3.4 percent in July after gains of 13.2 percent in June and 13 percent in May."

States Must Find Jobs For Welfare Recipients To Meet Federal Requirements. The AP (9/9, Freking) reports, "The welfare rolls aren't dropping as fast as they used to, and that could pose a big money problem for states from coast to coast after a new federal law takes effect next month. The states' task: find jobs for tens of thousands of people on welfare or risk losing millions in federal money. More than two dozen states have work to do, including Pennsylvania, California and Michigan. The law requires states to place into job training, community service or other work activities 50 percent of their households that get welfare aid — and 90 percent of two-parent households that receive assistance." Wade Horn, assistant secretary at the Department of Health and Human Services, is quoted as saying, "About a quarter of the states are really going to have to work hard."

Bush Attends Fundraisers For Bouchard And Talent. The AP (9/9, Riechmann) reports President Bush Bush "was in Michigan for a luncheon fundraiser for Mike Bouchard, the sheriff of Oakland County in suburban Detroit, who is running against" Sen. Debbie Stabenow. The fundraiser "raised $1.5 million for the Michigan Republican Party and Bouchard, who greeted Bush at the airport and rode in the motorcade. … Later, Bush traveled to Kansas City, Mo., where he raised $600,000 at another private event for Sen. Jim Talent, who is facing a difficult re-election challenge from Democratic state Auditor Claire McCaskill. The fundraiser drew hundreds of protesters — some carrying signs that said 'Bring 'em home' and 'No Iran War'."

The Detroit Free Press (9/9, Lam, 346K), in an article titled, "Bush's Speech Called Uplifting And Warm," reports President Bush "swooped in Friday afternoon for a fund-raiser at a palatial house in Clarkston, pleasing listeners with a casual, upbeat speech." Rep Mike Rogers "described Bush's remarks as relaxed, uplifting and warm. 'He talked a little about terrorism and the economy but spent more time talking about the trials and tribulations of being a wartime president,' Rogers said.

The Detroit News (9/9, Cain, Shepardson) reports, "On the drive from Flint's Bishop International Airport to Clarkston, the president's motorcade passed by supporters and protesters who lined the streets. Some applauded, some faced the other way showing the president their backs."

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The Kansas City Star (9/9, Helling, Kraske, Canon, 278K) reports, "Air Force One landed uneventfully at Kansas City International Airport about 3:40 p.m. Friday and took off the same way at 6:31. In between, hands were shaken, politics were discussed, large checks were discreetly handled. On Ward Parkway, protesters protested. Across the street, reporters and photographers cooled their heels in a mansion under rehab. … Nothing for the public, nor any impromptu news conferences. He didn't stop at a barbecue pit, either. (He never does. What's up with that, anyway?) So no national ripples; don't go surfing CNN or FOX. Of course, it was pretty exciting if you were one of the 450 folks who were shuttled to the Scott Ward home at 1217 W. 55th St. and got to grip and grin with the big dog, the leader of the free world." The Star adds, "People who attended said Bush spoke about 45 minutes, mixing politics with policy, although he did not take questions. He told the gathering that Talent and Republican Sen. Sam Brownback of Kansas, who also was there, would provide the help he needs to pass legislation expanding his authority to prosecute the war on terror." Former U.S. Rep. Wendell Bailey "said Bush talked about his 'commitment to the presidency rather than being the president. He's just hard to beat in that venue.'"

Romney Fails To Appear In Public With Cheney In Boston. The Boston Globe (9/9, Mishra, Levenson, 425K) reports, "Avoided in public by the state's leading Republicans, Vice President Dick Cheney arrived in Boston yesterday and was greeted by a boisterous protest and a well-heeled GOP crowd in the Back Bay. When Cheney's plane touched down at Logan International Airport, he was greeted by a little-known state representative from Shrewsbury and a small band of local officials. Governor Mitt Romney and Lieutenant Governor Kerry Healey were nowhere in sight, and the vice president, whose poll numbers make him among the least popular political figures in the country, was whisked away in a black limousine." The Globe adds, "Cheney's visit created traffic snarls, and for a few afternoon hours, Back Bay became a congested circus. Sign-waving protesters chanted into bullhorns. A massive retinue of police officers and Secret Service agents lined the streets. … Inside the Harvard Club, Cheney spoke for about 20 minutes to nearly 300 guests, giving a public service award to Richard J. Egan , the founder of the Hopkinton-based EMC Corp. and a stalwart Bush supporter. He also spoke about the war on terrorism." The Globe notes, "In attendance yesterday were Romney , Healey , former governor Paul Cellucci and the new Turnpike Authority head, John Cogliano."

Lamont Praised Lieberman's Rebuke Of Clinton In 1998. The New York Times (9/9, Medina, 1.21M) reports Ned Lamont, "who this week chastised Senator Joseph I. Lieberman for his public rebuke of President Clinton during the Monica Lewinsky scandal, wrote to Mr. Lieberman at the time praising the eloquence of his speech on the Senate floor. 'I supported your statement because Clinton's behavior was outrageous: a Democrat had to stand up and state as much, and I hoped that your statement was the beginning of the end,' Mr. Lamont, then a cable television executive, wrote in an e-mail message to the senator's Washington office on Sept. 16, 1998, two weeks after Mr. Lieberman's speech. … At the time, Mr. Lamont wrote that he had 'supported the moral outrage' Mr. Lieberman expressed reluctantly because he 'thought it might make matters worse,' adding that 'unfortunately, the statement was the beginning of a process that has turned more political and morally offensive.' He urged Mr. Lieberman to 'stand up and use your moral authority to put an end to this snowballing mess,' and suggested that 'It's time for you to make up your mind and speak your mind as you did so eloquently last Thursday.'" Lamont, "who declined to discuss the 1998 speech when an Associated Press reporter asked about it on Friday, was unavailable to explain the apparent discrepancy between his recent remarks and his e-mail at the time."

The AP (9/9, Christoffersen) reports Lieberman "defended his reprimand of former President Clinton for his involvement with a White House intern, dismissing rival Ned Lamont's claim that he turned the 1998 rebuke into a spectacle. 'It was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done,' Lieberman said Friday. 'In that case, I stood up and did what I believed was right for our country.'"

Lieberman Must Build His GOTV Operation From The Ground Up. The New York Times (9/9, Medina, Healy, 1.21M) reports Sen. Joseph Lieberman "has begun a complicated, occasionally clumsy tango as he tries to woo Democrats, Republicans and unaffiliated voters without the backing of any party." Lieberman "has been seeking Democrats while appealing to Republicans with tough talk about terrorism that is similar to President Bush's. He is mulling creating nonpartisan 'citizen town committees' because he must build a new voter-turnout operation from scratch. And he is calibrating his language to try to appeal across party lines without seeming inconsistent or awkward — though, at times, he does. No longer the Democratic nominee, he has lost a handful of union endorsements, and his allies in the A.F.L.-C.I.O. may stay neutral. His campaign must replace and train hundreds of field workers that the state party usually deploys to help turn out voters."

Nancy Reagan Asks Webb Campaign To Pull Ad Featuring President Reagan. The Washington

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Post (9/9, B1, Shear, Craig, 748K) reports former first lady Nancy Reagan asked Virginia Democratic Senate candidate James Webb "to not use a television commercial that shows former president Ronald Reagan praising Webb, his former Navy secretary. In a letter faxed to Webb at 5 p.m., the chief of staff of the Reagan Library in California urged him to not use footage from a speech by the former president at the Naval Academy in 1985. … 'Using the president's name, image or likeness implies endorsement which is neither fair nor respectful of any candidate, certainly not after President Reagan's death,' wrote Joanne Drake. 'At the direction of Mrs. Reagan, please refrain.'" Webb's campaign "immediately rejected the criticism and said it intended to proceed as planned by running the commercial in Norfolk, Roanoke and Northern Virginia."

The AP (9/9, Lewis) reports, "In a telephone interview, Edwin Meese, attorney general under Reagan, called use of the footage 'improper, unethical and very possibly illegal. ... For him to use video of Ronald Reagan to appear in a campaign ad to favor him is fraud.' The ad debuts days after Allen mailed campaign brochures that include a photo of a boyish looking Allen standing beside Reagan. The same photo and a Reagan quote appear on Allen's campaign Web site." Sen. George Allen's campaign manager, Dick Wadhams, "called the ads 'disingenuous and terribly hypocritical' and cited Webb's 1988 resignation, saying he 'quit on Ronald Reagan after he did not get his way as Navy secretary.'"

Many Voters In "Bellwether" Virginia Town Said To Be Undecided. The Washington Times (9/9, McLaughlin, 88K) reports on Bedford, VA which "has picked the Republican winners -- President Bush and Sens. George Allen and John W. Warner -- and Democratic winners Gov. Timothy M. Kaine and former Gov. Mark Warner in Virginia's presidential, congressional and gubernatorial races since 2000."

Menendez's Ethnicity And Background Said To Hamper His Campaign. McClatchy (9/9, Clark) reports Sen. Robert Menendez "is staking his campaign to keep his Senate seat on staunch opposition to the war, lacing his speeches with the body count and price tag of the conflict. It's a strategy that Democrats hope to use to oust Republican incumbents. And it strikes a chord in this heavily Democratic state, where polls suggest that the war is increasingly unpopular. But Menendez's race…has turned into an unexpectedly close and increasingly contentious contest, to the puzzlement of strategists, who wonder whether his ethnicity is a factor." Menendez "voted against the war in Iraq, and he's outdone his opponent 3-to-1 in fundraising. Still, he finds himself neck and neck with Republican challenger Tom Kean Jr., a state senator with a brief record but an outsized name. … Some question whether Menendez's Hispanic roots - and surname - are playing a role in dampening the polls. 'Sad to say, but I do think the Latino surname may be hurting him on the margins,' said David Rebovich, a political science professor at New Jersey's Rider University Institute for New Jersey Politics. 'And there's a lot of skepticism about the Hudson County ties.' The campaign in many ways has revolved around Hudson County, a gritty collection of cities hard by the New York skyline that for years has welcomed newly arrived immigrants - and earned a reputation for political corruption."

Prosecutors Probe Nonprofit That Paid Menendez $300,000 In Rent. The New York Times (9/9, Chen, 1.21M) reports, "Federal prosecutors are reportedly examining the records of a nonprofit community agency in Hudson County that paid more than $300,000 in rent to…Menendez while also getting millions of dollars in federal grants with Mr. Menendez's help. WNBC-TV and The Star-Ledger of Newark reported on Thursday that the United States attorney's office had issued subpoenas to the agency, the North Hudson Community Action Corporation, in Union City, this week. A spokesman for the United States attorney declined to confirm or deny those reports on Friday, and repeated attempts to reach the North Hudson Community Action Corporation were unsuccessful." Menendez "criticized the timing of the subpoenas as being politically motivated, and repeated his earlier assertions that he did nothing either illegal or unethical."

Debate Highlights Cardin And Mfume's Similarities. The Washington Times (9/9, Ward, 88K) reports, "One question remained after the two leading Democrats in Maryland's U.S. Senate primary debated for more than an hour in front of an audience of black pastors in Prince George's County yesterday. 'How do the two of you differ?' the moderator asked. 'A lot of times we seem to be very similar,' Rep. Benjamin L. Cardin said. 'I think we're different.' 'We get this question all the time,' said former NAACP leader Kweisi Mfume, a former congressman. Mr. Cardin and Mr. Mfume, whose contest will be decided in Tuesday's primary, emphasized that they have avoided negative attacks and have focused on issues. … But after opening statements and 10 rounds of questions on issues ranging from the war in Iraq and genocide in Sudan to mandatory minimum sentencing and same-sex 'marriage,' their responses provided little to separate the two candidates."

Suburban Philadelphia's Three Close House Races Noted. McClatchy (9/9, Thomma) reports, "There are 435 elections for House seats this fall, but only a few dozen are competitive, and they're almost all in the Northeast

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and Midwest. Many of them are held by moderate Republicans in places, such as suburban Philadelphia, that went for Democratic presidential candidates Al Gore and John Kerry, as well as local Democrats such as Gov. Ed Rendell. Now, thanks in part to voters' anger at the war in Iraq and disapproval of President Bush, Democrats have an opportunity in these districts to take advantage of a shift away from the national Republican Party that was already occurring."

Wynn Faces Surprising Challenge From Liberal Activists. The Washington Post (9/9, B2, Wiggins, 748K) reports Rep. Albert R. Wynn "has not faced formidable opposition since he was elected in 1992. He has trounced challengers, returning to office with no less than 80 percent of the vote in a primary or general election. But Wynn is facing the political challenge of his career in Tuesday's Democratic primary against Donna Edwards, a lawyer and community activist who has mounted a vigorous and well-organized campaign to represent Maryland's 4th Congressional District. Edwards drew little attention when she filed campaign papers in April to run against Wynn, but she has raised her profile in part with the help of Internet bloggers, who support her positions on the environment, campaign finance reform and Iraq. Edwards opposes the war; Wynn voted for the resolution authorizing it." Wynn "has spent little time campaigning in past elections but has increased his number of public appearances in his district, which includes parts of Prince George's and Montgomery counties."

Schwarzenegger Apologizes For Commenting On Legislator's Ethnic Background. ABC World News (9/8, story 7, 0:25, Gibson) reported Gov. Arnold Schwarzenegger "has found his way into a new controversy, recording remarks he made. The comments came during a closed-door meeting with his advisers in March. And today, he apologized and said the recording made him cringe." 'She's Puerto Rican or same thing or Cuban. I mean they all are very hot. They have the Black blood in them and part Latina blood in them.' Governor Schwarzenegger was speaking about California assembly woman Bonnie Garcia, who is Puerto Rican. She said she was not offended."

The Los Angeles Times (9/9, Salladay, Finnegan, 918K) reports, "Garcia, who has been campaigning for Schwarzenegger as one of his highest profile Latina supporters, said there was no need for apologies, because she refers to herself as hotblooded. The governor attended a fundraiser for Garcia's reelection campaign Thursday."

The New York Times (9/9, Steinhauer, 1.21M) reports Schwarzenegger's Democratic opponent, Phil Angelides, "released a statement chastising the governor. 'Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state,' Mr. Angelides said. But Ms. Garcia, a Republican and an ally of Mr. Schwarzenegger, responded in kind. 'The only embarrassment in California today is Phil Angelides's sad and predictably partisan statement,' she said in a statement distributed by the Schwarzenegger campaign."

The Washington Post (9/9, A2, Pomfret, 748K) reports, "The action hero-turned-governor acknowledged that the tape-recorded comments made him 'cringe' when he read them in yesterday's editions of the Los Angeles Times."

The AP (9/9, Blood) notes Schwarzenegger, "in a tight re-election race, has displayed a more restrained, statesmanlike demeanor while all but retiring his trademark Hollywood swagger. But the newly disclosed remarks challenge that carefully managed image and provide a reminder of his history of off-the-cuff — and sometimes off-color — remarks."

Bush Focused On Diplomatic Solutions To Dilemma Posed By Iran. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he acknowledged he allowed former Iranian President Mohammad Khatami to visit the US because, "I'm interested in learning more about the Iranian government, how they think, what people think within the government. My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions. And in order for diplomacy to work, it's important to hear voices other than [current President Mahmoud] Ahmadinejad's." The Journal notes, "The impression Mr. Bush leaves is of a man deeply engaged on the Iran problem and, like several presidents before him, trying to understand what kind of diplomatic or economic pressure short of military means will change the regime's behavior. One way or another, Iran will be the major dilemma of the rest of his presidency, and Mr. Bush knows it."

Khatami Warns US Against Strike On Iran. Time Magazine (9/9, Zagorin) interviews Khatami about the Iran-US relations, the Iraq war and the Israeli-Palestinian conflict. By way of introduction, Times says, "As the most prominent of his nation's reformers, he repeatedly distanced himself from many of the hardline views of Iran's current leadership, but strongly critized the U.S. for what he suggested is 'arrogance' in Iraq. He also cited human-rights violations at both Guantanamo and Abu Ghraib, and warned of the 'costs' of a U.S. or Israeli military strike on his country. But he endorsed a 'two-state solution' to achieve peace between Israel and the Palestinians, and called the Holocaust a 'historical fact.'" Khatami says, "My opposition to Israel is moral. The peaceful solution to the problem of Palestine is to recognize Palestinian rights. This is the only way there could be sustained peace in the region." Khatami later says he believes "the Holocaust, which is an absolute fact, a historical

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fact, would be misused. The Holocaust should not be, in any way, an excuse for the suppression of Palestinian rights."

Treasury Blocks Key Iranian Bank From US Financial System. The Wall Street Journal (9/9, Solomon, 2.03M) reports remarks by Treasury Undersecretary Stuart Levey that his staff "has blocked a major Iranian bank's access to the U.S. financial system, the latest step in Washington's growing attempt to isolate Iran." Bank Saderat, "one of Iran's largest state-owned banks, no longer will be able to use the U.S. financial system." Levey said the bank "had helped transfer hundreds of millions of dollars to terrorist organizations, including Hezbollah and Hamas." The Journal says the "quest to cut off Iran's support to Hezbollah gained urgency this summer when" the Israel-Hezbollah conflict broke out, and "the U.S. is eager to show that Iran can be cut off economically in the run-up to United Nations Security Council debates this fall that will focus on ways to impose economic sanctions for Tehran's refusal to" suspend uranium enrichment. The Journal calls yesterday's action "part of a broader Bush administration effort to hamper Iran's efforts to aid terrorism and acquire sophisticated weapons, by convincing other governments and financial institutions world-wide to stop doing business with Iranian-controlled companies."

The Washington Post (9/9, A11, Kessler, 748K) notes the Administration "has stepped up a broad effort to choke off Iran's ability to finance militant groups and acquire weapons technology by cutting off suspect banks and firms from the international banking system." That effort "has gathered steam in recent weeks" because of the uranium enrichment issue and the Israel-Hezbollah conflict. The Treasury Department is "accusing Bank Saderat of funneling $50 million to a Hezbollah-controlled firm since 2001."

The AP (9/9, Aversa) says the Administration is "stepping up the pressure on Tehran" with the Bank Saderat move." The AP explains, "While Iranian financial institutions are barred from directly accessing the U.S. financial system, they are permitted to do so indirectly through a bank in another country. The United States is closing down that avenue for Bank Saderat," but the move "doesn't apply to other Iranian banks." The action "marked the administration's latest effort to turn up the heat on Iran," and "is the latest step to financially clamp down on Hezbollah, which the United States says is bankrolled in large part by Iran."

Burns Holds Talks On Iran, Says US Pushing For Sanctions. The New York Times (9/9, Dempsey, 1.21M) reports Undersecretary Burns said publicly yesterday that Washington "wants the major powers to begin talks next week on a draft United Nations resolution against Iran if it does not halt its enrichment of uranium." He is quoted saying, "We are heading toward the U.N. Security Council to consider a sanctions regime." He further said that [his] meeting with the European diplomats, held Thursday, was 'the first time we sat together to discuss what type of sanctions' to impose on Iran. He said talks with them and the diplomats from Russia and China would resume Monday by conference call, and then shift to the United Nations." The AP (9/9, Jahn) says Burns "also dismissed suggestions of cracks in the six-power coalition pushing Tehran to give up enrichment." The Washington Times/AP (9/9, Jahn) runs the AP report this morning.

Khatami Decries Terrorism "Masked" In Islam. The AP (9/9, Mann) details a speech last night by visiting former Iranian President Mohammad Khatami in which he "decried a wave of 'Islamophobia' that he said is being spread in the United States by fear and hatred of Islam in response to terror perpetrated by Muslims." Khatami is quoted, "In the crime of 9/11, two crimes were committed. One was killing innocent people. The second crime was masking this crime in the name of Islam." Khatami also told American Muslims that they "should show their countrymen by example that they, not terrorists, represent Islam." The AP notes, "The talk broke no new ground for Khatami, considered a reformist during his two terms as president that ended last year. He was among the first foreign leaders to condemn the Sept. 11, 2001, attacks. His visit to the United States drew criticism from some politicians and others because of the bitter contention now under way between Iran and the United States over actions of his successor, Mahmoud Ahmedinejad."

Khamenei Said To Sideline Other Authorities To Solidify His Dominance. In an 1,841-word piece on its front page, the New York Times (9/9, A1, Slackman, 1.21M) profiles Ayatollah Ali Khamenei, Iran's supreme spiritual leader and the "primary architect" of its "combative" foreign policy. "Cloaked in religious robes, with a black turban signaling that he is a descendant of the Prophet Muhammad, Ayatollah Khamenei delivers the same blistering anti-American, anti-British, anti-Israeli message as the president. His political evolution charts his own rise to power." Although he once "questioned the absolute power of Iran's supreme leader, saying Islamic law and the Constitution must come first," he "has emerged as an aggressive defender of his own right to have the final say in all matters of state and religion — a power he has not been afraid to exercise." Analysts believe Khamenei has sought "a more confrontational approach with the West because he grew disillusioned with the so-called confidence-building policy pursued by the reformist government of Mohammad Khatami." Khamenei has built "a political base among Iran's more fundamentalist circles, which are suspicious of the West. Along the way, he succeeded in sidelining most of those with independent authority, such as the former two-term president Ali Akbar Hashemi Rafsanjani, who pushed to select Ayatollah Khamenei as supreme leader."

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Bush Remains Steadfast In Support Of Spreading Democracy In Mideast. The Wall Street Journal (9/9, Gigot, 2.03M) reports that in an interview with President George Bush he dismissed critics who "are saying the Bush Doctrine of spreading democracy in the Middle East is dead." He "concedes that Hamas's 'militant wing,' as he calls it, is 'unacceptable.' But he says he sees a virtue in 'creating a sense where people have to compete for people's votes. They have to listen to the concerns of the street.' The answer is for other Palestinian leaders to out-compete Hamas to respond to those concerns. 'Elections are not the end. They're only the beginning. And, no question, elections sometimes create victors that may not conform to everything we want. … On the other hand, it is the beginning of a more hopeful Middle East."

Israel Lifts Naval Blockade Of Lebanon. The New York Times (9/9, Smith, 1.21M) reports Tel Aviv "lifted its sea blockade of Lebanon on Friday, releasing its last major chokehold on the country since war broke out in July." Critically "important for the Lebanese economy, ships loaded with cars, food and oil steamed toward Beirut." Tel Aviv "said it had turned over responsibility for patrolling the Lebanese coast to Italian warships, which would help the Lebanese Navy enforce a United Nations-mandated arms embargo against Hezbollah." The Times says Hezbollah likely "still has plenty of weapons, and they doubt that it would try to import more arms now in any case. Few Lebanese, meanwhile, believe the multinational naval presence can do much to stop any banned shipments that do come."

The Washington Post (9/9, A10, Cody, 748K) notes Tel Aviv "Israel lifted its eight-week-old maritime blockade of Lebanon on Friday, the United Nations announced, and within hours a gleaming white ship pulled into Beirut harbor carrying a load of appliances." Yesterday's shipping "lineup reflected Beirut's role as a regional hub for imports and exports, a major component of the Lebanese economy that withered under restrictions even after fighting ended."

The Financial Times (9/9, England, Morris) notes, prior to the lifting, "Lebanon said the blockade was costing the nation tens of millions of dollars a day and restricted the import of goods - many of which would come through the port - hampering efforts to reconstruct the country following Israel's bombardment. … The loss of business has been huge." The AP (9/9, Dakroub) says the lifting of the naval blockade ends "the country's two months of isolation as the task of preventing the entry of Hezbollah weapons falls to international warships patrolling offshore." It has also removed "a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war." The Washington Times/AP (9/9, Dakroub) runs the AP story this morning.

Siniora Said To Struggle To Hold Divided Lebanon Together. In an analysis piece, the Financial Times (9/9, Khalaf) notes Lebanese Primes Minister Fouad Siniora "focused on averting sectarian conflict and keeping a fractious government (in which Hizbollah is a minority partner) together. He balanced all concerned parties' demands but managed to win concessions, not least Hizbollah's consent to the deployment of the Lebanese army and an expanded UN" border force. "The work was hard, but managing the postwar period could prove more daunting. After projecting a common front during the war, Lebanon has emerged politically divided, socially polarised and with an economy in tatters."

Indian Mosque Bombing Kills 31, Wounds 100. The New York Times (9/9, Sengupta, Kumar, 1.21M) reports, "A series of explosions struck in and near the largest mosque in a flashpoint textile town in western India on Friday, killing more than two dozen people, wounding more than 100 and raising the specter of renewed sectarian clashes." The Times says the city of Malegaon has "a history of Hindu-Muslim violence," and notes the targeted mosque is "home to one of the largest Muslim cemeteries in the area." The three explosions "were unusual in that they seemed to target a heavily Muslim area," and "came three days after what now sounds like a prophetic warning from" Prime Minister Manmohan Singh "about the many-headed specter of violence threatening his country." India "has suffered a spate of terrorist attacks in recent years, including the July 7 commuter train bombings in Mumbai, which the authorities have blamed on Islamist militants setting up so-called sleeper cells across the country."

The Washington Post (9/9, A14, Naqvi, 748K) adds, "At least two bombs rigged to bicycles exploded Friday in the town of Malegaon in the western Indian state of Maharashtra, killing 31 people and injuring 125 more, most of them Muslim worshipers leaving a mosque after Friday afternoon prayers." TV "footage on Friday showed chaos as hundreds of people, mostly men in white skullcaps, rushed around in panic after the explosions. There were scenes of people carrying the bodies of the dead and injured. Doctors worked on bloodied survivors brought in on stretchers. People seeking loved ones viewed bodies laid out on the ground, covered by white shrouds."

The AP (9/9, Khan) reports, "Two bombs rigged to bicycles exploded in throngs of Muslims as they left Friday prayers at a mosque in this western Indian city, killing 31 people and wounding 100." Maharashtra Chief Minister Vilasrao Deshmukh "called the blasts 'a terrorist act,' and authorities — fearing revenge attacks across the country's fragile religious divides — clamped a curfew on Malegaon and put security forces on alert." The AP also noted the city "has long been the scene of violence between Hindus and

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Muslims. The city of about 500,000 people is 75 percent Muslim."

Saudi Muttawa Crack Down On Pet Sales. The Washington Times/AP (9/9, Abu-Nasr) reports Riyadh "religious police, normally tasked with chiding women to cover themselves and ensuring men attend mosque prayers, are turning to a new target: cats and dogs. The police have issued a decree banning the sale of the pets, seen as a sign of Western influence," within Jidda and Mecca. "The prohibition on dogs may be less of a surprise because conservative Muslims despise dogs as unclean. But the cat ban befuddled many, since Islamic tradition holds that the Prophet Muhammad loved cats." While "pet owning is not common in the Arab world," pet ownership has "become a fashion statement among Saudis" in recent years.

Beijing Appoints Polished, Knowledgeable Envoy To Pyongyang. The Washington Post (9/9, A11, Fan, 748K) reports Beijing "has appointed an outspoken career diplomat with extensive knowledge of the United States as its new ambassador to North Korea." Asian security experts "said the appointment of Liu Xiaoming, 50, suggests officials in Beijing are reassessing their relationship with Pyongyang and trying to find a new way to press discussions among China, North Korea and the United States." One analyst is quoted saying Liu "is young and capable, a new-generation diplomat who is outspoken and sees things with a sharp eye. One of his biggest advantages is his knowledge of the United States." Another expert said Liu's selection "is unlikely to affect the current deadlock in six-party talks over North Korea's nuclear program, but it shows that China is thinking about its relations with North Korea in a more comprehensive manner."

Russia Begins Destroying Nerve-Agent Chemical Weapons. The AP (9/9, Ingram) reports, "Engineers covered in head-to-toe protective gear inserted a neutralizing solution Friday into bombs filled with a nerve agent, officially starting the work of Russia's first plant for destroying the deadly chemicals. The opening of the Maradykovsky plant accelerates Russia's campaign to eliminate the world's largest arsenal of the toxins." The AP says the facility "will become a focal point of the push to meet an April 2007 target for Russia to destroy 20 percent of its stockpile." Russia has destroyed three percent of that stockpile, while the US has destroyed 39 percent of its chemical weapons. "Besides the Maradykovsky plant, Russia has two other chemical weapon destruction facilities, both built with generous foreign funding. The Maradykovsky plant is the only one for destroying nerve agents as opposed to blister agents."

Understaffed And Outmaneuvered, African Union Force Struggles To Keep Darfur Peace. The New York Times (9/9, Polgreen, 1.21M) reports, "The missing fuel and the struggle over who controls the main military airstrip in Darfur lays bare just how little autonomy the African Union force actually has as it struggles to keep a fragile peace in" Darfur. The AU force, "with its poor equipment and tiny contingent of 7,000 troops, had hoped to turn over command to a larger, better-equipped United Nations-led force at the end of the month. The Security Council has approved the step." Khartoum, however, "has refused, as it continues to press an offensive against some rebel factions. It has instead proposed keeping the African Union force in place, and from [the limitations put on that force by Khartoum], it is easy to see why." AU soldiers told the Times about "what has become an impossible mission — to oversee a peace deal most of the militants in this brutal conflict have signed and to monitor a cease-fire that hardly anyone respects." The Times adds, "But as weak as the African Union force is, nearly all agree it is better than none at all. Frantic diplomatic negotiations are now taking place to make sure some kind of peacekeeping force remains in Darfur, where hundreds of thousands of people have died and 2.5 million have been pushed from their homes in the fighting."

A Washington Post (9/9, A10, Timberg, 748K) piece this morning details the government's use of helicopter gunships against villagers and rebel forces. "Thousands of villagers have been victimized by government troops and proxy militiamen who killed, raped and looted. Now the government is intensifying an air war featuring Soviet-era Antonov planes jury-rigged into bombers and Mi-24 helicopter gunships turned against mud-and-thatch huts. New waves of shellshocked villagers have left their homes and trekked for days to bulging relief camps." The Post calls the 7,000-member AU force "a limited but crucial buffer against the government forces."

Bill Richardson Secures Salopek's Release. The Washington Post (9/9, A10, Timberg, 748K) reports Chicago Tribune Pulitzer-Prize winning journalist Paul Salopek "said from a Sudanese prison Friday night that the government would soon release him and two Chadian colleagues after a 34-day confinement." President Omar Hassan al-Bashir "agreed to release Salopek after meeting with New Mexico Gov. Bill Richardson in Khartoum." Richardson announced that "the three men are expected to be freed" today. Salopek "will return to the United States with Richardson, though the details of their trip have not yet been finalized." He "said he hoped his experience would not prevent other journalists from coming to Sudan to cover Darfur." The New York Times (9/9,

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Polgreen, 1.21M) adds Khartoum said the releases would be done "on 'humanitarian grounds.'"

Blair Tells Brown He Will Step Down On May 4.

The Financial Times (9/9, Blitz) reports UK Prime Minister Tony Blair and Chancellor of the Exchequer Gordon Brown "have reached an understanding that the prime minister will resign on May 4, paving the way for a new Labour leader to take office in mid-June." Gordon allies "said there was now a broad understanding between the two men that Mr Blair will announce next February that he intends to quit as party leader on May 4, 2007 -- one day after the Scottish and Welsh regional elections." Blair's Thursday announcement "amounted to a major victory for Mr Brown." Yesterday, former Home Secretary Charles Clarke "weighed into the leadership row saying Mr Brown's behaviour had been 'absolutely stupid.'" The Times notes Blair's resignation will begin a six-week Labor leadership campaign, "which will see Mr Blair's successor -- almost certain to be Mr Brown -- installed by mid-June."

The New York Times (9/9, Cowell, 1.21M) adds "a rancorous new debate erupted in the Labor Party" Friday, "threatening to upend the uneasy truce that followed a week of feuding between the men over the timing of Mr. Blair's departure. In the new uproar," Clarke "called Mr. Brown's recent behavior stupid." The Times adds, "The signs of restlessness suggested that some legislators were not satisfied with Mr. Blair's refusal to be pinned down on a firm departure date. Some people in Mr. Brown's camp now expect that to be early next May." Notably, the Times says, "some legislators said the duel had damaged Mr. Brown's prospects as an unchallenged successor."

The AP (9/9, Gardiner) adds, "Bitter infighting flared in Tony Blair's Labour Party on Friday as" Clarke "criticized the prime minister's likely successor." Blair and Brown "appeared to have reached a private understanding on the handover of power. But a sharp attack on Brown by Clarke — a Blair ally until the prime minister fired him in May — made clear the peaceful interval that party bigwigs had hoped for was unlikely to materialize." Clarke "harshly chastised Brown for the way he handled this week's party turmoil and said his succession as prime minister was not guaranteed. He said the grin on Brown's face as he emerged from Blair's 10 Downing St. office after handover talks with the prime minister had been provocative and poorly judged." The AP adds, "It was not clear what motivated Clarke's attack. Although he was long seen as a Blair ally, that relationship has grown chilly since his firing so his comments may not have been sanctioned by the prime minister's camp."

The Financial Times (9/9, Ben Hall, Blitz) reports, "Downing Street officials on Friday expressed private delight over a broadside fired at" Brown "by" Clarke, "saying the attack had rightly exposed features of the chancellor's character." The Times adds, "In a sign that Mr. Clarke's attack has emboldened the Blair camp, other figures close to the prime minister expressed pleasure that questions were being raised about Mr. Brown's behaviour. The private view reflects tensions between the camps in spite of the understanding on Mr. Blair's departure date." One source says "relations between the two men remain sore after a serious stand-off at a meeting in Number 10 on Wednesday. Mr. Blair, in the presence of officials from both camps, accused the chancellor of plotting a coup against him."

An analysis piece in the Financial Times (9/9, Blitz) entitled, "Britain's Political Enigma," reports Brown "has taken a critical step to becoming Britain's prime minister." He "has never disguised his burning desire to succeed" Blair, and this week Brown "finally got something he long sought: a public assurance from Mr. Blair that he will quit Downing Street by next May." The Times calls the past several days "one of the most tumultuous weeks in recent British politics," and one "that has badly – probably fatally – damaged Mr. Blair." The Times continues, "Perhaps more remarkably, the week's events have also damaged Mr. Brown." For his part, Blair "remains one of the most arresting figures on the international stage," and in the US, "he enjoys mythical status as the sole sure ally of President George W. Bush in the war on terror. In Europe, Mr. Blair is regarded as the one person who has firmly shifted a party of the left to the centre ground." While Brown "enjoys none of this allure," but such an outlook "is to underestimate Gordon Brown. He deserves no less credit than Mr Blair for founding New Labour and making it a powerful electoral machine." He is also "the architect of the government's economic success – implementing reforms that have brought a decade of uninterrupted growth, low unemployment and interest rates. This, above all, is why his bid to succeed Mr. Blair is unstoppable."

LAT Says "Poodle" Label Ignores Blair's Accomplishments. In an editorial, the Los Angeles Times (9/9, 918K) says Blair is "wrongly caricaturized as Bush's poodle." While many UK political analysts "identify Blair's fatal affliction as his support for President Bush's foreign policy," the Times says, "It's not that simple." While "critics deride him as 'Bush's poodle,'" that is "a doubly unfair epitaph for Blair's tenure at 10 Downing Street." His "hawkish position on Iraq involves more than parroting Bush." Blair believes in intervening overseas when necessary, but, "quite unlike Bush, [he] considers these missions to go hand in hand with leadership on global warming, debt reduction in the Third World and aggressively reducing poverty worldwide. Blair has been the most articulate spokesman for what appears to be a political breed in retreat — the liberal internationalist."

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Anti-Castro Journalists Fired For Taking Payments From The Bush Administration. The New York Times (9/9, Goodnough, 1.21M) reports, "The Bush administration's Office of Cuba Broadcasting paid 10 journalists…to provide commentary on Radio and TV Martí, which transmit to Cuba government broadcasts critical of Fidel Castro, a spokesman for the office said Friday. The group included three journalists at El Nuevo Herald, the Spanish-language sister newspaper of The Miami Herald, which fired them Thursday after learning of the relationship. Pablo Alfonso, who reports on Cuba for El Nuevo Herald, received the largest payment, almost $175,000 since 2001." The Times notes that "while the Castro regime has long alleged that some Cuban-American reporters in Miami were paid by the government, the revelation on Friday, reported in The Miami Herald, was the first evidence of that. In addition to Mr. Alfonso, the journalists who received payment include Wilfredo Cancio Isla, who writes for El Nuevo Herald and received about $15,000 since 2001; Olga Connor, a freelance reporter for the newspaper who received about $71,000; and Juan Manuel Cao, a reporter for Channel 41 who got $11,000 this year from TV Martí, according to The Miami Herald, which learned of the payments through a Freedom of Information Request."

Ailing Castro Overshadows Havana Summit. The Wall Street Journal (9/9, De Córdoba, 2.03M) reports, "When delegates from 116 countries gather for next week's Nonaligned Movement summit in Havana, the question uppermost in their minds will be whether their ailing host, Fidel Castro, is making his final bow on the world's stage. … Some U.S. officials surmise that Mr. Castro is suffering from a fatal stomach cancer, although they won't say so publicly. Earlier this week, Havana, which denies Mr. Castro has cancer, released a letter written by Mr. Castro that said he had lost 41 pounds in 37 days but was now recuperating at a 'satisfactory rhythm.' Mr. Castro has said he will receive dignitaries at the conference although there is no word on whether he will actually attend." According to the Journal, "If the event does amount to Mr. Castro's unofficial farewell from the global stage, Venezuela's fiery president, Hugo Chávez, stands ready to claim the title of heir apparent to his revolutionary mantle. He will be a visible presence at the conference."

Mexican Electoral Commission's Secrecy Stokes Fraud Suspicions. The Los Angeles Times (9/9, Tobar, 918K) reports, "Top electoral officials and judges are feeding doubts about the outcome of Mexico's presidential vote by declining to release details about a recount of 4 million ballots and by moving quickly to destroy all 41 million ballots." While "the seven judges of the Federal Electoral Tribunal declared conservative candidate Felipe Calderon president-elect on Tuesday," its "300-page ruling on the vote left some experts shaking their heads." One academic "said that although the election was flawed, it was mostly a success. On election day, he said, all of the political parties praised the way the IFE conducted the vote." He "said he opposed granting public access to the ballots because there was no guarantee a 'citizen recount' would follow established standards. But he said the election had shown the need for new reforms, including improved regulation of the media and private financing of campaigns."

Colombian Drug Cartel Leader Captured. The CBS Evening News (9/8, story 6, 0:15, Couric, 7.66M) reported, "And police in Mexico have captured a top drug kingpin. A leader of a Colombian cartel responsible for nearly half the cocaine smuggled into this country. A US official tells CBS News Duran is now in Federal custody in New York City."

The AP (9/9, Watson) reports an Immigration and Customs Enforcement announcement that Mexican police "have arrested a reputed major figure in one of Colombia's largest and most feared drug cartels responsible for nearly half of the cocaine smuggled into the United States." Jaime Maya Duran "was arrested Wednesday by agents of Mexico's attorney general's office in Mexico City and flown immediately to New York, where he is under indictment on drug trafficking and money laundering charges." US Ambassador to Mexico Tony Garza said the "arrest 'shows the determination of U.S. and Mexican law enforcement authorities to pursue the most dangerous criminals, including those who thought they were untouchable.'" Maya Duran "and three other key lieutenants allegedly took over the Norte Valle cartel, based in Cartago, Colombia, after the ring's suspected leader, Luis Hernando Gomez Bustamante, was jailed in Cuba for attempting to enter the country with a false passport two years ago."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Senate: Hussein Wasn't Allied With Al Qaeda,"
"Scratch The Dog Jokes."
"ABC Stands By Its 9/11 Story – Almost."
"Lethal Blast Near Embassy Stokes Afghan Security Fears."
"The Gray Ooze That Ate The Indonesian Villages."
"Governor Apologizes For Ethnic Comments."

New York Times:

"C.I.A. Said To Find No Hussein Link To Terror Chief."
"Suicide Bomber Kills 16 In Kabul Near Embassy."
"Baby-Faced Mayor Takes Over An Aging Pittsburgh."

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"A Cleric Steeped In Ways Of Power."
"As Outsider, Lieberman Walks A Tricky Path."
"Before Speeches, A Bush Strategy To Regain Edge."

Washington Post:
"Iraq's Alleged Al-Qaeda Ties Were Disputed Before War."
"Blast in Kabul Kills 14 Afghans, 2 U.S. Soldiers."
"Chase Is On for Debate In Prince George's."
"Clinics Offer Sonograms to Cause."
"After Attacks Changed the World, The Recovery Changed a City."

Washington Times:
"Car Bomb Kills U.S. Embassy.'
"Report Finds No Saddam, Zarqawi Ties."
"Israel Lifts Sea Blockade Of Beirut."
"Bellwether Community Still Handicapping Hopefuls."
"Silicon Supplies Pricey, Scarce."
"Hokie Prepared To Fulfill Promise.'
"Saudi Religious Police Outlaw Cat, Dog Sales.'

Detroit Free Press:
"Judge: Back to Class."
"Hi Bill Ford, It's George Calling."
"Hall OF Fame Day."

Atlanta Journal-Constitution:
"'One Of The All-Time Greats."
"Iraq's Terror Link In Doubt."
"Wilkin's Joins The Giants."
"Prayers To Jesus Ok'd For Cobb Commission."
"Aquarium Sharks Go On Smack Attack."

Houston Chronicle:
"Panel Faults A Bush Pretext For War."
"This Texas Lady Is A High Killer."
"Friedman backtracks On His Shot At Hunting."
"Designer Of A Bush Logo Seeks A 'W' In Courtroom."

Story Lineup From Last Night's Network News:
ABC: Afghanistan Violence; Declassified Senate Report Released; Are We Safer Now?; Are We Safer Now?-Analysis; Marshall Fields Becomes Macys; Space Shuttle; Schwarzenegger Under Fire; Buck Phillips Chase; Buck Phillips Chase; Explosives Missing-Boston; Brain Damage Medical Breakthrough; Patriotic Painter.
CBS: Bucky Phillips Chase; Bucky Phillips-Analysis; EPA Under Fire-9/11; US Radar Defense; Afghanistan Violence; Drug Cartel Leader Captured; FaceBook Under Fire; Shanksville Pennsylvania-Five Years Later.
NBC: Declassified Senate Report; Senate Report-Analysis; NBC Bush Interview-Excerpt; Afghanistan Violence; Missing Soldier Found-Asia; Are We Safer Now?; Brain Damage Breakthrough; Bucky Phillips Chase; Red Cross Fined; 9/11 Widows Reach Out.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH – No public schedule.

THE FIRST LADY -- Participates in the commissioning ceremony of the USS Texas. Galveston, Texas.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 6 - 9. BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 7:30 a.m. DNC Chairman Howard Dean attends prayer breakfast. Also attending: Vashi McKenzie, Tramaine Hawkins & Blair Underwood. 10 a.m. - 3 p.m. Issue Forums/Emerging Leaders Series. 1 p.m. CBC members, legal advocates, others, hold a session on what needs to be done to rebuild the Gulf Coast. Room 201. 2 p.m. Rep. Gregory Meeks spponsors a discussion on ``Blacks and Hotel Onwership: The ABC's of Hotel Ownership and Multi-Cultural Tourism." Room 144A. 3 p.m. Rep. Bobby Rush sponsors a pane ldiscussion on``Black Love," with Linda Malone-Colon, National Health Marriage Resource Center; Roland Warren, of the National Fatherhood Initiative, others. Room 145B. Contact: William Marshall, Jr., 202-396-2834. 5:30 p.m. VIP Reception (invitation only). 7 p.m. - 10 p.m. Annual Awards Dinner, hosted by Sheryl Lee Ralph & Isaiah Washington. Attendees include DNC Chairman Howard Dean. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted. Contacts: Sandra Tarver, 404-962-8432.

Sept. 7 - 11. 9/11 ANNIVERSARY RELATED EVENTS Highlights: 10 a.m. - 2 p.m. Public Tours of the Pentagon, to include the site of the attack and the Pentagon Chapel.

Sept. 8 - 9. INDEPENDENT INVENTORS _ Officials from the United States Patent and Trademark Office and successful inventors and entrepreneurs will educate American inventors on effective strategies to help protect and market their ideas at the 11th Annual Independent Inventors Conference. Location: U.S. Patent Office headquarters, 600 Dulany St., Alexandria, Va. Contacts: Neil Grace, 202-530-4558.

Sept. 8 - 10. MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 9:15 a.m. Discussion of 9/11 5 years later, with Peter Singer, Brookings Institution; MJ Akbar, The Asian Age; Shibley Telhami, Brookings; others. Location: Elliott School of

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International Affairs, 1957 E St. NW. Contacts: Seth Green, 202-270-6268.

Sept. 8 - 12. MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047, Kate Thomas, 703-620-6600 ext 231

Sept. 9 - 12. ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace." Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted. Contacts: Natasha Tynes, 202-429-9210

8:30 a.m. - 3:30 p.m. CHINA _ The U.S.-China Economic and Security Review Commission holds a public hearing on China's proliferation to North Korea and Iran and its role in addressing the nuclear and missile situations in both nations. Location: Room 385, Russell. Contacts: Kathy Michels, 202-624-1409.

Sept. 9 - 10. 8:30 a.m. - 8 p.m. NEGRO WOMEN _ The National Council of Negro Women host its 21st Annual Black Family Celebration, a free, outdoor event focusing on the historic strengths and traditional values of the black family. Highlights: 12 p.m. - 6 p.m. Themed pavilions, guest appearance by Black Cowboy, and local talent stage.
6 p.m. - 8 p.m. R&B concert. Location: National Mall between 7th and 14th Streets NW. Contacts: Starla Stiles, 202-466-6040.

9 a.m. - 12 p.m. ARCHIVES-DECLASSIFICATION BOARD _ The sixth meeting of the Public Interest Declassification Board will discuss declassification program issues.The meeting will include briefings by the Department of State officials from the Office of the Historian and the Advisory Committee on Historical Documentation. Speakers include: Archivist of the United States Allen Weinstein; Information Security and Oversight Office (ISOO) Director J. William Leonard; PIDB Chair L. Britt Snider; Deputy Assistant Secretary for Information Sharing Services Lee Loman; State Department Deputy Historian David Herschler; and General Editor of the Foreign Relations of the United States (FRUS) series, Edward Keefer. Location: National Archives and Records Administration, Washington Room, 700 Pennsylvania Av. NW. Contacts: J. William Leonard, 202-357-5250

10 a.m. SUICIDE PREVENTION _ The Suicide Prevention Action Network (SPAN USA), suicide prevention organization dedicated to organizing grassroots support among suicide survivors, holds a Memorial March on the National Mall. Particpants include former US Army Capt. Stefanie Pelkey; Nakia Sanford of the WNBA Washington Mystics; and author Kay Redfield Jamison. Location: National Mall near World War II Memorial. Contacts: Andi Murray, 202-715-1554.

12 p.m. DARFUR RALLY _ There will be a rally and civil disobedience action, ``Two Years Too Many: Break the Dealock on Darfur," with religuous leaders and members of the Congressional Black Caucus. Location: Lafayette Park. Contacts: Diana Duarte, 202-546-7961.

12 p.m. EX-OFFENDERS-EMPLOYMENT BARRIERS _ Former WMATA bus driver Sidney Davis joins Reps. Danny Davis and Stephanie Tubbs Jones join D.C. Councilman Vincent Orange for a press conference on barriers ex-offenders face trying to find jobs. (The driver was recently fired due to a previous conviction.). Location: Room 202A, Washington Convention Center. Contacts: Ben Weiss, 240-462-6619

12 p.m. VETERANS MEMORIAL-VOLUNTEERS _ Vietnam Veterans Memorial Fund holds annual Volunteer Appreciation Luncheon. Former VA Secretary Anthony Principi will speak, along with retired Gen. Barry McCaffrey. Location: Zola Restaurant, International Spy Museum, 8th and F sts. NW. Contacts: Lisa Gough, 202-393-0090 ext 109.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Before Speeches, A Bush Strategy To Regain Edge (NYT)

By David E. Sanger And Sheryl Gay Stolberg

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — When President Bush and his top aides gathered in July to sketch out a strategy for the fifth anniversary of the Sept. 11 attacks, it was clear to all that they had to try to reset the clock — back to a time, before Iraq, when portraying Mr. Bush as a steely commander in chief was a far simpler task, and before Hurricane Katrina, when questions about the administration's competence did not weigh so heavily.

From those discussions emerged the speeches Mr. Bush has delivered over the last week, the leading edge of a remarkably intensive and aggressive campaign in which he has tried to regain ground he has lost for more than two years, by turning the conversation away from Iraq and back toward the broader war on terror.

It is a carefully calibrated strategy that will continue in coming days, first with an appearance Sunday morning by Vice President Dick Cheney on NBC's "Meet the Press," the vehicle he used to advantage at key moments after Sept. 11 and then Mr. Bush's appearance that night at ground zero in New York and a prayer service at St. Paul's Chapel.

On Monday, for the first time since the first anniversary, in 2002, Mr. Bush will visit all three sites of the attack that remade his presidency — New York, Shanksville, Pa. and the Pentagon. Then he will cap the day and bring to a close this phase of his effort to portray himself and his party on his terms with a nationally televised speech from the Oval Office.

It is bound to be reminiscent of his speech from the same seat exactly five years before, when, after a shaky day, he first pronounced the "Bush doctrine" that led to the toppling of the Taliban in Afghanistan and ultimately became the heart of the administration's justification for invading Iraq.

"You can never turn back the clock," Dan Bartlett, the counselor to the president, said on Friday when asked about the strategy. "But we knew that news organizations and everyone else would be using this moment to define where we were five years later, and the president wanted to articulate his view, too."

"He's not trying to ignore Iraq — he wouldn't, he doesn't want to," Mr. Bartlett added. "But he had to explain that even if we have a debate here about whether Iraq's part of the war on terror, the enemy believes it is."

Mr. Bartlett, like Mr. Bush two weeks ago, said this was a moment of remembrance and a reminder of national resolve, not a moment for politics. But nine weeks before a midterm election that many Republicans fear they may lose, it is impossible to separate remembrance and politics.

In interviews, Republican strategists who are aware of the closely held White House plans for this week say the critical question is whether Mr. Bush still holds the power to alter the course of national conversation away from the Iraq war and back to the theme that has worked for them before, countering direct threats to the United States.

But there is another, related question as well: whether Republicans can succeed again in convincing the nation that Democrats cannot be trusted with keeping it safe. The political strategy pursued by Mr. Bush's strategist, Karl Rove, has always been to frame elections as choices and to work to make the other side an unappealing alternative.

The White House has signaled its intentions on that score and appears to be pivoting to a more openly political phase of its strategy, in which the administration and its allies will try to undermine the Democrats.

Last week, Defense Secretary Donald H. Rumsfeld compared critics of the war to "appeasers." Mr. Cheney, for months, has been calling those who want to withdraw from Iraq "plain wrong." The White House press secretary, Tony Snow, coined a new term, "Defeatocrats," that Republicans have quickly worked into their lexicon, along with highly charged words like "surrender."

"I think this series of speeches will be critical to not simply defining this president, but more importantly to defining the challenges of our generation," said Ken Mehlman, chairman of the Republican National Committee, adding, "One of the key

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questions that voters will answer is whether they want to elect leaders who recognize that we're at war and want to do whatever it takes to win the war, or do they want to surrender very key tools that have been necessary to prosecute the war."

Republicans and their allies are already stepping up their negative campaign against Democrats. In Tennessee, the Republican National Committee is running an advertisement against the Democratic candidate for Senate, Representative Harold Ford, that features pictures of fighter planes and control towers, as an ominous voice intones: "The threats are out there. The responsibility is clear. Knowing who the terrorists are and where they are is the only way to keep us safe."

While Mr. Bush proved in recent days that he was capable of seizing the agenda and dominating the news, there were reminders of the limits of his power to drive the national discussion to his benefit. He was out fund-raising on Friday, but the candidates did not campaign publicly with him, only behind closed doors at the fund-raisers.

And even the Senate Intelligence Committee, which Republicans control, released a report on Friday that raised new questions about the administration's use of prewar intelligence. It found that the Central Intelligence Agency had backed away last fall from the administration's claims, which Mr. Bush repeated just weeks ago, of ties between Saddam Hussein's Iraq and the Jordanian terrorist Abu Musab al-Zarqawi.

The White House campaign to seize control of the debate grew in part out of a national security issue involving Mr. Bush's decision to move 14 high-profile terrorist suspects from C.I.A. custody in undisclosed locations in other countries into military custody at Guantánamo Bay, Cuba, said one Republican who is often consulted by the White House and who spoke in return for anonymity.

The Republican said it was the transfer of the 14 suspects as much as Monday's anniversary of the attacks that prompted the political planning. The initial thought, he said, was to give one speech to "talk about the context," but soon the idea grew into a series of speeches dovetailing nicely with the political agenda, managed by Mr. Rove, the chief strategist; Mr. Bartlett; and Joshua B. Bolten, the chief of staff.

"The political folks and the communications folks, basically Karl and Dan and Josh, were delighted with the notion that you could begin to shape the fall debate around a series of substantive speeches that would not only drive the news but define the policy for people, and define the differences," this Republican said.

The speeches, written by a team headed by William J. McGurn, emphasized the continuing threat represented by Osama bin Laden and went on to offer Mr. Bush's own fairly upbeat report on progress made in closing the gaps in domestic security laid bare by the Sept. 11 attacks.

The White House kept the details of one speech particularly secret, even from some senior staff members: Mr. Bush's declaration on Wednesday that he had transferred the terror suspects from C.I.A. custody to the detention center at Guantánamo in a speech in which he also challenged Congress to give him the authority to begin war-crimes trials.

"This was the most cumbersome, because all of the material was so highly classified," Mr. Bartlett said, though Mr. Bush declassified some of the details of their interrogations in an effort to bolster his case that sometimes there was a need for what he delicately called "alternative" interrogation methods.

Bush Resets Political Debate With Demands For Action (WT)

By Stephen Dinan

The Washington Times, September 9, 2006

President Bush this week reset the political landscape with just two months to go until the congressional elections, grabbing top headlines three days in a row as he dropped several political hot potatoes into Congress' lap and demanded action this month.

After a summer of questions about policy and progress in Iraq, his strategy on Iranian nuclear ambitions and the collapse of his push for a broad immigration bill, Mr. Bush has honed in on one overriding message: Democrats can either join Republicans to pass bipartisan bills or they can try to block them and see how that plays in November.

He also boosted Republicans' case for having made the nation more secure since the September 11 attacks by giving details of plots that have been foiled -- the first time many of those details have ever been released.

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"It's not an abstract argument anymore. The president pointed out specific events that have not occurred," Senate Majority Whip Mitch McConnell, Kentucky Republican, said in a telephone interview.

Democrats took some of their best shots to date, including an attempt to vote "no confidence" on Defense Secretary Donald H. Rumsfeld and the release of their own security plan. But they were countered by White House dominance of the news cycle on Tuesday, Wednesday and Thursday -- the three days Congress was in session and Democrats had a platform.

Democrats, remembering the way the president used the creation of the Department of Homeland Security in 2002 as a wedge to win control of the Senate, said they won't let that happen again.

"We're playing it much smarter this time. We're not going to allow them to box us into a corner," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, Nevada Democrat. "It's obvious what the administration was trying to do this week, and that was exert maximum pressure on Democrats, and Republicans as well, that have concerns about their proposal. Unfortunately this time it's not going to work. Their tough-talking rings hollow."

Unlike 2002, Mr. Manley said, Democrats have both the September 11 commission as a yardstick to point out where the administration has fallen short on homeland security and divisions among Republicans on a number of issues.

Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee, yesterday said splits among Republicans on military tribunals for detainees, Iraq policy and the fate of Mr. Rumsfeld have paralyzed the majority party.

"The result is fighting and chaos and nothing accomplished for the country. It's time for a new direction," Mr. Emanuel said.

Mr. Bush sought to cut through many of those divisions this week by honing his message.

In three speeches this week the president tried to put a face on the terrorists, asked Congress to approve his terrorist wiretapping program and announced he has transferred 14 top terrorists from CIA custody to the Defense Department. He called on Congress to authorize military commissions to try them.

"That is the No. 1 priority right now," White House press secretary Tony Snow said yesterday.

Mr. McConnell said the courts forced the issue, but insisted that the political decision is now up to the Democrats.

"They've got now a choice -- they can either sign up with the president and the administration and a majority of Republicans and pass these two pieces of legislation on an overwhelmingly bipartisan basis, or they can turn it into a political issue we'll be happy to take to the American people," he said.

Bush 9/11 Tour Aims To Bolster Republicans (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 9, 2006

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory.

Mr. Bush sees the attacks as the defining moment of his presidency, and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 -- part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

After months of rarely mentioning fugitive al Qaeda leader Osama bin Laden, Mr. Bush and other top White House officials are again making him a central part of their speeches. The president's announcement Wednesday that he had ordered high-level al Qaeda detainees such as Khalid Sheikh Mohammed to be moved to the military prison at Guantanamo Bay, Cuba, meanwhile, was designed in part to shift the terms of the public debate about the controversial facility by linking it explicitly to the Sept. 11 attacks.

The White House push will hit its emotional peak when Mr. Bush flies to each of the three sites struck to pay respect to the Americans who died there. On Sunday, Mr. Bush travels to New York to lay a wreath at the former site of the World Trade Center, take part in a prayer service at St. Paul's Cathedral and meet with police officers, firefighters and other first-responders to the attacks. On Monday, he will journey to Shanksville, Pa., and the Pentagon -- the crash sites of the other two hijacked airliners -- to lay wreaths.

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Although Mr. Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Mr. Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since."

Mr. Snow says the president's recent speeches touting his administration's homeland-security record and asking Congress to approve controversial White House initiatives, such as tapping the phones of those suspected of terrorist links without warrants or trying extremists before military commissions rather than traditional legal forums, are "not exercises in reviving past emotions."

"They're designed to place in context ongoing threats and ongoing and future actions to address those threats," he says. "Heart-tugging addresses would have sounded very different and would have approached the subject in an entirely different way."

Still, there is no doubt terrorism will be a central issue in the November midterm elections, which Democrats see as their best chance in years to regain control of the House and possibly the Senate.

Strategists of both parties say the elections are likely to be decided largely by whether voters ultimately accept the Democratic case that the Iraq war has made the nation less safe by distracting military and intelligence personnel from the fight against al Qaeda, or the Republican contention that the war there is central to the broader battle against Muslim extremists.

"There's a clear understanding today that there are two wars, one against terrorism and one in Iraq," says Rep. Ike Skelton of Missouri, the ranking Democrat on the House Armed Services Committee. "Americans understand that it's apples and oranges to say that they're the same fight."

White House aides, for their part, believe terrorism remains a winning political issue for Republicans. In recent meetings with lobbyists and political operatives, White House strategist Karl Rove and White House political director Sara Taylor said that Mr. Bush and other top administration officials would make regular reference to Mr. bin Laden and the threat posed by Islamic extremists in the eight weeks that remain until the elections, according to several of those in attendance.

"I continue to think that if the Republicans were to pick the battlefield issues, we'd say, 'Lets talk about national security,' " says Vin Weber, a Republican strategist and former congressman. "And if I were the opposition party I'd be nervous about an election strategy that rests on making a fundamental challenge to the commander in chief at a time of war. That's an incredibly tough thing to pull off."

To that, Democrats say the political terrain has shifted considerably since 2004, when Republicans last used terrorism successfully as a political issue. They argue that the deep disapproval of the Iraq war has eroded Mr. Bush's stature as a leader and that the White House's attempts to capitalize on the terrorism issue have robbed it of much of its punch.

President Aims To Revisit Social Security After Recess (WP)

By Anushka Asthana And Michael A. Fletcher

The Washington Post, September 9, 2006

KANSAS CITY, Mo., Sept. 8 -- President Bush said this week he would like to revisit Social Security reform next year and said he personally approved the U.S. visit of Iran's former president, as he prepared to address the nation to mark the fifth anniversary of the Sept. 11, 2001, terrorist attacks.

The White House has requested network television time for the Oval Office address, which is scheduled to begin at 9 p.m. on Monday. All four major broadcast networks have agreed to air the president's remarks.

"This is not a political speech. There are not going to be any calls to action for Congress," said White House Press Secretary Tony Snow. "It will be a reflection of what September 11th has meant to the president and to the country, the realities that it has brought to all of our attention, and how we can move forward together to try to win the war on terror."

In one of a series of interviews he is conducting to mark the anniversary, Bush told the Wall Street Journal that he would like to tackle Social Security after the midterm elections, when he "will be able to drain the politics out of the issue." The interview will appear in this weekend's Journal.

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Bush failed last year to persuade Congress to overhaul the New Deal-era program, including the creation of private investment accounts and a reduction of guaranteed benefits for future retirees. His staff has said he is exploring the issue, but his comments to the Journal were the most definitive that he wanted to try something again -- although he did not say exactly what.

The president also said he personally approved this week's visit of former Iranian president Mohammad Khatami, a trip that has drawn some criticism in conservative circles.

"I was interested to hear what he had to say," Bush said. "I'm interested in learning more about the Iranian government, how they think, what people think within the government."

Bush's commemoration of the anniversary of the attacks will begin Sunday afternoon in New York, where he will lay a wreath at Ground Zero before taking part in a prayer service.

On Monday, he will begin his day with breakfast with emergency service personnel in New York, then will participate in a moment of silence at 8:46 a.m., the time that the first plane slammed into the North Tower of the World Trade Center, and then a ceremony with New York first responders.

From there, Bush will travel to Shanksville, Pa., where just after noon he is scheduled to participate in a wreath-laying. Later that afternoon, he will take part in a similar ceremony at the Pentagon.

The anniversary of the deadliest terrorist attack in the nation's history also will inspire a brief moment of bipartisan comity. Senate Minority Leader Harry M. Reid (D-Nev.) will be among those joining Bush at the Pentagon ceremony. That evening congressional leaders from both parties will lead a commemoration of the national tragedy with speeches, a moment of silence and patriotic songs from the steps of the Capitol.

White House aides announced plans for Monday's speech on a day that Bush headlined closed-door fundraisers for GOP Senate candidates in Michigan and Missouri.

Bush's motorcade passed a small demonstration from protesters in Michigan holding up signs that read "President You've Let Us Down" and urging him to meet with the chief executives of the nation's struggling automobile manufacturers. A planned meeting between Bush and the heads of the nation's leading automakers has been repeatedly delayed, and deputy press secretary Dana Perino said the session will be held after the November election to "avoid getting it mired in politics."

Fletcher reported from Washington. Staff writer Michael Abramowitz in Washington contributed to this report.

Bush Plans 9/11 Anniversary Address (LAT)

By James Gerstenzang

The Los Angeles Times, September 9, 2006

WASHINGTON — President Bush plans to deliver a speech to the nation from the Oval Office on Monday, the fifth anniversary of the Sept. 11 attacks, to reflect on what the terror strikes meant to the nation and to address what the United States still needs to do to fight terrorism, his spokesman said Friday.

The speech, at 6 p.m. PDT, will conclude Bush's participation in two days of commemorations of the attacks, which reshaped his presidency as well as the nation's foreign and intelligence policies.

Before delivering the speech, Bush will take part in memorial ceremonies Monday at all three sites where hijacked planes crashed on Sept. 11, 2001 — in New York City, in Pennsylvania and at the Pentagon.

White House Press Secretary Tony Snow said Bush's address would avoid a partisan tone.

"This is not a political speech. There are not going to be any calls to action for Congress," Snow said at a White House news briefing. "It will be a reflection of what Sept. 11 has meant to the president and to the country, the realities that it has brought to all of our attention, and how we can move forward together to win the war on terror."

On Sunday, Bush is scheduled to take part in two ceremonies in New York City: The presentation of a wreath at ground zero, where the World Trade Center towers stood, and a worship service at a nearby church. He is not expected to make formal remarks at either event, Snow said.

The next morning, the president will have breakfast with New York City emergency crews; observe a moment of silence at 8:46 a.m., when the first of two airplanes struck the trade center; and take part in a formal commemoration of the attacks.

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From New York, he will fly to Pennsylvania to visit the site near Shanksville where United Flight 93 went down after passengers tried to seize control from hijackers. At midafternoon, he will present a wreath at the Pentagon, which was struck by a fourth airplane.

The speech Monday evening will be the fifth address in 12 days Bush will have delivered on terrorism and the wars in Iraq and Afghanistan. The previous speeches have delineated his policies, setting out markers that differentiate them from those of Democrats, without naming the opposition party.

Snow said the speech Monday "is not something where we're trying to draw bright lines to separate Democrats from Republicans."

Rather, he said, Bush would try to draw on the way the country responded to the attacks, which Snow said was "nothing short of sensational, and it's something that could only have happened in this country."

Bush Plans Prime Time Sept. 11 Address (AP)

AP, September 9, 2006

President Bush will make a prime-time address from the Oval Office on Monday to mark the fifth anniversary of the Sept. 11 attacks.

White House press secretary Tony Snow said the administration had requested network time for the address at 9:01 p.m. EDT. The address is expected to run 16 to 18 minutes, he said.

The speech will come after Bush visits each of the attack sites, in New York, Shanksville, Pa., and the Pentagon, where terrorist hijackers used commercial airliners as weapons to kill nearly 3,000 people.

Snow said Bush's address would not be a political speech or a charge to Congress for action. Rather, he said, it would be reflective of what Sept. 11 has meant and "how we move ahead as a country in making use of the lessons of Sept. 11."

"It will have a note of optimism as well as sobriety about what we've been through," Snow said.

Also, it was revealed that the Pentagon on Saturday will allow the public to tour a multi-faith chapel and other memorial sites at the spot where a hijacked airline slammed into the building on that fateful day.

A Pentagon tour guide will accompany groups to visit the small chapel and an adjacent memorial room where the names of all 184 victims are etched on a plaque and a booklet contains a photo and description of each.

Also in the room is the flag that was draped over the casket used in a group burial honoring the 184 victims at Arlington National Cemetery the day after the attack, which destroyed a large section of the Pentagon's southwest side.

The first time the public was allowed to view these rooms was last Sept. 11.

Members of the public also can see a memorial marble stone, taken from the rubble of 9-11, that was embedded in the rebuilt section of the Pentagon at the spot where hijacked American Airlines Flight 77 hit the building.

The tour will include a look at the construction site for a two-acre memorial park near the impact site. The memorial, scheduled to be completed by the fall of 2008, will feature benches set over small reflecting pools commemorating each of the 184 victims. Several species of maple trees, including one known as the paperback maple, will dot the site.

George W. Bush 'Most People Want Us To Win' (WSJ)

By Paul Gigot

The Wall Street Journal, September 9, 2006

ABOARD AIR FORCE ONE -- Speaker Nancy Pelosi?

"That's not going to happen," snaps the president of the United States, leaning across his desk in his airborne office. He had been saying that he hoped to revisit Social Security reform next year, when he "will be able to drain the politics out of the issue," and I rudely interrupted by noting the polls predicting Ms. Pelosi's ascension.

"I just don't believe it," the president insists. "I believe the Republicans will end up being -- running the House and the Senate. And the reason why I believe it is because when our candidates go out and talk about the strength of this economy, people will say their tax cuts worked, their plan worked. . . . And secondly, that this is a group of people that understand the stakes of the world in which we live and are willing to help this unity government in Iraq succeed for the sake of our children and grandchildren, and that we are steadfast in our belief in the capacity of liberty to bring peace."

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Love or loathe President George W. Bush, you can't say he lacks the courage of his convictions. Down in the polls, with the American people in a sour mood over Iraq, Mr. Bush isn't changing his policy or hunkering down in the Oval Office. Instead he's doubling down, investing whatever scarce political capital he has to frame the November contest as a choice over the economy and taxes and especially over his prosecution of the war on terror.

The strategy carries no small risk, because if Republicans lose, Democrats will feel even more emboldened to challenge him on national security. The final two years of his presidency could be dreadful and the chances of a U.S. retreat in Iraq would multiply. On the other hand, his senior aides say, Mr. Bush will be blamed if Republicans lose in any case, so he might as well play his strongest hand to prevent such a result. And if the GOP holds both houses, he'll deserve much of the credit. * * *

The president is certainly in feisty, even passionate, form as I meet him for 40-some minutes Thursday afternoon, coming off the third of his speeches this week on the lessons of 9/11 and a fund-raiser in Savannah, Ga., for GOP House candidate Max Burns. The critics are saying the Bush Doctrine of spreading democracy in the Middle East is dead, but the Beltway coroners must not have talked with Mr. Bush. I pose the frequent complaint that his policy has succeeded only in unleashing the radical Furies in Palestine, Lebanon and Iraq.

"I would remind the critics of the freedom agenda that the policy prior to September 11th was stability for the sake of stability: Let us not worry about the form of government. Let us simply worry about whether or not the world appears stable, whether or not we achieve short-term geopolitical gain," he says. "And it looked like that policy was working, and, frankly, it made some sense when it came to dealing with the Middle East vis-à-vis the Communists.

"The problem with that philosophy, or that foreign policy, was that beneath the surface boiled resentment and hatred, and that resentment and hatred helped fuel this radical Islam, and the radical Islam is what ended up causing the attacks that killed 3,000 of our citizens. So I vowed, and made the decision that not only would we stay on the offense and . . . get these people before they could attack us again. But in the long run the only way to make sure your grandchildren are protected, Paul, is to win the battle of ideas, is to defeat the ideology of hatred and resentment."

But would he concede that elections have so far empowered mainly the radicals? "It's a part of the process. I think Americans must remember we had some growing pains ourselves. It wasn't all that smooth a road to the Constitution to begin with in our own country. Democracy is not easy," he says, coiled and intense in his presidential flight jacket.

Take the Palestinian elections that elevated the terrorist group Hamas to power. "I wasn't surprised," he says, "that the political party that said 'Vote for me, I will get rid of corruption' won, because I was the person that decided on U.S. foreign policy that we were not going to deal with Mr. Arafat because he had let his people down, and that money that the world was spending wasn't getting to the Palestinian people. . . . They didn't say, 'Vote for us, we want war.' They said, 'Vote for us, we will get you better education and health.'"

Mr. Bush concedes that Hamas's "militant wing," as he calls it, is "unacceptable." But he says he sees a virtue in "creating a sense where people have to compete for people's votes. They have to listen to the concerns of the street." The answer is for other Palestinian leaders to out-compete Hamas to respond to those concerns. "Elections are not the end. They're only the beginning. And, no question, elections sometimes create victors that may not conform to everything we want. . . . On the other hand, it is the beginning of a more hopeful Middle East." * * *

I try to dig a little deeper on Egypt, where the political opening of 18 months ago seems to have been abruptly closed by President Hosni Mubarak, with a muted U.S. response to the arrest of the moderate opposition leader, Ayman Nour. Has the U.S. given up on promoting reform in Egypt?

"Of course we have not given up," Mr. Bush says. "We were disappointed" about Ayman Nour. Does he believe Mr. Mubarak should release Mr. Nour? "Yes, I do, but he'll make those decisions based upon his own laws." Mr. Bush says he's spoken to Mr. Mubarak's son and heir-apparent, Gamal, about Mr. Nour, "and I have spoken to Mubarak a lot about democracy. And, equally importantly, I've talked to . . . a group of young reformers who are now in government. There's an impressive group of younger Egyptians -- the trade minister and some of the economic people -- that understand the promise and the difficulties of democracy."

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The pace of Middle East reform will vary by country, he adds. In Kuwait, they now let women vote. "And so if you look at the Middle East from 10 years to today, there's been some significant change. Jordan changed, Morocco, the Gulf Coast countries, Qatar," and of course the nascent democracies of Iraq and Afghanistan.

Regarding Iraq, Mr. Bush is a bit reflective, if also insistent about the costs of failure. "I'm not surprised that this war has created consternation amongst the American people," he concedes. "The enemy has got the capacity to take -- got the willingness to take innocent life and the capacity to do so, knowing full well that those deaths and that carnage will end up on our TV screens. So the American people are now having to adjust to a new kind of bloody war.

"Now, my view of the country is this: Most people want us to win. There are a good number who say, get out now. But most Americans are united in the concept -- of the idea of winning."

On that point, I ask Mr. Bush to address not his critics on the left who want to withdraw, but those on the right who worry that he isn't fighting hard enough to win. "No, I understand. No, I hear that, Paul, a lot, and I take their word seriously, and of course use that as a basis for questioning our generals. My point to you is that one of the lessons of a previous war is that the military really wasn't given the flexibility to make the decisions to win. And I ask the following questions: Do you have enough? Do you need more troops? Do you need different equipment?" The question I failed to ask but wish I had is: Does this mean that, like Lincoln, Mr. Bush should have fired more generals?

With sectarian strife in Iraq, some critics (such as Sen. Joe Biden) are saying the best strategy now is for the country to divide into three -- Kurdish, Shiite and Sunni. Mr. Bush says partition would be "a mistake," though he does add that "the Iraqi people are going to have to make that decision." But he says Iraqis didn't vote for partition when they approved their new constitution or new government, and "this government has been in place since June; 90 days is a long time for some, but it's really not all that long to help a nation that was brutalized under a tyrant to get going."

Mr. Bush is most emphatic when he links Iraq to the larger struggle for Mideast reform. "In the long run, the United States is going to have to make a decision as to whether or not it will support moderates against extremists, reformers against tyrants. And Iraq is the first real test of the nation's commitment to this ideological struggle. . . . I believe it strongly. One way for the American people to understand the stakes is to envision what happens if America withdraws." He has been hitting that last point hard in his recent speeches, and it is the linchpin of the argument Mr. Bush will make through November against the Democrats who insist on pulling out immediately.

Intriguingly, the president broke a little news on the subject of Iran, acknowledging that he personally signed off on the U.S. visit this week by former Iranian President Mohammad Khatami. The trip has angered many conservatives because Mr. Khatami presided over the nuclear weapons development and cheating that Mr. Bush has pledged to stop. Why let him visit?

"I was interested to hear what he had to say," Mr. Bush responds without hesitation. "I'm interested in learning more about the Iranian government, how they think, what people think within the government. My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions. And in order for diplomacy to work, it's important to hear voices other than [current President Mahmoud] Ahmadinejad's."

One thing Mr. Khatami has said this week is that because the U.S. is bogged down in Iraq it will never have the will to stop Iran's nuclear program. Is he right? "Well, he also said it's very important for the [coalition] troops to stay in Iraq so that there is a stable government on the Iranian border," Mr. Bush replies, rather forgivingly.

On other hand, Mr. Bush remains as blunt as ever about the nature of the Iranian regime when I ask if one lesson of North Korea is that Iran must be stopped before it acquires a bomb. "North Korea doesn't teach us that lesson. The current government [in Iran] teaches that lesson," Mr. Bush says. "Their declared policies of destruction and their support for terror makes it clear they should not have a nuclear weapon."

The impression Mr. Bush leaves is of a man deeply engaged on the Iran problem and, like several presidents before him, trying to understand what kind of diplomatic or economic pressure short of military means will change the regime's behavior. One way or another, Iran will be the major dilemma of the rest of his presidency, and Mr. Bush knows it. * * *

Five years after 9/11, I ask the president if he is surprised that -- and can explain why -- both Iraq and his larger antiterror policies have become so politically polarized. "Well, first of all, I do believe there's a difference between the political rhetoric out of Washington and what the citizens feel," he says.

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"But this is a different kind of war. In the past, there was troop movements, or, you know, people could report the sinking of a ship. This is a war that requires intelligence and interrogation within the law from people who know what's happening. . . . Victories you can't see. But the enemy is able to create death and carnage that tends to define the action.

"And I think most Americans understand we're vulnerable. But my hope was after 9/11, most Americans wouldn't walk around saying, 'My goodness, we're at war. Therefore let us don't live a normal life. Let us don't invest.'" Mr. Bush calls it an "interesting contradiction" that he wants "people to understand the stakes of failure" in this conflict. But on the other hand, he also wants "the country to be able to grow, invest, save, expand, educate, raise their children." This is another way of saying how hard it is for a democracy to maintain support for a war without a tangible, ominous enemy such as the Soviet Union or Imperial Japan.

Could he have done more, as president, to win over more Democratic allies? "I met with a lot of Democrats over the course of this war, and" -- he pauses for the longest time in our interview -- "you know, it's hard for me to tell, Paul, whether I could have done a better job. . . . I don't know. I just don't know."

He then says that he has GOP majorities, and thus Republican leaders, to deal with. "Obviously, I wish that the effort were more bipartisan; it has been on certain issues. It certainly was when it came time for people to assess the intelligence that they had seen and knew about and vote on a resolution to remove Saddam Hussein from power." And it was as well on his policy of pursuing state sponsors of terror. But then the 2004 campaign intervened, he says, and now it's another campaign season.

Mr. Bush is an avid reader of history, and he has a contest with political aide Karl Rove to see who reads the most books. ("I'm losing," Mr. Bush says.) So I ask him if any current Democrat could play the role that Republican Sen. Arthur Vandenberg of Michigan played in helping Harry Truman establish new policies in the 1940s at the dawn of the Cold War.

Notably, he talks about Truman first. "I doubt Truman would have been able to predict how long the Cold War would last, but I applaud Truman for beginning to wage the Cold War" -- pregnant pause -- "for which he was very unpopular, for which the country was viewed as polarized." He never does mention a contemporary Vandenberg, and in truth the only one I can think of is Joe Lieberman, of late and by necessity not a Democrat but an "independent." * * *

The Truman reference is nonetheless revealing, because it suggests that perhaps Mr. Bush has begun to realize he will get little credit for his Middle East policies during his own presidency. His critics on the left in particular want to portray him as another LBJ, forlorn over a misbegotten war, and destined for historical disdain because of it. But Mr. Bush hardly resembles the LBJ who more or less came to agree with his Vietnam critics. He seems far more like Truman, both in his personal combativeness and also in his conviction that his vindication will come down the road.

One of his main goals now, also like Truman, is to institutionalize some of his antiterror policies by putting them on firmer legal and political ground so future presidents can use them. That's what his speech this week on military tribunals was mainly about, and the same goes for warrantless wiretaps and CIA interrogations of al Qaeda suspects. For all of the controversy they've caused, Mr. Bush is convinced that the next president will be grateful to have these tools. And despite all the partisan rancor surrounding them, Mr. Bush's legacy in defending them is likely to be lasting.

When I put to him the criticism made by Newt Gingrich, among others, that the U.S. security bureaucracy is too slow and unwieldy, he couldn't rebut it fast enough. "I disagree strongly," he says. "We were stove-piped in the past. We had an FBI whose primary responsibility was white-collar crime or criminality. We had a CIA that couldn't talk to criminal investigators. And we've changed all that."

Mr. Bush adds that the intelligence he receives is "quantifiably better" than it was before 9/11. One reason is the warrantless al Qaeda wiretaps, which gather intelligence from what he calls "the battlefield" in this conflict. "And so the data points are becoming richer, and the analysis is more complete, because now the reports I get on analysis have input from different parts of the intelligence community that John Negroponte is overseeing." Mr. Bush isn't likely to call legislation he signed a failure, but this is still the most reassuring thing I've heard about the CIA in years.

This is the fourth time I've interviewed Mr. Bush at length in the last eight years, going back to his time as Texas governor. One of the notable things about him is how similar he seems. He has always been supremely confident in his decisions and focused above all else on pushing forward, not looking back. If he is tortured by doubt, he doesn't show it to journalists. Some see this as obstinance, but he sees it as firmness of conviction.

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Whether or not he's right about the elections this fall, you have to respect his willingness to put that conviction on the line. "I said in my Inaugural Address, we should end tyranny in the 21st century," he says. "And I meant that."

Mr. Gigot is the editor of The Wall Street Journal's editorial page.

Analysis: War Focus Holds Political Risk (AP-Y)

By Tom Raum

AP, September 9, 2006

President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy.

The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad.

"We learned the lessons of Sept. 11," Bush said Thursday in the latest in a new round of speeches on the subject. "We're working to connect the dots to stop the terrorists from hurting America again."

GOP strategists hope the new focus, including efforts by Republicans in Congress to press for votes on a string of anti-terror initiatives, will burnish Bush's image as commander in chief in responding to the 9/11 attacks and help to divert attention from Iraq.

White House press secretary Tony Snow said Friday that Bush will make a prime-time address from Oval Office on Monday to mark the fifth anniversary of the Sept. 11 attacks and that the White House had requested network air time at 9:01 p.m. EDT.

But Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said on Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

With the electorate in a sour and generally anti-incumbent mood, majority-party Republicans have little choice but to run on the war against terrorism, suggest activists in both parties.

Frank Luntz, a GOP pollster and strategist who helped orchestrate the "Contract with America" campaign in 1994 that helped Republicans seize control of both House and Senate, sees parallels between then and now — but in reverse since Republicans now control both chambers.

"There is a deep desire for change and a consistent widespread rejection of the status quo," he said.

Republicans have little choice but to make the war on terrorism their central theme, Luntz said. "They have to, because this is their one area of strength. This goes to the core difference between the two parties and their visions. If you can't communicate a core difference, what can you do?"

Democratic pollster Mark Mellman noted that the one-time commanding Republican edge over Democrats on national security "has been dramatically diminished."

"The conclusion of a lot of polls is that people in this country do not feel safer and they feel that George Bush's policies in Iraq and elsewhere have increased the likelihood of terrorism against the United States, not decreased it," Mellman said.

Six in 10 in a recent AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq. A CNN poll published earlier this week asked the public if the war in Iraq was part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

With two months to go before congressional elections that will determine whether Republicans can extend their control of Congress, Americans seem concerned over the threat of terrorism but ambivalent over assigning credit — or blame — to efforts to contain it.

"We're in a lot better shape than where we were before," Grant Miller, 28, a car salesman and Democrat said over lunch in Crestwood, Ky.

Fellow Kentuckian Tim Cox, 46, gave the president solid marks for combatting terrorism, which he said was his biggest present concern. "We're doing what we should be," the factory worker said while stopping by the post office in PeeWee Valley, Ky.

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Frank Satterly, 45, a Republican who works as a meat cutter in New Albany, Ind., called it "pretty darn good" that there have been no further terrorist attacks in the U.S. in the past five years. However, he said, no matter who is president, "We're still going to have a terror threat. This is not going away."

Heavy emphasis on the war against terrorism could backfire for the Republicans, particularly if things get worse in Iraq, southern Lebanon, or in dealings with Iran.

But Democrats could also overplay their hand by being too harshly critical of the president.

"At any point, there could be a rally-around-the-president effect if there's another terrorist incident, another big arrest, or if — God forbid — we're attacked again," said James Thurber, a political scientist at American University.

Democrats Urge 9/11 Unity (WT)

By Christina Bellantoni

The Washington Times, September 9, 2006

Democrats are challenging Republicans to put politics aside as they craft a resolution commemorating the anniversary of September 11, but also are accusing the majority party of making the country less safe in the five years since the terrorist attacks.

"Today, we are still living in a state of homeland insecurity," said Rep. Edward J. Markey, Massachusetts Democrat, who serves on the House Homeland Security Committee. "That is really what the Bush administration has as a legacy five years after 9/11."

Leaders from both parties will temporarily put their differences aside and unite for a Capitol Hill ceremony Monday evening to mark the anniversary.

"September 11th is not a time for politics," said House Minority Whip Steny H. Hoyer of Maryland. He went on to outline his view of Republican security failures.

"September 11th is a time for remembering and resolve," he said. "On September 12th, frankly, we can, in my opinion, talk about the things that I am talking about today."

Republicans, meanwhile, plan to use their record on terrorism issues as they fight to hold onto power this fall.

On Wednesday they will offer a resolution honoring September 11 as a day of remembrance, Republican aides said. The resolution, a draft of which was obtained by The Washington Times, says that the American people "will continue to fight the war on terrorism" and "will never succumb to the cause of the terrorists."

House Minority Leader Nancy Pelosi of California this week told Speaker J. Dennis Hastert of Illinois the draft she had seen "injects controversial political issues" and praises congressional legislation "that was highly controversial on a bipartisan basis."

The objectionable clauses include lauding "legislative accomplishments" such as the USA Patriot Act, the passage of the House's strict border enforcement-only plan in 2005 and the creation of the Department of Homeland Security.

Republicans say similar clauses were included in past resolutions, and in 2002 lawmakers unanimously approved a resolution that said President Bush had signed "numerous laws providing additional resources for the overseas effort against terrorism, as well as additional tools" for U.S. law enforcement.

In 2004, the House voted 406-16 for a resolution that championed "innovative programs" that have secured the nation and applauded the capture of Saddam Hussein. Neither resolution mentioned the Patriot Act.

Mrs. Pelosi asked the speaker to model the resolution after last year's version, which said the House would take "whatever actions necessary to identify, intercept and disrupt terrorists."

Republicans balked at the Democratic requests.

"Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on 9/11 than work with us in a bipartisan way," said Ron Bonjean, a spokesman for Mr. Hastert.

House Leaders Spar Over Resolution Honoring Victims Of Sept. 11 (MCT)

By Margaret Talev

McClatchy Newspapers, September 9, 2006

WASHINGTON - Republicans and Democrats can't agree on how to honor the victims of the Sept. 11 attacks five years after the tragedy pulled the nation together.

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The House of Representatives is scheduled to vote next week on a resolution marking the anniversary, but Republican Speaker Dennis Hastert of Illinois and Democratic leader Nancy Pelosi of California are at a standoff over the wording of the nonbinding, purely symbolic legislation.

As drafted, the resolution mourns the nearly 3,000 victims, condemns terrorists, praises the military and law enforcement, and vows vigilance.

But it also lauds several Republican-led legislative moves that Democrats opposed or sought to modify: the USA Patriot Act, which gives law enforcement officials tools to combat terrorism that some Democrats think infringe too much on civil liberties; and the House's border security bill, now stalled, which would charge illegal immigrants as felons.

Democrats want Republicans to strike those and other references to legislation. But, as of Friday, Republicans were holding firm.

"By slashing out all those programs, they stay on message saying, `This is a do-nothing Congress.' That's why they want the recognition of those programs out," Hastert spokesman Ron Bonjean said. "I think the American people should be very concerned that Democrats are even trying to politically use the 9/11 resolution as a way to gain the majority in November."

Pelosi spokeswoman Jennifer Crider countered that Republicans loaded the resolution with controversial references to put Democrats in a box: By signing on to the resolution, they'd be giving those programs their tacit support, but by withholding their names from a 9/11 resolution, they'd be taking a risky political stand.

"It is the worst kind of political posturing on a day that should be sacrosanct," Crider said. "The fifth anniversary of 9/11 is a day we should commemorate with the seriousness and unity that Americans from all walks of life came together with on Sept. 11, 2001."

Unless Hastert and Pelosi reach a truce, Democrats may offer a competing resolution. Then it would be up to the Republican majority to decide whether to let them vote on it or to block it.

The House won't be able to vote on any resolution in time to mark the anniversary, as it's not in session again until Tuesday.

Five Years After 9/11: How Have Things Changed? (WSJ)

The Wall Street Journal, September 9, 2006

Since then, passenger levels have recovered and are higher than the pre-9/11 level. But changes have made traveling more cumbersome. Wait times at airports have increased because of new security measures. In August, British authorities said they foiled a plot to blow up U.S.-bound airplanes with liquid bombs, leading to a ban on passengers carrying gels or liquids on board.

The U.S. in the World: After the attacks, there was an outpouring of support from the international community. The U.S. tightened some alliances; Pakistan, for instance, received no military financing from the U.S. before the attacks, but last year got $298 million.

But while some countries remain allies in the war on terror, the U.S. has lost some support. Syria initially cooperated with the U.S., but that has "radically diminished," says Anthony Cordesman, a national security expert at the Center for Strategic and International Studies. Polls show support for the U.S. falling in many countries; in Turkey, 12% of people in a Pew Research poll said they had a favorable opinion of the U.S. in 2006, down from 52% in 2000.

--Lauren Etter * * *

POINTS OF VIEW

"I quite frankly think the U.S. is pretty much the same place it was on Sept. 10... The goal is to fight the enemy but keep America the same as always -- and by and large it is."

-- James Carafano, senior research fellow, The Heritage Foundation

"On Sept. 12 there was this combination of a tremendous vulnerability -- a sense of vulnerability that we hadn't felt in a long, long time since Pearl Harbor perhaps -- combined with a tremendous sense of optimism about the ability to prevail...There's still a feeling of vulnerability because there is a recognition that we are a relatively free and open society and that at some level it is relatively easy to pull off a terrorist attack."

-- Christopher Preble, The Cato Institute

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"In the larger scheme of life's problems, the idea of getting hit in your neighborhood or at your workplace is no longer the kind of urgent concern we thought it might be [after 9/11]. Part of this is the law of probability. People are starting to realize that the likelihood of anyone coming home to roost nearby is very low."

-- Michael O'Hanlon, analyst, The Brookings Institution * * *

FACTS

Since 2001 the number of student visas has declined 20%. Visas for artists, athletes and entertainers are up 2%. Still world renowned Spanish guitarist Paco de Lucia and Cuban musician Ibrahim Ferrer had to cancel U.S. concerts because they could not secure a visa.

Red, orange, yellow, blue and green are the colors of the government's post-9/11 threat-warning system. The federal level has never dropped below yellow or "elevated." It has been raised to orange or "high" eight times. It has been raised to red or "severe" once.

The U.S. government's Rewards for Justice program has paid out more than $62 million to people credited with giving information leading to the prevention of a terrorist attack or the capture of a terrorist. There are 29 people on the government's list of "Wanted Terrorists."

The U.S. sponsors more than 50,000 hours of television and radio broadcasts to the broader Middle East -- quadruple the number of hours in 2001. The U.S. budgets for international broadcasting to the Arab and Muslim world have increased 237% in 2006 from 2002.

Before 9/11, the World Trade Center was the world's fourth tallest building. Today, the world's tallest building is the Taipei 101 in Taipei.

Of the 4,960 terrorist incidents world-wide last year, 47% occurred in Iraq, about 10% in West Bank/Gaza and 4% in Afghanistan.

Waiting For Al Qaeda (NYT)

By John Tierney

The New York Times, September 9, 2006

John Mueller has an awkward question for those of us in the terrorism industry, which is his term for the journalists, politicians, bureaucrats and assorted “risk entrepreneurs” who have alarmed America about terrorism.

For five years, we’ve been telling Americans that Sept. 11 changed everything. “It will always be a defining moment in our history,” President Bush says in this year’s Patriot Day proclamation. We declared it a harbinger of a new clash of civilizations, a global ideological struggle — World War III, in Newt Gingrich’s words.

We reported intelligence estimates of thousands of Al Qaeda terrorists and supporters in “sleeper cells” in America. In May 2004, Attorney General John Ashcroft said that Al Qaeda’s preparations for an attack were 90 percent complete. We braced for acts of terrorism forecast to occur during the political conventions, the presidential campaign, on Election Day, after Election Day. Through yellow and orange alerts, we kept in mind the Department of Homeland Security’s warning: “Today’s terrorists can strike at any place, at any time and with virtually any weapon.”

So what’s keeping them? That’s the question raised by Mueller, a political scientist at Ohio State University, in the current issue of Foreign Affairs.

“Why,” he asks, “have they not been sniping at people in shopping centers, collapsing tunnels, poisoning the food supply, cutting electrical lines, derailing trains, blowing up oil pipelines, causing massive traffic jams, or exploiting the countless other vulnerabilities that, according to security experts, could so easily be exploited?”

The Bush administration likes to take credit for stopping domestic plots, but it’s hard to gauge whether these are much more than the fantasies of a few klutzes. Bush also claims that the war in Iraq has diverted terrorists’ attention there, but why wouldn’t global jihadists want the added publicity from attacking America at home, too? Al Qaeda’s leaders threatened in 2003 to attack America — along with a half dozen other countries that haven’t been attacked either.

Mueller’s conclusion is that there just aren’t that many terrorists out there with the zeal and the competence to attack the United States. In his forthcoming book, “Overblown,” he argues that the risk of terrorism didn’t increase after Sept. 11 — if

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anything, it declined because of a backlash against Al Qaeda, making it a smaller and less capable threat than before. But the terrorism industry has been too busy hyping Sept. 11 and several other attacks to notice.

It has found a new audience for old dangers. For more than half a century, experts have warned that terrorists could destroy a city with a weapon of mass destruction. They still might, but their failure so far suggests it isn't easy to do, and it didn't suddenly become easier on Sept. 11.

There are plenty of fighters willing to use terrorist tactics locally during civil wars and insurrections, as in Afghanistan, Iraq, Chechnya or Kashmir. But it's harder to recruit competent warriors to fight abroad, and harder for them to operate in orderly countries where the citizenry and the authorities both want to stop them.

"Outside of Afghanistan and Iraq," Mueller says, "the number of people killed around the world since Sept. 11 by groups in sympathy with Al Qaeda is not that high. These are horrible and disgusting deaths, but they're not a sign of a diabolically effective organization. The total is less than the number of Americans who drowned in bathtubs during this period."

As it is, he figures, the odds of an American being killed by international terrorism are about one in 80,000. And even if there were attacks on the scale of Sept. 11 every three months for the next five years, the odds for any individual dying would be one in 5,000.

Compared with past threats — like Communist sociopaths with nuclear arsenals — Al Qaeda's terrorists are a minor problem. They certainly don't justify the hyperbolic warnings that America's "existence" or "way of life" is in jeopardy, or that America must transform the Middle East in order to survive.

There undoubtedly will be more terrorist attacks, either from Al Qaeda or others, just as there were before 2001. Terrorists might strike Monday. There will always be homicidal zealots like Mohamed Atta or Timothy McVeigh, and some of them will succeed, terribly. But this is not a new era. The terrorist threat is still small. It's the terrorism industry that got big.

Five Years On (WSJ)

The Wall Street Journal, September 9, 2006

September 11, 2001, it is often said, was a day that "changed everything." Five years later, it remains to be seen whether that's really as true as it deserves to be.

The significance of events is not always captured at the moment in which they happen: Some, like the American Revolution, grow with time; others, like the French Revolution, diminish. But the meaning of events can be instantly and enduringly obvious, or nearly so. On a cloudless September morning, 19 young Muslim men from four Arab countries combined simple means and fanatical determination to murder nearly 3,000 men and women, most of them civilians who rose that morning never imagining themselves to be at any risk. The killers aimed at famous targets in two great cities, a spectacle for the world to behold. We watched from our offices across the street from the World Trade Center, and every day we gaze at the pit they left behind.

Part of the tragedy is that this wasn't their first strike. Similar deeds by people of similar beliefs had been committed before against American targets, albeit not on U.S. soil. The attacks of 9/11 exposed not just the flaws in airline security but, far more important, our failure to comprehend the nature and scale of the threat we were facing.

HOT TOPIC

Five Years After 9/11: How Have Things Changed?1

Osama bin Laden had declared war on us years earlier, but we insisted on seeing him as a small menace, not unlike Abu Nidal and the terrorists who had hijacked planes or killed Israelis over the previous decades. However, bin Laden is above all a man of ambition, not grievance, and his ambition is to re-establish an Islamic Caliphate after his own fashion, one that can destroy every trace of what the West represents within its own sphere and, someday, in ours, too. * * *

So it seemed to us on September 12, 2001, when we wrote in this column that the attacks intended to "prove that freedom and democracy are not after all the wave of the future." We added that "we can honor yesterday's dead by rallying our diplomatic, moral, financial and as necessary military resources to ensure that that purpose is convincingly defeated."

Today, there is less confusion than before about al Qaeda's purposes, particularly after its vengeful turn on fellow Muslims in Casablanca, Riyadh, Amman and Baghdad. But there remains a great deal of doubt about our own purposes. There is doubt

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whether the methods employed by the Bush Administration to defeat al Qaeda have worked, or been won at too high a moral and diplomatic price, or backfired by giving would-be jihadis fresh reasons to hate us. There is also too much doubt whether broadening the focus of the war to rogue regimes hasn't been a colossal distraction. And there is a deeper, creeping doubt whether the goal of "convincingly defeating" our enemies is even plausible.

So it's worth taking stock of what has -- and hasn't -- been achieved in five years. We presume that bin Laden and his deputy, Ayman Zawahiri, are alive, probably in the Pakistani hinterland. But we know that Mohammed Atef, the mastermind of the 1998 bombings of the U.S. embassies in East Africa, was killed in Afghanistan in an American air strike. We know that Abd al-Rahim al-Nashiri, one of the masterminds of the 2000 bombing of the USS Cole, is in U.S. custody, as is Abu Zubaydah, who allegedly planned the failed millennium attacks. We know the U.S. captured Khalid Sheikh Mohammed, the al Qaeda operations chief and mastermind of September 11, as well as his successor, Abu Farraj al-Libbi. We know the U.S. killed al-Libbi's senior deputies, Haithem al Yemeni and Abu Hamza Rabia. We know that Midhat Mursi, author of al Qaeda's explosives manual, is dead.

This is not an exhaustive list. And while we do not know what proportion of al Qaeda's senior ranks are dead or in jail, Zawahiri must write letters to associates to find out whether his messages have aired on al-Jazeera. Al Qaeda has spawned imitators and affiliates, which trade on its radical infamy. But the ability of bin Laden and Zawahiri to plan and execute terrorism seems to have been massively degraded, and it shows in the fact that five years later there has been no major terrorist attack in the U.S., nor any, anywhere, comparable in scale to the attacks of that day.

Nobody likes to tempt fate, so it's only natural that our political leaders would not advertise this fact too loudly. But at least it should temper the criticism of those who claim that the U.S. policy of aggressively interrogating suspects has yielded no credible information, a point President Bush finally got round to making this week. And it is a strong rebuttal to the argument that, by invading Iraq, the Administration lost focus on the terrorist threat and made America less safe.

The war in Iraq is alternately criticized as a major strategic blunder, something the U.S. should never have done in the first place; or as a tactical fiasco, a worthy enterprise incompetently executed. We would have more sympathy with the second argument if the history of all warfare were not a (retrospective) study in far greater "incompetence," from Grant's Wilderness campaign to the needless slaughter of Marines at Peleliu. We've cited many of the Administration's mistakes over the last four years, going back even before the war to its (largely the CIA's) reluctance to trust and work with all but its own favored Iraqi exiles. But these columns aren't about to support a war only to back away when things get rough. The mistakes in Iraq at least have some hope of being corrected.

The deeper Iraq argument is that the U.S. should never have gone to war against a country that "posed no threat," a point supposedly proved by the failure to discover weapons of mass destruction. In fact, Charles Duelfer's definitive post-mortem report on Iraq's WMD painted a different picture: Saddam maintained weapons programs that were in "material breach" of U.N. resolutions. And he intended to reconstitute his former programs as soon as the sanctions regime was lifted, something he was well on his way to accomplishing thanks to the global bribery scheme that was the U.N.'s Oil for Food program.

But the notion that Saddam posed no threat beyond WMD capabilities is wrong, and in hindsight the Administration miscalculated politically by emphasizing WMD as it did. That error owed largely to the pressure it was under to take the case for war to the U.N., where Saddam's violations of his disarmament obligations served as an actionable cause of war. But the real WMD in Iraq's arsenal was Saddam himself, the threat he posed to his people and his neighbors, and the misbegotten conceits he inspired in a region hungry for a new Saladin or Nasser, someone to redeem Arab honor by standing up to the West.

This was the boil that most needed to be lanced if there was to be any hope that the societies from which the September 11 hijackers hailed could be meaningfully reformed. Saddam in power meant U.S. forces in Saudi Arabia, a chief grievance in bin Laden's fatwa against America. It also meant $25,000 checks for the families of Palestinian suicide bombers, and the costly maintenance of the no-fly zones and the preservation of U.N. sanctions, which the war's current critics once told us were the cause of thousands of Iraqi deaths from malnutrition and the dearth of medical supplies.

Saddam in power meant that virtually no other Arab problem, such as Syria's occupation of Lebanon, could be addressed, let alone resolved. In short, Saddam in power locked the Arab world -- and America's involvement in it -- into shapes and patterns

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that were the source of so many of its political and social ills, and that could only be broken by his removal. And, to a remarkable extent, that is just what happened in the two years after the war.

Consider where things stood a year ago on the fourth anniversary of September 11. Israel had just withdrawn from the Gaza Strip, a territorial concession never achieved throughout the seven years of the Oslo peace process. The Palestinian Authority was democratically led by Mahmoud Abbas, not Hamas. Lebanon had just been freed from 29 years of Syrian occupation, and the Syrian regime of Bashar Assad was facing a potentially regime-changing investigation into the murder of former Lebanese Prime Minister Rafik Hariri.

Secretary of State Condoleezza Rice had gone to Cairo to demand political change; Mr. Mubarak responded by agreeing to a multiparty presidential vote that, while rigged, was a step forward from the previous uncontested referenda on his rule. And despite terrible violence and plenty of second-guessing by the global commentariat, Iraqis freely ratified the most liberal and democratic national constitution in Arab history. * * *

The last year has seen some setbacks, which go far to explain the overglum mood surrounding the current anniversary. Yet it is by no means clear that those failures owe to some flaw in the overall U.S. strategy as opposed to tactical mistakes and the simple fact that we are fighting a determined, resourceful enemy that is itself adapting to our moves. The victory for Hamas, the troubles in Iraq, the uncertain outcome in the recent war in Lebanon, and above all the renewed aggression of Iran all pose major challenges. Mr. Bush's party may pay a price for those setbacks in November, though the President has begun to fight back, as he shows nearby.

We're glad he is doing so, because the great challenge for this presidency is to remind Americans that the threat they face is undimmed even as the events of September 11 recede in memory. The costs of responding to 9/11 have been many, and the temptation is strong to think we can withdraw from Iraq, or from the larger Middle East without consequence to our own security. The abiding lesson of that day five years ago is that this is a dangerous illusion.

On September 12, 2001, we wrote with some optimism about the "resilience" of modern industrial democracies. That resilience has been proved time and again the past five years, and the challenge is to prove it again for the next five, or 50, if that's what victory requires.

Thatcher To Attend Sept 11 Memorial Events In Washington (AFP)

AFP, September 9, 2006

Former British prime minister Margaret Thatcher will attend events in Washington to mark the fifth anniversary of the September 11, 2001, attacks on the United States, her office said.

The 80-year-old baroness will on September 11 attend a church service and a commemorative ceremony with US Vice President Dick Cheney, who invited her to Washington.

The ceremony will take place at 8:46 am (12:46 GMT), the precise time when members of the Al-Qaeda terror network crashed the first hijacked plane into the World Trade Centre in New York.

Afterwards Thatcher will attend a ceremony at the State Department, where she will meet US Secretary of State Condoleezza Rice.

The trip will be Thatcher's first to the United States since she attended the funeral of former US secretary of defence Caspar Weinberger in April.

Thatcher was Britain's prime minister from 1979 to 1990 and formed a close partnership with then US president Ronald Reagan, who died in 2004.

She holds the presidential medal of freedom, one of the two highest United States civilian awards.

US's Rice To Thank Canada For Support After September 11 Attacks (AFP)

AFP, September 9, 2006

US Secretary of State Condoleezza Rice will mark the fifth anniversary of the September 11, 2001 attacks in Halifax, Canada, the State Department said.

"Secretary Rice wanted to go to Canada on September 11th as a way of thanking Canada and the Canadian people for all that they did on that day," said department spokesman Sean McCormack.

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"On September 11th, America closed its air space, and the Canadian government and the Canadian people took in many, many flights and many, many people who were essentially stranded because they could not continue flying into American air space," he said.

After the attacks on New York and Washington by four teams of airplane hijackers, Canada received 224 flights carrying 33,000 passengers which were diverted away from the United States.

"That was just an extraordinary act of trust, generosity and kindness in a moment of need, and Secretary Rice wanted to travel to Canada to thank the Canadian government and the Canadian people for those extraordinary act," McCormack said.

Travelling with Canadian foreign Minister Peter MacKay, on September 12 Rice will visit Pictou, MacKay's electoral district in Nova Scotia province.

Where's The Clarity? (NSWK)

By Michael Hirsh

Newsweek, September 9, 2006

Terrible as they are, wars can be clarifying events. Like thunderstorms, they purge the diplomatic air. They force people to take sides and, if they are total wars, they leave one victor standing. This is what happened during World Wars I and II (the latter being mainly an extension of the former) and the cold war. In the end, fascism and totalitarianism were vanquished—with the exception of a few redoubts, like North Korea—freedom was left the sole victor and America was seen as its champion. George W. Bush would have us view the "war on terror," which turns five years old on Monday, in this light as well. "This is the great ideological struggle of the 21st century—and it is the calling of our generation," the president said this week in a dramatic rendezvous-with-destiny speech timed to the 9/11 anniversary. "Freedom is once again contending with the forces of darkness and tyranny"—the terrorists who would seek to impose what he called a "totalitarian Islamic empire."

The president's opponents say the war on terror is nothing at all like the last century's biggest conflicts. With a crucial midterm election approaching, Democrats in particular are eager to portray what Bush calls the war on terror's "central front"—Iraq—not as another glorious fight against totalitarianism but as another Vietnam, a quagmire unrelated to the fight against Al Qaeda. Vietnam, of course, was not a clarifying war, at least for Americans. Indeed the war provoked so much confusion and self-doubt about U.S. policy that its impact is still felt today, 31 years after the fall of Saigon. To Bush's critics, the "Vietnam Syndrome"—a casualty-shy reluctance to use force—has now been replaced by a parallel, and equally paralyzing, "Iraq Syndrome."

The truth is that, year by year, the so-called GWOT (global war on terrorism) has become less and less clear in its direction and goals—and less and less like any previous war. What began as a crystal-clear fight against a small, self-contained group of murderers has become a kind of murky, open-ended World War III in which the identity of the enemy is less certain and our allies seem to grow less reliable. While at the beginning no one had any use for Al Qaeda—Americans, Russians, Chinese, Europeans, Arab regimes—now that the Bush administration has expanded the war to include all terrorists and their "state sponsors," very few nations seem to be buying fully into the U.S. vision. Many of those who hated Al Qaeda, for example, never accepted the link to Saddam Hussein's Iraq. And some of these countries are ambivalent at best about making Hizbullah and Hamas (both of which disavow any link to Al Qaeda), or their sponsors, Iran and Syria, part of the same struggle. "We're a nation at war," Bush says. But we all must now ask: with whom exactly?

In two remarkable speeches delivered in Washington this week, the president sought to recover some of the clarity of 9/11, returning the war on terror to its origins. On Tuesday he restored Osama bin Laden to his place as America's central bogeyman—after a three-year period of barely mentioning his name—and compared him to Hitler and Lenin. The next day, the president brought families of 9/11 victims into the East Room for a dramatic speech in which he acknowledged, for the first time, the existence of the CIA's secret prison program and an "alternative set of procedures" used to interrogate key Al Qaeda suspects rounded up in the early years after 9/11. He made a vigorous case that "questioning the detainees in this program has given us information that has saved innocent lives by helping us stop new attacks."

He also pointed to his most signal success: the lack of a follow-up assault on the U.S. homeland in the five years since 9/11 (except for the still-unsolved anthrax attacks of that fall). Both speeches were political masterstrokes, especially coming two

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months before an election that has Republicans in serious trouble over questions of the president's competence and credibility. The problem is that, measured against the policies the president has pursued over the past five years, Bush's rhetoric does not describe the war on terror we have come to know.

On Tuesday, speaking before the Military Officers Association of America, Bush exhorted his listeners to take bin Laden's rants seriously, reminding them of what happened when the world powers of the day ignored "an exiled lawyer" (Vladimir Lenin) and a "failed painter" (Adolf Hitler) who laid out their bloody, revolutionary programs early on. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said. "The question is: Will we listen? Will we pay attention to what these evil men say?" Bush declared that "we will not rest ... until this threat to civilization has been removed."

In light of the facts that have since been confirmed, this description does not fully account for Bush's own conduct over the past five years. Bin Laden, after all, didn't just write a pamphlet on 9/11—he carried out his plans, directing his henchmen to kill thousands of Americans on their own soil. It was a moment of absolute, terrifying clarity: in retribution for 9/11, according to every Western code of justice and honor, bin Laden should have been relentlessly pursued until he was dead or captured. Yet we now know that the Bush administration allowed itself to be distracted from that task as the months passed after 9/11. Gary Berntsen, the CIA officer in charge of the operation, told me a year ago that he knows for certain that bin Laden was trapped in Al Qaeda's Tora Bora hideaway after the fall of Afghanistan's Taliban rulers in late 2001. As Berntsen records in his 2005 book "Jawbreaker," bin Laden told his followers, "Forgive me," and apologized for getting them pinned down by the Americans. But Bernsten says, the Pentagon refused to put in the necessary troops.

This account is corroborated by Bernsten's then boss, CIA senior officer Henry Crumpton (now the State Department's counterterrorism chief), who made clear to Bush and Vice President Dick Cheney that America's Afghan and Pakistan allies couldn't take out bin Laden. "We're going to lose our prey if we're not careful," Crumpton told Bush and Cheney, according to Ron Suskind's new book, "The One Percent Doctrine." Numerous accounts have also established that, shortly after Tora Bora, the president began diverting Special Forces troops, Predator drones and other resources involved in the hunt for bin Laden to Iraq.

Yes, Bush sought this week to clarify his broader strategic goals in the war on terror. "The experience of September the 11th made clear, in the long run, the only way to secure our nation is to change the course of the Middle East," he said. And that may well be true. But what about the short run and the medium run? The chief culprit of 9/11 and his top deputy, Ayman al-Zawahiri, are still free. And Bush administration officials concede, anonymously, that there is a good chance the two will never be caught, especially now that Pakistani President Pervez Musharraf, with the administration's blessing, has pledged not to continue troop incursions into the tribal areas where bin Laden and Zawahiri may be hiding.

We also know—again, these are now historical facts, not opinions—that while Bush resorts to the rally-the-citizenry (or electorate) rhetoric of World War II and the cold war, he has sought to tax-cut his way to victory, driving up record budget deficits, underfunding the U.S. Army and quashing all talk of a draft. Even in Iraq, the Army is desperately trying to stabilize Baghdad with one brigade of Stryker fighting vehicles because there are no others that are ready. "We need several brigades, but we don't have them," a senior military official told me this week, citing the Army's pleas for emergency funding. "Since 9/11, for all the rhetoric about us being involved in a global war, there's been nothing of the kind," historian Robert Dallek, who has written of the national mobilization efforts during World War II and the cold war, told me. "It's generally been business as usual."

Then there is overarching issue of whether Iraq ever should have been part of the war on terror at all—or, instead, whether it made the GWOT hopelessly murky. In his speech Tuesday, Bush called Iraq the "capital" of Al Qaeda's would-be totalitarian caliphate and said it "is the central battlefield where the outcome of this struggle will be decided." But military experts now say that the continuing violence since the killing of Abu Mussab al-Zarqawi, the top foreign terrorist in Iraq, last June is evidence that the insurgency there is mainly indigenous, largely unconnected to the larger war on terror. "This proves how small a part foreign fighters play in Iraq," says John Arquilla, an intelligence expert at the Naval Postgraduate School. "There's a real Lewis Carroll quality to all of this rhetoric, where what is up is down, and what is right is wrong. The president says that Iraq is the central front. But the president also says Iraq had nothing to do with 9/11. A visitor from Mars just entering into this debate would surely be struck by the contradictions in these statements. And then to invoke bin Laden as a bête noire now while closing down Alec Station [the CIA's bin Laden monitoring group, which was disbanded earlier this year] seems a contradiction as well."

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Five years on, little of the GWOT conforms any longer to Bush's clarifying rhetoric. The president argued again this week, as he has tirelessly, that "the lack of freedom" in the Middle East helped create September 11. No one doubts that more freedom and democracy will help to cure the pathologies of the Arab world. But the truth is that the group that orchestrated 9/11 grew up in Afghanistan—not part of the Middle East—during the anti-Soviet jihad of the 1980s. It was conceived by Arab men who'd left their countries and formed European- and Asian-based cells. Their philosophy, mainly based on ultra-orthodox Salafism, was spread by a nominal American ally, Saudi Arabia, underwritten by petrodollars supplied by oil-addicted Westerners. Initially at least, the "Islamo-fascism" that the Bush team refers to had little to do with the mainstream struggle in Islam. It also remains a distinct phenomenon from Hamas and Hizbullah, or the Muslim Brotherhood movement in Egypt.

Some scholars of Islam, such as Gilles Kepel, also argue that extremist Islamist groups were shaped at least as much by European fascist and communist influences as by Arab dictatorships. In an interview, a senior administration official who helped draft Bush's latest "national strategy for combating terrorism"—also released this week—could not cite any authoritative studies linking the rise of democracy with the defeat of terrorism, other than to say, "I'm personally a huge fan of John Stuart Mill." "There's a real disconnect here," says Princeton scholar G. John Ikenberry. "They've come to this without serious thought about how you get democracy and what its impact is."

A parallel lack of clarity led to the interrogation scandal that Bush sought to put behind him Wednesday. The president announced the transfer of CIA-held Al Qaeda suspects to Pentagon custody and the prospect of future trials, in what a senior administration official described as a concession to June's Supreme Court ruling that held Bush's enemy-combatant detention policies to be unconstitutional. In his big speech, Bush defended these policies as a way of applying his broad doctrine of pre-emption of terror to the interrogation room, justified by the need to "break" often zealous and uncooperative Al Qaeda prisoners for clues on forthcoming plots and insights into the global terrorist network. The president was eager to describe how a daisy chain of intelligence breaks from the 14 men he named this week led to the exposure of Al Qaeda's anthrax program and numerous averted attacks, including a "planned strike" on U.S. Marines at Camp Lemonier in Djibouti, another one on the U.S. Consulate in Karachi "using car bombs and motorcycle bombs" and "a plot to hijack passenger planes and fly them into Heathrow or the Canary Wharf in London."

Most Americans, frankly, wouldn't have much of a problem if someone like Khalid Shaikh Mohammed, the mastermind behind 9/11, was beaten to within an inch of his life in some dark room somewhere (which is probably what happened after he was captured in May 2003). But the exposure of the two-year-old interrogations scandal—culminating in an embarrassing series of stories about the CIA secret prison program—was also a direct result of the administration's conflation of the original "war on terror" with the counterinsurgency war in Iraq. As detailed in several Pentagon investigations, a handful of techniques that might be legally and even morally justifiable against a handful of true bad guys mentioned by Bush on Wednesday came to be used indiscriminately against many more detainees, a number perhaps running into the thousands in Iraq. What began as a carefully controlled experiment in new techniques used to ratchet up the pressure on resistant Al Qaeda leaders beginning with Abu Zubaida in the spring of 2002—handled by a small number of skilled operatives working for the CIA—came to be used by ill-trained guards at Abu Ghraib prison. If this conflation hadn't occurred, it's far less likely there would have been a scandal of this proportion in the first place.

Finally, another thing that hasn't been clarified five years on is the politics of the war on terror. And just two months from a critical election in which Bush won't be running, but his legacy will be at stake, the president has once again proved he is a master of the game, painting the congressional Democrats as defeatist. This debate, which we will hear a lot more about in coming weeks, is also very different from previous wars. During World War II and, to a lesser extent, the cold war, politicians made a conscious, painstaking effort to bridge party lines, which were every bit as viciously partisan as today. Democrat Harry Truman and Republican Dwight Eisenhower, says John Arquilla, "crafted grand strategy that everybody in America, right and left, accepted for decades. They knew they needed broad support. We don't have that now. We're trying to wage the war on terror with the support of only part of the American people."

Perhaps the only thing that is clear any longer is that the war on terror will continue for a long time to come. And so will the war of words over the war on terror.

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Arrest Evidence Stands In Padilla Terror Case (LAT)

By Vanessa Blum

The Los Angeles Times, September 9, 2006

MIAMI — A federal judge has refused to throw out evidence related to the 2002 arrest of alleged Al Qaeda operative Jose Padilla at Chicago's O'Hare International Airport.

Rejecting defense lawyers' requests, U.S. Magistrate Stephen Brown said in a pair of rulings that jurors should be allowed to consider the terror suspect's statements prior to his arrest in May 2002, as well as items in his possession at the time including about $10,000 in cash, a cellphone and a phone book containing numbers for alleged Al Qaeda contacts. Brown's rulings, signed Tuesday, became public Friday.

After his arrest, Padilla, now 35, was designated an enemy combatant by President Bush and held in military custody for 3 1/2 years before being transferred to Miami to face terrorism-related charges. His trial is set to begin in January.

Padilla is charged with providing material support and resources to terrorists. Government officials had said he wanted to detonate a radioactive bomb on U.S. soil.

Defense lawyers argued Padilla's arrest was illegally based on information obtained from alleged terrorists held overseas, at least one of whom claimed to have been tortured.

Anything their client said to the FBI should be thrown out because he was not informed of his rights to remain silent and to be represented by an attorney, the lawyers said.

Brown said such warnings were unnecessary because the agents questioned Padilla before placing him in custody.

As for the torture allegations, the judge said even if true, defense lawyers failed to prove that the FBI agent applying for Padilla's arrest warrant knew or should have known about them.

The rulings come after U.S. District Judge Marcia Cooke, who oversees the case, threw out a main charge against Padilla and his co-defendants because it duplicated allegations in other charges.

Looking For Agreement On Tribunals For Detainees (NYT)

By Kate Zernike

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — The main Senate Republican in talks with the White House over bills to establish tribunals for terror suspects said Friday that a small set of problems divided the two sides and that they would negotiate through the weekend in an effort to reach a compromise.

The senator, John W. Warner of Virginia, chairman of the Senate Armed Services Committee, said “90 percent” of the proposal that the White House submitted this week reflected a proposal that he and other Republican senators who have taken the lead on the question had drafted over the summer.

The senators, Mr. Warner, Lindsey Graham of South Carolina and John McCain of Arizona, maintain that they can work with the administration to resolve the differences, but they showed few signs of yielding on the disputed questions. “The determination simply has to be made on what flexibility the administration wants to show,” Mr. Warner said.

The disputed issues are the same ones that the Supreme Court cited in striking down a system of tribunals that the administration established after the attacks of Sept. 11, 2001. They include whether suspects can be excluded from their trials and what types of evidence would be admissible.

“I feel strongly about this,” Mr. Warner said. “I want to be supportive of the president.”

But as a lawyer and former Navy secretary, he said, “I feel this bill has got to pass what I call the federal court muster, so this thing doesn’t get tangled up in the courts again and go all the way to the Supreme Court, and then down she goes again.”

Mr. Warner said that his committee would have its legislation ready for a vote next week, whether or not the White House agrees to all its provisions. He predicted that the Senate would quickly pass it.

“We don’t need a lot of time,’’ he said. “We all know what the issues are. I don’t see a prolonged debate.”

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There is no certainty that the committee bill will reach the Senate floor if there is no deal with the White House. The Senate majority leader, Bill Frist of Tennessee, has said he will decide next week whether to bring the committee bill to the floor or bring up the version that President Bush proposed on Wednesday.

House Republican leaders have said they intend to pass the White House version.

The Supreme Court ruled in June that the tribunals the White House established violated the Constitution and international law by denying terror suspects basic human and legal rights.

Chiefly, the court objected to excluding suspects from trials and allowing hearsay and evidence obtained under coercion. It faulted the administration system to have a military lawyer oversee the proceedings, as opposed to a judge, as in military courts-martial. The court added that the jury size was too small.

Mr. Bush's new proposal allows for a military judge and expands the jury from a minimum of three people to five, the minimum the court said was required under courts-martial, with 12 for cases involving the death penalty.

The administration proposal would allow hearsay and evidence obtained by coercion, if the judge rules it was probative and reliable.

The plan would also deny the accused the right to see and therefore respond to classified evidence that the jury could use to convict him, although the defendant could be allowed a summary of it.

That provision, Mr. Graham said this week, would be struck down by a court "in 30 seconds."

Mr. Graham in particular, a former military lawyer and a military reserve judge, has been inclined to follow the advice of the military lawyers on the shape of the tribunals.

Mr. McCain, who was a prisoner of war in Vietnam, has argued that any system would set a precedent for how other countries try American troops and that passing a system that excluded the defendant opened up Americans to being tried in kangaroo courts elsewhere.

A spokesman for the International Committee of the Red Cross in Washington said Friday that it would visit the 14 new detainees being held at the naval base in Guantánamo Bay, Cuba, as soon as it received permission from the Defense Department.

An official with the Red Cross in Washington, Simon Schorno, said: "We do not have a date yet. But as soon as we get confirmation, we will undertake a visit as soon as possible."

Mr. Schorno said his organization had a team of about 10 people on standby. The team, which includes officials in the Washington office, will draw Red Cross employees from elsewhere to work as translators.

He said the first order of business would be to interview the detainees "and give them the means to contact their families through Red Cross messages."

The Red Cross, Mr. Schorno added, will assess the detention conditions in the undisclosed locations where the inmates had been held and now at Guantánamo.

By agreement with the United States government, the Red Cross will, in exchange for access, not make public its views on the conditions of confinement and treatment.

Mr. Schorno said his organization might announce the fact of the visit when it occurred because of the wide public interest in it.

A Solution For Trials (WP)

The Washington Post, September 9, 2006

IN SENDING legislation to Congress to authorize military trials at Guantanamo Bay, President Bush appears to be hoping that, with an election just around the corner, Congress will not have the stomach to deny him the latitude he demands both on the trials themselves and on larger questions of the treatment of detainees. But quietly, over the past few weeks, a trio of Republican senators -- Armed Services Committee Chairman John W. Warner (Va.), Lindsey O. Graham (S.C.) and John McCain (Ariz.) -- has put together a remarkably good alternative bill on the subject. The draft balances profound and difficult interests thoughtfully and with considerable respect both for the uniqueness of the current conflict and for the American tradition of fair trials and due process. It is, in almost all respects, superior to the president's proposal.

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The Senate draft would require that military commissions function much like regular courts martial. Commissions would not be permitted to convict on the basis of classified material the accused cannot see, and evidence obtained by torture or abuses just short of it would not be admissible. At the same time, the bill would give the administration needed flexibility on the use of hearsay evidence and on authenticating evidence collected in the rough and tumble of warfare. Finally, it would also make clear that commissions can try alleged conspiracies -- a point about which several justices had raised questions when the Supreme Court decided the case of Hamdan v. Rumsfeld this summer.

The draft, which is still in flux, is not perfect. The jurisdiction of the commissions it would create would be too broad and could sweep in people who should not face military trials. The bill also would prohibit those convicted from challenging their convictions in federal court except under a constrained appeals process. Several other provisions -- such as one giving defendants the right to represent themselves -- should be reconsidered. But these problems can be fixed. The administration's bill has more fundamental flaws -- starting with the fact that the trials themselves would deviate from the usual rules of courts martial more than necessary. In particular, while the bill bans evidence obtained by torture, it would permit the admission of evidence obtained by coercion just short of it in certain situations. It would still permit a conviction based in part on evidence the defendant has had no chance to see or rebut -- something the military's top uniformed lawyers insist is not necessary.

More troubling still, it would amend the law to limit the application in the current conflict of Common Article 3 of the Geneva Conventions -- which prohibits cruel and degrading treatment of detainees. The administration's bill would define Common Article 3, which the Supreme Court has applied to the conflict with al-Qaeda, as requiring only what U.S. law -- the same law the administration has twisted to allow for abusive interrogations -- already requires. To top it off, the bill would strip the federal courts of jurisdiction over all pending cases involving detainees at Guantanamo, and thus any future review of trials or detentions.

President Bush is pushing aggressively for quick action on his bill. But the Senate needs to work from its own, far better, draft -- which, with relatively few changes, could provide a sound legislative basis for fair and orderly trials.

Lindsey Graham: Accused Terrorists Must See Evidence Against Them (MCT)

By James Rosen

McClatchy Newspapers, September 9, 2006

SENECA, S.C. - Sen. Lindsey Graham said Friday that he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them.

Graham, a military lawyer who's a colonel in the Air Force Reserve, read the White House bill late Thursday evening on a plane from Washington to Greenville, S.C. He pored through the 86-page document until, on page 34, he reached a clause that would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen.

"That's the killer," the South Carolina Republican said. "I fell over when I read it."

Graham said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But, he said, "I don't feel good about telling someone - no matter who they are - `We're going to execute you next week, but I'm sorry, we can't tell you why.'"

"It's a bridge too far, and it's not necessary," Graham said in an extensive interview with McClatchy Newspapers in his hometown of Seneca. "It will result in putting the (military) commissions in legal jeopardy and eroding our standing in the world community."

Graham, 51, said that every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security.

Maj. Gen. Scott Black, the judge advocate general of the Army, told the House Armed Services Committee on Thursday: "I believe the accused should see that evidence."

Senate Majority Leader Bill Frist, R-Tenn., has given the Armed Services Committee until Tuesday to produce a bill, Graham said. The panel's chairman, Sen. John Warner of Virginia, and Sen. John McCain share Graham's view on the handling of classified evidence, setting up a possible clash in the Senate next week.

Graham said Frist has vowed to bring Bush's bill directly to the Senate floor on Tuesday. Graham said he agrees with Frist that Congress must act soon so terrorist trials can begin at the U.S. military prison in Guantanamo Bay, Cuba.

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Bush called on lawmakers to pass his tribunals measure quickly so detainees can be tried. The president increased the political pressure by disclosing that 14 senior al-Qaida members, including the alleged mastermind of the Sept. 11, 2001 attacks, were being sent to Guantanamo Bay from secret CIA prisons overseas.

The Supreme Court ruled in June that the Bush administration had exceeded its authority in establishing military tribunals without congressional action, prompting the need for legislation.

Senior lawyers at the White House, the Justice Department and the Pentagon argue that allowing terrorists to see classified evidence could expose how the United States has pursued al-Qaida and would put informants within the terror network in danger. But Graham said he's certain the Supreme Court would reject a law that denies accused terrorists access to classified evidence against them.

"It would be a tragedy to take one of the masterminds of 9/11, hold them accountable, only to have the case rejected by the Supreme Court for no good reason," Graham said.

"I'm frustrated when people say we're trying to give terrorists classified information," Graham said. "Well, that's garbage. We're going to protect our classified information, and we're going to protect our methods and sources."

Graham said that if his differences with the White House can't be bridged, he's prepared to push an amendment giving accused terrorists access to classified evidence against them.

"I think I will draft an amendment that will get majority support in the Senate, and there will be plenty of Republicans voting for it," Graham said. "I'm just predicting that we win. I don't know by what margin."

The House is set to take up tribunals legislation the week of Sept. 18.

Air Force Col. Morris Davis, who would run the Guantanamo trials, said accused terrorists will get fair trials and his corps of lawyers will work with whatever legislation Congress passes.

Davis said the 10 cases that moved forward before the Supreme Court ruling, including Hamdan's, didn't require the use of classified evidence to gain convictions.

"The world needs to see that we're giving these guys a fair trial," Davis said Friday in a telephone interview. "We want them to be open. We're going to do everything possible to declassify any evidence used in court. I don't think it's in anyone's interest to do things in secret."

Graham said it's possible to provide evidence without revealing how it was obtained.

"I don't mind giving the accused the phone conversation (transcript) of how they were plotting," he said. "But there's no need to tell them how NSA (the National Security Agency) works. There's no need to divulge confidential informants who put us on the terror trail and led us to evidence we will use to convict."

While a few other parts of Bush's measure concern Graham, they're not deal-breakers for him. The prohibition on sharing classified information, however, goes to the heart of what he said he taught Afghan military lawyers during an Air Force Reserve assignment there last month.

"The United States can't say it's a rule-of-law nation and at the same time potentially impose the death penalty on evidence never seen by the person to be put to death," Graham said.

Why Lindsey Graham Is Blocking Bush On Terror Trials (TIME)

By Massimo Calabresi

Time, September 9, 2006

The GOP planned to play the national security card on Capitol Hill this election season, but they are being trumped by one of their own: South Carolina's Lindsey Graham. As they had in the last two election cycles, Republicans intended to force a series of "bad votes" for the Democrats this September, designed to make them look weak on defense and national security. Pushing through hard-line bills that would authorize President Bush's programs of domestic surveillance and terrorism tribunals, the White House and Republican leaders thought, would force Democrats either to oppose popular anti-terrorism initiatives or play a supporting role to the GOP's star turn defending the homeland.

But three Republican Senators are scuttling the party leadership's plan. Two are Senate stars — John Warner, head of the armed services committee, and John McCain, the party's frontrunner for the 2008 Presidential campaign. The third, Graham, is

the youngest and most conservative. But his role may be the crucial one. As the Senate's only serving judge advocate general in the armed forces, he carries authority on the subject of military trials and he has made it clear that he will oppose any attempt by either party to turn what he calls the "legal infrastructure of the war on terror" into a campaign device.

"I hope they don't create an environment where military commissions become a political football where they push things that are just over the line," he told Time outside a Judiciary Committee mark-up on the surveillance bills. "There are too many kids that have been killed or wounded for us to play around with this. The legal infrastructure in the war on terror will be necessary for decades to come, not just for the next election, and we have an obligation to make sure that our troops have the clarity they need in fighting this war."

The biggest issue of disagreement between Graham and the White House is over rules of evidence. In its proposed rules for military tribunals, the White House wants to be able to introduce evidence that can be withheld from the defendant. The Administration wants those rules of evidence, moreover, to apply not just for alleged terrorists but for foreigners accused of conspiracy and other lesser charges. Graham and the Pentagon's leading lawyers want to allow military judgeS to make the decision whether classified evidence against detainees is important enough to the case to be shown to the defendant.

"They want to do something that is new and novel and that is very problematic," Graham says. "How can you effectively defend someone if you can't even talk to them about the case? I do not think that will survive judicial scrutiny." More important, he argues (as do Department of Defense lawyers) that restricting the rights now for even the worst of America's detainees could mean similar restrictions on the rights for America's armed forces captured in the future. "It's a bridge too far, and that's a precedent that could come back to haunt our troops," says Graham.

For now, Graham is winning. Though the White House has continued to beat the issue in speeches and press conferences, its legislation is stalled on the Hill. Democrats are doing their part, of course. Wisconsin's Russ Feingold exasperated Judiciary chairman Arlen Specter Thursday by introducing four amendments to the surveillance bill Specter had negotiated with the White House last June. The bill failed to make it out of committee and, like the military commissions bill, faces an uphill battle to reach the floor for a vote.

Graham may yet back down — he has been a key ally for the Administration on other controversial matters of detention in the past — but for now he's standing firm. "If you try to create political winners and losers this year then I think you've let those men and women on the front line of this war in the military and other agencies down," he says. "Politics will not protect us. 'Bad votes' will not protect us. What will protect us is an interrogation system that is constitutional and effective."

Linking Faces To Terror: Bush's Clever Footwork (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 9, 2006

NEW YORK

A lot of words have been expended on President George W. Bush these past years, many of them harsh, and in the cacophony a single thought has perhaps been overlooked: He's a pure political animal.

When an election nears, and a critical midterm congressional vote is just nine weeks away, Bush is galvanized and the traits that have won him four straight elections at state and national level re-emerge: a relentless energy, a pitiless focus, an uncanny sense of timing, an agenda-setting determination and a folksy empathy with the average American that belies his blue-blooded lineage.

The thoroughbred has been in plain view this past week as the fifth anniversary of the 9/11 attacks on Monday nears. A combination of this moment, whose solemnity will play to the commander- in-chief's authority, and the adrenaline of an accelerating campaign seem to have banished, for now, Bush's second-term drift.

Speech after presidential speech, day after day, has hammered on or around the theme that brought Bush his victory in 2004: terrorism and the supposed resolve of Republicans and wobbliness of Democrats before this mortal threat to America.

This being Bush, the oratory has had its risible side. We've seen the bizarre lumping together of "Lenin and Hitler" - not Stalin, but Lenin! - to exemplify the murderous menace to liberty that Bush believes Osama bin Laden and his ilk pose once more, demanding resolve rather than Chamberlain-like appeasement.

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We've also been treated to a new favored presidential iteration of the threat - "Islamo-fascists" or "Islamic fascists" - an odd formulation for the loose-knit, stateless groups of vaguely like-minded anti- Western Muslim fanatics whose movement has few, if any, of the characteristics of 20th-century totalitarian systems. After all, these guys don't even wear uniforms.

But these are considerations for which Main Street has little time. Bush knows that. He wants the popular imagination to align current American military efforts in Afghanistan and Iraq with the boys wading, in freedom's name and through a hail of Nazi fire, onto the beaches of Normandy in 1944. And damn the details.

The theme is, of course, a tired one by now. Americans are a lot less receptive to it than they were two years ago. The heavy toll of Iraq and the growing difficulties of Afghanistan - not to mention expensive gasoline and an uncertain economy - have made reality harder for Bush to mold to his political ends.

But he's ingenious. His love of wrong-footing an opponent appears undiminished. Underestimating Bush's political acumen has proved costly to many a Democrat. That was illustrated this week by the most effective of his speeches, one that did introduce a new element into the election and the terrorism debate.

By bringing 14 high-level terror suspects out of secret prisons run by the Central Intelligence Agency and into the relative open of the Guantánamo Bay detention center, and by demanding that Congress approve war-crimes trials of these men by military tribunals, Bush seemed to change the political dynamic.

He put a face to an increasingly faceless phenomenon: "terror." There, suddenly, were the visages of three senior Al Qaeda suspected operatives: Khalid Shaikh Mohammed, Ramzi bin al-Shibh, and Abu Zubaydah. They were a reminder of the successes in fighting back against those who brought murder and mayhem to America five years ago.

By detailing some of the critical intelligence gleaned from interrogations of these and other prisoners, Bush also contrived a more persuasive posing of the core question in the fight against terrorism than he has mustered in a long time.

That question is: what degree, if any, of the exceptional measures including secret prisons and interrogation so aggressive as to skirt the borders of torture was - and remains - justified in trying to keep a traumatized country safe? Smart people in good faith are going to come down on different sides of that question. Two facts are indisputable. America has not been attacked since Sept. 11, 2001. And the cost to the international image of the United States, and to its self-image, of the creation of an obscure prison labyrinth beyond the rules of law and habeas corpus has been huge. The country's authority and effectiveness have thereby been diminished.

What Bush in effect did, by abruptly bringing part of a shadowy world to the surface, was to make the best possible case for his approach. He raised his game when it mattered, as he has before.

He also created an immediate political challenge for Democrats. With an anniversary - and Hollywood - refreshing memories of 9/11, they must now decide if they can afford to be seen to stand in the way of the president's proposed trials of the suspected, and now visible, authors of the attack.

That's a delicate dilemma. The Supreme Court rebuffed the proposed procedures in June, but a perception of Democratic obstinacy in delaying military tribunals for the likes of Khalid Shaikh Mohammed could carry a heavy political price.

The Democrats still have many weapons in their arsenal: the myriad fiascoes of Iraq, the simmering anger of Americans over the administration's incompetence, the global unpopularity of Bush. The president's speeches have not, for now, altered the outlook for November: a likely Democratic retaking of the House and an outside chance of Democratic control of the Senate, too.

But Bush is fighting, with a verve that is startling for a second-term president with no possibility of re- election himself. Already, he's clawed his popularity levels back into the 40s from the 30s. The last week has been a timely reminder to the Democrats: underestimate this political thoroughbred at your peril.

Judgment At Guantanamo (WSJ)

By David B. Rivkin Jr. And Lee A. Casey

The Wall Street Journal, September 9, 2006

As it enacts new rules for military commissions, Congress -- as well as the public -- should keep two overriding principles in mind. One: While the jihadists detained at Guantanamo Bay must have due process of law before they can be criminally punished, they are not -- despite a billowing cloud of confused reasoning, misleading testimony and downright propaganda --

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entitled, under the U.S. Constitution or relevant international law, to the same level of procedural protections enjoyed by the lawful soldiers of sovereign states. Two: The methods of warfare employed by unlawful combatants in the war on terror fully justify extraordinary trial rules.

Let's take the first issue. In Hamdan v. Rumsfeld, the Supreme Court invalidated the Pentagon's original military commission rules, holding that they must be the same as in American courts martial. But it reached this conclusion only because of language -- requiring military commission and courts-martial procedures to be "uniform insofar as practicable" -- in the Uniform Code of Military Justice. Congress can and should change this language.

As to international law: Under the Geneva Conventions, captured enemy soldiers accused of criminal violations are entitled to courts-martial procedures only if they qualify as "lawful" or "privileged" combatants. At a minimum, this requires their association with a group that has a regular command structure, wears uniforms, carries its arms openly, and obeys the laws of war -- including the injunction against deliberate attacks on civilians. Al Qaeda and its allies do not qualify.

Thus the Guantanamo detainees are not entitled to be tried by courts martial unless Congress specifically says so. Congress should now join the president and declare explicitly that they are not so entitled. While unlawful combatants have always been considered a scourge to humanity, today they pose the greatest single threat to organized society, and every opportunity must be taken to de-legitimize them. Permitting them the same rights as honorable soldiers undercuts this goal.

With regard to the second issue -- fair trials -- it is precisely because jihadists deliberately target civilians for attack that there is a greater premium on the development and protection of intelligence sources and methods than in conventional warfare: Terrorist attacks must be prevented, not merely defeated. Consequently, the cost of exposing classified information during a public trial is far greater. Military commissions must, when necessary, permit portions of the proceedings to be closed to the public, with less restrictive evidentiary rules.

The Supreme Court approved this procedure in the leading case of Ex parte Quirin (1942), where eight German agents, including an American citizen, were tried by military commission. Here the Court accepted the trial of "unlawful" enemy combatants conducted in secret with substantially relaxed rules of evidence, and without a jury. After the war, similar rules were utilized for military commissions by all of the common law countries, including Great Britain, Canada and Australia.

These procedures are also consistent with current international norms. Both the United Nations International Criminal Tribunals for the former Yugoslavia and Rwanda have routinely closed portions of trials (Slobodan Milosevic's trial proceedings were on many occasions closed to the public), and their rules permit the admission of "any relevant evidence . . . deem[ed] to have probative value," including hearsay. The International Criminal Court also permits closed proceedings -- to protect, among other things, "confidential or sensitive information" -- and follows highly discretionary evidentiary rules.

But can a defendant himself properly be excluded from any part of his trial, effectively keeping the identity of at least some witnesses secret? This implicates a core right of confrontation, and makes it more difficult to ensure a fair trial. However, there are a number of possible measures that can protect the defendant's interests. For example, a particular witness's identity may be hidden from the defendant, but not his lawyers. The judges may be required to discount, but not disregard, evidence that the defendant has not himself seen.

Congress should realize that, while the key test in any trial is whether the defendant has had a full and fair hearing and a meaningful opportunity to defend himself, the military and civilian justice systems can meet these goals in different ways. Also -- and despite the occasionally hysterical critics of the administration -- there is no established international law bar to keeping some evidence from the defendant in exceptional circumstances. Common Article 3 of the Geneva Conventions does not address the issue. It simply requires that defendants be afforded "all the judicial guarantees which are recognized as indispensable by civilized peoples."

What these indispensable guarantees include are not settled in international law. In practice, U.N. criminal tribunals have permitted numerous ex parte contacts between prosecutors and judges, as well as significant limits on the defendant's right of confrontation. In the Yugoslav Tribunal, witness statements rather than live testimony have been allowed, as have depositions from other trials which the defendant's lawyers have not had the opportunity to contest.

Moreover, the Yugoslav Tribunal has also made clear, in The Prosecutor v. Tadic, that the testimony of anonymous witnesses would be permitted in exceptional circumstances. The Bush administration proposal would also permit the use of

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"anonymous" evidence only in exceptional circumstances. In any case, the relevant tribunal rules have changed many times over the years -- further evidencing the very unsettled state of international law in this area.

Overall, Congress should give unlawful enemy combatants their legally entitled rights -- but no more. The real choices in crafting procedures for the trial of detainees in military commissions are a matter of policy. In this regard, the president's military commissions bill carefully balances the key relevant policy imperatives -- ensuring a fair trial without undermining national security -- and yet gives unlawful enemy combatants more due process than they've ever received in history. It should be promptly enacted.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

Bin Laden's Blueprint (WT)

By Claude Salhani

The Washington Times, September 9, 2006

Five years after the horrific September 11, 2001, terrorist attacks on New York, the Pentagon and Pennsylvania, many Americans are still asking questions, trying to understand what happened that fateful morning, and why. And five years after the attacks, a great many unanswered questions remain.

In a speech to the nation Tuesday, President Bush tried to explain. He said Osama bin Laden had a multiphased strategy which was to have been carried out in the months and years after September 11, with the ultimate aim of reestablishing the Muslim Caliphate.

• The first stage, the president said, was to have been to expel the Americans from Iraq.

• The second stage called for establishing an Islamic authority, or emirate, which would be developed until it achieves the level of the Caliphate.

• The third stage would be to extend a jihad wave to the secular countries that border Israel.

• And the fourth stage would be a clash with Israel.

Said Mr. Bush: "We must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people."

Much in line with what the president said, the following are excerpts from a United Press International story titled "The potentate of the Super-Stan," written by this author on Sept. 19, 2001 -- only eight days after the attacks:

Like any revolution that needs to survive, Osama bin Laden and his al Qaeda movement must continue to grow, or it will die. In his quest for Muslim expansion, bin Laden would like to see the "Balkanization," or in this case the Islamization, of Central Asia. Maybe Islamization is the wrong word because there is little that is Islamic about his ways, which, says Professor Akbar Ahmad, chairman of Islamic Studies at the American University's School of International Studies in Washington, D.C., "are not Islamic at all."

"What makes it worse for Muslims is that the West is equating the Taliban's un-Islamic acts with Islam. This is a double affront to Muslims," Mr. Ahmad told UPI. "The first step the West needs to undertake is to better understand Islam."

Nevertheless, bin Laden is using Islam, much like Adolf Hitler used National Socialism, and Pol Pot communism. Had he been politically active in the 1960s or 1970s, he would just as easily have adopted communism as a platform in order to propel his cause. But mix in religious fervor and any revolution becomes all the more potent, and dangerous.

"It's a very complex situation," said Mr. Ahmad. This pan-Islamic movement "may be called Taliban in one country, and it is called something else in others." Several intelligence sources say bin Laden's network extends to more than 60 countries.

The Taliban's main aim, according to Mr. Ahmad, is to "shake up the West's structure." While bin Laden and the Taliban are not openly talking about a greater Islamic entity, others, such as Al Muhajeroun, a group based in Britain, and with whom bin Laden enjoys close ties, are talking about a Caliphate.

Bin Laden's first step was to hijack Islam to fit his cause, passing himself off as a fervent religious man. That, of course, is meant to win him the support of hordes of fanatics who know little, if anything, of the Koran. On the other hand, as the chief executive officer of terror, he knows exactly what he is doing and where he wants to go.

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Anyone with his mindset would clearly not be content to remain holed up in the bleak caves of Afghanistan. So the question, of course, is what next?

In order to better grasp bin Laden's long-term thinking you will need to look at a map of Central Asia.

Afghanistan, where bin Laden had set up camp, is a desolate country without much of an infrastructure, reeling under a heavy burden following years of Soviet invasion, war and a disastrous civil conflict -- a perfect place from which to launch a revolution. Much of the terrain is inaccessible, except by horseback, making the task of modern armies impossible. Just ask the Russians.

To the south and east of Afghanistan lies Pakistan, another country that sits on the fence of Muslim fundamentalism. The Taliban have warned Pakistan that siding with the United States would bring down the wrath of the Muslim world upon it.

Pakistan, an Islamic country, is in a most precarious situation. The percentage of the population that supports the fundamentalists is in question, but some analysts believe the Taliban enjoys strong support in the army and the intelligence services.

This gives the country's ruler, Gen. Pervez Musharraf, a very fine line to tread. It also makes him an important friend of the United States and any Western coalition.

"The situation for Pakistan is very difficult," said Mr. Ahmad. "Pakistan is between a rock and a hard place. Musharraf is sitting on a tiger," said Mr. Ahmad. "You either ride it or you are inside its belly."

With its nuclear capabilities, Pakistan would represent an ideal asset for bin Laden and the Taliban, should it fall off the fence and into their hands. Think of the consequences.

Regardless, bin Laden's next step would be to extend the reach of his Muslim fundamentalism. Tajikistan, to the northeast, Uzbekistan to the immediate north and Turkmenistan to the northwest -- all three are former Soviet republics with whom Afghanistan shares a border and a common religion.

Besides geographic expansion, giving them greater power in numbers (a combined population of more than 35 million), these countries offer a wide range of natural resources. Turkmenistan borders the Caspian Sea, a short hop to Azerbaijan, another former Soviet republic, and a Muslim country. Given that scenario, the new Muslim empire, or Caliphate, governed by bin Laden or the Taliban would encircle Iran, itself a Muslim nation, also rich in oil and other natural resources.

Look at the map again and see the implications for the rest of the oil-rich Arabian Gulf. Iraq, Kuwait, Bahrain, the Emirates, Saudi Arabia and Oman are only a small step and a revolution away. Remember the old domino effect theory much feared by the West -- especially the United States -- during the Vietnam War?

Now look at the map again; we are back in the Middle East. Palestine, Israel, Jordan, Egypt, North Africa and sub-Saharan Africa are the natural extension for bin Laden's Caliphate.

Think this is an unbelievable scenario? It was done a few centuries ago. Bin Laden is far too astute to content himself with the caves of Afghanistan. Read between the lines of his communiques and the picture will become much clearer.

Claude Salhani is international editor for United Press International.

HOMELAND RESPONSE:

Chertoff Urges Congress On Security Gaps (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP, September 9, 2006

The nation's homeland security chief urged Congress on Friday to approve plans to better protect seaports and chemical plants from terrorists — or risk another attack on the scale of 9/11.

In a speech outlining public protections the government has taken since Sept. 11, 2001, Homeland Security Secretary Michael Chertoff also rebuked critics who have resisted stepped-up safeguards that might be costly or inconvenient.

"That kind of backsliding runs directly contrary to the lessons of 9/11," Chertoff told an audience of hundreds at Georgetown University. He was referring to critics, including lawmakers, of plans to require tamper-resistant driver's licenses and border-crossing cards that some consider too costly.

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"If we had it five years ago, there would not have been a 9/11," Chertoff said, noting that nearly all the 9/11 hijackers had fake ID cards. "God help us if we don't take the steps to put into place as soon as we can to prevent another 9/11."

Approving tougher security measures at ports would "be a fitting tribute to the fifth anniversary" of 9/11, Chertoff said. And if Congress gives Homeland Security authority to regulate chemical facilities, "we will implement it promptly," he said. "That will raise security for Americans all over this country."

The Senate is considering port security legislation, which lawmakers are pushing to win full congressional approval by the end of the month. But plans to let the Homeland Security Department regulate the chemical industry are stalled.

House Democrats, too, faulted the Republican-controlled Congress for failing to close security gaps highlighted by the 9/11 Commission earlier this year. The commission gave Congress and the Bush administration several failing grades for remaining vulnerabilities that could be exploited by terrorists.

"We created the 9/11 Commission to ensure that our nation was never left unprepared again," said Rep. Bennie G. Thompson, D-Miss., top Democrat on the House Homeland Security Committee. "Five years after 9/11, it is time to move forward and do the right thing."

Airport Screening Technology Developed (AP-Y)

By Scott Lindlaw

AP, September 9, 2006

At the airport check-in of tomorrow, "getting through security" should take 30 seconds.

Passengers breeze through a series of scanners that probe for explosives, weapons, even drugs. Shoes stay on feet, laptops in cases. A machine confirms that a bottle of wine is wine, and not a disguised cocktail of bomb ingredients.

The Sept. 11 terrorist attacks prompted a clampdown at the nation's airports and a new era of aggravation at security checkpoints. They also accelerated a race to develop better screening technology, research that has advanced with each thwarted terrorism plot.

Some of these devices are already snooping your luggage as part of a 2002 congressional mandate that all checked baggage be scrutinized for explosives, but technical glitches and funding problems stand in the way of other technologies.

Key questions remain: Are these ready to handle thousands of passengers per hour, and their belongings?

"Some things are imminently deployable. Some things are further off," said Steve Hill, spokesman for GE Security, the unit of General Electric Co. that makes transportation security equipment. "We are not light years off."

Although one futuristic device known as the "puffer" already is in use at San Francisco International and 36 other airports, the government halted its continued rollout recently because of concerns about reliability. The Transportation Security Administration declined to elaborate.

Critics also question whether the Bush administration is investing enough, even as it spent nearly $1 billion in fiscal 2006 on explosive-detection equipment for checked luggage and checkpoint screening.

TSA and the Department of Homeland Security have repeatedly failed to spend tens of millions of dollars that Congress earmarked for new airport security equipment.

In 2003, TSA cut most of its $75 million research budget to try to address a deficit. Its research office was later consolidated into DHS's research arm, which has failed to spend $200 million from past years, leading lawmakers to rescind the money this summer.

"The TSA is groping around, moving money," said Rep. Peter DeFazio of Oregon, a senior Democrat on the Homeland Security Committee. "They don't have enough money to have enough employees, and they can't buy new equipment."

Even as the recent British terror plot was unfolding, Homeland Security quietly tried to take away $6 million that was supposed to be spent this year developing new technology for detecting explosives.

There will never be enough money or improvements in technology, said Richard Lanza, senior research scientist at the Massachusetts Institute of Technology.

"We're always faced with this unpleasant and nasty fact: people are going to come up with new explosives which won't be detected by this," Lanza said. "You're just trying to make it harder for the bad guys."

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Among the newer technologies, the puffer is a tall, clear cylinder that looks like a Star Trek transporter. Passengers chosen largely at random are hit with quick blasts of air — not quite enough to ruffle the hair — to dislodge trace particles of explosives or narcotics from a passenger's skin and clothing. An instant microscopic analysis determines whether the passenger has been exposed to illicit substances.

In the future, luggage will be "sniffed" for minute traces of explosives or bombarded with neutrons, subjecting it to CT scans, which differs from traditional x-rays in that they take hundreds of pictures of an object from a variety of angles.

Passengers at San Francisco's international terminal can glimpse a "Checkpoint of the Future" as envisioned by GE Security.

The company has set up camp next to the checkpoint of today, a working security zone where plastic bins clatter and passengers shuffle through metal detectors. The GE "lab" is a nonworking checkpoint where the company is researching and tweaking its gear in hopes of winning government approvals and ironing out technical glitches.

Much of that gear is mock-up equipment where company officials can demonstrate the dream: a half-minute process, starting with a device that scans a passenger's finger for explosives and drug particles. A conveyor belt would use CT to peer at carry-on items. A body scan would look through clothing for knives, guns and bombs. A shoe scanner would end the need to kick off footwear.

GE Security said it has spent more than $100 million over the last five years in developing next-generation aviation screening technologies and products.

The government is particularly interested in developing the ability to quickly analyze what's inside liquid containers following the recent discovery of a London-based plot to bring down airliners using explosives disguised as common household items, said Jennifer Peppin, a spokeswoman for the TSA's Western region.

Rapiscan Systems Neutronics and Advanced Technologies of Santa Clara is trying to perfect a device that can peer into bottles, books and shoes and identify explosives inside. The scanner, slightly larger than a tipped-over phone booth, hits the object with neutrons and analyzes the gamma rays that bounce back, telling the machine which elements are present.

One recent afternoon, Rapiscan's chief operating officer, Pat Shea, placed a bottle of wine in the machine's drawer and started the analysis. A whirring sound followed for about 40 seconds, followed by an analysis: the bottle indeed contained wine.

Despite all the years and dollars his company has poured into research and development, Shea cautions against an over-reliance on technology.

"No one device is a silver bullet," he said. "The devices are a tool that's badly needed. You've got this classic needle in a haystack search, but made much easier if you have a magnet to work with. If you have to reach through the haystack with your hand until something pricks your finger, it'll take a long time."

Is Utah Tops In Terror? (DESERET)

By Lee Davidson And Geoffrey Fattah, Deseret Morning News

Deseret Morning News, September 9, 2006

State logs 96 cases categorized as terrorism in '05; most are ID theft

Federal data on criminal cases show Utah tops the nation in terrorist-related activity. But does it really?

The U.S. Department of Justice reported 96 terrorism-related prosecutions in the Beehive state in 2005. That represents one out of every eight such cases nationwide, well ahead of the second-place 80 filed in the Eastern District of Virginia (in the suburbs of Washington), and the third-place 67 in the Southern District of Texas.

But Utah has not turned suddenly into a stronghold for al-Qaida.

A Deseret Morning News review of the cases shows that most of them likely would not be considered terrorism-related by people outside of the Justice Department. In fact, 87 of the 96 were identity-theft cases. None of the cases reviewed had any apparent ties to organized crime or terrorist groups listed in court documents.

The Justice Department provided only vague, general reasons why such cases were coded as terrorism-related for national databases. Officials say that terrorists use crimes like identity theft to fund their efforts, making those crimes a potential threat to national security.

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"Since our goal is to charge defendants before they can put their plans into action, this very often leads to the use of non-terrorism statutes such as fraud or false statement charges, immigration violations, identity theft and other offenses that often carry lesser penalties than offenses associated with completed terrorist acts or conspiracies," Justice Department spokesman Bryan Sierra said. He added that smaller offenses allow officials to disrupt and prevent more serious attacks.

The U.S. attorney for Utah's spokeswoman, Melodie Rydalch, said her office could not comment and was instructed to refer all comments to Washington. Questions forwarded via e-mail to the U.S. Department of Justice's office of public affairs asking for comment on the Utah cases were not answered.

Perhaps the reason for the high number of terrorist-related cases in Utah has to do in part with the way the Utah office classifies some cases. Because the Utah Identity Theft Task Force is a component of the FBI's Joint Terrorism Task Force, identity-theft cases often are termed as terrorist-related.

While some of those those cases are not directly linked to a terrorist plot, others are considered "domestic terrorism" because they have been linked to groups, such as white supremacists, who use identity theft to fund their efforts.

Even if cases have no terrorist link, federal prosecutors rationalize that crimes involving stealing personal information, illegal entry into the country and compromising airport security threaten national security.

There might also be another reason for the numbers. The Justice Department has used such statistics (along with data from all federal districts) in efforts to obtain anti-terrorism funding and to bolster support for the Patriot Act.

The findings emerge from raw data collected nationally from the Justice Department by Syracuse University's Transactional Records Access Clearinghouse (TRAC) and analyzed by the Morning News.

The data reported that 743 terrorism-related cases were prosecuted in 2005, and 96 of them were in Utah.

Utah's number that year was twice as high as the 47 such prosecutions it had in 2004, which was then the third-highest in the nation. Before that, reported terrorism-related prosecutions were fairly rare in Utah: just nine in 2003, three in 2002 and none in 2001 or 2000.

The vast majority of the reported terrorism-related cases in Utah were for identity theft, immigration or drug violations that did not seem, in court documents, to have clear links to terrorist groups.

Some examples include:

• Jamie A. Barlow, who worked for an orthodontist, pleaded guilty to using the point-of-sale terminal in that office to illegally credit her account with $11,000. Court records say Barlow was given 90 days' house arrest and ordered to pay restitution.

• Eric Arthur Andersen and Deborah Gaye Bower pleaded guilty to charges stemming from fraudulently obtaining a credit card by using his brother's personal information, and then attempting to buy a $2,000 computer from Best Buy.

• Anne Kristine Bennett, Timmothy Ray Grimsley and Jacqueline Carrie Nelson pleaded guilty to charges stemming from stealing checks from the mail and going on a $3,000 spending spree with them in Weber and Davis counties.

• Robert Brad Young pleaded guilty to charges stemming from use of stolen and counterfeited checks, identity theft and use of false identification.

• Blissen Bacala Coelho pleaded guilty to charges stemming from using someone else's Social Security card to open a credit union account, and then using that account for check kiting.

Only a few cases seemed to approach what most people would likely consider as terrorism, and maybe even they lack strong ties.

For example, Juan Carlos Justo-Martinez pleaded guilty to charges of trying to take a box cutter on an airplane and possessing false immigration documents. Court records show he was sentenced to time served and released on the condition that he "shall not illegally re-enter the United States."

Sue-Betty Owens was prosecuted, but had her case dismissed, for supposedly interfering with flight crew members on a SkyWest flight from Salt Lake City to Kalispell, Mont. Indictments said a flight attendant asked her to stow her handbag, but Owens refused and threw the bag at the attendant.

Joshua Lutman, a Starbucks Coffee employee at the airport, pleaded guilty to charges stemming from trying to sneak a friend into restricted areas at the airport through improper use of his identification badge.

Controversy over possible erroneous classification of cases as terrorist-related is nothing new.

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For example, the Philadelphia Inquirer in December 2001 reported that the Justice Department inflated terrorism statistics in annual reports to Congress by including improper cases. It said the Justice Department did that, in part, to justify its budget requests.

Because of criticism from that newspaper story, the Justice Department switched from using FBI data about terrorism-related cases to using data from the offices of U.S. attorneys.

However, a 2003 report by the U.S. General Accountability Office said it still found that about half the supposedly terrorism-related cases that it reviewed had been misclassified by the U.S. attorneys offices and the Justice Department.

That GAO report also concluded that the Justice Department "does not have sufficient management oversight and internal controls in place ... to ensure the accuracy and reliability of its terrorism-related conviction statistics."

University of Utah law professor Wayne McCormack, who teaches a course on law related to terrorism, said he understands why federal officials would treat such crimes as terrorist-related. "There have been many instances," he said, pointing to a cigarette smuggling ring broken up between Virginia and Pennsylvania where the difference in tobacco tax was collected and used to fund Hamas efforts.

"That's the frustration. It could be terrorist-related, but you just don't know," McCormack said. As for the Utah statistics, "It looks pretty fishy."

Share Data -- And Protect Rights (WP)

By Sophie In't Veld

The Washington Post, September 9, 2006

In his op-ed of Aug. 29, "A Tool We Need to Stop the Next Airliner Plot," Homeland Security Secretary Michael Chertoff claimed that the fight against terrorism is being hampered by European privacy concerns about the U.S. government's use of data collected on airline passengers. This is a very serious allegation that calls for a reaction and some qualification.

Europeans are no less concerned about the threat of terrorism than our American friends, not least since several attacks have occurred on our own continent since Sept. 11, 2001 (Madrid, London, the murder of filmmaker Theo van Gogh in Holland) and many more have been prevented. But we are also very aware that one aim of terrorists is to undermine our democracy, the rule of law and our human rights. We should never grant them the pleasure of achieving that goal.

Many Europeans have only recently acquired freedom and democracy, having lived for decades under authoritarian regimes. Therefore we are extremely aware of how precious democracy is. Due democratic process -- holding the executive to account, maintaining proportionality, transparency, the possibility of judicial review and respect for the rule of law, including international agreements -- is of the essence.

But the first question that must be answered about any anti-terrorism measure is this: Does it help make our world safer? Since Sept. 11 a host of measures have been taken in the fight against terrorism, often in a rush and in a climate of fear. It is high time for an in-depth evaluation of the results: Are the measures effective in terms of increased security? How many bad guys did we catch? How many plots were prevented? How many innocent citizens were held by mistake? Do we need further measures, or can some of them be revoked or adapted?

Asking critical questions, and insisting on proper safeguards and proportionality, are vital parts of the democratic process. Arguing that democracy, the rule of law and civil liberties get in the way of the fight against terrorism is nonsense. On the contrary, they are our best defense against those who want to destroy our society.

No one will deny that data collection and information sharing are necessary in the fight against terrorism. But such measures should not go beyond what's needed to achieve that purpose, and any restriction on the freedom and privacy of citizens must be accompanied by safeguards against mistakes and abuse, and by provision for proper means of redress.

In the case of the European Union-United States Passenger Name Record (PNR) agreement, neither condition has been met. The United States requires 34 items of data from travelers to the United States. E.U. citizens are not covered by American privacy laws, as U.S. citizens are, so they have little protection in this regard. The United States was not willing to make any promises to provide such protection but agreed only to "undertakings" in this area. It's hardly surprising that the European Parliament was not reassured.

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It can be done differently, as shown by the PNR agreement between the European Union and Canada. Canada requires only 25 data items, and the protection of personal data that applies to Canadian citizens has been extended to cover E.U. citizens traveling to Canada.

In general, for the purpose of identifying certain individuals, the so-called APIS data (name, passport number, etc.) are sufficient. In practice, the carriers do not provide all 34 items requested by the United States but only the eight to 10 available to them. The need for further data has not been convincingly demonstrated. There may be a case for it, but as I understand democracy, it is up to the authorities to prove they need personal data, not to parliaments or individual citizens to prove that they don't.

A very critical report by the privacy officer of the Department of Homeland Security and an evaluation of the implementation of the E.U.-U.S. agreement show that implementation by the United States has been slow and inadequate. At the time of the evaluation, passengers did not receive any information about the PNR program and their rights. Contrary to what was agreed to, the United States has so far failed to switch from the so-called PULL system (whereby the United States has direct access to the computer systems of the European carriers) to the PUSH system (whereby the carriers forward the data). There are serious questions regarding the use of data for purposes other than the ones agreed on and over the forwarding of data to third parties.

Secretary Chertoff states that the United States does not do ethnic profiling. To my knowledge no Western nation has admitted to ethnic profiling as an official policy, but we all know it happens in practice. So-called "trusted traveler" programs are essentially that. What chance has, say, a 25-year-old man with a beard, wearing a turban or having a Muslim appearance (whatever that may be) of being a "trusted traveler"?

Europeans are eager to work with their American friends and allies to eliminate the scourge of terrorism. But friends and allies work together on the basis of mutual respect, trust and shared values. Issues such as Guantanamo Bay, Abu Ghraib, illegal rendition flights and secret detention camps, the SWIFT spying scandal and the unsatisfactory implementation of the PNR agreement have done much harm to the traditional trust between the transatlantic partners. If we want to beat the terrorists, it is essential that trust be restored. That will not be achieved by tough language between the parties but through respect and willingness to seek compromises.

I am convinced that together we can find ways to protect our democracy and freedom while preserving our hard-won civil rights. Only in that scenario do the terrorists lose.

The writer is a Dutch member of the European Parliament and its Committee on Civil Liberties, Justice and Home Affairs.

Police On The Lookout For Terrorists With Missiles Near Airports (WP)

By Del Quentin Wilber

The Washington Post, September 9, 2006

Police officer Steven Benner was on patrol in northern Anne Arundel County, driving his unmarked sport-utility vehicle through parking lots, climbing onto rooftops and peering down access roads that wind through wooded areas.

Suddenly, a jetliner screamed a few hundred feet overhead. That Southwest Airlines jet -- and the many other low-flying airliners here -- was the reason he was combing the area. Benner, an officer with the Maryland Transportation Authority Police, was looking for threats from shoulder-fired missiles around Baltimore-Washington International Thurgood Marshall Airport.

Benner said he tries to think like a terrorist. He looks for people who seem out of place, such as those parked in restricted areas who might be taking notes or photographs as reconnaissance for an attack. Sometimes he drives off the beaten path to potential launch sites. He knows it wouldn't take much to get off a shot: A missile could be fired from the back of a moving pickup truck.

"They don't do things by the book, so we can't do things by the book," Benner said, adding that he is also on the lookout for people monitoring him. "If we do this randomly and every so often, they are not going to be able to pattern police movements. I like to be a little smarter than them, a little faster than they are."

Since British police said they foiled a plot to blow up airliners over the Atlantic, security authorities have focused on the threat of explosive liquids and gels. But the commercial airline industry faces a variety of threats, including bombs in cargo, hijackings and shoulder-fired missiles.

The U.S. government says shoulder-fired missiles have been used in at least 36 attacks on civilian aircraft in the past three decades, all overseas. Many security experts say the threat of attack in the United States is more remote than in other countries, particularly those in Africa and the Middle East.

Still, the possibility worries police and intelligence officials because many missiles are on the black market and many terrorist groups have them. Authorities estimate that terrorist organizations have several hundred to several thousand shoulder-fired missiles, which can cost as little as $5,000. In a report to Congress last month, the Department of Homeland Security called missile attacks a "real and international concern."

To counter the threat, the U.S. government has spent more than $100 million to develop a reliable anti-missile system to install on commercial planes. The systems, which are mounted underneath aircraft, detect missile launches and then fire laser beams at the weapon to disrupt its guidance system and send it off course. The military already uses such countermeasures on its aircraft.

The government hopes to develop systems that would cost about $1 million each for installation on thousands of jetliners. But widespread deployment of such devices on the U.S. commercial fleet would probably take at least a decade. The Department of Homeland Security is spending an additional $10 million to test different anti-missile systems, some of which could be ground-based, at airports. Most security experts say commercial jets are most vulnerable when landing or taking off because they are going relatively slow and are low to the ground.

In the absence of technological solutions, police have filled the gap. Police at Dulles International Airport and Reagan National Airport conduct patrols, but a spokeswoman declined to discuss security efforts in detail.

Shoulder-fired missiles are small and can fit in a large duffel bag. Some have ranges of up to three miles, and some can reach altitudes of 15,000 feet.

Most departments began the patrols after two missiles barely missed an Israeli jetliner taking off in Kenya in late 2002. A DHL cargo plane was badly damaged after being struck by a missile in Iraq a year later. In response, the U.S. military cleared a large area around Baghdad's airport, and commercial planes have taken the dramatic approach of flying over the airfield at 10,000 feet and then corkscrewing down to the runway to avoid missiles.

Maryland Transportation Authority Police officials have briefed officers on the missiles' range and effectiveness. Each officer has been given photographs of the missiles, which are known in law enforcement circles as "manpads," for man-portable air defense systems.

The photos, which include close-ups of the individual components, are displayed in the department's BWI squad room with a large map that shows "BWI Manpad Sites," nearly a dozen locations that police check at random intervals because they think they would make good launching sites.

The biggest part of the effort focuses on officers such as Benner, who on a recent afternoon spent 90 minutes checking the perimeter of the airport. He inspected the Amtrak train station for explosives and drove through parking garages to ensure that no terrorists were hiding there. He also checked school and business parking lots.

He has never confronted anyone suspected of being terrorist, but he has kicked out people picnicking in restricted areas and questioned aviation enthusiasts who gather at airports and take notes on the comings and goings of planes.

Gary W. McLhinney, chief of the Maryland Transportation Authority Police, said the patrols are one of the oldest and best tools he has to combat a potential attack. "The patrols are an important and an effective use of our resources," McLhinney said. "This is such an important issue."

Airport police have expanded their anti-missile networks by reaching out to other law enforcement organizations that patrol potential launch sites. The U.S. Park Police, which monitors many of the parks and roads along the Potomac River, has stepped up patrols because of the threat posed to planes heading to and from National Airport.

Park Police Chief Dwight E. Pettiford said the department has trained maintenance crews and park service employees to recognize those who may be attempting to launch a missile and those who may be scouting for an attack. "We have to be constantly vigilant," Pettiford said.

Police officials said they work closely with the Transportation Security Administration and the FBI to learn about threats.

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When the TSA was created after the Sept. 11, 2001, attacks, security officials reached out to community associations to enlist the help of neighborhood watch groups. Scott McHugh said he pushed for such community briefings when he was the federal security director at Dulles in 2002 and 2003. He and other former federal security directors say the community meetings have dwindled and occur at only a few airports. He said TSA officials have failed to implement policies that could effectively counter the threat.

TSA spokeswoman Yolanda Clark said in an e-mail that security officials meet with community and business groups and that they work closely with local police and federal law enforcement on the issue of shoulder-fired missiles.

New York Muslims Beset By Suspicion (FT)

By Jonathan Birchall And Joshua Chaffin In New York

Financial Times, September 9, 2006

The Muslim owner of the Dar-us-Salaam store on Atlantic Avenue in Brooklyn was polite, but he didn't want to talk.

At the Firdous cosmetics shop next door, a bearded young Moroccan was equally wary, when asked how things had changed for the city's Muslims since the September 11 terror attacks.

"We get so many people coming and asking questions about this. My boss says it's best to say nothing. We just want to move on," he explains.

Five years after the attacks, the mood on Atlantic Avenue is guarded. New York survived the aftermath of the attacks without any major outbreaks of violence against Muslims or Arabs. But on Atlantic Avenue, and in Bay Ridge and Bensonhurst and Sunnyside, things are not as they were.

Said Mahmoud, who operates a cart selling coffee, doughnuts and bagels in midtown Manhattan, says that following the attacks he was shocked to hear construction workers telling their friends waiting at his cart not to give their business to an Arab. "We were lucky we were not in some other country, where maybe they kill you," he says.

New York's Muslim community numbers about 600,000. The number of mosques in the city has grown from half a dozen in the early 1970s to more than 140. But after being shaken by the widespread detentions of suspected illegal immigrants that followed the 9/11 attacks, recent events have highlighted tensions.

In July, a New York court found Shahawar Matin Siraj, a 23-year old Pakistani immigrant, guilty of conspiring to blow up the city's Herald Square subway station, one of the city's busiest.

The Siraj case underlined the level of monitoring of some sections of the city's Muslims. Charges were brought against Siraj after a police informer began operating in his mosque.

"Muslims now see themselves as being put in this category of suspicion," says Louis Cristillo, who heads a Columbia University teaching college project on issues affecting Muslim youth in New York. "There is de facto racial profiling in airports and public transportation."

He says there are also claims of scores of lower level racist incidents, such as children being teased or beaten up at school, or of girls having head scarves ripped off.

More optimistically, he argues the city's Muslim community is more integrated than immigrant Muslim communities in the UK, France and Germany. "Once you're naturalised in the US, you have the same rights as everyone else," he says.

But Mr Mahmoud, in midtown Manhattan, finds a bitter irony for Arab Americans. "Many people came here in the spirit they did not like the things their own governments did, and they wanted freedom. And now, when they see things like detentions without trial, what must their feelings be?"

KC Man Linked To Early Al-Qaida (KCS)

By Tony Rizzo

The Kansas City Star, September 9, 2006

Did a Kansas City college student help Osama bin Laden start al-Qaida?

Federal law enforcement officials think he did. So do private-sector experts on international terrorism.

Now, a new book that chronicles the history of al-Qaida portrays former Kansas City resident Mohammed Loay Baizid as a confidant of bin Laden in the early years of the terrorist organization.

While The Looming Tower: Al-Qaeda and the Road to 9/11, by Lawrence Wright, a staff writer at The New Yorker magazine, provides Baizid's firsthand account of his association with bin Laden, the former Kansas City resident's activities already have been extensively documented in federal court transcripts and law enforcement documents. He even was mentioned in the 9/11 commission report.

"He was one of the guys there when it all got started," said John Lumpkin, a senior fellow at GlobalSecurity.org, an Alexandria, Va.-based defense-policy research firm and clearinghouse of military information. "He definitely was a major figure."

Jack Cloonan, who as an FBI agent questioned Baizid with the cooperation of Sudanese authorities shortly after the Sept. 11, 2001, attacks, said he had seen a list of original al-Qaida members.

"His name is on it," Cloonan said of Baizid. Cloonan now is president of a private security firm, Clayton Consultants.

Baizid has denied that and said he was not present at the meeting that many consider the birth of al-Qaida.

Although many think Baizid was an integral part of al-Qaida's early days, his role in the organization as it evolved into a worldwide terrorist organization is less clear. His name has come up in the trials of terrorism figures, but he apparently has never faced charges himself.

Wright and others think Baizid long ago cut his ties to bin Laden and al-Qaida.

Cloonan said he and other FBI agents came to Kansas City in 1998 to investigate Baizid's background. After the Sept. 11 attacks, Cloonan was part of a joint FBI-CIA team that went to Khartoum, Sudan, to interview people with connections to al-Qaida, including Baizid.

"We really don't know the full length and breadth of his involvement," Cloonan said.

Galvanized by call

According to Wright, Baizid was 24 in 1985 when he answered the call to jihad and traveled from Kansas City to Pakistan and later Afghanistan to fight the Russians. Wright spent five years researching his book and met Baizid in 2003 in Khartoum.

Baizid's family immigrated from Syria when he was a teenager and in Wright's book, Baizid is quoted as saying that he was a "typical young middle-class American man" when he read a tract by Abdullah Azzam, who has been described as one of bin Laden's main spiritual influences.

In the tract, Azzam called on Muslims to rally together to aid Afghanistan in its fight with the Soviet Union.

Baizid declined to be interviewed by The Kansas City Star, but Wright told The Star that in interviews the former Kansas City resident said he was seeking adventure and became "galvanized" by Azzam's call.

Baizid only intended to stay a short time, but after flying to Pakistan, he called a telephone number that was printed on the tract he had read and Azzam answered the phone. Bazid said he did not know what he would have done otherwise.

In Pakistan, Baizid met Azzam, bin Laden and other Arab volunteers in the fight against the Soviets. He adopted the name Abu Rida al-Suri.

"I went to Afghanistan with a blank mind and a good heart," Baizid is quoted in the book as saying. "Everything was totally strange. It was like I was born just now, like I was an infant, and I have to learn everything new. It was not so easy after that to leave and go back to your regular life."

That regular life included studying engineering at the University of Missouri-Kansas City.

Baizid was enrolled at UMKC from August 1982 to May 1984, according to university records that do not reflect whether he obtained a degree. A university spokesman said privacy laws did not permit the release of grade information or the names of professors Baizid studied under.

An acquaintance of Baizid's in Kansas City in the early 1980s, also an immigrant from Syria, recalled an easygoing young man who enjoyed playing cards with friends and walking on the Country Club Plaza and who was always quick with a joke.

"He always liked to tease and try to be funny," said the man, who asked that his name not be used for fear that it might hurt his business.

In the next decade, Baizid allegedly became a business adviser and fundraiser for al-Qaida, according to extensive sworn testimony and documents from federal investigators and terrorism experts filed in federal courts in Chicago and New York during terrorism trials. Lorenzo Vidino, a terrorism analyst for the Investigative Project, a Washington-based counterterrorism research

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and investigative center that was founded in 1995, said Baizid's role in the formation of al-Qaida and its later fundraising efforts in the United States, cannot be overemphasized.

"It's no exaggeration to say he was one of the four or five founding members," said Vidino, co-author of the book Al Qaeda in Europe: The New Battleground of International Jihad.

Members of Baizid's family, including his uncle Adnan Bayazid, who lives in the Kansas City area, declined requests to comment.

But Adnan Bayazid told U.S. News & World Report in a 2002 article about American jihadists that his nephew had helped buy supplies for Afghans fighting the Soviets and had since grown disillusioned with bin Laden. He also suggested that another person with a similar name may be responsible for some of the things attributed to his nephew.

Bayazid also mentioned his nephew's connection to bin Laden in the 1980s and '90s in an article in the Kansas City Jewish Chronicle.

Mohammed Baizid allegedly was still in Pakistan in 1988 when a pivotal event in the history of al-Qaida occurred. At a meeting of bin Laden and a handful of others, plans were discussed to organize the group that would become al-Qaida. Wright said that Baizid denied he was present, but the handwritten notes of that meeting were made by Baizid, according to later federal court testimony and documents prepared by the U.S. Justice Department.

In the early 1990s, bin Laden relocated to Sudan, and Baizid went with him.

In Wright's book, Baizid is described as bin Laden's "main business adviser" for various enterprises in Sudan.

By 1994, Baizid was back in the United States. He obtained an Illinois driver's license and allegedly became a leader of the Chicago-based Benevolence International Foundation, a purported charitable organization. Federal authorities later shut down the group for allegedly funneling money to al-Qaida. Its director pleaded guilty to a charge of racketeering.

In documents later seized by authorities, Baizid is referred to as being president of the foundation at one time.

Vidino said the group functioned as one of the main Al-Qaeda fundraising groups in the United States.

Baizid's first known contact with U.S. law enforcement came in what Vidino called a "mysterious story" that unfolded Dec. 16, 1994, in California.

According to trial testimony and court documents, Baizid was with bin Laden's brother-in-law, who was detained after arriving in San Francisco on a flight from the Philippines.

But Baizid was released, and Vidino said he has never been able to determine the reason or where he went after that.

Wright said that Baizid has a comfortable life in Sudan and operates several businesses.

"I know he would like to come back to Kansas City," Wright said. "He's bored and frustrated in Khartoum."

But Baizid is afraid that U.S. authorities will arrest him, even though Wright said law enforcement officials have told him that Baizid is not facing any charges.

"I think he's harmless and should be allowed to come back," Wright said.

Paulson Sizes Up Wall St Disaster Defences (FT)

By David Wighton And Paul Taylor In New York

Financial Times, September 9, 2006

Concerns about Wall Street's ability to withstand a terrorist attack, natural disaster or flu pandemic have prompted Hank Paulson, the new US Treasury secretary, to review the financial market's disaster-planning.

In one of his first acts in the post, the former Goldman Sachs chief executive has asked the president's working group on financial markets to assess the improvements made since September 11 2001. This comes amid continued Wall Street concerns – five years after the World Trade Center attacks – about the resilience of power and telecommunications services.

September 11 exposed weaknesses in the industry's disaster planning and closed the equity market for four days.

Experts say financial services companies in New York and London have improved the resilience of their operations. But some senior Wall Street figures are concerned that the utilities, on which the financial markets depend, have made less progress. There is also greater focus on the impact of a flu pandemic.

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Scott Parsons, US deputy assistant Treasury secretary, said the utilities had made "tremendous improvements" but added: "We remain concerned about how to provide better resilience in telecommunications, which is the financial sector's single biggest dependency."

Wall Street firms blamed many of their problems in 2001 on the damage to one of Verizon Communications' five switching centres in lower Manhattan.

Some Wall Street disaster planners believe more pressure needs to be put on the utilities by their regulators. They are encouraged by the early interest taken by Mr Paulson, who was involved in the issue at Goldman Sachs.

Recently, many financial services companies and regulators have focused on their ability to operate in the event of a flu pandemic when many staff would want to work from home.

Anxiety Remains On Wall St Disaster Planning (FT)

By David Wighton, Deborah Brewster, Paul Taylor And Anuj Gangahar

Financial Times, September 9, 2006

When Dick Grasso, the then chairman of the New York Stock Exchange, reopened trading on September 17 2001, it was a symbol of Wall Street's resilience in the face of terrorism.

But the four-day closure of the exchange also underlined the serious disruption caused by the attacks on the World Trade Center, due partly to flaws in Wall Street's disaster planning.

Five years and billions of dollars of investment later, many of those flaws have been addressed and there is little doubt that financial markets in New York – and in other leading financial centres – would now be more resilient in the event of a similar disaster.

But concerns remain, not least about the key utilities on which the financial services sector depends and the industry's ability to handle other sorts of threat, such as a flu pandemic.

Scott Parsons, deputy assistant Treasury secretary for critical infrastructure, says the most basic lesson learned from September 11 was the need for back-up facilities far enough away from a main site.

Most companies' contingency plans had focused on localised potential problems. "Some firms had their back-up in the basement of their buildings or right across the street," says Mr Parsons. As a result, some lost access to both their primary and back-up facilities.

"Institutions also generally had not considered the possibility that transportation of personnel could be significantly disrupted and preclude the relocation of staff to alternate sites," said a 2002 report by the Federal Reserve and other regulators.

The regulators subsequently introduced new guidelines on back-up facilities and many companies have invested heavily in new operations.

The Bank of New York, for example, has built two identical data centres, one 40 miles from its 1 Wall Street headquarters and one – completed just six months ago – 750 miles away. A leading clearer of bond trades, BoNY was badly disrupted by the September 11 attack.

"Each is a replica, just waiting for the other to fail," says Don Monks, BoNY's vice-chairman.

Many financial services companies in London have made similar moves and the UK Financial Services Authority said in a study in December that most companies now had "highly resilient" IT systems and could continue normal operations within a day of a disaster.

According to Gregory Ferris, chairman of the Securities Industry Association business continuity committee, another key lesson of September 11 was the need for better communication within the industry during a crisis. The SIA and other industry bodies set up a command centre to improve co-ordination. "Recovery efforts following the 2003 New York City blackout and other events, such as the 2005 transit strike and national immigration rallies, were more effective because this structure was in place," he told a congressional committee in June.

Another area of focus has been collaborative testing, such as a big exercise for the New York securities markets set for October 14, says Anna Ewing, chief information officer of the Nasdaq stock market. "These tests are now much more intensive and are really aimed at ensuring that transactions can still get done in the event of a crisis."

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Banks and securities firms are also paying greater attention to their power and telecommunications systems. Much of the disruption caused by September 11 was the result of problems with utilities, which proved unexpectedly vulnerable.

"We didn't know how much of the telecoms infrastructure was concentrated in seven buildings in downtown Manhattan . . . and the main unit needed to operate for the other six to operate," recalls Mr Monks. BoNY now demands much more information from its suppliers and has also leased five fibre optic cables to connect its data centres.

Verizon Communication says it has further decentralised the infrastructure that supports Wall Street and made it easier to re-route voice and data traffic in a crisis. It has also installed another 40 miles of fibre optic cabling in lower Manhattan, much of it configured in "self-healing" rings.

But some senior Wall Street operations executives believe infrastructure suppliers have not faced as much pressure from their regulators to increase resilience.

Telecommunications is also a concern for many financial services companies as they draw up plans to deal with a possible pandemic. The assumption is that following an outbreak large numbers of employees will stay at home and companies are investigating how much of their operations could be done from home.

9/11 Has Spurred Only Modest Changes In New York City And National Building Codes (NYT)

By Sewell Chan

The New York Times, September 9, 2006

The destruction of the World Trade Center produced calls for a wholesale re-evaluation of the way tall buildings are designed and built, but five years later, the changes to New York City's building code, and others across the nation, have been few and modest.

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Related Twin Beams to Light Sky Again. But After 2008? (September 9, 2006)

Recommendations from a major federal investigation into the collapse are still being debated and may yet result in modifications to a national building code that the city plans to adopt. So far, though, 9/11 has not been a turning point for code revision, in the way past disasters were — like the Triangle Shirtwaist fire of 1911.

In New York, some suggestions have been quietly shelved. Proposals for more and wider stairwells in skyscrapers, for example, were set aside in part because the real estate industry felt threatened by the loss of rentable space.

Other ideas, like hardening building components to withstand major fires, are mired in technical debates among engineers that could take years to resolve.

To some critics, the pace of revisions is evidence that the sense of urgency aroused by the attacks has faded. Others argue that the attacks were so extraordinary an event that they cannot be the basis for sweeping changes in the way skyscrapers are designed and built.

"No building is safe from everything," said Patricia J. Lancaster, an architect who has been the commissioner of the city's Department of Buildings since 2002. "It's up to the owners to assess how much risk their building, their piece of land, their edifice, is at. There's no one answer to the question of what you should do. That's why not everything is mandated in the building code. If you mandate too much, then we'll be building concrete bunkers."

Developers of some planned buildings, like the Freedom Tower at ground zero and the Bank of America tower in Midtown, are voluntarily meeting higher standards than those required by the code, in part because anxious tenants now seek them. It is unclear, however, whether such efforts will continue as market conditions evolve.

Ms. Lancaster has overseen two major responses to 9/11 that are expected to change the city's building code for the first time since 1968.

The first was to convene a task force that made 21 recommendations for immediate changes in the city's code in response to the disaster. The second was to support the gradual adoption of standard building, electrical, plumbing and fire-safety codes used by most states and cities in the United States; this would be a major change for the city, which has long insisted on setting its own standards.

Both studies reflect a desire to learn from 9/11.

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The planes that day severed five of the six stairwells in the twin towers, fatally trapping as many as 1,500 people on the upper floors. Analysts have said many more might have escaped if there had been more stairwells and if they had been made of reinforced concrete rather than lightweight gypsum board.

The New York City building code currently requires only three stairwells in a tall building, regardless of whether it is 10 or 100 stories. Federal investigators have said that, given the size and number of the stairwells, the evacuation would have been much slower and many more people would have died if the towers had been fully occupied that day. A former director of the World Trade Center told the 9/11 Commission in 2004 that stairwells needed to be wider to speed up evacuations.

Changing the code's provisions for stairwells was not one of the things recommended by the task force of industry representatives, engineers, city officials, and fire-safety experts, but city officials point out with some pride that a majority of the 21 recommendations did become law in 2004. Among the new requirements: all high-rise commercial buildings over 100 feet must have sprinkler systems installed within 15 years; exit paths, doors and stairs must be marked with glow-in-the-dark materials; and buildings have to maintain plans to evacuate occupants in all kinds of emergencies, not just fires.

The task force decided against requiring more and wider stairwells and instead backed encouraging the change. It asked the Department of City Planning to encourage developers to build more and wider stairwells by excluding stairwells when the city calculates how big a building can be.

The proposal would have removed a disincentive against adding stairwells, since developers want to maximize every inch of rentable space. But it would also have meant taller buildings. City planners rejected the idea, and it has not been revived.

But After 2008? Asked why the task force did not simply recommend requiring more stairwells, Ms. Lancaster said, "We were not successful in gaining consensus on that issue." She added, "If you increase a stairwell by one inch at the top of a 90-story building, you are giving up dozens and dozens of square feet of rentable space."

Similarly, the task force agreed to encourage but not require the use of impact-resistant materials for elevator and stairwell enclosures. Ms. Lancaster said the group recognized that the gypsum board used to enclose the trade center stairwells was inadequate, but that it would not have been appropriate to specify a harder material, like cinder block. "We can't show favoritism," she said, adding that several other materials were just as durable.

Glenn P. Corbett, an assistant professor of fire science at John Jay College of Criminal Justice, said the city was too lenient in giving owners 15 years to install sprinklers. "Ten years, in my opinion, was plenty of time to do it," he said.

Ms. Lancaster, however, described the changes as significant, hard-won concessions given the expense of improvements like sprinklers and the political clout of the real estate industry. "I think it's a miracle we got this passed at all, frankly," she said of the sprinkler change.

"The real estate industry was pretty darn good about stepping up to the plate and going along with this stuff," she said. "They were sobered, as were the rest of us, after 9/11. When they became convinced that this would really help people in an extreme event, they adopted it. It's really pretty striking. Those guys have big bucks."

Marolyn Davenport, a vice president at the Real Estate Board of New York and a member of the task force, said the code revisions were a compromise among competing interests, and the code itself only a baseline standard. Many developers of tall buildings were voluntarily surpassing it, she said. "That's true of anything being built in a prime location in Manhattan," she said.

For example, many features of the 54-story Bank of America tower, now under construction at 42nd Street and Avenue of the Americas, will reflect the concerns of a post-9/11 world: bollards to block bombs, shatterproof glass, extra-thick steel and wider staircases encased in thick concrete. Many were not required under the code but were sought by the bank, as anchor tenant, or the developer, the Durst Organization.

Burdensome restrictions would make construction too expensive, Ms. Davenport said. "While you want to incorporate safety features, at the same time we have to compete with the surrounding areas," she said.

The second prong of the city's response has been to wait for changes in model codes that are supposed to result from a $16 million study by the National Institute of Standards and Technology. The 10,000-page study, released last October, concluded that design flaws did not cause the collapse of the towers, but that there were significant ways to improve the durability of skyscrapers and the ease of evacuations.

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Some federal, state and local lawmakers and many engineers have criticized the study's recommendations as too vague and said they did not provide enough guidance for code revisions.

David Scott of Arup, an engineering firm in New York City, who is chairman of the Council on Tall Buildings and Urban Habitat, an international nonprofit professional organization, said, "A lot of people were disappointed by the NIST report because it was a bit vague and didn't tell people what to do, and didn't do the research to back up what it did tell people to do."

S. Shyam Sunder, the lead investigator for the federal study, said it was not his team's job to rewrite the code. "It was part of our design to be performance-oriented in our specifications," he said. "We felt the private sector and code organizations were the most qualified to translate performance recommendations into specific code language."

That process will move forward this month with hearings in Florida, where a panel of experts will review whether 19 of the recommendations should result in changes to the International Building Code, the model code used by most states and cities.

The recommendations address issues like preventing a total collapse when part of a building is damaged by fire or other calamity; the use of spray-on fireproofing; the reliability of automatic sprinklers; the use of elevators by rescue workers and people fleeing; the durability, width and number of stairwells; the marking of exit paths; and the storage of fuel oil. The recommendations will be voted on in March.

Sally Regenhard, the co-chairwoman of the Skyscraper Safety Campaign, which lobbies for more stringent building codes, said she was disappointed by the slow progress. "It's hard for me to tell you what tangibly has changed," said Ms. Regenhard, whose son, Christian, a probationary firefighter, died on 9/11. "All we have is a lot of recommendations."

Dr. Sunder said he believed that the recommendations would get into the national codes, eventually. Others are less optimistic.

"Shyam is an incredibly capable, smart guy who led an impressive group of people to put this thing together," said Guy Nordenson, who runs a structural engineering firm in New York and teaches at Princeton. "The problem is, their process didn't lead to a wider consensus-building that would allow these recommendations to get implemented."

Jon D. Magnusson, a principal in Magnusson Klemencic Associates, a structural engineering firm in Seattle, said the institute's recommendations, if adopted, would only provide a false sense of security. "None of the proposals, had they been previously a part of the code, would have changed the outcome in the events of 9/11 or at Oklahoma City," he said. "You simply cannot out-build determined terrorists."

After Attacks Changed The World, The Recovery Changed A City (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, September 9, 2006

NEW YORK -- You're sitting in the center of the fabulousness. The stinky old Fulton Fish Market is gone, and cobblestone streets are lined with boutiques and $1 million condos with floor-to-ceiling windows, and the sky is that razor blue.

Almost like that day.

Five years ago, this neighborhood in downtown Manhattan, a few blocks from the twin towers, was covered in half a foot of gray ash. Now, Jason Lowney, 28, and Patrick Darragh, 24, down drinks and talk that emphatic guy talk, and Sept. 11 feels pretty distant.

"People thought downtown would be a ghost town," says Lowney, a husky and dark-haired insurance adjuster. "I think it's stronger ."

Darragh nods. Then he lets slip that his uncle was on the 80th floor of the South Tower and died that day. Darragh wanted to migrate here after college.

"It was like a defensive thing," he says. "You even saw it immediately afterward. . . . New Yorkers never had any apprehension."

Some days the hole in the heart of this city appears healed over. The braggadocio is back and the jackhammers rattle near Ground Zero. The scar that is the 16-acre hole is still there, a monument to political paralysis. But a forest of blue condominium towers rises, Hermes and Tiffany are opening shops downtown, Goldman Sachs is throwing up a 43-story office tower, and those Viking-stoved, Jacuzzi-ed lofts still attract high-roller bid-a-thons.

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More than 5,800 apartments have been built in Lower Manhattan since 2001, and the median residential sales price has jumped 75 percent. Big corporations -- the Bank of New York, Goldman and Moody's Investors Service -- are building millions of square feet of new office space.

"The luxury stores are moving in, and with luck we'll soon . . . start building at Ground Zero," said Kathryn Wylde, president of the Partnership for New York City, which represents the city's largest businesses. "A lot of major corporations have committed to staying in place, and that wasn't at all clear in 2001."

So if you measure health by beautiful offices and million-dollar lofts -- and what upper-middle-class New Yorker hasn't these past five years? -- you might conclude that all's swell.

Then you walk to the corner of Barclay and Church streets, where five years ago a cluster of cops and waiters and reporters watched the city's biggest tower fall out of the sky. No one moved, it wasn't real -- and then everyone ran as 30-story clouds of ugly gray smoke and dust and biomass rocketed up Church.

Nearby there is an outdoor exhibit of photos of Ground Zero, beautiful photos of women in tears and St. Paul's Chapel, spire lost in that cloud of dust, and firefighters huddled in the darkness around the remains of one of their own. A sturdy cop looks at the photos and wipes at his eyes.

Congenitally contentious, Bill Dobbs is a war opponent, a fighter for gay rights and a tilter at windmills. He might be expected to cast a querulous eye at the memory of the twin towers, those monuments to David Rockefeller's capitalist vision. But he is also a New York chauvinist, and he admired the towers' brassy size and yearns for something like them to rise again.

"I loved those towers -- when the other buildings quit, those two just kept going," he says. "Look across the harbor from Staten Island -- God, it's horrible to see our skyline now."

Then there is the air. So many firefighters and police officers and paramedics and construction workers and good Samaritans pawed through the wreckage and tended to the rescuers and vacuumed out the high-rises that still stood. Andrziy Nereci remembers feeling like a hero. On the edge of Freedom Plaza, on the south end of Ground Zero, this Polish man with a bushy blonde mustache points to the skyscrapers he wiped clean of toxic dust: the Verizon building and Bank of America. He was handed a flimsy paper mask, he knew it wasn't enough.

"I risked my life and health," he said. "When we went to the 15th floor, the building could have fallen down; we didn't know."

Now he and thousands wheeze and cough. Mount Sinai Medical Center studied 9,500 people who helped at Ground Zero and other sites, and concluded in a report released this week that seven of 10 suffer from chronic lung illness contracted while breathing the post-9/11 air. This is the same air that the U.S. Environmental Protection Agency proclaimed safe. Federal officials also suspended workplace safety regulations for the cleanup sites.

Nereci overstayed his visa; he is not a legal immigrant. City and state officials have resisted paying lots of health bills for workers, but he is the lowest of the low. "In some sense, I regret it," he says. "If I had not worked there, I'd have a life."

Post-2001 New York has not been terribly kind to the $51,000-median-family-income New Yorker. In the first months, city and state officials held "listening sessions," and there was talk of parks and affordable housing.

Plans for parks remain, but it would take a microscope to find affordable housing in downtown Manhattan. Out of $2 billion in federal aid expended at in the neighborhoods around Ground Zero, officials have created 77 units of subsidized housing.

By contrast, bonds issued for redevelopment went to 13 new luxury residential buildings with 4,468 market-rate units, including one that was in the works before the attacks. The state also handed out $539 million in business-recovery grants. Hundreds of millions went to large corporations. Exactly $62 million went to owners of small shops and food stores.

Bettina Damiani lives in Brooklyn and keeps a sharp eye on downtown Manhattan for Good Jobs New York, which has scrutinized the spending. She sees an age-old New York story playing out. "Well, we certainly reinforced the status quo, which is that if the real estate industry is doing well, by golly, we all are," she said. "Here's my motto for downtown: Bring free-market capitalism back to Lower Manhattan."

Less clear is what the years since have done to the ephemera that make up a city's soul. Sarah Fisch is a classic New Yorker, in that she arrived in 2000 from somewhere else -- Texas, in her case -- and is pretty intense about her new home. After the attacks, her little subculture of poets and performance artists flowered.

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"They were chomping at the bit," she said. "People performed out of a need to escape and wanting to connect with one another."

Then rents rose so high in Lower Manhattan, the tiny theaters and poetry clubs shuttered. People began to move, to Seattle, Yonkers, wherever. Fisch was broke and sick, and she saw the makeshift memorials in Union Square every day as she walked to one temporary job or another.

"It made me think I'm cannon fodder. I'm the girl in the office while everyone else is out having corporate breakfast," she says.

This autumn she began her second semester of classes. No more starving artist; she wants a PhD so she can get a steady teaching job. She too is the determined face of post-9/11 New York.

Business As Usual Economic Fears After 9/11 Proved Mostly Unfounded (WSJ)

By Jon E. Hilsenrath And Liam Pleven

The Wall Street Journal, September 9, 2006

After terrorists attacked the U.S. five years ago, many worried that the economy would lose its hard-won vitality. Companies would need to hire security staff instead of production workers, build up costly inventories and face delays as goods moved across tightened borders.

This is what has happened instead: The number of security guards on business and government payrolls has declined, companies are holding less inventory, and the amount of freight moving though the nation's ports has soared. Not only has the economy grown, it has become more efficient. And office construction in downtown New York and Washington has continued.

Despite fears in 2001 that the terrorism threat would impose a great expense on the nation's business and weigh on the economy, "there is nothing like that showing up," said Bart Hobijn, an economist with the Federal Reserve Bank of New York who has examined security-related spending.

Michael O'Hanlon, a security expert at the Brookings Institution, said that "in the private sector, all that's generally been done is a few more security cameras and guards at the most vulnerable of sites: some skyscrapers, some chemical plants." He added, in an email exchange: "Any one owner of any facility is very unlikely to be attacked, yet quite likely to suffer competitively if he [or] she pays the price for more protection and no one else in the same economic sector does the same."

Several forces are behind the surprising turn. In 2001, years of heavy spending on technology had already begun paying dividends for many companies, permitting them to become more efficient even as they had to divert some resources to security. Massive government stimulus -- hastened by an economic downturn that was in place before the attacks -- helped the economy crawl out of its slump and get on a sustainable growth path. The medicine included steep interest-rate reductions, tax cuts, emergency spending increases and a federal backstop for terrorism insurance -- meaning the U.S. would front part of insurers' losses in the event of a major attack. Meanwhile, crime rates were falling, reducing security needs in some places even as fears of domestic terror rose.

The Sept. 11 attacks did have a major short-term impact on the economy, especially certain sectors, such as airlines and autos. In the case of cars, for example, the Big Three U.S. makers rushed to clear inventories by rolling out zero-percent financing.

And there are other costs to the struggle against terrorism ignited by 9/11, such as the higher price of oil because of supply disruptions and the fear of them -- the so-called terror premium. Then there are the costs that all but defy accounting: the value of lives lost, of individuals injured in battles overseas, of economic opportunities lost by military reservists who are serving abroad.

Earlier this year, Joseph Stiglitz, a former Clinton administration economist and a Nobel prize-winner, and Linda Bilmes, a Harvard professor, took a broad approach to accounting for the Iraq war, including valuations for lives lost and individuals injured, and attached a price tag of up to $2 trillion.

In a narrower look at the post-9/11 costs, Mr. Hobijn of the New York Fed estimates last year's U.S. public and private-sector spending on domestic security at $90 billion, covering everything from guards in city office buildings to federal grants for ports to install surveillance gear. The figure is a little more than $30 billion greater than annual spending on domestic security before the

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attacks. That's a substantial rise, yet considering that the giant U.S. economy churns out more than $13 trillion of goods and services a year, it's little more than a rounding error.

Whether the nation is more secure today is a different matter, and one that is much harder to measure. It is possible that a five-year stretch without an attack at home has lulled business leaders and politicians into complacency about the threat, and they aren't spending enough on security.

It also isn't clear whether the federal government, which has borne most of the cost of increased security spending, has set the right priorities. Federal spending on the wars in Iraq and Afghanistan, which isn't counted in Mr. Hobijn's estimate of domestic-security spending, is $120 billion in this fiscal year alone, the Congressional Budget Office calculates. That dwarfs what is spent to protect buildings, ports and borders. It also creates large chunks of deferred expense in the form of national debt.

At one company in Rockford, Ill., the effect of the terrorist attacks is close to imperceptible. "Security, as far as 9/11, hasn't really impacted us that much here," says Greg Bubp, chief financial officer of Eclipse Inc., a private manufacturer of industrial heating equipment. Rockford is about 90 miles northwest of Chicago. Mr. Bubp says that, being that far from a major city, he hasn't felt the need to step up security measures at Eclipse's facilities in the U.S. or abroad. "It's something that we need to be aware of, but we're not necessarily in hot spots," he says.

Instead, he has been focused on running his business more efficiently. By working more closely with suppliers, the company has been able to reduce the amount of inventory it keeps on hand at plants from about 100 days' worth of sales to about 80 days' worth since 2001.

U.S. businesses, on average, held inventories equal to a bit more than 43 days' worth of sales in mid-2001, just before the terrorist attacks. If businesses had decided to build up stocks as a buffer against supply disruptions, the ratio of inventories to sales would have risen. Instead, it fell to under 38 days by mid-2006, as companies used new technology and new business practices to hold less on their shelves for every dollar of sales.

Executives at many companies say security is an important issue and a significant budget item. The Business Roundtable, an association of chief executives from the nation's largest companies, created a task force to address security issues right after 9/11, establishing, among other things, a hotline with the White House for crises.

In a just-completed survey of chief financial officers at 434 U.S. companies, 42.4% said they had increased planning for business disruptions since 2001. In the survey, conducted for The Wall Street Journal by Duke University and CFO Magazine, 21.4% said they were paying more for insurance against terror and business disruptions.

But the executives also said that terrorism ranked near the bottom among today's worries. And hard evidence of a pickup in private-sector security spending is spotty.

Insurers take in several billion dollars a year in U.S. terrorism-insurance premiums, estimates Robert Hartwig, chief economist at the Insurance Information Institute, a trade group. Before 9/11, terrorism coverage was included in standard policies. For U.S. businesses, the cost today likely isn't a heavy burden -- it's roughly equal to what they pay to insure their directors and officers against personal losses for the actions they take in their posts.

Moreover, after five years with no new U.S. attack, the cost of terrorism insurance recently has been dropping. The median price of it fell 25% last year from 2004, according to a study by Marsh Inc., the insurance-brokerage unit of Marsh & McLennan Cos.

Spending on private-sector security services such as alarm monitoring systems and guard services was already growing briskly before 9/11, and continued doing so afterward. Yet the pace of its growth slowed slightly, according to data from Freedonia Group Inc., a market-research firm. It says such spending grew at a 6.8% annual rate between 2000 and 2005, down from a 7.1% pace in the second half of the 1990s. In all, the private sector spent about $39 billion on security services last year, vs. about $28 billion in 2000, the firm says.

Freedonia sees the growth in this spending easing off to a 4.3% annual rate in the second half of this decade, largely because of reduced crime rates. However, Mark Visbal, director of research at the Security Industry Association, sees robust growth in spending on equipment like closed-circuit television.

While the economy has largely shrugged off the effects of 9/11 and the terrorism threat's security demands, it is possible that strains will show up gradually over time. Bernard Groseclose, for one, says he is starting to feel them.

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He is the chief executive of South Carolina State Ports Authority. Its Charleston hub is among the 10 most active ports in the nation, managing traffic last year that was equivalent of two million 20-foot containers. So far, Mr. Groseclose says, his ports have managed to sustain their efficiency through five years of beefing up security.

Truckers had worried that installation of tall radiation monitors, which scan trucks as they leave ports, would slow traffic in and out. But Mr. Groseclose says the turnaround time for trucks has held steady at a little more than 20 minutes since the monitors were installed.

However, he complains that his operation has been forced to fund security spending on a closed-circuit television system, fencing and a beefed-up police force after the federal government failed to provide grants to cover all the required new security. The ports authority imposes security surcharges of $2 per container, something it didn't do before 9/11. And this fee will soon rise to $4.

One result of having to bear security costs is that the port has put off needed investment to expand its bustling facilities. "There has been no follow-through from a [federal] funding standpoint," Mr. Groseclose says. "I think that is a real problem.... There is not a lot of spending on expansion projects going on right now and security is one reason. "Mark Zandi, of Economy.com, is concerned about the long-term effects of the broader struggle to combat terrorism. Counting the wars in Iraq and Afghanistan, he estimates the U.S. government has poured nearly half a trillion dollars into the effort since 2001, increasing federal debt to fund the effort. "In any given year it is not significant, it is not awe-inspiring," Mr. Zandi says. "Over a long period of time, the dollars add up."

Early Accounting For 9/11 Aftermath Despite Dire Forebodings, Stocks, Productivity Are Up, But Final Reckoning Awaits (WSJ)

By Edward Chancellor, David Vise And Rob Cox

The Wall Street Journal, September 9, 2006

Stocks fell by 11% in the immediate aftermath of the Sept. 11, 2001, attacks. At the time, many anticipated dire economic consequences. Fears of financial Armageddon turned out to be exaggerated. Five years later, stocks are up by a third from shortly after the markets reopened. However, it's too early to draw up a final reckoning for that terrible day.

In the months before September 2001, the economy was suffering from the collapse of the tech-stock bubble. The response to the attacks probably sped up its recovery. The Fed accelerated its program of rate cuts, and the government loosened the purse strings. Consumers went on a patriotic spending spree. In the month after 9/11, car sales jumped an extraordinary 26%.

Measured in terms of economic activity, the impact was far less severe than Hurricane Katrina, according to research firm Global Insight. Nor has the "clash of civilizations" arrested the process of global integration, as many feared at the time. Instead, the pace of world trade has picked up. Despite rising tensions in the Mideast, the flow of petrodollars from the Gulf is unabated.

The "War on Terror" that followed 9/11 has boosted U.S. military and security expenditures. Yet foreign loans have enabled Americans to have more guns without skimping on the butter. Economists would normally expect the expansion of such essentially nonproductive activity to have a harmful effect on overall economic efficiency. That hasn't happened. It turns out that average productivity growth over the past five years has actually been greater than during the 1990s.

Yet there may still be some future costs to bear. The drop in skilled immigration and foreign students that followed could affect long-term growth prospects. As the war in Iraq drags on, it could well become a greater economic burden. Finally, the economic recovery was accompanied by a surge of consumer borrowing. That's left many households in the red. As the housing market slows, they will come under increasing pressure to settle their bills. Only then will a truer financial accounting for 9/11 be possible.

Yahoo or Boo-Hoo?

A Microsoft takeover of Yahoo is often hailed as a cure for the House that Gates built. It would certainly give Microsoft's Internet operations more clout. Yahoo's shareholders, who've seen their investment decline by around a third this year, would probably welcome a juicy buyout premium. Yet a deal's unlikely to be done. Blame Europe's antitrust cops.

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The frostiness of Microsoft's relationship with European Union antitrust officials burst into public view anew on Thursday. The company warned it might be forced to delay release of the next version of its operating system, Windows Vista, in Europe. It seems Microsoft and Brussels can't agree on what features it must exclude from Vista, how much Microsoft may charge, and what secrets it must reveal to would-be rivals.

For Microsoft, the European standoff has left it trying to do business with one hand tied behind its back. Several members of the European Parliament accused regulators this past week of micromanaging the software giant. But the authorities, led by Competition Commissioner Neelie Kroes, counter that Microsoft's brass-knuckled approach is responsible for the continuing litigation.

This sour relationship would probably lead European antitrust officials to take a dim view of a Microsoft-Yahoo alliance. They wouldn't need to look too hard. In Europe, Google and Microsoft are battling for Internet dominance. Google's currently winning the race with 156 million unique monthly visitors. Microsoft is second with 144 million, while Yahoo is third with 100 million. With a takeover of Yahoo, Microsoft would take the lead.

The dominance of American Internet firms is already politically unpopular in Europe. A Microsoft-Yahoo combination would make life more difficult for existing European-owned Internet businesses, such as those operated by France Telecom, Telecom Italia and Belgacom, which all rank third in their home markets.

European regulators have already blocked a megamerger between two U.S. firms -- the proposed tie-up of General Electric and Honeywell five years ago. It's only too likely they'd bring out their knives again if Microsoft made a bid for Yahoo.

Forward-Dating

Much ado has been made about backdating options, an unsavory practice that has minted potential fortunes for many executives. But in some cases it may actually benefit a corporate chieftain to delay the pricing of options.

Take, for instance, the "forward-dating" of options for Viacom's new boss, Philippe Dauman. The longtime sidekick to chairman Sumner Redstone was given his new job over the Labor Day break. Investors fretted that Mr. Redstone was tightening his grip over Viacom. By last Wednesday, the media company had lost 7% of its value.

Yet the market's displeasure at his appointment hasn't cost Mr. Dauman. Although he received share options that Viacom valued at $12 million, the exercise price of these options was pegged to the close of trading Friday. That's about $2.75 a share cheaper than if they had been priced at the close of trading on Sept. 1, just before Mr. Dauman's return.

Viacom says waiting a few days to price options for incoming chief executives is not uncommon, which is true. Hewlett-Packard did the same when it named Mark Hurd its new boss last year, costing him dearly because the stock rose after Carly Fiorina was ousted. PC-maker Gateway this past week said its new leader's options will be priced on his first workday.

But Ford Motor chose a different tactic when awarding Alan Mulally three million share options. These have an exercise price of $8.28 apiece, the average price on Sept. 1, when he signed his contract and several days before his appointment became public. Because investors liked the news, Ford shares rallied and Mr. Mulally is now nearly $1.5 million richer on paper.

Had Viacom followed the same practice, Mr. Dauman's options would be worth almost $1 million less. To avoid the impression that companies are still playing tricks with executive pay, they should adopt a uniform practice when dishing out stock options to their new hires.

Democrats Maintaining The Pressure On 9/11 Film (NYT)

By Jesse Mckinley

The New York Times, September 9, 2006

Despite word of small last-minute cuts meant to soften the film's depiction of President Bill Clinton and his aides, members of his administration and Democratic officials yesterday stepped up their campaign to force ABC to cancel its disputed mini-series, "The Path to 9/11."

The Democratic National Committee delivered to the network a petition with more than 200,000 names that demanded withdrawal of the film, which the petition called "right-wing propaganda."

Officials of the committee said they would continue to collect and deliver signatures until ABC "does the right thing and pulls this scandalous project."

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Senator John Kerry and Al Gore, Mr. Clinton's vice president, also released statements castigating ABC.

But the debate was not entirely one-sided. Among a variety of conservative Web sites that accused Democrats of politicizing Sept. 11 was that of Conservative Voice.

"Former President William Jefferson Clinton and his minions are strong-arming the folks at ABC Television," a commentary on that site said, "in order to stop a docudrama being aired during the fifth anniversary of the 9/11 attacks. The Clintonistas are conducting a full-court press to prevent Americans from learning the truth."

As for ABC, its officials stood by earlier statements that the mini-series was a docudrama, not a documentary. The network, which this summer sent copies of the film to journalists for review, also said: "No one has seen the final version of the film, because the editing process is not yet complete. So criticisms of film specifics are premature and irresponsible."

At least before any late editing, the five-hour film depicts some Clinton administration officials, including Secretary of State Madeleine K. Albright and Samuel R. Berger, national security adviser, as placing obstacles in the way of strikes against Osama bin Laden.

Both Ms. Albright and Mr. Berger have called such depictions a fabrication.

One particular target of Democratic anger is Thomas H. Kean, chairman of the commission that Congress created to investigate the events leading to the Sept. 11 attacks. Mr. Kean was a senior consultant to the mini-series, and in a strongly worded letter to him dated yesterday, Ms. Albright and Mr. Berger expressed "deep dismay" that he had played such a role.

"Actors portraying us do contemptible things we never did, and say things we neither said nor believed," the letter read. "What's more, in many instances these portrayals are contradicted by your commission's own findings."

The letter outlined five such instances in the mini-series' first half, due to be broadcast tomorrow night.

The Walt Disney Company, ABC's corporate parent, was also under pressure. Bruce R. Lindsey of the Clinton Foundation and Douglas J. Band, counselor to Mr. Clinton, sent a second letter to Robert A. Iger, Disney's chief executive, saying they remained concerned about the impact the mini-series would have on public perception of events.

"We expect that you will make the responsible decision to not air this film," the letter said.

The former president's wife, Senator Hillary Rodham Clinton of New York, was somewhat more guarded in remarks at an event at Columbia University.

"My bottom-line view," Ms. Clinton said, "is that when it comes to something as serious and historically significant as 9/11, the truth is enough and we ought to stick to the facts."

The Republican national leadership was quiet on the mini-series, though President Bush did complicate ABC's broadcast plans by scheduling a speech to the nation for 9 p.m., Eastern time, on Monday, the fifth anniversary of the attacks.

That is the night that ABC plans to broadcast the mini-series' second half. The network said yesterday that it would most likely break into the telecast to show the speech and then resume the film.

Scott Collins And Tina Daunt, (LA)

By Scott Collins And Tina Daunt,

LA Times, September 9, 2006

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ABC Stands By Its 9/11 Story — Almost

After minor edits in response to Democratic critics, the miniseries will air as scheduled. It's already set off a bitter election-year dispute.

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TV & Radio

Walt Disney Co.'s ABC is forging ahead with plans to air a miniseries starting Sunday despite controversy over its efforts to dramatize — and some say unfairly politicize — the events leading up to the Sept. 11 terrorist attacks.

Producers said late Friday that they had finished making minor edits to "The Path to 9/11" amid a firestorm of protests from leading Democrats including Senate Minority Leader Harry Reid, who warned that telecasting "right-wing political propaganda" might violate the terms of ABC's government-mandated broadcast license.

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Critics say that, among other things, the film fabricates scenes and unfairly blames the Clinton administration for failing to capture or kill Osama bin Laden. The network, for its part, has urged critics to withhold judgment until the final version airs.

Whatever viewers ultimately see, it's clear that the five-hour $40-million docudrama, highlighting years of intelligence failures and political bickering before the attacks, has detonated an election-year bomb that's reverberating from Hollywood to Capitol Hill.

The movie is also threatening the bipartisan work of the Sept. 11 commission, whose Republican chairman, former New Jersey Gov. Thomas H. Kean, served as a paid consultant on the project and has played a key role in ABC's public-relations campaign.

At least two other commission members — former Watergate prosecutor Richard Ben-Veniste and Jamie S. Gorelick, a former deputy attorney general under President Clinton — have vehemently criticized the miniseries project. And two former Clinton officials, Madeleine Albright and Samuel "Sandy" Berger, expressed dismay with Kean's involvement. Clinton spokesman Jay Carson called ABC's actions "despicable" and said the film was "indisputably wrong."

Kean, in an interview Friday, continued to defend the movie as a "first-class project," adding that although the filmmakers took the recent criticisms seriously and made adjustments when warranted, much of the hostile reaction was political grandstanding from partisans who had seen little if any of the film. "That's the blogosphere, frankly," Kean said of the controversy.

The situation was further complicated Friday, when ABC and other networks agreed to carry live a 15-minute speech from President Bush on Monday night, the fifth anniversary of the Sept. 11 attacks. This speech will air at 9 p.m. Eastern time, forcing ABC to interrupt Part 2 of the miniseries in many markets, including New York and Chicago.

The sharp partisan divide over the miniseries has been seized upon in recent days by radio talk show hosts, bloggers, columnists and the like, so much so that the rancor has largely overshadowed the film's critical reception, which has been mixed.

The flap also underscores the challenges docudramas face in such a hyper-politicized environment. In 2003, supporters of President Reagan were incensed by a CBS movie that fictionalized scenes and put words into Reagan's mouth. CBS yanked "The Reagans" before its airdate and moved it to a much-less-watched sister network, the pay cable outlet Showtime.

Indeed, many conservatives have complained that Democrats have a selective memory. They point out that Democrats seemed unconcerned about Michael Moore's 2004 documentary "Fahrenheit 9/11," which pilloried the Bush administration for its response to the terrorist attacks. (Then-Disney Chief Executive Michael Eisner, saying he wanted the company to avoid political controversy, declined to release that film; it obtained another distributor.) Conservative radio commentator Rush Limbaugh recently labeled Clinton and Democrats as "just a bunch of thin-skinned bullies now trying to pressure ABC."

When ABC announced "Path to 9/11" last summer, executives seemed to expect a groundbreaking movie that could garner high ratings, even if they did not anticipate the political uproar.

Steve McPherson, the network's entertainment chief, compared the project to ABC's 1983 TV movie "The Day After," which examined the aftermath of a nuclear strike in middle America. "That was such an important movie for a lot of people, and it

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wasn't about entertainment," McPherson told the trade paper Daily Variety. "It was about putting out a message, and this ['Path to 9/11'] falls into the vein of things you do because you think they can be valuable."

But the network may have at least inadvertently politicized the Sept. 11 film by hiring writer-producer Cyrus Nowrasteh, a politically conservative Iranian American Muslim.

In an interview last month with FrontPage Magazine, Nowrasteh, whose writing credentials include TNT's acclaimed miniseries "Into the West," said the ABC film would be unsparing in its view of anti-terrorism during the Clinton years. "The 9/11 report details the Clinton's administration's response — or lack of response — to Al Qaeda and how this emboldened Bin Laden to keep attacking American interests," Nowrasteh said. "The worst example is the response to the October 2000 attack on the USS Cole in Yemen where 17 American sailors were killed. There simply was no response. Nothing."

Former Clinton aides have disputed Nowrasteh's characterization of the report and the administration's reaction to the Cole bombing.

An Aug. 23 screening of the ABC miniseries at the National Press Club in Washington proved a turning point. More than 200 people attended, including Kean, the producers and many family members of Sept. 11 victims. The producers showed only the first half, and a DVD of the entire film was given to guests on the way out. Al Felzenberg, press secretary for the Sept. 11 commission, said that afterward there was "a lot of emotion in the room." "It was very gripping," he added.

Others were outraged.

"There were significant deviations from our report," said Ben-Veniste, who attended the event. During a question-and-answer period after the screening, he added, "I questioned why ABC would fictionalize events that were set forth with great care. We didn't get satisfactory answers."

By the middle of this week, Democratic protests clustered around two main areas. The film, they said, falsely claims that former national security advisor Berger and former Secretary of State Albright blocked CIA and military efforts to kill Bin Laden in the late 1990s.

Moreover, critics say, "Path to 9/11" is wrong to suggest that Clinton was too preoccupied with the Monica S. Lewinsky scandal to focus on combating terrorism.

Because ABC has apparently made many edits to the film in recent weeks, it's impossible to say how much if any of this material will survive in the version that is to air Sunday and Monday.

But Leo Braudy, a professor and cultural historian at USC, said he believed the dust-up stemmed from the fact that "there is no narrative that everyone accepts about 9/11."

"The 9/11 commission comes out with one narrative, which no one reads. Then movies take a piece of it — there's 'United 93' and 'World Trade Center.' The Bush administration is pushing its own narrative of the meaning of 9/11 as justification for its policies. And now a miniseries comes into being that creates a narrative in a semi-documentary, fictionalized manner, which is very persuasive.

"Suddenly people who felt they know what really happened are being preempted by this fiction. Naturally they are going to be upset about it," he said. "Narrative creates closure."

Braudy wonders whether Americans are ready to see movies on the terrorist attacks: "I don't think we have enough historical distance."

Clinton, Other Democrats Assail ABC Docudrama 'Path To 9/11' (WP)

By Howard Kurtz

The Washington Post, September 9, 2006

Former president Bill Clinton has urged ABC to "tell the truth" in its hotly disputed docudrama on the battle against Osama bin Laden as network executives scrambled to make last-minute changes to fictional scenes.

Clinton told reporters in Arkansas Thursday night that ABC executives should provide an honest accounting in "The Path to 9/11" -- "particularly if they're going to claim it's based on the 9/11 commission report, they shouldn't have scenes which are directly contradicted by the factual findings of the 9/11 commission. I just want people to tell the truth and not to pretend it's something it's not."

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An ABC spokeswoman said yesterday that changes are being made to a number of scenes in the film, including one deletion involving The Washington Post. ABC plans to air the film tomorrow and Monday -- despite another letter from the Clinton camp yesterday asking that it be pulled -- although it is trying to figure out how to accommodate President Bush's prime-time speech Monday and a planned panel discussion after the movie.

Democrats -- joined yesterday by former vice president Al Gore -- have mounted a campaign against the film, which depicts Clinton administration officials as undermining attempts to capture or kill bin Laden. Actor Harvey Keitel, who plays an FBI agent in the film, has joined the critics, telling CNN's "Showbiz Tonight" that he has had arguments with the filmmakers over elements that were "wrong."

"You can't put these things together, compress them and then distort the reality. . . . You cannot cross the line from a conflation of events to a distortion of the event," Keitel said. "Where we have distorted something, we made a mistake, and it should be corrected."

In another salvo, nine prominent historians -- including Arthur M. Schlesinger Jr., Sean Wilentz and Michael Kazin -- released a letter urging the film's cancellation. Calling ABC's explanation that the movie will be identified as a dramatization "disingenuous and dangerous," they said: "A responsible broadcast network should have nothing to do with the falsification of history, except to expose it."

One scene that is being revised -- to what extent is unclear -- involves former national security adviser Samuel R. "Sandy" Berger refusing to approve a CIA plan to snatch bin Laden in Afghanistan, which Berger and the Sept. 11 commission say never happened.

The Post is mentioned in an advance copy of the movie, in which CIA officials are seen discussing with an Afghan rebel leader and each other the difficulties of keeping track of bin Laden.

"Besides," one CIA official says, "ever since The Washington Post disclosed we intercept his calls, UBL has stopped using phones altogether. He is using couriers like they did a thousand years ago."

Post management contacted ABC and objected to the reference yesterday. An ABC spokeswoman said that the scene had already been reviewed at the request of the network's lawyers and that the explicit reference to The Post will be cut.

An Aug. 17, 1998, Post article quoted a former CIA official as describing "intercepted electronic communications among bin Laden associates." Four days later -- the day after a U.S. cruise missile attack against bin Laden launched in retaliation for the bombing of two American embassies in Africa -- a Washington Times article said that bin Laden "keeps in touch with the world via computers and satellite phones."

At a news conference in December, Bush said that "the fact that we were following Osama bin Laden because he was using a certain type of telephone made it into the press as the result of a leak." He chastised the media for helping "the enemy" by "revealing sources, methods and what we use the information for."

Scott McClellan, then the White House press secretary, said afterward that Bush was referring to the Washington Times article, which had also been cited in the Sept. 11 commission report.

But bin Laden's communications had been disclosed much earlier. Time magazine noted bin Laden's use of satellite phones in December 1996. Terrorism analyst Peter Bergen did the same thing on CNN in 1997 while reporting on an interview he had conducted with the al-Qaeda leader.

Bush Asks To Interrupt Show (KCS)

By David Bauder

The Kansas City Star, September 9, 2006

NEW YORK | ABC, still dealing with angry former Clinton administration officials about an upcoming Sept. 11, 2001, miniseries, also faced a request Friday from President Bush to interrupt the film for a speech.

The president has asked networks to clear time for an address to the nation at 8:01 p.m. Central time Monday, the scheduled start of the last hour of “The Path to 9/11.”

The network did not immediately say what it would do. It has said the miniseries, which stretches five hours commercial-free Sunday and Monday, is still being edited amid concerns by former Clinton officials that it drastically distorts history.

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"No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible," the network said in a statement Thursday.

ABC said that for dramatic and narrative purposes "the movie contains fictionalized scenes, composite and representative characters, and dialogue and time compression."

A group of historians, including Arthur Schlesinger Jr. and Princeton University's Sean Wilentz, wrote Friday to Robert Iger, CEO of Walt Disney Co., which owns ABC, urging him to scrap the miniseries. They said permitting inaccuracies to heighten drama is "disingenuous and dangerous."

The Democratic National Committee said it delivered a petition with nearly 200,000 signatures to ABC's Washington office urging the network to drop its "right-wing factually inaccurate mocudrama."

The controversy is reminiscent of the one that erupted over a 2003 CBS miniseries about the late Ronald Reagan. In the face of political pressure over that film's accuracy, CBS canceled it, and it later aired on the Showtime cable network.

Harvey Keitel, one of the actors in "The Path to 9/11," said he questioned whether some of the material was accurate.

"When I received the script, it said 'ABC history project,' " Keitel said in an interview with CNN Headline News' "Showbiz Tonight."

"I took it to be exactly what they presented to me: history. And that the facts were correct. It turned out not all the facts were correct, and ABC set out trying to heal that problem. In some instances it was too late because we had begun."

Scenes being reviewed by the network and producers involve Samuel Berger, the former national security adviser, and Madeleine Albright, the former secretary of state, and efforts to capture Osama bin Laden, according to an official close to the film.

A cut of the film distributed to TV critics depicts a team poised in darkness outside bin Laden's cave fortress in Afghanistan while an actor portraying Berger in Washington stalls on giving the final go-ahead to carry out the seizure. He confers on videophone with CIA chief George Tenet.

"Look, George," Berger says, "if you feel confident, you can present your recommendation to the president yourself."

Tenet responds angrily, then Berger's screen goes blank. He has hung up.

Having waited on the phone for clearance, the mission's lead CIA agent must give the rest of the team the bad news: The mission is aborted.

The next scene shows archival footage of President Bill Clinton's video testimony about his relationship with Monica Lewinsky.

Albright objected to a scene that reportedly shows her warning the Pakistani government before an air strike on Afghanistan, which she said was false and defamatory.

Former administration officials and Senate Democrats called the movie "terribly wrong."

Clinton, speaking with reporters after a Democratic fundraiser in Arkansas on Thursday, said that he had not seen the film but that "I think they ought to tell the truth."

The director, David Cunningham, in an earlier interview with The Associated Press, said the people putting the film together would hear conflicting reports all the time.

"These might be from experts who were there in the same room, and they're telling us completely opposite things," he said.

He said he would use the Sept. 11 commission report to try to resolve those disputes.

"There was no agenda for this movie to go after a particular party or person," Cunningham said. "We were showing what happened, and the people who were involved along the way. This is not a blue-state/red-state movie."

Former New Jersey governor Thomas Kean, a Republican who led the commission, defended the miniseries.

"It's something the American people should see," he said Friday in an interview on ABC's "Good Morning America." "Because you understand how these people wanted to do us harm, developed this plot, and how the machinations of the American government under two administrations not only failed to stop them, but even failed to slow them down."

The Unslammed Phone (NYT)

By Maureen Dowd

DOJ_NMG_0061029

The New York Times, September 9, 2006

WASHINGTON

Sandy Berger is lucky they didn't show him stuffing government documents into his bra.

After all, cinematic license is cinematic license.

Regarding ABC's tarted-up 9/11 movie that sparked a furor among Clintonites who felt they were unfairly blamed for the rise of Osama, I hate to be so quaint as to defend reality. There's not much point. It's as dead as dial-up.

In Hollywood, reality comes with quotation marks around it, as in fixed and scripted "reality" shows. In New York, hybrids of fiction and nonfiction are lavishly rewarded; publishers want the reality part to sell the fiction part and the fiction part to enhance the reality part. In Washington, the Bush team is on a cynical and dangerous new pre-election push to present its fantasies about Iraq as reality, accusing reality-based critics of "moral or intellectual confusion," as Rummy put it.

When a reporter asked President Bush a couple of weeks ago what Iraq had to do with 9/11, he blurted out the truth: "Nothing." But momentarily dismissing that fantasy isn't about to dissuade him from others. "One of the hardest parts of my job is to connect Iraq to the war on terror,'' President Bush told Katie Couric this week. I bet. Making up is hard to do.

The administration's shameless mau-mauing was undercut yesterday by a 376-page Senate Intelligence Committee report slapping Bush hawks for relying on the flawed information provided by Ahmad Chalabi's Iraqi National Congress to help make the case for war. The report also reaffirmed that Saddam viewed Osama in a negative light, and unveiled a C.I.A. assessment rejecting the president's continuing claims about prewar links between Saddam and the Jordanian terrorist Abu Musab al-Zarqawi. The 2005 C.I.A. finding concluded that Saddam "did not have a relationship, harbor, or even turn a blind eye toward Zarqawi and his associates."

W. is pulling out all the stops this week to try to make people forget he was in charge when the twin towers were hit, but if he's doing so great, why is Osama releasing new tapes while Afghanistan crumbles while Pakistan stands ready to implode while Lebanon has already exploded while Iran goes nuclear and taunts us while Al Qaeda in Iraq calls on its followers to kill Americans "by a sniper bullet, spear, explosive or martyrdom car"?

Conservatives are crowing at the prospect of an ABC movie written by one of their own that blames 9/11 on a flaccid Clinton national security team.

Bill was distracted by the Monica fallout, just as W. was distracted, on Osama and Katrina, by his insistence on living life as usual in Crawford. Bill had no natural inclination to use American force and fumbled on how to strike back at Osama. W., petulantly, did not want to focus on terrorism because his predecessor had.

W. had a clear narrative thread in 2001; all he needed to do was go after the bad guys who hit us. Instead, he obsessed about other bad guys who happened to pose no danger to us.

Why do presidents and filmmakers dealing with the most stunning events in recent American history feel the need to go beyond facts? Isn't the dire actuality enough? Oliver Stone implied that Lyndon Johnson and Nixon might have been in some tortuous way connected to plots to kill J.F.K.

The ABC movie promoted itself as a serious work based on the 9/11 commission report and featuring Tom Kean, the commission's co-chairman, as a co-executive producer. (It's impossible to imagine Earl Warren producing a movie about the events in Dallas.) But if it's making a claim upon people's attention as a trustworthy and accurate description of events that bear on all our lives, you've got to stick with the truth. You can't pick and choose when you want it to be history and when you want it to be art. (Quel art.)

Sandy Berger yelped about a scene that depicted him refusing to authorize a military strike to kill Osama and slamming down the phone on a C.I.A. officer at a key moment. Cyrus Nowrasteh, the Republican and Limbaugh pal who served as the writer and a producer, told KRLA-AM in Los Angeles that the scene was improvised.

They distorted history to throw in a standard cliché of melodrama? (The 9/11 Commission Report as Douglas Sirk would have filmed it.) Why compromise your movie by adding tacky things that don't increase its aesthetic power and detract from its moral power?

The argument over which president is to blame for 9/11 is tiresome. Both obviously bear some blame. There are no West Wing heroes in this story.

An Untrue 'Path'? (NSWK)

By Marc Peyser

Newsweek, September 9, 2006

Former president Bill Clinton is blasting the ABC 9/11 docudrama "The Path to 9/11" for being inaccurate and unfair. You've got to love the irony of that. Wasn't he the guy who hired Hollywood filmmakers to create a campaign biopic of his life? Sure, "The Path to 9/11" makes up dialogue, invents scenes and creates a composite character or two, but sometimes you have to craft the facts in a certain way to tell a complicated story. Just like sometimes you have to reconsider what the definition of "is" is when you don't want people to know you've had an affair with a White House intern.

But let's remove Clinton, and politics, from the situation. Does the president make a fair point? Is "The Path to 9/11" unfit for broadcast because it plays fast and loose with history? After all, "The Path to 9/11" claims to be a balanced and detailed account of the government's decadelong fight against extremist Islamic terrorists. It actually starts with the 1993 bombing of the World Trade Center and tries to connect the many and disparate lines that became the blueprint for the attacks in 2001. The movie's theme is that government officials in two administrations had numerous opportunities to stop the various players—from the 19 hijackers to Osama bin Laden himself—but they bungled the job because they were overly concerned with political appearances and petty interagency feuds.

Clinton's major beef is over a scene where his security adviser Richard Clarke (played by Stephen Root), stops the CIA from assassinating bin Laden out of concern that the president wants to avoid any political damage should the mission go awry. The movie then cuts to real footage of Clinton testifying that "I did not have sexual relations with that woman, Miss Lewinsky." The obvious implication is that Clinton ducked pulling the trigger because he was too preoccupied with his political future, especially since it was undermined by his own personal drama. (And if that implication isn't obvious enough, the camera immediately cuts from Clinton to a suggestive shot of the looming phallic Washington monument).

Was Clinton too distracted to act? Maybe. Is it plausible to suggest that? Certainly to some people, including the filmmakers. And frankly, that should be enough. "The Path to 9/11" isn't a documentary; it's a docu-drama. Part of the idea of fictionalizing historical events is to tell a story, to get at a deeper truth than a documentary could. After all those Oliver Stone movies—not to mention dozens of "reality" TV shows—viewers know the difference between real history and an entertainment that uses history as its subject. If the Reagans can survive the snarky look at their relationship posited by the mini-series "The Reagans," certainly Clinton can survive "The Path to 9/11," too. This isn't a history lesson. It's a television show.

That said, ABC shouldn't be let off the hook entirely for "The Path to 9/11." The mini-series itself—which, by the way, is hugely engrossing and more than a little scary—should stand on its own. But the network's own PR for the movie opened the door to Clinton's complaints. The filmmakers, including producer Marc Platt and director David Cunningham, have been very outspoken about how "The Path to 9/11" is steeped in history. They say it's based primarily on the government's own 9/11 Commission report.

Former New Jersey governor Tom Kean, who co-chaired the commission, was a senior consultant on the movie and has personally vouched for the movie's accuracy in recent months. "This is the story of how it happened," Kean said at a news conference in July. Added Platt: "Our ambitions and our goals and our standards were all about accuracy." ABC was so impressed with the "accuracy" of the movie, it has planned to send it to schools as a teaching tool. What's more, the network will show the movie with no interruptions, which seems like a tacit way of saying this movie is too important, too truthful to be sullied with something as phony as a commercial. Pompous? Oh, yeah.

And now that pomposity has come back to bite them in the behind. If ABC hadn't acted as if "The Path to 9/11" was the definitive word on the events leading up to 9/11, perhaps the public officials depicted in it, including former national-security adviser Sandy Berger and former secretary of State Madeleine Albright, wouldn't be complaining about inaccuracies. You can't sell your movies as "extraordinarily educational," which is how Platt has described it, then throw on the mantle of fiction when someone whose life was fictionalized complains.

The fact is, networks are always chicken when it comes to political pressure. After all, CBS got so nervous about "The Reagans" that it made sister network Showtime air it. Even though ABC says it's standing by its movie now, I wouldn't be surprised if some of the most egregiously fictionalized scenes—including one where Berger slams down the phone on a CIA operative—

were excised when the mini-series hits the air. Frankly, the Monica Lewinsky references—there are actually just two of them—do come across as gratuitous and semipolitical and could easily be edited out, too. There's plenty of blame to go around in "The Path to 9/11" without them.

Congress Criticizes Federal Response To Illnesses After 9/11 And Seeks More Spending (NYT)

By Anthony Depalma

The New York Times, September 9, 2006

After listening to recovery workers at ground zero and downtown residents emotionally describe how they had been ignored and insulted as they sought help for health problems after 9/11, members of a Congressional subcommittee roundly criticized the federal response yesterday and called for sharply increased medical spending.

Subcommittee members, joined by Senators Hillary Rodham Clinton and Charles E. Schumer, accused the Bush administration of ignoring the health problems that arose among workers who toiled at ground zero and the claims of downtown residents who say they were also sickened by the dust. The administration has done little to prepare for a similar disaster in the future, they said.

"Today it appears the public health approach to lingering environmental hazards remains unfocused and halting," said Representative Christopher Shays, a Republican from Connecticut, and chairman of the House Subcommittee on National Security, Emerging Threats and International Relations, which held the hearing in Lower Manhattan, a block from ground zero. "The unquestionable need for long-term monitoring has been met with only short term commitments."

The subcommittee hearing, the fourth to be held since the Sept. 11 attack, came amidst rising concern about the long-term health effects on about 40,000 workers and volunteers who were exposed to toxic smoke and dust on the debris pile. The subcommittee is examining the way the limited federal funding has been used to address the health problems and is to look for ways to better coordinate those efforts.

Representative Vito Fossella, a Republican from Staten Island, criticized the government for not having done even basic work to record how many people participated in the cleanup and recovery operations.

Senator Schumer said the $55 million in federal funds set aside for medical treatment of rescue and recovery workers was inadequate. "We need a federal commitment that everyone who needs help will get it," Senator Schumer said.

Steven M. Centore, of Flanders, N.Y., was a team leader at ground zero for the Department of Energy's radiological assistance program. He said that he is now suffering from respiratory, circulatory and gastrointestinal problems. .

Mr. Centore, 49, said he struggled with the federal workers' compensation system and had received no financial help from the system. "I feel like it's a contest to see if they're going to give in first or I'm going to die first," he said.

The federal government, and especially the Environmental Protection Agency and its former administrator, Christine Todd Whitman, were accused by Representatives Jerrold Nadler, a Democrat whose district includes Lower Manhattan, and Anthony D. Weiner, a Democrat from Brooklyn, of having falsely stated in the first days after the attack that the air downtown was safe to breathe. At an appearance yesterday in Harlem, Senator Clinton said that she felt that Mrs. Whitman and her agency "deliberately misled people" into thinking that it was safe to return to Lower Manhattan.

A report by the Inspector General's office in 2003 found that the E.P.A. went beyond what it knew in making general statements about the safety of the air downtown after the attack. It also found that the White House had at least indirectly influenced the wording of some statements by removing cautionary language. Mrs. Whitman strongly defended herself shortly after the release of that report, saying that her statements reflected what was known at the time and applied to areas outside ground zero.

Lea Geronimo, a resident of the Lower East Side, said it was the assurance from the E.P.A. that led her to return to her home and office three blocks from ground zero a week after the towers collapsed. She said she developed bronchitis and severe rashes a few months later.

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"Our lives will never be the same, and we will not tolerate half-measures and the whisper of a promise," she testified. "We need a comprehensive long-term treatment and study program to provide immediate care for residents and workers in Lower Manhattan."

The health of downtown residents has not been as well studied as that of ground zero workers, but limited medical surveys have indicated that many residents developed respiratory problems after 9/11, though the extent to which those problems have persisted is not known.

More than 100 residents gathered Thursday night at St. Paul's Chapel to demand screening and treatment.

Mr. Nadler, who attended the Thursday meeting and yesterday's hearing, said he had introduced a bill that would make rescue and recovery workers, downtown residents and schoolchildren who are sick eligible for treatment under Medicare.

Representative Carolyn B. Maloney, Democrat of Manhattan and Queens, introduced a bill that would reopen the Sept. 11 Victim Compensation Fund to make assistance available to those who are ill.

And Senator Clinton said at the hearing yesterday that she would push for an additional federal appropriation to cover the rising costs of medical treatment. "We cannot rest until we put into place a system to care for every single person who was affected by 9/11," she said.

Dr. John Howard, the federal 9/11 health care coordinator, told the committee that the $75 million appropriated for screening and treatment will be available next month and should be considered "a down payment," that will be supplemented as officials prepare estimates of the number of people who need help, the cost of caring for them and the types of programs they will need.

On Thursday, Dr. John O. Agwunobi, the assistant secretary for health of the Department of Health and Human Services, was named by Michael O. Leavitt, the department secretary, to lead a policy task force to develop programs for dealing with the 9/11 health issues.

Dr. Howard said he would continue in his current position as coordinator with groups in New York while also helping to shape new policies.

EPA, NYC Blamed For 9/11 Health Problems (AP-Y)

By Devlin Barrett

AP, September 9, 2006

City and federal officials came under withering criticism Friday from lawmakers who charged that ground zero workers were not protected as they clambered over a smoking pile of toxic debris — and have not been properly cared for since.

Former Environmental Protection Agency head Christie Todd Whitman was the most frequent target during a day-long House hearing about the health woes afflicting thousands of ground zero workers.

Whitman stressed in the days after the Sept. 11, 2001, attacks that the air in lower Manhattan was safe, although she also said workers at the World Trade Center site needed to use protective breathing gear. In a "60 Minutes" segment to be aired Sunday, she said the responsibility for offering such gear to workers lay with the city.

Whitman is being sued over her public assurances, and she was accused Friday of doing too little to protect workers.

Rep. Christopher Shays, R-Conn., who chaired the hearing, said Whitman's September 2001 statements "defied logic and everybody knows that."

Whitman defended herself Friday, insisting that it was up to local authorities to make sure rescue workers wore protective breathing gear.

"We agreed then, and I reiterate now, that the air on the site was not clean ... We were emphatic that workers needed to wear respirators, a message I repeated frequently. But I did not have the jurisdiction to force workers to wear them — that was up to their superiors," Whitman said in a statement.

City officials already under fire for their own role in the ongoing health problems disputed Whitman's claims.

City Health Commissioner Thomas Frieden said the federal government was responsible for work safety at the site, and added that he did not think Whitman's post-Sept. 11 assurances were "an appropriate way to word the message."

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In a Sept. 13, 2001, press release, the EPA said the air around the disaster site was relatively safe. On Sept. 16, 2001, Whitman said that tests showed air pollution levels "that cause us no concern." Two days later, she said she was glad to reassure New York and Washington residents that their air and water were safe.

Others appearing at the hearing before the House Subcommittee on National Security, Emerging Threats, and International Relations, including Sen. Hillary Rodham Clinton, D-N.Y., accused the EPA of lying to New Yorkers and endangering public health.

At a separate event Friday, Mayor Michael Bloomberg defended the city's handling of the disaster, saying it distributed masks.

"Nobody knew whether there would be health issues down the road, and they made the decisions that they thought were right at the time," said Bloomberg, who succeeded Rudolph Giuliani as mayor months after the attacks.

Joe Lhota, Giuliani's former deputy mayor for operations, said in a statement Thursday, "The EPA publicly reported that the general air quality was safe, and the city repeatedly instructed workers on the pile to use their respirators."

The hearing began with testimony from Joseph Zadroga, whose NYPD officer son died in January of respiratory disease attributed to ground zero exposure.

Joseph Zadroga briefly lost his composure as he described the day he found James Zadroga dead on his bedroom floor. The father blasted the city for doing nothing while his son was sick, saying, "He was treated like a dog."

Public pressure has been growing for the government to deal with health problems blamed on toxic dust at the site. This week Mount Sinai Medical Center released a study showing that nearly seven out of every 10 ground zero responders suffered lung problems.

Dr. Robin Herbert, co-director of the New York hospital's program monitoring afflicted workers, told lawmakers that new patients are still arriving at Mount Sinai to be treated for 9/11-related illnesses — and thousands probably will need lifelong care.

The Bush administration said it will continue to help sick Sept. 11 workers but would not say what their long-term health needs might cost.

Health and Human Services Secretary Michael Leavitt told New York lawmakers Thursday that $75 million would be delivered in the next two months to pay for treatment programs.

Veterans Of Sept. 11 (NYT)

The New York Times, September 9, 2006

One of the worst things about listening to those who rushed to ground zero after the attacks on Sept. 11 is that you can barely hear their stories. For many, the lungs hardly work. The cough, the ragged breathing, the confusion and even the bitterness make it hard for some of those who labored in that toxic cloud to explain how they feel forgotten. Like Steven Centore, a former federal worker from Flanders, N.Y., who became so emotional at a Congressional hearing in Manhattan yesterday that he had to be gently reminded of his own condition.

Sick from his time working at ground zero, Mr. Centore was forced to pay for his treatment, and the federal government offered only one thing, he said: a “screening” that determined he was indeed sick. “You mean I’m just a data point for you,” he recalled saying to the nurse filling out his forms.

People like Mr. Centore and maybe 40,000 others from across the country must be treated for diseases that become more obvious every week. As Mount Sinai Medical Center reported Tuesday, as many as seven in 10 of those who worked at ground zero and Fresh Kills on Staten Island have felt their lungs deteriorate because of their heroism.

What the veterans of Sept. 11 need now is a national response, which is not a strong suit these days in Washington. There are a number of partial efforts to help by city, state, federal and private sources. But somebody has to make sure that those who are suffering don’t fall through the many gaps. Recommendations worth considering include putting those without health care under Medicare. The federal government should also restore the Victims Compensation Fund, which originally focused on victims’ families and was phased out in 2003. This time the fund should pay for health care of these emergency workers. If something drastic is not done soon, there are lawsuits involving as many as 8,000 people that could end up costing taxpayers a lot more in the long run.

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For some politicians, the message seems to have gotten through — especially as the nation remembers the attack five years ago this Monday. Members of Congress from the New York area have been pressuring to get more federal money for these responders. And Michael Leavitt, the secretary of health and human services, has promised to create a task force to provide some organization and to figure out the best ways to proceed. Creating a task force sounds like a delay rather than an answer, but the politicians from the Northeast who have been trumpeting this cause should now keep pestering Mr. Leavitt to move quickly.

As we pay homage on Monday to those who died on Sept. 11, 2001, it is worth remembering what happened on May 28, 2002. That evening — a scant 37 weeks after the attack — workers took down the last column from that smoldering mound and officially cleared the site. As one worker said of the herculean task completed by so many selfless people, "You found out who you were, what it means to be an American, what it is to stand up."

They came when the nation was attacked. Taking care of them now is a national obligation.

Washington School Still Feels Pain Of 9/11 (NYT)

By Lynette Clemetson

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — Sinita Brown will always prefer "the garden," a small plot shaded by the weathered brick walls of Madeleine V. Leckie Elementary School, of all the memorials to those killed in the Sept. 11 terror attacks.

Leckie Elementary lost a student, a teacher and two parents when American Airlines Flight 77 crashed into the Pentagon, killing 184 people. The student was Ms. Brown's son.

As President Bush prepares to mark the fifth anniversary with high-profile remembrances at the three crash sites, the elementary school will mark the day with a low-key ceremony. And the families of the school's four victims will cling to the bonds between them.

"Leckie is home," Ms. Brown, who now lives in Florida, said in a telephone interview. "No matter where we go, we will always come back. We were all happy there. Every time I am there, I feel like my son is a legend."

The families may have scattered, but the school and its garden remain a center of gravity, a place to steal away to and remember the last times their families were whole.

Built with the help of the Washington Architectural Foundation and other donors, the stretch of green includes a walkway, edged with the handprints of hundreds of students. Wooden benches in three sections represent those who were lost.

"Every time you go here, it reminds you that they were nice people and they didn't do anything wrong," said Arika Muse, a fifth grader who was in kindergarten in 2001.

Arika and some of her friends hope to speak at the school's Sept. 11 assembly on Monday. Soon, there will be no more students at Leckie with a clear memory of the day, although the older children have been told the story enough to pass it down.

Hilda E. Taylor, the teacher killed in the attack, was from Sierra Leone and had often lamented that Americans cared little about history and geography. Active with the National Geographic Society, Ms. Taylor took students on field trips sponsored by the organization.

In 2001, Ms. Taylor selected Ms. Brown's son, Bernard Brown II, a sixth grader with a magnetic personality and a permanent grin. Bernard, 11, was a good student, and Ms. Taylor thought a trip to the Channel Islands National Marine Sanctuary off California would motivate him to work even harder. Along on the trip were students and teachers from two other Washington schools, who were among those who died in the crash.

While many of those affected by the attacks have come to know one another through grief, those from Leckie had been close before that day.

Drawing many of its students from military housing and a nearby homeless shelter, the school is tucked away in a neighborhood east of the Anacostia River, where the problems of poverty and crime often fail to draw notice in the rest of Washington.

"The crime goes on and on, but we do all we can do to hold up our families and keep moving forward together," said Clementine D. Homesley, the principal.

In 2004, vandals stole benches from the memorial garden. Benefactors replaced them.

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The Browns lived in a military housing complex near the home of Andrea and Johnnie Doctor Jr., whose daughter attended Leckie and was a friend of Bernard. Mr. Doctor, a Navy information systems specialist, was one of the two Leckie parents killed. Marsha D. Ratchford, the other parent who died, lived with her family in an adjacent compound.

Bernard Brown Sr., often called Big Bernard, and Mr. Doctor, known as Doc, were basketball coaches on the military base and best friends. They were active at Leckie and ever present at their children's games. The families took turns picking up each other's children from schools and barbecued together on weekends.

Ms. Taylor was as much a friend as teacher. She helped Ms. Doctor, who was working to advance her nursing degree, with her college papers. She left her car at the Browns' house the morning of the trip so she and Bernard could go to the airport together.

"We were all family before Sept. 11," Ms. Doctor said. "And we are family now, for life."

Ms. Brown and Ms. Doctor still talk nearly every week. Ms. Homesley, Leckie's principal, keeps them posted on happenings at the school.

In June, the friends gathered at a park in Hampton, Va., where Ms. Brown's parents live, to celebrate what would have been Bernard's 16th birthday. Over hot dogs, ribs, fried fish and a birthday cake big enough to feed the more-than-100 guests, they reminisced and imagined the boy as a young man, showing off the Jeep his father had promised him as soon as he was old enough to drive.

"Nobody was shedding any tears that day," said Betty Carter, Bernard's grandmother. "Everybody was rejoicing because they knew he was looking down on us and rejoicing, too."

Ms. Doctor, who moved to South Carolina after her husband's death, returned to Washington in June. On the daily commute from her new job at a hospital in Virginia, she drives past the school, though it is not the quickest way home.

"It's like a calm comes over me here," she said, sitting on the bench dedicated to her husband. "The Pentagon was where he worked, but this school was someplace he really enjoyed."

The Browns have decided not to return to Washington for the school's memorial assembly. They will go, instead, to watch their daughter, Courtney, 12, play in a basketball game. That is what Bernard would have wanted to do, Ms. Brown said.

They will visit the school in their own time, when attention on the anniversary of their son's death has subsided.

"There is nothing but love up in that school," Ms. Brown said. "Genuine love."

He Bears The Mark Of His Loss Sadly (NYT)

By Dan Barry

The New York Times, September 9, 2006

A JAB, and then another, and another and another, almost like the riveting of bolts at a construction site. When the jabbing stopped an hour later, the two towers were soaring again from the Manhattan bedrock, their windows forever tinted red by the evening sun, their majesty forever set against a sky's lavender sighs.

This is how the World Trade Center always looked, at least from the dusky vantage point of a Starrett City rooftop in Brooklyn, at least in Jason Audiffred's memory. He would leave his family's sixth-floor apartment, ascend to the top of the building, and gaze west. Nothing like it, nothing in the world.

Now, at least, this special place had been restored, bolted with ink to Mr. Audiffred's beefy left bicep by an artist called Coney Island Vinny. The large and arresting tattoo, of course, means that the central catastrophe of our time is a part of him, always, in ways he can never escape.

But, he says, "I want to be reminded."

At 5-foot-9 and 245 pounds, with a shaved head and a nose sporting a diamond, Mr. Audiffred could be considered imposing, and his trade center tattoo only magnifies that sense. But there is something soft and wounded in his hazel eyes. He is 24, yet often seems on the verge of tears.

"He hasn't come to terms with it yet," says his mother, Robin, sitting beside him.

Her son does not disagree.

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Early every weekday morning, James Audiffred — Robin's husband, Jason's father — would drive west to the trade center, where he joined many other people who quietly kept the colossus clean and functioning. He had many trade center keys on his ring and, after 18 years of service, was operating one of the elevators in the north tower.

"From the 78th floor's sky lobby to the 107th floor, the Windows on the World," Jason Audiffred says. He remembers that his father would wear a blue blazer, blue slacks and a white shirt.

This father and son had a typical father-and-son relationship, which is to say loving, complex, occasionally tense, extremely tight. Yes, the father would get on the son for dropping out of high school and hanging around with the wrong people. But the father also played basketball with the son, cut his hair, built a carrying case for his D.J. equipment.

The two also shared a love for the trade center. The father took his only child to work with him so often that the boy knew many employees by their first names. The father also arranged for him to spend a summer as a tour guide on the south tower's observation deck. "To this day I have the view in my head," the son says.

On that day nearly five years ago, Mr. Audiffred saw the breaking news on television, raced up his apartment building to that familiar rooftop, and watched the ominous smoke belching from his father's workplace. James Audiffred went up that morning and never came down. No trace of him was ever recovered. He was 38.

On a day nearly four years ago, Mr. Audiffred sat down in a folding chair at a tattoo studio in Sheepshead Bay. He presented the artist with snapshots of a painting he owned, one of the trade center towers, and said: recreate it.

"I just wanted to bring the pain to my outer body," he says.

Jab, jab, jab, the riveting began.

After his tattoo, his first, was finished, his mother sat down for her first and only: a portrait of her husband, with his date of birth and date of death above her left breast. It hurt, she says, oh God did it hurt.

But without his body recovered, this is where her Jimmy is buried, near her heart.

Mr. Audiffred, who has trouble holding a job because, his mother says again, he "hasn't come to terms," eventually decided to get another tattoo, and another and another.

Tattoos became his therapy, Coney Island Vinny his therapist. Several of his tattoos relate to his passions: hip-hop, money, the Yankees.

Others, though, reflect that day and those towers. His right bicep, for example, now provides what he calls Part 2: a scene, also set at evening time and against a lavender backdrop, that depicts the hole at ground zero.

And beneath that first tattoo on his left bicep, beneath those idealized towers reaching for his shoulder, there now appears a question: "Why?"

"I never got an honest answer to why it happened," he says, his soft eyes searching.

After 5 Years, His Voice Can Still Crack (NYT)

By Joe Nocera

The New York Times, September 9, 2006

TIME passes. Time heals.

A few days before the fifth anniversary of the 9/11 attacks, I went to see James J. Dunne III, the managing partner of the small investment banking firm Sandler O'Neill & Partners. Sandler O'Neill, you may recall, was one of the hardest hit firms that day. Its primary offices were on the 104th floor of the south tower of the World Trade Center; of the 83 employees (out of a total of 171) who were in the office that awful morning, only 17 made it out alive. Among the 66 who died were two of the three men who ran the firm: Herman Sandler, the co-founder, and Christopher Quackenbush, who headed investment banking.

Jimmy Dunne was the junior member of the ruling troika. He had been spared because he was on a golf course in Westchester County that morning, trying to qualify for an amateur tournament. Truth to tell, before 9/11, he was more focused on golf than on work. At 45, he had one foot out the door.

But I learned that only later, and it came as a surprise. The Jimmy Dunne I met shortly after 9/11 was more committed to his work than anyone I'd ever known. Thrust into a role he had never expected and had never prepared for — not just to lead Sandler O'Neill, but to save it — he embraced his task with an unnerving intensity.

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Back then, he was everywhere, doing everything: comforting grieving families, hiring equity traders (the equity desk lost 20 of its 24 traders), asking for help from competitors to get into deals, writing eulogies for dead partners, going on CNBC to refute a report that the firm was going out of business, figuring out how to rebuild the computer systems, and on and on.

There was something so raw about him then, so fierce, as if his life truly depended on rebuilding Sandler O'Neill. I remember especially how openly emotional he could be. He would start talking about Mr. Sandler, who had been his mentor, or Mr. Quackenbush, his best friend forever, a man who helped him quit drinking in his 20's — and his eyes would well up while his voice would start to crack. He always seemed on the verge of losing it. But he never did.

Five years later, Jimmy Dunne met me in his paneled office on Third Avenue and shook my hand. His hair was whiter than it used to be, and he'd gained a little weight. What was most apparent, though, was that the overpowering intensity that had characterized him after 9/11 had lifted.

Once we sat down, he immediately launched into a recitation about how much stronger the firm has become in recent years, with 255 employees, vastly improved research and a better mergers and acquisitions department. Though, he quickly added, things were more difficult this year because the "flat yield curve" was making trading profits tougher to come by.

I had to smile. So did he.

No one will ever accuse Jimmy Dunne of being the perfect boss. "He's not always the most patient listener, and he can be brutally blunt," said the firm's co-chief operating officer, Michael Lacovara, who joined a few years ago. "And I think he believes he can do anybody's job as well as they can do it themselves." But, added Mr. Lacovara, "if on Sept. 12, 2001, he hadn't felt that way, we wouldn't be here today." Mr. Dunne turned out to be the exact right person to lead Sandler O'Neill out of the abyss.

"What he did was a little akin to Rudy Giuliani," said Marc Maltz, the managing partner of the Triad Consulting Group, which worked with the firm, providing both organizational and psychological assistance for two years after 9/11. "He made decisions that gave people confidence. Once Jimmy worked it through in the first 48 hours and concluded that the firm would rebuild, he gave it the kind of leadership that was necessary."

There were two instinctive decisions he made in particular that would prove enormously beneficial over the long haul. First, he and several other surviving partners — who were also thrust into new leadership roles — made the snap decision that despite its crippled state, the firm would do right by the families of its deceased employees. It extended full benefits for five years for all the families. It set up a foundation to pay for the education of the 71 children who lost a parent who had worked at Sandler O'Neill. It offered years of psychological counseling not just to surviving employees but to family members of the deceased.

And in 2001, it paid out salaries and bonuses as if the employees were still alive and working. It also paid out the deceased partners' capital to their families, even though that depleted the firm's own capital. Indeed, as it completed deals or did trades in the latter part of 2001, it shared the proceeds with the families of deceased partners who had been working on those deals before 9/11.

These acts of generosity created a tremendous amount of good will for the firm. It motivated employees and caused clients and competitors and just about everyone else to rally around it. But that's not why Mr. Dunne took that path. Lots of small firms like to say they're a family, but at Sandler O'Neill it was actually true. "It really was a firm founded by friends who hired friends," Mr. Maltz said. More than anything else, the culture of the place drove Mr. Dunne's decision.

Mr. Dunne's second decision, equally instinctive and heart-felt, was to cast the rebuilding of Sandler O'Neill in moral terms. Partly, Mr. Dunne used the "they can't do this to us'' rhetoric, and partly he made the case that rebuilding the firm was something the deceased would want the survivors to do. But just as important, it gave the living a way to connect with one another, to do something after 9/11 that felt purposeful and important. "The organization had such a deep sense of moral purpose," marveled Mr. Maltz, who has written several papers about the underpinnings of Sandler O'Neill's revival.

Karen Fishman, one of the 17 employees who got out of the south tower before it collapsed, said: "Work was a way to deal with what happened. You needed to be with people who experienced what you experienced. You didn't want the firm to go away, because you needed it."

As with many Sandler O'Neill survivors, Ms. Fishman was suddenly handed new responsibilities. She buried herself in her work, sometimes thinking, after a 12-hour day, that she hadn't worked hard enough. But as the firm got stronger, those feelings

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lifted, and she began to feel instead that she should spend more time with her children. So in 2003, she left the firm. Time was passing. Time was healing.

Mr. Dunne believes that the decisions he and the other new leaders of the firm made back then gave them a confidence they hadn't had before. And that also helped Sandler O'Neill become a bigger, stronger firm. "It was like we were in a cave, and we were making decisions without having any idea what other firms were doing," he said. "And then we saw others doing the same things we did. Usually when you are a small firm, you wait to see what the big firms are going to do. But we didn't wait for anyone's lead. And I think that has given us the confidence to believe that there isn't a piece of business in our niche that we shouldn't compete for — and get."

Today, of course, the number of employees hired since 9/11 vastly exceeds the number who were there that day. Still, I was astonished to discover that 74 of the 105 employees who worked for Sandler O'Neill on Sept. 12, 2001, are still there. But there's not much of a gap anymore between the new people and the old ones, as there inevitably was for the first year or so. And for the most part, even the old-timers now view 9/11 as an event that has slowly receded into the past.

"I don't need to go back there," said William Hickey, who now helps run the firm's M.& A. department. "I think about my friends all the time, but I don't think about the event itself."

Indeed, the person who probably dwells the most on 9/11 is Mr. Dunne himself. Over time, the firm took down from the walls the many letters of support and grief it had put up after 9/11; Mr. Dunne's own collection came down last of all, and only at the urging of his sister, who told him that the time had come for him to do so.

But he hasn't taken them all down. In his office, he has several framed letters, including one from Mr. Quackenbush's brother, written shortly after the attack, urging him to rebuild the firm. Sandler O'Neill commissioned a sculpture with the names of the deceased employees, and placed it in the lobby of its office. But after a few years, some employees came to feel that it was too omnipresent a reminder of an event they were trying to move beyond. So Mr. Dunne had it moved to a small alcove just outside his own office, where he, at least, can see it every day.

Most of all, Mr. Dunne still feels a sense of moral purpose. It's just a little different now. Whereas rebuilding was once a way of honoring his deceased partners, now he feels something else. "What are our responsibilities to all the people who helped us or took an interest in seeing us do well?" he said. "We got letters from a farmer in Iowa and a teacher in South Korea. They took the time to say that they respected what we were doing. I feel a large responsibility to the world for helping us survive."

Not long ago, Mr. Dunne gathered his partners together and told them he wanted to extend the benefits to the families for another three years. Not a single one dissented.

Why did you do that? I asked him. "We did it because we feel fortunate," he replied, "more fortunate than when we first did it five years ago. It just felt like the right thing to do."

His voice suddenly cracked, just as it used to before the passage of time.

Declarations The Sounds That Still Echo From 9/11 (WSJ)

By Peggy Noonan

The Wall Street Journal, September 9, 2006

Everyone remembers the pictures, but I think more and more about the sounds. I always ask people what they heard that day in New York. We've all seen the film and videotape, but the sound equipment of television crews didn't always catch what people have described as the deep metallic roar.

The other night on TV there was a documentary on the Ironworkers of New York's Local 40, whose members ran to the site when the towers fell. They pitched in on rescue, then stayed for eight months to deconstruct a skyscraper some of them had helped build 35 years before. An ironworker named Jim Gaffney said, "My partner kept telling me the buildings are coming down and I'm saying 'no way.' Then we heard that noise that I will never forget. It was like a creaking and then the next thing you felt the ground rumbling."

Rudy Giuliani said it was like an earthquake. The actor Jim Caviezel saw the second plane hit the towers on television and what he heard shook him: "A weird, guttural discordant sound," he called it, a sound exactly like lightning. He knew because

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earlier that year he'd been hit. My son, then a teenager in a high school across the river from the towers, heard the first plane go in at 8:45 a.m. It sounded, he said, like a heavy truck going hard over a big street grate. * * *

I think too about the sounds that came from within the buildings and within the planes -- the phone calls and messages left on answering machines, all the last things said to whoever was home and picked up the phone. They awe me, those messages.

Something terrible had happened. Life was reduced to its essentials. Time was short. People said what counted, what mattered. It has been noted that there is no record of anyone calling to say, "I never liked you," or, "You hurt my feelings." No one negotiated past grievances or said, "Vote for Smith." Amazingly -- or not -- there is no record of anyone damning the terrorists or saying "I hate them."

No one said anything unneeded, extraneous or small. Crisis is a great editor. When you read the transcripts that have been released over the years it's all so clear.

Flight 93 flight attendant Ceecee Lyles, 33 years old, in an answering-machine message to her husband: "Please tell my children that I love them very much. I'm sorry, baby. I wish I could see your face again."

Thirty-one-year-old Melissa Harrington, a California-based trade consultant at a meeting in the towers, called her father to say she loved him. Minutes later she left a message on the answering machine as her new husband slept in their San Francisco home. "Sean, it's me," she said. "I just wanted to let you know I love you."

Capt. Walter Hynes of the New York Fire Department's Ladder 13 dialed home that morning as his rig left the firehouse at 85th Street and Lexington Avenue. He was on his way downtown, he said in his message, and things were bad. "I don't know if we'll make it out. I want to tell you that I love you and I love the kids."

Firemen don't become firemen because they're pessimists. Imagine being a guy who feels in his gut he's going to his death, and he calls on the way to say goodbye and make things clear. His widow later told the Associated Press she'd played his message hundreds of times and made copies for their kids. "He was thinking about us in those final moments."

Elizabeth Rivas saw it that way too. When her husband left for the World Trade Center that morning, she went to a laundry, where she heard the news. She couldn't reach him by cell and rushed home. He'd called at 9:02 and reached her daughter. The child reported, "He say, mommy, he say he love you no matter what happens, he loves you." He never called again. Mrs. Rivas later said, "He tried to call me. He called me."

There was the amazing acceptance. I spoke this week with a medical doctor who told me she'd seen many people die, and many "with grace and acceptance." The people on the planes didn't have time to accept, to reflect, to think through; and yet so many showed the kind of grace you see in a hospice.

Peter Hanson, a passenger on United Airlines Flight 175 called his father. "I think they intend to go to Chicago or someplace and fly into a building," he said. "Don't worry, Dad -- if it happens, it will be very fast." On the same flight, Brian Sweeney called his wife, got the answering machine, and told her they'd been hijacked. "Hopefully I'll talk to you again, but if not, have a good life. I know I'll see you again some day."

There was Tom Burnett's famous call from United Flight 93. "We're all going to die, but three of us are going to do something," he told his wife, Deena. "I love you, honey."

These were people saying, essentially, In spite of my imminent death, my thoughts are on you, and on love. I asked a psychiatrist the other day for his thoughts, and he said the people on the planes and in the towers were "accepting the inevitable" and taking care of "unfinished business." "At death's door people pass on a responsibility -- 'Tell Billy I never stopped loving him and forgave him long ago.' 'Take care of Mom.' 'Pray for me, Father. Pray for me, I haven't been very good.' " They address what needs doing.

This reminded me of that moment when Todd Beamer of United 93 wound up praying on the phone with a woman he'd never met before, a Verizon Airfone supervisor named Lisa Jefferson. She said later that his tone was calm. It seemed as if they were "old friends," she later wrote. They said the Lord's Prayer together. Then he said "Let's roll." * * *

This is what I get from the last messages. People are often stronger than they know, bigger, more gallant than they'd guess. And this: We're all lucky to be here today and able to say what deserves saying, and if you say it a lot, it won't make it common and so unheard, but known and absorbed.

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I think the sound of the last messages, of what was said, will live as long in human history, and contain within it as much of human history, as any old metallic roar.

Ms. Noonan's column will appear weekly in Pursuits.

Twin Beams To Light Sky Again. But After 2008? (NYT)

By David W. Dunlap

The New York Times, September 9, 2006

As twilight falls on Monday, the skies over Lower Manhattan will once again be pierced by the twin beams of the Tribute in Light.

Beginning in 2002 as a catch-as-catch-can improvisation, this one-night event has become something of a civic tradition. It is the celestial, silent taps that brings a day of remembrance to a close, a shared experience open simultaneously to almost anyone around the city.

Its future seems assured for the next two years. But after that?

"I'd say there's a question mark," said Kent L. Barwick, the president of the Municipal Art Society, the organizers of the Tribute in Light.

For one thing, the project may run out of money after 2008. For another, it may lose its current staging area atop the Battery Garage, six blocks south of ground zero; a rare expanse of secure open space downtown. A long-range redevelopment plan for the nearby area, known as Greenwich Street South, calls for demolishing the garage, though this is not on the immediate horizon.

And there is no guarantee that it will have a permanent home at the World Trade Center memorial, which is to open in 2009. "I haven't heard anybody say, 'Let's forget about this,' " Mr. Barwick said yesterday. "At the same time, it has to be addressed."

The Tribute in Light was first illuminated on March 11, 2002, six months after the terrorist attack. It was designed by John Bennett, Gustavo Bonevardi, Richard Nash Gould, Julian LaVerdiere and Paul Myoda, working with Paul Marantz, a lighting designer, and Michael Ahern, an event producer. It ran for a month.

Sept. 11, 2003, marked its next appearance. It has been illuminated for one night on each anniversary since.

In 2004, the Lower Manhattan Development Corporation authorized $3.5 million to run the tribute through 2008. That allowed the Municipal Art Society to purchase 88 Space Cannon searchlights, each four feet tall, with a 7,000-watt xenon bulb. They sit inside boxy steel frames, allowing them to be stacked for storage.

The fixtures, powered by temporary generators, are set out on the garage roof in two 50-by-50-foot squares, offset from each other as the twin towers were, though covering only 6 percent of the towers' area. The array is as ungainly to behold at close range as it is ethereal to see from afar.

"The art is in what they produce," said Frank E. Sanchis III, the senior vice president of the society. "It's never been about the light fixtures, it's been about the beacons. In a permanent installation, you'd have to worry about what it looks like." That is only one hurdle to placing the lights in the permanent memorial.

But its creators believe the Tribute in Light has an enduring value, in part because its silence and simplicity permit viewers to invest it with their own meaning or message. "One of the best things about this is that it is what it is," Mr. Ahern said. "There are no speeches attendant to it."

9/11 Memorial In N.J. Has 40 Extra Names (AP-Y)

By Janet Frankston

AP, September 9, 2006

A 100-foot-tall sculpture being unveiled on Monday's fifth anniversary of 9-11 honors thousands of terrorist attack victims, and then some: Carved into the granite base are the names of more than 40 people who weren't killed on Sept. 11 after all.

The majestic sculpture across the Hudson River from ground zero will feature 3,024 names of people once believed to have died in the 1993 and Sept. 11, 2001, attacks on the World Trade Center. The problem is that the Russian artist who created the work used an outdated list of names of those missing at the trade center.

"We did the best that could have been done under the circumstances," said Emily Madoff, an attorney for artist Zurab Tsereteli.

Madoff said that she consulted several sources to try to determine the correct names before seeking confirmation from Kenneth Feinberg, the former special master of a federal Sept. 11 victim compensation fund, who referred her to a book published by The New York Times in 2003.

She said she never knew to contact the city, which has kept the official death toll for New York since the attacks.

She said she drew her list from the book, which identifies victims as of spring 2003. It includes 43 names that were removed by the medical examiner's office in October 2003 and January 2004 because the city couldn't confirm their deaths or, in some cases, their existence, according to Ellen Borakove, a spokeswoman for the medical examiner.

The names removed included illegal immigrants whose jobs were not well documented and missing people whose relatives say they were near the trade center on Sept. 11. Some claims were made up in attempts to rip off the government.

One name, Paul Herman Vanvelzer, was apparently a fabrication by a California woman who claimed she was a Sept. 11 victim's mother.

Some victims' family members said the erroneous names need to be removed.

"It kind of cheapens the whole thing," said Jack Lynch, whose firefighter son Michael Lynch was killed on Sept 11.

The memorial, called "To the Struggle Against World Terrorism," is not the only Sept. 11 tribute to run into such problems. In Jersey City, a memorial dedicated in 2002 to 40 victims was redone for $7,500.

The sculpture evokes the twin towers that once stood across the Hudson River. In the middle, a 40-foot steel teardrop hangs like a bell in the open center.

Its groundbreaking last September drew Russian President Vladimir Putin, and its dedication on Monday is expected to bring former President Clinton, Sen. Hillary Rodham Clinton, Homeland Security Secretary Michael Chertoff and Gov. Jon S. Corzine.

The official Sept. 11 death toll stands at 2,973: 2,749 at the trade center, 184 at the Pentagon and 40 in Pennsylvania.

The planners of a memorial to open in 2009 at ground zero intend to list all those names, as well as the six people who died in the 1993 trade center bombing.

WAR NEWS:

Khatami: American "Conceit And Pride" Led To Iraq Mess (TIME)

By Adam Zagorin

Time, September 9, 2006

After Iran's hardline president Mahmoud Ahmadinejad challenged President Bush to a televised debate last week — and again warned the U.S. not to impose sanctions over Tehran's nuclear program — the White House approved his proposed September visit to attend the United Nations General Assembly in New York City. A few days before, over the objections of conservative Republicans and after a spirited administration debate, the U.S. approved a visit to several U.S. cities by Iran's former president, Mohammad Khatami — the highest ranking Iranian to tour since President Carter severed relations with Iran in 1979.

Khatami, 62, served eight years as president before leaving office in 2005, and he remains close to Iran's powerful Supreme Leader, Ayatollah Khameini. Khatami, whose trip is designed to foster a "dialogue between civilizations," spoke to TIME for more than an hour this week in a heavily guarded Washington hotel suite. As the most prominent of his nation's reformers, he repeatedly distanced himself from many of the hardline views of Iran's current leadership, but strongly critized the U.S. for what he suggested is "arrogance" in Iraq. He also cited human-rights violations at both Guantanamo and Abu Ghraib, and warned of the "costs" of a U.S. or Israeli military strike on his country. But he endorsed a "two-state solution" to achieve peace between Israel and the Palestinians, and called the Holocaust a "historical fact." Excerpts:

TIME: This is your first visit to Washington what do you think of the country that has been called the Great Satan?

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Khatami: I never say "Great Satan." But I get really upset when Iran is called part of the "Axis of Evil." Even [Ayatollah] Khomeini [who coined the phrase] was referring only to U.S. policies — not to the American people or America itself, which is a great and big country.

TIME: Do you accept a two-state solution between Palestine and Israel? And does the government of Iran accept that?

Khatami: My opposition to Israel is moral. The peaceful solution to the problem of Palestine is to recognize Palestinian rights. This is the only way there could be sustained peace in the region.

TIME: And a Palestinian state to exist alongside Israel? Khatami: Yes.

TIME: Your successor [as president of Iran] has said that the Holocaust did not happen. How do you explain that?

Khatami: I personally believe that he really didn't deny the existence of Holocaust. I believe the Holocaust is the crime of Nazism. But it is possible that the Holocaust, which is an absolute fact, a historical fact, would be misused. The Holocaust should not be, in any way, an excuse for the suppression of Palestinian rights.

TIME: Bruce Laingen was the top American diplomat held hostage in Iran in 1979-80. And he has publicly raised a question in connection with your visit: What does the government of Iran owes the American hostages? And he's not talking about money. Morally?

Khatami: I regret the hostage crisis, hostage-taking. And I sympathize with the hostages and their families for their loss and their hurt. But this was [also] a revolutionary reaction to half a century of the U.S. taking Iran hostage. Maybe the other side [the U.S.] would be more indebted [to Iran].

TIME: Is there a civil war in Iraq?

Khatami: We are really concerned about this, but [there is no civil war], not yet.

TIME: Should Iraq be divided into Shiite, Sunni and Kurdish zones?

Khatami: Definitely a bad idea. Iraq should remain unified. The solution is a democratic state. Numerically, the country is majority, Shiite, but the government is not yet sectarian. The president is a Kurd. The head of the government is a Shiite. The Sunnis have great, effective participation. So the breakup of Iraq is very dangerous. A democratic state can prevent from this from taking place.

TIME: President Bush's father did not occupy Iraq. What about the occupation of Iraq now?

Khatami: I don't know what President Bush, the father, would have done. But I know that eliminating Saddam [Hussein] has been to our benefit, to the benefit of Iran. I also predicted that getting into Iraq would be very easy [for America], but getting out of it would be extremely difficult. And today, Saddam is gone but Iraq has become the center stage of extremism and radicalism.

TIME: If you had any advice for the current President Bush, what would it be?

Khatami: The president should dispense peace and justice and reconciliation across the world. I believe that not only have U.S. policies not stopped terrorism, they have actually exacerbated and increased the problem.

TIME: Why?

Khatami: We could have resolved the Iraq issue without invasion and occupation without the cost in terms of human life, American lives, Iraqi lives and money. This could have been resolved. If the U.S. had not had such a sense of conceit and pride, or maybe even arrogance.

TIME: And the withdrawal of U.S. troops?

Khatami: The occupation should end as soon as possible [but] I believe we cannot just leave this newly born democratic government to the hands of terrorists, insurgents, and people who are seeking violence. The best way is to strengthen and to support the government, its security services, its police forces, and the best way to do that is also to get help from neighboring countries. The U.S. should know that it could get the help of Arab and Islamic countries to secure its interests,rather than without them.

TIME: The U.S. has accused Iran of trying to build a nuclear weapon, and Iran has denied this. Is there a way out?

Khatami: Concern about proliferation is definitely justified. But in this region there are three states that possess nuclear weapons, with hundreds of warheads. The biggest [arsenal] is Israel. And then Pakistan and India. If there are serious concerns about nuclear weapons, we should start by eliminating those that already exist. And the U.S. does not display any sensitivity whatsoever to these issues, to these nuclear weapons. None of the three have signed the Nuclear Non-Proliferation Treaty, but

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Iran has. Iran has the right to have access to nuclear energy. And we are ready to give every guarantee that we would use this for peaceful purposes. Our leader [President Ahmadinejad] has issued a decree prohibiting the production and the stockpiling of weapons of mass destruction.

TIME: Do you believe that a military attack on Iran, either by Israel or the U.S., is a possibility that Iran should take seriously and guard against?

Khatami: Any aggression against Iran would have costs, serious costs for the U.S., more than for Iran. Public opinion in the world, and a great majority of the American public, would not support a military engagement.

TIME: Anything else?

Khatami: In Iran, whenever the issue is Iran's territorial integrity, no political faction, no political group would have any doubt as to defending Iran's actions. This unity and national consensus would be really costly for the invader and aggressor.

TIME: President Bush has promised that the U.S. will try to impose sanctions on Iran through the Security Council in the near future, if this matter is not resolved. What would be the result?

Khatami: Experience has shown that threats, pressure and coercion has never created a solution, has never made sanctions effective. Sanctions, and even more than that, possible military action and the use of force, would create more crisis in Iran, for the region, and for the world.

TIME: Do you believe Hezbollah won the war in Lebanon?

Khatami: I would say Israel lost the war. Israel has fought Arabs many times. It could even defeat, in six days, three or four Arab armies. But, you know, confronting Hezbollah, it couldn't achieve any of those objectives. Unfortunately, U.S. rushed into defending Israel, wholeheartedly.

TIME: How do you explain charges from the U.S. and other critics that there were human rights violations, terrorism, and a buildup of Iran's nuclear program when you were president?

Khatami: I don't claim that there have never been human rights violations in Iran but I [also] believe human rights are being violated everywhere, with different names. I believe the violation of rights of prisoners in Guantanamo and Abu Ghraib is not compatible — everybody should condemn the violation of human rights, everywhere. Double standards will not help.

TIME: When you were president of Iran, you used to complain, publicly, that you couldn't implement some of your reforms domestically and you couldn't take certain actions in foreign policy. Who stopped you? Was it hardliners who are now in control of Iran?

Khatami: I think democracy is a process. And this is especially [true] when there is external pressure, and dangers, the threat to the internal integrity of the nation. Definitely, there are people who have been theoretically against me, but when a major power explicitly says that it intends to overthrow a government...

TIME: Are you talking about the U.S.?

Khatami: Let me not [use] names. Those who officially put in their budgets money to overthrow the Iranian government —it's natural that the constraints on freedom and openness will increase as a result of a security environment [like that].

Senate: Saddam Saw Al-Qaida As Threat (AP-Y)

By Jim Abrams

AP, September 9, 2006

Saddam Hussein regarded al-Qaida as a threat rather than a possible ally, a Senate report says, contradicting assertions President Bush has used to build support for the war in Iraq.

Released Friday, the report discloses for the first time an October 2005 CIA assessment that before the war, Saddam's government "did not have a relationship, harbor or turn a blind eye toward" al-Qaida operative Abu Musab al-Zarqawi or his associates.

Saddam told U.S. officials after his capture that he had not cooperated with Osama bin Laden even though he acknowledged that officials in his government had met with the al-Qaida leader, according to FBI summaries cited in the Senate report.

"Saddam only expressed negative sentiments about bin Laden," Tariq Aziz, the Iraqi leader's top aide, told the FBI.

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The report also faults intelligence gathering in the lead-up to the 2003 invasion.

As recently as an Aug. 21 news conference, Bush said people should "imagine a world in which you had Saddam Hussein" with the capacity to make weapons of mass destruction and "who had relations with Zarqawi."

Democrats contended that the administration continues to use faulty intelligence, including assertions of a link between Saddam's government and the recently killed al-Zarqawi, to justify the war in Iraq.

They also said, in remarks attached to Friday's Senate Intelligence Committee document, that former CIA Director George Tenet had modified his position on the terrorist link at the request of administration policymakers.

Republicans said the document, which compares prewar intelligence with post-invasion findings on Iraq's weapons and on terrorist groups, broke little new ground. And they said Democrats were distorting it for political purposes.

A previous report in 2004 made clear the intelligence agencies' "massive failures," said Sen. Kit Bond, R-Mo., a member of the committee. "Yet to make a giant leap in logic to claim that the Bush administration intentionally misled the nation or manipulated intelligence is simply not warranted."

White House press secretary Tony Snow said the report was "nothing new."

A second part of the report concluded that false information from the Iraqi National Congress, an anti-Saddam group led by then-exile Ahmed Chalabi, was used to support key U.S. intelligence assessments on Iraq.

It said U.S. intelligence agents put out numerous red flags about the reliability of INC sources but the intelligence community made a "serious error" and used one source who concocted a story that Iraq was building mobile biological weapons laboratories.

The report also said that in 2002 the National Security Council directed that funding for the INC should continue "despite warnings from both the CIA, which terminated its relationship with the INC in December 1996, and the DIA (Defense Intelligence Agency), that the INC was penetrated by hostile intelligence services, including the Iranians."

According to the report, postwar findings indicate that Saddam "was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime."

It said al-Zarqawi was in Baghdad from May until late November 2002. But "postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi."

In June 2004, Bush defended Vice President Dick Cheney's assertion that Saddam had "long-established ties" with al-Qaida. "Zarqawi is the best evidence of connection to al-Qaida affiliates and al-Qaida," the president said.

The report concludes that postwar findings do not support a 2002 intelligence report that Iraq was reconstituting its nuclear program, possessed biological weapons or had ever developed mobile facilities for producing biological warfare agents.

"The report is a devastating indictment of the Bush-Cheney administration's unrelenting, misleading and deceptive attempts to convince the American people that Saddam Hussein was linked with al-Qaida," said Sen. Carl Levin, D-Mich., a member of the committee.

Levin and Sen. Jay Rockefeller of West Virginia, the top Democrat on the panel, said Tenet told the committee last July that in 2002 he had complied with an administration request "to say something about not being inconsistent with what the president had said" about the Saddam-terrorist link.

They said that on Oct. 7, 2002, the same day Bush gave a speech speaking of such a link, the CIA had sent a declassified letter to the committee saying it would be an "extreme step" for Saddam to assist Islamist terrorists in attacking the United States.

They said Tenet acknowledged to the committee that subsequently issuing a statement that there was no inconsistency between the president's speech and the CIA viewpoint was "the wrong thing to do."

Committee Chairman Pat Roberts, R-Kan., said the mistakes of prewar intelligence have long been known and "the additional views of the committee's Democrats are little more than a rehashing of the same unfounded allegations they've used for over three years."

The panel report is Phase II of an analysis of prewar intelligence on Iraq. The first phase, issued in July 2004, focused on the CIA's failings in its estimates of Iraq's weapons program.

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The second phase had been delayed as Republicans and Democrats fought over what information should be declassified and how far the committee should delve into the question of whether policymakers may have manipulated intelligence to make the case for war.

Committee member Ron Wyden, D-Ore., said he planned to ask for an investigation into the amount of information remaining classified. He said, "I am particularly concerned it appears that information may have been classified to shield individuals from accountability."

Report Details Errors Before War (WP)

By Walter Pincus

The Washington Post, September 9, 2006

The long-awaited Senate Intelligence Committee report released yesterday sheds new light on why U.S. intelligence agencies provided inaccurate prewar information about Saddam Hussein and his weapons programs, including details on how Iraqi exiles who fabricated or exaggerated their stories were accepted as truthful because they passed Pentagon lie detector tests.

The two newly declassified chapters of the report fueled political accusations yesterday that the Bush administration lied to justify invading Iraq, but the documents' nearly 400 pages contain several examples of how bad information wound up accepted as truthful in intelligence assessments at the time.

A section includes the results of an evaluation by the CIA of its performance, which concludes that, despite repeated prewar assessments that the Iraqis were practicing deceit and deception to hide their weapons, there actually were no such efforts because there were no weapons.

The CIA concludes: "There comes a point where the absence of evidence does indeed become the evidence of absence." That statement is a play on a remark Defense Secretary Donald H. Rumsfeld made frequently in the months before the war -- after U.N. inspectors in late 2002 and early 2003 could find no weapons -- that "the absence of evidence is not evidence of absence."

One 208-page chapter from the Senate committee report covers the use of intelligence provided by the Iraqi National Congress and its leader, Ahmed Chalabi. The panel wrote that three Iraqi exiles gave the Pentagon inaccurate information about Hussein's alleged training of al-Qaeda terrorists, as well as about the existence of mobile biological weapons factories and an alleged meeting between the Iraqi leader and Osama bin Laden. All three exiles passed lie detector tests given by the Defense Intelligence Agency (DIA), adding credibility to their stories.

In each case, the information proved to be questionable, if not inaccurate. But in the case of the mobile labs, the source's information was used to corroborate data in the October 2002 National Intelligence Estimate on Iraq even after the informant had been tagged as a fabricator.

The report notes that a DIA official who knew that the source was unreliable sat in on two meetings in which the mobile labs information was incorporated into the speech Secretary of State Colin L. Powell delivered in February 2003 to the U.N. Security Council, but that the official did not realize the information was based solely on the word of the untrustworthy source.

According to the Senate panel's report, another Iraqi National Congress source, recommended to the DIA by Chalabi through a high-ranking Defense Department official, passed two lie detector tests after "claiming to have seen Saddam meeting with a man, who Uday Hussein [Saddam's son] identified as bin Laden." The source said Uday Hussein told him that bin Laden was there "to discuss training of some of his people in Iraq."

The DIA subsequently distributed the information but pointed out that the source was connected with the Iraqi opposition and that the information "may have been intended to influence as well as inform decision makers." The CIA later noted in its assessment of the information that the meeting between Hussein and bin Laden had "not been corroborated" and that "other sensitive reporting . . . provides no indication that Saddam and bin Laden have met each other."

Although the Senate report raises questions about the reliability of the information provided by Iraqi exiles, it notes that the information had little direct impact on the National Intelligence Estimate on Iraq produced in October 2002. Many of the Iraqi

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National Congress claims, however, were passed on to the White House and the office of Vice President Cheney through reports by a separate intelligence analysis group established by then-Undersecretary of Defense Douglas J. Feith.

The Senate committee's inquiry into the Feith group's activities, another part of the prewar intelligence study, has been delayed by committee Chairman Pat Roberts (R-Kan.), who is awaiting the completion of a Pentagon inspector general inquiry into the same matter.

One surprising conclusion from the CIA retrospective is that the agency now believes that aggressive U.N. inspections in Iraq in 1991 after the Persian Gulf War led Hussein to what it describes as a "fateful decision." He covertly dismantled and destroyed the undeclared nuclear, chemical and biological facilities, materials and actual weapons he had put together in the preceding decade -- along with "the records that could have verified that unilateral destruction."

As a result, there was no proof in 2002 and 2003 when the Iraqis claimed they had no weapons of mass destruction, and Hussein could not demonstrate he was in basic, if not complete, compliance with U.N. resolutions. Noncompliance with the Security Council's October resolution was the main U.S. public rationale for the invasion of Iraq.

Senate: Hussein Wasn't Allied With Al Qaeda (LAT)

By Greg Miller

The Los Angeles Times, September 9, 2006

Iraq rebuffed Bin Laden and wanted to capture Zarqawi, the Intelligence Committee reports, contradicting Bush's argument for invasion.

WASHINGTON — The Senate Intelligence Committee on Friday said it had found no evidence that Saddam Hussein had ties to Al Qaeda or provided safe harbor to one of its most notorious operatives, Abu Musab Zarqawi — conclusions contradicting claims by the Bush administration before it invaded Iraq.

In a long-awaited report, the committee instead determined that the former Iraqi dictator was wary of Al Qaeda; repeatedly rebuffed requests from its leader, Osama bin Laden, for assistance; and sought to capture Zarqawi when the terrorist turned up in Baghdad.

The findings are the latest in a series of high-profile studies to dispute some of the Bush administration's key arguments for invading Iraq — mainly that the Hussein regime possessed stockpiles of banned weapons and had cultivated ties to terrorist networks. Presenting these since-discredited allegations as fact, President Bush and other high-ranking officials argued that Hussein's government posed an intolerable risk in the aftermath of the Sept. 11 attacks.

The 356-page report is certain to fuel the election-season debate over the administration's foreign policy at a time when Bush is seeking to shore up support for the war in Iraq through a series of speeches that cast the conflict as central to winning the larger war on terrorism.

Bush on Thursday again asserted that the battle in Iraq was inextricably linked to Al Qaeda, and disparaged those who considered it a "diversion" from the war on terrorism.

White House spokesman Tony Snow on Friday downplayed the significance of the report, describing it as "nothing new."

"It's … kind of relitigating things that happened three years ago," Snow said. "In 2002 and 2003, members of both parties got a good look at the intelligence we had, and they came to the very same conclusions about what was going on."

In one of its main conclusions, the report said that "postwar findings indicate that Saddam Hussein was distrustful of Al Qaeda and viewed Islamic extremists as a threat to his regime, refusing all requests from Al Qaeda to provide material or operational support."

According to the report, Hussein has told U.S. interrogators that "if he wanted to cooperate with the enemies of the U.S., he would have allied with North Korea or China." His former deputy prime minister, Tariq Aziz, told U.S. interrogators that "Saddam only expressed negative sentiments about Bin Laden."

The report's disclosures include a classified assessment by the CIA last year that Hussein's regime "did not have a relationship, harbor or turn a blind eye toward Zarqawi and his associates."

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The committee, made up of eight Republicans and seven Democrats, said U.S. intelligence agencies before Sept. 11 "accurately characterized" Bin Laden's intermittent interest in pursuing assistance from Iraq, but were largely wrong about Hussein's attitudes.

The Iraqi leader, according to the report, was so wary of the terrorist network that he "issued a general order that Iraq should not deal with Al Qaeda."

Democrats seized on the findings Friday to accuse the Bush administration of having distorted the threat Iraq posed.

In a speech on the Senate floor, Sen. John D. Rockefeller IV of West Virginia, ranking Democrat on the Intelligence Committee, accused the White House of pursuing "a deceptive strategy of using intelligence reporting that the intelligence community had already warned was uncorroborated, unreliable and, in critical instances, fabricated."

The report released Friday is based largely on documents recovered from Iraqi facilities in the aftermath of the U.S. invasion in March 2003, as well as interrogations of Hussein and other Iraqi officials captured by coalition forces.

As a result, it represents the most thorough comparison to date of prewar suspicions with evidence subsequently collected. Much of the information was unavailable to U.S. intelligence agencies and policymakers before the war.

The report's publication was marked by intense political wrangling within the Republican-controlled Intelligence Committee, with two GOP members — Sens. Olympia J. Snowe of Maine and Chuck Hagel of Nebraska — breaking ranks to vote in favor of conclusions drafted by Democrats.

In a statement, Snowe cited the "obligation of our government to learn from these horrific mistakes" and complained that the intelligence panel, "once noted for its bipartisanship, has become marred by partisan feuding." Hagel was not available for comment.

The dispute put Sen. Pat Roberts (R-Kan.), the committee's chairman, in the awkward position of touting the work of his panel while urging the public to ignore some of its conclusions.

"Overall, I am disappointed that some of my colleagues have twisted the facts to reach conclusions that support other agendas," Roberts said. "It is my view that the public should not focus on the conclusions in this report, but rather on the underlying facts."

In particular, Roberts objected to findings that he said overstated the influence of the Iraqi National Congress — an exile group led by Ahmad Chalabi that had close ties to the Bush administration and has been accused of funneling prewar misinformation about Baghdad's weapons programs to U.S. intelligence agencies and news organizations.

The committee devoted 207 pages to an analysis of the INC, concluding that it had "attempted to influence U.S. policy on Iraq by providing false information through defectors."

Another section focused on the erroneous prewar estimates by the CIA and other agencies that Baghdad had stockpiles of chemical and biological munitions and was pursuing the development of nuclear arms.

But the most significant new information in the report focuses on Baghdad's alleged ties to Al Qaeda.

The CIA and other intelligence agencies were generally skeptical that Hussein had significant links to the terrorist group. But Vice President Dick Cheney and other senior administration officials have persistently highlighted isolated intelligence reports suggesting a relationship between Hussein and Bin Laden. The Senate report contradicts many of those assertions.

The report concludes, for instance, that it is true that Zarqawi was in Baghdad for about seven months in 2002. But Hussein was initially unaware of his presence in the country and later ordered his intelligence services to capture Zarqawi, according to the report.

The attempt was unsuccessful, and Zarqawi escaped to Iran. He also hid in areas of northern Iraq beyond Hussein's reach. After Hussein was overthrown, Zarqawi led the deadly insurgency against U.S. forces before he was killed by a U.S. airstrike in June.

Even as administration officials insisted on a Hussein-Al Qaeda link, they steered clear of alleging a direct role by the Iraqi strongman in the Sept. 11 attacks.

And at a news conference last month, Bush said flatly that Hussein had "nothing" to do with the assaults. Still, a CNN poll released this week found that 43% of U.S. residents said they believed Hussein was personally involved in the attacks; 52% said he was not.

The committee's report also dismisses a contention repeatedly cited by Cheney that an Iraqi intelligence agent met with Sept. 11 hijacker Mohamed Atta in Prague in April 2001. That claim has bolstered public perceptions that Iraq was somehow linked to the Sept. 11 attacks.

But postwar evidence indicates no such meeting ever occurred, the committee found, citing Atta's travel and cellphone records obtained by the FBI, as well as information from the Iraqi agent alleged to have attended the meeting.

The report casts similar doubt on assertions that Iraq had provided chemical and biological weapons training to Al Qaeda operatives, or allowed terrorist organizations to practice for attacks on aircraft at a facility south of Baghdad known as Salman Pak.

Despite reports of repeated contacts between Iraq and Al Qaeda, the committee said, U.S. intelligence has been able to assemble evidence of only a single meeting — a 1995 encounter in Sudan between Bin Laden and Iraqi intelligence officer Faruq Hijazi.

In postwar debriefings, Hijazi said that Hussein had instructed him to "only listen" and not negotiate or offer support to Bin Laden. He said that Bin Laden "requested an office in Iraq, military training for his followers, Chinese sea mines and the broadcast of speeches from an anti-Saudi cleric."

Hijazi said that he "immediately rejected" virtually all of the requests, offering only to consider broadcasting anti-Saudi speeches.

Overall, the document portrays Hussein and his underlings as alarmed by U.S. accusations linking him to Al Qaeda.

At one point, the report said, Hussein was warned by the director of Iraq's intelligence service "that U.S. intelligence was attempting to fabricate connections between the [Iraqi intelligence services] and Al Qaeda" to justify an invasion.

The Senate report also offers new theories as to why Hussein's regime was unable to convince U.N. inspectors before the U.S. invasion that it no longer had stocks of illegal weapons.

A recent CIA analysis concluded that Hussein was stunned by the aggressiveness of weapons inspections after the 1991 Gulf War, and ordered the covert destruction of undeclared weapons and documents.

In the process, Hussein destroyed the very records U.N. inspectors sought a decade later when putting pressure on Iraq to account for its illicit weapons.

"The result was that Iraq was unable to provide proof when it tried at a later time to establish compliance," the report said, citing the CIA study.

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C.I.A. Said To Find No Hussein Link To Terror Chief (NYT)

By Mark Mazzetti

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — The Central Intelligence Agency last fall repudiated the claim that there were prewar ties between Saddam Hussein's government and an operative of Al Qaeda, Abu Musab al-Zarqawi, according to a report issued Friday by the Senate Intelligence Committee.

The disclosure undercuts continuing assertions by the Bush administration that such ties existed, and that they provided evidence of links between Iraq and Al Qaeda. The Republican-controlled committee, in a second report, also sharply criticized the administration for its reliance on the Iraqi National Congress during the prelude to the war in Iraq.

The findings are part of a continuing inquiry by the committee into prewar intelligence about Iraq. The conclusions went beyond its earlier findings, issued in the summer of 2004, by including criticism not just of American intelligence agencies but also of the administration.

Several Republicans strongly dissented on the report with conclusions about the Iraqi National Congress, saying they overstated the role that the exile group had played in the prewar intelligence assessments about Iraq. But the committee overwhelmingly approved the other report, with only one Republican senator voting against it.

The reports did not address the politically divisive question of whether the Bush administration had exaggerated or misused intelligence as part of its effort to win support for the war. But one report did contradict the administration's assertions, made

before the war and since, that ties between Mr. Zarqawi and Mr. Hussein's government provided evidence of a close relationship between Iraq and Al Qaeda.

As recently as Aug. 21, President Bush said at a news conference that Mr. Hussein "had relations with Zarqawi.'' But a C.I.A. report completed in October 2005 concluded instead that Mr. Hussein's government "did not have a relationship, harbor or even turn a blind eye toward Zarqawi and his associates," according to the new Senate findings.

The C.I.A. report also contradicted claims made in February 2003 by Secretary of State Colin L. Powell, who mentioned Mr. Zarqawi no fewer than 20 times during a speech to the United Nations Security Council that made the administration's case for going to war. In that speech, Mr. Powell said that Iraq "today harbors a deadly terrorist network'' headed by Mr. Zarqawi, and dismissed as "not credible'' assertions by the Iraqi government that it had no knowledge of Mr. Zarqawi's whereabouts.

The panel concluded that Mr. Hussein regarded Al Qaeda as a threat rather than a potential ally, and that the Iraqi intelligence service "actively attempted to locate and capture al-Zarqawi without success.''

One of the reports by the committee criticized a decision by the National Security Council in 2002 to maintain a close relationship with the Iraqi National Congress, headed by the exile leader Ahmad Chalabi, even after the C.I.A. and the Defense Intelligence Agency had warned that "the I.N.C was penetrated by hostile intelligence services," notably Iran.

The report concluded that the organization had provided a large volume of flawed intelligence to the United States about Iraq, and concluded that the group "attempted to influence United States policy on Iraq by providing false information through defectors directed at convincing the United States that Iraq possessed weapons of mass destruction and had links to terrorists."

The findings were released at an inopportune time for the Bush administration, which has spent the week trying to turn voters' attention away from the missteps on Iraq and toward the more comfortable political territory of the continued terrorist threat. On Friday, the White House spokesman, Tony Snow, played down the reports, saying that they contained "nothing new" and were "re-litigating things that happened three years ago."

"The important thing to do is to figure out what you're doing tomorrow, and the day after, and the month after, and the year after to make sure that this war on terror is won," Mr. Snow said.

The two reports released Friday were expected to be the least controversial aspects of what remains of the Senate committee's investigation, which will eventually address whether the Bush administration's assertions about Iraq accurately reflected the available intelligence. But unanticipated delays caused them to be released in the heat of the fall political campaign.

The reports were approved by the committee in August, but went through a monthlong declassification process. It was Senator Pat Roberts of Kansas, the committee's Republican chairman, who set early September as the release date.

The committee's report in 2004, which lambasted intelligence agencies for vastly overestimating the state of Iraq's nuclear, biological and chemical weapons programs, was issued with unanimous approval. But the reports released Friday provided evidence of how much the relationship between Republicans and Democrats on the committee had degenerated over the past two years.

A set of conclusions that included criticism of the administration's ties with the Iraqi National Congress was opposed by several Republicans on the panel, including Mr. Roberts, but was approved with the support of two Republicans, Chuck Hagel, of Nebraska, and Olympia Snowe, of Maine, along with all seven Democrats. Senator Roberts even took the unusual step of disavowing the conclusions about the role played by the Iraqi National Congress, saying that they were "misleading and are not supported by the facts."

The report about the group's role concluded that faulty intelligence from the group made its way into several prewar intelligence reports, including the October 2002 National Intelligence Estimate that directly preceded the Senate vote on the Iraq war. It says that sources introduced to American intelligence by the group directly influenced two key judgments of that document: that Mr. Hussein possessed mobile biological weapons laboratories and that he was trying to reconstitute his nuclear program.

The report said there was insufficient evidence to determine whether one of the most notorious of the intelligence sources used by the United States before the Iraq war was tied to the Iraqi National Congress. The source, an Iraqi who was code-named

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Curveball, was a crucial source for the American view that Mr. Hussein had a mobile biological weapons program, but the information that he provided was later entirely discredited.

The report said other mistaken information about Iraq's biological program had been provided by a source linked to the Iraqi National Congress, and it said the intelligence agencies' use of the information had "constituted a serious error.''

The dissenting opinion, signed by Mr. Roberts and four other Republican members of the committee, minimized the role played by Mr. Chalabi's group. "Information from the I.N.C. and I.N.C.-affiliated defectors was not widely used in intelligence community products and played little role in the intelligence community's judgments about Iraq's W.M.D. programs," the Republicans said.

Francis Brooke, a spokesman for the Iraqi National Congress, called the report "tendentious, partisan and misleading," and said that the group had not played a central role as the Bush administration built the case for war.

At the same time, Mr. Brooke said his organization was surprised at how little the American government knew about Mr. Hussein's government before the war, which may have forced the American officials to rely more heavily on the organization. "We did not realize the paucity of human intelligence that the administration had on Iraq," he said.

Iraq's Alleged Al-Qaeda Ties Were Disputed Before War (WP)

By Jonathan Weisman

The Washington Post, September 9, 2006

A declassified report released yesterday by the Senate Select Committee on Intelligence revealed that U.S. intelligence analysts were strongly disputing the alleged links between Saddam Hussein and al-Qaeda while senior Bush administration officials were publicly asserting those links to justify invading Iraq.

Far from aligning himself with al-Qaeda and Jordanian terrorist Abu Musab al-Zarqawi, Hussein repeatedly rebuffed al-Qaeda's overtures and tried to capture Zarqawi, the report said. Tariq Aziz, the detained former deputy prime minister, has told the FBI that Hussein "only expressed negative sentiments about [Osama] bin Laden."

The report also said exiles from the Iraqi National Congress (INC) tried to influence U.S. policy by providing, through defectors, false information on Iraq's nuclear, chemical and biological weapons capabilities. After skeptical analysts warned that the group had been penetrated by hostile intelligence services, including Iran's, a 2002 White House directive ordered that U.S. funding for the INC be continued.

The newly declassified intelligence report provided administration critics with fresh ammunition, less than two months before midterm elections and in the middle of President Bush's campaign to refocus the public's attention away from Iraq and toward the threat of terrorism. Senior Senate Democrats immediately seized on the findings, using some of their strongest language yet to say the president continues to willfully and falsely connect Hussein to al-Qaeda.

As recently as Aug. 21, Bush suggested a link between Hussein and Zarqawi, the leader of al-Qaeda in Iraq, who was killed by U.S. forces this summer. But a CIA assessment in October 2005 concluded that Hussein's government "did not have a relationship, harbor, or turn a blind eye toward Zarqawi and his associates," according to the report.

"The president is still distorting. He's still making statements which are false," said Sen. Carl M. Levin (D-Mich.), an intelligence committee member.

The partial release of the report came after nearly three years of partisan wrangling over what is to be a five-chapter analysis of the use of prewar intelligence in the run-up to the 2003 invasion of Iraq. The heart of the report -- a detailed comparison of administration statements with the intelligence then available -- is far from release. But the committee voted Thursday to release two chapters, one on the role that Iraqi exiles played in shaping prewar intelligence, the other on the accuracy of the prewar analyses of Hussein's nuclear, chemical and biological weapons capabilities and his suspected links to al-Qaeda and the Sept. 11, 2001, attacks.

White House spokesman Tony Snow dismissed the findings as old news. "If we have people who want to re-litigate that, that's fine," he said.

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But Republican attempts to paint the findings as a partisan rehash were undercut by intelligence committee members from the GOP. The committee report's conclusions are based on the Democrats' findings because two Republicans -- Sens. Olympia J. Snowe (Maine) and Chuck Hagel (Neb.) -- supported those findings.

"After reviewing thousands of pages of evidence, I voted for the conclusions that most closely reflect the facts in the report," Snowe said in a written statement. "Policy-makers seemingly discounted or dismissed warnings about the veracity of critical intelligence reports that may have served as a basis for going to war."

Committee Chairman Pat Roberts (R-Kan.) was emphatic this week that Iraqi exiles did not fundamentally shape the critical assessment of the Iraqi threat in the 2002 National Intelligence Estimate.

But, as Snowe emphasized in her statement, the report concluded that information provided by an INC source was cited in that estimate and in Secretary of State Colin L. Powell's February 2003 speech to the United Nations as corroborating evidence about Iraq's mobile biological weapons program. Those citations came despite two April 2002 CIA assessments, a May 2002 Defense Intelligence Agency fabrication notice and a July 2002 National Intelligence Council warning -- all saying the INC source may have been coached by the exile group into fabricating the information.

Democrats and Republicans agree that analysts and politicians of all political stripes were wrong about the prewar assessments of Hussein's weapons of mass destruction. But the committee report indicates that intelligence analysts were substantially right about Hussein's lack of operational links to al-Qaeda. And Democrats compared the administration's public statements with newly declassified intelligence assessments to build their case that efforts to link Iraq to al-Qaeda were willfully misleading.

In a classified January 2003 report, for instance, the CIA concluded that Hussein "viewed Islamic extremists operating inside Iraq as a threat." But one day after that conclusion was published, Levin noted, Vice President Cheney said the Iraqi government "aids and protects terrorists, including members of al-Qaeda."

Intelligence reports in June, July and September 2002 all cast doubts on a reported meeting in Prague between Iraqi intelligence agents and Sept. 11 hijacker Mohamed Atta. Yet, in a Sept. 8, 2002, appearance on NBC's "Meet The Press," Cheney said the CIA considered the reports on the meeting credible, Levin said.

In February 2002, the Defense Intelligence Agency concluded that "Iraq is unlikely to have provided bin Laden any useful [chemical and biological weapons] knowledge or assistance." A year later, Bush said: "Iraq has also provided al-Qaeda with chemical and biological weapons training."

Sen. Christopher S. Bond (R-Mo.), an intelligence committee member, said it was unfair for Democrats to compare the intelligence assessments in the report with the administration's statements. He said such comparisons go beyond the scope of the chapters released.

But Democrats were unequivocal in asserting that the chapters chronicle an indisputable pattern of deception.

"It is such a blatant misleading of the United States, its people, to prepare them, to position them, to, in fact, make them enthusiastic or feel that it's justified to go to war with Iraq," said Sen. John D. Rockefeller IV (D-W.Va.), the committee's vice chairman. "That kind of public manipulation I don't know has any precedent in American history."

Intelligence Didn't Back Bush Iraq Stand, Reports Say (Update1) (BLOOM)

Bloomberg, September 9, 2006

By William Roberts and James Rowley

Sept. 8 (Bloomberg) -- Bush administration claims justifying the war against Iraq were based on fragmented, conflicting, and at times unreliable intelligence, according to two reports released today by the Senate Intelligence Committee.

Administration statements that Saddam Hussein was allied with Osama bin Laden and was helping al-Qaeda obtain chemical and biological weapons proved wrong and misleading and weren't based on solid intelligence in its possession, the declassified Senate reports said.

Contrary to assertions by Vice President Dick Cheney and other senior Bush administration officials, Hussein didn't have links to al-Qaeda and the Sept. 11 terrorist plot, the reports said.

``Saddam Hussein was distrustful of al-Qaeda and viewed Islamic extremists as a threat to his regime," one of the reports said. Hussein refused all requests from al-Qaeda to provide material or operational support, said the reports.

While Iraq Deputy Prime Minister Ahmad Chalabi and his Iraqi National Congress told U.S. officials that Iraq possessed nuclear, chemical or biological weapons, that information later proved inaccurate, according to the committee reports.

U.S. intelligence agencies overestimated Saddam Hussein's ability and desire to obtain weapons material while United Nations sanctions were in place, the reports said. Further, the Senate committee determined that Hussein sought weapons of mass destruction as deterrents against Israel and Iran, not for use against the U.S.

Hussein and al-Qaeda

Allegations that Hussein provided chemical and biological weapons training to al-Qaeda operatives also turned out to be false, the reports said. The Defense Intelligence Agency said in 2002 that it was unlikely Iraq gave Bin Laden any useful weapons assistance.

The Senate reports cite inconsistencies and contradictions overlooked by intelligence agencies as they produced intelligence briefings for senior policy makers.

U.S. analysts had ``little specific intelligence reporting" about Hussein's willingness to ally himself with al-Qaeda, the reports said. The committee quoted a 2002 Central Intelligence Agency report that said ``our assessment of al-Qaeda's ties to Iraq rests on a body of fragmented, conflicting reporting from sources of varying reliability."

On two occasions, Hussein rebuffed al-Qaeda emissaries seeking to establish a relationship with his regime, information not reported to U.S. intelligence agencies before the war, the reports said.

While Bin Laden's al-Qaeda lieutenant Abu Musab al-Zarqawi was in Iraq in 2002, he was traveling under cover and eluded efforts by Hussein to capture him, the reports said.

Threat to Hussein

Al-Qaeda operative Abu Hafs al-Mauritani went to Iraq twice -- in 1998 and 2002 -- to meet with Hussein but was rebuffed, according to the reports. Hussein said al-Mauritani should leave the country because he may ``cause a problem" for the regime.

Further, Iraqi intelligence agents infiltrated Ansar al- Islam, a radical Kurdish group hosting al-Qaeda fighters, because Hussein saw them as a threat and thought the U.S. would use their presence to suggest a link between the Iraqis and the terrorists, the reports said.

Democrats said the reports show that statements by Bush administration officials before the Iraq war began in 2003 weren't supported by intelligence known at the time they spoke.

Republicans Counter

Republicans countered that Democrats were swayed by the same bad intelligence as President George W. Bush and supported the president's decision to go to war with Iraq. Still, seven of eight Republicans on the panel, including Chairman Pat Roberts, voted to approve the conclusions about pre-war intelligence.

Bush has consistently linked Iraq, where more than 2,600 U.S. military personnel have died and the U.S. is mired in a violent conflict between Shiites and Sunnis, to the larger war on terror and fundamentalist Islamic militants such as al-Qaeda.

Bush displayed ``gross negligence" by citing faulty intelligence in speeches and statements to connect Saddam Hussein to al-Qaeda, said Senator Jay Rockefeller of West Virginia, the senior Democrat on the intelligence panel.

When George Tenet, then-director of the CIA, told Bush that the intelligence case showing Iraq had weapons of mass destruction was a ``slam dunk," it was ``a corruption of the intelligence process," said Senator Carl Levin, a Michigan Democrat.

Snow Comments

Tenet later complied with administration demands that the CIA gloss over inconsistencies between intelligence data and Bush's assertions and should be held accountable, Levin said. The report quoted committee testimony this year by Tenet, who acknowledged ``it was the wrong thing to do."

White House spokesman Tony Snow said the White House hadn't seen the two Senate reports and wasn't briefed on it.

``Based on the characterizations we've seen, it's nothing new," he told reporters at the daily White House briefing. ``So, it's, again, kind of re-litigating things that happened three years ago."

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``It's worth noting," Snow added, ``that in 2002 and 2003 members of both parties got a good look at the intelligence we had, and they came to the very same conclusions."

Committee chairman Roberts said Democrats were misusing the reports ``by careful cherry-picking through the intelligence and the facts in a political attempt to rewrite history." The information available before the war was used by the administration and Congress, Democrats included, to justify going into Iraq, he said.

Partisan Battles

The Senate reports, which were subject to partisan battles behind closed doors, are the result of two and half years of investigative review by the intelligence panel's staff. Democrats last year forced a closed session of the Senate to protest the committee's delays in releasing the reports.

Republican Senators Chuck Hagel of Nebraska and Olympia Snowe of Maine joined with intelligence committee Democrats in concluding that Chalabi actively sought to mislead the Bush administration to overthrow Saddam. Roberts said Chalabi's information played a minimal role.

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Report Finds No Saddam, Zarqawi Ties (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, September 9, 2006

Post-Iraq invasion intelligence concluded there was no relationship between Saddam Hussein's regime and the al Qaeda terrorist Abu Musab Zarqawi, casting doubt on President Bush's statements as recently as last month that there was a link.

A report released yesterday by the Senate intelligence committee said the CIA concluded last year that the Zarqawi-Saddam nexus did not exist.

"Postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi," the bipartisan report concluded. It focused on comparing prewar intelligence on Iraq with post-invasion information from seized documents and interrogations of Saddam regime figures.

Democrats pounced on the conclusion as proof that Mr. Bush and his administration are misleading the American people about their justifications for going to war in March 2003 to oust Saddam.

Mr. Bush said at an Aug. 21 press conference, when asked to defend the invasion, "I square it because imagine a world in which you had Saddam Hussein, who had the capacity to make a weapon of mass destruction, who was paying suiciders to kill innocent life, who had relations with Zarqawi."

Sen. Carl Levin, Michigan Democrat and intelligence committee member, said yesterday: "To this day, these statements haven't stopped. Just two weeks ago, the president said in a press conference that Saddam Hussein had relations with Zarqawi. The intelligence committee's report demonstrates that statement to be false. ... The president's statement, made just two weeks ago, is flat out false."

White House spokesman Tony Snow told The Washington Times last night that Mr. Bush was referring to the fact that Zarqawi was in Iraq receiving medical care and lodging during Saddam's rule.

"The president knows there was no operational relationship and he did not assert there was an operational relationship," Mr. Snow said.

The Senate report also said there is no evidence that Saddam's regime participated in or aided the September 11 attacks. Mr. Snow said the president has never asserted otherwise.

"There have been repeated insinuations that the president had somehow said Saddam was involved in September 11," Mr. Snow said. "He has never said that. He has taken great pains from the very beginning to assure people that was not the case."

The Senate report did confirm prewar intelligence that the Jordanian-born Zarqawi, who had links to al Qaeda and fought in Afghanistan, did enter Iraq in the spring of 2002 and stayed in Baghdad until November of that year. Some Bush officials said publicly before the war that the Saddam regime would not have allowed the jihadist to remain in Baghdad if it did not condone his presence.

But post-invasion intelligence collection showed that Saddam considered Zarqawi an outlaw and sent his intelligence service to capture him. "The [Iraqi Intelligence Service] formed a special committee and actively attempted to locate and capture al-Zarqawi without success, contradicting prewar assessments that the IIS almost certainly possessed the capability to track him," the Senate report said.

Zarqawi returned to Iraq in 2003 and formed the deadly al Qaeda in Iraq terror group. A U.S. air strike killed him in June.

The report also said post-invasion intelligence can only confirm one meeting (in the Sudan) between a Saddam regime official and an al Qaeda operative. Saddam refused two other meeting requests from al Qaeda. An al Qaeda detainee recanted a statement to the CIA that Iraq helped train al Qaeda terrorists in explosives and chemical weapons.

The report reaffirmed an early committee report in 2004, and a presidential commission finding in 2004, that the 2002 National Intelligence Estimate (NIE) on which the war decision was based was wrong in its major conclusions.

Republicans accused Democrats of rehashing the same findings and noted virtually all intelligence agencies worldwide estimated that Saddam still possessed stocks of chemical weapons. Mr. Bush has acknowledged the report was wrong. Neither the committee nor the bipartisan commission found that the Bush administration pressured the intelligence community on the 2002 NIE, which was generally in line with intelligence findings in the Clinton administration.

"The long-known fact is that the prewar intelligence was wrong," said committee Chairman Pat Roberts, Kansas Republican. "That flawed intelligence was used by policy-makers, both in the administration and in Congress, as one of numerous justifications to go to war in Iraq. The same intelligence was collectively believed and used, leading to the same assertive public statements regarding the threat posed by Saddam Hussein."

The Iraq Survey Group, which spent two years in Iraq hunting for weapons of mass destruction, found no stockpiles, but said Saddam planned to resume WMD programs after the United Nations lifted economic sanctions.

Senate Reports Say Saddam Rejected Cooperating With Terrorists (MCT)

By Warren P. Strobel And Margaret Talev

McClatchy Newspapers, September 9, 2006

WASHINGTON - Iraqi leader Saddam Hussein rejected pleas for assistance from Osama bin Laden and tried to capture terrorist Abu Musab al Zarqawi when he was in Iraq, a Senate Intelligence Committee report released Friday found, casting further doubt on the Bush administration's rationale for invading Iraq.

President Bush and other administration officials repeatedly cited Saddam's alleged ties to radical Islamic terrorists before the March 2003 invasion as one reason to take military action against Iraq.

The 150-page report said the administration's claims were untrue. "Postwar findings indicate that Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," the report said.

The report was released along with a second one that said false information from the exile group Iraqi National Congress, led by Ahmad Chalabi, was widely distributed in prewar intelligence reports and used to support intelligence assessments about Iraq's weapons and links to terrorism. Intelligence officials repeatedly warned that the INC was unreliable, but White House and Pentagon officials ignored the warnings.

The reports are part of a five-report study that the Senate Intelligence Committee has undertaken into the Bush administration's use of intelligence before the invasion of Iraq.

The study has left the committee badly divided. Three reports remain classified, including one comparing prewar statements by Bush administration officials to intelligence available at the time. Democrats have accused Republicans of delaying the reports until after the November congressional elections.

On Friday, Democrats charged that the reports showed that the White House had manipulated intelligence to make the case for war to the American people.

"The administration ignored warnings prior to the war about the veracity of the intelligence it trumpeted publicly to support its case that Iraq was an imminent threat to the security of the United States," said panel Vice Chairman Sen. Jay Rockefeller, D-W.Va.

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Republicans rejected that allegation and said the reports added little to what was already known.

"The long-known fact is that the prewar intelligence was wrong. That flawed intelligence was used by policymakers, both in the administration and in Congress, as one of numerous justifications to go to war in Iraq," said committee chairman Sen. Pat Roberts, R-Kan.

In the run-up to the war, Bush and his advisers repeatedly sought to link Saddam and al-Qaida, stopping just short of accusing the Iraqi leader of a role in the Sept. 11, 2001, terrorist attacks.

"You can't distinguish between al-Qaida and Saddam when you talk about the war on terror," Bush said on Sept. 25, 2002.

On the same day, Condoleezza Rice, then the White House national security adviser, said, "High-ranking detainees have said that Iraq provided some training to al-Qaida in chemical weapons development."

The detainee Rice referred to was al-Qaida operative Ibn al Shaykh al Libi, who was captured in Pakistan in November 2001 and, U.S. intelligence officials said, tortured by Egyptian authorities after his transfer to that country.

The Senate report says that in February 2002, months before Rice spoke, the Defense Intelligence Agency reported that al Libi "was likely intentionally misleading his briefers."

Postwar information on Saddam's relations with Islamic extremists came from numerous sources, the report suggests, including seized documents and interrogations of Saddam himself, former Deputy Prime Minister Tariq Aziz and a senior Iraqi spy, Faruq Hijazi.

The report, quoting from an FBI debriefing of Hijazi, said that when an Iraqi operative met bin Laden in Sudan in 1995, bin Laden asked that Saddam allow him to open an office in Iraq, give him Chinese-made sea mines and military training, and broadcast his speeches.

"According to Hijazi, Saddam immediately refused," the FBI debriefing said.

Regarding Zarqawi, the Senate report cites information that's surfaced since the war indicating that Saddam "attempted, unsuccessfully, to locate and capture" him and the Iraqi regime "did not have a relationship with, harbor, or turn a blind eye toward Zarqawi."

Zarqawi, who operated from a part of northern Iraq that Saddam didn't control, was a key part of Bush's case for war. After the invasion, he became the head of the group al Qaida in Iraq. U.S. bombs killed him in June.

The second report released Friday confirms that the INC had "an aggressive `publicity campaign' prior to the war to bring defectors to the attention of `anyone who would listen.'"

While many committee Republicans dismissed the INC report's conclusions as unsupported by the facts, two of them, Sens. Olympia Snowe of Maine and Chuck Hagel of Nebraska, voted for harsher language that Democrats proposed.

The report, which ran 211 pages, disclosed that three months after the White House approved continued funding for the INC's intelligence collection in July 2002, the Defense Intelligence Agency warned that the group "was penetrated by hostile intelligence services," including Iran's. It's unclear whether top White House officials were aware of the warning.

The report also confirms a report by McClatchy Newspapers that former CIA director R. James Woolsey helped get an INC defector attention from the U.S. government by referring him to Deputy Assistant Secretary of Defense Linton Wells.

The defector, Adnan Ihsan Saeed al Haideri, suggested that he had knowledge of dozens of sites related to weapons of mass destruction, but none of them were ever found, and Haideri, taken to Iraq in early 2004, couldn't identify the facilities that he claimed he knew about.

McClatchy Newspapers correspondents Matt Stearns and John Walcott contributed to this article.

Saddam Rejected Al-Qaida's Requests For Aid (SLPD)

By Bob Deans

St. Louis Post-Dispatch, September 9, 2006

WASHINGTON

Toppled Iraqi dictator Saddam Hussein distrusted the al-Qaida terrorist organization, rebuffed its requests for aid and tried unsuccessfully to capture one of its senior operatives, the Senate Intelligence Committee reported Friday.

DOJ_NMG_0061056

The report, based on an extensive review of postwar intelligence that included interrogations of former Iraqi officials, appeared to undercut a key claim of President George W. Bush's administration: that Saddam's ties to terrorist groups posed a threat to the U.S. and its allies.

As long ago as October 2002, Bush said that "Iraq and al-Qaida have had high-level contacts that go back a decade," warning that "Iraq could decide on any given day" to give a dangerous weapon "to a terrorist group."

At that time, though, the U.S. intelligence community had no evidence of close links between Saddam and al-Qaida, and analysts had reported in top secret documents that Saddam viewed Islamic extremists operating inside Iraq as a threat, the Senate committee reported.

As recently as Thursday, Bush continued to highlight links between Iraq and al-Qaida and its leader, Osama bin Laden. There are al-Qaida operatives in Iraq now, including many who have come from abroad to join an insurgency Pentagon officials estimate at somewhere around 30,000 strong. Bush's critics point out, though, that it has been the U.S.-led war in Iraq that both generated the insurgency and attracted the foreign jihadists.

"Osama bin Laden has proclaimed the third world war is raging in Iraq," Bush said Thursday in an Atlanta speech. "Al-Qaida leaders have declared that Baghdad will be the capital of the new caliphate that they wish to establish across the Middle East."

While bin Laden has purportedly made such claims, the U.S. intelligence community has concluded that when Saddam was in power, he repeatedly rebuffed al-Qaida's requests for assistance and forbade Iraqis from dealing with the group.

"Postwar findings indicate that Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," states the report of the committee, which is chaired by Sen. Pat Roberts, R-Kansas.

"Debriefings also indicate that Saddam issued a general order that Iraq should not deal with al-Qaida," the report continued. "No postwar information suggests that the Iraqi regime attempted to facilitate a relationship with bin Laden."

Also on Thursday, Bush spotlighted the U.S. killing of al-Qaida operative Abu Musab al-Zarqawi earlier this year in Iraq, calling him "al-Qaida's most visible and aggressive leader to emerge" after the attacks of Sept. 11, 2001.

Roberts' committee, however, reported that Saddam ordered his internal intelligence forces to try to capture al-Zarqawi after they received a tip in the fall of 2002 that he was in Baghdad under an alias for medical treatment. But al-Zarqawi eluded the Iraqi security forces, left Iraq that fall and returned in June 2003, after U.S. forces had invaded Iraq and toppled Saddam's regime.

Democrats pounced on the report - which drew chiefly from Central Intelligence Agency conclusions in a 2005 report that was previously classified - as evidence that Bush's administration mischaracterized and misused intelligence to help trump up the Iraqi threat in the lead-up to the U.S. invasion of Iraq in March 2003.

Sen. Christopher "Kit" Bond, R-Mo., criticized Democrats on the Senate Intelligence Committee for attempting to spin the report released Friday, calling their comments that the administration manipulated pre-war intelligence about Iraq deceptive.

"Democrats continue to make partisan attacks even though the facts do not support those conclusions," Bond said. "The committee has wasted an inordinate amount of time looking in the rearview mirror as some of its members desperately attempt to find something to pin on the Bush administration for political leverage."

While acknowledging that the intelligence community "is responsible for massive failures prior to the Iraq war," Bond's statement denied that the administration "intentionally misled the nation or manipulated intelligence."

Bond, a member of the Senate Intelligence Committee, said it had wasted its time "on a witch hunt" and should focus instead on fixing problems in the nation's intelligence agencies.

Bush based his case for war chiefly on his assertion that Iraq possessed chemical and biological weapons. No stockpiles of such weapons have been found, and a series of assessments have documented extensive flaws in the post-war intelligence concerning Iraq's weapons programs.

Make No Mistake: Presidents Wouldn't Admit It (WP)

By Linton Weeks

The Washington Post, September 9, 2006

DOJ_NMG_0061057

Being president apparently means never being able to say you're sorry. Or wrong.

President Bush said that the Central Intelligence Agency did secretly detain certain people suspected of working for al-Qaeda, and that CIA interrogators have used "an alternative set of procedures" designed to pry information from prisoners. Given the opportunity to say he was wrong or that he was sorry, he did what presidents do: neither.

It is a presidential maneuver that satisfies some Americans for whom the ends of the Bush administration's approach to combating terrorism justify the means, and that angers others who believe civil liberties have been casualties of that war. It is a tack that the president may take again in light of reports from the Senate Intelligence Committee that Saddam Hussein was not linked to Osama bin Laden at the time Bush was mounting a war against Iraq. In any case, it is an unapologetic apologia consistent with 230 years of U.S. history.

"Thomas Jefferson was wrong about a lot of stuff," says Peter Onuf, Thomas Jefferson Foundation professor of history at the University of Virginia. But when it came to admitting he was wrong or sorry, Jefferson "could be evasive."

For example, when it was suggested that Jefferson had a liaison with the slave Sally Hemings, "he never addressed the issue," Onuf says. "The charges were widely bruited about in the Federalist press and his response was not to confront it directly. It probably was prudent of him."

Partly "it was the code of an honorable gentleman that provided coverage," Onuf says. Jefferson wouldn't stoop to "answering claims by social inferiors. He didn't respond to things he didn't have to. He was a pretty smooth guy. He certainly believed he was already on the side of the angels."

Other presidents have sidestepped culpability. When the British sacked the city of Washington in 1814, says Gerard W. Gawalt, specialist in American history at the Library of Congress, "James Madison managed to blame everybody but himself for that fiasco."

The presidential posture: Take responsibility, not blame.

Self-certainty is built into the presidential software. Steve Rubenzer, a Houston psychologist and co-author of "Personality, Character, and Leadership in the White House: Psychologists Assess the Presidents," says: "People who become president tend to be dominant individuals. They tend to like to be one up on other people. Apologizing is being one down."

Being wrong or sorry "is seen as a disadvantage. That's a position they try to avoid."

Presidents present themselves as competent and moral. "To admit otherwise is to essentially impeach yourself," Rubenzer says, "and once you have admitted it, it's not contested anymore."

Allan J. Lichtman, a history professor at American University and a Democratic candidate in Maryland for the U.S. Senate says that presidents have always had a sense of their own righteousness.

When it was discovered that members of Ulysses S. Grant's Cabinet were selling favors to the highest bidders, "Grant never took responsibility," Lichtman says. "He tried to defend his Cabinet and staff." Other presidents backed into corners -- Richard Nixon and Bill Clinton, for instance -- have used parsed and parsimonious language to justify their actions. Franklin Roosevelt never apologized for interning Japanese Americans, Lichtman says.

It wasn't until years after Jimmy Carter had left office, says Richard Norton Smith, a scholar in residence at George Mason University, "that he was able to reply what he would have done differently during the Iranian hostage crisis."

During a presidential debate in 1976, Gerald Ford said, "There is no Soviet domination of Eastern Europe and there never will be under a Ford administration." Ford was given opportunities at the time to admit that he was wrong, but "Ford is a stubborn Dutchman. He dug in his heels. He could have backed off in the program. But that's not in the nature of these guys," Smith says.

Years later, as the Soviet Union crumbled, Ford wrote a piece in this newspaper saying "I told you so."

Making the best of a bad situation is part of the job description. Marjorie Cohn of the National Lawyers Guild, a group that has been highly critical of Bush, says that the president's announcement about secret prisons reminds her of the man who was being run out of town and got out in front of the crowd to make it look like he was leading the parade. "That," she says, "is what the president is doing."

With All Deliberate Foot-Dragging (NYT)

The New York Times, September 9, 2006

DOJ_NMG_0061058

We were certainly relieved that the Senate Intelligence Committee finally made official yesterday what pretty much everyone but President Bush and Vice President Dick Cheney had already acknowledged: There never was any connection between Saddam Hussein and Al Qaeda, not even between Mr. Hussein and the self-styled Qaeda leader in Iraq, Abu Musab al-Zarqawi.

Iraq also was not busily trying to build a nuclear weapon before the war, nor did it have a biological weapons program.

Those conclusions were contained in documents released by the committee as part of the second phase of its investigation into the prewar intelligence on Iraq. Releasing any documents was a change of pace for the panel's chairman, Senator Pat Roberts of Kansas, who has consistently tried to stymie this phase of the investigation.

Unfortunately, the documents — only two of the five parts of the final report — are beside the big point of this inquiry: Did Mr. Bush and his aides knowingly hype the intelligence on Iraq and deliberately mislead Americans into war?

The first phase of the committee's investigation listed countless ways in which the intelligence agencies messed up before the war, but drew no conclusions about how Mr. Bush used the flawed intelligence. That question was put off until after the election of 2004, and Mr. Roberts did his best for another year to make sure it would never be answered.

When Democrats forced him to resume the investigation, Mr. Roberts re-engineered the inquiry into a five-part series and orchestrated the process so that the verdict on the actions of Mr. Bush and his team will now not be rendered until after yet another election season is over this fall.

Mr. Roberts has consistently defended his actions by saying he was trying to conduct a careful investigation. But yesterday, he denounced Democrats for "insisting that they were deliberately duped into supporting the overthrow of Saddam Hussein's regime."

"That is simply not true," Mr. Roberts said.

So much for not prejudging the outcome. If Mr. Roberts has an investigative report supporting that conclusion, we'd sure like to read it.

Army General Says Rumsfeld Refused To Plan For Post-war Iraq (DULNT/MCT)

By Stephanie Heinatz

The Duluth News Tribune/McClatchy, September 9, 2006

FORT EUSTIS, Va. - Long before the United States invaded Iraq in 2003, Defense Secretary Donald Rumsfeld forbade military strategists to develop plans for securing a post-war Iraq, the retiring commander of the Army Transportation Corps said Thursday.

In fact, said Brig. Gen. Mark Scheid, Rumsfeld said "he would fire the next person" who talked about the need for a post-war plan.

Rumsfeld did replace Gen. Eric Shinseki, the Army chief of staff in 2003, after Shinseki told Congress that hundreds of thousands of troops would be needed to secure post-war Iraq.

Scheid, who is also the commander of Fort Eustis in Newport News, made his comments in an interview with the Daily Press. He retires in about three weeks.

Scheid's comments are further confirmation of the version of events reported in "Cobra II: The Inside Story of the Invasion and Occupation of Iraq," the book by New York Times reporter Michael R. Gordon and retired Marine Corps Lt. Gen. Bernard E. Trainor.

In 2001, Scheid was a colonel with the Central Command, the unit that oversees U.S. military operations in the Mideast.

On Sept. 10, 2001, he was selected to be the chief of logistics war plans.

On Sept. 11, he said, "life just went to hell."

That day, Gen. Tommy Franks, the commander of Central Command, told his planners, including Scheid, to "get ready to go to war."

A day or two later, Rumsfeld was "telling us we were going to war in Afghanistan and to start building the war plan. We were going to go fast.

"Then, just as we were barely into Afghanistan Rumsfeld came and told us to get ready for Iraq."

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Scheid said he remembers everyone thinking, "My gosh, we're in the middle of Afghanistan, how can we possibly be doing two at one time? How can we pull this off? It's just going to be too much."

Planning was kept very hush-hush in those early days.

"There was only a handful of people, maybe five or six, that were involved with that plan because it had to be kept very, very quiet."

There was already an offensive plan in place for Iraq, Scheid said. And in the beginning, the planners were just expanding on it.

"Whether we were going to execute it, we had no idea," Scheid said.

Eventually other military agencies like the transportation and Army materiel commands had to get involved.

They couldn't just "keep planning this in the dark," Scheid said.

Planning continued to be a challenge.

"The secretary of defense continued to push on us that everything we write in our plan has to be the idea that we are going to go in, we're going to take out the regime, and then we're going to leave," Scheid said. "We won't stay."

Scheid said the planners continued to try "to write what was called Phase 4," or the piece of the plan that included post-invasion operations like security, stability and reconstruction.

Even if the troops didn't stay, "at least we have to plan for it," Scheid said.

"I remember the secretary of defense saying that he would fire the next person that said that," Scheid said. "We would not do planning for Phase 4 operations, which would require all those additional troops that people talk about today.

"He said we will not do that because the American public will not back us if they think we are going over there for a long war."

Why did Rumsfeld think that? Scheid doesn't know.

"But think back to those times. We had done Bosnia. We said we were going into Bosnia and stop the fighting and come right out. And we stayed."

Was Rumsfeld right or wrong?

Scheid said he doesn't know.

"In his own mind he thought we could go in and fight and take out the regime and come out. But a lot of us planners were having a real hard time with it because we were also thinking we can't do this. Once you tear up a country you have to stay and rebuild it. It was very challenging."

Scheid doesn't go so far as calling for Rumsfeld to resign. He's listened as other retired generals have done so.

"Everybody has a right to their opinion," he said. "But what good did it do?"

Even if the people who laid out the initial war plans had fleshed out post-invasion missions, the fighting and insurgent attacks going on today would have been hard to predict, Scheid said.

"We really thought that after the collapse of the regime we were going to do all these humanitarian type things," he said. "We thought this would go pretty fast and we'd be able to get out of there. We really didn't anticipate them to continue to fight the way they did or come back the way they are.

"Now we're going more toward a Civil War. We didn't see that coming."

While Scheid, a soldier since 1977, spoke candidly about the days leading up to the invasion of Iraq, he remains concerned about the American public's view of the troops. He's bothered by the nationwide divide over the war and fearful that patriotism among citizens will continue to decline.

"We're really hurting right now," he said.

Iranian Troops Arrest 5 From Iraqi Security Forces On Border (NYT)

By Edward Wong

The New York Times, September 9, 2006

BAGHDAD, Sept. 8 — Five members of the Iraqi security forces and their interpreter were arrested by Iranian troops as the Iraqis were patrolling the Iraq-Iran border this week, an Interior Ministry spokesman said Friday.

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The Iraqis were on a joint patrol run by the Interior and Defense ministries, said the spokesman, Muhammad al-Askari, and were seized near the town of Mandali, in Diyala Province. The area has been rife with sectarian violence.

It was unclear which side of the border the Iraqis were on.

This is not the first time in recent years that Iran has arrested foreign troops for operating near its border. In June 2004, Iran seized three British naval boats and detained eight sailors as the boats were patrolling in the waters straddling the Iraq-Iran border in the south. The sailors were eventually released.

The arrests of the Iraqis come at a time of growing tension between the United States and Iran. The Bush administration is pushing for a United Nations resolution that would impose economic and political sanctions on Iran for going forward with its uranium enrichment program, which American officials say could result in a nuclear weapon.

Here in Baghdad, the American ambassador, Zalmay Khalilzad, and military commanders have accused individuals or groups in Iran of supporting Shiite militias and urging them to step up attacks against the Americans.

Several prominent Iraqi Shiite leaders with strong ties to Iran have denied the American accusations.

Iran and Iraq fought a war from 1980 to 1988 in which up to one million people were killed. Though Iraqi Shiite political parties are close to some Iranian officials, many Iraqis distrust the Iranians, who have been the traditional rivals of Arabs for influence in the region. Iran's population is mostly Shiite Persian.

Violence rippled across parts of Iraq on Friday. In Baghdad, a homemade bomb exploded near a police convoy, killing three civilians and wounding three policemen.

The police found six bodies in four different parts of Baghdad, an Interior Ministry official said.

In the insurgent stronghold of Hawija, near the oil city of Kirkuk, gunmen assassinated a prominent sheik, Khalaf Ibrahim, police officials said. A volley of mortars in the town of Musayyib killed three Shiite pilgrims and wounded 22 others. The pilgrims were going to Karbala to celebrate the birthday of a vanished Shiite imam.

The American military said a soldier was killed by a roadside bomb south of Baghdad. An Iraqi civilian was killed and a young child injured in an accident on Friday involving a military convoy, American officials said.

The British military said a British soldier died Thursday from wounds suffered earlier in the week when his patrol was attacked in the town of Qurna.

The latest round of violence came a day after a Baghdad morgue official told reporters that more than 1,500 Iraqi civilians died violently in the capital in August, about the same level as in June. If the August figure is accurate, it shows that the new Baghdad security plan rolled out by the American military in early August has made little difference so far in quelling violence.

On Thursday, the new leader of Al Qaeda in Mesopotamia, Abu Hamza al-Muhajir, released an audio message urging every Sunni Arab to kill an American within the next 15 days, and beseeching those Sunnis whose family members have suffered under the Shiite-led government to kill a member of a Shiite party or militia, according to a translation by the SITE Institute, which tracks jihadist messages.

It was Mr. Muhajir's first audio message since he was named successor to Abu Musab al-Zarqawi, the Qaeda leader who was killed by an American airstrike in June.

"What you saw in the past is a drop of what you are going to see and what is prepared for you," Mr. Muhajir said.

American military officials have said they believe that Abu Hamza al-Muhajir is the nom de guerre of Abu Ayyub al-Masri, an Egyptian explosives expert said to have trained in 1999 at a terrorist camp in Afghanistan run by Al Qaeda.

Five Iraqi Soldiers Seized In Border Clash With Iran (WP)

By Amit R. Paley

The Washington Post, September 9, 2006

BAGHDAD, Sept. 8 -- The Iranian military seized five Iraqi soldiers after a cross-border skirmish Thursday, Iraqi authorities said Friday.

The captured troops were part of a joint U.S.-Iraqi patrol that trekked on Thursday afternoon to a border post near Mandali, a town of 13,000 located about 75 miles northeast of Baghdad, to investigate reports that a large number of Iranians were crossing into Iraq there, according to Brig. Gen. Subhi Bairam, commander of the Mandali police.

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Iranian forces opened fire when the patrol moved within about 50 yards of the border, Bairam said. The patrol returned fire and then retreated from the scene. Back in Mandali, patrol members realized that five soldiers and the vehicle they were in had been captured by the Iranians.

The Iranian military said it arrested the troops for "infiltrating the Iranian soil," according to the official Islamic Republic News Agency. Iran also said it had arrested seven soldiers, not five.

The announcement of the capture came as sectarian violence continued to roil Iraq.

Three Shiite Muslim pilgrims were killed and two were wounded by mortar fire in Musayyib, south of Baghdad, as they marched to a major religious celebration in the holy city of Karbala, according to Capt. Muthanna Ahmed of the Babil provincial police. More than a million pilgrims are expected to gather in Karbala on Saturday for the Shabaniya holiday, which commemorates the birth of one of Shiite Islam's most revered religious figures.

In Baghdad, bombs killed four people and wounded five in separate attacks on police patrols in the eastern part of the city, according to Brig. Gen. Abdul Kareem Muhammad of the Interior Ministry. At least 11 other people were killed in other attacks across the country, police said.

The U.S. military also announced that an American soldier was killed early Friday when his vehicle was struck by a roadside bomb south of Baghdad. No other details were released.

Special correspondent Saad Sarhan in Karbala and other Washington Post staff in Iraq contributed to this report.

Forces Deploy In Karbala To Protect Shi'ite Pilgrims (WT/AP)

By Patrick Quinn

The Washington Times/AP, September 9, 2006

BAGHDAD -- Iraqi police and army troops fanned out around Karbala yesterday to safeguard the Shi'ite holy city as a mortar attack killed three pilgrims heading there for a religious festival.

At least 22 other persons were wounded -- four critically -- when three mortar rounds exploded among pilgrims in Musayyib, about 40 miles south of Baghdad.

Officials said they expected as many as 3 million pilgrims at the religious festival today in Karbala, 50 miles south of Baghdad.

"Our forces have tightened their control on the ground and our only concern now is rockets launched from a far distance," said Iraqi army Maj. Gen. Samir Abdullah.

Millions attend the festival observing the birthday of Imam al-Mahdi al-Muntadhar, a 9th-century religious leader. Many walk to Karbala from across Iraq, and several attacks already have occurred on processions heading to the city.

On Monday, Iraqi soldiers clashed with gunmen near Karbala during an operation to secure the area, leaving 14 militants and one Iraqi soldier dead, the prime minister's office said. Last week, 13 Pakistani and Indian Shi'ite pilgrims and their Iraqi driver were ambushed and killed en route to the city.

Since the 2003 U.S.-led invasion of Iraq, Karbala has seen a number of attacks -- mostly involving suicide bombers -- that have killed hundreds of people. The attacks are considered to have been the work of Sunni Arab extremist groups, including al Qaeda in Iraq.

Iraqi officials said police and army troops had deployed around Karbala ahead of today's festival to prevent the infiltration of suicide bombers and terrorists. Cars have been banned since Wednesday.

One of the army units that will defend Karbala, the army's 8th Division, was the first to come under full Iraqi control during a ceremony Thursday. U.S.-led forces turned over control of Iraq's military command to the Shi'ite-led government, a step considered key toward the eventual withdrawal of foreign troops.

Meanwhile, Prime Minister Nouri al-Maliki's government defended its decision to shut down the Baghdad operations of Al Arabiya, a Dubai-based satellite TV channel, for one month.

Spokesman Ali al-Dabagh said some of Al Arabiya's reporting staff promoted sectarian violence and that some of its reports supported terrorism.

The other pan-Arab satellite network, Al Jazeera, had its office in the capital closed two years ago.

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Also yesterday, coalition authorities announced the deaths of two coalition soldiers -- an American and a Briton.

Security Tight For Karbala Pilgrims (LAT)

By Patrick J. McDonnell

The Los Angeles Times, September 9, 2006

BAGHDAD — Tens of thousands of Shiite Muslim pilgrims headed to a shrine city south of the capital Friday amid heavy security as the daily toll of casualties mounted in a sectarian war without respite.

No major attacks were reported against the multitudes destined for Karbala, where today they celebrate the birthday of a revered imam who disappeared a millennium ago.

But even on a relatively quiet day in the capital, authorities reported finding 14 unidentified bodies in various neighborhoods, all handcuffed, blindfolded and killed execution-style — most of them shot in the head — now a trademark of the internecine conflict.

In largely Shiite east Baghdad, a roadside bomb targeting police killed three civilians and wounded three officers. Mortar blasts killed two civilians in a Shiite district of south Baghdad, and gunmen killed at least three in other incidents, authorities reported.

The traditionally mixed capital — with its Shiites, Sunnis, Christians and others — has become the prime killing ground of the sectarian conflict, which authorities say leaves as many as 100 Iraqis dead each day. Tens of thousands reportedly have fled to neighborhoods where their sects predominate and militias provide some measure of safety.

Despite the presence in Iraq of about 145,000 U.S. troops, the highest figure in months, the Shiite-led government has struggled to maintain order amid daily carnage.

Thousands of Iraqi police officers, soldiers and volunteers sealed off Karbala, about 50 miles south of Baghdad, to try to prevent a repeat of previous attacks on masses of Shiite pilgrims, whose boisterous marches are often viewed as a provocation by the rival Sunni Arab community. Vehicles, cellphones and weapons were banned from the city, and everyone was subject to search.

News agencies reported mortar rounds aimed at Karbala-bound pilgrims killed at least three of them in Musayyib, about 35 miles south of Baghdad. But provincial authorities said the dead were local residents hit by mortar blasts targeting a police station in a violent mixed-population area.

More than 1 million pilgrims are expected, honoring a messianic figure known as the Mahdi who, it is believed, will return someday to save the faithful.

Karbala, with its two magnificent gold-domed shrines, is one of the jewels of the Shiite world. It has been the site of numerous attacks on pilgrims, including suicide bombings in spring 2004 that killed 130 worshipers and injured hundreds.

On Friday, the Muslim holy day, Shiite preachers nationwide urged the faithful to endorse federalism, a combustible concept under which Shiite-dominated southern provinces would merge into an autonomous region.

"Such a federal system exists in many nations, but when the Shiite talk about federalism, they are accused of dividing Iraq," leading cleric Sadruddin Qubanchi told worshipers in the southern city of Najaf. "There is no such danger."

...

The autonomy debate has badly exacerbated sectarian tensions. Many Sunnis view the plan as a scheme to deprive their long-dominant sect of resources while the Shiite south and Kurdish north pocket petroleum revenue from vast deposits in their zones.

In parliament Thursday, a shouting match ensued as Sunni representatives accused the majority Shiites of trying to slice up the country into ethnic and sectarian fiefdoms. The debate is expected to resume next week.

U.S. Count Of Baghdad Deaths Excludes Car Bombs, Mortar Attacks (MCT)

By Mark Brunswick And Zaineb Obeid

McClatchy Newspapers, September 9, 2006

BAGHDAD, Iraq - U.S. officials, seeking a way to measure the results of a program aimed at decreasing violence in Baghdad, aren't counting scores of dead killed in car bombings and mortar attacks as victims of the country's sectarian violence.

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In a distinction previously undisclosed, U.S. military spokesman Lt. Col. Barry Johnson said Friday that the United States is including in its tabulations of sectarian violence only deaths of individuals killed in drive-by shootings or by torture and execution.

That has allowed U.S. officials to boast that the number of deaths from sectarian violence in Baghdad declined by more than 52 percent in August over July.

But it eliminates from tabulation huge numbers of people whose deaths are certainly part of the ongoing conflict between Sunni and Shiite Muslims. Not included, for example, are scores of people who died in a highly coordinated bombing that leveled an entire apartment building in eastern Baghdad, a stronghold of rebel Shiite cleric Muqtada al-Sadr.

Johnson declined to provide an actual number for the U.S. tally of August deaths or for July, when the Baghdad city morgue counted a record 1,855 violent deaths.

Violent deaths for August, a morgue official told McClatchy Newspapers on Friday, totaled 1,526, a 17.7 percent decline from July and about the same as died violently in June.

The dispute is an important one. With Baghdad violence reaching record levels in July, U.S. commanders warned that the country was tipping toward civil war. They then ordered 8,000 U.S. troops and 3,000 Iraqis to conduct house-by-house searches of Baghdad's neighborhoods in an effort to root out insurgent gunmen and militia death squads in Operation Together Forward.

The program, which began in earnest Aug. 7, included bringing in thousands of American troops from other parts of Iraq in what was seen by many as a last-ditch effort to head off a civil war that many Iraqis say has already begun.

Within weeks of the kickoff of the Baghdad security plan, the U.S. military's top spokesman, Maj. Gen. William B. Caldwell, boasted that the murder rate in Baghdad had fallen by 46 percent and attributed most of the fall to the new security sweeps.

On Thursday, Caldwell revised the figures, posting a statement on the website of the Multi-National Force-Iraq that the murder rate had dropped even more - by 52 percent from July.

That claim was immediately contradicted by the morgue figures, which trickled out in accounts by various news organizations citing unnamed officials.

Johnson said he couldn't comment on morgue figures and declined to release the raw numbers on which Caldwell's claim was based. He said the numbers were classified and that releasing them might help "our enemy" adjust their tactics.

"We attempt to strike the right balance, being as open and transparent as possible without providing information that places our troops or Iraqi civilians at undo risk by the enemy adjusting their tactics for greater impact," he said, in explaining the decision not to release the figures.

Johnson said the numbers more accurately reflect the impact of Operation Together Forward's mission: targeting operations of shadowy sectarian death squads, who often use drive-by shootings, torture and executions as tactics for terror, rather than suicide bombings or rocket or mortar attacks.

He said the figures quoted by Caldwell reflect a "cautious optimism" that the situation is improving in Iraq.

But whether the violence is truly improving is far from clear. The morgue numbers made public this week reflect only deaths in Baghdad and figures compiled by the Ministry of Health for August violent deaths throughout Iraq won't be released until later this month.

Car bombs daily claim tens of victims, and tit-for-tat exchanges of mortar fire are nightly occurrences. Every morning bodies are discovered, many with their hands and feet bound.

The distinction in the way those people die is lost on victims' relatives, some of whom suggest the true numbers are higher.

"If you want the truth, even when we hear or see the scenes of explosions, assassinations, or number of dead on TV, we don't really care anymore, our feelings are dead," said Dhiya Ahmed, whose 17-year-old nephew was killed on Aug. 11. The young man was walking with a friend near his house when gunmen approached and shot them both dead.

"The numbers are not quite true," said Ahmed. "I bet the actual number is much more."

The family's tragedy has been intense. Last year the victim's father was killed in a similar fashion.

Even while touting the successes, Caldwell on Thursday warned on the coalition Web site about possible increases in violence from insurgent and terrorist attacks that he said would be used to divert attention from the Baghdad security initiative.

"It should not be a surprise if we witness brief up ticks in violence in the near future," he wrote.

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Government leaders seem to be bracing for more bodies. A meeting was held recently between officials in the Health Ministry to talk about importing refrigerators for the morgue. The idea was to set them up in an empty building nearby.

But the discussion quickly broke down over what kind of freezers they would use: ones with sliding doors or a single large freezing room. More talks are scheduled.

In Baghdad on Friday, three civilians were killed and three others wounded when a bomb targeting the convoy of the Karrada neighborhood police commander exploded. Three police officers also were wounded.

Police also discovered 14 bodies in a western portion of the city.

New Army Manual Recalls Abuse (WP)

By Josh White

The Washington Post, September 9, 2006

The chief architect of the new Army field manual on interrogations said yesterday that the document aims to preserve the memory of the detainee abuse at Abu Ghraib and elsewhere so future generations of U.S. soldiers do not repeat the same mistakes.

Thomas Gandy, a senior civilian Army intelligence official, told reporters at the Pentagon that the new manual's explicit guidelines on what U.S. military personnel can and cannot do when questioning detainees arose out of the alarming photographs from Abu Ghraib and the dozen military investigations that examined abuse reported in Iraq, Afghanistan and Guantanamo Bay. He said it was important to "keep these things vivid" so soldiers understand their boundaries and the effects of crossing them.

The manual, which is an extensive volume covering U.S. human intelligence collection operations, reads far more like direct instructions to military interrogators than did the previous field manual. It even includes highlight boxes filled with vital points top leaders wanted to make crystal clear. One such section warns troops that acts of violence or torture could lead to criminal charges and information of questionable value.

"Use of torture by U.S. personnel would bring discredit upon the U.S. and its armed forces while undermining domestic and international support for the war effort," the manual says. "It also could place U.S. and allied personnel in enemy hands at a greater risk of abuse by their captors. Conversely, knowing the enemy has abused U.S. and allied POWs does not justify using methods of interrogation specifically prohibited by law, treaty, agreement, and policy."

None of the techniques in the manual is classified despite more than a year of discussions that nearly culminated in at least one tactic remaining cloaked, Gandy said. Officials opted against secrecy, he said, because they feared it could fuel suspicion that the Pentagon was hiding abusive tactics.

The list of things interrogators cannot do includes abuse alleged at various facilities and some that appear to come directly from Abu Ghraib photographs: forcing a detainee to be naked, perform sexual acts, or pose in a sexual manner; placing hoods or sacks over a detainee's head or putting duct tape over his eyes; beatings, electric shocks, burns or other painful tactics; "waterboarding"; using military working dogs; using extreme cold or hot temperatures; mock executions; and depriving a detainee of food, water or medical care.

The manual also specifies that military police are not to be involved in interrogations.

Gandy said the narrow definitions should not affect most U.S. military interrogators, who rely on direct questioning for 90 percent or more of their successful efforts. President Bush this week said an alternative set of standards for the CIA -- which is not public -- has been necessary for interrogating top terrorist suspects, but Gandy and other Army officials said aggressive tactics are not required.

"These tools, used effectively, are adequate to meet our needs," he said of the techniques in the new manual.

Elisa Massimino, Washington director of Human Rights First, said she is concerned that the Army field manual and a new Pentagon directive on detainee treatment designate the CIA as the agency that will do the nation's dirty work under a set of secret guidelines.

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"I'm afraid that they think they'll let the military stick to the law and they'll transfer all those great ideas over to civilian interrogators," Massimino said of the aggressive techniques. "It highlights the chasm between the military's rule-of-law standard and the lawlessness for civilian agencies."

U.S. Finds 'Torture Chambers' In Iraq (AP-Y)

AP, September 9, 2006

The senior commander of U.S. and Iraqi forces in northern Iraq said Friday that a small number of "torture chambers" apparently used for sectarian violence were discovered along the Diyala River.

Maj. Gen. Thomas R. Turner II, whose area of responsibility stretches from the Iranian border north to Turkey and west to the Syrian border, told reporters at the Pentagon that two or three small rooms were found in May or June. He mentioned them as examples of sectarian strife that has spread from Baghdad to other parts of Iraq.

"We do see that migration," he said when asked about a Pentagon report to Congress last week that expressed concern that sectarian violence was spreading beyond the Iraqi capital, where it is most intense and widespread.

Turner estimated that the torture chambers were about 6 feet wide and 6 feet long. He did not give their exact location. He said they were along the Diyala River, which runs northeast of Baghdad toward the Iranian border.

"What it included were places where shackles were attached to walls, batteries, and other evidence of torture," he said.

Diyala province is predominantly Sunni, with a sizable population of Shiites as well as Kurds.

Turner spoke by video teleconference from his headquarters at Tikrit.

Ex-Marine Warns Not To Rush To Judgment (LAT)

By Tony Perry

The Los Angeles Times, September 9, 2006

Ilario G. Pantano was cleared in two killings in Iraq and says others accused may be too.

SAN DIEGO — This is not the role Ilario G. Pantano had in mind when he reenlisted in the Marine Corps after Sept. 11. He wanted to join the fight against terrorism.

But now he's doing something different: pleading with Americans not to presume that a growing number of Marines and soldiers accused of atrocities in Iraq are actually guilty.

He is the voice of experience. The second lieutenant was charged with killing two unarmed Iraqi prisoners but was exonerated last year in a high-profile preliminary hearing at Camp Lejeune, N.C.

The case destroyed his Marine Corps career but gave him a new mission. Pantano resigned his commission in mid-2005.

"He is the perfect spokesman for the idea that you shouldn't prejudge," said Charles W. Gittins, his lawyer. "The case against him was supposedly solid but it fell apart quickly. It could happen again."

Gittins, in San Diego to defend a sergeant accused in a drowning at the Marine Corps Recruit Depot, wants Pantano to run for office. Pantano, 35, now living in North Carolina, says he's keeping his options open.

"What a great congressman or senator," Gittins said. "There are guys in those offices now who can't carry his briefcase."

Marine Sgt. Daniel Coburn, who accused Pantano of killing two defenseless Iraqis and of falsely claiming that the two were making threatening movements, has apparently not changed his mind.

The sergeant no longer talks to reporters, but his wife, Rae Anne, was scalding in expressing the family's opinion of Pantano: "He's a fake, and the media loves him because he's good-looking and articulate," she said.

On the articulate part, there is little doubt. Comfortable in front of cameras and unwavering in his opinions, Pantano has made the rounds of the political talk shows.

Even the acerbic and liberal-leaning Jon Stewart seemed impressed when Pantano appeared on "The Daily Show With Jon Stewart" on Comedy Central. Pantano told the audience that no one could comprehend the brutality and moral confusion of war who had not seen it.

The war in Iraq, he said, boils down to deciding between a bad choice and a worse one.

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"One day you're interrogating a grandmother in front of her grandchildren because her son is a sniper and you've got to find this guy because he's killing your men," he said. "But she has lost children to Saddam — maybe four or five of them. You feel now this inner struggle: 'Am I becoming the beast?' "

Conservative bloggers championed Pantano's defense during the court case and are now praising his book "Warlord: No Better Friend, No Worse Enemy," which tells of his combat in Iraq and his courtroom experiences at Camp Lejeune.

Blogger Michelle Malkin, a regular on Bill O'Reilly's show on Fox television, has given her blog following a direct order: "Your mission: Make this book a best-seller. Spread the word."

Pantano has bantered with MSNBC "Hardball" host Chris Matthews, written a letter to the Washington Post blasting Rep. John P. Murtha (D-Pa.) for accusing Marines of "cold-blooded murder," and had a chapter of "Warlord" published in Soldier of Fortune magazine.

After growing up in New York's Hell's Kitchen neighborhood and attending a prep school on scholarship, he joined the Marine Corps and served on the front line as a sergeant in the Persian Gulf War.

After leaving the Corps, he graduated from New York University and became a commodities broker and then a multimedia entrepreneur.

Even before the dust from the World Trade Center settled in 2001, he said, he'd hurried to a barber for a "high-and-tight" haircut to begin feeling like a Marine again.

He reenlisted shortly after the attacks and was commissioned as a second lieutenant.

But just months into his first tour in Iraq in 2004 as commander of a rifle platoon, Pantano was pulled from combat and ordered back to the U.S. to answer the murder charges.

Although he did not testify at the hearing, he had insisted to investigators that he killed the two Iraqis after they made threatening moves at him. His accuser, Coburn, with whom Pantano had clashed, was judged by the hearing officer to lack credibility.

Pantano's legal strategy was aggressive and media-smart and has become a kind of standard for other military personnel facing similar charges, particularly the seven Marines and Navy corpsman at Camp Pendleton accused of kidnapping and murdering a 52-year-old Iraqi.

Like Pantano, each of the so-called Pendleton 8 has hired a civilian attorney not bound by military restrictions about talking to reporters and not reluctant to criticize military investigators. Each of the eight, also like Pantano, has a website devoted to his defense.

Pantano is worried that decisions about bringing criminal charges are often made by investigators and officers without direct combat experience. The line between acceptable and unacceptable violence in Iraq is hard to discern, he said.

"Sadly, we want the line to be a very rigid and moral one," he said. "Unfortunately, that line moves as the intensity of combat builds."

Marines and soldiers may become reluctant to fire their weapons for fear of being criticized or charged, he warned. "Our reluctance to apply the right amount of violence upfront has only allowed a festering wound of the insurgency to get worse."

Blast In Kabul Kills 14 Afghans, 2 U.S. Soldiers (WP)

By Pamela Constable And Javed Hamdard

The Washington Post, September 9, 2006

KABUL, Afghanistan, Sept. 8 -- A suicide bomber rammed a Toyota sedan into a U.S. military convoy Friday morning on a busy Kabul street, triggering a blast that killed 14 Afghan civilians and two U.S. soldiers, officials here said. At least 17 other people, including a U.S. soldier, were injured.

The attack, carried out on the same block as the heavily guarded U.S. Embassy, was the latest of half a dozen bombings that in recent months have brought what was an almost exclusively rural insurgency onto the streets of the Afghan capital.

Friday's bombing came as Taliban militiamen are battling NATO troops in southern Afghanistan with unexpected aggressiveness and occupying rural districts there.

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NATO officers meeting Friday in Warsaw debated a call from the alliance commander, Gen. James L. Jones, for member states to send as many as 2,500 more troops and additional combat aircraft and transports to the southern provinces.

Suicide bombings were all but unknown in Afghanistan until the past year. Afghan officials have charged that the attackers infiltrated from Pakistan, where they allegedly received training and weapons from Islamic groups or intelligence services.

Friday's explosion tore one U.S. military vehicle in half and scattered chunks of charred metal and human limbs across the pavement, witnesses said. It shattered hundreds of windows in the nearby Makroyan apartment complex.

The blast occurred on the eve of two tense anniversaries for the country: the Sept. 11, 2001, terrorist attacks in the United States, which triggered the U.S. military campaign that drove the Taliban from power the following November, and the assassination of the anti-Taliban guerrilla leader Ahmed Shah Massoud two days before.

The bomber struck just a few yards from a traffic circle containing a monument to Massoud. A massive public ceremony commemorating Massoud's death is planned for Saturday.

In Washington, State Department spokesman Sean McCormack called the crime "a heinous act of terrorism," and he said U.S. authorities here would work closely with Afghan security agencies to investigate it.

Afghan President Hamid Karzai condemned the attack as a "shocking and despicable" act that went "against the values of Islam and humanity." In a statement released by his office, he said that "enemies of Afghanistan are trying to hinder the country's progress towards peace and democracy by disrupting the peaceful life of our people."

In recent months there have been half a dozen suicide bombings in the capital, most of them aimed at U.S. or NATO convoys and facilities.

Lt. Col. Paul Fitzpatrick, a spokesman for U.S. military forces here, said 94 civilians and 28 foreign and Afghan troops have been killed by roadside bombs this year.

"We will continue to work together with the Afghan government and Afghan security forces to defeat Taliban extremists and protect the people of Afghanistan from this brutal common enemy," Fitzpatrick said.

Witnesses to the midmorning bombing said they heard a tremendous explosion and saw bodies, including those of several women, thrown into the air. They said the dead included an elderly man who was selling used clothing from a pushcart and several brothers who were hanging up used jeans and shirts to display on a fence.

"I was just setting out my melons when I heard a sound such as I had never heard in my life," said Hamid Wafa, 20, whose left hand was injured by shattered glass from storefronts near his fruit stand. He said he had seen a white Toyota Corolla smash into the passing convoy. "If I knew who had done this I would kill him."

A man of 50 who gave his name as Qayoum said all the glass in his apartment windows had been shattered. He speculated that the attack was "the work of al-Qaeda and terrorists," pointing out that it had taken place near both the U.S. Embassy and the presidential palace.

Afghan, U.S. and NATO troops quickly cordoned off the blast site and stationed four tanks nearby. A spokesman for the U.S. Embassy said that no one there had been injured but that the facility was closed for the rest of the day as a security measure.

Pakistan has denied the accusations that it is tolerating or helping the Taliban. Pakistan's president, Gen. Pervez Musharraf, acknowledged on a goodwill visit to Kabul earlier this week that there had been cross-border infiltration by Afghan insurgents hiding in the border areas, but he disputed suggestions that Pakistani agencies were aiding in those movements.

Friday's explosion was the deadliest attack in the capital since September 2002, when a pair of bombs hidden in a taxi and on a bicycle killed 26 people, injured dozens more and destroyed much of a downtown block of shops and hotels. Recent bombings in Kabul have included remote-control and suicide blasts. Last week, a NATO military convoy was bombed on a highway outside Kabul, killing three Afghans. Earlier this summer, remote-control blasts targeted public buses carrying Afghan civilian and security workers to their jobs.

Suicide Bomber Kills 16 In Kabul Near Embassy (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, September 9, 2006

DOJ_NMG_0061068

KABUL, Afghanistan, Sept. 8 — A suicide bomber smashed his car into an American military vehicle just yards from the United States Embassy in downtown Kabul on Friday morning, killing as many as 16 people and wounding 29, Afghan and American officials said.

The bombing was one of the most powerful to shake the capital since American forces drove the Taliban from power in 2001. The United States military issued a statement confirming the deaths of two American soldiers and said two others were wounded.

The Afghan police at the scene put the death toll at 11 civilians and 5 American soldiers. Witnesses said they saw three American soldiers lying in the street. Other soldiers might also have been killed, they said, as the blast ripped apart the armored Humvee, making it hard to believe that anyone inside could have survived.

Soldiers later pulled shredded American uniforms off the trees and picked up body parts. A seat from the Humvee was left hanging in a tree.

Kabul residents said they were bracing for still more violence as they prepared to observe the fifth anniversary on Saturday of the death of the warlord Ahmed Shah Masood, who was killed by two suicide bombers from Al Qaeda in an assassination linked to the 9/11 attacks.

The Kabul bombing came amid a sharp escalation of violence in Afghanistan, where NATO and American military commanders are waging an offensive to crush a Taliban insurgency that has revived with unexpected strength this year.

Suicide bombers have struck more than 50 times in the last year, killing more than 100 civilians. Most often the attacks have been in the south, where the insurgency thrives.

That fighting against the insurgents continued Friday. A NATO soldier was killed and three others were wounded in a roadside attack in southwestern Afghanistan, where American troops are deployed, and another suicide bomber threw himself at a NATO convoy in Kandahar Province but killed only himself.

Heavy fighting also raged in a strategic area west of the city of Kandahar, where Canadian troops are locked in fierce battles with Taliban insurgents.

NATO defense chiefs, meeting in Warsaw on Friday, discussed raising still more troops for Afghanistan, which has become the largest and most serious combat mission in the alliance's 57-year history.

On Thursday, the Atlantic alliance's top commander of operations, Gen. James L. Jones of the United States, said that he had asked for 2,000 to 2,500 people on top of the roughly 18,500 soldiers NATO has already deployed in Afghanistan, and that he had called for more helicopters and transport aircraft.

But he said in an interview that alliance members had so far failed to provide equipment and troops pledged months ago, adding that he had asked them to "make good" on the promises and that he could not understand why NATO countries were delaying when their forces were facing sustained combat.

"I am asking for the forces we asked for 18 months ago," General Jones said. "It is not that we are making new demands. We have generated about 85 percent of the force that is required. In view of the hostilities that are going on, especially in the southern region, the commander on the ground said if he had the full kit he would be in very, very good shape."

The commander he referred to was the senior alliance officer, Lt. Gen. David Richards of Britain, who said Wednesday that after just six weeks in charge of the NATO force in the south, he felt the tide was turning against the Taliban, despite having lost 28 soldiers since Aug. 1.

"People are dying," General Jones added. "Soldiers are fighting, and so 85 percent in a peaceful situation may be O.K., but in a situation involving combat, that is another matter."

Asked which of the 26 countries in the alliance were dragging their feet, General Jones hesitated and then replied, "All of them."

During the weeks leading to NATO's deployment in the south, General Jones had repeatedly warned that the alliance would face strong resistance from insurgents and drug lords. "For the first time, their power is being challenged, and they will do everything possible to intimidate the NATO forces," he said.

In the capital, the soldiers killed in the blast were part of a provincial team whose work is to provide reconstruction and assistance to local communities, building roads and schools and supplying electricity, a United States military statement said.

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The blast strewed blackened wreckage and shrapnel across the tree-lined central divide of the avenue and blew out windows in surrounding apartment buildings. The police were gathering pieces of flesh in buckets as firefighters hosed down the road and a burning vehicle.

An elderly woman sitting outside her home was hit by shrapnel in the chest and died instantly, witnesses said. A boy selling baseball caps on the street and another boy with a secondhand clothing stall were killed, said Abdul Zarif, 18, a shopkeeper. "Another stall owner was wounded and was screaming as his younger brother was also dead," he said.

A baker, Ghulam Hazrat, 40, was thrown across to the back of the bakery by the blast. "We were lost for minutes under the dust and smoke and finally we climbed out of the bakery, and I saw the smoke and flames from an American car burning, and a lot of bodies on the other side of the road," he said.

A number of those killed were city workers sweeping the streets. Many people in nearby apartments were wounded by flying glass, hospital officials said.

At the nearby hospital, Sakhi Muhammad, 35, was in tears as he found the body of his nephew, a municipal worker, and cursed the government of President Hamid Karzai. "God destroy you with your government," he shouted.

Another man, Turialai, collected the body of his newly married brother Hayatullah, 35, who had been a passer-by. Turialai telephoned someone to start preparing the funeral.

Suicide bombing was very rare in Afghanistan until last fall, when attacks suddenly escalated and spokesmen for the Taliban claimed to have trained hundreds of bombers to send in against the government of Afghanistan and its foreign allies.

As of Aug. 12, suicide bombers had killed 124 people in Afghanistan this year. Of those, 105 — 84 percent — were civilians, according to United States military figures released in a statement in Kabul last month.

Car Bomb Kills 16 Near U.S. Embassy (WT/AP)

By Paul Garwood, Associated Press

The Washington Times, September 9, 2006

KABUL, Afghanistan -- In the most brazen attack yet on Kabul's heavily guarded center, a car bomber rammed into an American Humvee outside the U.S. Embassy yesterday, killing 16 persons, including two U.S. soldiers. It was the Afghan capital's deadliest suicide attack since the 2001 toppling of the Taliban.

A purported Taliban spokesman, Qari Yousaf Ahmadi, took responsibility for the attack, according to the privately run Pajhwok Afghan News Agency.

The attack shattered what had been a typically peaceful Muslim day of prayer in the war-ravaged capital and revealed the lingering vulnerability of foreign troops, local forces and Afghan civilians to terrorist attacks almost five years after a pro-American government was installed. Attacks in central Kabul have been rare in comparison with areas on the edge of the city and in the country's south.

Some 20,000 NATO soldiers and a similar number of U.S. forces are trying to crush the emboldened Taliban insurgency, mainly in southern Afghanistan. Taliban holdouts have been turning to Iraqi-style tactics -- including increasing numbers of suicide bombings -- to derail the government of President Hamid Karzai.

"Today's heinous act of terrorism is against the values of Islam and humanity," Mr. Karzai said.

The attack occurred as many Afghans were commemorating the assassination of anti-Taliban commander Ahmed Shah Masood, who was killed in an al Qaeda suicide bombing two days before the September 11 attacks in the United States.

Yesterday's explosion went off at 10:20 a.m. just 150 feet from the landmark Masood Square, which leads to the main gate of the heavily fortified U.S. Embassy compound. It tore a 6-foot-wide crater in the road.

A witness, Najibullah Faizi, 25, said he saw a blue Toyota Corolla driven by a young, heavyset man speed past another car in the inside lane before slamming into one of two U.S. Humvees in a convoy.

"I fell to the ground after the blast. American soldiers started shooting at another car nearby. There was smoke and flames everywhere," Mr. Faizi said.

The blast sent a plume of brown smoke spiraling hundreds of feet into the sky and tore apart one of the Humvees, blowing it onto what had been its roof and turning it into a twisted, flaming hulk of metal.

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All that remained of the bomb-packed car was its front end, which was engulfed in flames some 60 feet away from the explosion.

The blast's force shattered every window in a five-story, Soviet-era apartment block facing the scene, spraying shards of glass over children eating their breakfasts and women cleaning their cramped homes. Restaurants and businesses on the other side of the road also had windows and doors blown in.

The U.S. military initially said two other soldiers were wounded, but later revised it to one.

American and NATO troops are fighting the Taliban primarily across vast desert plains in southern Helmand and Kandahar provinces, center of the country's massive opium trade.

"The fighting is extraordinarily intense. The intensity and ferocity of the fighting is far greater than in Iraq on a daily basis," Brig. Gen. Ed Butler, the commander of British forces in Afghanistan, told British ITV news.

He echoed NATO commander Gen. James L. Jones' call Thursday for at least 2,000 more troops. Gen. Jones, who said the next few weeks would be decisive in the fight against militants, is in Poland pressing officials from the 26 NATO member states for more soldiers and air support.

Yesterday in Warsaw, NATO defense chiefs held their first meeting on Afghanistan since taking over military command of the south of the country, with the violence in the Muslim nation escalating rapidly.

High on the agenda at the talks in the Polish capital was the call by Gen. Jones and other NATO leaders for more troops and equipment for Afghanistan, Canadian Col. Brett Boudreau said.

"But the issue of force levels and contributions will not be an exclusive part of the discussions," he added.

New Urgency To Nato Troop Call (FT)

By Rachel Morarjee and Daniel Dombey

Financial Times, September 9, 2006

Kabul on Friday suffered its worst bomb blast in recent years, as Nato continued a push for more troops for the battle against the Taliban in Afghanistan.

The two events highlighted the challenges facing the military alliance, which has to contend with both a renewed insurgency and inbuilt difficulties in the way it provides troops for its missions.

A suicide bomber rammed into a US military convoy near the US embassy in the Afghan capital, killing two US soldiers and at least 14 civilians. Another 29 people were injured.

The blast was the second deadly bombing in Kabul in the space of a week and an indication that Taliban insurgents are becoming bold enough to strike outside their traditional southern strongholds.

A British soldier was killed in a suicide bomb along with four Afghan civilians on Monday, while fighting in Ghazni province just two hours south of the capital has been fierce this month.

Afghan President Hamid Karzai condemned Friday's blast as "despicable and shocking", in words echoed by Afghan residents injured in the explosion.

The attack came as the military chiefs of Nato's 26 member states met in Warsaw to discuss an urgent request for reinforcements from Gen James Jones, Nato's top commander.

In comments made to US-based journalists on Thursday night, Gen Jones made clear that he was looking for a reserve battalion of 800-1000 soldiers, plus air support that could involve additional personnel of up to 1,500 people.

Although Gen Jones formally requested such resources before Nato began its operation against the Taliban in southern Afghanistan on July 31, he now believes they are more important than ever.

"Normally in most operations we get by with about 80 per cent, 85 per cent of what we asked for, because most of our operations are somewhat benign," he said. "But since this one has turned, in the south at any rate, for a moment, pretty hot… getting that remaining 10, 15 per cent seems like more necessary now than it was maybe a month ago."

Gen Jones' request represents one of Nato's toughest challenges yet, since the alliance has long-standing difficulties in providing speedy troop deployments, air support and forces that can be moved around with ease.

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Although Nato commanders are keen to use extra soldiers to help against the Taliban before the winter months set in, Nato usually takes considerable time to win troop commitments – and faces particular problems at a time when contributors are stretched in theatres ranging from Lebanon to Iraq.

At present, operations in the most important theatre against the Taliban – around the city of Kandahar - have been bolstered by short-term reinforcements from the Dutch and the US.

Gen Jones also called for a squadron of attack helicopters and "two or three" C-130 aircraft, the latest in a series of requests for more air support in Afghanistan. For years, alliance commanders have been hamstrung by the lack of available aircraft and at present the US is providing air support for many of the operations in the south.

Gen Jones' call for a flexible reserve battalion could also be difficult to meet. At the moment, national caveats restrict many Nato troops from moving around at will and taking on a fully fledged combat role.

Lethal Blast Near Embassy Stokes Afghan Security Fears (LAT)

By Alissa J. Rubin

The Los Angeles Times, September 9, 2006

KABUL, Afghanistan — A suicide bomb attack Friday on a convoy of American Humvees near the fortified U.S. Embassy, which took about 16 lives, including two soldiers', has raised fears here about a growing ability of anti-government extremists to strike with apparent impunity, even in the capital.

Among those killed in the deadliest suicide bombing in Kabul since the Taliban fell in 2001 were six municipal street sweepers, who were finishing their morning cleaning of the neighborhood, and two young boys who sold water. As many as 20 children were hit by shattered glass as they played on narrow swaths of grass in front of an apartment complex or ate breakfast, said a doctor who treated them on the scene.

Local police said 14 civilians were killed, but hospitals registered fewer.

The bombing attack was one of four Friday in South Asia that killed civilians and underscored the continuing devastation caused by political unrest. The other blasts killed at least 29 people in India, five in Pakistan and two in Sri Lanka.

Kabul's suicide bombing came a day before the fifth anniversary of the assassination of anti-Taliban leader Ahmed Shah Massoud, and it came just after Pakistani President Pervez Musharraf had visited Kabul and promised to try to stem the flow of militant fighters from his country into Afghanistan.

For Afghans, the bombing signaled an encroaching threat from extremists, who had been largely confined to Afghanistan's border with Pakistan.

People in the neighborhood and across the capital blamed the incident on the Musharraf government, which they said had allowed the Taliban to take refuge, train and rearm in Pakistan. But they said the United States was responsible too because it has influence with Musharraf yet has failed to compel him to halt support for Taliban guerrillas or prevent their crossing into Afghanistan.

"We really are not happy about our neighbors, and Americans can put more pressure on Pakistan," said former Afghan army Col. Habeeb Chopan, 43, who lives in the nearby apartment complex. "America has chosen the wrong politics in Afghanistan."

For Abdul Majid, 35, who wept silently Friday evening in his hospital bed, the attack was a horror of loss. The municipal supervisor for the area, he is paid $66 a month and was checking on his workers when the bomber hit.

"This place was always safe. There were many soldiers nearby, but now six of my staff were killed; three were injured," he said, struggling to sip some water without moving his shrapnel-lacerated legs and left arm.

"They were such poor people; they had so little, and I don't know now what will happen to their families — how will they survive?" he said.

Sher Mohammed Karimi, a deputy chief of staff for the Afghan Ministry of Defense, said the bomb was exceptionally large and a kind seen more often in the south. A suicide bombing Aug. 28 in the southern city of Lashkar Gah killed 17 and injured more than 40.

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U.S. officials portrayed Friday's blast as an expected outcome of weeks of hard fighting in the south between the Taliban and NATO forces.

"I think we have a war going on. I wouldn't make too much of one attack or another in Kabul," U.S. Ambassador Ronald E. Neumann said in comments broadcast on National Public Radio. "There is an attempt to give the appearance of more violence.

"I don't detect a strong groundswell of support for the Taliban," Neumann said. "It's a tough fight. We need more money. We're going to have to stay at it for a while. We are either going to abandon it to chaos or we're going to go forward and win, but you don't have any nice third choice."

North Atlantic Treaty Organization defense chiefs appeared to agree that more forces were needed to fight the Taliban. As a three-day meeting began in Warsaw, a spokesman for NATO's military committee, Canadian Col. Brett Boudreau, said the alliance was looking for about 2,000 more troops as well as equipment to help the alliance fight an increasingly fierce insurgency.

Before Friday's bombing, the military "had information about the possibility of an attack," acknowledged a spokesman for NATO's International Security Assistance Force, U.S. Army Maj. Luke Knittig. "And this kind of information has helped us stop attacks in the past.

"But today we didn't have enough."

He said the Taliban were "showing a willingness to lash out" because of "the pressure we're putting them under."

"Today they targeted the international military — in some respects it's not unexpected. As long as we have them under pressure in the south … it would be likely the insurgents would try to test us in the capital," he said.

Still, Knittig said, "obviously today was pretty strong stuff."

The suicide bomber rammed his car into one of two Humvees traveling together about 600 feet from an entrance to the U.S. Embassy, close to a roundabout known as Massoud Circle.

The blast was so strong that it left only the burning metal skeleton of the vehicle and a crater 6 feet wide. Twisted metal hung in nearby trees; tatters of U.S. military uniforms and a charred pakol, a traditional Afghan hat, were among bits of clothing scattered around the bomb site.

Shrapnel shot out in all directions, killing a woman outside a Soviet-era apartment complex where all of the windows were blown out by the blast. The sidewalk was covered with broken glass.

Some of the bodies were so damaged that relatives had difficulty identifying them, said Moussa Zayer, 28, nursing director of Wazir Akbar Khan Hospital, which has a partnership with Loma Linda University Medical Center and gives free medicine to patients.

Zayer, who was on duty when the victims began to pour in, said most of the injured had shrapnel-shattered bones and severe cuts from flying glass.

"There were two boys, their faces were cut off; they were unrecognizable," he said. "Another boy, maybe 12 years old, was hurt in the spine. I think he will not walk again."

Local residents said the bomb would have been far more deadly if it had come on a weekday — Friday is Islam's holy day, and far fewer people are on the street.

The Ministry of Health is almost next door to the U.S. Embassy, and on a weekday, hundreds of workers would have been coming and going.

Suicide Bomber Kills At Least 16 People Near U.S. Embassy In Kabul (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 9, 2006

KABUL, Afghanistan - A suicide bomber detonated an explosives-packed car Friday next to a U.S. military convoy, killing at least 16 people, including two American soldiers, just yards from the fortified entrance of the U.S. Embassy in central Kabul.

The attack, the bloodiest in the Afghan capital since American troops and their Afghan allies toppled the hard-line Taliban regime in 2001, came as more than 40,000 U.S. and NATO-led forces struggle to contain a resurgence of the Taliban and their al Qaida allies in Afghanistan's southern and eastern provinces.

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At least 76 American and 73 NATO troops have died so far this year in Afghanistan. NATO officials, who took over command of the Afghanistan campaign from the United States last month, have admitted surprise at the intensity of the fighting. On Thursday, NATO'S commander, Gen. James L. Jones, called for another 2,000 to 2,500 NATO troops.

Intelligence officials told McClatchy Newspapers earlier this year that much of the violence in Afghanistan has come from tactics - such as car bombings, suicide attacks and homemade bombs - that were brought to Afghanistan by militants trained in their use in Iraq. Many of those militants had volunteered to remain in Iraq, but their trainers told them to return to Afghanistan and Pakistan to train others, the officials said.

Friday's bombing occurred three days before the anniversary of the Sept. 11, 2001, terrorist attacks in the United States. But several Western and American officials said it wasn't certain that the bombing was timed to coincide with it.

"I don't think it is linked," said Col. Tom Collins, a U.S. military spokesman. "The timing is what it is."

The bombing may have been staged to coincide with the fifth anniversary Saturday of the assassination of a fabled guerrilla leader and Taliban opponent, Ahmad Shah Massoud, who was killed by suspected al-Qaida operatives posing as television journalists. The day is commemorated as a national holiday.

The traffic circle near where Friday's bombing occurred is named for Massoud, whose northern alliance swept the Taliban from power with the aid of American special forces and air power.

"Today's heinous act of terrorism is against the values of Islam and humanity," President Hamid Karzai declared.

The car bomber detonated his explosives around 10:30 a.m. next to a Humvee in a convoy of three U.S. military vehicles that was driving on one of several broad boulevards that lead from the circle.

"There was a huge blast and there was fire and smoke," said Nasir Nasrat, 13, who was flying a kite from the roof of an apartment building that overlooks the site. "I ran downstairs and I saw the upper half of a boy's body hanging from a tree. There was a woman missing an arm and a leg."

Police said that at least 16 people were killed, including two U.S. soldiers in the Humvee. Two other American soldiers were injured, Collins said. News reports said dozens of Afghans were injured.

The blast was about 200 yards from the heavily protected entrance to the U.S. Embassy in the city's upscale Wazir Akbar Khan area.

The circle, which features a monument bearing Massoud's portrait and a column topped by a pair of hands nestling the globe, sits on the main road linking Kabul airport and the massive U.S. Embassy compound.

"It's a very popular route with the U.S. military," said an official of the 20,000-strong NATO-led International Security Assistance Force, who requested anonymity because the issue is politically sensitive.

A roadside bomb wounded four Italian ISAF soldiers Friday in western Farah province, the ISAF announced.

The worst of the fighting has been in the southern provinces of Kandahar and Helmand. The ISAF launched an offensive launched Saturday to drive the Taliban from the main highway in the Panjwayi district, west of the city of Kandahar.

It was unclear Friday whether NATO's 26 member countries would commit more troops to Afghanistan. Military officials from those countries met in Poland to discuss the fighting but no agreement on sending reinforcements was announced. The meeting is to conclude Saturday.

Commander Has Hard Sell On Afghan Troops (AP-Y)

By Monika Scislowska

AP, September 9, 2006

Calls by NATO's top commander for 2,000 more troops in Afghanistan could be running up against donor fatigue from key members of the alliance.

The NATO campaign has been draining: In one of the world's harshest environments, it has failed to ensnare top al-Qaida leaders and the insurgency is at its fiercest since the fall of the Taliban — raising the specter of an Iraq-style quagmire.

Many NATO nations have already committed thousands of troops to Lebanon, making sending more soldiers into harm's way a hard sell in countries large and small.

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"There is a general lack of combat-able, high-quality troops that can be dispatched at relatively short notice, and a lot of countries are under pressure," said Kristian Soeby Kristensen, an analyst at the Danish Institute for International Studies in Copenhagen.

"In Denmark, we are giving it all we've got now," he said. "We have no more troops ... and I would suppose that the same is true for other allied countries."

NATO military chiefs met in Poland on Friday for their first face-to-face discussions of the deadly fighting in southern Afghanistan, where NATO relieved U.S.-led troops a month ago.

On Thursday, alliance commander Gen. James L. Jones called for between 2,000 and 2,500 more troops as well as extra aircraft to confront the resurgent Taliban guerrillas.

NATO spokesman Col. Brett Boudreau said after the first day of the closed-door meeting in Warsaw that there was "broad agreement" on the need for reinforcements.

"I am not at liberty to say what has been agreed or brought back to capitals, but certainly there is broad agreement that this form of requirement needs to be filled," he said. The meeting ends Saturday.

Jones said the extra troops are part of military planning already agreed on within the alliance.

However, there is no indication which of NATO's 26 nations will step deeper into a military situation with grim parallels to Iraq.

Some 20,000 NATO soldiers and a similar number of U.S. forces now face an emboldened Taliban insurgency.

Jones is seeking reinforcements for the 8,000 mainly British, Canadian and Dutch troops, who took over southern Afghanistan in August. Since then, at least 35 NATO troops have died as well as hundreds of militants.

Jones said the extra military muscle would allow allied forces to destroy the insurgents.

He also dismissed comparisons with Iraq as "a cheap shot."

"We are talking about something which is very manageable militarily. I'm optimistic that Afghanistan is and will be a success story," he said.

However, U.S. and NATO commanders have repeatedly underestimated the ability of the Taliban to regroup after heavy losses, and there are signs that militants in Afghanistan are adopting tactics used in Iraq.

On Friday, the Afghan capital suffered its worst suicide attack since U.S.-led forces ousted the Taliban regime in late 2001. Sixteen people died, including two U.S. soldiers, when the driver of a car packed with explosives rammed an American Humvee near the U.S. Embassy in Kabul.

Suicide attacks have become increasingly common in Afghanistan, and a Taliban commander claimed last week to have lined up hundreds of volunteers for such missions.

U.S. officials have confirmed that militants are using more and more sophisticated roadside bombs to target Afghan and foreign troops.

"The fighting is extraordinarily intense. The intensity and ferocity of the fighting is far greater than in Iraq on a daily basis," the commander of British forces in Afghanistan, Brig. Ed Butler, told British ITV news.

Against that background, some nations are reluctant to send more troops into the firing line.

Boudreau said NATO generals with troops in Afghanistan agreed Friday to "reduce to a minimum" the restrictions on how their forces are used.

Germany, for instance, is loath to reallocate any of its 2,800 troops deployed mostly in the relatively peaceful north of Afghanistan, to the south.

Also Friday, Turkey's top military commander said his country would not be contributing any combat troops to Afghanistan. Turkey, which has taken its turn at commanding the NATO force, currently has some 900 military personnel there helping with reconstruction.

Karzai On The Bombing: "The Enemy Is Not Eliminated" (TIME)

By Aryn Baker

Time, September 9, 2006

DOJ_NMG_0061075

The ferocity of the battle for control of Afghanistan, which has raged across the south of the country for weeks, was felt Friday in the capital. A massive suicide car-bombing in Kabul killed two Americans and at least 16 Afghans, and rocked the floor of the presidential palace a mile away, where President Karzai was sitting down for an interview with TIME.

Windows rattled across the city Friday morning as a suicide car-bomber rammed a U.S. convoy patrolling near the U.S. embassy in the city center. It was the second suicide attack in a week, following on Monday's bombing near the airport that killed five people. And it came at the end of a week of fierce clashes in the south; the strength of Taliban resistance has surprised NATO commanders, who on Thursday called on member-states to send a further 2,000 troops to reinforce its counterinsurgency mission in the Taliban's heartland.

President Karzai, struggling to maintain his composure in the minutes following the blast, condemned the attack and lamented the loss of life, but adamantly rejected any suggestion that the security situation in Afghanistan was deteriorating.

"Look, we have enemies," Karzai said. "The same enemies that blew up themselves in London, the same enemies that blew up the train in Madrid or the train in Bombay or the twin towers in America are still around. Before September 11 they were the government in Afghanistan. Today they are on the run and hiding and they come out from their hiding and try to hurt us when they can manage it."

Hurt Afghans they certainly did. Witnesses at the blast site described a mangled Humvee, a bomb crater about four feet deep, scattered body parts, and most chillingly, a bra tangled in tree branches above the vehicle, where it was hurled by the strength of the explosion. Although coalition forces were the immediate target, the size and range of the blast at a busy intersection suggests that the civilian casualties were intentional. Massoud Circle, where the attack occurred, is located near an apartment complex housing thousands of families, where many windows were shattered.

If Karzai's enemies are, indeed, on the run, events over the past week suggest they are far from being defeated. Besides the two suicide attacks in the capital and insurgent attacks scattered throughout the south and west, Taliban forces have mounted a surprisingly strong resistance to an ongoing NATO operation near Kandahar in which both sides have suffered substantial casualties. The bombings in the capital "looks to be the insurgents lashing out against us for the pressure we are putting on them in the south," says Luke Knittig, a spokesman for NATO's International Security Assistance Force. "Conventional warfare is taking its toll down there, and they know the importance of the capital."

With NATO still finding its feet just a month after taking control of the south from U.S. forces, the Taliban appears determined to do its utmost to test the appetite of the Western alliance for a sustained and messy counterinsurgency campaign. But Knittig insists that the alliance will not be swayed. "NATO has signed on the line for a long-term commitment to Afghanistan."

The Alliance will need to sustain that outlook if plans for rebuilding a viable Afghan society free of the Taliban are to be realized. "We will have [attacks of this kind] for a long time," warns Karzai. "The enemy is defeated, but it is not eliminated. The elimination part is what we should continue to work on. And that needs patience. That needs perseverance and that needs hard work."

Source: Mullah Omar In Pakistan (CNN)

By Peter Bergen, Anderson Cooper

CNN, September 9, 2006

KABUL, Afghanistan (CNN) -- The one-eyed Taliban leader Mullah Omar, who heads the religious militia fighting U.S. and NATO forces in Afghanistan, is living in Pakistan, though not in the same area where al Qaeda leader Osama bin Laden is thought to be, according to a U.S. intelligence source.

The elusive Taliban leader is believed to be in Quetta or its environs, a city of one million that is the capital of Baluchistan province in southwestern Pakistan.

The intelligence source said of Mullah Omar's location: "At one point we had it down to a particular section of Quetta."

Pakistani President Pervez Musharraf did not address specifically the question on his visit to Kabul Thursday, but said "Please do understand the Pakistan government (is not) behind anything that is happening in Afghanistan."

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The last known location for Mullah Omar was in the southern Afghan city of Kandahar, which he fled in December 2001 as U.S. forces closed in on the city. The U.S. government is now offering a reward of up to $10 million for information leading to his capture.

The intelligence source says that Mullah Omar continues to supply "high level guidance" to his movement of religious warriors, although he is not involved in the day-to-day operations of the movement, a role that is largely played by military commander Mullah Dadullah.Specific location

U.S. officials have been saying for some time that another of the world's most wanted men -- Mullah Omar's close friend and advisor, bin Laden -- is believed to be in the Pakistan-Afghanistan border area, and the intelligence source who spoke of Mullah Omar offered a specific location for bin Laden, as well.

The source said that bin Laden is likely in Bajuar, a sparsely populated remote tribal region on the northern Afghan-Pakistan border, bordering Chitral. That is a region that a U.S. military intelligence official has identified to CNN in the past as a strong possibility for the location of al Qaeda's leader.

Meanwhile, NATO's top military commander, U.S. Gen. James L. Jones, has called on the 26 member nations to provide more troops for Afghanistan, which is facing its deadliest spate of violence since the Taliban regime was ousted in late 2001.

A huge suicide car bomb struck a convoy of U.S. military vehicles Friday in the Afghan capital, killing at least 18 people, officials and witnesses said. (Full story)

Major Reported She Had Been Kidnapped (AP)

By Leila Saralayeva, Associated Press Writer

AP, September 9, 2006

A U.S. Air Force officer who disappeared earlier this week in Kyrgyzstan was found alive late Friday, reportedly telling people who helped her that she had been kidnapped, officials said.

Maj. Jill Metzger, 33, was located by Kyrgyz law enforcement agents who informed authorities at the U.S. air base at the airport in Bishkek, the Central Asian nation's capital, base spokeswoman Capt. Anna Carpenter said.

Kyrgyz Deputy Interior Minister Omurbek Suvanaliyev said Metzger, 33, knocked on the door of a house on the outskirts of the capital shortly before midnight and told its residents that she had been kidnapped.

Metzger said she had been abducted by three young men and a woman in a minibus and held in a rural area 30 miles from Bishkek, Suvanaliyev told The Associated Press Saturday. He cited local police in Kant, where he said she approached the first house she came to. He said she looked exhausted and her hair was dyed.

That account differed somewhat from one given by Metzger's father-in-law, Kelly Mayo, who said in a telephone interview with the AP from Colorado Springs, Colo., that Metzger was found on the side of the road with her head shaved.

"I know she's coherent, and whoever had her let her go," he said, adding that she had been beaten. "We've got her back. Praise the Lord."

Suvanaliyev said the people who took Metzger in when she knocked on their door called the police.

Mayo said the Air Force's Office of Special Investigations notified the family Friday afternoon but were given few details. He said his son, Air Force Capt. Joshua Mayo, was elated after being told about his wife.

"I can't even describe it. He's just beside himself, just unbelievable joy," Mayo said, adding the family was waiting for her to call.

There was no immediately U.S. comment on the kidnapping report. Carpenter declined to discuss Metzger's condition, which a U.S. military statement said will be determined by a medical team.

"We are elated to have Jill back with us," a U.S. military statement quoted the base commander, Col. Scott Reese, as saying.

Kyrgyz authorities notified base officials at 1:15 a.m. local time Saturday of the news, the statement said.

Metzger, a former resident of Henderson, N.C., was serving a four-month stint at the base with the 376th Air Expeditionary Wing. Her normal duty station is Moody Air Force Base in Georgia as a member of the 347th Mission Support Squadron. She had been scheduled to land back at her U.S. base Friday.

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The U.S. military has maintained an air base at Kyrgyzstan's main civilian airport since 2001, backing operations in nearby Afghanistan.

Military officials said the newlywed Metzger, dressed in blue jeans and a sweater, vanished during a shopping trip to a tourist hotspot in Bishkek, where she was searching for souvenirs to bring home to her family. The so-called "cultural tours" are common for off-duty personnel.

Her disappearance had baffled investigators. The military had 22 special agents looking for Metzger.

The shopping center where Metzger disappeared, located about 35 miles from the base, is not a particularly dangerous area, said Col. Kevin Jacobson of the Air Force Office of Special Investigations.

Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Metzger was found. It was unclear late Friday whether that policy had changed.

Interior Ministry spokesman Nurdin Jangarayev told the AP on Thursday that Metzger and another U.S. servicewoman were recorded on a security camera Tuesday afternoon as they entered TsUM, Bishkek's main department store.

She separated from her companion three minutes later, Jangarayev said. Over the next three hours, two calls were placed to her cellular phone but neither was answered, he said.

Before her disappearance, Metzger had been scheduled to head to Dayton, Ohio, for the annual United States Air Force Marathon. She has twice won the women's division of the event.

A week later, she was to travel with her husband to Jamaica for a belated 10-day honeymoon.

"Jill is a consummate happy-go-lucky person," her father-in-law said. "She doesn't see any kind of evil in the world. She's a wonderful, innocent person, and she would never think anyone would try and harm her."

Associated Press Writers Mike Baker in Raleigh, North Carolina, and Steve Gutterman in Moscow contributed to this report.

Air Force Officer Who Vanished In Kyrgyzstan Is Found Alive (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

BISHKEK, Kyrgyzstan, Saturday, Sept. 9 — A United States Air Force officer who disappeared earlier this week in Kyrgyzstan said she had been kidnapped, a senior Kyrgyz security official said Saturday.

Maj. Jill Metzger, 33, who vanished on Tuesday, knocked on the door of a house in a town outside Bishkek, the capital, early Saturday morning and told residents she had been abducted, Deputy Interior Minister Omurbek Suvanaliyev said.

Major Metzger said that she had been seized by three young men and a woman in a minibus and held in a rural area 30 miles from the capital, Mr. Suvanaliyev said.

A spokeswoman for the United States base at Bishkek's airport, Capt. Anna Carpenter, said earlier Saturday that Major Metzger, who had vanished during a shopping excursion, had been located but declined to comment on her condition, which an American military statement said would be determined by a medical team.

"We are elated to have Jill back with us," the statement quoted the base commander, Col. Scott Reese, as saying.

Her father-in-law, Kelly Mayo, said in a telephone interview from Colorado Springs, Colo., that the Air Force's Office of Special Investigations had notified the family, but few details were available. He said his son, Air Force Capt. Joshua Mayo, was overjoyed at the news.

"He's just beside himself, just unbelievable joy," Mr. Mayo said.

Major Metzger, a former resident of Henderson, N.C., was serving a four-month stint at the base with the 376th Air Expeditionary Wing. Her normal duty station is Moody Air Force Base in Georgia as a member of the 347th Mission Support Squadron. She had been scheduled to land back at her base on Friday.

Military officials said Major Metzger, who recently married and was dressed in jeans and a sweater, vanished during a shopping trip in Bishkek, where she was searching for souvenirs for her family.

Such outings are common for off-duty personnel. Her disappearance had baffled investigators.

The military had 20 special agents looking for Major Metzger.

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The American military has maintained an air base at Kyrgyzstan's main civilian airport since 2001, to support operations in nearby Afghanistan. The shopping center where Major Metzger disappeared, about 35 miles from the base, is not a particularly dangerous area, said Col. Kevin Jacobson of the Air Force Office of Special Investigations.

Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Major Metzger was found. It was unclear late on Friday whether that policy had changed.

Before her disappearance, Major Metzger had been scheduled to head to Dayton, Ohio, for the annual United States Air Force Marathon. She has twice won the women's division of the event.

A week later, she was to travel with her husband to Jamaica for a belated 10-day honeymoon.

Army On Pace To Meet Year's Recruiting Goal (WP)

By Ann Scott Tyson

The Washington Post, September 9, 2006

The Army will meet its goal of recruiting 80,000 new active-duty soldiers this fiscal year but will fall short in the percentage of high school graduates as the education level of enlistees dips below the norm of the past decade, according to senior Pentagon officials.

The Army's apparent success in meeting the U.S. military's biggest recruiting mission marks a significant rebound from last year, when the Iraq war, low unemployment and a shortage of recruiters contributed to the service's failure to make its active-duty target for the first time since 1999.

Pentagon officials attributed the gains primarily to a beefed-up active-duty recruiting force, which grew from 5,100 at the beginning of 2005 to 6,600 this year. "The most fundamental reason for success was the increase in recruiters in the field," said Curtis L. Gilroy, director of accession policy at the Pentagon.

In addition, Congress authorized a doubling of the maximum enlistment bonus from $20,000 to $40,000. It also instituted special recruiting incentives, such as extra pay of up to $500 a month for recruiters who exceed their goals and a $1,000 bonus for soldiers for each person they refer to recruiters who completes boot camp.

The influx of new soldiers bodes well for the all-volunteer military engaged in its first sustained combat, boosting the Army's active-duty manpower by roughly 10,000 troops at a time when the nation's main ground force is bearing the brunt of the fighting and casualties in Iraq.

"We all know if we don't get recruiting right, the rest doesn't matter too much," Gilroy said.

By the end of August, the Army had recruited nearly 73,000 soldiers -- or 104 percent of the fiscal year-to-date goal for active duty -- chalking up an unusually high summer target of more than 10,000 recruits a month.

"I fully expect we will make our 80,000 mission for the fiscal year," Maj. Gen. Sean J. Byrne, director of Army personnel, told reporters. "I am more than satisfied with the quality of the soldiers," he added.

But though the number of Army recruits has grown this year, the number of those meeting key Pentagon standards has declined compared with the past several years.

For example, the proportion of recruits holding a high school diploma was 81.2 percent as of August, falling below the Pentagon benchmark of 90 percent for the second year in a row. The last time the Army fell to such a low level of high school graduates was in 1981, when it dropped to 80 percent.

As of August, about 61 percent of the Army recruits scored above the 50th percentile on the Armed Forces Qualification Test -- the lowest percentage since 1985 but still above the Pentagon's benchmark of 60 percent. About 3.7 percent of enlistees had the lowest acceptable scores, slightly below last year's figure of 4 percent but well above the average for the past decade.

In addition, the number of soldiers granted waivers for medical conditions, drug or alcohol problems, or misdemeanors has gradually increased, from 10 percent in 2001 to 15 percent last year, with this year's figure expected to be slightly higher, according to Byrne and Army data. "The Army understands that some people make mistakes in their lives" and should be afforded an opportunity to serve their country, Byrne said.

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Still, Pentagon officials said they were not overly concerned about the measures, in part because they do not reflect the newly implemented tests of motivation and fitness designed to glean from the pool of less qualified soldiers those who are likely to perform well.

This year, for example, the Pentagon implemented military-wide a program designed at Walter Reed Army Medical Center to test the fitness of potential recruits who are in good condition but are heavier than average, such as football players. About 1,000 Army recruits this year were granted waivers after they passed the test of 15 minutes of step climbing and 15 push-ups, Gilroy said.

An additional 5,000 Army recruits who lacked high school diplomas but had GEDs received waivers this year after they passed a new screening test for motivation and dependability, which research has shown to correlate with staying in the Army.

Overall, only about 25 percent of American 17-to-24-year-olds -- 4.6 million -- are qualified to join the military. The rest have crime, drug and medical problems that exclude them, such as the 25 percent who are obese, Gilroy said.

Meeting next year's active-duty recruiting target of 80,000 will remain a major challenge for the Army, which will start the year with a pool of only about 14 percent of recruits who have signed contracts but not entered boot camp -- compared with the goal of 25 to 35 percent.

"The recruiting environment is very tough, very difficult," Byrne said, because of the economy, low unemployment and "the obvious fact that we're a nation at war."

Army Touts Recruiting Turnaround (AP)

By Robert Burns

AP, September 9, 2006

The Army says its success in enlisting new soldiers this year, after a dismal 2005, is innovative salesmanship by a bigger team of recruiters and financial incentives like bonuses of up to $40,000.

The Pentagon announced Friday that the Army met its recruiting goal for August, which a senior Army official said makes it virtually certain that the service will achieve its aim of signing up 80,000 new soldiers for the full recruiting year, which ends Sept. 30. Last year the Army fell short for the first time since 1999.

"We're reaching out a lot better," said the official, Maj. Gen. Sean Byrne, director of military personnel management. The Army is making better use of the Internet, for example, to reach more young people, he said.

The Army also has put about one-third more recruiters on the street, and Congress approved new financial incentives for enlistees, including signing bonuses for some slots of as much as $40,000. The Army also began allowing people as old as 42 to enter the service; the maximum age previously was 35.

Through August, the active-duty Army had signed up 72,997 new soldiers, nearly 3,000 above its year-to-date target. The Army National Guard was about 200 below its target of 63,240, while the Army Reserve, which had a particularly weak performance in August, was almost 2,000 below its year-to-date target of 33,124.

For August alone, the active Army topped the 10,000 mark for the second month in a row. It was the 15th consecutive month the active Army has met or exceeded its monthly goal. It missed four months in a row in early 2005, and some questioned whether the Army had developed a chronic and debilitating problem.

The Marine Corps, Air Force and Navy all achieved their August goals and are on target to meet their full-year targets, the Pentagon said.

Summer is typically the strongest recruiting season.

The Army's ability to recruit is particularly important now because it is trying to grow in size, as part of a plan to build a larger number of combat brigades for use in Iraq, Afghanistan and potentially elsewhere. Without that growth, existing brigades would be rotating so often on overseas combat tours that the Army would risk alienating soldiers and their families, thus eroding their willingness to re-enlist.

Even now, after increasing the active-duty Army by about 10,000 soldiers this year, to about 501,000, soldiers generally get less than two years at home between one-year tours in Iraq.

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Byrne said the Iraq war continues to be a drag on recruiting, and he said unpublished Army research surveys show people of enlistment age are increasingly disinclined to join. Similarly, adults who influence the choices of potential recruits — like parents, teachers and coaches — are less inclined to recommend military service.

But the Army has managed to overcome those negative factors by using more innovative techniques to reach young people, Byrne said. Recruiters, for example, are available at all hours on an Army Web site chat room. Those who indicate a strong interest are then offered a chance to meet face-to-face with a recruiter. That has proven more productive, Byrne said, than traditional tactics like waiting for people to walk into a recruiting station.

The Army also has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them. The Army says it does not grant waivers if there is a pattern of criminal misconduct or for convictions of drug trafficking or any sexually violent crimes.

Ex-Congress Aide Accused In Spy Case Is Free On Bail (NYT)

By Anemona Hartocollis

The New York Times, September 9, 2006

A former journalist and Congressional aide accused of working with Iraqi intelligence before the war was released from prison yesterday after a federal judge ruled that she could not be forced to take antipsychotic medication in an effort to make her competent to stand trial.

The judge, Michael Mukasey of Federal District Court in Manhattan, said he was not convinced that even if she took the medication, the defendant, Susan P. Lindauer, 43, would improve enough to be capable of standing trial.

Judge Mukasey also criticized the strength of the government's case, saying that the legal standard for forcibly administering medication requires a strong government interest in prosecution, and that the government has not been able to establish that standard in this case. The ruling was a setback for the government's case against Ms. Lindauer, who was arrested in March 2004 at her home in Takoma Park, Md. An indictment charged that Ms. Lindauer, also known as Symbol Susan, conspired to act as an unregistered agent of the government of Iraq from October 1999 until February 2004, and engaged in illegal financial transactions.

Although he was reluctant to analyze the government's case before trial, the judge said, "There is no indication that Lindauer ever came close to influencing anyone, or could have." The indictment, he said, describes an attempt to influence an unnamed government official as unsuccessful.

Investigators said she had tried to influence American policy by presenting herself as an agent of Saddam Hussein's government in early 2003 to Andrew H. Card Jr., then the White House chief of staff, who was described as a distant relative.

Judge Mukasey said that for Ms. Lindauer to succeed as an agent of the Iraqi government, she would have had to influence other people. But her mental condition makes that highly unlikely, he said.

"The record shows that even lay people recognize that she is seriously disturbed," Judge Mukasey said in a 35-page ruling issued on Wednesday. He said that a neighbor had suspected her of being mildly schizophrenic.

Prosecutors said she met with Iraqi intelligence officers at places in Baghdad, including Al Rashid Hotel, in 2002, where she accepted $5,000 in cash.

Ms. Lindauer told a television reporter after her arrest that she was innocent, and that she was an antiwar activist.

Ms. Lindauer worked as a journalist in Washington and in the press offices of several liberal Democrats in the House and Senate, although her last such job was in 2002.

At least a half dozen doctors for both the defense and the prosecution have found that Ms. Lindauer suffers from delusions of grandeur and paranoia, which makes her incompetent to stand trial, the judge said. But she refuses to accept the diagnosis or to take medication, he said. One doctor found that Ms. Lindauer had a history of psychotic episodes going back to her childhood, possibly at the age of 7, the judge said. These include her contention that she had gifts of prophecy that allowed her to report 11 bombings before they happened, that she spoke with divine inspiration and that she was an angel.

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Among her paranoid delusions, doctors said, were the notion that she was being watched by hidden cameras in her apartment, that the Egyptian government had tried to assassinate her and that men next door had videotaped her under instructions from President Bill Clinton.

At a hearing before Judge Mukasey yesterday, prosecutors offered a backup plan, asking the judge to order Ms. Lindauer to either voluntarily take antipsychotic drugs for 30 days or be held in contempt. Contempt charges could be punished with jail time.

Judge Mukasey declined to rule on the prosecutor's suggestion, saying that the case was being assigned to another judge and that he would leave that decision to her.

Meanwhile, he ordered Ms. Lindauer to be released under previously determined terms, including on bail of $500,000, on the condition that she receive psychological counseling and that her travel be restricted.

Her lawyer, Sanford Talkin, said she was released from the Metropolitan Correctional Center in Manhattan, where she has been held for the last few weeks.

Before that, she was in a federal prison hospital in Carswell, Tex. He said she would now return to her home in Maryland.

"She can't go to trial until she's competent," Mr. Talkin said. "I think it was a difficult decision, but I think it was the right decision, and I think it was a just decision."

Ms. Lindauer is a 1985 graduate of Smith College, where she majored in economics, and she received a master's degree from the London School of Economics.

Her father, John Lindauer, was the Republican nominee for governor of Alaska in 1998.

Judge Mukasey also expressed humanitarian concerns about forcing Ms. Lindauer to take medication, which, he said, "necessarily involves physically restraining defendant so that she can be injected with mind-altering drugs."

CORPORATE SCANDALS:

Stock Options Probe Expands (AP)

By Marcy Gordon

AP, September 9, 2006

WASHINGTON - As shareholders are finding out how costly the stock-options backdating scandal might be, a widening cast of characters is being targeted.

In the latest development Friday, Broadcom Corp., a supplier of chips used in communications devices, said it may need to boost a charge it takes to $1.5 billion or more for stock-option accounting flaws -- double what it estimated in July.

Government officials said this week they want to know what roles corporate directors as well as outside attorneys, auditors and compensation consultants might have played in helping executives manipulate the timing of option grants to enrich themselves and their colleagues.

More than 100 public companies, many of them in the technology sector, are under scrutiny by the Securities and Exchange Commission for possible rigging of stock-option grants to boost their value to the recipients. The Justice Department is investigating scores of companies for possible criminal violations.

California-based Broadcom, for example, uncovered grants awarded between June 2000 and 2002 in which the measurement dates differed from grant dates.

And the Internal Revenue Service is looking at possible tax-law violations in option grants by some companies.

Congress weighed in this week with hearings on the issue by two Senate panels. The chairman of one of them, the Senate Finance Committee, wants to learn more about the supporting players and is digging deep.

"It's hard to believe ... that the executives did this all by themselves," Sen. Charles Grassley, R-Iowa, said at a hearing Wednesday. "And to be honest, the idea that all executives at different companies came up with this idea at the same time stretches the imagination."

Grassley said he planned to write to "several major corporations" that have engaged in backdating of stock options, asking them to provide the minutes of board meetings in which directors discussed the matter as well as documents from attorneys, accountants and consultants who assisted.

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In backdating, options are issued retroactively to coincide with low points in a company's share price, a practice that can fatten profits for options recipients when they sell their shares at higher market prices. Backdating options can be legal as long as the practice is disclosed to investors and properly approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

"We need to understand and bring enforcement action against all the actors who were involved with this abusive scandal," Grassley said.

Deputy Attorney General Paul McNulty, who testified at the same hearing, said the Justice Department "would have no difficulty bringing cases against accountants and attorneys" if the prosecutors can meet the relatively high burden of proof of criminal intent.

At the same time, though, he said he views the role of outside actors as "less significant" than in other financial scandals of recent years -- which he termed far more complex than options dating and involving a multitude of players both inside and outside companies.

As a government law-enforcement official, McNulty was being "appropriately cautious" in his public comments, said Michael Koenig, a former federal prosecutor who now is in private law practice at Dewey Ballantine in Washington. If outside players are found to have actively participated in illegal options timing schemes, Koenig said, "They will get charged; they will get prosecuted."

For attorney Darren Robbins, complicity by directors and outside parties is a given: His firm is targeting a number of them in its lawsuits against dozens of companies over the timing of options grants to executives, brought on behalf of big pension funds in the United States, Europe and Australia.

His mission is to ensure "that the net is cast wide enough to include all of those who formulated or perpetrated the wrongdoing," said Robbins, a partner in San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins, a high-profile law firm specializing in class-action suits against public companies.

He said he doesn't expect companies to voluntarily provide the relevant documents to Grassley, so the finance panel chairman may have to threaten issuing subpoenas.

In related developments this week:

• Comverse Technology Inc., a maker of voicemail software whose option awards are under investigation, said Tuesday that it has requested more time from the Nasdaq Stock Market to file its restated finance statements to avoid having its stock stripped from trading. Federal authorities charged last month that three former top executives of Comverse hatched a scheme to secretly manipulate options for profit.

• The Home Depot Inc. disclosed Wednesday that federal prosecutors in Manhattan have asked for information from the nation's largest home-improvement store chain in connection with an inquiry into stock options. Atlanta-based Home Depot said in June that the SEC had begun an examination after the company disclosed it had found $10 million in unrecorded stock-option expenses.

• Sharper Image Corp. said Thursday that it needed more time to finalize its second-quarter results so its recently reorganized board can determine if past employee options were properly recorded, creating a potential distraction as the specialty merchant struggles to snap out of a deep sales funk.

• Casual clothier Gap Inc. reported Thursday that an internal review of its stock-option practices found errors related to the dating of certain grants, resulting in unrecorded expenses of around $5 million.

Broadcom Problem Grows (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, September 9, 2006

Broadcom warned investors Friday that its internal review of misdated stock options had uncovered deeper problems that will force it to recognize at least $1.5 billion in expenses -- double the Irvine company's original estimate in July.

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Meanwhile, a Silicon Valley company said its internal investigation had come to the opposite conclusion: Linear Technology found ``no evidence of fraud or misconduct of any kind." Still, the Milpitas chip maker apparently became the first valley company to disclose that the Internal Revenue Service is looking into possible option abuses.

So far, about 120 U.S. companies face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews, with about one-fourth of them based in Silicon Valley. Many of those have warned they will need to restate past financial reports because option abuses led them to overstate their profits.

Broadcom stands apart, however, because the size and breadth of its errors have grown dramatically. The semiconductor maker said in July that it had understated its option expenses by an estimated $750 million and would restate records dating to 2000.

Now it says it will restate financial reports back to 1998 -- covering its entire history as a public company. The accounting charge ``will be at least twice the amount previously estimated and could be substantially more" if investigators find more tainted options, Broadcom said.

The $1.5 billion expense is more than double the $727.5 million in net income that Broadcom reported in its four profitable years, according to Bloomberg News. The company suffered $6.6 billion in net losses in the other four years. Its stock fell 34 cents to $26.09 Friday, but it has dropped 46 percent since peaking in March.

`Destabilizing scandal'

The revelation forces investors to grapple with a troubling question, said Damon Silvers, associate general counsel for the AFL-CIO, which manages union pensions with $5 trillion in assets.

``Is the company a successful business or not?" Silvers said. ``That's why we've been saying over and over again that this is a profoundly destabilizing scandal."

In contrast, Linear Technology's internal review concluded that it ``did not employ backdating" from 1995 to 2006 and would not need to restate financial records. Backdating involves doctoring the paperwork on options to dates with lower stock prices to give recipients immediate paper profits.

Linear came under suspicion because of a number of fortuitously timed option grants. In 1998, for example, Chairman and Chief Executive Robert H. Swanson Jr. and at least four other top executives received options priced at the lowest price of the company's fiscal year.

In its annual report issued Friday, the company said it granted stock options on a quarterly basis near board meetings that were scheduled far in advance to coincide with the release of quarterly earnings.

Linear previously disclosed that it is under investigation by the Securities and Exchange Commission and Justice Department -- and the annual report noted that the IRS had joined that list Tuesday. Linear's stock fell 23 cents to close at $32.59 Friday.

A local IRS spokesman declined to comment on the agency's request for documents, citing privacy issues. It can't say whether its request was minor or a full-fledged audit. Unlike the SEC, which can escalate from an informal investigation to a formal investigation, the IRS doesn't have a way to signal if an audit is escalating.

IRS joins task force

The news of the IRS's involvement in Linear came a day after the U.S. attorney in San Francisco announced that four IRS criminal investigation agents had joined a task force examining whether companies and executives committed fraud when options were misdated. The task force now has 15 members from the SEC, Justice Department and IRS.

Some experts are hesitant to read too much into the IRS's request for documents from Linear, however. Because the options scandal has unfolded rapidly -- and could reflect problems at hundreds more companies -- the IRS might still be gathering data from companies nationwide to assess the scope of the problem and how to develop an eventual settlement program.

``They're in the very early stages here," said Pete Klinger, director of compensation and benefits at BDO Seidman in San Francisco. ``From what we've seen so far, it is not very widespread."

Broadcom's Stock Option Costs Soar (LAT)

By James S. Granelli, Times Staff Writer

The Los Angeles Times, September 9, 2006

Unreported expenses may surpass $1.5 billion, leading to the largest restatement among firms under scrutiny for alleged manipulation.

As an optimistic symbol of the technology industry's future, Broadcom Corp. in the late 1990s was hard to beat.

Stock options turned average workers into millionaires, and the founders established themselves at the top of Orange County's corporate and philanthropic elite as the Irvine chip maker's share price soared.

But eight years after its frothy debut on the public markets, Broadcom is fast epitomizing the industry's cavalier past — and more sober prospects.

On Friday, the company said unreported expenses related to those stock options that peppered the employee parking lot with Ferraris and Lamborghinis are likely to swell to more than $1.5 billion and ultimately could be "substantially more."

The revision is double an estimate of two months ago and would increase Broadcom's accumulated losses since going public in 1998 to more than $7 billion. It's also the largest restatement among any of the more than 100 public companies under scrutiny over alleged manipulation of the timing of stock option grants.

Although technology companies were more likely than other firms to grant stock options as incentives for rank-and-file workers as well as executives, questions about the practice are being raised at a number of companies — including Home Depot, Cheesecake Factory, Cablevision and UnitedHealth.

In many cases, experts believe, nothing illegal was done, although the Justice Department is examining more than 45 companies and the Securities and Exchange Commission is reviewing more than 100. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud.

No one at Broadcom, which makes communications chips designed into cellphones and digital entertainment systems, has been accused of wrongdoing, and the company said it was cooperating with an informal investigation by the SEC.

"Broadcom seems to be one of the more aggressive companies in advancing its internal investigation," said Michael D. Cohen, research director for Pacific American Securities in San Diego. "It's concerned about not wanting to be the poster child in the industrywide scandal."

Broadcom said its internal investigation, which uncovered $750 million in unreported compensation expenses two months ago, identified additional options linked to dates other than when they were actually awarded. So-called backdating involves timing options to dips in the stock, creating a greater likelihood of a lucrative upside.

As a result of the investigation, Broadcom is restating all of its financial reports back to its initial public offering in 1998. It said all changes involved alterations to bookkeeping accounts that did not affect the company's cash position or financial stability. The company has more than $2 billion in cash and short-term securities and has been profitable since 2004.

All together, Broadcom granted options for 238 million shares of common stock to employees over more than five years — with 95% going to employees other than executive officers. The company said no board member received options — including co-founders Henry T. Nicholas III and Henry Samueli, who became billionaires from their stakes in the company.

Spokesman William Blanning said Broadcom would not comment beyond a news release issued early Friday before financial markets opened. Broadcom shares fell 34 cents, or just over 1%, to $26.09 — about half their 52-week high of $50 and far from their split-adjusted all-time high of $182.41.

"This is almost old news," said Marc A. Siegel, research director at the Center for Financial Research and Analysis. "People investing today are looking forward."

It was Siegel's report last spring that identified Broadcom and others as granting options with questionable timing.

"These kind of things in and of themselves do not affect cash. There's no economic damage," said analyst David Wu at Global Crown Capital in San Francisco. "But it does show how fast and loose they were playing, giving out options on a very liberal basis."

Broadcom was a typical young high-tech company caught up in the exuberance of the 1990s. Founded in 1991, it used stock options to attract engineering talent and supplement the relatively low salaries common at emerging companies.

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When tech was the darling of Wall Street, Broadcom was one of the stellar stocks. During those giddy days when investors chased anything that ended in .com, Broadcom had something unusual: real products and a solid business plan selling chips that ran TV set-top boxes and wireless devices.

And it had Nicholas.

Brash, bright and seemingly always awake, Nicholas pushed the company into a range of new niches, negotiating late-night deals and using the company's high-priced stock to buy 18 companies in two years.

By 2000, Nicholas and Samueli, the chairman, had amassed a net worth that Forbes magazine estimated at $10 billion each, most of it in Broadcom stock. But the next year, as the tech economy burst, Broadcom shares plummeted 92%, taking most of the co-founders' assets with it. Their net worth in 2001 was pegged at $2 billion each.

By 2003, Nicholas, known for extravagant parties at his sprawling Laguna Hills mansion, found himself nearly burned out and almost divorced. He quit the company to reconcile with his wife.

Samueli, who remains chairman, has donated more than $160 million, mostly to educational and healthcare institutions. Two engineering schools are named after him, one at UCLA and one at UC Irvine, and a center for alternative medicine at UC Irvine is named for his wife, Susan.

Broadcom plugged away, hiring Scott A. McGregor as chief executive from Royal Philips Electronics in 2004. McGregor shed stagnant businesses and pushed into more promising markets. Today, Broadcom's chips are found not only in cable TV set-top boxes and cellphones but a host of mobile and broadband products.

"The promise of Broadcom in the late 1990s is still there today," said Cohen, who has followed the company since its early days.

He noted, though, that the corporate culture had changed since the aggressively competitive Nicholas quit as chief executive.

"It's still highly competitive," Cohen said. "But the nature of those go-go years and the high-flying stock affected things differently. You had to be the first charger into the market then. Now it's a little more business-as-usual atmosphere."

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Broadcom's Backdating Charge Doubles To $1.5 Billion (Update5) (BLOOM)

By Rebecca Barr

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Broadcom Corp., a maker of computer chips for consumer devices, said it discovered more instances of stock-option backdating that will require the company to at least double its charge for the practice to $1.5 billion.

The company's 1998 and 1999 earnings must be restated, Broadcom said today in a statement. Most of the non-cash charge will be expensed in the periods through the end of 2003.

The restatement is the biggest yet among at least 120 companies facing federal probes or conducting internal reviews into whether they manipulated dates to inflate the value of options. In July, Broadcom said it would take a $750 million charge after an audit committee found options backdating from 2000 to 2002. That review continues.

``More serious than effect on share price is what it says for the culture of the company," said Michael Cohen, an analyst for San Diego-based Pacific American Securities. ``In addition to straightening out the accounting, these companies should find the wrongdoers and get some recovery for shareholders."

Shares of Irvine, California-based Broadcom slipped 76 cents, or 2.9 percent, to $25.67 at 10:45 a.m. New York time in Nasdaq Stock Market composite trading. Before today, they had fallen 46 percent from this year's March 2 peak.

Broadcom, which is also under an informal probe by the U.S. Securities and Exchange Commission, said the U.S. Attorney's Office for the Central District of California asked for some documents already requested by the SEC.

Profit, Loss

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The $1.5 billion would be more than twice as much as the $727.5 million in total net income Broadcom reported for its four profitable years since going public in 1998, according to data compiled by Bloomberg. The company had $6.63 billion in net losses for the other four years.

``Stockholders are hit twice," said Cohen who rates Broadcom's stock ``buy" and said he doesn't own it. ``First you're stolen from, then the stock goes down when the theft is uncovered."

The company said it has found no instances of option backdating after May 2003 and neither founders Henry Samueli and Henry Nicholas nor any board members board past or present have profited from the disputed options.

``I suspect investors will now look at what they expect from Broadcom management in the future, and with the current management team in place," said Marc Siegel, director of research at the Center for Financial Research & Analysis in Rockville, Maryland.

Restatements

More than 40 companies have said they will restate earnings or might have to do so when internal probes are completed. The restatements total at least $2.27 billion so far, according to Bloomberg data. Broadcom's is the biggest announced to date.

Federal investigators are scrutinizing stock-option grants that may have been backdated or carefully timed to coincide with days when the stock price was low to enrich the recipients. Such grants can hide costs, distort taxes, and obscure a company's true financial condition, and could be criminal acts if not properly disclosed.

Stock options allow recipients to buy shares at a future date, usually at the price on the day they were granted. They are given to managers as an incentive to find ways to boost the stock price. Broadcom in July said as much as 95 percent of its options are awarded to employees below executive officer level.

Subverts Purpose

Prosecutors and members of Congress have said backdating grants, or awarding them shortly before good news is announced, subverts their purpose and could involve criminal fraud.

SEC Chairman Christopher Cox told Congress this week that more than 100 companies are being investigated. Executives at Comverse Technology Inc. and Brocade Communications Systems Inc. face criminal charges, and Cox said more enforcement actions will follow.

Broadcom's extra charges announced today concern options awarded between June 1998 and May 2003, a period that hadn't been assessed by the audit committee when the preliminary expense was announced in July.

Linear Technology Corp. today said the U.S. Internal Revenue Service requested information about its options-granting practices. The company, which makes computer chips for cell phones and satellite systems, already had disclosed that the SEC and the Justice Department are conducting informal inquiries into the options.

To contact the reporter on this story: Rebecca Barr in New York at rbarr1@bloomberg.net .

Ebbers Ordered To Report To Prison Sept. 26 In WorldCom Fraud (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 9, 2006

(AP) - NEW YORK-Former WorldCom Corp. chief Bernard Ebbers was ordered to report to prison Sept. 26 to begin serving a 25-year sentence for an $11 billion (â,¬8.64 billion) accounting fraud.

U.S. District Judge Barbara Jones, in a ruling made public Thursday, ordered Ebbers to surrender to an institution designated by the U.S. Bureau of Prisons to begin serving a sentence that was delayed for the last year while an appeals court considered it.

Ebbers was sentenced in July of last year after he was convicted of fraud and conspiracy in the massive fraud that drove WorldCom into bankruptcy in 2002.

The 2nd U.S. Circuit Court of Appeals last month upheld his conviction and sentence, finding he was motivated primarily by personal financial circumstances.

Ebbers once was known as one of America's most successful chief executive officers as his telecommunications company and its stock soared during the technology driven excesses of the late 1990s.

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At trial, prosecutors successfully argued that Ebbers helped lead a plan to prop up the company's stock price by hiding its failing finances. The scheme was described as one of the largest accounting frauds in history.

WorldCom collapsed into bankruptcy in 2002, and investigators eventually uncovered $11 billion (â,¬8.64 billion) in fraud, much of it because accountants were classifying regular expenses as long-term capital expenditures. The company re-emerged under the name MCI. Verizon later bought MCI.

A lawyer for Ebbers, Reid Weingarten, did not immediately return a telephone call for comment Thursday.

Ebbers at sentencing could have faced as much as 85 years in prison on nine criminal counts including securities fraud, conspiracy and making false filings to the Securities and Exchange Commission.

He was convicted more than two years after an internal auditor began asking questions about curious accounting at WorldCom, touching off a scandal that eventually unearthed $11 billion (â,¬8.64 billion) in cooked books.

The company struck a $750 million (â,¬589 million) settlement with federal regulators to repay aggrieved investors, a small sum compared to the tens of billions of dollars of market capitalization that evaporated in the scandal.

Former Enron Executive David Delainey Asks Judge For Probation (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Former Enron Corp. executive David Delainey, who pleaded guilty to insider trading, asked a judge to sentence him to probation or house arrest because he cooperated with prosecutors in their investigation.

Delainey, a Canadian citizen and former head of Enron's energy trading and retail energy services divisions, said he deserves less than the 10-year term he agreed to serve, according to court papers filed Aug. 28. He asked to serve any sentence in Canada, near his job and family in Calgary.

``Mr. Delainey has provided the government with extraordinary insight and education, and has given powerful, credible testimony," John Dowd, his lawyer, wrote in court papers filed with U.S. District Judge Kenneth Hoyt in Houston. ``His testimony at the trial of Jeffrey Skilling and Kenneth Lay was critical to achieving the convictions."

Skilling, 52, and Lay, who died in July at age 64, were convicted in May of spearheading the fraud that destroyed the world's largest energy trader. More than 5,000 jobs and $1 billion in employee pensions vanished when Enron plunged into bankruptcy in December 2001.

Delainey, 40, pleaded guilty to selling more than $4.26 million in Enron stock between January 2000 and October 2001 based on non-public knowledge of numerous management schemes that were artificially boosting Enron's bottom line. These included realigning business units to hide losses and improperly using reserves to make up shortfalls in earnings expectations.

Forfeiture

As part of his plea agreement, Delainey also agreed to forfeit almost $8 million in illicit profits and cooperate with prosecutors when he pleaded guilty to a single count of insider trading in October 2003. In a Sept. 5 response to his sentencing request, prosecutors told Hoyt they will seek an unspecified reduction in Delainey's sentence.

Delainey's court filing described $7 million he forfeited to the Justice Department and the U.S. Securities and Exchange Commission, as well as a $10,000 unsolicited donation he made in March 2002 to the Enron Ex-Employee Relief Fund, which benefits laid-off Enron workers.

Dowd told Hoyt that Delainey also deserves credit for waiving extradition and voluntarily coming to the U.S. to face charges. He said it might have been difficult to extradite the Enron executive because Canada doesn't consider insider trading a crime.

``Although Mr. Delainey could easily have sought to hide behind the extradition treaty and embroil the government in long and costly extradition proceedings, he decided instead to take responsibility for his actions and help clean up this mess," Dowd wrote.

Jaclyn Lesch, spokeswoman for the Justice Department's Enron Task Force, didn't return a call seeking comment.

The case is U.S. v. Delainey, H-03-420, U.S. District Court, Southern District of Texas (Houston).

To contact the reporter on this story: Laurel Brubaker Calkins in Houston at laurel@calkins.us.com .

HP Chairwoman Tries To Diffuse Uproar (AP)

By Michael Liedtke, AP Business Writer

AP, September 9, 2006

Embattled HP Chairwoman Battles to Save Her Job Amid Furor Over Spy Tactics

SAN FRANCISCO (AP) -- Battling to keep her job, Hewlett-Packard Co. Chairwoman Patricia Dunn tried Friday to defuse the uproar over a company-ordered investigation that relied on a potentially illegal ruse to obtain the personal phone records of her fellow directors and at least nine reporters.

In an interview, Dunn described the tactics as "absolutely appalling" and "embarrassing" while defending the need to pursue the investigation to plug a leak on HP's board.

"I serve at the pleasure of the board," Dunn said. "I totally trust their judgment. If they think it would be better for me to step aside, I would do that. But a number of directors have urged me to hang in there." She declined to say how many of HP's other nine directors support her.

The board plans to hold an emergency meeting by phone during the weekend to discuss the concerns about the company's investigation as well as Dunn's job status.

California Attorney General Bill Lockyer already has concluded the HP investigation broke state law by obtaining people's private phone records under false pretenses -- a charade known as "pretexting."

HP's investigators masqueraded as the directors and reporters targeted in the probe, using their Social Security numbers in some instances to dupe phone companies into turning over lists of personal phone calls.

Lockyer is still gathering evidence to determine the breadth of the violations and the culprits behind them, a process that he hopes to wrap up soon, his spokesman, Tom Dresslar, said Friday.

In a letter sent late Friday, U.S. Senator Richard Durbin, D-Illinois, asked U.S. Attorney General Alberto Gonzales to review whether HP's investigation broke any federal laws. "I am deeply troubled by these allegations," wrote Durbin, who wants to pass a federal law that would outlaw obtaining private phone records without an accountholder's consent.

The Federal Communications Commission also has taken the first step toward opening an investigation by sending a letter of inquiry to AT&T Inc., the source of the personal phone records obtained by HP.

The invasion of privacy so infuriated one HP director, longtime Silicon Valley venture capitalist Tom Perkins, that he resigned from the board in May and triggered a chain of events that finally forced the company to publicly disclose its role in the pretexting.

Incensed by several media stories that quoted unnamed people about information shared during HP board meetings, Dunn authorized the investigation earlier this year to find out if any of the company's directors were talking out of turn.

The inquiry convinced HP that George Keyworth II had been providing reporters with confidential company information. The company is punishing him by preventing him from running for re-election to the board.

In Friday's interview, Dunn branded the leaks as an "egregious breach" of HP's standards and emphasized the investigation was conducted with the full backing of the board. "This was not my spy campaign on our board." She also said "all this nonsense" could have been avoided had Keyworth admitted he was leaking information before the investigation began.

Now Dunn, 52, is scrambling to hold on to her $300,000-per-year job at HP amid an intensifying backlash against one of Silicon Valley's oldest and proudest companies.

The pretexting imbroglio already is threatening to become a huge distraction for the Palo Alto-based HP as it tries to build on its recent momentum in the personal computer and other high-target markets.

Dunn will have to resign if HP hopes to minimize the damage that already has been caused to its reputation, said Gary Lutin, a New York investment banker who advises shareholders on corporate control issues.

"Whether you consider the questions about (Dunn's) judgment to be resolved or unresolved, she is no longer in a position to be a viable chairman," Lutin said. "If the directors don't understand that, then they are not qualified to serve as fiduciaries for shareholders."

Dunn could still hold on to her job if she can convince other directors that she never authorized investigators to resort to pretexting, said Kirk Hanson, executive director of the Markkula Center for Applied Ethics.

Even if that is true, Dunn still might have difficulty explaining why she didn't confront investigators about how they obtained the phone records once they turned over to her, Hanson said. "Once they had the telephone logs, you would think someone would raise the question, 'How did we get these?'"

Dunn said she had no clue investigators would resort to pretexting, saying she didn't even know what the word meant until June or July -- a few months after she authorized the investigation. She said she still doesn't know the identity of the firm behind the pretexting.

Viet Dinh, an attorney representing Perkins, said it's difficult to believe Dunn didn't know about pretexting before June. "To my knowledge, there are only two ways to get these kinds of records: with a government subpoena or with people's consent," Dinh said, asserting that HP's investigators didn't have that kind of privileged access.

So far, all but one of the nine reporters targeted in HP's pretexting have been identified by their news organizations. They are: Peter Burrows, Ben Elgin and Roger Crockett of Business Week; Pui-Wing Tam and George Anders of The Wall Street Journal; Dawn Kawamoto and Tom Krazit of CNET Networks Inc.'s News.com; and John Markoff of The New York Times.

The involvement of the reporters "takes the improprieties to a whole new level," said Dresslar, Lockyer's spokesman.

The pretexting backlash hasn't hurt HP's stock too badly yet. The company's shares rose 75 cents Friday to close at $36.17 on the New York Stock Exchange.

Unless drastic action is taken, it's only a matter before the brewing scandal begins to hurt HP, Lutin predicted.

"As long as this confusion and disorder continues, no self-respecting professional is going to want to work for Hewlett-Packard and the company will gradually be drained of talent," he said.

CRIMINAL LAW:

Washington: Executive Is Sentenced In Bribery Case (NYT)

By Christopher Drew

The New York Times, September 9, 2006

A federal judge in Alexandria, Va., sentenced Vernon L. Jackson, the chief executive of a Kentucky technology company, to 7 years 3 months in jail for paying more than $400,000 to Representative William J. Jefferson, Democrat of Louisiana. In May, Mr. Jackson pleaded guilty to charges that he made the payments to a consulting firm run by Mr. Jefferson's wife in return for the congressman's help on business deals in Africa. Mr. Jefferson has denied any wrongdoing and has not been charged. Prosecutors said Mr. Jackson had been cooperating with a federal investigation of the congressman. They also told the judge, T.S. Ellis III of Federal District Court, that they would be likely to ask him to reduce the sentence if Mr. Jackson continued to help.

Businessman Gets 7 Years For Bribing Legislator (WP)

By Allan Lengel

The Washington Post, September 9, 2006

Louisville businessman Vernon L. Jackson was sentenced yesterday to seven years and three months in federal prison for bribing Rep. William J. Jefferson (D-La.) with more than $400,000 and company stock to promote his Kentucky firm's high-tech business ventures.

During sentencing, U.S. District Judge T.S. Ellis III in Alexandria told Jackson, 54, owner of iGate Inc., that he made a "very bad decision" that corrupted the political process.

Jackson said nothing during the proceeding. His attorney, Michael S. Nachmanoff, said he was pleased the judge gave a sentence that was at the low end of the federal guideline.

Jackson is the second person to be sentenced in the 18-month public corruption probe that has targeted Jefferson and cast a dark cloud over the eight-term congressman's political future. Jefferson, 59, has not been charged and has denied wrongdoing, but sources have said an indictment appears assured.

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Jackson pleaded guilty in May to bribing Jefferson to promote iGate's broadband technology for Internet and cable television in Nigeria, Ghana and Cameroon. In January, Brett M. Pfeffer, a former Jefferson aide, pleaded guilty to bribing the congressman and was sentenced to eight years in prison.

Both men, under their plea agreements, could get their sentences reduced for their cooperation with the FBI.

Jefferson attorney Robert Trout, who attended yesterday's sentencing, issued a statement afterward saying: "Congressman Jefferson knows well the pressure that the Department of Justice can apply once it targets someone for criminal prosecution. As Jackson's plea bargain makes clear, the government has offered powerful inducements to cause Jackson to plead guilty."

Jefferson, the statement added, has repeatedly said he never took payment in any form to perform "any act or duty."

Jefferson is running for reelection in his Hurricane Katrina-damaged district against 12 opponents.

The corruption probe has been slowed by the political uproar and legal battle over the FBI's raid in May on Jefferson's Capitol Hill office. Jefferson has argued that the raid violated the Constitution, and investigators have been prevented from looking at the seized materials while the matter works its way through court.

Exec. Gets 7 Years For Congressman Bribe (AP-Y)

By Matthew Barakat

AP, September 9, 2006

A Kentucky businessman who admitted paying more than $400,000 in bribes to a Louisiana congressman was sentenced Friday to more than seven years in prison.

Vernon Jackson, 54, of Louisville, is a key figure in the federal investigation of Rep. William Jefferson, D-La. The chief executive of the telecommunications firm iGate Inc. said he paid the bribes to gain the congressman's help in obtaining business deals in Africa.

The bribes paid by Jackson, including stocks and cash paid to a company controlled by Jefferson's family, had a value of $400,000 to $1 million, according to court records.

The congressman has not been charged but court records allege the FBI caught Jefferson on videotape taking a $100,000 cash bribe from an FBI informant who agreed to have her conversations with the congressman taped. Most of that money later turned up in a freezer in Jefferson's home.

The bribes paid by Jackson are separate from the $100,000 found in the freezer.

Jackson did not speak during the hearing and declined to comment afterward. He has previously expressed remorse for his conduct.

The seven-year, three-month sentence imposed by U.S. District Judge T.S. Ellis III was at the low end of federal sentencing guidelines. Prosecutor Mark Lytle said Jackson was continuing to cooperate in the investigation, and his sentence could later be reduced. He will not begin serving his sentence until January.

Jefferson was never mentioned by name in Friday's hearing, but prosecutors have made it clear in court papers that he is the congressman to whom Jackson paid bribes.

Jefferson has denied any wrongdoing. His lawyer, Robert Trout, suggested Jackson is lying to garner leniency from prosecutors.

"Congressman Jefferson knows well the pressure that the Department of Justice can apply once it targets someone for criminal prosecution. As Jackson's plea bargain makes clear, the government has offered powerful inducements to cause Jackson to plead guilty. He has every reason to expect that his sentence will be substantially reduced depending on his testimony against the congressman," Trout said.

The government's investigation of Jefferson has been delayed by the furor that resulted from the Justice Department's decision to raid Jefferson's congressional office earlier this year.

Jefferson claims that his status as a congressman grants him immunity from executive branch search warrants. The Justice Department has not yet reviewed the documents it seized from the office while the issue is being litigated.

A former congressional aide of Jefferson was sentenced to eight years in prison after admitting that he helped broker some of the bribes paid to Jefferson.

IGate's Jackson Gets 87 Months (LEXHL)

By John Cheves, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), September 9, 2006

BUSINESSMAN PLEADED GUILTY TO BRIBING CONGRESSMAN TO PROMOTE TECH COMPANY

WASHINGTON - A Louisville businessman who says he bribed a congressman to promote his small technology company was sentenced yesterday to more than seven years in prison.

Federal prosecutors said Vernon Jackson, 54, founder of iGate, deserved credit for pleading guilty in May to two bribery counts, and they said he is cooperating with the Justice Department in its political corruption investigation. Jackson could have received up to nine years in prison under federal sentencing guidelines.

Although Rep. William Jefferson, D-La., has not been charged with a crime, he is the friend and partner of Jackson who promoted iGate in the United States and overseas. FBI agents have searched Jefferson's homes and offices in Washington and New Orleans, finding $90,000 in alleged bribe money stashed in his freezer.

U.S. District Judge T.S. Ellis III in Alexandria, Va., noted that Jackson is a self-made entrepreneur with strong ties to his community and church. But Ellis said the punishment must reflect the damage that bribery inflicts on the credibility of government.

"The rule of law ... only makes sense if our public officials are not corrupt," Ellis said, ordering Jackson to serve 87 months in prison. Jackson, a tall, stocky man with a shaved head and a trim mustache, stood without reaction. "Public corruption is the worst kind of a virulent and malignant cancer," the judge said.

Ellis ruled that Jackson won't have to report to prison until at least January, as prosecutors said they want to continue to consult him in their investigation.

According to court records, Jefferson took more than $400,000 in bribes from Jackson -- and slowly tried to seize control of his company -- in exchange for helping iGate win U.S. and foreign government contracts, using his position in Congress. Founded in 1998, iGate sells what it calls innovative technology for broadband Internet access.

Assistant U.S. Attorney Mark Lytle said after the sentencing that he could not discuss the status of the Justice Department's investigation.

A spokeswoman for Jefferson later declined to comment. First elected to Congress in 1991, Jefferson faces a crowd of re-election challengers this fall in Louisiana's Democratic primary.

Yesterday, Jackson -- an engineer who moved to Louisville nearly 20 years ago -- declined to comment outside the courtroom or address the judge. His public defender said Jackson is ashamed and remorseful for what he did.

"Mr. Jackson is a good man who has risen from modest beginnings," said his lawyer, Michael Nachmanoff. "His desire to see his business succeed is what led him to where he is today. ... If he could go back in time, he would. But he cannot."

IGate's future is uncertain. Jackson has drawn no salary from his small company for more than a year and has accumulated considerable personal debt, Nachmanoff said.

However, David Harper, a Louisville lawyer for iGate, said it can continue without its founder and chairman, who previously had been expected to leave for the ministry in the near future.

"The company's fine," said Harper, who declined to offer details such as how many employees remain. "There are several projects in the pipeline right now that I'm not at liberty to discuss. But we're going to continue, just as Mr. Jackson wants us to."

Roller-coaster Career Ends In Prison (NOTP)

By Bill Walsh, And Bruce Alpert%%par%%washington Bureau

New Orleans Times-Picayune, September 9, 2006

Telecom exec linked to Jefferson gets 7 years

WASHINGTON -- Kentucky businessman Vernon Jackson, the son of a school custodian who had built himself into a high-tech multimillionaire only to lose it all, was trying to claw his way back into the game six years ago when he met Rep. William Jefferson, D-New Orleans.

Jackson, whose fortune was once estimated at $32 million, saw the congressman as his ticket back to financial success and respectability. Jefferson's connections in Washington and West Africa held the promise of finally finding a market for Jackson's patented telecommunications invention that could make both of them rich.

Instead, according to FBI wiretap transcripts and court pleadings, Jefferson hit up Jackson for nearly $400,000 in bribes and eventually sought to seize control of his fledgling telecommunications company, iGate Inc.

Jefferson has not been charged and has maintained his innocence.

Jackson pleaded guilty in May to bribery of a public official and conspiracy to commit bribery. He was sentenced Friday to seven years and three months in prison. Jackson has agreed to cooperate with federal prosecutors in the case the federal Justice Department has been building against Jefferson for a year and a half. He is scheduled to begin serving his sentence in January.

At first glance, the two men would seem an odd pairing. Jefferson, who received a law degree from Harvard University, is wry and urbane, a slim stick of a figure who speaks in low, clipped cadences. Jackson is a bear of a man who talks with a booming voice and attended technical school on his way to starting his career toiling in the telecom labs at AT&T.

But they also are remarkably similar in ways that would draw them together in an audacious business venture that has turned into a nightmare.

Jefferson, 59, and Jackson, 54, are African-American sons of the segregated South who were born into large families with little money but an abiding devotion to religion. Each was one of nine children, Jefferson growing up in rural north Louisiana and Jackson in Charlotte, N.C. They also shared an unflagging personal energy and a burning ambition to rise above their humble origins.

By the mid-1990s, both had made it. Jefferson parlayed his Harvard law degree and a canny political instinct into a successful career as the first African-American congressman from Louisiana since Reconstruction.

Jackson, a technology whiz kid, was recruited out of high school by AT&T, where he spent the next two decades. Deciding to strike out on his own, he formed his own firm in 1990 on the strength of a patent he received for what he believed to be breakthrough technology. The invention would allow voice, data and video images to be transmitted across existing copper lines without the need to install expensive fiber optics. He eventually packaged the invention as a service that would allow workers to conduct video conferences from their desktop computers.

It "was literally a product which could save the U.S. military and the U.S. government hundreds of millions, if not billions," of dollars, said William Warner, who marketed the technology for Jackson.

With his brother, Richard, Jackson launched VideoLan Technologies Inc. in 1994, and a year later took the company public. Almost overnight, VideoLan's stock soared from $4 a share to nearly $50.

Suddenly rich beyond his wildest dreams, Jackson bought his wife, Sandra, a Mercedes-Benz, and the couple plunked down $1.5 million to build a mansion alongside a golf course designed by Arnold Palmer in one of the toniest neighborhoods of Louisville, Ky.

But VideoLan struggled. Friends said telecom giants in the industry smothered Jackson's plans after he rebuffed their buyout offers. Within three years, Jackson had been ousted from VideoLan, which was headed for bankruptcy. His $250,000 annual salary was shut off, and his stock holdings plummeted in value.

By 1997, unable to make payments to the builder, his dream home became an abandoned wooden shell of two-by-fours that neighbors complained was an eyesore.

"He always had two problems," said Kiran Chudgar, a Louisville businessman who helped develop prototypes for Jackson's technology. "One was that he had a lot of big corporations who weren't anxious for his technology to succeed for competitive reasons. The other was that he never seemed to have enough funding to make his ideas happen."

Jackson may have lacked business acumen, but he believed in his product and he had ambition to spare. He successfully sued his old company to get the patent rights and started over with a new firm he called iGate Inc.

Jackson's attorney said his client wasn't motivated by money alone. Michael Nachmanoff said Jackson also wanted to use his invention to bridge the "digital divide" in telecommunications between the haves and the have-nots. Jackson believed his technology could bring broadband communications to people and places that otherwise couldn't afford it.

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"It was in this context that he met and developed a relationship with" Jefferson, Nachmanoff wrote in court filings.

By the time they met in 2000, Jefferson had carved out an influential niche for himself in Congress as a brainy, business-friendly Democrat with a keen interest in West Africa. Jefferson saw promise in Jackson's technology and, according to court documents, got busy making it happen.

To verify the effectiveness of Jackson's creation, Jefferson got it tested by the Army's Technology Integration Center, which gave it the thumbs up. Jefferson then helped get iGate's product listed on a prominent federal government contractor database. It was scooped up by Fort Sam Houston in Texas and Fort Stewart in Georgia. But few other contracts followed.

Nonetheless, things seemed promising to Jackson, who told those in his inner circle that he had a "friend in Washington" who was going to put him back on top. Jackson called the congressman "Jeff," and their families grew close. Jackson recommended Jefferson's daughter Jamila for a seat on the board of a Texas telecom firm, Gridline. According to a story in the Lexington (Ky.) Herald-Leader, Jackson and his wife accompanied Jefferson and his wife, Andrea, to New York for a weekend getaway in September 2004 that included seats at the U.S. Open tennis tournament, tickets to "The Lion King" on Broadway and some shopping.

The friendliness, however, masked a secret pact the two men had forged, according to the FBI. In 2001, court records say, Jefferson demanded that Jackson give him a cut of the business. He urged him to sign a professional services agreement with the ANJ Group, a company led by Andrea Jefferson. The deal called for 1 million shares of iGate stock, $7,500 per month and a 5 percent share of the company. Eventually, the FBI says, Jefferson demanded 35 percent.

The FBI says that over five years, Jackson paid the ANJ Group $367,500 disguised as consulting fees and paid for travel costing nearly $88,000.

IGate was hoping to find a lucrative market in Nigeria, a poor country whose telecommunications system is antiquated. Largely through Jefferson's influence, the FBI says, the Nigerian firm NetLink agreed to put $45 million into the deal and fronted $6.5 million to iGate.

NetLink eventually backed out, and Jefferson lined up a new investor, Lori Mody, a Northern Virginia millionaire. In conversations taped by the FBI, Jefferson can be heard telling Mody that he planned to move Jackson aside and take over the company himself.

Things began to unravel when Mody suspected she was being stiffed. She had paid $3.5 million for the rights to iGate's technology, but Jackson refused to sign them over. She went to the FBI to complain about fraud, a tip that hatched a bribery probe targeting Jackson and Jefferson.

Writing to U.S. District Judge T.S. Ellis III, Jackson's wife acknowledged Jackson's complicity in the bribery scheme. But she also said her husband was taken advantage of.

"I feel that he had to be blindsided by individuals who have no regard for people," Sandra Jackson said.

Jackson's dream of a quick trip back to the good life has taken a detour through a federal penitentiary. When Jackson pleaded guilty, he asked for a court-appointed attorney, saying that he was destitute. His financial forms listed debts totaling more than $360,000, almost as much as the FBI says he paid in bribes to Jefferson.

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More Firms Linked To Probe (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, September 9, 2006

Investigators seeking records from Nigeria

WASHINGTON -- Documents released this week by Nigerian investigators indicate that the ongoing U.S. probe of Rep. William Jefferson, D-New Orleans, includes an examination of his links to some previously unreported companies.

Nigeria's Economic and Financial Crimes Commission said it had been asked by the U.S. Justice Department to examine the congressman's role not only in promoting a Nigerian project proposed by the Kentucky firm iGate Inc., but also his links to:

-- Life Technology Holdings, now known as Global Environmental Energy Corp., which at one time had offices in New Orleans and filed for bankruptcy protection after its efforts to build garbage incinerators failed to catch on. Along with iGate, it helped finance Jefferson's trip to Western Africa, including Nigeria, in 2004.

-- TDC Overseas of Baton Rouge, which was looking to build a sugar refinery in Nigeria. George Knost, the company's chief executive officer, said TDC is "cooperating fully" with the Justice Department probe of Jefferson. The company has "had no improper dealings with Jefferson or anyone else," Knost said.

-- Jefferson Interest Inc., which matches the name of a company registered with the Louisiana secretary of state's office in 1983 that lists Jefferson as president and his brothers Bennie and Mose as vice president and secretary-treasurer, respectively.

The Justice Department probe of Jefferson centers on allegations that Vernon Jackson, chief executive officer of iGate Inc., funneled more than $360,000 to a company controlled by Jefferson's family in return for the congressman's help in getting contracts in Nigeria and Ghana for iGate's copper wire broadband technology. Jackson has pleaded guilty and was sentenced Friday to seven years and three months in jail.

Jefferson has not been charged and has said he did nothing wrong. He declined to comment Friday through a spokesman for the Washington, D.C., communications firm he hired to deal with the questions about the investigation.

"Due to the pending investigation by the Department of Justice, we are unable to comment at this time," said Christopher Garrett of Impact Strategies. "We look forward to a more appropriate time, when all of the facts surrounding this matter can be disclosed."

The commission's report said the Justice Department also asked for bank records held by Atonte Diete-Spiff, a former Jefferson congressional staffer, and a company by the name of Providence International. It also asks for records of calls made from a phone number registered to Diete-Spiff.

Diete-Spiff, who traveled twice to Nigeria in 2000 as a representative of Jefferson, couldn't be reached for comment Friday. The Louisiana secretary of state lists a Providence International Construction Co. in New Orleans, formed in 2002, and managed by a Jefferson congressional staffer, Stephanie Butler.

The Economic and Financial Crimes Commission also said the Justice Department wanted help with information about not only Jefferson's activities in Nigeria, but also those of his wife, Andrea; the couple's five daughters, Jamila, Jalilah, Nailah, Jelani and Akilah; Jefferson's son-in-laws Tony Bullock and Philip Jones; and Jefferson's brothers, Mose, Bennie and Archie Jefferson.

Officials with Global Environmental Energy, previously known as Life Technology Holdings, or LETH Energy, could not be reached for comment. But in an interview last year, Noreen Wilson, then listed as president of Global Environmental Energy, said Jefferson "has always been willing" to help U.S. firms establish contacts with African leaders. She said Jefferson had never asked for anything in return.

A Global news release in 2004 pointed to deals to build 500 energy plants worldwide, but it appears that few were actually built. Two unbuilt incinerators were proposed for the New Orleans area -- one in Slidell and another in New Orleans, which had won approval from the Port of New Orleans.

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Obvious Question In Plame Case Had Early Answer (LAT)

By Tom Hamburger And Richard T. Cooper

The Los Angeles Times, September 9, 2006

WASHINGTON — Almost three years ago, as Patrick J. Fitzgerald settled in as the newly appointed special counsel in charge of the Valerie Plame leak investigation, he learned a startling secret.

Washington was ablaze with speculation about who had revealed Plame's identity as a covert CIA officer to syndicated columnist Robert Novak; senior White House officials were considered the likely culprits. But Fitzgerald, reading FBI reports just after taking charge, learned that federal investigators already knew Novak's primary source — a gossipy State Department official who seemed to have strained relations with the White House.

So if the mystery was already solved, why did Fitzgerald's investigation continue for almost 36 more months? Why does I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, still face criminal charges in connection with the Plame leak? And why were other senior officials left twisting in the wind, facing possible indictment?

Did the special counsel, operating behind the veil of secrecy of all such inquiries, abuse his authority in a witch hunt?

Such questions are at the heart of a furor that erupted late last month after the revelation that several months after Novak's column naming Plame appeared in July 2003, Deputy Secretary of State Richard L. Armitage had informed his superiors — and then the Justice Department, which was investigating the leak — that he had been Novak's primary source. Armitage's reasons for talking to Novak remain unclear. He was known for his skepticism on some aspects of President Bush's Iraq war strategy, but also for his penchant to gossip.

This week, breaking a silence he said Fitzgerald imposed, Armitage told "CBS Evening News," "I feel terrible, every day. I think I let down the president, I let down the secretary of State, I let down my department, my family, and I also let down Mr. and Mrs. Wilson."

The discovery of Armitage's role — and the fact that it had been known to investigators so early — is stirring administration defenders to fury.

After all, they say, the inquiry left the White House under a cloud of suspicion for months and created a costly distraction for senior officials, including political strategist Karl Rove and even Cheney.

"It's as if a giant hoax were perpetrated on the country — by the media, by partisan opponents of the Bush administration, even by several Bush subordinates who betrayed the president and their White House colleagues," conservative commentator Fred Barnes wrote this week in a Weekly Standard Magazine column that listed Fitzgerald, the news media and others as the culprits.

Is such criticism of Fitzgerald's inquiry appropriate?

The special counsel declined to comment. And the argument has become intensely partisan.

Yet the information on Armitage — first revealed in a new book — along with court filings and interviews with former White House staffers and others familiar with the inquiry, suggest Fitzgerald pressed ahead because he learned quickly that Armitage was not alone in discussing Plame with reporters. Top White House officials had talked about her as well.

Fitzgerald, who had been the U.S. attorney in Chicago, was appointed special counsel Dec. 30, 2003, taking over a probe initiated by the Justice Department three months earlier at the request of the CIA.

According to the book "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War," by Michael Isikoff and David Corn, Fitzgerald had barely arrived in Washington when he received a thick binder filled with FBI reports. They summarized interviews that agents had conducted with Armitage, Rove, Libby and others.

And the reports made clear that senior White House officials had been discussing Plame's status not just with Novak but with other Washington journalists — including Judith Miller of the New York Times and Matthew Cooper of Time magazine.

Early on, the prosecutor learned that Rove may have been a corroborating source for the information Armitage provided to Novak. That fact alone would have compelled the special counsel to push on with the investigation, in the view of some experts.

"We now know that almost from the beginning of the case the prosecutor was confronted with two different investigative tracks," said Dan French, who served as a U.S. attorney during the Clinton administration. One track was Armitage, the other Rove and his top-level colleagues at the White House, he said.

"Objectively, this represents two separate lines of inquiry and a prosecutor in this situation would feel compelled to pursue both," said French, who represented a witness in the case.

Former White House staffers have told The Times that in 2003, Rove and Libby seemed intent on undermining the credibility of Plame's husband, former diplomat Joseph C. Wilson IV, who had been assigned by the CIA to look into reports that Iraqi President Saddam Hussein tried to buy enriched uranium from the African nation Niger.

Bush cited the claim — attributed to British intelligence — in his 2003 State of the Union address as evidence that Hussein was seeking nuclear weapons, even though Wilson's earlier report to the CIA indicated he had found little evidence to support the likelihood that any sale to Iraq had occurred.

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Wilson, who became an advisor to Democratic presidential candidate Sen. John F. Kerry (D-Mass.), later accused the administration of twisting intelligence to justify the invasion of Iraq.

In leaking the role of Wilson's wife at the CIA, administration officials suggested to journalists that she had promoted his mission as a boondoggle — not a serious inquiry.

As Fitzgerald examined the evidence, he seems to have concluded that some White House officials might not have been forthcoming to investigators about their conversations with reporters. That raised the possibility of a cover-up.

Intentionally leaking classified information or the name of an undercover intelligence agent is a federal crime, though the legal definition of "intent" remains murky. Making false or misleading statements to FBI or other federal investigators, or to a grand jury, can also be a crime.

In early February 2004, barely a month into his tenure, Fitzgerald sought and received a letter from his Justice Department boss stating that — in addition to probing the leaks — he was authorized to pursue possible obstruction of justice and related crimes.

Still, an impression remained in the public's mind that the key question was who provided information on Plame to Novak, the first journalist to write about her. While the public focused on Novak, investigators were asking about Matt Cooper's sources for a story he and others at Time had published on Time's website soon after Novak's column.

Cooper has since acknowledged that his primary source was Rove, with Libby also talking to him. Libby, the only person charged in the case, has pleaded not guilty to perjury and obstruction of justice.

According to Cooper, neither Rove nor Libby mentioned Plame by name. Nor did they mention her covert status, though Rove indicated she worked on WMD at "the Agency" and was responsible for her husband's trip. Spokesmen for both Libby and Rove pointed out that neither official initiated the conversations with Cooper.

Rove's lawyer, Robert Luskin, said his client did not initiate conversations with reporters about Plame, was unaware of her covert status, and did not encourage reporters to write about her.

Nonetheless, with the evidence he had, and with indications that these officials might have been less than candid with investigators, Fitzgerald decided to press on with his investigation even though he knew the answer to what the public considered the main question — who leaked to Bob Novak?

Armitage Leak Poses More Questions (AP-Y)

By Matt Apuzzo

AP, September 9, 2006

For three years, Special Prosecutor Patrick Fitzgerald knew the answer to one of the biggest questions in Washington: Who leaked the identity of CIA operative Valerie Plame?

Now that former Deputy Secretary of State Richard Armitage acknowledged this week that he was the leaker, the new question is what Fitzgerald has been looking for during a quest that rattled the White House and sent a reporter to jail.

"What was the rationale for seeking an answer to a question he already knew the answer to?" asked Wayne Berman, a former assistant secretary of commerce and a supporter of the only person indicted in the leak case, former White House aide I. Lewis "Scooter" Libby.

Fitzgerald's office had no response to that question Friday.

Armitage said he inadvertently revealed Plame's job to syndicated columnist Robert Novak in July 2003. That revelation came as Plame's husband, Joseph Wilson, criticized the Bush administration's prewar intelligence on Iraq.

Novak's column touched off claims that the White House was behind a smear campaign, which led to a federal investigation into the leak and whether it was part of a partisan effort to undermine Wilson's credibility.

Early in the inquiry, Armitage told authorities he was Novak's source. Armitage said Fitzgerald asked him to not to say that publicly. Fitzgerald then pressed on with the investigation, questioning White House aides. Among them was top Bush adviser Karl Rove, who appeared five times before a grand jury before being cleared of wrongdoing this summer.

When Libby was indicted in October 2005 on charges of obstruction of justice, perjury and lying to investigators, Fitzgerald said Libby was the first official to discuss Plame in a conversation with New York Times reporter Judith Miller.

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That's where this week's admission by Armitage muddles the case.

After Fitzgerald's comment about Libby at a news conference, Washington Post reporter Bob Woodward reminded Armitage that he had made a passing comment to him days before Libby's conversation with Miller. That meant that Armitage, not Libby, had been the first to mention it to a reporter, and he quickly informed the prosecutor of that recollection.

Former Republican Sen. Fred Thompson, who has criticized Libby's prosecution, said Fitzgerald had a duty to set the record straight yet continued to urge Armitage's silence. Thompson said the case shows the worst side effects of appointing a special prosecutor.

"The whole world was watching Mr. Fitzgerald," Thompson said. "He had an extremely narrow focus and a lot of pressure to come up with something or somebody. He came up with a pea and tried to hold a press conference and hold it up as an elephant."

Armitage wasn't the only one asserting that his memory had failed. Both Libby and Rove have said they forgot details about their conversations with reporters. At least one of Rove's trips to the grand jury was so he could freshen his testimony with something he said he had forgotten in an earlier appearance.

Although Libby was the only one indicted, two reporters were threatened with jail for not disclosing sources. One of them — Miller — served 85 days.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said Friday she believes Fitzgerald knew that no crime had been committed with the leak of Plame's identity, yet he forced reporters to disclose their confidential sources and even sent Miller to jail.

"After a while, he didn't care who the source was," Dalglish said. "They just wanted to get somebody on obstruction."

Attorney Melanie Sloan, who represents the Wilsons in a civil lawsuit claiming Libby, Vice President Dick Cheney and others conspired to leak Plame's identity, said the investigation was necessary.

Fitzgerald knew Armitage's leak started the scandal, Sloan said, but he didn't know who else leaked information to the media. That's what the three-year investigation has been about, she said.

Berman, the Libby supporter, sees things differently. He said Armitage's admission contradicts the conspiracy theory and raises questions about why Libby was ever charged.

"Scooter was singled out, for whatever reason, by a prosecutor who appears to have made different decisions about people who had similar circumstances," Berman said.

Feds Interview Harris' Ex-campaign Manager (SPT)

By Anita Kumar, Times Staff Writer

St. Petersburg Times, September 9, 2006

WASHINGTON - Federal investigators interviewed U.S. Rep. Katherine Harris' former campaign manager as part of an ongoing federal inquiry into her relationship with a convicted defense contractor.

Jim Dornan, who left Harris' Senate campaign in November, spoke to investigators from the FBI and the Defense Department in Washington for about 90 minutes Thursday.

The Justice and Defense departments are examining Harris' dealings with Mitchell Wade, who made illegal campaign contributions to Harris and later asked her to help secure $10-million in federal money for a company project.

They have subpoenaed records from Harris' campaign office and have interviewed at least three former staffers: senior campaign consultant Ed Rollins, congressional chief of staff Fred Asbell and Mona Tate Yost, a congressional aide who later went to work for Wade.

A fourth employee, Kara Borie, Harris' former congressional spokeswoman, was contacted by investigators last month but it is unclear whether she was interviewed.

Dornan declined to comment. The Justice Department has refused to acknowledge an investigation.

Harris maintains she is not a target of the investigation.

Wade, who pleaded guilty to bribing another member of Congress, and Harris shared at least two dinners - each costing about $3,000 - at a tony Georgetown restaurant.

DOJ_NMG_0061098

Dornan was not working for Harris when she received the donations or requested the money for the project.

Harris of Longboat Key defeated three political newcomers Tuesday to cinch the Republican nomination for the Senate. She faces Democratic Sen. Bill Nelson in November.

Harris' campaign has faced a host of problems in recent months including enormous staff turnover.

Anita Kumar can be reached at 202 463-0576 or akumar@sptimes.com. [Last modified September 9, 2006, 01:20:33]

Pressure Mounts On Internet Gaming (AP-YBIZ)

By Jeff Douglas, Associated Press Writer

AP, September 9, 2006

Latest Arrest Turns Up Heat on Internet Gambling Operations

ST. LOUIS (AP) -- Gambling industry experts agree: If you operate an offshore gaming Web site, stay out of the U.S.

Moments after setting foot in the U.S. Thursday, Sportingbet PLC chairman Peter Dicks became the second U.K. offshore sports betting executive arrested in recent months for running an online gambling operation. Former BetOnSports PLC chief executive David Carruthers was arrested on federal charges in July.

It's still unclear if the arrest is a coincidence or part of a government crackdown, but some experts suspect the latter.

And as millions of dollars in bets for the NFL's opening weekend roll into thousands of Web sites, the pressure on the Internet gaming industry has intensified.

"You don't need legal expertise to know if you are running an offshore gambling site, don't come to America right now. You stand a good chance of being arrested," Internet gambling expert and lawyer Nelson Rose said.

Dicks, 64, was arrested at Kennedy International Airport in New York after flying from London, where his Web sites operate legally and are traded on the London Stock Exchange. More than $1.5 billion shares in the company were suspended by the LSE at Sportingbet's request Thursday.

Dicks was detained on a Louisiana state warrant from May for gambling by computer, a felony punishable by up to five years year in prison and a $25,000 fine. Similar warrants have been issued for other Sportingbet associates, but authorities would not release information on who or how many of them are wanted.

Seven states have laws prohibiting Internet gambling. The arrest of Dicks marked the first time one of those states has taken action against one of thousands of big-time online gambling operations. Million of American players bet an estimated $6 billion per year online, according to industry figures.

While the Justice Department has said it is being more vigilant in prosecuting illegal offshore betting, the department said Thursday's arrest was not a coordinated effort with state authorities.

The warrant was issued in May and Dicks' name was flagged during a routine customs check at JFK airport.

Sportingbet Web sites continued to operate Friday and company officials said they expected to continue unless told otherwise by authorities.

BetOnSports closed its U.S. Web sites on a judge's order and fired Carruthers, who remains under house arrest on $1 million bond in the St. Louis area, awaiting trial. He faces 22 counts of fraud and racketeering charges.

Lawmakers on both sides of the issue are pushing for change, including a proposed law to prohibit U.S. bank and credit transactions with online gambling operations.

Death Penalty Sought For Killing At Wheeler (HONADV)

By Curtis Lum, Advertiser Staff Writer

Honolulu Advertiser, September 9, 2006

The U.S. attorney's office in Hawai'i will seek the death penalty in the case of a Schofield Barracks soldier accused of beating to death his 5-year-old daughter last year.

It is only the second time the U.S. Justice Department has approved capital punishment in a Hawai'i case since the federal death penalty law was enacted in 1994.

Army Spc. Naeem Williams was indicted by a federal grand jury in February 2006 on one count of first-degree murder. He is accused of the beating death of his daughter, Talia Williams, at the Williams' Wheeler Army Airfield apartment on July 16, 2005.

DOJ_NMG_0061099

Last night, Tarshia Williams, Talia's mother, said from her South Carolina home that it was a "blessing" that the death penalty was approved for her former husband. Naeem Williams was granted custody of Talia in December 2004.

"I just wanted justice for my daughter. I've been praying for this for a year," Williams said. "I just want him to be punished for everything he did to my child. I feel like justice is about to be served."

Tarshia Williams said it's been a difficult year for her and she recently marked the anniversary of her child's death by releasing balloons at her grave.

"He tried so hard to get my daughter away from me ... ," Tarshia Williams said. "When I got my baby back, my baby was unrecognizable."

No trial date has been set, but Williams said she will be here for the trial.

David Klein, Williams' attorney, said that he will fight the imposition of the death penalty if his client is found guilty of murder.

"This is a tragic case that is being compounded by the unfortunate decision by the government to seek the death penalty, especially given Mr. Williams' lack of criminal history and exceptional military service," Klein said.

Williams remains at the Federal Detention Center in Hono-lulu, Klein said. He declined further comment.

Federal authorities said Talia was an abused child and that her father beat her and knocked her to the floor on the day she died. An autopsy showed that Talia died of "inflicted head trauma due to battered child syndrome," and authorities reported that the apartment's walls were spattered with blood.

Yesterday, U.S. Attorney Ed Kubo said that the decision to seek the death penalty was made by U.S. Attorney General Alberto Gonzales.

"The Department of Justice has determined that the torture and murder of a young child warrants the death penalty. So we will march accordingly," Kubo said. He declined further comment.

Delilah Williams, Naeem Williams' wife, also has been charged with the murder of Talia.

The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said.

Naeem Williams is only the second person in Hawai'i who has faced the possibility of execution since the federal death penalty was enacted in 1994. The death penalty in four other capital murder cases was rejected while U.S. Attorney General Janet Reno was in office.

In 1999, then-U.S. Attorney Steven Alm was given the go-ahead to seek the death penalty against Richard Lee Tuck "China" Chong. Chong was charged with the 1997 shooting death of William Noa Jr. in Makaha over what prosecutors said was a $100 drug debt. Chong eventually pleaded guilty to the murder charge and was sentenced to life in prison. In September 2001, Chong committed suicide in his cell at the federal penitentiary in Lompoc, Calif.

Capital punishment was abolished by the Hawai'i territorial Legislature in 1957. The last execution under state law was in 1944. The Associated Press contributed to this report.

Reach Curtis Lum at culum@honoluluadvertiser.com.

Prosecutors Seeking Death Penalty In Child Beating (HSB)

Honolulu Star-Bulletin, September 9, 2006

Notice filed in federal court in Naeem Williams case

Federal prosecutors filed notice today that they intend to seek a federal death penalty for a Schofield Barracks soldier if he is convicted of first-degree murder for the death of his 5-year-old daughter.

Spc. Naeem Williams, 26, was indicted Feb. 15 for last year's death of Talia Williams. Her stepmother, Delilah Williams, 22, was also charged with murder, but hasn't been indicted.

The decision to seek the death penalty was made by Attorney General Alberto Gonzales, according to U.S. Attorney Edward Kubo Jr.

The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said. Both are being held in Honolulu, he said.

Talia was taken by ambulance from the family's residence at Wheeler Army Airfield to Wahiawa General Hospital on July 16, 2005.

Emergency room doctors pronounced the child dead from “blunt head trauma due to battered child syndrome” shortly after she arrived. Doctors said the girl had bruises on her arms, chest, knees and thighs and a cut on her back.

Court documents have quoted Delilah Williams as saying her husband struck Talia with a belt because she had wet herself, and when he found out she had wet herself again, he struck her again, and she fell, hitting her head on the floor.

Hawaii has no death penalty, but Williams will be tried in the state under the federal death penalty law, Silverberg said.

The case is being prosecuted in U.S. District Court because the crime allegedly occurred on a military base, he said.

A trial date for Williams has not been set.

Only a handful of federal executions have taken place since the 1960s, with fewer than 50 federal death row inmates nationwide.

Only one other person has faced the federal death penalty in Hawaii since the 1950s.

Richard “China” Chong avoided a death sentence in 2000 by agreeing to plead guilty to the 1997 murder of William Noa Jr. over a $100 drug debt.

Chong was sentenced in 2001 to life in prison without the possibility of parole, but died of an apparent suicide about three months later at the federal penitentiary in Lompoc, Calif.

Jail For Va. Man Who Gave China Secrets (FINDLAW/AP)

AP, September 9, 2006

(AP) - ALEXANDRIA, Va.-A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail.

Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001.

At his sentencing, Montaperto said he had wanted to boost his status in the intelligence community and obtain useful intelligence for the United States. "I never meant to hurt my country in any way," he said.

Montaperto's lawyer, Stephen Anthony, said Montaperto was an academic and was untrained in dealing with Chinese spies, and that they essentially wheedled him into making illegal disclosures.

In rejecting prosecutors' request for a term of about two years, U.S. District Judge Gerald Bruce Lee said that there was no evidence that Montaperto sought to profit financially from his disclosures, and that the government would not have had a case had he not admitted his misconduct.

Pentagon Analyst Gets Light Jail Term (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 9, 2006

A former Pentagon analyst who passed highly classified intelligence to two Chinese military officers was sentenced to three months in prison yesterday -- far shy of four to five years called for in sentencing guidelines.

Federal Judge Gerald Bruce Lee said that despite the "very serious charge" against Ronald Montaperto, he was swayed to reduce the sentence based on letters of support from current and former intelligence and military officials.

Montaperto, 67, who pleaded guilty in June to unlawful retention of classified documents he obtained while working at the Defense Intelligence Agency, said he was trying to get intelligence for the United States from the Chinese officials.

"I never meant to hurt my country in any way," Mr. Montaperto said during his hearing at U.S. District Court in Alexandria. He worked at the Pentagon from 1981 until his dismissal in 2003.

Neil Hammerstrom, the assistant U.S. attorney, told the court that Montaperto met 60 times with two Chinese military intelligence officers and provided both secret and top secret information during the meetings.

Mr. Hammerstrom asked for at least a two-year sentence, arguing a tough prison term was needed because Montaperto "repeatedly placed in jeopardy sensitive sources and methods pertaining to our national security."

Montaperto told investigators he could not remember the specifics of the classified information he passed to Chinese intelligence, lapses that prevented prosecutors from charging him with more serious spy charges.

U.S. officials said a major U.S. electronic eavesdropping operation against China went silent around the time Montaperto admitted passing the highly classified data to the Chinese in 1988.

Rep. Peter Hoekstra, chairman of the House intelligence committee, said he is concerned by the apparent support for Montaperto from the U.S. intelligence community and promised a committee probe.

"You would think that the intel community would set the standard for holding people accountable for mishandling and passing of classified information to our enemies," Mr. Hoekstra said.

Among the officials who wrote letters of support were Lonnie Henley, currently the deputy national intelligence officer for East Asia in the office of Director of National Intelligence John D. Negroponte. Mr. Henley said he has been "close friends" with Montaperto since the 1980s.

Another supporter was retired Rear Adm. Eric McVadon, who currently holds a security clearance as a consultant on China to the CIA and Pentagon. Adm. McVadon said he would not second guess the case against his friend but could only "recoil at characterizations of him in the press as a spy."

Judge Lee said he also considered Montaperto's "extraordinary" voluntary confessions in the light sentence, which includes three months of home detention and five years' probation.

However, investigators said Montaperto did not reveal or admit the passing of secrets until fooled into making the admissions in a 2003 sting operation while he worked at the U.S. Pacific Command think tank in Hawaii.

U.S. intelligence officials have said Montaperto was first investigated in the late 1980s after a Chinese defector said Beijing considered him one of their "dear friends," or informal supporters of China.

The light sentence contrasts with the 12-year prison term given in January to another former Pentagon official, Larry Franklin, who was convicted of providing classified information to two officials of the America Israel Public Affairs Committee.

Jail For Va. Man Who Gave China Secrets (AP)

AP, September 9, 2006

A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail.

Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001.

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Officials Capture Fugitive On FBI's 10 Most Wanted List (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, September 9, 2006

CARROLL, N.Y. -- Ralph "Bucky" Phillips turned, pistol in hand. A dog's growl had tipped him that, one more time, police were within seconds of snatching away his freedom.

State police said a trooper fired off a volley of shots in the woods of western New York, about 30 miles from where Phillips is accused of killing a fellow trooper and seriously wounding another.

This time the escaped convict didn't get a shot off. He just ran.

But Phillips, who had already given police the slip several times during five months on the run, couldn't shake his pursuers. The cordon around one of America's most wanted criminals tightened throughout the afternoon and into the evening.

At 8 p.m., an exhausted and gaunt Phillips, with helicopters above and SWAT teams and U.S. Marshals closing in, threw up his hands and surrendered.

"He could run but he couldn't hide," said New York State Police Superintendent Wayne Bennett. "The bottom line is the pressure was so great on him. The game was up and he knew it."

Phillips was being taken to a jail in Buffalo and was to be arraigned Saturday morning. He faces a charge of attempted murder in connection with the shooting of a state trooper on June 10.

Before his capture, Bennett said Phillips wasn't expecting the kind of rapid response and overwhelming manpower brought to bear on the search.

Bennett said Phillips was the "ultimate" danger to police.

"He knows he's facing dying in prison," he said before Phillips was caught. "If that doesn't make him desperate, I'm not sure what will."

Hours after the confrontation near Carroll, a town about 65 miles south of Buffalo, Bennett said there had been two more sightings of Phillips and that the search was focused on a square mile of woods, cornfields and open areas in nearby Pennsylvania.

Local, state and federal police used helicopters, roadblocks and dogs to end the state's largest manhunt ever.

Bennett said residents in the area were not evacuated.

Phillips, 44, is a career thief who broke out of a Buffalo-area jail in April by using a can opener to cut his way through a ceiling. He has threatened "suicide by cop" and once promised to "splatter pig meat all over Chautauqua County."

In June, police believe he shot a state trooper who had pulled over the car he was driving. Phillips escaped and the trooper survived.

On Aug. 31, police say he ambushed two state troopers who were staking out the house of his former girlfriend. Three days later, one of the troopers died. The other remains in critical condition in a Pennsylvania hospital.

Since his escape, he twisted and turned his way throughout southwestern New York and northwestern Pennsylvania, eluding a huge manhunt, stealing cars, burglarizing homes and camps and relying on a network of acquaintances to stay free, police said. He may have stolen 41 guns from a New York gun shop, authorities said.

On Thursday, the FBI put Phillips on its 10 Most Wanted list.

Friday's search started shortly before 2 a.m. in Pennsylvania when a police officer tried to pull over a stolen car. After a short chase, the car crashed and the driver, identified by police as Phillips, fled into the woods.

A half-hour later, Phillips stole a second car and drove back into New York, where troopers located him and launched a second chase, authorities said.

Phillips jumped out of the moving car and ducked into woods, zigzagging back and forth between New York and Pennsylvania, authorities said.

Police dogs tracked his scent for several hours until he was spotted in a field by federal marshals.

The helicopter zeroed in on him and it was over.

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Associated Press Writers Chris Carola and Michael Virtanen in Albany, and Mike Cowden and Mark Scolforo in Pennsylvania contributed to this report.

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On the Net:

http://www.fbi.gov/wanted/topten/fugitives/fugitives.htm

Fugitive Wanted In Shootings Of 3 Troopers Surrenders (NYT)

By Michael Wilson And David Staba

The New York Times, September 9, 2006

DUNKIRK, N.Y., Sept. 8 — The fugitive Ralph J. Phillips surrendered to the police on Friday night, ending a five-month manhunt in which one state trooper was killed in an ambush and two were wounded.

About 8 p.m., Mr. Phillips, hands in the air, emerged from the woods across the New York State line in northern Pennsylvania, where he had been cornered in a one-square-mile swath of tall brush.

DOJ_NMG_0061103

His surrender came just minutes before the search was to be halted for the night, the New York State Police said. Mr. Phillips, 44, was quickly taken out of the woods near the town of Akeley, Pa., in a police car while state troopers cheered inside a command tent.

Mr. Phillips, also known as Bucky, slumped with his head against the rear seat, his hair long, thin and tangled. He appeared to be exhausted, but unhurt.

"Bucky Philips, as I told you before, he could run, but he couldn't hide, and he is in custody," said Superintendent Wayne E. Bennett of the state police.

In the previous hours, he was chased by cars, tracked by helicopters and bloodhounds and fired at by a trooper, and finally surrounded.

Many of the people who lived nearby, as well as Mr. Phillips's friends and relatives, had speculated that he would not be taken alive, and they expressed relief when he was.

After the capture, residents clapped and shouted along the dark roads.

Mr. Phillips had been a fugitive since April 2, when he escaped from the Erie County jail where he was serving a 90-day sentence on a parole violation. He is expected to be arraigned Saturday on escape charges and of charges connected with the June 10 shooting that left a trooper injured during a traffic stop in Chemung County in central New York.

Mr. Phillips is also a suspect in the Aug. 31 shooting of two state troopers outside his former companion's house in Stockton, in western New York.

Trooper Joseph A. Longobardo was struck in the thigh and died on Sunday, a day after doctors amputated his leg.

Trooper Donald Baker Jr., who was hit in the abdomen, remained in critical condition in an Erie, Pa., hospital on Friday.

Mr. Phillips has not been charged in those shootings.

Less than an hour before the capture, as dusk approached, the authorities said that the search would be suspended when it grew dark, and that troopers would secure the area with a tight perimeter of officers and cars.

The searchers got a break at 1:55 a.m. on Friday when a sheriff's deputy from Warren County, Pa., chased a stolen car. The car crashed into a tree, and the driver fled into the woods, the police said.

At 2:25 a.m., a second car in the area was reported stolen. The police saw that car about 20 minutes later and gave chase.

This time, the driver jumped out of the car while it was still moving, the police said. Again, he scrambled into the woods.

Hundreds of troopers and officers from other agencies swarmed into the area. The police found evidence in the car — exactly what was not disclosed Friday — that was used to give bloodhounds the suspect's scent.

"We need scent," Superintendent Bennett said. "It doesn't get any better than that."

"What occurred with the stolen cars was spontaneous — there was no time to put any plan into effect," Superintendent Bennett said on Friday afternoon in the first of three afternoon news conferences.

"That's an advantage to us. He didn't have any time to contact anyone or get to a safe house."

At 9:10 a.m., two troopers and a police dog came upon a man they identified as Mr. Phillips from behind, a short distance away. At the sound of the dog's growl, Mr. Phillips spun around with a pistol in his left hand, pointing it at the troopers, and one of the troopers shot at him, the police said.

Mr. Phillips did not fire. He fled, and it was unclear at the time whether he had been struck by the bullet. But he was uninjured, and unarmed, when he surrendered, the police said.

About six hours later, around 3 p.m., there were two more sightings of Mr. Phillips within 30 minutes, one by a trooper and one by a civilian. He had been running in one instance and crawling through brush in the other, Superintendent Bennett said.

Mr. Phillips had crisscrossed creeks in the area in an apparent attempt to confuse the police dogs tracking his scent, the police said.

The searchers closed in on him from the ground and above.

"He got to the point where there wasn't any place to go," Superintendent Bennett said. "You get to the point where there's a helicopter over your head and people with high-powered rifles coming toward you. The game is up."

In April, Mr. Phillips used a can opener to pry open a hole in a kitchen ceiling and escape from jail.

DOJ_NMG_0061104

His criminal background, while long, included no violent crimes, and so the June 10 shooting of Trooper Sean M. Brown in Chemung County surprised residents who knew Mr. Phillips.

Trooper Brown was shot in the abdomen, and his injuries were the least severe of the three troopers struck.

By the end of the manhunt, the reward for information leading to Mr. Phillips's capture had grown to $425,000, and he had been added to the F.B.I.'s 10 Most Wanted List, just three names down from Osama bin Laden.

Seven people have been charged with aiding Mr. Phillips during his flight, including his daughter, her boyfriend and her mother,

"I would have to believe he's somewhat exhausted," Superintendent Bennett said after the surrender. "You constantly have to look around. You constantly have to look over your shoulder. I would say he's exhausted. We put a big chase on him today."

Capture Ends Fugitive's Long Run (ALBANYTU)

By Jordan Carleo-evangelist, Staff Writer

Albany Times Union, September 9, 2006

Police catch suspected cop killer in woods in Pennsylvania

AKELEY, Pa. -- Ralph "Bucky" Phillips, the man suspected of shooting three New York state troopers in his five-month flight from justice, was taken into custody just before 8 p.m. Friday in rural Pennsylvania.

Phillips, 44, the subject of New York's largest manhunt, was driven out of a wooded area in a Pennsylvania State Police car, past dozens of residents cheering the officers.

The suspected cop killer slumped in the back seat, surrounded by state troopers.

Many officers, including numerous New York state troopers, shared the crowd's excitement -- blaring sirens, honking horns and returning words of thanks.

A raucous shout also went up at the police command post in Carroll, N.Y., witnesses said.

"Bucky Phillips, as I told you before -- he could run, but he couldn't hide," said State Police Superintendent Wayne Bennett. "The bottom line is that the good guys won here."

The excitement was tempered by the death of Trooper Joseph Longobardo on Sunday. The Greenfield resident, who worked out of Wilton, was ambushed with Trooper Donald Baker Jr. of Clifton Park in the woods near Phillips' hometown last week. Authorities have said Phillips is the main suspect.

Baker remains hospitalized in critical condition in an Erie, Pa., hospital. Longobardo's wake is scheduled to start Saturday.

Authorities also allege Phillips shot Trooper Sean Brown in Chemung County on June 10.

The hunt for Phillips -- previously centered in his native Chautauqua County in New York -- took a dramatic turn south early Friday morning.

Authorities focused on an area spanning Chautauqua County and Warren County, Pennsylvania. They captured Phillips as hundreds of law enforcement officers rushed against the coming darkness to search a one-square- mile rectangle in which they believed they had him cornered. Standing almost within arm's length of each other, the officers on one side of that rectangle methodically closed in, Bennett said.

"You're not going to shoot one of our people and get away with it," the superintendent said. "We will track you down. We will hunt you down for as long as it takes."

According to Bennett, here's what happened in the early hours Friday:

The search began just before 2 a.m. in Warren County. There, a sheriff's deputy pursued a stolen car for several minutes before it crashed into a tree and its occupant ran away.

About a half-hour later, a second car was stolen in Pennsylvania. New York State Police spotted that car in the extreme southern end of Chautauqua County. After a brief chase, the driver fled the car while it was still moving and ran off into the woods.

Hundreds of law enforcement officers descended on the town of Carroll and neighboring communities in Pennsylvania, where they searched for Phillips by ground and air. At 9:10 a.m., two New York state troopers encountered a man who matched Phillips' description in the woods. The man turned with a pistol in his left hand, and a trooper fired.

The gunman did not fire back before fleeing.

DOJ_NMG_0061105

Just before dusk, an exhausted, dirty and bearded Phillips appeared near a wood line in binocular sights of a Warren County sheriff's deputy.

The deputy alerted nearby SWAT teams and a helicopter descended on Phillips, who quickly realized he was surrounded and gave up without a fight. Phillips was ordered to raise his hands and was taken into custody.

"The game was up -- and he knew it," Bennett said.

In a law enforcement convoy that included a helicopter, Phillips was whisked almost 70 miles toward Buffalo where he is scheduled to be arraigned at 10 a.m. Saturday in federal court as a fugitive, Bennett said. Late Friday, Phillips was scheduled to arrive at the same Erie County jail he broke out of five months ago.

"What I can tell you is he won't get away from us while we're transporting him," Bennett promised.

After his court appearance, Phillips will be taken to Chemung County to be arraigned on an attempted murder charge for allegedly shooting Brown.

Phillips did not appear to be injured, Bennett said. No law enforcement officers were reported injured.

"Our job is to apprehend him," Bennett said. "If necessary, we were prepared to kill him."

In a statement, Gov. George E. Pataki thanked law enforcement, adding, "The streets are much safer and the citizens of New York can sleep much sounder tonight."

Before midnight, at the White Horse Inn on the village line of Cassadaga, near where Baker and Longobardo were shot, the marquee outside already read, "Bye Bye Bucky, Bye Bye."

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Around The Nation (WT)

The Washington Times, September 9, 2006

Police capture escaped convict

CARROLL, N.Y. -- A fugitive suspected of fatally shooting a New York state trooper and wounding two others while on the run for more than five months surrendered to police who had cornered him in a field just over the Pennsylvania border last night.

Ralph "Bucky" Phillips walked out with his hands up, ending a manhunt for the 44-year-old career thief who broke out of a Buffalo-area jail in April, New York State Police investigator Gary Colon said.

Phillips, who was on the FBI's 10 Most Wanted List, was being taken to a jail in Buffalo and is to be arraigned this morning. He faces a charge of attempted murder in connection with the shooting of a state trooper on June 10.

Businessman tied to lawmaker sentenced

A Kentucky businessman who admitted paying more than $400,000 in bribes to a Louisiana congressman was sentenced yesterday to more than seven years in prison.

Vernon Jackson, 54, of Louisville, is a key figure in the federal investigation of Rep. William J. Jefferson, Louisiana Democrat. The chief executive of the telecommunications firm IGate Inc. said he paid the bribes to gain the congressman's help in obtaining business deals in Africa.

The bribes paid by Jackson, including stocks and cash paid to a company controlled by Mr. Jefferson's family, had a value of $400,000 to $1 million, according to court records.

Mr. Jefferson has denied any wrongdoing.

Schwarzenegger apologizes for remarks

SANTA MONICA, Calif. -- Gov. Arnold Schwarzenegger apologized yesterday for saying during a closed-door meeting that Cubans and Puerto Ricans are naturally feisty and temperamental because of their combination of "black blood" and "Latino blood."

He said the tape-recorded comments "made me cringe" when he read them in yesterday's Los Angeles Times.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Mr. Schwarzenegger said. He added that if he heard his children make similar comments, "I would be upset."

FDA fines Red Cross millions in safety case

The government said yesterday it was fining the American Red Cross $4.2 million for violating blood-safety laws.

DOJ_NMG_0061106

The violations include failing to ask appropriate questions of potential donors and not following test procedures, said the Food and Drug Administration. The FDA said it had no evidence of serious health consequences resulting from the violations.

The fine was the largest single penalty assessed so far under terms of a 2003 court settlement, which allows large fines when the Red Cross violates FDA rules. Previously, the FDA had fined the Red Cross a total of $5.7 million.

In a statement, the American Red Cross said its senior management "is committed to full compliance with the amended consent decree and all applicable federal regulations." It planned to respond to the FDA within 20 days.

WTC families seek help for survivors

NEW YORK -- The father of a police detective who died after breathing in dust from ground zero wreckage told lawmakers yesterday that the government has spent too much time studying the health problems that killed his son.

"We must make the first priority the treatment of the heroes to improve their heath and save their lives. The studies should be secondary," Joseph Zadroga, father of New York Police Department Detective James Zadroga, told a House subcommittee hearing near the World Trade Center.

Public pressure has been growing for the government to deal with health problems blamed on the toxic dust from the site of the September 11, 2001, attacks.

This week, a hospital study concluded nearly 70 percent of ground zero workers had lung problems, and many of them would likely be sick for the rest of their lives.

From staff reports and wire dispatches

CIVIL LAW:

Iraq Contractor Inflated Costs, Lawsuit Alleges (NYT)

By James Glanz

The New York Times, September 9, 2006

A former employee of a Halliburton subsidiary claims that she was fired for revealing to her managers that the company was charging the government fraudulently inflated costs for military facilities it ran in Iraq, according to court papers unsealed yesterday.

At bases in Anbar Province, the desert homeland of Iraq's bitter Sunni-led insurgency, company employees faked head counts to inflate its charges for operating recreational and dining facilities, and led a relatively lavish lifestyle by appropriating food and equipment meant for the troops, the papers charge.

The suit in federal court by the former employee, Julie McBride, is the second corporate whistleblower case to emerge from Iraq. In the first, a jury found the security company Custer Battles guilty of inflating invoices by $3 million, but the case is now going to appeal after a judge held up the settlement.

A spokeswoman for Halliburton, Cathy Mann, said that there had been no wrongdoing by the subsidiary, KBR, formerly known as Kellogg Brown & Root.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer, the U.S. Army," Ms. Mann said in a written statement.

Ms. Mann said that the company's charges to the government did not depend on head counts and that KBR employees were contractually entitled to use the food and recreational equipment at camps in Iraq, just as the troops were.

Those assertions were disputed by a lawyer in the case, Alan Grayson, of Grayson & Kubli in McLean, Va., the same firm that represented whistleblowers in the Custer Battles case. He asserted that the KBR employees enjoyed indulgences ranging from cases of soda and tubs of food to big-screen TV's and exercise equipment.

The case is being brought under the False Claims Act, which allows the government to collect triple any damages that a jury might award. The law allows Ms. McBride, as a whistleblower, to collect anywhere from 15 to 30 percent of that assessment if her case is successful. Ms. McBride was not immediately available for comment, but Mr. Grayson said that she is a former lawyer who has two children and now lives in Los Angeles.

DOJ_NMG_0061107

Whistle-blower Slams Iraq Contractor (AP-Y)

By Deborah Hastings

AP, September 9, 2006

Halliburton subsidiary Kellogg, Brown & Root charged millions to the government for recreational services never provided to U.S. troops in Iraq, including giant tubs of chicken wings and tacos, a widescreen TV, and cheese sticks meant for a military Super Bowl party, according to a federal whistle-blower suit unsealed Friday.

Instead, the suit alleges, KBR used the military's supplies for its own football party.

Filed last year in U.S. District Court in Washington, D.C., by former KBR employee Julie McBride, the lawsuit claims the giant defense contractor billed the government for thousands of meals it never served, inflated the number of soldiers using its fitness and Internet centers, and regularly siphoned off great quantities of supplies destined for American soldiers.

McBride was hired by KBR in 2004 as a "morale, welfare and recreation" coordinator at Camp Fallujah, a Marine installation about 35 miles west of Baghdad. She was fired the next year after making several complaints about KBR's accounting practices, the suit says, and was kept under guard until she was escorted to an airplane and flown out of the country.

Halliburton denied McBride's allegations.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer," said company spokeswoman Melissa Norcross in an e-mail to The Associated Press.

The Super Bowl incident occurred in January 2005, the suit said. "McBride witnessed a large amount of food that was ordered specifically for a Super Bowl party for the military" taken instead to the company's lodgings. "About 10 large metal tubs full of tacos, chicken wings, (and) cheese sticks were taken from the military party site to a KBR camp for a KBR Super Bowl Party for KBR employees," according to the complaint. A widescreen TV was also removed.

McBride worked 12-hour shifts, seven days a week, at Camp Fallujah's recreation center, where the government was billed according to the number of soldiers using the contractor's facilities, which included a weight room, video games, Internet cafe, a library and phone bank, the suit says. She alleges that KBR deliberately overstated the number of military personnel using its services by counting the same person several times. For example, a person who used a computer was counted as one. If that person went on the weight room, another count was added to the list of patrons.

"It wasn't double-dipping, but triple dipping or even quadruple billing," the suit claims.

Attorney Alan Grayson, who represents McBride, said "millions of dollars have been submitted by Halliburton for recreational services" not provided.

The "qui tam" suit, filed under the federal False Claims Act, allows citizens to sue on behalf of the government against contractors who make false claims for payment. The plaintiffs are eligible to receive a percentage of awarded damages, which are tripled in this type of suit.

Such suits are usually sealed for 60 days while the Justice Department investigates the claims and decides whether the U.S. Attorney's office will sign on as a co-plaintiff.

The Justice Department declined comment Friday on why it chose not to participate in McBride's suit.

McBride is not the first Halliburton employee to allege fraudulent billing practices. The company has steadfastly denied wrongdoing.

Rory Mayberry, who worked for KBR in 2004, testified from Iraq via videotape to a group of Democratic members of Congress investigating contractor fraud.

As food manager at another military camp in Iraq, Mayberry said he witnessed KBR employees serving spoiled food to American troops, including food from trucks that had been bombed and shot at. Workers were told to pick out the shrapnel, and then serve the food, Mayberry testified.

He also claimed KBR charged the government for meals it never served.

In July 2004, former KBR planner Marie DeYoung testified before the House Committee on Government Reform. She said she witnessed "significant waste and overpricing" while working for the contractor in Kuwait, including paying a subcontractor $100 per 15 pounds of laundry, costs which were passed on to the government.

Halliburton, which holds more than 50 percent of rebuilding contracts in Iraq, was headed by Dick Cheney before he took office as vice president. He has denied any government favoritism toward his former company.

Halliburton Fraud Lawsuit Details Super Bowl Party (LAT)

By T. Christian Miller

The Los Angeles Times, September 9, 2006

WASHINGTON — Halliburton Co. executives ordered a big-screen television and 10 large tubs of tacos, chicken wings and cheese sticks delivered to Iraq for last year's Super Bowl, then billed U.S. taxpayers for their party, according to a lawsuit unsealed Friday.

The Houston-based company also defrauded the government by double- and triple-billing for Internet, food and gym services for soldiers, according to the lawsuit by a former employee for KBR, the Halliburton subsidiary that runs dining halls for troops in Iraq.

"The administration is not enforcing the laws against fraud when it comes to contractors in Iraq," said Alan Grayson, the attorney who filed the suit. "When it comes to seeing that the law is executed, the Bush administration is a no-show."

Halliburton denied the allegations, filed under the False Claims Act. Designed to prevent war profiteering, such lawsuits allow citizens to sue on behalf of the government and recover a portion of any damages.

The company did not deny ordering the TV and the food; it set up snack buffets and screenings at military bases throughout Iraq for the 2005 Super Bowl. But KBR noted that its contract allowed the firm to provide recreation and morale-boosting services for its employees and for American soldiers.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer, the U.S. Army," Halliburton spokeswoman Melissa Norcross said.

The accusations in the lawsuit are the latest involving Halliburton's controversial multibillion-dollar contract to feed and house American soldiers in Iraq. Democrats have been quick to criticize the company, which was run by Vice President Dick Cheney from 1995 to 2000.

In June, a KBR subcontractor was indicted on kickback charges involving the dining halls, which feed tens of thousands of soldiers a day in camps throughout Iraq and Kuwait. The U.S. Army Corps of Engineers has withheld $55.1 million out of a total of $13.7 billion in payments on the contract as a result of disputed costs.

The Department of Justice chose not to join the lawsuit against Halliburton after conducting an investigation. Justice officials declined to elaborate Friday, but in legal circles such a decision is usually considered indication of a weak case.

Grayson accused the department of shirking its duties in the middle of a political season. Several dozen lawsuits alleging fraud in Iraq are believed to have been filed, but they remain under seal until the department completes its investigations.

Grayson is best known for having won another fraud case, which Justice officials also passed up, against a private security company named Custer Battles. That decision was recently overturned by a federal judge and is now on appeal.

Grayson, who recently lost a primary race for a House seat in Florida running as a Democrat, denied any political motivations in pursuing the case against Halliburton, noting that he had filed it before deciding to run for office.

He said that the whistle-blower in the case, Julie McBride, came forward only after KBR officials ignored her complaints. McBride said in the lawsuit that she was placed under armed guard and then fired after she raised questions about Halliburton's billing practices. She could not be reached for comment Friday.

Justice Department officials "are stonewalling and keeping these cases under seal unnecessarily," Grayson said.

Rep. Henry A. Waxman (D-Los Angeles), who has been the leader in Congress in attacking Halliburton, said that the charges were further proof of war profiteering by the oil services giant.

"One former Halliburton employee after another tells the same story of outrageous and intentional overcharging," Waxman said in a statement. "Yet no one in the Bush administration seems to care."

Government Won't Join Lawsuit (HC/BLOOM)

By Cary O'Reilly, Bloomberg News

Houston Chronicle, September 9, 2006

Whistle-blower says Halliburton overcharged for Iraqi recreation

The Justice Department declined to join a whistle-blower suit against Halliburton Co. that accuses the Houston-based company of overcharging the government in contracts to operate recreation facilities for soldiers in Iraq.

Julie McBride, a morale, welfare and recreation coordinator employed by a Halliburton unit in Iraq, alleged in an April 26 complaint unsealed Friday in U.S. District Court in Washington that the company sought to artificially inflate revenue by overestimating the number of soldiers using its facilities.

On June 27, the U.S. declined to take part in the case, according to court records. The False Claims Act allows individual whistle-blowers to sue on behalf of the government and recover part of any settlement or verdict. The Justice Department then decides whether to take part, and while plaintiffs may continue to pursue a case if the U.S. declines to join, they must do so at their own expense.

"I think it is irresponsible," Alan Grayson, McBride's lawyer, said of the government's decision. He said his client will continue to pursue the case.

Cynthia Magnuson, a Justice Department spokeswoman, declined to comment on the complaint but said the agency "diligently investigates all allegations before determining whether or not to intervene."

The government often doesn't join false claim cases, according to Taxpayers Against Fraud, a nonprofit policy group.

KBR vehemently denied the allegations of fraud.

"We intend to vigorously defend our position," spokeswoman Melissa Norcross said in a prepared statement.

The lawsuit also accused Halliburton executives of ordering a big-screen TV and 10 large tubs of tacos, chicken wings and cheese sticks delivered to Iraq for last year's Super Bowl, then billing taxpayers.

The company did not deny ordering the television and the food; it set up snack buffets and special screenings at military bases throughout Iraq for the 2005 Super Bowl. But KBR noted that its contract allowed the company to provide recreation and morale-boosting services for its own employees, as well as American soldiers.

Halliburton's KBR subsidiary helps run dozens of military camps across Iraq where it operates facilities, including fitness centers and Internet cafes. The Army through July has placed $17 billion worth of orders for Iraq services and paid Halliburton $15 billion.

The Army said in July it will end Halliburton's multibillion-dollar agreement to handle troop services in Iraq later this year and put the five-year contract up for bid.

Grayson, who recently lost a primary race for a House seat in Florida running as a Democrat, denied any political motivations in pursuing the case.

The Los Angeles Times contributed to this report.

Pfizer Wins Dismissal Of Suit By Former Executive (Update2) (BLOOM)

By Cary O'Reilly And Shannon Pettypiece

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Pfizer Inc., the world's largest drugmaker, won dismissal of a ``whistleblower" lawsuit by a former executive who accused the company of promoting unapproved uses for Genotropin, a growth hormone.

U.S. District Judge Joseph Tauro in Boston dismissed the suit by Peter Rost, who was a vice president of marketing at Pfizer until he was fired in December 2005. Rost said in a telephone interview that he plans to appeal.

Rost sued Pfizer in 2003 under the False Claims Act, alleging the New York-based company illegally promoted Genotropin for so-called off-label uses and gained sales of $50 million in 2002 as a result. Rost has criticized the drug industry, including Pfizer, for positions such as opposing legislation that would allow Americans to buy drugs abroad. He is also suing Pfizer for wrongful termination in a separate case.

Rost's suit ``fails to identify one actual false claim that was submitted to the government for the reimbursement of an off-label prescription of Genotropin," Tauro said in his Aug. 30 order. ``No matter how likely the existence of false claims, this court cannot speculate that such claims inevitably flowed from defendants' activities."

Pfizer spokesman Paul Fitzhenry said the court ruling ``sends a very clear message" about the merits of the case by dismissing it in its entirety without giving Rost an opportunity to amend his complaint.

The Justice Department in December said it wouldn't join Rost's suit. He was fired the same day.

Genotropin Approval

The Food and Drug Administration approved Genotropin for medical conditions including growth deficiency in children and adults. Rost alleged Pfizer promoted the drug as an anti-aging treatment for adults and for short stature in children that wasn't caused by hormone deficiency.

``We will amend our complaint with the requested data and expect to prevail with an appeal," Rost said.

Shares of Pfizer rose 14 cents to $27.59 in New York Stock Exchange composite trading. They've risen 18 percent this year.

The False Claims Act allows individuals, known as whistleblowers, to sue for fraud on behalf of the government and recover part of any settlement or verdict. The government reviews such cases and decides whether to take part.

Rost has had a series of disputes with employers. He publicly criticized Pfizer and the pharmaceutical industry in 2004 for opposing legislation that would allow U.S. citizens to buy drugs abroad. In 2001 he sued Wyeth, where he'd worked previously, claiming he was forced to quit his job at the drugmaker after he told superiors that managers were helping workers evade taxes in Sweden. Rost settled the case with Wyeth.

The case is Rost v. Pfizer, 05cv10384, U.S. District Court for the Southern District of New York (Manhattan).

To contact the reporter on this story: Cary O'Reilly in Washington at caryoreilly@bloomberg.net ; Shannon Pettypiece in Washington at spettypiece@bloomberg.net

ANTITRUST:

Michaels Sale Wins Antitrust Approval (BLOOM)

Bloomberg, September 9, 2006

The $6 billion sale of Michaels Stores Inc. to Bain Capital LLC and Blackstone Group LP won U.S. antitrust clearance, according to a list of terminated merger reviews published by the government.

The sale of the biggest U.S. arts and craft retailer to the two private-equity firms was on the list published by the Federal Trade Commission. Bain Capital and Blackstone agreed June 30 to purchase equal shares of Michaels Stores, based in Irving.

Under the Hart-Scott-Rodino Act, transactions of more than $56 million must be reported to the Justice Department and FTC to give the agencies an opportunity to determine if they might violate antitrust laws. The agencies have 30 days to decide whether to open an investigation or terminate the merger review.

The Justice Department is investigating Michaels' granting of stock options since 1996. A company spokesman said yesterday that an internal review conducted by an independent legal counsel found no evidence to support a conclusion that there was intentional misconduct.

Michaels Buyout Wins Antitrust Clearance (DALBIZ)

Dallas Business Journal, September 9, 2006

Arts and crafts retailer Michaels Stores Inc.'s $6 billion sale to private equity firms The Blackstone Group and Bain Capital has gained approval from anti-trust regulators, according to a government listing of terminated merger reviews.

The move was published on the Federal Trade Commissions list of early termination notices. An early termination is granted only when the FTC and the Department of Justice Antitrust Division have completed their review of the deal and determined not to take any action.

The deal is expected to close late during the third quarter or early in the fourth quarter.

Michaels (NYSE: MIK - News) is the subject of a Justice Department investigation related to its granting of stock options that is ongoing.

DOJ_NMG_0061111

The company also faces shareholder lawsuits alleging infractions in the granting of stock options to certain officers and directors from 1994 through 2000, and class-action allegations regarding the proposed buyout of the company.

Alltel To Sell Operations In Rural Minnesota As Part Of Midwest Purchase (RCRWN)

By Jeffrey Silva

RCR Wireless News, September 8, 2006

WASHINGTON—The Justice Department said Alltel Corp. agreed to sell wireless assets in several rural Minnesota markets as a condition to antitrust approval of its $1 billion purchase of regional operator Midwest Wireless.

"The department's action ensures that wireless telephone consumers will continue to obtain the benefits of competition—lower prices and higher quality," said Thomas Barnett, chief of the department's antitrust division. "The required divestitures preserve competition in rural areas where consumers often have fewer choices for wireless telephone services."

The state of Minnesota supports the divestiture, in which Alltel will get rid of mobile phone systems in four rural markets where Midwest also offers service, and the issue is now headed to a federal judge for consideration. The Federal Communications Commission too is expected to rule on the Alltel-Midwest Wireless deal by month's end.

U.S. Cellular Corp. previously warned the FCC that an Alltel-Midwest tie-up would hurt competition in southern Minnesota.

Alltel, based in Little Rock, Ark., is the nation's fifth-largest mobile phone operator, serving around 11 million customers. Alltel also provides roaming and other wireless services in 35 states to other mobile wireless providers who use CDMA, TDMA and GSM technologies. Alltel had wireless revenues of approximately $6.6 billion last year.

Midwest Wireless, headquartered in Mankato, Minn., serves around 440,000 wireless customers in three states. Midwest Wireless also provides roaming and other wireless services to other mobile wireless providers who use CDMA technology. Last year Midwest Wireless earned about $264 million in revenues.

Government Pressuring Realtors To Include All Listings Online (MJS)

By Michele Derus Mderus@journalsentinel.com

Milwaukee Journal Sentinel, September 9, 2006

Documents indicate southeast Wisconsin among areas targeted by federal commission on antitrust grounds

America's online home shoppers might get a broader view of their choices, because of the Federal Trade Commission.

Regulators want Multiple Listing Service operations to publicly market all "for sale" listings - not just the ones that guarantee Realtors full sales commissions. Realtors, a trademarked group, created and run the nation's estimated 900 MLS databanks, which showcase all houses for sale listed by Realtors.

"We say people should be free to choose," said Patrick J. Roach, deputy assistant director in the Federal Trade Commission's Bureau of Competition.

"Upwards of three-quarters of people who buy homes use the Internet, and most of what's out there are sites fed by MLS," Roach said. "If its rule says that, if you vary from the traditional form of listing agreement, this house is not going to be visible to the general public - well, from an antitrust perspective, that means a bunch of competitors are dictating terms for all agreements."

Roach said his Washington, D.C., agency is challenging such rules where it finds them. In the past week, it logged its first two victories.

The Austin, Texas, Board of Realtors signed a consent order agreeing to treat all listings equally, and the Realtors Association of Northeast Wisconsin said it would begin sending exclusive agency listings to www.realtor .com, the biggest public-access site, and the Internet Data Exchange clearinghouse for brokers' sites.

"Exclusive agency" contracts are a tiny part of the $60 billion-plus annual home-selling trade - suppressed because MLS operators often don't make them publicly available, said antitrust lawyer David Barry. In such contracts, the listing agent's commission is reduced or waived if the homeowner snags a buyer without assistance.

"Those agents can tell the seller, 'If you find the buyer, you don't have to pay me a nickel.' But if they find the buyer, they get their full commission," said Barry, senior attorney at Barry & Associates in San Francisco.

Some MLS systems feed exclusive agency listings to publicly accessible industry Web sites, such as the 3 million-listing www.realtor.com.

Others exclude them. Lawyers for the National Association of Realtors and its state chapter in Wisconsin say they don't know how many don't grant public access - but federal regulators are tracking them down.

Shielding this money-saving type of listing from public view, while promoting the full-fee type, is illegal, the trade commission's Roach said.

His agency charged the Austin Board of Realtors with antitrust violations and, this week, the parties announced a consent order that no listing would be kept private. Last week, the Appleton-based Realtors Association of Northeast Wisconsin announced that, in light of a Federal Trade Commission inquiry, it would change its ways, too.

Both realty organizations denied doing anything wrong. But, as Margery Chapman, executive director of the Appleton group, put it: "This change (should) eliminate any doubt." Southeast Wisconsin in focus

Will southeast Wisconsin's Metro MLS be next?

The Journal Sentinel obtained paperwork this week indicating that this market is a Federal Trade Commission target. Officials at Metro MLS and the trade commission declined to confirm or deny that, however.

Peter Shuttleworth, executive vice president of Wauwatosa-based Metro MLS, said: "We do not publish exclusive agency listings on public Web sites or the Internet, and we've had that rule since 1984. This is a broker-to-broker cooperative. We have no obligation to market FSBOs, which is what some of these are."

FSBO means "For Sale By Owner," a direct seller-to-buyer deal. Some FSBOs can buy their way into an MLS through cut-rate deals with Realtors.

That means there is no listing-broker commission - the same scenario that might occur with an exclusive listings agreement.

FSBO deals represent about 10% to 15% of all home sales, depending on locale and market conditions, experts say. Most such sellers do offer to pay a commission to any realty broker who supplies the buyer - typically 2% to 3% of sales price or a flat fee.

FSBOs have long been a sore point in the realty industry. Lately, so have the realty brokers who provide services to them. Now federal regulators, nosing into sometimes long-held rules on exclusive agency listings, are getting on industry nerves, as well.

"The rule has a legally defensible rationale," said Laurie Janik, general counsel for the National Association of Realtors. "Why would you want to advertise that kind of listing? We're not in the business of helping sellers sell their homes and cut brokers out of their compensation."

Nonetheless, the national trade group doesn't dictate policy on this, Janik said.

"If an MLS wishes to exclude these from public advertising display, fine," she said. "If they don't want to, that's fine, too."

It's not fine with the Federal Trade Commission, Roach said.

"We've made it clear that we're looking at other places," he said.

At least 14 places so far, Janik said, though she wouldn't name them.

Critics say the realty industry is overdue for change. At congressional hearings this summer, regulators, consumer groups and industry entrepreneurs accused the powerful National Association of Realtors of stifling money-saving changes.

Among them was attorney Barry, who said the industry's market stranglehold has cost consumers billions of dollars a year.

"The FTC deserves kudos for pushing this issue," Barry said. Their victories in Texas and Wisconsin "may wake up consumers all over America (and) the lawyers that advise these boards of Realtors."

Information on Federal Trade Commission action regarding the realty industry is online at www.ftc.gov (under Hot Topics, click on Real Estate Competition) Information on Federal Trade Commission action is online at www.ftc.gov (under Hot Topics, click on Real Estate Competition)From the Sept. 9, 2006 editions of the Milwaukee Journal Sentinel

Have an opinion on this story? Write a letter to the editor or start an online forum.

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GE Gets Antitrust OK To Buy Kinder Morgan Natural Gas Unit (MRKTWTCH)

Market Watch, September 9, 2006

DOJ_NMG_0061113

WASHINGTON (MarketWatch) -- General Electric Co. (GE) has received antitrust clearance from the Federal Trade Commission to buy the natural gas unit of Kinder Morgan Inc. (KMI).

The FTC said Friday that it granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law.

General Electric's energy unit will buy Kinder Morgan's U.S. natural gas retail operation for $710 million.

The Hart-Scott-Rodino Act requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the Federal Trade Commission and the antitrust division of the Department of Justice have determined that they won't take enforcement action during the waiting period.

Shares of General Electric recently traded at $33.95, down 9 cents, while Kinder Morgan shares recently traded at $104.23, up 2 cents.

-Contact: 201-938-5400

ENVIRONMENT/INDIAN AFFAIRS:

Interior Department Rejects Interim Plan For Nuclear Waste (NYT)

By Martin Stolz And Matthew L. Wald

The New York Times, September 9, 2006

SKULL VALLEY, Utah, Sept. 8 — The Interior Department has moved to block a huge "interim" nuclear waste storage plant on an Indian reservation here, citing a lack of confidence that it would truly be temporary because there is so much doubt about completion of a permanent repository, at Yucca Mountain, Nev.

But sponsors of the project, which was granted a license by the Nuclear Regulatory Commission in February, said that the Interior Department decision had numerous errors and that they were considering an appeal.

A consortium of eight utilities negotiated a lease 10 years ago for an 800-acre corner of the reservation that belongs to the Goshute band, a tiny tribe, about 50 miles west of Salt Lake City. The lease would run for 25 years with an option for another 25, and the waste would be stored in above-ground casks of a type already used at reactors around the country.

Some waste is so old that the reactors that generated it have been torn down. And many nuclear power plants still operating have expanding fields of storage casks and no place to ship them.

But in a decision issued Thursday, the Interior Department said that acting as a "prudent" trustee of Indian lands, it could "derive no confidence from the public record" that there would be someplace for the fuel ultimately to go.

"Construction of Yucca Mountain could be indefinitely delayed by any number of factors, including protracted litigation," the department said, adding that the Nuclear Regulatory Commission "acknowledges that 'decades' are the most relevant unit of time for predicting the completion date."

The decision was hailed by many elected officials in Utah, which has no reactors, and where many non-Indians oppose the plan.

But John D. Parkyn, the chairman of the board of Private Fuel Storage, the consortium, said in a telephone interview on Friday that the opinion about Yucca Mountain was contrary to federal policy and that there were various errors in the decision.

One, Mr. Parkyn said, is that the decision said development on the reservation would require a tribal police force. But in fact, he said, the plant would have only about 20 employees, and most of those would be guards. If tribal police were somehow required, he said, the project would pay for them.

The decision also cites the environmental impact of two extra-large trucks per week going to the site, but the Interior Department has already approved a garbage dump on the site that requires about 1,000 truckloads a week, Mr. Parkyn said.

He said that the Interior Department had told him a decision had been made but that he had not given him a copy. He received one from a reporter, he said, and had not finished analyzing it.

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The tribe is divided over the project. A proponent, Garth Jerry Bear, said Friday at his home on the reservation that the plant would provide hope for the desperately poor members, good-paying jobs and money for schools. "This is a third-world country, right here in the United States," Mr. Bear said.

He added that the county, state and federal government were usurping tribal sovereignty because of resentment over not getting their share of the lucrative contract.

"It's like the broken treaties," Mr. Bear said.

Sammy Blackbear, an opponent of the storage plan, said he was elated by the decision.

"It should have come a long time ago,'' Mr. Blackbear said, "but this is better late than never."

Denise Chancellor, an assistant attorney general in Utah, said that the law gave the Interior Department wide discretion in deciding about leases, and that "it's got to be fairly blatant before a court will step in and overturn it."

The Interior Department's decision is "the final nail" in killing the project, Ms. Chancellor said.

At the Energy Department, a spokesman, Craig Stevens, said the Yucca Mountain repository would be finished by 2017.

But nuclear waste may yet go elsewhere. Mr. Stevens said the department had received dozens of proposals for sites for interim storage and then reprocessing, in which uranium and plutonium are recovered for future use.

Nuclear experts said, however, that given the experience of the Skull Valley project, it would take years for any of the sites to get a license.

The department is under pressure to find some way to accept nuclear waste, because it signed contracts with utilities in the early 80's, promising to do so beginning in 1998, in exchange for payments by the utilities of one-tenth of a cent per kilowatt-hour generated at their reactors.

The Skull Valley partners offered that site to the Energy Department, but Mr. Parkyn said the Energy Department had not responded.

Valero Refinery To Clean Up Air With New System (WILNJ)

By Jeff Montgomery, The News Journal

Wilmington (DE) News Journal, September 9, 2006

A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the refinery near Delaware City.

The Valero refinery near Delaware City lit up the sky when it flared off chemicals in July. (Buy photo) The News Journal file/JON P. ZAIMES

A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the Valero refinery near Delaware City.

The new sulfur dioxide "scrubber" on Valero's petroleum "coking" unit will demote its smokestack from one of the nation's top refinery sources of acid rain, smog and dust-forming emissions to something more typical of other nearby crude oil processors.

Valero planned to notify by letter thousands of residents who live within 5 miles of the development.

"It's going to take out 19,000 tons a year of sulfur dioxide -- it's a huge amount, absolutely," said Ravi Rangan, an environmental program manager for the Department of Natural Resources and Environmental Control.

Rangan was one of the DNREC officials who helped pursue the refinery's various owners for years over uncontrolled sulfur dioxide emissions and other pollution offenses. The effort eventually wound up in federal and state courts, producing corporate agreements to install two sulfur scrubbers now slated to start up before the end of the year.

The Environmental Protection Agency, DNREC and state and federal justice departments collaborated on the settlements and related penalties -- approved in early 2001 and later amended. Recent estimates of the scrubber costs to the refinery have ranged as high as $400 million.

Deadlines for the original agreement were set back in part by public objections to the refinery's first scrubber design. That system would have flushed more than 100,000 tons of sodium sulfate into the Delaware River annually, along with traces of mercury and other contaminants.

DOJ_NMG_0061115

A substitute design developed for the refinery will convert sulfur dioxide gases into elemental sulfur that Valero can sell for other industrial uses. For complete coverage see The News Journal on Saturday or www.delawareonline.com

Contact Jeff Montgomery at 678-4277 or jmontgomery@delawareonline.com

Judge Halts Petroleum Lease Sales (FINDLAW/AP)

By Jeannette J. Lee, Associated Press Writer

AP, September 9, 2006

(AP) - ANCHORAGE, Alaska-Interior Secretary Dirk Kempthorne expressed confidence in an upcoming oil lease sale in the National Petroleum Reserve-Alaska when he visited the North Slope last week. "We're set to go forward," Kempthorne said after taking a helicopter ride over a section of the vast reserve. But that sale will likely have to wait.

A judge on Thursday temporarily halted lease sales of more than 1 million acres in the NPR-A that environmentalists say are essential feeding and breeding grounds for caribou and migratory birds.

Nearly 13 million acres of the reserve in northern Alaska are available for lease sale or have been sold to oil companies, most notably ConocoPhillips. The company hopes to augment waning crude stocks in the Prudhoe Bay fields east of the NPR-A.

Environmentalists filed the lawsuit against the Department of the Interior, the state of Alaska and oil companies in hopes of cordoning off about 600,000 acres of the 23-million acre reserve from more exploratory drilling. The government had planned to open bids on Sept. 27 for about 1.7 million acres, which encompass the area targeted by environmentalists.

ConocoPhillips has its eye on the contested area, which holds a potential 2 billion barrels of oil beneath the permafrost near Lake Teshekpuk.

The order, filed in U.S. District Court in Anchorage, said the government had not adequately considered the cumulative environmental effects of the lease sales in the eastern and western sections of the reserve.

Environmental impact statements addressed the effects of leasing individual parcels, but those reports were too narrow in scope because they did not consider how leasing in the northeastern part of the reserve would affect land and wildlife in the northwestern section, according to the order.

U.S. District Judge James Singleton chastised the defendants for the oversight, writing that they "violated the National Environmental Protection Act."

The Department of the Interior and ConocoPhillips did not immediately return messages left late Thursday.

Singleton is expected to make a final ruling the last week of September, said Charles Clusen, director of the Alaska project for the Natural Resources Defense Council based in Washington, D.C., one of the plaintiffs.

The government set aside the NPR-A in 1923 for energy development.

Interior Secretary Dirk Kempthorne, whose department is in charge of the lease sale, flew over the lake area last week. He said afterward that he was convinced a restricted drilling plan could accommodate energy development and wildlife protection.

The lease plan would allow for caribou migration by banning some areas to drilling and set up buffers to protect geese molting areas, Henri Bisson, the Bureau of Land Management's Alaska director, has said.

Environmental groups said they only want to preserve the most sensitive fractions of land and don't aim to block exploration in the arctic oil reserve.

"Kempthorne can go ahead with the lease sale of the northwest and the rest of the northeast sections, but he has to leave this part alone," Clusen said. "We're not asking to shut everything down, we're just going after the most valuable wildlife area."

Other plaintiffs are the National Audobon Society, the Alaska Wilderness League, Center for Biological Diversity, Northern Alaska Environmental Center, Sierra Club and the Wilderness Society.

Primary defendants include the federal Bureau of Land Management and the U.S. Fish and Wildlife Service.

IMMIGRATION:

Frist Stresses GOP's Immigration Efforts (WP)

By Charles Babington

DOJ_NMG_0061116

The Washington Post, September 9, 2006

Congress will not address major immigration revisions before the Nov. 7 election, the Senate's top Republican said yesterday, but he and his allies hope to limit political damage to their party by telling voters they have poured millions of dollars into one component of the controversy: tightening the border with Mexico.

Majority Leader Bill Frist (R-Tenn.) acknowledged that a broad-based immigration bill, backed by President Bush and passed by the Senate, is dead for now. But Republican leaders have added money for border fences and patrol agents to recent spending measures dealing with the Pentagon and homeland security. Frist said he thinks that step may lessen public anger over the porous border and the estimated 12 million illegal immigrants in the country.

"We need to message very well the fact that we have increased over the last two years . . . the level of funding for immigration and border control fourfold, the fact that by the time we finish here in four weeks we will have 375 miles of fence being built and being funded . . . and the fact that stopping people at the border coming across has increased . . . by 25 to 30 percent in the last eight months," Frist told reporters.

The effort omits many of the provisions that he and Bush backed in the Senate bill, Frist conceded, including pathways to legal status for many illegal immigrants. However, he said, most Americans "just want to see the fence going up."

The legislative standoff amounts, in part, to a back-door victory for House Republicans, who have insisted on tougher enforcement of immigration laws before tackling broader revisions. Several prominent GOP senators have criticized that approach, saying voters expect their party to address all major aspects of the immigration debate. They include a larger temporary-worker program, improved record-keeping and worker verification procedures, and strategies for dealing with illegal immigrants without trying to deport them all.

"If it is perceived by the public that the Republican Party -- which owns the House, the Senate and the White House -- cannot solve hard problems working with Democrats, then we will lose our majorities," Sen. Lindsey O. Graham (R-S.C.) said earlier this year.

Frist, briefing a half-dozen reporters in his Capitol office yesterday, predicted that voters will give his party more time.

"We have to address the 12 million people, the temporary-worker program and work-site enforcement, as well as border security," said Frist, who is not seeking reelection but may run for president in 2008. "We're not going to be able to do that before the election." The delay will not hurt GOP incumbents this fall, he said, because "what Republicans expect us to do is be firm on the border, secure the border, and we intend to do that," primarily through military and homeland security appropriations bills "and other bills that may come forward."

Senate Majority Whip Mitch McConnell (R-Ky.), who is poised to succeed Frist as the Republican leader next year, told the reporters that if he were a GOP senator asked about immigration in a debate, "whether I voted against that comprehensive Senate bill or voted for it, as [Frist] and I did, here would be my answer." He then read from a list compiled by the Senate Budget Committee of spending measures in the past two years: 3,736 new Border Patrol agents, 9,150 new detention beds for arrested illegal immigrants, 370 miles of fence along the Mexican border.

"I think that's the way our candidates are going to handle it this fall," McConnell said.

The Senate's immigration bill called for about 350 miles of new fencing along the 1,950-mile border with Mexico. The House bill called for 700 miles of fence. The two bills were never sent to a conference committee for reconciliation efforts.

Graham and other GOP supporters of multifaceted immigration legislation have opposed enforcement-only approaches. They feared they would lose leverage with House conservatives if enforcement measures were not linked to other goals such as possible citizenship for illegal immigrants with longtime employment and clean criminal records. However, Sen. John McCain (R-Ariz.) said this week that the recent spending measures do not amount to a de facto House victory because legislators realize they eventually must confront the broader aspects of the immigration problem.

Democratic strategists said Congress's failure to enact a major immigration bill this year is proof of the Republican Party's ineffectiveness.

"They don't have a single accomplishment, yet they have control of the government," said Rep. Rahm Emanuel (D-Ill.), leader of his party's drive to regain control of the House this fall. He cited government findings that between 1999 and 2003, work-

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site enforcement operations were scaled back 95 percent by the Immigration and Naturalization Service, while the number of employers prosecuted for unlawfully hiring immigrants dropped from 182 in 1999 to four in 2003.

"I wish their actions were as tough as their rhetoric," Emanuel said.

Stalled Bills Might Have Cut Mall Rally Crowd, Some Say (WP)

By N.c. Aizenman And Allison Klein

The Washington Post, September 9, 2006

In April, Jose Martinez was among the giddiest participants in a pro-immigration rally that attracted more than 100,000 demonstrators to the Mall.

Spurred by promotions on his favorite Spanish radio program, the Salvadoran-born mechanic persuaded nearly every co-worker at his Southeast Washington auto repair shop to march with him. He brought along T-shirts emblazoned with American flags for his friends to wear. And he vowed to treasure his own shirt forever "as a memory of this day."

But Thursday afternoon, while immigrants and their supporters were convening on the Mall for a reprise of the April 10 rally, Martinez, 43, was back in the auto shop, working out the dents in the door of a silver Chevrolet Monte Carlo.

"No, I'm not going. I'm not motivated this time," said Martinez, who is a legal permanent resident but who has friends in the country illegally. "I really expected a change to the immigration law by now, but we haven't gained anything since [the spring]. . . . All I've seen is an increase in the arrests of immigrants."

It was a refrain repeated across the Washington region as immigrants sought to explain how a demonstration that organizers had predicted would mobilize hundreds of thousands fizzled into a gathering of less than 5,000 demonstrators, most from out of town. Rallies in other cities this week drew similar numbers.

Many locals who did participate Thursday appeared to be union members bused in by their leaders.

Maya Bhullar, who, like many in the crowd, wore the orange cap of the Service Employees International Union, speculated that fewer people might have shown up because a restrictive immigration bill that loomed large in the spring had stalled after winning House approval.

That legislation, which, among other measures, would make it a felony to be in the country illegally or to assist illegal immigrants, alarmed many previously apolitical immigrants. They appeared by the hundreds of thousands at rallies in cities across the country in the spring.

"I don't think people's anger has died down," said Bhullar, 31, who is a U.S. citizen of Indian descent and lives in Northwest Washington. "[But] last time our message was so much about the [House] bill."

Meanwhile, a Senate bill that would permit illegal immigrants to legalize their status after paying a fine also stalled, causing some immigrants to lose faith in rallies as engines of change.

"At the beginning, I thought [demonstrating] was positive," said Enrique Torres, 26, an Arlington resident who chose to work rather than attend the rally Thursday. "Then I realized they were increasing deportations. So it's been negative, too."

The subdued mood also seemed to have affected local Spanish-language radio shows, which had played a pivotal role in urging listeners to go to the rally in April.

"Last time, I heard about the rally everywhere -- even on TV," said Rene Garcia, 22, a Mexican construction worker living in Falls Church who attended the demonstration Thursday. "For this rally, I didn't even hear about it on the radio. I don't know what happened."

Michael Ahn Paarlsberg, 26, a Korean American living in Fairfax, said there was little promotion in the Asian media, despite outreach efforts by organizers that yielded at least a few articles about the rally in Korean-language newspapers.

Rally organizers said they were satisfied with the turnout, which they estimated at 50,000.

Jaime Contreras, chairman of the National Capital Immigration Coalition, who organized the rally, said, "We're very proud of the people that came out despite the fact that [President] Bush's scare tactics of sending [immigration agents] to our neighborhoods has put some fear in people's minds."

Contreras said advocates have shifted their focus from rallies to voter registration drives and cautioned politicians not to conclude that the movement has lost steam just because its rallies are attracting fewer demonstrators.

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"If they do, they're going to be sadly mistaken come election time," he said.

Staff writers Ernesto LondoÃ±o, Josh Partlow, Nick Miroff, Tom Jackman and Karin Brulliard contributed to this report.

Boston Tests System Connecting Fingerprints To Records Of Immigration Violations (NYT)

By Eric Lipton

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — Immigration officials will automatically be notified anytime the local or state police do a federal fingerprint check on a suspect who also happens to be wanted for serious immigration violations, under a new system being tested in Boston.

The automated notification is part of a Department of Homeland Security program that could expand the role that the local and state police nationwide play in the immigration enforcement effort.

To federal officials, it is a natural next step as police forces have hundreds of thousands of officers who routinely come into contact with illegal immigrants, while Immigration and Customs Enforcement has a squad of only about 6,000 criminal investigators.

"We are giving more information to more people who can act on the information," said Robert A. Mocny, acting director of US-Visit, the Department of Homeland Security program coordinating the effort. "It only makes sense."

But some immigration and civil liberties advocates objected.

"Once the police become viewed as immigration agents, as opposed to simply safety and law enforcement patrols, they will lose the cooperation and trust of a significant portion of the communities they serve," said Marshall Fitz, director of advocacy at the American Immigration Lawyers Association. "That ultimately undermines all of our security interest."

Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union, said he was also concerned. The Homeland Security Department's records rely upon just two fingerprints, instead of 10, and are therefore more subject to error, Mr. Steinhardt said, which could result in someone's being wrongly detained on immigration charges.

"It is an unreliable system being run by a barely competent agency," Mr. Steinhardt said.

The new program has started off in a relatively modest way. When the Boston Police Department does a fingerprint check of federal criminal records for crime suspects, it will also check a Homeland Security Department database of 420,000 people who have violated immigration laws. The federal list includes people who have been previously deported from the United States or tried to enter but were denied a visa.

If the police happen to stop one of those people, both the Boston Police Department and Immigration and Customs Enforcement, a division of the Homeland Security Department, will be notified. The department may then ask the Boston police to hold the person for up to 48 hours, until the federal authorities can take him into custody or otherwise begin deportation proceedings, an Immigration and Customs Enforcement spokesman said.

Eventually, as more cities and states participate, the Homeland Security Department intends to add nine million sets of fingerprints to the database to include people with less serious immigration records, like someone caught trying to cross the border from Mexico who then voluntarily returned home, Mr. Mocny said.

The local and state police in many cities, including Boston, already routinely contact Immigration and Customs Enforcement to see if suspects they have detained might also be wanted on federal immigration violations. Federal criminal databases already include some people wanted on felony immigration violations.

But the immigration-related inquiries have previously been based on a names and dates of birth, which may be forged. And the checks are not frequently done on every arrest and fingerprint check, as is now the case in Boston."You can't hide from the fingerprint," Mr. Mocny said.

Mr. Fitz, of the immigration lawyers group, said he had no objection if the fingerprints were checked for immigration violations only after an individual had been charged with another crime.

His concern, he said, is that the local police might begin to submit these kinds of requests routinely during traffic stops or patrols simply to determine if someone was in the United States legally.

William M. Casey, deputy superintendent of the Boston police, said Boston did not plan to take such a step.

"We are doing nothing differently than we were doing before last Sunday," Mr. Casey said. "We are enforcing the laws the Boston police always enforce."

Mr. Mocny said the Homeland Security Department was already moving to a 10-fingerprint system to address the potential for fingerprint mismatches. He added that he understood that this new program might provoke debate.

It is also unclear how much demand it will place on the federal immigration enforcement authorities in detaining illegal immigrants and conducting deportation proceedings.

That is why the project is being tested in Boston before being expanded nationally over the next two years.

"Eventually,'' Mr. Mocny said, "it will be all violators of all immigration laws. But we are going to give this 22 months to cook to make sure that we are getting it right."

Pa. City OKs Illegal Immigration Overhaul (AP-Y)

By Michael Rubinkam

AP, September 9, 2006

The City Council gave tentative approval Friday to an overhaul of an anti-illegal-immigration law considered to be one of the nation's toughest, hoping to put the measure on sounder legal footing.

Like the version it will replace if granted final approval Tuesday, the new ordinance punishes businesses that employ illegal immigrants and landlords who rent to them.

The revisions, however, remove much of the burden that had been placed on businesses. They soften penalties, give landlords and businesses time to correct violations and leaving it to city officials to verify workers' immigration status with the federal government.

Since the council adopted the original law in July, many municipalities around the nation have approved or considered similar measures.

Last week, the city of 31,000 residents agreed not to enforce the original law after the American Civil Liberties Union and Hispanic groups sued in federal court to overturn it. In return, the plaintiffs agreed not to seek an injunction against the city.

Under the agreement, Hazleton must give the plaintiffs at least 20 days' notice before it begins enforcing the replacement law — enough time for the ACLU to head back into court to try to stop it.

David Vaida, a civil rights lawyer who also sued the city, said the new ordinance has the same flaws as the old one.

"It is pre-empted by federal law. The United States has exclusive and sole jurisdiction over immigration," he told the council.

Witold J. Walczak, legal director of the ACLU of Pennsylvania, predicted that the law will exacerbate tensions in the city by encouraging neighbors to inform on one another.

"The neighbor and co-worker snitching system will almost certainly exacerbate the polarization in the community based on race, ethnicity and national origin," he said.

Mayor Lou Barletta, however, said the law specifically forbids the city from investigating any complaint based solely on a person's ethnicity or race.

It is not clear how many illegal immigrants live in Hazleton, about 80 miles northwest of Philadelphia, but the city's Hispanic population has soared in recent years. Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, has said the new law has already spurred many illegal immigrants to leave the city.

TAX:

Guilty Plea In $200m Tax Fraud Case (FT)

By Jeremy Grant In Washington

Financial Times, September 9, 2006

Walter Anderson, a US telecommunications businessman, on Friday pleaded guilty to evading over $100m in taxes in biggest criminal tax fraud in US history.

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Mr Anderson was indicted last year on charges that he evaded over $200m in federal income taxes over five years, partly by hiding $450m in earnings at Barclays Bank in the Channel Islands and other offshore accounts.

Prosecutors alleged he concealed his identity as owner of two telecommunications companies in the 1990s through an elaborate web of private mail boxes, including one in the Netherlands.

A search of his home in Washington, DC revealed he had created seven aliases. Officials seized manuals showing how to disguise identities, including one entitled: "Poof! How to Disappear and Create a New Identity."

Mr Anderson was also alleged in 1999 to have failed to report investment income of $238m from investments that he derived from two companies, Gold & Appel and Iceberg Transport.

The indictment said Mr Anderson, also a widely travelled art collector, failed to file tax forms on two paintings he bought – one a $1.2m Rene Magritte work bought at a Christie's auction and a second painting by Salvador Dali.

Appearing in an orange jumpsuit at a court in Washington, Mr Anderson admitted his guilt in a plea arrangement with government prosecutors on two counts of tax evasion and a third count of fraud.

Government prosecutors agreed to cap any sentence to 10 years. At the time of his indictment, Mr Anderson was reported to have been eligible for up to 80 years in jail.

In exchange, Mr Anderson agreed that prosecutors had enough evidence to prove that he evaded taxes worth over $100m.

While accepting the thrust of the prosecution's case in the counts where he pleaded guilty, Mr Anderson told the court through his defence counsel, Michelle Peterson, that he disputed some of the allegations.

He said he had always intended to use some of the funds he had amassed for charitable purposes and to fund "privatisation of space travel and exploration".

Ms Peterson sought to persuade judge Paul Friedman that there was no longer any risk that Mr Anderson would flee the country to escape sentencing.

She argued that the last year a half he had spent in jail had resulted in him being "broken down in the most unbelievably harsh conditions".

She told the judge he needed time to complete community service, get his personal affairs in order and spend time with his parents. "I know his mother is anxious for him to clear out their garage," she said.

Mr Friedman declined to release Mr Anderson, who continues to be held without bail. Sentencing is expected in January.

Guilty Plea In Big U.S. Tax-Evasion Case (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 (AP) — A telecommunications entrepreneur, Walter Anderson, pleaded guilty to tax evasion and fraud Friday in connection with what authorities said was the nation's largest-ever criminal tax case.

Mr. Anderson was indicted in 2005 on charges he evaded $200 million in federal and local taxes. Prosecutors said Mr. Anderson used offshore corporations and bank accounts to hide income from tax collectors.

He pleaded guilty to two counts of tax evasion and one count of fraud Friday. He admitted hiding hundreds of millions of dollars in income from the Internal Revenue Service and from Washington, D.C., tax collectors during 1998 and 1999.

Under a plea deal with prosecutors, he faces up to 10 years in prison.

Mr. Anderson started a long-distance telecommunications business in the 1980's as the industry was being deregulated. When his first company, Mid-Atlantic Telecom, merged with another company in 1992, Mr. Anderson formed corporations in the British Virgin Islands to hide the income, prosecutors said.

Authorities said Mr. Anderson used other offshore corporations to disguise his ownership in other telecommunications companies that earned more than $450 million from 1995 to 1999.

Mr. Anderson, who prosecutors said did not file federal income tax returns from 1987 to 1993, has been held without bail since his arrest. Prosecutors say he owes $170 million in federal taxes and $40 million in Washington income taxes.

In court documents, the government said Mr. Anderson could be linked to at least seven aliases and that officials seized forged identification and manuals detailing ways to create fake identification and to hide from authorities.

Among them were “Poof! How to Disappear and Create a New Identity” and “The ID Forger: Homemade Birth Certificates and Other Documents Explained,” the court documents said.

Among the taxes said to be owed to Washington are use taxes, equivalent to sales taxes, on art, jewelry and wine. The indictment states that Mr. Anderson bought a painting by Salvador Dalí and several paintings by René Magritte, an 18-karat gold bracelet and more than $47,000 in fine wines, then had them shipped to a Virginia address to avoid Washington taxes.

Telecom Mogul Guilty Of Tax Scam (WP)

By Eric M. Weiss, Washington Post Staff Writer

The Washington Post, September 9, 2006

Defendant Admits To $365 Million In Hidden Income

A former telecommunications tycoon accused by prosecutors of being the biggest tax cheat in U.S. history pleaded guilty yesterday in a deal that calls for him to serve no more than 10 years in prison.

Walter C. Anderson, a Washington-based businessman who amassed a fortune during the tech boom of the 1980s and 1990s, admitted to hiding $365 million in income by using aliases, shell companies, offshore tax havens, secret accounts and drop boxes in the Netherlands. He was so wealthy that he talked at one point about leasing the Russian space station Mir -- all the while dodging his taxes, officials said.

Prosecutors said Anderson avoided paying $200 million in taxes from 1995 through 1999 in what they say is the largest personal income tax evasion case brought in the United States. As part of his plea deal, Anderson agreed that the court could order restitution. But how much the government can collect is a big question: The onetime mogul, 52, who had a multimillion-dollar art collection and other trappings of success, has filed for bankruptcy.

Anderson pleaded guilty at the federal courthouse in Washington to three felony charges -- two for evading federal taxes and one for defrauding the D.C. government with a phony tax return. Among other things, Anderson admitted earning more than $126 million in 1998, a year that he claimed an income of $67,939 on his federal tax return. He paid $495 in taxes that year, authorities said.

"This case sends a strong signal to anyone thinking about going offshore to avoid taxes," IRS Commissioner Mark W. Everson said in a statement. "We have stepped up our efforts to pursue high-income tax cheating, whether it takes place in the United States or overseas."

In return for his guilty plea, prosecutors dropped nine felony charges. According to the agreement, Anderson and prosecutors have settled on a maximum sentence of 10 years. In court yesterday, U.S. District Judge Paul L. Friedman indicated that he will go along with the agreement at sentencing Jan. 16.

Anderson, rail-thin with a thinning crown of silver hair, has been jailed without bond since his arrest Feb. 26, 2005, at Dulles International Airport, where he was returning from a trip to London.

His attorneys -- including a federal public defender -- have repeatedly sought to have Anderson released on bond. They urged the judge yesterday to cut him loose until sentencing, saying Anderson needed the time to, among other tasks, clean up his aging parents' garage and file his taxes.

Prosecutors said Anderson should be kept behind bars, saying they think he still has plenty of money socked away and homes, contacts and girlfriends around the world. In searches of Anderson's Georgetown apartment during their criminal investigation, authorities found fake documents and books titled "Poof!" and "Disappear Without a Trace."

Friedman turned down Anderson's request to be freed pending sentencing.

Anderson's admission of guilt was a turnaround for a defendant who maintained his innocence and was openly scornful of the prosecutors' case. At one early hearing, he defiantly stood up to complain about the government's case.

In an interview with Washington Post reporters at the D.C. jail soon after his arrest, Anderson denied any wrongdoing and mocked the prosecution. "I don't need to steal money from the U.S. government to be successful," he said.

Even during yesterday's hearing, Anderson could be overheard complaining about prosecutors to his attorneys. But he turned down an opportunity to address the court, telling the judge, "I'll probably have a lot to say at the sentencing hearing."

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Anderson grew up in Silver Spring and graduated in 1971 from W.T. Woodson High School in Fairfax. He was one of the original employees of MCI Corp. and founded a series of telecommunications companies, including Mid Atlantic Telecom Inc., Esprit Telecom Group PLC and Telco Communications Group Inc., which he sold for huge profits.

According to prosecutors, Anderson invented a detailed web of financial schemes designed to hide $450 million he made from business ventures from 1995 and 1999. He formed Gold & Appel in the British Virgin Islands and used the alias Mark Roth to hire a third party to form Iceberg Transport in Panama. He used other measures to conceal his ownership and control of these entities. He then transferred ownership of his telecom companies to offshore companies.

He did not disclose his ownership interest or income from the companies on his federal or D.C. tax forms, prosecutors said.

Anderson used some of his money to indulge his passion for private space exploration. He was an investor in a group that tried to privatize the aging Mir space station. In 1997, he founded an organization that issued grants for the search for extraterrestrial intelligence, the tracking of near-Earth asteroids and plans for a human outpost on the moon.

Anderson has said the money is gone and so are the days of private jets, 19,000-square-foot mansions and original paintings by Salvador Dali and Rene Magritte. But prosecutors doubt that Anderson's pockets are empty.

"There is enough evidence that there is money out there," Assistant U.S. Attorney Susan B. Menzer said. "There are people willing to help him."

This much was clear yesterday: Anderson can afford to pay a special assessment levied by the court. He agreed to turn over $200 within 10 days of his sentencing.

CONGRESS-ADMINISTRATION:

Bush Delays Summit With Automakers (AP-Y)

By Deb Riechmann

AP, September 9, 2006

President Bush delayed a summit with the Big Three automakers, but he called a Ford Motor Co. executive as he flew here to raise funds for a Republican facing a tough Senate race.

The call from Air Force One was aimed at easing tensions in a state where economic concerns are a key issue in the upcoming congressional elections. Democrats — and Dick DeVos, the Republican gubernatorial candidate in Michigan — say the delay in scheduling the meeting shows Bush is not taking seriously the concerns of a major manufacturing sector and its employees.

"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," said Sen. Debbie Stabenow, D-Mich. "President Bush insists on showing a lack of urgency as good paying American jobs are shipped overseas," she said.

Along the motorcade route, a half-dozen protesters, turning their backs to Bush, held a sign that read, "Mr. President, you've let us down" and urged him to meet with the automakers.

White House deputy press secretary Dana Perino said Bush telephoned Bill Ford Jr., who quit as chief executive of Ford Motor Co. this week after struggling for five years to steer it toward financial stability. The company was founded by his great-grandfather.

"They are friends, and the president wanted to check in with him especially after Ford's news this week about the changes at the company," Perino said. "The Big Three meeting with the president will happen after the election since the idea of a meeting had gotten mired in politics."

On Tuesday, Ford introduced Alan Mulally, executive vice president of Boeing aerospace company, as the new president and chief executive officer of the nation's No. 2 automaker.

Bush was in Michigan for a luncheon fundraiser for Mike Bouchard, the sheriff of Oakland County in suburban Detroit, who is running against Stabenow.

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The luncheon fundraiser raised $1.5 million for the Michigan Republican Party and Bouchard, who greeted Bush at the airport and rode in the motorcade to a 220-acre wooded lot that has horses and two private lakes. It is the home of Pam and David V. Johnson, an entrepreneur and luxury community developer who is chairman of Victor International Corp. and Bay Harbor Co.

Later, Bush traveled to Kansas City, Mo., where he raised $600,000 at another private event for Sen. Jim Talent, who is facing a difficult re-election challenge from Democratic state Auditor Claire McCaskill.

The fundraiser drew hundreds of protesters — some carrying signs that said "Bring 'em home" and "No Iran War" — to a grassy median strip of a boulevard that runs near the affluent home of Scott Ward, co-president of Russell Stover Candies Inc.

"The event is really in support of the Missouri Republican Party, so the sum total of the connection we'll have with the president is probably going to be a picture," said the host's brother, Tom Ward, a co-president of Russell Stover and longtime Republican Party member.

The White House says events at supporters' homes routinely are closed to the public. Democrats said the events were private because GOP candidates do not want to be seen campaigning in public with Bush, given his low approval ratings.

"Instead of misleading Missourians, Jim Talent should stand up and admit to being one of the president's men," said Missouri Democratic Party spokesman Jack Cardetti.

When he returned to Andrews Air Force Base, Bush shook hands on the tarmac with some Marine reservists who were among a group of 156 leaving shortly after midnight on seven-month deployment to Iraq. They are part of the 4th Civil Affairs Group, which will be helping rebuild Iraq and establish democratic institutions.

Ford Chairman Receives Call From Bush (NYT)

By Micheline Maynard

The New York Times, September 9, 2006

DETROIT, Sept. 7 — Although he has put off a meeting with Detroit automotive leaders until after the November elections, President Bush called the chairman of Ford Motor on Friday, only days after the struggling automaker named a new chief executive.

The phone call came the same day that Ford disclosed details of its employment agreement with the new chief, Alan R. Mulally, the former Boeing Company executive whose appointment was announced this week.

Ford said Mr. Mulally would receive a salary of $2 million a year, plus a $7.5 million signing bonus. He will also receive $11 million to offset performance awards and stock options that he forfeited by leaving Boeing, where he was chief executive of the commercial airplanes business.

Mr. Bush's call to the Ford chairman, William Clay Ford Jr., came as the President flew to the Detroit area, where he attended a fund-raising event north of Detroit for Mike Bouchard, the Republican candidate for the United States Senate. Mr. Bouchard is challenging Senator Debbie Stabenow, a Democrat who is completing her first term.

During the call, Mr. Bush discussed the changes taking place at Ford, which is struggling to hang on to second place in the American car market. As soon as next week, Ford will announce new steps under its restructuring plan, called the Way Forward, which are expected to include more plant closings, job cuts, and buyout offers. Ford's directors are scheduled to meet Thursday to consider the moves.

White House officials said Mr. Bush phoned Mr. Ford because the two are friends. Mr. Ford contributed $2,000 to Mr. Bush's re-election campaign in 2003, federal election records show, but has supported both Democrats and Republicans in other races.

Mr. Bush, on the call, reiterated that a long-sought meeting with leaders of the three Detroit auto companies would take place after the elections. Mr. Bush does not want the meeting to become "mired in politics," said a White House spokeswoman, Dana Perino.

A Ford spokesman declined to discuss the nature of the conversation but the subjects were summarized in a report from the White House.

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The president was originally set to meet with Detroit automotive leaders, including Mr. Ford, in May. The session, at which the executives hoped to discuss issues like the environment, was put off two more times after that.

The White House said the cancellations were not meant as disrespectful, but the cancellations drew criticism from both Michigan's Democratic governor, Jennifer M. Granholm, and the state's Republican gubernatorial candidate, Richard Devos Jr.

This week, with the President's trip to Michigan approaching, the White House announced the meeting would take place this fall.

Now, Ford Motor will presumably be represented at the meeting by its new chief executive, Mr. Mulally. In a regulatory filing Friday, Ford disclosed that Mr. Mulally signed his employment agreement a week ago, although his appointment was not announced until Tuesday.

His $2 million salary is more than double the $825,000 he received at Boeing last year, where his total compensation was $9.96 million, including his long-term incentive awards.

Mr. Ford has not drawn a salary for more than a year, vowing not to accept one until Ford ends its losses in North America. The chief executive at General Motors, Rick Wagoner, receives $2.2 million a year in salary.

The news about Ford came as its closest rival, Toyota, broke ground in York Township, Mich., on its new North American design center. The center, which will also include a crash testing plant, was a victory for the state's governor, Ms. Granholm.

Her administration pushed an incentive package through the Legislature, and went to court so that Toyota, instead of a local developer, could obtain the 700-acre site.

The $187 million plant is scheduled to open in two years. It is scheduled to have 400 employees by 2010. Toyota's North American technical center is in Ann Arbor, about 20 minutes north of the York Township site, once home to a state mental institution.

Hi Bill Ford, It's George Calling (FREEP)

By Justin Hyde

Detroit Free Press, September 9, 2006

Raising money for a Senate candidate may have been President George W. Bush's motivation for visiting Michigan on Friday, but he spent at least a few minutes discussing Detroit's auto industry.

Bush called Ford Motor Co. Chairman Bill Ford to personally deliver a pledge to meet with the heads of the Detroit automakers after Election Day, aiming yet again to calm the tempest stirred by Michigan Democrats over the lack of a date for the meeting.

According to the White House, Bush called Ford from Air Force One en route to a fund-raiser for Republican Senate candidate Mike Bouchard at a home in Clarkston to talk about Ford's hiring of a new chief executive, former Boeing executive Alan Mulally, earlier this week.

"While the White House maintains regular contact with the Big Three, the president reiterated he's looking forward to meeting with the Big Three executives after the elections," White House spokesman Alex Conant said.

The call lasted several minutes, Conant said, and Bush talked with Ford because the two are "friends." Spokesmen for the two friends declined to divulge any more details about their chat.

All three Detroit automakers -- Ford, General Motors Corp. and the Chrysler Group -- have felt a little chagrined ever since the possibility of a meeting with the president on trade and energy issues first surfaced in April. The original date of May 18 hadn't been confirmed by the White House, and when that date fell through and a new one couldn't be hammered out among three globe-trotting executives and the leader of the free world, the issue began to fester.

GM Chairman and Chief Executive Rick Wagoner told the Free Press earlier this week that the automakers wanted to meet with Bush to discuss issues affecting all of U.S. manufacturers, not just the auto industry.

"Would I have liked to have done it sooner? Sure. But, we'll do it as soon as he's able to schedule it," Wagoner said.

Many Democrats, including Gov. Jennifer Granholm, accused Bush of ignoring problems facing Detroit's automakers on several fronts, including health care and trade. Bush suggested in some interviews and comments that the Detroit automakers needed to be more competitive.

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The lack of a meeting date suggested to some Washington operatives that the administration did not want to highlight struggling corporations and massive job cuts just before an election, despite the political trouble that the delay created in Michigan.

Last month, Republican gubernatorial candidate Dick DeVos blistered the White House over the delay, while Bouchard had said he was pleased Bush would meet with the automakers "because the issues facing our state are too important to be used for political gain."

"If the president doesn't convene a White House meeting on the subject most on Michigan residents' minds, it becomes a fair game for that to become a Michigan partisan political issue," said Craig Ruff of the Lansing-based Public Sector Consultants. "It has not made sense to Michigan that the White House has seemed indifferent."

The administration attempted to lance the political boil by saying earlier this week it had agreed with the automakers to push the meeting back to an unspecified date after Nov. 7, officially pledging for the first time to have Bush sit down with the executives.

But that pledge has not been sufficient for some. As the president's motorcade passed a group of protesters outside the Flint airport Friday, Art Reyes and fellow union members turned their backs.

"I find it disgusting that the president doesn't have time to talk with executives or workers affected by his economic and trade policies but would go to a fund-raiser where they were trying to make a million dollars," said Reyes, an electrician at Delphi Corp.'s Flint East plant, whose workforce has been decimated by the firm's bankruptcy.

Democrats have continued to harp on the move, saying it reflects the administration's priorities.

"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," said Sen. Debbie Stabenow, whose defeat is the target of Bush's fund-raising visit.

Ruff said the administration's moves could allow DeVos to claim some credit for pushing the White House to act, while defusing an issue that Democrats were using to their advantage.

"I don't think it has the traction that it did when there was no outreach to auto manufacturers," he said.

One other question remains about the meeting with Bush: Now that Bill Ford has given up the CEO job, will he be replaced or joined at the get-together by Mulally?

Bush Calls Ford Amid Criticism (DNw)

By Charlie Cain And David Shepardson

DNEWS, September 9, 2006

CLARKSTON -- President Bush placed a midflight phone call to Ford Motor Co. Executive Chairman Bill Ford on his way to Michigan on Friday, but it did little to douse the firestorm of criticism from state Democrats that the White House has turned a deaf ear to Detroit's automakers.

Bush, who traveled to Michigan to help raise money for the uphill U.S. Senate campaign of Oakland County Sheriff Mike Bouchard, made the call amid mounting criticism that he has refused to schedule a meeting with executives from the Big Three to discuss domestic carmakers' problems.

White House spokesman Alex Conant said the president called Ford because the two men are friends.

"He looks forward to meeting with the Big Three CEOs after the election," Conant said. Bush and Ford also talked about the recent hiring of Alan Mulally as the new CEO and president of Ford.

Bush told Ford he wanted to delay the meeting until after Nov. 7 to "to avoid getting it mired in politics," Conant said.

U.S. Rep. John Dingell, D-Dearborn, who has repeatedly criticized the president for his dealings with domestic automakers, was not impressed by the phone call.

"The auto industry wonders who's he working for: us or the foreign automakers," Dingell said.

Ford Motor Co. spokesman Josh Gottheimer said the company doesn't comment on Bill Ford's private phone calls. GM and Chrysler declined to talk about the meeting.

U.S. Sen. Debbie Stabenow, D-Lansing, who faces Bouchard in the November election, was also critical of the president.

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"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," Stabenow said.

At Friday's groundbreaking for the $187 million Toyota Technical Center expansion on 690 acres in York Township, Gov. Jennifer Granholm said it is "time for state and frankly federal government to step up to save American jobs."

"I would encourage the president of the United States, who is in Michigan today, to meet me to have an industrial policy at the federal level that supports these manufacturers."

Bush, she said, "needs to be a hands-on player and not a hands-off player."

John Truscott, a spokesman for Republican gubernatorial candidate Dick DeVos, said the phone call between Bush and Ford was a good sign. DeVos would like a meeting of the president and automakers to occur sooner, but said he didn't think this would be a significant issue in the election.

He said Granholm was using this as an issue "to distract from the fact that Michigan's lost 100,000 jobs under her watch."

The president was the drawing card for a $2,100-a-person fundraiser at the Clarkston home of David Johnson, chairman of Victor International Corp. More than 500 people attended the reception and the Bouchard campaign said the event netted them more than $1 million.

The fundraiser was closed to the media and the president made no public remarks during his visit.

On the drive from Flint's Bishop International Airport to Clarkston, the president's motorcade passed by supporters and protesters who lined the streets. Some applauded, some faced the other way showing the president their backs. "God bless you Mr. President" read one banner, while another proclaimed: "Let's try Democracy here."

As he concluded his 3 1/2 -hour visit to Michigan, Bush met with the Mattawan Little League girls softball team on the tarmac beside Air Force One.

The team, from a town of 2,500 west of Kalamazoo, captured the world championship last month, capping a 23-0 season.

The girls, ages 11 to 13, and three of their coaches had their pictures taken with Bush, who autographed the straps on the championship medallions.

"He said 'Congratulations, it's a great accomplishment' and stuff like that," said Bekka Crow, a 13-year-old left fielder. "It was awesome. I never thought that I would meet the president of the United States.

Silencing A Skeptic (NSWK)

Newsweek, September 9, 2006

As the White House pressed its case for war against Iraq in the fall of 2002, one senior GOP lawmaker agonized about what to do. In this exclusive excerpt from 'Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War,' a new book by Michael Isikoff and David Corn, is the previously untold story of how Dick Armey, who was then House majority leader and a silent skeptic about Iraq, succumbed to Vice President Dick Cheney's pressure—much to Armey's later regret.

The president's message was direct. There was no time to wait. The showdown with Saddam Hussein, the dictator of Iraq, had to start right away.

It was the morning of September 4, 2002, and George W. Bush had summoned eighteen senior members of the House and Senate to the Cabinet Room of the White House. When the lawmakers took their seats at the imposing oval mahogany table, they were given copies of a letter from the president. "America and the civilized world face a critical decision in the months ahead," it began. "The decision is how to disarm an outlaw regime that continues to possess and develop weapons of mass destruction." Bush told the assembled leaders he needed a quick vote in Congress on a resolution that would grant him the authority to take on Saddam—perhaps with military action. He wanted this vote within six weeks—before Congress left town so members could campaign for reelection. It was the start of an extraordinary public relations campaign by the White House to persuade the American people—and the world—that Saddam was such a pressing threat that war might be the only option.

Listening to the president, Senator Majority Leader Tom Daschle felt trapped. House and Senate members were gearing up for the final stretch of the campaign—with control of the Senate up for grabs. Bush was informing them that the national debate would now focus on Iraq, not health care, not tax cuts, not the environment or anything the Democrats wanted to talk

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about. Daschle pressed Bush on why there was a need to move quickly. Sure, Saddam was a problem that had to be addressed. But what was new? How immediate was the threat? Where was the tangible evidence?

As he did so, Daschle was thinking of one man: Karl Rove. The previous January, Rove, Bush's master strategist, had telegraphed his intention to use terrorism and national security issues to hammer Democrats in the fall campaign. “We can go to the country on this issue,” Rove had proclaimed at a Republican gathering, because the American people "trust the Republican Party to do a better job of strengthening America’s military might and thereby protecting America.” Daschle wondered whether Bush was cynically pushing the Iraq threat as a campaign gambit.

The day before, Daschle had attended a breakfast with Bush in the president's private dining room with Cheney, House Speaker Dennis Hastert, Senate minority leader Trent Lott, and House minority leader Dick Gephardt. And he had put the same questions to the president. Wouldn’t it be better, he asked, to postpone this until after the election and take politics out of the question? Bush had looked at Cheney who shot the president what Daschle would describe as a “half-smile.” Then Bush turned back to Daschle and said, “We just have to do it now.” That was it, Daschle would later recall: “He didn’t answer the question.” But Bush’s sidelong glance to Cheney told Daschle that the two of them had thought this through.

Now in the Cabinet Room, within a larger group of legislators, Daschle received no more satisfying a reply, as Bush insisted that the House and Senate proceed quickly. "The issue isn't going away," Bush told the congressional leaders. "You can't let it linger."

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Daschle was not the only congressional leader in the White House feeling uneasy that morning. Although it never got reported at the time, the most critical comments came from a Republican leader who rarely weighed in on national security issues: House Majority Leader Dick Armey, the number two Republican in the House. A month earlier, Armey, a Texan, had bluntly voiced his own misgivings about a war against Iraq. While campaigning in Iowa for a GOP congressional candidate, Armey told reporters that Saddam was “a blowhard.” But as long as the Iraqi dictator didn’t bother anybody outside his own borders, Armey had said, he couldn’t see any basis for invading Iraq: “We Americans don’t make unprovoked attacks."

Armey’s Iowa comments had generated a brief flurry of media attention. They also upset the White House. Dan Bartlett, a deputy to White House communications director Karen Hughes, called Terry Holt, Armey’s press secretary, and complained. “It isn’t helpful for Armey to be out there speaking out against the president,” Bartlett said, according to Holt. Armey dropped the issue. Armey was a plain-speaking, free-market-over-all economist, with an endless passion for country music. Neither he—nor anyone else in Washington—considered Armey a foreign policy wizard. But the notion of going to war with Iraq made no sense to him. He assumed the administration's war talk was merely bluster on Bush’s part—an effort to intimidate Saddam into accepting the return of United Nations weapons inspectors.

But in the Cabinet Room , watching Bush pressure his congressional colleagues, Armey realized that Bush was serious, that he seemed committed to launching a war and overthrowing Saddam. He thought of another president from Texas, Lyndon Johnson, and what a reckless war had done to his administration. Armey, who had not said anything else about Iraq after his Iowa outburst, decided this was the moment to speak his mind directly to Bush. "Mr. President," he said, "if you go in there, you're likely to be stuck in a quagmire that will endanger your domestic agenda for the rest of your presidency."

As he explained his thinking, Armey got worked up and ended his comments with a bowdlerized line from Shakespeare he had gleaned from a country music song: "Our fears make cowards of us all." What did he mean by this? Armey believed that Bush and other administration officials were over-reacting to the country’s post-9/11 fears. It was as if the Iraq warriors were gripped with what he later called a "he-man macho psychosis where they felt the need to go out and shoot somebody to show you’re the tough guy on the block." Armey could tell his comments were not going over well. "I was the skunk in the garden party," he said later.

When Armey finished, Cheney spoke. It would be a good idea, the vice president said curtly, if Armey would not dissent from the president’s position in public. Frankly, Armey replied, I didn’t realize there was a specific White House position yet. Then Bush, according to Armey, "asked me if I would withhold any public comments until I had all the briefings. So I could understand how necessary this was." The president was saying, wait until you've seen the intelligence. That would prove why urgent action—maybe even a war—was required.

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Had Armey spoken up after leaving the Cabinet Room, he might have sparked a ruckus that could have complicated the White House's upcoming efforts. But out of deference to Bush and Cheney, he agreed to hold his fire. “I won’t speak publicly about this again,” Armey promised the president, “until I’m fully briefed.”*

Upon exiting the meeting, the congressional leaders stood on the White House driveway and issued brief remarks for the assembled reporters. Senator John McCain said Bush had made a “convincing case” for action. House Speaker Dennis Hastert commented that he expected Congress would vote on a resolution before the elections. House minority leader Dick Gephardt, who during the meeting had indicated he was willing to work with Bush to convince Americans that Saddam's WMDs were a real danger, said that Bush had to demonstrate to the public that “this is something that we need to do and to take seriously.” Daschle, more guarded, repeated the concerns he had raised inside: “What new information exists? What has changed in recent months or years?” He added that he was “hoping for more information and greater clarity” in the weeks ahead. Armey walked by the TV cameras, saying nothing. But he still had his questions. Why a war? Why now?

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By late September, the White House was stepping up the pressure. Nearly every day, administration officials were trekking up to Capitol Hill to offer briefings, hoping to coax unsure lawmakers and bolster those already aboard. They would begin citing new claims— about Saddam providing chemical weapons training for Al Qaeda and building a fleet of mobile biological weapons labs. At the same time, Bush seemed to be viewing the cause in stark and personal terms.

On the afternoon of September 26, 2002, Bush was at a Houston fundraiser for Republican senatorial candidate John Cornyn. Surrounded by old friends from Texas, he made his most bellicose public comments about Saddam yet. There would be “no discussion, no debate, no negotiation” with the Iraqi dictator. He repeated the standard litany: Saddam had tortured his own citizens, gassed the Kurds, invaded his neighbors: "There’s no doubt his hatred is mainly directed at us. There’s no doubt he can’t stand us.” But it was one particular line in this speech that would grab worldwide attention: “After all, this is a guy that tried to kill my dad at one time.”

Bush was referring to a plot by a group of Iraqis and Kuwaitis who had been arrested walking in the Kuwaiti dessert one night in April 1993. They were later charged by the Kuwaiti government with conspiring to assassinate George H.W. Bush with a car bomb during a ceremonial visit the former president and his family had made to Kuwait that month.

The Kuwaitis rested their case on the discovery of a car bomb and a confession made the by alleged ringleader, Wali al-Ghazali, after four days in Kuwaiti custody. But much about the case was hazy. Amnesty International questioned whether al-Ghazali had been tortured—a practice not unheard of in Kuwaiti jails. A classified CIA report, leaked at the time to the Boston Globe, expressed skepticism about the Kuwaiti government’s claims, noting that Kuwait may have "cooked the books." No testimony or documents ever tied Saddam to the plot. “I had no evidence of any direct order” by Saddam, the U.S. ambassador at the time, Edward (Skip) Gnehm, acknowledged in a 2006 interview (although Gnehm, and the Clinton administration, endorsed the Kuwaiti verdict of Iraqi complicity.)

The fact that Bush was pointing to the incident nine years later to explain his current policy made some members of Congress uncomfortable. Armey later said he “just cringed” when he read about the president’s comment. “Wow,” he remarked to his wife, “I hope that’s not what this is all about."

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At one point, other members of Congress were able to witness Bush's intense feelings about Saddam up close. At a breakfast with a few congressional leaders in late September, Bush expressed exasperation when the issue of a diplomatic settlement arose. Saddam had shown his contempt for the United States, he told the legislators. There was no use in talking to him. “Do you want to know what the foreign policy of Iraq is to the United States is?” Bush asked angrily. The president then answered his own question by raising his middle finger and thrusting it inches in front Senator Daschle's face, according to a witness. “F--k the United States!" Bush continued. "That’s what it is—and that’s why we’re going to get him!"

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"Trust me on this, Dick," Vice President Dick Cheney told House Majority Leader Dick Armey. “When I get done with this briefing, you’re going to be with me.”

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It was an afternoon late in September, and Armey had been invited over to the vice president's small hideaway office in the U.S. Capitol. This was the briefing Bush had promised Armey three weeks earlier. Ever since then, Armey had bowed to the president's wishes and not said anything in public about his doubts about the Bush's stand. But the White House understood Armey's importance. He was the number two Republican in the House. If he broke ranks, that would be a problem. So Cheney was dispatched to do the job himself.

Armey thought Cheney's opening remark was odd: "He didn't say you're going to be with us. He didn't say you're going to be with the president. He said you're going to be with me."

Over the next half hour, Cheney, surrounded by aides, pointed to pictures of the aluminum tubes, showed overhead images of nuclear sites supposedly under construction, displayed drawings of mobile biological labs and photographs of UAVs that could hit Israel and spread mass death. He talked about the "associations" and "relationships" between Saddam and al Qaeda. He noted that the Iraqis could slip miniaturized biological weapons (that fit in suitcases) to terrorists, who could bring them into the United States and kill thousands.

As Armey listened to Cheney and stared at the photos, it occurred to him that he couldn't really see anything in the pictures. They were aerial shots of buildings and other sites. Who knew what was in those buildings? Armey realized he had to rely on what Cheney was telling him. "It wasn't very convincing," Armey later recalled. "If I had gotten the same briefing from President Clinton or Al Gore, I probably would have said, 'Ah, bulls--t.' But you don't do that with your own people." He assumed Cheney was leveling him; it never occurred to Armey that the vice president was not telling him the whole story.

Armey asked few questions at the briefing; he didn't challenge Cheney on any point. As the briefing concluded, Armey thanked Cheney cordially and promised to mull over the matter. He didn't commit to voting for the resolution. But he was coming around.

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As the White House stepped up the heat, Armey was being muscled by his own aides. His chief of staff laid it out for him: "This war is going to happen with your or without you". The train was leaving the station—no matter what he said or did. Armey concluded, he later said, that he could "participate in the process and give it guidance or I could be a cranky voice on the outside and lose control." Armey decided to get on the train. He even agreed to introduce the Iraq resolution on the floor of the House.

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After a week of debating, on October 10, the House was poised to voted on the legislation that would grant Bush the power to use military force "as he determines to be necessary and appropriate in order to defend the national security of the United States against the continuing threat posed by Iraq" and to "enforce all relevant" UN Security Council resolutions regarding Iraq.

Armey, who had questioned the need for a war and Bush's motivations, gave the final emotional address before the members voted. Armey echoed the arguments that Cheney had made to him two weeks earlier. He talked about how Saddam with his "ongoing working relationships with a myriad of evil terrorist organizations" could provide them with biological weapons that would be concealed in suitcases that could be left "in a train depot, a service station, an airport." He declared that Saddam could attack Israel at any time and "to me, an attack on Israel is an attack on America." Armey closed his remarks with an impassioned plead to the president to use his new power wisely Choking up with tears, Armey referred to American troops and said, "Mr. President, we trust to you the best we have to give.

The measure passed easily in the House on a 296 to 133 vote, with all Republicans but six voting for the measure. The Democrats split, with 126 voting nay, and 81 siding with Bush. (The next day, the Senate voted 77 to 23 for the resolution, with Daschle too casting his vote with the president.) .

Armey had succumbed to Cheney's pressure. He had decided to be the good soldier, the loyal partisan. But this vote weighed upon him. For weeks afterward, he would agonize about it and try to convince himself that he had not actually voted for a war. He wanted to believe that he had merely given Bush the option to use military force, to strengthen the president's hand in pursuing a diplomatic solution to the Saddam problem. "I'll tell my grandchildren that," he later said. "I'll split that hair until hell freezes over." But Armey suspected he was lying to himself. In December of that year, he would be driving along a stretch of Texas highway when a country song would come on about a fellow who looked in the mirror and saw a stranger. The line hit him hard. He had voted for the war against his better instincts, Armey now thought, and he had become that stranger. Disappointed

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with himself, Armey was thankful he had a year ago decided to leave the House at the end of this term. Six years later, the vote on Iraq still weighed on him—one of the biggest regrets of his public life.

From "HUBRIS: The Inside Story of Spin, Scandal, and the Selling of the Iraq War" by Michael Isikoff and David Corn. Copyright © 2006. Available from Crown Publishers, a division of Random House, Inc.

Join Michael Isikoff for a Live Talk at noon ET on Wed., Sept. 13, 2006

The Affluent Soon Will Be Paying More For Medicare (MCT)

By Tony Pugh

McClatchy Newspapers, September 9, 2006

WASHINGTON - After 41 years of charging most older Americans the same price for the same care, Medicare will require affluent seniors to pay higher monthly premiums for coverage of doctors' visits, diagnostic tests and outpatient hospital care beginning in 2007.

A little-known provision of the 2003 Medicare Modernization Act calls for an estimated 1.5 million seniors to face premium hikes ranging from 10 to 55 percent over the next three years if they earn at least $80,000 a year, or $160,000 for married couples. Seniors who earn more than $200,000 and couples with incomes over $400,000 will see their so-called "Part B" premiums rise the most.

The move, designed to help shore up Medicare's shaky finances, has enraged many because it was adopted without public debate. A Republican-led conference committee added the measure to the Medicare bill even though neither the House of Representatives nor the Senate version contained it.

Medicare, the national health plan for the elderly and people with disabilities, faces an uncertain future due to rising health-care costs, a growing number of beneficiaries who utilize more services and a dwindling tax base to support the program.

The premium increases are expected to boost revenue by about $7.7 billion from 2007 to 2011, and $20.8 billion from 2007 to 2016.

The 2007 "Medicare and You" handbook, which will be mailed to all beneficiaries in October, will explain the changes. The Social Security Administration will mail out reminders in November.

Outgoing Medicare Administrator Mark McClellan said that gradually increasing the share that high-income beneficiaries paid was necessary to sustain the program.

"We don't want people to pay a large share of their income for their Medicare benefits, but we also want to make sure these benefits are available for everyone for many years to come," he said.

Senior advocacy groups such as AARP, the Medicare Rights Center and the Senior Citizens League oppose the change. They say high-income beneficiaries paid more into Medicare during their working lives and shouldn't have to pay more now. They also argue that the higher rates will dissuade seniors from seeking jobs.

Even more troubling, they say, is that Congress increased the premiums without public debate.

"This was slipped in in the dead of night behind closed doors," said Robert Hayes, the director of the Medicare Rights Center.

Others worry that the new premiums could lead healthier, wealthier seniors to depart the Part B program, leading to higher costs for those who remain. "With fewer people in it, the price has to go up to sustain the system," said Shannon Benton, the executive director of the Senior Citizens League. "Our fear is it will increase premiums for even the lower-income people."

McClellan said the added expense could cause up to 50,000 seniors to leave the program next year and even more after that. But he said their exodus wouldn't alter the program's risk pool enough to increase the cost of coverage dramatically.

Other opponents of the move say the premium increases don't address the real problem of rising health-care costs but merely shift the burden of paying for them.

"Continually shifting the cost onto the people is not the answer," said David Certner, the legislative policy director at AARP. "We need to figure out why we're spending so much more as a nation on health care and our health outcomes are no better than average."

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Medicare and Social Security enjoy great popularity and political support because of their themes of universal coverage. Medicare advocates fear that the income-related rate hikes could chip away at that foundation, making it easier for Medicare opponents to further erode program benefits.

"The beauty of these programs is you have everybody paying in and everybody getting benefits," Certner said. "If you make (Medicare) less valuable to some people, there's more of a chance that they won't want to be in the program and that they won't want to support the program as well."

The income thresholds that trigger the higher premium rates will be adjusted for inflation each year. President Bush's 2007 budget proposal calls for eliminating those adjustments, however. Doing so could nearly double the number of affected seniors to 8 percent of beneficiaries by 2016, McClellan said.

Seniors who drop their Part B coverage can re-enroll later but must pay penalties to make up for premiums they missed, McClellan said.

Rep. Nita Lowey, D-N.Y., has introduced legislation to repeal the rate hikes, but the bill has stalled in a House committee.

Medicare premiums are updated annually under a formula set by statute. The law requires that Part B beneficiaries pay 25 percent of the program's premium costs; the federal government pays the other 75 percent.

In 2006, beneficiaries' Part B premiums were $88.50 a month. Medicare officials expect that to rise to $98.40 when they announce the 2007 rates later this month.

Seniors who earn $80,000 to $100,000 a year - and married couples with incomes of $160,000 to $200,000 - will pay an even higher rate, about 28.3 percent of the total premium cost. That works out to roughly $111.38 per month based on Medicare projections. In 2008, those same beneficiaries will pay 31.6 percent of total premium costs, and 35 percent in 2009.

Individuals who earn $100,000 to $150,000 - and married couples with incomes of $200,000 to $300,000 - will see their premium costs increase by 25 percent - roughly 8.3 percent a year - from 2007 to 2009. Their 2007 Part B premiums will increase to roughly $131.06.

Individuals earning $150,000 to $200,000 - and couples with incomes of $300,000 to $400,000 - will face premium increases of 40 percent - about 13.3 percent a year - from 2007 to 2009. That works out to a 2007 premium of roughly $150.74 a month.

Individuals who earn $200,000 or more and couples who earn more than $400,000 will face the largest increases. Their Part B premiums will jump 55 percent over the next three years, about 18.3 percent a year. That works out to a premium of roughly $170.42 in 2007 based on current Medicare projections.

Shuttle, Delayed By Faulty Sensor, Will Try Again Saturday (NYT)

By Warren E. Leary

The New York Times, September 9, 2006

CAPE CANAVERAL, Fla., Sept. 8 — NASA will try on Saturday for a fifth time to launch the space shuttle Atlantis after a faulty fuel tank sensor forced managers to call off Friday's attempt with the six astronauts already on board.

The effort on Saturday, scheduled for 11:14 a.m., will be the shuttle's last chance before the end of the month to lift off for an 11-day mission to resume construction of the International Space Station.

Weather forecasters said conditions at the Kennedy Space Center here should be very good on Saturday morning, with only a slight chance of showers.

The sensor problem that interrupted Friday's countdown, just 45 minutes before liftoff, was a familiar one. The shuttle Discovery's mission in July 2005 — the first since the 2003 Columbia disaster — was delayed two weeks while engineers swapped fuel tanks and wrestled with a faulty sensor. Since then, NASA has been using newer versions of the sensors and putting them under closer scrutiny for flaws.

Early Friday morning, an engine cutoff sensor inside the giant external tank failed a routine test as technicians loaded more than 500,000 pounds of liquid hydrogen and liquid oxygen. The sensor is one of four in the liquid hydrogen section of the tank that monitor the level of fuel.

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If the fuel tanks were to run unexpectedly low during ascent, the sensors would set off a controlled shutdown of the engines so they did not run on empty, which could result in a disastrous explosion. Malfunctioning sensors could also cause the engines to cut off prematurely, endangering the chance to reach orbit.

NASA rules state that if a single cutoff sensor fails, engineers need to drain the fuel tank and verify that all the sensors are working as they go dry. If the other sensors and system work as expected then or during refueling, the Atlantis could be cleared to launch with three of four working sensors on Saturday.

"We feel very good that we really need only three of those engine sensors to work," N. Wayne Hale Jr., the director of the shuttle program, said at a news conference. "If everything is performing as expected and we just have one sensor that continues to be a bad actor, we'll launch tomorrow."

If the Atlantis misses this last launching opportunity, it will have to wait until at least late September or early October for another chance, and that would require changing a requirement for daylight launchings. After the Columbia disaster, NASA was required to limit launchings to daytime so photographs could be taken of potentially damaging debris from the external fuel tank, the type that damaged and doomed the Columbia.

Any launching after Saturday and before the end of the month would conflict with Russia's plan to launch a Soyuz spacecraft on Sept. 18 to carry a new crew to the space station and to return the laboratory's departing crew on Sept. 29.

Russian and American space officials have agreed that if the Atlantis launches on Saturday, it must leave the station on the day of the Soyuz launching instead of the day before, as had previously been planned.

Construction of the half-built space station stopped when shuttles were grounded because of the Columbia accident. The National Aeronautics and Space Administration is eager to resume building the orbiting outpost by having the Atlantis take up a 30,000-pound girder section that includes a new set of solar power arrays.

Before Friday's problem with the fuel tank sensor, the flight of the Atlantis had been delayed for nearly two weeks by a lightning bolt that struck the launching pad; by Tropical Storm Ernesto; and by an erratic electrical reading in one of three fuel cells that produces electricity and water for shuttles in flight.

Last-Ditch Launch Attempt (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, September 9, 2006

Atlantis could go up this morning. If not, the mission would be delayed for weeks.

CAPE CANAVERAL, Fla. — After nearly two weeks of delays caused by bad weather and faulty electrical equipment, NASA on Friday scheduled a last-ditch attempt to launch the space shuttle Atlantis today at 11:15 a.m.

If the space agency can't get the shuttle off the pad, the launch will have to be put off for weeks, increasing the scheduling pressure on NASA as it works to finish construction of the International Space Station before the shuttle is retired in 2010.

The launch window closes after today because a later launch would conflict with the arrival at the space station of a Russian Soyuz craft, which is carrying a new crew.

Even if Atlantis launches on schedule, it will be undocking from the space station only 12 hours or so before the arrival of the Soyuz flight.

Atlantis' Friday liftoff was called off because of a balky fuel sensor.

The fuel sensor is one of four engine-cutoff sensors designed to shut down the shuttle's main engines when the fuel level gets low. One sensor gave a bad reading during a test early Friday, showing the tank was full when it was supposed to show empty.

A bad sensor could shut an engine down early, preventing the shuttle from reaching orbit, a potential disaster for the crew. It could also fail to shut down the engines when the fuel ran low, which would destroy the engine.

Backup sensors are designed to prevent those things from happening. The launch of Discovery in July — the first shuttle launch after Columbia was destroyed on reentry in 2003 — was delayed by a similar problem. Discovery finally took off when the sensor corrected itself.

DOJ_NMG_0061133

After that incident, NASA adopted a requirement that in case of a similar problem, a launch be delayed at least a day so mission managers would not be making decisions in the heat of a countdown.

On Friday, a number of mission managers were ready to waive the rule and launch anyway.

The final decision to scrub came after a representative of the astronaut office objected during a closed-door meeting of the Mission Management Team, which has final launch authority.

Atlantis was originally scheduled to launch Aug. 27, but a lightning strike to the pad and the approach of Tropical Storm Ernesto forced delays. Next came an electrical short in a pump motor connected to one of three fuel cells supplying electricity for the craft.

NASA officials decided this week that the craft could still launch because the short did not pose a safety threat.

Atlantis is carrying 17 tons of construction equipment in its payload bay for the space station. Its 11-day mission includes three spacewalks to install a new truss on the station, as well as solar power arrays that will double the amount of power produced by the station.

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Atlantis Launch Scrubbed As Fuel Gauge Issues Persist (USAT)

By Traci Watson, Usa Today

USA Today, September 9, 2006

CAPE CANAVERAL — A persistent fuel-gauge problem that NASA engineers thought they had finally solved cropped up again today, forcing space officials to cancel the launch of space shuttle Atlantis less than an hour before liftoff.

The launch was rescheduled for Saturday at 11:15 a.m. ET. Otherwise, NASA will have to wait until Sept. 29 at the earliest for the next launch opportunity.

The hatch already had been sealed on Atlantis' crew compartment in preparation for a 11:41 a.m. ET blastoff when launch director Michael Leinbach came onto the radio at 10:54 a.m. ET to break the news. He told the six astronauts that technicians will drain the shuttle's fuel tank and prepare for a possible launch Saturday.

"We're going to detank this vehicle, come back in tomorrow, fill back up and see how (the sensors) behave and see if we can get more confidence in that system for tomorrow's attempt," Leinbach said. "We ought to feel good about the attempt we made today."

"We understand, and we concur 100%," said Atlantis commander Brent Jett. "It's the right thing to do, and coming out here today we got a good check, at least as far as we could get, on all the systems."

The crew, also including pilot Chris Ferguson, mission specialists Joe Tanner, Dan Burbank, Heidemarie Stefanyshyn-Piper and Canadian astronaut Steve MacLean, already had been strapped into their seats for several hours when the decision was made.

"We had a lot of discussion. ... We followed the rules," Leinbach told the crew. "Ought to feel good that we did that." In order to fly, NASA would have to waive a rule allowing the shuttle to launch with one malfunctioning sensor only after draining the tank and refilling it again the next day.

Atlantis' launch, originally scheduled for Aug. 27, has been delayed by a lightning strike, a tropical storm and a troubling reading from one of the spacecraft's fuel cells.

The latest problem cropped up before dawn this morning as technicians filled the shuttle's giant orange fuel tank with liquid hydrogen and liquid oxygen, the fuels that power the ship as it hurls itself into orbit. During routine tests, technicians sent commands that should have caused the four hydrogen gauges to indicate a low fuel level. But one sensor improperly indicated plenty of fuel.

An incorrect fuel-gauge reading also caused the postponement of the 2005 launch of shuttle Discovery, the first mission after shuttle Columbia disintegrated on its way home in 2003. Problems with the fuel gauge also led NASA to delay the launch of the second flight after the accident. That mission eventually launched in July.

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A major fuel-gauge malfunction could be catastrophic. The gauges are supposed to tell the engines to shut down if the fuel tank becomes empty prematurely. Otherwise, the engine could explode or a fire could erupt. On the other hand, if the gauges needlessly signal an engine shutdown despite plenty of fuel, the shuttle could fail to reach orbit and be forced to do a risky emergency landing.

NASA officials said this spring that they thought they had traced the problem to a batch of gauges that had a defect in the connection between the gauge and its wires. That led them to replace the sensors on the tank for the Atlantis mission and the tank that flew on the July shuttle mission.

For years, the agency's launch rules said that all four gauges must be working for the shuttle to be cleared for liftoff. In 2005, managers decided to bend the rule to allow for a launch if only three of the four gauges were working correctly, as long as the failed gauge was behaving in a way consistent with engineers' explanations for what could be wrong.

"We feel very good that we really need only three of those engine sensors to work," Wayne Hale, shuttle program manager, said at a news conference. "If everything is performing as expected and we just have one sensor that continues to be a bad ac tor, we?ll launch tomorrow."

A launch rule written in June requires NASA to drain the tank and refill it before launching with one malfunctioning sensor. Yet at a meeting this morning, many NASA managers voted to ignore the rule and launch the shuttle today. Only a representative of the astronaut office and the leader of the mission management team voted against launch.

NASA has highlighted Atlantis' mission as the first in nearly four years to add significant components to the International Space Station. Construction of the half-built station was put on hold by the Columbia accident. NASA faces a tight deadline of 2010 to complete the station, which is made up of such massive pieces that only the shuttle can lift them into orbit.

NASA had only five-minute launch windows today and tomorrow — and Saturday was a last-minute addition after talks with Russian space officials — before it had to scrap its plans for at least two-and-a-half weeks.

The Russians are launching a three-person Soyuz capsule to the space station on Sept. 18, and Atlantis has to leave the station before the Soyuz arrives to prevent a cosmic traffic jam.

A Saturday launch would create a delicate job for above-the-air traffic controllers because within 21 hours three spaceships would come and go from the space station. If Atlantis launches Saturday, it would undock from the space station at 9 a.m. ET on Sept. 18, just nine hours after the Soyuz would launch. And 12 hours after the shuttle undocks an unmanned Progress resupply ship also leaves the space station.

If the launch isn't completed by Saturday, NASA could open up launching opportunities in late September and early October by relaxing a requirement that launches take place in daylight.

The rule was implemented for the first few flights after the Columbia accident so NASA can check if foam comes off the external fuel tank and could damage the shuttle's heat shield as it did Columbia's.

The Associated Press contributed to this report.

OTHER NEWS:

Dow Industrials Climb 60.67 As Oil Drops (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 9, 2006

Stocks rallied to end an otherwise rocky week of trading, helped by a decline in crude-oil prices to a five-month low and comments by the president of the Cleveland Federal Reserve.

The Dow Jones Industrial Average gained 60.67 points, or 0.5%, to 11392.11. It was off 0.6% on the week. The broad Standard & Poor's 500-stock index rose 0.4%, or 4.90 points, to 1298.92, off 0.9% on the week. And the technology-laden Nasdaq Composite Index was up 0.5%, or 10.50 points, to 2165.79, off 1.3% on the week.

Oil's selloff capped a weeklong downturn during which many of the bugaboos that have plagued energy markets faded. Crude-oil futures contracts guaranteeing October delivery slid $1.07, or 1.6%, to $66.25 a barrel, off 4.2% on the week at the New York Mercantile Exchange.

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In particular, traders celebrated the fact that, as the weekend approached, no major storms were threatening offshore drilling facilities in the Gulf of Mexico. On many Fridays in the past, traders have bought futures in order not to be "caught short" in the event of a crisis while markets were closed over the weekend.

But with much of this year's hurricane season past, such pressures have eased. At the same time, U.S. oil inventories have been robust, a tenuous cease-fire between Israel and Hezbollah has held, and geopolitical tensions with Iran over its nuclear program haven't boiled over.

"I'm not ready yet to call a top to the crude market," said energy analyst Phil Flynn, of the futures brokerage Alaron Trading in Chicago. "But we have definitely reached a major crossroads in the long-term bull market."

In a speech, Cleveland Fed President Sandra Pianalto, who sits on the U.S. central bank's rate-setting committee, said that while she remains concerned about inflation, the Fed's previous efforts to fight such a general rise in prices, including more than two years of interest-rate increases, are still taking hold as the economy slows.

In major U.S. market action:

Stocks1 and bond prices rose2. The 10-year note gained 2/32 point, or $0.63 for each $1,000 invested, pushing the yield down to 4.781%.

The dollar strengthened.3 Against the Japanese currency, the dollar rose to 116.90 yen, compared with 116.43. The euro fell to $1.2671 from $1.2734.

U.S. Stocks Rise On Drop In Oil, Fed Official's Rate Comment (BLOOM)

By Hilary Johnson

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- U.S. stocks rebounded from two days of losses as oil fell to a five-month low and a Federal Reserve policy maker signaled the central bank is in no hurry to raise interest rates again.

Wal-Mart Stores Inc., the world's largest retailer, led the advance as the drop in energy costs suggested consumer spending will increase. Technology shares rose on speculation that Texas Instruments Inc., the No. 1 maker of semiconductors for mobile phones, may raise its earnings forecast next week. Stocks had their biggest weekly loss in a month.

Investors will ``start to price in a reacceleration in the economy," said Larry Adam, chief investment strategist at Deutsche Bank Alex. Brown in Baltimore, which manages $58 billion. ``The market has come around to what we've been feeling for a while, and that's that the Fed has completed this tightening cycle."

The Standard & Poor's 500 Index added 4.90, or 0.4 percent, to 1298.92. The Dow Jones Industrial Average rose 60.67, or 0.5 percent, to 11,392.11. The Nasdaq Composite Index gained 10.50, or 0.5 percent, to 2165.79.

Lennar Corp., the second-largest U.S. homebuilder by market value, declined after reporting quarterly profit dropped for the first time in six years.

Weekly Decline

Stocks fell for the week as builders' earnings showed a housing slump is deepening and economic reports pointed toward accelerating inflation.

The S&P 500 dropped 0.9 percent since last Friday, the biggest decline since the period ended Aug. 11. The Dow average lost 0.6 percent and the Nasdaq retreated 1.3 percent.

Investors gained renewed confidence in the interest-rate outlook today following Cleveland Federal Reserve Bank President Sandra Pianalto's comments.

Pianalto, a member of the rate-setting Federal Open Market Committee, said the full effect of past increases has yet to take hold and last month's pause was ``appropriate." The Fed ended a two-year series of rate increases on Aug. 8 when policy makers decided to hold the benchmark at 5.25 percent.

Her views appear to concur with those of San Francisco Fed President Janet Yellen, who yesterday said the central bank needs time to assess the impact of past rate increases.

A Bloomberg News survey of economists shows that the faltering property market may lead to an end of rate rises through the first half of next year because housing's slowdown will be more of a drag on growth than expected, economists said.

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Gross domestic product is expected to expand at an average rate of 2.7 percent in the first half of 2007, down slightly from last month's survey as economists shaved a 10th of a point off their second-quarter forecasts.

Wal-Mart

Wal-Mart gained $1.18 to $46.72. Its 2.6 percent rally was the second-biggest in the Dow average. Target Corp., the No. 2 U.S. discount merchant, added $1.88 to $50.56. An S&P 500 measure of retailers rose 1.2 percent.

Crude oil plunged 1.6 percent to $66.25 a barrel in New York on speculation U.S. fuel inventories will be sufficient as economic growth in the world's biggest energy consumer slows. That's the lowest close since April 4.

Texas Instruments added 50 cents to $31. The company will update its third-quarter sales and profit forecast following the Sept. 11 market close.

The last time Texas Instruments offered a quarterly update, on June 8, it raised its sales and profit forecasts due to strong demand for handsets in India and China.

Lennar

Lennar fell 54 cents to $42.71 after the homebuilder became the fourth such company this week to report lower earnings or cut its forecast. Third-quarter profit was as much as $1.35 a share, below the $1.81 average estimate of analysts in a Thomson Financial survey. Lennar said preliminary net new orders slid 5 percent in the quarter.

About three stocks rose for every two that dropped on the New York Stock Exchange. Some 1.31 billion shares changed hands on the Big Board, 16 percent less than the three-month daily average.

A measure of computer-related companies advanced 1.1 percent for the best performance among 10 industry groups. For the year, technology shares have lost 2.9 percent, the only decline among the 10 S&P 500 groups.

International Business Machines Corp., the biggest computer-services provider, gained $1.26 to $80.66.

Microsoft Corp. added 17 cents to $25.60. The software maker plans to sell a cheaper version of its Xbox 360 game console in Japan from Nov. 2, a week before Sony Corp. releases its rival PlayStation 3, to boost sales during the Christmas season.

Gateway

Gateway Inc. gained 3 cents to $1.89. The No. 3 U.S. personal-computer maker named J. Edward Coleman chief executive officer, ending a nine-month search to replace Wayne Inouye.

Amazon.com Inc. jumped 78 cents to $30.51. The world's largest online retailer unveiled a service that will sell movies and television shows from 30 studios and networks. It will compete with Apple Computer Inc.

Shares of technology companies may have benefited from lower oil prices, said Wayne Wilbanks, who helps manage $1.1 billion as chief investment officer of Wilbanks Smith & Thomas Asset Management.

Looking Toward Technology

Investors looking for stocks with above-average returns buy computer-related shares when ``you've got the potential bloom coming off the energy sector," said the Norfolk, Virginia-based Wilbanks. ``If you're a high-growth investor, you're naturally going to look to tech."

Not all computer-related stocks gained.

Broadcom Corp. declined 34 cents to $26.09. The maker of chips for consumer devices discovered more instances of stock- option backdating that will require it to at least double its charges for the practice to $1.5 billion.

Shares of energy producers dropped 1.9 percent for the only decline among 10 industry groups in the S&P 500.

Exxon Mobil Corp., the world's biggest oil company, lost 88 cents to $66.81. Sunoco Inc., the largest refiner in the U.S. northeast, dropped $2.22 to $65.50.

Equifax Inc. jumped $3.92, or 12 percent, to $36.34 for the biggest advance in the S&P 500. The consumer-credit information company raised its profit estimate for this year to more than $2 a share, higher than its projection of as much as $1.99. The company also lowered its forecast for capital expenditures.

Ford Motor Co. rose 19 cents to $8.77, after Mazda Motor Corp., which is a third owned by the second-largest automaker, said it is raising production capacity of engines on increased demand. UBS AG said it now expects Ford shares to reach $9 within 12 months, up from $7.

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Ford, Borders

The company also said it will pay at least $20.5 million to new Chief Executive Officer Alan Mulally in the first year.

Borders Group Inc., the second-largest U.S. bookstore chain, climbed $1.38 to $20.60 after Credit Suisse upgraded the stock to ``outperform" on confidence in new CEO George Jones.

S&P 500 shares, called Spiders, rose 37 cents to $130.28. Nasdaq-100 tracking shares, known by their QQQQ symbol, gained 24 cents to $38.72.

S&P 500 futures expiring in September rose 3.1 to 1310.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures advanced 2.75 to 1589.50.

The Russell 2000 Index, a benchmark for companies with a median market value of $612 million, added 0.3 percent to 708.54. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, gained 42.33, or 0.3 percent, to 12,977.52. Based on its increase, the value of stocks rose by $52.9 billion.

Amazon.com Inc. (AMZN US) Broadcom Corp. (BRCM US) Equifax Inc. (EFX US) Exxon Mobil Corp. (XOM US) Ford Motor Co. (F US) Gateway Inc. (GTW US) International Business Machines Corp. (IBM US) Lennar Corp. (LEN US) Microsoft Corp. (MSFT US) National Semiconductor Corp. (NSM US) Sunoco Inc. (SUN US) Texas Instruments Inc. (TXN US) Wal-Mart Stores Inc. (WMT US)

A Brief Rebound But Losses For The Week (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

Wall Street rebounded moderately yesterday from two losing sessions as oil prices dropped further and investors mostly shrugged off another warning from a home builder about declining demand. The major indexes ended the week with losses.

Investors apparently took in stride the Lennar Corporation's announcement that it was lowering its third-quarter profit forecast, joining several rivals in pointing to lackluster demand in a slowing housing market. Warnings earlier in the week from companies like Beazer Homes USA and Hovnanian Enterprises left Wall Street unnerved at the prospect of a sharp economic slowdown.

With relatively little in the way of market-moving economic news to chew on, investors got their biggest clue about the economy from the home builders. A few speeches from Fed officials also kept Wall Street guessing about the central bank's future.

"It's the third warning in three days from the home building industry and it's a sign that the damage on the rest of the economy is all still in front of us," said Stuart Schweitzer, global markets strategist at J. P. Morgan Asset and Wealth Management.

The Dow Jones industrial average rose 60.67 points, or 0.54 percent, to 11,392.11.

Broader stock indicators extended their gains. The Standard & Poor's 500-stock index was up 4.90 points, or 0.38 percent, at 1,298.92, and the Nasdaq composite index rose 10.50 points, or 0.49 percent, to 2,165.79.

Bonds rose, with the benchmark 10-year Treasury note gaining 3/32, to 10025/32, and the yield, which moves in the opposite direction from the price, falling to 4.77 percent from 4.78 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

The major indexes ended the erratic, holiday-shortened week with losses amid a dismal outlook of an economic slowdown accompanied by higher inflation; investors' dismay at the home builders' warnings was compounded by government data showing a jump in wage inflation during the second quarter.

For the week, the Dow lost 0.63 percent, the S.& P. shed 0.92 percent, and the Nasdaq dropped 1.25 percent.

But yesterday, Wall Street, which has been hoping the Federal Reserve will temper its efforts to hold back inflation should the economy show further signs of slowing, appeared to regard comments from the Cleveland Federal Reserve president, Sandra Pianalto, as acceptable.

She was quoted by news services as saying it was crucial that the Fed "anchor inflation expectations in order to best promote sustainable economic growth."

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Ms. Pianalto's speech followed remarks from the San Francisco Fed president, Janet L. Yellen, on Thursday that some on Wall Street saw as indicating that further interest rate increases were likely.

Many investors are wary of more rate increases, contending the Fed's previous string of 17 straight increases have already slowed the economy too quickly. The Fed, which left rates unchanged at its last meeting, plans to meet again Sept. 20.

Mr. Schweitzer predicted that a cooling economy could lead to a rate cut in the first half of next year.

"I think the market is in a tug of war between the potential benefits and problems from a slowdown in the economy," he said.

Falling oil prices also helped stocks yesterday. Oil, which had recently been above $70 a barrel, has fallen in recent days as inventory figures showed increases and as tensions with Iran over its nuclear ambitions eased. The end of the summer driving period and a relatively uneventful hurricane season have also helped lower prices. Light crude oil was down $1.07, at $66.25 a barrel.

Lennar fell 54 cents, or 1.2 percent, to $42.71 after saying it expected to earn $1.25 to $1.35 a share for the third quarter, well below the $2.06 a share the company earned in the comparable quarter last year. Wall Street had been expecting $1.81 a share. Beazer Homes USA declined 9 cents, to $37.24, while Hovnanian Enterprises shed 92 cents, or 3.4 percent, to $26.17.

AirTran Holdings, which operates the low-fare carrier AirTran Airways, fell $1.19, or 11 percent, to $9.48 after the airline cut its third-quarter revenue forecast amid falling demand.

Equifax, a credit-reporting and marketing company, rose $3.92, or 12 percent, to $36.34, after it said its full-year earnings would exceed $2 a share; it had previously forecast a profit of $1.90 to $1.99 a share.

Consumer Credit Slowed In July As Higher Wages Provided Cash (NYT)

By Bloomberg News

The New York Times, September 9, 2006

Consumer borrowing increased less than expected in July as higher incomes allowed Americans to reduce their credit card use.

Consumer credit, or nonmortgage loans to individuals, rose 2.8 percent at an annual rate, to $2.35 trillion, the Federal Reserve said yesterday in Washington. In June, consumer debt increased at a rate of 7.3 percent.

Rising wages gave Americans more cash to spend as they went to shopping malls and auto dealerships in July. Consumer borrowing and spending may slow in coming months as the cooling housing market dents confidence and household wealth.

"Consumers have seen a pickup in their wages lately and this may be one reason they are not overdoing it when it comes to paying the bills with their credit cards," said Chris Rupkey, an economist at Bank of Tokyo-Mitsubishi UFJ in New York. "They are not overextending themselves to make purchases."

Total consumer borrowing increased by $5.5 billion in July, the report showed. Economists had forecast an increase of $6.8 billion after an initially reported gain of $10.3 billion in June, according to a median of forecasts in a Bloomberg News survey.

Nonrevolving debt, including loans to buy cars, rose $3.1 billion in July after increasing $5.01 billion in June. Revolving debt, which includes credit cards, rose $2.4 billion after gaining $9.1 billion.

Home sales have been depressed by rising borrowing costs. The Federal Reserve raised its benchmark lending rate to 5.25 percent on June 29, the 17th straight increase since June 2004. The prime lending rate, the basis for home equity loans and other consumer debt, has risen to 8.25 percent from a four-decade low of 4 percent at the start of the Fed increases.

At the same time, cooling home prices have made home equity loans less attractive

"Credit card borrowing has been going down for the last few years mainly because people have been refinancing credit card debt into their mortgages," said David Wyss, chief economist at Standard & Poor's in New York. "That is going to go in the other direction."

Consumer Borrowing Slows In July (AP-Y)

By Martin Crutsinger

AP, September 9, 2006

DOJ_NMG_0061139

Americans increased their borrowing in July at the slowest pace in four months as the gain in credit card debt fell off sharply.

The Federal Reserve reported Friday that consumer borrowing rose at an annual rate of 2.8 percent in July, down from an increase of 7.3 percent in June.

The slowdown was led by a sharp deceleration in credit card debt, which rose by just 3.4 percent in July after gains of 13.2 percent in June and 13 percent in May.

Borrowing to buy autos also slowed in July to an annual rate of gain of just 2.5 percent after an increase of 4 percent in June.

All of the increases pushed debt up by $5.5 billion after a much larger increase of $14.1 billion in June, which had been originally reported as a gain of $10.3 billion. The July increase was slightly below the $6.5 billion advance economists had been forecasting.

The increases left consumer credit at a record level of $2.35 trillion. The Fed's measure of consumer credit does not include mortgages and other loans secured by property.

Consumer spending, which accounts for two-thirds of the total economy, slowed abruptly in the spring, pushing overall economic growth down to a 2.9 percent rate of increase.

Analysts believe consumer spending will remain sluggish in coming months as Americans struggle with high energy prices and interest rates and a cooling housing market.

States Must Find Welfare Recipients Jobs (AP-Y)

By Kevin Freking

AP, September 9, 2006

The welfare rolls aren't dropping as fast as they used to, and that could pose a big money problem for states from coast to coast after a new federal law takes effect next month.

The states' task: find jobs for tens of thousands of people on welfare or risk losing millions in federal money. More than two dozen states have work to do, including Pennsylvania, California and Michigan.

The law requires states to place into job training, community service or other work activities 50 percent of their households that get welfare aid — and 90 percent of two-parent households that receive assistance.

"About half the states are in pretty good shape," said Wade Horn, assistant secretary at the Department of Health and Human Services. "About a quarter of the states are really going to have to work hard."

Pennsylvania will have to add nearly 23,000 recipients to the work rolls, which amounts to a 220 percent increase in work participation, according to federal estimates obtained by The Associated Press.

California has to find work activities for more than 60,000 people_ a 100 percent increase in its work participation rate.

Michigan must add nearly 11,500, a 117 percent increase.

Several other large states, including Texas, Florida and Georgia, will meet the requirements easily, according to the federal estimates.

The requirements are part of broad rules that more strictly define what constitutes work and require states to verify that adults are doing the activities the states say they are.

This week, five Democrats on the House Ways and Means Committee said the rules had placed new challenges on the states that would make the program more expensive and difficult to administer. They are asking for a congressional hearing.

Some analysts also are concerned that states will penalize beneficiaries as a way to get to 50 percent work participation, rather than help recipients land and keep jobs.

"The people who have the most barriers to employment, the most issues in their life, they tend to be sanctioned more than others," said Evelyn Ganzglass of the Center for Law and Social Policy. "But they often have problems that prevent them from complying. These can be mental health problems, physical disabilities, all kinds of issues that these families face."

Pennsylvania officials say their state has made significant strides since March, the last month included in the federal figures. Work participation is now up to about 32 percent instead of the 15 percent cited by the federal government, they said.

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"We're confident we're going to hit the number," said Ted Dallas, executive deputy secretary for the Pennsylvania Department of Public Welfare.

Dallas said the new regulations have forced Pennsylvania to re-evaluate its program. He said there has been more one-on-one counseling and more accountability from contractors. He also said more recipients have been penalized when they did not comply with state requirements.

States can kick recipients out of the program if they have not met certain requirements, such as attending appointments with counselors or going to job interviews. Sanctions in Pennsylvania rose from 1,030 in February to 2,327 in July, state officials said. A sanctioned recipient in Pennsylvania becomes ineligible for benefits, such as cash assistance.

Horn stresses that states do not have to be at 50 percent work participation come Oct. 1, just at that average over the course of the year. Then, states will have a chance to take corrective action. The earliest that penalties could begin is 2009.

Those penalties could be severe. States face a reduction of their welfare block grant of up to 5 percent the first year they fail to meet the new threshold, and 2 percentage points for each additional year.

Pennsylvania, for example, gets $719 million. If it fails to meet the work requirement, it could lose as much as $36 million in federal funds in 2009.

One important feature of the 50 percent threshold is that states get extra credit when they reduce the number of welfare recipients. If a state's caseload drops by 5 percent from 2005 levels, then the work participation requirement will also drop by 5 percent.

Under the current welfare law, states are also supposed to have 50 percent work participation, but the extra credit that states got stemmed from caseload reductions since 1996. As a result, many states could have 10 or 20 percent work participation, such as Pennsylvania did, and still easily meet the federal requirements.

States that have reduced the number of welfare cases over the past year include Georgia, 22.8 percent, and Texas, 19.2 percent. That means those two states would need to have only about a third of their welfare rolls in work activities to meet the new guidelines, Horn said.

Larry Jones, communications director of the Texas Workforce Commission, said various factors play a role in reducing welfare rolls. The state's economy is strong, generating about 630,000 jobs in the past three years. The state also has stricter time limits in place than most states, with some beneficiaries allowed to collect cash assistance a maximum of one year before they have to work.

But mostly, Jones said, the state has been successful placing recipients into the work force.

He said that about three-quarters of participants get jobs and, of that group, 71 percent have those same jobs six months later. Jones said the jobs pay more than $7 an hour and recipients can continue to get food stamps, state-subsidized child care, Medicaid and other benefits.

"We very strongly emphasize work and a quick attachment to the work force," Jones said. "Through work, one builds the skills needed to stay employed and build a career."

Bush's Speech Called Uplifting And Warm (FREEP)

By Tina Lam

Detroit Free Press, September 9, 2006

President George W. Bush swooped in Friday afternoon for a fund-raiser at a palatial house in Clarkston, pleasing listeners with a casual, upbeat speech.

Linda Lee-Williams, a state worker from Lansing, was thrilled with her first-ever chat with the president.

"I told him I had been praying for him since he took office," she said. "He gave me a kiss on the cheek."

U.S. Rep Mike Rogers, a Brighton Republican, described Bush's remarks as relaxed, uplifting and warm.

"He talked a little about terrorism and the economy but spent more time talking about the trials and tribulations of being a wartime president," Rogers said.

The event was closed to reporters.

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Bush flew to Michigan to help raise $1 million for Republican Senate candidate Mike Bouchard and the state Republican Party. Rogers said about 400 people were there and that he believed the event brought in close to its goal.

Bush Zips In For Feel-good Visit (KCS)

By Dave Helling, Steve Kraske, And Scott Canon

The Kansas City Star, September 9, 2006

Air Force One landed uneventfully at Kansas City International Airport about 3:40 p.m. Friday and took off the same way at 6:31.

In between, hands were shaken, politics were discussed, large checks were discreetly handled.

On Ward Parkway, protesters protested. Across the street, reporters and photographers cooled their heels in a mansion under rehab.

But it's always news when the POTUS rolls into town.

Did he make a speech?

Nothing for the public, nor any impromptu news conferences. He didn't stop at a barbecue pit, either. (He never does. What's up with that, anyway?) So no national ripples; don't go surfing CNN or FOX.

Of course, it was pretty exciting if you were one of the 450 folks who were shuttled to the Scott Ward home at 1217 W. 55th St. and got to grip and grin with the big dog, the leader of the free world.

Or you were Bradley Fisher and Taylor Mayes, both 17-year-old seniors at Smithville High School, who were presented Volunteer Service Awards at KCI for their work to prevent teen substance abuse.

Or you were U.S. Sen. Jim Talent, who collected perhaps $600,000 for his re-election bid.

So everyone had "a really cool experience," as Fisher reported ?

Maybe not those folks who hadn't counted on a presidential motorcade complicating Friday-night rush hour between the Country Club Plaza and the airport.

The president's had a pretty big week. He moved some Sept. 11 plotters to Guantanamo, near the five-year anniversary of the attacks; he pushed Congress to write new legal rules for the war on terror; he wants to speak to the nation Monday; and his poll numbers have bounced back a bit. Did he discuss any of this?

Yes. People who attended said Bush spoke about 45 minutes, mixing politics with policy, although he did not take questions. He told the gathering that Talent and Republican Sen. Sam Brownback of Kansas, who also was there, would provide the help he needs to pass legislation expanding his authority to prosecute the war on terror.

Former U.S. Rep. Wendell Bailey said Bush talked about his "commitment to the presidency rather than being the president. He's just hard to beat in that venue."

Who is Scott Ward, the host of the fundraiser?

He's the co-president of Russell Stover Candies. He and other members of the Ward family are longtime contributors to the Republican Party and Republican causes: Since 1998, he's given more than $57,000 to Republican candidates and committees, according to a campaign cash Web site.

Why was the fundraiser closed to the media?

Critics have said Talent held it in a private home to avoid news coverage — particularly photographs and video — of him standing next to Bush. For the record: Many high-level fundraisers are off-limits to reporters. But this year, the Democrats are flogging the issue because of the poor polling of the president and his party. Some note that Talent's yard signs neglect to mention his party.

What does Talent say to this?

"Now, this is the third time he's come in to campaign for me. That's a strange way to distance myself from him," Talent said at news conference before the event. "People have plenty of film of us together if that's what they want to use."

Asked why reporters were not allowed in to see them together, Talent said: "That was a decision the White House made."

Does the Republican Party or Talent's campaign pay for this political jaunt?

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Bush is doing a lot of flying and fundraising, trying to keep the GOP in control of the Congress. And you're helping the president elect Republicans, just as you helped his predecessor elect Democrats.

The Federal Election Commission requires Talent's campaign to pay only the equivalent of a first-class air ticket for all political travelers on Air Force One. So Talent's few thousand dollars won't begin to cover the cost of bringing in that Boeing 747, Secret Service agents, nonpolitical staff and two limos.

As usual, Kansas City police officers provided security "as part of their normal workday," said spokesman Rich Lockhart. "There will be no additional overtime costs."

What did guests get for their $1,000?

"Finger food and beverages," reported Rich Chrismer, Talent's spokesman. "It's a reception."

Any Russell Stover candy put out?

Of course.

But, proving that revenge in politics is, well, sweet, contributors to a Web site called buyblue.org suggest "progressives" should stop buying Russell Stover chocolates.

Surely not those pecan turtles?

Apparently.

Who wrote the checks?

We won't know for sure until campaign fundraising disclosures are filed Oct. 15.

So Talent sees dollar signs when Bush shows up?

Better believe it. In late June, Bush went to a $2,000-a-head event in St. Louis, raising an estimated $750,000. The topper, however, was a similar event in 2005 that brought in more than $1 million — a state record — for Talent.

The overall fundraising scorecard? Through the end of June, Talent has raised $9,935,711; Claire McCaskill, $4,572,707, according to the Federal Election Commission.

Will McCaskill get any high-powered fundraising help for herself?

Yes. Former President Bill Clinton will appear today in St. Louis, where he's expected to help gather $1 million for McCaskill.

So what's the Democrats' line?

Jack Cardetti, Missouri party spokesman: "With each million-dollar fundraiser, Jim Talent grows more indebted to President Bush and less likely to stand up to the president."

How many protesters showed up?

About 400, assembling on the Ward Parkway median.

How many Republicans does it take to rile up the Bush protesters?

Just one, but about 20 showed up, mostly waving Talent placards. One had a "Students 4 Bush" sign. Most appeared to be in their 20s. Clearly the most senior was 81-year-old W.C. Wissmueller of Kansas City. He waved a sizable American flag and at one point poked his staff at a bullhorn being used to lead the protesters in a chant. Cooler heads prevailed.

"I wanted to make sure somebody was here to support the president," Wissmueller said. "These people (the Bush protesters) are crazy."

What did some of those protesters' signs say?

"Emperor Bush, stop fiddling. Iraq burns"; "Mission accomplished? Where's Osama?" "Missouri needs a raise"; "Liar, liar, world on fire."

So the Iraq war was a major theme here, as it is in the national campaign?

Just ask Patrick Farnan of Weston. He was protesting with his wife, Deann. They lost their only son, Colby, to an improvised bomb near Taji, Iraq, on Feb. 25, 2005. The 22-year-old Army specialist is one of dozens of casualties from Missouri.

"It's 54. You've got to know that stuff. We all need to know that stuff," Patrick said.

They think their son died in an unnecessary war and came to Ward Parkway, they said, to hold the president accountable. "My son thought the war was all about oil," Deann Farnan said, "and I'm not sure he wasn't right."

Did Bush get to see the protesters?

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For a couple of seconds, as his limo made the corner onto the parkway.

Cheney Visit Is Met By Traffic, Protests (BOS)

By Raja Mishra And Michael Levenson

The Boston Globe, September 9, 2006

Avoided in public by the state's leading Republicans, Vice President Dick Cheney arrived in Boston yesterday and was greeted by a boisterous protest and a well-heeled GOP crowd in the Back Bay.

When Cheney's plane touched down at Logan International Airport, he was greeted by a little-known state representative from Shrewsbury and a small band of local officials.

Governor Mitt Romney and Lieutenant Governor Kerry Healey were nowhere in sight, and the vice president, whose poll numbers make him among the least popular political figures in the country, was whisked away in a black limousine.

Cheney's visit created traffic snarls, and for a few afternoon hours, Back Bay became a congested circus. Sign-waving protesters chanted into bullhorns. A massive retinue of police officers and Secret Service agents lined the streets. Afternoon traffic stood still. Flowing through it all were hundreds of Red Sox fans slowly making their way to Fenway Park.

The protests produced numerous confrontations, as guests to the fund-raiser, which cost $2,500 per person, had to walk through a gantlet of virulent anti-Cheney activists on their way to the Harvard Club in Boston, where Cheney spoke.

``Shame! Shame!" the protesters chanted at the Republican supporters streaming by.

Grace Ross , the Green-Rainbow Party candidate for governor, began giving a speech excoriating Cheney when police confiscated her microphone and speakers, citing noise ordinances.

Inside the Harvard Club, Cheney spoke for about 20 minutes to nearly 300 guests, giving a public service award to Richard J. Egan , the founder of the Hopkinton-based EMC Corp. and a stalwart Bush supporter. He also spoke about the war on terrorism.

``He talked about the need to stay the course," said Brian Dodge , executive director of the state Republican Party.

The event was closed to the public. In attendance yesterday were Romney , Healey , former governor Paul Cellucci and the new Turnpike Authority head, John Cogliano.

Cheney arrived at Logan at about 4 p.m., greeted there by a small entourage of Republican officials. State Representative Karyn E. Polito , a Shrewsbury Republican who was in the welcoming party, recalled her brief exchange with Cheney.

``I said, `I'm a Republican state representative, a wife, and a mother, and my family sleeps easy at night knowing you and President Bush are in the corner office,' " Polito said in an interview on the tarmac, just after Cheney left. ``He said, `Thank you for running for office. I'm happy to be here.' "

The Harvard Club sits just off the intersection of Commonwealth and Massachusetts avenues, among the most congested crossroads in the city, and Cheney's visit exacerbated the typically nightmarish traffic that clots there on a Friday afternoon when the Red Sox are playing at home.

There were rolling road closures throughout the late afternoon and early evening, and downtown traffic was backed up and barely moving along long stretches of Back Bay starting at just before 4 p.m. Motorists were asked by police on foot to stop and remain stopped for as long as 30 minutes.

Parts of Commonwealth Avenue were shut off to motorists, with cars being diverted under Massachusetts Avenue, creating confusion among school bus drivers, trolley drivers, and others looking to escape the snarl.

At the same time, traffic on Interstate 93 south backed up to the Zakim Bridge late yesterday while Leverett Connector traffic headed toward Storrow Drive and Leverett Circle backed up as well.

Police kept protesters about 50 feet away from the Harvard Club entrance, with many of them spilling out onto Massachusetts Avenue.

``This war [in Iraq] has everything to do with greed ," said Alice Brown , 68, of Canton, whose son, Lieutenant Colonel David Floyd, recently returned from service in Iraq.

Some guests at the Eliot Hotel next door gathered on the hotel steps to watch the festivities.

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``I don't believe they have much intellect or understanding of the issues," John Hanron , 68, said of the protesters. He was in town from Lincoln, Calif., for a family reunion. ``I'm disappointed that we have this subversion going on."

But Janet Minkin , 60, on vacation from Milwaukee, didn't seem to mind. ``I agree with the protesters 100 percent," she said. ``I had a little trouble getting through to the hotel. But I'm glad to see them there."

Lieberman Points Out A Turnabout By Lamont (NYT)

By Jennifer Medina

The New York Times, September 9, 2006

NEW HAVEN, Sept. 8 — Ned Lamont, who this week chastised Senator Joseph I. Lieberman for his public rebuke of President Clinton during the Monica Lewinsky scandal, wrote to Mr. Lieberman at the time praising the eloquence of his speech on the Senate floor.

"I supported your statement because Clinton's behavior was outrageous: a Democrat had to stand up and state as much, and I hoped that your statement was the beginning of the end," Mr. Lamont, then a cable television executive, wrote in an e-mail message to the senator's Washington office on Sept. 16, 1998, two weeks after Mr. Lieberman's speech.

Mr. Lamont defeated Mr. Lieberman in last month's Democratic primary in Connecticut, but will face the incumbent — now running on his own party line — in November. In an interview with reporters and editors on Wednesday night in Washington, Mr. Lamont said he shared Mr. Lieberman's "moral outrage" over Mr. Clinton's sexual misbehavior but thought the senator should have handled it behind closed doors before making a public speech.

"You don't go to the floor of the Senate and turn this into a media spectacle," Mr. Lamont said of Mr. Lieberman's remarks. "You go up there, you sit down with one of your oldest friends and say you're embarrassing yourself, you're embarrassing your presidency, you're embarrassing your family, and it's got to stop."

At the time, Mr. Lamont wrote that he had "supported the moral outrage" Mr. Lieberman expressed reluctantly because he "thought it might make matters worse," adding that "unfortunately, the statement was the beginning of a process that has turned more political and morally offensive." He urged Mr. Lieberman to "stand up and use your moral authority to put an end to this snowballing mess," and suggested that "It's time for you to make up your mind and speak your mind as you did so eloquently last Thursday."

"I'm the father of three and the thought that Clinton testifying about oral sex before the grand jury may be broadcast into my living room is outrageous," Mr. Lamont wrote. "This sorry episode is an embarrassment to me as a father and to us as a nation."

A campaign aide to Mr. Lieberman alerted a reporter to the e-mail late Friday, after an article about Mr. Lamont's recent comments appeared in The New York Times. Mr. Lieberman's Senate office then faxed a copy of the message.

Casey Aden-Wansbury, a spokesman for Mr. Lieberman, said that after Mr. Lamont announced his candidacy, the senator recalled corresponding with him, and the staff culled old files. She said the 1998 missive was the only correspondence found from Mr. Lamont.

Mr. Lieberman's campaign aides pointed out Friday night that Mr. Lamont contributed $500 to his campaign shortly after the speech, in 1999, and did not donate to Mr. Clinton's legal defense fund.

Mr. Lamont, who declined to discuss the 1998 speech when an Associated Press reporter asked about it on Friday, was unavailable to explain the apparent discrepancy between his recent remarks and his e-mail at the time.

His campaign manager, Tom Swan, did not address the content of the message, but said in response: "It is clear that Senator Lieberman would prefer to try to cloud Ned's statements from eight years ago, instead of talking about the important issues of national security, the war in Iraq and health care. It is shocking to see that his Senate staff, at taxpayer expense, is spending their time trying to make up dirt on Ned Lamont."

Senator Lieberman, asked about Mr. Lamont's recent comments, said on Friday that "it was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done."

Back in 1998, he wrote to thank Mr. Lamont, saying his "kind comments and words of support mean a great deal to me."

"This was the most difficult statement I have had to make in my 10 years as a senator," Mr. Lieberman wrote, adding a handwritten "Thanks, Ned" at the bottom. "So it is very reassuring that you feel I made the right decision in speaking out."

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Lieberman Defends 1998 Rebuke Of Clinton (AP-Y)

By John Christoffersen

AP, September 9, 2006

Sen. Joe Lieberman defended his reprimand of former President Clinton for his involvement with a White House intern, dismissing rival Ned Lamont's claim that he turned the 1998 rebuke into a spectacle.

"It was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done," Lieberman said Friday. "In that case, I stood up and did what I believed was right for our country."

In September 1998, as the sex scandal raged, the Connecticut senator was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being "personally angry because Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment."

The senator said his personal dismay evolved into "a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency."

Lamont, who defeated Lieberman in the Democratic primary Aug. 8, criticized the incumbent in an interview with The New York Times.

"You don't go to the floor of the Senate and turn this into a media spectacle," Lamont told reporters and editors from the newspaper during a dinner meeting Wednesday night.

"You go up there, you sit down with one of your oldest friends and say, 'You're embarrassing yourself, you're embarrassing your presidency, you're embarrassing your family, and it's got to stop,'" Lamont said.

Lamont, campaigning in Naugatuck on Friday, said he would have told Clinton what he thought before he said anything publicly.

"That's just the way I am," Lamont told The Associated Press. "I don't want to get into this issue anymore, though."

Lieberman, who is running as an independent after losing to Lamont, said his speech helped diffuse what had been partisan divisions over the scandal. He called it one of the toughest decisions of his life, but said he has no regrets.

Days before the Connecticut primary, Clinton joined Lieberman at a campaign rally.

"It's time for Ned to stop running a negative campaign and start talking about what he would do for the people of Connecticut over the next six years," Lieberman said. "He had to go back to 1998. Hey Ned, it's 2006."

Polls show Lieberman leading Lamont in a three-way race that includes Republican Alan Schlesinger.

As Outsider, Lieberman Walks A Tricky Path (NYT)

By Jennifer Medina And Patrick Healy

The New York Times, September 9, 2006

BRIDGEPORT, Conn., Sept. 8 — It was the sort of awkward moment that Senator Joseph I. Lieberman now faces regularly: He and the mayor of Stamford, both Democrats, recently appeared in a city park that Mr. Lieberman helped win millions for, and talked about their long friendship — and about how the mayor is not supporting him for re-election this fall.

“Joe Lieberman has a right to come to Stamford — it’s his town and his state,” said the mayor, Dannel P. Malloy, who, like many Democratic officials, has abandoned Mr. Lieberman for the party’s new Senate nominee, Ned Lamont. “When you do good work, you deserve to come and visit the projects you’re working on.”

Mr. Lieberman, as a three-term incumbent, never needed anyone to explain his right to visit Stamford before. But the senator is now running on his own party line, and he has begun a complicated, occasionally clumsy tango as he tries to woo Democrats, Republicans and unaffiliated voters without the backing of any party.

Since his defeat in the Aug. 8 Democratic primary, Mr. Lieberman has been seeking Democrats while appealing to Republicans with tough talk about terrorism that is similar to President Bush’s. He is mulling creating nonpartisan “citizen town committees” because he must build a new voter-turnout operation from scratch. And he is calibrating his language to try to appeal across party lines without seeming inconsistent or awkward — though, at times, he does.

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No longer the Democratic nominee, he has lost a handful of union endorsements, and his allies in the A.F.L.-C.I.O. may stay neutral. His campaign must replace and train hundreds of field workers that the state party usually deploys to help turn out voters. The Democratic Senatorial Campaign Committee, usually on his side, is now providing fund-raising and strategy help to Mr. Lamont. And there is no party organization that can quickly gather its members for the large campaign rallies that can be a shot in the arm.

Independent candidacies are rare, because party affiliation provides so many advantages: Fund-raising aid, battle-tested organizers, policy and strategy assistance, volunteers and an apparatus that can attack the candidate's opponent without the candidate appearing negative.

But interviews with Mr. Lieberman and his advisers make it clear that he has made a strategic bet: That his stature, name recognition, appeal among Republicans and power to deliver federal money to Connecticut will more than compensate for the lack of a party behind him. He has spent much of August highlighting federal projects he has supported — such as the $6 million park expansion that he and Mayor Malloy celebrated — and suggesting that a Senator Lamont, as a liberal in a Republican-controlled chamber, would not deliver as much. Mr. Lieberman said that if he is re-elected, he will continue to caucus with Senate Democrats.

Yet as Mr. Lieberman acknowledges, there is an element of making it all up as he goes along.

He hesitated when asked in a recent interview if there was any Republican endorsement he would not accept, knowing that his ties to President Bush have cost him before. He is trying to strike a balance between Republican and Democratic endorsements and appearances; for instance, he suggested, he was waiting for the right timing and opportunity to invite a Republican friend, Senator John McCain of Arizona, to campaign with him.

"I haven't asked him — yet," Mr. Lieberman said in a recent interview.

"This is a very different kind of race than anything that's been run before," he added. "Maine had an independent governor, and there was Jesse Ventura of Minnesota. I've taken a look at those. But as far as we can tell, we're doing something different here. The moment is different. So we're putting together a campaign in a way that makes sense for the moment."

Mr. Lieberman has hammered away at polarizing partisans in his campaign, though he is reluctant to say just whom he is referring to, other than Mr. Lamont, whom he once criticized as having too many ties to Republicans.

"People are sick of the partisanship and sick of the old party rules," Mr. Lieberman said on Friday.

Mr. Lieberman has managed to hire one prominent Democratic media consultant, Josh Isay, who demonstrated partisan flexibility by working for Mayor Michael R. Bloomberg last year. (He already has a Republican pollster, who also works for Senator Rick Santorum of Pennsylvania.) Yet other Democrats have left his campaign, leaving Mr. Lieberman's staff of loyalists to shoulder many new tasks — in particular, building its own get-out-the-vote operation without relying on state and town Democratic organizations that can move voters to the polls.

Sherry Brown, who took over as Mr. Lieberman's campaign manager last month, said her team needed new ways to identify and mobilize voters beyond using the traditional lists of registered voters that the parties use to plan turnout strategy. The citizen committees are one idea; she also said the senator would rely more than usual on assistance from unions, environmentalists and other groups that have endorsed him, such as the Chamber of Commerce.

Vets for Freedom, a group with ties to top Republican strategists, is also planning to rally Republicans to vote for Mr. Lieberman, using commercials and other organizing tools. Alan Schlesinger, the Republican challenger, is trailing far behind, with only nominal support from his party leaders.

"The biggest question for us is the ground war: Where do you target for votes and how do you find and move people without a party organization?" said Ms. Brown, who oversees a paid staff of 25. "It's something we have to develop."

Lieberman advisers declined to discuss their strategy in detail, saying they did not want to tip their hand. But Ms. Brown said the senator would go after voters in the two major parties — and Connecticut's many independents — and would highlight his support for a higher minimum wage and access to better health care for the working class.

She said that Mr. Lieberman's popularity was strong enough across party lines to counter setbacks; she said invitations to him to march in local Democratic parades have been fewer than before, but added that he has received more invitations overall than he could ever accept.

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Mr. Lieberman's loss last month was also, to some extent, a loss for the state's Democratic Party apparatus. He has been a consistent fund-raiser for the party, helping add as much as $1 million to its coffers in some election years. He could tap his national base of donors for help, too. The newcomer, Mr. Lamont, may now end up devoting money and precious time to aiding the party.

Connecticut voters have a history of embracing independent candidates, most notably Lowell Weicker, a former Republican senator elected governor as an independent in 1990. And the makeup of the electorate appears hospitable to an independent bid: The largest bloc of registered voters, nearly 830,000, belongs to neither party, while there are 657,860 Democrats and 413,093 Republicans, as of last month.

"Connecticut tends to support mavericks — Chris Shays, Weicker, Lieberman — who show an independent streak and are willing to buck their own party," said Douglas Schwartz, director of the Quinnipiac University Poll.

While Mr. Lieberman has, as Mr. Weicker did, two advantages to help overcome the lack of a party — broad name recognition and a centrist image — the political dynamics have changed. The electorate today is sharply divided over the record and conduct of the Bush administration, and Mr. Lieberman appears to some as a sore loser who has tried to have it both ways — running as a Democrat and then as an independent. (Mr. Weicker became an independent before his 1990 run.)

"Lieberman's fate as an independent will depend on how he is viewed, and I think the bloom is off the rose as far as his image in the state," said Mr. Weicker, who lost his Senate race to Mr. Lieberman in 1988 and who is supporting Mr. Lamont this fall.

Mr. Lieberman said he hoped to create the sort of grass-roots, nonpartisan political movement that helped support the third-party former governors that he has looked to — Angus King of Maine and Mr. Ventura of Minnesota. Asked if there was enough time to do this, with less than 10 weeks until the general election, Mr. Lieberman said he was not sure.

"It's an open question," he said. "But it's my desire to create a real, independent citizens' movement in this race."

Tom Swan, Mr. Lamont's campaign manager, said there was no evidence that Mr. Lieberman could inspire such citizen brigades.

"How does he come across as anything but a whiny self-centered career politician trying to cling to power?" Mr. Swan asked.

Mr. Lieberman has walked a political tightrope at almost all of his campaign appearances, and has sometimes stumbled. Recently he called himself a "noncombatant" in the three Congressional races where Democrats are challenging incumbent Republicans; his aides amended the statement a day later, saying he would support the Democrats.

Lieberman advisers acknowledged that this episode was awkward, saying the senator was working through the right language to describe his support for Democratic Congressional candidates who have endorsed his rival, Mr. Lamont.

Adding to the confusion, two days after the "noncombatant" comment, Mr. Lieberman attended a motorcycle rally with one of the Republican incumbents, Congressman Christopher R. Shays, a close ally. Lieberman aides did not alert the press corps to the joint appearance, but according to a report on Fox News, Mr. Lieberman said that the Democrats should have considered the effects of his independent bid on their Congressional candidates before electing Mr. Lamont.

"Well, I guess I should say they should have thought of that during the primary," Mr. Lieberman said in the Fox segment. "But here we are."

At other times, Mr. Lieberman has reasserted his party credentials, calling himself a "proud Democrat."

Yet there is a fine line between party fidelity and his new pride as an independent, with Lamont supporters accusing him of caring only about "the party of one."

During a campaign stop in New London this week, Mr. Lieberman was dogged by reporters pressing him to explain whom he saw as his base of support.

"People treat the parties as if they are the only thing that matters," Mr. Lieberman said, adding that he hoped his run would show that there was a "higher loyalty to our state and our country."

Nancy Reagan Asks Webb To Pull Ad With Her Husband (WP)

By Michael D. Shear And Tim Craig

DOJ_NMG_0061148

The Washington Post, September 9, 2006

RICHMOND, Sept. 8 -- Former first lady Nancy Reagan on Friday asked Virginia Democratic Senate candidate James Webb to not use a television commercial that shows former president Ronald Reagan praising Webb, his former Navy secretary.

In a letter faxed to Webb at 5 p.m., the chief of staff of the Reagan Library in California urged him to not use footage from a speech by the former president at the Naval Academy in 1985. Webb is trying to unseat Sen. George Allen (R) in November's election. The speech lauded Webb and his achievements.

"Using the president's name, image or likeness implies endorsement which is neither fair nor respectful of any candidate, certainly not after President Reagan's death," wrote Joanne Drake. "At the direction of Mrs. Reagan, please refrain."

The ad shows Reagan saying: "James's gallantry as a Marine officer in Vietnam won him the Navy Cross and other decorations." An announcer's voice continues as Reagan's image morphs into pictures of Webb as a Marine.

Webb's campaign immediately rejected the criticism and said it intended to proceed as planned by running the commercial in Norfolk, Roanoke and Northern Virginia. Spokeswoman Kristian Denny Todd accused Allen's campaign of playing partisan politics.

"It doesn't imply an endorsement," Todd said. "It's Reagan in his own words. What Reagan said about Jim Webb, that belongs to Jim Webb, frankly."

The library's letter could hurt Webb's effort to woo moderates by wrapping himself in Reagan's legacy. But it could also give much broader attention to the ad, which Webb has paid less than $100,000 to run in just three television markets for a limited time.

The Reagan Library has often asked campaigns to refrain from using the former president's image. It made a similar request to the conservative Club for Growth in 2004, when the group ran an ad comparing Reagan to President Bush and criticizing Sen. John F. Kerry (D-Mass.). An official at the library, Kirby Hanson, said Nancy Reagan was aware of the Webb ad and asked for the letter to be written. Hanson said the same would be asked of "any political campaign."

Allen campaign manager Dick Wadhams said he hoped "the Webb campaign would respect the clear request of Mrs. Reagan."

But he declined to say whether Allen would remove a photo from his campaign Web site that shows Reagan and a young Allen shaking hands. It appears next to a Reagan quote.

"We do not have a television ad that is trying to convey the false impression that the late president has endorsed a candidate in this race. Only one campaign is trying to do that," Wadhams said.

Hanson declined to say whether the library would request that Reagan's image be taken down from Allen's Web site.

Earlier in the day, Allen unveiled a plan that he said would reduce U.S. dependence on foreign oil.

In a speech from the Senate floor, Allen urged further exploration of oil and gas reserves in the United States, including in an Alaska wildlife area. And he called for more international cooperation to isolate oil-rich nations with which the United States is in conflict.

"In each challenge to our self-determination and freedom, we not only declared our independence, we mustered the resolve and the resources to achieve it," Allen said. "And it is time to declare our independence again."

Allen linked energy independence to the fight against terrorism, saying, "Today, many of our gasoline dollars now go to finance the war efforts of our enemies."

The speech coincided with Allen's new 30-second television advertisement, in which he says, "We need to be developing and exploring for more oil and gas in our own country." Allen advisers said the ad is running statewide.

Todd called Allen's proposals "rhetoric" without serious substance.

"It sounds like Allen is just trying to take care of his oil buddies to us," Todd said.

Concerns about energy and oil became issues in the race as gasoline prices surged this summer and the candidates traded barbs about connections to profitable oil companies.

Webb has accused Allen of taking $800,000 in campaign contributions from oil companies and has demanded that Allen give the money back. Allen, in turn, accused Webb of owning more than $64,000 in oil company stock.

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Webb has called for a windfall tax on oil company profits. Allen dismissed the idea, saying higher taxes would slow the economy.

In an interview after the speech, Allen dismissed critics who say some aspects of his proposal, such as drilling in the Artic National Wildlife Refuge, could endanger the environment.

"You would think [the refuge] was Yosemite or Yellowstone," Allen said. "There are not trees. It's barren. It's flat. It's tundra."

Nancy Reagan Objects To Campaign Ad (AP-Y)

By Bob Lewis

AP, September 9, 2006

Democratic Senate candidate Jim Webb has a television ad ready to air featuring praise from his late boss Ronald Reagan — and Nancy Reagan called on him Friday to cancel it.

Webb, who was Reagan's Navy secretary before Webb switched to the Democratic Party, uses the ultimate GOP icon to send a sentimental message to conservatives and moderates courted by his Republican opponent, Sen. George Allen. The ad is scheduled to begin airing next week.

But a three-paragraph letter from the former first lady's office said the use of footage of Reagan, who died in 2004, is "neither authorized nor appropriate."

The 30-second ad opens with video of Reagan praising Webb during a commencement address at the U.S. Naval Academy in 1985, when Reagan was president and Webb, a Navy grad, was an assistant secretary of defense.

"James' gallantry as a Marine in Vietnam won him the Navy Cross and other decorations," Reagan says on the video.

Webb was campaigning in southwestern Virginia on Friday and was not immediately available for comment on the criticism. His campaign spokeswoman, Kristian Denny Todd, said the ad was fair.

"At this time, we are not changing our plans," Denny Todd said.

The first lady's letter, sent from the Ronald Reagan Presidential Foundation in Simi Valley, Calif., said use of his name and image implies endorsement of the candidate.

"At the direction of Mrs. Reagan, please refrain from the use of her husband's name, video footage, photograph, likeness, and/or quotes in any further campaign materials, including television advertisements," it concluded.

In a telephone interview, Edwin Meese, attorney general under Reagan, called use of the footage "improper, unethical and very possibly illegal. ... For him to use video of Ronald Reagan to appear in a campaign ad to favor him is fraud."

The ad debuts days after Allen mailed campaign brochures that include a photo of a boyish looking Allen standing beside Reagan. The same photo and a Reagan quote appear on Allen's campaign Web site.

"So, I guess this means George Allen is going to take down all the images he has on his Web site of him with Ronald Reagan?" Denny Todd said. "Where's the cease-and-desist order there?"

Webb became Navy secretary in 1987 but resigned the following year, refusing to reduce the Navy fleet after congressional budget cuts. More recently, he left the GOP over President Bush's decision to invade Iraq and other issues. He won a contentious Senate primary in June.

Allen's campaign manager, Dick Wadhams, called the ads "disingenuous and terribly hypocritical" and cited Webb's 1988 resignation, saying he "quit on Ronald Reagan after he did not get his way as Navy secretary."

Allen, seeking a second term, began airing his own biographical ads last month while Webb scrambled to raise money. Allen's campaign had more than $6.6 million on hand at the start of July compared with $424,245 for Webb.

Bellwether Community Still Handicapping Hopefuls (WT)

By Seth Mclaughlin

The Washington Times, September 9, 2006

BEDFORD, Va. -- Voters here know how to pick winners in statewide elections.

This community of nearly 6,300 residents has picked the Republican winners -- President Bush and Sens. George Allen and John W. Warner -- and Democratic winners Gov. Timothy M. Kaine and former Gov. Mark Warner in Virginia's presidential, congressional and gubernatorial races since 2000.

"We vote for the man, not the party," Grace Nichols, 69, told The Washington Times along with her husband, Ray, 76, at a local Hardee's -- a morning hangout for the city's older crowd.

With less than two months until voters choose among Mr. Allen, Democrat James H. Webb Jr. and Independent Green Party candidate Gail Parker in the race for one of Virginia's U.S. Senate seats, many residents in this city roughly 25 miles east of Roanoke feel disconnected from Capitol Hill, and are disappointed in the federal government's handling of the war in Iraq, immigration and other domestic issues.

"If I had my choice, I'd run every ... one of them out of the legislature," said Clarence Lawler, 76, a former Fairfax County teacher who now is a member of the Elks National Home retirement community. "They've sat ... all year long and done nothing."

Others say elected leaders don't live in the real world.

"You have 535 individuals living in a glass house inside the [Capital] Beltway, and it is all fogged for them," said Jim Revell, an independent who voted for Mr. Allen in 2000. "They can't see out into the real world."

Donna Keler, 50, agreed. "I make $663 a month on disability. Let them come down off their high horses and live on $663 a month."

Aside from the die-hard party faithful who are pretty much decided which candidate will get their vote, other residents seem hesitant to trade the familiar face of Mr. Allen for the unfamiliar face of Mr. Webb.

"I like Webb, but if I were to vote today it is still kind of a tossup," said Mr. Revell, 57, a Vietnam War veteran.

Mr. Lawler, a Republican who supports Mr. Allen, agreed. "I don't think that people down in this part of the country know Mr. Webb at all."

Local Democrats acknowledge Mr. Webb's limited name recognition is a problem.

"I don't know as much about [Mr. Webb] as I'd like to know," said Craig Amo, 60, a Democrat who owns Cup-a-Joe coffee house downtown. "To get the word out in the entire state takes money and he didn't have it until recently. I think between now and November we will get a lot more information out of Jim Webb."

Mr. Webb, Navy secretary under President Reagan, missed a chance to push his message in this part of the state on Labor Day, when he skipped the traditional campaign kick-off parade for statewide elections in nearby Buena Vista. Mr. Webb opted to spend time with his son, Jimmy, a 24-year-old Marine lance corporal, before he deployed to Iraq on Tuesday.

Mr. Webb, a decorated Vietnam War veteran, is scheduled to appear in this part of the state at a variety of events today, and will begin airing his first 30-second campaign ad in Northern Virginia, Norfolk and Roanoke media markets showing a video clip of Mr. Reagan praising his military record.

Yesterday, former first lady Nancy Reagan told Mr. Webb in a three-paragraph letter not to use video of her husband praising him in the ad, the Associated Press reported.

The letter from Mrs. Reagan's office said using footage of Mr. Reagan was "neither authorized nor appropriate," the AP reported.

Mrs. Reagan's letter came the same day as two former members of the Reagan administration and the chairman of Mr. Reagan's presidential campaigns said they were displeased with the ad.

"James Webb is dishonoring the memory of President Reagan by using an old video clip to imply that Ronald Reagan would be supporting him," they said in a statement.

A spokeswoman for Mr. Webb told AP the ad was fair and the attacks against it were politically inspired by Mr. Allen.

"At this time, we are not changing our plans," spokeswoman Kristian Denny-Todd said.

Residents here say that Mr. Webb still needs to sell them on what separates him from Mr. Allen.

"I saw [Mr. Webb] in debate and it was 'me too-isms,'" Mr. Lawler said. "[Mr. Webb and Mr. Allen] both spoke almost identically."

When asked why people still support Mr. Allen, the residents said the senator was a "great governor" who touts the conservative values people here hold dear.

For others, the reasons were simpler.

"On TV he looks straight at you," said Betty Miller, 74. "I like that."

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Still, Mr. Webb's military background plays well with others around the city of Bedford, home of the National D-Day Memorial.

A Marine who returned from Iraq last month and supported Mr. Allen in 2000 hinted he was leaning toward supporting Mr. Webb, a former Marine.

"Once a Marine, always a Marine," said the Marine, who did not want to be identified because of his military status.

New Jersey's Sen. Robert Menendez Faces Tough Challenge (MCT)

By Lesley Clark

McClatchy Newspapers, September 9, 2006

NORTH PLAINFIELD, N.J. - The audience had listened politely. But people began to applaud loudly as Sen. Robert Menendez decried the war in Iraq.

"If I could not vote to send my son or daughter to war, I would not vote to send anyone else's son or daughter to war," the New Jersey Democrat said as the congregation at Shiloh Baptist Church - "A Place of Peace," as it bills itself - nodded in agreement.

Menendez - the son of Cuban immigrants and a sitting senator since his appointment to the post last January - is staking his campaign to keep his Senate seat on staunch opposition to the war, lacing his speeches with the body count and price tag of the conflict.

It's a strategy that Democrats hope to use to oust Republican incumbents. And it strikes a chord in this heavily Democratic state, where polls suggest that the war is increasingly unpopular. But Menendez's race - crucial to Democratic efforts to capture the Senate - has turned into an unexpectedly close and increasingly contentious contest, to the puzzlement of strategists, who wonder whether his ethnicity is a factor.

"New Jersey is behaving very, very oddly," noted Charles Cook, a nonpartisan handicapper who publishes the Cook Political Report. The seat, he said, may be the only Democratic Senate seat in jeopardy.

A former congressman, Menendez voted against the war in Iraq, and he's outdone his opponent 3-to-1 in fundraising. Still, he finds himself neck and neck with Republican challenger Tom Kean Jr., a state senator with a brief record but an outsized name.

Kean's father is former New Jersey Gov. Tom Kean, who chaired the Sept. 11 commission and is so revered that beachgoers along the Jersey shore over the Labor Day weekend needed to know only the familial ties to pledge support to his son.

"If you're half the person your father was, you've got my vote," Rosemary Sullivan, 67, a Fairfield retiree, called after the younger Kean as he worked the crowd in Lavallette.

Some question whether Menendez's Hispanic roots - and surname - are playing a role in dampening the polls.

"Sad to say, but I do think the Latino surname may be hurting him on the margins," said David Rebovich, a political science professor at New Jersey's Rider University Institute for New Jersey Politics. "And there's a lot of skepticism about the Hudson County ties."

The campaign in many ways has revolved around Hudson County, a gritty collection of cities hard by the New York skyline that for years has welcomed newly arrived immigrants - and earned a reputation for political corruption. Menendez is a former mayor of Union City, the second-largest city in Hudson County and the second-largest Cuban-American stronghold in the United States, after Miami.

Kean, who lives in suburban Westfield, denounces Menendez as a pol who muscled his way up the county ranks, calling him in an interview "nothing but a partisan Hudson County Democratic party boss." He's seized on newspaper accounts that Menendez collected $300,000 in rent from a nonprofit agency for which he helped land federal money, accusing him of a conflict of interest.

Menendez, charging that Kean is practicing the "politics of personal destruction," says the House Ethics Committee cleared the arrangement.

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Menendez says his campaign is "looking carefully" at statements that Kean and other Republicans have made, suggesting that they're thinly veiled attempts to denigrate the senator's Hispanic roots. New Jersey has never elected a Hispanic or black candidate statewide.

Menendez's campaign hopes for a comfortable vote cushion out of Hudson County, telling voters there that the Kean campaign is disparaging the county, which is increasingly Hispanic.

"I was one of three Hispanics in my elementary school. My brother was the second," Union City Mayor Albio Sires said. "Now the county is overwhelmingly Hispanic. It's really angering people that they're seeming to say people from Hudson County are no good."

Kean, who in campaign speeches accuses Menendez of supporting amnesty for illegal immigrants by backing a Senate immigration bill, says he's not criticizing Hudson County, simply looking "to protect the hardworking people of Hudson County from the Democratic machine that is hurting New Jersey."

Menendez was appointed to the Senate to fill the term of Jon Corzine, who was elected governor.

His elevation to the Senate opens the way for the election of another Cuban-American congressman: Sires, who came to the United States from Cuba in 1962 at age 11.

Should Sires, a Democrat, win his race for Menendez's former House seat - and there are no signs that he won't - he'd be the fourth congressman with Cuban ties, along with Reps. Lincoln and Mario Diaz-Balart and Ileana Ros-Lehtinen, all Florida Republicans.

"We'll be over-represented population-wise," rejoiced Cuban-American lobbyist Mauricio Claver-Carone, referring to the U.S. Cuban population, which numbers fewer than 2 million. "And that's just fine with us. We hope to be even more over-represented."

To that end, Claver-Carone's group, the U.S.-Cuba Democracy Political Action Committee, has maxed out contributions to Menendez, arguing that the community would benefit from a Republican Cuban-American senator, Mel Martinez of Florida, and a Democrat, Menendez.

Cuba, though, hasn't figured in the New Jersey race. Menendez said it rarely came up on the trail. "This is not Miami," he noted with a broad grin. Indeed, most of New Jersey's Cuban-Americans are loyal Democrats, Sires said.

Kean suggested that Cuba probably is the only area on which the two candidates agree. He said he had an aunt who'd fled Cuba, and he pledges he'd be staunchly pro-embargo.

The national parties are watching the race carefully. Democrats expect to hold the seat, central to their hope of taking control of the Senate.

But should the numbers continue to look rosy for Kean, national Republicans could throw some money his way, strategists suggest, though other states had looked more viable.

That New Jersey could be in play is worrying Democrats.

"The war could do it for him," said Ed Hughes, 72, a diehard Democrat who came to hear Menendez at a campaign event to quell doubts created by the ethics charges. "But they're going to try to take those machine ties and strangle him."

Inquiry Said To Involve An Agency's Links To Senator Menendez (NYT)

By David W. Chen

The New York Times, September 9, 2006

TRENTON, Sept. 8 — Federal prosecutors are reportedly examining the records of a nonprofit community agency in Hudson County that paid more than $300,000 in rent to Senator Robert Menendez while also getting millions of dollars in federal grants with Mr. Menendez's help.

WNBC-TV and The Star-Ledger of Newark reported on Thursday that the United States attorney's office had issued subpoenas to the agency, the North Hudson Community Action Corporation, in Union City, this week. A spokesman for the United States attorney declined to confirm or deny those reports on Friday, and repeated attempts to reach the North Hudson Community Action Corporation were unsuccessful.

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But Mr. Menendez, speaking on Friday at the annual convention of the Democratic State Committee in Atlantic City, criticized the timing of the subpoenas as being politically motivated, and repeated his earlier assertions that he did nothing either illegal or unethical in renting the house to the agency for use as office space.

Mr. Menendez is in a tight race for a full six-year term against his Republican opponent, State Senator Thomas H. Kean Jr. The United States attorney who issued the subpoenas, Christopher J. Christie, is a Republican appointed by President Bush.

"We have seen an orchestrated series of leaks, bogus ethics complaints and outright fabrications since the beginning of this campaign," said Mr. Menendez, adding that he personally had not been subpoenaed.

Jill Hazelbaker, Mr. Kean's communications director, dismissed Mr. Menendez's criticism.

"It's disturbing that despite an ongoing investigation by federal authorities, Bob Menendez refuses to take responsibility for his ethical failings," she said. "He's desperate and his campaign is imploding."

The landlord-tenant arrangement between Mr. Menendez and the agency is the latest flash point in a Senate race that has been dominated by accusations of ethical lapses.

Last month, two Republican assemblymen filed a federal ethics complaint claiming that Mr. Menendez had skirted conflict-of-interest rules in the transaction.

But Mr. Menendez repeated on Friday that he received oral permission from the House's ethics committee, and that the agency had received federal funds long before he was elected to Congress. He has also said that the agency, which provides various health and social services, had continued to receive funds, though he sold the house three years ago.

Mr. Menendez, who was appointed to the Senate by Gov. Jon S. Corzine to finish his term, was selected over several other Democrats, including Representative Robert E. Andrews of Camden County.

So when news of the subpoena spread on Friday, reporters asked Mr. Menendez and Mr. Andrews whether Mr. Menendez was under pressure to drop out of the race and be replaced by the congressman.

"In the end, this is all beside the point," Mr. Andrews said. "Menendez is going to win the election because of substance."

For his part, Mr. Menendez said that no one had asked him to drop out. "I think that if you heard all the speeches, the question need not be asked," he said, referring to those delivered by Democratic colleagues at the Atlantic City convention. "The answer is no."

Cardin, Mfume Seek To Distinguish Campaigns (WT)

By Jon Ward

The Washington Times, September 9, 2006

One question remained after the two leading Democrats in Maryland's U.S. Senate primary debated for more than an hour in front of an audience of black pastors in Prince George's County yesterday.

"How do the two of you differ?" the moderator asked.

"A lot of times we seem to be very similar," Rep. Benjamin L. Cardin said. "I think we're different."

"We get this question all the time," said former NAACP leader Kweisi Mfume, a former congressman.

Mr. Cardin and Mr. Mfume, whose contest will be decided in Tuesday's primary, emphasized that they have avoided negative attacks and have focused on issues.

"We've been doing this in the right way," Mr. Cardin said.

But after opening statements and 10 rounds of questions on issues ranging from the war in Iraq and genocide in Sudan to mandatory minimum sentencing and same-sex "marriage," their responses provided little to separate the two candidates.

Whoever wins Tuesday likely will face Lt. Gov. Michael S. Steele, a Republican, in the general election.

Yesterday's debate was held at the First Baptist Church of Glenarden in Landover.

Mr. Cardin and Mr. Mfume spent much of the hour yesterday agreeing on issue after issue, giving similar answers to the members of the Collective Banking Group Inc., which was formed to fight discriminatory lending against black churches.

On the question of bringing federal facilities to Prince George's, Mr. Mfume said, "Ben and I feel pretty much the same way."

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On federal funding for faith-based ministries, Mr. Cardin said, "Kweisi and I are in agreement about much of what has been said."

After the Rev. Jonathan Weaver posed the last question -- "How do you differ?" -- one pastor in the audience piped up, "That's the same question I was going to ask."

Mr. Cardin noted one difference. "Kweisi Mfume is a much better speaker than I am," he said. "I think I bring to this race more experience and more accomplishments."

Mr. Mfume said, "Ben is older than me, and I have more hair and mine is still black."

Mr. Cardin joined in the laughter at Mr. Mfume's joke.

Then Mr. Mfume talked about getting "special interest money" out of the political process and publicly financed campaigns, "so elections are not bought off by millionaires or billionaires."

Mr. Mfume has faced significant fundraising obstacles over his 17-month campaign, raising $1.1 million to Mr. Cardin's $5.5 million.

Mr. Steele has raised $5.2 million. As of Aug. 23, he had $3.1 million left, compared with Mr. Cardin's $1.6 million and Mr. Mfume's $307,437.

After the debate, some pastors said they appreciated the civility between Mr. Cardin and Mr. Mfume.

"I appreciate these guys treating each other with human respect, modeling before the community what it ought to be about," said the Rev. John K. Jenkins Sr., pastor of First Baptist Church of Glenarden.

But Mr. Weaver said he saw "very little difference" between the two candidates.

"If we had had two candidates that had very divergent views, I don't think that's an unhealthy thing, because then people could see that they have a very distinct choice," he said.

Democrats' Best Hopes Lie In Suburban The Northeast, Midwest (MCT)

By Steven Thomma

McClatchy Newspapers, September 9, 2006

NORRISTOWN, Pa. - Lois Murphy is a Democrat eager to oust a Republican congressman and help her party take back control of the U.S. House of Representatives.

She's been here before. She fell short two years ago, but this time she swears it's different. She might be right.

She's in a good position to oust two-term Republican Rep. Jim Gerlach. It could be an isolated win, or, as Democrats hope, it could be part of a realignment of seats in the suburban Northeast back to the Democrats, who long dominated the region's politics.

There are 435 elections for House seats this fall, but only a few dozen are competitive, and they're almost all in the Northeast and Midwest. Many of them are held by moderate Republicans in places, such as suburban Philadelphia, that went for Democratic presidential candidates Al Gore and John Kerry, as well as local Democrats such as Gov. Ed Rendell.

Now, thanks in part to voters' anger at the war in Iraq and disapproval of President Bush, Democrats have an opportunity in these districts to take advantage of a shift away from the national Republican Party that was already occurring.

"It's a very different environment," Murphy said. "It's a very different mood."

Even before Murphy came along, the suburban districts were growing less enamored of Republican rule in Washington. Prosperous, largely white and white-collar, the suburbs are fiscally conservative and socially liberal.

"The voters in the suburbs here are thoughtful, educated, independent thinkers," said Murphy, a former abortion-rights lawyer. "For a number of years, some Republicans have been drifting away over social issues, religion and state, science and environmental protection. Those issues have been accumulating. ... It's been a trend that was already in place but has accelerated in the last year."

This 6th District of Pennsylvania, while still closely divided, seems to be leaning toward the Democrats. It went for Gore by a razor's edge in 2000 and for Kerry by 51-49 percent in 2004.

Next door, the state's 7th Congressional District went for Gore by 51-47 percent and for Kerry by 53-47. Republican Rep. Curt Weldon won easily there, but he faces a strong challenge now from Democrat Joseph Sestak, a retired vice admiral.

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The nearby 8th District went for Gore by 51-46 percent and for Kerry by 51-48. Freshman Republican Rep. Michael Fitzpatrick won easily last time when he stepped in at the last minute to replace a retiring congressman and faced token opposition from a weak Democrat. This time, he has a tough opponent in Patrick Murphy, an Iraq veteran who won a Bronze Star.

All three are close contests, according to independent analysts Stuart Rothenberg of the Rothenberg Political Report, Charles Cook of the Cook Political Report and Larry Sabato of the University of Virginia.

In the 6th District, Gerlach is no right-wing ideologue. He's voted against oil drilling in the Arctic National Wildlife Refuge and against banning gay marriage, while voting to ban so-called partial-birth abortion. The National Journal, a respected Washington weekly, in 2004 put him in the middle on social issues and only slightly to the right on economic issues.

Yet Murphy might have the edge over him this time.

At this point two years ago, she trailed Gerlach in her own polling by 19 points and in campaign cash by $300,000. She closed strong, but lost, 51-49 percent.

Now, aides noted, she leads in the same poll by 1 point and has a cash advantage of $100,000 over Gerlach.

Election Day is Nov. 7.

Edwards Runs Tough Race Against Wynn (WP)

By Ovetta Wiggins

The Washington Post, September 9, 2006

Rep. Albert R. Wynn (D-Md.) has not faced formidable opposition since he was elected in 1992. He has trounced challengers, returning to office with no less than 80 percent of the vote in a primary or general election.

But Wynn is facing the political challenge of his career in Tuesday's Democratic primary against Donna Edwards, a lawyer and community activist who has mounted a vigorous and well-organized campaign to represent Maryland's 4th Congressional District.

Edwards drew little attention when she filed campaign papers in April to run against Wynn, but she has raised her profile in part with the help of Internet bloggers, who support her positions on the environment, campaign finance reform and Iraq. Edwards opposes the war; Wynn voted for the resolution authorizing it.

Connecticut businessman Ned Lamont's Democratic primary defeat of longtime incumbent Sen. Joseph I. Lieberman -- a vocal supporter of the Iraq war -- boosted enthusiasm about Edwards's campaign among bloggers. She continued to hammer Wynn on his vote to go to war in Iraq, calling the seven-term incumbent "Maryland's Joe Lieberman."

Wynn says he was misled by the Bush administration and notes that he was not the only Democrat who was. He has apologized for the vote and now believes the troops should be withdrawn.

"My opponent will say, 'Knowing what I know now, I wouldn't have voted for [the war],' " said Edwards during a recent NAACP candidates forum. "Well, sorry is just too late."

Wynn has spent little time campaigning in past elections but has increased his number of public appearances in his district, which includes parts of Prince George's and Montgomery counties. And he said he is "reaching deep into the playbook" as the campaign goes into the final stretch.

"We take this campaign very seriously," Wynn said. "But let's not make it seem like I'm campaigning against the second coming of Huey Long."

Edwards is a newcomer to Maryland politics. She has worked on Capitol Hill as a lobbyist for groups such as the Center for a New Democracy, where she was the executive director. On a national level, she has pushed for funding for domestic violence victims and reforming the campaign finance system. Locally, she and a community activist group fought against the building of National Harbor, a multibillion dollar resort along the Potomac River, until developers agreed to add a residential component to the project. She has received endorsements from Progressive Democrats of America, the Sierra Club and the National Organization for Women's political action committee.

"I'm not in this as a joke, and I'm not in this to make a statement," Edwards recently told a group of residents during a meet-and-greet at a Mitchellville home. "I'm in this to win it."

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Edwards supports a withdrawal from Iraq but has declined to say what the timetable should be. She wants to raise the minimum wage and thinks the country's energy policy should be weaned off of fossil fuels.

But the cornerstone of her campaign is portraying Wynn as out of step with the district's voters.

She points out that Wynn broke ranks with the party to vote in favor of the Bush administration's energy bill in 2003, which authorized tax breaks for energy producers. Wynn also supported the repeal of the estate tax, which would benefit the wealthiest Americans.

These votes, Edwards says, betray the constituents in the solidly Democratic district that runs from Clarksburg in Montgomery to Fort Washington in Prince George's.

Wynn says Edwards, who worked in his law office when she first got out of law school, has mischaracterized his record.

His campaign literature touts the backing of about 40 left-leaning groups, including the AFL-CIO and Planned Parenthood, as evidence that he remains a true Democrat, despite Edwards's attempts to cast him otherwise.

"I consistently vote with pro-choice, I consistently vote with labor unions," Wynn said during a recent interview. "This is a bunch of rubbish of the worst sort."

He makes no apologies for his vote on the Republican-sponsored energy bill. "I'm happy to stand behind the energy bill," he said, noting that the legislation included a $3 billion increase in energy assistance for low-income residents. "I'm more concerned about getting money for low-income residents. She's more concerned about having a partisan fight."

Wynn said he supports repealing the estate tax because business owners in his district and wealthy first-generation African Americans across the country requested it and because he believes people should be taxed when they are alive.

But he is not used to having to explain his position. In the past, he has faced opponents such as Republican John Kimble, who once said he was running because "the salary seems good." Kimble perhaps was best known for offering to pose nude in Playgirl magazine in a stunt to raise campaign money, and he recruited Wynn's ex-wife to do a radio ad six years ago.

Wynn described the contest with Edwards, who has support from Barbra Streisand, Danny Glover and Gloria Steinem, as "the liberal elite versus the pragmatic Democrat."

Although many political observers applaud Edwards's aggressive campaign, they say she has little chance of defeating the seven-term incumbent.

"She's put together a very energetic campaign," said Matthew A. Crenson, a political science professor at Johns Hopkins University in Baltimore. "But he's firmly entrenched."

Edwards said that when she became disillusioned with Wynn's record, she began asking elected officials about running against him. "No one would do it," said Edwards, who has not campaigned for office since high school. "They said, 'He can't be beaten, he has a machine.' "

Wynn continues to wave signs on busy intersections in Prince George's and Montgomery, and Edwards continues to try to penetrate Wynn's popularity, holding meet-the-candidate events in living rooms and basements across the district.

Nakia Nicholson, a teacher and Wynn supporter who recently attended one of Edwards's events, left impressed.

"I think she's a very knowledgeable, very capable candidate," Nicholson said.

But was she swayed?

"I'm in the middle right now," she said.

Governor Apologizes For Ethnic Comments (LAT)

By Robert Salladay And Michael Finnegan, Times Staff Writers

The Los Angeles Times, September 9, 2006

Schwarzenegger says reading his remarks on 'hot' Latinos made him uncomfortable.

SACRAMENTO — Saying he cringed after reading his own words, Gov. Arnold Schwarzenegger apologized Friday for characterizing a Latina lawmaker as hotblooded because of her ethnicity.

The governor said he was disturbed by published reports of a casual conversation with top aides at a private meeting in his Capitol office last spring, recorded by a staff member preparing a speech for him. He apologized for the remarks at a news

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conference in Santa Monica with Assemblywoman Bonnie Garcia (R-Cathedral City), the subject of his comments, smiling as she stood next to him.

"Anyone out there that feels offended by these comments, I just want to say I'm sorry. I apologize," Schwarzenegger said.

"The fact is that if I would hear these kind of comments in my house, by my kids, I would be upset," Schwarzenegger said. "It's one thing when you say things, but it's another thing when you read it in the paper. It made me cringe. It made me feel uncomfortable."

The Times obtained a copy of the audio recording and published the governor's remarks on its website Thursday evening and in the newspaper Friday.

On the six-minute recording, Schwarzenegger discusses Garcia with his Democratic chief of staff, Susan Kennedy. Their conversation, consisting mostly of casual banter, veered away from talk about two Republican legislative leaders to Garcia and her ethnic identity.

"She maybe is Puerto Rican or the same thing as Cuban. I mean, they are all very hot," the governor said. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

And he recalled a Cuban-born bodybuilder who, he said, "was like that."

Garcia, who has been campaigning for Schwarzenegger as one of his highest profile Latina supporters, said there was no need for apologies, because she refers to herself as hotblooded. The governor attended a fundraiser for Garcia's reelection campaign Thursday.

"I am not mad that he recognizes that I am passionate about the issues," she said, echoing comments she made to The Times on Thursday, "and I am not mad that he allows me to tell him exactly what I think, and what's on the mind of people in my community. So again, there is no need to apologize."

Assembly Republican leader George Plescia (R-San Diego), whom Kennedy said on the recording looked like a startled deer, also said no apology was necessary, although both the governor and Kennedy called him to express regret. He said he was not offended.

Plescia said his office was planning to make T-shirts with the phrase "Wild Bunch" on them for every member of the Legislature's GOP caucus — a reference to Schwarzenegger's characterization of Republican lawmakers on the recording.

"Some of us have thought of wearing it like a badge of honor," Plescia said.

On the recording, Schwarzenegger muses about Plescia's ability to "control that wild bunch upstairs," and describes the chamber's Republicans as an "unruly bunch of guys and girls."

Schwarzenegger said at the news conference that he had called several Latino and African American community leaders to discuss his taped remarks with them, although he did not name them. They understood that the remarks were part of an "off-the-record conversation, and it was not meant to be in any negative way," he said.

Schwarzenegger said the conversation had been taped, as some of his meetings are, "because I have a certain way of speaking" and because it helps his speechwriters get the "texture" of his accent.

"So I don't sound like any other politician speaking, I always sound like Arnold," he said, noting that his speechwriter was new on the job at the time.

The governor's apology did not mollify his opponents. State Treasurer Phil Angelides, the Democrat who is challenging his reelection bid this year, issued a statement saying Schwarzenegger "has used language that is deeply offensive to all Californians and embarrassed our state."

"His comments reflect a disturbing pattern of behavior," the statement said. "The governor has a responsibility to conduct himself with dignity."

Rep. Hilda L. Solis (D-El Monte) said she thought the comments were disrespectful because they portrayed Latinas as objects, not individuals with differing personalities.

"What is really sad is we're always trying to defy these stereotypes, especially Latino women in important positions," Solis said. "This doesn't help us. People just want to brush us off and depict us in a negative manner."

Schwarzenegger did not refer to his earlier remarks in a brief speech later Friday morning at the opening ceremonies of the Los Angeles County Fair in Pomona. During a leisurely stroll through the rows of hot dog and cotton candy stands, he obliged

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requests to recite lines from "The Terminator," autographed checkbooks and maps of the fair, and took one teenager's cellphone to say hello to the young man's friend on the other end.

Many of his greeters included blacks and Latinos, few of whom said they were disturbed by Schwarzenegger's comments about ethnicity and personality.

"It's probably true," said Frank Rodriguez, a stove assembly technician from La Puente who described himself as being of Mexican descent. "There's a lot more things to be offended about. He has a right to say what he wants, just like we do. If it was just anybody else on the street — if I said it, if you said it — nobody would care."

Vincent Kirby, a retired computer assembler from La Puente who said he is still deciding whether to vote again for Schwarzenegger, said the comments weren't likely to sway him one way or another.

"But as governor," said Kirby, 53, who said his ancestors included Spaniards, American Indians and Cajuns, "to really keep his face and his character and his charisma up, he should really avoid stuff like that."

*

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Times staff writer Maeve Reston contributed to this report.

Schwarzenegger Apologizes For Ethnic Group Remarks (NYT)

By Jennifer Steinhauer

The New York Times, September 9, 2006

LOS ANGELES, Sept. 8 — Gov. Arnold Schwarzenegger apologized Friday for saying in a closed-door meeting in March that Cubans and Puerto Ricans were naturally passionate because of their combination of “black blood” and “Latino blood.”

The comments were captured on tapes during a speechwriting session between Mr. Schwarzenegger, a Republican seeking re-election, and his chief of staff, Susan Kennedy, when they spoke of their shared affection for Assemblywoman Bonnie Garcia’s legislative style.

“I mean Cuban, Puerto Rican, they are all very hot,” the governor says on the recording. “They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it.”

The Los Angeles Times, which obtained a tape of the remarks, reported about them on Friday.

Early Friday, Mr. Schwarzenegger’s Democratic opponent, Phil Angelides, released a statement chastising the governor.

“Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state,” Mr. Angelides said.

But Ms. Garcia, a Republican and an ally of Mr. Schwarzenegger, responded in kind.

“The only embarrassment in California today is Phil Angelides’s sad and predictably partisan statement,” she said in a statement distributed by the Schwarzenegger campaign.

Soon, black and Hispanic lawmakers issued their own news releases, some saying they did not care for Mr. Schwarzenegger’s remarks, others saying there was nothing wrong with them.

Mr. Schwarzenegger called a news conference in Los Angeles with Ms. Garcia at his side to make the standard political apology.

“To anyone out there that feels offended by those comments, I just want to say I apologize,” he said.

“I called several Latino leaders,” Mr. Schwarzenegger said. “It was very clear that all of them understood that this was an off-the-record conversation, and they all said to me we are not preoccupied with these kind of things.”

Ms. Garcia praised the governor for recognizing “that I am passionate about the issues.”

Schwarzenegger Says He Is Sorry (WP)

By John Pomfret

The Washington Post, September 9, 2006

Gov. Arnold Schwarzenegger apologized yesterday for declaring during a closed-door meeting that Cubans and Puerto Ricans are "hot" because of their combination of "black" and "Latino blood."

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The action hero-turned-governor acknowledged that the tape-recorded comments made him "cringe" when he read them in yesterday's editions of the Los Angeles Times.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Schwarzenegger said, adding that if he heard his children make similar comments, "I would be upset."

Schwarzenegger was captured making casual remarks about fellow Republicans on a six-minute tape recorded during a March 3 speechwriting session with his advisers. The Los Angeles Times obtained the tape, placed a link to it on its Web site and put the story about Schwarzenegger's remarks on its front page.

On the tape, Schwarzenegger and chief of staff Susan Kennedy, who is a member of the Democratic Party, praise state Assemblywoman Bonnie Garcia (R-Cathedral City) and speculate about her ethnicity.

"I mean Cuban, Puerto Rican, they are all very hot," the governor says on the recording. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

The pair spoke affectionately about Garcia in the context of their attempts to induce recalcitrant Republican lawmakers to go along with a series of massive bond proposals to rebuild California's crumbling infrastructure that Schwarzenegger was attempting to hash out with the legislature. Californians will vote on the package, the biggest in the state's history, in November; Schwarzenegger is also running for reelection.

Garcia, who is Puerto Rican and the only Latina Republican in the assembly, appeared with Schwarzenegger yesterday and said she was not offended by the governor's comments. Garcia earlier told the Times that she refers to herself a "hot-blooded Latina."

"I love the governor because he is a straight talker just like I am," she said.

Another subject of the tape, Republican Assemblyman Kevin McCarthy, who was referred to as "Bakersfield boy," said he thought the tape was funny.

Schwarzenegger's opponent, Democratic nominee Phil Angelides, criticized the governor. "Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state," Angelides said in a statement released by his campaign. "His comments reflect a disturbing pattern of behavior. The Governor has a responsibility to conduct himself with dignity."

Garcia criticized Angelides, who trails Schwarzenegger by 13 points in the latest statewide poll, for trying to make political hay from the remarks. "The only embarrassment in California today is Phil Angelides' sad and predictably partisan statement," she said.

It is clear in listening to the tape that the governor and his aides knew they were being recorded, most probably by aide Gary Delsohn, a former Sacramento Bee reporter who was present at the meeting and is now the governor's chief speechwriter.

At one point, Schwarzenegger calls Kennedy a "major, major champion."

"Got that on tape?" Kennedy responds.

"It's on tape," Delsohn answers.

The comments on the tape are not the first time Schwarzenegger has sparked controversy or that the Los Angeles Times has put it on its front page.

In late August, Schwarzenegger settled a libel lawsuit with former late-night British TV personality Anna Richardson, who claimed she was groped by the Hollywood actor during a 2000 interview and defamed by his aides during his 2003 campaign for governor. Richardson's allegations and those of several other women were the subject of a front page Los Angeles Times article that ran days before Schwarzenegger's election in an unprecedented recall against his predecessor, Democrat Gray Davis.

"Just like the first L.A. Times story, I don't think this one is going to have any effect on the election," said Allan Hoffenblum, a Republican strategist. "Arnold is so well known among voters. No one thinks he's a bigot. He's just being Arnold."

Nonetheless, Hoffenblum said Schwarzenegger knows that the Latino vote in California is crucial for his reelection prospects. However, there was little sign yesterday that Latino leaders had taken offense.

A spokesman for Fabian NuÃ±ez, speaker of the Assembly and a co-chair of Angelides's campaign, said Schwarzenegger's relations with the Hispanic community had always been good. "These are hardly Nixon's Watergate tapes," spokesman Richard Stapler said.

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Schwarzenegger Regrets 'Very Hot' Remark (AP-Y)

By Michael R. Blood

AP, September 9, 2006

Gov. Arnold Schwarzenegger apologized Friday for saying in a closed-door meeting that the mixture of Hispanic and black blood gives Puerto Ricans and Cubans "very hot" personalities.

The Republican governor said he cringed when he read his own words in the Los Angeles Times story on Friday and added that the comments, referring to a GOP legislator, were not "meant to be in any negative way." Some critics were outraged, but even some Democrats said his remarks appeared to be more playful than disparaging.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Schwarzenegger told reporters outside a seaside hotel in Santa Monica.

The statements about Hispanics and blacks were captured on a six-minute tape made during a March 3 speechwriting session between Schwarzenegger and his advisers. On it, Schwarzenegger and chief of staff Susan Kennedy speak affectionately of state Assemblywoman Bonnie Garcia and speculate about her nationality.

"I mean Cuban, Puerto-Rican, they are all very hot," the governor says on the recording. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Schwarzenegger, in a tight re-election race, has displayed a more restrained, statesmanlike demeanor while all but retiring his trademark Hollywood swagger. But the newly disclosed remarks challenge that carefully managed image and provide a reminder of his history of off-the-cuff — and sometimes off-color — remarks.

He once called California legislators "girlie men" and talked of kicking nurses' "butts," the kind of comments he has sought to avoid during his re-election year.

Garcia, who is Puerto Rican, appeared with Schwarzenegger on Friday and said she was not offended by the governor's comments. Garcia earlier told the Times that she often calls herself a "hot-blooded Latina."

Schwarzenegger also said he called leaders from ethnic groups, who he said were not upset.

The Democrat who wants to unseat him, state Treasurer Phil Angelides, said the governor "used language that is deeply offensive to all Californians."

U.S. Rep. Barbara Lee, D-Oakland, a member of the Congressional Black Caucus, said Schwarzenegger's "racist comments were disgusting," while Esteban Torres, chairman of the National Latino Media Council, called the remarks "an enormous slip of the Schwarzenegger tongue."

But Assemblyman Mervyn Dymally, a Democrat who chairs the state Legislative Black Caucus, called the remarks "usual political banter. We do this all the time. In this case, it just happened to be taped."

"These are hardly Nixon's Watergate tapes," said Richard Stapler, a spokesman for state Assembly Speaker Fabian Nunez, a Democrat.

Schwarzenegger aides routinely tape his speechwriting sessions so the writers can keep a record of his thoughts and speaking patterns.

The newspaper did not say how the tape was obtained. The participants suggest during the meeting that they know they are being recorded.

Major Iranian Bank Is Blocked From Using U.S. Financial System (WSJ)

By Deborah Solomon

The Wall Street Journal, September 9, 2006

WASHINGTON -- The Bush administration said it has blocked a major Iranian bank's access to the U.S. financial system, the latest step in Washington's growing attempt to isolate Iran.

Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said Bank Saderat, one of Iran's largest state-owned banks, no longer will be able to use the U.S. financial system. In a speech before the American Enterprise Institute, Mr. Levey said Bank Saderat had helped transfer hundreds of millions of dollars to terrorist organizations, including Hezbollah and Hamas.

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The quest to cut off Iran's support to Hezbollah gained urgency this summer when the Shiite Muslim militia and Israel engaged in intense fighting in Lebanon and Hezbollah unleashed hundreds of rockets into Israel. The size of Hezbollah's arsenal raised alarm at the level of Iranian support for the group.

At the same time, the U.S. is eager to show that Iran can be cut off economically in the run-up to United Nations Security Council debates this fall that will focus on ways to impose economic sanctions for Tehran's refusal to give up its nuclear program's uranium-enrichment work.

The move is part of a broader Bush administration effort to hamper Iran's efforts to aid terrorism and acquire sophisticated weapons, by convincing other governments and financial institutions world-wide to stop doing business with Iranian-controlled companies.

"This is an appropriate leveraging of U.S. economic sanctions by authorities to make it more difficult for Iran to use the common international financial infrastructure to engage in buying materials for its nuclear program, to support terrorist activities and to do other bad stuff that jeopardizes security," says Jonathan Winer, a former State Department official in the Clinton administration and now a partner at law firm Alston & Bird LLP.

While Iranian financial institutions can't directly access the U.S. financial system, they can touch it indirectly by working through foreign banks. These so-called "U-turn transactions" allow U.S. banks to process payments involving Iran if the money transfer begins and ends with a non-Iranian foreign bank. Friday's move will prohibit Bank Saderat from participating in transfers involving U.S. banks.That, in turn, will pressure foreign banks to stop dealing with Bank Saderat.

U.S. Moves To Isolate Iranian Banks (WP)

By Glenn Kessler

The Washington Post, September 9, 2006

The Bush administration has stepped up a broad effort to choke off Iran's ability to finance militant groups and acquire weapons technology by cutting off suspect banks and firms from the international banking system, U.S. officials said yesterday.

The initiative has gathered steam in recent weeks, even as the U.S.-led effort to bring sanctions against Iran for its nuclear activities has slowed at the U.N. Security Council. Officials have especially focused on Iran's financing of the radical Shiite militant group Hezbollah in the aftermath of Israel's war with Hezbollah in southern Lebanon this summer.

The Treasury Department said yesterday it had cut off one of Iran's largest state-owned banks from the U.S. financial system, accusing Bank Saderat of funneling $50 million to a Hezbollah-controlled firm since 2001. The bank -- which has about 3,400 branch offices across the Middle East and elsewhere -- has also been used by Iran to transfer money to Hamas, the Popular Front for the Liberation of Palestine-General Command and Palestinian Islamic Jihad, the Treasury Department said.

Iranian banks are already barred from doing business directly with U.S. banks, but U.S. banks are permitted to process payments involving Iran that begin and end with a non-Iranian foreign bank, in what are called "U-turn" transactions. Treasury's action will end such indirect access for Bank Saderat.

On Thursday, Treasury separately targeted two Lebanon-based financial institutions that officials said acted as Hezbollah's unofficial treasury, helping secure loans and finance business deals for the organization, among other things.

Stuart Levey, the Treasury undersecretary for terrorism and financial intelligence, said he will go to Europe next week to enlist support from governments and financial institutions for severing Iran from the international financial system. Other Treasury and State Department officials are traveling across Asia and the Middle East to make similar pitches.

"This is certainly an example of the variety of different levers that are available not only to the United States, but other countries as well about how to bring about a change in behavior in the Iranian regime," said State Department spokesman Sean McCormack, referring to the action against Bank Saderat.

"Our actions this week are a sign of the costs that Iran's leaders will impose on the Iranian people if the leadership chooses to remain on its current path of defiance," Levey said yesterday in a speech to the American Enterprise Institute. "The regime will end up isolating Iran from the world community, with reputable financial institutions becoming increasingly unwilling to handle Iran's business."

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Levey noted that earlier this year the Swiss bank UBS ended its dealings with Iran, while two other banks, HSBC and Credit Suisse, sharply curtailed their business.

"The next steps may involve sacrifice, but I think that people are beginning to recognize that the costs we face now pale in comparison to those we might face in the future if Iran does not change course," he said.

Levey said Treasury has had tremendous success against North Korea, which has suffered since Treasury a year ago accused a bank in Macao of being a conduit for North Korean counterfeiting and money laundering. A number of financial institutions around the world immediately stopped doing business with North Korea, Levey said, warning that all financial institutions should consider abandoning dealings with North Korean companies. "The line between North Korea's licit and illic it money is nearly invisible," he said.

North Korea has refused to return to multilateral disarmament talks, citing the Treasury action.

U.S. Cracks Down On Iranian Bank (AP-Y)

By Jeannine Aversa

AP, September 9, 2006

The Bush administration, stepping up the pressure on Tehran, moved Friday to sever a big Iranian state-owned bank from the U.S. financial system.

Stuart Levey, the Treasury Department's under secretary for terrorism and financial intelligence, said the government's action is against Bank Saderat, which the United States contends is used by Iran to transfer money to terrorist groups, inclu ding Hezbollah.

While Iranian financial institutions are barred from directly accessing the U.S. financial system, they are permitted to do so indirectly through a bank in another country. The United States is closing down that avenue for Bank Saderat, a U.S. Treasury official explained. The action, which involved a change in regulations, doesn't apply to other Iranian banks, the official said.

"Today we have cut off one of the largest Iranian state-owned banks, Bank Saderat, from the U.S. financial system," Levey said.

It marked the administration's latest effort to turn up the heat on Iran.

The United States wants the U.N. to impose sanctions against Iran unless the country stops enriching uranium, a key step in making nuclear weapons.

Friday's action also is the latest step to financially clamp down on Hezbollah, which the United States says is bankrolled in large part by Iran.

The U.S. calls Lebanon-based Hezbollah a terrorist group that is suspected of involvement in terrorist attacks worldwide. The U.S. also blamed Hezbollah for triggering recent bloodshed in the Middle East involving Lebanon, Israel and the terrorist organization.

Levey said that since 2001 a Hezbollah-controlled organization, which he did not identify, received $50 million directly from Iran through Bank Saderat.

"Hezbollah has used Bank Saderat to transfer funds, sometimes in the millions of dollars, to support the activities of other terrorist organizations such as Hamas in Gaza," Levey said. "We will no longer allow a bank like Saderat to do business in th e American financial system, even indirectly."

Levey will be traveling to Europe, where he'll talk to government officials and business people about persuading banks and other financial institutions to stop doing business with Iran. Some banks are already rethinking their relationships with the country, he said.

"Earlier this year, the Swiss bank UBS cut off all dealing with Iran," Levey said. "HSBC and Credit Suisse have also limited their exposure to Iranian business."

It is a difficult decision for banks to make given Iran's standing in the global economy, including its position as a major oil supplier, Levey acknowledged in an interview with The Associated Press last week.

"The next steps may involve sacrifice, but I think that people are beginning to recognize that the costs we face now pale in comparision to those we might face in the future if Iran does not change course," Levey said Friday.

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U.N. Is Moving To Punish Iran, U.S. Envoy Says (NYT)

By Judy Dempsey

The New York Times, September 9, 2006

BERLIN, Sept. 8 — The United States wants the major powers to begin talks next week on a draft United Nations resolution against Iran if it does not halt its enrichment of uranium, a senior American official said Friday.

"We are heading toward the U.N. Security Council to consider a sanctions regime," R. Nicholas Burns, the United States under secretary of state for political affairs, said in a speech at the American Academy in Berlin after meeting with diplomats from Britain, France and Germany. He also met separately with representatives of China, Russia, Japan, Italy and Canada.

Mr. Burns said that the meeting with the European diplomats, held Thursday, was "the first time we sat together to discuss what type of sanctions" to impose on Iran. He said talks with them and the diplomats from Russia and China would resume Monday by conference call, and then shift to the United Nations.

"The American view is that following these discussions on Monday, and perhaps some others early next week, we should move this to the Security Council and draft a resolution," he said, adding that sanctions would be "directed at the Iranian government and the nuclear industry" as well as its nuclear research program.

The sanctions proposal would consist of two phases, said a senior diplomat familiar with the talks. The first would aim to limit international travel by Iranian nuclear experts and freeze their assets outside Iran. If the enrichment program continued, the diplomat said, the United States would urge that the travel ban and freeze on assets be extended to top government officials.

He said he hoped a draft resolution would be ready when the General Assembly convenes Sept. 18.

Javier Solana, the European Union's foreign policy chief, is to meet Saturday with Ali Larijani, Iran's nuclear negotiator.

U.S. Expects Iran Sanctions Within Weeks (AP)

By George Jahn, Associated Press Writer

AP, September 9, 2006

The United States expects a Security Council agreement on U.N. sanctions against Iran within weeks unless Tehran agrees at the last minute to freeze uranium enrichment, a senior State Department official said Friday.

Undersecretary of State Nicholas Burns also dismissed suggestions of cracks in the six-power coalition pushing Tehran to give up enrichment.

Speaking a day after those countries ended confidential discussions in Berlin, Burns said further talks were needed on how harshly to penalize Tehran for its refusal to freeze enrichment, as demanded by the Security Council. But he said a lot of progress was made.

Outlining the U.S. view of the timetable on Iran in the coming weeks, Burns said the six nations would further consult by phone on Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"It's fair to say we have ... a lot more work to do," he told guests at an event staged by The American Academy in Berlin. "But I believe we will be successful in passing the sanctions resolution shortly" in the Security Council, he added.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Thursday's meeting in Berlin came amid efforts by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

In a confidential document obtained by The Associated Press and sent to dozens of capitals last week, Britain, France and Germany warned that Tehran's stalling tactics on whether it was ready to meet terms for new nuclear talks were an attempt "to split the international community."

But there were indications that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering.

While Iran has expressed a desire for negotiations, the six nations have insisted that Iran suspend enrichment before talks begin. The six countries — Germany plus Security Council powers Britain, France, China, Russia and the U.S. — have offered Iran a package of economic, political and strategic rewards to comply with the demand.

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But French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest that demand was negotiable, saying: "The question is to know at what moment this suspension takes place compared to negotiations."

Burns dismissed suggestions of a split, saying all five permanent Security Council members insist negotiations should not start until Iran suspends enrichment.

"I have not heard from any government from this group that we should change the basic offer, that hasn't changed," he said, adding: "No one mentioned anything like this" during Thursday's meeting.

"The Iranians are in a very tough position," Burns said. "At first they thought, let's divide the United States from the EU-3 and that didn't succeed. The Iranians are obviously trying to divide Russia and China from the rest of us, and that hasn't succeeded."

Still, a diplomat familiar with the U.S. stance said Burns was worried about the French statement, which would weaken what has been a unified stance between the four Western countries in the six-nation coalition for a need to move to sanctions if Iran remains defiant.

Mohammed Khatami, the two-term former Iranian president, suggested that not only France but Russia and China — which have been skeptical about sanctions — were no longer insisting that an enrichment freeze had to precede negotiations.

"As far as I know, Russia, China and France are interested in pursuing the dialogue even without preconditions," he said Thursday in Washington.

Burns spoke on the eve of a crucial meeting between senior EU envoy Javier Solana and Ali Larijani, the chief Iranian nuclear negotiator. An Iranian official told the AP the talks were set for Vienna, with Larijani scheduled to arrive Friday evening.

The talks are considered a final attempt to find common ground to start negotiations between Iran and the six powers.

As the Americans and their allies worked at the Berlin meeting to overcome Russian and Chinese opposition to sanctions, the European document appealed to other countries for support.

The 1 1/2-page paper labeled "In Confidence" summarizes Iran's response to incentives package. The six powers have also asked Iran to consider a long-term moratorium on the technology, which can be misused to make nuclear arms.

Iran, which insists its nuclear program is meant only to produce fuel, refused suspend enrichment by an Aug. 31 deadline set by the Security Council. Its Aug. 22 response to the rewards offer has been kept confidential. But the United States and its allies have described it as unsatisfactory, primarily because of Tehran's refusal to consider freezing enrichment.

"The Iranian goal obviously is to split the international community," says the document, drawn up by Britain, France and Germany. While not specifically threatening U.N. sanctions, it says the Security Council will have to consider "further steps" if Tehran continues to defy the council.

Diplomats familiar with the document said it was drawn up to inform other nations of the substance of Iran's counteroffer and share the Western view that it was inadequate.

"The reply is along the lines of previous Iranian statements in that typically it neither accepts nor rejects outright" the six-nation proposal, said the document.

U.S. Confident Of Sanctions On Tehran (WT/AP)

By George Jahn

The Washington Times, September 9, 2006

BERLIN -- The United States expects a U.N. Security Council agreement on sanctions against Iran within weeks unless Tehran agrees to freeze uranium enrichment, a senior State Department official said yesterday.

Undersecretary of State R. Nicholas Burns also dismissed suggestions of cracks in the six-nation coalition pushing Tehran to give up enrichment.

Speaking a day after those countries ended confidential discussions in Berlin, Mr. Burns said further talks were needed on how harshly to penalize Tehran for its refusal to freeze enrichment, as demanded by the Security Council. But he said a lot of progress had been made.

In Washington, former Iranian President Mohammed Khatami told a group of American Muslims that they should take the lead in condemning terrorist attacks like the one on September 11, as well the wave of "Islamophobia" and distorted images of Islam that followed the attacks.

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"We Muslims should condemn these atrocities even more strongly," he said, speaking through an interpreter.

"Warmongers, those who kill and suppress and those who commit acts of terror, if they identify themselves with Islam," they are lying, he said.

Mr. Khatami, president of Iran from 1997 to 2005, spoke at a dinner hosted by the Council on American-Islamic Relations, the country's largest Muslim civil liberties group, as part of a three-day visit to Washington. He is the highest ranking Iranian official, current or former, to visit the United States since the 1979 Islamic Revolution.

The ex-president is scheduled to conclude his two-week, five-city American tour with a speech at Harvard University's Kennedy School of Government in Boston tomorrow.

Outlining the U.S. view of the timetable on Iran in the coming weeks, Mr. Burns said the six nations would further consult by phone on Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"It's fair to say we have ... a lot more work to do," he told guests at an event hosted by the American Academy in Berlin. "But I believe we will be successful in passing the sanctions resolution shortly" in the Security Council, he added.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Thursday's meeting in Berlin came amid efforts by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

While Iran has expressed a desire for negotiations, the six nations have signed off on a proposal that Iran suspend enrichment before talks begin. The six countries -- Germany plus Security Council powers Britain, France, China, Russia and the United States -- have offered Iran a package of economic, political and strategic rewards to comply with the demand.

But French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest that demand was negotiable, saying: "The question is to know at what moment this suspension takes place compared to negotiations."

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The talks are considered a final attempt to find common ground to start negotiations between Iran and the six powers.

Khatami Blasts Wave Of 'Islamophobia' (AP-Y)

By William C. Mann

AP, September 9, 2006

Iran's former president decried a wave of "Islamophobia" that he said is being spread in the United States by fear and hatred of Islam in response to terror perpetrated by Muslims.

"In the crime of 9/11, two crimes were committed," Mohammad Khatami said. "One was killing innocent people. The second crime was masking this crime in the name of Islam."

Under smothering security, with dozens of uniformed police and plainclothes American security personnel provided by the State Department, Khatami spoke Friday night at an event sponsored by the Council on American-Islamic Relations called "The Dialogue of Civilizations: Five Years After 9/11."

Khatami is visiting the United States for two weeks, coming to this Washington suburb after two days in the nation's capital. Unlike at an appearance Thursday night in the Washington National Cathedral, no protesters were evident outside the hotel

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where he spoke. Multiple marked and unmarked security vehicles were outside, and a segment of Jefferson Davis Highway, a main Arlington artery, was shut down while he was there. At least one helicopter swooped repeatedly over the area.

Khatami, the most senior Iranian to visit Washington in a quarter-century, spoke in front of American and Iranian flags, draped in each other's folds.

The talk broke no new ground for Khatami, considered a reformist during his two terms as president that ended last year. He was among the first foreign leaders to condemn the Sept. 11, 2001, attacks. His visit to the United States drew criticism from some politicians and others because of the bitter contention now under way between Iran and the United States over actions of his successor, Mahmoud Ahmedinejad

He told his audience through an interpreter that in conditions that have followed the Sept. 11 attacks, American Muslims should show their countrymen by example that they, not terrorists, represent Islam.

"Demonstrate to others that whatever is said about Islam in the media is not correct" and combat the "wave of Islamophobia and hatred of Islam that we unfortunately are experiencing today," he said.

He laid out three goals for Muslims: "Your responsibility and our responsibility is to be first a good citizen in whatever country you live; to try for yourself and your children to move up the ladder of social achievement and education; and third is to fight the vague Islamophobia that has been created by those who don't have the best interests of Islam at heart."

He said "killers who go among others and kill others in acts of terror, if they identify themselves with Islam, they are lying. You Muslims who live in the United States should be representatives of enlightenment and don't allow those who create this Islamophobia" to speak for the religion.

A Cleric Steeped In Ways Of Power (NYT)

By Michael Slackman

The New York Times, September 9, 2006

TEHRAN, Sept. 3 — As Iran defies the West over its nuclear program, the public face of the nation has become the outspoken president, Mahmoud Ahmadinejad. But it is the supreme leader, Ayatollah Ali Khamenei, who by most accounts has been the primary architect of Iran's combative foreign policy, and the force behind the president's own power.

Cloaked in religious robes, with a black turban signaling that he is a descendant of the Prophet Muhammad, Ayatollah Khamenei delivers the same blistering anti-American, anti-British, anti-Israeli message as the president.

His political evolution charts his own rise to power. As the Friday Prayer leader nearly two decades ago, he questioned the absolute power of Iran's supreme leader, saying Islamic law and the Constitution must come first. Today, he has emerged as an aggressive defender of his own right to have the final say in all matters of state and religion — a power he has not been afraid to exercise.

Indeed, political analysts, clerics and former government officials here said they believed that he had pushed for a more confrontational approach with the West because he grew disillusioned with the so-called confidence-building policy pursued by the reformist government of Mohammad Khatami.

They said he also sought to consolidate his power by building a political base among Iran's more fundamentalist circles, which are suspicious of the West. Along the way, he succeeded in sidelining most of those with independent authority, such as the former two-term president Ali Akbar Hashemi Rafsanjani, who pushed to select Ayatollah Khamenei as supreme leader.

"He wanted to preserve his power and he has been quite successful," said Mohsen Kadivar, a senior reformist cleric in Tehran. "His power is stronger today. Everyone who is in power is to obey him, completely. But his authority, which comes from people's support, has not increased."

Ayatollah Khamenei's political evolution from the traditionalist right to the more fundamentalist camp was described in interviews with present and former state officials, clerics who worked with him before and after the revolution, Western diplomats in Tehran and political analysts. Virtually all insisted on anonymity, fearing retribution if they spoke publicly. They all cautioned that they held only pieces of the puzzle.

The supreme leader is such a sensitive subject here that the government press office declined to submit a request to visit his office, or speak with his administrative staff.

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When Mr. Ahmadinejad was elected last year, many analysts and present and former officials said he was Ayatollah Khamenei's candidate. But when the president came out with his aggressive comments — about nuclear energy and Israel in particular — many wondered aloud if the leader's candidate was speaking without the consent of his prime patron. It is still impossible to know whether, for example, the president asked for permission before sending letters to world leaders, including President Bush.

But Ayatollah Khamenei (pronounced kha-meh-neh-ee) erased some of that confusion late last month, when he made statements siding with the president against the Guardian Council, which oversees all government decisions, and Parliament. In a news conference last month, Mr. Ahmadinejad acknowledged that Ayatollah Khamenei had advised his administration to try to broaden its circle of advisers and reach out to more "intellectuals."

When Ayatollah Khamenei was chosen 17 years ago to succeed Ayatollah Ruhollah Khomeini, the father of the Islamic Republic, he was finishing his second term as president, a relatively weak job then because there was also a prime minister.

The ayatollah, a midlevel cleric without a strong political base, was chosen in part because he was not seen as a threat to other powerful clerics or politicians, political analysts in Tehran said. In fact, for his first six years as leader, it was President Rafsanjani who ran the state, according to people who worked with both men.

Over time, Ayatollah Khamenei created a system that many political analysts and Western diplomats here say is less a theocracy and more an autocracy — with loyalty to the leader the prerequisite for influence.

Ayatollah Khamenei has strong ties to the Basij volunteer morality squads and the Revolutionary Guards, and has won the allegiance of some powerful seminaries in the religious center of Qum by giving them state funds. He also has strong allies in the Guardian Council and the Assembly of Experts, which technically exercises oversight of the leader.

While Iran's elected officials are subjected to public scrutiny and criticism, the supreme leader is not. He is more than a head of state; he is a symbol of two core elements of the Islamic Republic's official identity — revolution and religion. As a result, assessing the leader is a red line in Iran, one few people are willing to cross, at least publicly.

The Constitution gives the supreme leader near total control of the state, though officials like to emphasize that he is selected by the Assembly of Experts, which is elected by the public. The leader appoints all military and security commanders, he has the power to declare war and must confirm the election of the president. He appoints the head of the judiciary, more than half the members of the Guardian Council and the head of state television.

Still, Iran is not a country ruled by decree. There are multiple power centers and competing agendas, requiring that major decisions be made after consultation and compromise.

As Ayatollah Khamenei has consolidated power, he has defined Iran's agenda. He supports Iran's right to pursue nuclear energy, rails against the failure of "liberal democracy" and often talks about the "usurper Zionist regime" — just as President Ahmadinejad does.

Here is what the supreme leader said at a conference in Tehran in April:

"The bitter and venomous taste of Western liberal democracy, which the United States has hypocritically been trying to portray through its propaganda as a healing remedy, has hurt the body and soul of the Islamic Ummah and burned the hearts of Muslims."

Ayatollah Khamenei appears to have gravitated closer to the fundamentalists. But he has always held conservative values. In a 1996 interview with the hard-line journal Sobh, for example, he wrote that children should not be allowed to play music. "Teaching music is not in accordance with the Islamic establishment, and teaching music to schoolchildren brings corruption," he said.

In early power struggles over the scope of the supreme leader's authority, however, he spoke out in support of limits. In the early years of President Khatami's reformist rule, he tolerated some popular changes relaxing social restrictions and allowing more freedom of the press.

But he appears to have worked steadily to undermine Mr. Khatami, and those efforts accelerated after he sensed that the reform movement was challenging his authority. One former high-ranking reformer who remains friendly with Ayatollah Khamenei said that the biggest mistake the reformers made was to challenge the power of the supreme leader.

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The former official, who is still involved in politics and said he meets regularly with Ayatollah Khamenei, said many of the supreme leader's decisions were based on political calculations aimed at preserving his power. "He reacted to efforts by radicals among the reformers to weaken him," the former official said.

When Ayatollah Khomeini died in 1989, the country's leaders had talked about creating a council to replace him. The logic was twofold: there was a sense that no one could command the same authority and respect as Ayatollah Khomeini, and other officials did not want to cede power to a new leader, people familiar with the decision process said.

Mr. Rafsanjani, then the speaker of Parliament, was one of Iran's most powerful men. He pressed for a new supreme leader, saying it was essential to have one person in that post — and he pushed through the selection of Ayatollah Khamenei.

"Rafsanjani definitely played a role in making him leader," said Mahmoud Vaezi, a former deputy foreign minister who now sits on the Expediency Council, which arbitrates disputes between the elected and appointed arms of government.

But in time, the supreme leader figured out how to project his authority. He changed his dress, from elegant clerical robes to the more conservative, simple and traditional religious garb hidden beneath a flowing black cape. He also draped around his neck a kaffiyeh, the checkered scarf that is a symbol of resistance.

"Nobody should forget that as the leader, he is a revolutionary and a religious man," said Mehdi Karoubi, a cleric and former speaker of Parliament who was among the early followers of Ayatollah Khomeini. "In his public comments he has to reflect those realities."

The leader's consolidation of power appeared to reach its height on the day of the new president's inauguration ceremony last year, when Mr. Ahmadinejad made a very public gesture of obedience by gently leaning over to kiss his hand.

Still, Ayatollah Khamenei is known to consult widely before making a final decision. And he has made efforts to appear inclusive, reaching beyond his base. Recently, for example, he created a new strategic foreign policy committee and put a former official from Mr. Khatami's reform government in charge, although the official is related to the leader.

Many Iranians who know him describe the ayatollah as a man who loves the arts, writes poetry and is a voracious reader. And most confine themselves to safe generalities: "He is a very kind, sincere, joyful person," said Muhammad Ali Besherati, a former interior minister.

Ayatollah Khamenei was born in 1939 in Mashhad, a holy city in northeastern Iran. His father was a cleric, and according to his own biography, an ascetic who lived a life of few comforts. He was a follower of Ayatollah Khomeini and is said to have been a strong supporter of the students who stormed the United States Embassy in 1979 and held the staff hostage for 444 days. He was first elected president in 1981 and was re-elected to a second term in 1985.

In important early battles over the scope of the supreme leader's power, Ayatollah Khamenei apparently took a more moderate stance than his predecessor. In December 1987, he first spoke out in favor of limits on that power in a conflict between Parliament and the Guardian Council, which sought to nullify a labor law Ayatollah Khomeini had backed, saying it conflicted with Shariah, or Islamic law.

Mr. Khamenei, speaking at Friday Prayer, suggested that the Constitution had to be observed by everyone and that laws had to respect Shariah. Mr. Khomeini rebuffed him, stating that the supreme leader could overrule even Islamic law.

In 1989, Ayatollah Khomeini issued a fatwa authorizing the murder of Salman Rushdie for his book "The Satanic Verses." At the time, Mr. Khamenei was the leader of the Friday Prayer sermon, a post that allowed him to address the nation.

"Islam is the religion of blessing and kindness," he was quoted as saying in the Feb. 15, 1989, edition of the newspaper Kayhan. "And anyone who repents of what he has done, no matter how serious the sin, he ought to be optimistic of being forgiven by God."

He was again rebuffed by Ayatollah Khomeini, who issued a scathing public rebuttal.

Israel Ends Its Blockade Of Lebanon's Coastline (NYT)

By Craig S. Smith

The New York Times, September 9, 2006

BEIRUT, Lebanon, Sept. 8 — Israel lifted its sea blockade of Lebanon on Friday, releasing its last major chokehold on the country since war broke out in July.

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Fishing boats, their crews hoping to salvage what was left of the season before winter set in, chugged out to sea while water skiers and wind surfers skimmed the waves without worry for the first time in nearly two months.

More important for the Lebanese economy, ships loaded with cars, food and oil steamed toward Beirut. Trade routes to the country were cut in mid-July during the opening days of the war, and Israel had maintained the blockade even after a cease-fire was declared in mid-August. The embargo has cost the country hundreds of millions of dollars in lost trade.

Israel said it had turned over responsibility for patrolling the Lebanese coast to Italian warships, which would help the Lebanese Navy enforce a United Nations-mandated arms embargo against Hezbollah.

"The naval blockade has ended," said David Baker, an official in the office of the Israeli prime minister, Ehud Olmert. "The international forces have taken their positions."

Many experts here believe that Hezbollah still has plenty of weapons, and they doubt that it would try to import more arms now in any case. Few Lebanese, meanwhile, believe the multinational naval presence can do much to stop any banned shipments that do come. Hezbollah's already strong political influence in Lebanon has grown in the wake of the war.

Under the United Nations-brokered agreement that ended the blockade, the interim naval force is to remain six nautical miles from the coast and carry out searches of vessels only at the request of the Lebanese Navy. The multinational naval force is not authorized to act on its own.

The blockade was to have been lifted Thursday, but the action was delayed by confusion over who was to lead the naval force until German ships arrive to take over the task. France, which has had two ships in place since the conflict began, was initially expected to take the lead, but that role was shifted to the Italians, who have four ships offshore.

The United Nations Interim Force in Lebanon said it had already established a naval operations center to coordinate all operational details.

"The blockade has seriously undermined the Lebanese economy, and it is high time for it to end so as to allow the people to get back to their businesses," read a statement issued by Maj. Gen. Alain Pellegrini, chief of the United Nations force.

The number of troops committed to the force continued to rise, with Italy saying that it would soon deploy more troops to southern Lebanon. The first of 900 French troops are expected to begin arriving there Saturday, and 500 Lebanon-bound troops left Spain by ship on Friday.

Italy's foreign minister, Massimo D'Alema, said in Tel Aviv that the number of peacekeepers in southern Lebanon could reach 5,000 by the end of next week.

"It will be possible to have an agreement on the withdrawal of Israeli troops in the next 10 days," he told reporters.

A spokesman for the United Nations force said that peacekeepers from Guyana, part of the earlier United Nations presence, had begun patrolling in the central and western sectors of southern Lebanon, while Indian peacekeepers were patrolling in the southeast.

He said the force had turned over three sectors north of Naqura to the Lebanese Army. Agence France-Presse reported that troops from Lebanon's Sixth Brigade, supported by tanks, entered 10 villages in the region on Friday.

Israel sent thousands of troops into southern Lebanon during the war, and they have been steadily withdrawing, though some remain in the border area.

...

But the Israeli news media reported Friday that military officials hope to complete the withdrawal before the Jewish New Year, which begins Sept. 22.

In another development, Mr. Olmert said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting, then Israel would be willing to discuss Shabaa Farms, a disputed piece of land near where the borders of Syria, Lebanon and Israel converge.

Israel captured Shabaa Farms from Syria as part of the Golan Heights in the 1967 Arab-Israeli war. However, Lebanon now claims the 10-square-mile swath of land, which overlooks Israel's Hula Valley.

When Israel withdrew from southern Lebanon in 2000, the United Nations, which marked the border with Israel, did not put Shabaa Farms in Lebanon. The land has been a point of contention since then, and is often mentioned by Hezbollah as a continued Israeli occupation of Lebanese territory.

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Resistance to Israeli occupation is the principal reason Hezbollah gives for keeping its arms.

Mr. Olmert's remarks, made Thursday night at a meeting with the visiting Russian foreign minister, Sergei Lavrov, suggested that Hezbollah would have to disarm before any negotiations took place.

Israel failed to make Hezbollah do that by force in the recent fighting, however, and there is currently no political power inside Lebanon strong enough to compel the group to give up its weapons.

Israel Lifts Lebanese Sea Blockade (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, September 9, 2006

Move Ends Restrictions Imposed at Outbreak of War With Hezbollah

BEIRUT, Sept. 8 -- Israel lifted its eight-week-old maritime blockade of Lebanon on Friday, the United Nations announced, and within hours a gleaming white ship pulled into Beirut harbor carrying a load of appliances.

The reopening of sea lanes to Lebanon, which the United Nations said took place in the early afternoon, came one day after Israel lifted its blockade of air traffic, completing the end to suffocating restrictions imposed when war broke out between Israel and the Hezbollah militia on July 12.

"The blockade has seriously undermined the Lebanese economy, and it is high time for it to end so as to allow the people to get back to their businesses," said Gen. Alain Pellegrini, the commander of U.N. forces in Lebanon.

The head of the Beirut International Chamber of Navigation, Elie Zakhour, told reporters that six cargo ships were bound for the Lebanese capital carrying cars and containers of other goods. The lineup reflected Beirut's role as a regional hub for imports and exports, a major component of the Lebanese economy that withered under restrictions even after fighting ended on Aug. 14.

Israel said it imposed the blockade to prevent arms shipments to Hezbollah, the militant Shiite Muslim movement that battled Israeli forces for 33 days in the rugged hills along the Lebanon-Israel border. Prime Minister Ehud Olmert relaxed the restrictions only on assurances from the United Nations that European ships and soldiers would join Lebanese forces in making sure Hezbollah could not receive supplies from abroad.

For now, Israeli patrol boats are turning over surveillance duties to Italian ships in the Mediterranean off Lebanon, Israeli and U.N. officials said. French and Greek navy ships have also promised to help patrol the area for an interim period. In the long term, the German navy has shouldered responsibility for working with the Lebanese military to guarantee that no arms reach Hezbollah.

Olmert announced Wednesday that he would lift the air and sea blockade Thursday evening. Unrestricted commercial airline flights to Beirut resumed as expected, but the sea blockade was maintained while Israeli officials sought additional assurances from the United Nations. More coordination took place Friday morning, and the commander of an Italian task force assumed responsibility for the patrols Friday afternoon, a U.N. spokesman said.

"It is our understanding that the international force is operational, and the Israelis turned it over to the Italians as of 1300 hours," or 1 p.m. local time, said Alexander Ivanko, a spokesman for Pellegrini.

Israeli officials said the airline flights were allowed to resume because German officials were on duty at Beirut's Rafiq al-Hariri International Airport monitoring airfreight traffic. But the Lebanese minister for public works and transportation, Mohammed Safadi, said that the Germans were providing only technical assistance and that customs matters were the responsibility of Lebanese authorities. Similarly, he said, the Italian ships would be assigned to help Lebanese authorities monitor sea shipments.

A senior Lebanese official, speaking on condition of anonymity, said Hezbollah insisted that any European sea patrols or customs help be under the aegis of the United Nations Interim Force in Lebanon, or UNIFIL. As a result, the Italian ships have been baptized "the maritime UNIFIL." In any case, he said, Hezbollah officials are not worried about resupplying since their weapons come mainly from Iran via Syria, and smuggling is an old tradition along the long, porous Lebanon-Syria border.

With that in mind, Israel had demanded that German soldiers join Lebanese army and Internal Security Forces personnel along the border. But Prime Minister Fouad Siniora, reflecting Hezbollah's concerns, refused, saying the Germans would provide only equipment and training to the Lebanese.

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Meanwhile, Israeli officials were quoted in news reports as saying that Israeli soldiers who were still inside Lebanon would probably withdraw within about two weeks. The Italian foreign minister, Massimo D'Alema, said the number of foreign UNIFIL troops in the region would reach 5,000 by next week, which has been a benchmark for completing the Israeli withdrawal.

Spain's parliament approved the dispatch of 1,000 Spanish troops to further reinforce the U.N. peacekeeping contingent, according to news agency reports from Madrid. The force, which had stood at 2,000, has climbed above 3,000 with the arrival last week of about 900 Italian troops, out of a pledged 3,000, and several hundred French troops, out of a pledged 2,000. Under the U.N. Security Council resolution that ended the fighting, the force is scheduled to reach 15,000, along with a deployment of 15,000 Lebanese army troops.

Correspondent Scott Wilson in Jerusalem contributed to this report.

Israel Lifts Naval Blockade On Lebanon (FT)

By Andrew England And Harvey Morris

Financial Times, September 9, 2006

Israel lifted its two-month blockade of Lebanese ports on Friday, ending its ban on ships and boats entering or leaving the country, as United Nations-backed naval forces began patrols of the Lebanese coast.

The blockade had originally been scheduled to end on Thursday but Israel demanded that the UN forces be in place to prevent weapons from being smuggled into Lebanon, before it withdrew.

Israel finally lifted its eight-week air blockade of Lebanon on Thursday, removing an important barrier to the country's postwar reconstruction.

But at the last minute Jerusalem announced it was delaying removing the sea embargo, saying it first wanted international naval vessels to begin monitoring Lebanon's coastline.

Mark Regev, Israeli foreign ministry spokesman, said: "Unfortunately, the international presence is not yet ready to enforce the sea embargo. When the internationals are ready to enforce the arms embargo on the sea, we will be ready to lift the blockade."

A Lebanese official said the government had been in contact with the United Nations and was told there were "logistical issues", but it expected the embargo to be lifted soon.

Lebanon said the blockade was costing the nation tens of millions of dollars a day and restricted the import of goods - many of which would come through the port - hampering efforts to reconstruct the country following Israel's bombardment, which destroyed thousands of buildings, as well as roads, bridges and factories.

Israel imposed the blockade after the conflict between Israel and Hizbollah erupted on July 12. The fighting ended with an August 14 UN-brokered ceasefire but Israel refused to lift the embargo until it was satisfied enough foreign forces were deployed to prevent Hizbollah rearming.

After a flurry of diplomatic activity and international pressure, it was agreed that French, Italian, Greek and British ships could patrol Lebanon's coast until a German task force arrives. Italian and French ships are already off Lebanon's coast but details of the naval force and its mandate still had to be worked out.

In Israel, the families of the two soldiers whose July 12 capture by Hizbollah triggered the fighting, complained that removing the blockade weakened Jerusalem's negotiating leverage to secure their freedom.

At Beirut's port and airport, staff were hoping for a resumption of normal business.

The loss of business has been huge. Normally, the airport would expect 15,000 to 16,000 arrivals daily in the peak summer months of July and August, and 120 flights. That was expected to increase by 20 per cent this year. But instead the airport found itself the target of Israeli bombs, damaging its three runways and taxiways, said Hamdi Chaouk, director general of civil aviation.

Mr Chaouk told the Financial Times that all but one hole had been repaired and he was confident that business would shortly reach normal levels, describing the airport as the "gate of Lebanon".

"It's a big issue, especially the airport, it's like telling people their country is closed and there are no communications with the rest of the world," he said. "It's like you have taken a sick person out of the emergency room."

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He added that airport security was at international standards, saying there would be no foreign monitoring at the airport. “The Germans, British and Americans; everybody came here and found there was nothing to be done,” he said.

Israel Lifts Sea Blockade Of Lebanon (AP)

By Hussein Dakroub

AP, September 9, 2006

Israel lifted its sea blockade of Lebanon on Friday, ending the country's two months of isolation as the task of preventing the entry of Hezbollah weapons falls to international warships patrolling offshore.

In a further boost to peace efforts, Israel also said it plans to pull the last of its troops out of Lebanon within two weeks.

The sea blockade's end, which came a day after Israel dropped its restrictions on air travel into Lebanon, lifts a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war between Israel and Hezbollah.

"The blockade has seriously undermined the Lebanese economy and it is high time for it to end so as to allow the people to get back to their business," Maj. Gen. Alain Pellegrini, commander of the U.N. peacekeeping force in Lebanon, said.

Even before the formal announcement, a Lebanese cargo ship docked at Beirut's port, carrying industrial raw materials, ceramic tiles and appliances — the first commercial ship to land since the war began July 12.

Lebanon's resumption of control over its sea and skies was the latest boost in implementing the U.N.-brokered cease-fire that began Aug. 14.

The focus now shifts to the complicated process of withdrawing Israeli troops from southern Lebanon and replacing them with 15,000 Lebanese soldiers and a similar number of U.N. peacekeepers who are to maintain a border buffer zone free of Hezbollah weapons.

Israel has been gradually pulling out its soldiers — whose number peaked at 30,000 at the war's end — as international replacements move into place.

The Israeli army would not say exactly how many of its soldiers remain, citing security reasons, but a spokeswoman said the military held only about 25 percent of the ground in southern Lebanon that it did previously.

When the fighting ended, Israeli soldiers were present in a strip along the length of the Lebanon-Israel border and in a corridor of territory leading nearly 18 miles north to the Litani River.

U.N. Secretary-General Kofi Annan has been pressing Israel to pull out all its soldiers once 5,000 U.N. peacekeepers are on the ground by mid-September. About 3,250 U.N. soldiers are already in Lebanon.

On Thursday, Israeli security officials said the target was to have Israel's remaining troops out by the Jewish New Year, which begins the evening of Sept. 22.

Hezbollah fighters have been lying low, with armed guerrillas rarely seen in towns and villages of the south. In one rare sighting, some witnesses said they saw Hezbollah fighters on motorbikes inspecting a recently evacuated Israeli position.

The U.N. resolution that set up the cease-fire calls for the eventual disarmament of Hezbollah's Shiite guerrillas, but the peacekeeping force does not have a mandate to search out weapons and take them.

That job is up to the Lebanese army, Annan says, but Lebanon has not said whether it will do so. It appeared the peacekeepers will aim to ensure that guerrillas are not seen in public with weapons and that no new arms are moved in.

Pellegrini said the rules of engagement — under which U.N. troops are allowed to shoot — were being explained to contributing states and to forces on the ground.

"It will be a robust Chapter 6, with an effective use of force," he said, referring to the section of the U.N. Charter that allows troops to enforce peace rather than simply monitor it.

The new U.N. peacekeepers can shoot not only in self defense, but also to fulfill missions, such as arresting suspects who break the peace in south Lebanon and preventing attacks, Pellegrini said.

"But we will only operate in support of the Lebanese army," he told The Associated Press.

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The withdrawal and deployment process is a delicate one. U.N. peacekeepers are effectively the go-betweens, checking with Israelis to ensure they have pulled out of each area before Lebanese soldiers move in, to ensure there is no friction between them.

"We'd much rather avoid them," a Lebanese officer said Friday as peacekeepers farther down the road announced they had received clearance for hundreds of Lebanese soldiers to proceed into a corner of southwest Lebanon.

Dozens of camouflaged Lebanese military trucks with a few vintage jeeps and armored vehicles lined a busy coast road in Mansouri, about 10 miles north of the border with Israel. The trucks were stacked with chairs, kitchen utensils and water supplies as the troops move into another area from which the Lebanese army has been absent for decades.

Hezbollah held control in the south for years, effectively running a state within a state, but the new deployment of Lebanese soldiers and U.N. troops reins in its domination.

With the lifting of the sea blockade, U.N. troops now face their first test in preventing weapons getting to Hezbollah, which is believed to get its arsenal from Iran and Syria. Lebanese troops are in place on the border with Syria to prevent smuggling.

A combined task force of French, Italian and Greek warships began patrolling Lebanon's Mediterranean coast just after noon Friday, a mission it will carry out for about two months until a longer-term force of German vessels moves in.

"The Italian-led task force will continue to enforce the international embargo against the supply of armaments to Hezbollah," Israeli government spokeswoman Miri Eisin said, announcing the end of the Israeli blockade.

French military officials said a dozen vessels could take part in the initial operation, patrolling six miles off the coast while Lebanese military vessels operate closer to shore.

International officials are also helping Lebanese authorities at ports, land border crossings and Beirut's airport, keeping an eye out to ensure no arms slip through.

Associated Press writers Alfred de Montesquiou in Mansouri, Lebanon, and Amy Teibel in Jerusalem contributed to this report.

Israel Lifts Sea Blockade Of Beirut (WT/AP)

By Hussein Dakroub

The Washington Times, September 9, 2006

BEIRUT -- Israel lifted its sea blockade of Lebanon yesterday, ending the country's two months of isolation as the task of preventing the entry of Hezbollah weapons fell to international warships patrolling offshore.

In a further boost to peace efforts, Israel also said it plans to pull the last of its troops out of Lebanon within two weeks.

The sea blockade's end, which came a day after Israel dropped its restrictions on air travel into Lebanon, lifts a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war between Israel and Hezbollah.

"The blockade has seriously undermined the Lebanese economy and it is high time for it to end so as to allow the people to get back to their business," said Maj. Gen. Alain Pellegrini, commander of the U.N. peacekeeping force in Lebanon.

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Hezbollah held control in the south for years, effectively running a state within a state, but the new deployment of Lebanese soldiers and U.N. troops may check its domination.

With the lifting of the sea blockade, U.N. troops now face their first test in preventing weapons from getting to Hezbollah, which is believed to get its arsenal from Iran and Syria. Lebanese troops are in place on the border with Syria to prevent smuggling.

A combined task force of French, Italian and Greek warships began patrolling Lebanon's Mediterranean coast just after noontime yesterday, a mission it will carry out for about two months until a longer-term force of German vessels moves in.

Lebanon Emerges From War More Divided Than Ever (FT)

By Roula Khalaf

Financial Times, September 9, 2006

On the morning of July 12, hours after Hizbollah captured two Israeli soldiers, officials from the Shia militant group came to the Beirut office of Fouad Siniora, prime minister, to tell him not to worry – Israel's response would be mild.

Mr Siniora reminded them of the harsh retaliation to an earlier capture of an Israeli soldier in the Gaza Strip. The Hizbollah officials said Lebanon was not Gaza.

"You misread the situation," said Mr Siniora, according to an official familiar with the meeting. "They'll destroy us."

Israel began to pound Lebanon day and night. Mr Siniora's prediction had become Lebanon's frightening reality. A career banker accidentally thrust last year into the top job after the killing of the former prime minister Rafiq Hariri, the man he had long served as finance minister, the 63-year-old Mr Siniora was trapped.

He was under attack by Israel. The US had refused to call for an early ceasefire. Facing an imposed war, the government had no control over Hizbollah, and its ability to influence it was further constrained by tense relations with Syria and Iran, Hizbollah's two backers.

Tearful at times but resolute at others, Mr Siniora worked with Nabih Berri, the powerful Shia speaker of parliament and mediator with Hizbollah, to steer Lebanon through the 34-day crisis. He focused on averting sectarian conflict and keeping a fractious government (in which Hizbollah is a minority partner) together.

He balanced all concerned parties' demands but managed to win concessions, not least Hizbollah's consent to the deployment of the Lebanese army and an expanded UN peacekeeping force near the border with Israel, where the militant group had been the sole power.

The work was hard, but managing the postwar period could prove more daunting.

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After projecting a common front during the war, Lebanon has emerged politically divided, socially polarised and with an economy in tatters.

Economists put the total cost of direct and indirect damage to the economy at at least $9bn (£4.8bn, €7bn), or nearly half the country's GDP. The biggest blow, they say, is the loss of confidence in an economy with $39bn in debt and a reliance on investment and tourism flows from the Arab world. Some companies are already announcing lay-offs. Others say they may not be able to pay back their bank loans.

Hizbollah, difficult to rein in before the war, now appears more defiant. The group and its allies, including the Christian leader General Michel Aoun, started calling for a change of government as soon as the fighting stopped.

Sayyed Hassan Nasrallah, Hizbollah chief, has said the postwar challenges require a government of national unity that brings in a key Christian element like the Aoun movement.

For Walid Jumblatt, leader of Lebanon's Druze minority and a Hizbollah opponent, however, these calls amount to a "political takeover" in the aftermath of what he considered to have been a "military coup" by Hizbollah on July 12. He fears the group will link the handover of two Israeli soldiers to the Lebanese government, as demanded by Israel, to its calls for a new government.

Meanwhile Hizbollah's rush to mollify a Shia community devastated by the conflict with the efficient handout of cash and reconstruction assistance has exposed the government's tardiness.

The pro-western Sunni and Christian parliamentary majority that backs Mr Siniora has appeared paralysed and his fractious cabinet unco-ordinated.

Though furious at Hizbollah for sparking the war, the Sunni bloc that leads the majority has avoided open criticism of the group to avoid provoking Shia-Sunni tensions.

Perhaps most disturbing for the government is that Hizbollah's claimed victory against Israeli troops has emboldened Syria. The alleged role of Damascus in the Hariri assassination is under investigation by a UN commission. Syria denies any involvement.

Since Mr Nasrallah declared that he would not have ordered the July 12 attack had he known what its devastating impact would be, some Shia voices have expressed rare dissatisfaction with the group. And the parliamentary majority says that with time and help from the world community Hizbollah's power could be curbed.

"Their rockets were not a deterrent for Israeli bombings and their weapons now cannot be used because their own community has seen the result," says Samir Franjie, an MP from the parliamentary majority.

But there are no restrictions on Hizbollah outside the 20km buffer zone created by the UN ceasefire. And, as Timor Goksel, a former Unifil official who now teaches at the American University of Beirut, says, "they [Hizbollah] are adaptable and there is a very lucrative arms market where you they can buy weapons and the delivery is guaranteed."

But Mr Siniora, whose popularity has been rising, is pressing ahead. He insists there will be no change of government. He is emphasising the need for a resolution of the Shebaa farms dispute, the small occupied border land that Hizbollah says should be liberated before the fate of its armed wing is decided. He has also tried to seize back the reconstruction initiative from Hizbollah, announcing compensation for destroyed homes and winning international commitments for $940m in early recovery aid.

Aides say Mr Siniora remains characteristically optimistic.

"The government is working on enlarging the room of manoeuvre it has on the basis of consensus with all Lebanese," says an official. "There are a lot of obstacles and doubts that it will work. But what is the alternative?"

Explosions Hit Indian Mosque, Stoking Fear Of Further Violence (NYT)

By Somini Sengupta And Hari Kumar

The New York Times, September 9, 2006

NEW DELHI, Sept. 8 — A series of explosions struck in and near the largest mosque in a flashpoint textile town in western India on Friday, killing more than two dozen people, wounding more than 100 and raising the specter of renewed sectarian clashes.

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The police said there were three explosions, two inside the mosque compound and one nearby, in Malegaon, a city of about 500,000 with a history of Hindu-Muslim violence, about 160 miles north of Mumbai, the financial capital.

The mosque is also home to one of the largest Muslim cemeteries in the area, local residents said, and the blasts struck shortly after unusually crowded Friday Prayers, as worshipers prepared graves for honoring the dead on the Shab-e-Barat holiday.

Speaking to reporters here in the capital, Home Minister Shivraj Patil called the explosions a "terrorist" attack designed to provoke a clash between "different sections of society."

The country has suffered a spate of terrorist attacks in recent years, including the July 7 commuter train bombings in Mumbai, which the authorities have blamed on Islamist militants setting up so-called sleeper cells across the country.

The bombings on Friday were unusual in that they seemed to target a heavily Muslim area. No one claimed responsibility and the authorities declined to speculate on who could be responsible.

The attacks came three days after what now sounds like a prophetic warning from the Indian prime minister, Manmohan Singh, about the many-headed specter of violence threatening his country. The threats range from Maoist guerrillas in the rural heartland to ethnic separatists in the northeast to Muslim militants challenging Indian rule in contested Kashmir and groups affiliated with global terrorist outfits.

"We confront a wide array of complex internal security problems and threats," Mr. Singh told a meeting of chief ministers on Tuesday here in the capital. He called for improving the intelligence apparatus and training police to better counter terrorist groups. He also pressed for the need to "assuage feelings of insecurity among our minorities, especially Muslims."

In the last year alone, India has witnessed a series of attacks on civilian targets, including at busy markets in Delhi, a Hindu temple in eastern Varanasi, and against tourists in Kashmir. The only other attack on an explicitly Muslim site was a January explosion inside a mosque in Delhi.

The Indian home secretary, V. K. Duggal, said in a televised press conference that one of the blasts resulted from explosives tied to a bicycle. Television footage showed a grisly parade of men carrying the wounded in their arms, or on hand carts used to ply goods to market.

Anil Kumbhare, a police superintendent in Malegaon, said Friday that 29 people had died.

...

Additional police officers were sent to Malegaon to guard against a potential outbreak of Hindu-Muslim violence. Immediately after the blasts, television footage showed angry crowds chasing police officers and politicians.

Bombings Kill 31, Injure 125 In Mainly Muslim City In India (WP)

By Muneeza Naqvi

The Washington Post, September 9, 2006

NEW DELHI, Sept. 8 -- At least two bombs rigged to bicycles exploded Friday in the town of Malegaon in the western Indian state of Maharashtra, killing 31 people and injuring 125 more, most of them Muslim worshipers leaving a mosque after Friday afternoon prayers.

The first bomb went off in a graveyard, and the second on a crowded street a short distance away, officials in the local police control room said.

Thousands of people were out on the streets Friday to mark Shab-e-Barat, also called the night of atonement or forgiveness, a Muslim religious event in which people offer prayers for the souls of dead relatives in graveyards.

"It is a terrorist act. It is done by people who don't want peace," said Vilasrao Deshmukh, the state's chief minister, according to the Associated Press. There was no immediate assertion of responsibility, but some officials called the attacks an attempt to resume India's long history of communal violence between Hindus and Muslims.

In July, a series of bombs detonated on commuter trains in Mumbai, also known as Bombay, killing 182 people and wounding more than 800, most of them Hindus. Police later arrested several Muslim men in connection with those attacks.

Malegaon, a predominantly Muslim city whose economy is dominated by textile production, is located about 160 miles northeast of Mumbai. It has been the scene of communal fighting in the past.

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Television footage on Friday showed chaos as hundreds of people, mostly men in white skullcaps, rushed around in panic after the explosions. There were scenes of people carrying the bodies of the dead and injured. Doctors worked on bloodied survivors brought in on stretchers. People seeking loved ones viewed bodies laid out on the ground , covered by white shrouds.

Prime Minister Manmohan Singh condemned the blasts, appealing in a statement for "peace and communal harmony." He was consulting with officials from the central government and the local state.

National security forces, including personnel from the anti-riot Rapid Action Force, were being sent to Malegaon, according to the Press Trust of India.

Police said groups gathered around the town and shouted slogans against the local authorities. A curfew was imposed in an attempt to prevent further violence.

India Bombings Kill 31, Injure 100 (AP-Y)

By Aftab Khan

AP, September 9, 2006

Two bombs rigged to bicycles exploded in throngs of Muslims as they left Friday prayers at a mosque in this western Indian city, killing 31 people and wounding 100.

A top official called the blasts "a terrorist act," and authorities — fearing revenge attacks across the country's fragile religious divides — clamped a curfew on Malegaon and put security forces on alert.

The curfew was lifted Saturday morning, but thousands of police and paramilitary soldiers watched over hundreds of Muslims worshippers as they offered prayers in Malegaon. Inside the city's hospitals, relatives of victims wept as they watched bodies being readied for funerals.

Malegaon, a center of India's textile industry about 180 miles northeast of Mumbai, has long been the scene of violence between Hindus and Muslims. The city of about 500,000 people is 75 percent Muslim.

No one has claimed responsibility for the attacks, which happened near one of the city's main mosques on a Muslim festival day. Officials aggressively deployed teams of police to sensitive parts of the state.

"Law and order is under control," P.S. Pasricha, Maharashtra state's director-general of police, told The Associated Press. "There's a high alert across the state."

The bombings were intended to set off wider violence, officials said.

"It is a terrorist act. It is done by people who don't want peace," Maharashtra Chief Minister Vilasrao Deshmukh told a news conference in Mumbai, the state capital. Of the 100 people wounded, he said, 56 were seriously hurt.

Pasricha told reporters "the motive appears to be to create panic and make Hindus and Muslims fight with each other."

Both bombs were rigged to bicycles, said Deshmukh. "We found packets with the explosives attached to these bicycles," he said.

The explosions came as Muslims celebrated the festival of Shabe Barat, or the Night of Fortune, when they hold night-long prayers seeking divine blessings, exchange sweets with neighbors and relatives, and set off fireworks.

At least some of those killed were beggars who came to the mosque because worshippers are known for their generosity on festival days, said Raees Rizvi, a Malegaon social worker.

"People were stunned. There was blood all over," said a shaken Nadeem Shaikh, who was outside the mosque, "Children tried to run out and many were trampled. Many beggars waiting outside for alms were also killed."

An 8-year old child, his head bandaged, lay moaning on a hospital bed. "He had gone with other boys to pray. We came running to the hospital as soon as we heard about the blast," said Fahim Khan, the boy's elder brother.

The office of Prime Minister Manmohan Singh said he "appealed for peace and communal harmony and has urged all citizens across the country to remain calm."

India has suffered through a series of terror bombings over the past year, most recently attacks on commuter trains in Mumbai in July that left more than 200 people dead. Those bombings were blamed on Pakistan-based Muslim militants.

Earlier this week, Singh warned that India may be facing even bloodier attacks.

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"Reports also suggest that terrorist modules and 'sleeper cells' exist in some of our urban areas, all of which highlight the seriousness of the threat," Singh told India's state chief ministers during a conference on internal security.

"The situation is tense," said Nashik Superintendent of Police Rajvardhan, who uses only one name. Nashik is about 60 miles from Malegaon.

Malegaon has been the scene of religious violence in the past, with riots between Hindus and Muslims occurring most recently in 2001, when 15 people were killed.

The U.S. Ambassador to India, David C. Mulford, deplored Friday's bombings.

"There can be no justification for such heinous acts," he said in a statement. "The United States stands with India in its fight against terrorism."

India's bloodiest religious violence in recent years came in 2002, in the western state of Gujarat, and was set off by a train fire that killed 60 Hindus returning from a religious pilgrimage.

Muslims were blamed for the fire, and more than 1,000 people, most of them Muslim, were killed by Hindu mobs. India is about 74 percent Hindu and 12 percent Muslim.

Human rights groups have accused the state government, led by the Hindu-nationalist Bharatiya Janata Party — the party which then also controlled the national government — of doing little to stop the violence.

The Bharatiya Janata Party lost power in the national Parliament in 2004.

Saudi Religious Police Outlaw Cat, Dog Sales (WT/AP)

By Donna Abu-nasr

The Washington Times, September 9, 2006

JIDDA, Saudi Arabia -- Saudi Arabia's religious police, normally tasked with chiding women to cover themselves and ensuring men attend mosque prayers, are turning to a new target: cats and dogs.

The police have issued a decree banning the sale of the pets, seen as a sign of Western influence.

The prohibition on dogs may be less of a surprise because conservative Muslims despise dogs as unclean. But the cat ban befuddled many, since Islamic tradition holds that the Prophet Muhammad loved cats.

The religious police, known as the Muttawa, enforce Saudi Arabia's strict Islamic code. Its members prowl streets and malls, ensuring unmarried men and women do not mix, confronting women they feel are not properly covered or urging men to go to prayers.

But the government also gives the Muttawa wide leeway to enforce any rules they deem necessary to uphold the social order.

The decree -- which applies to the Red Sea port city of Jidda and the holy city of Mecca -- bans the sale of cats and dogs because "some youths have been buying them and parading them in public," according to a memo from the Municipal Affairs Ministry to Jidda's city government.

The memo urges city authorities to help enforce the ban.

Pet owning is not common in the Arab world, though dogs are kept for hunting and guarding. In large cities around the Middle East, stray dogs often wander the streets.

However, in the past few decades, owning dogs or cats has become a fashion statement among Saudis. Showing off a Doberman, pit bull or fancy breed of feline has became a status symbol.

Conservatives decry the trend as a Western influence, just like the fast food, shorts, jeans and pop music that have become more common in the kingdom, which is ruled by the puritanical Wahhabi interpretation of Islam.

"One bad habit spreading among our youths is the acquisition of dogs and showing them off in the streets and malls," wrote Aleetha al-Jihani in a letter to Al-Madina newspaper. "This is blind emulation of the infidels."

The decree has not been enforced yet, according to several pet shop owners and veterinary clinics in Jidda. It applies only to selling dogs and cats, and there was no sign the Muttawa would confiscate pets.

The ban distressed cat and dog lovers.

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"I was shocked when I heard about it," said Fahd al-Mutairi, who owns 35 cats. "What was even more shocking was to hear that the ban came from an authority that has nothing to do with such an issue.

"I would understand if it came from the Health Ministry or anybody charged with ensuring pets coming from outside do not carry diseases," added the 23-year-old flower shop owner.

No other Arab country restricts pet ownership. But in Iran, ruled by Shi'ite clerics, religious police sometimes harass people seen outside with their dogs. Last year, Iranian police told people not to bring their dogs out in public, but the order was never backed up by law and dog owners widely ignored it.

The inclusion of cats in the Saudi ban puzzled many because there's no scorn for them, as there is for dogs in Islamic tradition.

One of the prophet's closest companions was given the name Abu Huraira, Arabic for "the father of the kitten," because he always carried a kitten and took care of it.

A number of hadiths -- traditional stories of the prophet -- show Muhammad encouraging people to treat cats well.

Once, he let a cat drink from the water he was going to use for his ablutions before prayers. Another time, Muhammad said a woman who kept a cat locked up without feeding it would go to hell.

Dogs -- considered dirty and dangerous -- are less lucky. According to one hadith, Muhammad said a Muslim loses credit for one good deed each day he keeps a dog and even said dogs should be killed unless used for hunting or protection.

Still, in another instance, he said that a prostitute who carried water in her slipper to a thirsty dog would go to heaven, her sins forgiven because of her kindness.

"All these things considered, it is obviously not against our religion or our tradition to have dogs and cats as pets," columnist Abeer Mishkhas wrote in the Arab News.

"I sincerely hope [authorities] will leave the cats and dogs alone and concentrate on what should be their real business," she added.

China Names New Envoy To N. Korea (WP)

By Maureen Fan

The Washington Post, September 9, 2006

BEIJING, Sept. 8 -- China has appointed an outspoken career diplomat with extensive knowledge of the United States as its new ambassador to North Korea, the official New China News Agency said.

Analysts said the appointment of Liu Xiaoming, 50, suggests officials in Beijing are reassessing their relationship with Pyongyang and trying to find a new way to press discussions among China, North Korea and the United States.

"He is young and capable, a new-generation diplomat who is outspoken and sees things with a sharp eye," said Yang Chengxu, a Chinese expert on arms control and a senior research fellow with the China Institute of International Studies. "One of his biggest advantages is his knowledge of the United States."

The appointment of Liu, a former ambassador to Egypt, was announced late Thursday. He will succeed Wu Donghe, who has served as ambassador since 2001.

The choice is unlikely to affect the current deadlock in six-party talks over North Korea's nuclear program, but it shows that China is thinking about its relations with North Korea in a more comprehensive manner, said Shi Yinhong, professor of international relations at People's University in Beijing.

"This comes as China increases the frequency of communication with the U.S. The Diplomatic Affairs Ministry is very cautious in choosing the ambassador, and Liu's experience will be helpful in enhancing the triangle communications among China, North Korea and the U.S.," Shi said.

Liu has held posts at the Chinese Embassy in Washington and at the Foreign Ministry in Beijing.

Yonhap, the South Korean news agency, reported last weekend that China is preparing to invite North Korean leader Kim Jong Il to Beijing to warn against further provocation, but a spokesman for China's Foreign Ministry said this week that he was unaware of any arrangements for such a visit.

Russia Opens Weapons Destruction Plant (AP)

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By Judith Ingram

AP, September 9, 2006

Engineers covered in head-to-toe protective gear inserted a neutralizing solution Friday into bombs filled with a nerve agent, officially starting the work of Russia's first plant for destroying the deadly chemicals.

The opening of the Maradykovsky plant accelerates Russia's campaign to eliminate the world's largest arsenal of the toxins.

The plant, 450 miles northeast of Moscow, holds 6,900 tons of nerve agents stored in aerial bombs and missile warheads — more than 17 percent of Russia's stockpile.

Dignitaries, townspeople and journalists gathered Friday for the opening ceremony on a makeshift stage outside the plant, which is ringed by three barbed-wire fences. Several miles away, a sign proclaimed the road to the plant a closed zone.

"Today's event demonstrates Russia's efforts to strictly fulfill its international commitments and shows that Russia has the political will to see through to the end the process of chemical disarmament," said Viktor Kholstov, deputy head of the Federal Industry Agency, which is in charge of the effort.

The destruction facility, on the site of one of Russia's seven former chemical weapons production plants, will become a focal point of the push to meet an April 2007 target for Russia to destroy 20 percent of its stockpile.

To date, Russia has eliminated just 3 percent, as opposed to 39 percent destroyed by the United States, which is home to the second-largest stockpile.

Besides the Maradykovsky plant, Russia has two other chemical weapon destruction facilities, both built with generous foreign funding. The Maradykovsky plant is the only one for destroying nerve agents as opposed to blister agents.

Construction of another plant that was to have been the biggest — Shchuchye, with chemical weapons stored in millions of artillery shells — has bogged down in disputes between Russia and the United States, the main funder.

The delays at that plant have pushed Maradykovsky onto the front line. It is the sole site to be funded 100 percent by Russia.

"The Russians a couple of years ago made a critical decision that if they were to have any chance of meeting Chemical Weapons Convention deadlines, they had to go to the easier, bulk agent sites," said Paul Walker, a weapons expert at Global Green USA, the Washington-based affiliate of former Soviet President Mikhail Gorbachev's Green Cross International environmental organization.

"I think also from a reason of national pride, they really wanted to do one site themselves and have it be successful."

Friday's ceremony had a strong dose of patriotism, opening and closing with an army band playing the national anthem. President Vladimir Putin's envoy to the Volga River region, Alexander Konovalev, said the plant "is a demonstration of the growing economic might of the Russian government."

Disarmament officials gave credit to Switzerland, which recently announced it is spending some $2 million on an electricity grid for the plant.

The bombs at Maradykovsky hold VX, soman and sarin, as well as a less deadly mixture of lewisite and mustard gas. Technicians will open each bomb, drain out some agent if necessary, insert a neutralizing reagent, close up the bomb and let it sit for 80-110 days to let the chemical processes take place, said Gennady Bezrukov, chief engineer of the Federal Chemical Weapons Storage and Destruction Administration.

When it is running at full strength, the plant will be able to neutralize 96 weapons a day, Bezrukov said.

Green Cross representative Tamara Ashikmina said she was satisfied that authorities were providing sufficient safety for the population and the environment. But the local population still has concerns, she said.

"Of course the population is anxious, because guests come and go but they have to live here," said Ashikmina, head of the chemistry department at Vyatka State University in nearby Kirov.

The closest town to the plant — Mirny, where 3,500 people live — and the surrounding region of 50,000 have been promised a new apartment building, a central heating system and electricity and sewage systems as part of a legal requirement that 10 percent of the cost of the weapons destruction process go to investments in the local community.

New apartment houses have been built for plant medics and other workers in nearby Orichi, and the town has a new school — allowing the existing one to stop teaching children in two shifts a day.

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The state has also funded an ecological monitoring laboratory that carries out daily checks of air, water, flora and fauna in an area of more than 310 square miles surrounding the site.

Russia signed the Chemical Weapons Convention in 1997, the year it was created, pledging to eliminate its arsenal within 10 years. However, it won international agreement to prolong the deadline until 2012 because of a lack of funds.

Walker said that neither Russia nor the U.S. was anywhere near on track to meet that extended deadline. The U.S. is expected to complete destruction of its chemical weapons by 2020, he said.

With Little Authority, African Union Force Struggles With Its Mission In Darfur (NYT)

By Lydia Polgreen

The New York Times, September 9, 2006

TAWILA, Sudan, Sept. 8 — At the airstrip next to the headquarters of the African Union peacekeeping force in Darfur in El Fasher, the first job of the day for the workers who keep the mission's helicopters running is to check how much jet fuel is missing.

Some days it is just dozens of gallons. Sometimes it is hundreds.

At sundown, African Union soldiers must turn over control of the airstrip to the Sudanese government, whose troops guard the airfield all night. In the morning, the fuel is gone, according to senior African Union officials and airfield workers.

The missing fuel and the struggle over who controls the main military airstrip in Darfur lays bare just how little autonomy the African Union force actually has as it struggles to keep a fragile peace in this war-wracked region, where the government and its allied militias are fighting rebels seeking greater autonomy.

The African Union force, with its poor equipment and tiny contingent of 7,000 troops, had hoped to turn over command to a larger, better-equipped United Nations-led force at the end of the month. The Security Council has approved the step.

But the government has refused, as it continues to press an offensive against some rebel factions. It has instead proposed keeping the African Union force in place, and from interviews with dozens of officers and soldiers at camps in Darfur, it is easy to see why.

African Union officers repeatedly spoke of the frustrations of what has become an impossible mission — to oversee a peace deal most of the militants in this brutal conflict have signed and to monitor a cease-fire that hardly anyone respects. Most spoke on the condition of anonymity because they are not authorized to speak publicly about African Union activities.

"We are frustrated and feeling so useless," said one major from southern Africa based in Kebkabiya, a government-controlled town that is home to thousands of people displaced by the conflict. "We are not able to move freely and do our work. Sometimes I wonder if there is any reason for us to be here at all."

But as weak as the African Union force is, nearly all agree it is better than none at all. Frantic diplomatic negotiations are now taking place to make sure some kind of peacekeeping force remains in Darfur, where hundreds of thousands of people have died and 2.5 million have been pushed from their homes in the fighting.

The African Union force is almost out of money, and its sponsors, mainly the United States and Europe, have said that they will pay no more. The force says it will leave after its mandate expires Sept. 30.

Sudan has offered to pay the force's budget with money raised by the Arab League and Sudan itself. But that would give the government even more leverage over the force, and senior African Union officials have dismissed the idea as unacceptable.

More than being underfunded, however, the peacekeepers here lack the ability to stand up to the Sudanese government, according to senior officers, analysts and diplomats.

"The African Union has never been a big nuisance and nor was it a big threat," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies.

"The Sudanese always had an A.U. that was split in its opinion and never had the rules of engagement or the capacity to push them around," he added. "So it was vulnerable to being manipulated and weakened along the way."

Those are problems that any new United Nations force would undoubtedly want to fix. But Sudan has argued that a United Nations force will undermine the country's sovereignty by transferring too much authority to outsiders. A lack of authority is precisely what many African Union officers here lamented.

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"A peacekeeping force must assert its authority, so when I arrived and saw that a party to the conflict had control of the airstrip I knew this mission was in trouble," said one senior African Union military official who has served in peacekeeping missions in Europe, Africa and Asia.

"If the only airstrip you have is freely not accessible, then you know who has the authority, and it is not you," he said.

Gen. Collins Ihekire, the Nigerian who commands the African Union forces in Darfur, acknowledged in an interview that the force has not had always has the freedom and support it needs to carry out even its limited mission.

"We have not always had the ability to move as freely as we would like," he said, "but we are not here to force a confrontation with anyone. We are here as monitors of a cease-fire, not to make war."

In the past week, as the showdown over an international force has mounted, African soldiers have curtailed their already limited patrols, often at the insistence of Sudanese officers stationed in their bases as monitors of a tattered cease-fire agreement.

A short patrol Tuesday to visit outlying villages and areas frequented by nomads on their annual migration route near Kebkabiya was a case in point. According to its mandate, the African Union is supposed to be able to move freely throughout Darfur without any impediments, such as the travel permits required for aid workers and journalists wanting to visit the region.

But in practice, the movements of the African Union have been hampered by government officials. A Sudanese Army captain assigned to the Kebkabiya base tried to prevent a patrol from visiting villages in the area, relenting only when the Cameroonian major who was leading the patrol firmly insisted that it go ahead.

On the patrol, the Sudanese captain repeatedly told villagers not to speak to visiting journalists and not to allow the journalists to take photographs.

Such interference is a violation of the African force's independence, but the policy of the force has been to avoid confrontation rather than testing the limits of its mandate.

The African Union was always meant to be a short-term solution to stanch bloodshed and allow aid workers to operate in Darfur while negotiations for a political solution took place, Mr. Morrison said.

"There were no other options, and they stepped into the breach and they did it with limited capacity," Mr. Morrison said. "They acquitted themselves pretty well, and they showed courage and didn't shy away from ugliness and risk. But it wasn't sustainable."

The peace agreement signed between one of the rebel factions and the Arab-dominated government in May was supposed to be that political solution, but some of the non-Arab rebel factions have rejected it, as have millions of Darfur residents.

But the government, insisting it has reached a political settlement with those willing to make peace, has started a military offensive against the rebel alliance that refused to sign, bombing villages they control.

This is a violation of the new peace agreement, according to African Union officials, but its troops watch helplessly as the Antonov bombers and attack helicopters take off from the El Fasher airstrip.

Still, whatever its shortcomings, shoring up the African Union without a commitment on the United Nations force may be the only option left, short of abandoning Darfur without any peacekeepers at all, said Eltayeb Hag Ateya, director of the Peace Research Institute at the University of Khartoum.

"Clearly the short-term solution is to support the African Union force," Mr. Ateya said. "We need to think practically and put politics aside to find peace."

In Darfur, Terror From The Air (WP)

By Craig Timberg

The Washington Post, September 9, 2006

EL FASHER, Sudan, Sept. 8 -- Yagoub Mustafa, 45, could not easily mimic the "whoop whoop whoop, boom! boom! boom!" of two helicopter gunships that fired rockets into the huts in his Darfur village. He tried to make the noises, but they were not loud enough, or terrifying enough.

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But the horror he experienced that July afternoon, while he crouched low under a tree with his sobbing sons, daughters and nephews pressed against him, was more easily expressed: Mustafa thought they all were going to die, he said. And as he offered soothing words to the children, he begged for rescue in a silent prayer.

Please God help us. We need your mercy.

Three years into a war in the Darfur region of western Sudan, thousands of villagers have been victimized by government troops and proxy militiamen who killed, raped and looted. Now the government is intensifying an air war featuring Soviet-era Antonov planes jury-rigged into bombers and Mi-24 helicopter gunships turned against mud-and-thatch huts. New waves of shellshocked villagers have left their homes and trekked for days to bulging relief camps.

For Mustafa, whose eyes are set deeply into a face the color of aged teak, the air attack did what years of sporadic raids by government-backed Janjaweed militiamen had failed to do. They made him leave his home in Bellala Gorf, about 45 miles northwest of El Fasher, the capital of North Darfur state.

"They came very low," Mustafa said, his voice low and rumbly from decades of breathing hot desert dust. "I was afraid. I just hid."

The war started when rebels in this impoverished and neglected region attacked government installations in Darfur in 2003. The government responded by sending in regular army troops, employing air power and arming a militia, called the Janjaweed, whose fighters traveled by horse and camel and attacked rebels and civilians.

A peace deal was reached in May in Nigeria, but two of the three main rebel groups refused to sign. The government is sending thousands of troops and police officers to Darfur in what U.N. officials have called a violation of the peace plan.

In the past two months, the government also has resumed air attacks against civilians in areas where the rebels remain popular.

"Hundreds are still dying amid ongoing violence, and thousands are being forcibly displaced," said a statement issued Friday in Geneva by Antonio Guterres, the U.N. high commissioner for refugees. "If things do not improve, we are heading for a major catastrophe."

There is little evidence that things are about to improve in Darfur.

A 7,000-member African Union mission here, a limited but crucial buffer against the government forces, is due to depart by the end of the month, though discussions continue about a possible extension. The U.N. Security Council approved a plan last week to send in a U.N. force three times the size of the African Union mission, but Sudan's president, Omar Hassan al-Bashir, has rejected it.

Aid groups, African Union officials, analysts and rebels say that as the conflict is intensifying, the number of displaced people is growing. Many here say the worst of the conflict is still to come, as the government seeks to drive the rebels into submission by terrorizing their civilian supporters. War and disease in Darfur have killed as many as 450,000 people and driven more than 2 million from their homes.

The recent expansion of air attacks has familiarized Darfur civilians with the sights and sounds of military aircraft.

There is the white Antonov bomber that lumbers past, high in the sky, audible but not deafening. A long, high whistle is followed by tremendous boom. The hole left in the reddish Darfur sand is round and about three feet across. Generally, several bombs are dropped in a pass, and then the Antonov comes by again and, sometimes, again.

The aiming is crude, and rarely do the bombs land anywhere near the middle of a village. Also, they rarely seem to kill. What the bombs do, say those who have been near where they hit, is terrify with the force of their blasts and their seeming randomness.

Abubakar Ibrahim Hassan, a long-faced man in a white robe and knit cap who appeared to be in his sixties, said the Antonovs flew over Bellala Gorf several times that day in July. Residents fled their huts for trees at the edge of the village.

"We knew the fire would come and kill everybody," he said.

But far more frightening are the Mi-24s. The helicopters can be outfitted with machine guns, bombs and rockets designed to blast through heavy armor. Villagers in Bellala Gorf described the Mi-24s firing munitions that left a distinctive trench-like pattern, about 10 feet long and three feet across, the signature of rockets fired from close to the ground.

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Residents also described two Mi-24s painted in green camouflage. Several villagers said the helicopters hovered so low that it seemed they could have reached up and touched the aircraft.

Instead, they fled, tried to hide in the sand or cringed in their huts.

Ali Hadi Osman, 41, lay as still as he could, spread-eagle in the dust, he said, hoping the helicopter pilots would not see him. He stayed like that until long after they had flown away.

"If there's any movement," Osman reasoned, "they will come back."

Residents said they knew of no deaths from the air raid on Ballala Gorf, though 17 huts were destroyed in a burst of sand and black smoke. The attack was one in a series of incidents around the town of Korma over several days in early July. Amnesty International counted 72 deaths. Mass graves also have been reported in the villages around Korma.

Korma and surrounding villages now are reportedly nearly empty of their populations.

After Mustafa's terrifying encounter with the helicopter gunships, which came within 100 feet of his family's hideout beneath the trees, he decided to leave with his wife and six children.

"We are looking for peace," Mustafa said. "We want our children to go to school, to get a health clinic, good water and a good place to live."

It will happen, Mustafa said, only if the United Nations comes. The African Union force, even if it stays, is not able to protect civilians, he said.

Mustafa and his family left in the night, with their battered pots and pans and bags of flour loaded on the family's three donkeys. Together, the 11 of them -- eight people and three pack animals -- walked four days to a camp near El Fasher. They have lived there ever since and are unsure when, if ever, they will return home.

American Journalist Held In Sudan To Be Freed (WP)

By Craig Timberg

The Washington Post, September 9, 2006

EL FASHER, Sudan, Sept. 8 -- Pulitzer Prize-winning journalist Paul Salopek said from a Sudanese prison Friday night that the government would soon release him and two Chadian colleagues after a 34-day confinement on charges of espionage and producing "false news."

President Omar Hassan al-Bashir agreed to release Salopek after meeting with New Mexico Gov. Bill Richardson (D) in Khartoum, Sudan's capital. The three men are expected to be freed Saturday, Richardson's office said in a statement.

Salopek, a foreign correspondent for the Chicago Tribune, was arrested Aug. 6 while working on a story for National Geographic magazine about the Sahel region that runs along the southern edge of the Sahara.

Richardson traveled to Sudan with Salopek's wife, Linda Lynch, and Chicago Tribune Editor Ann Marie Lipinski. National Geographic Editor in Chief Chris Johns met the group in Khartoum. Salopek and his wife have a home in New Mexico.

Salopek, 44, will return to the United States with Richardson, though the details of their trip have not yet been finalized. Also being freed are Salopek's Chadian interpreter, Suleiman Abakar Moussa, and his driver, Idriss Abdulraham Anu.

"All three of us, Mr. Idriss, Mr. Suleiman, are all gratified," Salopek said by phone from prison here in El Fasher, the capital of North Darfur state.

Salopek, a veteran foreign correspondent with extensive experience in Africa, and his two colleagues crossed into the Darfur region of western Sudan without visas. Many journalists have made similar journeys over the past several years, taking advantage of Sudan's porous border with Chad to cover a conflict in a country that often restricts journalists.

Salopek was captured by a rebel group that had begun working with the government. He was later transferred to government custody and charged with the visa violation and the potentially more serious allegations of spying and writing "false news." He was scheduled to go on trial Sunday and faced two years in prison if convicted.

Salopek said he hoped his experience would not prevent other journalists from coming to Sudan to cover Darfur, where a three-year-old war is accelerating and a humanitarian crisis has grown more dire.

"We just hope and plan the story will continue to be covered," he said. "I probably will stay on the other side of the border, in Chad."

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Richardson's office said in the statement that the governor was invited to Sudan to discuss the case in large part because of his long relationship with Bashir and Sudan's ambassador to the United States, Khidir Haroun Ahmed. Richardson is a former member of Congress and ambassador to the United Nations.

"The successful end to this unfortunate episode is a victory for journalism and a free press," Richardson said in the statement. "Most important, these three men will return home safely to be with their families, friends and colleagues who were relentless in their appeals to have them freed."

Sudan Agrees To Free U.S. Reporter Accused Of Spying (NYT)

By Lydia Polgreen

The New York Times, September 9, 2006

EL FASHER, Sudan, Sept. 8 — The Sudanese government agreed to release a well-known American journalist, Paul Salopek, and two Chadians who were arrested and charged with espionage and with illegally crossing the border from Chad last month.

The journalist and his colleagues, an interpreter and a driver, were to be released Saturday on "humanitarian grounds," after Gov. Bill Richardson of New Mexico met with Sudan's president, Omar al-Bashir.

Mr. Richardson flew to Sudan on Friday at the invitation of the Sudanese government. Mr. Salopek and his wife, Linda Lynch, have a home in New Mexico.

Mr. Salopek, a foreign correspondent for The Chicago Tribune who has won two Pulitzer Prizes, was detained by a militant group allied to the Sudanese government in the western province of Darfur on Aug. 6. His driver, Idriss Abdulraham Anu, and his interpreter, Suleiman Abakar Moussa, both Chadians, were also detained.

The group turned them over to the government, which charged the men with spying. The arrests came amid tensions over a proposed United Nations peacekeeping force in Darfur that the Sudanese government has refused to accept, despite a Security Council resolution calling for its deployment.

The government has cracked down on protests, and a chill was sent through Sudan's news media with the beheading of a Sudanese newspaper editor after he published articles about the Prophet Muhammad that some Islamists considered blasphemous.

Mr. Salopek, on a scheduled leave of absence from The Tribune, was on assignment for National Geographic magazine, reporting an article about the life, culture and politics of the Sahel, the vast semidesert belt that spans Africa just below the Sahara.

He had not planned to visit Darfur, where a grim conflict between non-Arab rebels and the Arab-dominated government has left hundreds of thousands of people dead and pushed 2.5 million from their homes. But after reporting along the Chad-Sudan border, he decided to visit a village where some refugees from Darfur were returning and rebuilding their lives.

Mr. Salopek is known for his intense approach to reporting, often asking to work alongside the people he is writing about — fishermen, farmers, laborers, hunters. He once worked at a gas station outside Chicago to report on an article about America's addiction to oil.

Even while in captivity with the government rebel group last month, he managed to spend a day with village women planting crops, noting how their straight lines of seeds would swerve when one of the women told a joke about sex.

Speaking by telephone soon after learning that he would be freed, Mr. Salopek said he was relieved that he and his colleagues would be able to leave their cell soon.

He said that he plans to continue reporting for the article that he had begun when he was detained, picking up where he left off on a journey of months across Africa.

"I have every intention of resuming this assignment," he said. "I will be back in Africa."

Blair And Brown Reach Deal Over May 4 (FT)

By James Blitz

Financial Times, September 9, 2006

DOJ_NMG_0061186

Tony Blair and Gordon Brown have reached an understanding that the prime minister will resign on May 4, paving the way for a new Labour leader to take office in mid-June.

After Mr Blair was on Thursday forced into a historic and humiliating public pledge to quit within 12 months, Downing Street refused to give any precise date on when the prime minister will depart Number 10.

However, allies of the chancellor said there was now a broad understanding between the two men that Mr Blair will announce next February that he intends to quit as party leader on May 4, 2007 - one day after the Scottish and Welsh regional elections.

On Friday, Charles Clarke, former home secretary, weighed into the leadership row saying Mr Brown's behaviour had been "absolutely stupid ". In a piece in the Evening Standard he said the chancellor should have distanced himself from the rebels who demanded the prime minister's resignation.

His departure will pave the way for a six week Labour leadership election, which will see Mr Blair's successor - almost certain to be Mr Brown - installed by mid-June.

Little more than a week after insisting he would give no timetable for his exit from Number 10, Mr Blair used a visit to a north London school to confirm that this month's Labour conference would be his last as prime minister.

Thursday's U-turn has undermined Mr Blair's authority and may trigger a renewed bout of speculation over whether he possesses the political momentum to last until next summer.

His commitment to go by then was aimed at heading off demands from Labour MPs that he should quit immediately. It also amounted to a major victory for Mr Brown. After years of acrimony between the two over when the prime minister will stand down, Mr Brown has finally secured a public pledge on when Mr Blair will quit.

However, relations between the two remained uneasy on Thursday night. Mr Blair's allies said Mr Brown had been badly damaged by this week's events, amid claims - denied by the chancellor's camp - that he orchestrated an attempted coup against Mr Blair.

"Gordon has got quite a bit of work to do to settle people's minds at the end of this week," said a senior Downing Street figure. "He has appeared too aggressive and looks too much like a control freak who does not want a debate on Labour's future."

Mr Blair will spell out his ambitions for his remaining months in office in a speech to Labour activists on Saturday. But pressures for him to depart quickly could intensify, especially if Labour looks like it is heading for serious defeat in the Welsh and Scottish assembly elections on May 3.

Doug Henderson, an MP close to Mr Brown, was among several who still insisted Mr Blair should quit immediately. However, Mr Brown's allies said Mr Henderson's comments did not have their approval.

Criticism Follows Blair's Likely Successor Even As He Begins Discussing Policy Plans (NYT)

By Alan Cowell

The New York Times, September 9, 2006

LONDON, Sept. 8 — One day after Prime Minister Tony Blair said he would resign within a year, his rival and would-be successor, Gordon Brown, began on Friday to lay out a broad policy agenda, pledging that Britain would remain "shoulder to shoulder" with the United States against terrorism.

But a rancorous new debate erupted in the Labor Party, threatening to upend the uneasy truce that followed a week of feuding between the men over the timing of Mr. Blair's departure.

In the new uproar, a former senior minister, Charles Clarke, called Mr. Brown's recent behavior stupid.

In an interview in Friday's Evening Standard, Mr. Clarke, the former home secretary dismissed by Mr. Blair this year, said many Laborites had been angered by a photograph of Mr. Brown grinning as he was driven from a meeting with Mr. Blair.

"A lot of people are very upset and cross about that," Mr. Clarke said. "It was absolutely stupid — a stupid, stupid thing to do."

He also said Mr. Brown, the chancellor of the Exchequer, should have distanced himself from Labor rebels demanding Mr. Blair's ouster. "He could have done that with a click of his fingers," Mr. Clarke said.

By way of a response, Harriet Harman, the constitutional affairs minister, said, "I really think that everybody should shut up now" before the party could be torn apart.

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The signs of restlessness suggested that some legislators were not satisfied with Mr. Blair's refusal to be pinned down on a firm departure date. Some people in Mr. Brown's camp now expect that to be early next May.

But whenever it is, some legislators said the duel had damaged Mr. Brown's prospects as an unchallenged successor.

Tony Wright, an independent-minded Labor legislator who has criticized the party's rebellion, said in an interview: "In the spring, Mr. Blair will say he is going. In the early summer he will go, and we will have a new leader. But it is less clear than it was two weeks ago that the next leader will be Gordon Brown. There is the suspicion that he cemented discontent within the party."

Mr. Brown's strong support of the United States in the campaign against terrorism seemed to offer some continuity with Mr. Blair, but it was also fraught with potential hazards because many Labor legislators are disenchanted by the prime minister's alliance with the White House and its Middle East policies.

Mr. Wright called Mr. Brown a "firm Atlanticist," but said the issue was tricky, because Mr. Blair's decision to align himself so closely with the United States forms the core of his problems with many Labor legislators.

"I don't think there is any great problem or alternative to most of his domestic agenda," Mr. Wright said. "But there is a deep antipathy to the Bush administration."

Mr. Brown has not been granting interviews, but in an article in The Sun, a top-selling tabloid, he recalled the events of Sept. 11, 2001, and said, "In a few days I will visit New York and reaffirm to the American people that Britain — under the courageous leadership of Tony Blair — stands now, as then, shoulder to shoulder with them."

While there have been questions about Mr. Brown's attitudes toward Britain's military deployment, Mr. Brown wrote, "Britain can take pride that our heroic armed forces are leading in the global fight we must wage against terrorism."

He took a strong line against both terrorism at home and military commitments overseas, and said he guaranteed that "we will continue to spend whatever it takes to meet the new security demands we face and our military commitments abroad."

Mr. Brown also told The Sun that he would support police demands for a period of detention of terrorism suspects without charge longer than the current 28 days. The police have been seeking a 90-day period.

Like Mr. Blair, however, he urged a broader campaign to counter the radical Islam that has spread among some British Muslims.

"As well as supporting our police, security services and armed forces in the front line of the war on terror at home and abroad, we also need to mobilize the power of argument and ideas to expose and defeat the ideology of hate," he said.

In a separate speech in Edinburgh on Friday he tried to pre-empt criticism that, as a Scot, he might represent narrow, regional interests. "I stand here today again to speak up for Britain and Britishness," he said.

Legislators in Scotland and Wales, along with local councilors in England, face elections next May that are seen as a bellwether of Labor fortunes. The vote is a crucial factor in the calculations of when Mr. Blair might step down, in the view of his critics, to enhance the party's electoral prospects.

Infighting Still Dividing Blair's Party (AP)

By Beth Gardiner, Associated Press Writer

AP, September 9, 2006

Bitter infighting flared in Tony Blair's Labour Party on Friday as a former Cabinet official criticized the prime minister's likely successor.

Blair tried to placate his party's restive lawmakers by promising Thursday to resign within a year, but the harsh comments by Charles Clarke, formerly Britain's top law and order official, demonstrated the fragility of the truce.

Blair and Treasury chief Gordon Brown, widely expected to be the next prime minister, appeared to have reached a private understanding on the handover of power. But a sharp attack on Brown by Clarke — a Blair ally until the prime minister fired him in May — made clear the peaceful interval that party bigwigs had hoped for was unlikely to materialize.

Clarke harshly chastised Brown for the way he handled this week's party turmoil and said his succession as prime minister was not guaranteed. He said the grin on Brown's face as he emerged from Blair's 10 Downing St. office after handover talks with the prime minister had been provocative and poorly judged.

"A lot of people are very upset and cross about that. It was absolutely stupid, a stupid, stupid thing to do," Clarke said.

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Clarke said Brown also should have acted more decisively against eight junior government officials whose protest resignations on Wednesday forced Blair's announcement.

"What he should have done was come out strongly and distance himself from them," he said. "He could have done that with a click of his fingers."

In comments to be published in Saturday's editions of the Telegraph newspaper, Clarke said Brown is a "a very self-confident, intelligent, cultured politician," but difficult to work with.

"It's a controlling thing — he thinks he has to control everything," Clarke was quoted as saying. "He is totally, totally uncollegiate. Can he change? That's the question. Can he delegate?"

Brown's allies have insisted he was not behind the anti-Blair plotting.

Senior party figures have publicly backed Brown as the next Labour leader — and therefore prime minister — to try to prevent the eventual handover of power from highlighting intraparty divisions and throwing national elections expected in 2009 to a resurgent Conservative Party.

It was not clear what motivated Clarke's attack. Although he was long seen as a Blair ally, that relationship has grown chilly since his firing so his comments may not have been sanctioned by the prime minister's camp.

Blair's spokesman declined to comment on Clarke's remarks.

Blair "thinks the country wants the government to get on with the business of governing and that's what he'll be doing," the spokesman said, speaking on condition of anonymity in keeping with government policy.

Whatever Clarke's intent, his remarks made clear the amount of bitterness that has built up in the party during months of argument over the length of Blair's tenure.

Ruth Kelly, the communities secretary and a close Blair ally, said Clarke's statement was wrong and warned that continued sniping would be deeply damaging.

"I am sure there are others who share his view but what I would say is that I don't think that represents the center of gravity in the Labour Party, nor does it represent the majority view in the Cabinet," she told British Broadcasting Corp. radio.

She said the party needed a period of calm. "We have a duty ... to really refrain now for a period from this sort of intense political infighting," she said.

Blair had long resisted setting out a timetable for his departure as prime minister, fearing it would instantly drain his authority.

But he reluctantly announced Thursday that he would be gone by this time next year, when it became clear that was the only chance of ending days of damaging public turmoil. He refused to set a precise date for his resignation.

"I would have preferred to do this in my own way," Blair said Thursday, conceding that the Labour Party's annual conference this month would be his last.

Labour heavyweights had hoped that would be enough to calm the party after eight lawmakers quit their junior government posts Wednesday rather than remove their names from a letter demanding Blair's departure.

Anger over Blair's handling of last month's Middle East fighting and anxiety over the party's slide in the polls had fueled impatience in the party for him to leave quickly, or at least to say when he planned to go.

The low-level revolt raised fears that Labour's eventual change of command would be rancorous and messy — reminiscent of Margaret Thatcher's abrupt, involuntary departure from office in 1990 at the hand of rebels in her Conservative Party — rather than the "stable, orderly transition" that Blair has long promised.

The key question is whether the prime minister's new exit strategy will satisfy the party.

Early signals were that it would buy Blair time — but not much. He is eager to reach the 10-year anniversary of his 1997 assumption of office, which would be in May.

Speculation focused on May as the moment for his departure but his spokesman has said widespread guesses about a specific date were "just plain wrong."

Blairites Rejoice In Attack On Brown (FT)

By Ben Hall And James Blitz

DOJ_NMG_0061189

Financial Times, September 9, 2006

Downing Street officials on Friday expressed private delight over a broadside fired at Gordon Brown by Charles Clarke, the former Home Secretary, saying the attack had rightly exposed features of the chancellor's character.

Tony Blair's official spokesman was careful not to comment on the outburst in which Mr Clarke accused the chancellor of "absolutely stupid" behaviour during the crisis that engulfed the government this week.

But in a sign that Mr Clarke's attack has emboldened the Blair camp, other figures close to the prime minister expressed pleasure that questions were being raised about Mr Brown's behaviour. The private view reflects tensions between the camps in spite of the understanding on Mr Blair's departure date.

According to one Downing Street figure, relations between the two men remain sore after a serious stand-off at a meeting in Number 10 on Wednesday. Mr Blair, in the presence of officials from both camps, accused the chancellor of plotting a coup against him.

"Tony lost his rag, demanding to know what Gordon was up to, whether he was trying to topple him," said a Blair ally who was at the meeting. "Gordon sat there in silence, like a sullen teenager. That is what we have been putting up with for so long."

There were other signs on Friday that Number 10 was feeling emboldened by the attack on the chancellor. A senior figure said Mr Blair is to encourage a "fundamental and open debate" about public spending priorities over the next year in a bid to prevent Mr Brown dictating policy.

Britain's Political Enigma (FT)

By James Blitz

Financial Times, September 9, 2006

Gordon Brown has taken a critical step to becoming Britain's prime minister. For years, Mr Brown – the dour 55-year-old Scot who is finance minister – has never disguised his burning desire to succeed Tony Blair as leader of the ruling Labour party. This week, Mr Brown, chancellor of the exchequer, finally got something he long sought: a public assurance from Mr Blair that he will quit Downing Street by next May.

Mr Blair's assurance came in one of the most tumultuous weeks in recent British politics. It is a week that has badly – probably fatally – damaged Mr Blair. The prime minister had wanted to keep his departure plans vague. But after a revolt by Labour MPs, he was finally forced to surrender a rough timetable for his departure.

Perhaps more remarkably, the week's events have also damaged Mr Brown. For years, he has been a consummate political operator, the dead certain successor to Mr Blair. He almost certainly still is. But on Friday Charles Clarke, a former interior minister, voiced the suspicion of many Labour MPs that Mr Blair has been the victim of a grubby coup orchestrated by his finance minister. Mr Clarke attacked Mr Brown's behaviour this week as "absolutely stupid" – adding that he must now "prove his fitness" to succeed Mr Blair.

People outside the UK will probably be more struck by Mr Blair's political demise than Mr Brown's ascent. Even after a decade in office, Mr Blair remains one of the most arresting figures on the international stage. In the US, he enjoys mythical status as the sole sure ally of President George W. Bush in the war on terror. In Europe, Mr Blair is regarded as the one person who has firmly shifted a party of the left to the centre ground. By contrast, Mr Brown – outside international financial circles – enjoys none of this allure.

Yet this is to underestimate Gordon Brown. He deserves no less credit than Mr Blair for founding "New Labour" and making it a powerful electoral machine. Even more significant, Mr Brown is the architect of the government's economic success – implementing reforms that have brought a decade of uninterrupted growth, low unemployment and interest rates. This, above all, is why his bid to succeed Mr Blair is unstoppable.

Even so, within Labour there is a nagging doubt, an ambivalence, about what kind of leader Mr Brown would be. Mr Clarke on Friday became the first senior politician to voice publicly what the ambivalence is about: Mr Brown's dark side, his sullen temperament. "Part of the problem," said Mr Clarke, "is that he lacks confidence. He is nervous. That could all change when the burden of waiting for the job is lifted and I think it probably will. But the problem is, nobody really knows."

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As politicians – indeed as human beings – it is hard to imagine two people more unlike each other than Mr Blair and Mr Brown. The current prime minister is intuitive, a charmer, one who connects with fellow politicians and the electorate. Mr Brown is broody, deliberative, an academic manqué whose powerful charm in private is not felt by the wider public.

Their working styles are different, too. Mr Blair acts on instinct, he has intimations about events. He knew within minutes of the September 11 attacks that the world had been gripped by a powerful new form of terrorism. Mr Brown, by contrast, rarely takes a big decision without painstaking study and reflection. Sometimes, this can be an advantage. But some wonder how well he would make the shift to prime minister, where the incumbent must respond daily to random events.

Above all – and this is central to the impending handover – Mr Brown appears to many Britons to be more left-leaning than Mr Blair. The prime minister has long been seen as a Conservative in disguise ("Tory Blair"). At home, he has overhauled Britain's health and education system, introducing choice for consumers. Mr Brown, by contrast, is seen as a more traditional Labour man, close to trade union leaders and wedded to big government and state intervention.

For Britain's Conservatives, now resurgent under David Cameron, this is the core attack on Mr Brown. Mr Cameron argues that once Mr Blair has gone, he – the Conservative leader – will become Mr Blair's rightful heir. Mr Brown, meanwhile, will marginalise Labour and take it back to the left. This argument is too crude, however. At home, Mr Brown resents the suggestion that he is not a reformer or moderniser. He has faced down union demands for big public sector wage rises. He is deeply committed to the promotion of business and enterprise. What is still uncertain is whether he will have anything like Mr Blair's zeal to entrench choice and diversity in state hospitals and schools.

"He has to do this and I think he will," says a dispassionate observer. "The moment he veers away from the reforms Blair has sought to implement, Cameron will press home the argument that the Tories are Blair's heirs."

On international policy, too, Mr Brown might not signal as much of a change as some believe. Mr Blair has developed a powerful political relationship with the White House, believing the UK can have no influence unless it hugs America close. Mr Brown will not get so close to Mr Bush in the final stages of his presidency. Yet Mr Brown is intellectually far more fascinated than Mr Blair has ever been by American politics, enterprise and culture – ensuring these have a deep influence on his policy.

On Europe, the two men's instincts are clearly different. Mr Brown's dominant concern has been with Europe's structural economic problems and rigid labour markets. This makes him far more sceptical than Mr Blair about attempts to deepen political integration. But Mr Brown is aware, too, that Britain's Conservatives undermine their own credibility by indulging in visceral Europhobia. So he will want to underscore Conservative extremism by forging close links with European leaders.

Can Mr Brown possibly be stopped from winning power? Mr Clarke's attack has thrown a sharp spotlight on whether Mr Brown will be challenged in next year's leadership election. A handful of leading Labour figures close to Mr Blair loathe Mr Brown and share concerns about his character and politics. They may yet organise a challenge.

Yet Mr Brown should manage to head this off. He has bided his time as the leader-in-waiting for so long that he is unlikely to make a mistake now. The broad mass of the Labour party – the trade unions, the young generation of cabinet ministers – is firmly behind him. Yet he still has some work to do – to prove he really does have some of Tony Blair's versatility and humanity.

The Ditch Blair Project (LAT)

The Los Angeles Times, September 9, 2006

PREMATURE POLITICAL OBITUARIES are nothing new, but it isn't every day that a politician writes his own. This week, British Prime Minister Tony Blair did just that — although he left out the precise time of "death," hinting that he would step down within one year in favor of Chancellor of the Exchequer Gordon

Brown. Now journalists are chiming in with their own advance eulogies, many of which identify Blair's fatal affliction as his support for President Bush's foreign policy.

It's not that simple. Yes, Blair has been savaged for supporting not only the war in Iraq but also a pro-Israel position in the recent war in Lebanon. Critics deride him as "Bush's poodle," but that's a doubly unfair epitaph for Blair's tenure at 10 Downing Street.

First, his hawkish position on Iraq involves more than parroting Bush. It reflects his own conviction that democracies like Britain and the United States should intervene abroad when necessary to plant democracy (one goal of the invasion of Iraq) or to

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rescue the victims of ethnic cleansing (as in the Balkans). Quite unlike Bush, Blair considers these missions to go hand in hand with leadership on global warming, debt reduction in the Third World and aggressively reducing poverty worldwide. Blair has been the most articulate spokesman for what appears to be a political breed in retreat — the liberal internationalist.

A political obituary for Blair that fixates myopically on Iraq or on U.S.-British relations gives short shrift to Blair's accomplishments at home, notably his shepherding of the Labor Party back to power after 18 years in the wilderness. Blair led the party to victory three times — the last time despite the baggage of the Iraq war — because he recognized the need to liberate what he called New Labor from the ideological straitjacket of the "loony left." Blair became an evangelist for a Third Way between the doctrinaire socialism of "old Labor" and the too-rugged individualism championed by Margaret Thatcher. The Third Way preached that a party of the left could be pro-business and open to innovation without forsaking the poor and the marginalized.

A similar gospel was preached successfully by a U.S. president whose tenure overlapped with Blair's — not Bush but the Great Triangulator, Bill Clinton. That so many in Britain and the United States have forgotten the Blair-Clinton partnership is a reminder that Blair has been prime minister for a long time and probably should move on. Just don't call him "poodle."

U.S. Paid 10 Journalists For Anti-Castro Reports (NYT)

By Abby Goodnough

The New York Times, September 9, 2006

MIAMI, Sept. 8 — The Bush administration's Office of Cuba Broadcasting paid 10 journalists here to provide commentary on Radio and TV Martí, which transmit to Cuba government broadcasts critical of Fidel Castro, a spokesman for the office said Friday.

The group included three journalists at El Nuevo Herald, the Spanish-language sister newspaper of The Miami Herald, which fired them Thursday after learning of the relationship. Pablo Alfonso, who reports on Cuba for El Nuevo Herald, received the largest payment, almost $175,000 since 2001.

Other journalists have been found to accept money from the Bush administration, including Armstrong Williams, a commentator and talk-show host who received $240,000 to promote its education initiatives. But while the Castro regime has long alleged that some Cuban-American reporters in Miami were paid by the government, the revelation on Friday, reported in The Miami Herald, was the first evidence of that.

In addition to Mr. Alfonso, the journalists who received payment include Wilfredo Cancio Isla, who writes for El Nuevo Herald and received about $15,000 since 2001; Olga Connor, a freelance reporter for the newspaper who received about $71,000; and Juan Manuel Cao, a reporter for Channel 41 who got $11,000 this year from TV Martí, according to The Miami Herald, which learned of the payments through a Freedom of Information Request.

When Mr. Cao followed Mr. Castro to Argentina this summer and asked him why Cuba was not letting one of its political dissidents leave, Mr. Castro called him a "mercenary" and asked who was paying him.

Mr. Cao refused to comment Friday except to say on Channel 41 that he believed the Cuban government knew in advance about the article in The Miami Herald. Most of the other journalists could not be reached. Ninoska Perez-Castellón, a commentator on the popular Radio Mambí station here, said she had received a total of $1,550 from the government to do 10 episodes of a documentary-style show on TV Martí called "Atrévete a Soñar," or "Dare to Dream," and saw nothing wrong with it. Her employer has always known about the arrangement, she added.

"Being Cuban," Ms. Perez-Castellón said, "there's nothing wrong with working on programs that are on a mission to inform the people of Cuba. It's no secret we do that. My face has always been on the shows."

But Al Tompkins, who teaches ethics at the Poynter Institute for Media Studies in St. Petersburg, called it a conflict of interest for journalists to accept payment from any government agency.

"It's all about credibility and independence," Mr. Tompkins said. "If you consider yourself a journalist, then it seems to me it's an obvious conflict of interest to take government dollars."

Lincoln Diaz-Balart, a Republican congressman and one of Miami's most stridently anti-Castro voices, said he believed editors at El Nuevo Herald and The Miami Herald had known that the three writers for El Nuevo had worked for the Office of Cuba

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Broadcasting. He pointed to articles from both papers in 2002 that describe Mr. Alfonso as a moderator for a program on Radio Martí and Ms. Connor as a paid commentator for the station.

But Robert Beatty, vice president for public affairs at the Miami Herald Media Company, said the editor of El Nuevo, Humberto Castello, learned only on Thursday. The Herald, long owned by Knight Ridder, was acquired in March by the McClatchy Company.

Mr. Beatty said that Jesús Diaz, publisher of The Miami Herald and El Nuevo Herald, had decided to fire Mr. Alfonso and Mr. Cancio and to sever ties with Ms. Connor, a freelance journalist who wrote about Cuban culture.

"Journalism's ethical guidelines are neither subjective nor selectively enforced," Mr. Beatty said. "Where conduct of this sort is brought to our attention, we act decisively."

Mr. Cancio said Friday evening that his supervisors had known and approved of his appearances on Radio and TV Mambí, during which he said he always expressed his own opinions and not the government's.

"It is for these reasons that I deny any conflict of interest in my professional behavior," he said, "and I believe my termination to be an unfair and disproportionate decision made in bad faith."

Pedro Roig, director of the Office of Cuba Broadcasting, could not be reached for comment. But he told The Miami Herald that hiring Cuban-American journalists was part of a broader mission to improve the stations' quality.

Joe O'Connell, a spokesman for the government's International Broadcasting Bureau, which oversees the Office of Cuba Broadcasting as well as Voice of America and Radio Free Europe, said the bureau did background checks on journalists who contributed to its programming but had no ethics code for them.

After Mr. Williams admitted in 2005 to accepting money from the Federal Education Department through a public relations company, federal auditors said the Bush administration had violated the law by disseminating "covert propaganda."

A few months later, The Los Angeles Times reported that the Pentagon had paid millions of dollars to another public relations firm to plant propaganda in the Iraqi news media and pay friendly Iraqi journalists monthly stipends.

Government spending on Radio and TV Martí — $37 million this year — has long been the subject of criticism because the broadcasts appear to reach only a minute number of Cubans. The Cuban government jams the signals. This year, the Bush administration spent $10 million on a new plane designed to transmit TV Martí more effectively.

Latin America (WSJ)

By José De Córdoba

The Wall Street Journal, September 9, 2006

When delegates from 116 countries gather for next week's Nonaligned Movement summit in Havana, the question uppermost in their minds will be whether their ailing host, Fidel Castro, is making his final bow on the world's stage.

For the past month, Mr. Castro, 80 years old, has been on the mend from surgery following intestinal bleeding, having temporarily handed power to his younger brother Raul, Cuba's 75-year-old defense minister. But there are precious few details about the health of Cuba's president-for-life, a matter that is considered a state secret.

Some U.S. officials surmise that Mr. Castro is suffering from a fatal stomach cancer, although they won't say so publicly. Earlier this week, Havana, which denies Mr. Castro has cancer, released a letter written by Mr. Castro that said he had lost 41 pounds in 37 days but was now recuperating at a "satisfactory rhythm." Mr. Castro has said he will receive dignitaries at the conference although there is no word on whether he will actually attend. Cubans on both sides of the Florida Straits will be watching his appearance closely for clues of his prognosis.

If the event does amount to Mr. Castro's unofficial farewell from the global stage, Venezuela's fiery president, Hugo Chávez, stands ready to claim the title of heir apparent to his revolutionary mantle. He will be a visible presence at the conference.

Analysts expect the fiercely anti-American Mr. Chávez to use the gathering to lobby votes to win a seat for Venezuela in the 15-member United Nation's Security Council in elections scheduled for October. A victory for Mr. Chávez, who backs Iran's bid to develop a nuclear program, would be a headache for the U.S. Iran's leader, Mahmoud Ahmadinejad, also plans to attend the conference.

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To win a Security Council seat, Mr. Chávez has been traveling the globe and generously spreading oil money to win allies. In turn, the U.S. has been exerting pressure behind the scenes to win support for its candidate, Guatemala.

Next week marks the second time that Mr. Castro has played host to the Nonaligned Movement. It was founded at the height of the Cold War in 1961 by Yugoslavia and other nations that wanted to create a counterweight of countries not aligned with either the U.S or the Soviet Union. The organization, most of whose members are developing nations in Asia, Latin America and Africa, has had a difficult time maintaining relevancy since the Cold War ended, but that hasn't stopped delegates from going to a conference every three years in some part of the globe.

Mexico's Election Doubts May Linger (LAT)

By Héctor Tobar

The Los Angeles Times, September 9, 2006

MEXICO CITY — Top electoral officials and judges are feeding doubts about the outcome of Mexico's presidential vote by declining to release details about a recount of 4 million ballots and by moving quickly to destroy all 41 million ballots, legal experts said Friday.

The seven judges of the Federal Electoral Tribunal declared conservative candidate Felipe Calderon president-elect on Tuesday. But the tribunal's 300-page ruling on the vote left some experts shaking their heads.

John M. Ackerman, a law professor at the National Autonomous University of Mexico, said the judges had made no effort to investigate possible financing improprieties and other charges made by leftist candidate Andres Manuel Lopez Obrador. The ruling also failed to cite any legal precedents in its refusal to have the election annulled, Ackerman said.

The court opened ballot boxes and recounted 4 million votes, but only to determine whether there was evidence of outright fraud — and declared that they had found none. The recount tallies were not released.

"The tribunal is explicitly preventing us from seeing what actually happened in the partial recount," Ackerman said. "The result of all this is that we don't have certainty."

A Federal Electoral Tribunal spokesman said the judges would not comment on the ruling. He said no further information would be released on the recount.

On Thursday, the Federal Electoral Institute, or IFE, which organizes elections, denied a request by Ackerman and others to have access to the ballots.

By law, ballots here are destroyed after an election is certified, but the law does not stipulate when.

Irma Sandoval, director of the National Autonomous University's Laboratory for the Study and Analysis of Corruption and Transparency in Mexico, said the ballot request was made through the fledgling public records act, which grants access to documents not covered by privacy and national security restrictions.

"The IFE denied our request because, they said, the ballots are not documents," Sandoval said. "The ballots are printed by the government. But the IFE said that at the moment a citizen marks the ballot, it's no longer a document. It's a very metaphysical argument."

Writers Elena Poniatowska and Carlos Monsivais, who supported Lopez Obrador's presidential bid, joined the petition seeking access to the ballots.

Sandoval said she and others were considering an appeal to the Supreme Court to keep the IFE from destroying the ballots.

The IFE's rejection of the request led Sandoval to compare this election to 1988, when the outgoing government burned ballots rather than allow a recount that might have proved leftist candidate Cuauhtemoc Cardenas' allegations of fraud in his loss to ruling party nominee Carlos Salinas de Gortari.

"All of the reforms we've had since 1988 have been designed to bring the left back into the electoral process, and now the left is on the street," Sandoval said. "If the IFE proceeds with the rushed and premature destruction of the ballots, then the comparisons to 1988 will be more than apt."

Lorenzo Cordova, a law professor at the National Autonomous University, said that although the election was flawed, it was mostly a success. On election day, he said, all of the political parties praised the way the IFE conducted the vote.

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"The errors of the IFE were in communication," Cordova said, after the narrow margin between Calderon and Lopez Obrador became clear. "They didn't know how to face a politically delicate situation in the way they released information in the days after the election. They created a lot of doubts."

Cordova said he opposed granting public access to the ballots because there was no guarantee a "citizen recount" would follow established standards. But he said the election had shown the need for new reforms, including improved regulation of the media and private financing of campaigns.

Mexico Arrests Major Cocaine Suspect (AP)

By Julie Watson

AP, September 9, 2006

Mexican authorities have arrested a reputed major figure in one of Colombia's largest and most feared drug cartels responsible for nearly half of the cocaine smuggled into the United States, U.S. officials said Friday.

Jaime Maya Duran was arrested Wednesday by agents of Mexico's attorney general's office in Mexico City and flown immediately to New York, where he is under indictment on drug trafficking and money laundering charges, the U.S. Immigration and Customs Enforcement, or ICE, said in a news release.

Maya Duran's arrest "shows the determination of U.S. and Mexican law enforcement authorities to pursue the most dangerous criminals, including those who thought they were untouchable," U.S. Ambassador in Mexico Tony Garza said in a statement.

Officials at the attorney general's office in Mexico said they had no immediate comment.

A Colombian citizen, Maya Duran and three other key lieutenants allegedly took over the Norte Valle cartel, based in Cartago, Colombia, after the ring's suspected leader, Luis Hernando Gomez Bustamante, was jailed in Cuba for attempting to enter the country with a false passport two years ago.

The ICE said the cartel is Colombia's largest and most feared, and allegedly exported more than 1.2 million pounds of cocaine to the United States between 1990 and 2004.

Maya Duran allegedly arranged the logistics of drug shipments to the United States and Europe, according to the U.S. State Department.

U.S. officials posted a $5 million reward in his arrest.

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TERRORISM NEWS:

Before Speeches, A Bush Strategy To Regain Edge (NYT)

By David E. Sanger And Sheryl Gay Stolberg

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — When President Bush and his top aides gathered in July to sketch out a strategy for the fifth anniversary of the Sept. 11 attacks, it was clear to all that they had to try to reset the clock — back to a time, before Iraq, when portraying Mr. Bush as a steely commander in chief was a far simpler task, and before Hurricane Katrina, when questions about the administration's competence did not weigh so heavily.

From those discussions emerged the speeches Mr. Bush has delivered over the last week, the leading edge of a remarkably intensive and aggressive campaign in which he has tried to regain ground he has lost for more than two years, by turning the conversation away from Iraq and back toward the broader war on terror.

It is a carefully calibrated strategy that will continue in coming days, first with an appearance Sunday morning by Vice President Dick Cheney on NBC's "Meet the Press," the vehicle he used to advantage at key moments after Sept. 11 and then Mr. Bush's appearance that night at ground zero in New York and a prayer service at St. Paul's Chapel.

On Monday, for the first time since the first anniversary, in 2002, Mr. Bush will visit all three sites of the attack that remade his presidency — New York, Shanksville, Pa. and the Pentagon. Then he will cap the day and bring to a close this phase of his effort to portray himself and his party on his terms with a nationally televised speech from the Oval Office.

It is bound to be reminiscent of his speech from the same seat exactly five years before, when, after a shaky day, he first pronounced the "Bush doctrine" that led to the toppling of the Taliban in Afghanistan and ultimately became the heart of the administration's justification for invading Iraq.

"You can never turn back the clock," Dan Bartlett, the counselor to the president, said on Friday when asked about the strategy. "But we knew that news organizations and everyone else would be using this moment to define where we were five years later, and the president wanted to articulate his view, too."

"He's not trying to ignore Iraq — he wouldn't, he doesn't want to," Mr. Bartlett added. "But he had to explain that even if we have a debate here about whether Iraq's part of the war on terror, the enemy believes it is."

Mr. Bartlett, like Mr. Bush two weeks ago, said this was a moment of remembrance and a reminder of national resolve, not a moment for politics. But nine weeks before a midterm election that many Republicans fear they may lose, it is impossible to separate remembrance and politics.

In interviews, Republican strategists who are aware of the closely held White House plans for this week say the critical question is whether Mr. Bush still holds the power to alter the course of national conversation away from the Iraq war and back to the theme that has worked for them before, countering direct threats to the United States.

But there is another, related question as well: whether Republicans can succeed again in convincing the nation that Democrats cannot be trusted with keeping it safe. The political strategy pursued by Mr. Bush's strategist, Karl Rove, has always been to frame elections as choices and to work to make the other side an unappealing alternative.

The White House has signaled its intentions on that score and appears to be pivoting to a more openly political phase of its strategy, in which the administration and its allies will try to undermine the Democrats.

Last week, Defense Secretary Donald H. Rumsfeld compared critics of the war to "appeasers." Mr. Cheney, for months, has been calling those who want to withdraw from Iraq "plain wrong." The White House press secretary, Tony Snow, coined a new term, "Defeatocrats," that Republicans have quickly worked into their lexicon, along with highly charged words like "surrender."

"I think this series of speeches will be critical to not simply defining this president, but more importantly to defining the challenges of our generation," said Ken Mehlman, chairman of the Republican National Committee, adding, "One of the key questions that voters will answer is whether they want to elect leaders who recognize that we're at war and want to do whatever it takes to win the war, or do they want to surrender very key tools that have been necessary to prosecute the war."

Republicans and their allies are already stepping up their negative campaign against Democrats. In Tennessee, the Republican National Committee is running an advertisement against the Democratic candidate for Senate, Representative

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Harold Ford, that features pictures of fighter planes and control towers, as an ominous voice intones: "The threats are out there. The responsibility is clear. Knowing who the terrorists are and where they are is the only way to keep us safe."

While Mr. Bush proved in recent days that he was capable of seizing the agenda and dominating the news, there were reminders of the limits of his power to drive the national discussion to his benefit. He was out fund-raising on Friday, but the candidates did not campaign publicly with him, only behind closed doors at the fund-raisers.

And even the Senate Intelligence Committee, which Republicans control, released a report on Friday that raised new questions about the administration's use of prewar intelligence. It found that the Central Intelligence Agency had backed away last fall from the administration's claims, which Mr. Bush repeated just weeks ago, of ties between Saddam Hussein's Iraq and the Jordanian terrorist Abu Musab al-Zarqawi.

The White House campaign to seize control of the debate grew in part out of a national security issue involving Mr. Bush's decision to move 14 high-profile terrorist suspects from C.I.A. custody in undisclosed locations in other countries into military custody at Guantánamo Bay, Cuba, said one Republican who is often consulted by the White House and who spoke in return for anonymity.

The Republican said it was the transfer of the 14 suspects as much as Monday's anniversary of the attacks that prompted the political planning. The initial thought, he said, was to give one speech to "talk about the context," but soon the idea grew into a series of speeches dovetailing nicely with the political agenda, managed by Mr. Rove, the chief strategist; Mr. Bartlett; and Joshua B. Bolten, the chief of staff.

"The political folks and the communications folks, basically Karl and Dan and Josh, were delighted with the notion that you could begin to shape the fall debate around a series of substantive speeches that would not only drive the news but define the policy for people, and define the differences," this Republican said.

The speeches, written by a team headed by William J. McGurn, emphasized the continuing threat represented by Osama bin Laden and went on to offer Mr. Bush's own fairly upbeat report on progress made in closing the gaps in domestic security laid bare by the Sept. 11 attacks.

The White House kept the details of one speech particularly secret, even from some senior staff members: Mr. Bush's declaration on Wednesday that he had transferred the terror suspects from C.I.A. custody to the detention center at Guantánamo in a speech in which he also challenged Congress to give him the authority to begin war-crimes trials.

"This was the most cumbersome, because all of the material was so highly classified," Mr. Bartlett said, though Mr. Bush declassified some of the details of their interrogations in an effort to bolster his case that sometimes there was a need for what he delicately called "alternative" interrogation methods.

Bush Resets Political Debate With Demands For Action (WT)

By Stephen Dinan

The Washington Times, September 9, 2006

President Bush this week reset the political landscape with just two months to go until the congressional elections, grabbing top headlines three days in a row as he dropped several political hot potatoes into Congress' lap and demanded action this month.

After a summer of questions about policy and progress in Iraq, his strategy on Iranian nuclear ambitions and the collapse of his push for a broad immigration bill, Mr. Bush has honed in on one overriding message: Democrats can either join Republicans to pass bipartisan bills or they can try to block them and see how that plays in November.

He also boosted Republicans' case for having made the nation more secure since the September 11 attacks by giving details of plots that have been foiled -- the first time many of those details have ever been released.

"It's not an abstract argument anymore. The president pointed out specific events that have not occurred," Senate Majority Whip Mitch McConnell, Kentucky Republican, said in a telephone interview.

Democrats took some of their best shots to date, including an attempt to vote "no confidence" on Defense Secretary Donald H. Rumsfeld and the release of their own security plan. But they were countered by White House dominance of the news cycle on Tuesday, Wednesday and Thursday -- the three days Congress was in session and Democrats had a platform.

Democrats, remembering the way the president used the creation of the Department of Homeland Security in 2002 as a wedge to win control of the Senate, said they won't let that happen again.

"We're playing it much smarter this time. We're not going to allow them to box us into a corner," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, Nevada Democrat. "It's obvious what the administration was trying to do this week, and that was exert maximum pressure on Democrats, and Republicans as well, that have concerns about their proposal. Unfortunately this time it's not going to work. Their tough-talking rings hollow."

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Unlike 2002, Mr. Manley said, Democrats have both the September 11 commission as a yardstick to point out where the administration has fallen short on homeland security and divisions among Republicans on a number of issues.

Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee, yesterday said splits among Republicans on military tribunals for detainees, Iraq policy and the fate of Mr. Rumsfeld have paralyzed the majority party.

"The result is fighting and chaos and nothing accomplished for the country. It's time for a new direction," Mr. Emanuel said.

Mr. Bush sought to cut through many of those divisions this week by honing his message.

In three speeches this week the president tried to put a face on the terrorists, asked Congress to approve his terrorist wiretapping program and announced he has transferred 14 top terrorists from CIA custody to the Defense Department. He called on Congress to authorize military commissions to try them.

"That is the No. 1 priority right now," White House press secretary Tony Snow said yesterday.

Mr. McConnell said the courts forced the issue, but insisted that the political decision is now up to the Democrats.

"They've got now a choice -- they can either sign up with the president and the administration and a majority of Republicans and pass these two pieces of legislation on an overwhelmingly bipartisan basis, or they can turn it into a political issue we'll be happy to take to the American people," he said.

Bush 9/11 Tour Aims To Bolster Republicans (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 9, 2006

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory.

Mr. Bush sees the attacks as the defining moment of his presidency, and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 -- part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

After months of rarely mentioning fugitive al Qaeda leader Osama bin Laden, Mr. Bush and other top White House officials are again making him a central part of their speeches. The president's announcement Wednesday that he had ordered high-level al Qaeda detainees such as Khalid Sheikh Mohammed to be moved to the military prison at Guantanamo Bay, Cuba, meanwhile, was designed in part to shift the terms of the public debate about the controversial facility by linking it explicitly to the Sept. 11 attacks.

The White House push will hit its emotional peak when Mr. Bush flies to each of the three sites struck to pay respect to the Americans who died there. On Sunday, Mr. Bush travels to New York to lay a wreath at the former site of the World Trade Center, take part in a prayer service at St. Paul's Cathedral and meet with police officers, firefighters and other first-responders to the attacks. On Monday, he will journey to Shanksville, Pa., and the Pentagon -- the crash sites of the other two hijacked airliners -- to lay wreaths.

Although Mr. Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Mr. Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since."

Mr. Snow says the president's recent speeches touting his administration's homeland-security record and asking Congress to approve controversial White House initiatives, such as tapping the phones of those suspected of terrorist links without warrants or trying extremists before military commissions rather than traditional legal forums, are "not exercises in reviving past emotions."

"They're designed to place in context ongoing threats and ongoing and future actions to address those threats," he says. "Heart-tugging addresses would have sounded very different and would have approached the subject in an entirely different way."

Still, there is no doubt terrorism will be a central issue in the November midterm elections, which Democrats see as their best chance in years to regain control of the House and possibly the Senate.

Strategists of both parties say the elections are likely to be decided largely by whether voters ultimately accept the Democratic case that the Iraq war has made the nation less safe by distracting military and intelligence personnel from the fight against al Qaeda, or the Republican contention that the war there is central to the broader battle against Muslim extremists.

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"There's a clear understanding today that there are two wars, one against terrorism and one in Iraq," says Rep. Ike Skelton of Missouri, the ranking Democrat on the House Armed Services Committee. "Americans understand that it's apples and oranges to say that they're the same fight."

White House aides, for their part, believe terrorism remains a winning political issue for Republicans. In recent meetings with lobbyists and political operatives, White House strategist Karl Rove and White House political director Sara Taylor said that Mr. Bush and other top administration officials would make regular reference to Mr. bin Laden and the threat posed by Islamic extremists in the eight weeks that remain until the elections, according to several of those in attendance.

"I continue to think that if the Republicans were to pick the battlefield issues, we'd say, 'Lets talk about national security,' " says Vin Weber, a Republican strategist and former congressman. "And if I were the opposition party I'd be nervous about an election strategy that rests on making a fundamental challenge to the commander in chief at a time of war. That's an incredibly tough thing to pull off."

To that, Democrats say the political terrain has shifted considerably since 2004, when Republicans last used terrorism successfully as a political issue. They argue that the deep disapproval of the Iraq war has eroded Mr. Bush's stature as a leader and that the White House's attempts to capitalize on the terrorism issue have robbed it of much of its punch.

President Aims To Revisit Social Security After Recess (WP)

By Anushka Asthana And Michael A. Fletcher

The Washington Post, September 9, 2006

KANSAS CITY, Mo., Sept. 8 -- President Bush said this week he would like to revisit Social Security reform next year and said he personally approved the U.S. visit of Iran's former president, as he prepared to address the nation to mark the fifth anniversary of the Sept. 11, 2001, terrorist attacks.

The White House has requested network television time for the Oval Office address, which is scheduled to begin at 9 p.m. on Monday. All four major broadcast networks have agreed to air the president's remarks.

"This is not a political speech. There are not going to be any calls to action for Congress," said White House Press Secretary Tony Snow. "It will be a reflection of what September 11th has meant to the president and to the country, the realities that it has brought to all of our attention, and how we can move forward together to try to win the war on terror."

In one of a series of interviews he is conducting to mark the anniversary, Bush told the Wall Street Journal that he would like to tackle Social Security after the midterm elections, when he "will be able to drain the politics out of the issue." The interview will appear in this weekend's Journal.

Bush failed last year to persuade Congress to overhaul the New Deal-era program, including the creation of private investment accounts and a reduction of guaranteed benefits for future retirees. His staff has said he is exploring the issue, but his comments to the Journal were the most definitive that he wanted to try something again -- although he did not say exactly what.

The president also said he personally approved this week's visit of former Iranian president Mohammad Khatami, a trip that has drawn some criticism in conservative circles.

"I was interested to hear what he had to say," Bush said. "I'm interested in learning more about the Iranian government, how they think, what people think within the government."

Bush's commemoration of the anniversary of the attacks will begin Sunday afternoon in New York, where he will lay a wreath at Ground Zero before taking part in a prayer service.

On Monday, he will begin his day with breakfast with emergency service personnel in New York, then will participate in a moment of silence at 8:46 a.m., the time that the first plane slammed into the North Tower of the World Trade Center, and then a ceremony with New York first responders.

From there, Bush will travel to Shanksville, Pa., where just after noon he is scheduled to participate in a wreath-laying. Later that afternoon, he will take part in a similar ceremony at the Pentagon.

The anniversary of the deadliest terrorist attack in the nation's history also will inspire a brief moment of bipartisan comity. Senate Minority Leader Harry M. Reid (D-Nev.) will be among those joining Bush at the Pentagon ceremony. That evening congressional leaders from both parties will lead a commemoration of the national tragedy with speeches, a moment of silence and patriotic songs from the steps of the Capitol.

White House aides announced plans for Monday's speech on a day that Bush headlined closed-door fundraisers for GOP Senate candidates in Michigan and Missouri.

Bush's motorcade passed a small demonstration from protesters in Michigan holding up signs that read "President You've Let Us Down" and urging him to meet with the chief executives of the nation's struggling automobile manufacturers. A planned meeting between Bush and the heads of the nation's leading automakers has been repeatedly delayed, and deputy press secretary Dana Perino said the session will be held after the November election to "avoid getting it mired in politics."

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Fletcher reported from Washington. Staff writer Michael Abramowitz in Washington contributed to this report.

Bush Plans 9/11 Anniversary Address (LAT)

By James Gerstenzang

The Los Angeles Times, September 9, 2006

WASHINGTON — President Bush plans to deliver a speech to the nation from the Oval Office on Monday, the fifth anniversary of the Sept. 11 attacks, to reflect on what the terror strikes meant to the nation and to address what the United States still needs to do to fight terrorism, his spokesman said Friday.

The speech, at 6 p.m. PDT, will conclude Bush's participation in two days of commemorations of the attacks, which reshaped his presidency as well as the nation's foreign and intelligence policies.

Before delivering the speech, Bush will take part in memorial ceremonies Monday at all three sites where hijacked planes crashed on Sept. 11, 2001 — in New York City, in Pennsylvania and at the Pentagon.

White House Press Secretary Tony Snow said Bush's address would avoid a partisan tone.

"This is not a political speech. There are not going to be any calls to action for Congress," Snow said at a White House news briefing. "It will be a reflection of what Sept. 11 has meant to the president and to the country, the realities that it has brought to all of our attention, and how we can move forward together to win the war on terror."

On Sunday, Bush is scheduled to take part in two ceremonies in New York City: The presentation of a wreath at ground zero, where the World Trade Center towers stood, and a worship service at a nearby church. He is not expected to make formal remarks at either event, Snow said.

The next morning, the president will have breakfast with New York City emergency crews; observe a moment of silence at 8:46 a.m., when the first of two airplanes struck the trade center; and take part in a formal commemoration of the attacks.

From New York, he will fly to Pennsylvania to visit the site near Shanksville where United Flight 93 went down after passengers tried to seize control from hijackers. At midafternoon, he will present a wreath at the Pentagon, which was struck by a fourth airplane.

The speech Monday evening will be the fifth address in 12 days Bush will have delivered on terrorism and the wars in Iraq and Afghanistan. The previous speeches have delineated his policies, setting out markers that differentiate them from those of Democrats, without naming the opposition party.

Snow said the speech Monday "is not something where we're trying to draw bright lines to separate Democrats from Republicans."

Rather, he said, Bush would try to draw on the way the country responded to the attacks, which Snow said was "nothing short of sensational, and it's something that could only have happened in this country."

Bush Plans Prime Time Sept. 11 Address (AP)

AP, September 9, 2006

President Bush will make a prime-time address from the Oval Office on Monday to mark the fifth anniversary of the Sept. 11 attacks.

White House press secretary Tony Snow said the administration had requested network time for the address at 9:01 p.m. EDT. The address is expected to run 16 to 18 minutes, he said.

The speech will come after Bush visits each of the attack sites, in New York, Shanksville, Pa., and the Pentagon, where terrorist hijackers used commercial airliners as weapons to kill nearly 3,000 people.

Snow said Bush's address would not be a political speech or a charge to Congress for action. Rather, he said, it would be reflective of what Sept. 11 has meant and "how we move ahead as a country in making use of the lessons of Sept. 11."

"It will have a note of optimism as well as sobriety about what we've been through," Snow said.

Also, it was revealed that the Pentagon on Saturday will allow the public to tour a multi-faith chapel and other memorial sites at the spot where a hijacked airline slammed into the building on that fateful day.

A Pentagon tour guide will accompany groups to visit the small chapel and an adjacent memorial room where the names of all 184 victims are etched on a plaque and a booklet contains a photo and description of each.

Also in the room is the flag that was draped over the casket used in a group burial honoring the 184 victims at Arlington National Cemetery the day after the attack, which destroyed a large section of the Pentagon's southwest side.

The first time the public was allowed to view these rooms was last Sept. 11.

Members of the public also can see a memorial marble stone, taken from the rubble of 9-11, that was embedded in the rebuilt section of the Pentagon at the spot where hijacked American Airlines Flight 77 hit the building.

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The tour will include a look at the construction site for a two-acre memorial park near the impact site. The memorial, scheduled to be completed by the fall of 2008, will feature benches set over small reflecting pools commemorating each of the 184 victims. Several species of maple trees, including one known as the paperback maple, will dot the site.

George W. Bush 'Most People Want Us To Win' (WSJ)

By Paul Gigot

The Wall Street Journal, September 9, 2006

ABOARD AIR FORCE ONE -- Speaker Nancy Pelosi?

"That's not going to happen," snaps the president of the United States, leaning across his desk in his airborne office. He had been saying that he hoped to revisit Social Security reform next year, when he "will be able to drain the politics out of the issue," and I rudely interrupted by noting the polls predicting Ms. Pelosi's ascension.

"I just don't believe it," the president insists. "I believe the Republicans will end up being -- running the House and the Senate. And the reason why I believe it is because when our candidates go out and talk about the strength of this economy, people will say their tax cuts worked, their plan worked. . . . And secondly, that this is a group of people that understand the stakes of the world in which we live and are willing to help this unity government in Iraq succeed for the sake of our children and grandchildren, and that we are steadfast in our belief in the capacity of liberty to bring peace."

Love or loathe President George W. Bush, you can't say he lacks the courage of his convictions. Down in the polls, with the American people in a sour mood over Iraq, Mr. Bush isn't changing his policy or hunkering down in the Oval Office. Instead he's doubling down, investing whatever scarce political capital he has to frame the November contest as a choice over the economy and taxes and especially over his prosecution of the war on terror.

The strategy carries no small risk, because if Republicans lose, Democrats will feel even more emboldened to challenge him on national security. The final two years of his presidency could be dreadful and the chances of a U.S. retreat in Iraq would multiply. On the other hand, his senior aides say, Mr. Bush will be blamed if Republicans lose in any case, so he might as well play his strongest hand to prevent such a result. And if the GOP holds both houses, he'll deserve much of the credit. * * *

The president is certainly in feisty, even passionate, form as I meet him for 40-some minutes Thursday afternoon, coming off the third of his speeches this week on the lessons of 9/11 and a fund-raiser in Savannah, Ga., for GOP House candidate Max Burns. The critics are saying the Bush Doctrine of spreading democracy in the Middle East is dead, but the Beltway coroners must not have talked with Mr. Bush. I pose the frequent complaint that his policy has succeeded only in unleashing the radical Furies in Palestine, Lebanon and Iraq.

"I would remind the critics of the freedom agenda that the policy prior to September 11th was stability for the sake of stability: Let us not worry about the form of government. Let us simply worry about whether or not the world appears stable, whether or not we achieve short-term geopolitical gain," he says. "And it looked like that policy was working, and, frankly, it made some sense when it came to dealing with the Middle East vis-à-vis the Communists.

"The problem with that philosophy, or that foreign policy, was that beneath the surface boiled resentment and hatred, and that resentment and hatred helped fuel this radical Islam, and the radical Islam is what ended up causing the attacks that killed 3,000 of our citizens. So I vowed, and made the decision that not only would we stay on the offense and . . . get these people before they could attack us again. But in the long run the only way to make sure your grandchildren are protected, Paul, is to win the battle of ideas, is to defeat the ideology of hatred and resentment."

But would he concede that elections have so far empowered mainly the radicals? "It's a part of the process. I think Americans must remember we had some growing pains ourselves. It wasn't all that smooth a road to the Constitution to begin with in our own country. Democracy is not easy," he says, coiled and intense in his presidential flight jacket.

Take the Palestinian elections that elevated the terrorist group Hamas to power. "I wasn't surprised," he says, "that the political party that said 'Vote for me, I will get rid of corruption' won, because I was the person that decided on U.S. foreign policy that we were not going to deal with Mr. Arafat because he had let his people down, and that money that the world was spending wasn't getting to the Palestinian people. . . . They didn't say, 'Vote for us, we want war.' They said, 'Vote for us, we will get you better education and health.'"

Mr. Bush concedes that Hamas's "militant wing," as he calls it, is "unacceptable." But he says he sees a virtue in "creating a sense where people have to compete for people's votes. They have to listen to the concerns of the street." The answer is for other Palestinian leaders to out-compete Hamas to respond to those concerns. "Elections are not the end. They're only the beginning. And, no question, elections sometimes create victors that may not conform to everything we want. . . . On the other hand, it is the beginning of a more hopeful Middle East." * * *

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I try to dig a little deeper on Egypt, where the political opening of 18 months ago seems to have been abruptly closed by President Hosni Mubarak, with a muted U.S. response to the arrest of the moderate opposition leader, Ayman Nour. Has the U.S. given up on promoting reform in Egypt?

"Of course we have not given up," Mr. Bush says. "We were disappointed" about Ayman Nour. Does he believe Mr. Mubarak should release Mr. Nour? "Yes, I do, but he'll make those decisions based upon his own laws." Mr. Bush says he's spoken to Mr. Mubarak's son and heir-apparent, Gamal, about Mr. Nour, "and I have spoken to Mubarak a lot about democracy. And, equally importantly, I've talked to . . . a group of young reformers who are now in government. There's an impressive group of younger Egyptians -- the trade minister and some of the economic people -- that understand the promise and the difficulties of democracy."

The pace of Middle East reform will vary by country, he adds. In Kuwait, they now let women vote. "And so if you look at the Middle East from 10 years to today, there's been some significant change. Jordan changed, Morocco, the Gulf Coast countries, Qatar," and of course the nascent democracies of Iraq and Afghanistan.

Regarding Iraq, Mr. Bush is a bit reflective, if also insistent about the costs of failure. "I'm not surprised that this war has created consternation amongst the American people," he concedes. "The enemy has got the capacity to take -- got the willingness to take innocent life and the capacity to do so, knowing full well that those deaths and that carnage will end up on our TV screens. So the American people are now having to adjust to a new kind of bloody war.

"Now, my view of the country is this: Most people want us to win. There are a good number who say, get out now. But most Americans are united in the concept -- of the idea of winning."

On that point, I ask Mr. Bush to address not his critics on the left who want to withdraw, but those on the right who worry that he isn't fighting hard enough to win. "No, I understand. No, I hear that, Paul, a lot, and I take their word seriously, and of course use that as a basis for questioning our generals. My point to you is that one of the lessons of a previous war is that the military really wasn't given the flexibility to make the decisions to win. And I ask the following questions: Do you have enough? Do you need more troops? Do you need different equipment?" The question I failed to ask but wish I had is: Does this mean that, like Lincoln, Mr. Bush should have fired more generals?

With sectarian strife in Iraq, some critics (such as Sen. Joe Biden) are saying the best strategy now is for the country to divide into three -- Kurdish, Shiite and Sunni. Mr. Bush says partition would be "a mistake," though he does add that "the Iraqi people are going to have to make that decision." But he says Iraqis didn't vote for partition when they approved their new constitution or new government, and "this government has been in place since June; 90 days is a long time for some, but it's really not all that long to help a nation that was brutalized under a tyrant to get going."

Mr. Bush is most emphatic when he links Iraq to the larger struggle for Mideast reform. "In the long run, the United States is going to have to make a decision as to whether or not it will support moderates against extremists, reformers against tyrants. And Iraq is the first real test of the nation's commitment to this ideological struggle. . . . I believe it strongly. One way for the American people to understand the stakes is to envision what happens if America withdraws." He has been hitting that last point hard in his recent speeches, and it is the linchpin of the argument Mr. Bush will make through November against the Democrats who insist on pulling out immediately.

Intriguingly, the president broke a little news on the subject of Iran, acknowledging that he personally signed off on the U.S. visit this week by former Iranian President Mohammad Khatami. The trip has angered many conservatives because Mr. Khatami presided over the nuclear weapons development and cheating that Mr. Bush has pledged to stop. Why let him visit?

"I was interested to hear what he had to say," Mr. Bush responds without hesitation. "I'm interested in learning more about the Iranian government, how they think, what people think within the government. My hope is that diplomacy will work in convincing the Iranians to give up their nuclear weapons ambitions. And in order for diplomacy to work, it's important to hear voices other than [current President Mahmoud] Ahmadinejad's."

One thing Mr. Khatami has said this week is that because the U.S. is bogged down in Iraq it will never have the will to stop Iran's nuclear program. Is he right? "Well, he also said it's very important for the [coalition] troops to stay in Iraq so that there is a stable government on the Iranian border," Mr. Bush replies, rather forgivingly.

On other hand, Mr. Bush remains as blunt as ever about the nature of the Iranian regime when I ask if one lesson of North Korea is that Iran must be stopped before it acquires a bomb. "North Korea doesn't teach us that lesson. The current government [in Iran] teaches that lesson," Mr. Bush says. "Their declared policies of destruction and their support for terror makes it clear they should not have a nuclear weapon."

The impression Mr. Bush leaves is of a man deeply engaged on the Iran problem and, like several presidents before him, trying to understand what kind of diplomatic or economic pressure short of military means will change the regime's behavior. One way or another, Iran will be the major dilemma of the rest of his presidency, and Mr. Bush knows it. * * *

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Five years after 9/11, I ask the president if he is surprised that -- and can explain why -- both Iraq and his larger antiterror policies have become so politically polarized. "Well, first of all, I do believe there's a difference between the political rhetoric out of Washington and what the citizens feel," he says.

"But this is a different kind of war. In the past, there was troop movements, or, you know, people could report the sinking of a ship. This is a war that requires intelligence and interrogation within the law from people who know what's happening. . . . Victories you can't see. But the enemy is able to create death and carnage that tends to define the action.

"And I think most Americans understand we're vulnerable. But my hope was after 9/11, most Americans wouldn't walk around saying, 'My goodness, we're at war. Therefore let us don't live a normal life. Let us don't invest.'" Mr. Bush calls it an "interesting contradiction" that he wants "people to understand the stakes of failure" in this conflict. But on the other hand, he also wants "the country to be able to grow, invest, save, expand, educate, raise their children." This is another way of saying how hard it is for a democracy to maintain support for a war without a tangible, ominous enemy such as the Soviet Union or Imperial Japan.

Could he have done more, as president, to win over more Democratic allies? "I met with a lot of Democrats over the course of this war, and" -- he pauses for the longest time in our interview -- "you know, it's hard for me to tell, Paul, whether I could have done a better job. . . . I don't know. I just don't know."

He then says that he has GOP majorities, and thus Republican leaders, to deal with. "Obviously, I wish that the effort were more bipartisan; it has been on certain issues. It certainly was when it came time for people to assess the intelligence that they had seen and knew about and vote on a resolution to remove Saddam Hussein from power." And it was as well on his policy of pursuing state sponsors of terror. But then the 2004 campaign intervened, he says, and now it's another campaign season.

Mr. Bush is an avid reader of history, and he has a contest with political aide Karl Rove to see who reads the most books. ("I'm losing," Mr. Bush says.) So I ask him if any current Democrat could play the role that Republican Sen. Arthur Vandenberg of Michigan played in helping Harry Truman establish new policies in the 1940s at the dawn of the Cold War.

Notably, he talks about Truman first. "I doubt Truman would have been able to predict how long the Cold War would last, but I applaud Truman for beginning to wage the Cold War" -- pregnant pause -- "for which he was very unpopular, for which the country was viewed as polarized." He never does mention a contemporary Vandenberg, and in truth the only one I can think of is Joe Lieberman, of late and by necessity not a Democrat but an "independent." * * *

The Truman reference is nonetheless revealing, because it suggests that perhaps Mr. Bush has begun to realize he will get little credit for his Middle East policies during his own presidency. His critics on the left in particular want to portray him as another LBJ, forlorn over a misbegotten war, and destined for historical disdain because of it. But Mr. Bush hardly resembles the LBJ who more or less came to agree with his Vietnam critics. He seems far more like Truman, both in his personal combativeness and also in his conviction that his vindication will come down the road.

One of his main goals now, also like Truman, is to institutionalize some of his antiterror policies by putting them on firmer legal and political ground so future presidents can use them. That's what his speech this week on military tribunals was mainly about, and the same goes for warrantless wiretaps and CIA interrogations of al Qaeda suspects. For all of the controversy they've caused, Mr. Bush is convinced that the next president will be grateful to have these tools. And despite all the partisan rancor surrounding them, Mr. Bush's legacy in defending them is likely to be lasting.

When I put to him the criticism made by Newt Gingrich, among others, that the U.S. security bureaucracy is too slow and unwieldy, he couldn't rebut it fast enough. "I disagree strongly," he says. "We were stove-piped in the past. We had an FBI whose primary responsibility was white-collar crime or criminality. We had a CIA that couldn't talk to criminal investigators. And we've changed all that."

Mr. Bush adds that the intelligence he receives is "quantifiably better" than it was before 9/11. One reason is the warrantless al Qaeda wiretaps, which gather intelligence from what he calls "the battlefield" in this conflict. "And so the data points are becoming richer, and the analysis is more complete, because now the reports I get on analysis have input from different parts of the intelligence community that John Negroponte is overseeing." Mr. Bush isn't likely to call legislation he signed a failure, but this is still the most reassuring thing I've heard about the CIA in years.

This is the fourth time I've interviewed Mr. Bush at length in the last eight years, going back to his time as Texas governor. One of the notable things about him is how similar he seems. He has always been supremely confident in his decisions and focused above all else on pushing forward, not looking back. If he is tortured by doubt, he doesn't show it to journalists. Some see this as obstinance, but he sees it as firmness of conviction.

Whether or not he's right about the elections this fall, you have to respect his willingness to put that conviction on the line. "I said in my Inaugural Address, we should end tyranny in the 21st century," he says. "And I meant that."

Mr. Gigot is the editor of The Wall Street Journal's editorial page.

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Analysis: War Focus Holds Political Risk (AP-Y)

By Tom Raum

AP, September 9, 2006

President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy.

The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad.

"We learned the lessons of Sept. 11," Bush said Thursday in the latest in a new round of speeches on the subject. "We're working to connect the dots to stop the terrorists from hurting America again."

GOP strategists hope the new focus, including efforts by Republicans in Congress to press for votes on a string of anti-terror initiatives, will burnish Bush's image as commander in chief in responding to the 9/11 attacks and help to divert attention from Iraq.

White House press secretary Tony Snow said Friday that Bush will make a prime-time address from Oval Office on Monday to mark the fifth anniversary of the Sept. 11 attacks and that the White House had requested network air time at 9:01 p.m. EDT.

But Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said on Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

With the electorate in a sour and generally anti-incumbent mood, majority-party Republicans have little choice but to run on the war against terrorism, suggest activists in both parties.

Frank Luntz, a GOP pollster and strategist who helped orchestrate the "Contract with America" campaign in 1994 that helped Republicans seize control of both House and Senate, sees parallels between then and now — but in reverse since Republicans now control both chambers.

"There is a deep desire for change and a consistent widespread rejection of the status quo," he said.

Republicans have little choice but to make the war on terrorism their central theme, Luntz said. "They have to, because this is their one area of strength. This goes to the core difference between the two parties and their visions. If you can't communicate a core difference, what can you do?"

Democratic pollster Mark Mellman noted that the one-time commanding Republican edge over Democrats on national security "has been dramatically diminished."

"The conclusion of a lot of polls is that people in this country do not feel safer and they feel that George Bush's policies in Iraq and elsewhere have increased the likelihood of terrorism against the United States, not decreased it," Mellman said.

Six in 10 in a recent AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq. A CNN poll published earlier this week asked the public if the war in Iraq was part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

With two months to go before congressional elections that will determine whether Republicans can extend their control of Congress, Americans seem concerned over the threat of terrorism but ambivalent over assigning credit — or blame — to efforts to contain it.

"We're in a lot better shape than where we were before," Grant Miller, 28, a car salesman and Democrat said over lunch in Crestwood, Ky.

Fellow Kentuckian Tim Cox, 46, gave the president solid marks for combatting terrorism, which he said was his biggest present concern. "We're doing what we should be," the factory worker said while stopping by the post office in PeeWee Valley, Ky.

Frank Satterly, 45, a Republican who works as a meat cutter in New Albany, Ind., called it "pretty darn good" that there have been no further terrorist attacks in the U.S. in the past five years. However, he said, no matter who is president, "We're still going to have a terror threat. This is not going away."

Heavy emphasis on the war against terrorism could backfire for the Republicans, particularly if things get worse in Iraq, southern Lebanon, or in dealings with Iran.

But Democrats could also overplay their hand by being too harshly critical of the president.

"At any point, there could be a rally-around-the-president effect if there's another terrorist incident, another big arrest, or if — God forbid — we're attacked again," said James Thurber, a political scientist at American University.

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Democrats Urge 9/11 Unity (WT)

By Christina Bellantoni

The Washington Times, September 9, 2006

Democrats are challenging Republicans to put politics aside as they craft a resolution commemorating the anniversary of September 11, but also are accusing the majority party of making the country less safe in the five years since the terrorist attacks.

"Today, we are still living in a state of homeland insecurity," said Rep. Edward J. Markey, Massachusetts Democrat, who serves on the House Homeland Security Committee. "That is really what the Bush administration has as a legacy five years after 9/11."

Leaders from both parties will temporarily put their differences aside and unite for a Capitol Hill ceremony Monday evening to mark the anniversary.

"September 11th is not a time for politics," said House Minority Whip Steny H. Hoyer of Maryland. He went on to outline his view of Republican security failures.

"September 11th is a time for remembering and resolve," he said. "On September 12th, frankly, we can, in my opinion, talk about the things that I am talking about today."

Republicans, meanwhile, plan to use their record on terrorism issues as they fight to hold onto power this fall.

On Wednesday they will offer a resolution honoring September 11 as a day of remembrance, Republican aides said. The resolution, a draft of which was obtained by The Washington Times, says that the American people "will continue to fight the war on terrorism" and "will never succumb to the cause of the terrorists."

House Minority Leader Nancy Pelosi of California this week told Speaker J. Dennis Hastert of Illinois the draft she had seen "injects controversial political issues" and praises congressional legislation "that was highly controversial on a bipartisan basis."

The objectionable clauses include lauding "legislative accomplishments" such as the USA Patriot Act, the passage of the House's strict border enforcement-only plan in 2005 and the creation of the Department of Homeland Security.

Republicans say similar clauses were included in past resolutions, and in 2002 lawmakers unanimously approved a resolution that said President Bush had signed "numerous laws providing additional resources for the overseas effort against terrorism, as well as additional tools" for U.S. law enforcement.

In 2004, the House voted 406-16 for a resolution that championed "innovative programs" that have secured the nation and applauded the capture of Saddam Hussein. Neither resolution mentioned the Patriot Act.

Mrs. Pelosi asked the speaker to model the resolution after last year's version, which said the House would take "whatever actions necessary to identify, intercept and disrupt terrorists."

Republicans balked at the Democratic requests.

"Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on 9/11 than work with us in a bipartisan way," said Ron Bonjean, a spokesman for Mr. Hastert.

House Leaders Spar Over Resolution Honoring Victims Of Sept. 11 (MCT)

By Margaret Talev

McClatchy Newspapers, September 9, 2006

WASHINGTON - Republicans and Democrats can't agree on how to honor the victims of the Sept. 11 attacks five years after the tragedy pulled the nation together.

The House of Representatives is scheduled to vote next week on a resolution marking the anniversary, but Republican Speaker Dennis Hastert of Illinois and Democratic leader Nancy Pelosi of California are at a standoff over the wording of the nonbinding, purely symbolic legislation.

As drafted, the resolution mourns the nearly 3,000 victims, condemns terrorists, praises the military and law enforcement, and vows vigilance.

But it also lauds several Republican-led legislative moves that Democrats opposed or sought to modify: the USA Patriot Act, which gives law enforcement officials tools to combat terrorism that some Democrats think infringe too much on civil liberties; and the House's border security bill, now stalled, which would charge illegal immigrants as felons.

Democrats want Republicans to strike those and other references to legislation. But, as of Friday, Republicans were holding firm.

"By slashing out all those programs, they stay on message saying, `This is a do-nothing Congress.' That's why they want the recognition of those programs out," Hastert spokesman Ron Bonjean said. "I think the American people should be very concerned that Democrats are even trying to politically use the 9/11 resolution as a way to gain the majority in November."

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Pelosi spokeswoman Jennifer Crider countered that Republicans loaded the resolution with controversial references to put Democrats in a box: By signing on to the resolution, they'd be giving those programs their tacit support, but by withholding their names from a 9/11 resolution, they'd be taking a risky political stand.

"It is the worst kind of political posturing on a day that should be sacrosanct," Crider said. "The fifth anniversary of 9/11 is a day we should commemorate with the seriousness and unity that Americans from all walks of life came together with on Sept. 11, 2001."

Unless Hastert and Pelosi reach a truce, Democrats may offer a competing resolution. Then it would be up to the Republican majority to decide whether to let them vote on it or to block it.

The House won't be able to vote on any resolution in time to mark the anniversary, as it's not in session again until Tuesday.

Five Years After 9/11: How Have Things Changed? (WSJ)

The Wall Street Journal, September 9, 2006

Since then, passenger levels have recovered and are higher than the pre-9/11 level. But changes have made traveling more cumbersome. Wait times at airports have increased because of new security measures. In August, British authorities said they foiled a plot to blow up U.S.-bound airplanes with liquid bombs, leading to a ban on passengers carrying gels or liquids on board.

The U.S. in the World: After the attacks, there was an outpouring of support from the international community. The U.S. tightened some alliances; Pakistan, for instance, received no military financing from the U.S. before the attacks, but last year got $298 million.

But while some countries remain allies in the war on terror, the U.S. has lost some support. Syria initially cooperated with the U.S., but that has "radically diminished," says Anthony Cordesman, a national security expert at the Center for Strategic and International Studies. Polls show support for the U.S. falling in many countries; in Turkey, 12% of people in a Pew Research poll said they had a favorable opinion of the U.S. in 2006, down from 52% in 2000.

--Lauren Etter * * *

POINTS OF VIEW

"I quite frankly think the U.S. is pretty much the same place it was on Sept. 10... The goal is to fight the enemy but keep America the same as always -- and by and large it is."

-- James Carafano, senior research fellow, The Heritage Foundation

"On Sept. 12 there was this combination of a tremendous vulnerability -- a sense of vulnerability that we hadn't felt in a long, long time since Pearl Harbor perhaps -- combined with a tremendous sense of optimism about the ability to prevail...There's still a feeling of vulnerability because there is a recognition that we are a relatively free and open society and that at some level it is relatively easy to pull off a terrorist attack."

-- Christopher Preble, The Cato Institute

"In the larger scheme of life's problems, the idea of getting hit in your neighborhood or at your workplace is no longer the kind of urgent concern we thought it might be [after 9/11]. Part of this is the law of probability. People are starting to realize that the likelihood of anyone coming home to roost nearby is very low."

-- Michael O'Hanlon, analyst, The Brookings Institution * * *

FACTS

Since 2001 the number of student visas has declined 20%. Visas for artists, athletes and entertainers are up 2%. Still world renowned Spanish guitarist Paco de Lucia and Cuban musician Ibrahim Ferrer had to cancel U.S. concerts because they could not secure a visa.

Red, orange, yellow, blue and green are the colors of the government's post-9/11 threat-warning system. The federal level has never dropped below yellow or "elevated." It has been raised to orange or "high" eight times. It has been raised to red or "severe" once.

The U.S. government's Rewards for Justice program has paid out more than $62 million to people credited with giving information leading to the prevention of a terrorist attack or the capture of a terrorist. There are 29 people on the government's list of "Wanted Terrorists."

The U.S. sponsors more than 50,000 hours of television and radio broadcasts to the broader Middle East -- quadruple the number of hours in 2001. The U.S. budgets for international broadcasting to the Arab and Muslim world have increased 237% in 2006 from 2002.

Before 9/11, the World Trade Center was the world's fourth tallest building. Today, the world's tallest building is the Taipei 101 in Taipei.

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Of the 4,960 terrorist incidents world-wide last year, 47% occurred in Iraq, about 10% in West Bank/Gaza and 4% in Afghanistan.

Waiting For Al Qaeda (NYT)

By John Tierney

The New York Times, September 9, 2006

John Mueller has an awkward question for those of us in the terrorism industry, which is his term for the journalists, politicians, bureaucrats and assorted "risk entrepreneurs" who have alarmed America about terrorism.

For five years, we've been telling Americans that Sept. 11 changed everything. "It will always be a defining moment in our history," President Bush says in this year's Patriot Day proclamation. We declared it a harbinger of a new clash of civilizations, a global ideological struggle — World War III, in Newt Gingrich's words.

We reported intelligence estimates of thousands of Al Qaeda terrorists and supporters in "sleeper cells" in America. In May 2004, Attorney General John Ashcroft said that Al Qaeda's preparations for an attack were 90 percent complete. We braced for acts of terrorism forecast to occur during the political conventions, the presidential campaign, on Election Day, after Election Day. Through yellow and orange alerts, we kept in mind the Department of Homeland Security's warning: "Today's terrorists can strike at any place, at any time and with virtually any weapon."

So what's keeping them? That's the question raised by Mueller, a political scientist at Ohio State University, in the current issue of Foreign Affairs.

"Why," he asks, "have they not been sniping at people in shopping centers, collapsing tunnels, poisoning the food supply, cutting electrical lines, derailing trains, blowing up oil pipelines, causing massive traffic jams, or exploiting the countless other vulnerabilities that, according to security experts, could so easily be exploited?"

The Bush administration likes to take credit for stopping domestic plots, but it's hard to gauge whether these are much more than the fantasies of a few klutzes. Bush also claims that the war in Iraq has diverted terrorists' attention there, but why wouldn't global jihadists want the added publicity from attacking America at home, too? Al Qaeda's leaders threatened in 2003 to attack America — along with a half dozen other countries that haven't been attacked either.

Mueller's conclusion is that there just aren't that many terrorists out there with the zeal and the competence to attack the United States. In his forthcoming book, "Overblown," he argues that the risk of terrorism didn't increase after Sept. 11 — if anything, it declined because of a backlash against Al Qaeda, making it a smaller and less capable threat than before. But the terrorism industry has been too busy hyping Sept. 11 and several other attacks to notice.

It has found a new audience for old dangers. For more than half a century, experts have warned that terrorists could destroy a city with a weapon of mass destruction. They still might, but their failure so far suggests it isn't easy to do, and it didn't suddenly become easier on Sept. 11.

There are plenty of fighters willing to use terrorist tactics locally during civil wars and insurrections, as in Afghanistan, Iraq, Chechnya or Kashmir. But it's harder to recruit competent warriors to fight abroad, and harder for them to operate in orderly countries where the citizenry and the authorities both want to stop them.

"Outside of Afghanistan and Iraq," Mueller says, "the number of people killed around the world since Sept. 11 by groups in sympathy with Al Qaeda is not that high. These are horrible and disgusting deaths, but they're not a sign of a diabolically effective organization. The total is less than the number of Americans who drowned in bathtubs during this period."

As it is, he figures, the odds of an American being killed by international terrorism are about one in 80,000. And even if there were attacks on the scale of Sept. 11 every three months for the next five years, the odds for any individual dying would be one in 5,000.

Compared with past threats — like Communist sociopaths with nuclear arsenals — Al Qaeda's terrorists are a minor problem. They certainly don't justify the hyperbolic warnings that America's "existence" or "way of life" is in jeopardy, or that America must transform the Middle East in order to survive.

There undoubtedly will be more terrorist attacks, either from Al Qaeda or others, just as there were before 2001. Terrorists might strike Monday. There will always be homicidal zealots like Mohamed Atta or Timothy McVeigh, and some of them will succeed, terribly. But this is not a new era. The terrorist threat is still small. It's the terrorism industry that got big.

Five Years On (WSJ)

The Wall Street Journal, September 9, 2006

September 11, 2001, it is often said, was a day that "changed everything." Five years later, it remains to be seen whether that's really as true as it deserves to be.

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The significance of events is not always captured at the moment in which they happen: Some, like the American Revolution, grow with time; others, like the French Revolution, diminish. But the meaning of events can be instantly and enduringly obvious, or nearly so. On a cloudless September morning, 19 young Muslim men from four Arab countries combined simple means and fanatical determination to murder nearly 3,000 men and women, most of them civilians who rose that morning never imagining themselves to be at any risk. The killers aimed at famous targets in two great cities, a spectacle for the world to behold. We watched from our offices across the street from the World Trade Center, and every day we gaze at the pit they left behind.

Part of the tragedy is that this wasn't their first strike. Similar deeds by people of similar beliefs had been committed before against American targets, albeit not on U.S. soil. The attacks of 9/11 exposed not just the flaws in airline security but, far more important, our failure to comprehend the nature and scale of the threat we were facing.

HOT TOPIC

Five Years After 9/11: How Have Things Changed?1

Osama bin Laden had declared war on us years earlier, but we insisted on seeing him as a small menace, not unlike Abu Nidal and the terrorists who had hijacked planes or killed Israelis over the previous decades. However, bin Laden is above all a man of ambition, not grievance, and his ambition is to re-establish an Islamic Caliphate after his own fashion, one that can destroy every trace of what the West represents within its own sphere and, someday, in ours, too. * * *

So it seemed to us on September 12, 2001, when we wrote in this column that the attacks intended to "prove that freedom and democracy are not after all the wave of the future." We added that "we can honor yesterday's dead by rallying our diplomatic, moral, financial and as necessary military resources to ensure that that purpose is convincingly defeated."

Today, there is less confusion than before about al Qaeda's purposes, particularly after its vengeful turn on fellow Muslims in Casablanca, Riyadh, Amman and Baghdad. But there remains a great deal of doubt about our own purposes. There is doubt whether the methods employed by the Bush Administration to defeat al Qaeda have worked, or been won at too high a moral and diplomatic price, or backfired by giving would-be jihadis fresh reasons to hate us. There is also too much doubt whether broadening the focus of the war to rogue regimes hasn't been a colossal distraction. And there is a deeper, creeping doubt whether the goal of "convincingly defeating" our enemies is even plausible.

So it's worth taking stock of what has -- and hasn't -- been achieved in five years. We presume that bin Laden and his deputy, Ayman Zawahiri, are alive, probably in the Pakistani hinterland. But we know that Mohammed Atef, the mastermind of the 1998 bombings of the U.S. embassies in East Africa, was killed in Afghanistan in an American air strike. We know that Abd al-Rahim al-Nashiri, one of the masterminds of the 2000 bombing of the USS Cole, is in U.S. custody, as is Abu Zubaydah, who allegedly planned the failed millennium attacks. We know the U.S. captured Khalid Sheikh Mohammed, the al Qaeda operations chief and mastermind of September 11, as well as his successor, Abu Farraj al-Libbi. We know the U.S. killed al-Libbi's senior deputies, Haithem al Yemeni and Abu Hamza Rabia. We know that Midhat Mursi, author of al Qaeda's explosives manual, is dead.

This is not an exhaustive list. And while we do not know what proportion of al Qaeda's senior ranks are dead or in jail, Zawahiri must write letters to associates to find out whether his messages have aired on al-Jazeera. Al Qaeda has spawned imitators and affiliates, which trade on its radical infamy. But the ability of bin Laden and Zawahiri to plan and execute terrorism seems to have been massively degraded, and it shows in the fact that five years later there has been no major terrorist attack in the U.S., nor any, anywhere, comparable in scale to the attacks of that day.

Nobody likes to tempt fate, so it's only natural that our political leaders would not advertise this fact too loudly. But at least it should temper the criticism of those who claim that the U.S. policy of aggressively interrogating suspects has yielded no credible information, a point President Bush finally got round to making this week. And it is a strong rebuttal to the argument that, by invading Iraq, the Administration lost focus on the terrorist threat and made America less safe.

The war in Iraq is alternately criticized as a major strategic blunder, something the U.S. should never have done in the first place; or as a tactical fiasco, a worthy enterprise incompetently executed. We would have more sympathy with the second argument if the history of all warfare were not a (retrospective) study in far greater "incompetence," from Grant's Wilderness campaign to the needless slaughter of Marines at Peleliu. We've cited many of the Administration's mistakes over the last four years, going back even before the war to its (largely the CIA's) reluctance to trust and work with all but its own favored Iraqi exiles. But these columns aren't about to support a war only to back away when things get rough. The mistakes in Iraq at least have some hope of being corrected.

The deeper Iraq argument is that the U.S. should never have gone to war against a country that "posed no threat," a point supposedly proved by the failure to discover weapons of mass destruction. In fact, Charles Duelfer's definitive post-mortem report on Iraq's WMD painted a different picture: Saddam maintained weapons programs that were in "material breach" of U.N.

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resolutions. And he intended to reconstitute his former programs as soon as the sanctions regime was lifted, something he was well on his way to accomplishing thanks to the global bribery scheme that was the U.N.'s Oil for Food program.

But the notion that Saddam posed no threat beyond WMD capabilities is wrong, and in hindsight the Administration miscalculated politically by emphasizing WMD as it did. That error owed largely to the pressure it was under to take the case for war to the U.N., where Saddam's violations of his disarmament obligations served as an actionable cause of war. But the real WMD in Iraq's arsenal was Saddam himself, the threat he posed to his people and his neighbors, and the misbegotten conceits he inspired in a region hungry for a new Saladin or Nasser, someone to redeem Arab honor by standing up to the West.

This was the boil that most needed to be lanced if there was to be any hope that the societies from which the September 11 hijackers hailed could be meaningfully reformed. Saddam in power meant U.S. forces in Saudi Arabia, a chief grievance in bin Laden's fatwa against America. It also meant $25,000 checks for the families of Palestinian suicide bombers, and the costly maintenance of the no-fly zones and the preservation of U.N. sanctions, which the war's current critics once told us were the cause of thousands of Iraqi deaths from malnutrition and the dearth of medical supplies.

Saddam in power meant that virtually no other Arab problem, such as Syria's occupation of Lebanon, could be addressed, let alone resolved. In short, Saddam in power locked the Arab world -- and America's involvement in it -- into shapes and patterns that were the source of so many of its political and social ills, and that could only be broken by his removal. And, to a remarkable extent, that is just what happened in the two years after the war.

Consider where things stood a year ago on the fourth anniversary of September 11. Israel had just withdrawn from the Gaza Strip, a territorial concession never achieved throughout the seven years of the Oslo peace process. The Palestinian Authority was democratically led by Mahmoud Abbas, not Hamas. Lebanon had just been freed from 29 years of Syrian occupation, and the Syrian regime of Bashar Assad was facing a potentially regime-changing investigation into the murder of former Lebanese Prime Minister Rafik Hariri.

Secretary of State Condoleezza Rice had gone to Cairo to demand political change; Mr. Mubarak responded by agreeing to a multiparty presidential vote that, while rigged, was a step forward from the previous uncontested referenda on his rule. And despite terrible violence and plenty of second-guessing by the global commentariat, Iraqis freely ratified the most liberal and democratic national constitution in Arab history. * * *

The last year has seen some setbacks, which go far to explain the overglum mood surrounding the current anniversary. Yet it is by no means clear that those failures owe to some flaw in the overall U.S. strategy as opposed to tactical mistakes and the simple fact that we are fighting a determined, resourceful enemy that is itself adapting to our moves. The victory for Hamas, the troubles in Iraq, the uncertain outcome in the recent war in Lebanon, and above all the renewed aggression of Iran all pose major challenges. Mr. Bush's party may pay a price for those setbacks in November, though the President has begun to fight back, as he shows nearby.

We're glad he is doing so, because the great challenge for this presidency is to remind Americans that the threat they face is undimmed even as the events of September 11 recede in memory. The costs of responding to 9/11 have been many, and the temptation is strong to think we can withdraw from Iraq, or from the larger Middle East without consequence to our own security. The abiding lesson of that day five years ago is that this is a dangerous illusion.

On September 12, 2001, we wrote with some optimism about the "resilience" of modern industrial democracies. That resilience has been proved time and again the past five years, and the challenge is to prove it again for the next five, or 50, if that's what victory requires.

Thatcher To Attend Sept 11 Memorial Events In Washington (AFP)

AFP, September 9, 2006

Former British prime minister Margaret Thatcher will attend events in Washington to mark the fifth anniversary of the September 11, 2001, attacks on the United States, her office said.

The 80-year-old baroness will on September 11 attend a church service and a commemorative ceremony with US Vice President Dick Cheney, who invited her to Washington.

The ceremony will take place at 8:46 am (12:46 GMT), the precise time when members of the Al-Qaeda terror network crashed the first hijacked plane into the World Trade Centre in New York.

Afterwards Thatcher will attend a ceremony at the State Department, where she will meet US Secretary of State Condoleezza Rice.

The trip will be Thatcher's first to the United States since she attended the funeral of former US secretary of defence Caspar Weinberger in April.

Thatcher was Britain's prime minister from 1979 to 1990 and formed a close partnership with then US president Ronald Reagan, who died in 2004.

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She holds the presidential medal of freedom, one of the two highest United States civilian awards.

US's Rice To Thank Canada For Support After September 11 Attacks (AFP)

AFP, September 9, 2006

US Secretary of State Condoleezza Rice will mark the fifth anniversary of the September 11, 2001 attacks in Halifax, Canada, the State Department said.

"Secretary Rice wanted to go to Canada on September 11th as a way of thanking Canada and the Canadian people for all that they did on that day," said department spokesman Sean McCormack.

"On September 11th, America closed its air space, and the Canadian government and the Canadian people took in many, many flights and many, many people who were essentially stranded because they could not continue flying into American air space," he said.

After the attacks on New York and Washington by four teams of airplane hijackers, Canada received 224 flights carrying 33,000 passengers which were diverted away from the United States.

"That was just an extraordinary act of trust, generosity and kindness in a moment of need, and Secretary Rice wanted to travel to Canada to thank the Canadian government and the Canadian people for those extraordinary act," McCormack said.

Travelling with Canadian foreign Minister Peter MacKay, on September 12 Rice will visit Pictou, MacKay's electoral district in Nova Scotia province.

Where's The Clarity? (NSWK)

By Michael Hirsh

Newsweek, September 9, 2006

Terrible as they are, wars can be clarifying events. Like thunderstorms, they purge the diplomatic air. They force people to take sides and, if they are total wars, they leave one victor standing. This is what happened during World Wars I and II (the latter being mainly an extension of the former) and the cold war. In the end, fascism and totalitarianism were vanquished—with the exception of a few redoubts, like North Korea—freedom was left the sole victor and America was seen as its champion. George W. Bush would have us view the "war on terror," which turns five years old on Monday, in this light as well. "This is the great ideological struggle of the 21st century—and it is the calling of our generation," the president said this week in a dramatic rendezvous-with-destiny speech timed to the 9/11 anniversary. "Freedom is once again contending with the forces of darkness and tyranny"—the terrorists who would seek to impose what he called a "totalitarian Islamic empire."

The president's opponents say the war on terror is nothing at all like the last century's biggest conflicts. With a crucial midterm election approaching, Democrats in particular are eager to portray what Bush calls the war on terror's "central front"—Iraq—not as another glorious fight against totalitarianism but as another Vietnam, a quagmire unrelated to the fight against Al Qaeda. Vietnam, of course, was not a clarifying war, at least for Americans. Indeed the war provoked so much confusion and self-doubt about U.S. policy that its impact is still felt today, 31 years after the fall of Saigon. To Bush's critics, the "Vietnam Syndrome"—a casualty-shy reluctance to use force—has now been replaced by a parallel, and equally paralyzing, "Iraq Syndrome."

The truth is that, year by year, the so-called GWOT (global war on terrorism) has become less and less clear in its direction and goals—and less and less like any previous war. What began as a crystal-clear fight against a small, self-contained group of murderers has become a kind of murky, open-ended World War III in which the identity of the enemy is less certain and our allies seem to grow less reliable. While at the beginning no one had any use for Al Qaeda—Americans, Russians, Chinese, Europeans, Arab regimes—now that the Bush administration has expanded the war to include all terrorists and their "state sponsors," very few nations seem to be buying fully into the U.S. vision. Many of those who hated Al Qaeda, for example, never accepted the link to Saddam Hussein's Iraq. And some of these countries are ambivalent at best about making Hizbullah and Hamas (both of which disavow any link to Al Qaeda), or their sponsors, Iran and Syria, part of the same struggle. "We're a nation at war," Bush says. But we all must now ask: with whom exactly?

In two remarkable speeches delivered in Washington this week, the president sought to recover some of the clarity of 9/11, returning the war on terror to its origins. On Tuesday he restored Osama bin Laden to his place as America's central bogeyman—after a three-year period of barely mentioning his name—and compared him to Hitler and Lenin. The next day, the president brought families of 9/11 victims into the East Room for a dramatic speech in which he acknowledged, for the first time, the existence of the CIA's secret prison program and an "alternative set of procedures" used to interrogate key Al Qaeda suspects rounded up in the early years after 9/11. He made a vigorous case that "questioning the detainees in this program has given us information that has saved innocent lives by helping us stop new attacks."

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He also pointed to his most signal success: the lack of a follow-up assault on the U.S. homeland in the five years since 9/11 (except for the still-unsolved anthrax attacks of that fall). Both speeches were political masterstrokes, especially coming two months before an election that has Republicans in serious trouble over questions of the president's competence and credibility. The problem is that, measured against the policies the president has pursued over the past five years, Bush's rhetoric does not describe the war on terror we have come to know.

On Tuesday, speaking before the Military Officers Association of America, Bush exhorted his listeners to take bin Laden's rants seriously, reminding them of what happened when the world powers of the day ignored "an exiled lawyer" (Vladimir Lenin) and a "failed painter" (Adolf Hitler) who laid out their bloody, revolutionary programs early on. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said. "The question is: Will we listen? Will we pay attention to what these evil men say?" Bush declared that "we will not rest ... until this threat to civilization has been removed."

In light of the facts that have since been confirmed, this description does not fully account for Bush's own conduct over the past five years. Bin Laden, after all, didn't just write a pamphlet on 9/11—he carried out his plans, directing his henchmen to kill thousands of Americans on their own soil. It was a moment of absolute, terrifying clarity: in retribution for 9/11, according to every Western code of justice and honor, bin Laden should have been relentlessly pursued until he was dead or captured. Yet we now know that the Bush administration allowed itself to be distracted from that task as the months passed after 9/11. Gary Berntsen, the CIA officer in charge of the operation, told me a year ago that he knows for certain that bin Laden was trapped in Al Qaeda's Tora Bora hideaway after the fall of Afghanistan's Taliban rulers in late 2001. As Berntsen records in his 2005 book "Jawbreaker," bin Laden told his followers, "Forgive me," and apologized for getting them pinned down by the Americans. But Bernsten says, the Pentagon refused to put in the necessary troops.

This account is corroborated by Bernsten's then boss, CIA senior officer Henry Crumpton (now the State Department's counterterrorism chief), who made clear to Bush and Vice President Dick Cheney that America's Afghan and Pakistan allies couldn't take out bin Laden. "We're going to lose our prey if we're not careful," Crumpton told Bush and Cheney, according to Ron Suskind's new book, "The One Percent Doctrine." Numerous accounts have also established that, shortly after Tora Bora, the president began diverting Special Forces troops, Predator drones and other resources involved in the hunt for bin Laden to Iraq.

Yes, Bush sought this week to clarify his broader strategic goals in the war on terror. "The experience of September the 11th made clear, in the long run, the only way to secure our nation is to change the course of the Middle East," he said. And that may well be true. But what about the short run and the medium run? The chief culprit of 9/11 and his top deputy, Ayman al-Zawahiri, are still free. And Bush administration officials concede, anonymously, that there is a good chance the two will never be caught, especially now that Pakistani President Pervez Musharraf, with the administration's blessing, has pledged not to continue troop incursions into the tribal areas where bin Laden and Zawahiri may be hiding.

We also know—again, these are now historical facts, not opinions—that while Bush resorts to the rally-the-citizenry (or electorate) rhetoric of World War II and the cold war, he has sought to tax-cut his way to victory, driving up record budget deficits, underfunding the U.S. Army and quashing all talk of a draft. Even in Iraq, the Army is desperately trying to stabilize Baghdad with one brigade of Stryker fighting vehicles because there are no others that are ready. "We need several brigades, but we don't have them," a senior military official told me this week, citing the Army's pleas for emergency funding. "Since 9/11, for all the rhetoric about us being involved in a global war, there's been nothing of the kind," historian Robert Dallek, who has written of the national mobilization efforts during World War II and the cold war, told me. "It's generally been business as usual."

Then there is overarching issue of whether Iraq ever should have been part of the war on terror at all—or, instead, whether it made the GWOT hopelessly murky. In his speech Tuesday, Bush called Iraq the "capital" of Al Qaeda's would-be totalitarian caliphate and said it "is the central battlefield where the outcome of this struggle will be decided." But military experts now say that the continuing violence since the killing of Abu Mussab al-Zarqawi, the top foreign terrorist in Iraq, last June is evidence that the insurgency there is mainly indigenous, largely unconnected to the larger war on terror. "This proves how small a part foreign fighters play in Iraq," says John Arquilla, an intelligence expert at the Naval Postgraduate School. "There's a real Lewis Carroll quality to all of this rhetoric, where what is up is down, and what is right is wrong. The president says that Iraq is the central front. But the president also says Iraq had nothing to do with 9/11. A visitor from Mars just entering into this debate would surely be struck by the contradictions in these statements. And then to invoke bin Laden as a bête noire now while closing down Alec Station [the CIA's bin Laden monitoring group, which was disbanded earlier this year] seems a contradiction as well."

Five years on, little of the GWOT conforms any longer to Bush's clarifying rhetoric. The president argued again this week, as he has tirelessly, that "the lack of freedom" in the Middle East helped create September 11. No one doubts that more freedom and democracy will help to cure the pathologies of the Arab world. But the truth is that the group that orchestrated 9/11 grew up in Afghanistan—not part of the Middle East—during the anti-Soviet jihad of the 1980s. It was conceived by Arab men who'd left their countries and formed European- and Asian-based cells. Their philosophy, mainly based on ultra-orthodox Salafism, was

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spread by a nominal American ally, Saudi Arabia, underwritten by petrodollars supplied by oil-addicted Westerners. Initially at least, the "Islamo-fascism" that the Bush team refers to had little to do with the mainstream struggle in Islam. It also remains a distinct phenomenon from Hamas and Hizbullah, or the Muslim Brotherhood movement in Egypt.

Some scholars of Islam, such as Gilles Kepel, also argue that extremist Islamist groups were shaped at least as much by European fascist and communist influences as by Arab dictatorships. In an interview, a senior administration official who helped draft Bush's latest "national strategy for combating terrorism"—also released this week—could not cite any authoritative studies linking the rise of democracy with the defeat of terrorism, other than to say, "I'm personally a huge fan of John Stuart Mill." "There's a real disconnect here," says Princeton scholar G. John Ikenberry. "They've come to this without serious thought about how you get democracy and what its impact is."

A parallel lack of clarity led to the interrogation scandal that Bush sought to put behind him Wednesday. The president announced the transfer of CIA-held Al Qaeda suspects to Pentagon custody and the prospect of future trials, in what a senior administration official described as a concession to June's Supreme Court ruling that held Bush's enemy-combatant detention policies to be unconstitutional. In his big speech, Bush defended these policies as a way of applying his broad doctrine of pre-emption of terror to the interrogation room, justified by the need to "break" often zealous and uncooperative Al Qaeda prisoners for clues on forthcoming plots and insights into the global terrorist network. The president was eager to describe how a daisy chain of intelligence breaks from the 14 men he named this week led to the exposure of Al Qaeda's anthrax program and numerous averted attacks, including a "planned strike" on U.S. Marines at Camp Lemonier in Djibouti, another one on the U.S. Consulate in Karachi "using car bombs and motorcycle bombs" and "a plot to hijack passenger planes and fly them into Heathrow or the Canary Wharf in London."

Most Americans, frankly, wouldn't have much of a problem if someone like Khalid Shaikh Mohammed, the mastermind behind 9/11, was beaten to within an inch of his life in some dark room somewhere (which is probably what happened after he was captured in May 2003). But the exposure of the two-year-old interrogations scandal—culminating in an embarrassing series of stories about the CIA secret prison program—was also a direct result of the administration's conflation of the original "war on terror" with the counterinsurgency war in Iraq. As detailed in several Pentagon investigations, a handful of techniques that might be legally and even morally justifiable against a handful of true bad guys mentioned by Bush on Wednesday came to be used indiscriminately against many more detainees, a number perhaps running into the thousands in Iraq. What began as a carefully controlled experiment in new techniques used to ratchet up the pressure on resistant Al Qaeda leaders beginning with Abu Zubaida in the spring of 2002—handled by a small number of skilled operatives working for the CIA—came to be used by ill-trained guards at Abu Ghraib prison. If this conflation hadn't occurred, it's far less likely there would have been a scandal of this proportion in the first place.

Finally, another thing that hasn't been clarified five years on is the politics of the war on terror. And just two months from a critical election in which Bush won't be running, but his legacy will be at stake, the president has once again proved he is a master of the game, painting the congressional Democrats as defeatist. This debate, which we will hear a lot more about in coming weeks, is also very different from previous wars. During World War II and, to a lesser extent, the cold war, politicians made a conscious, painstaking effort to bridge party lines, which were every bit as viciously partisan as today. Democrat Harry Truman and Republican Dwight Eisenhower, says John Arquilla, "crafted grand strategy that everybody in America, right and left, accepted for decades. They knew they needed broad support. We don't have that now. We're trying to wage the war on terror with the support of only part of the American people."

Perhaps the only thing that is clear any longer is that the war on terror will continue for a long time to come. And so will the war of words over the war on terror.

Arrest Evidence Stands In Padilla Terror Case (LAT)

By Vanessa Blum

The Los Angeles Times, September 9, 2006

MIAMI — A federal judge has refused to throw out evidence related to the 2002 arrest of alleged Al Qaeda operative Jose Padilla at Chicago's O'Hare International Airport.

Rejecting defense lawyers' requests, U.S. Magistrate Stephen Brown said in a pair of rulings that jurors should be allowed to consider the terror suspect's statements prior to his arrest in May 2002, as well as items in his possession at the time including about $10,000 in cash, a cellphone and a phone book containing numbers for alleged Al Qaeda contacts. Brown's rulings, signed Tuesday, became public Friday.

After his arrest, Padilla, now 35, was designated an enemy combatant by President Bush and held in military custody for 3 1/2 years before being transferred to Miami to face terrorism-related charges. His trial is set to begin in January.

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Padilla is charged with providing material support and resources to terrorists. Government officials had said he wanted to detonate a radioactive bomb on U.S. soil.

Defense lawyers argued Padilla's arrest was illegally based on information obtained from alleged terrorists held overseas, at least one of whom claimed to have been tortured.

Anything their client said to the FBI should be thrown out because he was not informed of his rights to remain silent and to be represented by an attorney, the lawyers said.

Brown said such warnings were unnecessary because the agents questioned Padilla before placing him in custody.

As for the torture allegations, the judge said even if true, defense lawyers failed to prove that the FBI agent applying for Padilla's arrest warrant knew or should have known about them.

The rulings come after U.S. District Judge Marcia Cooke, who oversees the case, threw out a main charge against Padilla and his co-defendants because it duplicated allegations in other charges.

Looking For Agreement On Tribunals For Detainees (NYT)

By Kate Zernike

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — The main Senate Republican in talks with the White House over bills to establish tribunals for terror suspects said Friday that a small set of problems divided the two sides and that they would negotiate through the weekend in an effort to reach a compromise.

The senator, John W. Warner of Virginia, chairman of the Senate Armed Services Committee, said "90 percent" of the proposal that the White House submitted this week reflected a proposal that he and other Republican senators who have taken the lead on the question had drafted over the summer.

The senators, Mr. Warner, Lindsey Graham of South Carolina and John McCain of Arizona, maintain that they can work with the administration to resolve the differences, but they showed few signs of yielding on the disputed questions. "The determination simply has to be made on what flexibility the administration wants to show," Mr. Warner said.

The disputed issues are the same ones that the Supreme Court cited in striking down a system of tribunals that the administration established after the attacks of Sept. 11, 2001. They include whether suspects can be excluded from their trials and what types of evidence would be admissible.

"I feel strongly about this," Mr. Warner said. "I want to be supportive of the president."

But as a lawyer and former Navy secretary, he said, "I feel this bill has got to pass what I call the federal court muster, so this thing doesn't get tangled up in the courts again and go all the way to the Supreme Court, and then down she goes again."

Mr. Warner said that his committee would have its legislation ready for a vote next week, whether or not the White House agrees to all its provisions. He predicted that the Senate would quickly pass it.

"We don't need a lot of time,'' he said. "We all know what the issues are. I don't see a prolonged debate."

There is no certainty that the committee bill will reach the Senate floor if there is no deal with the White House. The Senate majority leader, Bill Frist of Tennessee, has said he will decide next week whether to bring the committee bill to the floor or bring up the version that President Bush proposed on Wednesday.

House Republican leaders have said they intend to pass the White House version.

The Supreme Court ruled in June that the tribunals the White House established violated the Constitution and international law by denying terror suspects basic human and legal rights.

Chiefly, the court objected to excluding suspects from trials and allowing hearsay and evidence obtained under coercion. It faulted the administration system to have a military lawyer oversee the proceedings, as opposed to a judge, as in military courts-martial. The court added that the jury size was too small.

Mr. Bush's new proposal allows for a military judge and expands the jury from a minimum of three people to five, the minimum the court said was required under courts-martial, with 12 for cases involving the death penalty.

The administration proposal would allow hearsay and evidence obtained by coercion, if the judge rules it was probative and reliable.

The plan would also deny the accused the right to see and therefore respond to classified evidence that the jury could use to convict him, although the defendant could be allowed a summary of it.

That provision, Mr. Graham said this week, would be struck down by a court "in 30 seconds."

Mr. Graham in particular, a former military lawyer and a military reserve judge, has been inclined to follow the advice of the military lawyers on the shape of the tribunals.

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Mr. McCain, who was a prisoner of war in Vietnam, has argued that any system would set a precedent for how other countries try American troops and that passing a system that excluded the defendant opened up Americans to being tried in kangaroo courts elsewhere.

A spokesman for the International Committee of the Red Cross in Washington said Friday that it would visit the 14 new detainees being held at the naval base in Guantánamo Bay, Cuba, as soon as it received permission from the Defense Department.

An official with the Red Cross in Washington, Simon Schorno, said: "We do not have a date yet. But as soon as we get confirmation, we will undertake a visit as soon as possible."

Mr. Schorno said his organization had a team of about 10 people on standby. The team, which includes officials in the Washington office, will draw Red Cross employees from elsewhere to work as translators.

He said the first order of business would be to interview the detainees "and give them the means to contact their families through Red Cross messages."

The Red Cross, Mr. Schorno added, will assess the detention conditions in the undisclosed locations where the inmates had been held and now at Guantánamo.

By agreement with the United States government, the Red Cross will, in exchange for access, not make public its views on the conditions of confinement and treatment.

Mr. Schorno said his organization might announce the fact of the visit when it occurred because of the wide public interest in it.

A Solution For Trials (WP)

The Washington Post, September 9, 2006

IN SENDING legislation to Congress to authorize military trials at Guantanamo Bay, President Bush appears to be hoping that, with an election just around the corner, Congress will not have the stomach to deny him the latitude he demands both on the trials themselves and on larger questions of the treatment of detainees. But quietly, over the past few weeks, a trio of Republican senators -- Armed Services Committee Chairman John W. Warner (Va.), Lindsey O. Graham (S.C.) and John McCain (Ariz.) -- has put together a remarkably good alternative bill on the subject. The draft balances profound and difficult interests thoughtfully and with considerable respect both for the uniqueness of the current conflict and for the American tradition of fair trials and due process. It is, in almost all respects, superior to the president's proposal.

The Senate draft would require that military commissions function much like regular courts martial. Commissions would not be permitted to convict on the basis of classified material the accused cannot see, and evidence obtained by torture or abuses just short of it would not be admissible. At the same time, the bill would give the administration needed flexibility on the use of hearsay evidence and on authenticating evidence collected in the rough and tumble of warfare. Finally, it would also make clear that commissions can try alleged conspiracies -- a point about which several justices had raised questions when the Supreme Court decided the case of Hamdan v. Rumsfeld this summer.

The draft, which is still in flux, is not perfect. The jurisdiction of the commissions it would create would be too broad and could sweep in people who should not face military trials. The bill also would prohibit those convicted from challenging their convictions in federal court except under a constrained appeals process. Several other provisions -- such as one giving defendants the right to represent themselves -- should be reconsidered. But these problems can be fixed. The administration's bill has more fundamental flaws -- starting with the fact that the trials themselves would deviate from the usual rules of courts martial more than necessary. In particular, while the bill bans evidence obtained by torture, it would permit the admission of evidence obtained by coercion just short of it in certain situations. It would still permit a conviction based in part on evidence the defendant has had no chance to see or rebut -- something the military's top uniformed lawyers insist is not necessary.

More troubling still, it would amend the law to limit the application in the current conflict of Common Article 3 of the Geneva Conventions -- which prohibits cruel and degrading treatment of detainees. The administration's bill would define Common Article 3, which the Supreme Court has applied to the conflict with al-Qaeda, as requiring only what U.S. law -- the same law the administration has twisted to allow for abusive interrogations -- already requires. To top it off, the bill would strip the federal courts of jurisdiction over all pending cases involving detainees at Guantanamo, and thus any future review of trials or detentions.

President Bush is pushing aggressively for quick action on his bill. But the Senate needs to work from its own, far better, draft -- which, with relatively few changes, could provide a sound legislative basis for fair and orderly trials.

Lindsey Graham: Accused Terrorists Must See Evidence Against Them (MCT)

By James Rosen

McClatchy Newspapers, September 9, 2006

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SENECA, S.C. - Sen. Lindsey Graham said Friday that he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them.

Graham, a military lawyer who's a colonel in the Air Force Reserve, read the White House bill late Thursday evening on a plane from Washington to Greenville, S.C. He pored through the 86-page document until, on page 34, he reached a clause that would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen.

"That's the killer," the South Carolina Republican said. "I fell over when I read it."

Graham said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But, he said, "I don't feel good about telling someone - no matter who they are - `We're going to execute you next week, but I'm sorry, we can't tell you why.'"

"It's a bridge too far, and it's not necessary," Graham said in an extensive interview with McClatchy Newspapers in his hometown of Seneca. "It will result in putting the (military) commissions in legal jeopardy and eroding our standing in the world community."

Graham, 51, said that every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security.

Maj. Gen. Scott Black, the judge advocate general of the Army, told the House Armed Services Committee on Thursday: "I believe the accused should see that evidence."

Senate Majority Leader Bill Frist, R-Tenn., has given the Armed Services Committee until Tuesday to produce a bill, Graham said. The panel's chairman, Sen. John Warner of Virginia, and Sen. John McCain share Graham's view on the handling of classified evidence, setting up a possible clash in the Senate next week.

Graham said Frist has vowed to bring Bush's bill directly to the Senate floor on Tuesday. Graham said he agrees with Frist that Congress must act soon so terrorist trials can begin at the U.S. military prison in Guantanamo Bay, Cuba.

Bush called on lawmakers to pass his tribunals measure quickly so detainees can be tried. The president increased the political pressure by disclosing that 14 senior al-Qaida members, including the alleged mastermind of the Sept. 11, 2001 attacks, were being sent to Guantanamo Bay from secret CIA prisons overseas.

The Supreme Court ruled in June that the Bush administration had exceeded its authority in establishing military tribunals without congressional action, prompting the need for legislation.

Senior lawyers at the White House, the Justice Department and the Pentagon argue that allowing terrorists to see classified evidence could expose how the United States has pursued al-Qaida and would put informants within the terror network in danger. But Graham said he's certain the Supreme Court would reject a law that denies accused terrorists access to classified evidence against them.

"It would be a tragedy to take one of the masterminds of 9/11, hold them accountable, only to have the case rejected by the Supreme Court for no good reason," Graham said.

"I'm frustrated when people say we're trying to give terrorists classified information," Graham said. "Well, that's garbage. We're going to protect our classified information, and we're going to protect our methods and sources."

Graham said that if his differences with the White House can't be bridged, he's prepared to push an amendment giving accused terrorists access to classified evidence against them.

"I think I will draft an amendment that will get majority support in the Senate, and there will be plenty of Republicans voting for it," Graham said. "I'm just predicting that we win. I don't know by what margin."

The House is set to take up tribunals legislation the week of Sept. 18.

Air Force Col. Morris Davis, who would run the Guantanamo trials, said accused terrorists will get fair trials and his corps of lawyers will work with whatever legislation Congress passes.

Davis said the 10 cases that moved forward before the Supreme Court ruling, including Hamdan's, didn't require the use of classified evidence to gain convictions.

"The world needs to see that we're giving these guys a fair trial," Davis said Friday in a telephone interview. "We want them to be open. We're going to do everything possible to declassify any evidence used in court. I don't think it's in anyone's interest to do things in secret."

Graham said it's possible to provide evidence without revealing how it was obtained.

"I don't mind giving the accused the phone conversation (transcript) of how they were plotting," he said. "But there's no need to tell them how NSA (the National Security Agency) works. There's no need to divulge confidential informants who put us on the terror trail and led us to evidence we will use to convict."

While a few other parts of Bush's measure concern Graham, they're not deal-breakers for him. The prohibition on sharing classified information, however, goes to the heart of what he said he taught Afghan military lawyers during an Air Force Reserve assignment there last month.

"The United States can't say it's a rule-of-law nation and at the same time potentially impose the death penalty on evidence never seen by the person to be put to death," Graham said.

Why Lindsey Graham Is Blocking Bush On Terror Trials (TIME)

By Massimo Calabresi

Time, September 9, 2006

The GOP planned to play the national security card on Capitol Hill this election season, but they are being trumped by one of their own: South Carolina's Lindsey Graham. As they had in the last two election cycles, Republicans intended to force a series of "bad votes" for the Democrats this September, designed to make them look weak on defense and national security. Pushing through hard-line bills that would authorize President Bush's programs of domestic surveillance and terrorism tribunals, the White House and Republican leaders thought, would force Democrats either to oppose popular anti-terrorism initiatives or play a supporting role to the GOP's star turn defending the homeland.

But three Republican Senators are scuttling the party leadership's plan. Two are Senate stars — John Warner, head of the armed services committee, and John McCain, the party's frontrunner for the 2008 Presidential campaign. The third, Graham, is the youngest and most conservative. But his role may be the crucial one. As the Senate's only serving judge advocate general in the armed forces, he carries authority on the subject of military trials and he has made it clear that he will oppose any attempt by either party to turn what he calls the "legal infrastructure of the war on terror" into a campaign device.

"I hope they don't create an environment where military commissions become a political football where they push things that are just over the line," he told Time outside a Judiciary Committee mark-up on the surveillance bills. "There are too many kids that have been killed or wounded for us to play around with this. The legal infrastructure in the war on terror will be necessary for decades to come, not just for the next election, and we have an obligation to make sure that our troops have the clarity they need in fighting this war."

The biggest issue of disagreement between Graham and the White House is over rules of evidence. In its proposed rules for military tribunals, the White House wants to be able to introduce evidence that can be withheld from the defendant. The Administration wants those rules of evidence, moreover, to apply not just for alleged terrorists but for foreigners accused of conspiracy and other lesser charges. Graham and the Pentagon's leading lawyers want to allow military judgeS to make the decision whether classified evidence against detainees is important enough to the case to be shown to the defendant.

"They want to do something that is new and novel and that is very problematic," Graham says. "How can you effectively defend someone if you can't even talk to them about the case? I do not think that will survive judicial scrutiny." More important, he argues (as do Department of Defense lawyers) that restricting the rights now for even the worst of America's detainees could mean similar restrictions on the rights for America's armed forces captured in the future. "It's a bridge too far, and that's a precedent that could come back to haunt our troops," says Graham.

For now, Graham is winning. Though the White House has continued to beat the issue in speeches and press conferences, its legislation is stalled on the Hill. Democrats are doing their part, of course. Wisconsin's Russ Feingold exasperated Judiciary chairman Arlen Specter Thursday by introducing four amendments to the surveillance bill Specter had negotiated with the White House last June. The bill failed to make it out of committee and, like the military commissions bill, faces an uphill battle to reach the floor for a vote.

Graham may yet back down — he has been a key ally for the Administration on other controversial matters of detention in the past — but for now he's standing firm. "If you try to create political winners and losers this year then I think you've let those men and women on the front line of this war in the military and other agencies down," he says. "Politics will not protect us. 'Bad votes' will not protect us. What will protect us is an interrogation system that is constitutional and effective."

Linking Faces To Terror: Bush's Clever Footwork (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 9, 2006

NEW YORK

A lot of words have been expended on President George W. Bush these past years, many of them harsh, and in the cacophony a single thought has perhaps been overlooked: He's a pure political animal.

When an election nears, and a critical midterm congressional vote is just nine weeks away, Bush is galvanized and the traits that have won him four straight elections at state and national level re-emerge: a relentless energy, a pitiless focus, an uncanny sense of timing, an agenda-setting determination and a folksy empathy with the average American that belies his blue-blooded lineage.

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The thoroughbred has been in plain view this past week as the fifth anniversary of the 9/11 attacks on Monday nears. A combination of this moment, whose solemnity will play to the commander- in-chief's authority, and the adrenaline of an accelerating campaign seem to have banished, for now, Bush's second-term drift.

Speech after presidential speech, day after day, has hammered on or around the theme that brought Bush his victory in 2004: terrorism and the supposed resolve of Republicans and wobbliness of Democrats before this mortal threat to America.

This being Bush, the oratory has had its risible side. We've seen the bizarre lumping together of "Lenin and Hitler" - not Stalin, but Lenin! - to exemplify the murderous menace to liberty that Bush believes Osama bin Laden and his ilk pose once more, demanding resolve rather than Chamberlain-like appeasement.

We've also been treated to a new favored presidential iteration of the threat - "Islamo-fascists" or "Islamic fascists" - an odd formulation for the loose-knit, stateless groups of vaguely like-minded anti- Western Muslim fanatics whose movement has few, if any, of the characteristics of 20th-century totalitarian systems. After all, these guys don't even wear uniforms.

But these are considerations for which Main Street has little time. Bush knows that. He wants the popular imagination to align current American military efforts in Afghanistan and Iraq with the boys wading, in freedom's name and through a hail of Nazi fire, onto the beaches of Normandy in 1944. And damn the details.

The theme is, of course, a tired one by now. Americans are a lot less receptive to it than they were two years ago. The heavy toll of Iraq and the growing difficulties of Afghanistan - not to mention expensive gasoline and an uncertain economy - have made reality harder for Bush to mold to his political ends.

But he's ingenious. His love of wrong-footing an opponent appears undiminished. Underestimating Bush's political acumen has proved costly to many a Democrat. That was illustrated this week by the most effective of his speeches, one that did introduce a new element into the election and the terrorism debate.

By bringing 14 high-level terror suspects out of secret prisons run by the Central Intelligence Agency and into the relative open of the Guantánamo Bay detention center, and by demanding that Congress approve war-crimes trials of these men by military tribunals, Bush seemed to change the political dynamic.

He put a face to an increasingly faceless phenomenon: "terror." There, suddenly, were the visages of three senior Al Qaeda suspected operatives: Khalid Shaikh Mohammed, Ramzi bin al-Shibh, and Abu Zubaydah. They were a reminder of the successes in fighting back against those who brought murder and mayhem to America five years ago.

By detailing some of the critical intelligence gleaned from interrogations of these and other prisoners, Bush also contrived a more persuasive posing of the core question in the fight against terrorism than he has mustered in a long time.

That question is: what degree, if any, of the exceptional measures including secret prisons and interrogation so aggressive as to skirt the borders of torture was - and remains - justified in trying to keep a traumatized country safe? Smart people in good faith are going to come down on different sides of that question. Two facts are indisputable. America has not been attacked since Sept. 11, 2001. And the cost to the international image of the United States, and to its self-image, of the creation of an obscure prison labyrinth beyond the rules of law and habeas corpus has been huge. The country's authority and effectiveness have thereby been diminished.

What Bush in effect did, by abruptly bringing part of a shadowy world to the surface, was to make the best possible case for his approach. He raised his game when it mattered, as he has before.

He also created an immediate political challenge for Democrats. With an anniversary - and Hollywood - refreshing memories of 9/11, they must now decide if they can afford to be seen to stand in the way of the president's proposed trials of the suspected, and now visible, authors of the attack.

That's a delicate dilemma. The Supreme Court rebuffed the proposed procedures in June, but a perception of Democratic obstinacy in delaying military tribunals for the likes of Khalid Shaikh Mohammed could carry a heavy political price.

The Democrats still have many weapons in their arsenal: the myriad fiascoes of Iraq, the simmering anger of Americans over the administration's incompetence, the global unpopularity of Bush. The president's speeches have not, for now, altered the outlook for November: a likely Democratic retaking of the House and an outside chance of Democratic control of the Senate, too.

But Bush is fighting, with a verve that is startling for a second-term president with no possibility of re- election himself. Already, he's clawed his popularity levels back into the 40s from the 30s. The last week has been a timely reminder to the Democrats: underestimate this political thoroughbred at your peril.

Judgment At Guantanamo (WSJ)

By David B. Rivkin Jr. And Lee A. Casey

The Wall Street Journal, September 9, 2006

As it enacts new rules for military commissions, Congress -- as well as the public -- should keep two overriding principles in mind. One: While the jihadists detained at Guantanamo Bay must have due process of law before they can be criminally

punished, they are not -- despite a billowing cloud of confused reasoning, misleading testimony and downright propaganda -- entitled, under the U.S. Constitution or relevant international law, to the same level of procedural protections enjoyed by the lawful soldiers of sovereign states. Two: The methods of warfare employed by unlawful combatants in the war on terror fully justify extraordinary trial rules.

Let's take the first issue. In Hamdan v. Rumsfeld, the Supreme Court invalidated the Pentagon's original military commission rules, holding that they must be the same as in American courts martial. But it reached this conclusion only because of language -- requiring military commission and courts-martial procedures to be "uniform insofar as practicable" -- in the Uniform Code of Military Justice. Congress can and should change this language.

As to international law: Under the Geneva Conventions, captured enemy soldiers accused of criminal violations are entitled to courts-martial procedures only if they qualify as "lawful" or "privileged" combatants. At a minimum, this requires their association with a group that has a regular command structure, wears uniforms, carries its arms openly, and obeys the laws of war -- including the injunction against deliberate attacks on civilians. Al Qaeda and its allies do not qualify.

Thus the Guantanamo detainees are not entitled to be tried by courts martial unless Congress specifically says so. Congress should now join the president and declare explicitly that they are not so entitled. While unlawful combatants have always been considered a scourge to humanity, today they pose the greatest single threat to organized society, and every opportunity must be taken to de-legitimize them. Permitting them the same rights as honorable soldiers undercuts this goal.

With regard to the second issue -- fair trials -- it is precisely because jihadists deliberately target civilians for attack that there is a greater premium on the development and protection of intelligence sources and methods than in conventional warfare: Terrorist attacks must be prevented, not merely defeated. Consequently, the cost of exposing classified information during a public trial is far greater. Military commissions must, when necessary, permit portions of the proceedings to be closed to the public, with less restrictive evidentiary rules.

The Supreme Court approved this procedure in the leading case of Ex parte Quirin (1942), where eight German agents, including an American citizen, were tried by military commission. Here the Court accepted the trial of "unlawful" enemy combatants conducted in secret with substantially relaxed rules of evidence, and without a jury. After the war, similar rules were utilized for military commissions by all of the common law countries, including Great Britain, Canada and Australia.

These procedures are also consistent with current international norms. Both the United Nations International Criminal Tribunals for the former Yugoslavia and Rwanda have routinely closed portions of trials (Slobodan Milosevic's trial proceedings were on many occasions closed to the public), and their rules permit the admission of "any relevant evidence . . . deem[ed] to have probative value," including hearsay. The International Criminal Court also permits closed proceedings -- to protect, among other things, "confidential or sensitive information" -- and follows highly discretionary evidentiary rules.

But can a defendant himself properly be excluded from any part of his trial, effectively keeping the identity of at least some witnesses secret? This implicates a core right of confrontation, and makes it more difficult to ensure a fair trial. However, there are a number of possible measures that can protect the defendant's interests. For example, a particular witness's identity may be hidden from the defendant, but not his lawyers. The judges may be required to discount, but not disregard, evidence that the defendant has not himself seen.

Congress should realize that, while the key test in any trial is whether the defendant has had a full and fair hearing and a meaningful opportunity to defend himself, the military and civilian justice systems can meet these goals in different ways. Also -- and despite the occasionally hysterical critics of the administration -- there is no established international law bar to keeping some evidence from the defendant in exceptional circumstances. Common Article 3 of the Geneva Conventions does not address the issue. It simply requires that defendants be afforded "all the judicial guarantees which are recognized as indispensable by civilized peoples."

What these indispensable guarantees include are not settled in international law. In practice, U.N. criminal tribunals have permitted numerous ex parte contacts between prosecutors and judges, as well as significant limits on the defendant's right of confrontation. In the Yugoslav Tribunal, witness statements rather than live testimony have been allowed, as have depositions from other trials which the defendant's lawyers have not had the opportunity to contest.

Moreover, the Yugoslav Tribunal has also made clear, in The Prosecutor v. Tadic, that the testimony of anonymous witnesses would be permitted in exceptional circumstances. The Bush administration proposal would also permit the use of "anonymous" evidence only in exceptional circumstances. In any case, the relevant tribunal rules have changed many times over the years -- further evidencing the very unsettled state of international law in this area.

Overall, Congress should give unlawful enemy combatants their legally entitled rights -- but no more. The real choices in crafting procedures for the trial of detainees in military commissions are a matter of policy. In this regard, the president's military commissions bill carefully balances the key relevant policy imperatives -- ensuring a fair trial without undermining national

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security -- and yet gives unlawful enemy combatants more due process than they've ever received in history. It should be promptly enacted.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

Bin Laden's Blueprint (WT)

By Claude Salhani

The Washington Times, September 9, 2006

Five years after the horrific September 11, 2001, terrorist attacks on New York, the Pentagon and Pennsylvania, many Americans are still asking questions, trying to understand what happened that fateful morning, and why. And five years after the attacks, a great many unanswered questions remain.

In a speech to the nation Tuesday, President Bush tried to explain. He said Osama bin Laden had a multiphased strategy which was to have been carried out in the months and years after September 11, with the ultimate aim of reestablishing the Muslim Caliphate.

· The first stage, the president said, was to have been to expel the Americans from Iraq.

· The second stage called for establishing an Islamic authority, or emirate, which would be developed until it achieves the level of the Caliphate.

· The third stage would be to extend a jihad wave to the secular countries that border Israel.

· And the fourth stage would be a clash with Israel.

Said Mr. Bush: "We must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people."

Much in line with what the president said, the following are excerpts from a United Press International story titled "The potentate of the Super-Stan," written by this author on Sept. 19, 2001 -- only eight days after the attacks:

Like any revolution that needs to survive, Osama bin Laden and his al Qaeda movement must continue to grow, or it will die. In his quest for Muslim expansion, bin Laden would like to see the "Balkanization," or in this case the Islamization, of Central Asia. Maybe Islamization is the wrong word because there is little that is Islamic about his ways, which, says Professor Akbar Ahmad, chairman of Islamic Studies at the American University's School of International Studies in Washington, D.C., "are not Islamic at all."

"What makes it worse for Muslims is that the West is equating the Taliban's un-Islamic acts with Islam. This is a double affront to Muslims," Mr. Ahmad told UPI. "The first step the West needs to undertake is to better understand Islam."

Nevertheless, bin Laden is using Islam, much like Adolf Hitler used National Socialism, and Pol Pot communism. Had he been politically active in the 1960s or 1970s, he would just as easily have adopted communism as a platform in order to propel his cause. But mix in religious fervor and any revolution becomes all the more potent, and dangerous.

"It's a very complex situation," said Mr. Ahmad. This pan-Islamic movement "may be called Taliban in one country, and it is called something else in others." Several intelligence sources say bin Laden's network extends to more than 60 countries.

The Taliban's main aim, according to Mr. Ahmad, is to "shake up the West's structure." While bin Laden and the Taliban are not openly talking about a greater Islamic entity, others, such as Al Muhajeroun, a group based in Britain, and with whom bin Laden enjoys close ties, are talking about a Caliphate.

Bin Laden's first step was to hijack Islam to fit his cause, passing himself off as a fervent religious man. That, of course, is meant to win him the support of hordes of fanatics who know little, if anything, of the Koran. On the other hand, as the chief executive officer of terror, he knows exactly what he is doing and where he wants to go.

Anyone with his mindset would clearly not be content to remain holed up in the bleak caves of Afghanistan. So the question, of course, is what next?

In order to better grasp bin Laden's long-term thinking you will need to look at a map of Central Asia.

Afghanistan, where bin Laden had set up camp, is a desolate country without much of an infrastructure, reeling under a heavy burden following years of Soviet invasion, war and a disastrous civil conflict -- a perfect place from which to launch a revolution. Much of the terrain is inaccessible, except by horseback, making the task of modern armies impossible. Just ask the Russians.

To the south and east of Afghanistan lies Pakistan, another country that sits on the fence of Muslim fundamentalism. The Taliban have warned Pakistan that siding with the United States would bring down the wrath of the Muslim world upon it.

Pakistan, an Islamic country, is in a most precarious situation. The percentage of the population that supports the fundamentalists is in question, but some analysts believe the Taliban enjoys strong support in the army and the intelligence services.

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This gives the country's ruler, Gen. Pervez Musharraf, a very fine line to tread. It also makes him an important friend of the United States and any Western coalition.

"The situation for Pakistan is very difficult," said Mr. Ahmad. "Pakistan is between a rock and a hard place. Musharraf is sitting on a tiger," said Mr. Ahmad. "You either ride it or you are inside its belly."

With its nuclear capabilities, Pakistan would represent an ideal asset for bin Laden and the Taliban, should it fall off the fence and into their hands. Think of the consequences.

Regardless, bin Laden's next step would be to extend the reach of his Muslim fundamentalism. Tajikistan, to the northeast, Uzbekistan to the immediate north and Turkmenistan to the northwest -- all three are former Soviet republics with whom Afghanistan shares a border and a common religion.

Besides geographic expansion, giving them greater power in numbers (a combined population of more than 35 million), these countries offer a wide range of natural resources. Turkmenistan borders the Caspian Sea, a short hop to Azerbaijan, another former Soviet republic, and a Muslim country. Given that scenario, the new Muslim empire, or Caliphate, governed by bin Laden or the Taliban would encircle Iran, itself a Muslim nation, also rich in oil and other natural resources.

Look at the map again and see the implications for the rest of the oil-rich Arabian Gulf. Iraq, Kuwait, Bahrain, the Emirates, Saudi Arabia and Oman are only a small step and a revolution away. Remember the old domino effect theory much feared by the West -- especially the United States -- during the Vietnam War?

Now look at the map again; we are back in the Middle East. Palestine, Israel, Jordan, Egypt, North Africa and sub-Saharan Africa are the natural extension for bin Laden's Caliphate.

Think this is an unbelievable scenario? It was done a few centuries ago. Bin Laden is far too astute to content himself with the caves of Afghanistan. Read between the lines of his communiques and the picture will become much clearer.

Claude Salhani is international editor for United Press International.

HOMELAND RESPONSE:

Chertoff Urges Congress On Security Gaps (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP, September 9, 2006

The nation's homeland security chief urged Congress on Friday to approve plans to better protect seaports and chemical plants from terrorists — or risk another attack on the scale of 9/11.

In a speech outlining public protections the government has taken since Sept. 11, 2001, Homeland Security Secretary Michael Chertoff also rebuked critics who have resisted stepped-up safeguards that might be costly or inconvenient.

"That kind of backsliding runs directly contrary to the lessons of 9/11," Chertoff told an audience of hundreds at Georgetown University. He was referring to critics, including lawmakers, of plans to require tamper-resistant driver's licenses and border-crossing cards that some consider too costly.

"If we had it five years ago, there would not have been a 9/11," Chertoff said, noting that nearly all the 9/11 hijackers had fake ID cards. "God help us if we don't take the steps to put into place as soon as we can to prevent another 9/11."

Approving tougher security measures at ports would "be a fitting tribute to the fifth anniversary" of 9/11, Chertoff said. And if Congress gives Homeland Security authority to regulate chemical facilities, "we will implement it promptly," he said. "That will raise security for Americans all over this country."

The Senate is considering port security legislation, which lawmakers are pushing to win full congressional approval by the end of the month. But plans to let the Homeland Security Department regulate the chemical industry are stalled.

House Democrats, too, faulted the Republican-controlled Congress for failing to close security gaps highlighted by the 9/11 Commission earlier this year. The commission gave Congress and the Bush administration several failing grades for remaining vulnerabilities that could be exploited by terrorists.

"We created the 9/11 Commission to ensure that our nation was never left unprepared again," said Rep. Bennie G. Thompson, D-Miss., top Democrat on the House Homeland Security Committee. "Five years after 9/11, it is time to move forward and do the right thing."

Airport Screening Technology Developed (AP-Y)

By Scott Lindlaw

AP, September 9, 2006

At the airport check-in of tomorrow, "getting through security" should take 30 seconds.

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Passengers breeze through a series of scanners that probe for explosives, weapons, even drugs. Shoes stay on feet, laptops in cases. A machine confirms that a bottle of wine is wine, and not a disguised cocktail of bomb ingredients.

The Sept. 11 terrorist attacks prompted a clampdown at the nation's airports and a new era of aggravation at security checkpoints. They also accelerated a race to develop better screening technology, research that has advanced with each thwarted terrorism plot.

Some of these devices are already snooping your luggage as part of a 2002 congressional mandate that all checked baggage be scrutinized for explosives, but technical glitches and funding problems stand in the way of other technologies.

Key questions remain: Are these ready to handle thousands of passengers per hour, and their belongings?

"Some things are imminently deployable. Some things are further off," said Steve Hill, spokesman for GE Security, the unit of General Electric Co. that makes transportation security equipment. "We are not light years off."

Although one futuristic device known as the "puffer" already is in use at San Francisco International and 36 other airports, the government halted its continued rollout recently because of concerns about reliability. The Transportation Security Administration declined to elaborate.

Critics also question whether the Bush administration is investing enough, even as it spent nearly $1 billion in fiscal 2006 on explosive-detection equipment for checked luggage and checkpoint screening.

TSA and the Department of Homeland Security have repeatedly failed to spend tens of millions of dollars that Congress earmarked for new airport security equipment.

In 2003, TSA cut most of its $75 million research budget to try to address a deficit. Its research office was later consolidated into DHS's research arm, which has failed to spend $200 million from past years, leading lawmakers to rescind the money this summer.

"The TSA is groping around, moving money," said Rep. Peter DeFazio of Oregon, a senior Democrat on the Homeland Security Committee. "They don't have enough money to have enough employees, and they can't buy new equipment."

Even as the recent British terror plot was unfolding, Homeland Security quietly tried to take away $6 million that was supposed to be spent this year developing new technology for detecting explosives.

There will never be enough money or improvements in technology, said Richard Lanza, senior research scientist at the Massachusetts Institute of Technology.

"We're always faced with this unpleasant and nasty fact: people are going to come up with new explosives which won't be detected by this," Lanza said. "You're just trying to make it harder for the bad guys."

Among the newer technologies, the puffer is a tall, clear cylinder that looks like a Star Trek transporter. Passengers chosen largely at random are hit with quick blasts of air — not quite enough to ruffle the hair — to dislodge trace particles of explosives or narcotics from a passenger's skin and clothing. An instant microscopic analysis determines whether the passenger has been exposed to illicit substances.

In the future, luggage will be "sniffed" for minute traces of explosives or bombarded with neutrons, subjecting it to CT scans, which differs from traditional x-rays in that they take hundreds of pictures of an object from a variety of angles.

Passengers at San Francisco's international terminal can glimpse a "Checkpoint of the Future" as envisioned by GE Security.

The company has set up camp next to the checkpoint of today, a working security zone where plastic bins clatter and passengers shuffle through metal detectors. The GE "lab" is a nonworking checkpoint where the company is researching and tweaking its gear in hopes of winning government approvals and ironing out technical glitches.

Much of that gear is mock-up equipment where company officials can demonstrate the dream: a half-minute process, starting with a device that scans a passenger's finger for explosives and drug particles. A conveyor belt would use CT to peer at carry-on items. A body scan would look through clothing for knives, guns and bombs. A shoe scanner would end the need to kick off footwear.

GE Security said it has spent more than $100 million over the last five years in developing next-generation aviation screening technologies and products.

The government is particularly interested in developing the ability to quickly analyze what's inside liquid containers following the recent discovery of a London-based plot to bring down airliners using explosives disguised as common household items, said Jennifer Peppin, a spokeswoman for the TSA's Western region.

Rapiscan Systems Neutronics and Advanced Technologies of Santa Clara is trying to perfect a device that can peer into bottles, books and shoes and identify explosives inside. The scanner, slightly larger than a tipped-over phone booth, hits the object with neutrons and analyzes the gamma rays that bounce back, telling the machine which elements are present.

One recent afternoon, Rapiscan's chief operating officer, Pat Shea, placed a bottle of wine in the machine's drawer and started the analysis. A whirring sound followed for about 40 seconds, followed by an analysis: the bottle indeed contained wine.

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Despite all the years and dollars his company has poured into research and development, Shea cautions against an over-reliance on technology.

"No one device is a silver bullet," he said. "The devices are a tool that's badly needed. You've got this classic needle in a haystack search, but made much easier if you have a magnet to work with. If you have to reach through the haystack with your hand until something pricks your finger, it'll take a long time."

Is Utah Tops In Terror? (DESERET)

By Lee Davidson And Geoffrey Fattah, Deseret Morning News

Deseret Morning News, September 9, 2006

State logs 96 cases categorized as terrorism in '05; most are ID theft

Federal data on criminal cases show Utah tops the nation in terrorist-related activity. But does it really?

The U.S. Department of Justice reported 96 terrorism-related prosecutions in the Beehive state in 2005. That represents one out of every eight such cases nationwide, well ahead of the second-place 80 filed in the Eastern District of Virginia (in the suburbs of Washington), and the third-place 67 in the Southern District of Texas.

But Utah has not turned suddenly into a stronghold for al-Qaida.

A Deseret Morning News review of the cases shows that most of them likely would not be considered terrorism-related by people outside of the Justice Department. In fact, 87 of the 96 were identity-theft cases. None of the cases reviewed had any apparent ties to organized crime or terrorist groups listed in court documents.

The Justice Department provided only vague, general reasons why such cases were coded as terrorism-related for national databases. Officials say that terrorists use crimes like identity theft to fund their efforts, making those crimes a potential threat to national security.

"Since our goal is to charge defendants before they can put their plans into action, this very often leads to the use of non-terrorism statutes such as fraud or false statement charges, immigration violations, identity theft and other offenses that often carry lesser penalties than offenses associated with completed terrorist acts or conspiracies," Justice Department spokesman Bryan Sierra said. He added that smaller offenses allow officials to disrupt and prevent more serious attacks.

The U.S. attorney for Utah's spokeswoman, Melodie Rydalch, said her office could not comment and was instructed to refer all comments to Washington. Questions forwarded via e-mail to the U.S. Department of Justice's office of public affairs asking for comment on the Utah cases were not answered.

Perhaps the reason for the high number of terrorist-related cases in Utah has to do in part with the way the Utah office classifies some cases. Because the Utah Identity Theft Task Force is a component of the FBI's Joint Terrorism Task Force, identity-theft cases often are termed as terrorist-related.

While some of those those cases are not directly linked to a terrorist plot, others are considered "domestic terrorism" because they have been linked to groups, such as white supremacists, who use identity theft to fund their efforts.

Even if cases have no terrorist link, federal prosecutors rationalize that crimes involving stealing personal information, illegal entry into the country and compromising airport security threaten national security.

There might also be another reason for the numbers. The Justice Department has used such statistics (along with data from all federal districts) in efforts to obtain anti-terrorism funding and to bolster support for the Patriot Act.

The findings emerge from raw data collected nationally from the Justice Department by Syracuse University's Transactional Records Access Clearinghouse (TRAC) and analyzed by the Morning News.

The data reported that 743 terrorism-related cases were prosecuted in 2005, and 96 of them were in Utah.

Utah's number that year was twice as high as the 47 such prosecutions it had in 2004, which was then the third-highest in the nation. Before that, reported terrorism-related prosecutions were fairly rare in Utah: just nine in 2003, three in 2002 and none in 2001 or 2000.

The vast majority of the reported terrorism-related cases in Utah were for identity theft, immigration or drug violations that did not seem, in court documents, to have clear links to terrorist groups.

Some examples include:

· Jamie A. Barlow, who worked for an orthodontist, pleaded guilty to using the point-of-sale terminal in that office to illegally credit her account with $11,000. Court records say Barlow was given 90 days' house arrest and ordered to pay restitution.

· Eric Arthur Andersen and Deborah Gaye Bower pleaded guilty to charges stemming from fraudulently obtaining a credit card by using his brother's personal information, and then attempting to buy a $2,000 computer from Best Buy.

· Anne Kristine Bennett, Timmothy Ray Grimsley and Jacqueline Carrie Nelson pleaded guilty to charges stemming from stealing checks from the mail and going on a $3,000 spending spree with them in Weber and Davis counties.

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· Robert Brad Young pleaded guilty to charges stemming from use of stolen and counterfeited checks, identity theft and use of false identification.

· Blissen Bacala Coelho pleaded guilty to charges stemming from using someone else's Social Security card to open a credit union account, and then using that account for check kiting.

Only a few cases seemed to approach what most people would likely consider as terrorism, and maybe even they lack strong ties.

For example, Juan Carlos Justo-Martinez pleaded guilty to charges of trying to take a box cutter on an airplane and possessing false immigration documents. Court records show he was sentenced to time served and released on the condition that he "shall not illegally re-enter the United States."

Sue-Betty Owens was prosecuted, but had her case dismissed, for supposedly interfering with flight crew members on a SkyWest flight from Salt Lake City to Kalispell, Mont. Indictments said a flight attendant asked her to stow her handbag, but Owens refused and threw the bag at the attendant.

Joshua Lutman, a Starbucks Coffee employee at the airport, pleaded guilty to charges stemming from trying to sneak a friend into restricted areas at the airport through improper use of his identification badge.

Controversy over possible erroneous classification of cases as terrorist-related is nothing new.

For example, the Philadelphia Inquirer in December 2001 reported that the Justice Department inflated terrorism statistics in annual reports to Congress by including improper cases. It said the Justice Department did that, in part, to justify its budget requests.

Because of criticism from that newspaper story, the Justice Department switched from using FBI data about terrorism-related cases to using data from the offices of U.S. attorneys.

However, a 2003 report by the U.S. General Accountability Office said it still found that about half the supposedly terrorism-related cases that it reviewed had been misclassified by the U.S. attorneys offices and the Justice Department.

That GAO report also concluded that the Justice Department "does not have sufficient management oversight and internal controls in place ... to ensure the accuracy and reliability of its terrorism-related conviction statistics."

University of Utah law professor Wayne McCormack, who teaches a course on law related to terrorism, said he understands why federal officials would treat such crimes as terrorist-related. "There have been many instances," he said, pointing to a cigarette smuggling ring broken up between Virginia and Pennsylvania where the difference in tobacco tax was collected and used to fund Hamas efforts.

"That's the frustration. It could be terrorist-related, but you just don't know," McCormack said. As for the Utah statistics, "It looks pretty fishy."

Share Data -- And Protect Rights (WP)

By Sophie In't Veld

The Washington Post, September 9, 2006

In his op-ed of Aug. 29, "A Tool We Need to Stop the Next Airliner Plot," Homeland Security Secretary Michael Chertoff claimed that the fight against terrorism is being hampered by European privacy concerns about the U.S. government's use of data collected on airline passengers. This is a very serious allegation that calls for a reaction and some qualification.

Europeans are no less concerned about the threat of terrorism than our American friends, not least since several attacks have occurred on our own continent since Sept. 11, 2001 (Madrid, London, the murder of filmmaker Theo van Gogh in Holland) and many more have been prevented. But we are also very aware that one aim of terrorists is to undermine our democracy, the rule of law and our human rights. We should never grant them the pleasure of achieving that goal.

Many Europeans have only recently acquired freedom and democracy, having lived for decades under authoritarian regimes. Therefore we are extremely aware of how precious democracy is. Due democratic process -- holding the executive to account, maintaining proportionality, transparency, the possibility of judicial review and respect for the rule of law, including international agreements -- is of the essence.

But the first question that must be answered about any anti-terrorism measure is this: Does it help make our world safer? Since Sept. 11 a host of measures have been taken in the fight against terrorism, often in a rush and in a climate of fear. It is high time for an in-depth evaluation of the results: Are the measures effective in terms of increased security? How many bad guys did we catch? How many plots were prevented? How many innocent citizens were held by mistake? Do we need further measures, or can some of them be revoked or adapted?

Asking critical questions, and insisting on proper safeguards and proportionality, are vital parts of the democratic process. Arguing that democracy, the rule of law and civil liberties get in the way of the fight against terrorism is nonsense. On the contrary, they are our best defense against those who want to destroy our society.

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No one will deny that data collection and information sharing are necessary in the fight against terrorism. But such measures should not go beyond what's needed to achieve that purpose, and any restriction on the freedom and privacy of citizens must be accompanied by safeguards against mistakes and abuse, and by provision for proper means of redress.

In the case of the European Union-United States Passenger Name Record (PNR) agreement, neither condition has been met. The United States requires 34 items of data from travelers to the United States. E.U. citizens are not covered by American privacy laws, as U.S. citizens are, so they have little protection in this regard. The United States was not willing to make any promises to provide such protection but agreed only to "undertakings" in this area. It's hardly surprising that the European Parliament was not reassured.

It can be done differently, as shown by the PNR agreement between the European Union and Canada. Canada requires only 25 data items, and the protection of personal data that applies to Canadian citizens has been extended to cover E.U. citizens traveling to Canada.

In general, for the purpose of identifying certain individuals, the so-called APIS data (name, passport number, etc.) are sufficient. In practice, the carriers do not provide all 34 items requested by the United States but only the eight to 10 available to them. The need for further data has not been convincingly demonstrated. There may be a case for it, but as I understand democracy, it is up to the authorities to prove they need personal data, not to parliaments or individual citizens to prove that they don't.

A very critical report by the privacy officer of the Department of Homeland Security and an evaluation of the implementation of the E.U.-U.S. agreement show that implementation by the United States has been slow and inadequate. At the time of the evaluation, passengers did not receive any information about the PNR program and their rights. Contrary to what was agreed to, the United States has so far failed to switch from the so-called PULL system (whereby the United States has direct access to the computer systems of the European carriers) to the PUSH system (whereby the carriers forward the data). There are serious questions regarding the use of data for purposes other than the ones agreed on and over the forwarding of data to third parties.

Secretary Chertoff states that the United States does not do ethnic profiling. To my knowledge no Western nation has admitted to ethnic profiling as an official policy, but we all know it happens in practice. So-called "trusted traveler" programs are essentially that. What chance has, say, a 25-year-old man with a beard, wearing a turban or having a Muslim appearance (whatever that may be) of being a "trusted traveler"?

Europeans are eager to work with their American friends and allies to eliminate the scourge of terrorism. But friends and allies work together on the basis of mutual respect, trust and shared values. Issues such as Guantanamo Bay, Abu Ghraib, illegal rendition flights and secret detention camps, the SWIFT spying scandal and the unsatisfactory implementation of the PNR agreement have done much harm to the traditional trust between the transatlantic partners. If we want to beat the terrorists, it is essential that trust be restored. That will not be achieved by tough language between the parties but through respect and willingness to seek compromises.

I am convinced that together we can find ways to protect our democracy and freedom while preserving our hard-won civil rights. Only in that scenario do the terrorists lose.

The writer is a Dutch member of the European Parliament and its Committee on Civil Liberties, Justice and Home Affairs.

Police On The Lookout For Terrorists With Missiles Near Airports (WP)

By Del Quentin Wilber

The Washington Post, September 9, 2006

Police officer Steven Benner was on patrol in northern Anne Arundel County, driving his unmarked sport-utility vehicle through parking lots, climbing onto rooftops and peering down access roads that wind through wooded areas.

Suddenly, a jetliner screamed a few hundred feet overhead. That Southwest Airlines jet -- and the many other low-flying airliners here -- was the reason he was combing the area. Benner, an officer with the Maryland Transportation Authority Police, was looking for threats from shoulder-fired missiles around Baltimore-Washington International Thurgood Marshall Airport.

Benner said he tries to think like a terrorist. He looks for people who seem out of place, such as those parked in restricted areas who might be taking notes or photographs as reconnaissance for an attack. Sometimes he drives off the beaten path to potential launch sites. He knows it wouldn't take much to get off a shot: A missile could be fired from the back of a moving pickup truck.

"They don't do things by the book, so we can't do things by the book," Benner said, adding that he is also on the lookout for people monitoring him. "If we do this randomly and every so often, they are not going to be able to pattern police movements. I like to be a little smarter than them, a little faster than they are."

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Since British police said they foiled a plot to blow up airliners over the Atlantic, security authorities have focused on the threat of explosive liquids and gels. But the commercial airline industry faces a variety of threats, including bombs in cargo, hijackings and shoulder-fired missiles.

The U.S. government says shoulder-fired missiles have been used in at least 36 attacks on civilian aircraft in the past three decades, all overseas. Many security experts say the threat of attack in the United States is more remote than in other countries, particularly those in Africa and the Middle East.

Still, the possibility worries police and intelligence officials because many missiles are on the black market and many terrorist groups have them. Authorities estimate that terrorist organizations have several hundred to several thousand shoulder-fired missiles, which can cost as little as $5,000. In a report to Congress last month, the Department of Homeland Security called missile attacks a "real and international concern."

To counter the threat, the U.S. government has spent more than $100 million to develop a reliable anti-missile system to install on commercial planes. The systems, which are mounted underneath aircraft, detect missile launches and then fire laser beams at the weapon to disrupt its guidance system and send it off course. The military already uses such countermeasures on its aircraft.

The government hopes to develop systems that would cost about $1 million each for installation on thousands of jetliners. But widespread deployment of such devices on the U.S. commercial fleet would probably take at least a decade. The Department of Homeland Security is spending an additional $10 million to test different anti-missile systems, some of which could be ground-based, at airports. Most security experts say commercial jets are most vulnerable when landing or taking off because they are going relatively slow and are low to the ground.

In the absence of technological solutions, police have filled the gap. Police at Dulles International Airport and Reagan National Airport conduct patrols, but a spokeswoman declined to discuss security efforts in detail.

Shoulder-fired missiles are small and can fit in a large duffel bag. Some have ranges of up to three miles, and some can reach altitudes of 15,000 feet.

Most departments began the patrols after two missiles barely missed an Israeli jetliner taking off in Kenya in late 2002. A DHL cargo plane was badly damaged after being struck by a missile in Iraq a year later. In response, the U.S. military cleared a large area around Baghdad's airport, and commercial planes have taken the dramatic approach of flying over the airfield at 10,000 feet and then corkscrewing down to the runway to avoid missiles.

Maryland Transportation Authority Police officials have briefed officers on the missiles' range and effectiveness. Each officer has been given photographs of the missiles, which are known in law enforcement circles as "manpads," for man-portable air defense systems.

The photos, which include close-ups of the individual components, are displayed in the department's BWI squad room with a large map that shows "BWI Manpad Sites," nearly a dozen locations that police check at random intervals because they think they would make good launching sites.

The biggest part of the effort focuses on officers such as Benner, who on a recent afternoon spent 90 minutes checking the perimeter of the airport. He inspected the Amtrak train station for explosives and drove through parking garages to ensure that no terrorists were hiding there. He also checked school and business parking lots.

He has never confronted anyone suspected of being terrorist, but he has kicked out people picnicking in restricted areas and questioned aviation enthusiasts who gather at airports and take notes on the comings and goings of planes.

Gary W. McLhinney, chief of the Maryland Transportation Authority Police, said the patrols are one of the oldest and best tools he has to combat a potential attack. "The patrols are an important and an effective use of our resources," McLhinney said. "This is such an important issue."

Airport police have expanded their anti-missile networks by reaching out to other law enforcement organizations that patrol potential launch sites. The U.S. Park Police, which monitors many of the parks and roads along the Potomac River, has stepped up patrols because of the threat posed to planes heading to and from National Airport.

Park Police Chief Dwight E. Pettiford said the department has trained maintenance crews and park service employees to recognize those who may be attempting to launch a missile and those who may be scouting for an attack. "We have to be constantly vigilant," Pettiford said.

Police officials said they work closely with the Transportation Security Administration and the FBI to learn about threats.

When the TSA was created after the Sept. 11, 2001, attacks, security officials reached out to community associations to enlist the help of neighborhood watch groups. Scott McHugh said he pushed for such community briefings when he was the federal security director at Dulles in 2002 and 2003. He and other former federal security directors say the community meetings have dwindled and occur at only a few airports. He said TSA officials have failed to implement policies that could effectively counter the threat.

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TSA spokeswoman Yolanda Clark said in an e-mail that security officials meet with community and business groups and that they work closely with local police and federal law enforcement on the issue of shoulder-fired missiles.

New York Muslims Beset By Suspicion (FT)

By Jonathan Birchall And Joshua Chaffin In New York

Financial Times, September 9, 2006

The Muslim owner of the Dar-us-Salaam store on Atlantic Avenue in Brooklyn was polite, but he didn't want to talk.

At the Firdous cosmetics shop next door, a bearded young Moroccan was equally wary, when asked how things had changed for the city's Muslims since the September 11 terror attacks.

"We get so many people coming and asking questions about this. My boss says it's best to say nothing. We just want to move on," he explains.

Five years after the attacks, the mood on Atlantic Avenue is guarded. New York survived the aftermath of the attacks without any major outbreaks of violence against Muslims or Arabs. But on Atlantic Avenue, and in Bay Ridge and Bensonhurst and Sunnyside, things are not as they were.

Said Mahmoud, who operates a cart selling coffee, doughnuts and bagels in midtown Manhattan, says that following the attacks he was shocked to hear construction workers telling their friends waiting at his cart not to give their business to an Arab. "We were lucky we were not in some other country, where maybe they kill you," he says.

New York's Muslim community numbers about 600,000. The number of mosques in the city has grown from half a dozen in the early 1970s to more than 140. But after being shaken by the widespread detentions of suspected illegal immigrants that followed the 9/11 attacks, recent events have highlighted tensions.

In July, a New York court found Shahawar Matin Siraj, a 23-year old Pakistani immigrant, guilty of conspiring to blow up the city's Herald Square subway station, one of the city's busiest.

The Siraj case underlined the level of monitoring of some sections of the city's Muslims. Charges were brought against Siraj after a police informer began operating in his mosque.

"Muslims now see themselves as being put in this category of suspicion," says Louis Cristillo, who heads a Columbia University teaching college project on issues affecting Muslim youth in New York. "There is de facto racial profiling in airports and public transportation."

He says there are also claims of scores of lower level racist incidents, such as children being teased or beaten up at school, or of girls having head scarves ripped off.

More optimistically, he argues the city's Muslim community is more integrated than immigrant Muslim communities in the UK, France and Germany. "Once you're naturalised in the US, you have the same rights as everyone else," he says.

But Mr Mahmoud, in midtown Manhattan, finds a bitter irony for Arab Americans. "Many people came here in the spirit they did not like the things their own governments did, and they wanted freedom. And now, when they see things like detentions without trial, what must their feelings be?"

KC Man Linked To Early Al-Qaida (KCS)

By Tony Rizzo

The Kansas City Star, September 9, 2006

Did a Kansas City college student help Osama bin Laden start al-Qaida?

Federal law enforcement officials think he did. So do private-sector experts on international terrorism.

Now, a new book that chronicles the history of al-Qaida portrays former Kansas City resident Mohammed Loay Baizid as a confidant of bin Laden in the early years of the terrorist organization.

While The Looming Tower: Al-Qaeda and the Road to 9/11, by Lawrence Wright, a staff writer at The New Yorker magazine, provides Baizid's firsthand account of his association with bin Laden, the former Kansas City resident's activities already have been extensively documented in federal court transcripts and law enforcement documents. He even was mentioned in the 9/11 commission report.

"He was one of the guys there when it all got started," said John Lumpkin, a senior fellow at GlobalSecurity.org, an Alexandria, Va.-based defense-policy research firm and clearinghouse of military information. "He definitely was a major figure."

Jack Cloonan, who as an FBI agent questioned Baizid with the cooperation of Sudanese authorities shortly after the Sept. 11, 2001, attacks, said he had seen a list of original al-Qaida members.

"His name is on it," Cloonan said of Baizid. Cloonan now is president of a private security firm, Clayton Consultants.

Baizid has denied that and said he was not present at the meeting that many consider the birth of al-Qaida.

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Although many think Baizid was an integral part of al-Qaida's early days, his role in the organization as it evolved into a worldwide terrorist organization is less clear. His name has come up in the trials of terrorism figures, but he apparently has never faced charges himself.

Wright and others think Baizid long ago cut his ties to bin Laden and al-Qaida.

Cloonan said he and other FBI agents came to Kansas City in 1998 to investigate Baizid's background. After the Sept. 11 attacks, Cloonan was part of a joint FBI-CIA team that went to Khartoum, Sudan, to interview people with connections to al-Qaida, including Baizid.

"We really don't know the full length and breadth of his involvement," Cloonan said.

Galvanized by call

According to Wright, Baizid was 24 in 1985 when he answered the call to jihad and traveled from Kansas City to Pakistan and later Afghanistan to fight the Russians. Wright spent five years researching his book and met Baizid in 2003 in Khartoum.

Baizid's family immigrated from Syria when he was a teenager and in Wright's book, Baizid is quoted as saying that he was a "typical young middle-class American man" when he read a tract by Abdullah Azzam, who has been described as one of bin Laden's main spiritual influences.

In the tract, Azzam called on Muslims to rally together to aid Afghanistan in its fight with the Soviet Union.

Baizid declined to be interviewed by The Kansas City Star, but Wright told The Star that in interviews the former Kansas City resident said he was seeking adventure and became "galvanized" by Azzam's call.

Baizid only intended to stay a short time, but after flying to Pakistan, he called a telephone number that was printed on the tract he had read and Azzam answered the phone. Bazid said he did not know what he would have done otherwise.

In Pakistan, Baizid met Azzam, bin Laden and other Arab volunteers in the fight against the Soviets. He adopted the name Abu Rida al-Suri.

"I went to Afghanistan with a blank mind and a good heart," Baizid is quoted in the book as saying. "Everything was totally strange. It was like I was born just now, like I was an infant, and I have to learn everything new. It was not so easy after that to leave and go back to your regular life."

That regular life included studying engineering at the University of Missouri-Kansas City.

Baizid was enrolled at UMKC from August 1982 to May 1984, according to university records that do not reflect whether he obtained a degree. A university spokesman said privacy laws did not permit the release of grade information or the names of professors Baizid studied under.

An acquaintance of Baizid's in Kansas City in the early 1980s, also an immigrant from Syria, recalled an easygoing young man who enjoyed playing cards with friends and walking on the Country Club Plaza and who was always quick with a joke.

"He always liked to tease and try to be funny," said the man, who asked that his name not be used for fear that it might hurt his business.

In the next decade, Baizid allegedly became a business adviser and fundraiser for al-Qaida, according to extensive sworn testimony and documents from federal investigators and terrorism experts filed in federal courts in Chicago and New York during terrorism trials. Lorenzo Vidino, a terrorism analyst for the Investigative Project, a Washington-based counterterrorism research and investigative center that was founded in 1995, said Baizid's role in the formation of al-Qaida and its later fundraising efforts in the United States, cannot be overemphasized.

"It's no exaggeration to say he was one of the four or five founding members," said Vidino, co-author of the book Al Qaeda in Europe: The New Battleground of International Jihad.

Members of Baizid's family, including his uncle Adnan Bayazid, who lives in the Kansas City area, declined requests to comment.

But Adnan Bayazid told U.S. News & World Report in a 2002 article about American jihadists that his nephew had helped buy supplies for Afghans fighting the Soviets and had since grown disillusioned with bin Laden. He also suggested that another person with a similar name may be responsible for some of the things attributed to his nephew.

Bayazid also mentioned his nephew's connection to bin Laden in the 1980s and '90s in an article in the Kansas City Jewish Chronicle.

Mohammed Baizid allegedly was still in Pakistan in 1988 when a pivotal event in the history of al-Qaida occurred. At a meeting of bin Laden and a handful of others, plans were discussed to organize the group that would become al-Qaida. Wright said that Baizid denied he was present, but the handwritten notes of that meeting were made by Baizid, according to later federal court testimony and documents prepared by the U.S. Justice Department.

In the early 1990s, bin Laden relocated to Sudan, and Baizid went with him.

In Wright's book, Baizid is described as bin Laden's "main business adviser" for various enterprises in Sudan.

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By 1994, Baizid was back in the United States. He obtained an Illinois driver's license and allegedly became a leader of the Chicago-based Benevolence International Foundation, a purported charitable organization. Federal authorities later shut down the group for allegedly funneling money to al-Qaida. Its director pleaded guilty to a charge of racketeering.

In documents later seized by authorities, Baizid is referred to as being president of the foundation at one time.

Vidino said the group functioned as one of the main Al-Qaeda fundraising groups in the United States.

Baizid's first known contact with U.S. law enforcement came in what Vidino called a "mysterious story" that unfolded Dec. 16, 1994, in California.

According to trial testimony and court documents, Baizid was with bin Laden's brother-in-law, who was detained after arriving in San Francisco on a flight from the Philippines.

But Baizid was released, and Vidino said he has never been able to determine the reason or where he went after that.

Wright said that Baizid has a comfortable life in Sudan and operates several businesses.

"I know he would like to come back to Kansas City," Wright said. "He's bored and frustrated in Khartoum."

But Baizid is afraid that U.S. authorities will arrest him, even though Wright said law enforcement officials have told him that Baizid is not facing any charges.

"I think he's harmless and should be allowed to come back," Wright said.

Paulson Sizes Up Wall St Disaster Defences (FT)

By David Wighton And Paul Taylor In New York

Financial Times, September 9, 2006

Concerns about Wall Street's ability to withstand a terrorist attack, natural disaster or flu pandemic have prompted Hank Paulson, the new US Treasury secretary, to review the financial market's disaster-planning.

In one of his first acts in the post, the former Goldman Sachs chief executive has asked the president's working group on financial markets to assess the improvements made since September 11 2001. This comes amid continued Wall Street concerns – five years after the World Trade Center attacks – about the resilience of power and telecommunications services.

September 11 exposed weaknesses in the industry's disaster planning and closed the equity market for four days.

Experts say financial services companies in New York and London have improved the resilience of their operations. But some senior Wall Street figures are concerned that the utilities, on which the financial markets depend, have made less progress. There is also greater focus on the impact of a flu pandemic.

Scott Parsons, US deputy assistant Treasury secretary, said the utilities had made "tremendous improvements" but added: "We remain concerned about how to provide better resilience in telecommunications, which is the financial sector's single biggest dependency."

Wall Street firms blamed many of their problems in 2001 on the damage to one of Verizon Communications' five switching centres in lower Manhattan.

Some Wall Street disaster planners believe more pressure needs to be put on the utilities by their regulators. They are encouraged by the early interest taken by Mr Paulson, who was involved in the issue at Goldman Sachs.

Recently, many financial services companies and regulators have focused on their ability to operate in the event of a flu pandemic when many staff would want to work from home.

Anxiety Remains On Wall St Disaster Planning (FT)

By David Wighton, Deborah Brewster, Paul Taylor And Anuj Gangahar

Financial Times, September 9, 2006

When Dick Grasso, the then chairman of the New York Stock Exchange, reopened trading on September 17 2001, it was a symbol of Wall Street's resilience in the face of terrorism.

But the four-day closure of the exchange also underlined the serious disruption caused by the attacks on the World Trade Center, due partly to flaws in Wall Street's disaster planning.

Five years and billions of dollars of investment later, many of those flaws have been addressed and there is little doubt that financial markets in New York – and in other leading financial centres – would now be more resilient in the event of a similar disaster.

But concerns remain, not least about the key utilities on which the financial services sector depends and the industry's ability to handle other sorts of threat, such as a flu pandemic.

Scott Parsons, deputy assistant Treasury secretary for critical infrastructure, says the most basic lesson learned from September 11 was the need for back-up facilities far enough away from a main site.

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Most companies' contingency plans had focused on localised potential problems. "Some firms had their back-up in the basement of their buildings or right across the street," says Mr Parsons. As a result, some lost access to both their primary and back-up facilities.

"Institutions also generally had not considered the possibility that transportation of personnel could be significantly disrupted and preclude the relocation of staff to alternate sites," said a 2002 report by the Federal Reserve and other regulators.

The regulators subsequently introduced new guidelines on back-up facilities and many companies have invested heavily in new operations.

The Bank of New York, for example, has built two identical data centres, one 40 miles from its 1 Wall Street headquarters and one – completed just six months ago – 750 miles away. A leading clearer of bond trades, BoNY was badly disrupted by the September 11 attack.

"Each is a replica, just waiting for the other to fail," says Don Monks, BoNY's vice-chairman.

Many financial services companies in London have made similar moves and the UK Financial Services Authority said in a study in December that most companies now had "highly resilient" IT systems and could continue normal operations within a day of a disaster.

According to Gregory Ferris, chairman of the Securities Industry Association business continuity committee, another key lesson of September 11 was the need for better communication within the industry during a crisis. The SIA and other industry bodies set up a command centre to improve co-ordination. "Recovery efforts following the 2003 New York City blackout and other events, such as the 2005 transit strike and national immigration rallies, were more effective because this structure was in place," he told a congressional committee in June.

Another area of focus has been collaborative testing, such as a big exercise for the New York securities markets set for October 14, says Anna Ewing, chief information officer of the Nasdaq stock market. "These tests are now much more intensive and are really aimed at ensuring that transactions can still get done in the event of a crisis."

Banks and securities firms are also paying greater attention to their power and telecommunications systems. Much of the disruption caused by September 11 was the result of problems with utilities, which proved unexpectedly vulnerable.

"We didn't know how much of the telecoms infrastructure was concentrated in seven buildings in downtown Manhattan . . . and the main unit needed to operate for the other six to operate," recalls Mr Monks. BoNY now demands much more information from its suppliers and has also leased five fibre optic cables to connect its data centres.

Verizon Communication says it has further decentralised the infrastructure that supports Wall Street and made it easier to re-route voice and data traffic in a crisis. It has also installed another 40 miles of fibre optic cabling in lower Manhattan, much of it configured in "self-healing" rings.

But some senior Wall Street operations executives believe infrastructure suppliers have not faced as much pressure from their regulators to increase resilience.

Telecommunications is also a concern for many financial services companies as they draw up plans to deal with a possible pandemic. The assumption is that following an outbreak large numbers of employees will stay at home and companies are investigating how much of their operations could be done from home.

9/11 Has Spurred Only Modest Changes In New York City And National Building Codes (NYT)

By Sewell Chan

The New York Times, September 9, 2006

The destruction of the World Trade Center produced calls for a wholesale re-evaluation of the way tall buildings are designed and built, but five years later, the changes to New York City's building code, and others across the nation, have been few and modest.

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Related Twin Beams to Light Sky Again. But After 2008? (September 9, 2006)

Recommendations from a major federal investigation into the collapse are still being debated and may yet result in modifications to a national building code that the city plans to adopt. So far, though, 9/11 has not been a turning point for code revision, in the way past disasters were — like the Triangle Shirtwaist fire of 1911.

In New York, some suggestions have been quietly shelved. Proposals for more and wider stairwells in skyscrapers, for example, were set aside in part because the real estate industry felt threatened by the loss of rentable space.

Other ideas, like hardening building components to withstand major fires, are mired in technical debates among engineers that could take years to resolve.

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To some critics, the pace of revisions is evidence that the sense of urgency aroused by the attacks has faded. Others argue that the attacks were so extraordinary an event that they cannot be the basis for sweeping changes in the way skyscrapers are designed and built.

"No building is safe from everything," said Patricia J. Lancaster, an architect who has been the commissioner of the city's Department of Buildings since 2002. "It's up to the owners to assess how much risk their building, their piece of land, their edifice, is at. There's no one answer to the question of what you should do. That's why not everything is mandated in the building code. If you mandate too much, then we'll be building concrete bunkers."

Developers of some planned buildings, like the Freedom Tower at ground zero and the Bank of America tower in Midtown, are voluntarily meeting higher standards than those required by the code, in part because anxious tenants now seek them. It is unclear, however, whether such efforts will continue as market conditions evolve.

Ms. Lancaster has overseen two major responses to 9/11 that are expected to change the city's building code for the first time since 1968.

The first was to convene a task force that made 21 recommendations for immediate changes in the city's code in response to the disaster. The second was to support the gradual adoption of standard building, electrical, plumbing and fire-safety codes used by most states and cities in the United States; this would be a major change for the city, which has long insisted on setting its own standards.

Both studies reflect a desire to learn from 9/11.

The planes that day severed five of the six stairwells in the twin towers, fatally trapping as many as 1,500 people on the upper floors. Analysts have said many more might have escaped if there had been more stairwells and if they had been made of reinforced concrete rather than lightweight gypsum board.

The New York City building code currently requires only three stairwells in a tall building, regardless of whether it is 10 or 100 stories. Federal investigators have said that, given the size and number of the stairwells, the evacuation would have been much slower and many more people would have died if the towers had been fully occupied that day. A former director of the World Trade Center told the 9/11 Commission in 2004 that stairwells needed to be wider to speed up evacuations.

Changing the code's provisions for stairwells was not one of the things recommended by the task force of industry representatives, engineers, city officials, and fire-safety experts, but city officials point out with some pride that a majority of the 21 recommendations did become law in 2004. Among the new requirements: all high-rise commercial buildings over 100 feet must have sprinkler systems installed within 15 years; exit paths, doors and stairs must be marked with glow-in-the-dark materials; and buildings have to maintain plans to evacuate occupants in all kinds of emergencies, not just fires.

The task force decided against requiring more and wider stairwells and instead backed encouraging the change. It asked the Department of City Planning to encourage developers to build more and wider stairwells by excluding stairwells when the city calculates how big a building can be.

The proposal would have removed a disincentive against adding stairwells, since developers want to maximize every inch of rentable space. But it would also have meant taller buildings. City planners rejected the idea, and it has not been revived.

But After 2008? Asked why the task force did not simply recommend requiring more stairwells, Ms. Lancaster said, "We were not successful in gaining consensus on that issue." She added, "If you increase a stairwell by one inch at the top of a 90-story building, you are giving up dozens and dozens of square feet of rentable space."

Similarly, the task force agreed to encourage but not require the use of impact-resistant materials for elevator and stairwell enclosures. Ms. Lancaster said the group recognized that the gypsum board used to enclose the trade center stairwells was inadequate, but that it would not have been appropriate to specify a harder material, like cinder block. "We can't show favoritism," she said, adding that several other materials were just as durable.

Glenn P. Corbett, an assistant professor of fire science at John Jay College of Criminal Justice, said the city was too lenient in giving owners 15 years to install sprinklers. "Ten years, in my opinion, was plenty of time to do it," he said.

Ms. Lancaster, however, described the changes as significant, hard-won concessions given the expense of improvements like sprinklers and the political clout of the real estate industry. "I think it's a miracle we got this passed at all, frankly," she said of the sprinkler change.

"The real estate industry was pretty darn good about stepping up to the plate and going along with this stuff," she said. "They were sobered, as were the rest of us, after 9/11. When they became convinced that this would really help people in an extreme event, they adopted it. It's really pretty striking. Those guys have big bucks."

Marolyn Davenport, a vice president at the Real Estate Board of New York and a member of the task force, said the code revisions were a compromise among competing interests, and the code itself only a baseline standard. Many developers of tall buildings were voluntarily surpassing it, she said. "That's true of anything being built in a prime location in Manhattan," she said.

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For example, many features of the 54-story Bank of America tower, now under construction at 42nd Street and Avenue of the Americas, will reflect the concerns of a post-9/11 world: bollards to block bombs, shatterproof glass, extra-thick steel and wider staircases encased in thick concrete. Many were not required under the code but were sought by the bank, as anchor tenant, or the developer, the Durst Organization.

Burdensome restrictions would make construction too expensive, Ms. Davenport said. “While you want to incorporate safety features, at the same time we have to compete with the surrounding areas,” she said.

The second prong of the city’s response has been to wait for changes in model codes that are supposed to result from a $16 million study by the National Institute of Standards and Technology. The 10,000-page study, released last October, concluded that design flaws did not cause the collapse of the towers, but that there were significant ways to improve the durability of skyscrapers and the ease of evacuations.

Some federal, state and local lawmakers and many engineers have criticized the study’s recommendations as too vague and said they did not provide enough guidance for code revisions.

David Scott of Arup, an engineering firm in New York City, who is chairman of the Council on Tall Buildings and Urban Habitat, an international nonprofit professional organization, said, “A lot of people were disappointed by the NIST report because it was a bit vague and didn’t tell people what to do, and didn’t do the research to back up what it did tell people to do.”

S. Shyam Sunder, the lead investigator for the federal study, said it was not his team’s job to rewrite the code. “It was part of our design to be performance-oriented in our specifications,” he said. “We felt the private sector and code organizations were the most qualified to translate performance recommendations into specific code language.”

That process will move forward this month with hearings in Florida, where a panel of experts will review whether 19 of the recommendations should result in changes to the International Building Code, the model code used by most states and cities.

The recommendations address issues like preventing a total collapse when part of a building is damaged by fire or other calamity; the use of spray-on fireproofing; the reliability of automatic sprinklers; the use of elevators by rescue workers and people fleeing; the durability, width and number of stairwells; the marking of exit paths; and the storage of fuel oil. The recommendations will be voted on in March.

Sally Regenhard, the co-chairwoman of the Skyscraper Safety Campaign, which lobbies for more stringent building codes, said she was disappointed by the slow progress. “It’s hard for me to tell you what tangibly has changed,” said Ms. Regenhard, whose son, Christian, a probationary firefighter, died on 9/11. “All we have is a lot of recommendations.”

Dr. Sunder said he believed that the recommendations would get into the national codes, eventually. Others are less optimistic.

“Shyam is an incredibly capable, smart guy who led an impressive group of people to put this thing together,” said Guy Nordenson, who runs a structural engineering firm in New York and teaches at Princeton. “The problem is, their process didn’t lead to a wider consensus-building that would allow these recommendations to get implemented.”

Jon D. Magnusson, a principal in Magnusson Klemencic Associates, a structural engineering firm in Seattle, said the institute’s recommendations, if adopted, would only provide a false sense of security. “None of the proposals, had they been previously a part of the code, would have changed the outcome in the events of 9/11 or at Oklahoma City,” he said. “You simply cannot out-build determined terrorists.”

After Attacks Changed The World, The Recovery Changed A City (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, September 9, 2006

NEW YORK -- You're sitting in the center of the fabulousness. The stinky old Fulton Fish Market is gone, and cobblestone streets are lined with boutiques and $1 million condos with floor-to-ceiling windows, and the sky is that razor blue.

Almost like that day.

Five years ago, this neighborhood in downtown Manhattan, a few blocks from the twin towers, was covered in half a foot of gray ash. Now, Jason Lowney, 28, and Patrick Darragh, 24, down drinks and talk that emphatic guy talk, and Sept. 11 feels pretty distant.

"People thought downtown would be a ghost town," says Lowney, a husky and dark-haired insurance adjuster. "I think it's stronger ."

Darragh nods. Then he lets slip that his uncle was on the 80th floor of the South Tower and died that day. Darragh wanted to migrate here after college.

"It was like a defensive thing," he says. "You even saw it immediately afterward. . . . New Yorkers never had any apprehension."

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Some days the hole in the heart of this city appears healed over. The braggadocio is back and the jackhammers rattle near Ground Zero. The scar that is the 16-acre hole is still there, a monument to political paralysis. But a forest of blue condominium towers rises, Hermes and Tiffany are opening shops downtown, Goldman Sachs is throwing up a 43-story office tower, and those Viking-stoved, Jacuzzi-ed lofts still attract high-roller bid-a-thons.

More than 5,800 apartments have been built in Lower Manhattan since 2001, and the median residential sales price has jumped 75 percent. Big corporations -- the Bank of New York, Goldman and Moody's Investors Service -- are building millions of square feet of new office space.

"The luxury stores are moving in, and with luck we'll soon . . . start building at Ground Zero," said Kathryn Wylde, president of the Partnership for New York City, which represents the city's largest businesses. "A lot of major corporations have committed to staying in place, and that wasn't at all clear in 2001."

So if you measure health by beautiful offices and million-dollar lofts -- and what upper-middle-class New Yorker hasn't these past five years? -- you might conclude that all's swell.

Then you walk to the corner of Barclay and Church streets, where five years ago a cluster of cops and waiters and reporters watched the city's biggest tower fall out of the sky. No one moved, it wasn't real -- and then everyone ran as 30-story clouds of ugly gray smoke and dust and biomass rocketed up Church.

Nearby there is an outdoor exhibit of photos of Ground Zero, beautiful photos of women in tears and St. Paul's Chapel, spire lost in that cloud of dust, and firefighters huddled in the darkness around the remains of one of their own. A sturdy cop looks at the photos and wipes at his eyes.

Congenitally contentious, Bill Dobbs is a war opponent, a fighter for gay rights and a tilter at windmills. He might be expected to cast a querulous eye at the memory of the twin towers, those monuments to David Rockefeller's capitalist vision. But he is also a New York chauvinist, and he admired the towers' brassy size and yearns for something like them to rise again.

"I loved those towers -- when the other buildings quit, those two just kept going," he says. "Look across the harbor from Staten Island -- God, it's horrible to see our skyline now."

Then there is the air. So many firefighters and police officers and paramedics and construction workers and good Samaritans pawed through the wreckage and tended to the rescuers and vacuumed out the high-rises that still stood. Andrziy Nereci remembers feeling like a hero. On the edge of Freedom Plaza, on the south end of Ground Zero, this Polish man with a bushy blonde mustache points to the skyscrapers he wiped clean of toxic dust: the Verizon building and Bank of America. He was handed a flimsy paper mask, he knew it wasn't enough.

"I risked my life and health," he said. "When we went to the 15th floor, the building could have fallen down; we didn't know."

Now he and thousands wheeze and cough. Mount Sinai Medical Center studied 9,500 people who helped at Ground Zero and other sites, and concluded in a report released this week that seven of 10 suffer from chronic lung illness contracted while breathing the post-9/11 air. This is the same air that the U.S. Environmental Protection Agency proclaimed safe. Federal officials also suspended workplace safety regulations for the cleanup sites.

Nereci overstayed his visa; he is not a legal immigrant. City and state officials have resisted paying lots of health bills for workers, but he is the lowest of the low. "In some sense, I regret it," he says. "If I had not worked there, I'd have a life."

Post-2001 New York has not been terribly kind to the $51,000-median-family-income New Yorker. In the first months, city and state officials held "listening sessions," and there was talk of parks and affordable housing.

Plans for parks remain, but it would take a microscope to find affordable housing in downtown Manhattan. Out of $2 billion in federal aid expended at in the neighborhoods around Ground Zero, officials have created 77 units of subsidized housing.

By contrast, bonds issued for redevelopment went to 13 new luxury residential buildings with 4,468 market-rate units, including one that was in the works before the attacks. The state also handed out $539 million in business-recovery grants. Hundreds of millions went to large corporations. Exactly $62 million went to owners of small shops and food stores.

Bettina Damiani lives in Brooklyn and keeps a sharp eye on downtown Manhattan for Good Jobs New York, which has scrutinized the spending. She sees an age-old New York story playing out. "Well, we certainly reinforced the status quo, which is that if the real estate industry is doing well, by golly, we all are," she said. "Here's my motto for downtown: Bring free-market capitalism back to Lower Manhattan."

Less clear is what the years since have done to the ephemera that make up a city's soul. Sarah Fisch is a classic New Yorker, in that she arrived in 2000 from somewhere else -- Texas, in her case -- and is pretty intense about her new home. After the attacks, her little subculture of poets and performance artists flowered.

"They were chomping at the bit," she said. "People performed out of a need to escape and wanting to connect with one another."

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Then rents rose so high in Lower Manhattan, the tiny theaters and poetry clubs shuttered. People began to move, to Seattle, Yonkers, wherever. Fisch was broke and sick, and she saw the makeshift memorials in Union Square every day as she walked to one temporary job or another.

"It made me think I'm cannon fodder. I'm the girl in the office while everyone else is out having corporate breakfast," she says.

This autumn she began her second semester of classes. No more starving artist; she wants a PhD so she can get a steady teaching job. She too is the determined face of post-9/11 New York.

Business As Usual Economic Fears After 9/11 Proved Mostly Unfounded (WSJ)

By Jon E. Hilsenrath And Liam Pleven

The Wall Street Journal, September 9, 2006

After terrorists attacked the U.S. five years ago, many worried that the economy would lose its hard-won vitality. Companies would need to hire security staff instead of production workers, build up costly inventories and face delays as goods moved across tightened borders.

This is what has happened instead: The number of security guards on business and government payrolls has declined, companies are holding less inventory, and the amount of freight moving though the nation's ports has soared. Not only has the economy grown, it has become more efficient. And office construction in downtown New York and Washington has continued.

Despite fears in 2001 that the terrorism threat would impose a great expense on the nation's business and weigh on the economy, "there is nothing like that showing up," said Bart Hobijn, an economist with the Federal Reserve Bank of New York who has examined security-related spending.

Michael O'Hanlon, a security expert at the Brookings Institution, said that "in the private sector, all that's generally been done is a few more security cameras and guards at the most vulnerable of sites: some skyscrapers, some chemical plants." He added, in an email exchange: "Any one owner of any facility is very unlikely to be attacked, yet quite likely to suffer competitively if he [or] she pays the price for more protection and no one else in the same economic sector does the same."

Several forces are behind the surprising turn. In 2001, years of heavy spending on technology had already begun paying dividends for many companies, permitting them to become more efficient even as they had to divert some resources to security. Massive government stimulus -- hastened by an economic downturn that was in place before the attacks -- helped the economy crawl out of its slump and get on a sustainable growth path. The medicine included steep interest-rate reductions, tax cuts, emergency spending increases and a federal backstop for terrorism insurance -- meaning the U.S. would front part of insurers' losses in the event of a major attack. Meanwhile, crime rates were falling, reducing security needs in some places even as fears of domestic terror rose.

The Sept. 11 attacks did have a major short-term impact on the economy, especially certain sectors, such as airlines and autos. In the case of cars, for example, the Big Three U.S. makers rushed to clear inventories by rolling out zero-percent financing.

And there are other costs to the struggle against terrorism ignited by 9/11, such as the higher price of oil because of supply disruptions and the fear of them -- the so-called terror premium. Then there are the costs that all but defy accounting: the value of lives lost, of individuals injured in battles overseas, of economic opportunities lost by military reservists who are serving abroad.

Earlier this year, Joseph Stiglitz, a former Clinton administration economist and a Nobel prize-winner, and Linda Bilmes, a Harvard professor, took a broad approach to accounting for the Iraq war, including valuations for lives lost and individuals injured, and attached a price tag of up to $2 trillion.

In a narrower look at the post-9/11 costs, Mr. Hobijn of the New York Fed estimates last year's U.S. public and private-sector spending on domestic security at $90 billion, covering everything from guards in city office buildings to federal grants for ports to install surveillance gear. The figure is a little more than $30 billion greater than annual spending on domestic security before the attacks. That's a substantial rise, yet considering that the giant U.S. economy churns out more than $13 trillion of goods and services a year, it's little more than a rounding error.

Whether the nation is more secure today is a different matter, and one that is much harder to measure. It is possible that a five-year stretch without an attack at home has lulled business leaders and politicians into complacency about the threat, and they aren't spending enough on security.

It also isn't clear whether the federal government, which has borne most of the cost of increased security spending, has set the right priorities. Federal spending on the wars in Iraq and Afghanistan, which isn't counted in Mr. Hobijn's estimate of domestic-security spending, is $120 billion in this fiscal year alone, the Congressional Budget Office calculates. That dwarfs what is spent to protect buildings, ports and borders. It also creates large chunks of deferred expense in the form of national debt.

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At one company in Rockford, Ill., the effect of the terrorist attacks is close to imperceptible. "Security, as far as 9/11, hasn't really impacted us that much here," says Greg Bubp, chief financial officer of Eclipse Inc., a private manufacturer of industrial heating equipment. Rockford is about 90 miles northwest of Chicago. Mr. Bubp says that, being that far from a major city, he hasn't felt the need to step up security measures at Eclipse's facilities in the U.S. or abroad. "It's something that we need to be aware of, but we're not necessarily in hot spots," he says.

Instead, he has been focused on running his business more efficiently. By working more closely with suppliers, the company has been able to reduce the amount of inventory it keeps on hand at plants from about 100 days' worth of sales to about 80 days' worth since 2001.

U.S. businesses, on average, held inventories equal to a bit more than 43 days' worth of sales in mid-2001, just before the terrorist attacks. If businesses had decided to build up stocks as a buffer against supply disruptions, the ratio of inventories to sales would have risen. Instead, it fell to under 38 days by mid-2006, as companies used new technology and new business practices to hold less on their shelves for every dollar of sales.

Executives at many companies say security is an important issue and a significant budget item. The Business Roundtable, an association of chief executives from the nation's largest companies, created a task force to address security issues right after 9/11, establishing, among other things, a hotline with the White House for crises.

In a just-completed survey of chief financial officers at 434 U.S. companies, 42.4% said they had increased planning for business disruptions since 2001. In the survey, conducted for The Wall Street Journal by Duke University and CFO Magazine, 21.4% said they were paying more for insurance against terror and business disruptions.

But the executives also said that terrorism ranked near the bottom among today's worries. And hard evidence of a pickup in private-sector security spending is spotty.

Insurers take in several billion dollars a year in U.S. terrorism-insurance premiums, estimates Robert Hartwig, chief economist at the Insurance Information Institute, a trade group. Before 9/11, terrorism coverage was included in standard policies. For U.S. businesses, the cost today likely isn't a heavy burden -- it's roughly equal to what they pay to insure their directors and officers against personal losses for the actions they take in their posts.

Moreover, after five years with no new U.S. attack, the cost of terrorism insurance recently has been dropping. The median price of it fell 25% last year from 2004, according to a study by Marsh Inc., the insurance-brokerage unit of Marsh & McLennan Cos.

Spending on private-sector security services such as alarm monitoring systems and guard services was already growing briskly before 9/11, and continued doing so afterward. Yet the pace of its growth slowed slightly, according to data from Freedonia Group Inc., a market-research firm. It says such spending grew at a 6.8% annual rate between 2000 and 2005, down from a 7.1% pace in the second half of the 1990s. In all, the private sector spent about $39 billion on security services last year, vs. about $28 billion in 2000, the firm says.

Freedonia sees the growth in this spending easing off to a 4.3% annual rate in the second half of this decade, largely because of reduced crime rates. However, Mark Visbal, director of research at the Security Industry Association, sees robust growth in spending on equipment like closed-circuit television.

While the economy has largely shrugged off the effects of 9/11 and the terrorism threat's security demands, it is possible that strains will show up gradually over time. Bernard Groseclose, for one, says he is starting to feel them.

He is the chief executive of South Carolina State Ports Authority. Its Charleston hub is among the 10 most active ports in the nation, managing traffic last year that was equivalent of two million 20-foot containers. So far, Mr. Groseclose says, his ports have managed to sustain their efficiency through five years of beefing up security.

Truckers had worried that installation of tall radiation monitors, which scan trucks as they leave ports, would slow traffic in and out. But Mr. Groseclose says the turnaround time for trucks has held steady at a little more than 20 minutes since the monitors were installed.

However, he complains that his operation has been forced to fund security spending on a closed-circuit television system, fencing and a beefed-up police force after the federal government failed to provide grants to cover all the required new security. The ports authority imposes security surcharges of $2 per container, something it didn't do before 9/11. And this fee will soon rise to $4.

One result of having to bear security costs is that the port has put off needed investment to expand its bustling facilities. "There has been no follow-through from a [federal] funding standpoint," Mr. Groseclose says. "I think that is a real problem.... There is not a lot of spending on expansion projects going on right now and security is one reason. "Mark Zandi, of Economy.com, is concerned about the long-term effects of the broader struggle to combat terrorism. Counting the wars in Iraq and Afghanistan, he estimates the U.S. government has poured nearly half a trillion dollars into the effort since 2001, increasing

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federal debt to fund the effort. "In any given year it is not significant, it is not awe-inspiring," Mr. Zandi says. "Over a long period of time, the dollars add up."

Early Accounting For 9/11 Aftermath Despite Dire Forebodings, Stocks, Productivity Are Up, But Final Reckoning Awaits (WSJ)

By Edward Chancellor, David Vise And Rob Cox

The Wall Street Journal, September 9, 2006

Stocks fell by 11% in the immediate aftermath of the Sept. 11, 2001, attacks. At the time, many anticipated dire economic consequences. Fears of financial Armageddon turned out to be exaggerated. Five years later, stocks are up by a third from shortly after the markets reopened. However, it's too early to draw up a final reckoning for that terrible day.

In the months before September 2001, the economy was suffering from the collapse of the tech-stock bubble. The response to the attacks probably sped up its recovery. The Fed accelerated its program of rate cuts, and the government loosened the purse strings. Consumers went on a patriotic spending spree. In the month after 9/11, car sales jumped an extraordinary 26%.

Measured in terms of economic activity, the impact was far less severe than Hurricane Katrina, according to research firm Global Insight. Nor has the "clash of civilizations" arrested the process of global integration, as many feared at the time. Instead, the pace of world trade has picked up. Despite rising tensions in the Mideast, the flow of petrodollars from the Gulf is unabated.

The "War on Terror" that followed 9/11 has boosted U.S. military and security expenditures. Yet foreign loans have enabled Americans to have more guns without skimping on the butter. Economists would normally expect the expansion of such essentially nonproductive activity to have a harmful effect on overall economic efficiency. That hasn't happened. It turns out that average productivity growth over the past five years has actually been greater than during the 1990s.

Yet there may still be some future costs to bear. The drop in skilled immigration and foreign students that followed could affect long-term growth prospects. As the war in Iraq drags on, it could well become a greater economic burden. Finally, the economic recovery was accompanied by a surge of consumer borrowing. That's left many households in the red. As the housing market slows, they will come under increasing pressure to settle their bills. Only then will a truer financial accounting for 9/11 be possible.

Yahoo or Boo-Hoo?

A Microsoft takeover of Yahoo is often hailed as a cure for the House that Gates built. It would certainly give Microsoft's Internet operations more clout. Yahoo's shareholders, who've seen their investment decline by around a third this year, would probably welcome a juicy buyout premium. Yet a deal's unlikely to be done. Blame Europe's antitrust cops.

The frostiness of Microsoft's relationship with European Union antitrust officials burst into public view anew on Thursday. The company warned it might be forced to delay release of the next version of its operating system, Windows Vista, in Europe. It seems Microsoft and Brussels can't agree on what features it must exclude from Vista, how much Microsoft may charge, and what secrets it must reveal to would-be rivals.

For Microsoft, the European standoff has left it trying to do business with one hand tied behind its back. Several members of the European Parliament accused regulators this past week of micromanaging the software giant. But the authorities, led by Competition Commissioner Neelie Kroes, counter that Microsoft's brass-knuckled approach is responsible for the continuing litigation.

This sour relationship would probably lead European antitrust officials to take a dim view of a Microsoft-Yahoo alliance. They wouldn't need to look too hard. In Europe, Google and Microsoft are battling for Internet dominance. Google's currently winning the race with 156 million unique monthly visitors. Microsoft is second with 144 million, while Yahoo is third with 100 million. With a takeover of Yahoo, Microsoft would take the lead.

The dominance of American Internet firms is already politically unpopular in Europe. A Microsoft-Yahoo combination would make life more difficult for existing European-owned Internet businesses, such as those operated by France Telecom, Telecom Italia and Belgacom, which all rank third in their home markets.

European regulators have already blocked a megamerger between two U.S. firms -- the proposed tie-up of General Electric and Honeywell five years ago. It's only too likely they'd bring out their knives again if Microsoft made a bid for Yahoo.

Forward-Dating

Much ado has been made about backdating options, an unsavory practice that has minted potential fortunes for many executives. But in some cases it may actually benefit a corporate chieftain to delay the pricing of options.

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Take, for instance, the "forward-dating" of options for Viacom's new boss, Philippe Dauman. The longtime sidekick to chairman Sumner Redstone was given his new job over the Labor Day break. Investors fretted that Mr. Redstone was tightening his grip over Viacom. By last Wednesday, the media company had lost 7% of its value.

Yet the market's displeasure at his appointment hasn't cost Mr. Dauman. Although he received share options that Viacom valued at $12 million, the exercise price of these options was pegged to the close of trading Friday. That's about $2.75 a share cheaper than if they had been priced at the close of trading on Sept. 1, just before Mr. Dauman's return.

Viacom says waiting a few days to price options for incoming chief executives is not uncommon, which is true. Hewlett-Packard did the same when it named Mark Hurd its new boss last year, costing him dearly because the stock rose after Carly Fiorina was ousted. PC-maker Gateway this past week said its new leader's options will be priced on his first workday.

But Ford Motor chose a different tactic when awarding Alan Mulally three million share options. These have an exercise price of $8.28 apiece, the average price on Sept. 1, when he signed his contract and several days before his appointment became public. Because investors liked the news, Ford shares rallied and Mr. Mulally is now nearly $1.5 million richer on paper.

Had Viacom followed the same practice, Mr. Dauman's options would be worth almost $1 million less. To avoid the impression that companies are still playing tricks with executive pay, they should adopt a uniform practice when dishing out stock options to their new hires.

Democrats Maintaining The Pressure On 9/11 Film (NYT)

By Jesse Mckinley

The New York Times, September 9, 2006

Despite word of small last-minute cuts meant to soften the film's depiction of President Bill Clinton and his aides, members of his administration and Democratic officials yesterday stepped up their campaign to force ABC to cancel its disputed mini-series, "The Path to 9/11."

The Democratic National Committee delivered to the network a petition with more than 200,000 names that demanded withdrawal of the film, which the petition called "right-wing propaganda."

Officials of the committee said they would continue to collect and deliver signatures until ABC "does the right thing and pulls this scandalous project."

Senator John Kerry and Al Gore, Mr. Clinton's vice president, also released statements castigating ABC.

But the debate was not entirely one-sided. Among a variety of conservative Web sites that accused Democrats of politicizing Sept. 11 was that of Conservative Voice.

"Former President William Jefferson Clinton and his minions are strong-arming the folks at ABC Television," a commentary on that site said, "in order to stop a docudrama being aired during the fifth anniversary of the 9/11 attacks. The Clintonistas are conducting a full-court press to prevent Americans from learning the truth."

As for ABC, its officials stood by earlier statements that the mini-series was a docudrama, not a documentary. The network, which this summer sent copies of the film to journalists for review, also said: "No one has seen the final version of the film, because the editing process is not yet complete. So criticisms of film specifics are premature and irresponsible."

At least before any late editing, the five-hour film depicts some Clinton administration officials, including Secretary of State Madeleine K. Albright and Samuel R. Berger, national security adviser, as placing obstacles in the way of strikes against Osama bin Laden.

Both Ms. Albright and Mr. Berger have called such depictions a fabrication.

One particular target of Democratic anger is Thomas H. Kean, chairman of the commission that Congress created to investigate the events leading to the Sept. 11 attacks. Mr. Kean was a senior consultant to the mini-series, and in a strongly worded letter to him dated yesterday, Ms. Albright and Mr. Berger expressed "deep dismay" that he had played such a role.

"Actors portraying us do contemptible things we never did, and say things we neither said nor believed," the letter read. "What's more, in many instances these portrayals are contradicted by your commission's own findings."

The letter outlined five such instances in the mini-series' first half, due to be broadcast tomorrow night.

The Walt Disney Company, ABC's corporate parent, was also under pressure. Bruce R. Lindsey of the Clinton Foundation and Douglas J. Band, counselor to Mr. Clinton, sent a second letter to Robert A. Iger, Disney's chief executive, saying they remained concerned about the impact the mini-series would have on public perception of events.

"We expect that you will make the responsible decision to not air this film," the letter said.

The former president's wife, Senator Hillary Rodham Clinton of New York, was somewhat more guarded in remarks at an event at Columbia University.

"My bottom-line view," Ms. Clinton said, "is that when it comes to something as serious and historically significant as 9/11, the truth is enough and we ought to stick to the facts."

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The Republican national leadership was quiet on the mini-series, though President Bush did complicate ABC's broadcast plans by scheduling a speech to the nation for 9 p.m., Eastern time, on Monday, the fifth anniversary of the attacks.

That is the night that ABC plans to broadcast the mini-series' second half. The network said yesterday that it would most likely break into the telecast to show the speech and then resume the film.

Scott Collins And Tina Daunt, (LA)

By Scott Collins And Tina Daunt,

LA Times, September 9, 2006

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ABC Stands By Its 9/11 Story — Almost

After minor edits in response to Democratic critics, the miniseries will air as scheduled. It's already set off a bitter election-year dispute.

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TV & Radio

Walt Disney Co.'s ABC is forging ahead with plans to air a miniseries starting Sunday despite controversy over its efforts to dramatize — and some say unfairly politicize — the events leading up to the Sept. 11 terrorist attacks.

Producers said late Friday that they had finished making minor edits to "The Path to 9/11" amid a firestorm of protests from leading Democrats including Senate Minority Leader Harry Reid, who warned that telecasting "right-wing political propaganda" might violate the terms of ABC's government-mandated broadcast license.

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Critics say that, among other things, the film fabricates scenes and unfairly blames the Clinton administration for failing to capture or kill Osama bin Laden. The network, for its part, has urged critics to withhold judgment until the final version airs.

Whatever viewers ultimately see, it's clear that the five-hour $40-million docudrama, highlighting years of intelligence failures and political bickering before the attacks, has detonated an election-year bomb that's reverberating from Hollywood to Capitol Hill.

The movie is also threatening the bipartisan work of the Sept. 11 commission, whose Republican chairman, former New Jersey Gov. Thomas H. Kean, served as a paid consultant on the project and has played a key role in ABC's public-relations campaign.

At least two other commission members — former Watergate prosecutor Richard Ben-Veniste and Jamie S. Gorelick, a former deputy attorney general under President Clinton — have vehemently criticized the miniseries project. And two former Clinton officials, Madeleine Albright and Samuel "Sandy" Berger, expressed dismay with Kean's involvement. Clinton spokesman Jay Carson called ABC's actions "despicable" and said the film was "indisputably wrong."

Kean, in an interview Friday, continued to defend the movie as a "first-class project," adding that although the filmmakers took the recent criticisms seriously and made adjustments when warranted, much of the hostile reaction was political grandstanding from partisans who had seen little if any of the film. "That's the blogosphere, frankly," Kean said of the controversy.

The situation was further complicated Friday, when ABC and other networks agreed to carry live a 15-minute speech from President Bush on Monday night, the fifth anniversary of the Sept. 11 attacks. This speech will air at 9 p.m. Eastern time, forcing ABC to interrupt Part 2 of the miniseries in many markets, including New York and Chicago.

The sharp partisan divide over the miniseries has been seized upon in recent days by radio talk show hosts, bloggers, columnists and the like, so much so that the rancor has largely overshadowed the film's critical reception, which has been mixed.

The flap also underscores the challenges docudramas face in such a hyper-politicized environment. In 2003, supporters of President Reagan were incensed by a CBS movie that fictionalized scenes and put words into Reagan's mouth. CBS yanked "The Reagans" before its airdate and moved it to a much-less-watched sister network, the pay cable outlet Showtime.

Indeed, many conservatives have complained that Democrats have a selective memory. They point out that Democrats seemed unconcerned about Michael Moore's 2004 documentary "Fahrenheit 9/11," which pilloried the Bush administration for its response to the terrorist attacks. (Then-Disney Chief Executive Michael Eisner, saying he wanted the company to avoid political controversy, declined to release that film; it obtained another distributor.) Conservative radio commentator Rush Limbaugh recently labeled Clinton and Democrats as "just a bunch of thin-skinned bullies now trying to pressure ABC."

When ABC announced "Path to 9/11" last summer, executives seemed to expect a groundbreaking movie that could garner high ratings, even if they did not anticipate the political uproar.

Steve McPherson, the network's entertainment chief, compared the project to ABC's 1983 TV movie "The Day After," which examined the aftermath of a nuclear strike in middle America. "That was such an important movie for a lot of people, and it wasn't about entertainment," McPherson told the trade paper Daily Variety. "It was about putting out a message, and this ['Path to 9/11'] falls into the vein of things you do because you think they can be valuable."

But the network may have at least inadvertently politicized the Sept. 11 film by hiring writer-producer Cyrus Nowrasteh, a politically conservative Iranian American Muslim.

In an interview last month with FrontPage Magazine, Nowrasteh, whose writing credentials include TNT's acclaimed miniseries "Into the West," said the ABC film would be unsparing in its view of anti-terrorism during the Clinton years. "The 9/11 report details the Clinton's administration's response — or lack of response — to Al Qaeda and how this emboldened Bin Laden to keep attacking American interests," Nowrasteh said. "The worst example is the response to the October 2000 attack on the USS Cole in Yemen where 17 American sailors were killed. There simply was no response. Nothing."

Former Clinton aides have disputed Nowrasteh's characterization of the report and the administration's reaction to the Cole bombing.

An Aug. 23 screening of the ABC miniseries at the National Press Club in Washington proved a turning point. More than 200 people attended, including Kean, the producers and many family members of Sept. 11 victims. The producers showed only the first half, and a DVD of the entire film was given to guests on the way out. Al Felzenberg, press secretary for the Sept. 11 commission, said that afterward there was "a lot of emotion in the room." "It was very gripping," he added.

Others were outraged.

"There were significant deviations from our report," said Ben-Veniste, who attended the event. During a question-and-answer period after the screening, he added, "I questioned why ABC would fictionalize events that were set forth with great care. We didn't get satisfactory answers."

By the middle of this week, Democratic protests clustered around two main areas. The film, they said, falsely claims that former national security advisor Berger and former Secretary of State Albright blocked CIA and military efforts to kill Bin Laden in the late 1990s.

Moreover, critics say, "Path to 9/11" is wrong to suggest that Clinton was too preoccupied with the Monica S. Lewinsky scandal to focus on combating terrorism.

Because ABC has apparently made many edits to the film in recent weeks, it's impossible to say how much if any of this material will survive in the version that is to air Sunday and Monday.

But Leo Braudy, a professor and cultural historian at USC, said he believed the dust-up stemmed from the fact that "there is no narrative that everyone accepts about 9/11."

"The 9/11 commission comes out with one narrative, which no one reads. Then movies take a piece of it — there's 'United 93' and 'World Trade Center.' The Bush administration is pushing its own narrative of the meaning of 9/11 as justification for its policies. And now a miniseries comes into being that creates a narrative in a semi-documentary, fictionalized manner, which is very persuasive.

"Suddenly people who felt they know what really happened are being preempted by this fiction. Naturally they are going to be upset about it," he said. "Narrative creates closure."

Braudy wonders whether Americans are ready to see movies on the terrorist attacks: "I don't think we have enough historical distance."

Clinton, Other Democrats Assail ABC Docudrama 'Path To 9/11' (WP)

By Howard Kurtz

The Washington Post, September 9, 2006

Former president Bill Clinton has urged ABC to "tell the truth" in its hotly disputed docudrama on the battle against Osama bin Laden as network executives scrambled to make last-minute changes to fictional scenes.

Clinton told reporters in Arkansas Thursday night that ABC executives should provide an honest accounting in "The Path to 9/11" -- "particularly if they're going to claim it's based on the 9/11 commission report, they shouldn't have scenes which are directly contradicted by the factual findings of the 9/11 commission. I just want people to tell the truth and not to pretend it's something it's not."

An ABC spokeswoman said yesterday that changes are being made to a number of scenes in the film, including one deletion involving The Washington Post. ABC plans to air the film tomorrow and Monday -- despite another letter from the Clinton camp yesterday asking that it be pulled -- although it is trying to figure out how to accommodate President Bush's prime-time speech Monday and a planned panel discussion after the movie.

Democrats -- joined yesterday by former vice president Al Gore -- have mounted a campaign against the film, which depicts Clinton administration officials as undermining attempts to capture or kill bin Laden. Actor Harvey Keitel, who plays an FBI agent in the film, has joined the critics, telling CNN's "Showbiz Tonight" that he has had arguments with the filmmakers over elements that were "wrong."

"You can't put these things together, compress them and then distort the reality. . . . You cannot cross the line from a conflation of events to a distortion of the event," Keitel said. "Where we have distorted something, we made a mistake, and it should be corrected."

In another salvo, nine prominent historians -- including Arthur M. Schlesinger Jr., Sean Wilentz and Michael Kazin -- released a letter urging the film's cancellation. Calling ABC's explanation that the movie will be identified as a dramatization "disingenuous and dangerous," they said: "A responsible broadcast network should have nothing to do with the falsification of history, except to expose it."

One scene that is being revised -- to what extent is unclear -- involves former national security adviser Samuel R. "Sandy" Berger refusing to approve a CIA plan to snatch bin Laden in Afghanistan, which Berger and the Sept. 11 commission say never happened.

The Post is mentioned in an advance copy of the movie, in which CIA officials are seen discussing with an Afghan rebel leader and each other the difficulties of keeping track of bin Laden.

"Besides," one CIA official says, "ever since The Washington Post disclosed we intercept his calls, UBL has stopped using phones altogether. He is using couriers like they did a thousand years ago."

Post management contacted ABC and objected to the reference yesterday. An ABC spokeswoman said that the scene had already been reviewed at the request of the network's lawyers and that the explicit reference to The Post will be cut.

An Aug. 17, 1998, Post article quoted a former CIA official as describing "intercepted electronic communications among bin Laden associates." Four days later -- the day after a U.S. cruise missile attack against bin Laden launched in retaliation for the bombing of two American embassies in Africa -- a Washington Times article said that bin Laden "keeps in touch with the world via computers and satellite phones."

At a news conference in December, Bush said that "the fact that we were following Osama bin Laden because he was using a certain type of telephone made it into the press as the result of a leak." He chastised the media for helping "the enemy" by "revealing sources, methods and what we use the information for."

Scott McClellan, then the White House press secretary, said afterward that Bush was referring to the Washington Times article, which had also been cited in the Sept. 11 commission report.

But bin Laden's communications had been disclosed much earlier. Time magazine noted bin Laden's use of satellite phones in December 1996. Terrorism analyst Peter Bergen did the same thing on CNN in 1997 while reporting on an interview he had conducted with the al-Qaeda leader.

Bush Asks To Interrupt Show (KCS)

By David Bauder

The Kansas City Star, September 9, 2006

NEW YORK | ABC, still dealing with angry former Clinton administration officials about an upcoming Sept. 11, 2001, miniseries, also faced a request Friday from President Bush to interrupt the film for a speech.

The president has asked networks to clear time for an address to the nation at 8:01 p.m. Central time Monday, the scheduled start of the last hour of “The Path to 9/11.”

The network did not immediately say what it would do. It has said the miniseries, which stretches five hours commercial-free Sunday and Monday, is still being edited amid concerns by former Clinton officials that it drastically distorts history.

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"No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible," the network said in a statement Thursday.

ABC said that for dramatic and narrative purposes "the movie contains fictionalized scenes, composite and representative characters, and dialogue and time compression."

A group of historians, including Arthur Schlesinger Jr. and Princeton University's Sean Wilentz, wrote Friday to Robert Iger, CEO of Walt Disney Co., which owns ABC, urging him to scrap the miniseries. They said permitting inaccuracies to heighten drama is "disingenuous and dangerous."

The Democratic National Committee said it delivered a petition with nearly 200,000 signatures to ABC's Washington office urging the network to drop its "right-wing factually inaccurate mocudrama."

The controversy is reminiscent of the one that erupted over a 2003 CBS miniseries about the late Ronald Reagan. In the face of political pressure over that film's accuracy, CBS canceled it, and it later aired on the Showtime cable network.

Harvey Keitel, one of the actors in "The Path to 9/11," said he questioned whether some of the material was accurate.

"When I received the script, it said 'ABC history project,' " Keitel said in an interview with CNN Headline News' "Showbiz Tonight."

"I took it to be exactly what they presented to me: history. And that the facts were correct. It turned out not all the facts were correct, and ABC set out trying to heal that problem. In some instances it was too late because we had begun."

Scenes being reviewed by the network and producers involve Samuel Berger, the former national security adviser, and Madeleine Albright, the former secretary of state, and efforts to capture Osama bin Laden, according to an official close to the film.

A cut of the film distributed to TV critics depicts a team poised in darkness outside bin Laden's cave fortress in Afghanistan while an actor portraying Berger in Washington stalls on giving the final go-ahead to carry out the seizure. He confers on videophone with CIA chief George Tenet.

"Look, George," Berger says, "if you feel confident, you can present your recommendation to the president yourself."

Tenet responds angrily, then Berger's screen goes blank. He has hung up.

Having waited on the phone for clearance, the mission's lead CIA agent must give the rest of the team the bad news: The mission is aborted.

The next scene shows archival footage of President Bill Clinton's video testimony about his relationship with Monica Lewinsky.

Albright objected to a scene that reportedly shows her warning the Pakistani government before an air strike on Afghanistan, which she said was false and defamatory.

Former administration officials and Senate Democrats called the movie "terribly wrong."

Clinton, speaking with reporters after a Democratic fundraiser in Arkansas on Thursday, said that he had not seen the film but that "I think they ought to tell the truth."

The director, David Cunningham, in an earlier interview with The Associated Press, said the people putting the film together would hear conflicting reports all the time.

"These might be from experts who were there in the same room, and they're telling us completely opposite things," he said.

He said he would use the Sept. 11 commission report to try to resolve those disputes.

"There was no agenda for this movie to go after a particular party or person," Cunningham said. "We were showing what happened, and the people who were involved along the way. This is not a blue-state/red-state movie."

Former New Jersey governor Thomas Kean, a Republican who led the commission, defended the miniseries.

"It's something the American people should see," he said Friday in an interview on ABC's "Good Morning America." "Because you understand how these people wanted to do us harm, developed this plot, and how the machinations of the American government under two administrations not only failed to stop them, but even failed to slow them down."

The Unslammed Phone (NYT)

By Maureen Dowd

The New York Times, September 9, 2006

WASHINGTON

Sandy Berger is lucky they didn't show him stuffing government documents into his bra.

After all, cinematic license is cinematic license.

Regarding ABC's tarted-up 9/11 movie that sparked a furor among Clintonites who felt they were unfairly blamed for the rise of Osama, I hate to be so quaint as to defend reality. There's not much point. It's as dead as dial-up.

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In Hollywood, reality comes with quotation marks around it, as in fixed and scripted "reality" shows. In New York, hybrids of fiction and nonfiction are lavishly rewarded; publishers want the reality part to sell the fiction part and the fiction part to enhance the reality part. In Washington, the Bush team is on a cynical and dangerous new pre-election push to present its fantasies about Iraq as reality, accusing reality-based critics of "moral or intellectual confusion," as Rummy put it.

When a reporter asked President Bush a couple of weeks ago what Iraq had to do with 9/11, he blurted out the truth: "Nothing." But momentarily dismissing that fantasy isn't about to dissuade him from others. "One of the hardest parts of my job is to connect Iraq to the war on terror,'' President Bush told Katie Couric this week. I bet. Making up is hard to do.

The administration's shameless mau-mauing was undercut yesterday by a 376-page Senate Intelligence Committee report slapping Bush hawks for relying on the flawed information provided by Ahmad Chalabi's Iraqi National Congress to help make the case for war. The report also reaffirmed that Saddam viewed Osama in a negative light, and unveiled a C.I.A. assessment rejecting the president's continuing claims about prewar links between Saddam and the Jordanian terrorist Abu Musab al-Zarqawi. The 2005 C.I.A. finding concluded that Saddam "did not have a relationship, harbor, or even turn a blind eye toward Zarqawi and his associates."

W. is pulling out all the stops this week to try to make people forget he was in charge when the twin towers were hit, but if he's doing so great, why is Osama releasing new tapes while Afghanistan crumbles while Pakistan stands ready to implode while Lebanon has already exploded while Iran goes nuclear and taunts us while Al Qaeda in Iraq calls on its followers to kill Americans "by a sniper bullet, spear, explosive or martyrdom car"?

Conservatives are crowing at the prospect of an ABC movie written by one of their own that blames 9/11 on a flaccid Clinton national security team.

Bill was distracted by the Monica fallout, just as W. was distracted, on Osama and Katrina, by his insistence on living life as usual in Crawford. Bill had no natural inclination to use American force and fumbled on how to strike back at Osama. W., petulantly, did not want to focus on terrorism because his predecessor had.

W. had a clear narrative thread in 2001; all he needed to do was go after the bad guys who hit us. Instead, he obsessed about other bad guys who happened to pose no danger to us.

Why do presidents and filmmakers dealing with the most stunning events in recent American history feel the need to go beyond facts? Isn't the dire actuality enough? Oliver Stone implied that Lyndon Johnson and Nixon might have been in some tortuous way connected to plots to kill J.F.K.

The ABC movie promoted itself as a serious work based on the 9/11 commission report and featuring Tom Kean, the commission's co-chairman, as a co-executive producer. (It's impossible to imagine Earl Warren producing a movie about the events in Dallas.) But if it's making a claim upon people's attention as a trustworthy and accurate description of events that bear on all our lives, you've got to stick with the truth. You can't pick and choose when you want it to be history and when you want it to be art. (Quel art.)

Sandy Berger yelped about a scene that depicted him refusing to authorize a military strike to kill Osama and slamming down the phone on a C.I.A. officer at a key moment. Cyrus Nowrasteh, the Republican and Limbaugh pal who served as the writer and a producer, told KRLA-AM in Los Angeles that the scene was improvised.

They distorted history to throw in a standard cliché of melodrama? (The 9/11 Commission Report as Douglas Sirk would have filmed it.) Why compromise your movie by adding tacky things that don't increase its aesthetic power and detract from its moral power?

The argument over which president is to blame for 9/11 is tiresome. Both obviously bear some blame. There are no West Wing heroes in this story.

An Untrue 'Path'? (NSWK)

By Marc Peyser

Newsweek, September 9, 2006

Former president Bill Clinton is blasting the ABC 9/11 docudrama "The Path to 9/11" for being inaccurate and unfair. You've got to love the irony of that. Wasn't he the guy who hired Hollywood filmmakers to create a campaign biopic of his life? Sure, "The Path to 9/11" makes up dialogue, invents scenes and creates a composite character or two, but sometimes you have to craft the facts in a certain way to tell a complicated story. Just like sometimes you have to reconsider what the definition of "is" is when you don't want people to know you've had an affair with a White House intern.

But let's remove Clinton, and politics, from the situation. Does the president make a fair point? Is "The Path to 9/11" unfit for broadcast because it plays fast and loose with history? After all, "The Path to 9/11" claims to be a balanced and detailed account of the government's decadelong fight against extremist Islamic terrorists. It actually starts with the 1993 bombing of the World Trade Center and tries to connect the many and disparate lines that became the blueprint for the attacks in 2001. The movie's

theme is that government officials in two administrations had numerous opportunities to stop the various players—from the 19 hijackers to Osama bin Laden himself—but they bungled the job because they were overly concerned with political appearances and petty interagency feuds.

Clinton's major beef is over a scene where his security adviser Richard Clarke (played by Stephen Root), stops the CIA from assassinating bin Laden out of concern that the president wants to avoid any political damage should the mission go awry. The movie then cuts to real footage of Clinton testifying that "I did not have sexual relations with that woman, Miss Lewinsky." The obvious implication is that Clinton ducked pulling the trigger because he was too preoccupied with his political future, especially since it was undermined by his own personal drama. (And if that implication isn't obvious enough, the camera immediately cuts from Clinton to a suggestive shot of the looming phallic Washington monument).

Was Clinton too distracted to act? Maybe. Is it plausible to suggest that? Certainly to some people, including the filmmakers. And frankly, that should be enough. "The Path to 9/11" isn't a documentary; it's a docu-drama. Part of the idea of fictionalizing historical events is to tell a story, to get at a deeper truth than a documentary could. After all those Oliver Stone movies—not to mention dozens of "reality" TV shows—viewers know the difference between real history and an entertainment that uses history as its subject. If the Reagans can survive the snarky look at their relationship posited by the mini-series "The Reagans," certainly Clinton can survive "The Path to 9/11," too. This isn't a history lesson. It's a television show.

That said, ABC shouldn't be let off the hook entirely for "The Path to 9/11." The mini-series itself—which, by the way, is hugely engrossing and more than a little scary—should stand on its own. But the network's own PR for the movie opened the door to Clinton's complaints. The filmmakers, including producer Marc Platt and director David Cunningham, have been very outspoken about how "The Path to 9/11" is steeped in history. They say it's based primarily on the government's own 9/11 Commission report.

Former New Jersey governor Tom Kean, who co-chaired the commission, was a senior consultant on the movie and has personally vouched for the movie's accuracy in recent months. "This is the story of how it happened," Kean said at a news conference in July. Added Platt: "Our ambitions and our goals and our standards were all about accuracy." ABC was so impressed with the "accuracy" of the movie, it has planned to send it to schools as a teaching tool. What's more, the network will show the movie with no interruptions, which seems like a tacit way of saying this movie is too important, too truthful to be sullied with something as phony as a commercial. Pompous? Oh, yeah.

And now that pomposity has come back to bite them in the behind. If ABC hadn't acted as if "The Path to 9/11" was the definitive word on the events leading up to 9/11, perhaps the public officials depicted in it, including former national-security adviser Sandy Berger and former secretary of State Madeleine Albright, wouldn't be complaining about inaccuracies. You can't sell your movies as "extraordinarily educational," which is how Platt has described it, then throw on the mantle of fiction when someone whose life was fictionalized complains.

The fact is, networks are always chicken when it comes to political pressure. After all, CBS got so nervous about "The Reagans" that it made sister network Showtime air it. Even though ABC says it's standing by its movie now, I wouldn't be surprised if some of the most egregiously fictionalized scenes—including one where Berger slams down the phone on a CIA operative—were excised when the mini-series hits the air. Frankly, the Monica Lewinsky references—there are actually just two of them—do come across as gratuitous and semipolitical and could easily be edited out, too. There's plenty of blame to go around in "The Path to 9/11" without them.

Congress Criticizes Federal Response To Illnesses After 9/11 And Seeks More Spending (NYT)

By Anthony Depalma

The New York Times, September 9, 2006

After listening to recovery workers at ground zero and downtown residents emotionally describe how they had been ignored and insulted as they sought help for health problems after 9/11, members of a Congressional subcommittee roundly criticized the federal response yesterday and called for sharply increased medical spending.

Subcommittee members, joined by Senators Hillary Rodham Clinton and Charles E. Schumer, accused the Bush administration of ignoring the health problems that arose among workers who toiled at ground zero and the claims of downtown residents who say they were also sickened by the dust. The administration has done little to prepare for a similar disaster in the future, they said.

"Today it appears the public health approach to lingering environmental hazards remains unfocused and halting," said Representative Christopher Shays, a Republican from Connecticut, and chairman of the House Subcommittee on National Security, Emerging Threats and International Relations, which held the hearing in Lower Manhattan, a block from ground zero. "The unquestionable need for long-term monitoring has been met with only short term commitments."

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The subcommittee hearing, the fourth to be held since the Sept. 11 attack, came amidst rising concern about the long-term health effects on about 40,000 workers and volunteers who were exposed to toxic smoke and dust on the debris pile. The subcommittee is examining the way the limited federal funding has been used to address the health problems and is to look for ways to better coordinate those efforts.

Representative Vito Fossella, a Republican from Staten Island, criticized the government for not having done even basic work to record how many people participated in the cleanup and recovery operations.

Senator Schumer said the $55 million in federal funds set aside for medical treatment of rescue and recovery workers was inadequate. "We need a federal commitment that everyone who needs help will get it," Senator Schumer said.

Steven M. Centore, of Flanders, N.Y., was a team leader at ground zero for the Department of Energy's radiological assistance program. He said that he is now suffering from respiratory, circulatory and gastrointestinal problems. .

Mr. Centore, 49, said he struggled with the federal workers' compensation system and had received no financial help from the system. "I feel like it's a contest to see if they're going to give in first or I'm going to die first," he said.

The federal government, and especially the Environmental Protection Agency and its former administrator, Christine Todd Whitman, were accused by Representatives Jerrold Nadler, a Democrat whose district includes Lower Manhattan, and Anthony D. Weiner, a Democrat from Brooklyn, of having falsely stated in the first days after the attack that the air downtown was safe to breathe. At an appearance yesterday in Harlem, Senator Clinton said that she felt that Mrs. Whitman and her agency "deliberately misled people" into thinking that it was safe to return to Lower Manhattan.

A report by the Inspector General's office in 2003 found that the E.P.A. went beyond what it knew in making general statements about the safety of the air downtown after the attack. It also found that the White House had at least indirectly influenced the wording of some statements by removing cautionary language. Mrs. Whitman strongly defended herself shortly after the release of that report, saying that her statements reflected what was known at the time and applied to areas outside ground zero.

Lea Geronimo, a resident of the Lower East Side, said it was the assurance from the E.P.A. that led her to return to her home and office three blocks from ground zero a week after the towers collapsed. She said she developed bronchitis and severe rashes a few months later.

"Our lives will never be the same, and we will not tolerate half-measures and the whisper of a promise," she testified. "We need a comprehensive long-term treatment and study program to provide immediate care for residents and workers in Lower Manhattan."

The health of downtown residents has not been as well studied as that of ground zero workers, but limited medical surveys have indicated that many residents developed respiratory problems after 9/11, though the extent to which those problems have persisted is not known.

More than 100 residents gathered Thursday night at St. Paul's Chapel to demand screening and treatment.

Mr. Nadler, who attended the Thursday meeting and yesterday's hearing, said he had introduced a bill that would make rescue and recovery workers, downtown residents and schoolchildren who are sick eligible for treatment under Medicare.

Representative Carolyn B. Maloney, Democrat of Manhattan and Queens, introduced a bill that would reopen the Sept. 11 Victim Compensation Fund to make assistance available to those who are ill.

And Senator Clinton said at the hearing yesterday that she would push for an additional federal appropriation to cover the rising costs of medical treatment. "We cannot rest until we put into place a system to care for every single person who was affected by 9/11," she said.

Dr. John Howard, the federal 9/11 health care coordinator, told the committee that the $75 million appropriated for screening and treatment will be available next month and should be considered "a down payment," that will be supplemented as officials prepare estimates of the number of people who need help, the cost of caring for them and the types of programs they will need.

On Thursday, Dr. John O. Agwunobi, the assistant secretary for health of the Department of Health and Human Services, was named by Michael O. Leavitt, the department secretary, to lead a policy task force to develop programs for dealing with the 9/11 health issues.

Dr. Howard said he would continue in his current position as coordinator with groups in New York while also helping to shape new policies.

EPA, NYC Blamed For 9/11 Health Problems (AP-Y)

By Devlin Barrett

AP, September 9, 2006

City and federal officials came under withering criticism Friday from lawmakers who charged that ground zero workers were not protected as they clambered over a smoking pile of toxic debris — and have not been properly cared for since.

Former Environmental Protection Agency head Christie Todd Whitman was the most frequent target during a day-long House hearing about the health woes afflicting thousands of ground zero workers.

Whitman stressed in the days after the Sept. 11, 2001, attacks that the air in lower Manhattan was safe, although she also said workers at the World Trade Center site needed to use protective breathing gear. In a "60 Minutes" segment to be aired Sunday, she said the responsibility for offering such gear to workers lay with the city.

Whitman is being sued over her public assurances, and she was accused Friday of doing too little to protect workers.

Rep. Christopher Shays, R-Conn., who chaired the hearing, said Whitman's September 2001 statements "defied logic and everybody knows that."

Whitman defended herself Friday, insisting that it was up to local authorities to make sure rescue workers wore protective breathing gear.

"We agreed then, and I reiterate now, that the air on the site was not clean ... We were emphatic that workers needed to wear respirators, a message I repeated frequently. But I did not have the jurisdiction to force workers to wear them — that was up to their superiors," Whitman said in a statement.

City officials already under fire for their own role in the ongoing health problems disputed Whitman's claims.

City Health Commissioner Thomas Frieden said the federal government was responsible for work safety at the site, and added that he did not think Whitman's post-Sept. 11 assurances were "an appropriate way to word the message."

In a Sept. 13, 2001, press release, the EPA said the air around the disaster site was relatively safe. On Sept. 16, 2001, Whitman said that tests showed air pollution levels "that cause us no concern." Two days later, she said she was glad to reassure New York and Washington residents that their air and water were safe.

Others appearing at the hearing before the House Subcommittee on National Security, Emerging Threats, and International Relations, including Sen. Hillary Rodham Clinton, D-N.Y., accused the EPA of lying to New Yorkers and endangering public health.

At a separate event Friday, Mayor Michael Bloomberg defended the city's handling of the disaster, saying it distributed masks.

"Nobody knew whether there would be health issues down the road, and they made the decisions that they thought were right at the time," said Bloomberg, who succeeded Rudolph Giuliani as mayor months after the attacks.

Joe Lhota, Giuliani's former deputy mayor for operations, said in a statement Thursday, "The EPA publicly reported that the general air quality was safe, and the city repeatedly instructed workers on the pile to use their respirators."

The hearing began with testimony from Joseph Zadroga, whose NYPD officer son died in January of respiratory disease attributed to ground zero exposure.

Joseph Zadroga briefly lost his composure as he described the day he found James Zadroga dead on his bedroom floor. The father blasted the city for doing nothing while his son was sick, saying, "He was treated like a dog."

Public pressure has been growing for the government to deal with health problems blamed on toxic dust at the site. This week Mount Sinai Medical Center released a study showing that nearly seven out of every 10 ground zero responders suffered lung problems.

Dr. Robin Herbert, co-director of the New York hospital's program monitoring afflicted workers, told lawmakers that new patients are still arriving at Mount Sinai to be treated for 9/11-related illnesses — and thousands probably will need lifelong care.

The Bush administration said it will continue to help sick Sept. 11 workers but would not say what their long-term health needs might cost.

Health and Human Services Secretary Michael Leavitt told New York lawmakers Thursday that $75 million would be delivered in the next two months to pay for treatment programs.

Veterans Of Sept. 11 (NYT)

The New York Times, September 9, 2006

One of the worst things about listening to those who rushed to ground zero after the attacks on Sept. 11 is that you can barely hear their stories. For many, the lungs hardly work. The cough, the ragged breathing, the confusion and even the bitterness make it hard for some of those who labored in that toxic cloud to explain how they feel forgotten. Like Steven Centore, a former federal worker from Flanders, N.Y., who became so emotional at a Congressional hearing in Manhattan yesterday that he had to be gently reminded of his own condition.

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Sick from his time working at ground zero, Mr. Centore was forced to pay for his treatment, and the federal government offered only one thing, he said: a "screening" that determined he was indeed sick. "You mean I'm just a data point for you," he recalled saying to the nurse filling out his forms.

People like Mr. Centore and maybe 40,000 others from across the country must be treated for diseases that become more obvious every week. As Mount Sinai Medical Center reported Tuesday, as many as seven in 10 of those who worked at ground zero and Fresh Kills on Staten Island have felt their lungs deteriorate because of their heroism.

What the veterans of Sept. 11 need now is a national response, which is not a strong suit these days in Washington. There are a number of partial efforts to help by city, state, federal and private sources. But somebody has to make sure that those who are suffering don't fall through the many gaps. Recommendations worth considering include putting those without health care under Medicare. The federal government should also restore the Victims Compensation Fund, which originally focused on victims' families and was phased out in 2003. This time the fund should pay for health care of these emergency workers. If something drastic is not done soon, there are lawsuits involving as many as 8,000 people that could end up costing taxpayers a lot more in the long run.

For some politicians, the message seems to have gotten through — especially as the nation remembers the attack five years ago this Monday. Members of Congress from the New York area have been pressuring to get more federal money for these responders. And Michael Leavitt, the secretary of health and human services, has promised to create a task force to provide some organization and to figure out the best ways to proceed. Creating a task force sounds like a delay rather than an answer, but the politicians from the Northeast who have been trumpeting this cause should now keep pestering Mr. Leavitt to move quickly.

As we pay homage on Monday to those who died on Sept. 11, 2001, it is worth remembering what happened on May 28, 2002. That evening — a scant 37 weeks after the attack — workers took down the last column from that smoldering mound and officially cleared the site. As one worker said of the herculean task completed by so many selfless people, "You found out who you were, what it means to be an American, what it is to stand up."

They came when the nation was attacked. Taking care of them now is a national obligation.

Washington School Still Feels Pain Of 9/11 (NYT)

By Lynette Clemetson

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — Sinita Brown will always prefer "the garden," a small plot shaded by the weathered brick walls of Madeleine V. Leckie Elementary School, of all the memorials to those killed in the Sept. 11 terror attacks.

Leckie Elementary lost a student, a teacher and two parents when American Airlines Flight 77 crashed into the Pentagon, killing 184 people. The student was Ms. Brown's son.

As President Bush prepares to mark the fifth anniversary with high-profile remembrances at the three crash sites, the elementary school will mark the day with a low-key ceremony. And the families of the school's four victims will cling to the bonds between them.

"Leckie is home," Ms. Brown, who now lives in Florida, said in a telephone interview. "No matter where we go, we will always come back. We were all happy there. Every time I am there, I feel like my son is a legend."

The families may have scattered, but the school and its garden remain a center of gravity, a place to steal away to and remember the last times their families were whole.

Built with the help of the Washington Architectural Foundation and other donors, the stretch of green includes a walkway, edged with the handprints of hundreds of students. Wooden benches in three sections represent those who were lost.

"Every time you go here, it reminds you that they were nice people and they didn't do anything wrong," said Arika Muse, a fifth grader who was in kindergarten in 2001.

Arika and some of her friends hope to speak at the school's Sept. 11 assembly on Monday. Soon, there will be no more students at Leckie with a clear memory of the day, although the older children have been told the story enough to pass it down.

Hilda E. Taylor, the teacher killed in the attack, was from Sierra Leone and had often lamented that Americans cared little about history and geography. Active with the National Geographic Society, Ms. Taylor took students on field trips sponsored by the organization.

In 2001, Ms. Taylor selected Ms. Brown's son, Bernard Brown II, a sixth grader with a magnetic personality and a permanent grin. Bernard, 11, was a good student, and Ms. Taylor thought a trip to the Channel Islands National Marine Sanctuary off California would motivate him to work even harder. Along on the trip were students and teachers from two other Washington schools, who were among those who died in the crash.

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While many of those affected by the attacks have come to know one another through grief, those from Leckie had been close before that day.

Drawing many of its students from military housing and a nearby homeless shelter, the school is tucked away in a neighborhood east of the Anacostia River, where the problems of poverty and crime often fail to draw notice in the rest of Washington.

"The crime goes on and on, but we do all we can do to hold up our families and keep moving forward together," said Clementine D. Homesley, the principal.

In 2004, vandals stole benches from the memorial garden. Benefactors replaced them.

The Browns lived in a military housing complex near the home of Andrea and Johnnie Doctor Jr., whose daughter attended Leckie and was a friend of Bernard. Mr. Doctor, a Navy information systems specialist, was one of the two Leckie parents killed. Marsha D. Ratchford, the other parent who died, lived with her family in an adjacent compound.

Bernard Brown Sr., often called Big Bernard, and Mr. Doctor, known as Doc, were basketball coaches on the military base and best friends. They were active at Leckie and ever present at their children's games. The families took turns picking up each other's children from schools and barbecued together on weekends.

Ms. Taylor was as much a friend as teacher. She helped Ms. Doctor, who was working to advance her nursing degree, with her college papers. She left her car at the Browns' house the morning of the trip so she and Bernard could go to the airport together.

"We were all family before Sept. 11," Ms. Doctor said. "And we are family now, for life."

Ms. Brown and Ms. Doctor still talk nearly every week. Ms. Homesley, Leckie's principal, keeps them posted on happenings at the school.

In June, the friends gathered at a park in Hampton, Va., where Ms. Brown's parents live, to celebrate what would have been Bernard's 16th birthday. Over hot dogs, ribs, fried fish and a birthday cake big enough to feed the more-than-100 guests, they reminisced and imagined the boy as a young man, showing off the Jeep his father had promised him as soon as he was old enough to drive.

"Nobody was shedding any tears that day," said Betty Carter, Bernard's grandmother. "Everybody was rejoicing because they knew he was looking down on us and rejoicing, too."

Ms. Doctor, who moved to South Carolina after her husband's death, returned to Washington in June. On the daily commute from her new job at a hospital in Virginia, she drives past the school, though it is not the quickest way home.

"It's like a calm comes over me here," she said, sitting on the bench dedicated to her husband. "The Pentagon was where he worked, but this school was someplace he really enjoyed."

The Browns have decided not to return to Washington for the school's memorial assembly. They will go, instead, to watch their daughter, Courtney, 12, play in a basketball game. That is what Bernard would have wanted to do, Ms. Brown said.

They will visit the school in their own time, when attention on the anniversary of their son's death has subsided.

"There is nothing but love up in that school," Ms. Brown said. "Genuine love."

He Bears The Mark Of His Loss Sadly (NYT)

By Dan Barry

The New York Times, September 9, 2006

A JAB, and then another, and another and another, almost like the riveting of bolts at a construction site. When the jabbing stopped an hour later, the two towers were soaring again from the Manhattan bedrock, their windows forever tinted red by the evening sun, their majesty forever set against a sky's lavender sighs.

This is how the World Trade Center always looked, at least from the dusky vantage point of a Starrett City rooftop in Brooklyn, at least in Jason Audiffred's memory. He would leave his family's sixth-floor apartment, ascend to the top of the building, and gaze west. Nothing like it, nothing in the world.

Now, at least, this special place had been restored, bolted with ink to Mr. Audiffred's beefy left bicep by an artist called Coney Island Vinny. The large and arresting tattoo, of course, means that the central catastrophe of our time is a part of him, always, in ways he can never escape.

But, he says, "I want to be reminded."

At 5-foot-9 and 245 pounds, with a shaved head and a nose sporting a diamond, Mr. Audiffred could be considered imposing, and his trade center tattoo only magnifies that sense. But there is something soft and wounded in his hazel eyes. He is 24, yet often seems on the verge of tears.

"He hasn't come to terms with it yet," says his mother, Robin, sitting beside him.

Her son does not disagree.

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Early every weekday morning, James Audiffred — Robin's husband, Jason's father — would drive west to the trade center, where he joined many other people who quietly kept the colossus clean and functioning. He had many trade center keys on his ring and, after 18 years of service, was operating one of the elevators in the north tower.

"From the 78th floor's sky lobby to the 107th floor, the Windows on the World," Jason Audiffred says. He remembers that his father would wear a blue blazer, blue slacks and a white shirt.

This father and son had a typical father-and-son relationship, which is to say loving, complex, occasionally tense, extremely tight. Yes, the father would get on the son for dropping out of high school and hanging around with the wrong people. But the father also played basketball with the son, cut his hair, built a carrying case for his D.J. equipment.

The two also shared a love for the trade center. The father took his only child to work with him so often that the boy knew many employees by their first names. The father also arranged for him to spend a summer as a tour guide on the south tower's observation deck. "To this day I have the view in my head," the son says.

On that day nearly five years ago, Mr. Audiffred saw the breaking news on television, raced up his apartment building to that familiar rooftop, and watched the ominous smoke belching from his father's workplace. James Audiffred went up that morning and never came down. No trace of him was ever recovered. He was 38.

On a day nearly four years ago, Mr. Audiffred sat down in a folding chair at a tattoo studio in Sheepshead Bay. He presented the artist with snapshots of a painting he owned, one of the trade center towers, and said: recreate it.

"I just wanted to bring the pain to my outer body," he says.

Jab, jab, jab, the riveting began.

After his tattoo, his first, was finished, his mother sat down for her first and only: a portrait of her husband, with his date of birth and date of death above her left breast. It hurt, she says, oh God did it hurt.

But without his body recovered, this is where her Jimmy is buried, near her heart.

Mr. Audiffred, who has trouble holding a job because, his mother says again, he "hasn't come to terms," eventually decided to get another tattoo, and another and another.

Tattoos became his therapy, Coney Island Vinny his therapist. Several of his tattoos relate to his passions: hip-hop, money, the Yankees.

Others, though, reflect that day and those towers. His right bicep, for example, now provides what he calls Part 2: a scene, also set at evening time and against a lavender backdrop, that depicts the hole at ground zero.

And beneath that first tattoo on his left bicep, beneath those idealized towers reaching for his shoulder, there now appears a question: "Why?"

"I never got an honest answer to why it happened," he says, his soft eyes searching.

After 5 Years, His Voice Can Still Crack (NYT)

By Joe Nocera

The New York Times, September 9, 2006

TIME passes. Time heals.

A few days before the fifth anniversary of the 9/11 attacks, I went to see James J. Dunne III, the managing partner of the small investment banking firm Sandler O'Neill & Partners. Sandler O'Neill, you may recall, was one of the hardest hit firms that day. Its primary offices were on the 104th floor of the south tower of the World Trade Center; of the 83 employees (out of a total of 171) who were in the office that awful morning, only 17 made it out alive. Among the 66 who died were two of the three men who ran the firm: Herman Sandler, the co-founder, and Christopher Quackenbush, who headed investment banking.

Jimmy Dunne was the junior member of the ruling troika. He had been spared because he was on a golf course in Westchester County that morning, trying to qualify for an amateur tournament. Truth to tell, before 9/11, he was more focused on golf than on work. At 45, he had one foot out the door.

But I learned that only later, and it came as a surprise. The Jimmy Dunne I met shortly after 9/11 was more committed to his work than anyone I'd ever known. Thrust into a role he had never expected and had never prepared for — not just to lead Sandler O'Neill, but to save it — he embraced his task with an unnerving intensity.

Back then, he was everywhere, doing everything: comforting grieving families, hiring equity traders (the equity desk lost 20 of its 24 traders), asking for help from competitors to get into deals, writing eulogies for dead partners, going on CNBC to refute a report that the firm was going out of business, figuring out how to rebuild the computer systems, and on and on.

There was something so raw about him then, so fierce, as if his life truly depended on rebuilding Sandler O'Neill. I remember especially how openly emotional he could be. He would start talking about Mr. Sandler, who had been his mentor, or Mr. Quackenbush, his best friend forever, a man who helped him quit drinking in his 20's — and his eyes would well up while his voice would start to crack. He always seemed on the verge of losing it. But he never did.

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Five years later, Jimmy Dunne met me in his paneled office on Third Avenue and shook my hand. His hair was whiter than it used to be, and he'd gained a little weight. What was most apparent, though, was that the overpowering intensity that had characterized him after 9/11 had lifted.

Once we sat down, he immediately launched into a recitation about how much stronger the firm has become in recent years, with 255 employees, vastly improved research and a better mergers and acquisitions department. Though, he quickly added, things were more difficult this year because the "flat yield curve" was making trading profits tougher to come by.

I had to smile. So did he.

No one will ever accuse Jimmy Dunne of being the perfect boss. "He's not always the most patient listener, and he can be brutally blunt," said the firm's co-chief operating officer, Michael Lacovara, who joined a few years ago. "And I think he believes he can do anybody's job as well as they can do it themselves." But, added Mr. Lacovara, "if on Sept. 12, 2001, he hadn't felt that way, we wouldn't be here today." Mr. Dunne turned out to be the exact right person to lead Sandler O'Neill out of the abyss.

"What he did was a little akin to Rudy Giuliani," said Marc Maltz, the managing partner of the Triad Consulting Group, which worked with the firm, providing both organizational and psychological assistance for two years after 9/11. "He made decisions that gave people confidence. Once Jimmy worked it through in the first 48 hours and concluded that the firm would rebuild, he gave it the kind of leadership that was necessary."

There were two instinctive decisions he made in particular that would prove enormously beneficial over the long haul. First, he and several other surviving partners — who were also thrust into new leadership roles — made the snap decision that despite its crippled state, the firm would do right by the families of its deceased employees. It extended full benefits for five years for all the families. It set up a foundation to pay for the education of the 71 children who lost a parent who had worked at Sandler O'Neill. It offered years of psychological counseling not just to surviving employees but to family members of the deceased.

And in 2001, it paid out salaries and bonuses as if the employees were still alive and working. It also paid out the deceased partners' capital to their families, even though that depleted the firm's own capital. Indeed, as it completed deals or did trades in the latter part of 2001, it shared the proceeds with the families of deceased partners who had been working on those deals before 9/11.

These acts of generosity created a tremendous amount of good will for the firm. It motivated employees and caused clients and competitors and just about everyone else to rally around it. But that's not why Mr. Dunne took that path. Lots of small firms like to say they're a family, but at Sandler O'Neill it was actually true. "It really was a firm founded by friends who hired friends," Mr. Maltz said. More than anything else, the culture of the place drove Mr. Dunne's decision.

Mr. Dunne's second decision, equally instinctive and heart-felt, was to cast the rebuilding of Sandler O'Neill in moral terms. Partly, Mr. Dunne used the "they can't do this to us'' rhetoric, and partly he made the case that rebuilding the firm was something the deceased would want the survivors to do. But just as important, it gave the living a way to connect with one another, to do something after 9/11 that felt purposeful and important. "The organization had such a deep sense of moral purpose," marveled Mr. Maltz, who has written several papers about the underpinnings of Sandler O'Neill's revival.

Karen Fishman, one of the 17 employees who got out of the south tower before it collapsed, said: "Work was a way to deal with what happened. You needed to be with people who experienced what you experienced. You didn't want the firm to go away, because you needed it."

As with many Sandler O'Neill survivors, Ms. Fishman was suddenly handed new responsibilities. She buried herself in her work, sometimes thinking, after a 12-hour day, that she hadn't worked hard enough. But as the firm got stronger, those feelings lifted, and she began to feel instead that she should spend more time with her children. So in 2003, she left the firm. Time was passing. Time was healing.

Mr. Dunne believes that the decisions he and the other new leaders of the firm made back then gave them a confidence they hadn't had before. And that also helped Sandler O'Neill become a bigger, stronger firm. "It was like we were in a cave, and we were making decisions without having any idea what other firms were doing," he said. "And then we saw others doing the same things we did. Usually when you are a small firm, you wait to see what the big firms are going to do. But we didn't wait for anyone's lead. And I think that has given us the confidence to believe that there isn't a piece of business in our niche that we shouldn't compete for — and get."

Today, of course, the number of employees hired since 9/11 vastly exceeds the number who were there that day. Still, I was astonished to discover that 74 of the 105 employees who worked for Sandler O'Neill on Sept. 12, 2001, are still there. But there's not much of a gap anymore between the new people and the old ones, as there inevitably was for the first year or so. And for the most part, even the old-timers now view 9/11 as an event that has slowly receded into the past.

"I don't need to go back there," said William Hickey, who now helps run the firm's M.& A. department. "I think about my friends all the time, but I don't think about the event itself."

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Indeed, the person who probably dwells the most on 9/11 is Mr. Dunne himself. Over time, the firm took down from the walls the many letters of support and grief it had put up after 9/11; Mr. Dunne's own collection came down last of all, and only at the urging of his sister, who told him that the time had come for him to do so.

But he hasn't taken them all down. In his office, he has several framed letters, including one from Mr. Quackenbush's brother, written shortly after the attack, urging him to rebuild the firm. Sandler O'Neill commissioned a sculpture with the names of the deceased employees, and placed it in the lobby of its office. But after a few years, some employees came to feel that it was too omnipresent a reminder of an event they were trying to move beyond. So Mr. Dunne had it moved to a small alcove just outside his own office, where he, at least, can see it every day.

Most of all, Mr. Dunne still feels a sense of moral purpose. It's just a little different now. Whereas rebuilding was once a way of honoring his deceased partners, now he feels something else. "What are our responsibilities to all the people who helped us or took an interest in seeing us do well?" he said. "We got letters from a farmer in Iowa and a teacher in South Korea. They took the time to say that they respected what we were doing. I feel a large responsibility to the world for helping us survive."

Not long ago, Mr. Dunne gathered his partners together and told them he wanted to extend the benefits to the families for another three years. Not a single one dissented.

Why did you do that? I asked him. "We did it because we feel fortunate," he replied, "more fortunate than when we first did it five years ago. It just felt like the right thing to do."

His voice suddenly cracked, just as it used to before the passage of time.

Declarations The Sounds That Still Echo From 9/11 (WSJ)

By Peggy Noonan

The Wall Street Journal, September 9, 2006

Everyone remembers the pictures, but I think more and more about the sounds. I always ask people what they heard that day in New York. We've all seen the film and videotape, but the sound equipment of television crews didn't always catch what people have described as the deep metallic roar.

The other night on TV there was a documentary on the Ironworkers of New York's Local 40, whose members ran to the site when the towers fell. They pitched in on rescue, then stayed for eight months to deconstruct a skyscraper some of them had helped build 35 years before. An ironworker named Jim Gaffney said, "My partner kept telling me the buildings are coming down and I'm saying 'no way.' Then we heard that noise that I will never forget. It was like a creaking and then the next thing you felt the ground rumbling."

Rudy Giuliani said it was like an earthquake. The actor Jim Caviezel saw the second plane hit the towers on television and what he heard shook him: "A weird, guttural discordant sound," he called it, a sound exactly like lightning. He knew because earlier that year he'd been hit. My son, then a teenager in a high school across the river from the towers, heard the first plane go in at 8:45 a.m. It sounded, he said, like a heavy truck going hard over a big street grate. * * *

I think too about the sounds that came from within the buildings and within the planes -- the phone calls and messages left on answering machines, all the last things said to whoever was home and picked up the phone. They awe me, those messages.

Something terrible had happened. Life was reduced to its essentials. Time was short. People said what counted, what mattered. It has been noted that there is no record of anyone calling to say, "I never liked you," or, "You hurt my feelings." No one negotiated past grievances or said, "Vote for Smith." Amazingly -- or not -- there is no record of anyone damning the terrorists or saying "I hate them."

No one said anything unneeded, extraneous or small. Crisis is a great editor. When you read the transcripts that have been released over the years it's all so clear.

Flight 93 flight attendant Ceecee Lyles, 33 years old, in an answering-machine message to her husband: "Please tell my children that I love them very much. I'm sorry, baby. I wish I could see your face again."

Thirty-one-year-old Melissa Harrington, a California-based trade consultant at a meeting in the towers, called her father to say she loved him. Minutes later she left a message on the answering machine as her new husband slept in their San Francisco home. "Sean, it's me," she said. "I just wanted to let you know I love you."

Capt. Walter Hynes of the New York Fire Department's Ladder 13 dialed home that morning as his rig left the firehouse at 85th Street and Lexington Avenue. He was on his way downtown, he said in his message, and things were bad. "I don't know if we'll make it out. I want to tell you that I love you and I love the kids."

Firemen don't become firemen because they're pessimists. Imagine being a guy who feels in his gut he's going to his death, and he calls on the way to say goodbye and make things clear. His widow later told the Associated Press she'd played his message hundreds of times and made copies for their kids. "He was thinking about us in those final moments."

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Elizabeth Rivas saw it that way too. When her husband left for the World Trade Center that morning, she went to a laundry, where she heard the news. She couldn't reach him by cell and rushed home. He'd called at 9:02 and reached her daughter. The child reported, "He say, mommy, he say he love you no matter what happens, he loves you." He never called again. Mrs. Rivas later said, "He tried to call me. He called me."

There was the amazing acceptance. I spoke this week with a medical doctor who told me she'd seen many people die, and many "with grace and acceptance." The people on the planes didn't have time to accept, to reflect, to think through; and yet so many showed the kind of grace you see in a hospice.

Peter Hanson, a passenger on United Airlines Flight 175 called his father. "I think they intend to go to Chicago or someplace and fly into a building," he said. "Don't worry, Dad -- if it happens, it will be very fast." On the same flight, Brian Sweeney called his wife, got the answering machine, and told her they'd been hijacked. "Hopefully I'll talk to you again, but if not, have a good life. I know I'll see you again some day."

There was Tom Burnett's famous call from United Flight 93. "We're all going to die, but three of us are going to do something," he told his wife, Deena. "I love you, honey."

These were people saying, essentially, In spite of my imminent death, my thoughts are on you, and on love. I asked a psychiatrist the other day for his thoughts, and he said the people on the planes and in the towers were "accepting the inevitable" and taking care of "unfinished business." "At death's door people pass on a responsibility -- 'Tell Billy I never stopped loving him and forgave him long ago.' 'Take care of Mom.' 'Pray for me, Father. Pray for me, I haven't been very good.' " They address what needs doing.

This reminded me of that moment when Todd Beamer of United 93 wound up praying on the phone with a woman he'd never met before, a Verizon Airfone supervisor named Lisa Jefferson. She said later that his tone was calm. It seemed as if they were "old friends," she later wrote. They said the Lord's Prayer together. Then he said "Let's roll." * * *

This is what I get from the last messages. People are often stronger than they know, bigger, more gallant than they'd guess. And this: We're all lucky to be here today and able to say what deserves saying, and if you say it a lot, it won't make it common and so unheard, but known and absorbed.

I think the sound of the last messages, of what was said, will live as long in human history, and contain within it as much of human history, as any old metallic roar.

Ms. Noonan's column will appear weekly in Pursuits.

Twin Beams To Light Sky Again. But After 2008? (NYT)

By David W. Dunlap

The New York Times, September 9, 2006

As twilight falls on Monday, the skies over Lower Manhattan will once again be pierced by the twin beams of the Tribute in Light.

Beginning in 2002 as a catch-as-catch-can improvisation, this one-night event has become something of a civic tradition. It is the celestial, silent taps that brings a day of remembrance to a close, a shared experience open simultaneously to almost anyone around the city.

Its future seems assured for the next two years. But after that?

“I’d say there’s a question mark,” said Kent L. Barwick, the president of the Municipal Art Society, the organizers of the Tribute in Light.

For one thing, the project may run out of money after 2008. For another, it may lose its current staging area atop the Battery Garage, six blocks south of ground zero; a rare expanse of secure open space downtown. A long-range redevelopment plan for the nearby area, known as Greenwich Street South, calls for demolishing the garage, though this is not on the immediate horizon.

And there is no guarantee that it will have a permanent home at the World Trade Center memorial, which is to open in 2009. “I haven’t heard anybody say, ‘Let’s forget about this,’ ” Mr. Barwick said yesterday. “At the same time, it has to be addressed.”

The Tribute in Light was first illuminated on March 11, 2002, six months after the terrorist attack. It was designed by John Bennett, Gustavo Bonevardi, Richard Nash Gould, Julian LaVerdiere and Paul Myoda, working with Paul Marantz, a lighting designer, and Michael Ahern, an event producer. It ran for a month.

Sept. 11, 2003, marked its next appearance. It has been illuminated for one night on each anniversary since.

In 2004, the Lower Manhattan Development Corporation authorized $3.5 million to run the tribute through 2008. That allowed the Municipal Art Society to purchase 88 Space Cannon searchlights, each four feet tall, with a 7,000-watt xenon bulb. They sit inside boxy steel frames, allowing them to be stacked for storage.

The fixtures, powered by temporary generators, are set out on the garage roof in two 50-by-50-foot squares, offset from each other as the twin towers were, though covering only 6 percent of the towers' area. The array is as ungainly to behold at close range as it is ethereal to see from afar.

"The art is in what they produce," said Frank E. Sanchis III, the senior vice president of the society. "It's never been about the light fixtures, it's been about the beacons. In a permanent installation, you'd have to worry about what it looks like." That is only one hurdle to placing the lights in the permanent memorial.

But its creators believe the Tribute in Light has an enduring value, in part because its silence and simplicity permit viewers to invest it with their own meaning or message. "One of the best things about this is that it is what it is," Mr. Ahern said. "There are no speeches attendant to it."

9/11 Memorial In N.J. Has 40 Extra Names (AP-Y)

By Janet Frankston

AP, September 9, 2006

A 100-foot-tall sculpture being unveiled on Monday's fifth anniversary of 9-11 honors thousands of terrorist attack victims, and then some: Carved into the granite base are the names of more than 40 people who weren't killed on Sept. 11 after all.

The majestic sculpture across the Hudson River from ground zero will feature 3,024 names of people once believed to have died in the 1993 and Sept. 11, 2001, attacks on the World Trade Center. The problem is that the Russian artist who created the work used an outdated list of names of those missing at the trade center.

"We did the best that could have been done under the circumstances," said Emily Madoff, an attorney for artist Zurab Tsereteli.

Madoff said that she consulted several sources to try to determine the correct names before seeking confirmation from Kenneth Feinberg, the former special master of a federal Sept. 11 victim compensation fund, who referred her to a book published by The New York Times in 2003.

She said she never knew to contact the city, which has kept the official death toll for New York since the attacks.

She said she drew her list from the book, which identifies victims as of spring 2003. It includes 43 names that were removed by the medical examiner's office in October 2003 and January 2004 because the city couldn't confirm their deaths or, in some cases, their existence, according to Ellen Borakove, a spokeswoman for the medical examiner.

The names removed included illegal immigrants whose jobs were not well documented and missing people whose relatives say they were near the trade center on Sept. 11. Some claims were made up in attempts to rip off the government.

One name, Paul Herman Vanvelzer, was apparently a fabrication by a California woman who claimed she was a Sept. 11 victim's mother.

Some victims' family members said the erroneous names need to be removed.

"It kind of cheapens the whole thing," said Jack Lynch, whose firefighter son Michael Lynch was killed on Sept 11.

The memorial, called "To the Struggle Against World Terrorism," is not the only Sept. 11 tribute to run into such problems. In Jersey City, a memorial dedicated in 2002 to 40 victims was redone for $7,500.

The sculpture evokes the twin towers that once stood across the Hudson River. In the middle, a 40-foot steel teardrop hangs like a bell in the open center.

Its groundbreaking last September drew Russian President Vladimir Putin, and its dedication on Monday is expected to bring former President Clinton, Sen. Hillary Rodham Clinton, Homeland Security Secretary Michael Chertoff and Gov. Jon S. Corzine.

The official Sept. 11 death toll stands at 2,973: 2,749 at the trade center, 184 at the Pentagon and 40 in Pennsylvania.

The planners of a memorial to open in 2009 at ground zero intend to list all those names, as well as the six people who died in the 1993 trade center bombing.

WAR NEWS:

Khatami: American "Conceit And Pride" Led To Iraq Mess (TIME)

By Adam Zagorin

Time, September 9, 2006

After Iran's hardline president Mahmoud Ahmadinejad challenged President Bush to a televised debate last week — and again warned the U.S. not to impose sanctions over Tehran's nuclear program — the White House approved his proposed September visit to attend the United Nations General Assembly in New York City. A few days before, over the objections of

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conservative Republicans and after a spirited administration debate, the U.S. approved a visit to several U.S. cities by Iran's former president, Mohammad Khatami — the highest ranking Iranian to tour since President Carter severed relations with Iran in 1979.

Khatami, 62, served eight years as president before leaving office in 2005, and he remains close to Iran's powerful Supreme Leader, Ayatollah Khameini. Khatami, whose trip is designed to foster a "dialogue between civilizations," spoke to TIME for more than an hour this week in a heavily guarded Washington hotel suite. As the most prominent of his nation's reformers, he repeatedly distanced himself from many of the hardline views of Iran's current leadership, but strongly critized the U.S. for what he suggested is "arrogance" in Iraq. He also cited human-rights violations at both Guantanamo and Abu Ghraib, and warned of the "costs" of a U.S. or Israeli military strike on his country. But he endorsed a "two-state solution" to achieve peace between Israel and the Palestinians, and called the Holocaust a "historical fact." Excerpts:

TIME: This is your first visit to Washington what do you think of the country that has been called the Great Satan?

Khatami: I never say "Great Satan." But I get really upset when Iran is called part of the "Axis of Evil." Even [Ayatollah] Khomeini [who coined the phrase] was referring only to U.S. policies — not to the American people or America itself, which is a great and big country.

TIME: Do you accept a two-state solution between Palestine and Israel? And does the government of Iran accept that?

Khatami: My opposition to Israel is moral. The peaceful solution to the problem of Palestine is to recognize Palestinian rights. This is the only way there could be sustained peace in the region.

TIME: And a Palestinian state to exist alongside Israel? Khatami: Yes.

TIME: Your successor [as president of Iran] has said that the Holocaust did not happen. How do you explain that?

Khatami: I personally believe that he really didn't deny the existence of Holocaust. I believe the Holocaust is the crime of Nazism. But it is possible that the Holocaust, which is an absolute fact, a historical fact, would be misused. The Holocaust should not be, in any way, an excuse for the suppression of Palestinian rights.

TIME: Bruce Laingen was the top American diplomat held hostage in Iran in 1979-80. And he has publicly raised a question in connection with your visit: What does the government of Iran owes the American hostages? And he's not talking about money. Morally?

Khatami: I regret the hostage crisis, hostage-taking. And I sympathize with the hostages and their families for their loss and their hurt. But this was [also] a revolutionary reaction to half a century of the U.S. taking Iran hostage. Maybe the other side [the U.S.] would be more indebted [to Iran].

TIME: Is there a civil war in Iraq?

Khatami: We are really concerned about this, but [there is no civil war], not yet.

TIME: Should Iraq be divided into Shiite, Sunni and Kurdish zones?

Khatami: Definitely a bad idea. Iraq should remain unified. The solution is a democratic state. Numerically, the country is majority, Shiite, but the government is not yet sectarian. The president is a Kurd. The head of the government is a Shiite. The Sunnis have great, effective participation. So the breakup of Iraq is very dangerous. A democratic state can prevent from this from taking place.

TIME: President Bush's father did not occupy Iraq. What about the occupation of Iraq now?

Khatami: I don't know what President Bush, the father, would have done. But I know that eliminating Saddam [Hussein] has been to our benefit, to the benefit of Iran. I also predicted that getting into Iraq would be very easy [for America], but getting out of it would be extremely difficult. And today, Saddam is gone but Iraq has become the center stage of extremism and radicalism.

TIME: If you had any advice for the current President Bush, what would it be?

Khatami: The president should dispense peace and justice and reconciliation across the world. I believe that not only have U.S. policies not stopped terrorism, they have actually exacerbated and increased the problem.

TIME: Why?

Khatami: We could have resolved the Iraq issue without invasion and occupation without the cost in terms of human life, American lives, Iraqi lives and money. This could have been resolved. If the U.S. had not had such a sense of conceit and pride, or maybe even arrogance.

TIME: And the withdrawal of U.S. troops?

Khatami: The occupation should end as soon as possible [but] I believe we cannot just leave this newly born democratic government to the hands of terrorists, insurgents, and people who are seeking violence. The best way is to strengthen and to support the government, its security services, its police forces, and the best way to do that is also to get help from neighboring countries. The U.S. should know that it could get the help of Arab and Islamic countries to secure its interests,rather than without them.

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TIME: The U.S. has accused Iran of trying to build a nuclear weapon, and Iran has denied this. Is there a way out?

Khatami: Concern about proliferation is definitely justified. But in this region there are three states that possess nuclear weapons, with hundreds of warheads. The biggest [arsenal] is Israel. And then Pakistan and India. If there are serious concerns about nuclear weapons, we should start by eliminating those that already exist. And the U.S. does not display any sensitivity whatsoever to these issues, to these nuclear weapons. None of the three have signed the Nuclear Non-Proliferation Treaty, but Iran has. Iran has the right to have access to nuclear energy. And we are ready to give every guarantee that we would use this for peaceful purposes. Our leader [President Ahmadinejad] has issued a decree prohibiting the production and the stockpiling of weapons of mass destruction.

TIME: Do you believe that a military attack on Iran, either by Israel or the U.S., is a possibility that Iran should take seriously and guard against?

Khatami: Any aggression against Iran would have costs, serious costs for the U.S., more than for Iran. Public opinion in the world, and a great majority of the American public, would not support a military engagement.

TIME: Anything else?

Khatami: In Iran, whenever the issue is Iran's territorial integrity, no political faction, no political group would have any doubt as to defending Iran's actions. This unity and national consensus would be really costly for the invader and aggressor.

TIME: President Bush has promised that the U.S. will try to impose sanctions on Iran through the Security Council in the near future, if this matter is not resolved. What would be the result?

Khatami: Experience has shown that threats, pressure and coercion has never created a solution, has never made sanctions effective. Sanctions, and even more than that, possible military action and the use of force, would create more crisis in Iran, for the region, and for the world.

TIME: Do you believe Hezbollah won the war in Lebanon?

Khatami: I would say Israel lost the war. Israel has fought Arabs many times. It could even defeat, in six days, three or four Arab armies. But, you know, confronting Hezbollah, it couldn't achieve any of those objectives. Unfortunately, U.S. rushed into defending Israel, wholeheartedly.

TIME: How do you explain charges from the U.S. and other critics that there were human rights violations, terrorism, and a buildup of Iran's nuclear program when you were president?

Khatami: I don't claim that there have never been human rights violations in Iran but I [also] believe human rights are being violated everywhere, with different names. I believe the violation of rights of prisoners in Guantanamo and Abu Ghraib is not compatible — everybody should condemn the violation of human rights, everywhere. Double standards will not help.

TIME: When you were president of Iran, you used to complain, publicly, that you couldn't implement some of your reforms domestically and you couldn't take certain actions in foreign policy. Who stopped you? Was it hardliners who are now in control of Iran?

Khatami: I think democracy is a process. And this is especially [true] when there is external pressure, and dangers, the threat to the internal integrity of the nation. Definitely, there are people who have been theoretically against me, but when a major power explicitly says that it intends to overthrow a government...

TIME: Are you talking about the U.S.?

Khatami: Let me not [use] names. Those who officially put in their budgets money to overthrow the Iranian government — it's natural that the constraints on freedom and openness will increase as a result of a security environment [like that].

Senate: Saddam Saw Al-Qaida As Threat (AP-Y)

By Jim Abrams

AP, September 9, 2006

Saddam Hussein regarded al-Qaida as a threat rather than a possible ally, a Senate report says, contradicting assertions President Bush has used to build support for the war in Iraq.

Released Friday, the report discloses for the first time an October 2005 CIA assessment that before the war, Saddam's government "did not have a relationship, harbor or turn a blind eye toward" al-Qaida operative Abu Musab al-Zarqawi or his associates.

Saddam told U.S. officials after his capture that he had not cooperated with Osama bin Laden even though he acknowledged that officials in his government had met with the al-Qaida leader, according to FBI summaries cited in the Senate report.

"Saddam only expressed negative sentiments about bin Laden," Tariq Aziz, the Iraqi leader's top aide, told the FBI.

The report also faults intelligence gathering in the lead-up to the 2003 invasion.

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As recently as an Aug. 21 news conference, Bush said people should "imagine a world in which you had Saddam Hussein" with the capacity to make weapons of mass destruction and "who had relations with Zarqawi."

Democrats contended that the administration continues to use faulty intelligence, including assertions of a link between Saddam's government and the recently killed al-Zarqawi, to justify the war in Iraq.

They also said, in remarks attached to Friday's Senate Intelligence Committee document, that former CIA Director George Tenet had modified his position on the terrorist link at the request of administration policymakers.

Republicans said the document, which compares prewar intelligence with post-invasion findings on Iraq's weapons and on terrorist groups, broke little new ground. And they said Democrats were distorting it for political purposes.

A previous report in 2004 made clear the intelligence agencies' "massive failures," said Sen. Kit Bond, R-Mo., a member of the committee. "Yet to make a giant leap in logic to claim that the Bush administration intentionally misled the nation or manipulated intelligence is simply not warranted."

White House press secretary Tony Snow said the report was "nothing new."

A second part of the report concluded that false information from the Iraqi National Congress, an anti-Saddam group led by then-exile Ahmed Chalabi, was used to support key U.S. intelligence assessments on Iraq.

It said U.S. intelligence agents put out numerous red flags about the reliability of INC sources but the intelligence community made a "serious error" and used one source who concocted a story that Iraq was building mobile biological weapons laboratories.

The report also said that in 2002 the National Security Council directed that funding for the INC should continue "despite warnings from both the CIA, which terminated its relationship with the INC in December 1996, and the DIA (Defense Intelligence Agency), that the INC was penetrated by hostile intelligence services, including the Iranians."

According to the report, postwar findings indicate that Saddam "was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime."

It said al-Zarqawi was in Baghdad from May until late November 2002. But "postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi."

In June 2004, Bush defended Vice President Dick Cheney's assertion that Saddam had "long-established ties" with al-Qaida. "Zarqawi is the best evidence of connection to al-Qaida affiliates and al-Qaida," the president said.

The report concludes that postwar findings do not support a 2002 intelligence report that Iraq was reconstituting its nuclear program, possessed biological weapons or had ever developed mobile facilities for producing biological warfare agents.

"The report is a devastating indictment of the Bush-Cheney administration's unrelenting, misleading and deceptive attempts to convince the American people that Saddam Hussein was linked with al-Qaida," said Sen. Carl Levin, D-Mich., a member of the committee.

Levin and Sen. Jay Rockefeller of West Virginia, the top Democrat on the panel, said Tenet told the committee last July that in 2002 he had complied with an administration request "to say something about not being inconsistent with what the president had said" about the Saddam-terrorist link.

They said that on Oct. 7, 2002, the same day Bush gave a speech speaking of such a link, the CIA had sent a declassified letter to the committee saying it would be an "extreme step" for Saddam to assist Islamist terrorists in attacking the United States.

They said Tenet acknowledged to the committee that subsequently issuing a statement that there was no inconsistency between the president's speech and the CIA viewpoint was "the wrong thing to do."

Committee Chairman Pat Roberts, R-Kan., said the mistakes of prewar intelligence have long been known and "the additional views of the committee's Democrats are little more than a rehashing of the same unfounded allegations they've used for over three years."

The panel report is Phase II of an analysis of prewar intelligence on Iraq. The first phase, issued in July 2004, focused on the CIA's failings in its estimates of Iraq's weapons program.

The second phase had been delayed as Republicans and Democrats fought over what information should be declassified and how far the committee should delve into the question of whether policymakers may have manipulated intelligence to make the case for war.

Committee member Ron Wyden, D-Ore., said he planned to ask for an investigation into the amount of information remaining classified. He said, "I am particularly concerned it appears that information may have been classified to shield individuals from accountability."

Report Details Errors Before War (WP)

By Walter Pincus

The Washington Post, September 9, 2006

The long-awaited Senate Intelligence Committee report released yesterday sheds new light on why U.S. intelligence agencies provided inaccurate prewar information about Saddam Hussein and his weapons programs, including details on how Iraqi exiles who fabricated or exaggerated their stories were accepted as truthful because they passed Pentagon lie detector tests.

The two newly declassified chapters of the report fueled political accusations yesterday that the Bush administration lied to justify invading Iraq, but the documents' nearly 400 pages contain several examples of how bad information wound up accepted as truthful in intelligence assessments at the time.

A section includes the results of an evaluation by the CIA of its performance, which concludes that, despite repeated prewar assessments that the Iraqis were practicing deceit and deception to hide their weapons, there actually were no such efforts because there were no weapons.

The CIA concludes: "There comes a point where the absence of evidence does indeed become the evidence of absence." That statement is a play on a remark Defense Secretary Donald H. Rumsfeld made frequently in the months before the war -- after U.N. inspectors in late 2002 and early 2003 could find no weapons -- that "the absence of evidence is not evidence of absence."

One 208-page chapter from the Senate committee report covers the use of intelligence provided by the Iraqi National Congress and its leader, Ahmed Chalabi. The panel wrote that three Iraqi exiles gave the Pentagon inaccurate information about Hussein's alleged training of al-Qaeda terrorists, as well as about the existence of mobile biological weapons factories and an alleged meeting between the Iraqi leader and Osama bin Laden. All three exiles passed lie detector tests given by the Defense Intelligence Agency (DIA), adding credibility to their stories.

In each case, the information proved to be questionable, if not inaccurate. But in the case of the mobile labs, the source's information was used to corroborate data in the October 2002 National Intelligence Estimate on Iraq even after the informant had been tagged as a fabricator.

The report notes that a DIA official who knew that the source was unreliable sat in on two meetings in which the mobile labs information was incorporated into the speech Secretary of State Colin L. Powell delivered in February 2003 to the U.N. Security Council, but that the official did not realize the information was based solely on the word of the untrustworthy source.

According to the Senate panel's report, another Iraqi National Congress source, recommended to the DIA by Chalabi through a high-ranking Defense Department official, passed two lie detector tests after "claiming to have seen Saddam meeting with a man, who Uday Hussein [Saddam's son] identified as bin Laden." The source said Uday Hussein told him that bin Laden was there "to discuss training of some of his people in Iraq."

The DIA subsequently distributed the information but pointed out that the source was connected with the Iraqi opposition and that the information "may have been intended to influence as well as inform decision makers." The CIA later noted in its assessment of the information that the meeting between Hussein and bin Laden had "not been corroborated" and that "other sensitive reporting . . . provides no indication that Saddam and bin Laden have met each other."

Although the Senate report raises questions about the reliability of the information provided by Iraqi exiles, it notes that the information had little direct impact on the National Intelligence Estimate on Iraq produced in October 2002. Many of the Iraqi National Congress claims, however, were passed on to the White House and the office of Vice President Cheney through reports by a separate intelligence analysis group established by then-Undersecretary of Defense Douglas J. Feith.

The Senate committee's inquiry into the Feith group's activities, another part of the prewar intelligence study, has been delayed by committee Chairman Pat Roberts (R-Kan.), who is awaiting the completion of a Pentagon inspector general inquiry into the same matter.

One surprising conclusion from the CIA retrospective is that the agency now believes that aggressive U.N. inspections in Iraq in 1991 after the Persian Gulf War led Hussein to what it describes as a "fateful decision." He covertly dismantled and destroyed the undeclared nuclear, chemical and biological facilities, materials and actual weapons he had put together in the preceding decade -- along with "the records that could have verified that unilateral destruction."

As a result, there was no proof in 2002 and 2003 when the Iraqis claimed they had no weapons of mass destruction, and Hussein could not demonstrate he was in basic, if not complete, compliance with U.N. resolutions. Noncompliance with the Security Council's October resolution was the main U.S. public rationale for the invasion of Iraq.

Senate: Hussein Wasn't Allied With Al Qaeda (LAT)

By Greg Miller

The Los Angeles Times, September 9, 2006

DOJ_NMG_0061258

Iraq rebuffed Bin Laden and wanted to capture Zarqawi, the Intelligence Committee reports, contradicting Bush's argument for invasion.

WASHINGTON — The Senate Intelligence Committee on Friday said it had found no evidence that Saddam Hussein had ties to Al Qaeda or provided safe harbor to one of its most notorious operatives, Abu Musab Zarqawi — conclusions contradicting claims by the Bush administration before it invaded Iraq.

In a long-awaited report, the committee instead determined that the former Iraqi dictator was wary of Al Qaeda; repeatedly rebuffed requests from its leader, Osama bin Laden, for assistance; and sought to capture Zarqawi when the terrorist turned up in Baghdad.

The findings are the latest in a series of high-profile studies to dispute some of the Bush administration's key arguments for invading Iraq — mainly that the Hussein regime possessed stockpiles of banned weapons and had cultivated ties to terrorist networks. Presenting these since-discredited allegations as fact, President Bush and other high-ranking officials argued that Hussein's government posed an intolerable risk in the aftermath of the Sept. 11 attacks.

The 356-page report is certain to fuel the election-season debate over the administration's foreign policy at a time when Bush is seeking to shore up support for the war in Iraq through a series of speeches that cast the conflict as central to winning the larger war on terrorism.

Bush on Thursday again asserted that the battle in Iraq was inextricably linked to Al Qaeda, and disparaged those who considered it a "diversion" from the war on terrorism.

White House spokesman Tony Snow on Friday downplayed the significance of the report, describing it as "nothing new."

"It's … kind of relitigating things that happened three years ago," Snow said. "In 2002 and 2003, members of both parties got a good look at the intelligence we had, and they came to the very same conclusions about what was going on."

In one of its main conclusions, the report said that "postwar findings indicate that Saddam Hussein was distrustful of Al Qaeda and viewed Islamic extremists as a threat to his regime, refusing all requests from Al Qaeda to provide material or operational support."

According to the report, Hussein has told U.S. interrogators that "if he wanted to cooperate with the enemies of the U.S., he would have allied with North Korea or China." His former deputy prime minister, Tariq Aziz, told U.S. interrogators that "Saddam only expressed negative sentiments about Bin Laden."

The report's disclosures include a classified assessment by the CIA last year that Hussein's regime "did not have a relationship, harbor or turn a blind eye toward Zarqawi and his associates."

The committee, made up of eight Republicans and seven Democrats, said U.S. intelligence agencies before Sept. 11 "accurately characterized" Bin Laden's intermittent interest in pursuing assistance from Iraq, but were largely wrong about Hussein's attitudes.

The Iraqi leader, according to the report, was so wary of the terrorist network that he "issued a general order that Iraq should not deal with Al Qaeda."

Democrats seized on the findings Friday to accuse the Bush administration of having distorted the threat Iraq posed.

In a speech on the Senate floor, Sen. John D. Rockefeller IV of West Virginia, ranking Democrat on the Intelligence Committee, accused the White House of pursuing "a deceptive strategy of using intelligence reporting that the intelligence community had already warned was uncorroborated, unreliable and, in critical instances, fabricated."

The report released Friday is based largely on documents recovered from Iraqi facilities in the aftermath of the U.S. invasion in March 2003, as well as interrogations of Hussein and other Iraqi officials captured by coalition forces.

As a result, it represents the most thorough comparison to date of prewar suspicions with evidence subsequently collected. Much of the information was unavailable to U.S. intelligence agencies and policymakers before the war.

The report's publication was marked by intense political wrangling within the Republican-controlled Intelligence Committee, with two GOP members — Sens. Olympia J. Snowe of Maine and Chuck Hagel of Nebraska — breaking ranks to vote in favor of conclusions drafted by Democrats.

In a statement, Snowe cited the "obligation of our government to learn from these horrific mistakes" and complained that the intelligence panel, "once noted for its bipartisanship, has become marred by partisan feuding." Hagel was not available for comment.

The dispute put Sen. Pat Roberts (R-Kan.), the committee's chairman, in the awkward position of touting the work of his panel while urging the public to ignore some of its conclusions.

"Overall, I am disappointed that some of my colleagues have twisted the facts to reach conclusions that support other agendas," Roberts said. "It is my view that the public should not focus on the conclusions in this report, but rather on the underlying facts."

In particular, Roberts objected to findings that he said overstated the influence of the Iraqi National Congress — an exile group led by Ahmad Chalabi that had close ties to the Bush administration and has been accused of funneling prewar misinformation about Baghdad's weapons programs to U.S. intelligence agencies and news organizations.

The committee devoted 207 pages to an analysis of the INC, concluding that it had "attempted to influence U.S. policy on Iraq by providing false information through defectors."

Another section focused on the erroneous prewar estimates by the CIA and other agencies that Baghdad had stockpiles of chemical and biological munitions and was pursuing the development of nuclear arms.

But the most significant new information in the report focuses on Baghdad's alleged ties to Al Qaeda.

The CIA and other intelligence agencies were generally skeptical that Hussein had significant links to the terrorist group. But Vice President Dick Cheney and other senior administration officials have persistently highlighted isolated intelligence reports suggesting a relationship between Hussein and Bin Laden. The Senate report contradicts many of those assertions.

The report concludes, for instance, that it is true that Zarqawi was in Baghdad for about seven months in 2002. But Hussein was initially unaware of his presence in the country and later ordered his intelligence services to capture Zarqawi, according to the report.

The attempt was unsuccessful, and Zarqawi escaped to Iran. He also hid in areas of northern Iraq beyond Hussein's reach. After Hussein was overthrown, Zarqawi led the deadly insurgency against U.S. forces before he was killed by a U.S. airstrike in June.

Even as administration officials insisted on a Hussein-Al Qaeda link, they steered clear of alleging a direct role by the Iraqi strongman in the Sept. 11 attacks.

And at a news conference last month, Bush said flatly that Hussein had "nothing" to do with the assaults. Still, a CNN poll released this week found that 43% of U.S. residents said they believed Hussein was personally involved in the attacks; 52% said he was not.

The committee's report also dismisses a contention repeatedly cited by Cheney that an Iraqi intelligence agent met with Sept. 11 hijacker Mohamed Atta in Prague in April 2001. That claim has bolstered public perceptions that Iraq was somehow linked to the Sept. 11 attacks.

But postwar evidence indicates no such meeting ever occurred, the committee found, citing Atta's travel and cellphone records obtained by the FBI, as well as information from the Iraqi agent alleged to have attended the meeting.

The report casts similar doubt on assertions that Iraq had provided chemical and biological weapons training to Al Qaeda operatives, or allowed terrorist organizations to practice for attacks on aircraft at a facility south of Baghdad known as Salman Pak.

Despite reports of repeated contacts between Iraq and Al Qaeda, the committee said, U.S. intelligence has been able to assemble evidence of only a single meeting — a 1995 encounter in Sudan between Bin Laden and Iraqi intelligence officer Faruq Hijazi.

In postwar debriefings, Hijazi said that Hussein had instructed him to "only listen" and not negotiate or offer support to Bin Laden. He said that Bin Laden "requested an office in Iraq, military training for his followers, Chinese sea mines and the broadcast of speeches from an anti-Saudi cleric."

Hijazi said that he "immediately rejected" virtually all of the requests, offering only to consider broadcasting anti-Saudi speeches.

Overall, the document portrays Hussein and his underlings as alarmed by U.S. accusations linking him to Al Qaeda.

At one point, the report said, Hussein was warned by the director of Iraq's intelligence service "that U.S. intelligence was attempting to fabricate connections between the [Iraqi intelligence services] and Al Qaeda" to justify an invasion.

The Senate report also offers new theories as to why Hussein's regime was unable to convince U.N. inspectors before the U.S. invasion that it no longer had stocks of illegal weapons.

A recent CIA analysis concluded that Hussein was stunned by the aggressiveness of weapons inspections after the 1991 Gulf War, and ordered the covert destruction of undeclared weapons and documents.

In the process, Hussein destroyed the very records U.N. inspectors sought a decade later when putting pressure on Iraq to account for its illicit weapons.

"The result was that Iraq was unable to provide proof when it tried at a later time to establish compliance," the report said, citing the CIA study.

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C.I.A. Said To Find No Hussein Link To Terror Chief (NYT)

By Mark Mazzetti

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — The Central Intelligence Agency last fall repudiated the claim that there were prewar ties between Saddam Hussein's government and an operative of Al Qaeda, Abu Musab al-Zarqawi, according to a report issued Friday by the Senate Intelligence Committee.

The disclosure undercuts continuing assertions by the Bush administration that such ties existed, and that they provided evidence of links between Iraq and Al Qaeda. The Republican-controlled committee, in a second report, also sharply criticized the administration for its reliance on the Iraqi National Congress during the prelude to the war in Iraq.

The findings are part of a continuing inquiry by the committee into prewar intelligence about Iraq. The conclusions went beyond its earlier findings, issued in the summer of 2004, by including criticism not just of American intelligence agencies but also of the administration.

Several Republicans strongly dissented on the report with conclusions about the Iraqi National Congress, saying they overstated the role that the exile group had played in the prewar intelligence assessments about Iraq. But the committee overwhelmingly approved the other report, with only one Republican senator voting against it.

The reports did not address the politically divisive question of whether the Bush administration had exaggerated or misused intelligence as part of its effort to win support for the war. But one report did contradict the administration's assertions, made before the war and since, that ties between Mr. Zarqawi and Mr. Hussein's government provided evidence of a close relationship between Iraq and Al Qaeda.

As recently as Aug. 21, President Bush said at a news conference that Mr. Hussein "had relations with Zarqawi.'' But a C.I.A. report completed in October 2005 concluded instead that Mr. Hussein's government "did not have a relationship, harbor or even turn a blind eye toward Zarqawi and his associates," according to the new Senate findings.

The C.I.A. report also contradicted claims made in February 2003 by Secretary of State Colin L. Powell, who mentioned Mr. Zarqawi no fewer than 20 times during a speech to the United Nations Security Council that made the administration's case for going to war. In that speech, Mr. Powell said that Iraq "today harbors a deadly terrorist network'' headed by Mr. Zarqawi, and dismissed as "not credible'' assertions by the Iraqi government that it had no knowledge of Mr. Zarqawi's whereabouts.

The panel concluded that Mr. Hussein regarded Al Qaeda as a threat rather than a potential ally, and that the Iraqi intelligence service "actively attempted to locate and capture al-Zarqawi without success.''

One of the reports by the committee criticized a decision by the National Security Council in 2002 to maintain a close relationship with the Iraqi National Congress, headed by the exile leader Ahmad Chalabi, even after the C.I.A. and the Defense Intelligence Agency had warned that "the I.N.C was penetrated by hostile intelligence services," notably Iran.

The report concluded that the organization had provided a large volume of flawed intelligence to the United States about Iraq, and concluded that the group "attempted to influence United States policy on Iraq by providing false information through defectors directed at convincing the United States that Iraq possessed weapons of mass destruction and had links to terrorists."

The findings were released at an inopportune time for the Bush administration, which has spent the week trying to turn voters' attention away from the missteps on Iraq and toward the more comfortable political territory of the continued terrorist threat. On Friday, the White House spokesman, Tony Snow, played down the reports, saying that they contained "nothing new" and were "re-litigating things that happened three years ago."

"The important thing to do is to figure out what you're doing tomorrow, and the day after, and the month after, and the year after to make sure that this war on terror is won," Mr. Snow said.

The two reports released Friday were expected to be the least controversial aspects of what remains of the Senate committee's investigation, which will eventually address whether the Bush administration's assertions about Iraq accurately reflected the available intelligence. But unanticipated delays caused them to be released in the heat of the fall political campaign.

The reports were approved by the committee in August, but went through a monthlong declassification process. It was Senator Pat Roberts of Kansas, the committee's Republican chairman, who set early September as the release date.

The committee's report in 2004, which lambasted intelligence agencies for vastly overestimating the state of Iraq's nuclear, biological and chemical weapons programs, was issued with unanimous approval. But the reports released Friday provided evidence of how much the relationship between Republicans and Democrats on the committee had degenerated over the past two years.

A set of conclusions that included criticism of the administration's ties with the Iraqi National Congress was opposed by several Republicans on the panel, including Mr. Roberts, but was approved with the support of two Republicans, Chuck Hagel, of Nebraska, and Olympia Snowe, of Maine, along with all seven Democrats. Senator Roberts even took the unusual step of disavowing the conclusions about the role played by the Iraqi National Congress, saying that they were "misleading and are not supported by the facts."

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The report about the group's role concluded that faulty intelligence from the group made its way into several prewar intelligence reports, including the October 2002 National Intelligence Estimate that directly preceded the Senate vote on the Iraq war. It says that sources introduced to American intelligence by the group directly influenced two key judgments of that document: that Mr. Hussein possessed mobile biological weapons laboratories and that he was trying to reconstitute his nuclear program.

The report said there was insufficient evidence to determine whether one of the most notorious of the intelligence sources used by the United States before the Iraq war was tied to the Iraqi National Congress. The source, an Iraqi who was code-named Curveball, was a crucial source for the American view that Mr. Hussein had a mobile biological weapons program, but the information that he provided was later entirely discredited.

The report said other mistaken information about Iraq's biological program had been provided by a source linked to the Iraqi National Congress, and it said the intelligence agencies' use of the information had "constituted a serious error."

The dissenting opinion, signed by Mr. Roberts and four other Republican members of the committee, minimized the role played by Mr. Chalabi's group. "Information from the I.N.C. and I.N.C.-affiliated defectors was not widely used in intelligence community products and played little role in the intelligence community's judgments about Iraq's W.M.D. programs," the Republicans said.

Francis Brooke, a spokesman for the Iraqi National Congress, called the report "tendentious, partisan and misleading," and said that the group had not played a central role as the Bush administration built the case for war.

At the same time, Mr. Brooke said his organization was surprised at how little the American government knew about Mr. Hussein's government before the war, which may have forced the American officials to rely more heavily on the organization. "We did not realize the paucity of human intelligence that the administration had on Iraq," he said.

Iraq's Alleged Al-Qaeda Ties Were Disputed Before War (WP)

By Jonathan Weisman

The Washington Post, September 9, 2006

A declassified report released yesterday by the Senate Select Committee on Intelligence revealed that U.S. intelligence analysts were strongly disputing the alleged links between Saddam Hussein and al-Qaeda while senior Bush administration officials were publicly asserting those links to justify invading Iraq.

Far from aligning himself with al-Qaeda and Jordanian terrorist Abu Musab al-Zarqawi, Hussein repeatedly rebuffed al-Qaeda's overtures and tried to capture Zarqawi, the report said. Tariq Aziz, the detained former deputy prime minister, has told the FBI that Hussein "only expressed negative sentiments about [Osama] bin Laden."

The report also said exiles from the Iraqi National Congress (INC) tried to influence U.S. policy by providing, through defectors, false information on Iraq's nuclear, chemical and biological weapons capabilities. After skeptical analysts warned that the group had been penetrated by hostile intelligence services, including Iran's, a 2002 White House directive ordered that U.S. funding for the INC be continued.

The newly declassified intelligence report provided administration critics with fresh ammunition, less than two months before midterm elections and in the middle of President Bush's campaign to refocus the public's attention away from Iraq and toward the threat of terrorism. Senior Senate Democrats immediately seized on the findings, using some of their strongest language yet to say the president continues to willfully and falsely connect Hussein to al-Qaeda.

As recently as Aug. 21, Bush suggested a link between Hussein and Zarqawi, the leader of al-Qaeda in Iraq, who was killed by U.S. forces this summer. But a CIA assessment in October 2005 concluded that Hussein's government "did not have a relationship, harbor, or turn a blind eye toward Zarqawi and his associates," according to the report.

"The president is still distorting. He's still making statements which are false," said Sen. Carl M. Levin (D-Mich.), an intelligence committee member.

The partial release of the report came after nearly three years of partisan wrangling over what is to be a five-chapter analysis of the use of prewar intelligence in the run-up to the 2003 invasion of Iraq. The heart of the report -- a detailed comparison of administration statements with the intelligence then available -- is far from release. But the committee voted Thursday to release two chapters, one on the role that Iraqi exiles played in shaping prewar intelligence, the other on the accuracy of the prewar analyses of Hussein's nuclear, chemical and biological weapons capabilities and his suspected links to al-Qaeda and the Sept. 11, 2001, attacks.

White House spokesman Tony Snow dismissed the findings as old news. "If we have people who want to re-litigate that, that's fine," he said.

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But Republican attempts to paint the findings as a partisan rehash were undercut by intelligence committee members from the GOP. The committee report's conclusions are based on the Democrats' findings because two Republicans -- Sens. Olympia J. Snowe (Maine) and Chuck Hagel (Neb.) -- supported those findings.

"After reviewing thousands of pages of evidence, I voted for the conclusions that most closely reflect the facts in the report," Snowe said in a written statement. "Policy-makers seemingly discounted or dismissed warnings about the veracity of critical intelligence reports that may have served as a basis for going to war."

Committee Chairman Pat Roberts (R-Kan.) was emphatic this week that Iraqi exiles did not fundamentally shape the critical assessment of the Iraqi threat in the 2002 National Intelligence Estimate.

But, as Snowe emphasized in her statement, the report concluded that information provided by an INC source was cited in that estimate and in Secretary of State Colin L. Powell's February 2003 speech to the United Nations as corroborating evidence about Iraq's mobile biological weapons program. Those citations came despite two April 2002 CIA assessments, a May 2002 Defense Intelligence Agency fabrication notice and a July 2002 National Intelligence Council warning -- all saying the INC source may have been coached by the exile group into fabricating the information.

Democrats and Republicans agree that analysts and politicians of all political stripes were wrong about the prewar assessments of Hussein's weapons of mass destruction. But the committee report indicates that intelligence analysts were substantially right about Hussein's lack of operational links to al-Qaeda. And Democrats compared the administration's public statements with newly declassified intelligence assessments to build their case that efforts to link Iraq to al-Qaeda were willfully misleading.

In a classified January 2003 report, for instance, the CIA concluded that Hussein "viewed Islamic extremists operating inside Iraq as a threat." But one day after that conclusion was published, Levin noted, Vice President Cheney said the Iraqi government "aids and protects terrorists, including members of al-Qaeda."

Intelligence reports in June, July and September 2002 all cast doubts on a reported meeting in Prague between Iraqi intelligence agents and Sept. 11 hijacker Mohamed Atta. Yet, in a Sept. 8, 2002, appearance on NBC's "Meet The Press," Cheney said the CIA considered the reports on the meeting credible, Levin said.

In February 2002, the Defense Intelligence Agency concluded that "Iraq is unlikely to have provided bin Laden any useful [chemical and biological weapons] knowledge or assistance." A year later, Bush said: "Iraq has also provided al-Qaeda with chemical and biological weapons training."

Sen. Christopher S. Bond (R-Mo.), an intelligence committee member, said it was unfair for Democrats to compare the intelligence assessments in the report with the administration's statements. He said such comparisons go beyond the scope of the chapters released.

But Democrats were unequivocal in asserting that the chapters chronicle an indisputable pattern of deception.

"It is such a blatant misleading of the United States, its people, to prepare them, to position them, to, in fact, make them enthusiastic or feel that it's justified to go to war with Iraq," said Sen. John D. Rockefeller IV (D-W.Va.), the committee's vice chairman. "That kind of public manipulation I don't know has any precedent in American history."

Intelligence Didn't Back Bush Iraq Stand, Reports Say (Update1) (BLOOM)

Bloomberg, September 9, 2006

By William Roberts and James Rowley

Sept. 8 (Bloomberg) -- Bush administration claims justifying the war against Iraq were based on fragmented, conflicting, and at times unreliable intelligence, according to two reports released today by the Senate Intelligence Committee.

Administration statements that Saddam Hussein was allied with Osama bin Laden and was helping al-Qaeda obtain chemical and biological weapons proved wrong and misleading and weren't based on solid intelligence in its possession, the declassified Senate reports said.

Contrary to assertions by Vice President Dick Cheney and other senior Bush administration officials, Hussein didn't have links to al-Qaeda and the Sept. 11 terrorist plot, the reports said.

``Saddam Hussein was distrustful of al-Qaeda and viewed Islamic extremists as a threat to his regime," one of the reports said. Hussein refused all requests from al-Qaeda to provide material or operational support, said the reports.

While Iraq Deputy Prime Minister Ahmad Chalabi and his Iraqi National Congress told U.S. officials that Iraq possessed nuclear, chemical or biological weapons, that information later proved inaccurate, according to the committee reports.

U.S. intelligence agencies overestimated Saddam Hussein's ability and desire to obtain weapons material while United Nations sanctions were in place, the reports said. Further, the Senate committee determined that Hussein sought weapons of mass destruction as deterrents against Israel and Iran, not for use against the U.S.

Hussein and al-Qaeda

Allegations that Hussein provided chemical and biological weapons training to al-Qaeda operatives also turned out to be false, the reports said. The Defense Intelligence Agency said in 2002 that it was unlikely Iraq gave Bin Laden any useful weapons assistance.

The Senate reports cite inconsistencies and contradictions overlooked by intelligence agencies as they produced intelligence briefings for senior policy makers.

U.S. analysts had ``little specific intelligence reporting'' about Hussein's willingness to ally himself with al-Qaeda, the reports said. The committee quoted a 2002 Central Intelligence Agency report that said ``our assessment of al-Qaeda's ties to Iraq rests on a body of fragmented, conflicting reporting from sources of varying reliability.''

On two occasions, Hussein rebuffed al-Qaeda emissaries seeking to establish a relationship with his regime, information not reported to U.S. intelligence agencies before the war, the reports said.

While Bin Laden's al-Qaeda lieutenant Abu Musab al-Zarqawi was in Iraq in 2002, he was traveling under cover and eluded efforts by Hussein to capture him, the reports said.

Threat to Hussein

Al-Qaeda operative Abu Hafs al-Mauritani went to Iraq twice -- in 1998 and 2002 -- to meet with Hussein but was rebuffed, according to the reports. Hussein said al-Mauritani should leave the country because he may ``cause a problem'' for the regime.

Further, Iraqi intelligence agents infiltrated Ansar al- Islam, a radical Kurdish group hosting al-Qaeda fighters, because Hussein saw them as a threat and thought the U.S. would use their presence to suggest a link between the Iraqis and the terrorists, the reports said.

Democrats said the reports show that statements by Bush administration officials before the Iraq war began in 2003 weren't supported by intelligence known at the time they spoke.

Republicans Counter

Republicans countered that Democrats were swayed by the same bad intelligence as President George W. Bush and supported the president's decision to go to war with Iraq. Still, seven of eight Republicans on the panel, including Chairman Pat Roberts, voted to approve the conclusions about pre-war intelligence.

Bush has consistently linked Iraq, where more than 2,600 U.S. military personnel have died and the U.S. is mired in a violent conflict between Shiites and Sunnis, to the larger war on terror and fundamentalist Islamic militants such as al-Qaeda.

Bush displayed ``gross negligence'' by citing faulty intelligence in speeches and statements to connect Saddam Hussein to al-Qaeda, said Senator Jay Rockefeller of West Virginia, the senior Democrat on the intelligence panel.

When George Tenet, then-director of the CIA, told Bush that the intelligence case showing Iraq had weapons of mass destruction was a ``slam dunk,'' it was ``a corruption of the intelligence process,'' said Senator Carl Levin, a Michigan Democrat.

Snow Comments

Tenet later complied with administration demands that the CIA gloss over inconsistencies between intelligence data and Bush's assertions and should be held accountable, Levin said. The report quoted committee testimony this year by Tenet, who acknowledged ``it was the wrong thing to do.''

White House spokesman Tony Snow said the White House hadn't seen the two Senate reports and wasn't briefed on it.

``Based on the characterizations we've seen, it's nothing new,'' he told reporters at the daily White House briefing. ``So, it's, again, kind of re-litigating things that happened three years ago.''

``It's worth noting,'' Snow added, ``that in 2002 and 2003 members of both parties got a good look at the intelligence we had, and they came to the very same conclusions.''

Committee chairman Roberts said Democrats were misusing the reports ``by careful cherry-picking through the intelligence and the facts in a political attempt to rewrite history.'' The information available before the war was used by the administration and Congress, Democrats included, to justify going into Iraq, he said.

Partisan Battles

The Senate reports, which were subject to partisan battles behind closed doors, are the result of two and half years of investigative review by the intelligence panel's staff. Democrats last year forced a closed session of the Senate to protest the committee's delays in releasing the reports.

Republican Senators Chuck Hagel of Nebraska and Olympia Snowe of Maine joined with intelligence committee Democrats in concluding that Chalabi actively sought to mislead the Bush administration to overthrow Saddam. Roberts said Chalabi's information played a minimal role.

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Report Finds No Saddam, Zarqawi Ties (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, September 9, 2006

Post-Iraq invasion intelligence concluded there was no relationship between Saddam Hussein's regime and the al Qaeda terrorist Abu Musab Zarqawi, casting doubt on President Bush's statements as recently as last month that there was a link.

A report released yesterday by the Senate intelligence committee said the CIA concluded last year that the Zarqawi-Saddam nexus did not exist.

"Postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi," the bipartisan report concluded. It focused on comparing prewar intelligence on Iraq with post-invasion information from seized documents and interrogations of Saddam regime figures.

Democrats pounced on the conclusion as proof that Mr. Bush and his administration are misleading the American people about their justifications for going to war in March 2003 to oust Saddam.

Mr. Bush said at an Aug. 21 press conference, when asked to defend the invasion, "I square it because imagine a world in which you had Saddam Hussein, who had the capacity to make a weapon of mass destruction, who was paying suiciders to kill innocent life, who had relations with Zarqawi."

Sen. Carl Levin, Michigan Democrat and intelligence committee member, said yesterday: "To this day, these statements haven't stopped. Just two weeks ago, the president said in a press conference that Saddam Hussein had relations with Zarqawi. The intelligence committee's report demonstrates that statement to be false. ... The president's statement, made just two weeks ago, is flat out false."

White House spokesman Tony Snow told The Washington Times last night that Mr. Bush was referring to the fact that Zarqawi was in Iraq receiving medical care and lodging during Saddam's rule.

"The president knows there was no operational relationship and he did not assert there was an operational relationship," Mr. Snow said.

The Senate report also said there is no evidence that Saddam's regime participated in or aided the September 11 attacks. Mr. Snow said the president has never asserted otherwise.

"There have been repeated insinuations that the president had somehow said Saddam was involved in September 11," Mr. Snow said. "He has never said that. He has taken great pains from the very beginning to assure people that was not the case."

The Senate report did confirm prewar intelligence that the Jordanian-born Zarqawi, who had links to al Qaeda and fought in Afghanistan, did enter Iraq in the spring of 2002 and stayed in Baghdad until November of that year. Some Bush officials said publicly before the war that the Saddam regime would not have allowed the jihadist to remain in Baghdad if it did not condone his presence.

But post-invasion intelligence collection showed that Saddam considered Zarqawi an outlaw and sent his intelligence service to capture him. "The [Iraqi Intelligence Service] formed a special committee and actively attempted to locate and capture al-Zarqawi without success, contradicting prewar assessments that the IIS almost certainly possessed the capability to track him," the Senate report said.

Zarqawi returned to Iraq in 2003 and formed the deadly al Qaeda in Iraq terror group. A U.S. air strike killed him in June.

The report also said post-invasion intelligence can only confirm one meeting (in the Sudan) between a Saddam regime official and an al Qaeda operative. Saddam refused two other meeting requests from al Qaeda. An al Qaeda detainee recanted a statement to the CIA that Iraq helped train al Qaeda terrorists in explosives and chemical weapons.

The report reaffirmed an early committee report in 2004, and a presidential commission finding in 2004, that the 2002 National Intelligence Estimate (NIE) on which the war decision was based was wrong in its major conclusions.

Republicans accused Democrats of rehashing the same findings and noted virtually all intelligence agencies worldwide estimated that Saddam still possessed stocks of chemical weapons. Mr. Bush has acknowledged the report was wrong. Neither the committee nor the bipartisan commission found that the Bush administration pressured the intelligence community on the 2002 NIE, which was generally in line with intelligence findings in the Clinton administration.

"The long-known fact is that the prewar intelligence was wrong," said committee Chairman Pat Roberts, Kansas Republican. "That flawed intelligence was used by policy-makers, both in the administration and in Congress, as one of numerous justifications to go to war in Iraq. The same intelligence was collectively believed and used, leading to the same assertive public statements regarding the threat posed by Saddam Hussein."

The Iraq Survey Group, which spent two years in Iraq hunting for weapons of mass destruction, found no stockpiles, but said Saddam planned to resume WMD programs after the United Nations lifted economic sanctions.

Senate Reports Say Saddam Rejected Cooperating With Terrorists (MCT)

By Warren P. Strobel And Margaret Talev

McClatchy Newspapers, September 9, 2006

WASHINGTON - Iraqi leader Saddam Hussein rejected pleas for assistance from Osama bin Laden and tried to capture terrorist Abu Musab al Zarqawi when he was in Iraq, a Senate Intelligence Committee report released Friday found, casting further doubt on the Bush administration's rationale for invading Iraq.

President Bush and other administration officials repeatedly cited Saddam's alleged ties to radical Islamic terrorists before the March 2003 invasion as one reason to take military action against Iraq.

The 150-page report said the administration's claims were untrue. "Postwar findings indicate that Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," the report said.

The report was released along with a second one that said false information from the exile group Iraqi National Congress, led by Ahmad Chalabi, was widely distributed in prewar intelligence reports and used to support intelligence assessments about Iraq's weapons and links to terrorism. Intelligence officials repeatedly warned that the INC was unreliable, but White House and Pentagon officials ignored the warnings.

The reports are part of a five-report study that the Senate Intelligence Committee has undertaken into the Bush administration's use of intelligence before the invasion of Iraq.

The study has left the committee badly divided. Three reports remain classified, including one comparing prewar statements by Bush administration officials to intelligence available at the time. Democrats have accused Republicans of delaying the reports until after the November congressional elections.

On Friday, Democrats charged that the reports showed that the White House had manipulated intelligence to make the case for war to the American people.

"The administration ignored warnings prior to the war about the veracity of the intelligence it trumpeted publicly to support its case that Iraq was an imminent threat to the security of the United States," said panel Vice Chairman Sen. Jay Rockefeller, D-W.Va.

Republicans rejected that allegation and said the reports added little to what was already known.

"The long-known fact is that the prewar intelligence was wrong. That flawed intelligence was used by policymakers, both in the administration and in Congress, as one of numerous justifications to go to war in Iraq," said committee chairman Sen. Pat Roberts, R-Kan.

In the run-up to the war, Bush and his advisers repeatedly sought to link Saddam and al-Qaida, stopping just short of accusing the Iraqi leader of a role in the Sept. 11, 2001, terrorist attacks.

"You can't distinguish between al-Qaida and Saddam when you talk about the war on terror," Bush said on Sept. 25, 2002.

On the same day, Condoleezza Rice, then the White House national security adviser, said, "High-ranking detainees have said that Iraq provided some training to al-Qaida in chemical weapons development."

The detainee Rice referred to was al-Qaida operative Ibn al Shaykh al Libi, who was captured in Pakistan in November 2001 and, U.S. intelligence officials said, tortured by Egyptian authorities after his transfer to that country.

The Senate report says that in February 2002, months before Rice spoke, the Defense Intelligence Agency reported that al Libi "was likely intentionally misleading his briefers."

Postwar information on Saddam's relations with Islamic extremists came from numerous sources, the report suggests, including seized documents and interrogations of Saddam himself, former Deputy Prime Minister Tariq Aziz and a senior Iraqi spy, Faruq Hijazi.

The report, quoting from an FBI debriefing of Hijazi, said that when an Iraqi operative met bin Laden in Sudan in 1995, bin Laden asked that Saddam allow him to open an office in Iraq, give him Chinese-made sea mines and military training, and broadcast his speeches.

"According to Hijazi, Saddam immediately refused," the FBI debriefing said.

Regarding Zarqawi, the Senate report cites information that's surfaced since the war indicating that Saddam "attempted, unsuccessfully, to locate and capture" him and the Iraqi regime "did not have a relationship with, harbor, or turn a blind eye toward Zarqawi."

Zarqawi, who operated from a part of northern Iraq that Saddam didn't control, was a key part of Bush's case for war. After the invasion, he became the head of the group al Qaida in Iraq. U.S. bombs killed him in June.

The second report released Friday confirms that the INC had "an aggressive `publicity campaign' prior to the war to bring defectors to the attention of `anyone who would listen.'"

While many committee Republicans dismissed the INC report's conclusions as unsupported by the facts, two of them, Sens. Olympia Snowe of Maine and Chuck Hagel of Nebraska, voted for harsher language that Democrats proposed.

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The report, which ran 211 pages, disclosed that three months after the White House approved continued funding for the INC's intelligence collection in July 2002, the Defense Intelligence Agency warned that the group "was penetrated by hostile intelligence services," including Iran's. It's unclear whether top White House officials were aware of the warning.

The report also confirms a report by McClatchy Newspapers that former CIA director R. James Woolsey helped get an INC defector attention from the U.S. government by referring him to Deputy Assistant Secretary of Defense Linton Wells.

The defector, Adnan Ihsan Saeed al Haideri, suggested that he had knowledge of dozens of sites related to weapons of mass destruction, but none of them were ever found, and Haideri, taken to Iraq in early 2004, couldn't identify the facilities that he claimed he knew about.

McClatchy Newspapers correspondents Matt Stearns and John Walcott contributed to this article.

Saddam Rejected Al-Qaida's Requests For Aid (SLPD)

By Bob Deans

St. Louis Post-Dispatch, September 9, 2006

WASHINGTON

Toppled Iraqi dictator Saddam Hussein distrusted the al-Qaida terrorist organization, rebuffed its requests for aid and tried unsuccessfully to capture one of its senior operatives, the Senate Intelligence Committee reported Friday.

The report, based on an extensive review of postwar intelligence that included interrogations of former Iraqi officials, appeared to undercut a key claim of President George W. Bush's administration: that Saddam's ties to terrorist groups posed a threat to the U.S. and its allies.

As long ago as October 2002, Bush said that "Iraq and al-Qaida have had high-level contacts that go back a decade," warning that "Iraq could decide on any given day" to give a dangerous weapon "to a terrorist group."

At that time, though, the U.S. intelligence community had no evidence of close links between Saddam and al-Qaida, and analysts had reported in top secret documents that Saddam viewed Islamic extremists operating inside Iraq as a threat, the Senate committee reported.

As recently as Thursday, Bush continued to highlight links between Iraq and al-Qaida and its leader, Osama bin Laden. There are al-Qaida operatives in Iraq now, including many who have come from abroad to join an insurgency Pentagon officials estimate at somewhere around 30,000 strong. Bush's critics point out, though, that it has been the U.S.-led war in Iraq that both generated the insurgency and attracted the foreign jihadists.

"Osama bin Laden has proclaimed the third world war is raging in Iraq," Bush said Thursday in an Atlanta speech. "Al-Qaida leaders have declared that Baghdad will be the capital of the new caliphate that they wish to establish across the Middle East."

While bin Laden has purportedly made such claims, the U.S. intelligence community has concluded that when Saddam was in power, he repeatedly rebuffed al-Qaida's requests for assistance and forbade Iraqis from dealing with the group.

"Postwar findings indicate that Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," states the report of the committee, which is chaired by Sen. Pat Roberts, R-Kansas.

"Debriefings also indicate that Saddam issued a general order that Iraq should not deal with al-Qaida," the report continued. "No postwar information suggests that the Iraqi regime attempted to facilitate a relationship with bin Laden."

Also on Thursday, Bush spotlighted the U.S. killing of al-Qaida operative Abu Musab al-Zarqawi earlier this year in Iraq, calling him "al-Qaida's most visible and aggressive leader to emerge" after the attacks of Sept. 11, 2001.

Roberts' committee, however, reported that Saddam ordered his internal intelligence forces to try to capture al-Zarqawi after they received a tip in the fall of 2002 that he was in Baghdad under an alias for medical treatment. But al-Zarqawi eluded the Iraqi security forces, left Iraq that fall and returned in June 2003, after U.S. forces had invaded Iraq and toppled Saddam's regime.

Democrats pounced on the report - which drew chiefly from Central Intelligence Agency conclusions in a 2005 report that was previously classified - as evidence that Bush's administration mischaracterized and misused intelligence to help trump up the Iraqi threat in the lead-up to the U.S. invasion of Iraq in March 2003.

Sen. Christopher "Kit" Bond, R-Mo., criticized Democrats on the Senate Intelligence Committee for attempting to spin the report released Friday, calling their comments that the administration manipulated pre-war intelligence about Iraq deceptive.

"Democrats continue to make partisan attacks even though the facts do not support those conclusions," Bond said. "The committee has wasted an inordinate amount of time looking in the rearview mirror as some of its members desperately attempt to find something to pin on the Bush administration for political leverage."

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While acknowledging that the intelligence community "is responsible for massive failures prior to the Iraq war," Bond's statement denied that the administration "intentionally misled the nation or manipulated intelligence."

Bond, a member of the Senate Intelligence Committee, said it had wasted its time "on a witch hunt" and should focus instead on fixing problems in the nation's intelligence agencies.

Bush based his case for war chiefly on his assertion that Iraq possessed chemical and biological weapons. No stockpiles of such weapons have been found, and a series of assessments have documented extensive flaws in the post-war intelligence concerning Iraq's weapons programs.

Make No Mistake: Presidents Wouldn't Admit It (WP)

By Linton Weeks

The Washington Post, September 9, 2006

Being president apparently means never being able to say you're sorry. Or wrong.

President Bush said that the Central Intelligence Agency did secretly detain certain people suspected of working for al-Qaeda, and that CIA interrogators have used "an alternative set of procedures" designed to pry information from prisoners. Given the opportunity to say he was wrong or that he was sorry, he did what presidents do: neither.

It is a presidential maneuver that satisfies some Americans for whom the ends of the Bush administration's approach to combating terrorism justify the means, and that angers others who believe civil liberties have been casualties of that war. It is a tack that the president may take again in light of reports from the Senate Intelligence Committee that Saddam Hussein was not linked to Osama bin Laden at the time Bush was mounting a war against Iraq. In any case, it is an unapologetic apologia consistent with 230 years of U.S. history.

"Thomas Jefferson was wrong about a lot of stuff," says Peter Onuf, Thomas Jefferson Foundation professor of history at the University of Virginia. But when it came to admitting he was wrong or sorry, Jefferson "could be evasive."

For example, when it was suggested that Jefferson had a liaison with the slave Sally Hemings, "he never addressed the issue," Onuf says. "The charges were widely bruited about in the Federalist press and his response was not to confront it directly. It probably was prudent of him."

Partly "it was the code of an honorable gentleman that provided coverage," Onuf says. Jefferson wouldn't stoop to "answering claims by social inferiors. He didn't respond to things he didn't have to. He was a pretty smooth guy. He certainly believed he was already on the side of the angels."

Other presidents have sidestepped culpability. When the British sacked the city of Washington in 1814, says Gerard W. Gawalt, specialist in American history at the Library of Congress, "James Madison managed to blame everybody but himself for that fiasco."

The presidential posture: Take responsibility, not blame.

Self-certainty is built into the presidential software. Steve Rubenzer, a Houston psychologist and co-author of "Personality, Character, and Leadership in the White House: Psychologists Assess the Presidents," says: "People who become president tend to be dominant individuals. They tend to like to be one up on other people. Apologizing is being one down."

Being wrong or sorry "is seen as a disadvantage. That's a position they try to avoid."

Presidents present themselves as competent and moral. "To admit otherwise is to essentially impeach yourself," Rubenzer says, "and once you have admitted it, it's not contested anymore."

Allan J. Lichtman, a history professor at American University and a Democratic candidate in Maryland for the U.S. Senate says that presidents have always had a sense of their own righteousness.

When it was discovered that members of Ulysses S. Grant's Cabinet were selling favors to the highest bidders, "Grant never took responsibility," Lichtman says. "He tried to defend his Cabinet and staff." Other presidents backed into corners -- Richard Nixon and Bill Clinton, for instance -- have used parsed and parsimonious language to justify their actions. Franklin Roosevelt never apologized for interning Japanese Americans, Lichtman says.

It wasn't until years after Jimmy Carter had left office, says Richard Norton Smith, a scholar in residence at George Mason University, "that he was able to reply what he would have done differently during the Iranian hostage crisis."

During a presidential debate in 1976, Gerald Ford said, "There is no Soviet domination of Eastern Europe and there never will be under a Ford administration." Ford was given opportunities at the time to admit that he was wrong, but "Ford is a stubborn Dutchman. He dug in his heels. He could have backed off in the program. But that's not in the nature of these guys," Smith says.

Years later, as the Soviet Union crumbled, Ford wrote a piece in this newspaper saying "I told you so."

Making the best of a bad situation is part of the job description. Marjorie Cohn of the National Lawyers Guild, a group that has been highly critical of Bush, says that the president's announcement about secret prisons reminds her of the man who was

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being run out of town and got out in front of the crowd to make it look like he was leading the parade. "That," she says, "is what the president is doing."

With All Deliberate Foot-Dragging (NYT)

The New York Times, September 9, 2006

We were certainly relieved that the Senate Intelligence Committee finally made official yesterday what pretty much everyone but President Bush and Vice President Dick Cheney had already acknowledged: There never was any connection between Saddam Hussein and Al Qaeda, not even between Mr. Hussein and the self-styled Qaeda leader in Iraq, Abu Musab al-Zarqawi.

Iraq also was not busily trying to build a nuclear weapon before the war, nor did it have a biological weapons program.

Those conclusions were contained in documents released by the committee as part of the second phase of its investigation into the prewar intelligence on Iraq. Releasing any documents was a change of pace for the panel's chairman, Senator Pat Roberts of Kansas, who has consistently tried to stymie this phase of the investigation.

Unfortunately, the documents — only two of the five parts of the final report — are beside the big point of this inquiry: Did Mr. Bush and his aides knowingly hype the intelligence on Iraq and deliberately mislead Americans into war?

The first phase of the committee's investigation listed countless ways in which the intelligence agencies messed up before the war, but drew no conclusions about how Mr. Bush used the flawed intelligence. That question was put off until after the election of 2004, and Mr. Roberts did his best for another year to make sure it would never be answered.

When Democrats forced him to resume the investigation, Mr. Roberts re-engineered the inquiry into a five-part series and orchestrated the process so that the verdict on the actions of Mr. Bush and his team will now not be rendered until after yet another election season is over this fall.

Mr. Roberts has consistently defended his actions by saying he was trying to conduct a careful investigation. But yesterday, he denounced Democrats for "insisting that they were deliberately duped into supporting the overthrow of Saddam Hussein's regime."

"That is simply not true," Mr. Roberts said.

So much for not prejudging the outcome. If Mr. Roberts has an investigative report supporting that conclusion, we'd sure like to read it.

Army General Says Rumsfeld Refused To Plan For Post-war Iraq (DULNT/MCT)

By Stephanie Heinatz

The Duluth News Tribune/McClatchy, September 9, 2006

FORT EUSTIS, Va. - Long before the United States invaded Iraq in 2003, Defense Secretary Donald Rumsfeld forbade military strategists to develop plans for securing a post-war Iraq, the retiring commander of the Army Transportation Corps said Thursday.

In fact, said Brig. Gen. Mark Scheid, Rumsfeld said "he would fire the next person" who talked about the need for a post-war plan.

Rumsfeld did replace Gen. Eric Shinseki, the Army chief of staff in 2003, after Shinseki told Congress that hundreds of thousands of troops would be needed to secure post-war Iraq.

Scheid, who is also the commander of Fort Eustis in Newport News, made his comments in an interview with the Daily Press. He retires in about three weeks.

Scheid's comments are further confirmation of the version of events reported in "Cobra II: The Inside Story of the Invasion and Occupation of Iraq," the book by New York Times reporter Michael R. Gordon and retired Marine Corps Lt. Gen. Bernard E. Trainor.

In 2001, Scheid was a colonel with the Central Command, the unit that oversees U.S. military operations in the Mideast.

On Sept. 10, 2001, he was selected to be the chief of logistics war plans.

On Sept. 11, he said, "life just went to hell."

That day, Gen. Tommy Franks, the commander of Central Command, told his planners, including Scheid, to "get ready to go to war."

A day or two later, Rumsfeld was "telling us we were going to war in Afghanistan and to start building the war plan. We were going to go fast.

"Then, just as we were barely into Afghanistan Rumsfeld came and told us to get ready for Iraq."

Scheid said he remembers everyone thinking, "My gosh, we're in the middle of Afghanistan, how can we possibly be doing two at one time? How can we pull this off? It's just going to be too much."

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Planning was kept very hush-hush in those early days.

"There was only a handful of people, maybe five or six, that were involved with that plan because it had to be kept very, very quiet."

There was already an offensive plan in place for Iraq, Scheid said. And in the beginning, the planners were just expanding on it.

"Whether we were going to execute it, we had no idea," Scheid said.

Eventually other military agencies like the transportation and Army materiel commands had to get involved.

They couldn't just "keep planning this in the dark," Scheid said.

Planning continued to be a challenge.

"The secretary of defense continued to push on us that everything we write in our plan has to be the idea that we are going to go in, we're going to take out the regime, and then we're going to leave," Scheid said. "We won't stay."

Scheid said the planners continued to try "to write what was called Phase 4," or the piece of the plan that included post-invasion operations like security, stability and reconstruction.

Even if the troops didn't stay, "at least we have to plan for it," Scheid said.

"I remember the secretary of defense saying that he would fire the next person that said that," Scheid said. "We would not do planning for Phase 4 operations, which would require all those additional troops that people talk about today.

"He said we will not do that because the American public will not back us if they think we are going over there for a long war."

Why did Rumsfeld think that? Scheid doesn't know.

"But think back to those times. We had done Bosnia. We said we were going into Bosnia and stop the fighting and come right out. And we stayed."

Was Rumsfeld right or wrong?

Scheid said he doesn't know.

"In his own mind he thought we could go in and fight and take out the regime and come out. But a lot of us planners were having a real hard time with it because we were also thinking we can't do this. Once you tear up a country you have to stay and rebuild it. It was very challenging."

Scheid doesn't go so far as calling for Rumsfeld to resign. He's listened as other retired generals have done so.

"Everybody has a right to their opinion," he said. "But what good did it do?"

Even if the people who laid out the initial war plans had fleshed out post-invasion missions, the fighting and insurgent attacks going on today would have been hard to predict, Scheid said.

"We really thought that after the collapse of the regime we were going to do all these humanitarian type things," he said. "We thought this would go pretty fast and we'd be able to get out of there. We really didn't anticipate them to continue to fight the way they did or come back the way they are.

"Now we're going more toward a Civil War. We didn't see that coming."

While Scheid, a soldier since 1977, spoke candidly about the days leading up to the invasion of Iraq, he remains concerned about the American public's view of the troops. He's bothered by the nationwide divide over the war and fearful that patriotism among citizens will continue to decline.

"We're really hurting right now," he said.

Iranian Troops Arrest 5 From Iraqi Security Forces On Border (NYT)

By Edward Wong

The New York Times, September 9, 2006

BAGHDAD, Sept. 8 — Five members of the Iraqi security forces and their interpreter were arrested by Iranian troops as the Iraqis were patrolling the Iraq-Iran border this week, an Interior Ministry spokesman said Friday.

The Iraqis were on a joint patrol run by the Interior and Defense ministries, said the spokesman, Muhammad al-Askari, and were seized near the town of Mandali, in Diyala Province. The area has been rife with sectarian violence.

It was unclear which side of the border the Iraqis were on.

This is not the first time in recent years that Iran has arrested foreign troops for operating near its border. In June 2004, Iran seized three British naval boats and detained eight sailors as the boats were patrolling in the waters straddling the Iraq-Iran border in the south. The sailors were eventually released.

The arrests of the Iraqis come at a time of growing tension between the United States and Iran. The Bush administration is pushing for a United Nations resolution that would impose economic and political sanctions on Iran for going forward with its uranium enrichment program, which American officials say could result in a nuclear weapon.

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Here in Baghdad, the American ambassador, Zalmay Khalilzad, and military commanders have accused individuals or groups in Iran of supporting Shiite militias and urging them to step up attacks against the Americans.

Several prominent Iraqi Shiite leaders with strong ties to Iran have denied the American accusations.

Iran and Iraq fought a war from 1980 to 1988 in which up to one million people were killed. Though Iraqi Shiite political parties are close to some Iranian officials, many Iraqis distrust the Iranians, who have been the traditional rivals of Arabs for influence in the region. Iran's population is mostly Shiite Persian.

Violence rippled across parts of Iraq on Friday. In Baghdad, a homemade bomb exploded near a police convoy, killing three civilians and wounding three policemen.

The police found six bodies in four different parts of Baghdad, an Interior Ministry official said.

In the insurgent stronghold of Hawija, near the oil city of Kirkuk, gunmen assassinated a prominent sheik, Khalaf Ibrahim, police officials said. A volley of mortars in the town of Musayyib killed three Shiite pilgrims and wounded 22 others. The pilgrims were going to Karbala to celebrate the birthday of a vanished Shiite imam.

The American military said a soldier was killed by a roadside bomb south of Baghdad. An Iraqi civilian was killed and a young child injured in an accident on Friday involving a military convoy, American officials said.

The British military said a British soldier died Thursday from wounds suffered earlier in the week when his patrol was attacked in the town of Qurna.

The latest round of violence came a day after a Baghdad morgue official told reporters that more than 1,500 Iraqi civilians died violently in the capital in August, about the same level as in June. If the August figure is accurate, it shows that the new Baghdad security plan rolled out by the American military in early August has made little difference so far in quelling violence.

On Thursday, the new leader of Al Qaeda in Mesopotamia, Abu Hamza al-Muhajir, released an audio message urging every Sunni Arab to kill an American within the next 15 days, and beseeching those Sunnis whose family members have suffered under the Shiite-led government to kill a member of a Shiite party or militia, according to a translation by the SITE Institute, which tracks jihadist messages.

It was Mr. Muhajir's first audio message since he was named successor to Abu Musab al-Zarqawi, the Qaeda leader who was killed by an American airstrike in June.

"What you saw in the past is a drop of what you are going to see and what is prepared for you," Mr. Muhajir said.

American military officials have said they believe that Abu Hamza al-Muhajir is the nom de guerre of Abu Ayyub al-Masri, an Egyptian explosives expert said to have trained in 1999 at a terrorist camp in Afghanistan run by Al Qaeda.

Five Iraqi Soldiers Seized In Border Clash With Iran (WP)

By Amit R. Paley

The Washington Post, September 9, 2006

BAGHDAD, Sept. 8 -- The Iranian military seized five Iraqi soldiers after a cross-border skirmish Thursday, Iraqi authorities said Friday.

The captured troops were part of a joint U.S.-Iraqi patrol that trekked on Thursday afternoon to a border post near Mandali, a town of 13,000 located about 75 miles northeast of Baghdad, to investigate reports that a large number of Iranians were crossing into Iraq there, according to Brig. Gen. Subhi Bairam, commander of the Mandali police.

Iranian forces opened fire when the patrol moved within about 50 yards of the border, Bairam said. The patrol returned fire and then retreated from the scene. Back in Mandali, patrol members realized that five soldiers and the vehicle they were in had been captured by the Iranians.

The Iranian military said it arrested the troops for "infiltrating the Iranian soil," according to the official Islamic Republic News Agency. Iran also said it had arrested seven soldiers, not five.

The announcement of the capture came as sectarian violence continued to roil Iraq.

Three Shiite Muslim pilgrims were killed and two were wounded by mortar fire in Musayyib, south of Baghdad, as they marched to a major religious celebration in the holy city of Karbala, according to Capt. Muthanna Ahmed of the Babil provincial police. More than a million pilgrims are expected to gather in Karbala on Saturday for the Shabaniya holiday, which commemorates the birth of one of Shiite Islam's most revered religious figures.

In Baghdad, bombs killed four people and wounded five in separate attacks on police patrols in the eastern part of the city, according to Brig. Gen. Abdul Kareem Muhammad of the Interior Ministry. At least 11 other people were killed in other attacks across the country, police said.

The U.S. military also announced that an American soldier was killed early Friday when his vehicle was struck by a roadside bomb south of Baghdad. No other details were released.

Special correspondent Saad Sarhan in Karbala and other Washington Post staff in Iraq contributed to this report.

Forces Deploy In Karbala To Protect Shi'ite Pilgrims (WT/AP)

By Patrick Quinn

The Washington Times/AP, September 9, 2006

BAGHDAD -- Iraqi police and army troops fanned out around Karbala yesterday to safeguard the Shi'ite holy city as a mortar attack killed three pilgrims heading there for a religious festival.

At least 22 other persons were wounded -- four critically -- when three mortar rounds exploded among pilgrims in Musayyib, about 40 miles south of Baghdad.

Officials said they expected as many as 3 million pilgrims at the religious festival today in Karbala, 50 miles south of Baghdad.

"Our forces have tightened their control on the ground and our only concern now is rockets launched from a far distance," said Iraqi army Maj. Gen. Samir Abdullah.

Millions attend the festival observing the birthday of Imam al-Mahdi al-Muntadhar, a 9th-century religious leader. Many walk to Karbala from across Iraq, and several attacks already have occurred on processions heading to the city.

On Monday, Iraqi soldiers clashed with gunmen near Karbala during an operation to secure the area, leaving 14 militants and one Iraqi soldier dead, the prime minister's office said. Last week, 13 Pakistani and Indian Shi'ite pilgrims and their Iraqi driver were ambushed and killed en route to the city.

Since the 2003 U.S.-led invasion of Iraq, Karbala has seen a number of attacks -- mostly involving suicide bombers -- that have killed hundreds of people. The attacks are considered to have been the work of Sunni Arab extremist groups, including al Qaeda in Iraq.

Iraqi officials said police and army troops had deployed around Karbala ahead of today's festival to prevent the infiltration of suicide bombers and terrorists. Cars have been banned since Wednesday.

One of the army units that will defend Karbala, the army's 8th Division, was the first to come under full Iraqi control during a ceremony Thursday. U.S.-led forces turned over control of Iraq's military command to the Shi'ite-led government, a step considered key toward the eventual withdrawal of foreign troops.

Meanwhile, Prime Minister Nouri al-Maliki's government defended its decision to shut down the Baghdad operations of Al Arabiya, a Dubai-based satellite TV channel, for one month.

Spokesman Ali al-Dabagh said some of Al Arabiya's reporting staff promoted sectarian violence and that some of its reports supported terrorism.

The other pan-Arab satellite network, Al Jazeera, had its office in the capital closed two years ago.

Also yesterday, coalition authorities announced the deaths of two coalition soldiers -- an American and a Briton.

Security Tight For Karbala Pilgrims (LAT)

By Patrick J. McDonnell

The Los Angeles Times, September 9, 2006

BAGHDAD — Tens of thousands of Shiite Muslim pilgrims headed to a shrine city south of the capital Friday amid heavy security as the daily toll of casualties mounted in a sectarian war without respite.

No major attacks were reported against the multitudes destined for Karbala, where today they celebrate the birthday of a revered imam who disappeared a millennium ago.

But even on a relatively quiet day in the capital, authorities reported finding 14 unidentified bodies in various neighborhoods, all handcuffed, blindfolded and killed execution-style — most of them shot in the head — now a trademark of the internecine conflict.

In largely Shiite east Baghdad, a roadside bomb targeting police killed three civilians and wounded three officers. Mortar blasts killed two civilians in a Shiite district of south Baghdad, and gunmen killed at least three in other incidents, authorities reported.

The traditionally mixed capital — with its Shiites, Sunnis, Christians and others — has become the prime killing ground of the sectarian conflict, which authorities say leaves as many as 100 Iraqis dead each day. Tens of thousands reportedly have fled to neighborhoods where their sects predominate and militias provide some measure of safety.

Despite the presence in Iraq of about 145,000 U.S. troops, the highest figure in months, the Shiite-led government has struggled to maintain order amid daily carnage.

Thousands of Iraqi police officers, soldiers and volunteers sealed off Karbala, about 50 miles south of Baghdad, to try to prevent a repeat of previous attacks on masses of Shiite pilgrims, whose boisterous marches are often viewed as a provocation

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by the rival Sunni Arab community. Vehicles, cellphones and weapons were banned from the city, and everyone was subject to search.

News agencies reported mortar rounds aimed at Karbala-bound pilgrims killed at least three of them in Musayyib, about 35 miles south of Baghdad. But provincial authorities said the dead were local residents hit by mortar blasts targeting a police station in a violent mixed-population area.

More than 1 million pilgrims are expected, honoring a messianic figure known as the Mahdi who, it is believed, will return someday to save the faithful.

Karbala, with its two magnificent gold-domed shrines, is one of the jewels of the Shiite world. It has been the site of numerous attacks on pilgrims, including suicide bombings in spring 2004 that killed 130 worshipers and injured hundreds.

On Friday, the Muslim holy day, Shiite preachers nationwide urged the faithful to endorse federalism, a combustible concept under which Shiite-dominated southern provinces would merge into an autonomous region.

"Such a federal system exists in many nations, but when the Shiite talk about federalism, they are accused of dividing Iraq," leading cleric Sadruddin Qubanchi told worshipers in the southern city of Najaf. "There is no such danger."

...

The autonomy debate has badly exacerbated sectarian tensions. Many Sunnis view the plan as a scheme to deprive their long-dominant sect of resources while the Shiite south and Kurdish north pocket petroleum revenue from vast deposits in their zones.

In parliament Thursday, a shouting match ensued as Sunni representatives accused the majority Shiites of trying to slice up the country into ethnic and sectarian fiefdoms. The debate is expected to resume next week.

U.S. Count Of Baghdad Deaths Excludes Car Bombs, Mortar Attacks (MCT)

By Mark Brunswick And Zaineb Obeid

McClatchy Newspapers, September 9, 2006

BAGHDAD, Iraq - U.S. officials, seeking a way to measure the results of a program aimed at decreasing violence in Baghdad, aren't counting scores of dead killed in car bombings and mortar attacks as victims of the country's sectarian violence.

In a distinction previously undisclosed, U.S. military spokesman Lt. Col. Barry Johnson said Friday that the United States is including in its tabulations of sectarian violence only deaths of individuals killed in drive-by shootings or by torture and execution.

That has allowed U.S. officials to boast that the number of deaths from sectarian violence in Baghdad declined by more than 52 percent in August over July.

But it eliminates from tabulation huge numbers of people whose deaths are certainly part of the ongoing conflict between Sunni and Shiite Muslims. Not included, for example, are scores of people who died in a highly coordinated bombing that leveled an entire apartment building in eastern Baghdad, a stronghold of rebel Shiite cleric Muqtada al-Sadr.

Johnson declined to provide an actual number for the U.S. tally of August deaths or for July, when the Baghdad city morgue counted a record 1,855 violent deaths.

Violent deaths for August, a morgue official told McClatchy Newspapers on Friday, totaled 1,526, a 17.7 percent decline from July and about the same as died violently in June.

The dispute is an important one. With Baghdad violence reaching record levels in July, U.S. commanders warned that the country was tipping toward civil war. They then ordered 8,000 U.S. troops and 3,000 Iraqis to conduct house-by-house searches of Baghdad's neighborhoods in an effort to root out insurgent gunmen and militia death squads in Operation Together Forward.

The program, which began in earnest Aug. 7, included bringing in thousands of American troops from other parts of Iraq in what was seen by many as a last-ditch effort to head off a civil war that many Iraqis say has already begun.

Within weeks of the kickoff of the Baghdad security plan, the U.S. military's top spokesman, Maj. Gen. William B. Caldwell, boasted that the murder rate in Baghdad had fallen by 46 percent and attributed most of the fall to the new security sweeps.

On Thursday, Caldwell revised the figures, posting a statement on the website of the Multi-National Force-Iraq that the murder rate had dropped even more - by 52 percent from July.

That claim was immediately contradicted by the morgue figures, which trickled out in accounts by various news organizations citing unnamed officials.

Johnson said he couldn't comment on morgue figures and declined to release the raw numbers on which Caldwell's claim was based. He said the numbers were classified and that releasing them might help "our enemy" adjust their tactics.

"We attempt to strike the right balance, being as open and transparent as possible without providing information that places our troops or Iraqi civilians at undo risk by the enemy adjusting their tactics for greater impact," he said, in explaining the decision not to release the figures.

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Johnson said the numbers more accurately reflect the impact of Operation Together Forward's mission: targeting operations of shadowy sectarian death squads, who often use drive-by shootings, torture and executions as tactics for terror, rather than suicide bombings or rocket or mortar attacks.

He said the figures quoted by Caldwell reflect a "cautious optimism" that the situation is improving in Iraq.

But whether the violence is truly improving is far from clear. The morgue numbers made public this week reflect only deaths in Baghdad and figures compiled by the Ministry of Health for August violent deaths throughout Iraq won't be released until later this month.

Car bombs daily claim tens of victims, and tit-for-tat exchanges of mortar fire are nightly occurrences. Every morning bodies are discovered, many with their hands and feet bound.

The distinction in the way those people die is lost on victims' relatives, some of whom suggest the true numbers are higher.

"If you want the truth, even when we hear or see the scenes of explosions, assassinations, or number of dead on TV, we don't really care anymore, our feelings are dead," said Dhiya Ahmed, whose 17-year-old nephew was killed on Aug. 11. The young man was walking with a friend near his house when gunmen approached and shot them both dead.

"The numbers are not quite true," said Ahmed. "I bet the actual number is much more."

The family's tragedy has been intense. Last year the victim's father was killed in a similar fashion.

Even while touting the successes, Caldwell on Thursday warned on the coalition Web site about possible increases in violence from insurgent and terrorist attacks that he said would be used to divert attention from the Baghdad security initiative.

"It should not be a surprise if we witness brief up ticks in violence in the near future," he wrote.

Government leaders seem to be bracing for more bodies. A meeting was held recently between officials in the Health Ministry to talk about importing refrigerators for the morgue. The idea was to set them up in an empty building nearby.

But the discussion quickly broke down over what kind of freezers they would use: ones with sliding doors or a single large freezing room. More talks are scheduled.

In Baghdad on Friday, three civilians were killed and three others wounded when a bomb targeting the convoy of the Karrada neighborhood police commander exploded. Three police officers also were wounded.

Police also discovered 14 bodies in a western portion of the city.

New Army Manual Recalls Abuse (WP)

By Josh White

The Washington Post, September 9, 2006

The chief architect of the new Army field manual on interrogations said yesterday that the document aims to preserve the memory of the detainee abuse at Abu Ghraib and elsewhere so future generations of U.S. soldiers do not repeat the same mistakes.

Thomas Gandy, a senior civilian Army intelligence official, told reporters at the Pentagon that the new manual's explicit guidelines on what U.S. military personnel can and cannot do when questioning detainees arose out of the alarming photographs from Abu Ghraib and the dozen military investigations that examined abuse reported in Iraq, Afghanistan and Guantanamo Bay. He said it was important to "keep these things vivid" so soldiers understand their boundaries and the effects of crossing them.

The manual, which is an extensive volume covering U.S. human intelligence collection operations, reads far more like direct instructions to military interrogators than did the previous field manual. It even includes highlight boxes filled with vital points top leaders wanted to make crystal clear. One such section warns troops that acts of violence or torture could lead to criminal charges and information of questionable value.

"Use of torture by U.S. personnel would bring discredit upon the U.S. and its armed forces while undermining domestic and international support for the war effort," the manual says. "It also could place U.S. and allied personnel in enemy hands at a greater risk of abuse by their captors. Conversely, knowing the enemy has abused U.S. and allied POWs does not justify using methods of interrogation specifically prohibited by law, treaty, agreement, and policy."

None of the techniques in the manual is classified despite more than a year of discussions that nearly culminated in at least one tactic remaining cloaked, Gandy said. Officials opted against secrecy, he said, because they feared it could fuel suspicion that the Pentagon was hiding abusive tactics.

The list of things interrogators cannot do includes abuse alleged at various facilities and some that appear to come directly from Abu Ghraib photographs: forcing a detainee to be naked, perform sexual acts, or pose in a sexual manner; placing hoods or sacks over a detainee's head or putting duct tape over his eyes; beatings, electric shocks, burns or other painful tactics; "waterboarding"; using military working dogs; using extreme cold or hot temperatures; mock executions; and depriving a detainee of food, water or medical care.

The manual also specifies that military police are not to be involved in interrogations.

Gandy said the narrow definitions should not affect most U.S. military interrogators, who rely on direct questioning for 90 percent or more of their successful efforts. President Bush this week said an alternative set of standards for the CIA -- which is not public -- has been necessary for interrogating top terrorist suspects, but Gandy and other Army officials said aggressive tactics are not required.

"These tools, used effectively, are adequate to meet our needs," he said of the techniques in the new manual.

Elisa Massimino, Washington director of Human Rights First, said she is concerned that the Army field manual and a new Pentagon directive on detainee treatment designate the CIA as the agency that will do the nation's dirty work under a set of secret guidelines.

"I'm afraid that they think they'll let the military stick to the law and they'll transfer all those great ideas over to civilian interrogators," Massimino said of the aggressive techniques. "It highlights the chasm between the military's rule-of-law standard and the lawlessness for civilian agencies."

U.S. Finds 'Torture Chambers' In Iraq (AP-Y)

AP, September 9, 2006

The senior commander of U.S. and Iraqi forces in northern Iraq said Friday that a small number of "torture chambers" apparently used for sectarian violence were discovered along the Diyala River.

Maj. Gen. Thomas R. Turner II, whose area of responsibility stretches from the Iranian border north to Turkey and west to the Syrian border, told reporters at the Pentagon that two or three small rooms were found in May or June. He mentioned them as examples of sectarian strife that has spread from Baghdad to other parts of Iraq.

"We do see that migration," he said when asked about a Pentagon report to Congress last week that expressed concern that sectarian violence was spreading beyond the Iraqi capital, where it is most intense and widespread.

Turner estimated that the torture chambers were about 6 feet wide and 6 feet long. He did not give their exact location. He said they were along the Diyala River, which runs northeast of Baghdad toward the Iranian border.

"What it included were places where shackles were attached to walls, batteries, and other evidence of torture," he said.

Diyala province is predominantly Sunni, with a sizable population of Shiites as well as Kurds.

Turner spoke by video teleconference from his headquarters at Tikrit.

Ex-Marine Warns Not To Rush To Judgment (LAT)

By Tony Perry

The Los Angeles Times, September 9, 2006

Ilario G. Pantano was cleared in two killings in Iraq and says others accused may be too.

SAN DIEGO — This is not the role Ilario G. Pantano had in mind when he reenlisted in the Marine Corps after Sept. 11. He wanted to join the fight against terrorism.

But now he's doing something different: pleading with Americans not to presume that a growing number of Marines and soldiers accused of atrocities in Iraq are actually guilty.

He is the voice of experience. The second lieutenant was charged with killing two unarmed Iraqi prisoners but was exonerated last year in a high-profile preliminary hearing at Camp Lejeune, N.C.

The case destroyed his Marine Corps career but gave him a new mission. Pantano resigned his commission in mid-2005.

"He is the perfect spokesman for the idea that you shouldn't prejudge," said Charles W. Gittins, his lawyer. "The case against him was supposedly solid but it fell apart quickly. It could happen again."

Gittins, in San Diego to defend a sergeant accused in a drowning at the Marine Corps Recruit Depot, wants Pantano to run for office. Pantano, 35, now living in North Carolina, says he's keeping his options open.

"What a great congressman or senator," Gittins said. "There are guys in those offices now who can't carry his briefcase."

Marine Sgt. Daniel Coburn, who accused Pantano of killing two defenseless Iraqis and of falsely claiming that the two were making threatening movements, has apparently not changed his mind.

The sergeant no longer talks to reporters, but his wife, Rae Anne, was scalding in expressing the family's opinion of Pantano: "He's a fake, and the media loves him because he's good-looking and articulate," she said.

On the articulate part, there is little doubt. Comfortable in front of cameras and unwavering in his opinions, Pantano has made the rounds of the political talk shows.

Even the acerbic and liberal-leaning Jon Stewart seemed impressed when Pantano appeared on "The Daily Show With Jon Stewart" on Comedy Central. Pantano told the audience that no one could comprehend the brutality and moral confusion of war who had not seen it.

The war in Iraq, he said, boils down to deciding between a bad choice and a worse one.

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"One day you're interrogating a grandmother in front of her grandchildren because her son is a sniper and you've got to find this guy because he's killing your men," he said. "But she has lost children to Saddam — maybe four or five of them. You feel now this inner struggle: 'Am I becoming the beast?' "

Conservative bloggers championed Pantano's defense during the court case and are now praising his book "Warlord: No Better Friend, No Worse Enemy," which tells of his combat in Iraq and his courtroom experiences at Camp Lejeune.

Blogger Michelle Malkin, a regular on Bill O'Reilly's show on Fox television, has given her blog following a direct order: "Your mission: Make this book a best-seller. Spread the word."

Pantano has bantered with MSNBC "Hardball" host Chris Matthews, written a letter to the Washington Post blasting Rep. John P. Murtha (D-Pa.) for accusing Marines of "cold-blooded murder," and had a chapter of "Warlord" published in Soldier of Fortune magazine.

After growing up in New York's Hell's Kitchen neighborhood and attending a prep school on scholarship, he joined the Marine Corps and served on the front line as a sergeant in the Persian Gulf War.

After leaving the Corps, he graduated from New York University and became a commodities broker and then a multimedia entrepreneur.

Even before the dust from the World Trade Center settled in 2001, he said, he'd hurried to a barber for a "high-and-tight" haircut to begin feeling like a Marine again.

He reenlisted shortly after the attacks and was commissioned as a second lieutenant.

But just months into his first tour in Iraq in 2004 as commander of a rifle platoon, Pantano was pulled from combat and ordered back to the U.S. to answer the murder charges.

Although he did not testify at the hearing, he had insisted to investigators that he killed the two Iraqis after they made threatening moves at him. His accuser, Coburn, with whom Pantano had clashed, was judged by the hearing officer to lack credibility.

Pantano's legal strategy was aggressive and media-smart and has become a kind of standard for other military personnel facing similar charges, particularly the seven Marines and Navy corpsman at Camp Pendleton accused of kidnapping and murdering a 52-year-old Iraqi.

Like Pantano, each of the so-called Pendleton 8 has hired a civilian attorney not bound by military restrictions about talking to reporters and not reluctant to criticize military investigators. Each of the eight, also like Pantano, has a website devoted to his defense.

Pantano is worried that decisions about bringing criminal charges are often made by investigators and officers without direct combat experience. The line between acceptable and unacceptable violence in Iraq is hard to discern, he said.

"Sadly, we want the line to be a very rigid and moral one," he said. "Unfortunately, that line moves as the intensity of combat builds."

Marines and soldiers may become reluctant to fire their weapons for fear of being criticized or charged, he warned. "Our reluctance to apply the right amount of violence upfront has only allowed a festering wound of the insurgency to get worse."

Blast In Kabul Kills 14 Afghans, 2 U.S. Soldiers (WP)

By Pamela Constable And Javed Hamdard

The Washington Post, September 9, 2006

KABUL, Afghanistan, Sept. 8 -- A suicide bomber rammed a Toyota sedan into a U.S. military convoy Friday morning on a busy Kabul street, triggering a blast that killed 14 Afghan civilians and two U.S. soldiers, officials here said. At least 17 other people, including a U.S. soldier, were injured.

The attack, carried out on the same block as the heavily guarded U.S. Embassy, was the latest of half a dozen bombings that in recent months have brought what was an almost exclusively rural insurgency onto the streets of the Afghan capital.

Friday's bombing came as Taliban militiamen are battling NATO troops in southern Afghanistan with unexpected aggressiveness and occupying rural districts there.

NATO officers meeting Friday in Warsaw debated a call from the alliance commander, Gen. James L. Jones, for member states to send as many as 2,500 more troops and additional combat aircraft and transports to the southern provinces.

Suicide bombings were all but unknown in Afghanistan until the past year. Afghan officials have charged that the attackers infiltrated from Pakistan, where they allegedly received training and weapons from Islamic groups or intelligence services.

Friday's explosion tore one U.S. military vehicle in half and scattered chunks of charred metal and human limbs across the pavement, witnesses said. It shattered hundreds of windows in the nearby Makroyan apartment complex.

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The blast occurred on the eve of two tense anniversaries for the country: the Sept. 11, 2001, terrorist attacks in the United States, which triggered the U.S. military campaign that drove the Taliban from power the following November, and the assassination of the anti-Taliban guerrilla leader Ahmed Shah Massoud two days before.

The bomber struck just a few yards from a traffic circle containing a monument to Massoud. A massive public ceremony commemorating Massoud's death is planned for Saturday.

In Washington, State Department spokesman Sean McCormack called the crime "a heinous act of terrorism," and he said U.S. authorities here would work closely with Afghan security agencies to investigate it.

Afghan President Hamid Karzai condemned the attack as a "shocking and despicable" act that went "against the values of Islam and humanity." In a statement released by his office, he said that "enemies of Afghanistan are trying to hinder the country's progress towards peace and democracy by disrupting the peaceful life of our people."

In recent months there have been half a dozen suicide bombings in the capital, most of them aimed at U.S. or NATO convoys and facilities.

Lt. Col. Paul Fitzpatrick, a spokesman for U.S. military forces here, said 94 civilians and 28 foreign and Afghan troops have been killed by roadside bombs this year.

"We will continue to work together with the Afghan government and Afghan security forces to defeat Taliban extremists and protect the people of Afghanistan from this brutal common enemy," Fitzpatrick said.

Witnesses to the midmorning bombing said they heard a tremendous explosion and saw bodies, including those of several women, thrown into the air. They said the dead included an elderly man who was selling used clothing from a pushcart and several brothers who were hanging up used jeans and shirts to display on a fence.

"I was just setting out my melons when I heard a sound such as I had never heard in my life," said Hamid Wafa, 20, whose left hand was injured by shattered glass from storefronts near his fruit stand. He said he had seen a white Toyota Corolla smash into the passing convoy. "If I knew who had done this I would kill him."

A man of 50 who gave his name as Qayoum said all the glass in his apartment windows had been shattered. He speculated that the attack was "the work of al-Qaeda and terrorists," pointing out that it had taken place near both the U.S. Embassy and the presidential palace.

Afghan, U.S. and NATO troops quickly cordoned off the blast site and stationed four tanks nearby. A spokesman for the U.S. Embassy said that no one there had been injured but that the facility was closed for the rest of the day as a security measure.

Pakistan has denied the accusations that it is tolerating or helping the Taliban. Pakistan's president, Gen. Pervez Musharraf, acknowledged on a goodwill visit to Kabul earlier this week that there had been cross-border infiltration by Afghan insurgents hiding in the border areas, but he disputed suggestions that Pakistani agencies were aiding in those movements.

Friday's explosion was the deadliest attack in the capital since September 2002, when a pair of bombs hidden in a taxi and on a bicycle killed 26 people, injured dozens more and destroyed much of a downtown block of shops and hotels. Recent bombings in Kabul have included remote-control and suicide blasts. Last week, a NATO military convoy was bombed on a highway outside Kabul, killing three Afghans. Earlier this summer, remote-control blasts targeted public buses carrying Afghan civilian and security workers to their jobs.

Suicide Bomber Kills 16 In Kabul Near Embassy (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, September 9, 2006

KABUL, Afghanistan, Sept. 8 — A suicide bomber smashed his car into an American military vehicle just yards from the United States Embassy in downtown Kabul on Friday morning, killing as many as 16 people and wounding 29, Afghan and American officials said.

The bombing was one of the most powerful to shake the capital since American forces drove the Taliban from power in 2001. The United States military issued a statement confirming the deaths of two American soldiers and said two others were wounded.

The Afghan police at the scene put the death toll at 11 civilians and 5 American soldiers. Witnesses said they saw three American soldiers lying in the street. Other soldiers might also have been killed, they said, as the blast ripped apart the armored Humvee, making it hard to believe that anyone inside could have survived.

Soldiers later pulled shredded American uniforms off the trees and picked up body parts. A seat from the Humvee was left hanging in a tree.

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Kabul residents said they were bracing for still more violence as they prepared to observe the fifth anniversary on Saturday of the death of the warlord Ahmed Shah Masood, who was killed by two suicide bombers from Al Qaeda in an assassination linked to the 9/11 attacks.

The Kabul bombing came amid a sharp escalation of violence in Afghanistan, where NATO and American military commanders are waging an offensive to crush a Taliban insurgency that has revived with unexpected strength this year.

Suicide bombers have struck more than 50 times in the last year, killing more than 100 civilians. Most often the attacks have been in the south, where the insurgency thrives.

That fighting against the insurgents continued Friday. A NATO soldier was killed and three others were wounded in a roadside attack in southwestern Afghanistan, where American troops are deployed, and another suicide bomber threw himself at a NATO convoy in Kandahar Province but killed only himself.

Heavy fighting also raged in a strategic area west of the city of Kandahar, where Canadian troops are locked in fierce battles with Taliban insurgents.

NATO defense chiefs, meeting in Warsaw on Friday, discussed raising still more troops for Afghanistan, which has become the largest and most serious combat mission in the alliance's 57-year history.

On Thursday, the Atlantic alliance's top commander of operations, Gen. James L. Jones of the United States, said that he had asked for 2,000 to 2,500 people on top of the roughly 18,500 soldiers NATO has already deployed in Afghanistan, and that he had called for more helicopters and transport aircraft.

But he said in an interview that alliance members had so far failed to provide equipment and troops pledged months ago, adding that he had asked them to "make good" on the promises and that he could not understand why NATO countries were delaying when their forces were facing sustained combat.

"I am asking for the forces we asked for 18 months ago," General Jones said. "It is not that we are making new demands. We have generated about 85 percent of the force that is required. In view of the hostilities that are going on, especially in the southern region, the commander on the ground said if he had the full kit he would be in very, very good shape."

The commander he referred to was the senior alliance officer, Lt. Gen. David Richards of Britain, who said Wednesday that after just six weeks in charge of the NATO force in the south, he felt the tide was turning against the Taliban, despite having lost 28 soldiers since Aug. 1.

"People are dying," General Jones added. "Soldiers are fighting, and so 85 percent in a peaceful situation may be O.K., but in a situation involving combat, that is another matter."

Asked which of the 26 countries in the alliance were dragging their feet, General Jones hesitated and then replied, "All of them."

During the weeks leading to NATO's deployment in the south, General Jones had repeatedly warned that the alliance would face strong resistance from insurgents and drug lords. "For the first time, their power is being challenged, and they will do everything possible to intimidate the NATO forces," he said.

In the capital, the soldiers killed in the blast were part of a provincial team whose work is to provide reconstruction and assistance to local communities, building roads and schools and supplying electricity, a United States military statement said.

The blast strewed blackened wreckage and shrapnel across the tree-lined central divide of the avenue and blew out windows in surrounding apartment buildings. The police were gathering pieces of flesh in buckets as firefighters hosed down the road and a burning vehicle.

An elderly woman sitting outside her home was hit by shrapnel in the chest and died instantly, witnesses said. A boy selling baseball caps on the street and another boy with a secondhand clothing stall were killed, said Abdul Zarif, 18, a shopkeeper. "Another stall owner was wounded and was screaming as his younger brother was also dead," he said.

A baker, Ghulam Hazrat, 40, was thrown across to the back of the bakery by the blast. "We were lost for minutes under the dust and smoke and finally we climbed out of the bakery, and I saw the smoke and flames from an American car burning, and a lot of bodies on the other side of the road," he said.

A number of those killed were city workers sweeping the streets. Many people in nearby apartments were wounded by flying glass, hospital officials said.

At the nearby hospital, Sakhi Muhammad, 35, was in tears as he found the body of his nephew, a municipal worker, and cursed the government of President Hamid Karzai. "God destroy you with your government," he shouted.

Another man, Turialai, collected the body of his newly married brother Hayatullah, 35, who had been a passer-by. Turialai telephoned someone to start preparing the funeral.

Suicide bombing was very rare in Afghanistan until last fall, when attacks suddenly escalated and spokesmen for the Taliban claimed to have trained hundreds of bombers to send in against the government of Afghanistan and its foreign allies.

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As of Aug. 12, suicide bombers had killed 124 people in Afghanistan this year. Of those, 105 — 84 percent — were civilians, according to United States military figures released in a statement in Kabul last month.

Car Bomb Kills 16 Near U.S. Embassy (WT/AP)

By Paul Garwood, Associated Press

The Washington Times, September 9, 2006

KABUL, Afghanistan -- In the most brazen attack yet on Kabul's heavily guarded center, a car bomber rammed into an American Humvee outside the U.S. Embassy yesterday, killing 16 persons, including two U.S. soldiers. It was the Afghan capital's deadliest suicide attack since the 2001 toppling of the Taliban.

A purported Taliban spokesman, Qari Yousaf Ahmadi, took responsibility for the attack, according to the privately run Pajhwok Afghan News Agency.

The attack shattered what had been a typically peaceful Muslim day of prayer in the war-ravaged capital and revealed the lingering vulnerability of foreign troops, local forces and Afghan civilians to terrorist attacks almost five years after a pro-American government was installed. Attacks in central Kabul have been rare in comparison with areas on the edge of the city and in the country's south.

Some 20,000 NATO soldiers and a similar number of U.S. forces are trying to crush the emboldened Taliban insurgency, mainly in southern Afghanistan. Taliban holdouts have been turning to Iraqi-style tactics -- including increasing numbers of suicide bombings -- to derail the government of President Hamid Karzai.

"Today's heinous act of terrorism is against the values of Islam and humanity," Mr. Karzai said.

The attack occurred as many Afghans were commemorating the assassination of anti-Taliban commander Ahmed Shah Masood, who was killed in an al Qaeda suicide bombing two days before the September 11 attacks in the United States.

Yesterday's explosion went off at 10:20 a.m. just 150 feet from the landmark Masood Square, which leads to the main gate of the heavily fortified U.S. Embassy compound. It tore a 6-foot-wide crater in the road.

A witness, Najibullah Faizi, 25, said he saw a blue Toyota Corolla driven by a young, heavyset man speed past another car in the inside lane before slamming into one of two U.S. Humvees in a convoy.

"I fell to the ground after the blast. American soldiers started shooting at another car nearby. There was smoke and flames everywhere," Mr. Faizi said.

The blast sent a plume of brown smoke spiraling hundreds of feet into the sky and tore apart one of the Humvees, blowing it onto what had been its roof and turning it into a twisted, flaming hulk of metal.

All that remained of the bomb-packed car was its front end, which was engulfed in flames some 60 feet away from the explosion.

The blast's force shattered every window in a five-story, Soviet-era apartment block facing the scene, spraying shards of glass over children eating their breakfasts and women cleaning their cramped homes. Restaurants and businesses on the other side of the road also had windows and doors blown in.

The U.S. military initially said two other soldiers were wounded, but later revised it to one.

American and NATO troops are fighting the Taliban primarily across vast desert plains in southern Helmand and Kandahar provinces, center of the country's massive opium trade.

"The fighting is extraordinarily intense. The intensity and ferocity of the fighting is far greater than in Iraq on a daily basis," Brig. Gen. Ed Butler, the commander of British forces in Afghanistan, told British ITV news.

He echoed NATO commander Gen. James L. Jones' call Thursday for at least 2,000 more troops. Gen. Jones, who said the next few weeks would be decisive in the fight against militants, is in Poland pressing officials from the 26 NATO member states for more soldiers and air support.

Yesterday in Warsaw, NATO defense chiefs held their first meeting on Afghanistan since taking over military command of the south of the country, with the violence in the Muslim nation escalating rapidly.

High on the agenda at the talks in the Polish capital was the call by Gen. Jones and other NATO leaders for more troops and equipment for Afghanistan, Canadian Col. Brett Boudreau said.

"But the issue of force levels and contributions will not be an exclusive part of the discussions," he added.

New Urgency To Nato Troop Call (FT)

By Rachel Morarjee and Daniel Dombey

Financial Times, September 9, 2006

Kabul on Friday suffered its worst bomb blast in recent years, as Nato continued a push for more troops for the battle against the Taliban in Afghanistan.

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The two events highlighted the challenges facing the military alliance, which has to contend with both a renewed insurgency and inbuilt difficulties in the way it provides troops for its missions.

A suicide bomber rammed into a US military convoy near the US embassy in the Afghan capital, killing two US soldiers and at least 14 civilians. Another 29 people were injured.

The blast was the second deadly bombing in Kabul in the space of a week and an indication that Taliban insurgents are becoming bold enough to strike outside their traditional southern strongholds.

A British soldier was killed in a suicide bomb along with four Afghan civilians on Monday, while fighting in Ghazni province just two hours south of the capital has been fierce this month.

Afghan President Hamid Karzai condemned Friday's blast as "despicable and shocking", in words echoed by Afghan residents injured in the explosion.

The attack came as the military chiefs of Nato's 26 member states met in Warsaw to discuss an urgent request for reinforcements from Gen James Jones, Nato's top commander.

In comments made to US-based journalists on Thursday night, Gen Jones made clear that he was looking for a reserve battalion of 800-1000 soldiers, plus air support that could involve additional personnel of up to 1,500 people.

Although Gen Jones formally requested such resources before Nato began its operation against the Taliban in southern Afghanistan on July 31, he now believes they are more important than ever.

"Normally in most operations we get by with about 80 per cent, 85 per cent of what we asked for, because most of our operations are somewhat benign," he said. "But since this one has turned, in the south at any rate, for a moment, pretty hot… getting that remaining 10, 15 per cent seems like more necessary now than it was maybe a month ago."

Gen Jones' request represents one of Nato's toughest challenges yet, since the alliance has long-standing difficulties in providing speedy troop deployments, air support and forces that can be moved around with ease.

Although Nato commanders are keen to use extra soldiers to help against the Taliban before the winter months set in, Nato usually takes considerable time to win troop commitments – and faces particular problems at a time when contributors are stretched in theatres ranging from Lebanon to Iraq.

At present, operations in the most important theatre against the Taliban – around the city of Kandahar - have been bolstered by short-term reinforcements from the Dutch and the US.

Gen Jones also called for a squadron of attack helicopters and "two or three" C-130 aircraft, the latest in a series of requests for more air support in Afghanistan. For years, alliance commanders have been hamstrung by the lack of available aircraft and at present the US is providing air support for many of the operations in the south.

Gen Jones' call for a flexible reserve battalion could also be difficult to meet. At the moment, national caveats restrict many Nato troops from moving around at will and taking on a fully fledged combat role.

Lethal Blast Near Embassy Stokes Afghan Security Fears (LAT)

By Alissa J. Rubin

The Los Angeles Times, September 9, 2006

KABUL, Afghanistan — A suicide bomb attack Friday on a convoy of American Humvees near the fortified U.S. Embassy, which took about 16 lives, including two soldiers', has raised fears here about a growing ability of anti-government extremists to strike with apparent impunity, even in the capital.

Among those killed in the deadliest suicide bombing in Kabul since the Taliban fell in 2001 were six municipal street sweepers, who were finishing their morning cleaning of the neighborhood, and two young boys who sold water. As many as 20 children were hit by shattered glass as they played on narrow swaths of grass in front of an apartment complex or ate breakfast, said a doctor who treated them on the scene.

Local police said 14 civilians were killed, but hospitals registered fewer.

The bombing attack was one of four Friday in South Asia that killed civilians and underscored the continuing devastation caused by political unrest. The other blasts killed at least 29 people in India, five in Pakistan and two in Sri Lanka.

Kabul's suicide bombing came a day before the fifth anniversary of the assassination of anti-Taliban leader Ahmed Shah Massoud, and it came just after Pakistani President Pervez Musharraf had visited Kabul and promised to try to stem the flow of militant fighters from his country into Afghanistan.

For Afghans, the bombing signaled an encroaching threat from extremists, who had been largely confined to Afghanistan's border with Pakistan.

People in the neighborhood and across the capital blamed the incident on the Musharraf government, which they said had allowed the Taliban to take refuge, train and rearm in Pakistan. But they said the United States was responsible too because it

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has influence with Musharraf yet has failed to compel him to halt support for Taliban guerrillas or prevent their crossing into Afghanistan.

"We really are not happy about our neighbors, and Americans can put more pressure on Pakistan," said former Afghan army Col. Habeeb Chopan, 43, who lives in the nearby apartment complex. "America has chosen the wrong politics in Afghanistan."

For Abdul Majid, 35, who wept silently Friday evening in his hospital bed, the attack was a horror of loss. The municipal supervisor for the area, he is paid $66 a month and was checking on his workers when the bomber hit.

"This place was always safe. There were many soldiers nearby, but now six of my staff were killed; three were injured," he said, struggling to sip some water without moving his shrapnel-lacerated legs and left arm.

"They were such poor people; they had so little, and I don't know now what will happen to their families — how will they survive?" he said.

Sher Mohammed Karimi, a deputy chief of staff for the Afghan Ministry of Defense, said the bomb was exceptionally large and a kind seen more often in the south. A suicide bombing Aug. 28 in the southern city of Lashkar Gah killed 17 and injured more than 40.

U.S. officials portrayed Friday's blast as an expected outcome of weeks of hard fighting in the south between the Taliban and NATO forces.

"I think we have a war going on. I wouldn't make too much of one attack or another in Kabul," U.S. Ambassador Ronald E. Neumann said in comments broadcast on National Public Radio. "There is an attempt to give the appearance of more violence.

"I don't detect a strong groundswell of support for the Taliban," Neumann said. "It's a tough fight. We need more money. We're going to have to stay at it for a while. We are either going to abandon it to chaos or we're going to go forward and win, but you don't have any nice third choice."

North Atlantic Treaty Organization defense chiefs appeared to agree that more forces were needed to fight the Taliban. As a three-day meeting began in Warsaw, a spokesman for NATO's military committee, Canadian Col. Brett Boudreau, said the alliance was looking for about 2,000 more troops as well as equipment to help the alliance fight an increasingly fierce insurgency.

Before Friday's bombing, the military "had information about the possibility of an attack," acknowledged a spokesman for NATO's International Security Assistance Force, U.S. Army Maj. Luke Knittig. "And this kind of information has helped us stop attacks in the past.

"But today we didn't have enough."

He said the Taliban were "showing a willingness to lash out" because of "the pressure we're putting them under."

"Today they targeted the international military — in some respects it's not unexpected. As long as we have them under pressure in the south … it would be likely the insurgents would try to test us in the capital," he said.

Still, Knittig said, "obviously today was pretty strong stuff."

The suicide bomber rammed his car into one of two Humvees traveling together about 600 feet from an entrance to the U.S. Embassy, close to a roundabout known as Massoud Circle.

The blast was so strong that it left only the burning metal skeleton of the vehicle and a crater 6 feet wide. Twisted metal hung in nearby trees; tatters of U.S. military uniforms and a charred pakol, a traditional Afghan hat, were among bits of clothing scattered around the bomb site.

Shrapnel shot out in all directions, killing a woman outside a Soviet-era apartment complex where all of the windows were blown out by the blast. The sidewalk was covered with broken glass.

Some of the bodies were so damaged that relatives had difficulty identifying them, said Moussa Zayer, 28, nursing director of Wazir Akbar Khan Hospital, which has a partnership with Loma Linda University Medical Center and gives free medicine to patients.

Zayer, who was on duty when the victims began to pour in, said most of the injured had shrapnel-shattered bones and severe cuts from flying glass.

"There were two boys, their faces were cut off; they were unrecognizable," he said. "Another boy, maybe 12 years old, was hurt in the spine. I think he will not walk again."

Local residents said the bomb would have been far more deadly if it had come on a weekday — Friday is Islam's holy day, and far fewer people are on the street.

The Ministry of Health is almost next door to the U.S. Embassy, and on a weekday, hundreds of workers would have been coming and going.

Suicide Bomber Kills At Least 16 People Near U.S. Embassy In Kabul (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 9, 2006

KABUL, Afghanistan - A suicide bomber detonated an explosives-packed car Friday next to a U.S. military convoy, killing at least 16 people, including two American soldiers, just yards from the fortified entrance of the U.S. Embassy in central Kabul.

The attack, the bloodiest in the Afghan capital since American troops and their Afghan allies toppled the hard-line Taliban regime in 2001, came as more than 40,000 U.S. and NATO-led forces struggle to contain a resurgence of the Taliban and their al Qaida allies in Afghanistan's southern and eastern provinces.

At least 76 American and 73 NATO troops have died so far this year in Afghanistan. NATO officials, who took over command of the Afghanistan campaign from the United States last month, have admitted surprise at the intensity of the fighting. On Thursday, NATO'S commander, Gen. James L. Jones, called for another 2,000 to 2,500 NATO troops.

Intelligence officials told McClatchy Newspapers earlier this year that much of the violence in Afghanistan has come from tactics - such as car bombings, suicide attacks and homemade bombs - that were brought to Afghanistan by militants trained in their use in Iraq. Many of those militants had volunteered to remain in Iraq, but their trainers told them to return to Afghanistan and Pakistan to train others, the officials said.

Friday's bombing occurred three days before the anniversary of the Sept. 11, 2001, terrorist attacks in the United States. But several Western and American officials said it wasn't certain that the bombing was timed to coincide with it.

"I don't think it is linked," said Col. Tom Collins, a U.S. military spokesman. "The timing is what it is."

The bombing may have been staged to coincide with the fifth anniversary Saturday of the assassination of a fabled guerrilla leader and Taliban opponent, Ahmad Shah Massoud, who was killed by suspected al-Qaida operatives posing as television journalists. The day is commemorated as a national holiday.

The traffic circle near where Friday's bombing occurred is named for Massoud, whose northern alliance swept the Taliban from power with the aid of American special forces and air power.

"Today's heinous act of terrorism is against the values of Islam and humanity," President Hamid Karzai declared.

The car bomber detonated his explosives around 10:30 a.m. next to a Humvee in a convoy of three U.S. military vehicles that was driving on one of several broad boulevards that lead from the circle.

"There was a huge blast and there was fire and smoke," said Nasir Nasrat, 13, who was flying a kite from the roof of an apartment building that overlooks the site. "I ran downstairs and I saw the upper half of a boy's body hanging from a tree. There was a woman missing an arm and a leg."

Police said that at least 16 people were killed, including two U.S. soldiers in the Humvee. Two other American soldiers were injured, Collins said. News reports said dozens of Afghans were injured.

The blast was about 200 yards from the heavily protected entrance to the U.S. Embassy in the city's upscale Wazir Akbar Khan area.

The circle, which features a monument bearing Massoud's portrait and a column topped by a pair of hands nestling the globe, sits on the main road linking Kabul airport and the massive U.S. Embassy compound.

"It's a very popular route with the U.S. military," said an official of the 20,000-strong NATO-led International Security Assistance Force, who requested anonymity because the issue is politically sensitive.

A roadside bomb wounded four Italian ISAF soldiers Friday in western Farah province, the ISAF announced.

The worst of the fighting has been in the southern provinces of Kandahar and Helmand. The ISAF launched an offensive launched Saturday to drive the Taliban from the main highway in the Panjwayi district, west of the city of Kandahar.

It was unclear Friday whether NATO's 26 member countries would commit more troops to Afghanistan. Military officials from those countries met in Poland to discuss the fighting but no agreement on sending reinforcements was announced. The meeting is to conclude Saturday.

Commander Has Hard Sell On Afghan Troops (AP-Y)

By Monika Scislowska

AP, September 9, 2006

Calls by NATO's top commander for 2,000 more troops in Afghanistan could be running up against donor fatigue from key members of the alliance.

The NATO campaign has been draining: In one of the world's harshest environments, it has failed to ensnare top al-Qaida leaders and the insurgency is at its fiercest since the fall of the Taliban — raising the specter of an Iraq-style quagmire.

Many NATO nations have already committed thousands of troops to Lebanon, making sending more soldiers into harm's way a hard sell in countries large and small.

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"There is a general lack of combat-able, high-quality troops that can be dispatched at relatively short notice, and a lot of countries are under pressure," said Kristian Soeby Kristensen, an analyst at the Danish Institute for International Studies in Copenhagen.

"In Denmark, we are giving it all we've got now," he said. "We have no more troops ... and I would suppose that the same is true for other allied countries."

NATO military chiefs met in Poland on Friday for their first face-to-face discussions of the deadly fighting in southern Afghanistan, where NATO relieved U.S.-led troops a month ago.

On Thursday, alliance commander Gen. James L. Jones called for between 2,000 and 2,500 more troops as well as extra aircraft to confront the resurgent Taliban guerrillas.

NATO spokesman Col. Brett Boudreau said after the first day of the closed-door meeting in Warsaw that there was "broad agreement" on the need for reinforcements.

"I am not at liberty to say what has been agreed or brought back to capitals, but certainly there is broad agreement that this form of requirement needs to be filled," he said. The meeting ends Saturday.

Jones said the extra troops are part of military planning already agreed on within the alliance.

However, there is no indication which of NATO's 26 nations will step deeper into a military situation with grim parallels to Iraq.

Some 20,000 NATO soldiers and a similar number of U.S. forces now face an emboldened Taliban insurgency.

Jones is seeking reinforcements for the 8,000 mainly British, Canadian and Dutch troops, who took over southern Afghanistan in August. Since then, at least 35 NATO troops have died as well as hundreds of militants.

Jones said the extra military muscle would allow allied forces to destroy the insurgents.

He also dismissed comparisons with Iraq as "a cheap shot."

"We are talking about something which is very manageable militarily. I'm optimistic that Afghanistan is and will be a success story," he said.

However, U.S. and NATO commanders have repeatedly underestimated the ability of the Taliban to regroup after heavy losses, and there are signs that militants in Afghanistan are adopting tactics used in Iraq.

On Friday, the Afghan capital suffered its worst suicide attack since U.S.-led forces ousted the Taliban regime in late 2001. Sixteen people died, including two U.S. soldiers, when the driver of a car packed with explosives rammed an American Humvee near the U.S. Embassy in Kabul.

Suicide attacks have become increasingly common in Afghanistan, and a Taliban commander claimed last week to have lined up hundreds of volunteers for such missions.

U.S. officials have confirmed that militants are using more and more sophisticated roadside bombs to target Afghan and foreign troops.

"The fighting is extraordinarily intense. The intensity and ferocity of the fighting is far greater than in Iraq on a daily basis," the commander of British forces in Afghanistan, Brig. Ed Butler, told British ITV news.

Against that background, some nations are reluctant to send more troops into the firing line.

Boudreau said NATO generals with troops in Afghanistan agreed Friday to "reduce to a minimum" the restrictions on how their forces are used.

Germany, for instance, is loath to reallocate any of its 2,800 troops deployed mostly in the relatively peaceful north of Afghanistan, to the south.

Also Friday, Turkey's top military commander said his country would not be contributing any combat troops to Afghanistan. Turkey, which has taken its turn at commanding the NATO force, currently has some 900 military personnel there helping with reconstruction.

Karzai On The Bombing: "The Enemy Is Not Eliminated" (TIME)

By Aryn Baker

Time, September 9, 2006

The ferocity of the battle for control of Afghanistan, which has raged across the south of the country for weeks, was felt Friday in the capital. A massive suicide car-bombing in Kabul killed two Americans and at least 16 Afghans, and rocked the floor of the presidential palace a mile away, where President Karzai was sitting down for an interview with TIME.

Windows rattled across the city Friday morning as a suicide car-bomber rammed a U.S. convoy patrolling near the U.S. embassy in the city center. It was the second suicide attack in a week, following on Monday's bombing near the airport that killed five people. And it came at the end of a week of fierce clashes in the south; the strength of Taliban resistance has surprised

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NATO commanders, who on Thursday called on member-states to send a further 2,000 troops to reinforce its counterinsurgency mission in the Taliban's heartland.

President Karzai, struggling to maintain his composure in the minutes following the blast, condemned the attack and lamented the loss of life, but adamantly rejected any suggestion that the security situation in Afghanistan was deteriorating.

"Look, we have enemies," Karzai said. "The same enemies that blew up themselves in London, the same enemies that blew up the train in Madrid or the train in Bombay or the twin towers in America are still around. Before September 11 they were the government in Afghanistan. Today they are on the run and hiding and they come out from their hiding and try to hurt us when they can manage it."

Hurt Afghans they certainly did. Witnesses at the blast site described a mangled Humvee, a bomb crater about four feet deep, scattered body parts, and most chillingly, a bra tangled in tree branches above the vehicle, where it was hurled by the strength of the explosion. Although coalition forces were the immediate target, the size and range of the blast at a busy intersection suggests that the civilian casualties were intentional. Massoud Circle, where the attack occurred, is located near an apartment complex housing thousands of families, where many windows were shattered.

If Karzai's enemies are, indeed, on the run, events over the past week suggest they are far from being defeated. Besides the two suicide attacks in the capital and insurgent attacks scattered throughout the south and west, Taliban forces have mounted a surprisingly strong resistance to an ongoing NATO operation near Kandahar in which both sides have suffered substantial casualties. The bombings in the capital "looks to be the insurgents lashing out against us for the pressure we are putting on them in the south," says Luke Knittig, a spokesman for NATO's International Security Assistance Force. "Conventional warfare is taking its toll down there, and they know the importance of the capital."

With NATO still finding its feet just a month after taking control of the south from U.S. forces, the Taliban appears determined to do its utmost to test the appetite of the Western alliance for a sustained and messy counterinsurgency campaign. But Knittig insists that the alliance will not be swayed. "NATO has signed on the line for a long-term commitment to Afghanistan."

The Alliance will need to sustain that outlook if plans for rebuilding a viable Afghan society free of the Taliban are to be realized. "We will have [attacks of this kind] for a long time," warns Karzai. "The enemy is defeated, but it is not eliminated. The elimination part is what we should continue to work on. And that needs patience. That needs perseverance and that needs hard work."

Source: Mullah Omar In Pakistan (CNN)

By Peter Bergen, Anderson Cooper

CNN, September 9, 2006

KABUL, Afghanistan (CNN) -- The one-eyed Taliban leader Mullah Omar, who heads the religious militia fighting U.S. and NATO forces in Afghanistan, is living in Pakistan, though not in the same area where al Qaeda leader Osama bin Laden is thought to be, according to a U.S. intelligence source.

The elusive Taliban leader is believed to be in Quetta or its environs, a city of one million that is the capital of Baluchistan province in southwestern Pakistan.

The intelligence source said of Mullah Omar's location: "At one point we had it down to a particular section of Quetta."

Pakistani President Pervez Musharraf did not address specifically the question on his visit to Kabul Thursday, but said "Please do understand the Pakistan government (is not) behind anything that is happening in Afghanistan."

The last known location for Mullah Omar was in the southern Afghan city of Kandahar, which he fled in December 2001 as U.S. forces closed in on the city. The U.S. government is now offering a reward of up to $10 million for information leading to his capture.

The intelligence source says that Mullah Omar continues to supply "high level guidance" to his movement of religious warriors, although he is not involved in the day-to-day operations of the movement, a role that is largely played by military commander Mullah Dadullah.Specific location

U.S. officials have been saying for some time that another of the world's most wanted men -- Mullah Omar's close friend and advisor, bin Laden -- is believed to be in the Pakistan-Afghanistan border area, and the intelligence source who spoke of Mullah Omar offered a specific location for bin Laden, as well.

The source said that bin Laden is likely in Bajuar, a sparsely populated remote tribal region on the northern Afghan-Pakistan border, bordering Chitral. That is a region that a U.S. military intelligence official has identified to CNN in the past as a strong possibility for the location of al Qaeda's leader.

Meanwhile, NATO's top military commander, U.S. Gen. James L. Jones, has called on the 26 member nations to provide more troops for Afghanistan, which is facing its deadliest spate of violence since the Taliban regime was ousted in late 2001.

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A huge suicide car bomb struck a convoy of U.S. military vehicles Friday in the Afghan capital, killing at least 18 people, officials and witnesses said. (Full story)

Major Reported She Had Been Kidnapped (AP)

By Leila Saralayeva, Associated Press Writer

AP, September 9, 2006

A U.S. Air Force officer who disappeared earlier this week in Kyrgyzstan was found alive late Friday, reportedly telling people who helped her that she had been kidnapped, officials said.

Maj. Jill Metzger, 33, was located by Kyrgyz law enforcement agents who informed authorities at the U.S. air base at the airport in Bishkek, the Central Asian nation's capital, base spokeswoman Capt. Anna Carpenter said.

Kyrgyz Deputy Interior Minister Omurbek Suvanaliyev said Metzger, 33, knocked on the door of a house on the outskirts of the capital shortly before midnight and told its residents that she had been kidnapped.

Metzger said she had been abducted by three young men and a woman in a minibus and held in a rural area 30 miles from Bishkek, Suvanaliyev told The Associated Press Saturday. He cited local police in Kant, where he said she approached the first house she came to. He said she looked exhausted and her hair was dyed.

That account differed somewhat from one given by Metzger's father-in-law, Kelly Mayo, who said in a telephone interview with the AP from Colorado Springs, Colo., that Metzger was found on the side of the road with her head shaved.

"I know she's coherent, and whoever had her let her go," he said, adding that she had been beaten. "We've got her back. Praise the Lord."

Suvanaliyev said the people who took Metzger in when she knocked on their door called the police.

Mayo said the Air Force's Office of Special Investigations notified the family Friday afternoon but were given few details. He said his son, Air Force Capt. Joshua Mayo, was elated after being told about his wife.

"I can't even describe it. He's just beside himself, just unbelievable joy," Mayo said, adding the family was waiting for her to call.

There was no immediately U.S. comment on the kidnapping report. Carpenter declined to discuss Metzger's condition, which a U.S. military statement said will be determined by a medical team.

"We are elated to have Jill back with us," a U.S. military statement quoted the base commander, Col. Scott Reese, as saying.

Kyrgyz authorities notified base officials at 1:15 a.m. local time Saturday of the news, the statement said.

Metzger, a former resident of Henderson, N.C., was serving a four-month stint at the base with the 376th Air Expeditionary Wing. Her normal duty station is Moody Air Force Base in Georgia as a member of the 347th Mission Support Squadron. She had been scheduled to land back at her U.S. base Friday.

The U.S. military has maintained an air base at Kyrgyzstan's main civilian airport since 2001, backing operations in nearby Afghanistan.

Military officials said the newlywed Metzger, dressed in blue jeans and a sweater, vanished during a shopping trip to a tourist hotspot in Bishkek, where she was searching for souvenirs to bring home to her family. The so-called "cultural tours" are common for off-duty personnel.

Her disappearance had baffled investigators. The military had 22 special agents looking for Metzger.

The shopping center where Metzger disappeared, located about 35 miles from the base, is not a particularly dangerous area, said Col. Kevin Jacobson of the Air Force Office of Special Investigations.

Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Metzger was found. It was unclear late Friday whether that policy had changed.

Interior Ministry spokesman Nurdin Jangarayev told the AP on Thursday that Metzger and another U.S. servicewoman were recorded on a security camera Tuesday afternoon as they entered TsUM, Bishkek's main department store.

She separated from her companion three minutes later, Jangarayev said. Over the next three hours, two calls were placed to her cellular phone but neither was answered, he said.

Before her disappearance, Metzger had been scheduled to head to Dayton, Ohio, for the annual United States Air Force Marathon. She has twice won the women's division of the event.

A week later, she was to travel with her husband to Jamaica for a belated 10-day honeymoon.

"Jill is a consummate happy-go-lucky person," her father-in-law said. "She doesn't see any kind of evil in the world. She's a wonderful, innocent person, and she would never think anyone would try and harm her."

Associated Press Writers Mike Baker in Raleigh, North Carolina, and Steve Gutterman in Moscow contributed to this report.

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Air Force Officer Who Vanished In Kyrgyzstan Is Found Alive (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

BISHKEK, Kyrgyzstan, Saturday, Sept. 9 — A United States Air Force officer who disappeared earlier this week in Kyrgyzstan said she had been kidnapped, a senior Kyrgyz security official said Saturday.

Maj. Jill Metzger, 33, who vanished on Tuesday, knocked on the door of a house in a town outside Bishkek, the capital, early Saturday morning and told residents she had been abducted, Deputy Interior Minister Omurbek Suvanaliyev said.

Major Metzger said that she had been seized by three young men and a woman in a minibus and held in a rural area 30 miles from the capital, Mr. Suvanaliyev said.

A spokeswoman for the United States base at Bishkek's airport, Capt. Anna Carpenter, said earlier Saturday that Major Metzger, who had vanished during a shopping excursion, had been located but declined to comment on her condition, which an American military statement said would be determined by a medical team.

"We are elated to have Jill back with us," the statement quoted the base commander, Col. Scott Reese, as saying.

Her father-in-law, Kelly Mayo, said in a telephone interview from Colorado Springs, Colo., that the Air Force's Office of Special Investigations had notified the family, but few details were available. He said his son, Air Force Capt. Joshua Mayo, was overjoyed at the news.

"He's just beside himself, just unbelievable joy," Mr. Mayo said.

Major Metzger, a former resident of Henderson, N.C., was serving a four-month stint at the base with the 376th Air Expeditionary Wing. Her normal duty station is Moody Air Force Base in Georgia as a member of the 347th Mission Support Squadron. She had been scheduled to land back at her base on Friday.

Military officials said Major Metzger, who recently married and was dressed in jeans and a sweater, vanished during a shopping trip in Bishkek, where she was searching for souvenirs for her family.

Such outings are common for off-duty personnel. Her disappearance had baffled investigators.

The military had 20 special agents looking for Major Metzger.

The American military has maintained an air base at Kyrgyzstan's main civilian airport since 2001, to support operations in nearby Afghanistan. The shopping center where Major Metzger disappeared, about 35 miles from the base, is not a particularly dangerous area, said Col. Kevin Jacobson of the Air Force Office of Special Investigations.

Still, the military had instituted a new policy barring all off-duty personnel from leaving the base until Major Metzger was found. It was unclear late on Friday whether that policy had changed.

Before her disappearance, Major Metzger had been scheduled to head to Dayton, Ohio, for the annual United States Air Force Marathon. She has twice won the women's division of the event.

A week later, she was to travel with her husband to Jamaica for a belated 10-day honeymoon.

Army On Pace To Meet Year's Recruiting Goal (WP)

By Ann Scott Tyson

The Washington Post, September 9, 2006

The Army will meet its goal of recruiting 80,000 new active-duty soldiers this fiscal year but will fall short in the percentage of high school graduates as the education level of enlistees dips below the norm of the past decade, according to senior Pentagon officials.

The Army's apparent success in meeting the U.S. military's biggest recruiting mission marks a significant rebound from last year, when the Iraq war, low unemployment and a shortage of recruiters contributed to the service's failure to make its active-duty target for the first time since 1999.

Pentagon officials attributed the gains primarily to a beefed-up active-duty recruiting force, which grew from 5,100 at the beginning of 2005 to 6,600 this year. "The most fundamental reason for success was the increase in recruiters in the field," said Curtis L. Gilroy, director of accession policy at the Pentagon.

In addition, Congress authorized a doubling of the maximum enlistment bonus from $20,000 to $40,000. It also instituted special recruiting incentives, such as extra pay of up to $500 a month for recruiters who exceed their goals and a $1,000 bonus for soldiers for each person they refer to recruiters who completes boot camp.

The influx of new soldiers bodes well for the all-volunteer military engaged in its first sustained combat, boosting the Army's active-duty manpower by roughly 10,000 troops at a time when the nation's main ground force is bearing the brunt of the fighting and casualties in Iraq.

"We all know if we don't get recruiting right, the rest doesn't matter too much," Gilroy said.

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By the end of August, the Army had recruited nearly 73,000 soldiers -- or 104 percent of the fiscal year-to-date goal for active duty -- chalking up an unusually high summer target of more than 10,000 recruits a month.

"I fully expect we will make our 80,000 mission for the fiscal year," Maj. Gen. Sean J. Byrne, director of Army personnel, told reporters. "I am more than satisfied with the quality of the soldiers," he added.

But though the number of Army recruits has grown this year, the number of those meeting key Pentagon standards has declined compared with the past several years.

For example, the proportion of recruits holding a high school diploma was 81.2 percent as of August, falling below the Pentagon benchmark of 90 percent for the second year in a row. The last time the Army fell to such a low level of high school graduates was in 1981, when it dropped to 80 percent.

As of August, about 61 percent of the Army recruits scored above the 50th percentile on the Armed Forces Qualification Test -- the lowest percentage since 1985 but still above the Pentagon's benchmark of 60 percent. About 3.7 percent of enlistees had the lowest acceptable scores, slightly below last year's figure of 4 percent but well above the average for the past decade.

In addition, the number of soldiers granted waivers for medical conditions, drug or alcohol problems, or misdemeanors has gradually increased, from 10 percent in 2001 to 15 percent last year, with this year's figure expected to be slightly higher, according to Byrne and Army data. "The Army understands that some people make mistakes in their lives" and should be afforded an opportunity to serve their country, Byrne said.

Still, Pentagon officials said they were not overly concerned about the measures, in part because they do not reflect the newly implemented tests of motivation and fitness designed to glean from the pool of less qualified soldiers those who are likely to perform well.

This year, for example, the Pentagon implemented military-wide a program designed at Walter Reed Army Medical Center to test the fitness of potential recruits who are in good condition but are heavier than average, such as football players. About 1,000 Army recruits this year were granted waivers after they passed the test of 15 minutes of step climbing and 15 push-ups, Gilroy said.

An additional 5,000 Army recruits who lacked high school diplomas but had GEDs received waivers this year after they passed a new screening test for motivation and dependability, which research has shown to correlate with staying in the Army.

Overall, only about 25 percent of American 17-to-24-year-olds -- 4.6 million -- are qualified to join the military. The rest have crime, drug and medical problems that exclude them, such as the 25 percent who are obese, Gilroy said.

Meeting next year's active-duty recruiting target of 80,000 will remain a major challenge for the Army, which will start the year with a pool of only about 14 percent of recruits who have signed contracts but not entered boot camp -- compared with the goal of 25 to 35 percent.

"The recruiting environment is very tough, very difficult," Byrne said, because of the economy, low unemployment and "the obvious fact that we're a nation at war."

Army Touts Recruiting Turnaround (AP)

By Robert Burns

AP, September 9, 2006

The Army says its success in enlisting new soldiers this year, after a dismal 2005, is innovative salesmanship by a bigger team of recruiters and financial incentives like bonuses of up to $40,000.

The Pentagon announced Friday that the Army met its recruiting goal for August, which a senior Army official said makes it virtually certain that the service will achieve its aim of signing up 80,000 new soldiers for the full recruiting year, which ends Sept. 30. Last year the Army fell short for the first time since 1999.

"We're reaching out a lot better," said the official, Maj. Gen. Sean Byrne, director of military personnel management. The Army is making better use of the Internet, for example, to reach more young people, he said.

The Army also has put about one-third more recruiters on the street, and Congress approved new financial incentives for enlistees, including signing bonuses for some slots of as much as $40,000. The Army also began allowing people as old as 42 to enter the service; the maximum age previously was 35.

Through August, the active-duty Army had signed up 72,997 new soldiers, nearly 3,000 above its year-to-date target. The Army National Guard was about 200 below its target of 63,240, while the Army Reserve, which had a particularly weak performance in August, was almost 2,000 below its year-to-date target of 33,124.

For August alone, the active Army topped the 10,000 mark for the second month in a row. It was the 15th consecutive month the active Army has met or exceeded its monthly goal. It missed four months in a row in early 2005, and some questioned whether the Army had developed a chronic and debilitating problem.

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The Marine Corps, Air Force and Navy all achieved their August goals and are on target to meet their full-year targets, the Pentagon said.

Summer is typically the strongest recruiting season.

The Army's ability to recruit is particularly important now because it is trying to grow in size, as part of a plan to build a larger number of combat brigades for use in Iraq, Afghanistan and potentially elsewhere. Without that growth, existing brigades would be rotating so often on overseas combat tours that the Army would risk alienating soldiers and their families, thus eroding their willingness to re-enlist.

Even now, after increasing the active-duty Army by about 10,000 soldiers this year, to about 501,000, soldiers generally get less than two years at home between one-year tours in Iraq.

Byrne said the Iraq war continues to be a drag on recruiting, and he said unpublished Army research surveys show people of enlistment age are increasingly disinclined to join. Similarly, adults who influence the choices of potential recruits — like parents, teachers and coaches — are less inclined to recommend military service.

But the Army has managed to overcome those negative factors by using more innovative techniques to reach young people, Byrne said. Recruiters, for example, are available at all hours on an Army Web site chat room. Those who indicate a strong interest are then offered a chance to meet face-to-face with a recruiter. That has proven more productive, Byrne said, than traditional tactics like waiting for people to walk into a recruiting station.

The Army also has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them. The Army says it does not grant waivers if there is a pattern of criminal misconduct or for convictions of drug trafficking or any sexually violent crimes.

Ex-Congress Aide Accused In Spy Case Is Free On Bail (NYT)

By Anemona Hartocollis

The New York Times, September 9, 2006

A former journalist and Congressional aide accused of working with Iraqi intelligence before the war was released from prison yesterday after a federal judge ruled that she could not be forced to take antipsychotic medication in an effort to make her competent to stand trial.

The judge, Michael Mukasey of Federal District Court in Manhattan, said he was not convinced that even if she took the medication, the defendant, Susan P. Lindauer, 43, would improve enough to be capable of standing trial.

Judge Mukasey also criticized the strength of the government's case, saying that the legal standard for forcibly administering medication requires a strong government interest in prosecution, and that the government has not been able to establish that standard in this case. The ruling was a setback for the government's case against Ms. Lindauer, who was arrested in March 2004 at her home in Takoma Park, Md. An indictment charged that Ms. Lindauer, also known as Symbol Susan, conspired to act as an unregistered agent of the government of Iraq from October 1999 until February 2004, and engaged in illegal financial transactions.

Although he was reluctant to analyze the government's case before trial, the judge said, "There is no indication that Lindauer ever came close to influencing anyone, or could have." The indictment, he said, describes an attempt to influence an unnamed government official as unsuccessful.

Investigators said she had tried to influence American policy by presenting herself as an agent of Saddam Hussein's government in early 2003 to Andrew H. Card Jr., then the White House chief of staff, who was described as a distant relative.

Judge Mukasey said that for Ms. Lindauer to succeed as an agent of the Iraqi government, she would have had to influence other people. But her mental condition makes that highly unlikely, he said.

"The record shows that even lay people recognize that she is seriously disturbed," Judge Mukasey said in a 35-page ruling issued on Wednesday. He said that a neighbor had suspected her of being mildly schizophrenic.

Prosecutors said she met with Iraqi intelligence officers at places in Baghdad, including Al Rashid Hotel, in 2002, where she accepted $5,000 in cash.

Ms. Lindauer told a television reporter after her arrest that she was innocent, and that she was an antiwar activist.

Ms. Lindauer worked as a journalist in Washington and in the press offices of several liberal Democrats in the House and Senate, although her last such job was in 2002.

At least a half dozen doctors for both the defense and the prosecution have found that Ms. Lindauer suffers from delusions of grandeur and paranoia, which makes her incompetent to stand trial, the judge said. But she refuses to accept the diagnosis or to take medication, he said. One doctor found that Ms. Lindauer had a history of psychotic episodes going back to her childhood,

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possibly at the age of 7, the judge said. These include her contention that she had gifts of prophecy that allowed her to report 11 bombings before they happened, that she spoke with divine inspiration and that she was an angel.

Among her paranoid delusions, doctors said, were the notion that she was being watched by hidden cameras in her apartment, that the Egyptian government had tried to assassinate her and that men next door had videotaped her under instructions from President Bill Clinton.

At a hearing before Judge Mukasey yesterday, prosecutors offered a backup plan, asking the judge to order Ms. Lindauer to either voluntarily take antipsychotic drugs for 30 days or be held in contempt. Contempt charges could be punished with jail time.

Judge Mukasey declined to rule on the prosecutor's suggestion, saying that the case was being assigned to another judge and that he would leave that decision to her.

Meanwhile, he ordered Ms. Lindauer to be released under previously determined terms, including on bail of $500,000, on the condition that she receive psychological counseling and that her travel be restricted.

Her lawyer, Sanford Talkin, said she was released from the Metropolitan Correctional Center in Manhattan, where she has been held for the last few weeks.

Before that, she was in a federal prison hospital in Carswell, Tex. He said she would now return to her home in Maryland.

"She can't go to trial until she's competent," Mr. Talkin said. "I think it was a difficult decision, but I think it was the right decision, and I think it was a just decision."

Ms. Lindauer is a 1985 graduate of Smith College, where she majored in economics, and she received a master's degree from the London School of Economics.

Her father, John Lindauer, was the Republican nominee for governor of Alaska in 1998.

Judge Mukasey also expressed humanitarian concerns about forcing Ms. Lindauer to take medication, which, he said, "necessarily involves physically restraining defendant so that she can be injected with mind-altering drugs."

CORPORATE SCANDALS:

Stock Options Probe Expands (AP)

By Marcy Gordon

AP, September 9, 2006

WASHINGTON - As shareholders are finding out how costly the stock-options backdating scandal might be, a widening cast of characters is being targeted.

In the latest development Friday, Broadcom Corp., a supplier of chips used in communications devices, said it may need to boost a charge it takes to $1.5 billion or more for stock-option accounting flaws -- double what it estimated in July.

Government officials said this week they want to know what roles corporate directors as well as outside attorneys, auditors and compensation consultants might have played in helping executives manipulate the timing of option grants to enrich themselves and their colleagues.

More than 100 public companies, many of them in the technology sector, are under scrutiny by the Securities and Exchange Commission for possible rigging of stock-option grants to boost their value to the recipients. The Justice Department is investigating scores of companies for possible criminal violations.

California-based Broadcom, for example, uncovered grants awarded between June 2000 and 2002 in which the measurement dates differed from grant dates.

And the Internal Revenue Service is looking at possible tax-law violations in option grants by some companies.

Congress weighed in this week with hearings on the issue by two Senate panels. The chairman of one of them, the Senate Finance Committee, wants to learn more about the supporting players and is digging deep.

"It's hard to believe ... that the executives did this all by themselves," Sen. Charles Grassley, R-Iowa, said at a hearing Wednesday. "And to be honest, the idea that all executives at different companies came up with this idea at the same time stretches the imagination."

Grassley said he planned to write to "several major corporations" that have engaged in backdating of stock options, asking them to provide the minutes of board meetings in which directors discussed the matter as well as documents from attorneys, accountants and consultants who assisted.

In backdating, options are issued retroactively to coincide with low points in a company's share price, a practice that can fatten profits for options recipients when they sell their shares at higher market prices. Backdating options can be legal as long as

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the practice is disclosed to investors and properly approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

"We need to understand and bring enforcement action against all the actors who were involved with this abusive scandal," Grassley said.

Deputy Attorney General Paul McNulty, who testified at the same hearing, said the Justice Department "would have no difficulty bringing cases against accountants and attorneys" if the prosecutors can meet the relatively high burden of proof of criminal intent.

At the same time, though, he said he views the role of outside actors as "less significant" than in other financial scandals of recent years -- which he termed far more complex than options dating and involving a multitude of players both inside and outside companies.

As a government law-enforcement official, McNulty was being "appropriately cautious" in his public comments, said Michael Koenig, a former federal prosecutor who now is in private law practice at Dewey Ballantine in Washington. If outside players are found to have actively participated in illegal options timing schemes, Koenig said, "They will get charged; they will get prosecuted."

For attorney Darren Robbins, complicity by directors and outside parties is a given: His firm is targeting a number of them in its lawsuits against dozens of companies over the timing of options grants to executives, brought on behalf of big pension funds in the United States, Europe and Australia.

His mission is to ensure "that the net is cast wide enough to include all of those who formulated or perpetrated the wrongdoing," said Robbins, a partner in San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins, a high-profile law firm specializing in class-action suits against public companies.

He said he doesn't expect companies to voluntarily provide the relevant documents to Grassley, so the finance panel chairman may have to threaten issuing subpoenas.

In related developments this week:

· Comverse Technology Inc., a maker of voicemail software whose option awards are under investigation, said Tuesday that it has requested more time from the Nasdaq Stock Market to file its restated finance statements to avoid having its stock stripped from trading. Federal authorities charged last month that three former top executives of Comverse hatched a scheme to secretly manipulate options for profit.

· The Home Depot Inc. disclosed Wednesday that federal prosecutors in Manhattan have asked for information from the nation's largest home-improvement store chain in connection with an inquiry into stock options. Atlanta-based Home Depot said in June that the SEC had begun an examination after the company disclosed it had found $10 million in unrecorded stock-option expenses.

· Sharper Image Corp. said Thursday that it needed more time to finalize its second-quarter results so its recently reorganized board can determine if past employee options were properly recorded, creating a potential distraction as the specialty merchant struggles to snap out of a deep sales funk.

· Casual clothier Gap Inc. reported Thursday that an internal review of its stock-option practices found errors related to the dating of certain grants, resulting in unrecorded expenses of around $5 million.

Broadcom Problem Grows (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, September 9, 2006

Broadcom warned investors Friday that its internal review of misdated stock options had uncovered deeper problems that will force it to recognize at least $1.5 billion in expenses -- double the Irvine company's original estimate in July.

Meanwhile, a Silicon Valley company said its internal investigation had come to the opposite conclusion: Linear Technology found ``no evidence of fraud or misconduct of any kind.'' Still, the Milpitas chip maker apparently became the first valley company to disclose that the Internal Revenue Service is looking into possible option abuses.

So far, about 120 U.S. companies face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews, with about one-fourth of them based in Silicon Valley. Many of those have warned they will need to restate past financial reports because option abuses led them to overstate their profits.

Broadcom stands apart, however, because the size and breadth of its errors have grown dramatically. The semiconductor maker said in July that it had understated its option expenses by an estimated $750 million and would restate records dating to 2000.

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Now it says it will restate financial reports back to 1998 -- covering its entire history as a public company. The accounting charge ``will be at least twice the amount previously estimated and could be substantially more'' if investigators find more tainted options, Broadcom said.

The $1.5 billion expense is more than double the $727.5 million in net income that Broadcom reported in its four profitable years, according to Bloomberg News. The company suffered $6.6 billion in net losses in the other four years. Its stock fell 34 cents to $26.09 Friday, but it has dropped 46 percent since peaking in March.

`Destabilizing scandal'

The revelation forces investors to grapple with a troubling question, said Damon Silvers, associate general counsel for the AFL-CIO, which manages union pensions with $5 trillion in assets.

``Is the company a successful business or not?'' Silvers said. ``That's why we've been saying over and over again that this is a profoundly destabilizing scandal.''

In contrast, Linear Technology's internal review concluded that it ``did not employ backdating'' from 1995 to 2006 and would not need to restate financial records. Backdating involves doctoring the paperwork on options to dates with lower stock prices to give recipients immediate paper profits.

Linear came under suspicion because of a number of fortuitously timed option grants. In 1998, for example, Chairman and Chief Executive Robert H. Swanson Jr. and at least four other top executives received options priced at the lowest price of the company's fiscal year.

In its annual report issued Friday, the company said it granted stock options on a quarterly basis near board meetings that were scheduled far in advance to coincide with the release of quarterly earnings.

Linear previously disclosed that it is under investigation by the Securities and Exchange Commission and Justice Department -- and the annual report noted that the IRS had joined that list Tuesday. Linear's stock fell 23 cents to close at $32.59 Friday.

A local IRS spokesman declined to comment on the agency's request for documents, citing privacy issues. It can't say whether its request was minor or a full-fledged audit. Unlike the SEC, which can escalate from an informal investigation to a formal investigation, the IRS doesn't have a way to signal if an audit is escalating.

IRS joins task force

The news of the IRS's involvement in Linear came a day after the U.S. attorney in San Francisco announced that four IRS criminal investigation agents had joined a task force examining whether companies and executives committed fraud when options were misdated. The task force now has 15 members from the SEC, Justice Department and IRS.

Some experts are hesitant to read too much into the IRS's request for documents from Linear, however. Because the options scandal has unfolded rapidly -- and could reflect problems at hundreds more companies -- the IRS might still be gathering data from companies nationwide to assess the scope of the problem and how to develop an eventual settlement program.

``They're in the very early stages here,'' said Pete Klinger, director of compensation and benefits at BDO Seidman in San Francisco. ``From what we've seen so far, it is not very widespread.''

Broadcom's Stock Option Costs Soar (LAT)

By James S. Granelli, Times Staff Writer

The Los Angeles Times, September 9, 2006

Unreported expenses may surpass $1.5 billion, leading to the largest restatement among firms under scrutiny for alleged manipulation.

As an optimistic symbol of the technology industry's future, Broadcom Corp. in the late 1990s was hard to beat.

Stock options turned average workers into millionaires, and the founders established themselves at the top of Orange County's corporate and philanthropic elite as the Irvine chip maker's share price soared.

But eight years after its frothy debut on the public markets, Broadcom is fast epitomizing the industry's cavalier past — and more sober prospects.

On Friday, the company said unreported expenses related to those stock options that peppered the employee parking lot with Ferraris and Lamborghinis are likely to swell to more than $1.5 billion and ultimately could be "substantially more."

The revision is double an estimate of two months ago and would increase Broadcom's accumulated losses since going public in 1998 to more than $7 billion. It's also the largest restatement among any of the more than 100 public companies under scrutiny over alleged manipulation of the timing of stock option grants.

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Although technology companies were more likely than other firms to grant stock options as incentives for rank-and-file workers as well as executives, questions about the practice are being raised at a number of companies — including Home Depot, Cheesecake Factory, Cablevision and UnitedHealth.

In many cases, experts believe, nothing illegal was done, although the Justice Department is examining more than 45 companies and the Securities and Exchange Commission is reviewing more than 100. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud.

No one at Broadcom, which makes communications chips designed into cellphones and digital entertainment systems, has been accused of wrongdoing, and the company said it was cooperating with an informal investigation by the SEC.

"Broadcom seems to be one of the more aggressive companies in advancing its internal investigation," said Michael D. Cohen, research director for Pacific American Securities in San Diego. "It's concerned about not wanting to be the poster child in the industrywide scandal."

Broadcom said its internal investigation, which uncovered $750 million in unreported compensation expenses two months ago, identified additional options linked to dates other than when they were actually awarded. So-called backdating involves timing options to dips in the stock, creating a greater likelihood of a lucrative upside.

As a result of the investigation, Broadcom is restating all of its financial reports back to its initial public offering in 1998. It said all changes involved alterations to bookkeeping accounts that did not affect the company's cash position or financial stability. The company has more than $2 billion in cash and short-term securities and has been profitable since 2004.

All together, Broadcom granted options for 238 million shares of common stock to employees over more than five years — with 95% going to employees other than executive officers. The company said no board member received options — including co-founders Henry T. Nicholas III and Henry Samueli, who became billionaires from their stakes in the company.

Spokesman William Blanning said Broadcom would not comment beyond a news release issued early Friday before financial markets opened. Broadcom shares fell 34 cents, or just over 1%, to $26.09 — about half their 52-week high of $50 and far from their split-adjusted all-time high of $182.41.

"This is almost old news," said Marc A. Siegel, research director at the Center for Financial Research and Analysis. "People investing today are looking forward."

It was Siegel's report last spring that identified Broadcom and others as granting options with questionable timing.

"These kind of things in and of themselves do not affect cash. There's no economic damage," said analyst David Wu at Global Crown Capital in San Francisco. "But it does show how fast and loose they were playing, giving out options on a very liberal basis."

Broadcom was a typical young high-tech company caught up in the exuberance of the 1990s. Founded in 1991, it used stock options to attract engineering talent and supplement the relatively low salaries common at emerging companies.

When tech was the darling of Wall Street, Broadcom was one of the stellar stocks. During those giddy days when investors chased anything that ended in .com, Broadcom had something unusual: real products and a solid business plan selling chips that ran TV set-top boxes and wireless devices.

And it had Nicholas.

Brash, bright and seemingly always awake, Nicholas pushed the company into a range of new niches, negotiating late-night deals and using the company's high-priced stock to buy 18 companies in two years.

By 2000, Nicholas and Samueli, the chairman, had amassed a net worth that Forbes magazine estimated at $10 billion each, most of it in Broadcom stock. But the next year, as the tech economy burst, Broadcom shares plummeted 92%, taking most of the co-founders' assets with it. Their net worth in 2001 was pegged at $2 billion each.

By 2003, Nicholas, known for extravagant parties at his sprawling Laguna Hills mansion, found himself nearly burned out and almost divorced. He quit the company to reconcile with his wife.

Samueli, who remains chairman, has donated more than $160 million, mostly to educational and healthcare institutions. Two engineering schools are named after him, one at UCLA and one at UC Irvine, and a center for alternative medicine at UC Irvine is named for his wife, Susan.

Broadcom plugged away, hiring Scott A. McGregor as chief executive from Royal Philips Electronics in 2004. McGregor shed stagnant businesses and pushed into more promising markets. Today, Broadcom's chips are found not only in cable TV set-top boxes and cellphones but a host of mobile and broadband products.

"The promise of Broadcom in the late 1990s is still there today," said Cohen, who has followed the company since its early days.

He noted, though, that the corporate culture had changed since the aggressively competitive Nicholas quit as chief executive.

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"It's still highly competitive," Cohen said. "But the nature of those go-go years and the high-flying stock affected things differently. You had to be the first charger into the market then. Now it's a little more business-as-usual atmosphere."

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Broadcom's Backdating Charge Doubles To $1.5 Billion (Update5) (BLOOM)

By Rebecca Barr

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Broadcom Corp., a maker of computer chips for consumer devices, said it discovered more instances of stock-option backdating that will require the company to at least double its charge for the practice to $1.5 billion.

The company's 1998 and 1999 earnings must be restated, Broadcom said today in a statement. Most of the non-cash charge will be expensed in the periods through the end of 2003.

The restatement is the biggest yet among at least 120 companies facing federal probes or conducting internal reviews into whether they manipulated dates to inflate the value of options. In July, Broadcom said it would take a $750 million charge after an audit committee found options backdating from 2000 to 2002. That review continues.

``More serious than effect on share price is what it says for the culture of the company," said Michael Cohen, an analyst for San Diego-based Pacific American Securities. ``In addition to straightening out the accounting, these companies should find the wrongdoers and get some recovery for shareholders."

Shares of Irvine, California-based Broadcom slipped 76 cents, or 2.9 percent, to $25.67 at 10:45 a.m. New York time in Nasdaq Stock Market composite trading. Before today, they had fallen 46 percent from this year's March 2 peak.

Broadcom, which is also under an informal probe by the U.S. Securities and Exchange Commission, said the U.S. Attorney's Office for the Central District of California asked for some documents already requested by the SEC.

Profit, Loss

The $1.5 billion would be more than twice as much as the $727.5 million in total net income Broadcom reported for its four profitable years since going public in 1998, according to data compiled by Bloomberg. The company had $6.63 billion in net losses for the other four years.

``Stockholders are hit twice," said Cohen who rates Broadcom's stock ``buy" and said he doesn't own it. ``First you're stolen from, then the stock goes down when the theft is uncovered."

The company said it has found no instances of option backdating after May 2003 and neither founders Henry Samueli and Henry Nicholas nor any board members board past or present have profited from the disputed options.

``I suspect investors will now look at what they expect from Broadcom management in the future, and with the current management team in place," said Marc Siegel, director of research at the Center for Financial Research & Analysis in Rockville, Maryland.

Restatements

More than 40 companies have said they will restate earnings or might have to do so when internal probes are completed. The restatements total at least $2.27 billion so far, according to Bloomberg data. Broadcom's is the biggest announced to date.

Federal investigators are scrutinizing stock-option grants that may have been backdated or carefully timed to coincide with days when the stock price was low to enrich the recipients. Such grants can hide costs, distort taxes, and obscure a company's true financial condition, and could be criminal acts if not properly disclosed.

Stock options allow recipients to buy shares at a future date, usually at the price on the day they were granted. They are given to managers as an incentive to find ways to boost the stock price. Broadcom in July said as much as 95 percent of its options are awarded to employees below executive officer level.

Subverts Purpose

Prosecutors and members of Congress have said backdating grants, or awarding them shortly before good news is announced, subverts their purpose and could involve criminal fraud.

SEC Chairman Christopher Cox told Congress this week that more than 100 companies are being investigated. Executives at Comverse Technology Inc. and Brocade Communications Systems Inc. face criminal charges, and Cox said more enforcement actions will follow.

Broadcom's extra charges announced today concern options awarded between June 1998 and May 2003, a period that hadn't been assessed by the audit committee when the preliminary expense was announced in July.

Linear Technology Corp. today said the U.S. Internal Revenue Service requested information about its options-granting practices. The company, which makes computer chips for cell phones and satellite systems, already had disclosed that the SEC and the Justice Department are conducting informal inquiries into the options.

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To contact the reporter on this story: Rebecca Barr in New York at rbarr1@bloomberg.net .

Ebbers Ordered To Report To Prison Sept. 26 In WorldCom Fraud (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 9, 2006

(AP) - NEW YORK-Former WorldCom Corp. chief Bernard Ebbers was ordered to report to prison Sept. 26 to begin serving a 25-year sentence for an $11 billion (â,¬8.64 billion) accounting fraud.

U.S. District Judge Barbara Jones, in a ruling made public Thursday, ordered Ebbers to surrender to an institution designated by the U.S. Bureau of Prisons to begin serving a sentence that was delayed for the last year while an appeals court considered it.

Ebbers was sentenced in July of last year after he was convicted of fraud and conspiracy in the massive fraud that drove WorldCom into bankruptcy in 2002.

The 2nd U.S. Circuit Court of Appeals last month upheld his conviction and sentence, finding he was motivated primarily by personal financial circumstances.

Ebbers once was known as one of America's most successful chief executive officers as his telecommunications company and its stock soared during the technology driven excesses of the late 1990s.

At trial, prosecutors successfully argued that Ebbers helped lead a plan to prop up the company's stock price by hiding its failing finances. The scheme was described as one of the largest accounting frauds in history.

WorldCom collapsed into bankruptcy in 2002, and investigators eventually uncovered $11 billion (â,¬8.64 billion) in fraud, much of it because accountants were classifying regular expenses as long-term capital expenditures. The company re-emerged under the name MCI. Verizon later bought MCI.

A lawyer for Ebbers, Reid Weingarten, did not immediately return a telephone call for comment Thursday.

Ebbers at sentencing could have faced as much as 85 years in prison on nine criminal counts including securities fraud, conspiracy and making false filings to the Securities and Exchange Commission.

He was convicted more than two years after an internal auditor began asking questions about curious accounting at WorldCom, touching off a scandal that eventually unearthed $11 billion (â,¬8.64 billion) in cooked books.

The company struck a $750 million (â,¬589 million) settlement with federal regulators to repay aggrieved investors, a small sum compared to the tens of billions of dollars of market capitalization that evaporated in the scandal.

Former Enron Executive David Delainey Asks Judge For Probation (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Former Enron Corp. executive David Delainey, who pleaded guilty to insider trading, asked a judge to sentence him to probation or house arrest because he cooperated with prosecutors in their investigation.

Delainey, a Canadian citizen and former head of Enron's energy trading and retail energy services divisions, said he deserves less than the 10-year term he agreed to serve, according to court papers filed Aug. 28. He asked to serve any sentence in Canada, near his job and family in Calgary.

``Mr. Delainey has provided the government with extraordinary insight and education, and has given powerful, credible testimony," John Dowd, his lawyer, wrote in court papers filed with U.S. District Judge Kenneth Hoyt in Houston. ``His testimony at the trial of Jeffrey Skilling and Kenneth Lay was critical to achieving the convictions."

Skilling, 52, and Lay, who died in July at age 64, were convicted in May of spearheading the fraud that destroyed the world's largest energy trader. More than 5,000 jobs and $1 billion in employee pensions vanished when Enron plunged into bankruptcy in December 2001.

Delainey, 40, pleaded guilty to selling more than $4.26 million in Enron stock between January 2000 and October 2001 based on non-public knowledge of numerous management schemes that were artificially boosting Enron's bottom line. These included realigning business units to hide losses and improperly using reserves to make up shortfalls in earnings expectations.

Forfeiture

As part of his plea agreement, Delainey also agreed to forfeit almost $8 million in illicit profits and cooperate with prosecutors when he pleaded guilty to a single count of insider trading in October 2003. In a Sept. 5 response to his sentencing request, prosecutors told Hoyt they will seek an unspecified reduction in Delainey's sentence.

Delainey's court filing described $7 million he forfeited to the Justice Department and the U.S. Securities and Exchange Commission, as well as a $10,000 unsolicited donation he made in March 2002 to the Enron Ex-Employee Relief Fund, which benefits laid-off Enron workers.

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Dowd told Hoyt that Delainey also deserves credit for waiving extradition and voluntarily coming to the U.S. to face charges. He said it might have been difficult to extradite the Enron executive because Canada doesn't consider insider trading a crime.

``Although Mr. Delainey could easily have sought to hide behind the extradition treaty and embroil the government in long and costly extradition proceedings, he decided instead to take responsibility for his actions and help clean up this mess," Dowd wrote.

Jaclyn Lesch, spokeswoman for the Justice Department's Enron Task Force, didn't return a call seeking comment.

The case is U.S. v. Delainey, H-03-420, U.S. District Court, Southern District of Texas (Houston).

To contact the reporter on this story: Laurel Brubaker Calkins in Houston at laurel@calkins.us.com .

HP Chairwoman Tries To Diffuse Uproar (AP)

By Michael Liedtke, AP Business Writer

AP, September 9, 2006

Embattled HP Chairwoman Battles to Save Her Job Amid Furor Over Spy Tactics

SAN FRANCISCO (AP) -- Battling to keep her job, Hewlett-Packard Co. Chairwoman Patricia Dunn tried Friday to defuse the uproar over a company-ordered investigation that relied on a potentially illegal ruse to obtain the personal phone records of her fellow directors and at least nine reporters.

In an interview, Dunn described the tactics as "absolutely appalling" and "embarrassing" while defending the need to pursue the investigation to plug a leak on HP's board.

"I serve at the pleasure of the board," Dunn said. "I totally trust their judgment. If they think it would be better for me to step aside, I would do that. But a number of directors have urged me to hang in there." She declined to say how many of HP's other nine directors support her.

The board plans to hold an emergency meeting by phone during the weekend to discuss the concerns about the company's investigation as well as Dunn's job status.

California Attorney General Bill Lockyer already has concluded the HP investigation broke state law by obtaining people's private phone records under false pretenses -- a charade known as "pretexting."

HP's investigators masqueraded as the directors and reporters targeted in the probe, using their Social Security numbers in some instances to dupe phone companies into turning over lists of personal phone calls.

Lockyer is still gathering evidence to determine the breadth of the violations and the culprits behind them, a process that he hopes to wrap up soon, his spokesman, Tom Dresslar, said Friday.

In a letter sent late Friday, U.S. Senator Richard Durbin, D-Illinois, asked U.S. Attorney General Alberto Gonzales to review whether HP's investigation broke any federal laws. "I am deeply troubled by these allegations," wrote Durbin, who wants to pass a federal law that would outlaw obtaining private phone records without an accountholder's consent.

The Federal Communications Commission also has taken the first step toward opening an investigation by sending a letter of inquiry to AT&T Inc., the source of the personal phone records obtained by HP.

The invasion of privacy so infuriated one HP director, longtime Silicon Valley venture capitalist Tom Perkins, that he resigned from the board in May and triggered a chain of events that finally forced the company to publicly disclose its role in the pretexting.

Incensed by several media stories that quoted unnamed people about information shared during HP board meetings, Dunn authorized the investigation earlier this year to find out if any of the company's directors were talking out of turn.

The inquiry convinced HP that George Keyworth II had been providing reporters with confidential company information. The company is punishing him by preventing him from running for re-election to the board.

In Friday's interview, Dunn branded the leaks as an "egregious breach" of HP's standards and emphasized the investigation was conducted with the full backing of the board. "This was not my spy campaign on our board." She also said "all this nonsense" could have been avoided had Keyworth admitted he was leaking information before the investigation began.

Now Dunn, 52, is scrambling to hold on to her $300,000-per-year job at HP amid an intensifying backlash against one of Silicon Valley's oldest and proudest companies.

The pretexting imbroglio already is threatening to become a huge distraction for the Palo Alto-based HP as it tries to build on its recent momentum in the personal computer and other high-target markets.

Dunn will have to resign if HP hopes to minimize the damage that already has been caused to its reputation, said Gary Lutin, a New York investment banker who advises shareholders on corporate control issues.

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"Whether you consider the questions about (Dunn's) judgment to be resolved or unresolved, she is no longer in a position to be a viable chairman," Lutin said. "If the directors don't understand that, then they are not qualified to serve as fiduciaries for shareholders."

Dunn could still hold on to her job if she can convince other directors that she never authorized investigators to resort to pretexting, said Kirk Hanson, executive director of the Markkula Center for Applied Ethics.

Even if that is true, Dunn still might have difficulty explaining why she didn't confront investigators about how they obtained the phone records once they turned over to her, Hanson said. "Once they had the telephone logs, you would think someone would raise the question, 'How did we get these?'"

Dunn said she had no clue investigators would resort to pretexting, saying she didn't even know what the word meant until June or July -- a few months after she authorized the investigation. She said she still doesn't know the identity of the firm behind the pretexting.

Viet Dinh, an attorney representing Perkins, said it's difficult to believe Dunn didn't know about pretexting before June. "To my knowledge, there are only two ways to get these kinds of records: with a government subpoena or with people's consent," Dinh said, asserting that HP's investigators didn't have that kind of privileged access.

So far, all but one of the nine reporters targeted in HP's pretexting have been identified by their news organizations. They are: Peter Burrows, Ben Elgin and Roger Crockett of Business Week; Pui-Wing Tam and George Anders of The Wall Street Journal; Dawn Kawamoto and Tom Krazit of CNET Networks Inc.'s News.com; and John Markoff of The New York Times.

The involvement of the reporters "takes the improprieties to a whole new level," said Dresslar, Lockyer's spokesman.

The pretexting backlash hasn't hurt HP's stock too badly yet. The company's shares rose 75 cents Friday to close at $36.17 on the New York Stock Exchange.

Unless drastic action is taken, it's only a matter before the brewing scandal begins to hurt HP, Lutin predicted.

"As long as this confusion and disorder continues, no self-respecting professional is going to want to work for Hewlett-Packard and the company will gradually be drained of talent," he said.

CRIMINAL LAW:

Washington: Executive Is Sentenced In Bribery Case (NYT)

By Christopher Drew

The New York Times, September 9, 2006

A federal judge in Alexandria, Va., sentenced Vernon L. Jackson, the chief executive of a Kentucky technology company, to 7 years 3 months in jail for paying more than $400,000 to Representative William J. Jefferson, Democrat of Louisiana. In May, Mr. Jackson pleaded guilty to charges that he made the payments to a consulting firm run by Mr. Jefferson's wife in return for the congressman's help on business deals in Africa. Mr. Jefferson has denied any wrongdoing and has not been charged. Prosecutors said Mr. Jackson had been cooperating with a federal investigation of the congressman. They also told the judge, T.S. Ellis III of Federal District Court, that they would be likely to ask him to reduce the sentence if Mr. Jackson continued to help.

Businessman Gets 7 Years For Bribing Legislator (WP)

By Allan Lengel

The Washington Post, September 9, 2006

Louisville businessman Vernon L. Jackson was sentenced yesterday to seven years and three months in federal prison for bribing Rep. William J. Jefferson (D-La.) with more than $400,000 and company stock to promote his Kentucky firm's high-tech business ventures.

During sentencing, U.S. District Judge T.S. Ellis III in Alexandria told Jackson, 54, owner of iGate Inc., that he made a "very bad decision" that corrupted the political process.

Jackson said nothing during the proceeding. His attorney, Michael S. Nachmanoff, said he was pleased the judge gave a sentence that was at the low end of the federal guideline.

Jackson is the second person to be sentenced in the 18-month public corruption probe that has targeted Jefferson and cast a dark cloud over the eight-term congressman's political future. Jefferson, 59, has not been charged and has denied wrongdoing, but sources have said an indictment appears assured.

Jackson pleaded guilty in May to bribing Jefferson to promote iGate's broadband technology for Internet and cable television in Nigeria, Ghana and Cameroon. In January, Brett M. Pfeffer, a former Jefferson aide, pleaded guilty to bribing the congressman and was sentenced to eight years in prison.

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Both men, under their plea agreements, could get their sentences reduced for their cooperation with the FBI.

Jefferson attorney Robert Trout, who attended yesterday's sentencing, issued a statement afterward saying: "Congressman Jefferson knows well the pressure that the Department of Justice can apply once it targets someone for criminal prosecution. As Jackson's plea bargain makes clear, the government has offered powerful inducements to cause Jackson to plead guilty."

Jefferson, the statement added, has repeatedly said he never took payment in any form to perform "any act or duty."

Jefferson is running for reelection in his Hurricane Katrina-damaged district against 12 opponents.

The corruption probe has been slowed by the political uproar and legal battle over the FBI's raid in May on Jefferson's Capitol Hill office. Jefferson has argued that the raid violated the Constitution, and investigators have been prevented from looking at the seized materials while the matter works its way through court.

Exec. Gets 7 Years For Congressman Bribe (AP-Y)

By Matthew Barakat

AP, September 9, 2006

A Kentucky businessman who admitted paying more than $400,000 in bribes to a Louisiana congressman was sentenced Friday to more than seven years in prison.

Vernon Jackson, 54, of Louisville, is a key figure in the federal investigation of Rep. William Jefferson, D-La. The chief executive of the telecommunications firm iGate Inc. said he paid the bribes to gain the congressman's help in obtaining business deals in Africa.

The bribes paid by Jackson, including stocks and cash paid to a company controlled by Jefferson's family, had a value of $400,000 to $1 million, according to court records.

The congressman has not been charged but court records allege the FBI caught Jefferson on videotape taking a $100,000 cash bribe from an FBI informant who agreed to have her conversations with the congressman taped. Most of that money later turned up in a freezer in Jefferson's home.

The bribes paid by Jackson are separate from the $100,000 found in the freezer.

Jackson did not speak during the hearing and declined to comment afterward. He has previously expressed remorse for his conduct.

The seven-year, three-month sentence imposed by U.S. District Judge T.S. Ellis III was at the low end of federal sentencing guidelines. Prosecutor Mark Lytle said Jackson was continuing to cooperate in the investigation, and his sentence could later be reduced. He will not begin serving his sentence until January.

Jefferson was never mentioned by name in Friday's hearing, but prosecutors have made it clear in court papers that he is the congressman to whom Jackson paid bribes.

Jefferson has denied any wrongdoing. His lawyer, Robert Trout, suggested Jackson is lying to garner leniency from prosecutors.

"Congressman Jefferson knows well the pressure that the Department of Justice can apply once it targets someone for criminal prosecution. As Jackson's plea bargain makes clear, the government has offered powerful inducements to cause Jackson to plead guilty. He has every reason to expect that his sentence will be substantially reduced depending on his testimony against the congressman," Trout said.

The government's investigation of Jefferson has been delayed by the furor that resulted from the Justice Department's decision to raid Jefferson's congressional office earlier this year.

Jefferson claims that his status as a congressman grants him immunity from executive branch search warrants. The Justice Department has not yet reviewed the documents it seized from the office while the issue is being litigated.

A former congressional aide of Jefferson was sentenced to eight years in prison after admitting that he helped broker some of the bribes paid to Jefferson.

IGate's Jackson Gets 87 Months (LEXHL)

By John Cheves, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), September 9, 2006

BUSINESSMAN PLEADED GUILTY TO BRIBING CONGRESSMAN TO PROMOTE TECH COMPANY

WASHINGTON - A Louisville businessman who says he bribed a congressman to promote his small technology company was sentenced yesterday to more than seven years in prison.

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Federal prosecutors said Vernon Jackson, 54, founder of iGate, deserved credit for pleading guilty in May to two bribery counts, and they said he is cooperating with the Justice Department in its political corruption investigation. Jackson could have received up to nine years in prison under federal sentencing guidelines.

Although Rep. William Jefferson, D-La., has not been charged with a crime, he is the friend and partner of Jackson who promoted iGate in the United States and overseas. FBI agents have searched Jefferson's homes and offices in Washington and New Orleans, finding $90,000 in alleged bribe money stashed in his freezer.

U.S. District Judge T.S. Ellis III in Alexandria, Va., noted that Jackson is a self-made entrepreneur with strong ties to his community and church. But Ellis said the punishment must reflect the damage that bribery inflicts on the credibility of government.

"The rule of law ... only makes sense if our public officials are not corrupt," Ellis said, ordering Jackson to serve 87 months in prison. Jackson, a tall, stocky man with a shaved head and a trim mustache, stood without reaction. "Public corruption is the worst kind of a virulent and malignant cancer," the judge said.

Ellis ruled that Jackson won't have to report to prison until at least January, as prosecutors said they want to continue to consult him in their investigation.

According to court records, Jefferson took more than $400,000 in bribes from Jackson -- and slowly tried to seize control of his company -- in exchange for helping iGate win U.S. and foreign government contracts, using his position in Congress. Founded in 1998, iGate sells what it calls innovative technology for broadband Internet access.

Assistant U.S. Attorney Mark Lytle said after the sentencing that he could not discuss the status of the Justice Department's investigation.

A spokeswoman for Jefferson later declined to comment. First elected to Congress in 1991, Jefferson faces a crowd of re-election challengers this fall in Louisiana's Democratic primary.

Yesterday, Jackson -- an engineer who moved to Louisville nearly 20 years ago -- declined to comment outside the courtroom or address the judge. His public defender said Jackson is ashamed and remorseful for what he did.

"Mr. Jackson is a good man who has risen from modest beginnings," said his lawyer, Michael Nachmanoff. "His desire to see his business succeed is what led him to where he is today. ... If he could go back in time, he would. But he cannot."

IGate's future is uncertain. Jackson has drawn no salary from his small company for more than a year and has accumulated considerable personal debt, Nachmanoff said.

However, David Harper, a Louisville lawyer for iGate, said it can continue without its founder and chairman, who previously had been expected to leave for the ministry in the near future.

"The company's fine," said Harper, who declined to offer details such as how many employees remain. "There are several projects in the pipeline right now that I'm not at liberty to discuss. But we're going to continue, just as Mr. Jackson wants us to."

Roller-coaster Career Ends In Prison (NOTP)

By Bill Walsh, And Bruce Alpert%%par%%washington Bureau

New Orleans Times-Picayune, September 9, 2006

Telecom exec linked to Jefferson gets 7 years

WASHINGTON -- Kentucky businessman Vernon Jackson, the son of a school custodian who had built himself into a high-tech multimillionaire only to lose it all, was trying to claw his way back into the game six years ago when he met Rep. William Jefferson, D-New Orleans.

Jackson, whose fortune was once estimated at $32 million, saw the congressman as his ticket back to financial success and respectability. Jefferson's connections in Washington and West Africa held the promise of finally finding a market for Jackson's patented telecommunications invention that could make both of them rich.

Instead, according to FBI wiretap transcripts and court pleadings, Jefferson hit up Jackson for nearly $400,000 in bribes and eventually sought to seize control of his fledgling telecommunications company, iGate Inc.

Jefferson has not been charged and has maintained his innocence.

Jackson pleaded guilty in May to bribery of a public official and conspiracy to commit bribery. He was sentenced Friday to seven years and three months in prison. Jackson has agreed to cooperate with federal prosecutors in the case the federal Justice Department has been building against Jefferson for a year and a half. He is scheduled to begin serving his sentence in January.

At first glance, the two men would seem an odd pairing. Jefferson, who received a law degree from Harvard University, is wry and urbane, a slim stick of a figure who speaks in low, clipped cadences. Jackson is a bear of a man who talks with a booming voice and attended technical school on his way to starting his career toiling in the telecom labs at AT&T.

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But they also are remarkably similar in ways that would draw them together in an audacious business venture that has turned into a nightmare.

Jefferson, 59, and Jackson, 54, are African-American sons of the segregated South who were born into large families with little money but an abiding devotion to religion. Each was one of nine children, Jefferson growing up in rural north Louisiana and Jackson in Charlotte, N.C. They also shared an unflagging personal energy and a burning ambition to rise above their humble origins.

By the mid-1990s, both had made it. Jefferson parlayed his Harvard law degree and a canny political instinct into a successful career as the first African-American congressman from Louisiana since Reconstruction.

Jackson, a technology whiz kid, was recruited out of high school by AT&T, where he spent the next two decades. Deciding to strike out on his own, he formed his own firm in 1990 on the strength of a patent he received for what he believed to be breakthrough technology. The invention would allow voice, data and video images to be transmitted across existing copper lines without the need to install expensive fiber optics. He eventually packaged the invention as a service that would allow workers to conduct video conferences from their desktop computers.

It "was literally a product which could save the U.S. military and the U.S. government hundreds of millions, if not billions," of dollars, said William Warner, who marketed the technology for Jackson.

With his brother, Richard, Jackson launched VideoLan Technologies Inc. in 1994, and a year later took the company public. Almost overnight, VideoLan's stock soared from $4 a share to nearly $50.

Suddenly rich beyond his wildest dreams, Jackson bought his wife, Sandra, a Mercedes-Benz, and the couple plunked down $1.5 million to build a mansion alongside a golf course designed by Arnold Palmer in one of the toniest neighborhoods of Louisville, Ky.

But VideoLan struggled. Friends said telecom giants in the industry smothered Jackson's plans after he rebuffed their buyout offers. Within three years, Jackson had been ousted from VideoLan, which was headed for bankruptcy. His $250,000 annual salary was shut off, and his stock holdings plummeted in value.

By 1997, unable to make payments to the builder, his dream home became an abandoned wooden shell of two-by-fours that neighbors complained was an eyesore.

"He always had two problems," said Kiran Chudgar, a Louisville businessman who helped develop prototypes for Jackson's technology. "One was that he had a lot of big corporations who weren't anxious for his technology to succeed for competitive reasons. The other was that he never seemed to have enough funding to make his ideas happen."

Jackson may have lacked business acumen, but he believed in his product and he had ambition to spare. He successfully sued his old company to get the patent rights and started over with a new firm he called iGate Inc.

Jackson's attorney said his client wasn't motivated by money alone. Michael Nachmanoff said Jackson also wanted to use his invention to bridge the "digital divide" in telecommunications between the haves and the have-nots. Jackson believed his technology could bring broadband communications to people and places that otherwise couldn't afford it.

"It was in this context that he met and developed a relationship with" Jefferson, Nachmanoff wrote in court filings.

By the time they met in 2000, Jefferson had carved out an influential niche for himself in Congress as a brainy, business-friendly Democrat with a keen interest in West Africa. Jefferson saw promise in Jackson's technology and, according to court documents, got busy making it happen.

To verify the effectiveness of Jackson's creation, Jefferson got it tested by the Army's Technology Integration Center, which gave it the thumbs up. Jefferson then helped get iGate's product listed on a prominent federal government contractor database. It was scooped up by Fort Sam Houston in Texas and Fort Stewart in Georgia. But few other contracts followed.

Nonetheless, things seemed promising to Jackson, who told those in his inner circle that he had a "friend in Washington" who was going to put him back on top. Jackson called the congressman "Jeff," and their families grew close. Jackson recommended Jefferson's daughter Jamila for a seat on the board of a Texas telecom firm, Gridline. According to a story in the Lexington (Ky.) Herald-Leader, Jackson and his wife accompanied Jefferson and his wife, Andrea, to New York for a weekend getaway in September 2004 that included seats at the U.S. Open tennis tournament, tickets to "The Lion King" on Broadway and some shopping.

The friendliness, however, masked a secret pact the two men had forged, according to the FBI. In 2001, court records say, Jefferson demanded that Jackson give him a cut of the business. He urged him to sign a professional services agreement with the ANJ Group, a company led by Andrea Jefferson. The deal called for 1 million shares of iGate stock, $7,500 per month and a 5 percent share of the company. Eventually, the FBI says, Jefferson demanded 35 percent.

The FBI says that over five years, Jackson paid the ANJ Group $367,500 disguised as consulting fees and paid for travel costing nearly $88,000.

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IGate was hoping to find a lucrative market in Nigeria, a poor country whose telecommunications system is antiquated. Largely through Jefferson's influence, the FBI says, the Nigerian firm NetLink agreed to put $45 million into the deal and fronted $6.5 million to iGate.

NetLink eventually backed out, and Jefferson lined up a new investor, Lori Mody, a Northern Virginia millionaire. In conversations taped by the FBI, Jefferson can be heard telling Mody that he planned to move Jackson aside and take over the company himself.

Things began to unravel when Mody suspected she was being stiffed. She had paid $3.5 million for the rights to iGate's technology, but Jackson refused to sign them over. She went to the FBI to complain about fraud, a tip that hatched a bribery probe targeting Jackson and Jefferson.

Writing to U.S. District Judge T.S. Ellis III, Jackson's wife acknowledged Jackson's complicity in the bribery scheme. But she also said her husband was taken advantage of.

"I feel that he had to be blindsided by individuals who have no regard for people," Sandra Jackson said.

Jackson's dream of a quick trip back to the good life has taken a detour through a federal penitentiary. When Jackson pleaded guilty, he asked for a court-appointed attorney, saying that he was destitute. His financial forms listed debts totaling more than $360,000, almost as much as the FBI says he paid in bribes to Jefferson.

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More Firms Linked To Probe (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, September 9, 2006

Investigators seeking records from Nigeria

WASHINGTON -- Documents released this week by Nigerian investigators indicate that the ongoing U.S. probe of Rep. William Jefferson, D-New Orleans, includes an examination of his links to some previously unreported companies.

Nigeria's Economic and Financial Crimes Commission said it had been asked by the U.S. Justice Department to examine the congressman's role not only in promoting a Nigerian project proposed by the Kentucky firm iGate Inc., but also his links to:

-- Life Technology Holdings, now known as Global Environmental Energy Corp., which at one time had offices in New Orleans and filed for bankruptcy protection after its efforts to build garbage incinerators failed to catch on. Along with iGate, it helped finance Jefferson's trip to Western Africa, including Nigeria, in 2004.

-- TDC Overseas of Baton Rouge, which was looking to build a sugar refinery in Nigeria. George Knost, the company's chief executive officer, said TDC is "cooperating fully" with the Justice Department probe of Jefferson. The company has "had no improper dealings with Jefferson or anyone else," Knost said.

-- Jefferson Interest Inc., which matches the name of a company registered with the Louisiana secretary of state's office in 1983 that lists Jefferson as president and his brothers Bennie and Mose as vice president and secretary-treasurer, respectively.

The Justice Department probe of Jefferson centers on allegations that Vernon Jackson, chief executive officer of iGate Inc., funneled more than $360,000 to a company controlled by Jefferson's family in return for the congressman's help in getting contracts in Nigeria and Ghana for iGate's copper wire broadband technology. Jackson has pleaded guilty and was sentenced Friday to seven years and three months in jail.

Jefferson has not been charged and has said he did nothing wrong. He declined to comment Friday through a spokesman for the Washington, D.C., communications firm he hired to deal with the questions about the investigation.

"Due to the pending investigation by the Department of Justice, we are unable to comment at this time," said Christopher Garrett of Impact Strategies. "We look forward to a more appropriate time, when all of the facts surrounding this matter can be disclosed."

The commission's report said the Justice Department also asked for bank records held by Atonte Diete-Spiff, a former Jefferson congressional staffer, and a company by the name of Providence International. It also asks for records of calls made from a phone number registered to Diete-Spiff.

Diete-Spiff, who traveled twice to Nigeria in 2000 as a representative of Jefferson, couldn't be reached for comment Friday. The Louisiana secretary of state lists a Providence International Construction Co. in New Orleans, formed in 2002, and managed by a Jefferson congressional staffer, Stephanie Butler.

The Economic and Financial Crimes Commission also said the Justice Department wanted help with information about not only Jefferson's activities in Nigeria, but also those of his wife, Andrea; the couple's five daughters, Jamila, Jalilah, Nailah, Jelani and Akilah; Jefferson's son-in-laws Tony Bullock and Philip Jones; and Jefferson's brothers, Mose, Bennie and Archie Jefferson.

Officials with Global Environmental Energy, previously known as Life Technology Holdings, or LETH Energy, could not be reached for comment. But in an interview last year, Noreen Wilson, then listed as president of Global Environmental Energy, said Jefferson "has always been willing" to help U.S. firms establish contacts with African leaders. She said Jefferson had never asked for anything in return.

A Global news release in 2004 pointed to deals to build 500 energy plants worldwide, but it appears that few were actually built. Two unbuilt incinerators were proposed for the New Orleans area -- one in Slidell and another in New Orleans, which had won approval from the Port of New Orleans.

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Obvious Question In Plame Case Had Early Answer (LAT)

By Tom Hamburger And Richard T. Cooper

The Los Angeles Times, September 9, 2006

WASHINGTON — Almost three years ago, as Patrick J. Fitzgerald settled in as the newly appointed special counsel in charge of the Valerie Plame leak investigation, he learned a startling secret.

Washington was ablaze with speculation about who had revealed Plame's identity as a covert CIA officer to syndicated columnist Robert Novak; senior White House officials were considered the likely culprits. But Fitzgerald, reading FBI reports just after taking charge, learned that federal investigators already knew Novak's primary source — a gossipy State Department official who seemed to have strained relations with the White House.

So if the mystery was already solved, why did Fitzgerald's investigation continue for almost 36 more months? Why does I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, still face criminal charges in connection with the Plame leak? And why were other senior officials left twisting in the wind, facing possible indictment?

Did the special counsel, operating behind the veil of secrecy of all such inquiries, abuse his authority in a witch hunt?

Such questions are at the heart of a furor that erupted late last month after the revelation that several months after Novak's column naming Plame appeared in July 2003, Deputy Secretary of State Richard L. Armitage had informed his superiors — and then the Justice Department, which was investigating the leak — that he had been Novak's primary source. Armitage's reasons for talking to Novak remain unclear. He was known for his skepticism on some aspects of President Bush's Iraq war strategy, but also for his penchant to gossip.

This week, breaking a silence he said Fitzgerald imposed, Armitage told "CBS Evening News," "I feel terrible, every day. I think I let down the president, I let down the secretary of State, I let down my department, my family, and I also let down Mr. and Mrs. Wilson."

The discovery of Armitage's role — and the fact that it had been known to investigators so early — is stirring administration defenders to fury.

After all, they say, the inquiry left the White House under a cloud of suspicion for months and created a costly distraction for senior officials, including political strategist Karl Rove and even Cheney.

"It's as if a giant hoax were perpetrated on the country — by the media, by partisan opponents of the Bush administration, even by several Bush subordinates who betrayed the president and their White House colleagues," conservative commentator Fred Barnes wrote this week in a Weekly Standard Magazine column that listed Fitzgerald, the news media and others as the culprits.

Is such criticism of Fitzgerald's inquiry appropriate?

The special counsel declined to comment. And the argument has become intensely partisan.

Yet the information on Armitage — first revealed in a new book — along with court filings and interviews with former White House staffers and others familiar with the inquiry, suggest Fitzgerald pressed ahead because he learned quickly that Armitage was not alone in discussing Plame with reporters. Top White House officials had talked about her as well.

Fitzgerald, who had been the U.S. attorney in Chicago, was appointed special counsel Dec. 30, 2003, taking over a probe initiated by the Justice Department three months earlier at the request of the CIA.

According to the book "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War," by Michael Isikoff and David Corn, Fitzgerald had barely arrived in Washington when he received a thick binder filled with FBI reports. They summarized interviews that agents had conducted with Armitage, Rove, Libby and others.

And the reports made clear that senior White House officials had been discussing Plame's status not just with Novak but with other Washington journalists — including Judith Miller of the New York Times and Matthew Cooper of Time magazine.

Early on, the prosecutor learned that Rove may have been a corroborating source for the information Armitage provided to Novak. That fact alone would have compelled the special counsel to push on with the investigation, in the view of some experts.

"We now know that almost from the beginning of the case the prosecutor was confronted with two different investigative tracks," said Dan French, who served as a U.S. attorney during the Clinton administration. One track was Armitage, the other Rove and his top-level colleagues at the White House, he said.

"Objectively, this represents two separate lines of inquiry and a prosecutor in this situation would feel compelled to pursue both," said French, who represented a witness in the case.

Former White House staffers have told The Times that in 2003, Rove and Libby seemed intent on undermining the credibility of Plame's husband, former diplomat Joseph C. Wilson IV, who had been assigned by the CIA to look into reports that Iraqi President Saddam Hussein tried to buy enriched uranium from the African nation Niger.

Bush cited the claim — attributed to British intelligence — in his 2003 State of the Union address as evidence that Hussein was seeking nuclear weapons, even though Wilson's earlier report to the CIA indicated he had found little evidence to support the likelihood that any sale to Iraq had occurred.

Wilson, who became an advisor to Democratic presidential candidate Sen. John F. Kerry (D-Mass.), later accused the administration of twisting intelligence to justify the invasion of Iraq.

In leaking the role of Wilson's wife at the CIA, administration officials suggested to journalists that she had promoted his mission as a boondoggle — not a serious inquiry.

As Fitzgerald examined the evidence, he seems to have concluded that some White House officials might not have been forthcoming to investigators about their conversations with reporters. That raised the possibility of a cover-up.

Intentionally leaking classified information or the name of an undercover intelligence agent is a federal crime, though the legal definition of "intent" remains murky. Making false or misleading statements to FBI or other federal investigators, or to a grand jury, can also be a crime.

In early February 2004, barely a month into his tenure, Fitzgerald sought and received a letter from his Justice Department boss stating that — in addition to probing the leaks — he was authorized to pursue possible obstruction of justice and related crimes.

Still, an impression remained in the public's mind that the key question was who provided information on Plame to Novak, the first journalist to write about her. While the public focused on Novak, investigators were asking about Matt Cooper's sources for a story he and others at Time had published on Time's website soon after Novak's column.

Cooper has since acknowledged that his primary source was Rove, with Libby also talking to him. Libby, the only person charged in the case, has pleaded not guilty to perjury and obstruction of justice.

According to Cooper, neither Rove nor Libby mentioned Plame by name. Nor did they mention her covert status, though Rove indicated she worked on WMD at "the Agency" and was responsible for her husband's trip. Spokesmen for both Libby and Rove pointed out that neither official initiated the conversations with Cooper.

Rove's lawyer, Robert Luskin, said his client did not initiate conversations with reporters about Plame, was unaware of her covert status, and did not encourage reporters to write about her.

Nonetheless, with the evidence he had, and with indications that these officials might have been less than candid with investigators, Fitzgerald decided to press on with his investigation even though he knew the answer to what the public considered the main question — who leaked to Bob Novak?

Armitage Leak Poses More Questions (AP-Y)

By Matt Apuzzo

AP, September 9, 2006

For three years, Special Prosecutor Patrick Fitzgerald knew the answer to one of the biggest questions in Washington: Who leaked the identity of CIA operative Valerie Plame?

Now that former Deputy Secretary of State Richard Armitage acknowledged this week that he was the leaker, the new question is what Fitzgerald has been looking for during a quest that rattled the White House and sent a reporter to jail.

"What was the rationale for seeking an answer to a question he already knew the answer to?" asked Wayne Berman, a former assistant secretary of commerce and a supporter of the only person indicted in the leak case, former White House aide I. Lewis "Scooter" Libby.

Fitzgerald's office had no response to that question Friday.

Armitage said he inadvertently revealed Plame's job to syndicated columnist Robert Novak in July 2003. That revelation came as Plame's husband, Joseph Wilson, criticized the Bush administration's prewar intelligence on Iraq.

Novak's column touched off claims that the White House was behind a smear campaign, which led to a federal investigation into the leak and whether it was part of a partisan effort to undermine Wilson's credibility.

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Early in the inquiry, Armitage told authorities he was Novak's source. Armitage said Fitzgerald asked him to not to say that publicly. Fitzgerald then pressed on with the investigation, questioning White House aides. Among them was top Bush adviser Karl Rove, who appeared five times before a grand jury before being cleared of wrongdoing this summer.

When Libby was indicted in October 2005 on charges of obstruction of justice, perjury and lying to investigators, Fitzgerald said Libby was the first official to discuss Plame in a conversation with New York Times reporter Judith Miller.

That's where this week's admission by Armitage muddles the case.

After Fitzgerald's comment about Libby at a news conference, Washington Post reporter Bob Woodward reminded Armitage that he had made a passing comment to him days before Libby's conversation with Miller. That meant that Armitage, not Libby, had been the first to mention it to a reporter, and he quickly informed the prosecutor of that recollection.

Former Republican Sen. Fred Thompson, who has criticized Libby's prosecution, said Fitzgerald had a duty to set the record straight yet continued to urge Armitage's silence. Thompson said the case shows the worst side effects of appointing a special prosecutor.

"The whole world was watching Mr. Fitzgerald," Thompson said. "He had an extremely narrow focus and a lot of pressure to come up with something or somebody. He came up with a pea and tried to hold a press conference and hold it up as an elephant."

Armitage wasn't the only one asserting that his memory had failed. Both Libby and Rove have said they forgot details about their conversations with reporters. At least one of Rove's trips to the grand jury was so he could freshen his testimony with something he said he had forgotten in an earlier appearance.

Although Libby was the only one indicted, two reporters were threatened with jail for not disclosing sources. One of them — Miller — served 85 days.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said Friday she believes Fitzgerald knew that no crime had been committed with the leak of Plame's identity, yet he forced reporters to disclose their confidential sources and even sent Miller to jail.

"After a while, he didn't care who the source was," Dalglish said. "They just wanted to get somebody on obstruction."

Attorney Melanie Sloan, who represents the Wilsons in a civil lawsuit claiming Libby, Vice President Dick Cheney and others conspired to leak Plame's identity, said the investigation was necessary.

Fitzgerald knew Armitage's leak started the scandal, Sloan said, but he didn't know who else leaked information to the media. That's what the three-year investigation has been about, she said.

Berman, the Libby supporter, sees things differently. He said Armitage's admission contradicts the conspiracy theory and raises questions about why Libby was ever charged.

"Scooter was singled out, for whatever reason, by a prosecutor who appears to have made different decisions about people who had similar circumstances," Berman said.

Feds Interview Harris' Ex-campaign Manager (SPT)

By Anita Kumar, Times Staff Writer

St. Petersburg Times, September 9, 2006

WASHINGTON - Federal investigators interviewed U.S. Rep. Katherine Harris' former campaign manager as part of an ongoing federal inquiry into her relationship with a convicted defense contractor.

Jim Dornan, who left Harris' Senate campaign in November, spoke to investigators from the FBI and the Defense Department in Washington for about 90 minutes Thursday.

The Justice and Defense departments are examining Harris' dealings with Mitchell Wade, who made illegal campaign contributions to Harris and later asked her to help secure $10-million in federal money for a company project.

They have subpoenaed records from Harris' campaign office and have interviewed at least three former staffers: senior campaign consultant Ed Rollins, congressional chief of staff Fred Asbell and Mona Tate Yost, a congressional aide who later went to work for Wade.

A fourth employee, Kara Borie, Harris' former congressional spokeswoman, was contacted by investigators last month but it is unclear whether she was interviewed.

Dornan declined to comment. The Justice Department has refused to acknowledge an investigation.

Harris maintains she is not a target of the investigation.

Wade, who pleaded guilty to bribing another member of Congress, and Harris shared at least two dinners - each costing about $3,000 - at a tony Georgetown restaurant.

Dornan was not working for Harris when she received the donations or requested the money for the project.

DOJ_NMG_0061303

Harris of Longboat Key defeated three political newcomers Tuesday to cinch the Republican nomination for the Senate. She faces Democratic Sen. Bill Nelson in November.

Harris' campaign has faced a host of problems in recent months including enormous staff turnover.

Anita Kumar can be reached at 202 463-0576 or akumar@sptimes.com. [Last modified September 9, 2006, 01:20:33]

Pressure Mounts On Internet Gaming (AP-YBIZ)

By Jeff Douglas, Associated Press Writer

AP, September 9, 2006

Latest Arrest Turns Up Heat on Internet Gambling Operations

ST. LOUIS (AP) -- Gambling industry experts agree: If you operate an offshore gaming Web site, stay out of the U.S.

Moments after setting foot in the U.S. Thursday, Sportingbet PLC chairman Peter Dicks became the second U.K. offshore sports betting executive arrested in recent months for running an online gambling operation. Former BetOnSports PLC chief executive David Carruthers was arrested on federal charges in July.

It's still unclear if the arrest is a coincidence or part of a government crackdown, but some experts suspect the latter.

And as millions of dollars in bets for the NFL's opening weekend roll into thousands of Web sites, the pressure on the Internet gaming industry has intensified.

"You don't need legal expertise to know if you are running an offshore gambling site, don't come to America right now. You stand a good chance of being arrested," Internet gambling expert and lawyer Nelson Rose said.

Dicks, 64, was arrested at Kennedy International Airport in New York after flying from London, where his Web sites operate legally and are traded on the London Stock Exchange. More than $1.5 billion shares in the company were suspended by the LSE at Sportingbet's request Thursday.

Dicks was detained on a Louisiana state warrant from May for gambling by computer, a felony punishable by up to five years year in prison and a $25,000 fine. Similar warrants have been issued for other Sportingbet associates, but authorities would not release information on who or how many of them are wanted.

Seven states have laws prohibiting Internet gambling. The arrest of Dicks marked the first time one of those states has taken action against one of thousands of big-time online gambling operations. Million of American players bet an estimated $6 billion per year online, according to industry figures.

While the Justice Department has said it is being more vigilant in prosecuting illegal offshore betting, the department said Thursday's arrest was not a coordinated effort with state authorities.

The warrant was issued in May and Dicks' name was flagged during a routine customs check at JFK airport.

Sportingbet Web sites continued to operate Friday and company officials said they expected to continue unless told otherwise by authorities.

BetOnSports closed its U.S. Web sites on a judge's order and fired Carruthers, who remains under house arrest on $1 million bond in the St. Louis area, awaiting trial. He faces 22 counts of fraud and racketeering charges.

Lawmakers on both sides of the issue are pushing for change, including a proposed law to prohibit U.S. bank and credit transactions with online gambling operations.

Death Penalty Sought For Killing At Wheeler (HONADV)

By Curtis Lum, Advertiser Staff Writer

Honolulu Advertiser, September 9, 2006

The U.S. attorney's office in Hawai'i will seek the death penalty in the case of a Schofield Barracks soldier accused of beating to death his 5-year-old daughter last year.

It is only the second time the U.S. Justice Department has approved capital punishment in a Hawai'i case since the federal death penalty law was enacted in 1994.

Army Spc. Naeem Williams was indicted by a federal grand jury in February 2006 on one count of first-degree murder. He is accused of the beating death of his daughter, Talia Williams, at the Williams' Wheeler Army Airfield apartment on July 16, 2005.

Last night, Tarshia Williams, Talia's mother, said from her South Carolina home that it was a "blessing" that the death penalty was approved for her former husband. Naeem Williams was granted custody of Talia in December 2004.

"I just wanted justice for my daughter. I've been praying for this for a year," Williams said. "I just want him to be punished for everything he did to my child. I feel like justice is about to be served."

Tarshia Williams said it's been a difficult year for her and she recently marked the anniversary of her child's death by releasing balloons at her grave.

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"He tried so hard to get my daughter away from me ... ," Tarshia Williams said. "When I got my baby back, my baby was unrecognizable."

No trial date has been set, but Williams said she will be here for the trial.

David Klein, Williams' attorney, said that he will fight the imposition of the death penalty if his client is found guilty of murder.

"This is a tragic case that is being compounded by the unfortunate decision by the government to seek the death penalty, especially given Mr. Williams' lack of criminal history and exceptional military service," Klein said.

Williams remains at the Federal Detention Center in Hono-lulu, Klein said. He declined further comment.

Federal authorities said Talia was an abused child and that her father beat her and knocked her to the floor on the day she died. An autopsy showed that Talia died of "inflicted head trauma due to battered child syndrome," and authorities reported that the apartment's walls were spattered with blood.

Yesterday, U.S. Attorney Ed Kubo said that the decision to seek the death penalty was made by U.S. Attorney General Alberto Gonzales.

"The Department of Justice has determined that the torture and murder of a young child warrants the death penalty. So we will march accordingly," Kubo said. He declined further comment.

Delilah Williams, Naeem Williams' wife, also has been charged with the murder of Talia.

The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said.

Naeem Williams is only the second person in Hawai'i who has faced the possibility of execution since the federal death penalty was enacted in 1994. The death penalty in four other capital murder cases was rejected while U.S. Attorney General Janet Reno was in office.

In 1999, then-U.S. Attorney Steven Alm was given the go-ahead to seek the death penalty against Richard Lee Tuck "China" Chong. Chong was charged with the 1997 shooting death of William Noa Jr. in Makaha over what prosecutors said was a $100 drug debt. Chong eventually pleaded guilty to the murder charge and was sentenced to life in prison. In September 2001, Chong committed suicide in his cell at the federal penitentiary in Lompoc, Calif.

Capital punishment was abolished by the Hawai'i territorial Legislature in 1957. The last execution under state law was in 1944. The Associated Press contributed to this report.

Reach Curtis Lum at culum@honoluluadvertiser.com.

Prosecutors Seeking Death Penalty In Child Beating (HSB)

Honolulu Star-Bulletin, September 9, 2006

Notice filed in federal court in Naeem Williams case

Federal prosecutors filed notice today that they intend to seek a federal death penalty for a Schofield Barracks soldier if he is convicted of first-degree murder for the death of his 5-year-old daughter.

Spc. Naeem Williams, 26, was indicted Feb. 15 for last year's death of Talia Williams. Her stepmother, Delilah Williams, 22, was also charged with murder, but hasn't been indicted.

The decision to seek the death penalty was made by Attorney General Alberto Gonzales, according to U.S. Attorney Edward Kubo Jr.

The death penalty won't be sought against Delilah Williams, U.S. Attorney Marshall H. Silverberg said. Both are being held in Honolulu, he said.

Talia was taken by ambulance from the family's residence at Wheeler Army Airfield to Wahiawa General Hospital on July 16, 2005.

Emergency room doctors pronounced the child dead from "blunt head trauma due to battered child syndrome" shortly after she arrived. Doctors said the girl had bruises on her arms, chest, knees and thighs and a cut on her back.

Court documents have quoted Delilah Williams as saying her husband struck Talia with a belt because she had wet herself, and when he found out she had wet herself again, he struck her again, and she fell, hitting her head on the floor.

Hawaii has no death penalty, but Williams will be tried in the state under the federal death penalty law, Silverberg said.

The case is being prosecuted in U.S. District Court because the crime allegedly occurred on a military base, he said.

A trial date for Williams has not been set.

Only a handful of federal executions have taken place since the 1960s, with fewer than 50 federal death row inmates nationwide.

Only one other person has faced the federal death penalty in Hawaii since the 1950s.

Richard "China" Chong avoided a death sentence in 2000 by agreeing to plead guilty to the 1997 murder of William Noa Jr. over a $100 drug debt.

Chong was sentenced in 2001 to life in prison without the possibility of parole, but died of an apparent suicide about three months later at the federal penitentiary in Lompoc, Calif.

Jail For Va. Man Who Gave China Secrets (FINDLAW/AP)

AP, September 9, 2006

(AP) - ALEXANDRIA, Va.-A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail.

Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001.

At his sentencing, Montaperto said he had wanted to boost his status in the intelligence community and obtain useful intelligence for the United States. "I never meant to hurt my country in any way," he said.

Montaperto's lawyer, Stephen Anthony, said Montaperto was an academic and was untrained in dealing with Chinese spies, and that they essentially wheedled him into making illegal disclosures.

In rejecting prosecutors' request for a term of about two years, U.S. District Judge Gerald Bruce Lee said that there was no evidence that Montaperto sought to profit financially from his disclosures, and that the government would not have had a case had he not admitted his misconduct.

Pentagon Analyst Gets Light Jail Term (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 9, 2006

A former Pentagon analyst who passed highly classified intelligence to two Chinese military officers was sentenced to three months in prison yesterday -- far shy of four to five years called for in sentencing guidelines.

Federal Judge Gerald Bruce Lee said that despite the "very serious charge" against Ronald Montaperto, he was swayed to reduce the sentence based on letters of support from current and former intelligence and military officials.

Montaperto, 67, who pleaded guilty in June to unlawful retention of classified documents he obtained while working at the Defense Intelligence Agency, said he was trying to get intelligence for the United States from the Chinese officials.

"I never meant to hurt my country in any way," Mr. Montaperto said during his hearing at U.S. District Court in Alexandria. He worked at the Pentagon from 1981 until his dismissal in 2003.

Neil Hammerstrom, the assistant U.S. attorney, told the court that Montaperto met 60 times with two Chinese military intelligence officers and provided both secret and top secret information during the meetings.

Mr. Hammerstrom asked for at least a two-year sentence, arguing a tough prison term was needed because Montaperto "repeatedly placed in jeopardy sensitive sources and methods pertaining to our national security."

Montaperto told investigators he could not remember the specifics of the classified information he passed to Chinese intelligence, lapses that prevented prosecutors from charging him with more serious spy charges.

U.S. officials said a major U.S. electronic eavesdropping operation against China went silent around the time Montaperto admitted passing the highly classified data to the Chinese in 1988.

Rep. Peter Hoekstra, chairman of the House intelligence committee, said he is concerned by the apparent support for Montaperto from the U.S. intelligence community and promised a committee probe.

"You would think that the intel community would set the standard for holding people accountable for mishandling and passing of classified information to our enemies," Mr. Hoekstra said.

Among the officials who wrote letters of support were Lonnie Henley, currently the deputy national intelligence officer for East Asia in the office of Director of National Intelligence John D. Negroponte. Mr. Henley said he has been "close friends" with Montaperto since the 1980s.

Another supporter was retired Rear Adm. Eric McVadon, who currently holds a security clearance as a consultant on China to the CIA and Pentagon. Adm. McVadon said he would not second guess the case against his friend but could only "recoil at characterizations of him in the press as a spy."

Judge Lee said he also considered Montaperto's "extraordinary" voluntary confessions in the light sentence, which includes three months of home detention and five years' probation.

However, investigators said Montaperto did not reveal or admit the passing of secrets until fooled into making the admissions in a 2003 sting operation while he worked at the U.S. Pacific Command think tank in Hawaii.

U.S. intelligence officials have said Montaperto was first investigated in the late 1980s after a Chinese defector said Beijing considered him one of their "dear friends," or informal supporters of China.

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The light sentence contrasts with the 12-year prison term given in January to another former Pentagon official, Larry Franklin, who was convicted of providing classified information to two officials of the America Israel Public Affairs Committee.

Jail For Va. Man Who Gave China Secrets (AP)

AP, September 9, 2006

A former Pentagon intelligence analyst who disclosed classified information to Chinese spies was sentenced Friday to three months in jail.

Ronald N. Montaperto, 67, pleaded guilty earlier this year in federal court to unlawful retention of classified documents. He admitted that he had contacts with two intelligence officers from China as early as 1983 and as recently as 2001.

At his sentencing, Montaperto said he had wanted to boost his status in the intelligence community and obtain useful intelligence for the United States. "I never meant to hurt my country in any way," he said.

Montaperto's lawyer, Stephen Anthony, said Montaperto was an academic and was untrained in dealing with Chinese spies, and that they essentially wheedled him into making illegal disclosures.

In rejecting prosecutors' request for a term of about two years, U.S. District Judge Gerald Bruce Lee said that there was no evidence that Montaperto sought to profit financially from his disclosures, and that the government would not have had a case had he not admitted his misconduct.

Officials Capture Fugitive On FBI's 10 Most Wanted List (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, September 9, 2006

CARROLL, N.Y. -- Ralph "Bucky" Phillips turned, pistol in hand. A dog's growl had tipped him that, one more time, police were within seconds of snatching away his freedom.

State police said a trooper fired off a volley of shots in the woods of western New York, about 30 miles from where Phillips is accused of killing a fellow trooper and seriously wounding another.

This time the escaped convict didn't get a shot off. He just ran.

But Phillips, who had already given police the slip several times during five months on the run, couldn't shake his pursuers. The cordon around one of America's most wanted criminals tightened throughout the afternoon and into the evening.

At 8 p.m., an exhausted and gaunt Phillips, with helicopters above and SWAT teams and U.S. Marshals closing in, threw up his hands and surrendered.

"He could run but he couldn't hide," said New York State Police Superintendent Wayne Bennett. "The bottom line is the pressure was so great on him. The game was up and he knew it."

Phillips was being taken to a jail in Buffalo and was to be arraigned Saturday morning. He faces a charge of attempted murder in connection with the shooting of a state trooper on June 10.

Before his capture, Bennett said Phillips wasn't expecting the kind of rapid response and overwhelming manpower brought to bear on the search.

Bennett said Phillips was the "ultimate" danger to police.

"He knows he's facing dying in prison," he said before Phillips was caught. "If that doesn't make him desperate, I'm not sure what will."

Hours after the confrontation near Carroll, a town about 65 miles south of Buffalo, Bennett said there had been two more sightings of Phillips and that the search was focused on a square mile of woods, cornfields and open areas in nearby Pennsylvania.

Local, state and federal police used helicopters, roadblocks and dogs to end the state's largest manhunt ever.

Bennett said residents in the area were not evacuated.

Phillips, 44, is a career thief who broke out of a Buffalo-area jail in April by using a can opener to cut his way through a ceiling. He has threatened "suicide by cop" and once promised to "splatter pig meat all over Chautauqua County."

In June, police believe he shot a state trooper who had pulled over the car he was driving. Phillips escaped and the trooper survived.

On Aug. 31, police say he ambushed two state troopers who were staking out the house of his former girlfriend. Three days later, one of the troopers died. The other remains in critical condition in a Pennsylvania hospital.

Since his escape, he twisted and turned his way throughout southwestern New York and northwestern Pennsylvania, eluding a huge manhunt, stealing cars, burglarizing homes and camps and relying on a network of acquaintances to stay free, police said. He may have stolen 41 guns from a New York gun shop, authorities said.

On Thursday, the FBI put Phillips on its 10 Most Wanted list.

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Friday's search started shortly before 2 a.m. in Pennsylvania when a police officer tried to pull over a stolen car. After a short chase, the car crashed and the driver, identified by police as Phillips, fled into the woods.

A half-hour later, Phillips stole a second car and drove back into New York, where troopers located him and launched a second chase, authorities said.

Phillips jumped out of the moving car and ducked into woods, zigzagging back and forth between New York and Pennsylvania, authorities said.

Police dogs tracked his scent for several hours until he was spotted in a field by federal marshals.

The helicopter zeroed in on him and it was over.

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Associated Press Writers Chris Carola and Michael Virtanen in Albany, and Mike Cowden and Mark Scolforo in Pennsylvania contributed to this report.

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On the Net:

http://www.fbi.gov/wanted/topten/fugitives/fugitives.htm

Fugitive Wanted In Shootings Of 3 Troopers Surrenders (NYT)

By Michael Wilson And David Staba

The New York Times, September 9, 2006

DUNKIRK, N.Y., Sept. 8 — The fugitive Ralph J. Phillips surrendered to the police on Friday night, ending a five-month manhunt in which one state trooper was killed in an ambush and two were wounded.

About 8 p.m., Mr. Phillips, hands in the air, emerged from the woods across the New York State line in northern Pennsylvania, where he had been cornered in a one-square-mile swath of tall brush.

His surrender came just minutes before the search was to be halted for the night, the New York State Police said. Mr. Phillips, 44, was quickly taken out of the woods near the town of Akeley, Pa., in a police car while state troopers cheered inside a command tent.

Mr. Phillips, also known as Bucky, slumped with his head against the rear seat, his hair long, thin and tangled. He appeared to be exhausted, but unhurt.

“Bucky Philips, as I told you before, he could run, but he couldn’t hide, and he is in custody,” said Superintendent Wayne E. Bennett of the state police.

In the previous hours, he was chased by cars, tracked by helicopters and bloodhounds and fired at by a trooper, and finally surrounded.

Many of the people who lived nearby, as well as Mr. Phillips’s friends and relatives, had speculated that he would not be taken alive, and they expressed relief when he was.

After the capture, residents clapped and shouted along the dark roads.

Mr. Phillips had been a fugitive since April 2, when he escaped from the Erie County jail where he was serving a 90-day sentence on a parole violation. He is expected to be arraigned Saturday on escape charges and of charges connected with the June 10 shooting that left a trooper injured during a traffic stop in Chemung County in central New York.

Mr. Phillips is also a suspect in the Aug. 31 shooting of two state troopers outside his former companion’s house in Stockton, in western New York.

Trooper Joseph A. Longobardo was struck in the thigh and died on Sunday, a day after doctors amputated his leg.

Trooper Donald Baker Jr., who was hit in the abdomen, remained in critical condition in an Erie, Pa., hospital on Friday.

Mr. Phillips has not been charged in those shootings.

Less than an hour before the capture, as dusk approached, the authorities said that the search would be suspended when it grew dark, and that troopers would secure the area with a tight perimeter of officers and cars.

The searchers got a break at 1:55 a.m. on Friday when a sheriff’s deputy from Warren County, Pa., chased a stolen car. The car crashed into a tree, and the driver fled into the woods, the police said.

At 2:25 a.m., a second car in the area was reported stolen. The police saw that car about 20 minutes later and gave chase.

This time, the driver jumped out of the car while it was still moving, the police said. Again, he scrambled into the woods.

Hundreds of troopers and officers from other agencies swarmed into the area. The police found evidence in the car — exactly what was not disclosed Friday — that was used to give bloodhounds the suspect’s scent.

“We need scent,” Superintendent Bennett said. “It doesn’t get any better than that.”

“What occurred with the stolen cars was spontaneous — there was no time to put any plan into effect,” Superintendent Bennett said on Friday afternoon in the first of three afternoon news conferences.

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"That's an advantage to us. He didn't have any time to contact anyone or get to a safe house."

At 9:10 a.m., two troopers and a police dog came upon a man they identified as Mr. Phillips from behind, a short distance away. At the sound of the dog's growl, Mr. Phillips spun around with a pistol in his left hand, pointing it at the troopers, and one of the troopers shot at him, the police said.

Mr. Phillips did not fire. He fled, and it was unclear at the time whether he had been struck by the bullet. But he was uninjured, and unarmed, when he surrendered, the police said.

About six hours later, around 3 p.m., there were two more sightings of Mr. Phillips within 30 minutes, one by a trooper and one by a civilian. He had been running in one instance and crawling through brush in the other, Superintendent Bennett said.

Mr. Phillips had crisscrossed creeks in the area in an apparent attempt to confuse the police dogs tracking his scent, the police said.

The searchers closed in on him from the ground and above.

"He got to the point where there wasn't any place to go," Superintendent Bennett said. "You get to the point where there's a helicopter over your head and people with high-powered rifles coming toward you. The game is up."

In April, Mr. Phillips used a can opener to pry open a hole in a kitchen ceiling and escape from jail.

His criminal background, while long, included no violent crimes, and so the June 10 shooting of Trooper Sean M. Brown in Chemung County surprised residents who knew Mr. Phillips.

Trooper Brown was shot in the abdomen, and his injuries were the least severe of the three troopers struck.

By the end of the manhunt, the reward for information leading to Mr. Phillips's capture had grown to $425,000, and he had been added to the F.B.I.'s 10 Most Wanted List, just three names down from Osama bin Laden.

Seven people have been charged with aiding Mr. Phillips during his flight, including his daughter, her boyfriend and her mother,

"I would have to believe he's somewhat exhausted," Superintendent Bennett said after the surrender. "You constantly have to look around. You constantly have to look over your shoulder. I would say he's exhausted. We put a big chase on him today."

Capture Ends Fugitive's Long Run (ALBANYTU)

By Jordan Carleo-evangelist, Staff Writer

Albany Times Union, September 9, 2006

Police catch suspected cop killer in woods in Pennsylvania

AKELEY, Pa. -- Ralph "Bucky" Phillips, the man suspected of shooting three New York state troopers in his five-month flight from justice, was taken into custody just before 8 p.m. Friday in rural Pennsylvania.

Phillips, 44, the subject of New York's largest manhunt, was driven out of a wooded area in a Pennsylvania State Police car, past dozens of residents cheering the officers.

The suspected cop killer slumped in the back seat, surrounded by state troopers.

Many officers, including numerous New York state troopers, shared the crowd's excitement -- blaring sirens, honking horns and returning words of thanks.

A raucous shout also went up at the police command post in Carroll, N.Y., witnesses said.

"Bucky Phillips, as I told you before -- he could run, but he couldn't hide," said State Police Superintendent Wayne Bennett. "The bottom line is that the good guys won here."

The excitement was tempered by the death of Trooper Joseph Longobardo on Sunday. The Greenfield resident, who worked out of Wilton, was ambushed with Trooper Donald Baker Jr. of Clifton Park in the woods near Phillips' hometown last week. Authorities have said Phillips is the main suspect.

Baker remains hospitalized in critical condition in an Erie, Pa., hospital. Longobardo's wake is scheduled to start Saturday.

Authorities also allege Phillips shot Trooper Sean Brown in Chemung County on June 10.

The hunt for Phillips -- previously centered in his native Chautauqua County in New York -- took a dramatic turn south early Friday morning.

Authorities focused on an area spanning Chautauqua County and Warren County, Pennsylvania. They captured Phillips as hundreds of law enforcement officers rushed against the coming darkness to search a one-square- mile rectangle in which they believed they had him cornered. Standing almost within arm's length of each other, the officers on one side of that rectangle methodically closed in, Bennett said.

"You're not going to shoot one of our people and get away with it," the superintendent said. "We will track you down. We will hunt you down for as long as it takes."

According to Bennett, here's what happened in the early hours Friday:

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The search began just before 2 a.m. in Warren County. There, a sheriff's deputy pursued a stolen car for several minutes before it crashed into a tree and its occupant ran away.

About a half-hour later, a second car was stolen in Pennsylvania. New York State Police spotted that car in the extreme southern end of Chautauqua County. After a brief chase, the driver fled the car while it was still moving and ran off into the woods.

Hundreds of law enforcement officers descended on the town of Carroll and neighboring communities in Pennsylvania, where they searched for Phillips by ground and air. At 9:10 a.m., two New York state troopers encountered a man who matched Phillips' description in the woods. The man turned with a pistol in his left hand, and a trooper fired.

The gunman did not fire back before fleeing.

Just before dusk, an exhausted, dirty and bearded Phillips appeared near a wood line in binocular sights of a Warren County sheriff's deputy.

The deputy alerted nearby SWAT teams and a helicopter descended on Phillips, who quickly realized he was surrounded and gave up without a fight. Phillips was ordered to raise his hands and was taken into custody.

"The game was up -- and he knew it," Bennett said.

In a law enforcement convoy that included a helicopter, Phillips was whisked almost 70 miles toward Buffalo where he is scheduled to be arraigned at 10 a.m. Saturday in federal court as a fugitive, Bennett said. Late Friday, Phillips was scheduled to arrive at the same Erie County jail he broke out of five months ago.

"What I can tell you is he won't get away from us while we're transporting him," Bennett promised.

After his court appearance, Phillips will be taken to Chemung County to be arraigned on an attempted murder charge for allegedly shooting Brown.

Phillips did not appear to be injured, Bennett said. No law enforcement officers were reported injured.

"Our job is to apprehend him," Bennett said. "If necessary, we were prepared to kill him."

In a statement, Gov. George E. Pataki thanked law enforcement, adding, "The streets are much safer and the citizens of New York can sleep much sounder tonight."

Before midnight, at the White Horse Inn on the village line of Cassadaga, near where Baker and Longobardo were shot, the marquee outside already read, "Bye Bye Bucky, Bye Bye."

Jordan Carleo-Evangelist can be reached at 454-5445 or by e-mail at jcarleo-evangelist@ timesunion.com.

Around The Nation (WT)

The Washington Times, September 9, 2006

Police capture escaped convict

CARROLL, N.Y. -- A fugitive suspected of fatally shooting a New York state trooper and wounding two others while on the run for more than five months surrendered to police who had cornered him in a field just over the Pennsylvania border last night.

Ralph "Bucky" Phillips walked out with his hands up, ending a manhunt for the 44-year-old career thief who broke out of a Buffalo-area jail in April, New York State Police investigator Gary Colon said.

Phillips, who was on the FBI's 10 Most Wanted List, was being taken to a jail in Buffalo and is to be arraigned this morning. He faces a charge of attempted murder in connection with the shooting of a state trooper on June 10.

Businessman tied to lawmaker sentenced

A Kentucky businessman who admitted paying more than $400,000 in bribes to a Louisiana congressman was sentenced yesterday to more than seven years in prison.

Vernon Jackson, 54, of Louisville, is a key figure in the federal investigation of Rep. William J. Jefferson, Louisiana Democrat. The chief executive of the telecommunications firm IGate Inc. said he paid the bribes to gain the congressman's help in obtaining business deals in Africa.

The bribes paid by Jackson, including stocks and cash paid to a company controlled by Mr. Jefferson's family, had a value of $400,000 to $1 million, according to court records.

Mr. Jefferson has denied any wrongdoing.

Schwarzenegger apologizes for remarks

SANTA MONICA, Calif. -- Gov. Arnold Schwarzenegger apologized yesterday for saying during a closed-door meeting that Cubans and Puerto Ricans are naturally feisty and temperamental because of their combination of "black blood" and "Latino blood."

He said the tape-recorded comments "made me cringe" when he read them in yesterday's Los Angeles Times.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Mr. Schwarzenegger said. He added that if he heard his children make similar comments, "I would be upset."

DOJ_NMG_0061310

FDA fines Red Cross millions in safety case

The government said yesterday it was fining the American Red Cross $4.2 million for violating blood-safety laws.

The violations include failing to ask appropriate questions of potential donors and not following test procedures, said the Food and Drug Administration. The FDA said it had no evidence of serious health consequences resulting from the violations.

The fine was the largest single penalty assessed so far under terms of a 2003 court settlement, which allows large fines when the Red Cross violates FDA rules. Previously, the FDA had fined the Red Cross a total of $5.7 million.

In a statement, the American Red Cross said its senior management "is committed to full compliance with the amended consent decree and all applicable federal regulations." It planned to respond to the FDA within 20 days.

WTC families seek help for survivors

NEW YORK -- The father of a police detective who died after breathing in dust from ground zero wreckage told lawmakers yesterday that the government has spent too much time studying the health problems that killed his son.

"We must make the first priority the treatment of the heroes to improve their heath and save their lives. The studies should be secondary," Joseph Zadroga, father of New York Police Department Detective James Zadroga, told a House subcommittee hearing near the World Trade Center.

Public pressure has been growing for the government to deal with health problems blamed on the toxic dust from the site of the September 11, 2001, attacks.

This week, a hospital study concluded nearly 70 percent of ground zero workers had lung problems, and many of them would likely be sick for the rest of their lives.

From staff reports and wire dispatches

CIVIL LAW:

Iraq Contractor Inflated Costs, Lawsuit Alleges (NYT)

By James Glanz

The New York Times, September 9, 2006

A former employee of a Halliburton subsidiary claims that she was fired for revealing to her managers that the company was charging the government fraudulently inflated costs for military facilities it ran in Iraq, according to court papers unsealed yesterday.

At bases in Anbar Province, the desert homeland of Iraq's bitter Sunni-led insurgency, company employees faked head counts to inflate its charges for operating recreational and dining facilities, and led a relatively lavish lifestyle by appropriating food and equipment meant for the troops, the papers charge.

The suit in federal court by the former employee, Julie McBride, is the second corporate whistleblower case to emerge from Iraq. In the first, a jury found the security company Custer Battles guilty of inflating invoices by $3 million, but the case is now going to appeal after a judge held up the settlement.

A spokeswoman for Halliburton, Cathy Mann, said that there had been no wrongdoing by the subsidiary, KBR, formerly known as Kellogg Brown & Root.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer, the U.S. Army," Ms. Mann said in a written statement.

Ms. Mann said that the company's charges to the government did not depend on head counts and that KBR employees were contractually entitled to use the food and recreational equipment at camps in Iraq, just as the troops were.

Those assertions were disputed by a lawyer in the case, Alan Grayson, of Grayson & Kubli in McLean, Va., the same firm that represented whistleblowers in the Custer Battles case. He asserted that the KBR employees enjoyed indulgences ranging from cases of soda and tubs of food to big-screen TV's and exercise equipment.

The case is being brought under the False Claims Act, which allows the government to collect triple any damages that a jury might award. The law allows Ms. McBride, as a whistleblower, to collect anywhere from 15 to 30 percent of that assessment if her case is successful. Ms. McBride was not immediately available for comment, but Mr. Grayson said that she is a former lawyer who has two children and now lives in Los Angeles.

Whistle-blower Slams Iraq Contractor (AP-Y)

By Deborah Hastings

AP, September 9, 2006

DOJ_NMG_0061311

Halliburton subsidiary Kellogg, Brown & Root charged millions to the government for recreational services never provided to U.S. troops in Iraq, including giant tubs of chicken wings and tacos, a widescreen TV, and cheese sticks meant for a military Super Bowl party, according to a federal whistle-blower suit unsealed Friday.

Instead, the suit alleges, KBR used the military's supplies for its own football party.

Filed last year in U.S. District Court in Washington, D.C., by former KBR employee Julie McBride, the lawsuit claims the giant defense contractor billed the government for thousands of meals it never served, inflated the number of soldiers using its fitness and Internet centers, and regularly siphoned off great quantities of supplies destined for American soldiers.

McBride was hired by KBR in 2004 as a "morale, welfare and recreation" coordinator at Camp Fallujah, a Marine installation about 35 miles west of Baghdad. She was fired the next year after making several complaints about KBR's accounting practices, the suit says, and was kept under guard until she was escorted to an airplane and flown out of the country.

Halliburton denied McBride's allegations.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer," said company spokeswoman Melissa Norcross in an e-mail to The Associated Press.

The Super Bowl incident occurred in January 2005, the suit said. "McBride witnessed a large amount of food that was ordered specifically for a Super Bowl party for the military" taken instead to the company's lodgings. "About 10 large metal tubs full of tacos, chicken wings, (and) cheese sticks were taken from the military party site to a KBR camp for a KBR Super Bowl Party for KBR employees," according to the complaint. A widescreen TV was also removed.

McBride worked 12-hour shifts, seven days a week, at Camp Fallujah's recreation center, where the government was billed according to the number of soldiers using the contractor's facilities, which included a weight room, video games, Internet cafe, a library and phone bank, the suit says. She alleges that KBR deliberately overstated the number of military personnel using its services by counting the same person several times. For example, a person who used a computer was counted as one. If that person went on the weight room, another count was added to the list of patrons.

"It wasn't double-dipping, but triple dipping or even quadruple billing," the suit claims.

Attorney Alan Grayson, who represents McBride, said "millions of dollars have been submitted by Halliburton for recreational services" not provided.

The "qui tam" suit, filed under the federal False Claims Act, allows citizens to sue on behalf of the government against contractors who make false claims for payment. The plaintiffs are eligible to receive a percentage of awarded damages, which are tripled in this type of suit.

Such suits are usually sealed for 60 days while the Justice Department investigates the claims and decides whether the U.S. Attorney's office will sign on as a co-plaintiff.

The Justice Department declined comment Friday on why it chose not to participate in McBride's suit.

McBride is not the first Halliburton employee to allege fraudulent billing practices. The company has steadfastly denied wrongdoing.

Rory Mayberry, who worked for KBR in 2004, testified from Iraq via videotape to a group of Democratic members of Congress investigating contractor fraud.

As food manager at another military camp in Iraq, Mayberry said he witnessed KBR employees serving spoiled food to American troops, including food from trucks that had been bombed and shot at. Workers were told to pick out the shrapnel, and then serve the food, Mayberry testified.

He also claimed KBR charged the government for meals it never served.

In July 2004, former KBR planner Marie DeYoung testified before the House Committee on Government Reform. She said she witnessed "significant waste and overpricing" while working for the contractor in Kuwait, including paying a subcontractor $100 per 15 pounds of laundry, costs which were passed on to the government.

Halliburton, which holds more than 50 percent of rebuilding contracts in Iraq, was headed by Dick Cheney before he took office as vice president. He has denied any government favoritism toward his former company.

Halliburton Fraud Lawsuit Details Super Bowl Party (LAT)

By T. Christian Miller

The Los Angeles Times, September 9, 2006

WASHINGTON — Halliburton Co. executives ordered a big-screen television and 10 large tubs of tacos, chicken wings and cheese sticks delivered to Iraq for last year's Super Bowl, then billed U.S. taxpayers for their party, according to a lawsuit unsealed Friday.

DOJ_NMG_0061312

The Houston-based company also defrauded the government by double- and triple-billing for Internet, food and gym services for soldiers, according to the lawsuit by a former employee for KBR, the Halliburton subsidiary that runs dining halls for troops in Iraq.

"The administration is not enforcing the laws against fraud when it comes to contractors in Iraq," said Alan Grayson, the attorney who filed the suit. "When it comes to seeing that the law is executed, the Bush administration is a no-show."

Halliburton denied the allegations, filed under the False Claims Act. Designed to prevent war profiteering, such lawsuits allow citizens to sue on behalf of the government and recover a portion of any damages.

The company did not deny ordering the TV and the food; it set up snack buffets and screenings at military bases throughout Iraq for the 2005 Super Bowl. But KBR noted that its contract allowed the firm to provide recreation and morale-boosting services for its employees and for American soldiers.

"The claims included in this lawsuit clearly demonstrate a complete misinterpretation of facts as well as a lack of understanding of KBR's contractual agreements with its customer, the U.S. Army," Halliburton spokeswoman Melissa Norcross said.

The accusations in the lawsuit are the latest involving Halliburton's controversial multibillion-dollar contract to feed and house American soldiers in Iraq. Democrats have been quick to criticize the company, which was run by Vice President Dick Cheney from 1995 to 2000.

In June, a KBR subcontractor was indicted on kickback charges involving the dining halls, which feed tens of thousands of soldiers a day in camps throughout Iraq and Kuwait. The U.S. Army Corps of Engineers has withheld $55.1 million out of a total of $13.7 billion in payments on the contract as a result of disputed costs.

The Department of Justice chose not to join the lawsuit against Halliburton after conducting an investigation. Justice officials declined to elaborate Friday, but in legal circles such a decision is usually considered indication of a weak case.

Grayson accused the department of shirking its duties in the middle of a political season. Several dozen lawsuits alleging fraud in Iraq are believed to have been filed, but they remain under seal until the department completes its investigations.

Grayson is best known for having won another fraud case, which Justice officials also passed up, against a private security company named Custer Battles. That decision was recently overturned by a federal judge and is now on appeal.

Grayson, who recently lost a primary race for a House seat in Florida running as a Democrat, denied any political motivations in pursuing the case against Halliburton, noting that he had filed it before deciding to run for office.

He said that the whistle-blower in the case, Julie McBride, came forward only after KBR officials ignored her complaints. McBride said in the lawsuit that she was placed under armed guard and then fired after she raised questions about Halliburton's billing practices. She could not be reached for comment Friday.

Justice Department officials "are stonewalling and keeping these cases under seal unnecessarily," Grayson said.

Rep. Henry A. Waxman (D-Los Angeles), who has been the leader in Congress in attacking Halliburton, said that the charges were further proof of war profiteering by the oil services giant.

"One former Halliburton employee after another tells the same story of outrageous and intentional overcharging," Waxman said in a statement. "Yet no one in the Bush administration seems to care."

Government Won't Join Lawsuit (HC/BLOOM)

By Cary O'Reilly, Bloomberg News

Houston Chronicle, September 9, 2006

Whistle-blower says Halliburton overcharged for Iraqi recreation

The Justice Department declined to join a whistle-blower suit against Halliburton Co. that accuses the Houston-based company of overcharging the government in contracts to operate recreation facilities for soldiers in Iraq.

Julie McBride, a morale, welfare and recreation coordinator employed by a Halliburton unit in Iraq, alleged in an April 26 complaint unsealed Friday in U.S. District Court in Washington that the company sought to artificially inflate revenue by overestimating the number of soldiers using its facilities.

On June 27, the U.S. declined to take part in the case, according to court records. The False Claims Act allows individual whistle-blowers to sue on behalf of the government and recover part of any settlement or verdict. The Justice Department then decides whether to take part, and while plaintiffs may continue to pursue a case if the U.S. declines to join, they must do so at their own expense.

"I think it is irresponsible," Alan Grayson, McBride's lawyer, said of the government's decision. He said his client will continue to pursue the case.

Cynthia Magnuson, a Justice Department spokeswoman, declined to comment on the complaint but said the agency "diligently investigates all allegations before determining whether or not to intervene."

DOJ_NMG_0061313

The government often doesn't join false claim cases, according to Taxpayers Against Fraud, a nonprofit policy group.

KBR vehemently denied the allegations of fraud.

"We intend to vigorously defend our position," spokeswoman Melissa Norcross said in a prepared statement.

The lawsuit also accused Halliburton executives of ordering a big-screen TV and 10 large tubs of tacos, chicken wings and cheese sticks delivered to Iraq for last year's Super Bowl, then billing taxpayers.

The company did not deny ordering the television and the food; it set up snack buffets and special screenings at military bases throughout Iraq for the 2005 Super Bowl. But KBR noted that its contract allowed the company to provide recreation and morale-boosting services for its own employees, as well as American soldiers.

Halliburton's KBR subsidiary helps run dozens of military camps across Iraq where it operates facilities, including fitness centers and Internet cafes. The Army through July has placed $17 billion worth of orders for Iraq services and paid Halliburton $15 billion.

The Army said in July it will end Halliburton's multibillion-dollar agreement to handle troop services in Iraq later this year and put the five-year contract up for bid.

Grayson, who recently lost a primary race for a House seat in Florida running as a Democrat, denied any political motivations in pursuing the case.

The Los Angeles Times contributed to this report.

Pfizer Wins Dismissal Of Suit By Former Executive (Update2) (BLOOM)

By Cary O'Reilly And Shannon Pettypiece

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- Pfizer Inc., the world's largest drugmaker, won dismissal of a ``whistleblower'' lawsuit by a former executive who accused the company of promoting unapproved uses for Genotropin, a growth hormone.

U.S. District Judge Joseph Tauro in Boston dismissed the suit by Peter Rost, who was a vice president of marketing at Pfizer until he was fired in December 2005. Rost said in a telephone interview that he plans to appeal.

Rost sued Pfizer in 2003 under the False Claims Act, alleging the New York-based company illegally promoted Genotropin for so-called off-label uses and gained sales of $50 million in 2002 as a result. Rost has criticized the drug industry, including Pfizer, for positions such as opposing legislation that would allow Americans to buy drugs abroad. He is also suing Pfizer for wrongful termination in a separate case.

Rost's suit ``fails to identify one actual false claim that was submitted to the government for the reimbursement of an off-label prescription of Genotropin,'' Tauro said in his Aug. 30 order. ``No matter how likely the existence of false claims, this court cannot speculate that such claims inevitably flowed from defendants' activities.''

Pfizer spokesman Paul Fitzhenry said the court ruling ``sends a very clear message'' about the merits of the case by dismissing it in its entirety without giving Rost an opportunity to amend his complaint.

The Justice Department in December said it wouldn't join Rost's suit. He was fired the same day.

Genotropin Approval

The Food and Drug Administration approved Genotropin for medical conditions including growth deficiency in children and adults. Rost alleged Pfizer promoted the drug as an anti-aging treatment for adults and for short stature in children that wasn't caused by hormone deficiency.

``We will amend our complaint with the requested data and expect to prevail with an appeal,'' Rost said.

Shares of Pfizer rose 14 cents to $27.59 in New York Stock Exchange composite trading. They've risen 18 percent this year.

The False Claims Act allows individuals, known as whistleblowers, to sue for fraud on behalf of the government and recover part of any settlement or verdict. The government reviews such cases and decides whether to take part.

Rost has had a series of disputes with employers. He publicly criticized Pfizer and the pharmaceutical industry in 2004 for opposing legislation that would allow U.S. citizens to buy drugs abroad. In 2001 he sued Wyeth, where he'd worked previously, claiming he was forced to quit his job at the drugmaker after he told superiors that managers were helping workers evade taxes in Sweden. Rost settled the case with Wyeth.

The case is Rost v. Pfizer, 05cv10384, U.S. District Court for the Southern District of New York (Manhattan).

To contact the reporter on this story: Cary O'Reilly in Washington at caryoreilly@bloomberg.net ; Shannon Pettypiece in Washington at spettypiece@bloomberg.net

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ANTITRUST:

Michaels Sale Wins Antitrust Approval (BLOOM)

Bloomberg, September 9, 2006

The $6 billion sale of Michaels Stores Inc. to Bain Capital LLC and Blackstone Group LP won U.S. antitrust clearance, according to a list of terminated merger reviews published by the government.

The sale of the biggest U.S. arts and craft retailer to the two private-equity firms was on the list published by the Federal Trade Commission. Bain Capital and Blackstone agreed June 30 to purchase equal shares of Michaels Stores, based in Irving.

Under the Hart-Scott-Rodino Act, transactions of more than $56 million must be reported to the Justice Department and FTC to give the agencies an opportunity to determine if they might violate antitrust laws. The agencies have 30 days to decide whether to open an investigation or terminate the merger review.

The Justice Department is investigating Michaels' granting of stock options since 1996. A company spokesman said yesterday that an internal review conducted by an independent legal counsel found no evidence to support a conclusion that there was intentional misconduct.

Michaels Buyout Wins Antitrust Clearance (DALBIZ)

Dallas Business Journal, September 9, 2006

Arts and crafts retailer Michaels Stores Inc.'s $6 billion sale to private equity firms The Blackstone Group and Bain Capital has gained approval from anti-trust regulators, according to a government listing of terminated merger reviews.

The move was published on the Federal Trade Commissions list of early termination notices. An early termination is granted only when the FTC and the Department of Justice Antitrust Division have completed their review of the deal and determined not to take any action.

The deal is expected to close late during the third quarter or early in the fourth quarter.

Michaels (NYSE: MIK - News) is the subject of a Justice Department investigation related to its granting of stock options that is ongoing.

The company also faces shareholder lawsuits alleging infractions in the granting of stock options to certain officers and directors from 1994 through 2000, and class-action allegations regarding the proposed buyout of the company.

Alltel To Sell Operations In Rural Minnesota As Part Of Midwest Purchase (RCRWN)

By Jeffrey Silva

RCR Wireless News, September 8, 2006

WASHINGTON—The Justice Department said Alltel Corp. agreed to sell wireless assets in several rural Minnesota markets as a condition to antitrust approval of its $1 billion purchase of regional operator Midwest Wireless.

"The department's action ensures that wireless telephone consumers will continue to obtain the benefits of competition—lower prices and higher quality," said Thomas Barnett, chief of the department's antitrust division. "The required divestitures preserve competition in rural areas where consumers often have fewer choices for wireless telephone services."

The state of Minnesota supports the divestiture, in which Alltel will get rid of mobile phone systems in four rural markets where Midwest also offers service, and the issue is now headed to a federal judge for consideration. The Federal Communications Commission too is expected to rule on the Alltel-Midwest Wireless deal by month's end.

U.S. Cellular Corp. previously warned the FCC that an Alltel-Midwest tie-up would hurt competition in southern Minnesota.

Alltel, based in Little Rock, Ark., is the nation's fifth-largest mobile phone operator, serving around 11 million customers. Alltel also provides roaming and other wireless services in 35 states to other mobile wireless providers who use CDMA, TDMA and GSM technologies. Alltel had wireless revenues of approximately $6.6 billion last year.

Midwest Wireless, headquartered in Mankato, Minn., serves around 440,000 wireless customers in three states. Midwest Wireless also provides roaming and other wireless services to other mobile wireless providers who use CDMA technology. Last year Midwest Wireless earned about $264 million in revenues.

Government Pressuring Realtors To Include All Listings Online (MJS)

By Michele Derus Mderus@journalsentinel.com

Milwaukee Journal Sentinel, September 9, 2006

Documents indicate southeast Wisconsin among areas targeted by federal commission on antitrust grounds

America's online home shoppers might get a broader view of their choices, because of the Federal Trade Commission.

DOJ_NMG_0061315

Regulators want Multiple Listing Service operations to publicly market all "for sale" listings - not just the ones that guarantee Realtors full sales commissions. Realtors, a trademarked group, created and run the nation's estimated 900 MLS databanks, which showcase all houses for sale listed by Realtors.

"We say people should be free to choose," said Patrick J. Roach, deputy assistant director in the Federal Trade Commission's Bureau of Competition.

"Upwards of three-quarters of people who buy homes use the Internet, and most of what's out there are sites fed by MLS," Roach said. "If its rule says that, if you vary from the traditional form of listing agreement, this house is not going to be visible to the general public - well, from an antitrust perspective, that means a bunch of competitors are dictating terms for all agreements."

Roach said his Washington, D.C., agency is challenging such rules where it finds them. In the past week, it logged its first two victories.

The Austin, Texas, Board of Realtors signed a consent order agreeing to treat all listings equally, and the Realtors Association of Northeast Wisconsin said it would begin sending exclusive agency listings to www.realtor .com, the biggest public-access site, and the Internet Data Exchange clearinghouse for brokers' sites.

"Exclusive agency" contracts are a tiny part of the $60 billion-plus annual home-selling trade - suppressed because MLS operators often don't make them publicly available, said antitrust lawyer David Barry. In such contracts, the listing agent's commission is reduced or waived if the homeowner snags a buyer without assistance.

"Those agents can tell the seller, 'If you find the buyer, you don't have to pay me a nickel.' But if they find the buyer, they get their full commission," said Barry, senior attorney at Barry & Associates in San Francisco.

Some MLS systems feed exclusive agency listings to publicly accessible industry Web sites, such as the 3 million-listing www.realtor.com.

Others exclude them. Lawyers for the National Association of Realtors and its state chapter in Wisconsin say they don't know how many don't grant public access - but federal regulators are tracking them down.

Shielding this money-saving type of listing from public view, while promoting the full-fee type, is illegal, the trade commission's Roach said.

His agency charged the Austin Board of Realtors with antitrust violations and, this week, the parties announced a consent order that no listing would be kept private. Last week, the Appleton-based Realtors Association of Northeast Wisconsin announced that, in light of a Federal Trade Commission inquiry, it would change its ways, too.

Both realty organizations denied doing anything wrong. But, as Margery Chapman, executive director of the Appleton group, put it: "This change (should) eliminate any doubt." Southeast Wisconsin in focus

Will southeast Wisconsin's Metro MLS be next?

The Journal Sentinel obtained paperwork this week indicating that this market is a Federal Trade Commission target. Officials at Metro MLS and the trade commission declined to confirm or deny that, however.

Peter Shuttleworth, executive vice president of Wauwatosa-based Metro MLS, said: "We do not publish exclusive agency listings on public Web sites or the Internet, and we've had that rule since 1984. This is a broker-to-broker cooperative. We have no obligation to market FSBOs, which is what some of these are."

FSBO means "For Sale By Owner," a direct seller-to-buyer deal. Some FSBOs can buy their way into an MLS through cut-rate deals with Realtors.

That means there is no listing-broker commission - the same scenario that might occur with an exclusive listings agreement.

FSBO deals represent about 10% to 15% of all home sales, depending on locale and market conditions, experts say. Most such sellers do offer to pay a commission to any realty broker who supplies the buyer - typically 2% to 3% of sales price or a flat fee.

FSBOs have long been a sore point in the realty industry. Lately, so have the realty brokers who provide services to them. Now federal regulators, nosing into sometimes long-held rules on exclusive agency listings, are getting on industry nerves, as well.

"The rule has a legally defensible rationale," said Laurie Janik, general counsel for the National Association of Realtors. "Why would you want to advertise that kind of listing? We're not in the business of helping sellers sell their homes and cut brokers out of their compensation."

Nonetheless, the national trade group doesn't dictate policy on this, Janik said.

"If an MLS wishes to exclude these from public advertising display, fine," she said. "If they don't want to, that's fine, too."

It's not fine with the Federal Trade Commission, Roach said.

"We've made it clear that we're looking at other places," he said.

At least 14 places so far, Janik said, though she wouldn't name them.

Critics say the realty industry is overdue for change. At congressional hearings this summer, regulators, consumer groups and industry entrepreneurs accused the powerful National Association of Realtors of stifling money-saving changes.

Among them was attorney Barry, who said the industry's market stranglehold has cost consumers billions of dollars a year.

"The FTC deserves kudos for pushing this issue," Barry said. Their victories in Texas and Wisconsin "may wake up consumers all over America (and) the lawyers that advise these boards of Realtors."

Information on Federal Trade Commission action regarding the realty industry is online at www.ftc.gov (under Hot Topics, click on Real Estate Competition) Information on Federal Trade Commission action is online at www.ftc.gov (under Hot Topics, click on Real Estate Competition)From the Sept. 9, 2006 editions of the Milwaukee Journal Sentinel

Have an opinion on this story? Write a letter to the editor or start an online forum.

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GE Gets Antitrust OK To Buy Kinder Morgan Natural Gas Unit (MRKTWTCH)

Market Watch, September 9, 2006

WASHINGTON (MarketWatch) -- General Electric Co. (GE) has received antitrust clearance from the Federal Trade Commission to buy the natural gas unit of Kinder Morgan Inc. (KMI).

The FTC said Friday that it granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law.

General Electric's energy unit will buy Kinder Morgan's U.S. natural gas retail operation for $710 million.

The Hart-Scott-Rodino Act requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the Federal Trade Commission and the antitrust division of the Department of Justice have determined that they won't take enforcement action during the waiting period.

Shares of General Electric recently traded at $33.95, down 9 cents, while Kinder Morgan shares recently traded at $104.23, up 2 cents.

-Contact: 201-938-5400

ENVIRONMENT/INDIAN AFFAIRS:

Interior Department Rejects Interim Plan For Nuclear Waste (NYT)

By Martin Stolz And Matthew L. Wald

The New York Times, September 9, 2006

SKULL VALLEY, Utah, Sept. 8 — The Interior Department has moved to block a huge “interim” nuclear waste storage plant on an Indian reservation here, citing a lack of confidence that it would truly be temporary because there is so much doubt about completion of a permanent repository, at Yucca Mountain, Nev.

But sponsors of the project, which was granted a license by the Nuclear Regulatory Commission in February, said that the Interior Department decision had numerous errors and that they were considering an appeal.

A consortium of eight utilities negotiated a lease 10 years ago for an 800-acre corner of the reservation that belongs to the Goshute band, a tiny tribe, about 50 miles west of Salt Lake City. The lease would run for 25 years with an option for another 25, and the waste would be stored in above-ground casks of a type already used at reactors around the country.

Some waste is so old that the reactors that generated it have been torn down. And many nuclear power plants still operating have expanding fields of storage casks and no place to ship them.

But in a decision issued Thursday, the Interior Department said that acting as a “prudent” trustee of Indian lands, it could “derive no confidence from the public record” that there would be someplace for the fuel ultimately to go.

“Construction of Yucca Mountain could be indefinitely delayed by any number of factors, including protracted litigation,” the department said, adding that the Nuclear Regulatory Commission “acknowledges that ‘decades’ are the most relevant unit of time for predicting the completion date.”

The decision was hailed by many elected officials in Utah, which has no reactors, and where many non-Indians oppose the plan.

But John D. Parkyn, the chairman of the board of Private Fuel Storage, the consortium, said in a telephone interview on Friday that the opinion about Yucca Mountain was contrary to federal policy and that there were various errors in the decision.

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One, Mr. Parkyn said, is that the decision said development on the reservation would require a tribal police force. But in fact, he said, the plant would have only about 20 employees, and most of those would be guards. If tribal police were somehow required, he said, the project would pay for them.

The decision also cites the environmental impact of two extra-large trucks per week going to the site, but the Interior Department has already approved a garbage dump on the site that requires about 1,000 truckloads a week, Mr. Parkyn said.

He said that the Interior Department had told him a decision had been made but that he had not given him a copy. He received one from a reporter, he said, and had not finished analyzing it.

The tribe is divided over the project. A proponent, Garth Jerry Bear, said Friday at his home on the reservation that the plant would provide hope for the desperately poor members, good-paying jobs and money for schools. "This is a third-world country, right here in the United States," Mr. Bear said.

He added that the county, state and federal government were usurping tribal sovereignty because of resentment over not getting their share of the lucrative contract.

"It's like the broken treaties," Mr. Bear said.

Sammy Blackbear, an opponent of the storage plan, said he was elated by the decision.

"It should have come a long time ago,'' Mr. Blackbear said, "but this is better late than never."

Denise Chancellor, an assistant attorney general in Utah, said that the law gave the Interior Department wide discretion in deciding about leases, and that "it's got to be fairly blatant before a court will step in and overturn it."

The Interior Department's decision is "the final nail" in killing the project, Ms. Chancellor said.

At the Energy Department, a spokesman, Craig Stevens, said the Yucca Mountain repository would be finished by 2017.

But nuclear waste may yet go elsewhere. Mr. Stevens said the department had received dozens of proposals for sites for interim storage and then reprocessing, in which uranium and plutonium are recovered for future use.

Nuclear experts said, however, that given the experience of the Skull Valley project, it would take years for any of the sites to get a license.

The department is under pressure to find some way to accept nuclear waste, because it signed contracts with utilities in the early 80's, promising to do so beginning in 1998, in exchange for payments by the utilities of one-tenth of a cent per kilowatt-hour generated at their reactors.

The Skull Valley partners offered that site to the Energy Department, but Mr. Parkyn said the Energy Department had not responded.

Valero Refinery To Clean Up Air With New System (WILNJ)

By Jeff Montgomery, The News Journal

Wilmington (DE) News Journal, September 9, 2006

A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the refinery near Delaware City.

The Valero refinery near Delaware City lit up the sky when it flared off chemicals in July. (Buy photo) The News Journal file/JON P. ZAIMES

A multi-million dollar system that will tame one of Delaware's largest single air-pollution sources is expected to start up next week at the Valero refinery near Delaware City.

The new sulfur dioxide "scrubber" on Valero's petroleum "coking" unit will demote its smokestack from one of the nation's top refinery sources of acid rain, smog and dust-forming emissions to something more typical of other nearby crude oil processors.

Valero planned to notify by letter thousands of residents who live within 5 miles of the development.

"It's going to take out 19,000 tons a year of sulfur dioxide -- it's a huge amount, absolutely," said Ravi Rangan, an environmental program manager for the Department of Natural Resources and Environmental Control.

Rangan was one of the DNREC officials who helped pursue the refinery's various owners for years over uncontrolled sulfur dioxide emissions and other pollution offenses. The effort eventually wound up in federal and state courts, producing corporate agreements to install two sulfur scrubbers now slated to start up before the end of the year.

The Environmental Protection Agency, DNREC and state and federal justice departments collaborated on the settlements and related penalties -- approved in early 2001 and later amended. Recent estimates of the scrubber costs to the refinery have ranged as high as $400 million.

Deadlines for the original agreement were set back in part by public objections to the refinery's first scrubber design. That system would have flushed more than 100,000 tons of sodium sulfate into the Delaware River annually, along with traces of mercury and other contaminants.

DOJ_NMG_0061318

A substitute design developed for the refinery will convert sulfur dioxide gases into elemental sulfur that Valero can sell for other industrial uses. For complete coverage see The News Journal on Saturday or www.delawareonline.com

Contact Jeff Montgomery at 678-4277 or jmontgomery@delawareonline.com

Judge Halts Petroleum Lease Sales (FINDLAW/AP)

By Jeannette J. Lee, Associated Press Writer

AP, September 9, 2006

(AP) - ANCHORAGE, Alaska-Interior Secretary Dirk Kempthorne expressed confidence in an upcoming oil lease sale in the National Petroleum Reserve-Alaska when he visited the North Slope last week. "We're set to go forward," Kempthorne said after taking a helicopter ride over a section of the vast reserve. But that sale will likely have to wait.

A judge on Thursday temporarily halted lease sales of more than 1 million acres in the NPR-A that environmentalists say are essential feeding and breeding grounds for caribou and migratory birds.

Nearly 13 million acres of the reserve in northern Alaska are available for lease sale or have been sold to oil companies, most notably ConocoPhillips. The company hopes to augment waning crude stocks in the Prudhoe Bay fields east of the NPR-A.

Environmentalists filed the lawsuit against the Department of the Interior, the state of Alaska and oil companies in hopes of cordoning off about 600,000 acres of the 23-million acre reserve from more exploratory drilling. The government had planned to open bids on Sept. 27 for about 1.7 million acres, which encompass the area targeted by environmentalists.

ConocoPhillips has its eye on the contested area, which holds a potential 2 billion barrels of oil beneath the permafrost near Lake Teshekpuk.

The order, filed in U.S. District Court in Anchorage, said the government had not adequately considered the cumulative environmental effects of the lease sales in the eastern and western sections of the reserve.

Environmental impact statements addressed the effects of leasing individual parcels, but those reports were too narrow in scope because they did not consider how leasing in the northeastern part of the reserve would affect land and wildlife in the northwestern section, according to the order.

U.S. District Judge James Singleton chastised the defendants for the oversight, writing that they "violated the National Environmental Protection Act."

The Department of the Interior and ConocoPhillips did not immediately return messages left late Thursday.

Singleton is expected to make a final ruling the last week of September, said Charles Clusen, director of the Alaska project for the Natural Resources Defense Council based in Washington, D.C., one of the plaintiffs.

The government set aside the NPR-A in 1923 for energy development.

Interior Secretary Dirk Kempthorne, whose department is in charge of the lease sale, flew over the lake area last week. He said afterward that he was convinced a restricted drilling plan could accommodate energy development and wildlife protection.

The lease plan would allow for caribou migration by banning some areas to drilling and set up buffers to protect geese molting areas, Henri Bisson, the Bureau of Land Management's Alaska director, has said.

Environmental groups said they only want to preserve the most sensitive fractions of land and don't aim to block exploration in the arctic oil reserve.

"Kempthorne can go ahead with the lease sale of the northwest and the rest of the northeast sections, but he has to leave this part alone," Clusen said. "We're not asking to shut everything down, we're just going after the most valuable wildlife area."

Other plaintiffs are the National Audobon Society, the Alaska Wilderness League, Center for Biological Diversity, Northern Alaska Environmental Center, Sierra Club and the Wilderness Society.

Primary defendants include the federal Bureau of Land Management and the U.S. Fish and Wildlife Service.

IMMIGRATION:

Frist Stresses GOP's Immigration Efforts (WP)

By Charles Babington

The Washington Post, September 9, 2006

Congress will not address major immigration revisions before the Nov. 7 election, the Senate's top Republican said yesterday, but he and his allies hope to limit political damage to their party by telling voters they have poured millions of dollars into one component of the controversy: tightening the border with Mexico.

Majority Leader Bill Frist (R-Tenn.) acknowledged that a broad-based immigration bill, backed by President Bush and passed by the Senate, is dead for now. But Republican leaders have added money for border fences and patrol agents to recent

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spending measures dealing with the Pentagon and homeland security. Frist said he thinks that step may lessen public anger over the porous border and the estimated 12 million illegal immigrants in the country.

"We need to message very well the fact that we have increased over the last two years . . . the level of funding for immigration and border control fourfold, the fact that by the time we finish here in four weeks we will have 375 miles of fence being built and being funded . . . and the fact that stopping people at the border coming across has increased . . . by 25 to 30 percent in the last eight months," Frist told reporters.

The effort omits many of the provisions that he and Bush backed in the Senate bill, Frist conceded, including pathways to legal status for many illegal immigrants. However, he said, most Americans "just want to see the fence going up."

The legislative standoff amounts, in part, to a back-door victory for House Republicans, who have insisted on tougher enforcement of immigration laws before tackling broader revisions. Several prominent GOP senators have criticized that approach, saying voters expect their party to address all major aspects of the immigration debate. They include a larger temporary-worker program, improved record-keeping and worker verification procedures, and strategies for dealing with illegal immigrants without trying to deport them all.

"If it is perceived by the public that the Republican Party -- which owns the House, the Senate and the White House -- cannot solve hard problems working with Democrats, then we will lose our majorities," Sen. Lindsey O. Graham (R-S.C.) said earlier this year.

Frist, briefing a half-dozen reporters in his Capitol office yesterday, predicted that voters will give his party more time.

"We have to address the 12 million people, the temporary-worker program and work-site enforcement, as well as border security," said Frist, who is not seeking reelection but may run for president in 2008. "We're not going to be able to do that before the election." The delay will not hurt GOP incumbents this fall, he said, because "what Republicans expect us to do is be firm on the border, secure the border, and we intend to do that," primarily through military and homeland security appropriations bills "and other bills that may come forward."

Senate Majority Whip Mitch McConnell (R-Ky.), who is poised to succeed Frist as the Republican leader next year, told the reporters that if he were a GOP senator asked about immigration in a debate, "whether I voted against that comprehensive Senate bill or voted for it, as [Frist] and I did, here would be my answer." He then read from a list compiled by the Senate Budget Committee of spending measures in the past two years: 3,736 new Border Patrol agents, 9,150 new detention beds for arrested illegal immigrants, 370 miles of fence along the Mexican border.

"I think that's the way our candidates are going to handle it this fall," McConnell said.

The Senate's immigration bill called for about 350 miles of new fencing along the 1,950-mile border with Mexico. The House bill called for 700 miles of fence. The two bills were never sent to a conference committee for reconciliation efforts.

Graham and other GOP supporters of multifaceted immigration legislation have opposed enforcement-only approaches. They feared they would lose leverage with House conservatives if enforcement measures were not linked to other goals such as possible citizenship for illegal immigrants with longtime employment and clean criminal records. However, Sen. John McCain (R-Ariz.) said this week that the recent spending measures do not amount to a de facto House victory because legislators realize they eventually must confront the broader aspects of the immigration problem.

Democratic strategists said Congress's failure to enact a major immigration bill this year is proof of the Republican Party's ineffectiveness.

"They don't have a single accomplishment, yet they have control of the government," said Rep. Rahm Emanuel (D-Ill.), leader of his party's drive to regain control of the House this fall. He cited government findings that between 1999 and 2003, work-site enforcement operations were scaled back 95 percent by the Immigration and Naturalization Service, while the number of employers prosecuted for unlawfully hiring immigrants dropped from 182 in 1999 to four in 2003.

"I wish their actions were as tough as their rhetoric," Emanuel said.

Stalled Bills Might Have Cut Mall Rally Crowd, Some Say (WP)

By N.c. Aizenman And Allison Klein

The Washington Post, September 9, 2006

In April, Jose Martinez was among the giddiest participants in a pro-immigration rally that attracted more than 100,000 demonstrators to the Mall.

Spurred by promotions on his favorite Spanish radio program, the Salvadoran-born mechanic persuaded nearly every co-worker at his Southeast Washington auto repair shop to march with him. He brought along T-shirts emblazoned with American flags for his friends to wear. And he vowed to treasure his own shirt forever "as a memory of this day."

But Thursday afternoon, while immigrants and their supporters were convening on the Mall for a reprise of the April 10 rally, Martinez, 43, was back in the auto shop, working out the dents in the door of a silver Chevrolet Monte Carlo.

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"No, I'm not going. I'm not motivated this time," said Martinez, who is a legal permanent resident but who has friends in the country illegally. "I really expected a change to the immigration law by now, but we haven't gained anything since [the spring]. . . . All I've seen is an increase in the arrests of immigrants."

It was a refrain repeated across the Washington region as immigrants sought to explain how a demonstration that organizers had predicted would mobilize hundreds of thousands fizzled into a gathering of less than 5,000 demonstrators, most from out of town. Rallies in other cities this week drew similar numbers.

Many locals who did participate Thursday appeared to be union members bused in by their leaders.

Maya Bhullar, who, like many in the crowd, wore the orange cap of the Service Employees International Union, speculated that fewer people might have shown up because a restrictive immigration bill that loomed large in the spring had stalled after winning House approval.

That legislation, which, among other measures, would make it a felony to be in the country illegally or to assist illegal immigrants, alarmed many previously apolitical immigrants. They appeared by the hundreds of thousands at rallies in cities across the country in the spring.

"I don't think people's anger has died down," said Bhullar, 31, who is a U.S. citizen of Indian descent and lives in Northwest Washington. "[But] last time our message was so much about the [House] bill."

Meanwhile, a Senate bill that would permit illegal immigrants to legalize their status after paying a fine also stalled, causing some immigrants to lose faith in rallies as engines of change.

"At the beginning, I thought [demonstrating] was positive," said Enrique Torres, 26, an Arlington resident who chose to work rather than attend the rally Thursday. "Then I realized they were increasing deportations. So it's been negative, too."

The subdued mood also seemed to have affected local Spanish-language radio shows, which had played a pivotal role in urging listeners to go to the rally in April.

"Last time, I heard about the rally everywhere -- even on TV," said Rene Garcia, 22, a Mexican construction worker living in Falls Church who attended the demonstration Thursday. "For this rally, I didn't even hear about it on the radio. I don't know what happened."

Michael Ahn Paarlsberg, 26, a Korean American living in Fairfax, said there was little promotion in the Asian media, despite outreach efforts by organizers that yielded at least a few articles about the rally in Korean-language newspapers.

Rally organizers said they were satisfied with the turnout, which they estimated at 50,000.

Jaime Contreras, chairman of the National Capital Immigration Coalition, who organized the rally, said, "We're very proud of the people that came out despite the fact that [President] Bush's scare tactics of sending [immigration agents] to our neighborhoods has put some fear in people's minds."

Contreras said advocates have shifted their focus from rallies to voter registration drives and cautioned politicians not to conclude that the movement has lost steam just because its rallies are attracting fewer demonstrators.

"If they do, they're going to be sadly mistaken come election time," he said.

Staff writers Ernesto LondoÃ±o, Josh Partlow, Nick Miroff, Tom Jackman and Karin Brulliard contributed to this report.

Boston Tests System Connecting Fingerprints To Records Of Immigration Violations (NYT)

By Eric Lipton

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 — Immigration officials will automatically be notified anytime the local or state police do a federal fingerprint check on a suspect who also happens to be wanted for serious immigration violations, under a new system being tested in Boston.

The automated notification is part of a Department of Homeland Security program that could expand the role that the local and state police nationwide play in the immigration enforcement effort.

To federal officials, it is a natural next step as police forces have hundreds of thousands of officers who routinely come into contact with illegal immigrants, while Immigration and Customs Enforcement has a squad of only about 6,000 criminal investigators.

“We are giving more information to more people who can act on the information,” said Robert A. Mocny, acting director of US-Visit, the Department of Homeland Security program coordinating the effort. “It only makes sense.”

But some immigration and civil liberties advocates objected.

“Once the police become viewed as immigration agents, as opposed to simply safety and law enforcement patrols, they will lose the cooperation and trust of a significant portion of the communities they serve,” said Marshall Fitz, director of advocacy at the American Immigration Lawyers Association. “That ultimately undermines all of our security interest.”

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Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union, said he was also concerned. The Homeland Security Department's records rely upon just two fingerprints, instead of 10, and are therefore more subject to error, Mr. Steinhardt said, which could result in someone's being wrongly detained on immigration charges.

"It is an unreliable system being run by a barely competent agency," Mr. Steinhardt said.

The new program has started off in a relatively modest way. When the Boston Police Department does a fingerprint check of federal criminal records for crime suspects, it will also check a Homeland Security Department database of 420,000 people who have violated immigration laws. The federal list includes people who have been previously deported from the United States or tried to enter but were denied a visa.

If the police happen to stop one of those people, both the Boston Police Department and Immigration and Customs Enforcement, a division of the Homeland Security Department, will be notified. The department may then ask the Boston police to hold the person for up to 48 hours, until the federal authorities can take him into custody or otherwise begin deportation proceedings, an Immigration and Customs Enforcement spokesman said.

Eventually, as more cities and states participate, the Homeland Security Department intends to add nine million sets of fingerprints to the database to include people with less serious immigration records, like someone caught trying to cross the border from Mexico who then voluntarily returned home, Mr. Mocny said.

The local and state police in many cities, including Boston, already routinely contact Immigration and Customs Enforcement to see if suspects they have detained might also be wanted on federal immigration violations. Federal criminal databases already include some people wanted on felony immigration violations.

But the immigration-related inquiries have previously been based on a names and dates of birth, which may be forged. And the checks are not frequently done on every arrest and fingerprint check, as is now the case in Boston."You can't hide from the fingerprint," Mr. Mocny said.

Mr. Fitz, of the immigration lawyers group, said he had no objection if the fingerprints were checked for immigration violations only after an individual had been charged with another crime.

His concern, he said, is that the local police might begin to submit these kinds of requests routinely during traffic stops or patrols simply to determine if someone was in the United States legally.

William M. Casey, deputy superintendent of the Boston police, said Boston did not plan to take such a step.

"We are doing nothing differently than we were doing before last Sunday," Mr. Casey said. "We are enforcing the laws the Boston police always enforce."

Mr. Mocny said the Homeland Security Department was already moving to a 10-fingerprint system to address the potential for fingerprint mismatches. He added that he understood that this new program might provoke debate.

It is also unclear how much demand it will place on the federal immigration enforcement authorities in detaining illegal immigrants and conducting deportation proceedings.

That is why the project is being tested in Boston before being expanded nationally over the next two years.

"Eventually,'' Mr. Mocny said, "it will be all violators of all immigration laws. But we are going to give this 22 months to cook to make sure that we are getting it right."

Pa. City OKs Illegal Immigration Overhaul (AP-Y)

By Michael Rubinkam

AP, September 9, 2006

The City Council gave tentative approval Friday to an overhaul of an anti-illegal-immigration law considered to be one of the nation's toughest, hoping to put the measure on sounder legal footing.

Like the version it will replace if granted final approval Tuesday, the new ordinance punishes businesses that employ illegal immigrants and landlords who rent to them.

The revisions, however, remove much of the burden that had been placed on businesses. They soften penalties, give landlords and businesses time to correct violations and leaving it to city officials to verify workers' immigration status with the federal government.

Since the council adopted the original law in July, many municipalities around the nation have approved or considered similar measures.

Last week, the city of 31,000 residents agreed not to enforce the original law after the American Civil Liberties Union and Hispanic groups sued in federal court to overturn it. In return, the plaintiffs agreed not to seek an injunction against the city.

Under the agreement, Hazleton must give the plaintiffs at least 20 days' notice before it begins enforcing the replacement law — enough time for the ACLU to head back into court to try to stop it.

David Vaida, a civil rights lawyer who also sued the city, said the new ordinance has the same flaws as the old one.

"It is pre-empted by federal law. The United States has exclusive and sole jurisdiction over immigration," he told the council.

Witold J. Walczak, legal director of the ACLU of Pennsylvania, predicted that the law will exacerbate tensions in the city by encouraging neighbors to inform on one another.

"The neighbor and co-worker snitching system will almost certainly exacerbate the polarization in the community based on race, ethnicity and national origin," he said.

Mayor Lou Barletta, however, said the law specifically forbids the city from investigating any complaint based solely on a person's ethnicity or race.

It is not clear how many illegal immigrants live in Hazleton, about 80 miles northwest of Philadelphia, but the city's Hispanic population has soared in recent years. Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, has said the new law has already spurred many illegal immigrants to leave the city.

TAX:

Guilty Plea In $200m Tax Fraud Case (FT)

By Jeremy Grant In Washington

Financial Times, September 9, 2006

Walter Anderson, a US telecommunications businessman, on Friday pleaded guilty to evading over $100m in taxes in biggest criminal tax fraud in US history.

Mr Anderson was indicted last year on charges that he evaded over $200m in federal income taxes over five years, partly by hiding $450m in earnings at Barclays Bank in the Channel Islands and other offshore accounts.

Prosecutors alleged he concealed his identity as owner of two telecommunications companies in the 1990s through an elaborate web of private mail boxes, including one in the Netherlands.

A search of his home in Washington, DC revealed he had created seven aliases. Officials seized manuals showing how to disguise identities, including one entitled: “Poof! How to Disappear and Create a New Identity.”

Mr Anderson was also alleged in 1999 to have failed to report investment income of $238m from investments that he derived from two companies, Gold & Appel and Iceberg Transport.

The indictment said Mr Anderson, also a widely travelled art collector, failed to file tax forms on two paintings he bought – one a $1.2m Rene Magritte work bought at a Christie’s auction and a second painting by Salvador Dali.

Appearing in an orange jumpsuit at a court in Washington, Mr Anderson admitted his guilt in a plea arrangement with government prosecutors on two counts of tax evasion and a third count of fraud.

Government prosecutors agreed to cap any sentence to 10 years. At the time of his indictment, Mr Anderson was reported to have been eligible for up to 80 years in jail.

In exchange, Mr Anderson agreed that prosecutors had enough evidence to prove that he evaded taxes worth over $100m.

While accepting the thrust of the prosecution’s case in the counts where he pleaded guilty, Mr Anderson told the court through his defence counsel, Michelle Peterson, that he disputed some of the allegations.

He said he had always intended to use some of the funds he had amassed for charitable purposes and to fund “privatisation of space travel and exploration”.

Ms Peterson sought to persuade judge Paul Friedman that there was no longer any risk that Mr Anderson would flee the country to escape sentencing.

She argued that the last year a half he had spent in jail had resulted in him being “broken down in the most unbelievably harsh conditions”.

She told the judge he needed time to complete community service, get his personal affairs in order and spend time with his parents. “I know his mother is anxious for him to clear out their garage,” she said.

Mr Friedman declined to release Mr Anderson, who continues to be held without bail. Sentencing is expected in January.

Guilty Plea In Big U.S. Tax-Evasion Case (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

WASHINGTON, Sept. 8 (AP) — A telecommunications entrepreneur, Walter Anderson, pleaded guilty to tax evasion and fraud Friday in connection with what authorities said was the nation’s largest-ever criminal tax case.

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Mr. Anderson was indicted in 2005 on charges he evaded $200 million in federal and local taxes. Prosecutors said Mr. Anderson used offshore corporations and bank accounts to hide income from tax collectors.

He pleaded guilty to two counts of tax evasion and one count of fraud Friday. He admitted hiding hundreds of millions of dollars in income from the Internal Revenue Service and from Washington, D.C., tax collectors during 1998 and 1999.

Under a plea deal with prosecutors, he faces up to 10 years in prison.

Mr. Anderson started a long-distance telecommunications business in the 1980's as the industry was being deregulated. When his first company, Mid-Atlantic Telecom, merged with another company in 1992, Mr. Anderson formed corporations in the British Virgin Islands to hide the income, prosecutors said.

Authorities said Mr. Anderson used other offshore corporations to disguise his ownership in other telecommunications companies that earned more than $450 million from 1995 to 1999.

Mr. Anderson, who prosecutors said did not file federal income tax returns from 1987 to 1993, has been held without bail since his arrest. Prosecutors say he owes $170 million in federal taxes and $40 million in Washington income taxes.

In court documents, the government said Mr. Anderson could be linked to at least seven aliases and that officials seized forged identification and manuals detailing ways to create fake identification and to hide from authorities.

Among them were "Poof! How to Disappear and Create a New Identity" and "The ID Forger: Homemade Birth Certificates and Other Documents Explained," the court documents said.

Among the taxes said to be owed to Washington are use taxes, equivalent to sales taxes, on art, jewelry and wine. The indictment states that Mr. Anderson bought a painting by Salvador Dalí and several paintings by René Magritte, an 18-karat gold bracelet and more than $47,000 in fine wines, then had them shipped to a Virginia address to avoid Washington taxes.

Telecom Mogul Guilty Of Tax Scam (WP)

By Eric M. Weiss, Washington Post Staff Writer

The Washington Post, September 9, 2006

Defendant Admits To $365 Million In Hidden Income

A former telecommunications tycoon accused by prosecutors of being the biggest tax cheat in U.S. history pleaded guilty yesterday in a deal that calls for him to serve no more than 10 years in prison.

Walter C. Anderson, a Washington-based businessman who amassed a fortune during the tech boom of the 1980s and 1990s, admitted to hiding $365 million in income by using aliases, shell companies, offshore tax havens, secret accounts and drop boxes in the Netherlands. He was so wealthy that he talked at one point about leasing the Russian space station Mir -- all the while dodging his taxes, officials said.

Prosecutors said Anderson avoided paying $200 million in taxes from 1995 through 1999 in what they say is the largest personal income tax evasion case brought in the United States. As part of his plea deal, Anderson agreed that the court could order restitution. But how much the government can collect is a big question: The onetime mogul, 52, who had a multimillion-dollar art collection and other trappings of success, has filed for bankruptcy.

Anderson pleaded guilty at the federal courthouse in Washington to three felony charges -- two for evading federal taxes and one for defrauding the D.C. government with a phony tax return. Among other things, Anderson admitted earning more than $126 million in 1998, a year that he claimed an income of $67,939 on his federal tax return. He paid $495 in taxes that year, authorities said.

"This case sends a strong signal to anyone thinking about going offshore to avoid taxes," IRS Commissioner Mark W. Everson said in a statement. "We have stepped up our efforts to pursue high-income tax cheating, whether it takes place in the United States or overseas."

In return for his guilty plea, prosecutors dropped nine felony charges. According to the agreement, Anderson and prosecutors have settled on a maximum sentence of 10 years. In court yesterday, U.S. District Judge Paul L. Friedman indicated that he will go along with the agreement at sentencing Jan. 16.

Anderson, rail-thin with a thinning crown of silver hair, has been jailed without bond since his arrest Feb. 26, 2005, at Dulles International Airport, where he was returning from a trip to London.

His attorneys -- including a federal public defender -- have repeatedly sought to have Anderson released on bond. They urged the judge yesterday to cut him loose until sentencing, saying Anderson needed the time to, among other tasks, clean up his aging parents' garage and file his taxes.

Prosecutors said Anderson should be kept behind bars, saying they think he still has plenty of money socked away and homes, contacts and girlfriends around the world. In searches of Anderson's Georgetown apartment during their criminal investigation, authorities found fake documents and books titled "Poof!" and "Disappear Without a Trace."

Friedman turned down Anderson's request to be freed pending sentencing.

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Anderson's admission of guilt was a turnaround for a defendant who maintained his innocence and was openly scornful of the prosecutors' case. At one early hearing, he defiantly stood up to complain about the government's case.

In an interview with Washington Post reporters at the D.C. jail soon after his arrest, Anderson denied any wrongdoing and mocked the prosecution. "I don't need to steal money from the U.S. government to be successful," he said.

Even during yesterday's hearing, Anderson could be overheard complaining about prosecutors to his attorneys. But he turned down an opportunity to address the court, telling the judge, "I'll probably have a lot to say at the sentencing hearing."

Anderson grew up in Silver Spring and graduated in 1971 from W.T. Woodson High School in Fairfax. He was one of the original employees of MCI Corp. and founded a series of telecommunications companies, including Mid Atlantic Telecom Inc., Esprit Telecom Group PLC and Telco Communications Group Inc., which he sold for huge profits.

According to prosecutors, Anderson invented a detailed web of financial schemes designed to hide $450 million he made from business ventures from 1995 and 1999. He formed Gold & Appel in the British Virgin Islands and used the alias Mark Roth to hire a third party to form Iceberg Transport in Panama. He used other measures to conceal his ownership and control of these entities. He then transferred ownership of his telecom companies to offshore companies.

He did not disclose his ownership interest or income from the companies on his federal or D.C. tax forms, prosecutors said.

Anderson used some of his money to indulge his passion for private space exploration. He was an investor in a group that tried to privatize the aging Mir space station. In 1997, he founded an organization that issued grants for the search for extraterrestrial intelligence, the tracking of near-Earth asteroids and plans for a human outpost on the moon.

Anderson has said the money is gone and so are the days of private jets, 19,000-square-foot mansions and original paintings by Salvador Dali and Rene Magritte. But prosecutors doubt that Anderson's pockets are empty.

"There is enough evidence that there is money out there," Assistant U.S. Attorney Susan B. Menzer said. "There are people willing to help him."

This much was clear yesterday: Anderson can afford to pay a special assessment levied by the court. He agreed to turn over $200 within 10 days of his sentencing.

CONGRESS-ADMINISTRATION:

Bush Delays Summit With Automakers (AP-Y)

By Deb Riechmann

AP, September 9, 2006

President Bush delayed a summit with the Big Three automakers, but he called a Ford Motor Co. executive as he flew here to raise funds for a Republican facing a tough Senate race.

The call from Air Force One was aimed at easing tensions in a state where economic concerns are a key issue in the upcoming congressional elections. Democrats — and Dick DeVos, the Republican gubernatorial candidate in Michigan — say the delay in scheduling the meeting shows Bush is not taking seriously the concerns of a major manufacturing sector and its employees.

"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," said Sen. Debbie Stabenow, D-Mich. "President Bush insists on showing a lack of urgency as good paying American jobs are shipped overseas," she said.

Along the motorcade route, a half-dozen protesters, turning their backs to Bush, held a sign that read, "Mr. President, you've let us down" and urged him to meet with the automakers.

White House deputy press secretary Dana Perino said Bush telephoned Bill Ford Jr., who quit as chief executive of Ford Motor Co. this week after struggling for five years to steer it toward financial stability. The company was founded by his great-grandfather.

"They are friends, and the president wanted to check in with him especially after Ford's news this week about the changes at the company," Perino said. "The Big Three meeting with the president will happen after the election since the idea of a meeting had gotten mired in politics."

On Tuesday, Ford introduced Alan Mulally, executive vice president of Boeing aerospace company, as the new president and chief executive officer of the nation's No. 2 automaker.

Bush was in Michigan for a luncheon fundraiser for Mike Bouchard, the sheriff of Oakland County in suburban Detroit, who is running against Stabenow.

The luncheon fundraiser raised $1.5 million for the Michigan Republican Party and Bouchard, who greeted Bush at the airport and rode in the motorcade to a 220-acre wooded lot that has horses and two private lakes. It is the home of Pam and

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David V. Johnson, an entrepreneur and luxury community developer who is chairman of Victor International Corp. and Bay Harbor Co.

Later, Bush traveled to Kansas City, Mo., where he raised $600,000 at another private event for Sen. Jim Talent, who is facing a difficult re-election challenge from Democratic state Auditor Claire McCaskill.

The fundraiser drew hundreds of protesters — some carrying signs that said "Bring 'em home" and "No Iran War" — to a grassy median strip of a boulevard that runs near the affluent home of Scott Ward, co-president of Russell Stover Candies Inc.

"The event is really in support of the Missouri Republican Party, so the sum total of the connection we'll have with the president is probably going to be a picture," said the host's brother, Tom Ward, a co-president of Russell Stover and longtime Republican Party member.

The White House says events at supporters' homes routinely are closed to the public. Democrats said the events were private because GOP candidates do not want to be seen campaigning in public with Bush, given his low approval ratings.

"Instead of misleading Missourians, Jim Talent should stand up and admit to being one of the president's men," said Missouri Democratic Party spokesman Jack Cardetti.

When he returned to Andrews Air Force Base, Bush shook hands on the tarmac with some Marine reservists who were among a group of 156 leaving shortly after midnight on seven-month deployment to Iraq. They are part of the 4th Civil Affairs Group, which will be helping rebuild Iraq and establish democratic institutions.

Ford Chairman Receives Call From Bush (NYT)

By Micheline Maynard

The New York Times, September 9, 2006

DETROIT, Sept. 7 — Although he has put off a meeting with Detroit automotive leaders until after the November elections, President Bush called the chairman of Ford Motor on Friday, only days after the struggling automaker named a new chief executive.

The phone call came the same day that Ford disclosed details of its employment agreement with the new chief, Alan R. Mulally, the former Boeing Company executive whose appointment was announced this week.

Ford said Mr. Mulally would receive a salary of $2 million a year, plus a $7.5 million signing bonus. He will also receive $11 million to offset performance awards and stock options that he forfeited by leaving Boeing, where he was chief executive of the commercial airplanes business.

Mr. Bush's call to the Ford chairman, William Clay Ford Jr., came as the President flew to the Detroit area, where he attended a fund-raising event north of Detroit for Mike Bouchard, the Republican candidate for the United States Senate. Mr. Bouchard is challenging Senator Debbie Stabenow, a Democrat who is completing her first term.

During the call, Mr. Bush discussed the changes taking place at Ford, which is struggling to hang on to second place in the American car market. As soon as next week, Ford will announce new steps under its restructuring plan, called the Way Forward, which are expected to include more plant closings, job cuts, and buyout offers. Ford's directors are scheduled to meet Thursday to consider the moves.

White House officials said Mr. Bush phoned Mr. Ford because the two are friends. Mr. Ford contributed $2,000 to Mr. Bush's re-election campaign in 2003, federal election records show, but has supported both Democrats and Republicans in other races.

Mr. Bush, on the call, reiterated that a long-sought meeting with leaders of the three Detroit auto companies would take place after the elections. Mr. Bush does not want the meeting to become "mired in politics," said a White House spokeswoman, Dana Perino.

A Ford spokesman declined to discuss the nature of the conversation but the subjects were summarized in a report from the White House.

The president was originally set to meet with Detroit automotive leaders, including Mr. Ford, in May. The session, at which the executives hoped to discuss issues like the environment, was put off two more times after that.

The White House said the cancellations were not meant as disrespectful, but the cancellations drew criticism from both Michigan's Democratic governor, Jennifer M. Granholm, and the state's Republican gubernatorial candidate, Richard Devos Jr.

This week, with the President's trip to Michigan approaching, the White House announced the meeting would take place this fall.

Now, Ford Motor will presumably be represented at the meeting by its new chief executive, Mr. Mulally. In a regulatory filing Friday, Ford disclosed that Mr. Mulally signed his employment agreement a week ago, although his appointment was not announced until Tuesday.

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His $2 million salary is more than double the $825,000 he received at Boeing last year, where his total compensation was $9.96 million, including his long-term incentive awards.

Mr. Ford has not drawn a salary for more than a year, vowing not to accept one until Ford ends its losses in North America. The chief executive at General Motors, Rick Wagoner, receives $2.2 million a year in salary.

The news about Ford came as its closest rival, Toyota, broke ground in York Township, Mich., on its new North American design center. The center, which will also include a crash testing plant, was a victory for the state's governor, Ms. Granholm.

Her administration pushed an incentive package through the Legislature, and went to court so that Toyota, instead of a local developer, could obtain the 700-acre site.

The $187 million plant is scheduled to open in two years. It is scheduled to have 400 employees by 2010. Toyota's North American technical center is in Ann Arbor, about 20 minutes north of the York Township site, once home to a state mental institution.

Hi Bill Ford, It's George Calling (FREEP)

By Justin Hyde

Detroit Free Press, September 9, 2006

Raising money for a Senate candidate may have been President George W. Bush's motivation for visiting Michigan on Friday, but he spent at least a few minutes discussing Detroit's auto industry.

Bush called Ford Motor Co. Chairman Bill Ford to personally deliver a pledge to meet with the heads of the Detroit automakers after Election Day, aiming yet again to calm the tempest stirred by Michigan Democrats over the lack of a date for the meeting.

According to the White House, Bush called Ford from Air Force One en route to a fund-raiser for Republican Senate candidate Mike Bouchard at a home in Clarkston to talk about Ford's hiring of a new chief executive, former Boeing executive Alan Mulally, earlier this week.

"While the White House maintains regular contact with the Big Three, the president reiterated he's looking forward to meeting with the Big Three executives after the elections," White House spokesman Alex Conant said.

The call lasted several minutes, Conant said, and Bush talked with Ford because the two are "friends." Spokesmen for the two friends declined to divulge any more details about their chat.

All three Detroit automakers -- Ford, General Motors Corp. and the Chrysler Group -- have felt a little chagrined ever since the possibility of a meeting with the president on trade and energy issues first surfaced in April. The original date of May 18 hadn't been confirmed by the White House, and when that date fell through and a new one couldn't be hammered out among three globe-trotting executives and the leader of the free world, the issue began to fester.

GM Chairman and Chief Executive Rick Wagoner told the Free Press earlier this week that the automakers wanted to meet with Bush to discuss issues affecting all of U.S. manufacturers, not just the auto industry.

"Would I have liked to have done it sooner? Sure. But, we'll do it as soon as he's able to schedule it," Wagoner said.

Many Democrats, including Gov. Jennifer Granholm, accused Bush of ignoring problems facing Detroit's automakers on several fronts, including health care and trade. Bush suggested in some interviews and comments that the Detroit automakers needed to be more competitive.

The lack of a meeting date suggested to some Washington operatives that the administration did not want to highlight struggling corporations and massive job cuts just before an election, despite the political trouble that the delay created in Michigan.

Last month, Republican gubernatorial candidate Dick DeVos blistered the White House over the delay, while Bouchard had said he was pleased Bush would meet with the automakers "because the issues facing our state are too important to be used for political gain."

"If the president doesn't convene a White House meeting on the subject most on Michigan residents' minds, it becomes a fair game for that to become a Michigan partisan political issue," said Craig Ruff of the Lansing-based Public Sector Consultants. "It has not made sense to Michigan that the White House has seemed indifferent."

The administration attempted to lance the political boil by saying earlier this week it had agreed with the automakers to push the meeting back to an unspecified date after Nov. 7, officially pledging for the first time to have Bush sit down with the executives.

But that pledge has not been sufficient for some. As the president's motorcade passed a group of protesters outside the Flint airport Friday, Art Reyes and fellow union members turned their backs.

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"I find it disgusting that the president doesn't have time to talk with executives or workers affected by his economic and trade policies but would go to a fund-raiser where they were trying to make a million dollars," said Reyes, an electrician at Delphi Corp.'s Flint East plant, whose workforce has been decimated by the firm's bankruptcy.

Democrats have continued to harp on the move, saying it reflects the administration's priorities.

"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," said Sen. Debbie Stabenow, whose defeat is the target of Bush's fund-raising visit.

Ruff said the administration's moves could allow DeVos to claim some credit for pushing the White House to act, while defusing an issue that Democrats were using to their advantage.

"I don't think it has the traction that it did when there was no outreach to auto manufacturers," he said.

One other question remains about the meeting with Bush: Now that Bill Ford has given up the CEO job, will he be replaced or joined at the get-together by Mulally?

Bush Calls Ford Amid Criticism (DNw)

By Charlie Cain And David Shepardson

DNEWS, September 9, 2006

CLARKSTON -- President Bush placed a midflight phone call to Ford Motor Co. Executive Chairman Bill Ford on his way to Michigan on Friday, but it did little to douse the firestorm of criticism from state Democrats that the White House has turned a deaf ear to Detroit's automakers.

Bush, who traveled to Michigan to help raise money for the uphill U.S. Senate campaign of Oakland County Sheriff Mike Bouchard, made the call amid mounting criticism that he has refused to schedule a meeting with executives from the Big Three to discuss domestic carmakers' problems.

White House spokesman Alex Conant said the president called Ford because the two men are friends.

"He looks forward to meeting with the Big Three CEOs after the election," Conant said. Bush and Ford also talked about the recent hiring of Alan Mulally as the new CEO and president of Ford.

Bush told Ford he wanted to delay the meeting until after Nov. 7 to "to avoid getting it mired in politics," Conant said.

U.S. Rep. John Dingell, D-Dearborn, who has repeatedly criticized the president for his dealings with domestic automakers, was not impressed by the phone call.

"The auto industry wonders who's he working for: us or the foreign automakers," Dingell said.

Ford Motor Co. spokesman Josh Gottheimer said the company doesn't comment on Bill Ford's private phone calls. GM and Chrysler declined to talk about the meeting.

U.S. Sen. Debbie Stabenow, D-Lansing, who faces Bouchard in the November election, was also critical of the president.

"This isn't about phone calls to friends, it's about President Bush sitting down with the heads of a crucial American industry and figuring out how to provide the support they need," Stabenow said.

At Friday's groundbreaking for the $187 million Toyota Technical Center expansion on 690 acres in York Township, Gov. Jennifer Granholm said it is "time for state and frankly federal government to step up to save American jobs."

"I would encourage the president of the United States, who is in Michigan today, to meet me to have an industrial policy at the federal level that supports these manufacturers."

Bush, she said, "needs to be a hands-on player and not a hands-off player."

John Truscott, a spokesman for Republican gubernatorial candidate Dick DeVos, said the phone call between Bush and Ford was a good sign. DeVos would like a meeting of the president and automakers to occur sooner, but said he didn't think this would be a significant issue in the election.

He said Granholm was using this as an issue "to distract from the fact that Michigan's lost 100,000 jobs under her watch."

The president was the drawing card for a $2,100-a-person fundraiser at the Clarkston home of David Johnson, chairman of Victor International Corp. More than 500 people attended the reception and the Bouchard campaign said the event netted them more than $1 million.

The fundraiser was closed to the media and the president made no public remarks during his visit.

On the drive from Flint's Bishop International Airport to Clarkston, the president's motorcade passed by supporters and protesters who lined the streets. Some applauded, some faced the other way showing the president their backs. "God bless you Mr. President" read one banner, while another proclaimed: "Let's try Democracy here."

As he concluded his 3 1/2 -hour visit to Michigan, Bush met with the Mattawan Little League girls softball team on the tarmac beside Air Force One.

The team, from a town of 2,500 west of Kalamazoo, captured the world championship last month, capping a 23-0 season.

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The girls, ages 11 to 13, and three of their coaches had their pictures taken with Bush, who autographed the straps on the championship medallions.

"He said 'Congratulations, it's a great accomplishment' and stuff like that," said Bekka Crow, a 13-year-old left fielder. "It was awesome. I never thought that I would meet the president of the United States.

Silencing A Skeptic (NSWK)

Newsweek, September 9, 2006

As the White House pressed its case for war against Iraq in the fall of 2002, one senior GOP lawmaker agonized about what to do. In this exclusive excerpt from 'Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War,' a new book by Michael Isikoff and David Corn, is the previously untold story of how Dick Armey, who was then House majority leader and a silent skeptic about Iraq, succumbed to Vice President Dick Cheney's pressure—much to Armey's later regret.

The president's message was direct. There was no time to wait. The showdown with Saddam Hussein, the dictator of Iraq, had to start right away.

It was the morning of September 4, 2002, and George W. Bush had summoned eighteen senior members of the House and Senate to the Cabinet Room of the White House. When the lawmakers took their seats at the imposing oval mahogany table, they were given copies of a letter from the president. "America and the civilized world face a critical decision in the months ahead," it began. "The decision is how to disarm an outlaw regime that continues to possess and develop weapons of mass destruction." Bush told the assembled leaders he needed a quick vote in Congress on a resolution that would grant him the authority to take on Saddam—perhaps with military action. He wanted this vote within six weeks—before Congress left town so members could campaign for reelection. It was the start of an extraordinary public relations campaign by the White House to persuade the American people—and the world—that Saddam was such a pressing threat that war might be the only option.

Listening to the president, Senator Majority Leader Tom Daschle felt trapped. House and Senate members were gearing up for the final stretch of the campaign—with control of the Senate up for grabs. Bush was informing them that the national debate would now focus on Iraq, not health care, not tax cuts, not the environment or anything the Democrats wanted to talk about. Daschle pressed Bush on why there was a need to move quickly. Sure, Saddam was a problem that had to be addressed. But what was new? How immediate was the threat? Where was the tangible evidence?

As he did so, Daschle was thinking of one man: Karl Rove. The previous January, Rove, Bush's master strategist, had telegraphed his intention to use terrorism and national security issues to hammer Democrats in the fall campaign. "We can go to the country on this issue," Rove had proclaimed at a Republican gathering, because the American people "trust the Republican Party to do a better job of strengthening America's military might and thereby protecting America." Daschle wondered whether Bush was cynically pushing the Iraq threat as a campaign gambit.

The day before, Daschle had attended a breakfast with Bush in the president's private dining room with Cheney, House Speaker Dennis Hastert, Senate minority leader Trent Lott, and House minority leader Dick Gephardt. And he had put the same questions to the president. Wouldn't it be better, he asked, to postpone this until after the election and take politics out of the question? Bush had looked at Cheney who shot the president what Daschle would describe as a "half-smile." Then Bush turned back to Daschle and said, "We just have to do it now." That was it, Daschle would later recall: "He didn't answer the question." But Bush's sidelong glance to Cheney told Daschle that the two of them had thought this through.

Now in the Cabinet Room, within a larger group of legislators, Daschle received no more satisfying a reply, as Bush insisted that the House and Senate proceed quickly. "The issue isn't going away," Bush told the congressional leaders. "You can't let it linger."

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Daschle was not the only congressional leader in the White House feeling uneasy that morning. Although it never got reported at the time, the most critical comments came from a Republican leader who rarely weighed in on national security issues: House Majority Leader Dick Armey, the number two Republican in the House. A month earlier, Armey, a Texan, had bluntly voiced his own misgivings about a war against Iraq. While campaigning in Iowa for a GOP congressional candidate, Armey told reporters that Saddam was "a blowhard." But as long as the Iraqi dictator didn't bother anybody outside his own borders, Armey had said, he couldn't see any basis for invading Iraq: "We Americans don't make unprovoked attacks."

Armey's Iowa comments had generated a brief flurry of media attention. They also upset the White House. Dan Bartlett, a deputy to White House communications director Karen Hughes, called Terry Holt, Armey's press secretary, and complained. "It isn't helpful for Armey to be out there speaking out against the president," Bartlett said, according to Holt. Armey dropped the issue. Armey was a plain-speaking, free-market-over-all economist, with an endless passion for country music. Neither he—nor anyone else in Washington—considered Armey a foreign policy wizard. But the notion of going to war with Iraq made no sense

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to him. He assumed the administration's war talk was merely bluster on Bush's part—an effort to intimidate Saddam into accepting the return of United Nations weapons inspectors.

But in the Cabinet Room , watching Bush pressure his congressional colleagues, Armey realized that Bush was serious, that he seemed committed to launching a war and overthrowing Saddam. He thought of another president from Texas, Lyndon Johnson, and what a reckless war had done to his administration. Armey, who had not said anything else about Iraq after his Iowa outburst, decided this was the moment to speak his mind directly to Bush. "Mr. President," he said, "if you go in there, you're likely to be stuck in a quagmire that will endanger your domestic agenda for the rest of your presidency."

As he explained his thinking, Armey got worked up and ended his comments with a bowdlerized line from Shakespeare he had gleaned from a country music song: "Our fears make cowards of us all." What did he mean by this? Armey believed that Bush and other administration officials were over-reacting to the country's post-9/11 fears. It was as if the Iraq warriors were gripped with what he later called a "he-man macho psychosis where they felt the need to go out and shoot somebody to show you're the tough guy on the block." Armey could tell his comments were not going over well. "I was the skunk in the garden party," he said later.

When Armey finished, Cheney spoke. It would be a good idea, the vice president said curtly, if Armey would not dissent from the president's position in public. Frankly, Armey replied, I didn't realize there was a specific White House position yet. Then Bush, according to Armey, "asked me if I would withhold any public comments until I had all the briefings. So I could understand how necessary this was." The president was saying, wait until you've seen the intelligence. That would prove why urgent action—maybe even a war—was required.

Had Armey spoken up after leaving the Cabinet Room, he might have sparked a ruckus that could have complicated the White House's upcoming efforts. But out of deference to Bush and Cheney, he agreed to hold his fire. "I won't speak publicly about this again," Armey promised the president, "until I'm fully briefed."*

Upon exiting the meeting, the congressional leaders stood on the White House driveway and issued brief remarks for the assembled reporters. Senator John McCain said Bush had made a "convincing case" for action. House Speaker Dennis Hastert commented that he expected Congress would vote on a resolution before the elections. House minority leader Dick Gephardt, who during the meeting had indicated he was willing to work with Bush to convince Americans that Saddam's WMDs were a real danger, said that Bush had to demonstrate to the public that "this is something that we need to do and to take seriously." Daschle, more guarded, repeated the concerns he had raised inside: "What new information exists? What has changed in recent months or years?" He added that he was "hoping for more information and greater clarity" in the weeks ahead. Armey walked by the TV cameras, saying nothing. But he still had his questions. Why a war? Why now?

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By late September, the White House was stepping up the pressure. Nearly every day, administration officials were trekking up to Capitol Hill to offer briefings, hoping to coax unsure lawmakers and bolster those already aboard. They would begin citing new claims— about Saddam providing chemical weapons training for Al Qaeda and building a fleet of mobile biological weapons labs. At the same time, Bush seemed to be viewing the cause in stark and personal terms.

On the afternoon of September 26, 2002, Bush was at a Houston fundraiser for Republican senatorial candidate John Cornyn. Surrounded by old friends from Texas, he made his most bellicose public comments about Saddam yet. There would be "no discussion, no debate, no negotiation" with the Iraqi dictator. He repeated the standard litany: Saddam had tortured his own citizens, gassed the Kurds, invaded his neighbors: "There's no doubt his hatred is mainly directed at us. There's no doubt he can't stand us." But it was one particular line in this speech that would grab worldwide attention: "After all, this is a guy that tried to kill my dad at one time."

Bush was referring to a plot by a group of Iraqis and Kuwaitis who had been arrested walking in the Kuwaiti dessert one night in April 1993. They were later charged by the Kuwaiti government with conspiring to assassinate George H.W. Bush with a car bomb during a ceremonial visit the former president and his family had made to Kuwait that month.

The Kuwaitis rested their case on the discovery of a car bomb and a confession made the by alleged ringleader, Wali al-Ghazali, after four days in Kuwaiti custody. But much about the case was hazy. Amnesty International questioned whether al-Ghazali had been tortured—a practice not unheard of in Kuwaiti jails. A classified CIA report, leaked at the time to the Boston Globe, expressed skepticism about the Kuwaiti government's claims, noting that Kuwait may have "cooked the books." No testimony or documents ever tied Saddam to the plot. "I had no evidence of any direct order" by Saddam, the U.S. ambassador at the time, Edward (Skip) Gnehm, acknowledged in a 2006 interview (although Gnehm, and the Clinton administration, endorsed the Kuwaiti verdict of Iraqi complicity.)

The fact that Bush was pointing to the incident nine years later to explain his current policy made some members of Congress uncomfortable. Armey later said he "just cringed" when he read about the president's comment. "Wow," he remarked to his wife, "I hope that's not what this is all about."

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At one point, other members of Congress were able to witness Bush's intense feelings about Saddam up close. At a breakfast with a few congressional leaders in late September, Bush expressed exasperation when the issue of a diplomatic settlement arose. Saddam had shown his contempt for the United States, he told the legislators. There was no use in talking to him. “Do you want to know what the foreign policy of Iraq is to the United States is?” Bush asked angrily. The president then answered his own question by raising his middle finger and thrusting it inches in front Senator Daschle's face, according to a witness. “F--k the United States!" Bush continued. "That’s what it is—and that’s why we’re going to get him!"

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"Trust me on this, Dick," Vice President Dick Cheney told House Majority Leader Dick Armey. “When I get done with this briefing, you’re going to be with me.”

It was an afternoon late in September, and Armey had been invited over to the vice president’s small hideaway office in the U.S. Capitol. This was the briefing Bush had promised Armey three weeks earlier. Ever since then, Armey had bowed to the president’s wishes and not said anything in public about his doubts about the Bush's stand. But the White House understood Armey’s importance. He was the number two Republican in the House. If he broke ranks, that would be a problem. So Cheney was dispatched to do the job himself.

Armey thought Cheney’s opening remark was odd: "He didn't say you're going to be with us. He didn't say you're going to be with the president. He said you're going to be with me."

Over the next half hour, Cheney, surrounded by aides, pointed to pictures of the aluminum tubes, showed overhead images of nuclear sites supposedly under construction, displayed drawings of mobile biological labs and photographs of UAVs that could hit Israel and spread mass death. He talked about the "associations" and "relationships" between Saddam and al Qaeda. He noted that the Iraqis could slip miniaturized biological weapons (that fit in suitcases) to terrorists, who could bring them into the United States and kill thousands.

As Armey listened to Cheney and stared at the photos, it occurred to him that he couldn't really see anything in the pictures. They were aerial shots of buildings and other sites. Who knew what was in those buildings? Armey realized he had to rely on what Cheney was telling him. "It wasn't very convincing," Armey later recalled. “If I had gotten the same briefing from President Clinton or Al Gore, I probably would have said, 'Ah, bulls--t.' But you don't do that with your own people." He assumed Cheney was leveling him; it never occurred to Armey that the vice president was not telling him the whole story.

Armey asked few questions at the briefing; he didn't challenge Cheney on any point. As the briefing concluded, Armey thanked Cheney cordially and promised to mull over the matter. He didn’t commit to voting for the resolution. But he was coming around.

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As the White House stepped up the heat, Armey was being muscled by his own aides. His chief of staff laid it out for him: "This war is going to happen with your or without you". The train was leaving the station—no matter what he said or did. Armey concluded, he later said, that he could “participate in the process and give it guidance or I could be a cranky voice on the outside and lose control.” Armey decided to get on the train. He even agreed to introduce the Iraq resolution on the floor of the House.

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After a week of debating, on October 10, the House was poised to voted on the legislation that would grant Bush the power to use military force "as he determines to be necessary and appropriate in order to defend the national security of the United States against the continuing threat posed by Iraq" and to "enforce all relevant" UN Security Council resolutions regarding Iraq.

Armey, who had questioned the need for a war and Bush's motivations, gave the final emotional address before the members voted. Armey echoed the arguments that Cheney had made to him two weeks earlier. He talked about how Saddam with his “ongoing working relationships with a myriad of evil terrorist organizations” could provide them with biological weapons that would be concealed in suitcases that could be left “in a train depot, a service station, an airport.” He declared that Saddam could attack Israel at any time and “to me, an attack on Israel is an attack on America.” Armey closed his remarks with an impassioned plead to the president to use his new power wisely Choking up with tears, Armey referred to American troops and said, “Mr. President, we trust to you the best we have to give.

The measure passed easily in the House on a 296 to 133 vote, with all Republicans but six voting for the measure. The Democrats split, with 126 voting nay, and 81 siding with Bush. (The next day, the Senate voted 77 to 23 for the resolution, with Daschle too casting his vote with the president.) .

Armey had succumbed to Cheney's pressure. He had decided to be the good soldier, the loyal partisan. But this vote weighed upon him. For weeks afterward, he would agonize about it and try to convince himself that he had not actually voted for a war. He wanted to believe that he had merely given Bush the option to use military force, to strengthen the president's hand in pursuing a diplomatic solution to the Saddam problem. “I’ll tell my grandchildren that," he later said. "I’ll split that hair until hell

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freezes over." But Armey suspected he was lying to himself. In December of that year, he would be driving along a stretch of Texas highway when a country song would come on about a fellow who looked in the mirror and saw a stranger. The line hit him hard. He had voted for the war against his better instincts, Armey now thought, and he had become that stranger. Disappointed with himself, Armey was thankful he had a year ago decided to leave the House at the end of this term. Six years later, the vote on Iraq still weighed on him—one of the biggest regrets of his public life.

From "HUBRIS: The Inside Story of Spin, Scandal, and the Selling of the Iraq War" by Michael Isikoff and David Corn. Copyright © 2006. Available from Crown Publishers, a division of Random House, Inc.

Join Michael Isikoff for a Live Talk at noon ET on Wed., Sept. 13, 2006

The Affluent Soon Will Be Paying More For Medicare (MCT)

By Tony Pugh

McClatchy Newspapers, September 9, 2006

WASHINGTON - After 41 years of charging most older Americans the same price for the same care, Medicare will require affluent seniors to pay higher monthly premiums for coverage of doctors' visits, diagnostic tests and outpatient hospital care beginning in 2007.

A little-known provision of the 2003 Medicare Modernization Act calls for an estimated 1.5 million seniors to face premium hikes ranging from 10 to 55 percent over the next three years if they earn at least $80,000 a year, or $160,000 for married couples. Seniors who earn more than $200,000 and couples with incomes over $400,000 will see their so-called "Part B" premiums rise the most.

The move, designed to help shore up Medicare's shaky finances, has enraged many because it was adopted without public debate. A Republican-led conference committee added the measure to the Medicare bill even though neither the House of Representatives nor the Senate version contained it.

Medicare, the national health plan for the elderly and people with disabilities, faces an uncertain future due to rising health-care costs, a growing number of beneficiaries who utilize more services and a dwindling tax base to support the program.

The premium increases are expected to boost revenue by about $7.7 billion from 2007 to 2011, and $20.8 billion from 2007 to 2016.

The 2007 "Medicare and You" handbook, which will be mailed to all beneficiaries in October, will explain the changes. The Social Security Administration will mail out reminders in November.

Outgoing Medicare Administrator Mark McClellan said that gradually increasing the share that high-income beneficiaries paid was necessary to sustain the program.

"We don't want people to pay a large share of their income for their Medicare benefits, but we also want to make sure these benefits are available for everyone for many years to come," he said.

Senior advocacy groups such as AARP, the Medicare Rights Center and the Senior Citizens League oppose the change. They say high-income beneficiaries paid more into Medicare during their working lives and shouldn't have to pay more now. They also argue that the higher rates will dissuade seniors from seeking jobs.

Even more troubling, they say, is that Congress increased the premiums without public debate.

"This was slipped in in the dead of night behind closed doors," said Robert Hayes, the director of the Medicare Rights Center.

Others worry that the new premiums could lead healthier, wealthier seniors to depart the Part B program, leading to higher costs for those who remain. "With fewer people in it, the price has to go up to sustain the system," said Shannon Benton, the executive director of the Senior Citizens League. "Our fear is it will increase premiums for even the lower-income people."

McClellan said the added expense could cause up to 50,000 seniors to leave the program next year and even more after that. But he said their exodus wouldn't alter the program's risk pool enough to increase the cost of coverage dramatically.

Other opponents of the move say the premium increases don't address the real problem of rising health-care costs but merely shift the burden of paying for them.

"Continually shifting the cost onto the people is not the answer," said David Certner, the legislative policy director at AARP. "We need to figure out why we're spending so much more as a nation on health care and our health outcomes are no better than average."

Medicare and Social Security enjoy great popularity and political support because of their themes of universal coverage. Medicare advocates fear that the income-related rate hikes could chip away at that foundation, making it easier for Medicare opponents to further erode program benefits.

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"The beauty of these programs is you have everybody paying in and everybody getting benefits," Certner said. "If you make (Medicare) less valuable to some people, there's more of a chance that they won't want to be in the program and that they won't want to support the program as well."

The income thresholds that trigger the higher premium rates will be adjusted for inflation each year. President Bush's 2007 budget proposal calls for eliminating those adjustments, however. Doing so could nearly double the number of affected seniors to 8 percent of beneficiaries by 2016, McClellan said.

Seniors who drop their Part B coverage can re-enroll later but must pay penalties to make up for premiums they missed, McClellan said.

Rep. Nita Lowey, D-N.Y., has introduced legislation to repeal the rate hikes, but the bill has stalled in a House committee.

Medicare premiums are updated annually under a formula set by statute. The law requires that Part B beneficiaries pay 25 percent of the program's premium costs; the federal government pays the other 75 percent.

In 2006, beneficiaries' Part B premiums were $88.50 a month. Medicare officials expect that to rise to $98.40 when they announce the 2007 rates later this month.

Seniors who earn $80,000 to $100,000 a year - and married couples with incomes of $160,000 to $200,000 - will pay an even higher rate, about 28.3 percent of the total premium cost. That works out to roughly $111.38 per month based on Medicare projections. In 2008, those same beneficiaries will pay 31.6 percent of total premium costs, and 35 percent in 2009.

Individuals who earn $100,000 to $150,000 - and married couples with incomes of $200,000 to $300,000 - will see their premium costs increase by 25 percent - roughly 8.3 percent a year - from 2007 to 2009. Their 2007 Part B premiums will increase to roughly $131.06.

Individuals earning $150,000 to $200,000 - and couples with incomes of $300,000 to $400,000 - will face premium increases of 40 percent - about 13.3 percent a year - from 2007 to 2009. That works out to a 2007 premium of roughly $150.74 a month.

Individuals who earn $200,000 or more and couples who earn more than $400,000 will face the largest increases. Their Part B premiums will jump 55 percent over the next three years, about 18.3 percent a year. That works out to a premium of roughly $170.42 in 2007 based on current Medicare projections.

Shuttle, Delayed By Faulty Sensor, Will Try Again Saturday (NYT)

By Warren E. Leary

The New York Times, September 9, 2006

CAPE CANAVERAL, Fla., Sept. 8 — NASA will try on Saturday for a fifth time to launch the space shuttle Atlantis after a faulty fuel tank sensor forced managers to call off Friday's attempt with the six astronauts already on board.

The effort on Saturday, scheduled for 11:14 a.m., will be the shuttle's last chance before the end of the month to lift off for an 11-day mission to resume construction of the International Space Station.

Weather forecasters said conditions at the Kennedy Space Center here should be very good on Saturday morning, with only a slight chance of showers.

The sensor problem that interrupted Friday's countdown, just 45 minutes before liftoff, was a familiar one. The shuttle Discovery's mission in July 2005 — the first since the 2003 Columbia disaster — was delayed two weeks while engineers swapped fuel tanks and wrestled with a faulty sensor. Since then, NASA has been using newer versions of the sensors and putting them under closer scrutiny for flaws.

Early Friday morning, an engine cutoff sensor inside the giant external tank failed a routine test as technicians loaded more than 500,000 pounds of liquid hydrogen and liquid oxygen. The sensor is one of four in the liquid hydrogen section of the tank that monitor the level of fuel.

If the fuel tanks were to run unexpectedly low during ascent, the sensors would set off a controlled shutdown of the engines so they did not run on empty, which could result in a disastrous explosion. Malfunctioning sensors could also cause the engines to cut off prematurely, endangering the chance to reach orbit.

NASA rules state that if a single cutoff sensor fails, engineers need to drain the fuel tank and verify that all the sensors are working as they go dry. If the other sensors and system work as expected then or during refueling, the Atlantis could be cleared to launch with three of four working sensors on Saturday.

"We feel very good that we really need only three of those engine sensors to work," N. Wayne Hale Jr., the director of the shuttle program, said at a news conference. "If everything is performing as expected and we just have one sensor that continues to be a bad actor, we'll launch tomorrow."

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If the Atlantis misses this last launching opportunity, it will have to wait until at least late September or early October for another chance, and that would require changing a requirement for daylight launchings. After the Columbia disaster, NASA was required to limit launchings to daytime so photographs could be taken of potentially damaging debris from the external fuel tank, the type that damaged and doomed the Columbia.

Any launching after Saturday and before the end of the month would conflict with Russia's plan to launch a Soyuz spacecraft on Sept. 18 to carry a new crew to the space station and to return the laboratory's departing crew on Sept. 29.

Russian and American space officials have agreed that if the Atlantis launches on Saturday, it must leave the station on the day of the Soyuz launching instead of the day before, as had previously been planned.

Construction of the half-built space station stopped when shuttles were grounded because of the Columbia accident. The National Aeronautics and Space Administration is eager to resume building the orbiting outpost by having the Atlantis take up a 30,000-pound girder section that includes a new set of solar power arrays.

Before Friday's problem with the fuel tank sensor, the flight of the Atlantis had been delayed for nearly two weeks by a lightning bolt that struck the launching pad; by Tropical Storm Ernesto; and by an erratic electrical reading in one of three fuel cells that produces electricity and water for shuttles in flight.

Last-Ditch Launch Attempt (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, September 9, 2006

Atlantis could go up this morning. If not, the mission would be delayed for weeks.

CAPE CANAVERAL, Fla. — After nearly two weeks of delays caused by bad weather and faulty electrical equipment, NASA on Friday scheduled a last-ditch attempt to launch the space shuttle Atlantis today at 11:15 a.m.

If the space agency can't get the shuttle off the pad, the launch will have to be put off for weeks, increasing the scheduling pressure on NASA as it works to finish construction of the International Space Station before the shuttle is retired in 2010.

The launch window closes after today because a later launch would conflict with the arrival at the space station of a Russian Soyuz craft, which is carrying a new crew.

Even if Atlantis launches on schedule, it will be undocking from the space station only 12 hours or so before the arrival of the Soyuz flight.

Atlantis' Friday liftoff was called off because of a balky fuel sensor.

The fuel sensor is one of four engine-cutoff sensors designed to shut down the shuttle's main engines when the fuel level gets low. One sensor gave a bad reading during a test early Friday, showing the tank was full when it was supposed to show empty.

A bad sensor could shut an engine down early, preventing the shuttle from reaching orbit, a potential disaster for the crew. It could also fail to shut down the engines when the fuel ran low, which would destroy the engine.

Backup sensors are designed to prevent those things from happening. The launch of Discovery in July — the first shuttle launch after Columbia was destroyed on reentry in 2003 — was delayed by a similar problem. Discovery finally took off when the sensor corrected itself.

After that incident, NASA adopted a requirement that in case of a similar problem, a launch be delayed at least a day so mission managers would not be making decisions in the heat of a countdown.

On Friday, a number of mission managers were ready to waive the rule and launch anyway.

The final decision to scrub came after a representative of the astronaut office objected during a closed-door meeting of the Mission Management Team, which has final launch authority.

Atlantis was originally scheduled to launch Aug. 27, but a lightning strike to the pad and the approach of Tropical Storm Ernesto forced delays. Next came an electrical short in a pump motor connected to one of three fuel cells supplying electricity for the craft.

NASA officials decided this week that the craft could still launch because the short did not pose a safety threat.

Atlantis is carrying 17 tons of construction equipment in its payload bay for the space station. Its 11-day mission includes three spacewalks to install a new truss on the station, as well as solar power arrays that will double the amount of power produced by the station.

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Atlantis Launch Scrubbed As Fuel Gauge Issues Persist (USAT)

By Traci Watson, Usa Today

DOJ_NMG_0061334

USA Today, September 9, 2006

CAPE CANAVERAL — A persistent fuel-gauge problem that NASA engineers thought they had finally solved cropped up again today, forcing space officials to cancel the launch of space shuttle Atlantis less than an hour before liftoff.

The launch was rescheduled for Saturday at 11:15 a.m. ET. Otherwise, NASA will have to wait until Sept. 29 at the earliest for the next launch opportunity.

The hatch already had been sealed on Atlantis' crew compartment in preparation for a 11:41 a.m. ET blastoff when launch director Michael Leinbach came onto the radio at 10:54 a.m. ET to break the news. He told the six astronauts that technicians will drain the shuttle's fuel tank and prepare for a possible launch Saturday.

"We're going to detank this vehicle, come back in tomorrow, fill back up and see how (the sensors) behave and see if we can get more confidence in that system for tomorrow's attempt," Leinbach said. "We ought to feel good about the attempt we made today."

"We understand, and we concur 100%," said Atlantis commander Brent Jett. "It's the right thing to do, and coming out here today we got a good check, at least as far as we could get, on all the systems."

The crew, also including pilot Chris Ferguson, mission specialists Joe Tanner, Dan Burbank, Heidemarie Stefanyshyn-Piper and Canadian astronaut Steve MacLean, already had been strapped into their seats for several hours when the decision was made.

"We had a lot of discussion. ... We followed the rules," Leinbach told the crew. "Ought to feel good that we did that." In order to fly, NASA would have to waive a rule allowing the shuttle to launch with one malfunctioning sensor only after draining the tank and refilling it again the next day.

Atlantis' launch, originally scheduled for Aug. 27, has been delayed by a lightning strike, a tropical storm and a troubling reading from one of the spacecraft's fuel cells.

The latest problem cropped up before dawn this morning as technicians filled the shuttle's giant orange fuel tank with liquid hydrogen and liquid oxygen, the fuels that power the ship as it hurls itself into orbit. During routine tests, technicians sent commands that should have caused the four hydrogen gauges to indicate a low fuel level. But one sensor improperly indicated plenty of fuel.

An incorrect fuel-gauge reading also caused the postponement of the 2005 launch of shuttle Discovery, the first mission after shuttle Columbia disintegrated on its way home in 2003. Problems with the fuel gauge also led NASA to delay the launch of the second flight after the accident. That mission eventually launched in July.

A major fuel-gauge malfunction could be catastrophic. The gauges are supposed to tell the engines to shut down if the fuel tank becomes empty prematurely. Otherwise, the engine could explode or a fire could erupt. On the other hand, if the gauges needlessly signal an engine shutdown despite plenty of fuel, the shuttle could fail to reach orbit and be forced to do a risky emergency landing.

NASA officials said this spring that they thought they had traced the problem to a batch of gauges that had a defect in the connection between the gauge and its wires. That led them to replace the sensors on the tank for the Atlantis mission and the tank that flew on the July shuttle mission.

For years, the agency's launch rules said that all four gauges must be working for the shuttle to be cleared for liftoff. In 2005, managers decided to bend the rule to allow for a launch if only three of the four gauges were working correctly, as long as the failed gauge was behaving in a way consistent with engineers' explanations for what could be wrong.

"We feel very good that we really need only three of those engine sensors to work," Wayne Hale, shuttle program manager, said at a news conference. "If everything is performing as expected and we just have one sensor that continues to be a bad actor, we?ll launch tomorrow."

A launch rule written in June requires NASA to drain the tank and refill it before launching with one malfunctioning sensor. Yet at a meeting this morning, many NASA managers voted to ignore the rule and launch the shuttle today. Only a representative of the astronaut office and the leader of the mission management team voted against launch.

NASA has highlighted Atlantis' mission as the first in nearly four years to add significant components to the International Space Station. Construction of the half-built station was put on hold by the Columbia accident. NASA faces a tight deadline of 2010 to complete the station, which is made up of such massive pieces that only the shuttle can lift them into orbit.

NASA had only five-minute launch windows today and tomorrow — and Saturday was a last-minute addition after talks with Russian space officials — before it had to scrap its plans for at least two-and-a-half weeks.

The Russians are launching a three-person Soyuz capsule to the space station on Sept. 18, and Atlantis has to leave the station before the Soyuz arrives to prevent a cosmic traffic jam.

A Saturday launch would create a delicate job for above-the-air traffic controllers because within 21 hours three spaceships would come and go from the space station. If Atlantis launches Saturday, it would undock from the space station at 9 a.m. ET on

Sept. 18, just nine hours after the Soyuz would launch. And 12 hours after the shuttle undocks an unmanned Progress resupply ship also leaves the space station.

If the launch isn't completed by Saturday, NASA could open up launching opportunities in late September and early October by relaxing a requirement that launches take place in daylight.

The rule was implemented for the first few flights after the Columbia accident so NASA can check if foam comes off the external fuel tank and could damage the shuttle's heat shield as it did Columbia's.

The Associated Press contributed to this report.

OTHER NEWS:

Dow Industrials Climb 60.67 As Oil Drops (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 9, 2006

Stocks rallied to end an otherwise rocky week of trading, helped by a decline in crude-oil prices to a five-month low and comments by the president of the Cleveland Federal Reserve.

The Dow Jones Industrial Average gained 60.67 points, or 0.5%, to 11392.11. It was off 0.6% on the week. The broad Standard & Poor's 500-stock index rose 0.4%, or 4.90 points, to 1298.92, off 0.9% on the week. And the technology-laden Nasdaq Composite Index was up 0.5%, or 10.50 points, to 2165.79, off 1.3% on the week.

Oil's selloff capped a weeklong downturn during which many of the bugaboos that have plagued energy markets faded. Crude-oil futures contracts guaranteeing October delivery slid $1.07, or 1.6%, to $66.25 a barrel, off 4.2% on the week at the New York Mercantile Exchange.

In particular, traders celebrated the fact that, as the weekend approached, no major storms were threatening offshore drilling facilities in the Gulf of Mexico. On many Fridays in the past, traders have bought futures in order not to be "caught short" in the event of a crisis while markets were closed over the weekend.

But with much of this year's hurricane season past, such pressures have eased. At the same time, U.S. oil inventories have been robust, a tenuous cease-fire between Israel and Hezbollah has held, and geopolitical tensions with Iran over its nuclear program haven't boiled over.

"I'm not ready yet to call a top to the crude market," said energy analyst Phil Flynn, of the futures brokerage Alaron Trading in Chicago. "But we have definitely reached a major crossroads in the long-term bull market."

In a speech, Cleveland Fed President Sandra Pianalto, who sits on the U.S. central bank's rate-setting committee, said that while she remains concerned about inflation, the Fed's previous efforts to fight such a general rise in prices, including more than two years of interest-rate increases, are still taking hold as the economy slows.

In major U.S. market action:

Stocks1 and bond prices rose2. The 10-year note gained 2/32 point, or $0.63 for each $1,000 invested, pushing the yield down to 4.781%.

The dollar strengthened.3 Against the Japanese currency, the dollar rose to 116.90 yen, compared with 116.43. The euro fell to $1.2671 from $1.2734.

U.S. Stocks Rise On Drop In Oil, Fed Official's Rate Comment (BLOOM)

By Hilary Johnson

Bloomberg, September 9, 2006

Sept. 8 (Bloomberg) -- U.S. stocks rebounded from two days of losses as oil fell to a five-month low and a Federal Reserve policy maker signaled the central bank is in no hurry to raise interest rates again.

Wal-Mart Stores Inc., the world's largest retailer, led the advance as the drop in energy costs suggested consumer spending will increase. Technology shares rose on speculation that Texas Instruments Inc., the No. 1 maker of semiconductors for mobile phones, may raise its earnings forecast next week. Stocks had their biggest weekly loss in a month.

Investors will ``start to price in a reacceleration in the economy," said Larry Adam, chief investment strategist at Deutsche Bank Alex. Brown in Baltimore, which manages $58 billion. ``The market has come around to what we've been feeling for a while, and that's that the Fed has completed this tightening cycle."

The Standard & Poor's 500 Index added 4.90, or 0.4 percent, to 1298.92. The Dow Jones Industrial Average rose 60.67, or 0.5 percent, to 11,392.11. The Nasdaq Composite Index gained 10.50, or 0.5 percent, to 2165.79.

DOJ_NMG_0061336

Lennar Corp., the second-largest U.S. homebuilder by market value, declined after reporting quarterly profit dropped for the first time in six years.

Weekly Decline

Stocks fell for the week as builders' earnings showed a housing slump is deepening and economic reports pointed toward accelerating inflation.

The S&P 500 dropped 0.9 percent since last Friday, the biggest decline since the period ended Aug. 11. The Dow average lost 0.6 percent and the Nasdaq retreated 1.3 percent.

Investors gained renewed confidence in the interest-rate outlook today following Cleveland Federal Reserve Bank President Sandra Pianalto's comments.

Pianalto, a member of the rate-setting Federal Open Market Committee, said the full effect of past increases has yet to take hold and last month's pause was ``appropriate." The Fed ended a two-year series of rate increases on Aug. 8 when policy makers decided to hold the benchmark at 5.25 percent.

Her views appear to concur with those of San Francisco Fed President Janet Yellen, who yesterday said the central bank needs time to assess the impact of past rate increases.

A Bloomberg News survey of economists shows that the faltering property market may lead to an end of rate rises through the first half of next year because housing's slowdown will be more of a drag on growth than expected, economists said.

Gross domestic product is expected to expand at an average rate of 2.7 percent in the first half of 2007, down slightly from last month's survey as economists shaved a 10th of a point off their second-quarter forecasts.

Wal-Mart

Wal-Mart gained $1.18 to $46.72. Its 2.6 percent rally was the second-biggest in the Dow average. Target Corp., the No. 2 U.S. discount merchant, added $1.88 to $50.56. An S&P 500 measure of retailers rose 1.2 percent.

Crude oil plunged 1.6 percent to $66.25 a barrel in New York on speculation U.S. fuel inventories will be sufficient as economic growth in the world's biggest energy consumer slows. That's the lowest close since April 4.

Texas Instruments added 50 cents to $31. The company will update its third-quarter sales and profit forecast following the Sept. 11 market close.

The last time Texas Instruments offered a quarterly update, on June 8, it raised its sales and profit forecasts due to strong demand for handsets in India and China.

Lennar

Lennar fell 54 cents to $42.71 after the homebuilder became the fourth such company this week to report lower earnings or cut its forecast. Third-quarter profit was as much as $1.35 a share, below the $1.81 average estimate of analysts in a Thomson Financial survey. Lennar said preliminary net new orders slid 5 percent in the quarter.

About three stocks rose for every two that dropped on the New York Stock Exchange. Some 1.31 billion shares changed hands on the Big Board, 16 percent less than the three-month daily average.

A measure of computer-related companies advanced 1.1 percent for the best performance among 10 industry groups. For the year, technology shares have lost 2.9 percent, the only decline among the 10 S&P 500 groups.

International Business Machines Corp., the biggest computer-services provider, gained $1.26 to $80.66.

Microsoft Corp. added 17 cents to $25.60. The software maker plans to sell a cheaper version of its Xbox 360 game console in Japan from Nov. 2, a week before Sony Corp. releases its rival PlayStation 3, to boost sales during the Christmas season.

Gateway

Gateway Inc. gained 3 cents to $1.89. The No. 3 U.S. personal-computer maker named J. Edward Coleman chief executive officer, ending a nine-month search to replace Wayne Inouye.

Amazon.com Inc. jumped 78 cents to $30.51. The world's largest online retailer unveiled a service that will sell movies and television shows from 30 studios and networks. It will compete with Apple Computer Inc.

Shares of technology companies may have benefited from lower oil prices, said Wayne Wilbanks, who helps manage $1.1 billion as chief investment officer of Wilbanks Smith & Thomas Asset Management.

Looking Toward Technology

Investors looking for stocks with above-average returns buy computer-related shares when ``you've got the potential bloom coming off the energy sector," said the Norfolk, Virginia-based Wilbanks. ``If you're a high-growth investor, you're naturally going to look to tech."

Not all computer-related stocks gained.

Broadcom Corp. declined 34 cents to $26.09. The maker of chips for consumer devices discovered more instances of stock- option backdating that will require it to at least double its charges for the practice to $1.5 billion.

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Shares of energy producers dropped 1.9 percent for the only decline among 10 industry groups in the S&P 500.

Exxon Mobil Corp., the world's biggest oil company, lost 88 cents to $66.81. Sunoco Inc., the largest refiner in the U.S. northeast, dropped $2.22 to $65.50.

Equifax Inc. jumped $3.92, or 12 percent, to $36.34 for the biggest advance in the S&P 500. The consumer-credit information company raised its profit estimate for this year to more than $2 a share, higher than its projection of as much as $1.99. The company also lowered its forecast for capital expenditures.

Ford Motor Co. rose 19 cents to $8.77, after Mazda Motor Corp., which is a third owned by the second-largest automaker, said it is raising production capacity of engines on increased demand. UBS AG said it now expects Ford shares to reach $9 within 12 months, up from $7.

Ford, Borders

The company also said it will pay at least $20.5 million to new Chief Executive Officer Alan Mulally in the first year.

Borders Group Inc., the second-largest U.S. bookstore chain, climbed $1.38 to $20.60 after Credit Suisse upgraded the stock to ``outperform'' on confidence in new CEO George Jones.

S&P 500 shares, called Spiders, rose 37 cents to $130.28. Nasdaq-100 tracking shares, known by their QQQQ symbol, gained 24 cents to $38.72.

S&P 500 futures expiring in September rose 3.1 to 1310.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures advanced 2.75 to 1589.50.

The Russell 2000 Index, a benchmark for companies with a median market value of $612 million, added 0.3 percent to 708.54. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, gained 42.33, or 0.3 percent, to 12,977.52. Based on its increase, the value of stocks rose by $52.9 billion.

Amazon.com Inc. (AMZN US) Broadcom Corp. (BRCM US) Equifax Inc. (EFX US) Exxon Mobil Corp. (XOM US) Ford Motor Co. (F US) Gateway Inc. (GTW US) International Business Machines Corp. (IBM US) Lennar Corp. (LEN US) Microsoft Corp. (MSFT US) National Semiconductor Corp. (NSM US) Sunoco Inc. (SUN US) Texas Instruments Inc. (TXN US) Wal-Mart Stores Inc. (WMT US)

A Brief Rebound But Losses For The Week (NYT/AP)

By The Associated Press

The New York Times, September 9, 2006

Wall Street rebounded moderately yesterday from two losing sessions as oil prices dropped further and investors mostly shrugged off another warning from a home builder about declining demand. The major indexes ended the week with losses.

Investors apparently took in stride the Lennar Corporation's announcement that it was lowering its third-quarter profit forecast, joining several rivals in pointing to lackluster demand in a slowing housing market. Warnings earlier in the week from companies like Beazer Homes USA and Hovnanian Enterprises left Wall Street unnerved at the prospect of a sharp economic slowdown.

With relatively little in the way of market-moving economic news to chew on, investors got their biggest clue about the economy from the home builders. A few speeches from Fed officials also kept Wall Street guessing about the central bank's future.

"It's the third warning in three days from the home building industry and it's a sign that the damage on the rest of the economy is all still in front of us," said Stuart Schweitzer, global markets strategist at J. P. Morgan Asset and Wealth Management.

The Dow Jones industrial average rose 60.67 points, or 0.54 percent, to 11,392.11.

Broader stock indicators extended their gains. The Standard & Poor's 500-stock index was up 4.90 points, or 0.38 percent, at 1,298.92, and the Nasdaq composite index rose 10.50 points, or 0.49 percent, to 2,165.79.

Bonds rose, with the benchmark 10-year Treasury note gaining 3/32, to 10025/32, and the yield, which moves in the opposite direction from the price, falling to 4.77 percent from 4.78 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

The major indexes ended the erratic, holiday-shortened week with losses amid a dismal outlook of an economic slowdown accompanied by higher inflation; investors' dismay at the home builders' warnings was compounded by government data showing a jump in wage inflation during the second quarter.

For the week, the Dow lost 0.63 percent, the S.& P. shed 0.92 percent, and the Nasdaq dropped 1.25 percent.

But yesterday, Wall Street, which has been hoping the Federal Reserve will temper its efforts to hold back inflation should the economy show further signs of slowing, appeared to regard comments from the Cleveland Federal Reserve president, Sandra Pianalto, as acceptable.

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She was quoted by news services as saying it was crucial that the Fed "anchor inflation expectations in order to best promote sustainable economic growth."

Ms. Pianalto's speech followed remarks from the San Francisco Fed president, Janet L. Yellen, on Thursday that some on Wall Street saw as indicating that further interest rate increases were likely.

Many investors are wary of more rate increases, contending the Fed's previous string of 17 straight increases have already slowed the economy too quickly. The Fed, which left rates unchanged at its last meeting, plans to meet again Sept. 20.

Mr. Schweitzer predicted that a cooling economy could lead to a rate cut in the first half of next year.

"I think the market is in a tug of war between the potential benefits and problems from a slowdown in the economy," he said.

Falling oil prices also helped stocks yesterday. Oil, which had recently been above $70 a barrel, has fallen in recent days as inventory figures showed increases and as tensions with Iran over its nuclear ambitions eased. The end of the summer driving period and a relatively uneventful hurricane season have also helped lower prices. Light crude oil was down $1.07, at $66.25 a barrel.

Lennar fell 54 cents, or 1.2 percent, to $42.71 after saying it expected to earn $1.25 to $1.35 a share for the third quarter, well below the $2.06 a share the company earned in the comparable quarter last year. Wall Street had been expecting $1.81 a share. Beazer Homes USA declined 9 cents, to $37.24, while Hovnanian Enterprises shed 92 cents, or 3.4 percent, to $26.17.

AirTran Holdings, which operates the low-fare carrier AirTran Airways, fell $1.19, or 11 percent, to $9.48 after the airline cut its third-quarter revenue forecast amid falling demand.

Equifax, a credit-reporting and marketing company, rose $3.92, or 12 percent, to $36.34, after it said its full-year earnings would exceed $2 a share; it had previously forecast a profit of $1.90 to $1.99 a share.

Consumer Credit Slowed In July As Higher Wages Provided Cash (NYT)

By Bloomberg News

The New York Times, September 9, 2006

Consumer borrowing increased less than expected in July as higher incomes allowed Americans to reduce their credit card use.

Consumer credit, or nonmortgage loans to individuals, rose 2.8 percent at an annual rate, to $2.35 trillion, the Federal Reserve said yesterday in Washington. In June, consumer debt increased at a rate of 7.3 percent.

Rising wages gave Americans more cash to spend as they went to shopping malls and auto dealerships in July. Consumer borrowing and spending may slow in coming months as the cooling housing market dents confidence and household wealth.

"Consumers have seen a pickup in their wages lately and this may be one reason they are not overdoing it when it comes to paying the bills with their credit cards," said Chris Rupkey, an economist at Bank of Tokyo-Mitsubishi UFJ in New York. "They are not overextending themselves to make purchases."

Total consumer borrowing increased by $5.5 billion in July, the report showed. Economists had forecast an increase of $6.8 billion after an initially reported gain of $10.3 billion in June, according to a median of forecasts in a Bloomberg News survey.

Nonrevolving debt, including loans to buy cars, rose $3.1 billion in July after increasing $5.01 billion in June. Revolving debt, which includes credit cards, rose $2.4 billion after gaining $9.1 billion.

Home sales have been depressed by rising borrowing costs. The Federal Reserve raised its benchmark lending rate to 5.25 percent on June 29, the 17th straight increase since June 2004. The prime lending rate, the basis for home equity loans and other consumer debt, has risen to 8.25 percent from a four-decade low of 4 percent at the start of the Fed increases.

At the same time, cooling home prices have made home equity loans less attractive

"Credit card borrowing has been going down for the last few years mainly because people have been refinancing credit card debt into their mortgages," said David Wyss, chief economist at Standard & Poor's in New York. "That is going to go in the other direction."

Consumer Borrowing Slows In July (AP-Y)

By Martin Crutsinger

AP, September 9, 2006

Americans increased their borrowing in July at the slowest pace in four months as the gain in credit card debt fell off sharply.

The Federal Reserve reported Friday that consumer borrowing rose at an annual rate of 2.8 percent in July, down from an increase of 7.3 percent in June.

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The slowdown was led by a sharp deceleration in credit card debt, which rose by just 3.4 percent in July after gains of 13.2 percent in June and 13 percent in May.

Borrowing to buy autos also slowed in July to an annual rate of gain of just 2.5 percent after an increase of 4 percent in June.

All of the increases pushed debt up by $5.5 billion after a much larger increase of $14.1 billion in June, which had been originally reported as a gain of $10.3 billion. The July increase was slightly below the $6.5 billion advance economists had been forecasting.

The increases left consumer credit at a record level of $2.35 trillion. The Fed's measure of consumer credit does not include mortgages and other loans secured by property.

Consumer spending, which accounts for two-thirds of the total economy, slowed abruptly in the spring, pushing overall economic growth down to a 2.9 percent rate of increase.

Analysts believe consumer spending will remain sluggish in coming months as Americans struggle with high energy prices and interest rates and a cooling housing market.

States Must Find Welfare Recipients Jobs (AP-Y)

By Kevin Freking

AP, September 9, 2006

The welfare rolls aren't dropping as fast as they used to, and that could pose a big money problem for states from coast to coast after a new federal law takes effect next month.

The states' task: find jobs for tens of thousands of people on welfare or risk losing millions in federal money. More than two dozen states have work to do, including Pennsylvania, California and Michigan.

The law requires states to place into job training, community service or other work activities 50 percent of their households that get welfare aid — and 90 percent of two-parent households that receive assistance.

"About half the states are in pretty good shape," said Wade Horn, assistant secretary at the Department of Health and Human Services. "About a quarter of the states are really going to have to work hard."

Pennsylvania will have to add nearly 23,000 recipients to the work rolls, which amounts to a 220 percent increase in work participation, according to federal estimates obtained by The Associated Press.

California has to find work activities for more than 60,000 people_ a 100 percent increase in its work participation rate.

Michigan must add nearly 11,500, a 117 percent increase.

Several other large states, including Texas, Florida and Georgia, will meet the requirements easily, according to the federal estimates.

The requirements are part of broad rules that more strictly define what constitutes work and require states to verify that adults are doing the activities the states say they are.

This week, five Democrats on the House Ways and Means Committee said the rules had placed new challenges on the states that would make the program more expensive and difficult to administer. They are asking for a congressional hearing.

Some analysts also are concerned that states will penalize beneficiaries as a way to get to 50 percent work participation, rather than help recipients land and keep jobs.

"The people who have the most barriers to employment, the most issues in their life, they tend to be sanctioned more than others," said Evelyn Ganzglass of the Center for Law and Social Policy. "But they often have problems that prevent them from complying. These can be mental health problems, physical disabilities, all kinds of issues that these families face."

Pennsylvania officials say their state has made significant strides since March, the last month included in the federal figures. Work participation is now up to about 32 percent instead of the 15 percent cited by the federal government, they said.

"We're confident we're going to hit the number," said Ted Dallas, executive deputy secretary for the Pennsylvania Department of Public Welfare.

Dallas said the new regulations have forced Pennsylvania to re-evaluate its program. He said there has been more one-on-one counseling and more accountability from contractors. He also said more recipients have been penalized when they did not comply with state requirements.

States can kick recipients out of the program if they have not met certain requirements, such as attending appointments with counselors or going to job interviews. Sanctions in Pennsylvania rose from 1,030 in February to 2,327 in July, state officials said. A sanctioned recipient in Pennsylvania becomes ineligible for benefits, such as cash assistance.

Horn stresses that states do not have to be at 50 percent work participation come Oct. 1, just at that average over the course of the year. Then, states will have a chance to take corrective action. The earliest that penalties could begin is 2009.

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Those penalties could be severe. States face a reduction of their welfare block grant of up to 5 percent the first year they fail to meet the new threshold, and 2 percentage points for each additional year.

Pennsylvania, for example, gets $719 million. If it fails to meet the work requirement, it could lose as much as $36 million in federal funds in 2009.

One important feature of the 50 percent threshold is that states get extra credit when they reduce the number of welfare recipients. If a state's caseload drops by 5 percent from 2005 levels, then the work participation requirement will also drop by 5 percent.

Under the current welfare law, states are also supposed to have 50 percent work participation, but the extra credit that states got stemmed from caseload reductions since 1996. As a result, many states could have 10 or 20 percent work participation, such as Pennsylvania did, and still easily meet the federal requirements.

States that have reduced the number of welfare cases over the past year include Georgia, 22.8 percent, and Texas, 19.2 percent. That means those two states would need to have only about a third of their welfare rolls in work activities to meet the new guidelines, Horn said.

Larry Jones, communications director of the Texas Workforce Commission, said various factors play a role in reducing welfare rolls. The state's economy is strong, generating about 630,000 jobs in the past three years. The state also has stricter time limits in place than most states, with some beneficiaries allowed to collect cash assistance a maximum of one year before they have to work.

But mostly, Jones said, the state has been successful placing recipients into the work force.

He said that about three-quarters of participants get jobs and, of that group, 71 percent have those same jobs six months later. Jones said the jobs pay more than $7 an hour and recipients can continue to get food stamps, state-subsidized child care, Medicaid and other benefits.

"We very strongly emphasize work and a quick attachment to the work force," Jones said. "Through work, one builds the skills needed to stay employed and build a career."

Bush's Speech Called Uplifting And Warm (FREEP)

By Tina Lam

Detroit Free Press, September 9, 2006

President George W. Bush swooped in Friday afternoon for a fund-raiser at a palatial house in Clarkston, pleasing listeners with a casual, upbeat speech.

Linda Lee-Williams, a state worker from Lansing, was thrilled with her first-ever chat with the president.

"I told him I had been praying for him since he took office," she said. "He gave me a kiss on the cheek."

U.S. Rep Mike Rogers, a Brighton Republican, described Bush's remarks as relaxed, uplifting and warm.

"He talked a little about terrorism and the economy but spent more time talking about the trials and tribulations of being a wartime president," Rogers said.

The event was closed to reporters.

Bush flew to Michigan to help raise $1 million for Republican Senate candidate Mike Bouchard and the state Republican Party. Rogers said about 400 people were there and that he believed the event brought in close to its goal.

Bush Zips In For Feel-good Visit (KCS)

By Dave Helling, Steve Kraske, And Scott Canon

The Kansas City Star, September 9, 2006

Air Force One landed uneventfully at Kansas City International Airport about 3:40 p.m. Friday and took off the same way at 6:31.

In between, hands were shaken, politics were discussed, large checks were discreetly handled.

On Ward Parkway, protesters protested. Across the street, reporters and photographers cooled their heels in a mansion under rehab.

But it's always news when the POTUS rolls into town.

Did he make a speech?

Nothing for the public, nor any impromptu news conferences. He didn't stop at a barbecue pit, either. (He never does. What's up with that, anyway?) So no national ripples; don't go surfing CNN or FOX.

Of course, it was pretty exciting if you were one of the 450 folks who were shuttled to the Scott Ward home at 1217 W. 55th St. and got to grip and grin with the big dog, the leader of the free world.

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Or you were Bradley Fisher and Taylor Mayes, both 17-year-old seniors at Smithville High School, who were presented Volunteer Service Awards at KCI for their work to prevent teen substance abuse.

Or you were U.S. Sen. Jim Talent, who collected perhaps $600,000 for his re-election bid.

So everyone had "a really cool experience," as Fisher reported ?

Maybe not those folks who hadn't counted on a presidential motorcade complicating Friday-night rush hour between the Country Club Plaza and the airport.

The president's had a pretty big week. He moved some Sept. 11 plotters to Guantanamo, near the five-year anniversary of the attacks; he pushed Congress to write new legal rules for the war on terror; he wants to speak to the nation Monday; and his poll numbers have bounced back a bit. Did he discuss any of this?

Yes. People who attended said Bush spoke about 45 minutes, mixing politics with policy, although he did not take questions. He told the gathering that Talent and Republican Sen. Sam Brownback of Kansas, who also was there, would provide the help he needs to pass legislation expanding his authority to prosecute the war on terror.

Former U.S. Rep. Wendell Bailey said Bush talked about his "commitment to the presidency rather than being the president. He's just hard to beat in that venue."

Who is Scott Ward, the host of the fundraiser?

He's the co-president of Russell Stover Candies. He and other members of the Ward family are longtime contributors to the Republican Party and Republican causes: Since 1998, he's given more than $57,000 to Republican candidates and committees, according to a campaign cash Web site.

Why was the fundraiser closed to the media?

Critics have said Talent held it in a private home to avoid news coverage — particularly photographs and video — of him standing next to Bush. For the record: Many high-level fundraisers are off-limits to reporters. But this year, the Democrats are flogging the issue because of the poor polling of the president and his party. Some note that Talent's yard signs neglect to mention his party.

What does Talent say to this?

"Now, this is the third time he's come in to campaign for me. That's a strange way to distance myself from him," Talent said at news conference before the event. "People have plenty of film of us together if that's what they want to use."

Asked why reporters were not allowed in to see them together, Talent said: "That was a decision the White House made."

Does the Republican Party or Talent's campaign pay for this political jaunt?

Bush is doing a lot of flying and fundraising, trying to keep the GOP in control of the Congress. And you're helping the president elect Republicans, just as you helped his predecessor elect Democrats.

The Federal Election Commission requires Talent's campaign to pay only the equivalent of a first-class air ticket for all political travelers on Air Force One. So Talent's few thousand dollars won't begin to cover the cost of bringing in that Boeing 747, Secret Service agents, nonpolitical staff and two limos.

As usual, Kansas City police officers provided security "as part of their normal workday," said spokesman Rich Lockhart. "There will be no additional overtime costs."

What did guests get for their $1,000?

"Finger food and beverages," reported Rich Chrismer, Talent's spokesman. "It's a reception."

Any Russell Stover candy put out?

Of course.

But, proving that revenge in politics is, well, sweet, contributors to a Web site called buyblue.org suggest "progressives" should stop buying Russell Stover chocolates.

Surely not those pecan turtles?

Apparently.

Who wrote the checks?

We won't know for sure until campaign fundraising disclosures are filed Oct. 15.

So Talent sees dollar signs when Bush shows up?

Better believe it. In late June, Bush went to a $2,000-a-head event in St. Louis, raising an estimated $750,000. The topper, however, was a similar event in 2005 that brought in more than $1 million — a state record — for Talent.

The overall fundraising scorecard? Through the end of June, Talent has raised $9,935,711; Claire McCaskill, $4,572,707, according to the Federal Election Commission.

Will McCaskill get any high-powered fundraising help for herself?

Yes. Former President Bill Clinton will appear today in St. Louis, where he's expected to help gather $1 million for McCaskill.

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So what's the Democrats' line?

Jack Cardetti, Missouri party spokesman: "With each million-dollar fundraiser, Jim Talent grows more indebted to President Bush and less likely to stand up to the president."

How many protesters showed up?

About 400, assembling on the Ward Parkway median.

How many Republicans does it take to rile up the Bush protesters?

Just one, but about 20 showed up, mostly waving Talent placards. One had a "Students 4 Bush" sign. Most appeared to be in their 20s. Clearly the most senior was 81-year-old W.C. Wissmueller of Kansas City. He waved a sizable American flag and at one point poked his staff at a bullhorn being used to lead the protesters in a chant. Cooler heads prevailed.

"I wanted to make sure somebody was here to support the president," Wissmueller said. "These people (the Bush protesters) are crazy."

What did some of those protesters' signs say?

"Emperor Bush, stop fiddling. Iraq burns"; "Mission accomplished? Where's Osama?" "Missouri needs a raise"; "Liar, liar, world on fire."

So the Iraq war was a major theme here, as it is in the national campaign?

Just ask Patrick Farnan of Weston. He was protesting with his wife, Deann. They lost their only son, Colby, to an improvised bomb near Taji, Iraq, on Feb. 25, 2005. The 22-year-old Army specialist is one of dozens of casualties from Missouri.

"It's 54. You've got to know that stuff. We all need to know that stuff," Patrick said.

They think their son died in an unnecessary war and came to Ward Parkway, they said, to hold the president accountable. "My son thought the war was all about oil," Deann Farnan said, "and I'm not sure he wasn't right."

Did Bush get to see the protesters?

For a couple of seconds, as his limo made the corner onto the parkway.

Cheney Visit Is Met By Traffic, Protests (BOS)

By Raja Mishra And Michael Levenson

The Boston Globe, September 9, 2006

Avoided in public by the state's leading Republicans, Vice President Dick Cheney arrived in Boston yesterday and was greeted by a boisterous protest and a well-heeled GOP crowd in the Back Bay.

When Cheney's plane touched down at Logan International Airport, he was greeted by a little-known state representative from Shrewsbury and a small band of local officials.

Governor Mitt Romney and Lieutenant Governor Kerry Healey were nowhere in sight, and the vice president, whose poll numbers make him among the least popular political figures in the country, was whisked away in a black limousine.

Cheney's visit created traffic snarls, and for a few afternoon hours, Back Bay became a congested circus. Sign-waving protesters chanted into bullhorns. A massive retinue of police officers and Secret Service agents lined the streets. Afternoon traffic stood still. Flowing through it all were hundreds of Red Sox fans slowly making their way to Fenway Park.

The protests produced numerous confrontations, as guests to the fund-raiser, which cost $2,500 per person, had to walk through a gantlet of virulent anti-Cheney activists on their way to the Harvard Club in Boston, where Cheney spoke.

``Shame! Shame!" the protesters chanted at the Republican supporters streaming by.

Grace Ross , the Green-Rainbow Party candidate for governor, began giving a speech excoriating Cheney when police confiscated her microphone and speakers, citing noise ordinances.

Inside the Harvard Club, Cheney spoke for about 20 minutes to nearly 300 guests, giving a public service award to Richard J. Egan , the founder of the Hopkinton-based EMC Corp. and a stalwart Bush supporter. He also spoke about the war on terrorism.

``He talked about the need to stay the course," said Brian Dodge , executive director of the state Republican Party.

The event was closed to the public. In attendance yesterday were Romney , Healey , former governor Paul Cellucci and the new Turnpike Authority head, John Cogliano.

Cheney arrived at Logan at about 4 p.m., greeted there by a small entourage of Republican officials. State Representative Karyn E. Polito , a Shrewsbury Republican who was in the welcoming party, recalled her brief exchange with Cheney.

``I said, `I'm a Republican state representative, a wife, and a mother, and my family sleeps easy at night knowing you and President Bush are in the corner office,' " Polito said in an interview on the tarmac, just after Cheney left. ``He said, `Thank you for running for office. I'm happy to be here.' "

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The Harvard Club sits just off the intersection of Commonwealth and Massachusetts avenues, among the most congested crossroads in the city, and Cheney's visit exacerbated the typically nightmarish traffic that clots there on a Friday afternoon when the Red Sox are playing at home.

There were rolling road closures throughout the late afternoon and early evening, and downtown traffic was backed up and barely moving along long stretches of Back Bay starting at just before 4 p.m. Motorists were asked by police on foot to stop and remain stopped for as long as 30 minutes.

Parts of Commonwealth Avenue were shut off to motorists, with cars being diverted under Massachusetts Avenue, creating confusion among school bus drivers, trolley drivers, and others looking to escape the snarl.

At the same time, traffic on Interstate 93 south backed up to the Zakim Bridge late yesterday while Leverett Connector traffic headed toward Storrow Drive and Leverett Circle backed up as well.

Police kept protesters about 50 feet away from the Harvard Club entrance, with many of them spilling out onto Massachusetts Avenue.

``This war [in Iraq] has everything to do with greed ," said Alice Brown , 68, of Canton, whose son, Lieutenant Colonel David Floyd, recently returned from service in Iraq.

Some guests at the Eliot Hotel next door gathered on the hotel steps to watch the festivities.

``I don't believe they have much intellect or understanding of the issues," John Hanron , 68, said of the protesters. He was in town from Lincoln, Calif., for a family reunion. ``I'm disappointed that we have this subversion going on."

But Janet Minkin , 60, on vacation from Milwaukee, didn't seem to mind. ``I agree with the protesters 100 percent," she said. ``I had a little trouble getting through to the hotel. But I'm glad to see them there."

Lieberman Points Out A Turnabout By Lamont (NYT)

By Jennifer Medina

The New York Times, September 9, 2006

NEW HAVEN, Sept. 8 — Ned Lamont, who this week chastised Senator Joseph I. Lieberman for his public rebuke of President Clinton during the Monica Lewinsky scandal, wrote to Mr. Lieberman at the time praising the eloquence of his speech on the Senate floor.

“I supported your statement because Clinton’s behavior was outrageous: a Democrat had to stand up and state as much, and I hoped that your statement was the beginning of the end,” Mr. Lamont, then a cable television executive, wrote in an e-mail message to the senator’s Washington office on Sept. 16, 1998, two weeks after Mr. Lieberman’s speech.

Mr. Lamont defeated Mr. Lieberman in last month’s Democratic primary in Connecticut, but will face the incumbent — now running on his own party line — in November. In an interview with reporters and editors on Wednesday night in Washington, Mr. Lamont said he shared Mr. Lieberman’s “moral outrage” over Mr. Clinton’s sexual misbehavior but thought the senator should have handled it behind closed doors before making a public speech.

“You don’t go to the floor of the Senate and turn this into a media spectacle," Mr. Lamont said of Mr. Lieberman’s remarks. "You go up there, you sit down with one of your oldest friends and say you’re embarrassing yourself, you’re embarrassing your presidency, you’re embarrassing your family, and it’s got to stop.”

At the time, Mr. Lamont wrote that he had “supported the moral outrage” Mr. Lieberman expressed reluctantly because he “thought it might make matters worse,” adding that “unfortunately, the statement was the beginning of a process that has turned more political and morally offensive.” He urged Mr. Lieberman to “stand up and use your moral authority to put an end to this snowballing mess,” and suggested that “It’s time for you to make up your mind and speak your mind as you did so eloquently last Thursday.”

“I’m the father of three and the thought that Clinton testifying about oral sex before the grand jury may be broadcast into my living room is outrageous,” Mr. Lamont wrote. “This sorry episode is an embarrassment to me as a father and to us as a nation.”

A campaign aide to Mr. Lieberman alerted a reporter to the e-mail late Friday, after an article about Mr. Lamont’s recent comments appeared in The New York Times. Mr. Lieberman’s Senate office then faxed a copy of the message.

Casey Aden-Wansbury, a spokesman for Mr. Lieberman, said that after Mr. Lamont announced his candidacy, the senator recalled corresponding with him, and the staff culled old files. She said the 1998 missive was the only correspondence found from Mr. Lamont.

Mr. Lieberman’s campaign aides pointed out Friday night that Mr. Lamont contributed $500 to his campaign shortly after the speech, in 1999, and did not donate to Mr. Clinton’s legal defense fund.

Mr. Lamont, who declined to discuss the 1998 speech when an Associated Press reporter asked about it on Friday, was unavailable to explain the apparent discrepancy between his recent remarks and his e-mail at the time.

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His campaign manager, Tom Swan, did not address the content of the message, but said in response: "It is clear that Senator Lieberman would prefer to try to cloud Ned's statements from eight years ago, instead of talking about the important issues of national security, the war in Iraq and health care. It is shocking to see that his Senate staff, at taxpayer expense, is spending their time trying to make up dirt on Ned Lamont."

Senator Lieberman, asked about Mr. Lamont's recent comments, said on Friday that "it was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done."

Back in 1998, he wrote to thank Mr. Lamont, saying his "kind comments and words of support mean a great deal to me."

"This was the most difficult statement I have had to make in my 10 years as a senator," Mr. Lieberman wrote, adding a handwritten "Thanks, Ned" at the bottom. "So it is very reassuring that you feel I made the right decision in speaking out."

Lieberman Defends 1998 Rebuke Of Clinton (AP-Y)

By John Christoffersen

AP, September 9, 2006

Sen. Joe Lieberman defended his reprimand of former President Clinton for his involvement with a White House intern, dismissing rival Ned Lamont's claim that he turned the 1998 rebuke into a spectacle.

"It was important for someone who was a Democrat to stand up and call on him publicly to accept more responsibility for what he had done," Lieberman said Friday. "In that case, I stood up and did what I believed was right for our country."

In September 1998, as the sex scandal raged, the Connecticut senator was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being "personally angry because Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment."

The senator said his personal dismay evolved into "a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency."

Lamont, who defeated Lieberman in the Democratic primary Aug. 8, criticized the incumbent in an interview with The New York Times.

"You don't go to the floor of the Senate and turn this into a media spectacle," Lamont told reporters and editors from the newspaper during a dinner meeting Wednesday night.

"You go up there, you sit down with one of your oldest friends and say, 'You're embarrassing yourself, you're embarrassing your presidency, you're embarrassing your family, and it's got to stop,'" Lamont said.

Lamont, campaigning in Naugatuck on Friday, said he would have told Clinton what he thought before he said anything publicly.

"That's just the way I am," Lamont told The Associated Press. "I don't want to get into this issue anymore, though."

Lieberman, who is running as an independent after losing to Lamont, said his speech helped diffuse what had been partisan divisions over the scandal. He called it one of the toughest decisions of his life, but said he has no regrets.

Days before the Connecticut primary, Clinton joined Lieberman at a campaign rally.

"It's time for Ned to stop running a negative campaign and start talking about what he would do for the people of Connecticut over the next six years," Lieberman said. "He had to go back to 1998. Hey Ned, it's 2006."

Polls show Lieberman leading Lamont in a three-way race that includes Republican Alan Schlesinger.

As Outsider, Lieberman Walks A Tricky Path (NYT)

By Jennifer Medina And Patrick Healy

The New York Times, September 9, 2006

BRIDGEPORT, Conn., Sept. 8 — It was the sort of awkward moment that Senator Joseph I. Lieberman now faces regularly: He and the mayor of Stamford, both Democrats, recently appeared in a city park that Mr. Lieberman helped win millions for, and talked about their long friendship — and about how the mayor is not supporting him for re-election this fall.

"Joe Lieberman has a right to come to Stamford — it's his town and his state," said the mayor, Dannel P. Malloy, who, like many Democratic officials, has abandoned Mr. Lieberman for the party's new Senate nominee, Ned Lamont. "When you do good work, you deserve to come and visit the projects you're working on."

Mr. Lieberman, as a three-term incumbent, never needed anyone to explain his right to visit Stamford before. But the senator is now running on his own party line, and he has begun a complicated, occasionally clumsy tango as he tries to woo Democrats, Republicans and unaffiliated voters without the backing of any party.

Since his defeat in the Aug. 8 Democratic primary, Mr. Lieberman has been seeking Democrats while appealing to Republicans with tough talk about terrorism that is similar to President Bush's. He is mulling creating nonpartisan "citizen town

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committees" because he must build a new voter-turnout operation from scratch. And he is calibrating his language to try to appeal across party lines without seeming inconsistent or awkward — though, at times, he does.

No longer the Democratic nominee, he has lost a handful of union endorsements, and his allies in the A.F.L.-C.I.O. may stay neutral. His campaign must replace and train hundreds of field workers that the state party usually deploys to help turn out voters. The Democratic Senatorial Campaign Committee, usually on his side, is now providing fund-raising and strategy help to Mr. Lamont. And there is no party organization that can quickly gather its members for the large campaign rallies that can be a shot in the arm.

Independent candidacies are rare, because party affiliation provides so many advantages: Fund-raising aid, battle-tested organizers, policy and strategy assistance, volunteers and an apparatus that can attack the candidate's opponent without the candidate appearing negative.

But interviews with Mr. Lieberman and his advisers make it clear that he has made a strategic bet: That his stature, name recognition, appeal among Republicans and power to deliver federal money to Connecticut will more than compensate for the lack of a party behind him. He has spent much of August highlighting federal projects he has supported — such as the $6 million park expansion that he and Mayor Malloy celebrated — and suggesting that a Senator Lamont, as a liberal in a Republican-controlled chamber, would not deliver as much. Mr. Lieberman said that if he is re-elected, he will continue to caucus with Senate Democrats.

Yet as Mr. Lieberman acknowledges, there is an element of making it all up as he goes along.

He hesitated when asked in a recent interview if there was any Republican endorsement he would not accept, knowing that his ties to President Bush have cost him before. He is trying to strike a balance between Republican and Democratic endorsements and appearances; for instance, he suggested, he was waiting for the right timing and opportunity to invite a Republican friend, Senator John McCain of Arizona, to campaign with him.

"I haven't asked him — yet," Mr. Lieberman said in a recent interview.

"This is a very different kind of race than anything that's been run before," he added. "Maine had an independent governor, and there was Jesse Ventura of Minnesota. I've taken a look at those. But as far as we can tell, we're doing something different here. The moment is different. So we're putting together a campaign in a way that makes sense for the moment."

Mr. Lieberman has hammered away at polarizing partisans in his campaign, though he is reluctant to say just whom he is referring to, other than Mr. Lamont, whom he once criticized as having too many ties to Republicans.

"People are sick of the partisanship and sick of the old party rules," Mr. Lieberman said on Friday.

Mr. Lieberman has managed to hire one prominent Democratic media consultant, Josh Isay, who demonstrated partisan flexibility by working for Mayor Michael R. Bloomberg last year. (He already has a Republican pollster, who also works for Senator Rick Santorum of Pennsylvania.) Yet other Democrats have left his campaign, leaving Mr. Lieberman's staff of loyalists to shoulder many new tasks — in particular, building its own get-out-the-vote operation without relying on state and town Democratic organizations that can move voters to the polls.

Sherry Brown, who took over as Mr. Lieberman's campaign manager last month, said her team needed new ways to identify and mobilize voters beyond using the traditional lists of registered voters that the parties use to plan turnout strategy. The citizen committees are one idea; she also said the senator would rely more than usual on assistance from unions, environmentalists and other groups that have endorsed him, such as the Chamber of Commerce.

Vets for Freedom, a group with ties to top Republican strategists, is also planning to rally Republicans to vote for Mr. Lieberman, using commercials and other organizing tools. Alan Schlesinger, the Republican challenger, is trailing far behind, with only nominal support from his party leaders.

"The biggest question for us is the ground war: Where do you target for votes and how do you find and move people without a party organization?" said Ms. Brown, who oversees a paid staff of 25. "It's something we have to develop."

Lieberman advisers declined to discuss their strategy in detail, saying they did not want to tip their hand. But Ms. Brown said the senator would go after voters in the two major parties — and Connecticut's many independents — and would highlight his support for a higher minimum wage and access to better health care for the working class.

She said that Mr. Lieberman's popularity was strong enough across party lines to counter setbacks; she said invitations to him to march in local Democratic parades have been fewer than before, but added that he has received more invitations overall than he could ever accept.

Mr. Lieberman's loss last month was also, to some extent, a loss for the state's Democratic Party apparatus. He has been a consistent fund-raiser for the party, helping add as much as $1 million to its coffers in some election years. He could tap his national base of donors for help, too. The newcomer, Mr. Lamont, may now end up devoting money and precious time to aiding the party.

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Connecticut voters have a history of embracing independent candidates, most notably Lowell Weicker, a former Republican senator elected governor as an independent in 1990. And the makeup of the electorate appears hospitable to an independent bid: The largest bloc of registered voters, nearly 830,000, belongs to neither party, while there are 657,860 Democrats and 413,093 Republicans, as of last month.

"Connecticut tends to support mavericks — Chris Shays, Weicker, Lieberman — who show an independent streak and are willing to buck their own party," said Douglas Schwartz, director of the Quinnipiac University Poll.

While Mr. Lieberman has, as Mr. Weicker did, two advantages to help overcome the lack of a party — broad name recognition and a centrist image — the political dynamics have changed. The electorate today is sharply divided over the record and conduct of the Bush administration, and Mr. Lieberman appears to some as a sore loser who has tried to have it both ways — running as a Democrat and then as an independent. (Mr. Weicker became an independent before his 1990 run.)

"Lieberman's fate as an independent will depend on how he is viewed, and I think the bloom is off the rose as far as his image in the state," said Mr. Weicker, who lost his Senate race to Mr. Lieberman in 1988 and who is supporting Mr. Lamont this fall.

Mr. Lieberman said he hoped to create the sort of grass-roots, nonpartisan political movement that helped support the third-party former governors that he has looked to — Angus King of Maine and Mr. Ventura of Minnesota. Asked if there was enough time to do this, with less than 10 weeks until the general election, Mr. Lieberman said he was not sure.

"It's an open question," he said. "But it's my desire to create a real, independent citizens' movement in this race."

Tom Swan, Mr. Lamont's campaign manager, said there was no evidence that Mr. Lieberman could inspire such citizen brigades.

"How does he come across as anything but a whiny self-centered career politician trying to cling to power?" Mr. Swan asked.

Mr. Lieberman has walked a political tightrope at almost all of his campaign appearances, and has sometimes stumbled. Recently he called himself a "noncombatant" in the three Congressional races where Democrats are challenging incumbent Republicans; his aides amended the statement a day later, saying he would support the Democrats.

Lieberman advisers acknowledged that this episode was awkward, saying the senator was working through the right language to describe his support for Democratic Congressional candidates who have endorsed his rival, Mr. Lamont.

Adding to the confusion, two days after the "noncombatant" comment, Mr. Lieberman attended a motorcycle rally with one of the Republican incumbents, Congressman Christopher R. Shays, a close ally. Lieberman aides did not alert the press corps to the joint appearance, but according to a report on Fox News, Mr. Lieberman said that the Democrats should have considered the effects of his independent bid on their Congressional candidates before electing Mr. Lamont.

"Well, I guess I should say they should have thought of that during the primary," Mr. Lieberman said in the Fox segment. "But here we are."

At other times, Mr. Lieberman has reasserted his party credentials, calling himself a "proud Democrat."

Yet there is a fine line between party fidelity and his new pride as an independent, with Lamont supporters accusing him of caring only about "the party of one."

During a campaign stop in New London this week, Mr. Lieberman was dogged by reporters pressing him to explain whom he saw as his base of support.

"People treat the parties as if they are the only thing that matters," Mr. Lieberman said, adding that he hoped his run would show that there was a "higher loyalty to our state and our country."

Nancy Reagan Asks Webb To Pull Ad With Her Husband (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 9, 2006

RICHMOND, Sept. 8 -- Former first lady Nancy Reagan on Friday asked Virginia Democratic Senate candidate James Webb to not use a television commercial that shows former president Ronald Reagan praising Webb, his former Navy secretary.

In a letter faxed to Webb at 5 p.m., the chief of staff of the Reagan Library in California urged him to not use footage from a speech by the former president at the Naval Academy in 1985. Webb is trying to unseat Sen. George Allen (R) in November's election. The speech lauded Webb and his achievements.

"Using the president's name, image or likeness implies endorsement which is neither fair nor respectful of any candidate, certainly not after President Reagan's death," wrote Joanne Drake. "At the direction of Mrs. Reagan, please refrain."

The ad shows Reagan saying: "James's gallantry as a Marine officer in Vietnam won him the Navy Cross and other decorations." An announcer's voice continues as Reagan's image morphs into pictures of Webb as a Marine.

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Webb's campaign immediately rejected the criticism and said it intended to proceed as planned by running the commercial in Norfolk, Roanoke and Northern Virginia. Spokeswoman Kristian Denny Todd accused Allen's campaign of playing partisan politics.

"It doesn't imply an endorsement," Todd said. "It's Reagan in his own words. What Reagan said about Jim Webb, that belongs to Jim Webb, frankly."

The library's letter could hurt Webb's effort to woo moderates by wrapping himself in Reagan's legacy. But it could also give much broader attention to the ad, which Webb has paid less than $100,000 to run in just three television markets for a limited time.

The Reagan Library has often asked campaigns to refrain from using the former president's image. It made a similar request to the conservative Club for Growth in 2004, when the group ran an ad comparing Reagan to President Bush and criticizing Sen. John F. Kerry (D-Mass.). An official at the library, Kirby Hanson, said Nancy Reagan was aware of the Webb ad and asked for the letter to be written. Hanson said the same would be asked of "any political campaign."

Allen campaign manager Dick Wadhams said he hoped "the Webb campaign would respect the clear request of Mrs. Reagan."

But he declined to say whether Allen would remove a photo from his campaign Web site that shows Reagan and a young Allen shaking hands. It appears next to a Reagan quote.

"We do not have a television ad that is trying to convey the false impression that the late president has endorsed a candidate in this race. Only one campaign is trying to do that," Wadhams said.

Hanson declined to say whether the library would request that Reagan's image be taken down from Allen's Web site.

Earlier in the day, Allen unveiled a plan that he said would reduce U.S. dependence on foreign oil.

In a speech from the Senate floor, Allen urged further exploration of oil and gas reserves in the United States, including in an Alaska wildlife area. And he called for more international cooperation to isolate oil-rich nations with which the United States is in conflict.

"In each challenge to our self-determination and freedom, we not only declared our independence, we mustered the resolve and the resources to achieve it," Allen said. "And it is time to declare our independence again."

Allen linked energy independence to the fight against terrorism, saying, "Today, many of our gasoline dollars now go to finance the war efforts of our enemies."

The speech coincided with Allen's new 30-second television advertisement, in which he says, "We need to be developing and exploring for more oil and gas in our own country." Allen advisers said the ad is running statewide.

Todd called Allen's proposals "rhetoric" without serious substance.

"It sounds like Allen is just trying to take care of his oil buddies to us," Todd said.

Concerns about energy and oil became issues in the race as gasoline prices surged this summer and the candidates traded barbs about connections to profitable oil companies.

Webb has accused Allen of taking $800,000 in campaign contributions from oil companies and has demanded that Allen give the money back. Allen, in turn, accused Webb of owning more than $64,000 in oil company stock.

Webb has called for a windfall tax on oil company profits. Allen dismissed the idea, saying higher taxes would slow the economy.

In an interview after the speech, Allen dismissed critics who say some aspects of his proposal, such as drilling in the Artic National Wildlife Refuge, could endanger the environment.

"You would think [the refuge] was Yosemite or Yellowstone," Allen said. "There are not trees. It's barren. It's flat. It's tundra."

Nancy Reagan Objects To Campaign Ad (AP-Y)

By Bob Lewis

AP, September 9, 2006

Democratic Senate candidate Jim Webb has a television ad ready to air featuring praise from his late boss Ronald Reagan — and Nancy Reagan called on him Friday to cancel it.

Webb, who was Reagan's Navy secretary before Webb switched to the Democratic Party, uses the ultimate GOP icon to send a sentimental message to conservatives and moderates courted by his Republican opponent, Sen. George Allen. The ad is scheduled to begin airing next week.

But a three-paragraph letter from the former first lady's office said the use of footage of Reagan, who died in 2004, is "neither authorized nor appropriate."

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The 30-second ad opens with video of Reagan praising Webb during a commencement address at the U.S. Naval Academy in 1985, when Reagan was president and Webb, a Navy grad, was an assistant secretary of defense.

"James' gallantry as a Marine in Vietnam won him the Navy Cross and other decorations," Reagan says on the video.

Webb was campaigning in southwestern Virginia on Friday and was not immediately available for comment on the criticism. His campaign spokeswoman, Kristian Denny Todd, said the ad was fair.

"At this time, we are not changing our plans," Denny Todd said.

The first lady's letter, sent from the Ronald Reagan Presidential Foundation in Simi Valley, Calif., said use of his name and image implies endorsement of the candidate.

"At the direction of Mrs. Reagan, please refrain from the use of her husband's name, video footage, photograph, likeness, and/or quotes in any further campaign materials, including television advertisements," it concluded.

In a telephone interview, Edwin Meese, attorney general under Reagan, called use of the footage "improper, unethical and very possibly illegal. ... For him to use video of Ronald Reagan to appear in a campaign ad to favor him is fraud."

The ad debuts days after Allen mailed campaign brochures that include a photo of a boyish looking Allen standing beside Reagan. The same photo and a Reagan quote appear on Allen's campaign Web site.

"So, I guess this means George Allen is going to take down all the images he has on his Web site of him with Ronald Reagan?" Denny Todd said. "Where's the cease-and-desist order there?"

Webb became Navy secretary in 1987 but resigned the following year, refusing to reduce the Navy fleet after congressional budget cuts. More recently, he left the GOP over President Bush's decision to invade Iraq and other issues. He won a contentious Senate primary in June.

Allen's campaign manager, Dick Wadhams, called the ads "disingenuous and terribly hypocritical" and cited Webb's 1988 resignation, saying he "quit on Ronald Reagan after he did not get his way as Navy secretary."

Allen, seeking a second term, began airing his own biographical ads last month while Webb scrambled to raise money. Allen's campaign had more than $6.6 million on hand at the start of July compared with $424,245 for Webb.

Bellwether Community Still Handicapping Hopefuls (WT)

By Seth Mclaughlin

The Washington Times, September 9, 2006

BEDFORD, Va. -- Voters here know how to pick winners in statewide elections.

This community of nearly 6,300 residents has picked the Republican winners -- President Bush and Sens. George Allen and John W. Warner -- and Democratic winners Gov. Timothy M. Kaine and former Gov. Mark Warner in Virginia's presidential, congressional and gubernatorial races since 2000.

"We vote for the man, not the party," Grace Nichols, 69, told The Washington Times along with her husband, Ray, 76, at a local Hardee's -- a morning hangout for the city's older crowd.

With less than two months until voters choose among Mr. Allen, Democrat James H. Webb Jr. and Independent Green Party candidate Gail Parker in the race for one of Virginia's U.S. Senate seats, many residents in this city roughly 25 miles east of Roanoke feel disconnected from Capitol Hill, and are disappointed in the federal government's handling of the war in Iraq, immigration and other domestic issues.

"If I had my choice, I'd run every ... one of them out of the legislature," said Clarence Lawler, 76, a former Fairfax County teacher who now is a member of the Elks National Home retirement community. "They've sat ... all year long and done nothing."

Others say elected leaders don't live in the real world.

"You have 535 individuals living in a glass house inside the [Capital] Beltway, and it is all fogged for them," said Jim Revell, an independent who voted for Mr. Allen in 2000. "They can't see out into the real world."

Donna Keler, 50, agreed. "I make $663 a month on disability. Let them come down off their high horses and live on $663 a month."

Aside from the die-hard party faithful who are pretty much decided which candidate will get their vote, other residents seem hesitant to trade the familiar face of Mr. Allen for the unfamiliar face of Mr. Webb.

"I like Webb, but if I were to vote today it is still kind of a tossup," said Mr. Revell, 57, a Vietnam War veteran.

Mr. Lawler, a Republican who supports Mr. Allen, agreed. "I don't think that people down in this part of the country know Mr. Webb at all."

Local Democrats acknowledge Mr. Webb's limited name recognition is a problem.

"I don't know as much about [Mr. Webb] as I'd like to know," said Craig Amo, 60, a Democrat who owns Cup-a-Joe coffee house downtown. "To get the word out in the entire state takes money and he didn't have it until recently. I think between now and November we will get a lot more information out of Jim Webb."

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Mr. Webb, Navy secretary under President Reagan, missed a chance to push his message in this part of the state on Labor Day, when he skipped the traditional campaign kick-off parade for statewide elections in nearby Buena Vista. Mr. Webb opted to spend time with his son, Jimmy, a 24-year-old Marine lance corporal, before he deployed to Iraq on Tuesday.

Mr. Webb, a decorated Vietnam War veteran, is scheduled to appear in this part of the state at a variety of events today, and will begin airing his first 30-second campaign ad in Northern Virginia, Norfolk and Roanoke media markets showing a video clip of Mr. Reagan praising his military record.

Yesterday, former first lady Nancy Reagan told Mr. Webb in a three-paragraph letter not to use video of her husband praising him in the ad, the Associated Press reported.

The letter from Mrs. Reagan's office said using footage of Mr. Reagan was "neither authorized nor appropriate," the AP reported.

Mrs. Reagan's letter came the same day as two former members of the Reagan administration and the chairman of Mr. Reagan's presidential campaigns said they were displeased with the ad.

"James Webb is dishonoring the memory of President Reagan by using an old video clip to imply that Ronald Reagan would be supporting him," they said in a statement.

A spokeswoman for Mr. Webb told AP the ad was fair and the attacks against it were politically inspired by Mr. Allen.

"At this time, we are not changing our plans," spokeswoman Kristian Denny-Todd said.

Residents here say that Mr. Webb still needs to sell them on what separates him from Mr. Allen.

"I saw [Mr. Webb] in debate and it was 'me too-isms,'" Mr. Lawler said. "[Mr. Webb and Mr. Allen] both spoke almost identically."

When asked why people still support Mr. Allen, the residents said the senator was a "great governor" who touts the conservative values people here hold dear.

For others, the reasons were simpler.

"On TV he looks straight at you," said Betty Miller, 74. "I like that."

Still, Mr. Webb's military background plays well with others around the city of Bedford, home of the National D-Day Memorial.

A Marine who returned from Iraq last month and supported Mr. Allen in 2000 hinted he was leaning toward supporting Mr. Webb, a former Marine.

"Once a Marine, always a Marine," said the Marine, who did not want to be identified because of his military status.

New Jersey's Sen. Robert Menendez Faces Tough Challenge (MCT)

By Lesley Clark

McClatchy Newspapers, September 9, 2006

NORTH PLAINFIELD, N.J. - The audience had listened politely. But people began to applaud loudly as Sen. Robert Menendez decried the war in Iraq.

"If I could not vote to send my son or daughter to war, I would not vote to send anyone else's son or daughter to war," the New Jersey Democrat said as the congregation at Shiloh Baptist Church - "A Place of Peace," as it bills itself - nodded in agreement.

Menendez - the son of Cuban immigrants and a sitting senator since his appointment to the post last January - is staking his campaign to keep his Senate seat on staunch opposition to the war, lacing his speeches with the body count and price tag of the conflict.

It's a strategy that Democrats hope to use to oust Republican incumbents. And it strikes a chord in this heavily Democratic state, where polls suggest that the war is increasingly unpopular. But Menendez's race - crucial to Democratic efforts to capture the Senate - has turned into an unexpectedly close and increasingly contentious contest, to the puzzlement of strategists, who wonder whether his ethnicity is a factor.

"New Jersey is behaving very, very oddly," noted Charles Cook, a nonpartisan handicapper who publishes the Cook Political Report. The seat, he said, may be the only Democratic Senate seat in jeopardy.

A former congressman, Menendez voted against the war in Iraq, and he's outdone his opponent 3-to-1 in fundraising. Still, he finds himself neck and neck with Republican challenger Tom Kean Jr., a state senator with a brief record but an outsized name.

Kean's father is former New Jersey Gov. Tom Kean, who chaired the Sept. 11 commission and is so revered that beachgoers along the Jersey shore over the Labor Day weekend needed to know only the familial ties to pledge support to his son.

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"If you're half the person your father was, you've got my vote," Rosemary Sullivan, 67, a Fairfield retiree, called after the younger Kean as he worked the crowd in Lavallette.

Some question whether Menendez's Hispanic roots - and surname - are playing a role in dampening the polls.

"Sad to say, but I do think the Latino surname may be hurting him on the margins," said David Rebovich, a political science professor at New Jersey's Rider University Institute for New Jersey Politics. "And there's a lot of skepticism about the Hudson County ties."

The campaign in many ways has revolved around Hudson County, a gritty collection of cities hard by the New York skyline that for years has welcomed newly arrived immigrants - and earned a reputation for political corruption. Menendez is a former mayor of Union City, the second-largest city in Hudson County and the second-largest Cuban-American stronghold in the United States, after Miami.

Kean, who lives in suburban Westfield, denounces Menendez as a pol who muscled his way up the county ranks, calling him in an interview "nothing but a partisan Hudson County Democratic party boss." He's seized on newspaper accounts that Menendez collected $300,000 in rent from a nonprofit agency for which he helped land federal money, accusing him of a conflict of interest.

Menendez, charging that Kean is practicing the "politics of personal destruction," says the House Ethics Committee cleared the arrangement.

Menendez says his campaign is "looking carefully" at statements that Kean and other Republicans have made, suggesting that they're thinly veiled attempts to denigrate the senator's Hispanic roots. New Jersey has never elected a Hispanic or black candidate statewide.

Menendez's campaign hopes for a comfortable vote cushion out of Hudson County, telling voters there that the Kean campaign is disparaging the county, which is increasingly Hispanic.

"I was one of three Hispanics in my elementary school. My brother was the second," Union City Mayor Albio Sires said. "Now the county is overwhelmingly Hispanic. It's really angering people that they're seeming to say people from Hudson County are no good."

Kean, who in campaign speeches accuses Menendez of supporting amnesty for illegal immigrants by backing a Senate immigration bill, says he's not criticizing Hudson County, simply looking "to protect the hardworking people of Hudson County from the Democratic machine that is hurting New Jersey."

Menendez was appointed to the Senate to fill the term of Jon Corzine, who was elected governor.

His elevation to the Senate opens the way for the election of another Cuban-American congressman: Sires, who came to the United States from Cuba in 1962 at age 11.

Should Sires, a Democrat, win his race for Menendez's former House seat - and there are no signs that he won't - he'd be the fourth congressman with Cuban ties, along with Reps. Lincoln and Mario Diaz-Balart and Ileana Ros-Lehtinen, all Florida Republicans.

"We'll be over-represented population-wise," rejoiced Cuban-American lobbyist Mauricio Claver-Carone, referring to the U.S. Cuban population, which numbers fewer than 2 million. "And that's just fine with us. We hope to be even more over-represented."

To that end, Claver-Carone's group, the U.S.-Cuba Democracy Political Action Committee, has maxed out contributions to Menendez, arguing that the community would benefit from a Republican Cuban-American senator, Mel Martinez of Florida, and a Democrat, Menendez.

Cuba, though, hasn't figured in the New Jersey race. Menendez said it rarely came up on the trail. "This is not Miami," he noted with a broad grin. Indeed, most of New Jersey's Cuban-Americans are loyal Democrats, Sires said.

Kean suggested that Cuba probably is the only area on which the two candidates agree. He said he had an aunt who'd fled Cuba, and he pledges he'd be staunchly pro-embargo.

The national parties are watching the race carefully. Democrats expect to hold the seat, central to their hope of taking control of the Senate.

But should the numbers continue to look rosy for Kean, national Republicans could throw some money his way, strategists suggest, though other states had looked more viable.

That New Jersey could be in play is worrying Democrats.

"The war could do it for him," said Ed Hughes, 72, a diehard Democrat who came to hear Menendez at a campaign event to quell doubts created by the ethics charges. "But they're going to try to take those machine ties and strangle him."

Inquiry Said To Involve An Agency's Links To Senator Menendez (NYT)

By David W. Chen

DOJ_NMG_0061351

The New York Times, September 9, 2006

TRENTON, Sept. 8 — Federal prosecutors are reportedly examining the records of a nonprofit community agency in Hudson County that paid more than $300,000 in rent to Senator Robert Menendez while also getting millions of dollars in federal grants with Mr. Menendez's help.

WNBC-TV and The Star-Ledger of Newark reported on Thursday that the United States attorney's office had issued subpoenas to the agency, the North Hudson Community Action Corporation, in Union City, this week. A spokesman for the United States attorney declined to confirm or deny those reports on Friday, and repeated attempts to reach the North Hudson Community Action Corporation were unsuccessful.

But Mr. Menendez, speaking on Friday at the annual convention of the Democratic State Committee in Atlantic City, criticized the timing of the subpoenas as being politically motivated, and repeated his earlier assertions that he did nothing either illegal or unethical in renting the house to the agency for use as office space.

Mr. Menendez is in a tight race for a full six-year term against his Republican opponent, State Senator Thomas H. Kean Jr. The United States attorney who issued the subpoenas, Christopher J. Christie, is a Republican appointed by President Bush.

"We have seen an orchestrated series of leaks, bogus ethics complaints and outright fabrications since the beginning of this campaign," said Mr. Menendez, adding that he personally had not been subpoenaed.

Jill Hazelbaker, Mr. Kean's communications director, dismissed Mr. Menendez's criticism.

"It's disturbing that despite an ongoing investigation by federal authorities, Bob Menendez refuses to take responsibility for his ethical failings," she said. "He's desperate and his campaign is imploding."

The landlord-tenant arrangement between Mr. Menendez and the agency is the latest flash point in a Senate race that has been dominated by accusations of ethical lapses.

Last month, two Republican assemblymen filed a federal ethics complaint claiming that Mr. Menendez had skirted conflict-of-interest rules in the transaction.

But Mr. Menendez repeated on Friday that he received oral permission from the House's ethics committee, and that the agency had received federal funds long before he was elected to Congress. He has also said that the agency, which provides various health and social services, had continued to receive funds, though he sold the house three years ago.

Mr. Menendez, who was appointed to the Senate by Gov. Jon S. Corzine to finish his term, was selected over several other Democrats, including Representative Robert E. Andrews of Camden County.

So when news of the subpoena spread on Friday, reporters asked Mr. Menendez and Mr. Andrews whether Mr. Menendez was under pressure to drop out of the race and be replaced by the congressman.

"In the end, this is all beside the point," Mr. Andrews said. "Menendez is going to win the election because of substance."

For his part, Mr. Menendez said that no one had asked him to drop out. "I think that if you heard all the speeches, the question need not be asked," he said, referring to those delivered by Democratic colleagues at the Atlantic City convention. "The answer is no."

Cardin, Mfume Seek To Distinguish Campaigns (WT)

By Jon Ward

The Washington Times, September 9, 2006

One question remained after the two leading Democrats in Maryland's U.S. Senate primary debated for more than an hour in front of an audience of black pastors in Prince George's County yesterday.

"How do the two of you differ?" the moderator asked.

"A lot of times we seem to be very similar," Rep. Benjamin L. Cardin said. "I think we're different."

"We get this question all the time," said former NAACP leader Kweisi Mfume, a former congressman.

Mr. Cardin and Mr. Mfume, whose contest will be decided in Tuesday's primary, emphasized that they have avoided negative attacks and have focused on issues.

"We've been doing this in the right way," Mr. Cardin said.

But after opening statements and 10 rounds of questions on issues ranging from the war in Iraq and genocide in Sudan to mandatory minimum sentencing and same-sex "marriage," their responses provided little to separate the two candidates.

Whoever wins Tuesday likely will face Lt. Gov. Michael S. Steele, a Republican, in the general election.

Yesterday's debate was held at the First Baptist Church of Glenarden in Landover.

Mr. Cardin and Mr. Mfume spent much of the hour yesterday agreeing on issue after issue, giving similar answers to the members of the Collective Banking Group Inc., which was formed to fight discriminatory lending against black churches.

On the question of bringing federal facilities to Prince George's, Mr. Mfume said, "Ben and I feel pretty much the same way."

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On federal funding for faith-based ministries, Mr. Cardin said, "Kweisi and I are in agreement about much of what has been said."

After the Rev. Jonathan Weaver posed the last question -- "How do you differ?" -- one pastor in the audience piped up, "That's the same question I was going to ask."

Mr. Cardin noted one difference. "Kweisi Mfume is a much better speaker than I am," he said. "I think I bring to this race more experience and more accomplishments."

Mr. Mfume said, "Ben is older than me, and I have more hair and mine is still black."

Mr. Cardin joined in the laughter at Mr. Mfume's joke.

Then Mr. Mfume talked about getting "special interest money" out of the political process and publicly financed campaigns, "so elections are not bought off by millionaires or billionaires."

Mr. Mfume has faced significant fundraising obstacles over his 17-month campaign, raising $1.1 million to Mr. Cardin's $5.5 million.

Mr. Steele has raised $5.2 million. As of Aug. 23, he had $3.1 million left, compared with Mr. Cardin's $1.6 million and Mr. Mfume's $307,437.

After the debate, some pastors said they appreciated the civility between Mr. Cardin and Mr. Mfume.

"I appreciate these guys treating each other with human respect, modeling before the community what it ought to be about," said the Rev. John K. Jenkins Sr., pastor of First Baptist Church of Glenarden.

But Mr. Weaver said he saw "very little difference" between the two candidates.

"If we had had two candidates that had very divergent views, I don't think that's an unhealthy thing, because then people could see that they have a very distinct choice," he said.

Democrats' Best Hopes Lie In Suburban The Northeast, Midwest (MCT)

By Steven Thomma

McClatchy Newspapers, September 9, 2006

NORRISTOWN, Pa. - Lois Murphy is a Democrat eager to oust a Republican congressman and help her party take back control of the U.S. House of Representatives.

She's been here before. She fell short two years ago, but this time she swears it's different. She might be right.

She's in a good position to oust two-term Republican Rep. Jim Gerlach. It could be an isolated win, or, as Democrats hope, it could be part of a realignment of seats in the suburban Northeast back to the Democrats, who long dominated the region's politics.

There are 435 elections for House seats this fall, but only a few dozen are competitive, and they're almost all in the Northeast and Midwest. Many of them are held by moderate Republicans in places, such as suburban Philadelphia, that went for Democratic presidential candidates Al Gore and John Kerry, as well as local Democrats such as Gov. Ed Rendell.

Now, thanks in part to voters' anger at the war in Iraq and disapproval of President Bush, Democrats have an opportunity in these districts to take advantage of a shift away from the national Republican Party that was already occurring.

"It's a very different environment," Murphy said. "It's a very different mood."

Even before Murphy came along, the suburban districts were growing less enamored of Republican rule in Washington. Prosperous, largely white and white-collar, the suburbs are fiscally conservative and socially liberal.

"The voters in the suburbs here are thoughtful, educated, independent thinkers," said Murphy, a former abortion-rights lawyer. "For a number of years, some Republicans have been drifting away over social issues, religion and state, science and environmental protection. Those issues have been accumulating. ... It's been a trend that was already in place but has accelerated in the last year."

This 6th District of Pennsylvania, while still closely divided, seems to be leaning toward the Democrats. It went for Gore by a razor's edge in 2000 and for Kerry by 51-49 percent in 2004.

Next door, the state's 7th Congressional District went for Gore by 51-47 percent and for Kerry by 53-47. Republican Rep. Curt Weldon won easily there, but he faces a strong challenge now from Democrat Joseph Sestak, a retired vice admiral.

The nearby 8th District went for Gore by 51-46 percent and for Kerry by 51-48. Freshman Republican Rep. Michael Fitzpatrick won easily last time when he stepped in at the last minute to replace a retiring congressman and faced token opposition from a weak Democrat. This time, he has a tough opponent in Patrick Murphy, an Iraq veteran who won a Bronze Star.

All three are close contests, according to independent analysts Stuart Rothenberg of the Rothenberg Political Report, Charles Cook of the Cook Political Report and Larry Sabato of the University of Virginia.

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In the 6th District, Gerlach is no right-wing ideologue. He's voted against oil drilling in the Arctic National Wildlife Refuge and against banning gay marriage, while voting to ban so-called partial-birth abortion. The National Journal, a respected Washington weekly, in 2004 put him in the middle on social issues and only slightly to the right on economic issues.

Yet Murphy might have the edge over him this time.

At this point two years ago, she trailed Gerlach in her own polling by 19 points and in campaign cash by $300,000. She closed strong, but lost, 51-49 percent.

Now, aides noted, she leads in the same poll by 1 point and has a cash advantage of $100,000 over Gerlach.

Election Day is Nov. 7.

Edwards Runs Tough Race Against Wynn (WP)

By Ovetta Wiggins

The Washington Post, September 9, 2006

Rep. Albert R. Wynn (D-Md.) has not faced formidable opposition since he was elected in 1992. He has trounced challengers, returning to office with no less than 80 percent of the vote in a primary or general election.

But Wynn is facing the political challenge of his career in Tuesday's Democratic primary against Donna Edwards, a lawyer and community activist who has mounted a vigorous and well-organized campaign to represent Maryland's 4th Congressional District.

Edwards drew little attention when she filed campaign papers in April to run against Wynn, but she has raised her profile in part with the help of Internet bloggers, who support her positions on the environment, campaign finance reform and Iraq. Edwards opposes the war; Wynn voted for the resolution authorizing it.

Connecticut businessman Ned Lamont's Democratic primary defeat of longtime incumbent Sen. Joseph I. Lieberman -- a vocal supporter of the Iraq war -- boosted enthusiasm about Edwards's campaign among bloggers. She continued to hammer Wynn on his vote to go to war in Iraq, calling the seven-term incumbent "Maryland's Joe Lieberman."

Wynn says he was misled by the Bush administration and notes that he was not the only Democrat who was. He has apologized for the vote and now believes the troops should be withdrawn.

"My opponent will say, 'Knowing what I know now, I wouldn't have voted for [the war],' " said Edwards during a recent NAACP candidates forum. "Well, sorry is just too late."

Wynn has spent little time campaigning in past elections but has increased his number of public appearances in his district, which includes parts of Prince George's and Montgomery counties. And he said he is "reaching deep into the playbook" as the campaign goes into the final stretch.

"We take this campaign very seriously," Wynn said. "But let's not make it seem like I'm campaigning against the second coming of Huey Long."

Edwards is a newcomer to Maryland politics. She has worked on Capitol Hill as a lobbyist for groups such as the Center for a New Democracy, where she was the executive director. On a national level, she has pushed for funding for domestic violence victims and reforming the campaign finance system. Locally, she and a community activist group fought against the building of National Harbor, a multibillion dollar resort along the Potomac River, until developers agreed to add a residential component to the project. She has received endorsements from Progressive Democrats of America, the Sierra Club and the National Organization for Women's political action committee.

"I'm not in this as a joke, and I'm not in this to make a statement," Edwards recently told a group of residents during a meet-and-greet at a Mitchellville home. "I'm in this to win it."

Edwards supports a withdrawal from Iraq but has declined to say what the timetable should be. She wants to raise the minimum wage and thinks the country's energy policy should be weaned off of fossil fuels.

But the cornerstone of her campaign is portraying Wynn as out of step with the district's voters.

She points out that Wynn broke ranks with the party to vote in favor of the Bush administration's energy bill in 2003, which authorized tax breaks for energy producers. Wynn also supported the repeal of the estate tax, which would benefit the wealthiest Americans.

These votes, Edwards says, betray the constituents in the solidly Democratic district that runs from Clarksburg in Montgomery to Fort Washington in Prince George's.

Wynn says Edwards, who worked in his law office when she first got out of law school, has mischaracterized his record.

His campaign literature touts the backing of about 40 left-leaning groups, including the AFL-CIO and Planned Parenthood, as evidence that he remains a true Democrat, despite Edwards's attempts to cast him otherwise.

"I consistently vote with pro-choice, I consistently vote with labor unions," Wynn said during a recent interview. "This is a bunch of rubbish of the worst sort."

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He makes no apologies for his vote on the Republican-sponsored energy bill. "I'm happy to stand behind the energy bill," he said, noting that the legislation included a $3 billion increase in energy assistance for low-income residents. "I'm more concerned about getting money for low-income residents. She's more concerned about having a partisan fight."

Wynn said he supports repealing the estate tax because business owners in his district and wealthy first-generation African Americans across the country requested it and because he believes people should be taxed when they are alive.

But he is not used to having to explain his position. In the past, he has faced opponents such as Republican John Kimble, who once said he was running because "the salary seems good." Kimble perhaps was best known for offering to pose nude in Playgirl magazine in a stunt to raise campaign money, and he recruited Wynn's ex-wife to do a radio ad six years ago.

Wynn described the contest with Edwards, who has support from Barbra Streisand, Danny Glover and Gloria Steinem, as "the liberal elite versus the pragmatic Democrat."

Although many political observers applaud Edwards's aggressive campaign, they say she has little chance of defeating the seven-term incumbent.

"She's put together a very energetic campaign," said Matthew A. Crenson, a political science professor at Johns Hopkins University in Baltimore. "But he's firmly entrenched."

Edwards said that when she became disillusioned with Wynn's record, she began asking elected officials about running against him. "No one would do it," said Edwards, who has not campaigned for office since high school. "They said, 'He can't be beaten, he has a machine.' "

Wynn continues to wave signs on busy intersections in Prince George's and Montgomery, and Edwards continues to try to penetrate Wynn's popularity, holding meet-the-candidate events in living rooms and basements across the district.

Nakia Nicholson, a teacher and Wynn supporter who recently attended one of Edwards's events, left impressed.

"I think she's a very knowledgeable, very capable candidate," Nicholson said.

But was she swayed?

"I'm in the middle right now," she said.

Governor Apologizes For Ethnic Comments (LAT)

By Robert Salladay And Michael Finnegan, Times Staff Writers

The Los Angeles Times, September 9, 2006

Schwarzenegger says reading his remarks on 'hot' Latinos made him uncomfortable.

SACRAMENTO — Saying he cringed after reading his own words, Gov. Arnold Schwarzenegger apologized Friday for characterizing a Latina lawmaker as hotblooded because of her ethnicity.

The governor said he was disturbed by published reports of a casual conversation with top aides at a private meeting in his Capitol office last spring, recorded by a staff member preparing a speech for him. He apologized for the remarks at a news conference in Santa Monica with Assemblywoman Bonnie Garcia (R-Cathedral City), the subject of his comments, smiling as she stood next to him.

"Anyone out there that feels offended by these comments, I just want to say I'm sorry. I apologize," Schwarzenegger said.

"The fact is that if I would hear these kind of comments in my house, by my kids, I would be upset," Schwarzenegger said. "It's one thing when you say things, but it's another thing when you read it in the paper. It made me cringe. It made me feel uncomfortable."

The Times obtained a copy of the audio recording and published the governor's remarks on its website Thursday evening and in the newspaper Friday.

On the six-minute recording, Schwarzenegger discusses Garcia with his Democratic chief of staff, Susan Kennedy. Their conversation, consisting mostly of casual banter, veered away from talk about two Republican legislative leaders to Garcia and her ethnic identity.

"She maybe is Puerto Rican or the same thing as Cuban. I mean, they are all very hot," the governor said. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

And he recalled a Cuban-born bodybuilder who, he said, "was like that."

Garcia, who has been campaigning for Schwarzenegger as one of his highest profile Latina supporters, said there was no need for apologies, because she refers to herself as hotblooded. The governor attended a fundraiser for Garcia's reelection campaign Thursday.

"I am not mad that he recognizes that I am passionate about the issues," she said, echoing comments she made to The Times on Thursday, "and I am not mad that he allows me to tell him exactly what I think, and what's on the mind of people in my community. So again, there is no need to apologize."

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Assembly Republican leader George Plescia (R-San Diego), whom Kennedy said on the recording looked like a startled deer, also said no apology was necessary, although both the governor and Kennedy called him to express regret. He said he was not offended.

Plescia said his office was planning to make T-shirts with the phrase "Wild Bunch" on them for every member of the Legislature's GOP caucus — a reference to Schwarzenegger's characterization of Republican lawmakers on the recording.

"Some of us have thought of wearing it like a badge of honor," Plescia said.

On the recording, Schwarzenegger muses about Plescia's ability to "control that wild bunch upstairs," and describes the chamber's Republicans as an "unruly bunch of guys and girls."

Schwarzenegger said at the news conference that he had called several Latino and African American community leaders to discuss his taped remarks with them, although he did not name them. They understood that the remarks were part of an "off-the-record conversation, and it was not meant to be in any negative way," he said.

Schwarzenegger said the conversation had been taped, as some of his meetings are, "because I have a certain way of speaking" and because it helps his speechwriters get the "texture" of his accent.

"So I don't sound like any other politician speaking, I always sound like Arnold," he said, noting that his speechwriter was new on the job at the time.

The governor's apology did not mollify his opponents. State Treasurer Phil Angelides, the Democrat who is challenging his reelection bid this year, issued a statement saying Schwarzenegger "has used language that is deeply offensive to all Californians and embarrassed our state."

"His comments reflect a disturbing pattern of behavior," the statement said. "The governor has a responsibility to conduct himself with dignity."

Rep. Hilda L. Solis (D-El Monte) said she thought the comments were disrespectful because they portrayed Latinas as objects, not individuals with differing personalities.

"What is really sad is we're always trying to defy these stereotypes, especially Latino women in important positions," Solis said. "This doesn't help us. People just want to brush us off and depict us in a negative manner."

Schwarzenegger did not refer to his earlier remarks in a brief speech later Friday morning at the opening ceremonies of the Los Angeles County Fair in Pomona. During a leisurely stroll through the rows of hot dog and cotton candy stands, he obliged requests to recite lines from "The Terminator," autographed checkbooks and maps of the fair, and took one teenager's cellphone to say hello to the young man's friend on the other end.

Many of his greeters included blacks and Latinos, few of whom said they were disturbed by Schwarzenegger's comments about ethnicity and personality.

"It's probably true," said Frank Rodriguez, a stove assembly technician from La Puente who described himself as being of Mexican descent. "There's a lot more things to be offended about. He has a right to say what he wants, just like we do. If it was just anybody else on the street — if I said it, if you said it — nobody would care."

Vincent Kirby, a retired computer assembler from La Puente who said he is still deciding whether to vote again for Schwarzenegger, said the comments weren't likely to sway him one way or another.

"But as governor," said Kirby, 53, who said his ancestors included Spaniards, American Indians and Cajuns, "to really keep his face and his character and his charisma up, he should really avoid stuff like that."

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Times staff writer Maeve Reston contributed to this report.

Schwarzenegger Apologizes For Ethnic Group Remarks (NYT)

By Jennifer Steinhauer

The New York Times, September 9, 2006

LOS ANGELES, Sept. 8 — Gov. Arnold Schwarzenegger apologized Friday for saying in a closed-door meeting in March that Cubans and Puerto Ricans were naturally passionate because of their combination of “black blood” and “Latino blood.”

The comments were captured on tapes during a speechwriting session between Mr. Schwarzenegger, a Republican seeking re-election, and his chief of staff, Susan Kennedy, when they spoke of their shared affection for Assemblywoman Bonnie Garcia’s legislative style.

“I mean Cuban, Puerto Rican, they are all very hot,” the governor says on the recording. “They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it.”

The Los Angeles Times, which obtained a tape of the remarks, reported about them on Friday.

Early Friday, Mr. Schwarzenegger’s Democratic opponent, Phil Angelides, released a statement chastising the governor.

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“Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state,” Mr. Angelides said.

But Ms. Garcia, a Republican and an ally of Mr. Schwarzenegger, responded in kind.

“The only embarrassment in California today is Phil Angelides’s sad and predictably partisan statement,” she said in a statement distributed by the Schwarzenegger campaign.

Soon, black and Hispanic lawmakers issued their own news releases, some saying they did not care for Mr. Schwarzenegger’s remarks, others saying there was nothing wrong with them.

Mr. Schwarzenegger called a news conference in Los Angeles with Ms. Garcia at his side to make the standard political apology.

“To anyone out there that feels offended by those comments, I just want to say I apologize,” he said.

“I called several Latino leaders,” Mr. Schwarzenegger said. “It was very clear that all of them understood that this was an off-the-record conversation, and they all said to me we are not preoccupied with these kind of things.”

Ms. Garcia praised the governor for recognizing “that I am passionate about the issues.”

Schwarzenegger Says He Is Sorry (WP)

By John Pomfret

The Washington Post, September 9, 2006

Gov. Arnold Schwarzenegger apologized yesterday for declaring during a closed-door meeting that Cubans and Puerto Ricans are "hot" because of their combination of "black" and "Latino blood."

The action hero-turned-governor acknowledged that the tape-recorded comments made him "cringe" when he read them in yesterday's editions of the Los Angeles Times.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Schwarzenegger said, adding that if he heard his children make similar comments, "I would be upset."

Schwarzenegger was captured making casual remarks about fellow Republicans on a six-minute tape recorded during a March 3 speechwriting session with his advisers. The Los Angeles Times obtained the tape, placed a link to it on its Web site and put the story about Schwarzenegger's remarks on its front page.

On the tape, Schwarzenegger and chief of staff Susan Kennedy, who is a member of the Democratic Party, praise state Assemblywoman Bonnie Garcia (R-Cathedral City) and speculate about her ethnicity.

"I mean Cuban, Puerto Rican, they are all very hot," the governor says on the recording. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

The pair spoke affectionately about Garcia in the context of their attempts to induce recalcitrant Republican lawmakers to go along with a series of massive bond proposals to rebuild California's crumbling infrastructure that Schwarzenegger was attempting to hash out with the legislature. Californians will vote on the package, the biggest in the state's history, in November; Schwarzenegger is also running for reelection.

Garcia, who is Puerto Rican and the only Latina Republican in the assembly, appeared with Schwarzenegger yesterday and said she was not offended by the governor's comments. Garcia earlier told the Times that she refers to herself a "hot-blooded Latina."

"I love the governor because he is a straight talker just like I am," she said.

Another subject of the tape, Republican Assemblyman Kevin McCarthy, who was referred to as "Bakersfield boy," said he thought the tape was funny.

Schwarzenegger's opponent, Democratic nominee Phil Angelides, criticized the governor. "Once again, Governor Schwarzenegger has used language that is deeply offensive to all Californians and embarrassed our state," Angelides said in a statement released by his campaign. "His comments reflect a disturbing pattern of behavior. The Governor has a responsibility to conduct himself with dignity."

Garcia criticized Angelides, who trails Schwarzenegger by 13 points in the latest statewide poll, for trying to make political hay from the remarks. "The only embarrassment in California today is Phil Angelides' sad and predictably partisan statement," she said.

It is clear in listening to the tape that the governor and his aides knew they were being recorded, most probably by aide Gary Delsohn, a former Sacramento Bee reporter who was present at the meeting and is now the governor's chief speechwriter.

At one point, Schwarzenegger calls Kennedy a "major, major champion."

"Got that on tape?" Kennedy responds.

"It's on tape," Delsohn answers.

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The comments on the tape are not the first time Schwarzenegger has sparked controversy or that the Los Angeles Times has put it on its front page.

In late August, Schwarzenegger settled a libel lawsuit with former late-night British TV personality Anna Richardson, who claimed she was groped by the Hollywood actor during a 2000 interview and defamed by his aides during his 2003 campaign for governor. Richardson's allegations and those of several other women were the subject of a front page Los Angeles Times article that ran days before Schwarzenegger's election in an unprecedented recall against his predecessor, Democrat Gray Davis.

"Just like the first L.A. Times story, I don't think this one is going to have any effect on the election," said Allan Hoffenblum, a Republican strategist. "Arnold is so well known among voters. No one thinks he's a bigot. He's just being Arnold."

Nonetheless, Hoffenblum said Schwarzenegger knows that the Latino vote in California is crucial for his reelection prospects. However, there was little sign yesterday that Latino leaders had taken offense.

A spokesman for Fabian NuÃ±ez, speaker of the Assembly and a co-chair of Angelides's campaign, said Schwarzenegger's relations with the Hispanic community had always been good. "These are hardly Nixon's Watergate tapes," spokesman Richard Stapler said.

Schwarzenegger Regrets 'Very Hot' Remark (AP-Y)

By Michael R. Blood

AP, September 9, 2006

Gov. Arnold Schwarzenegger apologized Friday for saying in a closed-door meeting that the mixture of Hispanic and black blood gives Puerto Ricans and Cubans "very hot" personalities.

The Republican governor said he cringed when he read his own words in the Los Angeles Times story on Friday and added that the comments, referring to a GOP legislator, were not "meant to be in any negative way." Some critics were outraged, but even some Democrats said his remarks appeared to be more playful than disparaging.

"Anyone out there that feels offended by those comments, I just want to say I'm sorry, I apologize," Schwarzenegger told reporters outside a seaside hotel in Santa Monica.

The statements about Hispanics and blacks were captured on a six-minute tape made during a March 3 speechwriting session between Schwarzenegger and his advisers. On it, Schwarzenegger and chief of staff Susan Kennedy speak affectionately of state Assemblywoman Bonnie Garcia and speculate about her nationality.

"I mean Cuban, Puerto-Rican, they are all very hot," the governor says on the recording. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Schwarzenegger, in a tight re-election race, has displayed a more restrained, statesmanlike demeanor while all but retiring his trademark Hollywood swagger. But the newly disclosed remarks challenge that carefully managed image and provide a reminder of his history of off-the-cuff — and sometimes off-color — remarks.

He once called California legislators "girlie men" and talked of kicking nurses' "butts," the kind of comments he has sought to avoid during his re-election year.

Garcia, who is Puerto Rican, appeared with Schwarzenegger on Friday and said she was not offended by the governor's comments. Garcia earlier told the Times that she often calls herself a "hot-blooded Latina."

Schwarzenegger also said he called leaders from ethnic groups, who he said were not upset.

The Democrat who wants to unseat him, state Treasurer Phil Angelides, said the governor "used language that is deeply offensive to all Californians."

U.S. Rep. Barbara Lee, D-Oakland, a member of the Congressional Black Caucus, said Schwarzenegger's "racist comments were disgusting," while Esteban Torres, chairman of the National Latino Media Council, called the remarks "an enormous slip of the Schwarzenegger tongue."

But Assemblyman Mervyn Dymally, a Democrat who chairs the state Legislative Black Caucus, called the remarks "usual political banter. We do this all the time. In this case, it just happened to be taped."

"These are hardly Nixon's Watergate tapes," said Richard Stapler, a spokesman for state Assembly Speaker Fabian Nunez, a Democrat.

Schwarzenegger aides routinely tape his speechwriting sessions so the writers can keep a record of his thoughts and speaking patterns.

The newspaper did not say how the tape was obtained. The participants suggest during the meeting that they know they are being recorded.

Major Iranian Bank Is Blocked From Using U.S. Financial System (WSJ)

By Deborah Solomon

DOJ_NMG_0061358

The Wall Street Journal, September 9, 2006

WASHINGTON -- The Bush administration said it has blocked a major Iranian bank's access to the U.S. financial system, the latest step in Washington's growing attempt to isolate Iran.

Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said Bank Saderat, one of Iran's largest state-owned banks, no longer will be able to use the U.S. financial system. In a speech before the American Enterprise Institute, Mr. Levey said Bank Saderat had helped transfer hundreds of millions of dollars to terrorist organizations, including Hezbollah and Hamas.

The quest to cut off Iran's support to Hezbollah gained urgency this summer when the Shiite Muslim militia and Israel engaged in intense fighting in Lebanon and Hezbollah unleashed hundreds of rockets into Israel. The size of Hezbollah's arsenal raised alarm at the level of Iranian support for the group.

At the same time, the U.S. is eager to show that Iran can be cut off economically in the run-up to United Nations Security Council debates this fall that will focus on ways to impose economic sanctions for Tehran's refusal to give up its nuclear program's uranium-enrichment work.

The move is part of a broader Bush administration effort to hamper Iran's efforts to aid terrorism and acquire sophisticated weapons, by convincing other governments and financial institutions world-wide to stop doing business with Iranian-controlled companies.

"This is an appropriate leveraging of U.S. economic sanctions by authorities to make it more difficult for Iran to use the common international financial infrastructure to engage in buying materials for its nuclear program, to support terrorist activities and to do other bad stuff that jeopardizes security," says Jonathan Winer, a former State Department official in the Clinton administration and now a partner at law firm Alston & Bird LLP.

While Iranian financial institutions can't directly access the U.S. financial system, they can touch it indirectly by working through foreign banks. These so-called "U-turn transactions" allow U.S. banks to process payments involving Iran if the money transfer begins and ends with a non-Iranian foreign bank. Friday's move will prohibit Bank Saderat from participating in transfers involving U.S. banks.That, in turn, will pressure foreign banks to stop dealing with Bank Saderat.

U.S. Moves To Isolate Iranian Banks (WP)

By Glenn Kessler

The Washington Post, September 9, 2006

The Bush administration has stepped up a broad effort to choke off Iran's ability to finance militant groups and acquire weapons technology by cutting off suspect banks and firms from the international banking system, U.S. officials said yesterday.

The initiative has gathered steam in recent weeks, even as the U.S.-led effort to bring sanctions against Iran for its nuclear activities has slowed at the U.N. Security Council. Officials have especially focused on Iran's financing of the radical Shiite militant group Hezbollah in the aftermath of Israel's war with Hezbollah in southern Lebanon this summer.

The Treasury Department said yesterday it had cut off one of Iran's largest state-owned banks from the U.S. financial system, accusing Bank Saderat of funneling $50 million to a Hezbollah-controlled firm since 2001. The bank -- which has about 3,400 branch offices across the Middle East and elsewhere -- has also been used by Iran to transfer money to Hamas, the Popular Front for the Liberation of Palestine-General Command and Palestinian Islamic Jihad, the Treasury Department said.

Iranian banks are already barred from doing business directly with U.S. banks, but U.S. banks are permitted to process payments involving Iran that begin and end with a non-Iranian foreign bank, in what are called "U-turn" transactions. Treasury's action will end such indirect access for Bank Saderat.

On Thursday, Treasury separately targeted two Lebanon-based financial institutions that officials said acted as Hezbollah's unofficial treasury, helping secure loans and finance business deals for the organization, among other things.

Stuart Levey, the Treasury undersecretary for terrorism and financial intelligence, said he will go to Europe next week to enlist support from governments and financial institutions for severing Iran from the international financial system. Other Treasury and State Department officials are traveling across Asia and the Middle East to make similar pitches.

"This is certainly an example of the variety of different levers that are available not only to the United States, but other countries as well about how to bring about a change in behavior in the Iranian regime," said State Department spokesman Sean McCormack, referring to the action against Bank Saderat.

"Our actions this week are a sign of the costs that Iran's leaders will impose on the Iranian people if the leadership chooses to remain on its current path of defiance," Levey said yesterday in a speech to the American Enterprise Institute. "The regime will end up isolating Iran from the world community, with reputable financial institutions becoming increasingly unwilling to handle Iran's business."

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Levey noted that earlier this year the Swiss bank UBS ended its dealings with Iran, while two other banks, HSBC and Credit Suisse, sharply curtailed their business.

"The next steps may involve sacrifice, but I think that people are beginning to recognize that the costs we face now pale in comparison to those we might face in the future if Iran does not change course," he said.

Levey said Treasury has had tremendous success against North Korea, which has suffered since Treasury a year ago accused a bank in Macao of being a conduit for North Korean counterfeiting and money laundering. A number of financial institutions around the world immediately stopped doing business with North Korea, Levey said, warning that all financial institutions should consider abandoning dealings with North Korean companies. "The line between North Korea's licit and illicit money is nearly invisible," he said.

North Korea has refused to return to multilateral disarmament talks, citing the Treasury action.

U.S. Cracks Down On Iranian Bank (AP-Y)

By Jeannine Aversa

AP, September 9, 2006

The Bush administration, stepping up the pressure on Tehran, moved Friday to sever a big Iranian state-owned bank from the U.S. financial system.

Stuart Levey, the Treasury Department's under secretary for terrorism and financial intelligence, said the government's action is against Bank Saderat, which the United States contends is used by Iran to transfer money to terrorist groups, including Hezbollah.

While Iranian financial institutions are barred from directly accessing the U.S. financial system, they are permitted to do so indirectly through a bank in another country. The United States is closing down that avenue for Bank Saderat, a U.S. Treasury official explained. The action, which involved a change in regulations, doesn't apply to other Iranian banks, the official said.

"Today we have cut off one of the largest Iranian state-owned banks, Bank Saderat, from the U.S. financial system," Levey said.

It marked the administration's latest effort to turn up the heat on Iran.

The United States wants the U.N. to impose sanctions against Iran unless the country stops enriching uranium, a key step in making nuclear weapons.

Friday's action also is the latest step to financially clamp down on Hezbollah, which the United States says is bankrolled in large part by Iran.

The U.S. calls Lebanon-based Hezbollah a terrorist group that is suspected of involvement in terrorist attacks worldwide. The U.S. also blamed Hezbollah for triggering recent bloodshed in the Middle East involving Lebanon, Israel and the terrorist organization.

Levey said that since 2001 a Hezbollah-controlled organization, which he did not identify, received $50 million directly from Iran through Bank Saderat.

"Hezbollah has used Bank Saderat to transfer funds, sometimes in the millions of dollars, to support the activities of other terrorist organizations such as Hamas in Gaza," Levey said. "We will no longer allow a bank like Saderat to do business in the American financial system, even indirectly."

Levey will be traveling to Europe, where he'll talk to government officials and business people about persuading banks and other financial institutions to stop doing business with Iran. Some banks are already rethinking their relationships with the country, he said.

"Earlier this year, the Swiss bank UBS cut off all dealing with Iran," Levey said. "HSBC and Credit Suisse have also limited their exposure to Iranian business."

It is a difficult decision for banks to make given Iran's standing in the global economy, including its position as a major oil supplier, Levey acknowledged in an interview with The Associated Press last week.

"The next steps may involve sacrifice, but I think that people are beginning to recognize that the costs we face now pale in comparision to those we might face in the future if Iran does not change course," Levey said Friday.

U.N. Is Moving To Punish Iran, U.S. Envoy Says (NYT)

By Judy Dempsey

The New York Times, September 9, 2006

BERLIN, Sept. 8 — The United States wants the major powers to begin talks next week on a draft United Nations resolution against Iran if it does not halt its enrichment of uranium, a senior American official said Friday.

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“We are heading toward the U.N. Security Council to consider a sanctions regime,” R. Nicholas Burns, the United States under secretary of state for political affairs, said in a speech at the American Academy in Berlin after meeting with diplomats from Britain, France and Germany. He also met separately with representatives of China, Russia, Japan, Italy and Canada.

Mr. Burns said that the meeting with the European diplomats, held Thursday, was “the first time we sat together to discuss what type of sanctions” to impose on Iran. He said talks with them and the diplomats from Russia and China would resume Monday by conference call, and then shift to the United Nations.

“The American view is that following these discussions on Monday, and perhaps some others early next week, we should move this to the Security Council and draft a resolution,” he said, adding that sanctions would be “directed at the Iranian government and the nuclear industry” as well as its nuclear research program.

The sanctions proposal would consist of two phases, said a senior diplomat familiar with the talks. The first would aim to limit international travel by Iranian nuclear experts and freeze their assets outside Iran. If the enrichment program continued, the diplomat said, the United States would urge that the travel ban and freeze on assets be extended to top government officials.

He said he hoped a draft resolution would be ready when the General Assembly convenes Sept. 18.

Javier Solana, the European Union’s foreign policy chief, is to meet Saturday with Ali Larijani, Iran’s nuclear negotiator.

U.S. Expects Iran Sanctions Within Weeks (AP)

By George Jahn, Associated Press Writer

AP, September 9, 2006

The United States expects a Security Council agreement on U.N. sanctions against Iran within weeks unless Tehran agrees at the last minute to freeze uranium enrichment, a senior State Department official said Friday.

Undersecretary of State Nicholas Burns also dismissed suggestions of cracks in the six-power coalition pushing Tehran to give up enrichment.

Speaking a day after those countries ended confidential discussions in Berlin, Burns said further talks were needed on how harshly to penalize Tehran for its refusal to freeze enrichment, as demanded by the Security Council. But he said a lot of progress was made.

Outlining the U.S. view of the timetable on Iran in the coming weeks, Burns said the six nations would further consult by phone on Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"It's fair to say we have ... a lot more work to do," he told guests at an event staged by The American Academy in Berlin. "But I believe we will be successful in passing the sanctions resolution shortly" in the Security Council, he added.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Thursday's meeting in Berlin came amid efforts by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

In a confidential document obtained by The Associated Press and sent to dozens of capitals last week, Britain, France and Germany warned that Tehran's stalling tactics on whether it was ready to meet terms for new nuclear talks were an attempt "to split the international community."

But there were indications that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering.

While Iran has expressed a desire for negotiations, the six nations have insisted that Iran suspend enrichment before talks begin. The six countries — Germany plus Security Council powers Britain, France, China, Russia and the U.S. — have offered Iran a package of economic, political and strategic rewards to comply with the demand.

But French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest that demand was negotiable, saying: "The question is to know at what moment this suspension takes place compared to negotiations."

Burns dismissed suggestions of a split, saying all five permanent Security Council members insist negotiations should not start until Iran suspends enrichment.

"I have not heard from any government from this group that we should change the basic offer, that hasn't changed," he said, adding: "No one mentioned anything like this" during Thursday's meeting.

"The Iranians are in a very tough position," Burns said. "At first they thought, let's divide the United States from the EU-3 and that didn't succeed. The Iranians are obviously trying to divide Russia and China from the rest of us, and that hasn't succeeded."

Still, a diplomat familiar with the U.S. stance said Burns was worried about the French statement, which would weaken what has been a unified stance between the four Western countries in the six-nation coalition for a need to move to sanctions if Iran remains defiant.

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Mohammed Khatami, the two-term former Iranian president, suggested that not only France but Russia and China — which have been skeptical about sanctions — were no longer insisting that an enrichment freeze had to precede negotiations.

"As far as I know, Russia, China and France are interested in pursuing the dialogue even without preconditions," he said Thursday in Washington.

Burns spoke on the eve of a crucial meeting between senior EU envoy Javier Solana and Ali Larijani, the chief Iranian nuclear negotiator. An Iranian official told the AP the talks were set for Vienna, with Larijani scheduled to arrive Friday evening.

The talks are considered a final attempt to find common ground to start negotiations between Iran and the six powers.

As the Americans and their allies worked at the Berlin meeting to overcome Russian and Chinese opposition to sanctions, the European document appealed to other countries for support.

The 1 1/2-page paper labeled "In Confidence" summarizes Iran's response to incentives package. The six powers have also asked Iran to consider a long-term moratorium on the technology, which can be misused to make nuclear arms.

Iran, which insists its nuclear program is meant only to produce fuel, refused suspend enrichment by an Aug. 31 deadline set by the Security Council. Its Aug. 22 response to the rewards offer has been kept confidential. But the United States and its allies have described it as unsatisfactory, primarily because of Tehran's refusal to consider freezing enrichment.

"The Iranian goal obviously is to split the international community," says the document, drawn up by Britain, France and Germany. While not specifically threatening U.N. sanctions, it says the Security Council will have to consider "further steps" if Tehran continues to defy the council.

Diplomats familiar with the document said it was drawn up to inform other nations of the substance of Iran's counteroffer and share the Western view that it was inadequate.

"The reply is along the lines of previous Iranian statements in that typically it neither accepts nor rejects outright" the six-nation proposal, said the document.

U.S. Confident Of Sanctions On Tehran (WT/AP)

By George Jahn

The Washington Times, September 9, 2006

BERLIN -- The United States expects a U.N. Security Council agreement on sanctions against Iran within weeks unless Tehran agrees to freeze uranium enrichment, a senior State Department official said yesterday.

Undersecretary of State R. Nicholas Burns also dismissed suggestions of cracks in the six-nation coalition pushing Tehran to give up enrichment.

Speaking a day after those countries ended confidential discussions in Berlin, Mr. Burns said further talks were needed on how harshly to penalize Tehran for its refusal to freeze enrichment, as demanded by the Security Council. But he said a lot of progress had been made.

In Washington, former Iranian President Mohammed Khatami told a group of American Muslims that they should take the lead in condemning terrorist attacks like the one on September 11, as well the wave of "Islamophobia" and distorted images of Islam that followed the attacks.

"We Muslims should condemn these atrocities even more strongly," he said, speaking through an interpreter.

"Warmongers, those who kill and suppress and those who commit acts of terror, if they identify themselves with Islam," they are lying, he said.

Mr. Khatami, president of Iran from 1997 to 2005, spoke at a dinner hosted by the Council on American-Islamic Relations, the country's largest Muslim civil liberties group, as part of a three-day visit to Washington. He is the highest ranking Iranian official, current or former, to visit the United States since the 1979 Islamic Revolution.

The ex-president is scheduled to conclude his two-week, five-city American tour with a speech at Harvard University's Kennedy School of Government in Boston tomorrow.

Outlining the U.S. view of the timetable on Iran in the coming weeks, Mr. Burns said the six nations would further consult by phone on Monday and hoped to present a unified approach on sanctions to their foreign ministers by the time the U.N. General Assembly opens Tuesday.

"It's fair to say we have ... a lot more work to do," he told guests at an event hosted by the American Academy in Berlin. "But I believe we will be successful in passing the sanctions resolution shortly" in the Security Council, he added.

"The American view is that following these discussions on Monday and perhaps some others early next week, we should move this to the Security Council and draft a resolution" on sanctions, he said.

Thursday's meeting in Berlin came amid efforts by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

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While Iran has expressed a desire for negotiations, the six nations have signed off on a proposal that Iran suspend enrichment before talks begin. The six countries -- Germany plus Security Council powers Britain, France, China, Russia and the United States -- have offered Iran a package of economic, political and strategic rewards to comply with the demand.

But French Foreign Minister Philippe Douste-Blazy on Thursday appeared to suggest that demand was negotiable, saying: "The question is to know at what moment this suspension takes place compared to negotiations."

Mr. Burns dismissed suggestions of a split, saying all five permanent Security Council members insist negotiations should not start until Iran suspends enrichment.

"I have not heard from any government from this group that we should change the basic offer; that hasn't changed," he said, adding: "No one mentioned anything like this" during Thursday's meeting.

"The Iranians are in a very tough position," Mr. Burns said. "At first they thought, let's divide the United States from the EU-3 and that didn't succeed. The Iranians are obviously trying to divide Russia and China from the rest of us, and that hasn't succeeded."

Mr. Burns spoke on the eve of a crucial meeting between senior EU envoy Javier Solana and Ali Larijani, the chief Iranian nuclear negotiator. An Iranian official said the talks were set for Vienna, Austria.

The talks are considered a final attempt to find common ground to start negotiations between Iran and the six powers.

Khatami Blasts Wave Of 'Islamophobia' (AP-Y)

By William C. Mann

AP, September 9, 2006

Iran's former president decried a wave of "Islamophobia" that he said is being spread in the United States by fear and hatred of Islam in response to terror perpetrated by Muslims.

"In the crime of 9/11, two crimes were committed," Mohammad Khatami said. "One was killing innocent people. The second crime was masking this crime in the name of Islam."

Under smothering security, with dozens of uniformed police and plainclothes American security personnel provided by the State Department, Khatami spoke Friday night at an event sponsored by the Council on American-Islamic Relations called "The Dialogue of Civilizations: Five Years After 9/11."

Khatami is visiting the United States for two weeks, coming to this Washington suburb after two days in the nation's capital. Unlike at an appearance Thursday night in the Washington National Cathedral, no protesters were evident outside the hotel where he spoke. Multiple marked and unmarked security vehicles were outside, and a segment of Jefferson Davis Highway, a main Arlington artery, was shut down while he was there. At least one helicopter swooped repeatedly over the area.

Khatami, the most senior Iranian to visit Washington in a quarter-century, spoke in front of American and Iranian flags, draped in each other's folds.

The talk broke no new ground for Khatami, considered a reformist during his two terms as president that ended last year. He was among the first foreign leaders to condemn the Sept. 11, 2001, attacks. His visit to the United States drew criticism from some politicians and others because of the bitter contention now under way between Iran and the United States over actions of his successor, Mahmoud Ahmedinejad

He told his audience through an interpreter that in conditions that have followed the Sept. 11 attacks, American Muslims should show their countrymen by example that they, not terrorists, represent Islam.

"Demonstrate to others that whatever is said about Islam in the media is not correct" and combat the "wave of Islamophobia and hatred of Islam that we unfortunately are experiencing today," he said.

He laid out three goals for Muslims: "Your responsibility and our responsibility is to be first a good citizen in whatever country you live; to try for yourself and your children to move up the ladder of social achievement and education; and third is to fight the vague Islamophobia that has been created by those who don't have the best interests of Islam at heart."

He said "killers who go among others and kill others in acts of terror, if they identify themselves with Islam, they are lying. You Muslims who live in the United States should be representatives of enlightenment and don't allow those who create this Islamophobia" to speak for the religion.

A Cleric Steeped In Ways Of Power (NYT)

By Michael Slackman

The New York Times, September 9, 2006

TEHRAN, Sept. 3 — As Iran defies the West over its nuclear program, the public face of the nation has become the outspoken president, Mahmoud Ahmadinejad. But it is the supreme leader, Ayatollah Ali Khamenei, who by most accounts has been the primary architect of Iran's combative foreign policy, and the force behind the president's own power.

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Cloaked in religious robes, with a black turban signaling that he is a descendant of the Prophet Muhammad, Ayatollah Khamenei delivers the same blistering anti-American, anti-British, anti-Israeli message as the president.

His political evolution charts his own rise to power. As the Friday Prayer leader nearly two decades ago, he questioned the absolute power of Iran's supreme leader, saying Islamic law and the Constitution must come first. Today, he has emerged as an aggressive defender of his own right to have the final say in all matters of state and religion — a power he has not been afraid to exercise.

Indeed, political analysts, clerics and former government officials here said they believed that he had pushed for a more confrontational approach with the West because he grew disillusioned with the so-called confidence-building policy pursued by the reformist government of Mohammad Khatami.

They said he also sought to consolidate his power by building a political base among Iran's more fundamentalist circles, which are suspicious of the West. Along the way, he succeeded in sidelining most of those with independent authority, such as the former two-term president Ali Akbar Hashemi Rafsanjani, who pushed to select Ayatollah Khamenei as supreme leader.

"He wanted to preserve his power and he has been quite successful," said Mohsen Kadivar, a senior reformist cleric in Tehran. "His power is stronger today. Everyone who is in power is to obey him, completely. But his authority, which comes from people's support, has not increased."

Ayatollah Khamenei's political evolution from the traditionalist right to the more fundamentalist camp was described in interviews with present and former state officials, clerics who worked with him before and after the revolution, Western diplomats in Tehran and political analysts. Virtually all insisted on anonymity, fearing retribution if they spoke publicly. They all cautioned that they held only pieces of the puzzle.

The supreme leader is such a sensitive subject here that the government press office declined to submit a request to visit his office, or speak with his administrative staff.

When Mr. Ahmadinejad was elected last year, many analysts and present and former officials said he was Ayatollah Khamenei's candidate. But when the president came out with his aggressive comments — about nuclear energy and Israel in particular — many wondered aloud if the leader's candidate was speaking without the consent of his prime patron. It is still impossible to know whether, for example, the president asked for permission before sending letters to world leaders, including President Bush.

But Ayatollah Khamenei (pronounced kha-meh-neh-ee) erased some of that confusion late last month, when he made statements siding with the president against the Guardian Council, which oversees all government decisions, and Parliament. In a news conference last month, Mr. Ahmadinejad acknowledged that Ayatollah Khamenei had advised his administration to try to broaden its circle of advisers and reach out to more "intellectuals."

When Ayatollah Khamenei was chosen 17 years ago to succeed Ayatollah Ruhollah Khomeini, the father of the Islamic Republic, he was finishing his second term as president, a relatively weak job then because there was also a prime minister.

The ayatollah, a midlevel cleric without a strong political base, was chosen in part because he was not seen as a threat to other powerful clerics or politicians, political analysts in Tehran said. In fact, for his first six years as leader, it was President Rafsanjani who ran the state, according to people who worked with both men.

Over time, Ayatollah Khamenei created a system that many political analysts and Western diplomats here say is less a theocracy and more an autocracy — with loyalty to the leader the prerequisite for influence.

Ayatollah Khamenei has strong ties to the Basij volunteer morality squads and the Revolutionary Guards, and has won the allegiance of some powerful seminaries in the religious center of Qum by giving them state funds. He also has strong allies in the Guardian Council and the Assembly of Experts, which technically exercises oversight of the leader.

While Iran's elected officials are subjected to public scrutiny and criticism, the supreme leader is not. He is more than a head of state; he is a symbol of two core elements of the Islamic Republic's official identity — revolution and religion. As a result, assessing the leader is a red line in Iran, one few people are willing to cross, at least publicly.

The Constitution gives the supreme leader near total control of the state, though officials like to emphasize that he is selected by the Assembly of Experts, which is elected by the public. The leader appoints all military and security commanders, he has the power to declare war and must confirm the election of the president. He appoints the head of the judiciary, more than half the members of the Guardian Council and the head of state television.

Still, Iran is not a country ruled by decree. There are multiple power centers and competing agendas, requiring that major decisions be made after consultation and compromise.

As Ayatollah Khamenei has consolidated power, he has defined Iran's agenda. He supports Iran's right to pursue nuclear energy, rails against the failure of "liberal democracy" and often talks about the "usurper Zionist regime" — just as President Ahmadinejad does.

Here is what the supreme leader said at a conference in Tehran in April:

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"The bitter and venomous taste of Western liberal democracy, which the United States has hypocritically been trying to portray through its propaganda as a healing remedy, has hurt the body and soul of the Islamic Ummah and burned the hearts of Muslims."

Ayatollah Khamenei appears to have gravitated closer to the fundamentalists. But he has always held conservative values. In a 1996 interview with the hard-line journal Sobh, for example, he wrote that children should not be allowed to play music. "Teaching music is not in accordance with the Islamic establishment, and teaching music to schoolchildren brings corruption," he said.

In early power struggles over the scope of the supreme leader's authority, however, he spoke out in support of limits. In the early years of President Khatami's reformist rule, he tolerated some popular changes relaxing social restrictions and allowing more freedom of the press.

But he appears to have worked steadily to undermine Mr. Khatami, and those efforts accelerated after he sensed that the reform movement was challenging his authority. One former high-ranking reformer who remains friendly with Ayatollah Khamenei said that the biggest mistake the reformers made was to challenge the power of the supreme leader.

The former official, who is still involved in politics and said he meets regularly with Ayatollah Khamenei, said many of the supreme leader's decisions were based on political calculations aimed at preserving his power. "He reacted to efforts by radicals among the reformers to weaken him," the former official said.

When Ayatollah Khomeini died in 1989, the country's leaders had talked about creating a council to replace him. The logic was twofold: there was a sense that no one could command the same authority and respect as Ayatollah Khomeini, and other officials did not want to cede power to a new leader, people familiar with the decision process said.

Mr. Rafsanjani, then the speaker of Parliament, was one of Iran's most powerful men. He pressed for a new supreme leader, saying it was essential to have one person in that post — and he pushed through the selection of Ayatollah Khamenei.

"Rafsanjani definitely played a role in making him leader," said Mahmoud Vaezi, a former deputy foreign minister who now sits on the Expediency Council, which arbitrates disputes between the elected and appointed arms of government.

But in time, the supreme leader figured out how to project his authority. He changed his dress, from elegant clerical robes to the more conservative, simple and traditional religious garb hidden beneath a flowing black cape. He also draped around his neck a kaffiyeh, the checkered scarf that is a symbol of resistance.

"Nobody should forget that as the leader, he is a revolutionary and a religious man," said Mehdi Karoubi, a cleric and former speaker of Parliament who was among the early followers of Ayatollah Khomeini. "In his public comments he has to reflect those realities."

The leader's consolidation of power appeared to reach its height on the day of the new president's inauguration ceremony last year, when Mr. Ahmadinejad made a very public gesture of obedience by gently leaning over to kiss his hand.

Still, Ayatollah Khamenei is known to consult widely before making a final decision. And he has made efforts to appear inclusive, reaching beyond his base. Recently, for example, he created a new strategic foreign policy committee and put a former official from Mr. Khatami's reform government in charge, although the official is related to the leader.

Many Iranians who know him describe the ayatollah as a man who loves the arts, writes poetry and is a voracious reader. And most confine themselves to safe generalities: "He is a very kind, sincere, joyful person," said Muhammad Ali Besherati, a former interior minister.

Ayatollah Khamenei was born in 1939 in Mashhad, a holy city in northeastern Iran. His father was a cleric, and according to his own biography, an ascetic who lived a life of few comforts. He was a follower of Ayatollah Khomeini and is said to have been a strong supporter of the students who stormed the United States Embassy in 1979 and held the staff hostage for 444 days. He was first elected president in 1981 and was re-elected to a second term in 1985.

In important early battles over the scope of the supreme leader's power, Ayatollah Khamenei apparently took a more moderate stance than his predecessor. In December 1987, he first spoke out in favor of limits on that power in a conflict between Parliament and the Guardian Council, which sought to nullify a labor law Ayatollah Khomeini had backed, saying it conflicted with Shariah, or Islamic law.

Mr. Khamenei, speaking at Friday Prayer, suggested that the Constitution had to be observed by everyone and that laws had to respect Shariah. Mr. Khomeini rebuffed him, stating that the supreme leader could overrule even Islamic law.

In 1989, Ayatollah Khomeini issued a fatwa authorizing the murder of Salman Rushdie for his book "The Satanic Verses." At the time, Mr. Khamenei was the leader of the Friday Prayer sermon, a post that allowed him to address the nation.

"Islam is the religion of blessing and kindness," he was quoted as saying in the Feb. 15, 1989, edition of the newspaper Kayhan. "And anyone who repents of what he has done, no matter how serious the sin, he ought to be optimistic of being forgiven by God."

He was again rebuffed by Ayatollah Khomeini, who issued a scathing public rebuttal.

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Israel Ends Its Blockade Of Lebanon's Coastline (NYT)

By Craig S. Smith

The New York Times, September 9, 2006

BEIRUT, Lebanon, Sept. 8 — Israel lifted its sea blockade of Lebanon on Friday, releasing its last major chokehold on the country since war broke out in July.

Fishing boats, their crews hoping to salvage what was left of the season before winter set in, chugged out to sea while water skiers and wind surfers skimmed the waves without worry for the first time in nearly two months.

More important for the Lebanese economy, ships loaded with cars, food and oil steamed toward Beirut. Trade routes to the country were cut in mid-July during the opening days of the war, and Israel had maintained the blockade even after a cease-fire was declared in mid-August. The embargo has cost the country hundreds of millions of dollars in lost trade.

Israel said it had turned over responsibility for patrolling the Lebanese coast to Italian warships, which would help the Lebanese Navy enforce a United Nations-mandated arms embargo against Hezbollah.

"The naval blockade has ended," said David Baker, an official in the office of the Israeli prime minister, Ehud Olmert. "The international forces have taken their positions."

Many experts here believe that Hezbollah still has plenty of weapons, and they doubt that it would try to import more arms now in any case. Few Lebanese, meanwhile, believe the multinational naval presence can do much to stop any banned shipments that do come. Hezbollah's already strong political influence in Lebanon has grown in the wake of the war.

Under the United Nations-brokered agreement that ended the blockade, the interim naval force is to remain six nautical miles from the coast and carry out searches of vessels only at the request of the Lebanese Navy. The multinational naval force is not authorized to act on its own.

The blockade was to have been lifted Thursday, but the action was delayed by confusion over who was to lead the naval force until German ships arrive to take over the task. France, which has had two ships in place since the conflict began, was initially expected to take the lead, but that role was shifted to the Italians, who have four ships offshore.

The United Nations Interim Force in Lebanon said it had already established a naval operations center to coordinate all operational details.

"The blockade has seriously undermined the Lebanese economy, and it is high time for it to end so as to allow the people to get back to their businesses," read a statement issued by Maj. Gen. Alain Pellegrini, chief of the United Nations force.

The number of troops committed to the force continued to rise, with Italy saying that it would soon deploy more troops to southern Lebanon. The first of 900 French troops are expected to begin arriving there Saturday, and 500 Lebanon-bound troops left Spain by ship on Friday.

Italy's foreign minister, Massimo D'Alema, said in Tel Aviv that the number of peacekeepers in southern Lebanon could reach 5,000 by the end of next week.

"It will be possible to have an agreement on the withdrawal of Israeli troops in the next 10 days," he told reporters.

A spokesman for the United Nations force said that peacekeepers from Guyana, part of the earlier United Nations presence, had begun patrolling in the central and western sectors of southern Lebanon, while Indian peacekeepers were patrolling in the southeast.

He said the force had turned over three sectors north of Naqura to the Lebanese Army. Agence France-Presse reported that troops from Lebanon's Sixth Brigade, supported by tanks, entered 10 villages in the region on Friday.

Israel sent thousands of troops into southern Lebanon during the war, and they have been steadily withdrawing, though some remain in the border area.

...

But the Israeli news media reported Friday that military officials hope to complete the withdrawal before the Jewish New Year, which begins Sept. 22.

In another development, Mr. Olmert said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting, then Israel would be willing to discuss Shabaa Farms, a disputed piece of land near where the borders of Syria, Lebanon and Israel converge.

Israel captured Shabaa Farms from Syria as part of the Golan Heights in the 1967 Arab-Israeli war. However, Lebanon now claims the 10-square-mile swath of land, which overlooks Israel's Hula Valley.

When Israel withdrew from southern Lebanon in 2000, the United Nations, which marked the border with Israel, did not put Shabaa Farms in Lebanon. The land has been a point of contention since then, and is often mentioned by Hezbollah as a continued Israeli occupation of Lebanese territory.

Resistance to Israeli occupation is the principal reason Hezbollah gives for keeping its arms.

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Mr. Olmert's remarks, made Thursday night at a meeting with the visiting Russian foreign minister, Sergei Lavrov, suggested that Hezbollah would have to disarm before any negotiations took place.

Israel failed to make Hezbollah do that by force in the recent fighting, however, and there is currently no political power inside Lebanon strong enough to compel the group to give up its weapons.

Israel Lifts Lebanese Sea Blockade (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, September 9, 2006

Move Ends Restrictions Imposed at Outbreak of War With Hezbollah

BEIRUT, Sept. 8 -- Israel lifted its eight-week-old maritime blockade of Lebanon on Friday, the United Nations announced, and within hours a gleaming white ship pulled into Beirut harbor carrying a load of appliances.

The reopening of sea lanes to Lebanon, which the United Nations said took place in the early afternoon, came one day after Israel lifted its blockade of air traffic, completing the end to suffocating restrictions imposed when war broke out between Israel and the Hezbollah militia on July 12.

"The blockade has seriously undermined the Lebanese economy, and it is high time for it to end so as to allow the people to get back to their businesses," said Gen. Alain Pellegrini, the commander of U.N. forces in Lebanon.

The head of the Beirut International Chamber of Navigation, Elie Zakhour, told reporters that six cargo ships were bound for the Lebanese capital carrying cars and containers of other goods. The lineup reflected Beirut's role as a regional hub for imports and exports, a major component of the Lebanese economy that withered under restrictions even after fighting ended on Aug. 14.

Israel said it imposed the blockade to prevent arms shipments to Hezbollah, the militant Shiite Muslim movement that battled Israeli forces for 33 days in the rugged hills along the Lebanon-Israel border. Prime Minister Ehud Olmert relaxed the restrictions only on assurances from the United Nations that European ships and soldiers would join Lebanese forces in making sure Hezbollah could not receive supplies from abroad.

For now, Israeli patrol boats are turning over surveillance duties to Italian ships in the Mediterranean off Lebanon, Israeli and U.N. officials said. French and Greek navy ships have also promised to help patrol the area for an interim period. In the long term, the German navy has shouldered responsibility for working with the Lebanese military to guarantee that no arms reach Hezbollah.

Olmert announced Wednesday that he would lift the air and sea blockade Thursday evening. Unrestricted commercial airline flights to Beirut resumed as expected, but the sea blockade was maintained while Israeli officials sought additional assurances from the United Nations. More coordination took place Friday morning, and the commander of an Italian task force assumed responsibility for the patrols Friday afternoon, a U.N. spokesman said.

"It is our understanding that the international force is operational, and the Israelis turned it over to the Italians as of 1300 hours," or 1 p.m. local time, said Alexander Ivanko, a spokesman for Pellegrini.

Israeli officials said the airline flights were allowed to resume because German officials were on duty at Beirut's Rafiq al-Hariri International Airport monitoring airfreight traffic. But the Lebanese minister for public works and transportation, Mohammed Safadi, said that the Germans were providing only technical assistance and that customs matters were the responsibility of Lebanese authorities. Similarly, he said, the Italian ships would be assigned to help Lebanese authorities monitor sea shipments.

A senior Lebanese official, speaking on condition of anonymity, said Hezbollah insisted that any European sea patrols or customs help be under the aegis of the United Nations Interim Force in Lebanon, or UNIFIL. As a result, the Italian ships have been baptized "the maritime UNIFIL." In any case, he said, Hezbollah officials are not worried about resupplying since their weapons come mainly from Iran via Syria, and smuggling is an old tradition along the long, porous Lebanon-Syria border.

With that in mind, Israel had demanded that German soldiers join Lebanese army and Internal Security Forces personnel along the border. But Prime Minister Fouad Siniora, reflecting Hezbollah's concerns, refused, saying the Germans would provide only equipment and training to the Lebanese.

Meanwhile, Israeli officials were quoted in news reports as saying that Israeli soldiers who were still inside Lebanon would probably withdraw within about two weeks. The Italian foreign minister, Massimo D'Alema, said the number of foreign UNIFIL troops in the region would reach 5,000 by next week, which has been a benchmark for completing the Israeli withdrawal.

Spain's parliament approved the dispatch of 1,000 Spanish troops to further reinforce the U.N. peacekeeping contingent, according to news agency reports from Madrid. The force, which had stood at 2,000, has climbed above 3,000 with the arrival last week of about 900 Italian troops, out of a pledged 3,000, and several hundred French troops, out of a pledged 2,000. Under the U.N. Security Council resolution that ended the fighting, the force is scheduled to reach 15,000, along with a deployment of 15,000 Lebanese army troops.

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Correspondent Scott Wilson in Jerusalem contributed to this report.

Israel Lifts Naval Blockade On Lebanon (FT)

By Andrew England And Harvey Morris

Financial Times, September 9, 2006

Israel lifted its two-month blockade of Lebanese ports on Friday, ending its ban on ships and boats entering or leaving the country, as United Nations-backed naval forces began patrols of the Lebanese coast.

The blockade had originally been scheduled to end on Thursday but Israel demanded that the UN forces be in place to prevent weapons from being smuggled into Lebanon, before it withdrew.

Israel finally lifted its eight-week air blockade of Lebanon on Thursday, removing an important barrier to the country's postwar reconstruction.

But at the last minute Jerusalem announced it was delaying removing the sea embargo, saying it first wanted international naval vessels to begin monitoring Lebanon's coastline.

Mark Regev, Israeli foreign ministry spokesman, said: "Unfortunately, the international presence is not yet ready to enforce the sea embargo. When the internationals are ready to enforce the arms embargo on the sea, we will be ready to lift the blockade."

A Lebanese official said the government had been in contact with the United Nations and was told there were "logistical issues", but it expected the embargo to be lifted soon.

Lebanon said the blockade was costing the nation tens of millions of dollars a day and restricted the import of goods - many of which would come through the port - hampering efforts to reconstruct the country following Israel's bombardment, which destroyed thousands of buildings, as well as roads, bridges and factories.

Israel imposed the blockade after the conflict between Israel and Hizbollah erupted on July 12. The fighting ended with an August 14 UN-brokered ceasefire but Israel refused to lift the embargo until it was satisfied enough foreign forces were deployed to prevent Hizbollah rearming.

After a flurry of diplomatic activity and international pressure, it was agreed that French, Italian, Greek and British ships could patrol Lebanon's coast until a German task force arrives. Italian and French ships are already off Lebanon's coast but details of the naval force and its mandate still had to be worked out.

In Israel, the families of the two soldiers whose July 12 capture by Hizbollah triggered the fighting, complained that removing the blockade weakened Jerusalem's negotiating leverage to secure their freedom.

At Beirut's port and airport, staff were hoping for a resumption of normal business.

The loss of business has been huge. Normally, the airport would expect 15,000 to 16,000 arrivals daily in the peak summer months of July and August, and 120 flights. That was expected to increase by 20 per cent this year. But instead the airport found itself the target of Israeli bombs, damaging its three runways and taxiways, said Hamdi Chaouk, director general of civil aviation.

Mr Chaouk told the Financial Times that all but one hole had been repaired and he was confident that business would shortly reach normal levels, describing the airport as the "gate of Lebanon".

"It's a big issue, especially the airport, it's like telling people their country is closed and there are no communications with the rest of the world," he said. "It's like you have taken a sick person out of the emergency room."

He added that airport security was at international standards, saying there would be no foreign monitoring at the airport. "The Germans, British and Americans; everybody came here and found there was nothing to be done," he said.

Israel Lifts Sea Blockade Of Lebanon (AP)

By Hussein Dakroub

AP, September 9, 2006

Israel lifted its sea blockade of Lebanon on Friday, ending the country's two months of isolation as the task of preventing the entry of Hezbollah weapons falls to international warships patrolling offshore.

In a further boost to peace efforts, Israel also said it plans to pull the last of its troops out of Lebanon within two weeks.

The sea blockade's end, which came a day after Israel dropped its restrictions on air travel into Lebanon, lifts a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war between Israel and Hezbollah.

"The blockade has seriously undermined the Lebanese economy and it is high time for it to end so as to allow the people to get back to their business," Maj. Gen. Alain Pellegrini, commander of the U.N. peacekeeping force in Lebanon, said.

Even before the formal announcement, a Lebanese cargo ship docked at Beirut's port, carrying industrial raw materials, ceramic tiles and appliances — the first commercial ship to land since the war began July 12.

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Lebanon's resumption of control over its sea and skies was the latest boost in implementing the U.N.-brokered cease-fire that began Aug. 14.

The focus now shifts to the complicated process of withdrawing Israeli troops from southern Lebanon and replacing them with 15,000 Lebanese soldiers and a similar number of U.N. peacekeepers who are to maintain a border buffer zone free of Hezbollah weapons.

Israel has been gradually pulling out its soldiers — whose number peaked at 30,000 at the war's end — as international replacements move into place.

The Israeli army would not say exactly how many of its soldiers remain, citing security reasons, but a spokeswoman said the military held only about 25 percent of the ground in southern Lebanon that it did previously.

When the fighting ended, Israeli soldiers were present in a strip along the length of the Lebanon-Israel border and in a corridor of territory leading nearly 18 miles north to the Litani River.

U.N. Secretary-General Kofi Annan has been pressing Israel to pull out all its soldiers once 5,000 U.N. peacekeepers are on the ground by mid-September. About 3,250 U.N. soldiers are already in Lebanon.

On Thursday, Israeli security officials said the target was to have Israel's remaining troops out by the Jewish New Year, which begins the evening of Sept. 22.

Hezbollah fighters have been lying low, with armed guerrillas rarely seen in towns and villages of the south. In one rare sighting, some witnesses said they saw Hezbollah fighters on motorbikes inspecting a recently evacuated Israeli position.

The U.N. resolution that set up the cease-fire calls for the eventual disarmament of Hezbollah's Shiite guerrillas, but the peacekeeping force does not have a mandate to search out weapons and take them.

That job is up to the Lebanese army, Annan says, but Lebanon has not said whether it will do so. It appeared the peacekeepers will aim to ensure that guerrillas are not seen in public with weapons and that no new arms are moved in.

Pellegrini said the rules of engagement — under which U.N. troops are allowed to shoot — were being explained to contributing states and to forces on the ground.

"It will be a robust Chapter 6, with an effective use of force," he said, referring to the section of the U.N. Charter that allows troops to enforce peace rather than simply monitor it.

The new U.N. peacekeepers can shoot not only in self defense, but also to fulfill missions, such as arresting suspects who break the peace in south Lebanon and preventing attacks, Pellegrini said.

"But we will only operate in support of the Lebanese army," he told The Associated Press.

The withdrawal and deployment process is a delicate one. U.N. peacekeepers are effectively the go-betweens, checking with Israelis to ensure they have pulled out of each area before Lebanese soldiers move in, to ensure there is no friction between them.

"We'd much rather avoid them," a Lebanese officer said Friday as peacekeepers farther down the road announced they had received clearance for hundreds of Lebanese soldiers to proceed into a corner of southwest Lebanon.

Dozens of camouflaged Lebanese military trucks with a few vintage jeeps and armored vehicles lined a busy coast road in Mansouri, about 10 miles north of the border with Israel. The trucks were stacked with chairs, kitchen utensils and water supplies as the troops move into another area from which the Lebanese army has been absent for decades.

Hezbollah held control in the south for years, effectively running a state within a state, but the new deployment of Lebanese soldiers and U.N. troops reins in its domination.

With the lifting of the sea blockade, U.N. troops now face their first test in preventing weapons getting to Hezbollah, which is believed to get its arsenal from Iran and Syria. Lebanese troops are in place on the border with Syria to prevent smuggling.

A combined task force of French, Italian and Greek warships began patrolling Lebanon's Mediterranean coast just after noon Friday, a mission it will carry out for about two months until a longer-term force of German vessels moves in.

"The Italian-led task force will continue to enforce the international embargo against the supply of armaments to Hezbollah," Israeli government spokeswoman Miri Eisin said, announcing the end of the Israeli blockade.

French military officials said a dozen vessels could take part in the initial operation, patrolling six miles off the coast while Lebanese military vessels operate closer to shore.

International officials are also helping Lebanese authorities at ports, land border crossings and Beirut's airport, keeping an eye out to ensure no arms slip through.

Associated Press writers Alfred de Montesquiou in Mansouri, Lebanon, and Amy Teibel in Jerusalem contributed to this report.

Israel Lifts Sea Blockade Of Beirut (WT/AP)

By Hussein Dakroub

DOJ_NMG_0061369

The Washington Times, September 9, 2006

BEIRUT -- Israel lifted its sea blockade of Lebanon yesterday, ending the country's two months of isolation as the task of preventing the entry of Hezbollah weapons fell to international warships patrolling offshore.

In a further boost to peace efforts, Israel also said it plans to pull the last of its troops out of Lebanon within two weeks.

The sea blockade's end, which came a day after Israel dropped its restrictions on air travel into Lebanon, lifts a barrier that has stifled Lebanon and cost the country tens of millions of dollars as it tries to rebuild from the devastating 34-day war between Israel and Hezbollah.

"The blockade has seriously undermined the Lebanese economy and it is high time for it to end so as to allow the people to get back to their business," said Maj. Gen. Alain Pellegrini, commander of the U.N. peacekeeping force in Lebanon.

Even before the formal announcement, a Lebanese cargo ship moored at Beirut's port, carrying industrial raw materials, ceramic tiles and appliances -- the first commercial ship to land since the war began July 12.

Lebanon's resumption of control over its waters and skies was the latest boost in implementing the U.N.-brokered cease-fire that began Aug. 14.

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When the fighting ended, Israeli soldiers were present in a strip along the length of the Lebanon-Israel border and in a corridor of territory leading nearly 18 miles north to the Litani River.

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Hezbollah held control in the south for years, effectively running a state within a state, but the new deployment of Lebanese soldiers and U.N. troops may check its domination.

With the lifting of the sea blockade, U.N. troops now face their first test in preventing weapons from getting to Hezbollah, which is believed to get its arsenal from Iran and Syria. Lebanese troops are in place on the border with Syria to prevent smuggling.

A combined task force of French, Italian and Greek warships began patrolling Lebanon's Mediterranean coast just after noontime yesterday, a mission it will carry out for about two months until a longer-term force of German vessels moves in.

Lebanon Emerges From War More Divided Than Ever (FT)

By Roula Khalaf

Financial Times, September 9, 2006

On the morning of July 12, hours after Hizbollah captured two Israeli soldiers, officials from the Shia militant group came to the Beirut office of Fouad Siniora, prime minister, to tell him not to worry – Israel's response would be mild.

Mr Siniora reminded them of the harsh retaliation to an earlier capture of an Israeli soldier in the Gaza Strip. The Hizbollah officials said Lebanon was not Gaza.

"You misread the situation," said Mr Siniora, according to an official familiar with the meeting. "They'll destroy us."

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Israel began to pound Lebanon day and night. Mr Siniora's prediction had become Lebanon's frightening reality. A career banker accidentally thrust last year into the top job after the killing of the former prime minister Rafiq Hariri, the man he had long served as finance minister, the 63-year-old Mr Siniora was trapped.

He was under attack by Israel. The US had refused to call for an early ceasefire. Facing an imposed war, the government had no control over Hizbollah, and its ability to influence it was further constrained by tense relations with Syria and Iran, Hizbollah's two backers.

Tearful at times but resolute at others, Mr Siniora worked with Nabih Berri, the powerful Shia speaker of parliament and mediator with Hizbollah, to steer Lebanon through the 34-day crisis. He focused on averting sectarian conflict and keeping a fractious government (in which Hizbollah is a minority partner) together.

He balanced all concerned parties' demands but managed to win concessions, not least Hizbollah's consent to the deployment of the Lebanese army and an expanded UN peacekeeping force near the border with Israel, where the militant group had been the sole power.

The work was hard, but managing the postwar period could prove more daunting.

After projecting a common front during the war, Lebanon has emerged politically divided, socially polarised and with an economy in tatters.

Economists put the total cost of direct and indirect damage to the economy at at least $9bn (£4.8bn, €7bn), or nearly half the country's GDP. The biggest blow, they say, is the loss of confidence in an economy with $39bn in debt and a reliance on investment and tourism flows from the Arab world. Some companies are already announcing lay-offs. Others say they may not be able to pay back their bank loans.

Hizbollah, difficult to rein in before the war, now appears more defiant. The group and its allies, including the Christian leader General Michel Aoun, started calling for a change of government as soon as the fighting stopped.

Sayyed Hassan Nasrallah, Hizbollah chief, has said the postwar challenges require a government of national unity that brings in a key Christian element like the Aoun movement.

For Walid Jumblatt, leader of Lebanon's Druze minority and a Hizbollah opponent, however, these calls amount to a "political takeover" in the aftermath of what he considered to have been a "military coup" by Hizbollah on July 12. He fears the group will link the handover of two Israeli soldiers to the Lebanese government, as demanded by Israel, to its calls for a new government.

Meanwhile Hizbollah's rush to mollify a Shia community devastated by the conflict with the efficient handout of cash and reconstruction assistance has exposed the government's tardiness.

The pro-western Sunni and Christian parliamentary majority that backs Mr Siniora has appeared paralysed and his fractious cabinet unco-ordinated.

Though furious at Hizbollah for sparking the war, the Sunni bloc that leads the majority has avoided open criticism of the group to avoid provoking Shia-Sunni tensions.

Perhaps most disturbing for the government is that Hizbollah's claimed victory against Israeli troops has emboldened Syria. The alleged role of Damascus in the Hariri assassination is under investigation by a UN commission. Syria denies any involvement.

Since Mr Nasrallah declared that he would not have ordered the July 12 attack had he known what its devastating impact would be, some Shia voices have expressed rare dissatisfaction with the group. And the parliamentary majority says that with time and help from the world community Hizbollah's power could be curbed.

"Their rockets were not a deterrent for Israeli bombings and their weapons now cannot be used because their own community has seen the result," says Samir Franjie, an MP from the parliamentary majority.

But there are no restrictions on Hizbollah outside the 20km buffer zone created by the UN ceasefire. And, as Timor Goksel, a former Unifil official who now teaches at the American University of Beirut, says, "they [Hizbollah] are adaptable and there is a very lucrative arms market where you they can buy weapons and the delivery is guaranteed."

But Mr Siniora, whose popularity has been rising, is pressing ahead. He insists there will be no change of government. He is emphasising the need for a resolution of the Shebaa farms dispute, the small occupied border land that Hizbollah says should be liberated before the fate of its armed wing is decided. He has also tried to seize back the reconstruction initiative from Hizbollah, announcing compensation for destroyed homes and winning international commitments for $940m in early recovery aid.

Aides say Mr Siniora remains characteristically optimistic.

"The government is working on enlarging the room of manoeuvre it has on the basis of consensus with all Lebanese," says an official. "There are a lot of obstacles and doubts that it will work. But what is the alternative?"

DOJ_NMG_0061371

Explosions Hit Indian Mosque, Stoking Fear Of Further Violence (NYT)

By Somini Sengupta And Hari Kumar

The New York Times, September 9, 2006

NEW DELHI, Sept. 8 — A series of explosions struck in and near the largest mosque in a flashpoint textile town in western India on Friday, killing more than two dozen people, wounding more than 100 and raising the specter of renewed sectarian clashes.

The police said there were three explosions, two inside the mosque compound and one nearby, in Malegaon, a city of about 500,000 with a history of Hindu-Muslim violence, about 160 miles north of Mumbai, the financial capital.

The mosque is also home to one of the largest Muslim cemeteries in the area, local residents said, and the blasts struck shortly after unusually crowded Friday Prayers, as worshipers prepared graves for honoring the dead on the Shab-e-Barat holiday.

Speaking to reporters here in the capital, Home Minister Shivraj Patil called the explosions a "terrorist" attack designed to provoke a clash between "different sections of society."

The country has suffered a spate of terrorist attacks in recent years, including the July 7 commuter train bombings in Mumbai, which the authorities have blamed on Islamist militants setting up so-called sleeper cells across the country.

The bombings on Friday were unusual in that they seemed to target a heavily Muslim area. No one claimed responsibility and the authorities declined to speculate on who could be responsible.

The attacks came three days after what now sounds like a prophetic warning from the Indian prime minister, Manmohan Singh, about the many-headed specter of violence threatening his country. The threats range from Maoist guerrillas in the rural heartland to ethnic separatists in the northeast to Muslim militants challenging Indian rule in contested Kashmir and groups affiliated with global terrorist outfits.

"We confront a wide array of complex internal security problems and threats," Mr. Singh told a meeting of chief ministers on Tuesday here in the capital. He called for improving the intelligence apparatus and training police to better counter terrorist groups. He also pressed for the need to "assuage feelings of insecurity among our minorities, especially Muslims."

In the last year alone, India has witnessed a series of attacks on civilian targets, including at busy markets in Delhi, a Hindu temple in eastern Varanasi, and against tourists in Kashmir. The only other attack on an explicitly Muslim site was a January explosion inside a mosque in Delhi.

The Indian home secretary, V. K. Duggal, said in a televised press conference that one of the blasts resulted from explosives tied to a bicycle. Television footage showed a grisly parade of men carrying the wounded in their arms, or on hand carts used to ply goods to market.

Anil Kumbhare, a police superintendent in Malegaon, said Friday that 29 people had died.

...

Additional police officers were sent to Malegaon to guard against a potential outbreak of Hindu-Muslim violence. Immediately after the blasts, television footage showed angry crowds chasing police officers and politicians.

Bombings Kill 31, Injure 125 In Mainly Muslim City In India (WP)

By Muneeza Naqvi

The Washington Post, September 9, 2006

NEW DELHI, Sept. 8 -- At least two bombs rigged to bicycles exploded Friday in the town of Malegaon in the western Indian state of Maharashtra, killing 31 people and injuring 125 more, most of them Muslim worshipers leaving a mosque after Friday afternoon prayers.

The first bomb went off in a graveyard, and the second on a crowded street a short distance away, officials in the local police control room said.

Thousands of people were out on the streets Friday to mark Shab-e-Barat, also called the night of atonement or forgiveness, a Muslim religious event in which people offer prayers for the souls of dead relatives in graveyards.

"It is a terrorist act. It is done by people who don't want peace," said Vilasrao Deshmukh, the state's chief minister, according to the Associated Press. There was no immediate assertion of responsibility, but some officials called the attacks an attempt to resume India's long history of communal violence between Hindus and Muslims.

In July, a series of bombs detonated on commuter trains in Mumbai, also known as Bombay, killing 182 people and wounding more than 800, most of them Hindus. Police later arrested several Muslim men in connection with those attacks.

Malegaon, a predominantly Muslim city whose economy is dominated by textile production, is located about 160 miles northeast of Mumbai. It has been the scene of communal fighting in the past.

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Television footage on Friday showed chaos as hundreds of people, mostly men in white skullcaps, rushed around in panic after the explosions. There were scenes of people carrying the bodies of the dead and injured. Doctors worked on bloodied survivors brought in on stretchers. People seeking loved ones viewed bodies laid out on the ground, covered by white shrouds.

Prime Minister Manmohan Singh condemned the blasts, appealing in a statement for "peace and communal harmony." He was consulting with officials from the central government and the local state.

National security forces, including personnel from the anti-riot Rapid Action Force, were being sent to Malegaon, according to the Press Trust of India.

Police said groups gathered around the town and shouted slogans against the local authorities. A curfew was imposed in an attempt to prevent further violence.

India Bombings Kill 31, Injure 100 (AP-Y)

By Aftab Khan

AP, September 9, 2006

Two bombs rigged to bicycles exploded in throngs of Muslims as they left Friday prayers at a mosque in this western Indian city, killing 31 people and wounding 100.

A top official called the blasts "a terrorist act," and authorities — fearing revenge attacks across the country's fragile religious divides — clamped a curfew on Malegaon and put security forces on alert.

The curfew was lifted Saturday morning, but thousands of police and paramilitary soldiers watched over hundreds of Muslims worshippers as they offered prayers in Malegaon. Inside the city's hospitals, relatives of victims wept as they watched bodies being readied for funerals.

Malegaon, a center of India's textile industry about 180 miles northeast of Mumbai, has long been the scene of violence between Hindus and Muslims. The city of about 500,000 people is 75 percent Muslim.

No one has claimed responsibility for the attacks, which happened near one of the city's main mosques on a Muslim festival day. Officials aggressively deployed teams of police to sensitive parts of the state.

"Law and order is under control," P.S. Pasricha, Maharashtra state's director-general of police, told The Associated Press. "There's a high alert across the state."

The bombings were intended to set off wider violence, officials said.

"It is a terrorist act. It is done by people who don't want peace," Maharashtra Chief Minister Vilasrao Deshmukh told a news conference in Mumbai, the state capital. Of the 100 people wounded, he said, 56 were seriously hurt.

Pasricha told reporters "the motive appears to be to create panic and make Hindus and Muslims fight with each other."

Both bombs were rigged to bicycles, said Deshmukh. "We found packets with the explosives attached to these bicycles," he said.

The explosions came as Muslims celebrated the festival of Shabe Barat, or the Night of Fortune, when they hold night-long prayers seeking divine blessings, exchange sweets with neighbors and relatives, and set off fireworks.

At least some of those killed were beggars who came to the mosque because worshippers are known for their generosity on festival days, said Raees Rizvi, a Malegaon social worker.

"People were stunned. There was blood all over," said a shaken Nadeem Shaikh, who was outside the mosque, "Children tried to run out and many were trampled. Many beggars waiting outside for alms were also killed."

An 8-year old child, his head bandaged, lay moaning on a hospital bed. "He had gone with other boys to pray. We came running to the hospital as soon as we heard about the blast," said Fahim Khan, the boy's elder brother.

The office of Prime Minister Manmohan Singh said he "appealed for peace and communal harmony and has urged all citizens across the country to remain calm."

India has suffered through a series of terror bombings over the past year, most recently attacks on commuter trains in Mumbai in July that left more than 200 people dead. Those bombings were blamed on Pakistan-based Muslim militants.

Earlier this week, Singh warned that India may be facing even bloodier attacks.

"Reports also suggest that terrorist modules and 'sleeper cells' exist in some of our urban areas, all of which highlight the seriousness of the threat," Singh told India's state chief ministers during a conference on internal security.

"The situation is tense," said Nashik Superintendent of Police Rajvardhan, who uses only one name. Nashik is about 60 miles from Malegaon.

Malegaon has been the scene of religious violence in the past, with riots between Hindus and Muslims occurring most recently in 2001, when 15 people were killed.

The U.S. Ambassador to India, David C. Mulford, deplored Friday's bombings.

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"There can be no justification for such heinous acts," he said in a statement. "The United States stands with India in its fight against terrorism."

India's bloodiest religious violence in recent years came in 2002, in the western state of Gujarat, and was set off by a train fire that killed 60 Hindus returning from a religious pilgrimage.

Muslims were blamed for the fire, and more than 1,000 people, most of them Muslim, were killed by Hindu mobs. India is about 74 percent Hindu and 12 percent Muslim.

Human rights groups have accused the state government, led by the Hindu-nationalist Bharatiya Janata Party — the party which then also controlled the national government — of doing little to stop the violence.

The Bharatiya Janata Party lost power in the national Parliament in 2004.

Saudi Religious Police Outlaw Cat, Dog Sales (WT/AP)

By Donna Abu-nasr

The Washington Times, September 9, 2006

JIDDA, Saudi Arabia -- Saudi Arabia's religious police, normally tasked with chiding women to cover themselves and ensuring men attend mosque prayers, are turning to a new target: cats and dogs.

The police have issued a decree banning the sale of the pets, seen as a sign of Western influence.

The prohibition on dogs may be less of a surprise because conservative Muslims despise dogs as unclean. But the cat ban befuddled many, since Islamic tradition holds that the Prophet Muhammad loved cats.

The religious police, known as the Muttawa, enforce Saudi Arabia's strict Islamic code. Its members prowl streets and malls, ensuring unmarried men and women do not mix, confronting women they feel are not properly covered or urging men to go to prayers.

But the government also gives the Muttawa wide leeway to enforce any rules they deem necessary to uphold the social order.

The decree -- which applies to the Red Sea port city of Jidda and the holy city of Mecca -- bans the sale of cats and dogs because "some youths have been buying them and parading them in public," according to a memo from the Municipal Affairs Ministry to Jidda's city government.

The memo urges city authorities to help enforce the ban.

Pet owning is not common in the Arab world, though dogs are kept for hunting and guarding. In large cities around the Middle East, stray dogs often wander the streets.

However, in the past few decades, owning dogs or cats has become a fashion statement among Saudis. Showing off a Doberman, pit bull or fancy breed of feline has became a status symbol.

Conservatives decry the trend as a Western influence, just like the fast food, shorts, jeans and pop music that have become more common in the kingdom, which is ruled by the puritanical Wahhabi interpretation of Islam.

"One bad habit spreading among our youths is the acquisition of dogs and showing them off in the streets and malls," wrote Aleetha al-Jihani in a letter to Al-Madina newspaper. "This is blind emulation of the infidels."

The decree has not been enforced yet, according to several pet shop owners and veterinary clinics in Jidda. It applies only to selling dogs and cats, and there was no sign the Muttawa would confiscate pets.

The ban distressed cat and dog lovers.

"I was shocked when I heard about it," said Fahd al-Mutairi, who owns 35 cats. "What was even more shocking was to hear that the ban came from an authority that has nothing to do with such an issue.

"I would understand if it came from the Health Ministry or anybody charged with ensuring pets coming from outside do not carry diseases," added the 23-year-old flower shop owner.

No other Arab country restricts pet ownership. But in Iran, ruled by Shi'ite clerics, religious police sometimes harass people seen outside with their dogs. Last year, Iranian police told people not to bring their dogs out in public, but the order was never backed up by law and dog owners widely ignored it.

The inclusion of cats in the Saudi ban puzzled many because there's no scorn for them, as there is for dogs in Islamic tradition.

One of the prophet's closest companions was given the name Abu Huraira, Arabic for "the father of the kitten," because he always carried a kitten and took care of it.

A number of hadiths -- traditional stories of the prophet -- show Muhammad encouraging people to treat cats well.

Once, he let a cat drink from the water he was going to use for his ablutions before prayers. Another time, Muhammad said a woman who kept a cat locked up without feeding it would go to hell.

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Dogs -- considered dirty and dangerous -- are less lucky. According to one hadith, Muhammad said a Muslim loses credit for one good deed each day he keeps a dog and even said dogs should be killed unless used for hunting or protection.

Still, in another instance, he said that a prostitute who carried water in her slipper to a thirsty dog would go to heaven, her sins forgiven because of her kindness.

"All these things considered, it is obviously not against our religion or our tradition to have dogs and cats as pets," columnist Abeer Mishkhas wrote in the Arab News.

"I sincerely hope [authorities] will leave the cats and dogs alone and concentrate on what should be their real business," she added.

China Names New Envoy To N. Korea (WP)

By Maureen Fan

The Washington Post, September 9, 2006

BEIJING, Sept. 8 -- China has appointed an outspoken career diplomat with extensive knowledge of the United States as its new ambassador to North Korea, the official New China News Agency said.

Analysts said the appointment of Liu Xiaoming, 50, suggests officials in Beijing are reassessing their relationship with Pyongyang and trying to find a new way to press discussions among China, North Korea and the United States.

"He is young and capable, a new-generation diplomat who is outspoken and sees things with a sharp eye," said Yang Chengxu, a Chinese expert on arms control and a senior research fellow with the China Institute of International Studies. "One of his biggest advantages is his knowledge of the United States."

The appointment of Liu, a former ambassador to Egypt, was announced late Thursday. He will succeed Wu Donghe, who has served as ambassador since 2001.

The choice is unlikely to affect the current deadlock in six-party talks over North Korea's nuclear program, but it shows that China is thinking about its relations with North Korea in a more comprehensive manner, said Shi Yinhong, professor of international relations at People's University in Beijing.

"This comes as China increases the frequency of communication with the U.S. The Diplomatic Affairs Ministry is very cautious in choosing the ambassador, and Liu's experience will be helpful in enhancing the triangle communications among China, North Korea and the U.S.," Shi said.

Liu has held posts at the Chinese Embassy in Washington and at the Foreign Ministry in Beijing.

Yonhap, the South Korean news agency, reported last weekend that China is preparing to invite North Korean leader Kim Jong Il to Beijing to warn against further provocation, but a spokesman for China's Foreign Ministry said this week that he was unaware of any arrangements for such a visit.

Russia Opens Weapons Destruction Plant (AP)

By Judith Ingram

AP, September 9, 2006

Engineers covered in head-to-toe protective gear inserted a neutralizing solution Friday into bombs filled with a nerve agent, officially starting the work of Russia's first plant for destroying the deadly chemicals.

The opening of the Maradykovsky plant accelerates Russia's campaign to eliminate the world's largest arsenal of the toxins.

The plant, 450 miles northeast of Moscow, holds 6,900 tons of nerve agents stored in aerial bombs and missile warheads — more than 17 percent of Russia's stockpile.

Dignitaries, townspeople and journalists gathered Friday for the opening ceremony on a makeshift stage outside the plant, which is ringed by three barbed-wire fences. Several miles away, a sign proclaimed the road to the plant a closed zone.

"Today's event demonstrates Russia's efforts to strictly fulfill its international commitments and shows that Russia has the political will to see through to the end the process of chemical disarmament," said Viktor Kholstov, deputy head of the Federal Industry Agency, which is in charge of the effort.

The destruction facility, on the site of one of Russia's seven former chemical weapons production plants, will become a focal point of the push to meet an April 2007 target for Russia to destroy 20 percent of its stockpile.

To date, Russia has eliminated just 3 percent, as opposed to 39 percent destroyed by the United States, which is home to the second-largest stockpile.

Besides the Maradykovsky plant, Russia has two other chemical weapon destruction facilities, both built with generous foreign funding. The Maradykovsky plant is the only one for destroying nerve agents as opposed to blister agents.

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Construction of another plant that was to have been the biggest — Shchuchye, with chemical weapons stored in millions of artillery shells — has bogged down in disputes between Russia and the United States, the main funder.

The delays at that plant have pushed Maradykovsky onto the front line. It is the sole site to be funded 100 percent by Russia.

"The Russians a couple of years ago made a critical decision that if they were to have any chance of meeting Chemical Weapons Convention deadlines, they had to go to the easier, bulk agent sites," said Paul Walker, a weapons expert at Global Green USA, the Washington-based affiliate of former Soviet President Mikhail Gorbachev's Green Cross International environmental organization.

"I think also from a reason of national pride, they really wanted to do one site themselves and have it be successful."

Friday's ceremony had a strong dose of patriotism, opening and closing with an army band playing the national anthem. President Vladimir Putin's envoy to the Volga River region, Alexander Konovalev, said the plant "is a demonstration of the growing economic might of the Russian government."

Disarmament officials gave credit to Switzerland, which recently announced it is spending some $2 million on an electricity grid for the plant.

The bombs at Maradykovsky hold VX, soman and sarin, as well as a less deadly mixture of lewisite and mustard gas. Technicians will open each bomb, drain out some agent if necessary, insert a neutralizing reagent, close up the bomb and let it sit for 80-110 days to let the chemical processes take place, said Gennady Bezrukov, chief engineer of the Federal Chemical Weapons Storage and Destruction Administration.

When it is running at full strength, the plant will be able to neutralize 96 weapons a day, Bezrukov said.

Green Cross representative Tamara Ashikmina said she was satisfied that authorities were providing sufficient safety for the population and the environment. But the local population still has concerns, she said.

"Of course the population is anxious, because guests come and go but they have to live here," said Ashikmina, head of the chemistry department at Vyatka State University in nearby Kirov.

The closest town to the plant — Mirny, where 3,500 people live — and the surrounding region of 50,000 have been promised a new apartment building, a central heating system and electricity and sewage systems as part of a legal requirement that 10 percent of the cost of the weapons destruction process go to investments in the local community.

New apartment houses have been built for plant medics and other workers in nearby Orichi, and the town has a new school — allowing the existing one to stop teaching children in two shifts a day.

The state has also funded an ecological monitoring laboratory that carries out daily checks of air, water, flora and fauna in an area of more than 310 square miles surrounding the site.

Russia signed the Chemical Weapons Convention in 1997, the year it was created, pledging to eliminate its arsenal within 10 years. However, it won international agreement to prolong the deadline until 2012 because of a lack of funds.

Walker said that neither Russia nor the U.S. was anywhere near on track to meet that extended deadline. The U.S. is expected to complete destruction of its chemical weapons by 2020, he said.

With Little Authority, African Union Force Struggles With Its Mission In Darfur (NYT)

By Lydia Polgreen

The New York Times, September 9, 2006

TAWILA, Sudan, Sept. 8 — At the airstrip next to the headquarters of the African Union peacekeeping force in Darfur in El Fasher, the first job of the day for the workers who keep the mission's helicopters running is to check how much jet fuel is missing.

Some days it is just dozens of gallons. Sometimes it is hundreds.

At sundown, African Union soldiers must turn over control of the airstrip to the Sudanese government, whose troops guard the airfield all night. In the morning, the fuel is gone, according to senior African Union officials and airfield workers.

The missing fuel and the struggle over who controls the main military airstrip in Darfur lays bare just how little autonomy the African Union force actually has as it struggles to keep a fragile peace in this war-wracked region, where the government and its allied militias are fighting rebels seeking greater autonomy.

The African Union force, with its poor equipment and tiny contingent of 7,000 troops, had hoped to turn over command to a larger, better-equipped United Nations-led force at the end of the month. The Security Council has approved the step.

But the government has refused, as it continues to press an offensive against some rebel factions. It has instead proposed keeping the African Union force in place, and from interviews with dozens of officers and soldiers at camps in Darfur, it is easy to see why.

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African Union officers repeatedly spoke of the frustrations of what has become an impossible mission — to oversee a peace deal most of the militants in this brutal conflict have signed and to monitor a cease-fire that hardly anyone respects. Most spoke on the condition of anonymity because they are not authorized to speak publicly about African Union activities.

"We are frustrated and feeling so useless," said one major from southern Africa based in Kebkabiya, a government-controlled town that is home to thousands of people displaced by the conflict. "We are not able to move freely and do our work. Sometimes I wonder if there is any reason for us to be here at all."

But as weak as the African Union force is, nearly all agree it is better than none at all. Frantic diplomatic negotiations are now taking place to make sure some kind of peacekeeping force remains in Darfur, where hundreds of thousands of people have died and 2.5 million have been pushed from their homes in the fighting.

The African Union force is almost out of money, and its sponsors, mainly the United States and Europe, have said that they will pay no more. The force says it will leave after its mandate expires Sept. 30.

Sudan has offered to pay the force's budget with money raised by the Arab League and Sudan itself. But that would give the government even more leverage over the force, and senior African Union officials have dismissed the idea as unacceptable.

More than being underfunded, however, the peacekeepers here lack the ability to stand up to the Sudanese government, according to senior officers, analysts and diplomats.

"The African Union has never been a big nuisance and nor was it a big threat," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies.

"The Sudanese always had an A.U. that was split in its opinion and never had the rules of engagement or the capacity to push them around," he added. "So it was vulnerable to being manipulated and weakened along the way."

Those are problems that any new United Nations force would undoubtedly want to fix. But Sudan has argued that a United Nations force will undermine the country's sovereignty by transferring too much authority to outsiders. A lack of authority is precisely what many African Union officers here lamented.

"A peacekeeping force must assert its authority, so when I arrived and saw that a party to the conflict had control of the airstrip I knew this mission was in trouble," said one senior African Union military official who has served in peacekeeping missions in Europe, Africa and Asia.

"If the only airstrip you have is freely not accessible, then you know who has the authority, and it is not you," he said.

Gen. Collins Ihekire, the Nigerian who commands the African Union forces in Darfur, acknowledged in an interview that the force has not had always has the freedom and support it needs to carry out even its limited mission.

"We have not always had the ability to move as freely as we would like," he said, "but we are not here to force a confrontation with anyone. We are here as monitors of a cease-fire, not to make war."

In the past week, as the showdown over an international force has mounted, African soldiers have curtailed their already limited patrols, often at the insistence of Sudanese officers stationed in their bases as monitors of a tattered cease-fire agreement.

A short patrol Tuesday to visit outlying villages and areas frequented by nomads on their annual migration route near Kebkabiya was a case in point. According to its mandate, the African Union is supposed to be able to move freely throughout Darfur without any impediments, such as the travel permits required for aid workers and journalists wanting to visit the region.

But in practice, the movements of the African Union have been hampered by government officials. A Sudanese Army captain assigned to the Kebkabiya base tried to prevent a patrol from visiting villages in the area, relenting only when the Cameroonian major who was leading the patrol firmly insisted that it go ahead.

On the patrol, the Sudanese captain repeatedly told villagers not to speak to visiting journalists and not to allow the journalists to take photographs.

Such interference is a violation of the African force's independence, but the policy of the force has been to avoid confrontation rather than testing the limits of its mandate.

The African Union was always meant to be a short-term solution to stanch bloodshed and allow aid workers to operate in Darfur while negotiations for a political solution took place, Mr. Morrison said.

"There were no other options, and they stepped into the breach and they did it with limited capacity," Mr. Morrison said. "They acquitted themselves pretty well, and they showed courage and didn't shy away from ugliness and risk. But it wasn't sustainable."

The peace agreement signed between one of the rebel factions and the Arab-dominated government in May was supposed to be that political solution, but some of the non-Arab rebel factions have rejected it, as have millions of Darfur residents.

But the government, insisting it has reached a political settlement with those willing to make peace, has started a military offensive against the rebel alliance that refused to sign, bombing villages they control.

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This is a violation of the new peace agreement, according to African Union officials, but its troops watch helplessly as the Antonov bombers and attack helicopters take off from the El Fasher airstrip.

Still, whatever its shortcomings, shoring up the African Union without a commitment on the United Nations force may be the only option left, short of abandoning Darfur without any peacekeepers at all, said Eltayeb Hag Ateya, director of the Peace Research Institute at the University of Khartoum.

"Clearly the short-term solution is to support the African Union force," Mr. Ateya said. "We need to think practically and put politics aside to find peace."

In Darfur, Terror From The Air (WP)

By Craig Timberg

The Washington Post, September 9, 2006

EL FASHER, Sudan, Sept. 8 -- Yagoub Mustafa, 45, could not easily mimic the "whoop whoop whoop, boom! boom! boom!" of two helicopter gunships that fired rockets into the huts in his Darfur village. He tried to make the noises, but they were not loud enough, or terrifying enough.

But the horror he experienced that July afternoon, while he crouched low under a tree with his sobbing sons, daughters and nephews pressed against him, was more easily expressed: Mustafa thought they all were going to die, he said. And as he offered soothing words to the children, he begged for rescue in a silent prayer.

Please God help us. We need your mercy.

Three years into a war in the Darfur region of western Sudan, thousands of villagers have been victimized by government troops and proxy militiamen who killed, raped and looted. Now the government is intensifying an air war featuring Soviet-era Antonov planes jury-rigged into bombers and Mi-24 helicopter gunships turned against mud-and-thatch huts. New waves of shellshocked villagers have left their homes and trekked for days to bulging relief camps.

For Mustafa, whose eyes are set deeply into a face the color of aged teak, the air attack did what years of sporadic raids by government-backed Janjaweed militiamen had failed to do. They made him leave his home in Bellala Gorf, about 45 miles northwest of El Fasher, the capital of North Darfur state.

"They came very low," Mustafa said, his voice low and rumbly from decades of breathing hot desert dust. "I was afraid. I just hid."

The war started when rebels in this impoverished and neglected region attacked government installations in Darfur in 2003. The government responded by sending in regular army troops, employing air power and arming a militia, called the Janjaweed, whose fighters traveled by horse and camel and attacked rebels and civilians.

A peace deal was reached in May in Nigeria, but two of the three main rebel groups refused to sign. The government is sending thousands of troops and police officers to Darfur in what U.N. officials have called a violation of the peace plan.

In the past two months, the government also has resumed air attacks against civilians in areas where the rebels remain popular.

"Hundreds are still dying amid ongoing violence, and thousands are being forcibly displaced," said a statement issued Friday in Geneva by Antonio Guterres, the U.N. high commissioner for refugees. "If things do not improve, we are heading for a major catastrophe."

There is little evidence that things are about to improve in Darfur.

A 7,000-member African Union mission here, a limited but crucial buffer against the government forces, is due to depart by the end of the month, though discussions continue about a possible extension. The U.N. Security Council approved a plan last week to send in a U.N. force three times the size of the African Union mission, but Sudan's president, Omar Hassan al-Bashir, has rejected it.

Aid groups, African Union officials, analysts and rebels say that as the conflict is intensifying, the number of displaced people is growing. Many here say the worst of the conflict is still to come, as the government seeks to drive the rebels into submission by terrorizing their civilian supporters. War and disease in Darfur have killed as many as 450,000 people and driven more than 2 million from their homes.

The recent expansion of air attacks has familiarized Darfur civilians with the sights and sounds of military aircraft.

There is the white Antonov bomber that lumbers past, high in the sky, audible but not deafening. A long, high whistle is followed by tremendous boom. The hole left in the reddish Darfur sand is round and about three feet across. Generally, several bombs are dropped in a pass, and then the Antonov comes by again and, sometimes, again.

The aiming is crude, and rarely do the bombs land anywhere near the middle of a village. Also, they rarely seem to kill. What the bombs do, say those who have been near where they hit, is terrify with the force of their blasts and their seeming randomness.

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Abubakar Ibrahim Hassan, a long-faced man in a white robe and knit cap who appeared to be in his sixties, said the Antonovs flew over Bellala Gorf several times that day in July. Residents fled their huts for trees at the edge of the village.

"We knew the fire would come and kill everybody," he said.

But far more frightening are the Mi-24s. The helicopters can be outfitted with machine guns, bombs and rockets designed to blast through heavy armor. Villagers in Bellala Gorf described the Mi-24s firing munitions that left a distinctive trench-like pattern, about 10 feet long and three feet across, the signature of rockets fired from close to the ground.

Residents also described two Mi-24s painted in green camouflage. Several villagers said the helicopters hovered so low that it seemed they could have reached up and touched the aircraft.

Instead, they fled, tried to hide in the sand or cringed in their huts.

Ali Hadi Osman, 41, lay as still as he could, spread-eagle in the dust, he said, hoping the helicopter pilots would not see him. He stayed like that until long after they had flown away.

"If there's any movement," Osman reasoned, "they will come back."

Residents said they knew of no deaths from the air raid on Ballala Gorf, though 17 huts were destroyed in a burst of sand and black smoke. The attack was one in a series of incidents around the town of Korma over several days in early July. Amnesty International counted 72 deaths. Mass graves also have been reported in the villages around Korma.

Korma and surrounding villages now are reportedly nearly empty of their populations.

After Mustafa's terrifying encounter with the helicopter gunships, which came within 100 feet of his family's hideout beneath the trees, he decided to leave with his wife and six children.

"We are looking for peace," Mustafa said. "We want our children to go to school, to get a health clinic, good water and a good place to live."

It will happen, Mustafa said, only if the United Nations comes. The African Union force, even if it stays, is not able to protect civilians, he said.

Mustafa and his family left in the night, with their battered pots and pans and bags of flour loaded on the family's three donkeys. Together, the 11 of them -- eight people and three pack animals -- walked four days to a camp near El Fasher. They have lived there ever since and are unsure when, if ever, they will return home.

American Journalist Held In Sudan To Be Freed (WP)

By Craig Timberg

The Washington Post, September 9, 2006

EL FASHER, Sudan, Sept. 8 -- Pulitzer Prize-winning journalist Paul Salopek said from a Sudanese prison Friday night that the government would soon release him and two Chadian colleagues after a 34-day confinement on charges of espionage and producing "false news."

President Omar Hassan al-Bashir agreed to release Salopek after meeting with New Mexico Gov. Bill Richardson (D) in Khartoum, Sudan's capital. The three men are expected to be freed Saturday, Richardson's office said in a statement.

Salopek, a foreign correspondent for the Chicago Tribune, was arrested Aug. 6 while working on a story for National Geographic magazine about the Sahel region that runs along the southern edge of the Sahara.

Richardson traveled to Sudan with Salopek's wife, Linda Lynch, and Chicago Tribune Editor Ann Marie Lipinski. National Geographic Editor in Chief Chris Johns met the group in Khartoum. Salopek and his wife have a home in New Mexico.

Salopek, 44, will return to the United States with Richardson, though the details of their trip have not yet been finalized. Also being freed are Salopek's Chadian interpreter, Suleiman Abakar Moussa, and his driver, Idriss Abdulraham Anu.

"All three of us, Mr. Idriss, Mr. Suleiman, are all gratified," Salopek said by phone from prison here in El Fasher, the capital of North Darfur state.

Salopek, a veteran foreign correspondent with extensive experience in Africa, and his two colleagues crossed into the Darfur region of western Sudan without visas. Many journalists have made similar journeys over the past several years, taking advantage of Sudan's porous border with Chad to cover a conflict in a country that often restricts journalists.

Salopek was captured by a rebel group that had begun working with the government. He was later transferred to government custody and charged with the visa violation and the potentially more serious allegations of spying and writing "false news." He was scheduled to go on trial Sunday and faced two years in prison if convicted.

Salopek said he hoped his experience would not prevent other journalists from coming to Sudan to cover Darfur, where a three-year-old war is accelerating and a humanitarian crisis has grown more dire.

"We just hope and plan the story will continue to be covered," he said. "I probably will stay on the other side of the border, in Chad."

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Richardson's office said in the statement that the governor was invited to Sudan to discuss the case in large part because of his long relationship with Bashir and Sudan's ambassador to the United States, Khidir Haroun Ahmed. Richardson is a former member of Congress and ambassador to the United Nations.

"The successful end to this unfortunate episode is a victory for journalism and a free press," Richardson said in the statement. "Most important, these three men will return home safely to be with their families, friends and colleagues who were relentless in their appeals to have them freed."

Sudan Agrees To Free U.S. Reporter Accused Of Spying (NYT)

By Lydia Polgreen

The New York Times, September 9, 2006

EL FASHER, Sudan, Sept. 8 — The Sudanese government agreed to release a well-known American journalist, Paul Salopek, and two Chadians who were arrested and charged with espionage and with illegally crossing the border from Chad last month.

The journalist and his colleagues, an interpreter and a driver, were to be released Saturday on "humanitarian grounds," after Gov. Bill Richardson of New Mexico met with Sudan's president, Omar al-Bashir.

Mr. Richardson flew to Sudan on Friday at the invitation of the Sudanese government. Mr. Salopek and his wife, Linda Lynch, have a home in New Mexico.

Mr. Salopek, a foreign correspondent for The Chicago Tribune who has won two Pulitzer Prizes, was detained by a militant group allied to the Sudanese government in the western province of Darfur on Aug. 6. His driver, Idriss Abdulraham Anu, and his interpreter, Suleiman Abakar Moussa, both Chadians, were also detained.

The group turned them over to the government, which charged the men with spying. The arrests came amid tensions over a proposed United Nations peacekeeping force in Darfur that the Sudanese government has refused to accept, despite a Security Council resolution calling for its deployment.

The government has cracked down on protests, and a chill was sent through Sudan's news media with the beheading of a Sudanese newspaper editor after he published articles about the Prophet Muhammad that some Islamists considered blasphemous.

Mr. Salopek, on a scheduled leave of absence from The Tribune, was on assignment for National Geographic magazine, reporting an article about the life, culture and politics of the Sahel, the vast semidesert belt that spans Africa just below the Sahara.

He had not planned to visit Darfur, where a grim conflict between non-Arab rebels and the Arab-dominated government has left hundreds of thousands of people dead and pushed 2.5 million from their homes. But after reporting along the Chad-Sudan border, he decided to visit a village where some refugees from Darfur were returning and rebuilding their lives.

Mr. Salopek is known for his intense approach to reporting, often asking to work alongside the people he is writing about — fishermen, farmers, laborers, hunters. He once worked at a gas station outside Chicago to report on an article about America's addiction to oil.

Even while in captivity with the government rebel group last month, he managed to spend a day with village women planting crops, noting how their straight lines of seeds would swerve when one of the women told a joke about sex.

Speaking by telephone soon after learning that he would be freed, Mr. Salopek said he was relieved that he and his colleagues would be able to leave their cell soon.

He said that he plans to continue reporting for the article that he had begun when he was detained, picking up where he left off on a journey of months across Africa.

"I have every intention of resuming this assignment," he said. "I will be back in Africa."

Blair And Brown Reach Deal Over May 4 (FT)

By James Blitz

Financial Times, September 9, 2006

Tony Blair and Gordon Brown have reached an understanding that the prime minister will resign on May 4, paving the way for a new Labour leader to take office in mid-June.

After Mr Blair was on Thursday forced into a historic and humiliating public pledge to quit within 12 months, Downing Street refused to give any precise date on when the prime minister will depart Number 10.

However, allies of the chancellor said there was now a broad understanding between the two men that Mr Blair will announce next February that he intends to quit as party leader on May 4, 2007 - one day after the Scottish and Welsh regional elections.

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On Friday, Charles Clarke, former home secretary, weighed into the leadership row saying Mr Brown's behaviour had been "absolutely stupid ". In a piece in the Evening Standard he said the chancellor should have distanced himself from the rebels who demanded the prime minister's resignation.

His departure will pave the way for a six week Labour leadership election, which will see Mr Blair's successor - almost certain to be Mr Brown - installed by mid-June.

Little more than a week after insisting he would give no timetable for his exit from Number 10, Mr Blair used a visit to a north London school to confirm that this month's Labour conference would be his last as prime minister.

Thursday's U-turn has undermined Mr Blair's authority and may trigger a renewed bout of speculation over whether he possesses the political momentum to last until next summer.

His commitment to go by then was aimed at heading off demands from Labour MPs that he should quit immediately. It also amounted to a major victory for Mr Brown. After years of acrimony between the two over when the prime minister will stand down, Mr Brown has finally secured a public pledge on when Mr Blair will quit.

However, relations between the two remained uneasy on Thursday night. Mr Blair's allies said Mr Brown had been badly damaged by this week's events, amid claims - denied by the chancellor's camp - that he orchestrated an attempted coup against Mr Blair.

"Gordon has got quite a bit of work to do to settle people's minds at the end of this week," said a senior Downing Street figure. "He has appeared too aggressive and looks too much like a control freak who does not want a debate on Labour's future."

Mr Blair will spell out his ambitions for his remaining months in office in a speech to Labour activists on Saturday. But pressures for him to depart quickly could intensify, especially if Labour looks like it is heading for serious defeat in the Welsh and Scottish assembly elections on May 3.

Doug Henderson, an MP close to Mr Brown, was among several who still insisted Mr Blair should quit immediately. However, Mr Brown's allies said Mr Henderson's comments did not have their approval.

Criticism Follows Blair's Likely Successor Even As He Begins Discussing Policy Plans (NYT)

By Alan Cowell

The New York Times, September 9, 2006

LONDON, Sept. 8 — One day after Prime Minister Tony Blair said he would resign within a year, his rival and would-be successor, Gordon Brown, began on Friday to lay out a broad policy agenda, pledging that Britain would remain "shoulder to shoulder" with the United States against terrorism.

But a rancorous new debate erupted in the Labor Party, threatening to upend the uneasy truce that followed a week of feuding between the men over the timing of Mr. Blair's departure.

In the new uproar, a former senior minister, Charles Clarke, called Mr. Brown's recent behavior stupid.

In an interview in Friday's Evening Standard, Mr. Clarke, the former home secretary dismissed by Mr. Blair this year, said many Laborites had been angered by a photograph of Mr. Brown grinning as he was driven from a meeting with Mr. Blair.

"A lot of people are very upset and cross about that," Mr. Clarke said. "It was absolutely stupid — a stupid, stupid thing to do."

He also said Mr. Brown, the chancellor of the Exchequer, should have distanced himself from Labor rebels demanding Mr. Blair's ouster. "He could have done that with a click of his fingers," Mr. Clarke said.

By way of a response, Harriet Harman, the constitutional affairs minister, said, "I really think that everybody should shut up now" before the party could be torn apart.

The signs of restlessness suggested that some legislators were not satisfied with Mr. Blair's refusal to be pinned down on a firm departure date. Some people in Mr. Brown's camp now expect that to be early next May.

But whenever it is, some legislators said the duel had damaged Mr. Brown's prospects as an unchallenged successor.

Tony Wright, an independent-minded Labor legislator who has criticized the party's rebellion, said in an interview: "In the spring, Mr. Blair will say he is going. In the early summer he will go, and we will have a new leader. But it is less clear than it was two weeks ago that the next leader will be Gordon Brown. There is the suspicion that he cemented discontent within the party."

Mr. Brown's strong support of the United States in the campaign against terrorism seemed to offer some continuity with Mr. Blair, but it was also fraught with potential hazards because many Labor legislators are disenchanted by the prime minister's alliance with the White House and its Middle East policies.

Mr. Wright called Mr. Brown a "firm Atlanticist," but said the issue was tricky, because Mr. Blair's decision to align himself so closely with the United States forms the core of his problems with many Labor legislators.

"I don't think there is any great problem or alternative to most of his domestic agenda," Mr. Wright said. "But there is a deep antipathy to the Bush administration."

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Mr. Brown has not been granting interviews, but in an article in The Sun, a top-selling tabloid, he recalled the events of Sept. 11, 2001, and said, “In a few days I will visit New York and reaffirm to the American people that Britain — under the courageous leadership of Tony Blair — stands now, as then, shoulder to shoulder with them.”

While there have been questions about Mr. Brown’s attitudes toward Britain’s military deployment, Mr. Brown wrote, “Britain can take pride that our heroic armed forces are leading in the global fight we must wage against terrorism.”

He took a strong line against both terrorism at home and military commitments overseas, and said he guaranteed that “we will continue to spend whatever it takes to meet the new security demands we face and our military commitments abroad.”

Mr. Brown also told The Sun that he would support police demands for a period of detention of terrorism suspects without charge longer than the current 28 days. The police have been seeking a 90-day period.

Like Mr. Blair, however, he urged a broader campaign to counter the radical Islam that has spread among some British Muslims.

“As well as supporting our police, security services and armed forces in the front line of the war on terror at home and abroad, we also need to mobilize the power of argument and ideas to expose and defeat the ideology of hate,” he said.

In a separate speech in Edinburgh on Friday he tried to pre-empt criticism that, as a Scot, he might represent narrow, regional interests. “I stand here today again to speak up for Britain and Britishness,” he said.

Legislators in Scotland and Wales, along with local councilors in England, face elections next May that are seen as a bellwether of Labor fortunes. The vote is a crucial factor in the calculations of when Mr. Blair might step down, in the view of his critics, to enhance the party’s electoral prospects.

Infighting Still Dividing Blair's Party (AP)

By Beth Gardiner, Associated Press Writer

AP, September 9, 2006

Bitter infighting flared in Tony Blair's Labour Party on Friday as a former Cabinet official criticized the prime minister's likely successor.

Blair tried to placate his party's restive lawmakers by promising Thursday to resign within a year, but the harsh comments by Charles Clarke, formerly Britain's top law and order official, demonstrated the fragility of the truce.

Blair and Treasury chief Gordon Brown, widely expected to be the next prime minister, appeared to have reached a private understanding on the handover of power. But a sharp attack on Brown by Clarke — a Blair ally until the prime minister fired him in May — made clear the peaceful interval that party bigwigs had hoped for was unlikely to materialize.

Clarke harshly chastised Brown for the way he handled this week's party turmoil and said his succession as prime minister was not guaranteed. He said the grin on Brown's face as he emerged from Blair's 10 Downing St. office after handover talks with the prime minister had been provocative and poorly judged.

"A lot of people are very upset and cross about that. It was absolutely stupid, a stupid, stupid thing to do," Clarke said.

Clarke said Brown also should have acted more decisively against eight junior government officials whose protest resignations on Wednesday forced Blair's announcement.

"What he should have done was come out strongly and distance himself from them," he said. "He could have done that with a click of his fingers."

In comments to be published in Saturday's editions of the Telegraph newspaper, Clarke said Brown is a "a very self-confident, intelligent, cultured politician," but difficult to work with.

"It's a controlling thing — he thinks he has to control everything," Clarke was quoted as saying. "He is totally, totally uncollegiate. Can he change? That's the question. Can he delegate?"

Brown's allies have insisted he was not behind the anti-Blair plotting.

Senior party figures have publicly backed Brown as the next Labour leader — and therefore prime minister — to try to prevent the eventual handover of power from highlighting intraparty divisions and throwing national elections expected in 2009 to a resurgent Conservative Party.

It was not clear what motivated Clarke's attack. Although he was long seen as a Blair ally, that relationship has grown chilly since his firing so his comments may not have been sanctioned by the prime minister's camp.

Blair's spokesman declined to comment on Clarke's remarks.

Blair "thinks the country wants the government to get on with the business of governing and that's what he'll be doing," the spokesman said, speaking on condition of anonymity in keeping with government policy.

Whatever Clarke's intent, his remarks made clear the amount of bitterness that has built up in the party during months of argument over the length of Blair's tenure.

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Ruth Kelly, the communities secretary and a close Blair ally, said Clarke's statement was wrong and warned that continued sniping would be deeply damaging.

"I am sure there are others who share his view but what I would say is that I don't think that represents the center of gravity in the Labour Party, nor does it represent the majority view in the Cabinet," she told British Broadcasting Corp. radio.

She said the party needed a period of calm. "We have a duty ... to really refrain now for a period from this sort of intense political infighting," she said.

Blair had long resisted setting out a timetable for his departure as prime minister, fearing it would instantly drain his authority.

But he reluctantly announced Thursday that he would be gone by this time next year, when it became clear that was the only chance of ending days of damaging public turmoil. He refused to set a precise date for his resignation.

"I would have preferred to do this in my own way," Blair said Thursday, conceding that the Labour Party's annual conference this month would be his last.

Labour heavyweights had hoped that would be enough to calm the party after eight lawmakers quit their junior government posts Wednesday rather than remove their names from a letter demanding Blair's departure.

Anger over Blair's handling of last month's Middle East fighting and anxiety over the party's slide in the polls had fueled impatience in the party for him to leave quickly, or at least to say when he planned to go.

The low-level revolt raised fears that Labour's eventual change of command would be rancorous and messy — reminiscent of Margaret Thatcher's abrupt, involuntary departure from office in 1990 at the hand of rebels in her Conservative Party — rather than the "stable, orderly transition" that Blair has long promised.

The key question is whether the prime minister's new exit strategy will satisfy the party.

Early signals were that it would buy Blair time — but not much. He is eager to reach the 10-year anniversary of his 1997 assumption of office, which would be in May.

Speculation focused on May as the moment for his departure but his spokesman has said widespread guesses about a specific date were "just plain wrong."

Blairites Rejoice In Attack On Brown (FT)

By Ben Hall And James Blitz

Financial Times, September 9, 2006

Downing Street officials on Friday expressed private delight over a broadside fired at Gordon Brown by Charles Clarke, the former Home Secretary, saying the attack had rightly exposed features of the chancellor's character.

Tony Blair's official spokesman was careful not to comment on the outburst in which Mr Clarke accused the chancellor of "absolutely stupid" behaviour during the crisis that engulfed the government this week.

But in a sign that Mr Clarke's attack has emboldened the Blair camp, other figures close to the prime minister expressed pleasure that questions were being raised about Mr Brown's behaviour. The private view reflects tensions between the camps in spite of the understanding on Mr Blair's departure date.

According to one Downing Street figure, relations between the two men remain sore after a serious stand-off at a meeting in Number 10 on Wednesday. Mr Blair, in the presence of officials from both camps, accused the chancellor of plotting a coup against him.

"Tony lost his rag, demanding to know what Gordon was up to, whether he was trying to topple him," said a Blair ally who was at the meeting. "Gordon sat there in silence, like a sullen teenager. That is what we have been putting up with for so long."

There were other signs on Friday that Number 10 was feeling emboldened by the attack on the chancellor. A senior figure said Mr Blair is to encourage a "fundamental and open debate" about public spending priorities over the next year in a bid to prevent Mr Brown dictating policy.

Britain's Political Enigma (FT)

By James Blitz

Financial Times, September 9, 2006

Gordon Brown has taken a critical step to becoming Britain's prime minister. For years, Mr Brown – the dour 55-year-old Scot who is finance minister – has never disguised his burning desire to succeed Tony Blair as leader of the ruling Labour party. This week, Mr Brown, chancellor of the exchequer, finally got something he long sought: a public assurance from Mr Blair that he will quit Downing Street by next May.

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Mr Blair's assurance came in one of the most tumultuous weeks in recent British politics. It is a week that has badly – probably fatally – damaged Mr Blair. The prime minister had wanted to keep his departure plans vague. But after a revolt by Labour MPs, he was finally forced to surrender a rough timetable for his departure.

Perhaps more remarkably, the week's events have also damaged Mr Brown. For years, he has been a consummate political operator, the dead certain successor to Mr Blair. He almost certainly still is. But on Friday Charles Clarke, a former interior minister, voiced the suspicion of many Labour MPs that Mr Blair has been the victim of a grubby coup orchestrated by his finance minister. Mr Clarke attacked Mr Brown's behaviour this week as "absolutely stupid" – adding that he must now "prove his fitness" to succeed Mr Blair.

People outside the UK will probably be more struck by Mr Blair's political demise than Mr Brown's ascent. Even after a decade in office, Mr Blair remains one of the most arresting figures on the international stage. In the US, he enjoys mythical status as the sole sure ally of President George W. Bush in the war on terror. In Europe, Mr Blair is regarded as the one person who has firmly shifted a party of the left to the centre ground. By contrast, Mr Brown – outside international financial circles – enjoys none of this allure.

Yet this is to underestimate Gordon Brown. He deserves no less credit than Mr Blair for founding "New Labour" and making it a powerful electoral machine. Even more significant, Mr Brown is the architect of the government's economic success – implementing reforms that have brought a decade of uninterrupted growth, low unemployment and interest rates. This, above all, is why his bid to succeed Mr Blair is unstoppable.

Even so, within Labour there is a nagging doubt, an ambivalence, about what kind of leader Mr Brown would be. Mr Clarke on Friday became the first senior politician to voice publicly what the ambivalence is about: Mr Brown's dark side, his sullen temperament. "Part of the problem," said Mr Clarke, "is that he lacks confidence. He is nervous. That could all change when the burden of waiting for the job is lifted and I think it probably will. But the problem is, nobody really knows."

As politicians – indeed as human beings – it is hard to imagine two people more unlike each other than Mr Blair and Mr Brown. The current prime minister is intuitive, a charmer, one who connects with fellow politicians and the electorate. Mr Brown is broody, deliberative, an academic manqué whose powerful charm in private is not felt by the wider public.

Their working styles are different, too. Mr Blair acts on instinct, he has intimations about events. He knew within minutes of the September 11 attacks that the world had been gripped by a powerful new form of terrorism. Mr Brown, by contrast, rarely takes a big decision without painstaking study and reflection. Sometimes, this can be an advantage. But some wonder how well he would make the shift to prime minister, where the incumbent must respond daily to random events.

Above all – and this is central to the impending handover – Mr Brown appears to many Britons to be more left-leaning than Mr Blair. The prime minister has long been seen as a Conservative in disguise ("Tory Blair"). At home, he has overhauled Britain's health and education system, introducing choice for consumers. Mr Brown, by contrast, is seen as a more traditional Labour man, close to trade union leaders and wedded to big government and state intervention.

For Britain's Conservatives, now resurgent under David Cameron, this is the core attack on Mr Brown. Mr Cameron argues that once Mr Blair has gone, he – the Conservative leader – will become Mr Blair's rightful heir. Mr Brown, meanwhile, will marginalise Labour and take it back to the left. This argument is too crude, however. At home, Mr Brown resents the suggestion that he is not a reformer or moderniser. He has faced down union demands for big public sector wage rises. He is deeply committed to the promotion of business and enterprise. What is still uncertain is whether he will have anything like Mr Blair's zeal to entrench choice and diversity in state hospitals and schools.

"He has to do this and I think he will," says a dispassionate observer. "The moment he veers away from the reforms Blair has sought to implement, Cameron will press home the argument that the Tories are Blair's heirs."

On international policy, too, Mr Brown might not signal as much of a change as some believe. Mr Blair has developed a powerful political relationship with the White House, believing the UK can have no influence unless it hugs America close. Mr Brown will not get so close to Mr Bush in the final stages of his presidency. Yet Mr Brown is intellectually far more fascinated than Mr Blair has ever been by American politics, enterprise and culture – ensuring these have a deep influence on his policy.

On Europe, the two men's instincts are clearly different. Mr Brown's dominant concern has been with Europe's structural economic problems and rigid labour markets. This makes him far more sceptical than Mr Blair about attempts to deepen political integration. But Mr Brown is aware, too, that Britain's Conservatives undermine their own credibility by indulging in visceral Europhobia. So he will want to underscore Conservative extremism by forging close links with European leaders.

Can Mr Brown possibly be stopped from winning power? Mr Clarke's attack has thrown a sharp spotlight on whether Mr Brown will be challenged in next year's leadership election. A handful of leading Labour figures close to Mr Blair loathe Mr Brown and share concerns about his character and politics. They may yet organise a challenge.

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Yet Mr Brown should manage to head this off. He has bided his time as the leader-in-waiting for so long that he is unlikely to make a mistake now. The broad mass of the Labour party – the trade unions, the young generation of cabinet ministers – is firmly behind him. Yet he still has some work to do – to prove he really does have some of Tony Blair's versatility and humanity.

The Ditch Blair Project (LAT)

The Los Angeles Times, September 9, 2006

PREMATURE POLITICAL OBITUARIES are nothing new, but it isn't every day that a politician writes his own. This week, British Prime Minister Tony Blair did just that — although he left out the precise time of "death," hinting that he would step down within one year in favor of Chancellor of the Exchequer Gordon

Brown. Now journalists are chiming in with their own advance eulogies, many of which identify Blair's fatal affliction as his support for President Bush's foreign policy.

It's not that simple. Yes, Blair has been savaged for supporting not only the war in Iraq but also a pro-Israel position in the recent war in Lebanon. Critics deride him as "Bush's poodle," but that's a doubly unfair epitaph for Blair's tenure at 10 Downing Street.

First, his hawkish position on Iraq involves more than parroting Bush. It reflects his own conviction that democracies like Britain and the United States should intervene abroad when necessary to plant democracy (one goal of the invasion of Iraq) or to rescue the victims of ethnic cleansing (as in the Balkans). Quite unlike Bush, Blair considers these missions to go hand in hand with leadership on global warming, debt reduction in the Third World and aggressively reducing poverty worldwide. Blair has been the most articulate spokesman for what appears to be a political breed in retreat — the liberal internationalist.

A political obituary for Blair that fixates myopically on Iraq or on U.S.-British relations gives short shrift to Blair's accomplishments at home, notably his shepherding of the Labor Party back to power after 18 years in the wilderness. Blair led the party to victory three times — the last time despite the baggage of the Iraq war — because he recognized the need to liberate what he called New Labor from the ideological straitjacket of the "loony left." Blair became an evangelist for a Third Way between the doctrinaire socialism of "old Labor" and the too-rugged individualism championed by Margaret Thatcher. The Third Way preached that a party of the left could be pro-business and open to innovation without forsaking the poor and the marginalized.

A similar gospel was preached successfully by a U.S. president whose tenure overlapped with Blair's — not Bush but the Great Triangulator, Bill Clinton. That so many in Britain and the United States have forgotten the Blair-Clinton partnership is a reminder that Blair has been prime minister for a long time and probably should move on. Just don't call him "poodle."

U.S. Paid 10 Journalists For Anti-Castro Reports (NYT)

By Abby Goodnough

The New York Times, September 9, 2006

MIAMI, Sept. 8 — The Bush administration's Office of Cuba Broadcasting paid 10 journalists here to provide commentary on Radio and TV Martí, which transmit to Cuba government broadcasts critical of Fidel Castro, a spokesman for the office said Friday.

The group included three journalists at El Nuevo Herald, the Spanish-language sister newspaper of The Miami Herald, which fired them Thursday after learning of the relationship. Pablo Alfonso, who reports on Cuba for El Nuevo Herald, received the largest payment, almost $175,000 since 2001.

Other journalists have been found to accept money from the Bush administration, including Armstrong Williams, a commentator and talk-show host who received $240,000 to promote its education initiatives. But while the Castro regime has long alleged that some Cuban-American reporters in Miami were paid by the government, the revelation on Friday, reported in The Miami Herald, was the first evidence of that.

In addition to Mr. Alfonso, the journalists who received payment include Wilfredo Cancio Isla, who writes for El Nuevo Herald and received about $15,000 since 2001; Olga Connor, a freelance reporter for the newspaper who received about $71,000; and Juan Manuel Cao, a reporter for Channel 41 who got $11,000 this year from TV Martí, according to The Miami Herald, which learned of the payments through a Freedom of Information Request.

When Mr. Cao followed Mr. Castro to Argentina this summer and asked him why Cuba was not letting one of its political dissidents leave, Mr. Castro called him a "mercenary" and asked who was paying him.

Mr. Cao refused to comment Friday except to say on Channel 41 that he believed the Cuban government knew in advance about the article in The Miami Herald. Most of the other journalists could not be reached. Ninoska Perez-Castellón, a commentator on the popular Radio Mambí station here, said she had received a total of $1,550 from the government to do 10

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episodes of a documentary-style show on TV Martí called "Atrévete a Soñar," or "Dare to Dream," and saw nothing wrong with it. Her employer has always known about the arrangement, she added.

"Being Cuban," Ms. Perez-Castellón said, "there's nothing wrong with working on programs that are on a mission to inform the people of Cuba. It's no secret we do that. My face has always been on the shows."

But Al Tompkins, who teaches ethics at the Poynter Institute for Media Studies in St. Petersburg, called it a conflict of interest for journalists to accept payment from any government agency.

"It's all about credibility and independence," Mr. Tompkins said. "If you consider yourself a journalist, then it seems to me it's an obvious conflict of interest to take government dollars."

Lincoln Diaz-Balart, a Republican congressman and one of Miami's most stridently anti-Castro voices, said he believed editors at El Nuevo Herald and The Miami Herald had known that the three writers for El Nuevo had worked for the Office of Cuba Broadcasting. He pointed to articles from both papers in 2002 that describe Mr. Alfonso as a moderator for a program on Radio Martí and Ms. Connor as a paid commentator for the station.

But Robert Beatty, vice president for public affairs at the Miami Herald Media Company, said the editor of El Nuevo, Humberto Castello, learned only on Thursday. The Herald, long owned by Knight Ridder, was acquired in March by the McClatchy Company.

Mr. Beatty said that Jesús Diaz, publisher of The Miami Herald and El Nuevo Herald, had decided to fire Mr. Alfonso and Mr. Cancio and to sever ties with Ms. Connor, a freelance journalist who wrote about Cuban culture.

"Journalism's ethical guidelines are neither subjective nor selectively enforced," Mr. Beatty said. "Where conduct of this sort is brought to our attention, we act decisively."

Mr. Cancio said Friday evening that his supervisors had known and approved of his appearances on Radio and TV Mambí, during which he said he always expressed his own opinions and not the government's.

"It is for these reasons that I deny any conflict of interest in my professional behavior," he said, "and I believe my termination to be an unfair and disproportionate decision made in bad faith."

Pedro Roig, director of the Office of Cuba Broadcasting, could not be reached for comment. But he told The Miami Herald that hiring Cuban-American journalists was part of a broader mission to improve the stations' quality.

Joe O'Connell, a spokesman for the government's International Broadcasting Bureau, which oversees the Office of Cuba Broadcasting as well as Voice of America and Radio Free Europe, said the bureau did background checks on journalists who contributed to its programming but had no ethics code for them.

After Mr. Williams admitted in 2005 to accepting money from the Federal Education Department through a public relations company, federal auditors said the Bush administration had violated the law by disseminating "covert propaganda."

A few months later, The Los Angeles Times reported that the Pentagon had paid millions of dollars to another public relations firm to plant propaganda in the Iraqi news media and pay friendly Iraqi journalists monthly stipends.

Government spending on Radio and TV Martí — $37 million this year — has long been the subject of criticism because the broadcasts appear to reach only a minute number of Cubans. The Cuban government jams the signals. This year, the Bush administration spent $10 million on a new plane designed to transmit TV Martí more effectively.

Latin America (WSJ)

By José De Córdoba

The Wall Street Journal, September 9, 2006

When delegates from 116 countries gather for next week's Nonaligned Movement summit in Havana, the question uppermost in their minds will be whether their ailing host, Fidel Castro, is making his final bow on the world's stage.

For the past month, Mr. Castro, 80 years old, has been on the mend from surgery following intestinal bleeding, having temporarily handed power to his younger brother Raul, Cuba's 75-year-old defense minister. But there are precious few details about the health of Cuba's president-for-life, a matter that is considered a state secret.

Some U.S. officials surmise that Mr. Castro is suffering from a fatal stomach cancer, although they won't say so publicly. Earlier this week, Havana, which denies Mr. Castro has cancer, released a letter written by Mr. Castro that said he had lost 41 pounds in 37 days but was now recuperating at a "satisfactory rhythm." Mr. Castro has said he will receive dignitaries at the conference although there is no word on whether he will actually attend. Cubans on both sides of the Florida Straits will be watching his appearance closely for clues of his prognosis.

If the event does amount to Mr. Castro's unofficial farewell from the global stage, Venezuela's fiery president, Hugo Chávez, stands ready to claim the title of heir apparent to his revolutionary mantle. He will be a visible presence at the conference.

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Analysts expect the fiercely anti-American Mr. Chávez to use the gathering to lobby votes to win a seat for Venezuela in the 15-member United Nation's Security Council in elections scheduled for October. A victory for Mr. Chávez, who backs Iran's bid to develop a nuclear program, would be a headache for the U.S. Iran's leader, Mahmoud Ahmadinejad, also plans to attend the conference.

To win a Security Council seat, Mr. Chávez has been traveling the globe and generously spreading oil money to win allies. In turn, the U.S. has been exerting pressure behind the scenes to win support for its candidate, Guatemala.

Next week marks the second time that Mr. Castro has played host to the Nonaligned Movement. It was founded at the height of the Cold War in 1961 by Yugoslavia and other nations that wanted to create a counterweight of countries not aligned with either the U.S or the Soviet Union. The organization, most of whose members are developing nations in Asia, Latin America and Africa, has had a difficult time maintaining relevancy since the Cold War ended, but that hasn't stopped delegates from going to a conference every three years in some part of the globe.

Mexico's Election Doubts May Linger (LAT)

By Héctor Tobar

The Los Angeles Times, September 9, 2006

MEXICO CITY — Top electoral officials and judges are feeding doubts about the outcome of Mexico's presidential vote by declining to release details about a recount of 4 million ballots and by moving quickly to destroy all 41 million ballots, legal experts said Friday.

The seven judges of the Federal Electoral Tribunal declared conservative candidate Felipe Calderon president-elect on Tuesday. But the tribunal's 300-page ruling on the vote left some experts shaking their heads.

John M. Ackerman, a law professor at the National Autonomous University of Mexico, said the judges had made no effort to investigate possible financing improprieties and other charges made by leftist candidate Andres Manuel Lopez Obrador. The ruling also failed to cite any legal precedents in its refusal to have the election annulled, Ackerman said.

The court opened ballot boxes and recounted 4 million votes, but only to determine whether there was evidence of outright fraud — and declared that they had found none. The recount tallies were not released.

"The tribunal is explicitly preventing us from seeing what actually happened in the partial recount," Ackerman said. "The result of all this is that we don't have certainty."

A Federal Electoral Tribunal spokesman said the judges would not comment on the ruling. He said no further information would be released on the recount.

On Thursday, the Federal Electoral Institute, or IFE, which organizes elections, denied a request by Ackerman and others to have access to the ballots.

By law, ballots here are destroyed after an election is certified, but the law does not stipulate when.

Irma Sandoval, director of the National Autonomous University's Laboratory for the Study and Analysis of Corruption and Transparency in Mexico, said the ballot request was made through the fledgling public records act, which grants access to documents not covered by privacy and national security restrictions.

"The IFE denied our request because, they said, the ballots are not documents," Sandoval said. "The ballots are printed by the government. But the IFE said that at the moment a citizen marks the ballot, it's no longer a document. It's a very metaphysical argument."

Writers Elena Poniatowska and Carlos Monsivais, who supported Lopez Obrador's presidential bid, joined the petition seeking access to the ballots.

Sandoval said she and others were considering an appeal to the Supreme Court to keep the IFE from destroying the ballots.

The IFE's rejection of the request led Sandoval to compare this election to 1988, when the outgoing government burned ballots rather than allow a recount that might have proved leftist candidate Cuauhtemoc Cardenas' allegations of fraud in his loss to ruling party nominee Carlos Salinas de Gortari.

"All of the reforms we've had since 1988 have been designed to bring the left back into the electoral process, and now the left is on the street," Sandoval said. "If the IFE proceeds with the rushed and premature destruction of the ballots, then the comparisons to 1988 will be more than apt."

Lorenzo Cordova, a law professor at the National Autonomous University, said that although the election was flawed, it was mostly a success. On election day, he said, all of the political parties praised the way the IFE conducted the vote.

"The errors of the IFE were in communication," Cordova said, after the narrow margin between Calderon and Lopez Obrador became clear. "They didn't know how to face a politically delicate situation in the way they released information in the days after the election. They created a lot of doubts."

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Cordova said he opposed granting public access to the ballots because there was no guarantee a "citizen recount" would follow established standards. But he said the election had shown the need for new reforms, including improved regulation of the media and private financing of campaigns.

Mexico Arrests Major Cocaine Suspect (AP)

By Julie Watson

AP, September 9, 2006

Mexican authorities have arrested a reputed major figure in one of Colombia's largest and most feared drug cartels responsible for nearly half of the cocaine smuggled into the United States, U.S. officials said Friday.

Jaime Maya Duran was arrested Wednesday by agents of Mexico's attorney general's office in Mexico City and flown immediately to New York, where he is under indictment on drug trafficking and money laundering charges, the U.S. Immigration and Customs Enforcement, or ICE, said in a news release.

Maya Duran's arrest "shows the determination of U.S. and Mexican law enforcement authorities to pursue the most dangerous criminals, including those who thought they were untouchable," U.S. Ambassador in Mexico Tony Garza said in a statement.

Officials at the attorney general's office in Mexico said they had no immediate comment.

A Colombian citizen, Maya Duran and three other key lieutenants allegedly took over the Norte Valle cartel, based in Cartago, Colombia, after the ring's suspected leader, Luis Hernando Gomez Bustamante, was jailed in Cuba for attempting to enter the country with a false passport two years ago.

The ICE said the cartel is Colombia's largest and most feared, and allegedly exported more than 1.2 million pounds of cocaine to the United States between 1990 and 2004.

Maya Duran allegedly arranged the logistics of drug shipments to the United States and Europe, according to the U.S. State Department.

U.S. officials posted a $5 million reward in his arrest.

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Block, Jonathan

From: Block, Jonathan
Sent: Monday, September 11, 2006 12:41 PM
To: Block, Jonathan
Subject: Sunday Show Transcripts
Attachments: SUNDAY SHOW TRANSCRIPTS 9.10.doc

Attached, please find the Sunday show transcripts from September 10, 2006.

Jonathan
202-616-0503 (Work)
202-353-5328 (Mobile)

SUNDAY SHOW TRANSCRIPTS
9/10/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Good morning. This is a special edition of MEET THE PRESS, marking the fifth anniversary of September 11. And joining us for the first time in three years is the vice president of the United States, Dick Cheney.

Welcome back.

VICE PRES. DICK CHENEY: Morning, Tim.

MR. RUSSERT: Mr. Vice President, today—tomorrow marks the fifth anniversary of September 11, and in many ways marks the beginning of the war on terrorism. Three years ago the secretary of defense, Donald Rumsfeld, wondered out loud, are we creating or recruiting more terrorists than we are killing? What do you think, five years later? Are there more terrorists now than there were five years ago?

VICE PRES. CHENEY: It's hard to say, Tim, and hard to put a precise number on it. It's, it's changing and evolving to some extent. We've done enormous damage to al-Qaeda, to the leadership of al-Qaeda. We've captured and killed hundreds of, of their senior people. By the same token, you've got one of the organizations, al-Qaeda organizations, out there now that have only a remote connection to the, to the center. The, the groups, for example, that the Brits have uncovered recently. These are second-generation immigrants to the UK. These are not people living in the Middle East or who have grown up in terror training camps in Afghanistan the way the original group did. So it is changing and evolving. On the other hand, I think we both have made—would say I think we've made significant progress.

MR. RUSSERT: It's interesting. Here's what the American people said in a recent poll. Is the U.S. involvement in Iraq or Afghanistan creating more terrorists or eliminating terrorists? And look at that. Overwhelmingly, 54 percent, clear majority, believe we are creating more terrorists.

TEXT:

U.S. INVOLVEMENT IN IRAQ AND AFGHANISTAN

CREATING MORE TERRORISTS 54%

ELIMINATING TERRORISTS 15%

The New York Times CBS/Poll

VICE PRES. CHENEY: I, I, I can't buy that. I mean, I think you've got to look what's happening in Afghanistan and Iraq in terms of the—where we were five years ago and where we are today. I mean, take Afghanistan. Afghanistan was governed by the Taliban, one of the worst

regimes in modern times, terribly dictatorial, terribly discriminatory towards women. There were training camps in Afghanistan training thousands of al-Qaeda terrorists. All of those training camps today are shut down. The Taliban are no longer in power. There's a democratically elected president, a democratically elected parliament and a new constitution and American-trained Afghan security forces and NATO now actively in the fight against the remnants of the Taliban. We are much better off today because Afghanistan is not the safe haven for terror that it was on 9/11.

MR. RUSSERT: But in Afghanistan, the—one of the British commanders there, Richards, said that 70 percent of the Afghan people are undecided, that we only have until the end of the year to secure that country, that the Taliban is back, that the opium crop has increased 60 percent. We have not secured Afghanistan.

VICE PRES. CHENEY: We are still in the fight in Afghanistan and we're likely to be for some considerable period of time. But, you know, come back to the basic proposition with respect to the, the struggle that's under way there in terms of the Taliban. We have had significant activity this summer in southern Afghanistan as NATO moved in and replaced U.S. forces. The Taliban wanted to challenge those. There was the belief that in fact the NATO wouldn't fight as aggressively as U.S. forces would, and so they've made a major effort in that regard. But just in the last 48 hours we've killed 130-some Taliban in, in southern Afghanistan.

In terms of the question of people being on the fence, that, in part, is the reflection of, of the reality of life in that part of the world and the uncertainty in the minds of a lot of people about whether or not the United States will, in fact, stay in the fight. It's one of the major battles that we're going to have here at home as well this year. The basic proposition for our adversaries—and we ought to take a minute and focus on it—they, they want to re-create the old caliphate that stretched from Spain all the way around to Southeast Asia. They want to topple the regimes that are there today, they want to kick the U.S. out of that part of the world, destroy Israel, equip themselves with weapons of mass destructions, etc. In the course of doing that, their strategy for doing that is to break our will. They can't beat us in a stand-up fight, they never have, but they're absolutely convinced they can break our will. The American people don't have the stomach for the fight.

So you look at situation today in Afghanistan or even in Iraq, and you've got people who have doubts. They want to know whether or not if they stick their heads up, the United States, in fact, is going to be there to complete the mission. And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States, suggestions, for example, that we should withdraw U.S. forces from Iraq, simply feed into that whole notion, validates the strategy of the terrorists.

MR. RUSSERT: Let me stay on Afghanistan, because the front page of The Washington Post today, bin Laden, the trail is stone cold, according to intelligence officials. Do you agree with that?

VICE PRES. CHENEY: I don't. I, I, I haven't read the article, I saw the headline. And, you know, there's the, the on again/off again approach, is the U.S. really serious about bin Laden?

We are serious, we've stayed actively and aggressively involved in the hunt for bin Laden from the very beginning. There's been no...

MR. RUSSERT: But this stuff here is real important. This article says that in 2002, the U.S. pulled its Special Operation forces out of Afghanistan and, and really did lower down the volume in seeking—in going after Osama, which is at the exact time that President Bush said, "I don't spend much time on him," talking about bin Laden.

VICE PRES. CHENEY: He's not the only source of the problem, obviously, Tim. If you killed him tomorrow, you'd still have a problem with al-Qaeda, with Zawahiri and the others. But bin Laden has been a top priority for us from the very beginning, he continues to be a top priority today. That hasn't changed. The president and I get periodic reports on our efforts in that regard. There's been no lessening of our interest or of our activity with...

MR. RUSSERT: Pakistan has now a peace pact with the terrorists in the area where we think bin Laden is, creating what Richard Clarke, the former White House adviser on terrorism, calls a "sanctuary." And reports from the RAND Corporation that the Pakistan CIA, the ISI, are in...

VICE PRES. CHENEY: ISID.

MR. RUSSERT: Yeah, are in cahoots with the Taliban. So if the Pakistanis aren't willing to seek bin Laden, and have a peace pact with the terrorists, where are we?

VICE PRES. CHENEY: I don't buy the premature question, Tim. I, I think it's wrong and I think the sources you've quoted are wrong. The fact is we've captured and killed more al-Qaeda in Pakistan than any place else in the world in the last five years. President Musharraf has been a great ally. There was, prior to 9/11, a close relationship between the Pakistan intelligence services and the Taliban. Pakistan was one of only three nations that recognized, diplomatically recognized the government of Afghanistan at that particular time. But the fact is Musharraf has put his neck on the line in order to be effective in going after the extremist elements including al-Qaeda and including the Taliban in Pakistan. There have been three attempts on his life, two of those by al-Qaeda over the course of the last three years. This is a man who has demonstrated great courage under very difficult political circumstances and has been a great ally for the United States.

So there's no question in that area along the Afghan/Pakistan border is something of a no man's land, it has been for centuries. It's extraordinarily rough territory. People there who move back and forth across the border, they were smuggling goods before there was concern about, about terrorism. But we need to continue to work the problem. Musharraf just visited Karzai in, in Kabul this past week, they're both going to be here during the course of the U.N. General Assembly meetings over the course of the next few weeks. We worked that area very hard, and the Paks have been great allies in that effort.

MR. RUSSERT: Many people look at Afghanistan and say, "Oh, we're—if we had not been distracted by Iraq, we could have secured Afghanistan, we—it would not be a narco state,"

which it, it's on the verge of becoming, with 60 percent increase in opium, "and we took our eye off the ball."

VICE PRES. CHENEY: I disagree. There were narcotics being produced, heroin being grown in, in Afghanistan for centuries. It's been the major source of supply because of the nature of the, the area for heroin going to Europe long before the United States got involved in Afghanistan, or long before we got involved in Iraq. That's not a new development. The fact is that we have made major progress in Afghanistan. We've still got a lot to do.

You start with a country that is one of the poorest in the world, that's been racked by decades of civil war and conflict—it was occupied by the Soviets, and then fought over by the Soviets and the mujahideen for years—that badly needed what we have, in fact, provided. We took down the Taliban regime, liberated 25 million people, created a democratic government with a president and a constitution and a new parliament. I was there for the swearing in of, of the Karzai administration, as well as for the new parliament. It is major progress. Is it over? No, it's not over. Is it easy? Of course it's not easy. It's always going to be difficult in that part of the world.

The key here, and, and this is the key in, in a lot of what we do in that part of the world, is to get the locals into the fight. And we've done that, I think, very effectively in Afghanistan. And the U.S. will continue to be involved there, but we've also got great support from our allies. NATO's very heavily engaged now in Afghanistan, in the fight against the Taliban, to secure that nation for its people.

MR. RUSSERT: It is Iraq, however, that the president has said is the central front in the war on terror. This is what he said...

VICE PRES. CHENEY: It is now.

MR. RUSSERT: This is what he said on August 31, 2006. Let's watch it for the record.

(Videotape, August 31, 2006):

PRES. GEORGE W. BUSH: Iraq is the central front in the war on terror.

(End of videotape)

MR. RUSSERT: And yet if you ask the American people, is the war in Iraq a part of the war on terror, this is what they now say: 46 yes, 53 percent, a majority, say it is not part of the war on terror.

VICE PRES. CHENEY: Well, I beg to differ. Let's walk through it. Look at where we are in Iraq today. I do think we've made major progress. Five years ago, Saddam Hussein was in power in Iraq. Iraq was a major state sponsor of terror. Saddam Hussein was providing payments, bonuses to the families of suicide bombers. He had a history of starting two wars, he had produced and

used weapons of mass destruction. It was one of the worst regimes in modern times. We moved aggressively against Saddam Hussein.

Today, you've got Saddam in jail, where he's being prosecuted for having butchered thousands of people; you've got a democratically elected government; there have been three nationwide elections; there has been a new constitution written; we've got almost 300,000 Iraqis now trained and equipped in the security forces. And we are—that's significant progress by anybody's standards. It's still difficult, it's still, obviously, major, major work to do ahead of us. But the fact is, the world is much better off today with Saddam Hussein out of power.

Think where we'd be if he was still there. He'd be sitting on top of a big pile of cash, because he'd have 65 and $70 oil; he would by now have taken down the sanctions because he had already, with the corrupted Oil for Food program, nearly destroyed them when he was still in power; he would be a major state sponsor of terror. We also would have a situation where he would have resumed his WMD programs. That was one of the conclusions of the Duelfer Report. So to suggest that somehow the world's not better off by having Saddam in jail, I mean, is just dead wrong.

MR. RUSSERT: But Mr. Vice President, the primary rationale giving—given for the war in Iraq was Saddam had weapons of mass destruction. You—on August of 2002, this is what you told the VFW. Let's just watch it.

(Videotape, August 26, 2002):

VICE PRES. CHENEY: Simply stated, there is no doubt that Saddam Hussein now has weapons of mass destruction.

(End of videotape)

MR. RUSSERT: In fact, there is grave doubt, because they did not exist along the lines that you described, the president described, and others described. Based on what you know now, that Saddam did not have the weapons of mass destruction that were described, would you still have gone into Iraq?

VICE PRES. CHENEY: Yes, Tim, because what the reports also showed, while he did not have stockpiles—clearly the intelligence that said he did was wrong. That was the intelligence all of us saw, that was the intelligence all of us believed, it was—when, when George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, "George, how good is the case against Saddam on weapons of mass destruction?" the director of the CIA said, "It's a slam dunk, Mr. President, it's a slam dunk." That was the intelligence that was provided to us at the time, and based upon which we made a choice.

MR. RUSSERT: So if the CIA said to you at that time, "Saddam does not have weapons of mass destruction, his chemical and biological have been degraded, he has no nuclear program under way," you'd still invade Iraq?

VICE PRES. CHENEY: Because, again, look at the Duelfer Report and what it said. No stockpiles, but they also said he has the capability. He'd done it before. He had produced chemical weapons before and used them. He had produced biological weapons. He had a robust nuclear program in '91. All of this is true, said by Duelfer, facts. Also said that as soon as the sanctions are lifted, they expect Saddam to be back in business.

MR. RUSSERT: But the rationale was he had it. A growing threat. All the while, North Korea, which had one or two potential bombs in 2000 when you came into office, now has double or triple that amount. So again, you took your eye off of North Korea to focus on Iraq.

VICE PRES. CHENEY: Let's, let's, let's go back to the beginning here. Five years ago, Tim, you and I did this show, the Sunday after 9/11. And we learned a lot from 9/11. We saw, in spite of the hundreds of billions of dollars we'd spent on national security in the years up to 9/11, on that morning, 19 men with box cutters and airline tickets came into the country and killed 3,000 people. We had to take that and, and also the fact of their interest of weapons of mass destruction and recognize, at that time, it was the threat then and it's the threat today that drives much of our thinking, that the real threat is the possibility of a cell of al-Qaeda in the midst of one of our own cities with a nuclear weapon, or a biological agent. In that case, you'd be dealing—for example, if on 9/11 they'd had a nuke instead of an airplane, you'd have been looking at a casualty toll that would rival all the deaths in all the wars fought by Americans in 230 years. That's the threat we have to deal with, and that drove our thinking in the aftermath of 9/11 and does today.

Now, what Saddam represented was somebody who had for 12 years defied the international community, violated 16 U.N. Security Council resolutions, started two wars, produced and used weapons of mass destruction and was deemed by the intelligence community to have resumed his WMD programs when he kicked out the inspectors. Everybody believed it. Bill Clinton believed it, the CIA clearly believed it. And without question, it was a major proposition. But I also emphasize while they found no stockpiles, there was no question in the minds of Mr. Duelfer and others in that survey group that Saddam did in fact have the capability and that as soon as the sanctions were ended—and they were badly eroded—he would be back in business again.

MR. RUSSERT: But let's look at what you told me on that morning of September 16, 2001, when I asked you about Saddam Hussein. Let's watch.

(Videotape, September 16, 2001):

VICE PRES. CHENEY: At this stage, the focus is over here on al-Qaeda and the most recent events in New York. Saddam Hussein is bottled up at this point.

MR. RUSSERT: Do we have any evidence linking Saddam Hussein or Iraqis to this operation?

VICE PRES. CHENEY: No.

(End of videotape)

MR. RUSSERT: You said Saddam Hussein was bottled up.

VICE PRES. CHENEY: Mm-hmm.

MR. RUSSERT: And he was not linked in any way to September 11.

VICE PRES. CHENEY: To 9/11.

MR. RUSSERT: And now we have the Select Committee on Intelligence coming out with a report on Friday, it says here, "A declassified report released [Friday] by the Senate Select Committee on Intelligence revealed that U.S. intelligence analysts were strongly disputing the alleged links between Saddam Hussein and al-Qaeda while senior Bush administration officials were publicly asserting those links to justify invading Iraq."

You said here that it was pretty well confirmed that Atta may have had a meeting in Prague, that that was credible. All the while, according to the Senate Intelligence Committee in January and in June and in September, the CIA was saying that wasn't the case. And then the president...

VICE PRES. CHENEY: Well, let me, let me—on that—well, go ahead.

MR. RUSSERT: No, go ahead.

VICE PRES. CHENEY: No, I want a, I want a chance to jump on that.

MR. RUSSERT: OK, but, but you said it was pretty well confirmed that it was credible and now the Senate Intelligence Committee says not true, The CIA was waving you off.

VICE PRES. CHENEY: No.

MR. RUSSERT: Any suggestion there was a meeting with Mohamed Atta, one of the hijackers, with Iraqi officials?

VICE PRES. CHENEY: No. The sequence, Tim, was, when you and I talked that morning, we had not received any reporting with respect to Mohamed Atta going to Prague. Just a few days after you and I did that show, the CIA, CIA produced an intelligence report from the Czech Intelligence Service that said Mohammad Atta, leader of the hijackers, had been in Prague in April of '01 and had met with the senior Iraqi intelligence official in Prague. That was the first report we had that he'd been to Prague and met with Iraqis. Later on, some period of time after that, the CIA produced another report based on a photographer—on a photograph that was taken in Prague of a man they claim 70 percent probability was Mohammad Atta on another occasion. This was the reporting we received from the CIA when I responded to your question and said it had been pretty well confirmed that he'd been in Prague. The—later on, they were unable to confirm it. Later on, they backed off of it.

But what I told you was exactly what we were receiving at the time. It never said, and I don't believe I ever said, specifically, that it linked the Iraqis to 9/11. It specifically said he had been in Prague, Mohamed Atta had been in Prague and we didn't know...

MR. RUSSERT: Well, I asked you, I said, "is there a connection between Saddam and 9/11 on September '03" and you said "we don't know."

VICE PRES. CHENEY: (Unintelligible). That's right.

MR. RUSSERT: So you raised that possibility.

VICE PRES. CHENEY: It was raised by the CIA who passed on the report from the Czech Intelligence Service.

MR. RUSSERT: All right. Now the president has been asked, "What did Iraq have to do with the attack on the World Trade Center?" and he said "nothing." Do you agree with that?

VICE PRES. CHENEY: I do. So it's not...

MR. RUSSERT: So it's case, case closed.

VICE PRES. CHENEY: We've never been able to confirm any connection between Iraq and 9/11.

MR. RUSSERT: And the meeting with Atta did not occur?

VICE PRES. CHENEY: We don't know. I mean, we've never been able to, to, to link it, and the FBI and CIA have worked it aggressively. I would say, at this point, nobody has been able to confirm...

MR. RUSSERT: Then why, in the lead-up to the war, was there the constant linkage between Iraq and al-Qaeda?

VICE PRES. CHENEY: That's a different issue. Now, there's a question of whether or not al-Qaeda, or whether or not Iraq was involved in 9/11. There's a separate—apart from that's the issue of whether or not there was a historic relationship between Iraq and al-Qaeda. The basis for that is probably best captured in George Tenet's testimony before the Senate Intel Commission, an open session, where he said specifically that there was a pattern of relationship that went back at least a decade between Iraq and al-Qaeda.

MR. RUSSERT: But the president said they were working in concert, giving the strong suggestion to the American people that they were involved in September 11th.

VICE PRES. CHENEY: No. There are, there are two totally different propositions here, and people have consistently tried to confuse them. And it's important, I think—there's a third proposition, as well, too, and that is Iraq's traditional position as a strong sponsor of terror.

So you've got Iraq and 9/11, no evidence that there's a connection. You've got Iraq and al-Qaeda, testimony from the director of CIA that there was indeed a relationship, Zarqawi in Baghdad, etc. Then the third...

MR. RUSSERT: The committee said that there was no relationship. In fact...

VICE PRES. CHENEY: Well, I haven't seen the report; I haven't had a chance to read it yet, but the fact is...

MR. RUSSERT: But Mr. Vice President, the bottom line is...

VICE PRES. CHENEY: We know, we know that Zarqawi, running a terrorist camp in Afghanistan prior to 9/11, after we went in to 9/11, then fled and went to Baghdad and set up operations in Baghdad in the spring of '02 and was there from then, basically, until basically the time we launched into Iraq.

MR. RUSSERT: The bottom line is, the rationale given the American people was that Saddam had weapons of mass destruction and he could give those weapons of mass destruction to al-Qaeda and we could have another September 11. And now we read that there is no evidence, according to the Senate Intelligence Committee, of that relationship. You've said there's no involvement. The president says there's no involvement.

VICE PRES. CHENEY: No, Tim, no involvement in what respect?

MR. RUSSERT: In September 11, OK. The CIA said, leading up to the war, that the possibility of Saddam using weapons of mass destruction was "low." It appears that there was a deliberate attempt made by the administration to link al-Qaeda in Iraq in the minds of the American people and use it as a rationale to go into Iraq.

VICE PRES. CHENEY: Tim, I guess—I don't—I'm not sure what part you don't understand here. In September—or in 1990, the State Department designated Iraq as a state sponsor of terror. Abu Nidal, famous terrorist, had sanctuary in, in Baghdad for years. Zarqawi was in Baghdad after we took Afghanistan and before we went into Iraq. You had the facility up at Kermal, poisons facility, ran by Ansar Islam, an affiliate of al-Qaeda. You had the fact that Saddam Hussein, for example, provided payments to the families of suicide bombers of $25,000 on a regular basis. This was a state sponsor of terror. He had a relationship with terror groups. No question about it. Nobody denies that.

The evidence we also had at the time was that he had a relationship with al-Qaeda. And that was George Tenet's testimony, the director of the CIA, in front of the Senate Intelligence Committee. We also have a—had knowledge of the fact that he had produced and used weapons of mass destruction and we know, as well, that while he did not have any production under way at the time, that he's clearly retained the capability, and the expectation from the experts was as soon as the sanctions were lifted he'd be back in business again.

Now this was the place where, probably, there was a greater prospect of a connection between terrorists on the one hand and a terrorist-sponsoring state and weapons of mass destruction than any place else. You talk about Iran, North Korea, they're problems, too, but they hadn't been through 12 years of sanctions and resolutions by the U.N. Security Council and ignored them with impunity.

MR. RUSSERT: The American people have now pretty much made their views of the war known. We asked them, "The Iraq war, is it worth it?" And look at this: 39 percent say worth it, 59 percent—nearly six in 10--say not worth it. The president has said we will stay the course...

VICE PRES. CHENEY: Mm-hmm.

MR. RUSSERT: ...complete the mission, finish the job. How do you define victory? And why have the American people turned against the war?

VICE PRES. CHENEY: Well, Tim, I think people obviously are frustrated, because of the difficulty, because of the cost, because of the casualties, but you cannot look at Iraq in isolation. You have to look at it within the context of the broader, global war on terror. Remember what we've been involved in here. We've been involved in Afghanistan, take down the Taliban, stand up to the regime, etc. Pakistan, we've gone in and worked closely with Musharraf to take down al-Qaeda. Saudi Arabia, same thing. In all of those cases, it's been a matter of getting the locals into the fight to prevail over al-Qaeda and al-Qaeda-related tyrants.

Now comes Iraq. Now we've got people saying, "Gee, get out of Iraq. You ought to pack it in and go home. It's unrelated." Now you've got hundreds of thousands, millions of people out there who have staked their fate in some extent on the United States. Think of all those people who turned out in the face of assassins and car bombers to vote. Think of the hundreds of thousands of folks who've signed on to the security forces of Iraq and Afghanistan. Think of Musharraf who puts his neck on the line every day he goes to work, when there've been attempts on his life because of his support for our position. And they look over here and they see the United States that's made a commitment to the Iraqis, that's gone in and taken down the old regime, worked to set up a democracy, worked to set up security forces, and all of a sudden we say it's too tough, we're going home. What's Karzai going to think up in Kabul? Is he going to have any confidence at all that he can trust the United States, that in fact we're there to get the job done? What about Musharraf? Or is Musharraf and those people you're talking about who are on the fence in Afghanistan and elsewhere going to say, "My gosh, the United States hasn't got the stomach for the fight. Bin Laden's right, al-Qaeda's right, the United States has lost its will and will not complete the mission," and it will damage our capabilities and all of those other war fronts, if you will, in the global war on terror.

MR. RUSSERT: But the alternative view is that this has been a fundamental set of misjudgment, there were no weapons of mass destruction, there was no linkage of Iraq to September 11 and that there's a, there's a disconnect between rhetoric and reality. I want to go back to May 30, 2005, when you said to the American people and to the world, "I think the level of activity [in

Iraq] that we see today, from a military standpoint, I think will clearly decline. I think they're in the last throes, if you will, of the insurgency."

VICE PRES. CHENEY: Hmm.

MR. RUSSERT: Since that time, Mr. Vice President, look at this. Between the beginning of the war and May 30 when you made that statement, we had 1,656 deaths in Iraq. There are now a thousand more American servicemen. There are 7,500 more wounded and injured. There are 20,000 more dead Iraqis. Wasn't it a flat-out mistake to say we were in the last throes of the insurgency?

TEXT:

U.S. MILITARY

CASUALTIES IN IRAQ

	DEATHS	WOUNDED
MARCH 19, 2003-	1,656	12,516
MAY 30, 2005		
TOTAL	2,655	19,945

Source: Associated Press/Department of Defense

VICE PRES. CHENEY: I think there's no question, Tim, that the insurgency's gone on longer and been more difficult that I had anticipated. I'll be the first to admit that. But I also think when we look back on this period of time 10 years from now—and this is the context in which I made that statement last year—that 2005 will have been the turning point. Because that's the point at which the Iraqis stepped up and established their own political process, wrote a constitution, held three national elections, and basically took on the responsibility for their own fate and their future.

And as I mentioned before, in Afghanistan, in Pakistan, in Saudi Arabia, and in Iraq, the key to victory is for us to be able to get the locals into the fight. The United States can't do it all by itself. It can't be only U.S. security forces fighting in, in Iraq or Afghanistan. They've got to be willing to step up and take on the responsibility for their own fate. But they're doing it and it's absolutely essential that we complete that mission.

Now, is it tough and difficult? Absolutely. No doubt about it. You know, you regret every single casualty. I visit with the families. We spend time with the wounded when they come back. I visit with the troops every chance I get. It's the toughest thing the president has to do, but it is absolutely the right thing to do, Tim, because if we weren't there, if Saddam Hussein were still in power, the situation would be far worse than it is today.

You'd have a man who had demonstrated capacity for violence, who started two wars, who had, in fact, been involved with weapons for mass destruction, who had every intention of going back to it when the sanctions were lifted. And by this point, especially with Ahmadinejad living next door in Iran, pursuing nuclear weapons, there's no doubt in my mind that if Saddam Hussein was still in power, would have a very robust program under way to try to do exactly the same thing. The world is better off because Saddam Hussein is in jail instead of in power in Baghdad. It was the right thing to do and if we had it to do over again, we'd do exactly the same thing.

MR. RUSSERT: Exactly the same thing?

VICE PRES. CHENEY: Yes, sir.

MR. RUSSERT: Leading up to the war, three days before the war, you were on this program and I asked you a question.

VICE PRES. CHENEY: Hmm.

MR. RUSSERT: And I asked you about an analysis of what could occur.

VICE PRES. CHENEY: Mm-hmm.

MR. RUSSERT: Let's just watch, and we'll talk about it.

(Videotape, March 16, 2003):

VICE PRES. CHENEY: Now, I think things have gotten so bad inside Iraq from the standpoint of the Iraqi people, my belief is, we will, in fact, be greeted as liberators.

MR. RUSSERT: If your analysis is not correct, and we're not treated as liberators, but as conquerors, and the Iraqis begin to resist, particularly in Baghdad, do you think the American people are prepared for a long, costly and bloody battle with a—significant American casualties?

VICE PRES. CHENEY: Well, I don't, I don't think it's likely to unfold that way, Tim, because I really do believe we will be greeted as liberators.

(End of videotape)

MR. RUSSERT: In fact, it did unfold that way. It has been a long, costly and bloody war.

VICE PRES. CHENEY: It has.

MR. RUSSERT: And...

VICE PRES. CHENEY: Well, the first part, getting rid of Saddam, was not.

But clearly, the insurgency and the aftermath has been.

MR. RUSSERT: But again, wasn't your judgment overly rosy? "Greeted as liberators." Now we're not...

VICE PRES. CHENEY: You, you gave me a choice, Tim, "Will you be greeted as occupiers or liberators?" and I said we'll be greeted as liberators. And we were.

MR. RUSSERT: But I said what about a long, costly, bloody battle, and you said it's unlikely to unfold that way.

VICE PRES. CHENEY: And that's true within the context of the battle against the Saddam Hussein regime and his forces. That went very quickly. It was over in a relatively short period of time. What obviously has developed after that, the insurgency, has been long and costly and bloody, no question.

MR. RUSSERT: Mr. Vice President, Tommy Franks, when he landed in Iraq, had a meeting and said, "All right, stop making plans, we're going down to 30,000 troops at the end of this year in 2003." There was a view of the administration that you were going to walk in, topple the government, and that was it. And now, three and a half years later, we are in Iraq for a long, long time, with 2,500 deaths, 20,000 wounded and injured. There were some fundamental misjudgments made.

VICE PRES. CHENEY: I think there's no question, but what we did not anticipate an insurgency that would last this long.

MR. RUSSERT: Three hundred billion dollars spent so far. The Congressional Budget Office says if we stay in Iraq through the end of 2009, it'll be a half trillion dollars. In all candor, could that $300 billion we've spent so far in Iraq not have been better spent securing Afghanistan, improving airline security, having technology for gels and liquids so people can get on without being nervous? Our cargo in our ports. Could that $300 billion have not been better spent securing our nation against terrorists rather than in Iraq?

VICE PRES. CHENEY: Well, Tim, I think we've done a pretty good job of securing the nation against terrorists. You know, we're here on the fifth anniversary, and there has not been another attack on the United States. And that's not an accident, because we've done a hell of a job here at home, in terms of homeland security, in terms of the terrorist surveillance program we've put in place, in terms of the financial tracking program we put in place, and because of our detainee policy, where we, in fact, were able to interrogate captured terrorists to get the kind of intelligence that has allowed us to disrupt...

MR. RUSSERT: But could it have been better spent?

VICE PRES. CHENEY: Well, I'm not sure that it could have been. I don't know how much better you can do than no, no attacks for the last five years.

MR. RUSSERT: But the Commission on 9/11 says that we get D's and F's.

People with...

VICE PRES. CHENEY: Well...

MR. RUSSERT: People with radios in police departments can't—in D.C. cannot talk to Alexandria. Four-fifths of the mayors say they can't communicate with their localities. People can't carry toothpaste and shampoo on planes. The administration cut $6 million—or tried to—out of funding to screen those kind of things...

VICE PRES. CHENEY: Tim...

MR. RUSSERT: ...and—rather than spending the money in Iraq.

VICE PRES. CHENEY: We have spent billions on homeland security. You can always find more you can spend funds on. But the fact of the matter is, I think we've done a pretty good job. And I don't know how you can explain five years of no attacks, five years of successful disruption of attacks, five years of, of defeating the efforts of al-Qaeda to come back and kill more Americans. You've got to give some credence to the notion that maybe somebody did something right.

I think we did. I think we did a lot right. And I think part of what we did right was to take the fight to the enemy, to treat this as a war, not a law enforcement problem, which is the way these kinds of things have been treated before we arrived; to actively and aggressively go after the state sponsors of terror, as we did, for example, in Afghanistan and Iraq; to aggressively go after those places where the terrorists might be able to lay their hands on that deadly technology they'd like to use in that next attack. So I think we got it right. Now, I can't say it's perfect, obviously, you can always look back and find things you'd like to differently or do better. But on a broad, overall strategic sweep of what we did, what we set out as our objectives, the strategy we pursued to get there, I think we've done a pretty good job.

MR. RUSSERT: But ambassador—U.S. ambassador to Iraq said it's not foreign terrorists that are the biggest threat in Iraq, it is a sectarian war, Sunnis killing Shiites, Shiites killing Sunnis. And we are now...

VICE PRES. CHENEY: Remember how we got there, though. You know, the way we got to the sectarian strife in Iraq was because of Zarqawi, who was the head of al-Qaeda in Iraq...

MR. RUSSERT: But...

VICE PRES. CHENEY: ...who went and pursued a deliberate policy of attacking the Shia in order to try to foment strife between Shia and Sunni and, I must say, he had some success, obviously, with the bombing of the, of the mosque at Samarra earlier this year. Now, we got

Zarqawi. He's dead. But we're still having to deal with the legacy of the al-Qaeda strategy that they put in place inside Iraq, to in fact go after the Shia and the Sunni.

MR. RUSSERT: But Mr. Vice President, the president of the United States said Hezbollah has killed more Americans than any other terrorist organization than al-Qaeda. The largest demonstration in favor of Hezbollah was in Iraq. Hundreds of thousands of Iraqis on the street supporting Hezbollah. I asked the foreign minister of Iraq, "Is Hezbollah a terrorist organization?" He said, "I can't make that judgment."

The parliament, the speaker of the parliament, Dennis Hastert of Iraq, Tip O'Neill of Iraq, said it was the Jews that were causing the violence. What are we creating in Iraq? I ask you again, what is victory? What is staying the course? What is winning?

VICE PRES. CHENEY: Tim, victory in Iraq will be a situation in which there is a viable government representative of the people of Iraq, elected under their constitution. We're part way there. It'll be an Iraq that is not a threat to the United States in terms of being a safe haven for terrorists. It'll be an Iraq where al-Qaeda has been pretty well eliminated, where in fact the Iraqis are able to govern and deal with the difficult political situations, obviously, that exist inside Iraq, given their history. Those are all things that need to happen, and, but I think we're well on the way to doing it. And we're better off there because of what we've done to date. We're less likely to have a threat emerge against the United States from that corner of the world than would've been the case if Saddam were still there.

MR. RUSSERT: Have we, have we created a fundamentalist Islamic regime in Iraq?

VICE PRES. CHENEY: No.

MR. RUSSERT: The prime minister of Iraq is going where tomorrow? Iran.

VICE PRES. CHENEY: Mm-hmm. It's a neighbor.

MR. RUSSERT: If, if you go to southern Iran, Richard Engel, our correspondent, has been there for three years, they answer the phone in the hotels in Persian. Iran has built an airport in Najaf. They built a railroad in Najaf in Iraq. Who has more influence with Iraq? Iran or the U.S.?

VICE PRES. CHENEY: Well, I think the U.S. does today, but there's no question but what the new government of Iraq has to get along with its neighbors. It also visits the Saudis. It also has had sessions with the other governments in the region. Their people need to work with the Turks, with the Syrians, with the Jordanians and with others. We have encouraged the states in the region to come together to help the new government in Iraq. It is a Shia government, no question about it. They've got close ties. Iran was the place where most of the leadership took refuge during the period of time when Saddam Hussein was in power, because it was the only place they could go.

But the fact of the matter is, you're a lot better off today. You don't have a government in Baghdad that's pursuing weapons of mass destruction, you don't have a government in Baghdad

that is a state sponsor of terror. You don't have a government in Baghdad that is doing all those things that Saddam Hussein did for so long. So we're safer.

MR. RUSSERT: But you've also lost—you've also lost a buffer to Iran, and that's what I'm going to come back and talk about, if I could.

VICE PRES. CHENEY: Mm-hmm.

MR. RUSSERT: A quick break with the vice president of the United States, Dick Cheney, right after this.

(Announcements)

MR. RUSSERT: More with Vice President Dick Cheney after this brief station break.

(Announcements)

MR. RUSSERT: And we're back with the vice president of the United States, Dick Cheney. Let me show you what Mr. Khatami from Iran, visiting the United States, had to say and read it to you and our viewers.

"Former Iranian President Mohammad Khatami warned that U.S. military action in the Middle East has backfired, producing greater terrorism, imperiling the future of Iraq and damaging America's long-term interests.

"But the danger of even great instability in the region will ultimately prevent the U.S. from launching military strikes against Iran over disputes about its nuclear intentions, he predicted. ...

"America will not make the" same "mistake of attacking Iran. ... Iran is not Iraq." Is he right?

VICE PRES. CHENEY: Well, we certainly understand Iran is not Iraq. I'm not sure I would agree with much of what else he said. Obviously, we're concerned about what Iran is up to. We think their pursuit of enrichment capability that would allow them ultimately to produce nuclear weapons is fundamentally a problem for that part of the world. That's a view shared by most of our friends in the international community.

MR. RUSSERT: How do you stop them?

VICE PRES. CHENEY: Well, we've started through the process of working with the other nations involved. The EU 3, the Russians and the Chinese, we've got resolutions for the U.N. Security Council, a tough resolution in July, that basically calls on them to give up their nuclear aspirations. And since they have not responded affirmatively to that, we're now in the process of negotiating with the U.N. Security Council members and part of that P5 process on a set of sanctions that could be approved by the United Nations and imposed on Iran.

MR. RUSSERT: Will we do anything to stop the Iranians from having a nuclear bomb?

VICE PRES. CHENEY: We have said repeatedly that we think they should not have a nuclear bomb. And we have also made it abundantly clear we want to solve the problem diplomatically. But the president has always emphasized no options have been taken off the table.

MR. RUSSERT: Is there a problem with our country and the world if the president came forward and said, "I have intelligence which says Iran is this far advanced," and people in the world and the people in the country say, "Is that the same intelligence that you had on Iraq, Mr. President?"

VICE PRES. CHENEY: Well, the—of course, much of the information that's been available on what Iran is doing is the result of inspections by the International Atomic Energy Agency. Inspectors have been kicked out of Iraq. Obviously, here you've got more access from an international body that I think most people wouldn't question.

MR. RUSSERT: But you rejected their intelligence leading up to Iraq.

VICE PRES. CHENEY: Right.

MR. RUSSERT: I asked you on this very program...

VICE PRES. CHENEY: That's correct.

MR. RUSSERT: ...about ElBaradei and you said he's wrong.

VICE PRES. CHENEY: Yes. It wasn't consistent with our report.

MR. RUSSERT: But he was right about Iraq.

VICE PRES. CHENEY: I haven't, I haven't looked at it. I'd have to go back and look at it again. But your point, Tim, in terms of the credibility of the reporting, there's not much dispute within the international community—and that includes the Russians, that includes the Europeans—that in fact the Iranians are pursuing capabilities that would allow them to produce nuclear weapons.

MR. RUSSERT: Do we have the military wherewithal to take out the Iranian program?

VICE PRES. CHENEY: I, I don't want to speculate on military options. It's not wise. And Rumsfeld would probably object.

MR. RUSSERT: What about North Korea? Do we have the military capability...

VICE PRES. CHENEY: Tim, I'm not going to speculate on military capabilities.

I think it's not helpful to do that.

MR. RUSSERT: But their, but their potential has increased three- and fourfold. Our estimates are now they could build 12 nuclear bombs.

VICE PRES. CHENEY: I'm not going to speculate, Tim.

MR. RUSSERT: Let me turn back home, domestic politics, and talk about the whole situation involving Scooter Libby, your former chief of staff, who was indicted by Patrick Fitzgerald. This was a document that was released in the investigation. It's a New York Times op-ed piece with your handwriting on it. And that handwriting says, "Or did his wife send him on a junket?" referring to Ambassador Joe Wilson's wife, Valerie Plame, who was a CIA, CIA agent. Did you, in any way, authorize Scooter Libby to release her name or her occupation to the press?

VICE PRES. CHENEY: Tim, Scooter Libby is, he's a good man. He's a friend of mine. He's somebody—one of the most competent and capable people I've ever known. He's entitled to the presumption of innocence. But there is a legal matter pending, there is going to be a trial next year, I could well be a witness in the trial, and much as I would like to talk about, and I certainly have strong opinions about the case, I think it'd be totally inappropriate for me to do so.

MR. RUSSERT: There was a story in the National Journal that Cheney authorized Libby to leak confidential information. Can you confirm or deny that?

VICE PRES. CHENEY: I have the authority as vice president under executive order issued by the president to classify and declassify information. And everything I've done is consistent with those authorities.

MR. RUSSERT: Could you declassify Valerie Plame's status as an operative?

VICE PRES. CHENEY: I've said all I'm going to say on the subject, Tim.

MR. RUSSERT: Do you think the president should pardon Scooter Libby?

VICE PRES. CHENEY: I've said all I'm going to say on the subject, Tim.

MR. RUSSERT: You wouldn't support a pardon?

VICE PRES. CHENEY: I've said all I'm going to say on the subject.

MR. RUSSERT: How about Richard Armitage, who's come forward and said that he was the original source for Robert Novak some years ago?

VICE PRES. CHENEY: Does he need a pardon?

MR. RUSSERT: Are you upset or concerned...

VICE PRES. CHENEY: Tim, I'm not going to discuss the subject. I understand why you want to ask about it, but the fact of the matter is it's a matter pending before the courts, and since I could be a witness, I think it's inappropriate for me to say anything more.

MR. RUSSERT: The New York Times today, "Cheney's power no longer goes unquestioned," suggesting that your support of issues regarding the treatment and prosecution of terror suspects, of the national NSA surveillance eavesdropping policy, has weakened your influence within the White House.

VICE PRES. CHENEY: Is that a question?MR. RUSSERT: Yes, sir. Has it?

VICE PRES. CHENEY: I, I haven't read the story in any great detail. It looks like one of those thumbsuckers that's done periodically. It's probably as valid as the ones that were done saying I was in charge of everything. Obviously...

MR. RUSSERT: Were you?

VICE PRES. CHENEY: ...I give my advice to the president, the president makes his decisions. Sometimes he agrees, sometimes he doesn't.

MR. RUSSERT: When you were on this program, you did talk about being on the dark side, that we're going to have to get involved intelligence and do some things with shady characters and so forth. Is that what we've done the last five years?

VICE PRES. CHENEY: We have done everything we could think of to make the nation safe. That's our number one obligation. The, the oath that the president and I take when we're sworn in up there on Capitol Hill is always to support and defend the Constitution of the United States. And we've done everything within our power and within the Constitution to in fact pursue that objective. And that's meant that we have gone after, for example, we set up the terrorist surveillance program, which has been instrumental in, in identifying key communications involving our adversaries, just as the financial tracking program has been vital in terms of tracking the money, and the detainee program, which has allowed us to collect some extraordinarily valuable intelligence from the terrorists we capture. It's all been done in a manner that's consistent with the president's authorities, with the Constitution, with our treaty obligations and with the blessing of the lawyers. So any suggestion we've gone beyond where we should have, I would just—I would take issue with. The fact of the matter is I see part of my job is to think about the unthinkable, to focus upon what, in fact, the terrorists may have in store for us, and make sure...

MR. RUSSERT: But the Supreme Court did tell you you needed congressional authority.

VICE PRES. CHENEY: Yes. I happen to disagree with the Supreme Court. I think they made a—I think the Thomas/Scalia/Alito minority views were the correct ones. The fact of the matter is, the Court said, for example, the Geneva Convention applies to terrorists, that this is a—that

common Article$ Three applies to an international conflict. We never before believed it did, the Court never believed it did.

MR. RUSSERT: But no regret over the treatment of, of the suspects:

waterboarding, some of the—loud music—some of the other techniques used?

VICE PRES. CHENEY: I won't discuss techniques. It's important we preserve certain classified elements of the program. But I will say to you, Tim, that the information we've collected from the detainees, from the people like Khalid Shaikh Mohammed, the mastermind of 9/11, has probably been some of the most valuable intelligence we've had in the last five years.

MR. RUSSERT: Did they help in any...

VICE PRES. CHENEY: And has helped us prevent attacks against the United States.

MR. RUSSERT: Did it help in any way with the London terror plot?

VICE PRES. CHENEY: The detainee program?

MR. RUSSERT: Mm-hmm.

VICE PRES. CHENEY: I can't say that.

MR. RUSSERT: There is a report in the papers today that the Republican Campaign Committee of the House is going to spend $50 million between now and the midterm elections, and 90 percent of that money is on negative advertising against the Democratic opponents. Is that appropriate?

VICE PRES. CHENEY: Well, Tim, I haven't seen the ads. I hope our guys have good, hard-hitting advertisements, certainly the opposition does. And I don't see anything inappropriate about a tough, hard-charging campaign. This is an important campaign. Just think about what's at stake in this election in terms of national security and the global war on terror and where we go on these issues you and I have been talking about this morning.

MR. RUSSERT: What happens if the Democrats win the House of Representatives?

What do you expect?

VICE PRES. CHENEY: I don't think it'll happen. I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago.

MR. RUSSERT: But do you fear serious oversight of the Bush administration?

VICE PRES. CHENEY: We've had oversight all along, Tim.

MR. RUSSERT: With robust congressional hearings?

VICE PRES. CHENEY: We've had oversight all along.

MR. RUSSERT: Not—with robust congressional hearings?

VICE PRES. CHENEY: With robust congressional hearings.

MR. RUSSERT: Like the Democrats would have?

VICE PRES. CHENEY: On, on what?

MR. RUSSERT: On the war in Iraq, on weapons of mass destruction.

VICE PRES. CHENEY: We have those all the time now anyway.

MR. RUSSERT: No fears?

VICE PRES. CHENEY: No.

MR. RUSSERT: No concerns?

VICE PRES. CHENEY: No. Not on that part.

MR. RUSSERT: And you're fully confident you'll maintain control of both Houses?

VICE PRES. CHENEY: I think we will, I really do. I've been—spent a lot of time on it, I've done 91 campaigns myself this cycle, since last fall. I'm on the road a lot. I've seen our candidates, I've seen how they're handling the issues. We've generated the resources we need to be able to have a good, hard-fought competition. I—if I had to bet today, I'd bet that—well, I can bet you a dinner that we hold both Houses.

MR. RUSSERT: I don't bet.

VICE PRES. CHENEY: You don't bet. All right.

MR. RUSSERT: Have you been hunting since February 11, 2006?

VICE PRES. CHENEY: No, sir, that was the end of the season.

MR. RUSSERT: No more hunting?

VICE PRES. CHENEY: I didn't say that at all, but I have not hunted since then. But I ordinarily wouldn't anyway.

MR. RUSSERT: Will you go out and hunt again?

VICE PRES. CHENEY: I do, I will.

MR. RUSSERT: Have you gotten over that incident?

VICE PRES. CHENEY: Well, yeah, I don't know that you ever get over it.

Fortunately, Harry's doing very well, Harry Whittington, and...

MR. RUSSERT: You've talked to him?

VICE PRES. CHENEY: Yes, I have. And he's a good man, and he could not have been more gracious or more generous. But it's not the kind of thing I don't think anybody could ever forget. I certainly won't.

MR. RUSSERT: Should I be relieved you didn't bring your shotgun in today?

VICE PRES. CHENEY: I wouldn't worry about it. You're not in season.

MR. RUSSERT: Mr. Vice President, I hope I never am.

VICE PRES. CHENEY: All right.

MR. RUSSERT: Thank you for sharing your views.

VICE PRES. CHENEY: Thank you, Tim.

MR. RUSSERT: And some programming notes: The NFL's back on NBC, Manning vs. Manning tonight. Brother Eli of the Giants battles brother Peyton of the Colts. NBC Sports starts at 7 p.m.

How about those Boston College Eagles? Double overtime victory over the Clemson Tigers, 34-33.

And another match-up in politics. Our SENATE DEBATE series continues next week: Virginia. Republican Senator George Allen debates his opponent, Democrat Jim Webb. Allen vs. Webb right here on MEET THE PRESS next Sunday. And we'll be right back.

(Announcements)

MR. RUSSERT: That's all for today. And as we leave this morning, we remember the 2,973 men, women and children who died on September 11, 2001, and those true heroes who gave their lives so others may live.

ABC – THIS WEEK

STEPHANOPOULOS: This week, 9/11.

(BEGIN VIDEO CLIP)

(UNKNOWN): A plane has crashed into each tower of the World Trade Center.

(END VIDEO CLIP)

STEPHANOPOULOS: It's been five years.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The people that knocked these buildings down will hear all of us soon.

Are we safer? The answer is yes. America is safer.

(END VIDEO CLIP)

STEPHANOPOULOS: But are we safe enough? What more must be done? Have the lessons of 9/11 been learned? Our headliners: The 9/11 commissioners. Chairman Tom Kean, John Lehman, Jamie Gorelick, and Richard Ben-Veniste.

Then, President Clinton pushes back.

(BEGIN VIDEO CLIP)

BILL CLINTON, FORMER PRESIDENT OF THE UNITED STATES: I don't want any lies in there parading as truth. That's all.

(END VIDEO CLIP)

STEPHANOPOULOS: The Path to 9/11. That and the rest of the week's politics on roundtable with George Will, Fareed Zakaria, Martha Raddatz and Katrina Vanden Heuvel of The Nation magazine.

Plus, a 9/11 husband transforms the heartbreak of his life.

(BEGIN VIDEO CLIP)

(UNKNOWN): How do you respond? That was a question we immediately had to ask ourselves.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, The Sunday Funnies.

(BEGIN VIDEO CLIP)

JAY LENO, HOST, TONIGHT SHOW: President Bush announced today we're now safer than we were five years ago. Well, sure, now that Paris Hilton is off the road, yes.

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone. As we approach the fifth anniversary of the 9/11 attacks this morning, our headliners are the people who know more about those attacks and how America has responded than just about anyone else in the country -- 9/11 commissioners Jamie Gorelick, Richard Ben-Veniste, John Lehman and Chairman Thomas Kean.

And Mr. Chairman, I want to begin with you. And of course, The big debate right now is are we safer five years out from 9/11? But everyone in the debate, Democrats and Republicans alike, begin from the premise that we face an existential threat, a generational challenge. And I want to start with a contrarian challenge to that conventional wisdom that comes from Ohio state political scientist John Mueller. He has a new book called Overblown, and in a current issue of Foreign Affairs, he says -- There is little hard evidence of an active al Qaeda threat in the United States, and the chances of an American in their lifetime being a victim of terrorism are the same as being hit by a comet or a meteor. And he concludes like this:

Although it remains heretical to say so, the evidence so far suggests that fears of the omnipotent terrorists -- reminiscent of those inspired by images of the 20-foot tall Japanese after Pearl Harbor or the 20-foot tall communists at various points in the Cold War -- may have been overblown. The massive and expensive homeland security apparatus erected since 9/11 may be persecuting some, spying on many, inconveniencing most and taxing all to defend the United States against an enemy that scarcely exists.

Mr. Chairman, is that heresy?

KEAN: Yes, I think so, because, you know, these people do exist. They're out to hurt us, they're out to hurt us badly. They want to kill as many of us as they can possibly kill. They're clever. They plan over long periods of time, and it is a generational threat. It's something unfortunately our children and maybe even our grandchildren will be dealing with, so we have to prepare and we have to try and make this country just as safe as it can possibly be.

STEPHANOPOULOS: And Jamie Gorelick, one estimate I've read is that since the 9/11 attacks, we've had to spend about $750 billion, $750 billion more than we otherwise would have had to spend because of this threat. Are we getting our money's worth?

GORELICK: Yes and no. I mean, we clearly have done some things that we absolutely needed to do in tightening up our borders and sort of hardening the United States as a target. But there's also been tremendous waste, and, you know, there are many details one could give of the waste.

STEPHANOPOULOS: Just give me one. What is the single biggest waste of money you've seen over the last five years?

GORELICK: We as a commission have said that we have given out homeland security funds not based on risk. I mean, if you don't -- if you don't give the funds out based on risk and you instead give it out on politics or some formula that gives Wyoming more than New York City, you know, you are wasting money. And we can see that.

Similarly, if you look at the first responders' inability still after five years to communicate with one another. We've spent a lot of money on it and haven't gotten a lot of bang for that buck.

STEPHANOPOULOS: Secretary Lehman, we had a new poll out this morning at ABC where we asked the country, are we doing well in the war on terror? And we show the trend over the last four years, and it's really remarkable. The number of people who think we're doing well has dropped from about 88 percent to about 52 percent today, and you'll see the number of people who think we're not doing well has climbed to about 47 percent. Does the country have that trend right?

LEHMAN: Well, I think that they do have the trend right because I think while we've had some very notable successes, capturing people like Khalid Shaikh Mohammed and the 14 that are going to be tried at Guantanamo is a major accomplishment. We've really gotten rid of most if not all of the theater commanders of al Qaeda.

But we have not yet addressed as a nation the root cause. We are really not looking at the sources, we're looking at their end game, and here we've done very little. We've done almost nothing in diplomacy.

STEPHANOPOULOS: So what's the root cause? What's the root cause?

LEHMAN: The root cause is this jihadist ideology that is being preached around the world, basically funded with Persian Gulf money including Iran, Saudi Arabia, United Arab Emirates that have built these jihadist schools all over the world, the mosques, and they're preaching hatred and we haven't addressed it.

And only -- less than half a billion dollars would be need, as we noted in our report, to build alternative schools to give grants to places like Indonesia and Pakistan to provide an alternative where there is none now. If you want to send your child to read and learn to read and write, they also have to learn jihad and hatred, and that's wrong. And all the money we've spent, we've spent almost nothing on making these grants and building the infrastructure.

STEPHANOPOULOS: And, Richard...

LEHMAN: Nor have we raised the issue with the Saudis and the UAE: Stop funding this hate-filled ideology.

STEPHANOPOULOS: And that does bring -- excuse me, sir-- that brings me to Richard Ben-Veniste and the famous snowflake memo from Secretary Rumsfeld, Secretary of Defense Donald Rumsfeld. Back in 2003 he wrote a memo to the joint chiefs where he posed the question: Are we capturing, killing or deterring and dissuading more terrorists every day than the madrassas and radical clerics are recruiting, training and deploying against us? What's the answer?

BEN-VENISTE: Absolutely not. And I think that's why many Americans think we are less safe today. We have not killed or captured Osama bin Laden five years after 9/11. And he remains the central focus spiritually, ideologically, if not operationally for Islamic radicals who mean to kill us.

The war in Iraq has been a recruiting poster for jihadists throughout the Muslim world, and there are far more terrorists now than there were on 9/11, and the Iraq invasion and occupation had nothing to do with terrorism. It had nothing to do with 9/11. There was no connection between Saddam Hussein and 9/11.

STEPHANOPOULOS: And the Senate intelligence committee report made that point again this week. But Chairman Kean, let me ask you, do you accept the argument now that the war in Iraq is a diverse from the war on terror, and has it hurt the war on terror?

KEAN: Well, the problem is that where we are right now, when you can argue whether we should have gone in or not gone in, but where we are now is in a very difficult place. There's no question that the war in Iraq is radicalizing, increasing people in that area. If it becomes, as it seems to be coming, a civil war, that civil war could spread outside the boundaries of Iraq to other areas. It's a very dangerous situation.

In that kind of a situation, in that area, that's where terror likes to breed. I mean, where there's ungoverned areas, where there's chaos, that makes more terrorists, and so we've got to, I think we've got to re-evaluate everything in that area of the world and look very carefully, because that whole region, all the way from Lebanon to probably all the way to Pakistan is volatile and dangerous and, as John Lehman said, we've got to have a different American approach over there to give people not despair.

STEPHANOPOULOS: And Jamie, on that point, we now also see in Afghanistan five years later that the Taliban is resurgent, that more opium is being produced there than ever before. And I was struck yesterday in yesterday's New York Times by the NATO operations commander general, James Jones -- he's a United States general -- he said the alliance is not making good on commitments of troops and equipment, and went on to say this: Asked which of the 26 countries in the alliance were dragging their feet, General Jones hesitated and then replied, 'All of them.'

GORELICK: Including us.

STEPHANOPOULOS: All of them.

GORELICK: Yes. I mean, I think as Tom said, and as we all noted in our report, if you have a place that is chaotic like Afghanistan was before our invasion of it to take down the Taliban, it's

going to be a breeding ground and a safe haven for folks like the leadership of Al Qaida, and we went in there in order to deprive Al Qaida of that safe haven.

Well, we then pulled out of Afghanistan a sizable number of troops to go to Iraq. We assumed a job was done when it was not. And now the Taliban is resurgent. Well, you combine that with what Richard points out is happening in Iraq. We now have a chaotic situation there. We may not have liked Saddam Hussein, but we didn't have a haven for terrorists, and now we do.

If you combine those two with the fact that Iran, which has been throughout this period the greatest threat to us -- it is resurgent, it is on a powerful trajectory, it has -- it has a plan to have nuclear weapons. It no longer fears us. It has no fear of us now, because of what it sees in Iraq and Afghanistan.

STEPHANOPOULOS: So take those problems Jamie lays out, Richard Ben-Veniste, and answer the question, what do we do?

BEN-VENISTE: What do we do? We are in a generational war with Islamist radicals.

STEPHANOPOULOS: Not overblown threat?

BEN-VENISTE: It is perhaps overblown in terms of what we have in the United States and what we need to do in the United States, taking the example of what happened in Spain with the Atocha bombings, in London with the bus and subway bombings, is that the second generation immigrants, practicing Muslims, who were so disaffected by conditions in their home countries, in their new home countries as to be so radicalized as to agree to commit suicide in these kinds of missions -- we need to understand that at home, we can't overreact. We can't target American Muslims simply because of their religion. We have got to continue our system, our democracy, our system of openness and diversity, and encourage people rather than discourage them. That is critical to avoiding the kind of pitfalls we've seen in England and in Spain.

STEPHANOPOULOS: I think what I'm hearing from all of you -- and I want to go back to Secretary Lehman on this -- is that right now, even though you, Jamie Gorelick, talked about the problem here at home on not assigning resources according to risk, the central challenge is in national security, a foreign policy challenge. Is that what I'm hearing, Mr. Lehman?

LEHMAN: That's correct, and it has both a military and a diplomatic and a social aspect. On the military front -- well, we talked about Iraq. Yes, it is a diversion; it's also a diversion for the terrorists. It's not -- there's no doubt it's contributed to our safety here because the jihadists are streaming to Iraq.

And we also have to remember we went into Iraq because of bad intelligence. And it is critical that we carry out the reforms that we called for in the 9/11 report of our intelligence community, because it's not been functioning at all.

And on the foreign policy front, obviously we have to rebuild a coalition to approach this thing, because it's global, and we have to address the issues of the -- all of these jihadist schools. That is

the source, and we have to be proactive. We have to prevent the Saudis and the UAE from funding it, and we have to give alternative schools so that we can re-establish some equilibrium in the area.

STEPHANOPOULOS: Let me get into the issue of bad intelligence, Chairman Kean. We did see the Senate Intelligence Committee report come out this week and say they saw no ties between al Qaeda and Saddam Hussein. In fact, they even said that Saddam Hussein wanted to try to capture Abu Musab al-Zarqawi. That seemed to go a little farther than the 9/11 Commission report, which said there were contacts but no operational relationship.

KEAN: Yes, that's what we found. Now, the Senate Intelligence Committee may have found some new information that we didn't know about, but there were some contacts. But no relationship whatsoever between the attack on the United States and Saddam Hussein. That's what we said, and that's what we believe.

STEPHANOPOULOS: I want to turn now to this controversy which hits close to home here at ABC over this movie, The Path to 9/11. And, of course, Chairman Kean, you're also become involved in this because you were a consultant to the movie, and you received a letter a couple of days ago from former Secretary of State Madeleine Albright and former National Security Adviser Sandy Berger in the Clinton administration. They say there are many untruths in the movie, and they write -- they wrote this to you: Actors portraying us do contemptible things we never did, and say things we neither said nor believed. And what's more, in many instances, these portrayals are contradicted by your commission's own findings. You should not want to lend your personal reputation to a production which seems likely to instigate new and dangerous falsehoods. And so we ask you that you use your influence to persuade ABC to withdraw the broadcast altogether. Failing that, we urge you to sever your relationship with this grossly misleading production.

Your fellow commissioners here, Richard Ben-Veniste, Jamie Gorelick have also lobbed criticisms against the film. So have Bob Kerrey and Tim Roemer.

Do you think the film should be aired, and will you continue your relationship with the film?

KEAN: Oh, of course, it should be aired. I mean, I'm not for censorship or not allowing people to see things. In my experience with these people who have been working on the film, they've been very responsive to criticism, mine and other people's, and have made changes that were necessary.

I haven't seen the final cut. It's a mini series. It's not a documentary.

It's not done by ABC News. It's done by ABC News Entertainment. But as I've seen it, I think it'll make a contribution.

STEPHANOPOULOS: But the two...

KEAN: If, by the way -- if people blame Bill Clinton after seeing this, then the miniseries has failed. That's wrong and it shouldn't happen.

STEPHANOPOULOS: Let me get to the specifics for a second because both Sandy Berger and Secretary of State Albright appear in scenes in the film, which, according to those who have seen it, including Richard Ben-Veniste, are not only not supported by the 9/11 commission report but are directly contradicted by the 9/11 commission report.

Did you ask the filmmakers to change those scenes?

And did they change them?

KEAN: I don't know. I haven't seen the final cut. Any problems with it have been brought to their attention. All I can say is they've been responsive in the past.

I haven't seen the final product. But I think people who do see the final product, people who are watching tonight and tomorrow night, are going to see a film which really makes you understand a little better the kind of people, the kind of minds of these terrorists.

And the whole film leads into -- because it follows the plot for six years of the Clinton administration and six or eight months of the Bush administration. Both administrations are faulted. And in the end, I think, you're led to our recommendations.

You're led, at the end of the film, to why haven't we done more, at this point, to make the world safer and to make the United States safer?

STEPHANOPOULOS: Richard Ben-Veniste, you have seen at least one version of the film, an early version of the film. You said many parts of it are fiction.

The early promotional materials for the film said it was based on the 9/11 Commission Report. Now they're saying that it is based in part on the 9/11 Commission Report. Are you comfortable with that?

BEN-VENISTE: I don't think that cures the problem. The power of a docudrama is such that many people will come away from it thinking that this is the fact.

I hope ABC has taken the steps to remedy the substantial fictionalization and the distortion of the facts that were in the version that I saw.

I think this has been an unfortunate diversion from marking the fifth anniversary and telling the country what has not been done with our recommendations.

We made 41 recommendations to try to make us safer. And as we showed a year ago in our report card, or less than a year ago, there were many F's and D's, in our response, to making this country safer.

STEPHANOPOULOS: But do you agree with Chairman Kean that this film, in its whole, although he hasn't seen the full cut, will reinforce the recommendations, or do you believe it will tarnish the reputation of the commission?

BEN-VENISTE: I don't think the country is yet ready to see the kind of graphic material that's in that film.

That's just my personal idea, George. There have been many films, now, and television programs about 9/11 and the tragedy there.

I think the recommendations that we have made are common sense. They're sensible, to provide us with the kind of tools focused on our enemy, not this broad generalized misspending of our treasure that Jamie had talked about but, rather, a focused approach to what the threats are and how to protect ourselves.

That's what we need to be thinking about.

STEPHANOPOULOS: Jamie Gorelick, you wrote a letter to Bob Iger, raising the criticisms.

Are you comfortable with Chairman Kean's participation?

GORELICK: In my view of this -- I didn't direct my letter to Tom. I directed it to ABC. And the reason is this. If we are going to put this program out and send it to our schoolchildren as the truth, then...

STEPHANOPOULOS: Although the company, Scholastic, has pulled back their endorsement of the teaching materials.

GORELICK: Yes. That was the thing that worried me the most, is that Scholastic was going to take this movie and send it to our schoolchildren as the truth.

I don't think you can act to remedy the problem unless you have an accurate idea of what went wrong. And there were a number of places, as far as I could see, where it was materially inaccurate.

STEPHANOPOULOS: So should the film be pulled?

GORELICK: Well, it should either be pulled or fixed. It's -- you don't need Tom Kean to vet this. You can look at the report.

You know, what they have in -- as portrayed as incidents in the report are clearly contradicted by the words of the 9/11 Commission Report.

We labored for 20 months to get this right. And to have someone come along and rewrite that history, and lead us to conclusions as to what went wrong, will lead us in the wrong direction, if we want to make it right.

STEPHANOPOULOS: Secretary Lehman, do you agree with that?

LEHMAN: Well, I agree that people should go back to the report. It's very readable. And that is factual. All of us, Democrats and Republicans, have endorsed that.

I haven't seen the film, but I can reassure and comfort my Democratic colleagues that as a Republican, having lived with the hostility of Hollywood through the last 30 years, that it's not going to have an earth-shaking impact, and I think that it certainly should go forward. It's, I'm told, equally harsh against the Bush administration -- in fact, both Bush administrations, and even back to Reagan for not retaliating against early strikes -- so absolutely it should go forward. And if you don't like the hits to the Clinton administration, well, welcome to the club. The Republicans have lived with Michael Moore and Oliver Stone and most of Hollywood as a fact of life.

STEPHANOPOULOS: Chairman Kean, let me give you the last word. You said you're confident that the film will be powerful in the end and realistic. Are you absolutely confident that tomorrow morning, on Tuesday morning, after your fellow commissioners see the film, they're not going to be saying these scenes, there are scenes in that film which are pure fiction which contradict the 9/11 Commission report?

KEAN: Well, the fascinating thing, George, is nobody's seen the final cut. Most of the people who are talking haven't seen any version whatsoever. Only in the United States and in Washington could this kind of a debate occur about things people haven't seen.

I don't know what the comments are going to be the morning after, but I think they'll be good, and I think people will be glad they saw it, and I think people will get something out of it, and I think it's going to move our recommendations forward. Unless they've changed it, it finishes with our report card, showing so much -- how much still has to be done by this country to make us safer.

STEPHANOPOULOS: OK, we're going to have to end it there. Thank you all very much.

The roundtable is next with George Will, Fareed Zakaria, Martha Raddatz and Katrina Vanden Heuvel.

And later, healing the pain of 9/11.

(BEGIN VIDEO CLIP)

(UNKNOWN): You know, for every terrorist who sets off a bomb, we're hoping we can find 10 people or 100 people that want to build a school or a clinic.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Gene Steuerle. His wife Norma was on American flight 77, the plane that crashed into the Pentagon. But instead of taking $2 million from the 9/11 compensation fund, Gene and his two daughters used the money to create a foundation dedicated to preventing terrorism. It's called Our Voices Together.

(BEGIN VIDEO CLIP)

STEUERLE: I think anyone who goes through the grief process eventually comes to the point that they want to do something themselves, they want to reach out, they want to be empowered to act. They don't simply want to be thought of as a victim, and they don't want to treat themselves as a victim.

Our Voices Together is a network of individuals and families who have been affected by terrorism or wanted to respond to terrorism, who are very united to try to reach out in a compassionate way, to try to send a very different message to the world.

One pair of widows does a bike ride to raise money for widows in Afghanistan. Another couple have donated substantial money to set up trauma centers in countries affected by terror. Another lady and her husband have been working very hard to set up educational institutions in Afghanistan, and we have a whole variety of people like this, people who have been affected by the loss of a loved one who are engaged in significant charitable activities. And we'd love to put other people in touch with them.

It's an attempt to reach out to other families around the world, not just because we would be donating money, say, to support a clinic or a school, which I think is important in its own right, you know -- you know, one more person educated, one more person who sees the good will of Americans is one less person who is going to want to hate us down the road.

(END VIDEO CLIP)

STEPHANOPOULOS: You can learn more about Our Voices Together at abcnews.com.

(THE SUNDAY FUNNIES)

STEPHANOPOULOS: That's our show for today. Coming tomorrow, 9/11 '06, where things stand: ABC's coverage of the fifth anniversary of 9/11. Nightline's Terry Moran will be part of that coverage from Afghanistan, and he joins us now for a quick preview of where things stand there -- Terry.

TERRY MORAN, ABC NEWS: Well, George, the big question Americans have about Afghanistan five years after the 9/11 attacks were launched from here is, are we winning or losing the war here? And the short answer is both, and that's not evasive.

Afghanistan today is just a much more complex place than it was five years ago, when it was basically rubble that had been ruled by religious zealots. Now at one and the same time you have an economy that is growing pretty healthy, and more violence than any time since 2001. You've got a national government in place, which, while it's seen by many as incompetent and scarred by corruption, is nevertheless taking civil authority into places that have never seen it. And at the same time, the Taliban are back in a big way, controlling large swaths of the south of this country. We'll be looking at all that.

The bottom line here is that what you're seeing is not just the resurgence of the Taliban, but essentially a fight to the death here between zealots and gangsters and local tribal chieftains against a new nation that is unmistakably coming into being -- George.

STEPHANOPOULOS: OK, Terry, thanks very much. Tomorrow's coverage starts on Good Morning America and continues all through the day, on World News, the president's prime-time address and

Nightline.

Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. A top Democrat says the U.S. would be better off with Saddam Hussein still in power -- next, on Fox News Sunday.

September 11, 2001:

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: These acts of mass murder were intended to frighten our nation into chaos and retreat. But they have failed. Our country is strong.

(END VIDEO CLIP)

WALLACE: September 11, 2006: Is our country stronger and safer? We'll ask the secretary of state, Condoleezza Rice.

And five years later, where are the Democrats in the war on terror? We'll talk with the chairman of the Democratic National Committee, Howard Dean.

Also, does the president need new weapons from Congress to fight the terrorists? We'll ask our Sunday regulars: Brit Hume, Mara Liasson, Bill Kristol and Juan Williams.

And our power player of the week: For him, honoring the 9/11 victims at the Pentagon is personal.

All right now, on a special Fox News Sunday.

And good morning again from Fox News in Washington. We're going to spend this hour taking an overview of what we've done and what we still need to do in the war on terror. But we begin, as always, with the latest headlines.

The top Democrat on the Senate Intelligence Committee, Jay Rockefeller, says the world would be better off if the U.S. hadn't invaded Iraq, even if that meant Saddam Hussein was still in power. Rockefeller also accused the Bush administration of, quote, cynically and deliberately manipulating public opinion before the war.

The tough CIA interrogation of Abu Zubaydah, a top Al Qaida operative captured in 2002, prompted a bitter fight between the CIA and the FBI. According to a story in today's New York Times, Zubaydah was taken to a safe house in Thailand, where he was stripped, held in an icy room and forced to listen to ear-splitting music.

And in Afghanistan today, NATO and local forces killed almost 100 Taliban insurgents in the southern part of that country. But a provincial governor was killed by a suicide bomber.

And joining us now is the secretary of state, Condoleezza Rice.

Secretary Rice, welcome back to Fox News Sunday.

RICE: Thank you. Good to be with you, Chris.

WALLACE: Let's start with the big picture. Five years later, where do we stand in the war on terror? Where do we stand in the conflict against Islamic extremism?

RICE: I think it's clear that we are safe -- safer, but not really yet safe. And we've done a lot. In terms of homeland, we're more secure, our ports are more secure, our airports are more secure.

We have a much stronger intelligence-sharing operation, not just within the country, where we've broken down walls between law enforcement and intelligence agencies to get all of the information to break up terrorist plots, but also across the world. We have, really, an intelligence network across the world of sharing information.

We've clearly hurt badly the Al Qaida organization that planned and plotted and executed September 11th, capturing many of their major field generals. When the president talked the other day about bringing to justice people like Abu Zubaydah, people like Khalid Sheik

Mohammed, you're really talking about the people who were at the center of that kind of plot of 9/11.

And, Chris, we are making progress for the long run, in having liberated 50 million people and then having new allies in the war on terror, like Afghanistan and, indeed, Iraq.

WALLACE: Any failures?

RICE: Well, certainly. I'm sure there are many things that could be done better. We would like to make more progress. People would always like to make more progress. But...

WALLACE: But anything specifically that you say that, you know, five years later, the war on terror hasn't gone as well?

RICE: History will have to judge, Chris. I think that the record will show that the last five years have been years of reorganizing the United States government, reorganizing our international alliances for this long war, and reorienting our strategic policy toward one that simply will not accept the conditions in the Middle East and in other places that have allowed extremism to flourish at the expense of moderation.

WALLACE: All right. Let's talk about some of the concerns that people have. President Bush calls Iraq, and again this week called Iraq, a central front in the war on terror. But I want to look at some of the other statements made by your administration recently. And let's take a look.

In April, your State Department said, Al Qaida in Iraq has about 1,000 fighters. That's about 5 percent of the total insurgency.

Last month, the Pentagon said, The core conflict in Iraq changed into a struggle between Sunni and Shia extremists seeking to control key areas of Baghdad.

Secretary Rice, what evidence do you have that the homegrown Sunnis and Shia fighting each other in Iraq -- and, of course, that, at this point, is the vast majority of the violence -- that they have any interest in attacking the U.S.?

RICE: Well, clearly, the person who set off much of this sectarian violence, who plotted the nation that Shias should go after Sunnis and you should try and spark civil conflict, actually was the Al Qaida leader at the time, Zarqawi, who has...

WALLACE: But he's gone.

RICE: ... been killed.

Well, but it was his strategy -- and we know that -- to try and set off sectarian violence.

Now, we have to ask the question, why did he try to do that? Because he understood and Al Qaida in Iraq understood that when there is a stable and democratic Iraq, then their plans, the

plans of Al Qaida and the extremists, for a Middle East in which there is indeed sectarian violence, in which there is extremism, in which there are repressive regimes of the Taliban type, that will not be possible when there's a democratic Iraq.

And so, yes, Iraq is going through very difficult times, there's no doubt about that. But if you have a broad view of what it will take to defeat extremism, meaning that there will have to be a different kind of environment in the Middle East, it's hard to imagine that different kind of environment with Saddam Hussein in power and Iraq at the center of a nexus between terrorism and conflict.

WALLACE: But I think here's the concern a lot of people have. When we went in there, allegedly to remove the weapons of mass destruction, people understood that as the war on terror. Even when we deposed Saddam Hussein, people understood that as the war on terror. When we were fighting Abu Musab al-Zarqawi, people understood that as the war on terror.

Now we've got Shiites fighting Sunnis, Muqtada al-Sadr -- this are rivalries that go back centuries, tribal rivalries, religious rivalries. Aren't we involved in a terrible case of mission creep here that has nothing to do with the war on terror?

RICE: Chris, it is the Iraqis who will have to settle their own differences. And, indeed, that's why they talk about a process of national reconciliation. That's why they're trying to build security forces that bridge sectarian divides.

Our role, though, was to indeed remove Saddam Hussein. And it's hard to imagine that the world could possibly have gotten better with Saddam Hussein in power, that the Middle East could possibly have gotten better...

WALLACE: Is it our responsibility to solve these ethnic, sectarian problems?

RICE: It is clearly Iraq's responsibility, Iraqis' responsibilities to do that. We...

WALLACE: But we're involved in the fighting.

RICE: Well, but we have to give them an environment in which they can do that. We have to help them build security forces. We have to help them build political institutions.

And, Chris, it would simply be wrong to say that the only problem in Iraq is sectarian violence between Sunnis and Shia. There is still a considerable problem of terrorism from extremists who simply want to see Iraq be part of a Middle East in which the bin Ladens of the world control, not the Malikis, the moderates of the Middle East.

WALLACE: Meanwhile, there is Afghanistan, which used to be the safe haven for Al Qaida and where some of its leaders are still at large.

On Friday, a suicide bomber -- and we have the pictures here -- attacked an American military convoy in Kabul, killing 16 people. The Taliban, which most Americans thought we wiped out

back in 2001, is back on the march in the south. And NATO forces, this week, are asking for more troops.

Secretary Rice, why didn't we finish the job in Afghanistan?

RICE: Well, it was not possible, Chris, to, quote, finish the job in Afghanistan. This is going to be also a long process of bringing stability to Afghanistan.

We have made enormous progress over the last 4 1/2 years in Afghanistan. You actually have a national government that is elected in Afghanistan, whose forces are fighting alongside of us rather than the Taliban, which was both harboring Al Qaida and giving them support. You now have for the people of Afghanistan the possibility of a better life. Women are not being beaten in stadiums that were given to the Taliban by the international community.

You have a situation in which, yes, the Taliban is trying to make a strike at the Afghan government because they do not want it to succeed. But the Taliban is not going to succeed. And they're not going to succeed because you have strong NATO and coalition forces and U.S. forces that are beating them back. The Taliban is taking a beating in this.

And, Chris, I want to be very clear. The notion that somehow this is a strategic threat to the Karzai government, I think this is not the case. You are talking about a Taliban that is able, particularly in the south, to wreak a lot of havoc and to bring death and destruction to civilians. But they are being beaten back.

WALLACE: But, again -- and just this week, the head British commander in Afghanistan, Brigadier Ed Butler, said -- and let's put it up on the screen -- The fighting is extraordinarily intense. The intensity and ferocity of the fighting is far greater than in Iraq on a daily basis.

I'm sure a lot of Americans are saying, isn't it a -- we had them on the run. We had the Taliban completely disrupted. Isn't it a failure to have allowed the Taliban to regroup?

RICE: Well, now, Chris, it's very hard to say that we didn't expect them to fight back. Of course they're going to fight back. Even if they're on the ropes, they're going to fight back. And, yes, they came back somewhat more organized and somewhat more capable than people would've expected. But that's why they're being beaten back by the NATO forces that are there.

I think they also believed that when the United States forces moved out and NATO moved in, that it would be easier to make advances. And they're learning a very brutal lesson, as they encounter NATO forces that are destroying them in very large numbers.

WALLACE: I don't have to tell you that one of the criticisms of the Bush administration -- we heard it again today from Senator Jay Rockefeller -- is that all of you manipulated intelligence to push the country into war.

I want to discuss just one area, the issue of whether Iraq helped Al Qaida with weapons of mass destruction.

Here's what the president said in October of 2002.

(BEGIN VIDEO CLIP)

BUSH: We've learned that Iraq has trained Al Qaida members in bomb-making and poisons and deadly gases.

(END VIDEO CLIP)

WALLACE: And in March 2003, just before the invasion, you said, talking about Iraq, and a very strong link to training Al Qaida in chemical and biological techniques.

But, Secretary Rice, a Senate committee has just revealed that in February of 2002, months before the president spoke, more than a year, 13 months, before you spoke, that the Defense Intelligence Agency concluded this -- and let's put it up on the screen.

Iraq is unlikely to have provided bin Laden any useful CB -- that's chemical or biological -- knowledge or assistance.

Didn't you and the president ignore intelligence that contradicted your case?

RICE: What the president and I and other administration officials relied on -- and you simply rely on the central intelligence. The director of central intelligence, George Tenet, gave that very testimony, that, in fact, there were ties going on between Al Qaida and Saddam Hussein's regime going back for a decade. Indeed, the 9/11 Commission talked about contacts between the two.

We know that Zarqawi was running a poisons network in Iraq. We know that Zarqawi ordered the killing of an American diplomat in Jordan from Iraq. There were ties between Iraq and Al Qaida.

Now, are we learning more now that we have access to people like Saddam Hussein's intelligence services? Of course we're going to learn more. But clearly...

WALLACE: But, Secretary Rice, this report, if I may, this report wasn't now. This isn't after the fact. This was a Defense Intelligence Agency report in 2002.

Two questions: First of all, did you know about that report before you made your statement?

RICE: Chris, we relied on the reports of the National Intelligence Office, the NIO, and of the DCI. That's what the president and his central decision-makers rely on. There are...

WALLACE: Did you know about this report?

RICE: ... intelligence reports and conflicting intelligence reports all the time. That's why we have an intelligence system that brings those together into a unified assessment by the intelligence community of what we're looking at.

That particular report I don't remember seeing. But there are often conflicting intelligence reports.

I just want to refer you, though, to the testimony of the DCI at the time about the activities...

WALLACE: That's the head of central intelligence.

RICE: Yes, head of central intelligence -- that were going on between Al Qaida and between Iraq.

But let me make a broader point. The notion, somehow -- and I've heard this -- the notion, somehow, that the world would be better off with Saddam Hussein still in power seems to me quite ludicrous.

Saddam Hussein had gone to war against his neighbors twice, causing more than a million deaths. He had dragged us into a war in 1991 because he invaded his neighbor Kuwait. We were still at war with him in 1998 when we used American forces to try and disable his weapons of mass destruction. We went to war again with him, day in and day out, as he shot at our aircraft trying to patrol no-fly zones. This was a mass murderer of more than 300,000 of his own people, using weapons of mass destruction.

The United States and a coalition of allies finally brought down one of the most brutal dictators in the Mi

ddle East and one of the most dangerous dictators in the Middle East, and we're better off for it.

WALLACE: We have about a minute left, and I want to get into one last area.

There have been several stories this week that you prevailed over Vice President Cheney in the debate over whether or not to pull these top, high-valued prisoners, like Zubaydah and Khalid Sheik Mohammed, out of the CIA prisons. Also, reports that you now have more clout with the president than Vice President Cheney because of mistakes in judgment he made in the first term.

Have you replaced...

RICE: Oh, I think these are...

WALLACE: ... the vice president?

RICE: These are truly among most of the ridiculous stories. These stories float around Washington -- who's up, who's down.

The vice president remains a crucial adviser to the president. His role is different than my role. But not only is he a crucial adviser to the president, in whom the president relies, but he's also someone on whom all of us rely, including me, for advice and counsel because of his great experience and because of his great wisdom on these issues.

No, these stories are simply ridiculous.

WALLACE: You have not replaced the vice president as the president's top foreign policy adviser?

RICE: I'm the secretary of state, Chris. I have a different role from the vice president.

But let's remember who ultimately makes the decisions on foreign policy. It's the president of the United States himself.

WALLACE: We're going to have to leave it there. Secretary Rice, thanks for coming in...

RICE: Thank you.

WALLACE: ... and thanks for giving us your perspective on this fifth anniversary.

RICE: Thank you.

WALLACE: Coming up, as we continue our coverage of where our country is five years after 9/11, we'll talk with the head of the Democratic Party, Howard Dean. Back in a moment.

(COMMERCIAL BREAK)

WALLACE: Joining us now to look at what's happened since 9/11 is the head of the Democratic Party, former Governor Howard Dean.

And, Governor, welcome back to Fox News Sunday.

DEAN: Thanks for having me on, Chris.

WALLACE: Let's start with the same question I asked Secretary Rice. Five years later, where are we in the war on terror?

DEAN: I think we're in trouble. We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq. What we ought to be doing is going after Osama bin Laden full-scale. We ought to capture him, we ought to kill him -- or kill him. And then we need to fight the terrorists which blew up the World Trade Center and killed 3,000 Americans.

WALLACE: Now, you say that we're in trouble. How do you explain the fact that, five years after 9/11, there has not been another attack on the U.S. homeland?

DEAN: Look, there has been improvement. I mean, we've done some things that we should've done, in terms of improving our intelligence and so forth.

But we proposed, the Democrats proposed, port security money, rail security money, airport security money, chemical plant security money. The Republicans turned it down. There's a lot of politics in this.

We need to do a much better job.

There was an article in the paper today -- I'm sure you saw -- that Secretary of Defense Don Rumsfeld said, We don't want a post-war plan for the reconstruction of Iraq, and then he threatened to fire any general who proposed one.

We are not paying attention to what needs to be done. Today, or this week, northern Pakistan was written off by President Musharraf of Pakistan. They have now a treaty that they won't go -- or an agreement with the tribes that they won't go in and enforce their jurisdiction.

You know, Afghanistan is turning against us, and that is where the fight on terror is. That's where Osama bin Laden is. Osama bin Laden has not been captured five years later. That's a big problem.

WALLACE: Let's talk, because you talk about the things that haven't been done. The White House, the Republicans counter that your party won't give the president the powers he needs to fight the war on terror.

Let's take a look at the NSA warrantless eavesdropping program, because after it was revealed last December -- and let's put it up on the screen -- The Bush administration's secret program to spy on the American people reminds Americans of the abuse of power during the dark days of President Nixon and Vice President Agnew.

Do you really compare protecting the American people to Watergate?

DEAN: No, I compare protecting the American people to -- what the Bush administration has done to protect American people to some of the abuses of power that Nixon and Agnew were doing, which was listening in on Americans.

Here's the problem...

WALLACE: There's a big difference, though, isn't there, Governor? One was for political gain; the other, even if it you think it's being done wrong, is to try to protect America.

DEAN: Well, unfortunately, as you said in the last section, there's mission creep here. We think it's a great thing to spy on Al Qaida; of course we should spy on Al Qaida. The problem is that's not just all they've been doing. It turns out they've had a broad-brush program so they can listen to everybody's phone calls if they want to. And they have.

And now there's a protection set up to do that. You could do all the things the president is doing and still obey the law under the Constitution if you simply went and got a warrant. In fact, there's a provision in the law that says you can get a warrant after the fact.

So there's nothing the president can't do within the scope of the 1976 law that -- where he needs additional authority. And the Democrats have said they'll give him additional authority. But we've got to obey the law under the Constitution.

The Constitution is all that stands between us and the people we're fighting against.

WALLACE: There are a couple of points here. First of all, I have had General Michael Hayden, the former head of NSA, now the head of the CIA, on this program. He says that in the NSA warrantless wiretap program, they never wiretapped, eavesdropped on a communication or a phone call unless there was probable cause to believe that it was terror-related. That's point one.

DEAN: If that's the case, why not go and get the warrant?

WALLACE: Well, all right. Here's the question. The administration's argument is that they don't need to get a warrant and that, for reasons that they won't tell us, that they can't get a warrant.

Arlen Specter...

DEAN: Which the courts now said is illegal.

WALLACE: Well, one court has said it's illegal.

DEAN: That's right, one court has said it's illegal.

WALLACE: Arlen Specter, chairman of the Senate Judiciary Committee, has got legislation in which the White House would go to the FISA court, the Foreign Intelligence Surveillance Act court, that is the expert on this, the court you talk about, to review judicially, independently, whether or not this was a legal program. And the White House says it will go along with that legislation.

DEAN: Well, then we may have the makings of a deal. We'll have to -- I haven't seen the specific legislation.

Here's what the Democrats want out of this. The Constitution is set up so that not one branch has all the authority, so that if one branch has to do something to defend the United States of America, i.e. the executive branch, they have to check before they start spying on ordinary Americans. That's the whole purpose of the FISA court.

That's all we want. All we want is to make sure that we don't slide toward an imperial presidency, which is what the Nixon-Agnew problem was. And if there was...

(CROSSTALK)

WALLACE: ... an independent judicial review...

DEAN: That's correct. Then I'm very interested in that. I think you might get some Democratic support for that. Let's see what's in the Specter bill. I don't want to speak for Congress. I don't know what's in the bill. But that's basically what we're looking for, is judicial review.

WALLACE: Aren't you Democrats playing with political fire here?

You know, I think back to 2002 when it was the Democrats who came up with the original idea for a Department of Homeland Security and then got in a fight with the White House over the issue of collective bargaining rights, and, as a result, the Republicans were able to tar Democrats in that election -- effectively got some Democrats, like Max Cleland, out -- as being soft on terror.

If you block, or if you're seen as blocking, the NSA warrantless wiretaps or military tribunals, don't you run the risk of exactly the same thing happening in 2006?

DEAN: Well, you know, I think the Republicans have some risk here too. Bill Clinton tried to expand wiretap authority, and the Republicans all wouldn't give it to him when he was president of the United States. So there's always politics, and you always have to watch politics on both sides.

What the Democrats want here is not politics. We think the president has played too much politics.

You know, the president got rid of the CIA unit that was supposed to track down Osama bin Laden. Then in the last three weeks, he's stepped that up again.

We think there's a lot of politics in this. We think there's a lot of politics in the president's speeches -- one every day on terrorism. They think they can't win the elections unless they talk about terrorism all the time. We think we ought to talk about a new direction for the country.

So there's always the risk of politics. But in defending the United States, the best thing to do is do what you think is right. We want to get the terrorists. We think the civil war in Iraq has become a distraction to getting the terrorists. And we do want our Constitution and our laws to be upheld, because that, as I said before, that's what stands between us and the people we're fighting against.

WALLACE: Let's talk about Iraq, because I've been looking at what you have said over recent weeks, months, years about U.S. troops in Iraq, and I'm trying to figure out where you stand. Let's take a look at this.

In December 2005, you said, Bring the 80,000 National Guard and Reserve troops home immediately.

This August, you said, I think that most Democrats would agree that we ought to be out of there by the '08 elections.

This week, you said, I'm with George Aiken, the wonderful Vermont senator, who once said about Vietnam, 'Declare victory, and get out.'

At various points, you've called for getting out in 2007, getting out in 2008, getting out immediately. You can set the record straight here today on Fox News Sunday. When do you think that all U.S. troops should be out?

DEAN: Those, actually, quotes are all part of the same piece. The person who proposed getting the National Guard and Reserve troops out was actually a former Reagan defense official named Larry Korb. They have a plan to redeploy our troops, which I think is still a solid plan.

I'm sure I did say at one point we could be out by the end of '07. That was probably a year and a half ago. Clearly the times have gone by.

WALLACE: When, right now, do you think we should get all the troops out?

DEAN: The bottom line here is the Democrats think we shouldn't be in Iraq and the Republicans want to stay there forever, it seems to me, to leave this problem to the next president.

We think, as a party -- and I'm speaking for the party now -- we think we shouldn't be in Iraq, and we don't think we can withdraw our troops precipitously. I have also said...

WALLACE: So when would they all be out?

DEAN: I have said as an individual, there probably is a consensus that we could leave Iraq and be out by the end of 2008 in the party. But that doesn't encompass every single party position.

And there is a plan that is widely accepted by both moderates and liberals and conservatives in the Democratic Party that allows us to do that. And that plan was put together by a former Reagan defense official.

Look, 60 percent of the American people think we shouldn't be in Iraq. They think it was a mistake. And I am one of those people.

WALLACE: And you don't see any problem if we pull out -- you say we shouldn't be in Iraq -- so if we just pull out of Iraq over the course of the next two years?

DEAN: We have to have a phased redeployment. The first thing is, bring the National Guard and Reserve home.

The second thing is, we're not doing the job in Afghanistan. We don't have enough troops in Afghanistan. That's where the real war on terror is. That's where Osama bin Laden, five years

after he killed 3,000 Americans, is still holed up. The Taliban is resurging. You know, I admire Secretary Rice, but she is wrong about what's going on in Afghanistan. Things are significantly worse in Afghanistan today because we don't have the manpower.

There is a fascinating article in The Washington Post today which says that President Bush pulled out the special ops forces who were chasing Osama bin Laden so he could put them in Iraq. That is exactly why the Democrats think Iraq is a mistake. It is hurting our attack on the war on terrorists.

WALLACE: We have about 30 seconds left. On a related subject, you piled on Karl Rove and the White House pretty good about the Valerie Plame leak case. Let's put up what you said.

You said, The president should fire him. You said, There's no question that Rove was the one that leaked the information about the CIA agent's name.

Governor, now that we've learned that Rove wasn't the one who leaked the name, that in fact the original source of the leak was Deputy Secretary of State Richard Armitage, are you going to give Karl Rove an apology?

DEAN: Absolutely not. I still think he should be fired. Karl Rove discussed the name of a CIA agent at the time of war with a reporter. You're not supposed to do that. And President Bush said that he would fire anybody who did. He did not do that.

Look, we need a new direction in this country. We need a new direction to defend America. We need a new direction in the war on terror. We need to stop the Republican war on middle-class Americans who are having trouble sending their kids to college. We need a new direction.

That's what the election is about: Are we going to have a new direction in this country, or are we going to keep doing what we're doing? And I think the path we're going down is a big mistake.

WALLACE: Governor Dean, we're going to have to leave it there. Thank you.

DEAN: Thank you.

WALLACE: Thanks for sharing part of your Sunday with us.

DEAN: My pleasure.

WALLACE: Coming up, our panel of Sunday regulars on the war on terror, both victories and defeats. Stay tuned.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: Many Americans look at these events and ask the same question: Five years after 9/11, are we safer? The answer is, yes, America is safer.

(END VIDEO CLIP)

WALLACE: That was President Bush on Thursday, defending his administration's record in the war on terror.

It's panel time now, and the gang is finally all here: Brit Hume, Washington managing editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of the Weekly Standard, and Juan Williams, also from National Public Radio.

It's good to have you all back here around our little table again.

All of us have our own thoughts about these last five years.

Brit, where are we in the war on terror?

HUME: Well, we're certainly safer. I think that's clear. I find it remarkable that there's been no further attack on the American mainland. And we know there have been some attempts, and they have been able to be thwarted, for which we should all be grateful.

Obviously this is a living thing, though, this terror movement, and it has many forms. And it's going on in many places.

And there are two ways to look at this. One is that you can sort of build up your own walls and borders and protect yourself from attack in that way. And the other theory is that you go where the terrorists are, you find them, and you fight them, and you defeat them, and you try to change the regimes that support them.

And that is where the controversy is, and that's where it is to this day. And we're in this war in Iraq, which is not popular and which the people do not seem to connect particularly with the war on terror -- is the central theater there, in a way. And that's where the political trouble is here.

LIASSON: Yes, I also think that the enemy is not very diffuse; it's all over the world. It also involves things like Iran's developing nuclear program, which could easily fall into the hands of terrorists. Same thing with North Korea.

The sentiment that was behind the 9/11 attacks I don't think has diminished around the world, whatever you want to call it, Islamofascism or political Islam. That's still out there, and I don't think that that has lessened.

Although I do think that the initial perpetrators of the attack, Al Qaida, have been certainly weakened, to a large extent. But I think that the threat is now much more diffuse, much harder to take care of.

WALLACE: Bill, let me ask you about that, because I read an article today that basically made that argument and certainly credits the fact, which I think is remarkable, that we have not been attacked again in the last five years -- who among us on 9/12/2001 would've imagined that possible?

But it makes the argument that we are losing, not winning, the war on terror: Iraq; Iran is more dangerous; North Korea's more dangerous. And the argument -- and I want to see what your reaction is -- that, for every terrorist we're killing in Iraq or Afghanistan, we're radicalizing even more people around the world.

KRISTOL: It was a global war before 9/11, you know. It wasn't just that there were a few terrorists. Where did the terrorists in Afghanistan come from? They weren't mostly Afghans. We've been fighting a global war against jihadist Islam.

I think we're winning it. But it's a tough war. And they fight back, and they recruit more terrorists. And things we do do have some negative side effect, though I still think it's, by far, a huge positive to remove Saddam Hussein. I think we're winning the war against jihadist Islam.

The biggest problem is that we're in denial that we're fighting a war. When Governor Dean says that the center of the war of terror is in Afghanistan, that's ridiculous. Afghanistan's not the center of the war on terror. It was one front of the war on terror.

It was extremely important to remove the Taliban government there, to deny the jihadists a sanctuary. But they are happy to set up sanctuaries elsewhere. They're happy to take over regimes elsewhere. They're happy to have the Iranian regime pursue nuclear weapons. So it's a global war.

And even the question that we all have to answer, Are we safer?, in a way, is the wrong question. The question is, Are we winning?, not, Are we safer?

WALLACE: And are we winning?

KRISTOL: Yes, I think we're winning. But we would win more thoroughly and more completely if we were in less denial about the fact that it's a global war; and that if Iraq's the central front, we should do everything it takes to win there, not try to do it on the cheap.

And if Iran is now, which I think it is, the center of gravity in the next stage of this global war, then we need to do everything it takes to deny that jihadist regime a nuclear weapon.

So I think we're winning, but we could do a little better.

WILLIAMS: I don't understand what you just said, because it seems to me that that's where Al Qaida was when we were attacked on 9/11, and I think the central job was to go after Al Qaida. And today, as we look back, what we see is that most Americans think that, in fact, terrorists worldwide have about the same ability to attack us as they did on 9/11.

And it's just a different type of structure. Al Qaida seems to have been weakened, although they have some resurgence lately, in Afghanistan. But what we're seeing is that there's this terrorist network all over the world, and that you have this increased U.S. military presence throughout the world.

And most Americans think that's one of the sources for generating anti-American sentiment that leads to the creation of terrorists, the recruiting of terrorists. That's not good for the U.S.

And if you ask most Americans, they say let's decrease that military presence, that you want to increase; they say let's decrease dependence on oil, which feeds some of these regimes that support terrorists around the world; let's do a better job of dealing with things like prisoners, black sites in Guantanamo Bay and like, because what that does is anger our allies and make it more difficult for our allies to work with us in this war on terror.

HUME: There's a very interesting new book out called, The Looming Tower ...

WALLACE: I'm reading that right now.

HUME: ... by Lawrence Wright, who makes, I think persuasively, the argument that after the initial conflict in Afghanistan, and after Tora Bora indeed, even though Osama and key lieutenants escaped, that Al Qaida was essentially dead, finished, washed up as a major force in the world terror movement.

And he goes on to argue that the war in Iraq has given what he would call the progeny of Al Qaida new life, but that Osama bin Laden's Al Qaida has essentially been weakened to the point of not being very important anymore.

And I think that's probably true. I think what we learn as we go here is that this is more a terror movement than it is a network, and that where you can defeat or destroy one terror operation -- to wit, bin Laden's Al Qaida in and around Afghanistan -- that others will form and emerge to take its place.

I'm struck to hear Juan and others say, as they do, that we need to be focusing all our energies on Al Qaida. Well, who's been the big troublemaker more recently? Well, you look in the Middle East; it's Hezbollah who's been tremendously important. Hezbollah is the sworn enemy of the United States, funded by Iran.

Do we then chase around the mountains of Afghanistan in an effort to catch one or two or three Al Qaida leaders now weakened, or do we go after Hezbollah?

Now, those are the kinds of questions, it seems to me, you need to ask. And simply talking endlessly about Osama bin Laden being on the loose or, as I think it's more likely, on the lam, it seems to me, goes nowhere.

WALLACE: Mara, I want to pivot to another aspect of looking -- the overview from 9/11. Back in the first days after 9/11, I think we would all agree, one of the few blessings was the way in which all of our political leaders, Republicans and Democrats, joined together.

This is the picture that I think none of us will ever forget, on the night of September 11th, when all of those bitterly divided Republicans and Democrats gathered on the front steps of the Capitol and sang, God Bless America.

Was it inevitable that this would end up becoming so political, so polarizing? Did that have to happen?

LIASSON: No, I don't think it was inevitable. That certainly is what's happened. But I don't think it was inevitable.

I think a lot of the good will was squandered, a lot of that unity was squandered. And I think an election came up, you know, which is what happened.

And there was a certain strategy, a kind of mindset -- and you could say it was a correct one -- that the best way to win elections for the Republicans was to rally its base, to not so much worry about the moderate voters in the center. There was actually thinking at the White House that that center had shrunk so much that it didn't matter; the most important thing was to get your base out.

And it turned out the Republicans were right; there were a lot more Republican voters that they could get. But if you go down that path, you want to sharpen differences as much as possible. And I think that's what happened.

I also think the Democrats -- there have been so many -- I don't know if they're centripetal or centrifugal, but the forces have been there that have forced both parties to the extremes for years and years. So you could say that some of that was inevitable. But I think it didn't have to happen.

WALLACE: All right. Let's take a break here, but let's talk about that. And coming up, this political debate that only seems to get hotter and hotter: Which party has the better plan for fighting and winning the war on terror? We'll discuss that when we come back.

COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

U.S. SENATOR HARRY REID (D-NV): There's a reason, five years after 9/11, that America is not as safe as it needs to be. It's because Republicans play politics of national security but fail when it comes to the policy of national security.

(END VIDEO CLIP)

WALLACE: That's Senate Democratic leader Harry Reid, taking the political battle over the war on terror to the president and Republicans this week.

And we're back now with Brit, Mara, Bill and Juan.

So, Bill, let's pick up on this conversation. Did this have to become a political food fight? Or is there a way -- and you can blame it on the Republicans, blame it on the Democrats -- that we could've maintained that unity of purpose we had right after 9/11?

KRISTOL: How? We don't suspend politics in times of war; we don't suspend elections in times of war. And so, we've had debates.

And I think a lot of these debates, incidentally, have been healthy. I mean, would we prefer a situation where no one criticized the Bush administration for having gone into Iraq or for the way it's pursuing the war in Iraq? I, myself, disagree with the Democrats on about 90 percent of what they've been saying, but I wouldn't say they don't have the right to say it, and I wouldn't say that you don't want an opposition party saying some of this.

I mean, I think there have been times when especially the Democrats, in my view, have sort of not understood the unseemliness when you have soldiers fighting in the field, et cetera, to turn every event, including now the fifth anniversary of 9/11, into a partisan fight. But it happens.

HUME: You know...

KRISTOL: And, actually, there's less bitter partisanship during this war than in previous wars -- much less than during Vietnam, much less than during the Civil War. And, actually, if you look at World War II, that wasn't exactly, you know, (inaudible) misconduct in that war. There were bitter partisan elections in 1942 and even in 1944.

HUME: Well...

WILLIAMS: What I think is going on here is that you have the Republican Party, much as Mara said, using fear. I mean, they've turned Winston Churchill on his head. You know, Churchill said, We have nothing to fear but fear itself. The Republicans...

HUME: That was Roosevelt.

WALLACE: That was Roosevelt.

WILLIAMS: At the moment, Republicans are saying we have nothing but fear. And they're selling fear and they're using fear in this midterm election.

HUME: Oh, Juan.

WILLIAMS: And I think it's being done in a way that polarizes people, that drives apart.

I mean, the fact is, as you were just saying, Democrats have been largely supportive of this administration. I mean, even in this ongoing debate right now about Guantanamo Bay and how we will handle these prisoners at these tribunals, it's Republicans -- it's McCain, it's Chuck Hagel, it's Lindsey Graham -- who are having to come to the forefront because Democrats don't want to get caught in the political trap of being the opposition, even though I think they have a legitimate question to raise, as the Supreme Court has said.

HUME: I think it's worth looking at the reasons why we had that moment of national unity and what's happened since that's caused it to fade.

The moment of national unity was caused by this immediate sense we all had of a nation wounded, and so we rallied around, frightened, vulnerable, determined, wounded. That moment lasted for a while. Things began to get a little controversial about Afghanistan.

But what made all this division again, political division, and fighting and business as usual possible was the fact that we haven't been attacked again. That people look around in their daily lives and, as they come and go, they experience some inconveniences at airports and concerns elsewhere, but basically life has gone back to normal. The economy has recovered. America is much like it was before 9/11. And things feel normal.

And people don't like the war in Iraq. They have deep disagreements -- they two parties deeply disagree about their approaches to the world, about the style of war you use to fight the war on terror. So those divisions emerged.

If we were attacked again, I suspect the unity would recur. Who wants it?

WALLACE: But, Mara, I mean, we had almost -- and I agree, things have certainly changed -- almost unanimous support for the Patriot Act. We had tremendous support when the president went to Congress in October 2002 and wanted authorization to fight in Iraq. I mean, it went on for a while, it went on for more than a year.

LIASSON: Yes, it did. But things change. And I also think that politics is the method in the United States that we hash out differences. And as long as that's going to be the case, I think you're going to have these debates.

And I agree with Bill. Some of these debates are absolutely essential. I mean, what is the best strategy for fighting the war on terror? And what's the best way to solve the problems in Iraq, which are now much thornier than they were in the beginning? We're not just fighting insurgents; we're trying to keep this country from splitting apart and partitioning itself and also, if that happens, prevent the Iranians from having outside control there.

These are important questions. Now, I don't know if either party is coming up with very good solutions in this election season. But they are important questions and have to be debated.

KRISTOL: I just want to strongly object to one thing. And I'm willing to be critical of President Bush's management of the war in all kinds of ways. But it is a totally false charge that he has played the politics of fear.

Compared to previous presidents at wartime, he has been incredibly responsible. He has never said a word about the Clinton administration. He has never tried to blame past failures on them. He's been scrupulous about that. He has bent over backwards not to make this a war against Islam. He's said Islam's a religious of peace. He's tried to be very careful in not demonizing enemies.

I mean, look at Joe McCarthy. Look at Harry Truman, a man I admire. Look at his rhetoric against Tom Dewey in 1948: Fascism is coming back. Look at normal rhetoric used by presidents who were in political trouble. Bush has been, I think, very careful and very responsible.

WILLIAMS: I appreciate what he's done in terms of not trying to isolate especially Muslims here in the United States. But he is the same person who's been using recently rhetoric like Islamic fascism, which I think goes overboard.

But the second...

HUME: Juan, you concern yourself about this, what you called, fear campaign by Republicans. There is a big difference between Democrats and Republicans on this issue, it seems to me, and between conservatives and liberals. And that is, conservatives believe that we have something very serious, very dangerous to be afraid of.

And the sense one gets, despite what they may say about it, time and time again from the American left is that this whole war on terror was really an overreaction, that it should be a police and intelligence operation, that it should be a matter of justice. That's the way the Clinton administration chose to fight this.

And that the president uses 9/11 as a political -- well, 9/11 was a real thing. And what it said about the worldwide terror movement is true.

WILLIAMS: OK, Brit...

HUME: And so, if you believe that...

WILLIAMS: ... I agree with you, we are at war. I agree with you and the president; we're at war.

HUME: Right.

WILLIAMS: But in the last week, what have we seen, Brit? We've seen the start of a fall campaign season in which Republicans are in dire trouble, the president's unpopular, the war in Iraq's unpopular. What does the president do?

He doesn't start a conversation about dealing with the key issues of the day. He switches the conversation, switches the agenda to his strong point, which is the war on terror, the one point on which Americans give him some support. And he does it conveniently, tactically and purposely. He politicized 9/11 and the memory of it as we come to this five-year mark.

HUME: I'll let...

WALLACE: You have 10 seconds.

HUME: Well, the fact of the matter is that this is the issue we ought to be talking about, Juan, unmistakably.

WALLACE: Gentlemen, have to leave it there.

Thank you, panel. See you next week. To be continued.

And just ahead on this fifth anniversary of 9/11, a special power player of the week.

(COMMERCIAL BREAK)

WALLACE: 9/11 -- it's a day none of us will ever forget. But the question is, what lessons do we draw from that terrible event? There's a man in Washington who's been working for years to provide one answer, and he's our power player of the week.

(BEGIN VIDEOTAPE)

LAYCHAK: It's the day my brother died, right? And it brings back all those memories that I felt when he was -- when it happened.

WALLACE (voice-over): This fifth anniversary of 9/11 is personal for Jim Laychak. He's president of the Pentagon Memorial Fund, and he's working almost full-time to build a site to remember his brother Dave and the 183 other people who died at the Pentagon that day.

LAYCHAK: It helps me take something tragic and turn it into a positive outcome.

WALLACE (voice-over): The brothers grew up in a military family. Dave worked as a civilian in the Army for 17 years. He took a job in the Pentagon just months before 9/11.

LAYCHAK: He was very patriotic. And this was his way of serving the country.

WALLACE (voice-over): He was working on the first floor, just yards from where American flight 77 crashed into the building.

For two days, the family, including Dave's wife Laurie, held out hope he was trapped alive in the rubble, until a brother-in-law, who was a policeman, got inside.

LAYCHAK: It was then, that Thursday morning, that he called -- he told me sister, and my sister called me, that we needed to prepare Laurie for the worst, that Dave was probably not -- not coming back. So that Thursday after it happened was probably one of the toughest days.

WALLACE (voice-over): In the weeks that followed, Laychak became involved in plans to build a memorial.

LAYCHAK: Since the fall of 2003, I probably spend about 70 to 80 percent of my time on the funds.

WALLACE (voice-over): Anheuser-Busch made the first big contribution of a million dollars. Secretary and Mrs. Rumsfeld gave more than a quarter-million.

In June, they broke ground on the site.

(BEGIN VIDEO CLIP)

LAYCHAK: We owe it to our loved ones. We owe it to the men and women that are fighting overseas to keep us safe.

(END VIDEO CLIP)

WALLACE (voice-over): The other day, Laychak took us outside the Pentagon, so close to where his brother died, to see a marker in the reconstructed building.

(BEGIN VIDEO CLIP)

WALLACE: So this stone is still charred from the accident.

LAYCHAK: Right.

WALLACE: And right across the street here...

LAYCHAK: Right, that's where the memorial will be. We're looking at about a 1.9-acre site of where the memorial will be, right now.

(END VIDEO CLIP)

WALLACE (voice-over): The design is 184 benches, each with the name of a victim on it, over a small, lighted pool. It will be organized by the age of those who died, from 3 years to 71. Fifty-nine benches will face one way, representing those on the plane; 125 will face the other way for those inside the Pentagon.

The hope is to dedicate it in two years. And Jim Laychak can already see that day.

LAYCHAK: There's kids, there's families, there's old people, young people. They're laughing, they're crying. And I'm a big brother, just trying to, you know, look out for his little brother. And that's the feeling that I know I'm going to have when we get this built.

(END VIDEOTAPE)

WALLACE: If you want to find out more about the Pentagon memorial, check out our Web site at foxnews.com/sunday.

And that's it for today. Stay tuned to this Fox station and Fox News Channel for complete coverage of the fifth anniversary of 9/11, including the president's address to the nation Monday night.

We'll see you next Fox News Sunday. And we leave you today with some images of the day that changed America.

CBS – FACE THE NATION

SCHIEFFER: Good morning again, on this day before the fifth anniversary of 9/11. We begin with Secretary of State Condoleezza Rice.

Madam Secretary, thank you so much for coming.

RICE: Of course, Bob.

SCHIEFFER: Let me ask you this. After 9/11, we went to Iraq because we were told Saddam Hussein had weapons of mass destruction and because Iraq was a place that harbored terrorists.

We've known for a long time now that Saddam did not have weapons of mass destruction. And now, in this bombshell report that the Republican- controlled Senate Intelligence Committee released Friday, we find that U.S. intelligence agencies concluded long ago that there was no connection between Saddam Hussein and Al Qaida.

So it begs the question, was this whole thing a colossal mistake?

RICE: Well, first of all, the overthrow of Saddam Hussein is very important and better for the world. One cannot imagine a Middle East that would be different and would not be a place in which extremism thrives without Saddam Hussein's removal and the chance for a different kind of Iraq.

But at the time, Bob, the intelligence services, in fact, did not say that there was no connection between Al Qaida and Iraq. That's simply not the case.

George Tenet, then the director of Central Intelligence, testified that there were multiple contacts, going back a decade, between Osama bin Laden and Iraq.

In fact, the 9/11 Commission itself talked about contacts. What did we know?

We know that Iraq was a state sponsor of terror, of terrorism, had in fact been listed by the State Department as a state sponsor of terrorism.

We know that Zarqawi ordered the killing of an American diplomat from Iraq, that he ran a poisons network in Iraq, that the Abu Nidal organization, the terrorist organization had operated out of Iraq.

So there were clearly links between terrorism and Iraq. But more importantly, we had been at war with Iraq in 1991 because Saddam Hussein destabilized the region by invading Kuwait.

That brought us into the region, into places like Saudi Arabia, with our forces, in ways that were unprecedented. In 1998, President Clinton ordered American forces against Saddam Hussein, air power against Saddam Hussein.

For the entire period after the end of the Gulf War, the first Gulf War, our pilots were flying no-fly zones and being shot at by Saddam's forces.

The idea that somehow this was a peaceful relationship with Saddam Hussein; if we had just let him be, the world would have been fine, I just find a not very sustainable argument.

SCHIEFFER: But you know, in his book, Fiasco, Tom Ricks writes that all of what you say is true, but he says, in a sense, we had contained Saddam Hussein, that he wasn't posing, really, a threat to much of anything.

RICE: Well, perhaps people can disagree, but I do not consider Saddam Hussein, who was still firing at our aircraft, who was still threatening his neighbors, who had caused 300,000 deaths in his own country, having used weapons of mass destruction, who was breaking the embargo, the so- called oil-for-food program that had turned into an enormous scandal where the people of Iraq were being hurt but certainly not Saddam's regime.

I don't consider that contained.

SCHIEFFER: Well, let me just ask you for your reaction to what the top Democrat on the Senate Intelligence Committee, Jay Rockefeller said.

He says that, despite the evidence, the administration used -- and these are the words he used-- cynical manipulation, deliberately cynical manipulation to shape American public opinion.

He went on to suggest that we might actually be better off if Saddam were still in power. Listen to what else he said.

(BEGIN VIDEO CLIP)

U.S. SENATOR JAY ROCKEFELLER (D-WV): He wasn't going to attack us. He was surrounded by people who didn't like him.

Do you think the Saudis liked Saddam Hussein?

Do you think Iran likes him?

Do you think Jordan likes him?

No. He would have been isolated there. Yes, he would have been in control of that country. But we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about.

(END VIDEO CLIP)

SCHIEFFER: Now, that was an interview that he gave on Friday to our correspondent Sharyl Attkisson. What's your response?

RICE: Look, I have respect for Senator Rockefeller, but I just have to respectfully disagree.

I mean, the notion that, somehow, someone who had caused more than a million deaths in the Iran-Iraq war, someone who had invaded Kuwait, and we believe, was probably on his way to the Kingdom of Saudi Arabia, somebody who threatened his neighbors every day, who shot at our aircraft, who had broken out of an embargo and was using his oil wealth to build up an arsenal of weapons, that this is not a threat, in the world's most volatile region -- I just think it's very, frankly, odd analysis and, given the post-9/11 environment, a very dangerous analysis because what we learned with September 11 is not to let threats fester until they come back to haunt us.

Now, is it difficult going in Iraq? Absolutely.

Are the Iraqi people struggling to build a stable democracy on the ruins of an old tyrannical dictatorship in which people solve their problems by conflict and oppression, not by politics?

Of course it's difficult.

SCHIEFFER: Well, let me ask you this, Madam Secretary. Have we created some kind of a terrorist haven there?

Because some would argue that there really was no terrorist threat in those days but now that there actually is.

RICE: Well, Saddam Hussein -- the State Department and the United States government had said that Iraq was a state sponsor of terror, going all the way back to the 1990s so he was a state sponsor of terror.

He had terrorists operating in his country, including Zarqawi, who had a poisons network in the country.

And I would just remind that, at the time, the director of Central Intelligence talked about these contacts between Iraq and Al Qaida. And in fact, the 9/11 Commission talked about contacts.

There is, in retrospect, an attempt to somehow paint Saddam Hussein as just sitting there calmly in the region. Yes, he was a bad guy; people didn't like him, but he wasn't much of a threat.

It's simply ahistorical, if you look at the conflict into which he dragged that region, starting in the 1980s.

SCHIEFFER: Well, let me ask you, and let's shift to something else. This week, or last week, of course, the president announced that these people that were in these secret prisons were now going to be transferred to military control.

I'm told that, within the administration, you were one of those who argued that this needed to be done. I'd like to ask you, Madam Secretary, when did you learn that the CIA was operating these secret prisons?

RICE: Well, Bob, we've talked in the past. When I was in Europe, I talked about the fact that, yes, we had intelligence activities that were trying to gain essential information from detainees because the president....

SCHIEFFER: Did you know, early on, about this?

RICE: I'm not going to talk about intelligence activities.

SCHIEFFER: What do you think is the -- why did you think it was necessary to get these people out into the open and into some sort of justice system?

RICE: Well, the president gave the rationale for this in his speech, which is that, now, almost five years after September 11, when we have exploited the intelligence value -- and exploited it, by the way, in a way that I think has kept America and its allies safer. Because these people have been a font of extremely important information.

But now, many years later, we believe we've exploited that intelligence value to the degree that it's now time to bring them to justice.

SCHIEFFER: Well, let me ask you this, Madam Secretary. The president said there's nobody currently in what he called this CIA program. I read that to mean these secret prisons.

Will others be put in that program or has it now been shut down?

RICE: Bob, the president is going to retain-- and I think the American people will want him to retain-- all the tools that are available to him, within our laws, to be able to get information from captured terrorists, to be sure that we can use that information to make the country more secure.

After September 11, it was very clear that the big missing link in our abilities to fight the kind of attack that took place on September 11 was information.

You can't go around like a needle in a haystack trying to find out who might attack. You need information.

SCHIEFFER: Is what you're saying here is that it's all right for a democracy to operate secret prisons, but we just got all we could get out of these people, so we took them out of the prisons?

RICE: But it is clearly an important thing for a democracy to protect itself and to use all legal means available to it, including those that live up to our treaty obligations to do that. Of course we're going to continue to run intelligence activities when they're needed. But let me just say one -- that the debate that has taken place, the McCain amendment that became the Detainee Treatment Act, the importance of the Supreme Court decision, what this shows is that in democratic societies, there's give and take, and now we're getting an institutionalization of the means to fight terror. And the president is cooperating with Congress to do that.

SCHIEFFER: Madam Secretary, thank you so much, as always.

RICE: Thank you very much.

SCHIEFFER: Hope to see you again.

And we go from the secretary of state to ground zero in New York, where Senator Chuck Schumer is standing by. Senator, thank you for joining us. Let me just ask you first...

SCHUMER: Good morning.

SCHIEFFER: ... I want to go back to the top of that interview. Do you agree with Senator Jay Rockefeller, your Democratic colleague, that perhaps we would be better off if Saddam Hussein were still there, because that would mean we wouldn't have spent these billions of dollars? Or do you come down on the side of Secretary Rice, who says no way are we better off if Saddam Hussein were still there?

SCHUMER: Well, somewhere in the middle. I do agree that we're better off without Saddam Hussein. It was a good thing to get rid of him. He was a brutal dictator. He gassed Kurds, and everything else. But the problem is that, once Saddam was gone, this administration had no plan as to what to do next.

And right now, we're in a quagmire in Iraq because it seems to be devolving into a civil war. We're policing the civil war. You never heard a plan of what was going to be put into place once Saddam left and how we were going to protect ourselves, guard the Iraqi people in the right way.

And so, that's the problem here. It's not getting rid of Saddam Hussein. It's that there was never a plan after he left.

SCHIEFFER: Well, let me ask you about what Vice President Cheney said this morning because you have certainly stated some of the things that the administration disagrees with. The vice president said the debate going on in this country just validates the terrorist strategy that we have no stomach for this long fight with terrorism. And he says our doubts encourage the terrorists.

SCHUMER: Well, let me say this: Secretary Cheney represents what's wrong with this administration policy. Because we can be both strong and smart. We've seen a lot of strength from this administration, no doubt about it. But we certainly haven't seen enough smarts. And that's why the things in Iraq are getting worse.

Iraq is probably more of a danger now than it was a few years ago. We seem to be policing a civil war, where the Shiites, the Sunnis and the Kurds just hate one another. And we need smarts.

Now, we Democrats have proposed an alternative. We've proposed a year of transition, where we focus on, where we redeploy our troops and focus only on four things. Not policing a civil war, but counterterrorism, force protection, training, and logistics. It's a much better plan. We're just as strong and just as tough against terrorism as Vice President Cheney. But I think we'll be a lot smarter about it.

SCHIEFFER: All right. Well, let's talk about here at home. You're at ground zero, where this horrible thing happened. Do you think we're safer today than we were in those days, Senator?

SCHUMER: Well, let me say this. And first, I want to mention here at ground zero, every time you peer into the hole there, you think of those who were lost. It was just such a terrible tragedy. And you know, for many, maybe it's five years away, but for those who lost loved ones, it's just like yesterday. For many of us in New York, it's just like yesterday.

Now are we safer? We have made some progress in homeland security, there's no doubt about it, but not close to enough. The homeland security department has been a mess.

And when you can say five years after ground zero, we only inspect 5 percent of the containers that come on board, when we have no detection devices to guard against nuclear weapons being smuggled into the country, or somebody bringing explosives into a railroad station or an athletics event, when our police and fire still can't talk to one another on their radios, something is wrong. And the Department of Homeland Security has been plagued, plagued by underfunding, plagued by a lack of focus, and sometimes plagued by politics. When it comes to the defense in the war on terror, in homeland security, this administration has talked the talk but they have not walked the walk.

SCHIEFFER: Well, what about this whole idea of the Department of Homeland Security? On the whole, this is a massive bureaucracy, there's no question about that. But some people say maybe we ought to rethink the whole thing. Maybe this wasn't the best idea after all. What do you think needs to be done about the Department of Homeland Security right now?

SCHUMER: I think we ought to seriously think about breaking it up, because the Department of Homeland Security is a huge bureaucracy, doesn't seem to have much focus, and it was sort of put together very quickly after the 9/11 Commission began, almost as a defensive reaction.

It hasn't worked, and we ought to look at something new.

Senator Byrd on the floor of the Senate before homeland security was put together said, let me quote a senator, he said when you don't have a real plan, reorganize. He said, that senator -- I forgot his name -- like Brutus on the floor of the Roman Senate in 40 A.D. I think he was very accurate.

SCHIEFFER: And how about this whole idea of the president now coming to the Congress and asking for some new legislation to create a system of justice whereby these 9/11 people, the worst of the worst, and I mean, I don't think there's any question about that, can be brought to some kind of justice? Is the Congress going to go along with that, Senator?

SCHUMER: Yeah, well, here's what's happening. You know, we want to give the president -- Democrats and Republicans -- every tool he needs to keep us safe. We want to give this president that tool, we want to give every president in the future that tool.

But you can do it consummate with the rule of law. The administration, again, is a little bit like a bull in a china shop. They don't obey the rule of law. Now the Supreme Court, hardly a liberal organization, has thrown out their process for detainees, and we're worse off than we were had they gone to Congress originally and we would have given them what they needed, but we would have done it consummate with the rule of law.

The good news here, Bob, is that three leaders in the Senate, all Republicans who have military experience -- Senator McCain, Senator Graham and Senator Warner -- are trying to put together just the kind of plan that I was mentioning, something that protects us but is consummate with the rule of law. And we're hopeful that they'll come to an agreement with the administration. And it is the intent of Democrats to follow their lead on this.

SCHIEFFER: Senator, thank you so much.

When we come back, we'll talk to...

SCHUMER: Thank you, Bob.

SCHIEFFER: ... the governor of New York, George Pataki. Senator, thank you, Senator.

(COMMERCIAL BREAK)

SCHIEFFER: And with us again from ground zero, the governor of New York, George Pataki. Governor, thank you.

And I want to start with something that Senator Schumer just said and see what your take is on it. He said that he thinks maybe we ought to just rethink this whole idea of the Department of Homeland Security. It's a huge bureaucracy, but he's not quite sure it works. You're a governor. What's your luck been dealing with it?

PATAKI: Well, I'll tell you, Bob, it's a vast improvement from what we were dealing with on September 10th of 2001. The Department of Homeland Security obviously is imperfect, but it's a brand new creation. It was something that came from the aftermath of these attacks. And what we have to do is make it work. We can't simply put a new name or try a new structure. We have to make the existing structures work, and I think we can do that.

We have better flow of communication. We have better coordination of assistance. And we have law enforcement working more closely together. Is it perfect? No. There's far more to do. But I think what we have to do is try to continue to move forward and make things better and not start from scratch.

SCHIEFFER: Well, let's talk about the city of New York and your state. Do you think it's safer now? Senator Schumer thinks it's probably better than it was, but he says there's still some real gaps here on inspections at the ports and so on. How do you respond to that?

PATAKI: Well, we are -- I think we are far safer. We are proactive now. And we do have law enforcement at all levels, local government, state government, federal government working together, sharing information. And that's important.

Of course, we know, we are aware now that we are in an ongoing war against those who detest freedom and have attacked us in the past and will attack us again.

And we are being aggressive overseas in going after sanctuaries and going after places where they could recruit, plan, train and carry out organization for further attacks.

So in that sense, we are far safer than we were on September 11. But there are gaps. There are gaps. There is much more we need to do.

And in particular, first of all, I think, the borders. When you're in a state of war, how can you be in a position where you have thousands of people crossing into the country illegally?

Sure, the vast majority of them want to be a part of America and the American dream, but we have to make sure that everybody coming here is coming here legally and with good intentions.

SCHIEFFER: Well, let me go to something closer to New York. And that is the trains. Because millions of people ride the trains in and out of New York.

We had these bombings in London. We had the bombings in Spain. Are you comfortable with the security level on the trains coming in and out of New York?

PATAKI: You know, Bob, I don't think we'll ever be comfortable with the level of security on trains, subways, airplanes, at our ports, until this war is over. And that's going to be for some time.

We in New York are still at level orange. And what that means, on a day like tomorrow, we're going to have state troopers riding our commuter trains. We're going to have National Guard at Penn Station and Grand Central Station and other spots.

And we do that, not just on days like September 11 but on an ongoing basis. We are safer and we are more proactive by doing that. But on the other hand, I don't think there's anyone who can look you in the eye and say that a terrorist or an organized attack couldn't happen again.

It can. And we have to continue to be aggressive and vigilant to protect our people.

SCHIEFFER: Governor, you're at ground zero, a part of the world that many of us consider hallowed ground, as I'm sure you do right now.

But I have to ask you this question. Are you a little bit surprised that it has taken so long and progress down there in rebuilding that area has been so slow?

PATAKI: No, Bob, I'm really not. And you focused on part of the reason, that I believe, as you do, that this is hallowed ground. And we have to act very respectfully and prudently.

But if you look at Lower Manhattan today, there are 10,000 -- actually, it's probably 12,000 more residents than there were four or five years ago. It is the fastest-growing community in lower Manhattan.

Thirty million square feet of office space were destroyed or damaged on September 11. Twenty million of that is back. But what we are doing at the actual site is being done respectfully. And the cornerstone is going to be the memorial.

You'll see that rising behind me, but it's not going to soar to heights. It's going to, where the towers stood, have voids and reflecting pools, waterfalls dropping into those voids to express the magnitude of what we lost on September 11.

And I'm very pleased with how strong Lower Manhattan has come back. It is still the financial capital of the world. And we do have one of the finest, I believe, master site plans for the redevelopment of the actual site where the towers stood that is both respectful, that reflects back on the heroes we lost and yet will soar to new heights.

SCHIEFFER: All right. Well, Governor, I want to thank you very much for being with us this morning on this very special day in America. Thank you so much. And we'll be back in a minute with a final word.

PATAKI: Thank you, Bob.

(COMMERCIAL BREAK)

SCHIEFFER: Finally today, I cannot even remember where it was, but in the months after 9/11 I was giving a lecture when a young person rose up with a question. He said, you keep talking about the brave Americans, but aren't the people who flew those airplanes into the Twin Towers heroes too? After all, they believed so deeply in their cause they were willing to give their lives for it.

I was stunned, frankly. No, I told him, those people are not heroes, nor can they ever be. They deliberately took the lives of innocent men, women and children to promote their cause. No cause, even a noble cause, is worth that.

Americans, on the other hand, did the opposite, I said. They risked their lives, some gave their lives for no reason or reward, except to save the innocent. And not just at ground zero and the Pentagon, but all over America. People went back to work. They opened their homes to those without homes. Congress passed emergency legislation unanimously. Partisan differences faded. Road rage vanished as the country came together as it had not come together since World War II.

Sadly, much of that feeling has drifted away. But I like to believe that deep down, it is still there in all of us.

We must never forget the dark day that was 9/11, but we must always remember it led to America's finest hour.

We were all heroes that day. We had to be.

That's it for us. We'll see you next week right here on Face the Nation.

CNN – LATE EDITION

WOLF BLITZER, HOST: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Over the past five years, we have waged an unprecedented campaign against terror at home and abroad.

(END VIDEO CLIP)

BLITZER: 9/11, five years later. As President Bush prepares to address the nation on this solemn anniversary, we'll ask: Is the world a safer place? The U.S. secretary of state, Condoleezza Rice, is our guest.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN KERRY, D-MASSACHUSETTS: We need national leadership capable of raising hopes and inspiring trust, not raising fears and demanding blind faith.

(END VIDEO CLIP)

BLITZER: Democrats claim they can do a better job. The U.S. senator and former Democratic presidential nominee, John Kerry, joins us for an exclusive Sunday interview.

Has the war shifted the United States's focus from a more important enemy? Osama bin Laden is still at large. We'll talk with Afghanistan's ambassador to the United States, Said Jawad, and get insight from our panel: John Miller of the FBI, terrorism expert Brian Jenkins and CNN terrorism analyst Peter Bergen.

(BEGIN VIDEO CLIP)

(UNKNOWN): We don't think Guantanamo Bay is a good thing.

(END VIDEO CLIP)

BLITZER: Trials and tribulations at the U.S. Prison in Cuba. Will new interrogation rules help or hurt the war on terror? U.N. Deputy Secretary General Mark Malloch Brown speaks out about that and much more. "Late Edition's" lineup begins right now.

It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 7 p.m. in Baghdad, 7:30 p.m. in Kabul, Afghanistan. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition." We'll get to my interview with the secretary of state, Condoleezza Rice, in just a moment. First, though, let's check in with CNN's Fredricka Whitfield -- She's at the CNN Center in Atlanta -- for a quick look at what's in the news right now. Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks very much, Fred. President Bush scheduled to deliver a prime-time address to the American people tomorrow night from the Oval Office to mark the fifth anniversary of the 9/11 attacks. Over the past several days, he has been trying to reassure an uneasy American public that the United States is winning the war on terror. Just a short while ago, I spoke with the secretary of state, Condoleezza Rice.

(BEGIN VIDEOTAPE)

BLITZER: Secretary Rice, thanks very much for coming in.

CONDOLEEZZA RICE, SECRETARY OF STATE: Pleasure to be with you, Wolf.

BLITZER: On this fifth anniversary of 9/11, there's a story on the front page of The Washington Post that says that the hunt for Osama bin Laden, quoting one U.S. source, "has gone stone cold. The clandestine U.S. commandos whose job is to capture of kill Osama bin Laden have not a

credible lead in more than two years. Nothing from the vast U.S. intelligence world -- no tips from informants, no snippets from electronic intercepts, no points on any satellite image -- has led them anywhere near the Al Qaida leader, according to U.S. and Pakistani officials."

Is that true?

RICE: Well, I can't speak of the specifics of that, Wolf. I can tell you that the United States and its Pakistani allies, its Afghan allies are on the hunt for him and will continue to be on the hunt for him.

But in part, it is because he is in, apparently, very remote areas. He doesn't communicate, apparently, very much. And it is not easy to track someone who is determined to hide in very remote areas.

But Al Qaida is not just Osama bin Laden. And so, despite the fact that we will continue to press for his capture, to bring him to justice, the bringing down of Al Qaida's field generals, like Khalid Shaikh Mohammed and Abu Zubaydah and Ramzi bin Al-Shibh -- this has been critical to the fact that we've been able to prevent attacks on the American homeland.

And of course, that's the most important issue here.

BLITZER: Do you have a sense, though -- is he in Afghanistan or Pakistan?

RICE: I think that there are multiple reports about where he might be. But there are fewer and fewer places for him to hide.

What we do know is that he does not have the kind of safe haven that he had in Afghanistan before the Taliban was overthrown.

What we do know is that the Pakistanis operate now in areas of the border between Pakistan and Afghanistan that they did not before. And so his world his gotten smaller.

I don't know precisely where he is, but I do know that we'll continue on the hunt for him. But we're also going to continue to remember that this is not about one man. This is about disabling the Al Qaida organization and its capacity to hurt us.

BLITZER: This new videotape -- old video, actually, that was released the other day on Al Jazeera, showing Osama bin Laden with some of the Al Qaida hijackers, what do you make? What's your interpretation of this video?

RICE: It's a little hard to interpret. I do know that one of the people the president mentioned, Ramzi bin Al-Shibh, was there apparently either after the fact talking about 9/11 or prior to 9/11 filling Osama bin Laden in on the details. It just shows that these lieutenants who were very important to the plotting and planning of September 11 are being brought to justice.

But I can't speak to Al Qaida's motivation for releasing a five- year-old tape at this point in time.

BLITZER: Let me read to you from the Senate intelligence committee report that came out this week, which I'm sure you've looked through. Among other things, it says this: "Postwar information indicates that Saddam Hussein attempted unsuccessfully to locate and capture Abu Musab al-Zarqawi, and that the regime did not have a relationship with, harbor or turn a blind eye toward Zarqawi."

The report goes on to say: "According to debriefs of multiple detainees, including Saddam Hussein and former Deputy Prime Minister Tariq Aziz, and captured documents, Saddam did not trust Al Qaida or any other radical Islamist group and did not want to cooperate with them."

This is in stark contrast to some of your statements and presidential statements in recent weeks, months and years.

RICE: You started out with a very important modifier, postwar intelligence says. Do we have better access now to understand what Saddam Hussein may have been doing so we can question Saddam Hussein, question Tariq Aziz, question his intelligence officers? Of course. But did we have the ability to get that kind of information before he was brought down?

The fact is, nonetheless, before he was brought down, Iraq had been designated a state sponsor of terror going back into the '90s. The Abu Nidal organization operated out of there. We know that Zarqawi ran a poisons network in Iraq. We know, too, that he ordered the killing of an American diplomat from Iraq. And we know that in testimony of the director of central intelligence at the time and as a matter of fact even in the 9-11 report that contacts between Al Qaida and Iraq had been going on, going back for more than a decade. So was Iraq involved with terror? Absolutely, Iraq was involved with terror. Were they a danger to make alliances with people who wanted to hurt us? Absolutely. We are learning more about the nature of those terrorist ties now that we have access to people who we couldn't have possibly had access to before the invasion of Iraq.

BLITZER: Because specifically on the connection between Saddam Hussein and Abu Musab al-Zarqawi, who was killed by U.S. forces earlier in the summer, the leader of Al Qaida in Iraq, I want to play what you told Larry King on February 5, 2003, and more recently what the president himself said only last month. Listen to these two clips.

(BEGIN VIDEO CLIP)

RICE: There is no question in my mind about the Al Qaida connection. It is a connection that has unfolded, that we're learning more about as we are able to take the testimony of detainees, people who were high up in the Al Qaida organization.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Zarqawi's the best evidence of a connection to Al Qaida affiliates and Al Qaida.

(END VIDEO CLIP)

BLITZER: That was what the president said in 2004. I want to play more recently what he said on August 21, only a couple of weeks ago, at his news conference. Listen to this.

(BEGIN VIDEO CLIP)

BUSH: I swear it (ph), because imagine a world in which you had Saddam Hussein, who had the capacity to make a weapon of mass destruction, who was paying suiciders to kill innocent life, who had relations with Zarqawi.

(END VIDEO CLIP)

BLITZER: All right, now, that's the sensitive point. The Senate intelligence committee report says flatly, he had no relations with Zarqawi. In fact, he saw Zarqawi as an enemy of the Iraqi regime.

RICE: The information on which -- about what the president is talking about, of which the president is talking, is that Iraq was a state sponsor of terror. That we know. That Zarqawi operated a terrorist network in Iraq, that we know. That he ordered the killing of an American diplomat from Iraq, and indeed had money come to him in order to do that, that we know. Are we getting a more...

BLITZER: This is Zarqawi you're talking about. RICE: This is Zarqawi that we're talking about.

BLITZER: But Zarqawi and Saddam Hussein were in a battle?

RICE: I don't think -- well, first of all, let's take with a grain of salt the notion that somehow Zarqawi and Saddam were in some kind of pitched battle.

BLITZER: That's what the report concludes.

RICE: No, what the report concludes is that some have testified that Saddam Hussein did not trust Zarqawi and that he was trying to find him. As I said, we are learning more as we have access to these people.

But the fact is that Iraq was a state sponsor of terror.

And what the president is talking about and what we've all been concerned about -- were all concerned about -- was this nexus between one of the most dangerous figures in the Middle East, Saddam Hussein, who had taken that region to war twice in a very short period of time, causing more than a million lives in the Iran-Iraq war and putting 300,000 of his own people in mass graves.

That link, his love of weapons of mass destruction, someone who had actually used them against his own people -- the link between Saddam Hussein, a dangerous figure, terrorists who he clearly harbored like Abu Nidal and his animosity for the United States, and his ability to build weapons of mass destruction -- in a post-September 11th world, letting that nexus remain in the middle of the world's most volatile region was not in the U.S. interest. And the world is better off without him.

(END VIDEOTAPE)

BLITZER: Up next, more of my interview with the secretary of state. She addresses the criticism that the Bush administration hyped bad intelligence regarding Saddam Hussein's regime and weapons of mass destruction.

Plus, U.N. Deputy Secretary-General Mark Malloch Brown on the handling of terror detainees at Guantanamo Bay in Cuba.

And later, Democrats are taking on President Bush over national security. And Senator John Kerry is among those leading the charge.

We'll talk with the former Democratic presidential nominee. You're watching "Late Edition," the last word in Sunday talk.

BLITZER: Welcome back to "Late Edition." Let's get to part two of my interview with Secretary of State Condoleezza Rice, who's strongly defending the Bush administration's case for war with Iraq.

(BEGIN VIDEOTAPE) BLITZER: There are several other countries on the State Department list of state sponsors of terror, including Syria and Cuba and Iran, North Korea. And the United States has not gone to war to depose their leaders.

RICE: Well, but Saddam Hussein was special in this case. This is somebody against whom we went to war in 1991.

BLITZER: But wasn't he contained -- with hindsight...

RICE: No, I simply don't buy that argument.

BLITZER: ... contained in that box?

RICE: No, absolutely not. This is somebody who was, with high prices of oil -- by the way, not as high as they are now -- was continuing to build his arsenal, somebody against whom the sanctions regime had clearly broken down -- you can't read the reports of the oil-for-food scandal and think that the oil-for-food sanctions were somehow constraining Saddam Hussein -- somebody who continued to shoot at our pilots as they tried to fly no-fly zones to keep him from attacking his own people or attacking his neighbors, someone who was paying money to suicide bombers to launch attacks on Israel.

BLITZER: So let me interrupt...

RICE: This was a dangerous man, and it was time to get rid of him.

BLITZER: So looking back, with hindsight, obviously -- all of us are smarter with hindsight -- no weapons of mass destruction, absolutely no connection to the 9/11 plot from Saddam Hussein -- is that right?

RICE: Well, it depends on how you think about 9/11. I think we've all said Saddam Hussein, as far as we know, had no knowledge of, no role in the 9/11 plot itself.

But if you think that 9/11 was just about Al Qaida and the hijackers, then there's no connection to Iraq.

But if you believe, as the president does and as I believe, that the problem is this ideology of hatred that has taken root, extremist ideology that has taken root in the Middle East, and that you have to go to the source and do something about the politics of that region, it is unimaginable that you could do something about the Middle East with Saddam Hussein sitting in the center of it, threatening his neighbors, threatening our allies, tying down American forces in Saudi Arabia.

We are in much better shape to build a different kind of Middle East with Saddam Hussein gone.

BLITZER: So you have no regrets about going to war against Saddam Hussein? RICE: Oh, no, absolutely not. I think it is one of the most important historical decisions that an American president has taken in decades. And it is the right decision. Because when there are threats like that in a volatile region, you should take care of them and give yourself a chance for a better future.

BLITZER: This same Senate Intelligence Committee report says that the intelligence that you were getting -- your administration, the U.S. government -- from Ahmed Chalabi, one of the Iraqi exile leaders and his Iraqi National Congress, much of that was fabricated and phony.

RICE: Well, the same...

BLITZER: Involving the weapons of mass destruction.

RICE: Look, Wolf, the same intelligence reports that it seems to have had -- whatever fabricated evidence there was seems to have had relatively little effect on the Central Intelligence documents the president was relying on -- the National Intelligence Estimate, the work that he got from the director of Central Intelligence.

Let's remember -- and people have short memories -- there were very tough sanctions on Saddam Hussein. Why?

Because the entire world worried about his weapons of mass destruction, because he continued to lie to weapons inspectors, because he created conditions in which they had to leave in 1998.

President Clinton ordered, in 1998, strikes against Iraq, because of these...

BLITZER: But we now know -- and correct me if I'm wrong -- that he was telling the truth when he said he didn't have weapons of mass destruction.

RICE: But what we do know, also, from other reports is that he was retaining certain kinds of capabilities, that he never lost his intention to build these weapons of mass destruction. And I think this will unfold over time.

But when you ask, given what we knew at the time, was it right to take him down? Absolutely.

Given what we know now, was it right to take him down? Absolutely.

BLITZER: So you're still saying that. I want you to listen to what Senator Jay Rockefeller, the vice chairman of the Senate Intelligence Committee, Democrat from West Virginia, said, in releasing the Senate report on Friday.

(BEGIN VIDEO CLIP)

SEN. JAY ROCKEFELLER (D-WV): The administration, in its zeal to promote public opinion in the United States for toppling Saddam Hussein, pursued a deceptive strategy prior to the war of using intelligence reporting that the intelligence community warned was uncorroborated, unreliable, and in critical instances, fabricated.

(END VIDEO CLIP)

RICE: Simply untrue. I have a lot of respect for Senator Rockefeller, but let's just review where we were before this war. We had in 1998 a vote by the United States Senate -- I believe unanimously -- that Saddam Hussein's regime was so dangerous that we needed to change the regime. It was called the Iraq Liberation Act.

We had, at the time of the war, a vote in which speeches were given on the floor about how the intelligence was unequivocal that Saddam Hussein had weapons of mass destruction.

The entire world thought Saddam Hussein had weapons of mass destruction. And whatever information turns out to have been in error was simply in error.

The administration was going on the basis of intelligence reports from the entire intelligence community that for instance said that he had reconstituted his biological and chemical programs and, unchecked, would build a nuclear weapon again. When you have that kind of information, you have a dangerous dictator in the world's most volatile region who has gone to war twice and used weapons of mass destruction, it would indeed be shirking the responsibilities of the president not to take him out.

BLITZER: But that information about reconstituting biological, that was wrong.

RICE: Well, Wolf, again, prewar intelligence and postwar intelligence, once you're in Iraq, you can learn things that you could not possibly know before you were in Iraq. But the fact is, the intelligence committee itself, many of the people who had the same access that the administration had, believed that he had weapons of mass destruction. It was on that basis and his danger to the region and to American interests that in a post-September 11 world, it was time to take Saddam Hussein out.

(END VIDEOTAPE)

BLITZER: Still ahead, more of my interview with the secretary of state. We'll talk about additional concerns involving Iraq and the U.S. military mission there. Is the United States heading in the right or wrong direction? But up next, a quick check of what's in the news right now, including the latest on very sensitive negotiations over Iran's nuclear program. Stay with "Late Edition."

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. We return now to my interview with the secretary of state, Condoleezza Rice.

(BEGIN VIDEOTAPE)

BLITZER: The Democratic presidential nominee in 2004, John Kerry, who is going to be on this program later, he made a very, very stark statement yesterday. Listen to what he said.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN KERRY, D-MASSACHUSETTS: Be forewarned: Don't be surprised if they hype the Iranian nuclear crisis come October, if all other appeals to fear are failing as the midterm election approaches.

RICE: Well, I'm not going to try to speak to politics. But I think it's really quite remarkable when you have a statement like that when you've had the International Atomic Energy Agency board of governors register severe concerns about the Iranian nuclear activity, when you've had the U.N. Security Council vote just a little over a month and a half ago that Iran must mandatorily suspend its enrichment activities, when you have the IAEA director general, Mohamed ElBaradei, saying he's not getting full cooperation from Iran.

This isn't the United States hyping a threat. This is the United States trying to build a coalition of states, all of whom know that Iranian nuclear activities are unexplained and troubling.

BLITZER: Do you have the support from Russia and China and even France for tough sanctions against Iran right now?

RICE: I think we will see that the world knows that Iran has not lived up to the promise, the promising opportunity that was given to it when the six powers got together to put forward a package of incentives. It said clearly to Iran it was possible for Iran to have civil nuclear power and civil nuclear cooperation. Iran has not taken that opportunity, and I'm quite certain, having not taken that opportunity, that the world will respond as the Security Council resolution demands.

BLITZER: With tough sanctions?

RICE: There will be, I'm quite certain, sanctions that demonstrate to Iran that it can't continue on this course.

Now, Wolf, it is true that people want to leave open the path of negotiations, that talks are continuing. But Iran also needs to understand, and I think will understand, that the world is prepared to act on the resolution that it passed just six weeks ago.

BLITZER: Most of Iran's revenue comes from the export of oil. It's a major oil exporting country.

Should the United States propose sanctions on Iraqi oil exports?

RICE: On Iranian exports?

BLITZER: Excuse me -- on Iranian oil exports?

RICE: The issue here is not Iranian oil exports.

BLITZER: Why not get them where it would be the most painful?

RICE: Because we believe that the key here is perhaps on the financial side. There are things that you can do to cut off financing to Iran's programs, to make clear to Iran that it will not be able to take advantage of the international financial system in the way that it needs to to be able to use those proceeds from oil.

Everybody jumps to the notion that oil and gas sanctions are the next best thing. We have developed, with our partners, a list of potential sanctions.

I think we will want to match those to Iranian activities and to Iranian behavior at any point in time, but that there will be an international community, an international coalition that will make it clear to Iran that it can't continue on the course that it's on. I'm quite certain of that.

BLITZER: How concerned are you about Iranian influence in Iraq right now?

The Iraqi prime minister, Nouri al-Maliki, scheduled to go to Iran this week. Your ambassador, Zalmay Khalilzad, saying, only a few weeks ago, that Iran is fomenting a lot of the insurgency against the Iraqi government right now, and urging attacks on U.S. military forces.

RICE: I don't think there is any doubt that Iran is a negative force, particularly in the South of the country, in encouraging some of these militia activities.

But I don't see a problem with Prime Minister Maliki going to Iran. It's a neighbor of Iraq. They do have diplomatic relations. I think the Iranians -- the Iraqis will carry very strong messages that they expect Iran to behave like a good neighbor, not a neighbor that is trying to destabilize the country.

BLITZER: You're not concerned that Iran, Iran right now is effectively winning in terms of influence, influencing the shape of a future Iraq?

RICE: I have no doubts that the Iraqis, having thrown off the yoke of Saddam Hussein, do not wish to replace it with the yoke of Ayatollah Khamenei. And they are fiercely independent people. They want good relations with their neighbors, but they also want the capacity and the ability to chart their own future.

BLITZER: Is there a civil war in Iraq right now?

I say it in this context, and I'll read to you what Republican Senator Chuck Hagel, a member of the Foreign Relations Committee, said on August 6th. He said, "Are we going to put our troops in the middle of a civil war? Who are they going to fight? This will be slaughter of immense proportions. The American people will not put up with it. The leadership in Congress will not put up with it. We cannot put American troops and ask them to do the things that we're asking them to do in the middle of a civil war, and that's where it's headed."

RICE: Well, there is sectarian violence, a lot of it, by the way, set off because Al Qaida in Iraq, under Zarqawi, had a plan to try to set Shia against Sunni and vice versa. And to a certain extent, some of that has taken place.

But the idea that, somehow, they've fallen into civil war because there is sectarian violence, I think, is simply not right.

The Iraqis continue to try to build a government of national unity in which Kurds and Sunni and Shia are trying to work out the political bargains that will finally allow Iraqis to use political institutions, not violence and repression, to work out their differences. They are building a national army. They've done well in building their national army. It's respected across Iraq.

I think they've had more trouble building police that are non- sectarian. And there, the change in the Ministry of Interior is believed to be having an effect. It's the minister of interior who is indeed dedicated to police...

BLITZER: Because the violence in Iraq today is as bad if not worse than it's been in the past three and a half years.

RICE: And it will take some time for this young government to get its hands around this, to get security forces. The Baghdad security plan, we believe, is having some effect. But of course, violent people can always engage in kidnappings or killings or suicide bombings.

What's harder to show is the commitment of many, many Iraqis, most Iraqis, including most Iraqi leaders, to finding a political bargain that will allow them to exist as one country. That's what they want. That's what they're working toward. And we are expressing confidence in them as they seek that future.

BLITZER: We're almost out of time. A quick question on the Israeli-Lebanese issue: The U.N. Security Council Resolution 1701 called for the unconditional release of those two Israeli soldiers that sparked the most recent war between Israel and Hezbollah; also for the disarming of Hezbollah.

That's an old resolution as well, going back to the year 2004.

Is there any progress being made on either of those fronts, the unconditional release of the soldiers and the disarming of Hezbollah?

RICE: Well, certainly on the unconditional release of the soldiers, it has to happen. And I note that Secretary-General Annan has said that he will use his good offices to try to bring that about. What has happened in Lebanon?

You have Lebanese authority, for the first time, central Lebanese authority, spread throughout the country, including the Lebanese army, into the south.

You have an international arms embargo against the rearming of organizations like Hezbollah, at the expense of the Lebanese government. You have German help for the Lebanese at their airport and an international naval force helping with patrolling the shores.

And you have a political process in which the Lebanese understand that they have obligations not to have armed militias running in the country because they want central authority to be in the hands of the Lebanese government.

Now, Wolf, it's going to take some time. Lebanon didn't get into this mess overnight. And it's not going to become a stable, fully functioning democracy overnight, either.

But they have made very big strides forward. I know that there are those who want to say that Hezbollah somehow gained from this latest round, but you know, with Nasrallah saying that, maybe if he had known that the Israelis were going to do what they did, he might not have launched this attack.

It makes you wonder, what is he hearing about how people are seeing Hezbollah? As this settles down, the winners here will be a moderate, democratic Lebanese government with enormous international support, financially, in terms of reconstruction and in terms of security.

And that will mean that the region will win. Because the kind of extremism, outside of normal Lebanese political channels, which allowed Hezbollah to attack Israel, unbeknownst to the Lebanese government and to sink the country into destruction, I think that you are beginning to see the creation of conditions in the South which will not allow that to happen.

BLITZER: On that note, we'll leave it. Madam Secretary, thanks very much.

RICE: Thank you very much. Good to be with you.

(END VIDEOTAPE)

BLITZER: And still to come, here on "Late Edition," we'll get a very different perspective from former Democratic presidential nominee John Kerry.

Also, is the world ready to impose sanctions against Iran because of its defiance over its nuclear program?

The U.N. deputy secretary-general, Mark Malloch Brown, weighs in on that, the war on terror, lots more. "Late Edition" will be back right after this.

(BEGIN VIDEO CLIP)

BUSH: I want to be absolutely clear with our people and the world: The United States does not torture. It's against our laws, and it's against our values. I have not authorized it, and I will not authorize it.

(END VIDEO CLIP)

BLITZER: President Bush acknowledging for the first time this past week that the United States has been holding 14 Al Qaida operatives in secret CIA prisons around the world. The men are now being held at the U.S. Naval Base at Guantanamo Bay in Cub.

Welcome back to "Late Edition." U.S. allies have been critical of the Bush administration's handling of terror suspects. I spoke about that and more with the United Nations deputy secretary general, Mark Malloch Brown.

(BEGIN VIDEOTAPE)

BLITZER: Mark Malloch Brown, thanks very much for joining us from the United Nations. Lots of issues on your agenda right now. Let's go through some of the major issues. But first I want to get your quick reaction to President Bush's announcement this week, a dramatic announcement

that he was shutting down those secret CIA prisons around the world, bringing those 14 Al Qaida suspects to the U.S. Naval Base in Guantanamo Bay in Cuba.

In the same announcement, though, he left open the possibility he could reopen those secret prisons if necessary down the road. What does the United Nations think about that? And you speak for the U.N.

MARK MALLOCH BROWN, DEPUTY U.N. SECRETARY-GENERAL: Well, look, I think relief that this is a step towards regularizing the justice system -- U.S. justice system as it applies to terrorists. Obviously we've repeatedly said that we're not very comfortable with Guantanamo Bay, but we also respect it's a U.S. domestic matter.

Our point really is that the U.S. would do itself a power of good in the world if it can put terrorism as much under the same justice system which, after all, is the most admired in the world, as any other crime. The domestic system, in other words.

BLITZER: When you say you are not comfortable with Guantanamo Bay, the U.S. Naval Base, the prison camp there, what do you want the U.S. to do, shut it down?

BROWN: Well, we've repeatedly said that, you know, while that's a decision for the U.S., that the fact that it is viewed as being outside the law and indeed has now been the subject of a Supreme Court finding just means that it's a sort of public relations black eye for America around the world, and compromises the issue of this being a war for freedom around the world that America is waging. It just runs against that. And I just don't think it is good for Americans politically or in public relations terms. And it's certainly not good for those there in terms of prompt, fair justice.

BLITZER: So you want the U.S. to shut down the prison there and take those prisoners, what, and move them to within the continental United States? Is that what you are saying?

BROWN: Well, yeah, look, we -- it is our colleagues on the human rights side of the U.N. who do this. We don't want to kind of take too strong a political position on this, but we've just repeatedly made it clear that we don't think Guantanamo Bay is a good thing.

BLITZER: All right. Let's talk about what is happening in Iraq right now. The United Nations understandably got a little gun-shy in Iraq after the bombing of the U.N. compound there. Shortly after the liberation, the U.S.-led invasion, Sergio de Mello, the U.N. official on the scene, was killed in that terrorist attack.

A recent Pentagon study entitled "Measuring Security and Stability in Iraq" included this: "Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shia extremists each portraying themselves as the defenders of their respective sectarian groups. Conditions that could lead to civil war exist in Iraq."

What is the United Nations doing, if anything now, to prevent a civil war from erupting in Iraq?

BROWN: Well, while we've lowered our public profile in Iraq after the attacks on us, we have remained the second-biggest international presence there after the coalition itself, and have been very actively engaged in both the election process and the political reconciliation after the elections, and in the constitution-writing process, as well as in economic reconstruction.

But I can't disguise from you that, you know, despite the real efforts we're making, we feel pretty alarmed at the moment at the direction of things. This new government, lots of talented people in it, trying very hard, but it's not yet been able to stabilize the security situation. And there's still a sense when one visits Baghdad, as I did quite recently, that, you know, large parts of the population have still not been brought in to the political process.

So, you know, this is not an easy one.

BLITZER: Is it a civil war already?

BROWN: I don't think it is a civil war already. And I think one can get very semantic about the definition of that. But it is clearly an Iraqi-on-Iraqi conflict now, where Iraqis, even more than foreign troops, have become the principal target of the violence. And that has the potential at any time to roil out of control in a way which pits whole communities against whole communities. So it is very much an Iraq on the edge at the moment.

(END VIDEOTAPE)

BLITZER: And just ahead, more of my interview with the deputy United Nations secretary general, Mark Malloch Brown. We'll speak about the fragile peace unfolding right now in Lebanon, and whether U.N. peacekeepers can prevent another breakout of violence between Israel and Hezbollah. "Late Edition" will be right back.

BLITZER: Welcome back to "Late Edition." We return now to my conversation with the United Nations deputy secretary general, Mark Malloch Brown.

(BEGIN VIDEOTAPE)

BLITZER: Let's talk about perhaps the number one issue facing the United Nations right now, especially the Security Council, which would be Iran and its nuclear enrichment program.

U.N. Security Council Resolution 1696 said this: "Iran shall suspend all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA." That would be the International Atomic Energy Agency.

The IAEA report on Iran came out August 31st. It concluded with these words: "Iran has not addressed the long outstanding verification issues or provided the necessary transparency to remove uncertainties associated with some activities. Iran has not suspended its enrichment. The agency remains unable to confirm the peaceful nature of Iran's nuclear program."

Is it time, right now, for tough sanctions to be imposed against Iran to force it to stop this enrichment program?

BROWN: Well, we are clearly at a watershed moment here. Because while some elements of the Iranian response to the P-5-plus-Germany, the permanent members of the Security Council plus Germany, you know, did express a willingness to negotiate, and when Kofi Annan was, a few days ago, in Iran, that was repeated to him by the president and others.

Nevertheless, Iran has not complied with what has been a minimum condition of the Security Council resolution and of all the international negotiators, which is that its enrichment program be suspended while negotiations take place.

So clearly, we are now moving to a critical showdown moment when some kind of enforcement action has to get under way in the Security Council. And, you know, exactly where we start, I think it's a matter for the key member states. We are very much leaving this to them.

And there are, frankly, evident disagreements amongst them. Some want to start with a fairly low threshold of sanctions and build up steadily if Iran does not come into compliance.

Others, the U.S. particularly, appears to want to start with a kind of healthier, stronger dose of sanctions at the front end. And they are going to have to work that out between them.

BLITZER: All right. Let's move on, talk about the recent Israeli war with Hezbollah in Lebanon.

Is there any progress on this issue of these Israeli soldiers that were abducted -- that Resolution 1701 calls for the unconditional release of the abducted Israeli soldiers -- any prospect that they are about to be released?

BROWN: Well, you will have seen that Kofi Annan, during his pretty successful trip to the region, which dealt not just with the prisoner issue but lifting the blockade of Lebanon and, most critically, getting an expanded UNIFIL force deployed, that within that, he was able to say that he has now put in place a facilitation effort to try and secure the release of those prisoners.

Now, that is under way as we talk. And we have decided that we are not going to talk about it in any detail, for fear of compromising what is a highly confidential, discreet effort that could only be weakened if it is, sort of, exposed and attracts a lot of press attention at this stage.

BLITZER: Let's talk about something that you can discuss, which is the efforts to disarm Hezbollah, as called for in 1701 as well, Kofi Annan's telling The New York Times, August 29: "It's a constant balancing act in Lebanon. When people say the Lebanese army should go and disarm Hezbollah, you are asking for civil war."

Well, what does that mean, then? How do you disarm Hezbollah?

How do you make sure that only the Lebanese army has weapons, as opposed to various militias?

BROWN: Well, look, the initial, primary intent of the resolution was to stop Hezbollah attacking Israel. And I think that goal is very much, now, in place, with this expanded, very robust UNIFIL now deploying along the border, including with a maritime element, to make sure there is not arms smuggling across the sea into Lebanon.

And that force will disarm anybody it catches trying to shoot at Israel or bring in new armaments. But the second stage, disarmament of the existing armament hidden in southern Lebanon, was always to be dealt with politically.

In other words, the Lebanese, with U.N. support, had to achieve a political agreement which included Hezbollah giving up its arms. Now, that disarmament would then be, if you like, policed and monitored by UNIFIL. But the disarmament itself would come out of a political process rather than a military one.

And that's going to require a general moving forward on the whole of 1701 to make sure that the broad conditions for a long-term political agreement between the two sides are in place.

BLITZER: A full agenda for the United Nations, indeed. Mark Malloch Brown, thanks very much for joining us. BROWN: Thank you, Wolf.

(END VIDEOTAPE)

BLITZER: And coming up: Just two months before U.S. congressional elections, are both Republicans and Democrats here in the United States playing politics with national security, in the war on terror?

We'll speak with the Democratic senator, the former Democratic presidential nominee, John Kerry.

Also, the world's most wanted man still at large. We'll get insight from a terror panel about why Osama bin Laden continues to elude capture. Much more "Late Edition" right after this.

BLITZER: Welcome back to "Late Edition." Every week, we spotlight two people who have made news that you may have missed. Here are their stories.

(BEGIN VIDEOTAPE)

Mohammed Khatami: What's his story?

The former Iranian president he has been touring the United States as part of an effort to promote greater dialogue between western and Islamic states.

During his visit, Khatami said the war in Iraq has damaged America's long-term interest and warned that military action against Iran would only cause more instability in the Middle East.

He also urged U.S. Muslims to play a key role in promoting peace and security. He served as Iran's president from 1997 until 2005. He is the most senior Iranian official to visit the United States since Islamic fundamentalists seized the U.S. embassy in Tehran in 1979 and held 52 Americans hostage for 444 days.

Marion Jones: What's her story?

The Olympic sprint champion was cleared this week of alleged anti-doping violations. Reports surfaced last month that Jones tested positive for the strength-enhancing drug, EPO.

But a second test failed to confirm the initial results. Jones, who denies ever using performance-enhancing drugs, says she's eager to resume competition.

A sprinter and long jumper, Jones won five medals at the Sydney Olympic Games in 2000 and hopes to capture her second gold medal in the 100-meter relay at the 2008 Beijing Games.

(END VIDEOTAPE)

BLITZER: And let's take a close look now at what's on the cover of this week's major news magazines here in the United States.

Newsweek features "The Boss Who Spied on her Board."

Time Magazine asks, "Does God Want You to Be Rich?"

And U.S. News and World Report has what parents need to know about MySpace, that Web site.

And a reminder that CNN's prime time coverage of the 9/11 anniversary begins tomorrow, 8 p.m. Eastern, with Paula Zahn. I'll be anchoring our coverage of the president's address to the nation at 9 p.m. Eastern.

That's followed by "Larry King Live" from ground zero, and at 10 p.m. Eastern Anderson Cooper live on the ground in Afghanistan.

BLITZER: And this is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

BUSH: We must not and we will not give the enemy victory in Iraq by deserting the Iraqi people.

(END VIDEO CLIP)

BLITZER: A promise to stay the course in Iraq. But is the U.S. presence there hurting or helping the war on terror? As President Bush prepares to address the nation on the fifth anniversary of 9/11, Democrats sharpen their calls for a change of directions.

(BEGIN VIDEO CLIP)

KERRY: The president pretends again and again that Iraq is the central front on the war on terror. It is not now and never has been.

(END VIDEO CLIP)

BLITZER: Democratic Senator and former presidential nominee John Kerry is our guest.

Five years later, the mastermind of the 9/11 attacks remains at large. Why is Osama bin Laden so hard to find? And is Afghanistan falling back into the hands of the Taliban? We'll ask Afghanistan's ambassador to the United States, Said Jawad. Plus, insight from our panel, the FBI's John Miller, terrorism expert Brian Jenkins and CNN terrorism analyst Peter Bergen.

Welcome back. Just ahead, my interview with the former presidential nominee, John Kerry, but first to Fredricka Whitfield for a quick check of what's in the news now. Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks very much, Fred. Five years after the terror attacks, five years since we saw U.S. political leaders casting partisanship aside, standing shoulder to shoulder in the terror fight. This week, more sharp criticism of the president and his terror policies coming from his former rival for the White House, the Democratic senator, John Kerry of Massachusetts. Senator Kerry is joining us now from Boston. Senator, thanks for coming in.

KERRY: Glad to be with you. Thank you.

BLITZER: Here's how the president this past Thursday summed up how the state is in as far as the war on terror is concerned.

(BEGIN VIDEO CLIP)

BUSH: We've learned the lessons of 9/11, and we've addressed the gaps in our defenses exposed by that attack. We've gone on the offense against our enemies and transformed former adversaries into allies. We have put in place the institutions needed to win this war. Five years after September the 11th, 2001, America is safer, and America is winning the war on terror.

(END VIDEO CLIP)

BLITZER: Two points he makes, America is safer and America is winning the war on terror. Do you agree with him?

KERRY: We are safer in small ways. We are not as safe as we ought to be after 9/11. And the fact is, there are more terrorists in the world today who want to kill Americans and the terrorists at the highest level of incidence at any time since 9/11. The president sees a different world.

BLITZER: When you say that the U.S. is safer today, I want you to listen to what the vice president, Dick Cheney, said earlier this morning on "Meet the Press" regarding this specific point.

(BEGIN VIDEO CLIP)

DICK CHENEY, VICE PRESIDENT OF THE UNITED STATES: I don't know how you can explain five years of no attacks, five years of successful disruption of attacks, five years of defeating the efforts of Al Qaida to come back and kill more Americans. You've got to give some credence to the notion that maybe somebody did something right.

(END VIDEO CLIP)

BLITZER: You want to respond to the vice president?

KERRY: Well, of course, some people have done some things right, and I give them great credit. Law enforcement officials and intelligence officials, cooperating with other countries, have succeeded in interrupting some cells. We all accept that. That is the least that we should expect.

But the fact is the bottom line, they took eight years to prepare in between the first bombing of the World Trade Center, I think anybody in law enforcement would tell you that there's an element of luck involved and they're grateful we haven't been hit. But there's nobody in law enforcement who will tell you that we are as safe as we ought to be.

Law enforcement can't even talk to each other across channels in certain cities. There's a level of unpreparedness with respect to chemical plants, nuclear plants, our ports and facilities. We still can't screen cargo that goes onto airplanes. I mean, it's extraordinary how much money has been spent in Iraq versus homeland security.

So, yes, in smaller ways here and there, of course, you can get on a plane and we're safer. Are we as safe as we ought to be after 9/11? The answer is profoundly no and the 9-11 Commission has given failing grades to this administration in almost every sector.

BLITZER: But you acknowledge -- I think I heard you say the administration does deserve some credit for avoiding another major terror attack on U.S. soil over these past five years.

KERRY: Well, I think there are law enforcement officials, intelligence officials -- look, it's what I said in the very beginning. If you'll recall, Wolf, I said that the effort to fight terrorists around the world is going to be primarily law enforcement and intelligence gathering because you got to find out who they are and what they're planning in order to go get them.

And, yes, there will be military operations here and there in that effort. What the administration has mistakenly done is turned the whole thing into this military context with Iraq at the center of it.

And, unfortunately, Iraq has made the war on terror more difficult. It has made the search for terrorists more difficult. It has pushed allies away from us. It's overstretched our military. It's weakened countries in the middle east. It's lost America's moral authority.

I mean, there are a whole series of things that, in fact, Iraq has done that have reduced our ability to be able to effectively fight a war on terror, and the president and vice president keep setting up a phony straw man. They say, we can't abandon Iraq. We're not talking about abandoning Iraq. We're talking about how one is successful in Iraq, and many of us believe the only way to be successful is to reduce American forces there.

BLITZER: All right. We're going to get to Iraq in a few moments, but I want to continue on this war on terrorism. The vice president on "Meet the Press" earlier today also said something very alarming about the next potential Al Qaida or terror attack against the United States. It wouldn't just be potentially 3,000 Americans who were killed as was the case on 9/11 five years ago but could be hundreds of thousands of people. Listen to this.

(BEGIN VIDEO CLIP)

CHENEY: The real threat is the possibility of a cell of Al Qaida in the midst of one of our own cities with a nuclear weapon or biological agent. In that case you'd be dealing, for example, if on 9/11 they'd had a nuke instead of airplanes, you'd have been looking at a casualty toll that would rival all the deaths in all the wars fought by America in 230 years.

(END VIDEO CLIP)

BLITZER: That's a lot of dead people. Is he accurate with that assessment?

KERRY: It has always been a threat. It has always been what has driven -- way before 9/11, way before the attack on the Cole, we have always talked in the intelligence community and in our military scenarios, threat scenarios, about the possibility of a bomb being reassembled here in the United States.

But here's the bottom line, Wolf. What have they done to secure our borders? What have they done to guarantee that containers coming into America are actually inspected and secure? I mean, if that is indeed the threat, the president is damning the administration himself by talking about it, because they haven't done the things necessary to protect America, and that's exactly what I and others are talking about.

Iraq has been an extraordinary diversion from all of these efforts, $325 billion spent in Iraq that could have been spent to put that technology in place to help us be more secure. Moreover, they took their eye off of Afghanistan, failed to capture and kill Osama bin Laden when they had him in the mountains of Tora Bora. And that's why we are more threatened today with an Al Qaida that is reconstituted itself in some 65 countries.

BLITZER: How worried are you, if you are worried, Senator, that the administration's emphasis now on the war on terror, Republican candidates saying Democrats basically are weak in fighting

terrorists, that this could -- as was the case in 2002 and 2004 -- play to their political advantage come the elections in November?

KERRY: Well, that's exactly why I'm speaking out, and I think others have to speak out. They don't have an advantage. They've been incompetent. We have a Katrina foreign policy, and we have a Katrina effort with respect to the war on terror. We can do better. There is a way to make America safer.

And what I'm talking about is how you actually are successful in Iraq. We're not being successful today in Iraq. The fact is that General Casey himself has said that the large number of American forces delays the willingness of Iraqis to stand up for themselves. I think you have to get Iraqis to want democracy for themselves as much as we want it for them.

And the only way to do that is to begin to be clear about their assumption of responsibility. But nobody has talked about abandoning Iraq. What we're talking about is redeploying forces for success rather than standing still and losing in the current context.

The Senate Republican leader, the majority leader, Bill Frist, says your policy that you support, that other Democrats support is a policy of defeatism. In fact, he's got a new word he's coined for it. Listen to this.

(BEGIN VIDEO CLIP)

SEN. BILL FRIST (R-TN), MAJORITY LEADER: The "defeatocrats" is a pretty good name for the Democrats, I think, at this juncture. And let's see how the month plays out.

If the Democrats stay on their line of surrendering as a solution to the war on terror or cutting and running -- and, again, we'll have to wait and see; that's the way they left the message in July -- then I think that that's probably a pretty good word for them.

(END VIDEO CLIP)

BLITZER: It's not just Senator Frist. Most of the Republicans are echoing that same offensive.

KERRY: Because they want to debate slogans, not a real policy for success for America. And they really, I think -- I mean that's its own cut-and-run policy because it's a cut and run from the truth, just as they've cut and run from the realities on the ground in Afghanistan and from the real way in which you reduce the number of terrorists.

Look, there's a simple test here: Are there more terrorists in the world today, than before 9/11, who want to kill Americans? The answer is, yes.

Are terrorist acts happening at a greater level today than they were at 9/11? The answer is yes.

This is a failed policy. And what we're offering is not fear. What they want to do is scare Americans. What we're offering is a real way to make America safe and a real policy to be successful in Iraq. It's very simple.

BLITZER: We're going to talk more about Iraq, Senator. Stand by. We have to take a quick break. We're also going to speak to Senator Kerry about his own political ambitions this year, down the road. What's going on on the campaign front?

Also, what's behind new deadly violence in Afghanistan? I'll ask that country's ambassador to the United States, Said Jawad. And we'll ask a panel of terrorism experts, where is Osama bin Laden?

And what are the new terrorism risks?

Stay with "Late Edition." We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. We're continuing our conversation with Democratic senator and former Democratic presidential nominee, John Kerry.

Senator Kerry, as you know, Republicans are hammering you, saying you're being hypocritical in condemning what the Bush administration is doing now in Iraq, given the fact that you supported the resolution that authorized the president to go to war, including words like this.

This is what you said on the Senate floor back in October of 2002.

(BEGIN VIDEO CLIP)

KERRY: I am pleased that the Bush administration has finally recognized the wisdom of shifting its approach on Iraq. And that shift has made it possible, in my judgment, for the United States Senate to move forward with greater unity, having asked and begun to answer the questions that best defend our troops and protect our national security.

(END VIDEO CLIP)

BLITZER: You supported the war, going into the war, and now you don't.

KERRY: Well, I supported the president doing what he said he would do. And we gave him the big stick to be able to provide for the thorough inspections in Iraq. And the president promised three major things.

He said he would do adequate planning. They said that they would go to war as a last resort. And they said that they would build a legitimate coalition and they would complete the inspections.

They didn't do any of those things. And I began to be critical of that. And if you played the rest of that speech, Wolf, it laid out very clearly those standards that I expected the president to live by.

And I said, if he doesn't, I won't support him. He didn't. And so I have been completely consistent with the criticism that I think was appropriate for a president who broke his promises about how you take a nation to war.

BLITZER: Senator Jay Rockefeller, the vice chairman of the Senate Intelligence Committee, says that the situation in the Middle East today would be better if Saddam Hussein had remained in power, as opposed to being removed, given what's happened over these past three years. What do you say?

KERRY: Well, I know what Senator Rockefeller is saying by that. I mean, look, we're all delighted that Saddam Hussein is gone. But in the larger context of our foreign policy and interests in the region, the fact is that they have made a mess of the policy in Iraq.

They didn't do the planning. They didn't put in enough troops. They didn't keep the army intact. They didn't keep a civil structure. Every mistake possible has been made. And there's been no accountability for it.

Now, I believe that Iraq is one of the great foreign policy disasters of all of American foreign policy history. They have over- extended our country. They have lost us allies.

They've taken their eye off of Osama bin Laden. They've reduced our ability to forge a legitimate coalition and other efforts to chase terrorists. They have hurt the United States's moral authority in the world, with Abu Ghraib, with Guantanamo.

I mean, this is an enormous catastrophe for American legitimate interests in foreign policy.

And the fact is that what Senator Rockefeller is saying is that, when you measure that against the boxed-in, completely held down Saddam Hussein, you've got to ask a question.

Now, look, I don't think it's worthwhile going backwards, Wolf. I think what we have to do is say, what do we do now?

How do we get our troops out of there?

How do we protect American interests?

BLITZER: Is Iraq already in a civil war?

KERRY: Yes.

BLITZER: Because I interviewed the prime minister, two weeks ago exactly today, Nouri al-Maliki, and he said this. Listen to what he told me. I'll read it to you.

"We're not in a civil war. In Iraq we'll never be in a civil war... the violence is in decrease and our security ability is increasing, and I want to assure he who loves Iraq, that is will never be in a civil war."

Is he wrong?

KERRY: By most standards by which experts look at what is a civil war, the answer is yes, he is wrong. In most civil wars in history, the average number of people killed is around 18,000. And it is violence, internally, of one group against another for one reason or another.

All those reasons are there and all that violence is there. And more deaths are there. The fact is there is a low-grade civil war going on.

Has it broken out into a full-scale, entire country engulfed?

No, it hasn't. And it is possible that it won't.

BLITZER: Are you supporting a flat timetable for U.S. troop withdrawal?

KERRY: I support it, Wolf, because I believe it is the way to pressure the Iraqis to understand the needs to coming together to assume responsibility for themselves. And every time the president says we're there for as long as it takes or the next president is going to make the decision about this, what he's doing is saying to the Iraqis who are jockeying for position and power that they have an endless amount of time within which to do that. The United States is going to be there and be their crutch.

That delays the willingness of Iraqis to stand up. General Casey, our own leading general, has said that. Moreover, Secretary Rice and others have said you can't resolve the differences of Iraq militarily. These have to be resolved diplomatically and politically.

And I don't see the kind of major diplomatic engagement, a Dayton Accords-like summit that we ought to be having, which is the only way to resolve the stakeholder differences, the differences between Shia and Sunni. That is absent, so by setting a date, you accelerate the pressure to create the diplomacy. You accelerate the pressure to be able to assume responsibility.

Finally, if you get two months away from the date and it's falling apart or there aren't enough benchmarks of success, you obviously don't want chaos and you're not locked in, but unless you get tough on the notion that the United States has got to pull out, I believe that this is endless, bottomless, and I think it's an effort without a sufficient strategy for victory.

BLITZER: We're almost out of time, Senator. A little politics. You want to run for president again?

KERRY: I don't know. I haven't made up my mind yet. I think if you've run before and if you've come as close as I did, and you obviously ran for a reason in the first place, those reasons don't

go away automatically. But I have to take a look at whether or not the support will be there and what I feel about it, what my family feels about it, and I'll make those judgments over the course of the next months.

BLITZER: You still have a lot of money left over from the last campaign if you want to run again, is that right?

KERRY: Well, we have some left over but it's going to take a lot more than that. You're going to have to go out and raise a lot of money if you're going to run.

BLITZER: And you would decide when?

KERRY: Well, I think somewhere after the elections. Look, my focus right now is on winning Congress, winning the House or winning the Senate, winning both. And I'm going to be campaigning very, very hard across the country for candidates in an effort to change the direction of our policy in Washington on health care, on education, on the budget deficit, on our foreign policy.

There isn't one issue where this administration, frankly, has simply either failed to do the job or avoided doing the job, and you can look to border security and immigration as the latest example.

BLITZER: And you'll be doing that in New Hampshire tomorrow, right? KERRY; I'm going up this afternoon to help some candidates there, and then I'll be traveling around the country over the course of the next weeks.

BLITZER: A key state as all of us know, looking down the road. Senator, thank...

KERRY: Yeah, but I'm going to states that have nothing to do with presidential politics also.

BLITZER: Good. Thanks, Senator. Thanks very much for coming in.

KERRY: Great to be with you.

BLITZER: All right. Up next, NATO wants more troops in Afghanistan. I'll speak with Afghanistan's ambassador to the United States, Said Jawad, and ask him why the Taliban is still such a dangerous foe and is the Taliban making a major comeback.

Up next, though, a quick check of what's in the news right now, including an earthquake that's rattled parts of the southeastern United States of all places. Stay with us. We'll be right back.

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." Many in and out of the administration believe that Osama bin Laden is hiding somewhere along the border between Afghanistan and Pakistan.

BLITZER: But why can't he be found and captured? Joining us now here in Washington is Said Jawad. He's Afghanistan's Ambassador to the United States. Mr. Ambassador, thanks for coming in.

SAID JAWAD, AFGHANISTAN'S AMBASSADOR TO U.S.: Thank you.

BLITZER: Well, what's the answer? Why can't Osama bin Laden be found?

JAWAD: I think the reason is political constraint in the region. I think there is enough military power, intelligence gathering in the region, but from the very beginning, from the days of Tora Bora, Pakistan have not allowed hot pursuit of terrorists into their territory.

BLITZER: You think he's in Pakistan, Osama bin Laden?

JAWAD: I think by having more than 30,000 international forces in Afghanistan and increasingly building the capability of Afghan intelligence forces, we are certain that he is spending most of his time in Pakistan, yes.

BLITZER: When you say most of his time, is there other places he might be spending other parts of his time?

JAWAD: He might be able to slip into Afghanistan here and there but he is mainly spending most of his time in Pakistan.

BLITZER: The Pakistanis, as you well know, from President Musharraf on down, they believe he's in Afghanistan someplace

JAWAD: If he were in Afghanistan, there's no constraint whatsoever, political, military or intelligence-wise, to go after him, to find him and to bring him to justice.

BLITZER: It's not just Osama bin Laden. It's his number two, Ayman al Zawahiri, it's Mullah Mohammed Omar, the former leader of the Taliban. Where do you think those other two guys are?

JAWAD: There's been very recent reports about the fact that Mullah Omar is in Queta, Pakistan. Zawahiri, I really don't know exactly, but he is spending a lot of time in close area with Osama bin Laden.

BLITZER: Because he makes very frequent appearances on videotape.

JAWAD: Right. And a lot of these people require connectivity to the outside world, which is not available in a cave in Afghanistan. And we also should consider the fact that a lot of the friends and associates of Osama bin Laden were found in major metropolitan centers, not necessary in caves or in the tribal areas, so the search should be expanded.

BLITZER: Here, Mr. Ambassador, is what a lot are concerned about Afghanistan right now, that the Taliban and other insurgents, for that matter, seem to be making a major comeback, and it could endanger the democratically elected government of President Hamid Karzai.

JAWAD: They are making a serious comeback. They are a serious security challenge for us right now. But the political process, the reconstruction process in Afghanistan is way advanced by now, and there is a commitment of the Afghan people, the engagement of the international community, more than 60 countries, that will ensure that we, Afghanistan, will never go back to the days where, when it was a danger for itself, for the region, and for global security.

BLITZER: Here's what The Washington Post wrote on Wednesday: "More than 1,500 people have been killed in combat and terrorist attacks this year as violence in Afghanistan swelled to its highest level since 2001, when U.S.-led forces drove the Taliban from power. Suicide bombings, once unheard of, are now almost daily occurrences. Schools have been burned across the region, and dozens of community leaders have been assassinated," including a major political figure today killed in Afghanistan.

JAWAD: Right.

BLITZER: Anything you can dispute The Washington Post with that assessment on? JAWAD: No. This is true. And this is -- there are two reason for this increased terrorist activity in the south of Afghanistan. The first reason is that in the past five years in most of these area, there were never a strong permanent presence of either the international forces or the Afghan security forces. We lacked the resources to be present there. The international community conducted sweeping operations and then retreated back to their military installation. That's one reason. And then the other reason is that the basis of the support outside the border is still operating.

BLITZER: The U.S. NATO -- the U.S. general who is the NATO supreme allied commander, General James Jones, he said this on Thursday. He said, "Let me simply say that what's going on in Afghanistan is, while not a complete surprise, certainly the tenacity of the resistance is a bit of a surprise. A certain amount of it in the southern region has turned out to be more than we expected."

He wants reinforcements. He says NATO does not have enough troops inside Afghanistan right now.

JAWAD: He is right. I think it's a matter of increasing by small numbers. What he is asking is a limited reinforcement, but more importantly, build up capability for these forces to have mobility to move around, and to establish in small group permanent prisons in difficult areas of Afghanistan, because it's important to conduct the sweep operation but we have to be able to hold them after the terrorists are gone. Otherwise, they will just go to the next province, or they go to the neighboring country and come back.

BLITZER: They used to say of President Hamid Karzai that instead of being the president of Afghanistan, he is really the mayor of Kabul, which is the capital city, because his authority outside of Kabul is limited. Do you dispute that?

JAWAD: He has been elected by the vote of Afghanistan. Eighty- six percent of eligible voters participated, and he is the man who symbolized the future of Afghanistan. Yet the ability of the Afghan government, which is symbolized by President Karzai, to deliver services, to be present in every corner of Afghanistan, is limited due to lack of resources.

So if, for instance, if the capacity of the Afghan national police force is built further, there will be less need for foreign soldiers. And our prisons will be permanent in many districts and areas which is prone to terrorist activities.

BLITZER: I want to get to the other sense -- very sensitive issue in Afghanistan, because it's becoming the world's major exporter of opium and heroin. I'll read to you what the executive director of the United Nations Office on Drugs and Crime said September 2nd: "The news is very bad. On the opium front today in some of the provinces of Afghanistan, we face a state of emergency. In the southern provinces, the situation is out of control. This year's harvest will be around 6,100 metric tons of opium, a staggering 92 percent of total world supply." When Americans hear that in Afghanistan, close ally of the United States, that more than 90 percent of the world's opium supply is coming from your country, what do you say?

JAWAD: Well, it is a global threat. It's a serious threat for Afghanistan security and for the regional stability. The proceeds of narcotics feed into terrorism, but yet as I mentioned, it's a global threat that requires international cooperation.

We have been successful in some areas in certain provinces of Afghanistan, but overall we have to look back and see if the approaches we have taken in cooperation with the international community has been successful or not and adopt the mullahs that have been successful to other areas. Specifically cultivating narcotics, as mentioned in the report, is mostly in the south, areas where they are facing security challenges. And where we face security challenges, there's no development, and people fear -- there's no alternative for a lot of these farmers and in the narco traffickers, the terrorists are actively pushing the farmers to grow more poppy.

BLITZER: And make a lot of money on it because --and it becomes a source of, that money becomes a source for weapons and other sorts of attacks, potential attacks against your government, NATO troops, U.S. troops. We have to leave it there, Mr. Ambassador. You got a full plate on your agenda. Good luck to you.

JAWAD: You thank you very much.

BLITZER: Ambassador from Afghanistan, Said Jawad, thanks very much.

And coming up, five years after the 9/11 terror attacks, are we safer? We'll get insight on where things stand in the hunt for Osama bin Laden and more from a panel of terrorism experts. We'll be right back.

BLITZER: Welcome back to "Late Edition." Joining us now to talk about what we've learned since the 9/11 attacks five years ago and what worries these experts more over the past five years and looking down the road are three guests.

John Miller is the FBI assistant director for Public Affairs. Brian Jenkins is a terrorism expert with the Rand Corporation. He's the author of an important new book, entitled "Unconquerable Nation: Knowing our Enemy, Strengthening Ourselves." And in Kabul, Afghanistan, our CNN terrorism analyst, Peter Bergen. He's the author of "The Osama bin Laden I know."

Gentlemen, thanks to all of you for coming in. Two of you have actually met with Osama bin Laden, Peter Bergen in Kabul, John Miller when you worked with ABC News. You met with Osama bin Laden.

Why is he so hard, John, to find? JOHN MILLER, FBI ASSISTANT DIRECTOR FOR PUBLIC AFFAIRS: I think it's the terrain and the challenges over there. If you stack it up against Eric Robert Rudolph, here was an American who was the Olympic Park bomber, who ran away into the Nantahala National Forest in North Carolina.

Using military assets, police, all the technology we have, we searched for him for a couple of years and managed not to find him until a police officer came across him.

Now, you put that against the overlay of the Afghan-Pakistani border area, tribal areas, where even the governments on both sides of that border have struggled to have any influence for generations, and it's a real challenge.

And once you've been there -- and I've been on that border; I've been at the checkpoints -- and you look at the enormity of it, then it starts to make sense. It's easier said than done.

BLITZER: Peter, you have an important article in today's Washington Post, in which you suggest that one of the problems may be a half-hearted effort on the part of the Pakistani government to try to find Osama bin Laden.

PETER BERGEN, CNN TERRORISM ANALYST: Well, there's no doubt, you know, in terms of the senior Taliban leadership, not a single one of them have been arrested since 2001.

And it is the universal view of the U.S. military that most of that senior leadership is in Pakistan.

And then, you know, in terms of Al Qaida, yes, there's been a very good effort by the Pakistanis to arrest senior leadership of Al Qaida, but I think, when you look at bin Laden's favorability ratings in Pakistan, scoring 65 percent in a poll taken in 2004, I can't think of a Pakistani political figure with higher favorability ratings.

And so, for any Pakistani government -- I'm not singling the Musharraf government out here -- I'm just saying it would be a tough one to go after bin Laden, who, after all is a very popular guy.

I think it would be political dynamite for the Pakistanis to be really involved in a snatch operation on bin Laden.

BLITZER: Brian Jenkins, I've known you for many years. You deal with the nuts and bolts of counterterrorism, fighting terrorists.

How much of a difference would it make, practically, if the U.S. captured or killed Osama bin Laden?

BRIAN JENKINS, RAND CORPORATION: I think, Wolf, it would make less of a difference now than it perhaps would have five years ago.

Certainly, he has helped formulate this jihadist ideology, which has, since 9/11, really transcended the original organization of Al Qaida and become a source of inspiration that persuades young men to turn themselves into terrorist weapons. And he has continued to communicate over this five-year period.

But this is a phenomenon, now, which has gone beyond bin Laden. They would lose one effective communicator. It would not end the radicalization process that is continuing worldwide.

BLITZER: You agree, John?

MILLER: I do. I think it would be a very important symbolic victory, but if you go over the six terrorist plots that have been designated against U.S. targets over, not the five years since 9/11, over the last 12 months, that the FBI has had a major hand in disrupting each one of them, there are only a couple of them out of that six that have any discernible involvement by main Al Qaida.

It has been much more, as Brian suggests, the Al Qaida acolytes out there who are hearing the call on those videos from Zawahiri, from bin Laden, from Azzam and others, and rising up to that call, that are following those sites on the Internet that not only tell them what Al Qaida would like or expect from them but then link them to the manuals and the training to do it.

In some ways, the Internet has become the new Afghanistan.

BLITZER: We did see, Peter Bergen, a new videotape that was released in recent days, showing Osama bin Laden five years ago, meeting with some of the hijackers, presumably in Afghanistan, in some of that rugged terrain, that video coming out.

Tomorrow is the fifth anniversary. How nervous should Americans be, and others around the world, Peter, who might be watching this program, that there could be some terror plot that could unfold on this fifth anniversary?

BERGEN: Certainly, Al Qaida wants to mark the fifth anniversary. But in my view, and I'd be interested in John's view, the averted airliner plot in London, the attempt to bring down multiple

American passenger jets with liquid explosives, which I believe has some Al Qaida component, may have been the one big shot deal they wanted to do.

And I don't think, if there is a Plan B, it may be a bit like Zacarias Moussaoui, the not very effective, so-called 20th hijacker or Richard Reid, the not very effective so-called shoe bomber.

Certainly, they will want to mark the date. As you pointed out they, released this historical videotape. And I think that rather begs the question, you know, where is the contemporaneous videotape or audiotape from Osama bin Laden or Ayman al-Zawahiri?

Are they lost in the pipeline between the tribal areas in Pakistan and al-Jazeera? Are they on the way?

It would be very, very weird, in my view, Wolf, if we didn't hear from either or both of them in the next few days. Because this is something they want to remind Americans and their followers about the dreadful attacks on 9/11. BLITZER: We're going to pick that thought, up precisely. We'll take a quick break. We'll get the views of our other panelists about tomorrow.

Should the world be worried that Al Qaida could take action on this fifth anniversary?

Much more of our "Late Edition" right after this.

BLITZER: Welcome back to "Late Edition." We're continuing our conversation with our terrorism panel.

CNN analyst Peter Bergen is in Afghanistan. He's in Kabul. Here in Washington, the assistant director of the FBI for Public Affair, John Miller and Brian Jenkins, the terrorism expert with the Rand Corporation.

Brian, how worried should Americans be tomorrow?

JENKINS: You know, certainly there's a possibility of something taking place on the anniversary. Someone may try something.

But the fact is, our operative presumption has to always be, every day, that there could be a terrorist plot.

We've seen more than 30 large-scale terrorist attacks, across the planet, since 9/11. A lot more plots have been discovered and thwarted. They are continuing to come out of the chutes and try to launch some sort of an attack every few weeks.

So it's not just one day. It's a matter of the day before that day and the day after. Their operational code is lie in wait; attack when we are inattentive, keep operations going.

BLITZER: John, you work for the FBI. Is the FBI taking special precautions tomorrow?

MILLER: Well, I think as Brian said, we're almost on that level of alert all the time. In the past 12 months, not five years but in the past year alone, we've seen five active terrorist plots on U.S. soil that between the joint terrorism task forces that we tripled and the number of analysts that we've doubled since 9/11, we've been able to thwart.

That's a high level of operational tempo largely by homegrown entities here inspired by Al Qaida as opposed to run by Al Qaida. We have seen in a couple of plots some connectivity, or the appearance of connectivity to Al Qaida, we're still looking at.

But I would say based on that we will be looking out sharply tomorrow. There will be command posts operating. There will be people in joint terrorist task forces paying close attention to that, because as Peter pointed out, we have seen Al Qaida mark anniversaries largely through propaganda with a new message, a new video. I agree we can probably expect one more of those tomorrow. But as far as attacks, I think they had put a lot of their resources and their bets on that airplanes plot coming from London to the United States, but we'll be on alert anyway.

BLITZER: Would you be comfortable, John, getting on a plane tomorrow and flying to New York or Washington?

MILLER: Extremely. And the reason I say that is, that was a plot that uncovered that really ratcheted up security on a plane. And I think that air travel is -- has become an awful lot safer because of those enhancements, and on symbolic dates will probably be even safer.

BLITZER: You agree, Brian?

JENKINS: I do. We have...

BLITZER: Are you going to fly tomorrow?

JENKINS: Actually, I'm going to be here in Washington. I'm flying out very, very early on a dawn flight Tuesday morning.

BLITZER: But it's nothing to do because you're afraid to fly on 9/11.

JENKINS: Absolutely not. I get on airplanes all the time. And also, Americans have to make a distinction between those measures that we take in order to prevent a large-scale attack on the country because of the devastating consequences, casualties, economic impacts, psychological impact and the danger to the individual American. The individual American usually is at far greater danger driving his automobile or her automobile on a weekend or going to work than getting on an airplane and flying somewhere.

MILLER: Especially in L.A.

JENKINS: Especially in L.A.

BLITZER: We're almost out of time. Peter, I want to pick your brain on this very worrying comment the new Al Qaida leader in Iraq, Abu Ayyub Al-Masri made this statement on Thursday. He said to his followers: "I invite you not to drop your weapons, and don't let your souls or your enemies rest until each one of you kills at least one American within a period that does not exceed 15 days, with a sniper's gunshot or incendiary devices or Molotov cocktail or a suicide car bomb -- whatever the battle may require."

Quickly, how serious is this threat?

BERGEN: Well, I mean, I think this sort of may be in the area of hyperventilation. I mean, we've had a lot of statements from Al Qaida saying as a for instance, the United States is owed 4 million deaths in some kind of nuclear catastrophe. So, you know, I don't take that threat particularly seriously, particularly because in Iraq, the U.S. military is in a much more sort of withdrawn to the bases kind of mode than it was a couple of years back. And I mean even if they want to do these things it's a much tougher target. The U.S. military deaths have been falling over the last years, relatively speaking, because of this different posture. I mean, yes, military is not out there on the streets in the same way that it was and, therefore, presents a much harder target for Al Qaida in Iraq to attack.

BLITZER: Peter Bergen, thanks very much. John Miller and Brian Jenkins, thanks to both of you as well. Let's hope tomorrow passes quietly and that all the future days pass quietly.

Up next, in case you missed it, what was said about the war on terror on this fifth anniversary of the 9/11 attacks on the other Sunday morning talk shows here in the United States. And coming up at the top of the hour, "This Week at War" takes you inside Iraq, Afghanistan, London, evaluates the war on terror five years after 9/11. John Roberts and "This Week at War" comes up right at the top of the hour.

BLITZER: CNN Pipeline will be broadcasting all of CNN's coverage of 9/11 five years ago. It starts tomorrow morning 8:30 a.m. Eastern. Check it out. You want to know what happened exactly five years ago, CNN Pipeline.

And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States, all of them assessments on the war on terror five years after the 9/11 attacks.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: It's changing and evolving to some extent. We've done enormous damage to Al Qaida, to the leadership of Al Qaida. We've captured and killed hundreds of their senior people. But by the same token, you've got one of the organizations, Al Qaida organizations out there now that have only a remote connection to the center. It is changing and evolving. On the other hand, I think we've also made to say I think we've made significant progress.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR CHARLES SCHUMER, D-NEW YORK: The homeland security department has been a mess, and when you can say five years after ground zero we only inspect 5 percent of the containers that come on board, when we have no detection devices to guard against nuclear weapons being smuggled into the country or somebody bringing explosives into a railroad station or an athletic event, when our police and fire still can't talk to one another on their radios, something is wrong.

(END VIDEO CLIP) (BEGIN VIDEO CLIP)

THOMAS KEAN, CHAIRMAN, 9-11 COMMISSION: Where we are right now is in a very difficult place. There's no question the war in Iraq is radicalizing, even increasing people in that area. If it becomes as it seems to becoming a civil war, that civil war could spread outside the boundaries of Iraq to other areas. It's a very dangerous situation. In that kind of a situation, in that area, that's where terror likes to breed.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

HOWARD DEAN, CHAIRMAN, DEMOCRATIC NATIONAL COMMITTEE: We're not doing the job in Afghanistan. We don't have enough troops in Afghanistan. That's where the real war on terror is. That's where Osama bin Laden, five years after he killed 3,000 Americans, is till holed up.

(END VIDEO CLIP)

BLITZER: That's your "Late Edition" for this Sunday, September 10th. Please be sure to join us next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk. We're on for two hours every Sunday 11 to 1 p.m. Eastern.

I'm also in "The Situation Room" Monday through Friday 4 to 6 p.m. and for another hour at 7 p.m. Eastern. Don't forget, tomorrow night our live coverage of President Bush's address to the nation from the Oval Office. I'll be anchoring our coverage starting at 9 p.m. Eastern. Tomorrow night, the president addresses the nation from the Oval Office on this, the fifth anniversary of 9/11.

Until then, thanks very much for joining us. I'm Wolf Blitzer in Washington. For our North American viewers, "This Week at War" with John Roberts just ahead, right after a check of what's in the news right now.

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TERRORISM NEWS:

Cheney, Rumsfeld Call For Perseverance At Pentagon Ceremony (AFP)

By Jim Mannion

AFP, September 12, 2006

Vice President Dick Cheney called on Americans to stay united and persevere in an increasingly divisive war against terrorism five years after the September 11 attacks on the United States.

Cheney joined US Defense Secretary Donald Rumsfeld at a memorial ceremony at the site where a hijacked American Airlines jet struck the Pentagon on September 11, 2001, killing 189 people, including the five Al-Qaeda hijackers.

"We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Cheney told a gathering that included families of the victims.

President George W. Bush later visited the Pentagon where he consoled and embraced relatives of the victims, ending an emotional round of visits that took him to "Ground Zero" in New York on Sunday and Shanksville, Pennsylvania on Monday.

Hijackers flew two airliners into the World Trade Center, followed by another into the Pentagon and a fourth into a field in Pennsylvania, killing nearly 3,000 people in the worst attack on US soil.

The anniversary comes amid deepening public disenchantment with the war in Iraq and a resurgence in Afghanistan of the Taliban, the Islamic fundamentalists toppled in a US-led offensive within months of the September 11 attacks.

At the ceremony, hundreds of guests, dignitaries and military observed in silence as bagpipes played and a giant American flag was unfurled over the side of the Pentagon as firefighters did on the day of the attack.

Cheney and Rumsfeld, key architects of the wars in Iraq and Afghanistan, alluded only indirectly to the bitter divisions that have opened since the attacks on New York and Washington.

Both, however, sounded themes of national unity and determination in their speeches, and broadly defended the administration's performance.

Cheney called September 11 "a day of national unity."

"When that giant flag was unfurled here, it rallied the country," Cheney said. "And everyone was reminded how fortunate we are every day to have the men and women of the Pentagon on duty for the United States of America."

Cheney said the United States has learned "that there is a certain kind of enemy whose ambitions have no limits and whose cruelty is only fed by the grief of others."

"And in these years, we also found our mission: to defend America against a present danger and to offer a democracy and hope as the alternative to extremism and terror.

"This struggle is fierce and it will be lengthy, but it is not endless," Cheney said. "Our cause is right. Our will is strong. This great nation will prevail."

A video tape released by Al-Qaeda's number two leader Ayman Al-Zawahiri on the anniversary threatened continued attacks on US and western interests in the Gulf and on Israel.

Rumsfeld, praising Cheney's resolve and "fierce determination to bring our enemies to justice," said the attacks drew the United States into "a war not of our making."

"On this fifth anniversary and on the anniversaries to come, we must ask ourselves, are they succeeding?" Rumsfeld said.

"Well, in many ways, the enemy's failing," he said.

He said many of those who have not been killed or captured are "on the run" and they had lost a sanctuary in Afghanistan.

Rumsfeld implicitly linked Iraqi President Saddam Hussein to the September 11 attackers, saying, "They've lost a supporter in Iraq that was paying the families of suicide bombers 25,000 dollars each."

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"But they still try every day to convince us to doubt our prospects, to distrust one another, and to believe that the battle against them cannot be won or is not worth the cost," he said.

Cheney Defends Homeland Security Policy (AP)

The Associated Press, September 11, 2006

Vice President Dick Cheney says the fact that there has not been another attack on U.S. soil shows "we've done a pretty good job" of protecting the country against terrorists.

"I don't know how much better you can do than no, no attacks for the past five years," said Cheney, dismissing Democratic charges that serious security gaps remain.

On Monday, as the country marked the fifth anniversary of the Sept. 11 attacks, Cheney attended a service of remembrance across the street from the White House at St. John's Episcopal Church, where former British Prime Minister Margaret Thatcher was among those at the service.

Cheney then presided at a moment of silence on the South Lawn, where the Marine Band played "Amazing Grace," "America the Beautiful" and "Taps" as Cheney and his wife, Lynne, stood solemnly with Mrs. Thatcher, Cabinet members and White House staffers.

Later, at a memorial observance near the site where an American Airlines plane slammed into the Pentagon five years ago, Cheney and Defense Secretary Donald H. Rumsfeld walked side-by-side to the speaker's platform as somber music played. Rumsfeld's arm was in a sling; he is recovering from shoulder surgery.

A moment of silence was observed at 9:37 a.m. EDT, the exact time the plane struck, killing 184 people.

Also in attendance was retired Air Force Gen. Richard Myers, who was vice chairman of the Joint Chiefs of Staff the day of the attack.

The Bush administration has been on the defensive over its policies in Iraq, where insurgents have been escalating their attacks.

Cheney, in an hour-long interview Sunday on NBC's "Meet the Press," acknowledged the Iraqi insurgency was underestimated and that he was wrong when in May, 2005 he declared the insurgency "in its last throes."

"I think there is no question but that we did not anticipate an insurgency that would last this long," the vice president said, adding that "major, major work ... is ahead of us."

"But the fact is, the world is better off today with Saddam Hussein out of power. Think where we'd be if he was still there," Cheney said.

Democrats countered that the country is now less safe.

"Vice President Cheney's influence over our nation's foreign policy has made America less safe," said Senate Minority Leader Harry Reid, D-Nev. "Vice President Cheney's appearance (Sunday) proves that he just doesn't get it."

Cheney refused to separate Iraq from the overall terrorist threat, although a Senate Intelligence Committee report last week said there's no evidence Saddam Hussein had ties with al-Qaida. He said the war in Iraq is now the central front in the fight against terrorism.

Cheney defended his role as a leading advocate for invading Iraq, for a warrantless surveillance program and for harsh treatment of suspected terrorists.

"Part of my job is to think about the unthinkable, to focus upon what in fact the terrorists may have in store for us," Cheney said when asked about his "dark side."

Cheney shrugged off news reports that his influence was waning, partly as a result of foreign policy miscalculations and partly as other advisers, especially Secretary of State Condoleezza Rice, were getting more attention from President Bush.

The vice president said the reports were about as valid "as the ones that said I was in charge of everything."

Rice told "Fox News Sunday" that "these stories float around Washington — who's up, who's down. The vice president remains a crucial adviser to the president. His role is different than my role. ... These stories are simply ridiculous."

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Asked if the United States still would have invaded Iraq had the CIA told Bush and him that Iraq had no weapons of mass destruction in 2003, Cheney answered yes. He said Iraq had the capability of obtaining such weapons and would have done so once U.N. penalties were eased.

President Bush's Reality (NYT)

The New York Times, September 12, 2006

Last night, President Bush once again urged Americans to take terrorism seriously — a warning that hardly seems necessary. One aspect of that terrible day five years ago that seems immune to politicization or trivialization is the dread of another attack. When Mr. Bush warns that Al Qaeda means what it says, that there are Islamist fanatics around the world who wish us harm and that the next assault could be even worse than the last, he does not need to press the argument.

After that, paths diverge. Mr. Bush has been marking the fifth anniversary of Sept. 11 with a series of speeches about terrorism that culminated with his televised address last night. He has described a world where Iraq is a young but hopeful democracy with a "unity government" that represents its diverse population. Al Qaeda-trained terrorists who are terrified by "the sight of an old man pulling the election lever" are trying to stop the march of progress. The United States and its friends are holding firm in a battle that will decide whether freedom or terror will rule the 21st century.

If that were actual reality, the president's call to "put aside our differences and work together to meet the test that history has given us" would be inspiring, instead of frustrating and depressing.

Iraq had nothing to do with the war on terror until the Bush administration decided to invade it. The president now admits that Saddam Hussein was not responsible for 9/11 (although he claimed last night that the invasion was necessary because Iraq posed a "risk"). But he has failed to offer the country a new, realistic reason for being there.

Establishing democracy at the heart of the Middle East no longer qualifies, desirable as that would be. Where Mr. Bush sees an infant secular Iraqi government, most of the world sees a collection of ethnic and religious factional leaders, armed with private militias, presiding over growing strife between Shiites and Sunnis. Warning that American withdrawal would "embolden" the enemy is far from an argument as long as there is constant evidence that American presence is creating a fearful backlash throughout the Muslim world that empowers the fanatics far more than it frightens them.

Fending off the chaos that would almost certainly come with civil war would be a reason to stay the course, although it does not inspire the full-throated rhetoric about freedom that Mr. Bush offered last night. But the nation needs to hear a workable plan to stabilize a fractured, disintegrating country and end the violence. If such a strategy exists, it seems unlikely that Mr. Bush could see it through the filter of his fantasies.

It's hard to figure out how to build consensus when the men in charge embrace a series of myths. Vice President Dick Cheney suggested last weekend that the White House is even more delusional than Mr. Bush's rhetoric suggests. The vice president volunteered to NBC's Tim Russert that not only was the Iraq invasion the right thing to do, "if we had it to do over again, we'd do exactly the same thing."

It is a breathtaking thought. If we could return to Sept. 12, 2001, knowing all we have seen since, Mr. Cheney and the president would march right out and "do exactly the same thing" all over again. It will be hard to hear the phrase "lessons of Sept. 11" again without contemplating that statement.

Democrats Answer Cheney (WP)

By E. J. Dionne Jr.

The Washington Post, September 12, 2006

Perhaps Vice President Cheney should quit his current job and work within a political system more to his liking, the kind in which those in charge can protect national security by telling everyone what not to say and what not to think.

Cheney seemed terribly impatient with democracy Sunday on "Meet the Press" when he suggested that those who oppose President Bush's Iraq policies are helping -- excuse me, validating -- the terrorists.

Our allies in the war on terror, Cheney said, "want to know whether or not if they stick their heads up, the United States, in fact, is going to be there to complete the mission."

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Then the punch: "And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States. Suggestions, for example, that we should withdraw U.S. forces from Iraq, simply feed into that whole notion, validates the strategy of the terrorists."

Meaning what, exactly? If Cheney doesn't like "the kind of debate that we've had in the United States," is there any other "kind," short of a lock-step endorsement of all of Bush's choices, he'd endorse?

It's no wonder that Cheney isn't happy with the spread of democracy to the American foreign policy debate. Not only did Cheney have to answer Tim Russert for a whole series of spurious prewar claims and badly mistaken predictions. He must also be distressed with how different the political world is now from what it was four years ago, when he and Defense Secretary Donald Rumsfeld began building their case for the Iraq war.

Back then, Democrats were petrified. They desperately wanted to change the subject from foreign policy to . . . well, anything else. Cheney loved it when tormented Democrats failed to see that they could never win the electorate's confidence if they left national security to the other party.

Yes, there were honorable exceptions proposing alternatives to the administration's approach, including (from somewhat different points of view) Sens. Joe Biden, Carl Levin, Richard Durbin and the late Paul Wellstone. But far more than was healthy, the foreign policy debate back then was largely a Republican and conservative affair.

That's changed. As the administration's failures have become obvious to an American majority, Democrats have begun to play the opposition's essential role of offering alternatives. Voters trying to get beneath slogans such as "cut and run" might usefully consult two speeches given in the past week, one by Biden, the other by Sen. John Kerry. These days Biden is seen as a bit more "hawkish" than Kerry, but what's striking is that both speeches focused on ending the impasse Bush's policies have created.

Both emphasized what should be a central element in the debate, the potential disaster looming in Afghanistan. The administration, Biden said last Thursday, "has picked the wrong fights at the wrong times, failing to finish the job in Afghanistan, which the world agreed was the central front in the war on radical fundamentalism, and instead rushing to war in Iraq, which was not a central front in that struggle."

On Saturday, Kerry condemned the administration's "stand-still-and-lose strategy" and called on the administration to send 5,000 more troops to

Afghanistan to quell the Taliban insurgency.

Biden made an important point in arguing that elections alone, absent efforts to "build democratic institutions and bolster moderates," do not guarantee democracy.

Biden also pushed his proposal for radically decentralizing Iraq's government so that Sunnis, Shiites and Kurds can find "breathing room in their own regions" and create a circumstance in which most American troops could be home "by the end of 2007, without leaving chaos behind."

Kerry's speech put greater emphasis on the need to "redeploy" from Iraq, but even the Democrats' 2004 nominee argued for leaving a "residual force to complete the training" of Iraqi troops and "deter foreign intervention."

These speeches reflect a growing consensus within a broad swath of Democratic opinion: First, that Iraq is a blind alley, a distraction from the war on terrorism, not its "central front." Second, that the United States needs a responsible way to disengage from Iraq, reengage in Afghanistan and prepare itself to deal with the rising power of Iran, so far a real winner from Bush's Iraq policies.

The administration, in the meantime, is offering -- stasis. It seems to define victory as maintaining our troops in Iraq through the end of Bush's term without telling us exactly why doing so will make the situation there any better.

A debate about alternative futures is what the country needs. Who can be surprised that Vice President Cheney doesn't want it to happen?

N.J. Prosecutors Defend Effort To Get Phone Company Records Against Federal Lawsuit (AP)

By Beth Defalco, Associated Press

AP, September 12, 2006

DOJ_NMG_0061496

TRENTON, N.J. – New Jersey has the right to obtain information about a federal domestic surveillance program because that program is no longer a secret, the state argued in response to federal efforts to quash its investigation.

The Justice Department wants to throw "an impenetrable cloak insulating the federal government's domestic surveillance activities from all judicial scrutiny," acting New Jersey Attorney General Anne Milgram said in a statement Monday.

New Jersey prosecutors subpoenaed 10 phone companies in May because of suspicion that state consumer protection laws may have been violated if phone companies were turning over records to the National Security Agency.

The federal government sued the New Jersey attorney general's office in federal court June 14, claiming compliance with the state's subpoenas or even acknowledging the existence of such a program would threaten national security.

The state in its response, filed late Friday, argued: "There is no secret for the state secret privilege to protect."

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

The federal government considers the program vital to fighting terrorism, but critics say it unconstitutionally gathers private information.

Federal officials have objected to efforts by several states and civil liberties groups to investigate or shut down the NSA program. Most recently, it filed a lawsuit against a Connecticut state agency last week and against Maine utility regulators last month.

The courts have been split on that argument: A judge in Chicago agreed with the government that state secrets would be exposed if a case there went forward there, but another judge in San Francisco said the surveillance is already so well known that there is was no danger of spilling secrets.

A judge in Detroit last month ordered an immediate end to the program, saying it violates free speech and privacy rights as well as the separation of powers, but the plaintiffs agreed to keep the ruling on hold until the judge decides whether to issue a stay.

Where's The Outrage? (USAT)

By Karen Hughes

USA Today, September 12, 2006

Five years after the Sept. 11 attacks, one essential ingredient is still lacking in our international response to terrorism: the concerted moral outrage of everyday citizens of every faith and country.

The names of the people murdered that morning read like a roll call of the world's family: Ahmed, Alonso, Chung, Fazio, Fitzgerald, Goldstein, Gonzalez, Jablonski, Mbaya, McSweeney, Mohammed, Rizzo, Wallendorf and Zukelman. The victims, citizens of more than 90 countries, included a young Muslim woman, seven months pregnant, on her way to attend a friend's wedding; an Iranian grandmother who had overcome her fear of flying to visit her grandsons in Boston; a German businessman in New York to attend a meeting. His son, 4 at the time, said, "If the terrorists knew how much we love Papa, they wouldn't have flown the plane into the tower."

Unfortunately, the extremists we face don't care. Since that fateful day, hundreds of others have been torn from their families, murdered as terrorists targeted morning commuters in London, Madrid and India, wedding guests at a hotel in Jordan, children in school in Russia and lining up for candy in Iraq, tourists in Egypt and Bali, Indonesia.

This is not right, or normal, or acceptable, and a much louder chorus of voices needs to join in condemning it. Terrorism threatens all of us. It targets the very foundations of a free society. Yet where are the mothers organizing against terrorism as American mothers did against drunken driving? Where are the fathers promising to teach their sons to choose to live rather than choose to die? Where are the religious clerics and congregations of all faiths arguing that no just and loving God would call on young men and women to kill themselves and others in the name of religion?

To be fair, many voices, Western and Eastern, Islamic and Christian, have spoken out against the violence. Yet the criticism seems oddly muted. Offensive cartoons sparked massive protests in nations across the Islamic world. The international outcry was immediate when civilians were killed in the recent conflict between Israel and Hezbollah.

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Yet we have seen no similar mass condemnation of terrorist violence and murder, and no hint of remorse from those engaged in these acts. As I have traveled the world, I have met those who try to justify the violence based on policy differences, long-held grievances or a perceived threat from the West.

Those who speak of a clash of civilizations seem to forget that Islam is part of America, that an estimated six to seven million Muslims live and worship freely in America. America and our international partners went to war to protect Muslims in the Balkans and gave generously to help Muslims rebuild their lives after the tsunami in Indonesia and the earthquake in Pakistan, just as many Muslim-majority countries reached out generously to help Americans in the aftermath of Hurricane Katrina.

We do this because we believe in the dignity and value of every person. The fifth anniversary of Sept. 11 is both a reminder of the inhumanity of the extremists we are up against and the humanity shared by most citizens of the world. The color of our skin, the language we speak and the way we worship may be different, but much more unites us than divides us.

So why aren't more of us doing more to stop the terror?

First, I believe most of us hope that terrorism is an aberration. Unfortunately, I do not believe it is true. Part of my job is to look at the propaganda being spread on Internet sites and TV sets around the world. It is chilling. Bombings are depicted as acts of glory. Children are being taught the language of hate. Thousands of people have been trained in terror training camps, convinced the only way to defend their faith is to kill all others who have a different point of view.

Second, the presence of religion in this debate makes governments and individuals nervous. We are unsure how to engage; we hesitate to offend. Yet all major faiths — including Christianity, Islam and Judaism — teach that life is precious. We cannot allow what is essentially a death cult to get away with murder in the name of religion.

It is in the best interest of all the civilized people that the terror stop. And we have a model. Slavery's path from international norm to pariah began with moral outrage. In 1833, one of every seven adults in Britain signed a petition against slavery. That was twice the number of people eligible to vote at the time and the largest public petitioning of Parliament to that date. The grassroots petition drive was born of the conviction that every person has value — a conviction that should guide us today.

Our challenge is to launch a new grassroots movement across all faiths and continents, a movement that clearly states that no grievance, no complaint, no matter how legitimate, can ever justify the targeting and killing of innocent civilians. A movement that commits to teach our children that life is precious, diversity should be celebrated, and hope can conquer hate.

I have read many stories of lives cut short by acts of terrorism. Almost all the victims' families speak of the joy their loved ones brought to those around them. They didn't deserve to die. And those who killed them earned only shame, not glory. The least the rest of us can do is say so loudly and in concert.

Karen Hughes is under secretary for public diplomacy and public affairs at the State Department.

Al-Qaida Lieutenant Warns Of New Attacks (AP)

By Lee Keath

AP, September 11, 2006

Al-Qaida's No. 2 condemned U.N. peacekeepers in Lebanon as enemies of Islam and warned the terror group will strike the Persian Gulf and Israel, suggesting new fronts in its war against the West in a video Monday marking the fifth anniversary of the Sept. 11 attacks.

The video of Ayman al-Zawahri was one of three al-Qaida released for the anniversary, showing increasingly sophisticated techniques as the group tries to demonstrate that it remains a powerful, confident force five years into the U.S. war on terror.

One video showed images of the planes striking the World Trade Center, lionizing the 19 suicide hijackers as men "who changed history." Another was a 91-minute documentary-style video in which Osama bin Laden is seen smiling and chatting with the planners of the Sept. 11 attacks in an Afghan mountain camp.

Al-Zawahri spoke in the third and longest video, warning Americans of more attacks to come.

"We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender," he said. "The days are pregnant and giving birth to new events."

He also called on his followers to attack the U.S. in response to its jailing of a prominent Muslim cleric.

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"I call on every Muslim to make use of every opportunity afforded him to take revenge on America for its imprisonment of Sheik Omar Abdel-Rahman," he said.

Abdel-Rahman, a blind cleric from Egypt, was convicted in the U.S. of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995.

Al-Zawahri's comments also pointed to new fronts for al-Qaida attacks. The terror network has had few operations in Lebanon, Israel or in the Gulf region — except for in Saudi Arabia, where its branch carried out a campaign of violence in recent years but has been heavily damaged by a government crackdown.

He urged his followers to attack Western targets to stop what he said was the stealing of oil from Muslim countries.

Both Lebanon and Israel have warned of a possible growing al-Qaida presence.

"We have seen over the last months increased al-Qaida activity in our area," in Lebanon, Jordan and Egypt's Sinai peninsula, Israeli Foreign Ministry spokesman Mark Regev said. "We've seen an attempt by al-Qaida to also infiltrate in Gaza and even in the West Bank, so we take the threat very seriously and we're taking the appropriate countermeasures," he said, without elaborating.

Addressing the United States, al-Zawahri said "you should not waste your time" reinforcing troops in Iraq and Afghanistan, "because they are doomed to defeat."

"Instead, you have to reinforce your troops in two regions. First is the Gulf, where you will be thrown out after you are defeated in Iraq, at which point your economic ruin will be achieved," he said. "The second is Israel, because the jihad reinforcements are getting closer to it."

He also denounced the U.N. peacekeeping force now moving into Lebanon under terms set out in a U.N. cease-fire resolution that on Aug. 14 ended fighting between Israel and Hezbollah guerrillas. He suggested Muslims should prevent the peacekeepers' deployment.

"What is so terrible in this resolution ... is that it approves the existence of the Jewish state and isolates our mujahedeen in Palestine from Muslims in Lebanon," he said. "This is consecrated by the presence of international troops who are hostile to Islam."

"Anyone who accepts this resolution means that he accepts all these catastrophes," he said.

The Egyptian-born al-Zawahri called on the Muslim world "to rush with everything at its disposal to the aid of its Muslim brothers in Lebanon and Gaza" and accused Egypt, Jordan and Saudi Arabia of being "traitors" when it came to those two conflicts.

The comments about Lebanon — which indicated the video was recent — were the first indirect threat against the French-led force deploying there, tasked with enforcing a border zone free of Hezbollah weapons.

But it is not clear al-Qaida has the means to carry out significant attacks in Lebanon. The Sunni-led al-Qaida and Shiite Hezbollah are considered enemies. The Shiite guerrillas were angered over the terror group's interference in December, when al-Qaida in Iraq claimed a rocket attack from Lebanon into northern Israel, provoking Israeli airstrikes on a Palestinian base in Lebanon.

Al-Zawahri also called on Iraq's Kurds to shun America and Israel.

"I appeal to my brothers in Islam, the Kurds, to renounce these calls which support America and Israel," he said.

Bin Laden and al-Zawahri are believed to be on the run in the Afghan-Pakistan border region. Many analysts believe that they no longer have centralized control to order or organize attacks by militants around the world. The capture and killing of many midlevel commanders has left the organization more diffuse and amorphous.

At the same time, the central leadership's propaganda machine has gotten more sophisticated, aiming to rally militants and romanticizing the jihad, or holy war, against the United States as a heroic fight.

The three videos were all issued by As-Sahab, al-Qaida's media production arm.

Al Qaeda Threatens More Terror Attacks (WT/AP)

By Elaine Ganley

The Washington Times, September 12, 2006

DOJ_NMG_0061499

PARIS -- Al Qaeda yesterday marked the fifth anniversary of the September 11 attacks with threats of more assaults as the world remembered the day in solemn observances and some expressions of resentment over the U.S. response to the attacks.

"We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender," al Qaeda No. 2 Ayman al-Zawahri said in one of three videos the group released yesterday.

"The days are pregnant and giving birth to new events," he said and warned that Persian Gulf countries and Israel would be al Qaeda's next targets. He accused the governments of Egypt, Jordan and Saudi Arabia of supporting Israel's war against Hezbollah in Lebanon.

Elsewhere, somber remembrances marked the day. From Europe to Asia, heads bowed in moments of silence for the nearly 3,000 people killed in the attacks five years ago.

Iraqi President Jalal Talabani wrote President Bush on behalf of the Iraqi people, expressing condolences to the families of the September 11 victims.

"On this sad and memorable day, I would like to reiterate the gratitude of the people of Iraq for the people of America and for your leadership," Mr. Talabani wrote. "The people of Iraq will never forget those who helped them in getting rid of the most brutal and terrorist regime of Saddam Hussein."

Afghan President Hamid Karzai, who won the country's first post-Taliban election in 2004, expressed the appreciation of the Afghan people to the United States for the "sacrifices of your sons and daughters" in rebuilding his country.

Saudi Arabia, birthplace of 15 of the 19 September 11 hijackers, sent a message of sympathy to the American people and relatives of the victims.

But it also noted that "the hand of terrorism has reached innocent people of various nationalities and religions" and reminded Americans that Islamic nations have repeatedly been targeted by terrorists.

In Europe, the scene of three terrorist attacks since September 11, commemorations touched each nation.

Bells tolled in Rome's city hall square.

"9/11 will be in our memory forever," said Rome Mayor Walter Veltroni during a ceremony in a downtown piazza designed by Michelangelo. "We all remember where we were, what we were doing, what our first reaction was."

In London, bouquets of white roses and yellow carnations were piled in a memorial garden where the names of 67 Britons killed in the New York attacks are inscribed -- and where a steel girder from the wreckage of the World Trade Center is buried. Relatives tearfully remembered their dead.

"It doesn't get any easier, but our minds are much calmer, and we can think through all the events without being flooded by tears and sadness," said Adrian Bennett, 55, whose 29-year-old son, Oliver, was among the victims.

French President Jacques Chirac, in a written message to President Bush, reiterated his nation's "friendship" in the fight against terrorism.

A week after the September 11 attacks, Mr. Chirac flew over the World Trade Center site. But that solidarity quickly dissipated into rancor in the buildup to the Iraq war, when Mr. Chirac led opposition to Mr. Bush's plans.

Many foreign leaders still think the war and other U.S. policies have made the world less safe in the five years since. Even German Chancellor Angela Merkel -- an advocate of closer ties with Washington -- had criticism of the United States yesterday, saying: "The ends cannot justify the means."

"In the fight against international terror ... respect for human rights, tolerance and respect for other cultures must be the maxim of our actions, along with decisiveness and international cooperation," she said.

New Zealand's Prime Minister Helen Clark joined many when she said: "No, we're not more secure since 9/11."

She said more should be done to reach out to moderate states and leaders in the Islamic world to encourage understanding between different peoples, and to help end the sense of alienation and exclusion among some young Muslims that fuels extremism.

Bin Laden's Deputy Warns Of Attacks In The Middle East (NYT)

By Mark Mazzetti

DOJ_NMG_0061500

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — Osama bin Laden's top deputy used the fifth anniversary of the Sept. 11 attacks on Monday to urge fellow Muslims around the world to take up arms against the United States, and he warned of new attacks by Al Qaeda throughout the Middle East.

Dressed in a white robe and turban and seated in front of shelves filled with books, the deputy, Ayman al-Zawahri, said American troops in Iraq and Afghanistan were "doomed to defeat" and pledged that the United States military would be expelled entirely from its bases in the Persian Gulf region.

Mr. Zawahri criticized America's military support for Israel during the country's recent war with Hezbollah, and he called on the Muslim world "to rush with everything at its disposal to the aid of its Muslim brothers in Lebanon and Gaza," according to a full transcript of the video provided by the SITE Institute, which tracks violent Islamist groups.

Mr. Zawahri said Al Qaeda would strike again in coming weeks, but he gave no indication of the type of targets or specific locations.

"The days are pregnant and giving birth to new events with God's permission and guidance," he said in the video, during which he is asked a series of questions by an anonymous interviewer.

Running more than an hour, the Zawahri video, broadcast on CNN and the Internet, was unusually long compared with previous videos released by As-Sahab, Al Qaeda's clandestine media production arm, based in Pakistan.

Terrorism experts in Washington were examining the tape on Monday to find any coded messages that Mr. Zawahri might be sending to his followers. American government officials did not seem to be concerned that the tape might signal an impending attack. "It's one tape of what they said was going to be a media blitz," said an American intelligence official, who spoke on condition of anonymity under ground rules imposed by his agency. "We take it as propaganda. We take all these tapes seriously, but over the years they have been propaganda and not substance."

The video message from Mr. Zawahri was released along with a separate, documentary-like video showing footage of Qaeda operatives planning the Sept. 11 attacks, as well as two of the Sept. 11 hijackers reading from their wills.

They were part of a flurry of audio and video messages that the terrorist organization has released in recent weeks.

President Bush has used several speeches over the past week to highlight what he described as his administration's successes since the 2001 attacks in dismantling Al Qaeda and keeping the organization's senior leaders on the run.

At the same time, Mr. bin Laden and Mr. Zawahri have been able to produce a record number of recordings this year — messages that seem intended both to inspire their followers and to taunt their adversaries.

According to IntelCenter, a company based in Virginia that monitors Qaeda videos, the terrorist group has released 46 videos so far this year, nearly three times the number it has produced in any previous year.

Mr. Zawahri discussed the internal politics of the jihadist movement, announcing that an Algerian separatist organization called the Salafist Group for Preaching and Combat had formally joined with Al Qaeda.

He held forth on historical events like the Sykes-Picot agreement between the French and British to redraw the borders within the Middle East after World War I.

Al-Qaeda Calls On Muslims To Fight In Lebanon, Israel (WP)

By Karen Deyoung

The Washington Post, September 12, 2006

Al-Qaeda marked the fifth anniversary of the Sept. 11, 2001, attacks with a call for Muslims throughout the world to violently oppose the international peacekeeping force gathering in southern Lebanon and position themselves for direct assaults against Israel and Persian Gulf governments.

In a lengthy video posted on Islamic Web sites late Sunday, al-Qaeda's second-in-command, Ayman al-Zawahiri, described last month's U.N.-authored cease-fire between Israel and the Hezbollah militia in Lebanon as a Western plot to separate and isolate "the mujaheddin in Palestine . . . from the Muslims in Lebanon."

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The Lebanon crisis, Zawahiri said, was a subset of the primary issue of Israel and its occupation of Palestinian territories. Every "sincere Muslim," he said, should "hurry" to southern Lebanon to aid in setting up "a jihad base on the borders of Palestine to connect" with those on the inside.

His comments reflected an ongoing al-Qaeda effort to position itself as the vanguard of the Palestinian fight against Israel and to capitalize on the outrage the conflict generates in the Muslim world.

Zawahiri's 76-minute video, aired in part yesterday by the al-Jazeera satellite television network and CNN, was one of several released before the anniversary. Titled "Hot Issues," it showed Zawahiri, in a white robe and a turban, sitting in front of a bookcase stocked with volumes in Arabic.

Earlier Sunday, al-Qaeda posted a 90-minute documentary, titled "Knowledge is for Acting Upon." Subtitled in English and narrated by an unknown figure, it was a history of al-Qaeda grievances against the West, including the establishment of the state of Israel in 1948, the alleged desire of the West to occupy Arab lands in pursuit of oil and the stationing of U.S. troops in the Persian Gulf region.

The video combined old footage of al-Qaeda leader Osama bin Laden with previously unseen video, including images of Sept. 11 hijackers Hamza Alghamdi and Wail M. Alshehri reading portions of their wills and of bin Laden apparently consulting with his commanders before the 2001 attacks.

It also showed bin Laden, dressed in a dark robe, sitting with Muhammad Atef, a senior al-Qaeda figure who was killed in Afghanistan, and Ramzi Binalshibh, who helped facilitate the attacks and was captured four years ago in Pakistan. Binalshibh is among those President Bush said last week had been transferred from secret prisons to the U.S. detention facility at Guantanamo Bay, Cuba.

Although bin Laden has recorded frequent audiotapes -- the most recent one was released July 1 -- his last known appearance on video was in October 2004. Both he and Zawahiri are believed to be hiding in the mountainous region along the border between Afghanistan and Pakistan.

The Zawahiri video, translated by the Washington-based SITE Institute, was done as an interview conducted by an unseen questioner. In addition to calling on Muslims not to recognize the cease-fire agreement in Lebanon, Zawahiri:

Â· Described the government of Iraq as being made up of "traitors and charlatans" who had lost their place in the afterlife by cooperating with U.S. forces. He called on Iraqi Kurds to stop cooperating with it.

Â· Cited the "good news" that al-Qaeda had joined in a formal alliance with the Algeria-based Salafist Group for Preaching and Combat. U.S. intelligence officials confirmed the alliance, which they said had been "in the works for months."

Â· Repeated long-standing denunciations of governments in Turkey, Egypt, Jordan and elsewhere in the Middle East.

Â· Called NATO forces in Afghanistan "second-rate crusaders" who had been shoved into the line of fire by withdrawing U.S. forces.

Â· Invited "all victims of America," including non-Muslims, to "take advantage of the opportunity" offered by the Islamic campaign and U.S. weakness as a result of the wars in Afghanistan and Iraq "to ward off America's aggression against them and overcome it, each in his own way, and under his own banner and with whatever means."

Zawahiri claimed that U.S. defeat in Iraq is near and that "jihadi reinforcements" are closing in on Israel. He warned "Western peoples" that "your leaders are hiding from you the true extent of the disaster which will shock you, and the days are pregnant and giving birth to new events."

Republican Pushes Hardline Tribunal Bill (AP-Y)

By Anne Plummer Flaherty

AP, September 12, 2006

A House Republican has drafted a bill largely mimicking an administration plan to create military commissions to prosecute terror suspects.

Rep. Duncan Hunter, chairman of the House Armed Services Committee, will propose on Wednesday that his panel approve a bill that would allow the exclusion of evidence to protect classified information. A floor vote is expected next week.

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The bill puts Hunter, R-Calif., in line with the White House and Senate leadership, but at odds with his counterpart, Senate Armed Services Committee Chairman John Warner, R-Va. Warner and some of his colleagues have drafted a rival bill that would ensure defendants are allowed access to all evidence against them.

Hunter's bill would require the commission members, who act as a jury, to be informed if such a step is taken and instruct them to grant appropriate weight to the evidence, according to a copy of the draft.

That extra step, not included in the administration's proposal, was added to Hunter's proposal after the military's top lawyers testified last week that not allowing a defendant access to evidence would undermine the court's credibility.

"Our foremost consideration in writing this legislation was to protect American troops and American citizens from harm," Hunter said in a statement Monday.

John Hutson, a former Navy judge advocate general and critic of the administration's plan, said Hunter's legislation would not represent a notable departure from the White House position. "It doesn't in any way solve the problem" of ensuring a defendant can dispute a false charge, said Hutson, now president and dean of Franklin Pierce Law Center in Concord, N.H.

Hunter's proposal includes other slight deviations from the administration proposal, including a requirement that no fewer than nine members of the commission be present in a case involving a potential death sentence. The administration bill could allow five members to deliver a death sentence in certain cases.

Hunter's bill also says the administration would be given authority to convene commissions only in the cases of "alien illegal enemy combatants." The administration's plan is said to seek broader authority for the president.

Being allowed access to evidence is considered a fundamental right in civilian and military courts for a defendant to mount an adequate defense. President Bush's proposal, delivered to Congress last week, would let a defense counsel with security clearance see the information but not show it to a client.

The provision has been a major sticking point in negotiations between the White House and Warner. Warner, working with Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., are expected to insist upon their position that a defendant be allowed access to all evidence.

Senate Majority Leader Bill Frist, R-Tenn., said Monday he wants to vote on the legislation by the end of the month and hopes the memory of the Sept. 11 attacks will help rally lawmakers behind the White House proposal.

Frist and Majority Whip Mitch McConnell traveled last weekend to the Guantanamo Bay prison in Cuba to hear from the "front lines" on the detainee and interrogation program.

"The goal is to make sure our government, whether it's intelligence or armed forces, has the tools we need to prevent the attack we all solemnly recognize today," Frist said.

McConnell, R-Ky., said the program has helped prevent attacks since 2001. The administration has often been criticized for not implementing changes to improve security against terrorism.

"Among the things we're doing right is glean information" from terrorists, he said.

The leaders said they did not visit the 14 "high-value" detainees recently transferred to Guantanamo from the CIA's secret prison system. The terror suspects' cases are considered the driving force behind the administration's proposal; because of a Supreme Court ruling in June that determined Bush's tribunal system was illegal, the president wants to pass legislation allowing it to move forward with the prosecutions.

"Our job here is to make sure we do get it right," Frist said.

White House Gains Concessions In Senate Measure On Tribunals (WP)

By R. Jeffrey Smith

The Washington Post, September 12, 2006

The Bush administration has won concessions from key Senate Republicans in proposed legislation on standards for detainee treatment and the rules for military trials of terrorism suspects, although some disagreements persist between the lawmakers and the White House, Senate sources said yesterday.

The disagreements that remain involve whether suspects can be convicted with evidence they are never allowed to see, an approach favored by the administration but opposed by the Republican senators. The two sides also still differ over the terms of a

related amendment to the U.S. War Crimes Act that would limit the exposure of CIA officials and other civilian personnel to prosecution for abusive treatment of detainees, the sources said.

In a sign that Congress is nonetheless preparing to act quickly to establish "military commissions," as the trials are known, and provide other legal relief sought by the administration, the Senate trio at odds with the White House circulated a revised bill yesterday containing their concessions.

Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) last week had circulated a draft that diverged more sharply from the White House's version. But President Bush's speech on the plan Wednesday, when he announced his intention to put 14 key terrorism suspects on trial, has made Senate Republicans more wary of bucking the White House.

House Armed Services Committee Chairman Duncan Hunter (R-Calif.), meanwhile, announced yesterday that he has drafted a competing bill that closely tracks the administration's preferences. He said it would be marked up by his committee on Wednesday.

Lawmakers thus will be considering three bills -- the Senate and House bills plus the administration's own bill -- that contain many provisions the administration has sought. This prospect has raised concerns among human rights groups and defense attorneys who say the plans offer inadequate protections for defendants and would set a precedent for the use of similarly worrisome rules at foreign trials of captured U.S. personnel.

The Senate bill for the first time includes language supporting the administration's position that detainee abuse can be prosecuted only if it, in effect, "shocks the conscience." Legal experts say that instead of setting an absolute standard for conduct, the bill's language would leave room for judges to weigh the urgency of the information extracted from detainees during rough interrogations.

The revised Senate bill also would bar detainees held by the United States from bringing legal action against the government to challenge the legality of their detention or treatment. It would bar the collection of damages by detainees for violations of the Geneva Conventions, which set the minimum standards for wartime treatment. Both provisions were sought by the administration, although their language is not as sweeping as the White House preferred.

The new Senate draft also requires that any evidence used at trial be declassified or summarized, a provision the administration strongly opposes. Under the measures, the military judge presiding over a trial could dismiss charges if the government refuses to turn over evidence to the defendant.

The Senate draft also contains other provisions the administration opposes, including one that would allow the prosecution of U.S. personnel for any degrading treatment of detainees and another that would prohibit the use of evidence obtained through cruel, inhuman or degrading treatment. It further defines those subject to future military trials as people engaged in anti-U.S. hostilities, a narrower definition than the White House prefers.

Senate sources said they could not predict whether a compromise or showdown with the White House is looming. Although Warner has told colleagues he expects his version of the bill to win his committee's approval and move rapidly to the Senate floor, Majority Leader Bill Frist (R-Tenn.) has said he would bring the White House version of the bill to a vote first.

Yesterday, CIA Director Michael V. Hayden went to Capitol Hill to lobby senators for the administration's version of the bill.

The dispute over detainee treatment has been particularly awkward for McCain, a former prisoner of war who is a contender for the 2008 Republican presidential nomination. Detainee treatment is one of McCain's signature political issues, and last year he forced the administration to accept a bill that prohibits cruel, inhuman or degrading treatment by the military.

Senate sources say that because of his political ambitions McCain has been wary of depending on Senate Democrats to provide the margin of victory for his provisions over White House opposition and has compromised to gain more widespread support from Republicans. A spokeswoman for Sen. Susan M. Collins (R-Maine) said she now supports the McCain bill.

Human Rights First, the Center for Victims of Torture and five other activist groups released a joint letter yesterday condemning the administration's version of the bill as "shockingly radical" and asserting that it would violate "fundamental notions of due process."

Graham Thinks Terror Trial Bill Fatally Flawed (TSSC)

By James Rosen

The State (SC), September 12, 2006

SENECA — U.S. Sen. Lindsey Graham says he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them.

Graham, a military lawyer and a colonel in the Air Force Reserve, read the White House bill late Thursday on a flight from Washington to Greenville. He pored through the 86-page document until, on page 34, he reached a clause that would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen.

"That's the killer," the S.C. Republican said. "I fell over when I read it."

Graham said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But "I don't feel good about telling someone — no matter who they are — 'We're going to execute you next week, but I'm sorry, we can't tell you why.'"

"It's a bridge too far, and it's not necessary," Graham said. "It will result in putting the (military) commissions in legal jeopardy and eroding our standing in the world community."

Graham, 51, said every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security.

"I believe the accused should see that evidence," Maj. Gen. Scott Black, the judge advocate general of the Army, told the House Armed Services Committee on Thursday.

Senate Majority Leader Bill Frist, R-Tenn., has given the Armed Services Committee until Tuesday to produce a bill, Graham said. The panel's chairman, Sen. John Warner of Virginia, and Sen. John McCain share Graham's view on the handling of classified evidence, setting up a possible clash in the Senate.

Graham said Frist has vowed to bring Bush's bill directly to the Senate floor Tuesday. Graham said he agrees with Frist that Congress must act soon so terrorist trials can begin at the U.S. military prison in Guantanamo Bay, Cuba.

Bush called on lawmakers to pass his tribunals measure quickly so detainees can be tried. The president increased the political pressure by disclosing that 14 senior al-Qaida members, including the alleged mastermind of the Sept. 11, 2001, attacks, were being sent to Guantanamo Bay from secret CIA prisons overseas.

The U.S. Supreme Court ruled in June that the Bush administration had exceeded its authority in establishing military tribunals without congressional action, prompting the need for legislation.

The case was brought by lawyers for Salim Ahmed Hamdan, a Guantanamo detainee who had been a chauffeur for Osama bin Laden.

"The Hamdan decision has reinforced our need to ensure that military commissions are reflective of American values such as due process and the rule of law," Gen. Black, the head of the Army's legal apparatus, testified Thursday.

Senior lawyers at the White House, the Justice Department and the Pentagon argue that allowing terrorists to see classified evidence could expose how the U.S. has pursued al-Qaida and would put informants within the terror network in danger. But Graham said he's certain the Supreme Court would reject a law that denies accused terrorists access to classified evidence against them.

"It would be a tragedy to take one of the masterminds of 9/11, hold them accountable, only to have the case rejected by the Supreme Court for no good reason," Graham said.

"I'm frustrated when people say we're trying to give terrorists classified information," he said. "Well, that's garbage. We're going to protect our classified information, and we're going to protect our methods and sources."

Graham said that if his differences with the White House cannot be bridged, he is prepared to push an amendment giving accused terrorists access to classified evidence against them.

"I think I will draft an amendment that will get majority support in the Senate, and there will be plenty of Republicans voting for it," Graham said. "I'm just predicting that we win. I don't know by what margin."

The House is set to take up tribunals legislation the week of Sept. 18.

Air Force Col. Morris Davis, who would run the Guantanamo trials, said accused terrorists will get fair trials, and his corps of lawyers will work with whatever legislation Congress passes.

Rosen covers Washington for McClatchy newspapers in South Carolina.

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U.S. Appeals Ruling On American Held In Iraq (NYT/AP)

By The Associated Press

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 (AP) — Government lawyers said Monday that American courts had no authority to stop the military from transferring an American citizen to an Iraqi court to face charges that he supported terrorists and insurgents.

Shawqi Omar, a citizen of both Jordan and the United States who once served in the Minnesota National Guard, was captured in Iraq in 2004. He is being held at Camp Bucca, a prison in southern Iraq, where his family says he has not been charged or allowed to speak with a lawyer.

His family is demanding that Mr. Omar be brought before an American court, where prosecutors would have to show probable cause for detaining him and he could consult with a lawyer.

The military, which says Mr. Omar was harboring insurgents and had bomb-making materials at the time of his arrest, wants to transfer him to an Iraqi court. A judge blocked that transfer in February.

On appeal Monday before the Court of Appeals for the District of Columbia Circuit, government lawyers said American courts did not have jurisdiction because Mr. Omar was being held by a multinational force, not the American military.

Defense lawyers say that is a legal gimmick.

The three-judge panel hearing the case also expressed skepticism, saying the government's theory might allow the military to arrest someone inside the United States and hold him without due process under the guise of a multinational force.

Deputy Solicitor General Gregory Garre said that would not happen, but the judges noted that it could. The judges also seemed wary of saying courts had no jurisdiction over an American citizen being held by his country's military.

Lawyers for Mr. Omar's family say he is innocent and is likely to be tortured if handed over to the Iraqi government. They say he is a businessman who was seeking reconstruction contracts in Iraq.

PATRIOT ACT:

Patriot Act Gag Orders Lifted (NBH)

By Sara Capozzi

New Britain (CT) Herald, September 12, 2006

PLAINVILLE - American life has changed considerably in the five years since the terrorist attacks and those changes can be felt in the most unexpected places, even if they are not always seen or heard.

Public libraries in mid-sized Central Connecticut towns are not likely places for an FBI investigation involving a perceived threat to national security, but unbeknownst to their patrons and the majority of their staff, they were in the midst of one last summer.

In late June 2005, Library Connection Inc., a non-profit consortium of 26 central Connecticut libraries, received a National Security letter from the FBI, involving a top-secret investigation of patron Internet usage.

Subsequently, four executive members of the consortium were placed under life-long gag orders, made possible through the Patriot Act, which does not require court evidence or oversight. Although the names of the John Does were to be kept secret by the government, an attorney for the American Civil Liberties Union found the government had failed to redact one mention of Director of Plainville Public Library Peter Chase's name and other identifying information from the legal documents. From the identifying information that was not omitted, it didn't take long until the national press had identified Chase and the other John Does.

Soon, Chase was being bombarded with calls from newspapers all over the country and even in Japan and France. But even after all the media attention, the government would not allow the gag order to be lifted.

Through the ACLU, the four consortium members, Chase, George Christian, Library Connection Executive Director, Barbara Bailey, librarian at Glastonbury's Welles Turner Library and Janet Nocek, librarian at Portland Public Library, fought the gag order against Connecticut United States Attorney Kevin O'Connor under the alias John Doe.

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Bridgeport Superior Court ruled the law was unconstitutional and the government appealed that decision, later withdrawing the appeal in May 2006, thus releasing the four librarians from the gag order.

The government had said other sections of the legal documents were blacked out for National Security, but when the original, previously sealed documents were released Aug. 30, it was clear one of the items omitted under the guise of National Security was actually a CT General Statute that deems all circulation resources in public libraries confidential.

"What made me so angry about this is that when usually someone like Kevin O'Connor ... says this is a matter of national security, you believe him," Chase said.

"You don't want to pry into stuff like that. No one wants to do something that would harm the nation. But he in fact was using that as an excuse to cover up that Connecticut had a public statute that protected these laws. He wasn't telling the truth."

Chase called the power given to the government through the Patriot Act, "frightening," in terms of the personal freedoms of Americans.

He said patrons should be able to check out some controversial titles which the Plainville library owns such as Hitler's autobiography "Mien Kampf" and the "Communist Manifesto" without fear.

"Just because you read [the Communist Manifesto] doesn't mean you're a communist," Chase said. "And if you read "Mien Kamf" it doesn't mean you're a Nazi. But you should be able to take that out in privacy. People shouldn't be spying on what you're reading, what you're researching on the Internet. That should be a private confidential matter and in fact is recognized as such in state law." There were 150,000 letters issued up to the date the revisions to the Patriot Act were made, Chase said. Chase and the other three plaintiffs were the only people out of possibly thousands who had their lifetime gag orders lifted.

Now that they are free to speak out, Chase, Christian, Bailey and Nocek plan to continue to speak publicly against the Patriot Act. They are planning to attend a press conference in Washington D.C. on Sept. 28 and a forum with O'Connor at the Hartford's Old State House next month.

"This is a significant attack on American democracy," Chase said. "We've always said people should be free to say what they want, people have to be free to read what they want and this is an attack on our country, on the principals that we have supported and fought for for all these years."

Chase and the other librarians still do not know what or who the FBI was looking for through its investigation. He said the library has no problem giving the government information through court orders if it would help with a criminal investigation.

"They don't have to explain to us what they're investigating - we don't care," he said. "We just want to know their investigation is legitimate."

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HOMELAND RESPONSE:

Bush: Set Aside Differences On Terrorism (AP)

By Terence Hunt, Ap White House Correspondent

The AP, September 12, 2006

Five years after the worst attack on U.S. soil, President Bush said Monday night the war against terrorism is "the calling of our generation" and urged Americans to put aside differences and fight to victory.

"America did not ask for this war, and every American wishes it were over," Bush said in a prime-time address from the Oval Office. "The war is not over — and it will not be over until either we or the extremists emerge victorious."

Bush also staunchly defended the war in Iraq though he acknowledged that Saddam Hussein was not responsible for the 9/11 attacks that killed nearly 3,000 people.

His address came at the end of a day in which he visited New York, Pennsylvania and the Pentagon to honor victims of the attacks that rocked his presidency and thrust the United States into a costly and unfinished war against terror.

"We are now in the early hours of this struggle between tyranny and freedom," the president said.

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As for Iraq, he said Saddam's regime, while lacking weapons of mass destruction, was a threat that posed "a risk the world could not afford to take." At least 2,670 U.S. servicemen and women have died in Iraq, which Bush calls the central front in the war on terror.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," the president said. "They will not leave us alone. They will follow us."

The nation is split over the war in Iraq and Bush's handling of it, and Sen. Charles Schumer, D-N.Y., accused Bush of playing politics.

"This should have been an occasion to bring everyone together, and focus on the tragedy, the many we lost, and the heroism of those who embodied the American spirit," Schumer said. "You do not commemorate the tragedy of 9/11 by politicizing it."

Earlier, Bush visited a New York fire station, the wind-swept field in Shanksville, Pa., and the Pentagon to place wreaths and console relatives of attack victims.

"Five years ago, this date — Sept. 11 — was seared into America's memory," the president said. "Nineteen men attacked us with a barbarity unequaled in our history."

Bush said that Osama bin Laden, the mastermind of the attack, and other terrorists are still in hiding. He said, "Our message to them is clear: No matter how long it takes, America will find you and we will bring you to justice."

Bush said the war on terror was nothing less than "a struggle for civilization" and must be fought to the end. He said defeat would surrender the Middle East to radical dictators armed with nuclear weapons.

"We are fighting to maintain the way of life enjoyed by free nations," the president said. Two months before the November elections, he attempted to spell out in graphic terms the stakes he sees in the unpopular war in Iraq and the broader war on terror.

He said Islamic radicals are trying to build an empire "where women are prisoners in their homes, men are beaten for missing prayer meetings and terrorists have a safe haven to plan and launch attacks on America and other civilized nations."

"The war against this enemy is more than a military conflict," the president said. "It is the decisive ideological struggle of the 21st century and the calling of our generation."

Five years ago, the attacks transformed Bush's presidency and awakened the world to bin Laden and his band of al-Qaida terrorists. While the public has soured on the war in Iraq, the president still gets high marks for his handling of Sept. 11.

Terrorism has been a potent political issue for Republicans, and they hope to capitalize on it in the elections. GOP lawmakers are anxious about holding control of both houses of Congress.

Congress has approved $432 billion for Iraq and the war on terrorism.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," the president said. He quoted bin Laden as calling Iraq "the Third World War."

"Our nation has endured trials, and we face a difficult road ahead," the president said. "Winning this war will require the determined efforts of a unified country. So we must put aside our differences and work together to meet the test that history has given us."

While Bush urged resolve, the two co-chairs of the 9/11 Commission accused the Bush administration and Congress of a lack of urgency in protecting the country. About half of their 41 recommendations to better secure Americans, offered in July 2004, have become law.

"Where in the world have we been for five years?" said former Rep. Lee Hamilton, D-Ind., who was joined by his Republican counterpart, former New Jersey Gov. Tom Kean. Hamilton spoke of failures to put first responders on the same radio spectrum so they can talk to each other during an emergency — as firefighters and police officers who died in the World Trade Center could not in 2001.

The 9/11 attacks changed the political tone in Washington and abroad — but only briefly.

"We had an astonishing moment of unity in America and around the world," former President Clinton told a Jewish conference in Washington. That has given way to bitter political divisions between Democrats and Republicans. Many nations

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that rushed to stand with the United States now accuse the Bush administration of failing to honor human rights, tolerance and diversity of cultures.

Still, dozens of lawmakers, Republicans and Democrats alike, joined on the steps of the Capitol Monday to remember the attacks, singing "God Bless America" as they had five years ago.

House Democratic leader Nancy Pelosi said Monday, "Five years later, we have to continue to move forward with unity, urgency and in the spirit of international cooperation, because we are not yet fully healed and not yet as safe as we should be."

Bush began the day in New York with firefighters and police officers at a Lower East Side firehouse. He stood in front of a door salvaged from a fire truck destroyed on Sept. 11. It was a cloudless morning reminiscent of the sunny day when two hijacked planes slammed into the twin towers of the World Trade Center.

The mourners silently bowed their heads, at 8:46 a.m. and again at 9:03 a.m., marking the moments when the planes slammed into the towers. The attacks killed 2,749 people.

Bush spent time talking with the first responders about what they had been through the last five years, spokesman Tony Snow said.

The next stop was in Shanksville, Pa., where Bush and his wife stood without umbrellas in a chilly rain to lay a wreath honoring the 40 passengers and crew killed when United Airlines Flight 93 plowed into a Pennsylvania field. The terrorists apparently had been planning on crashing the plane into the White House or the Capitol until passengers stormed the cockpit to take control.

Bush had an emotional meeting with relatives of the Shanksville victims. "There were some people who were still clearly grieving about what happened five years ago," Snow said.

Bush: 'The War Is Not Over' (LAT)

By Faye Fiore And James Gerstenzang

The Los Angeles Times, September 12, 2006

WASHINGTON — President Bush led the nation on Monday in marking the fifth anniversary of the Sept. 11 attacks, making a solemn journey to the three sites where hijacked planes crashed in the terror strikes and declaring, in an evening address, that America's safety "depends on the outcome of the battle in the streets of Baghdad."

Until speaking to the nation from the Oval Office, the president commemorated the attacks quietly, attending ceremonies at three symbolic sites: a New York City firehouse, a grassy field in rural Pennsylvania and the mended Pentagon.

But with eight weeks until congressional elections in which national security is a dominant issue, Bush and other political leaders continued to battle over whether the nation had learned the proper lessons from the Sept. 11 attacks and was prepared to prevent new ones.

Bush's 16-minute speech reflected on the nearly 3,000 lives lost on Sept. 11 but also used dire warnings to caution that terrorists still intend to harm the country, and that Iraq remains the central front in stopping them. He repeated the themes he has laid out in a recent string of speeches designed to shore up flagging public support for the Iraq war and for his leadership on national security, which has left Republicans nervous about their prospects in the November elections.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," Bush said. "They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

Speaking more broadly of the fight against terrorists who aim to build a "radical Islamic empire," Bush said: "America did not ask for this war, and every American wishes it were over. So do I. But the war is not over — and it will not be over until either we or the extremists emerge victorious."

"This struggle has been called a clash of civilizations," he said. "In truth, it is a struggle for civilization. We are fighting to maintain the way of life enjoyed by free nations."

Democrats said they were surprised by the muscular tone of the speech, after a day of carefully choreographed remembrances. They accused the president of trying to turn a solemn occasion to partisan advantage.

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"This should have been an occasion to bring everyone together and focus on the tragedy…. You do not commemorate the tragedy of 9/11 by politicizing it," said Sen. Charles E. Schumer (D-N.Y.).

Sen. Edward M. Kennedy (D-Mass.) said Bush "should be ashamed of using a national day of mourning … to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11."

"The president's misuse of the fifth anniversary of the 9/11 attack shows he'll go to any lengths to divert attention from his failures in Iraq — failures that have diverted focus from the war on terrorism," said Brendan Daly, a spokesman for House Minority Leader Nancy Pelosi (D-San Francisco).

The speech capped a day in which the president fulfilled a ceremonial role in leading the nation in mourning and remembrance. During his visits to New York, Pennsylvania and the Pentagon, Bush spoke not a word in public, but his face — tight-lipped with eyes downcast — suggested the welling of emotions that marked the day.

In ceremonies at the Pentagon, Bush stood at the point of impact and presented a lily wreath. He and First Lady Laura Bush, both dressed in black, appeared drawn as they shook hands and hugged the families of those who died there. At one point, the president appeared to wipe away tears.

In a similar fashion, other political leaders marked the day with solemnity and ceremony, even while pressing the political battle over which party could best lead the nation in a post-Sept. 11 world.

Vice President Dick Cheney, in a morning speech at the Pentagon, took a swipe at Democrats calling for a timetable for withdrawal from Iraq. "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Cheney said, quoting a 2002 speech by the president.

The word "appeasement" has carried an additional political charge in recent weeks, after Defense Secretary Donald H. Rumsfeld compared critics of the Iraq war with politicians who sought to appease Hitler.

During a ceremony at dusk outside the Capitol, where lawmakers from both parties marked the anniversary, Pelosi seemed to insert a partisan note, saying that "right now we are not fully safe and we are not fully healed."

Al Qaeda, the perpetrator of the Sept. 11 attacks, also sought to put its stamp on the day. The terrorist group's No. 2 leader warned in a videotape that it would strike Persian Gulf nations and Israel to damage the U.S. economy.

The political skirmishing echoed a debate of increasing intensity in Washington as the two major political parties position themselves for the November elections.

Democrats argue that the Iraq war has distracted the nation from the unfinished work of tracking down Al Qaeda leaders and securing ports, rail systems and nuclear materials. Bush and the Republican Party have been trying to rebuild support for the Iraq war and burnish their credentials as those best suited to protect the nation from future attacks.

Throughout the day from New York to Washington and across the country, bells tolled, wreaths were laid and prayers were spoken. In one moving tribute, in New York, Bush honored the memory of scores of firefighters. He stood beside the battered door of a truck that belonged to Ladder Co. 18, dented and covered with grime from the billowing fallout of the collapsed World Trade Center.

Rumsfeld was visibly moved at a Pentagon memorial, where he stood in a steady mist.

"I remember working — working our way through that long, tragic day," he said haltingly, choking back emotion.

Rumsfeld invoked images of bipartisanship, recalling how Democrats and Republicans stood together at the Capitol after the attacks and sang "God Bless America." He said making "every effort to stay united as a country" would be a good way to pay tribute to Sept. 11 victims.

Some in Washington took the occasion to advance a possible run for president. In a speech to the mostly conservative American Enterprise Institute, Newt Gingrich, the former Republican House speaker and potential candidate in 2008, criticized the administration.

"We are not where we wanted to be nor where we need to be," Gingrich said. "We have not captured Bin Laden. We have not defeated the Taliban…. We have not stopped the recruitment of young fanatics into terrorism."

Even those with less partisan interest in the debate seized the moment to advance an agenda. Republican Thomas H. Kean and Democrat Lee Hamilton — chairman and vice chairman of the bipartisan commission that investigated the attacks

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and the government's response — said bureaucracy had blocked implementation of many of the panel's recommendations to improve security and intelligence-gathering.

Former President Clinton, blamed in an ABC docudrama for failing to pay sufficient attention to looming Al Qaeda threats, addressed a Jewish charitable organization at a Washington hotel. Without mentioning Bush or the Republican Party, Clinton urged renewed efforts to stabilize Afghanistan, where the Taliban has recently gained strength.

"We need more troops," he said, noting there were almost seven times as many U.S. soldiers in Iraq as in Afghanistan. "We can't practice hit-and-run democracy."

Clinton also sounded a familiar Democratic theme that the nation is not as safe as it could be, faulting the administration for failing to improve inspections of ship and plane cargo, as well as of chemical and nuclear plants.

"They say it's a matter of costs, but it can't be," Clinton said. Hailing a new method for inspecting cargo electronically, he said the technology would cost $840 million a year, "and we've already spent over $300 billion on the war in Iraq."

Polls show that 95% of Americans surveyed remember exactly where they were when they learned of the attacks. For most of them, Monday was a day of remembering what few have forgotten, this time laced with a political message.

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In Prime-Time Address, Bush Says Safety Of U.S. Hinges On Iraq (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — President Bush used the fifth anniversary of the Sept. 11 attacks on Monday to tell Americans that they were engaged in "a struggle for civilization" that would be determined in part by the course of the war in Iraq.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," Mr. Bush said.

In a prime-time speech from the Oval Office, delivered after a day of solemn ceremonies, Mr. Bush sought to place the war in Iraq in the context of an epic battle between tyranny and freedom, saying the campaign against global terrorism was "the decisive ideological struggle of the 21st century and the calling of our generation."

"If we do not defeat these enemies now," Mr. Bush said, "we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons."

The address capped a week of speeches in which Mr. Bush tried to lay out his best case for the war in Iraq by defining it as a crucial front in the war on terror, while portraying the broader struggle as a natural successor to World War II and the Cold War in defining the place of the United States in the world.

Even by the standards of his latest round of speeches, Mr. Bush's language was particularly forceful, even ominous, with warnings of a radical Islamic network that was "determined to bring death and suffering to our homes."

Mr. Bush spent roughly one-fifth of his 17-minute address making the case that the nation's safety hinged on success in Iraq, even as he implicitly acknowledged there was no link between Saddam Hussein and the Sept. 11 strikes.

"I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Mr. Bush said, going on to say that Mr. Hussein was a threat nonetheless, that he needed to be confronted and that the world was safer with him in captivity.

And Mr. Bush reprised some of his tougher talk against Osama bin Laden, delivering a message to him and other terrorists, "America will find you, and we will bring you to justice."

Mr. Bush gave his address at the end of a tour through the three major attack sites — Lower Manhattan; Shanksville, Pa.; and the Pentagon — in which he attended ceremonies and spoke with the bereaved but made no public comments.

He gave the speech from behind his desk at a fast clip, but with a furrowed brow and circles below his eyes. He delivered it five years to the minute of when he addressed the nation from the same seat on the evening of Sept. 11, 2001, and proclaimed that those who harbored terrorists would be dealt with as if they were terrorists themselves.

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Drawing parallels between the challenges of his presidency and those of Presidents Franklin D. Roosevelt and Harry S. Truman, Mr. Bush said, "Our nation has endured trials, and we face a difficult road ahead." And he called for unity, saying, "We must put aside our differences and work together to meet the test that history has given us."

All of the networks carried the address live; ABC ran it during a break in its miniseries about the attacks that portrayed the Clinton and Bush administrations as having failed at times to move aggressively enough against Al Qaeda before the attacks.

Mr. Bush's address brought to a close a day when leaders of both parties put aside, at least for the moment, the acrimony that has characterized the national security debate since the brief period of national unity after the attacks. But as soon as the speech was over, the partisanship flared again. Senator Edward M. Kennedy, Democrat of Massachusetts, said the president "should be ashamed of using a national day of mourning" to justify his Iraq policy. And Senator Charles E. Schumer of New York, leader of the Democratic Senatorial Campaign Committee, called the address disappointing, saying, "You do not commemorate the tragedy of 9/11 by politicizing it."

Hours earlier, Congressional leaders joined on the Capitol steps to sing "God Bless America," an effort to recreate their spontaneous moment of post-attack comity. And the Senate Democratic leader, Harry Reid — whose press office is ordinarily a clearinghouse for hard-charging attacks on the president and Republican leadership — released a statement that read in part, "The light that shone on Sept. 11 cannot die, it cannot be dimmed, it cannot fail."

But it was the president's day that dominated a news media environment that was swimming in the imagery of Sept. 11, with the cable news networks offering blanket coverage of the day's ceremonies, mixed with remembrances from survivors, first responders, officials and politicians.

Before speaking from the Oval Office, Mr. Bush had spent the day in public silence as he and Laura Bush visited the three sites scarred by the attacks, a solemn trek that began at ground zero Sunday night.

The Bushes began their day at the Fort Pitt firehouse on the Lower East Side of Manhattan, where they observed back-to-back moments of silence — one at the precise moment each of the twin towers was struck. They then moved to Shanksville, Pa., where Mr. and Mrs. Bush laid a wreath in a spitting rain in the field where United Airlines Flight 93 crashed, and wound up at the Pentagon, where the weight of the day showed on their faces.

It was an emotional and somber, if carefully scripted, day for the Bushes, designed by the White House to maximize the president's exposure but minimize his words before the evening speech.

At the Pentagon, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld presided over a memorial service that was occasionally interrupted by the eerie roar of commercial jets from nearby Ronald Reagan National Airport.

Addressing a crowd of 500 that included relatives of victims, Mr. Cheney said the United States would keep pressing the fight. "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Mr. Cheney said, quoting the president and reprising a theme that has been taken by critics as a veiled effort to portray Democrats as appeasing the enemy.

Also speaking at the service, Gen. Peter Pace, chairman of the Joint Chiefs, said the number of American military personnel killed in Afghanistan and Iraq, at roughly 3,000, was approaching the number of people killed in the attacks.

Teresa Taylor of New Hampshire, who attended in honor of her brother-in-law, Leonard E. Taylor, said she was moved by Mr. Rumsfeld's recounting of the day of the attacks, given in halting voice. "It brought back a lot of memories," she said.

But Shannon Mason of Springfield, Va., called the ceremony "too political" for coupling the attacks with the war in Iraq. Ms. Mason, whose mother, Ada Mason, a Pentagon budget analyst, was killed in the attack, added, "I think the war has nothing to do with Sept. 11."

Even as he called for unity Mr. Bush alluded to Democratic calls for a timetable to withdraw from Iraq, saying, "Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone."

Bush: Vigilance Is Key In War On Terrorism (USAT)

By David Jackson

USA Today, September 12, 2006

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WASHINGTON — President Bush ended a somber day marking the fifth anniversary of the 9/11 attacks with a call for unity and a plea for Americans to gird themselves for "the calling of our generation" — a long fight against terrorism.

"The war against this enemy is more than a military conflict," he said, a reference to wars in Iraq and Afghanistan. "It is the decisive ideological struggle of the 21st century."

With control of Congress at stake in the Nov. 7 elections, both parties have been trying to use the Iraq war to their advantage. Numerous polls have shown declining support for the war and the president's handling of it.

White House spokesman Tony Snow told reporters earlier in the day that the speech would not be political. One political analyst suggested that is an impossible task less than two months before Election Day.

"There is controversy about whether Iraq is a front in the war on terrorism, or whether it has increased terrorism," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center of the University of Pennsylvania. "The moment is political because of the elections and Iraq."

Sen. Charles Schumer, D-N.Y., who heads his party's Senate campaign committee, called the speech "disappointing." He said, "You do not commemorate the tragedy of 9/11 by politicizing it."

Bush defended his decision to invade Iraq in 2003 even though he said the country's now-deposed leader "was not responsible" for 9/11. "The regime of Saddam Hussein was a clear threat," the president said, adding that it "posed a risk that the world could not afford to take."

"The safety of America depends on the outcome of the battle in the streets of Baghdad," he said.

During his 17-minute, nationally televised address, Bush repeatedly couched the battle ahead as one that goes beyond Iraqi battlefields and compared it to the Cold War.

Bush said the key to victory is the same: forge democracy in Iraq and elsewhere in the Middle East. "One of the strongest weapons in our arsenal," Bush said, "is the power of freedom.

"This struggle has been called a clash of civilizations," Bush said of actions that have included wars in Iraq and Afghanistan. "In truth, it is a struggle for civilization."

Bush noted the security and law enforcement improvements since the 9/11 attacks, including more cooperation between law enforcement and intelligence agencies and tightened airport security. He said the country is safer but needs to remain vigilant.

"Our enemies have not succeeded in launching another attack on our soil, but they have not been idle," he said.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone."

Bush Says Iraq Victory Is Vital (WP)

By Michael Abramowitz, Michael A. Fletcher

The Washington Post, September 12, 2006

President Bush mixed solemn remembrance of the Sept. 11, 2001, attacks yesterday with a renewed call to complete the mission in Iraq, paying tribute to the fallen even while warning Americans that failure in the Middle East would leave the United States more vulnerable than ever to Islamic extremists.

"Whatever mistakes have been made in Iraq," Bush said last night in a prime-time address from the Oval Office, "the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

That ominous language capped an emotional day that took Bush to each of the three locations where terrorists crashed hijacked planes five years ago and killed nearly 3,000 people. It also marked the culmination of a new White House campaign to tie what polls show is a unpopular war in Iraq to a broader campaign against Islamic radicals who, as Bush put it last night, are "determined to bring death and suffering into our homes."

In weaving the two issues together last night, Bush melded one of the most unifying events in recent national experience -- the common horror and sadness of the attacks on the World Trade Center and the Pentagon -- with one of the most polarizing, the war in Iraq. "I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Bush said.

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"The answer is that the regime of Saddam Hussein was a clear threat," the president said, tapping his desk for emphasis. "The world is safer because Saddam Hussein is no longer in power."

Bush's 16-minute address closed a day of mournful ceremonies for him and the nation. After a memorial service near Ground Zero in New York City, Bush flew to Shanksville, Pa., where he and first lady Laura Bush met family members of the victims and placed a wreath on the makeshift memorial near the spot where the hijacked United Flight 93 aircraft slammed into a field.

They traveled next to the Pentagon, where they placed a large, white floral wreath on the new stone facade on the section of building that was destroyed by the attack. The Bushes silently faced the wall while a military band played "America the Beautiful."

The president's painstakingly choreographed day was intended by the White House to recapture -- at least for a moment -- the sense of shared purpose that prevailed in the immediate aftermath of the terrorist attacks.

But Bush faced a tall order. Although he urged Americans last night to "put aside our differences," Democrats have been attacking the administration over Iraq and Bush's national security record, hoping these issues will help them reclaim one or both chambers of Congress in November. Polls suggest the public does not accept Bush's contention that the war in Iraq is a "central front" in the campaign against terrorists.

Last night, Democrats said Bush politicized the Sept. 11 anniversary. "The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the fallen, but to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11," said Sen Edward M. Kennedy (D-Mass.).

Bush has sought to shift public opinion in the past two weeks with speeches aimed at explaining the nature and goals of radical Islamists and putting the war in Iraq in a broader -- and, he hopes, more popular -- context.

His speech last night featured many of the themes highlighted in those speeches: the idea that the United States is facing a network of extremists driven by a "perverted vision of Islam," the notion that the Middle East enjoyed a long period of false stability in the years leading up to the Sept. 11 attacks, and the proposition that the government has made serious strides in protecting the United States from terrorist attack.

"Today we are safer," Bush told the nation, "but we are not yet safe."

Bush also paid tribute to the firefighters and others who lost their lives to the attacks. Even while the nation saw the "face of evil," he said, "we also witnessed something distinctly American: ordinary citizens rising to the occasion and responding with extraordinary acts of courage."

Bush continued: "We saw courage in office workers who were trapped on the high floors of burning skyscrapers -- and called home so that their last words to their families would be of comfort and love. We saw courage in passengers aboard Flight 93, who recited the 23rd Psalm -- and then charged the cockpit. And we saw courage in the Pentagon staff who made it out of the flames and smoke -- and ran back in to answer cries for help."

Sitting at his desk in the Oval Office, Bush said the nation "is being tested in a way that we have not been since the start of the Cold War." He described the battle against radical Islamists "a struggle for civilization."

Before his speech, the president made no remarks at public appearances yesterday. He met privately with police and firefighters to reassure them that he remains committed to fighting terrorism, and with people who lost loved ones in the attacks.

After attending a memorial service and placing twin wreaths at the World Trade Center site Sunday evening, the president started yesterday having breakfast with first responders at a firehouse not far from Ground Zero. Afterward, he and his wife stood silently next to a battered firetruck door rescued from the wreckage of the World Trade Center site, as police officers and firefighters listened to Scripture and song to honor the dead.

The group paused at 8:46 a.m. and at 9:03 a.m. for moments of silence marking the times that two hijacked planes plowed into the twin towers.

In Shanksville, Bush heard from the Rev. Paul M. Britton, a Long Island minister whose sister, Marion Britton, was aboard United Flight 93. "There is no more sacred ground on this your Earth than this very place," Britton said. "We come here with heavy hearts, yet with joyful spirits. We come here to honor them, to respect them."

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Fletcher reported from New York.

'A Struggle For Civilization' (WT)

By Joseph Curl

The Washington Times, September 12, 2006

NEW YORK -- President Bush yesterday led the nation in silent remembrances for the almost 3,000 victims of the September 11 attacks, hugging family members and standing solemnly for each moment of silence at the three sites where terrorists crashed four hijacked planes that sunny Tuesday morning five years ago.

After the stops in New York, Pennsylvania and Virginia, the president addressed the nation last night, reminding Americans that ever since the worst terrorist attacks on U.S. soil, the United States has been at war in "a struggle for civilization."

"America did not ask for this war, and every American wishes it were over. So do I. But the war is not over, and it will not be over until either we or the extremists emerge victorious," Mr. Bush said. "We are in a war that will set the course for this new century and determine the destiny of millions across the world."

With midterm congressional elections less than two months away and Democrats charging that Mr. Bush is politicizing the fifth anniversary of September 11, the president urged unity and condemned partisan politics.

"Our nation has endured trials, and we face a difficult road ahead. Winning this war will require the determined efforts of a unified country," he said. "So we must put aside our differences and work together to meet the test that history has given us."

At New York's ground zero, a solemn hush fell over the chasm where the Twin Towers once stood. Thousands of people bowed their heads at 8:46 a.m. to mark the time a plane hijacked by al Qaeda militants slammed into the first tower of the World Trade Center.

Seven stories down in the gaping hole where the 110-story skyscrapers once towered over Lower Manhattan, family members who had come to lay roses in a makeshift reflecting pool fell silent again at 9:03 a.m., when the second tower was struck. Twice more, to mark the moments when each tower collapsed, those in the 16-acre pit fell silent.

"Five years from the date of the attack that changed our world, we've come back to remember the valor of those we lost, those who innocently went to work that day and the brave souls who went in after them," said Rudolph W. Giuliani, New York's mayor during the attacks.

In Virginia, at an early morning Pentagon ceremony to honor the 184 persons killed there, Vice President Dick Cheney also urged Americans to stay united and persevere in the global battle against terror and the war in Iraq.

"In the conduct of this war, the world has seen the best that is in our country," Mr. Cheney said. "We will never forget the day the war began, or the way the war began. Our thoughts remain with the victims of 9/11."

In Shanksville, Pa., on a windswept hillside in a cold drizzle, the president laid a wreath on the spot where United Flight 93 crashed after passengers battled hijackers, whose intentions were likely to strike the U.S. Capitol or White House. He and first lady Laura Bush bowed their heads during a prayer and the singing of "Amazing Grace." Nearby, bells tolled in memory of the 40 victims, and afterward, the president shook hands with each family member.

"One moment, ordinary citizens, and the next, heroes forever," retired Gen. Tommy Franks said. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

The president said the passengers aboard Flight 93 "gave America our first victory in the war on terror."

But ground zero, virtually unchanged since the first anniversary, remained the focal point of the commemorations. Thousands of family members and friends of victims descended a long ramp to the bottom of the rubble-strewn pit, where they floated roses into the pool and wrote messages on surrounding wooden planks.

Above the hole, the husbands, wives and other loved ones of those who perished read the names of all who perished there in an emotional three-hour reading.

"If I could build a staircase to heaven, I would, just so I could quickly run up there to have you back in my arms," said Carmen Suarez, wife of police officer Ramon Suarez, who was killed after he rushed into one of the towers.

The president began his day with a breakfast with New York firefighters and police officers, a day after he and the first lady laid a wreath in both ground zero reflecting pools in the footprints of the North and South towers.

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"It's hard not to think about the people who lost their lives on September the 11th, 2001. You know, you see the relatives of those who still grieve. -- I just wish there were some way we could make them whole," he said Sunday.

In his speech last night, the president framed the war on terror within the September 11 anniversary and said Americans have renewed their faith because of the devastating attacks.

"The attacks were meant to bring us to our knees, and they did -- but not in the way the terrorists intended. Americans united in prayer, came to the aid of neighbors in need, and resolved that our enemies would not have the last word. The spirit of our people is the source of America's strength," he said.

The day was emotional for the nation's top leaders, with Defense Secretary Donald H. Rumsfeld recalling the attacks, and the price paid by the military.

"The highest tribute we can pay to them is to commit ourselves to doing everything possible to fight the extremists wherever they are, to making every effort to stay united as a country and to give our truly outstanding men and women in uniform all they need to succeed," he said.

The ceremonies looked toward the future. Organizers hope to raise $30 million in private funding to build a permanent memorial on a 1,700-acre site in Shanksville; the total cost is estimated to be $58 million. Congress has passed the Flight 93 Memorial.

At ground zero, construction has begun on a September 11 memorial and the 1,776-foot Freedom Tower, which is expected to be finished in five years.

Supporters are still seeking funds for a $22 million memorial park at the Pentagon. Its completion date has been moved back to 2008.

Bush Speaks To A Changed Nation, Where Unity And Clarity Have Evaporated (NYT)

By David E. Sanger

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — Five years ago, with the World Trade Center and the Pentagon still burning, President Bush faced the difficult task of preparing a shocked nation for war against a single enemy, one that had attacked American soil.

On Monday evening he faced a different, more daunting challenge: to make the case to a skeptical nation that stabilizing and democratizing Iraq was now the most important element of winning that same battle.

For in the end, a speech that began as a commemoration of one of the most searing and painful moments in American history became something else. For much of his 17-minute address from the Oval Office, Mr. Bush in effect acknowledged that his political standing and the success of his avowed mission to make the world safe from Islamic terrorism now rests on victory in Iraq, a mission his critics say was a deadly detour from the task he set out five years ago.

Mr. Bush's aides acknowledged beforehand that it would not be easy. The country Mr. Bush faced on Monday was very different from the shocked, angry but unified nation he addressed from the same chair 1,826 days before. Iraq and its aftermath had changed everything, dividing Americans who five years ago had largely unified around Mr. Bush's strategy, cutting his approval ratings in half and leaving in its wake questions about whether the president had made an ugly confrontation with Islamic extremists worse.

On a day when the White House said it wanted to focus on the victims of 9/11 and their still-grieving survivors, Mr. Bush nonetheless put Iraq front and center. "I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," he said, midway through his speech. "The answer is that the regime of Saddam Hussein was a clear threat," he said, and "posed a risk that the world could not afford to take."

Mr. Bush's aim was to put the arguments about Iraq into a broader context, to try again to change the minds of most Americans who tell pollsters that Iraq was, in retrospect, a dangerous diversion. Along the way, he has expanded the cast of terror groups and nations that America must defeat to regain its sense of security — not only a diminished Al Qaeda and a resurgent Taliban, but also Iranian mullahs and their Syrian neighbors, regional threats like Hezbollah and Hamas, and the Sunni extremists and the Shia militias that are battling for control of Iraq.

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"We are now in the early hours of this struggle between tyranny and freedom," Mr. Bush said, describing a conflict with no end in sight.

He had to make the argument, he has told visitors to the White House, because five years after the 9/11 attacks he worries that the country no longer views itself as at war. But his new approach has its own risks.

"If you conflate all of our problems into one massive, single enemy, you do not define the enemy properly," said Lee H. Hamilton, the former co-chairman of the 9/11 commission. "The risk is that you think you can take them all out with a single strategy. And you alienate the sympathizers, the people who we might be able to talk to."

"And if you don't define your enemy correctly," Mr. Hamilton concluded, "you risk getting your strategy wrong."

That debate over strategy underlies the deeply political element of Mr. Bush's speech, even though the White House insisted that this anniversary was no moment for politics.

The country is eight weeks away from a critical midterm election, at a time that the war in Iraq and the administration's policies on detention, domestic wiretapping and interrogation have made foreign policy a more partisan issue than at any other time in decades. Mr. Bush seemed to acknowledge that when he asked Americans to "put aside our differences and work together to meet the test that history has given us."

He compared the situation now to those faced by Franklin D. Roosevelt in World War II and Harry S. Truman at the dawn of the cold war. But it also had echoes of another era, of a time in 1970 when Richard M. Nixon was urging the country to unify behind a Vietnam War that was expanding into Cambodia.

Mr. Nixon famously warned that night that if "the United States of America acts like a pitiful, helpless giant, the forces of totalitarianism and anarchy will threaten free nations and free institutions throughout the world."

In the current conflict, Mr. Bush made it clear on Monday evening that while the war might have become more complicated, he believes that the choices remain as stark as they were five years ago.

"Whatever mistakes have been made in Iraq," he said, nodding to past misjudgments, "the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

To Mr. Bush's admirers, this was the Texan president at his Reaganesque best: defining America's enemies broadly, vowing their defeat and promising to make the spread of freedom his legacy. To his critics, it was Mr. Bush at his most dangerous, approaching the world with little interest in how America is perceived and lumping together its many opponents, even if their agendas and interests are quite different.

"It can be a little spooky," said David M. Kennedy, the Stanford historian whom Mr. Bush has consulted during his periodic Oval Office meetings with outsiders. "It's a war without end, in which our enemies grow like cancerous cells, regrowing as soon as we kill them off."

President Tries To Win Over A War-Weary Nation (WP)

By Dan Balz And Michael Abramowitz

The Washington Post, September 12, 2006

President Bush's Oval Office speech last night was the culmination of two weeks of efforts to rally the nation behind his policies and presidency by summoning the memory of Sept. 11, 2001. Five years after that indelible day, however, this president's capacity to move the public is severely diminished.

There were echoes of the language and logic Bush invoked five years ago when he united a stricken nation looking to him for both comfort and leadership. But he was speaking to a different nation last night.

Setbacks in Iraq have soured a majority of Americans on that mission. Falsely optimistic predictions of progress have undermined the administration's credibility. A majority of Americans question fundamental elements of the president's argument, including his contention that Iraq is the central front in the campaign against terrorism.

Cumulatively, it leaves decidedly uncertain whether this week's flood of rhetoric and remembrance can alter Bush's perilous circumstances -- at a critical moment for the future of the Iraq mission and the president's own domestic standing 56 days before the midterm elections.

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"The power of his rhetoric is in marked decline, and that's no reflection on the quality of what he says, which is still very high," said Max Boot, a senior fellow at the Council on Foreign Relations and a neoconservative scholar who has been sympathetic to Bush's anti-terrorism policies. "There's a desire in the country for more deeds, not more words. . . . We are losing a war right now, and there is no way to get around that."

Three previous times in the past 18 months, as public opinion has slipped, White House officials have announced that Bush would embark on a renewed effort to explain and defend his Iraq and anti-terrorism policies. None produced a lasting positive effect on how Americans view either the president or his policies.

The events of Sept. 11, 2001, provided Bush with many of the rhetorical high notes of his administration, from his bullhorn exhortation atop the rubble of Ground Zero three days after the attacks to the stern eloquence of his speech to Congress six days later in which he put the nation on the road to war.

With his five speeches in the past two weeks, including last night's, Bush has sought to use the fifth anniversary of those attacks to put the war in Iraq in a broader and more politically viable context while offering his interpretation of where the country stands in its long-term confrontation with terrorism.

White House officials are hopeful that the round of speeches will have some impact on moving public opinion. They said that Bush has presented an enormous amount of information and background about Iraq and terrorism, much of which they believe will come as news to many Americans with only a general impression of events.

"I am not so sure that the views [about the Iraq war and terrorism] are chiseled in stone," said White House press secretary Tony Snow. "There's been a lot of debate -- one side that may not have been fully represented in ours. . . . It seems that on a lot of things, people may not have fully understood the approach the president took and his thinking."

Both Snow and White House counselor Dan Bartlett singled out the effort to quote the terrorists' own words as a tactic they hope will break through to ordinary Americans who may not be aware of the terrorists' aims. "We may be having a debate in this country about whether Iraq is part of the war on terrorism, but our enemies believe it is," Bartlett said. "We were trying to transcend the political debate in Washington by letting the words of the enemies speak for themselves."

Polls show how the political ground has shifted over time. The Pew Research Center began charting early in Bush's presidency public confidence in his leadership. Bush enjoyed a solid majority until the summer of 2005, when the public was roughly divided. In February 2001, 60 percent of Americans said they saw Bush as trustworthy, compared with just 28 percent who did not. By last month, a majority, 52 percent, said they did not believe he was trustworthy.

"People see him as less trustworthy because things are not going very well," said Pew center director Andrew Kohut.

In his speeches, Bush has advanced several arguments, starting with the proposition that the United States is engaged in a long-term ideological struggle between forces of freedom and Islamic radicals who want to destroy freedom. Although U.S. adversaries come from different backgrounds -- ranging from radical Sunnis in al-Qaeda to Shiite militants such as Hezbollah -- Bush has characterized the opposition as forming a single movement, "a worldwide network of radicals that use terror to kill those that stand in the way of their totalitarian ideology."

"That's is an oversimplification of the task of dealing with the tactic [terrorism] that is used by many different groups, with many different ideologies," countered Paul R. Pillar, a former top CIA analyst and the author of a respected book on terrorism. "It leads to a misunderstanding of the need of what is in fact a different counterterrorist policy for each groups and state we are dealing with. . . . Hamas is an entirely different entity than al-Qaeda. . . . Their objectives are very much different."

Bush this week reiterated his four-year-old argument that Iraq is a central front in the broader struggle against Islamic terrorism. Premature withdrawal, he asserted, could make Iraq what Afghanistan was before the Sept. 11 attacks, an incubator for al-Qaeda. To support the point, he has noted not only the flow of foreign fighters to Iraq but, as on some earlier occasions, the words of al-Qaeda leaders themselves. In his speech last week to the Military Officers Association of America, Bush quoted Osama bin Laden as describing the war in Iraq as "a war of destiny between infidelity and Islam."

Daniel Benjamin, a U.S. counterterrorism official in the Clinton administration who has written extensively about the subject, said efforts to defeat the radical Islamist ideology have been undermined by the Iraq invasion.

"There is no acknowledgment that because we have inadvertently confirmed their claims -- that we seek to occupy Muslim lands, as we have in Iraq -- the ideology is spreading and undermining our efforts," Benjamin said.

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Bush's speeches have been sprinkled with what critics regard as factually questionable assertions -- adding to what even some allies have described as a credibility problem for the White House.

In discussing proposed new rules for trying terrorism suspects at the Guantanamo Bay prison, Bush last week said flatly that "the United States does not torture." That may have been the White House interpretation, but the CIA has approved tactics -- "water-boarding," for example, in which interrogators simulate drowning -- that many military and international lawyers consider outside legal boundaries.

Ross K. Baker, a political science professor at Rutgers University, said Bush retains the unique capacity to lead the nation through the commemoration of the 2001 attacks. "The speeches he's given have been meticulously crafted to avoid any obvious political message," he said. "But seen in an overall way, they reinforce in the mind of people his uniqueness as president and the fact that we're still in a dangerous situation, and in times of danger people inevitably rally behind the president."

The White House is hoping this analysis is right. "Public opinion is not going to change overnight, and we understood that going into these speeches," Bartlett said. "But that doesn't lessen his responsibility as the leader of this country in a time of war to carefully explain the conduct and developments of this war."

Osama's Spin Lessons (NYT)

By John Tierney

The New York Times, September 12, 2006

Somewhere, Osama bin Laden must be smiling. Or at least he will be whenever his couriers deliver the next batch of press clippings.

Once again he has beaten America at an American game: public relations. He may be sitting powerlessly in a cave, but his image is as scary as ever. He doesn't even have to cut a new video. He released an old one last week, the equivalent of a fading musician putting out a greatest-hits album, only this one's getting played every hour.

Last night, President Bush paid him homage by quoting his warning that America will face "defeat and disgrace forever" it if loses in Iraq. Bush himself called the war on terror a "struggle for civilization," and said it was essential to "maintain the way of life enjoyed by free nations."

It was just the kind of apocalyptic language favored by bin Laden, except that, for all his delusions, he might realize that American civilization is not really in jeopardy. Americans can try to copy him, but they don't understand his rhetorical technique.

They continually misinterpret his equine theory of international relations: "When people see a strong horse and a weak horse, by nature, they will like the strong horse." This is supposedly a reason America was attacked on Sept. 11 — it was perceived as weak for failing to respond to Al Qaeda's earlier attacks — and why it can't leave Iraq.

If we falter in Iraq, Vice President Dick Cheney explained to Tim Russert on Sunday, the war on terror will falter because people will say: "My gosh, the United States hasn't got the stomach for the fight. Bin Laden's right, Al Qaeda's right, the United States has lost its will and will not complete the mission."

But bin Laden knows something else the Bush administration hasn't figured out: You don't actually have to be the strong horse. You just have to look stronger. You can be weak, you can be pummeled in a fight, but as long as your opponent looks more scared than you, you can save face by simply declaring victory.

As an act of war, the attack on Sept. 11 was a blunder by Al Qaeda, and not merely because of the counterattack that destroyed Al Qaeda's training camps and ousted the Taliban. It also alienated former jihadist allies in the Arab world, and caused a rift within Al Qaeda.

One of its senior members, Abu al-Walid al-Masri, broke with bin Laden and accused him of having an "extreme infatuation" with international publicity. The attack, as Fawaz Gerges notes in Foreign Policy magazine, demonstrated that "bin Laden was prepared to sacrifice Afghanistan and Mullah Omar at the altar of his public relations campaign."

But at least bin Laden knew his P.R. Al Qaeda wasn't a serious military threat to America, but it could play one on television. As Al Qaeda's losses mounted and America recovered from the attack, bin Laden and his cohorts didn't let the facts get in the way of their campaign to promote fear (and themselves). They hid in caves and proclaimed themselves champions.

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America, meanwhile, accentuated the negative. Instead of declaring victory against terrorists after routing the Taliban and sending bin Laden into hiding, it invaded Iraq, reinvigorating Al Qaeda with a new tool for recruiting. Instead of putting the terrorist risk in perspective, Bush (with the full cooperation of Democrats and the press) set an impossible standard for making America safe.

"We're on the offense against the terrorists on every battlefront," Bush said last week, "and we'll accept nothing less than complete victory."

When you define victory that way, when you treat one attack from a disorganized band of fanatics as a menace to civilization, you've doomed yourself to defeat and caused more damage than they could. You can't completely stop terrorism, but you can scare people into giving up liberties, wasting huge sums of money and sacrificing more lives than would be lost in a terrorist attack.

Take it from bin Laden, who bragged in 2004 that it was "easy to provoke and bait this administration."

"All that we have to do," he said, "is to send two mujahedeen to the farthest point east to raise a piece of cloth on which is written Al Qaeda, in order to make the generals race there to cause America to suffer human, economic and political losses." And then Al Qaeda, no matter what losses it has suffered, will come off once again looking like the strong horse.

Bin Laden's Victory (WP)

By Richard Cohen

The Washington Post, September 12, 2006

NEW YORK -- I hear Osama bin Laden laughing. I heard him all day on Sunday and Monday as the mass murder of Sept. 11, 2001, was memorialized at the Pentagon and in that field in Pennsylvania and especially here, where the most people died and where countless cameras recorded it all for posterity and an abiding, everlasting anger. He laughs, the madman does, whenever George Bush says, as he has over and over, that America is "winning this war on terror." Bin Laden knows better. He has already won.

It is not merely that bin Laden has not been captured or killed and that videotapes keep coming out of his hideout like taunts. It is, rather, that his initial strategy has borne fruit. It was always his intention to draw the Americans into Afghanistan, where, as had been done to the Soviets, they could be mauled by the fierce mujaheddin. He tried and failed when he blew up the USS Cole off Aden at 11:15 a.m. on Oct. 12, 2000, killing 17 sailors and crippling the ship. But he succeeded beyond his wildest expectations when the United States responded to the Sept. 11 attacks by invading Afghanistan and, in a beat, then going to war in Iraq. It remains mired in both countries to this day.

From bin Laden's standpoint, this has been a glorious victory, made possible, it has to be said, by the totally unforeseen incompetence of the Bush administration. It was so intent on going to war in Iraq that it would not finish the job in Afghanistan. So, to bin Laden's absolute amazement -- I am guessing here -- the United States took on his enemy, the secular and ungodly Saddam Hussein, whom bin Laden himself would gladly have murdered. It has to be a wonderful thing when your enemy vanquishes your enemy.

On "Meet the Press" on Sunday, Dick Cheney said that if he had it to do all over again, he would still go to war in Iraq -- "we'd do exactly the same thing," he said. Why? Is the man incapable of learning from experience? We now know from umpteen reports that there was no link between bin Laden and Hussein. We now know, the Weekly Standard notwithstanding, that Mohamed Atta did not meet in Prague with someone from Iraqi intelligence. We now know that Hussein had no weapons of mass destruction and that the Iraq war -- which has cost America more than 2,500 lives, 20,000 casualties, the respect of the world and billions of dollars -- is for naught. Talleyrand said of the Bourbons that they forgot nothing and learned nothing. It will be said of Cheney that he forgot everything and learned nothing.

How did bin Laden get so lucky? How did he get so fortunate in his choice of enemies? The Bush administration not only validated his wildest dreams -- dreams that even some of his aides thought were unrealistic -- but went even further. By using torture, by the abuses at Abu Ghraib prison, by employing "extraordinary renditions" of suspects to countries where they could be tortured, by insisting on going it almost alone in Iraq, by telling the international community to shove it, by declaring a war for an

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idÃ©e fixe -- this fierce obsession with Hussein goes back a long way -- the United States has made itself reviled in much of the world.

And here at home, here in the United States of America, it will be a long time before lots of people trust their government again. Little wonder that 16 percent of respondents said in a recent poll that it was "very likely" that the government played some role in the Sept. 11 attacks to justify a war in the Middle East. This is a shocking figure, a measure not just of irrational thinking but of the cost of the Bush administration's mauling of the truth in its mad march to war. Bush has damaged his country more than bin Laden ever could on his own.

I was here on Sept. 11, 2001 -- downtown when the twin towers collapsed. My instantaneous reaction -- the thought that came to my mind as I heard the sound of the buildings coming down -- was for revenge. I would, to this day, kill Osama bin Laden with my own hands. But as much as I hate the man, I have to recognize that from his vantage point, from his mountain fastness somewhere on the Pakistan-Afghanistan frontier, he has won. What he had set out to do, he has done. That is more than we can say.

In Unpredictable District, Some Say Bush Is Politicizing Terrorism (NYT)

By Carl Hulse

The New York Times, September 12, 2006

ARVADA, Colo., Sept. 11 — Leaving services Sunday morning at Faith Bible Chapel, an evangelical megachurch, Jim McBride, a pilot who served in Vietnam, said he was not happy with President Bush's handling of Iraq. And he displayed little inclination to rethink his position despite the White House's new push to focus this year's Congressional elections on which party will keep the nation safer.

"I do have a bit of mistrust," said Mr. McBride, who said that he twice voted for Mr. Bush but that he is now disappointed — a sentiment he said is shared by many in his Bible study group. "The whole thing about W.M.D. and that Iraq is somehow tied to 9/11, I just don't believe it."

Mr. Bush has plenty of supporters in this Denver suburb and the surrounding cities, an evenly divided swing district that is a bellwether in the battle for control of the House. But interviews over the last three days here found Republicans, Democrats and independents all expressing degrees of skepticism about Mr. Bush's motives in delivering a set of high-profile speeches on terrorism and the war in Iraq two months before Election Day.

While it is too early to know whether the White House will succeed in winning over enough voters to make a difference in what is shaping up as a tight race, the interviews suggested that Mr. Bush's newest efforts to cast his party as better suited than Democrats to defend the country had yet to overcome concern and anger among many voters about Iraq and a more generalized sense of discontent with the administration.

"I have been a Republican all my life, but we have just gotten to the point where we may need a change," said Shannon Abote, an Arvada resident who was stopping at Starbucks for a coffee on Monday morning.

Many residents said they were aware only in general terms of Mr. Bush's recent speeches and his decision to bring high-level terrorism suspects to trial before military tribunals. They acknowledged that the terrorist threat often seemed distant, far removed from their busy lives in the shelter of the Rocky Mountains. Fewer than 20 people turned out Monday morning outside the Elks Club in Arvada to mark the fifth anniversary of the Sept. 11 attacks.

"Living in the central part of the country has probably kept terrorism from the forefront of our minds," said Peter Strecker as he and his wife, Robin, strolled through downtown Golden on Saturday with their 13-month-old daughter, Paige, after a sudden downpour.

Still, even strong Bush supporters said they doubted the presidential drumbeat on terrorism would alter the political landscape here. "I think people already have their minds made up," said Michael Mason, an engineer and Golden native. "The whole thing could end tomorrow, and they would still hate his guts. The damage has been done."

The random interviews with dozens of residents across the Seventh Congressional District were not scientific. But they do suggest that Mr. Bush's public standing could be problematic for the Republican candidate in the race for the open House seat,

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Rick O'Donnell, and that the Republican push on terrorism will not necessarily pack the same political punch it did in 2002 and 2004.

"I think it is the only card they have got," said Floyd Ciruli, a longtime Denver pollster, referring to the national Republican focus on terrorism. "Will it make a difference in Colorado? Absolutely not."

If so, that would be bad news for Congressional Republican leaders. They are counting on Mr. Bush's concerted efforts to both raise his own public approval and to simultaneously help give Republican House and Senate candidates an edge on the security issues that have dominated the last two national elections. But polls indicate that the climate is different this year, with fewer Americans confident that the fight against terrorism is going well, and Democrats, including Mr. O'Donnell's opponent, Ed Perlmutter, are vigorously trying to counter Mr. Bush.

"My job is to make sure that people remember that all this was brought out in '04 and '02," said Mr. Perlmutter. Republicans are resurrecting the "same old plays from the same old playbook," he said. "The war on terror is clearly an important subject, but they have made a mess of it."

Mr. O'Donnell said terrorism and the war in Iraq continued to be secondary issues in a race he described as being driven more by immigration and economic issues. "Having the president talk about the threat to the country reminds people that we live in a dangerous world, but it is not the No. 1 issue on their minds," he said.

Mr. O'Donnell, who was the beneficiary of a fund-raising visit by the president this year, has good reason to put a little distance now between himself and the president: Senator John Kerry carried the district in the 2004 presidential race.

But Mr. Bush retains his strong backers.

At the Sept. 11 ceremony on Monday in Arvada, Nancy Goodman, whose 21-year-old son is finishing a tour as a marine in Iraq, expressed full confidence in Mr. Bush's antiterrorism strategy.

"I agree with what he is doing," said Ms. Goodman, a Republican, who said the public could not always know the reasoning behind the administration's actions. "We have to trust our leadership, and we have to trust our military, and we have to trust that they want to protect us."

Blaine Engdahl, an off-duty police officer who was waving the flag Saturday as he watched Arvada's annual harvest festival parade from the back of a pickup, said: "I think he has made his mistakes, but he is trying. If we don't fight them there, we are going to be fighting them over here."

Dale Burkhart, another Bush supporter, urged the president to step up the effort to get his message across. "Everybody has forgotten why we got hit," Mr. Burkhart said. "Americans need to be continually reminded because of the way we live. We are blessed, and we take it for granted."

But independents and Democrats repeatedly characterized Mr. Bush's recent spree of speeches and actions on terrorism as a cynical effort to thrust the issue into the Congressional campaign season.

"I think it is a calculated attempt on the part of the president and Karl Rove to push terrorism before the election," said Patrick Bassett, a Democrat and software developer from Golden who was visiting a mall in Aurora. "All these issues could have been brought up at an earlier time."

Robin Dodich, a retired teacher and self-described independent who was part of a small group of antiwar protesters along the Aurora parade route, called Mr. Bush's recent actions disgusting.

"Republicans believe their party is in trouble and they want to help their campaigns," Ms. Dodich said. "It is almost like Bush is frantic."

Nation Pays Tribute To Heroes (USAT)

By Rick Hampson And Charisse Jones

USA Today, September 12, 2006

NEW YORK — Americans solemnly remembered and mourned Monday the lives lost five years ago in the worst terror attacks on the nation, a tragedy that President Bush said brought "extraordinary acts of courage" and heroism from ordinary citizens.

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Ceremonies marked the Sept. 11 anniversary at Ground Zero, the former site of the World Trade Center towers, and at the Pentagon and in a Pennsylvania field where Americans died in attacks that propelled the nation to war.

More somber memorials were held in schools, churches and other places across a nation still seared by the fresh memory of that day.

Bush began the remembrances at a New York firehouse, laying a wreath and mingling with firefighters and police officers who were among the first to rush to the burning towers. He visited 9/11 crash sites in Shanksville, Pa., and the Pentagon before returning to the White House to deliver a prime-time television address.

Bush paid tribute to the heroism of "ordinary citizens rising to the occasion," and described the wars in Afghanistan and Iraq that have ensued as "a struggle for civilization."

"We are fighting to maintain the way of life enjoyed by free nations," he said. "We are fighting for the possibility that good and decent people across the Middle East can raise up societies based on freedom, and tolerance, and personal dignity."

He said the nation faces "a difficult road ahead."

"If we do not defeat these enemies now, we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons," he said.

At Ground Zero, a procession of loved ones read the names of the 2,749 people who died in the collapse of the twin towers. Some held photos. Many sobbed.

"There's no way to mend a broken heart," said ToniAnn Carroll, wife of Peter Carroll, a New York firefighter who died at the World Trade Center.

The Trade Center site fell quiet at 8:46 a.m. and 9:03 a.m., the moments in 2001 when hijackers crashed jetliners into the twin towers.

At the Pentagon, where 184 people died when a jetliner flew into the building, Vice President Cheney and Defense Secretary Donald Rumsfeld led the observance.

In the Pennsylvania field where 40 people aboard United Flight 93 died hundreds gathered at a temporary memorial — a chain-link fence covered with U.S. flags, firefighter helmets and children's drawings. "We should be thinking about remembering on Sept. 12th and 13th and 14th, when America really came together," said Jerry Bingham, whose son, Mark, died on Flight 93. "Somewhere along the line, we lost that."

Survivors At Three Gatherings Talk Of Heroism, Loss And Love (USAT)

By Rick Hampson

USA Today, September 12, 2006

From Ground Zero to the Pentagon and a remote field in western Pennsylvania, Monday's fifth anniversary of the Sept. 11 terrorist attacks prompted Americans to measure the day's meaning through the words and tears of the victims' survivors.

Memorials, dedications and religious services marked the day when Muslim extremists turned jetliners into weapons and ushered in what has come to seem like the age of terrorism.

"It surely cannot be easy to come to this site and speak out loud the name of the person you had thought would always be next to you," New York City Mayor Michael Bloomberg told thousands at Ground Zero, where 2,749 died when the World Trade Center towers collapsed. "We stand by your side, yet who can know what is in your hearts?"

He soon got an answer. After reciting their loved ones' names, many relatives — like others in other places — said what was in their hearts:

•"I miss you, and I need you." — Eulogia Hernandez, wife of Nuberto.

•"The greatest gift I can give you is the gift of remembrance. Love you, babe." — Joanne Grzelak, wife of Joseph.

•"The cost of freedom is vigilance." — Nicholas Chiarchiaro, husband of Dorothy Chiarchiaro and uncle of Delores Marie Costa.

There were promises: "Don't worry, your granddaughter will know all about her Poppa," Stephanie Esposito told her husband, William.

Requests: "Keep your shadow on us … so that I do not lose my path," Sneh Jain asked her husband, Yudh Vir Sing Jain.

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The expressions of grief, longing and hope came amid public sentiment that the war on terror is far from over. A USA TODAY/Gallup Poll found last month that four of five Americans think suicide bombers probably will strike a crowded U.S. location in the next five years.

There were reminders of those fears Monday. New York's Pennsylvania Station was evacuated because of a suspicious duffel bag that turned out to hold nothing but trash. A jet bound for San Francisco was diverted to Dallas after a backpack and handheld e-mail device were found on board. Both were harmless.

Everywhere, Americans remembered. At Boston's Logan Airport, where two teams of 9/11 terrorists boarded jets they later crashed into the World Trade Center, security screeners wore wristbands reading "We will never forget" and stopped checking passengers for a moment to mark the anniversary. In Akron, Ohio, firefighters sounded sirens for 30 seconds to symbolize the moments the twin towers fell. In San Diego's Balboa Park, 500 people held a remembrance walk.

At the three hallowed sites where almost 3,000 people died, a nation mourned, reflected and moved forward:

America Marks A Grim Anniversary (WP)

By Michael Powell, Josh White And Theresa Vargas

The Washington Post, September 12, 2006

In three wounded communities yesterday, the nation commemorated the worst terrorist attack in American history, as bells sounded, thousands murmured prayers and the families of victims once again read the names of their lost loved ones.

On the fifth anniversary of the Sept. 11 hijackings, there was an aching familiarity to the rituals. In New York, family members recited 2,749 names, punctuated by violins and the wail of bagpipes, to the drawn and tearful faces of the families of the victims.

President Bush joined the commemoration in New York, journeying to Ground Zero on Sunday night to lay a wreath and then sharing Monday breakfast with 75 firefighters at a firehouse, nicknamed Fort Pitt, on the Lower East Side. He later flew to Pennsylvania to lay a wreath in the Shanksville farm field where United Airlines Flight 93 hurtled to Earth, and then he traveled on to the Pentagon.

Families and firefighters and cops in New York filed slowly down ramps into the three-story-deep pit that is Ground Zero, gray slurry walls rising around them. Bells sounded at 8:46 a.m. and 9:03 a.m. -- the moments when the hijacked planes slammed into the twin towers. On the podium, Carmen Suarez glanced skyward as she finished reading 10 names of those who died.

Her husband, police officer Ramon Suarez, died in those towers.

"If I could build a staircase to heaven I would," Suarez said, "just so I could quickly run up there to have you back in my arms."

Rain fell in Shanksville and cool and clouds cloaked Washington, but in New York it was one of those eerie carbon-copy days: a slight chill of autumn, a cloudless sky, wind tugging at flags, just like five years ago. Except that yesterday, every flag in the city was at half-staff.

Bush and Vice President Cheney paid homage to the dead. And as during the past few weeks, they did not hesitate to try to draw a connection between the Sept. 11 attacks and the war in Iraq.

New York Battalion Chief Jim Savastano, who knew 100 of the 343 firefighters who died at Ground Zero, sat next to Bush at the breakfast of scrambled eggs and French toast; he recalls talk of war. "He talked about how he's going to continue the war on terrorism," Savastano said. "He's not going to give up the fight."

Cheney observed the day at the Pentagon, where five years ago American Airlines Flight 77 rocketed into the facade, burrowing its way through the building's outer rings and killing 184 people. Five hundred family and friends of the lost sat in a cold drizzle, listening as speakers mixed soft talk of empathy with blunt calls to support the nation on its two war fronts: Iraq and Afghanistan.

Heads turned as one commercial jet after another streamed over the Pentagon's Mall Terrace, the roar of engines drowning out the voices below and sending a chill of remembrance through the audience.

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"There are no words that can soothe your pain and no way that we can truly understand all the sacrifices that you have made," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told the audience.

Cheney's style was more aggressive, as he tossed rhetorical haymakers at critics of the Iraq invasion. "We have no intention," he said, "of ignoring or appeasing history's latest gang of fanatics."

In New York, there was little talk of the war. Recent polls show that 75 percent of the city's residents see no links between the 2001 attacks and the three-year-old war in Iraq. Antiwar sentiment is deeply felt in New York, even by Republicans, polls show.

Jack Lynch went to Ground Zero yesterday with his wife to stand once again in the footprint of those 110-story towers. He recalled searching in that wreckage for the body of his son, Michael, who was a firefighter with Engine 40, Ladder 35, on the Upper West Side of Manhattan.

"On March 21, 2002, we recovered Michael's body," Lynch said. "His body was entangled with a body of a female. . . . The medical examiner said he was either carrying her or protecting her.

"It was saving grace because we know that Michael . . . died doing something noble."

Lynch wishes he were younger so that he could fight terrorism. But not in Iraq. "Iraq really is the wrong target," he said. "Terrorism is the target and the attitude of those that want to hold us hostage in fear."

Five years out, the emotion is less raw than it was in those first years. One could walk the streets of Manhattan or the District yesterday and sense little amiss. But that impression would be wide off the mark.

In Astoria, Queens, a working-class immigrant community, Joseph Kiss walked beneath the elevated tracks on Broadway. He is a just-retired elevator operator, a white-haired, blue-eyed Croatian immigrant with a gold crucifix. Ask if he still thinks of that day and he nods.

He said his daughter was nearly buried under the wreckage and was rescued several hours after the collapse.

"Every day I think about how I almost lost her, trapped down there in the cement and dust," he said. "I remember calling her and calling, hope she get home.

"I am lucky, though. So many families --" He paused and snapped his fingers. "They look up and they lost the love of their lives."New York

Lt. Tom Carlstrom, 53, walked one last time in his dress blues along the eastern lip of the gaping hole where this city's two largest towers once stood. He is a New York City firefighter of 25 years' service, or rather he was -- he retired yesterday at 2 p.m.

Five years ago, Carlstrom, a quiet and polite man who stops here to help an old woman navigate a high curb and there to help an old Marine veteran tape a memorial on the fence, was in the North Tower. He was setting up a triage unit in the cavernous lobby when he felt a shaking and heard a roar, like an avalanche. One hundred ten stories were coming down upon him.

"The South Tower had already gone, so we knew this could happen," he said quietly as he stood on Church Street, watching the Emerald Society's bagpipers wet their lips. "I knew I had six, maybe seven seconds."

He ran north on West Street and dived down a side street. Metal beams, clouds of volcanic-like dust and boulders hurtled by. Somehow -- he's not sure how or why -- Carlstrom survived, and as he huddled there he thought of his friends who at that moment were dying.

"I come down every year, to think about my people I couldn't get out of there." He shrugged, helpless. "These memories are never going away, I realize that now."

Each anniversary has its own feel. The first was defiant and heartbreaking, the Fire Department's bagpipers leading a ragtag march of 3,000 firefighters, cops and ordinary citizens into the dawn and across the Brooklyn Bridge to Ground Zero.

This anniversary feels different, the wounds half-cauterized, the neighborhood around Ground Zero rebuilt, shiny, polished. And yet the roses are stuffed in the gates and the photos taped up, and everywhere around Ground Zero there are families with photos of their loved ones on their lapels and purses, slowly walking down the ramp into that deep pit.

There was not a sense this time of a city come to a stop. Many on Church Street hurried to work. But others were there to protest, to talk of conspiracies, to put up art -- and many just to quietly listen as family members read off the names of the dead.

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"I worked in the hole a couple of times, and it kind of touched me," Tom Miller, 41, said from behind mirrored sunglasses. He wore biker boots, a T-shirt with a big American flag and a handlebar mustache. He repairs construction cranes, and he drove south on his Harley to the memorial.

"It's just emotional, the destruction, to see people wasted here -- that's just the best way to put it."

Elsewhere the day was given to private remembrance. At Sixth Avenue and Houston Street a powerfully built man in a business suit and sunglasses knelt on the sidewalk, head bowed in front of Engine House 24, which lost eight men on that day.

He got up and walked away and was momentarily startled to be asked his thoughts. "I live across the street, and I guess I feel like I owe these guys my prayers," he said. "I love this city, but I don't feel it's very healed. So many people just got wiped out on a perfect day just like this."The Pentagon

Zenovia Cuyler was starting her morning at a Pentagon health clinic on Sept. 11, 2001, when she heard that an airplane had ripped through the building's limestone exterior. When she learned where the plane had crashed, she immediately feared the worst.

"I watched the building burn for a while, and then I knew my mother was gone," Cuyler said yesterday, her eyes softening. "In a way, she's still here."

Surrounded by family members, Cuyler returned to the spot yesterday where her mother, Ada M. Davis, 57, was working as an accountant for the Army five years ago when Flight 77 rammed through the Pentagon's E-ring at 9:37 a.m. For Cuyler, of Upper Marlboro, the wars and the U.S. troops dying overseas are a continual reminder of that personal horror.

"I haven't healed because I live it every day," she said. "There is no closure."

Beneath ominously dark clouds and a sporadic spitting rain outside the Pentagon yesterday, Cuyler and more than 500 family members and friends of the 184 victims joined in solemn remembrance. They waved small American flags and saluted the same enormous Stars and Stripes that draped the Pentagon in the days after the attack.

Songs such as "Battle Hymn of the Republic" streamed through the morning mist, while America's top military leaders spoke of the great sacrifices members of the military made on Sept. 11, as well as the sacrifices they are now making. Cheney, Pace and Defense Secretary Donald H. Rumsfeld said the attacks marked the surprise beginning of a now-global struggle.

The moment appeared to affect Rumsfeld, who struggled briefly through his opening words before speaking about the need to aggressively go after the terrorists who celebrated while America mourned the victims five years ago.

"The highest tribute we can pay to them is to commit ourselves to doing everything possible to fight the extremists wherever they are, to making every effort to stay united as a country, and to give our truly outstanding men and women in uniform all that they need to succeed," Rumsfeld said, a sling holding his left arm in place after surgery last week.

In a brief afternoon visit, Bush and the first lady placed a wreath at the spot where the plane hit the Pentagon, standing for a moment of silence before a five-piece band played a soft version of "America the Beautiful." Several senior senators and White House officials joined about 225 family members representing 56 victims. Bush then spent about 15 minutes shaking hands and sharing hugs, at one point wiping tears from his eyes.

Joyce Johnson's eyes began to water as she talked about her husband, Army Lt. Col. Dennis M. Johnson, who five years ago died just a few feet from where she was standing.

Walking away from the afternoon ceremony, five years of memories flooding back to her, Johnson praised Bush for his dedication to the victims: "Just for him to take the time to go to all three places means more than anything."Shanksville

Just a few miles down the road from a field shrouded with memories and mementos, Oleg Kis stood in his hotel trying to decide whether to wear the suit jacket and tie or the black T-shirt folded on his bed.

"This may be too provocative," said the soft-spoken Kis, 49, holding the T-shirt out in front of him, the words "Face the Facts" emblazoned on the front. In one corner of the room, boxes brimmed with thousands of fliers. In another reclined a placard splashed with the words "Stop 9-11 Cover-Up."

"I believe the truth should be spread," Kis said of his one-man protest at the crash site.

People came for many reasons, some alone and some by the busload, to a field even locals considered the middle of nowhere until a plane punctured the earth five years ago. Danielle Anderson, 18, and Angela McMillen, 21, drove hundreds of miles through the night from Dubois, Pa., to in hopes of creating a memory for themselves.

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"My grandmother talked to me about WWII, and my parents talked to me about Vietnam," McMillen said. "This is what we're going to tell our children."

They came on a whim, leaving at 2 a.m. and arriving before the sun rose. About 1,000 people would follow, gathering under a slate-gray sky at 9 a.m. for the memorial service. There were prayers and victims' names read and politicians searching for words of comfort.

Afterward, Bush visited the crash site with families, taking a moment to talk to each. A chapel also held a service, with people spread among fold-out chairs. Alice Hoagland, mother of victim Mark Bingham, attended both ceremonies.

"This is really comforting to be here today, to look into the eyes of the other Flight 93 families and to grieve together and to find comfort together," Hoagland said.

If there was a lesson her son and others on Flight 93 learned that day, it was that there is power in numbers, she said.

Shanksville, a small town of about 250 people, often appears overwhelmed by the attention. This is a place where deer, raccoons and bears still wander up to back porches and where scrapple, a mix of cornmeal and pig fat, is a dietary staple. The plane crash ripped a hole in that solitude.

"I stomped these grounds when I was a kid," said Fred Bruening, 76, adding that he shot his first 10-point buck where the plane came down. "Just think of a boy who might have seen two cars all day long going down that road to Shanksville. I never would have never thought there'd be all these people standing here."

He and his wife had driven from Youngtown, N.Y., for the ceremony yesterday, as they have every year since the crash.

"This is our special place," said Diane Bruening, 62.

Up the hill, near the makeshift memorial that has grown each year, Kis stood in a gray suit and blue tie, handing out fliers and calling to passersby.

"Find out what really happened," he shouted.

"You're a moron," one man yelled back.

"What you're trying to accomplish has nothing to do with what is going on here," shouted Jim Kunkel, 38, of Pittsburgh. "Go away."

"I don't want them to have died uselessly," Kis yelled back.

Memories, Grief Endure Across Region (WP)

By Michael E. Ruane

The Washington Post, September 12, 2006

In the past five years, Ron Miluszewski has been unable to shake the smell of the first victims who were brought to his hospital from the shattered Pentagon: They reeked of jet fuel.

In the past five years, Mazie Lawson's anguish at the loss of her daughter, Cecelia Richard, on Sept. 11, has lingered, undiminished.

In the past five years, Colin Wolfe grew from childhood in Manassas to the Marine Corps in Iraq, determined to battle the perpetrators of Sept. 11. Yesterday -- at the age of 19 -- he was borne to his grave in Arlington National Cemetery.

So much can happen in five years, while much stays unchanged.

Five years after the Sept. 11 terrorist attacks, residents and visitors across the Washington region paused yesterday, away from the grand commemorations, to remember the milestone and take stock of all that has and has not changed in the half-decade since 2001.

At the Lincoln Memorial, prayers for nonviolence echoed across the Reflecting Pool and mingled with the roar of airliners soaring through the overcast that shrouded the city and its psyche.

At a downtown Washington cathedral, a churchgoer attended Mass carrying a framed photograph of a Roman Catholic priest who died in the World Trade Center.

And at a Montgomery County interfaith building project, a 74-year-old Rockville man lamented that he had not done more to improve ethnic relations in the past five years.

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"I'm looking for ways to knock down barriers," John Harris of Rockville said yesterday as he stood in the drizzling rain wearing a tool belt and jacket. "Get to know people as individuals, not categorize them by groups."

Harris and 14 other volunteers had assembled in Burtonsville to build townhouses as part of what Habitat for Humanity of Montgomery County had dubbed "Interfaith Build," aimed at bringing together Christian, Jewish and Muslim volunteers. Habitat planned a group lunch and breaks for prayers. But the Muslim contingent never showed. (A representative of the Muslim group later said that he didn't have directions and that by the time he and volunteers reached each other on the phone yesterday, the build had been called off because of rain.)

At the site, the early end to the project gave Harris time to reflect. A Missouri native, onetime CIA worker and lifelong liberal-leaning Baptist, he is nothing if not honest with himself.

Five years ago, immediately after Sept. 11, he hoped the nation's unity would have him getting to know more Muslims. That hasn't happened. He blames himself, in part, saying he instinctively falls back to being with those he knows best, Christians. But he also thinks the war in Iraq has hurt unity.

"We have broadened who the enemy is," he said.

* * *

At the Lincoln Memorial, Arun Gandhi, grandson of Mohandas Gandhi, India's famed philosopher statesman, led speakers and bystanders in calling for peaceful approaches to counterterrorism.

"I see a lot more fear in the minds of people," said Gandhi, who lives in Rochester, N.Y., and, with his wife, Sunanda, founded the M.K. Gandhi Institute for Nonviolence. "It's reached a point where somebody shouts, 'boo,' and everybody runs."

As he spoke, Gary Smith, 60, who served in Vietnam with a Marine Corps artillery unit, was walking by with his wife, Margaret, 60, and their granddaughter, Shelby, 13, who was wearing a pink sweatshirt that said "FBI."

Smith, of Adrian, Mo., said he has changed in the past five years. But he is not afraid. "I'm an American, and I'm going to do what I want to do," he said. "I'm free, and I'm going to stay that way. They're not going to scare me. They may make me nervous. But they're not going to scare me."

* * *

Across the Potomac River, the body of Colin Wolfe was being carried through Arlington National Cemetery. Wolfe was a 14-year-old, preoccupied with girls and baseball and successfully sidestepping homework assignments, when the terrorists stuck.

It was in that moment, when the twin towers fell and the Pentagon was on fire, that the Manassas youth decided his future would take a very specific path: service in the Marine Corps.

Wolfe deployed to Iraq in July. He was killed last month, cut down when his Humvee struck a roadside bomb.

Yesterday, the Marine lance corporal was buried on a day his parents said they selected for its raw symbolism.

"September 11 was an integral part of his decision process to become a Marine, and it seems absolutely appropriate," said Wolfe's father, Mark Wolfe.

* * *

In Bladensburg yesterday morning, a bell chimed 25 times in honor of the 25 Prince George's County residents who lost their lives that day five years ago.

Mazie Lawson, 77, shed tears as the bell tolled for her daughter, Cecelia Richard, 41.

The ceremony was held to dedicate the Prince George's County Sept. 11 Memorial at the Bladensburg Waterfront Park at Peace Cross. Twenty-five white crepe myrtle trees, one for each victim, lined a brick walkway and a granite memorial with an inscription that reads: "We will always remember them."

Lawson, of Capitol Heights, tried to hold back tears as she talked about her daughter. "It's a terrible feeling," she said. "It's a hole that can't be filled."

"I just hate the word 'closure,' " Lawson said. "There's never closure. To me, the word closure means to close and forget, and I never want to forget my daughter's spirit."

* * *

In Vienna, about 50 people gathered on the lawn of the Freeman House for the town's annual Sept. 11 commemoration, organized by American Legion Post 180. Some took shelter from the drizzle beneath a maple tree; others sat in folding chairs.

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Ron Miluszewski, director of admissions at Virginia Hospital Center, was the featured speaker. The hospital treated 44 victims of the Pentagon attack, and his memories of that day at the hospital's triage center are a mix of horror and heroism: The sound of the ambulance sirens bringing the day's first victims. The two injured servicemen who, after receiving treatment, tore off their hospital tags and returned to the crash site at the Pentagon to look for others. The smell of jet fuel on the burn patients.

"It's a memory that has stayed in my head," he said later. "All I could smell was jet fuel, like being in an airport. I'll never forget that. I've tried to. But every time I go to an airport, the smell of jet fuel reminds me. It was so strong."

* * *

A group of Arab Americans gathered at the Capital Hilton hotel downtown to mark the anniversary. One of those in attendance, Samiah Bahhur, 45, was upset.

"Don't use the word 'angry,' okay?" she said.

An energy regulation specialist, Bahhur said she feels "punished" when she finds airport security slips in her luggage or when she thinks about the Patriot Act -- which she feels unfairly puts Arab Americans such as herself under a microscope and makes other Americans feel suspicious.

"We are just like every other American," she said, her right hand gesturing firmly. Bahhur, of Fairfax, was among 150 people in business suits, military uniforms and modest hijabs who came to listen to religious figures -- Muslim, Christian and Jewish -- reflect on the past five years. Speakers talked about the anti-Muslim, anti-Arab vitriol that came after Sept. 11, as well as the interfaith bonding.

Bahhur said she wanted to be optimistic. She volunteers with the Red Cross and the Arab American Institute and tries "not to let the things that affect the community affect me." She said she remembers feeling optimistic in the months after the attacks after seeing people work for more tolerance, more education. But then came the wiretapping and other terrorist incidents, each one a reason for some to let loose a little hate.

* * *

Last night, thousands of football fans waved small American flags, chanted "USA! USA!" and observed a moment of silence before the start of the Redskins-Vikings game at FedEx Field.

But in a utility tunnel beneath the stadium, Prince George's firefighter Ernie Alsop stood by, sitting in a firetruck, in case of calamity.

Alsop, 46, is in his 25th year as a firefighter, but this is his first season working security at Redskins games.

He worries about car fires and sick fans and, now, mysterious backpacks stashed in the woods.

"You can't let that stuff go these days," he said. "You've got to check everything out. I'm a rookie when it comes to this, but I know that day has changed the world."

* * *

During Mass in the cathedral in Washington, John Mohan sat with a black-framed, smiling photograph of his friend, Franciscan priest Mychal Judge. The 68-year-old Roman Catholic chaplain for New York's fire department was killed at the World Trade Center as he ministered to the dead and dying.

"There's a sadness of course . . . but I do think there is a determination too, to remember those who died and maybe take what was good from their lives," said Mohan, 41.

The District resident was among about 200 worshipers at the Mass celebrated by Washington Archbishop Donald W. Wuerl at the Cathedral of St. Matthew the Apostle in Northwest Washington.

In his homily, Wuerl sought to dispel the paralysis that people can feel in the face of horrible events. "Our capacity to change the world is not as limited as we think," he said.

After the Mass, Mohan stood in line to speak with Wuerl. He asked the archbishop to bless the photograph.

Later, standing on the steps of the red brick cathedral, Mohan called Sept. 11 "one of the landmarks that you look at and say, 'Where were you on the day?' And everybody knows where they were before and after, and how their lives changed."

The experience, he added, had marked his generation, "maybe in some ways that people in this generation living now are not even aware of yet and won't be for many years to come."

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Marine Felt Calling After 9/11 Attacks (WP)

By Leef Smith

The Washington Post, September 12, 2006

Colin Wolfe was in sixth grade, fixated on girls, sports and the challenges of being a preteen, when a group of Marines visited his Manassas elementary school.

He returned to his Manassas home that afternoon with their presentation swimming in his head. Perhaps, he told his parents, he might enlist one day.

It was just childhood talk, his parents reasoned. Their son was a skilled ballet dancer, performing since childhood with a local dance company, and he had smarts. Perhaps he would go to college.

Then came Sept. 11, 2001.

Wolfe was 14 when the twin towers fell, and like so many, he watched in horror as the Pentagon burned on cable news channels.

He was just a boy, but the call to action that he felt struck deep.

In the years that followed, he collected articles depicting the attacks and search for Osama bin Laden. He talked with friends and family about the war on terror and visited the Pentagon and Ground Zero in New York.

And when he graduated from Osbourn High School in Manassas last year, he did the one thing he felt in his heart that was right: He enlisted in the Marines, ready to fight.

"Like a lot of kids, he had a sense of wanting to serve his country, but 9/11 crystallized that in him," said Mark Wolfe, his father.

Pfc. Colin J. Wolfe, 19, was deployed to Iraq in July. He was killed Aug. 30 in Anbar province, when the Humvee in which he was riding struck a roadside bomb.

Yesterday, family and friends gathered at Arlington National Cemetery to honor the slain Marine. His parents picked Sept. 11 for the burial, believing it to be a fitting tribute to a young man who gave his life for his country in Iraq.

"He knew what he was fighting for and what he was all about," Mark Wolfe said. "He believed he was serving the country, protecting the country. He had made his choice."

Colin was assigned to the 3rd Battalion, 2nd Marine Regiment, 2nd Marine Division, 2nd Marine Expeditionary Force at Camp Lejeune, N.C., and was posthumously promoted to lance corporal.

Hundreds of mourners -- among them Virginia Sens. George Allen (R) and John W. Warner (R) as well as Rep. Frank R. Wolf (R-Va.) -- gathered at the graveside under a threatening, gray sky.

They listened as a bugler played taps, the instrument's echoes fading softly across the field of grass and gravestones. They watched spellbound as six marines folded the American flag draped over Wolfe's coffin with precision.

The motorcade to the cemetery -- one of the largest for a casualty of the Iraq war, according to cemetery officials -- was led by a small police escort.

Family members said Wolfe wasn't planning a career in the military. He just felt he had a job to do -- and not as an officer, either. Wolfe's father said he wanted to be on the front lines, doing the real work, he said.

Mark Wolfe said his son's battalion has lost six Marines in the past few weeks, a heavy toll that drives home the danger of their jobs.

"People in the general public don't realize how hard they fight and how many risks they take," Mark Wolfe said. "It's war."

But Colin Wolfe knew it was war. He looked on the conflict in Iraq with the same gravity as he viewed World War II, his father said.

Shortly after Colin graduated from high school, his family traveled to France, where they drove from Paris to Omaha Beach, the famous Normandy landing site during the allied invasion of World War II. They were there, Mark Wolfe said, to pay their respects.

For Colin, who had just enlisted, it was "hallowed ground." He pointed out to family members headstones marked with the Star of David -- a symbol of Jewish heritage, like his own.

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Mark Wolfe said he last spoke with his son on Aug. 19. The phone conversation lasted 15 or 20 minutes, and Colin talked about the tedium of combat and how much the Iraqi children loved the Marines. His father said he stressed that the Iraqi soldiers were doing a good job, that they were to be trusted.

The job might be progressing slowly, he told his father, but they were going to get it done.

"We're winning," Colin said. "It's just going to take some time."

U.S. Observes 5-year Anniversary Of 9-11 (AP)

By Amy Westfeldt And Erin Mcclam

The Associated Press, September 12, 2006

Clutching photos to their hearts and blowing kisses to the sky, tearful loved ones of Sept. 11 victims recited a 3 1/2-hour litany of the lost Monday, the names echoing across an expanse still largely barren five years after terrorists destroyed the World Trade Center.

At the Pentagon and on a wind-swept Pennsylvania field, and in simpler, quiet moments in airport security lines, at churches or by themselves, Americans paused to reflect on the worst terrorist act on U.S. soil.

The centerpiece of the commemorations was the mostly barren 16-acre expanse at ground zero, where four moments of silence were observed to mark the precise times jetliners crashed into the twin towers and the skyscrapers crumbled to the ground.

The achingly familiar task of reading the names of the 2,749 trade center victims fell this year to their husbands, wives and partners, who personalized the roll call with heartbreaking tributes to the loves of their lives.

"If I could build a staircase to heaven, I would, just so I could quickly run up there to have you back in my arms," said Carmen Suarez, wife of city police officer Ramon Suarez, killed five years ago at the World Trade Center.

And this from Linda Litto, who lost husband Vincent Litto: "As I said 31 years ago tomorrow, I will love you and honor you all the days of our life. Happy anniversary, my love."

On a crisp, sunny day not unlike the morning of the attacks, family members descended into the pit 70 feet below ground where the towers stood, tearfully laying wreaths and roses in the skyscrapers' footprints.

The mournful sound of bagpipes, so familiar from the seemingly endless funerals that followed Sept. 11, echoed across ground zero after a choir performed the national anthem.

The ritual has changed little since the first anniversary of the attacks, and in many ways the site has remained the same as well.

Squabbles over design and security have caused long delays in the project to rebuild at ground zero. Only this year did construction start on a Sept. 11 memorial and the 1,776-foot Freedom Tower, which is not expected to be finished for five more years. At dusk, officials planned to turn on a memorial light display in lower Manhattan, sending beams of blue light skyward in a glowing silhouette of the twin towers.

President Bush laid a wreath at the Shanksville, Pa., field where United Flight 93 crashed, and privately greeted relatives of the 40 people killed there. Standing without umbrellas in a cold rain, he and first lady Laura Bush bowed their heads for a prayer and the singing of "Amazing Grace."

"One moment, ordinary citizens, and the next, heroes forever," retired Gen. Tommy Franks said, alluding to the Flight 93 passengers who apparently fought the hijackers and forced them to crash the plane into the ground. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

Bush planned a prime-time Oval Office address later Monday. In prepared remarks, he characterized the war against terrorism as a "struggle for civilization" that requires a determined effort by a unified country.

"We are fighting to maintain the way of life enjoyed by free nations," Bush said.

The president ate breakfast with New York firefighters, and a day earlier walked ground zero and laid wreaths in reflecting pools that symbolized the north and south towers.

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After visiting Shanksville on Monday, the president and first lady placed a wreath near a plaque on the outside of the Pentagon, where American Airlines Flight 77 claimed 184 lives and tore a gash in the building. Bush appeared teary-eyed as he greeted victims' family members around him, and he could be seen mouthing "God bless you" as he embraced them.

At an observance near the Pentagon, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld strode side by side to a speaker's platform.

Rumsfeld appeared to struggle with his emotions as he recalled the day of the attacks, and Cheney vowed resolve: "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power."

The day was marked with reminders of the sometimes tense new reality that settled on the nation, and particularly its transportation systems, after the attacks five years ago.

New York's bustling Pennsylvania Station was briefly evacuated because of a suspicious duffel bag that turned out to be holding only trash. And a jet bound for San Francisco was diverted to Dallas after a backpack and handheld e-mail device were found on board. Both items were pronounced harmless.

And lest anyone forget the terrorists responsible for the day, al-Qaida's second in command warned of forthcoming strikes in the Persian Gulf and against Israel in a new video Monday.

It was one of three al-Qaida videos released around the 9-11 anniversary. One showed images of the fuel-laden jets striking the trade center, and in another Osama bin Laden smiled and chatted with the plotters of the attacks.

In Washington, the co-chairmen of the Sept. 11 commission assailed the Bush administration and Congress for a what they called a lack of urgency in protecting the country. Only about half of the 41 recommendations issued by the commission two years ago have become law.

Former Indiana Rep. Lee Hamilton and former New Jersey Gov. Tom Kean cited a failure to distribute adequate homeland security money to cities most at risk for an attack, and said U.S. policy toward Arab nations has been largely ineffective.

White House spokeswoman Dana Perino insisted that the administration had adopted many of the commission's suggestions. She said Bush "wakes every day determined to ensure that we are doing all we can — with all the lawful tools possible — to detect and prevent terrorists attacks."

At Boston's Logan Airport, security screeners wearing wristbands that read "We will never forget" stopped checking passengers for a moment to mark the anniversary, and travelers waiting in line — another legacy of the attacks — paused to join the tribute.

At Dallas Fort-Worth International, speakers at a ceremony paused intermittently as jets roared overhead, and an employee choir sang "God Bless America.

Ceremonies around the country inevitably included salutes to police and firefighters.

Outside an elementary school in Mascoutah, Ill., not far from Scott Air Force Base, Lt. Col. Jim Williams attended a Sept. 11 ceremony but said the first responders were the true heroes of the day.

"I'm in the military and defend the country, but only in certain times," he said. "They do this every day."

In Akron, Ohio, firefighters rolled their trucks out of their garages and sounded their sirens for 30 seconds at the moment the south tower of the trade center collapsed, and again a half-hour later for the north tower.

Dave Johnson, a 69-year-old retiree, was completing his daily walk along Las Olas Boulevard in Fort Lauderdale, Fla., and said he worried the nation had grown less vigilant over the five-year span.

"It changed everybody's life, even if they don't admit it," he said.

The families of the nearly 3,000 people killed five years ago made their way through the anniversary as best they could, the rituals now familiar but never easier.

Among them was the family of Candace Lee Williams, 20, who was on American Flight 11, the first plane to hit the trade center. Her mother, Sherri Williams, remains haunted by the way her daughter died, but comes to ground zero every year "to keep her legend alive."

Sherri Williams and her son begin the way by visiting Candace's grave in Danbury, Conn., covering it with yellow roses, her favorite. Then they get on a train and travel to lower Manhattan.

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And so the mother found herself at ground zero on Monday morning, holding a large, framed photo of her blonde, blue-eyed daughter.

"It's so hard to believe the five years have passed," Sherri Williams said. "She would have been 25. She wanted to do so much with her life."

Anniversary Brings Back Memories Of Attacks (MCT)

By Robert S. Boyd And Ron Hutcheson

McClatchy Newspapers, September 12, 2006

WASHINGTON - Across the land, Monday brought back memories of that awful morning five years ago: the crisp blue sky above Manhattan, the silver planes streaking into tall buildings, the flames, smoke, dust, horrified faces, people running, firefighters and police officers struggling, the fear, grief and death.

That day marked the end of America's innocence; the grim realization that our nation no longer is protected by its broad ocean ramparts, that enemies can strike our homeland at any time. Americans everywhere recalled on Monday where they were when the planes struck and the towers fell. Bells tolled, bagpipes wailed, flags flew at half-staff.

After an emotional tour of crash sites at New York, Shanksville, Pa., and the Pentagon, which will be forever linked by Sept. 11, 2001, President Bush called for national unity in the struggle against terrorism.

"Our nation has endured trials - and we face a difficult road ahead," he said in a prime-time TV address from the Oval Office, according to prepared remarks issued before the speech. "Winning this war will require the determined efforts of a unified country. So we must put aside differences, and work together to meet the test that history has given us."

Earlier, at a memorial service in New York, relatives of the 2,749 people lost there stood in the void that was created when the buildings collapsed and paid tribute to the victims. They clutched pictures of their loved ones, sobbing quietly as their names were read in a four-hour ceremony.

Blocks away, on a spectacular late-summer morning remarkably like the one that ended in tragedy five years before, the president and first lady Laura Bush joined a group of firefighters for moments of silence at 8:46 a.m. and 9:03 a.m., the times when the first aircraft, then a second one, slammed into the twin towers of the World Trade Center.

A few hours later, the Bushes stood in a rainy field in Shanksville, where a third hijacked plane crashed as passengers fought back against the terrorists. Again, the weather mimicked conditions five years ago. Relatives of the victims from United Airlines Flight 93 wept as the president sought to console them.

"Their actions have ennobled our lives. Their death has enriched our lives. Their courage has demonstrated that which we are all capable of," the Rev. Paul Britton, a Lutheran minister, told the crowd. His sister Marion died on the flight.

At the Pentagon, Bush's final stop, the president wiped away tears after placing a wreath in honor of the 184 passengers, crew members and people in the building who died when American Airlines Flight 77 smashed into its west side.

Lt. Col. John Jessup, whose office was destroyed in the attack, skipped the ceremonies, choosing to mark the day with quiet reflection. Jessup said he lost 23 co-workers and friends five years ago. He helped colleagues escape his office until the billowing black smoke stopped him.

He still has survivor's guilt, but said he knows that God "isn't done with me yet." He said he was back at work the day after the attacks.

"Because I'm a soldier," he said.

America's memories of that fateful day were mixed Monday with reminders that life changed then.

Jittery officials diverted a United Airlines plane bound for San Francisco to Dallas when an unclaimed BlackBerry was found aboard. New York's Penn Station was evacuated briefly because of a suspicious package.

Osama bin Laden's deputy, Ayman al-Zawahri, warned in a new video that Persian Gulf countries and Israel would be al-Qaida's next targets.

In Afghanistan, a planned moment of silence by American troops was disrupted by a rocket attack from resurgent Taliban fighters that sent the soldiers scrambling for cover.

And fighting continued in Iraq.

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"This struggle has been called a clash of civilizations," Bush said, according to his prepared remarks. "In truth, it is a struggle for civilization."

Five years on, the aftereffects of Sept. 11 remain inescapable. Public buildings resemble fortresses. Air marshals ride planes. Police patrol subways. Billions of dollars are being spent on security, yet nearly half of Americans fear another terrorist attack, pollsters report. People say they're more cautious, suspicious of others, wary of public transportation.

Yet life went on Monday. Astronauts worked to finish the International Space Station orbiting 270 miles above Earth. Meteorologists monitored Hurricane Florence in the Atlantic. "Monday Night Football" competed with the president for TV viewers' attention.

Even Congress put politics aside, briefly, holding a memorial ceremony on the Capitol grounds at dusk. The Marine Corps Band played and top Republicans and Democrats spoke. But no one expected the bipartisan spirit to last. On Tuesday lawmakers will return to battle over how to balance the rule of law with the war on terrorism, defining the rights of detainees facing trial in special military courts.

In his prepared remarks, Bush said the attacks brought out the best in Americans by exposing them to the worst.

"On 9-11, our nation saw the face of evil," he said. "Yet on that awful day, we also witnessed something distinctly American: ordinary citizens rising to the occasion, and responding with extraordinary acts of courage."

He warned Americans to brace for a long struggle.

"America did not ask for this war, and every American wishes it were over. So do I," he said. "But the war is not over - and it will not be over until either we or the extremists emerge victorious."

Hours before, the co-chairmen of the independent 9-11 commission had voiced anguish at America's halting efforts to improve homeland security. They spoke at the National Press Club, where they rued Washington's failure to embrace many of the 41 recommendations that their panel had offered toward making America safer.

In Baghdad, the mood was somber as a digital clock counted down to 4:46 p.m., the local time of the first Sept. 11 attack. Military personnel and civilians hung their heads for a moment of silence.

U.S. Ambassador Zalmay Khalilzad said the war in Iraq was the center of an effort to promote democracy and security in the Middle East.

Boyd wrote from Washington, Hutcheson from New York and Washington. Mark Brunswick of the Minneapolis Star Tribune in Baghdad and Margaret Talev and Brady Averill in Washington contributed to this report.

Nation Marks Lives Lost And Hopeful Signs Of Healing (NYT)

By Robert D. Mcfadden

The New York Times, September 12, 2006

Once more the leaden bells tolled in mourning, loved ones recited the names of the dead at ground zero, and a wounded but resilient America paused yesterday to remember the calamitous day when terrorist explosions rumbled like summer thunder and people fell from the sky.

On the fifth anniversary of the Sept. 11 attacks, as most Americans went about their Monday routines, thousands gathered at ground zero, at the Pentagon and in a field in Pennsylvania where the hijacked jetliners crashed. They included families and friends of the 2,973 people who died, President Bush and other public officials, and countless strangers united by haunting but receding memories.

At the pit in Lower Manhattan where the World Trade Center stood, they commemorated the day with familiar rituals: moments of silence to mark the times when the planes struck and the towers collapsed, wreath-layings, prayers, the music and poetry of loss and remembrance. All were freighted with emotions that still cut deeply but were showing signs of healing.

“How much do I love you?” Susan Sliwak, a mother of three, intoned at a microphone on a platform above the grieving crowd, quoting from an Irving Berlin lyric in tribute to her husband, Robert Sliwak, a Cantor Fitzgerald employee and one of the 2,749 killed at the trade center. “How deep is the ocean? How high is the sky?”

As a bass viol, a flute and other instruments softly rendered the Pachelbel Canon, Albinoni’s Adagio and other solemn strains, about 200 spouses, partners and other loved ones took turns reading the names of the dead. Many spoke directly to their

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lost partners, often in firm, proud voices. Others told tearfully of the births of grandchildren or of having reaffirmed their marriage vows. Many simply expressed their love and that of their children, a promise never to forget.

Under shafts of golden sunlight, many family members knelt in the pit to pray. They hugged one another, cried softly or sobbed and set wreaths and roses adrift in reflecting pools that stand in the stead of the fallen towers. The waters were soon thick with flowers.

But if there was a theme to this year's proceedings, it was honoring the dead while moving on with life. "For all Americans, this date will be forever entwined with sadness," Mayor Michael R. Bloomberg said in closing remarks during the noon hour. "But the memory of those we lost can burn with a softening brightness."

Moments later, musicians of the New York Police and Fire Departments played taps, the slow, hauntingly beautiful solemnity that closes the military day. Yesterday actually closed with another tradition: the "Tribute in Light," two powerful beams that shot skyward, creating silhouettes of the fallen towers.

It was a sumptuously cool day in the 60's, a grand portal to autumn, and Lower Manhattan was a dramatic backdrop. One had to imagine the architecture to come on the gouged ground: angular skyscrapers to go with memorial pools. Still, the surroundings were vivid: the magical skyline rising in geometric patterns, the seas of fluttering American flags, the Hudson flickering mercurially in the sunlight, and in the distance seagulls dipping and soaring like strokes on a musical composition.

President Bush did not attend the ceremonies at ground zero, where he and his wife, Laura, laid a wreath on Sunday. Instead, he joined 100 police officers and firefighters for breakfast at a firehouse on the Lower East Side to honor first responders who rushed to the towers to save lives but lost their own. As bells tolled, Mr. Bush bowed his head in silence to mark the times when the planes hit the towers.

Later, he went to Pennsylvania and shared handshakes and hugs in a cold rain with families of 40 who died in the crash of United Airlines Flight 93 and who, the authorities believe, spared the White House or the Capitol from destruction by rising up against the hijackers. In Northern Virginia, Mr. and Mrs. Bush laid a wreath against the Pentagon wall that was hit by American Airlines Flight 77, killing 184 people.

For the first anniversary since 2002, the president visited all three places where lives were lost on 9/11, and he did so without making a speech until his evening address to the nation from the Oval Office.

The commemoration at ground zero was only one of many solemn remembrances across the country. In houses of worship, firehouses and police stations, in parks and public buildings in scores of cities, there were vigils, forums, interfaith services, concerts, exhibits and events that ranged from flying kites to floating lanterns. Millions watched the ceremonies on television and talked about where they were and what they were doing when the planes struck, and about how their lives had changed.

There were commemorations elsewhere in New York, at St. Patrick's Cathedral, St. Paul's Chapel near ground zero and in the rotunda of State Supreme Court in Manhattan. Concerts, masses, exhibits, memorial unveilings and other events were held in many suburbs: in Hempstead and Mineola and Nyack, N.Y.; in Hartford; and in Trenton, Bayonne, Middletown, Newark, Holmdel and other places in New Jersey, a state that was home to 700 of those who died at the trade center.

But behind the ceremonial day, the rhythms of life in America went on. There were jobs to do, classes to attend, soccer games, weddings, births, deaths and appointments. The armies of commerce, homemakers and civil servants went about their business, not quite as usual, perhaps, but with an awareness that 9/11, a date burned into the national psyche, had edged away from catastrophe toward the realm of tragic history. It was an occasion for solemnity but no longer a wrenching heartbreak.

Aside from discussions of the day's meaning, it was an ordinary day at most schools. At airports, bus and train stations and other transportation hubs, it was another day of security and travel, although Pennsylvania Station in Manhattan was evacuated briefly in the morning for a suspicious package that turned out to be nothing threatening.

Memories were still raw at firehouses, like one at Amsterdam Avenue and 66th Street, where Engine 40 and Ladder 35 lost 11 men five years ago. "We live with that every day," Capt. John Miles said. "This day is just for the remembrance of those that were lost." But at 8:42 a.m., minutes before the first moment of silence, a fire alarm rang in and firefighters rushed to their trucks.

At the New York Stock Exchange, work stopped to observe silences, an eerie effect on the normally raucous trading floor. On a New York Waterway ferry crossing to Jersey City, Capt. Kirk Slater, who had taken people to work who never came back on

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Sept. 11, halted his engines for a moment and drifted on a silent river. A subway train halted at the same moment near 96th Street on the Upper West Side. In Central Park, people strolled, played ball and spread out on lawns as if spending the day in an impressionist painting.

Life and death went on. At the Owens Funeral Home in Harlem, a service was held for Clyde Griffin Jr., an 80-year-old veteran of World War II, who died last week.

At St. Luke's-Roosevelt Hospital Center, Emma Paulino-Chindra was born to Ines Paulino-Chindra, 26, and her husband, Wendell, 31. "It's a miracle baby," the new father said. "We'll celebrate life today, not death."

Tony Arroyo Sr. of Lancaster, Pa., who took his son, Tony Jr., to the Winter Garden of the World Financial Center, marveled at a $50 million renovation and, out the window, at North Cove Marina on the Hudson River, where boats caked with debris from the towers had fled. Now, more than 40 watercraft bobbed jauntily in a spanking breeze, including a gleaming huge catamaran called Best Revenge.

The anniversary dawned on a nation vastly changed in five years, with wars in Afghanistan and Iraq, renewed fears of nuclear conflagration and security measures that have altered the ways Americans travel, do business and think about the world. Despite $250 billion in new security measures for airports, borders and seaports, most Americans believe another major attack is inevitable but have accepted searches, delays and inconvenience as the price of life in an age of terror.

At ground zero, families and friends of the dead began assembling just after 7 a.m., and by 8:30 the clusters had merged into thousands. Some wore T-shirts bearing images of loved ones. Others carried photos, bouquets of roses or carnations and the burdens of five years with the void in their lives. They descended into the pit on a ramp lined with flags and cement blocks alternately painted red and white.

Bagpipes wailed "The Minstrel Boy," and violins and flutes added to a mournful air. Later, Wynton Marsalis gave a trumpet solo. Mayor Bloomberg was master of ceremonies, and there were readings and remarks by Governors George E. Pataki of New York and Jon S. Corzine of New Jersey, as well as former Mayor Rudolph W. Giuliani. In the crowd were many public officials, including Senators Hillary Rodham Clinton and Charles E. Schumer and Attorney General Eliot Spitzer.

But most in the crowd were people like Marie Paprocki, 50, whose brother, Denis Lavelle, was on the 94th floor of the North Tower when the plane hit and was among those never found in the rubble. "It's important for me to come here because we couldn't bury him," she said. "I can feel close to him here. I can feel peaceful."

The recitation of the names of the dead has become a centerpiece of the ceremonies, performed in past years by public officials, children, parents and grandparents. Last year sisters and brothers read the names. This year it was the turn of husbands, wives and companions.

The vast majority were widows, the wives of firefighters and police officers, financial workers and other trade center employees. It was hard for many, wives choking with emotion just to speak a husband's name. Voices quavered as they invoked the names of their fatherless children and offered endearments, messages that said, in effect, we love you, miss you and will never forget you.

The recitation of names took more than three hours and, before a silent and rapt audience, became a kind of narrative, one with a strange literary power. It conveyed images beyond the deaths of heroes and patriots, quietly and relentlessly capturing the loss of real husbands and wives, real fathers and mothers, real children and siblings, and finally touching the heart of the matter: the shattered loves, the crushed hopes and the poignancy of ordinary lives.

During the recitation, there were eloquent silences as well: at 8:46 a.m., the indelible moment when American Airlines Flight 11 slashed into the north tower and changed everything; at 9:03, when United Airlines Flight 175 hit the south tower; at 9:59, when the south tower collapsed, and at 10:28, when the north tower fell.

As the names of the dead echoed outward like oratorios, thousands milled about on the surrounding streets, some pensive, some looking upset, others acting as if they were at a 9/11 street fair. On Liberty Street, someone had draped a medallion around the neck of a live tropical bird sitting on a fence, steps away from a recently opened center for ground zero artifacts.

On Church Street, dozens of protesters in black T-shirts paraded with signs and literature espousing conspiracy theories about the trade center's destruction. Someone preached about God. Someone else banged a drum. Parked on Cedar Street was a bus covered inside and out with names and photographs of the dead.

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By dusk, ragged ranks of clouds had gathered over the region, and the sky became a vast expanse of mother-of-pearl iridescence.

At 7:12 p.m., sunset in New York, a switch was thrown and two powerful shafts of illumination — the “Tribute in Light” — shot up from Lower Manhattan, restoring, for one more anniversary night, the outlines of the twin towers.

In Pa., Mourners Remember Flight 93 (AP-Y)

By Dan Nephin

AP, September 12, 2006

One man drove seven hours on his motorcycle to attend the ceremony. A 15-year-old girl also showed up, hoping to understand the deaths of 40 airline passengers and crew. Another visitor was a flight attendant.

They were among hundreds of people who gathered Monday in a wind-swept field to remember Flight 93, the hijacked jetliner in which passengers tried to storm the cockpit on Sept. 11, 2001, to wrest control from terrorists shortly before the plane crashed in southwestern Pennsylvania.

The passengers were ordinary citizens one moment "and the next, heroes forever," Gen. Tommy Franks said. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

The flight had been headed from Newark, N.J., to San Francisco when hijackers took over, apparently planning to crash the jet into the White House or the Capitol.

"I believe I may owe my life to those ordinary people," said Republican Rep. Bill Shuster, whose district includes the crash site, about 80 miles southeast of Pittsburgh.

Conversations from the flight's final minutes indicate the passengers knew about the attacks and took action after one of them said, "Let's roll."

"They didn't back down," said Jim Martin, 51, a highway worker from Buffalo, N.Y., who rode his Harley-Davidson to the ceremony. "I don't want those people to be forgotten. They're really heroes."

About 1,000 people attended the memorial service, including nearly 300 relatives of victims.

President Bush laid a wreath at the crash site and privately greeted family members in a cold drizzle as they marked the fifth anniversary of the terrorist attacks.

The president and first lady stopped for a moment of silence and bowed their heads during a prayer and the singing of "Amazing Grace." Bells tolled in memory of the victims.

A 10-foot-tall chain-link fence stands near the site as a temporary memorial, festooned with American flags, firefighters' helmets and drawings by children.

Carol Fritz, 15, arrived from Uniontown with her uncle in search of understanding.

"My kids, my grandkids are going to ask me what happened," she said, crying. "I wanted to tell them, tell them I was here."

United flight attendant Kathy Klingaman had attended three previous anniversary events at the site. She did not know the crew aboard Flight 93 but recognized that the hijacking could have happened on any plane.

"I didn't want to forget. Too many people want to forget," she said. "I come because I choose to remember."

Since the crash, a group of volunteers point visitors to the crash site and describe what happened. Some months they guide more than 25,000 visitors.

Organizers hope to raise $30 million in private funding to build a permanent memorial on a 1,700-acre site in Shanksville; the total cost is estimated to be $58 million. Congress has passed the Flight 93 Memorial Act, which established a new national park to honor the victims of the hijacked plane.

At the ceremony, Gov. Ed Rendell announced that the state would sign a commitment letter to give $10 million to the memorial effort, and that it had acquired 300 acres around the crash site that will be managed as a public wildlife area.

"This action will forever preserve the entrance to the memorial in an undeveloped and natural setting," Rendell said.

In 2001, first responders quickly realized there would be no survivors. All they could find at first were small pieces of aircraft and bits of a United Airlines in-flight magazine.

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Searchers recovered only about 8 percent of the potential human remains but were able to identify everyone from the fragments they did find, said Somerset County Coroner Wallace Miller.

"Most of the material was vaporized," he said.

Looking Back On A Tragedy With Energy And Respect (NYT)

By Alessandra Stanley

The New York Times, September 12, 2006

It was smart of CNN to send Anderson Cooper to Afghanistan, not ground zero, for the fifth anniversary of 9/11.

Afghanistan is where this all started. Ground zero is where innocence ended. That was obvious throughout the slow, mournful roll call of victims' names at the World Trade Center memorial service — a public tribute to private family tragedies, more than 2,700 of them, one after another.

It was just as clear on MSNBC, which chose to rebroadcast the "Today" show of Sept. 11, 2001. Until the second plane hit the south tower that morning, Katie Couric and Matt Lauer assumed, like almost everyone else, that the first plane crash was an accident. What stands out now is how calm they seemed as reality sank in and things kept getting worse, and how little anyone really understood at the time.

It is painful, but not difficult, to memorialize Sept. 11 on television. There are so many images from that morning, so many ways to recreate its horror and mourn those who died.

President Bush used that sadness and rekindled anger as a frame to challenge criticism of the Iraq war in his televised address. "We face an enemy determined to bring death and suffering into our homes," he said from the Oval Office. "America did not ask for this war, and every American wishes it were over. So do I. But the war is not over — and it will not be over until either we or the extremists emerge victorious."

The day of ceremony, remembrance and wreath-laying was bracketed by fresh scenes of violence in Iraq and Afghanistan and renewed jitters at home. Al Qaeda's second-in-command, Ayman al-Zawahri, issued his own tribute, a video warning that new attacks were imminent.

In Afghanistan, a suicide bomber blew himself up at the funeral of the assassinated governor of Paktia. A United Airlines flight from Atlanta to San Francisco was diverted after an unclaimed BlackBerry was found on board. In New York, Pennsylvania Station was evacuated for a while.

For New Yorkers especially, yesterday unfolded with that same sense of sorrow and unease that darkened the entire fall of 2001.

CNN provided the morning's most ambitious fifth anniversary special by weaving together a time line of pivotal moments on Sept 11, 2001. Besides covering the president and Laura Bush as they paid their respects in New York, in Pennsylvania and at the Pentagon, CNN brought out witnesses in those places who recounted their memories.

A CNN reporter, Jonathan Freed, was at the Norad command center in Colorado to review what took place there five years ago. From there, he was the first to report that United Flight 351 was being rerouted for fear of a terrorist bomb — a precaution that fortunately proved unnecessary. Mr. Freed's live bulletins may have needlessly alarmed viewers, but they did evoke the pinpricks of tension that are a legacy of Sept. 11.

Sometimes CNN switched to the ceremony at ground zero, at others it went overseas to a forward base in Afghanistan where Mr. Cooper had gone to observe American soldiers gather for their own commemoration in the field. As he spoke onscreen about being on the "frontline" of the war on terror, the men suddenly broke into a run behind him, rushing to escape incoming fire. (To his credit, Mr. Cooper, who was on live, kept talking and didn't duck or run.)

Throughout all those zigzags, CNN held its own tribute — the news crawl at the bottom of the screen showed a candle and the word "remembering" as the names of the victims spilled across the screen, all day.

At 9:05 a.m. yesterday, CNN showed the clip of that exact moment five years ago in a classroom in Sarasota, Fla., when President Bush first learned that the county was under attack, and sat frozen in his seat. CNN accompanied it with an interview with the teacher who sat next to Mr. Bush at the blackboard, and she recalled that she knew something was wrong by the look in his eyes.

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Hours before the president attended the ceremony for Flight 93 in Shanksville, Pa., CNN interviewed an assistant volunteer fire chief, Rick King, at the same time that, five years earlier, he was on his porch talking by cellphone to his sister when he saw a fireball in the distance and rushed to the scene of smoke and tangled metal. "I just looked around, and no people," he recalled. "I was thinking, Where are the people?"

All the news programs covered the anniversary with energy, respect and exhaustive detail. CNN found a way to relive the day hour by hour without losing track of the world around it.

Family Of Fallen 9/11 Rescuer Fights DOJ (HILL)

By Alexander Bolton

The Hill, September 12, 2006

New York Sens. Hillary Rodham Clinton (D) and Charles Schumer (D), and Rep. Pete King (R-N.Y.) gathered with President Bush at St. Paul's Chapel in New York Sunday to commemorate the five-year anniversary of the 9-11 attacks, but behind the scenes they are struggling with his administration over the controversial death of one rescuer.

On the morning of Sept. 11, 2001, Glenn Winuk — whose first love in life was being a firefighter but who became a lawyer at Holland & Knight to earn a better living — did what would be natural to any first responder near the scene of a disaster: he rushed to it. Winuk raced from his nearby office to Ground Zero to rescue survivors and died when the South Tower collapsed.

Near St. Paul's Chapel this weekend, Bush spoke in front of a 56-foot-long bronze bas-relief sculpture outside the Ladder Company 10 and Engine Company 10 firehouse donated by Holland & Knight as a tribute to Winuk and the 343 firefighters who died in the attacks.

But the Justice Department last week made public a ruling that Winuk was not eligible to be recognized as a firefighter having died in the line of duty despite his years of volunteer service. Justice made the decision because at the time of his death Winuk had downgraded his affiliation with the Jericho, Long Island, fire department to "associate member."

The decision has surprised many New York officials because it overruled the findings of a hearing officer appointed by Justice to adjudicate the case and because it disregarded the intervention of several prominent New York leaders, including Gov. George Pataki (R) and two of New York's most powerful members of Congress, Clinton and King, who is chairman of the House Homeland Security Committee.

"I write to ask that the Department of Justice act without further delay and find that Glenn J. Winuk is eligible for the Public Safety Officer's Benefit," Clinton wrote in an Aug. 16 letter to Attorney General Alberto Gonzales. "Recognition of Glenn's heroism is long overdue, and it is my hope that the DOJ will see fit to award Glenn the same status as the other brave men and women who also sacrificed their lives for others on that tragic day."

Jay Winuk, Glenn's older brother, met with Clinton last month to explain his brother's case. Since Clinton wrote her letter, Winuk said, Sen. Charles Schumer's (D-N.Y.) staff has also offered to help battle the Justice Department.

The New York state legislature and Pataki have also intervened by passing and signing into law a bill that declared Winuk an active member of the Jericho volunteer fire department at the time of his death and eligible for all benefits of active employees.

The Justice Department's decision has denied Winuk's parents $250,000 in federal benefits.

Jay Winuk said his family's fight is about much more than money.

"Our family is doing this because Glenn deserves to be honored in the same way by the United States of America as all other rescuers who sacrificed their lives on Sept. 11 to protect their country and save other lives, " said Winuk. "It really is about honor. Firefighters and policemen shouldn't have to worry about if something should happen to them that their families have to struggle to have that great sacrifice recognized."

King has also gotten involved by writing two letters to Justice.

"It makes absolutely no sense to me," said King, who is working with Jay Winuk on the case. "In many ways Glenn Winuk personifies everyone on Sept. 11. He was both a civilian and a firefighter. He was evacuated as a civilian and he raced back in as a firefighter."

King said that he's been in discussions with former New York mayor and possible 2008 presidential candidate Rudy Giuliani (R) about how to win recognition for Winuk.

Thomas Von Essen, who is Giuliani's business partner at Giuliani-Von Essen LLC and who was New York City's fire commissioner at the time of the attacks, weighed in with the hearing officer appointed by Justice, Daniel Skoler.

"He had both the training and the guts to step forward in the face of great danger when it was needed most," Von Essen wrote of Winuk in a letter to Skoler. "That's what firemen do. I can assure you that true firemen don't care about their membership status when life is at stake, and every indication is that Glenn Winuk was a true fireman."

King said he didn't know what the next step would be, but vowed to continue pressing the issue.

Winuk said that only Justice has opposed recognizing his brother.

"Every other entity in a position to recognize Glenn's sacrifice officially has done so," he said. "Only the federal government in the form of the Department of Justice has failed to do so and refuses to do so."

He has continued to honor his brother by helping direct the Glenn J. Winuk Humanitarian Fund, which makes grants to educational and community service groups. He also serves as vice president for My Good Deed, a group devoted to establishing Sept. 11 as a national day of service.

He said he expects to appeal the Justice Department's decision in court.

The Justice Department did not comment by press time.

'Zero' Sums Up Our Paranoid Moment (USAT)

By Deirdre Donahue

USA Today, September 12, 2006

In today's media-fixated world, the intersection of various entertainment forms — miniseries, movies, novels, comic books — and 9/11 was inevitable. And on occasion, incendiary. Witness the firestorm over ABC's The Path to 9/11.

It would be a shame if Jess Walter's novel The Zero were lost amid all these other 9/11 projects. The author of the unforgettable non-fiction book Ruby Ridge and the admired novel Citizen Vince, Walter uses 9/11 and the past five years as a launch pad to explore how bureaucrats and profit-hungry corporations have distorted a tragedy.

In Zero, Walter has created a satire/tragedy that Franz Kafka and Kurt Vonnegut Jr. might appreciate.

This praise comes from a critic who thinks 9/11 is too recent, too controversial, too important and too painful a topic to be used for historical fiction or docu-dramatizations with their imagined dialogue and dramatic distortions.

Zero is different, in part because Walter succeeds in creating what he calls "a 9/12 novel." It's a dark allegory about the attack, the aftermath, and what has happened to America as seen through the prism of one man's nightmarish experience.

The novel focuses on Brian Remy. A cop who ran toward burning towers in an unnamed city which is clearly New York on a day that is clearly 9/11, Remy finds himself working for a political heavy hitter in the aftermath of 9/11.

Shell-shocked, suicidal and prone to memory gaps, Everyman Remy becomes involved with a covert government agency. His assignment: Find out what happened to a woman who may have fled the towers on 9/11, warned by her Muslim terrorist lover.

This task dispatches Remy into a disturbing world of terrorist cells, victims' families, torture and spy agencies. Walter subtly presents this as a metaphor for what's happening in the USA.

Zero is not perfect. Walter often employs a very heavy trowel to apply symbolism to the novel, and Remy's fractured love and family life distract from the story.

But for a corrosive black comedy about how politicians have manipulated genuine grief and fear, count on Zero.

The Liberals' War (WSJ)

By Bret Stephens

The Wall Street Journal, September 12, 2006

"When I was 19, I moved to New York City. . . . If you had asked me to describe myself then, I would have told you I was a musician, an artist and, on a somewhat political level, a woman, a lesbian and a Jew. Being an American wouldn't have made my list. On Sept. 11, all that changed. I realized that I had been taking the freedoms I have here for granted. Now I have an American flag on my backpack, I cheer at the fighter jets as they pass overhead and I am calling myself a patriot."

-- Rachel Newman, "My Turn" in Newsweek, Oct. 21, 2001

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Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?

It is often said, particularly in the "progressive" precincts of the democratic left, that by aiming at the Pentagon, the World Trade Center and perhaps the Capitol, Mohammed Atta and his cohorts were registering a broader Muslim objection to what those buildings supposedly represented: capitalism and globalization, U.S. military power, support for Israel, oppression of the Palestinians and so on.

But maybe Ms. Newman intuited that Atta's real targets weren't the symbols of American mightiness, but of what that mightiness protected: people like her, bohemian, sexually unorthodox, a minority within a minority. Maybe she understood that those F-16s overhead -- likely manned by pilots who went to church on Sunday and voted the straight GOP ticket -- were being flown above all for her defense, at the outer cultural perimeter of everything that America's political order permits.

This may be reading too much into Ms. Newman's essay. Yet after 9/11 at least a few old-time voices on the left -- Christopher Hitchens, Bruce Bawer, Paul Berman and Ron Rosenbaum, among others -- understood that what Islamism most threatened wasn't just America generally, but precisely the values that modern liberalism had done so much to promote and protect for the past 40 years: civil rights, gay rights, feminism, privacy rights, reproductive choice, sexual freedom, the right to worship as one chooses, the right not to worship at all. And so they bid an unsentimental good-bye to their one-time comrades and institutions: the peace movement, the pages of the Nation and the New York Review of Books, "the deluded and pathetic sophistry of postmodernists of the left, who believe their unreadable, jargon-clotted theory somehow helps liberate the wretched of the earth," as Mr. Rosenbaum wrote in the New York Observer in 2002.

Five years on, however, Messrs. Hitchens, Bawer et al. seem less like trendsetters and more like oddball dissenters from a left-liberal orthodoxy that finds less and less to like about the very idea of a war on Islamic extremism, never mind the war in Iraq. In the September issue of the Atlantic Monthly, James Fallows, formerly Jimmy Carter's speechwriter, argues that the smart thing for the U.S. to do is declare victory and give the conflict a rest: "A state of war with no clear end point," he writes, "makes it more likely for a country to overreact in ways that hurt itself." Further to the left, a panoply of "peace" groups is all but in league with Islamists. Consider, for instance, QUIT! -- Queers Undermining Israeli Terrorism -- a group that, in its hatred for Israel, curiously fails to notice that Tel Aviv is the only city in the Middle East that annually hosts a gay-pride parade.

An instinct for pacifism surely goes some way toward explaining the left's curious unwillingness to sign up for a war to defend its core values. A suspicion of black-and-white moral distinctions of the kind President Bush is fond of making about terrorism -- a suspicion that easily slides into moral relativism -- is another.

But there are deeper factors at work. One is appeasement: "Many Europeans feel that a confrontation with Islamism will give the Islamists more opportunities to recruit -- that confronting evil is counterproductive," says Ayaan Hirsi Ali, the Somali-born, former Dutch parliamentarian whose outspoken opposition to Islamism (and to Islam itself) forced her repeatedly into hiding and now into exile in the United States. "They think that by appeasing them -- allowing them their own ghettoes, their own Muslim schools -- they will win their friendship."

A second factor, she says, is the superficial confluence between the bugaboos of the Chomskyite left and modern-day Islamism. "Many social democrats have this stereotype that the corporate world, the U.S. and Israel are the real evil. And [since] Islamists are also against Israel and America, [social democrats] sense an alliance with them."

But the really "lethal mistake," she says, "is the confusion of Islam, which is a body of ideas, with ethnicity." Liberals especially are reluctant to criticize the content of Islam because they fear that it is tantamount to criticizing Muslims as a group, and is therefore almost a species of racism. Yet Muslims, she says, "are responsible for their ideas. If it is written in the Koran that you must kill apostates, kill the unbelievers, kill gays, then it is legitimate and urgent to say, 'if that is what your God tells you, you have to modify it.'"

A similar rethink may be in order among liberals and progressives. For whatever else distinguishes Islamism from liberalism, both are remarkably self-absorbed affairs, obsessed with maintaining the purity of their own values no matter what the cost. In the former case, the result too often is terror. In the latter, the ultimate risk is suicide, as the endless indulgence of "the other" obstructs the deeper need to preserve itself. Liberal beliefs -- and the Rachel Newmans of the world -- deserve to be

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protected and fought for. A liberalism that abandons its own defense to others does not, something liberals everywhere might usefully dwell on during this season of sad remembrance.

A War Of Words (WP)

By Eugene Robinson

The Washington Post, September 12, 2006

There was a time, not so long ago, when no one ever spoke of an American "homeland." During World War II there was a home front, and of course there has always been a heartland between the two heartless coasts, but no one thought of our big-shouldered cities, traffic-choked suburbs, purple mountains' majesties and amber waves of grain as anything called a homeland.

The United States was always a place for people who had left their homelands behind, a polyglot, rainbow-colored nation whose defining characteristics were vitality, mobility, dynamism and the restless urge to push toward the next frontier. But now we inhabit an official homeland, with an official Department of Homeland Security to

protect it.

"Homeland" is one of the burdens left to us by the trauma of Sept. 11, 2001. Words are all we have to give shape to reality, and because we had no words for what happened five years ago -- by definition, language falls short of the unimaginable -- a new lexicon had to be developed. I am convinced that much of this new language, by accident or design, has the effect of clouding our view of our enemies and ourselves. We need to begin choosing our words more carefully, and we need to discard the ones that do not serve us well.

The word homeland is a vivid but relatively inconsequential example -- less a distortion than an infelicitous choice that makes us sound as if we had quaint harvest rituals and a colorful national costume. It strikes an odd note, with its vague connotations of ethnic solidarity and ancient nationalism, and it gives off more than a whiff of us-vs.-them. This nation does have enemies from whom we need vigilant protection, but something more like "domestic security" would have done just fine, with less baggage.

At the other end of the scale, by far the most fateful post-Sept. 11 coinage is "war on terrorism." The phrase that has come to define our era is entirely suspect, except perhaps the "on."

President Bush wasted little time in declaring that the Sept. 11 attacks were acts of war that could be met only with a military response -- a war on terrorism. The invasions of Afghanistan and Iraq certainly fit the rubric of "war," but the most effective ongoing action against al-Qaeda and other jihadist groups has been a worldwide exercise in law enforcement -- surveillance, arrests, detentions, interrogations, prosecutions.

Witness the recent arrests of would-be airline bombers in London, or the fact that so many of the high-value terror suspects held until recently in secret CIA prisons were captured in Pakistan, an ostensible ally. We should call this police work what it is, although that might make it harder to ignore such principles as habeas corpus and due process.

As for the rest of the phrase, terrorism is a tactic, not an enemy. All terrorists are alike in only one regard -- they practice terrorism. Stubbornly refusing to acknowledge important distinctions among them strikes me as insanely self-defeating.

George W. Bush certainly is no great orator, but the White House does understand how language can be used to shape reality. So when the National Security Agency's unprecedented program of electronic eavesdropping was revealed, it was quickly dubbed a "terrorist surveillance program" -- as if somehow, magically, the NSA's computers could deduce who was unquestionably a terrorist without ever happening to overhear a single conversation involving someone who is innocent.

Then there's the matter of what is and is not a "civil war." By laying down this yardstick to judge the war in Iraq, the White House has focused its critics' attention on an irrelevancy. What difference does it make whether unrelenting bloody chaos meets the dictionary definition of a civil war? No difference at all to the next Iraqi civilian killed, or the next American soldier.

People whom it's inconvenient to call criminal suspects or prisoners of war are instead "detainees," as if they've been forced to stay an hour after school. Torture, as spelled out in international agreements, is merely an "alternative" method of questioning. And the steady climb in the death toll in Iraq is "real progress."

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On Sunday, Dick Cheney said the reason there have been no attacks in five years is that the administration has done a good job on "homeland security, in terms of the terrorist surveillance program we've put in place, in terms of the financial tracking we put in place, and because of our detainee policy."

There was a time, not so long ago, when people would have scratched their heads and wondered what on earth the vice president was talking about.

Law Firms See An Array Of Fates After Sept. 11 (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, September 12, 2006

Successes and strains noted five years later

In the five years since the terrorist attacks on the World Trade Center, attorney H. Taufiq Choudhury said that he has grown numb to the reminders he sees every day on his way to work in lower Manhattan.

"I've gotten used to it," he said. "The feeling is not as sharp."

An immigration lawyer, Choudhury initially relocated his solo practice from the 22nd floor of 1 World Trade Center to midtown Manhattan after the attacks. But today, his firm, which also endured the 1993 trade center bombing, is back in the downtown area.

There is a certain comfort for Choudhury in returning to lower Manhattan, he said, but his practice still suffers as a result of the events on Sept. 11, 2001.

"It has changed for the worst," he said.

Choudhury is just one of an estimated 14,000 New York lawyers -- more than 10 percent of all lawyers in the state -- whose practices were upended when the planes brought down the Twin Towers. The businesses of virtually every lawyer working below 14th Street in Manhattan were affected by the attacks. In the towers themselves, attorneys and support staffers at about 30 law firms lost their offices and, in some cases, their lives.

STARTING OVER

Five years later, some law firms have come back to the downtown area, but many others have opted to start over in areas less scarred.

In Choudhury's case, returning to lower Manhattan made logistical sense, he said, because he commutes from Jersey City, N.J., located directly across the Hudson River from the Ground Zero area.

At first, small-business loans helped jump-start his practice. Later, he was able to pay those off when insurance proceeds came through. He also received assistance from nonprofit groups that helped displaced businesses after the attacks.

While moving back has made his commute easy, re-establishing his business has been difficult, he said. His immigration practice these days has very few new clients, he explained, mainly because of the increase in immigration "bureaucracy" following Sept. 11, 2001.

Obtaining documentation and credentials for business clients and individuals has become, in some cases, impossible, he said, because of rigorous scrutiny from more federal agencies involved in the process.

For a lawyer who does not bill hourly, the red tape has strangled his business, he said.

"The total effect has been devastating for firms like mine," he said.

Also returning to downtown Manhattan was Thacher Proffitt & Wood, which had about 300 people in its offices on three floors of 2 World Trade Center. It now is located at 2 World Financial Center.

Like Choudhury's practice, New York-based Thacher Proffitt initially relocated its New York office to midtown Manhattan. It, too, weathered the 1993 bombing. But most of the similarities between the firms ends there.

"We've done extremely well since we've been back," said Thacher Proffitt partner Omer S.J. Williams. He served as managing partner at the time of the attacks.

Many businesses returning to the area were able to do so at relatively low market rates and through federal and local incentive programs. Incentives for the Liberty Zone -- the area surrounding the World Trade Center site -- included per-employee

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payments, tax credits and accelerated depreciation programs. Many incentives remain in effect to help rebuild the area that lost as much as 10 percent of its commercial space when the towers collapsed.

But Thacher Proffitt's decision to move its New York offices back to lower Manhattan two years ago was largely based on a "commitment to the downtown area," Williams said.

"It was an emotional thing to get back downtown," he said.

Apparently, it was a good move. Gross revenues for the 274-attorney firm in 2005 were $157 million, up almost 25 percent from the year before, according to The American Lawyer, an affiliate of The National Law Journal. The firm also has offices in Washington; White Plains, N.Y.; Summit, N.J.; and Mexico City.

Some of the more prominent law firms with offices in or near the World Trade Center in September 2001 included Carter, Ledyard & Milburn; Cleary Gottlieb Steen & Hamilton; Drinker Biddle & Reath; Harris Beach; Hill Betts & Nash; Holland & Knight; Kenyon & Kenyon; Ohrenstein & Brown; Richards Kibbe & Orbe; and the firms then known as Pillsbury Winthrop; and Sidley Austin Brown & Wood.

Firms that have not returned to lower Manhattan include Harris Beach; Ohrenstein & Brown; Pillsbury Winthrop; and Sidley Austin.

Five years after the event, the pace of redevelopment has frustrated many New Yorkers. Although some transportation arteries and areas surrounding the site have been restored, there are no new structures at Ground Zero.

The results of a poll conducted by Pace University and released in July showed that nearly half of the lower Manhattan residents surveyed thought the rebuilding effort was "on the wrong track." The poll included responses from 511 residents. Critics pointed to state and local officials and developers as the culprits.

NINE MONTHS, SEVEN MOVES

For some attorneys and support personnel at Ohrenstein & Brown, returning to the area was too painful, said partner Michael Brown.

"There were too many people who would just not go back," he said. His firm was located on the 85th floor of 1 World Trade Center when American Airlines Flight 11 crashed into the building.

About 35 people worked in the New York office. After the terrorist attacks, the firm moved locations seven times in nine months before settling at One Penn Plaza, where it now has about 15 attorneys, said Brown. He added that the firm has a long-term lease at its current location. It also has an office in Garden City, N.Y.

The morning of Sept. 11, 2001, Brown was returning from an eye doctor's appointment and was not in the building. Then managing partner Geoffrey Heineman led 15 lawyers and support staff in a desperate descent 85 floors to the street. The firm lost two employees, believed at the time to have been in the elevator when the attacks occurred.

Five years after the event, Brown seems to possess a degree of optimism. Business at the firm now is "fine," he said, adding, however, that the series of moves during the last five years was traumatic.

"It is both a sad and yet in some ways hopeful memory in that you get to understand how resilient people really are," he said.

FBI Has Two Squads In Minnesota Focused On International Terrorism (MINNST)

By Pam Louwagie, Star Tribune

Minneapolis Star Tribune, September 12, 2006

The unit and its role came to light as the agent in charge reflected on U.S. security since Sept. 11, 2001.

As he reflected on five years of fighting terrorism since the Sept. 11 attacks, Minneapolis FBI special agent in charge Michael Tabman said Monday that a second local squad was created last year to focus on international terrorism groups.

The squad, part of the Joint Terrorism Task Force that includes 22 local, state and federal law enforcement agencies, does not signify imminent danger of an attack to the community, Tabman said. It was created, he said, because there is "sufficient activity, people, things that we need to look at, people who may be acting in support of terrorism."

The Minneapolis FBI office had one Joint Terrorism Task Force squad focused on international terrorism before the 2001 attacks -- a group partially credited with the arrest of convicted Sept. 11 conspirator Zacarias Moussaoui on immigration charges before the attacks.

Tabman, who took charge here last year, said he wanted a second squad to increase intelligence-gathering and reach out to communities, building trust and cooperation so people feel free to come forward with information.

The squad is one of several local changes that reflect new priorities in the FBI.

"We have gone from an investigative agency to a preventive agency," Tabman said.

A New York City native, Tabman sat down with reporters Monday to share his thoughts on the fight against terrorism over the past five years.

The Patriot Act

Tabman credits the USA Patriot Act with giving the FBI and other agencies better tools to do their work. He said the act helped tear down "the wall" that kept intelligence officials and law enforcement from sharing information before the attacks.

There's still a lot of oversight when decisions are made on intelligence gathering -- something the public still wants, he said. "If we become abusive of that power, then the terrorists have won. They've changed our way of life," he said.

Describing protocol, Tabman said there's "very little chance of us running around as a rogue agency just asking for things we don't need."

By the numbers

Besides adding the second international terrorism squad, which officials would not release details on, Tabman said they've increased the number of intelligence analysts in the Minneapolis office from four to nine and started programs such as a joint venture between business and law enforcement leaders to open lines of communication and share resources and information.

Nationally, there were 35 Joint Terrorism Task Forces before the attacks, local FBI officials said, and now there are 101; the number of special agents have increased from 11,186 to 12,626.

The FBI used to have 23 offices overseas. Now it has 60.

Winning by fighting

Tabman said we're winning by fighting terrorism.

He expects terrorism will be an issue into the next decade or two, but says the improvements mean the country is stronger and safer than it was.

"We're not going to wipe out terrorism, just like we can't wipe out drugs or stop crime completely," Tabman said. "Every day that we don't have a terrorist act, every day that citizens go home and feel confident we'll have a safe day the next day, we've won. We've won significantly."

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Local FBI Chief: U-S Response To Terror Has Been Successful (STPPP)

The St. Paul Pioneer-Press, September 12, 2006

MINNEAPOLIS - The lead F-B-I agent in Minneapolis says it's no accident that there's been no further terrorist attacks in the five years since 9-11.

Special Agent in Charge Michael Tabman says that reflects the bureau's decision after the attacks to make preventing terrorism its top priority.

At a media briefing today marking the fifth anniversary of the terror attacks, Tabman rattled off statistics he says shows the bureau's emphasis. That includes almost 15-hundred new agents bureau-wide, 65 new anti-terror task forces nationwide between the F-B-I and local law enforcement agencies, and a shift from investigating crimes to preventing them.

Tabman says Americans have to be prepared for the war on terrorism to continue for decades. But he says that every day there's not another attack is a victory.

World Remembers 9-11 But Many Not Crying (AP-Y)

By Elaine Ganley

AP, September 12, 2006

The nations of the world joined Monday in solemn remembrance of Sept. 11 — but for many, resentment of the United States flowed as readily as tears.

Critics say Americans have squandered the goodwill that prompted France's Le Monde newspaper to proclaim "We are all Americans" that somber day after the attacks, and that the Iraq war and other U.S. policies have made the world less safe in the five years since.

Heads bowed in moments of silence for the 3,000 killed in the attacks on New York and Washington — while the No. 2 al-Qaida leader issued new warnings in a videotape. And dissident voices said the world has traded in civil liberties and other democratic rights in its war on terror.

In Europe, where Islamic terror has struck twice since 9/11, in the Madrid train bombings and the London transit attacks, the silent tributes were tinged with doubts and recriminations.

Even German Chancellor Angela Merkel — an advocate of repairing ties with Washington that were frayed under her predecessor Gerhard Schroeder — had veiled criticism of the United States, saying: "The ends cannot justify the means."

"In the fight against international terror ... respect for human rights, tolerance and respect for other cultures must be the maxim of our actions, along with decisiveness and international cooperation," she said.

The international landscape has changed irreversibly since terrorists hijacked four airliners in 2001, crashing two into the World Trade Center, one into the Pentagon and another into a Pennsylvania field.

Adding to the global jitters, a senior al-Qaida leader issued a new warning.

"You gave us every legitimacy and every opportunity to continue fighting you," said Ayman al-Zawahri, addressing the United States. "You should worry about your presence in the (Persian) Gulf and the second place you should worry about is Israel."

Another video posted on the Internet by al-Qaida showed previously unseen footage of a smiling Osama bin Laden and other commanders in a mountain camp apparently planning the Sept. 11 attacks.

Allies in the U.S.-led war on terrorism renewed their resolve Monday to fight fanaticism, while skeptics countered that they can no longer follow a superpower they say has relinquished its right to lead.

"Right after Sept. 11 the world was united with Americans. Their moral leadership was unquestioned," Pawel Zalewski, head of the Polish parliament's foreign relations committee, wrote in the Gazeta Wyborcza. "However, this strong moral authority was abused as a result of the Iraq war."

Exactly five years after its message of solidarity, Le Monde titled its lead editorial "The Mistakes of Bush."

In Caracas, Venezuela, about 200 marchers protested what they called "imperialist terrorism" carried out by the United States since the 9/11 attacks. Demonstrators — many of them supporters of Venezuelan President Hugo Chavez and some of Arab descent — carried Lebanese, Syrian and Palestinian flags. Many criticized the U.S. invasions of Iraq and Afghanistan.

Iraqi President Jalal Talabani wrote President Bush on behalf of the Iraqi people, expressing condolences to the families of Sept. 11 victims.

"On this sad and memorable day, I would like to reiterate the gratitude of the people of Iraq for the people of America and for your leadership," Talabani wrote. "The people of Iraq will never forget those who helped them in getting rid of the most brutal and terrorist regime of Saddam Hussein."

New Zealand's Prime Minister Helen Clark joined many when she said: "No, we're not more secure since 9/11."

Clark said more should be done to reach out to moderate states and leaders in the Islamic world to encourage understanding between different peoples, and to help end the sense of alienation and exclusion among some young Muslims that fuels extremism.

In Europe, bells tolled in Rome's city hall square. Bouquets of white roses and yellow carnations were piled in a memorial garden where the names of 67 Britons killed in the New York attacks are inscribed. Relatives tearfully remembered their dead.

"It doesn't get any easier, but our minds are much calmer, and we can think through all the events without being flooded by tears and sadness," said Adrian Bennett, whose 29-year-old son, Oliver, was killed.

At a 38-nation Asia-Europe summit in Helsinki, Finland, leaders stood in silence in a circle. The stock exchanges in Nordic and Baltic countries observed two minutes of silence to honor the victims.

French President Jacques Chirac, in Helsinki, reiterated in a written message to Bush his nation's "friendship" in the fight against terrorism.

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A week after the Sept. 11 attacks, Chirac flew over the World Trade Center site — the first foreign leader to pay personal condolences. That solidarity quickly dissipated into rancor in the buildup to the Iraq war, when Chirac led opposition to Bush's plans.

Israel's Haaretz daily expressed disappointment and cynicism in an op-ed piece that said: "This is Sept. 11 five years later: a political tool in the hands of the Bush administration."

In Southeast Asia, U.S. and Philippine troops fighting Islamic extremists in the jungles prayed for peace and safety. Other remembrances took place in Japan, Australia, Finland, South Korea, Thailand and Indonesia.

Afghan President Hamid Karzai, who won the country's first post-Taliban election, expressed the appreciation of the Afghan people to the U.S. for the "sacrifices of your sons and daughters" in rebuilding his country. But in the Afghan capital, many residents said they had not seen much improvement since the U.S.-led invasion that toppled the Taliban for harboring bin Laden.

Despite about 20,000 U.S. forces fighting al-Qaida and Taliban fighters in Afghanistan, and about the same number of NATO troops, and billions in aid, the Taliban resistance has shaken the country, while corruption has stymied development.

In Brussels, NATO Secretary-General Jaap de Hoop Scheffer led a solemn military ceremony outside the alliance's headquarters to remember the victims of 9/11. A lone bugler played taps while a ceremonial guard, drawn from each of the 26 NATO member nations, lowered national flags to half-staff.

"Terrorism remains a threat to all of us ... this is why we are in Afghanistan, the cradle of 9/11," de Hoop Scheffer said, calling on NATO nations to "strengthen our alliance politically and militarily to meet this new scourge."

The Apocalypse Will Be Blogged (NYT)

By Bernard Haykel And Saud Al-sarhan

The New York Times, September 12, 2006

NEARLY every organ of the American news media marked the fifth anniversary of Sept. 11 yesterday. But the Web sites affiliated with many of militant jihadism's top thinkers, including Abu Muhammad al-Maqdisi and Sulayman al-Alwan, remained silent. That shouldn't surprise us: the Salafi strain of Islam, to which most jihadis subscribe, prohibits commemorating anniversaries.

Celebrations other than the holidays of Id al-Fitr and Id al-Adha are considered reprehensible adaptations of non-Muslim ways. What's more, the jihadis normally use the lunar calendar, by which the fifth anniversary of Sept. 11, 2001, fell on July 19.

Perhaps more remarkable was the fact that this year, a number of Web sites affiliated with Al Qaeda did commemorate the day — no doubt because they knew Americans would. Osama bin Laden and his associates have generally referred to the Sept. 11 attacks as "the attacks on Manhattan," "the invasion of Manhattan" or the "attacks of Jumada," the lunar month in which they occurred. But this year, a number of jihadi sites have referred instead to Sept. 11.

Some messages yesterday were clearly meant for Western consumption, reminding the United States that Al Qaeda is still active and bent on future attacks, and even posting images overlaid with threats in English.

What follow are excerpts, translated from the Arabic, from texts posted on jihadi Web sites about the anniversary.

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A jihadi Web site associated with Al Qaeda posted the following plea beneath images of the American, Israeli and Danish flags. The text was interspersed with animated images of American company logos, including one with a row of praying Muslims dressed as Coca-Cola bottles.

With God's help and yours, let us make the fifth anniversary of the events of Sept. 11 the beginning of a boycott of all Zionist-American products that are sold in Arab and Muslim countries. Many continue to buy these products despite all they see and hear about the killing, torture and destruction that Muslims are faced with due to the Crusader and Zionist-American war. Let us boycott these products because we do not need them, nor are they to be considered absolute necessities. Here is a list of the companies and products that should be boycotted: Coca-Cola, Proctor & Gamble, Nike, Mars, McDonald's ... "Pepsi" stands for "Pay Every Penny to Save Israel." ...

I'm against America even if it turns this life into a paradise

I'm against America even if a mufti issues a fatwa in its favor from within the glorious Kaaba

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I'm with Osama no matter where he might be, so long as he carries a banner on the battle front

I'm with Osama whether he gains a quick victory or attains the rank of the martyrs.

•

A submission to a Qaeda Web site called for readers to sign their names to the following statement:

In the name of God the merciful and the compassionate, Monday morning is the fifth anniversary of the glorious attacks on New York and Washington accomplished by the 19 heroes of the Muslim community — may God have mercy on them and raise them to the highest rank for their sacrifice. They pressed America's nose into the ground and allowed the whole world to witness the destruction of its economic and military citadels. In so doing, they crushed the myth with which America had terrorized the world, namely that it was the greatest power on earth and no one was strong enough to confront, let alone make an enemy, of it....

That day changed the world, even by the admission of our enemies, and created ... a world divided into two camps, as our sheik and leader Osama bin Laden — may God protect him — has stated: "A camp of belief and another camp of hypocrisy and disbelief." Choose for yourself, o Muslim, which camp to belong to: that of belief, Islam and jihad under the banner of the holy warriors or that of hypocrisy and unbelief under the banner of America, the crusading West and those hypocrites who have banded with them. Our congratulations to all and we beseech God to show us in America another black day like that blessed Tuesday.

•

A poster calling himself Abu Lujayn Ibrahim contributed the following to a Saudi site that often posts jihadi material but is not controlled by Al Qaeda.

The text was interspersed with gruesome photographs of dead and mutilated children in the Middle East.

Before my eyes is a veil that does not permit me to see those killed in the twin towers, nor to remember them on this day. Indeed, I don't see those killed in the twin towers nor remember them on this day! Do you know why?

Because their fallen are not purer or better than our fallen. And because the blood of my Muslim brothers and that of my family in Palestine ... and in Iraq and in Afghanistan and in every location in which Muslim blood is shed has blocked my vision ...filled my retinas with black lines so that I can see only our martyrs and injured being slain by America's weapons and its support .... Yes, Sept. 11 is the anniversary of the fall of American arrogance into history's garbage dump, and of the rebellion against injustice.

•

Hamid ibn Abdallah al-Ali is a Kuwaiti ideologue of jihadism — the only Qaeda intellectual to have posted a text specifically for the Sept. 11 anniversary. The sheik cites an article by Leonard Peikoff, heir and executor to Ayn Rand, that appeared as an advertisement in The New York Times shortly after the 9/11 attacks.

In his article "End States that Sponsor Terrorism," Leonard Peikoff, one of the leading ideologues of American extremism, concluded that America's policy of appeasement toward the Muslim world led to Sept. 11. For 50 years, he writes, American administrations have relinquished their true ownership rights over Muslim oil resources, which they discovered and developed the technology to extract. The solution, according to Mr. Peikoff, is for the United States to eliminate the states that sponsor terrorism with the most lethal weapons at its disposal.

This is exactly the kind of rotten thinking that animates those living in the extreme west of the globe, from where they spread their rot to the rest of the world — these politicians of underdevelopment, criminality and mass extermination of humanity. This is the arrogance of fascism, of which Bush has accused Muslims recently: in this case it is the fascism of the cross standing on the tribunes of oil. In short, it means that they own our oil that is in our land; they own our blood, which they can shed at will; they own our present and future, and they have the right to change our history and our education!...

Hunger, disease, thirst and regional wars instigated by poverty all stem from the greed of the West, its thirst for plunder and desire to control the world's wealth. These in turn lead to a rate of destruction every year that equals the destruction World War II effected over six years.

The mercenaries who dominate the World Trade Organization ... the World Bank and the International Monetary Fund ...the bloodsuckers of the world's poor, the immiserators of nations and the thieves, murderers, shedders of blood: these are the ones who control the international political system. They are the ones who spread their armies throughout the world, terrorizing

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and stealing the wealth of nations while enslaving them. They are the ones who are exterminating the people of Afghanistan, Iraq, Palestine, Lebanon and other places. They are the ones who ally themselves to the despotic rulers in order to suck the blood of the people, using companies that are owned by the leaders of their countries and headed by murderers and criminals.

•

This essay, called "The Day Smoke and Dust Covered New York's Sky," was posted to a Qaeda-affiliated Web site:

What a beautiful morning it is today, an amazing morning when we witnessed this great power flailing in every direction as if it were a slaughtered headless animal....

Some believe that if Bush were to leave then the situation would improve and become stable. But the eternal truth is that there is no difference between Bush and the one who preceded him, or the one who will succeed him, and for a very simple reason: cloning is an inherent property of the American presidential personality. Every new president is a perfect copy of the previous one...

Three children, 10 or 11 years old, who watched the recently released film "United 93" at the theater zealously and gleefully cheered when the plane hit the tower, as if they were watching a goal being scored in a soccer match against an opposing team. What is it that makes these children so happy about this crash that they stand up and strongly applaud? Ask yourselves, oh Americans, what is it that made those 19 young men engage in such a legendary and miraculous act...?

Naturally, you will not bother to investigate, because you are not concerned with the reasons, and even if you find the answer you are incapable of understanding it. Therefore, nothing will change, and your troops will continue to invade our lands in order to teach us lessons about the virtues of American freedom and the well-known methods for spreading them, like flushing the Quran down the toilet, or one of your soldiers' stepping with his filthy foot on the face of a prisoner, having placed a metal chain like a dog leash around his neck, as we saw in Abu Ghraib.

You will witness anew men as brilliant as Khalid Shaikh Mohammed and Ramzi bin al-Shibh, and as determined as Muhammad Atta, whom you saw on the monitoring screens full of self-assurance in his blue shirt.... Who knows, perhaps we will see another glorious day soon!

Rice Thanks Canadians For Post-9/11 Help (AP-Y)

By Anne Gearan

AP, September 12, 2006

Secretary of State Condoleezza Rice said Monday the generosity of Canadians who took in thousands of stranded American air passengers five years ago represents the best of human nature in the face of evil.

The top U.S. diplomat commemorated the fifth anniversary of the Sept. 11 terror attacks with a short visit to the closest U.S. ally. She read a letter of thanks from President Bush to employees at Halifax's small airport who helped coordinate a huge impromptu aid effort.

More than 30,000 travelers on 247 U.S.-bound planes were diverted to Canada on Sept. 11, and most were stranded there during the nearly three days that U.S. airspace was closed for fear that more planes could be used to attack buildings. Halifax itself received 44 planes bearing more than 7,000 passengers.

"There is indeed evil in the world, and we saw its awful face on that horrible day," Rice said inside an echoing airport hangar. "But it is also a day to recognize that very often when the worst in human nature and human behavior exhibits itself, so does the best."

Rice's fifth anniversary visit came as President Bush toured the three sites where hijacked jetliners crashed in 2001.

In Halifax, residents opened their homes to complete strangers, sometimes for days at a time. Other travelers camped out at the airport, in school gyms, stadiums and cafeterias. Residents dropped off donated toothbrushes, towels and clothes.

The story of Canadian generosity is not well known in the United States, where news converge and public attention were focused on the aftermath of horror and death in New York, Washington and Pennsylvania.

During her overnight visit, Rice was also visiting the Nova Scotia parliamentary district of Canadian Foreign Minister Peter MacKay. The detour from Rice's usual itinerary of foreign capitals is a nod to Canada's new Conservative government after

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strained relations with Liberal Prime Minister Paul Martin. His government refused to take part in the U.S.-led attack on Iraq and rebuffed the Bush administration's plan for a cooperative North American missile defense scheme.

House In 9-11 Standoff (HILL)

By Patrick O'connor

The Hill, September 12, 2006

House Republicans and Democrats are locked in a standoff over the language of a resolution commemorating the fifth anniversary of the terrorist attacks of Sept. 11, 2001.

Democratic leaders want the GOP to remove any reference to legislation passed in response to the terrorist attacks on the World Trade Center and Pentagon, which include the USA Patriot Act of 2001, the Homeland Security Act of 2002 and the Intelligence Reform and Terrorism Prevention Act of 2004.

Republicans argue that many of these accomplishments were listed in two of the previous four such annual resolutions.

Democrats requested that Republican leaders remove a long passage that refers to the bills signed by President Bush, according to a draft from Sept. 6 obtained by The Hill.

GOP leaders refused, citing the two previous resolutions and a need for Congress to refer to its accomplishments following the attacks.

Homeland Security Chairman Pete King (R-N.Y.) was hopeful the leaders could broker a deal and get the resolution to the floor. His office is looking for chairmen and ranking members from the other committees to build support for the bill as it stands.

"I'm actually very disappointed in the Democratic leadership," said King, who spent yesterday at events commemorating the attacks.

"To me, it makes sense for the Congress to mention the legislation we passed," he said, "I just think they are drawing attention to themselves. I think it's making them look bad."

The controversial passage begins: "Whereas Congress passed, the president signed, numerous laws to assist victims, combat forces of terrorism, protect the Homeland and support members of the Armed Forces who defend American interests at home and abroad."

Democrats support that language, a leadership aide said, but oppose the mention of specific bills.

The rest of the section goes on to mention passage of the USA Patriot Act and its renewal this year, the 2002 Enhanced Border

Security and Visa Entry Reform Act, the 2002 Maritime Transportation and Security Act, the bill to create a director of national intelligence, the bill creating a national standard for IDs accepted by federal safety officials, and the 21st Century Emergency Communications Act of 2006 that enhanced the communications abilities of federal, state and local first responders.

The spat illustrates the partisan tension besetting both parties heading into the November midterm elections, which has been a factor preventing substantive legislation this year.

Negotiations on the resolution's language have been mainly between House Minority Leader Nancy Pelosi's (D-Calif.) staff and aides to King and Speaker Dennis Hastert (R-Ill.), King and a GOP leadership aide said.

This is the third such standoff between the Speaker's office and Pelosi's staff since mid-June. The two earlier fights were over language used in a resolution to support war efforts in Iraq and a resolution to articulate House support for Israel in its fight with Hezbollah terrorists.

The tension on this resolution built late last week when Pelosi released a letter to the San Francisco Chronicle that she sent to Hastert on Thursday, the second of two such notes. In it, the minority leader argued that the draft resolution "unfortunately injects controversial political issues into a subject that must remain free of partisan and political rhetoric."

"It is inappropriate, in this solemn and commemorative resolution, to reference legislation which generated bipartisan opposition and controversy," Pelosi continued.

Republicans have since unearthed the previous four resolutions to prove that legislative accomplishments were mentioned in resolutions honoring the first and third anniversaries of Sept. 11.

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A passage from the first anniversary resolution mentions the creation of the Department of Homeland Security and contains an oblique reference to the USA Patriot Act, which congressional leaders marshaled through Congress in a mere 60 days following the attacks.

On Sept. 9, 2004, less than two months before the presidential election, Congress approved a resolution to honor the third anniversary of the attacks. It included a long list of individual federal programs that were either created or enhanced in the aftermath of those attacks. But the bill does not mention the specific legislation creating any of those programs.

The resolutions in 2003 and 2005 made no mention of legislation or programs. Each of the five resolutions focuses primarily on honoring those who died.

Republicans have mounted a communications campaign this fall to highlight their strength on national security, which includes references to the terrorist attacks.

It may be that neither side can benefit from the new controversy, but both pointed fingers yesterday.

"Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way," Hastert spokesman Ron Bonjean said. "They don't even want the 9/11 intelligence reform bill to be recognized by Congress.

"We consider Sept. 11 so sacrosanct and nonpolitical that we're offering this resolution on Sept. 13 because the New York primary is on the 12th and we don't want politics to come into play."

Democrats echoed those claims in criticizing their Republican counterparts.

"The memory of 9/11 is sacred," Pelosi spokeswoman Jennifer Crider said. "It was a day to put divisions aside and unite in support of innocent victims and America's fight against terrorism. That is the spirit of what Republicans should offer. Instead, Republicans hope to score political points."

Parties Bicker Over 9/11 Bill (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, September 12, 2006

While House Republican and Democratic leaders joined together Monday night on the steps of the Capitol to pray and sing "God Bless America" to commemorate the Sept. 11, 2001, terrorist attacks, a less-bipartisan affair occurred behind the scenes as the offices of Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) battled over the text of a resolution to mark the tragedy.

Deliberations over the annual anniversary resolution stalemated Monday, according to several House aides, with the GOP leadership now expected to bring the legislation to the floor Wednesday despite Democrats' unhappiness with the text of the measure.

"Negotiations have stopped," said a GOP leadership aide, who confirmed Hastert's office had walked away from the negotiating table. "We're going forward with it."

It is not the first time Hastert and Pelosi have sparred over the details of nonbinding resolutions — the two leaders have squabbled repeatedly on symbolic measures related to terrorism and the Iraq War — but it is indicative of the tone of the year's political season when the chamber's leading officials cannot agree on the wording of a Sept. 11 resolution, despite the fact that previous versions have overwhelmingly passed the House every year since 2001.

Bickering over the merits of one section in the otherwise bipartisan resolution has stoked tensions between the two top leadership offices, and each camp has sought to paint the other as acting with partisan motives.

"Congress should honor the innocent victims and resolve to continue to fight terrorism in the same unified sprit we came together with on Sept. 11, 2001," said Jennifer Crider, Pelosi's spokeswoman. "Unfortunately Republicans are more concerned about scoring political points."

Ron Bonjean, communications director for Hastert, offered similar criticism for the other party: "Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way."

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According to both GOP and Democratic aides familiar with the dispute, Pelosi's office sought to strike a section of the resolution that acknowledges a series of laws enacted since 2001 to "assist victims, combat the forces of terrorism, protect the homeland and support the members of the Armed Forces who defend American interests at home and abroad."

Those laws include the USA PATRIOT Act, the creation of the Department of Homeland Security, and a number of border security, intelligence reform and port security laws.

In a letter sent to Hastert Thursday and released publicly by her office, Pelosi initially requested a resolution in line with the one approved 402-6 last year, on that makes no mention of specific legislation.

The California lawmaker also sought alterations in a telephone conversation with Hastert last week.

"This is not a time to praise Congress," she wrote in last week's letter. "It is time to offer our sympathies to the families of those who suffered losses on September 11th."

Many Democrats, including Pelosi, have questioned the merits of the legislation listed in the resolution and whether such laws have made America safer.

GOP aides familiar with the resolution said Hastert's office believed Pelosi's insistence to remove the references to legislation from the text went too far and they strongly disputed suggestions that the inclusion of the text was an attempt to put Democrats on the record as supportive of the legislation itself.

Republicans also believe that Democrats want to omit any discussion of Congressional achievements from the Sept. 11 bill because the minority party has been utilizing an election-year strategy accusing the GOP of not doing enough to protect the country from future attacks.

But Democratic aides countered those arguments, questioning why specific legislation would be cited in the bill, unlike previous years.

"Democrats want to vote on the resolution that we voted on last year. It was acceptable to Republicans then. Why is it suddenly unacceptable?" Crider said. "The people who are making this political are Republicans. We had hoped that this would be bipartisan and unifying."

Despite the partisan divide over the resolution's contents, House lawmakers are expected to pass the measure by a wide margin, as Democrats would be hard-pressed to oppose language praising civilians and first responders, as well as military personnel deployed to Iraq and Afghanistan.

"Democrats will show their support for the innocent victims of 9/11 and our continued fight in the war against terror," said one Democratic aide.

This week's dispute is only the latest of several instances where the top two House leaders were unable to agree on the text of a non-binding resolution.

In June, Democrats complained that the GOP was overly partisan in its crafting of a resolution that was used as the vehicle for a day-long debate on the Iraq War.

Iraq also was the subject of a spat in 2004, when negotiations between Hastert's and Pelosi's offices broke down over a resolution on abuses in military prisons. And in 2003, the two sides bickered over the wording of a resolution supporting American troops in Iraq.

In the Senate, this year's Sept. 11 resolution has sparked little contention, and lawmakers passed their measure under unanimous consent Monday night.

A Solemn, Sad Moment To Reflect, But Politics Also Surfaces (NYT)

By Kate Zernike And Adam Nagourney

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — With their hands clasped to their hearts, Democratic and Republican members of Congress stood shoulder to shoulder on the steps of the Capitol on Monday evening and sang "The Star-Spangled Banner," in a ceremony echoing a spontaneous moment on the evening of the 2001 attacks.

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"It is my sincere hope that we will reignite our united purpose," Senator Mitch McConnell of Kentucky, the Republican whip, said on the Senate floor before the ceremony. For 20 civil minutes, the Republican and Democratic leaders of the House and Senate took turns paying tribute to the victims of Sept. 11, before ending with "God Bless America."

But eight weeks before Election Day in the most contested midterm election in 12 years, even the tragedy of Sept. 11 could go only so far in uniting the two parties.

Back inside the Capitol, Republicans and Democrats were squabbling over the wording of a Sept. 11 resolution in what aides to both parties acknowledged was, to no small extent, a bid to gain political advantage. And throughout the day, even as Democratic and Republican aides talked about efforts to avoid being seen as tarnishing the memory of the attacks with blatant political appeals, candidates and Congressional leaders were issuing statements reflecting political implications that Republicans and Democrats saw in the day's events.

"We can't afford to grow complacent," said Senator Bill Frist of Tennessee, the majority leader, as he signaled that Republicans intended to try to keep the issue alive with votes on national security initiatives.

And Democrats were no less aggressive in trying to frame the issue. "After 9/11, I think we lost an historic opportunity as a nation to bring a great deal of the world with us on the war against international terrorism," said James Webb, a Democrat challenging Senator George Allen, Republican of Virginia, in a closely watched race. "And we squandered that in the situation in Iraq."

The battle over the anniversary resolution reflected just how politically charged the day has become.

Congress has passed a resolution every year. In non-election years, the resolution has simply noted the valor of rescue workers and extended sympathies to families.

But in election years — 2002, 2004 and now 2006 — the Republican-controlled House has included language heralding accomplishments in the war on terror. This time, the Republican version of the resolution applauded the reauthorization of the legislation known as the USA Patriot Act, as well as the tough immigration bill passed in the House.

"They are asking us to endorse several things that many members voted against," said Brendan Daly, a spokesman for Nancy Pelosi of California, the House Democratic leader. "9/11 should be a sacred day where we all come together and we remember the victims and we resolve to fight the terrorists. It shouldn't be a day to score political points."

Ron Bonjean, a spokesman for J. Dennis Hastert of Illinois, the House speaker, said the resolution was similar to those passed in earlier years. "The day of Sept. 11 is sacrosanct," Mr. Bonjean said. "Politics are not involved, nor should they be. We think the other side has overthought the issue."

The House will vote on the resolution on Wednesday. Republicans had hoped to hold the vote on Tuesday but put it off after assessing some real-life political concerns: there are a series of party primaries that day, so some members will not be around.

Lawmakers Unite Once Again Over 9/11 (WT)

By Christina Bellantoni

The Washington Times, September 12, 2006

Five years after lawmakers and Hill staffers fled the Capitol in fear of a terrorist attack like those at the Pentagon and World Trade Center, politicians gave a message of unity and determination yesterday.

"Today, we are called to put aside the differences that divide us and to remember the resolve of a September morning," said Senate Majority Leader Bill Frist of Tennessee. "We are called to resummon the courage of a nation that came together on its darkest day around a common principle and a vision of hope. The principle being that we are Americans, and Americans shall always be free."

In a rare bipartisan event, Mr. Frist and Republican leaders joined Democratic leaders Sen. Harry Reid and Rep. Nancy Pelosi and about 100 other lawmakers on the steps of the Capitol. The lawmakers recalled the evening of September 11 when many members of Congress gathered on the steps and sang "God Bless America."

Republicans and Democrats came together for that moment in a spontaneous show of patriotism, members said yesterday as they enter what are sure to be the bitter last two months of the election season.

Many echoed Mr. Frist's comments that September 11 was "a day that forever changed our world."

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Mr. Reid of Nevada said the American spirit now lives in everyone's heart -- with heroes of the terrorist attacks keeping a bright light shining on the nation.

"September 11th will always be our burden," he said. "Our minds, our souls, our hearts cannot forget."

The leaders praised the sacrifice of passengers on United Flight 93, who are thought to have tried to regain control of their hijacked plane, which likely was headed to the Capitol or the White House but instead crashed into a Pennsylvania field.

"We must protect and save the American people, because right now we are not fully safe and we are not fully healed," said Mrs. Pelosi, California Democrat. "So it is important for us to continue to come together for that healing."

The party machines, which normally send dozens of e-mails a day blasting their political foes, yesterday agreed to a rhetoric cease-fire, avoiding negative campaigning and press statements on anything other than honoring the heroes of September 11.

In 2001, House Speaker J. Dennis Hastert of Illinois told lawmakers that both parties would stand "shoulder to shoulder to fight this evil that has perpetrated on this nation," according to press accounts.

Since then, Republicans and Democrats have feuded over September 11 -- its consequences, who is to blame and whether it should be used as justification for the war in Iraq.

This week, the House will consider a resolution commemorating the anniversary of the attacks, but Democrats have accused Republicans of larding the legislation with partisanship such as praise for the USA Patriot Act.

Some offered a reminder of the consequences of the terrorist attacks.

"Five years later, we are still a nation in mourning, and we are also a nation at war," Mr. Hastert said yesterday. "It is important, especially today, and especially here in this place, that we remember the difference.

"We do not fight to heal our wounds or to avenge our dead," he said. "We do not seek retribution but rather freedom and justice and peace."

The lawmakers closed the event with most joining hands and singing, again, the words that united them five years ago: "God bless America, my home sweet home."

Whereas Congress Cannot Set Aside Politics . . . (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, September 12, 2006

It is a testament to how far Congress has come from the post-attack unity of five years ago that House Republicans and Democrats are fighting over a resolution commemorating the terrorist attacks of Sept. 11, 2001. The resolution is the legislative centerpiece of the week in the House, and each side is accusing the other of using the resolution for political gain.

The dispute is not over the resolution's conclusions, which include the continued recognition of Sept. 11 as a day of remembrance, mourning and honoring first responders.

The wrangling, instead, is over one of 15 "whereas" clauses, in which Democrats see a possible trap: "Whereas Congress passed, and the President signed, numerous laws to assist victims, combat the forces of terrorism, protect the Homeland and support members of the Armed forces who defend American interests at home and abroad, including: the USA Patriot Act of 2001 and its 2006 reauthorization; the Homeland Security Act of 2002; the Enhanced Border Security and Visa Entry Reform Act of 2002; the Maritime Transportation Security Act of 2002; the Intelligence Reform and Terrorism Prevention Act of 2004; the Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005; the Safe Port Act of 2006; and the 21st Century Emergency Communications Act of 2006."

Democrats can vote for the resolution and in so doing, praise controversial legislation that many of them opposed. Or they can vote against the resolution and be portrayed as forsaking the victims and heroes of 9/11.

"This should be a resolution about unity, undertaken in the same spirit we came together to show on September 11, 2001," said Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.).

Republicans say that Democrats are hoping to strike any reference to Congress's response to the attacks, in order to preserve the claim that the "do-nothing Congress" has done nothing to make the country safer. Democrats would rather "risk

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offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way," said Ron Bonjean, spokesman for Speaker J. Dennis Hastert (R-Ill.).

GOP leaders yesterday sent the resolution to the House International Relations Committee for final approval. Democrats conceded privately the resolution will pass overwhelmingly, with or without Pelosi's signature on top.GOP Allies on Immigration Split on Tribunals

The core of GOP senators who successfully insisted that Congress take a moderate route on immigration legislation is spearheading the push for a bipartisan bill on military tribunals. This time, however, the group lacks the support of three key figures: President Bush, Senate Majority Leader Bill Frist (R-Tenn.) and Senate Majority Whip Mitch McConnell (R-Ky.).

Playing central roles in both issues are Republican Sens. John McCain (Ariz.), Lindsey O. Graham (S.C.), John W. Warner (Va.) and Chuck Hagel (Neb.).

In the months-long debate over immigration, they helped steer the Senate toward a bipartisan bill that, unlike the House version, would have allowed many illegal immigrants to pursue a path toward legal status. Most GOP senators opposed the bill, but it passed with the backing of 38 Democrats and 23 Republicans, including Frist and McConnell. Bush also supported it.

Now, however, Frist, McConnell and Bush oppose the McCain-led team on the question of how to regulate trials of enemy combatants being held at Guantanamo Bay, Cuba. Bush wants a hard-line stand on prosecutions, including the possible use of classified information that is never shown to defendants. Frist and McConnell, who visited Guantanamo on Sunday, support the president, leaving McCain and his allies with a steeper climb than they faced in the immigration fight.Lobbying Legislation Goes Quietly

The House will say goodbye to the once-trumpeted lobby-reform bill as early as this week. Lawmakers are reluctant to express their intentions exactly that way, but senior staffers said that when the House votes to change its rules to make "earmarks" -- narrowly focused spending projects -- more transparent to the public, that will signal that they have given up hope of approving a broader lobbying measure.

In January, spurred by lobbyist Jack Abramoff's guilty pleas on fraud and conspiracy charges, Republican leaders called the lobby legislation a top priority. But the bill quickly ran into trouble as lawmakers resisted provisions that would limit their interaction with lobbyists. Voters expressed little concern when the legislation was diluted.

Now, bogged down by a disagreement over a House-passed provision that would restrict independent campaign organizations called 527s, Congress is poised to punt on the entire exercise. As a consolation, GOP leaders in both chambers said they want to require lawmakers to disclose the earmarks contained in any bill and to name the earmarks' sponsors.

The House is still developing its earmark-disclosure language, aides said. In the Senate, Majority Leader Bill Frist (R-Tenn.) plans to ask for similar legislation to be drafted this week.

Staff writer Jeffrey H. Birnbaum contributed to this report.

With 9/11 Film, Kean Finds Tough Critic In Hamilton (WP)

By Dana Milbank

The Washington Post, September 12, 2006

There have been few political love stories as beautiful as that of Tom Kean and Lee Hamilton, the former chairman and vice chairman of the 9/11 commission.

"I have never worked with anybody I've come to respect more than Lee Hamilton," Republican Kean said at a Sept. 11 fifth-anniversary joint performance with Hamilton yesterday.

"He is one of the preeminent public servants of our day, bar none," came Democrat Hamilton's well-worn reply.

So it packed even more punch when Hamilton, at the National Press Club luncheon, lectured his friend about the falsified Sept. 11 docudrama Kean helped ABC produce.

"It is either a documentary or it is a drama, and to fudge it causes me a great deal of concern and suggests to me that news and entertainment are getting dangerously intertwined," the former congressman from Indiana said of his friend's film. "And I do not think that that is good for the country, because an event of this consequence is very hard to understand, and to distort it or not to present it factually in this kind of a presentation, I think, does not serve the country well."

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Kean, the "co-executive producer" of this disservice, stood at Hamilton's side, his hands clasped in front of him, grinning awkwardly.

In the past five days, the former New Jersey governor has infuriated many a Democrat who saw him as a nonpartisan truth-teller. In his work on ABC's "The Path to 9/11," Kean has blessed what has been documented to be a collection of falsehoods -- a disproportionate number of which make the Clinton administration look bad.

Critics on the left say Kean's bout of partisanship was brought on by the campaign of his son Tom Jr. for a Senate seat from New Jersey (ABC News was confused enough between father and son to say in its political calendar that "candidate Tom Kean Jr." was appearing with Hamilton). Whatever the motive, Kean's foray into the land of make-believe has thrilled those who seek to discredit the 9/11 commission's report.

The press club was thick with such people yesterday before Kean's arrival. In the Edward R. Murrow Room, conspiracy-minded characters hung posters announcing: "Neither planes nor fires brought the buildings down. Controlled demolitions did."

"They label us as kooks or wackos or conspiracy theorists," complained David von Kleist, making quotation marks with his fingers for the audience. But the "bottom line," he added, is that "this was an inside job . . . the terrorists didn't do it."

Lynn Pentz asked why plane wreckage was not seen at the Pentagon. "We're essentially to believe that the two six-ton titanium engines vaporized?" she asked.

The participants said the ABC show, which initially had claimed to be based on the 9/11 commission's report, proved their thesis that Kean lives in the realm of fiction. "It's a dramatized fraud of a fraud," said Jim Marrs, author of "The Terror Conspiracy."

Next door, in the John Peter Zenger Room, a group of 9/11 families were touting a new documentary, "9/11: Press for Truth," which promises that "the coverup" will be "exposed by the 9/11 families."

Kyle Hence, the documentary's producer, used Kean's role in the ABC film as his opening. "The consensus seems to be that this verges on propaganda; it distorts what happened," he said. "We'd like to put forward '9/11: Press for Truth' as a counternarrative, as a true documentary, not a dramatization, not a distortion of the truth."

An hour later in the press club's ballroom, Kean professed to being puzzled by the conspiracy crowd.

"It seems every time there's a traumatic event in American history, it spawns conspiracy theories," he said with a laugh. "I mean, people still think that John Wilkes Booth got away and hid somewhere in the South. As for the 9/11 conspiracy theories, he said, "I don't know what to do about them."

Kean saw no link between the conspiracists and his work in the docudrama trade. When the ABC question was put to him, Kean declared himself mystified by the criticism.

"I've been confounded by this whole controversy," he said innocently. He said that the film's creators are "serious people who wanted to do the best job possible," that it "was a responsible project" and that "I thought they did a good job."

His one attempt at distancing himself was halfhearted. "I was not the producer or director or the author or the writer or whatever else," said co-executive producer Kean.

Hamilton, a tireless Kean booster, answered with some rare public criticism of his partner. "They didn't ask me to participate in this," he said acidly, adding that complaints from Clinton officials were "accurate in their criticisms of ABC." As for the "docudrama" format, the no-nonsense Hoosier said: "I don't like the ring of that."

Spontaneous applause followed Hamilton's criticism.

If Kean was surprised by the scolding, he shouldn't have been. Even before the ABC question came, Hamilton volunteered some stern remarks about the importance of truth. "Facts are not Republican and they're not Democrat," he said. "They're not ideological. Facts are facts."

On this point, Kean was silent.

The Fictional Path To 9/11 (NYT)

The New York Times, September 12, 2006

Perhaps the entertainment industry will come up with a few lasting lessons from the outcry over ABC's "dramatization" of the events leading up to the terrorist attacks on 9/11. One suggestion: when attempting to recreate real events on screen, you do not show real people doing things they never did.

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The film, a fictionalized portrayal of the nation's failure to head off the attack on the World Trade Center, was shown Sunday and Monday. The second episode was wrapped around a live speech by President Bush, so it was especially unfortunate that the most questionable scenes all seemed to make the Clinton administration look worse, and Mr. Bush look better, than the record indicates.

Some of the most controversial scenes were cut at the last minute. But the first episode, for instance, showed C.I.A. agents and the charismatic leader of Afghanistan's Northern Alliance perched outside a bin Laden camp, ready to swoop in and capture him if only Washington approved. The authorization is not granted, and the Afghan leader rails, "Are there no men in Washington, or are they all cowards?" Yet neither C.I.A. operatives nor the Northern Alliance leader ever laid eyes on Osama bin Laden, terrorism experts say. The film may be referring to a proposed raid by other Afghan tribesmen that was vetoed by the C.I.A. because it had a low probability of success and was apt to harm civilians.

The "docudrama" format can be useful in allowing viewers to see recent history through the eyes of fictional characters inserted in the action. But it carries the inherent risk that scriptwriters will take the opportunity to improve on history. ABC should certainly have been aware this was a danger with such a politically charged topic. If that thought never occurred to the folks in charge, they might have heard warning bells when Rush Limbaugh went on the air promoting the film and bragging that the writer was a friend of his.

It was especially disturbing that Tom Kean, co-chairman of the 9/11 commission and a former Republican governor of New Jersey, was willing to lend his prestige to this ill-considered project. Mr. Kean served as a senior consultant to the miniseries and has repeatedly defended it in public, even as several Democratic members of the commission criticized its distortions. Mr. Kean has said he will give his payment to charity, but that does not undo the damage done to the aura of bipartisanship that has surrounded the commission's work. And it has not defused concerns that Mr. Kean did it in part to help his son, who is the Republican candidate for Senate in a close race in New Jersey.

Maybe Mr. Kean wasn't entirely kidding when he quipped that he had not apologized to President Bill Clinton for any inaccuracies because "he was out campaigning against my son yesterday, so I didn't reach out to him at all." Whatever his motives, he has tarnished his carefully nurtured image of a statesman above the political fray.

Serious Gaps Seen In Airline Security Since 9/11 Attacks (WT)

By Audrey Hudson

The Washington Times, September 12, 2006

Congress has spent billions to protect against future airplane hijackings, but critics say many changes made are haphazard and misguided and that serious security gaps remain in place five years after the September 11 terrorist attacks.

"We are a token amount safer only because we are more aware -- but nowhere near safe enough to be confident," says David Mackett, director of the Airline Pilots Security Alliance. "The systems we've spent billions on have a record that is anything but confidence inspiring."

Mr. Mackett says airline security is a "patchwork" of "desperate attempts" to appear safe without offering long-term solutions.

Reinforcing cockpit doors is the accomplishment most cited by government officials to keep terrorists from gaining the controls of airplanes, but Mr. Mackett says several breeches have occurred putting pilots at risk.

"We're just trying to keep the pies from falling off the end of the conveyer belt," said Mr. Mackett, a commercial airline pilot.

In one incident, a drunken passenger kicked a door panel open during a flight to Argentina, and a passenger on another flight watched a crew member input the door code and later used that code to open the door, thinking it was the lavatory. In another incident, on a bet, a cleanup crew drove a beverage cart through a door, Mr. Mackett said.

In a speech Friday at Georgetown University, Homeland Security Secretary Michael Chertoff said, "We have succeeded in laying over the last five years a solid foundation for the future of our aviation-security efforts for the five years and the 10 years to come."

He cited the hardening of cockpit doors, "thousands" of federal air marshals "on aircraft protecting travelers every day all over the world" and "armed flight deck officers authorized and trained to defend the cockpit."

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"To be sure, there's more to do," he said. "The enemy constantly adapts his tactics and his methods. And we have to keep pace and get ahead of those."

While all airlines have installed new doors, United Airlines is the only company that has installed steel cable barriers to prevent someone from charging the flight deck.

"Pilots still leave the flight deck vulnerable when they go in and out to use the lavatory or when the flight attendants serve them food and beverages," says one former air marshal.

Only a small fraction of 25,000 to 30,000 daily flights are protected by air marshals -- who number less than 2,500 due to high attrition -- or about 6,000 armed pilots who complete the burdensome Federal Flight Deck Officers (FFDO) requirements set by the Transportation Security Administration (TSA).

"Few pilots are armed because TSA insists on making the FFDO program so difficult," the marshal said.

"There has not been nowhere near the amount of [federal air marshals] hired to replace the ones that have left in the last four years," he said.

Pilots have to undergo more background and psychological investigations even though the airlines and Federal Aviation Administration have already completed such tests, and have to spend their own money for the training in Artesia, N.M.

"Right now, our last line of defense is for a military jet to shoot down an airplane," Mr. Mackett said. "It's tough to explain why a military pilot has the missile, but an airline pilot doesn't have a gun to protect his own aircraft."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 12, 2006

Ingrid makes 7

The meat-eating Center for Consumer Freedom "almost" feels sorry for People for the Ethical Treatment of Animals. Why the change of heart?

The consumers point out that even after PETA heavily promoted last week's Washington premiere of an animal-rights documentary -- and promised prizes to activists who attended -- the audience was somewhere between "Gigli" and "Monkeybone."

"Seating capacity in Theatre No. 4 at Washington's E-Street Theatre: 232. Total attendance: seven. And we accounted for two of them," the center notes.

Worse yet, PETA President Ingrid Newkirk was on hand for the Washington premiere.

Hortensia to Hillary

Washingtonian S. Michele Nix writes to thank us for showcasing the "nonsensical banter" about Katie Couric's CBS anchoring "debut and outfits."

"I published a book in 2000 -- Women at the Podium: Memorable Speeches in History," she notes. "It was a long research project that resulted in a collection of speeches by women of power and influence -- from Hortensia 42 B.C. to Hillary in 1998.

"I did it because I noticed that, when it came to including speeches by women in speech anthologies, most [editors] would throw in a speech by Susan B. Anthony and call it a day. What struck me in my research for the book was how often reporters wrote of what these women wore, as much if not more than what they said, particularly in the 20th century (since it was only then that newspapers started acknowledging that women were speaking in public).

"Reporters (including women) talked of Margaret Chase Smith's outfits and ladylike style (as she skewered [Joseph] McCarthy on the Senate floor), Shirley Chisholm's white gloves and coordinated outfits, of Katharine Graham's dresses and pearls during Watergate, of Maggie Thatcher's suits and purses, of course Hillary Clinton's many hairdos and pantsuit color choices.

"We don't read stories that add mention of the president's bold, red [Tommy] Hilfiger tie or NBC's Brian Williams' broad navy suit and freshly shined oxblood shoes," she points out.

"Whether Katie Couric succeeds or fails, I doubt it will be on her fashion choices -- but on her merits as an anchor. Now, I'm off [and] I may walk out the door in my post-Labor Day white sandals."

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Time to sweat

One of the most frightening predictions surrounding a future terrorist attack in the District comes from Dan Coleman, who until his recent retirement was the FBI's top expert on Osama bin Laden.

In an interview with Jeff Stein of Congressional Quarterly, Mr. Coleman foresees the next hijacked plane swooping down over the green grass of the National Mall, roaring over tourists' heads, and straight into the dome of the U.S. Capitol.

And by what means?

Airliners are virtually unguarded while refueled on airport tarmacs, Mr. Coleman cites among other security weaknesses not yet fully addressed. In addition, transportation workers still aren't sufficiently screened, and while grandmothers in wheelchairs can't slide by X-ray scanners, terrorists can.

Indeed, a trans-Atlantic pilot for American Airlines, who flew home from London two days after the most recent foiled terrorist attacks, tells Inside the Beltway that terrorists could easily smuggle the dreaded "liquids and gels" aboard airplanes by simply duct-taping the potentially explosive agents to their legs.

In the meantime, ordinary Americans continue to have their antiperspirant confiscated from carry-on luggage -- at a time when they need it most.

9/11, the Movie

"We've done all we could possibly do
To incorporate your point of view!"
"Oh, I know," said blythe Bill,
"But I'm wondering still,
Could you please make your movie less true?"
-- F.R. Duplantier

Podesta stew

That was John Podesta, chief of staff to President Clinton from 1998 to 2001, cooking dinner for the 25 women in wife Mary's book club.

"Imagine the D.C. power edition of Oprah's book club," Mr. Podesta writes for the Dish page of Capitol File magazine, pointing out that Katharine Graham once called on the ladies to read from her autobiography.

So what did he dish up?

Fish stew -- "the Ligurian-style burrida from the land of my grandparents."

When not slaving behind the stove, Mr. Podesta is founder and president of the Center for American Progress in Washington.

Lawmakers Back Ban On Liquids On Airliners (USAT)

By Thomas Frank

USA Today, September 12, 2006

WASHINGTON — Lawmakers from both political parties say the month-old ban on carrying most liquids on airliners should remain until airport screeners and machines can detect explosives such as those that alleged terrorists planned to use to destroy U.S.-bound planes in August.

Congressional representatives such as Pete King, R-N.Y., chairman of the House Homeland Security Committee, and Bennie Thompson, D-Miss., both have expressed support for the ban. King's spokesman, Chad Scarborough, said it “might be necessary to make the ban permanent until we can develop the technology to catch this stuff,” referring to potentially explosive liquids that right now can't be detected easily at checkpoints.

“Right now, I don't know what alternatives we have,” said Rep. John Mica, R-Fla., chairman of the House aviation subcommittee. “Until we can put other [security] measures in place, I think we're sort of stuck with it.”

The Transportation Security Administration (TSA) said last month that it was studying whether it can safely allow passengers to carry small amounts of liquids on airliners.

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TSA chief Kip Hawley said encouraging passengers to use carry-on bags could ease the strain on luggage-bomb detectors caused since the Aug. 10 liquid ban increased the amount of checked luggage.

Homeland Security Secretary Michael Chertoff recently said that leaving the ban in place might keep security lines moving faster than a potentially confusing policy allowing small quantities of liquids.

"It might be that we'll conclude that any changes will only make it more inefficient and create more confusion, and we're better off sticking with what we have," said Chertoff, whose department oversees the TSA.

The National Business Travel Association has told Homeland Security officials about the frustrations of business travelers who must check luggage even for short trips.

Even so, association spokesman Caleb Tiller said, "We're not saying, take these bans out, because the most important thing is to manage security."

Sen. Jon Kyl, R-Ariz., chairman of the Senate terrorism subcommittee, said most travelers "are understanding about why it's necessary to endure the inconvenience."

Airline passengers may carry small amounts of liquid prescription medicines, baby formula and eye-care products. The rules took effect Aug. 10 after British authorities said they foiled a plot to smuggle bomb components, including liquids, onto U.S.-bound airliners.

For airports, the ban "has not been a problem," said Charles Chambers, head of security for the Airports Council International. Sales at airport shops are up in the past month because travelers are arriving at airports earlier and have more time to spend in concourses, Chambers said.

Sen. Susan Collins, R-Maine, chairwoman of the Senate homeland security committee, said she hopes the TSA "will be able to ease the restrictions without compromising security." The long-term solution, Collins said, is developing better technologies.

Funding, Amendments Pose Ports Bill Obstacles (RC)

By Emily Pierce

Roll Call, September 12, 2006

For all the talk of Senate committees skipping arm-in-arm down the path to stronger port security, the floor of the venerable chamber this week instead will feature its share of territorial disputes.

Though the chairmen of the three committees of jurisdiction — Commerce, Science and Transportation; Homeland Security and Governmental Affairs; and Finance — lauded the alleged compromise bill in floor speeches last week, a number of key agreements between the three, most notably how to fund the $835 million bill, have yet to be worked out. And the bill is in danger of being larded with myriad expensive transportation-related amendments.

Despite the hurdles, aides to both parties say they should be able to come up with some finished product by Thursday, before, perhaps, turning to an Amtrak authorization bill.

Of course, the lead sponsors of the bill — Homeland Security and Governmental Affairs Chairwoman Susan Collins (R-Maine) and Sen. Patty Murray (D-Wash.) — warned last week that the bill they have worked on for more than a year would have no teeth if it lacked a solid funding mechanism. However, the measure they introduced on the floor Thursday does not have specific financial backing.

In fact, as of press time, they were still working with Senate Finance Chairman Chuck Grassley (R-Iowa) to identify a funding source, but Murray's spokeswoman said the Congresswoman was prepared to offer an amendment today to pay for the bill using customs fees — a method to which Grassley previously has objected.

Meanwhile, several members of the Commerce panel appear to be trying to recreate a more comprehensive transportation security bill that the committee approved last year. Already, Collins and Senate Commerce Chairman Ted Stevens (R-Alaska) reportedly have agreed to entreaties by Sen. John McCain (R-Ariz.) to add the rail security portion of the Commerce bill.

But Sen. Frank Lautenberg (D-N.J.) also plans to offer an amendment to add the Commerce bill's titles on buses, trucks and hazardous materials, according to a Democratic aide. The pipeline-safety portion of the bill also may be proposed as an amendment, the aide added.

"This could quickly become a homeland security bill, rather than just port security," the aide said. "This debate could go in a lot of directions this week."

Senate Banking, Housing and Urban Affairs Chairman Richard Shelby (R-Ala.) may offer his bill to improve mass-transit security, Democratic and Republican sources said.

No word on how any of those amendments, which would only add to the price tag, would be paid for, either.

Even prenegotiated provisions in the port security measure could come under fire from Commerce members eager to restore their prerogatives.

For instance, Sen. Trent Lott (R-Miss.) may offer a proposal to tap the Coast Guard as the agency in charge of handling the aftermath of a terrorist attack at a port, a GOP aide said. The Collins-Murray bill gives the secretary of Homeland Security the authority to name the appropriate agency, but the original Commerce bill named the Coast Guard, the aide said.

Meanwhile, Senate Democrats are planning a host of other transportation security-related amendments.

Although Collins said the bill sets up a pilot program at a handful of ports to assess the feasibility of screening 100 percent of the cargo that enters the United States, Sen. Bob Menendez (D-N.J.) — who is facing a tough GOP challenger in a state where port security is vital — is expected to offer an amendment to require 100 percent screening at all ports.

Sen. Maria Cantwell (D-Wash.), who also is up for re-election this year, could propose an amendment addressing explosives detection, while Sen. Debbie Stabenow (D-Mich.) may seek to add provisions requiring first-responder radios to be interoperable. (You guessed it, Stabenow also is running for another term.)

Meanwhile, the House finds itself in the familiar position of waiting for the Senate to act on legislation it passed months ago. The House passed its port security measure on May 4. But for either party to campaign on the issue, the two chambers will have to resolve whatever differences they have by the end of this month — a challenging, though not impossible, task.

Port Security Bill Set To Clear Senate (LAT)

By Richard Simon

The Los Angeles Times, September 12, 2006

WASHINGTON — When a state-owned Arab company attempted to take over the management of some U.S. port facilities this year, it caused a bipartisan uproar in Congress and set off a wave of initiatives aimed at tightening security on the waterfront.

Most of the proposals have foundered. But now, with both parties jostling for the upper hand on national security ahead of November's midterm elections, a port security bill is headed for approval.

The measure — expected to pass the Senate this week — would, among other things, impose deadlines on background checks for port workers, expand a program to screen for "dirty bombs" and authorize $400 million to help ports bolster anti-terrorism defenses. A good chunk of that money is likely to go to the Los Angeles-Long Beach port complex.

Republicans have made port security legislation a priority since February, after Democrats seized on the Bush administration's approval of the takeover of some U.S. facilities by Dubai Ports World to highlight what they contended was the continued vulnerability of ports to attack. In response to the political furor, the Dubai company backed off from taking over the facilities.

The House and Senate also have approved legislation requiring greater scrutiny of foreign investments in the United States. But there may not be enough time left in the current congressional session for the two chambers to reconcile the substantial differences in those bills.

A stack of other proposals that grew directly out of the Dubai controversy also appears doomed for the year, including prohibitions on foreign companies controlling facilities determined to be crucial to national security.

Asked what happened, Chris Koch, president of the World Shipping Council, said: "Some people took some deep breaths and became rational."

The Dubai controversy put the spotlight on the vulnerability of ports, which some say was shortchanged by the focus on protecting airliners from hijackers after Sept. 11.

Stephen E. Flynn, a retired Coast Guard commander and port security expert at the Council on Foreign Relations, called port security legislation a "good step forward," adding: "We still have a ways to go."

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But Sen. Robert C. Byrd (D-W.Va.) expressed skepticism that the Republican-controlled Congress would back up the legislation's pledges of tougher security measures with appropriations of money.

Noting that the port security bill that the Senate is considering this week would authorize programs that still would need to be funded, Byrd spokesman Tom Gavin said, "His concern is that this Congress has said, 'Oh, look at what great things we have done' — and then failed to put the money in place" to fund programs.

That measure is part of a package of security-related legislation that GOP leaders, concerned about losing control of the House in November, want to pass before the midterm elections. The port security bill is expected to be amended to include a $1.2-billion rail security measure, as well as language to expand the emergency warning system so that alerts of disasters or terrorist attacks could be sent out on cellphones and BlackBerries.

Democrats are expected to make a renewed push to require screening of every cargo container destined for U.S. ports. But they face long odds because of strong opposition from business groups.

One business group warned in a letter to senators that a "mandate of 100 percent scanning has the potential to do significant damage to the flow of goods and to the U.S. economy."

The bill would set up an experimental program at three not-yet-selected foreign ports to screen every cargo container headed to the United States. Currently, only a fraction are physically inspected, although customs officials check cargo lists and target suspicious containers for a closer look.

"What we have tried to do with this bill is very carefully balance the need for effective, improved security with the need to ensure that we are not crippling our international trading system," said Sen. Susan Collins (R-Maine), chairwoman of the Senate Homeland Security and Governmental Affairs Committee and a co-author of the port security bill.

Aaron Ellis of the American Assn. of Port Authorities, an industry lobbying and advocacy group, said the bill included a number of components that were "pretty darn good."

"This will be the first time that there has been legislation that actually puts a number of how much should be appropriated for the port security grant program," he said.

The bill would authorize $400 million in port security grants. By the end of this month, the federal Department of Homeland Security will have provided $876 million in port security grants since the Sept. 11 attacks — about 20% of the $4.35 billion in federal aid that ports have sought.

A similar bill has already passed the House. House-Senate negotiators are expected to agree on a final version to send to the president's desk before lawmakers recess this month or early next month.

Safe Ports (WP)

The Washington Post, September 12, 2006

THE BRIEF SESSION of Congress that just convened is distinguished in part for what is absent from its agenda -- immigration and lobbying reform, for example. A notable exception, though, is a serious bill that has just emerged from the Senate Commerce, Finance and Homeland Security committees: the Port Security Improvement Act of 2006.

The bill contains several common-sense proposals. It requires the Department of Homeland Security to develop a strategy to rapidly resume trade after an incident at one of the nation's ports, in order to limit economic slowdown. It codifies a number of good programs in law, including the Container Security Initiative, which, if it operates properly, will target suspect cargo for inspection in foreign ports before it gets close to the United States. And it establishes deadlines for Homeland Security to complete critical infrastructure projects -- including installing radiation portal monitors in the nation's 22 biggest ports by the end of next year.

Two things distinguish this moderate legislation from the irresponsible rhetoric on port security that has marred debates on the subject for years. First, it does not call for 100 percent of containers arriving at U.S. ports to be individually inspected for all dangerous materials. The "inspect all containers" mantra is a red herring that exploits Americans' fears about what might slip through in order to score political points, ignoring the fact that there are much more cost- and time-effective ways of keeping dangerous cargo out of the country.

To her credit, Sen. Susan Collins (R-Maine), one of the bill's key sponsors, recognizes that the time and money it would take to inspect all 11 million containers that come into the country every year would be prohibitive with the technology available today, and she has committed to vote against it if such a provision is added. Instead, the bill calls for a pilot program in which the feasibility of individually inspecting all containers leaving three overseas ports will be gauged, which should test promising next-generation technologies without significantly slowing the pace of trade to the United States.

Second, while providing five years of steady funding for port security projects, the bill does not dedicate money for port security in perpetuity. The initial costs of making essential improvements such as buying radiation detectors, putting up fencing around ports and coordinating inspection procedures with ports overseas will require a fair amount of steady start-up cash. But a half-decade of grants for improving port security ought to be enough. After that, port security should have to compete for federal money with other worthy projects.

With those sensible checks in place, the Senate should pass this bill.

Jack Bauer Insurance (WSJ)

The Wall Street Journal, September 12, 2006

What would Jack Bauer do? If he worked at the CIA in real life today, the anti-terror hero of Fox's "24" would apparently be buying insurance in case the ACLU or John Kerry decided to sue or subpoena him for protecting America with too much vigor.

The Washington Post reported yesterday that more CIA counterterrorism officers are signing up for private insurance that would pay for civil judgments and legal costs if they are sued or charged with a crime. These are the agents who interrogated Khalid Sheikh Mohammed, Abu Zubaydah and other jihadis, using what President Bush last week called methods that were legal but "tough." Those methods succeeded in breaking these men into divulging information that led to the arrest of other al Qaeda bigs, and to the foiling of plots that could have killed thousands.

"'There are a lot of people who think that subpoenas could be coming' from Congress after the November elections or from federal prosecutors if Democrats capture the White House in 2008," wrote the Post, quoting a retired intelligence officer close to the CIA's Directorate of Operations, which conducted the interrogations. This is not paranoia. We reported yesterday how Carl Levin, the Michigan Democrat, is blocking Bush nominees simply for having been mentioned in passing in emails about Guantanamo. Some of us also remember the infamous Frank Church hearings of the 1970s that pilloried the CIA and weakened it for decades.

Though the government pays the premiums for this kind of insurance, it is a sorry spectacle that these agents must now fear partisan retribution for having done precisely what the country asked them to do. The story is one more reason Congress should follow through on Mr. Bush's request to put its stamp of approval on such interrogations, including ex post facto immunity for these CIA officers.

Intelligence is the front line of this anti-jihadi conflict, and the danger from the current political second-guessing is that CIA officers will go back to the FBI's law enforcement mentality of reading terrorists their Miranda rights that failed the country leading up to 9/11. The country needs Jack Bauer insurance, too.

The Aftermath Of Hurricane Katrina (HILL)

By Rep. Neil Abercrombie

The Hill, September 12, 2006

I have witnessed destruction before, some caused by humankind and some by nature. But nothing I've seen prepared me for the scale of devastation in New Orleans and along the Gulf Coast of Mississippi. It looked like a neutron bomb had detonated, leaving the shells of dwellings standing in forlorn rows, virtually devoid of human presence.

One year after Hurricane Katrina, the area remains a terrible, twisted portrait of lives and families and whole communities washed away; home by home, block by block, neighborhood by neighborhood. One year after President Bush viewed the destruction from 40-thousand feet as he flew back to Washington from his vacation; one year after he vowed—"We will do what it takes," promises of timely federal assistance to help the people of the region rebuild are as empty as the endless square miles where homes and businesses once stood.

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Twenty-five of my congressional colleagues and I spent two full days on a battlefield in the war between the Bush administration and America's middle-class. Make no mistake: post-Katrina is class warfare with a vengeance. Black or white doesn't matter. The Bush administration is an equal opportunity purveyor of indifference.

Infrastructure and Public Services

The City of New Orleans is still struggling to provide basic municipal services. Nearly 60 percent of homes and businesses still have no electricity, heating gas or a dependable supply of potable water. In fact, the lower 9th Ward has been without safe drinking water since Katrina struck. New Orleans neighborhoods had to wait 11 months for mail delivery. Major traffic arteries critical to Louisiana and the nation still suffer from major delays in reconstruction.

Housing

Hurricanes Katrina and Rita created the greatest housing crisis in our nation since the Great Depression — more than 650,000 people displaced. Only 35 percent of New Orleans' housing units are occupied, according to a recent city estimate, and thousands of homes will have to be razed. The Mississippi Gulf Coast has vast landscapes that were once neighborhoods — but the houses have vanished. Driveway after driveway leads to an empty lot. Homeowners have become slab owners.

Rather than providing housing vouchers that quickly and effectively provided emergency shelter in previous disasters, the Federal Emergency Management Agency (FEMA) threw together a $10 billion housing program that wasted vast sums of money and left thousands of victims without a roof over their heads.

Healthcare

There are shortages of doctors, nurses, and hospital beds, and medical costs are rising to staggering levels. Depression and mental health challenges, as well as physical injuries, are rampant. Yet, in New Orleans Parish, only three of 10 hospitals have re-opened, leaving the most vulnerable— the uninsured—with even fewer options for care.

Small Business And Government Contracting

One year after Hurricane Katrina, 80 percent of the small business owners with approved Katrina loans from the U.S. Small Business Administration are still waiting for the funds. Congressional hearings into FEMA's contracting procedures have found massive fraud, mismanagement and gross incompetence.

Mississippi And Gulf Coast

These same kinds of conditions pervade the Mississippi Gulf Coast, in smaller numbers perhaps, but just as starkly. The refusal of insurance companies to pay claims is now a principal cause of homelessness in the area, and in many cases, insurance company actions are scandalous — even fraudulent.

Conclusion

The federal government's treatment of lower income areas in one of the country's most unique and historic cities, and nearly all the Mississippi Gulf Coast region, are a national disgrace. Yet, beyond the Gulf Coast, there is no outrage.

The Army Corps of Engineers has only begun to raise sinking levees and deal with unfinished hurricane protection and flood prevention projects. But, they're only rebuilding the levees to withstand a Category 3 storm, Katrina's level. Prudent planning and common sense would dictate that they be raised to Category 5 levels.

DHS waited eight months to even begin a review of its response to Hurricane Katrina, and now three months later, it refuses to make the results public.

Congress has been a mute witness, forsaking once again its Constitutional oversight responsibilities. But, one year after the most destructive natural catastrophe to strike the U.S., the "federal response" is still not effective. It is high time the legislative branch got engaged.

FEMA must be restored to independence from the Department of Homeland Security, with a legislative mandate to rebuild now.

Hospital and community clinic construction must begin now. Non-profit health and human service agencies need immediate funding and contractual support.

Legislative action to cut through the insurance standoff over availability and cost in New Orleans, and more particularly, on the Mississippi Gulf Coast, must be taken now. DHS has failed miserably to coordinate hurricane evacuation and emergency

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communication capacity. A desperate lack of emergency services leaves an already vulnerable and battered city and Gulf Coast even further in harm's way. This must be remedied now.

The Pentagon has just announced a new czar for infrastructure construction in Iraq. The American people should demand that the federal government's post-Katrina priorities reflect an equal and urgent commitment to the infrastructure of the U.S.

WAR NEWS:

Grim Outlook Seen In West Iraq Without More Troops And Aid (NYT)

By Michael R. Gordon

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — The political and security situation in western Iraq is grim and will continue to deteriorate unless the region receives a major infusion of aid and a division is sent to reinforce the American troops operating there, according to the senior Marine intelligence officer in Iraq.

The assessment, prepared last month by Col. Peter Devlin at the Marine headquarters in Anbar Province, has been sent to senior military officials in Iraq and at the Pentagon.

While the American military is focused on trying to secure Baghdad and prevent the sectarian strife there from escalating into a civil war, the assessment points to the difficulties in Anbar, a vast Sunni-dominated area of western Iraq where the insurgency is particularly strong. The province includes such restive towns as Ramadi, Haditha and Hit.

Marine commanders have been mounting a campaign to secure the province in the face of a virulent insurgency. But they have had to cope with seriously short-handed Iraqi Army units and a Shiite-dominated government in Baghdad that has tended to view the area as a low priority for government spending and programs.

Elements of the assessment were reported Monday in The Washington Post. Military officials familiar with the document disclosed additional material and provided several quotations from the assessment.

One factor that has hampered the American counterinsurgency effort has been the limited number of American troops. As a general rule, a substantial number of troops are required in a counterinsurgency campaign to protect the population from attacks and intimidation by insurgent groups.

There are about 30,000 marines, soldiers, airmen and sailors in Anbar, a region that borders Syria, Jordan and Saudi Arabia and is roughly the size of Louisiana.

American forces can generally maneuver where they want and are fighting to regain control of Ramadi, the provincial capital, neighborhood by neighborhood. But there are areas of the province where the Americans have not established a persistent presence, the assessment says.

Without the deployment of an additional division, "there is nothing MNF-W can do to influence the motivation of the Sunni to wage an insurgency," the report states, according to a military officer familiar with it. MNF-W stands for Multinational Force-West, the formal name of the Marine command. A division numbers about 16,000 troops. The limited number of troops, however, is just one problem in countering the insurgency there, the report says. The assessment describes Anbar as a region marked by violence and criminality. Except for a few relatively bright spots, like the towns of Falluja and Qaim, the region generally lacks functional governments and a respect for the rule of law.

Anbar does not have valuable resources like oil. Nor does its Sunni population appear to represent an important constituency for the Shiite-dominated government in Baghdad. Although there is economic growth in relatively secure areas, much of it can be attributed to the American-supported reconstruction effort. The level of economic activity in the province is just a fraction of what it was before 2003, the assessment says.

Feeling marginalized in the new Iraq, the Sunnis in Anbar have generally lost faith in the new Shiite-dominated government in Baghdad. The Sunnis' "greatest fears have been realized," the report says.

The Sunnis' suspicion of the government makes the task of forging a political reconciliation more difficult, and has also complicated one policy option that some critics of Bush administration's strategy have proposed as an alternative means of

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stabilizing Iraq: dividing the country into Shiite, Kurdish and Sunni enclaves. Such a plan would not be welcomed by Sunnis, since they would not trust the central government to share proceeds from oil sales, the assessment says.

As the situation has deteriorated, insurgent attacks have increased. The report describes Al Qaeda in Mesopotamia as an "integral part of the social fabric" of Anbar. The organization, which is predominantly made up of fighters who are native Iraqis, is flush with cash, much of it earned from black market or criminal activity.

As an intelligence assessment, the report is intended to analyze trends, not make policy recommendations. A spokesman for the Marine command declined to comment on the assessment. Many of the points in the analysis were also presented to Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, when he met with senior Marine officers at Camp Falluja in August.

Several elements of the intelligence assessment are consistent with the views of some Marine officers who were interviewed in the field in July. Discussing force levels, Lt. Col. Ronald Gridley, the executive officer with Regimental Combat Team 7, a Marine unit that is charged with securing a large swath of the province, said then that his regiment had recommended that additional troops be allocated to its section of Anbar. Even a battalion or two, he said, would help a great deal.

"What we recommend and what we get is going to be two different things," Colonel Gridley said. "In our perfect world, we could use some more infantrymen to be able to patrol the streets and partner with the Iraqi Army."

Since the intelligence assessment was prepared in August, however, no reinforcements have been sent. To the contrary, the strain on the American troops in Anbar has increased. An American Stryker unit, which was under the overall Marine command, has been sent from Rawa to Baghdad to help with the operation there. Also, military police who had been earmarked for training the Iraq police in Anbar have also been sent to Baghdad. The Marines have sought to make up the shortfall by using existing troops.

The Iraqi Army has deployed two divisions in the region with a combined authorized strength of some 19,000. But the Iraqi military is under strength. The two Iraqi divisions in Anbar together are some 5,000 troops short of that level, while hundreds more are absent without leave. As a result of these developments and the practice of giving monthly leaves, the day-to-day strength of the two divisions is 50 percent for one division and 35 percent for the other.

A separate report, titled "Stabilizing Iraq," issued Monday by the Government Accountability Office, says that, although the solution to securing the country is not entirely military, there is an important relationship between security conditions and efforts to strengthen the economy.

The G.A.O. report noted that attacks against the American-led forces and Iraqi security forces reached an "all-time high during July 2006."

"Despite coalition efforts and the efforts of the newly formed Iraqi government, insurgents continue to demonstrate the ability to recruit new fighters, supply themselves, and attack coalition and Iraqi security forces," the G.A.O report added. "The deteriorating conditions threaten the progress of U.S. and international efforts to assist Iraq in the political and economic areas."

Pentagon Weighing Report On Anbar (WP)

By Ann Scott Tyson

The Washington Post, September 12, 2006

The Pentagon is taking "very seriously" a classified intelligence report concluding that the U.S. military has fought to a stalemate in Iraq's western Anbar province as political conditions also worsen in the "epicenter" of the country's Sunni insurgency, a senior defense official said yesterday.

In congressional testimony on security in Iraq, Pentagon officials also said the rise of "ethno-sectarian violence" has laid the conditions for civil war, aborting plans by U.S. commanders to begin withdrawing U.S. troops. Gaps in the capabilities of Iraqi security forces leave open the prospect that U.S. forces may have to stay in the country for as many as five or more years, they said.

Calling Anbar "a very hot zone on the battlefield," Undersecretary of Defense for Policy Eric S. Edelman said the secret report on the volatile, strategic province was gaining high-level attention at the Pentagon.

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"It is an important report. We've taken it very seriously," Edelman told a panel of the House Government Reform Committee. "This is an operational assessment by one very good intel officer," he said, adding that "a lot of us are looking at it very closely" and are seeking a further assessment on Anbar from top U.S. commanders in Iraq.

The report, first outlined publicly in The Washington Post yesterday, said a shortage of U.S. and Iraqi troops in Anbar and the collapse of local governments have left a vacuum that has been exploited by the insurgent group al-Qaeda in Iraq. It painted a bleak picture of security prospects in Anbar, a large province bordering Syria and Jordan that includes the troubled cities of Fallujah and Ramadi.

"Anbar has been the epicenter of the insurgency," Edelman said, adding that "a purely military solution to any insurgency is not possible." He said the report was a "snapshot" that does not represent the entire country.

Edelman prompted an angry retort from Rep. Dennis J. Kucinich (D-Ohio) by saying that it would not be "productive" to discuss the classified report on the conflict in Anbar in a public hearing.

"But wouldn't it be of interest to the parents of American soldiers who are being sent to fight, that they would know that a report existed that said that a province was beyond repair and the thing couldn't be won militarily? Wouldn't that be of interest, Mr. Edelman?" Kucinich replied. Edelman explained that he was concerned because "the enemy, you know, is clearly following the discussion."

On overall security in Iraq, lawmakers pressed Edelman and Rear Adm. William D. Sullivan, vice director for strategic plans and policy on the Joint Chiefs of Staff, on why the growth of Iraq's military and police forces has not yet permitted a reduction in the number of U.S. troops, which increased to 140,000 over the summer.

Iraq expects by December to have completed the training and equipping of 325,000 security forces, including 137,000 military personnel and 188,000 police and other Ministry of Interior forces, Sullivan said. And the U.S. military has turned over 53 of its 100 bases in Iraq to the Iraqi government. But he said the emergence of sectarian violence in addition to the Sunni insurgency has led U.S. commanders to decide "that they cannot afford to draw down our own troop levels while the Iraqis are still building up theirs."

Sullivan conceded that in the longer term, because Iraq's military has been trained and outfitted primarily to fight an insurgency, rather than to defend Iraq against foreign attack, U.S. forces could be required as backup for many years.

"Am I wrong in making the assumption that we're going to have American troops there or nearby for a long time . . . in order to defend this nation?" asked Rep. Christopher Shays (R-Conn.), chairman of the Government Reform subcommittee on national security.

"It is very much a possibility," Sullivan replied. He said the intent in developing Iraq's military was to create a force "that would have a modicum of its own self-defense capability without being an army that could threaten its neighbors." Iraqi leaders are still trying to "figure out what kind of military ultimately they need," he said.

Edelman said he did not know whether U.S. troops would be withdrawn from Iraq in five or fewer years. Asked whether they would be home in 10 years, he replied: "I certainly hope so."

Sadr Holds Out Against Plan To Divide Iraq (WP)

By Amit R. Paley And Saad Sarhan

The Washington Post, September 12, 2006

BAGHDAD, Sept. 11 -- Moqtada al-Sadr, the powerful Shiite Muslim cleric, remains adamantly opposed to a controversial plan to partition Iraq into a federation of three largely independent regions, a top Sadr aide said Monday.

"Iraq must not be divided," said Riyadh Nouri, the aide to Sadr, who has opposed the U.S. presence in Iraq.

Sadr's objection to the plan remains steadfast despite a meeting Sunday night in Najaf between Sadr and his intermittent rival Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, the prominent Shiite political party that is leading the push for federalism.

The dispute between two of the most influential Shiite politicians in Iraq highlights the bitter divisions between various parties in the country's fragile ruling coalition. The rift also underscores the divisive nature of the federalism issue, which has pitted Sunni Arabs against some Shiites and Kurds.

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The main Sunni bloc in parliament, the Iraqi Accordance Front, boycotted Sunday's legislative session to protest a measure that would create a mechanism for carving Iraq into three autonomous regions. The Sunnis fear the creation of a predominantly Shiite region in the south of Iraq that would resemble the largely independent zone controlled by the Kurds in the north. The Sunnis would be left with swaths of the country devoid of the oil reserves in the other regions.

Sadr's bloc broke with Hakim's party to support the Sunni boycott on Sunday. That move prompted Hakim to meet later in the day with Sadr and then with Grand Ayatollah Ali Sistani, although he declined to describe their conversations.

"We stand to benefit from federalism because the Sadr movement enjoys wide support of the majority of the people in the center and the south," said Nouri, the Sadr aide. "But we will not accept that, because national interest is above any other interest."

The speaker of parliament, Mahmoud al-Mashhadani, warned political leaders "not to fish in troubled waters" on the subject of federalism, a principle established in the constitution approved by voters last fall.

"Federated Iraq is a principle that is agreed to in Iraq," he said. "This is not alterable."

The tumult came on another day of bloodshed in Iraq. A man wearing an explosive belt boarded a minibus carrying Iraqi army recruits Monday morning and detonated it when the vehicle reached a recruiting center in western Baghdad, according to Brig. Gen. Abdul Kareem Abbas of the Interior Ministry. Abbas said 15 people were killed and 18 wounded.

The genocide trial of Saddam Hussein resumed on Monday with the former Iraqi leader calling the tribunal an attempt to pit Arabs against Kurds. Prosecutors accuse Hussein of trying to annihilate the country's Kurdish minority during the Anfal campaign in the 1980s, in which as many as 180,000 people were killed.

"The intention is to create a split in the Iraqi population," a visibly angered Hussein said of the case. "This is a preparation to divide Iraq."

When the judge assured him the country would not be carved up, Hussein responded: "Of course not. Iraq is not 50 years old or 200 years old. It's 9,000 years old, and Iraqis won't be divided."

Katrin Michael, a former peshmerga militia fighter in Kurdistan who now lives in Virginia, testified at the trial about the horror in her village when Iraqi planes dropped chemical weapons.

"I saw hundreds of people with tearing eyes vomiting," she said. "They had pain in their stomach. They were screaming from the pain. People were collapsing because they lost their sight."

She lost her sight for three days. When she opened her eyes, Michael testified, she saw a man named Abu Rizgar who had gone totally blind. He had heavy blisters on his back, and he couldn't speak properly. Later that day, he died.

"His voice is still in my ears," Michael said.

Sarhan reported from Najaf. Special correspondents Naseer Nouri, K.I. Ibrahim and Salih Dehima in Baghdad contributed to this report.

Top Aide To Sadr Outlines Vision Of A U.S.-Free Iraq (WP)

By Ellen Knickmeyer And Sudarsan Raghavan, Washington Post Foreign Service

The Washington Post, September 12, 2006

NAJAF, Iraq -- In a shabby but spotless living room in the holy city of Najaf, a top deputy of Shiite Muslim leader Moqtada al-Sadr quietly sketched out his vision of the Iraq to come, after the Americans withdraw.

First, "there will be a civil war," said the aide, Mustafa Yaqoubi, as his three young children wandered in and out of the room. The rising violence and rivalries under the American occupation make a shaking-out all but inevitable once foreign forces go, Yaqoubi said. "I expect it."

"No matter the number of people who would lose their lives, it is better than now," he added. "It would be better than the Americans staying."

When the tumult ends, the Sadr aide said, Iraq's Shiite majority will finally be able to claim its due, long resisted by the Americans -- freedom to usher in a Shiite religious government that Yaqoubi said would be moderate and perhaps comparable in some ways to Iran's. The bespectacled, bearded cleric's mild tone buffered his talk of the blood that would have to be spilled to

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achieve this goal. No matter when the Americans withdraw, "the first year of transition, it will be worse," Yaqoubi warned. "After that, it will gradually improve."

Yaqoubi speaks as one of two or three longtime intimates of Sadr, the young heir of a revered Shiite clerical family. Sadr's rough-edged, strongly anti-American street movement of poor, largely uneducated Shiites has burgeoned into one of the strongest political and armed forces in Iraq.

When Sadr's father, Grand Ayatollah Mohammed Sadiq al-Sadr, was shot to death with two of his sons in 1999, in an assassination blamed on Saddam Hussein, Yaqoubi helped Moqtada al-Sadr, then only 25, keep the family's mosque-based network alive, despite unrelenting pressure from Hussein's intelligence services.

Yaqoubi's arrest by U.S.-led coalition troops, on charges in the brutal stabbing death of a Sadr rival, ignited full-scale street battles between Sadr followers and U.S. forces in April 2004.

Freed in August 2005 after 16 months in prison, Yaqoubi helped preside over a remarkable political transformation that culminated with elections last year that put Sadr in charge of the largest individual bloc in parliament.

While Sadr and his aides, including Yaqoubi, stayed in Iraq throughout the darkest years of Hussein's rule, others among Iraq's current leaders went into exile in London, Tehran or Detroit, returning here only after Hussein's overthrow. Leaders of the other main Shiite religious parties were quick to make accommodation with the U.S.-led occupying forces. Overnight, many of them adopted a life of secondhand splendor in the former palaces and villas of Hussein's regime.

Abdul Aziz al-Hakim, for example, who leads the Shiite religious party that most nearly matches Sadr's movement in strength, moved into the marbled villa of former Hussein foreign minister Tariq Aziz, who is now in U.S. military custody. Sadr and his aides, in contrast, make their homes in the Shiite neighborhoods of the capital and the Shiite holy cities of the south. Sadr lives in a gleaming, whitewashed concrete mansion behind high walls in Najaf. His top aides there have more modest houses, less freshly painted.

Yaqoubi is considered an intellectual, in the vanguard of Sadr's Shiite movement. In an interview over the course of an afternoon, he outlined his views of an organization that is scarcely known to Americans. His children occasionally came in to interrupt, putting a hand on his knee to whisper a message from the women out of sight in the back of the house.

Despite their ascendancy now, Yaqoubi said, Iraq's Shiites owe no gratitude to the Americans. "The Americans are not saving us from Saddam for the sake of the Iraqi people," he said. "They gave Saddam clearance in the 1990s to strike at the Shia people. It was in their own interest to get rid of Saddam."

According to Yaqoubi, the Americans brought the armed resistance on themselves by staying after the invasion and by ignoring Iraqi protests. For example, he said, tens of thousands rallied this summer in Baghdad's Shiite neighborhood of Sadr City to protest the Israeli invasion of Lebanon, but the Americans ignored them. "It was the largest rally in the world. But with them, it's useless," he said, referring to U.S. officials. "No one ever reacts, no one responds to these protests."

Ordinary Americans, on some level, must understand the resistance to the foreign forces, he said.

"We believe the American people are not coming from Mars. They see on their televisions how it is here," Yaqoubi said. "They have the same mentality we have. We believe that if the Americans were occupied by another country they would do the same as we are, or even more."

Yaqoubi said the U.S. failure to meet even the simplest security needs of Iraq was to blame for much of the current instability. As a result, he said, "when the Americans pull out, there will be a civil war. They are using that now, as an excuse for staying."

The Sadr deputy spoke confidently and simply of which faction would emerge the winner. "I don't want to use this expression, but you have an expression," he said. " 'Survival of the fittest; the strongest survive'?"

He added, "If there may be other forces to use their strengths, I don't think they have the capability to match us."

Sadr's armed followers are often accused of enforcing strict Islamic codes; commanders of his militia, known as the Mahdi Army, have acknowledged beating up alcohol vendors.

How would a Sadr government look, should the cleric come to full power? "Our main goal, by our nature, we are Islamists," Yaqoubi said. "Our only desire is to obey God. We want the heavenly laws to be applied, in a normal way."

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Yaqoubi described a gentler version of Shiite Islamic government. He insisted that Iraq would not model itself on Shiite Persian Iran next door. But he spoke approvingly of Iran in hinting how Iraq might look, saying, "There is freedom of journalism, women can drive, can go without veils."

Many Western analysts say Iran's religious government and its people have learned to coexist. Newspaper editors now tend to self-censor, and women, while often allowing a generous display of hair to show, still wear head coverings.

Asked if Iraq might adopt the same de facto tolerance as Iran, Yaqoubi replied, "Possibly."

Yaqoubi suggested that statistics support his vision for Iraq. Shiites make up at least 60 percent of Iraq's people, he said, and millions of them follow century-old traditions of fealty to the instructions of their religious leaders.

"The Americans wanted elections and wanted democracy," the Sadr aide said. "This is what they wanted."

Special correspondent Naseer Mehdawi in Najaf and correspondent Karl Vick contributed to this report.

Iraqi Militias Seen As Spinning Out Of Control (LAT)

By Solomon Moore

The Los Angeles Times, September 12, 2006

BAGHDAD — As U.S. and Iraqi officials seek a way to disarm Shiite militias involved in the sectarian violence driving Iraq toward civil war, the paramilitary forces are splintering into more extreme groups that militia leaders say they are powerless to control.

U.S. officials had hoped that an ongoing military sweep in the capital would curtail the Sunni Arab insurgency and convince the Shiite Muslim militias — armed partisan brigades that guard neighborhoods, mosques and political offices — that they could leave security to the Iraqi government.

"I think when the people begin to feel more confidence in their security forces, they'll feel less need to rely on the militias," Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, said during a recent news conference.

But a series of devastating paramilitary strikes against Shiite neighborhoods has eroded early gains attributed to the security sweep and severely undermined U.S. arguments for disarming militias.

Recent violent clashes pitting Shiite paramilitary fighters against Iraqi and U.S. troops, and against rival Shiite forces, also have cast doubts on militia leaders' ability to rein in their fighters even if they choose to do so.

U.S. forces have been drawn into confrontations with militiamen in recent weeks. Late last month, U.S. warplanes dropped a 500-pound bomb on militia members battling Iraqi troops in the southern city of Diwaniya, further complicating efforts to negotiate with the groups.

Militia representatives say fighters often act without consulting their commanders, and in some cases flout orders to stand down. Such disobedience was evident shortly after the Feb. 22 bombing of a revered Shiite mosque in Samarra allegedly orchestrated by Al Qaeda in Iraq. Despite public calls for calm by the national leaders of the two Shiite militias, reprisal attacks in the following weeks left dozens of Sunni mosques smoldering and hundreds of Sunni Arabs dead.

"Let us be honest and transparent: Some of these fighters are acting without orders and rebelling. We are not responsible for their acts," said Sheik Razzaq Naddawi, a representative for anti-U.S. Shiite cleric Muqtada Sadr, founder of the Al Mahdi militia.

"The real Sadr followers are loyal; they listen to their leaders," said Amir Husseini, another prominent Sadr follower. "But this is a fast-growing movement, and some who have joined the Sadr movement recently are not controlled."

Though U.S. officials say that Sadr representatives have occasionally exaggerated the degree of their fighters' independence to provide political cover for the organization, most senior military officials interviewed agreed that Sadr's control over his fighters had waned over the last year.

The cleric "has a measure of control, but when you get down to the bottom of that stack, I don't think he has ultimate control of every entity that operates under his name," a military official in Baghdad said.

An Al Mahdi commander, who requested anonymity because he was not allowed to speak to the media, said that in Najaf, a Sadr stronghold, the cleric had attempted to take a stronger hand by dismissing or demoting several militia brigade leaders in recent weeks.

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"Even when Sadr fires the brigade commanders, their soldiers follow them and not Sadr," the commander said. "Now Sadr fires commanders every month, so their fighters will not become too loyal to them. This is the same thing that Saddam [Hussein] did with his army."

U.S. commanders say they are more concerned about Sadr's Al Mahdi army than the Badr Brigade, another leading Shiite militia.

Badr Brigade commanders acknowledge that renegade squads have occasionally taken up arms in violation of orders. But U.S. officials believe that the militia, whose members include veterans of Hussein's armed forces and a decades-long resistance movement against the former regime, has retained a strong command-and-control structure.

U.S. officials are concerned, however, about Badr's strong presence in Iraq's police forces, where militiamen have been accused of operating anti-Sunni death squads.

Sadr's militia rose from Iraq's impoverished grass roots after the 2003 U.S.-led invasion and includes many fighters who have never served in the military or received any formal education. And unlike Badr members, the cleric's followers have engaged in frequent attacks on U.S. and British troops and strongly oppose the U.S. military presence in Iraq.

Confronting either of the militias is a tricky proposition for the U.S. military because the groups are part of the Shiite-dominated government that the Bush administration helped install. Both militias are affiliated with parties in the leading Shiite bloc, the United Iraqi Alliance.

The Badr militia is the military wing of the Supreme Council for Islamic Revolution in Iraq, which holds 30 seats in parliament and several Cabinet positions.

Sadr's political movement has an equal number of seats and controls the Health and Transportation ministries. Any broad assault on the militias would undermine the already-shaky political support for the U.S.-backed government of Prime Minister Nouri Maliki.

The situation has led Maliki to insist on advance notice from U.S. commanders before American forces venture into militia-controlled areas and to argue for a more negotiated approach to disarming paramilitary groups.

"Our fear is that the Americans will treat Al Mahdi army and other militias the same way that they treat the Saddamists and the terrorists," Maliki spokesman Ridha Taqi said. "We don't want to solve this problem with military force."

U.S. forces have refrained from major strikes on Shiite strongholds such as the Baghdad neighborhood of Sadr City, a base for militia-affiliated death squads and kidnapping gangs, and have instead used smaller special forces units to target specific paramilitary cells.

U.S. military officials have been circumspect in their descriptions of militiamen, using vague euphemisms such as "illegal armed groups" and "guys with guns" to avoid identifying the politically backed paramilitary forces by name.

In recent public statements, military officials have also taken pains to redefine terms such as militias and death squads, which usually refer to Shiite groups, to include Sunni insurgent groups. And although American commanders said their forces had rounded up dozens of death squads during the Baghdad sweep, they have avoided descriptions of their sectarian or militia affiliations.

Despite daily discoveries of suspected victims of Shiite-affiliated death squads throughout Baghdad, U.S. commanders say they have found no links between captured death squad members and the Iraqi government.

"I'm happy to report to you that we have been capturing these bad guys tied directly to extrajudicial killings, and to my knowledge so far none of them have been tied to the Ministry of Interior," said Army Maj. Gen. Joseph Peterson, the commander of the U.S. police training mission in Iraq.

Privately, U.S. commanders say they are tempering their public statements in an attempt to deal with Shiite militias politically and are urging Iraqi legislators to draft laws that will force paramilitary fighters to disarm.

A proposal introduced by Abdelaziz Hakim, head of the Supreme Council for Islamic Revolution in Iraq, calls for the formation of "popular committees" to handle security in Iraq's neighborhoods.

Hadi Amri, a commander of the Badr militia, said the committees would be assigned to their residential areas to respond to emergencies, provide security and gather intelligence on local threats.

Local volunteers, Amri said, "would be in each street and each house."

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Proponents of the plan say that such localized security forces have worked in the Kurdish region in northern Iraq, the Shiite south and in Baghdad neighborhoods controlled by Al Mahdi fighters, where militia members force residents to register their names and submit to close monitoring. Casey said he would support popular committees as long as they were unarmed.

But there is wide disagreement about whether such forces would simply add another uncontrollable element to the nation's chaotic patchwork of gangsters, revenge squads and insurgents.

A Baghdad University professor, who spoke on condition of anonymity for fear of retribution by the militias, said Hakim's proposal amounted to semantics.

"It is an attempt to find another name for militias," the professor said. "I do not think the people want popular committees or militias — they want an independent government which respects the law and applies it in a strong and just way."

Iraqi Elections Believed To Have Worsened Divisions, Report Says (MCT)

By Drew Brown

McClatchy Newspapers, September 12, 2006

WASHINGTON - Iraq's political process has sharpened the country's sectarian divisions, polarized relations between its ethnic and religious groups, and weakened its sense of national identity, the Government Accountability Office said Monday.

In spite of a sharp increase in Sunni-Shiite violence, however, attacks on U.S.-led coalition forces are still the primary source of bloodshed in Iraq, the report found. It was the latest in a series of recent grim assessments of conditions in Iraq.

But the report was unusual in its sweep, relying on a series of other government studies, some of them previously unpublicized, to touch on issues from violence and politics to electricity production. Published on the fifth anniversary of the Sept. 11, 2001, terrorist attacks, the GAO report was downbeat in its conclusions - underscoring how Iraq's deteriorating security situation threatens the Bush administration's goal of a stable and democratic regime in Baghdad.

"Despite coalition efforts and the efforts of the newly formed Iraqi government, insurgents continue to demonstrate the ability to recruit new fighters, supply themselves, and attack coalition security forces," the report says. "The deteriorating conditions threaten continued progress in U.S. and other international efforts to assist Iraq in the political and economic areas."

The report relied on a number of findings made earlier this year by the United Nations, the U.S. State and Defense departments, U.S. intelligence agencies and other sources to reach its conclusions. Unlike the majority of those agencies, the GAO, which reports to Congress, has no responsibility for forming or executing policy in Iraq.

The GAO said Congress must ask several questions as it considers what to do next. Among them:

-What political, economic and security conditions must be achieved before the United States can draw down and withdraw military forces from Iraq?

-Why have security conditions continued to worsen even as Iraq has met political milestones, increased the number of trained and equipped forces, and increasingly assumed the lead for security?

-If existing U.S. political, economic, and security measures are not reducing violence in Iraq, what additional measures, if any, will the administration propose for stemming the violence?

The report, citing the Pentagon, said that enemy attacks against coalition and Iraqi forces increased by 23 percent from 2004 to 2005 and that the number of attacks from January to July 2006 were 57 percent higher than during the same period in 2005.

A graph showed that the number of attacks rose from around 100 in May 2003 to roughly 4,500 in July 2006. More than half of those were against coalition troops; the rest appear to have been split almost evenly between attacks on Iraqi security forces and attacks on civilians.

The report said that electricity production remains inadequate, with Baghdad residents receiving less than six hours of power a day, on average. Residents outside Baghdad received electricity less than 11 hours a day, on average.

Though the Bush administration has hailed each political milestone in Iraq as another step on the march to freedom, the report cited a Defense Intelligence Agency finding that "the December 2005 elections appeared to heighten sectarian tensions and polarize sectarian divides."

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That finding was echoed, the GAO said, in a March 2006 report from the government-funded U.S. Institute for Peace. That report said that the political process had sharpened ethnic and sectarian identities "while nationalism and a sense of Iraqi identity have weakened."

Further, a report by the office of Director of National Intelligence John Negroponte concluded in February 2006 that Iraqi security forces "are experiencing difficulty in managing ethnic and sectarian divisions," the GAO said. The intelligence director's report said many Iraqi troops remain loyal to sectarian and political interests, the GAO said.

Reinforce Baghdad (WP)

By William Kristol And Rich Lowry

The Washington Post, September 12, 2006

We are at a crucial moment in Iraq. Supporters of the war, like us, have in the past differed over tactics. But at this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq by securing Baghdad.

There is no mystery as to what can make the crucial difference in the battle of Baghdad: American troops. A few thousand U.S. troops have already been transferred to Baghdad from elsewhere in Iraq. Where more U.S. troops have been deployed, the situation has gotten better. Those neighborhoods intensively patrolled by Americans are safer and more secure. But it is by no means clear that overall troop numbers in Baghdad are enough to do the job. And it is clear that stripping troops from other fronts risks progress elsewhere in the country.

The bottom line is this: More U.S. troops in Iraq would improve our chances of winning a decisive battle at a decisive moment. This means the ability to succeed in Iraq is, to some significant degree, within our control. The president should therefore order a substantial surge in overall troop levels in Iraq, with the additional forces focused on securing Baghdad.

There is now no good argument for not sending more troops. The administration often says that it doesn't want to foster Iraqi dependency. This is a legitimate concern, but it is a second-order and long-term one. Iraq is a young democracy and a weak state facing a vicious insurgency and sectarian violence. The Iraqis are going to be dependent on us for some time. We can worry about weaning Iraq from reliance on our forces after the security crisis in Baghdad has passed.

The administration emphasizes that there needs to be a political, not simply a military, solution to Iraq. This is of course true. But the violence intersects with politics. Violence is radicalizing. It serves to empower extremists who are aligned with our enemies. So long as we don't succeed in controlling the violence, it will make any political settlement far more difficult.

Indeed, the violence perpetrated by the Shiite militias is directly related to politics. It is part of a power play by the likes of Moqtada al-Sadr to marginalize moderate figures such as Grand Ayatollah Ali Sistani. Sistani's recent statement of disgust with Iraqi politics suggests that Sadr's gambit may be working. Sending more American troops at this juncture would not be a simple-minded and clumsy substitution of military force for political finesse. It would be an attempt to influence Iraq's political situation in our favor.

The administration's military strategy has long been based on getting the Iraqis to do the "holding" in the counterinsurgency strategy of "clear, hold and build." That would obviously be ideal. But the experience of the past three years is that the Iraqis aren't yet up to it, at least not in hotly contested areas such as Baghdad. The administration deserves credit for the strides it has made in training the Iraqi army. But for now we have to do much of the holding ourselves for it to be effective. That simply requires more manpower.

If American troops hand neighborhoods over to Iraqis, they are likely to soon deteriorate again -- in the same dynamic we have repeatedly seen of trouble spots being brought under control by American troops only to slide back again when the Americans leave.

One reason to prefer having Iraqis hold secured areas is that indigenous forces, in theory, don't risk creating the kind of nationalist reaction that can be prompted by a foreign occupying army -- i.e., us. But in the current environment of sectarian bloodletting, all signs are that American troops are more trusted and more welcome than Iraqis. Many Sunnis -- confronted by Shiite militias -- now accept our troop presence, and moderate Shiite leaders want us to stay. In fact, the chief fear of Iraqis in Baghdad neighborhoods patrolled by Americans is apparently that we will leave, not that we will remain.

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Harvard Law School's William Stuntz recently made the core point powerfully: "The territory over which we fight is among the most strategically important in the world. Victory will place the most dangerous regime on the planet, Iran's fascist theocracy, in serious peril. Defeat will leave that same regime inestimably strengthened. If there is any significant possibility that the presence of more American soldiers on the ground would raise the odds of success, not putting those soldiers on the ground is a crime."

Administration spokesmen have jettisoned talk of "staying the course" in Iraq in favor of "adapting to win." If those words are to have meaning, the administration can't simply stay the course on current troop levels. We need to adapt to win the battle of Baghdad. We need substantially more troops in Iraq. Sending them would be a courageous act of presidential leadership appropriate to the crisis we face.

William Kristol is editor of The Weekly Standard. Rich Lowry is editor of National Review.

Even Dating Is Perilous In Polarized Baghdad (WP)

By Amit R. Paley

The Washington Post, September 12, 2006

BAGHDAD -- He was a dashing young computer engineer. She was a shy student at his alma mater. They fell in love over lunch last year in the university cafeteria and promptly became engaged.

As they prepared for a future together, the couple barely discussed a subject that, under Saddam Hussein's rule, amounted to a footnote in matters of the heart: He was a Shiite Muslim; she was a Sunni Kurd.

But now those labels are tearing the couple apart. Barred by their families from marrying anyone of the opposite sect, the couple has erased one another's cellphone numbers and stopped speaking.

"There is no hope in this country anymore for Sunnis and Shiites to fall in love," said Husham al-Gizzy, a 25-year-old engineer, as he buried his face in his hands and recounted the story.

For decades, marriages between Sunnis and Shiites in Iraq were as ordinary as the daily call to prayer. But the sectarian warfare gripping the country has created a powerful barrier to Sunni-Shiite romances.

Married couples have filed for divorce rather than face the scorn of their neighbors. Fiances have split up as a result of death threats. And, increasingly, young single Iraqis have concluded that it is simply easier to stick to their own kind when it comes to love and family.

In a country where intermarriage was long considered the glue that held a fragile multi-ethnic society together, the romantic segregation of Sunnis and Shiites is more than just a reflection of the ever more hate-filled chasm between the two groups. It is also a grim foreboding of the future.

"Everyone is just taking sides to prepare for a big civil war," said Adnan Abdul Kareem Enad, manager of Sot al-Jamayaa, a radio station that has aired tales of star-crossed Sunni and Shiite lovers. "You can see the polarization of Iraq in the tensions between Sunnis and Shiites in marriage and dating."

The new taboo on Sunni-Shiite romances is only one of many impediments to love in this war-ravaged country. Religious authorities have forbidden casual dating. Women fearful of the bloodshed have become prisoners in their own homes. Couples have shunned posh restaurants once filled with lovebirds because they fear suicide bombers or kidnappers.

"This is the age of cellphone love," said Omar al-Azzawi, 33, an Internet cafe owner who has a Sunni father and a Shiite mother. "If I marry someone, we'll have to get married on the phone. We'll probably have to make love on the phone, too."

Still, the burgeoning obstacles to Sunni-Shiite romances remain among the most ominous signs of the rapidly deteriorating relationship between the two sects. Although underlying tensions always simmered between Hussein's Sunni government and the country's oppressed Shiite minority, few expected them to flare so violently and so quickly after his government collapsed.

For Hameed Ayad, a 24-year-old Sunni, the disintegration of his engagement to a Shiite classmate came swiftly after the 2003 U.S.-led invasion. His betrothed shocked him by expressing newfound pride in once-suppressed Shiite customs such as public self-flagellation and pilgrimages to the holy cities of Karbala and Najaf.

Ayad accused his fiancee of fanaticism and broke off the relationship. But to hear him describe Shiite Islam as a "backward" religion suggests that he, too, has sided with his own.

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"Even if she were the last woman on Earth, I wouldn't marry a Shiite," Ayad, a recent graduate in business administration from al-Turath University, said as he picked at a breakfast of scrambled eggs and cucumbers. "You could even put her in a frame of gold, but if I will break this gold, I would find mud inside of her."

Like many young Iraqi men, Ayad is so busy just trying to stay alive that he has given little thought to dating over the past three years. "I cannot guarantee my own life," he said. "How can I get married and be responsible for others?"

So when will it be safe enough in Iraq for him to get married?

"When the rooster will lay eggs," he replied, stone-faced.

For young Iraqi women, the isolation is often more extreme. The relentless carnage in the city so petrified Areej Abbas, 25, that she did not leave her home a single time for more than three years. She had no cellphone. No friends. No guests. All day she watched television.

"I was miserable," she said in a Sot al-Jamayaa studio, where she started working as a science show host this month in her first venture out of the house. "I probably would have committed suicide if it weren't for the satellite television."

Universities remain perhaps the safest place for a romantic rendezvous, though religious Shiites have begun to infiltrate campuses such as Baghdad University, posting signs warning about the evils of dating and promiscuity. Still, high school students now say the primary reason they want to attend university is to meet members of the opposite sex, according to a recent survey by Sot al-Jamayaa.

"It's becoming impossible to meet girls outside of the college," said Enad, the Sot al-Jamayaa manager. "Even older men now are desperate to go back to school if they are single."

But even if soul mates find each other on a university campus, sectarian differences can quickly split them apart. Many young people say it is primarily parents who are driving a wedge between members of mixed couples.

Samar Hussein, now a 27-year-old Shiite civil servant, said her parents initially rejoiced when a Sunni classmate asked for her hand in marriage four years ago. Her older brother and aunt had both married Sunnis, and the family cared little about religious affiliation.

But Hussein's family now worries about the practical considerations of intermarriage. Vast swaths of Baghdad have become no-go zones to members of certain sects. Those who do venture there face abduction or death.

"If a Shiite gets married to a Sunni guy, how will her mother be able to go and visit her?" Hussein asked. "And when the country is divided into Sunni and Shiite areas, there will be a difficult question: Will the women choose to go with their husbands or stay with their families? And the kids? Who is going to take care of them?"

She paused. "It will be a great tragedy," she said.

Hussein's parents forbid her to see the Sunni man, but she continues to trade covert I-love-you's with him on the phone. She will not break a tradition that requires parental approval for marriage, but she hopes their families might one day change. "We will leave it up to God," she said. "Maybe He will plant love between our families and show them the right way."

Many couples -- particularly well-educated, secular city-dwellers -- continue to intermarry. But even when the lovers and their parents consent to the marriage, mixed relationships are often fraught with danger.

Qais Jassim, 26, a Shiite from the Adhamiyah section of Baghdad, spent his wedding night petrified that his Sunni wife's relatives would abduct and behead him. After three months of one-on-one meetings with the woman's father, Jassim had finally persuaded her parents to support their marriage. But her cousins disagreed.

"Leave her alone or we'll kill you," the cousins screamed at him, Jassim recalled.

Such disputes, however, arise only after lonely Iraqi souls manage to find a potential mate, an increasingly daunting proposition in a country with curfews, limited mobility and the constant threat of death squads. Some teenage boys have taken to dialing random numbers in hopes that a girl will answer. Other young Iraqis have tried to connect via ubiquitous Internet chat rooms.

In cyberspace, like almost everywhere in Iraq these days, one of the first questions is often: Are you Sunni or Shiite? Give the wrong answer, and the conversation is over. Manal Hussein, a 34-year-old biology student at Baghdad University, recalled someone in a chat room inquiring about her sect.

"When I told him I was Sunni, he said, 'Okay, bye-bye,' " she recalled.

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Each thwarted Sunni-Shiite relationship etches the gulf between the two groups a little deeper and foils another opportunity to produce the next generation of children with mixed backgrounds -- those living testaments to the not-so-distant peace between the sects.

Ayad, the 24-year-old Sunni who said he would never marry a Shiite, fears that Iraq has already begun a free fall into carnage.

He shook his head and pointed at a dirty white ashtray filled with five crumbled cigarette butts. "The future of Iraq will be like this," he said.

Special correspondents Salih Dehema, Waleed K. Asmaeel and other Washington Post staff contributed to this report.

Saddam Accuses Kurds Of Sowing Hatred (AP)

By Qais Al-bashir

AP, September 12, 2006

A defiant Saddam Hussein accused Kurdish witnesses at his genocide trial Monday of trying to divide Iraqis by alleging chemical attacks and mass arrests during a crackdown that the prosecution says killed up to 180,000 people.

Three Kurdish witnesses told of brutal repression during Operation Anfal, the 1987-88 campaign against a Kurdish revolt in the final stages of Iraq's war with Iran. Saddam accused the Kurds of helping Iran in the war.

One of the witnesses, a Kurdish-American, said she saw people sickened and dying during a chemical attack and demanded compensation from foreign companies that supplied Saddam with chemicals, supposedly for agriculture.

"All the witnesses said in the courtroom that they were oppressed because they were Kurds," Saddam shouted after hearing the testimony. "They're trying to create strife between the people of Iraq. They're trying to create division between Kurds and Arabs and this is what I want the people of Iraq to know."

The deposed president said the Iraqi people "should not suffer from the guilt that they killed Kurds" and insisted that he treated loyal Iraqi Kurds fairly. Only those who joined the Kurdish insurgency were punished, he said.

Since the trial opened Aug. 21, witnesses have offered grim testimony of entire families dying in chemical weapons attacks. They said survivors plunged their faces into milk to try to end the pain from the blinding gas or fled into the hills on mules as military helicopters fired on them.

Saddam is among seven defendants charged with genocide or other offenses during Operation Anfal. If convicted, they could face death by hanging.

The trial resumed Monday after a nearly three-week break.

Katreen Elias Mikhail, a Kurdish Christian and former militia fighter, testified that four Iraqi planes unleashed a wave of bombs on the evening of June 5, 1987, on the Kurdish town of Qalizewa in northern Iraq.

"I smelled something dirty and strange," she told the court. "People were falling to the ground. They vomited and their eyes were blinded. We couldn't see anything."

"We were all afraid," she said, her voice cracking. "It was our first time seeing bombs falling on our heads."

Mikhail said she had come to court to lodge a personal complaint against Saddam, his cousin and co-defendant Ali "Chemical Ali" al-Majid as well as all those who provided the regime with chemicals used in the attacks.

"I demand compensation," she said.

Witness Ahmed Abdul-Rahman told the court he was rounded up from a village near Sulaimaniyah and imprisoned for four months "where they investigated us, they tortured us and they beat us."

A third witness, Sardar Ali Salih, said Saddam's Republican Guards raided his village in 1987, arresting Kurdish men and seizing sheep, the residents' livelihood.

"While in prison, they beat and tortured us. I stayed there for three months," Salih said. "There were 126 detainees with me. They took 58 and put us in another room. They told us that we would be released, that Saddam ordered our release." The others disappeared, including two of his brothers.

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Saddam is still awaiting a verdict on Oct. 16 in the first case against him — the nine-month-long trial over the killings of 148 Shiites in Dujail after a 1982 assassination attempt against him there. In that case as well, he and seven other co-defendants could face the death penalty.

The Anfal trial, which began in August, is also likely to take months.

The Bush administration had argued that the 2003 U.S.-led invasion of Iraq was needed to unseat Saddam because he possessed weapons of mass destruction and had ties to al-Qaida.

As recently as Aug. 21, President Bush said people should "imagine a world in which you had Saddam Hussein" with the capacity to make weapons of mass destruction and "who had relations with al-Zarqawi," referring to Abu Musab al-Zarqawi, the leader of al-Qaida in Iraq who was killed in a U.S. airstrike in June.

However, a recent U.S. Senate committee report found no link between Saddam and the terror network, and Saddam's alleged possession of weapons of mass destruction was debunked after the invasion, when none could be found.

Yet the Anfal case points to his alleged use of poison gas against Iraqi citizens, a charge often leveled by Washington.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents. The current trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation.

Saddam Says Genocide Trial 'Dividing Iraq' (AFP)

By Jay Deshmukh

AFP, September 12, 2006

Ousted dictator Saddam Hussein has charged that his genocide trial was "dividing Iraq" as Kurdish witnesses told of the horror of gas attacks unleashed against them during the brutal Anfal campaign of 1987-88.

"The whole beginning (of witness testimonies) is aimed at creating a split within Iraq between the Kurds and Arabs," Saddam said in a tirade from the dock as the trial resumed after a three-week recess.

Saddam and six co-defendants including his cousin Ali Hassan al-Majid, dubbed "Chemical Ali", face charges including genocide over Anfal which prosecutors say was a systematic campaign of slaughter that killed 182,000 Kurds.

"I want to give a message to the Iraqi people that they should not suffer from this guilt that they killed Kurds. This is shameful," he said.

Saddam, who is also awaiting a verdict in a trial over the killing of Shiite villagers after an attempt on his life in 1982, is charged with genocide, war crimes and crimes against humanity over the Anfal campaign.

If found guilty, he faces execution by hanging.

But Saddam, showing flashes of anger, claimed he had on several occasions acted on behalf of the Kurdish minority in Iraq.

"After the Iran-Iraq war ... I made a statement on TV and radio giving orders that no Iraqi security force should arrest Kurds, and if anyone has problems with Kurds, they should complain to Saddam Hussein."

The former dictator also said it was he who agreed autonomy for the Kurds in northern Iraq in 1970, when he was vice president.

"If the Arabs were racist and discriminatory, why would they accept an autonomy for the Kurds," he said, vowing however that "Iraqis will not split".

Saddam's outburst came after three more witnesses testified against him and six co-defendants accused of gassing Kurds and bombing their villages to quell an insurgency that coincided with the last years of the 1980-88 Iran-Iraq war.

Katherine Elias Mikhail, once a peshmerga Kurdish guerrilla, described how she was present when first her unit and then a year later her village were gassed by Saddam's air force.

"I saw hundreds of people -- not dozens but hundreds -- and they were vomiting and teary-eyed," she said describing a 1987 attack on a peshmerga base. "People with me collapsed because they had lost their sight."

In late 1988, the planes struck her village.

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"We had been frequently attacked by aircraft, but this time the sound of the explosions was not as loud as before and after the explosion there was white smoke," said the woman who now works as a writer in the United States.

Most prominent among his co-accused is Ali Hassan al-Majid, dubbed "Chemical Ali" over his alleged role in gas attacks who said Monday that some villages were burnt because "those who stayed in those villages were servants of peshmergas and Iranians."

Mikhail, who has long since shed her guerrilla fatigues for a business suit, said she lost most of her family to the old regime and her complaint was against Saddam and Chemical Ali and "the international companies who supplied the Iraqi regimes with these weapons".

She was followed on the witness stand by two more Kurds, including Ahmed Abdel Rahman, a farmer who described how troops came through his village in 1987, set fire to his village and drove off their cattle.

"We followed after them and begged them to return our cattle, and they told us that the Iraqi government had ordered them to kill us and loot our livestock," he said, going on to describe his subsequent imprisonment.

The trial resumed on the same day the United States marked the fifth anniversary of the September 11 attacks on New York and Washington that left close to 3,000 people dead.

On Friday a US Senate report concluded that Saddam had no links with Al-Qaeda prior to the September 11 attacks as US President George W. Bush's administration had repeatedly charged.

Since the genocide trial began on August 21, nine witnesses have given graphic testimony about how their villages had been gassed, their fields destroyed and their families exterminated in brutal death camps run by Saddam's forces.

Monday's session began with a Tunisian lawyer for Saddam quitting the defense team after the judge said foreigners could only work as legal advisors and not attorneys.

The trial has been adjourned to Tuesday.

Hussein Trial Resumes; Sectarian Attacks Continue In Streets (NYT)

By Paul Von Zielbauer

The New York Times, September 12, 2006

BAGHDAD, Tuesday, Sept. 12 — The trial of Saddam Hussein on charges of genocide against Iraq's Kurds resumed Monday, after a nearly three-week hiatus, while sectarian violence continued on Baghdad's streets, including the suicide bombing of a crowded downtown bus that killed more than a dozen people.

At a meeting of Parliament inside the fortified Green Zone, meanwhile, an effort by a group of Shiite lawmakers to promote legislation that would allow Iraq to be partitioned into autonomous regions appeared to lose some momentum on Monday after a rival Shiite bloc dissented.

Also Monday, Prime Minister Nuri Kamal al-Maliki said in a statement that he planned to make his first state visit to Iran on Tuesday, to discuss security and political issues.

In the trial, Mr. Hussein and six other former officials in his government face charges that they killed more than 50,000 Kurdish Iraqis, during a campaign in northern Iraq in 1988 in which the government used conventional and chemical weapons against civilians. Mr. Hussein also faces the charge of genocide.

He and his co-defendants maintain that the campaign was military in nature, to support Iraqi troops who were trying to suppress Kurdish militias backed by Iran.

On Monday, three Kurdish witnesses described attacks in 1987 and 1988 in which chemical gas attacks in Iraq's mountainous northeast region by Iraqi troops left villagers blinded and desperately ill.

Katrin Michael, 56, a Kurdish woman who said she now lived in Virginia, said she and several other villagers saw Iraqi military planes drop bombs that issued white smoke that smelled of garlic. Villages who did not die from the chemicals developed large blisters, she said.

A second witness, Ahmed Abdel Rahman Ahmed, described Iraqi troops razing his village in September 1987. "They evacuated the village and burned the houses," he told the court, adding that they also stole farm animals, including 100 of his sheep and goats.

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Defense lawyers characterized those raids as a necessary reaction to the Kurdish villagers' refusal to leave their homes after being ordered to relocate to a new, restricted area by the Hussein government.

As has become his custom, Mr. Hussein spent part of his day lecturing the chief judge, Abdullah al-Amiri, about what he characterizes as the illegitimacy of the charges against him. At one point, Mr. Hussein accused the Kurdish witnesses of trying to exacerbate the ethnic divisions between them and the country's Arab majority.

"The whole point is to make a split between the Arabs and the Kurds," Mr. Hussein huffed, before being told to be quiet.

In Parliament on Monday, lawmakers aligned with the political movement led by the radical Shiite cleric Moktada al-Sadr came out against efforts to enact legislation that would allow Iraq to be divided into autonomous regions, with Shiites and Kurds controlling the oil-rich south and north. Sunni Arabs, who would be left holding the barren western and central regions, are vehemently opposed to the legislation.

Baha al-Araji, a Shiite member of Parliament from Mr. Sadr's political movement, which controls about 30 seats in Parliament, said the movement would not support the bill or its reading next week.

"We believe that this draft does not serve the interest of Iraq now," he said in an interview on Monday afternoon.

"It is better to discuss it after the withdrawal of the occupation," he added, referring to the 138,000 American troops in Iraq. "Discussing this subject will increase disharmony with our Sunni brothers, so we should have more time so that Iraqi people can understand the real meaning of federalism."

But other Shiite members of Parliament, mostly from the Supreme Council for the Islamic Revolution in Iraq, a powerful party with close ties to Iran, said they would press a reading of the bill next week regardless of whether other Shiite political parties supported it.

"We will go with them or without them," said Khalid al-Atiya, the Shiite deputy speaker of Parliament, in an interview on Monday evening.

Violence continued in Baghdad and nearby cities on Monday. At 9 a.m., a man wearing a belt of explosives boarded a minibus full of Iraqi Army recruits and blew himself up, killing 13 people and wounding 3 others, an Interior Ministry official said.

Early Tuesday morning, American soldiers from a patrol in the Ghaziliya neighborhood of Baghdad, a religiously mixed area where Sunnis and Shiites have clashed, delivered six headless bodies to Yarmouk Hospital, a hospital official said. They also turned over a seventh body, which was not mutilated and was found in another neighborhood, in northeast Baghdad, the hospital official said.

Outside of Baquba, a city northeast of Baghdad that has fallen into an almost daily cycle of sectarian revenge killings, Sunni insurgents attacked a Shiite mosque with mortars and small-arms fire, killing four guards, a provincial police official said.

The attackers then rigged the inside of the mosque with explosives, which they detonated, razing the mosque, the official said. A gun battle between local residents and the insurgents left three more people dead.

Near the northern city of Kirkuk, four oil refinery workers were killed in an attack as they drove toward south toward Tikrit, the Iraqi police said.

Bomber Attacks Afghan Governor's Funeral (NYT)

By Carlotta Gall

The New York Times, September 12, 2006

KABUL, Afghanistan, Sept. 11 — A suicide bomber blew himself up Monday at the funeral of the assassinated governor of Paktia Province, killing at least seven people and wounding up to 40. Five of the dead were policemen, and two were children.

The funeral was for Hakim Taniwal, a tribal elder and provincial governor who was killed in a suicide attack outside his office on Sunday. He was buried in his home district of Tanai, in Khost Province, where he had also served as governor after the fall of the Taliban.

"The number of wounded is very high," the provincial police chief, Gen. Muhammad Ayub, said by telephone. "Actually, we don't know how many people were wounded yet."

President Hamid Karzai, who was a close friend of Mr. Taniwal's, denounced the attack as a "heinous act of terrorism" and "an act against Islam and humanity."

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"The enemies of Afghanistan, by carrying out a terrorist attack on the funeral ceremony of Hakim Taniwal, showed that they are not only against the traditions and culture of Afghans, but also against Islamic law," Mr. Karzai said in a statement issued by his office. "Enemies of Afghanistan" is the Afghan government's description for Taliban insurgents and other groups opposed to the government.

The attacks on Mr. Taniwal and on his funeral were seen by some here as a message from the Taliban that they are ready to strike in areas outside their traditional homeland, which is in the south, and are showing they can hit where they want.

A Taliban spokesman, Dr. Muhammad Hanif, said the Taliban was responsible for the death of Mr. Taniwal, and identified the suicide bomber as Ghulam Gul, from the Zurmat district of Paktia Province, an area of known Taliban influence. But he denied that the Taliban was behind the bombing at his funeral, saying, "We never do any action at religious ceremonies."

Dr. Hanif was contacted by telephone and was speaking from an unknown location. He is one of two spokesmen who regularly talk to the news media, but it is not known how closely he represents the Taliban leadership. NATO and American military officials have said fissures are showing in the Taliban movement, with some Taliban commanders based inside Afghanistan opposed to suicide bombing and, in one case, a commander refused orders from top leaders to execute a hostage he was holding. The hostage was later rescued by foreign troops.

About a thousand people had gathered for Mr. Taniwal's funeral, including the ministers of the interior, refugees, communications and parliamentary affairs, and other officials, who had flown in from Kabul, said General Ayub, the police chief. The explosion went off around 3 p.m., just 600 yards from the ministers as they were heading toward helicopters to return to Kabul, he said.

None of the ministers was hurt, but the head of police security of Khost Province was among those wounded, he said. An Afghan journalist from Radio and Television Afghanistan was also wounded.

The suicide bomber appeared to be about 15 years old, General Ayub said.

A medic at Khost's city hospital, Muhammad Wali Nuri, said it had taken in seven dead from the attack, five policemen and two boys 10 to 11 years old. The hospital had also received 40 wounded, both police officers and civilians, and sent six of the most seriously wounded to the American military base in town.

Blast Hits Funeral Of Slain Afghan Governor (WP)

By Pamela Constable

The Washington Post, September 12, 2006

KABUL, Afghanistan, Sept. 11 -- The crowded funeral ceremony of a provincial governor killed Sunday by a suicide bomber was attacked by another bomber Monday in Khost province, leaving six more people dead and dozens wounded.

Four cabinet ministers escaped injury when explosives detonated among mourners leaving services for Hakim Taniwal, who was governor of Paktia province. It was the third major suicide attack in Afghanistan in four days. On Saturday, a car bomber blew himself up alongside a U.S. military convoy here in the capital, killing 14 Afghans and two U.S. soldiers.

A purported spokesman for the Taliban, which has been battling NATO troops across southern Afghanistan for weeks, asserted responsibility for Taniwal's death but not for the funeral bombing, telling news agencies by telephone that it was against Taliban policy to attack religious ceremonies.

Taniwal was the most senior official to be slain in escalating attacks that have included remote-control and suicide bombings, as well as armed assaults. The attacks appear to be part of an orchestrated offensive by the revived Taliban militia, which ruled most of Afghanistan from 1996 until it was ousted by a U.S.-led military assault in 2001.

The current violence, the most intense since the defeat of the Taliban, has killed nearly 2,000 people this year, according to military reports. In the southern province of Kandahar, where NATO troops have been battling insurgents in two districts, officials said Monday that 92 more Taliban fighters had been killed, bringing the total to 510 in less than a week. Twenty foreign troops have been killed in recent weeks.

President Hamid Karzai called the funeral attack "a heinous act of terrorism that is an action against Islam and humanity." By bombing the gathering of mourners, he said in a statement, the killers showed they were against "not only the tradition and cultures of Afghanistan, but also against Islamic law."

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Jamal Arsala, governor of Khost province, said in a telephone interview Monday night that more than 1,000 people were leaving the funeral for Taniwal in his native village of Hisarak when the bomber blew himself up in the middle of the crowd.

"The occasion made it especially sad. There was nothing the security people could do in that large crowd. It hurts me a lot," Arsala said. "It seems like they are going after soft but high-profile targets now, such as governors. Khost has so much potential to become an important economic center. This could take that opportunity away."

Paktia and Khost provinces border Pakistan. Afghan officials have repeatedly complained that Taliban renegades are being sheltered and supported by religious or intelligence groups in the rugged tribal border regions of Pakistan. The Pakistani government has denied the allegations and sent 80,000 army troops to curb extremist violence in the region.

Last week, however, Pakistan's president, Gen. Pervez Musharraf, signed a peace agreement with Taliban groups operating in North Waziristan, a tribal region that borders Khost province. The deal requires the Taliban forces to stop attacks on both sides of the border, but critics in the two countries have said they fear it will actually give the Taliban more freedom to infiltrate into Afghanistan and carry out attacks.

Taniwal, 63, a former sociology professor, was a close adviser to Karzai who returned from long exile in Australia in 2002 at the new Afghan president's request to become governor of Khost. Later, he was briefly named to a cabinet ministry and then appointed governor of Paktia last year.

Taniwal died, along with his nephew and at least two other people, when a man wrapped in explosives ran toward his vehicle as he was leaving his office Sunday in Gardez, the capital of Paktia. Taniwal's body was flown to Kabul, and a procession and brief mourning ceremony were held at the Eid Gah, a majestic old mosque in the capital, before the retinue continued on to Khost by helicopter.

Karzai and other senior officials attended the Kabul ceremony under heavy security, along with U.N. officials and prominent Afghans who arrived and left quickly in Land Cruisers. The area around the mosque and the adjacent national stadium was cordoned off by soldiers and police, and no traffic was allowed to pass.

"He was a great person, and he worked hard for the peace process until the day he died," said Abdul Khan Suleimankhel, a member of parliament from Paktia who was at the service, wearing the traditional yellow turban of his region. "This will stop things for a while, but we elders will get together and find a way to keep the process going."

Taniwal was leading efforts in Paktia to persuade Taliban fighters to reconcile with the Karzai government and resolve a variety of tribal conflicts, a mission he had previously undertaken in Khost.

Rasool Amin, a former minister of education, described him as an "enlightened man who had worked hard for democracy all his life."

"He was a friend for 33 years, so this is a great shock," Amin added as he stood outside the Eid Gah. "Something has gone terribly wrong. Most Afghans want peace and progress, but we have been hijacked by extremists."

DOJ:

Justice Department Lawyers Lose Appeal On Overtime Pay (WP)

By Stephen Barr

The Washington Post, September 12, 2006

There's no dispute that Justice Department lawyers worked overtime and on holidays, and there's evidence the lawyers were "expected and induced" to work extra hours. But that's not enough to win back pay, a federal court ruled yesterday.

Overtime hours must be "ordered or approved" in advance for pay purposes, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit said.

The ruling is the latest in a long-running class-action lawsuit involving more than 9,000 Justice Department lawyers, but it's not the end of the case.

The agency lawyers, represented by Williams & Connolly LLP, will appeal the decision to the Supreme Court, said Robert A. Van Kirk , a lawyer for the firm.

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"The Federal Circuit's decision essentially guts the Federal Employees Pay Act and gives federal agencies the green light to disregard the mandatory overtime provisions of the law," Van Kirk said.

The Justice Department would not comment on the ruling. In the past, the department has said that its lawyers are professionals who accept that they will work more than 40 hours a week to carry out their responsibilities.

Yesterday's ruling was the second defeat for the Justice Department lawyers -- many are assistant U.S. attorneys -- at the circuit court. They had prevailed in a federal claims court only to see that decision reversed on an appeal by the department. The lawyers went back to the circuit court in hopes of readdressing certain issues in the case.

The agency lawyers are seeking compensation for overtime, holiday and "administratively uncontrollable overtime," a special pay category. The department has said the case covers the period between 1992 to 1999, but the lawyers think the case could extend to the present.

The back pay at stake is substantial -- a 2001 estimate suggested it could be as high as $500 million. That year, the department successfully lobbied for legislation that it thinks will prevent the use of appropriated funds to pay overtime to its lawyers. That tactic brought criticism from some House members, who said the department was not leading by example and should conduct itself beyond reproach.

Yesterday's ruling, issued by federal Circuit Court Judges Alvin A. Schall , Randall R. Rader and Sharon Prost , focused on precise language in the 1945 federal pay law and in federal regulations. At issue was the court's finding that overtime hours must be approved in advance in writing and that the lawyers were not on a list of Justice Department employees who qualify for uncontrollable overtime -- a pay differential that goes to criminal investigators and others who regularly work long and irregular hours because of their assignments. The court also said an earlier ruling against the lawyers was correct and precluded them from getting holiday pay.

Even though the Justice Department kept two sets of books on the lawyers -- one for pay purposes and one for determining actual hours worked -- the court rejected for a second time the lawyers' argument that the records represented the department's approval of the extra hours.

"These records merely showed that the agency had awareness that attorneys worked extra hours -- not that they had been authorized to receive overtime pay for working extra hours," the court said.

When lawyers asked about overtime, they were told they were not entitled. The department also told lawyers there was no system in place to request overtime, according to the plaintiffs.Fellowship Program

The Commerce Department is accepting nominations for the 2007 Commerce Science and Technology Fellowship Program, known as ComSci, that runs from January through October. ComSci provides opportunities to study national and international policy and management issues related to science and technology.

Full-time career federal employees in a professional or management series at the General Schedule 13 level or above are eligible to apply. The deadline for nominations is Oct. 2. For details, call 202-482-6103 or send an e-mail to Cynthia.Lynn@technology.gov .

Steven L. Katz, an author and management consultant, will discuss "everything new government executives and managers need to know but are never told" at noon Wednesday on Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

CORPORATE SCANDALS:

Tension At The Top (WP)

By Yuki Noguchi

The Washington Post, September 12, 2006

The Justice Department, the Federal Bureau of Investigation and a House subcommittee have started their own probes into how Hewlett-Packard Co. investigators obtained private phone records in an attempt to identify a source of company leaks to the media, according to the company and regulatory filings released yesterday.

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Last night, the HP board of directors also reconvened to consider ousting its chairman, Patricia C. Dunn, who led the company's efforts to identify the source of the leaks from its own board.

The company revealed yesterday in a regulatory filing with the Securities and Exchange Commission that it had been contacted by the U.S. attorney's office for the Northern District of California for information regarding its investigation.

A spokesman for the FBI said the agency also was looking into the methods of HP's investigation. The House Energy and Commerce subcommittee on oversight and investigations has asked HP to submit information as part of the committee's broader look at breaches of private information. Last week, the California state attorney general's office launched its own investigation, and the Federal Communications Commission requested information from AT&T Corp. about the disclosure of the phone records.

How HP's investigators obtained phone records and other private information about its directors and several members of the news media has touched off a storm of criticism and investigations, and has raised concerns that such aggressive tactics are commonplace in the corporate world.

The company, started in the Silicon Valley garage of its founders and incorporated in 1939, is considered an icon in the technology world. But moving its old-line business into the new age divided the company in recent years, a tension that has created one of the fiercest feuding corporate boards.

When Dunn joined the board as a director in 1998, the company was known more for its line of printers than for computers. In 2001, then-HP chief executive Carly Fiorina championed a $19 billion acquisition of Compaq, arguing that buying the maker of personal computers would give the business bigger scale and a broader base of corporate customers. Fiorina clashed bitterly with Walter Hewlett, son of co-founder Bill Hewlett, who sought to keep HP from venturing afield of its profitable printer business. Hewlett had the backing of members of the Packard family, but when Fiorina prevailed and HP bought Compaq, he was dismissed from the board.

Dunn backed Fiorina in that battle but turned against her three years later, calling for the resignation of the brash and charismatic Fiorina as HP faltered after the merger. Fiorina, one of the few female Fortune 500 leaders, resigned. Dunn took over her position as chairman, and former NCR Corp. chief executive Mark Hurd eventually assumed the position of chief executive.

Under Hurd, the company's profit has soared as it cut costs and eliminated more than 15,000 jobs. The company's stock has also made a dramatic recovery during his tenure. When he joined the company in April 2005, its stock was trading at about $22 per share. The stock gained 27 cents per share yesterday to close at $36.36, which is near its 52-week high of $36.73.

This month, however, the company disclosed to the SEC that one of its board members, venture capitalist Thomas Perkins, resigned in May. Perkins is a former HP employee who was best known for co-founding the prominent Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers.

His resignation came in protest over the methods used to determine which board member had been leaking information to the news media.

In trying to find the leak, the company hired an investigator, who then hired an agency that had its employees pose as HP board members and nine journalists to gain access to their personal phone records -- a practice known as pretexting. HP had determined that George A. Keyworth II had leaked the information. Keyworth was asked to resign but declined. The company said it would not re-nominate him to the board.

Dunn, who was named board chairman after Fiorina was ousted, has become the central figure in the scandal because the investigation was ordered under her watch.

Dunn, 53, the daughter of a Las Vegas showgirl, started her career as a secretary for Wells Fargo Bank and worked up to chief executive of Barclays Global Investors.

During her tenure on the board, she has presided over a number of acrimonious battles at HP. This time, she has publicly denied any knowledge of the methods of investigation and has criticized Perkins, the former board member, after he called for her resignation.

"Tom knew more about the investigation than probably any other director," Dunn told the San Jose Mercury News in an article on Saturday. Perkins advocated going further, including subjecting board members to lie detector tests, Dunn told the newspaper, a claim Perkins denied.

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In an e-mail, Perkins also complained to HP general counsel Ann Baskins that minutes from the board meeting did not reflect his dismay at the surveillance tactics. HP's outside counsel, Larry Sonsini, chairman of the law firm Wilson Sonsini Goodrich & Rosati, also told Perkins in a June e-mail that the investigation and its conduct were legal.

"In corporate scandals, this is as bad as it gets," said Charles Elson, director of the Center of Corporate Governance at the University of Delaware. While leaks are undesirable, it was far worse that the company investigated its own board, which is supposed to be independent, and was allowed to criticize management practices, he said. "The chairperson of the board should be held accountable" for such a violation of directors' independence, he said.

H-P's Leak Probe Comes Under Wider Scrutiny (WSJ)

By Jim Carlton In San Francisco And John R. Emshwiller In Los Angeles

The Wall Street Journal, September 12, 2006

The Justice Department has joined a probe of potentially illegal tactics by Hewlett-Packard Co. in investigating leaks by its board of directors.

A spokesman for the U.S. Attorney's Office for the Northern District of California yesterday confirmed that his office and the Federal Bureau of Investigation are probing the "processes employed" in the H-P leak investigation. Separately, a House committee said it is seeking information from H-P about the matter, including the identity of private investigators that H-P has said it used in the investigation, which involved accessing the private phone records of board members and nine journalists.

1 WHO'S WHO IN THE SCANDAL

See profiles2 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. • Complete coverage3

The inquiries were disclosed ahead of the second phase of a closely watched H-P board meeting, which adjourned Sunday and resumed last evening. The directors were expected to discuss the investigation and its potential fallout, including questions about the role of Chairman Patricia Dunn and senior company executives in authorizing and conducting the probe.

The focus of the government inquiries is an H-P investigation that was requested by Ms. Dunn in 2005 and intensified in early 2006. That company probe involved a practice known as "pretexting," in which a person's private phone records are obtained by someone impersonating them.

The Palo Alto, Calif., computer and printer maker has disclosed that it hired a private-investigation firm to carry out the inquiry and the firm, still unidentified, hired a second firm that used pretexting to obtain phone records. Ms. Dunn has said she knew directors' phone records were being scrutinized, but didn't realize those records had been obtained improperly.

According to two people close to H-P, one reason for the board's adjournment Sunday was discussion about whether former director Thomas Perkins should be asked to rejoin the board. Mr. Perkins resigned last spring to protest the investigation of the leaks. Since then, the wealthy venture capitalist has suggested that directors remove Ms. Dunn as chairman and put him back on the board, according to these people familiar with the situation.

"He gets his prestige from sitting on corporate boards" and being an H-P board member was very important to him, one knowledgeable individual said. He was surprised when the board accepted his resignation, this person added.

However, Mr. Perkins's spokesman, Mark Corallo, said, "Tom Perkins will not return, even if asked, to the board of H-P. He remains steadfastly loyal to H-P and is motivated only by the company's best interests." As for Ms. Dunn, she has said she will resign if the board requests it. Both people close to H-P said the board has been cool to the idea of Mr. Perkins returning as an H-P director. It is unclear whether the board will ask Ms. Dunn to resign as chairman, director or both.

California Attorney General Bill Lockyer has said a crime was likely committed in the H-P probe, although his office has yet to determine who committed it. A spokesman for Mr. Lockyer's office yesterday said two potential felonies could be involved -- illegally accessing and using computer data and accessing personal-identification information and using it for illegal purposes, such as illegally accessing computer data.

Each of those crimes carries a maximum of three years in prison and a $10,000 fine. A person could be charged with multiple counts of the same crime, which presumably could happen because numerous individuals had their private records accessed.

The state agency could bring civil suits against individuals. The spokesman said there were various possible statutes under which to bring such actions. For instance, someone could be charged with unlawful business practices. Each violation of that statute carries a $2,500 fine.

FBI Deputy Director John Pistole told the Associated Press that the bureau opened its probe yesterday and was investigating two possible crimes: illegal computer intrusion and wiretapping. Under federal law, improperly obtaining personal phone records could be seen as a violation of the Federal Trade Commission Act, which attempts to protect consumer information. Regulations of the Federal Communications Commission require companies to keep customer information private.

But federal law may not be completely clear.

Late Friday, leaders of the House Judiciary Committee sent a letter to Senate Majority Leader Bill Frist urging him to move legislation stalled in the Senate that would make pretexting a federal crime. That legislation passed the House in April although a similar bill remains stalled there. In the letter, the lawmakers cited a letter by Larry Sonsini, H-P's outside attorney, reportedly suggesting that using pretexting services wasn't clearly illegal.

"If an attorney of Mr. Sonsini's caliber...believes that pretexting is not already a crime, then the time has come to clearly and unambiguously make such activity illegal," the lawmakers wrote.

On top of whatever federal statutes may have been broken, prosecutors could pile on conspiracy-related charges that could trigger a minimum of five years imprisonment, said Behnam Dayanim, a partner and privacy specialist in the Washington office of the international law firm Paul Hastings.

To put together a case, Mr. Dayanim added, investigators would have to first show records were accessed without proper authorization. Then, they would have to determine how much knowledge each of the parties had that a crime was taking place. H-P might argue that it wasn't aware of what activities were conducted by the private investigators.

The investigators could be asked to cooperate in showing the company was aware of the tactics, in exchange for lighter prosecution, he said. "This isn't a complex case," Mr. Dayanim said. "It will be a matter of proving what was done."

The Securities and Exchange Commission has asked H-P about a disclosure in May regarding Mr. Perkins's resignation. H-P didn't disclose a reason for the resignation, and has said it believes its disclosures about the matter were appropriate. Mr. Perkins has raised questions about that assertion, in view of the fact that he had disagreements with Ms. Dunn and resigned in connection with the investigation.

Mr. Perkins has disclosed that he asked federal prosecutors to look into the probe's tactics, and approached the FTC and FCC. The FCC on Thursday asked AT&T Inc., one of the phone carriers involved in the investigation, about possible improprieties linked to H-P's probe, a person familiar with the matter said.

Meanwhile, House Energy and Commerce Committee Chairman Rep. Joe Barton (R., Texas) and Rep. John Dingell (D., Mich.), the panel's senior Democrat, asked Ms. Dunn to identify firms or people hired to obtain directors' and journalists' phone records. "The committee is troubled by this information, particularly given that it involves H-P -- one of America's corporate icons -- using pretexting and data brokers to procure the personal telephone records of the members of its board of directors and of other individuals without their knowledge or consent," the letter said.

House Panel And U.S. Attorney Join H.P. Inquiry (NYT)

By Damon Darlin

The New York Times, September 12, 2006

SAN FRANCISCO, Sept. 11 — As its directors continued to confer on the future of its chairwoman, Hewlett-Packard found itself under increased legal and political scrutiny Monday over the use of private investigators to trace the source of news leaks in the board.

The United States attorney's office in San Francisco said it was looking into the methods used by the investigators, which included the questionable if not illegal tactic of "pretexting" — posing as directors and journalists to get their phone records.

The House Committee on Energy and Commerce, meanwhile, asked the company to identify the consulting firm it hired for the investigation, the subcontractor that carried out the ruses and all of the targets. It also demanded copies of contracts and legal opinions in the matter.

The company's board, which met inconclusively on Sunday, resumed telephone consultations Monday afternoon. Foremost among the topics was the role of the chairwoman, Patricia C. Dunn, who the company says first authorized the investigation last year.

Ms. Dunn recused herself from parts of the discussion, according to a person with knowledge of the board's deliberations, leaving the company's outside counsel, Larry W. Sonsini, chairman of the powerhouse Silicon Valley law firm of Wilson Sonsini Goodrich & Rosati, to preside.

Mr. Sonsini and his firm were consulted at various points in the investigation, according to the company. As a result, his role at the board meeting was "an odd choice," said Jeffrey A. Sonnenfeld, a professor at the Yale School of Management who advises companies on corporate governance. "They have a highly conflicted law firm right now," he said.

Hewlett-Packard spokesmen would not comment on the board's deliberations, and Mr. Sonsini has not responded to requests for comment since the upheaval at the company became public last week.

Over the weekend, in a reflection of the high stakes, Ms. Dunn brought in Sitrick & Company, a well-known and tenacious public relations firm specializing in crisis management, to represent her and the company. Michael S. Sitrick, the firm's chairman and chief executive, has represented a number of high-profile clients, including the supermarket billionaire Ronald W. Burkle when a contributor to The New York Post was accused of trying to extort money from him.

One reason for the board's extended talks was reported to be discussion of Thomas J. Perkins, who quit the board in May in anger at Ms. Dunn over the internal investigation. A person with knowledge of the board's deliberations said that Mr. Perkins, a pre-eminent Silicon Valley venture capitalist, sought to return to the board but that members are split on whether he should.

Mr. Perkins's spokesman, Mark Corallo, disputed that report. "Mr. Perkins will not return to the H.P. board, even if asked," Mr. Corallo said, but "he believes in the performance and prospects of the company under the leadership of Mark Hurd."

While Mr. Perkins has been an ally of Mark V. Hurd, the chief executive — Mr. Perkins, like Mr. Hurd, sees H.P. as a growth company — his public airing of his problems with Ms. Dunn has injured the company's image. (Hewlett-Packard's stock, though, has been relatively unscathed since the furor became public last week. It closed up slightly Monday at $36.36.)

Mr. Perkins's insistence that the company acknowledge his reason for resigning in May — and his disclosure of what he had learned about the investigative tactics — led to the current upheaval. He and his lawyer presented information to the federal authorities at the same time that they sent information to the California attorney general and the Securities and Exchange Commission, both of which have indicated they are already conducting inquiries.

Corporate governance experts are split over whether the board should ask Ms. Dunn to step down.

"This is one of the biggest corporate blunders in the past 10 years," said Charles M. Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "To get this far off tells you that something was wrong with the board."

Mr. Sonnenfeld said the directors would be wise to keep the board's chairmanship separate from the chief executive position, if only because the chairman can "take the bullets" that might otherwise hit the chief executive. "It keeps Mark Hurd above the fray," Mr. Sonnenfeld said.

Removing Ms. Dunn, he said, will not make the problems go away, but will just shift the focus to Mr. Hurd, who sits on the board. "I wouldn't think he'd want to be in the chair right now," he said.

A big part of the company's problem is that it has been unwilling to speak out. Joseph A. Grundfest, a professor of law and business at Stanford Law School, said the company should be saying two things.

First, it needs to say that pretexting is wrong. "There hasn't been a clear, unambiguous message," he said. Saying that would allow the company to shift the terms of the debate, he said.

"Dunn was also pretexted," he said. "She was as much a victim."

He also said the focus should be on the leaker, George A. Keyworth II, a long-serving board member who was asked to resign but has refused. "This verges on the preposterous," Mr. Grundfest said, adding that he thought the company should even take legal action against him.

"Mr. Keyworth has said, 'You can't trust me, but share confidential company information with me,' " Mr. Grundfest said.

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Another public battle may not be the most appealing prospect, but Ralph D. Ward, the publisher of Boardroom Insider, an online magazine on corporate governance, suggested that an outside panel was needed to evaluate the board. "Not Larry Sonsini," he said. "He seems to have been part of the problem."

The panel, composed of governance experts, might help to establish the board's credibility and independence, Mr. Ward said.

Feds Scrutinize HP Probe Of Leaks (USAT)

By Michelle Kessler

USA Today, September 12, 2006

A congressional committee and several federal agencies are investigating whether Hewlett-Packard illegally obtained phone records of board members and journalists.

HP's board met late Monday to discuss the growing scandal, which stems from an earlier attempt to find out which board member was leaking company information to the press. The internal issue attracted regulatory attention after HP said it hired detectives who pretended to be other people to get their confidential records.

That technique, called "pretexting," falls in a legal gray area but has regulators concerned. HP says it is cooperating with officials.

In a five-page letter Monday to HP Chairman Patricia Dunn, the House Energy and Commerce Committee said it was "troubled" by reports of pretexting.

The letter, signed by two Republicans and two Democrats, asks HP for the names of everyone involved and other data.

The FBI has begun a preliminary inquiry, agency spokeswoman LaRae Quy confirmed Monday. The agency's focus has not been determined, but it could include computer and wire fraud, she said.

The Justice Department has asked HP for information "similar to that sought" by California Attorney General Bill Lockyer, who has launched a criminal inquiry.

HP disclosed the department's interest Monday in a Securities and Exchange Commission filing.

The Federal Communications Commission sent a letter to AT&T on Thursday requesting information about phone records that HP may have obtained.

The scandal dates to early 2005, when HP's board was clashing with then-CEO Carly Fiorina. Leaks to the press became a problem, so Fiorina ordered an investigation.

After Fiorina was ousted, Dunn hired a detective firm to continue the search. HP now says the firm used pretexting to obtain the phone records of nine reporters. Former board member Tom Perkins says his phone records were also obtained via pretexting.

Equity analyst Charles Wolf at Needham & Co. says the problems started with the controversial 2002 acquisition of Compaq Computer, which sparked a shareholder revolt and boardroom battle.

Dunn, 53, may have to leave to quell the current flap, Wolf says. Although the scandal is a distraction for CEO Mark Hurd, he should be relatively unaffected because it began before he joined HP in April 2005, says tech analyst Martin Reynolds at researcher Gartner.

HP's stock closed up 27 cents at $36.36 Monday. Equity analyst Bill Fearnley Jr. at FTN Midwest Securities says investors are focused on Hurd's leadership.

Federal Prosecutors Ask For Info On HP Probe; Board Ponders Dunn's Fate (LAW/AP)

By Jordan Robertson, The Associated Press

AP, September 12, 2006

Federal investigators stepped into the fray surrounding Hewlett-Packard Co.'s possibly illegal investigation of media leaks, as the company's board planned to meet again to discuss the fate of embattled Chairwoman Patricia Dunn.

HP revealed in a Securities and Exchange Commission filing Monday it had been "informally contacted" by the U.S. Attorney's Office for the Northern District of California concerning the company's methods for rooting out who was giving confidential company information to journalists.

The Palo Alto-based maker of computers and printers said it is cooperating fully with the federal inquiry, along with an investigation by the California state attorney general's office, which requested similar information. An HP spokesman had no further comment.

Hewlett-Packard's board adjourned an emergency phone conference Sunday without announcing whether it would oust Dunn for her role in the investigation that may have used illegal means to spy on colleagues and journalists. The board was scheduled to reconvene late Monday afternoon.

Dunn's resignation now seems likely, said Roger Kay, who follows HP as president of Endpoint Technologies Associates, a market research firm. "The right thing to do now is for her to step down, clear the air and let the company carry on," he said.

Dunn, a former freelance journalist who has become one of the most powerful women in corporate America, ordered the outside investigation of fellow board members to determine who anonymously leaked information, especially as it related to the job status of former chief executive Carly Fiorina.

HP hired private investigators who used Social Security numbers and other personal information to impersonate HP directors and journalists. The impostors then tricked phone companies into turning over detailed logs of their home and cellular phone calls.

Although a common tactic among private investigators, the subterfuge -- known as "pretexting" -- tests the bounds of California law.

California's attorney general has said the investigation violated two state laws related to identity theft and illegal access to computer records. It's still unclear, however, whether the company or anyone acting on its behalf will face civil or criminal charges.

A spokesman for Attorney General Bill Lockyer had no comment Monday on the involvement of the U.S. Attorney.

A federal investigation further complicates the situation for HP, experts said.

"It opens the company to more scrutiny on a broader and more powerful level," said Ken Sukhia, a former U.S. Attorney in Tallahassee, Fla.

Martin Reynolds, vice president of the research firm Gartner Inc., said it may be more likely that criminal charges are filed against the private investigator, rather than Dunn or another HP board member. The company has not revealed the name of the investigator it used.

That may be one reason investors have largely ignored the scandal. HP shares rose 27 cents Monday to close at $36.36 on the New York Stock Exchange, near the top end of its 52-week range of $25.53 to $36.73.

"It's a good thing they're not trying to close a difficult merger or negotiate for a new CEO right now," Reynolds said. "But the business of HP and the leadership there is strong enough that this is just not an issue. It's certainly embarrassing, and it's obviously not the best press, but the good news is this is pretty much divorced from the day-to-day operations of HP."

The Federal Communications Commission has also taken interest in the HP investigation, asking AT&T Inc. last week how the company's private investigators managed to obtain the private phone records of board members and journalists.

Following the investigation, board member George Keyworth II was identified as the source of the leak, and HP responded by barring him from seeking re-election.

Another HP director, longtime Silicon Valley venture capitalist Tom Perkins, resigned from the board in May in protest of the investigators' tactics.

Perkins this weekend called on Dunn to resign.

Dunn told The Associated Press last week she would resign if asked, but said several fellow board members had urged her to remain on the job despite the criminal investigation. She also said the media leaks were an "egregious breach" of the company's standards and that the board of directors fully backed an investigation to root out the source.

The nine reporters whose phone records were compromised are Pui-Wing Tam and George Anders of The Wall Street Journal; Peter Burrows, Ben Elgin and Roger Crockett of BusinessWeek; John Markoff of The New York Times; and Dawn Kawamoto, Tom Krazit and Stephen Shankland of CNET Networks Inc.'s News.com.

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Investigators hired by HP also targeted Thomas Shankland, a semiretired geophysicist in Los Alamos, N.M., who is Stephen Shankland's father. The younger Shankland is married to Associated Press reporter Rachel Konrad, who has also covered HP.

Keyworth, the board member who will not be re-nominated, was the former science adviser to President Reagan and director of the Physics Division at Los Alamos National Laboratory, which he joined in 1968. Keyworth has acknowledged leaking information to reporters.

AP business writers Michael Liedtke and Paul Elias contributed to this report.

Hewlett-Packard Says Justice Department Joins Probe (Update4) (BLOOM)

By Connie Guglielmo And Ian King

Bloomberg, September 12, 2006

Sept. 11 (Bloomberg) -- Hewlett-Packard Co., the world's second-largest personal-computer maker, said the U.S. Justice Department joined a probe into whether the company broke the law in its investigation of news leaks by directors.

The U.S. Attorney for the Northern District of California is looking at the use of fake identities by private investigators to obtain phone records of board members and nine journalists, Hewlett-Packard said in filing today. A U.S. House committee also requested information, and the Federal Communications Commission has asked AT&T Inc. about its involvement in the matter.

The new inquiries add pressure on Chairwoman Patricia Dunn, who authorized the probe that California Attorney General Bill Lockyer has already said may result in criminal charges. Hewlett- Packard's board is meeting today for a second day to discuss the scandal and consider calls by former director and venture capitalist Tom Perkins for Dunn's resignation.

``There's no way to spin this from a positive viewpoint," said Chuck Jones, an analyst at Atlantic Trust Stein Roe in San Francisco, which manages $16 billion in assets including Hewlett- Packard's shares. He also owns the shares personally. The problems probably won't affect Hewlett-Packard's earnings performance, he said.

Shares of Hewlett-Packard, which ranks second to Dell Inc. in PC revenue, rose 27 cents to $36.36 at 4:01 p.m. in New York Stock Exchange composite trading. The stock has gained 27 percent this year.

The company won't provide additional details about the Justice Department inquiry, said Hewlett-Packard spokesman Ryan Donovan.

More Inquiries

The U.S. House Energy and Commerce Committee asked Dunn in a letter today to turn over information related to how Hewlett- Packard obtained private phone records. Also today, an FCC official confirmed the commission is seeking information from San Antonio-based AT&T related to Hewlett-Packard's investigation.

Michael Balmoris, an AT&T spokesman, said the company is working with law enforcement officials to catch those who fraudulently obtain access to customer information.

Dunn, 53, ordered the investigations beginning last year in an effort to find out who leaked news about company strategy and the ouster of former Chief Executive Officer Carly Fiorina.

After meeting for ``several hours" yesterday, the board will convene again this afternoon, Palo Alto, California-based Hewlett-Packard said yesterday.

`Sharp Conflict'

``This strongly suggests there is sharp conflict among board members and uncertainty as to next steps," said James Post, a professor at Boston University School of Management. ``Some of those directors know she has to go."

Hewlett-Packard CEO Mark Hurd, addressing employees on Sept. 8, said the board has a ``long history" of leaking information that needs to be resolved. In an interview earlier that day, Dunn acknowledged that ``there were things not done particularly well, including by me, and certainly not intentionally" as part of a yearlong external probe.

Fiorina, Hurd's predecessor, began an internal review into the source of board leaks in the weeks before her February 2005 ouster after stories about board deliberations appeared in publications including the Wall Street Journal. The internal review failed to yield the source of the leaks, prompting Dunn to initiate an outside investigation in mid-2005.

Outside Counsel

After reviewing private records, Dunn confronted longtime director George Keyworth at the board's May 18 meeting. He admitted to divulging information, was asked to resign and declined. His friend, Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, objected to the way the investigation was handled and resigned.

Perkins, who quit in May because of the probe, later demanded that a review be conducted into how outside investigators obtained directors' phone records. Perkins was assured by Hewlett-Packard outside counsel Larry Sonsini in a June 28 e-mail that the probe was ``well done and within legal limits."

``I acted not from any ill will toward Ms. Dunn but to protect the best interests of H-P," Perkins said in an e-mailed statement. Perkins's questioning of tactics used in the probe led to Hewlett-Packard's disclosure of possible illegal activity last week. ``The past months and days have shown that those interests are best served if Ms. Dunn would resign from the board."

`Tarnished Image'

Upon further review, Sonsini, of Palo Alto-based Wilson Sonsini Goodrich & Rosati, couldn't confirm that the investigation complied ``in all respects" with the law. Hewlett- Packard detailed the investigation in a Sept. 6 regulatory filing before learning that reporters' phone records had also been accessed as part of the probe.

``The board needs to get together and repair its terribly tarnished image," said David Beim, professor of finance at Columbia University, in an interview last week. He said Dunn's resignation is one of the options the board has to consider.

Dunn, who is also vice chairwoman of Barclays Global Investors in San Francisco, said on Sept. 8 that she feels she has the confidence of directors and trusts their judgment. She said she would resign if asked by the board.

To contact the reporters on this story: Ian King in San Francisco at ianking@bloomberg.net ; Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

Privacy Piracy (USAT)

USA Today, September 12, 2006

Just how easy is it for people to obtain your private telephone records? The scandal at Hewlett-Packard provides a stark and troubling answer.

The computer-maker is in turmoil over Chairwoman Patricia Dunn's use of private investigators to find which of her fellow board members leaked company information to the press. Those investigators found the leaker simply by asking phone companies for the personal calling records of board members and certain reporters.

Dunn denies any advance knowledge of the specific tactic used by the investigators — an unsavory practice known as “pretexting” in which investigators misrepresent themselves as the people whose records are being sought. Even so, a savvy executive should know that hiring people to plug leaks is fraught with peril, as Richard Nixon discovered after he set up his “plumbers” unit.

This unseemly saga is particularly disturbing because HP is one of the nation's most admired companies, one of 30 that make up the Dow Jones Industrial Average. It cannot inspire confidence when the board chairwoman is spying on her own directors.

Aside from exposing dysfunction in the HP boardroom, the episode illustrates just how loose phone companies are with customers' records.

Despite its obvious deceit, however, pretexting might not violate federal law if is not used for identity theft. California, where HP is based, has more stringent laws, and authorities there are investigating whether any of them were broken.

If nothing else, the events at HP should put pressure on telephone companies to make it harder to get sensitive data. They should adopt restrictions that would keep private records out of the hands of unscrupulous poseurs, such as requiring passwords and mailing records only to the customers' listed addresses.

A federal response might be in order as well, both to set standards for releasing sensitive data and to crack down on the pernicious practice of pretexting, which some Internet companies have turned into a for-profit business model.

Perhaps then, people would feel more secure. And perhaps companies like HP would focus more on their customers, and less on themselves.

Dell Delays Briefing, Filing Profit Report As Woes Mount (USAT)

By Byron Acohido

USA Today, September 12, 2006

SEATTLE — Amid rising uncertainty about its strategic course, Dell on Monday delayed filing its quarterly report and postponed a high-profile analysts briefing for the second time in six months.

The No. 1 PC maker also put its stock-repurchase program on hold and noted that the Justice Department has joined the Securities and Exchange Commission in examining its accounting practices. In a statement with few details, Chairman Michael Dell vowed to make things right.

"We will take any appropriate remedial or corrective actions to address any problems," Dell said.

Federal regulators are examining whether Dell misstated financial reports "including issues relating to accruals, reserves and other balance sheet items," Dell said. Meanwhile, the U.S. Attorney's office for the Southern District of New York has requested to review accounting documents from 2002 to the present.

The Round Rock, Texas-based PC maker's shares dipped 5% on the news, but recovered to close at $21.19, down 2%. Dell disclosed the SEC investigation last month, and has started a parallel internal audit.

Many company watchers were anticipating details about a turnaround strategy at Wednesday's postponed briefing, which was initially pushed back from April. The briefing has not been rescheduled.

"We're in a vacuum here," said Brent Bracelin, senior research analyst at Pacific Crest Securities.

Analysts had been eager to question Dell about last quarter's disappointing results, which included lower-than-expected net income and reports that rival Hewlett-Packard was gaining share. Some analysts viewed that as a low point for Dell, but Bracelin says the company's fortunes could continue to fall.

Dell raced past rivals like HP, Compaq and Gateway in the 1990s. But growth has slowed and profits are under pressure. Senior executives say they've had problems estimating demand and may have lowered prices too much. Critics point to a string of missteps, combined with a dose of bad luck, including:

•Laptop lag. Rival HP has gained ground thanks partly to a hot consumer laptop market, in which buyers prefer to see and hold the product before buying; Dell sells mainly online.

•Poor service. Dell officials will spend $150 million in the current fiscal year on initiatives to shed its reputation for ignoring complaints.

•Bad batteries. Dell was recently forced to recall 4.1 million laptop batteries because they can overheat and cause fires.

Richard Farmer, analyst at Merrill Lynch, called Dell's announcement "an additional overhang for the stock."

Expanding Investigations Increase The Heat On Dell (WSJ)

By Christopher Lawton

The Wall Street Journal, September 12, 2006

The hole for Dell Inc. seems to keep getting deeper.

The computer maker said it would delay filing its fiscal second-quarter report because of a widening Securities and Exchange Commission investigation and its own probe into its financial accounting. Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting.

The news increases the spotlight on Dell's reporting methods and could spell more trouble for chief executive Kevin Rollins.

When Dell disclosed the SEC investigation in August, the Round Rock, Texas, company said it didn't think the investigation would materially affect its financials; now Dell isn't ruling out needing to restate prior results. The subpoenas from the U.S. attorney, which has requested documents related to Dell's financial reporting from 2002 to the present, hadn't previously been disclosed.

Dell was also forced to take two other embarrassing steps yesterday.

It suspended its share-buyback program until further notice. The company spent $7.2 billion to repurchase 204 million shares in fiscal year 2006, which ended in February. In addition, Dell canceled its financial-analysts' day for the second time this year; the meeting with Wall Street analysts was to have taken place in New York tomorrow.

Yesterday, Dell shares slid 2.1%, down 46 cents to $21.19 at 4 p.m. in Nasdaq Stock Market composite trading. Dell shares have declined by nearly 30% this year.

Analysts said the investigations, along with the company's plunging stock price, increase the pressure on Dell's management, in particular Mr. Rollins and chief financial officer Jim Schneider. Questions may also arise for Dell's independent auditing firm PricewaterhouseCoopers LLC.

"A big part of this is it further undermines management credibility, which is already very low," said Toni Sacconaghi, analyst with Sanford C. Bernstein & Co. "Certainly the finger is going to be pointed most squarely at Kevin Rollins and CFO Jim Schneider."

Founder Michael Dell, who remains Dell's chairman, said in a statement that the company was cooperating with the investigators.

"We will take any appropriate remedial or corrective actions to address any problems," he said in the statement. The company declined to make any further comment.

The intensifying investigations are the latest setbacks for Dell.

Over the past year, Dell -- the world's largest personal-computer maker measured by units shipped -- has seen its sales and profits slow and competition ramp up from rivals such as Hewlett-Packard Co. The company also announced a battery recall, involving millions of laptops, last month, because of a potential fire hazard.

Dell was already being investigated by the SEC for the timing with which it recorded its revenue. Yesterday, Dell said in a statement that the investigations indicated potential issues "relating to accruals, reserves and other balance sheet items." The company said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Companies use accruals and reserves when they sell services but deliver them at a later date. In Dell's case, the company typically sets aside funds from current operations to cover the cost of future warranty claims.

Dell said that in responding to the SEC in mid-August, it discovered information that "raises potential issues" related to the fiscal years before 2006. Dell management then recommended that its board audit committee investigate the matter, according to the statement.

"We have not yet reached any conclusion on materiality as to these issues," said Don Carty, a Dell director who is chairman of the audit committee, in the statement. "We are continuing to investigate the matter fully." The other members of Dell's audit committee are William H. Gray III, former president and chief executive of the United Negro College Fund, and Sam Nunn, a former Georgia senator who is now CEO of the Nuclear Threat Initiative.

While Dell declined to give any other details of its possible financial misstatements, accounting experts said the company could potentially have engaged in "cookie-jar reserves," which have also been seen at Xerox Corp. and Sunbeam Corp.

When using "cookie-jar reserves," a company is in effect creating a rainy day fund by setting up excess provisions on its balance sheet for future expenses that it doesn't truly expect to incur. It can then dip into the jar in leaner times to create the appearance of profit.

In a report in November, accounting expert Albert Meyer, then at research firm 2nd Opinion Research, wrote that he found one "cookie-jar reserve" that Dell created following its fiscal 2005 results. In that instance, Dell repatriated $4.1 billion in foreign earnings in its fiscal 2005.

The repatriation tax charge is 5.25%, meaning the tax provision Dell should have taken would have amounted to $215 million.

Instead, Mr. Meyer said in his report, the company accrued $280 million, resulting in a $65 million "cookie jar." Such a tactic could have added 5% to Dell's earnings-per-share growth rate in fiscal 2006, Mr. Meyer calculated.

"They overaccrued," Mr. Meyer -- now president of money-management firm Bastiat Capital in Plano, Texas -- said in an interview. In his report, he wrote that such a tactic "smells."

While most of the current attention at Dell is on Mr. Rollins, Mr. Dell, who founded Dell out of his University of Texas dorm room in 1984, isn't escaping notice either. In asking for documents going back to 2002, the U.S. attorney's office is scrutinizing a period when Mr. Dell was CEO of the firm. Mr. Rollins was appointed Dell CEO in 2004.

Shannon Cross, analyst with Cross Research, said the news would add "a layer of uncertainty" to the stock, making it harder for investors to buy into Dell.

"I think there are a number of changes that need to be made at Dell, and we need to get a good idea of what the strategy is on an ongoing basis," she said.

Dell's Quarterly Report Is Delayed As Probe Widens (BLOOM)

By Connie Guglielmo, BLOOMBERG NEWS

Bloomberg, September 12, 2006

Dell Inc., the world's largest personal-computer maker, delayed filing its quarterly report and said the U.S. Justice Department had joined the Securities and Exchange Commission in investigating the company's accounting.

The announcement prompted Dell to postpone an analysts meeting Wednesday, where it had planned to present its strategy to revive earnings.

Dell hasn't determined whether it will need to restate results but is suspending a stock buyback program, the Round Rock, Texas-based company said in a statement Monday.

The investigations by the SEC and the U.S. Attorney for the Southern District of New York may sidetrack efforts by Chief Executive Kevin Rollins for a turnaround. Dell missed profit forecasts for two straight quarters, announced the recall of 4.1 million notebook batteries and is struggling to improve customer service after losing orders to Hewlett-Packard Co.

"Confidence in Dell is shaken," said Nirav Parikh, an analyst with Los Angeles-based TCW Group Inc., which holds more than 25.8 million Dell shares. "The company is having to restrategize with a lot going on in the marketplace, and it seems it's having difficulty doing that."

Dell said the investigations indicate possible errors related to so-called accruals and reserves -- estimates of future company obligations -- reported in previous financial statements. The company said last month that the SEC started requesting information in August 2005 relating to revenue recognition.

Shares of Dell dropped 46 cents, or 2 percent, to $21.19 in Nasdaq Stock Market trading.

"We will take any appropriate remedial or corrective actions to address any problems," Chairman Michael Dell said in Monday's statement.

The company hasn't reached any conclusion as to how material the issues are. In August, Dell said its own review of accounting found some "potential issues" that are unlikely to have a "material impact" on finances.

The SEC's investigation undermines management's "already fragile credibility," Toni Sacconaghi, an analyst with Sanford C. Bernstein & Co. in New York, said in a note Monday.

"Dell's senior management team has been under fire over the last six-plus quarters," said Sacconaghi, the top-ranked computer analyst by Institutional Investor magazine. Monday's "disclosures that the company also appears to have been remiss in understanding its own financial controls is likely to further unnerve investors."

Analysts also raised concerns about the delay of Dell's financial day, which already had been postponed from April. It will be rescheduled to a later date, Dell said Monday. The company still plans a meeting with reporters today, which will be held by Michael Dell and Rollins.

"Dell pushing out the analyst day meeting from April 2006 initially and now again suggests, in our view, that Dell has yet to finalize a strategy to reaccelerate growth and/or improve margins," said Brent Bracelin, an analyst at Pacific Crest Securities in Portland, Ore.

The U.S. attorney requested documents related to the company's financial reporting dating back to 2002, Dell said. The company said it plans to file its latest report as soon as possible and it is cooperating with the investigations.

Heather Tasker, a spokeswoman for the U.S. attorney's office, and John Nester, an SEC spokesman, declined to comment. Dell isn't commenting beyond the statement, said Bob Pearson, a company spokesman.

David Nestor, a spokesman for Dell's auditor, New York-based PricewaterhouseCoopers LLP, said the firm's policy is not to comment on client matters.

Dell Delays Quarterly Report Due To Accounting Probe (FINDLAW/AP)

By Matt Slagle, Ap Technology Writer

AP, September 12, 2006

(AP) - DALLAS-Dell Inc. has delayed filing its fiscal second-quarter financial report and suspended its share repurchase program because of an ongoing federal accounting probe. It was the latest in a series of setbacks for the world's largest PC maker.

The Round Rock, Texas, company said it could not file the quarterly report because of "questions raised" by an informal Securities and Exchange Commission investigation into accounting issues and a subsequent internal probe.

The company also said the U.S. Attorney for the Southern District of New York had subpoenaed documents related to its financial reporting from 2002 to the present.

In a statement, Dell said investigations have shown that the company may have misstated prior financial reports, including issues relating to accruals, reserves and other balance sheet items, which may affect previously reported financial results.

Dell shares dropped 16 cents to $21.49 in afternoon trading on the Nasdaq Stock Market. That is near the lower end of their 52-week range of $18.95 to $35.25 and is down 28 percent since the end of 2005.

Dell said it has not yet determined the material impact of any of the accounting issues.

"We are fully cooperating with the investigations and working to resolve any and all issues raised in connection with those investigations as quickly as possible, and we will take any appropriate remedial or corrective actions to address any problems," Chairman Michael Dell said in a statement.

The company said it plans to file the second-quarter report as soon as possible but didn't offer a more specific timetable. Third-quarter earnings are scheduled to be posted Nov. 16.

It's believed to be the first time Dell has ever missed a quarterly filing, said spokesman Bob Pearson, who declined to comment beyond what was in the news release.

"This particular news couldn't come at a worse time for Dell given all of the problem," said Tim Bajarin, analyst with Creative Strategies.

Dell grew to prominence on a patented, direct-sales model to consumers and businesses but has been rattled in recent months as it revamps its customer service programs and deals with fierce competition from rivals such as Hewlett-Packard Co.

Dell first disclosed the accounting probe in last month's quarterly report, in which revenues plummeted 51 percent.

At the time, Dell officials played down its significance and said they didn't expect it to have any material impact on the company's bottom line.

Also last month, Dell issued a voluntary recall of 4.1 million potentially flammable laptop batteries made by Sony Corp.

Dell also postponed its annual analysts meeting planned for Wednesday in New York. The company will host two Web conferences with Dell and Chief Executive Officer Kevin Rollins to provide a company update and show new products.

On the Net:

http://www.dell.com

Justice Said To Drop Criminal Investigation Of Freddie Mac (WP)

By Terence O'hara

The Washington Post, September 12, 2006

After laying dormant for two years, the Justice Department's criminal probe into accounting transgressions at Freddie Mac is apparently over, according to company officials.

"The U.S. attorney's office has not initiated contact with us in well over two years, and it is our understanding that the matter is inactive," said David R. Palombi, a spokesman for the McLean-based mortgage finance company. "Accordingly, we expect no further action in this matter."

The inactivity at the U.S. attorney's office in Alexandria also extends to investigations of several former Freddie Mac executives, including chief executive Leland C. Brendsel, president David Glenn and chief financial officer Vaughn A. Clarke.

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Sources familiar with the investigation, who spoke on condition of anonymity because they did not want to be seen as speaking for the department, said lawyers for the ousted officials have not been contacted by the Justice Department since 2004.

Palombi's statements appear to resolve one of the final issues that have been dogging the company since its accounting problems became public in 2003.

In 2003, Freddie Mac admitted it had improperly managed its earnings through a series of transactions that smoothed out earnings growth. The company reduced its reported earnings by $5 billion between 2000 and 2003, hoping to defer those earnings to later years.

Freddie Mac is still working to produce an up-to-date and accurate set of books. But the company has cleared itself of most of the liability from the matter in the past three years. It has paid a $125 million fine to federal regulators, more than $400 million in shareholder lawsuit settlements, and $3.8 million in civil fines to settle Federal Election Commission charges of improper political fundraising.

But the possibility of a criminal action remained. In recent weeks, the company sought clarification from the Justice Department over whether its long silence meant the case was closed -- particularly after the department issued a statement in August that it had closed its criminal investigation of similar accounting problems at Freddie Mac rival Fannie Mae.

"It is Freddie Mac's understanding that it is the practice of the U.S. attorney's office for the Eastern District of Virginia neither to issue official notices nor to confirm publicly the conclusion of an investigation," Palombi said.

A spokesman for Chuck Rosenberg, U.S. attorney for the Eastern District of Virginia said only: "We cannot comment on that issue."

The lack of federal interest in bringing a criminal case is no surprise. Experts on white-collar crime say prosecutions of accounting malfeasance are notoriously difficult and risky, given the complexity of the issues. In Freddie's case, there is the added issue that the company understated, rather than inflated, its earnings.

Brendsel's attorney, Brendan V. Sullivan, and Clarke's attorney, Steven Salky, could not be reached for comment. Glenn's attorney, Thomas P. Vartanian, declined to comment.

The sources familiar with the investigation, however, said none of the attorneys expects further action by the Justice Department in the matter.

Editorial: White-collar Blues (FT)

Financial Times, September 12, 2006

Corporate America has had a rough ride since Enron: between Eliot Spitzer, New York attorney-general, and the Sarbanes-Oxley act, US companies have paid a high price for their pre-Enron bad habits (not to mention the bad behaviour of others).

But corporate America's problems have come not only from the scourge of Albany, and the new regulatory burden imposed by Congress. The US Department of Justice has made white-collar crime (rightly) one of its top priorities. But in its zeal to catch corporate criminals, the DoJ has used some dubious tactics that arguably violate the US constitution and may even defeat the whole purpose of its corporate crime crusade - to create a new culture of compliance that encourages companies to do the right thing without having to be prosecuted.

Later today, the powerful Senate judiciary committee will open its own inquiry into the department's hardball tactics, particularly the practice of forcing companies to waive the privilege that normally protects communications with lawyers - including those between whistle-blowers and in-house lawyers. Businessmen have been complaining about this practice for years: they say they cannot risk talking to their lawyers - even to find out how to obey the law - if the DoJ has the power to use that information against them. Last week, a group of top former justice department officials wrote to Alberto Gonzales, the attorney-general, to say the same thing. The group included former attorneys-general with impeccable tough-on-crime credentials, and its criticisms will be hard to ignore.

The crux of the problem is a 2003 policy (known as the "Thompson memorandum") that says prosecutors should decide whether to indict a company partly based on the company's co-operation with the government; and the best way to prove co-operation is to waive attorney-client privilege, and give the government all the information it needs to make its case. Companies have little choice but to turn over the information: an indictment is tantamount to a death sentence.

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This is the wrong way to fight corporate crime. Companies need legal advice to be able to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government - they may not try to obey the law at all.

Even worse, the tactic defeats a larger purpose: it discourages insiders from reporting wrongdoing, for fear their information may land them in jail - and without that information companies cannot police themselves and catch wrongdoing before it goes too far. The bar, the courts, the business community and now the lawmakers are telling the prosecutors that they are abusing the remarkable power of their office.

The DoJ should rewrite its policy on waiver of attorney-client privilege - before Congress does so for it.

Grasso Seeks New Judge For Trial (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 12, 2006

NEW YORK -- Former New York Stock Exchange chief Dick Grasso is seeking a new judge for his pending trial on civil charges brought by New York state's attorney general, Eliot Spitzer.

Mr. Grasso's lawyers last week filed a motion to have the case reassigned to a new judge. New York Supreme Court Justice Charles Ramos has been handling the pretrial stage of the case and is set to preside over a trial that may start as soon as October.

Mr. Spitzer's civil lawsuit against Mr. Grasso alleges that his $187.5 million pay package was excessive for the head of a New York not-for-profit company, which the NYSE was before it went public in March as NYSE Group Inc.

Lawyers for Mr. Grasso at Williams & Connolly LLP filed papers arguing for a new judge on the grounds Justice Ramos held settlement discussions with the parties in which he made statements that could be interpreted as "impairing Mr. Grasso's right" to a fair trial. The filing also stated that -- before the case was filed -- Justice Ramos twice unsuccessfully approached the Big Board to be considered for a board seat.

Gerson Zweifach, a lawyer for Mr. Grasso, declined to comment. A spokesman for Mr. Spitzer's office called the motion "a delaying tactic" designed "to put off a trial."

Mr. Grasso's lawyers also have appealed Justice Ramos's ruling that certain parts of the case be decided at a bench trial instead of before a jury.

Garden State Business Briefs (NSL)

Newark Star-Ledger (NJ), September 12, 2006

Pathmark loss bigger than expected Supermarket chain Pathmark Stores had wider-than-expected losses for its second quarter, in which the grocer had flat sales and increased expenses.

The company based in Carteret lost $8.8 million, or 17 cents a share, for the quarter ended July 29, compared with a loss of $5.1 million, or 12 cents a share, in the year-ago period. Analysts had been expecting a loss of 12 cents a share, according to Thomson Financial.

Sales increased 0.2 percent, to $1 billion, while sales at stores open at least a year increased 0.5 percent. Pathmark said its results were affected by lower gross mar gins at its pharmacy related to Medicare Part D, and higher costs for utilities, workers' compensation, medical and pension bills.

However, Pathmark did benefit from $3.2 million in gift cards that were sold but never redeemed. Additionally, Chief Executive John Standley said merchandising initiatives are connecting with consumers.

-- Greg Saitz

Execs accused in bribe Two former executives of a Princeton international telecom munications company approved more than $250,000 in bribes to officials in several African nations, se curities regulators charged in a lawsuit filed yesterday.

The actions of the men, Steven Ott of Princeton and Roger Michael Young of London, while at ITXC violated the Foreign Corrupt Practices Act, the Securities and Exchange Commission charged in the complaint filed in federal court in Trenton. Ott, vice president for global sales, and Young, managing director of the Middle East and Africa, approved $267,468 in bribes to phone company officials in Nigeria, Rwanda and Senegal between 2001 and 2004, the lawsuit alleged.

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In exchange, the once publicy traded ITXC landed contracts that earned the company $11.5 million in profits, the SEC said. In 2004, ITXC merged with Teleglobe International Holdings, which was ac quired in February by Videsh San char Nigam.

The men's attorneys both declined to comment, saying they had not seen the complaint.

Last year, ITXC salesman Yaw Osei Amoako was indicted on federal criminal charges related to the alleged bribes.

-- Greg Saitz

Standard promotions American Standard named Dale Elliott, the former chief executive of Snap-on Tools, as president of its $2.4 billion global bath and kitchen products business. The Piscataway company also named regional presidents Donald Devine for the Americas and Richard Ward for Asia. In May, John Rietveldt was named president for Europe; all three report to Elliott.

Devine had been president of Jacuzzi Brands, while Rietveldt re cently joined the company from Tarkett, a flooring company. Ward came to American Standards in 2003 from Dell Computer where he was general manager for China.

-- Beth Fitzgerald

Utility merger progress Public Service Enterprise Group and Exelon have not made a lot of headway in reaching an agreement with the state of New Jersey to win approval of their $18 billion merger.

"There is a meaningful gap" between what the companies have offered and the state has proposed, Thomas O'Flynn, chief financial officer and executive vice president for Public Service told analysts at a Lehman Bros. energy conference in New York City yesterday.

The deal has won all of the necessary regulatory approvals except from the state Board of Public Utilities which has sought to squeeze more money and other concessions from the two companies than their "last and best" offer submitted last month. The company has offered a package amounting to about $600 million while the state is seeking roughly $820 million.

Neither O'Flynn nor John Young, Exelon's chief financial officer, offered any details on how the negotiations are proceeding al though the former said he agreed with comments made by Exelon in a filing which said the probability of the deal closing w as "no longer more likely than not."

-- Tom Johnson

And finally ... Alcatel said it has been listed for the second year running in the Dow Jones Sustainability World Index. ... Bloomfield-based American Bancorp of New Jersey declared a cash dividend of $0.04 per share payable Sept. 26 to shareholders of record as of Sept. 18, 2006.

-- Staff and wire reports

SEC Charges 2 More Ex-ITXC Execs (HC)

By Siobhan Hughes, Dow Jones Newswires

Houston Chronicle, September 12, 2006

WASHINGTON — The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp.

The agency accuses them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal.

The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses.

An attorney for Ott couldn't immediately be reached. An attorney for Young wasn't in the office and couldn't immediately return a phone call.

The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, N.J., to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year.

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ITXC was based in Princeton, N.J. In 2004, it was acquired by Teleglobe International Holdings Ltd., now part of Videsh Sanchar Nigam Ltd. ITXC allegedly earned $11.5 million in net profit thanks to the contracts approved by Ott and Young, the SEC said.

The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government.

An attorney for Amoako couldn't be located. Earlier this year, a federal judge put the SEC's case on hold until the resolution of the criminal case.

Capitol's New Bank Examiners (WSJ)

By Brody Mullins

The Wall Street Journal, September 12, 2006

WASHINGTON -- Four years after enacting landmark corporate-governance laws, the men behind Sarbanes-Oxley are leaving Congress. The retirements of Sen. Paul Sarbanes (D., Md.) and Rep. Mike Oxley (R., Ohio) spell changes next year in the House and Senate committees that regulate Wall Street, banks and finance.

The new leaders of the banking panels will affect how Congress deals with issues such as whether hedge funds should be regulated, whether commercial banks should be allowed to enter the real-estate brokerage business and how the government should treat Fannie Mae and Freddie Mac.

The broader change will come in the House, which will see a new committee chairman regardless of whether Republicans or Democrats control the chamber after the November elections. On the other side of the Capitol, Sen. Chris Dodd (D., Conn.) will succeed Mr. Sarbanes as the senior Democratic member of the Senate Banking Committee. Should Republicans, as expected, retain a majority in the Senate, the panel's chairman will remain Sen. Richard Shelby (R., Ala.), but the ranking member still influences the panel's agenda. Mr. Dodd is close to the securities and insurance industries, which have significant presences in his state.

Things are more complicated in the House, where as many as five lawmakers could win the top spot on the Financial Services panel. If Democrats win majority control in November, the liberal Rep. Barney Frank (D., Mass.) would inherit the gavel. If Republicans keep their majority, a contest is shaping up between Reps. Spencer Bachus of Alabama and Richard Baker of Louisiana. Two other Republicans, David Dreier of California and Deborah Pryce of Ohio, have outside chances to succeed Mr. Oxley.

There has been no public airing of the qualities each member would bring to the post. It is considered bad form for lawmakers to talk publicly about campaigns for committee chairmanships, particularly before an election that could decide control of Congress.

"The chairmanship of the committee will not be scheduled for a vote until after the election of the next Congress," Mr. Bachus said in a statement. "Until that time, my focus will be on legislative duties and maintaining our majority."

Republican committee chairmanships are doled out by a special panel made up of party leaders and representatives of different regions of the country. Committee members have no formula, but generally make decisions based on seniority, party loyalty, fund-raising, personality and effectiveness.

"The race for the [Financial Services] committee chairmanship will likely be the most closely contested of all the full committees," says Rick Lazio, a former Republican member of the panel who now works for J.P. Morgan Chase & Co. "Both candidates have their strengths and have had positions of leadership in the committee. It's still up in the air."

Mr. Baker, in his 10th term, is a former real-estate agent and broker who advocates overhauling Fannie Mae and Freddie Mac, the two congressionally chartered companies that provide funding for home mortgages. More policy wonk than backslapper, he doesn't have many close friends among lawmakers, but wins praise for his knowledge of financial markets.

Mr. Bachus, a former attorney, has less seniority than Mr. Baker and would have scant chance of leapfrogging him but for his fund-raising abilities and political savvy. Earlier this year, Mr. Bachus backed Rep. John Boehner in his successful race for

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majority leader over Rep. Roy Blunt. He is a supporter of community banks and this year worked with Democrats on legislation to crack down on predatory lending.

Mr. Baker and Mr. Bachus split on a number of financial-services issues. Wells Fargo & Co., Wachovia Corp., Bank of America Corp. and other large banks could get a lift from Mr. Baker's plan to allow banks to compete with real-estate agents in the housing market.

Mr. Bachus opposes the idea and is backed by real-estate agents, who have donated almost $97,000 to him. That is twice as much as the industry has contributed to Mr. Baker, according to the Center for Responsive Politics, a nonpartisan group that tracks campaign-finance data.

The banking-committee fight is one of several contests to replace panel chairmen who are departing. Due to a combination of retirements and a six-year term limit on chairmanship tenures, Republicans must pick leaders for the Budget, Science, Transportation and Infrastructure, Judiciary, International Relations and Ways and Means committees.

Just a few races are competitive. Rep. Jim McCrery (R., La.), for example, is considered such a favorite to head the Ways and Means Committee that he has donated $10,000 to help his would-be rival Rep. Clay Shaw (R., Fla.) win a tight re-election campaign.

A Democratic takeover would produce wholesale changes at top committee posts. Among Democrats, seniority is a primary factor in determining committee chairmanships. Michigan Reps. John Conyers and John Dingell would take over the Judiciary Committee and Energy and Commerce panel, respectively. California Reps. Henry Waxman and George Miller would inherit the Government Reform Committee and the Education and Workforce panel. Rep. David Obey of Wisconsin would head the Appropriations Committee and Mr. Frank would climb to the helm of the Financial Services Committee.

The new Democratic chairmen would bring a more liberal agenda to Capitol Hill after 12 years of Republican control. Mr. Waxman has made it clear that he would use the Government Reform Committee's subpoena power to investigate the Bush administration. Mr. Miller and Mr. Obey likely would team up to try to increase spending on public education and teacher salaries.

If Mr. Frank became chairman of Financial Services he says his top priority would be creating more affordable housing. He says he already has spoken to Mr. Rangel at the tax-writing committee about lifting tax credits for low-income housing.

Mr. Frank also would like to curb predatory lending, investigate mortgage-pricing differences among minority groups and focus on consumer-protection issues.

Mr. Frank generally supported Mr. Oxley's legislation to overhaul Fannie Mae and Freddie Mac. Mr. Frank says he would continue to press for the legislation.

Mr. Frank says the biggest shift in priorities under his tenure would be in public housing. "We will want to get back into the business of building subsidized housing," Mr. Frank says.

CRIMINAL LAW:

Probe Of Veco, Lawmakers Led By Justice Dept. (ADN)

By Richard Mauer, Anchorage Daily News

Anchorage Daily News, September 12, 2006

WASHINGTON -- The federal influence-buying case that erupted with fury 10 days ago with searches of a half-dozen Alaska legislative offices is being managed independently of the Alaska U.S. Attorney's office, a U.S. Justice Department official said Monday.

“The whole office is recused,” Justice Department spokesman Bryan Sierra said.

Instead, the wide-ranging investigation is being overseen by attorneys from the Justice Department’s Public Integrity Section in Washington, Sierra said.

The Public Integrity Section has about 25 attorneys, a team that often lives out of suitcases in pursuit of corruption cases as far away as Guam. They’ve prosecuted petty thefts by sheriff’s deputies, the massive frauds of Enron and the high-profile corruption case of Jack Abramoff.

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Sierra wouldn't say why the Alaska office wasn't allowed to participate in the case or how many lawyers from Washington were assigned to it. But the case is even off-limits to Nelson Cohen, the new U.S. Attorney for Alaska who just arrived last month from Pittsburgh, he said.

Sierra said it's not unusual that the local U.S. Attorney's office will recuse itself from a sensitive corruption case and wall off its legal, public relations and even clerical staffs from the investigation and prosecutions. Sometimes one or two assistant U.S. attorneys might still be assigned to work with the Public Integrity attorneys, but Sierra said he didn't know if that was the case in Alaska.

FBI agents from Alaska are lead investigators, working the case alongside the prosecutors from the Public Integrity Section, said Eric Gonzalez, spokesman for the FBI in Alaska.

The investigation is being run out of the FBI building on East Sixth Avenue in downtown Anchorage.

If it's anything like the Enron case, Sierra said, the investigation has taken over a sizeable chunk of the FBI building.

Dozens of extra FBI agents were brought in from Outside to execute about two dozen search warrants when the first raids started at legislative offices and elsewhere on Aug. 31. After the initial round of searches and interviews, the Outside agents were sent home, Gonzalez said.

Authorities won't release any particulars, including how many FBI agents remain on the case, Gonzalez said. Other agencies also are involved, including the IRS.

While officials say little, the warrants target the relationships between legislators and the oil-field service and construction company Veco. The company, which has long been generous with campaign donations at the state and federal levels and lobbying in Juneau, has gone so far as to hire sitting legislators, including Senate President Ben Stevens, R-Anchorage, the son of Alaska's powerful U.S. senator, Ted Stevens. In disclosures he was required to file as a legislator, Ben Stevens has reported that Veco paid him $252,000 over the last five years to serve as a consultant, including $57,000 in 2005. Neither Stevens nor Veco has described what he did for the money. Stevens is one of six lawmakers whose offices were searched Aug. 31.

Perhaps a year ago, the FBI began collecting campaign and other publicly available financial disclosure records on selected legislators, said Brooke Miles, executive director of the Alaska Public Offices Commission. As she remembers it, agents then came back at the beginning of this year for campaign reports and financial disclosure records on all legislators.

Created in 1976, the Public Integrity Section has a number of jurisdictions. It investigates election fraud, misconduct by federal judges, and corruption of elected officials.

U.S Attorney offices prosecute corruption cases, too. The Alaska office prosecuted a dozen officials, lobbyists and businessmen in a massive kickback scandal in the North Slope Borough in the 1980s. But the position of U.S. attorney is a political appointment headquartered in a local jurisdiction, so the Justice Department will sometimes assume control over cases involving powerful local figures.

"Public corruption cases tend to raise unique problems of public perception that are generally absent in more routine criminal cases," the Public Integrity Section wrote in its 2004 report to Congress, explaining why U.S. Attorney's offices are sometimes recused.

"An investigation of alleged corruption by a government official, whether at the federal, state, or local level, or someone associated with such officials, always has the potential to be high-profile, simply because its focus is on the conduct of a public official. In addition, these cases are often politically sensitive, because their ultimate targets tend to be politicians or government officials appointed by politicians. A successful public corruption prosecution requires both the appearance and the reality of fairness and impartiality."

Contact reporter Richard Mauer at rmauer@adn.com or (202) 383-0007.

Daily News reporter Lisa Demer contributed to this story.

Moses Got Campaign Cash From VECO Before Casting Deciding Vote (AP)

By Matt Volz, Associated Press Writer

AP, September 12, 2006

JUNEAU, Alaska (AP) - Days before an ailing Rep. Carl Moses flew from Anchorage to cast the deciding vote on a contentious oil and gas tax bill, six VECO Corp. executives contributed $3,000 to the Unalaska Democrat's campaign.

Four of the six executives have been linked to an FBI investigation that resulted in raids of six legislators' offices on Aug. 31.

Moses, contacted Monday in Unalaska, denies the VECO campaign contributions had anything to do with his vote and his name has not previously been connected with the FBI raids.

"Don't worry, I'm squeaky clean," Moses said. "I don't accept contributions on that basis."

One of the 20 search warrants executed in the FBI raids links the investigation to the tax bill passed last month by the Legislature and the draft natural gas pipeline contract proposed by Gov. Frank Murkowski and BP PLC, Exxon Mobil Corp. and ConocoPhillips.

The warrant called for seizure of documents concerning any payment, contracts, agreements, gifts or employment provided by VECO or company executives Bill Allen, Rick Smith, Peter Leathard and Roger Chan.

On Aug. 2, Allen, Smith, Leathard, Chan and VECO personnel manager James Slack each contributed $500 to Moses' campaign, according to Alaska Public Office Commission records. Then on Aug. 7, Thomas Corkran, VECO's chief information officer, donated $500 more.

VECO, an oil field services company and a major political player in Alaska, typically supports Republican candidates. The contributions to Moses are among the only donations company executives have given to a Democrat this election year.

Moses faced his stiffest competition in years in a primary election that still hasn't been decided. The outcome of the race between him and Bryce Edwards is still too close to call and appears headed toward a mandatory recount by the Division of Elections.

VECO and Allen, the company's chief executive, supported the net-profits production tax plan proposed by Murkowski, but it faced major opposition in the House of Representatives. Twice before, the tax plan had been rejected. Some lawmakers disliked the structure of a tax based on company profits, some thought the tax rate was too low and others thought it was too high.

On Aug. 10, the bill seemed doomed again. It was the final day of the second special session, when the House failed by a single vote to gather the 21 votes needed to pass the measure. The only legislator missing was Moses, who was recuperating in Anchorage from a pinched nerve.

A lengthy recess was called while Moses boarded a plane and flew to Juneau. That night, the House reconvened and passed the bill. The final vote was 26-14, with several legislators changing to "yes" votes after realizing the matter had been decided.

Moses said he had a big stake in that vote: Funding for a new school in New Stuyahok and millions in power cost equalization fund money was tied to passage of the production tax bill.

With the exception of Rep. Richard Foster, D-Nome, all members of the Democrat-heavy House Bush caucus voted for the measure, with the rural fuel cost subsidy a major incentive.

Moses said he does not plan to return the VECO executives' campaign contributions, as other candidates have already done.

"I accepted it in good faith, and I got contributions from all over the place," he said.

Meanwhile, a retiring legislator who received tens of thousands of dollars in consulting fees from VECO has not responded to reporters' inquiries about those fees for nearly two weeks.

Rep. Tom Anderson, R-Anchorage, received $30,000 in consulting fees from VECO between 2003 and 2005, according to APOC filings.

Anderson and Senate President Ben Stevens, R-Anchorage, are the only two legislators to report consulting fees from VECO in that time.

Stevens, the son of U.S. Sen. Ted Stevens, has reported making $252,000 from the company since 2001.

Stevens' office was one of the six raided; Anderson's was not.

A review of Anderson's financial disclosures filed with APOC show that Anderson was paid consulting fees on three occasions by VECO totaling $30,000: "Election/proposition research;" "Consultation on Russian business endeavor;" and "Consulting on community council and government affairs."

Legislators are not required to detail the work they do for their consulting fees.

Anderson's wife, Republican Rep. Lesil McGuire of Anchorage, is running for the Senate seat Stevens is vacating.

Anderson has not returned messages left by phone and e-mail since the raids took place. A legislative aide to McGuire said Monday that McGuire and Anderson were on vacation out of state and could not be reached for comment. Stevens also has not returned repeated calls.

Department of Justice spokesman Bryan Sierra said he could neither confirm nor deny Anderson and Moses are part of the FBI investigation.

"We're not confirming any details of the investigation at this point," Sierra said.

VECO has largely been silent on the investigation. The company's only public statement came last week in a press release denying the company had participated in anything improper or illegal.

Leading Developer Portrayed As 'Thief' Or 'Visionary' (WP)

By Eric M. Weiss

The Washington Post, September 12, 2006

Despite his reputation as a maverick wheeler-dealer whose projects helped revitalize the city, prominent developer Douglas Jemal was "little more than a common thief," prosecutors said yesterday at the start of his trial on bribery and fraud charges.

Government lawyers said Jemal and his company, Douglas Development Corp., used bribes and fraudulent documents to keep an overextended real estate empire alive in the years before the boom in District property prices.

Jemal, his son Norman, who is the company's vice president, and leasing director Blake Esherick went on trial in U.S. District Court in Washington yesterday. They are charged with conspiring to bribe a former D.C. government official with cash, fine meals, trips to Las Vegas and a Rolex in exchange for "sweetheart" contracts with the city. Prosecutors said Jemal's company received inflated profits for leasing property to the city from 2001 to 2004.

All three defendants have pleaded not guilty and vowed to fight the charges in a trial that could last up to six weeks. The defense painted Jemal, 63, as a "visionary," and previously said that its witnesses could include Mayor Anthony A. Williams (D) and Washington Wizards' owner Abe Pollin, who built a sports arena in an area of downtown that is home to many of Jemal's retail properties.

Most of the allegations involve dealings with Michael A. Lorusso, a former deputy director of the D.C. Office of Property Management. Lorusso, who was fired from his city job in January 2003, pleaded guilty to bribery and agreed to aid prosecutors. Lorusso, who is expected to be the key witness in the trial, faces a prison term of 57 to 71 months under federal sentencing guidelines, but prosecutors have said they could seek less time depending on the value of his cooperation.

In his opening statement to the jury, Assistant U.S. Attorney Mark H. Dubester twice mentioned Lorusso's guilty plea to the jury. That drew calls for a mistrial from Jemal's defense attorney, Reid H. Weingarten, who argued that Dubester was trying to taint Jemal on the basis of Lorusso's guilt.

U.S. District Judge Ricardo M. Urbina rejected the motion for a mistrial but agreed to tell jurors that they should not take Lorusso's guilty plea to mean that Jemal also is guilty.

The government's case, as outlined by Dubester, will re-create for the jury the economic circumstances that Jemal and his company were facing in 2001. It was a time, Dubester said, when it was unknown whether the developer's numerous bets on the city's rebirth would pay off.

Dubester said he will take the jury through the company's financial records to show that the firm -- saddled with mortgages on empty office buildings and unleased properties -- was overextended in 2001.

Checks to contractors would sit in a pile in the company's accounting department for months, waiting for cash deposits that would allow them to be mailed, the prosecutor said, and some mailed checks did not have the funds to back them up. In 2001, the company racked up $100,000 worth of bank fees for insufficient funds, Dubester told the jury.

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It was in this context that on April 26, 2001, Lorusso became involved with the Jemals. Lorusso allowed the developer to pick up the check for a dinner at the Capital Grille, a favorite place in Northwest Washington for Jemal to conduct business. Jemal sized up Lorusso as someone who could help him get favorable deals, Dubester said.

Soon, the Jemals were partying with Lorusso in Las Vegas, and Lorusso was helping the company get leases with the city for properties, including a building at 77 P St. NW and a parcel in Prince George's County that the city used as an impound lot.

While accusing Norman Jemal of paying for Lorusso's Rolex, and Esherick of writing phony documents, Dubester made it clear that he viewed Douglas Jemal as the architect of the alleged conspiracy.

"It was motivated by greed, fueled by ambition and given life in the culture of Doug Jemal's businesses," Dubester said.

Defense attorneys said that the Jemals and Esherick have not violated any laws, but that they were guilty of believing that Lorusso was their friend.

In their opening statements, defense attorneys said Jemal was committed to the city's economic rebirth and worked hard to accommodate the District government's wishes.

They said the deal to put city agencies in 77 P St. NW was worked out with Lorusso's predecessor and that the city desperately needed a new impound lot. And Lorusso turned down many other real estate deals proposed by the Jemals, the defense contended.

Because Lorusso was a friend of the Jemals and Esherick, there was nothing wrong with buying him gifts, as long as it was not in return for public actions, the defense attorneys said. Lorusso returned his friends' generosity by picking up restaurant checks and giving the Jemals fancy sunglasses. And the trips to Las Vegas that prosecutors highlighted were actually business trips to attend conferences, the defense said, and Lorusso paid his own airfare.

Defense attorneys told the jury yesterday that the Jemals and Esherick were being set up by Lorusso.

"Make no mistake about why you are here," said Michelle Roberts, defense attorney for Normal Jemal. "Two words, one man: Michael Lorusso."

Gotti's Got Write Stuff (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 12, 2006

John A. (Junior) Gotti probably could have written an autobiography about growing up around his father's Little Italy social club called "And To Think That I Saw it on Mulberry Street."

But since Dr. Seuss already used that title, the mob scion had to look elsewhere for inspiration to pen a children's book.

Trying to soften their client's image, defense attorneys yesterday told jurors that the mobster - along with a cellmate-turned-illustrator - penned a kiddie book about a lovable pint-sized tiger and a fierce dragon.

Gotti decided to write "The Children of Shaolin Forest," after reading about the Jackson children of New Jersey who had been starved by their adoptive parents.

The book's illustrator, Brian Lindemann, testified at Gotti's latest racketeering trial that John (Dapper Don) Gotti's son advised him to give up the criminal life.

"He pretty much told me to stay away from a lot of idiots on the compound because they'll end up dragging you down with them," said Lindemann, 31, a stickup man and wanna-be mobster who ran with a Queens-based robbery gang dubbed the Giannini Crew.

Defense attorneys gave jurors a peek at pages from the 2004 book yesterday as they argued that he turned a page of his own - renouncing the Mafia life before going to prison in 1999.

On one page, a cute tiger locked in a cage weeps at the site of a steaming cauldron that burns before him.

Another shows a fierce green-and-red dragon. And, finally, there's the same little tiger smiling in a mushroom field warmed by a smiling sun.

But prosecutor Miriam Rocah showed Lindemann etchings found in his phone book in 2004, which didn't include any of the cuddly denizens of Shaolin Forest. In one, Lindemann drew a police badge beside the words "F --- the Police."

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Meanwhile, the son of the government's star witness - mob turncoat Michael (Mikey Scars) DiLeonardo - disputed witness tampering charges against Gotti.

Prosecutors contend Gotti summoned DiLeonardo's then-teenage son to Ray Brook Prison in February 2003 to get him to persuade his father not to testify against the mob boss.

Michael Ricci, who changed his name from DiLeonardo, said he and Gotti talked about "school, girls and sports. How I was doing."

Ricci, 20, said he made the jailhouse visit after finding out his father was going to cooperate with the feds, meaning he probably wouldn't see him again. He said he was also angry after learning his dad had fathered a child out of wedlock.

Ricci has not seen his father since DiLeonardo entered the federal witness protection program.

"I was very upset, a lot of things running through my mind," Ricci said. "I didn't want people to know who I was in the paper. ... I wanted to live a normal life."

Ex-Schrenko Aides Get 8 Years Each Former State Schools Chief Reports To Federal Prison (AJC)

By Bill Montgomery, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 12, 2006

Linda Schrenko reported to federal prison Monday afternoon while her former lover and deputy superintendent, Merle Temple, was sentenced to eight years and one month in prison.

Another conspirator in the case, Alpharetta computer executive A. Stephen Botes, received an identical sentence to Temple: eight years and one month.

The three were charged as part of a scheme to defraud the government of $600,000 in federal funds earmarked for deaf and honors students.

Schrenko, the former state school superintendent, was sentenced to eight years, and will serve her time in a women's prison in Tallahasee, Florida.

Temple, who has 45 days to report to prison, will fulfill his sentence at a facility in Edgefield, SC, which is close to where he lives.

Temple, 58, of Evans, Ga., told the court he will spend the rest of his life "making spiritual restitution" for his actions.

"I would ask people to look at the total picture of my life and the good I've tried to do, versus what we see here today," he told reporters after the sentencing Monday. "I am just going to press on."

Temple plead guilty in January 2005 to charges of conspiracy, theft of federal funds and wire fraud in exchange for testifying against Schrenko. Schrenko used some of the money to help finance her unsuccessful campaign for governor and for a $9,300 face lift.

Botes was found guilty of conspiracy, theft of federal funds and wire fraud charges conviction earlier this year.

The Associated Press contributed to this report.

Georgia's Ex-top Educator Reports To Prison; Aides Sentenced (AP)

AP, September 12, 2006

ATLANTA -- As former Georgia schools superintendent Linda Schrenko began serving an eight-year federal prison sentence Monday, her top aide was handed a slightly longer sentence for helping her in an embezzlement plot.

Schrenko reported to prison Monday afternoon to begin serving a sentence for embezzling about $600,000 in federal education money that funded, in part, a failed 2002 campaign for governor and a face lift.

Merle Temple, Schrenko's former campaign manager and ex-lover, was sentenced by U.S. District Judge Clarence Cooper to eight years and one month in prison Monday. He had pleaded guilty in January 2005 to charges of conspiracy, theft of federal funds and wire fraud.

Another Schrenko ally, computer firm owner Stephan Botes, was sentenced later Monday to eight years and one month in prison for his role in the embezzlement plot. He also is to pay $382,394 in restitution.

His attorney, Brian Steel, said he plans to appeal the sentence.

Temple, 58, of Evans, Ga., told the court he will spend the rest of his life "making spiritual restitution" for his actions.

"I would ask people to look at the total picture of my life and the good I've tried to do, versus what we see here today," he told reporters after the sentencing. "I am just going to press on."

Temple's attorney, John T. Garcia, argued for a lesser sentence because the former aide takes care of his ill wife, who has diabetes and has suffered multiple strokes and several heart attacks. Garcia blamed Temple's actions with Schrenko in part on his obsessive compulsive disorder, and said Temple had lived an exemplary life up until his work with Schrenko.

Federal prosecutor Russell Vineyard argued for a full sentence for Temple, calling his actions "egregious."

"He wanted to be the power behind the throne if Ms. Schrenko was elected," Vineyard said.

Temple told the judge he hopes to serve his time in a federal prison in Edgefield, S.C., about 45 minutes from his house in Evans. He has already paid the $199,500 he owes in restitution.

Botes, who pleaded not guilty to charges that he helped Schrenko steal $614,000 in federal money, continued to maintain his innocence during Monday's hearing, saying he is only guilty of trusting the wrong people.

"I did not control what Linda Schrenko did inside the Department of Education," he told the judge.

Schrenko will spend the next eight years in Tallahassee's Federal Correctional Institution, a minimum-security prison where she'll live in college dorm-style cells and earn 12 cents an hour as an orderly, plumber or other maintenance job.

Temple had been expected to testify against Schrenko as part of his plea agreement.

But in the middle of Schrenko's May trial, she struck a plea deal in exchange for testifying against her co-defendants.

The deal led to the imprisonment of Temple, who was charged with obstruction of justice on suspicion of leaking information to her lawyers. And it was key in the conviction of Botes, who was found guilty of conspiracy, theft of federal funds and wire fraud charges conviction.

The state's former top educator pleaded guilty in May to charges of embezzling about $600,000 meant for Georgia students. In court, witnesses and prosecutors said she asked friends and family members _ including the staffers in her daughter's dental practice _ to endorse a batch of $590 checks that were later diverted to her campaign.

Schrenko, 56, an educator from suburban Augusta, made history in 1994 when she became the first woman elected to a statewide, nonjudicial post in Georgia. She also was one of the first Republicans elected to such an office in a state that had been dominated by Democrats since Reconstruction.

She was re-elected in 1998, but her bid to unseat Democrat Gov. Roy Barnes fell short when she lost the Republican primary to Sonny Perdue, a state senator who went on to beat Barnes.

Her November 2004 indictment made Schrenko the state's highest-ranking elected official in decades to face such serious charges. She was indicted on 22 counts of money laundering and 18 other counts ranging from conspiracy to fraud, with each count carrying up to 20 years in prison.

Botes and Temple are the last of Schrenko's aides to be sentenced in the case.

Former campaign manager Richard Leonard, 44, of Augusta, Ga., was sentenced Aug. 24 to one year of probation and a fine of $3,000 for trying to dissuade a witness from providing truthful testimony against Schrenko.

Aide Miller E. Finley, 64, of Evans, Ga., was sentenced July 21 to three years' probation and a $4,000 fine for making false statements to federal agents.

Prosecutors Say Trash Pickup Favors Behind Alleged State Payroll Scam (BVND)

By Jan Dennis

The Belleville News Democrat, September 12, 2006

PEORIA, Ill. - A former high-ranking Illinois secretary of state official helped three janitors pocket more than $150,000 in state pay for work they didn't do in exchange for special treatment by city trash collectors in his Springfield neighborhood, prosecutors said Monday.

Cecil Turner received no financial kickbacks in the alleged ghost payroll scheme, U.S. District Attorney Patrick Chesley said during opening statements in Turner's trial in federal court in Peoria.

DOJ_NMG_0061605

Instead, Chesley alleged Turner aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department, arranging quick pick ups of junk ranging from water heaters to a dog house for Turner and his neighbors.

Defense attorney Michael Metnick told jurors Turner was unaware of the alleged five-year payroll scam he maintains was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner.

Turner, 59, the former director of the secretary of state's physical services division, is charged with four counts of wire fraud that allege he helped the janitors hide the scheme, along with two counts of lying to investigators. He faces up to 20 years in prison on each wire fraud count and up to five years in prison on each count of lying to investigators if convicted.

Metnick told jurors that special trash pickups in Turner's neighborhood were arranged by another city employee, not Dinora, and are common for people with political connections. Turner is vice chairman of the Sangamon County Democratic Party and his wife, Doris, is a Sangamon County Board member.

"While none of us like it, it wasn't done because of Dana Dinora. It was done because of Cecil Turner," Metnick said.

Metnick called Dinora a "con man" with a long record of abusing time off who manipulated Turner after he was appointed to the $98,000-a-year job in 1999.

Chesley told jurors that Turner helped cover for the janitors, yelling at supervisors who questioned unfinished work and ordering them to "leave those guys alone."

"The janitors could not have done it without Cecil Turner. That's what the evidence is going to show," Chesley said.

The three janitors pleaded guilty last month in a scheme prosecutors allege handed them full pay for working only a fraction of their assigned hours from 1999 to August 2005. Dinora, 53, of Springfield, David Medvesek, 57, of Springfield, and Steven Boyce, 58, of Chatham, each face up to 20 years in prison when sentenced Dec. 21.

Chesley said the scheme started slowly, but that Dinora was barely working by 2004 and the other janitors were putting in only half their assigned hours. He said the janitors developed various methods to cover their absences, including leaving notes for other workers that said they were working elsewhere.

Turner and the janitors were fired after an investigation uncovered the scheme last year. Turner was among 20 department heads in the secretary of state's office, overseeing maintenance and janitorial services in state offices, including the Capitol building.

Secretary of State Jesse White has said he is angry the men broke the public's trust but said their firings should signal to employees and the public that corruption will not be tolerated in his office.

His Republican opponent, state Sen. Dan Rutherford, charged Monday that White set the stage for the alleged scam when his office hired Turner despite knowing of his 1976 conviction in a scheme in which veterans' benefit checks were stolen from the postal service.

Rutherford also alleged that White aided the scheme six years ago through moves within the office that he says made doling out jobs, not weeding out corruption, a priority.

"I believe that if Jesse White had been attentive and not been asleep at the wheel that this trial today could have been prevented," Rutherford said during a news conference across the street from the Peoria courthouse.

David Drucker, a spokesman for White's re-election campaign, said White hired Turner despite his criminal conviction because "it happened almost 30 years ago and he had turned his life around."

Drucker also said White's internal investigators uncovered the alleged scam and accused Rutherford of using the trial to bolster his campaign.

"The fact that he's going back six years on this thing is indicative that his campaign is in real trouble," Drucker said.

Turner's trial, which attorneys say could last a week or more, resumes Tuesday morning.

2 Cuban Activists Plead Guilty To Weapons Charge (FLSUNSEN/AP)

By Curt Anderson, Associated Press

South Florida Sun-Sentinel, September 12, 2006

DOJ_NMG_0061606

MIAMI -- A prominent Cuban exile who virulently opposes the communist government of President Fidel Castro pleaded guilty Monday to weapons charges arising from seizures last year of machine guns, a grenade launcher and thousands of rounds of ammunition.

Santiago Alvarez, 64, a wealthy developer and key benefactor of jailed Cuban militant Luis Posada Carriles, pleaded guilty to a single criminal conspiracy charge. A longtime employee of Alvarez's, 64-year-old Osvaldo Mitat, also pleaded guilty.

Their pleas came a day before jury selection was scheduled to begin for a trial before a federal judge in Fort Lauderdale. Alvarez and Mitat had both faced up to 20 years in prison if convicted on the original six-count indictment.

Under the plea deal, each now face up to five years behind bars when they are sentenced by U.S. District Judge James Cohn on Nov. 14.

``I think both sides believe it's a just result," said Alvarez attorney Kendall Coffey. ``It recognizes that they are enemies of Castro, not the United States. But even patriots are accountable."

Prosecutors did not immediately comment on the plea agreement.

Alvarez is a longtime associate of Posada, a former CIA operative who is accused by the Cuban and Venezuelan governments with masterminding the 1976 bombing of a Cuban airliner in which 73 people died. Alvarez arranged for travel documents for Posada and helped him come out of hiding in Miami in May 2005, even staging a press conference for the Cuban militant.

Posada, 78, is now in U.S. immigration custody in Texas and has been ordered deported from the United States, but no country has been willing to accept him. Posada's lawyers argue that he should be released to his family in Miami.

Alvarez and Mitat were arrested in November after an informant tipped the FBI that a large cooler full of military-style weapons was being transported from apartments in Broward County owned by Alvarez to Mitat in Miami.

Later, investigators discovered more weaponry and ammunition at the apartment complexes and on Guinchos Cay, Bahamas, an island about 12 miles from Cuba that was linked to Alvarez. That island arsenal included grenades, grenade launchers and about five pounds of powerful C-4 plastic explosives.

Prosecutors had said those discoveries showed that Alvarez was actively involved in procuring weapons for an attempt by some Cuban exiles in Miami to topple the Castro government by force.

Documents discovered at Alvarez's office showed that he financially supported Posada during his trial and imprisonment for an alleged Castro assassination attempt in Panama in 2000. Posada was later pardoned by Panama's president.

Florida: Cuban Exiles Avoid Trial With Plea (NYT)

By Terry Aguayo

The New York Times, September 12, 2006

Two Cuban exiles who have vehemently opposed Fidel Castro will avoid a trial on weapons charges after each pleaded guilty to a single criminal conspiracy charge. The men, Santiago Alvarez, 65, and Osvaldo Mitat, 64, were scheduled for trial this week and would have faced up to 20 years in prison if convicted. But prosecutors reduced the charges in a last-minute plea deal, and the men now face a maximum sentence of five years. The men were arrested last year after the Federal Bureau of Investigation seized machine guns, a grenade launcher and thousands of rounds of ammunition. They are scheduled for sentencing Nov. 14.

Two Anti-Castro Activists Plead Guilty To Weapons Conspiracy (MH)

By Jay Weaver

The Miami Herald, September 12, 2006

Two elderly anti-Castro activists facing weapons charges pleaded guilty Monday in federal court in Fort Lauderdale to one count of conspiracy to possess illegal weapons, which carries a five-year maximum prison penalty. The men face sentencing Nov. 14.

Santiago Alvarez, 65, and his friend Osvaldo Mitat, 64, went before U.S. District Judge James Cohn this afternoon after prosecutors reduced charges. The men were facing a maximum of 20 years imprisonment because initial charges included possession of illegal weapons, in addition to conspiracy.

DOJ_NMG_0061607

Machine guns, firearms, a silencer with an obliterated serial number and a grenade launcher were among the weapons the men were accused of stashing in a Lauderhill apartment complex owned by Alvarez.

The conspiracy dated back to November 2004, prosecutors said. The men were arrested a year later. Alvarez helped Cuban exile militant Luis Posada Carriles emerge from hiding in May 2005 before Posada's arrest for entering the country illegally. Posada is still in federal custody in Texas.

At least two dozen family members and friends of Alvarez and Mitat, who worked for Alvarez, were present at today's hearing.

"We're just happy it's over," Santiago Alvarez Jr. said about his father's case.

Francisco "Pepe" Hernandez, of the Cuban American National Foundation, said of Alvarez's decision to plead guilty: ``He didn't have any choice after the judge ruled on the insistence of the government bringing this trial in Broward."

"They realized their chances were slim," Hernandez said, ``and they wanted to spare the community this commotion."

Jose Basulto of Brothers to the Rescue said, ``George Washington would have been proud of these two men as patriots."

Cohn last week ruled that the men could get a fair trial in Broward County. Their attorneys argued that the strikingly different demographics between Miami-Dade and Broward should allow a two-county jury in federal court in Fort Lauderdale.

2 Cuban Exiles Accept Plea Deal (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 12, 2006

In a last-minute plea deal, prominent Cuban exile and local real estate developer Santiago Alvarez admitted Monday he illegally stashed weapons at a Broward County apartment complex and attempted to move them after federal authorities appeared at his office with a search warrant.

Alvarez and co-defendant Osvaldo Mitat each pleaded guilty in Fort Lauderdale federal court to a single conspiracy charge stemming from the Nov. 18 seizure of a white fishing cooler containing machine guns, numerous firearms with serial numbers removed, an unregistered silencer and a grenade launcher.

Prosecutors contended Alvarez, 65, and Mitat, 64, both staunchly anti-Castro Cuban exiles, maintained caches of weapons, including one in the Bahamas, to use in attacks on Cuba. The agreement specifies that the maximum prison term Alvarez and Mitat can receive is five years, far less than they could have received had they been convicted at trial. U.S. District Judge James Cohn set sentencing for Nov. 14.

One longtime friend and supporter said Monday's guilty pleas marked a "shameful day for Cuban patriots."

According to a factual summary of the case agreed to Monday by both sides: Federal agents executed a search warrant on Alvarez's Hialeah office Nov. 18, after intercepting a parcel addressed to Alvarez containing counterfeit Guatemalan identification documents. As the search continued, Alvarez asked an employee to transport a cooler containing weapons from a Lauderhill apartment complex to a location in Miami, where Mitat would pick it up.

The employee, who was an FBI informant, tipped off agents to the exchange. Authorities arrested Mitat as he took possession of the weapons and arrested Alvarez later.

Magistrate Rules In Cuban Militant's Favor In Bid To Leave Jail (AP)

By ALICIA A. CALDWELL

AP, September 12, 2006

EL PASO, Texas -- A federal magistrate judge has agreed that an anti-Castro Cuban militant should be able to leave a federal immigration jail while he waits to be deported.

U.S. Magistrate Judge Norbert Garney issued a 23-page written ruling Monday that Luis Posada Carriles should be set free from the El Paso immigration detention center where he has been held since his arrest on immigration charges last year, Posada's El Paso lawyer, Felipe D.J. Millan said Monday.

Millan said the ruling will now go to a federal district judge. If Garney's ruling is upheld, which Millan believes will happen, he anticipates that Posada could be set free in about 30 days.

"As far as we're concerned, we're on the right track," Millan said of the favorable ruling.

A Department of Justice spokesman said Monday evening that the agency is reviewing the decision.

DOJ_NMG_0061608

The 78-year-old Cuba native and naturalized Venezuelan citizen is wanted in Venezuela on charges that he plotted the deadly 1976 bombing of a Cuban jetliner from Caracas.

Eric Wingerter, a Venezuelan government spokesman in Washington, said Garney's ruling "is exactly the wrong message to be sending" in time of an increased focused on fighting terrorism.

"We're talking about a guy who blew up an airplane that was holding the most innocent people imaginable," Wingerter said. "If that is not the definition of a terrorist, I don't know what is."

Wingerter said the date of the ruling, the fifth anniversary of the Sept. 11, 2001 terrorist attacks, was "particularly insulting to the families of the victims.

"If we are serious about fighting terrorism then we need to prosecute all terrorists, not just those opposed to U.S. foreign policy."

Posada was arrested in Miami last year on charges that he illegally crossed into Texas from Mexico.

Last year an immigration judge ruled that Posada should be deported but said he could not be sent to Cuba or Venezuela because of the fear that he could be tortured.

Wingerter said that ruling "is not grounded in facts" and lawyers for the Venezuelan government are continuing efforts to have Posada sent back to face trial

During a brief hearing in federal court last month, Posada asked Garney to let him return to Miami, where his wife and children live, until the U.S. government can find another country to send him to.

Federal authorities have been trying since October to find a country that would accept Posada. Canada, Guatemala, Mexico, Costa Rica and El Salvador have all rejected formal requests.

Posada, a former CIA operative and U.S. Army soldier, has applied for U.S. citizenship. That application is pending, Millan said.

8th Circuit Grapples With Sentencing Guidelines (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, September 12, 2006

An 8th U.S. Circuit Court of Appeals judge warned recently that the appellate court may be creating unconstitutional sentencing precedents that violate the spirit of last year's Supreme Court decision in U.S. v. Booker, which gave judges discretion to shape reasonable sentences.

Nationally, circuits have been grappling with how much leeway to give trial judges in fashioning sentences that are either more or less lenient than the traditional guideline range established by the U.S. Sentencing Commission.

The 8th Circuit overturned the 11-year prison term for repeat offender Jeffrey A. McDonald in a methamphetamine case because it was less than half the recommended sentencing guideline range of 22 to 27 years and just one year more than the law's minimum limit.

The court ordered resentencing without such an extreme variance.

This prompted Judge Kermit E. Bye to point out in dissent that, since the Booker decision, the 8th Circuit has reversed 25 sentences below the guideline range while affirming four, yet affirmed 16 sentences above guideline range while reversing just one.

"If we fail to implement the promise of Booker and do not relinquish greater discretion to experienced district court judges whose proximity to sentencing renders them eminently more qualified to appreciate the subtleties of each case, we will find ourselves the architects of a new -- and equally unconstitutional -- de facto mandatory sentencing system crafted from the ashes of the last," Bye wrote in U.S. v. McDonald, No. 05-1617.

Around the country, six circuits have held that sentences within the guideline range are presumptively reasonable. Only the 2nd Circuit declined to create a per se rule on the reasonableness of any sentence within approved ranges. U.S. v. Crosby, 397 F.3d 103 (2005).

DOJ_NMG_0061609

Last year, in U.S. v. Booker, 543 U.S. 220 (2005), the U.S. Supreme Court struck down the portion of the Sentencing Reform Act that made guidelines mandatory, holding that it violated a defendant's Sixth Amendment right to trial by jury, and converting the 20-year-old guideline system to advisory status.

Bye invited the circuit panel to re-examine its recent sentencing rulings, a challenge taken up by Judge Raymond W. Gruender in a lengthy footnote in his majority opinion.

Seven of the 25 lower sentences were vacated because the sentencing judge did not explain the reason, and may be upheld when properly explained, according to Gruender. Another seven were reductions of more than 100 months and five others gave no prison time when guidelines called for one to five years, he said.

McDonald's attorney, Kevin Cmelik, an assistant federal public defender in Davenport, Iowa, said that his office may seek reconsideration by the entire court. "In this circuit there is a debate building over how right we are in our reasonableness doctrine," he said.

Andrew Kahl, chief of the criminal division in the U.S. Attorney's Office in the Southern District of Iowa who argued the McDonald appeal said, the "variance wasn't warranted on the facts presented" in the case. "It was a very extreme drop from the sentencing guidelines."

Woman Missing From Carnival Cruise Ship (MH)

By Andrea Robinson

The Miami Herald, September 12, 2006

Federal officials are investigating the reported disappearance of a passenger who had been aboard a cruise ship that returned to the Port of Miami-Dade on Monday.

The 36-year-old Ohio woman was reported missing from Carnival Cruise Lines' Imagination as it was en route from Mexico.

FBI officials in Miami spent Monday morning interviewing family members who were on the ship. They declined to release the woman's identity.

FBI spokeswoman Judy Orihuela said the investigation is just beginning.

"We're looking into it," she said. ``It doesn't look like foul play at this time."

By early afternoon, she said, Miami-Dade police were searching the woman's cabin, looking for possible evidence.

The U.S. Coast Guard also is assisting in the investigation.

Petty Officer Jennifer Johnson, a Coast Guard spokeswoman, said Carnival called the Coast Guard about 9:30 a.m. Monday to report the woman missing. She said a sea search had not yet been ordered.

"We haven't launched any assets yet. We're working together to determine if that's necessary," Johnson said.

The Imagination had left Miami on Thursday on a cruise to Key West and Calica, Mexico.

In a written statement, Carnival officials said a guest aboard the cruise told information desk workers early Monday that the family could not locate the woman, last seen about 1:30 a.m. Sunday after the ship departed Calica.

The International Council of Cruise Lines, an industry lobbying group, said earlier this year there were 24 reports of people missing during cruises between 2003 and last year. Its findings were based on data from 15 cruise lines.

In July, Elizabeth Galeana, 22, of Naples, apparently fell off a cruise ship and drowned. Her body was found off the coast of Italy last month.

In May, Daniel DiPiero, 21, of Canfield, Ohio, fell off a cruise ship headed to the Bahamas after a night of heavy drinking with friends.

This report was supplemented with material from The Associated Press.

Ohio Woman Missing From Cruise Ship (WP/AP)

The Associated Press

The Washington Post, September 12, 2006

MIAMI -- Authorities are investigating the disappearance of an Ohio woman who was reported missing Monday from a Carnival Cruise Lines ship.

DOJ_NMG_0061610

The 36-year-old woman, whose identity was not released, had been on a four-day cruise to Key West and Mexico.

The Miami-based cruise line said relatives last saw the woman early Sunday but did not report her missing until Monday, when the ship returned to Miami. FBI spokeswoman Judy Orihuela said, however, that she was not aware of any delay in reporting the disappearance.

"It doesn't look like foul play," said Orihuela, whose agency is investigating the case.

The disappearance from the Carnival cruise ship Imagination was the latest missing person case involving a cruise this year.

Elizabeth Galeana, 22, of Naples, Fla., apparently fell off a cruise ship in July and drowned. Her body was found off the coast of Italy last month. In May, Daniel DiPiero, 21, of Canfield, Ohio, fell off a cruise ship to the Bahamas after a night of heavy drinking with friends.

The International Council of Cruise Lines, an industry lobbying group, reported earlier this year that a review of data from 15 lines showed 24 reports of missing people between 2003 to 2005.

One of the highest-profile cases involving a cruise ship disappearance occurred last summer, when George Allen Smith IV, 26, of Greenwich, Conn., vanished from his honeymoon cruise in the Mediterranean after an apparent late night of drinking. Bloodstains were found on a canopy that covers lifeboats. No one has been charged and no body has been found.

Loaded Gun Found In D.C. Court Cellblock (LAW/AP)

The Associated Press

AP, September 12, 2006

Investigators were trying to determine how a loaded handgun got into a cellblock inside District of Columbia Superior Court.

A cleaning contractor found the .25-caliber semiautomatic pistol under a wad of paper in a cell toilet Friday, said Steve Conboy, the U.S. marshal for Superior Court.

It was the first time such a serious security breach occurred at the busy downtown courthouse in at least 10 years, authorities said.

Conboy, who oversees courthouse security, said he does not know how the small pistol was smuggled into the building.

"We're not ruling anything out," he said. "At this point everybody's a suspect."

All prisoners are patted down by deputy marshals before being taken into the cellblock -- whether coming from the D.C. jail, police headquarters or off the street.

But only people who are taken into custody in a courtroom after coming in off the street are scanned by a metal detector, Conboy said.

He said it was not unusual for drugs, makeshift weapons and other contraband to turn up, but finding a gun is far more serious because marshals do not carry firearms when working in the cellblocks.

Conboy said many possibilities could explain how the weapon got into the building.

For instance, a person coming to court for a hearing in a criminal case could have sneaked the gun into the courthouse -- despite the presence of metal detectors -- and ditched the gun in the cellblock after being ordered into custody.

Or the gun could have been smuggled in by an employee or a contractor who has access to the cellblocks.

In 1988 and again in 1994, loaded guns were seized in the cellblocks before they could be used to do any damage, Conboy said.

Court officials noted the potential for tragedy if someone had used the gun in an attempt to escape.

"It's everybody's nightmare," said Superior Court Chief Judge Rufus G. King III.

California Opens Inquiry On Breaches Of Computers (NYT)

By Jennifer Steinhauer

The New York Times, September 12, 2006

LOS ANGELES, Sept. 11 — The California Highway Patrol is investigating outside breaches of a computer system used by aides to Gov. Arnold Schwarzenegger to store downloaded audio files, a spokesman for the patrol said Monday.

DOJ_NMG_0061611

In those files, some of which were leaked to The Los Angeles Times, the governor was heard telling Susan Kennedy, his chief of staff, that Cubans and Puerto Ricans were naturally passionate because of their combination of "black blood" and "Latino blood."

Mr. Schwarzenegger, who is seeking re-election, apologized for the remarks on Friday after they were reported by the newspaper, and he was criticized by his Democratic opponent, Phil Angelides.

"We are looking into the security of the governor's office computer system," said Fran Clader, a spokeswoman for the Highway Patrol, which is in charge of policing state facilities.

Ms. Clader would not provide details of the investigation, but a person associated with the governor said that three times over the last week of August and the first week of September a person or group of people gained access to the governor's staff computers from outside the Sacramento offices. The person spoke on the condition of anonymity because the matter could become the subject of a criminal investigation.

There are no immediate theories, the person said, as to who is responsible for the breach, first reported by The San Francisco Chronicle.

The governor's legal affairs secretary, Andrea Lynn Hoch, issued a statement Monday night saying that an internal audit had revealed some information about the person involved in the breach and that the information had been turned over to the Highway Patrol.

In remarks to Ms. Kennedy and Gary Delsohn, a speechwriter, Mr. Schwarzenegger praised the legislative style of State Senator Bonnie Garcia, who is of Puerto Rican descent, saying: "I mean Cuban, Puerto Rican, they are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

On Friday, Ms. Garcia held a joint news conference with Mr. Schwarzenegger in Los Angeles to announce that his remarks had not bothered her in the least, but the governor said that reading the remarks in the newspaper made him "cringe."

Mr. Delsohn records conversations with the governor to use as reference material when he is writing his speeches, but shares them with a limited number of sources, The Chronicle reported.

Some experts on computer security said the person or people who entered the governor's system most likely knew what they were looking for — rather than randomly stumbling across the files — and could have easily stolen the password needed to get them. They said it was likely that the files were not properly secured.

Sondra Schneider, the chief executive of Security University, a company that provides training in protecting electronic assets, theorized that someone sent an e-mail message that compromised the governor's computer system when it was opened, allowing the sender to steal the password.

"Anyone at any time of any day can do that to anyone," Ms. Schneider said. "It happens every minute of the day."

In the case of the governor's office, Ms. Schneider said: "They just had to know that those audio files were in existence. I don't think someone was fishing around on the site looking for it. They knew it was there and it was made available because it was not secured properly."

The governor's press office referred all calls to the California Highway Patrol. David Garcia, a spokesman for The Los Angeles Times, said in an e-mail message that the paper had not been contacted by the patrol.

Governor Schwarzenegger is in a tough re-election battle. He has been known to get into hot water with his remarks, including once calling a group of legislators "girlie men."

17 Charges Filed In Rape Case Linked To Phoenix Killings (WP/AP)

By Chris Kahn, Associated Press

The Washington Post, September 12, 2006

PHOENIX, Sept. 11 -- An ex-convict and construction worker was charged with 17 felony counts Monday in two sexual assaults linked to an investigation of a string of serial killings.

Maricopa County Attorney Andrew P. Thomas said that authorities are not calling Goudeau the "Baseline Killer" and that he has not been named as a suspect in 22 other robberies, rapes and shootings that left eight people dead since August 2005.

DOJ_NMG_0061612

For more than a year, a predator known as the Baseline Killer has terrorized the Phoenix area with killings, rapes and robberies. Police continue to try to understand how and whether Goudeau is connected, Thomas said.

The case is one of two serial-predator cases in the Phoenix area in the past year. Police have arrested two men in the other, dubbed the "Serial Shooter" investigation.

At a news conference, Thomas said Arizona's parole board was "naive and misguided" when it granted early release to Goudeau in 2004. Goudeau had eight more years to go on a prison sentence for unrelated assault charges.

"The victims of these brutal crimes deserve justice," he said. "I will do everything in my power to ensure that this defendant never again walks the streets a free man."

Goudeau is accused of attacking two sisters, who were 21 and 23, in September 2005 while they were walking in a park at night. Defense lawyer Corwin A. Townsend said that Goudeau plans to plead not guilty to the charges. And as soon as he gets the chance, Townsend said, he will independently test the DNA evidence that authorities used to arrest Goudeau.

Goudeau's wife also has said he is not guilty.

"This is a huge miscarriage of justice," Wendy Carr said. "And they have an innocent man in prison. This is all a mistake. He shouldn't be in prison for something he didn't do."

The Baseline Killer, so named because the earliest incidents occurred along Baseline Road, has been linked to 23 crimes in the metro area dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies.

Investigators said they connected the crimes either through forensic evidence or through similarities in the way they were committed.

CIVIL LAW:

Government Joining Case Against Drug Maker Over Pricing Allegations (AP)

AP, September 12, 2006

BOSTON The federal government is joining in a whistleblower's lawsuit in Boston alleging a drug maker inflated prices for medications and defrauded Medicare and Medicaid.The Justice Department said today it is intervening in the case against Dey (DAU) Incorporated, a California-based U-S affiliate of the German drug maker Merck.The government is joining a complaint by a Florida pharmacy and provider of home drug-infusion services. Ven-a-Care also has brought complaints alleging drug makers defrauded government programs.Officials accuse Dey of reporting prices for drugs that were more than five times the actual sales prices, costing the government more than 500 (m) million dollars in reimbursement.The company had no immediate comment.

Dey Denies Allegations On Drug Pricing (UPI/UPI)

United Press International, September 12, 2006

NAPA, Calif., Sept. 11 (UPI) -- Dey LP, a California drug company, denied Monday that it engaged in wrongdoing in the pricing or marketing of its medicines.

The denials follow word from the U.S. Justice Department earlier in the day that it intervened in a whistleblower suit against Dey.

Justice's complaint alleges that Dey engaged in a scheme to report "fraudulent and inflated" prices for several pharmaceutical products, knowing that federal healthcare programs established reimbursement rates based on those reported prices.

Dey's denial took aim at the method used by the government in developing its complaint.

"When virtually an entire industry is sued -- as has been the case with the pricing lawsuits that have been filed around the country by dozens of attorneys general -- it indicates that the real issue is not the industry's conduct, but rather the government's own reimbursement system," said John M. Kling, senior vice president-legal at Dey.

N.J. Gets $500K Settlement From GlaxoSmithKline (AP)

DOJ_NMG_0061613

AP, September 12, 2006

(CBS/AP) WASHINGTON New Jersey prosecutors say the state will get nearly $500,000 dollars from GlaxoSmithKline to settle claims it overcharged the government for two anti-nausea drugs.

New Jersey was reimbursed more than $472,000 from a $149-million national settlement with the Justice Department.

The government said Glaxo engaged in a scheme to inflate the price of Zofran and Kytril for the Medicare and Medicaid programs, which reimburse health care providers based on the manufacturers' prices.

The drugs are typically administered in doctors' offices or hospitals and are mainly used to counter nausea brought on by chemotherapy and radiation.

The Justice Department claims the company charged health care providers less for the drugs, knowing the providers would get to pocket the difference, and would be more likely to prescribe them again.

Glaxo admitted no wrongdoing as part of the settlement.

Big Tobacco's Promises To Reform Go Up In Smoke (USAT)

USA Today, September 12, 2006

Tobacco companies have spent years trying to look as if they've reformed their old deceptive ways.

But in just the past month, new information has come to light that strongly suggests they are still willing to sacrifice smokers' lives for profits:

•On Aug. 17, a federal judge found that cigarette-makers marketed and sold their lethal products by deceiving the public about the risks of smoking for five decades. The duplicity and manipulation, she wrote, "continues to this day."

•Two weeks later, the industry returned to court brazenly seeking a loophole that would allow it to continue the deception overseas.

•On Aug. 29, Massachusetts health officials reported that the average nicotine delivery in scores of cigarette brands had increased by an average of 10% during seven years ending in 2004. Nicotine is the chemical that hooks smokers and keeps them hooked.

These findings and the industry's own actions suggest that its recent show of good corporate citizenship is as ephemeral as a puff of smoke. They might also prove expensive.

Last month's ruling in the government's landmark tobacco lawsuit could force the industry to remove misleading labels such as "light," "mild," and "low tar" from cigarette packs and marketing as of Jan. 1, imposing major new branding and marketing costs. U.S. District Judge Gladys Kessler found that the industry used those terms to falsely portray lower-tar cigarettes as somehow less harmful than full-flavor brands to keep smokers from quitting.

It was a profitable ploy while it lasted. In the 1960s, when the surgeon general first warned of smoking's hazards, cigarette-makers answered the challenge with "low-tar" cigarettes. And smokers began to switch.

To satisfy their addiction, they smoked more or inhaled more deeply. In 2001, the National Cancer Institute reported the tragic result: The "net effect of the introduction and mass marketing" of these brands may have been an increase in smoking-related deaths.

Cigarette-makers "marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs," Kessler wrote.

Has the industry been chastened by her withering opinion?

Not by a long shot. After the ruling, the defendants sought "clarification" that it did not apply overseas. In essence, they were seeking a green light to mislead people in countries that have been their growth markets.

Massachusetts' nicotine report, meanwhile, raises questions about whether the industry manipulated nicotine levels to hook new smokers. After that report was released, R.J. Reynolds declined comment. Lorillard didn't return calls. Philip Morris disputed the findings and insisted that any variations were the result of the natural process of growing tobacco and making cigarettes.

That's hard to swallow. The industry can "precisely control nicotine delivery levels and provide doses of nicotine sufficient to create and sustain addiction," Kessler found.

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Sadly, the public doesn't know what the industry is doing with nicotine or any ingredient. Thanks to industry lobbying and campaign contributions, there is no meaningful regulation. Never mind that tobacco kills 400,000 Americans a year. Until Congress gets serious about regulating cigarettes, Big Tobacco will have the last word.

Nicotine Study Faulty (USAT)

By Michael A. Farriss

USA Today, September 12, 2006

The Massachusetts Department of Public Health recently issued a report based on data from 1998 to 2004 that concluded "the amount of nicotine that is actually delivered to the smoker's lungs has increased significantly." The MDPH report cites Philip Morris USA and its Marlboro brand.

The principal reason the MDPH report seems to show an upward trend for Marlboro is because it did not include the earliest reported data from 1997 and the most recent reported data from November 2005. We believe that when one looks at the Marlboro data from all the years reported to the MDPH (1997 through 2005), there are variations in nicotine yields, both up and down, in different brand packings, but there is no trend in nicotine yields, up or down.

For example, the nicotine yield measured in Marlboro Lights King Size Box, the largest selling cigarette brand packing in the country, went up from 1997 to 1998, down in 1999, up in 2000, down in 2001, up in 2002, down in 2003, up in 2004 and down in 2005. The annual variability, both up and down, ranged from 0.01 to 0.11 milligrams of nicotine. These year-to-year variations occur because of the normal processes of growing tobacco and manufacturing cigarettes.

The MDPH report also links the nicotine measured by a smoking machine to nicotine "delivered to the smoker." Other public health authorities have said one should not link machine smoking to human smoking. For example, the World Health Organization Study Group on Tobacco Regulation concluded that "machine testing protocols are not likely to provide a valid basis for predicting health effects or for making claims about health effects because such protocols do not predict how the products will be used by individuals or at the population level."

We do not believe that the MDPH's conclusions about the trends in nicotine yields for Marlboro are supported by the 1997 through 2005 data. Even so, there are some fundamental conclusions that Philip Morris USA and the MDPH seem to share: Cigarette smoking is addictive, cigarette smoking causes disease and death, and comprehensive federal Food and Drug Administration regulation of the tobacco industry would be good public health policy.

CIVIL RIGHTS:

EEOC Seeks Key Testimony In Sidley Austin Age Discrimination Suit (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, September 12, 2006

The U.S. Equal Employment Opportunity Commission has moved to compel testimony about recent conversations between Sidley Austin partners and a former financial director who signed a 1999 letter stating that the firm had a mandatory retirement policy.

Sidley has denied having such a policy in the face of an EEOC suit claiming the Chicago-based law firm discriminated against 31 partners on the basis of age when it demoted them to counsel in 1999. The EEOC has claimed the financial director's letter "flatly contradicts" the firm's position.

The letter, dated Oct. 21, 1999, and addressed to the Social Security Administration in Chicago, states that "it is the general policy of Sidley & Austin not to permit a partner of the firm to continue as a partner commencing the first of the year following the year age 65 is reached." The letter is signed by William B. White, financial director.

According to the EEOC motion filed last Tuesday in Chicago federal court, White testified at a July 26 deposition that he believed the letter to be an accurate statement of the firm's retirement policy at the time he signed it. But he also testified that, after conversations earlier this year with Sidley partners William F. Conlon and Theodore N. Miller, he realized the letter did not accurately state firm policy.

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The lawyer representing Sidley at the deposition, Michael Conway of Chicago's Grippo & Elden, objected to questions about these conversations on the grounds that they were privileged. The EEOC is seeking to compel White's testimony about them.

"This motion presents the classic example of a Defendant seeking to use the attorney-client and work-product privileges to improperly thwart the Plaintiff's discovery into areas that are potentially damaging for the Defendant," the EEOC claims.

The agency argues the conversations are not privileged because White, who is retired but still works at Sidley on a contract basis, was not seeking legal advice from either Miller, who is vice chairman of the firm's management committee and a member of its executive committee, or Conlon, an executive committee member who acts as the firm's general counsel.

"The fact that Conlon and Miller are lawyers does not render every conversation that they have about this case privileged," the EEOC says in its motion.

Conway did not return a call seeking comment but, according to a partial transcript of the July 26 deposition, he justified his objection on the grounds that the partners "were offering legal advice."

"Miller was acting as counsel to the firm in connection with this matter," said Conway. "Having a conversation with White about activities during the scope of his employment I think is privileged."

The EEOC had moved in June to have counsel separate from the firm appointed for White. The firm quickly agreed to the appointment, but the letter received some media attention at that time, including articles in the Law Journal and the Chicago Tribune.

Represented at his deposition by his new counsel, Michael Hannafan of Chicago's Hannafan & Hannafan, White testified that he first became aware the retirement policy stated in the letter was not correct after he read the June 6 article in the Tribune. That morning, he said, firm executive director Timothy Bergen showed him the newspaper and told him he was a "celebrity." Bergen then told him to call Miller.

White later testified that Conlon also had called him about the letter and its possible inaccuracy in February 2006.

In his deposition, White also said he did not actually write the 1999 letter, only signed it. He said the letter was drafted by now-retired partner Wilbur C. Delp, who asked the financial director to sign the letter "so he could put it in his file in case there was a problem with his self-employment tax on his retirement payments."

In the past, law firms have not worried about EEOC scrutiny of their partner retirement policies because partners have traditionally been considered employers exempt from the protection of federal anti-discrimination laws.

In its suit against Sidley Austin, the EEOC has taken the novel position that the demoted partners were employees because they never voted on firm policy and all decisions, including partner compensation, were made by the firm's self-selecting executive committee.

The suit, which is seeking back pay for the demoted partners, could have far-reaching effect on the profession, as many large law firms have adopted similarly centralized management structures in recent years.

Journalist Remains In Contempt Of Court (FINDLAW/AP)

By David Kravets, Associated Press Writer

AP, September 12, 2006

(AP) - SAN FRANCISCO-A federal appeals court on Monday upheld the contempt of court citation against a freelance journalist who is refusing to cooperate with a grand jury investigating an anarchists' protest he videotaped.

A federal grand jury subpoenaed Joshua Wolf to acquire the 30 minutes of unpublished material, but he refused and was ordered jailed Aug. 1. He was released a month later as he appealed his case.

The 9th U.S. Circuit Court of Appeals ruled Monday that a 1972 Supreme Court precedent requires everyone, including journalists, to appear before grand juries if they have been summoned.

"The Supreme Court has declined to interpret the First Amendment to 'grant newsmen a testimonial privilege that other citizens do not enjoy,'" a three-judge panel of the San Francisco-based appeals court wrote.

Wolf, 24, videotaped a July 2005 protest where anarchists allegedly vandalized a San Francisco police car and an officer suffered a fractured skull after being hit. The anarchists were protesting a G-8 international economic conference in Scotland.

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Wolf sold some of the footage to San Francisco television stations and posted it on his Web site, but refused to turn over unpublished material. U.S. District Judge William Alsup found him in contempt of court and ordered him jailed.

Jose Luis Fuentes, Wolf's lawyer, said he would ask the appeals court to allow him to remain free while he petitions the court to reconsider the issue with a larger panel of 15 judges.

Theodore Boutrous Jr., a lawyer for the California First Amendment Coalition and other journalism groups, said he would support those efforts.

Although the incident Wolf caught on video involved San Francisco police, federal authorities investigated because it involved destruction of federally funded property.

Court Panel Denies Blogger's Appeal (NYT)

By Jesse Mckinley

The New York Times, September 12, 2006

SAN FRANCISCO, Sept. 11 — In a case closely watched by First Amendment advocates, a federal court panel has rejected an appeal by a freelance journalist and blogger who has refused to appear before a grand jury or turn over video he shot of a violent protest last summer.

The decision, filed Friday by a three-member panel of the Ninth Circuit Court of Appeals, reaffirmed a contempt charge against the journalist, Josh Wolf, who was sent to prison on Aug. 1 by a lower court for refusing to cooperate with an investigation into an anti-capitalism protest here in July 2005.

At the protest, timed to coincide with the Group of Eight Summit of world economic leaders in Scotland, a police officer was injured and an explosive device, a smoke bomb or a firework, was put under a police car.

Mr. Wolf sold some of his film to local television stations and posted parts on his Web site, www.joshwolf.net. Earlier this year, the government subpoenaed Mr. Wolf to testify and to turn over the remaining video, which prosecutors wanted to use to gather evidence for potential arson charges. Mr. Wolf has refused, and in an interview on Monday, he remained defiant. "Nothing the government can do," he said, "will coerce me into submitting to their demands. I intend to appeal this through every measure possible."

Mr. Wolf remained free on Monday, and it was not clear if the decision would result in his returning to jail immediately. His lawyer, Jose Luis Fuentes, said he would ask for a rehearing before the entire court.

Luke Macaulay, a spokesman for the United States Attorney's Office for the Northern District of California, said his office was awaiting an order from the Ninth Circuit "clarifying Mr. Wolf's custodial status."

Mr. Wolf, who has continued to post online updates about his case, said he was not fazed by the prospect of more prison time.

"My cellmates were totally chill and had my back," he said of his recent incarceration. "The fact I only got an hour of fresh air a day was frustrating, but you deal."

After Steps To Desegregate, Plaintiffs Drop Tennessee Suit (NYT)

By Theo Emery

The New York Times, September 12, 2006

NASHVILLE, Sept. 11 — In 1966, a young black woman named Rita Sanders, fresh out of graduate school, took a job teaching at a traditionally black college here. Angered by the school's inadequate financing and facilities, she sued the state two years later as maintaining an inferior system of higher education for blacks.

Thirty-eight years later, the woman, now Rita Sanders Geier, stood alongside Gov. Phil Bredesen of Tennessee on Monday to announce that the state had met its obligations to desegregate higher education and that she, along with the other plaintiffs and parties, would ask a judge to dismiss the lawsuit.

"The things that we put in place have shown that they are efficacious, and can work and will work," said Ms. Geier, who now lives in Maryland.

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The announcement signified the conclusion of a significant civil rights case that sought to erase vestiges of segregation that lingered long after Brown v. Board of Education, the 1954 Supreme Court ruling that abolished segregation in public education.

The case perhaps best known for challenging segregated higher education is United States v. Fordice. That landmark 1992 Supreme Court ruling found that Mississippi had maintained separate systems, one for blacks and one for whites, after the official abolition of segregation.

But the Geier case was different. Long before the Fordice decision, the state agreed to merge a University of Tennessee extension in Nashville into Tennessee State University, where Ms. Geier worked. No other state has agreed to such a remedy, said Steve Suitts, program coordinator at the Southern Education Foundation in Atlanta.

Of 19 states with legally segregated systems of higher education, post-Brown lawsuits in only four states — Mississippi, Alabama, Louisiana and Tennessee — went to trial. Alabama is the only state where the litigation is pending, Mr. Suitts said.

He said the litigation could have accomplished more, "but I think the fact of the matter is that these lines of cases have done about as much as they can at this point."

The Tennessee case has taken many twists and turns. Six years ago all the parties entered mediation, and a year later they hammered out an agreement that would result in the dismissal of the lawsuit after five years, if all the conditions were met.

On Monday, the parties said the conditions had been met, including appropriating $15.5 million for the Tennessee State endowment, $19.8 million in capital outlays and almost $15 million in financial aid. All told, the state has spent $77 million since 2001 to increase equality and diversity at state colleges and universities, according to Mr. Bredesen's office.

George Barrett, the lawyer for Ms. Geier and the other plaintiffs, said the case did for higher education what the Brown case did for elementary and secondary education.

"We have given to our children, and our children yet unborn, a system of higher education washed clean of the pernicious effects of the sin of segregation," Mr. Barrett said.

John C. Brittain, chief counsel of the Lawyers' Committee for Civil Rights Under Law, said he was not so sure. He said settlements such as in the Geier case did not do enough for historically black schools.

"I doubt that it's enough, and that it will be sustained long enough to really build up those institutions to competitiveness and comparability," Mr. Brittain said.

Segregated Schools: New Debate, Old Problem (USAT)

By Dewayne Wickham

USA Today, September 12, 2006

Ernie Chambers never made it to the Congressional Black Caucus' annual legislative conference last week, but he was the elephant in the room when some of the attendees got together to talk about this nation's racial divide.

They were participants in a workshop whose title, "Is there a rebirth of legal racial segregation?" suggested a wide-ranging exploration of an intriguing topic. But what unfolded was an emotionally charged discussion of the causes and aftereffects of something Chambers did.

The only black member of Nebraska's state senate, Chambers is the co-author of a law that divides Omaha's public school system into three smaller districts — one mostly black, another largely white and the other predominately Hispanic. "When the opportunity came to do something which other people call radical, but which I call very American … I took that opportunity," Chambers said in a videotaped message.

The law, which takes effect in 2008, is seen by some as a throwback to the time when the doctrine of "separate, but equal" was the law of the land — though black children attended schools that were largely "separate," but hardly "equal."

Chambers' plan comes 52 years after the U.S. Supreme Court outlawed school segregation and at a time when many of Omaha's schools are heavily divided along racial lines as a result of housing patterns and a reluctance to use busing to achieve integration. Chambers said his law will give black and Hispanic parents more control over the schools their children attend. More control, he believes, will translate into greater academic achievement.

"I took this step because nothing else has worked," he explains.

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Of course, it's unclear whether Chambers' law will produce the desired results — or even whether it will be implemented. The NAACP and the NAACP Legal Defense Fund have filed a federal lawsuit to block it. But Chambers' legislation produced no great sense of outrage among the academics and civil rights activists who attended the caucus workshop. That's because many of them think it will have little effect on racial integration in Omaha or anywhere else.

"Is there a rebirth of segregation?" panelist Charles Ogletree, a Harvard Law School professor, asked. "The answer," he said, "is emphatically no. It never died. … The reality is that far too many of us never moved an inch away from the segregation that we were born into in this nation."

To a large extent, the facts support that harsh assessment. Blacks and Hispanics continue to live largely in racially isolated neighborhoods. These segregated housing patterns and the continuing migration of whites to the suburbs ensure that minorities dominate the student bodies of many urban public school systems. Conversely, suburban whites attend schools that are overwhelmingly white. The panelists heaped the most blame for this situation on the Supreme Court — not white flight.

"The Supreme Court basically rewarded whites who fled to the suburbs, whites who have practiced decades of residential segregation, with a pass from having to be bothered with implementing" school desegregation, said Albert Samuels, assistant professor of political science at Southern University.

What he's talking about is the high court's Milliken v. Bradley decision. In that case, it ruled that a suburban school district can't be forced to become part of a multidistrict school integration plan if it cannot be shown that it was guilty of operating a segregated school system in violation of federal law.

In essence, this 1974 ruling gave whites who flee to the suburbs the cover they needed to perpetuate the school segregation that the high court outlawed 20 years earlier, many of the panelists argued.

In 1935, W.E.B. DuBois, the black sociologist and civil rights activist, wrote that "the Negro needs neither segregated schools nor mixed schools. What he needs is (a good) Education."

Parties Battle Over New Voter ID Laws (LAT)

By Peter Wallsten

The Los Angeles Times, September 12, 2006

PHOENIX — Little noticed by voters, a nationwide melee has broken out pitting liberal and conservative groups in a duel over new laws that could determine who wins close elections in November and beyond.

The dispute, which is being fought in disparate and often half-empty courtrooms in as many as nine states, concerns new state laws and rules backed primarily by Republicans that require people to show photo identification in order to vote and, in some cases, proof of citizenship and identification when registering to vote.

One measure prompted the League of Women Voters to halt its voter registration drives in Florida out of fear of facing criminal penalties. That law, and a similar provision in Ohio that threatened voter registration drives by other groups, was blocked in recent weeks by federal courts.

The legal battle reflects a deep partisan divide, with Republicans arguing that the new requirements are needed to prevent voting fraud and boost confidence in election results, and Democrats charging that they disenfranchise seniors, minorities, students and others who tend to vote Democratic.

Hundreds of thousands of votes are potentially at stake in some of the most contested congressional races this year and the 2008 race for the White House, making the court cases the latest battle in a broader war over election policies that has been raging since the 2000 Florida recount.

One example of the skirmishing came late last month in a federal courtroom in Phoenix, where a Navajo leader, occasionally speaking in his tribal language, testified that thousands of his people would lose their right to cast ballots under a new Arizona law that requires voters to present a photo ID or other proof of identity at the polls.

The leader, Leonard Gorman, testified that many Navajo who spend their lives herding sheep in remote areas cannot fulfill the new requirements because they do not drive, nor do they have mailboxes or even the utility bills that are accepted as alternative forms of identification under the new law.

"This is very burdensome to the elders," Gorman told U.S. District Judge Roslyn Silver.

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The provision had been approved by Republican lawmakers and vetoed by Arizona's Democratic governor before conservative activists included it as part of a broad anti-immigration initiative passed by voters in 2004.

Gorman was describing a highly localized, narrow slice of the electorate — about 60,000 voting-age adults living on the reservation. But Native Americans tend to vote for Democrats.

And in a closely fought state, the votes of a handful of Navajo could be decisive.

In 2004, President Bush won a neighboring state, New Mexico, by just 6,000 ballots, and his 537-vote margin in Florida four years earlier prompted both parties to develop finely tuned get-out-the-vote procedures designed to enlist every voter they could.

Republicans had great success enacting new laws after 2004, winning voter identification requirements in Georgia, Ohio, Indiana, Missouri and the city of Albuquerque as well as the Arizona law, while adding the voter registration restrictions in Ohio and Florida.

In some states, the legal wrangling has prompted creative efforts to guard against constitutional challenges.

Missouri has deployed mobile units in vans to issue identification to the elderly, responding to complaints that photo ID is costly or hard to obtain for some voters.

Wisconsin's Democratic governor has vetoed voter identification legislation approved by the Republican-led Legislature, and the Michigan Supreme Court is expected to rule soon on the constitutionality of a 1996 state law that has never been enforced but would require photo ID at the polls.

Pennsylvania's Republican-led Legislature approved a voter identification requirement, but it was vetoed by Democratic Gov. Ed Rendell.

Across the country, the strategy on each side is being engineered by national groups that say they are nonpartisan but that are ideologically aligned with either the Republican or Democratic parties.

The leading conservative group is the American Center for Voting Rights, an organization created last year that lobbied for many of the new laws and now coordinates the legal strategy to defend them from challenges. The group's primary lawyer is Mark "Thor" Hearne, a St. Louis-based veteran of the Florida recount in the 2000 presidential race who served as national election law counsel for President Bush's 2004 reelection campaign.

The opposing side is somewhat less centralized, with cases being brought by several groups, among them People for the American Way, the Lawyers' Committee for Civil Rights Under Law, the American Civil Liberties Union and the Assn. of Community Organizations for Reform Now (ACORN). These groups share strategy and have formed a coalition called the National Network on State Election Reform.

The Democratic National Committee has supported lawsuits in some states, and officials say the party is intensifying its efforts to combat the new laws. The party's national chairman, Howard Dean, last month announced a drive to recruit 7,500 pro bono lawyers and law students to assist in an "election protection program."

In court so far, challenges to the voter identification laws have met with mixed results. Judges have halted two versions of the Georgia law, but a law has been upheld in Indiana.

Challenges are pending elsewhere.

"With voter ID and registration, this is where the current battles over election practices are now being fought," said Dan Tokaji, an Ohio State University law professor who publishes the election-law blog Equal Vote.

Late last month, Hearne, the lawyer for the conservative American Center for Voting Rights, scrambled to prepare after a Missouri judge scheduled hearings on that state's voter identification law.

He lined up a disabled voter who backs the ID law, a supportive state legislator, and a study by two University of Missouri professors with which he intends to counter his opponents' claims that the law would disenfranchise more than 170,000 voters.

The study, for which Hearne said he paid the professors a "minimal amount," concludes that fewer than 20,000 registered voters lack a photo ID, and of those, about 6,000 would probably turn out to vote.

Hearne said he was inspired to delve into the details of election law after 2000, when on election day he found himself in court arguing against a move by Democrats to delay the closing of some St. Louis polling sites.

"They were arguing for a plaintiff who wound up to be dead. It was a fiction," he said. "I thought I had walked into a John Grisham novel."

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Weeks later, Hearne joined GOP lawyers in Broward County, Fla., examining dimpled chads and other disputed ballots in the presidential contest.

Hearne said he did not coordinate with the Republican Party, and he vigorously denied that his goal was to suppress Democratic votes.

A spokesman for the Republican National Committee, Danny Diaz, said the party was closely monitoring the cases across the country but was not directly involved in coordinating strategy.

Still, the party has advised at least one state on election law. In a March e-mail obtained by The Times, the Republican National Committee's deputy counsel advised an Arizona official that the state was free to require proof of U.S. citizenship for newly registered voters, as the new state law mandates.

The lawyer wrote that the state did not have to follow an opinion to the contrary written by the U.S. Election Assistance Commission, the panel created by the 2002 Help America Vote Act to guide the administration of federal elections.

The Republican National Committee lawyer, Sean Cairncross, wrote to Kevin Tyne, the top deputy to Arizona's Republican secretary of state, advising that the commission ruling was "simply wrong on the facts and the law."

"Good to talk to you," Cairncross wrote atop a list of bulleted arguments against the commission finding. "Here are a few thoughts — please let me know however else I [can] help."

Tyne forwarded the e-mail to state Election Director Joe Kanefield, writing simply, "fyi."

Kanefield said in an interview that the e-mail came because the Republican National Committee had called offering advice, and that Arizona officials had not solicited it.

A party official said the advice was offered to "provide clarity" in an "unprecedented" situation.

In the Phoenix courtroom, opponents of the state law argued that thousands could be disenfranchised by the new identification rules. The state's lawyers said those estimates were inflated.

A lawyer for the state argued that the voting system was vulnerable to fraud by impersonators and noncitizens; lawyers fighting the new law said there was little to no evidence of past fraud.

One of the lawyers for groups challenging the law, David Rosenbaum, pointed out that the law required no identification from people casting absentee ballots by mail, and that whites were over three times more likely to vote that way than were minorities — a clear case of discrimination, he said.

Silver on Monday refused to halt the law before today's Arizona primary, but she asked for more evidence regarding claims that the new registration requirements might violate voters' civil rights.

Lawyers on both sides expect that whatever she rules will be reviewed by the U.S. 9th Circuit Court of Appeals. Ultimately, the Supreme Court is likely to have the final say on that case and others.

*

(INFOBOX BELOW)

Poll pattern

Republican state lawmakers across the country have sought election-law changes they argue would reduce fraud. Democrats and their allies say the measures are designed to suppress the votes of traditional Democratic constituencies such as blacks, the poor and seniors. Here is a sampling:

State: Arizona

Action: Proposition 200, approved by voters in 2004, requires proof of U.S. citizenship when registering and identification when casting ballots.

Result: Voting provisions are being challenged in federal court.

*

State: Missouri

Action: A new law requires voters to present photo ID. Voters without an ID can use a provisional ballot until 2008, when only seniors, the disabled or those with religious objections to obtaining a photo ID will be allowed to cast provisional ballots.

Result: The law is being challenged in state and federal courts.

*

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State: Georgia

Action: Republicans have tried to require photo IDs at the polls. A 2005 law was ruled unconstitutional becaue of the difficulty and cost of obtaining an ID. A new law passed this year makes free IDs available, with some restrictions.

Result: A judge temporarily halted the law before elections in July. Litigation is pending.

*

State: Ohio

Action: A new rule set criminal penalties for violating voter registration policies. Critics said this placed a punitive burden on organizations that register voters.

Result: Struck down by a federal judge.

*

State: Florida

Action: GOP-dominated Legislature passed a law imposing steep fines on voter registration organizations that violate guidelines.

Result: A federal judge blocked enforcement.

*

State: Indiana

Action: A law passed last year requires most voters to present a state-issued photo ID at the polls. The law was challenged by the Democratic Party and other interest groups.

Result: A federal judge ruled in April that opponents failed to prove it was too burdensome.

*

State: New Mexico

Action: Last year Albuquerque voters approved an amendment to the city's election law requiring a photo ID when voting in person.

Result: Challenged by the ACLU in federal court.

*

State: Wisconsin

Action: The GOP-led Legislature has repeatedly approved laws requiring a photo ID to vote, but the bills have been vetoed by Democratic Gov. James Doyle.

Result: Republicans are seeking a state constitutional amendment.

New Help For Overseas Voters (WP)

The Washington Post, September 12, 2006

The Pentagon is counting on an improved Web site to help an estimated 6.5 million Americans -- including U.S. troops at war and others living overseas -- vote in the November elections, and to avoid the problems of the 2000 presidential election.

Officials said this month that the site, for the Pentagon's Federal Voting Assistance Program, now includes information on how voters can request and get ballots by fax and e-mail rather than rely on slower postal service. The Defense Department is responsible for the balloting process not only for troops but for all expatriate voters.

The potential voters include all 1.4 million active-duty service members in the United States and abroad, about 1.4 million of their family members, and 3.7 million other Americans living outside the country, said Polli Brunelli, director of the voting assistance program. The total includes about 225,000 troops deployed in Iraq, in Afghanistan and elsewhere around the world.

Michael L. Dominguez, principal deputy undersecretary of defense for personnel and readiness, noted the "special challenge of reaching the deployed warrior on the battlefield."

Officials have been working on voting methods, particularly after some troops said they did not vote in the 2000 presidential election because they never received ballots, got them too late or did not know how to request them.

Military voting problems created an uproar in that election when some ballots were rejected in Florida, where George W. Bush's razor-thin margin of victory gave him the presidency after an extended legal battle. Several hundred absentee ballots from

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troops abroad were thrown out in the state for lack of postmarks, as required by state law, or other flaws such as missing signatures.

The Pentagon had been hoping to do away with some problems by starting Internet voting. But a 2003 pilot program that would have allowed up to 100,000 military personnel and overseas civilians from seven states to vote online was canceled after outside security experts reported that hackers or terrorists could penetrate the system.

In a conference call with reporters, Dominguez mentioned that Sen. Conrad Burns (Mont.), one of the most endangered Republican incumbents, sponsored legislation in which Congress appropriated $2.5 million to help apply Web technologies to the process in which voters request and receive ballots.

ANTITRUST:

Board Members At Bristol-Myers Told To Fire CEO (WSJ)

By John Carreyrou And Barbara Martinez

The Wall Street Journal, September 12, 2006

Directors at Bristol-Myers Squibb Co. head into a board meeting today facing heavy pressure to fire Chief Executive Officer Peter R. Dolan and the drug maker's general counsel after a federal monitor overseeing the New York company urged their dismissal last night.

The board, which already was expected to discuss Mr. Dolan's fate at its meeting today after the latest in a long string of missteps, has little choice but to accept the monitor's recommendation. Bristol-Myers is operating under the terms of a deferred-prosecution agreement reached with the U.S. Attorney in New Jersey last year following a three-year investigation into a $2.5 billion scandal at the company involving "channel stuffing," or overloading wholesalers with inventory to meet quarterly sales targets. If the board refuses to fire Mr. Dolan, the company could face charges in connection with the probe.

The Bristol-Myers monitor, former federal Judge Frederick B. Lacey, recommended to a special session of the company's board late yesterday that it terminate Mr. Dolan and Bristol-Myers General Counsel Richard Willard, according to a person familiar with the matter. The meeting was attended by the U.S. Attorney for New Jersey, Christopher Christie, who appointed Mr. Lacey last year in the settlement agreement.

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Mr. Lacey made his recommendation after finding Bristol-Myers's actions in pursuing a pact to delay generic competition to the company's best-selling drug, the blockbuster blood-thinner Plavix, violated the terms of the deferred-prosecution agreement, the person said. It wasn't clear what specific actions Mr. Lacey was concerned about, but companies under such agreements are broadly expected to be on their best behavior. The Plavix deal unraveled after the Justice Department's antitrust unit opened a criminal probe into it and the Federal Bureau of Investigation raided Mr. Dolan's office in July.

A spokesman for Bristol-Myers declined to comment last night. Messrs. Dolan and Willard weren't available to comment, the spokesman said.

Mr. Dolan's removal would mark the third ouster of a chief executive of a big U.S. drug company in the past 16 months, underscoring the difficulties facing an industry reeling from an unprecedented number of patent expirations, increasing litigation costs and heightened competition from nimble generic-drug makers. Though still highly profitable, branded-drug makers also

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face financial pressure from pharmacy-benefit managers, who use their negotiating power and quick access to new generic pills to leverage lower drug prices.

Merck & Co., Whitehouse Station, N.J., last year pushed then-CEO Raymond Gilmartin into early retirement after withdrawing the painkiller Vioxx from the market in 2004. Pfizer Inc., the world's biggest drug maker, ousted Henry McKinnell in late July, replacing him with a former lawyer. As at Bristol-Myers, the stocks of both companies have been battered in the past two years.

Under the terms of its deferred-prosecution agreement, by which it avoided charges of conspiracy to commit securities fraud, Bristol-Myers was supposed to stay out of trouble for two years to avoid an indictment. The agreement, which gave Mr. Lacey unusually broad oversight powers, also forced Mr. Dolan to surrender his chairman title to a senior member of the Bristol-Myers board, James B. Robinson III.

Mr. Lacey, who was appointed to monitor the drug maker for two years through next April, has been attending all the company's board meetings and filing regular reports to Mr. Christie. As part of the agreement, he was given free reign to recommend changes at the company to keep it within bounds.

The board's only recourse if it disagrees with Mr. Lacey's recommendations is an appeal to Mr. Christie. Mr. Lacey briefed Mr. Christie and obtained his backing before speaking to the board about Mr. Dolan, said the person familiar with the situation.

Mr. Dolan's handling of Plavix already had put him on shaky ground with the board. After learning that the company's Plavix cash-cow was under threat from generic competition, he negotiated a deal that would have paid Canada's Apotex Inc. tens of millions of dollars to delay its introduction of a copycat drug. That pact, aimed at settling Apotex's legal challenge of the Plavix patent, unraveled in late July when the Department of Justice's antitrust division opened an investigation into it and state attorneys general rejected it.

In filings to the federal court in New York overseeing the patent litigation, Apotex has alleged that Bristol-Myers struck a verbal side agreement with it during the settlement negotiations that it then hid from regulators. A lawyer for Bristol-Myers has denied this to the court and has suggested that Apotex fabricated the allegation to torpedo the settlement.

In the meantime, Apotex used binding concessions it obtained during the negotiations to launch a knockoff version on Aug. 8, after the deal was rejected by regulators. The generic version quickly conquered 75% of the market, costing Bristol-Myers as much as $600 million in lost sales. The court overseeing the patent case ordered Apotex to stop selling the generic version on Aug. 31, but didn't force it to recall the product already in the distribution channel.

Bristol-Myers pursued the deal with Apotex even though U.S. regulators have been hostile to such agreements on the grounds that they hurt consumers by keeping lower cost versions of life-saving drugs off the market. The Federal Trade Commission has criticized similar deals and has fought one of them all the way to the U.S. Supreme Court.

The Bristol-Myers board already planned to discuss Mr. Dolan's future at its regularly scheduled meeting today, even before Mr. Lacey convened a special session yesterday. The board had become worried that the Plavix debacle, coming on top of a series of other controversies during Mr. Dolan's five-year tenure, had so angered shareholders that it was impairing his ability to lead the company effectively. Bristol-Myers shares have fallen nearly 60% since Mr. Dolan became CEO in May 2001.

Nine board members attended last night's special session, according to a person familiar with the matter. No one from management was there, though two lawyers, Mary Jo White and Kenneth Conboy, were on hand to advise the board. After Mr. Lacey briefed board members and issued his recommendation, Mr. Christie spoke to the board and signaled he supported Mr. Lacey's recommendation. The recommendation to fire the two executives "was made from a corporate-governance perspective in the handling of the patent issue over Plavix," the person familiar with the matter said, declining to provide further details.

If Mr. Dolan does go, the board is unlikely to name a permanent successor to Mr. Dolan immediately because it doesn't have a succession plan in place and no executive inside the company is thought to be experienced enough to be CEO, say people familiar with the board's thinking.

Instead, directors might name one of Mr. Dolan's lieutenants to lead the company on an interim basis while they search for a permanent successor. Among the executives the board could appoint to handle the transition are: Andrew Bonfield, the chief financial officer; research chief Elliott Sigal; Anthony Hooper, head of U.S. pharmaceuticals; and Lamberto Andreotti, head of world-wide pharmaceuticals.

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Among the potential candidates to succeed Mr. Dolan is Karen Katen, Pfizer's former co-vice chairman and head of human health who lost out in a horse race to succeed Mr. McKinnell, say people familiar with the matter.

Dismissal Recommended For Bristol Chief (NYT)

By Stephanie Saul

The New York Times, September 12, 2006

A court-appointed overseer has recommended that the embattled head of Bristol-Myers Squibb be fired for his recent handling of a patent dispute that led to a criminal investigation, according to a participant in a meeting last evening where the recommendation was made.

If the board takes the action at a meeting today, it would end a troubled five-year tenure for the executive, Peter R. Dolan.

The board appears bound to abide by the recommendation from Frederick B. Lacey, a former federal judge. Mr. Lacey is monitoring the company's behavior under the terms of an agreement the company reached with the federal government last year in hopes of avoiding criminal prosecution for an accounting scandal.

The only reprieve for Mr. Dolan could be granted by Christopher J. Christie, the United States attorney in New Jersey who is the prosecutor in that case. He has the power to overturn Mr. Lacey's recommendation. But it appeared that Mr. Christie, who was present for Mr. Lacey's meeting last night with most of the company's 11 directors, supported the recommendation to remove Mr. Dolan, according to the participant.

Mr. Dolan, who serves on the board, was not present at the meeting, which was held at corporate headquarters on Park Avenue in Manhattan.

Neither Mr. Dolan nor James D. Robinson III, the chairman of Bristol-Myers's board, could immediately be reached for comment. Tony Plorohos, a spokesman for the Bristol-Myers, said the company would not comment last night.

Mr. Dolan, 50, would become the third chief executive of a major pharmaceutical company to leave ahead of schedule in the last 18 months.

In July, Pfizer's board abruptly replaced Hank McKinnell as chief executive amid shareholder disappointment and questions about Mr. McKinnell's management style.

In May 2005, Merck forced Raymond V. Gilmartin, its chairman and chief executive, to resign. Mr. Gilmartin was forced out in part because of Merck's problems with Vioxx, a painkiller that Merck stopped selling in 2004 after it was linked to heart attacks and strokes.

Mr. Lacey's recommendation about Mr. Dolan stems from Bristol-Myers's conduct this year in a patent dispute involving its blockbuster anti-clotting agent Plavix, according to the person who attended the meeting.

Under the terms of the federal agreement in the accounting scandal, the company was obliged to demonstrate good conduct and improve its corporate governance and remain under supervision by Mr. Lacey at least through the end of this year. In the overseer's view, Bristol-Myers has evidently breached a portion of the agreement by its handling of efforts, along with its marketing partner Sanofi-Aventis, to settle the Plavix dispute with a Canadian generic drug maker.

The Justice Department is thought to be investigating claims that Bristol-Myers tried to conceal portions of a proposed agreement to settle its patent dispute with the Canadian company, Apotex, hiding those details from the Federal Trade Commission and state attorneys general who were reviewing its antitrust implications.

Mr. Lacey also recommended that the board fire Richard K. Willard, who was hired as general counsel last October. Mr. Williard's role in the Plavix case is not publicly known, but it would have been his job to approve the Apotex agreement.

Even before last evening's recommendation, Mr. Dolan's employment status was uncertain before a regularly scheduled board meeting to be held today.

Whatever the merits of the wrongdoing allegations, the court record in the patent case has shown that Bristol-Myers did make significant concessions during the settlement negotiations that paved the way last month for Apotex to flood the market with millions of dollars worth of a cheaper, generic version of Plavix.

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Under those concessions, Bristol-Myers and Sanofi waived their right under federal law to seek triple financial damages if Apotex began selling its generic drug. And they agreed to give Apotex a five-day head start once it started selling the generic, before they would try to block those sales in court.

Those concessions were made as the parties negotiated a settlement under which the Canadian company would agree not to introduce its Plavix competitor until 2011, shortly before the patent is set to expire. Only if regulators refused to accept that agreement were the concessions to take effect.

People involved in Bristol-Myers's negotiations in the patent settlement have since said that the company made the concessions only as an inducement to Apotex to reach an agreement, which they had expected regulators to approve.

But Mr. Sherman of Apotex has said he entered the negotiations only to win those concessions, because he did not think the government would approve the settlement deal. When regulators did reject the deal, Apotex almost immediately began shipping its generic Plavix competitor.

Federal District Judge Sidney H. Stein, who is overseeing the patent dispute, ordered Apotex to suspend the shipments on Aug. 31. But the volume of the generic drug already on the market has forced Mr. Dolan's company to reduce its earnings forecast for the year by as much as 25 percent. Plavix is Bristol-Myers's top-selling drug, with sales last year of $3.5 billion.

Financial analysts had been speculating that the Bristol-Myers directors were under pressure to act.

Earlier yesterday, a Morgan Stanley analyst, Jami Rubin, said that she believed there was a significant chance Mr. Dolan's tenure at Bristol-Myers would be over.

"The decision to settle with Apotex backfired on the company," Ms. Rubin said. "Just given the pressure on most boards of directors today, they've got to act. And I think that the credibility of management has been put into question. I think that means the board of directors will consider whether they want to keep him. I think there is clearly a risk."

Some individual investors had also complained. Dundas I. Flaherty of Malibu, Calif., has seen his 152,000 shares shrink to a third of their peak value. And he blamed Mr. Dolan for many of the company's problems.

The company's stock, which closed yesterday at $23.67, is off more than 10 percent from the period before Apotex began shipping its generic drug and nearly 60 percent since Mr. Dolan became chief executive in 2001.

Mr. Flaherty wrote Mr. Robinson a letter Aug. 9, the day after Apotex announced it would begin shipping its generic version of Plavix.

"I think the right thing to do is show him the door," Mr. Flaherty said yesterday, referring to Mr. Dolan.

Responding to the Justice Department investigation, which included a search on July 26 of Mr. Dolan's Park Avenue office, Bristol-Myers has been saying that neither Mr. Dolan nor any other company official did anything illegal. In court, a lawyer for Sanofi-Aventis and Bristol-Myers argued that the allegations were contrived by Bernard C. Sherman, Apotex's chief executive, in pursuit of his goal to get the generic Plavix on the market.

Bristol-Myers's reduced earnings estimate of 95 cents a share is now below the company's dividend of $1.12, meaning that the company would pay out more to investors in dividends than it makes. Still, Mr. Dolan and other company executives have recently been assuring investors that the dividend is safe for now.

While no clear candidate emerged yesterday for Mr. Dolan's job, the board's options if he left would include installing an interim chief from among current executives or name a caretaker chief from the board.

Mr. Dolan was named chief executive on May 1, 2001, after having served in managerial roles with the company since 1988. His tenure has been marked by a series of difficulties, some that Mr. Dolan said he inherited and others that appeared to be of his own making.

During his tenure, Bristol-Myers has faced the failure of two major experimental products: the blood pressure medication Vanlev and the diabetes drug Pargluva, both abandoned after it became clear they would not be approved by the Food and Drug Administration.

And investors raised questions about other decisions by Mr. Dolan, like his purchase for $2 billion of a 19 percent stake in ImClone, the company that makes the cancer drug Erbitux. Although Erbitux is on the market and considered successful, there have been complaints that Bristol-Myers paid too much for its share.

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Yet Mr. Dolan claimed he inherited the major stain on his legacy — the $2.5 billion accounting scandal involving accusations that Bristol-Myers was providing incentives to wholesalers to buy excess inventory. The practice, called channel stuffing, was the subject of a Justice Department investigation that ended last year with the deferred-prosecution agreement.

Under that agreement, Mr. Dolan was forced to relinquish his title as chairman but was allowed to retain his chief executive's job, subject to the discretion of Mr. Lacey.

While some analysts, citing the company's intriguing pipeline of new products, had recently said they believed that Mr. Dolan was turning the company around, the Plavix debacle led many of them to conclude that Bristol-Myers had been outmaneuvered by Apotex.

Bristol Board Urged To Fire CEO, Company Lawyer (MRKTWTCH)

By Marketwatch

Market Watch, September 12, 2006

SAN FRANCISCO (MarketWatch) -- Bristol-Myers Squibb Co.'s embattled chief executive has one more strike against him Monday night after a federal monitor reportedly urged his board to fire him following a series of lapses, including his failure to delay generic competition for a blood-thinning drug.

Frederick Lacey, a former federal judge, has urged the board of Bristol-Myers to dismiss CEO Peter Dolan along with Richard Willard, the general counsel, The Wall Street Journal reported in its online edition, citing an unnamed person familiar with the matter.

The board scheduled a meeting for Tuesday to consider Lacey's report.

According to the Journal, Lacey reached his recommendation after concluding that the company violated the terms of a deferred-prosecution agreement in pursuing a deal to delay generic competition to the blood-thinner, Plavix.

Calls to officials at the New York-based company weren't immediately returned.

Earlier this month, Bristol-Myers, which co-markets Plavix with Sanofi-Aventis, lowered its expected 2006 earnings, citing sales of a generic version of Plavix. At that time, the company said it expected annual earnings from continuing operations of no less than 95 cents per share, down from its July view of $1.15 to $1.25 a share. See full story.

In June 2005, Bristol-Myers reached a settlement with the Justice Department for $300 million to end a long-running government investigation into its accounting. At that time, the company conceded that it had engaged in questionable practices, inflating sales by $2.5 billion and net earnings by $900 million between 1999 and 2001.

Part of the investigation dealt with allegations of "channel stuffing," or offering financial incentives to wholesalers to stockpile the company's products.

After that agreement, Dolan relinquished his additional title of chairman but remained on the board.

Bristol-Myers shares closed Monday at $23.39, up 0.9%.

Commission Takes Over Germany's Intel Probe (FT)

By Tobias Buck In Brussels

Financial Times, September 12, 2006

European regulators have expanded their antitrust probe against Intel to include charges that the world's largest chipmaker tried to prevent retailers from offering computers powered by rival microprocessors.

The European Commission, which has been investigating Intel's business practices for more than five years, said yesterday it had taken over a probe that was started by Germany's Federal Cartel Office this year.

The investigation centres on allegations that Intel attempted to hurt Advanced Micro Devices, its rival, by cutting off the company's access to the Media Markt and Saturn retail outlets. Owned by Metro, the German retail group, the chains are Europe's biggest computer retailers.

A spokesman for Neelie Kroes, the EU competition commissioner, said the Commission and the German regulator had agreed that it would make more sense for Brussels to take on this probe.

The Commission, he added, was already "looking into a range of tactics used by Intel to limit marketpenetration of AMD".

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A spokesman for AMD said: "We are pleased to learn that DG Competition [the Commission's antitrust arm] is examining Intel's exclusive relationship with Media Saturn Holding. We are confident that DG Competition will conclude what the industry has known for years; that Intel has entered into an exclusivity agreement with Europe's largest computer retailer."

Intel is the dominant force in the global market for microchips, with a market share of about 80 per cent. AMD, its only rival, has said for years that its business has suffered because of Intel's allegedly illegal businesses practices, and has complained to antitrust watchdogs globally. It has also launched a private litigation case against Intel in the US.

As part of its investigation, the Commission raided the offices of Intel and several computer manufacturers last year. The next step would be for Brussels to issue formal antitrust charges against the US chipmaker, a move that could ultimately lead to painful financial penalties for Intel.

A spokesman for Intel said: "We plan to co-operate with the staff of the European Commission. We believe our business practices are lawful."

EU Takes Over German Antitrust Inquiry Into Intel (CNET)

By Dawn Kawamoto, Staff Writer, CNET News.com

CNET News, September 12, 2006

Regulators take over a German antitrust investigation of allegations that Intel persuaded a retailer to forgo AMD processors.

European Commission regulators have taken over a German antitrust investigation into allegations that Intel put pressure on a major electronics retailer to forgo using processors from competitor Advanced Micro Devices.

Germany's antitrust agency, Bundeskartellamt, received a complaint from AMD alleging that Intel had abused its dominant market position by putting pressure on major electronics retailer Media Markt to not sell AMD's chips. Because the Commission found similarities with its existing probe into Intel, it took over the German investigation in late August, Commission spokesman Jonathan Todd said.

"We have liaised with the Bundeskartellamt...and come to a common understanding that it would make more sense if these charges could be dealt with by the European Commission," Todd said. "Bearing in mind that (the suspected actions) seem to belong to a set of practices that is already under scrutiny by the Commission...a range of tactics used by Intel to limit the market share of AMD."

Intel will cooperate with the EU investigation, as it has done over the past five years, said Intel spokesman Chuck Mulloy, who added that the company believes its actions are "fair and lawful."

Last year, the Commission raided several European Intel offices as well as offices of companies that manufacture or sell computers.

Other countries have weighed in with their own investigations into Intel's business practices. Earlier this year, the Korean Fair Trade Commission sought more documents from Intel relating to its antitrust investigation into the chip giant.

And last year, Intel agreed to abide by recommendations from the Japan Fair Trade Commission, which had launched its own probe. The recommendations called for Intel to halt its practice of requiring PC makers to restrict the use of competitors' chips in exchange for monetary rebates. Intel accepted the recommendations but disagreed with the facts underlying the allegations.

EU To Investigate AMD Complaint Against Intel (WSJ)

By Mary Jacoby, William Echikson

The Wall Street Journal, September 12, 2006

BRUSSELS -- European regulators expanded a long-running antitrust probe of Intel Corp., agreeing to review allegations the chip maker pressured a unit of German retailer Metro AG not to sell computers powered by Advanced Micro Devices Inc. chips.

AMD, based in Sunnyvale, Calif., filed a complaint over the summer to the German antitrust office, the Bundeskartellamt, alleging Metro's Media Markt unit signed exclusive agreements with Intel to sell personal computers using only Intel chips. After an investigation, German antitrust authorities handed the matter over to the European Union regulators, who will decide whether to pursue it.

"The commission is concerned that Intel has been putting pressure on Media Markt not to stock computers that include AMD chips," European Commission spokesman Jonathan Todd said.

Intel spokesman Chuck Mulloy said the Media Markt complaint isn't new and was included in U.S. litigation AMD filed against Intel in 2005. "We have been cooperating with regulators and intend to continue to do that," Mr. Mulloy said. "We believe our business practices are both fair and lawful."

A spokesman for Metro's consumer-electronics unit declined to comment.

Since 2001, EU regulators have been investigating whether Intel uses its dominant market position to discourage retailers from buying computers and other products powered by AMD chips. Last year, the commission searched Intel's offices in Europe for evidence of alleged illegal anticompetitive behavior, such as offering loyalty rebates to customers.

If regulators decide Intel broke European antitrust rules, the commission would issue a "statement of objections" outlining its specific concerns. Recent success in the marketplace by AMD prompted the commission's top antitrust civil servant, Philip Lowe to suggest the case had lost some urgency.

Yesterday, commission spokesman Mr. Todd said AMD's recent increased sales didn't augur an end to the probe. AMD spokesman Jens Drews said he believed regulators would disregard AMD's recent market gains and focus on whether Intel had used illegal anticompetitive practices.

How Hartmut Pilch, Avid Computer Geek, Bested Microsoft (WSJ)

By Mary Jacoby

The Wall Street Journal, September 12, 2006

BRUSSELS -- A proposal here to create a new European patents court has the support of Microsoft Corp., Siemens AG and many other giants of Western industry. But can it survive an attack from Hartmut Pilch?

A 43-year-old linguist from Munich, Mr. Pilch speaks Chinese, Japanese and an artificial language called Lojban intended to eliminate ambiguity and promoted by some programmers. He is the unlikely leader of a movement of self-styled computer geeks out to sink a patents plan they say would stifle software programmers.

"Patents on software mean any programmer can be sued at any time," says Mr. Pilch, a simultaneous translator who writes computer programs for his own use in his leisure time.

In July last year, heeding appeals posted on the Web site of Mr. Pilch's lobbying group, about 200 programmers descended on the European Parliament in Strasbourg, France, waving signs demanding the right to freely exchange computer code. "U.S. Software Patents Go Out," read a banner, in English, held aloft by two young Frenchmen.

The Parliament was poised to approve a law extending American-style software patents to Europe, the most lucrative consumer market outside the U.S. A technology industry group had hired a boat to cruise the river outside Parliament with a banner urging the lawmakers on. The programmers rented canoes and paddled out to the boat to unfurl their own banner: "Software Patents Kill Innovation." The president of the Parliament later called the incident a "naval battle."

The unhappy result for the big technology companies: A panicky Parliament suddenly backed off a law the industry giants had spent several years and millions of euros lobbying to enact. "It was the sheer volume and number of people," said Parliament member Sharon Bowles of Britain, a patent attorney and industry ally. The surprise winners: U.S. software companies Red Hat Inc. and Sun Microsystems Inc., the only large companies that had taken public stands against the software patents law.

Today, the battle has shifted to an effort to create a special patents court that would handle appeals cases from all over Europe. Companies like Microsoft support the idea in large part because many national courts currently reject software patents, bucking rulings by the European-wide patent office.

Mr. Pilch wants to maintain the antisoftware patent status quo, and so do the European programmers and students who belong to his group, the Foundation for a Free Information Infrastructure. Known as FFII, the organization is committed to the idea that basic computer language should be as free as human speech.

Mr. Pilch calls his mission vital to keeping Europe free from the lawsuits over digital rights that he claims increasingly hamper innovation in the U.S. Software around the world already is adequately protected from theft by copyright laws, he says.

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Mr. Pilch's opponents liken FFII to a bunch of communists who don't want companies to profit from what they create. "They do sound closer to Karl Marx than Adam Smith," said Mark MacGann, executive director of the European Information & Communications Technology Industry Association, which represents Philips Electronics NV, SAP AG, Microsoft and more than 70 other companies backing software patents.

Mr. Pilch counters: "That's not true. I want to make money, too." He admits, however, that he became so absorbed in lobbying last year that he forgot to bill clients in the small translation business he operates out of a run-down office in Munich.

Mr. Pilch began FFII in 1998, as little more than a Web site. As news spread, he began getting small donations from like-minded programmers and small businesses. His growing cadre of volunteers, however, struggled to remember the Lojban words, such as "Cnino" ("news") and "Penmi" ("events"), that Mr. Pilch used to name FFII email lists.

"It would have been easier just to call them 'news' and 'events,' " says German university student Andre Rebentisch, who helps administer the lists. Still, more than 200 people eventually registered to help maintain FFII's member-edited site.

In 2002, the European Commission, the executive arm of the European Union, proposed the law that drew FFII's ire. It aimed to elevate the European Patent Office and its pro-software patent policies over the national courts. The EU's argument: A simpler, more unified patent system would make Europe's economy more competitive. Mr. Pilch's FFII put out a statement saying the proposal "paves the way to a global control of the information society by multinational -- mostly U.S." technology companies.

In April 2004, as the debate heated up, several hundred FFII demonstrators marched around European Union offices in Brussels in yellow "No Software Patents" T-shirts. They hoisted banners slamming Microsoft. Some demonstrators wore Che Guevara-style berets meant to symbolize a revolution against the Redmond, Wash., company's dominance of software markets. A Microsoft spokesman declined to comment.

Buoyed by $61,000 in grants from the Open Society Institute, the philanthropy of billionaire George Soros, FFII sent an army of students to lobby EU lawmakers. "Sometimes they would just burst in the door and demand to see you," says Ms. Bowles, the pro-patent member of Parliament. "Some of them didn't seem to understand the concept of making an appointment."

Mr. Pilch spent so much time lobbying that he began showing up exhausted for his day job in Munich. Japanese and Chinese clients were furious, says his Chinese-born wife, Wang Tao. Because he was forgetting to bill for his work, money was tight. The couple's two small children hardly ever saw him. "The marriage almost broke up," Ms. Wang says.

The grass-roots show of force worked. At the 2005 meeting in Strasbourg, pro-industry members of Parliament abandoned the proposed software law. "They produced a whole movement," said German Parliament member Klaus-Heiner Lehne, who led the unsuccessful push for the law. "Industry was sleeping."

FFII has reorganized to fight the proposal for a patent court. Prodded by his wife, Mr. Pilch has ceded day-to-day control of the group to Pieter Hintjens, owner of a small software business. Mr. Hintjens, a Belgian, was elected president at an FFII board meeting and keg party in Brussels last November, which, he says, "lasted until the beer ran out."

In July, the EU held a hearing in Brussels on the new patent court and related proposals. FFII activists packed the room, applauding loudly when speakers criticized the court. His group still is short of cash, Mr. Hintjens says. But he believes the movement has an asset even more vital than money: "a burning, true, almost religious conviction that we are right."

Hot Seat To Protect Its Box-Office Turf, Ticketmaster Plays Rivals' Tune (WSJ)

By Ethan Smith And Sara Silver

The Wall Street Journal, September 12, 2006

Reselling sports and concert tickets online has become a multibillion-dollar business for eBay Inc., StubHub Inc. and other middlemen. Now the concert and sports industry -- and Ticketmaster, which sells the majority of seats -- are fighting to take back some of that money.

A division of Barry Diller's IAC/InterActiveCorp, Ticketmaster is overhauling the way it sells tickets, embracing new methods that it long shunned. It is now running auctions to sell seats for roughly 30% of this year's major music tours -- including Pink Floyd's Roger Waters, Barbra Streisand, Madonna, B.B. King and Melissa Etheridge. Ticketmaster also is letting customers resell some seats at its Web site. Since that lets fans sell tickets far above face value, Ticketmaster has joined the fight against state antiscalping laws, reversing its earlier position.

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Journal reporter Ethan Smith talks about how Ticketmaster is defending itself against the rise of online ticket-reselling services.2

Concert promoters, performers and sports teams stand to win if the new methods at Ticketmaster reduce scalper sales -- and return some of the proceeds to their own coffers.

Ticketmaster, which for 15 years has held a near-monopoly over the market for ticketing major live events, is battling competition from online rivals that can easily resell tickets at whatever price the market will bear. The result is a marketplace in the throes of upheaval, confronting a pricing system that everyone agrees is dysfunctional.

Tickets for live events are frequently either overpriced -- leading to potentially disastrous sales shortfalls -- or underpriced, opening the door for scalpers. "We're in an industry that prices its product worse than anybody else," says Ticketmaster Chairman Terry Barnes. People in the concert industry estimate that only 45% of tickets made available to the public end up being sold.

Last year, the number of concert tickets sold in the U.S. fell, although prices and overall ticket revenue continued to rise. The average price of a ticket to the 100 top-grossing shows hit a record $57 in 2005, according to Pollstar, a trade magazine, up nearly 9% from 2004's average of $52.39. In 2005, the number of tickets sold fell to 67.4 million, down nearly 7% from 72.2 million in 2004.

Prices for Barbra Streisand's coming tour, for example, are setting records, with top-tier seats carrying face values of $750 through Ticketmaster. Sales have been slow, with excellent seats going unsold in Atlanta, Columbus, Ohio, and other cities. That, in turn, has undercut Ticketmaster and Ms. Streisand's efforts to sell some of those seats at auction for even higher prices.

At the same time, sales of seats by resellers has thrived, thanks to the Internet. By some estimates, the U.S. secondary market reached $5 billion in 2005 -- nearly equal to the face value of all the tickets sold by Ticketmaster that year.

"The Internet has opened up the world of reselling tickets to anybody," says Arthur Fogel, chairman of concert-promotion giant Live Nation Inc.'s music division. That rankles Ticketmaster, concert promoters and musicians, who generally haven't benefited financially from this extra revenue. "That secondary-market money, we think belongs in the industry," says Ticketmaster's Mr. Barnes.

Ticketmaster began exploring auctions and other sales methods in 2003 as a way to address the disequilibrium. "On one hand, there is a small percentage of tickets, say 5% to 10%, that are priced well below their market value, and end up being resold on the secondary market for huge profits," says President and Chief Operating Officer Sean Moriarty. "And on the other hand, over 50% of tickets go unsold."

Ticketmaster now makes auctions available as an option to concert promoters, venues, performers and sports teams. For any given show, clients decide how many seats to put up for auction -- and set the opening bid prices. The bidding process is similar to that of Web auctioneer eBay. A fan enters the maximum he or she is willing to pay, along with a credit-card number, and can follow competing bids online.

When country stars Tim McGraw and Faith Hill played a concert last month at Phoenix's U.S. Airways Center arena, ticket prices ranged from $49 to $125. Marcus Ridgway, a 36-year-old real-estate developer from Mesa, Ariz., paid $700 on a Ticketmaster auction for a pair of seats close enough to touch the country stars as they strutted on a catwalk.

Performers also argue that they -- not brokers -- should participate in any windfall from resold tickets. Mr. McGraw spent the summer on the road with his wife and fellow star, Ms. Hill. The duo largely financed the tour, which required a staff of 122 traveling with 22 trucks and 13 buses. After watching scalpers resell $125 seats online for $1,000 or more, manager Scott Siman declares: "We would like to tap into that profit instead of somebody else."

Ticketmaster's early efforts suggest even limited auctions can help offset scalping activity. Jim Guerinot, a manager, says his client Nine Inch Nails auctioned fewer than 10% of the tickets on a tour last summer but saw a significant decrease in online reselling. "We watched eBay and [scalping activity] was way down," he says.

Ticketmaster also is pushing its own resale program. Launched in 2002, "TicketExchange" has proven most popular for sporting events, letting season-ticket holders unload seats they won't use.

In 2005, Ticketmaster customers resold 329,000 tickets this way, up from 83,000 the year before. Ticketmaster and the promoter, venue or team share an undisclosed percentage of the sale price, while the seller keeps the rest. Ticketmaster allows reselling on TicketExchange only when its clients agree.

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Ticketmaster's revenue jumped to $950 million in 2005, up almost 24% from 2004, partly as a result of strong sales in Canada and higher sales from recent acquisitions in Sweden, Finland and Australia. The bulk of Ticketmaster's revenue comes from fees it adds on top of the face value of tickets, accounting for 30% or more of the final cost. It is the cash cow for parent company IAC. For the quarter ending June 30, the company's ticketing division had $295 million in sales and produced $69 million in operating income, the bulk of IAC's total operating income of $81 million.

Fighting Back

Ticketmaster's online rivals are fighting back, boasting that they offer a wider range of tickets in the resale market. A leading combatant is StubHub, founded in 2000 amid the tech crash by two students at Stanford University's Graduate School of Business who began devising a business plan as part of a school competition. The company expects ticket sales to hit $400 million this year -- double that of 2005 -- and to take in fees of 25% of sales, or about $100 million.

StubHub says it can maintain its edge by letting fans buy and sell any ticket for any event through its site. It pockets a fee from both buyer and seller. Ticketmaster only resells tickets when it has a resale contract with the artists, teams or venues. "In the secondary market, success is driven by relationships with the fans, whereas Ticketmaster's focus is about locking up deals with venues," says Chief Executive Jeff Fluhr.

Branching out, StubHub recently staged an auction for every seat in the house for an INXS concert at the 650-seat Lobero Theater in Santa Barbara, Calif., with the band's cooperation. Seats went for an average $50, with one pair fetching more than $500 each (a price that included an opportunity to meet the band) and a few going for just $3.

The National Hockey League's Web site has a link to StubHub for people seeking tickets to league games -- despite the fact that most NHL teams are Ticketmaster clients.

Susan Cohig, the NHL's group vice president for club services, says the StubHub link is just a paid advertisement. She adds that the league is in talks with StubHub, Ticketmaster and others about establishing an official secondary market for NHL tickets. "We have to look at how to better service our fans," she says.

Legal Barriers

The legal barriers to reselling tickets are starting to erode. Florida in June overturned a law against reselling a ticket for more than $1 above face value. Eleven states still have strong antiscalping laws, like the one Florida did away with, and nine others have weaker ones. Even in states and municipalities where such laws remain on the books, they are enforced inconsistently at best and have done little to slow the growth of the online secondary market.

Now that Ticketmaster is slugging it out in the secondary market, it has joined in lobbying for the repeal of states' antiscalping laws -- a 180-degree change from its earlier efforts to make such laws stiffer. StubHub says it also is lobbying to repeal "antiquated" state laws.

Still, StubHub ran afoul of such a law at June's NHL Stanley Cup finals in Raleigh, N.C. Police found two company employees distributing tickets from a hotel near the stadium and charged them with violating a law prohibiting the resale of tickets for more than $3 above the face value. The charges are pending. StubHub contends that its employees didn't break the law, since the company was merely allowing buyers to pick up tickets they previously had purchased online. StubHub, like eBay, says it places the burden of legal compliance with its users.

Ticketmaster executives acknowledge that the complex new marketplace has its perils for the culture of concert-going. Artists, Mr. Barnes says, still want their fans to feel that they can wake up the morning a concert goes on sale, and log on -- or line up -- to luck into a great seat: "They want to be careful not to kill the Saturday-morning dream."

ENVIRONMENT/INDIAN AFFAIRS:

Was Manure-to-Power Venture Just Bull? (LAT)

By Lance Pugmire And William Heisel

The Los Angeles Times, September 12, 2006

As he sold investors on an improbable plan for turning Inland Empire cow manure into electricity, W. Patrick Moriarty had an answer for everything.

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With a folksy delivery, the Orange County businessman promised cutting-edge technology, a respected engineering firm and tax-exempt financing to extract methane gas from mountains of manure and use it to generate enough power to light a small city.

"He told me categorically that we would get our money back with interest and that the project was as good as gold," said Shmuel Erde, a Beverly Hills lender.

What Moriarty and his business partner, Wayne Stephens, didn't tell Erde and numerous others who altogether invested more than $10 million was that their company, Chino Organic Power Inc., had no licensed technology, no equipment, no permits — not even a guaranteed supply of manure.

Although manure-to-electricity plants have been used on a small scale to turn water-polluting cow waste into power, they are not particularly cost-effective and have never produced close to the amount of electricity Moriarty envisioned, documents and interviews show.

Another thing Moriarty didn't tell Erde and the others was that he had gone to prison in the 1980s in what then-U.S. Atty. Robert C. Bonner called "the most significant corruption case in recent California history."

Not surprisingly, the lofty energy plan has come crashing down, followed by a bankruptcy and accusations from angry investors, a number of whom have filed lawsuits alleging fraud by Moriarty and Stephens, a San Bernardino County businessman.

In interviews with 20 investors, many said they now believe the entire operation was a ruse to enrich the two.

A Times review of permit applications, court records and corporate documents shows that the Chino Organic Power plant never progressed much further than the sales pitch.

Both Moriarty and Stephens have acknowledged in recent interviews that their plan never got off the drawing board. But they said they didn't defraud anyone, and they insisted that the electric plant would have worked if it hadn't been hampered by an uncertain energy market and litigious investors.

"I am absolutely very sorry if anyone, including me and Wayne, lost money — especially me," said Moriarty, 75.

Moriarty grew up in Washington state and moved to Orange County in the 1950s to expand a fireworks business he had started as a teenager. By the 1980s, Moriarty and his associates contributed nearly $600,000 to California politicians, about half of it illegally laundered to mask the source of the funds.

He used money, free vacation housing, special investment deals and patronage jobs to buy support from politicians for legislation to benefit his fireworks firm, Anaheim-based Pyrotronics Inc., and to gain support for the Commerce Casino, which he helped found.

In a scandal that ultimately produced 10 convictions, Moriarty pleaded guilty to seven mail fraud counts in 1985.

He was sentenced to seven years in prison but served 29 months after the U.S. Supreme Court limited prosecutors' use of mail fraud charges as a means of fighting corruption.

That led to a deal in 1988 in which five of the original counts against Moriarty were dropped; the two remaining counts related to kickbacks Moriarty paid to a bank official.

The roots of Chino Organic go back to 1989, when Stephens and a group of friends founded Chino Resource Recovery Inc. and set out to build a power plant fueled by cow manure. They, too, soon ran into legal troubles.

Moriarty entered the picture in 1996, introduced to Stephens by a mutual acquaintance. Soon, Moriarty became Stephens' partner in a new firm, Chino Organic Power, with a far more ambitious business plan that called for more than $150 million in tax-exempt financing and a strategy for taking the company public, according to records and interviews.

An experimental, alternative energy source was now touted as an electric utility projected to generate 85 megawatts, enough for all the homes in Chino and Chino Hills, with power to spare.

Industry and academic experts cannot cite any manure-to-electricity plant in the country that is producing more than 2 megawatts. "It's a huge, almost unbelievable plan," said Norm Scott, an agricultural engineering professor at Cornell University who has worked on such projects.

Moriarty and Stephens told investors they needed short-term loans for engineering and other development work that would be repaid once government agencies issued the bonds, the investors said in interviews.

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They allege that Moriarty was a master at creating the appearance of a can't-miss project, gathering documents, letters and newspaper articles touting relationships he had with engineers, agencies and two officials who would go on to help sell the project.

The first was Bob Feenstra, head of the area's dairy industry lobbying group, the Milk Producers Council. He was Moriarty's link to the raw material: wet cow manure.

In a 2003 lawsuit filed by Erde in Los Angeles, the Beverly Hills lender alleged that Moriarty never told investors that Feenstra was a handsomely paid consultant.

A February 1999 letter from Stephens to Feenstra, now part of the court record, describes the $10,000-a-month consulting arrangement, and company checks obtained by Erde's attorneys show that Feenstra was paid more than $200,000 from 1999 to 2002. Chino Organic also bought a $4-million "key man" life insurance policy for Feenstra that shows he was poised to become its general manager.

Feenstra responded in a court declaration that he was never paid to attract investors and said he never misled anyone. He resigned from the Milk Producers Council in October.

Moriarty's other important relationship was with Richard Atwater, the chief executive of the Inland Empire Utilities Agency, which runs water and sewer lines and had an obvious interest in keeping manure from polluting the groundwater.

"Atwater became extremely important to the deal," Moriarty said. "It was an absolute home run for them and for us."

In 2001, Atwater signed an agreement supporting Chino Organic's purchase of property near the agency's headquarters for $8.8 million. If Chino Organic defaulted on its loan to buy the property, the agency would buy the property instead.

But the purchase guarantee was never approved by the agency's board and was meaningless, Jean Cihigoyenetche, the utility's attorney, told The Times.

"Atwater didn't have the authority to sign that agreement and bind the board to that," he said.

Atwater responded that he got approval from the board in a closed meeting, but he could not produce documents to show that such approval was granted. He said he had done nothing improper through his involvement with Moriarty.

"All I said was that renewable energy is a good idea with merit," he said. "I don't provide investment advice."

Investors suing Moriarty and Stephens allege that they used the document to entice investors, saying it showed they had support from an important agency. Moriarty also told investors he was in escrow on the land, an old dairy farm, they said.

But a $10,000 check Moriarty wrote to Inland Empire Escrow in December 2000 securing the land bounced, meaning he never controlled the site, according to Linda Cooper, the president at Inland Empire Escrow.

"It looks really good once you have a property in escrow, and you have receipts saying you deposited this much money, whether the checks bounce or not," she said.

Despite his criminal record, Moriarty continued gathering investors from Southern California to Michigan.

Moriarty persuaded Erde to raise money by arranging a meeting with Feenstra and Atwater, who vouched for the project, Erde said. He ultimately brought in more than a dozen other investors who together sank more than $1 million in Chino Organic.

Reaching back to his troubled past, Moriarty also tapped Newport Beach lender Edgar Pankey for $3 million. Pankey had been involved in a number of projects with Moriarty in the 1980s, including the Commerce Casino and the Bank of Irvine.

Moriarty and Stephens also pitched Chino Organic to several contractors and engineers who invested funds and expertise.

Dave Olson, a La Jolla consulting engineer whom Chino Organic hired to help launch the project, became an early believer. He made a $45,000 personal loan and wound up contributing more than $400,000 in consulting services from 2000 to 2002. Olson said he decided he didn't like the way the business was being run and quit.

"When you're in the industry long enough, you smell the real credible guys and the not-so-credible guys from a mile away," Olson said. "These guys weren't credible. They were greedy."

Absent from Chino Organic's ledgers were expenditures that could have brought the project closer to fruition, records and interviews show.

In January 2000, the company compiled a list of more than a dozen permits it might need. But no applications were filed for air quality, water quality or even basic building permits, according to officials at those agencies.

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The licensing agreement Chino Organic said it had secured from a British engineer for methane gas extraction technology was never executed. Beyond the absence of land, technology, engineering or a purchase agreement for any electricity produced, the project lacked something even more basic: manure.

Even with Feenstra's ties to the dairy industry, it's not clear that dairy farmers in the area would have paid to haul wet manure to Chino Organic's electric plant. Geoffrey Vanden Heuvel, a veteran dairy farmer and Milk Producers Council board member, was among several major dairy farmers who told The Times they were never approached by Feenstra to contribute manure.

The first sign many investors had that something was seriously amiss with the project, they said, came when checks Moriarty sent them as partial repayment of their loans bounced. More than 60 creditors received bounced checks from Moriarty or one of his companies, according to financial records reviewed by The Times.

From 1999 to 2004, Moriarty bounced at least 150 checks, many to Chino Organic investors, those records show.

As he raised money from investors, Moriarty moved money freely from Chino Organic's account to other accounts he controlled, including one from his old fireworks company, Pyrotronics, according to checks now in court records.

The checks drawn on those accounts show he mingled personal and business expenses, which he acknowledged in the interview.

For example, Erde gave Chino Organic a check for $200,000 in November 1999. A day later, subpoenaed bank records show, $100,000 from Chino Organic was deposited into the Pyrotronics account. Moriarty then wrote a check for $832 to his wife and a check for $2,000 to himself.

Overall, while Moriarty wrote nearly $1 million in checks to others that bounced, he wrote just as much in checks to himself, his family members and for cash that cleared.

Responding to allegations by investors who lost money on Chino Organic, Moriarty told The Times that he covered most of the bounced checks, but he did not provide bank statements as confirmation. As for the checks to himself and his family, he said he was drawing the money out of the company accounts as if it were his salary.

"All the money that I put into that company is far more than any money that I took out to pay my rent or to make a car payment or anything else," Moriarty said.

To boost investors' spirits, Chino Organic would occasionally send out newsletters rife with misinformation. In March 2001, a newsletter said, "Ten Million dollars has been made available to Chino Organic Power, Inc. by the State of California, for this project."

The state agency in question? "The California Green Energy Department." There is no such department, and state officials said no state funding was ever guaranteed for the project, a fact Moriarty and Stephens acknowledged in the interview.

In 2002, anger among lenders reached a boiling point. They began filing lawsuits against Moriarty and Chino Organic — lawsuits that Stephens and Moriarty blame for the company's failure.

The estate of Moriarty's late associate, Edgar Pankey, alleged that Moriarty had covered "unauthorized, improper and excessive business and personal expenses" using Chino Organic funds. Moriarty responded in court that Pankey stalled the project. A judge agreed with Pankey's claim and awarded the family $3.8 million in 2004. The judgment has not been paid.

Erde, who had invested about $600,000, filed suit in 2003, saying he had been defrauded. The case is pending. Moriarty says Erde has been paid back everything he was owed.

A third group of lenders filed suit in March in Santa Monica. They, too, say they were defrauded and are asking for $5 million in a pending case. Moriarty has not responded, and the court is expected to enter a default judgment against him this week, a court official said.

William Sandors, a Los Angeles chauffeur among the Santa Monica plaintiffs, lent Chino Organic $74,000 at a time when his mother needed at-home nursing care. When the promised payoff never came, he sold stocks, cashed in his 401(k) and borrowed against his house.

"When it finally started crashing down, I couldn't sleep at night," Sandors said. "I would end up just sleeping on the floor because, for some reason, it felt good to be on solid ground."

The Chino project, in any event, is dead.

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Stephens filed for Chapter 7 bankruptcy protection in 2005. But Moriarty, ever the optimist, said last week that he intended to keep fighting to build some version of a manure-based power plant in California.

"It's still a good project," said Moriarty, sipping a screwdriver at a Laguna Beach bar. "There are a lot of people who I got into this deal who I am responsible for, and I want to make sure they get their money back. Maybe we won't be able to build it in Chino, but there are still dairies in other places and there's still manure that needs a place to go."

Tribes Opposed To Michigan Federal Court Nominee (AP)

AP, September 12, 2006

WASHINGTON Seven American Indian tribes in Michigan are asking federal lawmakers to block the judicial nomination of a lawyer who has represented groups opposed to the expansion of casino gambling.In letters to Democratic Senators Debbie Stabenow and Carl Levin, the tribes wrote that Robert Jonker's work indicates a bias against Indian tribes and raises questions about his fitness to serve as a federal district judge.Jonker was nominated in June for a vacancy on the U-S District Court for Michigan's Western District. His hearing before a Senate panel has not yet been scheduled.The 46-year-old environmental and commercial attorney counters that he never argued a point that he didn't believe was well-founded in law.

FBI/DEA/ATF/USMS:

Mob Figure Sentenced In Racketeering Case (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 12, 2006

Hai Waknine gets a 10-year term after admitting to extortion in helping an Israeli crime group launder embezzled funds.

An Israeli-born mob figure known for holding court at the hippest of Westside clubs — with wads of cash, magnums of Cristal and an array of high-end strippers and Russian blonds — was sentenced Monday to more than 10 years in prison for racketeering.

Hai Waknine, 34, abruptly pleaded guilty during his trial in June to using extortion and threats of violence to help an Israeli crime group launder nearly $2 million in embezzled funds.

The case against Waknine stemmed from ongoing federal probes into Israeli rings that traffic the club drug Ecstasy and launder the proceeds. Several of Waknine's associates have been convicted of Ecstasy trafficking.

Waknine and his older brother Assaf, who grew up in Van Nuys, have been on the Los Angeles Police Department's radar since they were teenagers.

Detectives questioned Hai Waknine for six hours in the killing of a teacher at Grant High School in the San Fernando Valley in 1989 and have been watching him ever since. The slaying of Hal Arthur remains unsolved.

Waknine was convicted of "second-degree coercion" in New York as part of a kidnapping attempt connected to collection of a debt owed to an L.A. jeweler.

Prosecutors had planned to introduce evidence and testimony that Waknine was widely involved in extortion, particularly within the Israeli community. He kidnapped his targets, aimed handguns at them and threatened their families, according to court documents filed by the U.S. attorney's office. One witness, convicted Ecstasy trafficker Alex Maimon, was expected to testify that "individuals in the jewelry district to whom money was owed, hired Waknine to collect the money using any means necessary."

"That was Waknine's role, a shakedown collections guy," said Assistant U.S. Atty. Thomas P. Sleisenger, who prosecuted the racketeering case. "There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars."

During his sentencing Monday afternoon, Waknine asked for leniency. But citing his extensive criminal history, U.S. District Judge Manuel Real gave him 13 months in prison beyond the 108 months that prosecutors were recommending.

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Waknine, standing slump-shouldered at the lectern in chains and a green T-shirt, twitched and shook his head as Real detailed his sentence. His mother sniffled. Behind her, the courtroom was standing-room only with Waknine's friends and family as well as FBI and Drug Enforcement Administration agents and undercover officers.

The racketeering charge that Waknine pleaded guilty to involved money embezzled from an Israeli bank that members of the Jerusalem Network, an organized crime group, wanted to hide in the United States. Waknine helped them by setting up loans to Eli Hadad, a Miami real estate developer; Yosef Atia, a Miami Ecstasy trafficker; and Viken Keuylian, a Beverly Hills Lamborghini dealer, prosecutors said.

When the debtors could not immediately repay the loans, Waknine extorted them and assessed penalties. Keuylian, for instance, was lent $950,000. Waknine demanded as repayment $2 million even after Keuylian bought him a $175,000 Ferrari 360.

The federal investigation into Ecstasy trafficking and Israeli organized crime in Los Angeles is ongoing.

A regular visitor during Waknine's trial in June was former Ohio State football star Maurice Clarett. When Clarett was arrested on weapons charges in August — allegedly wearing a bulletproof vest and carrying three loaded handguns and an AK-47-style assault rifle in his car — he told his attorney he was scared of Waknine.

Law enforcement sources say Waknine had let Clarett live in his beachfront condo in Marina del Rey and drive his choice of luxury cars in return for a cut from the player's professional football contract. When the football contract fell through, the sources say, Waknine began demanding payment.

Waknine's attorney did not return calls seeking comment.

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Cocaine Ring Busted, Feds Say (NOTP)

New Orleans Times Picayune, September 8, 2006

Nine men -- including four from Metairie, two from LaPlace and one each from Kenner and Destrehan -- have been indicted on charges of conspiracy to distribute cocaine powder and crack cocaine, the U.S. attorney's office said Thursday.

Among those charged in the Aug. 31 federal grand jury indictment, which was unsealed this week, was Henry Gloston, 25, of Houston, who is accused of running kilogram-size shipments of the drugs from Houston to William Lang, 32, also known as "Tussy" or "Hood," of Metairie, one of the local defendants, U.S. Attorney Jim Letten said.

Lang would sell the cocaine powder and crack to other defendants for distribution in Metairie and nearby, Letten said in a press release.

According to the Drug Enforcement Administration's regional top agent, William Renton, the investigation has dismantled "a significant cocaine distribution organization, from wholesale and street level distributors operating in Metairie and Kenner to the Houston, Texas, source of supply."

As part of the investigation, Jefferson Parish sheriff's deputies made undercover drug purchases from an additional 24 people, resulting in state warrants for related drug-trafficking crimes, the U.S. attorney's office said.

Twenty-two of the 33 defendants were arrested in a roundup early Thursday morning, the U.S. attorney's office said.

It is unclear how many of the 22 were among the nine indicted on federal charges. Those nine face a minimum federal prison term of 10 years and a maximum of life imprisonment, Letten said. Each also faces a fine of up to $1 million, and forfeiture of any proceeds the government can prove they made from the drug distribution conspiracy, the U.S. attorney's office said. Several of those indicted also face additional federal drug charges, including possession with intent to distribute cocaine powder and/or crack cocaine, the prosecutors' office said.

The investigation was the work of the Organized Crime Drug Enforcement Task Force, composed of the DEA, the Jefferson Parish Sheriff's Office and State Police narcotics agents.

The roundup was the work of the Gulf Coast High Intensity Drug Trafficking Area Task Force, assisted by the sheriff's offices from Jefferson and St. John the Baptist parishes.

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Besides Lang and Gloston, those indicted were Allen Hunter, 25, of Metairie; Ricky Bozeman, 32, also known as "Slick," of Kenner; Timothy Ivey, 34, also known as "Tee," of Destrehan; Lendell Wallace, 23, also known as "Pop," and "Papa Smurf," 23, of Metairie; Darrius Brooks, 20, also known as "White," of Metairie; Lamont Williams, 31, of LaPlace; and James Wallace, 39, of LaPlace.

Each was charged with conspiracy to distribute and possess with intent to distribute cocaine powder and crack cocaine, Letten said.

Wests Enter Guilty Pleas, Face Years In Prison (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel, September 12, 2006

A Market Square businessman-turned-convicted pot peddler faces as much as nine years behind bars when sentenced later this year.

Scott West, 41, pleaded guilty Monday in U.S. District Court to charges he conspired with his older brother, James Michael West, and others to push more than a ton of marijuana along a pipeline that ran from Arizona to Tennessee, Georgia and North Carolina.

He also admitted pumping millions of his brother's drug money into his Market Square ventures, using the dirty cash to buy several buildings on Market Square and launch businesses such as the Preservation Pub, Oodles Uncorked and World Grotto.

In a plea deal negotiated between his attorney, Donald A. Bosch, and federal prosecutors David Jennings and Hugh Ward, the entrepreneur faces a penalty range of 87 to 108 months - if he qualifies for something known as the "safety valve."

That is a provision in federal law designed to give first-time offenders a break from minimum mandatory sentences in drug cases.

"Whether or not he qualifies for the safety valve" is yet to be determined, Jennings told U.S. District Judge Thomas Phillips.

Also pleading guilty Monday was West's wife, Bernadette Trent West, 47. She entered a guilty plea to conspiring to launder drug money. As a result of a plea negotiated by her defense attorney, David Eldridge, she faces a penalty range of 46 to 57 months.

Scott West was ordered jailed Monday. His wife remains free on bond.

Phillips has set a Dec. 1 sentencing date for Scott West and his wife. His brother and sister-in-law pleaded guilty a few weeks ago and also face sentencing later this year.

Jennings told Phillips that the U.S. Attorney's Office has agreed to allow the Market Square businesses operating in the buildings owned by the Wests to continue to operate pending a sale of the properties.

"The U.S. Attorney's Office will take no action that will negatively impact the businesses to try to accomplish a seamless transfer to a new owner," Jennings said.

The Wests were subdued at Monday's hearing, answering rote questions about their educational levels - Bernadette West has a master's degree in art education and her husband a bachelor's degree in English - and their mental states.

They listened as Jennings detailed a marijuana pipeline headed up by Mike West for a decade that funneled tons of the illegal drug from Mexico through Arizona and, ultimately, Tennessee and other Southeastern states. Scott West knew about his brother's drug trade and occasionally peddled some of the drug, Jennings said.

But it was his brother's dirty money that Scott West was most interested in, according to the prosecutor.

"Scott West knew his brother was obtaining multiple kilograms of marijuana from his source of supply in Arizona," Jennings told Phillips. "Both of these defendants knew that the proceeds Mike West was investing in Market Square were derived from drug trafficking."

Although Scott West dabbled in the drug-dealing market, his wife did not, Jennings said.

"Do you agree that's what you did?" Phillips asked Scott West.

"Yes, Your Honor," he responded. "I plead guilty, Your Honor."

"Are you pleading guilty because you are, in fact, guilty?" the judge queried.

"Yes," Scott West answered.

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Eldridge issued a statement after the hearing on behalf of Bernadette West, writing, "This is a terribly sad day for Bernadette West, but she readily acknowledges that it is her own conduct that has resulted in this day coming and deeply regrets her actions."

Her husband, through Bosch, wrote that he accepts "all responsibility for my own illegal actions."

"My enthusiasm and ambition for projects clouded my judgment in a devastating way," he wrote. "I sincerely apologize to my friends and supporters for breaching their trust and confidence by allowing my ends to justify the means."

Long known for his waist-long ponytail, Scott West appeared in court Monday with his hair shorn. He explained he donated his locks to a charity group that weaves wigs for cancer patients.

Scott West said his sister, Paula West McAnally, plans to buy Earth to Old City and Preservation Pub. Although he did not identify her by name, Jennings said in court that authorities have "absolutely no evidence" that McAnally was involved in her brothers' crimes.

Scott West said his parents will continue to operate Oodles restaurant, while Suzie Dew will run World Grotto. The plea agreement makes clear, however, that the federal government will sell the buildings in which those businesses are operating. The new building owner can decide what will become of those businesses.

The West brothers and their wives came under the scrutiny of the U.S. Drug Enforcement Administration and the Internal Revenue Service when a courier for Mike West was nabbed in January as he delivered more than $300,000 to alleged supplier Phillip A. Apodaca in Arizona.

DEA Agents Dave Lewis and Michael Davis and IRS Agent Brian Grove led the probe against the Wests.

Pot Growers Sentenced To Federal Prison (AP)

AP, September 11, 2006

SAN DIEGO -- Prison terms were handed down for two defendants convicted in unrelated cases involving marijuana cultivation, federal prosecutors announced Monday.

Daniel Barton, 31, of Carlsbad, who managed a substantial marijuana "grow" operation at a residence in Valley Center, was sentenced to 37 months behind bars.

Barton pleaded guilty to a conspiracy charge stemming from the cultivation of 532 marijuana plants. He admitted that the entire Valley Center residence was used to cultivate marijuana plants from August 2003 to July 21, 2005, when DEA agents executed a search warrant at the location.

In the second case, Christopher DeMatteis, 29, was sentenced to 30 months in federal prison after pleading guilty to a conspiracy charge involving 555 marijuana plants. He admitted that he was the caretaker and operator of a substantial marijuana "grow" operation in Oceanside, which was owned by his brother and co-defendant, Eric DeMatteis, who also pleaded guilty.

2 Ex-Teammates Of Cycling Star Admit Drug Use (NYT)

By Juliet Macur

The New York Times, September 12, 2006

Two of Lance Armstrong's eight teammates from the 1999 Tour de France have admitted for the first time that they used the banned endurance-boosting drug EPO in preparing for the race that year, when they helped Armstrong capture the first of his record seven titles.

Their disclosures, in interviews with The New York Times, are rare examples of candor in a sport protected by a powerful code of silence. The confessions come as cycling is reeling from doping scandals, including Floyd Landis's fall in July from Tour champion to suspected cheat.

One of the two teammates who admitted using EPO while on Armstrong's United States Postal Service team is Frankie Andreu, a 39-year-old retired team captain who had been part of Armstrong's inner circle for more than a decade. In an interview at his home in Dearborn, Mich., Andreu said that he took EPO for only a few races and that he was acknowledging his use now because he thought doping was damaging his sport. Continued doping and denial by riders may scare away fans and sponsors for good, he said.

"There are two levels of guys," Andreu said. "You got the guys that cheat and guys that are just trying to survive."

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The other rider who said he used EPO spoke on condition of anonymity because he said he did not want to jeopardize his job in cycling.

"The environment was certainly one of, to be accepted, you had to use doping products," he said. "There was very high pressure to be one of the cool kids."

Neither rider ever tested positive for performance-enhancing drugs, but both said they felt as if they had to take EPO to make the Tour team in 1999. Andreu would not say specifically when he took the drug, and the second rider said he did not use EPO during the Tour. Anti-doping experts say the benefits of taking EPO, the synthetic hormone erythropoietin, which boosts stamina by bolstering the body's production of oxygen-rich red blood cells, can last several weeks or more.

Both of Armstrong's former teammates also said they never saw Armstrong take any banned substances.

Armstrong, who turns 35 next week, has long been dogged by accusations that he doped before and after his remarkable recovery from cancer, a comeback that made him a transcendent cultural figure and a symbol to cancer patients and survivors worldwide. He has repeatedly denied using performance-enhancing drugs and has aggressively defended himself in interviews and through lawsuits, even more than a year into his retirement.

Multiple attempts to interview Armstrong for this article — through his lawyers, his agent and a spokesman — were unsuccessful. His agent, Bill Stapleton, wrote in an e-mail message yesterday that Armstrong would not comment because he was attending a meeting of the President's Cancer Panel in Minneapolis.

Armstrong once said that cycling had no secrets and that hard work was the key to winning. Recent events and disclosures, however, demonstrate that cycling does, indeed, have secrets.

Dozens of interviews with people in the sport as well as court documents in a contract dispute between Armstrong and a company called SCA Promotions reveal the protective silence shared by those in professional cycling. A new picture of the sport emerges: a murky world of clandestine meetings, mysterious pills and thermoses that clink with the sound of drug vials rattling inside them.

This year's Tour began with a doping investigation that implicated nearly 60 riders and ended with Landis's testing positive for synthetic testosterone. He became the third of Armstrong's former lieutenants to fail a drug test after setting off on his own career as a lead rider.

"There's no doubt that cyclists have bought into the institutional culture of cheating, and that's a big, big problem for the sport," said Steven Ungerleider, a research psychologist, antidoping expert and consultant for college, Olympic and professional sports organizations. He described that culture as "a mob psychology."

A Widespread Problem

In his 12 years as a professional cyclist, Frankie Andreu was a domestique, a worker bee whose job was to help a top rider like Armstrong win.

He said his introduction to performance-enhancing drugs came in 1995, when he and Armstrong were with the Motorola team. He said some of the team's riders felt that they could no longer compete with some European teams that had rapidly improved and were rumored to be using EPO.

Motorola's top riders asked their doctor, Massimo Testa, about the drug's safety because more than a dozen young riders in Europe had died mysteriously of heart attacks. Some cyclists had linked those deaths to rumored EPO use.

Dr. Testa, now a sports medicine specialist at the University of California at Davis, said in a telephone interview that he had given each rider literature about EPO, in case any of them decided to use it on their own.

Dr. Testa said he urged the riders not to take the drug, but he wanted them to be educated.

"If you want to use a gun, you had better use a manual, rather than to ask the guy on the street how to use it," he said. "I cannot rule out that someone did it."

One of Armstrong's teammates, Steve Swart, has admitted using EPO while riding for Motorola. He discussed his time with the team in the book "L.A. Confidential: The Secrets of Lance Armstrong," which was published in 2004, only in French.

The book's allegations that Armstrong doped prompted the lawsuit between Armstrong and SCA Promotions, which was settled out of court in February. Because of Armstrong's suspected drug use, SCA withheld a $5 million bonus after he won the 2004 Tour de France. Armstrong and Tailwind Sports, the company that owned his cycling team, sued SCA for the money.

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Testimony in the case was never supposed to become public. A confidential settlement awarded Armstrong and Tailwind Sports the bonus, and $2.5 million in interest and lawyers' costs. The Times obtained the legal documents in July.

In testimony in the case, Swart, a retired rider from New Zealand, said top riders on Motorola discussed EPO in 1995. He testified that Armstrong told teammates that there was "only one road to take" to be competitive. In a sworn deposition, Swart said the meaning of Armstrong's comment was clear: "We needed to start a medical program of EPO."

EPO, cortisone and testosterone were common in European cycling, Swart said in a telephone interview. He said using cortisone, a steroid, was regarded as "sucking on a candy stick." Cyclists acquired the drugs from European pharmacies and took them in private, Swart said. "You basically became your own doctor," he said.

He said signs of drug use were widespread at the 1994 and 1995 Tours, when there was no testing for EPO.

"Everyone was walking around with their own thermos, and you could hear the sound — tinkle, tinkle, tinkle — coming from the thermoses because they were filled with ice and vials of EPO," Swart said. "You needed to keep the EPO cold, and every night at the hotel, the guys would be running around trying to find some ice to fill up their thermos."

'It Was for Lance'

In the weeks before the 1999 Tour, Andreu's wife, Betsy, found one of those thermoses in her refrigerator. She was furious.

"I remember Frankie saying: 'You don't understand. This is the only way I can even finish the Tour,' " she said. " 'After this, I promise you, I'll never do it again.' "

Betsy Andreu said she grudgingly watched her husband help Armstrong traverse the mountains at the Tour that year. Later, she said, she was angry when her husband said he had once allowed a team doctor to inject him with an unidentified substance.

To this day, she blames Armstrong for what she said was pressure on teammates to use drugs. Her husband, she said, "didn't use EPO for himself, because as a domestique, he was never going to win that race."

"It was for Lance," she said.

Three years earlier, she and Frankie, who were engaged at the time, visited Armstrong at an Indiana hospital after he received his cancer diagnosis. Last fall, under court order to testify in the SCA Promotions case, the Andreus said that they had overheard Armstrong tell doctors he had used steroids, testosterone, cortisone, growth hormone and EPO.

Armstrong testified that no one at the hospital had asked him if he had used performance-enhancing drugs. He testified that Betsy Andreu had lied because "she hates me," and that Frankie Andreu had lied because "he's trying to back up his old lady."

Frankie Andreu, once Armstrong's close friend and roommate, testified that he never knew if Armstrong was doping. But once, he testified, he saw Armstrong sorting "little round pills" on his bed before a race. "He talked about that he would take these at different parts during the race," Andreu said under oath, adding that he did not know what the pills were. Armstrong testified that they were caffeine.

Johan Bruyneel, the longtime director of Armstrong's team, did not respond to an interview request through a team spokesman.

In a news conference he held at this year's Tour, Armstrong said his opponents in the SCA case were "crushed — totally crushed" upon cross-examination.

Sean Breen, one of Armstrong's lawyers, said the opposing witnesses were not credible. In the case of Betsy Andreu, Breen said, "Like her testimony, I think her motives are completely unexplainable." He added that Frankie Andreu's dismissal as a rider on the United States Postal Service team after the 2000 season might have been one reason for their testimony. (Andreu returned to the team the next year as the team's American director.)

Armstrong has said he never tested positive for performance-enhancing drugs. He tested positive for cortisone at the 1999 Tour, but he was not penalized after producing a doctor's prescription for a skin cream he said he used for saddle sores.

At this year's Tour, Armstrong said he was tired of dealing with doping accusations.

"Why keep fighting lawsuits when my time needs to be spent being a dad, being a philanthropist, being a fan of cycling, being a guy that just wants to have fun?" he said.

Pat McQuaid, president of the International Cycling Union, the sport's governing body, said the union's lawyers would review the SCA Promotions case after they prepared files on the riders implicated in the Spanish doping scandal that preceded this year's Tour. In May, the Spanish police raided several apartments in Madrid and seized steroids, hormones, EPO, nearly 100

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bags of frozen blood and equipment for treating blood. The Tour began in July with nine riders being barred from the event after they were implicated in the investigation.

Cleaning Up the Sport

Armstrong has kept his distance from cycling's recent troubles.

He is training for the New York City Marathon in November. In a few weeks, Armstrong will celebrate the 10th anniversary of his cancer diagnosis, and he has a new line of apparel from Nike commemorating the date.

At the same time, some of his former teammates and rivals are struggling.

Ivan Basso of Italy, Jan Ullrich of Germany and Francisco Mancebo of Spain — who finished second, third and fourth when Armstrong won the 2005 Tour — were all implicated in the Spanish scandal. Government and sports authorities continue to investigate them.

One of Armstrong's former lieutenants, the 2004 Olympic champion Tyler Hamilton, was also named in the Spanish investigation. His two-year suspension for blood doping in 2004 ends this month, but his future remains uncertain. The cycling union said it would seek a lifetime ban for Hamilton if he were found guilty of wrongdoing in the Spanish case.

Another former lieutenant of Armstrong's, Roberto Heras of Spain, tested positive for EPO last year. He is serving a two-year suspension.

Landis, meanwhile, could be stripped of his Tour title. The United States Anti-Doping Agency is expected to decide whether to charge Landis with a doping violation sometime in the next week, according to Landis's lawyer, Howard Jacobs.

All of those cyclists have denied using performance-enhancing drugs, but antidoping officials hope that will change, if those athletes have, indeed, doped.

Travis Tygart, general counsel for the United States Anti-Doping Agency, says he encourages athletes to be honest. "Those who stand up will hopefully influence other competitors in the sport to be clean," he said.

Ultimately, Frankie Andreu said, only riders can clean up cycling.

"There's always going to be the guy who denies and denies that he's ever used something," he said. "Nobody really knows what that guy is really doing when he goes home and closes the door."

Weapons Come From Many Sources (MHCA)

By Julia Reynolds And George B. Sánchez

Monterey (CA) Herald, September 12, 2006

For years, Salinas police have said that most of the guns used in local crimes in the city were stolen individually during residential burglaries. Police reports indicate that there have been no significant robberies of local gun stores, and most firearms acquired in the city are bought legally.

But over the last 20 years, the city has also had several notable episodes of organized gun trafficking, as the following cases show.

One unexpected source of cheap handguns was the Santa Ana Police Department. In the 1990s, it was not uncommon for police departments to sell confiscated weapons to gun dealers. In 1993, an Assembly analysis found that most of the weapons sold were the type used for hunting or collection value and were not cheap "Saturday Night Specials."

But one exception was a sale by the Santa Ana Police Department through a Modesto broker of 25 small pistols to Justin Davis, proprietor of the now-defunct JKD Shooting Sports in Salinas for $30 each. Davis told a reporter he bought the .25-caliber pistols because a factory had temporarily stopped making them.

"The police are just partners in the recirculating of these weapons onto the streets of California after these weapons have been taken away," then-Sen. Tom Hayden, D-Santa Monica, complained at the time.

Salinas police Cmdr. Kelly McMillin said officers later learned that an employee of JKD was illegally selling firearms in Salinas.

"He was dealing guns out of a truck," McMillin said.

Also in 1993, a United Parcel Service supervisor used his position to funnel guns to a Salinas gang.

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Nelson Baligod, then 24, was a supervisor at a Salinas UPS facility who posed as an employee of local gun shops when he ordered 17 handguns from national distributors.

Some of the weapons were used in bank robberies, convenience store holdups and shootings, an agent at the San Jose office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, told the San Jose Mercury News.

Surprise for dealer|

The investigation began when Salinas police detective Ken Wynne traced a crime weapon to a King City firearms dealer and learned the dealer never ordered the gun.

When Baligod ordered the guns, he provided the names and license numbers of local firearms dealers. He had the orders shipped COD but intercepted the shipments and paid for them, never delivering them to the unknowing gun sellers. Baligod pleaded guilty to federal firearms violations.

One source that has helped flood Salinas with firepower is the Nuestra Familia prison gang, which for decades has held a strong base in the city.

Paul Salcido, a Nuestra Familia member who was convicted of murder and attempted murder, testified before a federal grand jury in 2001 that NF members in Salinas were buying brand new guns in the manufacturer's packaging.

Salcido testified that there were "a lot of individuals coming from Arizona that were purchasing guns from drug dealers down there.... They would come to us and ask us, 'Do you want to buy any weapons?'"

"If it was fresh out of the box, it'd be $250. If it was just like a floater gun, not brand new or nothing like that, it'd go for maybe $100 or maybe $150."

Salcido added that he never threw out his own guns after using them in a crime.

"Me, personally, I never discarded. I always gave it to another individual."

Melted or buried|

Asked where the guns are now, Salcido said he believed they were later buried or melted down.

Brothers Michael and Jerry Esteban were the subjects of a joint investigation by the FBI, ATF and Salinas police.

An attorney for the Monterey County District Attorney's Office said Esteban was one of the largest single-source suppliers of guns to Norteños in Salinas for the last seven years.

In 2001, Nuestra Familia "regiment commander" Armando Santa Cruz was in charge of arming a crew of young gang members who sold heroin in the city's Chinatown district. According to FBI reports, Santa Cruz bought North China Industries SKS rifles from Esteban, also known as "Shackles," and described by federal agents as affiliated with the Sons of Samoa street gang.

To fulfill an order for his Nuestra Familia boss, Santa Cruz obtained two SKS rifles from Esteban, the FBI reported. The guns were delivered in the parking lot of a Rohnert Park restaurant in exchange for $1,000 cash.

Unfortunately for Santa Cruz, his Nuestra Familia boss was also working undercover for the government. The FBI had secretly videotaped the SKS delivery, and Santa Cruz was charged in state and federal courts for racketeering, gang activity, gun and drug trafficking, as well as a murder conspiracy case in Salinas.

Records show at least one of the rifles was first sold at a Texas gun shop seven years earlier.

Esteban worked delivering grocery items to stores in Monterey and San Benito counties. The court received more than a half dozen letters from friends and relatives characterizing him as a responsible community member.

Rifles and handguns|

In a 2003 indictment, federal prosecutors said Esteban was found in possession of a silencer, ammunition and 11 weapons, including an Israel Military Industries UZI 9 mm pistol, a North China Industries MAK-90 rifle, a Ruger Mini-14 .223-caliber rifle, a Smith & Wesson Highway Patrolman .357-caliber pistol, an Israel Military Industries Desert Eagle .44-caliber pistol, and other rifles and revolvers.

In 2004, after initially pleading not guilty in a San Jose federal court, Esteban agreed to a federal sentence of 10 years for selling the Smith & Wesson revolver and $4,400 worth of methamphetamine.

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"The types of weapons -- silencers, machine guns, AK-47s, firearms with obliterated serial numbers -- as well as multiple pounds of narcotics purchased by an ATF undercover agent and confidential informant underscores the significance of removing this criminal from our community," ATF spokeswoman Marti McKee said.

A study by the bureau found that 53 percent of Salinas crime guns picked up by police were first purchased from legal firearms dealers in Monterey County, and a third were bought from licensed dealers within 10 miles of the city.

Arms change hands|

But a full 81 percent had changed hands at least once, the report said, "and could have been legally transferred, straw purchased, otherwise trafficked, stolen or a combination."

When crime guns are bought legally, criminals sometimes use what's called a "straw buyer," someone without a criminal record, often a wife or girlfriend. That's the name that shows up on the required background check and dealer record of sale, or DRS.

"Straw purchases are still common," said Salinas police commander McMillin. "Salinas police review all DRSes. They go through them looking for names SPD recognizes, like women who are girlfriends of gang guys."

Although Salinas crime guns change hands often, ATF analysts were surprised at what they call a short "time to crime," the time elapsed between the original sale and the first criminal act. Nearly a quarter of the guns had a time to crime of less than three years, and 11 percent had a time to crime of less than a year from their retail sale.

McMillin said that report, though published in 2002, paints a picture that still holds for today's illegal gun market.

With the number of shootings holding above 300 year after year, Salinas will keep having illegal gun problems, McMillin said, "as long as guns are free in our society."

IMMIGRATION:

GOP Fails On Welfare Reform (HILL)

By Dick Morris And Eileen Mcgann

The Hill, September 12, 2006

The decision by the Republican leadership not even to try to pass immigration reform before the election smacks of punting when they should have gone for a touchdown. America is begging for tough immigration reform and looking to the Republican Party to exercise its traditional role of leadership in law and order issues. But even without a real threat of a Democratic filibuster, the Republican Party has tripped over its own feet and given up its attempt to meet the needs of the country and of its constituents.

The Republican failure to pass immigration reform despite controlling both houses and the presidency reminds one of Hillary's inability even to get healthcare reform reported out of committee despite enjoying a similar advantage in 1994.

Republican voters are not likely to forgive GOP ineptitude and failure. With a 30-vote margin in the House and 10 in the Senate, they will find the lack of action inexplicable.

The release this week of "Border War," a film produced by the conservative grassroots group Citizens United, brings the issue home in a way that voters in general and Republicans in particular will not forget. One can only hope that congressional Republicans who have failed the country will watch the movie and reflect on their missed opportunity. The film will have very wide distribution, by DVD and in at least 125 theaters throughout the country. (Disclosure: We are working with Citizens United on a film due out this spring on our old friend Hillary Rodham Clinton but we had no involvement in "Border War".)

With more than 10 million illegal immigrants in the U.S., the GOP failure to pass a bill is hard to understand.

A compromise was practically begging to be reached. Republican voters supported the Senate bill's earned path to citizenship and did not see it as amnesty. They know it is not feasible to return ten million people to their countries of origin, and they get it that a democracy cannot have a permanent lawless class living in its midst.

On the other hand, the Republican base and the rest of the country strongly support a border fence. And cracking down on employers who hire illegals is wildly popular on both sides of the political divide.

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One cannot help but compare the cowardly refusal to work out a deal on immigration with the bravery on the part of President Clinton and Senate Majority Leader Trent Lott (R-Miss) in negotiating a welfare reform deal. In 1996, the two leaders got together to pass one of the most significant bills since World War II.

The Citizens United film documents how our porous border invited coyotes to exploit would-be immigrants and invites human trafficking. It emphasizes the risk to the immigrant and to the country of a border that can be breached, but only at great danger to those who try it.

But the Republican Party was scared by its talk radio acolytes into inaction. So fearful were they of aroused Hispanic-Americans on the one hand and angry white males — and females — on the other that they forgot their duty to lead and to compromise for progress.

Whether or not the Republicans keep control of Congress in the 2006 election, their numbers will be reduced. The chances of a good immigration reform bill will decline proportionally. A splendid opportunity will have passed, and will not soon return.

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

Keep The Immigration Debate Civil (LAT)

By Arnold Schwarzenegger

The Los Angeles Times, September 12, 2006

BY NOT FINISHING comprehensive immigration reform this year, Congress left behind a poisoned debate that will continue to fuel a growing anger in our country.

Latino leaders, meeting in Los Angeles last week, were already debating whether they should continue marching in the streets, disrupt the economy or register voters. At the same time, people who are angry about the federal government's failure to stop illegal immigration have introduced local measures to take away housing, jobs and even medical assistance from noncitizens in their communities. On both sides, people are demanding to be heard.

Now Congress has walked away from the debate, at least for this year. So it's up to the rest of us to tone down our rhetoric and listen to the voices on all sides. As both an immigrant to this country and a proud American citizen, I have a unique perspective on this debate. I also have some advice.

To the immigrant rights activists I say: Change your message. When I came to America, I wrapped myself in the flag because I wanted to be a part of the American dream. I worked hard, learned English and followed the laws. I learned the customs and culture of my new country. I spent time with English-speakers just so I could hear them talk and learn the language from them.

Being an immigrant is like being a guest in someone's house. Your hosts go about their daily routine. You can sit on the couch and do your own thing, or you can ask, "What can I do to help? How can I be a part of this household?"

What people see today when immigrant rights activists march in the streets carrying Mexican flags and angry signs is that you do not want to join America's house. The message that sends is that you do not want to learn our language or our culture. Unlike the message sent by the masses of Irish, Italian, German and Asian immigrants, whom Americans now proudly call our "melting pot," these images suggest that Mexican immigrants do not want to make that effort.

I do not believe that this is the message most Mexican immigrants — legal or illegal — wish to send. I believe that most Mexican immigrants are as proud to be part of America as I was. They are some of the hardest working and strongest believers in the American dream. So my message to you is: Carry your home country in your heart, but carry the American flag in our streets.

To those who believe illegal immigration is reaching a crisis level in this country I say: Tone down the rhetoric. I myself have said things that caused division even when that was not my intent. Words can be weapons. We must be careful to distinguish between legal and illegal immigration, between those who break our laws to do us harm and those who break our laws to find freedom and prosperity in the greatest nation on Earth. It is hypocritical for Congress to condemn people for coming here illegally when the federal government has been unwilling to do what it takes to stop them from coming in the first place.

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Now that they are here, what do we do? Amnesty is not the answer. Congress granted amnesty in 1986 and promised it would end the problem. It didn't. Amnesty only made it worse. You don't reward people for breaking the law. And you don't grant someone the rights of citizenship simply by virtue of how long they have been in this country illegally — that makes a mockery of the law and penalizes those who waited years and followed the rules.

But it is not realistic either to round up 12 million people and send them home. Many have families here now, children and grandchildren who are citizens. Splitting them up would be inhumane. Some say it would cost as much as $250 billion to even try. Who would pay for that? It is simply not realistic.

The answer, as I have repeatedly said, is, first, to secure the border to stop the problem from getting worse. Second, we must create a temporary-worker program so people can come here legally to work. We should also lift the cap on work visas for industries such as technology, engineering and agriculture so immigrants can be hired when there are not enough U.S. workers. And we must create a path to legal status for those living in the shadows illegally. They must pay a fine for breaking our laws. They must learn English and become part of our culture. They must pay back taxes and pay for healthcare and education rather than expect American taxpayers to pay extra when some cannot even afford healthcare or college for their own children.

Unfortunately, we must wait for Congress to return next year to take up the critical issue of comprehensive immigration reform. Meanwhile, we must do all we can to stop the problem from getting worse and to maintain a civil debate about illegal immigration.

Arizona Primary Will Test GOP Immigration Strategy (HILL)

By Amy Sherman

The Hill, September 12, 2006

The House's final immigration field hearing planned today in Washington coincides with the Arizona primary, and political analysts are watching the elections closely to see how immigration resonates with voters.

In Arizona's open 8th congressional district, conservative GOP candidate Randy Graf and moderate Steve Huffman are squaring off to replace outgoing Rep. Jim Kolbe.

Graf press secretary R.T. Gregg said House Republicans' immigration hearings over the August recess have helped focus attention on an important issue for the district.

"It was good that members of Congress came to this district that is most affected by illegal immigration to see first hand the effects of illegal immigration," he said, "particularly given the lack of attention our current Congressman from this district has given this most pressing problem."

Gregg also criticized the National Republican Congressional Committee (NRCC) for pouring money into the district to benefit Huffman. Last week alone, the NRCC spent $122,000 on an ad campaign designed to benefit Huffman.

"[Immigration] is on the minds of voters...," he said. However, Gregg argued that "intervention by power brokers in Washington has tended to cloud the issue...[the question becomes] whether the seat is for sale."

Huffman's campaign did not return a call for comment by press time.

TAX:

Glaxo To Settle Tax Dispute With IRS Over U.S. Unit For $3.4 Billion (WSJ)

By Robert Guy Matthews And Jeanne Whalen

The Wall Street Journal, September 12, 2006

Pharmaceutical giant GlaxoSmithKline PLC will pay the U.S. government $3.4 billion to settle a nearly two-decade-long dispute over how to tax dealings between the British company and its American subsidiary, in a case that underscores the Internal Revenue Service's resolve to confront corporate tax avoidance.

The settlement, which the IRS said was the largest ever, covers taxes the agency said Glaxo owed for 1989 through 2005 because the company's American unit improperly overpaid its British parent for drugs, mainly the antiulcer blockbuster Zantac. It said those overpayments reduced the company's profit in the U.S., thus lowering its U.S. tax bill.

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The Glaxo settlement could help bolster the IRS's crackdown on corporate taxpayers. It follows a string of tax-shelter victories the IRS has racked up in court in the past year against such companies as General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc.

Glaxo's decision to settle the dispute, which was headed for a trial in U.S. Tax Court in February, was particularly sweet for the IRS because it has a poor track record of winning disputes involving the accounting practice at stake in the Glaxo case. That practice, called "transfer pricing," is the art of attaching a monetary value to trademarks, patents, research and other intangibles that one arm of a multinational company transfers to another.

Transfer pricing determines how costs are distributed between the far-flung arms of a multinational company, and thus what profit is booked in what country. Higher costs cut into profit, lowering a company's tax bill, while lower costs do the opposite.

"Over the past 10 to 20 years, the government has brought a good number of transfer-pricing cases and come away with clear victories in very few of them," said Philip R. West, a tax partner at law firm Steptoe & Johnson in Washington.

Disputes over transfer pricing tend to be among the biggest fights between the IRS and corporate taxpayers, and they are of growing importance since more than 60% of world trade occurs inside multinational companies. Every country wants to maximize the tax revenue on goods and services produced within its borders, and every company has an incentive to book profits where taxes are lowest. That has bred a slew of disputes between companies and tax authorities over the proper pricing.

Julian Heslop, Glaxo's chief financial officer, called transfer-pricing disputes among the toughest issues for corporations to resolve with tax authorities. "It's probably the most complicated area of taxation in the world. It's not like buying a TV, where there is a market price," he said. "There isn't a market price within a company. There's quite a range of what might be acceptable."

Symantec Corp., a Cupertino, Calif., software maker, is currently in a $1 billion transfer-pricing Tax Court dispute with the IRS involving an Irish subsidiary of Veritas Software Corp., a company it acquired in 2005. The IRS is arguing that licensing fees paid by the subsidiary to Veritas in the U.S. were too low and that Veritas credited the U.S. business with too much of the cost of developing some technology. That wound up increasing the income of the subsidiary in Ireland -- a lower-tax country -- at the expense of income in the U.S., lowering the company's overall tax bill. Symantec has sued the IRS in U.S. Tax Court.

Motorola Inc., the Schaumburg, Ill., cellphone and telecommunications-equipment maker, is in a dispute with the IRS that could result in additional taxes of roughly $800 million, largely related to transfer pricing, according to company disclosures.

"The settlement of this case," said IRS Commissioner Mark Everson of the Glaxo case "sends a strong message of our resolve to continue to deal with this issue going forward." Chief IRS counsel Donald Korb added that it showed that "our lawyers can go up against the best firms the private tax bar has to offer...and achieve quite successful results."

Glaxo said that, despite the settlement's massive size, it won't have any significant impact on the company's reported earnings. Glaxo had set aside £2.3 billion ($4.3 billion) to cover tax disputes. Mr. Heslop, the company's chief financial officer, said a significant amount of that sum related to the U.S. dispute. He said the company was confident it would prevail in the case but settled because of the time and cost of litigation, which had been expected to last two to three years, including the inevitable appeals.

At 4 p.m. in New York Stock Exchange composite trading, Glaxo's American depositary shares were up 17 cents at $55.25.

The majority of transfer-pricing cases are settled out of court. The trickiest involve, as the Glaxo case did, the value of intangibles, such as brand names. A Toyota automobile made in Japan, for instance, is worth more in the U.S. than the sum of its steel, rubber and electronics, because the Toyota brand name adds value. Attaching a price figure to that value can be a contentious affair.

In an attempt to simplify transfer-pricing guidelines, the IRS changed its rules in the 1990s. The Glaxo case, which dates to 1989, fell under old rules, which gave companies more leeway in determining prices.

Under the current rules, "I would be astonished that a company would take as far-out a position" as Glaxo did under the old ones, said H. David Rosenbloom, a Washington lawyer with Caplin & Drysdale. "Their auditors would be hanging off the ceiling."

Under the new rules, which came into widespread use in the late 1990s, a company must document a "reasonable" calculation for its transfer pricing; in the past, the burden was on the IRS to prove the calculation inaccurate. In addition, the IRS now has the power to levy a 40% penalty -- in addition to taxes owed -- if it wins a dispute, another reason for companies to avoid resisting the IRS as long as Glaxo did.

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In addition, the IRS today often avoids levying penalties, beyond taxes owed, if companies can show they made a good-faith effort to come up with a meaningful price; in the past, the IRS had little option but to examine a company's books in detail and try to discern if an appropriate rationale was used to determine the internal pricing.

In the Glaxo case, the company contended the value of drugs it sold in the U.S. was in the research and development done in Britain, and that that justified the high price the British parent charged the American unit for the drugs. The biggest chunk of profit at issue stems from Zantac, which was the world's best-selling drug from the mid-1980s to the mid-1990s, at one point accounting for half of the company's total revenue. Glaxo paid taxes in Britain on the Zantac profit but less than it would have paid had the profit been assigned to the U.S.

The IRS argued that marketing efforts by Glaxo in the U.S. were critical to Zantac's success, and thus more of the income should have been attributed to the American unit -- and subject to U.S. tax. The IRS said the company has conceded more than 60% of the amount at issue in court. Glaxo said the net cash cost of the settlement would be $3.1 billion, including federal, state and local taxes; interest, and deductions for the taxes paid.

In its 2005 annual report, Glaxo said a transfer-pricing dispute it was discussing with British tax authorities for the years 1995 to date could also lead to litigation. A Glaxo spokeswoman yesterday said the British dispute wasn't related to the case settled in the U.S.

Internal Revenue Service, Glaxo Settle Biggest Tax Dispute In History (FINDLAW/AP)

By Mary Dalrymple, Ap Tax Writer

AP, September 12, 2006

(AP) - WASHINGTON-Drug giant GlaxoSmithKline agreed to pay $3.4 billion (â,¬2.67 billion) in the largest tax settlement in IRS history, resolving a dispute from the 1980s over the multinational company's U.S. profits.

The disagreement concerned how much of the profits from certain drugs, particularly the ulcer and heartburn medication Zantac, should be attributed to U.S. subsidiaries of GlaxoSmithKline PLC and, therefore, subject to tax.

GlaxoSmithKline Holdings (Americas) Inc. agreed to pay $3.4 billion (â,¬2.67 billion) to settle taxes owed from 1989 through 2005, the Internal Revenue Service said Monday. After deductions for state and local taxes, the company will pay $3.1 billion (â,¬2.44 billion) in cash. Glaxo said it had set money aside for the dispute, and the settlement will not have a significant effect on its reported earnings.

The company also said drug prices for customers will not be affected.

As part of the settlement, Glaxo abandoned its claim for a $1.8 billion (â,¬1.42 billion) tax refund. Glaxo spokeswoman Patty Seif said the IRS had rejected the company's refund claim and held that Glaxo owed $8.3 billion (â,¬6.53 billion) for taxes due from 1989 through 2000.

That case had been scheduled for trial at the U.S. Tax Court in February.

Seif said the company calculated it could have owed $14 billion (â,¬11.01 billion) to $15 billion (â,¬11.8 billion) in taxes through 2005 if the IRS had prevailed in court.

The company said it was confident of its position but that "in view of the size of the potential financial exposure, as well as the continued level of resource being applied to the case, GSK concluded that it was in the best interests of its shareholders to reach this settlement, thereby removing the costs and uncertainty of future litigation."

The IRS has been looking more closely at multinational tax practices and the complex transactions that cross borders in the globalized economy. IRS Commissioner Mark Everson this summer told a Senate committee investigating offshore tax abuses that the complexities of globalization and cross-border transactions "create opportunities for aggressive tax planning."

IRS Chief Counsel Donald Korb said Monday that a "key focus" for tax collectors is transfer pricing, the issue involved in the Glaxo dispute, as one area where some multinational companies could take advantage of the global economy to move some profits to a country with lower or no taxes.

Transfer pricing describes the practice within companies for setting a price on goods, services and property when moving them among subsidiaries of a multinational company.

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The questions in the Glaxo case concerned how much profits should be attributed to the U.S. based on sales and marketing done in the U.S. and intellectual property owned by the British parent corporation, as well as activities in other countries.

"We have consistently said that transfer pricing is one of the most significant challenges for us in the area of corporate tax administration," Everson said. "The settlement of this case is an important development and sends a strong message of our resolve to continue to deal with this issue going forward."

Former Tyco Tax Officer Is Charged With Filing A False IRS Return (WSJ)

By Jennifer Levitz

The Wall Street Journal, September 12, 2006

The former top tax official at Tyco International Ltd. was charged with filing a false tax return for the company that failed to report more than $170 million in income.

Raymond Scott Stevenson, who was vice president in charge of taxation at the manufacturing-and-services conglomerate until 2003, pleaded not guilty before a federal magistrate in Fort Pierce, Fla., to a felony fraud charge. He was released on $100,000 bail.

According to the U.S. attorney for the Southern District of Florida, Mr. Stevenson, of Delray Beach, Fla., directed a "series of transactions" designed to reduce Tyco's state tax liability, and in doing so triggered $170 million in capital gains under federal tax code. The capital gains would have added about $50 million to Tyco's tax bill, said Ellie Michaud, a spokeswoman for the Internal Revenue Service's criminal division. On Tyco's 1999 corporate tax return, Mr. Stevenson "left off" the $170 million, Ms. Michaud said. Mr. Stevenson's attorney, Carl Schoeppl, was traveling and unavailable for comment.

The transaction may have been related to one of the company's acquisitions, Tyco spokeswoman Sheri Woodruff said. She declined to elaborate. Mr. Stevenson, who worked in the company's Boca Raton, Fla., office, was fired from Tyco in 2003 after five years with the company, Ms. Woodruff said.

She declined to say why he was dismissed. Tyco, which is registered in Bermuda but operates from West Windsor, N.J., has been cooperating with the IRS on an investigation into Mr. Stevenson for at least two years, she said. Ms. Michaud said the investigation is continuing.

Mr. Stevenson was hired under Tyco management led by former chief executive L. Dennis Kozlowski, who left Tyco in June of 2002 and last year was convicted along with former finance chief Mark Swartz of looting more than $150 million from the giant conglomerate. Both men are in prison and have said they plan to appeal.

CONGRESS-ADMINISTRATION:

GOP, Dems Take Contrasting Approaches To Ethics Reform (USAT)

USA Today, September 12, 2006

USA TODAY's view on government corruption rightly chastises Republicans for their failure to pass the reforms necessary to break the links between Congress and special interests. But by failing to draw a distinction between the policy positions of the two parties, the editorial unfairly implicates Democrats in the Republican ruse to block real reform. In fact, there are real differences between the two parties' plans ("Scandal? What scandal? Congress ducks ethics reform," Our view, Government corruption debate, Wednesday).

This past spring, Democrats voted in favor of a true reform bill, the Honest Leadership & Open Government Act, which would ban gifts and travel from lobbyists and the organizations that retain them; prohibit official travel on corporate jets; extend the ban on former members' lobbying to two years; require greater disclosure of lobbyist contacts; mandate fair and open debate in the Congress; and impose tough new standards to end waste, fraud and abuse.

House Republicans, in contrast, put forward only a sham of a proposal, which USA TODAY has rightly called an "anemic excuse" for reform. The Republican bill would not even put an end to the lobbyist financed gifts and travel that are at the heart of the Republican culture of corruption that has plagued Washington.

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Democrats stand with the American people and public watchdog groups, such as Common Cause, in support of strong anti-corruption laws. Republicans side with former majority leader Tom DeLay, disgraced lobbyist Jack Abramoff and the special interests such as Big Oil and the prescription-drug companies that line their pockets and fund their congressional campaigns.

Unfortunately, Republicans have turned this Congress into the most corrupt and closed in history. Democrats want to take Congress in a new direction, to make it the most open and honest in history.

Navy Officials Tried To Fire Chaplain Prior To Charges (WT)

By Rowan Scarborough

The Washington Times, September 12, 2006

Internal e-mails indicate that the Navy was moving to fire an outspoken chaplain even before he was charged with disobeying an order.

Lt. Gordon J. Klingenschmitt, whose court-martial is scheduled to begin today in Norfolk, yesterday said the e-mails given to his defense team prove that the Navy was plotting to fire him after he had complained publicly about a commander censoring his sermons.

"They were firing me not because I wore my uniform in front of the White House," said Lt. Klingenschmitt, who, despite being ordered not to, participated in a protest of a Navy policy limiting chaplains to "nonsectarian" expressions outside worship services.

"They were firing me eight days before that, because I was a whistleblower to Congress. I was not only punished for quoting the Bible in the chapel, I was punished for exposing that to Congress and the newspapers. It's reprisal, and I'm asking Congress to investigate."

A week before the event, in a March 22 e-mail, Vice Adm. John Harvey, the Navy's top personnel officer, sent an e-mail to Adm. Michael Mullen, the chief of naval operations. In it, Adm. Harvey endorsed a recommendation from Lt. Klingenschmitt's command at the Norfolk Naval Station that the chaplain be "involuntarily" released -- in other words, fired.

"Today, I positively endorsed and forwarded ... the request from [Naval Station, Norfolk, to] involuntarily release chaplain Klingenschmitt from active duty due to lack of career potential," Adm. Harvey wrote to Adm. Mullen.

"This officer is the individual who conducted a hunger strike in front of the White House several months ago and has engaged in other actions concerning [Department of Defense] and Navy religious ministry policies. Klingenschmitt's [commanding officer] has documented a compelling case that this officer has little career potential."

Lt. Karl Lettow, a Navy spokesman at the Pentagon, said the recommendation to fire the chaplain was never acted on by Navy civilian leaders. He said the Navy does not typically comment on correspondence between senior officers.

The Navy charged the chaplain after his March 30 public appearance with former Alabama Chief Justice Roy Moore, who led the protest. He will appear at a special court-martial, facing a jury of three to five officers.

Part of his defense is a Jan. 6 memo from his commanding officer on his request to wear his uniform during public worship. The commander cited Navy regulations that permit the wearing of uniforms when "attending or participating in a bona fide religious service or observance."

Lt. Klingenschmitt said he considers the Moore press conference as an "observance" because he was there to pray.

Lt. Klingenschmitt, a member of a small breakaway evangelical Episcopal denomination, began butting heads with his superiors after he delivered a memorial sermon aboard the cruiser USS Anzio in 2004. He says he was abiding by his faith when he preached the Gospels, including John's admonition that eternal life goes only to those who believe in the son of God.

The ship's captain did not think the sermon was inclusive and counseled Lt. Klingenschmitt, who deemed the move harassment and censorship.

"They want to take a black Magic Marker to my Bible and tell me I can't read the Scripture in the chapel," he said this summer. But a Navy investigation found his complaint "without merit."

Digging Us Out Of The Deficit With Holey Math (WP)

By Allan Sloan

The Washington Post, September 12, 2006

DOJ_NMG_0061650

Next month, the White House and its congressional allies will be taking victory laps when the deficit for fiscal 2006 is announced. The stated deficit for the year, which ends Sept. 30, will be $260 billion or so. That will be down $58 billion from 2005 and a whopping $77 billion below what the nonpartisan Congressional Budget Office predicted in January. The White House says this is happening largely because tax revenues have surged, which they have. It sure sounds great.

But let me share a dirty little secret with you: The real federal deficit isn't $260 billion. It's more than double that. And when you calculate what I consider the real deficit -- hold on to your hats, it's $558 billion -- you come out with slightly more than last year's real deficit, which I put at $551 billion. Revenue surge, shmevenue surge. Things are getting worse, not better.

That $558 billion is better than the $635 billion implied in January's CBO numbers. But it's nothing to crow about, considering that not long from now, baby boomers will begin to retire en masse and put huge pressure on the budget.

We know that numbers in Washington tend to be big and are sometimes murky. But how can the official deficit be only $260 billion while my calculation is $558 billion? Am I taking strange pills? Drinking funny water? Nope. It's the difference between Washington Math -- the unique way the federal government accounts for itself -- and real-world math.

Here's the deal. The stated deficit is the difference between the cash the government takes in and the cash it spends. That's $260 billion, the number most analysts use to measure the deficit. But Uncle Sam will also borrow almost $300 billion from federal trust funds: $177 billion from Social Security and $121 billion more from "other government accounts," such as federal-employee pension funds. About $78 billion of this total comes from the Treasury taking Social Security's cash surplus this year and spending it. Most of the rest comes from the government paying what it owes the trust funds -- primarily for interest on their $3.6 trillion of Treasury securities -- with IOUs, not cash. (All my numbers, by the way, are based on public budget documents.)

If a company tried to keep books this way, its accountants would scream faster than you can say Sarbanes-Oxley. But we're playing by the rules of Washington Math.

I readily concede that if you want to measure the deficit's effect on financial markets, using $260 billion makes sense. After all, that's how much the government is borrowing from "public investors" such as banks, foreign governments and you and me. But if you want to see how much deeper the fiscal hole is getting for taxpayers present and future, which is how I think we should measure the deficit, you have to include the almost $300 billion of trust-fund IOUs. Unless, of course, you expect Uncle Sam to default on his promises.

I've written about the differences between Washington Math and real-world math since the Clinton administration. The budget situation was improving then and got to be pretty good -- though not as good as the Clintonistas wanted us to believe -- thanks to fiscal responsibility, a surge in revenue and partisan gridlock that reined in spending.

Now things are heading the wrong way. Not enough people seem to care that we're hocking ourselves to the eyeballs and borrowing heavily from foreign lenders, such as Asian central banks, whose future national interests may differ from ours. "There's a disconnect from reality," says Sen. Kent Conrad (D-N.D.), a longtime deficit hawk who is one of the few people who calculates the budget shortfall the way I do. "It's utterly reckless," Conrad told me. "The debt load and our growing obligations to foreign creditors are weakening us. We're running risks we shouldn't run."

I agree. So when the budget victory song is sung in Washington next month, I'll curb my enthusiasm. If you're worried about our country's financial future, you'll curb yours, too.

* * *

A note about my Johnson & Johnson column ("J&J's Advantage in Pfizer Purchase: Taxes," Aug. 8): I can tell from readers' responses that I didn't make my point about J&J's purchase of Pfizer's consumer-products business as clearly as I should have. So let me try again. My problem isn't with J&J's tax savings on the deal -- it's with J&J's lack of disclosure. The tax savings are perfectly fine. But J&J hasn't disclosed anything about the savings, which by my math reduce the effective cost of the $16.6 billion deal by more than $4 billion. J&J hasn't told Wall Street about this and wouldn't discuss it with me for that column. Even for an enormous company such as J&J, $4 billion-plus is bigger than a Band-Aid. 'Nuf said.

Sloan is Newsweek's Wall Street editor. His e-mail address issloan@panix.com.

The Milberg Effect (WSJ)

DOJ_NMG_0061651

The Wall Street Journal, September 12, 2006

Cornerstone Research released a study this summer showing a huge drop in securities class-action suits, and a common explanation has been that this is a result of new rules designed to keep the corporate community on the straight and narrow: No wrongdoing, no need for lawyers.

Well, not exactly. Lawsuits are certainly down, but a closer inspection of the numbers shows that the drop-off directly correlates with the decline in filing by one law firm: Milberg Weiss. Long the nation's premier class-action generator, the entire firm and two partners were indicted in May of paying off their class-action plaintiffs.

According to Cornerstone, a research firm that tracks litigation, law firms filed 179 class actions last year. The first six months of this year saw only 61, a rate that would result in about 123 class actions for the year -- or a decrease from 2005 of 56 suits. Meanwhile, according to publicly available press releases, Milberg Weiss filed 91 of last year's suits. Yet in the first six months of this year, having come under prosecutorial scrutiny and lost many lawyers, the firm has filed only 17. At this rate, Milberg would tally about 34 suits for the year -- or 57 fewer than 2005.

These numbers are more than a coincidence, and should put to rest the assumption that Sarbanes-Oxley or better corporate governance standards are producing fewer causes of legal action. Securities lawyers have long understood that most class actions have little or no substance but are manufactured by the plaintiffs bar to pad their own pocketbooks.

Milberg Weiss has been a master of "strike" suits, which involve suing companies for the crime of a falling stock price in the hope of forcing a settlement. In the Justice Department's indictment, Milberg plaintiffs are said to have bought certain stocks in anticipation of suing when the share price fell on some negative news. Milberg is accused of funneling millions of dollars of kickbacks to these individuals in return for their serving as a lead plaintiffs in class-action suits.

The numbers should also provide all the evidence Congress needs to conclude that the only real way to rein in America's runaway legal system is with tort reform that allows redress of genuine wrongs but limits the ability of lawyers to game the system. Milberg Weiss may be in the dock, but it's only a matter of time before other firms take up the slack.

OTHER NEWS:

Economists' Inflation Estimates Up (USAT)

By Barbara Hagenbaugh

USA Today, September 12, 2006

BOSTON — Inflation will rise faster than previously thought through the end of the year while economic growth will be slower, a group of prominent economists said Monday, painting an especially hazy outlook.

The National Association for Business Economics said inflation expectations rose significantly in its survey of 50 members conducted in August from its last poll released four months ago. Instead of expecting so-called core inflation, which excludes often-volatile food and energy costs, to rise 2.3% in the second half of 2006, the economists' median forecast is for the index to rise 2.9% in the third quarter and 2.7% in the fourth quarter.

At the same time, the group lowered its forecast for economic growth and job creation through the middle of next year.

“There's a lot of uncertainty out there,” Wachovia economist John Silvia says.

The inflation projections from the NABE members were far above the range of what most Federal Reserve officials, including Chairman Ben Bernanke, have said is their informal inflation comfort zone, of between 1% and 2%.

But 60% of the NABE respondents said they believed the Fed would leave interest rates — its inflation-fighting weapon — unchanged through the end of the year as they watch previous rate increases filter through the economy.

Rajeev Dhawan, director of the economic forecasting center at Georgia State University, says while inflation may be above 2%, what is important is that it is projected to slowly decline. That allows the Fed to stay on the sidelines, he says.

After raising interest rates 17 times in two years, Fed policymakers last month left their target for short-term interest rates, which influence borrowing costs economywide, at 5.25%. That is the highest level in almost six years.

Fed officials are widely expected to leave rates untouched when they meet Sept. 20. But a number of policymakers have stressed they may need to raise rates again to halt inflation.

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Boston Fed President Cathy Minehan on Monday noted the "breadth and persistence" of gains in inflation in recent months and called higher inflation a "key risk" to the economy. But in a speech to NABE members, she said she expected inflation to ease in coming quarters as growth slows.

St. Louis Fed President William Poole, meanwhile, stressed the importance of the Fed being pre-emptive in fighting inflation.

"We have to have a policy that is as tight as it needs to be, but not more so … that will work these inflation rates down over a period of time," he told reporters here.

NABE Economists Expect Slowdown But No Recession (WSJ)

By Brian Blackstone

The Wall Street Journal, September 12, 2006

The U.S. economy will post below-trend growth the rest of 2006 and into 2007, but an outright recession is unlikely, according to a survey of economists released Monday by the National Association for Business Economics.

Meanwhile, productivity should slow and inflation rise, according to NABE, but the Federal Reserve is nevertheless expected to keep interest rates steady through the end of the year and cut rates in 2007.

Speaking to the NABE Monday, Federal Reserve Bank of Boston President Cathy Minehan cautioned that inflation remains a risk, and that the Fed should remain "quite vigilant" in containing that risk even as the U.S. economy slows. (See the full text of Minehan's remarks1.)

Ms. Minehan's forecast suggests that the central bank can continue to keep rates unchanged while it surveys the economic scene. The Fed last month kept the federal funds rate at 5.25%, the first pause since the Fed began its credit-tightening campaign in mid-2004.

Regarding inflation, St. Louis Fed President William Poole said the Fed's credibility is "essential" to stable long-term inflation expectations, and "the cost of restoring credibility makes clear the reason for not losing it."

In prepared remarks, Mr. Poole repeated his support of an inflation target. He noted that he has in the past offered a "personal" objective of "zero inflation, properly measured." (Read the full text of Poole's remarks2.)

But Mr. Poole also added that Fed agreement "on an inflation objective, which some might express as a "comfort zone of 1-2% inflation" is more important than which precise specification is selected." Mr. Poole also urged greater transparency in order to reduce "asymmetries of knowledge."

"Because a full rational expectations equilibrium requires complete knowledge on the part of the private sector of central bank thinking and analysis, Federal Reserve research findings should be distributed widely," Mr. Poole said.

The U.S. economy grew at a 5.6% rate in the first quarter and 2.9% in the second. Economists generally think the U.S. economy can expand in the 3.25% range without putting pressure on inflation.

But recession is unlikely, with the NABE panel pegging just 10% odds of a recession beginning this year and a 25% chance in 2007. The biggest threat, cited by 46% of survey respondents, is higher energy prices, followed by rising interest rates and declining home prices.

Gross domestic product is projected by the 50 forecasters surveyed by NABE to expand 2.6% in the second half of 2006. For 2007, the NABE panel cut its forecast to 2.8% from the 3% rate it expected when last surveyed in May. The latest survey was conducted between Aug. 9 and 24.

Subtrend growth should lead to less hiring, with NABE cutting its payroll growth forecast through the end of 2007 by 0.3 percentage point to 1.1%. That should push the jobless rate up to 4.9% next year from its current 4.7% level.

"Given the importance of high employment, a period of sustained excessive unemployment may create doubts about future policy and this uncertainty is a manifestation of impaired credibility," Mr. Poole said.

"There is a fine balance here," Mr. Poole added, noting that when joblessness rises, "policy makers need to be able to explain in credible fashion why the problem is not a consequence of a monetary policy mistake."

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Productivity will be less of a factor in limiting price pressures than it has been in the past, according to NABE. Survey respondents cut their 2006 productivity growth forecast to 2.2% from the 2.5% forecast in the May survey. Productivity next year is expected to rise just 2.1%.

Meanwhile, unit labor costs are expected to climb 2.7% this year and 2.3% next year, up from the 1.9% rate expected for both years in the May NABE survey.

But the Fed won't respond to higher inflation and labor costs by raising interest rates, according to NABE, with the median forecast for fed funds at 5.25% through the end of 2006.

One "obvious concern" to the economic outlook, Ms. Minehan said, is housing. While she's "comfortable" with forecasts for a "moderate downturn" in residential building, Ms. Minehan cautioned that recent data, including "gloomy assessments' by home builders, "remind me that this assessment could well be optimistic."

"There are clear risks to the baseline housing outlook," she said, citing the effect of higher mortgage rates on borrowers, particularly subprime borrowers.

Trade Picture Brightens (WSJ)

By Justin Lahart

The Wall Street Journal, September 12, 2006

Today's trade report will probably show a whopper of a deficit for July, something that always gives investors a fright about holding U.S. dollar assets. But dig a little deeper, and it looks like a shift in the nation's trade is happening.

Economists polled by Dow Jones Newswires are looking for a July trade deficit of $65.5 billion, up from June's $64.8 billion and prospectively the third largest monthly deficit ever.

Oil prices were ticking to new highs in July. That meant upward pressure on the value of imports and the deficit. The U.S. shortfall in oil accounts for 30% of the total trade deficit. According to the Labor Department, prices for imported petroleum products were 4.7% higher in July than they were in June.

But oil prices have dropped sharply since July, which could bring the import figure back down. Meanwhile, away from oil, imports were already looking subdued in July. Belle Morales, vice president of sales and marketing for Inglewood, Calif., logistics company Dynalink Systems, says her firm saw a 10% decrease in inbound cargo volume for July and August from a year earlier.

July is usually the beginning of the peak shipping season, when holiday orders start streaming through ports to retailers. It may be the peak season was merely delayed. Rising European demand has some Asian suppliers racing to keep up, making it harder to fill U.S. orders. It might also be that supply-chain improvements made U.S. retailers comfortable placing holiday orders later in the year, Ms. Morales says.

But maybe retailers are pushing back orders because they're afraid consumers aren't going to spend much this holiday season -- a real worry with the values of homes softening.

Even as imports slow, continued growth in Asia should keep U.S. exports strong, says Investment Technology Group economist Robert Barbera. Those exports will help boost economic growth, a plus at a time when other engines of growth seem to be slowing.

Taken together, it spells a better trade picture in the months ahead, a silver lining for investors who worry about financing the mammoth trade shortfall. The dark cloud is that weary U.S. consumers might be behind much of it.

Rising Inventory Of Unsold Homes Is Likely To Put Pressure On Prices (WSJ)

By James R. Hagerty

The Wall Street Journal, September 12, 2006

A continued rise in inventories of unsold homes in August is likely to put more downward pressure on home prices in parts of the U.S.

Inventories of homes in 18 large metropolitan areas across the country expanded by 4.7% in August from a month earlier, according to data compiled by ZipRealty Inc., a real-estate brokerage firm based in Emeryville, Calif. The data are based on single-family homes and condos included in local multiple-listing services of homes for sale.

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The biggest increases -- 16% in the Dallas area and 13% in Seattle -- came in markets that have been relatively strong recently. A sharp rise in inventories in those areas is likely to help restrain price increases. Other sizable increases came in Orlando, Fla. (8%), San Francisco (6.1%) and Miami (5.6%).

Of the 18 metro areas, only two showed lower inventories. Boston was down 1.5% and Washington, D.C., 1.6%. Prices have declined modestly in both areas over the past year. For instance, the median home price in the northern Virginia suburbs of Washington was $459,000 in August, down 8% from a year earlier, according to Metropolitan Regional Information Systems Inc., a data-tracking firm in Rockville, Md. Such price declines are likely causing some people who can't get the price they want to take their homes off the market and wait for a recovery.

Home sales have plunged over the past year in many areas where prices had soared over the preceding five years, notably in California, Florida, Arizona, Massachusetts and the Washington, D.C., area. Many potential buyers are waiting for prices to come down further. The persistent weakness in these markets has prompted many housing experts to say prices will have to decline more to revive sales.

Sellers gradually seem to be realizing that they will have to lower prices, says Patrick Lashinsky, a senior vice president at ZipRealty. "There's finally some realism getting into the picture."

Ivy Zelman, a housing analyst at Credit Suisse Group in Cleveland, estimates that prices of newly built homes in San Diego, Sacramento, Calif., Phoenix, northern Virginia and southwest Florida already are down as much as 10% to 15% from a year ago. That estimate includes "concessions" from builders, such as upgraded kitchens or help with closing costs, which are disguised price cuts. But Ms. Zelman still sees more price declines ahead. "We believe that the housing market is still in the early innings of a hard landing that will likely take several years to develop," she says.

Even the National Association of Realtors, normally very bullish on home prices, now predicts a drop in median prices for the nation as a whole. David Lereah, chief economist for the Realtors, forecasts that prices will decline modestly in the next few months. After that dip, he says, prices are likely to resume rising, but at a slower-than-normal rate.

Dow Ekes Out Gain After Early Slide As Oil, Gold Retreat From Lofty Heights (WSJ)

By Shefali Anand

The Wall Street Journal, September 12, 2006

With positive news about oil and gold, investors pushed a seesaw trading session upward enough for stocks to close slightly higher.

The Dow Jones Industrial Average gained 4.73 points, or 0.04%, to close at 11396.84. The broad Standard & Poor's 500-stock index rose 0.1%, or 0.62 point, to 1299.54. The technology-stock-laden Nasdaq Composite Index rose 0.3%, or 7.46 points, to 2173.25.

Oil fell for a sixth straight day, to the lowest close in more than five months. Crude-oil futures contracts guaranteeing October delivery slid 64 cents, or 1%, to $65.61 a barrel, at the New York Mercantile Exchange. Gold declined on the Comex division of Nymex, by $19.60 a troy ounce, or 3.2%, to $590 -- its lowest close since June 29. (More on the oil and gold slides.1)

Despite the Organization of Petroleum Exporting Countries' decision to leave its production quota unchanged, and signs that oil-rich Iran may continue diplomatic talks with the West, some traders say that may not be enough for the oil-price decline to continue.

"The market could work its way higher in the next week or so," said Jeff Grossman, president of commodities trading firm BRG Brokerage. He said traders will be watching crude-oil inventory figures, due tomorrow.

Stocks began the day with a decline -- the Dow industrials were down almost 50 points at one point, but recovered on hopes that inflation may be under control. St. Louis Federal Reserve President William Poole's comments about a "robust" economy and controlled inflation "seemed to really put a spring in the market," said Jon Brorson, head of growth equities at Lehman Brothers Asset Management.

Stocks of energy and material companies slumped. Dow components Alcoa, Exxon Mobil and Caterpillar slipped 5.3%, 2.8% and 2.7%, respectively.

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Dell fell 2.1% on news that it would delay filing some financial statements with the Securities and Exchange Commission, as a previously announced SEC probe and its own investigation of its financial accounting could affect results.

Other technology stocks were among the gainers. Dow component Hewlett-Packard rose less than 1%, as its board continued to try to resolve issues raised by the company's investigation into leaks to the media. Shares of Freescale Semiconductor rose about 21% on news that it may be purchased by a private-equity consortium.

Traders at the New York Stock Exchange and Nasdaq observed a minute of silence, at 9.29 a.m. and 10:29 a.m. EDT respectively, to mark the fifth anniversary of the 9/11 attacks.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.55 billion shares traded, 1,459 stocks rose and 1,775 fell.

Bonds declined. The 10-year Treasury note fell 6/32, or $1.88 for each $1,000 invested, pushing the yield up to 4.803%. The 30-year bond fell 11/32, to yield 4.945%.

The dollar was mixed. Late in New York, it traded at 117.59 yen, up from 116.90 yen, while the euro rose slightly against the dollar to $1.2702 from $1.2671.

Average Gas Price Falls 11 Cents A Gallon In A Week (USAT)

By James R. Healey, Usa Today

USA Today, September 12, 2006

$2 gas could be possible

Gasoline prices continue to tumble, almost free-falling toward levels not seen in five months.

The nationwide average for regular was $2.618 a gallon, the Energy Information Administration reported Monday. That was 10.9 cents lower than a week earlier.

"The reason prices are going down so far so fast is that they shouldn't have been that high in the first place. Two reasons they were: fear and speculation," says Mike O'Connor, president of the Virginia Petroleum, Convenience and Grocery Association. It represents gasoline distributors who operate about 4,000 stations.

O'Connor says $2 gasoline "is more likely than unlikely" if the Gulf of Mexico isn't hit by hurricanes and if there isn't a flare-up of tensions in oil-producing regions.

In many metro areas, prices averaged less than $2.30 Monday, according to AAA. And only in Hawaii was the statewide average more than $3.

AAA reported a U.S. average Monday of $2.624 per gallon for unleaded regular, down 1.6 cents over the weekend. Hawaii, burdened by high shipping and distribution costs, averaged $3.284, down 1.1 cents.

High prices of spring and summer attracted more imported gasoline than usual, contributing to the above-average supplies that now are keeping prices down. "We had record levels of gasoline imports for a while, more than 1 million barrels a day just of gasoline," says Neil Gamson, analyst at the EIA.

Falling prices are cheering gasoline retailers as much as motorists.

"When it was $3, I was paying 9 cents a gallon in credit card fees. It's a percentage (of the price). The retailer pays that; the customer never sees that. There were many times I was close to breaking even or even losing money," says Jinger Duryea, president of C.N. Brown in South Paris, Maine, which operates 90 convenience stores that sell fuel. "The first part of the year has been abysmal. We're all breathing a sigh of relief."

EIA plans to issue a short-term energy forecast today that will predict gasoline prices. That will suggest how low prices will go and how long they will stay there. EIA's previous short-term forecast was for an average $2.72 per gallon for all of this year, and $2.67 next year.

Although motorists worried that once the $3 barrier was pierced, prices never would fall much, the current drop-offs are logical, Gamson says: "The driving season is over. There's plenty of gasoline in inventory and crude oil prices have been dropping a lot. It's mainly market fundamentals."

OPEC Sets Stage To Cut Output Should Oil Prices Keep Falling (WSJ)

By Steve Levine, Bhushan Bahree

DOJ_NMG_0061656

The Wall Street Journal, September 12, 2006

VIENNA -- The Organization of Petroleum Exporting Countries decided to let its production fluctuate rather than adhere to its formal quotas, allowing the cartel to curb output quietly should oil prices continue their recent swoon.

As expected, the cartel didn't change its official oil-production target of 28 million barrels a day. More important, though, OPEC has effectively agreed to ignore those quotas for now.

Senior OPEC officials said oil marketers from member countries would base their sales of crude on demand from customers. The cartel will seek to avoid pushing more oil than needed by markets -- implying it would seek to avoid discounting, a necessary step to shore up prices should demand weaken.

"It's up to our marketing people now to decide how much will be produced and sold," the head of one delegation said. "We have agreed to neither push oil in the market nor hold back" needed supply, this official said.

The move comes amid slowing demand for crude and concerns that weakening world economic growth might further undercut it. The Energy Department said yesterday that the average U.S. price for regular gasoline has fallen about 42 cents a gallon since the beginning of August and stands at about $2.62 a gallon. (See related article.1)

The cartel has been selling about 500,000 barrels a day less oil than the 28 million barrel upper limit. Some OPEC members are unable to produce up to their quotas, while others are exceeding theirs to meet demand.

The cartel may pursue the oil-output model followed by Saudi Arabia in recent years. As OPEC's largest exporter, the kingdom has produced more than its quota when buyers needed extra oil and has eased off as demand has weakened. The new understanding would pave the way for others to act similarly.

OPEC officials have grown anxious about crude prices, which have fallen about 15% since hitting a nominal record in July. It is too soon to know whether the three-year boom is about to go bust. Analysts say the margin of spare pumping capacity remains so thin that a sizable supply outage could send prices surging. But OPEC, at least, is preparing the groundwork to halt a collapse.

OPEC has backed away from quotas in times of crisis, such as the aftermath of Iraq's 1990 invasion of Kuwait. During the recent boom, its quotas sometimes were rendered irrelevant as members pumped flat out. But those efforts were intended to bring down prices.

Some analysts have been forecasting that crude prices could fall toward the $50-a-barrel level, though those estimates were made before the OPEC meeting. OPEC's latest decision "could, over time, halt the slide in prices," said Antoine Halff, an analyst at Fimat USA, the brokerage arm of Société Générale.

The communiqué the cartel issued yesterday didn't mention quotas. It said, in part, "Member Countries would take the necessary steps to ensure that supply and demand remained in balance, with prices at reasonable levels, supplying to the market the needed volumes."

Roger Diwan, an analyst at PFC Energy, said OPEC output is likely to decline by about 400,000 barrels a day in coming months because of weak demand and the need to shore up prices.

OPEC ministers will now watch for signs the fall may be turning into a rout. The cartel's next gathering is scheduled for December, but the new understanding would allow members to trim output without a formal meeting.

OPEC is refraining from curbing output formally in part for fear of provoking a backlash in the U.S., Europe and other big importing regions. Crude prices remain more than double their level of three years ago. On the New York Mercantile Exchange yesterday, oil futures for October delivery fell 64 cents, or 1%, to settle at $65.61 a barrel.

OPEC Leaves Oil Output Quotas In Place As Price Keeps Falling (WP)

By Steven Mufson

The Washington Post, September 12, 2006

Crude oil prices continued their downward march yesterday as the Organization of Petroleum Exporting Countries left its production targets unchanged and as Europe's foreign policy chief raised hopes of a peaceful resolution to the standoff over Iran's nuclear program.

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Signs of slower world economic growth and relatively high worldwide inventories of petroleum also helped knock the price of a barrel of crude oil to $65.61 on the New York Mercantile Exchange, down 64 cents yesterday and a slide of 17 percent from its all-time peak in July.

Oil markets are beset by "the perfect calm," said Edward Morse, a managing director and chief energy economist at Lehman Brothers Inc. He noted that anticipated hurricanes had not emerged, tightness in gasoline markets dissipated and political disruptions in supplies had not materialized.

Though prices are still very high by historical standards, the decline in the past month has eased some of the pressure on U.S. motorists. Prices at the pump fell for a fifth week, plunging 10.9 cents to a nationwide average of about $2.62 a gallon, the Energy Information Administration said yesterday. According to the government's weekly survey of about 800 filling stations, costs at the pump have declined 42 cents since Aug. 7.

Weakening oil prices were mixed news in Vienna, where OPEC oil ministers met yesterday and decided to leave their production target at 28 million barrels a day. The group often says that it fears high prices will drive consumers to alternative energy sources or non-OPEC oil, and its president, Nigerian oil minister Edmund Maduabebe Daukoru, said yesterday that OPEC was pleased to see prices drop from their peak levels.

But the ministers talked mostly of "downside risks" to prices and asserted that they might move to trim output later in the year if prices continued to slump. Chakib Helil, Algeria's oil minister, said that OPEC would "watch the market very closely," and Daukoru said that the group was concerned about the speed of the price decline, Bloomberg News reported.

"They like high prices, but they're relatively uncertain about the future because there's no way to be certain," Morse said. "They don't like the rate at which oil prices are falling. They are poised to jump in at some point . . . if the price continues falling at the rate it's been falling."

OPEC's 11 members, who produce nearly 40 percent of the world's oil, have kept their combined oil production target unchanged since July 2005, a level they said was high enough to ease record prices. In an opening speech to the group, Daukoru tried to deflect blame for soaring summer prices away from OPEC, pointing instead to the war in Lebanon, market "speculators" and BP's Alaska pipeline problems. World crude oil inventories, he noted, stand "comfortably above" their five year average.

As a practical matter, OPEC has limited ability to increase or decrease production. With political disputes or violence curtailing production in Iraq, Nigeria and Venezuela, Saudi Arabia remains the main swing producer, with the ability to trim or boost output from its current level of a little more than 9 million barrels a day.

Daukuro also confirmed reports that the amount of Nigerian output curtailed by militant attacks on facilities has risen to 872,000 barrels a day, about 40 percent of the country's production capacity. The militants have attacked pipelines and an export terminal in the Niger Delta as well as boats carrying workers to offshore production platforms.

One key factor in the price drop over the past month has been the diminishing prospect of conflict over Iran's nuclear program. A U.N. deadline for Iranian action has passed without consequences, Germany's chancellor has publicly opposed military action, Iran's former president has urged talks and Javier Solana, the European Union foreign policy chief, described a meeting yesterday with Iran's top negotiator in the dispute over the country's nuclear program as "productive."

"The window of opportunity is not very long," Mohamed ElBaradei, head of the International Atomic Energy Agency, said in Vienna. He said he hoped Iranian and E.U. negotiators would reach an agreement when they meet next week.

In oil markets, concerns also mounted over a slowdown in the world economy. The prices for other commodities also declined yesterday.

But Adam E. Sieminski, chief energy economist of Deutsche Bank AG, warned against the expectation that a slowdown would bring much lower oil prices.

"All this talk about the oil and commodities boom being over would make a lot more sense if we were in midst of global recession, but we're not," he said. "No one is talking about a huge U.S. recession. The question is whether we will grow at 2 percent or 3 percent." That means, he said, that oil markets will remain tight at least for the rest of this year and next, leaving consumers vulnerable to a single disruption in supplies.

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Opec Move Sparks Slide In Oil Price (FT)

By Kevin Morrison, Carola Hoyos

Financial Times, September 12, 2006

Oil prices fell on Monday to their lowest level since the end of March after the Organisation of the Petroleum Exporting Countries agreed to keep production quotas unchanged.

But members of the cartel signalled they might reduce output later this year to limit any further fall in world oil prices.

The European benchmark, Brent, dropped $1.09 to $64.24 a barrel in late afternoon London trade, and near its lowest level in more than five months. It is now more than 18 per cent down on its record high of $78.65, touched just over a month ago.

Falling crude prices sparked sharp declines in other commodity markets. Gold traded below the key $600-an-ounce threshold for the first time since late June, while copper fell 4.5 per cent to $7,460.50 a tonne.

Edward Morse, chief energy economist at Lehman Brothers, said oil prices were unlikely to carry on falling. "We have had the perfect lull, but it is not a turning point when prices will continue to decline," he said.

Mr Morse said the fall reflected the easing of tension between the west and Iran over its nuclear ambitions, the end of the Israel-Lebanon conflict, lack of hurricanes in the Gulf of Mexico region and an end to the US summer driving season.

Ali Naimi, Saudi Arabia's energy minister, shrugged off the fall in prices, calling it "a blip".

Opec ministers agreed to keep the cartel's official production at 28m barrels a day, even though the 10 members that abide by quotas are producing 500,000 b/d less. With the cartel producing below official limits, analysts said Opec may cut at its next meeting in Nigeria in December.

"The process is starting now. It's been several years since they've had to cut back," said Carl Calabro, analyst at PFC energy, the Washington based consulting firm. Mr Calabro said there was already a surplus of fuel oil in the market, in particular in Singapore, but also in the US, where inventories are 25 per cent higher than normal.

Mr Morse said the focus on inventories was overdone, as global inventories in absolute terms will have to continue to grow in order to maintain the "comfort level" of between 50 and 55 days of forward demand cover.

He said oil demand had risen by about 10m b/d in the past six years, which translates to another 500m barrels of oil needed in storage.

Oil traders expect prices to rise by the end of the year.

The US benchmark oil price, the West Texas Intermediate, is quoted at more than $67 a barrel for December, compared with the current spot price of $65.50.

Oil traders said concern about the fall in oil prices may be overdone, given that US benchmark oil prices are 7 per cent lower than the record peak of $70.85 reached in August last year in the wake of Hurricane Katrina.

'Blogosphere' Spurs Government Oversight (USAT)

By Richard Wolf

USA Today, September 12, 2006

WASHINGTON — When watchdog groups that monitor federal spending wanted more information on 1,800 "pork barrel" projects buried in a House appropriations bill, they listed them on the Internet and asked readers to dig deeper. Within days, details began pouring in.

The same thing happened when Porkbusters.org enlisted readers of its website to find out which senator had blocked legislation that would create an online database of federal grants and contracts. One by one, senators were eliminated until Ted Stevens, R-Alaska, and Robert Byrd, D-W.Va., were uncovered.

The two episodes illustrate the latest trend in government oversight: More light is being thrown on Congress, not just by the media and public interest groups, but in the "blogosphere" where Internet users meet.

"It's probably the biggest expansion of government oversight that we'll ever have," says Thomas Schatz of Citizens Against Government Waste, one of the groups pioneering the effort. "It will turn every American into a watchdog."

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Their involvement is getting action: House Majority Leader John Boehner, R-Ohio, has promised a vote this week on a rules change that would ensure the sponsors of individual projects are identified. And Republicans in the House and Senate say they will approve the national database this year.

The amateur investigators are people such as Jamie Peppard, an accountant from Long Island, N.Y., and serial blogger who writes under the name "Mrs. Panstreppon." She researched groups such as the Congressional Glaucoma Caucus Foundation, which stands to receive nearly $1.2 million to screen patients in New York, Texas and the Virgin Islands. She unearthed tax forms showing the foundation pays several six-figure salaries.

They're people like Mario Delgado, the publisher of Porkopolis, a Cincinnati-based blog that determined Ohio stands to gain nearly $34 million from 135 projects in the pending House appropriations bill that funds health, education and labor programs.

And they're people nationwide who called their senators to ask if they were blocking action on the database — an obscure bill that has become controversial because of senators' anonymous objections. Senate Majority Leader Bill Frist, R-Tenn., credited the passion of the "blogosphere" for winning Senate passage last week.

"There are citizens in every community who either take this as their responsibility or as their joy — or maybe a little bit of both," says Zephyr Teachout, national director of the Sunlight Foundation, which seeks greater transparency in government. "Reporters and good-government groups can't do it on their own. There's a real need."

Advances in technology and communication now make it easier for average citizens to be researchers, reporters and muckrakers.

The model for many watchdog groups is the Center for Responsive Politics, whose website, opensecrets.org, puts information about lobbying and campaign finance into accessible formats for Internet users. "Citizens have been doing some really good work on their own," says Ellen Miller, who left the center to take charge of the Sunlight Foundation.

Citizens got involved last year when blogger Josh Marshall, publisher of TPM Muckraker, urged readers to find out which House Republicans voted in closed caucus to let indicted lawmakers keep their leadership posts. After a public outcry, Republicans reversed the vote. As a result, Texas' Tom DeLay had to step down as majority leader last year after being indicted on campaign finance charges.

Such citizen involvement peaked again this summer when watchdog groups ranging from the conservative Citizens Against Government Waste to the more liberal Sunlight Foundation sought to shed new light on congressional "earmarks," the individual projects lawmakers insert into spending bills.

Nearly 10,000 projects costing $29 billion were funded in the current fiscal year. It was another project, however — the so-called bridge to nowhere in Alaska, originally included in last year's highway bill for $223 million — that made the issue politically volatile.

"The bridge to nowhere certainly got some traction," says Sen. Lincoln Chafee, R-R.I., who supported it as part of the highway bill. His challenger in next week's primary, Steve Laffey, opposes all earmarks.

When word filtered out last month that a senator was refusing to let the database bill come to a vote, Porkbusters urged its online faithful to find out who it was. Nearly every senator denied involvement. Ultimately, Stevens and Byrd acknowledged objections.

Around the same time, a loose coalition of groups published a complete list of earmarks in the House version of Congress' biggest spending bill, each adding unique technological tools. Porkbusters breaks them down by state and keyword. Sunlight uses Google Maps to show where each project is located.

Bloggers such as Jamie Peppard took it from there. She dug into groups such as the glaucoma foundation, discovering that it paid $340,000 to its CEO and more than $100,000 each to a consultant and part-time treasurer.

"I'm an ordinary citizen who does not have to answer to shareholders or anyone else," Peppard says. "I also have the luxury of spending as much time on a particular project as I want to."

Government watchdogs say the new effort to reach and empower average citizens is a two-way street: It provides Americans with needed information and enables them to give some back.

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"Maybe it really will be an empowering tool — the Internet leveling the playing field," says Gary Bass, executive director of OMB Watch, which seeks greater government accountability and citizen participation. "If that's true, this is very, very exciting."

Plans To Honor L.A. Muslim Leader Bring Out Animosity (LAT)

By Teresa Watanabe

The Los Angeles Times, September 12, 2006

In a public hearing spiced with accusations of Jew-hating and Muslim-bashing, nearly four dozen religious, ethnic and civil rights activists spoke out Monday on whether a prominent Los Angeles Muslim should be disqualified from receiving a prestigious humanitarian award because he has expressed some views critical of Israel.

Maher Hathout, chairman of the Islamic Center of Southern California, is the first Muslim chosen for the award from the Los Angeles County Human Relations Commission. But some Jewish groups have vehemently objected to the selection, calling Hathout an extremist masquerading as a moderate, and are urging the commission to rescind the award before it is presented next month.

At Monday's commission hearing, the Jewish Federation of Greater Los Angeles, an umbrella organization of 22 groups representing 40,000 donors, stepped forward as the latest and most influential opponent to Hathout.

Federation President John R. Fischel told commissioners that Hathout's "false and controversial" statements about Israel — that it is an apartheid state, for instance — had offended and angered many Jews.

"Dr. Hathout takes partisan positions which do not foster harmonious and equitable intergroup relations…. His words regrettably create the very fissures and divides that the [commission] is seeking to repair," Fischel told commissioners.

But Hathout's supporters Monday were more diverse and outnumbered opponents 2 to 1. Christians, Muslims and Jews, blacks, Latinos and Asian Americans, and such civil rights leaders as Connie Rice, who received the 2002 award, spoke forcefully in support of Hathout, describing him as a tireless proponent of interfaith and interethnic harmony.

Rice said it was difficult for her to break with her longtime Jewish friends on the issue, but that Hathout had taken "extraordinarily difficult" actions in promoting tolerance and moderation.

The furor over the award, she said, had turned the issue into a "seminal struggle" over whether Los Angeles would be seen as embracing or rejecting a man who preached tolerant Islamism.

"If we send a message to Muslims in Southern California that someone who has tried so hard to bridge … all of our communities cannot be acknowledged, we would have done extreme damage," Rice said.

Hathout also won support from the man that the 14-member commission originally chose for the award — the Rev. James M. Lawson Jr., a civil rights leader and president of the Southern Christian Leadership Conference of Greater Los Angeles, who was unavailable to accept the award because he is teaching in Nashville.

In a letter read to commissioners Monday, Lawson urged them to reject what he called "extremism which seeks to vilify Dr. Hathout's name and character." He praised the Muslim leader as "a person of immeasurable integrity and honesty" who "reflects the best not only of the Muslim faith, but the finest of any faith."

In addition, several rabbis and the Progressive Jewish Alliance spoke in support of Hathout, saying that criticism of Israel should not be equated with backing terrorism or the destruction of the Jewish state.

Despite the deeply felt views and occasional outbursts of name-calling, the hearing remained largely calm and controlled. Commissioners will meet again Monday to vote on a final resolution.

The award was established more than a decade ago to honor outstanding contributions toward fostering better relations among diverse communities.

Last year's winner was Zara Buggs Taylor, who was honored for her work in fighting discriminatory hiring practices and biased portrayals in the media.

In 2002, the award was given to Rice, a director and co-founder of the Advancement Project, which is dedicated to building a racially just democracy and breaking down barriers to real opportunity.

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Hathout has said — and repeated again Monday — that he supports a two-state solution to the Israeli-Palestinian conflict. In introductory remarks to commissioners, the Egyptian native and retired cardiologist said he came to the U.S. 35 years ago with his family seeking freedom.

In 1989, Hathout said, he was an early Muslim voice to condemn the Ayatollah Ruhollah Khomeini's fatwa against Indian-born British novelist Salman Rushdie.

Two years later, he said, he barred from speaking at his mosque the extremist Sheik Omar Abdel Rahman, who was convicted in 1995 of seditious conspiracy in connection with a plot to blow up several New York-area landmarks.

Hathout also said he wrote two books undermining any Islamic justification for suicide bombings and other terrorism, and initiated the city's first dialogues among Muslims, Christians and Jews.

"I am very proud of my record," he said. "I believe in human dignity."

Hathout added that his harsh words about Israeli state policies were spoken from "immense pain" he felt over Palestinian suffering, but that he meant no offense to citizens of Israel or Jews.

But Marcie Polier Swartz, a Brentwood businesswoman who was a co-founder of the first Los Angeles Muslim-Jewish dialogue, said she and most other Jews eventually dropped out.

She and others said Monday that they were particularly upset that the Muslim leader was recorded at a Washington, D.C., rally in 2000 condemning as traitors Arab governments that entered into dialogues with Israel.

Hathout, however, said he was not opposing Arab governments' talks with Israel but their oppressive regimes.

Hathout's opponents reaffirmed the Muslim leader's right to voice his sentiments — but argued that they were too divisive to merit giving him a human relations award.

At least one commissioner, the Rev. Zedar E. Broadous, said he had heard "nothing new" to change his original vote in July to support Hathout.

But others said they wanted time to review the voluminous material — including hundreds of e-mails — submitted from around the nation over the selection.

Mehlman: GOP Will Hold (RC)

By Paul Kane

Roll Call, September 12, 2006

Republican National Committee Chairman Ken Mehlman predicted Monday that the GOP would maintain its control of both Congressional chambers, using a $47 million across-the-board financial edge and a finely honed voter turnout program to overcome historical trends and public resistance to the Iraq War.

Mehlman refuted pundits' suggestions that this year's midterms would be a purely nationalized campaign on issues breaking against Republicans, arguing instead that the elections would be characterized by larger national issues transposed onto a localized, race-by-race battlefield.

"I think we're in uncharted political territories," Mehlman said in an interview with Roll Call editors and reporters.

Mehlman said it would be "a dereliction of your duty" for his committee not to run a television air war attacking Democratic candidates for the votes taken by their party leaders, indicating his intention to highlight how a Speaker Nancy Pelosi (D-Calif.) and her ranking-members-turned-chairmen would run the House.

"There will be a clear contrast," he said, declining, however, to indicate in which states and districts the RNC would focus its resources.

In addition, Mehlman said:

• he no longer considered Sen. Rick Santorum (Pa.) the most endangered GOP incumbent, calling him the "greatest closer in politics";

• that the electoral battlefield was largely set and that no races would materialize to shock the GOP down the stretch: "I don't think we will be surprised at all";

• it was wrong to ever assume Sen. George Allen (R-Va.), who polls show faces a tightening re-election fight, would win his race by more than 5 points: "Virginia's changing";

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• he would leave it up to Rhode Island GOP officials to recommend whether Cranston Mayor Stephen Laffey should receive any RNC financial support if he were to unseat Sen. Lincoln Chafee (R.I.) in today's GOP primary.

Democrats consider Mehlman's prognostications wishful thinking, with Bush being an unpopular drag on too many GOP candidates to save his Congressional majorities for his final two years in office.

"As much as Ken Mehlman would like to deny it, the writing is on the wall about the 2006 elections. The country is sick and tired of this rubber-stamp, stay-the-course, out-of-touch Republican Congress," said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. "Overwhelmingly, the American people want a change in the direction of the country, and a change in their representation in Washington."

Mehlman acknowledged that Republicans were fighting against two issues that political operatives can't control: history and Iraq. This being the sixth year of Bush's presidency, history holds that Bush should face big losses in Congressional seats, although then-President Bill Clinton bucked that trend in 1998 when the GOP committees unsuccessfully tried to nationalize those midterms on the impeachment scandal.

Mehlman noted that Iraq has been a political albatross for many candidates because voters have found it "hard to get their heads around and hard to measure progress on."

Despite those thematic battles, Mehlman said Republicans hold tactical advantages, particularly in House races, that will prevent the political tidal-wave environment that swamped Democrats in 1994. For example, 17 of the 20 GOP-held open seats are being fought in districts won by President Bush in 2004, while in 1994 Democrats were defending 19 open seats won by Bush's father in 1988, Mehlman said.

In addition, of the 35 top races in GOP-held seats, Republican candidates had a cash-on-hand edge in 28 of those battles as of June 30.

Overall, Mehlman said the Republican Party enjoys a $47 million edge over the Democrats when adding up the most recent cash-on-hand totals of the national party campaign committees, state party committees and the candidates in House and Senate battleground races.

The lion's share of that financial edge comes from Mehlman's committee versus the Democratic National Committee — as of July 31, the RNC held a more than $32 million cash edge over the DNC, $43.6 million to $11.3 million.

The RNC already is advertising in Ohio in defense of Sen. Mike DeWine (R) and has done polling in Tennessee, where Senate Majority Leader Bill Frist (R) is retiring.

Republican operatives have deemed the RNC financial edge critical because, unlike in past election cycles, the Democratic Senatorial Campaign Committee has opened up a massive cash edge over its GOP counterpart and the DCCC is at a rough cash parity with the National Republican Congressional Committee.

Mehlman pointed to DeWine's race against Rep. Sherrod Brown (D) as an example of how he expects many races to play down the stretch. The national issues of Iraq and the war on terror will be the predominant focus in the Buckeye State, he said, but the GOP will put all its might into turning the race into a specific choice between DeWine and Brown rather than a national referendum.

DeWine, along with the NRSC and the RNC, will spend millions of dollars targeting Brown with ads highlighting his votes against the USA PATRIOT Act and other tools that the Bush administration considers critical in its overseas fights.

This is a slight, but important, variation on campaign themes promoted by NRCC Chairman Tom Reynolds (N.Y.), who repeatedly has said these elections will be based only on local candidates and issues. Instead, Mehlman said Republican candidates can't avoid the "national conversation" and will instead have to use that as a cudgel against Democrats.In House races where Democratic challengers haven't voted on key issues, they can expect to be hit with attacks on their allegiance to liberal leaders such as Pelosi and DNC Chairman Howard Dean.

Mehlman said he expects Election Day to last deep into the night and early morning hours, that the Democrats will not swamp the GOP enough in Eastern states to reclaim the House majority.

Mehlman singled out a half-dozen Eastern GOP incumbents — Connecticut Reps. Nancy Johnson, Christopher Shays, Rob Simmons, and Reps. Jim Gerlach (Pa.), Geoff Davis (Ky.) and Clay Shaw (Fla.) — as "battle-tested. ... They have independent brand equity."

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The vaunted GOP turnout machine will face its toughest test to date, something Mehlman has personally worked on since his days as field director in Bush's 2000 campaign, then as White House political director and again as Bush-Cheney '04 campaign manager.

He said he believes it will be even more scientific than in years past, noting that the RNC began monitoring special elections in local races in early 2005 as test-runs for the 72-hour program. The RNC even used a May 2005 City Council race in Lincoln, Neb., to judge turnout efforts there.

On a personal note, Mehlman strongly hinted that, after completing an eight-year run of nonstop campaigning, he may just step down as RNC chairman following Election Day and go into the private sector. Noting that he's logged 260,000 miles as chairman, Mehlman said he might want to use those frequent-flyer miles for "personal" use as opposed to another term as chairman.

"I'm a lawyer," he said. "Someday I'll be a lawyer again."

House GOP Going For Broke To Hold Seats (USAT)

By Jill Lawrence And Ray Locker

USA Today, September 12, 2006

WASHINGTON — Top House Republicans are using almost all their campaign contributions to hold on to their 15-seat majority, federal records show, while Democratic House leaders are pouring money into campaigns to capture Republican seats.

USA TODAY examined contributions by leadership committees run by House Speaker Dennis Hastert, House Majority Leader John Boehner and House campaign chief Tom Reynolds, all Republicans, and their Democratic counterparts: House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer and House campaign chief Rahm Emanuel.

The three Republicans sent 85% of their donations — $1.9 million — to at least 70 Republican incumbents and candidates trying to hold GOP seats. The three Democrats gave $963,000, or 64% of their money, to at least 50 Democrats seeking Republican seats.

The contrasting contribution patterns underscore the extent to which Republicans are on the defensive this year. Democrats, in hot pursuit of a House majority, are finding expanding opportunities across the electoral map.

"Democrats have very few of their own vulnerable seats to worry about. They get to play almost exclusively on the offense," says Amy Walter, a House analyst for the non-partisan Cook Political Report.

Republicans hold 231 House seats while Democrats have 201. There are two vacant seats, one in each party, and one independent who votes with Democrats. The website CQpolitics.com currently rates as safe 184 Democratic seats and 174 Republican seats.

Leadership committees are political action committees used by politicians to finance travel and donations to candidates. In the cases of key party leaders, such as the campaign committee chairmen, contributions from these PACs often influence other givers.

People often give to the PACs "to curry favor," says the non-partisan Center for Responsive Politics. The three GOP leaders have raised more than $6 million — more than twice as much as their counterparts in the Democratic minority.

In one spending indicator, the three Democratic leadership PACs each gave $10,000 to candidates in 13 districts now held by Republicans. The PACs run by Hastert, Boehner and Reynolds each gave the legal maximum of $10,000 each to only three contenders for seats held by Democrats.

Leadership PAC contributions often make up more than 10% of the overall donations in competitive races. For example, in the race between Rep. Geoff Davis, R-Ky., and Ken Lucas, his Democratic opponent, Davis received 15% of his overall $2.4 million in donations from such PACs. Lucas, a former House member, received 21% of his $730,000 in contributions from leadership PACs.

Two years ago, Hastert's PAC gave 32% of its money to Republicans trying to win Democratic seats, twice the share they're getting this year. Boehner appeared at campaign events for 26 candidates last month — 23 of them trying to hold Republican seats.

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"There is no question that we are in a very difficult political environment," Boehner said last week, but he predicted his party would keep its majority.

Anti-Incumbent Sentiment (AP)

AP, September 12, 2006

NEW CASTLE, Ky. (AP) - Dissatisfied with Congress, voters would probably hang a "Help Wanted" sign on the U.S. Capitol if given the chance.

"They're not doing their job," says Scott Newland, 39, an independent voter who backed President Bush in 2004.

The factory worker had harsh words for congressional Republicans and Democrats as he helped close his sister's New Castle deli one recent evening. "You need people that care. They don't care."

Such angry sentiments echo up and down the Ohio River Valley as it cuts through Republican-held congressional districts in Indiana, Kentucky, and Ohio - politically pivotal House seats in an election year in which Democrats hope to end 12 years in the minority.

At lunch counters, post offices, city parks and downtown streets, voters in this region and nationally are quick to voice their frustration with the GOP-controlled Congress, and their desire for more responsive replacements for the current crop of lawmakers.

It's a general disgust that may lead to firings of some politicians on Nov. 7. People already have hinted as much in Republican and Democratic primaries.

Kenny Brown, an independent, knows precisely what he's looking for in a congressman. "Somebody who cares for the working man," the supermarket employee, 66, says before picking up his mail at the Pewee Valley, Ky., post office.

Judging by the past few years, Brown said, Bush and Republicans don't care. "Maybe the Democrats do, or maybe they don't."

With congressional elections less two months away, the public is consistently giving the GOP-run Congress dismal marks. An Associated Press-Ipsos poll in August found that only 29 percent of the public approve of the job Congress is doing.

A CNN poll earlier this month found that 55 percent of Americans are more likely to vote for the challenger in any election this fall. And an ABC News/Washington Post poll in August found that 53 percent of Americans call themselves "anti-incumbent," a figure as high as it was in the summer 1994 shortly before Republicans seized control from Democrats.

The party in power typically loses congressional seats in the sixth year of a presidency, and both Republican and Democratic strategists say this fall is on track to follow suit. GOP losses are expected in the House and, perhaps, the Senate.

But it's also possible that such voter angst won't translate into a sweeping throw-the-bumbs-out election year.

"Typically, Americans have a really negative view of Congress but love their congressman," said Marybeth Beller, a political science professor at Marshall University in Huntington, W.Va.

That explains why House and Senate members rarely lose their re-election bids.

Nevertheless, four incumbents - including a governor and a senator - have lost primaries so far this year, providing some evidence that voters want fresh blood in positions of power. Neither political party may be immune.

Alaska Gov. Frank Murkowski, a Republican, was the most recent casualty of what may end up being an anti-incumbent wave of the 2006 elections. He finished last in a three-way GOP primary in August, getting just 19 percent of the vote.

A fifth upset could occur Tuesday.

Sen. Lincoln Chafee, a moderate Republican in Rhode Island, is facing a fierce primary against Stephen Laffey, the mayor of Cranston. Polls show a tight race.

National Republicans are backing Chafee even though he often departs from the party line, including opposing the Iraq war. GOP operatives believe he is their best shot of keeping the seat in Republican hands. The National Republican Senatorial Committee has attacked Laffey on television and in mass mailings.

Laffey has the support of the conservative, pro-business Club for Growth, which also contributed to the defeat of freshman Rep. Joe Schwarz, a moderate Republican in Michigan.

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Democrats have fared about the same.

In the biggest upset yet this year, voters in Connecticut sent a message to Sen. Joe Lieberman, a moderate Democrat, by giving the Democratic nomination to newcomer Ned Lamont.

The Iraq war played heavily in the race. Lieberman supports it. Lamont does not and his anti-war stance attracted enough votes from liberals and others to secure the nomination. Lieberman promptly signed up as an independent candidate for the November balloting.

Down south, another Democrat, Georgia Rep. Cynthia McKinney, also lost her primary.

Despite the Democratic losses, Sen. Chuck Schumer, D-N.Y., the head of the Senate Democrat's campaign effort, declared: "This is not an anti-incumbent election. This is an anti-Republican incumbent election."

"I don't see an anti-incumbent wave," countered Rep. Tom Reynolds, R-N.Y., chairman of the House Republicans' campaign committee, dismissing the notion as Democratic propaganda.

Voters outside the capital clearly aren't happy with their elected officials of either political party.

Paula Waltz, 31 and a self-described political "fence rider," is among the people who said they are considering voting against their sitting congressmen to make that point.

Many lawmakers have "been there a little too long" and have "lost touch with the problems we're facing now," said Waltz, a surgical assistant who talked politics after finishing a hospital shift in Madison, Ind.

"They're out of reality," said Loyd Candler, 61 and a Republican who supervises autoparts stores, after a meal in Scottsburg, Ind. "I don't think you can just keep voting the same people in because they've been there."

In Crestwood, Ky., Glenn Proctor, 47, a construction worker and a Republican, said lawmakers in Washington never come through.

"They all promise you the world and then when they get in there, they're all the same," he complained, climbing into his car after buying a few supplies at a Dollar General.

Upriver near Cincinnati, Sari Thoman, 55, a Democrat, wants term limits for members of Congress.

"These people make it their life jobs" and because of that "Congress is so out of touch," said the Cincinnati symphony violist as she stretched after a brisk walk around a park in Springfield Township.

Across the park, Curtis Kelley, 62 and "mostly a Democrat," was down on the president and his opinion of lawmakers on Capitol Hill was almost as negative.

"I don't have any confidence in them either," Kelley said, as he worked at the dock on the park's 188-acre lake. But, he said, voters share some of the blame. "We don't hold them accountable."

EDITOR'S NOTE: Liz Sidoti's previous Ohio River Valley story, BC-Election Uncertainty, moved for Monday AMs, Sept. 5. The story focused on the anxiety among voters and the doubts about whether Democrats could capitalize in November.

Vermont Races Could Shape House's Future (LAT)

By Elizabeth Mehren

The Los Angeles Times, September 12, 2006

BURLINGTON, Vt. — The Senate race in this small state looks to be less an election than an ascension.

Bernie Sanders — Vermont's only U.S. representative and the lone independent in the House — boasts a commanding lead over a Republican challenger who has blanketed the state with venomous advertising. Richard Tarrant, a software magnate who has never held elective office, has poured millions of dollars into a campaign that has brought him scant 34% support, according to the state's most recent polls.

"He's been in everyone's face. Vermont has never experienced this kind of never-ending barrage," said Peter Freyne, political columnist for an alternative weekly here called Seven Days. "It's the most expensive fight by fivefold we have ever seen in Vermont."

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Yet as Vermont voters cast primary ballots today — one of nine states plus the District of Columbia voting today — Sanders appears hard to beat.

As an independent, Sanders would not help Democrats or Republicans in the tight struggle for Senate control. By contrast, the contest for Sanders' congressional seat is important to both major parties.

State Sen. Peter Welch is running unopposed in the Democratic primary; Maj. Gen. Martha Rainville, the former adjutant general of the Vermont National Guard, is the leading Republican candidate.

"This seat absolutely matters, in that control of the House is up for grabs," said Amy Walter, senior editor at the Cook Political Report in Washington.

Democrats must win 15 seats to gain a House majority.

Rainville "has a great profile, and name recognition that transcends partisanship," Walter said. "The problem is, she is running in an awful year. She is running into gale-force headwinds of presidential low approval, low approval for Congress and opposition to the war. She can't control any of those things. So the job of Peter Welch and the Democrats is to take that shine off her, and I think that will be a lot easier to do in this election year than it might be some other time."

With the steady deployment of Vermont Guard members to Iraq and Afghanistan, Rainville, 48, became a familiar face around the state.

In an interview in her campaign headquarters in South Burlington, she said, "I think Vermonters knew me as the adjutant general who cared about the soldiers and the families."

Still, she acknowledged that her military affiliation unsettled some voters.

"There is such a sensitivity in this state to the war," Rainville said.

"People bring it up, regardless of whether they are Republican, Democrat or independent. No one has been confrontational, but there is a curiosity to hear my perspective."

Although Rainville has vowed to run a clean campaign, Welch said he was braced for nasty ads from national Republican groups.

"You know what, I was married to the same woman for 28 years," said Welch, a 59-year-old widower whose campaign companion is his dog. "I've had the same law partner for over 30 years, with no written agreement, just a handshake. I'm pretty boring. But they will find stuff, and if they don't find it, they will make it up."

Vermonters do not register by political party. On primary day, voters are offered ballots from the Progressive, Liberty Union, Republican and Democratic parties. A voter chooses one and discards the three unused ballots.

Exit polls from 2004 showed the state with 27% self-identified Republicans, 41% independents and 32% self-identified Democrats and liberals, said University of Vermont political science professor Garrison Nelson.

Voters in the Green Mountain State regularly split their tickets — voting overwhelmingly, for example, for Republican Gov. Jim Douglas in 2004 while Sen. John F. Kerry (D-Mass.) was virtually burying President Bush in the state's presidential count.

This time around, "Vermont is quirky enough to send a socialist to the Senate and a general to the House," Nelson said.

Sanders, 65, a former Burlington mayor, caucuses with Democrats but votes "however he pleases," according to campaign media director Paul Hortenstine.

Tarrant's televised assaults on Sanders have backfired, Nelson said. "It's as ugly a campaign as we have ever seen in Vermont. His campaign people are non-Vermonters, and they don't get it. Bernie Sanders has run 10 consecutive statewide elections. Bernie has shaken every hand in the state at least 10 times. We all know Bernie. No one believes Bernie is in favor of child molesters or terrorists, and that's what Rich Tarrant is saying."

With Sanders' trademark shock of white hair and a booming voice that betrays its Brooklyn origins, he has been a Vermont political fixture since he won his first mayor's race by a handful of votes in 1981. He is known throughout the state by his first name only: Even his red-and-white campaign signs declare "BERNIE for U.S. Senate."

Famous for engaging in debate with anyone, Sanders also is legendary for taking on underdog causes, such as his early support for U.S. consumers who traveled to Canada to purchase prescription drugs. He has been fervently antiwar, but has steadily championed the rights of veterans.

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Sanders has clung to the Progressive mantle, espousing the belief that the more privileged members of society should take care of the less fortunate. Sanders also has called himself a socialist — the political theory supporting collective or government control of production and distribution of wealth.

Nelson calls Sanders "the only socialist I ever knew who wanted to win an election. Most socialists don't want to win. They want to lose, because that proves how corrupt America is." Whatever label Sanders wears seems not to matter to his constituents.

"So he's a socialist — who cares?" said 82-year-old Victor Acebo, a retired dry cleaner.

Phil Dymant, 61, who retired from the Navy, said: "I don't care what he is. Bernie takes care of fellows like me.

"He's got gumption. If more politicians would do more of what Bernie does, we'd all be a lot better off."

Among Governor Races, Iowa Lead Shifts Again (WSJ)

WSJ Online's "Washington Wire", September 11, 2006

Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four and one race was mixed. The Republican pickups came in Iowa, where Republican Jim Nussle recaptured his slim lead over Chet Culver, and in Nevada, where Republican nominee Jim Gibbons climbed back into the lead over Dina Tutus.

Among high-profile states, Arnold Schwarzenegger held onto his come-from-behind lead in California over Democratic challenger Phil Angelides. Meanwhile, in Pennsylvania, Democratic incumbent Ed Rendell pulled to his widest lead this year over Republican Lynn Swann, a former Pittsburgh Steeler wide receiver and TV commentator.

See full results of the Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 8:54 pm Zogby Poll Shows Slide for Allen, Lieberman

Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber.

The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five. In a Zogby poll conducted in August, Democrats were ahead in 12 and Republicans in five. Joe Lieberman, running as an independent, maintains a lead in Connecticut, though his advantage over Democrat Ned Lamont has weakened considerably — to four points from 10 in the previous Zogby poll.

Republican incumbents picked up ground in Ohio and Pennsylvania, two of the seats Democrats had led solidly. Ohio Sen. Mike DeWine and Pennsylvania Sen. Rick Santorum each pulled to four percentage points from their respective opponents Sherrod Brown and Bob Casey. In Virginia, however, Republican incumbent Sen. George Allen's Aug. 11 "macaca" remarks continued to hurt support. In the mid-August Zogby poll, challenger James Webb took a one-percentage-point lead; the latest poll shows Webb now ahead by a seven-point margin.

See the full results of Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 4:10 pm Sen. Allen's Lead Shrivels in Virginia

Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points–46% to 42%–over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll. It was the first since Aug. 11, when Sen. Allen, at a rally of mostly white supporters in the southwestern part of the state, referred to a Webb campaign aide of Indian descent as "macaca," considered an ethnic slur in some countries. (Update: A Zogby Interactive/WSJ.com poll out late Sunday also shows Webb leading, by 7.5 percentage points.)

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Polls have tightened all year in the hotly contested race. As recently as April, Allen had a 20 point lead over Webb, a decorated former U.S. marine and a Reagan administration Navy secretary who resigned, refusing to cut the Navy's size.

Allen, long a Bush supporter with presidential aspirations in 2008, has seen his popularity, along with that of the current president, decline. He now appears to be struggling to hold onto his Senate seat. But the poll, with an error margin of four percentage points, might not be as tight as the numbers suggest –or it might be worse. – Bernard Wysocki Jr.

Read more: Global, Campaign 2006

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September 10, 2006, 3:29 pm Cheney Makes Fall Predictions

On NBC's "Meet the Press" this morning, Tim Russert asked Vice President Dick Cheney if he thinks the Democrats will take the House in the midterm elections.

According to the transcript, Cheney responded: "I don't think it'll happen. I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago." Asked if he thinks Republicans will keep both the House and the Senate, Cheney says: "I think we will, I really do. … I've seen our candidates. I've seen how they're handling the issues. We've generated the resources we need to be able to have a good, hard-fought competition. I—if I had to bet today, I'd bet that—well, I can bet you a dinner that we hold both houses."

Russert said he doesn't bet, then asked whether Cheney has gone hunting since the accidental shooting earlier this year of Harry Whittington. After Cheney replied no, Russert asked: "Should I be relieved you didn't bring your shotgun in today?" Cheney answered: "I wouldn't worry about it. You're not in season." – Tim Hanrahan

Read more: Global, Campaign 2006, White House

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September 9, 2006, 10:50 am Bush 9/11 Tour Aims to Bolster Republicans

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory. Bush sees the attacks as the defining moment of his presidency, and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 — part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

Although Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since." Read the full article. –Yochi J. Dreazen

Read more: Global, Homeland Security, Iraq, White House

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September 8, 2006, 5:43 pm Here's a Clue for Ben Bernanke

Bernanke Fed Chairman Ben Bernanke wants to the markets to stop looking to him for cryptic clues about interest rates. Some say he'll be disappointed.

"As a well-respected economist, [Bernanke's] opinions mean something and are worth listening to," said James Bianco, president of Bianco Research, a Chicago research firm that closely watches the Fed and has a large trader clientele. "Unfortunately as Fed chairman, all we care about is, 'Are you raising rates, or aren't you?'"

The problem then becomes that traders and reporters may see clues that don't exist — or overreact because they ignored important points made elsewhere in the speech or testimony. As described in Friday's Wall Street Journal, Bernanke wants to wean the markets and the public off looking for clues for interest rates in his speeches and testimony, and instead wants them to focus on the Fed's objectives and forecasts, extrapolating from them the likely path of rates. But traders and reporters may try to read interest rates hints into what he says, anyway.

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"The problem wasn't just Greenspan's tendency for sound bites, it's also the mutually reinforcing need for news services to deliver instant headlines and market participants' short attention spans," noted Tom Gallagher, the Fed watcher for brokerage firm ISI Group, referring to former Fed Chairman Alan Greenspan. "I really think there's a risk that those who read the whole speech can miss the market's read on the Fed for sustained periods of time. Think of Bernanke's early June speech in which he talked about the three and six month annualized inflation rates… If you read the whole speech you got the 'medium-term outlook' and 'take full account of lags' messages, but everyone focused on his use of the recent inflation trends. News services can't put the full speech in their headlines, and I'm not sure how many of us would read them anyway." –Greg Ip

Read more: Global, Economy

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September 8, 2006, 5:31 pm Another Round in Softwood Lumber Trade Dispute

A coalition of independent lumber companies is pressing to reopen a key part of the agreement that settled the long-drawn-out dispute between the U.S. and Canada over trade in softwood lumber.

The settlement provides for tens of millions of dollars to be distributed among some top U.S. lumber producers. The Lumber Manufacturers for Ethics and Equity, a group of about 30 independent producers from around the country, complains the payments will be spread unevenly, benefiting big companies that were party to the original trade dispute and putting smaller producers at a competitive disadvantage.

Next week, coalition members plan to visit lawmakers on Capitol Hill as well as officials at the Commerce Department and the U.S. Trade Representative's office. "What we hope to do is to highlight the issue so Congress might take action," said Edward Lebow, a lawyer representing the group. Lebow said the coalition doesn't want to kill the overall deal, but suggests putting the planned industry payments to different use, perhaps benefiting Habitat for Humanity, the non-profit housing group. –Greg Hitt

Read more: Global, Congress, Trade

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September 8, 2006, 4:24 pm Rumsfeld Handshake Proves Popular

With Defense Secretary Rumsfeld making "appeasement" the big buzzword of the month, the George Washington University's National Security Archive notes that its single most-downloaded file is now the once-classified batch of documents, photos and video documenting Rumsfeld's handshake and meeting with Saddam Hussein in December 1983. President Reagan had sent Rumsfeld to Baghdad to help restore diplomatic ties with Iraq and aid Baghdad in its fight against Iran.

The National Security Archive

Saddam Hussein greets Rumsfeld in Baghdad, 1983 "Rumsfeld meeting Saddam has now far outpaced the previous winner, which was Elvis meeting Nixon," says Thomas Blanton, director of the archive, which collects and posts significant declassified documents under the Freedom of Information Act.

Rumsfeld last week warned of a rise of Islamic fascism and said that people should not fall into the trap of appeasement as did those who tried to accommodate the Nazis in the 1930s. The remarks led many pundits to compare Rumsfeld's 1983 meeting with Hussein to British Prime Minister Neville Chamberlain's meeting with Adolf Hitler in 1938. One liberal hawker of political posters is now offering one that features photos of the two meetings with the caption "Appeased to meet you…hope you guessed my name." – Neil King Jr.

Read more: Global, Iraq

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September 8, 2006, 10:42 am Schwarzenegger Wades into Hot Water

Want to lay odds on how long it takes the Internet crowd to make a techno-mix using a leaked audio tape of California Gov. Arnold Schwarzenegger? Think Stevens' "Tubes!"

The Los Angeles Times obtained a copy of the tape, in which the governor, who is running for re-election this year, allegedly describes Cubans and Puerto Ricans as "very hot" personalities because of their combo of "black blood" and "Latino blood." The tape, which makes it clear that the governor and other participants knew they were being recorded, comes from a spring meeting of Schwarzenegger and close advisers over Republican lawmakers' resistance to a huge state borrowing effort. If

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this gets leaked two months before Election Day, imagine what sort of October surprise the governor's opponents may have in mind. –Amy Schatz

Read more: Campaign 2006

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September 8, 2006, 10:26 am If It Quacks…

Congress's lame-duck session emerges as potential venue for action on legislation important to business. Majority Leader Bill Frist rules out action on comprehensive immigration legislation before the midterm elections but says a deal remains possible during post-election session as the White House hopes.

Frist The lame-duck session will largely be consumed with completion of annual spending bills that Congress won't finish before recessing in October to hit the campaign trail. But lawmakers may take up other issues as well.

Another possibility aside from immigration: extension of the research and development tax credit, a top priority for high technology businesses and a key element of President Bush's competitiveness initiative. So far, the tax credit has been stalled as part of the so-called trifecta bill encompassing cuts in the estate tax and an increase in the minimum wage.

Frist says he intends to keep that controversial package intact through the election and not permit separate action on the R&D credit, which has bipartisan support. But a top Republican aide predicts it may be passed individually in the lame-duck session if Republicans keep control of Capitol Hill.

If Democrats take over, the aide says, Republicans would likely hold back on the extension so that it could "became an opportunity" for the party in the next Congress. –John Harwood

Read more: Congress, Business

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September 8, 2006, 6:40 am Some '08 Hopefuls Attend Black Caucus's Conference

Where the Votes Are: 2008 Democratic presidential hopefuls flock to the annual conference of the Congressional Black Caucus.

2004 nominee Kerry participates in sessions on government contracting with Rep. Carolyn Kilpatrick of Michigan, in line to become next Black Caucus chair. Gov. Richardson of New Mexico attends meeting on energy, while former Gov. Warner of Virginia attends Saturday's gala dinner.

African American politicians and voters "pay attention" to those who pay attention to them, says Paul Brathwaite, executive director of the Black Caucus. "Where are the other… potential '08 candidates?" –John Harwood

Read more: Campaign 2006

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September 8, 2006, 5:55 am AIDS Bill Faces Serious Hurdles

Senate aides say they're close to a bipartisan deal on the contentious reworking of the Ryan White CARE Act, which funds AIDS treatment in the states. Unless Congress passes a bill by Oct. 1, several states risk a drop in federal funding under the program.

Even with the deadline looming, negotiations between the House and Senate committees and the Bush administration have been difficult. One aide likened the infighting between cities and rural areas, northern states and those in the South, to a "civil war."

Draft legislation circulated this week strikes a compromise on several of the most controversial issues in the protracted talks, which are meant to update the program, named for a young hemophiliac who died of AIDS. To satisfy calls for greater HIV testing without cutting into funds for treatment, the bill would set up a $30 million grant program at the Centers for Disease Control and Prevention that states could tap for testing. Overall, states would be able to use 25% of the funds for services other than care and treatment, such as nutrition and transportation, or they could use all the money for treatment if they already provide those services through programs such as Medicaid.

States that use codes to track HIV and AIDS patients would get more time to switch to systems using patients' names, and patients identified by codes would still be counted in the formula that determines funding—a boon to states such as California, Massachusetts and Washington. Still, states would have to switch to a name-based AIDS tracking system by 2011.

DOJ_NMG_0061671

It remains to be seen whether state governors, HIV patient-advocacy groups and other members of Congress will back the deal. For the states, much depends on their funding level. –Sarah Lueck

Read more: Congress, Health

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September 8, 2006, 12:02 am Maneuvering Starts for Post-Election House Leadership

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

DOJ_NMG_0061672

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." … Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years. – John Harwood

Another Round in Softwood Lumber Trade Dispute

Sep.8, 2006

Rumsfeld Handshake Proves Popular

Sep.8, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

La.'s Jefferson Fights To Stay In Office (USAT)

By Anne Rochell Konigsmark

USA Today, September 12, 2006

NEW ORLEANS — A bribery scandal has Congressman William Jefferson fighting for his political life following eight House terms in which he faced little opposition at election time.

A dozen candidates are challenging Jefferson, a Louisiana Democrat who FBI agents say was found with $90,000 in bribe money in his freezer. Jefferson denies any impropriety.

The Nov. 7 election is the first time Jefferson has been threatened with defeat since elected to the House in 1990.

"We wouldn't be in the race if not for our friend Jefferson's problems," says Spencer Washington of New Orleans, a supporter of candidate and former New Orleans city councilman Troy Carter.

Louisiana has an open primary system, meaning all 13 candidates regardless of party will appear on the ballot. If no one gets more than 50% of the vote, the two top vote-getters face off in a December runoff.

Jefferson faces eight Democrats — including two state representatives and a former city councilman — three Republicans and one Libertarian.

The race is not likely to shift the balance of power in the House. The district, made up mostly of New Orleans residents, is overwhelmingly Democratic. If Jefferson loses, his successor will be a Democrat, political observers here say.

"That district is not going to vote for a Republican — a white Republican especially," says Hastings Wyman, editor of the Southern Political Report.

Jefferson is Louisiana's only black congressman. New Orleans has a black majority even though more blacks than whites remain displaced since Hurricane Katrina virtually emptied the city in August 2005.

According to returns from last spring's mayoral election, the city is about 55% black, down from more than 67% before Katrina.

Less than half of the city's 460,000 residents have returned, but displaced residents may still vote in the November election if they remain registered in Louisiana.

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Challengers to Jefferson say the coming years are too important to the city to be left to a man who may be preoccupied with defending himself.

This is the first federal race for state Rep. Karen Carter (no relation to Troy Carter), who represents half a dozen New Orleans neighborhoods. She says the district needs new leadership to get through years of recovery from Katrina.

"We're going to be at the federal trough for the next 10 years, minimum, asking for help," she says.

"We need a credible, respected voice coming from the 2nd District."

In an interview Monday, Jefferson denied the bribery allegations and said he is confident of re-election.

"No matter what anybody says, I am innocent," he said.

Jefferson, 59, says voters will re-elect him on his record after Katrina, particularly his co-authorship of the Gulf Opportunity Zone Act, or "Go Zone," which gives tax breaks to businesses along the storm-ravaged Gulf Coast.

An FBI affidavit written in support of a search warrant alleges that Jefferson took money to help a Kentucky technology company called iGate win lucrative contracts in Africa. He has not been formally charged in the FBI sting operation.

In an affidavit sworn out in late May to obtain a search warrant for the congressman's office, the FBI describes Jefferson retrieving a briefcase filled with $100,000 from a car parked outside the Ritz-Carlton in Arlington, Va. An unnamed witness who is an iGate investor alleged Jefferson planned to use the money to coax African officials into deals.

Four days later the FBI raided Jefferson's homes in New Orleans and Washington. The FBI found $90,000 of the cash, which was marked, wrapped in foil in his Washington freezer.

The May 20 raid on his Capitol Hill offices was criticized by leaders of both political parties, who said it was a violation of the constitutional separation of powers.

Two of Jefferson's associates have pleaded guilty and are cooperating with the FBI. Vernon Jackson, chief executive of iGate Inc., was sentenced Friday to 87 months in prison.

Louis Smith, 27, says he is voting for Jefferson.

"I like what he's been doing, and he's innocent until proven guilty," said Smith, who was taking a break Monday from installing countertops to eat barbecued ribs on his sheltered patio.

Jefferson's opponents are highlighting not only the congressman's alleged misdoings but his consequent loss of power in the House. In June, House Democrats removed him from his seat on the powerful Ways and Means Committee.

"When you don't have that position anymore and the seniority you'd otherwise be able to tout means nothing, you can't deliver what we need in the post-Katrina world," Karen Carter says. "It's absolutely critical that we have effective leadership when we make the ask (for money) year after year to rebuild this region."

Despite the long odds, the Republicans have not given up.

Political newcomer Joe Lavigne has waged a vigorous campaign with a profusion of yard signs and ads.

"I don't think it's as long a shot as people think," says Lavigne, 30, an attorney.

"The issues are not Republican or Democratic issues," he says. "The issue is how we're going to rebuild New Orleans bigger and better."

Louisiana Players Aid Jefferson Foe (RC)

By Lauren W. Whittington

Roll Call, September 12, 2006

As she builds support for her bid to oust embattled Rep. William Jefferson (D), Louisiana state Rep. Karen Carter (D) is getting help from several influential Louisiana Democrats, including former Sens. J. Bennett Johnston and John Breaux and former Rep. Chris John.

"I think she's a very impressive young woman," Johnston said Monday. "I think she is just exactly what New Orleans needs. It is more important than ever for New Orleans to be well represented. Somebody who can put a good face on the city."

Carter is one of 12 candidates who filed to challenge Jefferson in the Nov. 7, all-party primary. A December runoff is highly likely, unless one candidate gets more than 50 percent of the vote.

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Jefferson has been embroiled in a federal bribery investigation since last year, and the FBI has raided his home and offices. He has not been charged and has denied any wrongdoing.

But Carter, 36, is making effectiveness the central issue of of her campaign, asserting that Jefferson's situation is both "embarrassing and disappointing," and the investigation is detracting from his Congressional work.

She said she has built a broad coalition of support, which includes business community and organized labor leaders, and she is also touting the backing of influential New Orleans Republicans.

Among them are Donald "Boysie" Bollinger, a shipyard mogul, and developer Joe Canizaro. Both Bollinger and Canizaro achieved "Super Ranger" status for their fundraising efforts during the 2004 Bush presidential campaign.

High-profile Democrats are also supporting her bid.

Today she is set to receive the endorsements of New Orleans City Council President Oliver Thomas and City Councilwoman Cynthia Hedge-Morrell.

Hedge-Morrell is the wife of Criminal Court Clerk Arthur Morrell, a former state Representative and one-time chairman of the Legislative Black Caucus.

Thomas will headline Carter's first major fundraising event Thursday in New Orleans.

A big Washington, D.C., fundraiser is also in the works for early October, and Carter was in D.C. last week to meet with party leaders and interest groups. John, who helped escort Carter around town last week, is putting the October event together.

"I'm trying to help raise her some money," said John, who lost a 2004 Senate bid. "She's committed, she's smart. I think she'd be great for New Orleans."

John served with Carter in the state Legislature and has other past ties to Capitol Hill.

While earning her undergraduate degree at Howard University, Carter interned for Breaux as well as for then-Rep. Billy Tauzin (D-La.), who later switched parties.

"Karen comes from a prominent, highly respected political family in New Orleans. And I think she would make a terrific member of Congress," Breaux said in a statement.

Jefferson spokeswoman Melanie Roussell said the Congressman was not sweating the support of the three well-connected Members-turned-lobbyists.

"People in Washington certainly aren't going to win the race on the ground in New Orleans," Roussell said.

She added that the New Orleans mayoral race earlier this year was proof that support on the ground trumps money, and she also said that Carter's endorsements were not surprising because they come from people in "the same political organization."

Carter's father was the first black elected assessor in New Orleans, and the district he represented included some of the city's most influential territory, like the French Quarter.

Roussell said Jefferson still has a wide range of support within New Orleans and the 2nd district, and that he would be announcing his endorsements soon.

"Votes and connections with people are going to win the race — and the Congressmen's record," she said.

Jefferson has suffered from diminished fundraising in light of the federal investigation. In the second quarter of this year he raised just $20,000, but as of July 22, he had $322,000 in his campaign war chest.

Carter met with EMILY's List last week and an endorsement from the organization would no doubt be a financial boon to her campaign. Roussell said Jefferson is "doing very well" on the money front as well as in the field. She noted that on Saturday, while Carter attended the Congressional Black Caucus' annual legislative conference in Washington, D.C., Jefferson had a citywide canvass.

At the CBC gathering on Friday, Jefferson hosted a forum on rebuilding New Orleans. Mayor Ray Nagin (D), who won re-election earlier this year in a costly and high-profile runoff, attended the event.

Jefferson endorsed Nagin in his race against Louisiana Lt. Gov. Mitch Landrieu (D) — brother of Sen. Mary Landrieu (D-La.) — and the mayor could repay the favor by endorsing the Congressman's bid.

Carter has assembled a team of highly regarded consultants. She has hired Cornell Belcher as her pollster and the campaign expects to do a survey within the next two weeks.

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Belcher, founder of Brilliant Corners Research and Strategies, is the lead pollster for the Democratic National Committee and is known for his focus on black voters as well as people of faith.

An independent survey done the week of Aug. 7 by Florida-based pollster Vern Kennedy, who specializes in polling for independent and business groups, showed Carter positioned to make the runoff with Jefferson. It showed Jefferson at 25 percent, Carter with 14 percent and state Rep. Derrick Shepherd (D) with 9 percent.

Carter also has hired Washington-based media consultant Dino Seder, who is teaming up with New Orleans-based Carvin Consulting to work on the race.

Carvin consulting founder Jim Carvin is one of Louisiana's original political advertising gurus, and the firm has worked to elect the past 10 New Orleans mayors, including Nagin in his recent race.

While there is no doubt less population in the New Orleans-based district, Roussell said the demographics of the district have not changed as much as people might think in the wake of Hurricane Katrina because some city residents have relocated to suburbs still within the district.

Unlike in the mayoral election earlier this year, which was held on a Saturday and not a Tuesday, satellite voting will not be allowed for New Orleans residents in November.

Democratic strategist and Louisiana native Donna Brazile, a contributing writer for Roll Call, noted that absentee balloting could be a big factor in the election and runoff.

"The key is getting some of the displaced voters who are scattered around the state of Louisiana and the country to cast absentee ballots," Brazile said.

Aside from Carter and Shepherd, former state Rep. Troy Carter, who is also a former New Orleans city councilman, is the only other well-known contender in the 13 candidate field. Shepherd has already aired campaign ads.

Attorney Joe Lavigne is running the highest-profile campaign on the GOP side. But it is still viewed as a long shot that he can garner enough votes to make the runoff.

RI Senator Targeted In Tuesday Primary (AP-Y)

By Robert Tanner

AP, September 12, 2006

Moderate GOP Sen. Lincoln Chafee of Rhode Island faces a serious challenge Tuesday as the last big flurry of primary elections provides another test of the depth of anti-incumbent sentiment and the erosion of the political middle ground.

In all, nine states and Washington, D.C., hold primary elections. Maryland Democrats choose a Senate candidate to go up against Republican Michael Steele, the lieutenant governor. An open House seat in Arizona has drawn a contentious crowd of GOP candidates, as well as several hopefuls on the Democratic side. Minnesota Democrats will pick a candidate for a House seat left open by retiring 14-term Democratic Rep. Martin Sabo.

Many races won't be close, but will set up important November contests that include Senate seats in Arizona and Minnesota, and the race for governor in Maryland, Minnesota, Rhode Island and Wisconsin. Other states holding primaries are Delaware, New Hampshire, New York and Vermont, while the District of Columbia will select mayoral candidates.

Chafee's bid for a second term is the latest race with a moderate targeted by his own party's hard-line critics. Connecticut's Democratic Sen. Joe Lieberman was beaten by anti-war candidate Ned Lamont, though the incumbent is still running as an independent, and Michigan Rep. Joe Schwarz, a moderate Republican targeted by the anti-tax Club for Growth, also was defeated.

Two other incumbents lost primaries in the last two months, though both had grown unpopular for their personal behavior — Alaska GOP Gov. Frank Murkowski and Democratic Rep. Cynthia McKinney of Georgia.

Chafee has also been targeted by the Club for Growth, a Washington-based group that has tried, not always successfully, to force candidates to vote against taxes. The group is backing Steve Laffey, a former investment banker and mayor of Cranston, R.I.

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Chafee has drawn a remarkable amount of support from national Republicans, especially for a senator who has often been at odds with the party, bucking the administration on tax cuts, civil liberties and the Iraq war. He has the distinction of being the only Republican to vote against the use of military force in Iraq.

Polls a month before the primary showed the two Republicans running even.

Chafee himself acknowledged that the race could hinge on turnout in heavily Democratic Rhode Island, saying a low turnout could mean his defeat. His campaign has encouraged Democrats to drop their party registration so they could vote for him.

The battle comes amid a national fight for Congress, with Democrats hoping national dismay with the Bush administration and the GOP-led Congress could boost their efforts to win majorities in the House and Senate. Democrats need to win six Senate seats — and Rhode Island's is one of the more vulnerable, with polls showing Laffey would lose to Democrat Sheldon Whitehouse, a former state attorney general, in the general election.

The last days of the campaign brought a flurry of mean-spirited mailings to voters. Fliers from the National Republican Senatorial Committee, which is backing Chafee, accused Laffey of wasting taxpayers' money, giving favors to campaign donors and being disrespectful of seniors.

Laffey's campaign sent voters letters and fliers criticizing Chafee for supporting abortion rights, being weak on terrorism and failing to protect Social Security.

Peter Ubertaccio, a political science professor at Stonehill College in Easton, Mass., said the negative tactics may better serve Laffey because his supporters are already behind him, while Chafee needs more of the undecided voters.

"Laffey seems to have that kind of momentum, and this just adds fuel to the fire," Ubertaccio said.

The fight for Congress also fuels a primary race for an open House seat in southeastern Arizona, where five Republicans and six Democrats jumped in when 11-term GOP Rep. Jim Kolbe, a moderate Republican, announced his retirement.

Candidates have argued about border security, illegal immigration and the war, but the campaign flashed into national view after the National Republican Congressional Committee ran an ad supporting Steve Huffman. Other candidates were furious.

Other races to watch include:

• The Maryland Democratic Senate primary, where Rep. Ben Cardin and Kweisi Mfume, a former congressman and one-time head of the NAACP, are among 18 contenders for an open seat. The winner will face Steele, who, if he wins in the fall, would be the Senate's only black Republican.

• The Democratic primary for a House seat in Minnesota in an open, reliably Democratic district which includes Minneapolis. Four candidates are running, including state legislator Keith Ellison, who won his party's backing. If he won, Ellison would be the first Muslim member of Congress.

• The New York Democratic primary for attorney general, with former federal Housing Secretary Andrew Cuomo — son of former Gov. Mario Cuomo — against Mark Green, the former New York City Public Advocate.

Also in New York, frontrunning Democratic gubernatorial candidate Eliot Spitzer faces a challenge from Nassau County Executive Tom Suozzi, while Sen. Hillary Clinton was far ahead of anti-war candidate Jonathan Tasini.

GOP Leaders Throw Weight Behind Chafee (FT)

By Holly Yeager In Washington And Rebecca Knight In Providence, Rhode Island

Financial Times, September 12, 2006

Lincoln Chafee is not your average Republican. He voted against President George W. Bush's 2001 tax cuts. The following year, he was the only Republican in the Senate to oppose the Iraq war resolution. Last week, he stood in the way of his party's plans to extend John Bolton's tenure as US ambassador to the United Nations.

None of that seems to matter these days to national Republican leaders, who are doing all they can to ensure that Mr Chafee wins his party's primary election in Rhode Island on Tuesday. If he loses to Stephen Laffey, the conservative mayor of Cranston, they fear the party has no hope of keeping the seat in November's general election, imperilling the Republicans' control of the Senate.

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"If Laffey wins, it really says that Republicans in Rhode Island care more about the purity of their ideology than holding the seat," said Wendy Schiller, a political science professor at Brown University in Providence, the state capital.

There are only about 70,000 registered Republicans in the state – about 10 per cent of all voters – and most political observers predict they will back Mr Laffey by a wide margin. A win by Mr Chafee depends on how many of the 340,000 independents who are eligible to vote in the primary show up at the polls to support him. Public opinion polls have varied widely, leaving the outcome uncertain.

Providence, like the state, tends to vote Democratic. Yet pockets of independent voters can be found in areas such as Wayland Square, a wealthy enclave in the eastern section of the city filled with stately homes with manicured lawns. A walk down Wayland Avenue, dotted with fine wine stores and clothing boutiques, finds the electorate divided.

Mr Laffey's constituency is composed mostly of pro-Bush, right-leaning voters who are frustrated by Mr Chafee's moderate politics. "[Chafee] is not a Republican," said one of Mr Laffey's supporters. "I appreciate what Stephen is trying to do by bringing back the party to its core values."

The Club for Growth, a Washington group that supports fiscally conservative candidates, has encouraged that view, praising the economic turnaround of Cranston under the energetic Mr Laffey and complaining about Mr Chafee's voting record in Washington. Its political action committee has spent $400,000 (€315,000, £215,000) on advertisements against Mr Chafee and its members have donated more than $700,000 to Mr Laffey's campaign.

David Keating, the group's executive director, said a win by Mr Laffey "would send a clear message to the Republican establishment that their base is sick of Washington's wasteful business-as-usual spending".

Mr Chafee holds the seat once occupied by his father, the late John Chafee, a popular figure and former governor, and the two are the only Republicans the state has sent to the Senate since the Great Depression.

Carl Simkevich, a university scientist, is casting his vote for Mr Chafee, but grudgingly. "I am voting for Chafee because I don't think that Laffey is electable," he said, predicting that Mr Laffey would lose to Sheldon Whitehouse, the Democratic candidate. But, he adds: "I wish Chafee were more of a Republican. He's certainly ticked off a lot of people in his party."

There are parallels between this race and last month's Democratic Senate primary in Connecticut, where Joseph Lieberman, a three-term senator, was defeated by Ned Lamont, a political novice who complained about Mr Lieberman's support for the war and his inattention to the state. Most important may be what the contests say about voters' preference for fresh blood over incumbents from either party.

Political analysts say that while the low-key Mr Chafee is known nationally for his independent streak – in 2004 he cast a symbolic protest vote against Mr Bush's re-election, writing in the name of his father instead – he has not done enough to cement his relationship with voters in Rhode Island.

A former specialist in equine foot care, Mr Chafee has flirted with leaving the Republican party. But the National Republican Senatorial Committee has stood by him, insisting that Mr Chafee is "the only Republican" who can beat the Democrats' candidate. Elizabeth Dole, chair of the committee, said that if Mr Laffey won today, her group would not spend any money to help him in November.

But they should be careful what they wish for. Nancy Bassel, a government worker who is registered as an independent, said she planned to vote for Mr Chafee. "There are certain issues that concern me – I am against the war and I am pro-choice – and I like that Chafee is a pretty liberal Republican," she said while browsing the discounted paperbacks outside Books on the Square, a cozy bookshop in Wayland Square. "I've always voted for Chafee and frankly I am a little surprised he hasn't crossed over [to the Democratic party]."

Laffey Decries Party, Beltway In His 'outsider' Campaign (HILL)

By Aaron Blake

The Hill, September 12, 2006

CRANSTON, R.I. – If Sen. Lincoln Chafee (R-R.I.) were any other Republican senator running in a blue state, his move last week to block the nomination of United Nations Ambassador John Bolton on an expected party-line vote might smack of election-year politics.

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But the move, which came five days before Chafee's heated primary culminates today, was business as usual for arguably the most moderate — or, as his party detractors say, liberal — Republican in the Senate.

While Chafee recently called his support for President Bush's agenda "spotty at best," his primary opponent, Cranston Mayor Stephen Laffey, is more conservative and likely would be a more dependable vote for the party. But with the Republican establishment entrenched against him in the name of keeping the seat Republican, Laffey has harnessed an anti-Washington approach to campaigning, hoping his outsider credentials will help him best Chafee then overcome some long odds to win in the general in this heavily independent but very blue state.

In Rhode Island, a slight majority of the state's voters are registered independents. Of the rest, there are more than three registered Democrats for every Republican.

Running in an open primary that could be largely decided by those independent voters, Laffey tries to avoid labels like "conservative" and "Republican." Early in the campaign he stressed Chafee's distance from the party and his own conservative credentials, but now he talks more about how Chafee has made himself irrelevant and how Washington needs someone who effects change instead of a "nice guy" who passively embodies independence.

He points to the fact that Chafee was among the last to decide on how he would vote on the nomination of Supreme Court Justice Samuel Alito and now the senator's indecision on Bolton (Chafee cites recent events in the Israeli-Palestinian conflict and said they raise new questions about Bolton). Laffey also has called for Defense Secretary Donald Rumsfeld's resignation and classifies two of the four major plans on his website as "liberal" in nature.

Meanwhile, Democrat Sheldon Whitehouse is waiting in the wings. With no significant primary opposition, he has been able to focus his efforts on each of the Republicans while they duke it out amongst themselves.

Polls have given vastly different indications about who enters the Republican primary ahead — with one showing Laffey in the lead by 17 points and one showing Chafee up 14. But they all show Chafee and Whitehouse neck-and-neck in the general election while Laffey would have about 25-30 points to make up against the Democrat.

The National Republican Senatorial Committee (NRSC) has argued that Laffey cannot beat Whitehouse and the party has mobilized in support of Chafee, even though he has bucked them time and time again — on President Bush's tax cuts, on the war in Iraq, on social issues, on Alito and now possibly on Bolton.

The NRSC also said last week that it would not support Laffey should he win the primary. Laffey said that the NRSC, the Republican National Committee and the White House have asked him to withdraw.

Visiting with Cranston constituents at a well-attended Greek festival in the parking lot of a local church, Laffey insists he doesn't want the national party's help. And it's quite apparent that he has grown tired being asked whether he can win in the general.

"It's unfortunate that people concentrate on something that's so foolish," said Laffey, who has predicted he would "crush" Whitehouse. "You can't do a general election poll 'til this primary's done anyways. … Linc Chafee can't win the general election."

Laffey has made a trademark of his "blitzes" in which he runs — literally — from door to door meeting voters in this tiny state of about a million people. Asked how many people he visits who express concern about his electability, he initially says "nobody" and then concedes that it's more like "maybe one out of 100, one out of 200 people."

Donna Barrett of Warwick counts herself as one of those concerned Laffey voters. Sitting beneath a tent at the festival on Saturday evening and chatting with Laffey, she later explains that she's got to "vote my conscience" but says she is "a little bit nervous" that a Laffey victory today would hand Democrats the seat in November.

But she also says people she talks to aren't concerned about it. She attributes her skepticism to that fact that she pays more attention to political news than most people.

Barrett buys into Laffey's outsider approach. She doesn't dislike Chafee and says she wishes Laffey were an independent, but she says there's something to be said for a new face for the sake of a new face considering the state of affairs in Washington.

"I just don't think anybody dislikes Chafee," she said of the former Warwick mayor, who took his seat in 1999 after the death of his father, popular longtime Republican Sen. John Chafee. "It's going to be tough for me not to vote for Chafee."

Laffey, meanwhile, with his brash, in-your-face style, is a more polished campaigner. At the festival he says he is there as mayor and not a candidate, though he reminds at least a few people about today's primary as he frenetically leaps from one

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person to another, kissing the women and constantly grasping hands. His style plays to his message of populism and outworking everybody.

Chafee, meanwhile, has tried to paint Laffey's intensity as instability. Standing in front of his campaign headquarters before a barbeque Saturday morning, the sign his supporters hold up behind him for the TV cameras says it all: "Keep Chafee." A Chafee has held the seat for three decades; Laffey, meanwhile, is too unpredictable, Chafee says.

Speaking frequently in the third person as if to emphasize the Chafee name, the senator describes his style as "a very stable, thoughtful, calm, steady approach, whereas my opponent's more likely to say whatever suits the audience he's talking to at the moment. And I think Rhode Islanders are going to see that."

Political Moderates Imperiled (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 12, 2006

CRANSTON, R.I.

Many drivers roaring toward the beach wave, honk, or flash thumbs up to Sen. Lincoln Chafee and a gaggle of roadside campaign volunteers hoisting "Keep Chafee" signs. Some travelers don't react at all. But one woman scowls and plunges a thumb toward the dashboard.

"It's rare you see a woman [do that]," muses the Republican senator to those standing nearby. "We'll get her in the general [election]!" cries out an aide.

That's if Senator Chafee manages to get to the general election. Monday's GOP primary in Rhode Island will tell whether the soft-spoken, middle-of-the-road incumbent will survive a political climate that's unfriendly to moderates - or whether the state's Republicans prefer a candidate closer to the GOP conservative base, even if that raises the risk of losing the seat in November to a Democrat.

Campaign 2006 is proving to be a scorcher for moderates of both parties, especially in the Northeast, where at least eight of the key races for control of the House and Senate will be decided.

"Moderates in the Northeast are a disappearing species, and this could be the year of the final purge," says Darrell West, a political scientist at Brown University in Providence.

Like fellow moderate Sen. Joseph Lieberman (D) of Connecticut, Chafee could lose the primary to a rival who's more aligned with the base. Cranston Mayor Stephen Laffey has run an aggressive campaign, and, heading into the vote, polls show that either candidate could win.

But unlike the Connecticut primary, the Rhode Island contest is not just about Iraq or the candidate's ties to President Bush. It's about whether a politician can hold middle ground when the pull in both parties is to the extremes. It's also about contrasting candidate styles - Chafee, low-key and reflective; Mr. Laffey, high intensity and no shades of gray - in a state so small that one-on-ones with voters can still make a difference.

Chafee is the only Republican senator to have voted against the use of force in Iraq, and has bucked the Bush White House on issues ranging from tax cuts and Social Security to abortion rights and regulation of the environment. He also cast the lone GOP vote against confirmation of Samuel Alito to the US Supreme Court. His stands won him enemies among conservative activists, especially the Club for Growth, which hopes to make Chafee its second trophy this primary season.

It's also a key election for the Senate Republican establishment, which is supporting Chafee with advisers, mailings, and ads, as well as a highly targeted get-out-the-vote drive in the last 72 hours.

Early on, the National Republican Senatorial Committee urged Laffey to not get into the race, on the grounds that only a moderate could win a general election in a blue state like Rhode Island.

"The NRSC said I would make a good lieutenant governor ... a job with no power. I said to them: 'Do I look like a lieutenant governor to you?' " says Laffey, a former investment banker, who works the crowd at a Greek festival in Cranston as rapidly as he speaks. Chafee, he says, is "indecisive and irrelevant" in Washington.

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National Republican Party groups have poured more than $1 million into the state for Chafee, blanketing Rhode Island with mailings that charge that Laffey is a "tax and spend" politician, "will say anything to get elected," and "just isn't ready for the Senate." The NRSC released a statement last week calling Laffey "unelectable in a general election."

Meanwhile, the Club for Growth, an antitax group, has raised comparable funds for Laffey. Its ads and mailings have been a constant in the state since May, including claims that Chafee "has been awfully busy trying to raise taxes," supports pork projects such as the "bridge to nowhere" in Alaska, and would give Social Security to illegal immigrants.

"Both political parties are being pulled to the extremes," says Chafee.

After Sen. Arlen Specter beat back a challenge from former Rep. Pat Toomey and the Club for Growth in the 2004 Pennsylvania GOP primary, Chafee hired key Specter strategists for his own race. "They have a track record beating the Club for Growth," he says.

In fact, highly intense races are rare in Rhode Island, where only about 1 in 10 voters are registered Republicans. Asked about this race, many at the Lions Club steak fry in West Greenwich say they're tired of all the advertising. "They're slaughtering one another with those ads on TV," says George Mitchell of Cranston, who says he's still on the fence. But the bigger fight for Republicans will come in the general election. "Everyone's mad at Bush, and Republicans are going to get slaughtered because of it. Just look at Connecticut," he adds.

While Laffey likes to "blitz campaign" around the state in a Suburban or a Winnebago, Chafee drives himself in a green Prius. "Senator Chafee likes to criticize, but when you count all the children we put in that Winnebago, we're getting about 80 miles per gallon per person," says Kelly Laffey, Stephen's wife.

The typically low turnout in Rhode Island primary elections - the record was 45,000 back in 1964 - makes this race especially difficult to predict. A recent Rhode Island College poll shows Laffey leading 51 to 34 percent. In response, the NRSC released its own poll, by Public Opinion Strategies, showing Chafee leading 53 to 39 percent.

"I have no faith in polling in this race, because we have no idea how many people are going to turn out," says Jennifer Duffy, who analyzes Senate races for the Cook political report. Almost 50 percent of Rhode Island voters are independents and, unlike Connecticut, independents can vote in this race.

"If we can get turnout up to 45,000, we will prevail," predicts Chafee. National environmental groups such as the Sierra Club and the League of Conservation Voters are urging activists in the state to turn out for Chafee.

But Laffey dismisses the projections. "Tuesday will send a real message to the Washington [GOP] elite," he says.

In Cranston, voter Howard Fleming assures the mayor that when a Chafee worker asked whether he was going to support the senator, he said: " 'Yes, to the very end' ... if you get what I mean."

Burns' Foe Compiles Highlight Reel Of Gaffes (RC)

By Nicole Duran

Roll Call, September 12, 2006

Sen. Conrad Burns (R-Mont.) had a bumpy August politically, to say the least.

Yet the three-term lawmaker with a penchant for putting his foot in his mouth entered September in surprisingly good shape given the negative publicity his comments generated.

That hasn't stopped Burns' opponent, state Senate President Jon Tester (D), from compiling a "highlight reel" of the Senator's gaffes, which his campaign will begin showing on the YouTube Web site today.

Whether he was accusing Virginia firefighters of doing a "piss-poor job" or commenting about the "nice little Guatemalan man" — with uncertain immigration status — who is doing work on his Virginia home, Burns spent most of August apologizing for his off-the-cuff remarks.

Probably the most damaging incident came in late July when Burns reportedly stalked up to an elite group of firefighters from Augusta, Va., in the Billings, Mont., airport and accused them of not doing a "goddamned thing" to put out a raging wildfire in Montana.

"You probably paid [one of the firefighters] $10,000 to sit around; it's gotta change," he told the group, according to the report written by a Montana Department of Natural Resources and Conservation employee charged with looking into the incident.

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Burns apologized quickly, issuing a statement that said: "In retrospect, I wish I had chosen my words more carefully. My criticism of the way in which the fire was handled should not have been directed at those who were working hard to put it out."

By mid-August, Burns was taking friendly ribbing from Sen. John Warner (R-Va.), who was in Helena, Mont., stumping for Burns.

Warner recounted how as a young man he worked for the Forest Service in Montana, "fighting fires, Conrad," he said, turning toward Burns and coughing conspicuously.

The move generated laughs at the event.

Yet for all the negative publicity, polls taken during the thick of it showed Burns running even with his Democratic challenger.

A USA Today/Gallup poll released on Sept. 1 showed Burns leading Tester 44 percent to 42 percent among registered voters, which was within the survey's margin of error. That's good news, according to the Burns camp.

"You look at all that has happened in the last year and he's within the margin of error starting the home stretch?" asked Erik Iverson, the Burns campaign's new senior adviser. "I honestly believe that Tester peaked too soon."

Tester spokesman Matt McKenna dismissed the notion that Burns is where he wants to be.

"I think that sounds like somebody who's been living in Washington, D.C., for the last year," McKenna said of Iverson. "Those of us who have been in Montana for more than 15 minutes recognize that there's an appetite for real change here."

Iverson is on a leave of absence from his duties as chief of staff to Rep. Denny Rehberg (R-Mont.) through the end of the campaign.

Iverson does not equate his hiring to the 2000 campaign, during which Burns was in serious trouble against now-Montana Gov. Brian Schweitzer (D), who was then a political unknown, and turned to veteran GOP operative Dick Wadhams to pull him across the finish line.

"We got 60 days to go and it's all hands on deck," Iverson said. "I see myself as a supplement to what the campaign was doing before.

"This is a close race," he continued. The stakes are high."

Tester's campaign chalks up the tight contest, despite Burns' verbal miscues, to the power of incumbency.

"He's a three-term incumbent U.S. Senator who spent $5 million and all he has to show for it is a tied race with a dirt farmer from Big Sandy," McKenna said.

Burns has used Hugo Reyes, the "nice little Guatemalan man," for yuks before.

At a June meeting, Burns told the group he has "this little fella who does our maintenance work around the house." Burns said he asked to see Reyes' green card, but Reyes demurred.

"I said 'oh gosh,'" Burns recounted.

Later that month at a debate with Tester, Burns told another anecdote about workers whose immigration status was unknown.

Burns said he was speaking to his contractor in Virginia when he saw an interview with an illegal roofing worker caught at the Mexican border on the TV news.

"So I told my roofer, 'you better go down and get your help or you won't get my house roofed."

Iverson said the legal status of Reyes' or any other employee doing work on the Senator's his Virginia home has never been in question.

"My understanding is that it is well documented that he's here legally and there is no question about that," Iverson said.

Two union chiefs have written Burns inquiring about the immigration status of his contractors.

Iverson dismissed the letters, which he has not seen, as "gotcha politics."

"This is the tempest in the teapot, this is some folks trying to make something out of nothing," Iverson said. "This is a desperate attempt to try to keep this story going."

The Burns campaign has not provided documentation that Reyes or any other handymen on the job at Burns' home are in the country legally.

Iverson said Burns does not condone illegal immigration, and his stance on the issue is clear.

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As for his gaffes, Iverson said they won't be a political issue because Montanans know Burns well enough to know he does not mean any offense.

"Sure, were there some misstatements?" Iverson asked. "Absolutely. But at the end of the day with Conrad, what you see is what you get. He's not your typical pre-packaged politician; he's a real person."

Burns recently said that there are terrorists in this country who "drive taxicabs in the daytime and kill at night."

Republican National Committee Chairman Ken Mehlman, who has made much of reaching out to black and Hispanic voters during his tenure, dismissed Burns' past statements.

"I don't think these statements are seen as reflective of the party or his record," Mehlman said in an interview with Roll Call reporters and editors. "People vote for Conrad Burns because of his [legislative] record, not necessarily the things he says."

Iverson said Montana voters know Burns is not racially intolerant.

"We're all fallible," Iverson said. "We all make a mistake. He has absolute respect for our firefighters. He has respect for people of all different backgrounds."

Under Fire, Democrat Retreats (WT)

By Christina Bellantoni

The Washington Times, September 12, 2006

The U.S. Senate campaign of Missouri Democrat Claire McCaskill has been under sharp criticism since she accused President Bush of letting poor blacks in Louisiana die during Hurricane Katrina.

Mrs. McCaskill, the state auditor, is attempting to link Republican Sen. Jim Talent with the president as she tries to unseat the incumbent.

"George Bush let people die on rooftops in New Orleans because they were poor and because they were black," she told a group of Democratic state legislators last week.

The comments, made as she outlined Mr. Talent's efforts to attract minority voters, were first reported by Pub Def Weekly, a St. Louis-based blog.

"In a spirited voice, she told them that she would do everything she could to make clear to every Democratic voter that 'George Bush has no better friend than Jim Talent,'" wrote Pub Def Weekly's Antonio D. French.

Republicans, including Senate Majority Leader Bill Frist of Tennessee, immediately called upon Mrs. McCaskill to apologize for the remarks.

"It is totally unconscionable to suggest that the Coast Guard helicopter crews who worked hours long past regulation were intentionally leaving poor, black Americans to die on their rooftops," Mr. Frist said on his blog.

Sen. Elizabeth Dole of North Carolina, who leads the Senate Republican campaign arm, issued a similar statement: "These outrageous comments have no place in public discourse."

But Mrs. McCaskill told KMOX radio in Missouri the statement's context as reported by Pub Def Weekly is "not exactly correct." She said she was acknowledging the sentiment of many Americans, and national tragedies are the time when people need government the most.

She characterized the Bush response to Katrina as "gross incompetence that turned tragic because so many of the people in New Orleans didn't have the resources to help themselves."

"Clearly, the Bush administration needs to accept blame for the tragedy in Katrina," she said.

Mr. Talent has been running television ads that laud his work with Democrats and portray him as an independent thinker. They don't mention Mr. Bush, who raised about $600,000 for Mr. Talent at a private Kansas City fundraiser Friday.

Former President Bill Clinton, meanwhile, campaigned for Mrs. McCaskill and Missouri Democrats at a weekend fundraiser in St. Louis that raised more than $1 million.

"You can vote for someone who will perpetuate the control of the narrow strip of the Republican Party that's been running America for six years," Mr. Clinton told attendees. "Or you can vote for someone who would be a proud successor in the Senate to Harry Truman: Claire McCaskill."

Mich. Voters Focus On Economy (WP)

DOJ_NMG_0061683

By Peter Slevin

The Washington Post, September 12, 2006

PONTIAC, Mich. -- Mike Bouchard was eager to make the sale as he bantered with Tracey Allen at a Labor Day street fair. Pitching his Republican candidacy for the U.S. Senate, the Oakland County sheriff heard her say she favored Democratic incumbent Debbie Stabenow.

"Tell me," Bouchard smiled, holding a plastic water bottle under Allen's chin as a mock microphone, "what has she accomplished to make your life better? Thirty seconds or less."

When Allen merely smiled, he persisted: "I'll get you results!"

The candidate's high-spirited determination charmed Allen, but after he had moved on, she said Stabenow was her choice.

"I just want my gas to go down and my cost of living to go down," Allen said. "Everybody has felt the wrath of Bush. Anybody who is attached to the Republicans, I want out of office."

In Michigan, the November election is likely to come down to whom the voters blame for one of the nation's most troubled economies. With unemployment higher than the national average and many residents frustrated with Democratic Gov. Jennifer M. Granholm, Republicans see a chance for a swing-state victory.

Bouchard has kept within striking distance in his first statewide race. But as he works to cultivate an image as a seasoned lawman and a pragmatic politician, he is finding that many voters are unwilling to replace a Democrat in Washington with a largely unknown Republican.

Recent polls show Stabenow with about 50 percent of the vote and a lead of eight to 13 percentage points. She took her Senate seat six years ago after a one-point victory over incumbent Republican Spencer Abraham.

At this point in the 2000 race, she was more than a dozen points behind -- a fact cited by both sides this time. Stabenow's team points out how much better she is doing. Bouchard's advisers suggest there is plenty of time to catch up.

The GOP draws hope from polls showing that two in three voters are dissatisfied with Michigan's direction. The jobless rate rose to 7 percent in July, compared with 4.8 percent nationwide. Given deepening troubles in the auto industry, economists expect the number to remain high even with seasonal hiring.

A brain drain fueled by pessimism about the state's economic future has left Michigan ranked 49th nationally between 2000 and 2005 in retaining young adults, according to the Census Bureau. Detroit, no longer vibrant no matter how its leaders try, has lost a million residents since its heyday.

"Only three states have lost jobs in the last four years," as one Republican ad puts it. "Two of them -- Louisiana and Mississippi -- were devastated by hurricanes. The third is Michigan."

The state's long list of economic woes has been particularly damaging to first-term governor Granholm, who has suffered heavily as she battles a Republican-led legislature and a joyless budget squeeze.

Her Republican challenger -- Dick DeVos, former president of Amway Corp. -- has hammered her relentlessly while pouring more than $12 million of his own money into the race.

Polls suggest Granholm has a slight edge. A Detroit Free Press poll showed her ahead by two points at the end of August after closing an earlier four-point gap. A sounding for the Detroit News and four television stations gave her a seven-point lead.

That late-August poll, conducted by Epic-MRA, found that 50 percent of respondents viewed Granholm favorably and 49 percent unfavorably. The polls and recent interviews with more than a dozen voters in four cities also show the intense interest in the governor's race has distracted attention from the Senate contest.

"The Senate race is being overwhelmed by the governor's race," said Bill Rustem of Lansing-based Public Sector Consultants, who believes the situation helps the better-known incumbent. "The less attention is paid to the race, the less people know about who the alternative is, the better it is for Stabenow."

Stabenow, 56, is a former House member who has outraised Bouchard by millions of dollars. She is casting herself as more experienced and a reliable vote against what she calls the "Bush agenda." She says the GOP has shortchanged education and turned its back on manufacturing.

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To counter Bouchard's claims that she has accomplished little -- Republicans at the state convention dubbed her "Do-Nothing Debbie" -- she cites favored bills and amendments.

On larger issues, Stabenow voted against the Iraq invasion while voting since for military spending. As a senator from a strong trade union state, she rejected a proposed guest-worker program, speaking against "importing cheap labor when you have Americans willing to work for good wages."

The two Senate candidates have dueled over border and homeland security issues, which Bouchard consider his strong suit. At 50, he is former state legislator and career police officer and member of one of the FBI's joint terrorism task forces, a network of dozens of teams across the country.

Stabenow speaks often about radio operability, the often unfulfilled goal of law agencies being able to speak to one another in a crisis. Bouchard, who volunteered for duty at Ground Zero and in flood-battered New Orleans, suggests that his rival is well intentioned but unschooled.

"I live, eat and breathe that. She doesn't understand the issue. She never got any of it done and in my book, talk is cheap," Bouchard said at a Pontiac coffee shop. "It's going to be a campaign based on results. She doesn't have them."

President Bush is broadly unpopular in Michigan but jetted into the state Friday to raise money for Bouchard. Bouchard said he was grateful for Bush's fundraising help, but he is keeping a certain distance, mindful of the national mood. He tells voters, "I'm the guy from Michigan who happens to be a Republican."

With both candidates calling it an election about change, the campaigns are essentially pushing voters to decide who, if anyone, should be ousted.

Is it, as Stabenow contends, the Republicans who dominate policymaking in Washington? Or, as Bouchard maintains, the Democrat who governs in Lansing and the one who commutes to Washington?

"I don't blame them," Southfield electrician Gregory Bracey, 54, said of Granholm and Stabenow. "Their hands are tied. We know Republicans are in charge."

But at the annual Peach Fest parade in the reliably Republican town of Romeo, north of Detroit, 20-year General Motors worker Clay Osborne said the two women deserve early retirement.

"There's a lot of jobs leaving the state," said Osborne, 59, as he stood at the corner of South Main and Pleasant. "Since Governor Granholm and Senator Stabenow have been in office, it's gone down the tubes."

Chicago's Daley Vetoes Bill Aimed At Big Retailers (WSJ)

By Kris Hudson

The Wall Street Journal, September 12, 2006

Chicago Mayor Richard M. Daley used the first veto of his 17-year tenure to reject a living-wage ordinance aimed at forcing big retailers to pay wages of $10 an hour and health benefits equivalent to $3 an hour by 2010.

The veto is important to Wal-Mart Stores Inc., which plans to open its first store in Chicago late this month in the economically depressed 37th ward. The Bentonville, Ark., retailer is expanding to cities such as Chicago after saturating many rural markets in the U.S. (See the veto letter.1)

Mayor Daley had to persuade only two aldermen to reverse course on the ordinance to ensure his veto isn't overridden. The aldermen had voted 35-14 on July 26 to pass the ordinance.

The ordinance's sponsor, Alderman Joseph Moore, said an override of the veto remains possible. He said the council could delay its vote on the veto rather than settling the issue at its meeting tomorrow, when Alderman Manuel Flores, one of those who supports the ordinance, will be absent at a leadership conference in China. With more time, the votes could tip back in the ordinance's favor, Mr. Moore said. "Going against popular will, the mayor has now put the issue back squarely into the laps of the city council," Mr. Moore said. "I am hopeful this city council will see clear to overriding this veto."

The ordinance would have required retailers with more than $1 billion in annual sales and stores exceeding 90,000 square feet to pay their Chicago employees hourly wages of at least $9.25 starting in July 2007 and $10 by 2010. It also would have required those retailers to provide benefits such as health-care coverage equivalent to at least $1.50 an hour by July and $3 an hour by 2010.

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The ordinance was another example of lawmakers trying to use local and state measures rather than federal law to mandate wages and benefits from big retailers. Maryland legislators in January overrode a gubernatorial veto to require large employers, namely Wal-Mart, to spend the equivalent of 8% of their payroll in the state on employees' health-care benefits. A federal judge struck down the Maryland law in July as conflicting with federal law, and none of the similar bills proposed in three dozen states has advanced to become law so far this year.

Wal-Mart operates nearly 4,000 stores in the U.S., including Sam's Club warehouses. Michael Lewis, a senior vice president of store operations for Wal-Mart, said the veto "encourages desperately needed business investment and development in the city."

In vetoing the ordinance, Mayor Daley cited a potential loss of jobs. In recent weeks, several big retailers had written to his office to oppose the ordinance. "I understand and share a desire to ensure that everyone who works in the city of Chicago earns a decent wage," the mayor wrote to the aldermen yesterday. "But I do not believe that this ordinance, well intentioned as it may be, would achieve that end. Rather, I believe that it would drive jobs and business from our city."

Chicago Mayor Vetoes Big-Store Minimum Wage (NYT)

By Monica Davey

The New York Times, September 12, 2006

CHICAGO, Sept. 11 — In his 17 years at this city's helm, Mayor Richard M. Daley had never vetoed a decision of the City Council, a sign, it seems, that he gets his way most of the time.

But on Monday, Mr. Daley vetoed the Council's plan to make Chicago the first city in the nation to single out "big box" retailers like Wal-Mart and Home Depot for wage minimums for their workers.

"I understand and share a desire to ensure that everyone who works in the city of Chicago earns a decent wage," Mr. Daley wrote of the rules, which would have required large stores to pay at least $10 an hour by 2010, and at least $3 an hour in benefits.

"But I do not believe that this ordinance, well intentioned as it may be, would achieve that end," he continued. "Rather, I believe it would drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most."

The veto, praised by business leaders but condemned by labor groups and the aldermen who had pressed for the ordinance, set up the mayor for a rare political fight: Mr. Daley, who is up for re-election next year, may face an effort to override his veto at City Hall on Wednesday.

Despite the mayor's disapproval, the aldermen voted 35 to 14 in favor of the wage rules in July. But some of that support has grown shaky in the face of recent lobbying by the mayor's office. One person was absent for the original vote.

An override would require 34 of the 50 aldermen, and at least one Council member who had supported the ordinance told The Chicago Tribune that she now intended to vote against it. Another alderman who supported the measure is expected to be absent.

The ordinance, which was to apply to stores with at least 90,000 square feet and which are part of companies grossing more than $1 billion a year, set off a firestorm after its passage.

Supporters called it a groundbreaking step nationally in forcing such businesses to improve treatment of their workers and pay them more than either the federal minimum wage ($5.15 an hour) or the state's ($6.50) require.

Opponents, including some City Council members from the poorest wards, said they feared the move would send stores and jobs into the suburbs, even as some large stores announced that they were delaying plans to sign new leases in Chicago.

On Monday, Wal-Mart praised Mr. Daley's decision. "His action encourages desperately needed business investment and development in the city, with job opportunities and savings for those who need it most," Michael Lewis, a Wal-Mart official, said in a release.

In the coming weeks, Wal-Mart expects to open its first store in Chicago, on the city's West Side. Some 11,000 people applied for the 400 jobs there, said David Tovar, a Wal-Mart spokesman. The range of expected wages there was unavailable, Mr. Tovar said, but he said the average wage for full-time hourly associates in Illinois was $10.41 an hour.

Wal-Mart Discounts Politics (WSJ)

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The Wall Street Journal, September 12, 2006

Yesterday Chicago Mayor Richard Daley issued his first veto ever, striking down a living-wage bill that would require "big box" retailers like Wal-Mart and Office Depot to pay a super-minimum wage of $10 an hour plus $3 in benefits to all employees by 2010. The national minimum is $5.15, and in Illinois the minimum is $6.50. So you ask: What else is new? Well this is Chicago, so follow us back through the big-box bill's politics, and even the most politically jaundiced reader might find a surprise.

In his veto message, Mayor Daley, a pro-union Democrat, declared that the wage law would "drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most." Wal-Mart and Target have announced plans to cease expansions in the city if the law is enacted. The city already loses $300 million a year in sales tax revenues when Windy City residents go bargain hunting in the suburbs. And of course if Wal-Mart, Home Depot and the others were to abandon the city, Chicago residents would be paying a great many millions more a year in higher prices. Still, the City Council has vowed a veto override vote later this week. What then? Well, the poor get stuck while those with the financial means will drive out to the suburbs to do some Wal-Mart shopping.

It turns out that the wage bill's chief sponsor, Alderman Joe Moore, shops at suburban big-box retail stores, for the usual reason. His campaign committee has purchased $30,589 worth of supplies at big-box retailers outside the city, according to disclosure forms. Alderman Moore isn't alone out there with a cart among the high stacks. A review of Illinois State Board of Elections disclosure forms finds that the 35 aldermen who voted to stick it to the "big box" retailers have spent $114,000 patronizing these non-Chicago stores.

And why not? The virtue of superstores isn't just that they're prodigious creators of jobs -- Wal-Mart alone has hired 240,000 workers since 2001 -- but that they hold down costs and pass on the savings to consumers, even to Windy City pols.

View Of God Can Reveal Your Values And Politics (USAT)

By Cathy Lynn Grossman

USA Today, September 12, 2006

The United States calls itself one nation under God, but Americans don't all have the same image of the Almighty in mind.

A new survey of religion in the USA finds four very different images of God — from a wrathful deity thundering at sinful humanity to a distant power uninvolved in mankind's affairs.

Forget denominational brands or doctrines or even once-salient terms like “Religious Right.” Even the oft-used “Evangelical” appears to be losing ground.

Believers just don't see themselves the way the media and politicians — or even their pastors — do, according to the national survey of 1,721 Americans, by far the most comprehensive national religion survey to date.

Written and analyzed by sociologists from Baylor University's Institute for Studies of Religion, in Waco, Texas, and conducted by Gallup, the survey asked 77 questions with nearly 400 answer choices that burrowed deeply into beliefs, practices and religious ties and turned up some surprising findings:

•Though 91.8% say they believe in God, a higher power or a cosmic force, they had four distinct views of God's personality and engagement in human affairs. These Four Gods — dubbed by researchers Authoritarian, Benevolent, Critical or Distant — tell more about people's social, moral and political views and personal piety than the familiar categories of Protestant/Catholic/Jew or even red state/blue state.

For example: 45.6% of all Americans say the federal government “should advocate Christian values,” but 74.5% of believers in an authoritarian God do.

Sociologist Paul Froese says the survey finds the stereotype that conservatives are religious and liberals are secular is “simply not true. Political liberals and conservatives are both religious. They just have different religious views.”

•About one in nine (10.8%) respondents have no religious ties at all; previous national surveys found 14%. The Baylor survey, unlike others, asked people to write in the names and addresses of where they worship, and many who said “none” or “don't know” when asked about their religious identity named a church they occasionally attend.

•The paranormal — beliefs outside conventional organized religion — is immensely popular. Most people said they believe in prophetic dreams; four in 10 say there were once “ancient advanced civilizations” such as Atlantis.

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•"Evangelical" may be losing favor as a way Americans describe themselves. About one in three Americans say they belong to denominations that theologians consider evangelical, but only 14% of all respondents in the survey say this is one way they would describe themselves. Only 2.2% called it the single best term. Top choices overall: "Bible-believing" (20.5%) or "born-again" (18.6%).

"Any politician who really wants to connect with Christians should be looking at those terms, not vague abstractions like evangelical. … They need to tap into labels that have salience," Baylor sociologist Kevin Dougherty says.

•Most Americans think their nearest and dearest are going to heaven. The pearly gates open widest for family (75.3% say they'll get in) and personal friends (69.3%). The survey did not ask whether people expect to go to heaven themselves.

•Religion-themed movies and books have a vast reach: 44.3% of those polled saw Mel Gibson's film The Passion of the Christ. More than one in 10 of all surveyed say they spent $50 or more in the past month on items such as religious books, music and jewelry.

A closer look at what people read finds that 28.5% of Americans say they've read The Da Vinci Code. Baylor also found 19%, including 25% of all U.S. women, have read the Rev. Rick Warren's Christian handbook The Purpose-Driven Life, and 19% overall have read at least one of the novels in the Left Behind apocalyptic fiction series.

These are part of the first wave of results from the random survey of Americans who completed and mailed in a 16-page questionnaire. Conducted in the fall of 2005, the survey is a statistically representative sampling of the USA by age, gender and race.

The Baylor team will spend two years digging through the findings and releasing reports on subtopics such as civic involvement and volunteerism, then repeat the core questions in fall 2007 to track trends. The research is funded by the John Templeton Foundation.

Frank Newport, editor in chief of the Gallup Poll, calls the analysis "intriguing. Baylor was able to ask many more probing questions than the usual surveys."

Others agree.

The Four Gods breakdown is helpful "if you are trying to understand religion's impact on society by how people see themselves from the inside, not by observations from outsiders," says John Green, a senior fellow at the Pew Forum on Religion & Public Life.

Baylor researchers determined the Four Gods breakdown by analyzing questions about God's personality and engagement.

The survey asked respondents to agree or disagree with any of 10 descriptions of their "personal understanding of what God is like," including phrases such as "angered by my sins" or "removed from worldly affairs." They could check off 16 adjectives they believe describe God, including words such as "absolute," "wrathful," "forgiving," "friendly" or "distant."

When USA TODAY asked people similar questions, it found views as varied as those of self-described fundamentalist Brian Snider of Madison, Ala., and Marilyn McGuire, who says she sees God in every sunrise and sunset, flower and kitten at her home on Orcas Island near Seattle.

Snider, 46, says God is "involved in the affairs of men at all times and he does judge us. … We still believe he is angry at sin."

McGuire, in her late 60s and once an active Episcopalian, now rejects all dogma. "I have my own system of what I think is true and sacred. I try to keep myself peaceful and keep myself in a loving state."

The four visions of God outlined in the Baylor research aren't mutually exclusive. And they don't include 5.2% of Americans who say they are atheists. (Although 91.8% said they believe in God, some didn't answer or weren't sure.)

Still, says Baylor's Christopher Bader, "you learn more about people's moral and political behavior if you know their image of God than almost any other measure. It turns out to be more powerful a predictor of social and political views than the usual markers of church attendance or belief in the Bible."

Though 12.2% overall say abortion is wrong in all circumstances, the number nearly doubles to 23.4% for those who see an authoritarian God and slides to 1.5% for followers of a distant God.

Highlights of Baylor's analysis:

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•The Authoritarian God (31.4% of Americans overall, 43.3% in the South) is angry at humanity's sins and engaged in every creature's life and world affairs. He is ready to throw the thunderbolt of judgment down on "the unfaithful or ungodly," Bader says.

Those who envision God this way "are religiously and politically conservative people, more often black Protestants and white evangelicals," Bader says. "(They) want an active, Christian-values-based government with federal funding for faith-based social services and prayer in the schools."

They're also the most inclined to say God favors the USA in world affairs (32.1% vs. 18.6% overall).

•The Benevolent God (23% overall, 28.8% in the Midwest) still sets absolute standards for mankind in the Bible. More than half (54.8%) want the government to advocate Christian values.

But this group, which draws more from mainline Protestants, Catholics and Jews, sees primarily a forgiving God, more like the father who embraces his repentant prodigal son in the Bible, Froese says.

They're inclined (68.1%) to say caring for the sick and needy ranks highest on the list of what it means to be a good person.

This is the group in which the Rev. Jeremy Johnston, executive pastor and communications director for his father's 5,000-member Southern Baptist congregation in Overland Park, Kan., places himself.

"God is in control of everything. He's grieved by the sin of the world, by any created person who doesn't follow him. But I see (a) God … who loves us, who sees us for who we really are. We serve a God of the second, third, fourth and fifth chance," Johnston says.

•The Critical God (16% overall, 21.2% in the East) has his judgmental eye on the world, but he's not going to intervene, either to punish or to comfort.

"This group is more paradoxical," Bader says. "They have very traditional beliefs, picturing God as the classic bearded old man on high. Yet they're less inclined to go to church or affiliate seriously with religious groups. They are less inclined to see God as active in the world. Their politics are definitely not liberal, but they're not quite conservative, either."

Those who picture a critical God are significantly less likely to draw absolute moral lines on hot-button issues such as abortion, gay marriage or embryonic stem cell research.

For example, 57% overall say gay marriage is always wrong compared with 80.6% for those who see an authoritarian God, and 65.8% for those who see God as benevolent. For those who believe in a critical God, it was 54.7%.

•The Distant God (24.4% overall, 30.3% in the West) is "no bearded old man in the sky raining down his opinions on us," Bader says. Followers of this God see a cosmic force that launched the world, then left it spinning on its own.

This has strongest appeal for Catholics, mainline Protestants and Jews. It's also strong among "moral relativists," those least likely to say any moral choice is always wrong, and among those who don't attend church, Bader says.

Only 3.8% of this group say embryonic stem cell research is always wrong, compared with 38.5% of those who see an authoritarian God, 22.7% for those who see God as benevolent and 13.2% who see God as critical but disengaged.

"I still believe in God," says Joanne Meehl, 56, of Barre, Mass., who wrote a book in the mid-'90s called Recovering Catholics. "But to me God is the universe, not as small as a 'He' or a 'She' but bigger than all of that." Humanity is on its own, she says. "People who do wrong are punished in this world, not in the next. This world is it."

Some might question whether a survey by Baptist-affiliated Baylor has a conservative Protestant tilt. For example, there's no mention of communion or saints — central to Catholic believers. Also, questions often used "church," with no mention of synagogues or mosques. But Baylor researchers say their testing finds people view the word as generic for "house of worship."

"This work was done by well-respected sociologists of religion," the Pew Forum's Green says. "Baylor is becoming a leading evangelical university in the same way Notre Dame is a leading Catholic university, by doing first-rate objective social science."

Rodney Stark, former president of the Society for the Scientific Study of Religion and part of the Baylor team, says: "We wanted to break from the past 30 years of narrow questions. " 'Do you believe in God?' Everyone says yes.

"If you ask 'Are you a Protestant, Catholic or Jew?' people don't even know what denomination they are today or what the label means."

Americans May Be More Religious Than They Realize (WP)

DOJ_NMG_0061689

By Michelle Boorstein

The Washington Post, September 12, 2006

A survey released yesterday posits the idea that the United States -- already one of the most religious nations in the developed world -- may be even less secular than previously suspected.

The Baylor University survey looked carefully at people who checked "none" when asked their religion in polls. Sociologists have watched this group closely since 1990, when their numbers doubled, from 7 percent of the population to 14 percent. Some sociologists said the jump reflects increasing secularization at the same time that American society is becoming more religious.

But the Baylor survey, considered one of the most detailed ever conducted about religion in the United States, found that one in 10 people who picked "no religion" out of 40 choices did something interesting when asked later where they worship: They named a place.

Considering that, Baylor researchers say, the percentage of people who are truly unaffiliated is more like 10.8 percent. The difference between 10.8 percent and 14 percent is about 10 million Americans.

"People might not have a denomination, but they have a congregation. They have a sense of religious connection that is formative to who they are," said Kevin D. Dougherty, a sociologist at Baylor's Institute for Studies of Religion and one of the survey's authors. Baylor is a leading Baptist university, located in Waco, Tex.

The finding reflects the new challenges involved in trying to categorize religiosity in the United States, where people increasingly blend religions, shop for churches and worship in independent communities. Classic labels such as mainline, evangelical and unaffiliated no longer have the same meaning.

For example, 33 percent of Americans worship at evangelical congregations, which sociologists say are places that espouse an inerrant Bible, the importance of evangelizing and the requirement of having a personal relationship with Jesus. But only 15 percent of respondents to the Baylor survey said the term "evangelical" describes their religious identity.

Scholars have been saying for some time that the relevance of denomination is decreasing. But the Baylor survey, which asks about such subjects as God's "personality" and what people pray about, adds to a debate about what that means. It reveals the complex ways Americans describe their religiosity, and the minefield for today's scholars in trying to measure it. Is someone religious if they attend church? If they believe in God? If they identify with a particular religious group? What if they do one but not the others? Which gets more weight?

Academics who study religious demographics disagree about the "nones," and the Baylor study won't end that debate. Some say they are mostly secular -- those who aren't atheist but don't consider religion important. Some say they are in interfaith families and have mixed identities.

Some say they are new immigrants, including many from China, and second-generation Hispanics.

One thing the experts agree on: "Nones" tend to vote liberal but tend not to identify with a political party.

"What is most associated with 'no religion' from a political point of view is independence," said Barry Kosmin, principal investigator of a telephone survey that queried tens of thousands of respondents. His American Religious Identification Survey found that the number of "no religion" Americans jumped from 14.3 million in 1990 to 29.4 million in 2001. "If you don't belong religiously, you don't belong politically," he said.

Among the most innovative aspects of the Baylor survey, say scholars who know about it, are questions about how Americans describe God's personality. Respondents were offered 26 attributes ranging from "absolute" to "wrathful," and were asked whether God is directly involved in and angered by their lives and what happens in the world.

The researchers separated God's attributes into four categories: wrathful, involved, benevolent and uninvolved. They found that the largest category of people -- 31 percent -- was made up of those who said they believe God is both wrathful and highly involved in human affairs.

Beliefs about God's personality are powerful predictors, according to the survey. Those who considered God engaged and punishing were likely to have lower incomes and less education, to come from the South and to be white evangelicals or black Protestants. Those who believed God to be distant and nonjudgmental were more likely to support increased business regulation, environmental protection and the even distribution of wealth.

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The changing demographics of the United States demand different polls as well, religion pollsters say. For example, approximately 3 percent of Americans observe faiths other than Christianity and Judaism. While still small, this group is growing rapidly, and scholars say that if current trends continue, that number could reach 10 percent in coming decades.

According to Democratic pollster Anna Greenberg, who focuses on religion, that is already the figure for Americans younger than 25.

Questions about the frequency of attending religious services aren't as relevant to Hindus and Buddhists, who often have worship spaces in their homes. Questions about weekly prayer services aren't as relevant to Muslims, who pray five times a day, she said.

John Green, senior fellow at the Pew Forum on Religion & Public Life focusing on religion and politics, said: "The broader point is that this country that's always been religiously diverse is becoming religiously diverse in a new way."

The 'Daily Show' Generation (USAT)

By Mary Zeiss Stange

USA Today, September 12, 2006

Is Jon Stewart a corruptor of youth or a political mentor?

The question is wacky enough to be a Daily Show headline. But it has been seriously posed by a number of academics, most recently in a study published in May by two political science professors in the journal American Politics Research.

In "The Daily Show Effect: Candidate Evaluations, Efficacy, and American Youth," Jody Baumgartner and Jonathan Morris, of East Carolina University, claim to have discovered that viewing Stewart's nightly satirical riff on the news causes college-age Americans to become cynical about politicians and the news media.

"Because young people are more impressionable … and thus more prone to any adverse effects The Daily Show might have," Baumgartner and Morris conclude that the greatest potential net effect of Comedy Central's Peabody Award-winning show is a sense of apathy among the 18-24 crowd, approximately half of whom view Stewart's program on a more or less regular basis.

They reached this conclusion by contrasting the responses of students who had viewed 2004 presidential election coverage on The Daily Show to those of students who had viewed similar reportage on CBS' Evening News. The study had an ironic edge to it, however: The cynical and potentially more apathetic Daily Show viewers also seemed to be "more confident about their own ability to understand politics" than those who had "consumed" the network news.

The "Daily Show effect" study made media waves when The Village Voice ran a story about it in its education issue for this fall. Suddenly, pundits showed more interest in the political thinking of college students than they had since the 2004 elections. In August, MSNBC's Chris Matthews featured the issue on his Sunday morning talk show, putting former CBS news anchor Dan Rather on the spot to explain why young viewers might have opted for Stewart over him. In reply, Rather said something about how that age group wasn't really his demographic.

As a college professor who, among other things, serves as faculty adviser to our progressive student organization, I was immediately struck both by the rightness of Rather's response, and by the wrongheadedness of the assumption that educated young adults cannot discern a relationship between Stewart's satire (which Baumgartner/Morris persistently call "sarcasm") and pointed political commentary.

Because the courses I teach — in women's and environmental studies, and in American religion — have contemporary "real world" implications, I customarily build a current-events component into them. These assignments serve two functions: One is for students to relate news items from various sources — newspapers, magazines, broadcast media and the Internet — to course content. The other, more important one, is for students to pay close attention to the way the news is being "packaged." Are there politically or otherwise skewed stories, editorial content masquerading as straight news, and so on?

Based on my experience with them, I can attest that the current college-age generation is generally, and increasingly, media savvy when it comes to critically "consuming" the news. I would further argue that this is more so because of shows such as Stewart's (and more recently its spinoff, The Colbert Report) as well as websites such as that of The Onion newspaper. After all, in order to "get" their humor, one has to already know something substantial about the stories they parody.

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As it turns out, two other academic studies, both from the Annenberg Public Policy Center of the University of Pennsylvania, bear out my classroom experience.

One was part of the Center's 2004 Election Survey under the direction of Kathleen Hall Jamieson. It disclosed that late-night comedy viewers were more likely than the early-to-bed general public to be knowledgeable about the issue positions and backgrounds of the presidential candidates — and viewers of The Daily Show were, as a group, better informed than those of David Letterman or Jay Leno.

These viewers were also younger, better educated and more likely to identify themselves as moderates or liberals.

Where did these hip, young Daily Show viewers get their knowledge of politics?

Not from conventional TV news. A second Annenberg report, released in May, studied media use among people ages 14-22 and found that for the majority of them (almost 60%), the Web is the primary source of news. Newspapers ranked a distant second, and the national evening news on TV (including cable networks) came in last. I'd say that over the years, the current-event reports in my classes have mirrored this pattern, bearing in mind that many people read newspapers online now.

A second set of facts emerged from this study: Reading newspapers (presumably, on- or off-line) increases political awareness, but searching the Internet increases both political awareness and civic engagement. The Daily Show generation, in other words, is not only apt to be more concerned about politics but also more likely to be spurred to do something with that concern.

The apparent sharp upsurge in the past several years of political activism — both liberal and conservative — on college campuses nationwide would seem to bear this out. Whether that activism will translate into significant voter turnout this November remains to be seen. But apathy it is not.

Are these same young people cynical about politicians and newscasters?

Well, yes. So are many of their elders. But don't blame that on Jon Stewart. As he himself famously pointed out on CNN's now-defunct Crossfire in October 2004, if the “serious” national news media are irked at being called to account by a show whose lead-in is “puppets making crank phone calls,” they have no one to thank but themselves.

Mary Zeiss Stange is an associate professor of women's studies and religion at Skidmore College; she's also a member of USA TODAY's board of contributors.

'Death Of A President' Courts Controversy, But To What End? (WSJ)

By Joe Morgenstern

The Wall Street Journal, September 12, 2006

The first question posed by "Death of a President" is whether a filmmaker has the right to shout Assassination in a crowded theater. That's what happened, in effect, on Sunday night at the Toronto International Film Festival when Gabriel Range's film was screened for the first time, to a turnaway audience. A fake documentary set one year in the future, "D.O.A.P.," as it has also been called, depicts the assassination of President Bush by a lone gunman, and the prosecutorial rush to judgment that follows.

The answer to the question is yes, of course a filmmaker has the right. A distinction must be made between provoking controversy with obviously fictional, albeit incendiary, events, and provoking panic over a nonexistent fire. What's more, Mr. Range, an Englishman with an uncommon gift for simulating reality on screen, plays a clever game with his audience, inviting a rush to judgment on the merits of his film. I confess to having done just that -- jumped to the conclusion, sight unseen, that nothing the film might contain would be likely to justify the implicit opportunism of its premise. Now that I've seen it, I think that sometimes one jumps to the right conclusion.

The action begins in October 2007, when Air Force One touches down in Chicago and a motorcade takes President Bush to a downtown hotel, where he is to deliver a speech on the economy. (Video snippets of speeches Mr. Bush has actually given in Chicago are seamlessly integrated with the staged reality.) The scene-setting is impressive, and plausible enough, if pessimistic. The economy has been battered by soaring oil prices. North Korea poses a suddenly imminent nuclear threat. Opposition to the war in Iraq has brought throngs of angry demonstrators to Chicago's streets. And the film is respectful of Mr. Bush as a person, even though its heart obviously lies with the demonstrators, and later the arrestees, who fiercely denounce his administration's policies.

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But the title of this production is, after all, "Death of a President," and its fateful narrative generates a buildup of anxiety from the moment the presidential plane hits the runway. The ingredients are mercilessly familiar: the motorcade hinting at Dallas; the surging protesters and club-wielding cops suggesting the deadly combat of Chicago during the Democratic convention of 1968; the president's vulnerability on the street evoking the attempt on Ronald Reagan's life. And I'm euphemizing when I say "anxiety." For those of us who are old enough to remember the assassinations of John F. Kennedy, Robert F. Kennedy and Martin Luther King, the right word is anguish: Mr. Range's film is an anguish-generator of enormous intensity.

But let's set aside that generational divide for the moment and acknowledge that works of art can and sometimes should evoke fear and dread in the beholder. The next questions are whether "Death of a President" is a work of art, and whether it puts us through what it puts us through in order to illuminate something else beyond the anger and potential violence of contemporary life.

The film is certainly artful in its deployment of tried-and-true documentary techniques to create an alternate reality. Before and after the assassination (the details of which are mercifully veiled by crowds and ensuing chaos), Mr. Range, who wrote the script with Simon Finch, uses actors in fictional straight-to-the-camera interviews to reconstruct the events leading up to the shooting, and to comment on what ensues. Mr. Range is very good at directing actors -- he may have a bright future in conventional fiction films. And the script is very sly in imputing to the new president -- President Cheney -- an eagerness to act on the basis of dubious evidence: i.e. the indictment of a Syrian immigrant, despite grave doubts about his guilt. "Cheney," we are told by one faux interview subject, "had been obsessed by Syria, and getting rid of Assad, for years." ("Death of a President" was originally made for British television. There are currently no plans for broadcast in the U.S., although the screening has stimulated interest in theatrical distribution.)

For a while "D.O.A.P." holds out the promise of political satire, however partisan, or some sort of structural analysis -- what a U.S. government might do in such circumstances, both domestically and globally. But the movie has less on its mind than meets the eye. The first two-thirds of the story is taken up with events surrounding the assassination. The tragic totems of 20th-century American history are all there -- the TV bulletins (which are strangely off-key), the state funeral, the grief-stricken faces, the riderless horse. Yet they seem perfunctory, and become less convincing (or more repugnant, in the case of still photos supposedly showing the president in an operating room) as the minutes tick by.

And in the aftermath, the film loses track of any consequences to Syria or anywhere else. Its focus is the scapegoating of the Syrian suspect in a trial that takes place, quite implausibly, only seven months after the assassination, and that leads to what used to be called, before Watergate faded from national memory, a post-Watergate ending, tinnily cynical and tacitly smug.

As a piece of postmodern, mockumentary filmmaking, "Death of a President" does play -- and I use that word advisedly -- with other issues. By dramatizing the government's dependence on questionable forensic evidence, by manipulating images and flagrantly falsifying contexts (as in excerpts from a Cheney speech that are made to seem a eulogy for the fallen president), it reminds us of the undependable nature of supposedly objective truth. As filmmaking for the sake of filmmaking, it's part of a familiar genre: "Citizen Kane" employed a fake documentary as its basic narrative device.

But another distinction must be made -- between clever films that play games with interesting themes, and a film that depicts the murder of a sitting president. This is not to suggest that what's seen on screen might provoke a mad act in real life. Too little is understood about such causal connections, and in any case one hopes, and must assume, that this president is protected adequately.

The problem is that the game played by Mr. Range and his colleagues turns out to be, at bottom, banal. Do we truly not know that reality can be altered, whether by Photoshop or official lies? And by playing it so glibly, "Death of a President" ultimately, and paradoxically, does what it professes to deplore -- devalues the difference between real and false. Mr. Range is a talented man who knows how to control images and emotions, up to a point. By virtue of its subject, however, "Death of a President" takes on an unreal life of its own. The film itself becomes a riderless horse.

'Death Of A President' Faces Tough Questions, Audience (USAT)

By Harlan Jacobson

USA Today, September 12, 2006

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TORONTO — The hot-ticket Death of a President, which had its world premiere here Sunday night, was not meant to be a political attack on President Bush, says its British TV director, Gabriel Range.

The film's title set off an orgy on the talk radio and TV circuit when it was revealed two weeks ago. But Range calls it a "fictionalized retrospective documentary … in which we're using the lens of the future to look at the present."

At press time, the British film did not have a deal for U.S. distribution.

In the movie, events are set forward to Oct. 19, 2007, when President Bush gives a speech to the Chicago Economics Club, a sequence lifted from archival news footage of Bush speaking to the real group earlier this year. Outside, the Chicago police beat protesters run amok.

As he walks from the hotel to his motorcade, "Bush" is assassinated.

The filmmakers use transplanted archival footage of Bush (and of Vice President Cheney giving a eulogy — critics tried to figure out whose funeral it was), but the actual assassination is a quick, blurry sequence reminiscent of the 1981 attempt on President Reagan.

Range says he used Photoshop, but the camera only fleetingly shows the president's face. The film is not, as the talk-radio world chattered last week, the work of fringe liberal Democrats having a wish-fulfillment fantasy. Range has given similar treatment to the collapse of the British transit system in a future-past 2003 doc called The Day Britain Stopped.

Death of a President flashes forward to a time after the administration has fictionally introduced Patriot Act 3, further expanding the power of government into the judicial process, which is seen as corrupted by the political need to blame Middle East enemies such as Syria. A Syrian immigrant is wrongly accused of the crime.

The movie didn't score any huge critical success here. The consensus seemed to be that the political conclusions — that American politics drives truth out the window — didn't seem to be worth the artistic effort to pump up the volume.

"They handled the assassination sequence well and not exploitively," says Todd McCarthy, film critic at Variety, who challenged Range after the screening for having too narrow of a focus on the future course of things.

"It's not as controversial as it could be," says Norman Wilner, who writes for the Toronto Metro weekly newspaper.

The point of all this specificity by Range and co-writer/producer Simon Finch is to make it seem real enough to audiences to get and keep their attention. "In order for what has affected us in the last five years to come across as realistic, it was important that George Bush be the president," Range told the packed 387-seat house at the downtown Paramount multiplex. "If we'd have used a fictional president, audience reaction would be completely different — like watching 24 or The Sentinel. This feels authentic."

Festival co-executive director Piers Handling agreed, saying: "It's just part of the cinema landscape now, that increasingly people want the immediacy of real experience, real information, and the simulation of that 'reality.' Otherwise, it all feels removed at a time when audiences are saying, 'Whatever it is, give us reality and let us deal with it.' "

Handling said showing the film "has had no adverse impact on us as a festival."

Toronto chief programmer Noah Cowan, who booked the film, says awareness of it has "launched like a bullet on the international scene. Why wouldn't we book it? It's a completely innovative and creative construction of the way images can be used — which is precisely the conversation we should be having at a film festival."

The auditorium was silent during the film while viewers tried to follow the stream of political and forensic jargon. Audience response at the end was an unsure round of applause.

The Republican Collapse May Not Be So Imminent (NYT)

By Michiko Kakutani

The New York Times, September 12, 2006

Despite lots of talk about President Bush's dismal poll numbers, corruption scandals involving Tom DeLay and Jack Abramoff and the toll that the war in Iraq and the administration's mishandling of Hurricane Katrina may take on the Republican Party in this fall's midterm elections, the veteran political reporter Thomas B. Edsall has some bad news for Democrats. While such developments "may take the G.O.P. down in individual elections," he writes in "Building Red America," the Republican Party

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"holds a set of advantages, some substantial and some marginal," that have enabled it to "eke out victory by slim margins in a majority of closely contested elections" and that will probably give it an edge in the foreseeable future.

For that matter, neither party is likely to be happy with the findings of this provocative though in many ways familiar book. Mr. Edsall, who covered national politics for The Washington Post from 1981 to 2006, accuses the Republicans of using their closely contested victories to advance a conservative agenda that "does not have the decisive support of the people," of further polarizing the electorate and cynically forcing it "to pick between extremes," and of using "the slimmest of political margins" to try "to remake America — as well as America's role in the world."

As for Democrats, he depicts them as hapless, unfocused and reeling from self-inflicted wounds. He contends that "the social-issue left overwhelmingly sets the agenda of the Democratic Party," often to the detriment of its candidates in general elections. He takes the party to task for its "lack of credible policies" in the areas of globalization and education. (He curiously has little to say about its internal schisms over foreign policy and national security.)

And he argues that "Democrats and liberals have shown little interest in maintaining and sustaining institutions designed to produce majorities in Congress and to win the White House." He says that progressives tend to make project-specific grants instead of building party infrastructure and that "the mainstay organizations of the left," which were created when liberals were in power, aim to influence "sympathetic decision makers," not "to wrest power from adversaries," as many of their counterparts on the right so aggressively do.

Unless the Democratic Party makes fundamental changes in its structure, tactical operations and long-range strategic planning, he writes, the odds are that the Republicans "will continue to maintain, over the long term, a thin but durable margin of victory."

Certainly Mr. Edsall has been wrong in the past: only a year before Bill Clinton captured the White House, he said in his 1991 book, "Chain Reaction" (written with Mary D. Edsall), that the Democratic Party was "in danger of losing its stature as a major competitor in national politics."

And his new book is hardly without flaws: his zeal to make larger points about the two parties can lead to some gross generalizations and to his glossing over potentially significant divisions within the Republican Party between libertarians and cultural conservatives, between deficit hawks and big spenders, between practitioners of old-fashioned realpolitik and neo-conservative advocates of the Iraq war.

Many of the observations made in this book have been made before by journalists and political strategists, but Mr. Edsall does a nimble job of pulling them together to form a coherent picture, buttressing his assessments with lots of demographic and polling data and situating them in a historical context.

While building upon ideas he originally set out in "Chain Reaction," Mr. Edsall also grapples with more recent arguments made by writers like Thomas Frank ("What's the Matter With Kansas?"); Kevin Phillips ("American Theocracy" and "Wealth and Democracy," as well as the classic "Emerging Republican Majority"); Jacob S. Hacker and Paul Pierson ("Off Center: The Republican Revolution and the Erosion of American Democracy"); and John Micklethwait and Adrian Wooldridge ("The Right Nation").

Clearly, some of Mr. Edsall's conclusions are bound to be debated. He contests the suggestion — advanced by Mr. Frank, among others — that the Democrats would help their cause by embracing an old-fashioned economic populism, asserting that the ideological and economic bifurcation of the party (with an affluent, college-educated elite on one end and many low-income voters on the other) does not lend itself to populist appeals.

In contrast to Mr. Micklethwait and Mr. Wooldridge, who have argued that "the center of gravity in American politics has moved to the right" and that America is truly "in the thrall of the Right Nation," Mr. Edsall contends that the Republican Party "has not achieved a political realignment" but has simply tried to impose a deeply conservative agenda on the country "without clear majoritarian public support."

As Mr. Edsall sees it, growing political polarization in the United States, the rise of the conservative movement and the recent successes of the Republican Party can best be understood in the context of two revolutions that have changed American society over the last four decades: a social and cultural revolution "driven by a commitment to equality and the extension of rights

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to previously marginalized groups," and a technological and economic revolution that has altered the job market and business models and expectations.

These revolutions, Mr. Edsall writes, have created "two roughly equal partisan coalitions, one on the left, the other on the right," and in an effort to assemble a winning political majority, he argues, the Republican Party "has tapped into and capitalized on the sense of dislocation and conflict generated by rapid cultural modernization among many middle- and working-class voters." In his opinion, it has done so largely by using wedge issues like abortion and gay marriage, which push voters' "anger points" and motivate the base.

Securing the base, Mr. Edsall argues, became a central Republican strategy, especially after Mr. Bush's chief pollster, Matt Dowd, sent a memo to Karl Rove, the Republican mastermind, in the wake of the highly contested 2000 presidential vote. The memo — which declared that the center of the electorate had collapsed, that true swing voters made up a mere 6 percent of the electorate — destroyed, in Mr. Edsall's words, "the rationale for Bush to govern as 'a uniter, not a divider,' " as he had promised. Instead, it "freed Bush to discard centrist strategies" and promote "polarizing policies designed explicitly to appeal to the conservative Republican core."

Mr. Dowd's finding that "you can lose the swing voters and still win the election, if you make sure your base is bigger than theirs," says Mr. Edsall, decisively affected the Bush administration's policy making on matters ranging from tax cuts to the Partial Birth Abortion Ban Act of 2003.

Mr. Edsall adds that trend lines suggest that "in America today, the G.O.P. has bested the Democratic Party in the symbolic manipulation of controversial sociocultural issues touching upon national security, patriotism, race, sex and religion," and that an array of demographic developments — including a "geographic distribution of voters" that gives the Republican Party "a strong, built-in advantage in the competition for control of the House and Senate" — has further enhanced the party's advantages.

Do the Democrats possess any advantages? Mr. Edsall cites a surge in small contributions to Democrats through online credit card donations in 2004 and the party's ability to capitalize on the Web, growth in certain constituencies (like Hispanic voters) that traditionally have favored the Democratic Party and an unwillingness on the part of a growing number of younger women to relinquish their "sexual autonomy."

His long-term outlook, however, points less to any signs of a Democratic resurgence than to what he sees as the Republican Party's philosophical shortcomings. "The protective stance of Republicans toward the rich and the dominant," he writes, "and the acquiescence to a morally and intellectually repressive social agenda are too much at odds with the American egalitarian ethic to achieve the overwhelming strength of the Democratic coalition of the New Deal era."

His conclusion: "Politics functions as a market, and the political marketplace is now significantly out of balance — it is in disequilibrium. If political parties were corporations, the political market would be viewed as territory ripe for takeover or for the entry of an outside competitor."

3 Killed Outside U.S. Embassy In Syria (AP-Y)

By Albert Aji, Associated Press Writer

AP, September 12, 2006

Gunmen apparently blew up a car outside the U.S. Embassy and exchanged fire with Syrian guards on Tuesday in a brazen attack on Damascus' diplomatic neighborhood. Syrian security forces killed three of the attackers, the government said.

The Interior Ministry, which is in charge of police, said a fourth assailant was wounded in what it called a "terrorist attack." The report, carried on state-run television, said an investigation was under way.

In Washington, a State Department spokesman confirmed the attack on the American Embassy by "unknown assailants" and said the event appears to be over.

"Local authorities have responded and are on the scene," spokesman Kurtis Cooper said. He said he had no further information.

A Syrian who works at the U.S. Embassy said there were no American casualities.

Rice Indicates Slight Shift In Stance On Iran Sanctions (NYT)

By Helene Cooper

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The New York Times, September 12, 2006

PICTOU, Canada, Sept. 11 — Secretary of State Condoleezza Rice, in an ever-so-slight softening of America's stance, on Monday left open the possibility that the United States might suspend efforts to impose sanctions against Iran if it suspended uranium enrichment for two months.

"First of all, it would have to be suspension — verified suspension," Ms. Rice said. "Secondly, it's suspension for suspension. We've said that if they suspend," the United States would in turn halt its pursuit of United Nations sanctions against Iran and would join European talks with Tehran over its nuclear program.

...

Ms. Rice, who said Monday that she had spoken with the European Union foreign policy chief, Javier Solana, about his continuing talks with Mr. Larijani, also urged caution. "As far as I know, the Iranians have not said that they would suspend prior to negotiations, which is what the issue has been," she said.

Mr. Solana said Sunday that he made progress in the search for a compromise with Iran, and added that he and Mr. Larijani would meet again soon.

The United States has long contended that Iran is stalling for time to develop what American officials say is a nuclear weapons capacity. Iran says its nuclear program is only to produce energy for civilian use.

Ms. Rice, speaking to reporters aboard a flight to Halifax, said that "the time is coming very soon when we'll have to vote on a Security Council resolution" about Iran. But, she added, "From our point of view we have nothing to lose, as we work toward this Security Council resolution, having Javier Solana explore with the Iranians whether there's a way to get to negotiations."

In Canada for ceremonies to mark Sept. 11, Ms. Rice thanked the nation for opening its airports to United States-bound flights on that day and honored Canadian victims of the attacks.

Much of the language regarding Iran is nuance. The formal proposal made earlier this summer by the United States and Europe to Iran — to suspend its enrichment activities in exchange for a package of incentives or face sanctions — does not require a permanent suspension.

Indeed, the proposal even includes an offer that one senior Bush administration official characterized at the time as the "when hell freezes over" clause: that Iran, after it has satisfied regulatory bodies that its nuclear ambitions are peaceful, might at some point in the future be allowed to enrich uranium on its own soil. The official spoke on the condition of anonymity because he was not authorized to speak publicly on the issue.

But the Bush administration has long made clear that what it wants is a permanent suspension. While that remains so, the coalition of six countries that made the offer to Iran is fragile, with Russia and China far less agreeable to the idea of sanctions against Iran than the United States and its European allies, Britain, France and Germany.

In order to keep Russia and China on board, Ms. Rice has taken pains to try to present the United States as taking a reasonable position and being willing to work with the Iranians. But the Americans have insisted all along on one non-negotiable demand: that Iran must suspend its enrichment activities.

The apparent shift in the American stance also reflects the hard realities that there are few good options on Iran, even if the Bush administration is able to get Russia and China to sign on to sanctions. Iran defied an Aug. 31 deadline set by the United Nations Security Council to halt production of nuclear fuel.

The United States is trying to get Russia and China, along with the European Union, to impose sanctions through the Security Council, beginning with restrictions on imports of nuclear-related equipment and material. Eventually, punitive measures might expand to restrict travel by Iran's leaders and limit Iran's access to global financial markets.

But few diplomats believe that Russia and China will agree to more than weak sanctions, and Ms. Rice must calculate whether the coalition will remain intact. If it does not, the United States could be left facing the possibility of further conflict in the Middle East at a time when it is still grappling with the Iraq war.

A nonproliferation analyst, speaking anonymously because he has not yet had time to review all the implications, said that part of the apparent new willingness by the United States to consider a temporary suspension might reflect the need to seize on any possible daylight with a country that has been an adversary since its Islamic revolution in 1979.

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Rice Leaves Door Open For Dealing With Iran (USAT)

USA Today, September 12, 2006

Secretary of State Condoleezza Rice did not rule out accepting what may be a new opening from Iran to bargain with the West over its disputed nuclear program, but she predicted Monday that United Nations sanctions would follow "if this does not work out."

Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other world powers over the future and scope of the Islamic republic's nuclear program.

Rice said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by an Iranian deadline. "The question is: Are they prepared to suspend verifiably so that negotiations can begin? … Nobody is going to become accustomed to a nuclear-armed Iran; that's why we're on this course," Rice said.

The United States has led the drive for the U.N. Security Council to impose economic or other sanctions if Iran does not halt its nuclear program. Iran ignored an Aug. 31 deadline to stop enriching uranium.

Uranium enrichment can lead to fuel for nuclear power reactors or for weapons. The United States accuses Iran of secretly trying to build a nuclear weapon. Iran says its program is to produce electricity.

House panel to take up tribunal bill

House Armed Services Committee Chairman Duncan Hunter, R-Calif., has drafted a bill largely along the lines of the Bush administration's plan to create military commissions to prosecute terrorism suspects. The bill he will ask the committee to approve Wednesday includes a provision that would allow judges to bar defendants from access to some evidence. The commission judges would be told they should determine what weight to give to any evidence that is withheld from the defendant.

Hunter's version is at odds with legislation that Senate Armed Services Committee Chairman John Warner, R-Va., and some of his Senate colleagues have drafted. Their bill would ensure that a defendant be allowed access to all evidence.

Hunter's proposal includes other slight deviations from the administration's proposal, including a requirement that no fewer than nine members of a commission be present in a case involving a potential death sentence. The administration's plan would allow five members to deliver a death sentence in certain cases. Hunter's bill also says the administration could convene commissions only in the cases of "alien illegal enemy combatants." The administration's plan would allow a broader range of terrorism cases.

Rice Open To Talks On Nuke Program (WT/AP)

By Anne Gearan

The Washington Times, September 12, 2006

HALIFAX, Nova Scotia -- Secretary of State Condoleezza Rice left the door open yesterday for consideration of a possible a new offer from Iran to bargain with the West over Tehran's disputed nuclear program.

Still, she predicted U.N. sanctions would follow "if this does not work out."

Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other powers over the future and scope of a nuclear program that Iran insists is peaceful. The Bush administration accuses Iran of hiding ambitions to build nuclear weapons.

Miss Rice said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by a deadline.

"As to time limitations, I haven't heard any Iranian offer, so I don't know what to make of that," she said. "But the question is, are they prepared to suspend verifiably so that negotiations can begin?"

"Our clock would be running, too," she told reporters aboard her plane.

Miss Rice was in Canada to thank Canadians for helping thousands of Americans stranded when their international flights were diverted on September 11 five years ago.

The United States has led a drive to ask the U.N. Security Council to impose economic or other sanctions if Iran does not roll back its nuclear program. Iran let pass without action an Aug. 31 deadline to stop uranium enrichment.

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Such enrichment can lead either to fuel for nuclear-power reactors or for weapons. International inspectors have been unable to determine whether Iran's program, begun in secret two decades ago, is intended only to produce electricity, as Iran has claimed.

Iran has said it will not give up what it calls its right to the full range of nuclear technology and expertise, and has been wary of even a temporary pause in its development program.

The West, and the United States in particular, says a pause is essential to prevent Tehran from gaining ground toward a weapon if that is its hidden aim. Iran did suspend its uranium activities during two years of negotiations with European nations that fell apart last year without a deal. Tehran claims that, with a suspension, there is no incentive for the West to cut a deal.

The latest Western offer, with the added inducement of face-to-face talks with the United States, would give trade, aid and political benefits to Iran if it scaled back its program and answered the West's concerns. Iran would still be able to develop civilian nuclear power.

"Nobody is going to become accustomed to a nuclear-armed Iran, that's why we're on this course," Miss Rice said.

She predicted, as other Bush administration figures have, that the Security Council would gradually ratchet up economic or political sanctions. The step-by-step approach is meant to offer Iran a way out as the pressure increases.

"I'm quite certain that you're going to see, if this does not work out, you're going to see sanctions, and that those will be commensurate with Iranian behavior," the top U.S. diplomat said.

The United States has had no diplomatic and few commercial or other ties with Iran since the 1979 storming of the U.S. Embassy in Tehran.

The diplomatic coalition against Iran has appeared ragged at times, but has so far held together. The issue may finally be at a turning point if the Security Council takes up sanctions, a step that two of the council's veto-holding members have publicly said they oppose.

Brief Nuclear Halt May Lead To Talks With Iran (WP)

By Glenn Kessler And Dafna Linzer

The Washington Post, September 12, 2006

Secretary of State Condoleezza Rice signaled yesterday that a temporary suspension of Iran's nuclear programs might be enough to pave the way for the first direct negotiations involving the United States and Iran in more than a quarter-century.

Speaking to reporters as she flew to Halifax, Nova Scotia, Rice said Iran needs to suspend uranium-enrichment activities before talks can begin, but she did not rule out something less than a permanent suspension. In talks over the weekend between Iranian and European officials, the chief Iranian negotiator offered a two-month freeze at the start of the talks.

"The point is, there would have to be a suspension," Rice said when asked about Iran's proposal. "If there is a suspension, we can have discussions, but there has to be a suspension. As far as I know, the Iranians have not yet said that they would suspend prior to negotiations."

Rice said she has not "heard any Iranian offer, so I don't know what to make of that," adding: "But the question is: Are they prepared to suspend, verifiably, so that negotiations can begin? That's the issue."

Rice's comments followed a round of private calls she had in the past day with European counterparts and came after positive meetings between European and Iranian officials. Two days of talks in Vienna between Ali Larijani, Iran's top nuclear negotiator, and Javier Solana of the European Union went well, and both sides said they will meet again Thursday, according to diplomats from both sides who spoke on the condition of anonymity because of the sensitivity of the negotiations.

"First of all, it's suspension, verified suspension -- that's the condition," Rice said. "Secondly, it's suspension for suspension," she said, meaning that if Iran freezes its program, then the United States and its allies would halt a push for U.N. sanctions.

France, Britain and Germany have committed to push for sanctions against Iran if it does not halt its uranium-enrichment program, but the Europeans are also eager to find a route to negotiations. Other members of the European Union have strongly supported talks, rather than punitive measures, noting that Iran's technical progress on its nuclear program has been marginal while its position as a major oil exporter leaves it with significant leverage to batter European economies. Japan, which has billions of dollars' worth of investments in Iran's oil and gas industry, has been reluctant to back sanctions.

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But all parties, including Russia and China -- two of Iran's closest economic partners -- have publicly said that Tehran must suspend its nuclear program for talks to begin.

Iran quit negotiations with the Europeans a year ago and restarted its nuclear program. In an effort to coax Iran back to the negotiating table, Rice announced in May that the United States would join the talks if Iran suspended its program again. The United States and its partners offered Iran the prospect of economic incentives if negotiations are successful -- or an escalating series of sanctions if the talks fail.

The Institute for Science and International Security, a nonpartisan think tank in Washington, yesterday posted a copy of Iran's confidential 21-page response to the offer of incentives that was officially conveyed in June.

David Albright, president of ISIS, said the document is tough to grasp and sometimes contradictory, but that there are positive elements, including a willingness to discuss suspension of uranium enrichment, even as Iran rejected the right of the U.N. Security Council to order a halt to enrichment activities. "This is not a hollow offer by the Iranians," he said -- adding, however, that "you just get mad reading this thing."

Iran, in its response, indicated willingness to comply with a Security Council obligation to freeze the program as long as it is not a precondition for talks. The Vienna meetings are aimed at finding face-saving ways out of the staunch positions all sides have taken while facilitating a path toward negotiations, officials said.

Rice spoke by telephone with Solana and with Mohamed ElBaradei, the head of the International Atomic Energy Agency overseeing a probe of Iran's nuclear program. Agency inspectors, in their fourth year of investigation, have not found proof of a weapons program but have also been unable to verify Iran's assertion that the enrichment program is strictly for energy production.

Rice reiterated yesterday that if the talks do not materialize, the United States will push for sanctions. "Our clock would be running, too," she said. "Nobody is going to become accustomed to a nuclear-armed Iran. That's why we're on this course."

Iran Closes Down 2 Opposition Newspapers (AP)

By Ali Akbar Dareini

AP, September 12, 2006

Iran closed down two opposition newspapers on Monday, one of which had recently poked fun at hard-line President Mahmoud Ahmadinejad and the way his government has handled nuclear talks with the West.

It was a fresh show of determination by Iran's ruling clerical establishment to silence dissent over its handling of nuclear talks with the West and deny reformers a chance to air their views ahead of elections scheduled for Dec. 15.

The rights group Reporters Without Borders voiced concern last week about harassment of Iranian journalists, including prison sentences and interrogations. Ahmadinejad has purged dozens of journalists, university professors and government officials seen as supporting warmer ties with the West.

Iran's most prominent reformist daily, Shargh, or East, ran a cartoon Thursday depicting a horse and donkey facing each other on a chess board. The donkey — a symbol of ignorance in Iranian culture — has his mouth open and light around him, while the horse shows no emotion.

Iranian judiciary officials apparently took the donkey to represent Iran in nuclear negotiations with the West, journalists said.

Ahmadinejad reportedly said he felt there was a light around him, and that world leaders focused unblinkingly on him when he addressed the U.N. General Assembly last year. Ahmadinejad is reportedly planning to address the assembly again later this month.

"We got a call from the Press Supervisory Board saying that we have no right to publish our newspaper as of today," Shargh editor Mohammad Ghouchani told The Associated Press.

Iran's official news agency reported the paper was ordered closed down for "dozens of violations," including the cartoon's publication and "publication of material against the rulings by the Supreme National Security Council." The council handles Iran's nuclear negotiations with the West.

"In recent months, nuclear officials have been warning the press to be careful over what they publish over Iran's nuclear policy and not write anything that contradicts what they do," reformist lawmaker Esmaeil Gerami Moghadam told the AP.

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State-run television said Shargh was shut because it failed to appoint a new managing director to "more aggressively supervise material published in the paper."

The current managing director, Mahdi Rahmanian, denounced such a demand.

"Pressure on the press to change their managing director is illegal. The law doesn't allow the board to make such a demand," he said.

The Press Supervisory Board also ordered the political monthly Nameh, or Letter, to be closed down, IRNA reported Monday.

The paper's editor, Majid Tavallaei, said the reason behind the closure was the publication of a poem from dissident female poet Simin Behbahani. The text of the poem was not immediately available.

"Publication of the poem is seen as the main reason for the closure. They have taken that as an insult," Tavallaei said.

Echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued under the republic's late founder, Ayatollah Ruhollah Khomeini.

Upon taking office last year, Ahmadinejad replaced nearly all his country's governors and lower provincial officials, as well as 40 ambassadors. Many of Iran's top government officials are now either former commanders of the elite Revolutionary Guards or former hard-line security officials.

Last week, he urged students to push for a purge of liberal, secular university teachers, and dozens of such instructors have been sent into early retirement during Ahmadinejad's rule.

Ahmadinejad and supreme leader Ayatollah Ali Khamenei both appear on a list of "press freedom predators" compiled by Reporters Without Borders each year.

Iran saw a wave of newspaper closures in past years amid a confrontation between reformers and hard-liners during the 1997-2005 tenure of reformist President Mohammad Khatami.

The hard-line judiciary shut down more than 100 pro-reform newspapers and jailed dozens of editors and writers on vague charges of insulting authorities.

But Moghadam said the new wave of press crackdown meant no tolerance for criticism ahead of upcoming elections.

"It is a clear message that they don't tolerate any voice of opposition. They also don't want reformers to convey their message through Shargh to the people ahead of the elections," he said.

Iran is preparing to hold elections for the Assembly of Experts, a clerical panel that has the authority to choose or dismiss Iran's top leader, and city council elections. Both are slated for Dec. 15.

Iran Shuts Top Reformist Paper, Citing Cartoon Seen As An Insult (NYT)

By Nazila Fathi

The New York Times, September 12, 2006

TEHRAN, Sept. 11 — Iran's conservative press watchdog shut down four publications on Monday, including a major reformist newspaper.

The reformist daily, called Shargh, or East, was shut down indefinitely because the newspaper had refused to replace its director and because it published a cartoon in a recent edition that was considered insulting to the government, state-run television said, citing a statement from the press monitoring agency.

"Shargh was banned and referred to the court because of its frequent violations and refusing to make amends in the past month, especially an insulting cartoon in a recent edition," the statement said.

The statement said that the press agency had issued 70 warnings to the popular newspaper, which has a circulation of 100,000, and had ordered it to replace its managing director, which it had not done.

The cartoon published Thursday showed two chess pieces, a white knight facing an angry black donkey, a symbol of ignorance in Iran, on a checkered board. Journalists working at the newspaper said the cartoonist had tried to make the black donkey clearer on the checkered board by making the area around it whiter.

The cartoon was believed to be a reference to Iran's negotiations over its nuclear program, The Associated Press said, and an insult to President Mahmoud Ahmadinejad.

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He had been reported to have said that he felt in the spotlight with world leaders focusing unblinkingly on him when he addressed the United Nations General Assembly last year.

The political monthly Nameh, or Letter, was also shut down Monday, the news agency ISNA reported, but no reason was announced. The journal was published by religious nationalistic opposition groups.

The press agency also revoked permits for two other journals, Hafez and Khatereh. Hafez was a literary and historical monthly that had published articles about a former monarch of Iran.

"It seems that the government is limiting the freedom at home as the international pressure is increasing on Iran over its nuclear program," said Mohsen Kadivar, a dissident cleric and an Islamic philosopher in Tehran. "Now that the threat of sanctions looms, the government does not want to hear any protest at home."

The government shut down the daily newspaper Iran in May and jailed two of its journalists after it published a cartoon that Iranian ethnic Azeris said had mocked them.

More than a hundred newspapers and journals were shut down in previous years by the conservative judiciary. But the press has come under even stronger pressure since Mr. Ahmadinejad's election a year ago. Last month, a government spokesman, Gholamhossein Elham, was reported to have sent a letter to the public prosecutor calling on him to act against newspapers that publish accusations against the government.

In addition to the crackdown on the press, two political prisoners have died recently.

One prisoner, Valiollah Feyz Mahdavi, hanged himself last Wednesday, the government said. He had been sentenced to death on charges that he had ties to an armed opposition group in exile, the Mujahedeen Khalq. Mr. Mahdavi's death sentence had recently been upheld by a supreme court.

Another political prisoner, Akbar Mohammadi, died in jail on July 30, after a hunger strike protesting prison conditions.

Human Rights Watch warned last week that the health and safety of Iranian political prisoners was in grave danger and called on the government to appoint an independent commission of Iranian lawyers and doctors to investigate the recent deaths.

Iranian Newspaper Ordered Closed After Publishing Cartoon (LAT)

By Babak Pirouz

The Los Angeles Times, September 12, 2006

TEHRAN — Press authorities on Monday ordered the temporary closure of Shargh, Iran's leading reformist newspaper, just days after the publication printed a cartoon that appeared to lampoon Iranian nuclear negotiations.

In a letter to the paper's managing director, the Press Supervisory Board ordered the shutdown "for publishing articles insulting to religious, political and national figures, and fomenting discord."

The board also cited the publication's failure to comply with an earlier order to replace its managing editor, and about 70 previous warnings for violations of the press law in recent years.

Shargh, published by allies of former President Hashemi Rafsanjani, is the most widely read newspaper critical of the government and is one of the few reformist publications operating as the government increasingly cracks down on dissent.

A second opposition publication, the political monthly Nameh, also has been closed in recent days, reportedly for publishing a poem by dissident female poet Simin Behbahani, the Islamic Republic News Agency reported Monday.

The orders are the latest in what appears to be the beginning of a crackdown against reform-minded publications and journalists under President Mahmoud Ahmadinejad that also has resulted in the arrest of high-profile dissidents and the purging of dozens of liberal, secular professors from the nation's universities.

Journalists over the last two months have been sentenced to prison terms ranging from six months to four years for offenses that included "propaganda against the regime" and "insulting" Iran's supreme religious leader.

"By its recent actions, the government is now trying to control the way the news is produced, distributed and received," said Mashallah Shamsolvaezin, a spokesman for the Iranian Committee for the Defense of Freedom of the Press and editor of a number of reformist newspapers shut down by the judiciary.

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The press board said it had warned the publishers of Shargh, which had been shut down for a week in February 2004 over similar charges, to appoint a new managing editor and halt its publication of material "insulting officials, religious and national figures."

The most recent purported violation was the publication Thursday of a cartoon titled "The Other Rule for Playing the Game," which depicted a horse and a donkey on a chessboard. A white halo appears around the donkey, an apparent reference to reports in several reformist papers that Ahmadinejad said he had been told that witnesses to his address at the United Nations last year had seen a halo of light around him. The president denied making the statement.

The board has referred the newspaper's case to the courts for trial. Mehdi Rahmanian, the managing editor, has vowed to appeal the closure.

Recent actions by the government seem to point to new restrictions for the press. In August, the government spokesperson wrote a letter to the judiciary demanding action against those spreading "falsehoods" about the government. Last week, the Ministry of Islamic Culture and Guidance published restrictions barring the use of most reformist websites as sources.

Proxy Terrorism From Iran (LAT)

By Natan Sharansky

The Los Angeles Times, September 12, 2006

IN THE SUMMER of 2000, Russian President Vladimir V. Putin told me a story that I have been unable to get out of my mind. We were meeting in the Kremlin, and I raised the grave danger facing the world from the transfer of missile technology and nuclear material to the Iranians. In Putin's view, however, the real danger came not from an Iranian nuclear-tipped missile or, for that matter, from the lethal arsenal of any nation-state.

"Imagine a sunny and beautiful day in a suburb of Manhattan," he said. "An elderly man is tending to the roses in his small garden with his nephew visiting from Europe. Life seems perfectly normal. The following day, the nephew, carrying a suitcase, takes a train to Manhattan. Inside the suitcase is a nuclear bomb."

The threat, Putin explained to me a year before 9/11, was not from this or that country but from their terrorist proxies — aided and supported quietly by a sovereign state that doesn't want to get its hands dirty — who will perpetrate their attacks without a return address. This scenario became real when Al Qaeda plotted its 9/11 attacks from within Afghanistan and received support from the Taliban government. Then it happened again this summer, when Iran was allowed to wage a proxy war through Hezbollah in southern Lebanon and northern Israel. But this time, the international community's weak response dealt the global war on terror a severe blow.

Five years ago, after 9/11, such a lack of culpability seemed inconceivable. That was when President Bush abandoned the conventional approach to fighting terror by vowing that the United States would henceforth make no distinction between terrorists and regimes that support them. You are either with us or you are with the terrorists.

In the pre-9/11 world, regimes were rarely held responsible for the actions of terror groups. Now the Taliban regime was being held accountable.

This was critically important for two reasons. First, it recognized that international terrorism relies on the support of sovereign states. It is regimes, after all, that give terror groups territory on which to train, arm and indoctrinate their members, and regimes that provide them critical financial, diplomatic, logistical and intelligence support.

Second, although shadowy terror cells are difficult to eradicate fully and suicidal fanatics impossible to deter, the regimes that support terror groups do have a return address and are rarely suicidal. Thus, holding the Taliban responsible for the actions of Al Qaeda, and elevating the logic for doing so to a central principle in the war on terror, greatly enhanced deterrence. Every single regime was immediately put on notice.

Fast forward five years. Hezbollah launches an unprovoked attack on Israel. It is clear that Hezbollah is a proxy of Iran. It is public knowledge that Hezbollah receives more than $100 million a year from the Iranian regime, as well as sophisticated weapons and training.

Yet Iran has paid no price for its proxy's actions. No military strikes on Iranian targets, no sanctions, no threat whatsoever to Iranian interests. On the contrary, in the wake of the war, there have been renewed calls in the democratic world to "engage" Iran.

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Symptomatic of the moral myopia in the West is a farce worthy of Orwell: Former Iranian President Mohammad Khatami, under whom students were tortured after a 1999 crackdown at Tehran University and whose rule was marked by the continued stifling of dissent, spoke Sunday at Harvard's Kennedy School of Government on "Ethics of Tolerance in the Age of Violence."

The Iranian regime's intentions are clear. It calls for "wiping Israel off the map" and tells its followers to "imagine a world without America." It seeks to dominate the Middle East. By failing to hold Iran accountable for its brazen support of Hezbollah, the free world has undermined a central pillar in the war on terror and given the Iranian regime a huge weapon for achieving its ambitions. Now the mullahs know they can attack a democratic country with impunity.

Considering the apocalyptic fanaticism of Iran's leader, it is an open question whether the current regime in Tehran is capable of being deterred through the threat of mutually assured destruction. But given how the world has responded to Hezbollah, the point may be academic. For surely Iran would be better served by using proxies to wage a nuclear war against Israel. And if there is no accountability, why stop with Israel?

The road to a suitcase bomb in Tel Aviv, Paris or New York just got a whole lot shorter.

Starting Another War (NYT)

By Nicholas D. Kristof

The New York Times, September 12, 2006

It is quite possible that President Bush will bomb Iran's nuclear installations over the next couple of years.

Let's hope he looks at how Israel shot itself in the foot in Lebanon this summer and resists the siren calls of neocons who claim that a few air raids would make the Iranian nuclear menace disappear.

The argument Mr. Bush is hearing in favor of an airstrike is pretty simple: Iran is a terrorist regime that has sponsored attacks on Americans and on Jews (as far away as Argentina). The president of Iran is a hard-liner who has used language that, while subject to debate among Farsi speakers, may mean that his aim is to wipe Israel off the map.

A nuclear Iran would also have a devastating ripple effect around the region: Saudi Arabia, Egypt and Turkey might go nuclear as well. And considering how reckless Iran's foreign policy has already been, imagine if it felt emboldened with a nuclear weapon.

Moreover, if Mr. Bush doesn't strike Iran, there's a good chance that Israel will — and the U.S. would still get blamed (partly because the Israeli planes would fly through American-controlled airspace over Iraq).

So if the U.S. is going to get the blame either way, why not do it right, with a combination of American bombers and cruise missiles destroying Iranian nuclear sites in Natanz, Isfahan, Arak and perhaps Bushehr? A successful strike would have to destroy not only buildings but also kill the scientists involved; this is one military strike that would surely occur during working hours.

That's the argument. But Iran's leaders are probably praying for such a strike; it may be the only way that they can stay in power for more than another decade.

I've never been in a country where the government is so unpopular as in Iran, with the possible exception of Burma. The government is so corrupt, tyrannical and incompetent that it will eventually collapse — unless we attack its nuclear sites and trigger a nationalistic surge of support for the regime.

We Americans are still paying the price for our involvement in the 1953 overthrow of the elected Iranian government of Mohammed Mossadegh; if we bomb Iran, we may cement the mullahs in power for another 50 years.

Moreover, the military options are wretched, partly because Iran is probably doing much of its work at sites we can't destroy because we don't know where they are. The Natanz site for now is an empty room. We might kill Russian technicians at Bushehr or elsewhere, and Iran might retaliate with terror attacks aimed at us (counterterrorism experts suspect that Iran has sleeper agents in the U.S. whom it could activate).

A military strike would also do nothing more than buy time. Ashton Carter, a former senior Pentagon official who has studied the possibility of a strike and considers it feasible (but unwise at this time), estimates that a one-time strike would delay Iran's nuclear weapon at most three or four years. The U.S. could then go back and hit the sites again, but Iran presumably would hide the locations, so later strikes would be less effective.

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Dov Zakheim, who was under secretary of defense in Mr. Bush's first term, recalls that fears of Pakistan's "Islamic bomb" proved exaggerated and notes that Iran doesn't treat its 20,000 Jews as wretchedly as its rhetoric would suggest (Iran continues to be home to more Jews than any Middle Eastern country save Israel). Mr. Zakheim argues that the best way to protect Israel is to give Israel improved missile defense capabilities on the understanding that it not launch a first strike against Iran.

As for alternatives to bombs, the best option is more of the carrot-and-stick diplomacy that the West is already engaging in (including direct Iran-U.S. talks) — and keeping International Atomic Energy Agency inspectors in Iran to uncover the hidden sites. Few experts expect Iran to give up its nuclear program altogether, but it's likely that Iran could be persuaded to adopt a Japanese model: develop its capacity to the point that a bomb could be completed in weeks or months, but without testing or stockpiling weapons.

Granted, expert reassurances are easier to accept if you live in New York than in Tel Aviv, and the consequences of being wrong would be horrific. But however one judges the risks, the one thing we should have learned from Iraq and Lebanon is that military "solutions" can leave us worse off than before.

Abbas Agrees To Share Power With Hamas (AP)

By Diaa Hadid

AP, September 12, 2006

Palestinian President Mahmoud Abbas struck a deal Monday to share power with the militant Islamic Hamas, an accord that could restore international aid and could lead to contacts with Israel.

The breakthrough compromise falls short of international demands that Hamas fully renounce violence, but Israeli officials still voiced cautious support for the accord.

Hamas, which is committed to Israel's destruction, swept to victory in January legislative elections, defeating Fatah, and formed a government by itself. The West and Israel reacted by cutting off hundreds of millions of dollars in aid, accusing Hamas of being a terrorist group.

Initially, Palestinians held the West and Israel to blame for their misfortune, but in recent weeks, they have directed that criticism at the government. Tens of thousands of civil servants launched a strike this month to protest the government's failure to pay them. A two-month Israeli offensive in the Gaza Strip — begun after Hamas-linked militants infiltrated Israel and captured a soldier — has added to the Palestinians' misery.

After months of on-and-off talks, Abbas, the moderate Fatah leader, and Prime Minister Ismail Haniyeh of Hamas announced the accord Monday.

"The continuous efforts to form a national unity government have ended successfully with the announcement of a political program for this government," Abbas told Palestinian television. "Efforts in the next few days will continue to complete the formation of the national unity government."

Abbas aide Nabil Abu Rdeneh said the president would dissolve the Hamas-led government within 48 hours to clear the way for the formation of a coalition.

Haniyeh, who said earlier that he would retain his post in the new government, confirmed the two parties planned to rule together.

"I bring good news to the Palestinian people, and I feel proud and content that at this important moment we establish a national coalition government," Haniyeh said.

Both Fatah and Hamas officials said their deal was based on a proposal — formulated last spring by prominent prisoners held by Israel — that many have interpreted to imply recognition of Israel.

That proposal calls for a Palestinian state alongside Israel — effectively abandoning the Hamas goal of destroying the Jewish state — and accepts U.N. resolutions that call for compromise with Israel. Hamas also would allow Abbas to handle all dealings with Israel.

In addition, it also endorses a wider Arab plan seeking a comprehensive peace agreement with Israel. Arab allies of the U.S. are expected to present the plan to the U.N. Security Council this month.

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Israel has been cool to the Arab plan, since it would require a withdrawal from all territories captured in the 1967 Mideast War, including east Jerusalem. Israel wants to adjust the borders to include some main Jewish settlements.

Foreign Minister Tzipi Livni said Israel would maintain its tough line with Hamas. "It doesn't matter what Palestinian government there may be, it must fulfill the three conditions" set by the international community, she said in Jerusalem. She was referring to the demands that Hamas renounce violence, recognize Israel's right to exist and accept previous peace agreements.

She also said budding ties with Abbas could be in danger if Hamas does not comply. "Abu Mazen and Fatah cannot join a government that does not fulfill the conditions," she said, referring to Abbas. "If he does, I feel we will have a problem."

Prodded by visiting British Prime Minister Tony Blair, Abbas and Israeli Prime Minister Ehud Olmert both said they were prepared to hold their first working meeting.

In Beirut, Lebanon, a spokesman for Blair said the British leader regarded the Palestinian leaders' announcement as "potentially, a hugely significant statement."

Monday's agreement indicated that Hamas has finally buckled under the crushing international sanctions, imposed six months ago to pressure it to moderate. Without the vital international aid, the government was unable to pay salaries to its tens of thousands of civil servants. The government is the largest employer in the Palestinian areas, and the economic crisis caused widespread hardship.

"When we came to power, we wanted to achieve our Islamic program — to reduce people's suffering, to eliminate corruption, anarchy and lack of security, and of course, to find a resolution for the Palestinian issue," said Mushir al-Masri, a Hamas lawmaker. "Because of the embargo we faced, and its result on the Palestinian street, we couldn't achieve all of that."

A smaller Islamic militant group, Islamic Jihad, said it would not join the government, but spokesman Khader Habib said if a cease-fire with Israel is declared, "we will not sing out of tune."

Palestinian officials have been looking to Europe to lead the way in lifting the sanctions. European leaders have recently welcomed the Palestinian efforts to form a unity government.

Mouin Rabbani, an analyst with the International Crisis Group in Jordan, said Monday's agreement was a "positive signal" but by no means meets the requirements of the U.S. and the European Union.

While European countries have signaled they will reassess their policies toward a Palestinian national unity government, the signals are "far short of a formal policy commitment, and will be put to the test," he said.

Abbas And Hamas Agree To Coalition Government (LAT)

By Ken Ellingwood

The Los Angeles Times, September 12, 2006

JERUSALEM — Palestinian Authority President Mahmoud Abbas said today that his Fatah movement would join Hamas in a coalition government, a bid to quell factional clashes and persuade the West to halt an aid cutoff that has left the treasury broke.

The pact may help bring a measure of calm to the Gaza Strip and West Bank, easing protests by long-unpaid public workers and strife between the two parties' gunmen. However, it remained unclear whether a government reshuffle would go far enough to restart the flow of hundreds of millions of dollars in aid from foreign donors, including the United States.

Abbas announced the agreement after talks in Gaza City on Sunday with leaders of Hamas, the radical Islamist group that gained control of the Palestinian government after winning parliamentary elections in January. The U.S. and European Union cut off direct aid soon after because they classify Hamas as a terrorist group.

"The continued efforts to form a national unity government ended successfully by determining its political program," Abbas said in a statement posted by the official Wafa news agency.

Palestinian officials said Abbas would dissolve the Hamas government in the coming days and that a new governing coalition would be named, most likely under Hamas leadership but including other factions. Ghazi Hamad, a spokesman with Hamas, said the parties still needed to work out the makeup of the government.

"I am happy to bring our people the good news that we took into consideration the Palestinian people's supreme interests and the preservation of their rights," said Prime Minister Ismail Haniyeh of Hamas, who is expected to lead the new government.

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Details of the agreement were not released. A key unanswered question was whether the proposed government would satisfy the three conditions laid out by the so-called quartet of Middle East intermediaries — the U.S., the EU, Russia and United Nations — in order to resume the flow of aid. Those conditions are: recognizing Israel, halting violence and agreeing to honor past Israeli-Palestinians agreements.

Analysts said a government shake-up might be enough to get at least partial renewal of aid, such as from European donors.

Hamas, whose charter calls for Israel's destruction, has steadfastly refused to recognize Israel explicitly and maintains that Palestinians have the right to resist the Israeli occupation with violence, if necessary. Hamas leaders had previously said they would honor past agreements only as long as they benefited the Palestinian people.

U.S. officials in Jerusalem said they were awaiting details on today's deal.

Israel officials reacted cautiously, saying they wanted to see whether the proposed unity government would expressly accept the three international conditions and win the release of Cpl. Gilad Shalit, an Israeli soldier taken captive by Gaza-based militants June 25. Since Hamas took power, Israel has withheld about $50 million a month in tax and customs revenues that it collects on behalf of the Palestinians under a long-standing economic agreement.

"If a future Palestinian government were to accept the three benchmarks and they were to bring about the immediate release of Gilad Shalit, that would create new momentum, re-energize the peace process and put the Israeli-Palestinian dialogue back on track," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "Anything short of that would, unfortunately, be a recipe for stagnation."

Ziad abu Amr, an independent Palestinian lawmaker who mediated the negotiations between Fatah and Hamas, said Hamas had agreed to accept past Arab peacemaking initiatives and U.N. resolutions on the conflict. By accepting these, the group could be seen as having recognized Israel implicitly.

Hamas spokesman Sami abu Zuhri said that Hamas had not changed its positions. "We have said that we will not recognize the legitimacy of the occupation," he said in Gaza.

But it is still possible that the unity government could recognize Israel. Abu Amr, in a telephone interview from Gaza, said it is significant that the agreement was acceptable to Abbas, who favors negotiations with Israel and has repeatedly urged Palestinian militants in Gaza to stop firing rockets across the border into Israeli towns.

"It meets with the satisfaction of the president, who is fully aware of what the world wants," he said.

Abu Amr said Abbas made it clear that the new government could not succeed unless militants halted the rocket attacks and release Shalit, who was taken into Gaza after his capture. Hamas fighters claimed partial responsibility for the raid.

Since late June, Israel has carried out on-again, off-again military operations in Gaza that have left more than 200 Palestinians dead and led to the arrest of more than two dozen Hamas legislators and Cabinet members in the West Bank .

The coalition pact announced today stemmed from a "reconciliation agreement" hammered out by the parties in June that accepted a unity government in principle but was vague in its wording about Israel.

Abbas, whose Fatah Party accepts Israel and a two-state solution to the Middle East conflict, has sought to persuade Hamas to moderate its positions. While Abbas is president, Hamas holds a parliamentary majority and thus controls the government.

Hamas' tenure has been marked by factional violence, grave economic shortages due to the aid cuts and the collapse of many government services. Teachers and public employees have been on strike for more than a week to protest the government's failure to pay them regularly since February.

Hamas and Fatah gunmen, often members of the security forces, have clashed at times, contributing to a lawless climate, especially in the Gaza Strip.

Abbas too must shake things up if he has any hope of breaking the impasse and moving forward to try to negotiate a peace deal with Israel, said Ali Jarbawi, a Palestinian political analyst.

"He is willing to do what is necessary to break this deadlock," Jarbawi said. "If the only way is a national unity government and everyone gets a piece of the cake, fine." ken.ellingwood@latimes.com

Fatah, Hamas Move Toward Unity (WT)

DOJ_NMG_0061707

By Joshua Mitnick

The Washington Times, September 12, 2006

TEL AVIV -- Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh announced an agreement in principle yesterday on the formation of a unity government comprising ministers from their rival Fatah and Hamas parties.

The final agreement is expected to include an implicit recognition of Israel by Hamas, but it was not clear whether it would go far enough to end an international aid boycott that has paralyzed the Palestinian government and left its workers unpaid for months.

The United States and European Union have insisted that aid cannot resume until the Palestinian government recognizes Israel, renounces terrorism and agrees to honor previous treaties with the Jewish state.

Mr. Abbas and Mr. Haniyeh announced their agreement following weekend talks in Gaza City, Gaza Strip. A spokesman for Mr. Abbas said he hoped to conclude all the details within 48 hours.

Mr. Abbas hopes to persuade Hamas to sign on to a three-year-old Saudi peace formula calling for a full Israeli withdrawal from territories occupied since 1967 in return for full peace, and to recognize the Palestine Liberation Organization's role as the body responsible for negotiating international agreements.

"An agreement in principle was reached," said Saeb Erekat, a peace negotiator and aide to Mr. Abbas, "but there are many details to be ironed out, like composition of the government and the program of the government."

There was some doubt that all the questions could be resolved within the 48-hour time frame. Indeed, Palestinian officials in late June announced the creation of a unity government that never materialized.

Since then, Hamas has come under intense pressure to strike a power-sharing deal with Fatah that would restore billions of dollars of annual aid that pays the salaries of some 140,000 employees.

The Palestinian Authority has been shut down for a week by striking civil servants who are protesting the government's failure to pay salaries for the past six months.

While there was no direct U.S. endorsement of the accord between Palestinian factions, the State Department said yesterday that any Palestinian government must renounce violence and accept Israel's right to exist to join now-dormant Mideast peacemaking efforts and qualify for a resumption of full Western aid.

State Department spokesman Gonzalo Gallegos said the Palestinian government must accept the "three principles of peace" -- disavowal of terror and violence, recognition of Israel and acceptance of previous agreements between the two sides, including a peacemaking process, the Associated Press reported.

The top editor of Hamas' weekly newspaper in the West Bank confirmed Israeli newspaper reports that the Islamic militants had agreed to support the Saudi peace initiative, but no confirmation was offered by Hamas officials yesterday.

"If we are united, then we can present ourselves as a strong group to the international community and the world," said Yazeed Khader, the editor of the Hamas weekly.

Israeli press reports said that Mr. Haniyeh was expected to remain prime minister in the new government.

Hamas' surprise victory in a January parliamentary vote gave it a majority of the Palestinian legislators and exclusive control over the Palestinian Cabinet.

Since then, the Islamic militants have refused to budge from their rejection of peace talks and refusal to recognize Israel.

During coalition talks with Hamas, Mr. Abbas has pushed for a political program based on a joint declaration issued by imprisoned Palestinian militants from both Fatah and Hamas.

Known as the "prisoners document," the declaration affirms the role of the plo -- headed by mr. Abbas -- as the political body responsible for negotiating international peace treaties aimed at establishing a palestinian state. Many consider ratification of the document an implicit recognition of israel.

Nevertheless, Israeli officials said that they would insist that any new government meet the conditions of the international community on the peace process and free an Israeli soldier being held in Gaza since June.

Such a development "would put Palestinian-Israeli talks on track," said Foreign Ministry spokesman Mark Regev. "Short of that would be a recipe for further stagnation, which is neither an Israeli nor a Palestinian interest."

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Palestinian Reports Unity Deal With Hamas (NYT)

By Steven Erlanger, Greg Myre

The New York Times, September 12, 2006

GAZA, Sept. 11 — The Palestinian Authority president, Mahmoud Abbas, said Monday that he had reached a tentative agreement with Hamas to form a national unity government in an attempt to end the Palestinians' international isolation and the cutoff in Western assistance to their government.

In a speech on Palestinian television, Mr. Abbas said it would take several days to finish the deal, and provided no details of how his Fatah faction and the militant group Hamas, which leads the government, had resolved their considerable differences.

"We have finalized the elements of the political agenda of the national unity government," Mr. Abbas said in his speech. "Hopefully, in the coming days we will begin forming the government of national unity."

Details of the political agreement were believed to be limited to the unity government, rather than committing the Hamas movement more broadly to its terms. A national unity government will also have representatives of other Palestinian factions like Islamic Jihad and the Popular Front for the Liberation of Palestine, said Ghazi Hamad, the spokesman for the Hamas government.

"We're trying to make a balance between the requirements of the international community and Palestinian factions," Mr. Hamad said. "For everyone to sit at the same table won't be easy, but we need to do this. We hope it will break the international siege and minimize the tensions on the street."

Mr. Abbas's intention in pressing to form this new government is to regain the funds that have been cut off to Hamas, by the West and by Israel, since it took office in late March.

Aides to Mr. Abbas said he hoped to be able to disband the current Hamas government within 48 hours, but that the two factions still disagreed over important portfolios. They are agreed that the current prime minister, Ismail Haniya of Hamas, will keep his job, and that Fatah will control the Finance Ministry. Fatah also wants the foreign minister's post, but Hamas wants Mahmoud Zahar, a Hamas leader, to keep it. Hamas also wants to keep the Interior Ministry.

Officials said the new government would accept all previous Israeli-Palestinian agreements, an implicit recognition of a two-state solution. It would call for the negotiation of an independent Palestine outside of Israel's 1967 borders, including Gaza, the West Bank and East Jerusalem, on the basis of an Arab League initiative.

The document is expected to recognize the Palestine Liberation Organization, which has signed all agreements with Israel, as the negotiating representative of the Palestinian people, and to acknowledge the right of Mr. Abbas to negotiate for the Palestinians.

After Hamas formed the government, which Fatah initially refused to join, the United States and the European Union took steps to halt aid to the Palestinian Authority that constitutes part of the authority's budget, and Israel stopped handing over the $50 million a month in taxes and customs receipts collected on behalf of the Palestinians, a major reason for the Palestinian deficit.

All said that the government of Hamas, which they have considered a terrorist group, must first recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian agreements.

Since Hamas gained control of the government in March, the 165,000 employees of the Palestinian Authority have received less than two months of their salaries, causing considerable hardship and a collapse of the economy, especially in Gaza. Crossings into Israel from Gaza have been regularly closed, which Israel said was a result of security threats.

It is not known whether the unpublished program of the unfinished new government will be enough for Israel to hand over funds that now total more than $350 million. The European Union has already suggested, though not explicitly, that it will resume contacts and aid to a unity government, and the United States, which does not give direct budget support, has been wary, but its view will be important in the Israeli decision.

Ziad Abu Amr, a lawmaker and mediator in the negotiations, said that if a new government did not permit the resumption of funds transfers and aid, "there's not much point to the whole exercise."

The Israeli Foreign Ministry spokesman, Mark Regev, said that if a new Palestinian government accepted the three international conditions "and releases Gilad Shalit," a captured Israeli soldier, "that would create a new momentum in the peace process and put us firmly on the right track."

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But he added, “Anything short of that would unfortunately lead to more stagnation that is not good for Israel, not good for the Palestinians and not good for anyone who wants peace in the Middle East.”

The Israeli foreign minister, Tzipi Livni, told Israel radio that if the new government did not meet international conditions, and if Mr. Abbas “decides not to take a step in this direction, but rather join something which actually means he is joining a Hamas-led government of terror, then I’m afraid we are going to have a problem.”

Hamas has moved a long distance, said Mr. Hamad, the Hamas government spokesman, adding, “No one should push them into a corner.”

Hamas recognizes the fact of Israel but refuses to recognize its right to exist, a position repeated Monday by a Hamas spokesman, Sami Abu Zuhri, when he said: “Hamas will still have its political agenda. We will never recognize the legitimacy of the occupation.” That term lets Hamas be vague at different moments about whether it means the occupation of land captured during the 1967 war, or, as its charter insists, Israel’s very existence in the region.

But Mr. Hamad points out that the charter of Israel’s conservative Likud Party calls for an Israel on both banks of the Jordan River, even as Likud governments have recognized the Oslo peace agreements of more than a decade ago and a two-state solution.

Since Fatah and Hamas agreed in principle on a national unity government in June, Mr. Abbas has made several statements indicating that a deal was close. He put major questions to Mr. Haniya 10 days ago, and reportedly threatened to dismiss the current government if it did not agree to work with Fatah to end the international aid freeze for the benefit of Palestinians in general.

Fatah says it is prepared to negotiate with Israel, and seeks a Palestinian state based on Israel’s 1967 borders, which would include all of the West Bank and the Gaza Strip, with a capital in East Jerusalem. Hamas says that all the land in the region belongs to Muslims, but has said it would consider a long-term truce with Israel if a Palestinian state were established based on the 1967 borders.

Broke and isolated, largely because of Israeli and American policy, the Hamas government has been ineffective since coming to power in March. Many Palestinian teachers went on strike at the beginning of the school year in early September. On Monday, Mr. Abbas called for the strike to end.

“We call for a return to work and the end of the strike because all the sons of the Palestinian people should unite in the national interest,” he said.

Abbas Announces Deal With Hamas (WP)

By Scott Wilson

The Washington Post, September 12, 2006

JERUSALEM, Sept. 11 -- Palestinian leader Mahmoud Abbas announced Monday that the governing Hamas movement and his rival Fatah party have agreed on the principles of a power-sharing government and may soon form a new cabinet to lead the beleaguered Palestinian Authority.

Under the plan, Abbas, the authority's president, is to dissolve the current Hamas-led cabinet within 48 hours. Abbas would then nominate the current Hamas prime minister, Ismail Haniyeh, Hamas officials said, to assemble a coalition cabinet that would include members of his party, Fatah, other factions, and so-called technocrats unaligned with the leading movements.

Details of the agreement mark the first time Hamas has tacitly endorsed a two-state solution to the Israeli-Palestinian conflict, if not explicitly the Jewish state's right to exist. Hamas and Fatah announced a tentative agreement several months ago, but it was never officially signed because of the tumult of an Israeli offensive in the Gaza Strip following the June 25 capture of Israeli Cpl. Gilad Shalit by gunmen from Hamas's military wing.

"The continuous efforts to form a national unity government have ended successfully," Abbas said on Palestinian state television Monday. "Efforts in the next few days will continue to complete the formation of the national unity government."

The deal follows contentious negotiations over a unified political program that would satisfy the rival Palestinian movements, as well as bring about an end to international sanctions against the Palestinian Authority. International donors froze

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aid after Hamas defeated the secular Fatah movement in elections eight months ago. Israel has withheld hundreds of millions of dollars in tax revenue that it collects on the Palestinian state's behalf.

The United States, the European Union and Israel all designate Hamas, an Islamic political movement with a potent armed wing at war with the Jewish state, as a terrorist organization.

The sanctions have left the Hamas-led government unable to pay salaries to an estimated 165,000 public employees, most of whom are on strike. In a rare show of unity, Abbas and Haniyeh both called Monday for all government employees to end the strike, spearheaded by young Fatah activists to give Abbas leverage in talks with Hamas.

The United States, the E.U., Russia and the United Nations -- a group of Middle East peace interlocutors known as the quartet -- have demanded three concessions from Hamas in return for resumption of aid that accounts for nearly half the Palestinian government's budget: Hamas must renounce violence, accept previously signed agreements, and recognize Israel's right to exist.

It was unclear whether they would accept the Palestinian agreement as meeting those conditions.

Palestinian officials said the deal does not require Hamas to explicitly recognize Israel or renounce violence. Instead, Hamas would accept previously signed agreements with Israel and the principles of a 2002 Arab peace initiative that calls for a Palestinian state in the West Bank, Gaza and East Jerusalem, territory Israel occupied in the 1967 Middle East war.

Hamas's charter calls for the creation of an Islamic state across territory that now includes Israel. Party officials deny that the agreement amounts to a recognition of Israel. "Our program has not changed," Sami Abu Zouhri, a Hamas spokesman, said on al-Jazeera television.

Mark Regev, spokesman for the Israeli Foreign Ministry, said that "things are still fluid" concerning the terms of the political program. But he said that "it's clear that if the incoming government, assuming there is one, accepts the three benchmarks . . . as well as the release of Gilad Shalit, it could give new momentum to the peace process and put the Israeli-Palestinian dialogue back on track."

"Anything short of those benchmarks would be a recipe for stagnation," Regev said.

Micaela Schweitzer-Bluhm, spokeswoman for the U.S. Consulate here, which manages diplomacy with the Palestinians, said the political developments would be reviewed before any decision on aid is reached. But, she added, "if it's still falling short of the quartet's principles, then it's still falling short."

Blair Gets Rough Ride In Beirut (FT)

By Christopher Adams, Andrew England

Financial Times, September 12, 2006

Several thousand angry chanting protesters gathered in central Beirut on Monday, leaving Tony Blair in little doubt about the hostility many Lebanese felt towards his fleeting visit to their country.

“Blair you are a partner in the killing of children,” said one poster. “We demand the conviction of Blair a war criminal in Lebanon and Iraq,” said another.

While hostile and vocal, the reaction reflects the country’s experience of 34 days of Israeli bombardment that some argue Britain’s prime minister bears a degree of responsibility for.

Many Lebanese accuse Mr Blair of supporting Israel in its war with Hizbollah, the Shia militant group, and he was widely criticised for refusing to call for an immediate ceasefire to the conflict. Some also deride him as a crony of George W. Bush, the US president.

“Blair, Bush, (Israeli Prime Minister Ehud) Olmert, three corns of one devil,” one placard declared.

More than 1,000 Lebanese, mainly civilians, were killed in the war, and Israeli bombs destroyed thousand of homes, as well as roads, businesses and bridges.

“We respect the English people, but we are against Blair and the policy of the government,” said Youssef Nour, a Hizbollah supporter at the demonstration where organisers used loud speakers to praise Sayyed Hassan Nasrallah, Hizbollah’s leader, and denounce Mr Blair.

“We say Blair is not welcome in this land, a land of dignity, a land of honour and resistance,” Mr Nour added.

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Shia politicians made their own protests.

Hizbollah's two ministers in the government, as well as two cabinet members from Amal, another Shia group, refused to attend a meeting of ministers with Mr Blair.

The prime minister was also scheduled to meet Nabih Berri, the influential Shia parliamentary speaker who acted as a mediator with Hizbollah. But Mr Berri, the leader of Amal, was abroad on a business trip in what was seen by some as another snub to the British leader.

"Hizbollah's position is that he is like Bush and (Condoleezza) Rice who killed the children, who refused the ceasefire and that means they share in the Israeli massacre. He should not have come," said Hussein Rahal, a Hizbollah spokesman.

Hundreds of soldiers, some in riot gear, deployed to keep the protesters away from Mr Blair's entourage, closing much of downtown Beirut to traffic.

But even in the relative tranquillity of the office of Fouad Siniora, Lebanon's prime minister, Mr Blair could not escape heckling.

As he and Mr Siniora were addressing journalists, an Irish woman, who said she was working as a volunteer in Lebanon, unfurled a banner reading "Boycott Israeli apartheid," and shouted: "It's an insult to the memories of thousands of Palestinians and Iraqis."

"Shame on you," she repeated as security men dragged her away.

"I've got used to demonstrations in my own country and demonstrations elsewhere as well," Mr Blair said.

Mr Siniora used the incident to play up Lebanon's fledgling democracy.

"We are proud of our democracy and the democratic measures used by some of our people today," he said.

But the fact that senior Shia politicians, particularly Mr Berri, did not meet Mr Blair could expose Mr Siniora to criticism from Lebanese groups who were against the UK prime minister's visit.

During the war, Lebanese parties projected a sense of unity, but the predominantly Christian and Sunni parliamentary majority that backs Mr Siniora has been under pressure since the August 14 ceasefire. Hizbollah, emboldened by its perceived success in the conflict, has been calling for a change of government, and it initially reacted much faster than Mr Siniora's administration to provide funds for those whose homes were destroyed.

However, Lebanese officials said the trip was important not only for Lebanon but also for efforts to find a solution to the broader Arab-Israeli conflict.

"It's important to have our requests heard, it's important (for leaders) to shuttle between Israel and Lebanon and other players in the region," said Misbah el-Ahdab, a Sunni parliamentarian in the majority bloc.

Protesters In Lebanon Drown Out Blair's Offers Of Aid And Support (NYT)

By Craig S. Smith

The New York Times, September 12, 2006

BEIRUT, Lebanon, Sept. 11 — Prime Minister Tony Blair of Britain dodged raucous demonstrators and endured a series of diplomatic snubs on his first official visit to this country, offering help for the Lebanese Army and vowing to renew efforts to bring peace to the Middle East.

His message was largely lost on a population angry at his failure to demand an earlier end to the fighting, which had killed nearly 1,200 Lebanese, an overwhelming majority of them civilians.

Hundreds of people gathered to protest near Martyrs Square on the edge of downtown Beirut, which for Mr. Blair's visit was cordoned off with barbed wire and guarded by hundreds of Lebanese troops with tanks. "Blair, bow your head before the children you have murdered," read one of the placards in the crowd.

Several ministers refused to meet him, including the pro-Syrian speaker of Parliament, Nabih Berri. The front pages of most of the country's newspapers said he was not welcome.

But Mr. Blair defended his policies in the 34-day war.

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"I could have gone out there and called for it all to stop, but it wasn't going to stop until there was a U.N. resolution that had a framework within which it could stop, in which the real problems could be dealt with," he told reporters, with the embattled Lebanese prime minister, Fouad Siniora, standing beside him.

Mr. Blair said Britain would send more than $75 million in aid to Lebanon this year and was ready to provide "training, equipment, any help we can give" to Lebanese security forces that were filling the void left by Hezbollah and departing Israeli troops in southern Lebanon. He said he would use his remaining months as prime minister to work for peace in the Middle East.

Mr. Siniora then urged Mr. Blair to push the Security Council to carry out an Arab plan offering Israel peace if it withdrew from Arab land occupied since 1967. "Only by addressing the underlying causes can we guarantee peace and security for the Middle East," Mr. Siniora said.

On Sunday, Mr. Blair said Europe and the United States should work with a Palestinian coalition government, including both the Fatah and Hamas factions, if that government distanced itself from the anti-Israeli policies of Hamas that have isolated the current Hamas-led government.

The president of the Palestinian Authority, Mahmoud Abbas, said Monday that a coalition government could be formed within days.

Separately, President Jacques Chirac of France said Monday in Helsinki that China could send up to 1,000 peacekeepers to bolster the United Nations force meant to maintain the nearly month-old cease-fire.

In Russia, President Vladimir V. Putin ordered the deployment of Russian military engineers and other military personnel to help with the reconstruction of Lebanon. In a meeting with government ministers, he said his administration would submit a request to the upper house of Parliament, the Federation Council, which approves the deployment of Russian forces abroad.

The defense minister, Sergei B. Ivanov, said a battalion of combat engineers could be ready to leave by the end of the month. He said the soldiers would not be part of the United Nations peacekeeping force.

An engineering battalion typically has about 400 soldiers, but a Ministry of Defense spokesman said he could not say how many would be deployed.

Cameron Hits Out At US Foreign Policy (FT)

By Miranda Green

Financial Times, September 12, 2006

David Cameron, leader of Britain's opposition Conservative party, on launched an outspoken attack on the failures of American foreign policy, calling for a "rebalancing" of the close relationship between the US and the UK.

"We should be solid but not slavish in our friendship with America," he said on Monday, during a speech in London on the fifth anniversary of the September 11 terrorist attacks in New York and Washington.

Mr Cameron, the youthful new leader of a party that has close ties to the Republicans, used his first big speech on international relations to differentiate his stance from that of Tony Blair, the prime minister.

Mr Blair's staunch support for the US-led war on terror has compromised his standing with British voters and MPs in his ruling Labour party. The Iraq war and Mr Blair's apparent willingness to take the lead from President George W. Bush have also proved increasingly unpopular, while the prime minister's refusal to condemn Israel's attacks on Lebanon was also widely criticised.

"We will serve neither our own, nor America's, nor the world's, interests if we are seen as America's unconditional associate in every endeavour," Mr Cameron said, calling for a new approach to promoting the shared values of Britain and America abroad – human dignity, personal freedom and national self-determin-ation. "A moral mission requires moral methods. Without them we are merely warmakers," he added.

The Tory leader argued that the military and diplomatic partnership between the allies since the attacks, and the military actions in Iraq and Afghanistan, which he and his party supported, had been part of a foreign policy approach that lacked humility and patience.

"I and my party are instinctive friends of America and passionate supporters of the Atlantic alliance," he said, warning against the "intellectual and moral surrender" of anti-Americanism. But he added that being an uncritical ally was dangerous for

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Britain: "I fear that if we continue at present we may combine the maximum of exposure with the minimum of real influence over decisions."

Risking a rift with the Republicans and his own traditionalists, he attacked the "unrealistic and simplistic" neoconservative philosophy of Mr Bush's closest colleagues and advisers, calling it "a view which sees only light and darkness in the world – and which believes that one can be turned to the other as quickly as flicking a switch".

In a rare public statement issued on Monday, Baroness Thatcher, the former Conservative prime minister, said the attack on America was "an attack on all of us". She added: "With America, Britain stands in the front line against Islamist fanatics who hate our beliefs, our liberties and our citizens.''

Mr Cameron's predecessor as Conservative leader, Michael Howard, was kept at arms length by the Bush administration after failing to give unquestioning support to its policies.

But Mr Cameron is building bridges with other Republicans and has invited Senator John McCain to address his party's conference next month.

Tory Denounces Blair's 'Slavish' Tie To U.S. (NYT)

By Alan Cowell

The New York Times, September 12, 2006

LONDON, Sept. 11 — In his first major foreign policy address, David Cameron, the leader of Britain's opposition Conservatives, sought Monday to distance his party from what he called a "slavish" bond established between Britain and the United States by Prime Minister Tony Blair.

At the same time, though, he asked his audience of several hundred bankers and policy experts in London's financial district to bow their heads in silence during his speech at the moment when the first hijacked plane slammed into the World Trade Center on Sept. 11, 2001.

Mr. Cameron is the main opposition contender likely to challenge whoever takes over the governing Labor Party from Mr. Blair, who has promised to quit within a year. His remarks seemed intended to sharply demarcate his foreign policy from that of Mr. Blair, for whom the war in Iraq and his ties with President Bush have proved politically ruinous.

His remarks — by a Conservative accusing a Labor leader of being too far to the right — showed just how far the British political spectrum has shifted since the end of the cold war and, particularly, since Mr. Blair's rise to power in 1997.

The speech was also intended to draw a line under previous Conservative policy. Mr. Cameron himself supported the Iraq invasion in 2003, but a senior Conservative, who spoke on the condition of anonymity under party rules, said: "We don't want to have an endless fight about what happened three or four years ago. This is about the next 10 years."

Mr. Cameron, 39, a former public relations executive who took over the Conservative leadership last December, assailed what he described as American neoconservatism and Mr. Blair's close alliance with the White House, which has encouraged British critics to label their prime minister America's "poodle."

But, he said, "I and my party are instinctive friends of America and passionate supporters of the Atlantic Alliance."

Mr. Cameron said there had been mixed success by Britain and the United States in curbing terrorism since the Sept. 11 attacks. A terrorist attack on the same scale had been averted, he said, but "across the globe, terrorists are being recruited in increasing numbers and are active in many more areas than before Sept. 11." Anti-Americanism had taken hold, he said, "not just in countries affected by war and instability, but here in the West, here in Britain."

He urged development of "a foreign policy that goes beyond neo-conservatism, retaining its strengths but learning from its failures."

"We will serve neither our own, nor America's, nor the world's interests, if we are seen as America's unconditional associate in every endeavor," he said. "Our duty is to our own citizens, and to our own conception of what is right for the world. We should be solid but not slavish in our friendship with America."

The gibe was clearly aimed at Mr. Blair, who faced hostile protesters in Lebanon on Monday because of his support for the American and Israeli positions during the Lebanon war.

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Senior Conservatives acknowledged that Mr. Cameron seemed to be positioning himself for a post-Bush White House. “He’s unlikely to be prime minister when George Bush is president,” the Conservative official said. Britain’s next general election is due some time before 2010, probably long after the 2008 American presidential vote.

Before his speech, Mr. Cameron met with Robert H. Tuttle, the American ambassador, and asked him to “take the speech as a whole and not bits and pieces of it,” said David T. Johnson, the deputy chief of mission, the No. 2 diplomat at the American Embassy. “Some of the things we disagree with,” Mr. Johnson said in an interview, singling out a reference in the text of the speech to “illiberalism,” referring to repressive behavior at the American detention center at Guantánamo Bay, Cuba.

But, he said, “I take him at his word that he did not intend it to be anything other than pro-American.”

Much of the speech seemed intended for a British rather than an American audience, Mr. Johnson said. For instance, in the address, Mr. Cameron said that Mr. Blair had “lost the art” familiar to British leaders going back to Winston Churchill of effectively playing what he called the junior partner in the so-called “special relationship” with Washington.

“I fear that if we continue as at present we may combine the maximum of exposure with the minimum of real influence over decisions,” Mr. Cameron said.

He assailed Mr. Blair’s and Mr. Bush’s view of the effort to prevent terrorism, saying he was “skeptical of grand schemes to remake the world” and asserting that Western policy had lacked “humility and patience.”

He also attacked the notion that counterterrorism was “a single struggle between single protagonists.’’

“The danger is that by positing a single source of terrorism — a global jihad — and opposing it with a single global response — American-backed force — we will simply fulfill our own prophecy.”

George Osborne, a senior Conservative official, said in an interview: “He talks about the future. Most of the speech is about the future and how we get beyond neo-conservatism.”

Briton Urges Frankness Toward U.S. (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, September 12, 2006

LONDON, Sept. 11 -- Conservative Party leader David Cameron said Monday that Britain should be a frank "junior partner" to the United States instead of the "uncritical ally" he said it has become since the Sept. 11, 2001, terror attacks.

"We should be solid but not slavish in our friendship with America," Cameron, 39, said in a major foreign policy speech that distanced him from Prime Minister Tony Blair, who has been criticized as unfailingly supportive of President Bush, especially on the Iraq war.

"We have for more than half a century acted as a junior partner to the United States," Cameron told a group of U.S. and British business and political leaders. He called Winston Churchill junior partner to Franklin Roosevelt during World War II, as was Margaret Thatcher to Ronald Reagan in the 1980s and John Major to George H.W. Bush during the Persian Gulf War, he said.

"It is not an easy part to play, but these three prime ministers learned to carry it through with skill and success," said Cameron, who hopes to regain the prime minister's job that his party lost to Blair and the Labor Party in 1997. "I worry that we have recently lost the art. . . . The sooner we rediscover the right balance, the better for Britain and our alliance."

Thatcher was in Washington on Monday for ceremonies marking the fifth anniversary of the Sept. 11 attacks.

Describing his own party members as "instinctive friends" of the United States, Cameron indicated that close ties would continue under a Conservative government but with that balance.

His speech came four days after Blair reluctantly announced that he would step down within 12 months. The prime minister has been facing diving approval ratings, caused in large part by disillusionment with the Iraq war and Blair's closeness to Bush.

A poll for the BBC released Monday found that 56 percent of Britons who were questioned believed the West was losing the "war on terror" and that only 20 percent thought it was winning. Fifty-five percent said they believed Britain was too closely aligned with U.S. foreign policy, while 19 percent said the relationship was about right.

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Blair and his presumed successor, Chancellor Gordon Brown, have been openly feuding, causing many in Labor to worry that a wounded, infighting party might have a hard time defeating Cameron's Conservatives in elections that must be held by 2010. An ICM poll in the Guardian newspaper last month showed that Conservative support had risen sharply, to 40 percent, while Labor support had dropped to 31 percent, its lowest level in 19 years.

Blair's woes were underscored Monday when he was greeted by crowds of angry protesters in Lebanon, some carrying placards saying "killer" and "war criminal." Blair was widely criticized in Britain, as well as across Europe and the Middle East, for joining Bush in refusing to call for an immediate cease-fire during the recent Israel-Hezbollah armed conflict in Lebanon.

Cameron said Britain must not "turn a blind eye to the excesses of our allies," including "disproportionate Israeli bombing in Lebanon."

Rice Warns Sudan Of Relations With U.S. (AP)

AP, September 12, 2006

Secretary of State Condoleezza Rice said she told Sudan on Monday there is no chance of improved relations with the United States if it flouts the world's demand for U.N. peacekeepers in Darfur.

Rice gave reporters a brief account of her morning meeting in Washington with Sudanese Foreign Minister Lam Akol. She was visiting Canada to thank that ally for its generosity in helping stranded American air passengers during the aftermath of the Sept. 11 attacks.

"I won't say that we made progress, but I will say that I delivered the strongest possible message in the strongest possible terms to the Sudanese government that any hope for bettering relations between the United States and Sudan rests on Sudan's cooperation with the United Nations Security Council resolution," she said.

In August, the U.N. passed a resolution that would give the world body authority over peacekeepers in the Western Sudanese province of Darfur and is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe there. The violence has killed more than 200,000 people and continues to worsen.

Rice said Akol carried a letter to President Bush, which she had not seen. He also "brought hope for better relations between the United States and Sudan, and I told him in no uncertain terms that wasn't on the agenda unless Sudan acted responsibly," she said.

The Bush administration has had strained relations with Sudan over the deaths and displacement of villagers in Darfur. Rice found herself in the middle of a diplomatic incident when she visited the Sudanese capital of Khartoum last summer. She asked for and demanded an apology from the Sudanese government after security agents for President Omar al-Bashir treated members of Rice's traveling party, including reporters, roughly.

Also pressuring the Sudanese government, the chairman of the Senate Foreign Relations Committee introduced legislation Monday calling for targeted sanctions against those responsible for atrocities in Darfur.

The bill by Indiana Republican Richard Lugar calls for sanctions against people determined by the president to be "complicit in, or responsible for, acts of genocide, war crimes or crimes against humanity in Darfur."

Sudan Flouting Peace Treaty, Annan Charges (WP)

From News Services

The Washington Post, September 12, 2006

Sudan's government has violated the Darfur peace agreement with military attacks that are "legally and morally unacceptable," U.N. Secretary General Kofi Annan said yesterday.

Annan said in a meeting of the U.N. Security Council that thousands of Sudanese troops have been sent to western Sudan, in violation of the peace accord, and North Darfur has been bombed. The violence has cut off food aid to 355,000 people in the northern part of the region, he said.

"I strongly condemn this escalation," Annan said.

On Capitol Hill, Sen. Richard G. Lugar (R-Ind.) introduced legislation that would authorize U.S. assistance to the 7,000 African Union troops in Darfur and call on President Bush to name a special envoy for the crisis.

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The African Union has said it would begin withdrawing its troops next month. Last month, the Security Council authorized up to 21,000 U.N. troops to replace them, but their deployment requires Sudan's approval, which its government has thus far refused.

Secretary of State Condoleezza Rice met in Washington with Sudanese Foreign Minister Lam Akol and said later she had urged Sudan "in the strongest possible terms" to accept the U.N. force.

"I won't say that we made progress," Rice acknowledged.

Violence and disease have left as many as 450,000 people dead and 2.5 million homeless in Darfur.

Mystery Lingers In Kyrgyz 'Kidnapping' (WT/AP)

By Leila Saralayeva

The Washington Times, September 12, 2006

BISHKEK, Kyrgyzstan -- A U.S. servicewoman who reappeared as mysteriously as she vanished gave confused accounts of her three-day absence and refused to make further statements after consulting with the U.S. Embassy, a Kyrgyz police official said yesterday.

Air Force Maj. Jill Metzger, who had been stationed at the U.S. base in Manas, outside the Kyrgyz capital, Bishkek, disappeared Sept. 5 while shopping in the city. She resurfaced Friday night when she knocked on the door of a house in Kant, about 15 miles outside Bishkek, and claimed she had been kidnapped.

Maj. Metzger was flown out of Kyrgyzstan within a few hours of her reappearance and was admitted Sunday to a U.S. military hospital in Landstuhl, Germany. There was no immediate word regarding what she was being treated for.

Kyrgyz authorities have said her swift departure could impede their investigation, because they wanted to question her further to clarify her account. According to investigators, Maj. Metzger said an object with a note saying it was a bomb was placed in her pocket in a Bishkek department store and that she was kidnapped after following the note's instructions on where to go.

"It seemed to me that her testimony was little believable. She was confused in her evidence," said Batmirza Dzhailobayev, head of the Kant police department.

"After she spoke with somebody from the embassy, she categorically refused to give testimony. Then people from the U.S. Embassy took her away," he said.

Mr. Dzhailobayev noted that although Maj. Metzger had told police that her abductors had stolen her necklace, she was still wearing an expensive-looking wedding ring.

Also yesterday, a resident of the house where Maj. Metzger appeared said the 33-year-old was clearly in distress.

"Our first impression was that the woman was severely drunk ... [but] there was no smell of alcohol, and we then understood that she was in shock," Svetlana Ivashenko said. She said Maj. Metzger was dressed in clothes that appeared to be several sizes too large for her.

Mrs. Ivashenko said Maj. Metzger spoke only in English, which neither she nor her husband understand, so they awoke their daughter to try to help understand.

"Who had seized her, why and where they had held her all this time, she couldn't clarify," Mrs. Ivashenko said. "As she told all this, she didn't weep -- she just sobbed and held her head."

Mrs. Ivashenko said there was blood on Maj. Metzger's feet and that she said she had walked a considerable distance. She also said the right side of Maj. Metzger's face appeared to be badly bruised, although Mr. Dzhailobayev said that "it was my impression that there were no bruises on her face."

Maj. Metzger was serving a four-month stint with the 376th Air Expeditionary Wing at Manas, where the U.S. military has maintained a base since 2001 to support operations in nearby Afghanistan. She had been scheduled to return Friday to her regular post at Moody Air Force Base, Ga.

Senator Shoots Down Reports Of Close Call (HILL)

By Emily Heil

The Hill, September 12, 2006

The headlines sounded frightening.

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"Missile Fired at McCain's Helicopter," one read, referring to an apparent Aug. 28 incident in the Republic of Georgia during a codel led by Sen. John McCain (R-Ariz.), which included six senators.

According to news stories, the Georgian Interior Ministry said a helicopter escorting a delegation of U.S. senators was fired on.

But returning from the month-long recess, senators on the codel, including Sen. Lindsey Graham (R-S.C.), said they heard of the purported missile fire only after they had returned home. It turned out the statement is inaccurate, and that the senators' helicopter was never under fire. The U.S. embassy in Georgia on Sep. 5 released a statement setting the record straight.

"A thorough investigation by Georgia's Ministry of Internal Affairs and the U.S. Federal Bureau of Investigation (FBI), confirms that, contrary to initial reports, no missile was fired at any helicopter transporting the U.S. Senate Delegation led by McCain on August 28, 2006," the statement read. "It appears that another helicopter, which was on the way from Tbilisi to join the Senate delegation helicopters in western Georgia, was the intended target of the missile."

Even though the senators were never in the line of fire, the incident at least made for a colorful what-I did-on-my-summer-vacation exchange.

"Did you get shot at over there?" Graham asked Sen. Richard Lugar (R-Ind.), who had been part of a separate, earlier codel to Georgia.

"Yeah, they missed," Lugar joked.

Lightening bolt more likely to hit Senate

For House staffers who continuously gripe about the Senate's lack of good faith, it's official. The Senate is in fact more "godless" than the House when it comes to upholding the separation of church and state.

The folks at the Secular Coalition for America awarded 18 members of the Senate (and only seven in the House) a "perfect score" for "commitment to the separation of church and state, and their willingness to protect the interests of the non-theistic community."

The group based the grades on 10 key votes in each chamber, including those on judicial nominees in the Senate.

Senators earning the aetheists' praise are: Evan Bayh (D-Ind.), Hillary Clinton (D-N.Y.), Mark Dayton (D-Minn.), Dick Durbin (D-Ill.), Russell Feingold (D-Wis.), Edward Kennedy (D-Mass.), John Kerry (D-Mass.), Patrick Leahy (D-Vt.), Carl Levin (D-Mich.), Robert Menendez (D-N.J.), Barbara Mikulski (D-Md.), Patty Murray (D-Wash.), Jack Reed (D-R.I.), Harry Reid (D-Nev.), Paul Sarbanes (D-Md.), Charles Schumer (D-N.Y.), Debbie Stabenow (D-Mich.), and Ron Wyden (D-Ore.).

House members with perfect scores are: Earl Blumenauer (D-Ore.), Barney Frank (D-Mass.), Dennis Kucinich (D-Ohio), Barbara Lee (D-Calif.), Jim McDermott (D-Wash.), Pete Stark (D-Calif.), and Lynn Woolsey (D-Calif.).

Crikey! Hill's Aussie pays tribute to croc hunter

As the Hill's lone Aussie (at least by his own count), Greg Keeley is shedding more than crocodile tears over the death last week of Steve Irwin. The outdoorsman and TV personality known as the "Crocodile Hunter" had a special place in the hearts of Australians, particularly those living abroad, says Keeley, who is the communications director and military advisor for Rep. Ed Royce (R-Calif.).

The beloved Irwin was a great ambassador for the land Down Under, he notes.

"He's done wonders for me personally," Keeley says. "Everyone thinks I wrestle crocodiles and have a kangaroo in my backyard."

Keeley and his wife, Katie, met Irwin at a dinner in Los Angeles, and were impressed by Irwin's energy and easygoing manner.

"The personality you see on TV is exactly the way he was in real life," Keeley says.

Since Irwin's death, condolences have been pouring in from fellow Hill staffers, journalists, and military officials, Keeley says, and he's touched by the sentiments.

"It literally stopped the country," he said.

Feehery turns into a TV talker

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It's nearly impossible to throw a Blackberry in D.C. without hitting a pundit. Now, there's one more target. John Feehery, the former spokesman for House Speaker Dennis Hastert (R-Ill.) turned flack for the Motion Picture Association of America, has become a talking head, at least part time.

Feehery has a regular gig on Bloomberg TV, appearing every other week to gab about the usual roundup of politics and what's ahead in the next week's news. He alternates with former Clinton spokesman Joe Lockheart in a seven-minute segment every Friday on the show "Money & Politics."

Feehery says the new role (for which he isn't paid and does not represent the views of the MPAA) is much the same as his current and former jobs.

"It's just talking," he laughs.

Hill cable junkies have noted an uptick in the wattage of the guests on Bloomberg TV of late, and we hear Washington bureau chief Al Hunt—and his A-list Rolodex—is behind the change. Alexander Bolton and Elana Schor contributed to this page.

US And EU Condemn China's News Rules (FT)

By Mure Dickie, Guy Dinmore

Financial Times, September 12, 2006

The Bush administration joined the European Commission on Monday in criticising Beijing's imposition of new restrictions on the distribution of foreign news in China, saying it viewed the rules with "great concern".

A State Department official said Beijing's media policies in general were "incompatible with China's aspirations to build a modern information-based economy" and were a breach of fundamental rights.

The regulations announced at the weekend by Xinhua, Beijing's propaganda arm and China's biggest news agency, require international news services...to censor information distributed inside the country. The rules also ban the agencies from selling directly to local customers, including banks and other financial services companies.

The European Commission on Monday condemned moves by China to tighten controls on foreign news agencies, saying the new rules were a "real cause for concern".

Johannes Laitenberger, spokesman for the Commission, told a news conference in Brussels: "We oppose strongly this kind of restrictive practice."

The European protest was the first sign of the potential diplomatic cost of the moves by Xinhua to limit more closely the operations of international news agencies.

Leading agencies have yet to react in detail to the rules, which allow Xinhua to revoke the licence of any found distributing content that "harms China's national security or honour", or "disturbs the Chinese economy" or "hurts ethnic feelings".

A representative for one of the foreign news and information groups, who would not be named, said: "One of the big issues is does this just impact news agencies or does it affect financial information services as well."

Dow Jones declined to comment on the rules and Bloomberg said it would not be making a comment.

Old China News Agency (WSJ)

The Wall Street Journal, September 12, 2006

China's state-run news agency, Xinhua, literally means "New China." How ironic, given its very old business tactics.

Xinhua has released a sweeping update to a 1996 law on foreign news agencies that smacks of expropriation and may violate China's World Trade Organization commitments. The document asserts the Chinese government's right to broadly censor foreign news companies' content over a range of sensitive subjects, including "sovereignty" (read: Taiwan), "religion" (Falun Gong), or China's "interests" (Iran, Burma, Sudan). Article 12 of the new regulations gives Xinhua "the right to select the news and information released by foreign news agencies" and to "delete" offending material.

We doubt they'll succeed. No self-respecting foreign news agency will allow the Chinese government to read an article before it's published on the mainland. For financial newswires that provide real-time pricing and market information -- such as the one owned by this newspaper's parent company, Dow Jones -- censorship would be literally impossible. Chinese banks, brokers, insurers and traders -- the bulk of which get their information from foreign news companies -- also won't appreciate seeing markets move against them because they received their information late.

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The real story here, then, may be Xinhua's ambitions. According to Sunday's document, "foreign news agencies" will no longer have the right to sell news directly to their customers. They'll have to ply their wares through a Chinese "agent," which presumably will require a few yuan for its trouble. The Journal reported yesterday that this "agent" will be the China Economic Information Service, which, no surprise, is appointed by Xinhua.

As recently as 1996, Xinhua tried unsuccessfully to push through censorship rules on foreign news organizations. It also tried to bar government institutions from buying news products directly from foreigners, and to fix subscription prices. After a pitched battle...news organizations agreed to register with Xinhua on an annual basis. But they refused to submit to censorship, price setting, or government middlemen who'd take a cut of their profits.

From a business standpoint, Xinhua may now feel that it has no other option than to assert monopoly control. In the decade since the prior rules were promulgated, domestic news organizations have proliferated. Media Partners Asia Ltd. in Hong Kong estimates there are some 3,000 registered newspaper titles, and more than 9,000 magazines, not to mention proliferating blogs. In the most profitable and fast-growing segments, such as financial newswires, Xinhua has essentially been left in the dust.

But why muscle in now? Perhaps Beijing's political elite feel threatened . Freedom of information is unsettling to any authoritarian state. In recent years Beijing has alternatively creaked opened, then slammed shut, the television industry and lifestyle magazines. In recent months, the Communist government has also floated new rules restricting reporting of natural disasters and riots; increased oversight of local television broadcasters; convicted New York Times news assistant Zhao Yan and Singapore's Straits Times reporter Ching Cheong, and so on.

Xinhua is the Communist Party's mouthpiece, a symbol of what China really is. The reformers among Beijing's elites need to explain to their colleagues that returning to old habits of censorship won't protect their future.

No More Chinese Whispers (WSJ)

By James McGregor

The Wall Street Journal, September 12, 2006

It took an undiplomatic Chinese diplomat to tell China and America what we both need to hear: "It is high time to shut up!"

In a mid-August BBC interview Sha Zukang, China's ambassador to the U.N. in Geneva, used those words to tell American politicians to stifle complaints about Beijing's rapidly growing military budget. He noted that defense spending in China, with a population five times larger than the U.S., is a small fraction of the American military budget, which accounts for nearly 50% of global arms spending. "It is the U.S.'s sovereign right to do whatever they deem good for them," Mr. Sha said. "But don't tell us what is good for China." As Mr. Sha's comments indicate, after 25 years of economic reforms and more than a decade of nearly 10% annual growth, Beijing is weary of and angry about America's constant criticism. The Communist Party leadership is turning this hectoring to its advantage at home, where the leaders understand that, while in the age of the Internet they can't stop information from coming in, they can shape how the people think about what they learn from abroad.

Since the early '90s, the Chinese leadership has been teaching its people that China is re-emerging as a benevolent great power while America is determined to hold China back. School textbooks portray the U.S. as a hegemonic power seeking world domination, and rank us equal to terrorism as a threat to world peace and stability. The state media echoes that message, depicting American advocacy of democracy, press freedom and individual rights in China as a cynical plot to destabilize the country.

Their efforts are effective. A March 2006 opinion survey by the Global Times, a Chinese newspaper, showed that 59% of city-dwellers believe the U.S. seeks to contain China. The 2005 Pew Global Attitudes Project survey showed that only 42% of Chinese view the U.S. favorably. A 2003 survey by Duke University of hundreds of Chinese cities and rural counties indicated that the more educated people are, the more likely they are to hold negative views of the U.S. * * *

My personal experiences after 15 years in Beijing reflect those results, even among Chinese who studied in the U.S. At a lunch I hosted to bring Henry Kissinger together with young Chinese entrepreneurs, he looked around the table and asked: "Now that we have such impressive economic progress in China when and how do you envision democracy developing?" They looked at him, aghast. Finally, one answered for the group: "Do we want to destroy all the progress China has made?"

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When the Chinese look at America, they see a media-driven political system with election campaigns featuring crass manipulation of wedge issues that divide the population, while failing to focus on America's real problems. When they look at their own system they see a political strategy that attempts to hold the people together as tightly as possible for as long as possible -- albeit by brutalizing those who get in the way -- to make the necessary wrenching changes China must go through to prosper.

The Chinese people want the rule of law and fairness. But they also want a government that solves problems and focuses on progress. The many vainglorious and venal local Communist Party cadres are roundly detested. But Chinese who experienced the chaos of the Cultural Revolution also believe that America must be purposely seeking to destabilize China. Surely the U.S. isn't so naïve as to think instant democracy would make China a better place?

Half a world away, our sensationalist broadcast media is equally adept at demonizing China for the American populace. When CNN's Lou Dobbs discovered that ranting generates ratings, he quit asking CEOs thoughtful questions about China and now focuses on flogging it for stealing jobs and unfairly threatening U.S. economic preeminence. Bill O'Reilly and his infotainment-obsessed brethren at Fox stir up a similar stew of angry anti-Chinese cornpone. And neither network has any trouble finding like-minded and uninformed talking heads from the Congress eager to obscure their own leadership and policy failings by laying America's economic insecurities and difficulties at China's doorstep. During a book tour that took me to many American broadcast outlets in the past year the producers invariably asked: "Are you our anti-China or our pro-China guest?" They were baffled when I answered that I was the "let's-try-to-understand-China guest." Our TV screens may be in color, but discussions of China are exclusively in black and white.

The rest of the world doesn't share our fear and loathing of China. For the past 15 years, its diplomats have undertaken a very effective charm offensive to build a positive image abroad. People-to-people contacts abound, with Chinese students filling universities around the globe. Outbound Chinese tourists now outnumber those from Japan. China's slogan for dealing with its neighbors is: mulin, anlin, fulin, which translates as: be friendly, make them feel secure and help make them rich. It works. A 2004 BBC poll of 23,000 people in 22 countries showed that 48% considered China a positive global influence -- 10 points higher than the U.S. Moreover, the survey showed that 58% of the respondents ages 18-to-29 had a positive view of China.

So what should an insecure and out-of-sorts superpower and a paranoid and increasingly pugnacious aspiring superpower do to avoid a collision? First, do as Ambassador Sha requests: "Shut up!" Second, both sides need to designate statesmen with the stature, credibility, influence and wisdom to shape public opinion and bring a halt to the systematic demonizing of one another. From America's side, I nominate Hank Paulson, the Treasury secretary. He is well-regarded in China and well-informed as a result of making some 70 trips there during his Goldman Sachs days. His business background is a huge plus. After two decades of on-the-ground experience investing billions of dollars and employing millions of people in China, the U.S. business community is far ahead of politicians in understanding the Chinese government and people.

Mr. Paulson also has a ripe opportunity. Both President Bush and Condoleezza Rice are too bogged down in the Middle East, and ideologically uncomfortable with China, to do more than occasionally trim the weeds of the U.S.-China relationship. While Mr. Paulson comes to his new office too late to become Mr. Bush's Bob Rubin, he does have three years to set himself up to be the next Kissinger for China. The business community, both governments and the media will listen to him if he is forceful and forthright.

It will be easier for Mr. Paulson to influence China than many think. Behind the bluster, the Chinese leadership under President Hu Jintao is uncertain and searching for where to take the country as it becomes an integrated part of the global community for the first time. China doesn't really know what it wants to be next. It just knows that it doesn't want to be what it used to be: a feudal country that foreigners could carve up like a ripe melon, eventually becoming a dysfunctional civilization that a messianic leader could bring to the edge of social and economic insanity. With WTO membership, China's doors are now permanently open. Foreigners are part of the Chinese business and social fabric and a restive Chinese population is increasingly demanding an accountable and honest government. Chinese leaders understand that there is a mismatch between their economic and political systems that needs to be aligned, but they aren't sure how to do it.

The current danger is that Chinese leaders will believe their own baloney, that America's main goal is to keep China poor and weak, and base their future course on that premise. The truth is, some in America have that agenda. But another truth is, we couldn't do it even if we wanted to.

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We can't afford to let the ignorant and insular in both China and America teach, tease and taunt our two nations into an unnecessary and potentially cataclysmic collision. Mr. Paulson is 60 years old, wealthy as hell, and intrigued by China. What else does he have to do for the next couple of decades?

Mr. McGregor is CEO of JL McGregor & Company, a China-focused research, advisory and investment firm. He is the author of "One Billion Customers: Lessons From the Front Lines of Doing Business in China" (Simon & Schuster, 2005).

Uruguay At Center Of Lively U.S.-Venezuela Chess Game (NYT)

By Larry Rohter

The New York Times, September 12, 2006

MONTEVIDEO, Uruguay — Long taken for granted by its much larger neighbors, Uruguay suddenly finds itself one of the main fronts in the struggle between the United States and Venezuela for dominance in South America. The Bush administration and President Hugo Chávez of Venezuela are jockeying for position here, each trying to undercut the other by winning over Uruguay's left-wing government.

Washington is offering a free-trade agreement that would pull Uruguay into the United States' orbit and weaken Mercosur, the regional trade group to which Uruguay and Venezuela belong. Mr. Chávez has countered with attention-getting investments, subsidized oil, acts of charity and a growing alliance with left-wing factions of the ruling Broad Front.

Pablo da Silveira, a professor of political philosophy at Catholic University of Uruguay and a political commentator, likens what is happening to "a geopolitical chess game, in which Venezuela is playing the black pieces, in other words, oil" in an effort to gain influence. In this small, strategically situated place, he added, "Chávez and the United States are seeking the same thing, and for the same reason: to make Uruguay a test case" for their widely varying visions of the region.

Mr. Chávez, for example, has pledged to invest an estimated $500 million in an oil refinery here and has invited the Uruguayan state oil company to join its Venezuelan counterpart in exploration projects. As it has done in Cuba and the Caribbean, Venezuela is supplying petroleum products at a discount, and Mr. Chávez has promised that a gas pipeline he wants to build from Caracas to Buenos Aires will pass through here.

Venezuela has also put up money that allows some unprofitable ventures in Uruguay that employ relatively large numbers of people — like tire, glass and sugar plants — to stay in business. Most recently, the Chávez government has offered support for an ailing government financial cooperative that makes small loans to people and small businesses that normally do not qualify for bank loans.

"It doesn't cost Chávez a lot of money, but it generates a lot of good will," said Danilo Arbilla, a former editor in chief at the weekly magazine Búsqueda. "That way, when he comes here, he's solved people's problems, and they will go out for him."

Not to be outdone, the United States has countered with a proposal to build a medical and dental clinic near a working-class area of Montevideo. Left-wing groups aligned with Mr. Chávez maintain that the offer is really a plot by the Pentagon to establish a military base in Uruguay.

The Bush administration's main thrust, however, is its offer of a free-trade accord that would allow Uruguay to increase exports of meat, leather, cheese and other products to the United States.

Uruguay's population and economy are small, with barely three million people and total trade with the United States amounting to slightly more than $1 billion last year. But the country is a member of the Mercosur customs union, which includes Brazil and Argentina, and a free-trade agreement with the United States would weaken the group and put pressure on Uruguay's two big neighbors to negotiate bilateral accords with Washington.

Uruguay's relations with Argentina and Brazil have been tense recently. Argentina is trying to block work by a Finnish-Swedish consortium and a Spanish company on two cellulose plants, the largest foreign investment in Uruguay's history.

Brazil declined Uruguay's request to mediate the dispute — Argentina says the plants violate a border treaty — which has raised what Uruguayans consider unreasonable barriers to trade and torpedoed the candidacy of an Uruguayan, Carlos Pérez del Castillo, to be director of the World Trade Organization.

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Early this year, Tabaré Vázquez, Uruguay's first Socialist president, told a radio station here that "Mercosur has become more a problem than a solution." But in an interview in late August, he said his country had no intention of leaving the group, but wanted instead "more and better Mercosur," without "giving up our right to open ourselves to the rest of the world."

Mr. Vázquez was reluctant, though, to say explicitly that he favored a free-trade agreement with the United States. Brazil and Argentina have suggested at various times that such an accord with the United States would be incompatible with membership in Mercosur and could be grounds for expulsion.

"Both countries want to improve their commercial exchanges with each other, and we have agreed that paths exists that allow us to achieve that objective," he said, referring to the United States and Uruguay. "We've set a methodology and a timetable," he added, a reference to the fact that President Bush will lose his authority to negotiate "fast track" trade agreements June 30, 2007, unless Congress renews it. Though the United States has already signed an investment treaty with Uruguay, Washington initially showed little interest in a free-trade accord. Two Bush administration officials had all but ruled out the idea before Mr. Bush announced, during a visit by Mr. Vázquez to the White House in May, that he favored "extending our commercial relations" and suggested that talks begin here as soon as possible.

Mr. Bush made his offer as Venezuela was preparing to join the Mercosur group, which was founded in 1991 and is based here. Venezuela was formally accepted into the group in July, and Mr. Chávez's public statements have made it clear that he would like to transform Mercosur into more of a political alliance with an anti-American tint.

But Mr. Chávez may have overplayed his hand by suggesting the creation of a NATO-like alliance and a common Mercosur army. That proposal was not well received in the four original member countries, Argentina, Brazil, Paraguay and Uruguay, all of which endured military dictatorships in the 1970's that committed major rights violations, and Mr. Vázquez said in the interview that the idea did not interest him.

Within Mr. Vázquez's governing coalition, though, left-wing groups close to Mr. Chávez and his "Bolivarian Revolution" to raise living standards for the poor have been working to undermine Mr. Vázquez's flirtation with Washington. Montevideo is awash in graffiti that emphatically proclaim "No F.T.A. with the Yankees!" and an "anti-imperialist forum" held here late in August called for closer ties with Venezuela.

At a 10-hour televised congressional hearing here in late August, those differences were on display.

Uruguay's finance minister, Danilo Astori, argued for an accord with Washington. Its foreign minister, Reinaldo Gargano, made the case for Venezuela: a 314 percent increase in trade in the first half of this year, more than a score of cooperation accords signed in the last 18 months and the strengthening of what he called "South-South relations."

But "the Chávez option is only interesting if he can compensate what we lose in trade opportunities each year by being inside Mercosur," an official, speaking on condition of anonymity because Mr. Vázquez has said only he is authorized to speak on the subject. "But his internal situation won't let him spend that kind of money year after year. He can afford millions, but not billions."

The U.S.-Korea Tie: Myth And Reality (WP)

By Daniel Sneider

The Washington Post, September 12, 2006

The U.S. visit this week by South Korean President Roh Moo Hyun offers yet another opportunity to bemoan the crisis of confidence in our alliance. Anti-American views, particularly among the young, remain widespread in South Korea. On an official level, there are strains over the role of U.S. troops based in Korea and a stark divergence in approaches toward North Korea.

This portrait of a troubled alliance is often contrasted with a supposed golden age in U.S.-Korean relations during the Cold War. But that view obscures a history of sharp disagreement between the two allies. It is a mythical past that stands in the way of repairing our alliance today. In reality, Korean nationalism and American strategic policy goals have often clashed. Differences over North Korea have arisen repeatedly. And anti-Americanism has been a feature of Korean life for decades.

This was true from the earliest postwar days, in a relationship born out of a fateful and poorly considered decision to divide Korea, after decades of Japanese colonial rule, into American and Soviet zones of occupation. Syngman Rhee, South Korea's

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first leader, was often at odds with his American backers. Washington feared Rhee would provoke a war with the communist North, even after the end of the Korean War.

Relations with Park Chung Hee, who came to power in a military coup in 1961, were even thornier. Park was a fierce Korean nationalist and, according to a close former aide, uncomfortable with Americans. The two countries collided over North Korea policy, economic goals, human rights and democracy.

In the 1970s, South Koreans developed deep doubts about the durability of the alliance, an uneasiness fed by the Vietnam debacle and the withdrawal of U.S. troops from Korea. Park defied U.S. pressure in declaring martial law in 1972, junking the constitution and jailing leading opposition figures. He launched a secret campaign of influence-peddling and bribery of American congressmen to counter U.S. criticism of his policies.

While Park feared abandonment by the United States, North Korea's Kim Il Sung worried that China, after developing ties to Washington, might sell him out. Thus Park, even though he had been the victim of two assassination attempts by North Korea, reached out to Pyongyang. During high-level talks in 1972, there was a remarkable shared belief that the major powers were the obstacle to Korean reunification.

The most alarming sign of an alliance in crisis was Park's dangerous decision to develop nuclear weapons, made in secret in 1971 after Richard Nixon's withdrawal of one of the two American infantry divisions. According to my research, American officials became alarmed over the seriousness of this effort when a young CIA agent provided evidence of a crude design for a nuclear warhead.

In the spring of 1975, my father, the late ambassador Richard Sneider, sent a top-secret cable to Washington calling for an urgent review of the U.S.-South Korean alliance. Korea was "no longer a client state," he wrote, but was "well on its way to middle power status with ambitions for full self-reliance including its own nuclear potential."

Sneider recommended creation of a new partnership, one more akin to our alliances with NATO or Japan. He also pushed for quiet but tough diplomacy to dissuade Park from heading down the nuclear road. That campaign succeeded finally, but not before my father warned Park that the entire security alliance was jeopardized.

Park was assassinated in 1979 by his own intelligence chief, who claimed to have acted at American instigation. The charge was false, but it remains widely believed in Korea. The perilous state of our alliance reached a peak with the Kwangju uprising against military rule the following year, when hundreds of Koreans were killed by troops deployed with the alleged acquiescence of the United States.

Dispelling the myth of the previous golden era in U.S.-Korean relations does not mean that our relations lacked a foundation of shared interest or that the difficulties we face today are not serious. The gap over how to handle the threat from the North is certainly wider and more evident than in the past. And the democratization of South Korea makes our differences visible and harder to manage.

As policymakers from both countries meet this week, they need to take a deep breath and remember that our alliance survived tremendous stresses in the past. The task before us is not to focus on our divergence but to pick up the challenge left unmet 30 years ago -- to define the basis for a long-term relationship that is durable and reciprocal and that finally sheds the shackles of dependency.

The writer, a former foreign correspondent, is associate director for research at Stanford's Shorenstein Asia-Pacific Research Center. He is working on a diplomatic history of the American alliances with South Korea and Japan during the Cold War.

A Sensitive Seoul Isn't Always A Good Thing (WSJ)

By Mary Kissel

The Wall Street Journal, September 12, 2006

SEOUL -- "Frustrating!" Ban Ki-moon, South Korea's foreign minister, said of his job, jovially echoing my own assessment at a recent, soju-soaked dinner here. "Frustrating, how?" I probe. There are plenty of foreign-policy sores: a growing rift with the U.S., China's expanding influence on the peninsula, and the prospect of a North Korean nuclear test. The foreign minister, a

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genteel man who's the leading candidate to succeed Kofi Annan at the United Nations, shrugs and laughs heartily; diplomatically, his tongue is tied.

"Fearful" might be a more frank characterization of South Korea's foreign policy. Not fearful that the North will attack the South -- President Roh Moo Hyun's government won't publicly acknowledge that as a possibility. Rather, Seoul's foreign policy is based on a deep-seated fear of the North's collapse and the prospect of China's military involvement in the ensuing turmoil. That's pushed the Roh administration to pursue an agenda whose chief goal is maintaining the status quo in the totalitarian North, where 23 million fellow Koreans eke out a rude existence in the world's most brutal regime. This foreign policy is based on an increasingly twisted rationale for appeasement of Kim Jong Il -- and is accompanied by a slow ideological drift away from the U.S., the nation which has kept the peninsula secure over the past 50-odd years.

The U.S.-South Korea alliance has proved a bedrock of security for North Asia's democracies, including Japan. Until Mr. Roh won in 2002, South Korean presidents -- even his immediate predecessor, "sunshine" advocate Kim Dae Jung -- understood why they needed the U.S. shield. Without it, Seoul would be privy to the whims of China -- which historically has treated the peninsula as an appendage -- or Pyongyang, which is tacitly backed by Beijing.

But Mr. Roh's administration just doesn't see it that way. Mr. Ban, picking at the noodles, fish and beef arrayed before us at dinner, discusses how to construct a "harmonious relationship" with the North that's based on building "mutual trust." On a swing through Europe last week, his boss, Mr. Roh, claimed that the North's recent missile launches were "aimed at achieving political purposes rather than posing military threats." Given that nearly 30,000 U.S. troops are stationed in South Korea, that kind of talk doesn't sit well in Washington.

Could Seoul and Washington be sliding toward an "amicable divorce," as some Korea-watchers are terming it? Under this view, this week's White House summit between Mr. Roh and President Bush is marriage counseling. Expectations are low, as prickly agenda items are plentiful: the timing of the transfer of wartime Korean troop control to Seoul (an idea that the Pentagon has almost gleefully embraced); increasingly frayed Seoul-Tokyo relations; shaky negotiations for a South Korea-U.S. free trade agreement; and Mr. Roh's re-establishment of emergency food aid, along with verbal niceties for Kim Jong Il.

Mr. Ban sometimes sounds like he's in denial. He insists that the U.S.-Korea relationship is fine, and says he's "hugely troubled" by the perception that anything's amiss between Seoul and Washington. South Korea, he points out, cooperates with the U.S.-led Proliferation Security Initiative, which aims to stem the trade of WMD. (The South hasn't signed up formally, however, because it's afraid of upsetting the North.) South Korea, like the U.S., claims it wants better human rights in North Korea. But it won't sign a U.N. resolution condemning the North's brutal repression of its citizens -- again, for fear of upsetting Pyongyang. Like the U.S., the South wants to see a unified, democratic Korean peninsula, which would imply regime change. But again, Mr. Ban could never say so outright because it would -- you guessed it -- offend the North.

Outside the government, ties between the two nations remain strong. The world's biggest and 10th-biggest economies are broadly and deeply linked. Cultural exchanges, including the more than 80,000 students who study in the U.S. every year, are rock solid. The U.S. Embassy in Seoul issues more visas daily than any other American embassy in the world.

So from where does this fear swilling around Seoul originate? For a start, the demilitarized zone is a mere 40 minutes' drive outside of Seoul, and over time, that threat has psychologically neutered South Korea's policy makers. Missile defense isn't an option, Mr. Ban points out, as defensive measures couldn't be launched fast enough to counter a concerted Northern offensive. And he stresses, somewhat incongruously for an economy larger than Russia's, that South Korea is still a "middle power." The U.S. alliance is important, that reasoning goes, because it's the only thing keeping the North checked. But this logic is at odds with his government's insistence that the North wouldn't threaten the South at all.

Any military option against the North is "out of consideration," Mr. Ban says emphatically. But what if Kim Jong Il's regime falls, and China installs its own dictator or exerts its own control? Mr. Ban insists that Seoul's goal is "unification," without a timeframe. But it would be awfully convenient to see Beijing impose a little order north of the border.

China might like that, too. It's certainly not in its interest to see a strong, democratic, unified Korean peninsula that's more closely aligned with the U.S. Beijing has already established strong political links with the North through energy and food donations. The Chinese are putting money into North Korean mining projects, infrastructure, tourism and trade. The six-party talks, Mr. Ban hints -- but doesn't say outright -- don't get anywhere because of Chinese intransigence.

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For more than half a century, Pax Americana has ruled on the peninsula. But today, even South Korea's opposition Grand National Party, for all its hawkish rhetoric, doesn't really envision a military option for dealing with North Korea. It will take more than a frosty summit this week -- a further U.S. troop drawdown, perhaps? -- to stimulate some real fear among the Korean people about who's protecting their interests and ensuring their security. "I would be sensitive to term it [North Korea] as a threat," Mr. Ban said, at the start of our dinner together. Maybe that's the problem.

It's A Boy! (WP)

The Washington Post, September 12, 2006

The little prince lets Japan off the hook -- for now.

THE BIRTH of a child is always a joyous occasion, but the birth of a 5-pound, 10-ounce son to Japanese Prince Akishino and his wife, Princess Kiko, has been a cause for particular celebration there for a single reason: the baby's gender. The baby is the first boy to be born in the imperial household in 41 years, thereby allowing the country to sidestep, at least for now, an emotional national debate about whether to permit a female to ascend the Chrysanthemum Throne. As the conservative newspaper Sankei Shimbun exulted, "The birth of the little prince has completely erased the dark mood of Japanese worried about the nation's future."

Our best wishes to the family, but it's too bad the arrival of the little prince is letting the country and its archaic system of royal succession off the hook. The baby had hardly had his first diaper changed when politicians rushed to postpone consideration of a measure that would have allowed female succession; Crown Prince Naruhito and his wife, Princess Masako, have a 4-year-old daughter.

It's a bit odd to complain that the rules of any particular monarchy are outmoded; in this democratic age, the entire institution is anachronistic. Yet the Japanese emperor has evolved with the times: Once revered as a living god, the emperor renounced his divine status after World War II to become, as the Japanese constitution provides, "the symbol of the state and of the unity of the people." Symbols matter, and in a country whose institutions and society remain pervaded with sexism, a female emperor could hardly be a better one.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Cheney, Rumsfeld Call For Perseverance At Pentagon Ceremony (AFP)

By Jim Mannion

AFP, September 12, 2006

Vice President Dick Cheney called on Americans to stay united and persevere in an increasingly divisive war against terrorism five years after the September 11 attacks on the United States.

Cheney joined US Defense Secretary Donald Rumsfeld at a memorial ceremony at the site where a hijacked American Airlines jet struck the Pentagon on September 11, 2001, killing 189 people, including the five Al-Qaeda hijackers.

"We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Cheney told a gathering that included families of the victims.

President George W. Bush later visited the Pentagon where he consoled and embraced relatives of the victims, ending an emotional round of visits that took him to "Ground Zero" in New York on Sunday and Shanksville, Pennsylvania on Monday.

Hijackers flew two airliners into the World Trade Center, followed by another into the Pentagon and a fourth into a field in Pennsylvania, killing nearly 3,000 people in the worst attack on US soil.

The anniversary comes amid deepening public disenchantment with the war in Iraq and a resurgence in Afghanistan of the Taliban, the Islamic fundamentalists toppled in a US-led offensive within months of the September 11 attacks.

At the ceremony, hundreds of guests, dignitaries and military observed in silence as bagpipes played and a giant American flag was unfurled over the side of the Pentagon as firefighters did on the day of the attack.

Cheney and Rumsfeld, key architects of the wars in Iraq and Afghanistan, alluded only indirectly to the bitter divisions that have opened since the attacks on New York and Washington.

Both, however, sounded themes of national unity and determination in their speeches, and broadly defended the administration's performance.

Cheney called September 11 "a day of national unity."

"When that giant flag was unfurled here, it rallied the country," Cheney said. "And everyone was reminded how fortunate we are every day to have the men and women of the Pentagon on duty for the United States of America."

Cheney said the United States has learned "that there is a certain kind of enemy whose ambitions have no limits and whose cruelty is only fed by the grief of others."

"And in these years, we also found our mission: to defend America against a present danger and to offer a democracy and hope as the alternative to extremism and terror.

"This struggle is fierce and it will be lengthy, but it is not endless," Cheney said. "Our cause is right. Our will is strong. This great nation will prevail."

A video tape released by Al-Qaeda's number two leader Ayman Al-Zawahiri on the anniversary threatened continued attacks on US and western interests in the Gulf and on Israel.

Rumsfeld, praising Cheney's resolve and "fierce determination to bring our enemies to justice," said the attacks drew the United States into "a war not of our making."

"On this fifth anniversary and on the anniversaries to come, we must ask ourselves, are they succeeding?" Rumsfeld said.

"Well, in many ways, the enemy's failing," he said.

He said many of those who have not been killed or captured are "on the run" and they had lost a sanctuary in Afghanistan.

Rumsfeld implicitly linked Iraqi President Saddam Hussein to the September 11 attackers, saying, "They've lost a supporter in Iraq that was paying the families of suicide bombers 25,000 dollars each."

"But they still try every day to convince us to doubt our prospects, to distrust one another, and to believe that the battle against them cannot be won or is not worth the cost," he said.

Cheney Defends Homeland Security Policy (AP)

The Associated Press, September 11, 2006

Vice President Dick Cheney says the fact that there has not been another attack on U.S. soil shows "we've done a pretty good job" of protecting the country against terrorists.

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"I don't know how much better you can do than no, no attacks for the past five years," said Cheney, dismissing Democratic charges that serious security gaps remain.

On Monday, as the country marked the fifth anniversary of the Sept. 11 attacks, Cheney attended a service of remembrance across the street from the White House at St. John's Episcopal Church, where former British Prime Minister Margaret Thatcher was among those at the service.

Cheney then presided at a moment of silence on the South Lawn, where the Marine Band played "Amazing Grace," "America the Beautiful" and "Taps" as Cheney and his wife, Lynne, stood solemnly with Mrs. Thatcher, Cabinet members and White House staffers.

Later, at a memorial observance near the site where an American Airlines plane slammed into the Pentagon five years ago, Cheney and Defense Secretary Donald H. Rumsfeld walked side-by-side to the speaker's platform as somber music played. Rumsfeld's arm was in a sling; he is recovering from shoulder surgery.

A moment of silence was observed at 9:37 a.m. EDT, the exact time the plane struck, killing 184 people.

Also in attendance was retired Air Force Gen. Richard Myers, who was vice chairman of the Joint Chiefs of Staff the day of the attack.

The Bush administration has been on the defensive over its policies in Iraq, where insurgents have been escalating their attacks.

Cheney, in an hour-long interview Sunday on NBC's "Meet the Press," acknowledged the Iraqi insurgency was underestimated and that he was wrong when in May, 2005 he declared the insurgency "in its last throes."

"I think there is no question but that we did not anticipate an insurgency that would last this long," the vice president said, adding that "major, major work ... is ahead of us."

"But the fact is, the world is better off today with Saddam Hussein out of power. Think where we'd be if he was still there," Cheney said.

Democrats countered that the country is now less safe.

"Vice President Cheney's influence over our nation's foreign policy has made America less safe," said Senate Minority Leader Harry Reid, D-Nev. "Vice President Cheney's appearance (Sunday) proves that he just doesn't get it."

Cheney refused to separate Iraq from the overall terrorist threat, although a Senate Intelligence Committee report last week said there's no evidence Saddam Hussein had ties with al-Qaida. He said the war in Iraq is now the central front in the fight against terrorism.

Cheney defended his role as a leading advocate for invading Iraq, for a warrantless surveillance program and for harsh treatment of suspected terrorists.

"Part of my job is to think about the unthinkable, to focus upon what in fact the terrorists may have in store for us," Cheney said when asked about his "dark side."

Cheney shrugged off news reports that his influence was waning, partly as a result of foreign policy miscalculations and partly as other advisers, especially Secretary of State Condoleezza Rice, were getting more attention from President Bush.

The vice president said the reports were about as valid "as the ones that said I was in charge of everything."

Rice told "Fox News Sunday" that "these stories float around Washington — who's up, who's down. The vice president remains a crucial adviser to the president. His role is different than my role. ... These stories are simply ridiculous."

Asked if the United States still would have invaded Iraq had the CIA told Bush and him that Iraq had no weapons of mass destruction in 2003, Cheney answered yes. He said Iraq had the capability of obtaining such weapons and would have done so once U.N. penalties were eased.

President Bush's Reality (NYT)

The New York Times, September 12, 2006

Last night, President Bush once again urged Americans to take terrorism seriously — a warning that hardly seems necessary. One aspect of that terrible day five years ago that seems immune to politicization or trivialization is the dread of another attack. When Mr. Bush warns that Al Qaeda means what it says, that there are Islamist fanatics around the world who wish us harm and that the next assault could be even worse than the last, he does not need to press the argument.

After that, paths diverge. Mr. Bush has been marking the fifth anniversary of Sept. 11 with a series of speeches about terrorism that culminated with his televised address last night. He has described a world where Iraq is a young but hopeful democracy with a "unity government" that represents its diverse population. Al Qaeda-trained terrorists who are terrified by "the sight of an old man pulling the election lever" are trying to stop the march of progress. The United States and its friends are holding firm in a battle that will decide whether freedom or terror will rule the 21st century.

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If that were actual reality, the president's call to "put aside our differences and work together to meet the test that history has given us" would be inspiring, instead of frustrating and depressing.

Iraq had nothing to do with the war on terror until the Bush administration decided to invade it. The president now admits that Saddam Hussein was not responsible for 9/11 (although he claimed last night that the invasion was necessary because Iraq posed a "risk"). But he has failed to offer the country a new, realistic reason for being there.

Establishing democracy at the heart of the Middle East no longer qualifies, desirable as that would be. Where Mr. Bush sees an infant secular Iraqi government, most of the world sees a collection of ethnic and religious factional leaders, armed with private militias, presiding over growing strife between Shiites and Sunnis. Warning that American withdrawal would "embolden" the enemy is far from an argument as long as there is constant evidence that American presence is creating a fearful backlash throughout the Muslim world that empowers the fanatics far more than it frightens them.

Fending off the chaos that would almost certainly come with civil war would be a reason to stay the course, although it does not inspire the full-throated rhetoric about freedom that Mr. Bush offered last night. But the nation needs to hear a workable plan to stabilize a fractured, disintegrating country and end the violence. If such a strategy exists, it seems unlikely that Mr. Bush could see it through the filter of his fantasies.

It's hard to figure out how to build consensus when the men in charge embrace a series of myths. Vice President Dick Cheney suggested last weekend that the White House is even more delusional than Mr. Bush's rhetoric suggests. The vice president volunteered to NBC's Tim Russert that not only was the Iraq invasion the right thing to do, "if we had it to do over again, we'd do exactly the same thing."

It is a breathtaking thought. If we could return to Sept. 12, 2001, knowing all we have seen since, Mr. Cheney and the president would march right out and "do exactly the same thing" all over again. It will be hard to hear the phrase "lessons of Sept. 11" again without contemplating that statement.

Democrats Answer Cheney (WP)

By E. J. Dionne Jr.

The Washington Post, September 12, 2006

Perhaps Vice President Cheney should quit his current job and work within a political system more to his liking, the kind in which those in charge can protect national security by telling everyone what not to say and what not to think.

Cheney seemed terribly impatient with democracy Sunday on "Meet the Press" when he suggested that those who oppose President Bush's Iraq policies are helping -- excuse me, validating -- the terrorists.

Our allies in the war on terror, Cheney said, "want to know whether or not if they stick their heads up, the United States, in fact, is going to be there to complete the mission."

Then the punch: "And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States. Suggestions, for example, that we should withdraw U.S. forces from Iraq, simply feed into that whole notion, validates the strategy of the terrorists."

Meaning what, exactly? If Cheney doesn't like "the kind of debate that we've had in the United States," is there any other "kind," short of a lock-step endorsement of all of Bush's choices, he'd endorse?

It's no wonder that Cheney isn't happy with the spread of democracy to the American foreign policy debate. Not only did Cheney have to answer Tim Russert for a whole series of spurious prewar claims and badly mistaken predictions. He must also be distressed with how different the political world is now from what it was four years ago, when he and Defense Secretary Donald Rumsfeld began building their case for the Iraq war.

Back then, Democrats were petrified. They desperately wanted to change the subject from foreign policy to . . . well, anything else. Cheney loved it when tormented Democrats failed to see that they could never win the electorate's confidence if they left national security to the other party.

Yes, there were honorable exceptions proposing alternatives to the administration's approach, including (from somewhat different points of view) Sens. Joe Biden, Carl Levin, Richard Durbin and the late Paul Wellstone. But far more than was healthy, the foreign policy debate back then was largely a Republican and conservative affair.

That's changed. As the administration's failures have become obvious to an American majority, Democrats have begun to play the opposition's essential role of offering alternatives. Voters trying to get beneath slogans such as "cut and run" might usefully consult two speeches given in the past week, one by Biden, the other by Sen. John Kerry. These days Biden is seen as a bit more "hawkish" than Kerry, but what's striking is that both speeches focused on ending the impasse Bush's policies have created.

Both emphasized what should be a central element in the debate, the potential disaster looming in Afghanistan. The administration, Biden said last Thursday, "has picked the wrong fights at the wrong times, failing to finish the job in Afghanistan,

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which the world agreed was the central front in the war on radical fundamentalism, and instead rushing to war in Iraq, which was not a central front in that struggle."

On Saturday, Kerry condemned the administration's "stand-still-and-lose strategy" and called on the administration to send 5,000 more troops to

Afghanistan to quell the Taliban insurgency.

Biden made an important point in arguing that elections alone, absent efforts to "build democratic institutions and bolster moderates," do not guarantee democracy.

Biden also pushed his proposal for radically decentralizing Iraq's government so that Sunnis, Shiites and Kurds can find "breathing room in their own regions" and create a circumstance in which most American troops could be home "by the end of 2007, without leaving chaos behind."

Kerry's speech put greater emphasis on the need to "redeploy" from Iraq, but even the Democrats' 2004 nominee argued for leaving a "residual force to complete the training" of Iraqi troops and "deter foreign intervention."

These speeches reflect a growing consensus within a broad swath of Democratic opinion: First, that Iraq is a blind alley, a distraction from the war on terrorism, not its "central front." Second, that the United States needs a responsible way to disengage from Iraq, reengage in Afghanistan and prepare itself to deal with the rising power of Iran, so far a real winner from Bush's Iraq policies.

The administration, in the meantime, is offering -- stasis. It seems to define victory as maintaining our troops in Iraq through the end of Bush's term without telling us exactly why doing so will make the situation there any better.

A debate about alternative futures is what the country needs. Who can be surprised that Vice President Cheney doesn't want it to happen?

N.J. Prosecutors Defend Effort To Get Phone Company Records Against Federal Lawsuit (AP)

By Beth Defalco, Associated Press

AP, September 12, 2006

TRENTON, N.J. – New Jersey has the right to obtain information about a federal domestic surveillance program because that program is no longer a secret, the state argued in response to federal efforts to quash its investigation.

The Justice Department wants to throw “an impenetrable cloak insulating the federal government's domestic surveillance activities from all judicial scrutiny,” acting New Jersey Attorney General Anne Milgram said in a statement Monday.

New Jersey prosecutors subpoenaed 10 phone companies in May because of suspicion that state consumer protection laws may have been violated if phone companies were turning over records to the National Security Agency.

The federal government sued the New Jersey attorney general's office in federal court June 14, claiming compliance with the state's subpoenas or even acknowledging the existence of such a program would threaten national security.

The state in its response, filed late Friday, argued: “There is no secret for the state secret privilege to protect.”

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

The federal government considers the program vital to fighting terrorism, but critics say it unconstitutionally gathers private information.

Federal officials have objected to efforts by several states and civil liberties groups to investigate or shut down the NSA program. Most recently, it filed a lawsuit against a Connecticut state agency last week and against Maine utility regulators last month.

The courts have been split on that argument: A judge in Chicago agreed with the government that state secrets would be exposed if a case there went forward there, but another judge in San Francisco said the surveillance is already so well known that there is was no danger of spilling secrets.

A judge in Detroit last month ordered an immediate end to the program, saying it violates free speech and privacy rights as well as the separation of powers, but the plaintiffs agreed to keep the ruling on hold until the judge decides whether to issue a stay.

Where's The Outrage? (USAT)

By Karen Hughes

USA Today, September 12, 2006

Five years after the Sept. 11 attacks, one essential ingredient is still lacking in our international response to terrorism: the concerted moral outrage of everyday citizens of every faith and country.

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The names of the people murdered that morning read like a roll call of the world's family: Ahmed, Alonso, Chung, Fazio, Fitzgerald, Goldstein, Gonzalez, Jablonski, Mbaya, McSweeney, Mohammed, Rizzo, Wallendorf and Zukelman. The victims, citizens of more than 90 countries, included a young Muslim woman, seven months pregnant, on her way to attend a friend's wedding; an Iranian grandmother who had overcome her fear of flying to visit her grandsons in Boston; a German businessman in New York to attend a meeting. His son, 4 at the time, said, "If the terrorists knew how much we love Papa, they wouldn't have flown the plane into the tower."

Unfortunately, the extremists we face don't care. Since that fateful day, hundreds of others have been torn from their families, murdered as terrorists targeted morning commuters in London, Madrid and India, wedding guests at a hotel in Jordan, children in school in Russia and lining up for candy in Iraq, tourists in Egypt and Bali, Indonesia.

This is not right, or normal, or acceptable, and a much louder chorus of voices needs to join in condemning it. Terrorism threatens all of us. It targets the very foundations of a free society. Yet where are the mothers organizing against terrorism as American mothers did against drunken driving? Where are the fathers promising to teach their sons to choose to live rather than choose to die? Where are the religious clerics and congregations of all faiths arguing that no just and loving God would call on young men and women to kill themselves and others in the name of religion?

To be fair, many voices, Western and Eastern, Islamic and Christian, have spoken out against the violence. Yet the criticism seems oddly muted. Offensive cartoons sparked massive protests in nations across the Islamic world. The international outcry was immediate when civilians were killed in the recent conflict between Israel and Hezbollah.

Yet we have seen no similar mass condemnation of terrorist violence and murder, and no hint of remorse from those engaged in these acts. As I have traveled the world, I have met those who try to justify the violence based on policy differences, long-held grievances or a perceived threat from the West.

Those who speak of a clash of civilizations seem to forget that Islam is part of America, that an estimated six to seven million Muslims live and worship freely in America. America and our international partners went to war to protect Muslims in the Balkans and gave generously to help Muslims rebuild their lives after the tsunami in Indonesia and the earthquake in Pakistan, just as many Muslim-majority countries reached out generously to help Americans in the aftermath of Hurricane Katrina.

We do this because we believe in the dignity and value of every person. The fifth anniversary of Sept. 11 is both a reminder of the inhumanity of the extremists we are up against and the humanity shared by most citizens of the world. The color of our skin, the language we speak and the way we worship may be different, but much more unites us than divides us.

So why aren't more of us doing more to stop the terror?

First, I believe most of us hope that terrorism is an aberration. Unfortunately, I do not believe it is true. Part of my job is to look at the propaganda being spread on Internet sites and TV sets around the world. It is chilling. Bombings are depicted as acts of glory. Children are being taught the language of hate. Thousands of people have been trained in terror training camps, convinced the only way to defend their faith is to kill all others who have a different point of view.

Second, the presence of religion in this debate makes governments and individuals nervous. We are unsure how to engage; we hesitate to offend. Yet all major faiths — including Christianity, Islam and Judaism — teach that life is precious. We cannot allow what is essentially a death cult to get away with murder in the name of religion.

It is in the best interest of all the civilized people that the terror stop. And we have a model. Slavery's path from international norm to pariah began with moral outrage. In 1833, one of every seven adults in Britain signed a petition against slavery. That was twice the number of people eligible to vote at the time and the largest public petitioning of Parliament to that date. The grassroots petition drive was born of the conviction that every person has value — a conviction that should guide us today.

Our challenge is to launch a new grassroots movement across all faiths and continents, a movement that clearly states that no grievance, no complaint, no matter how legitimate, can ever justify the targeting and killing of innocent civilians. A movement that commits to teach our children that life is precious, diversity should be celebrated, and hope can conquer hate.

I have read many stories of lives cut short by acts of terrorism. Almost all the victims' families speak of the joy their loved ones brought to those around them. They didn't deserve to die. And those who killed them earned only shame, not glory. The least the rest of us can do is say so loudly and in concert.

Karen Hughes is under secretary for public diplomacy and public affairs at the State Department.

Al-Qaida Lieutenant Warns Of New Attacks (AP)

By Lee Keath

AP, September 11, 2006

Al-Qaida's No. 2 condemned U.N. peacekeepers in Lebanon as enemies of Islam and warned the terror group will strike the Persian Gulf and Israel, suggesting new fronts in its war against the West in a video Monday marking the fifth anniversary of the Sept. 11 attacks.

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The video of Ayman al-Zawahri was one of three al-Qaida released for the anniversary, showing increasingly sophisticated techniques as the group tries to demonstrate that it remains a powerful, confident force five years into the U.S. war on terror.

One video showed images of the planes striking the World Trade Center, lionizing the 19 suicide hijackers as men "who changed history." Another was a 91-minute documentary-style video in which Osama bin Laden is seen smiling and chatting with the planners of the Sept. 11 attacks in an Afghan mountain camp.

Al-Zawahri spoke in the third and longest video, warning Americans of more attacks to come.

"We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender," he said. "The days are pregnant and giving birth to new events."

He also called on his followers to attack the U.S. in response to its jailing of a prominent Muslim cleric.

"I call on every Muslim to make use of every opportunity afforded him to take revenge on America for its imprisonment of Sheik Omar Abdel-Rahman," he said.

Abdel-Rahman, a blind cleric from Egypt, was convicted in the U.S. of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995.

Al-Zawahri's comments also pointed to new fronts for al-Qaida attacks. The terror network has had few operations in Lebanon, Israel or in the Gulf region — except for in Saudi Arabia, where its branch carried out a campaign of violence in recent years but has been heavily damaged by a government crackdown.

He urged his followers to attack Western targets to stop what he said was the stealing of oil from Muslim countries.

Both Lebanon and Israel have warned of a possible growing al-Qaida presence.

"We have seen over the last months increased al-Qaida activity in our area," in Lebanon, Jordan and Egypt's Sinai peninsula, Israeli Foreign Ministry spokesman Mark Regev said. "We've seen an attempt by al-Qaida to also infiltrate in Gaza and even in the West Bank, so we take the threat very seriously and we're taking the appropriate countermeasures," he said, without elaborating.

Addressing the United States, al-Zawahri said "you should not waste your time" reinforcing troops in Iraq and Afghanistan, "because they are doomed to defeat."

"Instead, you have to reinforce your troops in two regions. First is the Gulf, where you will be thrown out after you are defeated in Iraq, at which point your economic ruin will be achieved," he said. "The second is Israel, because the jihad reinforcements are getting closer to it."

He also denounced the U.N. peacekeeping force now moving into Lebanon under terms set out in a U.N. cease-fire resolution that on Aug. 14 ended fighting between Israel and Hezbollah guerrillas. He suggested Muslims should prevent the peacekeepers' deployment.

"What is so terrible in this resolution ... is that it approves the existence of the Jewish state and isolates our mujahedeen in Palestine from Muslims in Lebanon," he said. "This is consecrated by the presence of international troops who are hostile to Islam."

"Anyone who accepts this resolution means that he accepts all these catastrophes," he said.

The Egyptian-born al-Zawahri called on the Muslim world "to rush with everything at its disposal to the aid of its Muslim brothers in Lebanon and Gaza" and accused Egypt, Jordan and Saudi Arabia of being "traitors" when it came to those two conflicts.

The comments about Lebanon — which indicated the video was recent — were the first indirect threat against the French-led force deploying there, tasked with enforcing a border zone free of Hezbollah weapons.

But it is not clear al-Qaida has the means to carry out significant attacks in Lebanon. The Sunni-led al-Qaida and Shiite Hezbollah are considered enemies. The Shiite guerrillas were angered over the terror group's interference in December, when al-Qaida in Iraq claimed a rocket attack from Lebanon into northern Israel, provoking Israeli airstrikes on a Palestinian base in Lebanon.

Al-Zawahri also called on Iraq's Kurds to shun America and Israel.

"I appeal to my brothers in Islam, the Kurds, to renounce these calls which support America and Israel," he said.

Bin Laden and al-Zawahri are believed to be on the run in the Afghan-Pakistan border region. Many analysts believe that they no longer have centralized control to order or organize attacks by militants around the world. The capture and killing of many midlevel commanders has left the organization more diffuse and amorphous.

At the same time, the central leadership's propaganda machine has gotten more sophisticated, aiming to rally militants and romanticizing the jihad, or holy war, against the United States as a heroic fight.

The three videos were all issued by As-Sahab, al-Qaida's media production arm.

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Al Qaeda Threatens More Terror Attacks (WT/AP)

By Elaine Ganley

The Washington Times, September 12, 2006

PARIS -- Al Qaeda yesterday marked the fifth anniversary of the September 11 attacks with threats of more assaults as the world remembered the day in solemn observances and some expressions of resentment over the U.S. response to the attacks.

"We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender," al Qaeda No. 2 Ayman al-Zawahri said in one of three videos the group released yesterday.

"The days are pregnant and giving birth to new events," he said and warned that Persian Gulf countries and Israel would be al Qaeda's next targets. He accused the governments of Egypt, Jordan and Saudi Arabia of supporting Israel's war against Hezbollah in Lebanon.

Elsewhere, somber remembrances marked the day. From Europe to Asia, heads bowed in moments of silence for the nearly 3,000 people killed in the attacks five years ago.

Iraqi President Jalal Talabani wrote President Bush on behalf of the Iraqi people, expressing condolences to the families of the September 11 victims.

"On this sad and memorable day, I would like to reiterate the gratitude of the people of Iraq for the people of America and for your leadership," Mr. Talabani wrote. "The people of Iraq will never forget those who helped them in getting rid of the most brutal and terrorist regime of Saddam Hussein."

Afghan President Hamid Karzai, who won the country's first post-Taliban election in 2004, expressed the appreciation of the Afghan people to the United States for the "sacrifices of your sons and daughters" in rebuilding his country.

Saudi Arabia, birthplace of 15 of the 19 September 11 hijackers, sent a message of sympathy to the American people and relatives of the victims.

But it also noted that "the hand of terrorism has reached innocent people of various nationalities and religions" and reminded Americans that Islamic nations have repeatedly been targeted by terrorists.

In Europe, the scene of three terrorist attacks since September 11, commemorations touched each nation.

Bells tolled in Rome's city hall square.

"9/11 will be in our memory forever," said Rome Mayor Walter Veltroni during a ceremony in a downtown piazza designed by Michelangelo. "We all remember where we were, what we were doing, what our first reaction was."

In London, bouquets of white roses and yellow carnations were piled in a memorial garden where the names of 67 Britons killed in the New York attacks are inscribed -- and where a steel girder from the wreckage of the World Trade Center is buried. Relatives tearfully remembered their dead.

"It doesn't get any easier, but our minds are much calmer, and we can think through all the events without being flooded by tears and sadness," said Adrian Bennett, 55, whose 29-year-old son, Oliver, was among the victims.

French President Jacques Chirac, in a written message to President Bush, reiterated his nation's "friendship" in the fight against terrorism.

A week after the September 11 attacks, Mr. Chirac flew over the World Trade Center site. But that solidarity quickly dissipated into rancor in the buildup to the Iraq war, when Mr. Chirac led opposition to Mr. Bush's plans.

Many foreign leaders still think the war and other U.S. policies have made the world less safe in the five years since. Even German Chancellor Angela Merkel -- an advocate of closer ties with Washington -- had criticism of the United States yesterday, saying: "The ends cannot justify the means."

"In the fight against international terror ... respect for human rights, tolerance and respect for other cultures must be the maxim of our actions, along with decisiveness and international cooperation," she said.

New Zealand's Prime Minister Helen Clark joined many when she said: "No, we're not more secure since 9/11."

She said more should be done to reach out to moderate states and leaders in the Islamic world to encourage understanding between different peoples, and to help end the sense of alienation and exclusion among some young Muslims that fuels extremism.

Bin Laden's Deputy Warns Of Attacks In The Middle East (NYT)

By Mark Mazzetti

The New York Times, September 12, 2006

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WASHINGTON, Sept. 11 — Osama bin Laden's top deputy used the fifth anniversary of the Sept. 11 attacks on Monday to urge fellow Muslims around the world to take up arms against the United States, and he warned of new attacks by Al Qaeda throughout the Middle East.

Dressed in a white robe and turban and seated in front of shelves filled with books, the deputy, Ayman al-Zawahri, said American troops in Iraq and Afghanistan were "doomed to defeat" and pledged that the United States military would be expelled entirely from its bases in the Persian Gulf region.

Mr. Zawahri criticized America's military support for Israel during the country's recent war with Hezbollah, and he called on the Muslim world "to rush with everything at its disposal to the aid of its Muslim brothers in Lebanon and Gaza," according to a full transcript of the video provided by the SITE Institute, which tracks violent Islamist groups.

Mr. Zawahri said Al Qaeda would strike again in coming weeks, but he gave no indication of the type of targets or specific locations.

"The days are pregnant and giving birth to new events with God's permission and guidance," he said in the video, during which he is asked a series of questions by an anonymous interviewer.

Running more than an hour, the Zawahri video, broadcast on CNN and the Internet, was unusually long compared with previous videos released by As-Sahab, Al Qaeda's clandestine media production arm, based in Pakistan.

Terrorism experts in Washington were examining the tape on Monday to find any coded messages that Mr. Zawahri might be sending to his followers. American government officials did not seem to be concerned that the tape might signal an impending attack. "It's one tape of what they said was going to be a media blitz," said an American intelligence official, who spoke on condition of anonymity under ground rules imposed by his agency. "We take it as propaganda. We take all these tapes seriously, but over the years they have been propaganda and not substance."

The video message from Mr. Zawahri was released along with a separate, documentary-like video showing footage of Qaeda operatives planning the Sept. 11 attacks, as well as two of the Sept. 11 hijackers reading from their wills.

They were part of a flurry of audio and video messages that the terrorist organization has released in recent weeks.

President Bush has used several speeches over the past week to highlight what he described as his administration's successes since the 2001 attacks in dismantling Al Qaeda and keeping the organization's senior leaders on the run.

At the same time, Mr. bin Laden and Mr. Zawahri have been able to produce a record number of recordings this year — messages that seem intended both to inspire their followers and to taunt their adversaries.

According to IntelCenter, a company based in Virginia that monitors Qaeda videos, the terrorist group has released 46 videos so far this year, nearly three times the number it has produced in any previous year.

Mr. Zawahri discussed the internal politics of the jihadist movement, announcing that an Algerian separatist organization called the Salafist Group for Preaching and Combat had formally joined with Al Qaeda.

He held forth on historical events like the Sykes-Picot agreement between the French and British to redraw the borders within the Middle East after World War I.

Al-Qaeda Calls On Muslims To Fight In Lebanon, Israel (WP)

By Karen Deyoung

The Washington Post, September 12, 2006

Al-Qaeda marked the fifth anniversary of the Sept. 11, 2001, attacks with a call for Muslims throughout the world to violently oppose the international peacekeeping force gathering in southern Lebanon and position themselves for direct assaults against Israel and Persian Gulf governments.

In a lengthy video posted on Islamic Web sites late Sunday, al-Qaeda's second-in-command, Ayman al-Zawahiri, described last month's U.N.-authored cease-fire between Israel and the Hezbollah militia in Lebanon as a Western plot to separate and isolate "the mujaheddin in Palestine . . . from the Muslims in Lebanon."

The Lebanon crisis, Zawahiri said, was a subset of the primary issue of Israel and its occupation of Palestinian territories. Every "sincere Muslim," he said, should "hurry" to southern Lebanon to aid in setting up "a jihad base on the borders of Palestine to connect" with those on the inside.

His comments reflected an ongoing al-Qaeda effort to position itself as the vanguard of the Palestinian fight against Israel and to capitalize on the outrage the conflict generates in the Muslim world.

Zawahiri's 76-minute video, aired in part yesterday by the al-Jazeera satellite television network and CNN, was one of several released before the anniversary. Titled "Hot Issues," it showed Zawahiri, in a white robe and a turban, sitting in front of a bookcase stocked with volumes in Arabic.

Earlier Sunday, al-Qaeda posted a 90-minute documentary, titled "Knowledge is for Acting Upon." Subtitled in English and narrated by an unknown figure, it was a history of al-Qaeda grievances against the West, including the establishment of the state

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of Israel in 1948, the alleged desire of the West to occupy Arab lands in pursuit of oil and the stationing of U.S. troops in the Persian Gulf region.

The video combined old footage of al-Qaeda leader Osama bin Laden with previously unseen video, including images of Sept. 11 hijackers Hamza Alghamdi and Wail M. Alshehri reading portions of their wills and of bin Laden apparently consulting with his commanders before the 2001 attacks.

It also showed bin Laden, dressed in a dark robe, sitting with Muhammad Atef, a senior al-Qaeda figure who was killed in Afghanistan, and Ramzi Binalshibh, who helped facilitate the attacks and was captured four years ago in Pakistan. Binalshibh is among those President Bush said last week had been transferred from secret prisons to the U.S. detention facility at Guantanamo Bay, Cuba.

Although bin Laden has recorded frequent audiotapes -- the most recent one was released July 1 -- his last known appearance on video was in October 2004. Both he and Zawahiri are believed to be hiding in the mountainous region along the border between Afghanistan and Pakistan.

The Zawahiri video, translated by the Washington-based SITE Institute, was done as an interview conducted by an unseen questioner. In addition to calling on Muslims not to recognize the cease-fire agreement in Lebanon, Zawahiri:

Â· Described the government of Iraq as being made up of "traitors and charlatans" who had lost their place in the afterlife by cooperating with U.S. forces. He called on Iraqi Kurds to stop cooperating with it.

Â· Cited the "good news" that al-Qaeda had joined in a formal alliance with the Algeria-based Salafist Group for Preaching and Combat. U.S. intelligence officials confirmed the alliance, which they said had been "in the works for months."

Â· Repeated long-standing denunciations of governments in Turkey, Egypt, Jordan and elsewhere in the Middle East.

Â· Called NATO forces in Afghanistan "second-rate crusaders" who had been shoved into the line of fire by withdrawing U.S. forces.

Â· Invited "all victims of America," including non-Muslims, to "take advantage of the opportunity" offered by the Islamic campaign and U.S. weakness as a result of the wars in Afghanistan and Iraq "to ward off America's aggression against them and overcome it, each in his own way, and under his own banner and with whatever means."

Zawahiri claimed that U.S. defeat in Iraq is near and that "jihadi reinforcements" are closing in on Israel. He warned "Western peoples" that "your leaders are hiding from you the true extent of the disaster which will shock you, and the days are pregnant and giving birth to new events."

Republican Pushes Hardline Tribunal Bill (AP-Y)

By Anne Plummer Flaherty

AP, September 12, 2006

A House Republican has drafted a bill largely mimicking an administration plan to create military commissions to prosecute terror suspects.

Rep. Duncan Hunter, chairman of the House Armed Services Committee, will propose on Wednesday that his panel approve a bill that would allow the exclusion of evidence to protect classified information. A floor vote is expected next week.

The bill puts Hunter, R-Calif., in line with the White House and Senate leadership, but at odds with his counterpart, Senate Armed Services Committee Chairman John Warner, R-Va. Warner and some of his colleagues have drafted a rival bill that would ensure defendants are allowed access to all evidence against them.

Hunter's bill would require the commission members, who act as a jury, to be informed if such a step is taken and instruct them to grant appropriate weight to the evidence, according to a copy of the draft.

That extra step, not included in the administration's proposal, was added to Hunter's proposal after the military's top lawyers testified last week that not allowing a defendant access to evidence would undermine the court's credibility.

"Our foremost consideration in writing this legislation was to protect American troops and American citizens from harm," Hunter said in a statement Monday.

John Hutson, a former Navy judge advocate general and critic of the administration's plan, said Hunter's legislation would not represent a notable departure from the White House position. "It doesn't in any way solve the problem" of ensuring a defendant can dispute a false charge, said Hutson, now president and dean of Franklin Pierce Law Center in Concord, N.H.

Hunter's proposal includes other slight deviations from the administration proposal, including a requirement that no fewer than nine members of the commission be present in a case involving a potential death sentence. The administration bill could allow five members to deliver a death sentence in certain cases.

Hunter's bill also says the administration would be given authority to convene commissions only in the cases of "alien illegal enemy combatants." The administration's plan is said to seek broader authority for the president.

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Being allowed access to evidence is considered a fundamental right in civilian and military courts for a defendant to mount an adequate defense. President Bush's proposal, delivered to Congress last week, would let a defense counsel with security clearance see the information but not show it to a client.

The provision has been a major sticking point in negotiations between the White House and Warner. Warner, working with Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., are expected to insist upon their position that a defendant be allowed access to all evidence.

Senate Majority Leader Bill Frist, R-Tenn., said Monday he wants to vote on the legislation by the end of the month and hopes the memory of the Sept. 11 attacks will help rally lawmakers behind the White House proposal.

Frist and Majority Whip Mitch McConnell traveled last weekend to the Guantanamo Bay prison in Cuba to hear from the "front lines" on the detainee and interrogation program.

"The goal is to make sure our government, whether it's intelligence or armed forces, has the tools we need to prevent the attack we all solemnly recognize today," Frist said.

McConnell, R-Ky., said the program has helped prevent attacks since 2001. The administration has often been criticized for not implementing changes to improve security against terrorism.

"Among the things we're doing right is glean information" from terrorists, he said.

The leaders said they did not visit the 14 "high-value" detainees recently transferred to Guantanamo from the CIA's secret prison system. The terror suspects' cases are considered the driving force behind the administration's proposal; because of a Supreme Court ruling in June that determined Bush's tribunal system was illegal, the president wants to pass legislation allowing it to move forward with the prosecutions.

"Our job here is to make sure we do get it right," Frist said.

White House Gains Concessions In Senate Measure On Tribunals (WP)

By R. Jeffrey Smith

The Washington Post, September 12, 2006

The Bush administration has won concessions from key Senate Republicans in proposed legislation on standards for detainee treatment and the rules for military trials of terrorism suspects, although some disagreements persist between the lawmakers and the White House, Senate sources said yesterday.

The disagreements that remain involve whether suspects can be convicted with evidence they are never allowed to see, an approach favored by the administration but opposed by the Republican senators. The two sides also still differ over the terms of a related amendment to the U.S. War Crimes Act that would limit the exposure of CIA officials and other civilian personnel to prosecution for abusive treatment of detainees, the sources said.

In a sign that Congress is nonetheless preparing to act quickly to establish "military commissions," as the trials are known, and provide other legal relief sought by the administration, the Senate trio at odds with the White House circulated a revised bill yesterday containing their concessions.

Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) last week had circulated a draft that diverged more sharply from the White House's version. But President Bush's speech on the plan Wednesday, when he announced his intention to put 14 key terrorism suspects on trial, has made Senate Republicans more wary of bucking the White House.

House Armed Services Committee Chairman Duncan Hunter (R-Calif.), meanwhile, announced yesterday that he has drafted a competing bill that closely tracks the administration's preferences. He said it would be marked up by his committee on Wednesday.

Lawmakers thus will be considering three bills -- the Senate and House bills plus the administration's own bill -- that contain many provisions the administration has sought. This prospect has raised concerns among human rights groups and defense attorneys who say the plans offer inadequate protections for defendants and would set a precedent for the use of similarly worrisome rules at foreign trials of captured U.S. personnel.

The Senate bill for the first time includes language supporting the administration's position that detainee abuse can be prosecuted only if it, in effect, "shocks the conscience." Legal experts say that instead of setting an absolute standard for conduct, the bill's language would leave room for judges to weigh the urgency of the information extracted from detainees during rough interrogations.

The revised Senate bill also would bar detainees held by the United States from bringing legal action against the government to challenge the legality of their detention or treatment. It would bar the collection of damages by detainees for violations of the Geneva Conventions, which set the minimum standards for wartime treatment. Both provisions were sought by the administration, although their language is not as sweeping as the White House preferred.

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The new Senate draft also requires that any evidence used at trial be declassified or summarized, a provision the administration strongly opposes. Under the measures, the military judge presiding over a trial could dismiss charges if the government refuses to turn over evidence to the defendant.

The Senate draft also contains other provisions the administration opposes, including one that would allow the prosecution of U.S. personnel for any degrading treatment of detainees and another that would prohibit the use of evidence obtained through cruel, inhuman or degrading treatment. It further defines those subject to future military trials as people engaged in anti-U.S. hostilities, a narrower definition than the White House prefers.

Senate sources said they could not predict whether a compromise or showdown with the White House is looming. Although Warner has told colleagues he expects his version of the bill to win his committee's approval and move rapidly to the Senate floor, Majority Leader Bill Frist (R-Tenn.) has said he would bring the White House version of the bill to a vote first.

Yesterday, CIA Director Michael V. Hayden went to Capitol Hill to lobby senators for the administration's version of the bill.

The dispute over detainee treatment has been particularly awkward for McCain, a former prisoner of war who is a contender for the 2008 Republican presidential nomination. Detainee treatment is one of McCain's signature political issues, and last year he forced the administration to accept a bill that prohibits cruel, inhuman or degrading treatment by the military.

Senate sources say that because of his political ambitions McCain has been wary of depending on Senate Democrats to provide the margin of victory for his provisions over White House opposition and has compromised to gain more widespread support from Republicans. A spokeswoman for Sen. Susan M. Collins (R-Maine) said she now supports the McCain bill.

Human Rights First, the Center for Victims of Torture and five other activist groups released a joint letter yesterday condemning the administration's version of the bill as "shockingly radical" and asserting that it would violate "fundamental notions of due process."

Graham Thinks Terror Trial Bill Fatally Flawed (TSSC)

By James Rosen

The State (SC), September 12, 2006

SENECA — U.S. Sen. Lindsey Graham says he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them.

Graham, a military lawyer and a colonel in the Air Force Reserve, read the White House bill late Thursday on a flight from Washington to Greenville. He pored through the 86-page document until, on page 34, he reached a clause that would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen.

"That's the killer," the S.C. Republican said. "I fell over when I read it."

Graham said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But "I don't feel good about telling someone — no matter who they are — 'We're going to execute you next week, but I'm sorry, we can't tell you why.'"

"It's a bridge too far, and it's not necessary," Graham said. "It will result in putting the (military) commissions in legal jeopardy and eroding our standing in the world community."

Graham, 51, said every general and admiral at the top of the country's military justice system agrees that classified information can be shared with accused terrorists without jeopardizing national security.

"I believe the accused should see that evidence," Maj. Gen. Scott Black, the judge advocate general of the Army, told the House Armed Services Committee on Thursday.

Senate Majority Leader Bill Frist, R-Tenn., has given the Armed Services Committee until Tuesday to produce a bill, Graham said. The panel's chairman, Sen. John Warner of Virginia, and Sen. John McCain share Graham's view on the handling of classified evidence, setting up a possible clash in the Senate.

Graham said Frist has vowed to bring Bush's bill directly to the Senate floor Tuesday. Graham said he agrees with Frist that Congress must act soon so terrorist trials can begin at the U.S. military prison in Guantanamo Bay, Cuba.

Bush called on lawmakers to pass his tribunals measure quickly so detainees can be tried. The president increased the political pressure by disclosing that 14 senior al-Qaida members, including the alleged mastermind of the Sept. 11, 2001, attacks, were being sent to Guantanamo Bay from secret CIA prisons overseas.

The U.S. Supreme Court ruled in June that the Bush administration had exceeded its authority in establishing military tribunals without congressional action, prompting the need for legislation.

The case was brought by lawyers for Salim Ahmed Hamdan, a Guantanamo detainee who had been a chauffeur for Osama bin Laden.

"The Hamdan decision has reinforced our need to ensure that military commissions are reflective of American values such as due process and the rule of law," Gen. Black, the head of the Army's legal apparatus, testified Thursday.

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Senior lawyers at the White House, the Justice Department and the Pentagon argue that allowing terrorists to see classified evidence could expose how the U.S. has pursued al-Qaida and would put informants within the terror network in danger. But Graham said he's certain the Supreme Court would reject a law that denies accused terrorists access to classified evidence against them.

"It would be a tragedy to take one of the masterminds of 9/11, hold them accountable, only to have the case rejected by the Supreme Court for no good reason," Graham said.

"I'm frustrated when people say we're trying to give terrorists classified information," he said. "Well, that's garbage. We're going to protect our classified information, and we're going to protect our methods and sources."

Graham said that if his differences with the White House cannot be bridged, he is prepared to push an amendment giving accused terrorists access to classified evidence against them.

"I think I will draft an amendment that will get majority support in the Senate, and there will be plenty of Republicans voting for it," Graham said. "I'm just predicting that we win. I don't know by what margin."

The House is set to take up tribunals legislation the week of Sept. 18.

Air Force Col. Morris Davis, who would run the Guantanamo trials, said accused terrorists will get fair trials, and his corps of lawyers will work with whatever legislation Congress passes.

Rosen covers Washington for McClatchy newspapers in South Carolina.

U.S. Appeals Ruling On American Held In Iraq (NYT/AP)

By The Associated Press

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 (AP) — Government lawyers said Monday that American courts had no authority to stop the military from transferring an American citizen to an Iraqi court to face charges that he supported terrorists and insurgents.

Shawqi Omar, a citizen of both Jordan and the United States who once served in the Minnesota National Guard, was captured in Iraq in 2004. He is being held at Camp Bucca, a prison in southern Iraq, where his family says he has not been charged or allowed to speak with a lawyer.

His family is demanding that Mr. Omar be brought before an American court, where prosecutors would have to show probable cause for detaining him and he could consult with a lawyer.

The military, which says Mr. Omar was harboring insurgents and had bomb-making materials at the time of his arrest, wants to transfer him to an Iraqi court. A judge blocked that transfer in February.

On appeal Monday before the Court of Appeals for the District of Columbia Circuit, government lawyers said American courts did not have jurisdiction because Mr. Omar was being held by a multinational force, not the American military.

Defense lawyers say that is a legal gimmick.

The three-judge panel hearing the case also expressed skepticism, saying the government's theory might allow the military to arrest someone inside the United States and hold him without due process under the guise of a multinational force.

Deputy Solicitor General Gregory Garre said that would not happen, but the judges noted that it could. The judges also seemed wary of saying courts had no jurisdiction over an American citizen being held by his country's military.

Lawyers for Mr. Omar's family say he is innocent and is likely to be tortured if handed over to the Iraqi government. They say he is a businessman who was seeking reconstruction contracts in Iraq.

PATRIOT ACT:

Patriot Act Gag Orders Lifted (NBH)

By Sara Capozzi

New Britain (CT) Herald, September 12, 2006

PLAINVILLE - American life has changed considerably in the five years since the terrorist attacks and those changes can be felt in the most unexpected places, even if they are not always seen or heard.

Public libraries in mid-sized Central Connecticut towns are not likely places for an FBI investigation involving a perceived threat to national security, but unbeknownst to their patrons and the majority of their staff, they were in the midst of one last summer.

In late June 2005, Library Connection Inc., a non-profit consortium of 26 central Connecticut libraries, received a National Security letter from the FBI, involving a top-secret investigation of patron Internet usage.

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Subsequently, four executive members of the consortium were placed under life-long gag orders, made possible through the Patriot Act, which does not require court evidence or oversight. Although the names of the John Does were to be kept secret by the government, an attorney for the American Civil Liberties Union found the government had failed to redact one mention of Director of Plainville Public Library Peter Chase's name and other identifying information from the legal documents. From the identifying information that was not omitted, it didn't take long until the national press had identified Chase and the other John Does.

Soon, Chase was being bombarded with calls from newspapers all over the country and even in Japan and France. But even after all the media attention, the government would not allow the gag order to be lifted.

Through the ACLU, the four consortium members, Chase, George Christian, Library Connection Executive Director, Barbara Bailey, librarian at Glastonbury's Welles Turner Library and Janet Nocek, librarian at Portland Public Library, fought the gag order against Connecticut United States Attorney Kevin O'Connor under the alias John Doe.

Bridgeport Superior Court ruled the law was unconstitutional and the government appealed that decision, later withdrawing the appeal in May 2006, thus releasing the four librarians from the gag order.

The government had said other sections of the legal documents were blacked out for National Security, but when the original, previously sealed documents were released Aug. 30, it was clear one of the items omitted under the guise of National Security was actually a CT General Statute that deems all circulation resources in public libraries confidential.

"What made me so angry about this is that when usually someone like Kevin O'Connor ... says this is a matter of national security, you believe him," Chase said.

"You don't want to pry into stuff like that. No one wants to do something that would harm the nation. But he in fact was using that as an excuse to cover up that Connecticut had a public statute that protected these laws. He wasn't telling the truth."

Chase called the power given to the government through the Patriot Act, "frightening," in terms of the personal freedoms of Americans.

He said patrons should be able to check out some controversial titles which the Plainville library owns such as Hitler's autobiography "Mien Kampf" and the "Communist Manifesto" without fear.

"Just because you read [the Communist Manifesto] doesn't mean you're a communist," Chase said. "And if you read "Mien Kamf" it doesn't mean you're a Nazi. But you should be able to take that out in privacy. People shouldn't be spying on what you're reading, what you're researching on the Internet. That should be a private confidential matter and in fact is recognized as such in state law." There were 150,000 letters issued up to the date the revisions to the Patriot Act were made, Chase said. Chase and the other three plaintiffs were the only people out of possibly thousands who had their lifetime gag orders lifted.

Now that they are free to speak out, Chase, Christian, Bailey and Nocek plan to continue to speak publicly against the Patriot Act. They are planning to attend a press conference in Washington D.C. on Sept. 28 and a forum with O'Connor at the Hartford's Old State House next month.

"This is a significant attack on American democracy," Chase said. "We've always said people should be free to say what they want, people have to be free to read what they want and this is an attack on our country, on the principals that we have supported and fought for for all these years."

Chase and the other librarians still do not know what or who the FBI was looking for through its investigation. He said the library has no problem giving the government information through court orders if it would help with a criminal investigation.

"They don't have to explain to us what they're investigating - we don't care," he said. "We just want to know their investigation is legitimate."

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HOMELAND RESPONSE:

Bush: Set Aside Differences On Terrorism (AP)

By Terence Hunt, Ap White House Correspondent

The AP, September 12, 2006

Five years after the worst attack on U.S. soil, President Bush said Monday night the war against terrorism is "the calling of our generation" and urged Americans to put aside differences and fight to victory.

"America did not ask for this war, and every American wishes it were over," Bush said in a prime-time address from the Oval Office. "The war is not over — and it will not be over until either we or the extremists emerge victorious."

Bush also staunchly defended the war in Iraq though he acknowledged that Saddam Hussein was not responsible for the 9/11 attacks that killed nearly 3,000 people.

His address came at the end of a day in which he visited New York, Pennsylvania and the Pentagon to honor victims of the attacks that rocked his presidency and thrust the United States into a costly and unfinished war against terror.

"We are now in the early hours of this struggle between tyranny and freedom," the president said.

As for Iraq, he said Saddam's regime, while lacking weapons of mass destruction, was a threat that posed "a risk the world could not afford to take." At least 2,670 U.S. servicemen and women have died in Iraq, which Bush calls the central front in the war on terror.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," the president said. "They will not leave us alone. They will follow us."

The nation is split over the war in Iraq and Bush's handling of it, and Sen. Charles Schumer, D-N.Y., accused Bush of playing politics.

"This should have been an occasion to bring everyone together, and focus on the tragedy, the many we lost, and the heroism of those who embodied the American spirit," Schumer said. "You do not commemorate the tragedy of 9/11 by politicizing it."

Earlier, Bush visited a New York fire station, the wind-swept field in Shanksville, Pa., and the Pentagon to place wreaths and console relatives of attack victims.

"Five years ago, this date — Sept. 11 — was seared into America's memory," the president said. "Nineteen men attacked us with a barbarity unequaled in our history."

Bush said that Osama bin Laden, the mastermind of the attack, and other terrorists are still in hiding. He said, "Our message to them is clear: No matter how long it takes, America will find you and we will bring you to justice."

Bush said the war on terror was nothing less than "a struggle for civilization" and must be fought to the end. He said defeat would surrender the Middle East to radical dictators armed with nuclear weapons.

"We are fighting to maintain the way of life enjoyed by free nations," the president said. Two months before the November elections, he attempted to spell out in graphic terms the stakes he sees in the unpopular war in Iraq and the broader war on terror.

He said Islamic radicals are trying to build an empire "where women are prisoners in their homes, men are beaten for missing prayer meetings and terrorists have a safe haven to plan and launch attacks on America and other civilized nations."

"The war against this enemy is more than a military conflict," the president said. "It is the decisive ideological struggle of the 21st century and the calling of our generation."

Five years ago, the attacks transformed Bush's presidency and awakened the world to bin Laden and his band of al-Qaida terrorists. While the public has soured on the war in Iraq, the president still gets high marks for his handling of Sept. 11.

Terrorism has been a potent political issue for Republicans, and they hope to capitalize on it in the elections. GOP lawmakers are anxious about holding control of both houses of Congress.

Congress has approved $432 billion for Iraq and the war on terrorism.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," the president said. He quoted bin Laden as calling Iraq "the Third World War."

"Our nation has endured trials, and we face a difficult road ahead," the president said. "Winning this war will require the determined efforts of a unified country. So we must put aside our differences and work together to meet the test that history has given us."

While Bush urged resolve, the two co-chairs of the 9/11 Commission accused the Bush administration and Congress of a lack of urgency in protecting the country. About half of their 41 recommendations to better secure Americans, offered in July 2004, have become law.

"Where in the world have we been for five years?" said former Rep. Lee Hamilton, D-Ind., who was joined by his Republican counterpart, former New Jersey Gov. Tom Kean. Hamilton spoke of failures to put first responders on the same radio spectrum so they can talk to each other during an emergency — as firefighters and police officers who died in the World Trade Center could not in 2001.

The 9/11 attacks changed the political tone in Washington and abroad — but only briefly.

"We had an astonishing moment of unity in America and around the world," former President Clinton told a Jewish conference in Washington. That has given way to bitter political divisions between Democrats and Republicans. Many nations that rushed to stand with the United States now accuse the Bush administration of failing to honor human rights, tolerance and diversity of cultures.

Still, dozens of lawmakers, Republicans and Democrats alike, joined on the steps of the Capitol Monday to remember the attacks, singing "God Bless America" as they had five years ago.

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House Democratic leader Nancy Pelosi said Monday, "Five years later, we have to continue to move forward with unity, urgency and in the spirit of international cooperation, because we are not yet fully healed and not yet as safe as we should be."

Bush began the day in New York with firefighters and police officers at a Lower East Side firehouse. He stood in front of a door salvaged from a fire truck destroyed on Sept. 11. It was a cloudless morning reminiscent of the sunny day when two hijacked planes slammed into the twin towers of the World Trade Center.

The mourners silently bowed their heads, at 8:46 a.m. and again at 9:03 a.m., marking the moments when the planes slammed into the towers. The attacks killed 2,749 people.

Bush spent time talking with the first responders about what they had been through the last five years, spokesman Tony Snow said.

The next stop was in Shanksville, Pa., where Bush and his wife stood without umbrellas in a chilly rain to lay a wreath honoring the 40 passengers and crew killed when United Airlines Flight 93 plowed into a Pennsylvania field. The terrorists apparently had been planning on crashing the plane into the White House or the Capitol until passengers stormed the cockpit to take control.

Bush had an emotional meeting with relatives of the Shanksville victims. "There were some people who were still clearly grieving about what happened five years ago," Snow said.

Bush: 'The War Is Not Over' (LAT)

By Faye Fiore And James Gerstenzang

The Los Angeles Times, September 12, 2006

WASHINGTON — President Bush led the nation on Monday in marking the fifth anniversary of the Sept. 11 attacks, making a solemn journey to the three sites where hijacked planes crashed in the terror strikes and declaring, in an evening address, that America's safety "depends on the outcome of the battle in the streets of Baghdad."

Until speaking to the nation from the Oval Office, the president commemorated the attacks quietly, attending ceremonies at three symbolic sites: a New York City firehouse, a grassy field in rural Pennsylvania and the mended Pentagon.

But with eight weeks until congressional elections in which national security is a dominant issue, Bush and other political leaders continued to battle over whether the nation had learned the proper lessons from the Sept. 11 attacks and was prepared to prevent new ones.

Bush's 16-minute speech reflected on the nearly 3,000 lives lost on Sept. 11 but also used dire warnings to caution that terrorists still intend to harm the country, and that Iraq remains the central front in stopping them. He repeated the themes he has laid out in a recent string of speeches designed to shore up flagging public support for the Iraq war and for his leadership on national security, which has left Republicans nervous about their prospects in the November elections.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," Bush said. "They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

Speaking more broadly of the fight against terrorists who aim to build a "radical Islamic empire," Bush said: "America did not ask for this war, and every American wishes it were over. So do I. But the war is not over — and it will not be over until either we or the extremists emerge victorious."

"This struggle has been called a clash of civilizations," he said. "In truth, it is a struggle for civilization. We are fighting to maintain the way of life enjoyed by free nations."

Democrats said they were surprised by the muscular tone of the speech, after a day of carefully choreographed remembrances. They accused the president of trying to turn a solemn occasion to partisan advantage.

"This should have been an occasion to bring everyone together and focus on the tragedy…. You do not commemorate the tragedy of 9/11 by politicizing it," said Sen. Charles E. Schumer (D-N.Y.).

Sen. Edward M. Kennedy (D-Mass.) said Bush "should be ashamed of using a national day of mourning … to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11."

"The president's misuse of the fifth anniversary of the 9/11 attack shows he'll go to any lengths to divert attention from his failures in Iraq — failures that have diverted focus from the war on terrorism," said Brendan Daly, a spokesman for House Minority Leader Nancy Pelosi (D-San Francisco).

The speech capped a day in which the president fulfilled a ceremonial role in leading the nation in mourning and remembrance. During his visits to New York, Pennsylvania and the Pentagon, Bush spoke not a word in public, but his face — tight-lipped with eyes downcast — suggested the welling of emotions that marked the day.

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In ceremonies at the Pentagon, Bush stood at the point of impact and presented a lily wreath. He and First Lady Laura Bush, both dressed in black, appeared drawn as they shook hands and hugged the families of those who died there. At one point, the president appeared to wipe away tears.

In a similar fashion, other political leaders marked the day with solemnity and ceremony, even while pressing the political battle over which party could best lead the nation in a post-Sept. 11 world.

Vice President Dick Cheney, in a morning speech at the Pentagon, took a swipe at Democrats calling for a timetable for withdrawal from Iraq. "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Cheney said, quoting a 2002 speech by the president.

The word "appeasement" has carried an additional political charge in recent weeks, after Defense Secretary Donald H. Rumsfeld compared critics of the Iraq war with politicians who sought to appease Hitler.

During a ceremony at dusk outside the Capitol, where lawmakers from both parties marked the anniversary, Pelosi seemed to insert a partisan note, saying that "right now we are not fully safe and we are not fully healed."

Al Qaeda, the perpetrator of the Sept. 11 attacks, also sought to put its stamp on the day. The terrorist group's No. 2 leader warned in a videotape that it would strike Persian Gulf nations and Israel to damage the U.S. economy.

The political skirmishing echoed a debate of increasing intensity in Washington as the two major political parties position themselves for the November elections.

Democrats argue that the Iraq war has distracted the nation from the unfinished work of tracking down Al Qaeda leaders and securing ports, rail systems and nuclear materials. Bush and the Republican Party have been trying to rebuild support for the Iraq war and burnish their credentials as those best suited to protect the nation from future attacks.

Throughout the day from New York to Washington and across the country, bells tolled, wreaths were laid and prayers were spoken. In one moving tribute, in New York, Bush honored the memory of scores of firefighters. He stood beside the battered door of a truck that belonged to Ladder Co. 18, dented and covered with grime from the billowing fallout of the collapsed World Trade Center.

Rumsfeld was visibly moved at a Pentagon memorial, where he stood in a steady mist.

"I remember working — working our way through that long, tragic day," he said haltingly, choking back emotion.

Rumsfeld invoked images of bipartisanship, recalling how Democrats and Republicans stood together at the Capitol after the attacks and sang "God Bless America." He said making "every effort to stay united as a country" would be a good way to pay tribute to Sept. 11 victims.

Some in Washington took the occasion to advance a possible run for president. In a speech to the mostly conservative American Enterprise Institute, Newt Gingrich, the former Republican House speaker and potential candidate in 2008, criticized the administration.

"We are not where we wanted to be nor where we need to be," Gingrich said. "We have not captured Bin Laden. We have not defeated the Taliban…. We have not stopped the recruitment of young fanatics into terrorism."

Even those with less partisan interest in the debate seized the moment to advance an agenda. Republican Thomas H. Kean and Democrat Lee Hamilton — chairman and vice chairman of the bipartisan commission that investigated the attacks and the government's response — said bureaucracy had blocked implementation of many of the panel's recommendations to improve security and intelligence-gathering.

Former President Clinton, blamed in an ABC docudrama for failing to pay sufficient attention to looming Al Qaeda threats, addressed a Jewish charitable organization at a Washington hotel. Without mentioning Bush or the Republican Party, Clinton urged renewed efforts to stabilize Afghanistan, where the Taliban has recently gained strength.

"We need more troops," he said, noting there were almost seven times as many U.S. soldiers in Iraq as in Afghanistan. "We can't practice hit-and-run democracy."

Clinton also sounded a familiar Democratic theme that the nation is not as safe as it could be, faulting the administration for failing to improve inspections of ship and plane cargo, as well as of chemical and nuclear plants.

"They say it's a matter of costs, but it can't be," Clinton said. Hailing a new method for inspecting cargo electronically, he said the technology would cost $840 million a year, "and we've already spent over $300 billion on the war in Iraq."

Polls show that 95% of Americans surveyed remember exactly where they were when they learned of the attacks. For most of them, Monday was a day of remembering what few have forgotten, this time laced with a political message.

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Times staff writers Johanna Neuman, Julian Barnes and Moises Mendoza contributed to this report.

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In Prime-Time Address, Bush Says Safety Of U.S. Hinges On Iraq (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — President Bush used the fifth anniversary of the Sept. 11 attacks on Monday to tell Americans that they were engaged in "a struggle for civilization" that would be determined in part by the course of the war in Iraq.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," Mr. Bush said.

In a prime-time speech from the Oval Office, delivered after a day of solemn ceremonies, Mr. Bush sought to place the war in Iraq in the context of an epic battle between tyranny and freedom, saying the campaign against global terrorism was "the decisive ideological struggle of the 21st century and the calling of our generation."

"If we do not defeat these enemies now," Mr. Bush said, "we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons."

The address capped a week of speeches in which Mr. Bush tried to lay out his best case for the war in Iraq by defining it as a crucial front in the war on terror, while portraying the broader struggle as a natural successor to World War II and the Cold War in defining the place of the United States in the world.

Even by the standards of his latest round of speeches, Mr. Bush's language was particularly forceful, even ominous, with warnings of a radical Islamic network that was "determined to bring death and suffering to our homes."

Mr. Bush spent roughly one-fifth of his 17-minute address making the case that the nation's safety hinged on success in Iraq, even as he implicitly acknowledged there was no link between Saddam Hussein and the Sept. 11 strikes.

"I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Mr. Bush said, going on to say that Mr. Hussein was a threat nonetheless, that he needed to be confronted and that the world was safer with him in captivity.

And Mr. Bush reprised some of his tougher talk against Osama bin Laden, delivering a message to him and other terrorists, "America will find you, and we will bring you to justice."

Mr. Bush gave his address at the end of a tour through the three major attack sites — Lower Manhattan; Shanksville, Pa.; and the Pentagon — in which he attended ceremonies and spoke with the bereaved but made no public comments.

He gave the speech from behind his desk at a fast clip, but with a furrowed brow and circles below his eyes. He delivered it five years to the minute of when he addressed the nation from the same seat on the evening of Sept. 11, 2001, and proclaimed that those who harbored terrorists would be dealt with as if they were terrorists themselves.

Drawing parallels between the challenges of his presidency and those of Presidents Franklin D. Roosevelt and Harry S. Truman, Mr. Bush said, "Our nation has endured trials, and we face a difficult road ahead." And he called for unity, saying, "We must put aside our differences and work together to meet the test that history has given us."

All of the networks carried the address live; ABC ran it during a break in its miniseries about the attacks that portrayed the Clinton and Bush administrations as having failed at times to move aggressively enough against Al Qaeda before the attacks.

Mr. Bush's address brought to a close a day when leaders of both parties put aside, at least for the moment, the acrimony that has characterized the national security debate since the brief period of national unity after the attacks. But as soon as the speech was over, the partisanship flared again. Senator Edward M. Kennedy, Democrat of Massachusetts, said the president "should be ashamed of using a national day of mourning" to justify his Iraq policy. And Senator Charles E. Schumer of New York, leader of the Democratic Senatorial Campaign Committee, called the address disappointing, saying, "You do not commemorate the tragedy of 9/11 by politicizing it."

Hours earlier, Congressional leaders joined on the Capitol steps to sing "God Bless America," an effort to recreate their spontaneous moment of post-attack comity. And the Senate Democratic leader, Harry Reid — whose press office is ordinarily a clearinghouse for hard-charging attacks on the president and Republican leadership — released a statement that read in part, "The light that shone on Sept. 11 cannot die, it cannot be dimmed, it cannot fail."

But it was the president's day that dominated a news media environment that was swimming in the imagery of Sept. 11, with the cable news networks offering blanket coverage of the day's ceremonies, mixed with remembrances from survivors, first responders, officials and politicians.

Before speaking from the Oval Office, Mr. Bush had spent the day in public silence as he and Laura Bush visited the three sites scarred by the attacks, a solemn trek that began at ground zero Sunday night.

The Bushes began their day at the Fort Pitt firehouse on the Lower East Side of Manhattan, where they observed back-to-back moments of silence — one at the precise moment each of the twin towers was struck. They then moved to Shanksville, Pa., where Mr. and Mrs. Bush laid a wreath in a spitting rain in the field where United Airlines Flight 93 crashed, and wound up at the Pentagon, where the weight of the day showed on their faces.

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It was an emotional and somber, if carefully scripted, day for the Bushes, designed by the White House to maximize the president's exposure but minimize his words before the evening speech.

At the Pentagon, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld presided over a memorial service that was occasionally interrupted by the eerie roar of commercial jets from nearby Ronald Reagan National Airport.

Addressing a crowd of 500 that included relatives of victims, Mr. Cheney said the United States would keep pressing the fight. "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power," Mr. Cheney said, quoting the president and reprising a theme that has been taken by critics as a veiled effort to portray Democrats as appeasing the enemy.

Also speaking at the service, Gen. Peter Pace, chairman of the Joint Chiefs, said the number of American military personnel killed in Afghanistan and Iraq, at roughly 3,000, was approaching the number of people killed in the attacks.

Teresa Taylor of New Hampshire, who attended in honor of her brother-in-law, Leonard E. Taylor, said she was moved by Mr. Rumsfeld's recounting of the day of the attacks, given in halting voice. "It brought back a lot of memories," she said.

But Shannon Mason of Springfield, Va., called the ceremony "too political" for coupling the attacks with the war in Iraq. Ms. Mason, whose mother, Ada Mason, a Pentagon budget analyst, was killed in the attack, added, "I think the war has nothing to do with Sept. 11."

Even as he called for unity Mr. Bush alluded to Democratic calls for a timetable to withdraw from Iraq, saying, "Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone."

Bush: Vigilance Is Key In War On Terrorism (USAT)

By David Jackson

USA Today, September 12, 2006

WASHINGTON — President Bush ended a somber day marking the fifth anniversary of the 9/11 attacks with a call for unity and a plea for Americans to gird themselves for "the calling of our generation" — a long fight against terrorism.

"The war against this enemy is more than a military conflict," he said, a reference to wars in Iraq and Afghanistan. "It is the decisive ideological struggle of the 21st century."

With control of Congress at stake in the Nov. 7 elections, both parties have been trying to use the Iraq war to their advantage. Numerous polls have shown declining support for the war and the president's handling of it.

White House spokesman Tony Snow told reporters earlier in the day that the speech would not be political. One political analyst suggested that is an impossible task less than two months before Election Day.

"There is controversy about whether Iraq is a front in the war on terrorism, or whether it has increased terrorism," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center of the University of Pennsylvania. "The moment is political because of the elections and Iraq."

Sen. Charles Schumer, D-N.Y., who heads his party's Senate campaign committee, called the speech "disappointing." He said, "You do not commemorate the tragedy of 9/11 by politicizing it."

Bush defended his decision to invade Iraq in 2003 even though he said the country's now-deposed leader "was not responsible" for 9/11. "The regime of Saddam Hussein was a clear threat," the president said, adding that it "posed a risk that the world could not afford to take."

"The safety of America depends on the outcome of the battle in the streets of Baghdad," he said.

During his 17-minute, nationally televised address, Bush repeatedly couched the battle ahead as one that goes beyond Iraqi battlefields and compared it to the Cold War.

Bush said the key to victory is the same: forge democracy in Iraq and elsewhere in the Middle East. "One of the strongest weapons in our arsenal," Bush said, "is the power of freedom.

"This struggle has been called a clash of civilizations," Bush said of actions that have included wars in Iraq and Afghanistan. "In truth, it is a struggle for civilization."

Bush noted the security and law enforcement improvements since the 9/11 attacks, including more cooperation between law enforcement and intelligence agencies and tightened airport security. He said the country is safer but needs to remain vigilant.

"Our enemies have not succeeded in launching another attack on our soil, but they have not been idle," he said.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone."

Bush Says Iraq Victory Is Vital (WP)

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By Michael Abramowitz, Michael A. Fletcher
The Washington Post, September 12, 2006

President Bush mixed solemn remembrance of the Sept. 11, 2001, attacks yesterday with a renewed call to complete the mission in Iraq, paying tribute to the fallen even while warning Americans that failure in the Middle East would leave the United States more vulnerable than ever to Islamic extremists.

"Whatever mistakes have been made in Iraq," Bush said last night in a prime-time address from the Oval Office, "the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

That ominous language capped an emotional day that took Bush to each of the three locations where terrorists crashed hijacked planes five years ago and killed nearly 3,000 people. It also marked the culmination of a new White House campaign to tie what polls show is a unpopular war in Iraq to a broader campaign against Islamic radicals who, as Bush put it last night, are "determined to bring death and suffering into our homes."

In weaving the two issues together last night, Bush melded one of the most unifying events in recent national experience -- the common horror and sadness of the attacks on the World Trade Center and the Pentagon -- with one of the most polarizing, the war in Iraq. "I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Bush said.

"The answer is that the regime of Saddam Hussein was a clear threat," the president said, tapping his desk for emphasis. "The world is safer because Saddam Hussein is no longer in power."

Bush's 16-minute address closed a day of mournful ceremonies for him and the nation. After a memorial service near Ground Zero in New York City, Bush flew to Shanksville, Pa., where he and first lady Laura Bush met family members of the victims and placed a wreath on the makeshift memorial near the spot where the hijacked United Flight 93 aircraft slammed into a field.

They traveled next to the Pentagon, where they placed a large, white floral wreath on the new stone facade on the section of building that was destroyed by the attack. The Bushes silently faced the wall while a military band played "America the Beautiful."

The president's painstakingly choreographed day was intended by the White House to recapture -- at least for a moment -- the sense of shared purpose that prevailed in the immediate aftermath of the terrorist attacks.

But Bush faced a tall order. Although he urged Americans last night to "put aside our differences," Democrats have been attacking the administration over Iraq and Bush's national security record, hoping these issues will help them reclaim one or both chambers of Congress in November. Polls suggest the public does not accept Bush's contention that the war in Iraq is a "central front" in the campaign against terrorists.

Last night, Democrats said Bush politicized the Sept. 11 anniversary. "The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the fallen, but to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11," said Sen Edward M. Kennedy (D-Mass.).

Bush has sought to shift public opinion in the past two weeks with speeches aimed at explaining the nature and goals of radical Islamists and putting the war in Iraq in a broader -- and, he hopes, more popular -- context.

His speech last night featured many of the themes highlighted in those speeches: the idea that the United States is facing a network of extremists driven by a "perverted vision of Islam," the notion that the Middle East enjoyed a long period of false stability in the years leading up to the Sept. 11 attacks, and the proposition that the government has made serious strides in protecting the United States from terrorist attack.

"Today we are safer," Bush told the nation, "but we are not yet safe."

Bush also paid tribute to the firefighters and others who lost their lives to the attacks. Even while the nation saw the "face of evil," he said, "we also witnessed something distinctly American: ordinary citizens rising to the occasion and responding with extraordinary acts of courage."

Bush continued: "We saw courage in office workers who were trapped on the high floors of burning skyscrapers -- and called home so that their last words to their families would be of comfort and love. We saw courage in passengers aboard Flight 93, who recited the 23rd Psalm -- and then charged the cockpit. And we saw courage in the Pentagon staff who made it out of the flames and smoke -- and ran back in to answer cries for help."

Sitting at his desk in the Oval Office, Bush said the nation "is being tested in a way that we have not been since the start of the Cold War." He described the battle against radical Islamists "a struggle for civilization."

Before his speech, the president made no remarks at public appearances yesterday. He met privately with police and firefighters to reassure them that he remains committed to fighting terrorism, and with people who lost loved ones in the attacks.

After attending a memorial service and placing twin wreaths at the World Trade Center site Sunday evening, the president started yesterday having breakfast with first responders at a firehouse not far from Ground Zero. Afterward, he and his wife stood silently next to a battered firetruck door rescued from the wreckage of the World Trade Center site, as police officers and firefighters listened to Scripture and song to honor the dead.

The group paused at 8:46 a.m. and at 9:03 a.m. for moments of silence marking the times that two hijacked planes plowed into the twin towers.

In Shanksville, Bush heard from the Rev. Paul M. Britton, a Long Island minister whose sister, Marion Britton, was aboard United Flight 93. "There is no more sacred ground on this your Earth than this very place," Britton said. "We come here with heavy hearts, yet with joyful spirits. We come here to honor them, to respect them."

Fletcher reported from New York.

'A Struggle For Civilization' (WT)

By Joseph Curl

The Washington Times, September 12, 2006

NEW YORK -- President Bush yesterday led the nation in silent remembrances for the almost 3,000 victims of the September 11 attacks, hugging family members and standing solemnly for each moment of silence at the three sites where terrorists crashed four hijacked planes that sunny Tuesday morning five years ago.

After the stops in New York, Pennsylvania and Virginia, the president addressed the nation last night, reminding Americans that ever since the worst terrorist attacks on U.S. soil, the United States has been at war in "a struggle for civilization."

"America did not ask for this war, and every American wishes it were over. So do I. But the war is not over, and it will not be over until either we or the extremists emerge victorious," Mr. Bush said. "We are in a war that will set the course for this new century and determine the destiny of millions across the world."

With midterm congressional elections less than two months away and Democrats charging that Mr. Bush is politicizing the fifth anniversary of September 11, the president urged unity and condemned partisan politics.

"Our nation has endured trials, and we face a difficult road ahead. Winning this war will require the determined efforts of a unified country," he said. "So we must put aside our differences and work together to meet the test that history has given us."

At New York's ground zero, a solemn hush fell over the chasm where the Twin Towers once stood. Thousands of people bowed their heads at 8:46 a.m. to mark the time a plane hijacked by al Qaeda militants slammed into the first tower of the World Trade Center.

Seven stories down in the gaping hole where the 110-story skyscrapers once towered over Lower Manhattan, family members who had come to lay roses in a makeshift reflecting pool fell silent again at 9:03 a.m., when the second tower was struck. Twice more, to mark the moments when each tower collapsed, those in the 16-acre pit fell silent.

"Five years from the date of the attack that changed our world, we've come back to remember the valor of those we lost, those who innocently went to work that day and the brave souls who went in after them," said Rudolph W. Giuliani, New York's mayor during the attacks.

In Virginia, at an early morning Pentagon ceremony to honor the 184 persons killed there, Vice President Dick Cheney also urged Americans to stay united and persevere in the global battle against terror and the war in Iraq.

"In the conduct of this war, the world has seen the best that is in our country," Mr. Cheney said. "We will never forget the day the war began, or the way the war began. Our thoughts remain with the victims of 9/11."

In Shanksville, Pa., on a windswept hillside in a cold drizzle, the president laid a wreath on the spot where United Flight 93 crashed after passengers battled hijackers, whose intentions were likely to strike the U.S. Capitol or White House. He and first lady Laura Bush bowed their heads during a prayer and the singing of "Amazing Grace." Nearby, bells tolled in memory of the 40 victims, and afterward, the president shook hands with each family member.

"One moment, ordinary citizens, and the next, heroes forever," retired Gen. Tommy Franks said. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

The president said the passengers aboard Flight 93 "gave America our first victory in the war on terror."

But ground zero, virtually unchanged since the first anniversary, remained the focal point of the commemorations. Thousands of family members and friends of victims descended a long ramp to the bottom of the rubble-strewn pit, where they floated roses into the pool and wrote messages on surrounding wooden planks.

Above the hole, the husbands, wives and other loved ones of those who perished read the names of all who perished there in an emotional three-hour reading.

"If I could build a staircase to heaven, I would, just so I could quickly run up there to have you back in my arms," said Carmen Suarez, wife of police officer Ramon Suarez, who was killed after he rushed into one of the towers.

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The president began his day with a breakfast with New York firefighters and police officers, a day after he and the first lady laid a wreath in both ground zero reflecting pools in the footprints of the North and South towers.

"It's hard not to think about the people who lost their lives on September the 11th, 2001. You know, you see the relatives of those who still grieve. -- I just wish there were some way we could make them whole," he said Sunday.

In his speech last night, the president framed the war on terror within the September 11 anniversary and said Americans have renewed their faith because of the devastating attacks.

"The attacks were meant to bring us to our knees, and they did -- but not in the way the terrorists intended. Americans united in prayer, came to the aid of neighbors in need, and resolved that our enemies would not have the last word. The spirit of our people is the source of America's strength," he said.

The day was emotional for the nation's top leaders, with Defense Secretary Donald H. Rumsfeld recalling the attacks, and the price paid by the military.

"The highest tribute we can pay to them is to commit ourselves to doing everything possible to fight the extremists wherever they are, to making every effort to stay united as a country and to give our truly outstanding men and women in uniform all they need to succeed," he said.

The ceremonies looked toward the future. Organizers hope to raise $30 million in private funding to build a permanent memorial on a 1,700-acre site in Shanksville; the total cost is estimated to be $58 million. Congress has passed the Flight 93 Memorial.

At ground zero, construction has begun on a September 11 memorial and the 1,776-foot Freedom Tower, which is expected to be finished in five years.

Supporters are still seeking funds for a $22 million memorial park at the Pentagon. Its completion date has been moved back to 2008.

Bush Speaks To A Changed Nation, Where Unity And Clarity Have Evaporated (NYT)

By David E. Sanger

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — Five years ago, with the World Trade Center and the Pentagon still burning, President Bush faced the difficult task of preparing a shocked nation for war against a single enemy, one that had attacked American soil.

On Monday evening he faced a different, more daunting challenge: to make the case to a skeptical nation that stabilizing and democratizing Iraq was now the most important element of winning that same battle.

For in the end, a speech that began as a commemoration of one of the most searing and painful moments in American history became something else. For much of his 17-minute address from the Oval Office, Mr. Bush in effect acknowledged that his political standing and the success of his avowed mission to make the world safe from Islamic terrorism now rests on victory in Iraq, a mission his critics say was a deadly detour from the task he set out five years ago.

Mr. Bush's aides acknowledged beforehand that it would not be easy. The country Mr. Bush faced on Monday was very different from the shocked, angry but unified nation he addressed from the same chair 1,826 days before. Iraq and its aftermath had changed everything, dividing Americans who five years ago had largely unified around Mr. Bush's strategy, cutting his approval ratings in half and leaving in its wake questions about whether the president had made an ugly confrontation with Islamic extremists worse.

On a day when the White House said it wanted to focus on the victims of 9/11 and their still-grieving survivors, Mr. Bush nonetheless put Iraq front and center. "I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," he said, midway through his speech. "The answer is that the regime of Saddam Hussein was a clear threat," he said, and "posed a risk that the world could not afford to take."

Mr. Bush's aim was to put the arguments about Iraq into a broader context, to try again to change the minds of most Americans who tell pollsters that Iraq was, in retrospect, a dangerous diversion. Along the way, he has expanded the cast of terror groups and nations that America must defeat to regain its sense of security — not only a diminished Al Qaeda and a resurgent Taliban, but also Iranian mullahs and their Syrian neighbors, regional threats like Hezbollah and Hamas, and the Sunni extremists and the Shia militias that are battling for control of Iraq.

"We are now in the early hours of this struggle between tyranny and freedom," Mr. Bush said, describing a conflict with no end in sight.

He had to make the argument, he has told visitors to the White House, because five years after the 9/11 attacks he worries that the country no longer views itself as at war. But his new approach has its own risks.

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"If you conflate all of our problems into one massive, single enemy, you do not define the enemy properly," said Lee H. Hamilton, the former co-chairman of the 9/11 commission. "The risk is that you think you can take them all out with a single strategy. And you alienate the sympathizers, the people who we might be able to talk to."

"And if you don't define your enemy correctly," Mr. Hamilton concluded, "you risk getting your strategy wrong."

That debate over strategy underlies the deeply political element of Mr. Bush's speech, even though the White House insisted that this anniversary was no moment for politics.

The country is eight weeks away from a critical midterm election, at a time that the war in Iraq and the administration's policies on detention, domestic wiretapping and interrogation have made foreign policy a more partisan issue than at any other time in decades. Mr. Bush seemed to acknowledge that when he asked Americans to "put aside our differences and work together to meet the test that history has given us."

He compared the situation now to those faced by Franklin D. Roosevelt in World War II and Harry S. Truman at the dawn of the cold war. But it also had echoes of another era, of a time in 1970 when Richard M. Nixon was urging the country to unify behind a Vietnam War that was expanding into Cambodia.

Mr. Nixon famously warned that night that if "the United States of America acts like a pitiful, helpless giant, the forces of totalitarianism and anarchy will threaten free nations and free institutions throughout the world."

In the current conflict, Mr. Bush made it clear on Monday evening that while the war might have become more complicated, he believes that the choices remain as stark as they were five years ago.

"Whatever mistakes have been made in Iraq," he said, nodding to past misjudgments, "the worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

To Mr. Bush's admirers, this was the Texan president at his Reaganesque best: defining America's enemies broadly, vowing their defeat and promising to make the spread of freedom his legacy. To his critics, it was Mr. Bush at his most dangerous, approaching the world with little interest in how America is perceived and lumping together its many opponents, even if their agendas and interests are quite different.

"It can be a little spooky," said David M. Kennedy, the Stanford historian whom Mr. Bush has consulted during his periodic Oval Office meetings with outsiders. "It's a war without end, in which our enemies grow like cancerous cells, regrowing as soon as we kill them off."

President Tries To Win Over A War-Weary Nation (WP)

By Dan Balz And Michael Abramowitz

The Washington Post, September 12, 2006

President Bush's Oval Office speech last night was the culmination of two weeks of efforts to rally the nation behind his policies and presidency by summoning the memory of Sept. 11, 2001. Five years after that indelible day, however, this president's capacity to move the public is severely diminished.

There were echoes of the language and logic Bush invoked five years ago when he united a stricken nation looking to him for both comfort and leadership. But he was speaking to a different nation last night.

Setbacks in Iraq have soured a majority of Americans on that mission. Falsely optimistic predictions of progress have undermined the administration's credibility. A majority of Americans question fundamental elements of the president's argument, including his contention that Iraq is the central front in the campaign against terrorism.

Cumulatively, it leaves decidedly uncertain whether this week's flood of rhetoric and remembrance can alter Bush's perilous circumstances -- at a critical moment for the future of the Iraq mission and the president's own domestic standing 56 days before the midterm elections.

"The power of his rhetoric is in marked decline, and that's no reflection on the quality of what he says, which is still very high," said Max Boot, a senior fellow at the Council on Foreign Relations and a neoconservative scholar who has been sympathetic to Bush's anti-terrorism policies. "There's a desire in the country for more deeds, not more words. . . . We are losing a war right now, and there is no way to get around that."

Three previous times in the past 18 months, as public opinion has slipped, White House officials have announced that Bush would embark on a renewed effort to explain and defend his Iraq and anti-terrorism policies. None produced a lasting positive effect on how Americans view either the president or his policies.

The events of Sept. 11, 2001, provided Bush with many of the rhetorical high notes of his administration, from his bullhorn exhortation atop the rubble of Ground Zero three days after the attacks to the stern eloquence of his speech to Congress six days later in which he put the nation on the road to war.

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With his five speeches in the past two weeks, including last night's, Bush has sought to use the fifth anniversary of those attacks to put the war in Iraq in a broader and more politically viable context while offering his interpretation of where the country stands in its long-term confrontation with terrorism.

White House officials are hopeful that the round of speeches will have some impact on moving public opinion. They said that Bush has presented an enormous amount of information and background about Iraq and terrorism, much of which they believe will come as news to many Americans with only a general impression of events.

"I am not so sure that the views [about the Iraq war and terrorism] are chiseled in stone," said White House press secretary Tony Snow. "There's been a lot of debate -- one side that may not have been fully represented in ours. . . . It seems that on a lot of things, people may not have fully understood the approach the president took and his thinking."

Both Snow and White House counselor Dan Bartlett singled out the effort to quote the terrorists' own words as a tactic they hope will break through to ordinary Americans who may not be aware of the terrorists' aims. "We may be having a debate in this country about whether Iraq is part of the war on terrorism, but our enemies believe it is," Bartlett said. "We were trying to transcend the political debate in Washington by letting the words of the enemies speak for themselves."

Polls show how the political ground has shifted over time. The Pew Research Center began charting early in Bush's presidency public confidence in his leadership. Bush enjoyed a solid majority until the summer of 2005, when the public was roughly divided. In February 2001, 60 percent of Americans said they saw Bush as trustworthy, compared with just 28 percent who did not. By last month, a majority, 52 percent, said they did not believe he was trustworthy.

"People see him as less trustworthy because things are not going very well," said Pew center director Andrew Kohut.

In his speeches, Bush has advanced several arguments, starting with the proposition that the United States is engaged in a long-term ideological struggle between forces of freedom and Islamic radicals who want to destroy freedom. Although U.S. adversaries come from different backgrounds -- ranging from radical Sunnis in al-Qaeda to Shiite militants such as Hezbollah -- Bush has characterized the opposition as forming a single movement, "a worldwide network of radicals that use terror to kill those that stand in the way of their totalitarian ideology."

"That's is an oversimplification of the task of dealing with the tactic [terrorism] that is used by many different groups, with many different ideologies," countered Paul R. Pillar, a former top CIA analyst and the author of a respected book on terrorism. "It leads to a misunderstanding of the need of what is in fact a different counterterrorist policy for each groups and state we are dealing with. . . . Hamas is an entirely different entity than al-Qaeda. . . . Their objectives are very much different."

Bush this week reiterated his four-year-old argument that Iraq is a central front in the broader struggle against Islamic terrorism. Premature withdrawal, he asserted, could make Iraq what Afghanistan was before the Sept. 11 attacks, an incubator for al-Qaeda. To support the point, he has noted not only the flow of foreign fighters to Iraq but, as on some earlier occasions, the words of al-Qaeda leaders themselves. In his speech last week to the Military Officers Association of America, Bush quoted Osama bin Laden as describing the war in Iraq as "a war of destiny between infidelity and Islam."

Daniel Benjamin, a U.S. counterterrorism official in the Clinton administration who has written extensively about the subject, said efforts to defeat the radical Islamist ideology have been undermined by the Iraq invasion.

"There is no acknowledgment that because we have inadvertently confirmed their claims -- that we seek to occupy Muslim lands, as we have in Iraq -- the ideology is spreading and undermining our efforts," Benjamin said.

Bush's speeches have been sprinkled with what critics regard as factually questionable assertions -- adding to what even some allies have described as a credibility problem for the White House.

In discussing proposed new rules for trying terrorism suspects at the Guantanamo Bay prison, Bush last week said flatly that "the United States does not torture." That may have been the White House interpretation, but the CIA has approved tactics -- "water-boarding," for example, in which interrogators simulate drowning -- that many military and international lawyers consider outside legal boundaries.

Ross K. Baker, a political science professor at Rutgers University, said Bush retains the unique capacity to lead the nation through the commemoration of the 2001 attacks. "The speeches he's given have been meticulously crafted to avoid any obvious political message," he said. "But seen in an overall way, they reinforce in the mind of people his uniqueness as president and the fact that we're still in a dangerous situation, and in times of danger people inevitably rally behind the president."

The White House is hoping this analysis is right. "Public opinion is not going to change overnight, and we understood that going into these speeches," Bartlett said. "But that doesn't lessen his responsibility as the leader of this country in a time of war to carefully explain the conduct and developments of this war."

Osama's Spin Lessons (NYT)

By John Tierney

The New York Times, September 12, 2006

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Somewhere, Osama bin Laden must be smiling. Or at least he will be whenever his couriers deliver the next batch of press clippings.

Once again he has beaten America at an American game: public relations. He may be sitting powerlessly in a cave, but his image is as scary as ever. He doesn't even have to cut a new video. He released an old one last week, the equivalent of a fading musician putting out a greatest-hits album, only this one's getting played every hour.

Last night, President Bush paid him homage by quoting his warning that America will face "defeat and disgrace forever" it if loses in Iraq. Bush himself called the war on terror a "struggle for civilization," and said it was essential to "maintain the way of life enjoyed by free nations."

It was just the kind of apocalyptic language favored by bin Laden, except that, for all his delusions, he might realize that American civilization is not really in jeopardy. Americans can try to copy him, but they don't understand his rhetorical technique.

They continually misinterpret his equine theory of international relations: "When people see a strong horse and a weak horse, by nature, they will like the strong horse." This is supposedly a reason America was attacked on Sept. 11 — it was perceived as weak for failing to respond to Al Qaeda's earlier attacks — and why it can't leave Iraq.

If we falter in Iraq, Vice President Dick Cheney explained to Tim Russert on Sunday, the war on terror will falter because people will say: "My gosh, the United States hasn't got the stomach for the fight. Bin Laden's right, Al Qaeda's right, the United States has lost its will and will not complete the mission."

But bin Laden knows something else the Bush administration hasn't figured out: You don't actually have to be the strong horse. You just have to look stronger. You can be weak, you can be pummeled in a fight, but as long as your opponent looks more scared than you, you can save face by simply declaring victory.

As an act of war, the attack on Sept. 11 was a blunder by Al Qaeda, and not merely because of the counterattack that destroyed Al Qaeda's training camps and ousted the Taliban. It also alienated former jihadist allies in the Arab world, and caused a rift within Al Qaeda.

One of its senior members, Abu al-Walid al-Masri, broke with bin Laden and accused him of having an "extreme infatuation" with international publicity. The attack, as Fawaz Gerges notes in Foreign Policy magazine, demonstrated that "bin Laden was prepared to sacrifice Afghanistan and Mullah Omar at the altar of his public relations campaign."

But at least bin Laden knew his P.R. Al Qaeda wasn't a serious military threat to America, but it could play one on television. As Al Qaeda's losses mounted and America recovered from the attack, bin Laden and his cohorts didn't let the facts get in the way of their campaign to promote fear (and themselves). They hid in caves and proclaimed themselves champions.

America, meanwhile, accentuated the negative. Instead of declaring victory against terrorists after routing the Taliban and sending bin Laden into hiding, it invaded Iraq, reinvigorating Al Qaeda with a new tool for recruiting. Instead of putting the terrorist risk in perspective, Bush (with the full cooperation of Democrats and the press) set an impossible standard for making America safe.

"We're on the offense against the terrorists on every battlefront," Bush said last week, "and we'll accept nothing less than complete victory."

When you define victory that way, when you treat one attack from a disorganized band of fanatics as a menace to civilization, you've doomed yourself to defeat and caused more damage than they could. You can't completely stop terrorism, but you can scare people into giving up liberties, wasting huge sums of money and sacrificing more lives than would be lost in a terrorist attack.

Take it from bin Laden, who bragged in 2004 that it was "easy to provoke and bait this administration."

"All that we have to do," he said, "is to send two mujahedeen to the farthest point east to raise a piece of cloth on which is written Al Qaeda, in order to make the generals race there to cause America to suffer human, economic and political losses." And then Al Qaeda, no matter what losses it has suffered, will come off once again looking like the strong horse.

Bin Laden's Victory (WP)

By Richard Cohen

The Washington Post, September 12, 2006

NEW YORK -- I hear Osama bin Laden laughing. I heard him all day on Sunday and Monday as the mass murder of Sept. 11, 2001, was memorialized at the Pentagon and in that field in Pennsylvania and especially here, where the most people died and where countless cameras recorded it all for posterity and an abiding, everlasting anger. He laughs, the madman does, whenever George Bush says, as he has over and over, that America is "winning this war on terror." Bin Laden knows better. He has already won.

It is not merely that bin Laden has not been captured or killed and that videotapes keep coming out of his hideout like taunts. It is, rather, that his initial strategy has borne fruit. It was always his intention to draw the Americans into Afghanistan,

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where, as had been done to the Soviets, they could be mauled by the fierce mujaheddin. He tried and failed when he blew up the USS Cole off Aden at 11:15 a.m. on Oct. 12, 2000, killing 17 sailors and crippling the ship. But he succeeded beyond his wildest expectations when the United States responded to the Sept. 11 attacks by invading Afghanistan and, in a beat, then going to war in Iraq. It remains mired in both countries to this day.

From bin Laden's standpoint, this has been a glorious victory, made possible, it has to be said, by the totally unforeseen incompetence of the Bush administration. It was so intent on going to war in Iraq that it would not finish the job in Afghanistan. So, to bin Laden's absolute amazement -- I am guessing here -- the United States took on his enemy, the secular and ungodly Saddam Hussein, whom bin Laden himself would gladly have murdered. It has to be a wonderful thing when your enemy vanquishes your enemy.

On "Meet the Press" on Sunday, Dick Cheney said that if he had it to do all over again, he would still go to war in Iraq -- "we'd do exactly the same thing," he said. Why? Is the man incapable of learning from experience? We now know from umpteen reports that there was no link between bin Laden and Hussein. We now know, the Weekly Standard notwithstanding, that Mohamed Atta did not meet in Prague with someone from Iraqi intelligence. We now know that Hussein had no weapons of mass destruction and that the Iraq war -- which has cost America more than 2,500 lives, 20,000 casualties, the respect of the world and billions of dollars -- is for naught. Talleyrand said of the Bourbons that they forgot nothing and learned nothing. It will be said of Cheney that he forgot everything and learned nothing.

How did bin Laden get so lucky? How did he get so fortunate in his choice of enemies? The Bush administration not only validated his wildest dreams -- dreams that even some of his aides thought were unrealistic -- but went even further. By using torture, by the abuses at Abu Ghraib prison, by employing "extraordinary renditions" of suspects to countries where they could be tortured, by insisting on going it almost alone in Iraq, by telling the international community to shove it, by declaring a war for an idÃ©e fixe -- this fierce obsession with Hussein goes back a long way -- the United States has made itself reviled in much of the world.

And here at home, here in the United States of America, it will be a long time before lots of people trust their government again. Little wonder that 16 percent of respondents said in a recent poll that it was "very likely" that the government played some role in the Sept. 11 attacks to justify a war in the Middle East. This is a shocking figure, a measure not just of irrational thinking but of the cost of the Bush administration's mauling of the truth in its mad march to war. Bush has damaged his country more than bin Laden ever could on his own.

I was here on Sept. 11, 2001 -- downtown when the twin towers collapsed. My instantaneous reaction -- the thought that came to my mind as I heard the sound of the buildings coming down -- was for revenge. I would, to this day, kill Osama bin Laden with my own hands. But as much as I hate the man, I have to recognize that from his vantage point, from his mountain fastness somewhere on the Pakistan-Afghanistan frontier, he has won. What he had set out to do, he has done. That is more than we can say.

In Unpredictable District, Some Say Bush Is Politicizing Terrorism (NYT)

By Carl Hulse

The New York Times, September 12, 2006

ARVADA, Colo., Sept. 11 — Leaving services Sunday morning at Faith Bible Chapel, an evangelical megachurch, Jim McBride, a pilot who served in Vietnam, said he was not happy with President Bush's handling of Iraq. And he displayed little inclination to rethink his position despite the White House's new push to focus this year's Congressional elections on which party will keep the nation safer.

"I do have a bit of mistrust," said Mr. McBride, who said that he twice voted for Mr. Bush but that he is now disappointed — a sentiment he said is shared by many in his Bible study group. "The whole thing about W.M.D. and that Iraq is somehow tied to 9/11, I just don't believe it."

Mr. Bush has plenty of supporters in this Denver suburb and the surrounding cities, an evenly divided swing district that is a bellwether in the battle for control of the House. But interviews over the last three days here found Republicans, Democrats and independents all expressing degrees of skepticism about Mr. Bush's motives in delivering a set of high-profile speeches on terrorism and the war in Iraq two months before Election Day.

While it is too early to know whether the White House will succeed in winning over enough voters to make a difference in what is shaping up as a tight race, the interviews suggested that Mr. Bush's newest efforts to cast his party as better suited than Democrats to defend the country had yet to overcome concern and anger among many voters about Iraq and a more generalized sense of discontent with the administration.

"I have been a Republican all my life, but we have just gotten to the point where we may need a change," said Shannon Abote, an Arvada resident who was stopping at Starbucks for a coffee on Monday morning.

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Many residents said they were aware only in general terms of Mr. Bush's recent speeches and his decision to bring high-level terrorism suspects to trial before military tribunals. They acknowledged that the terrorist threat often seemed distant, far removed from their busy lives in the shelter of the Rocky Mountains. Fewer than 20 people turned out Monday morning outside the Elks Club in Arvada to mark the fifth anniversary of the Sept. 11 attacks.

"Living in the central part of the country has probably kept terrorism from the forefront of our minds," said Peter Strecker as he and his wife, Robin, strolled through downtown Golden on Saturday with their 13-month-old daughter, Paige, after a sudden downpour.

Still, even strong Bush supporters said they doubted the presidential drumbeat on terrorism would alter the political landscape here. "I think people already have their minds made up," said Michael Mason, an engineer and Golden native. "The whole thing could end tomorrow, and they would still hate his guts. The damage has been done."

The random interviews with dozens of residents across the Seventh Congressional District were not scientific. But they do suggest that Mr. Bush's public standing could be problematic for the Republican candidate in the race for the open House seat, Rick O'Donnell, and that the Republican push on terrorism will not necessarily pack the same political punch it did in 2002 and 2004.

"I think it is the only card they have got," said Floyd Ciruli, a longtime Denver pollster, referring to the national Republican focus on terrorism. "Will it make a difference in Colorado? Absolutely not."

If so, that would be bad news for Congressional Republican leaders. They are counting on Mr. Bush's concerted efforts to both raise his own public approval and to simultaneously help give Republican House and Senate candidates an edge on the security issues that have dominated the last two national elections. But polls indicate that the climate is different this year, with fewer Americans confident that the fight against terrorism is going well, and Democrats, including Mr. O'Donnell's opponent, Ed Perlmutter, are vigorously trying to counter Mr. Bush.

"My job is to make sure that people remember that all this was brought out in '04 and '02," said Mr. Perlmutter. Republicans are resurrecting the "same old plays from the same old playbook," he said. "The war on terror is clearly an important subject, but they have made a mess of it."

Mr. O'Donnell said terrorism and the war in Iraq continued to be secondary issues in a race he described as being driven more by immigration and economic issues. "Having the president talk about the threat to the country reminds people that we live in a dangerous world, but it is not the No. 1 issue on their minds," he said.

Mr. O'Donnell, who was the beneficiary of a fund-raising visit by the president this year, has good reason to put a little distance now between himself and the president: Senator John Kerry carried the district in the 2004 presidential race.

But Mr. Bush retains his strong backers.

At the Sept. 11 ceremony on Monday in Arvada, Nancy Goodman, whose 21-year-old son is finishing a tour as a marine in Iraq, expressed full confidence in Mr. Bush's antiterrorism strategy.

"I agree with what he is doing," said Ms. Goodman, a Republican, who said the public could not always know the reasoning behind the administration's actions. "We have to trust our leadership, and we have to trust our military, and we have to trust that they want to protect us."

Blaine Engdahl, an off-duty police officer who was waving the flag Saturday as he watched Arvada's annual harvest festival parade from the back of a pickup, said: "I think he has made his mistakes, but he is trying. If we don't fight them there, we are going to be fighting them over here."

Dale Burkhart, another Bush supporter, urged the president to step up the effort to get his message across. "Everybody has forgotten why we got hit," Mr. Burkhart said. "Americans need to be continually reminded because of the way we live. We are blessed, and we take it for granted."

But independents and Democrats repeatedly characterized Mr. Bush's recent spree of speeches and actions on terrorism as a cynical effort to thrust the issue into the Congressional campaign season.

"I think it is a calculated attempt on the part of the president and Karl Rove to push terrorism before the election," said Patrick Bassett, a Democrat and software developer from Golden who was visiting a mall in Aurora. "All these issues could have been brought up at an earlier time."

Robin Dodich, a retired teacher and self-described independent who was part of a small group of antiwar protesters along the Aurora parade route, called Mr. Bush's recent actions disgusting.

"Republicans believe their party is in trouble and they want to help their campaigns," Ms. Dodich said. "It is almost like Bush is frantic."

Nation Pays Tribute To Heroes (USAT)

By Rick Hampson And Charisse Jones

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USA Today, September 12, 2006

NEW YORK — Americans solemnly remembered and mourned Monday the lives lost five years ago in the worst terror attacks on the nation, a tragedy that President Bush said brought "extraordinary acts of courage" and heroism from ordinary citizens.

Ceremonies marked the Sept. 11 anniversary at Ground Zero, the former site of the World Trade Center towers, and at the Pentagon and in a Pennsylvania field where Americans died in attacks that propelled the nation to war.

More somber memorials were held in schools, churches and other places across a nation still seared by the fresh memory of that day.

Bush began the remembrances at a New York firehouse, laying a wreath and mingling with firefighters and police officers who were among the first to rush to the burning towers. He visited 9/11 crash sites in Shanksville, Pa., and the Pentagon before returning to the White House to deliver a prime-time television address.

Bush paid tribute to the heroism of "ordinary citizens rising to the occasion," and described the wars in Afghanistan and Iraq that have ensued as "a struggle for civilization."

"We are fighting to maintain the way of life enjoyed by free nations," he said. "We are fighting for the possibility that good and decent people across the Middle East can raise up societies based on freedom, and tolerance, and personal dignity."

He said the nation faces "a difficult road ahead."

"If we do not defeat these enemies now, we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons," he said.

At Ground Zero, a procession of loved ones read the names of the 2,749 people who died in the collapse of the twin towers. Some held photos. Many sobbed.

"There's no way to mend a broken heart," said ToniAnn Carroll, wife of Peter Carroll, a New York firefighter who died at the World Trade Center.

The Trade Center site fell quiet at 8:46 a.m. and 9:03 a.m., the moments in 2001 when hijackers crashed jetliners into the twin towers.

At the Pentagon, where 184 people died when a jetliner flew into the building, Vice President Cheney and Defense Secretary Donald Rumsfeld led the observance.

In the Pennsylvania field where 40 people aboard United Flight 93 died hundreds gathered at a temporary memorial — a chain-link fence covered with U.S. flags, firefighter helmets and children's drawings. "We should be thinking about remembering on Sept. 12th and 13th and 14th, when America really came together," said Jerry Bingham, whose son, Mark, died on Flight 93. "Somewhere along the line, we lost that."

Survivors At Three Gatherings Talk Of Heroism, Loss And Love (USAT)

By Rick Hampson

USA Today, September 12, 2006

From Ground Zero to the Pentagon and a remote field in western Pennsylvania, Monday's fifth anniversary of the Sept. 11 terrorist attacks prompted Americans to measure the day's meaning through the words and tears of the victims' survivors.

Memorials, dedications and religious services marked the day when Muslim extremists turned jetliners into weapons and ushered in what has come to seem like the age of terrorism.

"It surely cannot be easy to come to this site and speak out loud the name of the person you had thought would always be next to you," New York City Mayor Michael Bloomberg told thousands at Ground Zero, where 2,749 died when the World Trade Center towers collapsed. "We stand by your side, yet who can know what is in your hearts?"

He soon got an answer. After reciting their loved ones' names, many relatives — like others in other places — said what was in their hearts:

·"I miss you, and I need you." — Eulogia Hernandez, wife of Nuberto.

·"The greatest gift I can give you is the gift of remembrance. Love you, babe." — Joanne Grzelak, wife of Joseph.

·"The cost of freedom is vigilance." — Nicholas Chiarchiaro, husband of Dorothy Chiarchiaro and uncle of Delores Marie Costa.

There were promises: "Don't worry, your granddaughter will know all about her Poppa," Stephanie Esposito told her husband, William.

Requests: "Keep your shadow on us … so that I do not lose my path," Sneh Jain asked her husband, Yudh Vir Sing Jain.

The expressions of grief, longing and hope came amid public sentiment that the war on terror is far from over. A USA TODAY/Gallup Poll found last month that four of five Americans think suicide bombers probably will strike a crowded U.S. location in the next five years.

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There were reminders of those fears Monday. New York's Pennsylvania Station was evacuated because of a suspicious duffel bag that turned out to hold nothing but trash. A jet bound for San Francisco was diverted to Dallas after a backpack and handheld e-mail device were found on board. Both were harmless.

Everywhere, Americans remembered. At Boston's Logan Airport, where two teams of 9/11 terrorists boarded jets they later crashed into the World Trade Center, security screeners wore wristbands reading “We will never forget” and stopped checking passengers for a moment to mark the anniversary. In Akron, Ohio, firefighters sounded sirens for 30 seconds to symbolize the moments the twin towers fell. In San Diego's Balboa Park, 500 people held a remembrance walk.

At the three hallowed sites where almost 3,000 people died, a nation mourned, reflected and moved forward:

America Marks A Grim Anniversary (WP)

By Michael Powell, Josh White And Theresa Vargas

The Washington Post, September 12, 2006

In three wounded communities yesterday, the nation commemorated the worst terrorist attack in American history, as bells sounded, thousands murmured prayers and the families of victims once again read the names of their lost loved ones.

On the fifth anniversary of the Sept. 11 hijackings, there was an aching familiarity to the rituals. In New York, family members recited 2,749 names, punctuated by violins and the wail of bagpipes, to the drawn and tearful faces of the families of the victims.

President Bush joined the commemoration in New York, journeying to Ground Zero on Sunday night to lay a wreath and then sharing Monday breakfast with 75 firefighters at a firehouse, nicknamed Fort Pitt, on the Lower East Side. He later flew to Pennsylvania to lay a wreath in the Shanksville farm field where United Airlines Flight 93 hurtled to Earth, and then he traveled on to the Pentagon.

Families and firefighters and cops in New York filed slowly down ramps into the three-story-deep pit that is Ground Zero, gray slurry walls rising around them. Bells sounded at 8:46 a.m. and 9:03 a.m. -- the moments when the hijacked planes slammed into the twin towers. On the podium, Carmen Suarez glanced skyward as she finished reading 10 names of those who died.

Her husband, police officer Ramon Suarez, died in those towers.

"If I could build a staircase to heaven I would," Suarez said, "just so I could quickly run up there to have you back in my arms."

Rain fell in Shanksville and cool and clouds cloaked Washington, but in New York it was one of those eerie carbon-copy days: a slight chill of autumn, a cloudless sky, wind tugging at flags, just like five years ago. Except that yesterday, every flag in the city was at half-staff.

Bush and Vice President Cheney paid homage to the dead. And as during the past few weeks, they did not hesitate to try to draw a connection between the Sept. 11 attacks and the war in Iraq.

New York Battalion Chief Jim Savastano, who knew 100 of the 343 firefighters who died at Ground Zero, sat next to Bush at the breakfast of scrambled eggs and French toast; he recalls talk of war. "He talked about how he's going to continue the war on terrorism," Savastano said. "He's not going to give up the fight."

Cheney observed the day at the Pentagon, where five years ago American Airlines Flight 77 rocketed into the facade, burrowing its way through the building's outer rings and killing 184 people. Five hundred family and friends of the lost sat in a cold drizzle, listening as speakers mixed soft talk of empathy with blunt calls to support the nation on its two war fronts: Iraq and Afghanistan.

Heads turned as one commercial jet after another streamed over the Pentagon's Mall Terrace, the roar of engines drowning out the voices below and sending a chill of remembrance through the audience.

"There are no words that can soothe your pain and no way that we can truly understand all the sacrifices that you have made," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told the audience.

Cheney's style was more aggressive, as he tossed rhetorical haymakers at critics of the Iraq invasion. "We have no intention," he said, "of ignoring or appeasing history's latest gang of fanatics."

In New York, there was little talk of the war. Recent polls show that 75 percent of the city's residents see no links between the 2001 attacks and the three-year-old war in Iraq. Antiwar sentiment is deeply felt in New York, even by Republicans, polls show.

Jack Lynch went to Ground Zero yesterday with his wife to stand once again in the footprint of those 110-story towers. He recalled searching in that wreckage for the body of his son, Michael, who was a firefighter with Engine 40, Ladder 35, on the Upper West Side of Manhattan.

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"On March 21, 2002, we recovered Michael's body," Lynch said. "His body was entangled with a body of a female. . . . The medical examiner said he was either carrying her or protecting her.

"It was saving grace because we know that Michael . . . died doing something noble."

Lynch wishes he were younger so that he could fight terrorism. But not in Iraq. "Iraq really is the wrong target," he said. "Terrorism is the target and the attitude of those that want to hold us hostage in fear."

Five years out, the emotion is less raw than it was in those first years. One could walk the streets of Manhattan or the District yesterday and sense little amiss. But that impression would be wide off the mark.

In Astoria, Queens, a working-class immigrant community, Joseph Kiss walked beneath the elevated tracks on Broadway. He is a just-retired elevator operator, a white-haired, blue-eyed Croatian immigrant with a gold crucifix. Ask if he still thinks of that day and he nods.

He said his daughter was nearly buried under the wreckage and was rescued several hours after the collapse.

"Every day I think about how I almost lost her, trapped down there in the cement and dust," he said. "I remember calling her and calling, hope she get home.

"I am lucky, though. So many families --" He paused and snapped his fingers. "They look up and they lost the love of their lives."New York

Lt. Tom Carlstrom, 53, walked one last time in his dress blues along the eastern lip of the gaping hole where this city's two largest towers once stood. He is a New York City firefighter of 25 years' service, or rather he was -- he retired yesterday at 2 p.m.

Five years ago, Carlstrom, a quiet and polite man who stops here to help an old woman navigate a high curb and there to help an old Marine veteran tape a memorial on the fence, was in the North Tower. He was setting up a triage unit in the cavernous lobby when he felt a shaking and heard a roar, like an avalanche. One hundred ten stories were coming down upon him.

"The South Tower had already gone, so we knew this could happen," he said quietly as he stood on Church Street, watching the Emerald Society's bagpipers wet their lips. "I knew I had six, maybe seven seconds."

He ran north on West Street and dived down a side street. Metal beams, clouds of volcanic-like dust and boulders hurtled by. Somehow -- he's not sure how or why -- Carlstrom survived, and as he huddled there he thought of his friends who at that moment were dying.

"I come down every year, to think about my people I couldn't get out of there." He shrugged, helpless. "These memories are never going away, I realize that now."

Each anniversary has its own feel. The first was defiant and heartbreaking, the Fire Department's bagpipers leading a ragtag march of 3,000 firefighters, cops and ordinary citizens into the dawn and across the Brooklyn Bridge to Ground Zero.

This anniversary feels different, the wounds half-cauterized, the neighborhood around Ground Zero rebuilt, shiny, polished. And yet the roses are stuffed in the gates and the photos taped up, and everywhere around Ground Zero there are families with photos of their loved ones on their lapels and purses, slowly walking down the ramp into that deep pit.

There was not a sense this time of a city come to a stop. Many on Church Street hurried to work. But others were there to protest, to talk of conspiracies, to put up art -- and many just to quietly listen as family members read off the names of the dead.

"I worked in the hole a couple of times, and it kind of touched me," Tom Miller, 41, said from behind mirrored sunglasses. He wore biker boots, a T-shirt with a big American flag and a handlebar mustache. He repairs construction cranes, and he drove south on his Harley to the memorial.

"It's just emotional, the destruction, to see people wasted here -- that's just the best way to put it."

Elsewhere the day was given to private remembrance. At Sixth Avenue and Houston Street a powerfully built man in a business suit and sunglasses knelt on the sidewalk, head bowed in front of Engine House 24, which lost eight men on that day.

He got up and walked away and was momentarily startled to be asked his thoughts. "I live across the street, and I guess I feel like I owe these guys my prayers," he said. "I love this city, but I don't feel it's very healed. So many people just got wiped out on a perfect day just like this."The Pentagon

Zenovia Cuyler was starting her morning at a Pentagon health clinic on Sept. 11, 2001, when she heard that an airplane had ripped through the building's limestone exterior. When she learned where the plane had crashed, she immediately feared the worst.

"I watched the building burn for a while, and then I knew my mother was gone," Cuyler said yesterday, her eyes softening. "In a way, she's still here."

Surrounded by family members, Cuyler returned to the spot yesterday where her mother, Ada M. Davis, 57, was working as an accountant for the Army five years ago when Flight 77 rammed through the Pentagon's E-ring at 9:37 a.m. For Cuyler, of Upper Marlboro, the wars and the U.S. troops dying overseas are a continual reminder of that personal horror.

"I haven't healed because I live it every day," she said. "There is no closure."

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Beneath ominously dark clouds and a sporadic spitting rain outside the Pentagon yesterday, Cuyler and more than 500 family members and friends of the 184 victims joined in solemn remembrance. They waved small American flags and saluted the same enormous Stars and Stripes that draped the Pentagon in the days after the attack.

Songs such as "Battle Hymn of the Republic" streamed through the morning mist, while America's top military leaders spoke of the great sacrifices members of the military made on Sept. 11, as well as the sacrifices they are now making. Cheney, Pace and Defense Secretary Donald H. Rumsfeld said the attacks marked the surprise beginning of a now-global struggle.

The moment appeared to affect Rumsfeld, who struggled briefly through his opening words before speaking about the need to aggressively go after the terrorists who celebrated while America mourned the victims five years ago.

"The highest tribute we can pay to them is to commit ourselves to doing everything possible to fight the extremists wherever they are, to making every effort to stay united as a country, and to give our truly outstanding men and women in uniform all that they need to succeed," Rumsfeld said, a sling holding his left arm in place after surgery last week.

In a brief afternoon visit, Bush and the first lady placed a wreath at the spot where the plane hit the Pentagon, standing for a moment of silence before a five-piece band played a soft version of "America the Beautiful." Several senior senators and White House officials joined about 225 family members representing 56 victims. Bush then spent about 15 minutes shaking hands and sharing hugs, at one point wiping tears from his eyes.

Joyce Johnson's eyes began to water as she talked about her husband, Army Lt. Col. Dennis M. Johnson, who five years ago died just a few feet from where she was standing.

Walking away from the afternoon ceremony, five years of memories flooding back to her, Johnson praised Bush for his dedication to the victims: "Just for him to take the time to go to all three places means more than anything."Shanksville

Just a few miles down the road from a field shrouded with memories and mementos, Oleg Kis stood in his hotel trying to decide whether to wear the suit jacket and tie or the black T-shirt folded on his bed.

"This may be too provocative," said the soft-spoken Kis, 49, holding the T-shirt out in front of him, the words "Face the Facts" emblazoned on the front. In one corner of the room, boxes brimmed with thousands of fliers. In another reclined a placard splashed with the words "Stop 9-11 Cover-Up."

"I believe the truth should be spread," Kis said of his one-man protest at the crash site.

People came for many reasons, some alone and some by the busload, to a field even locals considered the middle of nowhere until a plane punctured the earth five years ago. Danielle Anderson, 18, and Angela McMillen, 21, drove hundreds of miles through the night from Dubois, Pa., to in hopes of creating a memory for themselves.

"My grandmother talked to me about WWII, and my parents talked to me about Vietnam," McMillen said. "This is what we're going to tell our children."

They came on a whim, leaving at 2 a.m. and arriving before the sun rose. About 1,000 people would follow, gathering under a slate-gray sky at 9 a.m. for the memorial service. There were prayers and victims' names read and politicians searching for words of comfort.

Afterward, Bush visited the crash site with families, taking a moment to talk to each. A chapel also held a service, with people spread among fold-out chairs. Alice Hoagland, mother of victim Mark Bingham, attended both ceremonies.

"This is really comforting to be here today, to look into the eyes of the other Flight 93 families and to grieve together and to find comfort together," Hoagland said.

If there was a lesson her son and others on Flight 93 learned that day, it was that there is power in numbers, she said.

Shanksville, a small town of about 250 people, often appears overwhelmed by the attention. This is a place where deer, raccoons and bears still wander up to back porches and where scrapple, a mix of cornmeal and pig fat, is a dietary staple. The plane crash ripped a hole in that solitude.

"I stomped these grounds when I was a kid," said Fred Bruening, 76, adding that he shot his first 10-point buck where the plane came down. "Just think of a boy who might have seen two cars all day long going down that road to Shanksville. I never would have never thought there'd be all these people standing here."

He and his wife had driven from Youngtown, N.Y., for the ceremony yesterday, as they have every year since the crash.

"This is our special place," said Diane Bruening, 62.

Up the hill, near the makeshift memorial that has grown each year, Kis stood in a gray suit and blue tie, handing out fliers and calling to passersby.

"Find out what really happened," he shouted.

"You're a moron," one man yelled back.

"What you're trying to accomplish has nothing to do with what is going on here," shouted Jim Kunkel, 38, of Pittsburgh. "Go away."

"I don't want them to have died uselessly," Kis yelled back.

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Memories, Grief Endure Across Region (WP)

By Michael E. Ruane

The Washington Post, September 12, 2006

In the past five years, Ron Miluszewski has been unable to shake the smell of the first victims who were brought to his hospital from the shattered Pentagon: They reeked of jet fuel.

In the past five years, Mazie Lawson's anguish at the loss of her daughter, Cecelia Richard, on Sept. 11, has lingered, undiminished.

In the past five years, Colin Wolfe grew from childhood in Manassas to the Marine Corps in Iraq, determined to battle the perpetrators of Sept. 11. Yesterday -- at the age of 19 -- he was borne to his grave in Arlington National Cemetery.

So much can happen in five years, while much stays unchanged.

Five years after the Sept. 11 terrorist attacks, residents and visitors across the Washington region paused yesterday, away from the grand commemorations, to remember the milestone and take stock of all that has and has not changed in the half-decade since 2001.

At the Lincoln Memorial, prayers for nonviolence echoed across the Reflecting Pool and mingled with the roar of airliners soaring through the overcast that shrouded the city and its psyche.

At a downtown Washington cathedral, a churchgoer attended Mass carrying a framed photograph of a Roman Catholic priest who died in the World Trade Center.

And at a Montgomery County interfaith building project, a 74-year-old Rockville man lamented that he had not done more to improve ethnic relations in the past five years.

* * *

"I'm looking for ways to knock down barriers," John Harris of Rockville said yesterday as he stood in the drizzling rain wearing a tool belt and jacket. "Get to know people as individuals, not categorize them by groups."

Harris and 14 other volunteers had assembled in Burtonsville to build townhouses as part of what Habitat for Humanity of Montgomery County had dubbed "Interfaith Build," aimed at bringing together Christian, Jewish and Muslim volunteers. Habitat planned a group lunch and breaks for prayers. But the Muslim contingent never showed. (A representative of the Muslim group later said that he didn't have directions and that by the time he and volunteers reached each other on the phone yesterday, the build had been called off because of rain.)

At the site, the early end to the project gave Harris time to reflect. A Missouri native, onetime CIA worker and lifelong liberal-leaning Baptist, he is nothing if not honest with himself.

Five years ago, immediately after Sept. 11, he hoped the nation's unity would have him getting to know more Muslims. That hasn't happened. He blames himself, in part, saying he instinctively falls back to being with those he knows best, Christians. But he also thinks the war in Iraq has hurt unity.

"We have broadened who the enemy is," he said.

* * *

At the Lincoln Memorial, Arun Gandhi, grandson of Mohandas Gandhi, India's famed philosopher statesman, led speakers and bystanders in calling for peaceful approaches to counterterrorism.

"I see a lot more fear in the minds of people," said Gandhi, who lives in Rochester, N.Y., and, with his wife, Sunanda, founded the M.K. Gandhi Institute for Nonviolence. "It's reached a point where somebody shouts, 'boo,' and everybody runs."

As he spoke, Gary Smith, 60, who served in Vietnam with a Marine Corps artillery unit, was walking by with his wife, Margaret, 60, and their granddaughter, Shelby, 13, who was wearing a pink sweatshirt that said "FBI."

Smith, of Adrian, Mo., said he has changed in the past five years. But he is not afraid. "I'm an American, and I'm going to do what I want to do," he said. "I'm free, and I'm going to stay that way. They're not going to scare me. They may make me nervous. But they're not going to scare me."

* * *

Across the Potomac River, the body of Colin Wolfe was being carried through Arlington National Cemetery. Wolfe was a 14-year-old, preoccupied with girls and baseball and successfully sidestepping homework assignments, when the terrorists stuck.

It was in that moment, when the twin towers fell and the Pentagon was on fire, that the Manassas youth decided his future would take a very specific path: service in the Marine Corps.

Wolfe deployed to Iraq in July. He was killed last month, cut down when his Humvee struck a roadside bomb.

Yesterday, the Marine lance corporal was buried on a day his parents said they selected for its raw symbolism.

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"September 11 was an integral part of his decision process to become a Marine, and it seems absolutely appropriate," said Wolfe's father, Mark Wolfe.

* * *

In Bladensburg yesterday morning, a bell chimed 25 times in honor of the 25 Prince George's County residents who lost their lives that day five years ago.

Mazie Lawson, 77, shed tears as the bell tolled for her daughter, Cecelia Richard, 41.

The ceremony was held to dedicate the Prince George's County Sept. 11 Memorial at the Bladensburg Waterfront Park at Peace Cross. Twenty-five white crepe myrtle trees, one for each victim, lined a brick walkway and a granite memorial with an inscription that reads: "We will always remember them."

Lawson, of Capitol Heights, tried to hold back tears as she talked about her daughter. "It's a terrible feeling," she said. "It's a hole that can't be filled."

"I just hate the word 'closure,' " Lawson said. "There's never closure. To me, the word closure means to close and forget, and I never want to forget my daughter's spirit."

* * *

In Vienna, about 50 people gathered on the lawn of the Freeman House for the town's annual Sept. 11 commemoration, organized by American Legion Post 180. Some took shelter from the drizzle beneath a maple tree; others sat in folding chairs.

Ron Miluszewski, director of admissions at Virginia Hospital Center, was the featured speaker. The hospital treated 44 victims of the Pentagon attack, and his memories of that day at the hospital's triage center are a mix of horror and heroism: The sound of the ambulance sirens bringing the day's first victims. The two injured servicemen who, after receiving treatment, tore off their hospital tags and returned to the crash site at the Pentagon to look for others. The smell of jet fuel on the burn patients.

"It's a memory that has stayed in my head," he said later. "All I could smell was jet fuel, like being in an airport. I'll never forget that. I've tried to. But every time I go to an airport, the smell of jet fuel reminds me. It was so strong."

* * *

A group of Arab Americans gathered at the Capital Hilton hotel downtown to mark the anniversary. One of those in attendance, Samiah Bahhur, 45, was upset.

"Don't use the word 'angry,' okay?" she said.

An energy regulation specialist, Bahhur said she feels "punished" when she finds airport security slips in her luggage or when she thinks about the Patriot Act -- which she feels unfairly puts Arab Americans such as herself under a microscope and makes other Americans feel suspicious.

"We are just like every other American," she said, her right hand gesturing firmly. Bahhur, of Fairfax, was among 150 people in business suits, military uniforms and modest hijabs who came to listen to religious figures -- Muslim, Christian and Jewish -- reflect on the past five years. Speakers talked about the anti-Muslim, anti-Arab vitriol that came after Sept. 11, as well as the interfaith bonding.

Bahhur said she wanted to be optimistic. She volunteers with the Red Cross and the Arab American Institute and tries "not to let the things that affect the community affect me." She said she remembers feeling optimistic in the months after the attacks after seeing people work for more tolerance, more education. But then came the wiretapping and other terrorist incidents, each one a reason for some to let loose a little hate.

* * *

Last night, thousands of football fans waved small American flags, chanted "USA! USA!" and observed a moment of silence before the start of the Redskins-Vikings game at FedEx Field.

But in a utility tunnel beneath the stadium, Prince George's firefighter Ernie Alsop stood by, sitting in a firetruck, in case of calamity.

Alsop, 46, is in his 25th year as a firefighter, but this is his first season working security at Redskins games.

He worries about car fires and sick fans and, now, mysterious backpacks stashed in the woods.

"You can't let that stuff go these days," he said. "You've got to check everything out. I'm a rookie when it comes to this, but I know that day has changed the world."

* * *

During Mass in the cathedral in Washington, John Mohan sat with a black-framed, smiling photograph of his friend, Franciscan priest Mychal Judge. The 68-year-old Roman Catholic chaplain for New York's fire department was killed at the World Trade Center as he ministered to the dead and dying.

"There's a sadness of course . . . but I do think there is a determination too, to remember those who died and maybe take what was good from their lives," said Mohan, 41.

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The District resident was among about 200 worshipers at the Mass celebrated by Washington Archbishop Donald W. Wuerl at the Cathedral of St. Matthew the Apostle in Northwest Washington.

In his homily, Wuerl sought to dispel the paralysis that people can feel in the face of horrible events. "Our capacity to change the world is not as limited as we think," he said.

After the Mass, Mohan stood in line to speak with Wuerl. He asked the archbishop to bless the photograph.

Later, standing on the steps of the red brick cathedral, Mohan called Sept. 11 "one of the landmarks that you look at and say, 'Where were you on the day?' And everybody knows where they were before and after, and how their lives changed."

The experience, he added, had marked his generation, "maybe in some ways that people in this generation living now are not even aware of yet and won't be for many years to come."

Marine Felt Calling After 9/11 Attacks (WP)

By Leef Smith

The Washington Post, September 12, 2006

Colin Wolfe was in sixth grade, fixated on girls, sports and the challenges of being a preteen, when a group of Marines visited his Manassas elementary school.

He returned to his Manassas home that afternoon with their presentation swimming in his head. Perhaps, he told his parents, he might enlist one day.

It was just childhood talk, his parents reasoned. Their son was a skilled ballet dancer, performing since childhood with a local dance company, and he had smarts. Perhaps he would go to college.

Then came Sept. 11, 2001.

Wolfe was 14 when the twin towers fell, and like so many, he watched in horror as the Pentagon burned on cable news channels.

He was just a boy, but the call to action that he felt struck deep.

In the years that followed, he collected articles depicting the attacks and search for Osama bin Laden. He talked with friends and family about the war on terror and visited the Pentagon and Ground Zero in New York.

And when he graduated from Osbourn High School in Manassas last year, he did the one thing he felt in his heart that was right: He enlisted in the Marines, ready to fight.

"Like a lot of kids, he had a sense of wanting to serve his country, but 9/11 crystallized that in him," said Mark Wolfe, his father.

Pfc. Colin J. Wolfe, 19, was deployed to Iraq in July. He was killed Aug. 30 in Anbar province, when the Humvee in which he was riding struck a roadside bomb.

Yesterday, family and friends gathered at Arlington National Cemetery to honor the slain Marine. His parents picked Sept. 11 for the burial, believing it to be a fitting tribute to a young man who gave his life for his country in Iraq.

"He knew what he was fighting for and what he was all about," Mark Wolfe said. "He believed he was serving the country, protecting the country. He had made his choice."

Colin was assigned to the 3rd Battalion, 2nd Marine Regiment, 2nd Marine Division, 2nd Marine Expeditionary Force at Camp Lejeune, N.C., and was posthumously promoted to lance corporal.

Hundreds of mourners -- among them Virginia Sens. George Allen (R) and John W. Warner (R) as well as Rep. Frank R. Wolf (R-Va.) -- gathered at the graveside under a threatening, gray sky.

They listened as a bugler played taps, the instrument's echoes fading softly across the field of grass and gravestones. They watched spellbound as six marines folded the American flag draped over Wolfe's coffin with precision.

The motorcade to the cemetery -- one of the largest for a casualty of the Iraq war, according to cemetery officials -- was led by a small police escort.

Family members said Wolfe wasn't planning a career in the military. He just felt he had a job to do -- and not as an officer, either. Wolfe's father said he wanted to be on the front lines, doing the real work, he said.

Mark Wolfe said his son's battalion has lost six Marines in the past few weeks, a heavy toll that drives home the danger of their jobs.

"People in the general public don't realize how hard they fight and how many risks they take," Mark Wolfe said. "It's war."

But Colin Wolfe knew it was war. He looked on the conflict in Iraq with the same gravity as he viewed World War II, his father said.

Shortly after Colin graduated from high school, his family traveled to France, where they drove from Paris to Omaha Beach, the famous Normandy landing site during the allied invasion of World War II. They were there, Mark Wolfe said, to pay their respects.

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For Colin, who had just enlisted, it was "hallowed ground." He pointed out to family members headstones marked with the Star of David -- a symbol of Jewish heritage, like his own.

Mark Wolfe said he last spoke with his son on Aug. 19. The phone conversation lasted 15 or 20 minutes, and Colin talked about the tedium of combat and how much the Iraqi children loved the Marines. His father said he stressed that the Iraqi soldiers were doing a good job, that they were to be trusted.

The job might be progressing slowly, he told his father, but they were going to get it done.

"We're winning," Colin said. "It's just going to take some time."

U.S. Observes 5-year Anniversary Of 9-11 (AP)

By Amy Westfeldt And Erin Mcclam

The Associated Press, September 12, 2006

Clutching photos to their hearts and blowing kisses to the sky, tearful loved ones of Sept. 11 victims recited a 3 1/2-hour litany of the lost Monday, the names echoing across an expanse still largely barren five years after terrorists destroyed the World Trade Center.

At the Pentagon and on a wind-swept Pennsylvania field, and in simpler, quiet moments in airport security lines, at churches or by themselves, Americans paused to reflect on the worst terrorist act on U.S. soil.

The centerpiece of the commemorations was the mostly barren 16-acre expanse at ground zero, where four moments of silence were observed to mark the precise times jetliners crashed into the twin towers and the skyscrapers crumbled to the ground.

The achingly familiar task of reading the names of the 2,749 trade center victims fell this year to their husbands, wives and partners, who personalized the roll call with heartbreaking tributes to the loves of their lives.

"If I could build a staircase to heaven, I would, just so I could quickly run up there to have you back in my arms," said Carmen Suarez, wife of city police officer Ramon Suarez, killed five years ago at the World Trade Center.

And this from Linda Litto, who lost husband Vincent Litto: "As I said 31 years ago tomorrow, I will love you and honor you all the days of our life. Happy anniversary, my love."

On a crisp, sunny day not unlike the morning of the attacks, family members descended into the pit 70 feet below ground where the towers stood, tearfully laying wreaths and roses in the skyscrapers' footprints.

The mournful sound of bagpipes, so familiar from the seemingly endless funerals that followed Sept. 11, echoed across ground zero after a choir performed the national anthem.

The ritual has changed little since the first anniversary of the attacks, and in many ways the site has remained the same as well.

Squabbles over design and security have caused long delays in the project to rebuild at ground zero. Only this year did construction start on a Sept. 11 memorial and the 1,776-foot Freedom Tower, which is not expected to be finished for five more years. At dusk, officials planned to turn on a memorial light display in lower Manhattan, sending beams of blue light skyward in a glowing silhouette of the twin towers.

President Bush laid a wreath at the Shanksville, Pa., field where United Flight 93 crashed, and privately greeted relatives of the 40 people killed there. Standing without umbrellas in a cold rain, he and first lady Laura Bush bowed their heads for a prayer and the singing of "Amazing Grace."

"One moment, ordinary citizens, and the next, heroes forever," retired Gen. Tommy Franks said, alluding to the Flight 93 passengers who apparently fought the hijackers and forced them to crash the plane into the ground. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

Bush planned a prime-time Oval Office address later Monday. In prepared remarks, he characterized the war against terrorism as a "struggle for civilization" that requires a determined effort by a unified country.

"We are fighting to maintain the way of life enjoyed by free nations," Bush said.

The president ate breakfast with New York firefighters, and a day earlier walked ground zero and laid wreaths in reflecting pools that symbolized the north and south towers.

After visiting Shanksville on Monday, the president and first lady placed a wreath near a plaque on the outside of the Pentagon, where American Airlines Flight 77 claimed 184 lives and tore a gash in the building. Bush appeared teary-eyed as he greeted victims' family members around him, and he could be seen mouthing "God bless you" as he embraced them.

At an observance near the Pentagon, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld strode side by side to a speaker's platform.

Rumsfeld appeared to struggle with his emotions as he recalled the day of the attacks, and Cheney vowed resolve: "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power."

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The day was marked with reminders of the sometimes tense new reality that settled on the nation, and particularly its transportation systems, after the attacks five years ago.

New York's bustling Pennsylvania Station was briefly evacuated because of a suspicious duffel bag that turned out to be holding only trash. And a jet bound for San Francisco was diverted to Dallas after a backpack and handheld e-mail device were found on board. Both items were pronounced harmless.

And lest anyone forget the terrorists responsible for the day, al-Qaida's second in command warned of forthcoming strikes in the Persian Gulf and against Israel in a new video Monday.

It was one of three al-Qaida videos released around the 9-11 anniversary. One showed images of the fuel-laden jets striking the trade center, and in another Osama bin Laden smiled and chatted with the plotters of the attacks.

In Washington, the co-chairmen of the Sept. 11 commission assailed the Bush administration and Congress for a what they called a lack of urgency in protecting the country. Only about half of the 41 recommendations issued by the commission two years ago have become law.

Former Indiana Rep. Lee Hamilton and former New Jersey Gov. Tom Kean cited a failure to distribute adequate homeland security money to cities most at risk for an attack, and said U.S. policy toward Arab nations has been largely ineffective.

White House spokeswoman Dana Perino insisted that the administration had adopted many of the commission's suggestions. She said Bush "wakes every day determined to ensure that we are doing all we can — with all the lawful tools possible — to detect and prevent terrorists attacks."

At Boston's Logan Airport, security screeners wearing wristbands that read "We will never forget" stopped checking passengers for a moment to mark the anniversary, and travelers waiting in line — another legacy of the attacks — paused to join the tribute.

At Dallas Fort-Worth International, speakers at a ceremony paused intermittently as jets roared overhead, and an employee choir sang "God Bless America.

Ceremonies around the country inevitably included salutes to police and firefighters.

Outside an elementary school in Mascoutah, Ill., not far from Scott Air Force Base, Lt. Col. Jim Williams attended a Sept. 11 ceremony but said the first responders were the true heroes of the day.

"I'm in the military and defend the country, but only in certain times," he said. "They do this every day."

In Akron, Ohio, firefighters rolled their trucks out of their garages and sounded their sirens for 30 seconds at the moment the south tower of the trade center collapsed, and again a half-hour later for the north tower.

Dave Johnson, a 69-year-old retiree, was completing his daily walk along Las Olas Boulevard in Fort Lauderdale, Fla., and said he worried the nation had grown less vigilant over the five-year span.

"It changed everybody's life, even if they don't admit it," he said.

The families of the nearly 3,000 people killed five years ago made their way through the anniversary as best they could, the rituals now familiar but never easier.

Among them was the family of Candace Lee Williams, 20, who was on American Flight 11, the first plane to hit the trade center. Her mother, Sherri Williams, remains haunted by the way her daughter died, but comes to ground zero every year "to keep her legend alive."

Sherri Williams and her son begin the way by visiting Candace's grave in Danbury, Conn., covering it with yellow roses, her favorite. Then they get on a train and travel to lower Manhattan.

And so the mother found herself at ground zero on Monday morning, holding a large, framed photo of her blonde, blue-eyed daughter.

"It's so hard to believe the five years have passed," Sherri Williams said. "She would have been 25. She wanted to do so much with her life."

Anniversary Brings Back Memories Of Attacks (MCT)

By Robert S. Boyd And Ron Hutcheson

McClatchy Newspapers, September 12, 2006

WASHINGTON - Across the land, Monday brought back memories of that awful morning five years ago: the crisp blue sky above Manhattan, the silver planes streaking into tall buildings, the flames, smoke, dust, horrified faces, people running, firefighters and police officers struggling, the fear, grief and death.

That day marked the end of America's innocence; the grim realization that our nation no longer is protected by its broad ocean ramparts, that enemies can strike our homeland at any time. Americans everywhere recalled on Monday where they were when the planes struck and the towers fell. Bells tolled, bagpipes wailed, flags flew at half-staff.

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After an emotional tour of crash sites at New York, Shanksville, Pa., and the Pentagon, which will be forever linked by Sept. 11, 2001, President Bush called for national unity in the struggle against terrorism.

"Our nation has endured trials - and we face a difficult road ahead," he said in a prime-time TV address from the Oval Office, according to prepared remarks issued before the speech. "Winning this war will require the determined efforts of a unified country. So we must put aside differences, and work together to meet the test that history has given us."

Earlier, at a memorial service in New York, relatives of the 2,749 people lost there stood in the void that was created when the buildings collapsed and paid tribute to the victims. They clutched pictures of their loved ones, sobbing quietly as their names were read in a four-hour ceremony.

Blocks away, on a spectacular late-summer morning remarkably like the one that ended in tragedy five years before, the president and first lady Laura Bush joined a group of firefighters for moments of silence at 8:46 a.m. and 9:03 a.m., the times when the first aircraft, then a second one, slammed into the twin towers of the World Trade Center.

A few hours later, the Bushes stood in a rainy field in Shanksville, where a third hijacked plane crashed as passengers fought back against the terrorists. Again, the weather mimicked conditions five years ago. Relatives of the victims from United Airlines Flight 93 wept as the president sought to console them.

"Their actions have ennobled our lives. Their death has enriched our lives. Their courage has demonstrated that which we are all capable of," the Rev. Paul Britton, a Lutheran minister, told the crowd. His sister Marion died on the flight.

At the Pentagon, Bush's final stop, the president wiped away tears after placing a wreath in honor of the 184 passengers, crew members and people in the building who died when American Airlines Flight 77 smashed into its west side.

Lt. Col. John Jessup, whose office was destroyed in the attack, skipped the ceremonies, choosing to mark the day with quiet reflection. Jessup said he lost 23 co-workers and friends five years ago. He helped colleagues escape his office until the billowing black smoke stopped him.

He still has survivor's guilt, but said he knows that God "isn't done with me yet." He said he was back at work the day after the attacks.

"Because I'm a soldier," he said.

America's memories of that fateful day were mixed Monday with reminders that life changed then.

Jittery officials diverted a United Airlines plane bound for San Francisco to Dallas when an unclaimed BlackBerry was found aboard. New York's Penn Station was evacuated briefly because of a suspicious package.

Osama bin Laden's deputy, Ayman al-Zawahri, warned in a new video that Persian Gulf countries and Israel would be al-Qaida's next targets.

In Afghanistan, a planned moment of silence by American troops was disrupted by a rocket attack from resurgent Taliban fighters that sent the soldiers scrambling for cover.

And fighting continued in Iraq.

"This struggle has been called a clash of civilizations," Bush said, according to his prepared remarks. "In truth, it is a struggle for civilization."

Five years on, the aftereffects of Sept. 11 remain inescapable. Public buildings resemble fortresses. Air marshals ride planes. Police patrol subways. Billions of dollars are being spent on security, yet nearly half of Americans fear another terrorist attack, pollsters report. People say they're more cautious, suspicious of others, wary of public transportation.

Yet life went on Monday. Astronauts worked to finish the International Space Station orbiting 270 miles above Earth. Meteorologists monitored Hurricane Florence in the Atlantic. "Monday Night Football" competed with the president for TV viewers' attention.

Even Congress put politics aside, briefly, holding a memorial ceremony on the Capitol grounds at dusk. The Marine Corps Band played and top Republicans and Democrats spoke. But no one expected the bipartisan spirit to last. On Tuesday lawmakers will return to battle over how to balance the rule of law with the war on terrorism, defining the rights of detainees facing trial in special military courts.

In his prepared remarks, Bush said the attacks brought out the best in Americans by exposing them to the worst.

"On 9-11, our nation saw the face of evil," he said. "Yet on that awful day, we also witnessed something distinctly American: ordinary citizens rising to the occasion, and responding with extraordinary acts of courage."

He warned Americans to brace for a long struggle.

"America did not ask for this war, and every American wishes it were over. So do I," he said. "But the war is not over - and it will not be over until either we or the extremists emerge victorious."

Hours before, the co-chairmen of the independent 9-11 commission had voiced anguish at America's halting efforts to improve homeland security. They spoke at the National Press Club, where they rued Washington's failure to embrace many of the 41 recommendations that their panel had offered toward making America safer.

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In Baghdad, the mood was somber as a digital clock counted down to 4:46 p.m., the local time of the first Sept. 11 attack. Military personnel and civilians hung their heads for a moment of silence.

U.S. Ambassador Zalmay Khalilzad said the war in Iraq was the center of an effort to promote democracy and security in the Middle East.

Boyd wrote from Washington, Hutcheson from New York and Washington. Mark Brunswick of the Minneapolis Star Tribune in Baghdad and Margaret Talev and Brady Averill in Washington contributed to this report.

Nation Marks Lives Lost And Hopeful Signs Of Healing (NYT)

By Robert D. Mcfadden

The New York Times, September 12, 2006

Once more the leaden bells tolled in mourning, loved ones recited the names of the dead at ground zero, and a wounded but resilient America paused yesterday to remember the calamitous day when terrorist explosions rumbled like summer thunder and people fell from the sky.

On the fifth anniversary of the Sept. 11 attacks, as most Americans went about their Monday routines, thousands gathered at ground zero, at the Pentagon and in a field in Pennsylvania where the hijacked jetliners crashed. They included families and friends of the 2,973 people who died, President Bush and other public officials, and countless strangers united by haunting but receding memories.

At the pit in Lower Manhattan where the World Trade Center stood, they commemorated the day with familiar rituals: moments of silence to mark the times when the planes struck and the towers collapsed, wreath-layings, prayers, the music and poetry of loss and remembrance. All were freighted with emotions that still cut deeply but were showing signs of healing.

"How much do I love you?" Susan Sliwak, a mother of three, intoned at a microphone on a platform above the grieving crowd, quoting from an Irving Berlin lyric in tribute to her husband, Robert Sliwak, a Cantor Fitzgerald employee and one of the 2,749 killed at the trade center. "How deep is the ocean? How high is the sky?"

As a bass viol, a flute and other instruments softly rendered the Pachelbel Canon, Albinoni's Adagio and other solemn strains, about 200 spouses, partners and other loved ones took turns reading the names of the dead. Many spoke directly to their lost partners, often in firm, proud voices. Others told tearfully of the births of grandchildren or of having reaffirmed their marriage vows. Many simply expressed their love and that of their children, a promise never to forget.

Under shafts of golden sunlight, many family members knelt in the pit to pray. They hugged one another, cried softly or sobbed and set wreaths and roses adrift in reflecting pools that stand in the stead of the fallen towers. The waters were soon thick with flowers.

But if there was a theme to this year's proceedings, it was honoring the dead while moving on with life. "For all Americans, this date will be forever entwined with sadness," Mayor Michael R. Bloomberg said in closing remarks during the noon hour. "But the memory of those we lost can burn with a softening brightness."

Moments later, musicians of the New York Police and Fire Departments played taps, the slow, hauntingly beautiful solemnity that closes the military day. Yesterday actually closed with another tradition: the "Tribute in Light," two powerful beams that shot skyward, creating silhouettes of the fallen towers.

It was a sumptuously cool day in the 60's, a grand portal to autumn, and Lower Manhattan was a dramatic backdrop. One had to imagine the architecture to come on the gouged ground: angular skyscrapers to go with memorial pools. Still, the surroundings were vivid: the magical skyline rising in geometric patterns, the seas of fluttering American flags, the Hudson flickering mercurially in the sunlight, and in the distance seagulls dipping and soaring like strokes on a musical composition.

President Bush did not attend the ceremonies at ground zero, where he and his wife, Laura, laid a wreath on Sunday. Instead, he joined 100 police officers and firefighters for breakfast at a firehouse on the Lower East Side to honor first responders who rushed to the towers to save lives but lost their own. As bells tolled, Mr. Bush bowed his head in silence to mark the times when the planes hit the towers.

Later, he went to Pennsylvania and shared handshakes and hugs in a cold rain with families of 40 who died in the crash of United Airlines Flight 93 and who, the authorities believe, spared the White House or the Capitol from destruction by rising up against the hijackers. In Northern Virginia, Mr. and Mrs. Bush laid a wreath against the Pentagon wall that was hit by American Airlines Flight 77, killing 184 people.

For the first anniversary since 2002, the president visited all three places where lives were lost on 9/11, and he did so without making a speech until his evening address to the nation from the Oval Office.

The commemoration at ground zero was only one of many solemn remembrances across the country. In houses of worship, firehouses and police stations, in parks and public buildings in scores of cities, there were vigils, forums, interfaith services, concerts, exhibits and events that ranged from flying kites to floating lanterns. Millions watched the ceremonies on

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television and talked about where they were and what they were doing when the planes struck, and about how their lives had changed.

There were commemorations elsewhere in New York, at St. Patrick's Cathedral, St. Paul's Chapel near ground zero and in the rotunda of State Supreme Court in Manhattan. Concerts, masses, exhibits, memorial unveilings and other events were held in many suburbs: in Hempstead and Mineola and Nyack, N.Y.; in Hartford; and in Trenton, Bayonne, Middletown, Newark, Holmdel and other places in New Jersey, a state that was home to 700 of those who died at the trade center.

But behind the ceremonial day, the rhythms of life in America went on. There were jobs to do, classes to attend, soccer games, weddings, births, deaths and appointments. The armies of commerce, homemakers and civil servants went about their business, not quite as usual, perhaps, but with an awareness that 9/11, a date burned into the national psyche, had edged away from catastrophe toward the realm of tragic history. It was an occasion for solemnity but no longer a wrenching heartbreak.

Aside from discussions of the day's meaning, it was an ordinary day at most schools. At airports, bus and train stations and other transportation hubs, it was another day of security and travel, although Pennsylvania Station in Manhattan was evacuated briefly in the morning for a suspicious package that turned out to be nothing threatening.

Memories were still raw at firehouses, like one at Amsterdam Avenue and 66th Street, where Engine 40 and Ladder 35 lost 11 men five years ago. "We live with that every day," Capt. John Miles said. "This day is just for the remembrance of those that were lost." But at 8:42 a.m., minutes before the first moment of silence, a fire alarm rang in and firefighters rushed to their trucks.

At the New York Stock Exchange, work stopped to observe silences, an eerie effect on the normally raucous trading floor. On a New York Waterway ferry crossing to Jersey City, Capt. Kirk Slater, who had taken people to work who never came back on Sept. 11, halted his engines for a moment and drifted on a silent river. A subway train halted at the same moment near 96th Street on the Upper West Side. In Central Park, people strolled, played ball and spread out on lawns as if spending the day in an impressionist painting.

Life and death went on. At the Owens Funeral Home in Harlem, a service was held for Clyde Griffin Jr., an 80-year-old veteran of World War II, who died last week.

At St. Luke's-Roosevelt Hospital Center, Emma Paulino-Chindra was born to Ines Paulino-Chindra, 26, and her husband, Wendell, 31. "It's a miracle baby," the new father said. "We'll celebrate life today, not death."

Tony Arroyo Sr. of Lancaster, Pa., who took his son, Tony Jr., to the Winter Garden of the World Financial Center, marveled at a $50 million renovation and, out the window, at North Cove Marina on the Hudson River, where boats caked with debris from the towers had fled. Now, more than 40 watercraft bobbed jauntily in a spanking breeze, including a gleaming huge catamaran called Best Revenge.

The anniversary dawned on a nation vastly changed in five years, with wars in Afghanistan and Iraq, renewed fears of nuclear conflagration and security measures that have altered the ways Americans travel, do business and think about the world. Despite $250 billion in new security measures for airports, borders and seaports, most Americans believe another major attack is inevitable but have accepted searches, delays and inconvenience as the price of life in an age of terror.

At ground zero, families and friends of the dead began assembling just after 7 a.m., and by 8:30 the clusters had merged into thousands. Some wore T-shirts bearing images of loved ones. Others carried photos, bouquets of roses or carnations and the burdens of five years with the void in their lives. They descended into the pit on a ramp lined with flags and cement blocks alternately painted red and white.

Bagpipes wailed "The Minstrel Boy," and violins and flutes added to a mournful air. Later, Wynton Marsalis gave a trumpet solo. Mayor Bloomberg was master of ceremonies, and there were readings and remarks by Governors George E. Pataki of New York and Jon S. Corzine of New Jersey, as well as former Mayor Rudolph W. Giuliani. In the crowd were many public officials, including Senators Hillary Rodham Clinton and Charles E. Schumer and Attorney General Eliot Spitzer.

But most in the crowd were people like Marie Paprocki, 50, whose brother, Denis Lavelle, was on the 94th floor of the North Tower when the plane hit and was among those never found in the rubble. "It's important for me to come here because we couldn't bury him," she said. "I can feel close to him here. I can feel peaceful."

The recitation of the names of the dead has become a centerpiece of the ceremonies, performed in past years by public officials, children, parents and grandparents. Last year sisters and brothers read the names. This year it was the turn of husbands, wives and companions.

The vast majority were widows, the wives of firefighters and police officers, financial workers and other trade center employees. It was hard for many, wives choking with emotion just to speak a husband's name. Voices quavered as they invoked the names of their fatherless children and offered endearments, messages that said, in effect, we love you, miss you and will never forget you.

The recitation of names took more than three hours and, before a silent and rapt audience, became a kind of narrative, one with a strange literary power. It conveyed images beyond the deaths of heroes and patriots, quietly and relentlessly capturing the

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loss of real husbands and wives, real fathers and mothers, real children and siblings, and finally touching the heart of the matter: the shattered loves, the crushed hopes and the poignancy of ordinary lives.

During the recitation, there were eloquent silences as well: at 8:46 a.m., the indelible moment when American Airlines Flight 11 slashed into the north tower and changed everything; at 9:03, when United Airlines Flight 175 hit the south tower; at 9:59, when the south tower collapsed, and at 10:28, when the north tower fell.

As the names of the dead echoed outward like oratorios, thousands milled about on the surrounding streets, some pensive, some looking upset, others acting as if they were at a 9/11 street fair. On Liberty Street, someone had draped a medallion around the neck of a live tropical bird sitting on a fence, steps away from a recently opened center for ground zero artifacts.

On Church Street, dozens of protesters in black T-shirts paraded with signs and literature espousing conspiracy theories about the trade center's destruction. Someone preached about God. Someone else banged a drum. Parked on Cedar Street was a bus covered inside and out with names and photographs of the dead.

By dusk, ragged ranks of clouds had gathered over the region, and the sky became a vast expanse of mother-of-pearl iridescence.

At 7:12 p.m., sunset in New York, a switch was thrown and two powerful shafts of illumination — the "Tribute in Light" — shot up from Lower Manhattan, restoring, for one more anniversary night, the outlines of the twin towers.

In Pa., Mourners Remember Flight 93 (AP-Y)

By Dan Nephin

AP, September 12, 2006

One man drove seven hours on his motorcycle to attend the ceremony. A 15-year-old girl also showed up, hoping to understand the deaths of 40 airline passengers and crew. Another visitor was a flight attendant.

They were among hundreds of people who gathered Monday in a wind-swept field to remember Flight 93, the hijacked jetliner in which passengers tried to storm the cockpit on Sept. 11, 2001, to wrest control from terrorists shortly before the plane crashed in southwestern Pennsylvania.

The passengers were ordinary citizens one moment "and the next, heroes forever," Gen. Tommy Franks said. "We mourn their loss, to be sure, but we also celebrate their victory here in the first battle on terrorism."

The flight had been headed from Newark, N.J., to San Francisco when hijackers took over, apparently planning to crash the jet into the White House or the Capitol.

"I believe I may owe my life to those ordinary people," said Republican Rep. Bill Shuster, whose district includes the crash site, about 80 miles southeast of Pittsburgh.

Conversations from the flight's final minutes indicate the passengers knew about the attacks and took action after one of them said, "Let's roll."

"They didn't back down," said Jim Martin, 51, a highway worker from Buffalo, N.Y., who rode his Harley-Davidson to the ceremony. "I don't want those people to be forgotten. They're really heroes."

About 1,000 people attended the memorial service, including nearly 300 relatives of victims.

President Bush laid a wreath at the crash site and privately greeted family members in a cold drizzle as they marked the fifth anniversary of the terrorist attacks.

The president and first lady stopped for a moment of silence and bowed their heads during a prayer and the singing of "Amazing Grace." Bells tolled in memory of the victims.

A 10-foot-tall chain-link fence stands near the site as a temporary memorial, festooned with American flags, firefighters' helmets and drawings by children.

Carol Fritz, 15, arrived from Uniontown with her uncle in search of understanding.

"My kids, my grandkids are going to ask me what happened," she said, crying. "I wanted to tell them, tell them I was here."

United flight attendant Kathy Klingaman had attended three previous anniversary events at the site. She did not know the crew aboard Flight 93 but recognized that the hijacking could have happened on any plane.

"I didn't want to forget. Too many people want to forget," she said. "I come because I choose to remember."

Since the crash, a group of volunteers point visitors to the crash site and describe what happened. Some months they guide more than 25,000 visitors.

Organizers hope to raise $30 million in private funding to build a permanent memorial on a 1,700-acre site in Shanksville; the total cost is estimated to be $58 million. Congress has passed the Flight 93 Memorial Act, which established a new national park to honor the victims of the hijacked plane.

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At the ceremony, Gov. Ed Rendell announced that the state would sign a commitment letter to give $10 million to the memorial effort, and that it had acquired 300 acres around the crash site that will be managed as a public wildlife area.

"This action will forever preserve the entrance to the memorial in an undeveloped and natural setting," Rendell said.

In 2001, first responders quickly realized there would be no survivors. All they could find at first were small pieces of aircraft and bits of a United Airlines in-flight magazine.

Searchers recovered only about 8 percent of the potential human remains but were able to identify everyone from the fragments they did find, said Somerset County Coroner Wallace Miller.

"Most of the material was vaporized," he said.

Looking Back On A Tragedy With Energy And Respect (NYT)

By Alessandra Stanley

The New York Times, September 12, 2006

It was smart of CNN to send Anderson Cooper to Afghanistan, not ground zero, for the fifth anniversary of 9/11.

Afghanistan is where this all started. Ground zero is where innocence ended. That was obvious throughout the slow, mournful roll call of victims' names at the World Trade Center memorial service — a public tribute to private family tragedies, more than 2,700 of them, one after another.

It was just as clear on MSNBC, which chose to rebroadcast the "Today" show of Sept. 11, 2001. Until the second plane hit the south tower that morning, Katie Couric and Matt Lauer assumed, like almost everyone else, that the first plane crash was an accident. What stands out now is how calm they seemed as reality sank in and things kept getting worse, and how little anyone really understood at the time.

It is painful, but not difficult, to memorialize Sept. 11 on television. There are so many images from that morning, so many ways to recreate its horror and mourn those who died.

President Bush used that sadness and rekindled anger as a frame to challenge criticism of the Iraq war in his televised address. "We face an enemy determined to bring death and suffering into our homes," he said from the Oval Office. "America did not ask for this war, and every American wishes it were over. So do I. But the war is not over — and it will not be over until either we or the extremists emerge victorious."

The day of ceremony, remembrance and wreath-laying was bracketed by fresh scenes of violence in Iraq and Afghanistan and renewed jitters at home. Al Qaeda's second-in-command, Ayman al-Zawahri, issued his own tribute, a video warning that new attacks were imminent.

In Afghanistan, a suicide bomber blew himself up at the funeral of the assassinated governor of Paktia. A United Airlines flight from Atlanta to San Francisco was diverted after an unclaimed BlackBerry was found on board. In New York, Pennsylvania Station was evacuated for a while.

For New Yorkers especially, yesterday unfolded with that same sense of sorrow and unease that darkened the entire fall of 2001.

CNN provided the morning's most ambitious fifth anniversary special by weaving together a time line of pivotal moments on Sept 11, 2001. Besides covering the president and Laura Bush as they paid their respects in New York, in Pennsylvania and at the Pentagon, CNN brought out witnesses in those places who recounted their memories.

A CNN reporter, Jonathan Freed, was at the Norad command center in Colorado to review what took place there five years ago. From there, he was the first to report that United Flight 351 was being rerouted for fear of a terrorist bomb — a precaution that fortunately proved unnecessary. Mr. Freed's live bulletins may have needlessly alarmed viewers, but they did evoke the pinpricks of tension that are a legacy of Sept. 11.

Sometimes CNN switched to the ceremony at ground zero, at others it went overseas to a forward base in Afghanistan where Mr. Cooper had gone to observe American soldiers gather for their own commemoration in the field. As he spoke onscreen about being on the "frontline" of the war on terror, the men suddenly broke into a run behind him, rushing to escape incoming fire. (To his credit, Mr. Cooper, who was on live, kept talking and didn't duck or run.)

Throughout all those zigzags, CNN held its own tribute — the news crawl at the bottom of the screen showed a candle and the word "remembering" as the names of the victims spilled across the screen, all day.

At 9:05 a.m. yesterday, CNN showed the clip of that exact moment five years ago in a classroom in Sarasota, Fla., when President Bush first learned that the county was under attack, and sat frozen in his seat. CNN accompanied it with an interview with the teacher who sat next to Mr. Bush at the blackboard, and she recalled that she knew something was wrong by the look in his eyes.

Hours before the president attended the ceremony for Flight 93 in Shanksville, Pa., CNN interviewed an assistant volunteer fire chief, Rick King, at the same time that, five years earlier, he was on his porch talking by cellphone to his sister when he saw

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a fireball in the distance and rushed to the scene of smoke and tangled metal. "I just looked around, and no people," he recalled. "I was thinking, Where are the people?"

All the news programs covered the anniversary with energy, respect and exhaustive detail. CNN found a way to relive the day hour by hour without losing track of the world around it.

Family Of Fallen 9/11 Rescuer Fights DOJ (HILL)

By Alexander Bolton

The Hill, September 12, 2006

New York Sens. Hillary Rodham Clinton (D) and Charles Schumer (D), and Rep. Pete King (R-N.Y.) gathered with President Bush at St. Paul's Chapel in New York Sunday to commemorate the five-year anniversary of the 9-11 attacks, but behind the scenes they are struggling with his administration over the controversial death of one rescuer.

On the morning of Sept. 11, 2001, Glenn Winuk — whose first love in life was being a firefighter but who became a lawyer at Holland & Knight to earn a better living — did what would be natural to any first responder near the scene of a disaster: he rushed to it. Winuk raced from his nearby office to Ground Zero to rescue survivors and died when the South Tower collapsed.

Near St. Paul's Chapel this weekend, Bush spoke in front of a 56-foot-long bronze bas-relief sculpture outside the Ladder Company 10 and Engine Company 10 firehouse donated by Holland & Knight as a tribute to Winuk and the 343 firefighters who died in the attacks.

But the Justice Department last week made public a ruling that Winuk was not eligible to be recognized as a firefighter having died in the line of duty despite his years of volunteer service. Justice made the decision because at the time of his death Winuk had downgraded his affiliation with the Jericho, Long Island, fire department to "associate member."

The decision has surprised many New York officials because it overruled the findings of a hearing officer appointed by Justice to adjudicate the case and because it disregarded the intervention of several prominent New York leaders, including Gov. George Pataki (R) and two of New York's most powerful members of Congress, Clinton and King, who is chairman of the House Homeland Security Committee.

"I write to ask that the Department of Justice act without further delay and find that Glenn J. Winuk is eligible for the Public Safety Officer's Benefit," Clinton wrote in an Aug. 16 letter to Attorney General Alberto Gonzales. "Recognition of Glenn's heroism is long overdue, and it is my hope that the DOJ will see fit to award Glenn the same status as the other brave men and women who also sacrificed their lives for others on that tragic day."

Jay Winuk, Glenn's older brother, met with Clinton last month to explain his brother's case. Since Clinton wrote her letter, Winuk said, Sen. Charles Schumer's (D-N.Y.) staff has also offered to help battle the Justice Department.

The New York state legislature and Pataki have also intervened by passing and signing into law a bill that declared Winuk an active member of the Jericho volunteer fire department at the time of his death and eligible for all benefits of active employees.

The Justice Department's decision has denied Winuk's parents $250,000 in federal benefits.

Jay Winuk said his family's fight is about much more than money.

"Our family is doing this because Glenn deserves to be honored in the same way by the United States of America as all other rescuers who sacrificed their lives on Sept. 11 to protect their country and save other lives, " said Winuk. "It really is about honor. Firefighters and policemen shouldn't have to worry about if something should happen to them that their families have to struggle to have that great sacrifice recognized."

King has also gotten involved by writing two letters to Justice.

"It makes absolutely no sense to me," said King, who is working with Jay Winuk on the case. "In many ways Glenn Winuk personifies everyone on Sept. 11. He was both a civilian and a firefighter. He was evacuated as a civilian and he raced back in as a firefighter."

King said that he's been in discussions with former New York mayor and possible 2008 presidential candidate Rudy Giuliani (R) about how to win recognition for Winuk.

Thomas Von Essen, who is Giuliani's business partner at Giuliani-Von Essen LLC and who was New York City's fire commissioner at the time of the attacks, weighed in with the hearing officer appointed by Justice, Daniel Skoler.

"He had both the training and the guts to step forward in the face of great danger when it was needed most," Von Essen wrote of Winuk in a letter to Skoler. "That's what firemen do. I can assure you that true firemen don't care about their membership status when life is at stake, and every indication is that Glenn Winuk was a true fireman."

King said he didn't know what the next step would be, but vowed to continue pressing the issue.

Winuk said that only Justice has opposed recognizing his brother.

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"Every other entity in a position to recognize Glenn's sacrifice officially has done so," he said. "Only the federal government in the form of the Department of Justice has failed to do so and refuses to do so."

He has continued to honor his brother by helping direct the Glenn J. Winuk Humanitarian Fund, which makes grants to educational and community service groups. He also serves as vice president for My Good Deed, a group devoted to establishing Sept. 11 as a national day of service.

He said he expects to appeal the Justice Department's decision in court.

The Justice Department did not comment by press time.

'Zero' Sums Up Our Paranoid Moment (USAT)

By Deirdre Donahue

USA Today, September 12, 2006

In today's media-fixated world, the intersection of various entertainment forms — miniseries, movies, novels, comic books — and 9/11 was inevitable. And on occasion, incendiary. Witness the firestorm over ABC's The Path to 9/11.

It would be a shame if Jess Walter's novel The Zero were lost amid all these other 9/11 projects. The author of the unforgettable non-fiction book Ruby Ridge and the admired novel Citizen Vince, Walter uses 9/11 and the past five years as a launch pad to explore how bureaucrats and profit-hungry corporations have distorted a tragedy.

In Zero, Walter has created a satire/tragedy that Franz Kafka and Kurt Vonnegut Jr. might appreciate.

This praise comes from a critic who thinks 9/11 is too recent, too controversial, too important and too painful a topic to be used for historical fiction or docu-dramatizations with their imagined dialogue and dramatic distortions.

Zero is different, in part because Walter succeeds in creating what he calls "a 9/12 novel." It's a dark allegory about the attack, the aftermath, and what has happened to America as seen through the prism of one man's nightmarish experience.

The novel focuses on Brian Remy. A cop who ran toward burning towers in an unnamed city which is clearly New York on a day that is clearly 9/11, Remy finds himself working for a political heavy hitter in the aftermath of 9/11.

Shell-shocked, suicidal and prone to memory gaps, Everyman Remy becomes involved with a covert government agency. His assignment: Find out what happened to a woman who may have fled the towers on 9/11, warned by her Muslim terrorist lover.

This task dispatches Remy into a disturbing world of terrorist cells, victims' families, torture and spy agencies. Walter subtly presents this as a metaphor for what's happening in the USA.

Zero is not perfect. Walter often employs a very heavy trowel to apply symbolism to the novel, and Remy's fractured love and family life distract from the story.

But for a corrosive black comedy about how politicians have manipulated genuine grief and fear, count on Zero.

The Liberals' War (WSJ)

By Bret Stephens

The Wall Street Journal, September 12, 2006

"When I was 19, I moved to New York City. . . . If you had asked me to describe myself then, I would have told you I was a musician, an artist and, on a somewhat political level, a woman, a lesbian and a Jew. Being an American wouldn't have made my list. On Sept. 11, all that changed. I realized that I had been taking the freedoms I have here for granted. Now I have an American flag on my backpack, I cheer at the fighter jets as they pass overhead and I am calling myself a patriot."

-- Rachel Newman, "My Turn" in Newsweek, Oct. 21, 2001

Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?

It is often said, particularly in the "progressive" precincts of the democratic left, that by aiming at the Pentagon, the World Trade Center and perhaps the Capitol, Mohammed Atta and his cohorts were registering a broader Muslim objection to what those buildings supposedly represented: capitalism and globalization, U.S. military power, support for Israel, oppression of the Palestinians and so on.

But maybe Ms. Newman intuited that Atta's real targets weren't the symbols of American mightiness, but of what that mightiness protected: people like her, bohemian, sexually unorthodox, a minority within a minority. Maybe she understood that those F-16s overhead -- likely manned by pilots who went to church on Sunday and voted the straight GOP ticket -- were being flown above all for her defense, at the outer cultural perimeter of everything that America's political order permits.

This may be reading too much into Ms. Newman's essay. Yet after 9/11 at least a few old-time voices on the left -- Christopher Hitchens, Bruce Bawer, Paul Berman and Ron Rosenbaum, among others -- understood that what Islamism most threatened wasn't just America generally, but precisely the values that modern liberalism had done so much to promote and

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protect for the past 40 years: civil rights, gay rights, feminism, privacy rights, reproductive choice, sexual freedom, the right to worship as one chooses, the right not to worship at all. And so they bid an unsentimental good-bye to their one-time comrades and institutions: the peace movement, the pages of the Nation and the New York Review of Books, "the deluded and pathetic sophistry of postmodernists of the left, who believe their unreadable, jargon-clotted theory somehow helps liberate the wretched of the earth," as Mr. Rosenbaum wrote in the New York Observer in 2002.

Five years on, however, Messrs. Hitchens, Bawer et al. seem less like trendsetters and more like oddball dissenters from a left-liberal orthodoxy that finds less and less to like about the very idea of a war on Islamic extremism, never mind the war in Iraq. In the September issue of the Atlantic Monthly, James Fallows, formerly Jimmy Carter's speechwriter, argues that the smart thing for the U.S. to do is declare victory and give the conflict a rest: "A state of war with no clear end point," he writes, "makes it more likely for a country to overreact in ways that hurt itself." Further to the left, a panoply of "peace" groups is all but in league with Islamists. Consider, for instance, QUIT! -- Queers Undermining Israeli Terrorism -- a group that, in its hatred for Israel, curiously fails to notice that Tel Aviv is the only city in the Middle East that annually hosts a gay-pride parade.

An instinct for pacifism surely goes some way toward explaining the left's curious unwillingness to sign up for a war to defend its core values. A suspicion of black-and-white moral distinctions of the kind President Bush is fond of making about terrorism -- a suspicion that easily slides into moral relativism -- is another.

But there are deeper factors at work. One is appeasement: "Many Europeans feel that a confrontation with Islamism will give the Islamists more opportunities to recruit -- that confronting evil is counterproductive," says Ayaan Hirsi Ali, the Somali-born, former Dutch parliamentarian whose outspoken opposition to Islamism (and to Islam itself) forced her repeatedly into hiding and now into exile in the United States. "They think that by appeasing them -- allowing them their own ghettoes, their own Muslim schools -- they will win their friendship."

A second factor, she says, is the superficial confluence between the bugaboos of the Chomskyite left and modern-day Islamism. "Many social democrats have this stereotype that the corporate world, the U.S. and Israel are the real evil. And [since] Islamists are also against Israel and America, [social democrats] sense an alliance with them."

But the really "lethal mistake," she says, "is the confusion of Islam, which is a body of ideas, with ethnicity." Liberals especially are reluctant to criticize the content of Islam because they fear that it is tantamount to criticizing Muslims as a group, and is therefore almost a species of racism. Yet Muslims, she says, "are responsible for their ideas. If it is written in the Koran that you must kill apostates, kill the unbelievers, kill gays, then it is legitimate and urgent to say, 'if that is what your God tells you, you have to modify it.'"

A similar rethink may be in order among liberals and progressives. For whatever else distinguishes Islamism from liberalism, both are remarkably self-absorbed affairs, obsessed with maintaining the purity of their own values no matter what the cost. In the former case, the result too often is terror. In the latter, the ultimate risk is suicide, as the endless indulgence of "the other" obstructs the deeper need to preserve itself. Liberal beliefs -- and the Rachel Newmans of the world -- deserve to be protected and fought for. A liberalism that abandons its own defense to others does not, something liberals everywhere might usefully dwell on during this season of sad remembrance.

A War Of Words (WP)

By Eugene Robinson

The Washington Post, September 12, 2006

There was a time, not so long ago, when no one ever spoke of an American "homeland." During World War II there was a home front, and of course there has always been a heartland between the two heartless coasts, but no one thought of our big-shouldered cities, traffic-choked suburbs, purple mountains' majesties and amber waves of grain as anything called a homeland.

The United States was always a place for people who had left their homelands behind, a polyglot, rainbow-colored nation whose defining characteristics were vitality, mobility, dynamism and the restless urge to push toward the next frontier. But now we inhabit an official homeland, with an official Department of Homeland Security to

protect it.

"Homeland" is one of the burdens left to us by the trauma of Sept. 11, 2001. Words are all we have to give shape to reality, and because we had no words for what happened five years ago -- by definition, language falls short of the unimaginable -- a new lexicon had to be developed. I am convinced that much of this new language, by accident or design, has the effect of clouding our view of our enemies and ourselves. We need to begin choosing our words more carefully, and we need to discard the ones that do not serve us well.

The word homeland is a vivid but relatively inconsequential example -- less a distortion than an infelicitous choice that makes us sound as if we had quaint harvest rituals and a colorful national costume. It strikes an odd note, with its vague connotations of ethnic solidarity and ancient nationalism, and it gives off more than a whiff of us-vs.-them. This nation does have

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enemies from whom we need vigilant protection, but something more like "domestic security" would have done just fine, with less baggage.

At the other end of the scale, by far the most fateful post-Sept. 11 coinage is "war on terrorism." The phrase that has come to define our era is entirely suspect, except perhaps the "on."

President Bush wasted little time in declaring that the Sept. 11 attacks were acts of war that could be met only with a military response -- a war on terrorism. The invasions of Afghanistan and Iraq certainly fit the rubric of "war," but the most effective ongoing action against al-Qaeda and other jihadist groups has been a worldwide exercise in law enforcement -- surveillance, arrests, detentions, interrogations, prosecutions.

Witness the recent arrests of would-be airline bombers in London, or the fact that so many of the high-value terror suspects held until recently in secret CIA prisons were captured in Pakistan, an ostensible ally. We should call this police work what it is, although that might make it harder to ignore such principles as habeas corpus and due process.

As for the rest of the phrase, terrorism is a tactic, not an enemy. All terrorists are alike in only one regard -- they practice terrorism. Stubbornly refusing to acknowledge important distinctions among them strikes me as insanely self-defeating.

George W. Bush certainly is no great orator, but the White House does understand how language can be used to shape reality. So when the National Security Agency's unprecedented program of electronic eavesdropping was revealed, it was quickly dubbed a "terrorist surveillance program" -- as if somehow, magically, the NSA's computers could deduce who was unquestionably a terrorist without ever happening to overhear a single conversation involving someone who is innocent.

Then there's the matter of what is and is not a "civil war." By laying down this yardstick to judge the war in Iraq, the White House has focused its critics' attention on an irrelevancy. What difference does it make whether unrelenting bloody chaos meets the dictionary definition of a civil war? No difference at all to the next Iraqi civilian killed, or the next American soldier.

People whom it's inconvenient to call criminal suspects or prisoners of war are instead "detainees," as if they've been forced to stay an hour after school. Torture, as spelled out in international agreements, is merely an "alternative" method of questioning. And the steady climb in the death toll in Iraq is "real progress."

On Sunday, Dick Cheney said the reason there have been no attacks in five years is that the administration has done a good job on "homeland security, in terms of the terrorist surveillance program we've put in place, in terms of the financial tracking we put in place, and because of our detainee policy."

There was a time, not so long ago, when people would have scratched their heads and wondered what on earth the vice president was talking about.

Law Firms See An Array Of Fates After Sept. 11 (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, September 12, 2006

Successes and strains noted five years later

In the five years since the terrorist attacks on the World Trade Center, attorney H. Taufiq Choudhury said that he has grown numb to the reminders he sees every day on his way to work in lower Manhattan.

"I've gotten used to it," he said. "The feeling is not as sharp."

An immigration lawyer, Choudhury initially relocated his solo practice from the 22nd floor of 1 World Trade Center to midtown Manhattan after the attacks. But today, his firm, which also endured the 1993 trade center bombing, is back in the downtown area.

There is a certain comfort for Choudhury in returning to lower Manhattan, he said, but his practice still suffers as a result of the events on Sept. 11, 2001.

"It has changed for the worst," he said.

Choudhury is just one of an estimated 14,000 New York lawyers -- more than 10 percent of all lawyers in the state -- whose practices were upended when the planes brought down the Twin Towers. The businesses of virtually every lawyer working below 14th Street in Manhattan were affected by the attacks. In the towers themselves, attorneys and support staffers at about 30 law firms lost their offices and, in some cases, their lives.

STARTING OVER

Five years later, some law firms have come back to the downtown area, but many others have opted to start over in areas less scarred.

In Choudhury's case, returning to lower Manhattan made logistical sense, he said, because he commutes from Jersey City, N.J., located directly across the Hudson River from the Ground Zero area.

At first, small-business loans helped jump-start his practice. Later, he was able to pay those off when insurance proceeds came through. He also received assistance from nonprofit groups that helped displaced businesses after the attacks.

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While moving back has made his commute easy, re-establishing his business has been difficult, he said. His immigration practice these days has very few new clients, he explained, mainly because of the increase in immigration "bureaucracy" following Sept. 11, 2001.

Obtaining documentation and credentials for business clients and individuals has become, in some cases, impossible, he said, because of rigorous scrutiny from more federal agencies involved in the process.

For a lawyer who does not bill hourly, the red tape has strangled his business, he said.

"The total effect has been devastating for firms like mine," he said.

Also returning to downtown Manhattan was Thacher Proffitt & Wood, which had about 300 people in its offices on three floors of 2 World Trade Center. It now is located at 2 World Financial Center.

Like Choudhury's practice, New York-based Thacher Proffitt initially relocated its New York office to midtown Manhattan. It, too, weathered the 1993 bombing. But most of the similarities between the firms ends there.

"We've done extremely well since we've been back," said Thacher Proffitt partner Omer S.J. Williams. He served as managing partner at the time of the attacks.

Many businesses returning to the area were able to do so at relatively low market rates and through federal and local incentive programs. Incentives for the Liberty Zone -- the area surrounding the World Trade Center site -- included per-employee payments, tax credits and accelerated depreciation programs. Many incentives remain in effect to help rebuild the area that lost as much as 10 percent of its commercial space when the towers collapsed.

But Thacher Proffitt's decision to move its New York offices back to lower Manhattan two years ago was largely based on a "commitment to the downtown area," Williams said.

"It was an emotional thing to get back downtown," he said.

Apparently, it was a good move. Gross revenues for the 274-attorney firm in 2005 were $157 million, up almost 25 percent from the year before, according to The American Lawyer, an affiliate of The National Law Journal. The firm also has offices in Washington; White Plains, N.Y.; Summit, N.J.; and Mexico City.

Some of the more prominent law firms with offices in or near the World Trade Center in September 2001 included Carter, Ledyard & Milburn; Cleary Gottlieb Steen & Hamilton; Drinker Biddle & Reath; Harris Beach; Hill Betts & Nash; Holland & Knight; Kenyon & Kenyon; Ohrenstein & Brown; Richards Kibbe & Orbe; and the firms then known as Pillsbury Winthrop; and Sidley Austin Brown & Wood.

Firms that have not returned to lower Manhattan include Harris Beach; Ohrenstein & Brown; Pillsbury Winthrop; and Sidley Austin.

Five years after the event, the pace of redevelopment has frustrated many New Yorkers. Although some transportation arteries and areas surrounding the site have been restored, there are no new structures at Ground Zero.

The results of a poll conducted by Pace University and released in July showed that nearly half of the lower Manhattan residents surveyed thought the rebuilding effort was "on the wrong track." The poll included responses from 511 residents. Critics pointed to state and local officials and developers as the culprits.

NINE MONTHS, SEVEN MOVES

For some attorneys and support personnel at Ohrenstein & Brown, returning to the area was too painful, said partner Michael Brown.

"There were too many people who would just not go back," he said. His firm was located on the 85th floor of 1 World Trade Center when American Airlines Flight 11 crashed into the building.

About 35 people worked in the New York office. After the terrorist attacks, the firm moved locations seven times in nine months before settling at One Penn Plaza, where it now has about 15 attorneys, said Brown. He added that the firm has a long-term lease at its current location. It also has an office in Garden City, N.Y.

The morning of Sept. 11, 2001, Brown was returning from an eye doctor's appointment and was not in the building. Then managing partner Geoffrey Heineman led 15 lawyers and support staff in a desperate descent 85 floors to the street. The firm lost two employees, believed at the time to have been in the elevator when the attacks occurred.

Five years after the event, Brown seems to possess a degree of optimism. Business at the firm now is "fine," he said, adding, however, that the series of moves during the last five years was traumatic.

"It is both a sad and yet in some ways hopeful memory in that you get to understand how resilient people really are," he said.

FBI Has Two Squads In Minnesota Focused On International Terrorism (MINNST)

By Pam Louwagie, Star Tribune

Minneapolis Star Tribune, September 12, 2006

The unit and its role came to light as the agent in charge reflected on U.S. security since Sept. 11, 2001.

As he reflected on five years of fighting terrorism since the Sept. 11 attacks, Minneapolis FBI special agent in charge Michael Tabman said Monday that a second local squad was created last year to focus on international terrorism groups.

The squad, part of the Joint Terrorism Task Force that includes 22 local, state and federal law enforcement agencies, does not signify imminent danger of an attack to the community, Tabman said. It was created, he said, because there is "sufficient activity, people, things that we need to look at, people who may be acting in support of terrorism."

The Minneapolis FBI office had one Joint Terrorism Task Force squad focused on international terrorism before the 2001 attacks -- a group partially credited with the arrest of convicted Sept. 11 conspirator Zacarias Moussaoui on immigration charges before the attacks.

Tabman, who took charge here last year, said he wanted a second squad to increase intelligence-gathering and reach out to communities, building trust and cooperation so people feel free to come forward with information.

The squad is one of several local changes that reflect new priorities in the FBI.

"We have gone from an investigative agency to a preventive agency," Tabman said.

A New York City native, Tabman sat down with reporters Monday to share his thoughts on the fight against terrorism over the past five years.

The Patriot Act

Tabman credits the USA Patriot Act with giving the FBI and other agencies better tools to do their work. He said the act helped tear down "the wall" that kept intelligence officials and law enforcement from sharing information before the attacks.

There's still a lot of oversight when decisions are made on intelligence gathering -- something the public still wants, he said. "If we become abusive of that power, then the terrorists have won. They've changed our way of life," he said.

Describing protocol, Tabman said there's "very little chance of us running around as a rogue agency just asking for things we don't need."

By the numbers

Besides adding the second international terrorism squad, which officials would not release details on, Tabman said they've increased the number of intelligence analysts in the Minneapolis office from four to nine and started programs such as a joint venture between business and law enforcement leaders to open lines of communication and share resources and information.

Nationally, there were 35 Joint Terrorism Task Forces before the attacks, local FBI officials said, and now there are 101; the number of special agents have increased from 11,186 to 12,626.

The FBI used to have 23 offices overseas. Now it has 60.

Winning by fighting

Tabman said we're winning by fighting terrorism.

He expects terrorism will be an issue into the next decade or two, but says the improvements mean the country is stronger and safer than it was.

"We're not going to wipe out terrorism, just like we can't wipe out drugs or stop crime completely," Tabman said. "Every day that we don't have a terrorist act, every day that citizens go home and feel confident we'll have a safe day the next day, we've won. We've won significantly."

Pam Louwagie · 612-673-7102 · plouwagie@startribune.com

Local FBI Chief: U-S Response To Terror Has Been Successful (STPPP)

The St. Paul Pioneer-Press, September 12, 2006

MINNEAPOLIS - The lead F-B-I agent in Minneapolis says it's no accident that there's been no further terrorist attacks in the five years since 9-11.

Special Agent in Charge Michael Tabman says that reflects the bureau's decision after the attacks to make preventing terrorism its top priority.

At a media briefing today marking the fifth anniversary of the terror attacks, Tabman rattled off statistics he says shows the bureau's emphasis. That includes almost 15-hundred new agents bureau-wide, 65 new anti-terror task forces nationwide between the F-B-I and local law enforcement agencies, and a shift from investigating crimes to preventing them.

Tabman says Americans have to be prepared for the war on terrorism to continue for decades. But he says that every day there's not another attack is a victory.

World Remembers 9-11 But Many Not Crying (AP-Y)

By Elaine Ganley

AP, September 12, 2006

DOJ_NMG_0061775

The nations of the world joined Monday in solemn remembrance of Sept. 11 — but for many, resentment of the United States flowed as readily as tears.

Critics say Americans have squandered the goodwill that prompted France's Le Monde newspaper to proclaim "We are all Americans" that somber day after the attacks, and that the Iraq war and other U.S. policies have made the world less safe in the five years since.

Heads bowed in moments of silence for the 3,000 killed in the attacks on New York and Washington — while the No. 2 al-Qaida leader issued new warnings in a videotape. And dissident voices said the world has traded in civil liberties and other democratic rights in its war on terror.

In Europe, where Islamic terror has struck twice since 9/11, in the Madrid train bombings and the London transit attacks, the silent tributes were tinged with doubts and recriminations.

Even German Chancellor Angela Merkel — an advocate of repairing ties with Washington that were frayed under her predecessor Gerhard Schroeder — had veiled criticism of the United States, saying: "The ends cannot justify the means."

"In the fight against international terror ... respect for human rights, tolerance and respect for other cultures must be the maxim of our actions, along with decisiveness and international cooperation," she said.

The international landscape has changed irreversibly since terrorists hijacked four airliners in 2001, crashing two into the World Trade Center, one into the Pentagon and another into a Pennsylvania field.

Adding to the global jitters, a senior al-Qaida leader issued a new warning.

"You gave us every legitimacy and every opportunity to continue fighting you," said Ayman al-Zawahri, addressing the United States. "You should worry about your presence in the (Persian) Gulf and the second place you should worry about is Israel."

Another video posted on the Internet by al-Qaida showed previously unseen footage of a smiling Osama bin Laden and other commanders in a mountain camp apparently planning the Sept. 11 attacks.

Allies in the U.S.-led war on terrorism renewed their resolve Monday to fight fanaticism, while skeptics countered that they can no longer follow a superpower they say has relinquished its right to lead.

"Right after Sept. 11 the world was united with Americans. Their moral leadership was unquestioned," Pawel Zalewski, head of the Polish parliament's foreign relations committee, wrote in the Gazeta Wyborcza. "However, this strong moral authority was abused as a result of the Iraq war."

Exactly five years after its message of solidarity, Le Monde titled its lead editorial "The Mistakes of Bush."

In Caracas, Venezuela, about 200 marchers protested what they called "imperialist terrorism" carried out by the United States since the 9/11 attacks. Demonstrators — many of them supporters of Venezuelan President Hugo Chavez and some of Arab descent — carried Lebanese, Syrian and Palestinian flags. Many criticized the U.S. invasions of Iraq and Afghanistan.

Iraqi President Jalal Talabani wrote President Bush on behalf of the Iraqi people, expressing condolences to the families of Sept. 11 victims.

"On this sad and memorable day, I would like to reiterate the gratitude of the people of Iraq for the people of America and for your leadership," Talabani wrote. "The people of Iraq will never forget those who helped them in getting rid of the most brutal and terrorist regime of Saddam Hussein."

New Zealand's Prime Minister Helen Clark joined many when she said: "No, we're not more secure since 9/11."

Clark said more should be done to reach out to moderate states and leaders in the Islamic world to encourage understanding between different peoples, and to help end the sense of alienation and exclusion among some young Muslims that fuels extremism.

In Europe, bells tolled in Rome's city hall square. Bouquets of white roses and yellow carnations were piled in a memorial garden where the names of 67 Britons killed in the New York attacks are inscribed. Relatives tearfully remembered their dead.

"It doesn't get any easier, but our minds are much calmer, and we can think through all the events without being flooded by tears and sadness," said Adrian Bennett, whose 29-year-old son, Oliver, was killed.

At a 38-nation Asia-Europe summit in Helsinki, Finland, leaders stood in silence in a circle. The stock exchanges in Nordic and Baltic countries observed two minutes of silence to honor the victims.

French President Jacques Chirac, in Helsinki, reiterated in a written message to Bush his nation's "friendship" in the fight against terrorism.

A week after the Sept. 11 attacks, Chirac flew over the World Trade Center site — the first foreign leader to pay personal condolences. That solidarity quickly dissipated into rancor in the buildup to the Iraq war, when Chirac led opposition to Bush's plans.

Israel's Haaretz daily expressed disappointment and cynicism in an op-ed piece that said: "This is Sept. 11 five years later: a political tool in the hands of the Bush administration."

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In Southeast Asia, U.S. and Philippine troops fighting Islamic extremists in the jungles prayed for peace and safety. Other remembrances took place in Japan, Australia, Finland, South Korea, Thailand and Indonesia.

Afghan President Hamid Karzai, who won the country's first post-Taliban election, expressed the appreciation of the Afghan people to the U.S. for the "sacrifices of your sons and daughters" in rebuilding his country. But in the Afghan capital, many residents said they had not seen much improvement since the U.S.-led invasion that toppled the Taliban for harboring bin Laden.

Despite about 20,000 U.S. forces fighting al-Qaida and Taliban fighters in Afghanistan, and about the same number of NATO troops, and billions in aid, the Taliban resistance has shaken the country, while corruption has stymied development.

In Brussels, NATO Secretary-General Jaap de Hoop Scheffer led a solemn military ceremony outside the alliance's headquarters to remember the victims of 9/11. A lone bugler played taps while a ceremonial guard, drawn from each of the 26 NATO member nations, lowered national flags to half-staff.

"Terrorism remains a threat to all of us ... this is why we are in Afghanistan, the cradle of 9/11," de Hoop Scheffer said, calling on NATO nations to "strengthen our alliance politically and militarily to meet this new scourge."

The Apocalypse Will Be Blogged (NYT)

By Bernard Haykel And Saud Al-sarhan

The New York Times, September 12, 2006

NEARLY every organ of the American news media marked the fifth anniversary of Sept. 11 yesterday. But the Web sites affiliated with many of militant jihadism's top thinkers, including Abu Muhammad al-Maqdisi and Sulayman al-Alwan, remained silent. That shouldn't surprise us: the Salafi strain of Islam, to which most jihadis subscribe, prohibits commemorating anniversaries.

Celebrations other than the holidays of Id al-Fitr and Id al-Adha are considered reprehensible adaptations of non-Muslim ways. What's more, the jihadis normally use the lunar calendar, by which the fifth anniversary of Sept. 11, 2001, fell on July 19.

Perhaps more remarkable was the fact that this year, a number of Web sites affiliated with Al Qaeda did commemorate the day — no doubt because they knew Americans would. Osama bin Laden and his associates have generally referred to the Sept. 11 attacks as "the attacks on Manhattan," "the invasion of Manhattan" or the "attacks of Jumada," the lunar month in which they occurred. But this year, a number of jihadi sites have referred instead to Sept. 11.

Some messages yesterday were clearly meant for Western consumption, reminding the United States that Al Qaeda is still active and bent on future attacks, and even posting images overlaid with threats in English.

What follow are excerpts, translated from the Arabic, from texts posted on jihadi Web sites about the anniversary.

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A jihadi Web site associated with Al Qaeda posted the following plea beneath images of the American, Israeli and Danish flags. The text was interspersed with animated images of American company logos, including one with a row of praying Muslims dressed as Coca-Cola bottles.

With God's help and yours, let us make the fifth anniversary of the events of Sept. 11 the beginning of a boycott of all Zionist-American products that are sold in Arab and Muslim countries. Many continue to buy these products despite all they see and hear about the killing, torture and destruction that Muslims are faced with due to the Crusader and Zionist-American war. Let us boycott these products because we do not need them, nor are they to be considered absolute necessities. Here is a list of the companies and products that should be boycotted: Coca-Cola, Proctor & Gamble, Nike, Mars, McDonald's ... "Pepsi" stands for "Pay Every Penny to Save Israel." ...

I'm against America even if it turns this life into a paradise

I'm against America even if a mufti issues a fatwa in its favor from within the glorious Kaaba

I'm with Osama no matter where he might be, so long as he carries a banner on the battle front

I'm with Osama whether he gains a quick victory or attains the rank of the martyrs.

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A submission to a Qaeda Web site called for readers to sign their names to the following statement:

In the name of God the merciful and the compassionate, Monday morning is the fifth anniversary of the glorious attacks on New York and Washington accomplished by the 19 heroes of the Muslim community — may God have mercy on them and raise them to the highest rank for their sacrifice. They pressed America's nose into the ground and allowed the whole world to witness the destruction of its economic and military citadels. In so doing, they crushed the myth with which America had terrorized the world, namely that it was the greatest power on earth and no one was strong enough to confront, let alone make an enemy, of it....

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That day changed the world, even by the admission of our enemies, and created ... a world divided into two camps, as our sheik and leader Osama bin Laden — may God protect him — has stated: "A camp of belief and another camp of hypocrisy and disbelief." Choose for yourself, o Muslim, which camp to belong to: that of belief, Islam and jihad under the banner of the holy warriors or that of hypocrisy and unbelief under the banner of America, the crusading West and those hypocrites who have banded with them. Our congratulations to all and we beseech God to show us in America another black day like that blessed Tuesday.

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A poster calling himself Abu Lujayn Ibrahim contributed the following to a Saudi site that often posts jihadi material but is not controlled by Al Qaeda.

The text was interspersed with gruesome photographs of dead and mutilated children in the Middle East.

Before my eyes is a veil that does not permit me to see those killed in the twin towers, nor to remember them on this day. Indeed, I don't see those killed in the twin towers nor remember them on this day! Do you know why?

Because their fallen are not purer or better than our fallen. And because the blood of my Muslim brothers and that of my family in Palestine ... and in Iraq and in Afghanistan and in every location in which Muslim blood is shed has blocked my vision ...filled my retinas with black lines so that I can see only our martyrs and injured being slain by America's weapons and its support .... Yes, Sept. 11 is the anniversary of the fall of American arrogance into history's garbage dump, and of the rebellion against injustice.

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Hamid ibn Abdallah al-Ali is a Kuwaiti ideologue of jihadism — the only Qaeda intellectual to have posted a text specifically for the Sept. 11 anniversary. The sheik cites an article by Leonard Peikoff, heir and executor to Ayn Rand, that appeared as an advertisement in The New York Times shortly after the 9/11 attacks.

In his article "End States that Sponsor Terrorism," Leonard Peikoff, one of the leading ideologues of American extremism, concluded that America's policy of appeasement toward the Muslim world led to Sept. 11. For 50 years, he writes, American administrations have relinquished their true ownership rights over Muslim oil resources, which they discovered and developed the technology to extract. The solution, according to Mr. Peikoff, is for the United States to eliminate the states that sponsor terrorism with the most lethal weapons at its disposal.

This is exactly the kind of rotten thinking that animates those living in the extreme west of the globe, from where they spread their rot to the rest of the world — these politicians of underdevelopment, criminality and mass extermination of humanity. This is the arrogance of fascism, of which Bush has accused Muslims recently: in this case it is the fascism of the cross standing on the tribunes of oil. In short, it means that they own our oil that is in our land; they own our blood, which they can shed at will; they own our present and future, and they have the right to change our history and our education!...

Hunger, disease, thirst and regional wars instigated by poverty all stem from the greed of the West, its thirst for plunder and desire to control the world's wealth. These in turn lead to a rate of destruction every year that equals the destruction World War II effected over six years.

The mercenaries who dominate the World Trade Organization ... the World Bank and the International Monetary Fund ...the bloodsuckers of the world's poor, the immiserators of nations and the thieves, murderers, shedders of blood: these are the ones who control the international political system. They are the ones who spread their armies throughout the world, terrorizing and stealing the wealth of nations while enslaving them. They are the ones who are exterminating the people of Afghanistan, Iraq, Palestine, Lebanon and other places. They are the ones who ally themselves to the despotic rulers in order to suck the blood of the people, using companies that are owned by the leaders of their countries and headed by murderers and criminals.

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This essay, called "The Day Smoke and Dust Covered New York's Sky," was posted to a Qaeda-affiliated Web site:

What a beautiful morning it is today, an amazing morning when we witnessed this great power flailing in every direction as if it were a slaughtered headless animal....

Some believe that if Bush were to leave then the situation would improve and become stable. But the eternal truth is that there is no difference between Bush and the one who preceded him, or the one who will succeed him, and for a very simple reason: cloning is an inherent property of the American presidential personality. Every new president is a perfect copy of the previous one...

Three children, 10 or 11 years old, who watched the recently released film "United 93" at the theater zealously and gleefully cheered when the plane hit the tower, as if they were watching a goal being scored in a soccer match against an opposing team. What is it that makes these children so happy about this crash that they stand up and strongly applaud? Ask yourselves, oh Americans, what is it that made those 19 young men engage in such a legendary and miraculous act...?

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Naturally, you will not bother to investigate, because you are not concerned with the reasons, and even if you find the answer you are incapable of understanding it. Therefore, nothing will change, and your troops will continue to invade our lands in order to teach us lessons about the virtues of American freedom and the well-known methods for spreading them, like flushing the Quran down the toilet, or one of your soldiers' stepping with his filthy foot on the face of a prisoner, having placed a metal chain like a dog leash around his neck, as we saw in Abu Ghraib.

You will witness anew men as brilliant as Khalid Shaikh Mohammed and Ramzi bin al-Shibh, and as determined as Muhammad Atta, whom you saw on the monitoring screens full of self-assurance in his blue shirt.... Who knows, perhaps we will see another glorious day soon!

Rice Thanks Canadians For Post-9/11 Help (AP-Y)

By Anne Gearan

AP, September 12, 2006

Secretary of State Condoleezza Rice said Monday the generosity of Canadians who took in thousands of stranded American air passengers five years ago represents the best of human nature in the face of evil.

The top U.S. diplomat commemorated the fifth anniversary of the Sept. 11 terror attacks with a short visit to the closest U.S. ally. She read a letter of thanks from President Bush to employees at Halifax's small airport who helped coordinate a huge impromptu aid effort.

More than 30,000 travelers on 247 U.S.-bound planes were diverted to Canada on Sept. 11, and most were stranded there during the nearly three days that U.S. airspace was closed for fear that more planes could be used to attack buildings. Halifax itself received 44 planes bearing more than 7,000 passengers.

"There is indeed evil in the world, and we saw its awful face on that horrible day," Rice said inside an echoing airport hangar. "But it is also a day to recognize that very often when the worst in human nature and human behavior exhibits itself, so does the best."

Rice's fifth anniversary visit came as President Bush toured the three sites where hijacked jetliners crashed in 2001.

In Halifax, residents opened their homes to complete strangers, sometimes for days at a time. Other travelers camped out at the airport, in school gyms, stadiums and cafeterias. Residents dropped off donated toothbrushes, towels and clothes.

The story of Canadian generosity is not well known in the United States, where news converge and public attention were focused on the aftermath of horror and death in New York, Washington and Pennsylvania.

During her overnight visit, Rice was also visiting the Nova Scotia parliamentary district of Canadian Foreign Minister Peter MacKay. The detour from Rice's usual itinerary of foreign capitals is a nod to Canada's new Conservative government after strained relations with Liberal Prime Minister Paul Martin. His government refused to take part in the U.S.-led attack on Iraq and rebuffed the Bush administration's plan for a cooperative North American missile defense scheme.

House In 9-11 Standoff (HILL)

By Patrick O'connor

The Hill, September 12, 2006

House Republicans and Democrats are locked in a standoff over the language of a resolution commemorating the fifth anniversary of the terrorist attacks of Sept. 11, 2001.

Democratic leaders want the GOP to remove any reference to legislation passed in response to the terrorist attacks on the World Trade Center and Pentagon, which include the USA Patriot Act of 2001, the Homeland Security Act of 2002 and the Intelligence Reform and Terrorism Prevention Act of 2004.

Republicans argue that many of these accomplishments were listed in two of the previous four such annual resolutions.

Democrats requested that Republican leaders remove a long passage that refers to the bills signed by President Bush, according to a draft from Sept. 6 obtained by The Hill.

GOP leaders refused, citing the two previous resolutions and a need for Congress to refer to its accomplishments following the attacks.

Homeland Security Chairman Pete King (R-N.Y.) was hopeful the leaders could broker a deal and get the resolution to the floor. His office is looking for chairmen and ranking members from the other committees to build support for the bill as it stands.

"I'm actually very disappointed in the Democratic leadership," said King, who spent yesterday at events commemorating the attacks.

"To me, it makes sense for the Congress to mention the legislation we passed," he said, "I just think they are drawing attention to themselves. I think it's making them look bad."

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The controversial passage begins: "Whereas Congress passed, the president signed, numerous laws to assist victims, combat forces of terrorism, protect the Homeland and support members of the Armed Forces who defend American interests at home and abroad."

Democrats support that language, a leadership aide said, but oppose the mention of specific bills.

The rest of the section goes on to mention passage of the USA Patriot Act and its renewal this year, the 2002 Enhanced Border

Security and Visa Entry Reform Act, the 2002 Maritime Transportation and Security Act, the bill to create a director of national intelligence, the bill creating a national standard for IDs accepted by federal safety officials, and the 21st Century Emergency Communications Act of 2006 that enhanced the communications abilities of federal, state and local first responders.

The spat illustrates the partisan tension besetting both parties heading into the November midterm elections, which has been a factor preventing substantive legislation this year.

Negotiations on the resolution's language have been mainly between House Minority Leader Nancy Pelosi's (D-Calif.) staff and aides to King and Speaker Dennis Hastert (R-Ill.), King and a GOP leadership aide said.

This is the third such standoff between the Speaker's office and Pelosi's staff since mid-June. The two earlier fights were over language used in a resolution to support war efforts in Iraq and a resolution to articulate House support for Israel in its fight with Hezbollah terrorists.

The tension on this resolution built late last week when Pelosi released a letter to the San Francisco Chronicle that she sent to Hastert on Thursday, the second of two such notes. In it, the minority leader argued that the draft resolution "unfortunately injects controversial political issues into a subject that must remain free of partisan and political rhetoric."

"It is inappropriate, in this solemn and commemorative resolution, to reference legislation which generated bipartisan opposition and controversy," Pelosi continued.

Republicans have since unearthed the previous four resolutions to prove that legislative accomplishments were mentioned in resolutions honoring the first and third anniversaries of Sept. 11.

A passage from the first anniversary resolution mentions the creation of the Department of Homeland Security and contains an oblique reference to the USA Patriot Act, which congressional leaders marshaled through Congress in a mere 60 days following the attacks.

On Sept. 9, 2004, less than two months before the presidential election, Congress approved a resolution to honor the third anniversary of the attacks. It included a long list of individual federal programs that were either created or enhanced in the aftermath of those attacks. But the bill does not mention the specific legislation creating any of those programs.

The resolutions in 2003 and 2005 made no mention of legislation or programs. Each of the five resolutions focuses primarily on honoring those who died.

Republicans have mounted a communications campaign this fall to highlight their strength on national security, which includes references to the terrorist attacks.

It may be that neither side can benefit from the new controversy, but both pointed fingers yesterday.

"Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way," Hastert spokesman Ron Bonjean said. "They don't even want the 9/11 intelligence reform bill to be recognized by Congress.

"We consider Sept. 11 so sacrosanct and nonpolitical that we're offering this resolution on Sept. 13 because the New York primary is on the 12th and we don't want politics to come into play."

Democrats echoed those claims in criticizing their Republican counterparts.

"The memory of 9/11 is sacred," Pelosi spokeswoman Jennifer Crider said. "It was a day to put divisions aside and unite in support of innocent victims and America's fight against terrorism. That is the spirit of what Republicans should offer. Instead, Republicans hope to score political points."

Parties Bicker Over 9/11 Bill (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, September 12, 2006

While House Republican and Democratic leaders joined together Monday night on the steps of the Capitol to pray and sing "God Bless America" to commemorate the Sept. 11, 2001, terrorist attacks, a less-bipartisan affair occurred behind the scenes as the offices of Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) battled over the text of a resolution to mark the tragedy.

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Deliberations over the annual anniversary resolution stalemated Monday, according to several House aides, with the GOP leadership now expected to bring the legislation to the floor Wednesday despite Democrats' unhappiness with the text of the measure.

"Negotiations have stopped," said a GOP leadership aide, who confirmed Hastert's office had walked away from the negotiating table. "We're going forward with it."

It is not the first time Hastert and Pelosi have sparred over the details of nonbinding resolutions — the two leaders have squabbled repeatedly on symbolic measures related to terrorism and the Iraq War — but it is indicative of the tone of the year's political season when the chamber's leading officials cannot agree on the wording of a Sept. 11 resolution, despite the fact that previous versions have overwhelmingly passed the House every year since 2001.

Bickering over the merits of one section in the otherwise bipartisan resolution has stoked tensions between the two top leadership offices, and each camp has sought to paint the other as acting with partisan motives.

"Congress should honor the innocent victims and resolve to continue to fight terrorism in the same unified sprit we came together with on Sept. 11, 2001," said Jennifer Crider, Pelosi's spokeswoman. "Unfortunately Republicans are more concerned about scoring political points."

Ron Bonjean, communications director for Hastert, offered similar criticism for the other party: "Democrats seem to care more about the November elections and risk offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way."

According to both GOP and Democratic aides familiar with the dispute, Pelosi's office sought to strike a section of the resolution that acknowledges a series of laws enacted since 2001 to "assist victims, combat the forces of terrorism, protect the homeland and support the members of the Armed Forces who defend American interests at home and abroad."

Those laws include the USA PATRIOT Act, the creation of the Department of Homeland Security, and a number of border security, intelligence reform and port security laws.

In a letter sent to Hastert Thursday and released publicly by her office, Pelosi initially requested a resolution in line with the one approved 402-6 last year, on that makes no mention of specific legislation.

The California lawmaker also sought alterations in a telephone conversation with Hastert last week.

"This is not a time to praise Congress," she wrote in last week's letter. "It is time to offer our sympathies to the families of those who suffered losses on September 11th."

Many Democrats, including Pelosi, have questioned the merits of the legislation listed in the resolution and whether such laws have made America safer.

GOP aides familiar with the resolution said Hastert's office believed Pelosi's insistence to remove the references to legislation from the text went too far and they strongly disputed suggestions that the inclusion of the text was an attempt to put Democrats on the record as supportive of the legislation itself.

Republicans also believe that Democrats want to omit any discussion of Congressional achievements from the Sept. 11 bill because the minority party has been utilizing an election-year strategy accusing the GOP of not doing enough to protect the country from future attacks.

But Democratic aides countered those arguments, questioning why specific legislation would be cited in the bill, unlike previous years.

"Democrats want to vote on the resolution that we voted on last year. It was acceptable to Republicans then. Why is it suddenly unacceptable?" Crider said. "The people who are making this political are Republicans. We had hoped that this would be bipartisan and unifying."

Despite the partisan divide over the resolution's contents, House lawmakers are expected to pass the measure by a wide margin, as Democrats would be hard-pressed to oppose language praising civilians and first responders, as well as military personnel deployed to Iraq and Afghanistan.

"Democrats will show their support for the innocent victims of 9/11 and our continued fight in the war against terror," said one Democratic aide.

This week's dispute is only the latest of several instances where the top two House leaders were unable to agree on the text of a non-binding resolution.

In June, Democrats complained that the GOP was overly partisan in its crafting of a resolution that was used as the vehicle for a day-long debate on the Iraq War.

Iraq also was the subject of a spat in 2004, when negotiations between Hastert's and Pelosi's offices broke down over a resolution on abuses in military prisons. And in 2003, the two sides bickered over the wording of a resolution supporting American troops in Iraq.

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In the Senate, this year's Sept. 11 resolution has sparked little contention, and lawmakers passed their measure under unanimous consent Monday night.

A Solemn, Sad Moment To Reflect, But Politics Also Surfaces (NYT)

By Kate Zernike And Adam Nagourney

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — With their hands clasped to their hearts, Democratic and Republican members of Congress stood shoulder to shoulder on the steps of the Capitol on Monday evening and sang "The Star-Spangled Banner," in a ceremony echoing a spontaneous moment on the evening of the 2001 attacks.

"It is my sincere hope that we will reignite our united purpose," Senator Mitch McConnell of Kentucky, the Republican whip, said on the Senate floor before the ceremony. For 20 civil minutes, the Republican and Democratic leaders of the House and Senate took turns paying tribute to the victims of Sept. 11, before ending with "God Bless America."

But eight weeks before Election Day in the most contested midterm election in 12 years, even the tragedy of Sept. 11 could go only so far in uniting the two parties.

Back inside the Capitol, Republicans and Democrats were squabbling over the wording of a Sept. 11 resolution in what aides to both parties acknowledged was, to no small extent, a bid to gain political advantage. And throughout the day, even as Democratic and Republican aides talked about efforts to avoid being seen as tarnishing the memory of the attacks with blatant political appeals, candidates and Congressional leaders were issuing statements reflecting political implications that Republicans and Democrats saw in the day's events.

"We can't afford to grow complacent," said Senator Bill Frist of Tennessee, the majority leader, as he signaled that Republicans intended to try to keep the issue alive with votes on national security initiatives.

And Democrats were no less aggressive in trying to frame the issue. "After 9/11, I think we lost an historic opportunity as a nation to bring a great deal of the world with us on the war against international terrorism," said James Webb, a Democrat challenging Senator George Allen, Republican of Virginia, in a closely watched race. "And we squandered that in the situation in Iraq."

The battle over the anniversary resolution reflected just how politically charged the day has become.

Congress has passed a resolution every year. In non-election years, the resolution has simply noted the valor of rescue workers and extended sympathies to families.

But in election years — 2002, 2004 and now 2006 — the Republican-controlled House has included language heralding accomplishments in the war on terror. This time, the Republican version of the resolution applauded the reauthorization of the legislation known as the USA Patriot Act, as well as the tough immigration bill passed in the House.

"They are asking us to endorse several things that many members voted against," said Brendan Daly, a spokesman for Nancy Pelosi of California, the House Democratic leader. "9/11 should be a sacred day where we all come together and we remember the victims and we resolve to fight the terrorists. It shouldn't be a day to score political points."

Ron Bonjean, a spokesman for J. Dennis Hastert of Illinois, the House speaker, said the resolution was similar to those passed in earlier years. "The day of Sept. 11 is sacrosanct," Mr. Bonjean said. "Politics are not involved, nor should they be. We think the other side has overthought the issue."

The House will vote on the resolution on Wednesday. Republicans had hoped to hold the vote on Tuesday but put it off after assessing some real-life political concerns: there are a series of party primaries that day, so some members will not be around.

Lawmakers Unite Once Again Over 9/11 (WT)

By Christina Bellantoni

The Washington Times, September 12, 2006

Five years after lawmakers and Hill staffers fled the Capitol in fear of a terrorist attack like those at the Pentagon and World Trade Center, politicians gave a message of unity and determination yesterday.

"Today, we are called to put aside the differences that divide us and to remember the resolve of a September morning," said Senate Majority Leader Bill Frist of Tennessee. "We are called to resummon the courage of a nation that came together on its darkest day around a common principle and a vision of hope. The principle being that we are Americans, and Americans shall always be free."

In a rare bipartisan event, Mr. Frist and Republican leaders joined Democratic leaders Sen. Harry Reid and Rep. Nancy Pelosi and about 100 other lawmakers on the steps of the Capitol. The lawmakers recalled the evening of September 11 when many members of Congress gathered on the steps and sang "God Bless America."

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Republicans and Democrats came together for that moment in a spontaneous show of patriotism, members said yesterday as they enter what are sure to be the bitter last two months of the election season.

Many echoed Mr. Frist's comments that September 11 was "a day that forever changed our world."

Mr. Reid of Nevada said the American spirit now lives in everyone's heart -- with heroes of the terrorist attacks keeping a bright light shining on the nation.

"September 11th will always be our burden," he said. "Our minds, our souls, our hearts cannot forget."

The leaders praised the sacrifice of passengers on United Flight 93, who are thought to have tried to regain control of their hijacked plane, which likely was headed to the Capitol or the White House but instead crashed into a Pennsylvania field.

"We must protect and save the American people, because right now we are not fully safe and we are not fully healed," said Mrs. Pelosi, California Democrat. "So it is important for us to continue to come together for that healing."

The party machines, which normally send dozens of e-mails a day blasting their political foes, yesterday agreed to a rhetoric cease-fire, avoiding negative campaigning and press statements on anything other than honoring the heroes of September 11.

In 2001, House Speaker J. Dennis Hastert of Illinois told lawmakers that both parties would stand "shoulder to shoulder to fight this evil that has perpetrated on this nation," according to press accounts.

Since then, Republicans and Democrats have feuded over September 11 -- its consequences, who is to blame and whether it should be used as justification for the war in Iraq.

This week, the House will consider a resolution commemorating the anniversary of the attacks, but Democrats have accused Republicans of larding the legislation with partisanship such as praise for the USA Patriot Act.

Some offered a reminder of the consequences of the terrorist attacks.

"Five years later, we are still a nation in mourning, and we are also a nation at war," Mr. Hastert said yesterday. "It is important, especially today, and especially here in this place, that we remember the difference.

"We do not fight to heal our wounds or to avenge our dead," he said. "We do not seek retribution but rather freedom and justice and peace."

The lawmakers closed the event with most joining hands and singing, again, the words that united them five years ago: "God bless America, my home sweet home."

Whereas Congress Cannot Set Aside Politics . . . (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, September 12, 2006

It is a testament to how far Congress has come from the post-attack unity of five years ago that House Republicans and Democrats are fighting over a resolution commemorating the terrorist attacks of Sept. 11, 2001. The resolution is the legislative centerpiece of the week in the House, and each side is accusing the other of using the resolution for political gain.

The dispute is not over the resolution's conclusions, which include the continued recognition of Sept. 11 as a day of remembrance, mourning and honoring first responders.

The wrangling, instead, is over one of 15 "whereas" clauses, in which Democrats see a possible trap: "Whereas Congress passed, and the President signed, numerous laws to assist victims, combat the forces of terrorism, protect the Homeland and support members of the Armed forces who defend American interests at home and abroad, including: the USA Patriot Act of 2001 and its 2006 reauthorization; the Homeland Security Act of 2002; the Enhanced Border Security and Visa Entry Reform Act of 2002; the Maritime Transportation Security Act of 2002; the Intelligence Reform and Terrorism Prevention Act of 2004; the Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005; the Safe Port Act of 2006; and the 21st Century Emergency Communications Act of 2006."

Democrats can vote for the resolution and in so doing, praise controversial legislation that many of them opposed. Or they can vote against the resolution and be portrayed as forsaking the victims and heroes of 9/11.

"This should be a resolution about unity, undertaken in the same spirit we came together to show on September 11, 2001," said Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.).

Republicans say that Democrats are hoping to strike any reference to Congress's response to the attacks, in order to preserve the claim that the "do-nothing Congress" has done nothing to make the country safer. Democrats would rather "risk offending the memories of those who were murdered on Sept. 11 than work with us in a bipartisan way," said Ron Bonjean, spokesman for Speaker J. Dennis Hastert (R-Ill.).

GOP leaders yesterday sent the resolution to the House International Relations Committee for final approval. Democrats conceded privately the resolution will pass overwhelmingly, with or without Pelosi's signature on top.GOP Allies on Immigration Split on Tribunals

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The core of GOP senators who successfully insisted that Congress take a moderate route on immigration legislation is spearheading the push for a bipartisan bill on military tribunals. This time, however, the group lacks the support of three key figures: President Bush, Senate Majority Leader Bill Frist (R-Tenn.) and Senate Majority Whip Mitch McConnell (R-Ky.).

Playing central roles in both issues are Republican Sens. John McCain (Ariz.), Lindsey O. Graham (S.C.), John W. Warner (Va.) and Chuck Hagel (Neb.).

In the months-long debate over immigration, they helped steer the Senate toward a bipartisan bill that, unlike the House version, would have allowed many illegal immigrants to pursue a path toward legal status. Most GOP senators opposed the bill, but it passed with the backing of 38 Democrats and 23 Republicans, including Frist and McConnell. Bush also supported it.

Now, however, Frist, McConnell and Bush oppose the McCain-led team on the question of how to regulate trials of enemy combatants being held at Guantanamo Bay, Cuba. Bush wants a hard-line stand on prosecutions, including the possible use of classified information that is never shown to defendants. Frist and McConnell, who visited Guantanamo on Sunday, support the president, leaving McCain and his allies with a steeper climb than they faced in the immigration fight.Lobbying Legislation Goes Quietly

The House will say goodbye to the once-trumpeted lobby-reform bill as early as this week. Lawmakers are reluctant to express their intentions exactly that way, but senior staffers said that when the House votes to change its rules to make "earmarks" -- narrowly focused spending projects -- more transparent to the public, that will signal that they have given up hope of approving a broader lobbying measure.

In January, spurred by lobbyist Jack Abramoff's guilty pleas on fraud and conspiracy charges, Republican leaders called the lobby legislation a top priority. But the bill quickly ran into trouble as lawmakers resisted provisions that would limit their interaction with lobbyists. Voters expressed little concern when the legislation was diluted.

Now, bogged down by a disagreement over a House-passed provision that would restrict independent campaign organizations called 527s, Congress is poised to punt on the entire exercise. As a consolation, GOP leaders in both chambers said they want to require lawmakers to disclose the earmarks contained in any bill and to name the earmarks' sponsors.

The House is still developing its earmark-disclosure language, aides said. In the Senate, Majority Leader Bill Frist (R-Tenn.) plans to ask for similar legislation to be drafted this week.

Staff writer Jeffrey H. Birnbaum contributed to this report.

With 9/11 Film, Kean Finds Tough Critic In Hamilton (WP)

By Dana Milbank

The Washington Post, September 12, 2006

There have been few political love stories as beautiful as that of Tom Kean and Lee Hamilton, the former chairman and vice chairman of the 9/11 commission.

"I have never worked with anybody I've come to respect more than Lee Hamilton," Republican Kean said at a Sept. 11 fifth-anniversary joint performance with Hamilton yesterday.

"He is one of the preeminent public servants of our day, bar none," came Democrat Hamilton's well-worn reply.

So it packed even more punch when Hamilton, at the National Press Club luncheon, lectured his friend about the falsified Sept. 11 docudrama Kean helped ABC produce.

"It is either a documentary or it is a drama, and to fudge it causes me a great deal of concern and suggests to me that news and entertainment are getting dangerously intertwined," the former congressman from Indiana said of his friend's film. "And I do not think that that is good for the country, because an event of this consequence is very hard to understand, and to distort it or not to present it factually in this kind of a presentation, I think, does not serve the country well."

Kean, the "co-executive producer" of this disservice, stood at Hamilton's side, his hands clasped in front of him, grinning awkwardly.

In the past five days, the former New Jersey governor has infuriated many a Democrat who saw him as a nonpartisan truth-teller. In his work on ABC's "The Path to 9/11," Kean has blessed what has been documented to be a collection of falsehoods -- a disproportionate number of which make the Clinton administration look bad.

Critics on the left say Kean's bout of partisanship was brought on by the campaign of his son Tom Jr. for a Senate seat from New Jersey (ABC News was confused enough between father and son to say in its political calendar that "candidate Tom Kean Jr." was appearing with Hamilton). Whatever the motive, Kean's foray into the land of make-believe has thrilled those who seek to discredit the 9/11 commission's report.

The press club was thick with such people yesterday before Kean's arrival. In the Edward R. Murrow Room, conspiracy-minded characters hung posters announcing: "Neither planes nor fires brought the buildings down. Controlled demolitions did."

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"They label us as kooks or wackos or conspiracy theorists," complained David von Kleist, making quotation marks with his fingers for the audience. But the "bottom line," he added, is that "this was an inside job . . . the terrorists didn't do it."

Lynn Pentz asked why plane wreckage was not seen at the Pentagon. "We're essentially to believe that the two six-ton titanium engines vaporized?" she asked.

The participants said the ABC show, which initially had claimed to be based on the 9/11 commission's report, proved their thesis that Kean lives in the realm of fiction. "It's a dramatized fraud of a fraud," said Jim Marrs, author of "The Terror Conspiracy."

Next door, in the John Peter Zenger Room, a group of 9/11 families were touting a new documentary, "9/11: Press for Truth," which promises that "the coverup" will be "exposed by the 9/11 families."

Kyle Hence, the documentary's producer, used Kean's role in the ABC film as his opening. "The consensus seems to be that this verges on propaganda; it distorts what happened," he said. "We'd like to put forward '9/11: Press for Truth' as a counternarrative, as a true documentary, not a dramatization, not a distortion of the truth."

An hour later in the press club's ballroom, Kean professed to being puzzled by the conspiracy crowd.

"It seems every time there's a traumatic event in American history, it spawns conspiracy theories," he said with a laugh. "I mean, people still think that John Wilkes Booth got away and hid somewhere in the South. As for the 9/11 conspiracy theories, he said, "I don't know what to do about them."

Kean saw no link between the conspiracists and his work in the docudrama trade. When the ABC question was put to him, Kean declared himself mystified by the criticism.

"I've been confounded by this whole controversy," he said innocently. He said that the film's creators are "serious people who wanted to do the best job possible," that it "was a responsible project" and that "I thought they did a good job."

His one attempt at distancing himself was halfhearted. "I was not the producer or director or the author or the writer or whatever else," said co-executive producer Kean.

Hamilton, a tireless Kean booster, answered with some rare public criticism of his partner. "They didn't ask me to participate in this," he said acidly, adding that complaints from Clinton officials were "accurate in their criticisms of ABC." As for the "docudrama" format, the no-nonsense Hoosier said: "I don't like the ring of that."

Spontaneous applause followed Hamilton's criticism.

If Kean was surprised by the scolding, he shouldn't have been. Even before the ABC question came, Hamilton volunteered some stern remarks about the importance of truth. "Facts are not Republican and they're not Democrat," he said. "They're not ideological. Facts are facts."

On this point, Kean was silent.

The Fictional Path To 9/11 (NYT)

The New York Times, September 12, 2006

Perhaps the entertainment industry will come up with a few lasting lessons from the outcry over ABC's "dramatization" of the events leading up to the terrorist attacks on 9/11. One suggestion: when attempting to recreate real events on screen, you do not show real people doing things they never did.

The film, a fictionalized portrayal of the nation's failure to head off the attack on the World Trade Center, was shown Sunday and Monday. The second episode was wrapped around a live speech by President Bush, so it was especially unfortunate that the most questionable scenes all seemed to make the Clinton administration look worse, and Mr. Bush look better, than the record indicates.

Some of the most controversial scenes were cut at the last minute. But the first episode, for instance, showed C.I.A. agents and the charismatic leader of Afghanistan's Northern Alliance perched outside a bin Laden camp, ready to swoop in and capture him if only Washington approved. The authorization is not granted, and the Afghan leader rails, "Are there no men in Washington, or are they all cowards?" Yet neither C.I.A. operatives nor the Northern Alliance leader ever laid eyes on Osama bin Laden, terrorism experts say. The film may be referring to a proposed raid by other Afghan tribesmen that was vetoed by the C.I.A. because it had a low probability of success and was apt to harm civilians.

The "docudrama" format can be useful in allowing viewers to see recent history through the eyes of fictional characters inserted in the action. But it carries the inherent risk that scriptwriters will take the opportunity to improve on history. ABC should certainly have been aware this was a danger with such a politically charged topic. If that thought never occurred to the folks in charge, they might have heard warning bells when Rush Limbaugh went on the air promoting the film and bragging that the writer was a friend of his.

It was especially disturbing that Tom Kean, co-chairman of the 9/11 commission and a former Republican governor of New Jersey, was willing to lend his prestige to this ill-considered project. Mr. Kean served as a senior consultant to the miniseries and

has repeatedly defended it in public, even as several Democratic members of the commission criticized its distortions. Mr. Kean has said he will give his payment to charity, but that does not undo the damage done to the aura of bipartisanship that has surrounded the commission's work. And it has not defused concerns that Mr. Kean did it in part to help his son, who is the Republican candidate for Senate in a close race in New Jersey.

Maybe Mr. Kean wasn't entirely kidding when he quipped that he had not apologized to President Bill Clinton for any inaccuracies because "he was out campaigning against my son yesterday, so I didn't reach out to him at all." Whatever his motives, he has tarnished his carefully nurtured image of a statesman above the political fray.

Serious Gaps Seen In Airline Security Since 9/11 Attacks (WT)

By Audrey Hudson

The Washington Times, September 12, 2006

Congress has spent billions to protect against future airplane hijackings, but critics say many changes made are haphazard and misguided and that serious security gaps remain in place five years after the September 11 terrorist attacks.

"We are a token amount safer only because we are more aware -- but nowhere near safe enough to be confident," says David Mackett, director of the Airline Pilots Security Alliance. "The systems we've spent billions on have a record that is anything but confidence inspiring."

Mr. Mackett says airline security is a "patchwork" of "desperate attempts" to appear safe without offering long-term solutions.

Reinforcing cockpit doors is the accomplishment most cited by government officials to keep terrorists from gaining the controls of airplanes, but Mr. Mackett says several breeches have occurred putting pilots at risk.

"We're just trying to keep the pies from falling off the end of the conveyer belt," said Mr. Mackett, a commercial airline pilot.

In one incident, a drunken passenger kicked a door panel open during a flight to Argentina, and a passenger on another flight watched a crew member input the door code and later used that code to open the door, thinking it was the lavatory. In another incident, on a bet, a cleanup crew drove a beverage cart through a door, Mr. Mackett said.

In a speech Friday at Georgetown University, Homeland Security Secretary Michael Chertoff said, "We have succeeded in laying over the last five years a solid foundation for the future of our aviation-security efforts for the five years and the 10 years to come."

He cited the hardening of cockpit doors, "thousands" of federal air marshals "on aircraft protecting travelers every day all over the world" and "armed flight deck officers authorized and trained to defend the cockpit."

"To be sure, there's more to do," he said. "The enemy constantly adapts his tactics and his methods. And we have to keep pace and get ahead of those."

While all airlines have installed new doors, United Airlines is the only company that has installed steel cable barriers to prevent someone from charging the flight deck.

"Pilots still leave the flight deck vulnerable when they go in and out to use the lavatory or when the flight attendants serve them food and beverages," says one former air marshal.

Only a small fraction of 25,000 to 30,000 daily flights are protected by air marshals -- who number less than 2,500 due to high attrition -- or about 6,000 armed pilots who complete the burdensome Federal Flight Deck Officers (FFDO) requirements set by the Transportation Security Administration (TSA).

"Few pilots are armed because TSA insists on making the FFDO program so difficult," the marshal said.

"There has not been nowhere near the amount of [federal air marshals] hired to replace the ones that have left in the last four years," he said.

Pilots have to undergo more background and psychological investigations even though the airlines and Federal Aviation Administration have already completed such tests, and have to spend their own money for the training in Artesia, N.M.

"Right now, our last line of defense is for a military jet to shoot down an airplane," Mr. Mackett said. "It's tough to explain why a military pilot has the missile, but an airline pilot doesn't have a gun to protect his own aircraft."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 12, 2006

Ingrid makes 7

The meat-eating Center for Consumer Freedom "almost" feels sorry for People for the Ethical Treatment of Animals. Why the change of heart?

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The consumers point out that even after PETA heavily promoted last week's Washington premiere of an animal-rights documentary -- and promised prizes to activists who attended -- the audience was somewhere between "Gigli" and "Monkeybone."

"Seating capacity in Theatre No. 4 at Washington's E-Street Theatre: 232. Total attendance: seven. And we accounted for two of them," the center notes.

Worse yet, PETA President Ingrid Newkirk was on hand for the Washington premiere.

Hortensia to Hillary

Washingtonian S. Michele Nix writes to thank us for showcasing the "nonsensical banter" about Katie Couric's CBS anchoring "debut and outfits."

"I published a book in 2000 -- Women at the Podium: Memorable Speeches in History," she notes. "It was a long research project that resulted in a collection of speeches by women of power and influence -- from Hortensia 42 B.C. to Hillary in 1998.

"I did it because I noticed that, when it came to including speeches by women in speech anthologies, most [editors] would throw in a speech by Susan B. Anthony and call it a day. What struck me in my research for the book was how often reporters wrote of what these women wore, as much if not more than what they said, particularly in the 20th century (since it was only then that newspapers started acknowledging that women were speaking in public).

"Reporters (including women) talked of Margaret Chase Smith's outfits and ladylike style (as she skewered [Joseph] McCarthy on the Senate floor), Shirley Chisholm's white gloves and coordinated outfits, of Katharine Graham's dresses and pearls during Watergate, of Maggie Thatcher's suits and purses, of course Hillary Clinton's many hairdos and pantsuit color choices.

"We don't read stories that add mention of the president's bold, red [Tommy] Hilfiger tie or NBC's Brian Williams' broad navy suit and freshly shined oxblood shoes," she points out.

"Whether Katie Couric succeeds or fails, I doubt it will be on her fashion choices -- but on her merits as an anchor. Now, I'm off [and] I may walk out the door in my post-Labor Day white sandals."

Time to sweat

One of the most frightening predictions surrounding a future terrorist attack in the District comes from Dan Coleman, who until his recent retirement was the FBI's top expert on Osama bin Laden.

In an interview with Jeff Stein of Congressional Quarterly, Mr. Coleman foresees the next hijacked plane swooping down over the green grass of the National Mall, roaring over tourists' heads, and straight into the dome of the U.S. Capitol.

And by what means?

Airliners are virtually unguarded while refueled on airport tarmacs, Mr. Coleman cites among other security weaknesses not yet fully addressed. In addition, transportation workers still aren't sufficiently screened, and while grandmothers in wheelchairs can't slide by X-ray scanners, terrorists can.

Indeed, a trans-Atlantic pilot for American Airlines, who flew home from London two days after the most recent foiled terrorist attacks, tells Inside the Beltway that terrorists could easily smuggle the dreaded "liquids and gels" aboard airplanes by simply duct-taping the potentially explosive agents to their legs.

In the meantime, ordinary Americans continue to have their antiperspirant confiscated from carry-on luggage -- at a time when they need it most.

9/11, the Movie

"We've done all we could possibly do
To incorporate your point of view!"
"Oh, I know," said blythe Bill,
"But I'm wondering still,
Could you please make your movie less true?"

-- F.R. Duplantier

Podesta stew

That was John Podesta, chief of staff to President Clinton from 1998 to 2001, cooking dinner for the 25 women in wife Mary's book club.

"Imagine the D.C. power edition of Oprah's book club," Mr. Podesta writes for the Dish page of Capitol File magazine, pointing out that Katharine Graham once called on the ladies to read from her autobiography.

So what did he dish up?

Fish stew -- "the Ligurian-style burrida from the land of my grandparents."

When not slaving behind the stove, Mr. Podesta is founder and president of the Center for American Progress in Washington.

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Lawmakers Back Ban On Liquids On Airliners (USAT)

By Thomas Frank

USA Today, September 12, 2006

WASHINGTON — Lawmakers from both political parties say the month-old ban on carrying most liquids on airliners should remain until airport screeners and machines can detect explosives such as those that alleged terrorists planned to use to destroy U.S.-bound planes in August.

Congressional representatives such as Pete King, R-N.Y., chairman of the House Homeland Security Committee, and Bennie Thompson, D-Miss., both have expressed support for the ban. King's spokesman, Chad Scarborough, said it "might be necessary to make the ban permanent until we can develop the technology to catch this stuff," referring to potentially explosive liquids that right now can't be detected easily at checkpoints.

"Right now, I don't know what alternatives we have," said Rep. John Mica, R-Fla., chairman of the House aviation subcommittee. "Until we can put other [security] measures in place, I think we're sort of stuck with it."

The Transportation Security Administration (TSA) said last month that it was studying whether it can safely allow passengers to carry small amounts of liquids on airliners.

TSA chief Kip Hawley said encouraging passengers to use carry-on bags could ease the strain on luggage-bomb detectors caused since the Aug. 10 liquid ban increased the amount of checked luggage.

Homeland Security Secretary Michael Chertoff recently said that leaving the ban in place might keep security lines moving faster than a potentially confusing policy allowing small quantities of liquids.

"It might be that we'll conclude that any changes will only make it more inefficient and create more confusion, and we're better off sticking with what we have," said Chertoff, whose department oversees the TSA.

The National Business Travel Association has told Homeland Security officials about the frustrations of business travelers who must check luggage even for short trips.

Even so, association spokesman Caleb Tiller said, "We're not saying, take these bans out, because the most important thing is to manage security."

Sen. Jon Kyl, R-Ariz., chairman of the Senate terrorism subcommittee, said most travelers "are understanding about why it's necessary to endure the inconvenience."

Airline passengers may carry small amounts of liquid prescription medicines, baby formula and eye-care products. The rules took effect Aug. 10 after British authorities said they foiled a plot to smuggle bomb components, including liquids, onto U.S.-bound airliners.

For airports, the ban "has not been a problem," said Charles Chambers, head of security for the Airports Council International. Sales at airport shops are up in the past month because travelers are arriving at airports earlier and have more time to spend in concourses, Chambers said.

Sen. Susan Collins, R-Maine, chairwoman of the Senate homeland security committee, said she hopes the TSA "will be able to ease the restrictions without compromising security." The long-term solution, Collins said, is developing better technologies.

Funding, Amendments Pose Ports Bill Obstacles (RC)

By Emily Pierce

Roll Call, September 12, 2006

For all the talk of Senate committees skipping arm-in-arm down the path to stronger port security, the floor of the venerable chamber this week instead will feature its share of territorial disputes.

Though the chairmen of the three committees of jurisdiction — Commerce, Science and Transportation; Homeland Security and Governmental Affairs; and Finance — lauded the alleged compromise bill in floor speeches last week, a number of key agreements between the three, most notably how to fund the $835 million bill, have yet to be worked out. And the bill is in danger of being larded with myriad expensive transportation-related amendments.

Despite the hurdles, aides to both parties say they should be able to come up with some finished product by Thursday, before, perhaps, turning to an Amtrak authorization bill.

Of course, the lead sponsors of the bill — Homeland Security and Governmental Affairs Chairwoman Susan Collins (R-Maine) and Sen. Patty Murray (D-Wash.) — warned last week that the bill they have worked on for more than a year would have no teeth if it lacked a solid funding mechanism. However, the measure they introduced on the floor Thursday does not have specific financial backing.

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In fact, as of press time, they were still working with Senate Finance Chairman Chuck Grassley (R-Iowa) to identify a funding source, but Murray's spokeswoman said the Congresswoman was prepared to offer an amendment today to pay for the bill using customs fees — a method to which Grassley previously has objected.

Meanwhile, several members of the Commerce panel appear to be trying to recreate a more comprehensive transportation security bill that the committee approved last year. Already, Collins and Senate Commerce Chairman Ted Stevens (R-Alaska) reportedly have agreed to entreaties by Sen. John McCain (R-Ariz.) to add the rail security portion of the Commerce bill.

But Sen. Frank Lautenberg (D-N.J.) also plans to offer an amendment to add the Commerce bill's titles on buses, trucks and hazardous materials, according to a Democratic aide. The pipeline-safety portion of the bill also may be proposed as an amendment, the aide added.

"This could quickly become a homeland security bill, rather than just port security," the aide said. "This debate could go in a lot of directions this week."

Senate Banking, Housing and Urban Affairs Chairman Richard Shelby (R-Ala.) may offer his bill to improve mass-transit security, Democratic and Republican sources said.

No word on how any of those amendments, which would only add to the price tag, would be paid for, either.

Even prenegotiated provisions in the port security measure could come under fire from Commerce members eager to restore their prerogatives.

For instance, Sen. Trent Lott (R-Miss.) may offer a proposal to tap the Coast Guard as the agency in charge of handling the aftermath of a terrorist attack at a port, a GOP aide said. The Collins-Murray bill gives the secretary of Homeland Security the authority to name the appropriate agency, but the original Commerce bill named the Coast Guard, the aide said.

Meanwhile, Senate Democrats are planning a host of other transportation security-related amendments.

Although Collins said the bill sets up a pilot program at a handful of ports to assess the feasibility of screening 100 percent of the cargo that enters the United States, Sen. Bob Menendez (D-N.J.) — who is facing a tough GOP challenger in a state where port security is vital — is expected to offer an amendment to require 100 percent screening at all ports.

Sen. Maria Cantwell (D-Wash.), who also is up for re-election this year, could propose an amendment addressing explosives detection, while Sen. Debbie Stabenow (D-Mich.) may seek to add provisions requiring first-responder radios to be interoperable. (You guessed it, Stabenow also is running for another term.)

Meanwhile, the House finds itself in the familiar position of waiting for the Senate to act on legislation it passed months ago. The House passed its port security measure on May 4. But for either party to campaign on the issue, the two chambers will have to resolve whatever differences they have by the end of this month — a challenging, though not impossible, task.

Port Security Bill Set To Clear Senate (LAT)

By Richard Simon

The Los Angeles Times, September 12, 2006

WASHINGTON — When a state-owned Arab company attempted to take over the management of some U.S. port facilities this year, it caused a bipartisan uproar in Congress and set off a wave of initiatives aimed at tightening security on the waterfront.

Most of the proposals have foundered. But now, with both parties jostling for the upper hand on national security ahead of November's midterm elections, a port security bill is headed for approval.

The measure — expected to pass the Senate this week — would, among other things, impose deadlines on background checks for port workers, expand a program to screen for "dirty bombs" and authorize $400 million to help ports bolster anti-terrorism defenses. A good chunk of that money is likely to go to the Los Angeles-Long Beach port complex.

Republicans have made port security legislation a priority since February, after Democrats seized on the Bush administration's approval of the takeover of some U.S. facilities by Dubai Ports World to highlight what they contended was the continued vulnerability of ports to attack. In response to the political furor, the Dubai company backed off from taking over the facilities.

The House and Senate also have approved legislation requiring greater scrutiny of foreign investments in the United States. But there may not be enough time left in the current congressional session for the two chambers to reconcile the substantial differences in those bills.

A stack of other proposals that grew directly out of the Dubai controversy also appears doomed for the year, including prohibitions on foreign companies controlling facilities determined to be crucial to national security.

Asked what happened, Chris Koch, president of the World Shipping Council, said: "Some people took some deep breaths and became rational."

The Dubai controversy put the spotlight on the vulnerability of ports, which some say was shortchanged by the focus on protecting airliners from hijackers after Sept. 11.

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Stephen E. Flynn, a retired Coast Guard commander and port security expert at the Council on Foreign Relations, called port security legislation a "good step forward," adding: "We still have a ways to go."

But Sen. Robert C. Byrd (D-W.Va.) expressed skepticism that the Republican-controlled Congress would back up the legislation's pledges of tougher security measures with appropriations of money.

Noting that the port security bill that the Senate is considering this week would authorize programs that still would need to be funded, Byrd spokesman Tom Gavin said, "His concern is that this Congress has said, 'Oh, look at what great things we have done' — and then failed to put the money in place" to fund programs.

That measure is part of a package of security-related legislation that GOP leaders, concerned about losing control of the House in November, want to pass before the midterm elections. The port security bill is expected to be amended to include a $1.2-billion rail security measure, as well as language to expand the emergency warning system so that alerts of disasters or terrorist attacks could be sent out on cellphones and BlackBerries.

Democrats are expected to make a renewed push to require screening of every cargo container destined for U.S. ports. But they face long odds because of strong opposition from business groups.

One business group warned in a letter to senators that a "mandate of 100 percent scanning has the potential to do significant damage to the flow of goods and to the U.S. economy."

The bill would set up an experimental program at three not-yet-selected foreign ports to screen every cargo container headed to the United States. Currently, only a fraction are physically inspected, although customs officials check cargo lists and target suspicious containers for a closer look.

"What we have tried to do with this bill is very carefully balance the need for effective, improved security with the need to ensure that we are not crippling our international trading system," said Sen. Susan Collins (R-Maine), chairwoman of the Senate Homeland Security and Governmental Affairs Committee and a co-author of the port security bill.

Aaron Ellis of the American Assn. of Port Authorities, an industry lobbying and advocacy group, said the bill included a number of components that were "pretty darn good."

"This will be the first time that there has been legislation that actually puts a number of how much should be appropriated for the port security grant program," he said.

The bill would authorize $400 million in port security grants. By the end of this month, the federal Department of Homeland Security will have provided $876 million in port security grants since the Sept. 11 attacks — about 20% of the $4.35 billion in federal aid that ports have sought.

A similar bill has already passed the House. House-Senate negotiators are expected to agree on a final version to send to the president's desk before lawmakers recess this month or early next month.

Safe Ports (WP)

The Washington Post, September 12, 2006

THE BRIEF SESSION of Congress that just convened is distinguished in part for what is absent from its agenda -- immigration and lobbying reform, for example. A notable exception, though, is a serious bill that has just emerged from the Senate Commerce, Finance and Homeland Security committees: the Port Security Improvement Act of 2006.

The bill contains several common-sense proposals. It requires the Department of Homeland Security to develop a strategy to rapidly resume trade after an incident at one of the nation's ports, in order to limit economic slowdown. It codifies a number of good programs in law, including the Container Security Initiative, which, if it operates properly, will target suspect cargo for inspection in foreign ports before it gets close to the United States. And it establishes deadlines for Homeland Security to complete critical infrastructure projects -- including installing radiation portal monitors in the nation's 22 biggest ports by the end of next year.

Two things distinguish this moderate legislation from the irresponsible rhetoric on port security that has marred debates on the subject for years. First, it does not call for 100 percent of containers arriving at U.S. ports to be individually inspected for all dangerous materials. The "inspect all containers" mantra is a red herring that exploits Americans' fears about what might slip through in order to score political points, ignoring the fact that there are much more cost- and time-effective ways of keeping dangerous cargo out of the country.

To her credit, Sen. Susan Collins (R-Maine), one of the bill's key sponsors, recognizes that the time and money it would take to inspect all 11 million containers that come into the country every year would be prohibitive with the technology available today, and she has committed to vote against it if such a provision is added. Instead, the bill calls for a pilot program in which the feasibility of individually inspecting all containers leaving three overseas ports will be gauged, which should test promising next-generation technologies without significantly slowing the pace of trade to the United States.

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Second, while providing five years of steady funding for port security projects, the bill does not dedicate money for port security in perpetuity. The initial costs of making essential improvements such as buying radiation detectors, putting up fencing around ports and coordinating inspection procedures with ports overseas will require a fair amount of steady start-up cash. But a half-decade of grants for improving port security ought to be enough. After that, port security should have to compete for federal money with other worthy projects.

With those sensible checks in place, the Senate should pass this bill.

Jack Bauer Insurance (WSJ)

The Wall Street Journal, September 12, 2006

What would Jack Bauer do? If he worked at the CIA in real life today, the anti-terror hero of Fox's "24" would apparently be buying insurance in case the ACLU or John Kerry decided to sue or subpoena him for protecting America with too much vigor.

The Washington Post reported yesterday that more CIA counterterrorism officers are signing up for private insurance that would pay for civil judgments and legal costs if they are sued or charged with a crime. These are the agents who interrogated Khalid Sheikh Mohammed, Abu Zubaydah and other jihadis, using what President Bush last week called methods that were legal but "tough." Those methods succeeded in breaking these men into divulging information that led to the arrest of other al Qaeda bigs, and to the foiling of plots that could have killed thousands.

"'There are a lot of people who think that subpoenas could be coming' from Congress after the November elections or from federal prosecutors if Democrats capture the White House in 2008," wrote the Post, quoting a retired intelligence officer close to the CIA's Directorate of Operations, which conducted the interrogations. This is not paranoia. We reported yesterday how Carl Levin, the Michigan Democrat, is blocking Bush nominees simply for having been mentioned in passing in emails about Guantanamo. Some of us also remember the infamous Frank Church hearings of the 1970s that pilloried the CIA and weakened it for decades.

Though the government pays the premiums for this kind of insurance, it is a sorry spectacle that these agents must now fear partisan retribution for having done precisely what the country asked them to do. The story is one more reason Congress should follow through on Mr. Bush's request to put its stamp of approval on such interrogations, including ex post facto immunity for these CIA officers.

Intelligence is the front line of this anti-jihadi conflict, and the danger from the current political second-guessing is that CIA officers will go back to the FBI's law enforcement mentality of reading terrorists their Miranda rights that failed the country leading up to 9/11. The country needs Jack Bauer insurance, too.

The Aftermath Of Hurricane Katrina (HILL)

By Rep. Neil Abercrombie

The Hill, September 12, 2006

I have witnessed destruction before, some caused by humankind and some by nature. But nothing I've seen prepared me for the scale of devastation in New Orleans and along the Gulf Coast of Mississippi. It looked like a neutron bomb had detonated, leaving the shells of dwellings standing in forlorn rows, virtually devoid of human presence.

One year after Hurricane Katrina, the area remains a terrible, twisted portrait of lives and families and whole communities washed away; home by home, block by block, neighborhood by neighborhood. One year after President Bush viewed the destruction from 40-thousand feet as he flew back to Washington from his vacation; one year after he vowed—"We will do what it takes," promises of timely federal assistance to help the people of the region rebuild are as empty as the endless square miles where homes and businesses once stood.

Twenty-five of my congressional colleagues and I spent two full days on a battlefield in the war between the Bush administration and America's middle-class. Make no mistake: post-Katrina is class warfare with a vengeance. Black or white doesn't matter. The Bush administration is an equal opportunity purveyor of indifference.

Infrastructure and Public Services

The City of New Orleans is still struggling to provide basic municipal services. Nearly 60 percent of homes and businesses still have no electricity, heating gas or a dependable supply of potable water. In fact, the lower 9th Ward has been without safe drinking water since Katrina struck. New Orleans neighborhoods had to wait 11 months for mail delivery. Major traffic arteries critical to Louisiana and the nation still suffer from major delays in reconstruction.

Housing

Hurricanes Katrina and Rita created the greatest housing crisis in our nation since the Great Depression— more than 650,000 people displaced. Only 35 percent of New Orleans' housing units are occupied, according to a recent city estimate, and

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thousands of homes will have to be razed. The Mississippi Gulf Coast has vast landscapes that were once neighborhoods — but the houses have vanished. Driveway after driveway leads to an empty lot. Homeowners have become slab owners.

Rather than providing housing vouchers that quickly and effectively provided emergency shelter in previous disasters, the Federal Emergency Management Agency (FEMA) threw together a $10 billion housing program that wasted vast sums of money and left thousands of victims without a roof over their heads.

Healthcare

There are shortages of doctors, nurses, and hospital beds, and medical costs are rising to staggering levels. Depression and mental health challenges, as well as physical injuries, are rampant. Yet, in New Orleans Parish, only three of 10 hospitals have re-opened, leaving the most vulnerable— the uninsured—with even fewer options for care.

Small Business And Government Contracting

One year after Hurricane Katrina, 80 percent of the small business owners with approved Katrina loans from the U.S. Small Business Administration are still waiting for the funds. Congressional hearings into FEMA's contracting procedures have found massive fraud, mismanagement and gross incompetence.

Mississippi And Gulf Coast

These same kinds of conditions pervade the Mississippi Gulf Coast, in smaller numbers perhaps, but just as starkly. The refusal of insurance companies to pay claims is now a principal cause of homelessness in the area, and in many cases, insurance company actions are scandalous — even fraudulent.

Conclusion

The federal government's treatment of lower income areas in one of the country's most unique and historic cities, and nearly all the Mississippi Gulf Coast region, are a national disgrace. Yet, beyond the Gulf Coast, there is no outrage.

The Army Corps of Engineers has only begun to raise sinking levees and deal with unfinished hurricane protection and flood prevention projects. But, they're only rebuilding the levees to withstand a Category 3 storm, Katrina's level. Prudent planning and common sense would dictate that they be raised to Category 5 levels.

DHS waited eight months to even begin a review of its response to Hurricane Katrina, and now three months later, it refuses to make the results public.

Congress has been a mute witness, forsaking once again its Constitutional oversight responsibilities. But, one year after the most destructive natural catastrophe to strike the U.S., the "federal response" is still not effective. It is high time the legislative branch got engaged.

FEMA must be restored to independence from the Department of Homeland Security, with a legislative mandate to rebuild now.

Hospital and community clinic construction must begin now. Non-profit health and human service agencies need immediate funding and contractual support.

Legislative action to cut through the insurance standoff over availability and cost in New Orleans, and more particularly, on the Mississippi Gulf Coast, must be taken now. DHS has failed miserably to coordinate hurricane evacuation and emergency communication capacity. A desperate lack of emergency services leaves an already vulnerable and battered city and Gulf Coast even further in harm's way. This must be remedied now.

The Pentagon has just announced a new czar for infrastructure construction in Iraq. The American people should demand that the federal government's post-Katrina priorities reflect an equal and urgent commitment to the infrastructure of the U.S.

WAR NEWS:

Grim Outlook Seen In West Iraq Without More Troops And Aid (NYT)

By Michael R. Gordon

The New York Times, September 12, 2006

WASHINGTON, Sept. 11 — The political and security situation in western Iraq is grim and will continue to deteriorate unless the region receives a major infusion of aid and a division is sent to reinforce the American troops operating there, according to the senior Marine intelligence officer in Iraq.

The assessment, prepared last month by Col. Peter Devlin at the Marine headquarters in Anbar Province, has been sent to senior military officials in Iraq and at the Pentagon.

While the American military is focused on trying to secure Baghdad and prevent the sectarian strife there from escalating into a civil war, the assessment points to the difficulties in Anbar, a vast Sunni-dominated area of western Iraq where the insurgency is particularly strong. The province includes such restive towns as Ramadi, Haditha and Hit.

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Marine commanders have been mounting a campaign to secure the province in the face of a virulent insurgency. But they have had to cope with seriously short-handed Iraqi Army units and a Shiite-dominated government in Baghdad that has tended to view the area as a low priority for government spending and programs.

Elements of the assessment were reported Monday in The Washington Post. Military officials familiar with the document disclosed additional material and provided several quotations from the assessment.

One factor that has hampered the American counterinsurgency effort has been the limited number of American troops. As a general rule, a substantial number of troops are required in a counterinsurgency campaign to protect the population from attacks and intimidation by insurgent groups.

There are about 30,000 marines, soldiers, airmen and sailors in Anbar, a region that borders Syria, Jordan and Saudi Arabia and is roughly the size of Louisiana.

American forces can generally maneuver where they want and are fighting to regain control of Ramadi, the provincial capital, neighborhood by neighborhood. But there are areas of the province where the Americans have not established a persistent presence, the assessment says.

Without the deployment of an additional division, "there is nothing MNF-W can do to influence the motivation of the Sunni to wage an insurgency," the report states, according to a military officer familiar with it. MNF-W stands for Multinational Force-West, the formal name of the Marine command. A division numbers about 16,000 troops. The limited number of troops, however, is just one problem in countering the insurgency there, the report says. The assessment describes Anbar as a region marked by violence and criminality. Except for a few relatively bright spots, like the towns of Falluja and Qaim, the region generally lacks functional governments and a respect for the rule of law.

Anbar does not have valuable resources like oil. Nor does its Sunni population appear to represent an important constituency for the Shiite-dominated government in Baghdad. Although there is economic growth in relatively secure areas, much of it can be attributed to the American-supported reconstruction effort. The level of economic activity in the province is just a fraction of what it was before 2003, the assessment says.

Feeling marginalized in the new Iraq, the Sunnis in Anbar have generally lost faith in the new Shiite-dominated government in Baghdad. The Sunnis' "greatest fears have been realized," the report says.

The Sunnis' suspicion of the government makes the task of forging a political reconciliation more difficult, and has also complicated one policy option that some critics of Bush administration's strategy have proposed as an alternative means of stabilizing Iraq: dividing the country into Shiite, Kurdish and Sunni enclaves. Such a plan would not be welcomed by Sunnis, since they would not trust the central government to share proceeds from oil sales, the assessment says.

As the situation has deteriorated, insurgent attacks have increased. The report describes Al Qaeda in Mesopotamia as an "integral part of the social fabric" of Anbar. The organization, which is predominantly made up of fighters who are native Iraqis, is flush with cash, much of it earned from black market or criminal activity.

As an intelligence assessment, the report is intended to analyze trends, not make policy recommendations. A spokesman for the Marine command declined to comment on the assessment. Many of the points in the analysis were also presented to Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, when he met with senior Marine officers at Camp Falluja in August.

Several elements of the intelligence assessment are consistent with the views of some Marine officers who were interviewed in the field in July. Discussing force levels, Lt. Col. Ronald Gridley, the executive officer with Regimental Combat Team 7, a Marine unit that is charged with securing a large swath of the province, said then that his regiment had recommended that additional troops be allocated to its section of Anbar. Even a battalion or two, he said, would help a great deal.

"What we recommend and what we get is going to be two different things," Colonel Gridley said. "In our perfect world, we could use some more infantrymen to be able to patrol the streets and partner with the Iraqi Army."

Since the intelligence assessment was prepared in August, however, no reinforcements have been sent. To the contrary, the strain on the American troops in Anbar has increased. An American Stryker unit, which was under the overall Marine command, has been sent from Rawa to Baghdad to help with the operation there. Also, military police who had been earmarked for training the Iraq police in Anbar have also been sent to Baghdad. The Marines have sought to make up the shortfall by using existing troops.

The Iraqi Army has deployed two divisions in the region with a combined authorized strength of some 19,000. But the Iraqi military is under strength. The two Iraqi divisions in Anbar together are some 5,000 troops short of that level, while hundreds more are absent without leave. As a result of these developments and the practice of giving monthly leaves, the day-to-day strength of the two divisions is 50 percent for one division and 35 percent for the other.

A separate report, titled "Stabilizing Iraq," issued Monday by the Government Accountability Office, says that, although the solution to securing the country is not entirely military, there is an important relationship between security conditions and efforts to strengthen the economy.

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The G.A.O. report noted that attacks against the American-led forces and Iraqi security forces reached an “all-time high during July 2006.”

“Despite coalition efforts and the efforts of the newly formed Iraqi government, insurgents continue to demonstrate the ability to recruit new fighters, supply themselves, and attack coalition and Iraqi security forces,” the G.A.O report added. “The deteriorating conditions threaten the progress of U.S. and international efforts to assist Iraq in the political and economic areas.”

Pentagon Weighing Report On Anbar (WP)

By Ann Scott Tyson

The Washington Post, September 12, 2006

The Pentagon is taking "very seriously" a classified intelligence report concluding that the U.S. military has fought to a stalemate in Iraq's western Anbar province as political conditions also worsen in the "epicenter" of the country's Sunni insurgency, a senior defense official said yesterday.

In congressional testimony on security in Iraq, Pentagon officials also said the rise of "ethno-sectarian violence" has laid the conditions for civil war, aborting plans by U.S. commanders to begin withdrawing U.S. troops. Gaps in the capabilities of Iraqi security forces leave open the prospect that U.S. forces may have to stay in the country for as many as five or more years, they said.

Calling Anbar "a very hot zone on the battlefield," Undersecretary of Defense for Policy Eric S. Edelman said the secret report on the volatile, strategic province was gaining high-level attention at the Pentagon.

"It is an important report. We've taken it very seriously," Edelman told a panel of the House Government Reform Committee. "This is an operational assessment by one very good intel officer," he said, adding that "a lot of us are looking at it very closely" and are seeking a further assessment on Anbar from top U.S. commanders in Iraq.

The report, first outlined publicly in The Washington Post yesterday, said a shortage of U.S. and Iraqi troops in Anbar and the collapse of local governments have left a vacuum that has been exploited by the insurgent group al-Qaeda in Iraq. It painted a bleak picture of security prospects in Anbar, a large province bordering Syria and Jordan that includes the troubled cities of Fallujah and Ramadi.

"Anbar has been the epicenter of the insurgency," Edelman said, adding that "a purely military solution to any insurgency is not possible." He said the report was a "snapshot" that does not represent the entire country.

Edelman prompted an angry retort from Rep. Dennis J. Kucinich (D-Ohio) by saying that it would not be "productive" to discuss the classified report on the conflict in Anbar in a public hearing.

"But wouldn't it be of interest to the parents of American soldiers who are being sent to fight, that they would know that a report existed that said that a province was beyond repair and the thing couldn't be won militarily? Wouldn't that be of interest, Mr. Edelman?" Kucinich replied. Edelman explained that he was concerned because "the enemy, you know, is clearly following the discussion."

On overall security in Iraq, lawmakers pressed Edelman and Rear Adm. William D. Sullivan, vice director for strategic plans and policy on the Joint Chiefs of Staff, on why the growth of Iraq's military and police forces has not yet permitted a reduction in the number of U.S. troops, which increased to 140,000 over the summer.

Iraq expects by December to have completed the training and equipping of 325,000 security forces, including 137,000 military personnel and 188,000 police and other Ministry of Interior forces, Sullivan said. And the U.S. military has turned over 53 of its 100 bases in Iraq to the Iraqi government. But he said the emergence of sectarian violence in addition to the Sunni insurgency has led U.S. commanders to decide "that they cannot afford to draw down our own troop levels while the Iraqis are still building up theirs."

Sullivan conceded that in the longer term, because Iraq's military has been trained and outfitted primarily to fight an insurgency, rather than to defend Iraq against foreign attack, U.S. forces could be required as backup for many years.

"Am I wrong in making the assumption that we're going to have American troops there or nearby for a long time . . . in order to defend this nation?" asked Rep. Christopher Shays (R-Conn.), chairman of the Government Reform subcommittee on national security.

"It is very much a possibility," Sullivan replied. He said the intent in developing Iraq's military was to create a force "that would have a modicum of its own self-defense capability without being an army that could threaten its neighbors." Iraqi leaders are still trying to "figure out what kind of military ultimately they need," he said.

Edelman said he did not know whether U.S. troops would be withdrawn from Iraq in five or fewer years. Asked whether they would be home in 10 years, he replied: "I certainly hope so."

Sadr Holds Out Against Plan To Divide Iraq (WP)

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By Amit R. Paley And Saad Sarhan

The Washington Post, September 12, 2006

BAGHDAD, Sept. 11 -- Moqtada al-Sadr, the powerful Shiite Muslim cleric, remains adamantly opposed to a controversial plan to partition Iraq into a federation of three largely independent regions, a top Sadr aide said Monday.

"Iraq must not be divided," said Riyadh Nouri, the aide to Sadr, who has opposed the U.S. presence in Iraq.

Sadr's objection to the plan remains steadfast despite a meeting Sunday night in Najaf between Sadr and his intermittent rival Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, the prominent Shiite political party that is leading the push for federalism.

The dispute between two of the most influential Shiite politicians in Iraq highlights the bitter divisions between various parties in the country's fragile ruling coalition. The rift also underscores the divisive nature of the federalism issue, which has pitted Sunni Arabs against some Shiites and Kurds.

The main Sunni bloc in parliament, the Iraqi Accordance Front, boycotted Sunday's legislative session to protest a measure that would create a mechanism for carving Iraq into three autonomous regions. The Sunnis fear the creation of a predominantly Shiite region in the south of Iraq that would resemble the largely independent zone controlled by the Kurds in the north. The Sunnis would be left with swaths of the country devoid of the oil reserves in the other regions.

Sadr's bloc broke with Hakim's party to support the Sunni boycott on Sunday. That move prompted Hakim to meet later in the day with Sadr and then with Grand Ayatollah Ali Sistani, although he declined to describe their conversations.

"We stand to benefit from federalism because the Sadr movement enjoys wide support of the majority of the people in the center and the south," said Nouri, the Sadr aide. "But we will not accept that, because national interest is above any other interest."

The speaker of parliament, Mahmoud al-Mashhadani, warned political leaders "not to fish in troubled waters" on the subject of federalism, a principle established in the constitution approved by voters last fall.

"Federated Iraq is a principle that is agreed to in Iraq," he said. "This is not alterable."

The tumult came on another day of bloodshed in Iraq. A man wearing an explosive belt boarded a minibus carrying Iraqi army recruits Monday morning and detonated it when the vehicle reached a recruiting center in western Baghdad, according to Brig. Gen. Abdul Kareem Abbas of the Interior Ministry. Abbas said 15 people were killed and 18 wounded.

The genocide trial of Saddam Hussein resumed on Monday with the former Iraqi leader calling the tribunal an attempt to pit Arabs against Kurds. Prosecutors accuse Hussein of trying to annihilate the country's Kurdish minority during the Anfal campaign in the 1980s, in which as many as 180,000 people were killed.

"The intention is to create a split in the Iraqi population," a visibly angered Hussein said of the case. "This is a preparation to divide Iraq."

When the judge assured him the country would not be carved up, Hussein responded: "Of course not. Iraq is not 50 years old or 200 years old. It's 9,000 years old, and Iraqis won't be divided."

Katrin Michael, a former peshmerga militia fighter in Kurdistan who now lives in Virginia, testified at the trial about the horror in her village when Iraqi planes dropped chemical weapons.

"I saw hundreds of people with tearing eyes vomiting," she said. "They had pain in their stomach. They were screaming from the pain. People were collapsing because they lost their sight."

She lost her sight for three days. When she opened her eyes, Michael testified, she saw a man named Abu Rizgar who had gone totally blind. He had heavy blisters on his back, and he couldn't speak properly. Later that day, he died.

"His voice is still in my ears," Michael said.

Sarhan reported from Najaf. Special correspondents Naseer Nouri, K.I. Ibrahim and Salih Dehima in Baghdad contributed to this report.

Top Aide To Sadr Outlines Vision Of A U.S.-Free Iraq (WP)

By Ellen Knickmeyer And Sudarsan Raghavan, Washington Post Foreign Service

The Washington Post, September 12, 2006

NAJAF, Iraq -- In a shabby but spotless living room in the holy city of Najaf, a top deputy of Shiite Muslim leader Moqtada al-Sadr quietly sketched out his vision of the Iraq to come, after the Americans withdraw.

First, "there will be a civil war," said the aide, Mustafa Yaqoubi, as his three young children wandered in and out of the room. The rising violence and rivalries under the American occupation make a shaking-out all but inevitable once foreign forces go, Yaqoubi said. "I expect it."

"No matter the number of people who would lose their lives, it is better than now," he added. "It would be better than the Americans staying."

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When the tumult ends, the Sadr aide said, Iraq's Shiite majority will finally be able to claim its due, long resisted by the Americans -- freedom to usher in a Shiite religious government that Yaqoubi said would be moderate and perhaps comparable in some ways to Iran's. The bespectacled, bearded cleric's mild tone buffered his talk of the blood that would have to be spilled to achieve this goal. No matter when the Americans withdraw, "the first year of transition, it will be worse," Yaqoubi warned. "After that, it will gradually improve."

Yaqoubi speaks as one of two or three longtime intimates of Sadr, the young heir of a revered Shiite clerical family. Sadr's rough-edged, strongly anti-American street movement of poor, largely uneducated Shiites has burgeoned into one of the strongest political and armed forces in Iraq.

When Sadr's father, Grand Ayatollah Mohammed Sadiq al-Sadr, was shot to death with two of his sons in 1999, in an assassination blamed on Saddam Hussein, Yaqoubi helped Moqtada al-Sadr, then only 25, keep the family's mosque-based network alive, despite unrelenting pressure from Hussein's intelligence services.

Yaqoubi's arrest by U.S.-led coalition troops, on charges in the brutal stabbing death of a Sadr rival, ignited full-scale street battles between Sadr followers and U.S. forces in April 2004.

Freed in August 2005 after 16 months in prison, Yaqoubi helped preside over a remarkable political transformation that culminated with elections last year that put Sadr in charge of the largest individual bloc in parliament.

While Sadr and his aides, including Yaqoubi, stayed in Iraq throughout the darkest years of Hussein's rule, others among Iraq's current leaders went into exile in London, Tehran or Detroit, returning here only after Hussein's overthrow. Leaders of the other main Shiite religious parties were quick to make accommodation with the U.S.-led occupying forces. Overnight, many of them adopted a life of secondhand splendor in the former palaces and villas of Hussein's regime.

Abdul Aziz al-Hakim, for example, who leads the Shiite religious party that most nearly matches Sadr's movement in strength, moved into the marbled villa of former Hussein foreign minister Tariq Aziz, who is now in U.S. military custody. Sadr and his aides, in contrast, make their homes in the Shiite neighborhoods of the capital and the Shiite holy cities of the south. Sadr lives in a gleaming, whitewashed concrete mansion behind high walls in Najaf. His top aides there have more modest houses, less freshly painted.

Yaqoubi is considered an intellectual, in the vanguard of Sadr's Shiite movement. In an interview over the course of an afternoon, he outlined his views of an organization that is scarcely known to Americans. His children occasionally came in to interrupt, putting a hand on his knee to whisper a message from the women out of sight in the back of the house.

Despite their ascendancy now, Yaqoubi said, Iraq's Shiites owe no gratitude to the Americans. "The Americans are not saving us from Saddam for the sake of the Iraqi people," he said. "They gave Saddam clearance in the 1990s to strike at the Shia people. It was in their own interest to get rid of Saddam."

According to Yaqoubi, the Americans brought the armed resistance on themselves by staying after the invasion and by ignoring Iraqi protests. For example, he said, tens of thousands rallied this summer in Baghdad's Shiite neighborhood of Sadr City to protest the Israeli invasion of Lebanon, but the Americans ignored them. "It was the largest rally in the world. But with them, it's useless," he said, referring to U.S. officials. "No one ever reacts, no one responds to these protests."

Ordinary Americans, on some level, must understand the resistance to the foreign forces, he said.

"We believe the American people are not coming from Mars. They see on their televisions how it is here," Yaqoubi said. "They have the same mentality we have. We believe that if the Americans were occupied by another country they would do the same as we are, or even more."

Yaqoubi said the U.S. failure to meet even the simplest security needs of Iraq was to blame for much of the current instability. As a result, he said, "when the Americans pull out, there will be a civil war. They are using that now, as an excuse for staying."

The Sadr deputy spoke confidently and simply of which faction would emerge the winner. "I don't want to use this expression, but you have an expression," he said. " 'Survival of the fittest; the strongest survive'?"

He added, "If there may be other forces to use their strengths, I don't think they have the capability to match us."

Sadr's armed followers are often accused of enforcing strict Islamic codes; commanders of his militia, known as the Mahdi Army, have acknowledged beating up alcohol vendors.

How would a Sadr government look, should the cleric come to full power? "Our main goal, by our nature, we are Islamists," Yaqoubi said. "Our only desire is to obey God. We want the heavenly laws to be applied, in a normal way."

Yaqoubi described a gentler version of Shiite Islamic government. He insisted that Iraq would not model itself on Shiite Persian Iran next door. But he spoke approvingly of Iran in hinting how Iraq might look, saying, "There is freedom of journalism, women can drive, can go without veils."

Many Western analysts say Iran's religious government and its people have learned to coexist. Newspaper editors now tend to self-censor, and women, while often allowing a generous display of hair to show, still wear head coverings.

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Asked if Iraq might adopt the same de facto tolerance as Iran, Yaqoubi replied, "Possibly."

Yaqoubi suggested that statistics support his vision for Iraq. Shiites make up at least 60 percent of Iraq's people, he said, and millions of them follow century-old traditions of fealty to the instructions of their religious leaders.

"The Americans wanted elections and wanted democracy," the Sadr aide said. "This is what they wanted."

Special correspondent Naseer Mehdawi in Najaf and correspondent Karl Vick contributed to this report.

Iraqi Militias Seen As Spinning Out Of Control (LAT)

By Solomon Moore

The Los Angeles Times, September 12, 2006

BAGHDAD — As U.S. and Iraqi officials seek a way to disarm Shiite militias involved in the sectarian violence driving Iraq toward civil war, the paramilitary forces are splintering into more extreme groups that militia leaders say they are powerless to control.

U.S. officials had hoped that an ongoing military sweep in the capital would curtail the Sunni Arab insurgency and convince the Shiite Muslim militias — armed partisan brigades that guard neighborhoods, mosques and political offices — that they could leave security to the Iraqi government.

"I think when the people begin to feel more confidence in their security forces, they'll feel less need to rely on the militias," Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, said during a recent news conference.

But a series of devastating paramilitary strikes against Shiite neighborhoods has eroded early gains attributed to the security sweep and severely undermined U.S. arguments for disarming militias.

Recent violent clashes pitting Shiite paramilitary fighters against Iraqi and U.S. troops, and against rival Shiite forces, also have cast doubts on militia leaders' ability to rein in their fighters even if they choose to do so.

U.S. forces have been drawn into confrontations with militiamen in recent weeks. Late last month, U.S. warplanes dropped a 500-pound bomb on militia members battling Iraqi troops in the southern city of Diwaniya, further complicating efforts to negotiate with the groups.

Militia representatives say fighters often act without consulting their commanders, and in some cases flout orders to stand down. Such disobedience was evident shortly after the Feb. 22 bombing of a revered Shiite mosque in Samarra allegedly orchestrated by Al Qaeda in Iraq. Despite public calls for calm by the national leaders of the two Shiite militias, reprisal attacks in the following weeks left dozens of Sunni mosques smoldering and hundreds of Sunni Arabs dead.

"Let us be honest and transparent: Some of these fighters are acting without orders and rebelling. We are not responsible for their acts," said Sheik Razzaq Naddawi, a representative for anti-U.S. Shiite cleric Muqtada Sadr, founder of the Al Mahdi militia.

"The real Sadr followers are loyal; they listen to their leaders," said Amir Husseini, another prominent Sadr follower. "But this is a fast-growing movement, and some who have joined the Sadr movement recently are not controlled."

Though U.S. officials say that Sadr representatives have occasionally exaggerated the degree of their fighters' independence to provide political cover for the organization, most senior military officials interviewed agreed that Sadr's control over his fighters had waned over the last year.

The cleric "has a measure of control, but when you get down to the bottom of that stack, I don't think he has ultimate control of every entity that operates under his name," a military official in Baghdad said.

An Al Mahdi commander, who requested anonymity because he was not allowed to speak to the media, said that in Najaf, a Sadr stronghold, the cleric had attempted to take a stronger hand by dismissing or demoting several militia brigade leaders in recent weeks.

"Even when Sadr fires the brigade commanders, their soldiers follow them and not Sadr," the commander said. "Now Sadr fires commanders every month, so their fighters will not become too loyal to them. This is the same thing that Saddam [Hussein] did with his army."

U.S. commanders say they are more concerned about Sadr's Al Mahdi army than the Badr Brigade, another leading Shiite militia.

Badr Brigade commanders acknowledge that renegade squads have occasionally taken up arms in violation of orders. But U.S. officials believe that the militia, whose members include veterans of Hussein's armed forces and a decades-long resistance movement against the former regime, has retained a strong command-and-control structure.

U.S. officials are concerned, however, about Badr's strong presence in Iraq's police forces, where militiamen have been accused of operating anti-Sunni death squads.

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Sadr's militia rose from Iraq's impoverished grass roots after the 2003 U.S.-led invasion and includes many fighters who have never served in the military or received any formal education. And unlike Badr members, the cleric's followers have engaged in frequent attacks on U.S. and British troops and strongly oppose the U.S. military presence in Iraq.

Confronting either of the militias is a tricky proposition for the U.S. military because the groups are part of the Shiite-dominated government that the Bush administration helped install. Both militias are affiliated with parties in the leading Shiite bloc, the United Iraqi Alliance.

The Badr militia is the military wing of the Supreme Council for Islamic Revolution in Iraq, which holds 30 seats in parliament and several Cabinet positions.

Sadr's political movement has an equal number of seats and controls the Health and Transportation ministries. Any broad assault on the militias would undermine the already-shaky political support for the U.S.-backed government of Prime Minister Nouri Maliki.

The situation has led Maliki to insist on advance notice from U.S. commanders before American forces venture into militia-controlled areas and to argue for a more negotiated approach to disarming paramilitary groups.

"Our fear is that the Americans will treat Al Mahdi army and other militias the same way that they treat the Saddamists and the terrorists," Maliki spokesman Ridha Taqi said. "We don't want to solve this problem with military force."

U.S. forces have refrained from major strikes on Shiite strongholds such as the Baghdad neighborhood of Sadr City, a base for militia-affiliated death squads and kidnapping gangs, and have instead used smaller special forces units to target specific paramilitary cells.

U.S. military officials have been circumspect in their descriptions of militiamen, using vague euphemisms such as "illegal armed groups" and "guys with guns" to avoid identifying the politically backed paramilitary forces by name.

In recent public statements, military officials have also taken pains to redefine terms such as militias and death squads, which usually refer to Shiite groups, to include Sunni insurgent groups. And although American commanders said their forces had rounded up dozens of death squads during the Baghdad sweep, they have avoided descriptions of their sectarian or militia affiliations.

Despite daily discoveries of suspected victims of Shiite-affiliated death squads throughout Baghdad, U.S. commanders say they have found no links between captured death squad members and the Iraqi government.

"I'm happy to report to you that we have been capturing these bad guys tied directly to extrajudicial killings, and to my knowledge so far none of them have been tied to the Ministry of Interior," said Army Maj. Gen. Joseph Peterson, the commander of the U.S. police training mission in Iraq.

Privately, U.S. commanders say they are tempering their public statements in an attempt to deal with Shiite militias politically and are urging Iraqi legislators to draft laws that will force paramilitary fighters to disarm.

A proposal introduced by Abdelaziz Hakim, head of the Supreme Council for Islamic Revolution in Iraq, calls for the formation of "popular committees" to handle security in Iraq's neighborhoods.

Hadi Amri, a commander of the Badr militia, said the committees would be assigned to their residential areas to respond to emergencies, provide security and gather intelligence on local threats.

Local volunteers, Amri said, "would be in each street and each house."

Proponents of the plan say that such localized security forces have worked in the Kurdish region in northern Iraq, the Shiite south and in Baghdad neighborhoods controlled by Al Mahdi fighters, where militia members force residents to register their names and submit to close monitoring. Casey said he would support popular committees as long as they were unarmed.

But there is wide disagreement about whether such forces would simply add another uncontrollable element to the nation's chaotic patchwork of gangsters, revenge squads and insurgents.

A Baghdad University professor, who spoke on condition of anonymity for fear of retribution by the militias, said Hakim's proposal amounted to semantics.

"It is an attempt to find another name for militias," the professor said. "I do not think the people want popular committees or militias — they want an independent government which respects the law and applies it in a strong and just way."

Iraqi Elections Believed To Have Worsened Divisions, Report Says (MCT)

By Drew Brown

McClatchy Newspapers, September 12, 2006

WASHINGTON - Iraq's political process has sharpened the country's sectarian divisions, polarized relations between its ethnic and religious groups, and weakened its sense of national identity, the Government Accountability Office said Monday.

In spite of a sharp increase in Sunni-Shiite violence, however, attacks on U.S.-led coalition forces are still the primary source of bloodshed in Iraq, the report found. It was the latest in a series of recent grim assessments of conditions in Iraq.

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But the report was unusual in its sweep, relying on a series of other government studies, some of them previously unpublicized, to touch on issues from violence and politics to electricity production. Published on the fifth anniversary of the Sept. 11, 2001, terrorist attacks, the GAO report was downbeat in its conclusions - underscoring how Iraq's deteriorating security situation threatens the Bush administration's goal of a stable and democratic regime in Baghdad.

"Despite coalition efforts and the efforts of the newly formed Iraqi government, insurgents continue to demonstrate the ability to recruit new fighters, supply themselves, and attack coalition security forces," the report says. "The deteriorating conditions threaten continued progress in U.S. and other international efforts to assist Iraq in the political and economic areas."

The report relied on a number of findings made earlier this year by the United Nations, the U.S. State and Defense departments, U.S. intelligence agencies and other sources to reach its conclusions. Unlike the majority of those agencies, the GAO, which reports to Congress, has no responsibility for forming or executing policy in Iraq.

The GAO said Congress must ask several questions as it considers what to do next. Among them:

-What political, economic and security conditions must be achieved before the United States can draw down and withdraw military forces from Iraq?

-Why have security conditions continued to worsen even as Iraq has met political milestones, increased the number of trained and equipped forces, and increasingly assumed the lead for security?

-If existing U.S. political, economic, and security measures are not reducing violence in Iraq, what additional measures, if any, will the administration propose for stemming the violence?

The report, citing the Pentagon, said that enemy attacks against coalition and Iraqi forces increased by 23 percent from 2004 to 2005 and that the number of attacks from January to July 2006 were 57 percent higher than during the same period in 2005.

A graph showed that the number of attacks rose from around 100 in May 2003 to roughly 4,500 in July 2006. More than half of those were against coalition troops; the rest appear to have been split almost evenly between attacks on Iraqi security forces and attacks on civilians.

The report said that electricity production remains inadequate, with Baghdad residents receiving less than six hours of power a day, on average. Residents outside Baghdad received electricity less than 11 hours a day, on average.

Though the Bush administration has hailed each political milestone in Iraq as another step on the march to freedom, the report cited a Defense Intelligence Agency finding that "the December 2005 elections appeared to heighten sectarian tensions and polarize sectarian divides."

That finding was echoed, the GAO said, in a March 2006 report from the government-funded U.S. Institute for Peace. That report said that the political process had sharpened ethnic and sectarian identities "while nationalism and a sense of Iraqi identity have weakened."

Further, a report by the office of Director of National Intelligence John Negroponte concluded in February 2006 that Iraqi security forces "are experiencing difficulty in managing ethnic and sectarian divisions," the GAO said. The intelligence director's report said many Iraqi troops remain loyal to sectarian and political interests, the GAO said.

Reinforce Baghdad (WP)

By William Kristol And Rich Lowry

The Washington Post, September 12, 2006

We are at a crucial moment in Iraq. Supporters of the war, like us, have in the past differed over tactics. But at this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq by securing Baghdad.

There is no mystery as to what can make the crucial difference in the battle of Baghdad: American troops. A few thousand U.S. troops have already been transferred to Baghdad from elsewhere in Iraq. Where more U.S. troops have been deployed, the situation has gotten better. Those neighborhoods intensively patrolled by Americans are safer and more secure. But it is by no means clear that overall troop numbers in Baghdad are enough to do the job. And it is clear that stripping troops from other fronts risks progress elsewhere in the country.

The bottom line is this: More U.S. troops in Iraq would improve our chances of winning a decisive battle at a decisive moment. This means the ability to succeed in Iraq is, to some significant degree, within our control. The president should therefore order a substantial surge in overall troop levels in Iraq, with the additional forces focused on securing Baghdad.

There is now no good argument for not sending more troops. The administration often says that it doesn't want to foster Iraqi dependency. This is a legitimate concern, but it is a second-order and long-term one. Iraq is a young democracy and a weak state facing a vicious insurgency and sectarian violence. The Iraqis are going to be dependent on us for some time. We can worry about weaning Iraq from reliance on our forces after the security crisis in Baghdad has passed.

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The administration emphasizes that there needs to be a political, not simply a military, solution to Iraq. This is of course true. But the violence intersects with politics. Violence is radicalizing. It serves to empower extremists who are aligned with our enemies. So long as we don't succeed in controlling the violence, it will make any political settlement far more difficult.

Indeed, the violence perpetrated by the Shiite militias is directly related to politics. It is part of a power play by the likes of Moqtada al-Sadr to marginalize moderate figures such as Grand Ayatollah Ali Sistani. Sistani's recent statement of disgust with Iraqi politics suggests that Sadr's gambit may be working. Sending more American troops at this juncture would not be a simple-minded and clumsy substitution of military force for political finesse. It would be an attempt to influence Iraq's political situation in our favor.

The administration's military strategy has long been based on getting the Iraqis to do the "holding" in the counterinsurgency strategy of "clear, hold and build." That would obviously be ideal. But the experience of the past three years is that the Iraqis aren't yet up to it, at least not in hotly contested areas such as Baghdad. The administration deserves credit for the strides it has made in training the Iraqi army. But for now we have to do much of the holding ourselves for it to be effective. That simply requires more manpower.

If American troops hand neighborhoods over to Iraqis, they are likely to soon deteriorate again -- in the same dynamic we have repeatedly seen of trouble spots being brought under control by American troops only to slide back again when the Americans leave.

One reason to prefer having Iraqis hold secured areas is that indigenous forces, in theory, don't risk creating the kind of nationalist reaction that can be prompted by a foreign occupying army -- i.e., us. But in the current environment of sectarian bloodletting, all signs are that American troops are more trusted and more welcome than Iraqis. Many Sunnis -- confronted by Shiite militias -- now accept our troop presence, and moderate Shiite leaders want us to stay. In fact, the chief fear of Iraqis in Baghdad neighborhoods patrolled by Americans is apparently that we will leave, not that we will remain.

Harvard Law School's William Stuntz recently made the core point powerfully: "The territory over which we fight is among the most strategically important in the world. Victory will place the most dangerous regime on the planet, Iran's fascist theocracy, in serious peril. Defeat will leave that same regime inestimably strengthened. If there is any significant possibility that the presence of more American soldiers on the ground would raise the odds of success, not putting those soldiers on the ground is a crime."

Administration spokesmen have jettisoned talk of "staying the course" in Iraq in favor of "adapting to win." If those words are to have meaning, the administration can't simply stay the course on current troop levels. We need to adapt to win the battle of Baghdad. We need substantially more troops in Iraq. Sending them would be a courageous act of presidential leadership appropriate to the crisis we face.

William Kristol is editor of The Weekly Standard. Rich Lowry is editor of National Review.

Even Dating Is Perilous In Polarized Baghdad (WP)

By Amit R. Paley

The Washington Post, September 12, 2006

BAGHDAD -- He was a dashing young computer engineer. She was a shy student at his alma mater. They fell in love over lunch last year in the university cafeteria and promptly became engaged.

As they prepared for a future together, the couple barely discussed a subject that, under Saddam Hussein's rule, amounted to a footnote in matters of the heart: He was a Shiite Muslim; she was a Sunni Kurd.

But now those labels are tearing the couple apart. Barred by their families from marrying anyone of the opposite sect, the couple has erased one another's cellphone numbers and stopped speaking.

"There is no hope in this country anymore for Sunnis and Shiites to fall in love," said Husham al-Gizzy, a 25-year-old engineer, as he buried his face in his hands and recounted the story.

For decades, marriages between Sunnis and Shiites in Iraq were as ordinary as the daily call to prayer. But the sectarian warfare gripping the country has created a powerful barrier to Sunni-Shiite romances.

Married couples have filed for divorce rather than face the scorn of their neighbors. Fiances have split up as a result of death threats. And, increasingly, young single Iraqis have concluded that it is simply easier to stick to their own kind when it comes to love and family.

In a country where intermarriage was long considered the glue that held a fragile multi-ethnic society together, the romantic segregation of Sunnis and Shiites is more than just a reflection of the ever more hate-filled chasm between the two groups. It is also a grim foreboding of the future.

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"Everyone is just taking sides to prepare for a big civil war," said Adnan Abdul Kareem Enad, manager of Sot al-Jamayaa, a radio station that has aired tales of star-crossed Sunni and Shiite lovers. "You can see the polarization of Iraq in the tensions between Sunnis and Shiites in marriage and dating."

The new taboo on Sunni-Shiite romances is only one of many impediments to love in this war-ravaged country. Religious authorities have forbidden casual dating. Women fearful of the bloodshed have become prisoners in their own homes. Couples have shunned posh restaurants once filled with lovebirds because they fear suicide bombers or kidnappers.

"This is the age of cellphone love," said Omar al-Azzawi, 33, an Internet cafe owner who has a Sunni father and a Shiite mother. "If I marry someone, we'll have to get married on the phone. We'll probably have to make love on the phone, too."

Still, the burgeoning obstacles to Sunni-Shiite romances remain among the most ominous signs of the rapidly deteriorating relationship between the two sects. Although underlying tensions always simmered between Hussein's Sunni government and the country's oppressed Shiite minority, few expected them to flare so violently and so quickly after his government collapsed.

For Hameed Ayad, a 24-year-old Sunni, the disintegration of his engagement to a Shiite classmate came swiftly after the 2003 U.S.-led invasion. His betrothed shocked him by expressing newfound pride in once-suppressed Shiite customs such as public self-flagellation and pilgrimages to the holy cities of Karbala and Najaf.

Ayad accused his fiancee of fanaticism and broke off the relationship. But to hear him describe Shiite Islam as a "backward" religion suggests that he, too, has sided with his own.

"Even if she were the last woman on Earth, I wouldn't marry a Shiite," Ayad, a recent graduate in business administration from al-Turath University, said as he picked at a breakfast of scrambled eggs and cucumbers. "You could even put her in a frame of gold, but if I will break this gold, I would find mud inside of her."

Like many young Iraqi men, Ayad is so busy just trying to stay alive that he has given little thought to dating over the past three years. "I cannot guarantee my own life," he said. "How can I get married and be responsible for others?"

So when will it be safe enough in Iraq for him to get married?

"When the rooster will lay eggs," he replied, stone-faced.

For young Iraqi women, the isolation is often more extreme. The relentless carnage in the city so petrified Areej Abbas, 25, that she did not leave her home a single time for more than three years. She had no cellphone. No friends. No guests. All day she watched television.

"I was miserable," she said in a Sot al-Jamayaa studio, where she started working as a science show host this month in her first venture out of the house. "I probably would have committed suicide if it weren't for the satellite television."

Universities remain perhaps the safest place for a romantic rendezvous, though religious Shiites have begun to infiltrate campuses such as Baghdad University, posting signs warning about the evils of dating and promiscuity. Still, high school students now say the primary reason they want to attend university is to meet members of the opposite sex, according to a recent survey by Sot al-Jamayaa.

"It's becoming impossible to meet girls outside of the college," said Enad, the Sot al-Jamayaa manager. "Even older men now are desperate to go back to school if they are single."

But even if soul mates find each other on a university campus, sectarian differences can quickly split them apart. Many young people say it is primarily parents who are driving a wedge between members of mixed couples.

Samar Hussein, now a 27-year-old Shiite civil servant, said her parents initially rejoiced when a Sunni classmate asked for her hand in marriage four years ago. Her older brother and aunt had both married Sunnis, and the family cared little about religious affiliation.

But Hussein's family now worries about the practical considerations of intermarriage. Vast swaths of Baghdad have become no-go zones to members of certain sects. Those who do venture there face abduction or death.

"If a Shiite gets married to a Sunni guy, how will her mother be able to go and visit her?" Hussein asked. "And when the country is divided into Sunni and Shiite areas, there will be a difficult question: Will the women choose to go with their husbands or stay with their families? And the kids? Who is going to take care of them?"

She paused. "It will be a great tragedy," she said.

Hussein's parents forbid her to see the Sunni man, but she continues to trade covert I-love-you's with him on the phone. She will not break a tradition that requires parental approval for marriage, but she hopes their families might one day change. "We will leave it up to God," she said. "Maybe He will plant love between our families and show them the right way."

Many couples -- particularly well-educated, secular city-dwellers -- continue to intermarry. But even when the lovers and their parents consent to the marriage, mixed relationships are often fraught with danger.

Qais Jassim, 26, a Shiite from the Adhamiyah section of Baghdad, spent his wedding night petrified that his Sunni wife's relatives would abduct and behead him. After three months of one-on-one meetings with the woman's father, Jassim had finally persuaded her parents to support their marriage. But her cousins disagreed.

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"Leave her alone or we'll kill you," the cousins screamed at him, Jassim recalled.

Such disputes, however, arise only after lonely Iraqi souls manage to find a potential mate, an increasingly daunting proposition in a country with curfews, limited mobility and the constant threat of death squads. Some teenage boys have taken to dialing random numbers in hopes that a girl will answer. Other young Iraqis have tried to connect via ubiquitous Internet chat rooms.

In cyberspace, like almost everywhere in Iraq these days, one of the first questions is often: Are you Sunni or Shiite? Give the wrong answer, and the conversation is over. Manal Hussein, a 34-year-old biology student at Baghdad University, recalled someone in a chat room inquiring about her sect.

"When I told him I was Sunni, he said, 'Okay, bye-bye,' " she recalled.

Each thwarted Sunni-Shiite relationship etches the gulf between the two groups a little deeper and foils another opportunity to produce the next generation of children with mixed backgrounds -- those living testaments to the not-so-distant peace between the sects.

Ayad, the 24-year-old Sunni who said he would never marry a Shiite, fears that Iraq has already begun a free fall into carnage.

He shook his head and pointed at a dirty white ashtray filled with five crumbled cigarette butts. "The future of Iraq will be like this," he said.

Special correspondents Salih Dehema, Waleed K. Asmaeel and other Washington Post staff contributed to this report.

Saddam Accuses Kurds Of Sowing Hatred (AP)

By Qais Al-bashir

AP, September 12, 2006

A defiant Saddam Hussein accused Kurdish witnesses at his genocide trial Monday of trying to divide Iraqis by alleging chemical attacks and mass arrests during a crackdown that the prosecution says killed up to 180,000 people.

Three Kurdish witnesses told of brutal repression during Operation Anfal, the 1987-88 campaign against a Kurdish revolt in the final stages of Iraq's war with Iran. Saddam accused the Kurds of helping Iran in the war.

One of the witnesses, a Kurdish-American, said she saw people sickened and dying during a chemical attack and demanded compensation from foreign companies that supplied Saddam with chemicals, supposedly for agriculture.

"All the witnesses said in the courtroom that they were oppressed because they were Kurds," Saddam shouted after hearing the testimony. "They're trying to create strife between the people of Iraq. They're trying to create division between Kurds and Arabs and this is what I want the people of Iraq to know."

The deposed president said the Iraqi people "should not suffer from the guilt that they killed Kurds" and insisted that he treated loyal Iraqi Kurds fairly. Only those who joined the Kurdish insurgency were punished, he said.

Since the trial opened Aug. 21, witnesses have offered grim testimony of entire families dying in chemical weapons attacks. They said survivors plunged their faces into milk to try to end the pain from the blinding gas or fled into the hills on mules as military helicopters fired on them.

Saddam is among seven defendants charged with genocide or other offenses during Operation Anfal. If convicted, they could face death by hanging.

The trial resumed Monday after a nearly three-week break.

Katreen Elias Mikhail, a Kurdish Christian and former militia fighter, testified that four Iraqi planes unleashed a wave of bombs on the evening of June 5, 1987, on the Kurdish town of Qalizewa in northern Iraq.

"I smelled something dirty and strange," she told the court. "People were falling to the ground. They vomited and their eyes were blinded. We couldn't see anything."

"We were all afraid," she said, her voice cracking. "It was our first time seeing bombs falling on our heads."

Mikhail said she had come to court to lodge a personal complaint against Saddam, his cousin and co-defendant Ali "Chemical Ali" al-Majid as well as all those who provided the regime with chemicals used in the attacks.

"I demand compensation," she said.

Witness Ahmed Abdul-Rahman told the court he was rounded up from a village near Sulaimaniyah and imprisoned for four months "where they investigated us, they tortured us and they beat us."

A third witness, Sardar Ali Salih, said Saddam's Republican Guards raided his village in 1987, arresting Kurdish men and seizing sheep, the residents' livelihood.

"While in prison, they beat and tortured us. I stayed there for three months," Salih said. "There were 126 detainees with me. They took 58 and put us in another room. They told us that we would be released, that Saddam ordered our release." The others disappeared, including two of his brothers.

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Saddam is still awaiting a verdict on Oct. 16 in the first case against him — the nine-month-long trial over the killings of 148 Shiites in Dujail after a 1982 assassination attempt against him there. In that case as well, he and seven other co-defendants could face the death penalty.

The Anfal trial, which began in August, is also likely to take months.

The Bush administration had argued that the 2003 U.S.-led invasion of Iraq was needed to unseat Saddam because he possessed weapons of mass destruction and had ties to al-Qaida.

As recently as Aug. 21, President Bush said people should "imagine a world in which you had Saddam Hussein" with the capacity to make weapons of mass destruction and "who had relations with al-Zarqawi," referring to Abu Musab al-Zarqawi, the leader of al-Qaida in Iraq who was killed in a U.S. airstrike in June.

However, a recent U.S. Senate committee report found no link between Saddam and the terror network, and Saddam's alleged possession of weapons of mass destruction was debunked after the invasion, when none could be found.

Yet the Anfal case points to his alleged use of poison gas against Iraqi citizens, a charge often leveled by Washington.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents. The current trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation.

Saddam Says Genocide Trial 'Dividing Iraq' (AFP)

By Jay Deshmukh

AFP, September 12, 2006

Ousted dictator Saddam Hussein has charged that his genocide trial was "dividing Iraq" as Kurdish witnesses told of the horror of gas attacks unleashed against them during the brutal Anfal campaign of 1987-88.

"The whole beginning (of witness testimonies) is aimed at creating a split within Iraq between the Kurds and Arabs," Saddam said in a tirade from the dock as the trial resumed after a three-week recess.

Saddam and six co-defendants including his cousin Ali Hassan al-Majid, dubbed "Chemical Ali", face charges including genocide over Anfal which prosecutors say was a systematic campaign of slaughter that killed 182,000 Kurds.

"I want to give a message to the Iraqi people that they should not suffer from this guilt that they killed Kurds. This is shameful," he said.

Saddam, who is also awaiting a verdict in a trial over the killing of Shiite villagers after an attempt on his life in 1982, is charged with genocide, war crimes and crimes against humanity over the Anfal campaign.

If found guilty, he faces execution by hanging.

But Saddam, showing flashes of anger, claimed he had on several occasions acted on behalf of the Kurdish minority in Iraq.

"After the Iran-Iraq war ... I made a statement on TV and radio giving orders that no Iraqi security force should arrest Kurds, and if anyone has problems with Kurds, they should complain to Saddam Hussein."

The former dictator also said it was he who agreed autonomy for the Kurds in northern Iraq in 1970, when he was vice president.

"If the Arabs were racist and discriminatory, why would they accept an autonomy for the Kurds," he said, vowing however that "Iraqis will not split".

Saddam's outburst came after three more witnesses testified against him and six co-defendants accused of gassing Kurds and bombing their villages to quell an insurgency that coincided with the last years of the 1980-88 Iran-Iraq war.

Katherine Elias Mikhail, once a peshmerga Kurdish guerrilla, described how she was present when first her unit and then a year later her village were gassed by Saddam's air force.

"I saw hundreds of people -- not dozens but hundreds -- and they were vomiting and teary-eyed," she said describing a 1987 attack on a peshmerga base. "People with me collapsed because they had lost their sight."

In late 1988, the planes struck her village.

"We had been frequently attacked by aircraft, but this time the sound of the explosions was not as loud as before and after the explosion there was white smoke," said the woman who now works as a writer in the United States.

Most prominent among his co-accused is Ali Hassan al-Majid, dubbed "Chemical Ali" over his alleged role in gas attacks who said Monday that some villages were burnt because "those who stayed in those villages were servants of peshmergas and Iranians."

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Mikhail, who has long since shed her guerrilla fatigues for a business suit, said she lost most of her family to the old regime and her complaint was against Saddam and Chemical Ali and "the international companies who supplied the Iraqi regimes with these weapons".

She was followed on the witness stand by two more Kurds, including Ahmed Abdel Rahman, a farmer who described how troops came through his village in 1987, set fire to his village and drove off their cattle.

"We followed after them and begged them to return our cattle, and they told us that the Iraqi government had ordered them to kill us and loot our livestock," he said, going on to describe his subsequent imprisonment.

The trial resumed on the same day the United States marked the fifth anniversary of the September 11 attacks on New York and Washington that left close to 3,000 people dead.

On Friday a US Senate report concluded that Saddam had no links with Al-Qaeda prior to the September 11 attacks as US President George W. Bush's administration had repeatedly charged.

Since the genocide trial began on August 21, nine witnesses have given graphic testimony about how their villages had been gassed, their fields destroyed and their families exterminated in brutal death camps run by Saddam's forces.

Monday's session began with a Tunisian lawyer for Saddam quitting the defense team after the judge said foreigners could only work as legal advisors and not attorneys.

The trial has been adjourned to Tuesday.

Hussein Trial Resumes; Sectarian Attacks Continue In Streets (NYT)

By Paul Von Zielbauer

The New York Times, September 12, 2006

BAGHDAD, Tuesday, Sept. 12 — The trial of Saddam Hussein on charges of genocide against Iraq's Kurds resumed Monday, after a nearly three-week hiatus, while sectarian violence continued on Baghdad's streets, including the suicide bombing of a crowded downtown bus that killed more than a dozen people.

At a meeting of Parliament inside the fortified Green Zone, meanwhile, an effort by a group of Shiite lawmakers to promote legislation that would allow Iraq to be partitioned into autonomous regions appeared to lose some momentum on Monday after a rival Shiite bloc dissented.

Also Monday, Prime Minister Nuri Kamal al-Maliki said in a statement that he planned to make his first state visit to Iran on Tuesday, to discuss security and political issues.

In the trial, Mr. Hussein and six other former officials in his government face charges that they killed more than 50,000 Kurdish Iraqis, during a campaign in northern Iraq in 1988 in which the government used conventional and chemical weapons against civilians. Mr. Hussein also faces the charge of genocide.

He and his co-defendants maintain that the campaign was military in nature, to support Iraqi troops who were trying to suppress Kurdish militias backed by Iran.

On Monday, three Kurdish witnesses described attacks in 1987 and 1988 in which chemical gas attacks in Iraq's mountainous northeast region by Iraqi troops left villagers blinded and desperately ill.

Katrin Michael, 56, a Kurdish woman who said she now lived in Virginia, said she and several other villagers saw Iraqi military planes drop bombs that issued white smoke that smelled of garlic. Villages who did not die from the chemicals developed large blisters, she said.

A second witness, Ahmed Abdel Rahman Ahmed, described Iraqi troops razing his village in September 1987. "They evacuated the village and burned the houses," he told the court, adding that they also stole farm animals, including 100 of his sheep and goats.

Defense lawyers characterized those raids as a necessary reaction to the Kurdish villagers' refusal to leave their homes after being ordered to relocate to a new, restricted area by the Hussein government.

As has become his custom, Mr. Hussein spent part of his day lecturing the chief judge, Abdullah al-Amiri, about what he characterizes as the illegitimacy of the charges against him. At one point, Mr. Hussein accused the Kurdish witnesses of trying to exacerbate the ethnic divisions between them and the country's Arab majority.

"The whole point is to make a split between the Arabs and the Kurds," Mr. Hussein huffed, before being told to be quiet.

In Parliament on Monday, lawmakers aligned with the political movement led by the radical Shiite cleric Moktada al-Sadr came out against efforts to enact legislation that would allow Iraq to be divided into autonomous regions, with Shiites and Kurds controlling the oil-rich south and north. Sunni Arabs, who would be left holding the barren western and central regions, are vehemently opposed to the legislation.

Baha al-Araji, a Shiite member of Parliament from Mr. Sadr's political movement, which controls about 30 seats in Parliament, said the movement would not support the bill or its reading next week.

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"We believe that this draft does not serve the interest of Iraq now," he said in an interview on Monday afternoon.

"It is better to discuss it after the withdrawal of the occupation," he added, referring to the 138,000 American troops in Iraq. "Discussing this subject will increase disharmony with our Sunni brothers, so we should have more time so that Iraqi people can understand the real meaning of federalism."

But other Shiite members of Parliament, mostly from the Supreme Council for the Islamic Revolution in Iraq, a powerful party with close ties to Iran, said they would press a reading of the bill next week regardless of whether other Shiite political parties supported it.

"We will go with them or without them," said Khalid al-Atiya, the Shiite deputy speaker of Parliament, in an interview on Monday evening.

Violence continued in Baghdad and nearby cities on Monday. At 9 a.m., a man wearing a belt of explosives boarded a minibus full of Iraqi Army recruits and blew himself up, killing 13 people and wounding 3 others, an Interior Ministry official said.

Early Tuesday morning, American soldiers from a patrol in the Ghaziliya neighborhood of Baghdad, a religiously mixed area where Sunnis and Shiites have clashed, delivered six headless bodies to Yarmouk Hospital, a hospital official said. They also turned over a seventh body, which was not mutilated and was found in another neighborhood, in northeast Baghdad, the hospital official said.

Outside of Baquba, a city northeast of Baghdad that has fallen into an almost daily cycle of sectarian revenge killings, Sunni insurgents attacked a Shiite mosque with mortars and small-arms fire, killing four guards, a provincial police official said.

The attackers then rigged the inside of the mosque with explosives, which they detonated, razing the mosque, the official said. A gun battle between local residents and the insurgents left three more people dead.

Near the northern city of Kirkuk, four oil refinery workers were killed in an attack as they drove toward south toward Tikrit, the Iraqi police said.

Bomber Attacks Afghan Governor's Funeral (NYT)

By Carlotta Gall

The New York Times, September 12, 2006

KABUL, Afghanistan, Sept. 11 — A suicide bomber blew himself up Monday at the funeral of the assassinated governor of Paktia Province, killing at least seven people and wounding up to 40. Five of the dead were policemen, and two were children.

The funeral was for Hakim Taniwal, a tribal elder and provincial governor who was killed in a suicide attack outside his office on Sunday. He was buried in his home district of Tanai, in Khost Province, where he had also served as governor after the fall of the Taliban.

"The number of wounded is very high," the provincial police chief, Gen. Muhammad Ayub, said by telephone. "Actually, we don't know how many people were wounded yet."

President Hamid Karzai, who was a close friend of Mr. Taniwal's, denounced the attack as a "heinous act of terrorism" and "an act against Islam and humanity."

"The enemies of Afghanistan, by carrying out a terrorist attack on the funeral ceremony of Hakim Taniwal, showed that they are not only against the traditions and culture of Afghans, but also against Islamic law," Mr. Karzai said in a statement issued by his office. "Enemies of Afghanistan" is the Afghan government's description for Taliban insurgents and other groups opposed to the government.

The attacks on Mr. Taniwal and on his funeral were seen by some here as a message from the Taliban that they are ready to strike in areas outside their traditional homeland, which is in the south, and are showing they can hit where they want.

A Taliban spokesman, Dr. Muhammad Hanif, said the Taliban was responsible for the death of Mr. Taniwal, and identified the suicide bomber as Ghulam Gul, from the Zurmat district of Paktia Province, an area of known Taliban influence. But he denied that the Taliban was behind the bombing at his funeral, saying, "We never do any action at religious ceremonies."

Dr. Hanif was contacted by telephone and was speaking from an unknown location. He is one of two spokesmen who regularly talk to the news media, but it is not known how closely he represents the Taliban leadership. NATO and American military officials have said fissures are showing in the Taliban movement, with some Taliban commanders based inside Afghanistan opposed to suicide bombing and, in one case, a commander refused orders from top leaders to execute a hostage he was holding. The hostage was later rescued by foreign troops.

About a thousand people had gathered for Mr. Taniwal's funeral, including the ministers of the interior, refugees, communications and parliamentary affairs, and other officials, who had flown in from Kabul, said General Ayub, the police chief. The explosion went off around 3 p.m., just 600 yards from the ministers as they were heading toward helicopters to return to Kabul, he said.

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None of the ministers was hurt, but the head of police security of Khost Province was among those wounded, he said. An Afghan journalist from Radio and Television Afghanistan was also wounded.

The suicide bomber appeared to be about 15 years old, General Ayub said.

A medic at Khost's city hospital, Muhammad Wali Nuri, said it had taken in seven dead from the attack, five policemen and two boys 10 to 11 years old. The hospital had also received 40 wounded, both police officers and civilians, and sent six of the most seriously wounded to the American military base in town.

Blast Hits Funeral Of Slain Afghan Governor (WP)

By Pamela Constable

The Washington Post, September 12, 2006

KABUL, Afghanistan, Sept. 11 -- The crowded funeral ceremony of a provincial governor killed Sunday by a suicide bomber was attacked by another bomber Monday in Khost province, leaving six more people dead and dozens wounded.

Four cabinet ministers escaped injury when explosives detonated among mourners leaving services for Hakim Taniwal, who was governor of Paktia province. It was the third major suicide attack in Afghanistan in four days. On Saturday, a car bomber blew himself up alongside a U.S. military convoy here in the capital, killing 14 Afghans and two U.S. soldiers.

A purported spokesman for the Taliban, which has been battling NATO troops across southern Afghanistan for weeks, asserted responsibility for Taniwal's death but not for the funeral bombing, telling news agencies by telephone that it was against Taliban policy to attack religious ceremonies.

Taniwal was the most senior official to be slain in escalating attacks that have included remote-control and suicide bombings, as well as armed assaults. The attacks appear to be part of an orchestrated offensive by the revived Taliban militia, which ruled most of Afghanistan from 1996 until it was ousted by a U.S.-led military assault in 2001.

The current violence, the most intense since the defeat of the Taliban, has killed nearly 2,000 people this year, according to military reports. In the southern province of Kandahar, where NATO troops have been battling insurgents in two districts, officials said Monday that 92 more Taliban fighters had been killed, bringing the total to 510 in less than a week. Twenty foreign troops have been killed in recent weeks.

President Hamid Karzai called the funeral attack "a heinous act of terrorism that is an action against Islam and humanity." By bombing the gathering of mourners, he said in a statement, the killers showed they were against "not only the tradition and cultures of Afghanistan, but also against Islamic law."

Jamal Arsala, governor of Khost province, said in a telephone interview Monday night that more than 1,000 people were leaving the funeral for Taniwal in his native village of Hisarak when the bomber blew himself up in the middle of the crowd.

"The occasion made it especially sad. There was nothing the security people could do in that large crowd. It hurts me a lot," Arsala said. "It seems like they are going after soft but high-profile targets now, such as governors. Khost has so much potential to become an important economic center. This could take that opportunity away."

Paktia and Khost provinces border Pakistan. Afghan officials have repeatedly complained that Taliban renegades are being sheltered and supported by religious or intelligence groups in the rugged tribal border regions of Pakistan. The Pakistani government has denied the allegations and sent 80,000 army troops to curb extremist violence in the region.

Last week, however, Pakistan's president, Gen. Pervez Musharraf, signed a peace agreement with Taliban groups operating in North Waziristan, a tribal region that borders Khost province. The deal requires the Taliban forces to stop attacks on both sides of the border, but critics in the two countries have said they fear it will actually give the Taliban more freedom to infiltrate into Afghanistan and carry out attacks.

Taniwal, 63, a former sociology professor, was a close adviser to Karzai who returned from long exile in Australia in 2002 at the new Afghan president's request to become governor of Khost. Later, he was briefly named to a cabinet ministry and then appointed governor of Paktia last year.

Taniwal died, along with his nephew and at least two other people, when a man wrapped in explosives ran toward his vehicle as he was leaving his office Sunday in Gardez, the capital of Paktia. Taniwal's body was flown to Kabul, and a procession and brief mourning ceremony were held at the Eid Gah, a majestic old mosque in the capital, before the retinue continued on to Khost by helicopter.

Karzai and other senior officials attended the Kabul ceremony under heavy security, along with U.N. officials and prominent Afghans who arrived and left quickly in Land Cruisers. The area around the mosque and the adjacent national stadium was cordoned off by soldiers and police, and no traffic was allowed to pass.

"He was a great person, and he worked hard for the peace process until the day he died," said Abdul Khan Suleimankhel, a member of parliament from Paktia who was at the service, wearing the traditional yellow turban of his region. "This will stop things for a while, but we elders will get together and find a way to keep the process going."

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Taniwal was leading efforts in Paktia to persuade Taliban fighters to reconcile with the Karzai government and resolve a variety of tribal conflicts, a mission he had previously undertaken in Khost.

Rasool Amin, a former minister of education, described him as an "enlightened man who had worked hard for democracy all his life."

"He was a friend for 33 years, so this is a great shock," Amin added as he stood outside the Eid Gah. "Something has gone terribly wrong. Most Afghans want peace and progress, but we have been hijacked by extremists."

DOJ:

Justice Department Lawyers Lose Appeal On Overtime Pay (WP)

By Stephen Barr

The Washington Post, September 12, 2006

There's no dispute that Justice Department lawyers worked overtime and on holidays, and there's evidence the lawyers were "expected and induced" to work extra hours. But that's not enough to win back pay, a federal court ruled yesterday.

Overtime hours must be "ordered or approved" in advance for pay purposes, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit said.

The ruling is the latest in a long-running class-action lawsuit involving more than 9,000 Justice Department lawyers, but it's not the end of the case.

The agency lawyers, represented by Williams & Connolly LLP, will appeal the decision to the Supreme Court, said Robert A. Van Kirk , a lawyer for the firm.

"The Federal Circuit's decision essentially guts the Federal Employees Pay Act and gives federal agencies the green light to disregard the mandatory overtime provisions of the law," Van Kirk said.

The Justice Department would not comment on the ruling. In the past, the department has said that its lawyers are professionals who accept that they will work more than 40 hours a week to carry out their responsibilities.

Yesterday's ruling was the second defeat for the Justice Department lawyers -- many are assistant U.S. attorneys -- at the circuit court. They had prevailed in a federal claims court only to see that decision reversed on an appeal by the department. The lawyers went back to the circuit court in hopes of readdressing certain issues in the case.

The agency lawyers are seeking compensation for overtime, holiday and "administratively uncontrollable overtime," a special pay category. The department has said the case covers the period between 1992 to 1999, but the lawyers think the case could extend to the present.

The back pay at stake is substantial -- a 2001 estimate suggested it could be as high as $500 million. That year, the department successfully lobbied for legislation that it thinks will prevent the use of appropriated funds to pay overtime to its lawyers. That tactic brought criticism from some House members, who said the department was not leading by example and should conduct itself beyond reproach.

Yesterday's ruling, issued by federal Circuit Court Judges Alvin A. Schall , Randall R. Rader and Sharon Prost , focused on precise language in the 1945 federal pay law and in federal regulations. At issue was the court's finding that overtime hours must be approved in advance in writing and that the lawyers were not on a list of Justice Department employees who qualify for uncontrollable overtime -- a pay differential that goes to criminal investigators and others who regularly work long and irregular hours because of their assignments. The court also said an earlier ruling against the lawyers was correct and precluded them from getting holiday pay.

Even though the Justice Department kept two sets of books on the lawyers -- one for pay purposes and one for determining actual hours worked -- the court rejected for a second time the lawyers' argument that the records represented the department's approval of the extra hours.

"These records merely showed that the agency had awareness that attorneys worked extra hours -- not that they had been authorized to receive overtime pay for working extra hours," the court said.

When lawyers asked about overtime, they were told they were not entitled. The department also told lawyers there was no system in place to request overtime, according to the plaintiffs.Fellowship Program

The Commerce Department is accepting nominations for the 2007 Commerce Science and Technology Fellowship Program, known as ComSci, that runs from January through October. ComSci provides opportunities to study national and international policy and management issues related to science and technology.

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Full-time career federal employees in a professional or management series at the General Schedule 13 level or above are eligible to apply. The deadline for nominations is Oct. 2. For details, call 202-482-6103 or send an e-mail to Cynthia.Lynn@technology.gov .

Steven L. Katz, an author and management consultant, will discuss "everything new government executives and managers need to know but are never told" at noon Wednesday on Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

CORPORATE SCANDALS:

Tension At The Top (WP)

By Yuki Noguchi

The Washington Post, September 12, 2006

The Justice Department, the Federal Bureau of Investigation and a House subcommittee have started their own probes into how Hewlett-Packard Co. investigators obtained private phone records in an attempt to identify a source of company leaks to the media, according to the company and regulatory filings released yesterday.

Last night, the HP board of directors also reconvened to consider ousting its chairman, Patricia C. Dunn, who led the company's efforts to identify the source of the leaks from its own board.

The company revealed yesterday in a regulatory filing with the Securities and Exchange Commission that it had been contacted by the U.S. attorney's office for the Northern District of California for information regarding its investigation.

A spokesman for the FBI said the agency also was looking into the methods of HP's investigation. The House Energy and Commerce subcommittee on oversight and investigations has asked HP to submit information as part of the committee's broader look at breaches of private information. Last week, the California state attorney general's office launched its own investigation, and the Federal Communications Commission requested information from AT&T Corp. about the disclosure of the phone records.

How HP's investigators obtained phone records and other private information about its directors and several members of the news media has touched off a storm of criticism and investigations, and has raised concerns that such aggressive tactics are commonplace in the corporate world.

The company, started in the Silicon Valley garage of its founders and incorporated in 1939, is considered an icon in the technology world. But moving its old-line business into the new age divided the company in recent years, a tension that has created one of the fiercest feuding corporate boards.

When Dunn joined the board as a director in 1998, the company was known more for its line of printers than for computers. In 2001, then-HP chief executive Carly Fiorina championed a $19 billion acquisition of Compaq, arguing that buying the maker of personal computers would give the business bigger scale and a broader base of corporate customers. Fiorina clashed bitterly with Walter Hewlett, son of co-founder Bill Hewlett, who sought to keep HP from venturing afield of its profitable printer business. Hewlett had the backing of members of the Packard family, but when Fiorina prevailed and HP bought Compaq, he was dismissed from the board.

Dunn backed Fiorina in that battle but turned against her three years later, calling for the resignation of the brash and charismatic Fiorina as HP faltered after the merger. Fiorina, one of the few female Fortune 500 leaders, resigned. Dunn took over her position as chairman, and former NCR Corp. chief executive Mark Hurd eventually assumed the position of chief executive.

Under Hurd, the company's profit has soared as it cut costs and eliminated more than 15,000 jobs. The company's stock has also made a dramatic recovery during his tenure. When he joined the company in April 2005, its stock was trading at about $22 per share. The stock gained 27 cents per share yesterday to close at $36.36, which is near its 52-week high of $36.73.

This month, however, the company disclosed to the SEC that one of its board members, venture capitalist Thomas Perkins, resigned in May. Perkins is a former HP employee who was best known for co-founding the prominent Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers.

His resignation came in protest over the methods used to determine which board member had been leaking information to the news media.

In trying to find the leak, the company hired an investigator, who then hired an agency that had its employees pose as HP board members and nine journalists to gain access to their personal phone records -- a practice known as pretexting. HP had determined that George A. Keyworth II had leaked the information. Keyworth was asked to resign but declined. The company said it would not re-nominate him to the board.

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Dunn, who was named board chairman after Fiorina was ousted, has become the central figure in the scandal because the investigation was ordered under her watch.

Dunn, 53, the daughter of a Las Vegas showgirl, started her career as a secretary for Wells Fargo Bank and worked up to chief executive of Barclays Global Investors.

During her tenure on the board, she has presided over a number of acrimonious battles at HP. This time, she has publicly denied any knowledge of the methods of investigation and has criticized Perkins, the former board member, after he called for her resignation.

"Tom knew more about the investigation than probably any other director," Dunn told the San Jose Mercury News in an article on Saturday. Perkins advocated going further, including subjecting board members to lie detector tests, Dunn told the newspaper, a claim Perkins denied.

In an e-mail, Perkins also complained to HP general counsel Ann Baskins that minutes from the board meeting did not reflect his dismay at the surveillance tactics. HP's outside counsel, Larry Sonsini, chairman of the law firm Wilson Sonsini Goodrich & Rosati, also told Perkins in a June e-mail that the investigation and its conduct were legal.

"In corporate scandals, this is as bad as it gets," said Charles Elson, director of the Center of Corporate Governance at the University of Delaware. While leaks are undesirable, it was far worse that the company investigated its own board, which is supposed to be independent, and was allowed to criticize management practices, he said. "The chairperson of the board should be held accountable" for such a violation of directors' independence, he said.

H-P's Leak Probe Comes Under Wider Scrutiny (WSJ)

By Jim Carlton In San Francisco And John R. Emshwiller In Los Angeles

The Wall Street Journal, September 12, 2006

The Justice Department has joined a probe of potentially illegal tactics by Hewlett-Packard Co. in investigating leaks by its board of directors.

A spokesman for the U.S. Attorney's Office for the Northern District of California yesterday confirmed that his office and the Federal Bureau of Investigation are probing the "processes employed" in the H-P leak investigation. Separately, a House committee said it is seeking information from H-P about the matter, including the identity of private investigators that H-P has said it used in the investigation, which involved accessing the private phone records of board members and nine journalists.

1 WHO'S WHO IN THE SCANDAL

See profiles2 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. · Complete coverage3

The inquiries were disclosed ahead of the second phase of a closely watched H-P board meeting, which adjourned Sunday and resumed last evening. The directors were expected to discuss the investigation and its potential fallout, including questions about the role of Chairman Patricia Dunn and senior company executives in authorizing and conducting the probe.

The focus of the government inquiries is an H-P investigation that was requested by Ms. Dunn in 2005 and intensified in early 2006. That company probe involved a practice known as "pretexting," in which a person's private phone records are obtained by someone impersonating them.

The Palo Alto, Calif., computer and printer maker has disclosed that it hired a private-investigation firm to carry out the inquiry and the firm, still unidentified, hired a second firm that used pretexting to obtain phone records. Ms. Dunn has said she knew directors' phone records were being scrutinized, but didn't realize those records had been obtained improperly.

According to two people close to H-P, one reason for the board's adjournment Sunday was discussion about whether former director Thomas Perkins should be asked to rejoin the board. Mr. Perkins resigned last spring to protest the investigation of the leaks. Since then, the wealthy venture capitalist has suggested that directors remove Ms. Dunn as chairman and put him back on the board, according to these people familiar with the situation.

"He gets his prestige from sitting on corporate boards" and being an H-P board member was very important to him, one knowledgeable individual said. He was surprised when the board accepted his resignation, this person added.

However, Mr. Perkins's spokesman, Mark Corallo, said, "Tom Perkins will not return, even if asked, to the board of H-P. He remains steadfastly loyal to H-P and is motivated only by the company's best interests." As for Ms. Dunn, she has said she will resign if the board requests it. Both people close to H-P said the board has been cool to the idea of Mr. Perkins returning as an H-P director. It is unclear whether the board will ask Ms. Dunn to resign as chairman, director or both.

California Attorney General Bill Lockyer has said a crime was likely committed in the H-P probe, although his office has yet to determine who committed it. A spokesman for Mr. Lockyer's office yesterday said two potential felonies could be involved -- illegally accessing and using computer data and accessing personal-identification information and using it for illegal purposes, such as illegally accessing computer data.

Each of those crimes carries a maximum of three years in prison and a $10,000 fine. A person could be charged with multiple counts of the same crime, which presumably could happen because numerous individuals had their private records accessed.

The state agency could bring civil suits against individuals. The spokesman said there were various possible statutes under which to bring such actions. For instance, someone could be charged with unlawful business practices. Each violation of that statute carries a $2,500 fine.

FBI Deputy Director John Pistole told the Associated Press that the bureau opened its probe yesterday and was investigating two possible crimes: illegal computer intrusion and wiretapping. Under federal law, improperly obtaining personal phone records could be seen as a violation of the Federal Trade Commission Act, which attempts to protect consumer information. Regulations of the Federal Communications Commission require companies to keep customer information private.

But federal law may not be completely clear.

Late Friday, leaders of the House Judiciary Committee sent a letter to Senate Majority Leader Bill Frist urging him to move legislation stalled in the Senate that would make pretexting a federal crime. That legislation passed the House in April although a similar bill remains stalled there. In the letter, the lawmakers cited a letter by Larry Sonsini, H-P's outside attorney, reportedly suggesting that using pretexting services wasn't clearly illegal.

"If an attorney of Mr. Sonsini's caliber...believes that pretexting is not already a crime, then the time has come to clearly and unambiguously make such activity illegal," the lawmakers wrote.

On top of whatever federal statutes may have been broken, prosecutors could pile on conspiracy-related charges that could trigger a minimum of five years imprisonment, said Behnam Dayanim, a partner and privacy specialist in the Washington office of the international law firm Paul Hastings.

To put together a case, Mr. Dayanim added, investigators would have to first show records were accessed without proper authorization. Then, they would have to determine how much knowledge each of the parties had that a crime was taking place. H-P might argue that it wasn't aware of what activities were conducted by the private investigators.

The investigators could be asked to cooperate in showing the company was aware of the tactics, in exchange for lighter prosecution, he said. "This isn't a complex case," Mr. Dayanim said. "It will be a matter of proving what was done."

The Securities and Exchange Commission has asked H-P about a disclosure in May regarding Mr. Perkins's resignation. H-P didn't disclose a reason for the resignation, and has said it believes its disclosures about the matter were appropriate. Mr. Perkins has raised questions about that assertion, in view of the fact that he had disagreements with Ms. Dunn and resigned in connection with the investigation.

Mr. Perkins has disclosed that he asked federal prosecutors to look into the probe's tactics, and approached the FTC and FCC. The FCC on Thursday asked AT&T Inc., one of the phone carriers involved in the investigation, about possible improprieties linked to H-P's probe, a person familiar with the matter said.

Meanwhile, House Energy and Commerce Committee Chairman Rep. Joe Barton (R., Texas) and Rep. John Dingell (D., Mich.), the panel's senior Democrat, asked Ms. Dunn to identify firms or people hired to obtain directors' and journalists' phone records. "The committee is troubled by this information, particularly given that it involves H-P -- one of America's corporate icons -- using pretexting and data brokers to procure the personal telephone records of the members of its board of directors and of other individuals without their knowledge or consent," the letter said.

House Panel And U.S. Attorney Join H.P. Inquiry (NYT)

By Damon Darlin

The New York Times, September 12, 2006

SAN FRANCISCO, Sept. 11 — As its directors continued to confer on the future of its chairwoman, Hewlett-Packard found itself under increased legal and political scrutiny Monday over the use of private investigators to trace the source of news leaks in the board.

The United States attorney's office in San Francisco said it was looking into the methods used by the investigators, which included the questionable if not illegal tactic of "pretexting" — posing as directors and journalists to get their phone records.

The House Committee on Energy and Commerce, meanwhile, asked the company to identify the consulting firm it hired for the investigation, the subcontractor that carried out the ruses and all of the targets. It also demanded copies of contracts and legal opinions in the matter.

The company's board, which met inconclusively on Sunday, resumed telephone consultations Monday afternoon. Foremost among the topics was the role of the chairwoman, Patricia C. Dunn, who the company says first authorized the investigation last year.

Ms. Dunn recused herself from parts of the discussion, according to a person with knowledge of the board's deliberations, leaving the company's outside counsel, Larry W. Sonsini, chairman of the powerhouse Silicon Valley law firm of Wilson Sonsini Goodrich & Rosati, to preside.

Mr. Sonsini and his firm were consulted at various points in the investigation, according to the company. As a result, his role at the board meeting was "an odd choice," said Jeffrey A. Sonnenfeld, a professor at the Yale School of Management who advises companies on corporate governance. "They have a highly conflicted law firm right now," he said.

Hewlett-Packard spokesmen would not comment on the board's deliberations, and Mr. Sonsini has not responded to requests for comment since the upheaval at the company became public last week.

Over the weekend, in a reflection of the high stakes, Ms. Dunn brought in Sitrick & Company, a well-known and tenacious public relations firm specializing in crisis management, to represent her and the company. Michael S. Sitrick, the firm's chairman and chief executive, has represented a number of high-profile clients, including the supermarket billionaire Ronald W. Burkle when a contributor to The New York Post was accused of trying to extort money from him.

One reason for the board's extended talks was reported to be discussion of Thomas J. Perkins, who quit the board in May in anger at Ms. Dunn over the internal investigation. A person with knowledge of the board's deliberations said that Mr. Perkins, a pre-eminent Silicon Valley venture capitalist, sought to return to the board but that members are split on whether he should.

Mr. Perkins's spokesman, Mark Corallo, disputed that report. "Mr. Perkins will not return to the H.P. board, even if asked," Mr. Corallo said, but "he believes in the performance and prospects of the company under the leadership of Mark Hurd."

While Mr. Perkins has been an ally of Mark V. Hurd, the chief executive — Mr. Perkins, like Mr. Hurd, sees H.P. as a growth company — his public airing of his problems with Ms. Dunn has injured the company's image. (Hewlett-Packard's stock, though, has been relatively unscathed since the furor became public last week. It closed up slightly Monday at $36.36.)

Mr. Perkins's insistence that the company acknowledge his reason for resigning in May — and his disclosure of what he had learned about the investigative tactics — led to the current upheaval. He and his lawyer presented information to the federal authorities at the same time that they sent information to the California attorney general and the Securities and Exchange Commission, both of which have indicated they are already conducting inquiries.

Corporate governance experts are split over whether the board should ask Ms. Dunn to step down.

"This is one of the biggest corporate blunders in the past 10 years," said Charles M. Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "To get this far off tells you that something was wrong with the board."

Mr. Sonnenfeld said the directors would be wise to keep the board's chairmanship separate from the chief executive position, if only because the chairman can "take the bullets" that might otherwise hit the chief executive. "It keeps Mark Hurd above the fray," Mr. Sonnenfeld said.

Removing Ms. Dunn, he said, will not make the problems go away, but will just shift the focus to Mr. Hurd, who sits on the board. "I wouldn't think he'd want to be in the chair right now," he said.

A big part of the company's problem is that it has been unwilling to speak out. Joseph A. Grundfest, a professor of law and business at Stanford Law School, said the company should be saying two things.

First, it needs to say that pretexting is wrong. "There hasn't been a clear, unambiguous message," he said. Saying that would allow the company to shift the terms of the debate, he said.

"Dunn was also pretexted," he said. "She was as much a victim."

He also said the focus should be on the leaker, George A. Keyworth II, a long-serving board member who was asked to resign but has refused. "This verges on the preposterous," Mr. Grundfest said, adding that he thought the company should even take legal action against him.

"Mr. Keyworth has said, 'You can't trust me, but share confidential company information with me,' " Mr. Grundfest said.

Another public battle may not be the most appealing prospect, but Ralph D. Ward, the publisher of Boardroom Insider, an online magazine on corporate governance, suggested that an outside panel was needed to evaluate the board. "Not Larry Sonsini," he said. "He seems to have been part of the problem."

The panel, composed of governance experts, might help to establish the board's credibility and independence, Mr. Ward said.

Feds Scrutinize HP Probe Of Leaks (USAT)

By Michelle Kessler

USA Today, September 12, 2006

A congressional committee and several federal agencies are investigating whether Hewlett-Packard illegally obtained phone records of board members and journalists.

DOJ_NMG_0061811

HP's board met late Monday to discuss the growing scandal, which stems from an earlier attempt to find out which board member was leaking company information to the press. The internal issue attracted regulatory attention after HP said it hired detectives who pretended to be other people to get their confidential records.

That technique, called “pretexting,” falls in a legal gray area but has regulators concerned. HP says it is cooperating with officials.

In a five-page letter Monday to HP Chairman Patricia Dunn, the House Energy and Commerce Committee said it was “troubled” by reports of pretexting.

The letter, signed by two Republicans and two Democrats, asks HP for the names of everyone involved and other data.

The FBI has begun a preliminary inquiry, agency spokeswoman LaRae Quy confirmed Monday. The agency's focus has not been determined, but it could include computer and wire fraud, she said.

The Justice Department has asked HP for information “similar to that sought” by California Attorney General Bill Lockyer, who has launched a criminal inquiry.

HP disclosed the department's interest Monday in a Securities and Exchange Commission filing.

The Federal Communications Commission sent a letter to AT&T on Thursday requesting information about phone records that HP may have obtained.

The scandal dates to early 2005, when HP's board was clashing with then-CEO Carly Fiorina. Leaks to the press became a problem, so Fiorina ordered an investigation.

After Fiorina was ousted, Dunn hired a detective firm to continue the search. HP now says the firm used pretexting to obtain the phone records of nine reporters. Former board member Tom Perkins says his phone records were also obtained via pretexting.

Equity analyst Charles Wolf at Needham & Co. says the problems started with the controversial 2002 acquisition of Compaq Computer, which sparked a shareholder revolt and boardroom battle.

Dunn, 53, may have to leave to quell the current flap, Wolf says. Although the scandal is a distraction for CEO Mark Hurd, he should be relatively unaffected because it began before he joined HP in April 2005, says tech analyst Martin Reynolds at researcher Gartner.

HP's stock closed up 27 cents at $36.36 Monday. Equity analyst Bill Fearnley Jr. at FTN Midwest Securities says investors are focused on Hurd's leadership.

Federal Prosecutors Ask For Info On HP Probe; Board Ponders Dunn's Fate (LAW/AP)

By Jordan Robertson, The Associated Press

AP, September 12, 2006

Federal investigators stepped into the fray surrounding Hewlett-Packard Co.'s possibly illegal investigation of media leaks, as the company's board planned to meet again to discuss the fate of embattled Chairwoman Patricia Dunn.

HP revealed in a Securities and Exchange Commission filing Monday it had been "informally contacted" by the U.S. Attorney's Office for the Northern District of California concerning the company's methods for rooting out who was giving confidential company information to journalists.

The Palo Alto-based maker of computers and printers said it is cooperating fully with the federal inquiry, along with an investigation by the California state attorney general's office, which requested similar information. An HP spokesman had no further comment.

Hewlett-Packard's board adjourned an emergency phone conference Sunday without announcing whether it would oust Dunn for her role in the investigation that may have used illegal means to spy on colleagues and journalists. The board was scheduled to reconvene late Monday afternoon.

Dunn's resignation now seems likely, said Roger Kay, who follows HP as president of Endpoint Technologies Associates, a market research firm. "The right thing to do now is for her to step down, clear the air and let the company carry on," he said.

Dunn, a former freelance journalist who has become one of the most powerful women in corporate America, ordered the outside investigation of fellow board members to determine who anonymously leaked information, especially as it related to the job status of former chief executive Carly Fiorina.

HP hired private investigators who used Social Security numbers and other personal information to impersonate HP directors and journalists. The impostors then tricked phone companies into turning over detailed logs of their home and cellular phone calls.

Although a common tactic among private investigators, the subterfuge -- known as "pretexting" -- tests the bounds of California law.

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California's attorney general has said the investigation violated two state laws related to identity theft and illegal access to computer records. It's still unclear, however, whether the company or anyone acting on its behalf will face civil or criminal charges.

A spokesman for Attorney General Bill Lockyer had no comment Monday on the involvement of the U.S. Attorney.

A federal investigation further complicates the situation for HP, experts said.

"It opens the company to more scrutiny on a broader and more powerful level," said Ken Sukhia, a former U.S. Attorney in Tallahassee, Fla.

Martin Reynolds, vice president of the research firm Gartner Inc., said it may be more likely that criminal charges are filed against the private investigator, rather than Dunn or another HP board member. The company has not revealed the name of the investigator it used.

That may be one reason investors have largely ignored the scandal. HP shares rose 27 cents Monday to close at $36.36 on the New York Stock Exchange, near the top end of its 52-week range of $25.53 to $36.73.

"It's a good thing they're not trying to close a difficult merger or negotiate for a new CEO right now," Reynolds said. "But the business of HP and the leadership there is strong enough that this is just not an issue. It's certainly embarrassing, and it's obviously not the best press, but the good news is this is pretty much divorced from the day-to-day operations of HP."

The Federal Communications Commission has also taken interest in the HP investigation, asking AT&T Inc. last week how the company's private investigators managed to obtain the private phone records of board members and journalists.

Following the investigation, board member George Keyworth II was identified as the source of the leak, and HP responded by barring him from seeking re-election.

Another HP director, longtime Silicon Valley venture capitalist Tom Perkins, resigned from the board in May in protest of the investigators' tactics.

Perkins this weekend called on Dunn to resign.

Dunn told The Associated Press last week she would resign if asked, but said several fellow board members had urged her to remain on the job despite the criminal investigation. She also said the media leaks were an "egregious breach" of the company's standards and that the board of directors fully backed an investigation to root out the source.

The nine reporters whose phone records were compromised are Pui-Wing Tam and George Anders of The Wall Street Journal; Peter Burrows, Ben Elgin and Roger Crockett of BusinessWeek; John Markoff of The New York Times; and Dawn Kawamoto, Tom Krazit and Stephen Shankland of CNET Networks Inc.'s News.com.

Investigators hired by HP also targeted Thomas Shankland, a semiretired geophysicist in Los Alamos, N.M., who is Stephen Shankland's father. The younger Shankland is married to Associated Press reporter Rachel Konrad, who has also covered HP.

Keyworth, the board member who will not be re-nominated, was the former science adviser to President Reagan and director of the Physics Division at Los Alamos National Laboratory, which he joined in 1968. Keyworth has acknowledged leaking information to reporters.

AP business writers Michael Liedtke and Paul Elias contributed to this report.

Hewlett-Packard Says Justice Department Joins Probe (Update4) (BLOOM)

By Connie Guglielmo And Ian King

Bloomberg, September 12, 2006

Sept. 11 (Bloomberg) -- Hewlett-Packard Co., the world's second-largest personal-computer maker, said the U.S. Justice Department joined a probe into whether the company broke the law in its investigation of news leaks by directors.

The U.S. Attorney for the Northern District of California is looking at the use of fake identities by private investigators to obtain phone records of board members and nine journalists, Hewlett-Packard said in filing today. A U.S. House committee also requested information, and the Federal Communications Commission has asked AT&T Inc. about its involvement in the matter.

The new inquiries add pressure on Chairwoman Patricia Dunn, who authorized the probe that California Attorney General Bill Lockyer has already said may result in criminal charges. Hewlett- Packard's board is meeting today for a second day to discuss the scandal and consider calls by former director and venture capitalist Tom Perkins for Dunn's resignation.

``There's no way to spin this from a positive viewpoint," said Chuck Jones, an analyst at Atlantic Trust Stein Roe in San Francisco, which manages $16 billion in assets including Hewlett- Packard's shares. He also owns the shares personally. The problems probably won't affect Hewlett-Packard's earnings performance, he said.

Shares of Hewlett-Packard, which ranks second to Dell Inc. in PC revenue, rose 27 cents to $36.36 at 4:01 p.m. in New York Stock Exchange composite trading. The stock has gained 27 percent this year.

The company won't provide additional details about the Justice Department inquiry, said Hewlett-Packard spokesman Ryan Donovan.

More Inquiries

The U.S. House Energy and Commerce Committee asked Dunn in a letter today to turn over information related to how Hewlett- Packard obtained private phone records. Also today, an FCC official confirmed the commission is seeking information from San Antonio-based AT&T related to Hewlett-Packard's investigation.

Michael Balmoris, an AT&T spokesman, said the company is working with law enforcement officials to catch those who fraudulently obtain access to customer information.

Dunn, 53, ordered the investigations beginning last year in an effort to find out who leaked news about company strategy and the ouster of former Chief Executive Officer Carly Fiorina.

After meeting for ``several hours'' yesterday, the board will convene again this afternoon, Palo Alto, California-based Hewlett-Packard said yesterday.

`Sharp Conflict'

``This strongly suggests there is sharp conflict among board members and uncertainty as to next steps,'' said James Post, a professor at Boston University School of Management. ``Some of those directors know she has to go.''

Hewlett-Packard CEO Mark Hurd, addressing employees on Sept. 8, said the board has a ``long history'' of leaking information that needs to be resolved. In an interview earlier that day, Dunn acknowledged that ``there were things not done particularly well, including by me, and certainly not intentionally'' as part of a yearlong external probe.

Fiorina, Hurd's predecessor, began an internal review into the source of board leaks in the weeks before her February 2005 ouster after stories about board deliberations appeared in publications including the Wall Street Journal. The internal review failed to yield the source of the leaks, prompting Dunn to initiate an outside investigation in mid-2005.

Outside Counsel

After reviewing private records, Dunn confronted longtime director George Keyworth at the board's May 18 meeting. He admitted to divulging information, was asked to resign and declined. His friend, Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, objected to the way the investigation was handled and resigned.

Perkins, who quit in May because of the probe, later demanded that a review be conducted into how outside investigators obtained directors' phone records. Perkins was assured by Hewlett-Packard outside counsel Larry Sonsini in a June 28 e-mail that the probe was ``well done and within legal limits.''

``I acted not from any ill will toward Ms. Dunn but to protect the best interests of H-P,'' Perkins said in an e-mailed statement. Perkins's questioning of tactics used in the probe led to Hewlett-Packard's disclosure of possible illegal activity last week. ``The past months and days have shown that those interests are best served if Ms. Dunn would resign from the board.''

`Tarnished Image'

Upon further review, Sonsini, of Palo Alto-based Wilson Sonsini Goodrich & Rosati, couldn't confirm that the investigation complied ``in all respects'' with the law. Hewlett- Packard detailed the investigation in a Sept. 6 regulatory filing before learning that reporters' phone records had also been accessed as part of the probe.

``The board needs to get together and repair its terribly tarnished image,'' said David Beim, professor of finance at Columbia University, in an interview last week. He said Dunn's resignation is one of the options the board has to consider.

Dunn, who is also vice chairwoman of Barclays Global Investors in San Francisco, said on Sept. 8 that she feels she has the confidence of directors and trusts their judgment. She said she would resign if asked by the board.

To contact the reporters on this story: Ian King in San Francisco at ianking@bloomberg.net ; Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

Privacy Piracy (USAT)

USA Today, September 12, 2006

Just how easy is it for people to obtain your private telephone records? The scandal at Hewlett-Packard provides a stark and troubling answer.

The computer-maker is in turmoil over Chairwoman Patricia Dunn's use of private investigators to find which of her fellow board members leaked company information to the press. Those investigators found the leaker simply by asking phone companies for the personal calling records of board members and certain reporters.

Dunn denies any advance knowledge of the specific tactic used by the investigators — an unsavory practice known as “pretexting” in which investigators misrepresent themselves as the people whose records are being sought. Even so, a savvy executive should know that hiring people to plug leaks is fraught with peril, as Richard Nixon discovered after he set up his “plumbers” unit.

This unseemly saga is particularly disturbing because HP is one of the nation's most admired companies, one of 30 that make up the Dow Jones Industrial Average. It cannot inspire confidence when the board chairwoman is spying on her own directors.

Aside from exposing dysfunction in the HP boardroom, the episode illustrates just how loose phone companies are with customers' records.

Despite its obvious deceit, however, pretexting might not violate federal law if is not used for identity theft. California, where HP is based, has more stringent laws, and authorities there are investigating whether any of them were broken.

If nothing else, the events at HP should put pressure on telephone companies to make it harder to get sensitive data. They should adopt restrictions that would keep private records out of the hands of unscrupulous poseurs, such as requiring passwords and mailing records only to the customers' listed addresses.

A federal response might be in order as well, both to set standards for releasing sensitive data and to crack down on the pernicious practice of pretexting, which some Internet companies have turned into a for-profit business model.

Perhaps then, people would feel more secure. And perhaps companies like HP would focus more on their customers, and less on themselves.

Dell Delays Briefing, Filing Profit Report As Woes Mount (USAT)

By Byron Acohido

USA Today, September 12, 2006

SEATTLE — Amid rising uncertainty about its strategic course, Dell on Monday delayed filing its quarterly report and postponed a high-profile analysts briefing for the second time in six months.

The No. 1 PC maker also put its stock-repurchase program on hold and noted that the Justice Department has joined the Securities and Exchange Commission in examining its accounting practices. In a statement with few details, Chairman Michael Dell vowed to make things right.

"We will take any appropriate remedial or corrective actions to address any problems," Dell said.

Federal regulators are examining whether Dell misstated financial reports "including issues relating to accruals, reserves and other balance sheet items," Dell said. Meanwhile, the U.S. Attorney's office for the Southern District of New York has requested to review accounting documents from 2002 to the present.

The Round Rock, Texas-based PC maker's shares dipped 5% on the news, but recovered to close at $21.19, down 2%. Dell disclosed the SEC investigation last month, and has started a parallel internal audit.

Many company watchers were anticipating details about a turnaround strategy at Wednesday's postponed briefing, which was initially pushed back from April. The briefing has not been rescheduled.

"We're in a vacuum here," said Brent Bracelin, senior research analyst at Pacific Crest Securities.

Analysts had been eager to question Dell about last quarter's disappointing results, which included lower-than-expected net income and reports that rival Hewlett-Packard was gaining share. Some analysts viewed that as a low point for Dell, but Bracelin says the company's fortunes could continue to fall.

Dell raced past rivals like HP, Compaq and Gateway in the 1990s. But growth has slowed and profits are under pressure. Senior executives say they've had problems estimating demand and may have lowered prices too much. Critics point to a string of missteps, combined with a dose of bad luck, including:

·Laptop lag. Rival HP has gained ground thanks partly to a hot consumer laptop market, in which buyers prefer to see and hold the product before buying; Dell sells mainly online.

·Poor service. Dell officials will spend $150 million in the current fiscal year on initiatives to shed its reputation for ignoring complaints.

·Bad batteries. Dell was recently forced to recall 4.1 million laptop batteries because they can overheat and cause fires.

Richard Farmer, analyst at Merrill Lynch, called Dell's announcement "an additional overhang for the stock."

Expanding Investigations Increase The Heat On Dell (WSJ)

By Christopher Lawton

The Wall Street Journal, September 12, 2006

The hole for Dell Inc. seems to keep getting deeper.

The computer maker said it would delay filing its fiscal second-quarter report because of a widening Securities and Exchange Commission investigation and its own probe into its financial accounting. Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting.

The news increases the spotlight on Dell's reporting methods and could spell more trouble for chief executive Kevin Rollins.

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When Dell disclosed the SEC investigation in August, the Round Rock, Texas, company said it didn't think the investigation would materially affect its financials; now Dell isn't ruling out needing to restate prior results. The subpoenas from the U.S. attorney, which has requested documents related to Dell's financial reporting from 2002 to the present, hadn't previously been disclosed.

Dell was also forced to take two other embarrassing steps yesterday.

It suspended its share-buyback program until further notice. The company spent $7.2 billion to repurchase 204 million shares in fiscal year 2006, which ended in February. In addition, Dell canceled its financial-analysts' day for the second time this year; the meeting with Wall Street analysts was to have taken place in New York tomorrow.

Yesterday, Dell shares slid 2.1%, down 46 cents to $21.19 at 4 p.m. in Nasdaq Stock Market composite trading. Dell shares have declined by nearly 30% this year.

Analysts said the investigations, along with the company's plunging stock price, increase the pressure on Dell's management, in particular Mr. Rollins and chief financial officer Jim Schneider. Questions may also arise for Dell's independent auditing firm PricewaterhouseCoopers LLC.

"A big part of this is it further undermines management credibility, which is already very low," said Toni Sacconaghi, analyst with Sanford C. Bernstein & Co. "Certainly the finger is going to be pointed most squarely at Kevin Rollins and CFO Jim Schneider."

Founder Michael Dell, who remains Dell's chairman, said in a statement that the company was cooperating with the investigators.

"We will take any appropriate remedial or corrective actions to address any problems," he said in the statement. The company declined to make any further comment.

The intensifying investigations are the latest setbacks for Dell.

Over the past year, Dell -- the world's largest personal-computer maker measured by units shipped -- has seen its sales and profits slow and competition ramp up from rivals such as Hewlett-Packard Co. The company also announced a battery recall, involving millions of laptops, last month, because of a potential fire hazard.

Dell was already being investigated by the SEC for the timing with which it recorded its revenue. Yesterday, Dell said in a statement that the investigations indicated potential issues "relating to accruals, reserves and other balance sheet items." The company said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Companies use accruals and reserves when they sell services but deliver them at a later date. In Dell's case, the company typically sets aside funds from current operations to cover the cost of future warranty claims.

Dell said that in responding to the SEC in mid-August, it discovered information that "raises potential issues" related to the fiscal years before 2006. Dell management then recommended that its board audit committee investigate the matter, according to the statement.

"We have not yet reached any conclusion on materiality as to these issues," said Don Carty, a Dell director who is chairman of the audit committee, in the statement. "We are continuing to investigate the matter fully." The other members of Dell's audit committee are William H. Gray III, former president and chief executive of the United Negro College Fund, and Sam Nunn, a former Georgia senator who is now CEO of the Nuclear Threat Initiative.

While Dell declined to give any other details of its possible financial misstatements, accounting experts said the company could potentially have engaged in "cookie-jar reserves," which have also been seen at Xerox Corp. and Sunbeam Corp.

When using "cookie-jar reserves," a company is in effect creating a rainy day fund by setting up excess provisions on its balance sheet for future expenses that it doesn't truly expect to incur. It can then dip into the jar in leaner times to create the appearance of profit.

In a report in November, accounting expert Albert Meyer, then at research firm 2nd Opinion Research, wrote that he found one "cookie-jar reserve" that Dell created following its fiscal 2005 results. In that instance, Dell repatriated $4.1 billion in foreign earnings in its fiscal 2005.

The repatriation tax charge is 5.25%, meaning the tax provision Dell should have taken would have amounted to $215 million.

Instead, Mr. Meyer said in his report, the company accrued $280 million, resulting in a $65 million "cookie jar." Such a tactic could have added 5% to Dell's earnings-per-share growth rate in fiscal 2006, Mr. Meyer calculated.

"They overaccrued," Mr. Meyer -- now president of money-management firm Bastiat Capital in Plano, Texas -- said in an interview. In his report, he wrote that such a tactic "smells."

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While most of the current attention at Dell is on Mr. Rollins, Mr. Dell, who founded Dell out of his University of Texas dorm room in 1984, isn't escaping notice either. In asking for documents going back to 2002, the U.S. attorney's office is scrutinizing a period when Mr. Dell was CEO of the firm. Mr. Rollins was appointed Dell CEO in 2004.

Shannon Cross, analyst with Cross Research, said the news would add "a layer of uncertainty" to the stock, making it harder for investors to buy into Dell.

"I think there are a number of changes that need to be made at Dell, and we need to get a good idea of what the strategy is on an ongoing basis," she said.

Dell's Quarterly Report Is Delayed As Probe Widens (BLOOM)

By Connie Guglielmo, BLOOMBERG NEWS

Bloomberg, September 12, 2006

Dell Inc., the world's largest personal-computer maker, delayed filing its quarterly report and said the U.S. Justice Department had joined the Securities and Exchange Commission in investigating the company's accounting.

The announcement prompted Dell to postpone an analysts meeting Wednesday, where it had planned to present its strategy to revive earnings.

Dell hasn't determined whether it will need to restate results but is suspending a stock buyback program, the Round Rock, Texas-based company said in a statement Monday.

The investigations by the SEC and the U.S. Attorney for the Southern District of New York may sidetrack efforts by Chief Executive Kevin Rollins for a turnaround. Dell missed profit forecasts for two straight quarters, announced the recall of 4.1 million notebook batteries and is struggling to improve customer service after losing orders to Hewlett-Packard Co.

"Confidence in Dell is shaken," said Nirav Parikh, an analyst with Los Angeles-based TCW Group Inc., which holds more than 25.8 million Dell shares. "The company is having to restrategize with a lot going on in the marketplace, and it seems it's having difficulty doing that."

Dell said the investigations indicate possible errors related to so-called accruals and reserves -- estimates of future company obligations -- reported in previous financial statements. The company said last month that the SEC started requesting information in August 2005 relating to revenue recognition.

Shares of Dell dropped 46 cents, or 2 percent, to $21.19 in Nasdaq Stock Market trading.

"We will take any appropriate remedial or corrective actions to address any problems," Chairman Michael Dell said in Monday's statement.

The company hasn't reached any conclusion as to how material the issues are. In August, Dell said its own review of accounting found some "potential issues" that are unlikely to have a "material impact" on finances.

The SEC's investigation undermines management's "already fragile credibility," Toni Sacconaghi, an analyst with Sanford C. Bernstein & Co. in New York, said in a note Monday.

"Dell's senior management team has been under fire over the last six-plus quarters," said Sacconaghi, the top-ranked computer analyst by Institutional Investor magazine. Monday's "disclosures that the company also appears to have been remiss in understanding its own financial controls is likely to further unnerve investors."

Analysts also raised concerns about the delay of Dell's financial day, which already had been postponed from April. It will be rescheduled to a later date, Dell said Monday. The company still plans a meeting with reporters today, which will be held by Michael Dell and Rollins.

"Dell pushing out the analyst day meeting from April 2006 initially and now again suggests, in our view, that Dell has yet to finalize a strategy to reaccelerate growth and/or improve margins," said Brent Bracelin, an analyst at Pacific Crest Securities in Portland, Ore.

The U.S. attorney requested documents related to the company's financial reporting dating back to 2002, Dell said. The company said it plans to file its latest report as soon as possible and it is cooperating with the investigations.

Heather Tasker, a spokeswoman for the U.S. attorney's office, and John Nester, an SEC spokesman, declined to comment. Dell isn't commenting beyond the statement, said Bob Pearson, a company spokesman.

David Nestor, a spokesman for Dell's auditor, New York-based PricewaterhouseCoopers LLP, said the firm's policy is not to comment on client matters.

Dell Delays Quarterly Report Due To Accounting Probe (FINDLAW/AP)

By Matt Slagle, Ap Technology Writer

AP, September 12, 2006

(AP) - DALLAS-Dell Inc. has delayed filing its fiscal second-quarter financial report and suspended its share repurchase program because of an ongoing federal accounting probe. It was the latest in a series of setbacks for the world's largest PC maker.

The Round Rock, Texas, company said it could not file the quarterly report because of "questions raised" by an informal Securities and Exchange Commission investigation into accounting issues and a subsequent internal probe.

The company also said the U.S. Attorney for the Southern District of New York had subpoenaed documents related to its financial reporting from 2002 to the present.

In a statement, Dell said investigations have shown that the company may have misstated prior financial reports, including issues relating to accruals, reserves and other balance sheet items, which may affect previously reported financial results.

Dell shares dropped 16 cents to $21.49 in afternoon trading on the Nasdaq Stock Market. That is near the lower end of their 52-week range of $18.95 to $35.25 and is down 28 percent since the end of 2005.

Dell said it has not yet determined the material impact of any of the accounting issues.

"We are fully cooperating with the investigations and working to resolve any and all issues raised in connection with those investigations as quickly as possible, and we will take any appropriate remedial or corrective actions to address any problems," Chairman Michael Dell said in a statement.

The company said it plans to file the second-quarter report as soon as possible but didn't offer a more specific timetable. Third-quarter earnings are scheduled to be posted Nov. 16.

It's believed to be the first time Dell has ever missed a quarterly filing, said spokesman Bob Pearson, who declined to comment beyond what was in the news release.

"This particular news couldn't come at a worse time for Dell given all of the problem," said Tim Bajarin, analyst with Creative Strategies.

Dell grew to prominence on a patented, direct-sales model to consumers and businesses but has been rattled in recent months as it revamps its customer service programs and deals with fierce competition from rivals such as Hewlett-Packard Co.

Dell first disclosed the accounting probe in last month's quarterly report, in which revenues plummeted 51 percent.

At the time, Dell officials played down its significance and said they didn't expect it to have any material impact on the company's bottom line.

Also last month, Dell issued a voluntary recall of 4.1 million potentially flammable laptop batteries made by Sony Corp.

Dell also postponed its annual analysts meeting planned for Wednesday in New York. The company will host two Web conferences with Dell and Chief Executive Officer Kevin Rollins to provide a company update and show new products.

On the Net:

http://www.dell.com

Justice Said To Drop Criminal Investigation Of Freddie Mac (WP)

By Terence O'hara

The Washington Post, September 12, 2006

After laying dormant for two years, the Justice Department's criminal probe into accounting transgressions at Freddie Mac is apparently over, according to company officials.

"The U.S. attorney's office has not initiated contact with us in well over two years, and it is our understanding that the matter is inactive," said David R. Palombi, a spokesman for the McLean-based mortgage finance company. "Accordingly, we expect no further action in this matter."

The inactivity at the U.S. attorney's office in Alexandria also extends to investigations of several former Freddie Mac executives, including chief executive Leland C. Brendsel, president David Glenn and chief financial officer Vaughn A. Clarke. Sources familiar with the investigation, who spoke on condition of anonymity because they did not want to be seen as speaking for the department, said lawyers for the ousted officials have not been contacted by the Justice Department since 2004.

Palombi's statements appear to resolve one of the final issues that have been dogging the company since its accounting problems became public in 2003.

In 2003, Freddie Mac admitted it had improperly managed its earnings through a series of transactions that smoothed out earnings growth. The company reduced its reported earnings by $5 billion between 2000 and 2003, hoping to defer those earnings to later years.

Freddie Mac is still working to produce an up-to-date and accurate set of books. But the company has cleared itself of most of the liability from the matter in the past three years. It has paid a $125 million fine to federal regulators, more than $400 million

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in shareholder lawsuit settlements, and $3.8 million in civil fines to settle Federal Election Commission charges of improper political fundraising.

But the possibility of a criminal action remained. In recent weeks, the company sought clarification from the Justice Department over whether its long silence meant the case was closed -- particularly after the department issued a statement in August that it had closed its criminal investigation of similar accounting problems at Freddie Mac rival Fannie Mae.

"It is Freddie Mac's understanding that it is the practice of the U.S. attorney's office for the Eastern District of Virginia neither to issue official notices nor to confirm publicly the conclusion of an investigation," Palombi said.

A spokesman for Chuck Rosenberg, U.S. attorney for the Eastern District of Virginia said only: "We cannot comment on that issue."

The lack of federal interest in bringing a criminal case is no surprise. Experts on white-collar crime say prosecutions of accounting malfeasance are notoriously difficult and risky, given the complexity of the issues. In Freddie's case, there is the added issue that the company understated, rather than inflated, its earnings.

Brendsel's attorney, Brendan V. Sullivan, and Clarke's attorney, Steven Salky, could not be reached for comment. Glenn's attorney, Thomas P. Vartanian, declined to comment.

The sources familiar with the investigation, however, said none of the attorneys expects further action by the Justice Department in the matter.

Editorial: White-collar Blues (FT)

Financial Times, September 12, 2006

Corporate America has had a rough ride since Enron: between Eliot Spitzer, New York attorney-general, and the Sarbanes-Oxley act, US companies have paid a high price for their pre-Enron bad habits (not to mention the bad behaviour of others).

But corporate America's problems have come not only from the scourge of Albany, and the new regulatory burden imposed by Congress. The US Department of Justice has made white-collar crime (rightly) one of its top priorities. But in its zeal to catch corporate criminals, the DoJ has used some dubious tactics that arguably violate the US constitution and may even defeat the whole purpose of its corporate crime crusade - to create a new culture of compliance that encourages companies to do the right thing without having to be prosecuted.

Later today, the powerful Senate judiciary committee will open its own inquiry into the department's hardball tactics, particularly the practice of forcing companies to waive the privilege that normally protects communications with lawyers - including those between whistle-blowers and in-house lawyers. Businessmen have been complaining about this practice for years: they say they cannot risk talking to their lawyers - even to find out how to obey the law - if the DoJ has the power to use that information against them. Last week, a group of top former justice department officials wrote to Alberto Gonzales, the attorney-general, to say the same thing. The group included former attorneys-general with impeccable tough-on-crime credentials, and its criticisms will be hard to ignore.

The crux of the problem is a 2003 policy (known as the "Thompson memorandum") that says prosecutors should decide whether to indict a company partly based on the company's co-operation with the government; and the best way to prove co-operation is to waive attorney-client privilege, and give the government all the information it needs to make its case. Companies have little choice but to turn over the information: an indictment is tantamount to a death sentence.

This is the wrong way to fight corporate crime. Companies need legal advice to be able to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government - they may not try to obey the law at all.

Even worse, the tactic defeats a larger purpose: it discourages insiders from reporting wrongdoing, for fear their information may land them in jail - and without that information companies cannot police themselves and catch wrongdoing before it goes too far. The bar, the courts, the business community and now the lawmakers are telling the prosecutors that they are abusing the remarkable power of their office.

The DoJ should rewrite its policy on waiver of attorney-client privilege - before Congress does so for it.

Grasso Seeks New Judge For Trial (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 12, 2006

NEW YORK -- Former New York Stock Exchange chief Dick Grasso is seeking a new judge for his pending trial on civil charges brought by New York state's attorney general, Eliot Spitzer.

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Mr. Grasso's lawyers last week filed a motion to have the case reassigned to a new judge. New York Supreme Court Justice Charles Ramos has been handling the pretrial stage of the case and is set to preside over a trial that may start as soon as October.

Mr. Spitzer's civil lawsuit against Mr. Grasso alleges that his $187.5 million pay package was excessive for the head of a New York not-for-profit company, which the NYSE was before it went public in March as NYSE Group Inc.

Lawyers for Mr. Grasso at Williams & Connolly LLP filed papers arguing for a new judge on the grounds Justice Ramos held settlement discussions with the parties in which he made statements that could be interpreted as "impairing Mr. Grasso's right" to a fair trial. The filing also stated that -- before the case was filed -- Justice Ramos twice unsuccessfully approached the Big Board to be considered for a board seat.

Gerson Zweifach, a lawyer for Mr. Grasso, declined to comment. A spokesman for Mr. Spitzer's office called the motion "a delaying tactic" designed "to put off a trial."

Mr. Grasso's lawyers also have appealed Justice Ramos's ruling that certain parts of the case be decided at a bench trial instead of before a jury.

Garden State Business Briefs (NSL)

Newark Star-Ledger (NJ), September 12, 2006

Pathmark loss bigger than expected Supermarket chain Pathmark Stores had wider-than-expected losses for its second quarter, in which the grocer had flat sales and increased expenses.

The company based in Carteret lost $8.8 million, or 17 cents a share, for the quarter ended July 29, compared with a loss of $5.1 million, or 12 cents a share, in the year-ago period. Analysts had been expecting a loss of 12 cents a share, according to Thomson Financial.

Sales increased 0.2 percent, to $1 billion, while sales at stores open at least a year increased 0.5 percent. Pathmark said its results were affected by lower gross mar gins at its pharmacy related to Medicare Part D, and higher costs for utilities, workers' compensation, medical and pension bills.

However, Pathmark did benefit from $3.2 million in gift cards that were sold but never redeemed. Additionally, Chief Executive John Standley said merchandising initiatives are connecting with consumers.

-- Greg Saitz

Execs accused in bribe Two former executives of a Princeton international telecom munications company approved more than $250,000 in bribes to officials in several African nations, se curities regulators charged in a lawsuit filed yesterday.

The actions of the men, Steven Ott of Princeton and Roger Michael Young of London, while at ITXC violated the Foreign Corrupt Practices Act, the Securities and Exchange Commission charged in the complaint filed in federal court in Trenton. Ott, vice president for global sales, and Young, managing director of the Middle East and Africa, approved $267,468 in bribes to phone company officials in Nigeria, Rwanda and Senegal between 2001 and 2004, the lawsuit alleged.

In exchange, the once publicy traded ITXC landed contracts that earned the company $11.5 million in profits, the SEC said. In 2004, ITXC merged with Teleglobe International Holdings, which was ac quired in February by Videsh San char Nigam.

The men's attorneys both declined to comment, saying they had not seen the complaint.

Last year, ITXC salesman Yaw Osei Amoako was indicted on federal criminal charges related to the alleged bribes.

-- Greg Saitz

Standard promotions American Standard named Dale Elliott, the former chief executive of Snap-on Tools, as president of its $2.4 billion global bath and kitchen products business. The Piscataway company also named regional presidents Donald Devine for the Americas and Richard Ward for Asia. In May, John Rietveldt was named president for Europe; all three report to Elliott.

Devine had been president of Jacuzzi Brands, while Rietveldt re cently joined the company from Tarkett, a flooring company. Ward came to American Standards in 2003 from Dell Computer where he was general manager for China.

-- Beth Fitzgerald

Utility merger progress Public Service Enterprise Group and Exelon have not made a lot of headway in reaching an agreement with the state of New Jersey to win approval of their $18 billion merger.

"There is a meaningful gap" between what the companies have offered and the state has proposed, Thomas O'Flynn, chief financial officer and executive vice president for Public Service told analysts at a Lehman Bros. energy conference in New York City yesterday.

The deal has won all of the necessary regulatory approvals except from the state Board of Public Utilities which has sought to squeeze more money and other concessions from the two companies than their "last and best" offer submitted last month. The company has offered a package amounting to about $600 million while the state is seeking roughly $820 million.

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Neither O'Flynn nor John Young, Exelon's chief financial officer, offered any details on how the negotiations are proceeding al though the former said he agreed with comments made by Exelon in a filing which said the probability of the deal closing was "no longer more likely than not."

-- Tom Johnson

And finally ... Alcatel said it has been listed for the second year running in the Dow Jones Sustainability World Index. ... Bloomfield-based American Bancorp of New Jersey declared a cash dividend of $0.04 per share payable Sept. 26 to shareholders of record as of Sept. 18, 2006.

-- Staff and wire reports

SEC Charges 2 More Ex-ITXC Execs (HC)

By Siobhan Hughes, Dow Jones Newswires

Houston Chronicle, September 12, 2006

WASHINGTON — The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp.

The agency accuses them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal.

The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses.

An attorney for Ott couldn't immediately be reached. An attorney for Young wasn't in the office and couldn't immediately return a phone call.

The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, N.J., to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year.

ITXC was based in Princeton, N.J. In 2004, it was acquired by Teleglobe International Holdings Ltd., now part of Videsh Sanchar Nigam Ltd. ITXC allegedly earned $11.5 million in net profit thanks to the contracts approved by Ott and Young, the SEC said.

The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government.

An attorney for Amoako couldn't be located. Earlier this year, a federal judge put the SEC's case on hold until the resolution of the criminal case.

Capitol's New Bank Examiners (WSJ)

By Brody Mullins

The Wall Street Journal, September 12, 2006

WASHINGTON -- Four years after enacting landmark corporate-governance laws, the men behind Sarbanes-Oxley are leaving Congress. The retirements of Sen. Paul Sarbanes (D., Md.) and Rep. Mike Oxley (R., Ohio) spell changes next year in the House and Senate committees that regulate Wall Street, banks and finance.

The new leaders of the banking panels will affect how Congress deals with issues such as whether hedge funds should be regulated, whether commercial banks should be allowed to enter the real-estate brokerage business and how the government should treat Fannie Mae and Freddie Mac.

The broader change will come in the House, which will see a new committee chairman regardless of whether Republicans or Democrats control the chamber after the November elections. On the other side of the Capitol, Sen. Chris Dodd (D., Conn.) will succeed Mr. Sarbanes as the senior Democratic member of the Senate Banking Committee. Should Republicans, as expected, retain a majority in the Senate, the panel's chairman will remain Sen. Richard Shelby (R., Ala.), but the ranking member still influences the panel's agenda. Mr. Dodd is close to the securities and insurance industries, which have significant presences in his state.

Things are more complicated in the House, where as many as five lawmakers could win the top spot on the Financial Services panel. If Democrats win majority control in November, the liberal Rep. Barney Frank (D., Mass.) would inherit the gavel. If Republicans keep their majority, a contest is shaping up between Reps. Spencer Bachus of Alabama and Richard Baker of

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Louisiana. Two other Republicans, David Dreier of California and Deborah Pryce of Ohio, have outside chances to succeed Mr. Oxley.

There has been no public airing of the qualities each member would bring to the post. It is considered bad form for lawmakers to talk publicly about campaigns for committee chairmanships, particularly before an election that could decide control of Congress.

"The chairmanship of the committee will not be scheduled for a vote until after the election of the next Congress," Mr. Bachus said in a statement. "Until that time, my focus will be on legislative duties and maintaining our majority."

Republican committee chairmanships are doled out by a special panel made up of party leaders and representatives of different regions of the country. Committee members have no formula, but generally make decisions based on seniority, party loyalty, fund-raising, personality and effectiveness.

"The race for the [Financial Services] committee chairmanship will likely be the most closely contested of all the full committees," says Rick Lazio, a former Republican member of the panel who now works for J.P. Morgan Chase & Co. "Both candidates have their strengths and have had positions of leadership in the committee. It's still up in the air."

Mr. Baker, in his 10th term, is a former real-estate agent and broker who advocates overhauling Fannie Mae and Freddie Mac, the two congressionally chartered companies that provide funding for home mortgages. More policy wonk than backslapper, he doesn't have many close friends among lawmakers, but wins praise for his knowledge of financial markets.

Mr. Bachus, a former attorney, has less seniority than Mr. Baker and would have scant chance of leapfrogging him but for his fund-raising abilities and political savvy. Earlier this year, Mr. Bachus backed Rep. John Boehner in his successful race for majority leader over Rep. Roy Blunt. He is a supporter of community banks and this year worked with Democrats on legislation to crack down on predatory lending.

Mr. Baker and Mr. Bachus split on a number of financial-services issues. Wells Fargo & Co., Wachovia Corp., Bank of America Corp. and other large banks could get a lift from Mr. Baker's plan to allow banks to compete with real-estate agents in the housing market.

Mr. Bachus opposes the idea and is backed by real-estate agents, who have donated almost $97,000 to him. That is twice as much as the industry has contributed to Mr. Baker, according to the Center for Responsive Politics, a nonpartisan group that tracks campaign-finance data.

The banking-committee fight is one of several contests to replace panel chairmen who are departing. Due to a combination of retirements and a six-year term limit on chairmanship tenures, Republicans must pick leaders for the Budget, Science, Transportation and Infrastructure, Judiciary, International Relations and Ways and Means committees.

Just a few races are competitive. Rep. Jim McCrery (R., La.), for example, is considered such a favorite to head the Ways and Means Committee that he has donated $10,000 to help his would-be rival Rep. Clay Shaw (R., Fla.) win a tight re-election campaign.

A Democratic takeover would produce wholesale changes at top committee posts. Among Democrats, seniority is a primary factor in determining committee chairmanships. Michigan Reps. John Conyers and John Dingell would take over the Judiciary Committee and Energy and Commerce panel, respectively. California Reps. Henry Waxman and George Miller would inherit the Government Reform Committee and the Education and Workforce panel. Rep. David Obey of Wisconsin would head the Appropriations Committee and Mr. Frank would climb to the helm of the Financial Services Committee.

The new Democratic chairmen would bring a more liberal agenda to Capitol Hill after 12 years of Republican control. Mr. Waxman has made it clear that he would use the Government Reform Committee's subpoena power to investigate the Bush administration. Mr. Miller and Mr. Obey likely would team up to try to increase spending on public education and teacher salaries.

If Mr. Frank became chairman of Financial Services he says his top priority would be creating more affordable housing. He says he already has spoken to Mr. Rangel at the tax-writing committee about lifting tax credits for low-income housing.

Mr. Frank also would like to curb predatory lending, investigate mortgage-pricing differences among minority groups and focus on consumer-protection issues.

Mr. Frank generally supported Mr. Oxley's legislation to overhaul Fannie Mae and Freddie Mac. Mr. Frank says he would continue to press for the legislation.

Mr. Frank says the biggest shift in priorities under his tenure would be in public housing. "We will want to get back into the business of building subsidized housing," Mr. Frank says.

CRIMINAL LAW:

Probe Of Veco, Lawmakers Led By Justice Dept. (ADN)

By Richard Mauer, Anchorage Daily News

Anchorage Daily News, September 12, 2006

WASHINGTON -- The federal influence-buying case that erupted with fury 10 days ago with searches of a half-dozen Alaska legislative offices is being managed independently of the Alaska U.S. Attorney's office, a U.S. Justice Department official said Monday.

"The whole office is recused," Justice Department spokesman Bryan Sierra said.

Instead, the wide-ranging investigation is being overseen by attorneys from the Justice Department's Public Integrity Section in Washington, Sierra said.

The Public Integrity Section has about 25 attorneys, a team that often lives out of suitcases in pursuit of corruption cases as far away as Guam. They've prosecuted petty thefts by sheriff's deputies, the massive frauds of Enron and the high-profile corruption case of Jack Abramoff.

Sierra wouldn't say why the Alaska office wasn't allowed to participate in the case or how many lawyers from Washington were assigned to it. But the case is even off-limits to Nelson Cohen, the new U.S. Attorney for Alaska who just arrived last month from Pittsburgh, he said.

Sierra said it's not unusual that the local U.S. Attorney's office will recuse itself from a sensitive corruption case and wall off its legal, public relations and even clerical staffs from the investigation and prosecutions. Sometimes one or two assistant U.S. attorneys might still be assigned to work with the Public Integrity attorneys, but Sierra said he didn't know if that was the case in Alaska.

FBI agents from Alaska are lead investigators, working the case alongside the prosecutors from the Public Integrity Section, said Eric Gonzalez, spokesman for the FBI in Alaska.

The investigation is being run out of the FBI building on East Sixth Avenue in downtown Anchorage.

If it's anything like the Enron case, Sierra said, the investigation has taken over a sizeable chunk of the FBI building.

Dozens of extra FBI agents were brought in from Outside to execute about two dozen search warrants when the first raids started at legislative offices and elsewhere on Aug. 31. After the initial round of searches and interviews, the Outside agents were sent home, Gonzalez said.

Authorities won't release any particulars, including how many FBI agents remain on the case, Gonzalez said. Other agencies also are involved, including the IRS.

While officials say little, the warrants target the relationships between legislators and the oil-field service and construction company Veco. The company, which has long been generous with campaign donations at the state and federal levels and lobbying in Juneau, has gone so far as to hire sitting legislators, including Senate President Ben Stevens, R-Anchorage, the son of Alaska's powerful U.S. senator, Ted Stevens. In disclosures he was required to file as a legislator, Ben Stevens has reported that Veco paid him $252,000 over the last five years to serve as a consultant, including $57,000 in 2005. Neither Stevens nor Veco has described what he did for the money. Stevens is one of six lawmakers whose offices were searched Aug. 31.

Perhaps a year ago, the FBI began collecting campaign and other publicly available financial disclosure records on selected legislators, said Brooke Miles, executive director of the Alaska Public Offices Commission. As she remembers it, agents then came back at the beginning of this year for campaign reports and financial disclosure records on all legislators.

Created in 1976, the Public Integrity Section has a number of jurisdictions. It investigates election fraud, misconduct by federal judges, and corruption of elected officials.

U.S Attorney offices prosecute corruption cases, too. The Alaska office prosecuted a dozen officials, lobbyists and businessmen in a massive kickback scandal in the North Slope Borough in the 1980s. But the position of U.S. attorney is a political appointment headquartered in a local jurisdiction, so the Justice Department will sometimes assume control over cases involving powerful local figures.

"Public corruption cases tend to raise unique problems of public perception that are generally absent in more routine criminal cases," the Public Integrity Section wrote in its 2004 report to Congress, explaining why U.S. Attorney's offices are sometimes recused.

"An investigation of alleged corruption by a government official, whether at the federal, state, or local level, or someone associated with such officials, always has the potential to be high-profile, simply because its focus is on the conduct of a public official. In addition, these cases are often politically sensitive, because their ultimate targets tend to be politicians or government officials appointed by politicians. A successful public corruption prosecution requires both the appearance and the reality of fairness and impartiality."

Contact reporter Richard Mauer at rmauer@adn.com or (202) 383-0007.

Daily News reporter Lisa Demer contributed to this story.

Moses Got Campaign Cash From VECO Before Casting Deciding Vote (AP)

By Matt Volz, Associated Press Writer

AP, September 12, 2006

JUNEAU, Alaska (AP) - Days before an ailing Rep. Carl Moses flew from Anchorage to cast the deciding vote on a contentious oil and gas tax bill, six VECO Corp. executives contributed $3,000 to the Unalaska Democrat's campaign.

Four of the six executives have been linked to an FBI investigation that resulted in raids of six legislators' offices on Aug. 31.

Moses, contacted Monday in Unalaska, denies the VECO campaign contributions had anything to do with his vote and his name has not previously been connected with the FBI raids.

"Don't worry, I'm squeaky clean," Moses said. "I don't accept contributions on that basis."

One of the 20 search warrants executed in the FBI raids links the investigation to the tax bill passed last month by the Legislature and the draft natural gas pipeline contract proposed by Gov. Frank Murkowski and BP PLC, Exxon Mobil Corp. and ConocoPhillips.

The warrant called for seizure of documents concerning any payment, contracts, agreements, gifts or employment provided by VECO or company executives Bill Allen, Rick Smith, Peter Leathard and Roger Chan.

On Aug. 2, Allen, Smith, Leathard, Chan and VECO personnel manager James Slack each contributed $500 to Moses' campaign, according to Alaska Public Office Commission records. Then on Aug. 7, Thomas Corkran, VECO's chief information officer, donated $500 more.

VECO, an oil field services company and a major political player in Alaska, typically supports Republican candidates. The contributions to Moses are among the only donations company executives have given to a Democrat this election year.

Moses faced his stiffest competition in years in a primary election that still hasn't been decided. The outcome of the race between him and Bryce Edwards is still too close to call and appears headed toward a mandatory recount by the Division of Elections.

VECO and Allen, the company's chief executive, supported the net-profits production tax plan proposed by Murkowski, but it faced major opposition in the House of Representatives. Twice before, the tax plan had been rejected. Some lawmakers disliked the structure of a tax based on company profits, some thought the tax rate was too low and others thought it was too high.

On Aug. 10, the bill seemed doomed again. It was the final day of the second special session, when the House failed by a single vote to gather the 21 votes needed to pass the measure. The only legislator missing was Moses, who was recuperating in Anchorage from a pinched nerve.

A lengthy recess was called while Moses boarded a plane and flew to Juneau. That night, the House reconvened and passed the bill. The final vote was 26-14, with several legislators changing to "yes" votes after realizing the matter had been decided.

Moses said he had a big stake in that vote: Funding for a new school in New Stuyahok and millions in power cost equalization fund money was tied to passage of the production tax bill.

With the exception of Rep. Richard Foster, D-Nome, all members of the Democrat-heavy House Bush caucus voted for the measure, with the rural fuel cost subsidy a major incentive.

Moses said he does not plan to return the VECO executives' campaign contributions, as other candidates have already done.

"I accepted it in good faith, and I got contributions from all over the place," he said.

Meanwhile, a retiring legislator who received tens of thousands of dollars in consulting fees from VECO has not responded to reporters' inquiries about those fees for nearly two weeks.

Rep. Tom Anderson, R-Anchorage, received $30,000 in consulting fees from VECO between 2003 and 2005, according to APOC filings.

Anderson and Senate President Ben Stevens, R-Anchorage, are the only two legislators to report consulting fees from VECO in that time.

Stevens, the son of U.S. Sen. Ted Stevens, has reported making $252,000 from the company since 2001.

Stevens' office was one of the six raided; Anderson's was not.

A review of Anderson's financial disclosures filed with APOC show that Anderson was paid consulting fees on three occasions by VECO totaling $30,000: "Election/proposition research;" "Consultation on Russian business endeavor;" and "Consulting on community council and government affairs."

Legislators are not required to detail the work they do for their consulting fees.

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Anderson's wife, Republican Rep. Lesil McGuire of Anchorage, is running for the Senate seat Stevens is vacating.

Anderson has not returned messages left by phone and e-mail since the raids took place. A legislative aide to McGuire said Monday that McGuire and Anderson were on vacation out of state and could not be reached for comment. Stevens also has not returned repeated calls.

Department of Justice spokesman Bryan Sierra said he could neither confirm nor deny Anderson and Moses are part of the FBI investigation.

"We're not confirming any details of the investigation at this point," Sierra said.

VECO has largely been silent on the investigation. The company's only public statement came last week in a press release denying the company had participated in anything improper or illegal.

Leading Developer Portrayed As 'Thief' Or 'Visionary' (WP)

By Eric M. Weiss

The Washington Post, September 12, 2006

Despite his reputation as a maverick wheeler-dealer whose projects helped revitalize the city, prominent developer Douglas Jemal was "little more than a common thief," prosecutors said yesterday at the start of his trial on bribery and fraud charges.

Government lawyers said Jemal and his company, Douglas Development Corp., used bribes and fraudulent documents to keep an overextended real estate empire alive in the years before the boom in District property prices.

Jemal, his son Norman, who is the company's vice president, and leasing director Blake Esherick went on trial in U.S. District Court in Washington yesterday. They are charged with conspiring to bribe a former D.C. government official with cash, fine meals, trips to Las Vegas and a Rolex in exchange for "sweetheart" contracts with the city. Prosecutors said Jemal's company received inflated profits for leasing property to the city from 2001 to 2004.

All three defendants have pleaded not guilty and vowed to fight the charges in a trial that could last up to six weeks. The defense painted Jemal, 63, as a "visionary," and previously said that its witnesses could include Mayor Anthony A. Williams (D) and Washington Wizards' owner Abe Pollin, who built a sports arena in an area of downtown that is home to many of Jemal's retail properties.

Most of the allegations involve dealings with Michael A. Lorusso, a former deputy director of the D.C. Office of Property Management. Lorusso, who was fired from his city job in January 2003, pleaded guilty to bribery and agreed to aid prosecutors. Lorusso, who is expected to be the key witness in the trial, faces a prison term of 57 to 71 months under federal sentencing guidelines, but prosecutors have said they could seek less time depending on the value of his cooperation.

In his opening statement to the jury, Assistant U.S. Attorney Mark H. Dubester twice mentioned Lorusso's guilty plea to the jury. That drew calls for a mistrial from Jemal's defense attorney, Reid H. Weingarten, who argued that Dubester was trying to taint Jemal on the basis of Lorusso's guilt.

U.S. District Judge Ricardo M. Urbina rejected the motion for a mistrial but agreed to tell jurors that they should not take Lorusso's guilty plea to mean that Jemal also is guilty.

The government's case, as outlined by Dubester, will re-create for the jury the economic circumstances that Jemal and his company were facing in 2001. It was a time, Dubester said, when it was unknown whether the developer's numerous bets on the city's rebirth would pay off.

Dubester said he will take the jury through the company's financial records to show that the firm -- saddled with mortgages on empty office buildings and unleased properties -- was overextended in 2001.

Checks to contractors would sit in a pile in the company's accounting department for months, waiting for cash deposits that would allow them to be mailed, the prosecutor said, and some mailed checks did not have the funds to back them up. In 2001, the company racked up $100,000 worth of bank fees for insufficient funds, Dubester told the jury.

It was in this context that on April 26, 2001, Lorusso became involved with the Jemals. Lorusso allowed the developer to pick up the check for a dinner at the Capital Grille, a favorite place in Northwest Washington for Jemal to conduct business. Jemal sized up Lorusso as someone who could help him get favorable deals, Dubester said.

Soon, the Jemals were partying with Lorusso in Las Vegas, and Lorusso was helping the company get leases with the city for properties, including a building at 77 P St. NW and a parcel in Prince George's County that the city used as an impound lot.

While accusing Norman Jemal of paying for Lorusso's Rolex, and Esherick of writing phony documents, Dubester made it clear that he viewed Douglas Jemal as the architect of the alleged conspiracy.

"It was motivated by greed, fueled by ambition and given life in the culture of Doug Jemal's businesses," Dubester said.

Defense attorneys said that the Jemals and Esherick have not violated any laws, but that they were guilty of believing that Lorusso was their friend.

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In their opening statements, defense attorneys said Jemal was committed to the city's economic rebirth and worked hard to accommodate the District government's wishes.

They said the deal to put city agencies in 77 P St. NW was worked out with Lorusso's predecessor and that the city desperately needed a new impound lot. And Lorusso turned down many other real estate deals proposed by the Jemals, the defense contended.

Because Lorusso was a friend of the Jemals and Esherick, there was nothing wrong with buying him gifts, as long as it was not in return for public actions, the defense attorneys said. Lorusso returned his friends' generosity by picking up restaurant checks and giving the Jemals fancy sunglasses. And the trips to Las Vegas that prosecutors highlighted were actually business trips to attend conferences, the defense said, and Lorusso paid his own airfare.

Defense attorneys told the jury yesterday that the Jemals and Esherick were being set up by Lorusso.

"Make no mistake about why you are here," said Michelle Roberts, defense attorney for Normal Jemal. "Two words, one man: Michael Lorusso."

Gotti's Got Write Stuff (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 12, 2006

John A. (Junior) Gotti probably could have written an autobiography about growing up around his father's Little Italy social club called "And To Think That I Saw it on Mulberry Street."

But since Dr. Seuss already used that title, the mob scion had to look elsewhere for inspiration to pen a children's book.

Trying to soften their client's image, defense attorneys yesterday told jurors that the mobster - along with a cellmate-turned-illustrator - penned a kiddie book about a lovable pint-sized tiger and a fierce dragon.

Gotti decided to write "The Children of Shaolin Forest," after reading about the Jackson children of New Jersey who had been starved by their adoptive parents.

The book's illustrator, Brian Lindemann, testified at Gotti's latest racketeering trial that John (Dapper Don) Gotti's son advised him to give up the criminal life.

"He pretty much told me to stay away from a lot of idiots on the compound because they'll end up dragging you down with them," said Lindemann, 31, a stickup man and wanna-be mobster who ran with a Queens-based robbery gang dubbed the Giannini Crew.

Defense attorneys gave jurors a peek at pages from the 2004 book yesterday as they argued that he turned a page of his own - renouncing the Mafia life before going to prison in 1999.

On one page, a cute tiger locked in a cage weeps at the site of a steaming cauldron that burns before him.

Another shows a fierce green-and-red dragon. And, finally, there's the same little tiger smiling in a mushroom field warmed by a smiling sun.

But prosecutor Miriam Rocah showed Lindemann etchings found in his phone book in 2004, which didn't include any of the cuddly denizens of Shaolin Forest. In one, Lindemann drew a police badge beside the words "F--- the Police."

Meanwhile, the son of the government's star witness - mob turncoat Michael (Mikey Scars) DiLeonardo - disputed witness tampering charges against Gotti.

Prosecutors contend Gotti summoned DiLeonardo's then-teenage son to Ray Brook Prison in February 2003 to get him to persuade his father not to testify against the mob boss.

Michael Ricci, who changed his name from DiLeonardo, said he and Gotti talked about "school, girls and sports. How I was doing."

Ricci, 20, said he made the jailhouse visit after finding out his father was going to cooperate with the feds, meaning he probably wouldn't see him again. He said he was also angry after learning his dad had fathered a child out of wedlock.

Ricci has not seen his father since DiLeonardo entered the federal witness protection program.

"I was very upset, a lot of things running through my mind," Ricci said. "I didn't want people to know who I was in the paper. ... I wanted to live a normal life."

Ex-Schrenko Aides Get 8 Years Each Former State Schools Chief Reports To Federal Prison (AJC)

By Bill Montgomery, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 12, 2006

Linda Schrenko reported to federal prison Monday afternoon while her former lover and deputy superintendent, Merle Temple, was sentenced to eight years and one month in prison.

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Another conspirator in the case, Alpharetta computer executive A. Stephen Botes, received an identical sentence to Temple: eight years and one month.

The three were charged as part of a scheme to defraud the government of $600,000 in federal funds earmarked for deaf and honors students.

Schrenko, the former state school superintendent, was sentenced to eight years, and will serve her time in a women's prison in Tallahasee, Florida.

Temple, who has 45 days to report to prison, will fulfill his sentence at a facility in Edgefield, SC, which is close to where he lives.

Temple, 58, of Evans, Ga., told the court he will spend the rest of his life "making spiritual restitution" for his actions.

"I would ask people to look at the total picture of my life and the good I've tried to do, versus what we see here today," he told reporters after the sentencing Monday. "I am just going to press on."

Temple plead guilty in January 2005 to charges of conspiracy, theft of federal funds and wire fraud in exchange for testifying against Schrenko. Schrenko used some of the money to help finance her unsuccessful campaign for governor and for a $9,300 face lift.

Botes was found guilty of conspiracy, theft of federal funds and wire fraud charges conviction earlier this year.

The Associated Press contributed to this report.

Georgia's Ex-top Educator Reports To Prison; Aides Sentenced (AP)

AP, September 12, 2006

ATLANTA -- As former Georgia schools superintendent Linda Schrenko began serving an eight-year federal prison sentence Monday, her top aide was handed a slightly longer sentence for helping her in an embezzlement plot.

Schrenko reported to prison Monday afternoon to begin serving a sentence for embezzling about $600,000 in federal education money that funded, in part, a failed 2002 campaign for governor and a face lift.

Merle Temple, Schrenko's former campaign manager and ex-lover, was sentenced by U.S. District Judge Clarence Cooper to eight years and one month in prison Monday. He had pleaded guilty in January 2005 to charges of conspiracy, theft of federal funds and wire fraud.

Another Schrenko ally, computer firm owner Stephan Botes, was sentenced later Monday to eight years and one month in prison for his role in the embezzlement plot. He also is to pay $382,394 in restitution.

His attorney, Brian Steel, said he plans to appeal the sentence.

Temple, 58, of Evans, Ga., told the court he will spend the rest of his life "making spiritual restitution" for his actions.

"I would ask people to look at the total picture of my life and the good I've tried to do, versus what we see here today," he told reporters after the sentencing. "I am just going to press on."

Temple's attorney, John T. Garcia, argued for a lesser sentence because the former aide takes care of his ill wife, who has diabetes and has suffered multiple strokes and several heart attacks. Garcia blamed Temple's actions with Schrenko in part on his obsessive compulsive disorder, and said Temple had lived an exemplary life up until his work with Schrenko.

Federal prosecutor Russell Vineyard argued for a full sentence for Temple, calling his actions "egregious."

"He wanted to be the power behind the throne if Ms. Schrenko was elected," Vineyard said.

Temple told the judge he hopes to serve his time in a federal prison in Edgefield, S.C., about 45 minutes from his house in Evans. He has already paid the $199,500 he owes in restitution.

Botes, who pleaded not guilty to charges that he helped Schrenko steal $614,000 in federal money, continued to maintain his innocence during Monday's hearing, saying he is only guilty of trusting the wrong people.

"I did not control what Linda Schrenko did inside the Department of Education," he told the judge.

Schrenko will spend the next eight years in Tallahassee's Federal Correctional Institution, a minimum-security prison where she'll live in college dorm-style cells and earn 12 cents an hour as an orderly, plumber or other maintenance job.

Temple had been expected to testify against Schrenko as part of his plea agreement.

But in the middle of Schrenko's May trial, she struck a plea deal in exchange for testifying against her co-defendants.

The deal led to the imprisonment of Temple, who was charged with obstruction of justice on suspicion of leaking information to her lawyers. And it was key in the conviction of Botes, who was found guilty of conspiracy, theft of federal funds and wire fraud charges conviction.

The state's former top educator pleaded guilty in May to charges of embezzling about $600,000 meant for Georgia students. In court, witnesses and prosecutors said she asked friends and family members _ including the staffers in her daughter's dental practice _ to endorse a batch of $590 checks that were later diverted to her campaign.

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Schrenko, 56, an educator from suburban Augusta, made history in 1994 when she became the first woman elected to a statewide, nonjudicial post in Georgia. She also was one of the first Republicans elected to such an office in a state that had been dominated by Democrats since Reconstruction.

She was re-elected in 1998, but her bid to unseat Democrat Gov. Roy Barnes fell short when she lost the Republican primary to Sonny Perdue, a state senator who went on to beat Barnes.

Her November 2004 indictment made Schrenko the state's highest-ranking elected official in decades to face such serious charges. She was indicted on 22 counts of money laundering and 18 other counts ranging from conspiracy to fraud, with each count carrying up to 20 years in prison.

Botes and Temple are the last of Schrenko's aides to be sentenced in the case.

Former campaign manager Richard Leonard, 44, of Augusta, Ga., was sentenced Aug. 24 to one year of probation and a fine of $3,000 for trying to dissuade a witness from providing truthful testimony against Schrenko.

Aide Miller E. Finley, 64, of Evans, Ga., was sentenced July 21 to three years' probation and a $4,000 fine for making false statements to federal agents.

Prosecutors Say Trash Pickup Favors Behind Alleged State Payroll Scam (BVND)

By Jan Dennis

The Belleville News Democrat, September 12, 2006

PEORIA, Ill. - A former high-ranking Illinois secretary of state official helped three janitors pocket more than $150,000 in state pay for work they didn't do in exchange for special treatment by city trash collectors in his Springfield neighborhood, prosecutors said Monday.

Cecil Turner received no financial kickbacks in the alleged ghost payroll scheme, U.S. District Attorney Patrick Chesley said during opening statements in Turner's trial in federal court in Peoria.

Instead, Chesley alleged Turner aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department, arranging quick pick ups of junk ranging from water heaters to a dog house for Turner and his neighbors.

Defense attorney Michael Metnick told jurors Turner was unaware of the alleged five-year payroll scam he maintains was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner.

Turner, 59, the former director of the secretary of state's physical services division, is charged with four counts of wire fraud that allege he helped the janitors hide the scheme, along with two counts of lying to investigators. He faces up to 20 years in prison on each wire fraud count and up to five years in prison on each count of lying to investigators if convicted.

Metnick told jurors that special trash pickups in Turner's neighborhood were arranged by another city employee, not Dinora, and are common for people with political connections. Turner is vice chairman of the Sangamon County Democratic Party and his wife, Doris, is a Sangamon County Board member.

"While none of us like it, it wasn't done because of Dana Dinora. It was done because of Cecil Turner," Metnick said.

Metnick called Dinora a "con man" with a long record of abusing time off who manipulated Turner after he was appointed to the $98,000-a-year job in 1999.

Chesley told jurors that Turner helped cover for the janitors, yelling at supervisors who questioned unfinished work and ordering them to "leave those guys alone."

"The janitors could not have done it without Cecil Turner. That's what the evidence is going to show," Chesley said.

The three janitors pleaded guilty last month in a scheme prosecutors allege handed them full pay for working only a fraction of their assigned hours from 1999 to August 2005. Dinora, 53, of Springfield, David Medvesek, 57, of Springfield, and Steven Boyce, 58, of Chatham, each face up to 20 years in prison when sentenced Dec. 21.

Chesley said the scheme started slowly, but that Dinora was barely working by 2004 and the other janitors were putting in only half their assigned hours. He said the janitors developed various methods to cover their absences, including leaving notes for other workers that said they were working elsewhere.

Turner and the janitors were fired after an investigation uncovered the scheme last year. Turner was among 20 department heads in the secretary of state's office, overseeing maintenance and janitorial services in state offices, including the Capitol building.

Secretary of State Jesse White has said he is angry the men broke the public's trust but said their firings should signal to employees and the public that corruption will not be tolerated in his office.

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His Republican opponent, state Sen. Dan Rutherford, charged Monday that White set the stage for the alleged scam when his office hired Turner despite knowing of his 1976 conviction in a scheme in which veterans' benefit checks were stolen from the postal service.

Rutherford also alleged that White aided the scheme six years ago through moves within the office that he says made doling out jobs, not weeding out corruption, a priority.

"I believe that if Jesse White had been attentive and not been asleep at the wheel that this trial today could have been prevented," Rutherford said during a news conference across the street from the Peoria courthouse.

David Drucker, a spokesman for White's re-election campaign, said White hired Turner despite his criminal conviction because "it happened almost 30 years ago and he had turned his life around."

Drucker also said White's internal investigators uncovered the alleged scam and accused Rutherford of using the trial to bolster his campaign.

"The fact that he's going back six years on this thing is indicative that his campaign is in real trouble," Drucker said.

Turner's trial, which attorneys say could last a week or more, resumes Tuesday morning.

2 Cuban Activists Plead Guilty To Weapons Charge (FLSUNSEN/AP)

By Curt Anderson, Associated Press

South Florida Sun-Sentinel, September 12, 2006

MIAMI -- A prominent Cuban exile who virulently opposes the communist government of President Fidel Castro pleaded guilty Monday to weapons charges arising from seizures last year of machine guns, a grenade launcher and thousands of rounds of ammunition.

Santiago Alvarez, 64, a wealthy developer and key benefactor of jailed Cuban militant Luis Posada Carriles, pleaded guilty to a single criminal conspiracy charge. A longtime employee of Alvarez's, 64-year-old Osvaldo Mitat, also pleaded guilty.

Their pleas came a day before jury selection was scheduled to begin for a trial before a federal judge in Fort Lauderdale. Alvarez and Mitat had both faced up to 20 years in prison if convicted on the original six-count indictment.

Under the plea deal, each now face up to five years behind bars when they are sentenced by U.S. District Judge James Cohn on Nov. 14.

``I think both sides believe it's a just result," said Alvarez attorney Kendall Coffey. ``It recognizes that they are enemies of Castro, not the United States. But even patriots are accountable."

Prosecutors did not immediately comment on the plea agreement.

Alvarez is a longtime associate of Posada, a former CIA operative who is accused by the Cuban and Venezuelan governments with masterminding the 1976 bombing of a Cuban airliner in which 73 people died. Alvarez arranged for travel documents for Posada and helped him come out of hiding in Miami in May 2005, even staging a press conference for the Cuban militant.

Posada, 78, is now in U.S. immigration custody in Texas and has been ordered deported from the United States, but no country has been willing to accept him. Posada's lawyers argue that he should be released to his family in Miami.

Alvarez and Mitat were arrested in November after an informant tipped the FBI that a large cooler full of military-style weapons was being transported from apartments in Broward County owned by Alvarez to Mitat in Miami.

Later, investigators discovered more weaponry and ammunition at the apartment complexes and on Guinchos Cay, Bahamas, an island about 12 miles from Cuba that was linked to Alvarez. That island arsenal included grenades, grenade launchers and about five pounds of powerful C-4 plastic explosives.

Prosecutors had said those discoveries showed that Alvarez was actively involved in procuring weapons for an attempt by some Cuban exiles in Miami to topple the Castro government by force.

Documents discovered at Alvarez's office showed that he financially supported Posada during his trial and imprisonment for an alleged Castro assassination attempt in Panama in 2000. Posada was later pardoned by Panama's president.

Florida: Cuban Exiles Avoid Trial With Plea (NYT)

By Terry Aguayo

The New York Times, September 12, 2006

Two Cuban exiles who have vehemently opposed Fidel Castro will avoid a trial on weapons charges after each pleaded guilty to a single criminal conspiracy charge. The men, Santiago Alvarez, 65, and Osvaldo Mitat, 64, were scheduled for trial this week and would have faced up to 20 years in prison if convicted. But prosecutors reduced the charges in a last-minute plea deal, and the men now face a maximum sentence of five years. The men were arrested last year after the Federal Bureau of

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Investigation seized machine guns, a grenade launcher and thousands of rounds of ammunition. They are scheduled for sentencing Nov. 14.

Two Anti-Castro Activists Plead Guilty To Weapons Conspiracy (MH)

By Jay Weaver

The Miami Herald, September 12, 2006

Two elderly anti-Castro activists facing weapons charges pleaded guilty Monday in federal court in Fort Lauderdale to one count of conspiracy to possess illegal weapons, which carries a five-year maximum prison penalty. The men face sentencing Nov. 14.

Santiago Alvarez, 65, and his friend Osvaldo Mitat, 64, went before U.S. District Judge James Cohn this afternoon after prosecutors reduced charges. The men were facing a maximum of 20 years imprisonment because initial charges included possession of illegal weapons, in addition to conspiracy.

Machine guns, firearms, a silencer with an obliterated serial number and a grenade launcher were among the weapons the men were accused of stashing in a Lauderhill apartment complex owned by Alvarez.

The conspiracy dated back to November 2004, prosecutors said. The men were arrested a year later. Alvarez helped Cuban exile militant Luis Posada Carriles emerge from hiding in May 2005 before Posada's arrest for entering the country illegally. Posada is still in federal custody in Texas.

At least two dozen family members and friends of Alvarez and Mitat, who worked for Alvarez, were present at today's hearing.

"We're just happy it's over," Santiago Alvarez Jr. said about his father's case.

Francisco "Pepe" Hernandez, of the Cuban American National Foundation, said of Alvarez's decision to plead guilty: ``He didn't have any choice after the judge ruled on the insistence of the government bringing this trial in Broward."

"They realized their chances were slim," Hernandez said, ``and they wanted to spare the community this commotion."

Jose Basulto of Brothers to the Rescue said, ``George Washington would have been proud of these two men as patriots."

Cohn last week ruled that the men could get a fair trial in Broward County. Their attorneys argued that the strikingly different demographics between Miami-Dade and Broward should allow a two-county jury in federal court in Fort Lauderdale.

2 Cuban Exiles Accept Plea Deal (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 12, 2006

In a last-minute plea deal, prominent Cuban exile and local real estate developer Santiago Alvarez admitted Monday he illegally stashed weapons at a Broward County apartment complex and attempted to move them after federal authorities appeared at his office with a search warrant.

Alvarez and co-defendant Osvaldo Mitat each pleaded guilty in Fort Lauderdale federal court to a single conspiracy charge stemming from the Nov. 18 seizure of a white fishing cooler containing machine guns, numerous firearms with serial numbers removed, an unregistered silencer and a grenade launcher.

Prosecutors contended Alvarez, 65, and Mitat, 64, both staunchly anti-Castro Cuban exiles, maintained caches of weapons, including one in the Bahamas, to use in attacks on Cuba. The agreement specifies that the maximum prison term Alvarez and Mitat can receive is five years, far less than they could have received had they been convicted at trial. U.S. District Judge James Cohn set sentencing for Nov. 14.

One longtime friend and supporter said Monday's guilty pleas marked a "shameful day for Cuban patriots."

According to a factual summary of the case agreed to Monday by both sides: Federal agents executed a search warrant on Alvarez's Hialeah office Nov. 18, after intercepting a parcel addressed to Alvarez containing counterfeit Guatemalan identification documents. As the search continued, Alvarez asked an employee to transport a cooler containing weapons from a Lauderhill apartment complex to a location in Miami, where Mitat would pick it up.

The employee, who was an FBI informant, tipped off agents to the exchange. Authorities arrested Mitat as he took possession of the weapons and arrested Alvarez later.

Magistrate Rules In Cuban Militant's Favor In Bid To Leave Jail (AP)

By ALICIA A. CALDWELL

AP, September 12, 2006

EL PASO, Texas -- A federal magistrate judge has agreed that an anti-Castro Cuban militant should be able to leave a federal immigration jail while he waits to be deported.

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U.S. Magistrate Judge Norbert Garney issued a 23-page written ruling Monday that Luis Posada Carriles should be set free from the El Paso immigration detention center where he has been held since his arrest on immigration charges last year, Posada's El Paso lawyer, Felipe D.J. Millan said Monday.

Millan said the ruling will now go to a federal district judge. If Garney's ruling is upheld, which Millan believes will happen, he anticipates that Posada could be set free in about 30 days.

"As far as we're concerned, we're on the right track," Millan said of the favorable ruling.

A Department of Justice spokesman said Monday evening that the agency is reviewing the decision.

The 78-year-old Cuba native and naturalized Venezuelan citizen is wanted in Venezuela on charges that he plotted the deadly 1976 bombing of a Cuban jetliner from Caracas.

Eric Wingerter, a Venezuelan government spokesman in Washington, said Garney's ruling "is exactly the wrong message to be sending" in time of an increased focused on fighting terrorism.

"We're talking about a guy who blew up an airplane that was holding the most innocent people imaginable," Wingerter said. "If that is not the definition of a terrorist, I don't know what is."

Wingerter said the date of the ruling, the fifth anniversary of the Sept. 11, 2001 terrorist attacks, was "particularly insulting to the families of the victims.

"If we are serious about fighting terrorism then we need to prosecute all terrorists, not just those opposed to U.S. foreign policy."

Posada was arrested in Miami last year on charges that he illegally crossed into Texas from Mexico.

Last year an immigration judge ruled that Posada should be deported but said he could not be sent to Cuba or Venezuela because of the fear that he could be tortured.

Wingerter said that ruling "is not grounded in facts" and lawyers for the Venezuelan government are continuing efforts to have Posada sent back to face trial

During a brief hearing in federal court last month, Posada asked Garney to let him return to Miami, where his wife and children live, until the U.S. government can find another country to send him to.

Federal authorities have been trying since October to find a country that would accept Posada. Canada, Guatemala, Mexico, Costa Rica and El Salvador have all rejected formal requests.

Posada, a former CIA operative and U.S. Army soldier, has applied for U.S. citizenship. That application is pending, Millan said.

8th Circuit Grapples With Sentencing Guidelines (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, September 12, 2006

An 8th U.S. Circuit Court of Appeals judge warned recently that the appellate court may be creating unconstitutional sentencing precedents that violate the spirit of last year's Supreme Court decision in U.S. v. Booker, which gave judges discretion to shape reasonable sentences.

Nationally, circuits have been grappling with how much leeway to give trial judges in fashioning sentences that are either more or less lenient than the traditional guideline range established by the U.S. Sentencing Commission.

The 8th Circuit overturned the 11-year prison term for repeat offender Jeffrey A. McDonald in a methamphetamine case because it was less than half the recommended sentencing guideline range of 22 to 27 years and just one year more than the law's minimum limit.

The court ordered resentencing without such an extreme variance.

This prompted Judge Kermit E. Bye to point out in dissent that, since the Booker decision, the 8th Circuit has reversed 25 sentences below the guideline range while affirming four, yet affirmed 16 sentences above guideline range while reversing just one.

"If we fail to implement the promise of Booker and do not relinquish greater discretion to experienced district court judges whose proximity to sentencing renders them eminently more qualified to appreciate the subtleties of each case, we will find ourselves the architects of a new -- and equally unconstitutional -- de facto mandatory sentencing system crafted from the ashes of the last," Bye wrote in U.S. v. McDonald, No. 05-1617.

Around the country, six circuits have held that sentences within the guideline range are presumptively reasonable. Only the 2nd Circuit declined to create a per se rule on the reasonableness of any sentence within approved ranges. U.S. v. Crosby, 397 F.3d 103 (2005).

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Last year, in U.S. v. Booker, 543 U.S. 220 (2005), the U.S. Supreme Court struck down the portion of the Sentencing Reform Act that made guidelines mandatory, holding that it violated a defendant's Sixth Amendment right to trial by jury, and converting the 20-year-old guideline system to advisory status.

Bye invited the circuit panel to re-examine its recent sentencing rulings, a challenge taken up by Judge Raymond W. Gruender in a lengthy footnote in his majority opinion.

Seven of the 25 lower sentences were vacated because the sentencing judge did not explain the reason, and may be upheld when properly explained, according to Gruender. Another seven were reductions of more than 100 months and five others gave no prison time when guidelines called for one to five years, he said.

McDonald's attorney, Kevin Cmelik, an assistant federal public defender in Davenport, Iowa, said that his office may seek reconsideration by the entire court. "In this circuit there is a debate building over how right we are in our reasonableness doctrine," he said.

Andrew Kahl, chief of the criminal division in the U.S. Attorney's Office in the Southern District of Iowa who argued the McDonald appeal said, the "variance wasn't warranted on the facts presented" in the case. "It was a very extreme drop from the sentencing guidelines."

Woman Missing From Carnival Cruise Ship (MH)

By Andrea Robinson

The Miami Herald, September 12, 2006

Federal officials are investigating the reported disappearance of a passenger who had been aboard a cruise ship that returned to the Port of Miami-Dade on Monday.

The 36-year-old Ohio woman was reported missing from Carnival Cruise Lines' Imagination as it was en route from Mexico.

FBI officials in Miami spent Monday morning interviewing family members who were on the ship. They declined to release the woman's identity.

FBI spokeswoman Judy Orihuela said the investigation is just beginning.

"We're looking into it," she said. ``It doesn't look like foul play at this time."

By early afternoon, she said, Miami-Dade police were searching the woman's cabin, looking for possible evidence.

The U.S. Coast Guard also is assisting in the investigation.

Petty Officer Jennifer Johnson, a Coast Guard spokeswoman, said Carnival called the Coast Guard about 9:30 a.m. Monday to report the woman missing. She said a sea search had not yet been ordered.

"We haven't launched any assets yet. We're working together to determine if that's necessary," Johnson said.

The Imagination had left Miami on Thursday on a cruise to Key West and Calica, Mexico.

In a written statement, Carnival officials said a guest aboard the cruise told information desk workers early Monday that the family could not locate the woman, last seen about 1:30 a.m. Sunday after the ship departed Calica.

The International Council of Cruise Lines, an industry lobbying group, said earlier this year there were 24 reports of people missing during cruises between 2003 and last year. Its findings were based on data from 15 cruise lines.

In July, Elizabeth Galeana, 22, of Naples, apparently fell off a cruise ship and drowned. Her body was found off the coast of Italy last month.

In May, Daniel DiPiero, 21, of Canfield, Ohio, fell off a cruise ship headed to the Bahamas after a night of heavy drinking with friends.

This report was supplemented with material from The Associated Press.

Ohio Woman Missing From Cruise Ship (WP/AP)

The Associated Press

The Washington Post, September 12, 2006

MIAMI -- Authorities are investigating the disappearance of an Ohio woman who was reported missing Monday from a Carnival Cruise Lines ship.

The 36-year-old woman, whose identity was not released, had been on a four-day cruise to Key West and Mexico.

The Miami-based cruise line said relatives last saw the woman early Sunday but did not report her missing until Monday, when the ship returned to Miami. FBI spokeswoman Judy Orihuela said, however, that she was not aware of any delay in reporting the disappearance.

"It doesn't look like foul play," said Orihuela, whose agency is investigating the case.

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The disappearance from the Carnival cruise ship Imagination was the latest missing person case involving a cruise this year.

Elizabeth Galeana, 22, of Naples, Fla., apparently fell off a cruise ship in July and drowned. Her body was found off the coast of Italy last month. In May, Daniel DiPiero, 21, of Canfield, Ohio, fell off a cruise ship to the Bahamas after a night of heavy drinking with friends.

The International Council of Cruise Lines, an industry lobbying group, reported earlier this year that a review of data from 15 lines showed 24 reports of missing people between 2003 to 2005.

One of the highest-profile cases involving a cruise ship disappearance occurred last summer, when George Allen Smith IV, 26, of Greenwich, Conn., vanished from his honeymoon cruise in the Mediterranean after an apparent late night of drinking. Bloodstains were found on a canopy that covers lifeboats. No one has been charged and no body has been found.

Loaded Gun Found In D.C. Court Cellblock (LAW/AP)

The Associated Press

AP, September 12, 2006

Investigators were trying to determine how a loaded handgun got into a cellblock inside District of Columbia Superior Court.

A cleaning contractor found the .25-caliber semiautomatic pistol under a wad of paper in a cell toilet Friday, said Steve Conboy, the U.S. marshal for Superior Court.

It was the first time such a serious security breach occurred at the busy downtown courthouse in at least 10 years, authorities said.

Conboy, who oversees courthouse security, said he does not know how the small pistol was smuggled into the building.

"We're not ruling anything out," he said. "At this point everybody's a suspect."

All prisoners are patted down by deputy marshals before being taken into the cellblock -- whether coming from the D.C. jail, police headquarters or off the street.

But only people who are taken into custody in a courtroom after coming in off the street are scanned by a metal detector, Conboy said.

He said it was not unusual for drugs, makeshift weapons and other contraband to turn up, but finding a gun is far more serious because marshals do not carry firearms when working in the cellblocks.

Conboy said many possibilities could explain how the weapon got into the building.

For instance, a person coming to court for a hearing in a criminal case could have sneaked the gun into the courthouse -- despite the presence of metal detectors -- and ditched the gun in the cellblock after being ordered into custody.

Or the gun could have been smuggled in by an employee or a contractor who has access to the cellblocks.

In 1988 and again in 1994, loaded guns were seized in the cellblocks before they could be used to do any damage, Conboy said.

Court officials noted the potential for tragedy if someone had used the gun in an attempt to escape.

"It's everybody's nightmare," said Superior Court Chief Judge Rufus G. King III.

California Opens Inquiry On Breaches Of Computers (NYT)

By Jennifer Steinhauer

The New York Times, September 12, 2006

LOS ANGELES, Sept. 11 — The California Highway Patrol is investigating outside breaches of a computer system used by aides to Gov. Arnold Schwarzenegger to store downloaded audio files, a spokesman for the patrol said Monday.

In those files, some of which were leaked to The Los Angeles Times, the governor was heard telling Susan Kennedy, his chief of staff, that Cubans and Puerto Ricans were naturally passionate because of their combination of “black blood” and “Latino blood.”

Mr. Schwarzenegger, who is seeking re-election, apologized for the remarks on Friday after they were reported by the newspaper, and he was criticized by his Democratic opponent, Phil Angelides.

“We are looking into the security of the governor’s office computer system,” said Fran Clader, a spokeswoman for the Highway Patrol, which is in charge of policing state facilities.

Ms. Clader would not provide details of the investigation, but a person associated with the governor said that three times over the last week of August and the first week of September a person or group of people gained access to the governor’s staff computers from outside the Sacramento offices. The person spoke on the condition of anonymity because the matter could become the subject of a criminal investigation.

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There are no immediate theories, the person said, as to who is responsible for the breach, first reported by The San Francisco Chronicle.

The governor's legal affairs secretary, Andrea Lynn Hoch, issued a statement Monday night saying that an internal audit had revealed some information about the person involved in the breach and that the information had been turned over to the Highway Patrol.

In remarks to Ms. Kennedy and Gary Delsohn, a speechwriter, Mr. Schwarzenegger praised the legislative style of State Senator Bonnie Garcia, who is of Puerto Rican descent, saying: "I mean Cuban, Puerto Rican, they are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

On Friday, Ms. Garcia held a joint news conference with Mr. Schwarzenegger in Los Angeles to announce that his remarks had not bothered her in the least, but the governor said that reading the remarks in the newspaper made him "cringe."

Mr. Delsohn records conversations with the governor to use as reference material when he is writing his speeches, but shares them with a limited number of sources, The Chronicle reported.

Some experts on computer security said the person or people who entered the governor's system most likely knew what they were looking for — rather than randomly stumbling across the files — and could have easily stolen the password needed to get them. They said it was likely that the files were not properly secured.

Sondra Schneider, the chief executive of Security University, a company that provides training in protecting electronic assets, theorized that someone sent an e-mail message that compromised the governor's computer system when it was opened, allowing the sender to steal the password.

"Anyone at any time of any day can do that to anyone," Ms. Schneider said. "It happens every minute of the day."

In the case of the governor's office, Ms. Schneider said: "They just had to know that those audio files were in existence. I don't think someone was fishing around on the site looking for it. They knew it was there and it was made available because it was not secured properly."

The governor's press office referred all calls to the California Highway Patrol. David Garcia, a spokesman for The Los Angeles Times, said in an e-mail message that the paper had not been contacted by the patrol.

Governor Schwarzenegger is in a tough re-election battle. He has been known to get into hot water with his remarks, including once calling a group of legislators "girlie men."

17 Charges Filed In Rape Case Linked To Phoenix Killings (WP/AP)

By Chris Kahn, Associated Press

The Washington Post, September 12, 2006

PHOENIX, Sept. 11 -- An ex-convict and construction worker was charged with 17 felony counts Monday in two sexual assaults linked to an investigation of a string of serial killings.

Maricopa County Attorney Andrew P. Thomas said that authorities are not calling Goudeau the "Baseline Killer" and that he has not been named as a suspect in 22 other robberies, rapes and shootings that left eight people dead since August 2005.

For more than a year, a predator known as the Baseline Killer has terrorized the Phoenix area with killings, rapes and robberies. Police continue to try to understand how and whether Goudeau is connected, Thomas said.

The case is one of two serial-predator cases in the Phoenix area in the past year. Police have arrested two men in the other, dubbed the "Serial Shooter" investigation.

At a news conference, Thomas said Arizona's parole board was "naive and misguided" when it granted early release to Goudeau in 2004. Goudeau had eight more years to go on a prison sentence for unrelated assault charges.

"The victims of these brutal crimes deserve justice," he said. "I will do everything in my power to ensure that this defendant never again walks the streets a free man."

Goudeau is accused of attacking two sisters, who were 21 and 23, in September 2005 while they were walking in a park at night. Defense lawyer Corwin A. Townsend said that Goudeau plans to plead not guilty to the charges. And as soon as he gets the chance, Townsend said, he will independently test the DNA evidence that authorities used to arrest Goudeau.

Goudeau's wife also has said he is not guilty.

"This is a huge miscarriage of justice," Wendy Carr said. "And they have an innocent man in prison. This is all a mistake. He shouldn't be in prison for something he didn't do."

The Baseline Killer, so named because the earliest incidents occurred along Baseline Road, has been linked to 23 crimes in the metro area dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies.

Investigators said they connected the crimes either through forensic evidence or through similarities in the way they were committed.

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CIVIL LAW:

Government Joining Case Against Drug Maker Over Pricing Allegations (AP)

AP, September 12, 2006

BOSTON The federal government is joining in a whistleblower's lawsuit in Boston alleging a drug maker inflated prices for medications and defrauded Medicare and Medicaid.The Justice Department said today it is intervening in the case against Dey (DAU) Incorporated, a California-based U-S affiliate of the German drug maker Merck.The government is joining a complaint by a Florida pharmacy and provider of home drug-infusion services. Ven-a-Care also has brought complaints alleging drug makers defrauded government programs.Officials accuse Dey of reporting prices for drugs that were more than five times the actual sales prices, costing the government more than 500 (m) million dollars in reimbursement.The company had no immediate comment.

Dey Denies Allegations On Drug Pricing (UPI/UPI)

United Press International, September 12, 2006

NAPA, Calif., Sept. 11 (UPI) -- Dey LP, a California drug company, denied Monday that it engaged in wrongdoing in the pricing or marketing of its medicines.

The denials follow word from the U.S. Justice Department earlier in the day that it intervened in a whistleblower suit against Dey.

Justice's complaint alleges that Dey engaged in a scheme to report "fraudulent and inflated" prices for several pharmaceutical products, knowing that federal healthcare programs established reimbursement rates based on those reported prices.

Dey's denial took aim at the method used by the government in developing its complaint.

"When virtually an entire industry is sued -- as has been the case with the pricing lawsuits that have been filed around the country by dozens of attorneys general -- it indicates that the real issue is not the industry's conduct, but rather the government's own reimbursement system," said John M. Kling, senior vice president-legal at Dey.

N.J. Gets $500K Settlement From GlaxoSmithKline (AP)

AP, September 12, 2006

(CBS/AP) WASHINGTON New Jersey prosecutors say the state will get nearly $500,000 dollars from GlaxoSmithKline to settle claims it overcharged the government for two anti-nausea drugs.

New Jersey was reimbursed more than $472,000 from a $149-million national settlement with the Justice Department.

The government said Glaxo engaged in a scheme to inflate the price of Zofran and Kytril for the Medicare and Medicaid programs, which reimburse health care providers based on the manufacturers' prices.

The drugs are typically administered in doctors' offices or hospitals and are mainly used to counter nausea brought on by chemotherapy and radiation.

The Justice Department claims the company charged health care providers less for the drugs, knowing the providers would get to pocket the difference, and would be more likely to prescribe them again.

Glaxo admitted no wrongdoing as part of the settlement.

Big Tobacco's Promises To Reform Go Up In Smoke (USAT)

USA Today, September 12, 2006

Tobacco companies have spent years trying to look as if they've reformed their old deceptive ways.

But in just the past month, new information has come to light that strongly suggests they are still willing to sacrifice smokers' lives for profits:

·On Aug. 17, a federal judge found that cigarette-makers marketed and sold their lethal products by deceiving the public about the risks of smoking for five decades. The duplicity and manipulation, she wrote, “continues to this day.”

·Two weeks later, the industry returned to court brazenly seeking a loophole that would allow it to continue the deception overseas.

·On Aug. 29, Massachusetts health officials reported that the average nicotine delivery in scores of cigarette brands had increased by an average of 10% during seven years ending in 2004. Nicotine is the chemical that hooks smokers and keeps them hooked.

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These findings and the industry's own actions suggest that its recent show of good corporate citizenship is as ephemeral as a puff of smoke. They might also prove expensive.

Last month's ruling in the government's landmark tobacco lawsuit could force the industry to remove misleading labels such as “light,” “mild,” and “low tar” from cigarette packs and marketing as of Jan. 1, imposing major new branding and marketing costs. U.S. District Judge Gladys Kessler found that the industry used those terms to falsely portray lower-tar cigarettes as somehow less harmful than full-flavor brands to keep smokers from quitting.

It was a profitable ploy while it lasted. In the 1960s, when the surgeon general first warned of smoking's hazards, cigarette-makers answered the challenge with “low-tar” cigarettes. And smokers began to switch.

To satisfy their addiction, they smoked more or inhaled more deeply. In 2001, the National Cancer Institute reported the tragic result: The “net effect of the introduction and mass marketing” of these brands may have been an increase in smoking-related deaths.

Cigarette-makers “marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs,” Kessler wrote.

Has the industry been chastened by her withering opinion?

Not by a long shot. After the ruling, the defendants sought “clarification” that it did not apply overseas. In essence, they were seeking a green light to mislead people in countries that have been their growth markets.

Massachusetts' nicotine report, meanwhile, raises questions about whether the industry manipulated nicotine levels to hook new smokers. After that report was released, R.J. Reynolds declined comment. Lorillard didn't return calls. Philip Morris disputed the findings and insisted that any variations were the result of the natural process of growing tobacco and making cigarettes.

That's hard to swallow. The industry can “precisely control nicotine delivery levels and provide doses of nicotine sufficient to create and sustain addiction,” Kessler found.

Sadly, the public doesn't know what the industry is doing with nicotine or any ingredient. Thanks to industry lobbying and campaign contributions, there is no meaningful regulation. Never mind that tobacco kills 400,000 Americans a year. Until Congress gets serious about regulating cigarettes, Big Tobacco will have the last word.

Nicotine Study Faulty (USAT)

By Michael A. Farriss

USA Today, September 12, 2006

The Massachusetts Department of Public Health recently issued a report based on data from 1998 to 2004 that concluded “the amount of nicotine that is actually delivered to the smoker's lungs has increased significantly.” The MDPH report cites Philip Morris USA and its Marlboro brand.

The principal reason the MDPH report seems to show an upward trend for Marlboro is because it did not include the earliest reported data from 1997 and the most recent reported data from November 2005. We believe that when one looks at the Marlboro data from all the years reported to the MDPH (1997 through 2005), there are variations in nicotine yields, both up and down, in different brand packings, but there is no trend in nicotine yields, up or down.

For example, the nicotine yield measured in Marlboro Lights King Size Box, the largest selling cigarette brand packing in the country, went up from 1997 to 1998, down in 1999, up in 2000, down in 2001, up in 2002, down in 2003, up in 2004 and down in 2005. The annual variability, both up and down, ranged from 0.01 to 0.11 milligrams of nicotine. These year-to-year variations occur because of the normal processes of growing tobacco and manufacturing cigarettes.

The MDPH report also links the nicotine measured by a smoking machine to nicotine “delivered to the smoker.” Other public health authorities have said one should not link machine smoking to human smoking. For example, the World Health Organization Study Group on Tobacco Regulation concluded that “machine testing protocols are not likely to provide a valid basis for predicting health effects or for making claims about health effects because such protocols do not predict how the products will be used by individuals or at the population level.”

We do not believe that the MDPH's conclusions about the trends in nicotine yields for Marlboro are supported by the 1997 through 2005 data. Even so, there are some fundamental conclusions that Philip Morris USA and the MDPH seem to share: Cigarette smoking is addictive, cigarette smoking causes disease and death, and comprehensive federal Food and Drug Administration regulation of the tobacco industry would be good public health policy.

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CIVIL RIGHTS:

EEOC Seeks Key Testimony In Sidley Austin Age Discrimination Suit (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, September 12, 2006

The U.S. Equal Employment Opportunity Commission has moved to compel testimony about recent conversations between Sidley Austin partners and a former financial director who signed a 1999 letter stating that the firm had a mandatory retirement policy.

Sidley has denied having such a policy in the face of an EEOC suit claiming the Chicago-based law firm discriminated against 31 partners on the basis of age when it demoted them to counsel in 1999. The EEOC has claimed the financial director's letter "flatly contradicts" the firm's position.

The letter, dated Oct. 21, 1999, and addressed to the Social Security Administration in Chicago, states that "it is the general policy of Sidley & Austin not to permit a partner of the firm to continue as a partner commencing the first of the year following the year age 65 is reached." The letter is signed by William B. White, financial director.

According to the EEOC motion filed last Tuesday in Chicago federal court, White testified at a July 26 deposition that he believed the letter to be an accurate statement of the firm's retirement policy at the time he signed it. But he also testified that, after conversations earlier this year with Sidley partners William F. Conlon and Theodore N. Miller, he realized the letter did not accurately state firm policy.

The lawyer representing Sidley at the deposition, Michael Conway of Chicago's Grippo & Elden, objected to questions about these conversations on the grounds that they were privileged. The EEOC is seeking to compel White's testimony about them.

"This motion presents the classic example of a Defendant seeking to use the attorney-client and work-product privileges to improperly thwart the Plaintiff's discovery into areas that are potentially damaging for the Defendant," the EEOC claims.

The agency argues the conversations are not privileged because White, who is retired but still works at Sidley on a contract basis, was not seeking legal advice from either Miller, who is vice chairman of the firm's management committee and a member of its executive committee, or Conlon, an executive committee member who acts as the firm's general counsel.

"The fact that Conlon and Miller are lawyers does not render every conversation that they have about this case privileged," the EEOC says in its motion.

Conway did not return a call seeking comment but, according to a partial transcript of the July 26 deposition, he justified his objection on the grounds that the partners "were offering legal advice."

"Miller was acting as counsel to the firm in connection with this matter," said Conway. "Having a conversation with White about activities during the scope of his employment I think is privileged."

The EEOC had moved in June to have counsel separate from the firm appointed for White. The firm quickly agreed to the appointment, but the letter received some media attention at that time, including articles in the Law Journal and the Chicago Tribune.

Represented at his deposition by his new counsel, Michael Hannafan of Chicago's Hannafan & Hannafan, White testified that he first became aware the retirement policy stated in the letter was not correct after he read the June 6 article in the Tribune. That morning, he said, firm executive director Timothy Bergen showed him the newspaper and told him he was a "celebrity." Bergen then told him to call Miller.

White later testified that Conlon also had called him about the letter and its possible inaccuracy in February 2006.

In his deposition, White also said he did not actually write the 1999 letter, only signed it. He said the letter was drafted by now-retired partner Wilbur C. Delp, who asked the financial director to sign the letter "so he could put it in his file in case there was a problem with his self-employment tax on his retirement payments."

In the past, law firms have not worried about EEOC scrutiny of their partner retirement policies because partners have traditionally been considered employers exempt from the protection of federal anti-discrimination laws.

In its suit against Sidley Austin, the EEOC has taken the novel position that the demoted partners were employees because they never voted on firm policy and all decisions, including partner compensation, were made by the firm's self-selecting executive committee.

The suit, which is seeking back pay for the demoted partners, could have far-reaching effect on the profession, as many large law firms have adopted similarly centralized management structures in recent years.

Journalist Remains In Contempt Of Court (FINDLAW/AP)

DOJ_NMG_0061837

By David Kravets, Associated Press Writer

AP, September 12, 2006

(AP) - SAN FRANCISCO-A federal appeals court on Monday upheld the contempt of court citation against a freelance journalist who is refusing to cooperate with a grand jury investigating an anarchists' protest he videotaped.

A federal grand jury subpoenaed Joshua Wolf to acquire the 30 minutes of unpublished material, but he refused and was ordered jailed Aug. 1. He was released a month later as he appealed his case.

The 9th U.S. Circuit Court of Appeals ruled Monday that a 1972 Supreme Court precedent requires everyone, including journalists, to appear before grand juries if they have been summoned.

"The Supreme Court has declined to interpret the First Amendment to 'grant newsmen a testimonial privilege that other citizens do not enjoy,'" a three-judge panel of the San Francisco-based appeals court wrote.

Wolf, 24, videotaped a July 2005 protest where anarchists allegedly vandalized a San Francisco police car and an officer suffered a fractured skull after being hit. The anarchists were protesting a G-8 international economic conference in Scotland.

Wolf sold some of the footage to San Francisco television stations and posted it on his Web site, but refused to turn over unpublished material. U.S. District Judge William Alsup found him in contempt of court and ordered him jailed.

Jose Luis Fuentes, Wolf's lawyer, said he would ask the appeals court to allow him to remain free while he petitions the court to reconsider the issue with a larger panel of 15 judges.

Theodore Boutrous Jr., a lawyer for the California First Amendment Coalition and other journalism groups, said he would support those efforts.

Although the incident Wolf caught on video involved San Francisco police, federal authorities investigated because it involved destruction of federally funded property.

Court Panel Denies Blogger's Appeal (NYT)

By Jesse Mckinley

The New York Times, September 12, 2006

SAN FRANCISCO, Sept. 11 — In a case closely watched by First Amendment advocates, a federal court panel has rejected an appeal by a freelance journalist and blogger who has refused to appear before a grand jury or turn over video he shot of a violent protest last summer.

The decision, filed Friday by a three-member panel of the Ninth Circuit Court of Appeals, reaffirmed a contempt charge against the journalist, Josh Wolf, who was sent to prison on Aug. 1 by a lower court for refusing to cooperate with an investigation into an anti-capitalism protest here in July 2005.

At the protest, timed to coincide with the Group of Eight Summit of world economic leaders in Scotland, a police officer was injured and an explosive device, a smoke bomb or a firework, was put under a police car.

Mr. Wolf sold some of his film to local television stations and posted parts on his Web site, www.joshwolf.net. Earlier this year, the government subpoenaed Mr. Wolf to testify and to turn over the remaining video, which prosecutors wanted to use to gather evidence for potential arson charges. Mr. Wolf has refused, and in an interview on Monday, he remained defiant. "Nothing the government can do," he said, "will coerce me into submitting to their demands. I intend to appeal this through every measure possible."

Mr. Wolf remained free on Monday, and it was not clear if the decision would result in his returning to jail immediately. His lawyer, Jose Luis Fuentes, said he would ask for a rehearing before the entire court.

Luke Macaulay, a spokesman for the United States Attorney's Office for the Northern District of California, said his office was awaiting an order from the Ninth Circuit "clarifying Mr. Wolf's custodial status."

Mr. Wolf, who has continued to post online updates about his case, said he was not fazed by the prospect of more prison time.

"My cellmates were totally chill and had my back," he said of his recent incarceration. "The fact I only got an hour of fresh air a day was frustrating, but you deal."

After Steps To Desegregate, Plaintiffs Drop Tennessee Suit (NYT)

By Theo Emery

The New York Times, September 12, 2006

NASHVILLE, Sept. 11 — In 1966, a young black woman named Rita Sanders, fresh out of graduate school, took a job teaching at a traditionally black college here. Angered by the school's inadequate financing and facilities, she sued the state two years later as maintaining an inferior system of higher education for blacks.

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Thirty-eight years later, the woman, now Rita Sanders Geier, stood alongside Gov. Phil Bredesen of Tennessee on Monday to announce that the state had met its obligations to desegregate higher education and that she, along with the other plaintiffs and parties, would ask a judge to dismiss the lawsuit.

"The things that we put in place have shown that they are efficacious, and can work and will work," said Ms. Geier, who now lives in Maryland.

The announcement signified the conclusion of a significant civil rights case that sought to erase vestiges of segregation that lingered long after Brown v. Board of Education, the 1954 Supreme Court ruling that abolished segregation in public education.

The case perhaps best known for challenging segregated higher education is United States v. Fordice. That landmark 1992 Supreme Court ruling found that Mississippi had maintained separate systems, one for blacks and one for whites, after the official abolition of segregation.

But the Geier case was different. Long before the Fordice decision, the state agreed to merge a University of Tennessee extension in Nashville into Tennessee State University, where Ms. Geier worked. No other state has agreed to such a remedy, said Steve Suitts, program coordinator at the Southern Education Foundation in Atlanta.

Of 19 states with legally segregated systems of higher education, post-Brown lawsuits in only four states — Mississippi, Alabama, Louisiana and Tennessee — went to trial. Alabama is the only state where the litigation is pending, Mr. Suitts said.

He said the litigation could have accomplished more, "but I think the fact of the matter is that these lines of cases have done about as much as they can at this point."

The Tennessee case has taken many twists and turns. Six years ago all the parties entered mediation, and a year later they hammered out an agreement that would result in the dismissal of the lawsuit after five years, if all the conditions were met.

On Monday, the parties said the conditions had been met, including appropriating $15.5 million for the Tennessee State endowment, $19.8 million in capital outlays and almost $15 million in financial aid. All told, the state has spent $77 million since 2001 to increase equality and diversity at state colleges and universities, according to Mr. Bredesen's office.

George Barrett, the lawyer for Ms. Geier and the other plaintiffs, said the case did for higher education what the Brown case did for elementary and secondary education.

"We have given to our children, and our children yet unborn, a system of higher education washed clean of the pernicious effects of the sin of segregation," Mr. Barrett said.

John C. Brittain, chief counsel of the Lawyers' Committee for Civil Rights Under Law, said he was not so sure. He said settlements such as in the Geier case did not do enough for historically black schools.

"I doubt that it's enough, and that it will be sustained long enough to really build up those institutions to competitiveness and comparability," Mr. Brittain said.

Segregated Schools: New Debate, Old Problem (USAT)

By Dewayne Wickham

USA Today, September 12, 2006

Ernie Chambers never made it to the Congressional Black Caucus' annual legislative conference last week, but he was the elephant in the room when some of the attendees got together to talk about this nation's racial divide.

They were participants in a workshop whose title, "Is there a rebirth of legal racial segregation?" suggested a wide-ranging exploration of an intriguing topic. But what unfolded was an emotionally charged discussion of the causes and aftereffects of something Chambers did.

The only black member of Nebraska's state senate, Chambers is the co-author of a law that divides Omaha's public school system into three smaller districts — one mostly black, another largely white and the other predominately Hispanic. "When the opportunity came to do something which other people call radical, but which I call very American … I took that opportunity," Chambers said in a videotaped message.

The law, which takes effect in 2008, is seen by some as a throwback to the time when the doctrine of "separate, but equal" was the law of the land — though black children attended schools that were largely "separate," but hardly "equal."

Chambers' plan comes 52 years after the U.S. Supreme Court outlawed school segregation and at a time when many of Omaha's schools are heavily divided along racial lines as a result of housing patterns and a reluctance to use busing to achieve integration. Chambers said his law will give black and Hispanic parents more control over the schools their children attend. More control, he believes, will translate into greater academic achievement.

"I took this step because nothing else has worked," he explains.

Of course, it's unclear whether Chambers' law will produce the desired results — or even whether it will be implemented. The NAACP and the NAACP Legal Defense Fund have filed a federal lawsuit to block it. But Chambers' legislation produced no

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great sense of outrage among the academics and civil rights activists who attended the caucus workshop. That's because many of them think it will have little effect on racial integration in Omaha or anywhere else.

"Is there a rebirth of segregation?" panelist Charles Ogletree, a Harvard Law School professor, asked. "The answer," he said, "is emphatically no. It never died. … The reality is that far too many of us never moved an inch away from the segregation that we were born into in this nation."

To a large extent, the facts support that harsh assessment. Blacks and Hispanics continue to live largely in racially isolated neighborhoods. These segregated housing patterns and the continuing migration of whites to the suburbs ensure that minorities dominate the student bodies of many urban public school systems. Conversely, suburban whites attend schools that are overwhelmingly white. The panelists heaped the most blame for this situation on the Supreme Court — not white flight.

"The Supreme Court basically rewarded whites who fled to the suburbs, whites who have practiced decades of residential segregation, with a pass from having to be bothered with implementing" school desegregation, said Albert Samuels, assistant professor of political science at Southern University.

What he's talking about is the high court's Milliken v. Bradley decision. In that case, it ruled that a suburban school district can't be forced to become part of a multidistrict school integration plan if it cannot be shown that it was guilty of operating a segregated school system in violation of federal law.

In essence, this 1974 ruling gave whites who flee to the suburbs the cover they needed to perpetuate the school segregation that the high court outlawed 20 years earlier, many of the panelists argued.

In 1935, W.E.B. DuBois, the black sociologist and civil rights activist, wrote that "the Negro needs neither segregated schools nor mixed schools. What he needs is (a good) Education."

Parties Battle Over New Voter ID Laws (LAT)

By Peter Wallsten

The Los Angeles Times, September 12, 2006

PHOENIX — Little noticed by voters, a nationwide melee has broken out pitting liberal and conservative groups in a duel over new laws that could determine who wins close elections in November and beyond.

The dispute, which is being fought in disparate and often half-empty courtrooms in as many as nine states, concerns new state laws and rules backed primarily by Republicans that require people to show photo identification in order to vote and, in some cases, proof of citizenship and identification when registering to vote.

One measure prompted the League of Women Voters to halt its voter registration drives in Florida out of fear of facing criminal penalties. That law, and a similar provision in Ohio that threatened voter registration drives by other groups, was blocked in recent weeks by federal courts.

The legal battle reflects a deep partisan divide, with Republicans arguing that the new requirements are needed to prevent voting fraud and boost confidence in election results, and Democrats charging that they disenfranchise seniors, minorities, students and others who tend to vote Democratic.

Hundreds of thousands of votes are potentially at stake in some of the most contested congressional races this year and the 2008 race for the White House, making the court cases the latest battle in a broader war over election policies that has been raging since the 2000 Florida recount.

One example of the skirmishing came late last month in a federal courtroom in Phoenix, where a Navajo leader, occasionally speaking in his tribal language, testified that thousands of his people would lose their right to cast ballots under a new Arizona law that requires voters to present a photo ID or other proof of identity at the polls.

The leader, Leonard Gorman, testified that many Navajo who spend their lives herding sheep in remote areas cannot fulfill the new requirements because they do not drive, nor do they have mailboxes or even the utility bills that are accepted as alternative forms of identification under the new law.

"This is very burdensome to the elders," Gorman told U.S. District Judge Roslyn Silver.

The provision had been approved by Republican lawmakers and vetoed by Arizona's Democratic governor before conservative activists included it as part of a broad anti-immigration initiative passed by voters in 2004.

Gorman was describing a highly localized, narrow slice of the electorate — about 60,000 voting-age adults living on the reservation. But Native Americans tend to vote for Democrats.

And in a closely fought state, the votes of a handful of Navajo could be decisive.

In 2004, President Bush won a neighboring state, New Mexico, by just 6,000 ballots, and his 537-vote margin in Florida four years earlier prompted both parties to develop finely tuned get-out-the-vote procedures designed to enlist every voter they could.

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Republicans had great success enacting new laws after 2004, winning voter identification requirements in Georgia, Ohio, Indiana, Missouri and the city of Albuquerque as well as the Arizona law, while adding the voter registration restrictions in Ohio and Florida.

In some states, the legal wrangling has prompted creative efforts to guard against constitutional challenges.

Missouri has deployed mobile units in vans to issue identification to the elderly, responding to complaints that photo ID is costly or hard to obtain for some voters.

Wisconsin's Democratic governor has vetoed voter identification legislation approved by the Republican-led Legislature, and the Michigan Supreme Court is expected to rule soon on the constitutionality of a 1996 state law that has never been enforced but would require photo ID at the polls.

Pennsylvania's Republican-led Legislature approved a voter identification requirement, but it was vetoed by Democratic Gov. Ed Rendell.

Across the country, the strategy on each side is being engineered by national groups that say they are nonpartisan but that are ideologically aligned with either the Republican or Democratic parties.

The leading conservative group is the American Center for Voting Rights, an organization created last year that lobbied for many of the new laws and now coordinates the legal strategy to defend them from challenges. The group's primary lawyer is Mark "Thor" Hearne, a St. Louis-based veteran of the Florida recount in the 2000 presidential race who served as national election law counsel for President Bush's 2004 reelection campaign.

The opposing side is somewhat less centralized, with cases being brought by several groups, among them People for the American Way, the Lawyers' Committee for Civil Rights Under Law, the American Civil Liberties Union and the Assn. of Community Organizations for Reform Now (ACORN). These groups share strategy and have formed a coalition called the National Network on State Election Reform.

The Democratic National Committee has supported lawsuits in some states, and officials say the party is intensifying its efforts to combat the new laws. The party's national chairman, Howard Dean, last month announced a drive to recruit 7,500 pro bono lawyers and law students to assist in an "election protection program."

In court so far, challenges to the voter identification laws have met with mixed results. Judges have halted two versions of the Georgia law, but a law has been upheld in Indiana.

Challenges are pending elsewhere.

"With voter ID and registration, this is where the current battles over election practices are now being fought," said Dan Tokaji, an Ohio State University law professor who publishes the election-law blog Equal Vote.

Late last month, Hearne, the lawyer for the conservative American Center for Voting Rights, scrambled to prepare after a Missouri judge scheduled hearings on that state's voter identification law.

He lined up a disabled voter who backs the ID law, a supportive state legislator, and a study by two University of Missouri professors with which he intends to counter his opponents' claims that the law would disenfranchise more than 170,000 voters.

The study, for which Hearne said he paid the professors a "minimal amount," concludes that fewer than 20,000 registered voters lack a photo ID, and of those, about 6,000 would probably turn out to vote.

Hearne said he was inspired to delve into the details of election law after 2000, when on election day he found himself in court arguing against a move by Democrats to delay the closing of some St. Louis polling sites.

"They were arguing for a plaintiff who wound up to be dead. It was a fiction," he said. "I thought I had walked into a John Grisham novel."

Weeks later, Hearne joined GOP lawyers in Broward County, Fla., examining dimpled chads and other disputed ballots in the presidential contest.

Hearne said he did not coordinate with the Republican Party, and he vigorously denied that his goal was to suppress Democratic votes.

A spokesman for the Republican National Committee, Danny Diaz, said the party was closely monitoring the cases across the country but was not directly involved in coordinating strategy.

Still, the party has advised at least one state on election law. In a March e-mail obtained by The Times, the Republican National Committee's deputy counsel advised an Arizona official that the state was free to require proof of U.S. citizenship for newly registered voters, as the new state law mandates.

The lawyer wrote that the state did not have to follow an opinion to the contrary written by the U.S. Election Assistance Commission, the panel created by the 2002 Help America Vote Act to guide the administration of federal elections.

The Republican National Committee lawyer, Sean Cairncross, wrote to Kevin Tyne, the top deputy to Arizona's Republican secretary of state, advising that the commission ruling was "simply wrong on the facts and the law."

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"Good to talk to you," Cairncross wrote atop a list of bulleted arguments against the commission finding. "Here are a few thoughts — please let me know however else I [can] help."

Tyne forwarded the e-mail to state Election Director Joe Kanefield, writing simply, "fyi."

Kanefield said in an interview that the e-mail came because the Republican National Committee had called offering advice, and that Arizona officials had not solicited it.

A party official said the advice was offered to "provide clarity" in an "unprecedented" situation.

In the Phoenix courtroom, opponents of the state law argued that thousands could be disenfranchised by the new identification rules. The state's lawyers said those estimates were inflated.

A lawyer for the state argued that the voting system was vulnerable to fraud by impersonators and noncitizens; lawyers fighting the new law said there was little to no evidence of past fraud.

One of the lawyers for groups challenging the law, David Rosenbaum, pointed out that the law required no identification from people casting absentee ballots by mail, and that whites were over three times more likely to vote that way than were minorities — a clear case of discrimination, he said.

Silver on Monday refused to halt the law before today's Arizona primary, but she asked for more evidence regarding claims that the new registration requirements might violate voters' civil rights.

Lawyers on both sides expect that whatever she rules will be reviewed by the U.S. 9th Circuit Court of Appeals. Ultimately, the Supreme Court is likely to have the final say on that case and others.

*

(INFOBOX BELOW)

Poll pattern

Republican state lawmakers across the country have sought election-law changes they argue would reduce fraud. Democrats and their allies say the measures are designed to suppress the votes of traditional Democratic constituencies such as blacks, the poor and seniors. Here is a sampling:

State: Arizona

Action: Proposition 200, approved by voters in 2004, requires proof of U.S. citizenship when registering and identification when casting ballots.

Result: Voting provisions are being challenged in federal court.

*

State: Missouri

Action: A new law requires voters to present photo ID. Voters without an ID can use a provisional ballot until 2008, when only seniors, the disabled or those with religious objections to obtaining a photo ID will be allowed to cast provisional ballots.

Result: The law is being challenged in state and federal courts.

*

State: Georgia

Action: Republicans have tried to require photo IDs at the polls. A 2005 law was ruled unconstitutional becaue of the difficulty and cost of obtaining an ID. A new law passed this year makes free IDs available, with some restrictions.

Result: A judge temporarily halted the law before elections in July. Litigation is pending.

*

State: Ohio

Action: A new rule set criminal penalties for violating voter registration policies. Critics said this placed a punitive burden on organizations that register voters.

Result: Struck down by a federal judge.

*

State: Florida

Action: GOP-dominated Legislature passed a law imposing steep fines on voter registration organizations that violate guidelines.

Result: A federal judge blocked enforcement.

*

State: Indiana

Action: A law passed last year requires most voters to present a state-issued photo ID at the polls. The law was challenged by the Democratic Party and other interest groups.

Result: A federal judge ruled in April that opponents failed to prove it was too burdensome.

*

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State: New Mexico

Action: Last year Albuquerque voters approved an amendment to the city's election law requiring a photo ID when voting in person.

Result: Challenged by the ACLU in federal court.

*

State: Wisconsin

Action: The GOP-led Legislature has repeatedly approved laws requiring a photo ID to vote, but the bills have been vetoed by Democratic Gov. James Doyle.

Result: Republicans are seeking a state constitutional amendment.

New Help For Overseas Voters (WP)

The Washington Post, September 12, 2006

The Pentagon is counting on an improved Web site to help an estimated 6.5 million Americans -- including U.S. troops at war and others living overseas -- vote in the November elections, and to avoid the problems of the 2000 presidential election.

Officials said this month that the site, for the Pentagon's Federal Voting Assistance Program, now includes information on how voters can request and get ballots by fax and e-mail rather than rely on slower postal service. The Defense Department is responsible for the balloting process not only for troops but for all expatriate voters.

The potential voters include all 1.4 million active-duty service members in the United States and abroad, about 1.4 million of their family members, and 3.7 million other Americans living outside the country, said Polli Brunelli, director of the voting assistance program. The total includes about 225,000 troops deployed in Iraq, in Afghanistan and elsewhere around the world.

Michael L. Dominguez, principal deputy undersecretary of defense for personnel and readiness, noted the "special challenge of reaching the deployed warrior on the battlefield."

Officials have been working on voting methods, particularly after some troops said they did not vote in the 2000 presidential election because they never received ballots, got them too late or did not know how to request them.

Military voting problems created an uproar in that election when some ballots were rejected in Florida, where George W. Bush's razor-thin margin of victory gave him the presidency after an extended legal battle. Several hundred absentee ballots from troops abroad were thrown out in the state for lack of postmarks, as required by state law, or other flaws such as missing signatures.

The Pentagon had been hoping to do away with some problems by starting Internet voting. But a 2003 pilot program that would have allowed up to 100,000 military personnel and overseas civilians from seven states to vote online was canceled after outside security experts reported that hackers or terrorists could penetrate the system.

In a conference call with reporters, Dominguez mentioned that Sen. Conrad Burns (Mont.), one of the most endangered Republican incumbents, sponsored legislation in which Congress appropriated $2.5 million to help apply Web technologies to the process in which voters request and receive ballots.

ANTITRUST:

Board Members At Bristol-Myers Told To Fire CEO (WSJ)

By John Carreyrou And Barbara Martinez

The Wall Street Journal, September 12, 2006

Directors at Bristol-Myers Squibb Co. head into a board meeting today facing heavy pressure to fire Chief Executive Officer Peter R. Dolan and the drug maker's general counsel after a federal monitor overseeing the New York company urged their dismissal last night.

The board, which already was expected to discuss Mr. Dolan's fate at its meeting today after the latest in a long string of missteps, has little choice but to accept the monitor's recommendation. Bristol-Myers is operating under the terms of a deferred-prosecution agreement reached with the U.S. Attorney in New Jersey last year following a three-year investigation into a $2.5 billion scandal at the company involving "channel stuffing," or overloading wholesalers with inventory to meet quarterly sales targets. If the board refuses to fire Mr. Dolan, the company could face charges in connection with the probe.

The Bristol-Myers monitor, former federal Judge Frederick B. Lacey, recommended to a special session of the company's board late yesterday that it terminate Mr. Dolan and Bristol-Myers General Counsel Richard Willard, according to a person familiar with the matter. The meeting was attended by the U.S. Attorney for New Jersey, Christopher Christie, who appointed Mr. Lacey last year in the settlement agreement.

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Mr. Lacey made his recommendation after finding Bristol-Myers's actions in pursuing a pact to delay generic competition to the company's best-selling drug, the blockbuster blood-thinner Plavix, violated the terms of the deferred-prosecution agreement, the person said. It wasn't clear what specific actions Mr. Lacey was concerned about, but companies under such agreements are broadly expected to be on their best behavior. The Plavix deal unraveled after the Justice Department's antitrust unit opened a criminal probe into it and the Federal Bureau of Investigation raided Mr. Dolan's office in July.

A spokesman for Bristol-Myers declined to comment last night. Messrs. Dolan and Willard weren't available to comment, the spokesman said.

Mr. Dolan's removal would mark the third ouster of a chief executive of a big U.S. drug company in the past 16 months, underscoring the difficulties facing an industry reeling from an unprecedented number of patent expirations, increasing litigation costs and heightened competition from nimble generic-drug makers. Though still highly profitable, branded-drug makers also face financial pressure from pharmacy-benefit managers, who use their negotiating power and quick access to new generic pills to leverage lower drug prices.

Merck & Co., Whitehouse Station, N.J., last year pushed then-CEO Raymond Gilmartin into early retirement after withdrawing the painkiller Vioxx from the market in 2004. Pfizer Inc., the world's biggest drug maker, ousted Henry McKinnell in late July, replacing him with a former lawyer. As at Bristol-Myers, the stocks of both companies have been battered in the past two years.

Under the terms of its deferred-prosecution agreement, by which it avoided charges of conspiracy to commit securities fraud, Bristol-Myers was supposed to stay out of trouble for two years to avoid an indictment. The agreement, which gave Mr. Lacey unusually broad oversight powers, also forced Mr. Dolan to surrender his chairman title to a senior member of the Bristol-Myers board, James B. Robinson III.

Mr. Lacey, who was appointed to monitor the drug maker for two years through next April, has been attending all the company's board meetings and filing regular reports to Mr. Christie. As part of the agreement, he was given free reign to recommend changes at the company to keep it within bounds.

The board's only recourse if it disagrees with Mr. Lacey's recommendations is an appeal to Mr. Christie. Mr. Lacey briefed Mr. Christie and obtained his backing before speaking to the board about Mr. Dolan, said the person familiar with the situation.

Mr. Dolan's handling of Plavix already had put him on shaky ground with the board. After learning that the company's Plavix cash-cow was under threat from generic competition, he negotiated a deal that would have paid Canada's Apotex Inc. tens of millions of dollars to delay its introduction of a copycat drug. That pact, aimed at settling Apotex's legal challenge of the Plavix patent, unraveled in late July when the Department of Justice's antitrust division opened an investigation into it and state attorneys general rejected it.

In filings to the federal court in New York overseeing the patent litigation, Apotex has alleged that Bristol-Myers struck a verbal side agreement with it during the settlement negotiations that it then hid from regulators. A lawyer for Bristol-Myers has denied this to the court and has suggested that Apotex fabricated the allegation to torpedo the settlement.

In the meantime, Apotex used binding concessions it obtained during the negotiations to launch a knockoff version on Aug. 8, after the deal was rejected by regulators. The generic version quickly conquered 75% of the market, costing Bristol-Myers as much as $600 million in lost sales. The court overseeing the patent case ordered Apotex to stop selling the generic version on Aug. 31, but didn't force it to recall the product already in the distribution channel.

Bristol-Myers pursued the deal with Apotex even though U.S. regulators have been hostile to such agreements on the grounds that they hurt consumers by keeping lower cost versions of life-saving drugs off the market. The Federal Trade Commission has criticized similar deals and has fought one of them all the way to the U.S. Supreme Court.

The Bristol-Myers board already planned to discuss Mr. Dolan's future at its regularly scheduled meeting today, even before Mr. Lacey convened a special session yesterday. The board had become worried that the Plavix debacle, coming on top of a series of other controversies during Mr. Dolan's five-year tenure, had so angered shareholders that it was impairing his ability to lead the company effectively. Bristol-Myers shares have fallen nearly 60% since Mr. Dolan became CEO in May 2001.

Nine board members attended last night's special session, according to a person familiar with the matter. No one from management was there, though two lawyers, Mary Jo White and Kenneth Conboy, were on hand to advise the board. After Mr. Lacey briefed board members and issued his recommendation, Mr. Christie spoke to the board and signaled he supported Mr. Lacey's recommendation. The recommendation to fire the two executives "was made from a corporate-governance perspective in the handling of the patent issue over Plavix," the person familiar with the matter said, declining to provide further details.

If Mr. Dolan does go, the board is unlikely to name a permanent successor to Mr. Dolan immediately because it doesn't have a succession plan in place and no executive inside the company is thought to be experienced enough to be CEO, say people familiar with the board's thinking.

Instead, directors might name one of Mr. Dolan's lieutenants to lead the company on an interim basis while they search for a permanent successor. Among the executives the board could appoint to handle the transition are: Andrew Bonfield, the chief financial officer; research chief Elliott Sigal; Anthony Hooper, head of U.S. pharmaceuticals; and Lamberto Andreotti, head of world-wide pharmaceuticals.

Among the potential candidates to succeed Mr. Dolan is Karen Katen, Pfizer's former co-vice chairman and head of human health who lost out in a horse race to succeed Mr. McKinnell, say people familiar with the matter.

Dismissal Recommended For Bristol Chief (NYT)

By Stephanie Saul

The New York Times, September 12, 2006

A court-appointed overseer has recommended that the embattled head of Bristol-Myers Squibb be fired for his recent handling of a patent dispute that led to a criminal investigation, according to a participant in a meeting last evening where the recommendation was made.

If the board takes the action at a meeting today, it would end a troubled five-year tenure for the executive, Peter R. Dolan.

The board appears bound to abide by the recommendation from Frederick B. Lacey, a former federal judge. Mr. Lacey is monitoring the company's behavior under the terms of an agreement the company reached with the federal government last year in hopes of avoiding criminal prosecution for an accounting scandal.

The only reprieve for Mr. Dolan could be granted by Christopher J. Christie, the United States attorney in New Jersey who is the prosecutor in that case. He has the power to overturn Mr. Lacey's recommendation. But it appeared that Mr. Christie, who was present for Mr. Lacey's meeting last night with most of the company's 11 directors, supported the recommendation to remove Mr. Dolan, according to the participant.

Mr. Dolan, who serves on the board, was not present at the meeting, which was held at corporate headquarters on Park Avenue in Manhattan.

Neither Mr. Dolan nor James D. Robinson III, the chairman of Bristol-Myers's board, could immediately be reached for comment. Tony Plorohos, a spokesman for the Bristol-Myers, said the company would not comment last night.

Mr. Dolan, 50, would become the third chief executive of a major pharmaceutical company to leave ahead of schedule in the last 18 months.

In July, Pfizer's board abruptly replaced Hank McKinnell as chief executive amid shareholder disappointment and questions about Mr. McKinnell's management style.

In May 2005, Merck forced Raymond V. Gilmartin, its chairman and chief executive, to resign. Mr. Gilmartin was forced out in part because of Merck's problems with Vioxx, a painkiller that Merck stopped selling in 2004 after it was linked to heart attacks and strokes.

Mr. Lacey's recommendation about Mr. Dolan stems from Bristol-Myers's conduct this year in a patent dispute involving its blockbuster anti-clotting agent Plavix, according to the person who attended the meeting.

Under the terms of the federal agreement in the accounting scandal, the company was obliged to demonstrate good conduct and improve its corporate governance and remain under supervision by Mr. Lacey at least through the end of this year. In the overseer's view, Bristol-Myers has evidently breached a portion of the agreement by its handling of efforts, along with its marketing partner Sanofi-Aventis, to settle the Plavix dispute with a Canadian generic drug maker.

The Justice Department is thought to be investigating claims that Bristol-Myers tried to conceal portions of a proposed agreement to settle its patent dispute with the Canadian company, Apotex, hiding those details from the Federal Trade Commission and state attorneys general who were reviewing its antitrust implications.

Mr. Lacey also recommended that the board fire Richard K. Willard, who was hired as general counsel last October. Mr. Williard's role in the Plavix case is not publicly known, but it would have been his job to approve the Apotex agreement.

Even before last evening's recommendation, Mr. Dolan's employment status was uncertain before a regularly scheduled board meeting to be held today.

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Whatever the merits of the wrongdoing allegations, the court record in the patent case has shown that Bristol-Myers did make significant concessions during the settlement negotiations that paved the way last month for Apotex to flood the market with millions of dollars worth of a cheaper, generic version of Plavix.

Under those concessions, Bristol-Myers and Sanofi waived their right under federal law to seek triple financial damages if Apotex began selling its generic drug. And they agreed to give Apotex a five-day head start once it started selling the generic, before they would try to block those sales in court.

Those concessions were made as the parties negotiated a settlement under which the Canadian company would agree not to introduce its Plavix competitor until 2011, shortly before the patent is set to expire. Only if regulators refused to accept that agreement were the concessions to take effect.

People involved in Bristol-Myers's negotiations in the patent settlement have since said that the company made the concessions only as an inducement to Apotex to reach an agreement, which they had expected regulators to approve.

But Mr. Sherman of Apotex has said he entered the negotiations only to win those concessions, because he did not think the government would approve the settlement deal. When regulators did reject the deal, Apotex almost immediately began shipping its generic Plavix competitor.

Federal District Judge Sidney H. Stein, who is overseeing the patent dispute, ordered Apotex to suspend the shipments on Aug. 31. But the volume of the generic drug already on the market has forced Mr. Dolan's company to reduce its earnings forecast for the year by as much as 25 percent. Plavix is Bristol-Myers's top-selling drug, with sales last year of $3.5 billion.

Financial analysts had been speculating that the Bristol-Myers directors were under pressure to act.

Earlier yesterday, a Morgan Stanley analyst, Jami Rubin, said that she believed there was a significant chance Mr. Dolan's tenure at Bristol-Myers would be over.

"The decision to settle with Apotex backfired on the company," Ms. Rubin said. "Just given the pressure on most boards of directors today, they've got to act. And I think that the credibility of management has been put into question. I think that means the board of directors will consider whether they want to keep him. I think there is clearly a risk."

Some individual investors had also complained. Dundas I. Flaherty of Malibu, Calif., has seen his 152,000 shares shrink to a third of their peak value. And he blamed Mr. Dolan for many of the company's problems.

The company's stock, which closed yesterday at $23.67, is off more than 10 percent from the period before Apotex began shipping its generic drug and nearly 60 percent since Mr. Dolan became chief executive in 2001.

Mr. Flaherty wrote Mr. Robinson a letter Aug. 9, the day after Apotex announced it would begin shipping its generic version of Plavix.

"I think the right thing to do is show him the door," Mr. Flaherty said yesterday, referring to Mr. Dolan.

Responding to the Justice Department investigation, which included a search on July 26 of Mr. Dolan's Park Avenue office, Bristol-Myers has been saying that neither Mr. Dolan nor any other company official did anything illegal. In court, a lawyer for Sanofi-Aventis and Bristol-Myers argued that the allegations were contrived by Bernard C. Sherman, Apotex's chief executive, in pursuit of his goal to get the generic Plavix on the market.

Bristol-Myers's reduced earnings estimate of 95 cents a share is now below the company's dividend of $1.12, meaning that the company would pay out more to investors in dividends than it makes. Still, Mr. Dolan and other company executives have recently been assuring investors that the dividend is safe for now.

While no clear candidate emerged yesterday for Mr. Dolan's job, the board's options if he left would include installing an interim chief from among current executives or name a caretaker chief from the board.

Mr. Dolan was named chief executive on May 1, 2001, after having served in managerial roles with the company since 1988. His tenure has been marked by a series of difficulties, some that Mr. Dolan said he inherited and others that appeared to be of his own making.

During his tenure, Bristol-Myers has faced the failure of two major experimental products: the blood pressure medication Vanlev and the diabetes drug Pargluva, both abandoned after it became clear they would not be approved by the Food and Drug Administration.

And investors raised questions about other decisions by Mr. Dolan, like his purchase for $2 billion of a 19 percent stake in ImClone, the company that makes the cancer drug Erbitux. Although Erbitux is on the market and considered successful, there have been complaints that Bristol-Myers paid too much for its share.

Yet Mr. Dolan claimed he inherited the major stain on his legacy — the $2.5 billion accounting scandal involving accusations that Bristol-Myers was providing incentives to wholesalers to buy excess inventory. The practice, called channel stuffing, was the subject of a Justice Department investigation that ended last year with the deferred-prosecution agreement.

Under that agreement, Mr. Dolan was forced to relinquish his title as chairman but was allowed to retain his chief executive's job, subject to the discretion of Mr. Lacey.

While some analysts, citing the company's intriguing pipeline of new products, had recently said they believed that Mr. Dolan was turning the company around, the Plavix debacle led many of them to conclude that Bristol-Myers had been outmaneuvered by Apotex.

Bristol Board Urged To Fire CEO, Company Lawyer (MRKTWTCH)

By Marketwatch

Market Watch, September 12, 2006

SAN FRANCISCO (MarketWatch) -- Bristol-Myers Squibb Co.'s embattled chief executive has one more strike against him Monday night after a federal monitor reportedly urged his board to fire him following a series of lapses, including his failure to delay generic competition for a blood-thinning drug.

Frederick Lacey, a former federal judge, has urged the board of Bristol-Myers to dismiss CEO Peter Dolan along with Richard Willard, the general counsel, The Wall Street Journal reported in its online edition, citing an unnamed person familiar with the matter.

The board scheduled a meeting for Tuesday to consider Lacey's report.

According to the Journal, Lacey reached his recommendation after concluding that the company violated the terms of a deferred-prosecution agreement in pursuing a deal to delay generic competition to the blood-thinner, Plavix.

Calls to officials at the New York-based company weren't immediately returned.

Earlier this month, Bristol-Myers, which co-markets Plavix with Sanofi-Aventis, lowered its expected 2006 earnings, citing sales of a generic version of Plavix. At that time, the company said it expected annual earnings from continuing operations of no less than 95 cents per share, down from its July view of $1.15 to $1.25 a share. See full story.

In June 2005, Bristol-Myers reached a settlement with the Justice Department for $300 million to end a long-running government investigation into its accounting. At that time, the company conceded that it had engaged in questionable practices, inflating sales by $2.5 billion and net earnings by $900 million between 1999 and 2001.

Part of the investigation dealt with allegations of "channel stuffing," or offering financial incentives to wholesalers to stockpile the company's products.

After that agreement, Dolan relinquished his additional title of chairman but remained on the board.

Bristol-Myers shares closed Monday at $23.39, up 0.9%.

Commission Takes Over Germany's Intel Probe (FT)

By Tobias Buck In Brussels

Financial Times, September 12, 2006

European regulators have expanded their antitrust probe against Intel to include charges that the world's largest chipmaker tried to prevent retailers from offering computers powered by rival microprocessors.

The European Commission, which has been investigating Intel's business practices for more than five years, said yesterday it had taken over a probe that was started by Germany's Federal Cartel Office this year.

The investigation centres on allegations that Intel attempted to hurt Advanced Micro Devices, its rival, by cutting off the company's access to the Media Markt and Saturn retail outlets. Owned by Metro, the German retail group, the chains are Europe's biggest computer retailers.

A spokesman for Neelie Kroes, the EU competition commissioner, said the Commission and the German regulator had agreed that it would make more sense for Brussels to take on this probe.

The Commission, he added, was already "looking into a range of tactics used by Intel to limit marketpenetration of AMD".

A spokesman for AMD said: "We are pleased to learn that DG Competition [the Commission's antitrust arm] is examining Intel's exclusive relationship with Media Saturn Holding. We are confident that DG Competition will conclude what the industry has known for years; that Intel has entered into an exclusivity agreement with Europe's largest computer retailer."

Intel is the dominant force in the global market for microchips, with a market share of about 80 per cent. AMD, its only rival, has said for years that its business has suffered because of Intel's allegedly illegal businesses practices, and has complained to antitrust watchdogs globally. It has also launched a private litigation case against Intel in the US.

As part of its investigation, the Commission raided the offices of Intel and several computer manufacturers last year. The next step would be for Brussels to issue formal antitrust charges against the US chipmaker, a move that could ultimately lead to painful financial penalties for Intel.

A spokesman for Intel said: "We plan to co-operate with the staff of the European Commission. We believe our business practices are lawful."

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EU Takes Over German Antitrust Inquiry Into Intel (CNET)

By Dawn Kawamoto, Staff Writer, CNET News.com

CNET News, September 12, 2006

Regulators take over a German antitrust investigation of allegations that Intel persuaded a retailer to forgo AMD processors.

European Commission regulators have taken over a German antitrust investigation into allegations that Intel put pressure on a major electronics retailer to forgo using processors from competitor Advanced Micro Devices.

Germany's antitrust agency, Bundeskartellamt, received a complaint from AMD alleging that Intel had abused its dominant market position by putting pressure on major electronics retailer Media Markt to not sell AMD's chips. Because the Commission found similarities with its existing probe into Intel, it took over the German investigation in late August, Commission spokesman Jonathan Todd said.

"We have liaised with the Bundeskartellamt...and come to a common understanding that it would make more sense if these charges could be dealt with by the European Commission," Todd said. "Bearing in mind that (the suspected actions) seem to belong to a set of practices that is already under scrutiny by the Commission...a range of tactics used by Intel to limit the market share of AMD."

Intel will cooperate with the EU investigation, as it has done over the past five years, said Intel spokesman Chuck Mulloy, who added that the company believes its actions are "fair and lawful."

Last year, the Commission raided several European Intel offices as well as offices of companies that manufacture or sell computers.

Other countries have weighed in with their own investigations into Intel's business practices. Earlier this year, the Korean Fair Trade Commission sought more documents from Intel relating to its antitrust investigation into the chip giant.

And last year, Intel agreed to abide by recommendations from the Japan Fair Trade Commission, which had launched its own probe. The recommendations called for Intel to halt its practice of requiring PC makers to restrict the use of competitors' chips in exchange for monetary rebates. Intel accepted the recommendations but disagreed with the facts underlying the allegations.

EU To Investigate AMD Complaint Against Intel (WSJ)

By Mary Jacoby, William Echikson

The Wall Street Journal, September 12, 2006

BRUSSELS -- European regulators expanded a long-running antitrust probe of Intel Corp., agreeing to review allegations the chip maker pressured a unit of German retailer Metro AG not to sell computers powered by Advanced Micro Devices Inc. chips.

AMD, based in Sunnyvale, Calif., filed a complaint over the summer to the German antitrust office, the Bundeskartellamt, alleging Metro's Media Markt unit signed exclusive agreements with Intel to sell personal computers using only Intel chips. After an investigation, German antitrust authorities handed the matter over to the European Union regulators, who will decide whether to pursue it.

"The commission is concerned that Intel has been putting pressure on Media Markt not to stock computers that include AMD chips," European Commission spokesman Jonathan Todd said.

Intel spokesman Chuck Mulloy said the Media Markt complaint isn't new and was included in U.S. litigation AMD filed against Intel in 2005. "We have been cooperating with regulators and intend to continue to do that," Mr. Mulloy said. "We believe our business practices are both fair and lawful."

A spokesman for Metro's consumer-electronics unit declined to comment.

Since 2001, EU regulators have been investigating whether Intel uses its dominant market position to discourage retailers from buying computers and other products powered by AMD chips. Last year, the commission searched Intel's offices in Europe for evidence of alleged illegal anticompetitive behavior, such as offering loyalty rebates to customers.

If regulators decide Intel broke European antitrust rules, the commission would issue a "statement of objections" outlining its specific concerns. Recent success in the marketplace by AMD prompted the commission's top antitrust civil servant, Philip Lowe to suggest the case had lost some urgency.

Yesterday, commission spokesman Mr. Todd said AMD's recent increased sales didn't augur an end to the probe. AMD spokesman Jens Drews said he believed regulators would disregard AMD's recent market gains and focus on whether Intel had used illegal anticompetitive practices.

How Hartmut Pilch, Avid Computer Geek, Bested Microsoft (WSJ)

By Mary Jacoby

The Wall Street Journal, September 12, 2006

BRUSSELS -- A proposal here to create a new European patents court has the support of Microsoft Corp., Siemens AG and many other giants of Western industry. But can it survive an attack from Hartmut Pilch?

A 43-year-old linguist from Munich, Mr. Pilch speaks Chinese, Japanese and an artificial language called Lojban intended to eliminate ambiguity and promoted by some programmers. He is the unlikely leader of a movement of self-styled computer geeks out to sink a patents plan they say would stifle software programmers.

"Patents on software mean any programmer can be sued at any time," says Mr. Pilch, a simultaneous translator who writes computer programs for his own use in his leisure time.

In July last year, heeding appeals posted on the Web site of Mr. Pilch's lobbying group, about 200 programmers descended on the European Parliament in Strasbourg, France, waving signs demanding the right to freely exchange computer code. "U.S. Software Patents Go Out," read a banner, in English, held aloft by two young Frenchmen.

The Parliament was poised to approve a law extending American-style software patents to Europe, the most lucrative consumer market outside the U.S. A technology industry group had hired a boat to cruise the river outside Parliament with a banner urging the lawmakers on. The programmers rented canoes and paddled out to the boat to unfurl their own banner: "Software Patents Kill Innovation." The president of the Parliament later called the incident a "naval battle."

The unhappy result for the big technology companies: A panicky Parliament suddenly backed off a law the industry giants had spent several years and millions of euros lobbying to enact. "It was the sheer volume and number of people," said Parliament member Sharon Bowles of Britain, a patent attorney and industry ally. The surprise winners: U.S. software companies Red Hat Inc. and Sun Microsystems Inc., the only large companies that had taken public stands against the software patents law.

Today, the battle has shifted to an effort to create a special patents court that would handle appeals cases from all over Europe. Companies like Microsoft support the idea in large part because many national courts currently reject software patents, bucking rulings by the European-wide patent office.

Mr. Pilch wants to maintain the antisoftware patent status quo, and so do the European programmers and students who belong to his group, the Foundation for a Free Information Infrastructure. Known as FFII, the organization is committed to the idea that basic computer language should be as free as human speech.

Mr. Pilch calls his mission vital to keeping Europe free from the lawsuits over digital rights that he claims increasingly hamper innovation in the U.S. Software around the world already is adequately protected from theft by copyright laws, he says.

Mr. Pilch's opponents liken FFII to a bunch of communists who don't want companies to profit from what they create. "They do sound closer to Karl Marx than Adam Smith," said Mark MacGann, executive director of the European Information & Communications Technology Industry Association, which represents Philips Electronics NV, SAP AG, Microsoft and more than 70 other companies backing software patents.

Mr. Pilch counters: "That's not true. I want to make money, too." He admits, however, that he became so absorbed in lobbying last year that he forgot to bill clients in the small translation business he operates out of a run-down office in Munich.

Mr. Pilch began FFII in 1998, as little more than a Web site. As news spread, he began getting small donations from like-minded programmers and small businesses. His growing cadre of volunteers, however, struggled to remember the Lojban words, such as "Cnino" ("news") and "Penmi" ("events"), that Mr. Pilch used to name FFII email lists.

"It would have been easier just to call them 'news' and 'events,' " says German university student Andre Rebentisch, who helps administer the lists. Still, more than 200 people eventually registered to help maintain FFII's member-edited site.

In 2002, the European Commission, the executive arm of the European Union, proposed the law that drew FFII's ire. It aimed to elevate the European Patent Office and its pro-software patent policies over the national courts. The EU's argument: A simpler, more unified patent system would make Europe's economy more competitive. Mr. Pilch's FFII put out a statement saying the proposal "paves the way to a global control of the information society by multinational -- mostly U.S." technology companies.

In April 2004, as the debate heated up, several hundred FFII demonstrators marched around European Union offices in Brussels in yellow "No Software Patents" T-shirts. They hoisted banners slamming Microsoft. Some demonstrators wore Che Guevara-style berets meant to symbolize a revolution against the Redmond, Wash., company's dominance of software markets. A Microsoft spokesman declined to comment.

Buoyed by $61,000 in grants from the Open Society Institute, the philanthropy of billionaire George Soros, FFII sent an army of students to lobby EU lawmakers. "Sometimes they would just burst in the door and demand to see you," says Ms. Bowles, the pro-patent member of Parliament. "Some of them didn't seem to understand the concept of making an appointment."

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Mr. Pilch spent so much time lobbying that he began showing up exhausted for his day job in Munich. Japanese and Chinese clients were furious, says his Chinese-born wife, Wang Tao. Because he was forgetting to bill for his work, money was tight. The couple's two small children hardly ever saw him. "The marriage almost broke up," Ms. Wang says.

The grass-roots show of force worked. At the 2005 meeting in Strasbourg, pro-industry members of Parliament abandoned the proposed software law. "They produced a whole movement," said German Parliament member Klaus-Heiner Lehne, who led the unsuccessful push for the law. "Industry was sleeping."

FFII has reorganized to fight the proposal for a patent court. Prodded by his wife, Mr. Pilch has ceded day-to-day control of the group to Pieter Hintjens, owner of a small software business. Mr. Hintjens, a Belgian, was elected president at an FFII board meeting and keg party in Brussels last November, which, he says, "lasted until the beer ran out."

In July, the EU held a hearing in Brussels on the new patent court and related proposals. FFII activists packed the room, applauding loudly when speakers criticized the court. His group still is short of cash, Mr. Hintjens says. But he believes the movement has an asset even more vital than money: "a burning, true, almost religious conviction that we are right."

Hot Seat To Protect Its Box-Office Turf, Ticketmaster Plays Rivals' Tune (WSJ)

By Ethan Smith And Sara Silver

The Wall Street Journal, September 12, 2006

Reselling sports and concert tickets online has become a multibillion-dollar business for eBay Inc., StubHub Inc. and other middlemen. Now the concert and sports industry -- and Ticketmaster, which sells the majority of seats -- are fighting to take back some of that money.

A division of Barry Diller's IAC/InterActiveCorp, Ticketmaster is overhauling the way it sells tickets, embracing new methods that it long shunned. It is now running auctions to sell seats for roughly 30% of this year's major music tours -- including Pink Floyd's Roger Waters, Barbra Streisand, Madonna, B.B. King and Melissa Etheridge. Ticketmaster also is letting customers resell some seats at its Web site. Since that lets fans sell tickets far above face value, Ticketmaster has joined the fight against state antiscalping laws, reversing its earlier position.

Journal reporter Ethan Smith talks about how Ticketmaster is defending itself against the rise of online ticket-reselling services.2

Concert promoters, performers and sports teams stand to win if the new methods at Ticketmaster reduce scalper sales -- and return some of the proceeds to their own coffers.

Ticketmaster, which for 15 years has held a near-monopoly over the market for ticketing major live events, is battling competition from online rivals that can easily resell tickets at whatever price the market will bear. The result is a marketplace in the throes of upheaval, confronting a pricing system that everyone agrees is dysfunctional.

Tickets for live events are frequently either overpriced -- leading to potentially disastrous sales shortfalls -- or underpriced, opening the door for scalpers. "We're in an industry that prices its product worse than anybody else," says Ticketmaster Chairman Terry Barnes. People in the concert industry estimate that only 45% of tickets made available to the public end up being sold.

Last year, the number of concert tickets sold in the U.S. fell, although prices and overall ticket revenue continued to rise. The average price of a ticket to the 100 top-grossing shows hit a record $57 in 2005, according to Pollstar, a trade magazine, up nearly 9% from 2004's average of $52.39. In 2005, the number of tickets sold fell to 67.4 million, down nearly 7% from 72.2 million in 2004.

Prices for Barbra Streisand's coming tour, for example, are setting records, with top-tier seats carrying face values of $750 through Ticketmaster. Sales have been slow, with excellent seats going unsold in Atlanta, Columbus, Ohio, and other cities. That, in turn, has undercut Ticketmaster and Ms. Streisand's efforts to sell some of those seats at auction for even higher prices.

At the same time, sales of seats by resellers has thrived, thanks to the Internet. By some estimates, the U.S. secondary market reached $5 billion in 2005 -- nearly equal to the face value of all the tickets sold by Ticketmaster that year.

"The Internet has opened up the world of reselling tickets to anybody," says Arthur Fogel, chairman of concert-promotion giant Live Nation Inc.'s music division. That rankles Ticketmaster, concert promoters and musicians, who generally haven't benefited financially from this extra revenue. "That secondary-market money, we think belongs in the industry," says Ticketmaster's Mr. Barnes.

Ticketmaster began exploring auctions and other sales methods in 2003 as a way to address the disequilibrium. "On one hand, there is a small percentage of tickets, say 5% to 10%, that are priced well below their market value, and end up being resold on the secondary market for huge profits," says President and Chief Operating Officer Sean Moriarty. "And on the other hand, over 50% of tickets go unsold."

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Ticketmaster now makes auctions available as an option to concert promoters, venues, performers and sports teams. For any given show, clients decide how many seats to put up for auction -- and set the opening bid prices. The bidding process is similar to that of Web auctioneer eBay. A fan enters the maximum he or she is willing to pay, along with a credit-card number, and can follow competing bids online.

When country stars Tim McGraw and Faith Hill played a concert last month at Phoenix's U.S. Airways Center arena, ticket prices ranged from $49 to $125. Marcus Ridgway, a 36-year-old real-estate developer from Mesa, Ariz., paid $700 on a Ticketmaster auction for a pair of seats close enough to touch the country stars as they strutted on a catwalk.

Performers also argue that they -- not brokers -- should participate in any windfall from resold tickets. Mr. McGraw spent the summer on the road with his wife and fellow star, Ms. Hill. The duo largely financed the tour, which required a staff of 122 traveling with 22 trucks and 13 buses. After watching scalpers resell $125 seats online for $1,000 or more, manager Scott Siman declares: "We would like to tap into that profit instead of somebody else."

Ticketmaster's early efforts suggest even limited auctions can help offset scalping activity. Jim Guerinot, a manager, says his client Nine Inch Nails auctioned fewer than 10% of the tickets on a tour last summer but saw a significant decrease in online reselling. "We watched eBay and [scalping activity] was way down," he says.

Ticketmaster also is pushing its own resale program. Launched in 2002, "TicketExchange" has proven most popular for sporting events, letting season-ticket holders unload seats they won't use.

In 2005, Ticketmaster customers resold 329,000 tickets this way, up from 83,000 the year before. Ticketmaster and the promoter, venue or team share an undisclosed percentage of the sale price, while the seller keeps the rest. Ticketmaster allows reselling on TicketExchange only when its clients agree.

Ticketmaster's revenue jumped to $950 million in 2005, up almost 24% from 2004, partly as a result of strong sales in Canada and higher sales from recent acquisitions in Sweden, Finland and Australia. The bulk of Ticketmaster's revenue comes from fees it adds on top of the face value of tickets, accounting for 30% or more of the final cost. It is the cash cow for parent company IAC. For the quarter ending June 30, the company's ticketing division had $295 million in sales and produced $69 million in operating income, the bulk of IAC's total operating income of $81 million.

Fighting Back

Ticketmaster's online rivals are fighting back, boasting that they offer a wider range of tickets in the resale market. A leading combatant is StubHub, founded in 2000 amid the tech crash by two students at Stanford University's Graduate School of Business who began devising a business plan as part of a school competition. The company expects ticket sales to hit $400 million this year -- double that of 2005 -- and to take in fees of 25% of sales, or about $100 million.

StubHub says it can maintain its edge by letting fans buy and sell any ticket for any event through its site. It pockets a fee from both buyer and seller. Ticketmaster only resells tickets when it has a resale contract with the artists, teams or venues. "In the secondary market, success is driven by relationships with the fans, whereas Ticketmaster's focus is about locking up deals with venues," says Chief Executive Jeff Fluhr.

Branching out, StubHub recently staged an auction for every seat in the house for an INXS concert at the 650-seat Lobero Theater in Santa Barbara, Calif., with the band's cooperation. Seats went for an average $50, with one pair fetching more than $500 each (a price that included an opportunity to meet the band) and a few going for just $3.

The National Hockey League's Web site has a link to StubHub for people seeking tickets to league games -- despite the fact that most NHL teams are Ticketmaster clients.

Susan Cohig, the NHL's group vice president for club services, says the StubHub link is just a paid advertisement. She adds that the league is in talks with StubHub, Ticketmaster and others about establishing an official secondary market for NHL tickets. "We have to look at how to better service our fans," she says.

Legal Barriers

The legal barriers to reselling tickets are starting to erode. Florida in June overturned a law against reselling a ticket for more than $1 above face value. Eleven states still have strong antiscalping laws, like the one Florida did away with, and nine others have weaker ones. Even in states and municipalities where such laws remain on the books, they are enforced inconsistently at best and have done little to slow the growth of the online secondary market.

Now that Ticketmaster is slugging it out in the secondary market, it has joined in lobbying for the repeal of states' antiscalping laws -- a 180-degree change from its earlier efforts to make such laws stiffer. StubHub says it also is lobbying to repeal "antiquated" state laws.

Still, StubHub ran afoul of such a law at June's NHL Stanley Cup finals in Raleigh, N.C. Police found two company employees distributing tickets from a hotel near the stadium and charged them with violating a law prohibiting the resale of tickets for more than $3 above the face value. The charges are pending. StubHub contends that its employees didn't break the law,

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since the company was merely allowing buyers to pick up tickets they previously had purchased online. StubHub, like eBay, says it places the burden of legal compliance with its users.

Ticketmaster executives acknowledge that the complex new marketplace has its perils for the culture of concert-going. Artists, Mr. Barnes says, still want their fans to feel that they can wake up the morning a concert goes on sale, and log on -- or line up -- to luck into a great seat: "They want to be careful not to kill the Saturday-morning dream."

ENVIRONMENT/INDIAN AFFAIRS:

Was Manure-to-Power Venture Just Bull? (LAT)

By Lance Pugmire And William Heisel

The Los Angeles Times, September 12, 2006

As he sold investors on an improbable plan for turning Inland Empire cow manure into electricity, W. Patrick Moriarty had an answer for everything.

With a folksy delivery, the Orange County businessman promised cutting-edge technology, a respected engineering firm and tax-exempt financing to extract methane gas from mountains of manure and use it to generate enough power to light a small city.

"He told me categorically that we would get our money back with interest and that the project was as good as gold," said Shmuel Erde, a Beverly Hills lender.

What Moriarty and his business partner, Wayne Stephens, didn't tell Erde and numerous others who altogether invested more than $10 million was that their company, Chino Organic Power Inc., had no licensed technology, no equipment, no permits — not even a guaranteed supply of manure.

Although manure-to-electricity plants have been used on a small scale to turn water-polluting cow waste into power, they are not particularly cost-effective and have never produced close to the amount of electricity Moriarty envisioned, documents and interviews show.

Another thing Moriarty didn't tell Erde and the others was that he had gone to prison in the 1980s in what then-U.S. Atty. Robert C. Bonner called "the most significant corruption case in recent California history."

Not surprisingly, the lofty energy plan has come crashing down, followed by a bankruptcy and accusations from angry investors, a number of whom have filed lawsuits alleging fraud by Moriarty and Stephens, a San Bernardino County businessman.

In interviews with 20 investors, many said they now believe the entire operation was a ruse to enrich the two.

A Times review of permit applications, court records and corporate documents shows that the Chino Organic Power plant never progressed much further than the sales pitch.

Both Moriarty and Stephens have acknowledged in recent interviews that their plan never got off the drawing board. But they said they didn't defraud anyone, and they insisted that the electric plant would have worked if it hadn't been hampered by an uncertain energy market and litigious investors.

"I am absolutely very sorry if anyone, including me and Wayne, lost money — especially me," said Moriarty, 75.

Moriarty grew up in Washington state and moved to Orange County in the 1950s to expand a fireworks business he had started as a teenager. By the 1980s, Moriarty and his associates contributed nearly $600,000 to California politicians, about half of it illegally laundered to mask the source of the funds.

He used money, free vacation housing, special investment deals and patronage jobs to buy support from politicians for legislation to benefit his fireworks firm, Anaheim-based Pyrotronics Inc., and to gain support for the Commerce Casino, which he helped found.

In a scandal that ultimately produced 10 convictions, Moriarty pleaded guilty to seven mail fraud counts in 1985.

He was sentenced to seven years in prison but served 29 months after the U.S. Supreme Court limited prosecutors' use of mail fraud charges as a means of fighting corruption.

That led to a deal in 1988 in which five of the original counts against Moriarty were dropped; the two remaining counts related to kickbacks Moriarty paid to a bank official.

The roots of Chino Organic go back to 1989, when Stephens and a group of friends founded Chino Resource Recovery Inc. and set out to build a power plant fueled by cow manure. They, too, soon ran into legal troubles.

Moriarty entered the picture in 1996, introduced to Stephens by a mutual acquaintance. Soon, Moriarty became Stephens' partner in a new firm, Chino Organic Power, with a far more ambitious business plan that called for more than $150 million in tax-exempt financing and a strategy for taking the company public, according to records and interviews.

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An experimental, alternative energy source was now touted as an electric utility projected to generate 85 megawatts, enough for all the homes in Chino and Chino Hills, with power to spare.

Industry and academic experts cannot cite any manure-to-electricity plant in the country that is producing more than 2 megawatts. "It's a huge, almost unbelievable plan," said Norm Scott, an agricultural engineering professor at Cornell University who has worked on such projects.

Moriarty and Stephens told investors they needed short-term loans for engineering and other development work that would be repaid once government agencies issued the bonds, the investors said in interviews.

They allege that Moriarty was a master at creating the appearance of a can't-miss project, gathering documents, letters and newspaper articles touting relationships he had with engineers, agencies and two officials who would go on to help sell the project.

The first was Bob Feenstra, head of the area's dairy industry lobbying group, the Milk Producers Council. He was Moriarty's link to the raw material: wet cow manure.

In a 2003 lawsuit filed by Erde in Los Angeles, the Beverly Hills lender alleged that Moriarty never told investors that Feenstra was a handsomely paid consultant.

A February 1999 letter from Stephens to Feenstra, now part of the court record, describes the $10,000-a-month consulting arrangement, and company checks obtained by Erde's attorneys show that Feenstra was paid more than $200,000 from 1999 to 2002. Chino Organic also bought a $4-million "key man" life insurance policy for Feenstra that shows he was poised to become its general manager.

Feenstra responded in a court declaration that he was never paid to attract investors and said he never misled anyone. He resigned from the Milk Producers Council in October.

Moriarty's other important relationship was with Richard Atwater, the chief executive of the Inland Empire Utilities Agency, which runs water and sewer lines and had an obvious interest in keeping manure from polluting the groundwater.

"Atwater became extremely important to the deal," Moriarty said. "It was an absolute home run for them and for us."

In 2001, Atwater signed an agreement supporting Chino Organic's purchase of property near the agency's headquarters for $8.8 million. If Chino Organic defaulted on its loan to buy the property, the agency would buy the property instead.

But the purchase guarantee was never approved by the agency's board and was meaningless, Jean Cihigoyenetche, the utility's attorney, told The Times.

"Atwater didn't have the authority to sign that agreement and bind the board to that," he said.

Atwater responded that he got approval from the board in a closed meeting, but he could not produce documents to show that such approval was granted. He said he had done nothing improper through his involvement with Moriarty.

"All I said was that renewable energy is a good idea with merit," he said. "I don't provide investment advice."

Investors suing Moriarty and Stephens allege that they used the document to entice investors, saying it showed they had support from an important agency. Moriarty also told investors he was in escrow on the land, an old dairy farm, they said.

But a $10,000 check Moriarty wrote to Inland Empire Escrow in December 2000 securing the land bounced, meaning he never controlled the site, according to Linda Cooper, the president at Inland Empire Escrow.

"It looks really good once you have a property in escrow, and you have receipts saying you deposited this much money, whether the checks bounce or not," she said.

Despite his criminal record, Moriarty continued gathering investors from Southern California to Michigan.

Moriarty persuaded Erde to raise money by arranging a meeting with Feenstra and Atwater, who vouched for the project, Erde said. He ultimately brought in more than a dozen other investors who together sank more than $1 million in Chino Organic.

Reaching back to his troubled past, Moriarty also tapped Newport Beach lender Edgar Pankey for $3 million. Pankey had been involved in a number of projects with Moriarty in the 1980s, including the Commerce Casino and the Bank of Irvine.

Moriarty and Stephens also pitched Chino Organic to several contractors and engineers who invested funds and expertise.

Dave Olson, a La Jolla consulting engineer whom Chino Organic hired to help launch the project, became an early believer. He made a $45,000 personal loan and wound up contributing more than $400,000 in consulting services from 2000 to 2002. Olson said he decided he didn't like the way the business was being run and quit.

"When you're in the industry long enough, you smell the real credible guys and the not-so-credible guys from a mile away," Olson said. "These guys weren't credible. They were greedy."

Absent from Chino Organic's ledgers were expenditures that could have brought the project closer to fruition, records and interviews show.

In January 2000, the company compiled a list of more than a dozen permits it might need. But no applications were filed for air quality, water quality or even basic building permits, according to officials at those agencies.

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The licensing agreement Chino Organic said it had secured from a British engineer for methane gas extraction technology was never executed. Beyond the absence of land, technology, engineering or a purchase agreement for any electricity produced, the project lacked something even more basic: manure.

Even with Feenstra's ties to the dairy industry, it's not clear that dairy farmers in the area would have paid to haul wet manure to Chino Organic's electric plant. Geoffrey Vanden Heuvel, a veteran dairy farmer and Milk Producers Council board member, was among several major dairy farmers who told The Times they were never approached by Feenstra to contribute manure.

The first sign many investors had that something was seriously amiss with the project, they said, came when checks Moriarty sent them as partial repayment of their loans bounced. More than 60 creditors received bounced checks from Moriarty or one of his companies, according to financial records reviewed by The Times.

From 1999 to 2004, Moriarty bounced at least 150 checks, many to Chino Organic investors, those records show.

As he raised money from investors, Moriarty moved money freely from Chino Organic's account to other accounts he controlled, including one from his old fireworks company, Pyrotronics, according to checks now in court records.

The checks drawn on those accounts show he mingled personal and business expenses, which he acknowledged in the interview.

For example, Erde gave Chino Organic a check for $200,000 in November 1999. A day later, subpoenaed bank records show, $100,000 from Chino Organic was deposited into the Pyrotronics account. Moriarty then wrote a check for $832 to his wife and a check for $2,000 to himself.

Overall, while Moriarty wrote nearly $1 million in checks to others that bounced, he wrote just as much in checks to himself, his family members and for cash that cleared.

Responding to allegations by investors who lost money on Chino Organic, Moriarty told The Times that he covered most of the bounced checks, but he did not provide bank statements as confirmation. As for the checks to himself and his family, he said he was drawing the money out of the company accounts as if it were his salary.

"All the money that I put into that company is far more than any money that I took out to pay my rent or to make a car payment or anything else," Moriarty said.

To boost investors' spirits, Chino Organic would occasionally send out newsletters rife with misinformation. In March 2001, a newsletter said, "Ten Million dollars has been made available to Chino Organic Power, Inc. by the State of California, for this project."

The state agency in question? "The California Green Energy Department." There is no such department, and state officials said no state funding was ever guaranteed for the project, a fact Moriarty and Stephens acknowledged in the interview.

In 2002, anger among lenders reached a boiling point. They began filing lawsuits against Moriarty and Chino Organic — lawsuits that Stephens and Moriarty blame for the company's failure.

The estate of Moriarty's late associate, Edgar Pankey, alleged that Moriarty had covered "unauthorized, improper and excessive business and personal expenses" using Chino Organic funds. Moriarty responded in court that Pankey stalled the project. A judge agreed with Pankey's claim and awarded the family $3.8 million in 2004. The judgment has not been paid.

Erde, who had invested about $600,000, filed suit in 2003, saying he had been defrauded. The case is pending. Moriarty says Erde has been paid back everything he was owed.

A third group of lenders filed suit in March in Santa Monica. They, too, say they were defrauded and are asking for $5 million in a pending case. Moriarty has not responded, and the court is expected to enter a default judgment against him this week, a court official said.

William Sandors, a Los Angeles chauffeur among the Santa Monica plaintiffs, lent Chino Organic $74,000 at a time when his mother needed at-home nursing care. When the promised payoff never came, he sold stocks, cashed in his 401(k) and borrowed against his house.

"When it finally started crashing down, I couldn't sleep at night," Sandors said. "I would end up just sleeping on the floor because, for some reason, it felt good to be on solid ground."

The Chino project, in any event, is dead.

Stephens filed for Chapter 7 bankruptcy protection in 2005. But Moriarty, ever the optimist, said last week that he intended to keep fighting to build some version of a manure-based power plant in California.

"It's still a good project," said Moriarty, sipping a screwdriver at a Laguna Beach bar. "There are a lot of people who I got into this deal who I am responsible for, and I want to make sure they get their money back. Maybe we won't be able to build it in Chino, but there are still dairies in other places and there's still manure that needs a place to go."

Tribes Opposed To Michigan Federal Court Nominee (AP)

AP, September 12, 2006

WASHINGTON Seven American Indian tribes in Michigan are asking federal lawmakers to block the judicial nomination of a lawyer who has represented groups opposed to the expansion of casino gambling.In letters to Democratic Senators Debbie Stabenow and Carl Levin, the tribes wrote that Robert Jonker's work indicates a bias against Indian tribes and raises questions about his fitness to serve as a federal district judge.Jonker was nominated in June for a vacancy on the U-S District Court for Michigan's Western District. His hearing before a Senate panel has not yet been scheduled.The 46-year-old environmental and commercial attorney counters that he never argued a point that he didn't believe was well-founded in law.

FBI/DEA/ATF/USMS:

Mob Figure Sentenced In Racketeering Case (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 12, 2006

Hai Waknine gets a 10-year term after admitting to extortion in helping an Israeli crime group launder embezzled funds.

An Israeli-born mob figure known for holding court at the hippest of Westside clubs — with wads of cash, magnums of Cristal and an array of high-end strippers and Russian blonds — was sentenced Monday to more than 10 years in prison for racketeering.

Hai Waknine, 34, abruptly pleaded guilty during his trial in June to using extortion and threats of violence to help an Israeli crime group launder nearly $2 million in embezzled funds.

The case against Waknine stemmed from ongoing federal probes into Israeli rings that traffic the club drug Ecstasy and launder the proceeds. Several of Waknine's associates have been convicted of Ecstasy trafficking.

Waknine and his older brother Assaf, who grew up in Van Nuys, have been on the Los Angeles Police Department's radar since they were teenagers.

Detectives questioned Hai Waknine for six hours in the killing of a teacher at Grant High School in the San Fernando Valley in 1989 and have been watching him ever since. The slaying of Hal Arthur remains unsolved.

Waknine was convicted of "second-degree coercion" in New York as part of a kidnapping attempt connected to collection of a debt owed to an L.A. jeweler.

Prosecutors had planned to introduce evidence and testimony that Waknine was widely involved in extortion, particularly within the Israeli community. He kidnapped his targets, aimed handguns at them and threatened their families, according to court documents filed by the U.S. attorney's office. One witness, convicted Ecstasy trafficker Alex Maimon, was expected to testify that "individuals in the jewelry district to whom money was owed, hired Waknine to collect the money using any means necessary."

"That was Waknine's role, a shakedown collections guy," said Assistant U.S. Atty. Thomas P. Sleisenger, who prosecuted the racketeering case. "There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars."

During his sentencing Monday afternoon, Waknine asked for leniency. But citing his extensive criminal history, U.S. District Judge Manuel Real gave him 13 months in prison beyond the 108 months that prosecutors were recommending.

Waknine, standing slump-shouldered at the lectern in chains and a green T-shirt, twitched and shook his head as Real detailed his sentence. His mother sniffled. Behind her, the courtroom was standing-room only with Waknine's friends and family as well as FBI and Drug Enforcement Administration agents and undercover officers.

The racketeering charge that Waknine pleaded guilty to involved money embezzled from an Israeli bank that members of the Jerusalem Network, an organized crime group, wanted to hide in the United States. Waknine helped them by setting up loans to Eli Hadad, a Miami real estate developer; Yosef Atia, a Miami Ecstasy trafficker; and Viken Keuylian, a Beverly Hills Lamborghini dealer, prosecutors said.

When the debtors could not immediately repay the loans, Waknine extorted them and assessed penalties. Keuylian, for instance, was lent $950,000. Waknine demanded as repayment $2 million even after Keuylian bought him a $175,000 Ferrari 360.

The federal investigation into Ecstasy trafficking and Israeli organized crime in Los Angeles is ongoing.

A regular visitor during Waknine's trial in June was former Ohio State football star Maurice Clarett. When Clarett was arrested on weapons charges in August — allegedly wearing a bulletproof vest and carrying three loaded handguns and an AK-47-style assault rifle in his car — he told his attorney he was scared of Waknine.

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Law enforcement sources say Waknine had let Clarett live in his beachfront condo in Marina del Rey and drive his choice of luxury cars in return for a cut from the player's professional football contract. When the football contract fell through, the sources say, Waknine began demanding payment.

Waknine's attorney did not return calls seeking comment.

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Cocaine Ring Busted, Feds Say (NOTP)

New Orleans Times Picayune, September 8, 2006

Nine men -- including four from Metairie, two from LaPlace and one each from Kenner and Destrehan -- have been indicted on charges of conspiracy to distribute cocaine powder and crack cocaine, the U.S. attorney's office said Thursday.

Among those charged in the Aug. 31 federal grand jury indictment, which was unsealed this week, was Henry Gloston, 25, of Houston, who is accused of running kilogram-size shipments of the drugs from Houston to William Lang, 32, also known as "Tussy" or "Hood," of Metairie, one of the local defendants, U.S. Attorney Jim Letten said.

Lang would sell the cocaine powder and crack to other defendants for distribution in Metairie and nearby, Letten said in a press release.

According to the Drug Enforcement Administration's regional top agent, William Renton, the investigation has dismantled "a significant cocaine distribution organization, from wholesale and street level distributors operating in Metairie and Kenner to the Houston, Texas, source of supply."

As part of the investigation, Jefferson Parish sheriff's deputies made undercover drug purchases from an additional 24 people, resulting in state warrants for related drug-trafficking crimes, the U.S. attorney's office said.

Twenty-two of the 33 defendants were arrested in a roundup early Thursday morning, the U.S. attorney's office said.

It is unclear how many of the 22 were among the nine indicted on federal charges. Those nine face a minimum federal prison term of 10 years and a maximum of life imprisonment, Letten said. Each also faces a fine of up to $1 million, and forfeiture of any proceeds the government can prove they made from the drug distribution conspiracy, the U.S. attorney's office said. Several of those indicted also face additional federal drug charges, including possession with intent to distribute cocaine powder and/or crack cocaine, the prosecutors' office said.

The investigation was the work of the Organized Crime Drug Enforcement Task Force, composed of the DEA, the Jefferson Parish Sheriff's Office and State Police narcotics agents.

The roundup was the work of the Gulf Coast High Intensity Drug Trafficking Area Task Force, assisted by the sheriff's offices from Jefferson and St. John the Baptist parishes.

Besides Lang and Gloston, those indicted were Allen Hunter, 25, of Metairie; Ricky Bozeman, 32, also known as "Slick," of Kenner; Timothy Ivey, 34, also known as "Tee," of Destrehan; Lendell Wallace, 23, also known as "Pop," and "Papa Smurf," 23, of Metairie; Darrius Brooks, 20, also known as "White," of Metairie; Lamont Williams, 31, of LaPlace; and James Wallace, 39, of LaPlace.

Each was charged with conspiracy to distribute and possess with intent to distribute cocaine powder and crack cocaine, Letten said.

Wests Enter Guilty Pleas, Face Years In Prison (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel, September 12, 2006

A Market Square businessman-turned-convicted pot peddler faces as much as nine years behind bars when sentenced later this year.

Scott West, 41, pleaded guilty Monday in U.S. District Court to charges he conspired with his older brother, James Michael West, and others to push more than a ton of marijuana along a pipeline that ran from Arizona to Tennessee, Georgia and North Carolina.

He also admitted pumping millions of his brother's drug money into his Market Square ventures, using the dirty cash to buy several buildings on Market Square and launch businesses such as the Preservation Pub, Oodles Uncorked and World Grotto.

In a plea deal negotiated between his attorney, Donald A. Bosch, and federal prosecutors David Jennings and Hugh Ward, the entrepreneur faces a penalty range of 87 to 108 months - if he qualifies for something known as the "safety valve."

That is a provision in federal law designed to give first-time offenders a break from minimum mandatory sentences in drug cases.

"Whether or not he qualifies for the safety valve" is yet to be determined, Jennings told U.S. District Judge Thomas Phillips.

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Also pleading guilty Monday was West's wife, Bernadette Trent West, 47. She entered a guilty plea to conspiring to launder drug money. As a result of a plea negotiated by her defense attorney, David Eldridge, she faces a penalty range of 46 to 57 months.

Scott West was ordered jailed Monday. His wife remains free on bond.

Phillips has set a Dec. 1 sentencing date for Scott West and his wife. His brother and sister-in-law pleaded guilty a few weeks ago and also face sentencing later this year.

Jennings told Phillips that the U.S. Attorney's Office has agreed to allow the Market Square businesses operating in the buildings owned by the Wests to continue to operate pending a sale of the properties.

"The U.S. Attorney's Office will take no action that will negatively impact the businesses to try to accomplish a seamless transfer to a new owner," Jennings said.

The Wests were subdued at Monday's hearing, answering rote questions about their educational levels - Bernadette West has a master's degree in art education and her husband a bachelor's degree in English - and their mental states.

They listened as Jennings detailed a marijuana pipeline headed up by Mike West for a decade that funneled tons of the illegal drug from Mexico through Arizona and, ultimately, Tennessee and other Southeastern states. Scott West knew about his brother's drug trade and occasionally peddled some of the drug, Jennings said.

But it was his brother's dirty money that Scott West was most interested in, according to the prosecutor.

"Scott West knew his brother was obtaining multiple kilograms of marijuana from his source of supply in Arizona," Jennings told Phillips. "Both of these defendants knew that the proceeds Mike West was investing in Market Square were derived from drug trafficking."

Although Scott West dabbled in the drug-dealing market, his wife did not, Jennings said.

"Do you agree that's what you did?" Phillips asked Scott West.

"Yes, Your Honor," he responded. "I plead guilty, Your Honor."

"Are you pleading guilty because you are, in fact, guilty?" the judge queried.

"Yes," Scott West answered.

Eldridge issued a statement after the hearing on behalf of Bernadette West, writing, "This is a terribly sad day for Bernadette West, but she readily acknowledges that it is her own conduct that has resulted in this day coming and deeply regrets her actions."

Her husband, through Bosch, wrote that he accepts "all responsibility for my own illegal actions."

"My enthusiasm and ambition for projects clouded my judgment in a devastating way," he wrote. "I sincerely apologize to my friends and supporters for breaching their trust and confidence by allowing my ends to justify the means."

Long known for his waist-long ponytail, Scott West appeared in court Monday with his hair shorn. He explained he donated his locks to a charity group that weaves wigs for cancer patients.

Scott West said his sister, Paula West McAnally, plans to buy Earth to Old City and Preservation Pub. Although he did not identify her by name, Jennings said in court that authorities have "absolutely no evidence" that McAnally was involved in her brothers' crimes.

Scott West said his parents will continue to operate Oodles restaurant, while Suzie Dew will run World Grotto. The plea agreement makes clear, however, that the federal government will sell the buildings in which those businesses are operating. The new building owner can decide what will become of those businesses.

The West brothers and their wives came under the scrutiny of the U.S. Drug Enforcement Administration and the Internal Revenue Service when a courier for Mike West was nabbed in January as he delivered more than $300,000 to alleged supplier Phillip A. Apodaca in Arizona.

DEA Agents Dave Lewis and Michael Davis and IRS Agent Brian Grove led the probe against the Wests.

Pot Growers Sentenced To Federal Prison (AP)

AP, September 11, 2006

SAN DIEGO -- Prison terms were handed down for two defendants convicted in unrelated cases involving marijuana cultivation, federal prosecutors announced Monday.

Daniel Barton, 31, of Carlsbad, who managed a substantial marijuana "grow" operation at a residence in Valley Center, was sentenced to 37 months behind bars.

Barton pleaded guilty to a conspiracy charge stemming from the cultivation of 532 marijuana plants. He admitted that the entire Valley Center residence was used to cultivate marijuana plants from August 2003 to July 21, 2005, when DEA agents executed a search warrant at the location.

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In the second case, Christopher DeMatteis, 29, was sentenced to 30 months in federal prison after pleading guilty to a conspiracy charge involving 555 marijuana plants. He admitted that he was the caretaker and operator of a substantial marijuana "grow" operation in Oceanside, which was owned by his brother and co-defendant, Eric DeMatteis, who also pleaded guilty.

2 Ex-Teammates Of Cycling Star Admit Drug Use (NYT)

By Juliet Macur

The New York Times, September 12, 2006

Two of Lance Armstrong's eight teammates from the 1999 Tour de France have admitted for the first time that they used the banned endurance-boosting drug EPO in preparing for the race that year, when they helped Armstrong capture the first of his record seven titles.

Their disclosures, in interviews with The New York Times, are rare examples of candor in a sport protected by a powerful code of silence. The confessions come as cycling is reeling from doping scandals, including Floyd Landis's fall in July from Tour champion to suspected cheat.

One of the two teammates who admitted using EPO while on Armstrong's United States Postal Service team is Frankie Andreu, a 39-year-old retired team captain who had been part of Armstrong's inner circle for more than a decade. In an interview at his home in Dearborn, Mich., Andreu said that he took EPO for only a few races and that he was acknowledging his use now because he thought doping was damaging his sport. Continued doping and denial by riders may scare away fans and sponsors for good, he said.

"There are two levels of guys," Andreu said. "You got the guys that cheat and guys that are just trying to survive."

The other rider who said he used EPO spoke on condition of anonymity because he said he did not want to jeopardize his job in cycling.

"The environment was certainly one of, to be accepted, you had to use doping products," he said. "There was very high pressure to be one of the cool kids."

Neither rider ever tested positive for performance-enhancing drugs, but both said they felt as if they had to take EPO to make the Tour team in 1999. Andreu would not say specifically when he took the drug, and the second rider said he did not use EPO during the Tour. Anti-doping experts say the benefits of taking EPO, the synthetic hormone erythropoietin, which boosts stamina by bolstering the body's production of oxygen-rich red blood cells, can last several weeks or more.

Both of Armstrong's former teammates also said they never saw Armstrong take any banned substances.

Armstrong, who turns 35 next week, has long been dogged by accusations that he doped before and after his remarkable recovery from cancer, a comeback that made him a transcendent cultural figure and a symbol to cancer patients and survivors worldwide. He has repeatedly denied using performance-enhancing drugs and has aggressively defended himself in interviews and through lawsuits, even more than a year into his retirement.

Multiple attempts to interview Armstrong for this article — through his lawyers, his agent and a spokesman — were unsuccessful. His agent, Bill Stapleton, wrote in an e-mail message yesterday that Armstrong would not comment because he was attending a meeting of the President's Cancer Panel in Minneapolis.

Armstrong once said that cycling had no secrets and that hard work was the key to winning. Recent events and disclosures, however, demonstrate that cycling does, indeed, have secrets.

Dozens of interviews with people in the sport as well as court documents in a contract dispute between Armstrong and a company called SCA Promotions reveal the protective silence shared by those in professional cycling. A new picture of the sport emerges: a murky world of clandestine meetings, mysterious pills and thermoses that clink with the sound of drug vials rattling inside them.

This year's Tour began with a doping investigation that implicated nearly 60 riders and ended with Landis's testing positive for synthetic testosterone. He became the third of Armstrong's former lieutenants to fail a drug test after setting off on his own career as a lead rider.

"There's no doubt that cyclists have bought into the institutional culture of cheating, and that's a big, big problem for the sport," said Steven Ungerleider, a research psychologist, antidoping expert and consultant for college, Olympic and professional sports organizations. He described that culture as "a mob psychology."

A Widespread Problem

In his 12 years as a professional cyclist, Frankie Andreu was a domestique, a worker bee whose job was to help a top rider like Armstrong win.

He said his introduction to performance-enhancing drugs came in 1995, when he and Armstrong were with the Motorola team. He said some of the team's riders felt that they could no longer compete with some European teams that had rapidly improved and were rumored to be using EPO.

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Motorola's top riders asked their doctor, Massimo Testa, about the drug's safety because more than a dozen young riders in Europe had died mysteriously of heart attacks. Some cyclists had linked those deaths to rumored EPO use.

Dr. Testa, now a sports medicine specialist at the University of California at Davis, said in a telephone interview that he had given each rider literature about EPO, in case any of them decided to use it on their own.

Dr. Testa said he urged the riders not to take the drug, but he wanted them to be educated.

"If you want to use a gun, you had better use a manual, rather than to ask the guy on the street how to use it," he said. "I cannot rule out that someone did it."

One of Armstrong's teammates, Steve Swart, has admitted using EPO while riding for Motorola. He discussed his time with the team in the book "L.A. Confidential: The Secrets of Lance Armstrong," which was published in 2004, only in French.

The book's allegations that Armstrong doped prompted the lawsuit between Armstrong and SCA Promotions, which was settled out of court in February. Because of Armstrong's suspected drug use, SCA withheld a $5 million bonus after he won the 2004 Tour de France. Armstrong and Tailwind Sports, the company that owned his cycling team, sued SCA for the money.

Testimony in the case was never supposed to become public. A confidential settlement awarded Armstrong and Tailwind Sports the bonus, and $2.5 million in interest and lawyers' costs. The Times obtained the legal documents in July.

In testimony in the case, Swart, a retired rider from New Zealand, said top riders on Motorola discussed EPO in 1995. He testified that Armstrong told teammates that there was "only one road to take" to be competitive. In a sworn deposition, Swart said the meaning of Armstrong's comment was clear: "We needed to start a medical program of EPO."

EPO, cortisone and testosterone were common in European cycling, Swart said in a telephone interview. He said using cortisone, a steroid, was regarded as "sucking on a candy stick." Cyclists acquired the drugs from European pharmacies and took them in private, Swart said. "You basically became your own doctor," he said.

He said signs of drug use were widespread at the 1994 and 1995 Tours, when there was no testing for EPO.

"Everyone was walking around with their own thermos, and you could hear the sound — tinkle, tinkle, tinkle — coming from the thermoses because they were filled with ice and vials of EPO," Swart said. "You needed to keep the EPO cold, and every night at the hotel, the guys would be running around trying to find some ice to fill up their thermos."

'It Was for Lance'

In the weeks before the 1999 Tour, Andreu's wife, Betsy, found one of those thermoses in her refrigerator. She was furious.

"I remember Frankie saying: 'You don't understand. This is the only way I can even finish the Tour,' " she said. " 'After this, I promise you, I'll never do it again.' "

Betsy Andreu said she grudgingly watched her husband help Armstrong traverse the mountains at the Tour that year. Later, she said, she was angry when her husband said he had once allowed a team doctor to inject him with an unidentified substance.

To this day, she blames Armstrong for what she said was pressure on teammates to use drugs. Her husband, she said, "didn't use EPO for himself, because as a domestique, he was never going to win that race."

"It was for Lance," she said.

Three years earlier, she and Frankie, who were engaged at the time, visited Armstrong at an Indiana hospital after he received his cancer diagnosis. Last fall, under court order to testify in the SCA Promotions case, the Andreus said that they had overheard Armstrong tell doctors he had used steroids, testosterone, cortisone, growth hormone and EPO.

Armstrong testified that no one at the hospital had asked him if he had used performance-enhancing drugs. He testified that Betsy Andreu had lied because "she hates me," and that Frankie Andreu had lied because "he's trying to back up his old lady."

Frankie Andreu, once Armstrong's close friend and roommate, testified that he never knew if Armstrong was doping. But once, he testified, he saw Armstrong sorting "little round pills" on his bed before a race. "He talked about that he would take these at different parts during the race," Andreu said under oath, adding that he did not know what the pills were. Armstrong testified that they were caffeine.

Johan Bruyneel, the longtime director of Armstrong's team, did not respond to an interview request through a team spokesman.

In a news conference he held at this year's Tour, Armstrong said his opponents in the SCA case were "crushed — totally crushed" upon cross-examination.

Sean Breen, one of Armstrong's lawyers, said the opposing witnesses were not credible. In the case of Betsy Andreu, Breen said, "Like her testimony, I think her motives are completely unexplainable." He added that Frankie Andreu's dismissal as a rider on the United States Postal Service team after the 2000 season might have been one reason for their testimony. (Andreu returned to the team the next year as the team's American director.)

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Armstrong has said he never tested positive for performance-enhancing drugs. He tested positive for cortisone at the 1999 Tour, but he was not penalized after producing a doctor's prescription for a skin cream he said he used for saddle sores.

At this year's Tour, Armstrong said he was tired of dealing with doping accusations.

"Why keep fighting lawsuits when my time needs to be spent being a dad, being a philanthropist, being a fan of cycling, being a guy that just wants to have fun?" he said.

Pat McQuaid, president of the International Cycling Union, the sport's governing body, said the union's lawyers would review the SCA Promotions case after they prepared files on the riders implicated in the Spanish doping scandal that preceded this year's Tour. In May, the Spanish police raided several apartments in Madrid and seized steroids, hormones, EPO, nearly 100 bags of frozen blood and equipment for treating blood. The Tour began in July with nine riders being barred from the event after they were implicated in the investigation.

Cleaning Up the Sport

Armstrong has kept his distance from cycling's recent troubles.

He is training for the New York City Marathon in November. In a few weeks, Armstrong will celebrate the 10th anniversary of his cancer diagnosis, and he has a new line of apparel from Nike commemorating the date.

At the same time, some of his former teammates and rivals are struggling.

Ivan Basso of Italy, Jan Ullrich of Germany and Francisco Mancebo of Spain — who finished second, third and fourth when Armstrong won the 2005 Tour — were all implicated in the Spanish scandal. Government and sports authorities continue to investigate them.

One of Armstrong's former lieutenants, the 2004 Olympic champion Tyler Hamilton, was also named in the Spanish investigation. His two-year suspension for blood doping in 2004 ends this month, but his future remains uncertain. The cycling union said it would seek a lifetime ban for Hamilton if he were found guilty of wrongdoing in the Spanish case.

Another former lieutenant of Armstrong's, Roberto Heras of Spain, tested positive for EPO last year. He is serving a two-year suspension.

Landis, meanwhile, could be stripped of his Tour title. The United States Anti-Doping Agency is expected to decide whether to charge Landis with a doping violation sometime in the next week, according to Landis's lawyer, Howard Jacobs.

All of those cyclists have denied using performance-enhancing drugs, but antidoping officials hope that will change, if those athletes have, indeed, doped.

Travis Tygart, general counsel for the United States Anti-Doping Agency, says he encourages athletes to be honest. "Those who stand up will hopefully influence other competitors in the sport to be clean," he said.

Ultimately, Frankie Andreu said, only riders can clean up cycling.

"There's always going to be the guy who denies and denies that he's ever used something," he said. "Nobody really knows what that guy is really doing when he goes home and closes the door."

Weapons Come From Many Sources (MHCA)

By Julia Reynolds And George B. Sánchez

Monterey (CA) Herald, September 12, 2006

For years, Salinas police have said that most of the guns used in local crimes in the city were stolen individually during residential burglaries. Police reports indicate that there have been no significant robberies of local gun stores, and most firearms acquired in the city are bought legally.

But over the last 20 years, the city has also had several notable episodes of organized gun trafficking, as the following cases show.

One unexpected source of cheap handguns was the Santa Ana Police Department. In the 1990s, it was not uncommon for police departments to sell confiscated weapons to gun dealers. In 1993, an Assembly analysis found that most of the weapons sold were the type used for hunting or collection value and were not cheap "Saturday Night Specials."

But one exception was a sale by the Santa Ana Police Department through a Modesto broker of 25 small pistols to Justin Davis, proprietor of the now-defunct JKD Shooting Sports in Salinas for $30 each. Davis told a reporter he bought the .25-caliber pistols because a factory had temporarily stopped making them.

"The police are just partners in the recirculating of these weapons onto the streets of California after these weapons have been taken away," then-Sen. Tom Hayden, D-Santa Monica, complained at the time.

Salinas police Cmdr. Kelly McMillin said officers later learned that an employee of JKD was illegally selling firearms in Salinas.

"He was dealing guns out of a truck," McMillin said.

Also in 1993, a United Parcel Service supervisor used his position to funnel guns to a Salinas gang.

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Nelson Baligod, then 24, was a supervisor at a Salinas UPS facility who posed as an employee of local gun shops when he ordered 17 handguns from national distributors.

Some of the weapons were used in bank robberies, convenience store holdups and shootings, an agent at the San Jose office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, told the San Jose Mercury News.

Surprise for dealer|

The investigation began when Salinas police detective Ken Wynne traced a crime weapon to a King City firearms dealer and learned the dealer never ordered the gun.

When Baligod ordered the guns, he provided the names and license numbers of local firearms dealers. He had the orders shipped COD but intercepted the shipments and paid for them, never delivering them to the unknowing gun sellers. Baligod pleaded guilty to federal firearms violations.

One source that has helped flood Salinas with firepower is the Nuestra Familia prison gang, which for decades has held a strong base in the city.

Paul Salcido, a Nuestra Familia member who was convicted of murder and attempted murder, testified before a federal grand jury in 2001 that NF members in Salinas were buying brand new guns in the manufacturer's packaging.

Salcido testified that there were "a lot of individuals coming from Arizona that were purchasing guns from drug dealers down there.... They would come to us and ask us, 'Do you want to buy any weapons?'"

"If it was fresh out of the box, it'd be $250. If it was just like a floater gun, not brand new or nothing like that, it'd go for maybe $100 or maybe $150."

Salcido added that he never threw out his own guns after using them in a crime.

"Me, personally, I never discarded. I always gave it to another individual."

Melted or buried|

Asked where the guns are now, Salcido said he believed they were later buried or melted down.

Brothers Michael and Jerry Esteban were the subjects of a joint investigation by the FBI, ATF and Salinas police.

An attorney for the Monterey County District Attorney's Office said Esteban was one of the largest single-source suppliers of guns to Norteños in Salinas for the last seven years.

In 2001, Nuestra Familia "regiment commander" Armando Santa Cruz was in charge of arming a crew of young gang members who sold heroin in the city's Chinatown district. According to FBI reports, Santa Cruz bought North China Industries SKS rifles from Esteban, also known as "Shackles," and described by federal agents as affiliated with the Sons of Samoa street gang.

To fulfill an order for his Nuestra Familia boss, Santa Cruz obtained two SKS rifles from Esteban, the FBI reported. The guns were delivered in the parking lot of a Rohnert Park restaurant in exchange for $1,000 cash.

Unfortunately for Santa Cruz, his Nuestra Familia boss was also working undercover for the government. The FBI had secretly videotaped the SKS delivery, and Santa Cruz was charged in state and federal courts for racketeering, gang activity, gun and drug trafficking, as well as a murder conspiracy case in Salinas.

Records show at least one of the rifles was first sold at a Texas gun shop seven years earlier.

Esteban worked delivering grocery items to stores in Monterey and San Benito counties. The court received more than a half dozen letters from friends and relatives characterizing him as a responsible community member.

Rifles and handguns|

In a 2003 indictment, federal prosecutors said Esteban was found in possession of a silencer, ammunition and 11 weapons, including an Israel Military Industries UZI 9 mm pistol, a North China Industries MAK-90 rifle, a Ruger Mini-14 .223-caliber rifle, a Smith & Wesson Highway Patrolman .357-caliber pistol, an Israel Military Industries Desert Eagle .44-caliber pistol, and other rifles and revolvers.

In 2004, after initially pleading not guilty in a San Jose federal court, Esteban agreed to a federal sentence of 10 years for selling the Smith & Wesson revolver and $4,400 worth of methamphetamine.

"The types of weapons -- silencers, machine guns, AK-47s, firearms with obliterated serial numbers -- as well as multiple pounds of narcotics purchased by an ATF undercover agent and confidential informant underscores the significance of removing this criminal from our community," ATF spokeswoman Marti McKee said.

A study by the bureau found that 53 percent of Salinas crime guns picked up by police were first purchased from legal firearms dealers in Monterey County, and a third were bought from licensed dealers within 10 miles of the city.

Arms change hands|

But a full 81 percent had changed hands at least once, the report said, "and could have been legally transferred, straw purchased, otherwise trafficked, stolen or a combination."

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When crime guns are bought legally, criminals sometimes use what's called a "straw buyer," someone without a criminal record, often a wife or girlfriend. That's the name that shows up on the required background check and dealer record of sale, or DRS.

"Straw purchases are still common," said Salinas police commander McMillin. "Salinas police review all DRSes. They go through them looking for names SPD recognizes, like women who are girlfriends of gang guys."

Although Salinas crime guns change hands often, ATF analysts were surprised at what they call a short "time to crime," the time elapsed between the original sale and the first criminal act. Nearly a quarter of the guns had a time to crime of less than three years, and 11 percent had a time to crime of less than a year from their retail sale.

McMillin said that report, though published in 2002, paints a picture that still holds for today's illegal gun market.

With the number of shootings holding above 300 year after year, Salinas will keep having illegal gun problems, McMillin said, "as long as guns are free in our society."

IMMIGRATION:

GOP Fails On Welfare Reform (HILL)

By Dick Morris And Eileen Mcgann

The Hill, September 12, 2006

The decision by the Republican leadership not even to try to pass immigration reform before the election smacks of punting when they should have gone for a touchdown. America is begging for tough immigration reform and looking to the Republican Party to exercise its traditional role of leadership in law and order issues. But even without a real threat of a Democratic filibuster, the Republican Party has tripped over its own feet and given up its attempt to meet the needs of the country and of its constituents.

The Republican failure to pass immigration reform despite controlling both houses and the presidency reminds one of Hillary's inability even to get healthcare reform reported out of committee despite enjoying a similar advantage in 1994.

Republican voters are not likely to forgive GOP ineptitude and failure. With a 30-vote margin in the House and 10 in the Senate, they will find the lack of action inexplicable.

The release this week of "Border War," a film produced by the conservative grassroots group Citizens United, brings the issue home in a way that voters in general and Republicans in particular will not forget. One can only hope that congressional Republicans who have failed the country will watch the movie and reflect on their missed opportunity. The film will have very wide distribution, by DVD and in at least 125 theaters throughout the country. (Disclosure: We are working with Citizens United on a film due out this spring on our old friend Hillary Rodham Clinton but we had no involvement in "Border War".)

With more than 10 million illegal immigrants in the U.S., the GOP failure to pass a bill is hard to understand.

A compromise was practically begging to be reached. Republican voters supported the Senate bill's earned path to citizenship and did not see it as amnesty. They know it is not feasible to return ten million people to their countries of origin, and they get it that a democracy cannot have a permanent lawless class living in its midst.

On the other hand, the Republican base and the rest of the country strongly support a border fence. And cracking down on employers who hire illegals is wildly popular on both sides of the political divide.

One cannot help but compare the cowardly refusal to work out a deal on immigration with the bravery on the part of President Clinton and Senate Majority Leader Trent Lott (R-Miss) in negotiating a welfare reform deal. In 1996, the two leaders got together to pass one of the most significant bills since World War II.

The Citizens United film documents how our porous border invited coyotes to exploit would-be immigrants and invites human trafficking. It emphasizes the risk to the immigrant and to the country of a border that can be breached, but only at great danger to those who try it.

But the Republican Party was scared by its talk radio acolytes into inaction. So fearful were they of aroused Hispanic-Americans on the one hand and angry white males — and females — on the other that they forgot their duty to lead and to compromise for progress.

Whether or not the Republicans keep control of Congress in the 2006 election, their numbers will be reduced. The chances of a good immigration reform bill will decline proportionally. A splendid opportunity will have passed, and will not soon return.

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

Keep The Immigration Debate Civil (LAT)

DOJ_NMG_0061862

By Arnold Schwarzenegger

The Los Angeles Times, September 12, 2006

BY NOT FINISHING comprehensive immigration reform this year, Congress left behind a poisoned debate that will continue to fuel a growing anger in our country.

Latino leaders, meeting in Los Angeles last week, were already debating whether they should continue marching in the streets, disrupt the economy or register voters. At the same time, people who are angry about the federal government's failure to stop illegal immigration have introduced local measures to take away housing, jobs and even medical assistance from noncitizens in their communities. On both sides, people are demanding to be heard.

Now Congress has walked away from the debate, at least for this year. So it's up to the rest of us to tone down our rhetoric and listen to the voices on all sides. As both an immigrant to this country and a proud American citizen, I have a unique perspective on this debate. I also have some advice.

To the immigrant rights activists I say: Change your message. When I came to America, I wrapped myself in the flag because I wanted to be a part of the American dream. I worked hard, learned English and followed the laws. I learned the customs and culture of my new country. I spent time with English-speakers just so I could hear them talk and learn the language from them.

Being an immigrant is like being a guest in someone's house. Your hosts go about their daily routine. You can sit on the couch and do your own thing, or you can ask, "What can I do to help? How can I be a part of this household?"

What people see today when immigrant rights activists march in the streets carrying Mexican flags and angry signs is that you do not want to join America's house. The message that sends is that you do not want to learn our language or our culture. Unlike the message sent by the masses of Irish, Italian, German and Asian immigrants, whom Americans now proudly call our "melting pot," these images suggest that Mexican immigrants do not want to make that effort.

I do not believe that this is the message most Mexican immigrants — legal or illegal — wish to send. I believe that most Mexican immigrants are as proud to be part of America as I was. They are some of the hardest working and strongest believers in the American dream. So my message to you is: Carry your home country in your heart, but carry the American flag in our streets.

To those who believe illegal immigration is reaching a crisis level in this country I say: Tone down the rhetoric. I myself have said things that caused division even when that was not my intent. Words can be weapons. We must be careful to distinguish between legal and illegal immigration, between those who break our laws to do us harm and those who break our laws to find freedom and prosperity in the greatest nation on Earth. It is hypocritical for Congress to condemn people for coming here illegally when the federal government has been unwilling to do what it takes to stop them from coming in the first place.

Now that they are here, what do we do? Amnesty is not the answer. Congress granted amnesty in 1986 and promised it would end the problem. It didn't. Amnesty only made it worse. You don't reward people for breaking the law. And you don't grant someone the rights of citizenship simply by virtue of how long they have been in this country illegally — that makes a mockery of the law and penalizes those who waited years and followed the rules.

But it is not realistic either to round up 12 million people and send them home. Many have families here now, children and grandchildren who are citizens. Splitting them up would be inhumane. Some say it would cost as much as $250 billion to even try. Who would pay for that? It is simply not realistic.

The answer, as I have repeatedly said, is, first, to secure the border to stop the problem from getting worse. Second, we must create a temporary-worker program so people can come here legally to work. We should also lift the cap on work visas for industries such as technology, engineering and agriculture so immigrants can be hired when there are not enough U.S. workers. And we must create a path to legal status for those living in the shadows illegally. They must pay a fine for breaking our laws. They must learn English and become part of our culture. They must pay back taxes and pay for healthcare and education rather than expect American taxpayers to pay extra when some cannot even afford healthcare or college for their own children.

Unfortunately, we must wait for Congress to return next year to take up the critical issue of comprehensive immigration reform. Meanwhile, we must do all we can to stop the problem from getting worse and to maintain a civil debate about illegal immigration.

Arizona Primary Will Test GOP Immigration Strategy (HILL)

By Amy Sherman

The Hill, September 12, 2006

The House's final immigration field hearing planned today in Washington coincides with the Arizona primary, and political analysts are watching the elections closely to see how immigration resonates with voters.

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In Arizona's open 8th congressional district, conservative GOP candidate Randy Graf and moderate Steve Huffman are squaring off to replace outgoing Rep. Jim Kolbe.

Graf press secretary R.T. Gregg said House Republicans' immigration hearings over the August recess have helped focus attention on an important issue for the district.

"It was good that members of Congress came to this district that is most affected by illegal immigration to see first hand the effects of illegal immigration," he said, "particularly given the lack of attention our current Congressman from this district has given this most pressing problem."

Gregg also criticized the National Republican Congressional Committee (NRCC) for pouring money into the district to benefit Huffman. Last week alone, the NRCC spent $122,000 on an ad campaign designed to benefit Huffman.

"[Immigration] is on the minds of voters...," he said. However, Gregg argued that "intervention by power brokers in Washington has tended to cloud the issue...[the question becomes] whether the seat is for sale."

Huffman's campaign did not return a call for comment by press time.

TAX:

Glaxo To Settle Tax Dispute With IRS Over U.S. Unit For $3.4 Billion (WSJ)

By Robert Guy Matthews And Jeanne Whalen

The Wall Street Journal, September 12, 2006

Pharmaceutical giant GlaxoSmithKline PLC will pay the U.S. government $3.4 billion to settle a nearly two-decade-long dispute over how to tax dealings between the British company and its American subsidiary, in a case that underscores the Internal Revenue Service's resolve to confront corporate tax avoidance.

The settlement, which the IRS said was the largest ever, covers taxes the agency said Glaxo owed for 1989 through 2005 because the company's American unit improperly overpaid its British parent for drugs, mainly the antiulcer blockbuster Zantac. It said those overpayments reduced the company's profit in the U.S., thus lowering its U.S. tax bill.

The Glaxo settlement could help bolster the IRS's crackdown on corporate taxpayers. It follows a string of tax-shelter victories the IRS has racked up in court in the past year against such companies as General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc.

Glaxo's decision to settle the dispute, which was headed for a trial in U.S. Tax Court in February, was particularly sweet for the IRS because it has a poor track record of winning disputes involving the accounting practice at stake in the Glaxo case. That practice, called "transfer pricing," is the art of attaching a monetary value to trademarks, patents, research and other intangibles that one arm of a multinational company transfers to another.

Transfer pricing determines how costs are distributed between the far-flung arms of a multinational company, and thus what profit is booked in what country. Higher costs cut into profit, lowering a company's tax bill, while lower costs do the opposite.

"Over the past 10 to 20 years, the government has brought a good number of transfer-pricing cases and come away with clear victories in very few of them," said Philip R. West, a tax partner at law firm Steptoe & Johnson in Washington.

Disputes over transfer pricing tend to be among the biggest fights between the IRS and corporate taxpayers, and they are of growing importance since more than 60% of world trade occurs inside multinational companies. Every country wants to maximize the tax revenue on goods and services produced within its borders, and every company has an incentive to book profits where taxes are lowest. That has bred a slew of disputes between companies and tax authorities over the proper pricing.

Julian Heslop, Glaxo's chief financial officer, called transfer-pricing disputes among the toughest issues for corporations to resolve with tax authorities. "It's probably the most complicated area of taxation in the world. It's not like buying a TV, where there is a market price," he said. "There isn't a market price within a company. There's quite a range of what might be acceptable."

Symantec Corp., a Cupertino, Calif., software maker, is currently in a $1 billion transfer-pricing Tax Court dispute with the IRS involving an Irish subsidiary of Veritas Software Corp., a company it acquired in 2005. The IRS is arguing that licensing fees paid by the subsidiary to Veritas in the U.S. were too low and that Veritas credited the U.S. business with too much of the cost of developing some technology. That wound up increasing the income of the subsidiary in Ireland -- a lower-tax country -- at the expense of income in the U.S., lowering the company's overall tax bill. Symantec has sued the IRS in U.S. Tax Court.

Motorola Inc., the Schaumburg, Ill., cellphone and telecommunications-equipment maker, is in a dispute with the IRS that could result in additional taxes of roughly $800 million, largely related to transfer pricing, according to company disclosures.

"The settlement of this case," said IRS Commissioner Mark Everson of the Glaxo case "sends a strong message of our resolve to continue to deal with this issue going forward." Chief IRS counsel Donald Korb added that it showed that "our lawyers can go up against the best firms the private tax bar has to offer...and achieve quite successful results."

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Glaxo said that, despite the settlement's massive size, it won't have any significant impact on the company's reported earnings. Glaxo had set aside £2.3 billion ($4.3 billion) to cover tax disputes. Mr. Heslop, the company's chief financial officer, said a significant amount of that sum related to the U.S. dispute. He said the company was confident it would prevail in the case but settled because of the time and cost of litigation, which had been expected to last two to three years, including the inevitable appeals.

At 4 p.m. in New York Stock Exchange composite trading, Glaxo's American depositary shares were up 17 cents at $55.25.

The majority of transfer-pricing cases are settled out of court. The trickiest involve, as the Glaxo case did, the value of intangibles, such as brand names. A Toyota automobile made in Japan, for instance, is worth more in the U.S. than the sum of its steel, rubber and electronics, because the Toyota brand name adds value. Attaching a price figure to that value can be a contentious affair.

In an attempt to simplify transfer-pricing guidelines, the IRS changed its rules in the 1990s. The Glaxo case, which dates to 1989, fell under old rules, which gave companies more leeway in determining prices.

Under the current rules, "I would be astonished that a company would take as far-out a position" as Glaxo did under the old ones, said H. David Rosenbloom, a Washington lawyer with Caplin & Drysdale. "Their auditors would be hanging off the ceiling."

Under the new rules, which came into widespread use in the late 1990s, a company must document a "reasonable" calculation for its transfer pricing; in the past, the burden was on the IRS to prove the calculation inaccurate. In addition, the IRS now has the power to levy a 40% penalty -- in addition to taxes owed -- if it wins a dispute, another reason for companies to avoid resisting the IRS as long as Glaxo did.

In addition, the IRS today often avoids levying penalties, beyond taxes owed, if companies can show they made a good-faith effort to come up with a meaningful price; in the past, the IRS had little option but to examine a company's books in detail and try to discern if an appropriate rationale was used to determine the internal pricing.

In the Glaxo case, the company contended the value of drugs it sold in the U.S. was in the research and development done in Britain, and that that justified the high price the British parent charged the American unit for the drugs. The biggest chunk of profit at issue stems from Zantac, which was the world's best-selling drug from the mid-1980s to the mid-1990s, at one point accounting for half of the company's total revenue. Glaxo paid taxes in Britain on the Zantac profit but less than it would have paid had the profit been assigned to the U.S.

The IRS argued that marketing efforts by Glaxo in the U.S. were critical to Zantac's success, and thus more of the income should have been attributed to the American unit -- and subject to U.S. tax. The IRS said the company has conceded more than 60% of the amount at issue in court. Glaxo said the net cash cost of the settlement would be $3.1 billion, including federal, state and local taxes; interest, and deductions for the taxes paid.

In its 2005 annual report, Glaxo said a transfer-pricing dispute it was discussing with British tax authorities for the years 1995 to date could also lead to litigation. A Glaxo spokeswoman yesterday said the British dispute wasn't related to the case settled in the U.S.

Internal Revenue Service, Glaxo Settle Biggest Tax Dispute In History (FINDLAW/AP)

By Mary Dalrymple, Ap Tax Writer

AP, September 12, 2006

(AP) - WASHINGTON-Drug giant GlaxoSmithKline agreed to pay $3.4 billion (â,¬2.67 billion) in the largest tax settlement in IRS history, resolving a dispute from the 1980s over the multinational company's U.S. profits.

The disagreement concerned how much of the profits from certain drugs, particularly the ulcer and heartburn medication Zantac, should be attributed to U.S. subsidiaries of GlaxoSmithKline PLC and, therefore, subject to tax.

GlaxoSmithKline Holdings (Americas) Inc. agreed to pay $3.4 billion (â,¬2.67 billion) to settle taxes owed from 1989 through 2005, the Internal Revenue Service said Monday. After deductions for state and local taxes, the company will pay $3.1 billion (â,¬2.44 billion) in cash. Glaxo said it had set money aside for the dispute, and the settlement will not have a significant effect on its reported earnings.

The company also said drug prices for customers will not be affected.

As part of the settlement, Glaxo abandoned its claim for a $1.8 billion (â,¬1.42 billion) tax refund. Glaxo spokeswoman Patty Seif said the IRS had rejected the company's refund claim and held that Glaxo owed $8.3 billion (â,¬6.53 billion) for taxes due from 1989 through 2000.

That case had been scheduled for trial at the U.S. Tax Court in February.

Seif said the company calculated it could have owed $14 billion (â,¬11.01 billion) to $15 billion (â,¬11.8 billion) in taxes through 2005 if the IRS had prevailed in court.

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The company said it was confident of its position but that "in view of the size of the potential financial exposure, as well as the continued level of resource being applied to the case, GSK concluded that it was in the best interests of its shareholders to reach this settlement, thereby removing the costs and uncertainty of future litigation."

The IRS has been looking more closely at multinational tax practices and the complex transactions that cross borders in the globalized economy. IRS Commissioner Mark Everson this summer told a Senate committee investigating offshore tax abuses that the complexities of globalization and cross-border transactions "create opportunities for aggressive tax planning."

IRS Chief Counsel Donald Korb said Monday that a "key focus" for tax collectors is transfer pricing, the issue involved in the Glaxo dispute, as one area where some multinational companies could take advantage of the global economy to move some profits to a country with lower or no taxes.

Transfer pricing describes the practice within companies for setting a price on goods, services and property when moving them among subsidiaries of a multinational company.

The questions in the Glaxo case concerned how much profits should be attributed to the U.S. based on sales and marketing done in the U.S. and intellectual property owned by the British parent corporation, as well as activities in other countries.

"We have consistently said that transfer pricing is one of the most significant challenges for us in the area of corporate tax administration," Everson said. "The settlement of this case is an important development and sends a strong message of our resolve to continue to deal with this issue going forward."

Former Tyco Tax Officer Is Charged With Filing A False IRS Return (WSJ)

By Jennifer Levitz

The Wall Street Journal, September 12, 2006

The former top tax official at Tyco International Ltd. was charged with filing a false tax return for the company that failed to report more than $170 million in income.

Raymond Scott Stevenson, who was vice president in charge of taxation at the manufacturing-and-services conglomerate until 2003, pleaded not guilty before a federal magistrate in Fort Pierce, Fla., to a felony fraud charge. He was released on $100,000 bail.

According to the U.S. attorney for the Southern District of Florida, Mr. Stevenson, of Delray Beach, Fla., directed a "series of transactions" designed to reduce Tyco's state tax liability, and in doing so triggered $170 million in capital gains under federal tax code. The capital gains would have added about $50 million to Tyco's tax bill, said Ellie Michaud, a spokeswoman for the Internal Revenue Service's criminal division. On Tyco's 1999 corporate tax return, Mr. Stevenson "left off" the $170 million, Ms. Michaud said. Mr. Stevenson's attorney, Carl Schoeppl, was traveling and unavailable for comment.

The transaction may have been related to one of the company's acquisitions, Tyco spokeswoman Sheri Woodruff said. She declined to elaborate. Mr. Stevenson, who worked in the company's Boca Raton, Fla., office, was fired from Tyco in 2003 after five years with the company, Ms. Woodruff said.

She declined to say why he was dismissed. Tyco, which is registered in Bermuda but operates from West Windsor, N.J., has been cooperating with the IRS on an investigation into Mr. Stevenson for at least two years, she said. Ms. Michaud said the investigation is continuing.

Mr. Stevenson was hired under Tyco management led by former chief executive L. Dennis Kozlowski, who left Tyco in June of 2002 and last year was convicted along with former finance chief Mark Swartz of looting more than $150 million from the giant conglomerate. Both men are in prison and have said they plan to appeal.

CONGRESS-ADMINISTRATION:

GOP, Dems Take Contrasting Approaches To Ethics Reform (USAT)

USA Today, September 12, 2006

USA TODAY's view on government corruption rightly chastises Republicans for their failure to pass the reforms necessary to break the links between Congress and special interests. But by failing to draw a distinction between the policy positions of the two parties, the editorial unfairly implicates Democrats in the Republican ruse to block real reform. In fact, there are real differences between the two parties' plans ("Scandal? What scandal? Congress ducks ethics reform," Our view, Government corruption debate, Wednesday).

This past spring, Democrats voted in favor of a true reform bill, the Honest Leadership & Open Government Act, which would ban gifts and travel from lobbyists and the organizations that retain them; prohibit official travel on corporate jets; extend

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the ban on former members' lobbying to two years; require greater disclosure of lobbyist contacts; mandate fair and open debate in the Congress; and impose tough new standards to end waste, fraud and abuse.

House Republicans, in contrast, put forward only a sham of a proposal, which USA TODAY has rightly called an “anemic excuse” for reform. The Republican bill would not even put an end to the lobbyist financed gifts and travel that are at the heart of the Republican culture of corruption that has plagued Washington.

Democrats stand with the American people and public watchdog groups, such as Common Cause, in support of strong anti-corruption laws. Republicans side with former majority leader Tom DeLay, disgraced lobbyist Jack Abramoff and the special interests such as Big Oil and the prescription-drug companies that line their pockets and fund their congressional campaigns.

Unfortunately, Republicans have turned this Congress into the most corrupt and closed in history. Democrats want to take Congress in a new direction, to make it the most open and honest in history.

Navy Officials Tried To Fire Chaplain Prior To Charges (WT)

By Rowan Scarborough

The Washington Times, September 12, 2006

Internal e-mails indicate that the Navy was moving to fire an outspoken chaplain even before he was charged with disobeying an order.

Lt. Gordon J. Klingenschmitt, whose court-martial is scheduled to begin today in Norfolk, yesterday said the e-mails given to his defense team prove that the Navy was plotting to fire him after he had complained publicly about a commander censoring his sermons.

"They were firing me not because I wore my uniform in front of the White House," said Lt. Klingenschmitt, who, despite being ordered not to, participated in a protest of a Navy policy limiting chaplains to "nonsectarian" expressions outside worship services.

"They were firing me eight days before that, because I was a whistleblower to Congress. I was not only punished for quoting the Bible in the chapel, I was punished for exposing that to Congress and the newspapers. It's reprisal, and I'm asking Congress to investigate."

A week before the event, in a March 22 e-mail, Vice Adm. John Harvey, the Navy's top personnel officer, sent an e-mail to Adm. Michael Mullen, the chief of naval operations. In it, Adm. Harvey endorsed a recommendation from Lt. Klingenschmitt's command at the Norfolk Naval Station that the chaplain be "involuntarily" released -- in other words, fired.

"Today, I positively endorsed and forwarded ... the request from [Naval Station, Norfolk, to] involuntarily release chaplain Klingenschmitt from active duty due to lack of career potential," Adm. Harvey wrote to Adm. Mullen.

"This officer is the individual who conducted a hunger strike in front of the White House several months ago and has engaged in other actions concerning [Department of Defense] and Navy religious ministry policies. Klingenschmitt's [commanding officer] has documented a compelling case that this officer has little career potential."

Lt. Karl Lettow, a Navy spokesman at the Pentagon, said the recommendation to fire the chaplain was never acted on by Navy civilian leaders. He said the Navy does not typically comment on correspondence between senior officers.

The Navy charged the chaplain after his March 30 public appearance with former Alabama Chief Justice Roy Moore, who led the protest. He will appear at a special court-martial, facing a jury of three to five officers.

Part of his defense is a Jan. 6 memo from his commanding officer on his request to wear his uniform during public worship. The commander cited Navy regulations that permit the wearing of uniforms when "attending or participating in a bona fide religious service or observance."

Lt. Klingenschmitt said he considers the Moore press conference as an "observance" because he was there to pray.

Lt. Klingenschmitt, a member of a small breakaway evangelical Episcopal denomination, began butting heads with his superiors after he delivered a memorial sermon aboard the cruiser USS Anzio in 2004. He says he was abiding by his faith when he preached the Gospels, including John's admonition that eternal life goes only to those who believe in the son of God.

The ship's captain did not think the sermon was inclusive and counseled Lt. Klingenschmitt, who deemed the move harassment and censorship.

"They want to take a black Magic Marker to my Bible and tell me I can't read the Scripture in the chapel," he said this summer. But a Navy investigation found his complaint "without merit."

Digging Us Out Of The Deficit With Holey Math (WP)

By Allan Sloan

The Washington Post, September 12, 2006

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Next month, the White House and its congressional allies will be taking victory laps when the deficit for fiscal 2006 is announced. The stated deficit for the year, which ends Sept. 30, will be $260 billion or so. That will be down $58 billion from 2005 and a whopping $77 billion below what the nonpartisan Congressional Budget Office predicted in January. The White House says this is happening largely because tax revenues have surged, which they have. It sure sounds great.

But let me share a dirty little secret with you: The real federal deficit isn't $260 billion. It's more than double that. And when you calculate what I consider the real deficit -- hold on to your hats, it's $558 billion -- you come out with slightly more than last year's real deficit, which I put at $551 billion. Revenue surge, shmevenue surge. Things are getting worse, not better.

That $558 billion is better than the $635 billion implied in January's CBO numbers. But it's nothing to crow about, considering that not long from now, baby boomers will begin to retire en masse and put huge pressure on the budget.

We know that numbers in Washington tend to be big and are sometimes murky. But how can the official deficit be only $260 billion while my calculation is $558 billion? Am I taking strange pills? Drinking funny water? Nope. It's the difference between Washington Math -- the unique way the federal government accounts for itself -- and real-world math.

Here's the deal. The stated deficit is the difference between the cash the government takes in and the cash it spends. That's $260 billion, the number most analysts use to measure the deficit. But Uncle Sam will also borrow almost $300 billion from federal trust funds: $177 billion from Social Security and $121 billion more from "other government accounts," such as federal-employee pension funds. About $78 billion of this total comes from the Treasury taking Social Security's cash surplus this year and spending it. Most of the rest comes from the government paying what it owes the trust funds -- primarily for interest on their $3.6 trillion of Treasury securities -- with IOUs, not cash. (All my numbers, by the way, are based on public budget documents.)

If a company tried to keep books this way, its accountants would scream faster than you can say Sarbanes-Oxley. But we're playing by the rules of Washington Math.

I readily concede that if you want to measure the deficit's effect on financial markets, using $260 billion makes sense. After all, that's how much the government is borrowing from "public investors" such as banks, foreign governments and you and me. But if you want to see how much deeper the fiscal hole is getting for taxpayers present and future, which is how I think we should measure the deficit, you have to include the almost $300 billion of trust-fund IOUs. Unless, of course, you expect Uncle Sam to default on his promises.

I've written about the differences between Washington Math and real-world math since the Clinton administration. The budget situation was improving then and got to be pretty good -- though not as good as the Clintonistas wanted us to believe -- thanks to fiscal responsibility, a surge in revenue and partisan gridlock that reined in spending.

Now things are heading the wrong way. Not enough people seem to care that we're hocking ourselves to the eyeballs and borrowing heavily from foreign lenders, such as Asian central banks, whose future national interests may differ from ours. "There's a disconnect from reality," says Sen. Kent Conrad (D-N.D.), a longtime deficit hawk who is one of the few people who calculates the budget shortfall the way I do. "It's utterly reckless," Conrad told me. "The debt load and our growing obligations to foreign creditors are weakening us. We're running risks we shouldn't run."

I agree. So when the budget victory song is sung in Washington next month, I'll curb my enthusiasm. If you're worried about our country's financial future, you'll curb yours, too.

* * *

A note about my Johnson & Johnson column ("J&J's Advantage in Pfizer Purchase: Taxes," Aug. 8): I can tell from readers' responses that I didn't make my point about J&J's purchase of Pfizer's consumer-products business as clearly as I should have. So let me try again. My problem isn't with J&J's tax savings on the deal -- it's with J&J's lack of disclosure. The tax savings are perfectly fine. But J&J hasn't disclosed anything about the savings, which by my math reduce the effective cost of the $16.6 billion deal by more than $4 billion. J&J hasn't told Wall Street about this and wouldn't discuss it with me for that column. Even for an enormous company such as J&J, $4 billion-plus is bigger than a Band-Aid. 'Nuf said.

Sloan is Newsweek's Wall Street editor. His e-mail address issloan@panix.com.

The Milberg Effect (WSJ)

The Wall Street Journal, September 12, 2006

Cornerstone Research released a study this summer showing a huge drop in securities class-action suits, and a common explanation has been that this is a result of new rules designed to keep the corporate community on the straight and narrow: No wrongdoing, no need for lawyers.

Well, not exactly. Lawsuits are certainly down, but a closer inspection of the numbers shows that the drop-off directly correlates with the decline in filing by one law firm: Milberg Weiss. Long the nation's premier class-action generator, the entire firm and two partners were indicted in May of paying off their class-action plaintiffs.

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According to Cornerstone, a research firm that tracks litigation, law firms filed 179 class actions last year. The first six months of this year saw only 61, a rate that would result in about 123 class actions for the year -- or a decrease from 2005 of 56 suits. Meanwhile, according to publicly available press releases, Milberg Weiss filed 91 of last year's suits. Yet in the first six months of this year, having come under prosecutorial scrutiny and lost many lawyers, the firm has filed only 17. At this rate, Milberg would tally about 34 suits for the year -- or 57 fewer than 2005.

These numbers are more than a coincidence, and should put to rest the assumption that Sarbanes-Oxley or better corporate governance standards are producing fewer causes of legal action. Securities lawyers have long understood that most class actions have little or no substance but are manufactured by the plaintiffs bar to pad their own pocketbooks.

Milberg Weiss has been a master of "strike" suits, which involve suing companies for the crime of a falling stock price in the hope of forcing a settlement. In the Justice Department's indictment, Milberg plaintiffs are said to have bought certain stocks in anticipation of suing when the share price fell on some negative news. Milberg is accused of funneling millions of dollars of kickbacks to these individuals in return for their serving as a lead plaintiffs in class-action suits.

The numbers should also provide all the evidence Congress needs to conclude that the only real way to rein in America's runaway legal system is with tort reform that allows redress of genuine wrongs but limits the ability of lawyers to game the system. Milberg Weiss may be in the dock, but it's only a matter of time before other firms take up the slack.

OTHER NEWS:

Economists' Inflation Estimates Up (USAT)

By Barbara Hagenbaugh

USA Today, September 12, 2006

BOSTON — Inflation will rise faster than previously thought through the end of the year while economic growth will be slower, a group of prominent economists said Monday, painting an especially hazy outlook.

The National Association for Business Economics said inflation expectations rose significantly in its survey of 50 members conducted in August from its last poll released four months ago. Instead of expecting so-called core inflation, which excludes often-volatile food and energy costs, to rise 2.3% in the second half of 2006, the economists' median forecast is for the index to rise 2.9% in the third quarter and 2.7% in the fourth quarter.

At the same time, the group lowered its forecast for economic growth and job creation through the middle of next year.

“There's a lot of uncertainty out there,” Wachovia economist John Silvia says.

The inflation projections from the NABE members were far above the range of what most Federal Reserve officials, including Chairman Ben Bernanke, have said is their informal inflation comfort zone, of between 1% and 2%.

But 60% of the NABE respondents said they believed the Fed would leave interest rates — its inflation-fighting weapon — unchanged through the end of the year as they watch previous rate increases filter through the economy.

Rajeev Dhawan, director of the economic forecasting center at Georgia State University, says while inflation may be above 2%, what is important is that it is projected to slowly decline. That allows the Fed to stay on the sidelines, he says.

After raising interest rates 17 times in two years, Fed policymakers last month left their target for short-term interest rates, which influence borrowing costs economywide, at 5.25%. That is the highest level in almost six years.

Fed officials are widely expected to leave rates untouched when they meet Sept. 20. But a number of policymakers have stressed they may need to raise rates again to halt inflation.

Boston Fed President Cathy Minehan on Monday noted the “breadth and persistence” of gains in inflation in recent months and called higher inflation a “key risk” to the economy. But in a speech to NABE members, she said she expected inflation to ease in coming quarters as growth slows.

St. Louis Fed President William Poole, meanwhile, stressed the importance of the Fed being pre-emptive in fighting inflation.

“We have to have a policy that is as tight as it needs to be, but not more so … that will work these inflation rates down over a period of time,” he told reporters here.

NABE Economists Expect Slowdown But No Recession (WSJ)

By Brian Blackstone

The Wall Street Journal, September 12, 2006

The U.S. economy will post below-trend growth the rest of 2006 and into 2007, but an outright recession is unlikely, according to a survey of economists released Monday by the National Association for Business Economics.

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Meanwhile, productivity should slow and inflation rise, according to NABE, but the Federal Reserve is nevertheless expected to keep interest rates steady through the end of the year and cut rates in 2007.

Speaking to the NABE Monday, Federal Reserve Bank of Boston President Cathy Minehan cautioned that inflation remains a risk, and that the Fed should remain "quite vigilant" in containing that risk even as the U.S. economy slows. (See the full text of Minehan's remarks1.)

Ms. Minehan's forecast suggests that the central bank can continue to keep rates unchanged while it surveys the economic scene. The Fed last month kept the federal funds rate at 5.25%, the first pause since the Fed began its credit-tightening campaign in mid-2004.

Regarding inflation, St. Louis Fed President William Poole said the Fed's credibility is "essential" to stable long-term inflation expectations, and "the cost of restoring credibility makes clear the reason for not losing it."

In prepared remarks, Mr. Poole repeated his support of an inflation target. He noted that he has in the past offered a "personal" objective of "zero inflation, properly measured." (Read the full text of Poole's remarks2.)

But Mr. Poole also added that Fed agreement "on an inflation objective, which some might express as a "comfort zone of 1-2% inflation" is more important than which precise specification is selected." Mr. Poole also urged greater transparency in order to reduce "asymmetries of knowledge."

"Because a full rational expectations equilibrium requires complete knowledge on the part of the private sector of central bank thinking and analysis, Federal Reserve research findings should be distributed widely," Mr. Poole said.

The U.S. economy grew at a 5.6% rate in the first quarter and 2.9% in the second. Economists generally think the U.S. economy can expand in the 3.25% range without putting pressure on inflation.

But recession is unlikely, with the NABE panel pegging just 10% odds of a recession beginning this year and a 25% chance in 2007. The biggest threat, cited by 46% of survey respondents, is higher energy prices, followed by rising interest rates and declining home prices.

Gross domestic product is projected by the 50 forecasters surveyed by NABE to expand 2.6% in the second half of 2006. For 2007, the NABE panel cut its forecast to 2.8% from the 3% rate it expected when last surveyed in May. The latest survey was conducted between Aug. 9 and 24.

Subtrend growth should lead to less hiring, with NABE cutting its payroll growth forecast through the end of 2007 by 0.3 percentage point to 1.1%. That should push the jobless rate up to 4.9% next year from its current 4.7% level.

"Given the importance of high employment, a period of sustained excessive unemployment may create doubts about future policy and this uncertainty is a manifestation of impaired credibility," Mr. Poole said.

"There is a fine balance here," Mr. Poole added, noting that when joblessness rises, "policy makers need to be able to explain in credible fashion why the problem is not a consequence of a monetary policy mistake."

Productivity will be less of a factor in limiting price pressures than it has been in the past, according to NABE. Survey respondents cut their 2006 productivity growth forecast to 2.2% from the 2.5% forecast in the May survey. Productivity next year is expected to rise just 2.1%.

Meanwhile, unit labor costs are expected to climb 2.7% this year and 2.3% next year, up from the 1.9% rate expected for both years in the May NABE survey.

But the Fed won't respond to higher inflation and labor costs by raising interest rates, according to NABE, with the median forecast for fed funds at 5.25% through the end of 2006.

One "obvious concern" to the economic outlook, Ms. Minehan said, is housing. While she's "comfortable" with forecasts for a "moderate downturn" in residential building, Ms. Minehan cautioned that recent data, including "gloomy assessments' by home builders, "remind me that this assessment could well be optimistic."

"There are clear risks to the baseline housing outlook," she said, citing the effect of higher mortgage rates on borrowers, particularly subprime borrowers.

Trade Picture Brightens (WSJ)

By Justin Lahart

The Wall Street Journal, September 12, 2006

Today's trade report will probably show a whopper of a deficit for July, something that always gives investors a fright about holding U.S. dollar assets. But dig a little deeper, and it looks like a shift in the nation's trade is happening.

Economists polled by Dow Jones Newswires are looking for a July trade deficit of $65.5 billion, up from June's $64.8 billion and prospectively the third largest monthly deficit ever.

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Oil prices were ticking to new highs in July. That meant upward pressure on the value of imports and the deficit. The U.S. shortfall in oil accounts for 30% of the total trade deficit. According to the Labor Department, prices for imported petroleum products were 4.7% higher in July than they were in June.

But oil prices have dropped sharply since July, which could bring the import figure back down. Meanwhile, away from oil, imports were already looking subdued in July. Belle Morales, vice president of sales and marketing for Inglewood, Calif., logistics company Dynalink Systems, says her firm saw a 10% decrease in inbound cargo volume for July and August from a year earlier.

July is usually the beginning of the peak shipping season, when holiday orders start streaming through ports to retailers. It may be the peak season was merely delayed. Rising European demand has some Asian suppliers racing to keep up, making it harder to fill U.S. orders. It might also be that supply-chain improvements made U.S. retailers comfortable placing holiday orders later in the year, Ms. Morales says.

But maybe retailers are pushing back orders because they're afraid consumers aren't going to spend much this holiday season -- a real worry with the values of homes softening.

Even as imports slow, continued growth in Asia should keep U.S. exports strong, says Investment Technology Group economist Robert Barbera. Those exports will help boost economic growth, a plus at a time when other engines of growth seem to be slowing.

Taken together, it spells a better trade picture in the months ahead, a silver lining for investors who worry about financing the mammoth trade shortfall. The dark cloud is that weary U.S. consumers might be behind much of it.

Rising Inventory Of Unsold Homes Is Likely To Put Pressure On Prices (WSJ)

By James R. Hagerty

The Wall Street Journal, September 12, 2006

A continued rise in inventories of unsold homes in August is likely to put more downward pressure on home prices in parts of the U.S.

Inventories of homes in 18 large metropolitan areas across the country expanded by 4.7% in August from a month earlier, according to data compiled by ZipRealty Inc., a real-estate brokerage firm based in Emeryville, Calif. The data are based on single-family homes and condos included in local multiple-listing services of homes for sale.

The biggest increases -- 16% in the Dallas area and 13% in Seattle -- came in markets that have been relatively strong recently. A sharp rise in inventories in those areas is likely to help restrain price increases. Other sizable increases came in Orlando, Fla. (8%), San Francisco (6.1%) and Miami (5.6%).

Of the 18 metro areas, only two showed lower inventories. Boston was down 1.5% and Washington, D.C., 1.6%. Prices have declined modestly in both areas over the past year. For instance, the median home price in the northern Virginia suburbs of Washington was $459,000 in August, down 8% from a year earlier, according to Metropolitan Regional Information Systems Inc., a data-tracking firm in Rockville, Md. Such price declines are likely causing some people who can't get the price they want to take their homes off the market and wait for a recovery.

Home sales have plunged over the past year in many areas where prices had soared over the preceding five years, notably in California, Florida, Arizona, Massachusetts and the Washington, D.C., area. Many potential buyers are waiting for prices to come down further. The persistent weakness in these markets has prompted many housing experts to say prices will have to decline more to revive sales.

Sellers gradually seem to be realizing that they will have to lower prices, says Patrick Lashinsky, a senior vice president at ZipRealty. "There's finally some realism getting into the picture."

Ivy Zelman, a housing analyst at Credit Suisse Group in Cleveland, estimates that prices of newly built homes in San Diego, Sacramento, Calif., Phoenix, northern Virginia and southwest Florida already are down as much as 10% to 15% from a year ago. That estimate includes "concessions" from builders, such as upgraded kitchens or help with closing costs, which are disguised price cuts. But Ms. Zelman still sees more price declines ahead. "We believe that the housing market is still in the early innings of a hard landing that will likely take several years to develop," she says.

Even the National Association of Realtors, normally very bullish on home prices, now predicts a drop in median prices for the nation as a whole. David Lereah, chief economist for the Realtors, forecasts that prices will decline modestly in the next few months. After that dip, he says, prices are likely to resume rising, but at a slower-than-normal rate.

Dow Ekes Out Gain After Early Slide As Oil, Gold Retreat From Lofty Heights (WSJ)

By Shefali Anand

The Wall Street Journal, September 12, 2006

DOJ_NMG_0061871

With positive news about oil and gold, investors pushed a seesaw trading session upward enough for stocks to close slightly higher.

The Dow Jones Industrial Average gained 4.73 points, or 0.04%, to close at 11396.84. The broad Standard & Poor's 500-stock index rose 0.1%, or 0.62 point, to 1299.54. The technology-stock-laden Nasdaq Composite Index rose 0.3%, or 7.46 points, to 2173.25.

Oil fell for a sixth straight day, to the lowest close in more than five months. Crude-oil futures contracts guaranteeing October delivery slid 64 cents, or 1%, to $65.61 a barrel, at the New York Mercantile Exchange. Gold declined on the Comex division of Nymex, by $19.60 a troy ounce, or 3.2%, to $590 -- its lowest close since June 29. (More on the oil and gold slides.1)

Despite the Organization of Petroleum Exporting Countries' decision to leave its production quota unchanged, and signs that oil-rich Iran may continue diplomatic talks with the West, some traders say that may not be enough for the oil-price decline to continue.

"The market could work its way higher in the next week or so," said Jeff Grossman, president of commodities trading firm BRG Brokerage. He said traders will be watching crude-oil inventory figures, due tomorrow.

Stocks began the day with a decline -- the Dow industrials were down almost 50 points at one point, but recovered on hopes that inflation may be under control. St. Louis Federal Reserve President William Poole's comments about a "robust" economy and controlled inflation "seemed to really put a spring in the market," said Jon Brorson, head of growth equities at Lehman Brothers Asset Management.

Stocks of energy and material companies slumped. Dow components Alcoa, Exxon Mobil and Caterpillar slipped 5.3%, 2.8% and 2.7%, respectively.

Dell fell 2.1% on news that it would delay filing some financial statements with the Securities and Exchange Commission, as a previously announced SEC probe and its own investigation of its financial accounting could affect results.

Other technology stocks were among the gainers. Dow component Hewlett-Packard rose less than 1%, as its board continued to try to resolve issues raised by the company's investigation into leaks to the media. Shares of Freescale Semiconductor rose about 21% on news that it may be purchased by a private-equity consortium.

Traders at the New York Stock Exchange and Nasdaq observed a minute of silence, at 9.29 a.m. and 10:29 a.m. EDT respectively, to mark the fifth anniversary of the 9/11 attacks.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.55 billion shares traded, 1,459 stocks rose and 1,775 fell.

Bonds declined. The 10-year Treasury note fell 6/32, or $1.88 for each $1,000 invested, pushing the yield up to 4.803%. The 30-year bond fell 11/32, to yield 4.945%.

The dollar was mixed. Late in New York, it traded at 117.59 yen, up from 116.90 yen, while the euro rose slightly against the dollar to $1.2702 from $1.2671.

Average Gas Price Falls 11 Cents A Gallon In A Week (USAT)

By James R. Healey, Usa Today

USA Today, September 12, 2006

$2 gas could be possible

Gasoline prices continue to tumble, almost free-falling toward levels not seen in five months.

The nationwide average for regular was $2.618 a gallon, the Energy Information Administration reported Monday. That was 10.9 cents lower than a week earlier.

“The reason prices are going down so far so fast is that they shouldn't have been that high in the first place. Two reasons they were: fear and speculation,” says Mike O'Connor, president of the Virginia Petroleum, Convenience and Grocery Association. It represents gasoline distributors who operate about 4,000 stations.

O'Connor says $2 gasoline “is more likely than unlikely” if the Gulf of Mexico isn't hit by hurricanes and if there isn't a flare-up of tensions in oil-producing regions.

In many metro areas, prices averaged less than $2.30 Monday, according to AAA. And only in Hawaii was the statewide average more than $3.

AAA reported a U.S. average Monday of $2.624 per gallon for unleaded regular, down 1.6 cents over the weekend. Hawaii, burdened by high shipping and distribution costs, averaged $3.284, down 1.1 cents.

High prices of spring and summer attracted more imported gasoline than usual, contributing to the above-average supplies that now are keeping prices down. “We had record levels of gasoline imports for a while, more than 1 million barrels a day just of gasoline,” says Neil Gamson, analyst at the EIA.

Falling prices are cheering gasoline retailers as much as motorists.

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"When it was $3, I was paying 9 cents a gallon in credit card fees. It's a percentage (of the price). The retailer pays that; the customer never sees that. There were many times I was close to breaking even or even losing money," says Jinger Duryea, president of C.N. Brown in South Paris, Maine, which operates 90 convenience stores that sell fuel. "The first part of the year has been abysmal. We're all breathing a sigh of relief."

EIA plans to issue a short-term energy forecast today that will predict gasoline prices. That will suggest how low prices will go and how long they will stay there. EIA's previous short-term forecast was for an average $2.72 per gallon for all of this year, and $2.67 next year.

Although motorists worried that once the $3 barrier was pierced, prices never would fall much, the current drop-offs are logical, Gamson says: "The driving season is over. There's plenty of gasoline in inventory and crude oil prices have been dropping a lot. It's mainly market fundamentals."

OPEC Sets Stage To Cut Output Should Oil Prices Keep Falling (WSJ)

By Steve Levine, Bhushan Bahree

The Wall Street Journal, September 12, 2006

VIENNA -- The Organization of Petroleum Exporting Countries decided to let its production fluctuate rather than adhere to its formal quotas, allowing the cartel to curb output quietly should oil prices continue their recent swoon.

As expected, the cartel didn't change its official oil-production target of 28 million barrels a day. More important, though, OPEC has effectively agreed to ignore those quotas for now.

Senior OPEC officials said oil marketers from member countries would base their sales of crude on demand from customers. The cartel will seek to avoid pushing more oil than needed by markets -- implying it would seek to avoid discounting, a necessary step to shore up prices should demand weaken.

"It's up to our marketing people now to decide how much will be produced and sold," the head of one delegation said. "We have agreed to neither push oil in the market nor hold back" needed supply, this official said.

The move comes amid slowing demand for crude and concerns that weakening world economic growth might further undercut it. The Energy Department said yesterday that the average U.S. price for regular gasoline has fallen about 42 cents a gallon since the beginning of August and stands at about $2.62 a gallon. (See related article.1)

The cartel has been selling about 500,000 barrels a day less oil than the 28 million barrel upper limit. Some OPEC members are unable to produce up to their quotas, while others are exceeding theirs to meet demand.

The cartel may pursue the oil-output model followed by Saudi Arabia in recent years. As OPEC's largest exporter, the kingdom has produced more than its quota when buyers needed extra oil and has eased off as demand has weakened. The new understanding would pave the way for others to act similarly.

OPEC officials have grown anxious about crude prices, which have fallen about 15% since hitting a nominal record in July. It is too soon to know whether the three-year boom is about to go bust. Analysts say the margin of spare pumping capacity remains so thin that a sizable supply outage could send prices surging. But OPEC, at least, is preparing the groundwork to halt a collapse.

OPEC has backed away from quotas in times of crisis, such as the aftermath of Iraq's 1990 invasion of Kuwait. During the recent boom, its quotas sometimes were rendered irrelevant as members pumped flat out. But those efforts were intended to bring down prices.

Some analysts have been forecasting that crude prices could fall toward the $50-a-barrel level, though those estimates were made before the OPEC meeting. OPEC's latest decision "could, over time, halt the slide in prices," said Antoine Halff, an analyst at Fimat USA, the brokerage arm of Société Générale.

The communiqué the cartel issued yesterday didn't mention quotas. It said, in part, "Member Countries would take the necessary steps to ensure that supply and demand remained in balance, with prices at reasonable levels, supplying to the market the needed volumes."

Roger Diwan, an analyst at PFC Energy, said OPEC output is likely to decline by about 400,000 barrels a day in coming months because of weak demand and the need to shore up prices.

OPEC ministers will now watch for signs the fall may be turning into a rout. The cartel's next gathering is scheduled for December, but the new understanding would allow members to trim output without a formal meeting.

OPEC is refraining from curbing output formally in part for fear of provoking a backlash in the U.S., Europe and other big importing regions. Crude prices remain more than double their level of three years ago. On the New York Mercantile Exchange yesterday, oil futures for October delivery fell 64 cents, or 1%, to settle at $65.61 a barrel.

OPEC Leaves Oil Output Quotas In Place As Price Keeps Falling (WP)

DOJ_NMG_0061873

By Steven Mufson

The Washington Post, September 12, 2006

Crude oil prices continued their downward march yesterday as the Organization of Petroleum Exporting Countries left its production targets unchanged and as Europe's foreign policy chief raised hopes of a peaceful resolution to the standoff over Iran's nuclear program.

Signs of slower world economic growth and relatively high worldwide inventories of petroleum also helped knock the price of a barrel of crude oil to $65.61 on the New York Mercantile Exchange, down 64 cents yesterday and a slide of 17 percent from its all-time peak in July.

Oil markets are beset by "the perfect calm," said Edward Morse, a managing director and chief energy economist at Lehman Brothers Inc. He noted that anticipated hurricanes had not emerged, tightness in gasoline markets dissipated and political disruptions in supplies had not materialized.

Though prices are still very high by historical standards, the decline in the past month has eased some of the pressure on U.S. motorists. Prices at the pump fell for a fifth week, plunging 10.9 cents to a nationwide average of about $2.62 a gallon, the Energy Information Administration said yesterday. According to the government's weekly survey of about 800 filling stations, costs at the pump have declined 42 cents since Aug. 7.

Weakening oil prices were mixed news in Vienna, where OPEC oil ministers met yesterday and decided to leave their production target at 28 million barrels a day. The group often says that it fears high prices will drive consumers to alternative energy sources or non-OPEC oil, and its president, Nigerian oil minister Edmund Maduabebe Daukoru, said yesterday that OPEC was pleased to see prices drop from their peak levels.

But the ministers talked mostly of "downside risks" to prices and asserted that they might move to trim output later in the year if prices continued to slump. Chakib Helil, Algeria's oil minister, said that OPEC would "watch the market very closely," and Daukoru said that the group was concerned about the speed of the price decline, Bloomberg News reported.

"They like high prices, but they're relatively uncertain about the future because there's no way to be certain," Morse said. "They don't like the rate at which oil prices are falling. They are poised to jump in at some point . . . if the price continues falling at the rate it's been falling."

OPEC's 11 members, who produce nearly 40 percent of the world's oil, have kept their combined oil production target unchanged since July 2005, a level they said was high enough to ease record prices. In an opening speech to the group, Daukoru tried to deflect blame for soaring summer prices away from OPEC, pointing instead to the war in Lebanon, market "speculators" and BP's Alaska pipeline problems. World crude oil inventories, he noted, stand "comfortably above" their five year average.

As a practical matter, OPEC has limited ability to increase or decrease production. With political disputes or violence curtailing production in Iraq, Nigeria and Venezuela, Saudi Arabia remains the main swing producer, with the ability to trim or boost output from its current level of a little more than 9 million barrels a day.

Daukuro also confirmed reports that the amount of Nigerian output curtailed by militant attacks on facilities has risen to 872,000 barrels a day, about 40 percent of the country's production capacity. The militants have attacked pipelines and an export terminal in the Niger Delta as well as boats carrying workers to offshore production platforms.

One key factor in the price drop over the past month has been the diminishing prospect of conflict over Iran's nuclear program. A U.N. deadline for Iranian action has passed without consequences, Germany's chancellor has publicly opposed military action, Iran's former president has urged talks and Javier Solana, the European Union foreign policy chief, described a meeting yesterday with Iran's top negotiator in the dispute over the country's nuclear program as "productive."

"The window of opportunity is not very long," Mohamed ElBaradei, head of the International Atomic Energy Agency, said in Vienna. He said he hoped Iranian and E.U. negotiators would reach an agreement when they meet next week.

In oil markets, concerns also mounted over a slowdown in the world economy. The prices for other commodities also declined yesterday.

But Adam E. Sieminski, chief energy economist of Deutsche Bank AG, warned against the expectation that a slowdown would bring much lower oil prices.

"All this talk about the oil and commodities boom being over would make a lot more sense if we were in midst of global recession, but we're not," he said. "No one is talking about a huge U.S. recession. The question is whether we will grow at 2 percent or 3 percent." That means, he said, that oil markets will remain tight at least for the rest of this year and next, leaving consumers vulnerable to a single disruption in supplies.

Opec Move Sparks Slide In Oil Price (FT)

By Kevin Morrison, Carola Hoyos

DOJ_NMG_0061874

Financial Times, September 12, 2006

Oil prices fell on Monday to their lowest level since the end of March after the Organisation of the Petroleum Exporting Countries agreed to keep production quotas unchanged.

But members of the cartel signalled they might reduce output later this year to limit any further fall in world oil prices.

The European benchmark, Brent, dropped $1.09 to $64.24 a barrel in late afternoon London trade, and near its lowest level in more than five months. It is now more than 18 per cent down on its record high of $78.65, touched just over a month ago.

Falling crude prices sparked sharp declines in other commodity markets. Gold traded below the key $600-an-ounce threshold for the first time since late June, while copper fell 4.5 per cent to $7,460.50 a tonne.

Edward Morse, chief energy economist at Lehman Brothers, said oil prices were unlikely to carry on falling. "We have had the perfect lull, but it is not a turning point when prices will continue to decline," he said.

Mr Morse said the fall reflected the easing of tension between the west and Iran over its nuclear ambitions, the end of the Israel-Lebanon conflict, lack of hurricanes in the Gulf of Mexico region and an end to the US summer driving season.

Ali Naimi, Saudi Arabia's energy minister, shrugged off the fall in prices, calling it "a blip".

Opec ministers agreed to keep the cartel's official production at 28m barrels a day, even though the 10 members that abide by quotas are producing 500,000 b/d less. With the cartel producing below official limits, analysts said Opec may cut at its next meeting in Nigeria in December.

"The process is starting now. It's been several years since they've had to cut back," said Carl Calabro, analyst at PFC energy, the Washington based consulting firm. Mr Calabro said there was already a surplus of fuel oil in the market, in particular in Singapore, but also in the US, where inventories are 25 per cent higher than normal.

Mr Morse said the focus on inventories was overdone, as global inventories in absolute terms will have to continue to grow in order to maintain the "comfort level" of between 50 and 55 days of forward demand cover.

He said oil demand had risen by about 10m b/d in the past six years, which translates to another 500m barrels of oil needed in storage.

Oil traders expect prices to rise by the end of the year.

The US benchmark oil price, the West Texas Intermediate, is quoted at more than $67 a barrel for December, compared with the current spot price of $65.50.

Oil traders said concern about the fall in oil prices may be overdone, given that US benchmark oil prices are 7 per cent lower than the record peak of $70.85 reached in August last year in the wake of Hurricane Katrina.

'Blogosphere' Spurs Government Oversight (USAT)

By Richard Wolf

USA Today, September 12, 2006

WASHINGTON — When watchdog groups that monitor federal spending wanted more information on 1,800 "pork barrel" projects buried in a House appropriations bill, they listed them on the Internet and asked readers to dig deeper. Within days, details began pouring in.

The same thing happened when Porkbusters.org enlisted readers of its website to find out which senator had blocked legislation that would create an online database of federal grants and contracts. One by one, senators were eliminated until Ted Stevens, R-Alaska, and Robert Byrd, D-W.Va., were uncovered.

The two episodes illustrate the latest trend in government oversight: More light is being thrown on Congress, not just by the media and public interest groups, but in the "blogosphere" where Internet users meet.

"It's probably the biggest expansion of government oversight that we'll ever have," says Thomas Schatz of Citizens Against Government Waste, one of the groups pioneering the effort. "It will turn every American into a watchdog."

Their involvement is getting action: House Majority Leader John Boehner, R-Ohio, has promised a vote this week on a rules change that would ensure the sponsors of individual projects are identified. And Republicans in the House and Senate say they will approve the national database this year.

The amateur investigators are people such as Jamie Peppard, an accountant from Long Island, N.Y., and serial blogger who writes under the name "Mrs. Panstreppon." She researched groups such as the Congressional Glaucoma Caucus Foundation, which stands to receive nearly $1.2 million to screen patients in New York, Texas and the Virgin Islands. She unearthed tax forms showing the foundation pays several six-figure salaries.

They're people like Mario Delgado, the publisher of Porkopolis, a Cincinnati-based blog that determined Ohio stands to gain nearly $34 million from 135 projects in the pending House appropriations bill that funds health, education and labor programs.

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And they're people nationwide who called their senators to ask if they were blocking action on the database — an obscure bill that has become controversial because of senators' anonymous objections. Senate Majority Leader Bill Frist, R-Tenn., credited the passion of the "blogosphere" for winning Senate passage last week.

"There are citizens in every community who either take this as their responsibility or as their joy — or maybe a little bit of both," says Zephyr Teachout, national director of the Sunlight Foundation, which seeks greater transparency in government. "Reporters and good-government groups can't do it on their own. There's a real need."

Advances in technology and communication now make it easier for average citizens to be researchers, reporters and muckrakers.

The model for many watchdog groups is the Center for Responsive Politics, whose website, opensecrets.org, puts information about lobbying and campaign finance into accessible formats for Internet users. "Citizens have been doing some really good work on their own," says Ellen Miller, who left the center to take charge of the Sunlight Foundation.

Citizens got involved last year when blogger Josh Marshall, publisher of TPM Muckraker, urged readers to find out which House Republicans voted in closed caucus to let indicted lawmakers keep their leadership posts. After a public outcry, Republicans reversed the vote. As a result, Texas' Tom DeLay had to step down as majority leader last year after being indicted on campaign finance charges.

Such citizen involvement peaked again this summer when watchdog groups ranging from the conservative Citizens Against Government Waste to the more liberal Sunlight Foundation sought to shed new light on congressional "earmarks," the individual projects lawmakers insert into spending bills.

Nearly 10,000 projects costing $29 billion were funded in the current fiscal year. It was another project, however — the so-called bridge to nowhere in Alaska, originally included in last year's highway bill for $223 million — that made the issue politically volatile.

"The bridge to nowhere certainly got some traction," says Sen. Lincoln Chafee, R-R.I., who supported it as part of the highway bill. His challenger in next week's primary, Steve Laffey, opposes all earmarks.

When word filtered out last month that a senator was refusing to let the database bill come to a vote, Porkbusters urged its online faithful to find out who it was. Nearly every senator denied involvement. Ultimately, Stevens and Byrd acknowledged objections.

Around the same time, a loose coalition of groups published a complete list of earmarks in the House version of Congress' biggest spending bill, each adding unique technological tools. Porkbusters breaks them down by state and keyword. Sunlight uses Google Maps to show where each project is located.

Bloggers such as Jamie Peppard took it from there. She dug into groups such as the glaucoma foundation, discovering that it paid $340,000 to its CEO and more than $100,000 each to a consultant and part-time treasurer.

"I'm an ordinary citizen who does not have to answer to shareholders or anyone else," Peppard says. "I also have the luxury of spending as much time on a particular project as I want to."

Government watchdogs say the new effort to reach and empower average citizens is a two-way street: It provides Americans with needed information and enables them to give some back.

"Maybe it really will be an empowering tool — the Internet leveling the playing field," says Gary Bass, executive director of OMB Watch, which seeks greater government accountability and citizen participation. "If that's true, this is very, very exciting."

Plans To Honor L.A. Muslim Leader Bring Out Animosity (LAT)

By Teresa Watanabe

The Los Angeles Times, September 12, 2006

In a public hearing spiced with accusations of Jew-hating and Muslim-bashing, nearly four dozen religious, ethnic and civil rights activists spoke out Monday on whether a prominent Los Angeles Muslim should be disqualified from receiving a prestigious humanitarian award because he has expressed some views critical of Israel.

Maher Hathout, chairman of the Islamic Center of Southern California, is the first Muslim chosen for the award from the Los Angeles County Human Relations Commission. But some Jewish groups have vehemently objected to the selection, calling Hathout an extremist masquerading as a moderate, and are urging the commission to rescind the award before it is presented next month.

At Monday's commission hearing, the Jewish Federation of Greater Los Angeles, an umbrella organization of 22 groups representing 40,000 donors, stepped forward as the latest and most influential opponent to Hathout.

Federation President John R. Fischel told commissioners that Hathout's "false and controversial" statements about Israel — that it is an apartheid state, for instance — had offended and angered many Jews.

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"Dr. Hathout takes partisan positions which do not foster harmonious and equitable intergroup relations…. His words regrettably create the very fissures and divides that the [commission] is seeking to repair," Fischel told commissioners.

But Hathout's supporters Monday were more diverse and outnumbered opponents 2 to 1. Christians, Muslims and Jews, blacks, Latinos and Asian Americans, and such civil rights leaders as Connie Rice, who received the 2002 award, spoke forcefully in support of Hathout, describing him as a tireless proponent of interfaith and interethnic harmony.

Rice said it was difficult for her to break with her longtime Jewish friends on the issue, but that Hathout had taken "extraordinarily difficult" actions in promoting tolerance and moderation.

The furor over the award, she said, had turned the issue into a "seminal struggle" over whether Los Angeles would be seen as embracing or rejecting a man who preached tolerant Islamism.

"If we send a message to Muslims in Southern California that someone who has tried so hard to bridge … all of our communities cannot be acknowledged, we would have done extreme damage," Rice said.

Hathout also won support from the man that the 14-member commission originally chose for the award — the Rev. James M. Lawson Jr., a civil rights leader and president of the Southern Christian Leadership Conference of Greater Los Angeles, who was unavailable to accept the award because he is teaching in Nashville.

In a letter read to commissioners Monday, Lawson urged them to reject what he called "extremism which seeks to vilify Dr. Hathout's name and character." He praised the Muslim leader as "a person of immeasurable integrity and honesty" who "reflects the best not only of the Muslim faith, but the finest of any faith."

In addition, several rabbis and the Progressive Jewish Alliance spoke in support of Hathout, saying that criticism of Israel should not be equated with backing terrorism or the destruction of the Jewish state.

Despite the deeply felt views and occasional outbursts of name-calling, the hearing remained largely calm and controlled. Commissioners will meet again Monday to vote on a final resolution.

The award was established more than a decade ago to honor outstanding contributions toward fostering better relations among diverse communities.

Last year's winner was Zara Buggs Taylor, who was honored for her work in fighting discriminatory hiring practices and biased portrayals in the media.

In 2002, the award was given to Rice, a director and co-founder of the Advancement Project, which is dedicated to building a racially just democracy and breaking down barriers to real opportunity.

Hathout has said — and repeated again Monday — that he supports a two-state solution to the Israeli-Palestinian conflict. In introductory remarks to commissioners, the Egyptian native and retired cardiologist said he came to the U.S. 35 years ago with his family seeking freedom.

In 1989, Hathout said, he was an early Muslim voice to condemn the Ayatollah Ruhollah Khomeini's fatwa against Indian-born British novelist Salman Rushdie.

Two years later, he said, he barred from speaking at his mosque the extremist Sheik Omar Abdel Rahman, who was convicted in 1995 of seditious conspiracy in connection with a plot to blow up several New York-area landmarks.

Hathout also said he wrote two books undermining any Islamic justification for suicide bombings and other terrorism, and initiated the city's first dialogues among Muslims, Christians and Jews.

"I am very proud of my record," he said. "I believe in human dignity."

Hathout added that his harsh words about Israeli state policies were spoken from "immense pain" he felt over Palestinian suffering, but that he meant no offense to citizens of Israel or Jews.

But Marcie Polier Swartz, a Brentwood businesswoman who was a co-founder of the first Los Angeles Muslim-Jewish dialogue, said she and most other Jews eventually dropped out.

She and others said Monday that they were particularly upset that the Muslim leader was recorded at a Washington, D.C., rally in 2000 condemning as traitors Arab governments that entered into dialogues with Israel.

Hathout, however, said he was not opposing Arab governments' talks with Israel but their oppressive regimes.

Hathout's opponents reaffirmed the Muslim leader's right to voice his sentiments — but argued that they were too divisive to merit giving him a human relations award.

At least one commissioner, the Rev. Zedar E. Broadous, said he had heard "nothing new" to change his original vote in July to support Hathout.

But others said they wanted time to review the voluminous material — including hundreds of e-mails — submitted from around the nation over the selection.

Mehlman: GOP Will Hold (RC)

By Paul Kane

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Roll Call, September 12, 2006

Republican National Committee Chairman Ken Mehlman predicted Monday that the GOP would maintain its control of both Congressional chambers, using a $47 million across-the-board financial edge and a finely honed voter turnout program to overcome historical trends and public resistance to the Iraq War.

Mehlman refuted pundits' suggestions that this year's midterms would be a purely nationalized campaign on issues breaking against Republicans, arguing instead that the elections would be characterized by larger national issues transposed onto a localized, race-by-race battlefield.

"I think we're in uncharted political territories," Mehlman said in an interview with Roll Call editors and reporters.

Mehlman said it would be "a dereliction of your duty" for his committee not to run a television air war attacking Democratic candidates for the votes taken by their party leaders, indicating his intention to highlight how a Speaker Nancy Pelosi (D-Calif.) and her ranking-members-turned-chairmen would run the House.

"There will be a clear contrast," he said, declining, however, to indicate in which states and districts the RNC would focus its resources.

In addition, Mehlman said:

· he no longer considered Sen. Rick Santorum (Pa.) the most endangered GOP incumbent, calling him the "greatest closer in politics";

· that the electoral battlefield was largely set and that no races would materialize to shock the GOP down the stretch: "I don't think we will be surprised at all";

· it was wrong to ever assume Sen. George Allen (R-Va.), who polls show faces a tightening re-election fight, would win his race by more than 5 points: "Virginia's changing";

· he would leave it up to Rhode Island GOP officials to recommend whether Cranston Mayor Stephen Laffey should receive any RNC financial support if he were to unseat Sen. Lincoln Chafee (R.I.) in today's GOP primary.

Democrats consider Mehlman's prognostications wishful thinking, with Bush being an unpopular drag on too many GOP candidates to save his Congressional majorities for his final two years in office.

"As much as Ken Mehlman would like to deny it, the writing is on the wall about the 2006 elections. The country is sick and tired of this rubber-stamp, stay-the-course, out-of-touch Republican Congress," said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. "Overwhelmingly, the American people want a change in the direction of the country, and a change in their representation in Washington."

Mehlman acknowledged that Republicans were fighting against two issues that political operatives can't control: history and Iraq. This being the sixth year of Bush's presidency, history holds that Bush should face big losses in Congressional seats, although then-President Bill Clinton bucked that trend in 1998 when the GOP committees unsuccessfully tried to nationalize those midterms on the impeachment scandal.

Mehlman noted that Iraq has been a political albatross for many candidates because voters have found it "hard to get their heads around and hard to measure progress on."

Despite those thematic battles, Mehlman said Republicans hold tactical advantages, particularly in House races, that will prevent the political tidal-wave environment that swamped Democrats in 1994. For example, 17 of the 20 GOP-held open seats are being fought in districts won by President Bush in 2004, while in 1994 Democrats were defending 19 open seats won by Bush's father in 1988, Mehlman said.

In addition, of the 35 top races in GOP-held seats, Republican candidates had a cash-on-hand edge in 28 of those battles as of June 30.

Overall, Mehlman said the Republican Party enjoys a $47 million edge over the Democrats when adding up the most recent cash-on-hand totals of the national party campaign committees, state party committees and the candidates in House and Senate battleground races.

The lion's share of that financial edge comes from Mehlman's committee versus the Democratic National Committee — as of July 31, the RNC held a more than $32 million cash edge over the DNC, $43.6 million to $11.3 million.

The RNC already is advertising in Ohio in defense of Sen. Mike DeWine (R) and has done polling in Tennessee, where Senate Majority Leader Bill Frist (R) is retiring.

Republican operatives have deemed the RNC financial edge critical because, unlike in past election cycles, the Democratic Senatorial Campaign Committee has opened up a massive cash edge over its GOP counterpart and the DCCC is at a rough cash parity with the National Republican Congressional Committee.

Mehlman pointed to DeWine's race against Rep. Sherrod Brown (D) as an example of how he expects many races to play down the stretch. The national issues of Iraq and the war on terror will be the predominant focus in the Buckeye State, he said,

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but the GOP will put all its might into turning the race into a specific choice between DeWine and Brown rather than a national referendum.

DeWine, along with the NRSC and the RNC, will spend millions of dollars targeting Brown with ads highlighting his votes against the USA PATRIOT Act and other tools that the Bush administration considers critical in its overseas fights.

This is a slight, but important, variation on campaign themes promoted by NRCC Chairman Tom Reynolds (N.Y.), who repeatedly has said these elections will be based only on local candidates and issues. Instead, Mehlman said Republican candidates can't avoid the "national conversation" and will instead have to use that as a cudgel against Democrats.In House races where Democratic challengers haven't voted on key issues, they can expect to be hit with attacks on their allegiance to liberal leaders such as Pelosi and DNC Chairman Howard Dean.

Mehlman said he expects Election Day to last deep into the night and early morning hours, that the Democrats will not swamp the GOP enough in Eastern states to reclaim the House majority.

Mehlman singled out a half-dozen Eastern GOP incumbents — Connecticut Reps. Nancy Johnson, Christopher Shays, Rob Simmons, and Reps. Jim Gerlach (Pa.), Geoff Davis (Ky.) and Clay Shaw (Fla.) — as "battle-tested. ... They have independent brand equity."

The vaunted GOP turnout machine will face its toughest test to date, something Mehlman has personally worked on since his days as field director in Bush's 2000 campaign, then as White House political director and again as Bush-Cheney '04 campaign manager.

He said he believes it will be even more scientific than in years past, noting that the RNC began monitoring special elections in local races in early 2005 as test-runs for the 72-hour program. The RNC even used a May 2005 City Council race in Lincoln, Neb., to judge turnout efforts there.

On a personal note, Mehlman strongly hinted that, after completing an eight-year run of nonstop campaigning, he may just step down as RNC chairman following Election Day and go into the private sector. Noting that he's logged 260,000 miles as chairman, Mehlman said he might want to use those frequent-flyer miles for "personal" use as opposed to another term as chairman.

"I'm a lawyer," he said. "Someday I'll be a lawyer again."

House GOP Going For Broke To Hold Seats (USAT)

By Jill Lawrence And Ray Locker

USA Today, September 12, 2006

WASHINGTON — Top House Republicans are using almost all their campaign contributions to hold on to their 15-seat majority, federal records show, while Democratic House leaders are pouring money into campaigns to capture Republican seats.

USA TODAY examined contributions by leadership committees run by House Speaker Dennis Hastert, House Majority Leader John Boehner and House campaign chief Tom Reynolds, all Republicans, and their Democratic counterparts: House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer and House campaign chief Rahm Emanuel.

The three Republicans sent 85% of their donations — $1.9 million — to at least 70 Republican incumbents and candidates trying to hold GOP seats. The three Democrats gave $963,000, or 64% of their money, to at least 50 Democrats seeking Republican seats.

The contrasting contribution patterns underscore the extent to which Republicans are on the defensive this year. Democrats, in hot pursuit of a House majority, are finding expanding opportunities across the electoral map.

"Democrats have very few of their own vulnerable seats to worry about. They get to play almost exclusively on the offense," says Amy Walter, a House analyst for the non-partisan Cook Political Report.

Republicans hold 231 House seats while Democrats have 201. There are two vacant seats, one in each party, and one independent who votes with Democrats. The website CQpolitics.com currently rates as safe 184 Democratic seats and 174 Republican seats.

Leadership committees are political action committees used by politicians to finance travel and donations to candidates. In the cases of key party leaders, such as the campaign committee chairmen, contributions from these PACs often influence other givers.

People often give to the PACs "to curry favor," says the non-partisan Center for Responsive Politics. The three GOP leaders have raised more than $6 million — more than twice as much as their counterparts in the Democratic minority.

In one spending indicator, the three Democratic leadership PACs each gave $10,000 to candidates in 13 districts now held by Republicans. The PACs run by Hastert, Boehner and Reynolds each gave the legal maximum of $10,000 each to only three contenders for seats held by Democrats.

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Leadership PAC contributions often make up more than 10% of the overall donations in competitive races. For example, in the race between Rep. Geoff Davis, R-Ky., and Ken Lucas, his Democratic opponent, Davis received 15% of his overall $2.4 million in donations from such PACs. Lucas, a former House member, received 21% of his $730,000 in contributions from leadership PACs.

Two years ago, Hastert's PAC gave 32% of its money to Republicans trying to win Democratic seats, twice the share they're getting this year. Boehner appeared at campaign events for 26 candidates last month — 23 of them trying to hold Republican seats.

"There is no question that we are in a very difficult political environment," Boehner said last week, but he predicted his party would keep its majority.

Anti-Incumbent Sentiment (AP)

AP, September 12, 2006

NEW CASTLE, Ky. (AP) - Dissatisfied with Congress, voters would probably hang a "Help Wanted" sign on the U.S. Capitol if given the chance.

"They're not doing their job," says Scott Newland, 39, an independent voter who backed President Bush in 2004.

The factory worker had harsh words for congressional Republicans and Democrats as he helped close his sister's New Castle deli one recent evening. "You need people that care. They don't care."

Such angry sentiments echo up and down the Ohio River Valley as it cuts through Republican-held congressional districts in Indiana, Kentucky, and Ohio - politically pivotal House seats in an election year in which Democrats hope to end 12 years in the minority.

At lunch counters, post offices, city parks and downtown streets, voters in this region and nationally are quick to voice their frustration with the GOP-controlled Congress, and their desire for more responsive replacements for the current crop of lawmakers.

It's a general disgust that may lead to firings of some politicians on Nov. 7. People already have hinted as much in Republican and Democratic primaries.

Kenny Brown, an independent, knows precisely what he's looking for in a congressman. "Somebody who cares for the working man," the supermarket employee, 66, says before picking up his mail at the Pewee Valley, Ky., post office.

Judging by the past few years, Brown said, Bush and Republicans don't care. "Maybe the Democrats do, or maybe they don't."

With congressional elections less two months away, the public is consistently giving the GOP-run Congress dismal marks. An Associated Press-Ipsos poll in August found that only 29 percent of the public approve of the job Congress is doing.

A CNN poll earlier this month found that 55 percent of Americans are more likely to vote for the challenger in any election this fall. And an ABC News/Washington Post poll in August found that 53 percent of Americans call themselves "anti-incumbent," a figure as high as it was in the summer 1994 shortly before Republicans seized control from Democrats.

The party in power typically loses congressional seats in the sixth year of a presidency, and both Republican and Democratic strategists say this fall is on track to follow suit. GOP losses are expected in the House and, perhaps, the Senate.

But it's also possible that such voter angst won't translate into a sweeping throw-the-bumbs-out election year.

"Typically, Americans have a really negative view of Congress but love their congressman," said Marybeth Beller, a political science professor at Marshall University in Huntington, W.Va.

That explains why House and Senate members rarely lose their re-election bids.

Nevertheless, four incumbents - including a governor and a senator - have lost primaries so far this year, providing some evidence that voters want fresh blood in positions of power. Neither political party may be immune.

Alaska Gov. Frank Murkowski, a Republican, was the most recent casualty of what may end up being an anti-incumbent wave of the 2006 elections. He finished last in a three-way GOP primary in August, getting just 19 percent of the vote.

A fifth upset could occur Tuesday.

Sen. Lincoln Chafee, a moderate Republican in Rhode Island, is facing a fierce primary against Stephen Laffey, the mayor of Cranston. Polls show a tight race.

National Republicans are backing Chafee even though he often departs from the party line, including opposing the Iraq war. GOP operatives believe he is their best shot of keeping the seat in Republican hands. The National Republican Senatorial Committee has attacked Laffey on television and in mass mailings.

Laffey has the support of the conservative, pro-business Club for Growth, which also contributed to the defeat of freshman Rep. Joe Schwarz, a moderate Republican in Michigan.

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Democrats have fared about the same.

In the biggest upset yet this year, voters in Connecticut sent a message to Sen. Joe Lieberman, a moderate Democrat, by giving the Democratic nomination to newcomer Ned Lamont.

The Iraq war played heavily in the race. Lieberman supports it. Lamont does not and his anti-war stance attracted enough votes from liberals and others to secure the nomination. Lieberman promptly signed up as an independent candidate for the November balloting.

Down south, another Democrat, Georgia Rep. Cynthia McKinney, also lost her primary.

Despite the Democratic losses, Sen. Chuck Schumer, D-N.Y., the head of the Senate Democrat's campaign effort, declared: "This is not an anti-incumbent election. This is an anti-Republican incumbent election."

"I don't see an anti-incumbent wave," countered Rep. Tom Reynolds, R-N.Y., chairman of the House Republicans' campaign committee, dismissing the notion as Democratic propaganda.

Voters outside the capital clearly aren't happy with their elected officials of either political party.

Paula Waltz, 31 and a self-described political "fence rider," is among the people who said they are considering voting against their sitting congressmen to make that point.

Many lawmakers have "been there a little too long" and have "lost touch with the problems we're facing now," said Waltz, a surgical assistant who talked politics after finishing a hospital shift in Madison, Ind.

"They're out of reality," said Loyd Candler, 61 and a Republican who supervises autoparts stores, after a meal in Scottsburg, Ind. "I don't think you can just keep voting the same people in because they've been there."

In Crestwood, Ky., Glenn Proctor, 47, a construction worker and a Republican, said lawmakers in Washington never come through.

"They all promise you the world and then when they get in there, they're all the same," he complained, climbing into his car after buying a few supplies at a Dollar General.

Upriver near Cincinnati, Sari Thoman, 55, a Democrat, wants term limits for members of Congress.

"These people make it their life jobs" and because of that "Congress is so out of touch," said the Cincinnati symphony violist as she stretched after a brisk walk around a park in Springfield Township.

Across the park, Curtis Kelley, 62 and "mostly a Democrat," was down on the president and his opinion of lawmakers on Capitol Hill was almost as negative.

"I don't have any confidence in them either," Kelley said, as he worked at the dock on the park's 188-acre lake. But, he said, voters share some of the blame. "We don't hold them accountable."

EDITOR'S NOTE: Liz Sidoti's previous Ohio River Valley story, BC-Election Uncertainty, moved for Monday AMs, Sept. 5. The story focused on the anxiety among voters and the doubts about whether Democrats could capitalize in November.

Vermont Races Could Shape House's Future (LAT)

By Elizabeth Mehren

The Los Angeles Times, September 12, 2006

BURLINGTON, Vt. — The Senate race in this small state looks to be less an election than an ascension.

Bernie Sanders — Vermont's only U.S. representative and the lone independent in the House — boasts a commanding lead over a Republican challenger who has blanketed the state with venomous advertising. Richard Tarrant, a software magnate who has never held elective office, has poured millions of dollars into a campaign that has brought him scant 34% support, according to the state's most recent polls.

"He's been in everyone's face. Vermont has never experienced this kind of never-ending barrage," said Peter Freyne, political columnist for an alternative weekly here called Seven Days. "It's the most expensive fight by fivefold we have ever seen in Vermont."

Yet as Vermont voters cast primary ballots today — one of nine states plus the District of Columbia voting today — Sanders appears hard to beat.

As an independent, Sanders would not help Democrats or Republicans in the tight struggle for Senate control. By contrast, the contest for Sanders' congressional seat is important to both major parties.

State Sen. Peter Welch is running unopposed in the Democratic primary; Maj. Gen. Martha Rainville, the former adjutant general of the Vermont National Guard, is the leading Republican candidate.

"This seat absolutely matters, in that control of the House is up for grabs," said Amy Walter, senior editor at the Cook Political Report in Washington.

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Democrats must win 15 seats to gain a House majority.

Rainville "has a great profile, and name recognition that transcends partisanship," Walter said. "The problem is, she is running in an awful year. She is running into gale-force headwinds of presidential low approval, low approval for Congress and opposition to the war. She can't control any of those things. So the job of Peter Welch and the Democrats is to take that shine off her, and I think that will be a lot easier to do in this election year than it might be some other time."

With the steady deployment of Vermont Guard members to Iraq and Afghanistan, Rainville, 48, became a familiar face around the state.

In an interview in her campaign headquarters in South Burlington, she said, "I think Vermonters knew me as the adjutant general who cared about the soldiers and the families."

Still, she acknowledged that her military affiliation unsettled some voters.

"There is such a sensitivity in this state to the war," Rainville said.

"People bring it up, regardless of whether they are Republican, Democrat or independent. No one has been confrontational, but there is a curiosity to hear my perspective."

Although Rainville has vowed to run a clean campaign, Welch said he was braced for nasty ads from national Republican groups.

"You know what, I was married to the same woman for 28 years," said Welch, a 59-year-old widower whose campaign companion is his dog. "I've had the same law partner for over 30 years, with no written agreement, just a handshake. I'm pretty boring. But they will find stuff, and if they don't find it, they will make it up."

Vermonters do not register by political party. On primary day, voters are offered ballots from the Progressive, Liberty Union, Republican and Democratic parties. A voter chooses one and discards the three unused ballots.

Exit polls from 2004 showed the state with 27% self-identified Republicans, 41% independents and 32% self-identified Democrats and liberals, said University of Vermont political science professor Garrison Nelson.

Voters in the Green Mountain State regularly split their tickets — voting overwhelmingly, for example, for Republican Gov. Jim Douglas in 2004 while Sen. John F. Kerry (D-Mass.) was virtually burying President Bush in the state's presidential count.

This time around, "Vermont is quirky enough to send a socialist to the Senate and a general to the House," Nelson said.

Sanders, 65, a former Burlington mayor, caucuses with Democrats but votes "however he pleases," according to campaign media director Paul Hortenstine.

Tarrant's televised assaults on Sanders have backfired, Nelson said. "It's as ugly a campaign as we have ever seen in Vermont. His campaign people are non-Vermonters, and they don't get it. Bernie Sanders has run 10 consecutive statewide elections. Bernie has shaken every hand in the state at least 10 times. We all know Bernie. No one believes Bernie is in favor of child molesters or terrorists, and that's what Rich Tarrant is saying."

With Sanders' trademark shock of white hair and a booming voice that betrays its Brooklyn origins, he has been a Vermont political fixture since he won his first mayor's race by a handful of votes in 1981. He is known throughout the state by his first name only: Even his red-and-white campaign signs declare "BERNIE for U.S. Senate."

Famous for engaging in debate with anyone, Sanders also is legendary for taking on underdog causes, such as his early support for U.S. consumers who traveled to Canada to purchase prescription drugs. He has been fervently antiwar, but has steadily championed the rights of veterans.

Sanders has clung to the Progressive mantle, espousing the belief that the more privileged members of society should take care of the less fortunate. Sanders also has called himself a socialist — the political theory supporting collective or government control of production and distribution of wealth.

Nelson calls Sanders "the only socialist I ever knew who wanted to win an election. Most socialists don't want to win. They want to lose, because that proves how corrupt America is." Whatever label Sanders wears seems not to matter to his constituents.

"So he's a socialist — who cares?" said 82-year-old Victor Acebo, a retired dry cleaner.

Phil Dymant, 61, who retired from the Navy, said: "I don't care what he is. Bernie takes care of fellows like me.

"He's got gumption. If more politicians would do more of what Bernie does, we'd all be a lot better off."

Among Governor Races, Iowa Lead Shifts Again (WSJ)

WSJ Online's "Washington Wire", September 11, 2006

Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four

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and one race was mixed. The Republican pickups came in Iowa, where Republican Jim Nussle recaptured his slim lead over Chet Culver, and in Nevada, where Republican nominee Jim Gibbons climbed back into the lead over Dina Tutus.

Among high-profile states, Arnold Schwarzenegger held onto his come-from-behind lead in California over Democratic challenger Phil Angelides. Meanwhile, in Pennsylvania, Democratic incumbent Ed Rendell pulled to his widest lead this year over Republican Lynn Swann, a former Pittsburgh Steeler wide receiver and TV commentator.

See full results of the Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 8:54 pm Zogby Poll Shows Slide for Allen, Lieberman

Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber.

The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five. In a Zogby poll conducted in August, Democrats were ahead in 12 and Republicans in five. Joe Lieberman, running as an independent, maintains a lead in Connecticut, though his advantage over Democrat Ned Lamont has weakened considerably — to four points from 10 in the previous Zogby poll.

Republican incumbents picked up ground in Ohio and Pennsylvania, two of the seats Democrats had led solidly. Ohio Sen. Mike DeWine and Pennsylvania Sen. Rick Santorum each pulled to four percentage points from their respective opponents Sherrod Brown and Bob Casey. In Virginia, however, Republican incumbent Sen. George Allen's Aug. 11 "macaca" remarks continued to hurt support. In the mid-August Zogby poll, challenger James Webb took a one-percentage-point lead; the latest poll shows Webb now ahead by a seven-point margin.

See the full results of Battlegrounds poll.

Read more: Campaign 2006

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September 10, 2006, 4:10 pm Sen. Allen's Lead Shrivels in Virginia

Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points–46% to 42%–over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll. It was the first since Aug. 11, when Sen. Allen, at a rally of mostly white supporters in the southwestern part of the state, referred to a Webb campaign aide of Indian descent as "macaca," considered an ethnic slur in some countries. (Update: A Zogby Interactive/WSJ.com poll out late Sunday also shows Webb leading, by 7.5 percentage points.)

Polls have tightened all year in the hotly contested race. As recently as April, Allen had a 20 point lead over Webb, a decorated former U.S. marine and a Reagan administration Navy secretary who resigned, refusing to cut the Navy's size.

Allen, long a Bush supporter with presidential aspirations in 2008, has seen his popularity, along with that of the current president, decline. He now appears to be struggling to hold onto his Senate seat. But the poll, with an error margin of four percentage points, might not be as tight as the numbers suggest –or it might be worse. – Bernard Wysocki Jr.

Read more: Global, Campaign 2006

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September 10, 2006, 3:29 pm Cheney Makes Fall Predictions

On NBC's "Meet the Press" this morning, Tim Russert asked Vice President Dick Cheney if he thinks the Democrats will take the House in the midterm elections.

According to the transcript, Cheney responded: "I don't think it'll happen. I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago." Asked if he thinks Republicans will keep both the House and the Senate, Cheney says: "I think we will, I really do. … I've seen our candidates. I've seen how they're handling the issues. We've generated the resources we need to be able to have a good, hard-fought competition. I—if I had to bet today, I'd bet that—well, I can bet you a dinner that we hold both houses."

Russert said he doesn't bet, then asked whether Cheney has gone hunting since the accidental shooting earlier this year of Harry Whittington. After Cheney replied no, Russert asked: "Should I be relieved you didn't bring your shotgun in today?" Cheney answered: "I wouldn't worry about it. You're not in season." – Tim Hanrahan

Read more: Global, Campaign 2006, White House

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September 9, 2006, 10:50 am Bush 9/11 Tour Aims to Bolster Republicans

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory. Bush sees the attacks as the defining moment of his presidency,

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and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 — part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

Although Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since." Read the full article. –Yochi J. Dreazen

Read more: Global, Homeland Security, Iraq, White House

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September 8, 2006, 5:43 pm Here's a Clue for Ben Bernanke

Bernanke Fed Chairman Ben Bernanke wants to the markets to stop looking to him for cryptic clues about interest rates. Some say he'll be disappointed.

"As a well-respected economist, [Bernanke's] opinions mean something and are worth listening to," said James Bianco, president of Bianco Research, a Chicago research firm that closely watches the Fed and has a large trader clientele. "Unfortunately as Fed chairman, all we care about is, 'Are you raising rates, or aren't you?'"

The problem then becomes that traders and reporters may see clues that don't exist — or overreact because they ignored important points made elsewhere in the speech or testimony. As described in Friday's Wall Street Journal, Bernanke wants to wean the markets and the public off looking for clues for interest rates in his speeches and testimony, and instead wants them to focus on the Fed's objectives and forecasts, extrapolating from them the likely path of rates. But traders and reporters may try to read interest rates hints into what he says, anyway.

"The problem wasn't just Greenspan's tendency for sound bites, it's also the mutually reinforcing need for news services to deliver instant headlines and market participants' short attention spans," noted Tom Gallagher, the Fed watcher for brokerage firm ISI Group, referring to former Fed Chairman Alan Greenspan. "I really think there's a risk that those who read the whole speech can miss the market's read on the Fed for sustained periods of time. Think of Bernanke's early June speech in which he talked about the three and six month annualized inflation rates… If you read the whole speech you got the 'medium-term outlook' and 'take full account of lags' messages, but everyone focused on his use of the recent inflation trends. News services can't put the full speech in their headlines, and I'm not sure how many of us would read them anyway." –Greg Ip

Read more: Global, Economy

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September 8, 2006, 5:31 pm Another Round in Softwood Lumber Trade Dispute

A coalition of independent lumber companies is pressing to reopen a key part of the agreement that settled the long-drawn-out dispute between the U.S. and Canada over trade in softwood lumber.

The settlement provides for tens of millions of dollars to be distributed among some top U.S. lumber producers. The Lumber Manufacturers for Ethics and Equity, a group of about 30 independent producers from around the country, complains the payments will be spread unevenly, benefiting big companies that were party to the original trade dispute and putting smaller producers at a competitive disadvantage.

Next week, coalition members plan to visit lawmakers on Capitol Hill as well as officials at the Commerce Department and the U.S. Trade Representative's office. "What we hope to do is to highlight the issue so Congress might take action," said Edward Lebow, a lawyer representing the group. Lebow said the coalition doesn't want to kill the overall deal, but suggests putting the planned industry payments to different use, perhaps benefiting Habitat for Humanity, the non-profit housing group. –Greg Hitt

Read more: Global, Congress, Trade

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September 8, 2006, 4:24 pm Rumsfeld Handshake Proves Popular

With Defense Secretary Rumsfeld making "appeasement" the big buzzword of the month, the George Washington University's National Security Archive notes that its single most-downloaded file is now the once-classified batch of documents, photos and video documenting Rumsfeld's handshake and meeting with Saddam Hussein in December 1983. President Reagan had sent Rumsfeld to Baghdad to help restore diplomatic ties with Iraq and aid Baghdad in its fight against Iran.

The National Security Archive

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Saddam Hussein greets Rumsfeld in Baghdad, 1983 "Rumsfeld meeting Saddam has now far outpaced the previous winner, which was Elvis meeting Nixon," says Thomas Blanton, director of the archive, which collects and posts significant declassified documents under the Freedom of Information Act.

Rumsfeld last week warned of a rise of Islamic fascism and said that people should not fall into the trap of appeasement as did those who tried to accommodate the Nazis in the 1930s. The remarks led many pundits to compare Rumsfeld's 1983 meeting with Hussein to British Prime Minister Neville Chamberlain's meeting with Adolf Hitler in 1938. One liberal hawker of political posters is now offering one that features photos of the two meetings with the caption "Appeased to meet you…hope you guessed my name." – Neil King Jr.

Read more: Global, Iraq

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September 8, 2006, 10:42 am Schwarzenegger Wades into Hot Water

Want to lay odds on how long it takes the Internet crowd to make a techno-mix using a leaked audio tape of California Gov. Arnold Schwarzenegger? Think Stevens' "Tubes!"

The Los Angeles Times obtained a copy of the tape, in which the governor, who is running for re-election this year, allegedly describes Cubans and Puerto Ricans as "very hot" personalities because of their combo of "black blood" and "Latino blood." The tape, which makes it clear that the governor and other participants knew they were being recorded, comes from a spring meeting of Schwarzenegger and close advisers over Republican lawmakers' resistance to a huge state borrowing effort. If this gets leaked two months before Election Day, imagine what sort of October surprise the governor's opponents may have in mind. –Amy Schatz

Read more: Campaign 2006

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September 8, 2006, 10:26 am If It Quacks…

Congress's lame-duck session emerges as potential venue for action on legislation important to business. Majority Leader Bill Frist rules out action on comprehensive immigration legislation before the midterm elections but says a deal remains possible during post-election session as the White House hopes.

Frist The lame-duck session will largely be consumed with completion of annual spending bills that Congress won't finish before recessing in October to hit the campaign trail. But lawmakers may take up other issues as well.

Another possibility aside from immigration: extension of the research and development tax credit, a top priority for high technology businesses and a key element of President Bush's competitiveness initiative. So far, the tax credit has been stalled as part of the so-called trifecta bill encompassing cuts in the estate tax and an increase in the minimum wage.

Frist says he intends to keep that controversial package intact through the election and not permit separate action on the R&D credit, which has bipartisan support. But a top Republican aide predicts it may be passed individually in the lame-duck session if Republicans keep control of Capitol Hill.

If Democrats take over, the aide says, Republicans would likely hold back on the extension so that it could "became an opportunity" for the party in the next Congress. –John Harwood

Read more: Congress, Business

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September 8, 2006, 6:40 am Some '08 Hopefuls Attend Black Caucus's Conference

Where the Votes Are: 2008 Democratic presidential hopefuls flock to the annual conference of the Congressional Black Caucus.

2004 nominee Kerry participates in sessions on government contracting with Rep. Carolyn Kilpatrick of Michigan, in line to become next Black Caucus chair. Gov. Richardson of New Mexico attends meeting on energy, while former Gov. Warner of Virginia attends Saturday's gala dinner.

African American politicians and voters "pay attention" to those who pay attention to them, says Paul Brathwaite, executive director of the Black Caucus. "Where are the other… potential '08 candidates?" –John Harwood

Read more: Campaign 2006

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September 8, 2006, 5:55 am AIDS Bill Faces Serious Hurdles

Senate aides say they're close to a bipartisan deal on the contentious reworking of the Ryan White CARE Act, which funds AIDS treatment in the states. Unless Congress passes a bill by Oct. 1, several states risk a drop in federal funding under the program.

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Even with the deadline looming, negotiations between the House and Senate committees and the Bush administration have been difficult. One aide likened the infighting between cities and rural areas, northern states and those in the South, to a "civil war."

Draft legislation circulated this week strikes a compromise on several of the most controversial issues in the protracted talks, which are meant to update the program, named for a young hemophiliac who died of AIDS. To satisfy calls for greater HIV testing without cutting into funds for treatment, the bill would set up a $30 million grant program at the Centers for Disease Control and Prevention that states could tap for testing. Overall, states would be able to use 25% of the funds for services other than care and treatment, such as nutrition and transportation, or they could use all the money for treatment if they already provide those services through programs such as Medicaid.

States that use codes to track HIV and AIDS patients would get more time to switch to systems using patients' names, and patients identified by codes would still be counted in the formula that determines funding—a boon to states such as California, Massachusetts and Washington. Still, states would have to switch to a name-based AIDS tracking system by 2011.

It remains to be seen whether state governors, HIV patient-advocacy groups and other members of Congress will back the deal. For the states, much depends on their funding level. –Sarah Lueck

Read more: Congress, Health

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September 8, 2006, 12:02 am Maneuvering Starts for Post-Election House Leadership

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

DOJ_NMG_0061886

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." … Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years. – John Harwood

Another Round in Softwood Lumber Trade Dispute

Sep.8, 2006

Rumsfeld Handshake Proves Popular

Sep.8, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

La.'s Jefferson Fights To Stay In Office (USAT)

By Anne Rochell Konigsmark

USA Today, September 12, 2006

NEW ORLEANS — A bribery scandal has Congressman William Jefferson fighting for his political life following eight House terms in which he faced little opposition at election time.

A dozen candidates are challenging Jefferson, a Louisiana Democrat who FBI agents say was found with $90,000 in bribe money in his freezer. Jefferson denies any impropriety.

The Nov. 7 election is the first time Jefferson has been threatened with defeat since elected to the House in 1990.

"We wouldn't be in the race if not for our friend Jefferson's problems," says Spencer Washington of New Orleans, a supporter of candidate and former New Orleans city councilman Troy Carter.

Louisiana has an open primary system, meaning all 13 candidates regardless of party will appear on the ballot. If no one gets more than 50% of the vote, the two top vote-getters face off in a December runoff.

Jefferson faces eight Democrats — including two state representatives and a former city councilman — three Republicans and one Libertarian.

The race is not likely to shift the balance of power in the House. The district, made up mostly of New Orleans residents, is overwhelmingly Democratic. If Jefferson loses, his successor will be a Democrat, political observers here say.

"That district is not going to vote for a Republican — a white Republican especially," says Hastings Wyman, editor of the Southern Political Report.

Jefferson is Louisiana's only black congressman. New Orleans has a black majority even though more blacks than whites remain displaced since Hurricane Katrina virtually emptied the city in August 2005.

According to returns from last spring's mayoral election, the city is about 55% black, down from more than 67% before Katrina.

Less than half of the city's 460,000 residents have returned, but displaced residents may still vote in the November election if they remain registered in Louisiana.

Challengers to Jefferson say the coming years are too important to the city to be left to a man who may be preoccupied with defending himself.

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This is the first federal race for state Rep. Karen Carter (no relation to Troy Carter), who represents half a dozen New Orleans neighborhoods. She says the district needs new leadership to get through years of recovery from Katrina.

"We're going to be at the federal trough for the next 10 years, minimum, asking for help," she says.

"We need a credible, respected voice coming from the 2nd District."

In an interview Monday, Jefferson denied the bribery allegations and said he is confident of re-election.

"No matter what anybody says, I am innocent," he said.

Jefferson, 59, says voters will re-elect him on his record after Katrina, particularly his co-authorship of the Gulf Opportunity Zone Act, or "Go Zone," which gives tax breaks to businesses along the storm-ravaged Gulf Coast.

An FBI affidavit written in support of a search warrant alleges that Jefferson took money to help a Kentucky technology company called iGate win lucrative contracts in Africa. He has not been formally charged in the FBI sting operation.

In an affidavit sworn out in late May to obtain a search warrant for the congressman's office, the FBI describes Jefferson retrieving a briefcase filled with $100,000 from a car parked outside the Ritz-Carlton in Arlington, Va. An unnamed witness who is an iGate investor alleged Jefferson planned to use the money to coax African officials into deals.

Four days later the FBI raided Jefferson's homes in New Orleans and Washington. The FBI found $90,000 of the cash, which was marked, wrapped in foil in his Washington freezer.

The May 20 raid on his Capitol Hill offices was criticized by leaders of both political parties, who said it was a violation of the constitutional separation of powers.

Two of Jefferson's associates have pleaded guilty and are cooperating with the FBI. Vernon Jackson, chief executive of iGate Inc., was sentenced Friday to 87 months in prison.

Louis Smith, 27, says he is voting for Jefferson.

"I like what he's been doing, and he's innocent until proven guilty," said Smith, who was taking a break Monday from installing countertops to eat barbecued ribs on his sheltered patio.

Jefferson's opponents are highlighting not only the congressman's alleged misdoings but his consequent loss of power in the House. In June, House Democrats removed him from his seat on the powerful Ways and Means Committee.

"When you don't have that position anymore and the seniority you'd otherwise be able to tout means nothing, you can't deliver what we need in the post-Katrina world," Karen Carter says. "It's absolutely critical that we have effective leadership when we make the ask (for money) year after year to rebuild this region."

Despite the long odds, the Republicans have not given up.

Political newcomer Joe Lavigne has waged a vigorous campaign with a profusion of yard signs and ads.

"I don't think it's as long a shot as people think," says Lavigne, 30, an attorney.

"The issues are not Republican or Democratic issues," he says. "The issue is how we're going to rebuild New Orleans bigger and better."

Louisiana Players Aid Jefferson Foe (RC)

By Lauren W. Whittington

Roll Call, September 12, 2006

As she builds support for her bid to oust embattled Rep. William Jefferson (D), Louisiana state Rep. Karen Carter (D) is getting help from several influential Louisiana Democrats, including former Sens. J. Bennett Johnston and John Breaux and former Rep. Chris John.

"I think she's a very impressive young woman," Johnston said Monday. "I think she is just exactly what New Orleans needs. It is more important than ever for New Orleans to be well represented. Somebody who can put a good face on the city."

Carter is one of 12 candidates who filed to challenge Jefferson in the Nov. 7, all-party primary. A December runoff is highly likely, unless one candidate gets more than 50 percent of the vote.

Jefferson has been embroiled in a federal bribery investigation since last year, and the FBI has raided his home and offices. He has not been charged and has denied any wrongdoing.

But Carter, 36, is making effectiveness the central issue of of her campaign, asserting that Jefferson's situation is both "embarrassing and disappointing," and the investigation is detracting from his Congressional work.

She said she has built a broad coalition of support, which includes business community and organized labor leaders, and she is also touting the backing of influential New Orleans Republicans.

Among them are Donald "Boysie" Bollinger, a shipyard mogul, and developer Joe Canizaro. Both Bollinger and Canizaro achieved "Super Ranger" status for their fundraising efforts during the 2004 Bush presidential campaign.

High-profile Democrats are also supporting her bid.

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Today she is set to receive the endorsements of New Orleans City Council President Oliver Thomas and City Councilwoman Cynthia Hedge-Morrell.

Hedge-Morrell is the wife of Criminal Court Clerk Arthur Morrell, a former state Representative and one-time chairman of the Legislative Black Caucus.

Thomas will headline Carter's first major fundraising event Thursday in New Orleans.

A big Washington, D.C., fundraiser is also in the works for early October, and Carter was in D.C. last week to meet with party leaders and interest groups. John, who helped escort Carter around town last week, is putting the October event together.

"I'm trying to help raise her some money," said John, who lost a 2004 Senate bid. "She's committed, she's smart. I think she'd be great for New Orleans."

John served with Carter in the state Legislature and has other past ties to Capitol Hill.

While earning her undergraduate degree at Howard University, Carter interned for Breaux as well as for then-Rep. Billy Tauzin (D-La.), who later switched parties.

"Karen comes from a prominent, highly respected political family in New Orleans. And I think she would make a terrific member of Congress," Breaux said in a statement.

Jefferson spokeswoman Melanie Roussell said the Congressman was not sweating the support of the three well-connected Members-turned-lobbyists.

"People in Washington certainly aren't going to win the race on the ground in New Orleans," Roussell said.

She added that the New Orleans mayoral race earlier this year was proof that support on the ground trumps money, and she also said that Carter's endorsements were not surprising because they come from people in "the same political organization."

Carter's father was the first black elected assessor in New Orleans, and the district he represented included some of the city's most influential territory, like the French Quarter.

Roussell said Jefferson still has a wide range of support within New Orleans and the 2nd district, and that he would be announcing his endorsements soon.

"Votes and connections with people are going to win the race — and the Congressmen's record," she said.

Jefferson has suffered from diminished fundraising in light of the federal investigation. In the second quarter of this year he raised just $20,000, but as of July 22, he had $322,000 in his campaign war chest.

Carter met with EMILY's List last week and an endorsement from the organization would no doubt be a financial boon to her campaign. Roussell said Jefferson is "doing very well" on the money front as well as in the field. She noted that on Saturday, while Carter attended the Congressional Black Caucus' annual legislative conference in Washington, D.C., Jefferson had a citywide canvass.

At the CBC gathering on Friday, Jefferson hosted a forum on rebuilding New Orleans. Mayor Ray Nagin (D), who won re-election earlier this year in a costly and high-profile runoff, attended the event.

Jefferson endorsed Nagin in his race against Louisiana Lt. Gov. Mitch Landrieu (D) — brother of Sen. Mary Landrieu (D-La.) — and the mayor could repay the favor by endorsing the Congressman's bid.

Carter has assembled a team of highly regarded consultants. She has hired Cornell Belcher as her pollster and the campaign expects to do a survey within the next two weeks.

Belcher, founder of Brilliant Corners Research and Strategies, is the lead pollster for the Democratic National Committee and is known for his focus on black voters as well as people of faith.

An independent survey done the week of Aug. 7 by Florida-based pollster Vern Kennedy, who specializes in polling for independent and business groups, showed Carter positioned to make the runoff with Jefferson. It showed Jefferson at 25 percent, Carter with 14 percent and state Rep. Derrick Shepherd (D) with 9 percent.

Carter also has hired Washington-based media consultant Dino Seder, who is teaming up with New Orleans-based Carvin Consulting to work on the race.

Carvin consulting founder Jim Carvin is one of Louisiana's original political advertising gurus, and the firm has worked to elect the past 10 New Orleans mayors, including Nagin in his recent race.

While there is no doubt less population in the New Orleans-based district, Roussell said the demographics of the district have not changed as much as people might think in the wake of Hurricane Katrina because some city residents have relocated to suburbs still within the district.

Unlike in the mayoral election earlier this year, which was held on a Saturday and not a Tuesday, satellite voting will not be allowed for New Orleans residents in November.

Democratic strategist and Louisiana native Donna Brazile, a contributing writer for Roll Call, noted that absentee balloting could be a big factor in the election and runoff.

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"The key is getting some of the displaced voters who are scattered around the state of Louisiana and the country to cast absentee ballots," Brazile said.

Aside from Carter and Shepherd, former state Rep. Troy Carter, who is also a former New Orleans city councilman, is the only other well-known contender in the 13 candidate field. Shepherd has already aired campaign ads.

Attorney Joe Lavigne is running the highest-profile campaign on the GOP side. But it is still viewed as a long shot that he can garner enough votes to make the runoff.

RI Senator Targeted In Tuesday Primary (AP-Y)

By Robert Tanner

AP, September 12, 2006

Moderate GOP Sen. Lincoln Chafee of Rhode Island faces a serious challenge Tuesday as the last big flurry of primary elections provides another test of the depth of anti-incumbent sentiment and the erosion of the political middle ground.

In all, nine states and Washington, D.C., hold primary elections. Maryland Democrats choose a Senate candidate to go up against Republican Michael Steele, the lieutenant governor. An open House seat in Arizona has drawn a contentious crowd of GOP candidates, as well as several hopefuls on the Democratic side. Minnesota Democrats will pick a candidate for a House seat left open by retiring 14-term Democratic Rep. Martin Sabo.

Many races won't be close, but will set up important November contests that include Senate seats in Arizona and Minnesota, and the race for governor in Maryland, Minnesota, Rhode Island and Wisconsin. Other states holding primaries are Delaware, New Hampshire, New York and Vermont, while the District of Columbia will select mayoral candidates.

Chafee's bid for a second term is the latest race with a moderate targeted by his own party's hard-line critics. Connecticut's Democratic Sen. Joe Lieberman was beaten by anti-war candidate Ned Lamont, though the incumbent is still running as an independent, and Michigan Rep. Joe Schwarz, a moderate Republican targeted by the anti-tax Club for Growth, also was defeated.

Two other incumbents lost primaries in the last two months, though both had grown unpopular for their personal behavior — Alaska GOP Gov. Frank Murkowski and Democratic Rep. Cynthia McKinney of Georgia.

Chafee has also been targeted by the Club for Growth, a Washington-based group that has tried, not always successfully, to force candidates to vote against taxes. The group is backing Steve Laffey, a former investment banker and mayor of Cranston, R.I.

Chafee has drawn a remarkable amount of support from national Republicans, especially for a senator who has often been at odds with the party, bucking the administration on tax cuts, civil liberties and the Iraq war. He has the distinction of being the only Republican to vote against the use of military force in Iraq.

Polls a month before the primary showed the two Republicans running even.

Chafee himself acknowledged that the race could hinge on turnout in heavily Democratic Rhode Island, saying a low turnout could mean his defeat. His campaign has encouraged Democrats to drop their party registration so they could vote for him.

The battle comes amid a national fight for Congress, with Democrats hoping national dismay with the Bush administration and the GOP-led Congress could boost their efforts to win majorities in the House and Senate. Democrats need to win six Senate seats — and Rhode Island's is one of the more vulnerable, with polls showing Laffey would lose to Democrat Sheldon Whitehouse, a former state attorney general, in the general election.

The last days of the campaign brought a flurry of mean-spirited mailings to voters. Fliers from the National Republican Senatorial Committee, which is backing Chafee, accused Laffey of wasting taxpayers' money, giving favors to campaign donors and being disrespectful of seniors.

Laffey's campaign sent voters letters and fliers criticizing Chafee for supporting abortion rights, being weak on terrorism and failing to protect Social Security.

Peter Ubertaccio, a political science professor at Stonehill College in Easton, Mass., said the negative tactics may better serve Laffey because his supporters are already behind him, while Chafee needs more of the undecided voters.

"Laffey seems to have that kind of momentum, and this just adds fuel to the fire," Ubertaccio said.

The fight for Congress also fuels a primary race for an open House seat in southeastern Arizona, where five Republicans and six Democrats jumped in when 11-term GOP Rep. Jim Kolbe, a moderate Republican, announced his retirement.

Candidates have argued about border security, illegal immigration and the war, but the campaign flashed into national view after the National Republican Congressional Committee ran an ad supporting Steve Huffman. Other candidates were furious.

Other races to watch include:

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· The Maryland Democratic Senate primary, where Rep. Ben Cardin and Kweisi Mfume, a former congressman and one-time head of the NAACP, are among 18 contenders for an open seat. The winner will face Steele, who, if he wins in the fall, would be the Senate's only black Republican.

· The Democratic primary for a House seat in Minnesota in an open, reliably Democratic district which includes Minneapolis. Four candidates are running, including state legislator Keith Ellison, who won his party's backing. If he won, Ellison would be the first Muslim member of Congress.

· The New York Democratic primary for attorney general, with former federal Housing Secretary Andrew Cuomo — son of former Gov. Mario Cuomo — against Mark Green, the former New York City Public Advocate.

Also in New York, frontrunning Democratic gubernatorial candidate Eliot Spitzer faces a challenge from Nassau County Executive Tom Suozzi, while Sen. Hillary Clinton was far ahead of anti-war candidate Jonathan Tasini.

GOP Leaders Throw Weight Behind Chafee (FT)

By Holly Yeager In Washington And Rebecca Knight In Providence, Rhode Island

Financial Times, September 12, 2006

Lincoln Chafee is not your average Republican. He voted against President George W. Bush's 2001 tax cuts. The following year, he was the only Republican in the Senate to oppose the Iraq war resolution. Last week, he stood in the way of his party's plans to extend John Bolton's tenure as US ambassador to the United Nations.

None of that seems to matter these days to national Republican leaders, who are doing all they can to ensure that Mr Chafee wins his party's primary election in Rhode Island on Tuesday. If he loses to Stephen Laffey, the conservative mayor of Cranston, they fear the party has no hope of keeping the seat in November's general election, imperilling the Republicans' control of the Senate.

"If Laffey wins, it really says that Republicans in Rhode Island care more about the purity of their ideology than holding the seat," said Wendy Schiller, a political science professor at Brown University in Providence, the state capital.

There are only about 70,000 registered Republicans in the state – about 10 per cent of all voters – and most political observers predict they will back Mr Laffey by a wide margin. A win by Mr Chafee depends on how many of the 340,000 independents who are eligible to vote in the primary show up at the polls to support him. Public opinion polls have varied widely, leaving the outcome uncertain.

Providence, like the state, tends to vote Democratic. Yet pockets of independent voters can be found in areas such as Wayland Square, a wealthy enclave in the eastern section of the city filled with stately homes with manicured lawns. A walk down Wayland Avenue, dotted with fine wine stores and clothing boutiques, finds the electorate divided.

Mr Laffey's constituency is composed mostly of pro-Bush, right-leaning voters who are frustrated by Mr Chafee's moderate politics. "[Chafee] is not a Republican," said one of Mr Laffey's supporters. "I appreciate what Stephen is trying to do by bringing back the party to its core values."

The Club for Growth, a Washington group that supports fiscally conservative candidates, has encouraged that view, praising the economic turnaround of Cranston under the energetic Mr Laffey and complaining about Mr Chafee's voting record in Washington. Its political action committee has spent $400,000 (€315,000, £215,000) on advertisements against Mr Chafee and its members have donated more than $700,000 to Mr Laffey's campaign.

David Keating, the group's executive director, said a win by Mr Laffey "would send a clear message to the Republican establishment that their base is sick of Washington's wasteful business-as-usual spending".

Mr Chafee holds the seat once occupied by his father, the late John Chafee, a popular figure and former governor, and the two are the only Republicans the state has sent to the Senate since the Great Depression.

Carl Simkevich, a university scientist, is casting his vote for Mr Chafee, but grudgingly. "I am voting for Chafee because I don't think that Laffey is electable," he said, predicting that Mr Laffey would lose to Sheldon Whitehouse, the Democratic candidate. But, he adds: "I wish Chafee were more of a Republican. He's certainly ticked off a lot of people in his party."

There are parallels between this race and last month's Democratic Senate primary in Connecticut, where Joseph Lieberman, a three-term senator, was defeated by Ned Lamont, a political novice who complained about Mr Lieberman's support for the war and his inattention to the state. Most important may be what the contests say about voters' preference for fresh blood over incumbents from either party.

Political analysts say that while the low-key Mr Chafee is known nationally for his independent streak – in 2004 he cast a symbolic protest vote against Mr Bush's re-election, writing in the name of his father instead – he has not done enough to cement his relationship with voters in Rhode Island.

A former specialist in equine foot care, Mr Chafee has flirted with leaving the Republican party. But the National Republican Senatorial Committee has stood by him, insisting that Mr Chafee is "the only Republican" who can beat the Democrats'

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candidate. Elizabeth Dole, chair of the committee, said that if Mr Laffey won today, her group would not spend any money to help him in November.

But they should be careful what they wish for. Nancy Bassel, a government worker who is registered as an independent, said she planned to vote for Mr Chafee. "There are certain issues that concern me – I am against the war and I am pro-choice – and I like that Chafee is a pretty liberal Republican," she said while browsing the discounted paperbacks outside Books on the Square, a cozy bookshop in Wayland Square. "I've always voted for Chafee and frankly I am a little surprised he hasn't crossed over [to the Democratic party]."

Laffey Decries Party, Beltway In His 'outsider' Campaign (HILL)

By Aaron Blake

The Hill, September 12, 2006

CRANSTON, R.I. – If Sen. Lincoln Chafee (R-R.I.) were any other Republican senator running in a blue state, his move last week to block the nomination of United Nations Ambassador John Bolton on an expected party-line vote might smack of election-year politics.

But the move, which came five days before Chafee's heated primary culminates today, was business as usual for arguably the most moderate — or, as his party detractors say, liberal — Republican in the Senate.

While Chafee recently called his support for President Bush's agenda "spotty at best," his primary opponent, Cranston Mayor Stephen Laffey, is more conservative and likely would be a more dependable vote for the party. But with the Republican establishment entrenched against him in the name of keeping the seat Republican, Laffey has harnessed an anti-Washington approach to campaigning, hoping his outsider credentials will help him best Chafee then overcome some long odds to win in the general in this heavily independent but very blue state.

In Rhode Island, a slight majority of the state's voters are registered independents. Of the rest, there are more than three registered Democrats for every Republican.

Running in an open primary that could be largely decided by those independent voters, Laffey tries to avoid labels like "conservative" and "Republican." Early in the campaign he stressed Chafee's distance from the party and his own conservative credentials, but now he talks more about how Chafee has made himself irrelevant and how Washington needs someone who effects change instead of a "nice guy" who passively embodies independence.

He points to the fact that Chafee was among the last to decide on how he would vote on the nomination of Supreme Court Justice Samuel Alito and now the senator's indecision on Bolton (Chafee cites recent events in the Israeli-Palestinian conflict and said they raise new questions about Bolton). Laffey also has called for Defense Secretary Donald Rumsfeld's resignation and classifies two of the four major plans on his website as "liberal" in nature.

Meanwhile, Democrat Sheldon Whitehouse is waiting in the wings. With no significant primary opposition, he has been able to focus his efforts on each of the Republicans while they duke it out amongst themselves.

Polls have given vastly different indications about who enters the Republican primary ahead — with one showing Laffey in the lead by 17 points and one showing Chafee up 14. But they all show Chafee and Whitehouse neck-and-neck in the general election while Laffey would have about 25-30 points to make up against the Democrat.

The National Republican Senatorial Committee (NRSC) has argued that Laffey cannot beat Whitehouse and the party has mobilized in support of Chafee, even though he has bucked them time and time again — on President Bush's tax cuts, on the war in Iraq, on social issues, on Alito and now possibly on Bolton.

The NRSC also said last week that it would not support Laffey should he win the primary. Laffey said that the NRSC, the Republican National Committee and the White House have asked him to withdraw.

Visiting with Cranston constituents at a well-attended Greek festival in the parking lot of a local church, Laffey insists he doesn't want the national party's help. And it's quite apparent that he has grown tired being asked whether he can win in the general.

"It's unfortunate that people concentrate on something that's so foolish," said Laffey, who has predicted he would "crush" Whitehouse. "You can't do a general election poll 'til this primary's done anyways. … Linc Chafee can't win the general election."

Laffey has made a trademark of his "blitzes" in which he runs — literally — from door to door meeting voters in this tiny state of about a million people. Asked how many people he visits who express concern about his electability, he initially says "nobody" and then concedes that it's more like "maybe one out of 100, one out of 200 people."

Donna Barrett of Warwick counts herself as one of those concerned Laffey voters. Sitting beneath a tent at the festival on Saturday evening and chatting with Laffey, she later explains that she's got to "vote my conscience" but says she is "a little bit nervous" that a Laffey victory today would hand Democrats the seat in November.

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But she also says people she talks to aren't concerned about it. She attributes her skepticism to that fact that she pays more attention to political news than most people.

Barrett buys into Laffey's outsider approach. She doesn't dislike Chafee and says she wishes Laffey were an independent, but she says there's something to be said for a new face for the sake of a new face considering the state of affairs in Washington.

"I just don't think anybody dislikes Chafee," she said of the former Warwick mayor, who took his seat in 1999 after the death of his father, popular longtime Republican Sen. John Chafee. "It's going to be tough for me not to vote for Chafee."

Laffey, meanwhile, with his brash, in-your-face style, is a more polished campaigner. At the festival he says he is there as mayor and not a candidate, though he reminds at least a few people about today's primary as he frenetically leaps from one person to another, kissing the women and constantly grasping hands. His style plays to his message of populism and outworking everybody.

Chafee, meanwhile, has tried to paint Laffey's intensity as instability. Standing in front of his campaign headquarters before a barbeque Saturday morning, the sign his supporters hold up behind him for the TV cameras says it all: "Keep Chafee." A Chafee has held the seat for three decades; Laffey, meanwhile, is too unpredictable, Chafee says.

Speaking frequently in the third person as if to emphasize the Chafee name, the senator describes his style as "a very stable, thoughtful, calm, steady approach, whereas my opponent's more likely to say whatever suits the audience he's talking to at the moment. And I think Rhode Islanders are going to see that."

Political Moderates Imperiled (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 12, 2006

CRANSTON, R.I.

Many drivers roaring toward the beach wave, honk, or flash thumbs up to Sen. Lincoln Chafee and a gaggle of roadside campaign volunteers hoisting "Keep Chafee" signs. Some travelers don't react at all. But one woman scowls and plunges a thumb toward the dashboard.

"It's rare you see a woman [do that]," muses the Republican senator to those standing nearby. "We'll get her in the general [election]!" cries out an aide.

That's if Senator Chafee manages to get to the general election. Monday's GOP primary in Rhode Island will tell whether the soft-spoken, middle-of-the-road incumbent will survive a political climate that's unfriendly to moderates - or whether the state's Republicans prefer a candidate closer to the GOP conservative base, even if that raises the risk of losing the seat in November to a Democrat.

Campaign 2006 is proving to be a scorcher for moderates of both parties, especially in the Northeast, where at least eight of the key races for control of the House and Senate will be decided.

"Moderates in the Northeast are a disappearing species, and this could be the year of the final purge," says Darrell West, a political scientist at Brown University in Providence.

Like fellow moderate Sen. Joseph Lieberman (D) of Connecticut, Chafee could lose the primary to a rival who's more aligned with the base. Cranston Mayor Stephen Laffey has run an aggressive campaign, and, heading into the vote, polls show that either candidate could win.

But unlike the Connecticut primary, the Rhode Island contest is not just about Iraq or the candidate's ties to President Bush. It's about whether a politician can hold middle ground when the pull in both parties is to the extremes. It's also about contrasting candidate styles - Chafee, low-key and reflective; Mr. Laffey, high intensity and no shades of gray - in a state so small that one-on-ones with voters can still make a difference.

Chafee is the only Republican senator to have voted against the use of force in Iraq, and has bucked the Bush White House on issues ranging from tax cuts and Social Security to abortion rights and regulation of the environment. He also cast the lone GOP vote against confirmation of Samuel Alito to the US Supreme Court. His stands won him enemies among conservative activists, especially the Club for Growth, which hopes to make Chafee its second trophy this primary season.

It's also a key election for the Senate Republican establishment, which is supporting Chafee with advisers, mailings, and ads, as well as a highly targeted get-out-the-vote drive in the last 72 hours.

Early on, the National Republican Senatorial Committee urged Laffey to not get into the race, on the grounds that only a moderate could win a general election in a blue state like Rhode Island.

"The NRSC said I would make a good lieutenant governor ... a job with no power. I said to them: 'Do I look like a lieutenant governor to you?' " says Laffey, a former investment banker, who works the crowd at a Greek festival in Cranston as rapidly as he speaks. Chafee, he says, is "indecisive and irrelevant" in Washington.

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National Republican Party groups have poured more than $1 million into the state for Chafee, blanketing Rhode Island with mailings that charge that Laffey is a "tax and spend" politician, "will say anything to get elected," and "just isn't ready for the Senate." The NRSC released a statement last week calling Laffey "unelectable in a general election."

Meanwhile, the Club for Growth, an antitax group, has raised comparable funds for Laffey. Its ads and mailings have been a constant in the state since May, including claims that Chafee "has been awfully busy trying to raise taxes," supports pork projects such as the "bridge to nowhere" in Alaska, and would give Social Security to illegal immigrants.

"Both political parties are being pulled to the extremes," says Chafee.

After Sen. Arlen Specter beat back a challenge from former Rep. Pat Toomey and the Club for Growth in the 2004 Pennsylvania GOP primary, Chafee hired key Specter strategists for his own race. "They have a track record beating the Club for Growth," he says.

In fact, highly intense races are rare in Rhode Island, where only about 1 in 10 voters are registered Republicans. Asked about this race, many at the Lions Club steak fry in West Greenwich say they're tired of all the advertising. "They're slaughtering one another with those ads on TV," says George Mitchell of Cranston, who says he's still on the fence. But the bigger fight for Republicans will come in the general election. "Everyone's mad at Bush, and Republicans are going to get slaughtered because of it. Just look at Connecticut," he adds.

While Laffey likes to "blitz campaign" around the state in a Suburban or a Winnebago, Chafee drives himself in a green Prius. "Senator Chafee likes to criticize, but when you count all the children we put in that Winnebago, we're getting about 80 miles per gallon per person," says Kelly Laffey, Stephen's wife.

The typically low turnout in Rhode Island primary elections - the record was 45,000 back in 1964 - makes this race especially difficult to predict. A recent Rhode Island College poll shows Laffey leading 51 to 34 percent. In response, the NRSC released its own poll, by Public Opinion Strategies, showing Chafee leading 53 to 39 percent.

"I have no faith in polling in this race, because we have no idea how many people are going to turn out," says Jennifer Duffy, who analyzes Senate races for the Cook political report. Almost 50 percent of Rhode Island voters are independents and, unlike Connecticut, independents can vote in this race.

"If we can get turnout up to 45,000, we will prevail," predicts Chafee. National environmental groups such as the Sierra Club and the League of Conservation Voters are urging activists in the state to turn out for Chafee.

But Laffey dismisses the projections. "Tuesday will send a real message to the Washington [GOP] elite," he says.

In Cranston, voter Howard Fleming assures the mayor that when a Chafee worker asked whether he was going to support the senator, he said: " 'Yes, to the very end' ... if you get what I mean."

Burns' Foe Compiles Highlight Reel Of Gaffes (RC)

By Nicole Duran

Roll Call, September 12, 2006

Sen. Conrad Burns (R-Mont.) had a bumpy August politically, to say the least.

Yet the three-term lawmaker with a penchant for putting his foot in his mouth entered September in surprisingly good shape given the negative publicity his comments generated.

That hasn't stopped Burns' opponent, state Senate President Jon Tester (D), from compiling a "highlight reel" of the Senator's gaffes, which his campaign will begin showing on the YouTube Web site today.

Whether he was accusing Virginia firefighters of doing a "piss-poor job" or commenting about the "nice little Guatemalan man" — with uncertain immigration status — who is doing work on his Virginia home, Burns spent most of August apologizing for his off-the-cuff remarks.

Probably the most damaging incident came in late July when Burns reportedly stalked up to an elite group of firefighters from Augusta, Va., in the Billings, Mont., airport and accused them of not doing a "goddamned thing" to put out a raging wildfire in Montana.

"You probably paid [one of the firefighters] $10,000 to sit around; it's gotta change," he told the group, according to the report written by a Montana Department of Natural Resources and Conservation employee charged with looking into the incident.

Burns apologized quickly, issuing a statement that said: "In retrospect, I wish I had chosen my words more carefully. My criticism of the way in which the fire was handled should not have been directed at those who were working hard to put it out."

By mid-August, Burns was taking friendly ribbing from Sen. John Warner (R-Va.), who was in Helena, Mont., stumping for Burns.

Warner recounted how as a young man he worked for the Forest Service in Montana, "fighting fires, Conrad," he said, turning toward Burns and coughing conspicuously.

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The move generated laughs at the event.

Yet for all the negative publicity, polls taken during the thick of it showed Burns running even with his Democratic challenger.

A USA Today/Gallup poll released on Sept. 1 showed Burns leading Tester 44 percent to 42 percent among registered voters, which was within the survey's margin of error. That's good news, according to the Burns camp.

"You look at all that has happened in the last year and he's within the margin of error starting the home stretch?" asked Erik Iverson, the Burns campaign's new senior adviser. "I honestly believe that Tester peaked too soon."

Tester spokesman Matt McKenna dismissed the notion that Burns is where he wants to be.

"I think that sounds like somebody who's been living in Washington, D.C., for the last year," McKenna said of Iverson. "Those of us who have been in Montana for more than 15 minutes recognize that there's an appetite for real change here."

Iverson is on a leave of absence from his duties as chief of staff to Rep. Denny Rehberg (R-Mont.) through the end of the campaign.

Iverson does not equate his hiring to the 2000 campaign, during which Burns was in serious trouble against now-Montana Gov. Brian Schweitzer (D), who was then a political unknown, and turned to veteran GOP operative Dick Wadhams to pull him across the finish line.

"We got 60 days to go and it's all hands on deck," Iverson said. "I see myself as a supplement to what the campaign was doing before.

"This is a close race," he continued. The stakes are high."

Tester's campaign chalks up the tight contest, despite Burns' verbal miscues, to the power of incumbency.

"He's a three-term incumbent U.S. Senator who spent $5 million and all he has to show for it is a tied race with a dirt farmer from Big Sandy," McKenna said.

Burns has used Hugo Reyes, the "nice little Guatemalan man," for yuks before.

At a June meeting, Burns told the group he has "this little fella who does our maintenance work around the house." Burns said he asked to see Reyes' green card, but Reyes demurred.

"I said 'oh gosh,'" Burns recounted.

Later that month at a debate with Tester, Burns told another anecdote about workers whose immigration status was unknown.

Burns said he was speaking to his contractor in Virginia when he saw an interview with an illegal roofing worker caught at the Mexican border on the TV news.

"So I told my roofer, 'you better go down and get your help or you won't get my house roofed."

Iverson said the legal status of Reyes' or any other employee doing work on the Senator's his Virginia home has never been in question.

"My understanding is that it is well documented that he's here legally and there is no question about that," Iverson said.

Two union chiefs have written Burns inquiring about the immigration status of his contractors.

Iverson dismissed the letters, which he has not seen, as "gotcha politics."

"This is the tempest in the teapot, this is some folks trying to make something out of nothing," Iverson said. "This is a desperate attempt to try to keep this story going."

The Burns campaign has not provided documentation that Reyes or any other handymen on the job at Burns' home are in the country legally.

Iverson said Burns does not condone illegal immigration, and his stance on the issue is clear.

As for his gaffes, Iverson said they won't be a political issue because Montanans know Burns well enough to know he does not mean any offense.

"Sure, were there some misstatements?" Iverson asked. "Absolutely. But at the end of the day with Conrad, what you see is what you get. He's not your typical pre-packaged politician; he's a real person."

Burns recently said that there are terrorists in this country who "drive taxicabs in the daytime and kill at night."

Republican National Committee Chairman Ken Mehlman, who has made much of reaching out to black and Hispanic voters during his tenure, dismissed Burns' past statements.

"I don't think these statements are seen as reflective of the party or his record," Mehlman said in an interview with Roll Call reporters and editors. "People vote for Conrad Burns because of his [legislative] record, not necessarily the things he says."

Iverson said Montana voters know Burns is not racially intolerant.

"We're all fallible," Iverson said. "We all make a mistake. He has absolute respect for our firefighters. He has respect for people of all different backgrounds."

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Under Fire, Democrat Retreats (WT)

By Christina Bellantoni

The Washington Times, September 12, 2006

The U.S. Senate campaign of Missouri Democrat Claire McCaskill has been under sharp criticism since she accused President Bush of letting poor blacks in Louisiana die during Hurricane Katrina.

Mrs. McCaskill, the state auditor, is attempting to link Republican Sen. Jim Talent with the president as she tries to unseat the incumbent.

"George Bush let people die on rooftops in New Orleans because they were poor and because they were black," she told a group of Democratic state legislators last week.

The comments, made as she outlined Mr. Talent's efforts to attract minority voters, were first reported by Pub Def Weekly, a St. Louis-based blog.

"In a spirited voice, she told them that she would do everything she could to make clear to every Democratic voter that 'George Bush has no better friend than Jim Talent,'" wrote Pub Def Weekly's Antonio D. French.

Republicans, including Senate Majority Leader Bill Frist of Tennessee, immediately called upon Mrs. McCaskill to apologize for the remarks.

"It is totally unconscionable to suggest that the Coast Guard helicopter crews who worked hours long past regulation were intentionally leaving poor, black Americans to die on their rooftops," Mr. Frist said on his blog.

Sen. Elizabeth Dole of North Carolina, who leads the Senate Republican campaign arm, issued a similar statement: "These outrageous comments have no place in public discourse."

But Mrs. McCaskill told KMOX radio in Missouri the statement's context as reported by Pub Def Weekly is "not exactly correct." She said she was acknowledging the sentiment of many Americans, and national tragedies are the time when people need government the most.

She characterized the Bush response to Katrina as "gross incompetence that turned tragic because so many of the people in New Orleans didn't have the resources to help themselves."

"Clearly, the Bush administration needs to accept blame for the tragedy in Katrina," she said.

Mr. Talent has been running television ads that laud his work with Democrats and portray him as an independent thinker. They don't mention Mr. Bush, who raised about $600,000 for Mr. Talent at a private Kansas City fundraiser Friday.

Former President Bill Clinton, meanwhile, campaigned for Mrs. McCaskill and Missouri Democrats at a weekend fundraiser in St. Louis that raised more than $1 million.

"You can vote for someone who will perpetuate the control of the narrow strip of the Republican Party that's been running America for six years," Mr. Clinton told attendees. "Or you can vote for someone who would be a proud successor in the Senate to Harry Truman: Claire McCaskill."

Mich. Voters Focus On Economy (WP)

By Peter Slevin

The Washington Post, September 12, 2006

PONTIAC, Mich. -- Mike Bouchard was eager to make the sale as he bantered with Tracey Allen at a Labor Day street fair. Pitching his Republican candidacy for the U.S. Senate, the Oakland County sheriff heard her say she favored Democratic incumbent Debbie Stabenow.

"Tell me," Bouchard smiled, holding a plastic water bottle under Allen's chin as a mock microphone, "what has she accomplished to make your life better? Thirty seconds or less."

When Allen merely smiled, he persisted: "I'll get you results!"

The candidate's high-spirited determination charmed Allen, but after he had moved on, she said Stabenow was her choice.

"I just want my gas to go down and my cost of living to go down," Allen said. "Everybody has felt the wrath of Bush. Anybody who is attached to the Republicans, I want out of office."

In Michigan, the November election is likely to come down to whom the voters blame for one of the nation's most troubled economies. With unemployment higher than the national average and many residents frustrated with Democratic Gov. Jennifer M. Granholm, Republicans see a chance for a swing-state victory.

Bouchard has kept within striking distance in his first statewide race. But as he works to cultivate an image as a seasoned lawman and a pragmatic politician, he is finding that many voters are unwilling to replace a Democrat in Washington with a largely unknown Republican.

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Recent polls show Stabenow with about 50 percent of the vote and a lead of eight to 13 percentage points. She took her Senate seat six years ago after a one-point victory over incumbent Republican Spencer Abraham.

At this point in the 2000 race, she was more than a dozen points behind -- a fact cited by both sides this time. Stabenow's team points out how much better she is doing. Bouchard's advisers suggest there is plenty of time to catch up.

The GOP draws hope from polls showing that two in three voters are dissatisfied with Michigan's direction. The jobless rate rose to 7 percent in July, compared with 4.8 percent nationwide. Given deepening troubles in the auto industry, economists expect the number to remain high even with seasonal hiring.

A brain drain fueled by pessimism about the state's economic future has left Michigan ranked 49th nationally between 2000 and 2005 in retaining young adults, according to the Census Bureau. Detroit, no longer vibrant no matter how its leaders try, has lost a million residents since its heyday.

"Only three states have lost jobs in the last four years," as one Republican ad puts it. "Two of them -- Louisiana and Mississippi -- were devastated by hurricanes. The third is Michigan."

The state's long list of economic woes has been particularly damaging to first-term governor Granholm, who has suffered heavily as she battles a Republican-led legislature and a joyless budget squeeze.

Her Republican challenger -- Dick DeVos, former president of Amway Corp. -- has hammered her relentlessly while pouring more than $12 million of his own money into the race.

Polls suggest Granholm has a slight edge. A Detroit Free Press poll showed her ahead by two points at the end of August after closing an earlier four-point gap. A sounding for the Detroit News and four television stations gave her a seven-point lead.

That late-August poll, conducted by Epic-MRA, found that 50 percent of respondents viewed Granholm favorably and 49 percent unfavorably. The polls and recent interviews with more than a dozen voters in four cities also show the intense interest in the governor's race has distracted attention from the Senate contest.

"The Senate race is being overwhelmed by the governor's race," said Bill Rustem of Lansing-based Public Sector Consultants, who believes the situation helps the better-known incumbent. "The less attention is paid to the race, the less people know about who the alternative is, the better it is for Stabenow."

Stabenow, 56, is a former House member who has outraised Bouchard by millions of dollars. She is casting herself as more experienced and a reliable vote against what she calls the "Bush agenda." She says the GOP has shortchanged education and turned its back on manufacturing.

To counter Bouchard's claims that she has accomplished little -- Republicans at the state convention dubbed her "Do-Nothing Debbie" -- she cites favored bills and amendments.

On larger issues, Stabenow voted against the Iraq invasion while voting since for military spending. As a senator from a strong trade union state, she rejected a proposed guest-worker program, speaking against "importing cheap labor when you have Americans willing to work for good wages."

The two Senate candidates have dueled over border and homeland security issues, which Bouchard consider his strong suit. At 50, he is former state legislator and career police officer and member of one of the FBI's joint terrorism task forces, a network of dozens of teams across the country.

Stabenow speaks often about radio operability, the often unfulfilled goal of law agencies being able to speak to one another in a crisis. Bouchard, who volunteered for duty at Ground Zero and in flood-battered New Orleans, suggests that his rival is well intentioned but unschooled.

"I live, eat and breathe that. She doesn't understand the issue. She never got any of it done and in my book, talk is cheap," Bouchard said at a Pontiac coffee shop. "It's going to be a campaign based on results. She doesn't have them."

President Bush is broadly unpopular in Michigan but jetted into the state Friday to raise money for Bouchard. Bouchard said he was grateful for Bush's fundraising help, but he is keeping a certain distance, mindful of the national mood. He tells voters, "I'm the guy from Michigan who happens to be a Republican."

With both candidates calling it an election about change, the campaigns are essentially pushing voters to decide who, if anyone, should be ousted.

Is it, as Stabenow contends, the Republicans who dominate policymaking in Washington? Or, as Bouchard maintains, the Democrat who governs in Lansing and the one who commutes to Washington?

"I don't blame them," Southfield electrician Gregory Bracey, 54, said of Granholm and Stabenow. "Their hands are tied. We know Republicans are in charge."

But at the annual Peach Fest parade in the reliably Republican town of Romeo, north of Detroit, 20-year General Motors worker Clay Osborne said the two women deserve early retirement.

"There's a lot of jobs leaving the state," said Osborne, 59, as he stood at the corner of South Main and Pleasant. "Since Governor Granholm and Senator Stabenow have been in office, it's gone down the tubes."

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Chicago's Daley Vetoes Bill Aimed At Big Retailers (WSJ)

By Kris Hudson

The Wall Street Journal, September 12, 2006

Chicago Mayor Richard M. Daley used the first veto of his 17-year tenure to reject a living-wage ordinance aimed at forcing big retailers to pay wages of $10 an hour and health benefits equivalent to $3 an hour by 2010.

The veto is important to Wal-Mart Stores Inc., which plans to open its first store in Chicago late this month in the economically depressed 37th ward. The Bentonville, Ark., retailer is expanding to cities such as Chicago after saturating many rural markets in the U.S. (See the veto letter.1)

Mayor Daley had to persuade only two aldermen to reverse course on the ordinance to ensure his veto isn't overridden. The aldermen had voted 35-14 on July 26 to pass the ordinance.

The ordinance's sponsor, Alderman Joseph Moore, said an override of the veto remains possible. He said the council could delay its vote on the veto rather than settling the issue at its meeting tomorrow, when Alderman Manuel Flores, one of those who supports the ordinance, will be absent at a leadership conference in China. With more time, the votes could tip back in the ordinance's favor, Mr. Moore said. "Going against popular will, the mayor has now put the issue back squarely into the laps of the city council," Mr. Moore said. "I am hopeful this city council will see clear to overriding this veto."

The ordinance would have required retailers with more than $1 billion in annual sales and stores exceeding 90,000 square feet to pay their Chicago employees hourly wages of at least $9.25 starting in July 2007 and $10 by 2010. It also would have required those retailers to provide benefits such as health-care coverage equivalent to at least $1.50 an hour by July and $3 an hour by 2010.

The ordinance was another example of lawmakers trying to use local and state measures rather than federal law to mandate wages and benefits from big retailers. Maryland legislators in January overrode a gubernatorial veto to require large employers, namely Wal-Mart, to spend the equivalent of 8% of their payroll in the state on employees' health-care benefits. A federal judge struck down the Maryland law in July as conflicting with federal law, and none of the similar bills proposed in three dozen states has advanced to become law so far this year.

Wal-Mart operates nearly 4,000 stores in the U.S., including Sam's Club warehouses. Michael Lewis, a senior vice president of store operations for Wal-Mart, said the veto "encourages desperately needed business investment and development in the city."

In vetoing the ordinance, Mayor Daley cited a potential loss of jobs. In recent weeks, several big retailers had written to his office to oppose the ordinance. "I understand and share a desire to ensure that everyone who works in the city of Chicago earns a decent wage," the mayor wrote to the aldermen yesterday. "But I do not believe that this ordinance, well intentioned as it may be, would achieve that end. Rather, I believe that it would drive jobs and business from our city."

Chicago Mayor Vetoes Big-Store Minimum Wage (NYT)

By Monica Davey

The New York Times, September 12, 2006

CHICAGO, Sept. 11 — In his 17 years at this city's helm, Mayor Richard M. Daley had never vetoed a decision of the City Council, a sign, it seems, that he gets his way most of the time.

But on Monday, Mr. Daley vetoed the Council's plan to make Chicago the first city in the nation to single out "big box" retailers like Wal-Mart and Home Depot for wage minimums for their workers.

"I understand and share a desire to ensure that everyone who works in the city of Chicago earns a decent wage," Mr. Daley wrote of the rules, which would have required large stores to pay at least $10 an hour by 2010, and at least $3 an hour in benefits.

"But I do not believe that this ordinance, well intentioned as it may be, would achieve that end," he continued. "Rather, I believe it would drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most."

The veto, praised by business leaders but condemned by labor groups and the aldermen who had pressed for the ordinance, set up the mayor for a rare political fight: Mr. Daley, who is up for re-election next year, may face an effort to override his veto at City Hall on Wednesday.

Despite the mayor's disapproval, the aldermen voted 35 to 14 in favor of the wage rules in July. But some of that support has grown shaky in the face of recent lobbying by the mayor's office. One person was absent for the original vote.

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An override would require 34 of the 50 aldermen, and at least one Council member who had supported the ordinance told The Chicago Tribune that she now intended to vote against it. Another alderman who supported the measure is expected to be absent.

The ordinance, which was to apply to stores with at least 90,000 square feet and which are part of companies grossing more than $1 billion a year, set off a firestorm after its passage.

Supporters called it a groundbreaking step nationally in forcing such businesses to improve treatment of their workers and pay them more than either the federal minimum wage ($5.15 an hour) or the state's ($6.50) require.

Opponents, including some City Council members from the poorest wards, said they feared the move would send stores and jobs into the suburbs, even as some large stores announced that they were delaying plans to sign new leases in Chicago.

On Monday, Wal-Mart praised Mr. Daley's decision. "His action encourages desperately needed business investment and development in the city, with job opportunities and savings for those who need it most," Michael Lewis, a Wal-Mart official, said in a release.

In the coming weeks, Wal-Mart expects to open its first store in Chicago, on the city's West Side. Some 11,000 people applied for the 400 jobs there, said David Tovar, a Wal-Mart spokesman. The range of expected wages there was unavailable, Mr. Tovar said, but he said the average wage for full-time hourly associates in Illinois was $10.41 an hour.

Wal-Mart Discounts Politics (WSJ)

The Wall Street Journal, September 12, 2006

Yesterday Chicago Mayor Richard Daley issued his first veto ever, striking down a living-wage bill that would require "big box" retailers like Wal-Mart and Office Depot to pay a super-minimum wage of $10 an hour plus $3 in benefits to all employees by 2010. The national minimum is $5.15, and in Illinois the minimum is $6.50. So you ask: What else is new? Well this is Chicago, so follow us back through the big-box bill's politics, and even the most politically jaundiced reader might find a surprise.

In his veto message, Mayor Daley, a pro-union Democrat, declared that the wage law would "drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most." Wal-Mart and Target have announced plans to cease expansions in the city if the law is enacted. The city already loses $300 million a year in sales tax revenues when Windy City residents go bargain hunting in the suburbs. And of course if Wal-Mart, Home Depot and the others were to abandon the city, Chicago residents would be paying a great many millions more a year in higher prices. Still, the City Council has vowed a veto override vote later this week. What then? Well, the poor get stuck while those with the financial means will drive out to the suburbs to do some Wal-Mart shopping.

It turns out that the wage bill's chief sponsor, Alderman Joe Moore, shops at suburban big-box retail stores, for the usual reason. His campaign committee has purchased $30,589 worth of supplies at big-box retailers outside the city, according to disclosure forms. Alderman Moore isn't alone out there with a cart among the high stacks. A review of Illinois State Board of Elections disclosure forms finds that the 35 aldermen who voted to stick it to the "big box" retailers have spent $114,000 patronizing these non-Chicago stores.

And why not? The virtue of superstores isn't just that they're prodigious creators of jobs -- Wal-Mart alone has hired 240,000 workers since 2001 -- but that they hold down costs and pass on the savings to consumers, even to Windy City pols.

View Of God Can Reveal Your Values And Politics (USAT)

By Cathy Lynn Grossman

USA Today, September 12, 2006

The United States calls itself one nation under God, but Americans don't all have the same image of the Almighty in mind.

A new survey of religion in the USA finds four very different images of God — from a wrathful deity thundering at sinful humanity to a distant power uninvolved in mankind's affairs.

Forget denominational brands or doctrines or even once-salient terms like "Religious Right." Even the oft-used "Evangelical" appears to be losing ground.

Believers just don't see themselves the way the media and politicians — or even their pastors — do, according to the national survey of 1,721 Americans, by far the most comprehensive national religion survey to date.

Written and analyzed by sociologists from Baylor University's Institute for Studies of Religion, in Waco, Texas, and conducted by Gallup, the survey asked 77 questions with nearly 400 answer choices that burrowed deeply into beliefs, practices and religious ties and turned up some surprising findings:

·Though 91.8% say they believe in God, a higher power or a cosmic force, they had four distinct views of God's personality and engagement in human affairs. These Four Gods — dubbed by researchers Authoritarian, Benevolent, Critical or Distant —

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tell more about people's social, moral and political views and personal piety than the familiar categories of Protestant/Catholic/Jew or even red state/blue state.

For example: 45.6% of all Americans say the federal government "should advocate Christian values," but 74.5% of believers in an authoritarian God do.

Sociologist Paul Froese says the survey finds the stereotype that conservatives are religious and liberals are secular is "simply not true. Political liberals and conservatives are both religious. They just have different religious views."

·About one in nine (10.8%) respondents have no religious ties at all; previous national surveys found 14%. The Baylor survey, unlike others, asked people to write in the names and addresses of where they worship, and many who said "none" or "don't know" when asked about their religious identity named a church they occasionally attend.

·The paranormal — beliefs outside conventional organized religion — is immensely popular. Most people said they believe in prophetic dreams; four in 10 say there were once "ancient advanced civilizations" such as Atlantis.

·"Evangelical" may be losing favor as a way Americans describe themselves. About one in three Americans say they belong to denominations that theologians consider evangelical, but only 14% of all respondents in the survey say this is one way they would describe themselves. Only 2.2% called it the single best term. Top choices overall: "Bible-believing" (20.5%) or "born-again" (18.6%).

"Any politician who really wants to connect with Christians should be looking at those terms, not vague abstractions like evangelical. … They need to tap into labels that have salience," Baylor sociologist Kevin Dougherty says.

·Most Americans think their nearest and dearest are going to heaven. The pearly gates open widest for family (75.3% say they'll get in) and personal friends (69.3%). The survey did not ask whether people expect to go to heaven themselves.

·Religion-themed movies and books have a vast reach: 44.3% of those polled saw Mel Gibson's film The Passion of the Christ. More than one in 10 of all surveyed say they spent $50 or more in the past month on items such as religious books, music and jewelry.

A closer look at what people read finds that 28.5% of Americans say they've read The Da Vinci Code. Baylor also found 19%, including 25% of all U.S. women, have read the Rev. Rick Warren's Christian handbook The Purpose-Driven Life, and 19% overall have read at least one of the novels in the Left Behind apocalyptic fiction series.

These are part of the first wave of results from the random survey of Americans who completed and mailed in a 16-page questionnaire. Conducted in the fall of 2005, the survey is a statistically representative sampling of the USA by age, gender and race.

The Baylor team will spend two years digging through the findings and releasing reports on subtopics such as civic involvement and volunteerism, then repeat the core questions in fall 2007 to track trends. The research is funded by the John Templeton Foundation.

Frank Newport, editor in chief of the Gallup Poll, calls the analysis "intriguing. Baylor was able to ask many more probing questions than the usual surveys."

Others agree.

The Four Gods breakdown is helpful "if you are trying to understand religion's impact on society by how people see themselves from the inside, not by observations from outsiders," says John Green, a senior fellow at the Pew Forum on Religion & Public Life.

Baylor researchers determined the Four Gods breakdown by analyzing questions about God's personality and engagement.

The survey asked respondents to agree or disagree with any of 10 descriptions of their "personal understanding of what God is like," including phrases such as "angered by my sins" or "removed from worldly affairs." They could check off 16 adjectives they believe describe God, including words such as "absolute," "wrathful," "forgiving," "friendly" or "distant."

When USA TODAY asked people similar questions, it found views as varied as those of self-described fundamentalist Brian Snider of Madison, Ala., and Marilyn McGuire, who says she sees God in every sunrise and sunset, flower and kitten at her home on Orcas Island near Seattle.

Snider, 46, says God is "involved in the affairs of men at all times and he does judge us. … We still believe he is angry at sin."

McGuire, in her late 60s and once an active Episcopalian, now rejects all dogma. "I have my own system of what I think is true and sacred. I try to keep myself peaceful and keep myself in a loving state."

The four visions of God outlined in the Baylor research aren't mutually exclusive. And they don't include 5.2% of Americans who say they are atheists. (Although 91.8% said they believe in God, some didn't answer or weren't sure.)

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Still, says Baylor's Christopher Bader, “you learn more about people's moral and political behavior if you know their image of God than almost any other measure. It turns out to be more powerful a predictor of social and political views than the usual markers of church attendance or belief in the Bible.”

Though 12.2% overall say abortion is wrong in all circumstances, the number nearly doubles to 23.4% for those who see an authoritarian God and slides to 1.5% for followers of a distant God.

Highlights of Baylor's analysis:

·The Authoritarian God (31.4% of Americans overall, 43.3% in the South) is angry at humanity's sins and engaged in every creature's life and world affairs. He is ready to throw the thunderbolt of judgment down on “the unfaithful or ungodly,” Bader says.

Those who envision God this way “are religiously and politically conservative people, more often black Protestants and white evangelicals,” Bader says. “(They) want an active, Christian-values-based government with federal funding for faith-based social services and prayer in the schools.”

They're also the most inclined to say God favors the USA in world affairs (32.1% vs. 18.6% overall).

·The Benevolent God (23% overall, 28.8% in the Midwest) still sets absolute standards for mankind in the Bible. More than half (54.8%) want the government to advocate Christian values.

But this group, which draws more from mainline Protestants, Catholics and Jews, sees primarily a forgiving God, more like the father who embraces his repentant prodigal son in the Bible, Froese says.

They're inclined (68.1%) to say caring for the sick and needy ranks highest on the list of what it means to be a good person.

This is the group in which the Rev. Jeremy Johnston, executive pastor and communications director for his father's 5,000-member Southern Baptist congregation in Overland Park, Kan., places himself.

“God is in control of everything. He's grieved by the sin of the world, by any created person who doesn't follow him. But I see (a) God … who loves us, who sees us for who we really are. We serve a God of the second, third, fourth and fifth chance,” Johnston says.

·The Critical God (16% overall, 21.2% in the East) has his judgmental eye on the world, but he's not going to intervene, either to punish or to comfort.

“This group is more paradoxical,” Bader says. “They have very traditional beliefs, picturing God as the classic bearded old man on high. Yet they're less inclined to go to church or affiliate seriously with religious groups. They are less inclined to see God as active in the world. Their politics are definitely not liberal, but they're not quite conservative, either.”

Those who picture a critical God are significantly less likely to draw absolute moral lines on hot-button issues such as abortion, gay marriage or embryonic stem cell research.

For example, 57% overall say gay marriage is always wrong compared with 80.6% for those who see an authoritarian God, and 65.8% for those who see God as benevolent. For those who believe in a critical God, it was 54.7%.

·The Distant God (24.4% overall, 30.3% in the West) is “no bearded old man in the sky raining down his opinions on us,” Bader says. Followers of this God see a cosmic force that launched the world, then left it spinning on its own.

This has strongest appeal for Catholics, mainline Protestants and Jews. It's also strong among “moral relativists,” those least likely to say any moral choice is always wrong, and among those who don't attend church, Bader says.

Only 3.8% of this group say embryonic stem cell research is always wrong, compared with 38.5% of those who see an authoritarian God, 22.7% for those who see God as benevolent and 13.2% who see God as critical but disengaged.

“I still believe in God,” says Joanne Meehl, 56, of Barre, Mass., who wrote a book in the mid-'90s called Recovering Catholics. “But to me God is the universe, not as small as a ‘He' or a ‘She' but bigger than all of that.” Humanity is on its own, she says. “People who do wrong are punished in this world, not in the next. This world is it.”

Some might question whether a survey by Baptist-affiliated Baylor has a conservative Protestant tilt. For example, there's no mention of communion or saints — central to Catholic believers. Also, questions often used “church,” with no mention of synagogues or mosques. But Baylor researchers say their testing finds people view the word as generic for “house of worship.”

“This work was done by well-respected sociologists of religion,” the Pew Forum's Green says. “Baylor is becoming a leading evangelical university in the same way Notre Dame is a leading Catholic university, by doing first-rate objective social science.”

Rodney Stark, former president of the Society for the Scientific Study of Religion and part of the Baylor team, says: “We wanted to break from the past 30 years of narrow questions. “ ‘Do you believe in God?' Everyone says yes.

“If you ask ‘Are you a Protestant, Catholic or Jew?' people don't even know what denomination they are today or what the label means.”

Americans May Be More Religious Than They Realize (WP)

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By Michelle Boorstein

The Washington Post, September 12, 2006

A survey released yesterday posits the idea that the United States -- already one of the most religious nations in the developed world -- may be even less secular than previously suspected.

The Baylor University survey looked carefully at people who checked "none" when asked their religion in polls. Sociologists have watched this group closely since 1990, when their numbers doubled, from 7 percent of the population to 14 percent. Some sociologists said the jump reflects increasing secularization at the same time that American society is becoming more religious.

But the Baylor survey, considered one of the most detailed ever conducted about religion in the United States, found that one in 10 people who picked "no religion" out of 40 choices did something interesting when asked later where they worship: They named a place.

Considering that, Baylor researchers say, the percentage of people who are truly unaffiliated is more like 10.8 percent. The difference between 10.8 percent and 14 percent is about 10 million Americans.

"People might not have a denomination, but they have a congregation. They have a sense of religious connection that is formative to who they are," said Kevin D. Dougherty, a sociologist at Baylor's Institute for Studies of Religion and one of the survey's authors. Baylor is a leading Baptist university, located in Waco, Tex.

The finding reflects the new challenges involved in trying to categorize religiosity in the United States, where people increasingly blend religions, shop for churches and worship in independent communities. Classic labels such as mainline, evangelical and unaffiliated no longer have the same meaning.

For example, 33 percent of Americans worship at evangelical congregations, which sociologists say are places that espouse an inerrant Bible, the importance of evangelizing and the requirement of having a personal relationship with Jesus. But only 15 percent of respondents to the Baylor survey said the term "evangelical" describes their religious identity.

Scholars have been saying for some time that the relevance of denomination is decreasing. But the Baylor survey, which asks about such subjects as God's "personality" and what people pray about, adds to a debate about what that means. It reveals the complex ways Americans describe their religiosity, and the minefield for today's scholars in trying to measure it. Is someone religious if they attend church? If they believe in God? If they identify with a particular religious group? What if they do one but not the others? Which gets more weight?

Academics who study religious demographics disagree about the "nones," and the Baylor study won't end that debate. Some say they are mostly secular -- those who aren't atheist but don't consider religion important. Some say they are in interfaith families and have mixed identities.

Some say they are new immigrants, including many from China, and second-generation Hispanics.

One thing the experts agree on: "Nones" tend to vote liberal but tend not to identify with a political party.

"What is most associated with 'no religion' from a political point of view is independence," said Barry Kosmin, principal investigator of a telephone survey that queried tens of thousands of respondents. His American Religious Identification Survey found that the number of "no religion" Americans jumped from 14.3 million in 1990 to 29.4 million in 2001. "If you don't belong religiously, you don't belong politically," he said.

Among the most innovative aspects of the Baylor survey, say scholars who know about it, are questions about how Americans describe God's personality. Respondents were offered 26 attributes ranging from "absolute" to "wrathful," and were asked whether God is directly involved in and angered by their lives and what happens in the world.

The researchers separated God's attributes into four categories: wrathful, involved, benevolent and uninvolved. They found that the largest category of people -- 31 percent -- was made up of those who said they believe God is both wrathful and highly involved in human affairs.

Beliefs about God's personality are powerful predictors, according to the survey. Those who considered God engaged and punishing were likely to have lower incomes and less education, to come from the South and to be white evangelicals or black Protestants. Those who believed God to be distant and nonjudgmental were more likely to support increased business regulation, environmental protection and the even distribution of wealth.

The changing demographics of the United States demand different polls as well, religion pollsters say. For example, approximately 3 percent of Americans observe faiths other than Christianity and Judaism. While still small, this group is growing rapidly, and scholars say that if current trends continue, that number could reach 10 percent in coming decades.

According to Democratic pollster Anna Greenberg, who focuses on religion, that is already the figure for Americans younger than 25.

Questions about the frequency of attending religious services aren't as relevant to Hindus and Buddhists, who often have worship spaces in their homes. Questions about weekly prayer services aren't as relevant to Muslims, who pray five times a day, she said.

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John Green, senior fellow at the Pew Forum on Religion & Public Life focusing on religion and politics, said: "The broader point is that this country that's always been religiously diverse is becoming religiously diverse in a new way."

The 'Daily Show' Generation (USAT)

By Mary Zeiss Stange

USA Today, September 12, 2006

Is Jon Stewart a corruptor of youth or a political mentor?

The question is wacky enough to be a Daily Show headline. But it has been seriously posed by a number of academics, most recently in a study published in May by two political science professors in the journal American Politics Research.

In "The Daily Show Effect: Candidate Evaluations, Efficacy, and American Youth," Jody Baumgartner and Jonathan Morris, of East Carolina University, claim to have discovered that viewing Stewart's nightly satirical riff on the news causes college-age Americans to become cynical about politicians and the news media.

"Because young people are more impressionable … and thus more prone to any adverse effects The Daily Show might have," Baumgartner and Morris conclude that the greatest potential net effect of Comedy Central's Peabody Award-winning show is a sense of apathy among the 18-24 crowd, approximately half of whom view Stewart's program on a more or less regular basis.

They reached this conclusion by contrasting the responses of students who had viewed 2004 presidential election coverage on The Daily Show to those of students who had viewed similar reportage on CBS' Evening News. The study had an ironic edge to it, however: The cynical and potentially more apathetic Daily Show viewers also seemed to be "more confident about their own ability to understand politics" than those who had "consumed" the network news.

The "Daily Show effect" study made media waves when The Village Voice ran a story about it in its education issue for this fall. Suddenly, pundits showed more interest in the political thinking of college students than they had since the 2004 elections. In August, MSNBC's Chris Matthews featured the issue on his Sunday morning talk show, putting former CBS news anchor Dan Rather on the spot to explain why young viewers might have opted for Stewart over him. In reply, Rather said something about how that age group wasn't really his demographic.

As a college professor who, among other things, serves as faculty adviser to our progressive student organization, I was immediately struck both by the rightness of Rather's response, and by the wrongheadedness of the assumption that educated young adults cannot discern a relationship between Stewart's satire (which Baumgartner/Morris persistently call "sarcasm") and pointed political commentary.

Because the courses I teach — in women's and environmental studies, and in American religion — have contemporary "real world" implications, I customarily build a current-events component into them. These assignments serve two functions: One is for students to relate news items from various sources — newspapers, magazines, broadcast media and the Internet — to course content. The other, more important one, is for students to pay close attention to the way the news is being "packaged." Are there politically or otherwise skewed stories, editorial content masquerading as straight news, and so on?

Based on my experience with them, I can attest that the current college-age generation is generally, and increasingly, media savvy when it comes to critically "consuming" the news. I would further argue that this is more so because of shows such as Stewart's (and more recently its spinoff, The Colbert Report) as well as websites such as that of The Onion newspaper. After all, in order to "get" their humor, one has to already know something substantial about the stories they parody.

As it turns out, two other academic studies, both from the Annenberg Public Policy Center of the University of Pennsylvania, bear out my classroom experience.

One was part of the Center's 2004 Election Survey under the direction of Kathleen Hall Jamieson. It disclosed that late-night comedy viewers were more likely than the early-to-bed general public to be knowledgeable about the issue positions and backgrounds of the presidential candidates — and viewers of The Daily Show were, as a group, better informed than those of David Letterman or Jay Leno.

These viewers were also younger, better educated and more likely to identify themselves as moderates or liberals.

Where did these hip, young Daily Show viewers get their knowledge of politics?

Not from conventional TV news. A second Annenberg report, released in May, studied media use among people ages 14-22 and found that for the majority of them (almost 60%), the Web is the primary source of news. Newspapers ranked a distant second, and the national evening news on TV (including cable networks) came in last. I'd say that over the years, the current-event reports in my classes have mirrored this pattern, bearing in mind that many people read newspapers online now.

A second set of facts emerged from this study: Reading newspapers (presumably, on- or off-line) increases political awareness, but searching the Internet increases both political awareness and civic engagement. The Daily Show generation, in

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other words, is not only apt to be more concerned about politics but also more likely to be spurred to do something with that concern.

The apparent sharp upsurge in the past several years of political activism — both liberal and conservative — on college campuses nationwide would seem to bear this out. Whether that activism will translate into significant voter turnout this November remains to be seen. But apathy it is not.

Are these same young people cynical about politicians and newscasters?

Well, yes. So are many of their elders. But don't blame that on Jon Stewart. As he himself famously pointed out on CNN's now-defunct Crossfire in October 2004, if the “serious” national news media are irked at being called to account by a show whose lead-in is “puppets making crank phone calls,” they have no one to thank but themselves.

Mary Zeiss Stange is an associate professor of women's studies and religion at Skidmore College; she's also a member of USA TODAY's board of contributors.

'Death Of A President' Courts Controversy, But To What End? (WSJ)

By Joe Morgenstern

The Wall Street Journal, September 12, 2006

The first question posed by "Death of a President" is whether a filmmaker has the right to shout Assassination in a crowded theater. That's what happened, in effect, on Sunday night at the Toronto International Film Festival when Gabriel Range's film was screened for the first time, to a turnaway audience. A fake documentary set one year in the future, "D.O.A.P.," as it has also been called, depicts the assassination of President Bush by a lone gunman, and the prosecutorial rush to judgment that follows.

The answer to the question is yes, of course a filmmaker has the right. A distinction must be made between provoking controversy with obviously fictional, albeit incendiary, events, and provoking panic over a nonexistent fire. What's more, Mr. Range, an Englishman with an uncommon gift for simulating reality on screen, plays a clever game with his audience, inviting a rush to judgment on the merits of his film. I confess to having done just that -- jumped to the conclusion, sight unseen, that nothing the film might contain would be likely to justify the implicit opportunism of its premise. Now that I've seen it, I think that sometimes one jumps to the right conclusion.

The action begins in October 2007, when Air Force One touches down in Chicago and a motorcade takes President Bush to a downtown hotel, where he is to deliver a speech on the economy. (Video snippets of speeches Mr. Bush has actually given in Chicago are seamlessly integrated with the staged reality.) The scene-setting is impressive, and plausible enough, if pessimistic. The economy has been battered by soaring oil prices. North Korea poses a suddenly imminent nuclear threat. Opposition to the war in Iraq has brought throngs of angry demonstrators to Chicago's streets. And the film is respectful of Mr. Bush as a person, even though its heart obviously lies with the demonstrators, and later the arrestees, who fiercely denounce his administration's policies.

But the title of this production is, after all, "Death of a President," and its fateful narrative generates a buildup of anxiety from the moment the presidential plane hits the runway. The ingredients are mercilessly familiar: the motorcade hinting at Dallas; the surging protesters and club-wielding cops suggesting the deadly combat of Chicago during the Democratic convention of 1968; the president's vulnerability on the street evoking the attempt on Ronald Reagan's life. And I'm euphemizing when I say "anxiety." For those of us who are old enough to remember the assassinations of John F. Kennedy, Robert F. Kennedy and Martin Luther King, the right word is anguish: Mr. Range's film is an anguish-generator of enormous intensity.

But let's set aside that generational divide for the moment and acknowledge that works of art can and sometimes should evoke fear and dread in the beholder. The next questions are whether "Death of a President" is a work of art, and whether it puts us through what it puts us through in order to illuminate something else beyond the anger and potential violence of contemporary life.

The film is certainly artful in its deployment of tried-and-true documentary techniques to create an alternate reality. Before and after the assassination (the details of which are mercifully veiled by crowds and ensuing chaos), Mr. Range, who wrote the script with Simon Finch, uses actors in fictional straight-to-the-camera interviews to reconstruct the events leading up to the shooting, and to comment on what ensues. Mr. Range is very good at directing actors -- he may have a bright future in conventional fiction films. And the script is very sly in imputing to the new president -- President Cheney -- an eagerness to act on the basis of dubious evidence: i.e. the indictment of a Syrian immigrant, despite grave doubts about his guilt. "Cheney," we are told by one faux interview subject, "had been obsessed by Syria, and getting rid of Assad, for years." ("Death of a President" was originally made for British television. There are currently no plans for broadcast in the U.S., although the screening has stimulated interest in theatrical distribution.)

For a while "D.O.A.P." holds out the promise of political satire, however partisan, or some sort of structural analysis -- what a U.S. government might do in such circumstances, both domestically and globally. But the movie has less on its mind than

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meets the eye. The first two-thirds of the story is taken up with events surrounding the assassination. The tragic totems of 20th-century American history are all there -- the TV bulletins (which are strangely off-key), the state funeral, the grief-stricken faces, the riderless horse. Yet they seem perfunctory, and become less convincing (or more repugnant, in the case of still photos supposedly showing the president in an operating room) as the minutes tick by.

And in the aftermath, the film loses track of any consequences to Syria or anywhere else. Its focus is the scapegoating of the Syrian suspect in a trial that takes place, quite implausibly, only seven months after the assassination, and that leads to what used to be called, before Watergate faded from national memory, a post-Watergate ending, tinnily cynical and tacitly smug.

As a piece of postmodern, mockumentary filmmaking, "Death of a President" does play -- and I use that word advisedly -- with other issues. By dramatizing the government's dependence on questionable forensic evidence, by manipulating images and flagrantly falsifying contexts (as in excerpts from a Cheney speech that are made to seem a eulogy for the fallen president), it reminds us of the undependable nature of supposedly objective truth. As filmmaking for the sake of filmmaking, it's part of a familiar genre: "Citizen Kane" employed a fake documentary as its basic narrative device.

But another distinction must be made -- between clever films that play games with interesting themes, and a film that depicts the murder of a sitting president. This is not to suggest that what's seen on screen might provoke a mad act in real life. Too little is understood about such causal connections, and in any case one hopes, and must assume, that this president is protected adequately.

The problem is that the game played by Mr. Range and his colleagues turns out to be, at bottom, banal. Do we truly not know that reality can be altered, whether by Photoshop or official lies? And by playing it so glibly, "Death of a President" ultimately, and paradoxically, does what it professes to deplore -- devalues the difference between real and false. Mr. Range is a talented man who knows how to control images and emotions, up to a point. By virtue of its subject, however, "Death of a President" takes on an unreal life of its own. The film itself becomes a riderless horse.

'Death Of A President' Faces Tough Questions, Audience (USAT)

By Harlan Jacobson

USA Today, September 12, 2006

TORONTO — The hot-ticket Death of a President, which had its world premiere here Sunday night, was not meant to be a political attack on President Bush, says its British TV director, Gabriel Range.

The film's title set off an orgy on the talk radio and TV circuit when it was revealed two weeks ago. But Range calls it a "fictionalized retrospective documentary … in which we're using the lens of the future to look at the present."

At press time, the British film did not have a deal for U.S. distribution.

In the movie, events are set forward to Oct. 19, 2007, when President Bush gives a speech to the Chicago Economics Club, a sequence lifted from archival news footage of Bush speaking to the real group earlier this year. Outside, the Chicago police beat protesters run amok.

As he walks from the hotel to his motorcade, "Bush" is assassinated.

The filmmakers use transplanted archival footage of Bush (and of Vice President Cheney giving a eulogy — critics tried to figure out whose funeral it was), but the actual assassination is a quick, blurry sequence reminiscent of the 1981 attempt on President Reagan.

Range says he used Photoshop, but the camera only fleetingly shows the president's face. The film is not, as the talk-radio world chattered last week, the work of fringe liberal Democrats having a wish-fulfillment fantasy. Range has given similar treatment to the collapse of the British transit system in a future-past 2003 doc called The Day Britain Stopped.

Death of a President flashes forward to a time after the administration has fictionally introduced Patriot Act 3, further expanding the power of government into the judicial process, which is seen as corrupted by the political need to blame Middle East enemies such as Syria. A Syrian immigrant is wrongly accused of the crime.

The movie didn't score any huge critical success here. The consensus seemed to be that the political conclusions — that American politics drives truth out the window — didn't seem to be worth the artistic effort to pump up the volume.

"They handled the assassination sequence well and not exploitively," says Todd McCarthy, film critic at Variety, who challenged Range after the screening for having too narrow of a focus on the future course of things.

"It's not as controversial as it could be," says Norman Wilner, who writes for the Toronto Metro weekly newspaper.

The point of all this specificity by Range and co-writer/producer Simon Finch is to make it seem real enough to audiences to get and keep their attention. "In order for what has affected us in the last five years to come across as realistic, it was important that George Bush be the president," Range told the packed 387-seat house at the downtown Paramount multiplex. "If we'd have used a fictional president, audience reaction would be completely different — like watching 24 or The Sentinel. This feels authentic."

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Festival co-executive director Piers Handling agreed, saying: "It's just part of the cinema landscape now, that increasingly people want the immediacy of real experience, real information, and the simulation of that 'reality.' Otherwise, it all feels removed at a time when audiences are saying, 'Whatever it is, give us reality and let us deal with it.' "

Handling said showing the film "has had no adverse impact on us as a festival."

Toronto chief programmer Noah Cowan, who booked the film, says awareness of it has "launched like a bullet on the international scene. Why wouldn't we book it? It's a completely innovative and creative construction of the way images can be used — which is precisely the conversation we should be having at a film festival."

The auditorium was silent during the film while viewers tried to follow the stream of political and forensic jargon. Audience response at the end was an unsure round of applause.

The Republican Collapse May Not Be So Imminent (NYT)

By Michiko Kakutani

The New York Times, September 12, 2006

Despite lots of talk about President Bush's dismal poll numbers, corruption scandals involving Tom DeLay and Jack Abramoff and the toll that the war in Iraq and the administration's mishandling of Hurricane Katrina may take on the Republican Party in this fall's midterm elections, the veteran political reporter Thomas B. Edsall has some bad news for Democrats. While such developments "may take the G.O.P. down in individual elections," he writes in "Building Red America," the Republican Party "holds a set of advantages, some substantial and some marginal," that have enabled it to "eke out victory by slim margins in a majority of closely contested elections" and that will probably give it an edge in the foreseeable future.

For that matter, neither party is likely to be happy with the findings of this provocative though in many ways familiar book. Mr. Edsall, who covered national politics for The Washington Post from 1981 to 2006, accuses the Republicans of using their closely contested victories to advance a conservative agenda that "does not have the decisive support of the people," of further polarizing the electorate and cynically forcing it "to pick between extremes," and of using "the slimmest of political margins" to try "to remake America — as well as America's role in the world."

As for Democrats, he depicts them as hapless, unfocused and reeling from self-inflicted wounds. He contends that "the social-issue left overwhelmingly sets the agenda of the Democratic Party," often to the detriment of its candidates in general elections. He takes the party to task for its "lack of credible policies" in the areas of globalization and education. (He curiously has little to say about its internal schisms over foreign policy and national security.)

And he argues that "Democrats and liberals have shown little interest in maintaining and sustaining institutions designed to produce majorities in Congress and to win the White House." He says that progressives tend to make project-specific grants instead of building party infrastructure and that "the mainstay organizations of the left," which were created when liberals were in power, aim to influence "sympathetic decision makers," not "to wrest power from adversaries," as many of their counterparts on the right so aggressively do.

Unless the Democratic Party makes fundamental changes in its structure, tactical operations and long-range strategic planning, he writes, the odds are that the Republicans "will continue to maintain, over the long term, a thin but durable margin of victory."

Certainly Mr. Edsall has been wrong in the past: only a year before Bill Clinton captured the White House, he said in his 1991 book, "Chain Reaction" (written with Mary D. Edsall), that the Democratic Party was "in danger of losing its stature as a major competitor in national politics."

And his new book is hardly without flaws: his zeal to make larger points about the two parties can lead to some gross generalizations and to his glossing over potentially significant divisions within the Republican Party between libertarians and cultural conservatives, between deficit hawks and big spenders, between practitioners of old-fashioned realpolitik and neo-conservative advocates of the Iraq war.

Many of the observations made in this book have been made before by journalists and political strategists, but Mr. Edsall does a nimble job of pulling them together to form a coherent picture, buttressing his assessments with lots of demographic and polling data and situating them in a historical context.

While building upon ideas he originally set out in "Chain Reaction," Mr. Edsall also grapples with more recent arguments made by writers like Thomas Frank ("What's the Matter With Kansas?"); Kevin Phillips ("American Theocracy" and "Wealth and Democracy," as well as the classic "Emerging Republican Majority"); Jacob S. Hacker and Paul Pierson ("Off Center: The Republican Revolution and the Erosion of American Democracy"); and John Micklethwait and Adrian Wooldridge ("The Right Nation").

Clearly, some of Mr. Edsall's conclusions are bound to be debated. He contests the suggestion — advanced by Mr. Frank, among others — that the Democrats would help their cause by embracing an old-fashioned economic populism, asserting that

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the ideological and economic bifurcation of the party (with an affluent, college-educated elite on one end and many low-income voters on the other) does not lend itself to populist appeals.

In contrast to Mr. Micklethwait and Mr. Wooldridge, who have argued that "the center of gravity in American politics has moved to the right" and that America is truly "in the thrall of the Right Nation," Mr. Edsall contends that the Republican Party "has not achieved a political realignment" but has simply tried to impose a deeply conservative agenda on the country "without clear majoritarian public support."

As Mr. Edsall sees it, growing political polarization in the United States, the rise of the conservative movement and the recent successes of the Republican Party can best be understood in the context of two revolutions that have changed American society over the last four decades: a social and cultural revolution "driven by a commitment to equality and the extension of rights to previously marginalized groups," and a technological and economic revolution that has altered the job market and business models and expectations.

These revolutions, Mr. Edsall writes, have created "two roughly equal partisan coalitions, one on the left, the other on the right," and in an effort to assemble a winning political majority, he argues, the Republican Party "has tapped into and capitalized on the sense of dislocation and conflict generated by rapid cultural modernization among many middle- and working-class voters." In his opinion, it has done so largely by using wedge issues like abortion and gay marriage, which push voters' "anger points" and motivate the base.

Securing the base, Mr. Edsall argues, became a central Republican strategy, especially after Mr. Bush's chief pollster, Matt Dowd, sent a memo to Karl Rove, the Republican mastermind, in the wake of the highly contested 2000 presidential vote. The memo — which declared that the center of the electorate had collapsed, that true swing voters made up a mere 6 percent of the electorate — destroyed, in Mr. Edsall's words, "the rationale for Bush to govern as 'a uniter, not a divider,' " as he had promised. Instead, it "freed Bush to discard centrist strategies" and promote "polarizing policies designed explicitly to appeal to the conservative Republican core."

Mr. Dowd's finding that "you can lose the swing voters and still win the election, if you make sure your base is bigger than theirs," says Mr. Edsall, decisively affected the Bush administration's policy making on matters ranging from tax cuts to the Partial Birth Abortion Ban Act of 2003.

Mr. Edsall adds that trend lines suggest that "in America today, the G.O.P. has bested the Democratic Party in the symbolic manipulation of controversial sociocultural issues touching upon national security, patriotism, race, sex and religion," and that an array of demographic developments — including a "geographic distribution of voters" that gives the Republican Party "a strong, built-in advantage in the competition for control of the House and Senate" — has further enhanced the party's advantages.

Do the Democrats possess any advantages? Mr. Edsall cites a surge in small contributions to Democrats through online credit card donations in 2004 and the party's ability to capitalize on the Web, growth in certain constituencies (like Hispanic voters) that traditionally have favored the Democratic Party and an unwillingness on the part of a growing number of younger women to relinquish their "sexual autonomy."

His long-term outlook, however, points less to any signs of a Democratic resurgence than to what he sees as the Republican Party's philosophical shortcomings. "The protective stance of Republicans toward the rich and the dominant," he writes, "and the acquiescence to a morally and intellectually repressive social agenda are too much at odds with the American egalitarian ethic to achieve the overwhelming strength of the Democratic coalition of the New Deal era."

His conclusion: "Politics functions as a market, and the political marketplace is now significantly out of balance — it is in disequilibrium. If political parties were corporations, the political market would be viewed as territory ripe for takeover or for the entry of an outside competitor."

3 Killed Outside U.S. Embassy In Syria (AP-Y)

By Albert Aji, Associated Press Writer

AP, September 12, 2006

Gunmen apparently blew up a car outside the U.S. Embassy and exchanged fire with Syrian guards on Tuesday in a brazen attack on Damascus' diplomatic neighborhood. Syrian security forces killed three of the attackers, the government said.

The Interior Ministry, which is in charge of police, said a fourth assailant was wounded in what it called a "terrorist attack." The report, carried on state-run television, said an investigation was under way.

In Washington, a State Department spokesman confirmed the attack on the American Embassy by "unknown assailants" and said the event appears to be over.

"Local authorities have responded and are on the scene," spokesman Kurtis Cooper said. He said he had no further information.

A Syrian who works at the U.S. Embassy said there were no American casualities.

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Rice Indicates Slight Shift In Stance On Iran Sanctions (NYT)

By Helene Cooper

The New York Times, September 12, 2006

PICTOU, Canada, Sept. 11 — Secretary of State Condoleezza Rice, in an ever-so-slight softening of America's stance, on Monday left open the possibility that the United States might suspend efforts to impose sanctions against Iran if it suspended uranium enrichment for two months.

"First of all, it would have to be suspension — verified suspension," Ms. Rice said. "Secondly, it's suspension for suspension. We've said that if they suspend," the United States would in turn halt its pursuit of United Nations sanctions against Iran and would join European talks with Tehran over its nuclear program.

...

Ms. Rice, who said Monday that she had spoken with the European Union foreign policy chief, Javier Solana, about his continuing talks with Mr. Larijani, also urged caution. "As far as I know, the Iranians have not said that they would suspend prior to negotiations, which is what the issue has been," she said.

Mr. Solana said Sunday that he made progress in the search for a compromise with Iran, and added that he and Mr. Larijani would meet again soon.

The United States has long contended that Iran is stalling for time to develop what American officials say is a nuclear weapons capacity. Iran says its nuclear program is only to produce energy for civilian use.

Ms. Rice, speaking to reporters aboard a flight to Halifax, said that "the time is coming very soon when we'll have to vote on a Security Council resolution" about Iran. But, she added, "From our point of view we have nothing to lose, as we work toward this Security Council resolution, having Javier Solana explore with the Iranians whether there's a way to get to negotiations."

In Canada for ceremonies to mark Sept. 11, Ms. Rice thanked the nation for opening its airports to United States-bound flights on that day and honored Canadian victims of the attacks.

Much of the language regarding Iran is nuance. The formal proposal made earlier this summer by the United States and Europe to Iran — to suspend its enrichment activities in exchange for a package of incentives or face sanctions — does not require a permanent suspension.

Indeed, the proposal even includes an offer that one senior Bush administration official characterized at the time as the "when hell freezes over" clause: that Iran, after it has satisfied regulatory bodies that its nuclear ambitions are peaceful, might at some point in the future be allowed to enrich uranium on its own soil. The official spoke on the condition of anonymity because he was not authorized to speak publicly on the issue.

But the Bush administration has long made clear that what it wants is a permanent suspension. While that remains so, the coalition of six countries that made the offer to Iran is fragile, with Russia and China far less agreeable to the idea of sanctions against Iran than the United States and its European allies, Britain, France and Germany.

In order to keep Russia and China on board, Ms. Rice has taken pains to try to present the United States as taking a reasonable position and being willing to work with the Iranians. But the Americans have insisted all along on one non-negotiable demand: that Iran must suspend its enrichment activities.

The apparent shift in the American stance also reflects the hard realities that there are few good options on Iran, even if the Bush administration is able to get Russia and China to sign on to sanctions. Iran defied an Aug. 31 deadline set by the United Nations Security Council to halt production of nuclear fuel.

The United States is trying to get Russia and China, along with the European Union, to impose sanctions through the Security Council, beginning with restrictions on imports of nuclear-related equipment and material. Eventually, punitive measures might expand to restrict travel by Iran's leaders and limit Iran's access to global financial markets.

But few diplomats believe that Russia and China will agree to more than weak sanctions, and Ms. Rice must calculate whether the coalition will remain intact. If it does not, the United States could be left facing the possibility of further conflict in the Middle East at a time when it is still grappling with the Iraq war.

A nonproliferation analyst, speaking anonymously because he has not yet had time to review all the implications, said that part of the apparent new willingness by the United States to consider a temporary suspension might reflect the need to seize on any possible daylight with a country that has been an adversary since its Islamic revolution in 1979.

Rice Leaves Door Open For Dealing With Iran (USAT)

USA Today, September 12, 2006

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Secretary of State Condoleezza Rice did not rule out accepting what may be a new opening from Iran to bargain with the West over its disputed nuclear program, but she predicted Monday that United Nations sanctions would follow "if this does not work out."

Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other world powers over the future and scope of the Islamic republic's nuclear program.

Rice said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by an Iranian deadline. "The question is: Are they prepared to suspend verifiably so that negotiations can begin? … Nobody is going to become accustomed to a nuclear-armed Iran; that's why we're on this course," Rice said.

The United States has led the drive for the U.N. Security Council to impose economic or other sanctions if Iran does not halt its nuclear program. Iran ignored an Aug. 31 deadline to stop enriching uranium.

Uranium enrichment can lead to fuel for nuclear power reactors or for weapons. The United States accuses Iran of secretly trying to build a nuclear weapon. Iran says its program is to produce electricity.

House panel to take up tribunal bill

House Armed Services Committee Chairman Duncan Hunter, R-Calif., has drafted a bill largely along the lines of the Bush administration's plan to create military commissions to prosecute terrorism suspects. The bill he will ask the committee to approve Wednesday includes a provision that would allow judges to bar defendants from access to some evidence. The commission judges would be told they should determine what weight to give to any evidence that is withheld from the defendant.

Hunter's version is at odds with legislation that Senate Armed Services Committee Chairman John Warner, R-Va., and some of his Senate colleagues have drafted. Their bill would ensure that a defendant be allowed access to all evidence.

Hunter's proposal includes other slight deviations from the administration's proposal, including a requirement that no fewer than nine members of a commission be present in a case involving a potential death sentence. The administration's plan would allow five members to deliver a death sentence in certain cases. Hunter's bill also says the administration could convene commissions only in the cases of "alien illegal enemy combatants." The administration's plan would allow a broader range of terrorism cases.

Rice Open To Talks On Nuke Program (WT/AP)

By Anne Gearan

The Washington Times, September 12, 2006

HALIFAX, Nova Scotia -- Secretary of State Condoleezza Rice left the door open yesterday for consideration of a possible a new offer from Iran to bargain with the West over Tehran's disputed nuclear program.

Still, she predicted U.N. sanctions would follow "if this does not work out."

Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other powers over the future and scope of a nuclear program that Iran insists is peaceful. The Bush administration accuses Iran of hiding ambitions to build nuclear weapons.

Miss Rice said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by a deadline.

"As to time limitations, I haven't heard any Iranian offer, so I don't know what to make of that," she said. "But the question is, are they prepared to suspend verifiably so that negotiations can begin?"

"Our clock would be running, too," she told reporters aboard her plane.

Miss Rice was in Canada to thank Canadians for helping thousands of Americans stranded when their international flights were diverted on September 11 five years ago.

The United States has led a drive to ask the U.N. Security Council to impose economic or other sanctions if Iran does not roll back its nuclear program. Iran let pass without action an Aug. 31 deadline to stop uranium enrichment.

Such enrichment can lead either to fuel for nuclear-power reactors or for weapons. International inspectors have been unable to determine whether Iran's program, begun in secret two decades ago, is intended only to produce electricity, as Iran has claimed.

Iran has said it will not give up what it calls its right to the full range of nuclear technology and expertise, and has been wary of even a temporary pause in its development program.

The West, and the United States in particular, says a pause is essential to prevent Tehran from gaining ground toward a weapon if that is its hidden aim. Iran did suspend its uranium activities during two years of negotiations with European nations that fell apart last year without a deal. Tehran claims that, with a suspension, there is no incentive for the West to cut a deal.

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The latest Western offer, with the added inducement of face-to-face talks with the United States, would give trade, aid and political benefits to Iran if it scaled back its program and answered the West's concerns. Iran would still be able to develop civilian nuclear power.

"Nobody is going to become accustomed to a nuclear-armed Iran, that's why we're on this course," Miss Rice said.

She predicted, as other Bush administration figures have, that the Security Council would gradually ratchet up economic or political sanctions. The step-by-step approach is meant to offer Iran a way out as the pressure increases.

"I'm quite certain that you're going to see, if this does not work out, you're going to see sanctions, and that those will be commensurate with Iranian behavior," the top U.S. diplomat said.

The United States has had no diplomatic and few commercial or other ties with Iran since the 1979 storming of the U.S. Embassy in Tehran.

The diplomatic coalition against Iran has appeared ragged at times, but has so far held together. The issue may finally be at a turning point if the Security Council takes up sanctions, a step that two of the council's veto-holding members have publicly said they oppose.

Brief Nuclear Halt May Lead To Talks With Iran (WP)

By Glenn Kessler And Dafna Linzer

The Washington Post, September 12, 2006

Secretary of State Condoleezza Rice signaled yesterday that a temporary suspension of Iran's nuclear programs might be enough to pave the way for the first direct negotiations involving the United States and Iran in more than a quarter-century.

Speaking to reporters as she flew to Halifax, Nova Scotia, Rice said Iran needs to suspend uranium-enrichment activities before talks can begin, but she did not rule out something less than a permanent suspension. In talks over the weekend between Iranian and European officials, the chief Iranian negotiator offered a two-month freeze at the start of the talks.

"The point is, there would have to be a suspension," Rice said when asked about Iran's proposal. "If there is a suspension, we can have discussions, but there has to be a suspension. As far as I know, the Iranians have not yet said that they would suspend prior to negotiations."

Rice said she has not "heard any Iranian offer, so I don't know what to make of that," adding: "But the question is: Are they prepared to suspend, verifiably, so that negotiations can begin? That's the issue."

Rice's comments followed a round of private calls she had in the past day with European counterparts and came after positive meetings between European and Iranian officials. Two days of talks in Vienna between Ali Larijani, Iran's top nuclear negotiator, and Javier Solana of the European Union went well, and both sides said they will meet again Thursday, according to diplomats from both sides who spoke on the condition of anonymity because of the sensitivity of the negotiations.

"First of all, it's suspension, verified suspension -- that's the condition," Rice said. "Secondly, it's suspension for suspension," she said, meaning that if Iran freezes its program, then the United States and its allies would halt a push for U.N. sanctions.

France, Britain and Germany have committed to push for sanctions against Iran if it does not halt its uranium-enrichment program, but the Europeans are also eager to find a route to negotiations. Other members of the European Union have strongly supported talks, rather than punitive measures, noting that Iran's technical progress on its nuclear program has been marginal while its position as a major oil exporter leaves it with significant leverage to batter European economies. Japan, which has billions of dollars' worth of investments in Iran's oil and gas industry, has been reluctant to back sanctions.

But all parties, including Russia and China -- two of Iran's closest economic partners -- have publicly said that Tehran must suspend its nuclear program for talks to begin.

Iran quit negotiations with the Europeans a year ago and restarted its nuclear program. In an effort to coax Iran back to the negotiating table, Rice announced in May that the United States would join the talks if Iran suspended its program again. The United States and its partners offered Iran the prospect of economic incentives if negotiations are successful -- or an escalating series of sanctions if the talks fail.

The Institute for Science and International Security, a nonpartisan think tank in Washington, yesterday posted a copy of Iran's confidential 21-page response to the offer of incentives that was officially conveyed in June.

David Albright, president of ISIS, said the document is tough to grasp and sometimes contradictory, but that there are positive elements, including a willingness to discuss suspension of uranium enrichment, even as Iran rejected the right of the U.N. Security Council to order a halt to enrichment activities. "This is not a hollow offer by the Iranians," he said -- adding, however, that "you just get mad reading this thing."

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Iran, in its response, indicated willingness to comply with a Security Council obligation to freeze the program as long as it is not a precondition for talks. The Vienna meetings are aimed at finding face-saving ways out of the staunch positions all sides have taken while facilitating a path toward negotiations, officials said.

Rice spoke by telephone with Solana and with Mohamed ElBaradei, the head of the International Atomic Energy Agency overseeing a probe of Iran's nuclear program. Agency inspectors, in their fourth year of investigation, have not found proof of a weapons program but have also been unable to verify Iran's assertion that the enrichment program is strictly for energy production.

Rice reiterated yesterday that if the talks do not materialize, the United States will push for sanctions. "Our clock would be running, too," she said. "Nobody is going to become accustomed to a nuclear-armed Iran. That's why we're on this course."

Iran Closes Down 2 Opposition Newspapers (AP)

By Ali Akbar Dareini

AP, September 12, 2006

Iran closed down two opposition newspapers on Monday, one of which had recently poked fun at hard-line President Mahmoud Ahmadinejad and the way his government has handled nuclear talks with the West.

It was a fresh show of determination by Iran's ruling clerical establishment to silence dissent over its handling of nuclear talks with the West and deny reformers a chance to air their views ahead of elections scheduled for Dec. 15.

The rights group Reporters Without Borders voiced concern last week about harassment of Iranian journalists, including prison sentences and interrogations. Ahmadinejad has purged dozens of journalists, university professors and government officials seen as supporting warmer ties with the West.

Iran's most prominent reformist daily, Shargh, or East, ran a cartoon Thursday depicting a horse and donkey facing each other on a chess board. The donkey — a symbol of ignorance in Iranian culture — has his mouth open and light around him, while the horse shows no emotion.

Iranian judiciary officials apparently took the donkey to represent Iran in nuclear negotiations with the West, journalists said.

Ahmadinejad reportedly said he felt there was a light around him, and that world leaders focused unblinkingly on him when he addressed the U.N. General Assembly last year. Ahmadinejad is reportedly planning to address the assembly again later this month.

"We got a call from the Press Supervisory Board saying that we have no right to publish our newspaper as of today," Shargh editor Mohammad Ghouchani told The Associated Press.

Iran's official news agency reported the paper was ordered closed down for "dozens of violations," including the cartoon's publication and "publication of material against the rulings by the Supreme National Security Council." The council handles Iran's nuclear negotiations with the West.

"In recent months, nuclear officials have been warning the press to be careful over what they publish over Iran's nuclear policy and not write anything that contradicts what they do," reformist lawmaker Esmaeil Gerami Moghadam told the AP.

State-run television said Shargh was shut because it failed to appoint a new managing director to "more aggressively supervise material published in the paper."

The current managing director, Mahdi Rahmanian, denounced such a demand.

"Pressure on the press to change their managing director is illegal. The law doesn't allow the board to make such a demand," he said.

The Press Supervisory Board also ordered the political monthly Nameh, or Letter, to be closed down, IRNA reported Monday.

The paper's editor, Majid Tavallaei, said the reason behind the closure was the publication of a poem from dissident female poet Simin Behbahani. The text of the poem was not immediately available.

"Publication of the poem is seen as the main reason for the closure. They have taken that as an insult," Tavallaei said.

Echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued under the republic's late founder, Ayatollah Ruhollah Khomeini.

Upon taking office last year, Ahmadinejad replaced nearly all his country's governors and lower provincial officials, as well as 40 ambassadors. Many of Iran's top government officials are now either former commanders of the elite Revolutionary Guards or former hard-line security officials.

Last week, he urged students to push for a purge of liberal, secular university teachers, and dozens of such instructors have been sent into early retirement during Ahmadinejad's rule.

Ahmadinejad and supreme leader Ayatollah Ali Khamenei both appear on a list of "press freedom predators" compiled by Reporters Without Borders each year.

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Iran saw a wave of newspaper closures in past years amid a confrontation between reformers and hard-liners during the 1997-2005 tenure of reformist President Mohammad Khatami.

The hard-line judiciary shut down more than 100 pro-reform newspapers and jailed dozens of editors and writers on vague charges of insulting authorities.

But Moghadam said the new wave of press crackdown meant no tolerance for criticism ahead of upcoming elections.

"It is a clear message that they don't tolerate any voice of opposition. They also don't want reformers to convey their message through Shargh to the people ahead of the elections," he said.

Iran is preparing to hold elections for the Assembly of Experts, a clerical panel that has the authority to choose or dismiss Iran's top leader, and city council elections. Both are slated for Dec. 15.

Iran Shuts Top Reformist Paper, Citing Cartoon Seen As An Insult (NYT)

By Nazila Fathi

The New York Times, September 12, 2006

TEHRAN, Sept. 11 — Iran's conservative press watchdog shut down four publications on Monday, including a major reformist newspaper.

The reformist daily, called Shargh, or East, was shut down indefinitely because the newspaper had refused to replace its director and because it published a cartoon in a recent edition that was considered insulting to the government, state-run television said, citing a statement from the press monitoring agency.

"Shargh was banned and referred to the court because of its frequent violations and refusing to make amends in the past month, especially an insulting cartoon in a recent edition," the statement said.

The statement said that the press agency had issued 70 warnings to the popular newspaper, which has a circulation of 100,000, and had ordered it to replace its managing director, which it had not done.

The cartoon published Thursday showed two chess pieces, a white knight facing an angry black donkey, a symbol of ignorance in Iran, on a checkered board. Journalists working at the newspaper said the cartoonist had tried to make the black donkey clearer on the checkered board by making the area around it whiter.

The cartoon was believed to be a reference to Iran's negotiations over its nuclear program, The Associated Press said, and an insult to President Mahmoud Ahmadinejad.

He had been reported to have said that he felt in the spotlight with world leaders focusing unblinkingly on him when he addressed the United Nations General Assembly last year.

The political monthly Nameh, or Letter, was also shut down Monday, the news agency ISNA reported, but no reason was announced. The journal was published by religious nationalistic opposition groups.

The press agency also revoked permits for two other journals, Hafez and Khatereh. Hafez was a literary and historical monthly that had published articles about a former monarch of Iran.

"It seems that the government is limiting the freedom at home as the international pressure is increasing on Iran over its nuclear program," said Mohsen Kadivar, a dissident cleric and an Islamic philosopher in Tehran. "Now that the threat of sanctions looms, the government does not want to hear any protest at home."

The government shut down the daily newspaper Iran in May and jailed two of its journalists after it published a cartoon that Iranian ethnic Azeris said had mocked them.

More than a hundred newspapers and journals were shut down in previous years by the conservative judiciary. But the press has come under even stronger pressure since Mr. Ahmadinejad's election a year ago. Last month, a government spokesman, Gholamhossein Elham, was reported to have sent a letter to the public prosecutor calling on him to act against newspapers that publish accusations against the government.

In addition to the crackdown on the press, two political prisoners have died recently.

One prisoner, Valiollah Feyz Mahdavi, hanged himself last Wednesday, the government said. He had been sentenced to death on charges that he had ties to an armed opposition group in exile, the Mujahedeen Khalq. Mr. Mahdavi's death sentence had recently been upheld by a supreme court.

Another political prisoner, Akbar Mohammadi, died in jail on July 30, after a hunger strike protesting prison conditions.

Human Rights Watch warned last week that the health and safety of Iranian political prisoners was in grave danger and called on the government to appoint an independent commission of Iranian lawyers and doctors to investigate the recent deaths.

Iranian Newspaper Ordered Closed After Publishing Cartoon (LAT)

By Babak Pirouz

The Los Angeles Times, September 12, 2006

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TEHRAN — Press authorities on Monday ordered the temporary closure of Shargh, Iran's leading reformist newspaper, just days after the publication printed a cartoon that appeared to lampoon Iranian nuclear negotiations.

In a letter to the paper's managing director, the Press Supervisory Board ordered the shutdown "for publishing articles insulting to religious, political and national figures, and fomenting discord."

The board also cited the publication's failure to comply with an earlier order to replace its managing editor, and about 70 previous warnings for violations of the press law in recent years.

Shargh, published by allies of former President Hashemi Rafsanjani, is the most widely read newspaper critical of the government and is one of the few reformist publications operating as the government increasingly cracks down on dissent.

A second opposition publication, the political monthly Nameh, also has been closed in recent days, reportedly for publishing a poem by dissident female poet Simin Behbahani, the Islamic Republic News Agency reported Monday.

The orders are the latest in what appears to be the beginning of a crackdown against reform-minded publications and journalists under President Mahmoud Ahmadinejad that also has resulted in the arrest of high-profile dissidents and the purging of dozens of liberal, secular professors from the nation's universities.

Journalists over the last two months have been sentenced to prison terms ranging from six months to four years for offenses that included "propaganda against the regime" and "insulting" Iran's supreme religious leader.

"By its recent actions, the government is now trying to control the way the news is produced, distributed and received," said Mashallah Shamsolvaezin, a spokesman for the Iranian Committee for the Defense of Freedom of the Press and editor of a number of reformist newspapers shut down by the judiciary.

The press board said it had warned the publishers of Shargh, which had been shut down for a week in February 2004 over similar charges, to appoint a new managing editor and halt its publication of material "insulting officials, religious and national figures."

The most recent purported violation was the publication Thursday of a cartoon titled "The Other Rule for Playing the Game," which depicted a horse and a donkey on a chessboard. A white halo appears around the donkey, an apparent reference to reports in several reformist papers that Ahmadinejad said he had been told that witnesses to his address at the United Nations last year had seen a halo of light around him. The president denied making the statement.

The board has referred the newspaper's case to the courts for trial. Mehdi Rahmanian, the managing editor, has vowed to appeal the closure.

Recent actions by the government seem to point to new restrictions for the press. In August, the government spokesperson wrote a letter to the judiciary demanding action against those spreading "falsehoods" about the government. Last week, the Ministry of Islamic Culture and Guidance published restrictions barring the use of most reformist websites as sources.

Proxy Terrorism From Iran (LAT)

By Natan Sharansky

The Los Angeles Times, September 12, 2006

IN THE SUMMER of 2000, Russian President Vladimir V. Putin told me a story that I have been unable to get out of my mind. We were meeting in the Kremlin, and I raised the grave danger facing the world from the transfer of missile technology and nuclear material to the Iranians. In Putin's view, however, the real danger came not from an Iranian nuclear-tipped missile or, for that matter, from the lethal arsenal of any nation-state.

"Imagine a sunny and beautiful day in a suburb of Manhattan," he said. "An elderly man is tending to the roses in his small garden with his nephew visiting from Europe. Life seems perfectly normal. The following day, the nephew, carrying a suitcase, takes a train to Manhattan. Inside the suitcase is a nuclear bomb."

The threat, Putin explained to me a year before 9/11, was not from this or that country but from their terrorist proxies — aided and supported quietly by a sovereign state that doesn't want to get its hands dirty — who will perpetrate their attacks without a return address. This scenario became real when Al Qaeda plotted its 9/11 attacks from within Afghanistan and received support from the Taliban government. Then it happened again this summer, when Iran was allowed to wage a proxy war through Hezbollah in southern Lebanon and northern Israel. But this time, the international community's weak response dealt the global war on terror a severe blow.

Five years ago, after 9/11, such a lack of culpability seemed inconceivable. That was when President Bush abandoned the conventional approach to fighting terror by vowing that the United States would henceforth make no distinction between terrorists and regimes that support them. You are either with us or you are with the terrorists.

In the pre-9/11 world, regimes were rarely held responsible for the actions of terror groups. Now the Taliban regime was being held accountable.

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This was critically important for two reasons. First, it recognized that international terrorism relies on the support of sovereign states. It is regimes, after all, that give terror groups territory on which to train, arm and indoctrinate their members, and regimes that provide them critical financial, diplomatic, logistical and intelligence support.

Second, although shadowy terror cells are difficult to eradicate fully and suicidal fanatics impossible to deter, the regimes that support terror groups do have a return address and are rarely suicidal. Thus, holding the Taliban responsible for the actions of Al Qaeda, and elevating the logic for doing so to a central principle in the war on terror, greatly enhanced deterrence. Every single regime was immediately put on notice.

Fast forward five years. Hezbollah launches an unprovoked attack on Israel. It is clear that Hezbollah is a proxy of Iran. It is public knowledge that Hezbollah receives more than $100 million a year from the Iranian regime, as well as sophisticated weapons and training.

Yet Iran has paid no price for its proxy's actions. No military strikes on Iranian targets, no sanctions, no threat whatsoever to Iranian interests. On the contrary, in the wake of the war, there have been renewed calls in the democratic world to "engage" Iran.

Symptomatic of the moral myopia in the West is a farce worthy of Orwell: Former Iranian President Mohammad Khatami, under whom students were tortured after a 1999 crackdown at Tehran University and whose rule was marked by the continued stifling of dissent, spoke Sunday at Harvard's Kennedy School of Government on "Ethics of Tolerance in the Age of Violence."

The Iranian regime's intentions are clear. It calls for "wiping Israel off the map" and tells its followers to "imagine a world without America." It seeks to dominate the Middle East. By failing to hold Iran accountable for its brazen support of Hezbollah, the free world has undermined a central pillar in the war on terror and given the Iranian regime a huge weapon for achieving its ambitions. Now the mullahs know they can attack a democratic country with impunity.

Considering the apocalyptic fanaticism of Iran's leader, it is an open question whether the current regime in Tehran is capable of being deterred through the threat of mutually assured destruction. But given how the world has responded to Hezbollah, the point may be academic. For surely Iran would be better served by using proxies to wage a nuclear war against Israel. And if there is no accountability, why stop with Israel?

The road to a suitcase bomb in Tel Aviv, Paris or New York just got a whole lot shorter.

Starting Another War (NYT)

By Nicholas D. Kristof

The New York Times, September 12, 2006

It is quite possible that President Bush will bomb Iran's nuclear installations over the next couple of years.

Let's hope he looks at how Israel shot itself in the foot in Lebanon this summer and resists the siren calls of neocons who claim that a few air raids would make the Iranian nuclear menace disappear.

The argument Mr. Bush is hearing in favor of an airstrike is pretty simple: Iran is a terrorist regime that has sponsored attacks on Americans and on Jews (as far away as Argentina). The president of Iran is a hard-liner who has used language that, while subject to debate among Farsi speakers, may mean that his aim is to wipe Israel off the map.

A nuclear Iran would also have a devastating ripple effect around the region: Saudi Arabia, Egypt and Turkey might go nuclear as well. And considering how reckless Iran's foreign policy has already been, imagine if it felt emboldened with a nuclear weapon.

Moreover, if Mr. Bush doesn't strike Iran, there's a good chance that Israel will — and the U.S. would still get blamed (partly because the Israeli planes would fly through American-controlled airspace over Iraq).

So if the U.S. is going to get the blame either way, why not do it right, with a combination of American bombers and cruise missiles destroying Iranian nuclear sites in Natanz, Isfahan, Arak and perhaps Bushehr? A successful strike would have to destroy not only buildings but also kill the scientists involved; this is one military strike that would surely occur during working hours.

That's the argument. But Iran's leaders are probably praying for such a strike; it may be the only way that they can stay in power for more than another decade.

I've never been in a country where the government is so unpopular as in Iran, with the possible exception of Burma. The government is so corrupt, tyrannical and incompetent that it will eventually collapse — unless we attack its nuclear sites and trigger a nationalistic surge of support for the regime.

We Americans are still paying the price for our involvement in the 1953 overthrow of the elected Iranian government of Mohammed Mossadegh; if we bomb Iran, we may cement the mullahs in power for another 50 years.

Moreover, the military options are wretched, partly because Iran is probably doing much of its work at sites we can't destroy because we don't know where they are. The Natanz site for now is an empty room. We might kill Russian technicians at

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Bushehr or elsewhere, and Iran might retaliate with terror attacks aimed at us (counterterrorism experts suspect that Iran has sleeper agents in the U.S. whom it could activate).

A military strike would also do nothing more than buy time. Ashton Carter, a former senior Pentagon official who has studied the possibility of a strike and considers it feasible (but unwise at this time), estimates that a one-time strike would delay Iran's nuclear weapon at most three or four years. The U.S. could then go back and hit the sites again, but Iran presumably would hide the locations, so later strikes would be less effective.

Dov Zakheim, who was under secretary of defense in Mr. Bush's first term, recalls that fears of Pakistan's "Islamic bomb" proved exaggerated and notes that Iran doesn't treat its 20,000 Jews as wretchedly as its rhetoric would suggest (Iran continues to be home to more Jews than any Middle Eastern country save Israel). Mr. Zakheim argues that the best way to protect Israel is to give Israel improved missile defense capabilities on the understanding that it not launch a first strike against Iran.

As for alternatives to bombs, the best option is more of the carrot-and-stick diplomacy that the West is already engaging in (including direct Iran-U.S. talks) — and keeping International Atomic Energy Agency inspectors in Iran to uncover the hidden sites. Few experts expect Iran to give up its nuclear program altogether, but it's likely that Iran could be persuaded to adopt a Japanese model: develop its capacity to the point that a bomb could be completed in weeks or months, but without testing or stockpiling weapons.

Granted, expert reassurances are easier to accept if you live in New York than in Tel Aviv, and the consequences of being wrong would be horrific. But however one judges the risks, the one thing we should have learned from Iraq and Lebanon is that military "solutions" can leave us worse off than before.

Abbas Agrees To Share Power With Hamas (AP)

By Diaa Hadid

AP, September 12, 2006

Palestinian President Mahmoud Abbas struck a deal Monday to share power with the militant Islamic Hamas, an accord that could restore international aid and could lead to contacts with Israel.

The breakthrough compromise falls short of international demands that Hamas fully renounce violence, but Israeli officials still voiced cautious support for the accord.

Hamas, which is committed to Israel's destruction, swept to victory in January legislative elections, defeating Fatah, and formed a government by itself. The West and Israel reacted by cutting off hundreds of millions of dollars in aid, accusing Hamas of being a terrorist group.

Initially, Palestinians held the West and Israel to blame for their misfortune, but in recent weeks, they have directed that criticism at the government. Tens of thousands of civil servants launched a strike this month to protest the government's failure to pay them. A two-month Israeli offensive in the Gaza Strip — begun after Hamas-linked militants infiltrated Israel and captured a soldier — has added to the Palestinians' misery.

After months of on-and-off talks, Abbas, the moderate Fatah leader, and Prime Minister Ismail Haniyeh of Hamas announced the accord Monday.

"The continuous efforts to form a national unity government have ended successfully with the announcement of a political program for this government," Abbas told Palestinian television. "Efforts in the next few days will continue to complete the formation of the national unity government."

Abbas aide Nabil Abu Rdeneh said the president would dissolve the Hamas-led government within 48 hours to clear the way for the formation of a coalition.

Haniyeh, who said earlier that he would retain his post in the new government, confirmed the two parties planned to rule together.

"I bring good news to the Palestinian people, and I feel proud and content that at this important moment we establish a national coalition government," Haniyeh said.

Both Fatah and Hamas officials said their deal was based on a proposal — formulated last spring by prominent prisoners held by Israel — that many have interpreted to imply recognition of Israel.

That proposal calls for a Palestinian state alongside Israel — effectively abandoning the Hamas goal of destroying the Jewish state — and accepts U.N. resolutions that call for compromise with Israel. Hamas also would allow Abbas to handle all dealings with Israel.

In addition, it also endorses a wider Arab plan seeking a comprehensive peace agreement with Israel. Arab allies of the U.S. are expected to present the plan to the U.N. Security Council this month.

Israel has been cool to the Arab plan, since it would require a withdrawal from all territories captured in the 1967 Mideast War, including east Jerusalem. Israel wants to adjust the borders to include some main Jewish settlements.

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Foreign Minister Tzipi Livni said Israel would maintain its tough line with Hamas. "It doesn't matter what Palestinian government there may be, it must fulfill the three conditions" set by the international community, she said in Jerusalem. She was referring to the demands that Hamas renounce violence, recognize Israel's right to exist and accept previous peace agreements.

She also said budding ties with Abbas could be in danger if Hamas does not comply. "Abu Mazen and Fatah cannot join a government that does not fulfill the conditions," she said, referring to Abbas. "If he does, I feel we will have a problem."

Prodded by visiting British Prime Minister Tony Blair, Abbas and Israeli Prime Minister Ehud Olmert both said they were prepared to hold their first working meeting.

In Beirut, Lebanon, a spokesman for Blair said the British leader regarded the Palestinian leaders' announcement as "potentially, a hugely significant statement."

Monday's agreement indicated that Hamas has finally buckled under the crushing international sanctions, imposed six months ago to pressure it to moderate. Without the vital international aid, the government was unable to pay salaries to its tens of thousands of civil servants. The government is the largest employer in the Palestinian areas, and the economic crisis caused widespread hardship.

"When we came to power, we wanted to achieve our Islamic program — to reduce people's suffering, to eliminate corruption, anarchy and lack of security, and of course, to find a resolution for the Palestinian issue," said Mushir al-Masri, a Hamas lawmaker. "Because of the embargo we faced, and its result on the Palestinian street, we couldn't achieve all of that."

A smaller Islamic militant group, Islamic Jihad, said it would not join the government, but spokesman Khader Habib said if a cease-fire with Israel is declared, "we will not sing out of tune."

Palestinian officials have been looking to Europe to lead the way in lifting the sanctions. European leaders have recently welcomed the Palestinian efforts to form a unity government.

Mouin Rabbani, an analyst with the International Crisis Group in Jordan, said Monday's agreement was a "positive signal" but by no means meets the requirements of the U.S. and the European Union.

While European countries have signaled they will reassess their policies toward a Palestinian national unity government, the signals are "far short of a formal policy commitment, and will be put to the test," he said.

Abbas And Hamas Agree To Coalition Government (LAT)

By Ken Ellingwood

The Los Angeles Times, September 12, 2006

JERUSALEM — Palestinian Authority President Mahmoud Abbas said today that his Fatah movement would join Hamas in a coalition government, a bid to quell factional clashes and persuade the West to halt an aid cutoff that has left the treasury broke.

The pact may help bring a measure of calm to the Gaza Strip and West Bank, easing protests by long-unpaid public workers and strife between the two parties' gunmen. However, it remained unclear whether a government reshuffle would go far enough to restart the flow of hundreds of millions of dollars in aid from foreign donors, including the United States.

Abbas announced the agreement after talks in Gaza City on Sunday with leaders of Hamas, the radical Islamist group that gained control of the Palestinian government after winning parliamentary elections in January. The U.S. and European Union cut off direct aid soon after because they classify Hamas as a terrorist group.

"The continued efforts to form a national unity government ended successfully by determining its political program," Abbas said in a statement posted by the official Wafa news agency.

Palestinian officials said Abbas would dissolve the Hamas government in the coming days and that a new governing coalition would be named, most likely under Hamas leadership but including other factions. Ghazi Hamad, a spokesman with Hamas, said the parties still needed to work out the makeup of the government.

"I am happy to bring our people the good news that we took into consideration the Palestinian people's supreme interests and the preservation of their rights," said Prime Minister Ismail Haniyeh of Hamas, who is expected to lead the new government.

Details of the agreement were not released. A key unanswered question was whether the proposed government would satisfy the three conditions laid out by the so-called quartet of Middle East intermediaries — the U.S., the EU, Russia and United Nations — in order to resume the flow of aid. Those conditions are: recognizing Israel, halting violence and agreeing to honor past Israeli-Palestinians agreements.

Analysts said a government shake-up might be enough to get at least partial renewal of aid, such as from European donors.

Hamas, whose charter calls for Israel's destruction, has steadfastly refused to recognize Israel explicitly and maintains that Palestinians have the right to resist the Israeli occupation with violence, if necessary. Hamas leaders had previously said they would honor past agreements only as long as they benefited the Palestinian people.

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U.S. officials in Jerusalem said they were awaiting details on today's deal.

Israel officials reacted cautiously, saying they wanted to see whether the proposed unity government would expressly accept the three international conditions and win the release of Cpl. Gilad Shalit, an Israeli soldier taken captive by Gaza-based militants June 25. Since Hamas took power, Israel has withheld about $50 million a month in tax and customs revenues that it collects on behalf of the Palestinians under a long-standing economic agreement.

"If a future Palestinian government were to accept the three benchmarks and they were to bring about the immediate release of Gilad Shalit, that would create new momentum, re-energize the peace process and put the Israeli-Palestinian dialogue back on track," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "Anything short of that would, unfortunately, be a recipe for stagnation."

Ziad abu Amr, an independent Palestinian lawmaker who mediated the negotiations between Fatah and Hamas, said Hamas had agreed to accept past Arab peacemaking initiatives and U.N. resolutions on the conflict. By accepting these, the group could be seen as having recognized Israel implicitly.

Hamas spokesman Sami abu Zuhri said that Hamas had not changed its positions. "We have said that we will not recognize the legitimacy of the occupation," he said in Gaza.

But it is still possible that the unity government could recognize Israel. Abu Amr, in a telephone interview from Gaza, said it is significant that the agreement was acceptable to Abbas, who favors negotiations with Israel and has repeatedly urged Palestinian militants in Gaza to stop firing rockets across the border into Israeli towns.

"It meets with the satisfaction of the president, who is fully aware of what the world wants," he said.

Abu Amr said Abbas made it clear that the new government could not succeed unless militants halted the rocket attacks and release Shalit, who was taken into Gaza after his capture. Hamas fighters claimed partial responsibility for the raid.

Since late June, Israel has carried out on-again, off-again military operations in Gaza that have left more than 200 Palestinians dead and led to the arrest of more than two dozen Hamas legislators and Cabinet members in the West Bank .

The coalition pact announced today stemmed from a "reconciliation agreement" hammered out by the parties in June that accepted a unity government in principle but was vague in its wording about Israel.

Abbas, whose Fatah Party accepts Israel and a two-state solution to the Middle East conflict, has sought to persuade Hamas to moderate its positions. While Abbas is president, Hamas holds a parliamentary majority and thus controls the government.

Hamas' tenure has been marked by factional violence, grave economic shortages due to the aid cuts and the collapse of many government services. Teachers and public employees have been on strike for more than a week to protest the government's failure to pay them regularly since February.

Hamas and Fatah gunmen, often members of the security forces, have clashed at times, contributing to a lawless climate, especially in the Gaza Strip.

Abbas too must shake things up if he has any hope of breaking the impasse and moving forward to try to negotiate a peace deal with Israel, said Ali Jarbawi, a Palestinian political analyst.

"He is willing to do what is necessary to break this deadlock," Jarbawi said. "If the only way is a national unity government and everyone gets a piece of the cake, fine." ken.ellingwood@latimes.com

Fatah, Hamas Move Toward Unity (WT)

By Joshua Mitnick

The Washington Times, September 12, 2006

TEL AVIV -- Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh announced an agreement in principle yesterday on the formation of a unity government comprising ministers from their rival Fatah and Hamas parties.

The final agreement is expected to include an implicit recognition of Israel by Hamas, but it was not clear whether it would go far enough to end an international aid boycott that has paralyzed the Palestinian government and left its workers unpaid for months.

The United States and European Union have insisted that aid cannot resume until the Palestinian government recognizes Israel, renounces terrorism and agrees to honor previous treaties with the Jewish state.

Mr. Abbas and Mr. Haniyeh announced their agreement following weekend talks in Gaza City, Gaza Strip. A spokesman for Mr. Abbas said he hoped to conclude all the details within 48 hours.

Mr. Abbas hopes to persuade Hamas to sign on to a three-year-old Saudi peace formula calling for a full Israeli withdrawal from territories occupied since 1967 in return for full peace, and to recognize the Palestine Liberation Organization's role as the body responsible for negotiating international agreements.

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"An agreement in principle was reached," said Saeb Erekat, a peace negotiator and aide to Mr. Abbas, "but there are many details to be ironed out, like composition of the government and the program of the government."

There was some doubt that all the questions could be resolved within the 48-hour time frame. Indeed, Palestinian officials in late June announced the creation of a unity government that never materialized.

Since then, Hamas has come under intense pressure to strike a power-sharing deal with Fatah that would restore billions of dollars of annual aid that pays the salaries of some 140,000 employees.

The Palestinian Authority has been shut down for a week by striking civil servants who are protesting the government's failure to pay salaries for the past six months.

While there was no direct U.S. endorsement of the accord between Palestinian factions, the State Department said yesterday that any Palestinian government must renounce violence and accept Israel's right to exist to join now-dormant Mideast peacemaking efforts and qualify for a resumption of full Western aid.

State Department spokesman Gonzalo Gallegos said the Palestinian government must accept the "three principles of peace" -- disavowal of terror and violence, recognition of Israel and acceptance of previous agreements between the two sides, including a peacemaking process, the Associated Press reported.

The top editor of Hamas' weekly newspaper in the West Bank confirmed Israeli newspaper reports that the Islamic militants had agreed to support the Saudi peace initiative, but no confirmation was offered by Hamas officials yesterday.

"If we are united, then we can present ourselves as a strong group to the international community and the world," said Yazeed Khader, the editor of the Hamas weekly.

Israeli press reports said that Mr. Haniyeh was expected to remain prime minister in the new government.

Hamas' surprise victory in a January parliamentary vote gave it a majority of the Palestinian legislators and exclusive control over the Palestinian Cabinet.

Since then, the Islamic militants have refused to budge from their rejection of peace talks and refusal to recognize Israel.

During coalition talks with Hamas, Mr. Abbas has pushed for a political program based on a joint declaration issued by imprisoned Palestinian militants from both Fatah and Hamas.

Known as the "prisoners document," the declaration affirms the role of the plo -- headed by mr. Abbas -- as the political body responsible for negotiating international peace treaties aimed at establishing a palestinian state. Many consider ratification of the document an implicit recognition of israel.

Nevertheless, Israeli officials said that they would insist that any new government meet the conditions of the international community on the peace process and free an Israeli soldier being held in Gaza since June.

Such a development "would put Palestinian-Israeli talks on track," said Foreign Ministry spokesman Mark Regev. "Short of that would be a recipe for further stagnation, which is neither an Israeli nor a Palestinian interest."

Palestinian Reports Unity Deal With Hamas (NYT)

By Steven Erlanger, Greg Myre

The New York Times, September 12, 2006

GAZA, Sept. 11 — The Palestinian Authority president, Mahmoud Abbas, said Monday that he had reached a tentative agreement with Hamas to form a national unity government in an attempt to end the Palestinians' international isolation and the cutoff in Western assistance to their government.

In a speech on Palestinian television, Mr. Abbas said it would take several days to finish the deal, and provided no details of how his Fatah faction and the militant group Hamas, which leads the government, had resolved their considerable differences.

"We have finalized the elements of the political agenda of the national unity government," Mr. Abbas said in his speech. "Hopefully, in the coming days we will begin forming the government of national unity."

Details of the political agreement were believed to be limited to the unity government, rather than committing the Hamas movement more broadly to its terms. A national unity government will also have representatives of other Palestinian factions like Islamic Jihad and the Popular Front for the Liberation of Palestine, said Ghazi Hamad, the spokesman for the Hamas government.

"We're trying to make a balance between the requirements of the international community and Palestinian factions," Mr. Hamad said. "For everyone to sit at the same table won't be easy, but we need to do this. We hope it will break the international siege and minimize the tensions on the street."

Mr. Abbas's intention in pressing to form this new government is to regain the funds that have been cut off to Hamas, by the West and by Israel, since it took office in late March.

Aides to Mr. Abbas said he hoped to be able to disband the current Hamas government within 48 hours, but that the two factions still disagreed over important portfolios. They are agreed that the current prime minister, Ismail Haniya of Hamas, will

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keep his job, and that Fatah will control the Finance Ministry. Fatah also wants the foreign minister's post, but Hamas wants Mahmoud Zahar, a Hamas leader, to keep it. Hamas also wants to keep the Interior Ministry.

Officials said the new government would accept all previous Israeli-Palestinian agreements, an implicit recognition of a two-state solution. It would call for the negotiation of an independent Palestine outside of Israel's 1967 borders, including Gaza, the West Bank and East Jerusalem, on the basis of an Arab League initiative.

The document is expected to recognize the Palestine Liberation Organization, which has signed all agreements with Israel, as the negotiating representative of the Palestinian people, and to acknowledge the right of Mr. Abbas to negotiate for the Palestinians.

After Hamas formed the government, which Fatah initially refused to join, the United States and the European Union took steps to halt aid to the Palestinian Authority that constitutes part of the authority's budget, and Israel stopped handing over the $50 million a month in taxes and customs receipts collected on behalf of the Palestinians, a major reason for the Palestinian deficit.

All said that the government of Hamas, which they have considered a terrorist group, must first recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian agreements.

Since Hamas gained control of the government in March, the 165,000 employees of the Palestinian Authority have received less than two months of their salaries, causing considerable hardship and a collapse of the economy, especially in Gaza. Crossings into Israel from Gaza have been regularly closed, which Israel said was a result of security threats.

It is not known whether the unpublished program of the unfinished new government will be enough for Israel to hand over funds that now total more than $350 million. The European Union has already suggested, though not explicitly, that it will resume contacts and aid to a unity government, and the United States, which does not give direct budget support, has been wary, but its view will be important in the Israeli decision.

Ziad Abu Amr, a lawmaker and mediator in the negotiations, said that if a new government did not permit the resumption of funds transfers and aid, "there's not much point to the whole exercise."

The Israeli Foreign Ministry spokesman, Mark Regev, said that if a new Palestinian government accepted the three international conditions "and releases Gilad Shalit," a captured Israeli soldier, "that would create a new momentum in the peace process and put us firmly on the right track."

But he added, "Anything short of that would unfortunately lead to more stagnation that is not good for Israel, not good for the Palestinians and not good for anyone who wants peace in the Middle East."

The Israeli foreign minister, Tzipi Livni, told Israel radio that if the new government did not meet international conditions, and if Mr. Abbas "decides not to take a step in this direction, but rather join something which actually means he is joining a Hamas-led government of terror, then I'm afraid we are going to have a problem."

Hamas has moved a long distance, said Mr. Hamad, the Hamas government spokesman, adding, "No one should push them into a corner."

Hamas recognizes the fact of Israel but refuses to recognize its right to exist, a position repeated Monday by a Hamas spokesman, Sami Abu Zuhri, when he said: "Hamas will still have its political agenda. We will never recognize the legitimacy of the occupation." That term lets Hamas be vague at different moments about whether it means the occupation of land captured during the 1967 war, or, as its charter insists, Israel's very existence in the region.

But Mr. Hamad points out that the charter of Israel's conservative Likud Party calls for an Israel on both banks of the Jordan River, even as Likud governments have recognized the Oslo peace agreements of more than a decade ago and a two-state solution.

Since Fatah and Hamas agreed in principle on a national unity government in June, Mr. Abbas has made several statements indicating that a deal was close. He put major questions to Mr. Haniya 10 days ago, and reportedly threatened to dismiss the current government if it did not agree to work with Fatah to end the international aid freeze for the benefit of Palestinians in general.

Fatah says it is prepared to negotiate with Israel, and seeks a Palestinian state based on Israel's 1967 borders, which would include all of the West Bank and the Gaza Strip, with a capital in East Jerusalem. Hamas says that all the land in the region belongs to Muslims, but has said it would consider a long-term truce with Israel if a Palestinian state were established based on the 1967 borders.

Broke and isolated, largely because of Israeli and American policy, the Hamas government has been ineffective since coming to power in March. Many Palestinian teachers went on strike at the beginning of the school year in early September. On Monday, Mr. Abbas called for the strike to end.

"We call for a return to work and the end of the strike because all the sons of the Palestinian people should unite in the national interest," he said.

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Abbas Announces Deal With Hamas (WP)

By Scott Wilson

The Washington Post, September 12, 2006

JERUSALEM, Sept. 11 -- Palestinian leader Mahmoud Abbas announced Monday that the governing Hamas movement and his rival Fatah party have agreed on the principles of a power-sharing government and may soon form a new cabinet to lead the beleaguered Palestinian Authority.

Under the plan, Abbas, the authority's president, is to dissolve the current Hamas-led cabinet within 48 hours. Abbas would then nominate the current Hamas prime minister, Ismail Haniyeh, Hamas officials said, to assemble a coalition cabinet that would include members of his party, Fatah, other factions, and so-called technocrats unaligned with the leading movements.

Details of the agreement mark the first time Hamas has tacitly endorsed a two-state solution to the Israeli-Palestinian conflict, if not explicitly the Jewish state's right to exist. Hamas and Fatah announced a tentative agreement several months ago, but it was never officially signed because of the tumult of an Israeli offensive in the Gaza Strip following the June 25 capture of Israeli Cpl. Gilad Shalit by gunmen from Hamas's military wing.

"The continuous efforts to form a national unity government have ended successfully," Abbas said on Palestinian state television Monday. "Efforts in the next few days will continue to complete the formation of the national unity government."

The deal follows contentious negotiations over a unified political program that would satisfy the rival Palestinian movements, as well as bring about an end to international sanctions against the Palestinian Authority. International donors froze aid after Hamas defeated the secular Fatah movement in elections eight months ago. Israel has withheld hundreds of millions of dollars in tax revenue that it collects on the Palestinian state's behalf.

The United States, the European Union and Israel all designate Hamas, an Islamic political movement with a potent armed wing at war with the Jewish state, as a terrorist organization.

The sanctions have left the Hamas-led government unable to pay salaries to an estimated 165,000 public employees, most of whom are on strike. In a rare show of unity, Abbas and Haniyeh both called Monday for all government employees to end the strike, spearheaded by young Fatah activists to give Abbas leverage in talks with Hamas.

The United States, the E.U., Russia and the United Nations -- a group of Middle East peace interlocutors known as the quartet -- have demanded three concessions from Hamas in return for resumption of aid that accounts for nearly half the Palestinian government's budget: Hamas must renounce violence, accept previously signed agreements, and recognize Israel's right to exist.

It was unclear whether they would accept the Palestinian agreement as meeting those conditions.

Palestinian officials said the deal does not require Hamas to explicitly recognize Israel or renounce violence. Instead, Hamas would accept previously signed agreements with Israel and the principles of a 2002 Arab peace initiative that calls for a Palestinian state in the West Bank, Gaza and East Jerusalem, territory Israel occupied in the 1967 Middle East war.

Hamas's charter calls for the creation of an Islamic state across territory that now includes Israel. Party officials deny that the agreement amounts to a recognition of Israel. "Our program has not changed," Sami Abu Zouhri, a Hamas spokesman, said on al-Jazeera television.

Mark Regev, spokesman for the Israeli Foreign Ministry, said that "things are still fluid" concerning the terms of the political program. But he said that "it's clear that if the incoming government, assuming there is one, accepts the three benchmarks . . . as well as the release of Gilad Shalit, it could give new momentum to the peace process and put the Israeli-Palestinian dialogue back on track."

"Anything short of those benchmarks would be a recipe for stagnation," Regev said.

Micaela Schweitzer-Bluhm, spokeswoman for the U.S. Consulate here, which manages diplomacy with the Palestinians, said the political developments would be reviewed before any decision on aid is reached. But, she added, "if it's still falling short of the quartet's principles, then it's still falling short."

Blair Gets Rough Ride In Beirut (FT)

By Christopher Adams, Andrew England

Financial Times, September 12, 2006

Several thousand angry chanting protesters gathered in central Beirut on Monday, leaving Tony Blair in little doubt about the hostility many Lebanese felt towards his fleeting visit to their country.

“Blair you are a partner in the killing of children,” said one poster. “We demand the conviction of Blair a war criminal in Lebanon and Iraq,” said another.

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While hostile and vocal, the reaction reflects the country's experience of 34 days of Israeli bombardment that some argue Britain's prime minister bears a degree of responsibility for.

Many Lebanese accuse Mr Blair of supporting Israel in its war with Hizbollah, the Shia militant group, and he was widely criticised for refusing to call for an immediate ceasefire to the conflict. Some also deride him as a crony of George W. Bush, the US president.

"Blair, Bush, (Israeli Prime Minister Ehud) Olmert, three corns of one devil," one placard declared.

More than 1,000 Lebanese, mainly civilians, were killed in the war, and Israeli bombs destroyed thousand of homes, as well as roads, businesses and bridges.

"We respect the English people, but we are against Blair and the policy of the government," said Youssef Nour, a Hizbollah supporter at the demonstration where organisers used loud speakers to praise Sayyed Hassan Nasrallah, Hizbollah's leader, and denounce Mr Blair.

"We say Blair is not welcome in this land, a land of dignity, a land of honour and resistance," Mr Nour added.

Shia politicians made their own protests.

Hizbollah's two ministers in the government, as well as two cabinet members from Amal, another Shia group, refused to attend a meeting of ministers with Mr Blair.

The prime minister was also scheduled to meet Nabih Berri, the influential Shia parliamentary speaker who acted as a mediator with Hizbollah. But Mr Berri, the leader of Amal, was abroad on a business trip in what was seen by some as another snub to the British leader.

"Hizbollah's position is that he is like Bush and (Condoleezza) Rice who killed the children, who refused the ceasefire and that means they share in the Israeli massacre. He should not have come," said Hussein Rahal, a Hizbollah spokesman.

Hundreds of soldiers, some in riot gear, deployed to keep the protesters away from Mr Blair's entourage, closing much of downtown Beirut to traffic.

But even in the relative tranquillity of the office of Fouad Siniora, Lebanon's prime minister, Mr Blair could not escape heckling.

As he and Mr Siniora were addressing journalists, an Irish woman, who said she was working as a volunteer in Lebanon, unfurled a banner reading "Boycott Israeli apartheid," and shouted: "It's an insult to the memories of thousands of Palestinians and Iraqis."

"Shame on you," she repeated as security men dragged her away.

"I've got used to demonstrations in my own country and demonstrations elsewhere as well," Mr Blair said.

Mr Siniora used the incident to play up Lebanon's fledgling democracy.

"We are proud of our democracy and the democratic measures used by some of our people today," he said.

But the fact that senior Shia politicians, particularly Mr Berri, did not meet Mr Blair could expose Mr Siniora to criticism from Lebanese groups who were against the UK prime minister's visit.

During the war, Lebanese parties projected a sense of unity, but the predominantly Christian and Sunni parliamentary majority that backs Mr Siniora has been under pressure since the August 14 ceasefire. Hizbollah, emboldened by its perceived success in the conflict, has been calling for a change of government, and it initially reacted much faster than Mr Siniora's administration to provide funds for those whose homes were destroyed.

However, Lebanese officials said the trip was important not only for Lebanon but also for efforts to find a solution to the broader Arab-Israeli conflict.

"It's important to have our requests heard, it's important (for leaders) to shuttle between Israel and Lebanon and other players in the region," said Misbah el-Ahdab, a Sunni parliamentarian in the majority bloc.

Protesters In Lebanon Drown Out Blair's Offers Of Aid And Support (NYT)

By Craig S. Smith

The New York Times, September 12, 2006

BEIRUT, Lebanon, Sept. 11 — Prime Minister Tony Blair of Britain dodged raucous demonstrators and endured a series of diplomatic snubs on his first official visit to this country, offering help for the Lebanese Army and vowing to renew efforts to bring peace to the Middle East.

His message was largely lost on a population angry at his failure to demand an earlier end to the fighting, which had killed nearly 1,200 Lebanese, an overwhelming majority of them civilians.

Hundreds of people gathered to protest near Martyrs Square on the edge of downtown Beirut, which for Mr. Blair's visit was cordoned off with barbed wire and guarded by hundreds of Lebanese troops with tanks. "Blair, bow your head before the children you have murdered," read one of the placards in the crowd.

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Several ministers refused to meet him, including the pro-Syrian speaker of Parliament, Nabih Berri. The front pages of most of the country's newspapers said he was not welcome.

But Mr. Blair defended his policies in the 34-day war.

"I could have gone out there and called for it all to stop, but it wasn't going to stop until there was a U.N. resolution that had a framework within which it could stop, in which the real problems could be dealt with," he told reporters, with the embattled Lebanese prime minister, Fouad Siniora, standing beside him.

Mr. Blair said Britain would send more than $75 million in aid to Lebanon this year and was ready to provide "training, equipment, any help we can give" to Lebanese security forces that were filling the void left by Hezbollah and departing Israeli troops in southern Lebanon. He said he would use his remaining months as prime minister to work for peace in the Middle East.

Mr. Siniora then urged Mr. Blair to push the Security Council to carry out an Arab plan offering Israel peace if it withdrew from Arab land occupied since 1967. "Only by addressing the underlying causes can we guarantee peace and security for the Middle East," Mr. Siniora said.

On Sunday, Mr. Blair said Europe and the United States should work with a Palestinian coalition government, including both the Fatah and Hamas factions, if that government distanced itself from the anti-Israeli policies of Hamas that have isolated the current Hamas-led government.

The president of the Palestinian Authority, Mahmoud Abbas, said Monday that a coalition government could be formed within days.

Separately, President Jacques Chirac of France said Monday in Helsinki that China could send up to 1,000 peacekeepers to bolster the United Nations force meant to maintain the nearly month-old cease-fire.

In Russia, President Vladimir V. Putin ordered the deployment of Russian military engineers and other military personnel to help with the reconstruction of Lebanon. In a meeting with government ministers, he said his administration would submit a request to the upper house of Parliament, the Federation Council, which approves the deployment of Russian forces abroad.

The defense minister, Sergei B. Ivanov, said a battalion of combat engineers could be ready to leave by the end of the month. He said the soldiers would not be part of the United Nations peacekeeping force.

An engineering battalion typically has about 400 soldiers, but a Ministry of Defense spokesman said he could not say how many would be deployed.

Cameron Hits Out At US Foreign Policy (FT)

By Miranda Green

Financial Times, September 12, 2006

David Cameron, leader of Britain's opposition Conservative party, on launched an outspoken attack on the failures of American foreign policy, calling for a "rebalancing" of the close relationship between the US and the UK.

"We should be solid but not slavish in our friendship with America," he said on Monday, during a speech in London on the fifth anniversary of the September 11 terrorist attacks in New York and Washington.

Mr Cameron, the youthful new leader of a party that has close ties to the Republicans, used his first big speech on international relations to differentiate his stance from that of Tony Blair, the prime minister.

Mr Blair's staunch support for the US-led war on terror has compromised his standing with British voters and MPs in his ruling Labour party. The Iraq war and Mr Blair's apparent willingness to take the lead from President George W. Bush have also proved increasingly unpopular, while the prime minister's refusal to condemn Israel's attacks on Lebanon was also widely criticised.

"We will serve neither our own, nor America's, nor the world's, interests if we are seen as America's unconditional associate in every endeavour," Mr Cameron said, calling for a new approach to promoting the shared values of Britain and America abroad – human dignity, personal freedom and national self-determin-ation. "A moral mission requires moral methods. Without them we are merely warmakers," he added.

The Tory leader argued that the military and diplomatic partnership between the allies since the attacks, and the military actions in Iraq and Afghanistan, which he and his party supported, had been part of a foreign policy approach that lacked humility and patience.

"I and my party are instinctive friends of America and passionate supporters of the Atlantic alliance," he said, warning against the "intellectual and moral surrender" of anti-Americanism. But he added that being an uncritical ally was dangerous for Britain: "I fear that if we continue at present we may combine the maximum of exposure with the minimum of real influence over decisions."

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Risking a rift with the Republicans and his own traditionalists, he attacked the "unrealistic and simplistic" neoconservative philosophy of Mr Bush's closest colleagues and advisers, calling it "a view which sees only light and darkness in the world – and which believes that one can be turned to the other as quickly as flicking a switch".

In a rare public statement issued on Monday, Baroness Thatcher, the former Conservative prime minister, said the attack on America was "an attack on all of us". She added: "With America, Britain stands in the front line against Islamist fanatics who hate our beliefs, our liberties and our citizens.''

Mr Cameron's predecessor as Conservative leader, Michael Howard, was kept at arms length by the Bush administration after failing to give unquestioning support to its policies.

But Mr Cameron is building bridges with other Republicans and has invited Senator John McCain to address his party's conference next month.

Tory Denounces Blair's 'Slavish' Tie To U.S. (NYT)

By Alan Cowell

The New York Times, September 12, 2006

LONDON, Sept. 11 — In his first major foreign policy address, David Cameron, the leader of Britain's opposition Conservatives, sought Monday to distance his party from what he called a "slavish" bond established between Britain and the United States by Prime Minister Tony Blair.

At the same time, though, he asked his audience of several hundred bankers and policy experts in London's financial district to bow their heads in silence during his speech at the moment when the first hijacked plane slammed into the World Trade Center on Sept. 11, 2001.

Mr. Cameron is the main opposition contender likely to challenge whoever takes over the governing Labor Party from Mr. Blair, who has promised to quit within a year. His remarks seemed intended to sharply demarcate his foreign policy from that of Mr. Blair, for whom the war in Iraq and his ties with President Bush have proved politically ruinous.

His remarks — by a Conservative accusing a Labor leader of being too far to the right — showed just how far the British political spectrum has shifted since the end of the cold war and, particularly, since Mr. Blair's rise to power in 1997.

The speech was also intended to draw a line under previous Conservative policy. Mr. Cameron himself supported the Iraq invasion in 2003, but a senior Conservative, who spoke on the condition of anonymity under party rules, said: "We don't want to have an endless fight about what happened three or four years ago. This is about the next 10 years."

Mr. Cameron, 39, a former public relations executive who took over the Conservative leadership last December, assailed what he described as American neoconservatism and Mr. Blair's close alliance with the White House, which has encouraged British critics to label their prime minister America's "poodle."

But, he said, "I and my party are instinctive friends of America and passionate supporters of the Atlantic Alliance."

Mr. Cameron said there had been mixed success by Britain and the United States in curbing terrorism since the Sept. 11 attacks. A terrorist attack on the same scale had been averted, he said, but "across the globe, terrorists are being recruited in increasing numbers and are active in many more areas than before Sept. 11." Anti-Americanism had taken hold, he said, "not just in countries affected by war and instability, but here in the West, here in Britain."

He urged development of "a foreign policy that goes beyond neo-conservatism, retaining its strengths but learning from its failures."

"We will serve neither our own, nor America's, nor the world's interests, if we are seen as America's unconditional associate in every endeavor," he said. "Our duty is to our own citizens, and to our own conception of what is right for the world. We should be solid but not slavish in our friendship with America."

The gibe was clearly aimed at Mr. Blair, who faced hostile protesters in Lebanon on Monday because of his support for the American and Israeli positions during the Lebanon war.

Senior Conservatives acknowledged that Mr. Cameron seemed to be positioning himself for a post-Bush White House. "He's unlikely to be prime minister when George Bush is president," the Conservative official said. Britain's next general election is due some time before 2010, probably long after the 2008 American presidential vote.

Before his speech, Mr. Cameron met with Robert H. Tuttle, the American ambassador, and asked him to "take the speech as a whole and not bits and pieces of it," said David T. Johnson, the deputy chief of mission, the No. 2 diplomat at the American Embassy. "Some of the things we disagree with," Mr. Johnson said in an interview, singling out a reference in the text of the speech to "illiberalism," referring to repressive behavior at the American detention center at Guantánamo Bay, Cuba.

But, he said, "I take him at his word that he did not intend it to be anything other than pro-American."

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Much of the speech seemed intended for a British rather than an American audience, Mr. Johnson said. For instance, in the address, Mr. Cameron said that Mr. Blair had “lost the art” familiar to British leaders going back to Winston Churchill of effectively playing what he called the junior partner in the so-called “special relationship” with Washington.

“I fear that if we continue as at present we may combine the maximum of exposure with the minimum of real influence over decisions,” Mr. Cameron said.

He assailed Mr. Blair’s and Mr. Bush’s view of the effort to prevent terrorism, saying he was “skeptical of grand schemes to remake the world” and asserting that Western policy had lacked “humility and patience.”

He also attacked the notion that counterterrorism was “a single struggle between single protagonists.’’

“The danger is that by positing a single source of terrorism — a global jihad — and opposing it with a single global response — American-backed force — we will simply fulfill our own prophecy.”

George Osborne, a senior Conservative official, said in an interview: “He talks about the future. Most of the speech is about the future and how we get beyond neo-conservatism.”

Briton Urges Frankness Toward U.S. (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, September 12, 2006

LONDON, Sept. 11 -- Conservative Party leader David Cameron said Monday that Britain should be a frank "junior partner" to the United States instead of the "uncritical ally" he said it has become since the Sept. 11, 2001, terror attacks.

"We should be solid but not slavish in our friendship with America," Cameron, 39, said in a major foreign policy speech that distanced him from Prime Minister Tony Blair, who has been criticized as unfailingly supportive of President Bush, especially on the Iraq war.

"We have for more than half a century acted as a junior partner to the United States," Cameron told a group of U.S. and British business and political leaders. He called Winston Churchill junior partner to Franklin Roosevelt during World War II, as was Margaret Thatcher to Ronald Reagan in the 1980s and John Major to George H.W. Bush during the Persian Gulf War, he said.

"It is not an easy part to play, but these three prime ministers learned to carry it through with skill and success," said Cameron, who hopes to regain the prime minister's job that his party lost to Blair and the Labor Party in 1997. "I worry that we have recently lost the art. . . . The sooner we rediscover the right balance, the better for Britain and our alliance."

Thatcher was in Washington on Monday for ceremonies marking the fifth anniversary of the Sept. 11 attacks.

Describing his own party members as "instinctive friends" of the United States, Cameron indicated that close ties would continue under a Conservative government but with that balance.

His speech came four days after Blair reluctantly announced that he would step down within 12 months. The prime minister has been facing diving approval ratings, caused in large part by disillusionment with the Iraq war and Blair's closeness to Bush.

A poll for the BBC released Monday found that 56 percent of Britons who were questioned believed the West was losing the "war on terror" and that only 20 percent thought it was winning. Fifty-five percent said they believed Britain was too closely aligned with U.S. foreign policy, while 19 percent said the relationship was about right.

Blair and his presumed successor, Chancellor Gordon Brown, have been openly feuding, causing many in Labor to worry that a wounded, infighting party might have a hard time defeating Cameron's Conservatives in elections that must be held by 2010. An ICM poll in the Guardian newspaper last month showed that Conservative support had risen sharply, to 40 percent, while Labor support had dropped to 31 percent, its lowest level in 19 years.

Blair's woes were underscored Monday when he was greeted by crowds of angry protesters in Lebanon, some carrying placards saying "killer" and "war criminal." Blair was widely criticized in Britain, as well as across Europe and the Middle East, for joining Bush in refusing to call for an immediate cease-fire during the recent Israel-Hezbollah armed conflict in Lebanon.

Cameron said Britain must not "turn a blind eye to the excesses of our allies," including "disproportionate Israeli bombing in Lebanon."

Rice Warns Sudan Of Relations With U.S. (AP)

AP, September 12, 2006

Secretary of State Condoleezza Rice said she told Sudan on Monday there is no chance of improved relations with the United States if it flouts the world's demand for U.N. peacekeepers in Darfur.

Rice gave reporters a brief account of her morning meeting in Washington with Sudanese Foreign Minister Lam Akol. She was visiting Canada to thank that ally for its generosity in helping stranded American air passengers during the aftermath of the Sept. 11 attacks.

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"I won't say that we made progress, but I will say that I delivered the strongest possible message in the strongest possible terms to the Sudanese government that any hope for bettering relations between the United States and Sudan rests on Sudan's cooperation with the United Nations Security Council resolution," she said.

In August, the U.N. passed a resolution that would give the world body authority over peacekeepers in the Western Sudanese province of Darfur and is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe there. The violence has killed more than 200,000 people and continues to worsen.

Rice said Akol carried a letter to President Bush, which she had not seen. He also "brought hope for better relations between the United States and Sudan, and I told him in no uncertain terms that wasn't on the agenda unless Sudan acted responsibly," she said.

The Bush administration has had strained relations with Sudan over the deaths and displacement of villagers in Darfur. Rice found herself in the middle of a diplomatic incident when she visited the Sudanese capital of Khartoum last summer. She asked for and demanded an apology from the Sudanese government after security agents for President Omar al-Bashir treated members of Rice's traveling party, including reporters, roughly.

Also pressuring the Sudanese government, the chairman of the Senate Foreign Relations Committee introduced legislation Monday calling for targeted sanctions against those responsible for atrocities in Darfur.

The bill by Indiana Republican Richard Lugar calls for sanctions against people determined by the president to be "complicit in, or responsible for, acts of genocide, war crimes or crimes against humanity in Darfur."

Sudan Flouting Peace Treaty, Annan Charges (WP)

From News Services

The Washington Post, September 12, 2006

Sudan's government has violated the Darfur peace agreement with military attacks that are "legally and morally unacceptable," U.N. Secretary General Kofi Annan said yesterday.

Annan said in a meeting of the U.N. Security Council that thousands of Sudanese troops have been sent to western Sudan, in violation of the peace accord, and North Darfur has been bombed. The violence has cut off food aid to 355,000 people in the northern part of the region, he said.

"I strongly condemn this escalation," Annan said.

On Capitol Hill, Sen. Richard G. Lugar (R-Ind.) introduced legislation that would authorize U.S. assistance to the 7,000 African Union troops in Darfur and call on President Bush to name a special envoy for the crisis.

The African Union has said it would begin withdrawing its troops next month. Last month, the Security Council authorized up to 21,000 U.N. troops to replace them, but their deployment requires Sudan's approval, which its government has thus far refused.

Secretary of State Condoleezza Rice met in Washington with Sudanese Foreign Minister Lam Akol and said later she had urged Sudan "in the strongest possible terms" to accept the U.N. force.

"I won't say that we made progress," Rice acknowledged.

Violence and disease have left as many as 450,000 people dead and 2.5 million homeless in Darfur.

Mystery Lingers In Kyrgyz 'Kidnapping' (WT/AP)

By Leila Saralayeva

The Washington Times, September 12, 2006

BISHKEK, Kyrgyzstan -- A U.S. servicewoman who reappeared as mysteriously as she vanished gave confused accounts of her three-day absence and refused to make further statements after consulting with the U.S. Embassy, a Kyrgyz police official said yesterday.

Air Force Maj. Jill Metzger, who had been stationed at the U.S. base in Manas, outside the Kyrgyz capital, Bishkek, disappeared Sept. 5 while shopping in the city. She resurfaced Friday night when she knocked on the door of a house in Kant, about 15 miles outside Bishkek, and claimed she had been kidnapped.

Maj. Metzger was flown out of Kyrgyzstan within a few hours of her reappearance and was admitted Sunday to a U.S. military hospital in Landstuhl, Germany. There was no immediate word regarding what she was being treated for.

Kyrgyz authorities have said her swift departure could impede their investigation, because they wanted to question her further to clarify her account. According to investigators, Maj. Metzger said an object with a note saying it was a bomb was placed in her pocket in a Bishkek department store and that she was kidnapped after following the note's instructions on where to go.

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"It seemed to me that her testimony was little believable. She was confused in her evidence," said Batmirza Dzhailobayev, head of the Kant police department.

"After she spoke with somebody from the embassy, she categorically refused to give testimony. Then people from the U.S. Embassy took her away," he said.

Mr. Dzhailobayev noted that although Maj. Metzger had told police that her abductors had stolen her necklace, she was still wearing an expensive-looking wedding ring.

Also yesterday, a resident of the house where Maj. Metzger appeared said the 33-year-old was clearly in distress.

"Our first impression was that the woman was severely drunk ... [but] there was no smell of alcohol, and we then understood that she was in shock," Svetlana Ivashenko said. She said Maj. Metzger was dressed in clothes that appeared to be several sizes too large for her.

Mrs. Ivashenko said Maj. Metzger spoke only in English, which neither she nor her husband understand, so they awoke their daughter to try to help understand.

"Who had seized her, why and where they had held her all this time, she couldn't clarify," Mrs. Ivashenko said. "As she told all this, she didn't weep -- she just sobbed and held her head."

Mrs. Ivashenko said there was blood on Maj. Metzger's feet and that she said she had walked a considerable distance. She also said the right side of Maj. Metzger's face appeared to be badly bruised, although Mr. Dzhailobayev said that "it was my impression that there were no bruises on her face."

Maj. Metzger was serving a four-month stint with the 376th Air Expeditionary Wing at Manas, where the U.S. military has maintained a base since 2001 to support operations in nearby Afghanistan. She had been scheduled to return Friday to her regular post at Moody Air Force Base, Ga.

Senator Shoots Down Reports Of Close Call (HILL)

By Emily Heil

The Hill, September 12, 2006

The headlines sounded frightening.

“Missile Fired at McCain’s Helicopter,” one read, referring to an apparent Aug. 28 incident in the Republic of Georgia during a codel led by Sen. John McCain (R-Ariz.), which included six senators.

According to news stories, the Georgian Interior Ministry said a helicopter escorting a delegation of U.S. senators was fired on.

But returning from the month-long recess, senators on the codel, including Sen. Lindsey Graham (R-S.C.), said they heard of the purported missile fire only after they had returned home. It turned out the statement is inaccurate, and that the senators’ helicopter was never under fire. The U.S. embassy in Georgia on Sep. 5 released a statement setting the record straight.

“A thorough investigation by Georgia’s Ministry of Internal Affairs and the U.S. Federal Bureau of Investigation (FBI), confirms that, contrary to initial reports, no missile was fired at any helicopter transporting the U.S. Senate Delegation led by McCain on August 28, 2006,” the statement read. “It appears that another helicopter, which was on the way from Tbilisi to join the Senate delegation helicopters in western Georgia, was the intended target of the missile.”

Even though the senators were never in the line of fire, the incident at least made for a colorful what-I did-on-my-summer-vacation exchange.

“Did you get shot at over there?” Graham asked Sen. Richard Lugar (R-Ind.), who had been part of a separate, earlier codel to Georgia.

“Yeah, they missed,” Lugar joked.

Lightening bolt more likely to hit Senate

For House staffers who continuously gripe about the Senate’s lack of good faith, it’s official. The Senate is in fact more “godless” than the House when it comes to upholding the separation of church and state.

The folks at the Secular Coalition for America awarded 18 members of the Senate (and only seven in the House) a “perfect score” for “commitment to the separation of church and state, and their willingness to protect the interests of the non-theistic community.”

The group based the grades on 10 key votes in each chamber, including those on judicial nominees in the Senate.

Senators earning the aetheists’ praise are: Evan Bayh (D-Ind.), Hillary Clinton (D-N.Y.), Mark Dayton (D-Minn.), Dick Durbin (D-Ill.), Russell Feingold (D-Wis.), Edward Kennedy (D-Mass.), John Kerry (D-Mass.), Patrick Leahy (D-Vt.), Carl Levin (D-Mich.), Robert Menendez (D-N.J.), Barbara Mikulski (D-Md.), Patty Murray (D-Wash.), Jack Reed (D-R.I.), Harry Reid (D-Nev.), Paul Sarbanes (D-Md.), Charles Schumer (D-N.Y.), Debbie Stabenow (D-Mich.), and Ron Wyden (D-Ore.).

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House members with perfect scores are: Earl Blumenauer (D-Ore.), Barney Frank (D-Mass.), Dennis Kucinich (D-Ohio), Barbara Lee (D-Calif.), Jim McDermott (D-Wash.), Pete Stark (D-Calif.), and Lynn Woolsey (D-Calif.).

Crikey! Hill's Aussie pays tribute to croc hunter

As the Hill's lone Aussie (at least by his own count), Greg Keeley is shedding more than crocodile tears over the death last week of Steve Irwin. The outdoorsman and TV personality known as the "Crocodile Hunter" had a special place in the hearts of Australians, particularly those living abroad, says Keeley, who is the communications director and military advisor for Rep. Ed Royce (R-Calif.).

The beloved Irwin was a great ambassador for the land Down Under, he notes.

"He's done wonders for me personally," Keeley says. "Everyone thinks I wrestle crocodiles and have a kangaroo in my backyard."

Keeley and his wife, Katie, met Irwin at a dinner in Los Angeles, and were impressed by Irwin's energy and easygoing manner.

"The personality you see on TV is exactly the way he was in real life," Keeley says.

Since Irwin's death, condolences have been pouring in from fellow Hill staffers, journalists, and military officials, Keeley says, and he's touched by the sentiments.

"It literally stopped the country," he said.

Feehery turns into a TV talker

It's nearly impossible to throw a Blackberry in D.C. without hitting a pundit. Now, there's one more target. John Feehery, the former spokesman for House Speaker Dennis Hastert (R-Ill.) turned flack for the Motion Picture Association of America, has become a talking head, at least part time.

Feehery has a regular gig on Bloomberg TV, appearing every other week to gab about the usual roundup of politics and what's ahead in the next week's news. He alternates with former Clinton spokesman Joe Lockheart in a seven-minute segment every Friday on the show "Money & Politics."

Feehery says the new role (for which he isn't paid and does not represent the views of the MPAA) is much the same as his current and former jobs.

"It's just talking," he laughs.

Hill cable junkies have noted an uptick in the wattage of the guests on Bloomberg TV of late, and we hear Washington bureau chief Al Hunt—and his A-list Rolodex—is behind the change. Alexander Bolton and Elana Schor contributed to this page.

US And EU Condemn China's News Rules (FT)

By Mure Dickie, Guy Dinmore

Financial Times, September 12, 2006

The Bush administration joined the European Commission on Monday in criticising Beijing's imposition of new restrictions on the distribution of foreign news in China, saying it viewed the rules with "great concern".

A State Department official said Beijing's media policies in general were "incompatible with China's aspirations to build a modern information-based economy" and were a breach of fundamental rights.

The regulations announced at the weekend by Xinhua, Beijing's propaganda arm and China's biggest news agency, require international news services...to censor information distributed inside the country. The rules also ban the agencies from selling directly to local customers, including banks and other financial services companies.

The European Commission on Monday condemned moves by China to tighten controls on foreign news agencies, saying the new rules were a "real cause for concern".

Johannes Laitenberger, spokesman for the Commission, told a news conference in Brussels: "We oppose strongly this kind of restrictive practice."

The European protest was the first sign of the potential diplomatic cost of the moves by Xinhua to limit more closely the operations of international news agencies.

Leading agencies have yet to react in detail to the rules, which allow Xinhua to revoke the licence of any found distributing content that "harms China's national security or honour", or "disturbs the Chinese economy" or "hurts ethnic feelings".

A representative for one of the foreign news and information groups, who would not be named, said: "One of the big issues is does this just impact news agencies or does it affect financial information services as well."

Dow Jones declined to comment on the rules and Bloomberg said it would not be making a comment.

Old China News Agency (WSJ)

The Wall Street Journal, September 12, 2006

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China's state-run news agency, Xinhua, literally means "New China." How ironic, given its very old business tactics.

Xinhua has released a sweeping update to a 1996 law on foreign news agencies that smacks of expropriation and may violate China's World Trade Organization commitments. The document asserts the Chinese government's right to broadly censor foreign news companies' content over a range of sensitive subjects, including "sovereignty" (read: Taiwan), "religion" (Falun Gong), or China's "interests" (Iran, Burma, Sudan). Article 12 of the new regulations gives Xinhua "the right to select the news and information released by foreign news agencies" and to "delete" offending material.

We doubt they'll succeed. No self-respecting foreign news agency will allow the Chinese government to read an article before it's published on the mainland. For financial newswires that provide real-time pricing and market information -- such as the one owned by this newspaper's parent company, Dow Jones -- censorship would be literally impossible. Chinese banks, brokers, insurers and traders -- the bulk of which get their information from foreign news companies -- also won't appreciate seeing markets move against them because they received their information late.

The real story here, then, may be Xinhua's ambitions. According to Sunday's document, "foreign news agencies" will no longer have the right to sell news directly to their customers. They'll have to ply their wares through a Chinese "agent," which presumably will require a few yuan for its trouble. The Journal reported yesterday that this "agent" will be the China Economic Information Service, which, no surprise, is appointed by Xinhua.

As recently as 1996, Xinhua tried unsuccessfully to push through censorship rules on foreign news organizations. It also tried to bar government institutions from buying news products directly from foreigners, and to fix subscription prices. After a pitched battle...news organizations agreed to register with Xinhua on an annual basis. But they refused to submit to censorship, price setting, or government middlemen who'd take a cut of their profits.

From a business standpoint, Xinhua may now feel that it has no other option than to assert monopoly control. In the decade since the prior rules were promulgated, domestic news organizations have proliferated. Media Partners Asia Ltd. in Hong Kong estimates there are some 3,000 registered newspaper titles, and more than 9,000 magazines, not to mention proliferating blogs. In the most profitable and fast-growing segments, such as financial newswires, Xinhua has essentially been left in the dust.

But why muscle in now? Perhaps Beijing's political elite feel threatened . Freedom of information is unsettling to any authoritarian state. In recent years Beijing has alternatively creaked opened, then slammed shut, the television industry and lifestyle magazines. In recent months, the Communist government has also floated new rules restricting reporting of natural disasters and riots; increased oversight of local television broadcasters; convicted New York Times news assistant Zhao Yan and Singapore's Straits Times reporter Ching Cheong, and so on.

Xinhua is the Communist Party's mouthpiece, a symbol of what China really is. The reformers among Beijing's elites need to explain to their colleagues that returning to old habits of censorship won't protect their future.

No More Chinese Whispers (WSJ)

By James McGregor

The Wall Street Journal, September 12, 2006

It took an undiplomatic Chinese diplomat to tell China and America what we both need to hear: "It is high time to shut up!"

In a mid-August BBC interview Sha Zukang, China's ambassador to the U.N. in Geneva, used those words to tell American politicians to stifle complaints about Beijing's rapidly growing military budget. He noted that defense spending in China, with a population five times larger than the U.S., is a small fraction of the American military budget, which accounts for nearly 50% of global arms spending. "It is the U.S.'s sovereign right to do whatever they deem good for them," Mr. Sha said. "But don't tell us what is good for China." As Mr. Sha's comments indicate, after 25 years of economic reforms and more than a decade of nearly 10% annual growth, Beijing is weary of and angry about America's constant criticism. The Communist Party leadership is turning this hectoring to its advantage at home, where the leaders understand that, while in the age of the Internet they can't stop information from coming in, they can shape how the people think about what they learn from abroad.

Since the early '90s, the Chinese leadership has been teaching its people that China is re-emerging as a benevolent great power while America is determined to hold China back. School textbooks portray the U.S. as a hegemonic power seeking world domination, and rank us equal to terrorism as a threat to world peace and stability. The state media echoes that message, depicting American advocacy of democracy, press freedom and individual rights in China as a cynical plot to destabilize the country.

Their efforts are effective. A March 2006 opinion survey by the Global Times, a Chinese newspaper, showed that 59% of city-dwellers believe the U.S. seeks to contain China. The 2005 Pew Global Attitudes Project survey showed that only 42% of Chinese view the U.S. favorably. A 2003 survey by Duke University of hundreds of Chinese cities and rural counties indicated that the more educated people are, the more likely they are to hold negative views of the U.S. * * *

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My personal experiences after 15 years in Beijing reflect those results, even among Chinese who studied in the U.S. At a lunch I hosted to bring Henry Kissinger together with young Chinese entrepreneurs, he looked around the table and asked: "Now that we have such impressive economic progress in China when and how do you envision democracy developing?" They looked at him, aghast. Finally, one answered for the group: "Do we want to destroy all the progress China has made?"

When the Chinese look at America, they see a media-driven political system with election campaigns featuring crass manipulation of wedge issues that divide the population, while failing to focus on America's real problems. When they look at their own system they see a political strategy that attempts to hold the people together as tightly as possible for as long as possible -- albeit by brutalizing those who get in the way -- to make the necessary wrenching changes China must go through to prosper.

The Chinese people want the rule of law and fairness. But they also want a government that solves problems and focuses on progress. The many vainglorious and venal local Communist Party cadres are roundly detested. But Chinese who experienced the chaos of the Cultural Revolution also believe that America must be purposely seeking to destabilize China. Surely the U.S. isn't so naïve as to think instant democracy would make China a better place?

Half a world away, our sensationalist broadcast media is equally adept at demonizing China for the American populace. When CNN's Lou Dobbs discovered that ranting generates ratings, he quit asking CEOs thoughtful questions about China and now focuses on flogging it for stealing jobs and unfairly threatening U.S. economic preeminence. Bill O'Reilly and his infotainment-obsessed brethren at Fox stir up a similar stew of angry anti-Chinese cornpone. And neither network has any trouble finding like-minded and uninformed talking heads from the Congress eager to obscure their own leadership and policy failings by laying America's economic insecurities and difficulties at China's doorstep. During a book tour that took me to many American broadcast outlets in the past year the producers invariably asked: "Are you our anti-China or our pro-China guest?" They were baffled when I answered that I was the "let's-try-to-understand-China guest." Our TV screens may be in color, but discussions of China are exclusively in black and white.

The rest of the world doesn't share our fear and loathing of China. For the past 15 years, its diplomats have undertaken a very effective charm offensive to build a positive image abroad. People-to-people contacts abound, with Chinese students filling universities around the globe. Outbound Chinese tourists now outnumber those from Japan. China's slogan for dealing with its neighbors is: mulin, anlin, fulin, which translates as: be friendly, make them feel secure and help make them rich. It works. A 2004 BBC poll of 23,000 people in 22 countries showed that 48% considered China a positive global influence -- 10 points higher than the U.S. Moreover, the survey showed that 58% of the respondents ages 18-to-29 had a positive view of China.

So what should an insecure and out-of-sorts superpower and a paranoid and increasingly pugnacious aspiring superpower do to avoid a collision? First, do as Ambassador Sha requests: "Shut up!" Second, both sides need to designate statesmen with the stature, credibility, influence and wisdom to shape public opinion and bring a halt to the systematic demonizing of one another. From America's side, I nominate Hank Paulson, the Treasury secretary. He is well-regarded in China and well-informed as a result of making some 70 trips there during his Goldman Sachs days. His business background is a huge plus. After two decades of on-the-ground experience investing billions of dollars and employing millions of people in China, the U.S. business community is far ahead of politicians in understanding the Chinese government and people.

Mr. Paulson also has a ripe opportunity. Both President Bush and Condoleezza Rice are too bogged down in the Middle East, and ideologically uncomfortable with China, to do more than occasionally trim the weeds of the U.S.-China relationship. While Mr. Paulson comes to his new office too late to become Mr. Bush's Bob Rubin, he does have three years to set himself up to be the next Kissinger for China. The business community, both governments and the media will listen to him if he is forceful and forthright.

It will be easier for Mr. Paulson to influence China than many think. Behind the bluster, the Chinese leadership under President Hu Jintao is uncertain and searching for where to take the country as it becomes an integrated part of the global community for the first time. China doesn't really know what it wants to be next. It just knows that it doesn't want to be what it used to be: a feudal country that foreigners could carve up like a ripe melon, eventually becoming a dysfunctional civilization that a messianic leader could bring to the edge of social and economic insanity. With WTO membership, China's doors are now permanently open. Foreigners are part of the Chinese business and social fabric and a restive Chinese population is increasingly demanding an accountable and honest government. Chinese leaders understand that there is a mismatch between their economic and political systems that needs to be aligned, but they aren't sure how to do it.

The current danger is that Chinese leaders will believe their own baloney, that America's main goal is to keep China poor and weak, and base their future course on that premise. The truth is, some in America have that agenda. But another truth is, we couldn't do it even if we wanted to.

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We can't afford to let the ignorant and insular in both China and America teach, tease and taunt our two nations into an unnecessary and potentially cataclysmic collision. Mr. Paulson is 60 years old, wealthy as hell, and intrigued by China. What else does he have to do for the next couple of decades?

Mr. McGregor is CEO of JL McGregor & Company, a China-focused research, advisory and investment firm. He is the author of "One Billion Customers: Lessons From the Front Lines of Doing Business in China" (Simon & Schuster, 2005).

Uruguay At Center Of Lively U.S.-Venezuela Chess Game (NYT)

By Larry Rohter

The New York Times, September 12, 2006

MONTEVIDEO, Uruguay — Long taken for granted by its much larger neighbors, Uruguay suddenly finds itself one of the main fronts in the struggle between the United States and Venezuela for dominance in South America. The Bush administration and President Hugo Chávez of Venezuela are jockeying for position here, each trying to undercut the other by winning over Uruguay's left-wing government.

Washington is offering a free-trade agreement that would pull Uruguay into the United States' orbit and weaken Mercosur, the regional trade group to which Uruguay and Venezuela belong. Mr. Chávez has countered with attention-getting investments, subsidized oil, acts of charity and a growing alliance with left-wing factions of the ruling Broad Front.

Pablo da Silveira, a professor of political philosophy at Catholic University of Uruguay and a political commentator, likens what is happening to "a geopolitical chess game, in which Venezuela is playing the black pieces, in other words, oil" in an effort to gain influence. In this small, strategically situated place, he added, "Chávez and the United States are seeking the same thing, and for the same reason: to make Uruguay a test case" for their widely varying visions of the region.

Mr. Chávez, for example, has pledged to invest an estimated $500 million in an oil refinery here and has invited the Uruguayan state oil company to join its Venezuelan counterpart in exploration projects. As it has done in Cuba and the Caribbean, Venezuela is supplying petroleum products at a discount, and Mr. Chávez has promised that a gas pipeline he wants to build from Caracas to Buenos Aires will pass through here.

Venezuela has also put up money that allows some unprofitable ventures in Uruguay that employ relatively large numbers of people — like tire, glass and sugar plants — to stay in business. Most recently, the Chávez government has offered support for an ailing government financial cooperative that makes small loans to people and small businesses that normally do not qualify for bank loans.

"It doesn't cost Chávez a lot of money, but it generates a lot of good will," said Danilo Arbilla, a former editor in chief at the weekly magazine Búsqueda. "That way, when he comes here, he's solved people's problems, and they will go out for him."

Not to be outdone, the United States has countered with a proposal to build a medical and dental clinic near a working-class area of Montevideo. Left-wing groups aligned with Mr. Chávez maintain that the offer is really a plot by the Pentagon to establish a military base in Uruguay.

The Bush administration's main thrust, however, is its offer of a free-trade accord that would allow Uruguay to increase exports of meat, leather, cheese and other products to the United States.

Uruguay's population and economy are small, with barely three million people and total trade with the United States amounting to slightly more than $1 billion last year. But the country is a member of the Mercosur customs union, which includes Brazil and Argentina, and a free-trade agreement with the United States would weaken the group and put pressure on Uruguay's two big neighbors to negotiate bilateral accords with Washington.

Uruguay's relations with Argentina and Brazil have been tense recently. Argentina is trying to block work by a Finnish-Swedish consortium and a Spanish company on two cellulose plants, the largest foreign investment in Uruguay's history.

Brazil declined Uruguay's request to mediate the dispute — Argentina says the plants violate a border treaty — which has raised what Uruguayans consider unreasonable barriers to trade and torpedoed the candidacy of an Uruguayan, Carlos Pérez del Castillo, to be director of the World Trade Organization.

Early this year, Tabaré Vázquez, Uruguay's first Socialist president, told a radio station here that "Mercosur has become more a problem than a solution." But in an interview in late August, he said his country had no intention of leaving the group, but wanted instead "more and better Mercosur," without "giving up our right to open ourselves to the rest of the world."

Mr. Vázquez was reluctant, though, to say explicitly that he favored a free-trade agreement with the United States. Brazil and Argentina have suggested at various times that such an accord with the United States would be incompatible with membership in Mercosur and could be grounds for expulsion.

"Both countries want to improve their commercial exchanges with each other, and we have agreed that paths exists that allow us to achieve that objective," he said, referring to the United States and Uruguay. "We've set a methodology and a timetable," he added, a reference to the fact that President Bush will lose his authority to negotiate "fast track" trade agreements

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June 30, 2007, unless Congress renews it. Though the United States has already signed an investment treaty with Uruguay, Washington initially showed little interest in a free-trade accord. Two Bush administration officials had all but ruled out the idea before Mr. Bush announced, during a visit by Mr. Vázquez to the White House in May, that he favored "extending our commercial relations" and suggested that talks begin here as soon as possible.

Mr. Bush made his offer as Venezuela was preparing to join the Mercosur group, which was founded in 1991 and is based here. Venezuela was formally accepted into the group in July, and Mr. Chávez's public statements have made it clear that he would like to transform Mercosur into more of a political alliance with an anti-American tint.

But Mr. Chávez may have overplayed his hand by suggesting the creation of a NATO-like alliance and a common Mercosur army. That proposal was not well received in the four original member countries, Argentina, Brazil, Paraguay and Uruguay, all of which endured military dictatorships in the 1970's that committed major rights violations, and Mr. Vázquez said in the interview that the idea did not interest him.

Within Mr. Vázquez's governing coalition, though, left-wing groups close to Mr. Chávez and his "Bolivarian Revolution" to raise living standards for the poor have been working to undermine Mr. Vázquez's flirtation with Washington. Montevideo is awash in graffiti that emphatically proclaim "No F.T.A. with the Yankees!" and an "anti-imperialist forum" held here late in August called for closer ties with Venezuela.

At a 10-hour televised congressional hearing here in late August, those differences were on display.

Uruguay's finance minister, Danilo Astori, argued for an accord with Washington. Its foreign minister, Reinaldo Gargano, made the case for Venezuela: a 314 percent increase in trade in the first half of this year, more than a score of cooperation accords signed in the last 18 months and the strengthening of what he called "South-South relations."

But "the Chávez option is only interesting if he can compensate what we lose in trade opportunities each year by being inside Mercosur," an official, speaking on condition of anonymity because Mr. Vázquez has said only he is authorized to speak on the subject. "But his internal situation won't let him spend that kind of money year after year. He can afford millions, but not billions."

The U.S.-Korea Tie: Myth And Reality (WP)

By Daniel Sneider

The Washington Post, September 12, 2006

The U.S. visit this week by South Korean President Roh Moo Hyun offers yet another opportunity to bemoan the crisis of confidence in our alliance. Anti-American views, particularly among the young, remain widespread in South Korea. On an official level, there are strains over the role of U.S. troops based in Korea and a stark divergence in approaches toward North Korea.

This portrait of a troubled alliance is often contrasted with a supposed golden age in U.S.-Korean relations during the Cold War. But that view obscures a history of sharp disagreement between the two allies. It is a mythical past that stands in the way of repairing our alliance today. In reality, Korean nationalism and American strategic policy goals have often clashed. Differences over North Korea have arisen repeatedly. And anti-Americanism has been a feature of Korean life for decades.

This was true from the earliest postwar days, in a relationship born out of a fateful and poorly considered decision to divide Korea, after decades of Japanese colonial rule, into American and Soviet zones of occupation. Syngman Rhee, South Korea's first leader, was often at odds with his American backers. Washington feared Rhee would provoke a war with the communist North, even after the end of the Korean War.

Relations with Park Chung Hee, who came to power in a military coup in 1961, were even thornier. Park was a fierce Korean nationalist and, according to a close former aide, uncomfortable with Americans. The two countries collided over North Korea policy, economic goals, human rights and democracy.

In the 1970s, South Koreans developed deep doubts about the durability of the alliance, an uneasiness fed by the Vietnam debacle and the withdrawal of U.S. troops from Korea. Park defied U.S. pressure in declaring martial law in 1972, junking the constitution and jailing leading opposition figures. He launched a secret campaign of influence-peddling and bribery of American congressmen to counter U.S. criticism of his policies.

While Park feared abandonment by the United States, North Korea's Kim Il Sung worried that China, after developing ties to Washington, might sell him out. Thus Park, even though he had been the victim of two assassination attempts by North Korea, reached out to Pyongyang. During high-level talks in 1972, there was a remarkable shared belief that the major powers were the obstacle to Korean reunification.

The most alarming sign of an alliance in crisis was Park's dangerous decision to develop nuclear weapons, made in secret in 1971 after Richard Nixon's withdrawal of one of the two American infantry divisions. According to my research, American officials became alarmed over the seriousness of this effort when a young CIA agent provided evidence of a crude design for a nuclear warhead.

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In the spring of 1975, my father, the late ambassador Richard Sneider, sent a top-secret cable to Washington calling for an urgent review of the U.S.-South Korean alliance. Korea was "no longer a client state," he wrote, but was "well on its way to middle power status with ambitions for full self-reliance including its own nuclear potential."

Sneider recommended creation of a new partnership, one more akin to our alliances with NATO or Japan. He also pushed for quiet but tough diplomacy to dissuade Park from heading down the nuclear road. That campaign succeeded finally, but not before my father warned Park that the entire security alliance was jeopardized.

Park was assassinated in 1979 by his own intelligence chief, who claimed to have acted at American instigation. The charge was false, but it remains widely believed in Korea. The perilous state of our alliance reached a peak with the Kwangju uprising against military rule the following year, when hundreds of Koreans were killed by troops deployed with the alleged acquiescence of the United States.

Dispelling the myth of the previous golden era in U.S.-Korean relations does not mean that our relations lacked a foundation of shared interest or that the difficulties we face today are not serious. The gap over how to handle the threat from the North is certainly wider and more evident than in the past. And the democratization of South Korea makes our differences visible and harder to manage.

As policymakers from both countries meet this week, they need to take a deep breath and remember that our alliance survived tremendous stresses in the past. The task before us is not to focus on our divergence but to pick up the challenge left unmet 30 years ago -- to define the basis for a long-term relationship that is durable and reciprocal and that finally sheds the shackles of dependency.

The writer, a former foreign correspondent, is associate director for research at Stanford's Shorenstein Asia-Pacific Research Center. He is working on a diplomatic history of the American alliances with South Korea and Japan during the Cold War.

A Sensitive Seoul Isn't Always A Good Thing (WSJ)

By Mary Kissel

The Wall Street Journal, September 12, 2006

SEOUL -- "Frustrating!" Ban Ki-moon, South Korea's foreign minister, said of his job, jovially echoing my own assessment at a recent, soju-soaked dinner here. "Frustrating, how?" I probe. There are plenty of foreign-policy sores: a growing rift with the U.S., China's expanding influence on the peninsula, and the prospect of a North Korean nuclear test. The foreign minister, a genteel man who's the leading candidate to succeed Kofi Annan at the United Nations, shrugs and laughs heartily; diplomatically, his tongue is tied.

"Fearful" might be a more frank characterization of South Korea's foreign policy. Not fearful that the North will attack the South -- President Roh Moo Hyun's government won't publicly acknowledge that as a possibility. Rather, Seoul's foreign policy is based on a deep-seated fear of the North's collapse and the prospect of China's military involvement in the ensuing turmoil. That's pushed the Roh administration to pursue an agenda whose chief goal is maintaining the status quo in the totalitarian North, where 23 million fellow Koreans eke out a rude existence in the world's most brutal regime. This foreign policy is based on an increasingly twisted rationale for appeasement of Kim Jong Il -- and is accompanied by a slow ideological drift away from the U.S., the nation which has kept the peninsula secure over the past 50-odd years.

The U.S.-South Korea alliance has proved a bedrock of security for North Asia's democracies, including Japan. Until Mr. Roh won in 2002, South Korean presidents -- even his immediate predecessor, "sunshine" advocate Kim Dae Jung -- understood why they needed the U.S. shield. Without it, Seoul would be privy to the whims of China -- which historically has treated the peninsula as an appendage -- or Pyongyang, which is tacitly backed by Beijing.

But Mr. Roh's administration just doesn't see it that way. Mr. Ban, picking at the noodles, fish and beef arrayed before us at dinner, discusses how to construct a "harmonious relationship" with the North that's based on building "mutual trust." On a swing through Europe last week, his boss, Mr. Roh, claimed that the North's recent missile launches were "aimed at achieving political purposes rather than posing military threats." Given that nearly 30,000 U.S. troops are stationed in South Korea, that kind of talk doesn't sit well in Washington.

Could Seoul and Washington be sliding toward an "amicable divorce," as some Korea-watchers are terming it? Under this view, this week's White House summit between Mr. Roh and President Bush is marriage counseling. Expectations are low, as prickly agenda items are plentiful: the timing of the transfer of wartime Korean troop control to Seoul (an idea that the Pentagon has almost gleefully embraced); increasingly frayed Seoul-Tokyo relations; shaky negotiations for a South Korea-U.S. free trade agreement; and Mr. Roh's re-establishment of emergency food aid, along with verbal niceties for Kim Jong Il.

Mr. Ban sometimes sounds like he's in denial. He insists that the U.S.-Korea relationship is fine, and says he's "hugely troubled" by the perception that anything's amiss between Seoul and Washington. South Korea, he points out, cooperates with

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the U.S.-led Proliferation Security Initiative, which aims to stem the trade of WMD. (The South hasn't signed up formally, however, because it's afraid of upsetting the North.) South Korea, like the U.S., claims it wants better human rights in North Korea. But it won't sign a U.N. resolution condemning the North's brutal repression of its citizens -- again, for fear of upsetting Pyongyang. Like the U.S., the South wants to see a unified, democratic Korean peninsula, which would imply regime change. But again, Mr. Ban could never say so outright because it would -- you guessed it -- offend the North.

Outside the government, ties between the two nations remain strong. The world's biggest and 10th-biggest economies are broadly and deeply linked. Cultural exchanges, including the more than 80,000 students who study in the U.S. every year, are rock solid. The U.S. Embassy in Seoul issues more visas daily than any other American embassy in the world.

So from where does this fear swilling around Seoul originate? For a start, the demilitarized zone is a mere 40 minutes' drive outside of Seoul, and over time, that threat has psychologically neutered South Korea's policy makers. Missile defense isn't an option, Mr. Ban points out, as defensive measures couldn't be launched fast enough to counter a concerted Northern offensive. And he stresses, somewhat incongruously for an economy larger than Russia's, that South Korea is still a "middle power." The U.S. alliance is important, that reasoning goes, because it's the only thing keeping the North checked. But this logic is at odds with his government's insistence that the North wouldn't threaten the South at all.

Any military option against the North is "out of consideration," Mr. Ban says emphatically. But what if Kim Jong Il's regime falls, and China installs its own dictator or exerts its own control? Mr. Ban insists that Seoul's goal is "unification," without a timeframe. But it would be awfully convenient to see Beijing impose a little order north of the border.

China might like that, too. It's certainly not in its interest to see a strong, democratic, unified Korean peninsula that's more closely aligned with the U.S. Beijing has already established strong political links with the North through energy and food donations. The Chinese are putting money into North Korean mining projects, infrastructure, tourism and trade. The six-party talks, Mr. Ban hints -- but doesn't say outright -- don't get anywhere because of Chinese intransigence.

For more than half a century, Pax Americana has ruled on the peninsula. But today, even South Korea's opposition Grand National Party, for all its hawkish rhetoric, doesn't really envision a military option for dealing with North Korea. It will take more than a frosty summit this week -- a further U.S. troop drawdown, perhaps? -- to stimulate some real fear among the Korean people about who's protecting their interests and ensuring their security. "I would be sensitive to term it [North Korea] as a threat," Mr. Ban said, at the start of our dinner together. Maybe that's the problem.

It's A Boy! (WP)

The Washington Post, September 12, 2006

The little prince lets Japan off the hook -- for now.

THE BIRTH of a child is always a joyous occasion, but the birth of a 5-pound, 10-ounce son to Japanese Prince Akishino and his wife, Princess Kiko, has been a cause for particular celebration there for a single reason: the baby's gender. The baby is the first boy to be born in the imperial household in 41 years, thereby allowing the country to sidestep, at least for now, an emotional national debate about whether to permit a female to ascend the Chrysanthemum Throne. As the conservative newspaper Sankei Shimbun exulted, "The birth of the little prince has completely erased the dark mood of Japanese worried about the nation's future."

Our best wishes to the family, but it's too bad the arrival of the little prince is letting the country and its archaic system of royal succession off the hook. The baby had hardly had his first diaper changed when politicians rushed to postpone consideration of a measure that would have allowed female succession; Crown Prince Naruhito and his wife, Princess Masako, have a 4-year-old daughter.

It's a bit odd to complain that the rules of any particular monarchy are outmoded; in this democratic age, the entire institution is anachronistic. Yet the Japanese emperor has evolved with the times: Once revered as a living god, the emperor renounced his divine status after World War II to become, as the Japanese constitution provides, "the symbol of the state and of the unity of the people." Symbols matter, and in a country whose institutions and society remain pervaded with sexism, a female emperor could hardly be a better one.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Cheney, Rumsfeld Urge Americans To Persevere In War Against Terrorists. AFP (9/12, Mannion) reports, "Vice President Dick Cheney called on Americans to stay united and persevere in an increasingly divisive war against terrorism five years after the September 11 attacks on the United States." Cheney "joined US Defense Secretary Donald Rumsfeld at a memorial ceremony at the site where a hijacked American Airlines jet struck the Pentagon on September 11, 2001, killing 189 people, including the five Al-Qaeda hijackers." Said Cheney, "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power." Cheney and Rumsfeld, "key architects of the wars in Iraq and Afghanistan, alluded only indirectly to the bitter divisions that have opened since the attacks on New York and Washington. Both, however, sounded themes of national unity and determination in their speeches, and broadly defended the administration's performance."

PBS' Newshour with Jim Lehrer (9/11, Ifill) reported, "At the White House this morning, Vice President Cheney and his wife, Lynne, were joined by former British Prime Minister Margaret Thatcher for a moment of silence. Later at the Pentagon, where 184 people died, a visibly moved vice resident spoke to victims' families." Cheney: "Surely men and women here and aboard flight 77 were in their last moments holding and comforting one another. And when we think of them, it will always be with a special feeling of empathy and sorrow. We will always understand the pain of their families. And our nation will forever look with reverence upon their place, this place where their lives ended. We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power. The war on terror has placed hard duties on our military and on the Department of Defense. You have done all our country has asked of you and more. And you know better than most that much hard work and sacrifice still lay ahead."

Fox News' Special Report (9/11, Goler) reported Cheney "defended the continuing response to the worth-ever attack on US soil." Cheney: "This nation has defeated tyrants and liberated death camps, raised the lamp of liberty to every captive land. We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power."

The AP (9/11) reports Cheney "says the fact that there has not been another attack on US soil shows 'we've done a pretty good job' of protecting the country against terrorists." At a memorial observance "near the site where an American Airlines plane slammed into the Pentagon five years ago, Cheney and Defense Secretary Donald H. Rumsfeld walked side-by-side to the speaker's platform as somber music played. Rumsfeld's arm was in a sling; he is recovering from shoulder surgery. A moment of silence was observed at 9:37 a.m. EDT, the exact time the plane struck, killing 184 people." Also in attendance was "retired Air Force Gen. Richard Myers, who was vice chairman of the Joint Chiefs of Staff the day of the attack."

NYTimes Criticizes Cheney Statement On Iraq. The New York Times (9/12, 1.21M) editorializes, "It's hard to figure out how to build consensus when the men in charge embrace a series of myths. Vice President Dick Cheney suggested last weekend that the White House is even more delusional than Mr. Bush's rhetoric suggests. The vice president volunteered to NBC's Tim Russert that not only was the Iraq invasion the right thing to do, 'if we had it to do over again, we'd do exactly the same thing.' It is a breathtaking thought." The Times adds, "If we could return to Sept. 12, 2001, knowing all we have seen since, Mr. Cheney and the president would march right out and 'do exactly the same thing' all over again. It will be hard to hear the phrase 'lessons of Sept. 11' again without contemplating that statement."

Dionne Says Cheney "Impatient With Democracy." E.J. Dionne writes in the Washington Post (9/12, A23, 748K), "Perhaps Vice President Cheney should quit his current job and work within a political system more to his liking, the kind in which those in charge can protect national security by telling everyone what not to say and what not to think." Cheney "seemed terribly impatient with democracy Sunday on 'Meet the Press' when he suggested that those who oppose President Bush's Iraq policies are helping -- excuse me, validating -- the terrorists." Dionne adds, "If Cheney doesn't like 'the kind of debate that we've had in the United States,' is there any other 'kind,' short of a lock-step endorsement of all of Bush's choices, he'd endorse?"

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New Jersey Prosecutors Assert Right To Phone Records. The AP (9/12, Defalco) reports, "New Jersey has the right to obtain information about a federal domestic surveillance program because that program is no longer a secret, the state argued in response to federal efforts to quash its investigation." The AP continues, "The Justice Department wants to throw 'an impenetrable cloak insulating the federal government's domestic surveillance activities from all judicial scrutiny,' acting New Jersey Attorney General Anne Milgram said in a statement Monday." The AP adds, "New Jersey prosecutors subpoenaed 10 phone companies in May because of suspicion that state consumer protection laws may have been violated if phone companies were turning over records to the National Security Agency. … The federal government sued the New Jersey attorney general's office in federal court June 14, claiming compliance with the state's subpoenas or even acknowledging the existence of such a program would threaten national security. … The state in its response, filed late Friday, argued: 'There is no secret for the state secret privilege to protect.' … The federal government considers the program vital to fighting terrorism, but critics say it unconstitutionally gathers private information. … Federal officials have objected to efforts by several states and civil liberties groups to investigate or shut down the NSA program. Most recently, it filed a lawsuit against a Connecticut state agency last week and against Maine utility regulators last month."

Hughes Questions Lack Of International Outrage At Terrorism. In a USA Today op-ed (9/12), Karen Hughes, Under Secretary for Public Diplomacy and Public Affairs at the State Department, says, "Five years after the Sept. 11 attacks, one essential ingredient is still lacking in our international response to terrorism: The concerted moral outrage of everyday citizens of every faith and country." Since 9/11, "hundreds of others have been torn from their families, murdered as terrorists targeted morning commuters in London, Madrid and India, wedding guests at a hotel in Jordan, children in school in Russia and lining up for candy in Iraq, tourists in Egypt and Bali, Indonesia. This is not right, or normal, or acceptable, and a much louder chorus of voices needs to join in condemning it." Our "challenge is to launch a new grassroots movement across all faiths and continents, a movement that clearly states that no grievance, no complaint, no matter how legitimate, can ever justify the targeting and killing of innocent civilians. A movement that commits to teach our children that life is precious, diversity should be celebrated, and hope can conquer hate."

Hughes was asked on CNN's The Situation Room (9/11) why the US image in the Arab world has plummeted in recent years despite the fact that "almost every single time the United States deploys troops around the world, it's designed to help a Muslim country or Muslim people, whether liberating Kuwait or in Kosovo or in Bosnia or in Somalia, Iraq, Afghanistan." Hughes said, "There are a couple of things. First of all, there's a lot of propaganda out there, a lot of it very negative about us. We don't hear the full story a lot of times."

In Video, Bin Laden Deputy Warns Of New Attacks. ABC World News (9/11, story 0,:10, Gibson) reported that Al Qaeda used the 9/11 anniversary "to make a series of new threats. Osama bin Laden's deputy Ayman Al-Zawahiri called on revenge on American and declared Persian Gulf countries would be al Qaeda's next targets."

CNN's The Situation Room (9/11, Blitzer) reported Ayman al-Zawahiri "is warning that US troops in Iraq and Afghanistan are quote, 'doomed.' Osama bin Laden's top deputy delivered those words in a sophisticated new video coinciding with this, the fifth anniversary of the September 11th attacks."

The AP (9/11, Keath) says the video of Ayman al-Zawahri "was one of three al-Qaida released for the anniversary, showing increasingly sophisticated techniques as the group tries to demonstrate that it remains a powerful, confident force five years into the US war on terror." One video "showed images of the planes striking the World Trade Center, lionizing the 19 suicide hijackers as men 'who changed history.' Another was a 91-minute documentary-style video in which Osama bin Laden is seen smiling and chatting with the planners of the Sept. 11 attacks in an Afghan mountain camp." Al-Zawahri "spoke in the third and longest video, warning Americans of more attacks to come. 'We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender,' he said. 'The days are pregnant and giving birth to new events.'" The Washington Times runs a similar AP story (9/12, Ganley).

The New York Times (9/12, Mazzetti, 1.21M) reports Zawahri "criticized America's military support for Israel during the country's recent war with Hezbollah, and he called on the Muslim world 'to rush with everything at its disposal to the aid

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of its Muslim brothers in Lebanon and Gaza,' according to a full transcript of the video provided by the SITE Institute, which tracks violent Islamist groups." Zawahri "said Al Qaeda would strike again in coming weeks, but he gave no indication of the type of targets or specific locations."

The Washington Post (9/12, A17, DeYoung, 748K) reports Zawahri's comments "reflected an ongoing al-Qaeda effort to position itself as the vanguard of the Palestinian fight against Israel and to capitalize on the outrage the conflict generates in the Muslim world." Zawahiri "claimed that US defeat in Iraq is near and that 'jihadi reinforcements' are closing in on Israel."

Former CIA Officers Say Al Qaeda Announcing Intentions To Target Saudi Arabia. CNN's The Situation Room (9/11, Todd) reported, "Former CIA officers say that al Qaeda with this message is also probably saying their intentions to target Saudi Arabia and other regimes in the Gulf region. How would they do that? Well, according to Gary Berntsen and other CIA officers we spoke to, they would likely use their operatives in Iraq and Afghanistan who are now part of the insurgencies in those countries. Many of them are Saudis. They say that they will take those operatives back to Saudi Arabia and the Gulf states once the US pulls out of Iraq and Afghanistan and they will use those operatives to target shipping, oil reserves, possibly even engage in assassination attempts of key leaders."

Bin Laden Said To Be In Pakistan. NBC Nightly News (9/11, story 3, 2:10, Williams, 9.87M) reported on the "frustrating manhunt" for Osama bin Laden, focusing on the CIA's efforts to find him by tracking the delivery of the audio and video tapes that are his only known contact with the outside world. This strategy enabled the CIA in 2004 to capture "a mid-level al Qaeda figure, but no bin Laden" in a Pakistani village. NBC calls bin Laden "the number one target of the war on terror," adding "Recently the search has centered on Pakistan's Chitral Valley, home to Madrasahs that foment radicalism." The piece concludes by quoting National Counter Terrorism Center director Vice Admiral John Scott Redd (retired) as saying that despite bin Laden's continued evasion of US forces, "Our intelligence has gotten better, our operations have gotten better. So al Qaeda is -- we've basically set them back on their heels."

Hunter Military Tribunal Bill Similar To Bush Proposal. The AP (9/12, Flaherty) reports House Armed Forces Chairman Duncan Hunter "has drafted a bill largely mimicking an administration plan to create military commissions to prosecute terror suspects." Hunter will "propose on Wednesday that his panel approve a bill that would allow the exclusion of evidence to protect classified information. A floor vote is expected next week." The bill "puts Hunter, R-Calif., in line with the White House and Senate leadership, but at odds with his counterpart, Senate Armed Services Committee Chairman John Warner, R-Va. Warner and some of his colleagues have drafted a rival bill that would ensure defendants are allowed access to all evidence against them."

CQ (9/11, Donnelly) reports House Republicans "fell in line Monday behind President Bush's proposal for military tribunals to try terror suspects, further isolating a trio of Senate Armed Services Committee leaders who support legislation that would provide such suspects with greater legal protections." Rep. Duncan's bill "would permit the introduction of classified information unavailable to defendants, hearsay evidence and testimony given after coercive interrogation. Like the president's proposal, the House bill also would permit suspects to be excluded from their own trials and amend a law that guarantees suspects the protection of the Geneva Conventions."

Key Senate Republicans Make Concessions To Administration. The Washington Post (9/12, A17, Smith, 748K) reports the Bush Administration "has won concessions from key Senate Republicans in proposed legislation on standards for detainee treatment and the rules for military trials of terrorism suspects, although some disagreements persist between the lawmakers and the White House, Senate sources said yesterday." The disagreements "that remain involve whether suspects can be convicted with evidence they are never allowed to see, an approach favored by the administration but opposed by the Republican senators." The "two sides also still differ over the terms of a related amendment to the U.S. War Crimes Act that would limit the exposure of CIA officials and other civilian personnel to prosecution for abusive treatment of detainees, the sources said." But in a "sign that Congress is nonetheless preparing to act quickly to establish 'military commissions,' as the trials are known, and provide other legal relief sought by the administration, the Senate trio at odds with the White House circulated a revised bill yesterday containing their concessions." Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen.

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Lindsey O. Graham (R-S.C.) last week "had circulated a draft that diverged more sharply from the White House's version."

Graham Says Senate Won't Approve Restricting Terrorists' Access To Evidence. McClatchy (9/12, Rosen) reports Sen. Lindsey Graham "says he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them." The clause "would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen." Graham said, "That's the killer. I fell over when I read it." McClatchy adds Graham "said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But 'I don't feel good about telling someone — no matter who they are — 'We're going to execute you next week, but I'm sorry, we can't tell you why.'"

US Courts Can't Stop Military From Transferring US Citizen To Iraqi Court. The New York Times/AP (9/12) reports government lawyers "said Monday that American courts had no authority to stop the military from transferring an American citizen to an Iraqi court to face charges that he supported terrorists and insurgents." Shawqi Omar, "a citizen of both Jordan and the United States who once served in the Minnesota National Guard, was captured in Iraq in 2004. He is being held at Camp Bucca, a prison in southern Iraq, where his family says he has not been charged or allowed to speak with a lawyer." His family "is demanding that Mr. Omar be brought before an American court, where prosecutors would have to show probable cause for detaining him and he could consult with a lawyer."

PATRIOT ACT:

Connecticut Librarians Speak Out About Patriot Act Gag Orders. The New Britain (CT) Herald (9/12, Capozzi) reports, "Public libraries in mid-sized Central Connecticut towns are not likely places for an FBI investigation involving a perceived threat to national security, but unbeknownst to their patrons and the majority of their staff, they were in the midst of one last summer." The Herald continues, "In late June 2005, Library Connection Inc., a non-profit consortium of 26 central Connecticut libraries, received a National Security letter from the FBI, involving a top-secret investigation of patron Internet usage. … Subsequently, four executive members of the consortium were placed under life-long gag orders, made possible through the Patriot Act, which does not require court evidence or oversight. Although the names of the John Does were to be kept secret by the government, an attorney for the American Civil Liberties Union found the government had failed to redact one mention of Director of Plainville Public Library Peter Chase's name and other identifying information from the legal documents. From the identifying information that was not omitted, it didn't take long until the national press had identified Chase and the other John Does." The Herald adds, "Soon, Chase was being bombarded with calls from newspapers all over the country and even in Japan and France. But even after all the media attention, the government would not allow the gag order to be lifted. … Through the ACLU, the four consortium members, Chase, George Christian, Library Connection Executive Director, Barbara Bailey, librarian at Glastonbury's Welles Turner Library and Janet Nocek, librarian at Portland Public Library, fought the gag order against Connecticut United States Attorney Kevin O'Connor under the alias John Doe. … Bridgeport Superior Court ruled the law was unconstitutional and the government appealed that decision, later withdrawing the appeal in May 2006, thus releasing the four librarians from the gag order."

HOMELAND RESPONSE:

Bush Appeals For Unity, Calls War On Terror A "Struggle For Civilization." President Bush addressed the national from the Oval Office last night. The AP (9/12, Hunt) reports Bush said "the war against terrorism is 'the calling of our generation' and urged Americans to put aside differences and fight to victory." Bush also "staunchly defended the war in Iraq though he acknowledged that Saddam Hussein was not responsible for the 9/11 attacks that killed nearly 3,000 people." The Los Angeles Times (9/12, Fiore, Gerstenzang, 918K) says Bush sought "to justify the increasingly unpopular US military action in Iraq, which he called a battleground in the war against terrorism." The president also "said somberly that the United States was engaged in a 'struggle for civilization.'"

Summarizing the speech, CBS News (9/12, 1:40, Couric) reported the President "marveled at the heroism of 9/11 when he said ordinary citizens responded with extraordinary acts of courage. He also praised the American soldiers serving overseas, and again, explicitly linked the war in Iraq to a broader war on terror. He tried to rally the nation against a enemy he says is trying to create a radical Islamic

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empire, and he said this is the decisive ideological struggle of the 21st century."

While the White House insisted the President's remarks on the war on terror were not meant to be political, most media commentators analyzed them from the perspective of the partisan clash over the upcoming midterm election. On CBS News (9/12, 1:15), Jim Axelrod said, "We were told it would be a non-political speech, where there would be no distinctions drawn between Democrats and Republicans, and then he delivered…a speech with stark differences in terms of the arguments made about handling the war on terror. I think what we're seeing here is probably the bridge to September 12th, which, of course, marks eight weeks until the mid-term elections, and clearly this speech moves from this sort of non-political unity display to the final two-month sprint for the mid-term elections." Also on CBS News (9/12, 1:40), Bob Schieffer said after the speech, "We had almost 3,000 people who died since 9/11…but that sacrifice has been made by a very small segment of our society because we no longer have a draft army. … I think it is very difficult to make the case that you're in a life-or-death situation without asking most of the people to sacrifice. I think that's the challenge that the President has tonight, but this is where he wants to frame the next election. He wants it to be about who can best fight the war on terror. And that was the case. He laid out his case tonight."

On NBC News (9/11), Tim Russert said, "I think the President noting Iraq and saying [that] although Saddam was not responsible for September 11th he was a 'clear threat and that Iraq will be an ally in the war on terror' is going to prompt many Democrats to say the President was the politician in chief tonight as well. There are only 56 days before the mid term elections."

On ABC' Prime Time Live (9/11), George Stephanopoulos said, "The chairman of the Republican National Committee says the key question in this election is: Do you believe we are at war? The President made that point tonight. America is at war. It is a war we will win. The President believes if the country is convinced of that, his party will limit its losses in November. He used the most powerful tool he has tonight to make the case, that Oval Office address." ABC (Gibson) added, "Indeed, that is the central issue in the election that is are coming up in two months."

Nina Easton said on Fox News (9/11), "There was soaring rhetoric, but…it was a political speech. There wasn't a direct attack on his political foes but there was a dwelling on Iraq. It's interesting he has not spoken about Iraq on a 9/11 anniversary except in election years, 2004 and now. Last year, by the way, he just did a moment of silence on 9/11. But this time he dwelled on that war. … So I thought his dwelling on Iraq was quite notable a couple months before an election."

Joe Scarborough said on MSNBC (9/11), "It is a campaign effort, obviously. And the President's problem is there remains linkage between his war on terror and the war in Iraq. Something the Administration wanted a few years back. But the lines that stick out here is when he says America didn't ask for this war and Saddam Hussein posed a great threat. Moral ambiguity and war didn't mix with others and it doesn't mix with this President now. Unless he can make that sell, that this was not a war of choice, then the President's words tonight will fall a deaf ears with Americans."

The New York Times (9/12, Rutenberg, Stolberg, 1.21M) reports, "Even by the standards of his latest round of speeches, Mr. Bush's language was particularly forceful, even ominous, with warnings of a radical Islamic network that was 'determined to bring death and suffering to our homes.'" The Times also says "Bush's address brought to a close a day when leaders of both parties put aside, at least for the moment, the acrimony that has characterized the national security debate since the brief period of national unity after the attacks. But as soon as the speech was over, the partisanship flared again."

Democrats, in fact, charged that White House had injected politics into the 9/11 anniversary. USA Today (9/12, A7, Jackson, 2.27M) reports White House spokesman Tony Snow "told reporters earlier in the day that the speech would not be political," but political analysts "suggested that is an impossible task less than two months before Election Day." Sen. Charles Schumer, who heads the Democrats' Senate campaign committee, "called the speech 'disappointing.' He said, 'You do not commemorate the tragedy of 9/11 by politicizing it.'"

The Washington Post (9/12, A1, Abramowitz, Fletcher, 748K) says Bush "melded one of the most unifying events in recent national experience -- the common horror and sadness of the attacks on the World Trade Center and the Pentagon -- with one of the most polarizing, the war in Iraq." Democrats "said Bush politicized the Sept. 11 anniversary. 'The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the

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fallen, but to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11,' said Sen. Edward M. Kennedy (D-Mass.)."

The Washington Times (9/12, Curl, 88K) also reports, "With midterm congressional elections less than two months away and Democrats charging that Mr. Bush is politicizing the fifth anniversary of September 11, the president urged unity and condemned partisan politics."

The New York Times (9/12, Sanger, 1.21M) says that "a speech that began as a commemoration of one of the most searing and painful moments in American history became something else. For much of his 17-minute address from the Oval Office, Mr. Bush in effect acknowledged that his political standing and the success of his avowed mission to make the world safe from Islamic terrorism now rests on victory in Iraq, a mission his critics say was a deadly detour from the task he set out five years ago." Bush's "aides acknowledged beforehand that it would not be easy. The country Mr. Bush faced on Monday was very different from the shocked, angry but unified nation he addressed from the same chair 1,826 days before. Iraq and its aftermath had changed everything, dividing Americans who five years ago had largely unified around Mr. Bush's strategy, cutting his approval ratings in half and leaving in its wake questions about whether the president had made an ugly confrontation with Islamic extremists worse."

The Washington Post (9/12, A17, Balz, Abramowitz, 748K) says "falsely optimistic predictions of progress have undermined the administration's credibility. A majority of Americans question fundamental elements of the president's argument, including his contention that Iraq is the central front in the campaign against terrorism. Cumulatively, it leaves decidedly uncertain whether this week's flood of rhetoric and remembrance can alter Bush's perilous circumstances -- at a critical moment for the future of the Iraq mission and the president's own domestic standing 56 days before the midterm elections."

There was little consensus on the speech among commentators last night – not even on whether the President's rhetoric was poetic or nor. Tom Brokaw said on MSNBC (9/11), "I was surprised that there was no poetry in it. And that he didn't take us to a different place in terms of when he wants to go next. This is the kind of speech he could have given three years ago. The American public has been through a lot in five years, and with all due respect to the President, they'll be measuring his rhetoric versus the reality they see almost every day in what they see in the newspapers and on television." Meanwhile, Morton Kondracke said on Fox News (9/11), however, said, "There was a lot of soaring rhetoric in this speech. It was not quite Churchilian, but on the cusp."

Charles Krauthammer said on Fox News (9/11), "It was a sober address. It wasn't soaring or poetic. Sobering that befits a country in a difficult war. I was struck by how political it was." Krauthammer added that Bush "planted a flag on policy and said, 'Here I stand.'"

Fred Barnes said on Fox News (9/11), "This is the fifth speech in a series of speeches that the President has given on the war on terror over the last, well, since late August. This is sort of the capstone, the summing up and the President did a good job on it. I think most Americans probably didn't hear the first four and we all saw them and read them and so on. He said, 'Look, this war on terror, including Iraq is going to shape the future of the 21st century that we are on offense against terrorists and we need to stay on offense and the result can be this new Middle East which will not be the seed bed of terrorism the way it's been over the last 20, 30 years.' And by doing, that I thought he did what he needed to do."

On CBS News (9/12, 1:15), anchor Katie Couric interviewed presidential historian Douglas Brinkley, who said, "It was the Bush doctrine in another disguise. If we smell a threat out there somewhere in the world, we have to go after them. He made it very clear he was sticking to his guns, I was right to bring down Saddam Hussein, and the very fact he is invoking this on the fifth anniversary of the 9/11 attacks shows you he does see a connection between Iraq and 9/11 and that is one of the things that is debated. And he said you're wrong about this, we had to get rid of the guy, and he was a threat. He may not have been responsible for 9/11, but he would have been responsible for future 9/11s."

John Tierney also addresses Bush's rhetoric in his New York Times column (9/12). He writes, "Somewhere, Osama bin Laden must be smiling. Or at least he will be whenever his couriers deliver the next batch of press clippings. Once again he has beaten America at an American game: public relations. … Last night, President Bush paid him homage by quoting his warning that America will face 'defeat and disgrace forever' it if loses in Iraq. Bush himself called the war on terror a 'struggle for civilization,' and said it was essential to 'maintain the way of life enjoyed by free nations.'" Tierney adds, "It was just the kind of apocalyptic language favored by bin Laden, except that, for all his delusions, he

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might realize that American civilization is not really in jeopardy. Americans can try to copy him, but they don't understand his rhetorical technique."

Similarly, in his Washington Post column (9/12, A23), Richard Cohen says Osama bin Laden "laughs, the madman does, whenever George Bush says, as he has over and over, that America is 'winning this war on terror.' Bin Laden knows better. He has already won." From "bin Laden's standpoint, this has been a glorious victory, made possible, it has to be said, by the totally unforeseen incompetence of the Bush administration. It was so intent on going to war in Iraq that it would not finish the job in Afghanistan. So, to bin Laden's absolute amazement -- I am guessing here -- the United States took on his enemy, the secular and ungodly Saddam Hussein, whom bin Laden himself would gladly have murdered. It has to be a wonderful thing when your enemy vanquishes your enemy."

In Bellwether District, Voters Seen As Skeptical Of Bush's Terrorism Speeches. The New York Times (9/12, Hulse, 1.21M) reports on Colorado's 7th Congressional district, a suburban Denver district that is considered a bellwether in the battle for control of the House. The Times reports that "interviews over the last three days here found Republicans, Democrats and independents all expressing degrees of skepticism about Mr. Bush's motives in delivering a set of high-profile speeches on terrorism and the war in Iraq two months before Election Day. While it is too early to know whether the White House will succeed in winning over enough voters to make a difference in what is shaping up as a tight race, the interviews suggested that Mr. Bush's newest efforts to cast his party as better suited than Democrats to defend the country had yet to overcome concern and anger among many voters about Iraq and a more generalized sense of discontent with the administration." Even "strong Bush supporters said they doubted the presidential drumbeat on terrorism would alter the political landscape here."

Bush Feels He Bested TV Anchors In Interviews. The White House Bulletin/US News (9/11) reported President Bush is "described as very pleased with his performances in a spate of high-profile TV interviews that he granted in the past couple of weeks. Specifically, Bush believes he got the best of his encounters with anchors Brian Williams, Katie Couric, Charles Gibson, and Matt Lauer." White House insiders "say the President wasn't eager to do the interviews in the first place because he believed the anchors would try to embarrass him in order to burnish their credentials as tough interrogators and get higher ratings. Now that the interviews are over, the President believes he made his points smoothly and effectively, especially about the importance of winning the war in Iraq and the overall war on terrorism, and perhaps persuaded more Americans to support his policies in those areas. 'He's been very comfortable' with the interviews and will do more between now and the congressional elections November 7, says a senior White House official."

42% Of Americans Feel Safer Than Before 9/11. NBC Nightly News (9/11, lead story, 2:25, Williams, 9.87M) reported, "Tonight, in a just released NBC News poll, 42% of Americans tell us they feel safer now than they did prior to September 11. 32% say it's about the same. 23% say they are less safe today."

45% Blame Bush Administration For 9/11 Attacks. William Schneider said on CNN's The Situation Room (9/11), "In June 2002, 32 percent of Americans blamed the Bush administration either a great deal or a moderate amount for the September 11, 2001, terrorist attacks. And, now, that number has gone up to 45 percent. More people are willing to criticize a president who is no longer as popular. But, also, congressional investigations uncovered damaging information, like the title of a daily intelligence briefing the President received a month before the attacks." Schneider added, "Forty-one percent of Americans say the Clinton Administration deserves a great deal or a moderate amount of blame for the 9/11 attacks. The older you are, the less likely you are to blame the Bush Administration, and the more likely you are to blame the Clinton administration. Americans under 30 are the 9/11 generation. Fifty-five of them blame the Bush administration for 9/11. Only 30 percent blame the Clinton administration. The 9/11 generation is likely to have less vivid memories of the 1990s, when many of them were children. Some of their criticism of President Bush may be driven by opposition to the war in Iraq. Americans under 30 are the least supportive of that war. Their generation is doing most of the fighting."

Giuliani "Shocked" US Has Not Been Attacked Again. Former New York City Mayor Rudy Giuliani said on CNN's Larry King Live (9/11) that it "shocks me that we haven't been attacked again, which I expected. If you would ask me this question the night of September 11, five years ago, I would have said to you and everybody else in America, particularly American law enforcement, 'We're going to get attacked. We better get ready for a number of attacks, you know, suicide bombings and other kinds of attacks.' So, I

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thank God that that's not the case and I expect we are going to get attacked again but I'm thankful that we got these five years."

Negroponte Touts Improved Cooperation Of US Intelligence Agencies. National Intelligence Director John Negroponte was asked on MSNBC's Hardball (9/11) if there is a "sense of esprit" about trying to get ahead of terrorists by a few hours and prevent an attack. Negroponte said, "I think it's enormous. I think you've seen evidence of that in the disruption of various plots that have taken place. You also see much better cooperation between the key agencies, the FBI, the CIA, the National Security Agency. They work as teams now. There is teamwork all the way down to the local level, both in our country and abroad, between these agencies. It's an integrated effort because it's not any one single intelligence methodology that is going to unravel, unearth these plots. It's usually a combination of human intelligence, on the one hand, and then technical intelligence of various kinds on the other. You've got to marry the two together and that's extremely important. And I believe that with the reforms that have taken place and with the lesson learned from 9/11, these agencies are much, much better. They're far, far ahead of where they were five years ago."

US Observes Fifth Anniversary Of 9/11 Attacks. The nation yesterday observed the fifth anniversary of the 9/11 attacks, with President and First Lady Laura Bush visiting the three sites of the terrorist attacks -- Ground Zero at the World Trade Center, Shanksville, Pennsylvania, and the Pentagon -- for commemorative events. The anniversary was the focus of the major media outlets, which reported on both the official ceremonies and private remembrances. Network newscasts all led with the story, which was also covered on the front pages of the major dailies, such as USA Today, the Washington Post, and New York Times, in multiple articles.

The network coverage was somber, and included many personal observations from the family members of 9/11 victims. ABC World News (9/11, lead story, 2:30, Harris) reported, "Under a brilliant blue sky with a striking resemblance to the one that morning five years ago, the family members of the can people that died at Ground Zero came back. At 8:46 the moment the first plane hit the north tower a moment of silence. President Bush and First Lady Laura Bush were at a fire station nearby." ABC World News (9/11, story 7, 3:10, Gibson) also ran a story on the children of 9/11.

CBS Evening News (9/8, lead story, 2:40, Couric, 7.66M) reported, "Today President Bush sought to be both commander and comforter in chief as we all remember that day." CBS (Axelrod) added, "President Bush visited all three places, consoling families, laying wreaths, and sharing a moment of silence. The President made no public remarks today. Aides called it a wordless day, understanding perhaps that the power of 9/11 is in the images, kids holding pictures of dads and moms they lost, flowers piled high in the pools of remembrance." CBS Evening News (9/8, story 5, 3:10, Couric, 7.66M) reported on the mentor of a boy who lost his father, a Port Authority policeman, on 9/11.

NBC Nightly News (9/11, lead story, 2:25, Taibbi, 9.87M) reported, "As Vice president Dick Cheney put it at the Pentagon, Americans took what happened on 9/11 personally and still do." Vice President Cheney: "And our nation will forever look with reverence upon the place where their lives ended." Tiabbi: "President Bush visited each of the attack sites and soon all you could see was flowers. All you could hear were the voices of those who still grieve." NBC Nightly News (9/11, story 2, 1:00, Fratangelo, 9.87M) also interviewed mourners at Ground Zero.

USA Today (9/12, Hampson, Jones, 2.27M) reports Americans "solemnly remembered and mourned Monday the lives lost five years ago in the worst terror attacks on the nation, a tragedy that President Bush said brought 'extraordinary acts of courage' and heroism from ordinary citizens." USA Today (9/12, Hampson, 2.27M) also says the anniversary "prompted Americans to measure the day's meaning through the words and tears of the victims' survivors." The "expressions of grief, longing and hope came amid public sentiment that the war on terror is far from over."

The Washington Post (9/12, A1, Powell, White, Vargas, 748K) reports in a front page story that "there was an aching familiarity to the rituals. In New York, family members recited 2,749 names, punctuated by violins and the wail of bagpipes, to the drawn and tearful faces of the families of the victims." Bush "and Vice President Cheney paid homage to the dead. And as during the past few weeks, they did not hesitate to try to draw a connection between the Sept. 11 attacks and the war in Iraq."

The Washington Post (9/12, A1, Ruane, 748K) reports, "Five years after the Sept. 11 terrorist attacks, residents and visitors across the Washington region paused yesterday, away

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from the grand commemorations, to remember the milestone and take stock of all that has and has not changed in the half-decade since 2001." The Washington Post (9/12, B2, Smith, 748K) also profiled Colin Wolfe, a 14-year-old on 9/11 who volunteered for the Marines and was killed in Iraq on August 30. Yesterday, "family and friends gathered at Arlington National Cemetery to honor the slain Marine. His parents picked Sept. 11 for the burial, believing it to be a fitting tribute to a young man who gave his life for his country in Iraq."

The AP (9/12, Westfeldt, McClam) reports, "Clutching photos to their hearts and blowing kisses to the sky, tearful loved ones of Sept. 11 victims recited a 3 1/2-hour litany of the lost Monday, the names echoing across an expanse still largely barren five years after terrorists destroyed the World Trade Center." The "ritual has changed little since the first anniversary of the attacks, and in many ways the site has remained the same as well."

McClatchy (9/12, Boyd, Hutcheson) reports, "Across the land, Monday brought back memories of that awful morning five years ago: the crisp blue sky above Manhattan, the silver planes streaking into tall buildings, the flames, smoke, dust, horrified faces, people running, firefighters and police officers struggling, the fear, grief and death." The New York Times (9/12, McFadden, 1.21M) reports a "wounded but resilient America paused yesterday to remember the calamitous day when terrorist explosions rumbled like summer thunder and people fell from the sky." But if "there was a theme to this year's proceedings, it was honoring the dead while moving on with life."

The AP (9/12, Nephin) reports that in Shanksville, Pennsylvania, "hundreds of people…gathered Monday in a wind-swept field to remember Flight 93, the hijacked jetliner in which passengers tried to storm the cockpit on Sept. 11, 2001, to wrest control from terrorists shortly before the plane crashed in southwestern Pennsylvania." President Bush "laid a wreath at the crash site and privately greeted family members in a cold drizzle as they marked the fifth anniversary of the terrorist attacks."

The New York Times (9/12, Stanley, 1.21M) reports it is "painful, but not difficult, to memorialize Sept. 11 on television. There are so many images from that morning, so many ways to recreate its horror and mourn those who died."

New York Members, Administration At Odds Over Categorization Of 9/11 Victim As Non-Firefighter. The Hill (9/12, Bolton) reports New York Sens. Hillary Rodham Clinton (D) and Charles Schumer (D), and Rep. Pete King (R-N.Y.) "gathered with President Bush at St. Paul's Chapel in New York Sunday to commemorate the five-year anniversary of the 9-11 attacks, but behind the scenes they are struggling with his administration over the controversial death of one rescuer." Glenn Winuk, "whose first love in life was being a firefighter but who became a lawyer at Holland & Knight to earn a better living — did what would be natural to any first responder near the scene of a disaster: he rushed to it." Winuk died in the collapse of the South Tower, but "the Justice Department last week made public a ruling that Winuk was not eligible to be recognized as a firefighter having died in the line of duty despite his years of volunteer service." The Justice Department's decision "has denied Winuk's parents $250,000 in federal benefits," but Jay Winuk "said his family's fight is about much more than money."

FDNY Still Recovering. CBS Evening News (9/8, story 2, 2:15, Couric, 7.66M) reported, "No families suffered a greater loss on 9/11 than the family that is the New York City fire department. Fire fighters rushed into the burning towers as everyone else rushed out and 343 of them died that day. Five years later, those who were in charge of the recovery effort here at Ground Zero are still recovering themselves."

Makeshift Memorial Holds Unidentified Remains Of 9/11 Victims. ABC World News (9/11, story 6, 2:15, Gibson) reported, "There is here in New York, in Lower Manhattan, a tent set up that most people walking by not even notice. Indoor tennis courts, perhaps, urban campers, you might think. It's anything but. Its one of the saddest reminders of September 11th." ABC (Weir) added, "Beneath a noisy Manhattan highway, under this gleaming white tent, sit three containers, very big and very sacred. They hold almost 14,000 human remains, carefully preserved, but too small or damaged to name. There are pews nearby, a simple altar, precious space for the 1,151 families who were never given anything to bury."

Wreckage From WTC Stored At JFK. NBC Nightly News (9/11, story 5, 3:15, Williams, 9.87M) reported, "We have a special look tonight at all the wreckage that was taken from Ground Zero. All of it sacred. And it's all awaiting a home, a permanent memorial. It's all being cared for in a hangar at New York's JFK Airport. They don't want us to show you the outside of the building but we can say this if you've flown in and out of Kennedy airport, you've taxied right by it. Tonight for the first time on network television, you will get to see what remains of that day. It's as if that day five years ago is now contained in this room. The violence is over and the

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heat has cooled, but it's all here. You can feel it, you can smell it. It's enough to make anyone angry and sad and spiritual all over again. It's an airline hangar as church."

9/11 Novel Praised For Exposing Distortions. In a USA Today book review (9/12), Deirdre Donahue says it "would be a shame if Jess Walter's novel The Zero were lost amid all these other 9/11 projects. The author of the unforgettable non-fiction book Ruby Ridge and the admired novel Citizen Vince, Walter uses 9/11 and the past five years as a launch pad to explore how bureaucrats and profit-hungry corporations have distorted a tragedy."

More Commentary. In the Wall Street Journal's "Global View" column (9/12), Bret Stephens says, "Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?" Yet "after 9/11 at least a few old-time voices on the left -- Christopher Hitchens, Bruce Bawer, Paul Berman and Ron Rosenbaum, among others -- understood that what Islamism most threatened wasn't just America generally, but precisely the values that modern liberalism had done so much to promote and protect for the past 40 years: civil rights, gay rights, feminism, privacy rights, reproductive choice, sexual freedom, the right to worship as one chooses, the right not to worship at all." But "five years on, however, Messrs. Hitchens, Bawer et al. seem less like trendsetters and more like oddball dissenters from a left-liberal orthodoxy that finds less and less to like about the very idea of a war on Islamic extremism, never mind the war in Iraq."

In his Washington Post column (9/12, A23), Eugene Robinson says that by "far the most fateful post-Sept. 11 coinage is 'war on terrorism.' The phrase that has come to define our era is entirely suspect, except perhaps the 'on.'" Witness the "recent arrests of would-be airline bombers in London, or the fact that so many of the high-value terror suspects held until recently in secret CIA prisons were captured in Pakistan, an ostensible ally. We should call this police work what it is, although that might make it harder to ignore such principles as habeas corpus and due process."

New York City Attorneys Adjusting To Life After 9/11. The National Law Journal (9/12, Jones) reports, "In the five years since the terrorist attacks on the World Trade Center, attorney H. Taufiq Choudhury said that he has grown numb to the reminders he sees every day on his way to work in lower Manhattan. … 'I've gotten used to it,' he said. 'The feeling is not as sharp.'" The Journal continues, "An immigration lawyer, Choudhury initially relocated his solo practice from the 22nd floor of 1 World Trade Center to midtown Manhattan after the attacks. But today, his firm, which also endured the 1993 trade center bombing, is back in the downtown area. … There is a certain comfort for Choudhury in returning to lower Manhattan, he said, but his practice still suffers as a result of the events on Sept. 11, 2001. … 'It has changed for the worst,' he said." The Journal adds, 'Choudhury is just one of an estimated 14,000 New York lawyers -- more than 10 percent of all lawyers in the state -- whose practices were upended when the planes brought down the Twin Towers. The businesses of virtually every lawyer working below 14th Street in Manhattan were affected by the attacks. In the towers themselves, attorneys and support staffers at about 30 law firms lost their offices and, in some cases, their lives. … Five years later, some law firms have come back to the downtown area, but many others have opted to start over in areas less scarred."

FBI Agents Tout Post-9/11 Counter-Terrorism Initiatives. The Minneapolis Star Tribune (9/12, Louwagie, 398K) reports, "As he reflected on five years of fighting terrorism since the Sept. 11 attacks, Minneapolis FBI special agent in charge Michael Tabman said Monday that a second local squad was created last year to focus on international terrorism groups." Tabman "said he wanted a second squad to increase intelligence-gathering and reach out to communities, building trust and cooperation so people feel free to come forward with information. The squad is one of several local changes that reflect new priorities in the FBI. 'We have gone from an investigative agency to a preventive agency,' Tabman said." He "credits the USA Patriot Act with giving the FBI and other agencies better tools to do their work," although "there's still a lot of oversight when decisions are made on intelligence gathering -- something the public still wants, he said." Tabman added, "We're not going to wipe out terrorism, just like we can't wipe out drugs or stop crime completely. Every day that we don't have a terrorist act, every day that citizens go home and feel confident we'll have a safe day the next day, we've won.'"

The AP (9/12) reports Tabman "says it's no accident that there's been no further terrorist attacks in the five years since 9-11." He "says that reflects the bureau's decision after the attacks to make preventing terrorism its top priority." At a media briefing yesterday, "Tabman rattled off statistics he

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says shows the bureau's emphasis. That includes almost 1500 new agents bureau-wide, 65 new anti-terror task forces nationwide between the FBI and local law enforcement agencies, and a shift from investigating crimes to preventing them."

International Reaction Mixed On Fifth Anniversary Of 9/11. The AP (9/12, Ganley) reports, "the nations of the world joined Monday in solemn remembrance of Sept. 11 — but for many, resentment of the United States flowed as readily as tears." Critics say Americans "have squandered the goodwill that prompted France's Le Monde newspaper to proclaim 'We are all Americans' that somber day after the attacks, and that the Iraq war and other U.S. policies have made the world less safe in the five years since." In Europe, "where Islamic terror has struck twice since 9/11, in the Madrid train bombings and the London transit attacks, the silent tributes were tinged with doubts and recriminations." Adding to "the global jitters, a senior al-Qaida leader issued a new warning." Ayman al-Zawahiri said, "You should worry about your presence in the (Persian) Gulf and the second place you should worry about is Israel."

Some Islamic Blogs Commemorate 9/11 Anniversary. In a New York Times op-ed (9/12), Bernard Haykel and Saud al-Sarhan report on the Islamic jihadi and al Qaeda-related blogs' commemoration of the 9/11 anniversary: "The Web sites affiliated with many of militant jihadism's top thinkers, including Abu Muhammad al-Maqdisi and Sulayman al-Alwan, remained silent. That shouldn't surprise us: the Salafi strain of Islam, to which most jihadis subscribe, prohibits commemorating anniversaries." But "perhaps more remarkable was the fact that this year, a number of Web sites affiliated with Al Qaeda did commemorate the day — no doubt because they knew Americans would." Some messages "yesterday were clearly meant for Western consumption, reminding the United States that Al Qaeda is still active and bent on future attacks, and even posting images overlaid with threats in English."

Rice Thanks Canadians For Help On 9/11. The AP (9/12, Gearan) reports, "Secretary of State Condoleezza Rice said Monday the generosity of Canadians who took in thousands of stranded American air passengers five years ago represents the best of human nature in the face of evil." Rice "commemorated the fifth anniversary of the Sept. 11 terror attacks with a short visit to the closest US ally. She read a letter of thanks from President Bush to employees at Halifax's small airport who helped coordinate a huge impromptu aid effort."

House GOP, Democrats Deadlocked On Language Of 9/11 Resolution. The Hill (9/12, O'Connor) reports, "House Republicans and Democrats are locked in a standoff over the language of a resolution commemorating the fifth anniversary of the terrorist attacks of Sept. 11, 2001." Democratic leaders "want the GOP to remove any reference to legislation passed in response to the terrorist attacks on the World Trade Center and Pentagon, which include the USA Patriot Act of 2001, the Homeland Security Act of 2002 and the Intelligence Reform and Terrorism Prevention Act of 2004." Republicans "argue that many of these accomplishments were listed in two of the previous four such annual resolutions." Democrats "requested that Republican leaders remove a long passage that refers to the bills signed by President Bush, according to a draft from Sept. 6 obtained by The Hill. GOP leaders refused, citing the two previous resolutions and a need for Congress to refer to its accomplishments following the attacks."

Roll Call (9/12, Davis, Yachnin) reports, "Deliberations over the annual anniversary resolution stalemated Monday, according to several House aides, with the GOP leadership now expected to bring the legislation to the floor Wednesday despite Democrats' unhappiness with the text of the measure. 'Negotiations have stopped,' said a GOP leadership aide, who confirmed Hastert's office had walked away from the negotiating table. 'We're going forward with it.'"

The New York Times (9/12, Zernike, Nagourney, 1.21M) runs a similar story titled "A Solemn, Sad Moment To Reflect, But Politics Also Surfaces." The Times says Republicans and Democrats are "squabbling over the wording of a Sept. 11 resolution in what aides to both parties acknowledged was, to no small extent, a bid to gain political advantage. And throughout the day, even as Democratic and Republican aides talked about efforts to avoid being seen as tarnishing the memory of the attacks with blatant political appeals, candidates and Congressional leaders were issuing statements reflecting political implications that Republicans and Democrats saw in the day's events." The Times also reports that "in election years -- 2002, 2004 and now 2006 -- the Republican-controlled House has included language

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heralding accomplishments in the war on terror. This time, the Republican version of the resolution applauded the reauthorization of the legislation known as the USA Patriot Act, as well as the tough immigration bill passed in the House."

The Washington Times (9/12, Bellantoni, 88K), meanwhile, reports under the headline "Lawmakers Unite Once Again Over 9/11" that "politicians gave a message of unity and determination yesterday." In "a rare bipartisan event," Senate Majority Leader Bill Frist "and Republican leaders joined Democratic leaders Sen. Harry Reid and Rep. Nancy Pelosi and about 100 other lawmakers on the steps of the Capitol. The lawmakers recalled the evening of September 11 when many members of Congress gathered on the steps and sang 'God Bless America.'" The Times adds, "Republicans and Democrats came together for that moment in a spontaneous show of patriotism, members said yesterday as they enter what are sure to be the bitter last two months of the election season." The Washington Post (9/12, Weisman, Babington, 748K) also reports the story in a story titled "Whereas Congress Cannot Set Aside Politics."

McCain Says US Missed An Opportunity After 9/11. Sen. John McCain said on MSNBC's Hardball (9/11) that the US "passed up an opportunity after September 11th. I think we should have said, we're going to double the size of the Peace Corps, triple the size of Americorps, we're going to set up volunteer organizations all over America to ensure our security. We're going to give young people $18,000 in educational benefits for 18 months of military service, call Americans to serve. The country was united. We should have called them to serve, not just tell them to take a trip or go shopping."

Clinton Says US Is Safer, But Not Safe Enough. Sen. Hillary Clinton said on CNN's The Situation Room (9/11) that the US is safer since the 9/11 attacks, "but we're not safe enough. I think that we know that our borders and our ports and our mass transit and rail systems, our bridges, our tunnels, our chemical, nuclear plants are just not yet where they need to be and we're not following the recommendations of all the experts, including the 9/11 commission, that we distribute money here at home based on what the risk is. So my primary focus today, as I spent time with family members and, you know, reflected back the last five years, is whether we've done everything we know to do to protect our citizens here in New York and across America and I think, unfortunately, the answer is not yet."

Clinton was asked on MSNBC's Hardball (9/11) if the world is different since the 9/11 attacks. Clinton said, "I think it certainly is for me. It is for many Americans and the way that an event of such enormous importance sort of divides your life, pre-9/11 and post-9/11. And for thousands of people, life will never be the same. But I think it's also important that we maintain our values and our common sense about who we are as people and how we have to promote our interests and our concerns in the world, and how we have to make more friends and allies and not enemies, because if we're in for a long struggle, as we hear all the time -- and I don't doubt that, I think it is a struggle against an ideology that has religious overtones to it -- then we have got to be smart about how we're dealing with that."

Hamilton Angered By Kean's Role Advising ABC 9/11 Docu-Drama. In the Washington Post's "Washington Sketch" column (9/12, A2), Dana Milbank says there have "been few political love stories as beautiful as that of Tom Kean and Lee Hamilton, the former chairman and vice chairman of the 9/11 commission." So it "packed even more punch when Hamilton, at the National Press Club luncheon, lectured his friend about the falsified Sept. 11 docudrama Kean helped ABC produce." Kean has "infuriated many a Democrat who saw him as a nonpartisan truth-teller. In his work on ABC's 'The Path to 9/11,' Kean has blessed what has been documented to be a collection of falsehoods -- a disproportionate number of which make the Clinton administration look bad."

The New York Times (9/12, 1.21M) says in an editorial, "Perhaps the entertainment industry will come up with a few lasting lessons from the outcry over ABC's 'dramatization' of the events leading up to the terrorist attacks on 9/11. One suggestion: when attempting to recreate real events on screen, you do not show real people doing things they never did." It was "especially disturbing" that Kean "was willing to lend his prestige to this ill-considered project. Mr. Kean served as a senior consultant to the miniseries and has repeatedly defended it in public, even as several Democratic members of the commission criticized its distortions."

Despite Volatility, Ammonium Nitrate Easily Attained. ABC World News (9/11, story 5, 3:00, Gibson) reported on President Bush's touting of government efforts to prevent terrorist attacks, continuing to examine the widespread availability of ammonium nitrate fertilizer, which

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"has been used around the world in devastating terror attacks from Istanbul, Turkey to Oklahoma City." In an "ABC News undercover investigation…with virtually no questions asked, we were able to make large buys in Virginia and North Carolina." ABC reports that New York Rep. Peter King (R) has worked to gain restriction on the sale of the substance, but says he has had to accept a "watered down" version of his legislation, owing to the efforts of American Farm Bureau lobbyists. ABC "assembled 1,000 pounds of ammonium nitrate. And undetected, moved it into a storage shed just a few miles from the White House."

Critics See Gaps In Aviation-Security Despite Billions Spent. The Washington Times (9/12, Hudson, 88K) reports that in spite of billions spent "to protect against future airplane hijackings, …critics say many changes made are haphazard and misguided and that serious security gaps remain in place five years after the September 11 terrorist attacks." DHS Secretary Michael Chertoff said in a speech at Georgetown University Friday that "the hardening of cockpit doors, 'thousands' of federal air marshals 'on aircraft protecting travelers every day all over the world' and 'armed flight deck officers authorized and trained to defend the cockpit'" had laid "a solid foundation for the future of our aviation-security efforts for the five years and the 10 years to come." However, "United Airlines is the only company that has installed steel cable barriers to prevent someone from charging the flight deck." Meanwhile, "Only a small fraction of 25,000 to 30,000 daily flights are protected by air marshals."

CNN's Paula Zahn Now (9/11, Griffin) reported that "one of the biggest federal bureaucracies born out of 9/11," the TSA, "has repeatedly failed government security tests. … The Orlando Sentinel Newspaper reported this summer that, of 830 TSA screeners at this airport, 501 took a test in June, and could not recognize explosives or other banned material. That means 60 percent of the 830 failed." Later, Secretary Chertoff appeared on the show from Washington, and Zahn asked him about the "startling statistics" from Orlando. Chertoff began by "clearing up a couple of misconceptions," telling Zahn that "it is a fact that we do have a unified no-fly list and selectee list. And it is the case that everybody who gets on an airplane is run against that list. … It's also the case that that particular test, my understanding is, occurred when a group of new screeners were brought on board, and that the next month, the results became much better."

Former FBI Official Says Airliners Are Unguarded During Refueling. The Washington Times (9/12, McCaslin, 88K) reports in its "Inside The Beltway" column that Dan Coleman, who was the FBI's top expert on Osama bin Laden, predicts that the next terror attack on Washington could be a "hijacked plane swooping down over the green grass of the National Mall, roaring over tourists' heads, and straight into the dome of the US Capitol. … Airliners are virtually unguarded while refueled on airport tarmacs, Mr. Coleman cites among other security weaknesses not yet fully addressed. In addition, transportation workers still aren't sufficiently screened, and while grandmothers in wheelchairs can't slide by X-ray scanners, terrorists can."

Lawmakers Support Liquid Ban Until Effective Screening Possible. USA Today (9/12, Frank, 2.27M) reports, "Lawmakers from both political parties say the month-old ban on carrying most liquids on airliners should remain until airport screeners and machines can detect explosives such as those that alleged terrorists planned to use to destroy US-bound planes in August." The TSA, meanwhile, "said last month that it was studying whether it can safely allow passengers to carry small amounts of liquids on airliners. … Homeland Security Secretary Michael Chertoff recently said that leaving the ban in place might keep security lines moving faster than a potentially confusing policy allowing small quantities of liquids."

Senate Panels Not In Complete Agreement On Port Security Bill. Roll Call (9/12, Pierce) reports for "all the talk of Senate committees skipping arm-in-arm down the path to stronger port security, the floor of the venerable chamber this week instead will feature its share of territorial disputes." Though the chairmen "of the three committees of jurisdiction — Commerce, Science and Transportation; Homeland Security and Governmental Affairs; and Finance — lauded the alleged compromise bill in floor speeches last week, a number of key agreements between the three, most notably how to fund the $835 million bill, have yet to be worked out. And the bill is in danger of being larded with myriad expensive transportation-related amendments." Despite the hurdles, "aides to both parties say they should be able to come up with some finished product by Thursday, before, perhaps, turning to an Amtrak authorization bill."

Passage Still Expected. The Los Angeles Times (9/12, Simon, 918K) reports with "both parties jostling for the upper hand on national security ahead of November's

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midterm elections, a port security bill is headed for approval." The measure — "expected to pass the Senate this week — would, among other things, impose deadlines on background checks for port workers, expand a program to screen for 'dirty bombs' and authorize $400 million to help ports bolster anti-terrorism defenses. A good chunk of that money is likely to go to the Los Angeles-Long Beach port complex."

WPost Urges Senate To Pass Port Security Bill. The Washington Post (9/12, A22, 748K) says in an editorial that the Port Security Improvement Act of 2006 "contains several common-sense proposals" and "two things distinguish this moderate legislation from the irresponsible rhetoric on port security that has marred debates on the subject for years. First, it does not call for 100 percent of containers arriving at U.S. ports to be individually inspected for all dangerous materials." Second, "while providing five years of steady funding for port security projects, the bill does not dedicate money for port security in perpetuity." With "those sensible checks in place, the Senate should pass this bill."

WSJournal Criticizes Prospect Of Partisan Retribution For CIA Agents. The Wall Street Journal (9/12, 2.03M) says in an editorial that if Jack Bauer of Fox's "24" program "worked at the CIA in real life today," he "would apparently be buying insurance in case the ACLU or John Kerry decided to sue or subpoena him for protecting America with too much vigor. The Washington Post reported yesterday that more CIA counterterrorism officers are signing up for private insurance that would pay for civil judgments and legal costs if they are sued or charged with a crime. These are the agents who interrogated Khalid Sheikh Mohammed, Abu Zubaydah and other jihadis, using what President Bush last week called methods that were legal but 'tough.' Those methods succeeded in breaking these men into divulging information that led to the arrest of other al Qaeda bigs, and to the foiling of plots that could have killed thousands." Though "the government pays the premiums for this kind of insurance, it is a sorry spectacle that these agents must now fear partisan retribution for having done precisely what the country asked them to do."

Abercrombie Criticizes Administration Gulf Coast Rebuilding Efforts. In an op-ed in the Hill (9/12), Rep. Neil Abercrombie writes that one year after Hurricane Katrina, New Orleans and Mississippi's Gulf Coast remain "a terrible, twisted portrait of lives and families and whole communities washed away; home by home, block by block, neighborhood by neighborhood. One year after President Bush viewed the destruction from 40-thousand feet as he flew back to Washington from his vacation; one year after he vowed—'We will do what it takes,' promises of timely federal assistance to help the people of the region rebuild are as empty as the endless square miles where homes and businesses once stood." Abercrombie calls for FEMA to "be restored to independence from the Department of Homeland Security, with a legislative mandate to rebuild now." He adds, "The Pentagon has just announced a new czar for infrastructure construction in Iraq. The American people should demand that the federal government's post-Katrina priorities reflect an equal and urgent commitment to the infrastructure of the US."

WAR NEWS:

Intelligence Report Paints Negative Picture Of Situation In Western Iraq. The New York Times (9/12, Gordon, 1.21M) picks up the story broken by the Washington Post yesterday, concerning Marine Col. Peter Devlin's grim intelligence assessment of the situation in Anbar Province: "The political and security situation in western Iraq is grim and will continue to deteriorate unless the region receives a major infusion of aid and a division is sent to reinforce the American troops operating there, according to the senior Marine intelligence officer in Iraq." The Times adds, "Military officials familiar with the document disclosed additional material and provided several quotations from the assessment."

Pentagon Takes Anbar Report "Very Seriously." The Washington Post (9/12, Tyson, 748K) reports, "The Pentagon is taking 'very seriously' a classified intelligence report concluding that the U.S. military has fought to a stalemate in Iraq's western Anbar province as political conditions also worsen in the 'epicenter' of the country's Sunni insurgency, a senior defense official said yesterday." Speaking to the House Government Reform Committee was Undersecretary for Policy Eric Edelman. Panel members Reps. Dennis Kucinich (D-OH) and Christopher Shays (R-CT) are quoted questioning Edelman or Rear Adm. William Sullivan about the classified Devlin report and about the length of the US presence in Iraq, respectively.

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Sadr Opposes Iraq Division Plan. The Washington Post (9/12, Paley, Sarhan, 748K) reports, "Moqtada al-Sadr, the powerful Shiite Muslim cleric, remains adamantly opposed to a controversial plan to partition Iraq into a federation of three largely independent regions." Sadr's stance differs from that of "intermittent rival Abdul Aziz al-Hakim": "The dispute between two of the most influential Shiite politicians in Iraq highlights the bitter divisions between various parties in the country's fragile ruling coalition. The rift also underscores the divisive nature of the federalism issue, which has pitted Sunni Arabs against some Shiites and Kurds." Sunnis reportedly fear being "left with" resource-poor "swaths of the country."

Sadr Aide Describes Vision Of Iraq Without US Troops. The Washington Post (9/12, Knickmeyer, Raghavan, 748K) reports the vision of Mustafa Yaqoubi for an Iraq after US forces leave: "First, 'there will be a civil war,' said the aide, Mustafa Yaqoubi ...The rising violence and rivalries under the American occupation make a shaking-out all but inevitable once foreign forces go, Yaqoubi said. ... 'No matter the number of people who would lose their lives, it is better than now,' he added. 'It would be better than the Americans staying.'" He ultimately envisions the "freedom to usher in a Shiite religious government that ... would be moderate and perhaps comparable in some ways to Iran's." Yaqoubi denies any need for Shiite "gratitude" to the US, saying that the US ousted Saddam Hussein out of its "own interest[s]."

Militias May Be Spinning Out Of Leaders' Control. The Los Angeles Times (9/12, Moore, 918K) reports, "As U.S. and Iraqi officials seek a way to disarm Shiite militias involved in the sectarian violence driving Iraq toward civil war, the paramilitary forces are splintering into more extreme groups that militia leaders say they are powerless to control." The Times adds, "A series of devastating paramilitary strikes against Shiite neighborhoods has eroded early gains attributed to the security sweep and severely undermined U.S. arguments for disarming militias." A proposal by Abdelaziz Hakim to install "popular committees" to provide neighborhood security could end up adding to Iraq's "chaotic patchwork of gangsters, revenge squads and insurgents."

Iraqi Elections Said To Have Worsened Sectarian Divisions. McClatchy (9/12, Brown) reports, "Iraq's political process has sharpened the country's sectarian divisions, polarized relations between its ethnic and religious groups, and weakened its sense of national identity, the Government Accountability Office said Monday." The GAO report is called "unusual in its sweep" because it relied "on a series of other government studies, some of them previously unpublicized, to touch on issues from violence and politics to electricity production. Published on the fifth anniversary of the Sept. 11, 2001, terrorist attacks, the GAO report was downbeat in its conclusions - underscoring how Iraq's deteriorating security situation threatens the Bush administration's goal of a stable and democratic regime in Baghdad."

Kristol, Lowry Call For "Substantially More" Troops In Iraq. In the Washington Post (9/12, 748K), conservative commentators Bill Kristol and Rich Lowry state, "At this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq by securing Baghdad. There is no mystery as to what can make the crucial difference in the battle of Baghdad: American troops." Shifting troops from one Iraqi area to another weakens control in the former areas; therefore, "we need substantially more troops in Iraq," not just Baghdad.

Shiite-Sunni Dating Wanes In Polarized Baghdad. The Washington Post (9/12, Paley, 748K) reports in a front page article, "For decades, marriages between Sunnis and Shiites in Iraq were as ordinary as the daily call to prayer. But the sectarian warfare gripping the country has created a powerful barrier to Sunni-Shiite romances." The breakdown of intermarriage is "a grim foreboding of the future." The Post mistakenly calls the "oppressed" Shiite population a "minority" in Iraq.

Saddam Accuses Kurds Of Sowing Hatred. The AP (9/11, Al-Bashir) reports, "A defiant Saddam Hussein accused Kurdish witnesses at his genocide trial Monday of trying to divide Iraqis by alleging chemical attacks and mass arrests during a crackdown that the prosecution says killed up to 180,000 people." AFP (9/11, Deshmukh) reports the trial as well, saying that Saddam delivered "a tirade from the dock" stating that the trial was a scheme to split "Kurds and Arabs."

The New York Times (9/12, Von Zielbauer, 1.21M) reports, "The trial of Saddam Hussein on charges of genocide against Iraq's Kurds resumed Monday, after a nearly three-week hiatus, while sectarian violence continued on Baghdad's streets, including the suicide bombing of a crowded downtown bus that killed more than a dozen

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people." In parliament, "lawmakers aligned with the political movement led by the radical Shiite cleric Moktada al-Sadr came out against efforts to enact legislation that would allow Iraq to be divided into autonomous regions, with Shiites and Kurds controlling the oil-rich south and north. Sunni Arabs, who would be left holding the barren western and central regions, are vehemently opposed to the legislation." American soldiers patrolling a neighborhood in Baghdad reportedly "delivered six headless bodies" and a seventh, unmutilated body to a hospital.

Suicide Bomber Attacks Assassinated Iraqi Governor's Funeral. The New York Times (9/12, Gall, 1.21M) reports, "A suicide bomber blew himself up Monday at the funeral of the assassinated governor of Paktia Province, killing at least seven people and wounding up to 40. Five of the dead were policemen, and two were children." The bombing was perceived by some "as a message from the Taliban that they are ready to strike in areas outside their traditional homeland, which is in the south, and are showing they can hit where they want." Denial by a Taliban spokesman of responsibility for the funeral bombing may signify "fissures are showing in the Taliban movement, with some Taliban commanders based inside Afghanistan opposed to suicide bombing."

The Washington Post (9/12, A24, Constable, 748K) reports that the bombing was the "third major suicide attack in four days." The Post theorizes that the escalating violence may be part of an "orchestrated offensive by the revived Taliban militia."

DOJ:

DOJ Attorneys Lose Appeal On Overtime Pay. In his "Federal Diary" colulmn for the Washington Post (9/12, D04), Stephen Barr writes, "There's no dispute that Justice Department lawyers worked overtime and on holidays, and there's evidence the lawyers were 'expected and induced' to work extra hours. But that's not enough to win back pay, a federal court ruled yesterday." Barr continues, "Overtime hours must be 'ordered or approved' in advance for pay purposes, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit said. … The ruling is the latest in a long-running class-action lawsuit involving more than 9,000 Justice Department lawyers, but it's not the end of the case." Barr adds, "The agency lawyers, represented by Williams & Connolly LLP, will appeal the decision to the Supreme Court, said Robert A. Van Kirk , a lawyer for the firm. … 'The Federal Circuit's decision essentially guts the Federal Employees Pay Act and gives federal agencies the green light to disregard the mandatory overtime provisions of the law,' Van Kirk said. … The Justice Department would not comment on the ruling. In the past, the department has said that its lawyers are professionals who accept that they will work more than 40 hours a week to carry out their responsibilities." Barr notes, "Yesterday's ruling was the second defeat for the Justice Department lawyers -- many are assistant U.S. attorneys -- at the circuit court. They had prevailed in a federal claims court only to see that decision reversed on an appeal by the department. The lawyers went back to the circuit court in hopes of readdressing certain issues in the case. … The agency lawyers are seeking compensation for overtime, holiday and 'administratively uncontrollable overtime,' a special pay category. The department has said the case covers the period between 1992 to 1999, but the lawyers think the case could extend to the present."

CORPORATE SCANDALS:

DOJ, FBI Launch Probes Of Hewlett-Packard Leak Investigation. The Washington Post (9/12, D1, Noguchi) reports, "The Justice Department, the Federal Bureau of Investigation and a House subcommittee have started their own probes into how Hewlett-Packard Co. investigators obtained private phone records in an attempt to identify a source of company leaks to the media, according to the company and regulatory filings released yesterday." The Post continues, "Last night, the HP board of directors also reconvened to consider ousting its chairman, Patricia C. Dunn, who led the company's efforts to identify the source of the leaks from its own board." HP "revealed yesterday in a regulatory filing with the Securities and Exchange Commission that it had been contacted by the U.S. attorney's office for the Northern District of California for information regarding its investigation. … A spokesman for the FBI said the agency also was looking into the methods of HP's investigation. The House Energy and Commerce subcommittee on oversight and investigations has asked HP to submit information as part of the committee's broader look at breaches of private information. Last week, the California state attorney general's office launched its own investigation,

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and the Federal Communications Commission requested information from AT&T Corp. about the disclosure of the phone records."

The Wall Street Journal (9/12, Carlton, Emshwiller) reports, "A spokesman for the U.S. Attorney's Office for the Northern District of California yesterday confirmed that his office and the Federal Bureau of Investigation are probing the 'processes employed' in the H-P leak investigation. Separately, a House committee said it is seeking information from H-P about the matter, including the identity of private investigators that H-P has said it used in the investigation, which involved accessing the private phone records of board members and nine journalists." The Journal continues, "The focus of the government inquiries is an H-P investigation that was requested by Ms. Dunn in 2005 and intensified in early 2006. That company probe involved a practice known as 'pretexting,' in which a person's private phone records are obtained by someone impersonating them. … The Palo Alto, Calif., computer and printer maker has disclosed that it hired a private-investigation firm to carry out the inquiry and the firm, still unidentified, hired a second firm that used pretexting to obtain phone records. Ms. Dunn has said she knew directors' phone records were being scrutinized, but didn't realize those records had been obtained improperly."

The New York Times (9/12, Darlin) reports, "The company's board, which met inconclusively on Sunday, resumed telephone consultations Monday afternoon. Foremost among the topics was the role of the chairwoman, Patricia C. Dunn, who the company says first authorized the investigation last year. … Ms. Dunn recused herself from parts of the discussion, according to a person with knowledge of the board's deliberations, leaving the company's outside counsel, Larry W. Sonsini, chairman of the powerhouse Silicon Valley law firm of Wilson Sonsini Goodrich & Rosati, to preside." The Times adds, "Mr. Sonsini and his firm were consulted at various points in the investigation, according to the company. As a result, his role at the board meeting was 'an odd choice,' said Jeffrey A. Sonnenfeld, a professor at the Yale School of Management who advises companies on corporate governance. 'They have a highly conflicted law firm right now,' he said." The Times notes, "Tne reason for the board's extended talks was reported to be discussion of Thomas J. Perkins, who quit the board in May in anger at Ms. Dunn over the internal investigation. A person with knowledge of the board's deliberations said that Mr. Perkins, a pre-eminent Silicon Valley venture capitalist, sought to return to the board but that members are split on whether he should. … Mr. Perkins's spokesman, Mark Corallo, disputed that report. 'Mr. Perkins will not return to the H.P. board, even if asked,' Mr. Corallo said, but 'he believes in the performance and prospects of the company under the leadership of Mark Hurd.'"

USA Today (9/12, Kessler) reports, "In a five-page letter Monday to HP Chairman Patricia Dunn, the House Energy and Commerce Committee said it was 'troubled' by reports of pretexting. … The letter, signed by two Republicans and two Democrats, asks HP for the names of everyone involved and other data."

The AP (9/12, Robertson) reports, "The Federal Communications Commission has also taken interest in the HP investigation, asking AT&T Inc. last week how the company's private investigators managed to obtain the private phone records of board members and journalists."

Bloomberg (9/12, Guglielmo, King) reports, "The new inquiries add pressure on Chairwoman Patricia Dunn, who authorized the probe that California Attorney General Bill Lockyer has already said may result in criminal charges. Hewlett- Packard's board is meeting today for a second day to discuss the scandal and consider calls by former director and venture capitalist Tom Perkins for Dunn's resignation."

More Commentary. USA Today (9/12) editorializes, "Just how easy is it for people to obtain your private telephone records? The scandal at Hewlett-Packard provides a stark and troubling answer. … Aside from exposing dysfunction in the HP boardroom, the episode illustrates just how loose phone companies are with customers' records." USA adds, "Despite its obvious deceit, however, pretexting might not violate federal law if is not used for identity theft. California, where HP is based, has more stringent laws, and authorities there are investigating whether any of them were broken. … If nothing else, the events at HP should put pressure on telephone companies to make it harder to get sensitive data. They should adopt restrictions that would keep private records out of the hands of unscrupulous poseurs, such as requiring passwords and mailing records only to the customers' listed addresses." USA concludes, "A federal response might be in order as well, both to set standards for releasing sensitive data and to crack down on the pernicious practice of pretexting, which some Internet companies have turned into a for-profit business model. … Perhaps then, people would feel more secure. And perhaps companies like

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HP would focus more on their customers, and less on themselves."

Dell Delays Filing Financial Report Amid DOJ, SEC Probes. USA Today (9/12, Acohido) reports, "Amid rising uncertainty about its strategic course, Dell on Monday delayed filing its quarterly report and postponed a high-profile analysts briefing for the second time in six months." USA continues, "The No. 1 PC maker also put its stock-repurchase program on hold and noted that the Justice Department has joined the Securities and Exchange Commission in examining its accounting practices. In a statement with few details, Chairman Michael Dell vowed to make things right. … Federal regulators are examining whether Dell misstated financial reports 'including issues relating to accruals, reserves and other balance sheet items,' Dell said. Meanwhile, the U.S. Attorney's office for the Southern District of New York has requested to review accounting documents from 2002 to the present."

The Wall Street Journal (9/12, Lawton) reports, "The news increases the spotlight on Dell's reporting methods and could spell more trouble for chief executive Kevin Rollins. … When Dell disclosed the SEC investigation in August, the Round Rock, Texas, company said it didn't think the investigation would materially affect its financials; now Dell isn't ruling out needing to restate prior results. The subpoenas from the U.S. attorney, which has requested documents related to Dell's financial reporting from 2002 to the present, hadn't previously been disclosed." The Journal adds, "Dell was also forced to take two other embarrassing steps yesterday. … It suspended its share-buyback program until further notice. The company spent $7.2 billion to repurchase 204 million shares in fiscal year 2006, which ended in February. In addition, Dell canceled its financial-analysts' day for the second time this year; the meeting with Wall Street analysts was to have taken place in New York tomorrow."

Bloomberg (9/12, Guglielmo) reports, "Dell said the investigations indicate possible errors related to so-called accruals and reserves -- estimates of future company obligations -- reported in previous financial statements. The company said last month that the SEC started requesting information in August 2005 relating to revenue recognition. … Analysts also raised concerns about the delay of Dell's financial day, which already had been postponed from April. It will be rescheduled to a later date, Dell said Monday. The company still plans a meeting with reporters today, which will be held by Michael Dell and Rollins." Bloomberg adds, "The U.S. attorney requested documents related to the company's financial reporting dating back to 2002, Dell said. The company said it plans to file its latest report as soon as possible and it is cooperating with the investigations."

The AP (9/12, Slagle) reports, "Dell first disclosed the accounting probe in last month's quarterly report, in which revenues plummeted 51 percent. … At the time, Dell officials played down its significance and said they didn't expect it to have any material impact on the company's bottom line."

DOJ Drops Freddie Mac Probe. The Washington Post (9/12, O'hara) reports, "After laying dormant for two years, the Justice Department's criminal probe into accounting transgressions at Freddie Mac is apparently over, according to company officials. … 'The U.S. attorney's office has not initiated contact with us in well over two years, and it is our understanding that the matter is inactive,' said David R. Palombi, a spokesman for the McLean-based mortgage finance company. 'Accordingly, we expect no further action in this matter.'" The Post continues, "The inactivity at the U.S. attorney's office in Alexandria also extends to investigations of several former Freddie Mac executives, including chief executive Leland C. Brendsel, president David Glenn and chief financial officer Vaughn A. Clarke. Sources familiar with the investigation, who spoke on condition of anonymity because they did not want to be seen as speaking for the department, said lawyers for the ousted officials have not been contacted by the Justice Department since 2004." The Post adds, "Palombi's statements appear to resolve one of the final issues that have been dogging the company since its accounting problems became public in 2003. … In 2003, Freddie Mac admitted it had improperly managed its earnings through a series of transactions that smoothed out earnings growth. The company reduced its reported earnings by $5 billion between 2000 and 2003, hoping to defer those earnings to later years. … Freddie Mac is still working to produce an up-to-date and accurate set of books. But the company has cleared itself of most of the liability from the matter in the past three years. It has paid a $125 million fine to federal regulators, more than $400 million in shareholder lawsuit settlements, and $3.8 million in civil fines to settle Federal Election Commission charges of improper political fundraising. … But the possibility of a criminal action remained. In recent weeks, the company sought clarification from the Justice Department over whether its long silence

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meant the case was closed -- particularly after the department issued a statement in August that it had closed its criminal investigation of similar accounting problems at Freddie Mac rival Fannie Mae."

Financial Times Blasts DOJ Policy On Corporate Cooperation. The Financial Times (9/12) editorializes, "Corporate America has had a rough ride since Enron: between Eliot Spitzer, New York attorney-general, and the Sarbanes-Oxley act, US companies have paid a high price for their pre-Enron bad habits (not to mention the bad behaviour of others). … But corporate America's problems have come not only from the scourge of Albany, and the new regulatory burden imposed by Congress. The US Department of Justice has made white-collar crime (rightly) one of its top priorities. But in its zeal to catch corporate criminals, the DoJ has used some dubious tactics that arguably violate the US constitution and may even defeat the whole purpose of its corporate crime crusade - to create a new culture of compliance that encourages companies to do the right thing without having to be prosecuted." The Times continues, "Later today, the powerful Senate judiciary committee will open its own inquiry into the department's hardball tactics, particularly the practice of forcing companies to waive the privilege that normally protects communications with lawyers - including those between whistle-blowers and in-house lawyers. … The crux of the problem is a 2003 policy (known as the 'Thompson memorandum') that says prosecutors should decide whether to indict a company partly based on the company's co-operation with the government; and the best way to prove co-operation is to waive attorney-client privilege, and give the government all the information it needs to make its case. Companies have little choice but to turn over the information: an indictment is tantamount to a death sentence. … This is the wrong way to fight corporate crime. Companies need legal advice to be able to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government - they may not try to obey the law at all. … The DoJ should rewrite its policy on waiver of attorney-client privilege - before Congress does so for it."

Former NYSE Head Grasso Seeks New Judge For Trial. The Wall Street Journal (9/12, Lucchetti) reports, "Former New York Stock Exchange chief Dick Grasso is seeking a new judge for his pending trial on civil charges brought by New York state's attorney general, Eliot Spitzer." The Journal continues, "Mr. Grasso's lawyers last week filed a motion to have the case reassigned to a new judge. New York Supreme Court Justice Charles Ramos has been handling the pretrial stage of the case and is set to preside over a trial that may start as soon as October. … Mr. Spitzer's civil lawsuit against Mr. Grasso alleges that his $187.5 million pay package was excessive for the head of a New York not-for-profit company, which the NYSE was before it went public in March as NYSE Group Inc." The Journal adds, "Lawyers for Mr. Grasso at Williams & Connolly LLP filed papers arguing for a new judge on the grounds Justice Ramos held settlement discussions with the parties in which he made statements that could be interpreted as 'impairing Mr. Grasso's right' to a fair trial. The filing also stated that -- before the case was filed -- Justice Ramos twice unsuccessfully approached the Big Board to be considered for a board seat."

Former ITXC Executives Accused Of Bribing African Officials. The Newark Star-Ledger (9/7) reported, "Two former executives of a Princeton international telecommunications company approved more than $250,000 in bribes to officials in several African nations, securities regulators charged in a lawsuit filed yesterday." Steven Ott and Roger Michael Young "while at ITXC violated the Foreign Corrupt Practices Act, the Securities and Exchange Commission charged in the complaint filed in federal court in Trenton. Ott, vice president for global sales, and Young, managing director of the Middle East and Africa, approved $267,468 in bribes to phone company officials in Nigeria, Rwanda and Senegal between 2001 and 2004, the lawsuit alleged." The AP (9/7, Hughes) noted, "The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government."

Retirements Of Sarbanes, Oxley To See Shake Up Of Finance Panels. The Wall Street Journal (9/12, A4, Mullins) reports, "The retirements of Sen. Paul Sarbanes (D., Md.) and Rep. Mike Oxley (R., Ohio) spell changes next year in the House and Senate committees that

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regulate Wall Street, banks and finance. … The broader change will come in the House, which will see a new committee chairman regardless of whether Republicans or Democrats control the chamber after the November elections. On the other side of the Capitol, Sen. Chris Dodd (D., Conn.) will succeed Mr. Sarbanes as the senior Democratic member of the Senate Banking Committee. Should Republicans, as expected, retain a majority in the Senate, the panel's chairman will remain Sen. Richard Shelby (R., Ala.)." The Journal notes, "Things are more complicated in the House, where as many as five lawmakers could win the top spot on the Financial Services panel. If Democrats win majority control in November, the liberal Rep. Barney Frank (D., Mass.) would inherit the gavel. If Republicans keep their majority, a contest is shaping up between Reps. Spencer Bachus of Alabama and Richard Baker of Louisiana. Two other Republicans, David Dreier of California and Deborah Pryce of Ohio, have outside chances to succeed Mr. Oxley."

CRIMINAL LAW:

DOJ Leads Alaska Corruption Probe. The Anchorage Daily News (9/12, Mauer) reports, "The federal influence-buying case that erupted with fury 10 days ago with searches of a half-dozen Alaska legislative offices is being managed independently of the Alaska U.S. Attorney's office, a U.S. Justice Department official said Monday. … 'The whole office is recused,' Justice Department spokesman Bryan Sierra said." The News continues, "Instead, the wide-ranging investigation is being overseen by attorneys from the Justice Department's Public Integrity Section in Washington, Sierra said. … The Public Integrity Section has about 25 attorneys, a team that often lives out of suitcases in pursuit of corruption cases as far away as Guam. They've prosecuted petty thefts by sheriff's deputies, the massive frauds of Enron and the high-profile corruption case of Jack Abramoff." The News adds, "Sierra wouldn't say why the Alaska office wasn't allowed to participate in the case or how many lawyers from Washington were assigned to it. But the case is even off-limits to Nelson Cohen, the new U.S. Attorney for Alaska who just arrived last month from Pittsburgh, he said. … Sierra said it's not unusual that the local U.S. Attorney's office will recuse itself from a sensitive corruption case and wall off its legal, public relations and even clerical staffs from the investigation and prosecutions. Sometimes one or two assistant U.S. attorneys might still be assigned to work with the Public Integrity attorneys, but Sierra said he didn't know if that was the case in Alaska. … FBI agents from Alaska are lead investigators, working the case alongside the prosecutors from the Public Integrity Section, said Eric Gonzalez, spokesman for the FBI in Alaska." The News notes, "Dozens of extra FBI agents were brought in from Outside to execute about two dozen search warrants when the first raids started at legislative offices and elsewhere on Aug. 31. After the initial round of searches and interviews, the Outside agents were sent home, Gonzalez said. … While officials say little, the warrants target the relationships between legislators and the oil-field service and construction company Veco. The company, which has long been generous with campaign donations at the state and federal levels and lobbying in Juneau, has gone so far as to hire sitting legislators, including Senate President Ben Stevens, R-Anchorage, the son of Alaska's powerful U.S. senator, Ted Stevens."

Lawmaker Denies VECO Contribution Influenced Pipeline Vote. The AP (9/12, Volz) reports, "Days before an ailing Rep. Carl Moses flew from Anchorage to cast the deciding vote on a contentious oil and gas tax bill, six VECO Corp. executives contributed $3,000 to the Unalaska Democrat's campaign. … Moses, contacted Monday…denies the VECO campaign contributions had anything to do with his vote and his name has not previously been connected with the FBI raids. 'Don't worry, I'm squeaky clean,' Moses said." The AP notes that VECO "typically supports Republican candidates. The contributions to Moses are among the only donations company executives have given to a Democrat this election year."

Corruption Trial Of DC Developer Begins. The Washington Post (9/12, B5, Weiss) reports, "Despite his reputation as a maverick wheeler-dealer whose projects helped revitalize the city, prominent developer Douglas Jemal was 'little more than a common thief,' prosecutors said yesterday at the start of his trial on bribery and fraud charges." The Post continues, "Government lawyers said Jemal and his company, Douglas Development Corp., used bribes and fraudulent documents to keep an overextended real estate empire alive in the years before the boom in District property prices. … Jemal, his son Norman, who is the company's vice president, and leasing director Blake Esherick went on trial in U.S. District Court in Washington yesterday. They are charged with conspiring to bribe a former D.C. government official with

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cash, fine meals, trips to Las Vegas and a Rolex in exchange for 'sweetheart' contracts with the city. Prosecutors said Jemal's company received inflated profits for leasing property to the city from 2001 to 2004." The Post adds, "All three defendants have pleaded not guilty and vowed to fight the charges in a trial that could last up to six weeks. The defense painted Jemal, 63, as a 'visionary,' and previously said that its witnesses could include Mayor Anthony A. Williams (D) and Washington Wizards' owner Abe Pollin, who built a sports arena in an area of downtown that is home to many of Jemal's retail properties. … Most of the allegations involve dealings with Michael A. Lorusso, a former deputy director of the D.C. Office of Property Management. Lorusso, who was fired from his city job in January 2003, pleaded guilty to bribery and agreed to aid prosecutors. Lorusso, who is expected to be the key witness in the trial, faces a prison term of 57 to 71 months under federal sentencing guidelines, but prosecutors have said they could seek less time depending on the value of his cooperation. … In his opening statement to the jury, Assistant U.S. Attorney Mark H. Dubester twice mentioned Lorusso's guilty plea to the jury. That drew calls for a mistrial from Jemal's defense attorney, Reid H. Weingarten, who argued that Dubester was trying to taint Jemal on the basis of Lorusso's guilt. … U.S. District Judge Ricardo M. Urbina rejected the motion for a mistrial but agreed to tell jurors that they should not take Lorusso's guilty plea to mean that Jemal also is guilty."

Son Of Key Gotti Prosecution Witness Disputes Witness Tampering Charges. The New York Daily News (9/12, Zambito, 729K) reports, "Trying to soften their client's image," John A. Gotti's "defense attorneys yesterday told jurors that the mobster -- along with a cellmate-turned-illustrator -- penned a kiddie book about a lovable pint-sized tiger and a fierce dragon." Meanwhile, "the son of the government's star witness -- mob turncoat Michael (Mikey Scars) DiLeonardo -- disputed witness tampering charges against Gotti. Prosecutors contend Gotti summoned DiLeonardo's then-teenage son to Ray Brook Prison in February 2003 to get him to persuade his father not to testify against the mob boss. Michael Ricci…said he and Gotti talked about 'school, girls and sports. How I was doing.'" Ricci "said he made the jailhouse visit after finding out his father was going to cooperate with the feds, meaning he probably wouldn't see him again."

Two Georgia School Contract Fraud Conspirators Sentenced To Prison. The Atlanta Journal-Constitution (9/12, Montgomery, 399K) reports former Georgia schools superintendent Linda Schrenko "reported to federal prison Monday afternoon while her former lover and deputy superintendent, Merle Temple, was sentenced to eight years and one month in prison. Another conspirator in the case, Alpharetta computer executive A. Stephen Botes, received an identical sentence to Temple: eight years and one month. The three were charged as part of a scheme to defraud the government of $600,000 in federal funds earmarked for deaf and honors students." The AP (9/12) also reports on the sentencings.

Corruption Trial Of Illinois Secretary Of State Employee Gets Underway. The AP (9/12, Dennis) reports, "A former high-ranking Illinois secretary of state official helped three janitors pocket more than $150,000 in state pay for work they didn't do in exchange for special treatment by city trash collectors in his Springfield neighborhood, prosecutors said Monday. Cecil Turner received no financial kickbacks in the alleged ghost payroll scheme, U.S. District Attorney Patrick Chesley said during opening statements in Turner's trial in federal court in Peoria. Instead, Chesley alleged Turner aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department, arranging quick pick ups of junk ranging from water heaters to a dog house for Turner and his neighbors.

Defense attorney Michael Metnick told jurors Turner was unaware of the alleged five-year payroll scam he maintains was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner."

Anti-Castro Exiles In Florida Plead Guilty To Weapons Plot. In a widely-distributed story, the AP (9/12, Anderson) reports, "A prominent Cuban exile who virulently opposes the communist government of President Fidel Castro pleaded guilty Monday to weapons charges arising from seizures last year of machine guns, a grenade launcher and thousands of rounds of ammunition." Santiago Alvarez, "a wealthy developer and key benefactor of jailed Cuban militant Luis Posada Carriles, pleaded guilty to a single criminal conspiracy charge," and his long-time employee, "Osvaldo Mitat, also pleaded guilty. Their pleas came a day

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before jury selection was scheduled to begin for a trial before a federal judge in Fort Lauderdale." The AP adds, "Alvarez and Mitat were arrested in November after an informant tipped the FBI that a large cooler full of military-style weapons was being transported from apartments in Broward County owned by Alvarez to Mitat in Miami." The New York Times (9/12, Aguayo, 1.21M) notes that Alvarez and Mitat "would have faced up to 20 years in prison if convicted. But prosecutors reduced the charges in a last-minute plea deal, and the men now face a maximum sentence of five years. The men were arrested last year after the Federal Bureau of Investigation seized machine guns, a grenade launcher and thousands of rounds of ammunition."

The Miami Herald (9/12, Weaver, 310K) reports, "Francisco 'Pepe' Hernandez, of the Cuban American National Foundation, said of Alvarez's decision to plead guilty: 'He didn't have any choice after the judge ruled on the insistence of the government bringing this trial in Broward.' 'They realized their chances were slim,' Hernandez said, 'and they wanted to spare the community this commotion.' Jose Basulto of Brothers to the Rescue said, 'George Washington would have been proud of these two men as patriots.'" The South Florida Sun-Sentinel (9/12, Blum, 265K) adds, "One longtime friend and supporter said Monday's guilty pleas marked a 'shameful day for Cuban patriots.'" The Sun-Sentinel also notes that the FBI was tipped off by the employee Alvarez asked to transport the weapons to Mitat.

Judge Rules Posada Carriles Should Be Released From Custody. The AP (9/12, Caldwell) reports, "U.S. Magistrate Judge Norbert Garney issued a 23-page written ruling Monday that Luis Posada Carriles should be set free from the El Paso immigration detention center where he has been held since his arrest on immigration charges last year, Posada's El Paso lawyer, Felipe D.J. Millan said Monday. Millan said the ruling will now go to a federal district judge. If Garney's ruling is upheld, which Millan believes will happen, he anticipates that Posada could be set free in about 30 days. … A Department of Justice spokesman said Monday evening that the agency is reviewing the decision." The AP notes, "Eric Wingerter, a Venezuelan government spokesman in Washington, said Garney's ruling 'is exactly the wrong message to be sending' in time of an increased focused on fighting terrorism."

8th Circuit Considers Sentencing Guidelines In Light Of Booker. The National Law Journal (9/12, Maclean) reports, "An 8th U.S. Circuit Court of Appeals judge warned recently that the appellate court may be creating unconstitutional sentencing precedents that violate the spirit of last year's Supreme Court decision in U.S. v. Booker, which gave judges discretion to shape reasonable sentences." The Journal continues, "Nationally, circuits have been grappling with how much leeway to give trial judges in fashioning sentences that are either more or less lenient than the traditional guideline range established by the U.S. Sentencing Commission. … The 8th Circuit overturned the 11-year prison term for repeat offender Jeffrey A. McDonald in a methamphetamine case because it was less than half the recommended sentencing guideline range of 22 to 27 years and just one year more than the law's minimum limit. … The court ordered resentencing without such an extreme variance. … This prompted Judge Kermit E. Bye to point out in dissent that, since the Booker decision, the 8th Circuit has reversed 25 sentences below the guideline range while affirming four, yet affirmed 16 sentences above guideline range while reversing just one. … 'If we fail to implement the promise of Booker and do not relinquish greater discretion to experienced district court judges whose proximity to sentencing renders them eminently more qualified to appreciate the subtleties of each case, we will find ourselves the architects of a new -- and equally unconstitutional -- de facto mandatory sentencing system crafted from the ashes of the last,' Bye wrote in U.S. v. McDonald, No. 05-1617." The Journal notes, "Around the country, six circuits have held that sentences within the guideline range are presumptively reasonable. Only the 2nd Circuit declined to create a per se rule on the reasonableness of any sentence within approved ranges. U.S. v. Crosby, 397 F.3d 103 (2005)."

FBI Investigating Ohio Woman's Disappearance From Cruise Ship. The Miami Herald (9/12, Robinson, 310K) reports, "Federal officials are investigating the reported disappearance of a passenger who had been aboard a cruise ship that returned to the Port of Miami-Dade on Monday. The 36-year-old Ohio woman was reported missing from Carnival Cruise Lines' Imagination as it was en route from Mexico. FBI officials in Miami spent Monday morning interviewing family members who were on the ship. … FBI spokeswoman Judy Orihuela said the investigation is just beginning," but she noted, "It doesn't look like foul play at this time." In a widely-distributed story, the AP (9/12) notes that the "cruise line said relatives last saw the

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woman early Sunday but did not report her missing until Monday, when the ship returned to Miami." Orihuela "said, however, that she was not aware of any delay in reporting the disappearance." The South Florida Sun-Sentinel (9/12, Naanes, Stieghorst, 265K) also reports on the story, noting the Orihuela said there appears to be no evidence of foul play.

Loaded Gun Found In DC Court Cellblock. The AP (9/12) reports, "Investigators were trying to determine how a loaded handgun got into a cellblock inside District of Columbia Superior Court." The AP continues, "A cleaning contractor found the .25-caliber semiautomatic pistol under a wad of paper in a cell toilet Friday, said Steve Conboy, the U.S. marshal for Superior Court. … It was the first time such a serious security breach occurred at the busy downtown courthouse in at least 10 years, authorities said." The AP adds, "Conboy, who oversees courthouse security, said he does not know how the small pistol was smuggled into the building. … All prisoners are patted down by deputy marshals before being taken into the cellblock -- whether coming from the D.C. jail, police headquarters or off the street. … But only people who are taken into custody in a courtroom after coming in off the street are scanned by a metal detector, Conboy said."

California Highway Patrol Probing Computer Breaches. The New York Times (9/12, Steinhauer) reports, "The California Highway Patrol is investigating outside breaches of a computer system used by aides to Gov. Arnold Schwarzenegger to store downloaded audio files, a spokesman for the patrol said Monday. In those files, some of which were leaked to The Los Angeles Times, the governor was heard telling Susan Kennedy, his chief of staff, that Cubans and Puerto Ricans were naturally passionate because of their combination of 'black blood' and 'Latino blood.' … 'We are looking into the security of the governor's office computer system,' said Fran Clader, a spokeswoman for the Highway Patrol, which is in charge of policing state facilities." Clader "would not provide details of the investigation, but a person associated with the governor said that three times over the last week of August and the first week of September a person or group of people gained access to the governor's staff computers from outside the Sacramento offices. The person spoke on the condition of anonymity because the matter could become the subject of a criminal investigation."

Arizona Man Charged In Rape Case Linked To Phoenix Killings. The AP (9/12, Kahn) reports from Phoenix, AZ, "An ex-convict and construction worker was charged with 17 felony counts Monday in two sexual assaults linked to an investigation of a string of serial killings." The AP continues, "Maricopa County Attorney Andrew P. Thomas said that authorities are not calling Goudeau the 'Baseline Killer' and that he has not been named as a suspect in 22 other robberies, rapes and shootings that left eight people dead since August 2005. … For more than a year, a predator known as the Baseline Killer has terrorized the Phoenix area with killings, rapes and robberies. Police continue to try to understand how and whether Goudeau is connected, Thomas said." The AP adds, "The case is one of two serial-predator cases in the Phoenix area in the past year. Police have arrested two men in the other, dubbed the "Serial Shooter" investigation. … At a news conference, Thomas said Arizona's parole board was 'naive and misguided' when it granted early release to Goudeau in 2004. Goudeau had eight more years to go on a prison sentence for unrelated assault charges. … Goudeau is accused of attacking two sisters, who were 21 and 23, in September 2005 while they were walking in a park at night. Defense lawyer Corwin A. Townsend said that Goudeau plans to plead not guilty to the charges. And as soon as he gets the chance, Townsend said, he will independently test the DNA evidence that authorities used to arrest Goudeau."

CIVIL LAW:

DOJ Joins Probe Of Drug Maker Over Pricing Allegations. The AP (9/12) reports, "The federal government is joining in a whistleblower's lawsuit in Boston alleging a drug maker inflated prices for medications and defrauded Medicare and Medicaid." The AP continues, "The Justice Department said today it is intervening in the case against Dey (DAU) Incorporated, a California-based U-S affiliate of the German drug maker Merck." The AP adds, "The government is joining a complaint by a Florida pharmacy and provider of home drug-infusion services. Ven-a-Care also has brought complaints alleging drug makers defrauded government programs. … Officials accuse Dey of reporting prices for drugs that were more than five times the actual sales prices, costing the government more than 500 (m) million dollars in reimbursement."

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United Press International/UPI (9/12) reports, "Dey LP, a California drug company, denied Monday that it engaged in wrongdoing in the pricing or marketing of its medicines. … The denials follow word from the U.S. Justice Department earlier in the day that it intervened in a whistleblower suit against Dey." UPI adds, "Justice's complaint alleges that Dey engaged in a scheme to report 'fraudulent and inflated' prices for several pharmaceutical products, knowing that federal healthcare programs established reimbursement rates based on those reported prices. … Dey's denial took aim at the method used by the government in developing its complaint. … 'When virtually an entire industry is sued -- as has been the case with the pricing lawsuits that have been filed around the country by dozens of attorneys general -- it indicates that the real issue is not the industry's conduct, but rather the government's own reimbursement system,' said John M. Kling, senior vice president-legal at Dey."

New Jersey Gets $500,000 From GlaxoSmithKline Settlement. The AP (9/12) reports, "New Jersey prosecutors say the state will get nearly $500,000 dollars from GlaxoSmithKline to settle claims it overcharged the government for two anti-nausea drugs." The AP continues, "New Jersey was reimbursed more than $472,000 from a $149-million national settlement with the Justice Department. … The government said Glaxo engaged in a scheme to inflate the price of Zofran and Kytril for the Medicare and Medicaid programs, which reimburse health care providers based on the manufacturers' prices." The AP adds, "The drugs are typically administered in doctors' offices or hospitals and are mainly used to counter nausea brought on by chemotherapy and radiation. .. The Justice Department claims the company charged health care providers less for the drugs, knowing the providers would get to pocket the difference, and would be more likely to prescribe them again."

USA Today Doubts Big Tobacco's Reform Pledges. USA Today (9/12) editorializes, "Tobacco companies have spent years trying to look as if they've reformed their old deceptive ways. … But in just the past month, new information has come to light that strongly suggests they are still willing to sacrifice smokers' lives for profits:" USA continues, "On Aug. 17, a federal judge found that cigarette-makers marketed and sold their lethal products by deceiving the public about the risks of smoking for five decades. The duplicity and manipulation, she wrote, 'continues to this day.' … Two weeks later, the industry returned to court brazenly seeking a loophole that would allow it to continue the deception overseas. … On Aug. 29, Massachusetts health officials reported that the average nicotine delivery in scores of cigarette brands had increased by an average of 10% during seven years ending in 2004. Nicotine is the chemical that hooks smokers and keeps them hooked." USA adds, "These findings and the industry's own actions suggest that its recent show of good corporate citizenship is as ephemeral as a puff of smoke. They might also prove expensive. … Sadly, the public doesn't know what the industry is doing with nicotine or any ingredient. Thanks to industry lobbying and campaign contributions, there is no meaningful regulation. Never mind that tobacco kills 400,000 Americans a year. Until Congress gets serious about regulating cigarettes, Big Tobacco will have the last word."

Philip Morris Official Disputes Nicotine Findings. In an op-ed for USA Today (9/12), Michael A. Farriss, senior vice president of communications and government affairs for Philip Morris USA, writes, "The Massachusetts Department of Public Health recently issued a report based on data from 1998 to 2004 that concluded 'the amount of nicotine that is actually delivered to the smoker's lungs has increased significantly.' The MDPH report cites Philip Morris USA and its Marlboro brand. … The principal reason the MDPH report seems to show an upward trend for Marlboro is because it did not include the earliest reported data from 1997 and the most recent reported data from November 2005. We believe that when one looks at the Marlboro data from all the years reported to the MDPH (1997 through 2005), there are variations in nicotine yields, both up and down, in different brand packings, but there is no trend in nicotine yields, up or down." Farriss adds, "We do not believe that the MDPH's conclusions about the trends in nicotine yields for Marlboro are supported by the 1997 through 2005 data. Even so, there are some fundamental conclusions that Philip Morris USA and the MDPH seem to share: Cigarette smoking is addictive, cigarette smoking causes disease and death, and comprehensive federal Food and Drug Administration regulation of the tobacco industry would be good public health policy."

CIVIL RIGHTS:

EEOC Seeks To Compel Testimony In Sidley Austin Age Bias Suit. The New York Law Journal

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(9/12, Lin) reports, "The U.S. Equal Employment Opportunity Commission has moved to compel testimony about recent conversations between Sidley Austin partners and a former financial director who signed a 1999 letter stating that the firm had a mandatory retirement policy." The Journal continues, "Sidley has denied having such a policy in the face of an EEOC suit claiming the Chicago-based law firm discriminated against 31 partners on the basis of age when it demoted them to counsel in 1999. The EEOC has claimed the financial director's letter 'flatly contradicts' the firm's position." The Journal adds, "The letter, dated Oct. 21, 1999, and addressed to the Social Security Administration in Chicago, states that 'it is the general policy of Sidley & Austin not to permit a partner of the firm to continue as a partner commencing the first of the year following the year age 65 is reached.' The letter is signed by William B. White, financial director." The Journal notes, "According to the EEOC motion filed last Tuesday in Chicago federal court, White testified at a July 26 deposition that he believed the letter to be an accurate statement of the firm's retirement policy at the time he signed it. But he also testified that, after conversations earlier this year with Sidley partners William F. Conlon and Theodore N. Miller, he realized the letter did not accurately state firm policy. … The lawyer representing Sidley at the deposition, Michael Conway of Chicago's Grippo & Elden, objected to questions about these conversations on the grounds that they were privileged. The EEOC is seeking to compel White's testimony about them."

9th Circuit Upholds Contempt Charge Over Videotaped Protest. The AP (9/12, Kravets) reports, "A federal appeals court on Monday upheld the contempt of court citation against a freelance journalist who is refusing to cooperate with a grand jury investigating an anarchists' protest he videotaped." The AP continues, "A federal grand jury subpoenaed Joshua Wolf to acquire the 30 minutes of unpublished material, but he refused and was ordered jailed Aug. 1. He was released a month later as he appealed his case. … The 9th U.S. Circuit Court of Appeals ruled Monday that a 1972 Supreme Court precedent requires everyone, including journalists, to appear before grand juries if they have been summoned. … 'The Supreme Court has declined to interpret the First Amendment to "grant newsmen a testimonial privilege that other citizens do not enjoy,"' a three-judge panel of the San Francisco-based appeals court wrote." The AP adds, "Wolf, 24, videotaped a July 2005 protest where anarchists allegedly vandalized a San Francisco police car and an officer suffered a fractured skull after being hit. The anarchists were protesting a G-8 international economic conference in Scotland. … Wolf sold some of the footage to San Francisco television stations and posted it on his Web site, but refused to turn over unpublished material. U.S. District Judge William Alsup found him in contempt of court and ordered him jailed."

The New York Times (9/12, McKinley) reports, "At the protest, timed to coincide with the Group of Eight Summit of world economic leaders in Scotland, a police officer was injured and an explosive device, a smoke bomb or a firework, was put under a police car. … Mr. Wolf sold some of his film to local television stations and posted parts on his Web site, www.joshwolf.net. Earlier this year, the government subpoenaed Mr. Wolf to testify and to turn over the remaining video, which prosecutors wanted to use to gather evidence for potential arson charges. Mr. Wolf has refused, and in an interview on Monday, he remained defiant. 'Nothing the government can do,' he said, 'will coerce me into submitting to their demands. I intend to appeal this through every measure possible.'" The Times adds, "Mr. Wolf remained free on Monday, and it was not clear if the decision would result in his returning to jail immediately. His lawyer, Jose Luis Fuentes, said he would ask for a rehearing before the entire court. … Luke Macaulay, a spokesman for the United States Attorney's Office for the Northern District of California, said his office was awaiting an order from the Ninth Circuit 'clarifying Mr. Wolf's custodial status.'"

Parties To Tennessee College Desegregation Case Call For Dismissal. The New York Times (9/12, Emery) reports, "In 1966, a young black woman named Rita Sanders, fresh out of graduate school, took a job teaching at a traditionally black college" in Nashville. In 1968, she sued the state for "maintaining an inferior system of higher education for blacks." Monday, Rita Sanders Geier, "stood alongside Gov. Phil Bredesen of Tennessee on Monday to announce that the state had met its obligations to desegregate higher education and that she, along with the other plaintiffs and parties, would ask a judge to dismiss the lawsuit." That "signified the conclusion of a significant civil rights case that sought to erase vestiges of segregation." All parties to the case entered mediation six years ago, "and a year later they hammered out an agreement that would result in the dismissal of the lawsuit after five years,

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if all the conditions were met. On Monday, the parties said the conditions had been met, including appropriating $15.5 million for the Tennessee State endowment, $19.8 million in capital outlays and almost $15 million in financial aid. All told, the state has spent $77 million since 2001 to increase equality and diversity at state colleges and universities."

Nebraska Law Dividing Omaha District Into Three Defended For Giving Minorities Greater Say. DeWayne Wickham writes in his column for USA Today (9/12) Nebraska state Sen. Ernie Chambers "never made it to the Congressional Black Caucus' annual legislative conference last week, but he was the elephant in the room when some of the attendees got together to talk about this nation's racial divide." Chambers is "the only black member of Nebraska's state senate" and "co-author of a law that divides Omaha's public school system into three smaller districts -- one mostly black, another largely white and the other predominately Hispanic." Chambers said that "his law will give black and Hispanic parents more control over the schools their children attend. More control, he believes, will translate into greater academic achievement." Wickham concludes, "In 1935, W.E.B. DuBois, the black sociologist and civil rights activist, wrote that 'the Negro needs neither segregated schools nor mixed schools. What he needs is (a good) Education.' Chambers thinks DuBois is right -- and so do I."

Parties Feud Over Voter ID Laws. The Los Angeles Times (9/12, Wallsten, 918K) reports that a nationwide fight has erupted between liberal and conservative groups over "new laws that could determine who wins close elections in November and beyond." The dispute "concerns new state laws and rules backed primarily by Republicans that require people to show photo identification in order to vote and, in some cases, proof of citizenship and identification when registering to vote. … The legal battle reflects a deep partisan divide, with Republicans arguing that the new requirements are needed to prevent voting fraud and boost confidence in election results, and Democrats charging that they disenfranchise seniors, minorities, students and others who tend to vote Democratic."

Pentagon Hopes Improved Web Site Will Help Overseas Americans Vote. The Washington Post/AP (9/12, A21) reports, "The Pentagon is counting on an improved Web site to help an estimated 6.5 million Americans -- including US troops at war and others living overseas -- vote in the November elections, and to avoid the problems of the 2000 presidential election." According to officials, the site "now includes information on how voters can request and get ballots by fax and e-mail rather than rely on slower postal service. The Defense Department is responsible for the balloting process not only for troops but for all expatriate voters. The potential voters include all 1.4 million active-duty service members in the United States and abroad, about 1.4 million of their family members, and 3.7 million other Americans living outside the country, said Polli Brunelli, director of the voting assistance program. The total includes about 225,000 troops deployed in Iraq, in Afghanistan and elsewhere around the world."

ANTITRUST:

Monitor Urges Dismissal Of Bristol-Myers CEO. The Wall Street Journal (9/12, Carreyrou, Martinez) reports, "Directors at Bristol-Myers Squibb Co. head into a board meeting today facing heavy pressure to fire Chief Executive Officer Peter R. Dolan and the drug maker's general counsel after a federal monitor overseeing the New York company urged their dismissal last night." The Journal continues, "The board, which already was expected to discuss Mr. Dolan's fate at its meeting today after the latest in a long string of missteps, has little choice but to accept the monitor's recommendation. Bristol-Myers is operating under the terms of a deferred-prosecution agreement reached with the U.S. Attorney in New Jersey last year following a three-year investigation into a $2.5 billion scandal at the company involving 'channel stuffing,' or overloading wholesalers with inventory to meet quarterly sales targets. If the board refuses to fire Mr. Dolan, the company could face charges in connection with the probe." The Journal adds, "The Bristol-Myers monitor, former federal Judge Frederick B. Lacey, recommended to a special session of the company's board late yesterday that it terminate Mr. Dolan and Bristol-Myers General Counsel Richard Willard, according to a person familiar with the matter. The meeting was attended by the U.S. Attorney for New Jersey, Christopher Christie, who appointed Mr. Lacey last year in the settlement agreement."

The New York Times (9/12, Saul) reports, "The board appears bound to abide by the recommendation from Frederick B. Lacey, a former federal judge. Mr. Lacey is

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monitoring the company's behavior under the terms of an agreement the company reached with the federal government last year in hopes of avoiding criminal prosecution for an accounting scandal." The Times continues, "The only reprieve for Mr. Dolan could be granted by Christopher J. Christie, the United States attorney in New Jersey who is the prosecutor in that case. He has the power to overturn Mr. Lacey's recommendation. But it appeared that Mr. Christie, who was present for Mr. Lacey's meeting last night with most of the company's 11 directors, supported the recommendation to remove Mr. Dolan, according to the participant."

Market Watch (9/12, Marketwatch) reports, "In June 2005, Bristol-Myers reached a settlement with the Justice Department for $300 million to end a long-running government investigation into its accounting. At that time, the company conceded that it had engaged in questionable practices, inflating sales by $2.5 billion and net earnings by $900 million between 1999 and 2001."

EU Takes Over German Antitrust Probe Of Intel. The Financial Times (9/12, Buck) reports, "European regulators have expanded their antitrust probe against Intel to include charges that the world's largest chipmaker tried to prevent retailers from offering computers powered by rival microprocessors." The Times continues, "The European Commission, which has been investigating Intel's business practices for more than five years, said yesterday it had taken over a probe that was started by Germany's Federal Cartel Office this year. … The investigation centres on allegations that Intel attempted to hurt Advanced Micro Devices, its rival, by cutting off the company's access to the Media Markt and Saturn retail outlets. Owned by Metro, the German retail group, the chains are Europe's biggest computer retailers."

CNET News (9/12, Kawamoto) reports, "Germany's antitrust agency, Bundeskartellamt, received a complaint from AMD alleging that Intel had abused its dominant market position by putting pressure on major electronics retailer Media Markt to not sell AMD's chips. Because the Commission found similarities with its existing probe into Intel, it took over the German investigation in late August, Commission spokesman Jonathan Todd said." CNET adds, "Intel will cooperate with the EU investigation, as it has done over the past five years, said Intel spokesman Chuck Mulloy, who added that the company believes its actions are 'fair and lawful.'" CNET notes, "Last year, the Commission raided several European Intel offices as well as offices of companies that manufacture or sell computers. … Other countries have weighed in with their own investigations into Intel's business practices. Earlier this year, the Korean Fair Trade Commission sought more documents from Intel relating to its antitrust investigation into the chip giant."

The Wall Street Journal (9/12, Jacoby, Echikson) reports, "If regulators decide Intel broke European antitrust rules, the commission would issue a 'statement of objections' outlining its specific concerns. Recent success in the marketplace by AMD prompted the commission's top antitrust civil servant, Philip Lowe to suggest the case had lost some urgency. … Yesterday, commission spokesman Mr. Todd said AMD's recent increased sales didn't augur an end to the probe. AMD spokesman Jens Drews said he believed regulators would disregard AMD's recent market gains and focus on whether Intel had used illegal anticompetitive practices."

Battle Over Software Patents Heads To European Courtrooms. The Wall Street Journal (9/12, Jacoby) reports, "A proposal here to create a new European patents court has the support of Microsoft Corp., Siemens AG and many other giants of Western industry. But can it survive an attack from Hartmut Pilch? … A 43-year-old linguist from Munich, Mr. Pilch speaks Chinese, Japanese and an artificial language called Lojban intended to eliminate ambiguity and promoted by some programmers. He is the unlikely leader of a movement of self-styled computer geeks out to sink a patents plan they say would stifle software programmers. … 'Patents on software mean any programmer can be sued at any time,' says Mr. Pilch, a simultaneous translator who writes computer programs for his own use in his leisure time." The Journal continues, "In July last year, heeding appeals posted on the Web site of Mr. Pilch's lobbying group, about 200 programmers descended on the European Parliament in Strasbourg, France, waving signs demanding the right to freely exchange computer code. … The Parliament was poised to approve a law extending American-style software patents to Europe, the most lucrative consumer market outside the U.S. … A panicky Parliament suddenly backed off a law the industry giants had spent several years and millions of euros lobbying to enact. … The surprise winners: U.S. software companies Red Hat Inc. and Sun Microsystems Inc., the only large companies that had taken public stands against the software patents law. …

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Today, the battle has shifted to an effort to create a special patents court that would handle appeals cases from all over Europe. Companies like Microsoft support the idea in large part because many national courts currently reject software patents, bucking rulings by the European-wide patent office."

Industries Seek Share Of Ticket Reseller's Take. The Wall Street Journal (9/12, Smith, Silver) reports, "Reselling sports and concert tickets online has become a multibillion-dollar business for eBay Inc., StubHub Inc. and other middlemen. Now the concert and sports industry -- and Ticketmaster, which sells the majority of seats -- are fighting to take back some of that money." The Journal continues, "A division of Barry Diller's IAC/InterActiveCorp, Ticketmaster is overhauling the way it sells tickets, embracing new methods that it long shunned. It is now running auctions to sell seats for roughly 30% of this year's major music tours -- including Pink Floyd's Roger Waters, Barbra Streisand, Madonna, B.B. King and Melissa Etheridge. Ticketmaster also is letting customers resell some seats at its Web site. Since that lets fans sell tickets far above face value, Ticketmaster has joined the fight against state antiscalping laws, reversing its earlier position." The Journal adds, "Concert promoters, performers and sports teams stand to win if the new methods at Ticketmaster reduce scalper sales -- and return some of the proceeds to their own coffers. … Ticketmaster, which for 15 years has held a near-monopoly over the market for ticketing major live events, is battling competition from online rivals that can easily resell tickets at whatever price the market will bear. The result is a marketplace in the throes of upheaval, confronting a pricing system that everyone agrees is dysfunctional."

ENVIRONMENT/INDIAN AFFAIRS:

Manure-To-Power Venture Spawns Fraud Suits. The Los Angeles Times (9/12, Pugmire, Heisel) reports, "As he sold investors on an improbable plan for turning...cow manure into electricity, W. Patrick Moriarty...promised cutting-edge technology, a respected engineering firm and tax-exempt financing to extract methane gas from mountains of manure and use it to generate enough power to light a small city." What Moriarty and his business partner didn't tell investors, who put up more than $10 million, "was that their company, Chino Organic Power Inc., had no licensed technology, no equipment, no permits — not even a guaranteed supply of manure. Although manure-to-electricity plants have been used on a small scale to turn water-polluting cow waste into power, they are not particularly cost-effective and have never produced close to the amount of electricity Moriarty envisioned, documents and interviews show." The Times says, "the lofty energy plan has come crashing down, followed by a bankruptcy and accusations from angry investors, a number of whom have filed lawsuits alleging fraud ... ." However, Moriarty "said last week that he intended to keep fighting to build some version of a manure-based power plant in California."

Tribes Ask Senate To Block Jonker Nomination. The AP (9/12) reports, "Seven American Indian tribes in Michigan are asking federal lawmakers to block the judicial nomination of a lawyer who has represented groups opposed to the expansion of casino gambling." In letters to Democratic Senators Debbie Stabenow and Carl Levin, the tribes "wrote that Robert Jonker's work indicates a bias against Indian tribes and raises questions about his fitness to serve as a federal district judge." Jonker "was nominated in June for a vacancy on the U-S District Court for Michigan's Western District. His hearing before a Senate panel has not yet been scheduled."

FBI/DEA/ATF/USMS:

Los Angeles Mob Figure Gets More Than 10 Years For Racketeering. The Los Angeles Times (9/12, Mozingo) reports Hai Waknine, "an Israeli-born mob figure known for holding court at the hippest of Westside clubs" in Los Angeles, was sentenced to "more than 10 years in prison for racketeering." In June, Waknine pleaded guilty during "to using extortion and threats of violence to help an Israeli crime group launder nearly $2 million in embezzled funds. The case against Waknine stemmed from ongoing federal probes into Israeli rings that traffic the club drug Ecstasy and launder the proceeds. Several of Waknine's associates have been convicted of Ecstasy trafficking. Waknine and his older brother Assaf, who grew up in Van Nuys, have been on the Los Angeles Police Department's radar since they were teenagers."

Houston-Louisiana Cocaine Ring Busted. The New Orleans Times Picayune (9/8) reported, "Nine men -- including four from Metairie, two from LaPlace and one

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each from Kenner and Destrehan -- have been indicted on charges of conspiracy to distribute cocaine powder and crack cocaine, the U.S. attorney's office said Thursday. Among those charged in the Aug. 31 federal grand jury indictment, which was unsealed this week, was Henry Gloston, 25, of Houston, who is accused of running kilogram-size shipments of the drugs from Houston to William Lang, 32, also known as 'Tussy' or 'Hood,' of Metairie, one of the local defendants." US Attorney Jim Letten said Lang "would sell the cocaine powder and crack to other defendants for distribution in Metairie and nearby." DEA agent William Renton, said the investigation "has dismantled 'a significant cocaine distribution organization, from wholesale and street level distributors operating in Metairie and Kenner to the Houston, Texas, source of supply.' As part of the investigation, Jefferson Parish sheriff's deputies made undercover drug purchases from an additional 24 people, resulting in state warrants for related drug-trafficking crimes, the U.S. attorney's office said. Twenty-two of the 33 defendants were arrested in a roundup early Thursday morning, the U.S. attorney's office said. It is unclear how many of the 22 were among the nine indicted on federal charges."

Tennessee Marijuana Runner Pleads Guilty. The Knoxville News Sentinel (9/12, Satterfield) reports "businessman-turned-convicted pot peddler" Scott West "faces as much as nine years behind bars when sentenced later this year." He pleaded guilty Monday "to charges he conspired with his older brother, James Michael West, and others to push more than a ton of marijuana along a pipeline that ran from Arizona to Tennessee, Georgia and North Carolina. He also admitted pumping millions of his brother's drug money into his Market Square ventures, using the dirty cash to buy several buildings on Market Square and launch businesses such as the Preservation Pub, Oodles Uncorked and World Grotto." West's wife Bernadette Trent West also "entered a guilty plea to conspiring to launder drug money. As a result of a plea negotiated by her defense attorney, David Eldridge, she faces a penalty range of 46 to 57 months."

Sentences Handed Down In San Diego Marijuana Cases. The AP (9/11) reports prison sentences were handed down for two San Diego-area defendants "convicted in unrelated cases involving marijuana cultivation, federal prosecutors announced Monday." Daniel Barton of Carlsbad, "who managed a substantial marijuana 'grow' operation at a residence in Valley Center, was sentenced to 37 months behind bars," while Christopher DeMatteis "was sentenced to 30 months in federal prison after pleading guilty to a conspiracy charge involving 555 marijuana plants. He admitted that he was the caretaker and operator of a substantial marijuana 'grow' operation in Oceanside, which was owned by his brother and co-defendant, Eric DeMatteis, who also pleaded guilty."

Ex-Armstrong Teammates Admit Doping During 1999 Tour De France. The New York Times (9/12, Macur) reports, "Two of Lance Armstrong's eight teammates from the 1999 Tour de France have admitted for the first time that they used the banned endurance-boosting drug EPO in preparing for the race that year, when they helped Armstrong capture the first of his record seven titles." The disclosures by Frankie Andreu and another anonymous team member "are rare examples of candor in a sport protected by a powerful code of silence. The confessions come as cycling is reeling from doping scandals, including Floyd Landis's fall in July from Tour champion to suspected cheat." Andreu said that he took EPO "for only a few races and that he was acknowledging his use now because he thought doping was damaging his sport. Continued doping and denial by riders may scare away fans and sponsors for good, he said." The other rider said, "The environment was certainly one of, to be accepted, you had to use doping products. There was very high pressure to be one of the cool kids." Neither rider "ever tested positive for performance-enhancing drugs, but both said they felt as if they had to take EPO to make the Tour team in 1999."

Salinas, CA, Seen As Site Of Organized Gun Trafficking. The Monterey (CA) Herald (9/12, Reynolds, Sánchez) reports, "For years, Salinas police have said that most of the guns used in local crimes in the city were stolen individually during residential burglaries. Police reports indicate that there have been no significant robberies of local gun stores, and most firearms acquired in the city are bought legally. … But over the last 20 years, the city has also had several notable episodes of organized gun trafficking, as the following cases show." The Herald continues, "One unexpected source of cheap handguns was the Santa Ana Police Department. In the 1990s, it was not uncommon for police departments to sell confiscated weapons to gun dealers. In 1993, an Assembly analysis found that most of the

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weapons sold were the type used for hunting or collection value and were not cheap 'Saturday Night Specials.' … But one exception was a sale by the Santa Ana Police Department through a Modesto broker of 25 small pistols to Justin Davis, proprietor of the now-defunct JKD Shooting Sports in Salinas for $30 each. Davis told a reporter he bought the .25-caliber pistols because a factory had temporarily stopped making them. … 'The police are just partners in the recirculating of these weapons onto the streets of California after these weapons have been taken away,' then-Sen. Tom Hayden, D-Santa Monica, complained at the time." The Herald adds, "Some of the weapons were used in bank robberies, convenience store holdups and shootings, an agent at the San Jose office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, told the San Jose Mercury News."

IMMIGRATION:

Putnam To Participate In Rally Urging Comprehensive Immigration Reform. CQ (9/11, Sandler) reported, "Rep. Adam H. Putnam was tasked last week with assembling a tough border security package that House Republicans hope will provide their party a boost leading up to Election Day. The Florida Republican will serve the 'security first' approach favored by his caucus, organizing a policy forum Tuesday that will generate ideas he will turn into legislative proposals designed to put political pressure on those who favor a broader Senate immigration bill. But on Wednesday, Putnam will share a platform with some of the very people his House leadership is looking to squeeze: supporters of the other chamber's version of an immigration overhaul. Putnam has accepted an invitation to join a coalition of business interests and Sen. Larry E. Craig, R-Idaho, at a rally outside the Capitol urging passage of the Senate's 'comprehensive' immigration bill this year. The groups Putnam will stand with Wednesday want a guest worker program and a path to citizenship for most of the estimated 12 million illegal immigrants now in the country — positions that most of Putnam's GOP House colleagues oppose."

Morris, McGann Say GOP Punted On Immigration Reform. Dick Morris and Eileen McGann write in The Hill (9/12), "The decision by the Republican leadership not even to try to pass immigration reform before the election smacks of punting when they should have gone for a touchdown. America is begging for tough immigration reform and looking to the Republican Party to exercise its traditional role of leadership in law and order issues. But even without a real threat of a Democratic filibuster, the Republican Party has tripped over its own feet and given up its attempt to meet the needs of the country and of its constituents." Republican voters "are not likely to forgive GOP ineptitude and failure. With a 30-vote margin in the House and 10 in the Senate, they will find the lack of action inexplicable. … Whether or not the Republicans keep control of Congress in the 2006 election, their numbers will be reduced. The chances of a good immigration reform bill will decline proportionally."

Schwarzenegger Urges Civil Debate On Immigration Reform. California Gov. Arnold Schwarzenegger writes in the Los Angeles Times (9/12, 918K), "By not finishing comprehensive immigration reform this year, Congress left behind a poisoned debate that will continue to fuel a growing anger in our country. … So it's up to the rest of us to tone down our rhetoric and listen to the voices on all sides." Schwarzenegger adds, "Unfortunately, we must wait for Congress to return next year to take up the critical issue of comprehensive immigration reform. Meanwhile, we must do all we can to stop the problem from getting worse and to maintain a civil debate about illegal immigration."

Analysts Watching Arizona Primary To See How Immigration Resonates With Voters. Arizona's primary election today coincides with the House's final field hearing on immigration. The Hill (9/12, Sherman) reports that "political analysts are watching the elections closely to see how immigration resonates with voters. In Arizona's open 8th congressional district, conservative GOP candidate Randy Graf and moderate Steve Huffman are squaring off to replace outgoing Rep. Jim Kolbe. Graf press secretary R.T. Gregg said House Republicans' immigration hearings over the August recess have helped focus attention on an important issue for the district."

TAX:

Glaxo Settles IRS Suit For $3.4 Billion. The Wall Street Journal (9/12, Matthews, Whalen) reports GlaxoSmithKline PLC will pay the US "$3.4 billion to settle a nearly two-decade-long dispute over how to tax dealings between the British company and its American subsidiary, in

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a case that underscores" the IRS's "resolve to confront corporate tax avoidance." The settlement "covers taxes…Glaxo owed for 1989 through 2005 because the company's American unit improperly overpaid its British parent for drugs." It said "those overpayments reduced the company's profit in the U.S., thus lowering its U.S. tax bill."

The AP (9/12, Dalrymple) reports, "The disagreement concerned how much of the profits from certain drugs, particularly the ulcer and heartburn medication Zantac, should be attributed to U.S. subsidiaries of GlaxoSmithKline PLC and, therefore, subject to tax." The AP continues, "As part of the settlement, Glaxo abandoned its claim for a $1.8 billion tax refund. Glaxo spokeswoman Patty Seif said the IRS had rejected the company's refund claim and held that Glaxo owed $8.3 billion for taxes due from 1989 through 2000. … That case had been scheduled for trial at the U.S. Tax Court in February." The AP adds, "The IRS has been looking more closely at multinational tax practices and the complex transactions that cross borders in the globalized economy. IRS Commissioner Mark Everson this summer told a Senate committee investigating offshore tax abuses that the complexities of globalization and cross-border transactions 'create opportunities for aggressive tax planning.' … IRS Chief Counsel Donald Korb said Monday that a 'key focus' for tax collectors is transfer pricing, the issue involved in the Glaxo dispute, as one area where some multinational companies could take advantage of the global economy to move some profits to a country with lower or no taxes."

Former Tyco Tax Official Charged With Filing False Return. The Wall Street Journal (9/12, Levitz) reports, "The former top tax official at Tyco International Ltd. was charged with filing a false tax return for the company that failed to report more than $170 million in income." The Journal continues, "Raymond Scott Stevenson, who was vice president in charge of taxation at the manufacturing-and-services conglomerate until 2003, pleaded not guilty before a federal magistrate in Fort Pierce, Fla., to a felony fraud charge. He was released on $100,000 bail." The Journal adds, "According to the U.S. attorney for the Southern District of Florida, Mr. Stevenson, of Delray Beach, Fla., directed a 'series of transactions' designed to reduce Tyco's state tax liability, and in doing so triggered $170 million in capital gains under federal tax code. The capital gains would have added about $50 million to Tyco's tax bill, said Ellie Michaud, a spokeswoman for the Internal Revenue Service's criminal division. On Tyco's 1999 corporate tax return, Mr. Stevenson 'left off' the $170 million, Ms. Michaud said. … The transaction may have been related to one of the company's acquisitions, Tyco spokeswoman Sheri Woodruff said."

CONGRESS-ADMINISTRATION:

Pelosi Calls GOP Ethics Reform Bill "A Sham." In a letter to USA Today (9/12, 2.27M), House Minority Leader Nancy Pelosi writes that there are "real differences" between Democrats' and Republicans' ethics reform plans. Democrats "voted in favor of a true reform bill, the Honest Leadership & Open Government Act, which would ban gifts and travel from lobbyists and the organizations that retain them; prohibit official travel on corporate jets; extend the ban on former members' lobbying to two years; require greater disclosure of lobbyist contacts; mandate fair and open debate in the Congress; and impose tough new standards to end waste, fraud and abuse. House Republicans, in contrast, put forward only a sham of a proposal, which USA TODAY has rightly called an 'anemic excuse' for reform." Pelosi adds that Republicans "have turned this Congress into the most corrupt and closed in history. Democrats want to take Congress in a new direction, to make it the most open and honest in history."

Democrats Say They Would Run House In Less Partisan Manner Than GOP. CQ (9/11, Kady, Ferrechio) reported that House Democrats "are suggesting that they would run the chamber in a less partisan manner. Among the changes being floated in the heat of the campaign are allowing more floor amendments from the minority, negotiating conference agreements in public and enforcing time limits on roll call votes. Many of the ideas reflect the Democrats' complaints about 12 years of Republican rule. The public discussion of detailed proposals shows the confidence with which the party so long out of power is approaching the November elections."

Navy Was Moving To Fire Controversial Chaplain. The Washington Times (9/12, Scarborough, 88K) reports, "Internal e-mails indicate that the Navy was moving to fire an outspoken chaplain even before he was charged with disobeying an order. Lt. Gordon J. Klingenschmitt, whose court-martial is scheduled to begin

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today in Norfolk, yesterday said the e-mails given to his defense team prove that the Navy was plotting to fire him after he had complained publicly about a commander censoring his sermons." The Times quotes an email from Vice Adm. John Harvey, "the Navy's top personnel officer," to CNO Adm. Michael Mullen. Klingenschmitt is described as "a member of a small breakaway evangelical Episcopal denomination."

Government Accounting Said To Understate Federal Deficit. In his Washington Post column (9/12, D2), Newsweek Wall Street editor Allan Sloan says, "Next month, the White House and its congressional allies will be taking victory laps when the deficit for fiscal 2006 is announced. The stated deficit for the year, which ends Sept. 30, will be $260 billion or so. That will be down $58 billion from 2005 and a whopping $77 billion below what the nonpartisan Congressional Budget Office predicted in January. The White House says this is happening largely because tax revenues have surged, which they have. It sure sounds great." But the "dirty little secret" is that the "real federal deficit isn't $260 billion. It's more than double that. And when you calculate what I consider the real deficit -- hold on to your hats, it's $558 billion -- you come out with slightly more than last year's real deficit, which I put at $551 billion." The "stated deficit is the difference between the cash the government takes in and the cash it spends. That's $260 billion, the number most analysts use to measure the deficit." But the government will also "borrow almost $300 billion from federal trust funds: $177 billion from Social Security and $121 billion more from 'other government accounts,' such as federal-employee pension funds."

WSJournal Says Congress Should Enact Tort Reform. The Wall Street Journal (9/12, 2.03M) editorializes, "Cornerstone Research released a study this summer showing a huge drop in securities class-action suits, and a common explanation has been that this is a result of new rules designed to keep the corporate community on the straight and narrow: No wrongdoing, no need for lawyers. … Lawsuits are certainly down, but a closer inspection of the numbers shows that the drop-off directly correlates with the decline in filing by one law firm: Milberg Weiss. Long the nation's premier class-action generator, the entire firm and two partners were indicted in May of paying off their class-action plaintiffs." The Journal adds, "The numbers should also provide all the evidence Congress needs to conclude that the only real way to rein in America's runaway legal system is with tort reform that allows redress of genuine wrongs but limits the ability of lawyers to game the system. Milberg Weiss may be in the dock, but it's only a matter of time before other firms take up the slack."

OTHER NEWS:

Economists Predict Inflation Will Rise Even As Growth Slows. USA Today (9/12, Hagenbaugh, 2.27M) reports, "Inflation will rise faster than previously thought through the end of the year while economic growth will be slower, a group of prominent economists said Monday, painting an especially hazy outlook." The National Association for Business Economics "said inflation expectations rose significantly in its survey of 50 members conducted in August from its last poll released four months ago. Instead of expecting so-called core inflation, which excludes often-volatile food and energy costs, to rise 2.3% in the second half of 2006, the economists' median forecast is for the index to rise 2.9% in the third quarter and 2.7% in the fourth quarter." At the same time, the group "lowered its forecast for economic growth and job creation through the middle of next year."

The Wall Street Journal (9/12, Blackstone, 2.03M) reports the group also said "an outright recession is unlikely." Gross domestic product "is projected by the 50 forecasters surveyed by NABE to expand 2.6% in the second half of 2006. For 2007, the NABE panel cut its forecast to 2.8% from the 3% rate it expected when last surveyed in May. The latest survey was conducted between Aug. 9 and 24." Productivity "will be less of a factor in limiting price pressures than it has been in the past, according to NABE. Survey respondents cut their 2006 productivity growth forecast to 2.2% from the 2.5% forecast in the May survey. Productivity next year is expected to rise just 2.1%. Meanwhile, unit labor costs are expected to climb 2.7% this year and 2.3% next year, up from the 1.9% rate expected for both years in the May NABE survey."

Trade Report Expected To Contain Good News. Under the headline "Trade Picture Brightens," the Wall Street Journal (9/12, Lahart, 2.03M) reports, "Today's trade report will probably show a whopper of a deficit for July, something that always gives investors a fright about holding U.S. dollar assets. But dig a little deeper, and it looks like a shift in the nation's trade is happening." Economists "polled by Dow Jones Newswires are looking for a July trade deficit of $65.5

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billion, up from June's $64.8 billion and prospectively the third largest monthly deficit ever." Oil prices "have dropped sharply since July, which could bring the import figure back down. Meanwhile, away from oil, imports were already looking subdued in July. … Even as imports slow, continued growth in Asia should keep US exports strong, says Investment Technology Group economist Robert Barbera. Those exports will help boost economic growth, a plus at a time when other engines of growth seem to be slowing." The Journal adds, "Taken together, it spells a better trade picture in the months ahead, a silver lining for investors who worry about financing the mammoth trade shortfall. The dark cloud is that weary US consumers might be behind much of it."

Data On Unsold Homes Adds To Evidence Of Slowing Housing Market. The Wall Street Journal (9/12, Hagerty, 2.03M) reports, "A continued rise in inventories of unsold homes in August is likely to put more downward pressure on home prices in parts of the US." Inventories of homes in 18 large metropolitan areas across the country "expanded by 4.7% in August from a month earlier, according to data compiled by ZipRealty Inc., a real-estate brokerage firm based in Emeryville, Calif. The data are based on single-family homes and condos included in local multiple-listing services of homes for sale."

Stocks Rise Slightly. NBC Nightly News (9/11, story 9, , Williams, 9.87M) reported, "The stock market also was up today. The Dow was up almost 5 points [to close at 11,396.84]. The Nasdaq gained 7 points [to close at 2,173.25]." The Wall Street Journal (9/12, Anand, 2.03M) notes the broad Standard & Poor's 500-stock index" rose 0.1%, or 0.62 point, to 1299.54."

Gasoline Prices Fall To Lowest Levels In Five Months. USA Today (9/12, Healey, 2.27M) reports, "Gasoline prices continue to tumble, almost free-falling toward levels not seen in five months. The nationwide average for regular was $2.618 a gallon, the Energy Information Administration reported Monday. That was 10.9 cents lower than a week earlier." USA Today says, "High prices of spring and summer attracted more imported gasoline than usual, contributing to the above-average supplies that now are keeping prices down. ... Falling prices are cheering gasoline retailers as much as motorists." The "EIA plans to issue a short-term energy forecast today that will predict gasoline prices. That will suggest how low prices will go and how long they will stay there."

OPEC Leaves Production Target Unchanged, But Sets Stage To Cut Output. The Wall Street Journal (9/12, A2, Levine, Bahree, 2.03M) reports OPEC "decided to let its production fluctuate rather than adhere to its formal quotas, allowing the cartel to curb output quietly should oil prices continue their recent swoon. As expected, the cartel didn't change its official oil-production target of 28 million barrels a day. More important, though, OPEC has effectively agreed to ignore those quotas for now." The Journal says, "Senior OPEC officials said oil marketers from member countries would base their sales of crude on demand from customers. The cartel will seek to avoid pushing more oil than needed by markets -- implying it would seek to avoid discounting, a necessary step to shore up prices should demand weaken." OPEC's "next gathering is scheduled for December, but the new understanding would allow members to trim output without a formal meeting."

The Washington Post (9/12, D7, Mufson, 748K) reports, "Crude oil prices continued their downward march yesterday as [OPEC] left its production targets unchanged and as Europe's foreign policy chief raised hopes of a peaceful resolution to the standoff over Iran's nuclear program." OPEC "says that it fears high prices will drive consumers to alternative energy sources or non-OPEC oil, and its president, Nigerian oil minister Edmund Maduabebe Daukoru, said yesterday that OPEC was pleased to see prices drop from their peak levels. But the ministers talked mostly of 'downside risks' to prices and asserted that they might move to trim output later in the year if prices continued to slump."

The Financial Times (9/12, Morrison, Hoyos) reports, "members of the cartel signalled they might reduce output later this year to limit any further fall in world oil prices." OPEC "ministers agreed to keep the cartel's official production at 28m barrels a day, even though the 10 members that abide by quotas are producing 500,000 b/d less. With the cartel producing below official limits, analysts said Opec may cut at its next meeting in Nigeria in December."

Blogosphere Increasingly Serves Government Oversight Role. USA Today (9/12, Wolf, 2.27M) reports on a recent trend in government oversight in which more light "is being thrown on Congress, not just by the media and public interest groups, but in the 'blogosphere' where Internet users meet." The blogosphere's involvement "is getting action: House Majority

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Leader John Boehner, R-Ohio, has promised a vote this week on a rules change that would ensure the sponsors of individual projects are identified. And Republicans in the House and Senate say they will approve the national database this year." USA notes, "Advances in technology and communication now make it easier for average citizens to be researchers, reporters and muckrakers. The model for many watchdog groups is the Center for Responsive Politics, whose website, opensecrets.org, puts information about lobbying and campaign finance into accessible formats for Internet users."

LA Plans To Honor Prominent Muslim Generate Controversy. The Los Angeles Times (9/12, Watanabe) reports that in a "public hearing spiced with accusations of Jew-hating and Muslim-bashing, nearly four dozen religious, ethnic and civil rights activists spoke out Monday on whether a prominent Los Angeles Muslim should be disqualified from receiving a prestigious humanitarian award because he has expressed some views critical of Israel." Maher Hathout, "chairman of the Islamic Center of Southern California, is the first Muslim chosen for the award from the Los Angeles County Human Relations Commission. But some Jewish groups have vehemently objected to the selection, calling Hathout an extremist masquerading as a moderate, and are urging the commission to rescind the award before it is presented next month." Jewish Federation of Greater Los Angeles President John R. Fischel "told commissioners that Hathout's 'false and controversial' statements about Israel — that it is an apartheid state, for instance — had offended and angered many Jews." But Hathout's "supporters Monday were more diverse and outnumbered opponents 2 to 1."

Mehlman Says $47 Million Cash-Edge, GOTV Will Allow GOP To Keep Congress. Roll Call (9/12, Kane) reports, "Republican National Committee Chairman Ken Mehlman predicted Monday that the GOP would maintain its control of both Congressional chambers, using a $47 million across-the-board financial edge and a finely honed voter turnout program to overcome historical trends and public resistance to the Iraq War." Mehlman "refuted pundits' suggestions that this year's midterms would be a purely nationalized campaign on issues breaking against Republicans, arguing instead that the elections would be characterized by larger national issues transposed onto a localized, race-by-race battlefield." Mehlman "said it would be 'a dereliction of your duty' for his committee not to run a television air war attacking Democratic candidates for the votes taken by their party leaders, indicating his intention to highlight how a Speaker Nancy Pelosi (D-Calif.) and her ranking-members-turned-chairmen would run the House."

Data On Contributions Suggests Republicans In Defensive Mode. USA Today (9/12, Lawrence, Locker, 2.27M) reports, "Top House Republicans are using almost all their campaign contributions to hold on to their 15-seat majority, federal records show, while Democratic House leaders are pouring money into campaigns to capture Republican seats." USA Today "examined contributions by leadership committees run by House Speaker Dennis Hastert, House Majority Leader John Boehner and House campaign chief Tom Reynolds, all Republicans, and their Democratic counterparts: House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer and House campaign chief Rahm Emanuel." The three Republicans "sent 85% of their donations -- $1.9 million -- to at least 70 Republican incumbents and candidates trying to hold GOP seats. The three Democrats gave $963,000, or 64% of their money, to at least 50 Democrats seeking Republican seats." USA Today adds, "The contrasting contribution patterns underscore the extent to which Republicans are on the defensive this year. Democrats, in hot pursuit of a House majority, are finding expanding opportunities across the electoral map."

Anti-Incumbent Sentiment Said To Be Widespread. The AP (9/12) reports that a widespread anti-incumbent sentiment can be heard "up and down the Ohio River Valley as it cuts through Republican-held congressional districts in Indiana, Kentucky, and Ohio -- politically pivotal House seats in an election year in which Democrats hope to end 12 years in the minority." Voters in this region and nationally "are quick to voice their frustration with the GOP-controlled Congress, and their desire for more responsive replacements for the current crop of lawmakers. It's a general disgust that may lead to firings of some politicians on Nov. 7. People already have hinted as much in Republican and Democratic primaries."

Republican Aides Prepare For Worst. The White House Bulletin/US News (9/11) reported some Republican House aides "aren't buying the Administration's confidence in keeping control of the chamber and are beginning to shop around for jobs in advance of the fall elections. Trade

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associations and lobbying shops are the first target, according to K Street executives and association officials." A handful of GOP aides "said that they are preparing for the worst, when a Democratic majority would take over House committees and ax one-third to two-thirds of the Republican staffers and replace them with Democrats. One insider said that communications and scheduling aides would be the first to go, and that the minority would be left with only a handful of top aides on each subcommittee as Democrats moved to use the positions to build up investigative staffs." Another aide "however, said a staff cut would have the benefit of 'trimming some old deadwood' on committees. He added that some committee staffs have begun to draw up lists of staffers likely to get the ax."

Race To Replace Sanders Could Determine House Control. The Los Angeles Times (9/12, Mehren, 918K) reports that in Vermont's US Senate contest, Bernie Sanders "boasts a commanding lead over a Republican challenger who has blanketed the state with venomous advertising. Richard Tarrant, a software magnate who has never held elective office, has poured millions of dollars into a campaign that has brought him scant 34% support, according to the state's most recent polls." As an independent, a Sanders victory "would not help Democrats or Republicans in the tight struggle for Senate control. By contrast, the contest for Sanders' congressional seat is important to both major parties. State Sen. Peter Welch is running unopposed in the Democratic primary; Maj. Gen. Martha Rainville, the former adjutant general of the Vermont National Guard, is the leading Republican candidate."

Democratic Poll Shows Welch Leading Rainville By 10 Points. In its "Washington Wire" column on its web site, the Wall Street Journal (9/11, 2.03M) reported, "A new Democratic poll obtained by The Wall Street Journal casts doubts on Republican claims that they've got a shot at capturing the Vermont House seat being vacated by liberal independent Rep. Bernie Sanders. A Greenberg Quinlan Rosner Research poll shows Democrat Peter Welch leads Republican Martha Rainville by 10 points, 52% to 42%. A recently released Republican poll put the race within a closer margin."

Jefferson Faces Tough Primary. USA Today (9/12, Konigsmark, 2.27M) reports, "A bribery scandal has Congressman William Jefferson fighting for his political life following eight House terms in which he faced little opposition at election time. A dozen candidates are challenging Jefferson, a Louisiana Democrat who FBI agents say was found with $90,000 in bribe money in his freezer. Jefferson denies any impropriety." USA Today adds, "The Nov. 7 election is the first time Jefferson has been threatened with defeat since elected to the House in 1990." Jefferson "faces eight Democrats -- including two state representatives and a former city councilman -- three Republicans and one Libertarian."

Roll Call (9/12, Whittington) says that "as she builds support for her bid to oust" the "embattled" Jefferson, Louisiana state Rep. Karen Carter (D) "is getting help from several influential Louisiana Democrats, including former Sens. J. Bennett Johnston and John Breaux and former Rep. Chris John." Carter "is making effectiveness the central issue of her campaign, asserting that Jefferson's situation is both 'embarrassing and disappointing,' and the investigation is detracting from his Congressional work." Today "she is set to receive the endorsements of New Orleans City Council President Oliver Thomas and City Councilwoman Cynthia Hedge-Morrell."

National GOP Pushing For Chafee Win In Primary Election. The AP (9/12, Tanner) reports, "Moderate GOP Sen. Lincoln Chafee of Rhode Island faces a serious challenge Tuesday as the last big flurry of primary elections provides another test of the depth of anti-incumbent sentiment and the erosion of the political middle ground." Chafee has been "targeted by the Club for Growth, a Washington-based group that has tried, not always successfully, to force candidates to vote against taxes. The group is backing Steve Laffey, a former investment banker and mayor of Cranston, R.I." Chafee "has drawn a remarkable amount of support from national Republicans, especially for a senator who has often been at odds with the party, bucking the administration on tax cuts, civil liberties and the Iraq war. He has the distinction of being the only Republican to vote against the use of military force in Iraq." Polls "a month before the primary showed the two Republicans running even." Chafee "acknowledged that the race could hinge on turnout in heavily Democratic Rhode Island, saying a low turnout could mean his defeat. His campaign has encouraged Democrats to drop their party registration so they could vote for him."

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The Financial Times (9/12, Yeager, Knight, Island) says National Republicans "are doing all they can to ensure that Mr Chafee wins his party's primary election in Rhode Island on Tuesday. If he loses to Stephen Laffey, the conservative mayor of Cranston, they fear the party has no hope of keeping the seat in November's general election, imperilling the Republicans' control of the Senate."

Meanwhile, says The Hill (9/12, Blake) reports the National Republican Senatorial Committee (NRSC) "has argued that Laffey cannot beat Whitehouse and the party has mobilized in support of Chafee, even though he has bucked them time and time again." The NRSC also "said last week that it would not support Laffey should he win the primary. Laffey said that the NRSC, the Republican National Committee and the White House have asked him to withdraw."

Analyzing the Rhode Island race, the Christian Science Monitor (9/12, Chaddock, 58K) reports, "Campaign 2006 is proving to be a scorcher for moderates of both parties, especially in the Northeast, where at least eight of the key races for control of the House and Senate will be decided. … Like fellow moderate Sen. Joseph Lieberman (D) of Connecticut, Chafee could lose the primary to a rival who's more aligned with the base." But "unlike the Connecticut primary, the Rhode Island contest is not just about Iraq or the candidate's ties to President Bush. It's about whether a politician can hold middle ground when the pull in both parties is to the extremes. It's also about contrasting candidate styles -- Chafee, low-key and reflective; Mr. Laffey, high intensity and no shades of gray -- in a state so small that one-on-ones with voters can still make a difference."

Tester Compiles Highlight Reel Of Burns Gaffes. Montana state Senate President Jon Tester, who is challenging GOP Sen. Conrad Burns, has compiled a "highlight reel" of Burns' gaffes, which has campaign will begin showing on the YouTube web site today, Roll Call (9/12, Duran) reports. Whether "he was accusing Virginia firefighters of doing a 'piss-poor job' or commenting about the 'nice little Guatemalan man' -- with uncertain immigration status -- who is doing work on his Virginia home, Burns spent most of August apologizing for his off-the-cuff remarks. Probably the most damaging incident came in late July when Burns reportedly stalked up to an elite group of firefighters from Augusta, Va., in the Billings, Mont., airport and accused them of not doing a 'goddamned thing' to put out a raging wildfire in Montana."

McCaskill Says Comments On Bush Were Reported Out Of Context. As it tried link GOP Sen. Jim Talent to President Bush, the campaign of Democrat Clair McCaskill accused Bush of letting poor blacks in Louisiana die during Hurricane Katrina. The Washington Times (9/12, Bellantoni, 88K) reports that McCaskill "has been under sharp criticism" since making the comment. Republicans, including Senate Majority Leader Bill Frist of Tennessee, "immediately called upon Mrs. McCaskill to apologize for the remarks. … But Mrs. McCaskill told KMOX radio in Missouri the statement's context as reported by Pub Def Weekly is 'not exactly correct.' She said she was acknowledging the sentiment of many Americans, and national tragedies are the time when people need government the most."

Maryland Democratic Senate Primary Remains "Two Man Race." CQ (9/11, Spiegel) reported that polls indicate that Maryland's Democratic Senate primary campaign "is ending as it began: as a two-man race between Rep. Benjamin L. Cardin and former Rep. Kweisi Mfume, who more recently served as head of the NAACP. The front-runners have remained competitive right up to primary day because each has significant political assets." Mfume "has stayed in the running, largely for two reasons. His dramatic life story of rising from a difficult youth on the streets of inner-city Baltimore and his personal charisma have enabled him to personally outshine the earnest but bland Cardin, and the longtime civil rights activist with the Africanized name — he was born Frizzell Gray — has a stronger connection than Cardin to an African-American constituency that makes up more than a quarter of the state's population and a significant portion of the Democratic primary voting base."

GOP Hopes Michigan's Troubled Economy Will Help Unseat Granholm. The Washington Post (9/12, A3, Slevin, 748K) reports that in Michigan, this year's election is likely to come down to whom voters blame for the state's troubled economy. According to the Post, "With unemployment higher than the national average and many residents frustrated with Democratic Gov. Jennifer M. Granholm, Republicans see a chance for a swing-state

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victory." Republican Mike Bouchard "has kept within striking distance in his first statewide race. But as he works to cultivate an image as a seasoned lawman and a pragmatic politician, he is finding that many voters are unwilling to replace a Democrat in Washington with a largely unknown Republican. … The GOP draws hope from polls showing that two in three voters are dissatisfied with Michigan's direction. The jobless rate rose to 7 percent in July, compared with 4.8 percent nationwide. Given deepening troubles in the auto industry, economists expect the number to remain high even with seasonal hiring."

Daley Vetoes Chicago Living-Wage Bill. Chicago Mayor Richard Daley used his veto power for the first time in his 17-year tenure to reject a living-wage ordinance intended to force big retailers to pay wages of $10 an hour and health benefits equivalent to $3 an hour by 2010. The Wall Street Journal (9/12, Hudson, 2.03M) reports, "Mayor Daley had to persuade only two aldermen to reverse course on the ordinance to ensure his veto isn't overridden. The aldermen had voted 35-14 on July 26 to pass the ordinance. The ordinance's sponsor, Alderman Joseph Moore, said an override of the veto remains possible."

The New York Times (9/12, Davey, 1.21M) reports, "The veto, praised by business leaders but condemned by labor groups and the aldermen who had pressed for the ordinance, set up the mayor for a rare political fight: Mr. Daley, who is up for re-election next year, may face an effort to override his veto at City Hall on Wednesday." An override "would require 34 of the 50 aldermen, and at least one Council member who had supported the ordinance told The Chicago Tribune that she now intended to vote against it. Another alderman who supported the measure is expected to be absent."

WSJournal Makes Case Against Living-Wage Bill. The Wall Street Journal (9/12, 2.03M) editorializes, "In his veto message, Mayor Daley, a pro-union Democrat, declared that the wage law would 'drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most.' Wal-Mart and Target have announced plans to cease expansions in the city if the law is enacted. … And of course if Wal-Mart, Home Depot and the others were to abandon the city, Chicago residents would be paying a great many millions more a year in higher prices. Still, the City Council has vowed a veto override vote later this week."

Survey Finds Americans Have Four Distinct Views Of God. USA Today (9/12, Grossman, 2.27M) reports, "A new survey of religion in the USA finds four very different images of God -- from a wrathful deity thundering at sinful humanity to a distant power uninvolved in mankind's affairs." Written and analyzed by sociologists from Baylor University's Institute for Studies of Religion, in Waco, Texas, and conducted by Gallup, the survey of 1,721 Americans "asked 77 questions with nearly 400 answer choices that burrowed deeply into beliefs, practices and religious ties and turned up some surprising findings: Though 91.8% say they believe in God, a higher power or a cosmic force, they had four distinct views of God's personality and engagement in human affairs. These Four Gods — dubbed by researchers Authoritarian, Benevolent, Critical or Distant — tell more about people's social, moral and political views and personal piety than the familiar categories of Protestant/Catholic/Jew or even red state/blue state."

The Washington Post (9/12, A12, Boorstein, 748K) reports that the survey, "considered one of the most detailed ever conducted about religion in the United States, found that one in 10 people who picked 'no religion' out of 40 choices did something interesting when asked later where they worship: They named a place. Considering that, Baylor researchers say, the percentage of people who are truly unaffiliated is more like 10.8 percent. The difference between 10.8 percent and 14 percent is about 10 million Americans."

Book Says "Daily Show" Makes Young People Cynical About Politics. Mary Zeiss Stange, an associate professor of women's studies and religion at Skidmore College, writes in USA Today (9/12, 2.27M), "In 'The Daily Show Effect: Candidate Evaluations, Efficacy, and American Youth,' Jody Baumgartner and Jonathan Morris, of East Carolina University, claim to have discovered that viewing Stewart's nightly satirical riff on the news causes college-age Americans to become cynical about politicians and the news media. … They reached this conclusion by contrasting the responses of students who had viewed 2004 presidential election coverage on The Daily Show to those of students who had viewed similar reportage on CBS' Evening News." Stange adds, "The cynical and potentially more apathetic Daily Show viewers also seemed to be 'more confident about their own ability to understand politics' than those who had 'consumed' the network news." Stange adds, "if the 'serious' national news media are irked at being called

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to account by a show whose lead-in is 'puppets making crank phone calls,' they have no one to thank but themselves."

Assassination Film Said To Devalue "The Difference Between Real And False." The Wall Street Journal (9/12, Morgenstern, 2.03M) reviews the film "Death Of A President," a fake documentary set one year in the future, which depicts the assassination of President Bush. The Journal reports that the film "is certainly artful in its deployment of tried-and-true documentary techniques to create an alternate reality. … By dramatizing the government's dependence on questionable forensic evidence, by manipulating images and flagrantly falsifying contexts (as in excerpts from a Cheney speech that are made to seem a eulogy for the fallen president), it reminds us of the undependable nature of supposedly objective truth." The film "ultimately, and paradoxically, does what it professes to deplore -- devalues the difference between real and false." It "takes on an unreal life of its own. The film itself becomes a riderless horse."

USA Today (9/12, Jacobson, 2.27M) also reviews the film, noting that it did not "score any huge critical success" at this week's Toronto film festival. The consensus "seemed to be that the political conclusions -- that American politics drives truth out the window -- didn't seem to be worth the artistic effort to pump up the volume. … The auditorium was silent during the film while viewers tried to follow the stream of political and forensic jargon. Audience response at the end was an unsure round of applause."

Edsall Book Depicts Democrats As "Hapless," "Unfocused." The New York Times (9/12, Kakutani, 1.21M) reviews the book "Building Red America," by Thomas B. Edsall. In the book, Edsall notes that Republicans hold "'a set of advantages, some substantial and some marginal,' that have enabled it to 'eke out victory by slim margins in a majority of closely contested elections' and that will probably give it an edge in the foreseeable future." Edsall depicts Democrats "as hapless, unfocused and reeling from self-inflicted wounds. … Unless the Democratic Party makes fundamental changes in its structure, tactical operations and long-range strategic planning, he writes, the odds are that the Republicans 'will continue to maintain, over the long term, a thin but durable margin of victory.'"

Gunmen Attack US Embassy In Damascus; No Casualties Reported. The AP (9/12 Aji) reports, "Gunmen apparently blew up a car outside the American Embassy and exchanged fire with Syrian guards in a bold attack inside Damascus' diplomatic neighborhood Tuesday, a witness said. … A Syrian who works at the US Embassy told The Associated Press by telephone that there were no US casualties." According to a witness, "two gunmen stopped a car on the street in front of the Embassy, got out and shot at the Syrian sentries in front of the building's entrance and then detonated the car. The security personnel shot back, and security forces in the area quickly rushed to the scene, said the witness who was in the area." The AP adds, "In Washington, the State Department said it had no immediate information and was looking into news reports of the attack."

In "Apparent Shift," Rice Open To Delay In Push For Iran Sanctions. The New York Times (9/12, Cooper, 1.21M) reports, "Secretary of State Condoleezza Rice, in an ever-so-slight softening of America's stance, on Monday left open the possibility that the United States might suspend efforts to impose sanctions against Iran if it suspended uranium enrichment for two months. 'First of all, it would have to be suspension -- verified suspension,' Ms. Rice said. 'Secondly, it's suspension for suspension. We've said that if they suspend,' the United States would in turn halt its pursuit of United Nations sanctions against Iran and would join European talks with Tehran over its nuclear program." The "apparent shift in the American stance…reflects the hard realities that there are few good options on Iran, even if the Bush administration is able to get Russia and China to sign on to sanctions. Iran defied an Aug. 31 deadline set by the United Nations Security Council to halt production of nuclear fuel."

USA Today (9/12, 2.27M) reports, "Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other world powers over the future and scope of the Islamic republic's nuclear program." Rice "said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by an Iranian deadline. 'The question is: Are they prepared to suspend verifiably so that negotiations can begin?'"

The Washington Times/AP (9/12, Gearan) reports Rice "predicted, as other Bush administration figures have, that the Security Council would gradually ratchet up economic or

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political sanctions. The step-by-step approach is meant to offer Iran a way out as the pressure increases."

The Washington Post (9/12, A20, Kessler, Linzer, 748K) reports, "Rice's comments followed a round of private calls she had in the past day with European counterparts and came after positive meetings between European and Iranian officials. Two days of talks in Vienna between Ali Larijani, Iran's top nuclear negotiator, and Javier Solana of the European Union went well, and both sides said they will meet again Thursday, according to diplomats from both sides who spoke on the condition of anonymity because of the sensitivity of the negotiations." France, Britain and Germany "have committed to push for sanctions against Iran if it does not halt its uranium-enrichment program, but the Europeans are also eager to find a route to negotiations."

Iran Closes Two Opposition Newspapers. The AP (9/12, Dareini) reports, "Iran closed down two opposition newspapers on Monday, one of which had recently poked fun at hard-line President Mahmoud Ahmadinejad and the way his government has handled nuclear talks with the West." It was "a fresh show of determination by Iran's ruling clerical establishment to silence dissent over its handling of nuclear talks with the West and deny reformers a chance to air their views ahead of elections scheduled for Dec. 15." Iran's "most prominent reformist daily, Shargh, or East," ran a cartoon Thursday "depicting a horse and donkey facing each other on a chess board. The donkey — a symbol of ignorance in Iranian culture -- has his mouth open and light around him, while the horse shows no emotion. The Press Supervisory Board also "ordered the political monthly Nameh, or Letter, to be closed down, IRNA reported Monday. The paper's editor, Majid Tavallaei, said the reason behind the closure was the publication of a poem from dissident female poet Simin Behbahani. The text of the poem was not immediately available." The New York Times (9/12, Fathi, 1.21M) and Los Angeles Times (9/12, Pirouz) also report the story.

Sharansky Says Iran's Use Of Terrorism By "Proxy" Deserves International Action. In a Los Angeles Times column (9/12), Natan Sharansky compares the US' military action against the Taliban regime in Afghanistan after 9/11 and the lack of international action against Iran after Hezbollah's attack on Israel: "It is clear that Hezbollah is a proxy of Iran. It is public knowledge that Hezbollah receives more than $100 million a year from the Iranian regime, as well as sophisticated weapons and training. Yet Iran has paid no price for its proxy's actions" By "failing to hold Iran accountable for its brazen support of Hezbollah, the free world has undermined a central pillar in the war on terror and given the Iranian regime a huge weapon for achieving its ambitions. Now the mullahs know they can attack a democratic country with impunity. "

Kristof Makes Case Against Military Attack On Iran. Nicholas Kristof writes in the New York Times (9/12, 1.21M), "It is quite possible that President Bush will bomb Iran's nuclear installations over the next couple of years. Let's hope he looks at how Israel shot itself in the foot in Lebanon this summer and resists the siren calls of neocons who claim that a few air raids would make the Iranian nuclear menace disappear." Kristof adds, "The argument Mr. Bush is hearing in favor of an airstrike is pretty simple: Iran is a terrorist regime that has sponsored attacks on Americans and on Jews (as far away as Argentina). The president of Iran is a hard-liner who has used language that, while subject to debate among Farsi speakers, may mean that his aim is to wipe Israel off the map. A nuclear Iran would also have a devastating ripple effect around the region: Saudi Arabia, Egypt and Turkey might go nuclear as well. And considering how reckless Iran's foreign policy has already been, imagine if it felt emboldened with a nuclear weapon." Moreover, "if Mr. Bush doesn't strike Iran, there's a good chance that Israel will -- and the US would still get blamed (partly because the Israeli planes would fly through American-controlled airspace over Iraq)." However, "Iran's leaders are probably praying for such a strike; it may be the only way that they can stay in power for more than another decade. … We Americans are still paying the price for our involvement in the 1953 overthrow of the elected Iranian government of Mohammed Mossadegh; if we bomb Iran, we may cement the mullahs in power for another 50 years. Moreover, the military options are wretched."

Fatah, Hamas To Form Coalition Government. The AP (9/12, Hadid) reports, "Palestinian President Mahmoud Abbas struck a deal Monday to share power with the militant Islamic Hamas, an accord that could restore international aid and could lead to contacts with Israel. The breakthrough compromise falls short of international demands that Hamas fully renounce violence, but Israeli officials still voiced cautious support for the accord."

The Los Angeles Times (9/12, Ellingwood, 918K) says "the pact may help bring a measure of calm to the Gaza Strip

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and West Bank, easing protests by long-unpaid public workers and strife between the two parties' gunmen." However, "it remained unclear whether a government reshuffle would go far enough to restart the flow of hundreds of millions of dollars in aid from foreign donors, including the United States." The Times adds, "Palestinian officials said Abbas would dissolve the Hamas government in the coming days and that a new governing coalition would be named, most likely under Hamas leadership but including other factions. Ghazi Hamad, a spokesman with Hamas, said the parties still needed to work out the makeup of the government. … Details of the agreement were not released. A key unanswered question was whether the proposed government would satisfy the three conditions laid out by the so-called quartet of Middle East intermediaries -- the US, the EU, Russia and United Nations -- in order to resume the flow of aid." Those conditions are: "recognizing Israel, halting violence and agreeing to honor past Israeli-Palestinians agreements." The Washington Times (9/12, Mitnick, 88K) reports State Department spokesman Gonzalo Gallegos "said the Palestinian government must accept" those "three principles of peace."

The New York Times (9/12, Erlanger, Myre, 1.21M) reports, "Officials said the new government would accept all previous Israeli-Palestinian agreements, an implicit recognition of a two-state solution. It would call for the negotiation of an independent Palestine outside of Israel's 1967 borders, including Gaza, the West Bank and East Jerusalem, on the basis of an Arab League initiative." The government is also "expected to recognize the Palestine Liberation Organization, which has signed all agreements with Israel, as the negotiating representative of the Palestinian people, and to acknowledge the right of Mr. Abbas to negotiate for the Palestinians."

The Washington Post (9/12, A18, Wilson, 748K) reports, "Mark Regev, spokesman for the Israeli Foreign Ministry, said that 'things are still fluid' concerning the terms of the political program." But "he said that 'it's clear that if the incoming government, assuming there is one, accepts the three benchmarks...as well as the release of Gilad Shalit, it could give new momentum to the peace process and put the Israeli-Palestinian dialogue back on track.'" Micaela Schweitzer-Bluhm, spokeswoman for the US Consulate in Jerusalem, "which manages diplomacy with the Palestinians, said the political developments would be reviewed before any decision on aid is reached. But, she added, 'if it's still falling short of the quartet's principles, then it's still falling short.'"

Blair Encounters Angry Protests In Visit To Beirut. The Financial Times (9/12, Adams, England) reports, "Several thousand angry chanting protesters gathered in central Beirut on Monday, leaving Tony Blair in little doubt about the hostility many Lebanese felt towards his fleeting visit to their country. … While hostile and vocal, the reaction reflects the country's experience of 34 days of Israeli bombardment that some argue Britain's prime minister bears a degree of responsibility for." The Times adds, "Many Lebanese accuse Mr Blair of supporting Israel in its war with Hizbollah, the Shia militant group, and he was widely criticised for refusing to call for an immediate ceasefire to the conflict. Some also deride him as a crony of George W. Bush, the US president."

The New York Times (9/12, Smith, 1.21M) reports "several ministers refused to meet" with Blair, "including the pro-Syrian speaker of Parliament, Nabih Berri. The front pages of most of the country's newspapers said he was not welcome. But Mr. Blair defended his policies in the 34-day war." Said Blair, "I could have gone out there and called for it all to stop, but it wasn't going to stop until there was a UN resolution that had a framework within which it could stop, in which the real problems could be dealt with." Blair "said Britain would send more than $75 million in aid to Lebanon this year and was ready to provide 'training, equipment, any help we can give' to Lebanese security forces that were filling the void left by Hezbollah and departing Israeli troops in southern Lebanon. He said he would use his remaining months as prime minister to work for peace in the Middle East."

Cameron Criticizes US Policies, Suggests Blair "Slavish" To US Interests. The Financial Times (9/12, Green) reports, "David Cameron, leader of Britain's opposition Conservative party, on launched an outspoken attack on the failures of American foreign policy, calling for a "rebalancing" of the close relationship between the US and the UK." In a speech in London on the fifth anniversary of the 9/11 attacks, Cameron said, "We should be solid but not slavish in our friendship with America." He added, ""I and my party are instinctive friends of America and passionate supporters of the Atlantic alliance," but "I fear that

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if we continue at present we may combine the maximum of exposure with the minimum of real influence over decisions."

The New York Times (9/12, Cowell, 1.21M) runs a similar report under the headline "Tory Denounces Blair's 'Slavish Tie To US," and says Cameron's remarks "showed just how far the British political spectrum has shifted since the end of the cold war and, particularly, since Mr. Blair's rise to power in 1997." The speech was "intended to draw a line under previous Conservative policy." Cameron himself "supported the Iraq invasion in 2003, but a senior Conservative, who spoke on the condition of anonymity under party rules, said: 'We don't want to have an endless fight about what happened three or four years ago. This is about the next 10 years.'" Cameron "said there had been mixed success by Britain and the United States in curbing terrorism since the Sept. 11 attacks. A terrorist attack on the same scale had been averted, he said, but 'across the globe, terrorists are being recruited in increasing numbers and are active in many more areas than before Sept. 11.' Anti-Americanism had taken hold, he said, 'not just in countries affected by war and instability, but here in the West, here in Britain.'" The Washington Post (9/12, Sullivan, 748K) also reports the story.

Rice Warns Sudan About Consequences Of Flouting Demand For Peacekeepers. The AP (9/12) reports, "Secretary of State Condoleezza Rice said she told Sudan on Monday there is no chance of improved relations with the United States if it flouts the world's demand for UN peacekeepers in Darfur." Rice "gave reporters a brief account of her morning meeting in Washington with Sudanese Foreign Minister Lam Akol." Said Rice, "I won't say that we made progress, but I will say that I delivered the strongest possible message in the strongest possible terms to the Sudanese government that any hope for bettering relations between the United States and Sudan rests on Sudan's cooperation with the United Nations Security Council resolution."

Meanwhile, the Washington Post (9/12, A20, 748K) reports UN Secretary General Kofi Annan said yesterday Sudan's government "has violated the Darfur peace agreement with military attacks that are 'legally and morally unacceptable.'" Annan "said in a meeting of the UN Security Council that thousands of Sudanese troops have been sent to western Sudan, in violation of the peace accord, and North Darfur has been bombed. The violence has cut off food aid to 355,000 people in the northern part of the region, he said." Said Annan, "I strongly condemn this escalation." On Capitol Hill, Sen. Richard G. Lugar "introduced legislation that would authorize U.S. assistance to the 7,000 African Union troops in Darfur and call on President Bush to name a special envoy for the crisis."

US Servicewoman Refuses To Answer Questions About Kyrgyz "Kidnapping." Air Force Maj. Jill Metzger who reappeared after vanishing for three days has given confusing accounts of her absence and has refused to make any further statements after consulting with the US Embassy, a Kyrgyz police official said yesterday. The Washington Times/AP (9/12, Saralayeva) reports that Metzger "disappeared Sept. 5 while shopping in the city. She resurfaced Friday night when she knocked on the door of a house in Kant, about 15 miles outside Bishkek, and claimed she had been kidnapped. Maj. Metzger was flown out of Kyrgyzstan within a few hours of her reappearance and was admitted Sunday to a US military hospital in Landstuhl, Germany. There was no immediate word regarding what she was being treated for. Kyrgyz authorities have said her swift departure could impede their investigation, because they wanted to question her further to clarify her account."

Senators, US Embassy Deny Reports Codel Was Fired On In Georgia. The Hill (9/12, Heil) reports that although the Georgian Interior Ministry said a helicopter escorting a delegation of US senators on a codel was fired on, senators on the codel, including Sens. John McCain and Lindsey Graham, "said they heard of the purported missile fire only after they had returned home. It turned out the statement is inaccurate, and that the senators' helicopter was never under fire. The US embassy in Georgia on Sep. 5 released a statement setting the record straight."

US, EU Criticize China's New Media Rules. The Financial Times (9/12, Dickie, Dinmore) reports, "The Bush administration joined the European Commission on Monday in criticising Beijing's imposition of new restrictions on the distribution of foreign news in China, saying it viewed the rules with 'great concern.' A State Department official said Beijing's media policies in general were 'incompatible with China's aspirations to build a modern information-based economy' and were a breach of fundamental rights." The new regulations "require international news services...to censor information distributed inside the country. The rules

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also ban the agencies from selling directly to local customers, including banks and other financial services companies."

WSJournal Decries China's New Media Rules. An editorial in the Wall Street Journal (9/12, 2.03M) says that China's new law on foreign news agencies "smacks of expropriation and may violate China's World Trade Organization commitments. The document asserts the Chinese government's right to broadly censor foreign news companies' content over a range of sensitive subjects, including 'sovereignty' (read: Taiwan), 'religion' (Falun Gong), or China's 'interests' (Iran, Burma, Sudan)." The Journal adds, "No self-respecting foreign news agency will allow the Chinese government to read an article before it's published on the mainland. For financial newswires that provide real-time pricing and market information -- such as the one owned by this newspaper's parent company, Dow Jones -- censorship would be literally impossible." Xinhua "is the Communist Party's mouthpiece, a symbol of what China really is. The reformers among Beijing's elites need to explain to their colleagues that returning to old habits of censorship won't protect their future."

Investment Firm CEO Decries US "Constant Criticism" Of China. James McGregor, CEO of JL McGregor & Company, a China-focused research, advisory and investment firm, writes in the Wall Street Journal (9/12, 2.03M) that in a mid-August BBC interview Sha Zukang, China's ambassador to the UN in Geneva, told US politicians "to stifle complaints about Beijing's rapidly growing military budget. He noted that defense spending in China, with a population five times larger than the US, is a small fraction of the American military budget, which accounts for nearly 50% of global arms spending. … As Mr. Sha's comments indicate, after 25 years of economic reforms and more than a decade of nearly 10% annual growth, Beijing is weary of and angry about America's constant criticism." McGregor adds, "We can't afford to let the ignorant and insular in both China and America teach, tease and taunt our two nations into an unnecessary and potentially cataclysmic collision."

US, Venezuela Battling For Dominance In Uruguay. The New York Times (9/12, Rohter, 1.21M) reports that Uruguay is "one of the main fronts in the struggle between the United States and Venezuela for dominance in South America. The Bush administration and President Hugo Chávez of Venezuela are jockeying for position here, each trying to undercut the other by winning over Uruguay's left-wing government." The Times adds, "Uruguay's population and economy are small, with barely three million people and total trade with the United States amounting to slightly more than $1 billion last year. But the country is a member of the Mercosur customs union, which includes Brazil and Argentina, and a free-trade agreement with the United States would weaken the group and put pressure on Uruguay's two big neighbors to negotiate bilateral accords with Washington."

Sneider Says US, South Korea Must Define Basis For Long-Term Friendship. Daniel Sneider, associate director for research at Stanford's Shorenstein Asia-Pacific Research Center, writes in the Washington Post (9/12, A23, 748K), "The U.S. visit this week by South Korean President Roh Moo Hyun offers yet another opportunity to bemoan the crisis of confidence in our alliance. … As policymakers from both countries meet this week, they need to take a deep breath and remember that our alliance survived tremendous stresses in the past. The task before us is not to focus on our divergence but to pick up the challenge left unmet 30 years ago -- to define the basis for a long-term relationship that is durable and reciprocal and that finally sheds the shackles of dependency."

South Korea's Foreign Policy Said To Be Based On Appeasing North. Mary Kissel writes in the Wall Street Journal (9/12, 2.03M) that "Seoul's foreign policy is based on a deep-seated fear of the North's collapse and the prospect of China's military involvement in the ensuing turmoil. That's pushed the Roh administration to pursue an agenda whose chief goal is maintaining the status quo in the totalitarian North, where 23 million fellow Koreans eke out a rude existence in the world's most brutal regime. This foreign policy is based on an increasingly twisted rationale for appeasement of Kim Jong Il -- and is accompanied by a slow ideological drift away from the US, the nation which has kept the peninsula secure over the past 50-odd years." Kissel adds, "It will take more than a frosty summit this week -- a further U.S. troop drawdown, perhaps? -- to stimulate some real fear among the Korean people about who's protecting their interests and ensuring their security."

WPost Says Prince's Birth Allows Japan To Sidestep Debate On Female Emperor. The Washington Post (9/12, A22, 748K) editorializes that "the birth

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of a 5-pound, 10-ounce son to Japanese Prince Akishino and his wife, Princess Kiko, has been a cause for particular celebration there for a single reason: the baby's gender. The baby is the first boy to be born in the imperial household in 41 years, thereby allowing the country to sidestep, at least for now, an emotional national debate about whether to permit a female to ascend the Chrysanthemum Throne. … Our best wishes to the family, but it's too bad the arrival of the little prince is letting the country and its archaic system of royal succession off the hook. … Symbols matter, and in a country whose institutions and society remain pervaded with sexism, a female emperor could hardly be a better one."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush: 'The War Is Not Over.'"
"Was Manure-To-Power Venture Just Bull?"
"Parties Battle Over New Voter ID Laws."
"All About America In 3 Days."
"Seeking a Fair Shake In Quake Insurance."
"A New York Tribute To Each Life Lost."
"Plans To Honor L.A. Muslim Leader Bring Out Animosity."
"125 Years Of Education."

USA Today:
"How Long You Live Depends On Which USA You Live In."
"View Of God Can Reveal Your Values And Politics."
"Nation Pays Tribute To Heroes."

New York Times:
"Nation Marks Lives Lost And Hopeful Signs Of Healing."
"Near Site Of Disaster, Workers Strive For The Routine."
"In Prime-Time Address, Bush says Safety of U.S. Hinges On Iraq."
"Grim Outlook Seen In West Iraq Without More Troops And Aid."
"Harvard Ends Early Admission, Citing Barrier To Disadvantaged."
"2 Ex-Teammates Of Cycling Star Admit Drug Use."
"Palestinian Reports Unity Deal With Hamas."

Washington Post:
"America Marks a Grim Anniversary."
"Bush Says Iraq Victory Is Vital."
"Memories, Grief Endure Across Region."
"Even Dating Is Perilous In Polarized Baghdad."
"Wide Gaps Found In Mortality Rates Among U.S. Groups."

Washington Times:
"A Struggle For Civilization."
""Al Qaeda Threatens More Terror Attacks."
"Painfully Aware."
"Fatah, Hamas Move Toward Unity."
"Montgomery Residents Can Expect 81 Candles."

Detroit Free Press:
"Sorrow And Strength."
"State Steps Into Teacher Strike."

Atlanta Journal-Constitution:
"You Will Always Be With Us."
"Gwinnett Politicians Respond As Minorities Pack Voter Rolls."
"Metro Atlanta Address Gives Better Odds At Living Longer."

Houston Chronicle:
"Extra Years Given In 19 Deaths."
"A Somber Nation Looks Back."
"Bush Says Victory In Iraq Is Key To Winning Terror War."
"Valid Science Or A Perfect Storm For Controversy."
"Statistical Revelation Religion Going Strong."

Story Lineup From Last Night's Network News:
ABC: Families Mourn 9/11-New York; Bush Interview; Afghanistan Today; New Al Qaeda Threats; Are We Safer Now?; Unburied Dead 9/11; Children Remember 9/11.
CBS: Families Remember 9/11; People Mourn 9/11; Where Is Bin Laden?; Interview With Giuliani & Brokaw; 9/11 Wreckage; Space Shuttle; Hurricane Florence; Oil Prices; Stock Market.
NBC: Families Remember 9/11; People Mourn 9/11; Where Is Bin Laden?; Interview With Giuliani & Brokaw; 9/11 Wreckage; Space Shuttle; Hurricane Florence; Oil Prices; Stock Market; Firefighters Remember 9/11.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: 9/11 Remembrances; Bush Address; Space Shuttle; Wall Street.
CBS: Bush Address; 9/11 Remembrances; CA-Guns Found In School.
NPR: 9/11 remembrances; Bush Address; CA-Schwarzenegger Computer Hacked; Foreign Stock Markets; UN Refugee Agency Closing Guinea Field Office; Harvard-Early Admissions Policy.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: SENATE FLOOR _ Senate reconvenes at 9:45 a.m, then morning business for up to 30 minutes. The Senate will then resume consideration of H.R. 4954, the Port Security bill. (Recess from 12:30 pm until 2:15pm for weekly policy luncheons.)

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on homeland security tasks in the next five years. DHS Secretary Chertoff; Los Angeles County Sheriff Leroy Baca; New York City Deputy Police Commissioner Richard Falkenrath; Steven Simon, Council on Foreign Relations; Daniel Prieto, Reform Institute. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the Thompson memorandum's effect on the right to counsel in corporate investigations. Deputy Attorney General Paul J. McNulty; former Attorney General Edwin Meese; Thomas J. Donohue, president and CEO, U.S. Chamber of Commerce; Karen J. Mathis, president, American Bar Association; attorney Andrew Weissmann., New York; attorney Mark B. Sheppard, Philadelphia. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the Treasury Department's role in fighting terrorism five years after 9/11. Assistant Secretary Patrick O'Brien; Robert W. Werner, director, Financial Crimes Enforcement Network; Adam J. Szubin, director, Office of Foreign Assets Control; Eileen C. Mayer, director, Fraud/Bank Secrecy Act, Small Business/Self Employment, IRS. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the renomination of FCC Chairman Kevin Martin and John Kneuer as administrator of the National Telecommunications and Information Administration. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the BP Alaska pipeline failure. BP American President Robert Malone; Kevin Hostler, Alyeska Pipeline Service Co.; Howard Gruenspecht, Energy Department; retired Vice Adm. Thomas Barrett, Transportation Department. Location: Room 628, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on ``Breaking the Methamphetamine Supply Chain: Law Enforcement Challenges." Lt. Dan Springer, commander, Missouri River Drug Task Force, Bozeman, Mont.; Crow Tribal Leader Carl Venne; Sean McCullough, Iowa Division of Narcotics Enforcement; Joseph T. Rannazzisi, DEA; Gregory Passic, Customs and Border Protection; C. Andre Martin, IRS. Location: Room 215, Dirksen.

11 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nomination. Location: Room 419, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business, and at 2 p.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.R. 5434 - Larry Cox Post Office Designation Act; 2) H.R. 5428 - Joshua A. Terando Princeton Post Office Building Designation Act; 3) H.Res. 983 - Honoring the life and accomplishments of the late Robert E. O'Connor, Jr; 4) H.R. 5539 - North American Wetlands Conservation Reauthorization Act of 2006; 5) H.R. 138 - To revise the boundaries of John H. Chafee Coastal Barrier Resources System Jekyll Island Unit GA-06P; 6) H.R. 479 - To replace a Coastal Barrier Resources System map relating to Coastal Barrier Resources System Grayton Beach Unit FL-95P in Walton County, Florida (Sponsored by Rep. Miller; 7) H.R. 5094 - Lake Mattamuskeet Lodge Preservation Act; 8) H.R. 5381 - National Fish Hatchery System Volunteer Act of 2006; 9) S. 1773 - Pueblo de San Ildefonso Claims Settlement Act of 2005; 10) H.R. 631 - To provide for acquisition of subsurface mineral rights to land owned by the Pascua Yaqui Tribe and land held in trust for the Tribe, and for other purposes; 11) H.Res 175 - Recognizing the importance of establishing a national memorial at the World Trade Center site to commemorate and mourn the events of February 26, 1993, and September 11, 2001.

10:30 a.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on narcotics eradication and U.S-led rebuilding efforts in Afghanistan. Location: Room 2359, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on ethics and

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management concerns at NIH and the Public Health Service Commissioned Corps. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on the International Fund for Agricultural Development and the importance of global poverty reduction. Location: Room 2128, Rayburn.

4 p.m. JUDICIARY _ Subcommittee on Crime, Terrorism. Hearing on HR 5825, the Electronic Surveillance Modernization Act. Testimony from Steve Bradbury, Acting Assistant Attorney General; Vito Potenza, Deputy General Counsel, National Security Agency; Kate Martin, Director, Center for National Security Studies; Bruce Fein, Bruce Fein and Associates. Location: Room 2141, Rayburn.

5 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate for H.R. 2965 - Federal Prison Industries Competition in Contract Act of 2006. Location: Room H-313, Capitol.

Other: MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: An Arab-American Agenda for Security, Liberty and Peace." Highlights: 8 a.m. Breakfast forum with Sen. Russ Feingold. Room 325, Russell. 11 a.m. Evacuation of Lebanon, with Reps. Darrell Issa and Ray LaHood. 12 p.m. Luncheon tribute to Arab Americans in the federal government, with Sen. John Sununu and Rep. Charles Boustany. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted.

JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 11:30 p.m. Remarks by Madeleine Albright, former Secretary of State. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

BLACK COLLEGES _ Meeting of the 2006 national conference of Historically Black Colleges and universities. Highlights: 9 a.m. HUD Secretary Jackson makes announcement of grants. 10 a.m. Education Secretary Spellings. Note: Media availability immediately follows her address with Howard University President H. Patrick Swygert to discuss new Academic Competitiveness Grants. 12 p.m. - 1:45 p.m. Session includes greetings from Sen. George Allen, keynote address by Richmond Mayor Doug Wilder. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

TAXPAYERS-FRAUD _ Sixth Annual Taxpayers Against Fraud Education Fund Conference and Awards Dinner. Highlights: 10:30 a.m. Brenton Saunders of Schering-Plough Corp. discusses the False Calims Act. 12:30 p.m. Luncheon keynote address - Abner Mikva. 7 p.m. Awards dinner, with HHS Inspector General Daniel Levinson, Rep. Howard Berman, others. Location: Marriott-Metro Center, 775 12th St. NW.

DEFENSE-BIO PRODUCTS _ 9 a.m. The Pentagon holds an event to showcase biobased products' environmental benefits. Highlights: 9:15 a.m. - 10 a.m. Deputy Defense Secretary Gordon England, Sens. Tom Harkin and Richard Lugar and Agriculture Secretary Johanns. Location: Pentagon Concourse and Stage area.

ALASKA OIL DRILLING _ 8:45 a.m. Environmentalists, independent oil-development experts, and Alaska Natives will hold a press briefing on the environmental and human-health ramifications of oil drilling on Alaskas North Slope and in the Outer Continental Shelf. Location: Room 406, Dirksen.

SAVE THE CHILDREN _ 9 a.m. Save the Children launches its largest global education initiative to date. New campaign seeks to bring quality education to children living in conflict-affected countries. Participants include: Cokie Roberts, senior news analyst for NPR, and vice chair of Save the Children; Reps. Al Green (D-TX), Donald Payne (D-NJ), Christopher Shays (R-CT), Diane Watson (D-CA), and Damba Koroma, young survivor of Sierra Leones civil war and now an 8th grade student at a Northern Virginia public school. Location: US Capitol, Room HC-6.

TERRORISM-MADRASAS _ 9 a.m. Douglas Johnston, president of the International Center for Religion and Diplomacy, Azhar Hussain, ICRD director of education and international development, and Ahmed Younis, national director of the Muslim Public Affairs Council, will discuss `` Madrasas and the ``Global War on Terror,"' sponsored by the School of Advanced International Studies. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

CUBA-FRONT GROUP _ 9:30 a.m. Cponsejo de Latinos Unidos, a national non-profitr group that educates Hispanics, holds a news conference to release a report on a Cuban religious organization that is allegedly attempting to

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suppress religious freedom in Cuba and subvert U.S. trade policy. Location: National Press Club.

ECONOMY-JOBS _ 9:30 a.m. News conference to release results of four-year study on effect of economic turbulence on American jobs. Speakers include Census Bureau Director Louis Kincannon; Julia Lane, University of Chicago's National Opinion Research Center. Location: National Press Club.

COLLEGES-FORD MOTOR CO._ 10 a.m. Ford Motor Co. announces a student business plan competition for students attending Historically Black Colleges and Universities. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

DUDLEY NOMINATION _ 10 a.m. Public Citizen teleconference on Bush administrations nomination of Susan Dudley to the Office of Information and Regulatory Affairs. They'll discuss report on Dudleys history as an enemy of regulation and her belief that cost savings for industry outweighs protections for the public. Contacts: Rachel Pleatman, 202-588-7742. Notes: Call 1-800-377-8846 and enter passcode 36707396.

FRENCH INTERIOR MINISTER _ 10 a.m. French Minister of State and Minister of the Interior Nicolas Sarkozy gives foreign policy address. Speech is titled ``The United States and France: the Future of a Vital Relationship. NOTE: U.S. visit is his first as Minister of the Interior. Location: OByrne Gallery, DAR, 1776 D St. NW.

MID-TERM ELECTIONS _ 10 a.m. Brookings Institution forum on ``Financing the 2006 Midterm Elections: Experts on Money and Politics Examine Lessons from the 2004 Cycle." Panelists from Brookings, Brigham Young University and Colby College. Location: 1775 Massachusetts Ave. NW.

TSUNAMI RISKS _ 11 a.m. Congressional Hazards Caucus and American Signal Corp. hold news conference and briefing on tsunami risks posed to U.S. coastal communities. They'll also discuss the U.S. tsunami warning system. Location: Room 2325, Rayburn.

ECONOMIC SECURITY _ 11 a.m. Brookings Institution's Hamilton Project hosts conference call to release new papers on enhancing economic security and strengthening the social safety net. Contacts: Jennifer Devlin, 703-876-1714. Notes: To dial in, call 800-967-7188.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

DISASTER ASSISTANCE-FARMERS _ 11:30 a.m. Press conference and rally with U.S. Senators, and members of the National Farmers Union, National Association of Wheat Growers, American Farm Bureau Federation, elsewhere. They'll call for immediate vote on disaster aid bill for farmers and ranchers. Location: Senate Swamp.

PRESCRIPTION DRUG PLAN-SURVEY _ 1:30 p.m. Teleconference to release new survey on experiences and views of beneficiaries enrolled in the Medicare prescription drug benefit. Survey was conducted by Ayres, McHenry & Associates on behalf of Americas Health Insurance Plans (AHIP). Contacts: Mohit Ghose, 202-778-8494.

POLICE RAIDS _ 12 p.m. The Cato Institute holds a program on ``The Rise of Paramilitary Police Raids in America," with Radley Balko of the institute and retired Seattle Police Chief Norm Stamper. Location: 1000 Massaachusetts Ave. NW.

SEPT. 11TH-ARAB REACTION _ 12 p.m. Middle East Media Research Institute hosts presentation on ``The Arab and Iranian Reaction to 9/11: Five Years Later," narrated by Ron Silver. Event sponsored by House of Representatives International Relations Committee subcommittee on international terrorism. Location: Room 2255, Rayburn Bldg.

DEMOCRATIC POLICY _ 12:30 p.m. Democratic Policy Committee holds closed meeting. Location: S-211, US Capitol. Stakeout note: Sen. Reid expected at 2:15 p.m.

GOP POLICY LUNCHEON _ 12:30 p.m. Republican Policy Committee holds closed meeting. Location: S-207, US Capitol.

EDUCATION _ 1 p.m. The Leadership Conference on Civil Rights Education Fund holds a briefing on successful education reforms in high-need districts. Location: Room 430, Dirksen.

``INFOTOPIA" _ 1 p.m. - 3 p.m. American Enterprise Institute and Brookings hold joint forum titled, ``Infotopia: How Many Minds Produce Knowledge." Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

CENTRAL AMERICA FREE TRADE _ 2 p.m. Members of Congress, solidarity organizations, others, hold a news conference to announce a report monitoring the effects of the U.S.-Dominician Republican Central America Free Trade Agreement. Location: Cannon Terrace.

IMMIGRATION _ 2 p.m. House GOP Policy Committee members hold a forum on the August immigration field hearings. Location: Room 210, Cannon.

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JUSTICE AWARDS _ 2 p.m. Attorney General Gonzales makes remarks at the 54th annual Attorney General's Award ceremony. Location: DAR Constitution Hall.

LATIN AMERICAN-POVERTY _ 2 p.m. Rep. Marcy Kaptur holds a news conference on Latin American poverty. Location: Cannon Terrace.

TAIWAN _ 2 p.m. Yu Shyi-Kun, Chairman of the ruling Democratic Progressive Party of Taiwan discusses relations with the U.S. and with China, along with security and internal politics at a National Press Club Newsmaker news conference. Location: National Press Club.

DISPUTED ELECTIONS _ 3 p.m. Panel discussion to launch release of book on ``Resolution of Election Disputes: Legal Principles that Control Election Challenges." Participants include author Barry Weinberg, formerly with the US Justice Civil Rights Division; American University Professor Emeritus Richard Smolka, others. Location: Georgetown Public Policy Institute, 3520 Prospect St. NW.

RELIGIOUS LEADERS-IMMIGRATION _ 3 p.m. - 4 p.m. Interfaith teleconference on immigration issues. Participants include Khaleel Mohammed, imam and professor, San Diego State University; the Evangelical Lutheran Church, United Church of Christ, Sisters of Mercy, National Hispanic Christian Leadership Council, others. Contacts: Cassandra Champion, 410-230-2791. Notes: Call 1-800-290-9461, passcode 4134.

LA MAYOR VILLARAIGOSA _ 3:40 p.m. Rep. Jane Harman and Los Angeles Mayor Antonio R. Villaraigosa to hold press availability after closed-door meeting on homeland security and the Green Line extension. Location: Room 2400, Rayburn.

IRAQ BRIEFING _ 4 p.m. Sens. Coburn, Vitter and Burr hold news conference on their trip to Iraq. Location: Senate Studio.

CHENEY PROTEST _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Jean Athey 3015700923. Location: Mass. Ave. and 34th St., N.W.

ENERGY EFFICIENCY _ 7 p.m. Energy Secretary Bodman presents awards at the Evening with the Stars of Energy Efficiency Awards Dinner. Location: National Building Museum.

PARALYZED VETERANS _ 7 p.m. Paralyzed Veterans of America holds gala ``Celebrating 60 Years of Service." Honorees include former Sen. Robert Dole (lifetime achievement); Norman Mineta (civil rights); Richard Petty (sports); Gen. Henry Hugh Shelton (patriotism), others. Location: Reagan Building and International Trade Center.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 12, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney, Rumsfeld Urge Americans To Persevere In War Against Terrorists. AFP (9/12, Mannion) reports, "Vice President Dick Cheney called on Americans to stay united and persevere in an increasingly divisive war against terrorism five years after the September 11 attacks on the United States." Cheney "joined US Defense Secretary Donald Rumsfeld at a memorial ceremony at the site where a hijacked American Airlines jet struck the Pentagon on September 11, 2001, killing 189 people, including the five Al-Qaeda hijackers." Said Cheney, "We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power." Cheney and Rumsfeld, "key architects of the wars in Iraq and Afghanistan, alluded only indirectly to the bitter divisions that have opened since the attacks on New York and Washington. Both, however, sounded themes of national unity and determination in their speeches, and broadly defended the administration's performance."

PBS' Newshour with Jim Lehrer (9/11, Ifill) reported, "At the White House this morning, Vice President Cheney and his wife, Lynne, were joined by former British Prime Minister Margaret Thatcher for a moment of silence. Later at the Pentagon, where 184 people died, a visibly moved vice resident spoke to victims' families." Cheney: "Surely men and women here and aboard flight 77 were in their last moments holding and comforting one another. And when we think of them, it will always be with a special feeling of empathy and sorrow. We will always understand the pain of their families. And our nation will forever look with reverence upon their place, this place where their lives ended. We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power. The war on terror has placed hard duties on our military and on the Department of Defense. You have done all our country has asked of you and more. And you know better than most that much hard work and sacrifice still lay ahead."

Fox News' Special Report (9/11, Goler) reported Cheney "defended the continuing response to the worth-ever attack on US soil." Cheney: "This nation has defeated tyrants and liberated death camps, raised the lamp of liberty to every captive land. We have no intention of ignoring or appeasing history's latest gang of fanatics trying to murder their way to power."

The AP (9/11) reports Cheney "says the fact that there has not been another attack on US soil shows 'we've done a pretty good job' of protecting the country against terrorists." At a memorial observance "near the site where an American Airlines plane slammed into the Pentagon five years ago, Cheney and Defense Secretary Donald H. Rumsfeld walked side-by-side to the speaker's platform as somber music played. Rumsfeld's arm was in a sling; he is recovering from shoulder surgery. A moment of silence was observed at 9:37 a.m. EDT, the exact time the plane struck, killing 184 people." Also in attendance was "retired Air Force Gen. Richard Myers, who was vice chairman of the Joint Chiefs of Staff the day of the attack."

NYTimes Criticizes Cheney Statement On Iraq. The New York Times (9/12, 1.21M) editorializes, "It's hard to figure out how to build consensus when the men in charge embrace a series of myths. Vice President Dick Cheney suggested last weekend that the White House is even more delusional than Mr. Bush's rhetoric suggests. The vice president volunteered to NBC's Tim Russert that not only was the Iraq invasion the right thing to do, 'if we had it to do over again, we'd do exactly the same thing.' It is a breathtaking thought." The Times adds, "If we could return to Sept. 12, 2001, knowing all we have seen since, Mr. Cheney and the president would march right out and 'do exactly the same thing' all over again. It will be hard to hear the phrase 'lessons of Sept. 11' again without contemplating that statement."

Dionne Says Cheney "Impatient With Democracy." E.J. Dionne writes in the Washington Post (9/12, A23, 748K), "Perhaps Vice President Cheney should quit his current job and work within a political system more to his liking, the kind in which those in charge can protect national security by telling everyone what not to say and what not to think." Cheney "seemed terribly impatient with democracy Sunday on 'Meet the Press' when he suggested that those who oppose President Bush's Iraq policies are helping -- excuse me, validating -- the terrorists." Dionne adds, "If Cheney doesn't like 'the kind of debate that we've had in the United States,' is there any other 'kind,' short of a lock-step endorsement of all of Bush's choices, he'd endorse?"

New Jersey Prosecutors Assert Right To Phone Records. The AP (9/12, Defalco) reports, "New Jersey has the right to obtain information about a federal domestic surveillance program because that program is no longer a secret, the state argued in response to federal efforts to quash its investigation." The AP continues, "The Justice Department wants to throw 'an impenetrable cloak insulating the federal government's domestic surveillance activities from all judicial scrutiny,' acting New Jersey Attorney General Anne Milgram said in a statement Monday." The AP adds, "New Jersey prosecutors subpoenaed 10 phone companies in May because of suspicion that state consumer protection laws may have been violated if phone companies were

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turning over records to the National Security Agency. … The federal government sued the New Jersey attorney general's office in federal court June 14, claiming compliance with the state's subpoenas or even acknowledging the existence of such a program would threaten national security. … The state in its response, filed late Friday, argued: 'There is no secret for the state secret privilege to protect.' … The federal government considers the program vital to fighting terrorism, but critics say it unconstitutionally gathers private information. … Federal officials have objected to efforts by several states and civil liberties groups to investigate or shut down the NSA program. Most recently, it filed a lawsuit against a Connecticut state agency last week and against Maine utility regulators last month."

Hughes Questions Lack Of International Outrage At Terrorism. In a USA Today op-ed (9/12), Karen Hughes, Under Secretary for Public Diplomacy and Public Affairs at the State Department, says, "Five years after the Sept. 11 attacks, one essential ingredient is still lacking in our international response to terrorism: The concerted moral outrage of everyday citizens of every faith and country." Since 9/11, "hundreds of others have been torn from their families, murdered as terrorists targeted morning commuters in London, Madrid and India, wedding guests at a hotel in Jordan, children in school in Russia and lining up for candy in Iraq, tourists in Egypt and Bali, Indonesia. This is not right, or normal, or acceptable, and a much louder chorus of voices needs to join in condemning it." Our "challenge is to launch a new grassroots movement across all faiths and continents, a movement that clearly states that no grievance, no complaint, no matter how legitimate, can ever justify the targeting and killing of innocent civilians. A movement that commits to teach our children that life is precious, diversity should be celebrated, and hope can conquer hate."

Hughes was asked on CNN's The Situation Room (9/11) why the US image in the Arab world has plummeted in recent years despite the fact that "almost every single time the United States deploys troops around the world, it's designed to help a Muslim country or Muslim people, whether liberating Kuwait or in Kosovo or in Bosnia or in Somalia, Iraq, Afghanistan." Hughes said, "There are a couple of things. First of all, there's a lot of propaganda out there, a lot of it very negative about us. We don't hear the full story a lot of times."

In Video, Bin Laden Deputy Warns Of New Attacks. ABC World News (9/11, story 0,:10, Gibson) reported that Al Qaeda used the 9/11 anniversary "to make a series of new threats. Osama bin Laden's deputy Ayman Al-Zawahiri called on revenge on American and declared Persian Gulf countries would be al Qaeda's next targets."

CNN's The Situation Room (9/11, Blitzer) reported Ayman al-Zawahiri "is warning that US troops in Iraq and Afghanistan are quote, 'doomed.' Osama bin Laden's top deputy delivered those words in a sophisticated new video coinciding with this, the fifth anniversary of the September 11th attacks."

The AP (9/11, Keath) says the video of Ayman al-Zawahri "was one of three al-Qaida released for the anniversary, showing increasingly sophisticated techniques as the group tries to demonstrate that it remains a powerful, confident force five years into the US war on terror." One video "showed images of the planes striking the World Trade Center, lionizing the 19 suicide hijackers as men 'who changed history.' Another was a 91-minute documentary-style video in which Osama bin Laden is seen smiling and chatting with the planners of the Sept. 11 attacks in an Afghan mountain camp." Al-Zawahri "spoke in the third and longest video, warning Americans of more attacks to come. 'We have repeatedly warned you and offered a truce with you. Now we have all the legal and rational justification to continue to fight you until your power is destroyed or you give in and surrender,' he said. 'The days are pregnant and giving birth to new events.'" The Washington Times runs a similar AP story (9/12, Ganley).

The New York Times (9/12, Mazzetti, 1.21M) reports Zawahri "criticized America's military support for Israel during the country's recent war with Hezbollah, and he called on the Muslim world 'to rush with everything at its disposal to the aid of its Muslim brothers in Lebanon and Gaza,' according to a full transcript of the video provided by the SITE Institute, which tracks violent Islamist groups." Zawahri "said Al Qaeda would strike again in coming weeks, but he gave no indication of the type of targets or specific locations."

The Washington Post (9/12, A17, DeYoung, 748K) reports Zawahri's comments "reflected an ongoing al-Qaeda effort to position itself as the vanguard of the Palestinian fight against Israel and to capitalize on the outrage the conflict generates in the Muslim world." Zawahiri "claimed that US defeat in Iraq is near and that 'jihadi reinforcements' are closing in on Israel."

Former CIA Officers Say Al Qaeda Announcing Intentions To Target Saudi Arabia. CNN's The Situation Room (9/11, Todd) reported, "Former CIA officers say that al Qaeda with this message is also probably saying their intentions to target Saudi Arabia and other regimes in the Gulf region. How would they do that? Well, according to Gary Berntsen and other CIA officers we spoke to, they would likely use their operatives in Iraq and Afghanistan who are now part of the insurgencies in those countries. Many of them are Saudis. They say that they will take those operatives back to Saudi Arabia and the Gulf states once the US pulls out of Iraq and Afghanistan and they will use those

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operatives to target shipping, oil reserves, possibly even engage in assassination attempts of key leaders."

Bin Laden Said To Be In Pakistan. NBC Nightly News (9/11, story 3, 2:10, Williams, 9.87M) reported on the "frustrating manhunt" for Osama bin Laden, focusing on the CIA's efforts to find him by tracking the delivery of the audio and video tapes that are his only known contact with the outside world. This strategy enabled the CIA in 2004 to capture "a mid-level al Qaeda figure, but no bin Laden" in a Pakistani village. NBC calls bin Laden "the number one target of the war on terror," adding "Recently the search has centered on Pakistan's Chitral Valley, home to Madrasahs that foment radicalism." The piece concludes by quoting National Counter Terrorism Center director Vice Admiral John Scott Redd (retired) as saying that despite bin Laden's continued evasion of US forces, "Our intelligence has gotten better, our operations have gotten better. So al Qaeda is -- we've basically set them back on their heels."

Hunter Military Tribunal Bill Similar To Bush Proposal. The AP (9/12, Flaherty) reports House Armed Forces Chairman Duncan Hunter "has drafted a bill largely mimicking an administration plan to create military commissions to prosecute terror suspects." Hunter will "propose on Wednesday that his panel approve a bill that would allow the exclusion of evidence to protect classified information. A floor vote is expected next week." The bill "puts Hunter, R-Calif., in line with the White House and Senate leadership, but at odds with his counterpart, Senate Armed Services Committee Chairman John Warner, R-Va. Warner and some of his colleagues have drafted a rival bill that would ensure defendants are allowed access to all evidence against them."

CQ (9/11, Donnelly) reports House Republicans "fell in line Monday behind President Bush's proposal for military tribunals to try terror suspects, further isolating a trio of Senate Armed Services Committee leaders who support legislation that would provide such suspects with greater legal protections." Rep. Duncan's bill "would permit the introduction of classified information unavailable to defendants, hearsay evidence and testimony given after coercive interrogation. Like the president's proposal, the House bill also would permit suspects to be excluded from their own trials and amend a law that guarantees suspects the protection of the Geneva Conventions."

Key Senate Republicans Make Concessions To Administration. The Washington Post (9/12, A17, Smith, 748K) reports the Bush Administration "has won concessions from key Senate Republicans in proposed legislation on standards for detainee treatment and the rules for military trials of terrorism suspects, although some disagreements persist between the lawmakers and the White House, Senate sources said yesterday." The disagreements "that remain involve whether suspects can be convicted with evidence they are never allowed to see, an approach favored by the administration but opposed by the Republican senators." The "two sides also still differ over the terms of a related amendment to the U.S. War Crimes Act that would limit the exposure of CIA officials and other civilian personnel to prosecution for abusive treatment of detainees, the sources said." But in a "sign that Congress is nonetheless preparing to act quickly to establish 'military commissions,' as the trials are known, and provide other legal relief sought by the administration, the Senate trio at odds with the White House circulated a revised bill yesterday containing their concessions." Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) last week "had circulated a draft that diverged more sharply from the White House's version."

Graham Says Senate Won't Approve Restricting Terrorists' Access To Evidence. McClatchy (9/12, Rosen) reports Sen. Lindsey Graham "says he's confident the Senate will reject President Bush's plan to try accused terrorists without letting them see classified evidence against them." The clause "would prohibit defense lawyers from sharing classified information with defendants they represent. He marked it with a red pen." Graham said, "That's the killer. I fell over when I read it." McClatchy adds Graham "said he supports 90 percent of the bill, which Bush sent to Congress on Wednesday. But 'I don't feel good about telling someone — no matter who they are — 'We're going to execute you next week, but I'm sorry, we can't tell you why.'"

US Courts Can't Stop Military From Transferring US Citizen To Iraqi Court. The New York Times/AP (9/12) reports government lawyers "said Monday that American courts had no authority to stop the military from transferring an American citizen to an Iraqi court to face charges that he supported terrorists and insurgents." Shawqi Omar, "a citizen of both Jordan and the United States who once served in the Minnesota National Guard, was captured in Iraq in 2004. He is being held at Camp Bucca, a prison in southern Iraq, where his family says he has not been charged or allowed to speak with a lawyer." His family "is demanding that Mr. Omar be brought before an American court, where prosecutors would have to show probable cause for detaining him and he could consult with a lawyer."

PATRIOT ACT:

Connecticut Librarians Speak Out About Patriot Act Gag Orders. The New Britain (CT) Herald (9/12, Capozzi) reports, "Public libraries in mid-sized Central

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Connecticut towns are not likely places for an FBI investigation involving a perceived threat to national security, but unbeknownst to their patrons and the majority of their staff, they were in the midst of one last summer." The Herald continues, "In late June 2005, Library Connection Inc., a non-profit consortium of 26 central Connecticut libraries, received a National Security letter from the FBI, involving a top-secret investigation of patron Internet usage. … Subsequently, four executive members of the consortium were placed under life-long gag orders, made possible through the Patriot Act, which does not require court evidence or oversight. Although the names of the John Does were to be kept secret by the government, an attorney for the American Civil Liberties Union found the government had failed to redact one mention of Director of Plainville Public Library Peter Chase's name and other identifying information from the legal documents. From the identifying information that was not omitted, it didn't take long until the national press had identified Chase and the other John Does." The Herald adds, "Soon, Chase was being bombarded with calls from newspapers all over the country and even in Japan and France. But even after all the media attention, the government would not allow the gag order to be lifted. … Through the ACLU, the four consortium members, Chase, George Christian, Library Connection Executive Director, Barbara Bailey, librarian at Glastonbury's Welles Turner Library and Janet Nocek, librarian at Portland Public Library, fought the gag order against Connecticut United States Attorney Kevin O'Connor under the alias John Doe. … Bridgeport Superior Court ruled the law was unconstitutional and the government appealed that decision, later withdrawing the appeal in May 2006, thus releasing the four librarians from the gag order."

HOMELAND RESPONSE:

Bush Appeals For Unity, Calls War On Terror A "Struggle For Civilization." President Bush addressed the national from the Oval Office last night. The AP (9/12, Hunt) reports Bush said "the war against terrorism is 'the calling of our generation' and urged Americans to put aside differences and fight to victory." Bush also "staunchly defended the war in Iraq though he acknowledged that Saddam Hussein was not responsible for the 9/11 attacks that killed nearly 3,000 people." The Los Angeles Times (9/12, Fiore, Gerstenzang, 918K) says Bush sought "to justify the increasingly unpopular US military action in Iraq, which he called a battleground in the war against terrorism." The president also "said somberly that the United States was engaged in a 'struggle for civilization.'"

Summarizing the speech, CBS News (9/12, 1:40, Couric) reported the President "marveled at the heroism of 9/11 when he said ordinary citizens responded with extraordinary acts of courage. He also praised the American soldiers serving overseas, and again, explicitly linked the war in Iraq to a broader war on terror. He tried to rally the nation against a enemy he says is trying to create a radical Islamic empire, and he said this is the decisive ideological struggle of the 21st century."

While the White House insisted the President's remarks on the war on terror were not meant to be political, most media commentators analyzed them from the perspective of the partisan clash over the upcoming midterm election. On CBS News (9/12, 1:15), Jim Axelrod said, "We were told it would be a non-political speech, where there would be no distinctions drawn between Democrats and Republicans, and then he delivered…a speech with stark differences in terms of the arguments made about handling the war on terror. I think what we're seeing here is probably the bridge to September 12th, which, of course, marks eight weeks until the mid-term elections, and clearly this speech moves from this sort of non-political unity display to the final two-month sprint for the mid-term elections." Also on CBS News (9/12, 1:40), Bob Schieffer said after the speech, "We had almost 3,000 people who died since 9/11…but that sacrifice has been made by a very small segment of our society because we no longer have a draft army. … I think it is very difficult to make the case that you're in a life-or-death situation without asking most of the people to sacrifice. I think that's the challenge that the President has tonight, but this is where he wants to frame the next election. He wants it to be about who can best fight the war on terror. And that was the case. He laid out his case tonight."

On NBC News (9/11), Tim Russert said, "I think the President noting Iraq and saying [that] although Saddam was not responsible for September 11th he was a 'clear threat and that Iraq will be an ally in the war on terror' is going to prompt many Democrats to say the President was the politician in chief tonight as well. There are only 56 days before the mid term elections."

On ABC' Prime Time Live (9/11), George Stephanopoulos said, "The chairman of the Republican National Committee says the key question in this election is: Do you believe we are at war? The President made that point tonight. America is at war. It is a war we will win. The President believes if the country is convinced of that, his party will limit its losses in November. He used the most powerful tool he has tonight to make the case, that Oval Office address." ABC (Gibson) added, "Indeed, that is the central issue in the election that is are coming up in two months."

Nina Easton said on Fox News (9/11), "There was soaring rhetoric, but…it was a political speech. There wasn't a direct attack on his political foes but there was a dwelling on Iraq. It's interesting he has not spoken about Iraq on a 9/11 anniversary except in election years, 2004 and now. Last year, by the way, he just did a moment of silence on 9/11.

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But this time he dwelled on that war. … So I thought his dwelling on Iraq was quite notable a couple months before an election."

Joe Scarborough said on MSNBC (9/11), "It is a campaign effort, obviously. And the President's problem is there remains linkage between his war on terror and the war in Iraq. Something the Administration wanted a few years back. But the lines that stick out here is when he says America didn't ask for this war and Saddam Hussein posed a great threat. Moral ambiguity and war didn't mix with others and it doesn't mix with this President now. Unless he can make that sell, that this was not a war of choice, then the President's words tonight will fall a deaf ears with Americans."

The New York Times (9/12, Rutenberg, Stolberg, 1.21M) reports, "Even by the standards of his latest round of speeches, Mr. Bush's language was particularly forceful, even ominous, with warnings of a radical Islamic network that was 'determined to bring death and suffering to our homes.'" The Times also says "Bush's address brought to a close a day when leaders of both parties put aside, at least for the moment, the acrimony that has characterized the national security debate since the brief period of national unity after the attacks. But as soon as the speech was over, the partisanship flared again."

Democrats, in fact, charged that White House had injected politics into the 9/11 anniversary. USA Today (9/12, A7, Jackson, 2.27M) reports White House spokesman Tony Snow "told reporters earlier in the day that the speech would not be political," but political analysts "suggested that is an impossible task less than two months before Election Day." Sen. Charles Schumer, who heads the Democrats' Senate campaign committee, "called the speech 'disappointing.' He said, 'You do not commemorate the tragedy of 9/11 by politicizing it.'"

The Washington Post (9/12, A1, Abramowitz, Fletcher, 748K) says Bush "melded one of the most unifying events in recent national experience -- the common horror and sadness of the attacks on the World Trade Center and the Pentagon -- with one of the most polarizing, the war in Iraq." Democrats "said Bush politicized the Sept. 11 anniversary. 'The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the fallen, but to seek support for a war in Iraq that he has admitted had 'nothing' to do with 9/11,' said Sen. Edward M. Kennedy (D-Mass.)."

The Washington Times (9/12, Curl, 88K) also reports, "With midterm congressional elections less than two months away and Democrats charging that Mr. Bush is politicizing the fifth anniversary of September 11, the president urged unity and condemned partisan politics."

The New York Times (9/12, Sanger, 1.21M) says that "a speech that began as a commemoration of one of the most searing and painful moments in American history became something else. For much of his 17-minute address from the Oval Office, Mr. Bush in effect acknowledged that his political standing and the success of his avowed mission to make the world safe from Islamic terrorism now rests on victory in Iraq, a mission his critics say was a deadly detour from the task he set out five years ago." Bush's "aides acknowledged beforehand that it would not be easy. The country Mr. Bush faced on Monday was very different from the shocked, angry but unified nation he addressed from the same chair 1,826 days before. Iraq and its aftermath had changed everything, dividing Americans who five years ago had largely unified around Mr. Bush's strategy, cutting his approval ratings in half and leaving in its wake questions about whether the president had made an ugly confrontation with Islamic extremists worse."

The Washington Post (9/12, A17, Balz, Abramowitz, 748K) says "falsely optimistic predictions of progress have undermined the administration's credibility. A majority of Americans question fundamental elements of the president's argument, including his contention that Iraq is the central front in the campaign against terrorism. Cumulatively, it leaves decidedly uncertain whether this week's flood of rhetoric and remembrance can alter Bush's perilous circumstances -- at a critical moment for the future of the Iraq mission and the president's own domestic standing 56 days before the midterm elections."

There was little consensus on the speech among commentators last night – not even on whether the President's rhetoric was poetic or nor. Tom Brokaw said on MSNBC (9/11), "I was surprised that there was no poetry in it. And that he didn't take us to a different place in terms of when he wants to go next. This is the kind of speech he could have given three years ago. The American public has been through a lot in five years, and with all due respect to the President, they'll be measuring his rhetoric versus the reality they see almost every day in what they see in the newspapers and on television." Meanwhile, Morton Kondracke said on Fox News (9/11), however, said, "There was a lot of soaring rhetoric in this speech. It was not quite Churchilian, but on the cusp."

Charles Krauthammer said on Fox News (9/11), "It was a sober address. It wasn't soaring or poetic. Sobering that befits a country in a difficult war. I was struck by how political it was." Krauthammer added that Bush "planted a flag on policy and said, 'Here I stand.'"

Fred Barnes said on Fox News (9/11), "This is the fifth speech in a series of speeches that the President has given on the war on terror over the last, well, since late August. This is sort of the capstone, the summing up and the President did a good job on it. I think most Americans probably didn't hear the first four and we all saw them and read them and so on. He said, 'Look, this war on terror, including Iraq is going to

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shape the future of the 21st century that we are on offense against terrorists and we need to stay on offense and the result can be this new Middle East which will not be the seed bed of terrorism the way it's been over the last 20, 30 years.' And by doing, that I thought he did what he needed to do."

On CBS News (9/12, 1:15), anchor Katie Couric interviewed presidential historian Douglas Brinkley, who said, "It was the Bush doctrine in another disguise. If we smell a threat out there somewhere in the world, we have to go after them. He made it very clear he was sticking to his guns, I was right to bring down Saddam Hussein, and the very fact he is invoking this on the fifth anniversary of the 9/11 attacks shows you he does see a connection between Iraq and 9/11 and that is one of the things that is debated. And he said you're wrong about this, we had to get rid of the guy, and he was a threat. He may not have been responsible for 9/11, but he would have been responsible for future 9/11s."

John Tierney also addresses Bush's rhetoric in his New York Times column (9/12). He writes, "Somewhere, Osama bin Laden must be smiling. Or at least he will be whenever his couriers deliver the next batch of press clippings. Once again he has beaten America at an American game: public relations. … Last night, President Bush paid him homage by quoting his warning that America will face 'defeat and disgrace forever' it if loses in Iraq. Bush himself called the war on terror a 'struggle for civilization,' and said it was essential to 'maintain the way of life enjoyed by free nations.'" Tierney adds, "It was just the kind of apocalyptic language favored by bin Laden, except that, for all his delusions, he might realize that American civilization is not really in jeopardy. Americans can try to copy him, but they don't understand his rhetorical technique."

Similarly, in his Washington Post column (9/12, A23), Richard Cohen says Osama bin Laden "laughs, the madman does, whenever George Bush says, as he has over and over, that America is 'winning this war on terror.' Bin Laden knows better. He has already won." From "bin Laden's standpoint, this has been a glorious victory, made possible, it has to be said, by the totally unforeseen incompetence of the Bush administration. It was so intent on going to war in Iraq that it would not finish the job in Afghanistan. So, to bin Laden's absolute amazement -- I am guessing here -- the United States took on his enemy, the secular and ungodly Saddam Hussein, whom bin Laden himself would gladly have murdered. It has to be a wonderful thing when your enemy vanquishes your enemy."

In Bellwether District, Voters Seen As Skeptical Of Bush's Terrorism Speeches. The New York Times (9/12, Hulse, 1.21M) reports on Colorado's 7th Congressional district, a suburban Denver district that is considered a bellwether in the battle for control of the House. The Times reports that "interviews over the last three days here found Republicans, Democrats and independents all expressing degrees of skepticism about Mr. Bush's motives in delivering a set of high-profile speeches on terrorism and the war in Iraq two months before Election Day. While it is too early to know whether the White House will succeed in winning over enough voters to make a difference in what is shaping up as a tight race, the interviews suggested that Mr. Bush's newest efforts to cast his party as better suited than Democrats to defend the country had yet to overcome concern and anger among many voters about Iraq and a more generalized sense of discontent with the administration." Even "strong Bush supporters said they doubted the presidential drumbeat on terrorism would alter the political landscape here."

Bush Feels He Bested TV Anchors In Interviews. The White House Bulletin/US News (9/11) reported President Bush is "described as very pleased with his performances in a spate of high-profile TV interviews that he granted in the past couple of weeks. Specifically, Bush believes he got the best of his encounters with anchors Brian Williams, Katie Couric, Charles Gibson, and Matt Lauer." White House insiders "say the President wasn't eager to do the interviews in the first place because he believed the anchors would try to embarrass him in order to burnish their credentials as tough interrogators and get higher ratings. Now that the interviews are over, the President believes he made his points smoothly and effectively, especially about the importance of winning the war in Iraq and the overall war on terrorism, and perhaps persuaded more Americans to support his policies in those areas. 'He's been very comfortable' with the interviews and will do more between now and the congressional elections November 7, says a senior White House official."

42% Of Americans Feel Safer Than Before 9/11. NBC Nightly News (9/11, lead story, 2:25, Williams, 9.87M) reported, "Tonight, in a just released NBC News poll, 42% of Americans tell us they feel safer now than they did prior to September 11. 32% say it's about the same. 23% say they are less safe today."

45% Blame Bush Administration For 9/11 Attacks. William Schneider said on CNN's The Situation Room (9/11), "In June 2002, 32 percent of Americans blamed the Bush administration either a great deal or a moderate amount for the September 11, 2001, terrorist attacks. And, now, that number has gone up to 45 percent. More people are willing to criticize a president who is no longer as popular. But, also, congressional investigations uncovered damaging information, like the title of a daily intelligence briefing the President received a month before the attacks." Schneider added, "Forty-one percent of Americans say the Clinton Administration deserves a great deal or a moderate amount of blame for the 9/11 attacks. The older you are, the less likely you are to blame the Bush Administration, and the more likely you are to blame the Clinton administration. Americans under 30 are the 9/11 generation. Fifty-five of them blame the Bush administration for 9/11. Only 30 percent blame the

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Clinton administration. The 9/11 generation is likely to have less vivid memories of the 1990s, when many of them were children. Some of their criticism of President Bush may be driven by opposition to the war in Iraq. Americans under 30 are the least supportive of that war. Their generation is doing most of the fighting."

Giuliani "Shocked" US Has Not Been Attacked Again. Former New York City Mayor Rudy Giuliani said on CNN's Larry King Live (9/11) that it "shocks me that we haven't been attacked again, which I expected. If you would ask me this question the night of September 11, five years ago, I would have said to you and everybody else in America, particularly American law enforcement, 'We're going to get attacked. We better get ready for a number of attacks, you know, suicide bombings and other kinds of attacks.' So, I thank God that that's not the case and I expect we are going to get attacked again but I'm thankful that we got these five years."

Negroponte Touts Improved Cooperation Of US Intelligence Agencies. National Intelligence Director John Negroponte was asked on MSNBC's Hardball (9/11) if there is a "sense of esprit" about trying to get ahead of terrorists by a few hours and prevent an attack. Negroponte said, "I think it's enormous. I think you've seen evidence of that in the disruption of various plots that have taken place. You also see much better cooperation between the key agencies, the FBI, the CIA, the National Security Agency. They work as teams now. There is teamwork all the way down to the local level, both in our country and abroad, between these agencies. It's an integrated effort because it's not any one single intelligence methodology that is going to unravel, unearth these plots. It's usually a combination of human intelligence, on the one hand, and then technical intelligence of various kinds on the other. You've got to marry the two together and that's extremely important. And I believe that with the reforms that have taken place and with the lesson learned from 9/11, these agencies are much, much better. They're far, far ahead of where they were five years ago."

US Observes Fifth Anniversary Of 9/11 Attacks. The nation yesterday observed the fifth anniversary of the 9/11 attacks, with President and First Lady Laura Bush visiting the three sites of the terrorist attacks -- Ground Zero at the World Trade Center, Shanksville, Pennsylvania, and the Pentagon -- for commemorative events. The anniversary was the focus of the major media outlets, which reported on both the official ceremonies and private remembrances. Network newscasts all led with the story, which was also covered on the front pages of the major dailies, such as USA Today, the Washington Post, and New York Times, in multiple articles.

The network coverage was somber, and included many personal observations from the family members of 9/11 victims. ABC World News (9/11, lead story, 2:30, Harris) reported, "Under a brilliant blue sky with a striking resemblance to the one that morning five years ago, the family members of the can people that died at Ground Zero came back. At 8:46 the moment the first plane hit the north tower a moment of silence. President Bush and First Lady Laura Bush were at a fire station nearby." ABC World News (9/11, story 7, 3:10, Gibson) also ran a story on the children of 9/11.

CBS Evening News (9/8, lead story, 2:40, Couric, 7.66M) reported, "Today President Bush sought to be both commander and comforter in chief as we all remember that day." CBS (Axelrod) added, "President Bush visited all three places, consoling families, laying wreaths, and sharing a moment of silence. The President made no public remarks today. Aides called it a wordless day, understanding perhaps that the power of 9/11 is in the images, kids holding pictures of dads and moms they lost, flowers piled high in the pools of remembrance." CBS Evening News (9/8, story 5, 3:10, Couric, 7.66M) reported on the mentor of a boy who lost his father, a Port Authority policeman, on 9/11.

NBC Nightly News (9/11, lead story, 2:25, Taibbi, 9.87M) reported, "As Vice president Dick Cheney put it at the Pentagon, Americans took what happened on 9/11 personally and still do." Vice President Cheney: "And our nation will forever look with reverence upon the place where their lives ended." Tiabbi: "President Bush visited each of the attack sites and soon all you could see was flowers. All you could hear were the voices of those who still grieve." NBC Nightly News (9/11, story 2, 1:00, Fratangelo, 9.87M) also interviewed mourners at Ground Zero.

USA Today (9/12, Hampson, Jones, 2.27M) reports Americans "solemnly remembered and mourned Monday the lives lost five years ago in the worst terror attacks on the nation, a tragedy that President Bush said brought 'extraordinary acts of courage' and heroism from ordinary citizens." USA Today (9/12, Hampson, 2.27M) also says the anniversary "prompted Americans to measure the day's meaning through the words and tears of the victims' survivors." The "expressions of grief, longing and hope came amid public sentiment that the war on terror is far from over."

The Washington Post (9/12, A1, Powell, White, Vargas, 748K) reports in a front page story that "there was an aching familiarity to the rituals. In New York, family members recited 2,749 names, punctuated by violins and the wail of bagpipes, to the drawn and tearful faces of the families of the victims." Bush "and Vice President Cheney paid homage to the dead. And as during the past few weeks, they did not hesitate to try to draw a connection between the Sept. 11 attacks and the war in Iraq."

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The Washington Post (9/12, A1, Ruane, 748K) reports, "Five years after the Sept. 11 terrorist attacks, residents and visitors across the Washington region paused yesterday, away from the grand commemorations, to remember the milestone and take stock of all that has and has not changed in the half-decade since 2001." The Washington Post (9/12, B2, Smith, 748K) also profiled Colin Wolfe, a 14-year-old on 9/11 who volunteered for the Marines and was killed in Iraq on August 30. Yesterday, "family and friends gathered at Arlington National Cemetery to honor the slain Marine. His parents picked Sept. 11 for the burial, believing it to be a fitting tribute to a young man who gave his life for his country in Iraq."

The AP (9/12, Westfeldt, McClam) reports, "Clutching photos to their hearts and blowing kisses to the sky, tearful loved ones of Sept. 11 victims recited a 3 1/2-hour litany of the lost Monday, the names echoing across an expanse still largely barren five years after terrorists destroyed the World Trade Center." The "ritual has changed little since the first anniversary of the attacks, and in many ways the site has remained the same as well."

McClatchy (9/12, Boyd, Hutcheson) reports, "Across the land, Monday brought back memories of that awful morning five years ago: the crisp blue sky above Manhattan, the silver planes streaking into tall buildings, the flames, smoke, dust, horrified faces, people running, firefighters and police officers struggling, the fear, grief and death." The New York Times (9/12, McFadden, 1.21M) reports a "wounded but resilient America paused yesterday to remember the calamitous day when terrorist explosions rumbled like summer thunder and people fell from the sky." But if "there was a theme to this year's proceedings, it was honoring the dead while moving on with life."

The AP (9/12, Nephin) reports that in Shanksville, Pennsylvania, "hundreds of people…gathered Monday in a wind-swept field to remember Flight 93, the hijacked jetliner in which passengers tried to storm the cockpit on Sept. 11, 2001, to wrest control from terrorists shortly before the plane crashed in southwestern Pennsylvania." President Bush "laid a wreath at the crash site and privately greeted family members in a cold drizzle as they marked the fifth anniversary of the terrorist attacks."

The New York Times (9/12, Stanley, 1.21M) reports it is "painful, but not difficult, to memorialize Sept. 11 on television. There are so many images from that morning, so many ways to recreate its horror and mourn those who died."

New York Members, Administration At Odds Over Categorization Of 9/11 Victim As Non-Firefighter. The Hill (9/12, Bolton) reports New York Sens. Hillary Rodham Clinton (D) and Charles Schumer (D), and Rep. Pete King (R-N.Y.) "gathered with President Bush at St. Paul's Chapel in New York Sunday to commemorate the five-year anniversary of the 9-11 attacks, but behind the scenes they are struggling with his administration over the controversial death of one rescuer." Glenn Winuk, "whose first love in life was being a firefighter but who became a lawyer at Holland & Knight to earn a better living — did what would be natural to any first responder near the scene of a disaster: he rushed to it." Winuk died in the collapse of the South Tower, but "the Justice Department last week made public a ruling that Winuk was not eligible to be recognized as a firefighter having died in the line of duty despite his years of volunteer service." The Justice Department's decision "has denied Winuk's parents $250,000 in federal benefits," but Jay Winuk "said his family's fight is about much more than money."

FDNY Still Recovering. CBS Evening News (9/8, story 2, 2:15, Couric, 7.66M) reported, "No families suffered a greater loss on 9/11 than the family that is the New York City fire department. Fire fighters rushed into the burning towers as everyone else rushed out and 343 of them died that day. Five years later, those who were in charge of the recovery effort here at Ground Zero are still recovering themselves."

Makeshift Memorial Holds Unidentified Remains Of 9/11 Victims. ABC World News (9/11, story 6, 2:15, Gibson) reported, "There is here in New York, in Lower Manhattan, a tent set up that most people walking by not even notice. Indoor tennis courts, perhaps, urban campers, you might think. It's anything but. Its one of the saddest reminders of September 11th." ABC (Weir) added, "Beneath a noisy Manhattan highway, under this gleaming white tent, sit three containers, very big and very sacred. They hold almost 14,000 human remains, carefully preserved, but too small or damaged to name. There are pews nearby, a simple altar, precious space for the 1,151 families who were never given anything to bury."

Wreckage From WTC Stored At JFK. NBC Nightly News (9/11, story 5, 3:15, Williams, 9.87M) reported, "We have a special look tonight at all the wreckage that was taken from Ground Zero. All of it sacred. And it's all awaiting a home, a permanent memorial. It's all being cared for in a hangar at New York's JFK Airport. They don't want us to show you the outside of the building but we can say this if you've flown in and out of Kennedy airport, you've taxied right by it. Tonight for the first time on network television, you will get to see what remains of that day. It's as if that day five years ago is now contained in this room. The violence is over and the heat has cooled, but it's all here. You can feel it, you can smell it. It's enough to make anyone angry and sad and spiritual all over again. It's an airline hangar as church."

9/11 Novel Praised For Exposing Distortions. In a USA Today book review (9/12), Deirdre Donahue says it "would be a shame if Jess Walter's novel The Zero were lost amid all these other 9/11 projects. The author of the unforgettable non-fiction book Ruby Ridge and the admired novel Citizen Vince, Walter uses 9/11 and the past five years

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as a launch pad to explore how bureaucrats and profit-hungry corporations have distorted a tragedy."

More Commentary. In the Wall Street Journal's "Global View" column (9/12), Bret Stephens says, "Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?" Yet "after 9/11 at least a few old-time voices on the left -- Christopher Hitchens, Bruce Bawer, Paul Berman and Ron Rosenbaum, among others -- understood that what Islamism most threatened wasn't just America generally, but precisely the values that modern liberalism had done so much to promote and protect for the past 40 years: civil rights, gay rights, feminism, privacy rights, reproductive choice, sexual freedom, the right to worship as one chooses, the right not to worship at all." But "five years on, however, Messrs. Hitchens, Bawer et al. seem less like trendsetters and more like oddball dissenters from a left-liberal orthodoxy that finds less and less to like about the very idea of a war on Islamic extremism, never mind the war in Iraq."

In his Washington Post column (9/12, A23), Eugene Robinson says that by "far the most fateful post-Sept. 11 coinage is 'war on terrorism.' The phrase that has come to define our era is entirely suspect, except perhaps the 'on.'" Witness the "recent arrests of would-be airline bombers in London, or the fact that so many of the high-value terror suspects held until recently in secret CIA prisons were captured in Pakistan, an ostensible ally. We should call this police work what it is, although that might make it harder to ignore such principles as habeas corpus and due process."

New York City Attorneys Adjusting To Life After 9/11. The National Law Journal (9/12, Jones) reports, "In the five years since the terrorist attacks on the World Trade Center, attorney H. Taufiq Choudhury said that he has grown numb to the reminders he sees every day on his way to work in lower Manhattan. … 'I've gotten used to it,' he said. 'The feeling is not as sharp.'" The Journal continues, "An immigration lawyer, Choudhury initially relocated his solo practice from the 22nd floor of 1 World Trade Center to midtown Manhattan after the attacks. But today, his firm, which also endured the 1993 trade center bombing, is back in the downtown area. … There is a certain comfort for Choudhury in returning to lower Manhattan, he said, but his practice still suffers as a result of the events on Sept. 11, 2001. … 'It has changed for the worst,' he said." The Journal adds, 'Choudhury is just one of an estimated 14,000 New York lawyers -- more than 10 percent of all lawyers in the state -- whose practices were upended when the planes brought down the Twin Towers. The businesses of virtually every lawyer working below 14th Street in Manhattan were affected by the attacks. In the towers themselves, attorneys and support staffers at about 30 law firms lost their offices and, in some cases, their lives. … Five years later, some law firms have come back to the downtown area, but many others have opted to start over in areas less scarred."

FBI Agents Tout Post-9/11 Counter-Terrorism Initiatives. The Minneapolis Star Tribune (9/12, Louwagie, 398K) reports, "As he reflected on five years of fighting terrorism since the Sept. 11 attacks, Minneapolis FBI special agent in charge Michael Tabman said Monday that a second local squad was created last year to focus on international terrorism groups." Tabman "said he wanted a second squad to increase intelligence-gathering and reach out to communities, building trust and cooperation so people feel free to come forward with information. The squad is one of several local changes that reflect new priorities in the FBI. 'We have gone from an investigative agency to a preventive agency,' Tabman said." He "credits the USA Patriot Act with giving the FBI and other agencies better tools to do their work," although "there's still a lot of oversight when decisions are made on intelligence gathering -- something the public still wants, he said." Tabman added, "We're not going to wipe out terrorism, just like we can't wipe out drugs or stop crime completely. Every day that we don't have a terrorist act, every day that citizens go home and feel confident we'll have a safe day the next day, we've won.'"

The AP (9/12) reports Tabman "says it's no accident that there's been no further terrorist attacks in the five years since 9-11." He "says that reflects the bureau's decision after the attacks to make preventing terrorism its top priority." At a media briefing yesterday, "Tabman rattled off statistics he says shows the bureau's emphasis. That includes almost 1500 new agents bureau-wide, 65 new anti-terror task forces nationwide between the FBI and local law enforcement agencies, and a shift from investigating crimes to preventing them."

International Reaction Mixed On Fifth Anniversary Of 9/11. The AP (9/12, Ganley) reports, "the nations of the world joined Monday in solemn remembrance of Sept. 11 — but for many, resentment of the United States flowed as readily as tears." Critics say Americans "have squandered the goodwill that prompted France's Le Monde newspaper to proclaim 'We are all Americans' that somber day after the attacks, and that the Iraq war and other U.S. policies have made the world less safe in the five years since." In Europe, "where Islamic terror has struck twice since 9/11, in the Madrid train bombings and the London transit attacks, the silent tributes were tinged with doubts and recriminations." Adding to "the global jitters, a senior al-Qaida leader issued a new warning." Ayman al-Zawahiri said, "You should worry about your presence in the

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(Persian) Gulf and the second place you should worry about is Israel."

Some Islamic Blogs Commemorate 9/11 Anniversary. In a New York Times op-ed (9/12), Bernard Haykel and Saud al-Sarhan report on the Islamic jihadi and al Qaeda-related blogs' commemoration of the 9/11 anniversary: "The Web sites affiliated with many of militant jihadism's top thinkers, including Abu Muhammad al-Maqdisi and Sulayman al-Alwan, remained silent. That shouldn't surprise us: the Salafi strain of Islam, to which most jihadis subscribe, prohibits commemorating anniversaries." But "perhaps more remarkable was the fact that this year, a number of Web sites affiliated with Al Qaeda did commemorate the day — no doubt because they knew Americans would." Some messages "yesterday were clearly meant for Western consumption, reminding the United States that Al Qaeda is still active and bent on future attacks, and even posting images overlaid with threats in English."

Rice Thanks Canadians For Help On 9/11. The AP (9/12, Gearan) reports, "Secretary of State Condoleezza Rice said Monday the generosity of Canadians who took in thousands of stranded American air passengers five years ago represents the best of human nature in the face of evil." Rice "commemorated the fifth anniversary of the Sept. 11 terror attacks with a short visit to the closest US ally. She read a letter of thanks from President Bush to employees at Halifax's small airport who helped coordinate a huge impromptu aid effort."

House GOP, Democrats Deadlocked On Language Of 9/11 Resolution. The Hill (9/12, O'Connor) reports, "House Republicans and Democrats are locked in a standoff over the language of a resolution commemorating the fifth anniversary of the terrorist attacks of Sept. 11, 2001." Democratic leaders "want the GOP to remove any reference to legislation passed in response to the terrorist attacks on the World Trade Center and Pentagon, which include the USA Patriot Act of 2001, the Homeland Security Act of 2002 and the Intelligence Reform and Terrorism Prevention Act of 2004." Republicans "argue that many of these accomplishments were listed in two of the previous four such annual resolutions." Democrats "requested that Republican leaders remove a long passage that refers to the bills signed by President Bush, according to a draft from Sept. 6 obtained by The Hill. GOP leaders refused, citing the two previous resolutions and a need for Congress to refer to its accomplishments following the attacks."

Roll Call (9/12, Davis, Yachnin) reports, "Deliberations over the annual anniversary resolution stalemated Monday, according to several House aides, with the GOP leadership now expected to bring the legislation to the floor Wednesday despite Democrats' unhappiness with the text of the measure. 'Negotiations have stopped,' said a GOP leadership aide, who confirmed Hastert's office had walked away from the negotiating table. 'We're going forward with it.'"

The New York Times (9/12, Zernike, Nagourney, 1.21M) runs a similar story titled "A Solemn, Sad Moment To Reflect, But Politics Also Surfaces." The Times says Republicans and Democrats are "squabbling over the wording of a Sept. 11 resolution in what aides to both parties acknowledged was, to no small extent, a bid to gain political advantage. And throughout the day, even as Democratic and Republican aides talked about efforts to avoid being seen as tarnishing the memory of the attacks with blatant political appeals, candidates and Congressional leaders were issuing statements reflecting political implications that Republicans and Democrats saw in the day's events." The Times also reports that "in election years -- 2002, 2004 and now 2006 -- the Republican-controlled House has included language heralding accomplishments in the war on terror. This time, the Republican version of the resolution applauded the reauthorization of the legislation known as the USA Patriot Act, as well as the tough immigration bill passed in the House."

The Washington Times (9/12, Bellantoni, 88K), meanwhile, reports under the headline "Lawmakers Unite Once Again Over 9/11" that "politicians gave a message of unity and determination yesterday." In "a rare bipartisan event," Senate Majority Leader Bill Frist "and Republican leaders joined Democratic leaders Sen. Harry Reid and Rep. Nancy Pelosi and about 100 other lawmakers on the steps of the Capitol. The lawmakers recalled the evening of September 11 when many members of Congress gathered on the steps and sang 'God Bless America.'" The Times adds, "Republicans and Democrats came together for that moment in a spontaneous show of patriotism, members said yesterday as they enter what are sure to be the bitter last two months of the election season." The Washington Post (9/12, Weisman, Babington, 748K) also reports the story in a story titled "Whereas Congress Cannot Set Aside Politics."

McCain Says US Missed An Opportunity After 9/11. Sen. John McCain said on MSNBC's Hardball (9/11) that the US "passed up an opportunity after September 11th. I think we should have said, we're going to double the size of the Peace Corps, triple the size of Americorps, we're going to set up volunteer organizations all over America to ensure our security. We're going to give young people $18,000 in educational benefits for 18 months of military service, call Americans to serve. The country was united. We should have called them to serve, not just tell them to take a trip or go shopping."

Clinton Says US Is Safer, But Not Safe Enough. Sen. Hillary Clinton said on CNN's The Situation Room (9/11)

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that the US is safer since the 9/11 attacks, "but we're not safe enough. I think that we know that our borders and our ports and our mass transit and rail systems, our bridges, our tunnels, our chemical, nuclear plants are just not yet where they need to be and we're not following the recommendations of all the experts, including the 9/11 commission, that we distribute money here at home based on what the risk is. So my primary focus today, as I spent time with family members and, you know, reflected back the last five years, is whether we've done everything we know to do to protect our citizens here in New York and across America and I think, unfortunately, the answer is not yet."

Clinton was asked on MSNBC's Hardball (9/11) if the world is different since the 9/11 attacks. Clinton said, "I think it certainly is for me. It is for many Americans and the way that an event of such enormous importance sort of divides your life, pre-9/11 and post-9/11. And for thousands of people, life will never be the same. But I think it's also important that we maintain our values and our common sense about who we are as people and how we have to promote our interests and our concerns in the world, and how we have to make more friends and allies and not enemies, because if we're in for a long struggle, as we hear all the time -- and I don't doubt that, I think it is a struggle against an ideology that has religious overtones to it -- then we have got to be smart about how we're dealing with that."

Hamilton Angered By Kean's Role Advising ABC 9/11 Docu-Drama. In the Washington Post's "Washington Sketch" column (9/12, A2), Dana Milbank says there have "been few political love stories as beautiful as that of Tom Kean and Lee Hamilton, the former chairman and vice chairman of the 9/11 commission." So it "packed even more punch when Hamilton, at the National Press Club luncheon, lectured his friend about the falsified Sept. 11 docudrama Kean helped ABC produce." Kean has "infuriated many a Democrat who saw him as a nonpartisan truth-teller. In his work on ABC's 'The Path to 9/11,' Kean has blessed what has been documented to be a collection of falsehoods -- a disproportionate number of which make the Clinton administration look bad."

The New York Times (9/12, 1.21M) says in an editorial, "Perhaps the entertainment industry will come up with a few lasting lessons from the outcry over ABC's 'dramatization' of the events leading up to the terrorist attacks on 9/11. One suggestion: when attempting to recreate real events on screen, you do not show real people doing things they never did." It was "especially disturbing" that Kean "was willing to lend his prestige to this ill-considered project. Mr. Kean served as a senior consultant to the miniseries and has repeatedly defended it in public, even as several Democratic members of the commission criticized its distortions."

Despite Volatility, Ammonium Nitrate Easily Attained. ABC World News (9/11, story 5, 3:00, Gibson) reported on President Bush's touting of government efforts to prevent terrorist attacks, continuing to examine the widespread availability of ammonium nitrate fertilizer, which "has been used around the world in devastating terror attacks from Istanbul, Turkey to Oklahoma City." In an "ABC News undercover investigation…with virtually no questions asked, we were able to make large buys in Virginia and North Carolina." ABC reports that New York Rep. Peter King (R) has worked to gain restriction on the sale of the substance, but says he has had to accept a "watered down" version of his legislation, owing to the efforts of American Farm Bureau lobbyists. ABC "assembled 1,000 pounds of ammonium nitrate. And undetected, moved it into a storage shed just a few miles from the White House."

Critics See Gaps In Aviation-Security Despite Billions Spent. The Washington Times (9/12, Hudson, 88K) reports that in spite of billions spent "to protect against future airplane hijackings, …critics say many changes made are haphazard and misguided and that serious security gaps remain in place five years after the September 11 terrorist attacks." DHS Secretary Michael Chertoff said in a speech at Georgetown University Friday that "the hardening of cockpit doors, 'thousands' of federal air marshals 'on aircraft protecting travelers every day all over the world' and 'armed flight deck officers authorized and trained to defend the cockpit'" had laid "a solid foundation for the future of our aviation-security efforts for the five years and the 10 years to come." However, "United Airlines is the only company that has installed steel cable barriers to prevent someone from charging the flight deck." Meanwhile, "Only a small fraction of 25,000 to 30,000 daily flights are protected by air marshals."

CNN's Paula Zahn Now (9/11, Griffin) reported that "one of the biggest federal bureaucracies born out of 9/11," the TSA, "has repeatedly failed government security tests. … The Orlando Sentinel Newspaper reported this summer that, of 830 TSA screeners at this airport, 501 took a test in June, and could not recognize explosives or other banned material. That means 60 percent of the 830 failed." Later, Secretary Chertoff appeared on the show from Washington, and Zahn asked him about the "startling statistics" from Orlando. Chertoff began by "clearing up a couple of misconceptions," telling Zahn that "it is a fact that we do have a unified no-fly list and selectee list. And it is the case that everybody who gets on an airplane is run against that list. … It's also the case that that particular test, my understanding is, occurred when a group of new screeners were brought on board, and that the next month, the results became much better."

Former FBI Official Says Airliners Are Unguarded During Refueling. The Washington Times (9/12, McCaslin,

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88K) reports in its "Inside The Beltway" column that Dan Coleman, who was the FBI's top expert on Osama bin Laden, predicts that the next terror attack on Washington could be a "hijacked plane swooping down over the green grass of the National Mall, roaring over tourists' heads, and straight into the dome of the US Capitol. … Airliners are virtually unguarded while refueled on airport tarmacs, Mr. Coleman cites among other security weaknesses not yet fully addressed. In addition, transportation workers still aren't sufficiently screened, and while grandmothers in wheelchairs can't slide by X-ray scanners, terrorists can."

Lawmakers Support Liquid Ban Until Effective Screening Possible. USA Today (9/12, Frank, 2.27M) reports, "Lawmakers from both political parties say the month-old ban on carrying most liquids on airliners should remain until airport screeners and machines can detect explosives such as those that alleged terrorists planned to use to destroy US-bound planes in August." The TSA, meanwhile, "said last month that it was studying whether it can safely allow passengers to carry small amounts of liquids on airliners. … Homeland Security Secretary Michael Chertoff recently said that leaving the ban in place might keep security lines moving faster than a potentially confusing policy allowing small quantities of liquids."

Senate Panels Not In Complete Agreement On Port Security Bill. Roll Call (9/12, Pierce) reports for "all the talk of Senate committees skipping arm-in-arm down the path to stronger port security, the floor of the venerable chamber this week instead will feature its share of territorial disputes." Though the chairmen "of the three committees of jurisdiction — Commerce, Science and Transportation; Homeland Security and Governmental Affairs; and Finance — lauded the alleged compromise bill in floor speeches last week, a number of key agreements between the three, most notably how to fund the $835 million bill, have yet to be worked out. And the bill is in danger of being larded with myriad expensive transportation-related amendments." Despite the hurdles, "aides to both parties say they should be able to come up with some finished product by Thursday, before, perhaps, turning to an Amtrak authorization bill."

Passage Still Expected. The Los Angeles Times (9/12, Simon, 918K) reports with "both parties jostling for the upper hand on national security ahead of November's midterm elections, a port security bill is headed for approval." The measure — "expected to pass the Senate this week — would, among other things, impose deadlines on background checks for port workers, expand a program to screen for 'dirty bombs' and authorize $400 million to help ports bolster anti-terrorism defenses. A good chunk of that money is likely to go to the Los Angeles-Long Beach port complex."

WPost Urges Senate To Pass Port Security Bill. The Washington Post (9/12, A22, 748K) says in an editorial that the Port Security Improvement Act of 2006 "contains several common-sense proposals" and "two things distinguish this moderate legislation from the irresponsible rhetoric on port security that has marred debates on the subject for years. First, it does not call for 100 percent of containers arriving at U.S. ports to be individually inspected for all dangerous materials." Second, "while providing five years of steady funding for port security projects, the bill does not dedicate money for port security in perpetuity." With "those sensible checks in place, the Senate should pass this bill."

WSJournal Criticizes Prospect Of Partisan Retribution For CIA Agents. The Wall Street Journal (9/12, 2.03M) says in an editorial that if Jack Bauer of Fox's "24" program "worked at the CIA in real life today," he "would apparently be buying insurance in case the ACLU or John Kerry decided to sue or subpoena him for protecting America with too much vigor. The Washington Post reported yesterday that more CIA counterterrorism officers are signing up for private insurance that would pay for civil judgments and legal costs if they are sued or charged with a crime. These are the agents who interrogated Khalid Sheikh Mohammed, Abu Zubaydah and other jihadis, using what President Bush last week called methods that were legal but 'tough.' Those methods succeeded in breaking these men into divulging information that led to the arrest of other al Qaeda bigs, and to the foiling of plots that could have killed thousands." Though "the government pays the premiums for this kind of insurance, it is a sorry spectacle that these agents must now fear partisan retribution for having done precisely what the country asked them to do."

Abercrombie Criticizes Administration Gulf Coast Rebuilding Efforts. In an op-ed in the Hill (9/12), Rep. Neil Abercrombie writes that one year after Hurricane Katrina, New Orleans and Mississippi's Gulf Coast remain "a terrible, twisted portrait of lives and families and whole communities washed away; home by home, block by block, neighborhood by neighborhood. One year after President Bush viewed the destruction from 40-thousand feet as he flew back to Washington from his vacation; one year after he vowed—'We will do what it takes,' promises of timely federal assistance to help the people of the region rebuild are as empty as the endless square miles where homes and businesses once stood." Abercrombie calls for FEMA to "be restored to independence from the Department of Homeland Security, with a legislative mandate to rebuild now." He adds, "The Pentagon has just announced a new czar for infrastructure construction in Iraq. The American people should demand that the federal government's post-Katrina

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priorities reflect an equal and urgent commitment to the infrastructure of the US."

WAR NEWS:

Intelligence Report Paints Negative Picture Of Situation In Western Iraq. The New York Times (9/12, Gordon, 1.21M) picks up the story broken by the Washington Post yesterday, concerning Marine Col. Peter Devlin's grim intelligence assessment of the situation in Anbar Province: "The political and security situation in western Iraq is grim and will continue to deteriorate unless the region receives a major infusion of aid and a division is sent to reinforce the American troops operating there, according to the senior Marine intelligence officer in Iraq." The Times adds, "Military officials familiar with the document disclosed additional material and provided several quotations from the assessment."

Pentagon Takes Anbar Report "Very Seriously." The Washington Post (9/12, Tyson, 748K) reports, "The Pentagon is taking 'very seriously' a classified intelligence report concluding that the U.S. military has fought to a stalemate in Iraq's western Anbar province as political conditions also worsen in the 'epicenter' of the country's Sunni insurgency, a senior defense official said yesterday." Speaking to the House Government Reform Committee was Undersecretary for Policy Eric Edelman. Panel members Reps. Dennis Kucinich (D-OH) and Christopher Shays (R-CT) are quoted questioning Edelman or Rear Adm. William Sullivan about the classified Devlin report and about the length of the US presence in Iraq, respectively.

Sadr Opposes Iraq Division Plan. The Washington Post (9/12, Paley, Sarhan, 748K) reports, "Moqtada al-Sadr, the powerful Shiite Muslim cleric, remains adamantly opposed to a controversial plan to partition Iraq into a federation of three largely independent regions." Sadr's stance differs from that of "intermittent rival Abdul Aziz al-Hakim": "The dispute between two of the most influential Shiite politicians in Iraq highlights the bitter divisions between various parties in the country's fragile ruling coalition. The rift also underscores the divisive nature of the federalism issue, which has pitted Sunni Arabs against some Shiites and Kurds." Sunnis reportedly fear being "left with" resource-poor "swaths of the country."

Sadr Aide Describes Vision Of Iraq Without US Troops. The Washington Post (9/12, Knickmeyer, Raghavan, 748K) reports the vision of Mustafa Yaqoubi for an Iraq after US forces leave: "First, 'there will be a civil war,' said the aide, Mustafa Yaqoubi ...The rising violence and rivalries under the American occupation make a shaking-out all but inevitable once foreign forces go, Yaqoubi said. ... 'No matter the number of people who would lose their lives, it is better than now,' he added. 'It would be better than the Americans staying.'" He ultimately envisions the "freedom to usher in a Shiite religious government that ... would be moderate and perhaps comparable in some ways to Iran's." Yaqoubi denies any need for Shiite "gratitude" to the US, saying that the US ousted Saddam Hussein out of its "own interest[s]."

Militias May Be Spinning Out Of Leaders' Control. The Los Angeles Times (9/12, Moore, 918K) reports, "As U.S. and Iraqi officials seek a way to disarm Shiite militias involved in the sectarian violence driving Iraq toward civil war, the paramilitary forces are splintering into more extreme groups that militia leaders say they are powerless to control." The Times adds, "A series of devastating paramilitary strikes against Shiite neighborhoods has eroded early gains attributed to the security sweep and severely undermined U.S. arguments for disarming militias." A proposal by Abdelaziz Hakim to install "popular committees" to provide neighborhood security could end up adding to Iraq's "chaotic patchwork of gangsters, revenge squads and insurgents."

Iraqi Elections Said To Have Worsened Sectarian Divisions. McClatchy (9/12, Brown) reports, "Iraq's political process has sharpened the country's sectarian divisions, polarized relations between its ethnic and religious groups, and weakened its sense of national identity, the Government Accountability Office said Monday." The GAO report is called "unusual in its sweep" because it relied "on a series of other government studies, some of them previously unpublicized, to touch on issues from violence and politics to electricity production. Published on the fifth anniversary of the Sept. 11, 2001, terrorist attacks, the GAO report was downbeat in its conclusions - underscoring how Iraq's deteriorating security situation threatens the Bush administration's goal of a stable and democratic regime in Baghdad."

Kristol, Lowry Call For "Substantially More" Troops In Iraq. In the Washington Post (9/12, 748K), conservative commentators Bill Kristol and Rich Lowry state, "At this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq by securing Baghdad. There is no mystery as to what can make the crucial difference in the battle of Baghdad: American troops." Shifting troops from one Iraqi area to another weakens control in the former areas; therefore, "we need substantially more troops in Iraq," not just Baghdad.

Shiite-Sunni Dating Wanes In Polarized Baghdad. The Washington Post (9/12, Paley, 748K) reports in a front page article, "For decades, marriages between Sunnis and Shiites in Iraq were as ordinary as the daily call to prayer. But the sectarian warfare gripping the country has created a

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powerful barrier to Sunni-Shiite romances." The breakdown of intermarriage is "a grim foreboding of the future." The Post mistakenly calls the "oppressed" Shiite population a "minority" in Iraq.

Saddam Accuses Kurds Of Sowing Hatred. The AP (9/11, Al-Bashir) reports, "A defiant Saddam Hussein accused Kurdish witnesses at his genocide trial Monday of trying to divide Iraqis by alleging chemical attacks and mass arrests during a crackdown that the prosecution says killed up to 180,000 people." AFP (9/11, Deshmukh) reports the trial as well, saying that Saddam delivered "a tirade from the dock" stating that the trial was a scheme to split "Kurds and Arabs."

The New York Times (9/12, Von Zielbauer, 1.21M) reports, "The trial of Saddam Hussein on charges of genocide against Iraq's Kurds resumed Monday, after a nearly three-week hiatus, while sectarian violence continued on Baghdad's streets, including the suicide bombing of a crowded downtown bus that killed more than a dozen people." In parliament, "lawmakers aligned with the political movement led by the radical Shiite cleric Moktada al-Sadr came out against efforts to enact legislation that would allow Iraq to be divided into autonomous regions, with Shiites and Kurds controlling the oil-rich south and north. Sunni Arabs, who would be left holding the barren western and central regions, are vehemently opposed to the legislation." American soldiers patrolling a neighborhood in Baghdad reportedly "delivered six headless bodies" and a seventh, unmutilated body to a hospital.

Suicide Bomber Attacks Assassinated Iraqi Governor's Funeral. The New York Times (9/12, Gall, 1.21M) reports, "A suicide bomber blew himself up Monday at the funeral of the assassinated governor of Paktia Province, killing at least seven people and wounding up to 40. Five of the dead were policemen, and two were children." The bombing was perceived by some "as a message from the Taliban that they are ready to strike in areas outside their traditional homeland, which is in the south, and are showing they can hit where they want." Denial by a Taliban spokesman of responsibility for the funeral bombing may signify "fissures are showing in the Taliban movement, with some Taliban commanders based inside Afghanistan opposed to suicide bombing."

The Washington Post (9/12, A24, Constable, 748K) reports that the bombing was the "third major suicide attack in four days." The Post theorizes that the escalating violence may be part of an "orchestrated offensive by the revived Taliban militia."

DOJ:

DOJ Attorneys Lose Appeal On Overtime Pay. In his "Federal Diary" colulmn for the Washington Post (9/12, D04), Stephen Barr writes, "There's no dispute that Justice Department lawyers worked overtime and on holidays, and there's evidence the lawyers were 'expected and induced' to work extra hours. But that's not enough to win back pay, a federal court ruled yesterday." Barr continues, "Overtime hours must be 'ordered or approved' in advance for pay purposes, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit said. … The ruling is the latest in a long-running class-action lawsuit involving more than 9,000 Justice Department lawyers, but it's not the end of the case." Barr adds, "The agency lawyers, represented by Williams & Connolly LLP, will appeal the decision to the Supreme Court, said Robert A. Van Kirk , a lawyer for the firm. … 'The Federal Circuit's decision essentially guts the Federal Employees Pay Act and gives federal agencies the green light to disregard the mandatory overtime provisions of the law,' Van Kirk said. … The Justice Department would not comment on the ruling. In the past, the department has said that its lawyers are professionals who accept that they will work more than 40 hours a week to carry out their responsibilities." Barr notes, "Yesterday's ruling was the second defeat for the Justice Department lawyers -- many are assistant U.S. attorneys -- at the circuit court. They had prevailed in a federal claims court only to see that decision reversed on an appeal by the department. The lawyers went back to the circuit court in hopes of readdressing certain issues in the case. … The agency lawyers are seeking compensation for overtime, holiday and 'administratively uncontrollable overtime,' a special pay category. The department has said the case covers the period between 1992 to 1999, but the lawyers think the case could extend to the present."

CORPORATE SCANDALS:

DOJ, FBI Launch Probes Of Hewlett-Packard Leak Investigation. The Washington Post (9/12, D1, Noguchi) reports, "The Justice Department, the Federal Bureau of Investigation and a House subcommittee have started their own probes into how Hewlett-Packard Co. investigators obtained private phone records in an attempt to identify a source of company leaks to the media, according to the company and regulatory filings released yesterday." The Post continues, "Last night, the HP board of directors also reconvened to consider ousting its chairman, Patricia C. Dunn, who led the company's efforts to identify the source of the leaks from its own board." HP "revealed yesterday in a

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regulatory filing with the Securities and Exchange Commission that it had been contacted by the U.S. attorney's office for the Northern District of California for information regarding its investigation. … A spokesman for the FBI said the agency also was looking into the methods of HP's investigation. The House Energy and Commerce subcommittee on oversight and investigations has asked HP to submit information as part of the committee's broader look at breaches of private information. Last week, the California state attorney general's office launched its own investigation, and the Federal Communications Commission requested information from AT&T Corp. about the disclosure of the phone records."

The Wall Street Journal (9/12, Carlton, Emshwiller) reports, "A spokesman for the U.S. Attorney's Office for the Northern District of California yesterday confirmed that his office and the Federal Bureau of Investigation are probing the 'processes employed' in the H-P leak investigation. Separately, a House committee said it is seeking information from H-P about the matter, including the identity of private investigators that H-P has said it used in the investigation, which involved accessing the private phone records of board members and nine journalists." The Journal continues, "The focus of the government inquiries is an H-P investigation that was requested by Ms. Dunn in 2005 and intensified in early 2006. That company probe involved a practice known as 'pretexting,' in which a person's private phone records are obtained by someone impersonating them. … The Palo Alto, Calif., computer and printer maker has disclosed that it hired a private-investigation firm to carry out the inquiry and the firm, still unidentified, hired a second firm that used pretexting to obtain phone records. Ms. Dunn has said she knew directors' phone records were being scrutinized, but didn't realize those records had been obtained improperly."

The New York Times (9/12, Darlin) reports, "The company's board, which met inconclusively on Sunday, resumed telephone consultations Monday afternoon. Foremost among the topics was the role of the chairwoman, Patricia C. Dunn, who the company says first authorized the investigation last year. … Ms. Dunn recused herself from parts of the discussion, according to a person with knowledge of the board's deliberations, leaving the company's outside counsel, Larry W. Sonsini, chairman of the powerhouse Silicon Valley law firm of Wilson Sonsini Goodrich & Rosati, to preside." The Times adds, "Mr. Sonsini and his firm were consulted at various points in the investigation, according to the company. As a result, his role at the board meeting was 'an odd choice,' said Jeffrey A. Sonnenfeld, a professor at the Yale School of Management who advises companies on corporate governance. 'They have a highly conflicted law firm right now,' he said." The Times notes, "Tne reason for the board's extended talks was reported to be discussion of Thomas J. Perkins, who quit the board in May in anger at Ms. Dunn over the internal investigation. A person with knowledge of the board's deliberations said that Mr. Perkins, a pre-eminent Silicon Valley venture capitalist, sought to return to the board but that members are split on whether he should. … Mr. Perkins's spokesman, Mark Corallo, disputed that report. 'Mr. Perkins will not return to the H.P. board, even if asked,' Mr. Corallo said, but 'he believes in the performance and prospects of the company under the leadership of Mark Hurd.'"

USA Today (9/12, Kessler) reports, "In a five-page letter Monday to HP Chairman Patricia Dunn, the House Energy and Commerce Committee said it was 'troubled' by reports of pretexting. … The letter, signed by two Republicans and two Democrats, asks HP for the names of everyone involved and other data."

The AP (9/12, Robertson) reports, "The Federal Communications Commission has also taken interest in the HP investigation, asking AT&T Inc. last week how the company's private investigators managed to obtain the private phone records of board members and journalists."

Bloomberg (9/12, Guglielmo, King) reports, "The new inquiries add pressure on Chairwoman Patricia Dunn, who authorized the probe that California Attorney General Bill Lockyer has already said may result in criminal charges. Hewlett- Packard's board is meeting today for a second day to discuss the scandal and consider calls by former director and venture capitalist Tom Perkins for Dunn's resignation."

More Commentary. USA Today (9/12) editorializes, "Just how easy is it for people to obtain your private telephone records? The scandal at Hewlett-Packard provides a stark and troubling answer. … Aside from exposing dysfunction in the HP boardroom, the episode illustrates just how loose phone companies are with customers' records." USA adds, "Despite its obvious deceit, however, pretexting might not violate federal law if is not used for identity theft. California, where HP is based, has more stringent laws, and authorities there are investigating whether any of them were broken. … If nothing else, the events at HP should put pressure on telephone companies to make it harder to get sensitive data. They should adopt restrictions that would keep private records out of the hands of unscrupulous poseurs, such as requiring passwords and mailing records only to the customers' listed addresses." USA concludes, "A federal response might be in order as well, both to set standards for releasing sensitive data and to crack down on the pernicious practice of pretexting, which some Internet companies have turned into a for-profit business model. … Perhaps then, people would feel more secure. And perhaps companies like HP would focus more on their customers, and less on themselves."

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Dell Delays Filing Financial Report Amid DOJ, SEC Probes. USA Today (9/12, Acohido) reports, "Amid rising uncertainty about its strategic course, Dell on Monday delayed filing its quarterly report and postponed a high-profile analysts briefing for the second time in six months." USA continues, "The No. 1 PC maker also put its stock-repurchase program on hold and noted that the Justice Department has joined the Securities and Exchange Commission in examining its accounting practices. In a statement with few details, Chairman Michael Dell vowed to make things right. … Federal regulators are examining whether Dell misstated financial reports 'including issues relating to accruals, reserves and other balance sheet items,' Dell said. Meanwhile, the U.S. Attorney's office for the Southern District of New York has requested to review accounting documents from 2002 to the present."

The Wall Street Journal (9/12, Lawton) reports, "The news increases the spotlight on Dell's reporting methods and could spell more trouble for chief executive Kevin Rollins. … When Dell disclosed the SEC investigation in August, the Round Rock, Texas, company said it didn't think the investigation would materially affect its financials; now Dell isn't ruling out needing to restate prior results. The subpoenas from the U.S. attorney, which has requested documents related to Dell's financial reporting from 2002 to the present, hadn't previously been disclosed." The Journal adds, "Dell was also forced to take two other embarrassing steps yesterday. … It suspended its share-buyback program until further notice. The company spent $7.2 billion to repurchase 204 million shares in fiscal year 2006, which ended in February. In addition, Dell canceled its financial-analysts' day for the second time this year; the meeting with Wall Street analysts was to have taken place in New York tomorrow."

Bloomberg (9/12, Guglielmo) reports, "Dell said the investigations indicate possible errors related to so-called accruals and reserves -- estimates of future company obligations -- reported in previous financial statements. The company said last month that the SEC started requesting information in August 2005 relating to revenue recognition. … Analysts also raised concerns about the delay of Dell's financial day, which already had been postponed from April. It will be rescheduled to a later date, Dell said Monday. The company still plans a meeting with reporters today, which will be held by Michael Dell and Rollins." Bloomberg adds, "The U.S. attorney requested documents related to the company's financial reporting dating back to 2002, Dell said. The company said it plans to file its latest report as soon as possible and it is cooperating with the investigations."

The AP (9/12, Slagle) reports, "Dell first disclosed the accounting probe in last month's quarterly report, in which revenues plummeted 51 percent. … At the time, Dell officials played down its significance and said they didn't expect it to have any material impact on the company's bottom line."

DOJ Drops Freddie Mac Probe. The Washington Post (9/12, O'hara) reports, "After laying dormant for two years, the Justice Department's criminal probe into accounting transgressions at Freddie Mac is apparently over, according to company officials. … 'The U.S. attorney's office has not initiated contact with us in well over two years, and it is our understanding that the matter is inactive,' said David R. Palombi, a spokesman for the McLean-based mortgage finance company. 'Accordingly, we expect no further action in this matter.'" The Post continues, "The inactivity at the U.S. attorney's office in Alexandria also extends to investigations of several former Freddie Mac executives, including chief executive Leland C. Brendsel, president David Glenn and chief financial officer Vaughn A. Clarke. Sources familiar with the investigation, who spoke on condition of anonymity because they did not want to be seen as speaking for the department, said lawyers for the ousted officials have not been contacted by the Justice Department since 2004." The Post adds, "Palombi's statements appear to resolve one of the final issues that have been dogging the company since its accounting problems became public in 2003. … In 2003, Freddie Mac admitted it had improperly managed its earnings through a series of transactions that smoothed out earnings growth. The company reduced its reported earnings by $5 billion between 2000 and 2003, hoping to defer those earnings to later years. … Freddie Mac is still working to produce an up-to-date and accurate set of books. But the company has cleared itself of most of the liability from the matter in the past three years. It has paid a $125 million fine to federal regulators, more than $400 million in shareholder lawsuit settlements, and $3.8 million in civil fines to settle Federal Election Commission charges of improper political fundraising. … But the possibility of a criminal action remained. In recent weeks, the company sought clarification from the Justice Department over whether its long silence meant the case was closed -- particularly after the department issued a statement in August that it had closed its criminal investigation of similar accounting problems at Freddie Mac rival Fannie Mae."

Financial Times Blasts DOJ Policy On Corporate Cooperation. The Financial Times (9/12) editorializes, "Corporate America has had a rough ride since Enron: between Eliot Spitzer, New York attorney-general, and the Sarbanes-Oxley act, US companies have paid a high price for their pre-Enron bad habits (not to mention the bad behaviour of others). … But corporate America's problems have come not only from the scourge of Albany, and the new regulatory burden imposed by Congress. The US Department of Justice has made white-collar crime (rightly) one of its top

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priorities. But in its zeal to catch corporate criminals, the DoJ has used some dubious tactics that arguably violate the US constitution and may even defeat the whole purpose of its corporate crime crusade - to create a new culture of compliance that encourages companies to do the right thing without having to be prosecuted." The Times continues, "Later today, the powerful Senate judiciary committee will open its own inquiry into the department's hardball tactics, particularly the practice of forcing companies to waive the privilege that normally protects communications with lawyers - including those between whistle-blowers and in-house lawyers. … The crux of the problem is a 2003 policy (known as the 'Thompson memorandum') that says prosecutors should decide whether to indict a company partly based on the company's co-operation with the government; and the best way to prove co-operation is to waive attorney-client privilege, and give the government all the information it needs to make its case. Companies have little choice but to turn over the information: an indictment is tantamount to a death sentence. … This is the wrong way to fight corporate crime. Companies need legal advice to be able to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government - they may not try to obey the law at all. … The DoJ should rewrite its policy on waiver of attorney-client privilege - before Congress does so for it."

Former NYSE Head Grasso Seeks New Judge For Trial. The Wall Street Journal (9/12, Lucchetti) reports, "Former New York Stock Exchange chief Dick Grasso is seeking a new judge for his pending trial on civil charges brought by New York state's attorney general, Eliot Spitzer." The Journal continues, "Mr. Grasso's lawyers last week filed a motion to have the case reassigned to a new judge. New York Supreme Court Justice Charles Ramos has been handling the pretrial stage of the case and is set to preside over a trial that may start as soon as October. … Mr. Spitzer's civil lawsuit against Mr. Grasso alleges that his $187.5 million pay package was excessive for the head of a New York not-for-profit company, which the NYSE was before it went public in March as NYSE Group Inc." The Journal adds, "Lawyers for Mr. Grasso at Williams & Connolly LLP filed papers arguing for a new judge on the grounds Justice Ramos held settlement discussions with the parties in which he made statements that could be interpreted as 'impairing Mr. Grasso's right' to a fair trial. The filing also stated that -- before the case was filed -- Justice Ramos twice unsuccessfully approached the Big Board to be considered for a board seat."

Former ITXC Executives Accused Of Bribing African Officials. The Newark Star-Ledger (9/7) reported, "Two former executives of a Princeton international telecommunications company approved more than $250,000 in bribes to officials in several African nations, securities regulators charged in a lawsuit filed yesterday." Steven Ott and Roger Michael Young "while at ITXC violated the Foreign Corrupt Practices Act, the Securities and Exchange Commission charged in the complaint filed in federal court in Trenton. Ott, vice president for global sales, and Young, managing director of the Middle East and Africa, approved $267,468 in bribes to phone company officials in Nigeria, Rwanda and Senegal between 2001 and 2004, the lawsuit alleged." The AP (9/7, Hughes) noted, "The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government."

Retirements Of Sarbanes, Oxley To See Shake Up Of Finance Panels. The Wall Street Journal (9/12, A4, Mullins) reports, "The retirements of Sen. Paul Sarbanes (D., Md.) and Rep. Mike Oxley (R., Ohio) spell changes next year in the House and Senate committees that regulate Wall Street, banks and finance. … The broader change will come in the House, which will see a new committee chairman regardless of whether Republicans or Democrats control the chamber after the November elections. On the other side of the Capitol, Sen. Chris Dodd (D., Conn.) will succeed Mr. Sarbanes as the senior Democratic member of the Senate Banking Committee. Should Republicans, as expected, retain a majority in the Senate, the panel's chairman will remain Sen. Richard Shelby (R., Ala.)." The Journal notes, "Things are more complicated in the House, where as many as five lawmakers could win the top spot on the Financial Services panel. If Democrats win majority control in November, the liberal Rep. Barney Frank (D., Mass.) would inherit the gavel. If Republicans keep their majority, a contest is shaping up between Reps. Spencer Bachus of Alabama and Richard Baker of Louisiana. Two other Republicans, David Dreier of California and Deborah Pryce of Ohio, have outside chances to succeed Mr. Oxley."

CRIMINAL LAW:

DOJ Leads Alaska Corruption Probe. The Anchorage Daily News (9/12, Mauer) reports, "The federal influence-buying case that erupted with fury 10 days ago with searches of a half-dozen Alaska legislative offices is being managed independently of the Alaska U.S. Attorney's office, a U.S. Justice Department official said Monday. … 'The whole office is recused,' Justice Department spokesman

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Bryan Sierra said." The News continues, "Instead, the wide-ranging investigation is being overseen by attorneys from the Justice Department's Public Integrity Section in Washington, Sierra said. … The Public Integrity Section has about 25 attorneys, a team that often lives out of suitcases in pursuit of corruption cases as far away as Guam. They've prosecuted petty thefts by sheriff's deputies, the massive frauds of Enron and the high-profile corruption case of Jack Abramoff." The News adds, "Sierra wouldn't say why the Alaska office wasn't allowed to participate in the case or how many lawyers from Washington were assigned to it. But the case is even off-limits to Nelson Cohen, the new U.S. Attorney for Alaska who just arrived last month from Pittsburgh, he said. … Sierra said it's not unusual that the local U.S. Attorney's office will recuse itself from a sensitive corruption case and wall off its legal, public relations and even clerical staffs from the investigation and prosecutions. Sometimes one or two assistant U.S. attorneys might still be assigned to work with the Public Integrity attorneys, but Sierra said he didn't know if that was the case in Alaska. … FBI agents from Alaska are lead investigators, working the case alongside the prosecutors from the Public Integrity Section, said Eric Gonzalez, spokesman for the FBI in Alaska." The News notes, "Dozens of extra FBI agents were brought in from Outside to execute about two dozen search warrants when the first raids started at legislative offices and elsewhere on Aug. 31. After the initial round of searches and interviews, the Outside agents were sent home, Gonzalez said. … While officials say little, the warrants target the relationships between legislators and the oil-field service and construction company Veco. The company, which has long been generous with campaign donations at the state and federal levels and lobbying in Juneau, has gone so far as to hire sitting legislators, including Senate President Ben Stevens, R-Anchorage, the son of Alaska's powerful U.S. senator, Ted Stevens."

Lawmaker Denies VECO Contribution Influenced Pipeline Vote. The AP (9/12, Volz) reports, "Days before an ailing Rep. Carl Moses flew from Anchorage to cast the deciding vote on a contentious oil and gas tax bill, six VECO Corp. executives contributed $3,000 to the Unalaska Democrat's campaign. … Moses, contacted Monday…denies the VECO campaign contributions had anything to do with his vote and his name has not previously been connected with the FBI raids. 'Don't worry, I'm squeaky clean,' Moses said." The AP notes that VECO "typically supports Republican candidates. The contributions to Moses are among the only donations company executives have given to a Democrat this election year."

Corruption Trial Of DC Developer Begins. The Washington Post (9/12, B5, Weiss) reports, "Despite his reputation as a maverick wheeler-dealer whose projects helped revitalize the city, prominent developer Douglas Jemal was 'little more than a common thief,' prosecutors said yesterday at the start of his trial on bribery and fraud charges." The Post continues, "Government lawyers said Jemal and his company, Douglas Development Corp., used bribes and fraudulent documents to keep an overextended real estate empire alive in the years before the boom in District property prices. … Jemal, his son Norman, who is the company's vice president, and leasing director Blake Esherick went on trial in U.S. District Court in Washington yesterday. They are charged with conspiring to bribe a former D.C. government official with cash, fine meals, trips to Las Vegas and a Rolex in exchange for 'sweetheart' contracts with the city. Prosecutors said Jemal's company received inflated profits for leasing property to the city from 2001 to 2004." The Post adds, "All three defendants have pleaded not guilty and vowed to fight the charges in a trial that could last up to six weeks. The defense painted Jemal, 63, as a 'visionary,' and previously said that its witnesses could include Mayor Anthony A. Williams (D) and Washington Wizards' owner Abe Pollin, who built a sports arena in an area of downtown that is home to many of Jemal's retail properties. … Most of the allegations involve dealings with Michael A. Lorusso, a former deputy director of the D.C. Office of Property Management. Lorusso, who was fired from his city job in January 2003, pleaded guilty to bribery and agreed to aid prosecutors. Lorusso, who is expected to be the key witness in the trial, faces a prison term of 57 to 71 months under federal sentencing guidelines, but prosecutors have said they could seek less time depending on the value of his cooperation. … In his opening statement to the jury, Assistant U.S. Attorney Mark H. Dubester twice mentioned Lorusso's guilty plea to the jury. That drew calls for a mistrial from Jemal's defense attorney, Reid H. Weingarten, who argued that Dubester was trying to taint Jemal on the basis of Lorusso's guilt. … U.S. District Judge Ricardo M. Urbina rejected the motion for a mistrial but agreed to tell jurors that they should not take Lorusso's guilty plea to mean that Jemal also is guilty."

Son Of Key Gotti Prosecution Witness Disputes Witness Tampering Charges. The New York Daily News (9/12, Zambito, 729K) reports, "Trying to soften their client's image," John A. Gotti's "defense attorneys yesterday told jurors that the mobster -- along with a cellmate-turned-illustrator -- penned a kiddie book about a lovable pint-sized tiger and a fierce dragon." Meanwhile, "the son of the government's star witness -- mob turncoat Michael (Mikey Scars) DiLeonardo -- disputed witness tampering charges against Gotti. Prosecutors contend Gotti summoned DiLeonardo's then-teenage son to Ray Brook Prison in February 2003 to get him to persuade his father not to testify

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against the mob boss. Michael Ricci…said he and Gotti talked about 'school, girls and sports. How I was doing.'" Ricci "said he made the jailhouse visit after finding out his father was going to cooperate with the feds, meaning he probably wouldn't see him again."

Two Georgia School Contract Fraud Conspirators Sentenced To Prison. The Atlanta Journal-Constitution (9/12, Montgomery, 399K) reports former Georgia schools superintendent Linda Schrenko "reported to federal prison Monday afternoon while her former lover and deputy superintendent, Merle Temple, was sentenced to eight years and one month in prison. Another conspirator in the case, Alpharetta computer executive A. Stephen Botes, received an identical sentence to Temple: eight years and one month. The three were charged as part of a scheme to defraud the government of $600,000 in federal funds earmarked for deaf and honors students." The AP (9/12) also reports on the sentencings.

Corruption Trial Of Illinois Secretary Of State Employee Gets Underway. The AP (9/12, Dennis) reports, "A former high-ranking Illinois secretary of state official helped three janitors pocket more than $150,000 in state pay for work they didn't do in exchange for special treatment by city trash collectors in his Springfield neighborhood, prosecutors said Monday. Cecil Turner received no financial kickbacks in the alleged ghost payroll scheme, U.S. District Attorney Patrick Chesley said during opening statements in Turner's trial in federal court in Peoria. Instead, Chesley alleged Turner aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department, arranging quick pick ups of junk ranging from water heaters to a dog house for Turner and his neighbors.

Defense attorney Michael Metnick told jurors Turner was unaware of the alleged five-year payroll scam he maintains was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner."

Anti-Castro Exiles In Florida Plead Guilty To Weapons Plot. In a widely-distributed story, the AP (9/12, Anderson) reports, "A prominent Cuban exile who virulently opposes the communist government of President Fidel Castro pleaded guilty Monday to weapons charges arising from seizures last year of machine guns, a grenade launcher and thousands of rounds of ammunition." Santiago Alvarez, "a wealthy developer and key benefactor of jailed Cuban militant Luis Posada Carriles, pleaded guilty to a single criminal conspiracy charge," and his long-time employee, "Osvaldo Mitat, also pleaded guilty. Their pleas came a day before jury selection was scheduled to begin for a trial before a federal judge in Fort Lauderdale." The AP adds, "Alvarez and Mitat were arrested in November after an informant tipped the FBI that a large cooler full of military-style weapons was being transported from apartments in Broward County owned by Alvarez to Mitat in Miami." The New York Times (9/12, Aguayo, 1.21M) notes that Alvarez and Mitat "would have faced up to 20 years in prison if convicted. But prosecutors reduced the charges in a last-minute plea deal, and the men now face a maximum sentence of five years. The men were arrested last year after the Federal Bureau of Investigation seized machine guns, a grenade launcher and thousands of rounds of ammunition."

The Miami Herald (9/12, Weaver, 310K) reports, "Francisco 'Pepe' Hernandez, of the Cuban American National Foundation, said of Alvarez's decision to plead guilty: 'He didn't have any choice after the judge ruled on the insistence of the government bringing this trial in Broward.' 'They realized their chances were slim,' Hernandez said, 'and they wanted to spare the community this commotion.' Jose Basulto of Brothers to the Rescue said, 'George Washington would have been proud of these two men as patriots.'" The South Florida Sun-Sentinel (9/12, Blum, 265K) adds, "One longtime friend and supporter said Monday's guilty pleas marked a 'shameful day for Cuban patriots.'" The Sun-Sentinel also notes that the FBI was tipped off by the employee Alvarez asked to transport the weapons to Mitat.

Judge Rules Posada Carriles Should Be Released From Custody. The AP (9/12, Caldwell) reports, "U.S. Magistrate Judge Norbert Garney issued a 23-page written ruling Monday that Luis Posada Carriles should be set free from the El Paso immigration detention center where he has been held since his arrest on immigration charges last year, Posada's El Paso lawyer, Felipe D.J. Millan said Monday. Millan said the ruling will now go to a federal district judge. If Garney's ruling is upheld, which Millan believes will happen, he anticipates that Posada could be set free in about 30 days. … A Department of Justice spokesman said Monday evening that the agency is reviewing the decision." The AP notes, "Eric Wingerter, a Venezuelan government spokesman in Washington, said Garney's ruling 'is exactly the wrong message to be sending' in time of an increased focused on fighting terrorism."

8th Circuit Considers Sentencing Guidelines In Light Of Booker. The National Law Journal (9/12, Maclean) reports, "An 8th U.S. Circuit Court of Appeals judge warned recently that the appellate court may be creating unconstitutional sentencing precedents that violate the spirit of last year's Supreme Court decision in U.S. v. Booker, which gave judges discretion to shape reasonable sentences." The Journal continues, "Nationally, circuits have

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been grappling with how much leeway to give trial judges in fashioning sentences that are either more or less lenient than the traditional guideline range established by the U.S. Sentencing Commission. … The 8th Circuit overturned the 11-year prison term for repeat offender Jeffrey A. McDonald in a methamphetamine case because it was less than half the recommended sentencing guideline range of 22 to 27 years and just one year more than the law's minimum limit. … The court ordered resentencing without such an extreme variance. … This prompted Judge Kermit E. Bye to point out in dissent that, since the Booker decision, the 8th Circuit has reversed 25 sentences below the guideline range while affirming four, yet affirmed 16 sentences above guideline range while reversing just one. … 'If we fail to implement the promise of Booker and do not relinquish greater discretion to experienced district court judges whose proximity to sentencing renders them eminently more qualified to appreciate the subtleties of each case, we will find ourselves the architects of a new -- and equally unconstitutional -- de facto mandatory sentencing system crafted from the ashes of the last,' Bye wrote in U.S. v. McDonald, No. 05-1617." The Journal notes, "Around the country, six circuits have held that sentences within the guideline range are presumptively reasonable. Only the 2nd Circuit declined to create a per se rule on the reasonableness of any sentence within approved ranges. U.S. v. Crosby, 397 F.3d 103 (2005)."

FBI Investigating Ohio Woman's Disappearance From Cruise Ship. The Miami Herald (9/12, Robinson, 310K) reports, "Federal officials are investigating the reported disappearance of a passenger who had been aboard a cruise ship that returned to the Port of Miami-Dade on Monday. The 36-year-old Ohio woman was reported missing from Carnival Cruise Lines' Imagination as it was en route from Mexico. FBI officials in Miami spent Monday morning interviewing family members who were on the ship. … FBI spokeswoman Judy Orihuela said the investigation is just beginning," but she noted, "It doesn't look like foul play at this time." In a widely-distributed story, the AP (9/12) notes that the "cruise line said relatives last saw the woman early Sunday but did not report her missing until Monday, when the ship returned to Miami." Orihuela "said, however, that she was not aware of any delay in reporting the disappearance." The South Florida Sun-Sentinel (9/12, Naanes, Stieghorst, 265K) also reports on the story, noting the Orihuela said there appears to be no evidence of foul play.

Loaded Gun Found In DC Court Cellblock. The AP (9/12) reports, "Investigators were trying to determine how a loaded handgun got into a cellblock inside District of Columbia Superior Court." The AP continues, "A cleaning contractor found the .25-caliber semiautomatic pistol under a wad of paper in a cell toilet Friday, said Steve Conboy, the U.S. marshal for Superior Court. … It was the first time such a serious security breach occurred at the busy downtown courthouse in at least 10 years, authorities said." The AP adds, "Conboy, who oversees courthouse security, said he does not know how the small pistol was smuggled into the building. … All prisoners are patted down by deputy marshals before being taken into the cellblock -- whether coming from the D.C. jail, police headquarters or off the street. … But only people who are taken into custody in a courtroom after coming in off the street are scanned by a metal detector, Conboy said."

California Highway Patrol Probing Computer Breaches. The New York Times (9/12, Steinhauer) reports, "The California Highway Patrol is investigating outside breaches of a computer system used by aides to Gov. Arnold Schwarzenegger to store downloaded audio files, a spokesman for the patrol said Monday. In those files, some of which were leaked to The Los Angeles Times, the governor was heard telling Susan Kennedy, his chief of staff, that Cubans and Puerto Ricans were naturally passionate because of their combination of 'black blood' and 'Latino blood.' … 'We are looking into the security of the governor's office computer system,' said Fran Clader, a spokeswoman for the Highway Patrol, which is in charge of policing state facilities." Clader "would not provide details of the investigation, but a person associated with the governor said that three times over the last week of August and the first week of September a person or group of people gained access to the governor's staff computers from outside the Sacramento offices. The person spoke on the condition of anonymity because the matter could become the subject of a criminal investigation."

Arizona Man Charged In Rape Case Linked To Phoenix Killings. The AP (9/12, Kahn) reports from Phoenix, AZ, "An ex-convict and construction worker was charged with 17 felony counts Monday in two sexual assaults linked to an investigation of a string of serial killings." The AP continues, "Maricopa County Attorney Andrew P. Thomas said that authorities are not calling Goudeau the 'Baseline Killer' and that he has not been named as a suspect in 22 other robberies, rapes and shootings that left eight people dead since August 2005. … For more than a year, a predator known as the Baseline Killer has terrorized the Phoenix area with killings, rapes and robberies. Police continue to try to understand how and whether Goudeau is connected, Thomas said." The AP adds, "The case is one of two serial-predator cases in the Phoenix area in the past year. Police have arrested two men in the other, dubbed the "Serial Shooter" investigation. … At a news conference, Thomas

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said Arizona's parole board was 'naive and misguided' when it granted early release to Goudeau in 2004. Goudeau had eight more years to go on a prison sentence for unrelated assault charges. … Goudeau is accused of attacking two sisters, who were 21 and 23, in September 2005 while they were walking in a park at night. Defense lawyer Corwin A. Townsend said that Goudeau plans to plead not guilty to the charges. And as soon as he gets the chance, Townsend said, he will independently test the DNA evidence that authorities used to arrest Goudeau."

CIVIL LAW:

DOJ Joins Probe Of Drug Maker Over Pricing Allegations. The AP (9/12) reports, "The federal government is joining in a whistleblower's lawsuit in Boston alleging a drug maker inflated prices for medications and defrauded Medicare and Medicaid." The AP continues, "The Justice Department said today it is intervening in the case against Dey (DAU) Incorporated, a California-based U-S affiliate of the German drug maker Merck." The AP adds, "The government is joining a complaint by a Florida pharmacy and provider of home drug-infusion services. Ven-a-Care also has brought complaints alleging drug makers defrauded government programs. … Officials accuse Dey of reporting prices for drugs that were more than five times the actual sales prices, costing the government more than 500 (m) million dollars in reimbursement."

United Press International/UPI (9/12) reports, "Dey LP, a California drug company, denied Monday that it engaged in wrongdoing in the pricing or marketing of its medicines. … The denials follow word from the U.S. Justice Department earlier in the day that it intervened in a whistleblower suit against Dey." UPI adds, "Justice's complaint alleges that Dey engaged in a scheme to report 'fraudulent and inflated' prices for several pharmaceutical products, knowing that federal healthcare programs established reimbursement rates based on those reported prices. … Dey's denial took aim at the method used by the government in developing its complaint. … 'When virtually an entire industry is sued -- as has been the case with the pricing lawsuits that have been filed around the country by dozens of attorneys general -- it indicates that the real issue is not the industry's conduct, but rather the government's own reimbursement system,' said John M. Kling, senior vice president-legal at Dey."

New Jersey Gets $500,000 From GlaxoSmithKline Settlement. The AP (9/12) reports, "New Jersey prosecutors say the state will get nearly $500,000 dollars from GlaxoSmithKline to settle claims it overcharged the government for two anti-nausea drugs." The AP continues, "New Jersey was reimbursed more than $472,000 from a $149-million national settlement with the Justice Department. … The government said Glaxo engaged in a scheme to inflate the price of Zofran and Kytril for the Medicare and Medicaid programs, which reimburse health care providers based on the manufacturers' prices." The AP adds, "The drugs are typically administered in doctors' offices or hospitals and are mainly used to counter nausea brought on by chemotherapy and radiation. .. The Justice Department claims the company charged health care providers less for the drugs, knowing the providers would get to pocket the difference, and would be more likely to prescribe them again."

USA Today Doubts Big Tobacco's Reform Pledges. USA Today (9/12) editorializes, "Tobacco companies have spent years trying to look as if they've reformed their old deceptive ways. … But in just the past month, new information has come to light that strongly suggests they are still willing to sacrifice smokers' lives for profits:" USA continues, "On Aug. 17, a federal judge found that cigarette-makers marketed and sold their lethal products by deceiving the public about the risks of smoking for five decades. The duplicity and manipulation, she wrote, 'continues to this day.' … Two weeks later, the industry returned to court brazenly seeking a loophole that would allow it to continue the deception overseas. … On Aug. 29, Massachusetts health officials reported that the average nicotine delivery in scores of cigarette brands had increased by an average of 10% during seven years ending in 2004. Nicotine is the chemical that hooks smokers and keeps them hooked." USA adds, "These findings and the industry's own actions suggest that its recent show of good corporate citizenship is as ephemeral as a puff of smoke. They might also prove expensive. … Sadly, the public doesn't know what the industry is doing with nicotine or any ingredient. Thanks to industry lobbying and campaign contributions, there is no meaningful regulation. Never mind that tobacco kills 400,000 Americans a year. Until Congress gets serious about regulating cigarettes, Big Tobacco will have the last word."

Philip Morris Official Disputes Nicotine Findings. In an op-ed for USA Today (9/12), Michael A. Farriss, senior vice president of communications and government affairs for Philip Morris USA, writes, "The Massachusetts Department of Public Health recently issued a report based on data from 1998 to 2004 that concluded 'the amount of nicotine that is actually delivered to the smoker's lungs has increased significantly.' The MDPH report cites Philip Morris USA and its Marlboro brand. … The principal reason the MDPH report seems to show an upward trend for Marlboro is because it did not include the earliest reported data from 1997 and the most recent reported data from November 2005. We believe that when one looks at the Marlboro data from all the years reported to the MDPH (1997 through 2005), there are variations in nicotine yields, both up and down, in different

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brand packings, but there is no trend in nicotine yields, up or down." Farriss adds, "We do not believe that the MDPH's conclusions about the trends in nicotine yields for Marlboro are supported by the 1997 through 2005 data. Even so, there are some fundamental conclusions that Philip Morris USA and the MDPH seem to share: Cigarette smoking is addictive, cigarette smoking causes disease and death, and comprehensive federal Food and Drug Administration regulation of the tobacco industry would be good public health policy."

CIVIL RIGHTS:

EEOC Seeks To Compel Testimony In Sidley Austin Age Bias Suit. The New York Law Journal (9/12, Lin) reports, "The U.S. Equal Employment Opportunity Commission has moved to compel testimony about recent conversations between Sidley Austin partners and a former financial director who signed a 1999 letter stating that the firm had a mandatory retirement policy." The Journal continues, "Sidley has denied having such a policy in the face of an EEOC suit claiming the Chicago-based law firm discriminated against 31 partners on the basis of age when it demoted them to counsel in 1999. The EEOC has claimed the financial director's letter 'flatly contradicts' the firm's position." The Journal adds, "The letter, dated Oct. 21, 1999, and addressed to the Social Security Administration in Chicago, states that 'it is the general policy of Sidley & Austin not to permit a partner of the firm to continue as a partner commencing the first of the year following the year age 65 is reached.' The letter is signed by William B. White, financial director." The Journal notes, "According to the EEOC motion filed last Tuesday in Chicago federal court, White testified at a July 26 deposition that he believed the letter to be an accurate statement of the firm's retirement policy at the time he signed it. But he also testified that, after conversations earlier this year with Sidley partners William F. Conlon and Theodore N. Miller, he realized the letter did not accurately state firm policy. … The lawyer representing Sidley at the deposition, Michael Conway of Chicago's Grippo & Elden, objected to questions about these conversations on the grounds that they were privileged. The EEOC is seeking to compel White's testimony about them."

9th Circuit Upholds Contempt Charge Over Videotaped Protest. The AP (9/12, Kravets) reports, "A federal appeals court on Monday upheld the contempt of court citation against a freelance journalist who is refusing to cooperate with a grand jury investigating an anarchists' protest he videotaped." The AP continues, "A federal grand jury subpoenaed Joshua Wolf to acquire the 30 minutes of unpublished material, but he refused and was ordered jailed Aug. 1. He was released a month later as he appealed his case. … The 9th U.S. Circuit Court of Appeals ruled Monday that a 1972 Supreme Court precedent requires everyone, including journalists, to appear before grand juries if they have been summoned. … 'The Supreme Court has declined to interpret the First Amendment to "grant newsmen a testimonial privilege that other citizens do not enjoy,"' a three-judge panel of the San Francisco-based appeals court wrote." The AP adds, "Wolf, 24, videotaped a July 2005 protest where anarchists allegedly vandalized a San Francisco police car and an officer suffered a fractured skull after being hit. The anarchists were protesting a G-8 international economic conference in Scotland. … Wolf sold some of the footage to San Francisco television stations and posted it on his Web site, but refused to turn over unpublished material. U.S. District Judge William Alsup found him in contempt of court and ordered him jailed."

The New York Times (9/12, McKinley) reports, "At the protest, timed to coincide with the Group of Eight Summit of world economic leaders in Scotland, a police officer was injured and an explosive device, a smoke bomb or a firework, was put under a police car. … Mr. Wolf sold some of his film to local television stations and posted parts on his Web site, www.joshwolf.net. Earlier this year, the government subpoenaed Mr. Wolf to testify and to turn over the remaining video, which prosecutors wanted to use to gather evidence for potential arson charges. Mr. Wolf has refused, and in an interview on Monday, he remained defiant. 'Nothing the government can do,' he said, 'will coerce me into submitting to their demands. I intend to appeal this through every measure possible.'" The Times adds, "Mr. Wolf remained free on Monday, and it was not clear if the decision would result in his returning to jail immediately. His lawyer, Jose Luis Fuentes, said he would ask for a rehearing before the entire court. … Luke Macaulay, a spokesman for the United States Attorney's Office for the Northern District of California, said his office was awaiting an order from the Ninth Circuit 'clarifying Mr. Wolf's custodial status.'"

Parties To Tennessee College Desegregation Case Call For Dismissal. The New York Times (9/12, Emery) reports, "In 1966, a young black woman named Rita Sanders, fresh out of graduate school, took a job teaching at a traditionally black college" in Nashville. In 1968, she sued the state for "maintaining an inferior system of higher education for blacks." Monday, Rita Sanders Geier, "stood alongside Gov. Phil Bredesen of Tennessee on Monday to announce that the state had met its obligations to desegregate higher education and that she, along with the other plaintiffs and parties, would ask a judge to dismiss the lawsuit." That "signified the conclusion of a significant civil rights case that sought to erase vestiges of segregation." All

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parties to the case entered mediation six years ago, "and a year later they hammered out an agreement that would result in the dismissal of the lawsuit after five years, if all the conditions were met. On Monday, the parties said the conditions had been met, including appropriating $15.5 million for the Tennessee State endowment, $19.8 million in capital outlays and almost $15 million in financial aid. All told, the state has spent $77 million since 2001 to increase equality and diversity at state colleges and universities."

Nebraska Law Dividing Omaha District Into Three Defended For Giving Minorities Greater Say. DeWayne Wickham writes in his column for USA Today (9/12) Nebraska state Sen. Ernie Chambers "never made it to the Congressional Black Caucus' annual legislative conference last week, but he was the elephant in the room when some of the attendees got together to talk about this nation's racial divide." Chambers is "the only black member of Nebraska's state senate" and "co-author of a law that divides Omaha's public school system into three smaller districts -- one mostly black, another largely white and the other predominately Hispanic." Chambers said that "his law will give black and Hispanic parents more control over the schools their children attend. More control, he believes, will translate into greater academic achievement." Wickham concludes, "In 1935, W.E.B. DuBois, the black sociologist and civil rights activist, wrote that 'the Negro needs neither segregated schools nor mixed schools. What he needs is (a good) Education.' Chambers thinks DuBois is right -- and so do I."

Parties Feud Over Voter ID Laws. The Los Angeles Times (9/12, Wallsten, 918K) reports that a nationwide fight has erupted between liberal and conservative groups over "new laws that could determine who wins close elections in November and beyond." The dispute "concerns new state laws and rules backed primarily by Republicans that require people to show photo identification in order to vote and, in some cases, proof of citizenship and identification when registering to vote. … The legal battle reflects a deep partisan divide, with Republicans arguing that the new requirements are needed to prevent voting fraud and boost confidence in election results, and Democrats charging that they disenfranchise seniors, minorities, students and others who tend to vote Democratic."

Pentagon Hopes Improved Web Site Will Help Overseas Americans Vote. The Washington Post/AP (9/12, A21) reports, "The Pentagon is counting on an improved Web site to help an estimated 6.5 million Americans -- including US troops at war and others living overseas -- vote in the November elections, and to avoid the problems of the 2000 presidential election." According to officials, the site "now includes information on how voters can request and get ballots by fax and e-mail rather than rely on slower postal service. The Defense Department is responsible for the balloting process not only for troops but for all expatriate voters. The potential voters include all 1.4 million active-duty service members in the United States and abroad, about 1.4 million of their family members, and 3.7 million other Americans living outside the country, said Polli Brunelli, director of the voting assistance program. The total includes about 225,000 troops deployed in Iraq, in Afghanistan and elsewhere around the world."

ANTITRUST:

Monitor Urges Dismissal Of Bristol-Myers CEO. The Wall Street Journal (9/12, Carreyrou, Martinez) reports, "Directors at Bristol-Myers Squibb Co. head into a board meeting today facing heavy pressure to fire Chief Executive Officer Peter R. Dolan and the drug maker's general counsel after a federal monitor overseeing the New York company urged their dismissal last night." The Journal continues, "The board, which already was expected to discuss Mr. Dolan's fate at its meeting today after the latest in a long string of missteps, has little choice but to accept the monitor's recommendation. Bristol-Myers is operating under the terms of a deferred-prosecution agreement reached with the U.S. Attorney in New Jersey last year following a three-year investigation into a $2.5 billion scandal at the company involving 'channel stuffing,' or overloading wholesalers with inventory to meet quarterly sales targets. If the board refuses to fire Mr. Dolan, the company could face charges in connection with the probe." The Journal adds, "The Bristol-Myers monitor, former federal Judge Frederick B. Lacey, recommended to a special session of the company's board late yesterday that it terminate Mr. Dolan and Bristol-Myers General Counsel Richard Willard, according to a person familiar with the matter. The meeting was attended by the U.S. Attorney for New Jersey, Christopher Christie, who appointed Mr. Lacey last year in the settlement agreement."

The New York Times (9/12, Saul) reports, "The board appears bound to abide by the recommendation from Frederick B. Lacey, a former federal judge. Mr. Lacey is monitoring the company's behavior under the terms of an agreement the company reached with the federal government last year in hopes of avoiding criminal prosecution for an accounting scandal." The Times continues, "The only reprieve for Mr. Dolan could be granted by Christopher J. Christie, the United States attorney in New Jersey who is the prosecutor in that case. He has the power to overturn Mr. Lacey's recommendation. But it appeared that Mr. Christie, who was present for Mr. Lacey's meeting last night with most

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of the company's 11 directors, supported the recommendation to remove Mr. Dolan, according to the participant."

Market Watch (9/12, Marketwatch) reports, "In June 2005, Bristol-Myers reached a settlement with the Justice Department for $300 million to end a long-running government investigation into its accounting. At that time, the company conceded that it had engaged in questionable practices, inflating sales by $2.5 billion and net earnings by $900 million between 1999 and 2001."

EU Takes Over German Antitrust Probe Of Intel. The Financial Times (9/12, Buck) reports, "European regulators have expanded their antitrust probe against Intel to include charges that the world's largest chipmaker tried to prevent retailers from offering computers powered by rival microprocessors." The Times continues, "The European Commission, which has been investigating Intel's business practices for more than five years, said yesterday it had taken over a probe that was started by Germany's Federal Cartel Office this year. … The investigation centres on allegations that Intel attempted to hurt Advanced Micro Devices, its rival, by cutting off the company's access to the Media Markt and Saturn retail outlets. Owned by Metro, the German retail group, the chains are Europe's biggest computer retailers."

CNET News (9/12, Kawamoto) reports, "Germany's antitrust agency, Bundeskartellamt, received a complaint from AMD alleging that Intel had abused its dominant market position by putting pressure on major electronics retailer Media Markt to not sell AMD's chips. Because the Commission found similarities with its existing probe into Intel, it took over the German investigation in late August, Commission spokesman Jonathan Todd said." CNET adds, "Intel will cooperate with the EU investigation, as it has done over the past five years, said Intel spokesman Chuck Mulloy, who added that the company believes its actions are 'fair and lawful.'" CNET notes, "Last year, the Commission raided several European Intel offices as well as offices of companies that manufacture or sell computers. … Other countries have weighed in with their own investigations into Intel's business practices. Earlier this year, the Korean Fair Trade Commission sought more documents from Intel relating to its antitrust investigation into the chip giant."

The Wall Street Journal (9/12, Jacoby, Echikson) reports, "If regulators decide Intel broke European antitrust rules, the commission would issue a 'statement of objections' outlining its specific concerns. Recent success in the marketplace by AMD prompted the commission's top antitrust civil servant, Philip Lowe to suggest the case had lost some urgency. … Yesterday, commission spokesman Mr. Todd said AMD's recent increased sales didn't augur an end to the probe. AMD spokesman Jens Drews said he believed regulators would disregard AMD's recent market gains and focus on whether Intel had used illegal anticompetitive practices."

Battle Over Software Patents Heads To European Courtrooms. The Wall Street Journal (9/12, Jacoby) reports, "A proposal here to create a new European patents court has the support of Microsoft Corp., Siemens AG and many other giants of Western industry. But can it survive an attack from Hartmut Pilch? … A 43-year-old linguist from Munich, Mr. Pilch speaks Chinese, Japanese and an artificial language called Lojban intended to eliminate ambiguity and promoted by some programmers. He is the unlikely leader of a movement of self-styled computer geeks out to sink a patents plan they say would stifle software programmers. … 'Patents on software mean any programmer can be sued at any time,' says Mr. Pilch, a simultaneous translator who writes computer programs for his own use in his leisure time." The Journal continues, "In July last year, heeding appeals posted on the Web site of Mr. Pilch's lobbying group, about 200 programmers descended on the European Parliament in Strasbourg, France, waving signs demanding the right to freely exchange computer code. … The Parliament was poised to approve a law extending American-style software patents to Europe, the most lucrative consumer market outside the U.S. … A panicky Parliament suddenly backed off a law the industry giants had spent several years and millions of euros lobbying to enact. … The surprise winners: U.S. software companies Red Hat Inc. and Sun Microsystems Inc., the only large companies that had taken public stands against the software patents law. … Today, the battle has shifted to an effort to create a special patents court that would handle appeals cases from all over Europe. Companies like Microsoft support the idea in large part because many national courts currently reject software patents, bucking rulings by the European-wide patent office."

Industries Seek Share Of Ticket Reseller's Take. The Wall Street Journal (9/12, Smith, Silver) reports, "Reselling sports and concert tickets online has become a multibillion-dollar business for eBay Inc., StubHub Inc. and other middlemen. Now the concert and sports industry -- and Ticketmaster, which sells the majority of seats -- are fighting to take back some of that money." The Journal continues, "A division of Barry Diller's IAC/InterActiveCorp, Ticketmaster is overhauling the way it sells tickets, embracing new methods that it long shunned. It is now running auctions to sell seats for roughly 30% of this year's major music tours -- including Pink Floyd's Roger Waters, Barbra Streisand, Madonna, B.B. King and Melissa Etheridge. Ticketmaster also is letting customers resell some seats at its Web site. Since that lets fans sell tickets far above face value, Ticketmaster has joined the fight against state antiscalping laws, reversing its earlier

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position." The Journal adds, "Concert promoters, performers and sports teams stand to win if the new methods at Ticketmaster reduce scalper sales -- and return some of the proceeds to their own coffers. … Ticketmaster, which for 15 years has held a near-monopoly over the market for ticketing major live events, is battling competition from online rivals that can easily resell tickets at whatever price the market will bear. The result is a marketplace in the throes of upheaval, confronting a pricing system that everyone agrees is dysfunctional."

ENVIRONMENT/INDIAN AFFAIRS:

Manure-To-Power Venture Spawns Fraud Suits. The Los Angeles Times (9/12, Pugmire, Heisel) reports, "As he sold investors on an improbable plan for turning...cow manure into electricity, W. Patrick Moriarty...promised cutting-edge technology, a respected engineering firm and tax-exempt financing to extract methane gas from mountains of manure and use it to generate enough power to light a small city." What Moriarty and his business partner didn't tell investors, who put up more than $10 million, "was that their company, Chino Organic Power Inc., had no licensed technology, no equipment, no permits — not even a guaranteed supply of manure. Although manure-to-electricity plants have been used on a small scale to turn water-polluting cow waste into power, they are not particularly cost-effective and have never produced close to the amount of electricity Moriarty envisioned, documents and interviews show." The Times says, "the lofty energy plan has come crashing down, followed by a bankruptcy and accusations from angry investors, a number of whom have filed lawsuits alleging fraud ... ." However, Moriarty "said last week that he intended to keep fighting to build some version of a manure-based power plant in California."

Tribes Ask Senate To Block Jonker Nomination. The AP (9/12) reports, "Seven American Indian tribes in Michigan are asking federal lawmakers to block the judicial nomination of a lawyer who has represented groups opposed to the expansion of casino gambling." In letters to Democratic Senators Debbie Stabenow and Carl Levin, the tribes "wrote that Robert Jonker's work indicates a bias against Indian tribes and raises questions about his fitness to serve as a federal district judge." Jonker "was nominated in June for a vacancy on the U-S District Court for Michigan's Western District. His hearing before a Senate panel has not yet been scheduled."

FBI/DEA/ATF/USMS:

Los Angeles Mob Figure Gets More Than 10 Years For Racketeering. The Los Angeles Times (9/12, Mozingo) reports Hai Waknine, "an Israeli-born mob figure known for holding court at the hippest of Westside clubs" in Los Angeles, was sentenced to "more than 10 years in prison for racketeering." In June, Waknine pleaded guilty during "to using extortion and threats of violence to help an Israeli crime group launder nearly $2 million in embezzled funds. The case against Waknine stemmed from ongoing federal probes into Israeli rings that traffic the club drug Ecstasy and launder the proceeds. Several of Waknine's associates have been convicted of Ecstasy trafficking. Waknine and his older brother Assaf, who grew up in Van Nuys, have been on the Los Angeles Police Department's radar since they were teenagers."

Houston-Louisiana Cocaine Ring Busted. The New Orleans Times Picayune (9/8) reported, "Nine men -- including four from Metairie, two from LaPlace and one each from Kenner and Destrehan -- have been indicted on charges of conspiracy to distribute cocaine powder and crack cocaine, the U.S. attorney's office said Thursday. Among those charged in the Aug. 31 federal grand jury indictment, which was unsealed this week, was Henry Gloston, 25, of Houston, who is accused of running kilogram-size shipments of the drugs from Houston to William Lang, 32, also known as 'Tussy' or 'Hood,' of Metairie, one of the local defendants." US Attorney Jim Letten said Lang "would sell the cocaine powder and crack to other defendants for distribution in Metairie and nearby." DEA agent William Renton, said the investigation "has dismantled 'a significant cocaine distribution organization, from wholesale and street level distributors operating in Metairie and Kenner to the Houston, Texas, source of supply.' As part of the investigation, Jefferson Parish sheriff's deputies made undercover drug purchases from an additional 24 people, resulting in state warrants for related drug-trafficking crimes, the U.S. attorney's office said. Twenty-two of the 33 defendants were arrested in a roundup early Thursday morning, the U.S. attorney's office said. It is unclear how many of the 22 were among the nine indicted on federal charges."

Tennessee Marijuana Runner Pleads Guilty. The Knoxville News Sentinel (9/12, Satterfield) reports "businessman-turned-convicted pot peddler" Scott West "faces as much as nine years behind bars when sentenced later this year." He pleaded guilty Monday "to charges he conspired with his older brother, James Michael West, and others to push more than a ton of marijuana along a pipeline that ran from Arizona to Tennessee, Georgia and North

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Carolina. He also admitted pumping millions of his brother's drug money into his Market Square ventures, using the dirty cash to buy several buildings on Market Square and launch businesses such as the Preservation Pub, Oodles Uncorked and World Grotto." West's wife Bernadette Trent West also "entered a guilty plea to conspiring to launder drug money. As a result of a plea negotiated by her defense attorney, David Eldridge, she faces a penalty range of 46 to 57 months."

Sentences Handed Down In San Diego Marijuana Cases. The AP (9/11) reports prison sentences were handed down for two San Diego-area defendants "convicted in unrelated cases involving marijuana cultivation, federal prosecutors announced Monday." Daniel Barton of Carlsbad, "who managed a substantial marijuana 'grow' operation at a residence in Valley Center, was sentenced to 37 months behind bars," while Christopher DeMatteis "was sentenced to 30 months in federal prison after pleading guilty to a conspiracy charge involving 555 marijuana plants. He admitted that he was the caretaker and operator of a substantial marijuana 'grow' operation in Oceanside, which was owned by his brother and co-defendant, Eric DeMatteis, who also pleaded guilty."

Ex-Armstrong Teammates Admit Doping During 1999 Tour De France. The New York Times (9/12, Macur) reports, "Two of Lance Armstrong's eight teammates from the 1999 Tour de France have admitted for the first time that they used the banned endurance-boosting drug EPO in preparing for the race that year, when they helped Armstrong capture the first of his record seven titles." The disclosures by Frankie Andreu and another anonymous team member "are rare examples of candor in a sport protected by a powerful code of silence. The confessions come as cycling is reeling from doping scandals, including Floyd Landis's fall in July from Tour champion to suspected cheat." Andreu said that he took EPO "for only a few races and that he was acknowledging his use now because he thought doping was damaging his sport. Continued doping and denial by riders may scare away fans and sponsors for good, he said." The other rider said, "The environment was certainly one of, to be accepted, you had to use doping products. There was very high pressure to be one of the cool kids." Neither rider "ever tested positive for performance-enhancing drugs, but both said they felt as if they had to take EPO to make the Tour team in 1999."

Salinas, CA, Seen As Site Of Organized Gun Trafficking. The Monterey (CA) Herald (9/12, Reynolds, Sánchez) reports, "For years, Salinas police have said that most of the guns used in local crimes in the city were stolen individually during residential burglaries. Police reports indicate that there have been no significant robberies of local gun stores, and most firearms acquired in the city are bought legally. … But over the last 20 years, the city has also had several notable episodes of organized gun trafficking, as the following cases show." The Herald continues, "One unexpected source of cheap handguns was the Santa Ana Police Department. In the 1990s, it was not uncommon for police departments to sell confiscated weapons to gun dealers. In 1993, an Assembly analysis found that most of the weapons sold were the type used for hunting or collection value and were not cheap 'Saturday Night Specials.' … But one exception was a sale by the Santa Ana Police Department through a Modesto broker of 25 small pistols to Justin Davis, proprietor of the now-defunct JKD Shooting Sports in Salinas for $30 each. Davis told a reporter he bought the .25-caliber pistols because a factory had temporarily stopped making them. … 'The police are just partners in the recirculating of these weapons onto the streets of California after these weapons have been taken away,' then-Sen. Tom Hayden, D-Santa Monica, complained at the time." The Herald adds, "Some of the weapons were used in bank robberies, convenience store holdups and shootings, an agent at the San Jose office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, told the San Jose Mercury News."

IMMIGRATION:

Putnam To Participate In Rally Urging Comprehensive Immigration Reform. CQ (9/11, Sandler) reported, "Rep. Adam H. Putnam was tasked last week with assembling a tough border security package that House Republicans hope will provide their party a boost leading up to Election Day. The Florida Republican will serve the 'security first' approach favored by his caucus, organizing a policy forum Tuesday that will generate ideas he will turn into legislative proposals designed to put political pressure on those who favor a broader Senate immigration bill. But on Wednesday, Putnam will share a platform with some of the very people his House leadership is looking to squeeze: supporters of the other chamber's version of an immigration overhaul. Putnam has accepted an invitation to join a coalition of business interests and Sen. Larry E. Craig, R-Idaho, at a rally outside the Capitol urging passage of the Senate's 'comprehensive' immigration bill this year. The groups Putnam will stand with Wednesday want a guest worker program and a path to citizenship for most of the estimated 12 million illegal immigrants now in the country — positions that most of Putnam's GOP House colleagues oppose."

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Morris, McGann Say GOP Punted On Immigration Reform. Dick Morris and Eileen McGann write in The Hill (9/12), "The decision by the Republican leadership not even to try to pass immigration reform before the election smacks of punting when they should have gone for a touchdown. America is begging for tough immigration reform and looking to the Republican Party to exercise its traditional role of leadership in law and order issues. But even without a real threat of a Democratic filibuster, the Republican Party has tripped over its own feet and given up its attempt to meet the needs of the country and of its constituents." Republican voters "are not likely to forgive GOP ineptitude and failure. With a 30-vote margin in the House and 10 in the Senate, they will find the lack of action inexplicable. … Whether or not the Republicans keep control of Congress in the 2006 election, their numbers will be reduced. The chances of a good immigration reform bill will decline proportionally."

Schwarzenegger Urges Civil Debate On Immigration Reform. California Gov. Arnold Schwarzenegger writes in the Los Angeles Times (9/12, 918K), "By not finishing comprehensive immigration reform this year, Congress left behind a poisoned debate that will continue to fuel a growing anger in our country. … So it's up to the rest of us to tone down our rhetoric and listen to the voices on all sides." Schwarzenegger adds, "Unfortunately, we must wait for Congress to return next year to take up the critical issue of comprehensive immigration reform. Meanwhile, we must do all we can to stop the problem from getting worse and to maintain a civil debate about illegal immigration."

Analysts Watching Arizona Primary To See How Immigration Resonates With Voters. Arizona's primary election today coincides with the House's final field hearing on immigration. The Hill (9/12, Sherman) reports that "political analysts are watching the elections closely to see how immigration resonates with voters. In Arizona's open 8th congressional district, conservative GOP candidate Randy Graf and moderate Steve Huffman are squaring off to replace outgoing Rep. Jim Kolbe. Graf press secretary R.T. Gregg said House Republicans' immigration hearings over the August recess have helped focus attention on an important issue for the district."

TAX:

Glaxo Settles IRS Suit For $3.4 Billion. The Wall Street Journal (9/12, Matthews, Whalen) reports GlaxoSmithKline PLC will pay the US "$3.4 billion to settle a nearly two-decade-long dispute over how to tax dealings between the British company and its American subsidiary, in a case that underscores" the IRS's "resolve to confront corporate tax avoidance." The settlement "covers taxes…Glaxo owed for 1989 through 2005 because the company's American unit improperly overpaid its British parent for drugs." It said "those overpayments reduced the company's profit in the U.S., thus lowering its U.S. tax bill."

The AP (9/12, Dalrymple) reports, "The disagreement concerned how much of the profits from certain drugs, particularly the ulcer and heartburn medication Zantac, should be attributed to U.S. subsidiaries of GlaxoSmithKline PLC and, therefore, subject to tax." The AP continues, "As part of the settlement, Glaxo abandoned its claim for a $1.8 billion tax refund. Glaxo spokeswoman Patty Seif said the IRS had rejected the company's refund claim and held that Glaxo owed $8.3 billion for taxes due from 1989 through 2000. … That case had been scheduled for trial at the U.S. Tax Court in February." The AP adds, "The IRS has been looking more closely at multinational tax practices and the complex transactions that cross borders in the globalized economy. IRS Commissioner Mark Everson this summer told a Senate committee investigating offshore tax abuses that the complexities of globalization and cross-border transactions 'create opportunities for aggressive tax planning.' … IRS Chief Counsel Donald Korb said Monday that a 'key focus' for tax collectors is transfer pricing, the issue involved in the Glaxo dispute, as one area where some multinational companies could take advantage of the global economy to move some profits to a country with lower or no taxes."

Former Tyco Tax Official Charged With Filing False Return. The Wall Street Journal (9/12, Levitz) reports, "The former top tax official at Tyco International Ltd. was charged with filing a false tax return for the company that failed to report more than $170 million in income." The Journal continues, "Raymond Scott Stevenson, who was vice president in charge of taxation at the manufacturing-and-services conglomerate until 2003, pleaded not guilty before a federal magistrate in Fort Pierce, Fla., to a felony fraud charge. He was released on $100,000 bail." The Journal adds, "According to the U.S. attorney for the Southern District of Florida, Mr. Stevenson, of Delray Beach, Fla., directed a 'series of transactions' designed to reduce Tyco's state tax liability, and in doing so triggered $170 million in capital gains under federal tax code. The capital gains would have added about $50 million to Tyco's tax bill, said Ellie Michaud, a spokeswoman for the Internal Revenue Service's criminal division. On Tyco's 1999 corporate tax return, Mr. Stevenson 'left off' the $170 million, Ms. Michaud said. … The transaction may have been related to one of the company's acquisitions, Tyco spokeswoman Sheri Woodruff said."

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CONGRESS-ADMINISTRATION:

Pelosi Calls GOP Ethics Reform Bill "A Sham." In a letter to USA Today (9/12, 2.27M), House Minority Leader Nancy Pelosi writes that there are "real differences" between Democrats' and Republicans' ethics reform plans. Democrats "voted in favor of a true reform bill, the Honest Leadership & Open Government Act, which would ban gifts and travel from lobbyists and the organizations that retain them; prohibit official travel on corporate jets; extend the ban on former members' lobbying to two years; require greater disclosure of lobbyist contacts; mandate fair and open debate in the Congress; and impose tough new standards to end waste, fraud and abuse. House Republicans, in contrast, put forward only a sham of a proposal, which USA TODAY has rightly called an 'anemic excuse' for reform." Pelosi adds that Republicans "have turned this Congress into the most corrupt and closed in history. Democrats want to take Congress in a new direction, to make it the most open and honest in history."

Democrats Say They Would Run House In Less Partisan Manner Than GOP. CQ (9/11, Kady, Ferrechio) reported that House Democrats "are suggesting that they would run the chamber in a less partisan manner. Among the changes being floated in the heat of the campaign are allowing more floor amendments from the minority, negotiating conference agreements in public and enforcing time limits on roll call votes. Many of the ideas reflect the Democrats' complaints about 12 years of Republican rule. The public discussion of detailed proposals shows the confidence with which the party so long out of power is approaching the November elections."

Navy Was Moving To Fire Controversial Chaplain. The Washington Times (9/12, Scarborough, 88K) reports, "Internal e-mails indicate that the Navy was moving to fire an outspoken chaplain even before he was charged with disobeying an order. Lt. Gordon J. Klingenschmitt, whose court-martial is scheduled to begin today in Norfolk, yesterday said the e-mails given to his defense team prove that the Navy was plotting to fire him after he had complained publicly about a commander censoring his sermons." The Times quotes an email from Vice Adm. John Harvey, "the Navy's top personnel officer," to CNO Adm. Michael Mullen. Klingenschmitt is described as "a member of a small breakaway evangelical Episcopal denomination."

Government Accounting Said To Understate Federal Deficit. In his Washington Post column (9/12, D2), Newsweek Wall Street editor Allan Sloan says, "Next month, the White House and its congressional allies will be taking victory laps when the deficit for fiscal 2006 is announced. The stated deficit for the year, which ends Sept. 30, will be $260 billion or so. That will be down $58 billion from 2005 and a whopping $77 billion below what the nonpartisan Congressional Budget Office predicted in January. The White House says this is happening largely because tax revenues have surged, which they have. It sure sounds great." But the "dirty little secret" is that the "real federal deficit isn't $260 billion. It's more than double that. And when you calculate what I consider the real deficit -- hold on to your hats, it's $558 billion -- you come out with slightly more than last year's real deficit, which I put at $551 billion." The "stated deficit is the difference between the cash the government takes in and the cash it spends. That's $260 billion, the number most analysts use to measure the deficit." But the government will also "borrow almost $300 billion from federal trust funds: $177 billion from Social Security and $121 billion more from 'other government accounts,' such as federal-employee pension funds."

WSJournal Says Congress Should Enact Tort Reform. The Wall Street Journal (9/12, 2.03M) editorializes, "Cornerstone Research released a study this summer showing a huge drop in securities class-action suits, and a common explanation has been that this is a result of new rules designed to keep the corporate community on the straight and narrow: No wrongdoing, no need for lawyers. … Lawsuits are certainly down, but a closer inspection of the numbers shows that the drop-off directly correlates with the decline in filing by one law firm: Milberg Weiss. Long the nation's premier class-action generator, the entire firm and two partners were indicted in May of paying off their class-action plaintiffs." The Journal adds, "The numbers should also provide all the evidence Congress needs to conclude that the only real way to rein in America's runaway legal system is with tort reform that allows redress of genuine wrongs but limits the ability of lawyers to game the system. Milberg Weiss may be in the dock, but it's only a matter of time before other firms take up the slack."

OTHER NEWS:

Economists Predict Inflation Will Rise Even As Growth Slows. USA Today (9/12, Hagenbaugh, 2.27M) reports, "Inflation will rise faster than previously thought through the end of the year while economic growth will be slower, a group of prominent economists said Monday, painting an especially hazy outlook." The National Association for Business Economics "said inflation expectations rose significantly in its survey of 50 members

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conducted in August from its last poll released four months ago. Instead of expecting so-called core inflation, which excludes often-volatile food and energy costs, to rise 2.3% in the second half of 2006, the economists' median forecast is for the index to rise 2.9% in the third quarter and 2.7% in the fourth quarter." At the same time, the group "lowered its forecast for economic growth and job creation through the middle of next year."

The Wall Street Journal (9/12, Blackstone, 2.03M) reports the group also said "an outright recession is unlikely." Gross domestic product "is projected by the 50 forecasters surveyed by NABE to expand 2.6% in the second half of 2006. For 2007, the NABE panel cut its forecast to 2.8% from the 3% rate it expected when last surveyed in May. The latest survey was conducted between Aug. 9 and 24." Productivity "will be less of a factor in limiting price pressures than it has been in the past, according to NABE. Survey respondents cut their 2006 productivity growth forecast to 2.2% from the 2.5% forecast in the May survey. Productivity next year is expected to rise just 2.1%. Meanwhile, unit labor costs are expected to climb 2.7% this year and 2.3% next year, up from the 1.9% rate expected for both years in the May NABE survey."

Trade Report Expected To Contain Good News. Under the headline "Trade Picture Brightens," the Wall Street Journal (9/12, Lahart, 2.03M) reports, "Today's trade report will probably show a whopper of a deficit for July, something that always gives investors a fright about holding U.S. dollar assets. But dig a little deeper, and it looks like a shift in the nation's trade is happening." Economists "polled by Dow Jones Newswires are looking for a July trade deficit of $65.5 billion, up from June's $64.8 billion and prospectively the third largest monthly deficit ever." Oil prices "have dropped sharply since July, which could bring the import figure back down. Meanwhile, away from oil, imports were already looking subdued in July. … Even as imports slow, continued growth in Asia should keep US exports strong, says Investment Technology Group economist Robert Barbera. Those exports will help boost economic growth, a plus at a time when other engines of growth seem to be slowing." The Journal adds, "Taken together, it spells a better trade picture in the months ahead, a silver lining for investors who worry about financing the mammoth trade shortfall. The dark cloud is that weary US consumers might be behind much of it."

Data On Unsold Homes Adds To Evidence Of Slowing Housing Market. The Wall Street Journal (9/12, Hagerty, 2.03M) reports, "A continued rise in inventories of unsold homes in August is likely to put more downward pressure on home prices in parts of the US." Inventories of homes in 18 large metropolitan areas across the country "expanded by 4.7% in August from a month earlier, according to data compiled by ZipRealty Inc., a real-estate brokerage firm based in Emeryville, Calif. The data are based on single-family homes and condos included in local multiple-listing services of homes for sale."

Stocks Rise Slightly. NBC Nightly News (9/11, story 9, , Williams, 9.87M) reported, "The stock market also was up today. The Dow was up almost 5 points [to close at 11,396.84]. The Nasdaq gained 7 points [to close at 2,173.25]." The Wall Street Journal (9/12, Anand, 2.03M) notes the broad Standard & Poor's 500-stock index" rose 0.1%, or 0.62 point, to 1299.54."

Gasoline Prices Fall To Lowest Levels In Five Months. USA Today (9/12, Healey, 2.27M) reports, "Gasoline prices continue to tumble, almost free-falling toward levels not seen in five months. The nationwide average for regular was $2.618 a gallon, the Energy Information Administration reported Monday. That was 10.9 cents lower than a week earlier." USA Today says, "High prices of spring and summer attracted more imported gasoline than usual, contributing to the above-average supplies that now are keeping prices down. ... Falling prices are cheering gasoline retailers as much as motorists." The "EIA plans to issue a short-term energy forecast today that will predict gasoline prices. That will suggest how low prices will go and how long they will stay there."

OPEC Leaves Production Target Unchanged, But Sets Stage To Cut Output. The Wall Street Journal (9/12, A2, Levine, Bahree, 2.03M) reports OPEC "decided to let its production fluctuate rather than adhere to its formal quotas, allowing the cartel to curb output quietly should oil prices continue their recent swoon. As expected, the cartel didn't change its official oil-production target of 28 million barrels a day. More important, though, OPEC has effectively agreed to ignore those quotas for now." The Journal says, "Senior OPEC officials said oil marketers from member countries would base their sales of crude on demand from customers. The cartel will seek to avoid pushing more oil than needed by markets -- implying it would seek to avoid discounting, a necessary step to shore up prices should demand weaken." OPEC's "next gathering is scheduled for December, but the new understanding would allow members to trim output without a formal meeting."

The Washington Post (9/12, D7, Mufson, 748K) reports, "Crude oil prices continued their downward march yesterday as [OPEC] left its production targets unchanged and as Europe's foreign policy chief raised hopes of a peaceful resolution to the standoff over Iran's nuclear program." OPEC "says that it fears high prices will drive consumers to alternative energy sources or non-OPEC oil, and its president, Nigerian oil minister Edmund Maduabebe Daukoru, said yesterday that OPEC was pleased to see prices drop from their peak levels. But the ministers talked mostly of 'downside risks' to prices and asserted that they

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might move to trim output later in the year if prices continued to slump."

The Financial Times (9/12, Morrison, Hoyos) reports, "members of the cartel signalled they might reduce output later this year to limit any further fall in world oil prices." OPEC "ministers agreed to keep the cartel's official production at 28m barrels a day, even though the 10 members that abide by quotas are producing 500,000 b/d less. With the cartel producing below official limits, analysts said Opec may cut at its next meeting in Nigeria in December."

Blogosphere Increasingly Serves Government Oversight Role. USA Today (9/12, Wolf, 2.27M) reports on a recent trend in government oversight in which more light "is being thrown on Congress, not just by the media and public interest groups, but in the 'blogosphere' where Internet users meet." The blogosphere's involvement "is getting action: House Majority Leader John Boehner, R-Ohio, has promised a vote this week on a rules change that would ensure the sponsors of individual projects are identified. And Republicans in the House and Senate say they will approve the national database this year." USA notes, "Advances in technology and communication now make it easier for average citizens to be researchers, reporters and muckrakers. The model for many watchdog groups is the Center for Responsive Politics, whose website, opensecrets.org, puts information about lobbying and campaign finance into accessible formats for Internet users."

LA Plans To Honor Prominent Muslim Generate Controversy. The Los Angeles Times (9/12, Watanabe) reports that in a "public hearing spiced with accusations of Jew-hating and Muslim-bashing, nearly four dozen religious, ethnic and civil rights activists spoke out Monday on whether a prominent Los Angeles Muslim should be disqualified from receiving a prestigious humanitarian award because he has expressed some views critical of Israel." Maher Hathout, "chairman of the Islamic Center of Southern California, is the first Muslim chosen for the award from the Los Angeles County Human Relations Commission. But some Jewish groups have vehemently objected to the selection, calling Hathout an extremist masquerading as a moderate, and are urging the commission to rescind the award before it is presented next month." Jewish Federation of Greater Los Angeles President John R. Fischel "told commissioners that Hathout's 'false and controversial' statements about Israel — that it is an apartheid state, for instance — had offended and angered many Jews." But Hathout's "supporters Monday were more diverse and outnumbered opponents 2 to 1."

Mehlman Says $47 Million Cash-Edge, GOTV Will Allow GOP To Keep Congress. Roll Call (9/12, Kane) reports, "Republican National Committee Chairman Ken Mehlman predicted Monday that the GOP would maintain its control of both Congressional chambers, using a $47 million across-the-board financial edge and a finely honed voter turnout program to overcome historical trends and public resistance to the Iraq War." Mehlman "refuted pundits' suggestions that this year's midterms would be a purely nationalized campaign on issues breaking against Republicans, arguing instead that the elections would be characterized by larger national issues transposed onto a localized, race-by-race battlefield." Mehlman "said it would be 'a dereliction of your duty' for his committee not to run a television air war attacking Democratic candidates for the votes taken by their party leaders, indicating his intention to highlight how a Speaker Nancy Pelosi (D-Calif.) and her ranking-members-turned-chairmen would run the House."

Data On Contributions Suggests Republicans In Defensive Mode. USA Today (9/12, Lawrence, Locker, 2.27M) reports, "Top House Republicans are using almost all their campaign contributions to hold on to their 15-seat majority, federal records show, while Democratic House leaders are pouring money into campaigns to capture Republican seats." USA Today "examined contributions by leadership committees run by House Speaker Dennis Hastert, House Majority Leader John Boehner and House campaign chief Tom Reynolds, all Republicans, and their Democratic counterparts: House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer and House campaign chief Rahm Emanuel." The three Republicans "sent 85% of their donations -- $1.9 million -- to at least 70 Republican incumbents and candidates trying to hold GOP seats. The three Democrats gave $963,000, or 64% of their money, to at least 50 Democrats seeking Republican seats." USA Today adds, "The contrasting contribution patterns underscore the extent to which Republicans are on the defensive this year. Democrats, in hot pursuit of a House majority, are finding expanding opportunities across the electoral map."

Anti-Incumbent Sentiment Said To Be Widespread. The AP (9/12) reports that a widespread anti-incumbent sentiment can be heard "up and down the Ohio River Valley as it cuts through Republican-held congressional districts in Indiana, Kentucky, and Ohio -- politically pivotal House seats in an election year in which Democrats hope to end 12 years in the minority." Voters in this region and nationally "are quick to voice their frustration with the GOP-controlled Congress, and their desire for more responsive replacements for the current crop of lawmakers. It's a general disgust that may lead to firings of some politicians on Nov. 7. People already

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have hinted as much in Republican and Democratic primaries."

Republican Aides Prepare For Worst. The White House Bulletin/US News (9/11) reported some Republican House aides "aren't buying the Administration's confidence in keeping control of the chamber and are beginning to shop around for jobs in advance of the fall elections. Trade associations and lobbying shops are the first target, according to K Street executives and association officials." A handful of GOP aides "said that they are preparing for the worst, when a Democratic majority would take over House committees and ax one-third to two-thirds of the Republican staffers and replace them with Democrats. One insider said that communications and scheduling aides would be the first to go, and that the minority would be left with only a handful of top aides on each subcommittee as Democrats moved to use the positions to build up investigative staffs." Another aide "however, said a staff cut would have the benefit of 'trimming some old deadwood' on committees. He added that some committee staffs have begun to draw up lists of staffers likely to get the ax."

Race To Replace Sanders Could Determine House Control. The Los Angeles Times (9/12, Mehren, 918K) reports that in Vermont's US Senate contest, Bernie Sanders "boasts a commanding lead over a Republican challenger who has blanketed the state with venomous advertising. Richard Tarrant, a software magnate who has never held elective office, has poured millions of dollars into a campaign that has brought him scant 34% support, according to the state's most recent polls." As an independent, a Sanders victory "would not help Democrats or Republicans in the tight struggle for Senate control. By contrast, the contest for Sanders' congressional seat is important to both major parties. State Sen. Peter Welch is running unopposed in the Democratic primary; Maj. Gen. Martha Rainville, the former adjutant general of the Vermont National Guard, is the leading Republican candidate."

Democratic Poll Shows Welch Leading Rainville By 10 Points. In its "Washington Wire" column on its web site, the Wall Street Journal (9/11, 2.03M) reported, "A new Democratic poll obtained by The Wall Street Journal casts doubts on Republican claims that they've got a shot at capturing the Vermont House seat being vacated by liberal independent Rep. Bernie Sanders. A Greenberg Quinlan Rosner Research poll shows Democrat Peter Welch leads Republican Martha Rainville by 10 points, 52% to 42%. A recently released Republican poll put the race within a closer margin."

Jefferson Faces Tough Primary. USA Today (9/12, Konigsmark, 2.27M) reports, "A bribery scandal has Congressman William Jefferson fighting for his political life following eight House terms in which he faced little opposition at election time. A dozen candidates are challenging Jefferson, a Louisiana Democrat who FBI agents say was found with $90,000 in bribe money in his freezer. Jefferson denies any impropriety." USA Today adds, "The Nov. 7 election is the first time Jefferson has been threatened with defeat since elected to the House in 1990." Jefferson "faces eight Democrats -- including two state representatives and a former city councilman -- three Republicans and one Libertarian."

Roll Call (9/12, Whittington) says that "as she builds support for her bid to oust" the "embattled" Jefferson, Louisiana state Rep. Karen Carter (D) "is getting help from several influential Louisiana Democrats, including former Sens. J. Bennett Johnston and John Breaux and former Rep. Chris John." Carter "is making effectiveness the central issue of her campaign, asserting that Jefferson's situation is both 'embarrassing and disappointing,' and the investigation is detracting from his Congressional work." Today "she is set to receive the endorsements of New Orleans City Council President Oliver Thomas and City Councilwoman Cynthia Hedge-Morrell."

National GOP Pushing For Chafee Win In Primary Election. The AP (9/12, Tanner) reports, "Moderate GOP Sen. Lincoln Chafee of Rhode Island faces a serious challenge Tuesday as the last big flurry of primary elections provides another test of the depth of anti-incumbent sentiment and the erosion of the political middle ground." Chafee has been "targeted by the Club for Growth, a Washington-based group that has tried, not always successfully, to force candidates to vote against taxes. The group is backing Steve Laffey, a former investment banker and mayor of Cranston, R.I." Chafee "has drawn a remarkable amount of support from national Republicans, especially for a senator who has often been at odds with the party, bucking the administration on tax cuts, civil liberties and the Iraq war. He has the distinction of being the only Republican to vote against the use of military force in Iraq." Polls "a month before the primary showed the two Republicans running even." Chafee "acknowledged that the race could hinge on turnout in heavily Democratic Rhode Island, saying a low turnout could mean his defeat. His campaign has encouraged Democrats to drop their party registration so they could vote for him."

The Financial Times (9/12, Yeager, Knight, Island) says National Republicans "are doing all they can to ensure that Mr Chafee wins his party's primary election in Rhode Island on Tuesday. If he loses to Stephen Laffey, the conservative mayor of Cranston, they fear the party has no hope of keeping the seat in November's general election, imperilling the Republicans' control of the Senate."

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Meanwhile, says The Hill (9/12, Blake) reports the National Republican Senatorial Committee (NRSC) "has argued that Laffey cannot beat Whitehouse and the party has mobilized in support of Chafee, even though he has bucked them time and time again." The NRSC also "said last week that it would not support Laffey should he win the primary. Laffey said that the NRSC, the Republican National Committee and the White House have asked him to withdraw."

Analyzing the Rhode Island race, the Christian Science Monitor (9/12, Chaddock, 58K) reports, "Campaign 2006 is proving to be a scorcher for moderates of both parties, especially in the Northeast, where at least eight of the key races for control of the House and Senate will be decided. … Like fellow moderate Sen. Joseph Lieberman (D) of Connecticut, Chafee could lose the primary to a rival who's more aligned with the base." But "unlike the Connecticut primary, the Rhode Island contest is not just about Iraq or the candidate's ties to President Bush. It's about whether a politician can hold middle ground when the pull in both parties is to the extremes. It's also about contrasting candidate styles -- Chafee, low-key and reflective; Mr. Laffey, high intensity and no shades of gray -- in a state so small that one-on-ones with voters can still make a difference."

Tester Compiles Highlight Reel Of Burns Gaffes. Montana state Senate President Jon Tester, who is challenging GOP Sen. Conrad Burns, has compiled a "highlight reel" of Burns' gaffes, which has campaign will begin showing on the YouTube web site today, Roll Call (9/12, Duran) reports. Whether "he was accusing Virginia firefighters of doing a 'piss-poor job' or commenting about the 'nice little Guatemalan man' -- with uncertain immigration status -- who is doing work on his Virginia home, Burns spent most of August apologizing for his off-the-cuff remarks. Probably the most damaging incident came in late July when Burns reportedly stalked up to an elite group of firefighters from Augusta, Va., in the Billings, Mont., airport and accused them of not doing a 'goddamned thing' to put out a raging wildfire in Montana."

McCaskill Says Comments On Bush Were Reported Out Of Context. As it tried link GOP Sen. Jim Talent to President Bush, the campaign of Democrat Clair McCaskill accused Bush of letting poor blacks in Louisiana die during Hurricane Katrina. The Washington Times (9/12, Bellantoni, 88K) reports that McCaskill "has been under sharp criticism" since making the comment. Republicans, including Senate Majority Leader Bill Frist of Tennessee, "immediately called upon Mrs. McCaskill to apologize for the remarks. … But Mrs. McCaskill told KMOX radio in Missouri the statement's context as reported by Pub Def Weekly is 'not exactly correct.' She said she was acknowledging the sentiment of many Americans, and national tragedies are the time when people need government the most."

Maryland Democratic Senate Primary Remains "Two Man Race." CQ (9/11, Spiegel) reported that polls indicate that Maryland's Democratic Senate primary campaign "is ending as it began: as a two-man race between Rep. Benjamin L. Cardin and former Rep. Kweisi Mfume, who more recently served as head of the NAACP. The front-runners have remained competitive right up to primary day because each has significant political assets." Mfume "has stayed in the running, largely for two reasons. His dramatic life story of rising from a difficult youth on the streets of inner-city Baltimore and his personal charisma have enabled him to personally outshine the earnest but bland Cardin, and the longtime civil rights activist with the Africanized name — he was born Frizzell Gray — has a stronger connection than Cardin to an African-American constituency that makes up more than a quarter of the state's population and a significant portion of the Democratic primary voting base."

GOP Hopes Michigan's Troubled Economy Will Help Unseat Granholm. The Washington Post (9/12, A3, Slevin, 748K) reports that in Michigan, this year's election is likely to come down to whom voters blame for the state's troubled economy. According to the Post, "With unemployment higher than the national average and many residents frustrated with Democratic Gov. Jennifer M. Granholm, Republicans see a chance for a swing-state victory." Republican Mike Bouchard "has kept within striking distance in his first statewide race. But as he works to cultivate an image as a seasoned lawman and a pragmatic politician, he is finding that many voters are unwilling to replace a Democrat in Washington with a largely unknown Republican. … The GOP draws hope from polls showing that two in three voters are dissatisfied with Michigan's direction. The jobless rate rose to 7 percent in July, compared with 4.8 percent nationwide. Given deepening troubles in the auto industry, economists expect the number to remain high even with seasonal hiring."

Daley Vetoes Chicago Living-Wage Bill. Chicago Mayor Richard Daley used his veto power for the first time in his 17-year tenure to reject a living-wage ordinance intended to force big retailers to pay wages of $10 an hour and health benefits equivalent to $3 an hour by 2010. The Wall Street Journal (9/12, Hudson, 2.03M) reports, "Mayor Daley had to persuade only two aldermen to reverse course on the ordinance to ensure his veto isn't overridden. The aldermen had voted 35-14 on July 26 to pass the ordinance. The

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ordinance's sponsor, Alderman Joseph Moore, said an override of the veto remains possible."

The New York Times (9/12, Davey, 1.21M) reports, "The veto, praised by business leaders but condemned by labor groups and the aldermen who had pressed for the ordinance, set up the mayor for a rare political fight: Mr. Daley, who is up for re-election next year, may face an effort to override his veto at City Hall on Wednesday." An override "would require 34 of the 50 aldermen, and at least one Council member who had supported the ordinance told The Chicago Tribune that she now intended to vote against it. Another alderman who supported the measure is expected to be absent."

WSJournal Makes Case Against Living-Wage Bill. The Wall Street Journal (9/12, 2.03M) editorializes, "In his veto message, Mayor Daley, a pro-union Democrat, declared that the wage law would 'drive jobs and businesses from our city, penalizing neighborhoods that need additional economic activity the most.' Wal-Mart and Target have announced plans to cease expansions in the city if the law is enacted. … And of course if Wal-Mart, Home Depot and the others were to abandon the city, Chicago residents would be paying a great many millions more a year in higher prices. Still, the City Council has vowed a veto override vote later this week."

Survey Finds Americans Have Four Distinct Views Of God. USA Today (9/12, Grossman, 2.27M) reports, "A new survey of religion in the USA finds four very different images of God -- from a wrathful deity thundering at sinful humanity to a distant power uninvolved in mankind's affairs." Written and analyzed by sociologists from Baylor University's Institute for Studies of Religion, in Waco, Texas, and conducted by Gallup, the survey of 1,721 Americans "asked 77 questions with nearly 400 answer choices that burrowed deeply into beliefs, practices and religious ties and turned up some surprising findings: Though 91.8% say they believe in God, a higher power or a cosmic force, they had four distinct views of God's personality and engagement in human affairs. These Four Gods — dubbed by researchers Authoritarian, Benevolent, Critical or Distant — tell more about people's social, moral and political views and personal piety than the familiar categories of Protestant/Catholic/Jew or even red state/blue state."

The Washington Post (9/12, A12, Boorstein, 748K) reports that the survey, "considered one of the most detailed ever conducted about religion in the United States, found that one in 10 people who picked 'no religion' out of 40 choices did something interesting when asked later where they worship: They named a place. Considering that, Baylor researchers say, the percentage of people who are truly unaffiliated is more like 10.8 percent. The difference between 10.8 percent and 14 percent is about 10 million Americans."

Book Says "Daily Show" Makes Young People Cynical About Politics. Mary Zeiss Stange, an associate professor of women's studies and religion at Skidmore College, writes in USA Today (9/12, 2.27M), "In 'The Daily Show Effect: Candidate Evaluations, Efficacy, and American Youth,' Jody Baumgartner and Jonathan Morris, of East Carolina University, claim to have discovered that viewing Stewart's nightly satirical riff on the news causes college-age Americans to become cynical about politicians and the news media. … They reached this conclusion by contrasting the responses of students who had viewed 2004 presidential election coverage on The Daily Show to those of students who had viewed similar reportage on CBS' Evening News." Stange adds, "The cynical and potentially more apathetic Daily Show viewers also seemed to be 'more confident about their own ability to understand politics' than those who had 'consumed' the network news." Stange adds, "if the 'serious' national news media are irked at being called to account by a show whose lead-in is 'puppets making crank phone calls,' they have no one to thank but themselves."

Assassination Film Said To Devalue "The Difference Between Real And False." The Wall Street Journal (9/12, Morgenstern, 2.03M) reviews the film "Death Of A President," a fake documentary set one year in the future, which depicts the assassination of President Bush. The Journal reports that the film "is certainly artful in its deployment of tried-and-true documentary techniques to create an alternate reality. … By dramatizing the government's dependence on questionable forensic evidence, by manipulating images and flagrantly falsifying contexts (as in excerpts from a Cheney speech that are made to seem a eulogy for the fallen president), it reminds us of the undependable nature of supposedly objective truth." The film "ultimately, and paradoxically, does what it professes to deplore -- devalues the difference between real and false." It "takes on an unreal life of its own. The film itself becomes a riderless horse."

USA Today (9/12, Jacobson, 2.27M) also reviews the film, noting that it did not "score any huge critical success" at this week's Toronto film festival. The consensus "seemed to be that the political conclusions -- that American politics drives truth out the window -- didn't seem to be worth the artistic effort to pump up the volume. … The auditorium was silent during the film while viewers tried to follow the stream of political and forensic jargon. Audience response at the end was an unsure round of applause."

Edsall Book Depicts Democrats As "Hapless," "Unfocused." The New York Times (9/12, Kakutani, 1.21M) reviews the book "Building Red America," by Thomas B. Edsall. In the book, Edsall notes that Republicans hold "'a

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set of advantages, some substantial and some marginal,' that have enabled it to 'eke out victory by slim margins in a majority of closely contested elections' and that will probably give it an edge in the foreseeable future." Edsall depicts Democrats "as hapless, unfocused and reeling from self-inflicted wounds. … Unless the Democratic Party makes fundamental changes in its structure, tactical operations and long-range strategic planning, he writes, the odds are that the Republicans 'will continue to maintain, over the long term, a thin but durable margin of victory.'"

Gunmen Attack US Embassy In Damascus; No Casualties Reported. The AP (9/12 Aji) reports, "Gunmen apparently blew up a car outside the American Embassy and exchanged fire with Syrian guards in a bold attack inside Damascus' diplomatic neighborhood Tuesday, a witness said. … A Syrian who works at the US Embassy told The Associated Press by telephone that there were no US casualties." According to a witness, "two gunmen stopped a car on the street in front of the Embassy, got out and shot at the Syrian sentries in front of the building's entrance and then detonated the car. The security personnel shot back, and security forces in the area quickly rushed to the scene, said the witness who was in the area." The AP adds, "In Washington, the State Department said it had no immediate information and was looking into news reports of the attack."

In "Apparent Shift," Rice Open To Delay In Push For Iran Sanctions. The New York Times (9/12, Cooper, 1.21M) reports, "Secretary of State Condoleezza Rice, in an ever-so-slight softening of America's stance, on Monday left open the possibility that the United States might suspend efforts to impose sanctions against Iran if it suspended uranium enrichment for two months. 'First of all, it would have to be suspension -- verified suspension,' Ms. Rice said. 'Secondly, it's suspension for suspension. We've said that if they suspend,' the United States would in turn halt its pursuit of United Nations sanctions against Iran and would join European talks with Tehran over its nuclear program." The "apparent shift in the American stance…reflects the hard realities that there are few good options on Iran, even if the Bush administration is able to get Russia and China to sign on to sanctions. Iran defied an Aug. 31 deadline set by the United Nations Security Council to halt production of nuclear fuel."

USA Today (9/12, 2.27M) reports, "Iran has told diplomats it may be willing to shelve its uranium-enrichment program temporarily, perhaps for two months, during negotiations with the United States and other world powers over the future and scope of the Islamic republic's nuclear program." Rice "said Iran has not put a formal offer on the table, but she did not reject the idea of beginning talks framed by an Iranian deadline. 'The question is: Are they prepared to suspend verifiably so that negotiations can begin?'"

The Washington Times/AP (9/12, Gearan) reports Rice "predicted, as other Bush administration figures have, that the Security Council would gradually ratchet up economic or political sanctions. The step-by-step approach is meant to offer Iran a way out as the pressure increases."

The Washington Post (9/12, A20, Kessler, Linzer, 748K) reports, "Rice's comments followed a round of private calls she had in the past day with European counterparts and came after positive meetings between European and Iranian officials. Two days of talks in Vienna between Ali Larijani, Iran's top nuclear negotiator, and Javier Solana of the European Union went well, and both sides said they will meet again Thursday, according to diplomats from both sides who spoke on the condition of anonymity because of the sensitivity of the negotiations." France, Britain and Germany "have committed to push for sanctions against Iran if it does not halt its uranium-enrichment program, but the Europeans are also eager to find a route to negotiations."

Iran Closes Two Opposition Newspapers. The AP (9/12, Dareini) reports, "Iran closed down two opposition newspapers on Monday, one of which had recently poked fun at hard-line President Mahmoud Ahmadinejad and the way his government has handled nuclear talks with the West." It was "a fresh show of determination by Iran's ruling clerical establishment to silence dissent over its handling of nuclear talks with the West and deny reformers a chance to air their views ahead of elections scheduled for Dec. 15." Iran's "most prominent reformist daily, Shargh, or East," ran a cartoon Thursday "depicting a horse and donkey facing each other on a chess board. The donkey — a symbol of ignorance in Iranian culture -- has his mouth open and light around him, while the horse shows no emotion. The Press Supervisory Board also "ordered the political monthly Nameh, or Letter, to be closed down, IRNA reported Monday. The paper's editor, Majid Tavallaei, said the reason behind the closure was the publication of a poem from dissident female poet Simin Behbahani. The text of the poem was not immediately available." The New York Times (9/12, Fathi, 1.21M) and Los Angeles Times (9/12, Pirouz) also report the story.

Sharansky Says Iran's Use Of Terrorism By "Proxy" Deserves International Action. In a Los Angeles Times column (9/12), Natan Sharansky compares the US' military action against the Taliban regime in Afghanistan after 9/11 and the lack of international action against Iran after Hezbollah's attack on Israel: "It is clear that Hezbollah is a proxy of Iran. It is public knowledge that Hezbollah receives more than $100 million a year from the Iranian regime, as well as sophisticated weapons and training. Yet Iran has paid no price for its proxy's actions" By "failing to hold Iran accountable for its brazen support of Hezbollah, the free world has undermined a central pillar in the war on terror and

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given the Iranian regime a huge weapon for achieving its ambitions. Now the mullahs know they can attack a democratic country with impunity. "

Kristof Makes Case Against Military Attack On Iran. Nicholas Kristof writes in the New York Times (9/12, 1.21M), "It is quite possible that President Bush will bomb Iran's nuclear installations over the next couple of years. Let's hope he looks at how Israel shot itself in the foot in Lebanon this summer and resists the siren calls of neocons who claim that a few air raids would make the Iranian nuclear menace disappear." Kristof adds, "The argument Mr. Bush is hearing in favor of an airstrike is pretty simple: Iran is a terrorist regime that has sponsored attacks on Americans and on Jews (as far away as Argentina). The president of Iran is a hard-liner who has used language that, while subject to debate among Farsi speakers, may mean that his aim is to wipe Israel off the map. A nuclear Iran would also have a devastating ripple effect around the region: Saudi Arabia, Egypt and Turkey might go nuclear as well. And considering how reckless Iran's foreign policy has already been, imagine if it felt emboldened with a nuclear weapon." Moreover, "if Mr. Bush doesn't strike Iran, there's a good chance that Israel will -- and the US would still get blamed (partly because the Israeli planes would fly through American-controlled airspace over Iraq)." However, "Iran's leaders are probably praying for such a strike; it may be the only way that they can stay in power for more than another decade. … We Americans are still paying the price for our involvement in the 1953 overthrow of the elected Iranian government of Mohammed Mossadegh; if we bomb Iran, we may cement the mullahs in power for another 50 years. Moreover, the military options are wretched."

Fatah, Hamas To Form Coalition Government.

The AP (9/12, Hadid) reports, "Palestinian President Mahmoud Abbas struck a deal Monday to share power with the militant Islamic Hamas, an accord that could restore international aid and could lead to contacts with Israel. The breakthrough compromise falls short of international demands that Hamas fully renounce violence, but Israeli officials still voiced cautious support for the accord."

The Los Angeles Times (9/12, Ellingwood, 918K) says "the pact may help bring a measure of calm to the Gaza Strip and West Bank, easing protests by long-unpaid public workers and strife between the two parties' gunmen." However, "it remained unclear whether a government reshuffle would go far enough to restart the flow of hundreds of millions of dollars in aid from foreign donors, including the United States." The Times adds, "Palestinian officials said Abbas would dissolve the Hamas government in the coming days and that a new governing coalition would be named, most likely under Hamas leadership but including other factions. Ghazi Hamad, a spokesman with Hamas, said the parties still needed to work out the makeup of the government. … Details of the agreement were not released. A key unanswered question was whether the proposed government would satisfy the three conditions laid out by the so-called quartet of Middle East intermediaries -- the US, the EU, Russia and United Nations -- in order to resume the flow of aid." Those conditions are: "recognizing Israel, halting violence and agreeing to honor past Israeli-Palestinians agreements." The Washington Times (9/12, Mitnick, 88K) reports State Department spokesman Gonzalo Gallegos "said the Palestinian government must accept" those "three principles of peace."

The New York Times (9/12, Erlanger, Myre, 1.21M) reports, "Officials said the new government would accept all previous Israeli-Palestinian agreements, an implicit recognition of a two-state solution. It would call for the negotiation of an independent Palestine outside of Israel's 1967 borders, including Gaza, the West Bank and East Jerusalem, on the basis of an Arab League initiative." The government is also "expected to recognize the Palestine Liberation Organization, which has signed all agreements with Israel, as the negotiating representative of the Palestinian people, and to acknowledge the right of Mr. Abbas to negotiate for the Palestinians."

The Washington Post (9/12, A18, Wilson, 748K) reports, "Mark Regev, spokesman for the Israeli Foreign Ministry, said that 'things are still fluid' concerning the terms of the political program." But "he said that 'it's clear that if the incoming government, assuming there is one, accepts the three benchmarks...as well as the release of Gilad Shalit, it could give new momentum to the peace process and put the Israeli-Palestinian dialogue back on track.'" Micaela Schweitzer-Bluhm, spokeswoman for the US Consulate in Jerusalem, "which manages diplomacy with the Palestinians, said the political developments would be reviewed before any decision on aid is reached. But, she added, 'if it's still falling short of the quartet's principles, then it's still falling short.'"

Blair Encounters Angry Protests In Visit To Beirut.

The Financial Times (9/12, Adams, England) reports, "Several thousand angry chanting protesters gathered in central Beirut on Monday, leaving Tony Blair in little doubt about the hostility many Lebanese felt towards his fleeting visit to their country. … While hostile and vocal, the reaction reflects the country's experience of 34 days of Israeli bombardment that some argue Britain's prime minister bears a degree of responsibility for." The Times adds, "Many Lebanese accuse Mr Blair of supporting Israel in its war with Hizbollah, the Shia militant group, and he was widely criticised for refusing to call for an immediate ceasefire to the conflict. Some also deride him as a crony of George W. Bush, the US president."

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The New York Times (9/12, Smith, 1.21M) reports "several ministers refused to meet" with Blair, "including the pro-Syrian speaker of Parliament, Nabih Berri. The front pages of most of the country's newspapers said he was not welcome. But Mr. Blair defended his policies in the 34-day war." Said Blair, "I could have gone out there and called for it all to stop, but it wasn't going to stop until there was a UN resolution that had a framework within which it could stop, in which the real problems could be dealt with." Blair "said Britain would send more than $75 million in aid to Lebanon this year and was ready to provide 'training, equipment, any help we can give' to Lebanese security forces that were filling the void left by Hezbollah and departing Israeli troops in southern Lebanon. He said he would use his remaining months as prime minister to work for peace in the Middle East."

Cameron Criticizes US Policies, Suggests Blair "Slavish" To US Interests. The Financial Times (9/12, Green) reports, "David Cameron, leader of Britain's opposition Conservative party, on launched an outspoken attack on the failures of American foreign policy, calling for a "rebalancing" of the close relationship between the US and the UK." In a speech in London on the fifth anniversary of the 9/11 attacks, Cameron said, "We should be solid but not slavish in our friendship with America." He added, ""I and my party are instinctive friends of America and passionate supporters of the Atlantic alliance," but "I fear that if we continue at present we may combine the maximum of exposure with the minimum of real influence over decisions."

The New York Times (9/12, Cowell, 1.21M) runs a similar report under the headline "Tory Denounces Blair's 'Slavish Tie To US," and says Cameron's remarks "showed just how far the British political spectrum has shifted since the end of the cold war and, particularly, since Mr. Blair's rise to power in 1997." The speech was "intended to draw a line under previous Conservative policy." Cameron himself "supported the Iraq invasion in 2003, but a senior Conservative, who spoke on the condition of anonymity under party rules, said: 'We don't want to have an endless fight about what happened three or four years ago. This is about the next 10 years.'" Cameron "said there had been mixed success by Britain and the United States in curbing terrorism since the Sept. 11 attacks. A terrorist attack on the same scale had been averted, he said, but 'across the globe, terrorists are being recruited in increasing numbers and are active in many more areas than before Sept. 11.' Anti-Americanism had taken hold, he said, 'not just in countries affected by war and instability, but here in the West, here in Britain.'" The Washington Post (9/12, Sullivan, 748K) also reports the story.

Rice Warns Sudan About Consequences Of Flouting Demand For Peacekeepers. The AP (9/12) reports, "Secretary of State Condoleezza Rice said she told Sudan on Monday there is no chance of improved relations with the United States if it flouts the world's demand for UN peacekeepers in Darfur." Rice "gave reporters a brief account of her morning meeting in Washington with Sudanese Foreign Minister Lam Akol." Said Rice, "I won't say that we made progress, but I will say that I delivered the strongest possible message in the strongest possible terms to the Sudanese government that any hope for bettering relations between the United States and Sudan rests on Sudan's cooperation with the United Nations Security Council resolution."

Meanwhile, the Washington Post (9/12, A20, 748K) reports UN Secretary General Kofi Annan said yesterday Sudan's government "has violated the Darfur peace agreement with military attacks that are 'legally and morally unacceptable.'" Annan "said in a meeting of the UN Security Council that thousands of Sudanese troops have been sent to western Sudan, in violation of the peace accord, and North Darfur has been bombed. The violence has cut off food aid to 355,000 people in the northern part of the region, he said." Said Annan, "I strongly condemn this escalation." On Capitol Hill, Sen. Richard G. Lugar "introduced legislation that would authorize U.S. assistance to the 7,000 African Union troops in Darfur and call on President Bush to name a special envoy for the crisis."

US Servicewoman Refuses To Answer Questions About Kyrgyz "Kidnapping." Air Force Maj. Jill Metzger who reappeared after vanishing for three days has given confusing accounts of her absence and has refused to make any further statements after consulting with the US Embassy, a Kyrgyz police official said yesterday. The Washington Times/AP (9/12, Saralayeva) reports that Metzger "disappeared Sept. 5 while shopping in the city. She resurfaced Friday night when she knocked on the door of a house in Kant, about 15 miles outside Bishkek, and claimed she had been kidnapped. Maj. Metzger was flown out of Kyrgyzstan within a few hours of her reappearance and was admitted Sunday to a US military hospital in Landstuhl, Germany. There was no immediate word regarding what she was being treated for. Kyrgyz authorities have said her swift departure could impede their investigation, because they wanted to question her further to clarify her account."

Senators, US Embassy Deny Reports Codel Was Fired On In Georgia. The Hill (9/12, Heil) reports that although the Georgian Interior Ministry said a helicopter escorting a delegation of US senators on a codel was fired on, senators on the codel, including Sens. John McCain and

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Lindsey Graham, "said they heard of the purported missile fire only after they had returned home. It turned out the statement is inaccurate, and that the senators' helicopter was never under fire. The US embassy in Georgia on Sep. 5 released a statement setting the record straight."

US, EU Criticize China's New Media Rules. The Financial Times (9/12, Dickie, Dinmore) reports, "The Bush administration joined the European Commission on Monday in criticising Beijing's imposition of new restrictions on the distribution of foreign news in China, saying it viewed the rules with 'great concern.' A State Department official said Beijing's media policies in general were 'incompatible with China's aspirations to build a modern information-based economy' and were a breach of fundamental rights." The new regulations "require international news services...to censor information distributed inside the country. The rules also ban the agencies from selling directly to local customers, including banks and other financial services companies."

WSJournal Decries China's New Media Rules. An editorial in the Wall Street Journal (9/12, 2.03M) says that China's new law on foreign news agencies "smacks of expropriation and may violate China's World Trade Organization commitments. The document asserts the Chinese government's right to broadly censor foreign news companies' content over a range of sensitive subjects, including 'sovereignty' (read: Taiwan), 'religion' (Falun Gong), or China's 'interests' (Iran, Burma, Sudan)." The Journal adds, "No self-respecting foreign news agency will allow the Chinese government to read an article before it's published on the mainland. For financial newswires that provide real-time pricing and market information -- such as the one owned by this newspaper's parent company, Dow Jones -- censorship would be literally impossible." Xinhua "is the Communist Party's mouthpiece, a symbol of what China really is. The reformers among Beijing's elites need to explain to their colleagues that returning to old habits of censorship won't protect their future."

Investment Firm CEO Decries US "Constant Criticism" Of China. James McGregor, CEO of JL McGregor & Company, a China-focused research, advisory and investment firm, writes in the Wall Street Journal (9/12, 2.03M) that in a mid-August BBC interview Sha Zukang, China's ambassador to the UN in Geneva, told US politicians "to stifle complaints about Beijing's rapidly growing military budget. He noted that defense spending in China, with a population five times larger than the US, is a small fraction of the American military budget, which accounts for nearly 50% of global arms spending. … As Mr. Sha's comments indicate, after 25 years of economic reforms and more than a decade of nearly 10% annual growth, Beijing is weary of and angry about America's constant criticism." McGregor adds, "We can't afford to let the ignorant and insular in both China and America teach, tease and taunt our two nations into an unnecessary and potentially cataclysmic collision."

US, Venezuela Battling For Dominance In Uruguay. The New York Times (9/12, Rohter, 1.21M) reports that Uruguay is "one of the main fronts in the struggle between the United States and Venezuela for dominance in South America. The Bush administration and President Hugo Chávez of Venezuela are jockeying for position here, each trying to undercut the other by winning over Uruguay's left-wing government." The Times adds, "Uruguay's population and economy are small, with barely three million people and total trade with the United States amounting to slightly more than $1 billion last year. But the country is a member of the Mercosur customs union, which includes Brazil and Argentina, and a free-trade agreement with the United States would weaken the group and put pressure on Uruguay's two big neighbors to negotiate bilateral accords with Washington."

Sneider Says US, South Korea Must Define Basis For Long-Term Friendship. Daniel Sneider, associate director for research at Stanford's Shorenstein Asia-Pacific Research Center, writes in the Washington Post (9/12, A23, 748K), "The U.S. visit this week by South Korean President Roh Moo Hyun offers yet another opportunity to bemoan the crisis of confidence in our alliance. … As policymakers from both countries meet this week, they need to take a deep breath and remember that our alliance survived tremendous stresses in the past. The task before us is not to focus on our divergence but to pick up the challenge left unmet 30 years ago -- to define the basis for a long-term relationship that is durable and reciprocal and that finally sheds the shackles of dependency."

South Korea's Foreign Policy Said To Be Based On Appeasing North. Mary Kissel writes in the Wall Street Journal (9/12, 2.03M) that "Seoul's foreign policy is based on a deep-seated fear of the North's collapse and the prospect of China's military involvement in the ensuing turmoil. That's pushed the Roh administration to pursue an agenda whose chief goal is maintaining the status quo in the totalitarian North, where 23 million fellow Koreans eke out a rude existence in the world's most brutal regime. This foreign policy is based on an increasingly twisted rationale for appeasement of Kim Jong Il -- and is accompanied by a slow ideological drift away from the US, the nation which has kept the peninsula secure over the past 50-odd years." Kissel adds, "It will take more than a frosty summit this week -- a further U.S. troop drawdown, perhaps? -- to stimulate some real fear among the Korean people about who's protecting their interests and ensuring their security."

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WPost Says Prince's Birth Allows Japan To Sidestep Debate On Female Emperor. The Washington Post (9/12, A22, 748K) editorializes that "the birth of a 5-pound, 10-ounce son to Japanese Prince Akishino and his wife, Princess Kiko, has been a cause for particular celebration there for a single reason: the baby's gender. The baby is the first boy to be born in the imperial household in 41 years, thereby allowing the country to sidestep, at least for now, an emotional national debate about whether to permit a female to ascend the Chrysanthemum Throne. … Our best wishes to the family, but it's too bad the arrival of the little prince is letting the country and its archaic system of royal succession off the hook. … Symbols matter, and in a country whose institutions and society remain pervaded with sexism, a female emperor could hardly be a better one."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush: 'The War Is Not Over.'"
"Was Manure-To-Power Venture Just Bull?"
"Parties Battle Over New Voter ID Laws."
"All About America In 3 Days."
"Seeking a Fair Shake In Quake Insurance."
"A New York Tribute To Each Life Lost."
"Plans To Honor L.A. Muslim Leader Bring Out Animosity."
"125 Years Of Education."

USA Today:
"How Long You Live Depends On Which USA You Live In."
"View Of God Can Reveal Your Values And Politics."
"Nation Pays Tribute To Heroes."

New York Times:
"Nation Marks Lives Lost And Hopeful Signs Of Healing."
"Near Site Of Disaster, Workers Strive For The Routine."
"In Prime-Time Address, Bush says Safety of U.S. Hinges On Iraq."
"Grim Outlook Seen In West Iraq Without More Troops And Aid."
"Harvard Ends Early Admission, Citing Barrier To Disadvantaged."
"2 Ex-Teammates Of Cycling Star Admit Drug Use."
"Palestinian Reports Unity Deal With Hamas."

Washington Post:
"America Marks a Grim Anniversary."
"Bush Says Iraq Victory Is Vital."
"Memories, Grief Endure Across Region."
"Even Dating Is Perilous In Polarized Baghdad."
"Wide Gaps Found In Mortality Rates Among U.S. Groups."

Washington Times:
"A Struggle For Civilization."
""Al Qaeda Threatens More Terror Attacks."
"Painfully Aware."
"Fatah, Hamas Move Toward Unity."
"Montgomery Residents Can Expect 81 Candles."

Detroit Free Press:
"Sorrow And Strength."
"State Steps Into Teacher Strike."

Atlanta Journal-Constitution:
"You Will Always Be With Us."
"Gwinnett Politicians Respond As Minorities Pack Voter Rolls."
"Metro Atlanta Address Gives Better Odds At Living Longer."

Houston Chronicle:
"Extra Years Given In 19 Deaths."
"A Somber Nation Looks Back."
"Bush Says Victory In Iraq Is Key To Winning Terror War."
"Valid Science Or A Perfect Storm For Controversy."
"Statistical Revelation Religion Going Strong."

Story Lineup From Last Night's Network News:
ABC: Families Mourn 9/11-New York; Bush Interview; Afghanistan Today; New Al Qaeda Threats; Are We Safer Now?; Unburied Dead 9/11; Children Remember 9/11.
CBS: Families Remember 9/11; People Mourn 9/11; Where Is Bin Laden?; Interview With Giuliani & Brokaw; 9/11 Wreckage; Space Shuttle; Hurricane Florence; Oil Prices; Stock Market.
NBC: Families Remember 9/11; People Mourn 9/11; Where Is Bin Laden?; Interview With Giuliani & Brokaw; 9/11 Wreckage; Space Shuttle; Hurricane Florence; Oil Prices; Stock Market; Firefighters Remember 9/11.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: 9/11 Remembrances; Bush Address; Space Shuttle; Wall Street.
CBS: Bush Address; 9/11 Remembrances; CA-Guns Found In School.
NPR: 9/11 remembrances; Bush Address; CA-Schwarzenegger Computer Hacked; Foreign Stock Markets; UN Refugee Agency Closing Guinea Field Office; Harvard-Early Admissions Policy.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

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US Senate: SENATE FLOOR _ Senate reconvenes at 9:45 a.m, then morning business for up to 30 minutes. The Senate will then resume consideration of H.R. 4954, the Port Security bill. (Recess from 12:30 pm until 2:15pm for weekly policy luncheons.)

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on homeland security tasks in the next five years. DHS Secretary Chertoff; Los Angeles County Sheriff Leroy Baca; New York City Deputy Police Commissioner Richard Falkenrath; Steven Simon, Council on Foreign Relations; Daniel Prieto, Reform Institute. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the Thompson memorandum's effect on the right to counsel in corporate investigations. Deputy Attorney General Paul J. McNulty; former Attorney General Edwin Meese; Thomas J. Donohue, president and CEO, U.S. Chamber of Commerce; Karen J. Mathis, president, American Bar Association; attorney Andrew Weissmann., New York; attorney Mark B. Sheppard, Philadelphia. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the Treasury Department's role in fighting terrorism five years after 9/11. Assistant Secretary Patrick O'Brien; Robert W. Werner, director, Financial Crimes Enforcement Network; Adam J. Szubin, director, Office of Foreign Assets Control; Eileen C. Mayer, director, Fraud/Bank Secrecy Act, Small Business/Self Employment, IRS. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the renomination of FCC Chairman Kevin Martin and John Kneuer as administrator of the National Telecommunications and Information Administration. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the BP Alaska pipeline failure. BP American President Robert Malone; Kevin Hostler, Alyeska Pipeline Service Co.; Howard Gruenspecht, Energy Department; retired Vice Adm. Thomas Barrett, Transportation Department. Location: Room 628, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on ``Breaking the Methamphetamine Supply Chain: Law Enforcement Challenges." Lt. Dan Springer, commander, Missouri River Drug Task Force, Bozeman, Mont.; Crow Tribal Leader Carl Venne; Sean McCullough, Iowa Division of Narcotics Enforcement; Joseph T. Rannazzisi, DEA; Gregory Passic, Customs and Border Protection; C. Andre Martin, IRS. Location: Room 215, Dirksen.

11 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nomination. Location: Room 419, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business, and at 2 p.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.R. 5434 - Larry Cox Post Office Designation Act; 2) H.R. 5428 - Joshua A. Terando Princeton Post Office Building Designation Act; 3) H.Res. 983 - Honoring the life and accomplishments of the late Robert E. O'Connor, Jr; 4) H.R. 5539 - North American Wetlands Conservation Reauthorization Act of 2006; 5) H.R. 138 - To revise the boundaries of John H. Chafee Coastal Barrier Resources System Jekyll Island Unit GA-06P; 6) H.R. 479 - To replace a Coastal Barrier Resources System map relating to Coastal Barrier Resources System Grayton Beach Unit FL-95P in Walton County, Florida (Sponsored by Rep. Miller; 7) H.R. 5094 - Lake Mattamuskeet Lodge Preservation Act; 8) H.R. 5381 - National Fish Hatchery System Volunteer Act of 2006; 9) S. 1773 - Pueblo de San Ildefonso Claims Settlement Act of 2005; 10) H.R. 631 - To provide for acquisition of subsurface mineral rights to land owned by the Pascua Yaqui Tribe and land held in trust for the Tribe, and for other purposes; 11) H.Res 175 - Recognizing the importance of establishing a national memorial at the World Trade Center site to commemorate and mourn the events of February 26, 1993, and September 11, 2001.

10:30 a.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on narcotics eradication and U.S-led rebuilding efforts in Afghanistan. Location: Room 2359, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on ethics and management concerns at NIH and the Public Health Service Commissioned Corps. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on the International Fund for Agricultural Development and the importance of global poverty reduction. Location: Room 2128, Rayburn.

4 p.m. JUDICIARY _ Subcommittee on Crime, Terrorism. Hearing on HR 5825, the Electronic Surveillance Modernization Act. Testimony from Steve Bradbury, Acting Assistant Attorney General; Vito Potenza, Deputy General Counsel, National Security Agency; Kate Martin, Director, Center for National Security Studies; Bruce Fein, Bruce Fein and Associates. Location: Room 2141, Rayburn.

5 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate for H.R. 2965 - Federal Prison Industries Competition in Contract Act of 2006. Location: Room H-313, Capitol.

Other: MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative

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Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: An Arab-American Agenda for Security, Liberty and Peace." Highlights: 8 a.m. Breakfast forum with Sen. Russ Feingold. Room 325, Russell. 11 a.m. Evacuation of Lebanon, with Reps. Darrell Issa and Ray LaHood. 12 p.m. Luncheon tribute to Arab Americans in the federal government, with Sen. John Sununu and Rep. Charles Boustany. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted.

JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 11:30 p.m. Remarks by Madeleine Albright, former Secretary of State. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

BLACK COLLEGES _ Meeting of the 2006 national conference of Historically Black Colleges and universities. Highlights: 9 a.m. HUD Secretary Jackson makes announcement of grants. 10 a.m. Education Secretary Spellings. Note: Media availability immediately follows her address with Howard University President H. Patrick Swygert to discuss new Academic Competitiveness Grants. 12 p.m. - 1:45 p.m. Session includes greetings from Sen. George Allen, keynote address by Richmond Mayor Doug Wilder. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

TAXPAYERS-FRAUD _ Sixth Annual Taxpayers Against Fraud Education Fund Conference and Awards Dinner. Highlights: 10:30 a.m. Brenton Saunders of Schering-Plough Corp. discusses the False Calims Act. 12:30 p.m. Luncheon keynote address - Abner Mikva. 7 p.m. Awards dinner, with HHS Inspector General Daniel Levinson, Rep. Howard Berman, others. Location: Marriott-Metro Center, 775 12th St. NW.

DEFENSE-BIO PRODUCTS _ 9 a.m. The Pentagon holds an event to showcase biobased products' environmental benefits. Highlights: 9:15 a.m. - 10 a.m. Deputy Defense Secretary Gordon England, Sens. Tom Harkin and Richard Lugar and Agriculture Secretary Johanns. Location: Pentagon Concourse and Stage area.

ALASKA OIL DRILLING _ 8:45 a.m. Environmentalists, independent oil-development experts, and Alaska Natives will hold a press briefing on the environmental and human-health ramifications of oil drilling on Alaskas North Slope and in the Outer Continental Shelf. Location: Room 406, Dirksen.

SAVE THE CHILDREN _ 9 a.m. Save the Children launches its largest global education initiative to date. New campaign seeks to bring quality education to children living in conflict-affected countries. Participants include: Cokie Roberts, senior news analyst for NPR, and vice chair of Save the Children; Reps. Al Green (D-TX), Donald Payne (D-NJ), Christopher Shays (R-CT), Diane Watson (D-CA), and Damba Koroma, young survivor of Sierra Leones civil war and now an 8th grade student at a Northern Virginia public school. Location: US Capitol, Room HC-6.

TERRORISM-MADRASAS _ 9 a.m. Douglas Johnston, president of the International Center for Religion and Diplomacy, Azhar Hussain, ICRD director of education and international development, and Ahmed Younis, national director of the Muslim Public Affairs Council, will discuss `` Madrasas and the ``Global War on Terror,'" sponsored by the School of Advanced International Studies. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

CUBA-FRONT GROUP _ 9:30 a.m. Cponsejo de Latinos Unidos, a national non-profitr group that educates Hispanics, holds a news conference to release a report on a Cuban religious organization that is allegedly attempting to suppress religious freedom in Cuba and subvert U.S. trade policy. Location: National Press Club.

ECONOMY-JOBS _ 9:30 a.m. News conference to release results of four-year study on effect of economic turbulence on American jobs. Speakers include Census Bureau Director Louis Kincannon; Julia Lane, University of Chicago's National Opinion Research Center. Location: National Press Club.

COLLEGES-FORD MOTOR CO._ 10 a.m. Ford Motor Co. announces a student business plan competition for students attending Historically Black Colleges and Universities. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

DUDLEY NOMINATION _ 10 a.m. Public Citizen teleconference on Bush administrations nomination of Susan Dudley to the Office of Information and Regulatory Affairs. They'll discuss report on Dudleys history as an enemy of regulation and her belief that cost savings for industry outweighs protections for the public. Contacts: Rachel Pleatman, 202-588-7742. Notes: Call 1-800-377-8846 and enter passcode 36707396.

FRENCH INTERIOR MINISTER _ 10 a.m. French Minister of State and Minister of the Interior Nicolas Sarkozy gives foreign policy address. Speech is titled ``The United States and France: the Future of a Vital Relationship. NOTE: U.S. visit is his first as Minister of the Interior. Location: OByrne Gallery, DAR, 1776 D St. NW.

MID-TERM ELECTIONS _ 10 a.m. Brookings Institution forum on ``Financing the 2006 Midterm Elections: Experts on Money and Politics Examine Lessons from the 2004 Cycle." Panelists from Brookings, Brigham Young University and Colby College. Location: 1775 Massachusetts Ave. NW.

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TSUNAMI RISKS _ 11 a.m. Congressional Hazards Caucus and American Signal Corp. hold news conference and briefing on tsunami risks posed to U.S. coastal communities. They'll also discuss the U.S. tsunami warning system. Location: Room 2325, Rayburn.

ECONOMIC SECURITY _ 11 a.m. Brookings Institution's Hamilton Project hosts conference call to release new papers on enhancing economic security and strengthening the social safety net. Contacts: Jennifer Devlin, 703-876-1714. Notes: To dial in, call 800-967-7188.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

DISASTER ASSISTANCE-FARMERS _ 11:30 a.m. Press conference and rally with U.S. Senators, and members of the National Farmers Union, National Association of Wheat Growers, American Farm Bureau Federation, elsewhere. They'll call for immediate vote on disaster aid bill for farmers and ranchers. Location: Senate Swamp.

PRESCRIPTION DRUG PLAN-SURVEY _ 1:30 p.m. Teleconference to release new survey on experiences and views of beneficiaries enrolled in the Medicare prescription drug benefit. Survey was conducted by Ayres, McHenry & Associates on behalf of Americas Health Insurance Plans (AHIP). Contacts: Mohit Ghose, 202-778-8494.

POLICE RAIDS _ 12 p.m. The Cato Institute holds a program on ``The Rise of Paramilitary Police Raids in America," with Radley Balko of the institute and retired Seattle Police Chief Norm Stamper. Location: 1000 Massaachusetts Ave. NW.

SEPT. 11TH-ARAB REACTION _ 12 p.m. Middle East Media Research Institute hosts presentation on ``The Arab and Iranian Reaction to 9/11: Five Years Later," narrated by Ron Silver. Event sponsored by House of Representatives International Relations Committee subcommittee on international terrorism. Location: Room 2255, Rayburn Bldg.

DEMOCRATIC POLICY _ 12:30 p.m. Democratic Policy Committee holds closed meeting. Location: S-211, US Capitol. Stakeout note: Sen. Reid expected at 2:15 p.m.

GOP POLICY LUNCHEON _ 12:30 p.m. Republican Policy Committee holds closed meeting. Location: S-207, US Capitol.

EDUCATION _ 1 p.m. The Leadership Conference on Civil Rights Education Fund holds a briefing on successful education reforms in high-need districts. Location: Room 430, Dirksen.

``INFOTOPIA" _ 1 p.m. - 3 p.m. American Enterprise Institute and Brookings hold joint forum titled, ``Infotopia: How Many Minds Produce Knowledge." Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

CENTRAL AMERICA FREE TRADE _ 2 p.m. Members of Congress, solidarity organizations, others, hold a news conference to announce a report monitoring the effects of the U.S.-Dominician Republican Central America Free Trade Agreement. Location: Cannon Terrace.

IMMIGRATION _ 2 p.m. House GOP Policy Committee members hold a forum on the August immigration field hearings. Location: Room 210, Cannon.

JUSTICE AWARDS _ 2 p.m. Attorney General Gonzales makes remarks at the 54th annual Attorney General's Award ceremony. Location: DAR Constitution Hall.

LATIN AMERICAN-POVERTY _ 2 p.m. Rep. Marcy Kaptur holds a news conference on Latin American poverty. Location: Cannon Terrace.

TAIWAN _ 2 p.m. Yu Shyi-Kun, Chairman of the ruling Democratic Progressive Party of Taiwan discusses relations with the U.S. and with China, along with security and internal politics at a National Press Club Newsmaker news conference. Location: National Press Club.

DISPUTED ELECTIONS _ 3 p.m. Panel discussion to launch release of book on ``Resolution of Election Disputes: Legal Principles that Control Election Challenges." Participants include author Barry Weinberg, formerly with the US Justice Civil Rights Division; American University Professor Emeritus Richard Smolka, others. Location: Georgetown Public Policy Institute, 3520 Prospect St. NW.

RELIGIOUS LEADERS-IMMIGRATION _ 3 p.m. - 4 p.m. Interfaith teleconference on immigration issues. Participants include Khaleel Mohammed, imam and professor, San Diego State University; the Evangelical Lutheran Church, United Church of Christ, Sisters of Mercy, National Hispanic Christian Leadership Council, others. Contacts: Cassandra Champion, 410-230-2791. Notes: Call 1-800-290-9461, passcode 4134.

LA MAYOR VILLARAIGOSA _ 3:40 p.m. Rep. Jane Harman and Los Angeles Mayor Antonio R. Villaraigosa to hold press availability after closed-door meeting on homeland security and the Green Line extension. Location: Room 2400, Rayburn.

IRAQ BRIEFING _ 4 p.m. Sens. Coburn, Vitter and Burr hold news conference on their trip to Iraq. Location: Senate Studio.

CHENEY PROTEST _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Jean Athey 3015700923. Location: Mass. Ave. and 34th St., N.W.

ENERGY EFFICIENCY _ 7 p.m. Energy Secretary Bodman presents awards at the Evening with the Stars of Energy Efficiency Awards Dinner. Location: National Building Museum.

PARALYZED VETERANS _ 7 p.m. Paralyzed Veterans of America holds gala ``Celebrating 60 Years of Service." Honorees include former Sen. Robert Dole (lifetime

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achievement); Norman Mineta (civil rights); Richard Petty (sports); Gen. Henry Hugh Shelton (patriotism), others. Location: Reagan Building and International Trade Center.

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From: Miller, Charles S
Sent: Tuesday, September 12, 2006 11:27 AM
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Subject: 9/12/06 Civil Division News

Posada should be released, magistrate tells judge; In a surprise decision, a federal magistrate in Texas has recommended that Cuban exile militant Luis Posada Carriles be released from immigration custody

Government wants U.S. terror suspect tried in Iraq

Lawsuit: US health plans bilked; Merck KGaA unit accused of inflating Medicare charges

U.S. joins fraud suit against generic-drug firm

N.J. gets $500K settlement from GlaxoSmithKline in fraud case

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Justice Department Lawyers Lose Appeal on Overtime Pay

Commentary: A Judge Accepts a Claim Paralleling the Mafia and the Tobacco Industry

Miami Herald

Sep. 12, 2006

Posada should be released, magistrate tells judge; In a surprise decision, a federal magistrate in Texas has recommended that Cuban exile militant Luis Posada Carriles be released from immigration custody

BY ALFONSO CHARDY

Cuban exile militant Luis Posada Carriles should be released from immigration custody because the attorney general has not classified him as a terrorist and his continued detention runs counter to a 2001 Supreme Court ruling barring indefinite detention for foreign nationals who cannot be deported, a federal magistrate ruled Monday.

In a 24-page decision, U.S. Magistrate Norbert Garney in El Paso, Texas, wrote that U.S. Immigration and Customs Enforcement should put Posada under supervised release because the federal government had failed to find a country willing to take the 78-year-old exile, who has Venezuelan citizenship.

"The court recommends that petitioner's request for habeas relief be granted and that petitioner be released subject to the terms and conditions of supervised release," Garney wrote.

DOJ_NMG_0062029

Garney's ruling is only a recommendation and will not lead to Posada's immediate release. He sent the recommendation to federal Judge Philip Martinez, who is expected to make a decision later -- either adopting or rejecting Garney's recommendation.

Posada's attorney, Eduardo Soto, told The Miami Herald Monday evening that he hoped Martinez would adopt Garney's ruling because ``normally the judge would accept the ruling of the magistrate who heard the case.''

Soto said he was elated by Garney's ruling.

''I'm so happy I'm about to start screaming,'' Soto said. ``It's tremendous news.''

Barbara Gonzalez, an ICE spokeswoman in Miami, said her agency had not reviewed Garney's ruling.

''We will study the decision when we receive it,'' she said.

Posada has been in ICE custody since May 17, 2005, when federal immigration agents detained him in Miami-Dade County hours after appearing at an invitation-only news conference near Hialeah.

Before his detention, Posada had been hiding in Miami-Dade after sneaking into the United States in March 2005.

He arrived from Honduras where he had been hiding since being freed from jail in Panama where he had been convicted in connection with an alleged plot to kill Fidel Castro in 2000.

The alleged plot was just one of many the CIA-trained Posada was accused of hatching over the years -- all of which he has denied.

In 1997 and 1998 the Cuban government accused Posada of playing a role in bombings in tourist spots on the island, and in 1976 he was arrested and charged in Venezuela with the bombing of a Cuban jetliner off Barbados.

He was initially acquitted in the case, but pending appeal he escaped from prison and wound up in El Salvador working for the nestepcovert Nicaraguan contra resupply network overseen by then White House national security council staffer Oliver North.

Posada sued ICE in federal court when the Homeland Security agency denied his release March 22, arguing he was a ''danger to the community'' and posed a ``risk to the national security of the United States.''

But Garney wrote in his opinion Monday that the ICE statement was not enough to keep Posada in detention. According to Garney, the law requires for indefinite detention a formal certification by the U.S. attorney general that a detainee is a terrorist or threat to the community. ''In this case, petitioner was never certified by the Attorney General as a terrorist or danger to the community or national security,'' wrote Garney, adding the government also had not ``moved to detain petitioner under any special circumstances.''

In its 2001 ruling, the high court said foreign nationals who cannot be deported can be held beyond six months after removal orders become final -- but only if they are deemed ``especially dangerous individuals.''

The court said those cases must be ''subject to strong procedural protections,'' but did not spell them out.

END

AP

September 12, 2006

Government wants U.S. terror suspect tried in Iraq

By MATT APUZZO

Associated Press Writer

WASHINGTON_Government attorneys said U.S. courts have no authority to stop the military from transferring a former Minnesota National Guard member to an Iraqi court to face charges he supported terrorists and insurgents.

It's the latest legal challenge to the Bush administration's authority to keep terrorism cases, even those involving U.S. citizens, out of American courts.

Shawqi Omar, a citizen of both Jordan and the United States who once served in the Minnesota National Guard, was captured in Iraq in 2004. He is being held at Camp Bucca, a prison in southern Iraq, where his family says he has not been charged or allowed to speak with a lawyer.

His family is demanding that Omar be brought before a U.S. court, where prosecutors would have to show probable cause for detaining him and he could consult with an attorney.

The military, which says Omar was harboring insurgents and had bomb-making materials at the time of his arrest, wants to transfer him to an Iraqi court. A judge blocked that transfer in February.

On appeal Monday before the U.S. Court of Appeals for the District of Columbia Circuit, government attorneys said American courts don't have jurisdiction because Omar is being held by a multinational force, not the U.S. military.

Defense attorneys say that's a legal gimmick.

A three-judge panel also expressed skepticism, saying the government's theory might allow the military to arrest someone inside the United States and hold him without due process _ all under the guise of a multinational force.

Deputy Solicitor General Gregory Garre said that wouldn't happen but the judges noted that it could. The judges also seemed wary of saying courts had no jurisdiction over a U.S. citizen being held by his country's military.

"Let's assume he was in Iraq seeking a job," Judge David S. Tatel said. "How can it be that the District Court lacks the ability to prohibit his transfer to Iraq?"

Judge Harry T. Edwards was even more pointed, saying the government was ignoring the Supreme Court's 2004 ruling that an American in Afghanistan could challenge his detention in U.S. courts.

Omar is described in court papers as a relative of former Iraq al-Qaida leader Abu Musab al-Zarqawi. Authorities say Omar also plotted to kidnap foreigners from Baghdad hotels.

Attorneys for Omar's family say he is innocent and likely to be tortured if handed over to the Iraqi government. They say he is a businessman who was seeking reconstruction contracts in Iraq.

Despite their skepticism for the government's argument, the three judges suggested that the Omar family attorney, Aziz Huq, might be reading too much into the law.

Even if the court sided with Omar, the judges said the military might only be required to release him, not to transfer him to a U.S. court. That wouldn't prevent him from being arrested and charged by Iraqis.

Separately, Omar was indicted in Jordan with Zarqawi and 11 others on charges they plotted a chemical attack against Jordan's intelligence agency.

The court did not rule Monday. Rulings typically take months.

Omar spent about 11 months in the Minnesota National Guard before being discharged in November 1984 without completing his training. He received an "uncharacterized discharge," meaning he was discharged for such things as health problems or poor performance, a Guard spokeswoman has said.

According to the Star Tribune of Minneapolis, Omar's wife, Sandra, has said she and her husband moved to Jordan in 1995. She said came to the U.S. on a student visa in 1979. She said they met in 1982 and got married in 1983 in South Dakota. They lived in Brainerd, Minn., from August 1983 to July 1984. He became a U.S. citizen in 1984.

END

Boston Globe
Septemer 12, 2006

Lawsuit: US health plans bilked; Merck KGaA unit accused of inflating Medicare charges

September 12, 2006

Merck KGaA's U S generic-drug unit was accused by the Department of Justice yesterday of overcharging government health-insurance programs for medicines.

The lawsuit, called a whistle-blower or ``qui tam" action, was filed in the U S District Court in Massachusetts. Merck's unit, called Dey, inflated prices to Medicare and Medicaid by more than five times since at least the beginning of January 1993, the department said in an e-mailed statement yesterday.

More than a dozen states and U S prosecutors have alleged in lawsuits that drug companies charged government health plans too much for medicines. The cases have gained momentum as the value of the prescription drug market in the United States surged to more than $252 billion a year, driving up medical costs.

``Dey engaged in a scheme to report fraudulent and inflated prices for several pharmaceutical products, knowing that federal healthcare programs established reimbursement rates based on those reported prices," the department said in the statement.

Merck is the world's number three generic-drug maker, behind Teva Pharmaceutical Industries Ltd. and Novartis AG. Merck spokeswoman Phyllis Carter couldn't be immediately reached for comment. The Dey unit was founded in 1978, and is based in Napa, Calif .

Merck, which isn't related to Whitehouse Station, N.J.-based Merck & Co., traces its history to 1668. It sells generic medicines and controls about 70 percent of the global market for liquid crystals used to make flat-panel displays.

The federal False Claims Act is a Civil War-era law that lets individuals known as ``whistle-blowers" sue for fraud on behalf of the government and be rewarded with as much as 25 percent of any money recovered. The Justice Department investigates and decides whether to join the suit.

The department is joining a lawsuit filed by a Florida provider of home treatment, Ven-A-Care of the Florida Keys Inc. and its principals. The lawsuit was assigned to U S District Court Judge Morris E. Lasker in Boston.

END

Modern Healthcare

September 11, 2006 04:00 PM EDT

U.S. joins fraud suit against generic-drug firm

The Justice Department joined a False Claims Act lawsuit alleging that Dey, Napa, Calif., a maker of generic respiratory drugs, was overpaid by Medicare and state Medicaid programs by more than $500 million since 1993 because the company reported false prices for its products. Ven-A-Care of the Florida Keys filed the initial whistle-blower complaint. The home-infusion company, based in Key West, Fla., has successfully settled several similar whistle-blower suits against drugmakers and other healthcare companies. Medicare and Medicaid reimburse drugmakers based on the prices they report for their products. According to the complaint, Dey allegedly reported prices five times higher than it actually charged. Dey denied wrongdoing and in a statement said it "has consistently participated legally and ethically within national and state reimbursement systems" and "intends to defend itself vigorously against the Justice Department's claims."

"When virtually an entire industry is sued -- as has been the case with the pricing lawsuits that have been filed around the country by dozens of attorneys general -- it indicates that the real issue is not the industry's conduct, but rather the government's own reimbursement system," said John Kling, Dey's senior vice president for legal services. The company has settled similar charges with three state Medicaid programs. The company is a subsidiary of Merck KGaA, a German-based drug and chemical manufacturer not associated with Merck & Co. -- *by Mark Taylor*

END

AP

September 11, 2006

N.J. gets $500K settlement from GlaxoSmithKline in fraud case

WASHINGTON_New Jersey will get nearly $500,000 from GlaxoSmithKline PLC to settle claims it overcharged the government for two anti-nausea drugs, New Jersey prosecutors announced Monday.

"Every dollar lost to fraud or abuse is one less dollar available to help the most needy citizens of our state," Greta Gooden

Brown, a state insurance fraud prosecutor, said in a statement released Monday.

New Jersey was reimbursed $472,382 from the company's $149 million national settlement with the Department of Justice.

Glaxo engaged in a scheme to inflate the price of Zofran and Kytril for the Medicare and Medicaid programs, which reimburse health care providers based on the manufacturers' prices, the government said. The drugs, typically administered in doctors' offices or hospitals, are used mainly to counter nausea brought on by chemotherapy and radiation.

The company charged health care providers less for the drugs, knowing the providers would get to pocket the difference and would be more likely to prescribe them again, the Justice Department said.

Glaxo admitted no wrongdoing as part of the settlement, which covers claims submitted from 1994 to 2002.

END

AP

September 12, 2006

N.J. presses U.S. on program of clandestine surveillance; It contends the program violates the state's rules protecting the privacy of telephone subscribers.

By Beth Defalco
Associated Press

TRENTON - New Jersey has the right to obtain information about a federal domestic-surveillance program because that program is no longer a secret, the state argued in response to federal efforts to quash its investigation.

The U.S. Justice Department wants to throw up "an impenetrable cloak insulating the federal government's domestic-surveillance activities from all judicial scrutiny," acting New Jersey Attorney General Anne Milgram said yesterday.

New Jersey prosecutors subpoenaed 10 phone companies in May because of suspicion that state consumer-protection laws were being violated if phone companies were turning over records to the National Security Agency.

The federal government countersued the New Jersey Attorney General's Office in June, contending that complying with the state's subpoenas or even acknowledging the existence of such a program would threaten national security.

The state, in its response filed late Friday, argued: "There is no secret for the state-secret privilege to protect."

New Jersey Public Advocate Ronald K. Chen argued that the federal government has no authority to sue state officials unless Congress authorized the action, which it has not.

Justice Department spokesman Charles Miller declined to comment, saying only that federal prosecutors would "respond in court."

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

The federal government considers the program vital to fighting terrorism, but critics say it unconstitutionally gathers private information.

Federal officials have objected to efforts by several states and civil-liberties groups to investigate or shut down the NSA program. Most recently, the United States sued a Connecticut agency last week and Maine utility regulators last month.

END

Washington Post

September 12, 2006

DOJ_NMG_0062033

Justice Department Lawyers Lose Appeal on Overtime Pay

By Stephen Barr

There's no dispute that Justice Department lawyers worked overtime and on holidays, and there's evidence the lawyers were "expected and induced" to work extra hours. But that's not enough to win back pay, a federal court ruled yesterday.

Overtime hours must be "ordered or approved" in advance for pay purposes, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit said.

The ruling is the latest in a long-running class-action lawsuit involving more than 9,000 Justice Department lawyers, but it's not the end of the case.

The agency lawyers, represented by Williams & Connolly LLP, will appeal the decision to the Supreme Court, said *Robert A. Van Kirk* , a lawyer for the firm.

"The Federal Circuit's decision essentially guts the Federal Employees Pay Act and gives federal agencies the green light to disregard the mandatory overtime provisions of the law," Van Kirk said.

The Justice Department would not comment on the ruling. In the past, the department has said that its lawyers are professionals who accept that they will work more than 40 hours a week to carry out their responsibilities.

Yesterday's ruling was the second defeat for the Justice Department lawyers -- many are assistant U.S. attorneys -- at the circuit court. They had prevailed in a federal claims court only to see that decision reversed on an appeal by the department. The lawyers went back to the circuit court in hopes of readdressing certain issues in the case.

The agency lawyers are seeking compensation for overtime, holiday and "administratively uncontrollable overtime," a special pay category. The department has said the case covers the period between 1992 to 1999, but the lawyers think the case could extend to the present.

The back pay at stake is substantial -- a 2001 estimate suggested it could be as high as $500 million. That year, the department successfully lobbied for legislation that it thinks will prevent the use of appropriated funds to pay overtime to its lawyers. That tactic brought criticism from some House members, who said the department was not leading by example and should conduct itself beyond reproach.

Yesterday's ruling, issued by federal Circuit Court Judges *Alvin A. Schall* , *Randall R. Rader* and *Sharon Prost* , focused on precise language in the 1945 federal pay law and in federal regulations. At issue was the court's finding that overtime hours must be approved in advance in writing and that the lawyers were not on a list of Justice Department employees who qualify for uncontrollable overtime -- a pay differential that goes to criminal investigators and others who regularly work long and irregular hours because of their assignments. The court also said an earlier ruling against the lawyers was correct and precluded them from getting holiday pay.

Even though the Justice Department kept two sets of books on the lawyers -- one for pay purposes and one for determining actual hours worked -- the court rejected for a second time the lawyers' argument that the records represented the department's approval of the extra hours.

"These records merely showed that the agency had awareness that attorneys worked extra hours -- not that they had been authorized to receive overtime pay for working extra hours," the court said.

When lawyers asked about overtime, they were told they were not entitled. The department also told lawyers there was no system in place to request overtime, according to the plaintiffs.

END

FindLaw

September 12, 2006

Commentary: A Judge Accepts a Claim Paralleling the Mafia and the Tobacco Industry

By ANTHONY J. SEBOK

On August 17, Judge Gladys Kessler of the U.S. District Court for the District of Columbia issued a 1683 page set of findings and order that ended one of the longest, strangest suits the tobacco companies have ever had to face. The decision is remarkable--it is an exhaustive and careful consideration of claim that the tobacco industry is, well, like the mafia. And the judge basically said: Yes. It is.

This case, which I have written about earlier for this site - including in this most recent column **--** has ended (if it has indeed ended) with a whimper, not a bang. And, as I will explain, it may not have ended quite yet.

The History of the Suit

The suit was begun by the Clinton Department of Justice (DOJ), which tried to bring a battery of claims against the tobacco industry. The Clinton DOJ considered, and abandoned the idea of, a criminal indictment under the Racketeering-Influenced Corrupt Organizations Statute. But it did bring a civil RICO claim. (In addition, the Clinton DOJ sued for reimbursement under theories similar to those successfully brought by the states in the mid-90's, but without success.)

Under the civil RICO claim - the only claim that was left, in the end -- the Attorney General sued Big Tobacco for "injunctive relief" to prevent it from committing, in the future, wrongdoing similar to that it had committed in the past. But DOJ hoped to get money too: The Clinton Justice Department's attorneys figured that, if they could show that the entire tobacco industry was engaged in interstate mail and wire fraud when it lied about the health consequences of smoking, then they could at least get some sizeable disgorgement of ill-gotten profits from the industry.

But that was all back in 1999. Since 2000, of course, Republicans have been in charge - and they have been less than enthusiastic about the suit. . In particular, the Bush Administration has seemed to pursue it in a desultory fashion.

With only the "disgorgement" claim left in the case as a potential source of a monetary award, the tobacco companies filed an interlocutory appeal (that is, an appeal in the midst of the case) to the U,S. Court of Appeals for the D.C. Circuit. It asked the D.C. Circuit to clarify what "injunctive" relief really means under civil RICO. The D.C. Circuit answered that the injunction had to be "forward looking," and that took disgorgement - a remedy that looked to the ill-gotten profits of past bad conduct -- off the table.

Judge Kessler's Recent - and Scathing - Opinion Condemning Big Tobacco

And yet the case would not die. Judge Kessler wouldn't let it.

Column continues below ↓

And last month, she finally got her chance to pass judgment. Her opinion is scathing in its treatment of the industry--she basically found that the industry had engaged in widespread fraud for over forty years--and in its comments about the law firms who had worked tirelessly to insulate the industry from liability during that time. And then came the remedy section.

In a 1683-page opinion, the remedy was only 20 pages long. Judge Kessler had indicated earlier that the D.C. Circuit had tied her hands, and that, therefore, she was forced to come up with a remedy that would both survive on appeal and express her fury at the industry. So, since she could not really punish the industry or make its companies pay, she decided to shame the companies instead.

Judge Kessler's Shaming Remedy Is Ingenious - But Doesn't Impress the Market

She ordered the industry to, in effect, wear a big scarlet A for the next few years. For two years, the industry will have to attach special stickers on every pack of cigarettes they sell. Each sticker will contain a special "corrective statement" explaining that cigarettes may cause illness and that nicotine is addictive.

For one year, Big Tobacco will also have to broadcast television ads on national evening news programs that say the same thing. And Big Tobacco will have to take out full-page ads in the major Sunday papers that also repeat the corrective statement.

Finally, the companies are forbidden from using the words "light" or "low tar" or "mild" in their packaging. That's right: No more "Marlboro Lights."

After the decision came out, the share prices of the tobacco companies all hit new highs. Basically, the market's and the companies' view was: "Sticks and stones (and damage awards) can break our bones, but names will never hurt us."

When the suit was initiated in 1999, the Clinton Justice Department had asked for a remedy of a $480 billion disgorgement--profits from 40-plus years of the racketeering enterprise. The remedy ordered by Kessler is humiliating, but the industry is sure that it can survive it.

And yet, the industry is sure to appeal. Why?

Why the Industry Will Appeal: Rebranding and Overseas Marketing Limits

The one forward-looking remedy ordered by the judge that could really hurt the bottom line of the company is the abandonment of the words "light" or "low tar" from any packaging or advertising.

This would require a huge rebranding effort. And the cost of that effort is not the only downside of the order. The abandonment of familiar logos and labels means that established consumer loyalties will be uprooted, and each company will have a chance to poach customers off of each other.

From the industry's perspective, a further, and much more disturbing, potential result of the judge's order is that it will have to conform to her demands overseas. The overseas market represents the true growth area for the industry, and anything that might inhibit the firms' freedom to market their product as they see fit is a negative for them.

It is not obvious that a federal judge can order a defendant to conform with the demands of an injunction even when it does business overseas. Obviously, conduct performed in the United States that has an effect overseas can be enjoined

DOJ_NMG_0062035

by a federal judge. But what about an injunction that separately reaches domestic conduct, and identical conduct occurring overseas? Is only the domestic component of such an injunction valid.

The authority for the federal statute under which Kessler issued her order is the Commerce Clause of the U.S. Constitution. Yet various decisions, especially in the area of antitrust, have held that the power of Congress to control purely foreign conduct is quite limited.

Furthermore, there is a significant comity question. In many foreign countries, tobacco sales are controlled by the state. Questions about packaging, and especially the health statements on packaging, are often regulated by foreign governments. Even assuming the Constitution does grant federal judges the power to enjoin purely foreign activity, that power may be limited where a foreign government had already "occupied the field" and does not want to share the field with a federal judge in Washington, D.C.

Can Judge Kessler tell the French subsidiary of Philip Morris that it must put an "onsert" in its packages that announces that the American tobacco companies lied in the past? Can she prohibit the use of the word "light" in a package printed and marketed in Turkey? Maybe, but I think it is unlikely.

Why Judge Kessler's Remedies Are Likely to Be Stayed Pending Appeal

All these considerations make me think that there is a good chances the D.C. Court of Appeals will stay the judge's order (that is, render it temporarily ineffective) until it can rule on the appeal. (The DOJ has appealed too, but its claims seem less likely to succeed).

The industry asked Kessler to stay her order four weeks ago, on the grounds that compliance would cause "irreparable injury" if her judgment were ultimately reversed. Kessler refused, but Big Tobacco now has a second bite at the apple with the Court of Appeals, and I think the pressure is mounting on the Court of Appeals to grant the stay.

There is a good case for irreparable injury, here, after all. When and if Judge Kessler's order takes effect, it will trigger a long and costly rebranding operation and a long and difficult series of negotiations with other countries. Both the operations and negotiations, however, could turn out to be unnecessary if the D.C. Circuit overrules Judge Kessler.

END

DOJ_NMG_0062036

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Owens, Angela (ENRD)

From: Owens, Angela (ENRD)

Sent: Tuesday, September 12, 2006 11:30 AM

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Subject: Attached is ENRD's Weekly Report to the AG...

Attachments: #104157-v1-AG_Weekly_Report_-_Sept__12__2006.DOC

U.S. Department of Justice

Environment and Natural Resources Division

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September 12, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

NEXT WEEK

Nothing to report.

THIS WEEK

- ***Legislative Response to Cobell Litigation***

ENRD and the Civil Division continue to work closely with the Senate Indian Affairs Committee on proposed revisions to S. 1439 (sponsored by Senators McCain and Dorgan to address, among other things, the claims at issue in the Cobell trust litigation). A markup on the bill is tentatively scheduled for this Thursday, September 14. ENRD also continues to work with the Department of the Interior and OMB on proposed solutions to management issues involving the Individual Indian trusts, including fractionation of individual interests, some of which may be included in the revisions to S. 1439.

LAST WEEK

- ***Preliminary Decision in National Audubon Society v. Norton (D. Alaska) (Petroleum Reserves Leasing Case)***

On September 6, the district court issued a preliminary decision in this National Environmental Protection Act and Endangered Species Act challenge of the Bureau of Land Management's

(BLM) changes to the Integrated Activity Plan for oil and gas leasing in the Northeast Planning Area of the National Petroleum Reserve - Alaska (NPRA). Although the decision would rule for BLM on certain aspects of plaintiff's challenges, it would rule for plaintiffs on the adequacy of the cumulative impacts analysis in the Environmental Impact Study (for failure to adequately consider the impacts of leasing in the adjoining Northwest Planning Area of the NPRA) and the adequacy of the biological opinion. The preliminary decision would enjoin the first lease sale under the revised plan, which is scheduled for September 27. The court has ordered the parties to file supplemental briefs on the preliminary decision this week and next. Some press coverage of this case has failed to recognize the preliminary nature of the current ruling and has reported that oil and gas leasing have been enjoined. While no injunction has yet issued, there is risk that one will issue in the coming weeks.

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From: Owens, Angela (ENRD)

Sent: Tuesday, September 12, 2006 11:31 AM

To: Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Ferguson, Russ (ENRD); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William (ENRD); Magnuson, Cynthia; Mahan, Ellen (ENRD); Maher, Robert (ENRD); Mariani, Tom (ENRD); McCallum, Robert (SMO); McKeown, Matt (ENRD); Mergen, Andy (ENRD); Milius, Pauline (ENRD); Miller, Charles S; Miranda, Gail (ENRD); Monson, Peter C (ENRD); Nelson, Ryan (ENRD); Newton, Cullen (ENRD); O'Connor, Eileen J. (AAG/TAX); Randall, Gary (ENRD); Ranger, Steven (ENRD); Rogers, Cherie (ENRD); Samuels, Stephen (ENRD); Saxe, Keith (ENRD); Schachter, Scott (ENRD); Schiffer, Stuart (CIV); Senger, Jeffrey M; Shaw, Aloma A; Shockey, Charles (ENRD); Sither, John (ENRD); Smith, Justin (ENRD-LPS Attorney); Smith, Marc (ENRD); Sobeck, Eileen (ENRD); Stoller, Stacy (ENRD); Turner, John (ENRD); Uhlmann, David (ENRD); Vaden, Christopher (ENRD); Wardzinski, Karen (ENRD); Webb, John T. (ENRD); Williams, Jean (ENRD); Wooldridge, Sue Ellen (ENRD); Young, Russell (ENRD); Zwick, Ken (CIV)

Subject: Attached is ENRD's Weekly Report to the AG...

Attachments: #104157-v1-AG_Weekly_Report_-_Sept__12__2006.DOC

U.S. Department of Justice

Environment and Natural Resources Division

Assistant Attorney General
950 Pennsylvania Avenue, N.W.
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Facsimile (202) 514-0557

September 12, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

NEXT WEEK

Nothing to report.

THIS WEEK

- ***Legislative Response to Cobell Litigation***

ENRD and the Civil Division continue to work closely with the Senate Indian Affairs Committee on proposed revisions to S. 1439 (sponsored by Senators McCain and Dorgan to address, among other things, the claims at issue in the Cobell trust litigation). A markup on the bill is tentatively scheduled for this Thursday, September 14. ENRD also continues to work with the Departments of the Interior and Treasury and with OMB on proposed solutions to management issues involving the Individual Indian trusts, including fractionation of individual interests, some of which may be included in the revisions to S. 1439.

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(BLM) changes to the Integrated Activity Plan for oil and gas leasing in the Northeast Planning Area of the National Petroleum Reserve - Alaska (NPRA). (Additional leasing in the eastern part of NPRA was a recommendation of the President's National Energy Policy Development Group.) Although the decision would rule for BLM on certain aspects of plaintiff's challenges, it would rule for plaintiffs on the adequacy of the cumulative impacts analysis in the Environmental Impact Study (for failure to adequately consider the impacts of leasing in the adjoining Northwest Planning Area of the NPRA) and the adequacy of the biological opinion. The preliminary decision would enjoin the first lease sale under the revised plan, which is scheduled for September 27. The court has ordered the parties to file supplemental briefs this week and next on the preliminary decision. Some press coverage of this case has failed to recognize the preliminary nature of the current ruling and has reported that oil and gas leasing have been enjoined. While no injunction has yet issued, there is risk that one will issue in the coming weeks.

DIVISION CONTACT

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Assistant Attorney General
(202) 514-2701

DOJ_NMG_0062043

Owens, Angela (ENRD)

From: Owens, Angela (ENRD)

Sent: Tuesday, September 12, 2006 11:31 AM

To: Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Ferguson, Russ (ENRD); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William (ENRD); Magnuson, Cynthia; Mahan, Ellen (ENRD); Maher, Robert (ENRD); Mariani, Tom (ENRD); McCallum, Robert (SMO); McKeown, Matt (ENRD); Mergen, Andy (ENRD); Milius, Pauline (ENRD); Miller, Charles S; Miranda, Gail (ENRD); Monson, Peter C (ENRD); Nelson, Ryan (ENRD); Newton, Cullen (ENRD); O'Connor, Eileen J. (AAG/TAX); Randall, Gary (ENRD); Ranger, Steven (ENRD); Rogers, Cherie (ENRD); Samuels, Stephen (ENRD); Saxe, Keith (ENRD); Schachter, Scott (ENRD); Schiffer, Stuart (CIV); Senger, Jeffrey M; Shaw, Aloma A; Shockey, Charles (ENRD); Sither, John (ENRD); Smith, Justin (ENRD-LPS Attorney); Smith, Marc (ENRD); Sobeck, Eileen (ENRD); Stoller, Stacy (ENRD); Turner, John (ENRD); Uhlmann, David (ENRD); Vaden, Christopher (ENRD); Wardzinski, Karen (ENRD); Webb, John T. (ENRD); Williams, Jean (ENRD); Wooldridge, Sue Ellen (ENRD); Young, Russell (ENRD); Zwick, Ken (CIV)

Subject: Attached is ENRD's Weekly Report to the AG....

Attachments: #104157-v1-AG_Weekly_Report_-_Sept__12__2006.DOC

U.S. Department of Justice

Environment and Natural Resources Division

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September 12, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

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DIVISION CONTACT

Sue Ellen Wooldridge
Assistant Attorney General
(202) 514-2701

DOJ_NMG_0062046

Ferguson, Russ (ENRD)

From: Ferguson, Russ (ENRD)
Sent: Tuesday, September 12, 2006 11:56 AM
To: Owens, Angela (ENRD); Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William (ENRD); Magnuson, Cynthia; Mahan, Ellen (ENRD); Maher, Robert (ENRD); Mariani, Tom (ENRD); McCallum, Robert (SMO); McKeown, Matt (ENRD); Mergen, Andy (ENRD); Milius, Pauline (ENRD); Miller, Charles S; Miranda, Gail (ENRD); Monson, Peter C (ENRD); Nelson, Ryan (ENRD); Newton, Cullen (ENRD); O'Connor, Eileen J. (AAG/TAX); Randall, Gary (ENRD); Ranger, Steven (ENRD); Rogers, Cherie (ENRD); Samuels, Stephen (ENRD); Saxe, Keith (ENRD); Schachter, Scott (ENRD); Schiffer, Stuart (CIV); Senger, Jeffrey M; Shaw, Aloma A; Shockey, Charles (ENRD); Sither, John (ENRD); Smith, Justin (ENRD-LPS Attorney); Smith, Marc (ENRD); Sobeck, Eileen (ENRD); Stoller, Stacy (ENRD); Turner, John (ENRD); Uhlmann, David (ENRD); Vaden, Christopher (ENRD); Wardzinski, Karen (ENRD); Webb, John T. (ENRD); Williams, Jean (ENRD); Wooldridge, Sue Ellen (ENRD); Young, Russell (ENRD); Zwick, Ken (CIV)
Subject: RE: Attached is ENRD's Weekly Report to the AG...
Attachments: #37266-v1-revised_ENRD_weekly_AG_report.DOC

Revised AG Weekly Report attached.

Best,
Russ

From: Owens, Angela (ENRD)
Sent: Tuesday, September 12, 2006 11:31 AM
To: Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Ferguson, Russ (ENRD); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William

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Subject: Attached is ENRD's Weekly Report to the AG…

<< File: #104157-v1-AG_Weekly_Report_-_Sept__12__2006.DOC >>

U.S. Department of Justice

Environment and Natural Resources Division

Assistant Attorney General
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September 12, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

NEXT WEEK

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Sue Ellen Wooldridge
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(202) 514-2701

DOJ_NMG_0062050

From: USDOJ- Office of Public Affairs
Sent: Tuesday, September 12, 2006 2:59 PM
To: USDOJ- Office of Public Affairs
Subject: ATTORNEY GENERAL ALBERTO R. GONZALES HONORS EMPLOYEES AND OTHERS AT THE DEPARTMENT OF JUSTICE'S ANNUAL AWARDS CEREMONY

Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 12, 2006
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TDD (202) 514-1888

ATTORNEY GENERAL ALBERTO R. GONZALES HONORS EMPLOYEES AND OTHERS AT THE DEPARTMENT OF JUSTICE'S ANNUAL AWARDS CEREMONY

Individuals Involved in Enron Trial Receive Top Awards

WASHINGTON -- More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. The Attorney General's Annual Awards Ceremony provides an opportunity to recognize the extraordinary accomplishments of a number of U.S. Department of Justice employees as well as individuals from outside the Department.

Deputy Attorney General Paul J. McNulty presented the Department's highest award, the Attorney General's Award for Exceptional Service, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud. This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions. The team's unparalleled dedication and teamwork over a period of years has made a significant contribution to restoring confidence in the nation's securities markets.

"Today's award recipients make me proud to be their colleague," said Attorney General Alberto R. Gonzales. "Their dedication and achievements remind me why it is an honor to serve at the Department of Justice."

The recipients of the Attorney General's Award for Exceptional Service from this team include:

From the Northern District of Illinois, Sean M. Berkowitz, Assistant U.S. Attorney; from the District of Columbia, Kathryn H. Ruemmler and Lisa O. Monaco, Assistant U.S. Attorneys; from the Central District of California, John C. Hueston, Supervisory Assistant U.S. Attorney, Robb C. Adkins and Andrew D. Stolper, Assistant U.S. Attorneys; from Northern District of California, J. Douglas Wilson, Assistant U.S. Attorney and Leslie R. Caldwell, Former Supervisory Assistant U.S. Attorney; from Northern District of Texas, Clifford B.

DOJ_NMG_0062051

Stricklin Special Assistant U.S. Attorney; from Eastern District of New York, Benton J. Campbell and Linda A. Lacewell, Assistant U.S. Attorneys, and Andrew Weissmann, former Assistant U.S. Attorney; from District of Massachusetts, David H. Hennessy, Assistant U.S. Attorney and Samuel W. Buell, Former Assistant U.S. Attorney.

Also part of the team were members of the Criminal Division: John A. Drennan, Trial Attorney, Appellate Section; Leo J. Wise, Trial Attorney; Linda B. Walls, Lead Paralegal Specialist, Fraud Section; Matthew W. Friedrich, Principal Deputy Assistant Attorney General and Chief of Staff, Office of the Assistant Attornet General. The temaining team members are part of the Federal Bureau of Investigation. Those being honored include Michael E. Anderson, Supervisory Special Agent; Raju S. Bhatia, David Michael Hays, Kendall L. Hopper, Jeffrey D. Jenson, Jill Odom, and Chad J. Nunez, Special Agents; Loren P. Feast, Susan K. Ridley, and Tonja K. Rose, Financial Analysts; Pamela Joan Jerding, Paralegal Specialist, Houston Division; David F. Reign, Supervisory Special Agent; Paul E. Holdeman, Paula L. Schanzle, Marc R. Diehl, Brian L. Crews, Jeffrey C. Dutton, and Gregory H. Bristol, Special Agents, Washington Field Office; and Anne Hopkins, Supervisory Special Agent, Security Division.

The Attorney General's Award for Distinguished Service is the Department's second highest award for employee performance. The recipients of this award exemplify the highest commitment to the Department's mission. Twelve Distinguished Service Awards were presented this year.

In the aftermath of Hurricane Katrina, many Department employees responded to assist those most impacted. The first award was presented to employees whom prioritized the needs of others and service to the public above their personal needs. Members of the team includes, from the Drug Enforcement Administration, Kevin C. Harrison, Assistant Special Agent in Charge; Joseph Ruggerio, Retired Group Supervisor, New Orleans Field Division; Jack H. Schumacher, Group Supervisor, Hoston Field Division; Benjamin F. Hafer, Special Agent Pilot, Aviation Division, South Central Aviation Office; Daniel R. Salter, Assistant Special Agent in Charge, Dallas Field Division. From the U.S. Marshals Service, Roxanna L. Irwin, Chief Deputy U.S. Marshal, Eastern District of Louisianna. From the Federal Burau of Investigatuion, Michael J. Wolf, Special Agent in Charge and Todd B. Cox, Supervisory Special Agent, New Orleans Field Office. From Office of Legal Counsel, Rosemary A. Hart, Special Counsel. From the Federal Bureau of Alcohol, Tobacco, Firearms, and Exploseives, Elizabeth D. Chatelain, Division Council, New Orleans Field Division of Alcohol, Tobacco, Firearms and Explosives; from the Eastern District of Louisianna, U.S. Attorney James B. Letten; and from the Middle District of Louisianna, U.S. Attorney David R. Dugas.

Among the above recipients for distinguished service, a team of Drug Enforcement Administration special agents assembled and assisted with security patrols, ultimately rescuing hundreds of civilians, including 90 abandoned elderly residents at a flooded nursing home.

Another honoree, Chief Deputy U.S. Marshal Roxanna L. Irwin, directed her district's recovery while ensuring that not one of the district's more than 400 prisoners was lost and by providing full protection for the district's Federal judges.

The Attorney General's Medallion was presented to James B. Letter and David R. Douglass, both U.S. Attorneys of Louisiana, for their leadership in support of response and recovery efforts in the aftermath of the storm.

The second Award for Distinguished Service was presented to Brain R. Beckwith, Training Academy Chief with the U.S. Marshall's Service. Notable acts of service include assistance in the investigations of the first World Trade Center bombing, and leadership of a deployment in the aftermath of the September 11th terrorist attacks to secure La Guardia and Kennedy airports. After Hurricane Katrina led a team to the Gulf Coast and relieved beleaguered police forces, identified and located registered sex offenders, and rounded-up

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fugitives responsible for the spike in crimes after the storm.

The third Distinguished Service Award was presented to the members of the Southeast Bomb Task Force, who pursued domestic terrorist Eric Rudolph for nine years after he attempted to disrupt the 1996 Summer Olympic Games in Atlanta, Georgia, by detonating one of the largest pipe bombs ever in the United States. Recipients of the award included: from the Federal Bureau of Investigation, John D. Behnke, John R. Cronier, James W. Cross, Jr., Danial P. Sindall, and Darin C. Werking, Special Agents; Velda L. North, Support Services Technician; Linda R. Urheim, Intelligence Analyst, Atlanta Division; Alexander Borzym II, Special Agent, Detroit Field Office; H. Joseph Ronisisvalle, Special Agent, Birmingham Field Office; Todd P. Letcher, and Tracey A. North; Special Assistants to the Deputy Director, Office of the Deputy Director and Thomas J. Mohnal, Supervisory Special Agent, Laboratory Division. Also awarded, from the Federal Bureau of Alcohol Tobacco, Firearms, and Explosives, Joseph R. Kennedy, Supervisory Special Agent, Chattanooga Field Office.

Distinguished Service Awards were presented to John J. Connors, senior Attorney, Office of Intelligence Policy and Review, for his exceptional dedication and efforts involving the Foreign Intelligence Surveillance court; Nora R. Dannehy, Supervisory Assistant U.S. Attorney, District of Connecticut, for her prosecution of significant public corruption matters, including Governor John Rowland and Connecticut Treasurer Paul Silvester; and Blane K. Dessy, Director, Library Staff, Justice Management Division for advancing the Department's library system.

Additional Awards for Distinguished Service went to Assistant U.S. Trustees: John P. Fitzgerald, Region 1; Henry G. Hobbs, Jr., Region 7; Mark A. Neal, Region 5; Cynthia A. Burnette, Region 21; and Patricia D. Fahey, Region 12. All five successfully and swiftly implemented, on a national basis, the new credit counseling and financial education requirements contained in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

Other Distinguished Service Awards were received by employees that spearheaded the Department's efforts in the appellate courts and Supreme Court in successfully defending the constitutionality of the Solomon Amendment, *Rumsfeld v. FAIR*. Award ecipients from the Solicitor General Office include Edwin S. Kneedler, Deputy Solicitor General and Irving L. Gornstein, Assistant to the Solicitor General. From the Civil Dvision, those honored included Douglas N. Letter, Appellate Litigation Counsel; Scott R. McIntosh, Special Counsel, Appellate Staff; Joseph H. Hunt, Director of the Federal Programs Branch and Vincent M. Garvey, Deputy Director of the Federal Programs Branch; and Gregory G. Katsas, Deputy Assistant Attorney General. Also included was Mark T. Quinlivan, Assistant U.S. Attorney, District of Massachusetts

Three trial attorneys from the San Francisco Field Office of the Antitrust Division were also presented with Distinguished Service Awards. Niall E. Lynch, Assistant Chief; Nathanael M. Cousins and May Y. Lee, Trial Attornetys, San Francisco Field Office. The team was responsible for significant criminal antitrust cartel prosecutions. These cases have broken up an international price-fixing cartel involving a crucial component, dynamic random access memory–DRAM–in a huge, critically important, U.S. high-technology industry.

From the Justice Management Division, Melinda B. Morgan, Director and Marcia K. Paull, Deputy Director of Finance Staff, were rewarded for providing effective leadership and direction to the Department's financial audit community.

Award recipient Barbara Rowland, Assistant U.S. Attorney for the Eastern District of Pennsylvania, resolved two significant civil fraud cases in the pharmaceutical arena, recapturing $261.5 million for Federal health care programs. Her efforts resulted in passing the benefit of the lowest price available in the marketplace to Medicaid beneficiaries.

Another honored recipient, Bryan Sierra, Public Affairs Specialist, has expertly managed media

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relations for complex and high profile cases, including the Padilla case, Enron, and the Moussaoui trial. His efforts to explain to the public the important work of the Department are extraordinary–he consistently goes beyond the call of duty, even accepting the dangerous mission of traveling with the Attorney General to Iraq in July, 2005.

In recognition of outstanding professional achievements by law enforcement officers, four Excellence in Law Enforcement Awards were presented this year.

Special Agents David P. Biddiscombe and James Langtry, New York Division, Federal Bureau of Investigation and Detective Robert J. Brzeski, Detective, Nassau County Police Department, New York, were honored for dismantling the *Velt Gangsta Lanes* set of the Bloods gang in Roosevelt, New York, as part of the joint federal and local *Operation Streetsweeper*. Their efforts resulted in the apprehension and conviction of 22 Bloods gang members on racketeering charges involving narcotics trafficking, assaults with firearms and incendiary devices, murder and attempted murder.

The second award for Excellence in Law Enforcement was presented to Christopher M. Garay, an Emergency Medical Technician from the Federal Correctional Complex in Tucson, Az, part of the Federal Bureau of Prisons, who fought his way out of a housing unit overtaken by inmates. His concern for fellow staff members after the disturbance was noted.

Another distinguished group was awarded for their contributions in the investigation of former New York City Police Department detectives Louis Eppolito and Stephen Caracappa, who exploited their law enforcement positions to perpetrate a broad range of racketeering acts on behalf of the Luchese organized crime family. Honorees included, from the Drug Enforcement Administration, John M. Peluso, Assistant Special Agent in Charge; and Special Agents Mark Z. Manko, John E. Perfetti, John P. Francolla, Geraldine A. Hart, and David J. Wolf , all from the New York Field Division. Those honored from the Federal Bureau of Investigation included Geraldine A. Hart and David J. Wolf, Special Agents in the New York Division.

The Award for Excellence in Law Enforcement was also presented to members of an agency task force who conducted a 22 month investigation to catch a serial arsonist. The arsonist was responsible for the deaths of two people within the Washington Metropolitan Area. All individuals honored serve in the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives. The list included Theresa R. Stoop, Special Agent in Charge; David L. McCain, Assistant Special Agent in Charge; William J. Stringer, Group Supervisor; Thomas R. Daley, Scott R. Fulkerson, Tijuana N. Patty, Special Agents, Baltimore Field Division; and Joseph M. Riehl, Chief, Arson and Explosives Programs Division.

The Attorney General's Award for Excellence in Furthering the Interests of U.S. National Security was presented to the trial team involved with the Moussaoui case. Members of the team overcame numerous obstacles in what was an extremely complex and extended national security case. Ultimately, they were able to uphold the Department's goal–the prevention of terrorist attacks and the protection of national security–by securing the guilty plea of an avowed al Qaeda terrorist, and seeing that he spends the rest of his days in prison.

Members of the team included, from the Ceriminal Division, John W. Van Lonkhuyzen, Trial Attorney; Gregory A. Miller, Counterterrorism Support Specialist and Security Officer; Suzette R. Buttram, Former Paralegal Specialist, Counterterrorism Section. Awarded from the Eastern District of Virginia were David J. Novak, Senior Litigation Counsel; Karen M. Spinks, Victim Witness Coordinator; Aaron M. Zebley, Assistant U.S. Attorney; Nancy J. Kramp, Lynn H. Johnson and Sheila A. Lee, Paralegal Specialists; Debra C. Vainio, Lead Legal Assistant; Pamela A. Benson and Michael J. Tesar, Intelligence Research Specialists; Crystal A. Griego, Victim Witness Specialist; and Robert A. Spencer, Former Supervisory Assistant U.S. Attorney. Those honored from the Southern District of New York included David A. Raskin, Assistant U.S. Attorney; Henry J. Brady, Jr., Intelligence Research Specialist; Gerard C. Francisco, Legal Administration Specialist; and Wendy

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Olsen Clancy, Victim Witness Specialist. Members of the team from the Civil Rights Division include Kevin Gingras, Trial Attorney, Criminal Section. Hose from the FBI include James M. Fitzgerald, Brian L. Getson, Lisa M. Rich, and Matthew M. Gutierrez, Special Agents; Joan-Marie Turchiano, Supervisory Special Agent; Brenda Holley, Technical Information Specialist, New York Division; Jacqueline Maguire and Matthew G. Walsh, Special Agents, Washington Field Office; Lisa B. Eie, Special Agent, San Diego Field Office. From the Justice Management Division, the team included Christine E. Gunning, Security Specialist, Security and Emergency Planning Staff. Also awarded was Raymond A. Guidetti, Detective Sergeant First Class, New Jersey State Police; and from the Central Intelligence Agency, Jonathan H. Ferry and John L. McPherson, Agents.

The Mary C. Lawton Lifetime Service Award went to David Margolis, Associate Deputy Attorney General, Office of the Deputy Attorney General. Throughout his career, David Margolis has exemplified the dedicated public service, leadership, and integrity demonstrated by Mary C. Lawton. The contributions that Mr. Margolis has made to the Department are not simply characterized by length of service. His impact on the Department's policy and practices, his integrity and reliability, and his dedication to the cause of justice are hallmarks of his character.

A number of other awards also were presented:

THE ATTORNEY GENERAL'S AWARD FOR EXCELLENCE IN MANAGEMENT

Frank V. Hall
Director of Administration
U.S. Attorney's Office
Middle District of Florida

THE ATTORNEY GENERAL'S AWARD FOR EXCELLENCE IN INFORMATION TECHNOLOGY

Catherine M. Harnett
Chief of Demand Reduction Programs
Maureen C. Bory
Demand Reduction Coordinator
Deborah S. Augustine
Victim Witness Specialist
Michael J. Turner
Special Agent/Staff Coordinator
Demand Reduction Section
Tammy L. Bowman
Amy L. Warren
Barbara L. Wetherell
Public Affairs Specialists
Office of Congressional and Public Affairs

Greg D. Kesner
Electronics Engineer
Operational Technology Division
Federal Bureau of Investigation

Wayne E. Towson
Information Technology Specialist
Information Technology Section

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U.S. National Central Bureau of Interpol

THE ATTORNEY GENERAL'S AWARD FOR EQUAL EMPLOYMENT OPPORTUNITY

Alice H. Roberson
Mail Supervisor
Facilities and Logistics Services Division
Federal Bureau of Investigation

THE ATTORNEY GENERAL'S AWARD FOR EXCELLENCE IN LEGAL SUPPORT

PARALEGAL CATEGORY

Leeodie F. Cox
Supervisory Paralegal Specialist
Office of International Affairs
Criminal Division

Deidre Williams
Paralegal Specialist
Office of General Counsel
Federal Bureau of Prisons

LEGAL SUPPORT CATEGORY

Brian Allen Barker
Kathleen L. Crowl
Richard H. Dean
Roberta A. Hatcher
Charles R. Mays
Sarah E. Phillips
Dorothy L. Riddle
M. Jeanne Zickefoose
Legal Administrative Specialists
Todd D. Mullenax
Supervisory NICS Liaison Specialist
R. Marc Chamberlain
NICS Liaison Specialist
Criminal Justice Information Services Division
Federal Bureau of Investigation

THE ATTORNEY GENERAL'S AWARD FOR EXCELLENCE IN ADMINISTRATIVE SUPPORT

ADMINISTRATIVE CATEGORY

Eva M. Gilbert
Special Deputation Specialist
Investigative Services Division
U.S. Marshals Service

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Diane M. Raney
Special Investigative Support Technician
Federal Correctional Institution, Phoenix
Federal Bureau of Prisons

SECRETARIAL CATEGORY

Karen A. Hanson
Staff Assistant/Office Manager
Aviation and Admiralty Section
Torts Branch
Civil Division

Cameo D. Hoey
Secretary
Disability Rights Section
Civil Rights Division

THE JOHN MARSHALL AWARD

TRIAL OF LITIGATION

Todd J. Cochran
Kevin B. Crawford
Scott R. Damelin
John C. Ekman
Stephen P. Finn
Joshua E. Gardner
Heide L. Herrmann
Sonia M. Orfield
Russell A. Shultis
Sharon A. Snyder
Marian E. Sullivan
Elizabeth A. Thomas
Trial Attorneys
Harold D. Lester, Jr.
Assistant Director
Alan J. Lo Re
Senior Trial Counsel
National Courts Section
Civil Division

Amy Jeffress
Matthew G. Olsen
Assistant U.S. Attorneys
District of Columbia

PARTICIPATION IN LITIGATION

David H. Laufman

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Stephen M. Campbell
Assistant U.S. Attorneys
Eastern District of Virginia
Marla B. Tusk
Trial Attorney
Jerry R. DeMaio
Former Trial Attorney
Counterterrorism Section
Criminal Division

Sally Quinn Yates
First Assistant U.S. Attorney
R. Joseph Burby, Jr.
John Horn
Assistant U.S. Attorneys
Phyllis B. Sumner
Former Assistant U.S. Attorney
Northern District of Georgia
William R. Chambers, Jr.
Michael W. Whisonant
Assistant U.S. Attorneys
Robert J. McLean
Former Assistant U.S. Attorney
Northern District of Alabama

SUPPORT OF LITIGATION

Kevin M. Cassidy
Noreen E. McCarthy
Andrea T. Steward
Trial Attorneys
Christopher J. Costantini
Daniel W. Dooher
Deborah L. Harris
Richard A. Poole
Senior Trial Attorneys
Andrew D. Goldsmith
Assistant Section Chief
H. Claire Whitney
Senior Counsel
Environmental Crimes Section
Environment and Natural Resources Division
Ralph J. Marra, Jr.
First Assistant U.S. Attorney
Norv McAndrew
Assistant U.S. Attorney
District of New Jersey
Robert O. Posey
Assistant U.S. Attorney
Northern District of Alabama
Arnold A. Spencer

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Supervisory Assistant U.S. Attorney
Eastern District of Texas
Leshia M. Lee-Dixon
Assistant U.S. Attorney
District of Utah

Scott J. Glick
Deputy Counsel for Criminal Matters
Office of Intelligence Policy and Review

HANDLING OF APPEALS

Alisa B. Klein
Attorney
Appellate Staff
Civil Division

David B. Salmons
Assistant to the Solicitor General
Office of the Solicitor General

PROVIDING LEGAL ADVICE

Michael J. Elston
Chief of Staff and Counselor
Office of the Deputy Attorney General

ASSET FORFEITURE

Sharon Cohen Levin
Raymond J. Lohier
Kevin R. Puvalowski
Assistant U.S. Attorneys
Southern District of New York

ALTERNATIVE DISPUTE RESOLUTION

Elizabeth L. Bacon
Josh C. Mendelsohn
Naomi H. Milton
Mellie H. Nelson
Supervisory Trial Attorneys
Beth A. Esposito
Dov Lutzker
Sunny Pietrafesa
Trial Attorneys
Mary Lou Mobley
Former Trial Attorney
Hilary L. Martinson
Attorney Advisor
Jeanine M. Worden

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Deputy Chief
Disability Rights Section
Civil Rights Division

INTERAGENCY COOPERATION IN SUPPORT OF LITIGATION

Brian R. Howe
Assistant U.S. Attorney
District of New Jersey
Stuart J. Rabner
Chief Counsel to the Governor
State of New Jersey

THE ATTORNEY GENERAL'S AWARD FOR OUTSTANDING SERVICE IN FREEDOM OF INFORMATION ACT ADMINISTRATION

J. Brian Ferrel
Senior Division Counsel for FOIA and Privacy Act Matters
Civil Trial Section, Eastern Region
Tax Division

THE ATTORNEY GENERAL'S AWARD FOR FRAUD PREVENTION

Salvador R. Perricone
Assistant U.S. Attorney
Eastern District of Louisiana
Nicola Mrazek
Trial Attorney
Jonathan J. Rusch
Senior Counsel
Paul E. Pelletier
Acting Chief
Fraud Section
Monique P. Roth
Special Counsel
Robert E. Coughlin II
Deputy Chief of Staff
Office of the Assistant Attorney General
Criminal Division
Lewis M. Chapman
Howard Schwartz
Supervisory Special Agents
Donald L. Bostic, Jr.
William M. Carter
John Brady Casey
Dewayne J. Horner
Jennifer L. Orona
Edward W. Reed
Peter G. Smith
Dennis Swikert
Special Agents

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Rebecca Lynn Giddens
Support Services Technician
New Orleans Division
Keith B. Moses
Supervisory Special Agent
Henry S. Huntsberry
Robert E. Pine, Jr.
Joseph A. Skarda
Special Agents
Jackson Division
Federal Bureau of Investigation

THE ATTORNEY GENERAL'S AWARD FOR OUTSTANDING CONTRIBUTIONS TO COMMUNITY PARTNERSHIPS FOR PUBLIC SAFETY

Peter J. Elliott
U.S. Marshal
Northern District of Ohio
Gregory A. White
U.S. Attorney
Northern District of Ohio
C. Jay Matthews
Senior Pastor
Mt. Sinai Baptist Church
Dick Russ
Managing Editor
WKYC Television
Darren B. Toms
Assistant News Director
Clear Channel WTAM
Michael C. McGraph
Chief of Police
Charles R. See
Director
Lutheran Ministries Community Re-Entry
Cleveland, Ohio
Douglas S. Weiner
D.C. Strategic Group
Aurora, Ohio
Robert L. Tobik
Public Defender
William D. Mason
Prosecutor
Thomas J. Porkorny
Court Administrator
Gerald T. McFaul
Sheriff
Cuyahoga County
Richard J. McMonagle
Administrative Judge
John E. Monce

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Director
Ohio Bureau of Criminal Investigation
London, Ohio

THE CUBBY DORSEY AWARD FOR OUTSTANDING CONTRIBUTIONS BY A WAGE GRADE SYSTEM EMPLOYEE

Joseph Lewis Sawyer
Motor Vehicle Operator Supervisor
Facilities and Logistics Services Division
Federal Bureau of Investigation

THE ATTORNEY GENERAL'S AWARD FOR OUTSTANDING CONTRIBUTIONS BY A NEW EMPLOYEE

Mark R. Freeman
Attorney
Appellate Staff
Civil Division

Allison P. Gioia
Assistant U.S. Attorney
Western District of New York

Monsita Lecaroz-Arribas
Assistant U.S. Trustee
Region 21

Jeffrey M. Tapick
Trial Attorney
Land Acquisition Section
Environment and Natural Resources Division

EDWARD H. LEVI AWARD FOR OUTSTANDING PROFESSIONALISM AND EXEMPLARY INTEGRITY

John C. Keeney
Deputy Assistant Attorney General
Criminal Division

THE ATTORNEY GENERAL'S AWARD FOR MERITORIOUS PUBLIC SERVICE

Phillip Nicholas Chapman
Christopher M. Donlan
Amber Marie Deahn
Linda C. Olson
Coeur d'Alene, Idaho

THE WILLIAM FRENCH SMITH AWARD FOR OUTSTANDING CONTRIBUTIONS TO COOPERATIVE LAW ENFORCEMENT

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Robert M. Luckett
Battalion Chief
Fire and Explosives Investigation Unit
Alexandria, Virginia
William B. Harlowe
Captain
Fire and Explosives Investigation Unit
Fairfax County, Virginia
Scott K. Hoglander
Battalion Chief
Brian S. Radinsky
Investigator
Tony R. Exline
Retired Investigator
Fire and Explosives Investigation Unit
Prince George's County Fire/EMS Department
Prince George's County, Maryland
Hank E. Anderson
Sergeant
Brian L. Padgett
Detective
Prince George's County Police Department
Prince George's County, Maryland
Derrick A. Chapman
Deputy State Fire Marshal
Steve W. Dulski
Corporal
Maryland State Police
Todd O. Gray
Detective
Emanuel U. Ross, Jr.
Investigative Analyst
Metropolitan Police Department
District of Columbia

THE ATTORNEY GENERAL'S AWARD FOR EXCEPTIONAL HEROISM

William A. Sentner (Posthumous)
Special Agent
Miami Field Office
Office of the Inspector General

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From: USDOJ- Office of Public Affairs
Sent: Tuesday, September 12, 2006 9:04 PM
To: USDOJ- Office of Public Affairs
Subject: ATTORNEY GENERAL ALBERTO R. GONZALES HONORS EMPLOYEES AND OTHERS AT THE DEPARTMENT OF JUSTICE'S ANNUAL AWARDS CEREMONY

Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 12, 2006
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ATTORNEY GENERAL ALBERTO R. GONZALES HONORS EMPLOYEES AND OTHERS AT THE DEPARTMENT OF JUSTICE'S ANNUAL AWARDS CEREMONY

Individuals Involved in Enron Trial Receive Top Award

WASHINGTON – More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. The Attorney General's Annual Awards Ceremony provides an opportunity to recognize the extraordinary accomplishments of a number of U.S. Department of Justice employees as well as individuals from outside the Department.

Deputy Attorney General Paul J. McNulty joined the Attorney General in presenting the Department's highest award, the **Attorney General's Award for Exceptional Service**, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud. This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions. The team's unparalleled dedication and teamwork over a period of years has made a significant contribution to restoring confidence in the nation's securities markets.

"Today's award recipients make me proud to be their colleague. They make me proud to be an American," said Attorney General Alberto R. Gonzales. "Their dedication and achievements remind me why it is an honor to serve at the Department of Justice."

The recipients of the **Attorney General's Award for Exceptional Service** from this team include:

From the Northern District of Illinois, **Sean M. Berkowitz**, Assistant U.S. Attorney; from the District of Columbia, **Kathryn H. Ruemmler** and **Lisa O. Monaco**, Assistant U.S. Attorneys; from the Central District of California, **John C. Hueston**, Supervisory Assistant U.S. Attorney, **Robb C. Adkins** and **Andrew D. Stolper**, Assistant U.S. Attorneys; from Northern District of California, **J. Douglas Wilson**, Assistant U.S. Attorney and

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Leslie R. Caldwell, Former Supervisory Assistant U.S. Attorney; from the Northern District of Texas, **Clifford B. Stricklin**, Special Assistant U.S. Attorney; from the Eastern District of New York, **Benton J. Campbell** and **Linda A. Lacewell**, Assistant U.S. Attorneys, and **Andrew Weissmann**, former Assistant U.S. Attorney; from the District of Massachusetts, **David H. Hennessy**, Assistant U.S. Attorney and **Samuel W. Buell**, Former Assistant U.S. Attorney.

Also part of the team were members of the Criminal Division, including **John A. Drennan**, Trial Attorney for the Appellate Section; **Leo J. Wise**, Trial Attorney, and **Linda B. Walls**, Lead Paralegal Specialist for the Fraud Section; and **Matthew W. Friedrich**, Principal Deputy Assistant Attorney General and Chief of Staff, Office of the Assistant Attorney General. The remaining team members are part of the Federal Bureau of Investigation. Those being honored from the FBI's Houston Division include Supervisory Special Agent **Michael E. Anderson**; Special Agents **Raju S. Bhatia**, **David Michael Hays**, **Kendall L. Hopper**, **Jeffrey D. Jenson**, **Jill Odom**, and **Chad J. Nunez**; Financial Analysts **Loren P. Feast**, **Susan K. Ridley**, and **Tonja K. Rose**; and Paralegal Specialist **Pamela Joan Jerding**. Recipients from the FBI's Washington Field Office include Supervisory Special Agent **David F. Reign** and Special Agents **Paul E. Holdeman**, **Paula L. Schanzle**, **Marc R. Diehl**, **Brian L. Crews**, **Jeffrey C. Dutton**, and **Gregory H. Bristol**. Supervisory Special Agent for the FBI's Security Division **Anne Hopkins** was also honored.

The **Attorney General's Award for Exceptional Heroism** is given to recognize an extraordinary act of courage and voluntary risk of life during the performance of official duties. **William "Buddy"A. Sentner**, Special Agent of the Office of Inspector General's Miami Field Office is honored posthumously for the exceptional courage he displayed by saving the lives of several fellow officers. Special Agent Sentner, 44, was shot and killed in the line of duty on June 21, 2006, as he was working as part of a team executing arrest warrants on six correctional officers at the Federal Correctional Institution in Tallahassee, Florida. These correctional officers were indicted the previous day on charges of conspiracy to sexually abuse female inmates and introduction of contraband into the correctional facility. During the execution of the arrest warrant, one of the correctional officers, who was a subject of the warrant, opened fire on the arrest team. Acting with extraordinary courage, Special Agent Sentner rushed to aid his fellow agents and returned fire, killing the correctional officer. Tragically, Mr. Sentner was killed and a Federal Bureau of Prisons lieutenant was wounded. Special Agent Sentner's brave actions and quick response under fire saved the lives of others while sacrificing his own life.

The **Mary C. Lawton Lifetime Service Award** recognizes employees who have served at least 20 years in the Department and have demonstrated high standards of excellence and dedication throughout their careers. This year's Mary C. Lawton Lifetime Service Award went to **David Margolis**, Associate Deputy Attorney General in the Office of the Deputy Attorney General. Mr. Margolis has been a federal prosecutor for over 40 years and has brought decades of experience in the Department to the wide array of responsibilities in the Office of the Deputy Attorney General. The contributions that Mr. Margolis has made to the Department are not simply characterized by length of service. His impact on the Department's policy and practices, his integrity and reliability and his dedication to the cause of justice are hallmarks of his character.

The **Attorney General's Award for Meritorious Public Service** recognizes the most significant contributions of citizens who have assisted the Department in the accomplishment of its mission and objectives. **Phillip Nicholas Chapman**, **Christopher M. Donlan**, **Amber Marie Deahn**, and **Linda C. Olson** were honored today for their heroic and selfless efforts which led to the rescue of Shasta Groene and the arrest of her abductor, Joseph Edward Duncan, III, in Coeur d'Alene, Idaho on July 2, 2005. At approximately 1:53 A.M. PT, Joseph Duncan and Shasta Groene walked into a Denny's restaurant in Coeur d'Alene, Idaho. Duncan had brutally killed members of Groene's family a few months before. Working for Denny's at the time were manager Linda C. Olson and waitress Amber M. Deahn. Ms. Deahn identified the girl from the extensive media coverage the case had received and directed her manager to call 911. Ms. Deahn offered Ms. Groene a milkshake as a delaying tactic. At the same time, Phillip N. Chapman and Christopher M. Donlan, who were

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patrons seated nearby, also recognized Ms. Groene from media reports and walked outside the restaurant to observe Duncan, who had gone outside to smoke. They identified his vehicle and recorded the license plate number. Responding officers soon arrived and arrested Duncan. As a result of their efforts, a violent killer and child sexual predator was arrested and an abducted child was recovered.

The **William French Smith Award for Outstanding Contributions to Cooperative Law Enforcement** is an honorary award granted to recognize State and local law enforcement officials who have made significant contributions to cooperative law enforcement endeavors. The Williams French Smith Award is presented this year to the following individuals: Battalion Chief **Robert M. Luckett**, Fire and Explosives Investigation Unit, Alexandria, Va; Captain **William B. Harlowe**, Fire and Explosives Investigation Unit, Fairfax County, Va.; Battalion Chief **Scott K. Hoglander**, Investigator **Brian S. Radinsky**, and Retired Investigator **Tony R. Exline**, all of the Fire and Explosives Investigation Unit, Prince George's County, Md.; Sergeant **Hank E. Anderson** and Detective **Brian L. Padgett** of the Prince George's County Police Department; Deputy State Fire Marshal **Derrick A. Chapman** and Corporal **Steve W. Dulski** of the Maryland State Police; and Detective **Todd O. Gray** and Investigative Analyst **Emanuel U. Ross**, **Jr.** of the Metropolitan Police Department for the District of Columbia

The **Attorney General's Award for Distinguished Service** is the Department's second highest award for employee performance. The recipients of this award exemplify the highest commitment to the Department's mission. Twelve Distinguished Service Awards were presented this year.

In the aftermath of Hurricane Katrina, many Department employees responded to assist those most impacted. The Award for Distinguished Service was presented to following employees who prioritized the needs of others and service to the public above their personal needs. Recipients include, from the Drug Enforcement Administration, **Kevin C. Harrison**, Assistant Special Agent in Charge; **Joseph Ruggerio**, Retired Group Supervisor, New Orleans Field Division; **Jack H. Schumacher**, Group Supervisor, Houston Field Division; **Benjamin F. Hafer**, Special Agent Pilot, Aviation Division, South Central Aviation Office; **Daniel R. Salter**, Assistant Special Agent in Charge, Dallas Field Division. From the U.S. Marshals Service, **Roxanna L. Irwin**, Chief Deputy U.S. Marshal, Eastern District of Louisiana. From the Federal Bureau of Investigation, **Michael J. Wolf**, Special Agent in Charge and **Todd B. Cox**, Supervisory Special Agent, New Orleans Field Office. Also honored at today's ceremony was Division Counsel **Elizabeth D. Chatelain** from the Bureau of Alcohol, Tobacco, Firearms, and Explosives, New Orleans Field Division. **Rosemary A. Hart**, Special Counsel from the Department's Office of Legal Counsel was also recognized.

U.S. Attorneys **James B. Letten** and **David R. Dugas**, both of Louisiana, were also awarded the Attorney General's Medallion for their leadership in support of response and recovery efforts in the aftermath of the storm.

The **Distinguished Service Award** was also presented to **Brain R. Beckwith**, Chief, U.S. Marshals Service Training Academy. His career contributions include assistance in the investigations of the first World Trade Center bombing and the Branch Davidians. Chief Beckwith was also called upon to lead a deployment in the aftermath of the September 11th terrorist attacks to secure La Guardia and Kennedy airports. Four days after Hurricane Katrina struck, Chief Beckwith led a team to the Gulf Coast and relieved beleaguered police forces, identified and located registered sex offenders and rounded-up fugitives responsible for the spike in crimes after the storm.

The Distinguished Service Award was also presented to the members of the Southeast Bomb Task Force, who pursued domestic terrorist Eric Rudolph for nine years after he attempted to disrupt the 1996 Summer Olympic Games in Atlanta by detonating one of the largest pipe bombs ever in the United States. The explosion resulted in the death of one individual and the injury of over 100 others. Recipients of the award included: from the Federal Bureau of Investigation, **John D. Behnke**, **John H. Cronier**, **James W. Cross, Jr.**,

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Daniel P. Sindall, and **Darin C. Werking**, Special Agents, Atlanta Division; **Velda L. North**, Support Services Technician, Atlanta Division; **Linda R. Urheim**, Intelligence Analyst, Atlanta Division; **Alexander Borzym II**, Special Agent, Detroit Field Office; **H. Joseph Ronisisvalle**, Special Agent, Birmingham Field Office; **Todd P. Letcher** and **Tracey A. North**, Special Assistants to the Deputy Director, Office of the Deputy Director; and **Thomas J. Mohnal**, Supervisory Special Agent, Laboratory Division. Also awarded, from the Federal Bureau of Alcohol Tobacco, Firearms, and Explosives, was **Joseph R. Kennedy**, Supervisory Special Agent, Chattanooga Field Office.

Distinguished Service Awards were presented to **John J. Connors**, Senior Attorney, Office of Intelligence Policy and Review, for his exceptional dedication and efforts involving the Foreign Intelligence Surveillance court; **Nora R. Dannehy**, Supervisory Assistant U.S. Attorney, District of Connecticut, for her prosecution of significant public corruption matters, including Connecticut Governor John Rowland and Treasurer Paul Silvester; and **Blane K. Dessy**, Director, Library Staff, Justice Management Division for advancing the Department's library system.

Additional **Awards for Distinguished Service** went to Assistant U.S. Trustees: **John P. Fitzgerald**, Region 1; **Henry G. Hobbs, Jr**., Region 7; **Mark A. Neal**, Region 4; **Cynthia A. Burnette**, Region 21; and **Patricia D. Fahey,** Region 13. All five successfully and swiftly implemented, on a national basis, the new credit counseling and financial education requirements contained in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

Other Distinguished Service Awards were received by employees that spearheaded the Department's efforts in the appellate courts and Supreme Court in successfully defending the constitutionality of the Solomon Amendment, *Rumsfeld v. FAIR*. Award recipients from the Solicitor General's Office include **Edwin S. Kneedler**, Deputy Solicitor General, and **Irving L. Gornstein**, Assistant to the Solicitor General. Award recipients from the Civil Division include **Douglas N. Letter**, Appellate Litigation Counsel; **Scott R. McIntosh**, Special Counsel, Appellate Staff; **Joseph H. Hunt**, Director, Federal Programs Branch; **Vincent M. Garvey,** Deputy Director, Federal Programs Branch; and **Gregory G. Katsas**, Deputy Assistant Attorney General. Also awarded was **Mark T. Quinlivan**, Assistant U.S. Attorney, District of Massachusetts.

Three trial attorneys from the San Francisco Field Office of the Antitrust Division were also presented with Distinguished Service Awards. **Niall E. Lynch**, Assistant Chief; **Nathanael M. Cousins** and **May Y. Lee**, Trial Attorneys. These recipients, through their leadership, dedication, and exceptional investigation and negotiation efforts, are responsible for significant criminal antitrust cartel prosecutions. These cases have broken up an international price-fixing cartel involving a crucial component, dynamic random access memory–DRAM–in a huge, critically important, U.S. high-technology industry.

From the Justice Management Division's Finance Staff, **Melinda B. Morgan**, Director, and **Marcia K. Paul**, Deputy Director, were awarded for providing effective leadership and direction to the Department's financial audit community.

Award recipient **Barbara Rowland**, Assistant U.S. Attorney for the Eastern District of Pennsylvania, resolved two significant civil fraud cases in the pharmaceutical arena, recapturing $261.5 million for federal health care programs.

Another honored recipient, **Bryan Sierra**, Public Affairs Specialist for the Office of Public Affairs, has expertly managed media relations for complex and high profile cases, including the Padilla case, Enron and the Moussaoui trial. His extraordinary efforts to explain to the public the important work of the Department go beyond the call of duty, even accepting the dangerous mission of traveling with the Attorney General to Iraq in July 2005.

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In recognition of outstanding professional achievements by law enforcement officers, four **Excellence in Law Enforcement Awards** were presented this year. Special Agents **David P. Biddiscombe** and **James Langtry**, New York Division, Federal Bureau of Investigation and Detective **Robert J. Brzeski,** Nassau County Police Department, New York, were honored for dismantling the *Velt Gangsta Lanes* set of the Bloods gang in Roosevelt, New York, as part of the joint federal and local *Operation Streetsweeper*. Their efforts resulted in the apprehension and conviction of 22 Bloods gang members on racketeering charges involving narcotics trafficking, assaults with firearms and incendiary devices, murder and attempted murder.

The **Award for Excellence in Law Enforcement** was also presented to **Christopher M. Garay**, an emergency medical technician from the Federal Correctional Complex in Tucson, Az., of the Federal Bureau of Prisons, who fought his way out of a housing unit overtaken by inmates. Mr. Garay was assaulted with homemade weapons, receiving numerous puncture wounds, scrapes, contusions and a laceration to his head. Immediately upon being released from the hospital, Mr. Garay returned to the prison to assist with the investigation and prosecution of the inmates involved.

Another distinguished group was awarded for their contributions in the investigation of former New York City Police Department detectives Louis Eppolito and Stephen Caracappa, who exploited their law enforcement positions to perpetrate a broad range of racketeering acts on behalf of the Luchese organized crime family. Honorees include, from the Drug Enforcement Administration's New York Field Division, Assistant Special Agent in Charge **John M. Peluso** and Special Agents **Mark Z. Manko**, **John E. Perfetti**, **John P. Francolla**. Recipients from the FBI's New York Field Division include Special Agents **Geraldine A. Hart** and **David J. Wolf**.

The Award for Excellence in Law Enforcement was also presented to members of an agency task force who conducted a 22 month investigation to catch a serial arsonist. The arsonist was responsible for the deaths of two people within the Washington Metropolitan Area. Individuals honored who serve in the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives' Baltimore Field Division include: **Theresa R. Stoop**, Special Agent in Charge; **David L. McCain**, Assistant Special Agent in Charge; **William J. Stringer**, Group Supervisor; and **Thomas R. Daley**, **Scott R. Fulkerson**, **Tijuana N. Patty**, Special Agents. **Joseph M. Riehl**, Chief of the Arson and Explosives Programs Division, was also awarded.

The **Attorney General's Award for Excellence in Furthering the Interests of U.S. National Security** was presented to the trial team involved with the Moussaoui case. Members of the team overcame numerous obstacles in what was an extremely complex and extended national security case. Ultimately, they were able to uphold the Department's goal–the prevention of terrorist attacks and the protection of national security–by securing the guilty plea of an avowed al Qaeda terrorist, and seeing that he spends the rest of his days in prison.

Members of the Moussaoui trial team include, from the Criminal Division, **John W. Van Lonkhuyzen**, Trial Attorney; **Gregory A. Miller**, Counterterrorism Support Specialist and Security Officer; **Suzette R. Buttram**, Former Paralegal Specialist, Counterterrorism Section. Recipients from the Eastern District of Virginia include **David J. Novak**, Senior Litigation Counsel; **Karen M. Spinks**, Victim Witness Coordinator; **Aaron M. Zebley**, Assistant U.S. Attorney; **Nancy J. Kramp**, **Lynn H. Johnson** and **Sheila A. Lee**, Paralegal Specialists; **Debra C. Vainio**, Lead Legal Assistant; **Pamela A. Benson** and **Michael J. Tesar**, Intelligence Research Specialists; **Crystal A. Griego**, Victim Witness Specialist; and **Robert A. Spencer**, Former Supervisory Assistant U.S. Attorney. Those honored from the Southern District of New York include **David A. Raskin**, Assistant U.S. Attorney; **Harry J. Brady, Jr**., Intelligence Research Specialist; **Gerard C. Francisco**, Legal Administration Specialist; and **Wendy Olsen Clancy**, Victim Witness Specialist. Members of the team from the Civil Rights Division include **Kevin Gingras**, Trial Attorney, Criminal Section. Members from the FBI include Special Agents **James M. Fitzgerald**, **Brian L. Getson**, **Lisa M. Rich**, and **Matthew M. Gutierrez,** Supervisory Special Agent **Joan-Marie Turchiano**, and Technical Information Specialist **Brenda Holley**, all of the New York Division; Special Agents **Jacqueline Maguire** and **Matthew G. Walsh** of the

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Washington Field Office; and Special Agent **Lisa B. Eie** of the San Diego Field Office. From the Justice Management Division, the team included **Christine E. Gunning**, Security Specialist, Security and Emergency Planning Staff. Also awarded was **Raymond A. Guidetti**, Detective Sergeant First Class, New Jersey State Police, along with agents from the Central Intelligence Agency **Jonathan H. Ferry** and **John L. McPherson**.

The **Edward H. Levi Award for Outstanding Professionalism and Exemplary Integrity** is presented to pay tribute to the memory and achievements of former Attorney General Edward H. Levi, whose career as an attorney, law professor and dean, and public servant exemplified these qualities in the best traditions of the Department. **John C. Keeney**, Deputy Assistant Attorney General of the Criminal Division, is the recipient this year. Mr. Keeney has been a leader and mainstay of the Department for more than 50 years. He is recognized for his legal expertise, resourcefulness, and decisive measures on organized crime and racketeering, public corruption, and the federal government's use of electronic surveillance and witness security protection programs, among other matters.

The **Attorney General's Award for Excellence in Management** recognizes outstanding administrative or managerial achievements which have significantly improved operations, productivity, or reduced costs. This year's recipient is **Frank V. Hall**, Director of Administration for the U.S. Attorney's Office in the Middle District of Florida.

The **Attorney General's Award for Excellence in Information Technology** recognizes outstanding achievements in applying information technology to improve operations and productivity, reduce or avoid costs, and solve problems. This year's recipients from the Drug Enforcement Administration include: **Catherine M. Harnett**, Chief of Demand Reduction Programs; **Maureen C. Bory**, Demand Reduction Coordinator; **Deborah S. Augustine**, Victim Witness Specialist; **Michael J. Turner**, Special Agent/Staff Coordinator for the Demand Reduction Section; and Public Affairs Specialists **Tammy L. Bowman**, **Amy L. Warren**, and **Barbara L. Wetherell** of the
Office of Congressional and Public Affairs. Also awarded were Electronics Engineer **Greg D. Kesner** for the Operational Technology Division of the FBI and Information Technology Specialist **Wayne E. Towson** with the U.S. National Central Bureau of Interpol.

The **Attorney General's Award for Equal Employment Opportunity** is the Department's highest award for performance in support of the Equal Employment Opportunity program. This year's recipient is Mail Supervisor **Alice H. Roberson** of the Facilities and Logistics Services Division at the FBI.

The **Attorney General's Award for Excellence in Legal Support** recognizes outstanding achievements in the field of legal support to attorneys by paralegal specialists and other legal assistants. This year's paralegal recipients include Supervisory Paralegal Specialist **Lee Cox** in the Criminal Division's Office of International Affairs; Paralegal Specialist **Deidre Williams** in the General Counsels Office at the Federal Bureau of Prisons. The following individuals from the FBI's Criminal Justice Information Services Division also received an award for their outstanding legal support: Legal Administrative Specialists **Brian Allen Barker**, **Kathleen L. Crowl**, **Richard H. Dean**, **Roberta A. Hatcher**, **Charles R. Mays**, **Sarah E. Phillips**, **Dorothy L. Riddle,** and **M. Jeanne Zickefoose**; Supervisory NICS Liaison Specialist **Todd D. Mullenax**; and NICS Liaison Specialist **R. Marc Chamberlain.**

The **Attorney General's Award for Excellence in Administrative Support** recognizes outstanding performance in administrative or managerial support by an administrative employee or secretary. The recipients include Special Deputation Specialist **Eva M. Gilbert** of the U.S. Marshals Service; Special Investigative Support Technician **Diane M. Raney** of the Federal Bureau of Prisons in Phoenix; Staff Assistant and Office Manager **Karen A. Hanson** of the Torts Branch of the Civil Division; and **Cameo D. Hoey,** Secretary in the Disability Rights Section of the Civil Rights Division.

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The **John Marshall Awards** are the Department's highest awards presented to attorneys for contributions and excellence in legal performance. Twelve awards in eight categories are presented this year.

Todd J. Cochran, Kevin B. Crawford, Scott R. Damelin, John C. Ekman, Stephen P. Finn, Joshua E. Gardner, Heide L. Herrmann, Sonia M. Orfield, Russell A. Shultis, Sharon A. Snyder, Marian E. Sullivan, Elizabeth A. Thomas, Trial Attorneys and **Harold D. Lester Jr.**, Assistant Director and **Alan J. Lo Re,** Senior Trial Counsel from the Civil Division's National Courts Section received the **John Marshall Award for Trial of Litigation**. The Spent Nuclear Fuel Litigation Team is recognized for outstanding work in defending claims in 66 separate cases pending before 18 different trial court judges.

Amy Jeffress and **Matthew G. Olsen,** Assistant U.S. Attorneys for the District of Columbia, also received the John Marshall Award for Trial of Litigation. The team was honored for the successful prosecution of one of the most violent criminal organizations in *United States v. Kevin Gray, et al*, a RICO conspiracy case charging 16 defendants with terrorizing neighborhoods in parts of the District of Columbia for more than 10 years.

The **John Marshall Award for Participation in Litigation** was presented to **David H. Laufman** and **Stephen M. Campbell**, Assistant U.S. Attorneys for the Eastern District of Virginia and **Marla B. Tusk,** Trial Attorney and **Jerry R. DeMaio,** former Trial Attorney of the Criminal Division's Counterterrorism Section. The team is recognized for their outstanding performance in the investigation, prosecution and conviction of Al Qaeda conspirator Ahmed Omar Abu Ali.

The John Marshall Award for Participation in Litigation was also presented to **Sally Quinn Yates,** First Assistant U.S. Attorney and **R. Joseph Burby Jr.** and **John Horn,** Assistant U.S. Attorneys and **Phyllis B. Sumner,** former Assistant U.S. Attorney for the Northern District of Georgia, as well as **William R. Chambers Jr.** and **Michael W. Whisonant**, Assistant U.S. Attorneys and **Robert J. McLean,** former Assistant U.S. Attorney for the Northern District of Alabama. The team is recognized for their outstanding partnership in successfully investigating and prosecuting Eric Robert Rudolph for the deadly bombings in Atlanta and Birmingham, Alabama.

The **John Marshall Award for Support of Litigation** is presented to attorneys from the Environment and Natural Resources Division's Environmental Crimes Section **Kevin M. Cassidy, Noreen E. McCarthy** and **Andrea T. Steward**, Trial Attorneys and **Christopher J. Costantini, Daniel W. Dooher, Deborah L. Harris, Richard A. Poole,** Senior Trial Attorneys and Assistant Section Chief **Andrew D. Goldsmith** and Senior Counsel **H. Claire Whitney.** Attorneys from several U.S. Attorneys offices were also recognized: from the District of New Jersey--**Ralph J. Marra Jr.,** First Assistant U.S. Attorney and **Norv McAndrew,** Assistant U.S. Attorney; from the Northern District of Alabama, **Robert O. Posey,** Assistant U.S. Attorney; from the Eastern District of Texas, **Arnold A. Spencer,** Supervisory Assistant U.S. Attorney; and from the District of Utah, **Leshia M. Lee-Dixon,** Assistant U.S. Attorney. The team is honored for their hard work on a nationally coordinated series of prosecutions that served to bring to justice one of the nation's most egregious violators of environmental and worker safety laws--McWane Inc.

Scott J. Glick, Deputy Counsel for Criminal Matters of the Office of Intelligence Policy and Review (OIPR) received the John Marshall Award for Support of Litigation for his exceptional dedication and effort on behalf of OIPR in supporting nationwide litigation involving the Foreign Intelligence Surveillance Act.

Alisa B. Klein, Attorney in the Civil Division's Appellate Staff, received the **John Marshall Award for the Handling of Appeals** for her efforts during the past decade in some of the Division's most important cases involving the Family and Medical Leave Act, Controlled Substances Act, Telecommunications Act and the Driver's Privacy Protection Act.

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David B. Salmons, Assistant to the Solicitor General in the Office of the Solicitor General also received the John Marshall Award for the Handling of Appeals for his exemplary legal skills and the major role he has played in some of the most pressing issues facing the country in the area of appellate litigation and the ongoing war on terror.

Michael J. Elston, Chief of Staff and Counselor in the Office of the Deputy Attorney General, received the **John Marshall Award for Providing Legal Advice** for his outstanding legal advice, leadership and excellence related to the appellate work of the Eastern District of Virginia.

Sharon Cohen Levin, Raymond J. Lohier and **Kevin R. Puvalowski**, Assistant U.S. Attorneys for the Southern District of New York, received the **John Marshall Award for Asset Forfeiture** for their outstanding dedication, diligence and professional skill in connection with a case that is a paradigm of how asset forfeiture can be used to recover assets abroad–in this instance, $200 million for crime victims.

The **John Marshall Award for Alternative Dispute Resolution** was given to attorneys from the Civil Rights Division's Disability Rights Section. **Elizabeth L. Bacon, Josh C. Mendelsohn, Naomi H. Milton** and **Mellie H. Nelson,** Supervisory Trial Attorneys and **Beth A. Esposito, Dov Lutzker** and **Sunny Pietrafesa,** Trial Attorneys and **Mary Lou Mobley,** former Trial Attorney, and **Hilary L. Martinson**, Attorney Advisor and **Jeanine M. Worden,** Deputy Chief were honored. The recipients used alternative dispute resolution to successfully negotiate a series of formal settlement agreements with some of the largest cities and counties in the United States.

Brian R. Howe, Assistant U.S. Attorney for the District of New Jersey and **Stuart Rabner,** Chief Counsel to the Governor of the State of New Jersey, were given the **John Marshall Award for Interagency Cooperation in Support of Litigation** for their outstanding performance in investigating and prosecution the case against Hemant Lakhani, who was convicted of attempting to provide material support to terrorists by offering to sell shoulder fired missiles for the purpose of shooting down commercial airlines in the United States.

The **Attorney General's Award for Outstanding Service in Freedom of Information Act Administration** recognizes exceptional dedication and effort to the implementation of the Freedom of Information Act. This year's recipient is **J. Brian Ferrel**, Senior Division Counsel for FOIA and Privacy Act Matters, Civil Trial Section of the Tax Division.

The **Attorney General's Award for Fraud Prevention** recognizes exceptional dedication and effort to prevent, investigation, and prosecute fraud and white collar crimes. The recipients include: **Salvador R. Perricone**, Assistant U.S. Attorney,
Eastern District of Louisiana; **Nicola Mrazek**, Trial Attorney, Criminal Division; **Jonathan J. Rusch**, Senior Counsel, Criminal Division; **Paul E. Pelletier**, Acting Chief of the Fraud Section, Criminal Division; **Monique P. Roth**, Special Counsel, Criminal Division; and **Robert E. Coughlin II**, Deputy Chief of Staff, Criminal Division. Additional recipients from the FBI's New Orleans Division include: Supervisory Special Agents **Lewis M. Chapman** and **Howard Schwartz;** Special Agents **Donald L. Bostic, Jr., William M. Carter, John Brady Casey, Dewayne J. Horner, Jennifer L. Orona,**
Edward W. Reed, Peter G. Smith, and **Dennis Swikert**; and **Rebecca Lynn Giddens**,
Support Services Technician. Recipients from the FBI's Jackson Division include Supervisory Special Agent **Keith B. Moses** and Special Agents **Henry S. Huntsberry**, **Robert E. Pine, Jr.**, and **Joseph A. Skarda.**

The **Attorney General's Award for Outstanding Contributions to Community Public Safety** recognizes outstanding achievement in the development and support of community partnerships designed to address public safety within a community. This year's award recipients include: **Peter J. Elliott**, U.S. Marshal, Northern District of Ohio; **Gregory A. White**, U.S. Attorney, Northern District of Ohio; **C. Jay Matthews**,

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Senior Pastor, Mt. Sinai Baptist Church; **Dick Russ,** Managing Editor, WKYC Television; **Darren B. Toms**, Assistant News Director, Clear Channel WTAM; **Michael C. McGraph**, Chief of Police, Cleveland, Ohio; **Charles R. See**, Director, Lutheran Ministries Community Re-Entry, Cleveland, Ohio; **Douglas S. Weiner** D.C. Strategic Group, Aurora, Ohio; **Robert L. Tobik,** Public Defender; **William D. Mason**, Prosecutor; **Thomas J. Pokorny**, Court Administrator; **Gerald T. McFaul**, Sheriff, Cuyahoga County; **Richard J. McMonagle**, Administrative Judge; and **John E. Monce**, Director, Ohio Bureau of Criminal Investigation.

The **Cubby Dorsey Award for Outstanding Contributions by a Wage Grade System Employee** recognizes extraordinary performance and contributions by wage grade system employees, including laborers, mechanics, and skilled craft workers. This year's recipient is **Joseph Lewis Sawyer**, Motor Vehicle Operator Supervisor, Facilities and Logistics Services Division, Federal Bureau of Investigation.

The **Attorney General's Award for Outstanding Contributions by a New Employee** recognizes exceptional performance and notable accomplishments towards the Department's mission by an employee with fewer than five years of Federal career service. This year's award is presented to four employees, including: **Mark R. Freeman**, Appellate Staff Attorney for the Civil Division; **Allison P. Gioia** Assistant U.S. Attorney for the Western District of New York; **Monsita Lecaroz-Arribas**, Assistant U.S. Trustee for Region 21; and **Jeffrey M. Tapick**, Trial Attorney for the Land Acquisition Section of the Environment and Natural Resources Division.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House Pressures GOP On Detainees (AP)

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By Anne Plummer Flaherty

The Associated Press, September 12, 2006

President Bush dispatched the vice president and top aides to the Capitol on Tuesday to try to break an election-season deadlock with Republicans over the surveillance and prosecution of terrorism suspects.

But officials met stiff resistance from senators and House leaders who say they refuse to give the White House a blank check over the war on terror. The standoff raised questions about whether the president could unite Republicans on his anti-terror agenda before November's midterm elections.

Vice President Dick Cheney and White House Chief of Staff Josh Bolten appealed to Senate Republicans during their weekly policy lunch to pass legislation that would let Bush begin prosecuting terror suspects. The legislation also would limit the circumstances under which a government interrogator could be prosecuted for mistreating a detainee.

Also meeting with lawmakers this week on detainee treatment was CIA Director Michael Hayden.

The administration is also pressing separate legislation that would let it track terrorists by electronic surveillance.

Several versions of that legislation are expected to advance through the Senate and House Judiciary Committees this week. They would give legal status to the controversial surveillance program, as well as impose new rules and congressional oversight.

Bush's surveillance plan faces a difficult fight in Congress, especially in the House, where GOP leaders favor a different approach.

That measure, sponsored by Rep. Heather Wilson, R-N.M., and endorsed by the GOP chairmen of the Judiciary and Intelligence committees, would require the administration to wait until a terrorist attack to open an electronic surveillance program.

The White House has conditionally endorsed one bill, by Sen. Arlen Specter, R-Pa., as long as it's passed unchanged — not a sure thing given amendments that await it on the floor as soon as next week.

Specter's bill would submit the existing electronic surveillance program to the Foreign Intelligence Surveillance Act court for a one-time constitutional review and expand the time for emergency warrants from three to seven days.

On the effort to craft a new way for military trials of terror detainees, Senate Majority Leader Bill Frist, R-Tenn., said he supports the administration's efforts and could call for a vote on it — or a competing bill favored by some GOP senators — at any time.

The alternative bill was drafted by Sens. John Warner, John McCain and Lindsey Graham, members of the Armed Services Committee. They say their measure would improve the credibility of a court system to prosecute detainees and prevent abusive treatment that would violate the Geneva Conventions.

Warner, R-Va., chairman of the Armed Services Committee, said Tuesday the group remains locked in negotiations with other Republicans.

Graham said he expects the final legislation will allow a defendant to access all evidence used against them — a provision staunchly opposed by the White House and House and Senate leadership because it could reveal classified information. Graham said steps can be taken to prevent unnecessary exposure of protected information, but ultimately a fair trial must allow defendants the ability to confront evidence used against them.

"I think we've made a pretty good case that giving something to a jury to convict a defendant (with hidden evidence) is a nonstarter," Graham added.

Sens. Susan Collins, R-Maine, and Judiciary Committee Chairman Arlen Specter, R-Pa., said they agree all evidence should be shared with a defendant.

Graham and others said the biggest sticking points left on the bill were on the circumstances under which an interrogator could be prosecuted for mistreating detainees.

The administration would forbid what critics call a bare bones list of violations — such as torture, murder and rape — under the 1996 War Crimes Act that potentially leaves open the door for harsher interrogation methods. Warner, Graham and McCain are pushing more precise definitions, as well as a ban on coerced testimony, to ensure tough interrogations do not lead to abuse or violate the Geneva Conventions.

These definitions of war crimes have "shown to be the toughest part" of negotiations with the White House because it must be done "in a way that would adhere to your values but would not put your troops at risk for trivial violations," Graham said.

Cheney, Senators Discuss Detainees (WP)

By Charles Babington

The Washington Post, September 13, 2006

Vice President Cheney urged Republican senators yesterday not to be too restrictive in setting legal limits on CIA interrogations of enemy combatants, the largest remaining barrier to an agreement between Congress and the White House on legislation that would also set new rules for special military trials for terrorist suspects.

Cheney and White House Chief of Staff Joshua B. Bolten met for an hour with GOP senators in hopes of narrowing their differences over proposed legislation governing the treatment, questioning and prosecution of suspected terrorists and enemy combatants, such as those held at the U.S. military prison at Guantanamo Bay, Cuba.

Afterward, key senators said they had made progress on several fronts, including the use of secret information against defendants and guidelines for handling allegedly coerced statements. The biggest sticking point, they said, was how narrowly to define practices that might subject CIA interrogators or others to charges of committing war crimes.

That "is still the area we are farthest apart on," Sen. John McCain (R-Ariz.) told reporters.

Sen. Lindsey O. Graham (R-S.C.) said he and others are pressing the administration to accept a list of practices that would be considered illegal, bringing greater specificity to current language that bars "grave breaches" of the Geneva Conventions, the treaties that govern the treatment of prisoners of war.

"We are going to define, in the war crimes section [of the U.S. Code], what a grave breach would be, just like any other criminal statute," said Graham, a former military lawyer.

He declined to detail the proposals but said he is "optimistic" an agreement can be reached.

Common Article 3 of the Geneva Conventions prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment" of detainees. The Bush administration had maintained that those protections did not apply to prisoners captured in the U.S. counterterrorism campaign, but allies and human rights groups had criticized some U.S. interrogation practices, including simulated drowning.

In June, the Supreme Court ruled that the administration must abide by the Geneva Conventions in treatment of those prisoners and declared illegal its plan to try them before military "commissions." The White House responded by submitting new proposals to Congress that are now being negotiated with key Republicans.

The talks concern both the rules for trials of the detainees and language submitted by the administration that would, in effect, set the rules for CIA interrogations of future detainees.

President Bush has urged lawmakers to give the executive branch substantial leeway in interrogating and trying detainees. But GOP senators including McCain, Graham and John W. Warner (Va.) have resisted on several fronts. They balked, for instance, at a White House bid to allow the use of classified information that is not shared with defendants.

Graham said yesterday that negotiators are nearing an agreement that would allow the defendant to know the essence of the allegations against him, but not the person or techniques that produced them.

"I'm trying to protect the prosecution from having to disclose sources and methods that will come from defense requests that are basically overreaching," Graham told reporters.

Similarly, he said, senators and the White House may reach an agreement on how to handle allegedly coerced statements. The proposal would allow only those statements that a military judge decides were made voluntarily.

Under U.S. law, war crimes include "a grave breach" of the Geneva Conventions. The conventions describe grave breaches as "willful killing, torture or inhuman treatment, including biological experiments, willfully causing great suffering or serious injury to body or health . . . or willfully depriving a prisoner of war of the rights of fair and regular trial prescribed in this Convention."

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Administration officials and others have said the language is so vague that it could unfairly subject government interrogators to charges of criminality. Graham said he has proposed taking the Geneva Conventions' list of grave breaches, adding "a few more," and directing that interrogation programs be built around the guidelines. He declined to say what the additions might be.

Congress should define the U.S. War Crimes Act of 1996, Graham said, "in a way consistent with our treaty obligations, which would make 'grave breaches' a crime." Under this scenario, he said, interrogators would know they could not engage in "serious criminal physical misconduct, inhumane treatment of a serious nature."

White House spokeswoman Dana M. Perino said: "We're having an ongoing conversation with the Congress on all of the issues, and we're committed to reaching a resolution so that they can take the next legislative step."

Deal Reported Near On Rights Of Suspects In Terror Cases (NYT)

By Kate Zernike

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The leading Senate Republicans negotiating over proposed legislation to bring terror suspects to trial said Tuesday that they were close to a compromise on a main dispute with the White House: whether suspects had the right to see all the evidence used against them.

But the Senate Republicans warned that they would not go along with a White House proposal to redefine the provision of the Geneva Conventions that broadly guarantees humane treatment of detainees.

That provision, known as Common Article 3, prohibits “violence to life and person” and “outrages upon personal dignity, in particular, humiliating and degrading treatment.”

The Supreme Court, in striking down military tribunals that the White House established after the Sept. 11 attacks, said the guarantee had to apply to terror suspects.

The administration has proposed narrowing the provision, arguing that it is too vague and does not give interrogators enough guidance in how to treat detainees. Under the War Crimes Act, interrogators who violate the article can face the death penalty.

Senator John McCain of Arizona said he and two other Republican senators crucial to the discussions, John W. Warner of Virginia and Lindsey Graham of South Carolina, would not agree to any narrowing of the provision.

Mr. McCain said such a move could send a message about the nation’s support for human rights and the precedent it might set for special forces captured by other countries.

“On the detainee-treatment issue,” he said, “Senator Warner and I and Senator Graham and others are not going to agree to changes in the definitions in Common Article 3, because that then sends the message to the world that we are not going to adhere fully to the Geneva Conventions. And we worry about, in the future, other nations maybe deciding to interpret Common Article 3 to their own purposes.”

Mr. McCain is influential on detainee questions because of his years as a Vietnam prisoner of war. The three senators made their appeal for their approach at the weekly Republican Party lunch after a presentation by Vice President Dick Cheney.

In addition to talking with Mr. Cheney, the senators have extensively negotiated with Attorney General Alberto R. Gonzales and Stephen J. Hadley, the national security adviser. Gen. Michael V. Hayden, the director of the Central Intelligence Agency, also discussed the topic on Tuesday with lawmakers on Capitol Hill.

The compromise on classified evidence would have a judge review the evidence and give a summary to be presented to the jury and the accused. Anything less, the senators have said, would constitute a secret trial.

The White House bill proposed last week would deny a suspect the right to see classified evidence that the jury might use to convict him.

Mr. Graham said the White House was “O.K.” with the compromise.

To address the White House concerns over Common Article 3, Mr. Graham said, the Senate would agree to redefine the War Crimes Act and make more specific the provision in it that says a violation of Common Article 3 is punishable by death.

“The administration is concerned that Common Article 3 can be used to sue our guys, to put our guys in jail, that they’re in an unfair position, and I would agree,” Mr. Graham said.

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The changes, he added, said, would define the cases in which “grave breaches” of Common Article 3 constitute a war crime and would bar “serious criminal physical misconduct and inhumane treatment of a serious nature.”

Secrecy Dispute Snarls Nomination (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, September 13, 2006

Wainstein in Limbo Over FBI Memos

Six months after President Bush chose him to lead a new anti-terrorism arm of the Justice Department, Kenneth L. Wainstein is still U.S. attorney for the District -- his nomination stalled by squabbling in the Senate.

Wainstein, a longtime prosecutor and former FBI official, had seemed on track to become the assistant attorney general for national security. Two Senate committees -- Judiciary and Intelligence -- endorsed his nomination. But for more than two months, he has awaited a vote by the full Senate.

Sen. Carl M. Levin (D-Mich.) has blocked a vote because the Justice Department has not turned over to him several FBI documents that are connected to the abuse of detainees at the Guantanamo Bay prison in Cuba -- papers that would have passed through Wainstein's office when he was at the FBI.

The delay creates uncertainty not only at the Justice Department but also at the U.S. attorney's office, which Wainstein has led since May 2004. The office, which handles federal and local cases, is the largest U.S. attorney's office in the nation.

The national security division, created this year as part of the revision of the Patriot Act, will consolidate into one operation three branches of the Justice Department: counterterrorism, counterespionage and the office that oversees applications to the secret Foreign Intelligence Surveillance Act Court.

Wainstein was a top aide to FBI Director Robert S. Mueller III from 2002 to 2004, serving first as general counsel and then as the agency's chief of staff. In each job, he played a key role in the bureau's restructuring to focus more heavily on terrorism cases.

Now Wainstein's work at the FBI is the subject of scrutiny by Levin, a member of the Senate Select Committee on Intelligence who has focused considerable attention on the detention practices at Guantanamo.

The senator's stance has drawn criticism from the Bush administration.

"As we mark the fifth anniversary of September 11th, it is beyond belief that Senator Levin would single-handedly obstruct the Department of Justice's efforts to stand up a new national security division," Justice Department spokesman Brian Roehrkasse said.

Levin's position has frustrated even some allies, who have urged the Senate to move forward with a vote. Thomas H. Kean and Lee H. Hamilton, the chairman and vice chairman of the 9/11 commission, have written in support of Wainstein. Charles S. Robb, a Democrat and former senator from Virginia whose commission on weapons of mass destruction recommended the restructuring of national security operations, wrote as well in support of Wainstein.

At issue are several documents that were sent to or from Wainstein or his deputy after FBI agents at Guantanamo reported witnessing sometimes abusive interrogations of detainees. The documents came to light after the American Civil Liberties Union filed a request under the Freedom of Information Act, but only in redacted form to the ACLU. Levin wants to see the original documents without redactions. Only one has been turned over, and that led to the stalemate.

Roehrkasse said the documents that Levin is seeking have nothing to do with Wainstein's qualifications for the assistant attorney general job.

Wainstein, 44, was easily confirmed by the Senate to take the U.S. attorney's job. But this nomination has been complicated.

"He's an innocent hostage in what is a pretty typical congressional response," said Norman J. Ornstein of the American Enterprise Institute.

Such tactics are not new, Ornstein said, but the secrecy of the Bush administration has made them more likely to be used. The White House has advocated a more expansive doctrine of executive authority, and critics have complained that Congress has failed to exercise meaningful oversight over the administration's military and intelligence actions.

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Levin, a lawyer, has been pressing hard for answers about Guantanamo, and Wainstein's nomination offered the senator perhaps his best opportunity to pressure the administration. Because it is a newly created position, the national security job cannot be filled by a recess appointment, as the president has done in other instances in which a nominee has been blocked.

If the Senate does not act on Wainstein's nomination before it adjourns at the end of the year, Wainstein would have to be nominated once again.

Wainstein declined to comment on his fate. A leading candidate to replace him as U.S. attorney, Jeff Taylor, is also in a holding pattern. Taylor is a legal adviser to Attorney General Alberto R. Gonzales and a former assistant U.S. attorney in San Diego.

Tortured Negotiations (TIME)

By Massimo Calabresi, Washington

Time, September 13, 2006

White House officials, potentially vulnerable to prosecution in the wake of the Supreme Court's Hamdan decision, break out the big guns in a battle over detainees

When the Capitol police start politely clearing the hallways outside the Senate floor on a Tuesday afternoon it usually signals that Vice President Dick Cheney has decided to attend the Republicans' weekly policy lunch. But the gentility went out the window around noon today as the cops grabbed bystanders and pulled them out of the way as they rushed to empty the area not just for Cheney and White House chief of staff Josh Bolten, but for a special guest: Lady Margaret Thatcher.

The Senate Republican leaders weren't breaking out the top tier invitations for nothing. Three moderate GOP Senators have split with them and the White House over how to treat detainees at Guantanamo Bay and around the world. At the lunch, Senators John Warner, John McCain and Lindsey Graham were scheduled to present their case for a detainee bill that conforms to the Geneva Conventions. The White House and Senate leaders are pushing one that would allow interrogations using methods that strain — or break, depending on whom you ask — the Conventions' rules against abuse.

Rolling out former British Prime Minister Margaret Thatcher, who famously urged George H. W. Bush not to "go wobbly" ahead of the first Gulf War, was a particular bit of political hardball by the President's Hill allies as they try to stiffen spines in their caucus. And the stakes are high. The November mid-term elections may hinge on national security, and McCain and company are depriving their party of its best weapon — a vote that makes Democrats look weak. More important, the White House claims, is that McCain and company could outlaw methods of gaining intelligence that have been effective in preventing attacks against the U.S.

But some Senators and legal experts see another reason for the heightened concern at the White House. On paper, at least, White House officials and CIA officers could be vulnerable to prosecution for past or future use of illegal methods of interrogation — unless Congress changes the law.

The threat of prosecution comes not from some left-wing activists or even the House Democrats, but from the highest court in the country. In his concurring opinion in the Hamdan v. Rumsfeld case last summer, Justice Anthony Kennedy said that the administration had to live within the Geneva Conventions. "Violations [of the Geneva Conventions] are considered 'war crimes,' punishable as federal offenses, when committed by or against United States nationals and military personnel," he wrote. And for emphasis, Kennedy pointed to paragraph 2441 of the U.S. code, which lays out the penalties for those violations, including life imprisonment and the death penalty.

It's hard to see how the methods the administration authorized for use against some of their detainees could not have violated the Geneva conventions. Common article 3 of the conventions prevents any "outrages on the personal dignity" of detainees. Among the highlights of the administration's approved techniques — waterboarding, wherein a prisoner is made to believe he is drowning; intimidation using dogs; stripping of prisoners; and so on.

When the key swing vote on the Supreme Court goes out of his way to say you are breaking the law, and enumerates the penalties you face, you pay attention. Says Tom Malinowski, of Human Rights Watch, who has advised Senators and their staffs on the matter, "The White House now knows they were operating under pretty bad legal advice from the Justice Department," which told them Bush had near-limitless authority when acting as commander-in-chief during times of war. "They're worried

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about some rogue prosecutor in the future who might hold specific individuals responsible," Malinowski says. Privately, some senior GOP senators say they believe that is what is motivating the White House resistance to the McCain/Warner/Graham bill.

Maybe. But just how much danger is the White House really in? It is rare for political leaders to be prosecuted for genuine attempts to protect the public, and few question the motives behind the extreme interrogation methods, even if they strongly disagree with them. More to the point, Graham, Warner and McCain have larded their bill with protections from prosecution for anything but "grave breaches" of the conventions, which they believe should be adequate to protect the White House and CIA.

But just because the administration's extreme interrogation techniques wouldn't be punishable as crimes, doesn't mean they would be authorized to use them either. And that, say several people involved in the debate, is what the administration is really after. In his speech announcing the closure of the program that used most of the controversial methods last week, Bush said he wanted to keep open the possibility of reopening it in the future. "They want the authority to continue the program if they capture other guys," says Malinowski.

As he went into the policy lunch today, McCain, who was tortured in Vietnam, said "my position will not change," on the extreme methods. And Graham is adamant that the interrogation program is "a thing of the past." One or both of the competing bills may come to the floor of the Senate as early as the end of this week. For now, at least, it appears it will take more than the Iron Lady to compel the administration opponents to back down.

Tortured Logic (LAT)

The Los Angeles Times, September 13, 2006

'THE UNITED STATES DOES NOT TORTURE," President Bush said last week. It can, however, make use of what he euphemistically called "an alternative set of procedures" for eliciting information from prisoners suspected of being terrorists.

The difference between torture and these "alternative procedures" seems to be who's conducting the interrogation and where it takes place. If it's the CIA and it's overseas, they're permissible alternative procedures. Anywhere else, they're not allowed. This kind of legalistic legerdemain doesn't just expose the weakness of the administration's argument, it does a real disservice to U.S. foreign policy and all those serving overseas.

The administration characteristically refused to provide details about its methods. But experts on interrogation suspect that these alternative procedures could include subjecting prisoners to extreme temperatures and "waterboarding," in which a prisoner is strapped to a board and put in fear of drowning if he doesn't confess.

Such techniques seem to qualify as "humiliating and degrading treatment" prohibited by Common Article 3 of the Geneva Convention, which protects so-called enemy combatants, at least according to the Supreme Court. That's also the military's view. The new Army field manual, rooted in Article 3, prohibits extreme interrogation tactics such as waterboarding and conducting mock executions.

The administration, apparently untroubled by this disagreement, is now asking Congress to declare that detainees who claim violations of the Geneva Convention may not have their day in court. The administration also wants to amend the 1996 War Crimes Act, which makes violation of the Geneva Convention illegal under U.S. law. New language would allow for prosecution only for "torture" and "cruel and inhumane treatment," not for "humiliating and degrading treatment." A 2005 law already allows interrogators accused of abuse to offer the defense that they "did not know that the practices were unlawful and [that] a person of ordinary sense and understanding would not know the practices were unlawful." That's protection enough.

Even the clearest legal language is subject to differing interpretations. But the Bush administration has a record of taking the narrowest possible view of protections for detainees under U.S. and international law. Indeed, until the Supreme Court forced it to change course, the administration argued that unlawful enemy combatants in the war on terror weren't covered by the Geneva Convention at all.

Given an inch by the law, this administration too often has taken a mile — creating a climate in which lower-level service members could feel that they were justified in the sort of abuse that took place at Abu Ghraib. As Congress moves to write legislation governing the treatment of present and future detainees, it needs to keep that history in mind and force the president to spell out what he means by alternative methods. And Congress should allow detainees who claim those methods violate their rights under the Geneva Convention to have their day in court.

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House GOP Leaders Fight Wiretapping Limits (WP)

By Jonathan Weisman

The Washington Post, September 13, 2006

House leaders moved yesterday to temper many of the controls that a bill headed toward rapid passage would have imposed on the Bush administration's program for wiretapping terrorism suspects without court approval.

The bill, set for Judiciary Committee consideration today, would have forced the administration to seek a warrant for surveillance within 60 days and bolstered consultations with Congress on the program. But last-minute changes pushed by senior Republicans may allow warrantless surveillance to largely continue without those controls. Instead, House Republican leaders brought their bill in line with legislation agreed to by the White House and the Senate, which would allow but not require the administration to submit the program to a secret court for a constitutional review.

Republican leaders, in the midst of an increasingly angry attack on Democrats over defense matters, made it clear that they will not challenge President Bush's authority in matters of national security as they challenge their opponents' commitment to fighting terrorism.

"I do not think it is our intent to . . . 'rein in' the NSA," said House Majority Leader John A. Boehner (R-Ohio).

The move put House GOP leaders at odds with some Republican moderates and civil libertarians in the House and the Senate, who have pledged to assert Congress's authority over the wiretapping program. The legislation's chief author, Rep. Heather A. Wilson (R-N.M.), made it clear that she will stand by the original bill's system of checks when the Permanent Select Committee on Intelligence takes it up tomorrow.

Wilson's bill would extend from the current three days to five days the time allowed for emergency surveillance before a warrant has to be submitted and approved by the secret federal court established under the Foreign Intelligence Surveillance Act of 1978 (FISA). Warrantless surveillance would have to halt after 60 days unless the president came to Congress to justify further eavesdropping. And members of Congress would have to be briefed on the groups under surveillance.

"We need to use our intelligence tools to listen to our enemies," she said. "We also need to make sure checks are in place to prevent those tools from being used inappropriately against Americans. The best way to do that is to make sure we have divided government."

Divisions have also surfaced in the Senate, where half a dozen Republicans have publicly questioned the agreement between Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the White House that House leaders pushed yesterday.

Democrats and civil liberties groups say neither the Wilson nor the Specter bill effectively limits the reach of the NSA's wiretapping program. Under the Wilson bill, a terrorist attack anywhere in the world would suspend for 45 days many of the controls on the program, and surveillance of international calls could continue without a warrant, as long as an American is not the target, Democrats say. Even before the leadership's changes, House Judiciary Committee aides had expected a bipartisan challenge to Wilson's bill today.

"There are some us who are uncomfortable here, some Republicans," said Rep. Jeff Flake (R-Ariz.), a Judiciary Committee member.

A competing measure, written by Flake and Rep. Adam Schiff (D-Calif.), another committee member, would effectively end warrantless surveillance by insisting that a FISA court warrant remain the exclusive means to conduct domestic surveillance. It would also clarify that Congress's authorization of the use of force after the Sept. 11, 2001, attacks was in no way meant to authorize warrantless wiretapping, and it would require disclosure to Congress of information on all Americans subjected to the surveillance.

Nevertheless, administration officials have criticized aspects of Wilson's House bill, especially the provision that would suspend controls only in the aftermath of a terrorist attack.

"The president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," acting Assistant Attorney General Steven G. Bradbury told the House Judiciary Committee last week.

Wilson was incredulous. "It is surprising to me that, five years after 9/11, the administration comes to Capitol Hill to say they have insufficient legal authorities necessary to keep this country safe," she said.

But House GOP leaders pushed the committee to fall in line.

"Mr. Boehner's purpose right now is to hold on to GOP seats," Schiff said yesterday, after the Judiciary Committee's first classified briefing on the NSA program since it was revealed in December. "It's the security of Republican seats, not the security of the country, that's driving the majority leader.

The heated words came from both sides.

Boehner used a meeting with reporters yesterday to push his attacks on Democrats over the wiretapping issue and the president's efforts to receive congressional approval for his military tribunals.

"I listen to my Democrat friends, and I wonder if they're more interested in protecting terrorists than in protecting the American people," Boehner said.

Democrats Call NSA's Input To Senate Panel Inappropriate (WP)

By Walter Pincus

The Washington Post, September 13, 2006

Democrats on the Senate intelligence committee are complaining that the National Security Agency has played politics in support of the secret program to intercept phone calls between alleged terrorists in the United States and abroad.

On July 27, shortly after most members of the committee were briefed on the controversial surveillance program, the NSA supplied the panel's chairman, Pat Roberts (R-Kan.), with "a set of administration approved, unclassified talking points for the members to use," as described in the document.

Among the talking points were "subjective statements that appear intended to advance a particular policy view and present certain facts in the best possible light," Sen. John D. Rockefeller IV (D-W.Va.) said in a letter to the NSA director.

The cleared statements included "I can say the program must continue" and "There is strict oversight in place . . . now including the full congressional intelligence committees," as well as "Current law is not agile enough to handle the threat posed by sophisticated international terrorist organizations such as al-Qaeda" and "The FISA should be amended so that it is technologically neutral." FISA refers to the Foreign Intelligence Surveillance Act, the current law.

Rockefeller and six Democrats on the panel wrote Lt. Gen. Keith B. Alexander, the NSA's director, on Aug. 29 that they believed those statements "appear intended to advocate particular policies rather than provide guidance on classification." The letter added: "We believe that it is inappropriate for the NSA to insert itself into this policy debate."

Alexander had earlier told Rockefeller that the talking points were in response to requests from more than one committee Democrat for guidance as to what could be said publicly as the policy debate began over what should be done with the program.

One element particularly troubling to the Democrats was the statement that there was "strict" congressional oversight of the program, because, as one senior Democrat said yesterday, committee members are still awaiting requested documents such as the original authorization by President Bush that initiated the program.

In a recent letter to Rockefeller, Alexander said he regretted that the NSA talking points were "misperceived as political." Rockefeller is planning to expand on the Democrats' concerns about their attempts to conduct oversight on the program in a speech today on the Senate floor.

Jury Seated For Trial Of Two Muslims On Charges They Supported Terrorism (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, September 13, 2006

ALBANY, N.Y. -- The trial of two Muslims charged with supporting terrorism is to open Wednesday after potential jurors faced questions on their feelings about Islam, the Sept. 11 terrorist attacks, the war in Iraq and whether they could deal fairly with the defendants.

A jury of six women and six men was chosen Tuesday to hear the case against the men arrested two years ago in an FBI sting. Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, are accused of laundering money for an emigre businessman claiming to be a part-time arms dealer. They have pleaded not guilty, their attorneys arguing that full and accurate translations of the undercover tapes will show the men don't support terrorism.

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"Right now Mr. Hossain and Mr. Aref are innocent," U.S. District Judge Thomas McAvoy said as jury selection began Tuesday. "All we can ask you to do is put aside any ideas you have ... and listen to what the witnesses say."

Some of the initial dozen members of the jury pool said they had relatives in the military, disagreements with Islam or strong feelings about the 2001 attacks on the World Trade Center in Manhattan.

"I personally believe that the government probably didn't bring these charges for nothing," one potential juror said, later likening prosecutors to the U.S. Marines at Fallujah. "Walking into this courtroom I feel like there's the enemy, here's the Marines," he said. "I may not be able to fairly judge this case."

He was excused from the jury pool.

McAvoy said it will be up to jurors to decide who's telling the truth and whether the two men broke any laws. They face more than two dozen charges that they conspired and then went ahead to launder and conceal money from the sale of a shoulder-fired missile to a Pakistan-based Islamic terrorist group.

Prosecutors say the Albany men willingly agreed to join the conspiracy, and their taped statements, as well as past statements, show their sympathy for Islamic terrorism.

Defense attorneys say Hossain, 51, simply sought a loan from the Pakistani businessman, Aref as a cleric was asked to witness the financial transaction, and the businessman/FBI informant was trying hard to implicate them to avoid a stiff sentence from an unrelated conviction.

"There is absolutely no evidence of the instant defendants' intent to commit any attacks on the United States, imminent or otherwise _ there is only a fake and completely incredible 'plot' on the part of a paid informant who tried his best, unsuccessfully, to enlist the support of the defendants," attorney Terence Kindlon wrote.

In court papers, Assistant U.S. Attorney William Pericek said he planned to introduce terrorism expert Dr. Rohan Gunaratna as a witness to rebut the "preposterous position" raised in a bail application that Aref's writings before he came to the U.S. in 1999 show he opposes terrorists and their philosophy. Instead, Gunaratna will offer the opinion that Aref, 36, is "a global jihadist."

McAvoy said the trial will probably last three weeks.

Jury Set In Albany Terror Sting Case (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 13, 2006

Opening statements due today in trial of pizza shop owner, imam accused of taking part in missile launcher plot

ALBANY -- A phalanx of federal and city law enforcement officers blanketed the U.S. District Courthouse on Broadway as a jury of six women and six men were sworn in Tuesday in the trial of two Albany men facing terrorism-related charges.

But there were only a few public spectators and no security incidents as the federal jury was culled from a pool of 65 prospective panelists who reported for duty from as far away as the Poughkeepsie area. Opening statements in the case are scheduled to take place today.

Yassin M. Aref, 36, the jailed spiritual leader of a Central Avenue mosque, and Mohammed M. Hossain, 51, a city pizza shop owner, are accused of taking part in a plot to sell missile launchers to terrorists during an FBI sting that began in July 2003. The men face up to 400 years in prison if convicted.

Aref's co-counsel, Kent Sprotbery, and Hossain's attorney, Kevin Luibrand, spent much of Tuesday plying the minds of potential jurors about their religious beliefs and feelings toward Muslims in the wake of the 9/11 attacks.

"I'm scared to death of you," Luibrand told the group at one point, referring to his client's Muslim heritage, his appearance, and the mind-set of Americans at a time when the United States is at war in the Middle East. "Do you understand why I'm afraid? ... Can you look at him as Jimmy McDonald from North Albany instead of Mohammed Hossain from Bangladesh?"

"I do believe I can listen to the facts and sort it out," one juror later responded.

But several prospective jurors were dismissed after admitting that 9/11 and other terrorist-related events had skewed their ability to remain impartial.

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More than a dozen FBI agents are expected to testify during the trial, which is the culmination of the most intensive counterterrorism sting in the history of the Albany field office, which covers about 32 counties in upstate New York as well as the state of Vermont.

Much of the defense's case is expected to center on government translations of dozens of tape-recorded conversations that took place between Hossain, Aref and an FBI informant. The informant, a Pakistani immigrant, agreed to take part in the sting to help settle his own, unrelated criminal charges of unlawful supplying driver's licenses to other immigrants.

"We're all affected by what happened five years ago," Sprotbery said to the panelists, noting that Aref "looks like" terrorist figures whose violence has played out on media outlets worldwide since 9/11 and especially during the war in Iraq.

Aref was not drawn into the sting until Hossain and the FBI informant had met 13 times over the course of five months in late 2003. Federal officials have acknowledged Aref was the "ultimate target" of the investigation.

In part, their interest in Aref was sparked about two months before the sting was launched when Aref's name, phone number and Albany address were found in a notebook recovered from a bombed-out Iraqi encampment that the government contends was occupied by terrorists, according to court records.

Prosecutors also have laid out detailed allegations tying Aref to high-ranking terrorist groups in the Middle East, and he is facing several immigration-related charges for allegedly lying about the connections, which his attorneys dispute. Aref has admitted he met people who the U.S. government has labeled terrorist figures, but he has denied being involved with their causes.

Authorities have not lodged any similar allegations against Hossain.

Aref and Hossain were arrested in August 2004 on a 19-count indictment charging them with money laundering in connection with a plot to sell grenade launchers to terrorists. The government subsequently added more charges, including allegations the men conspired to provide material support to a Pakistani terrorist group, although the support was in the form of taking part in the FBI sting. There was never any real terrorist plot.

Hossain, a Bangladeshi immigrant who has lived in Albany for more than two decades, claims he was drawn into the plot by an overzealous FBI informant.

But part of the FBI's strongest evidence in the case is an undercover surveillance videotape that shows the informant holding a surface-to-air missile launcher as the men chatted inside the informant's Central Avenue storefront. During the meeting, the informant told Hossain that they would earn money through the sale of the weapons.

Aref is an Iraqi-born religious scholar who was hired as imam at the Masjid As Salam mosque on Central Avenue soon after he arrived in the United States seven years ago. Aref and Hossain had been free on bond while their case is pending, but Aref's freedom was revoked by a federal judge last September when federal prosecutors filed a superseding indictment that contained allegations of Aref's past ties to terrorist organizations.

The trial is expected to take about a month.

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The Case Of The Globe-trotting Grocer (BVND)

The Belleville News Democrat, September 13, 2006

By Ron Grossman

Chicago Tribune

(MCT)

CHICAGO - Sitting next to Muhammad Salah on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands.

The 53-year-old Palestinian-American from Bridgeview, Ill., seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics - or, perhaps more aptly in this instance, the Sufis of the Islamic world.

He is given to speaking in aphorisms.

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"People are slaves to politics," he said during one of the pretrial skirmishes at the Dirksen Federal Building, where his criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature.

When Salah was charged two years ago, then-Attorney General John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of Sept. 11.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said in announcing the indictment by a federal grand jury of Salah and two co-defendants, including Mousa Mohammed Abu Marzook, a top leader of Hamas' political wing.

Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators.

Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas.

The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel.

It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation.

Submitted as a movie script, the story might elicit a Hollywood producer's critique: "Fascinating yarn, but needs simplifying."

Progress Cutting Off Terror Funds Cited (AP)

By Jeannine Aversa

AP, September 12, 2006

The United States has made progress in the last five years in trying to shut down avenues for terrorists to raise and move money but challenges remain, Bush administration officials told Congress Tuesday.

Testifying before the Senate Banking Committee, Treasury Department official Daniel Glaser underscored the importance of the United States working closely with international allies to share information. The goal, he said, is to thwart terrorist financiers and improve coordination of this information among agencies.

Glaser said authorities must stay ahead of terrorist financiers who not only try to use the traditional banking system to move money but also other methods, including cash couriers, trafficking of drugs, weapons and precious metals and jewels.

"We must adjust the development and application of our financial tools as terrorists and other threats adapt their financing methods and as we continue to learn how to improve our efforts," said Glaser, Treasury's deputy assistant secretary for terrorist financing and financial crimes.

The committee's chairman, Sen. Richard Shelby, R-Ala., agreed, saying: "We must be mindful of our enemies' ability to adapt." Even though "memories fade," the country must remain vigilant, Shelby said.

The remarks came one day after observances for the 5th anniversary of the terror attacks on New York and Washington.

Since the attacks, the United States has designated a total of 460 people and entities as providing financial support for terrorists, Treasury officials said. Those actions mean that any bank accounts or financial assets found in the United States belonging to them are frozen and Americans are barred from doing business with them.

Glaser and other Treasury officials testifying at the hearing also told lawmakers about the government's efforts to financially clamp down on Iran and North Korea — two countries with nuclear ambitions. The United States says that Iran is a big source of funds for terrorist groups, including Hezbollah.

The international community needs to do more to put the financial squeeze on Hezbollah, Glaser said.

At times over the last five years, the Treasury Department had come under criticism for its efforts to combat terrorist financiers. The government, however, did get high marks for its efforts from the 9/11 commission.

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More recently, some lawmakers expressed concerned that they weren't briefed early on about a secret program, started shortly after the Sept. 11, 2001, terror attacks, which gives the government access to a massive international data base of financial information to track suspected terrorist financiers.

The existence of the program was revealed by news organizations in late June, a disclosure that the administration said could hobble future efforts to nab terrorist financiers.

The United States also is focusing more energy on the difficult job of trying to come up with ways to better pin down shell companies in the United States that are used to move money or hide money for terrorist financiers, drug lords and other criminals, Glaser said.

English Woods A Suspected Cover For Terror (WP)

By Kevin Sullivan And Mary Jordan

The Washington Post, September 13, 2006

LYNDHURST, England, Sept. 12 -- Jake, an arthritic Labrador retriever, slept beneath an ancient oak tree in a warm September breeze. Ponies roamed untethered, children kicked pine cones along gravel forest paths, and Edith Jones stood outside her camper wondering how such a tranquil spot had become, according to police, a training ground for terrorists.

Yassin Mutegombwa, 22, a London resident whose family is from Uganda, was charged in court Tuesday with receiving training for terrorism on British soil, the first person to be charged under a law enacted this year. According to a statement from Scotland Yard, he received weapons training in two rural English locations, including "at a woodland area" near Jones's campsite outside this village in southwestern England in late April and early June.

"This hits quite close to home," said Jones, 45, who has been coming to Matley Wood Campsite 80 miles southwest of London for more than 20 years. She said it was hard to believe that her idyllic camp, in the heart of national forest established as a hunting area by William the Conqueror in 1079, is suddenly caught up in the global struggle against Islamic extremism.

The charges against Mutegombwa illustrate increasing worry in Britain that violent extremists are not only being recruited from the country's large Muslim population but also are being trained here. Officials say some of the training may have taken place at popular paintball fields.

A Scotland Yard spokesman on Tuesday said that domestic terror training was "clearly recognized as a problem" and that the Terrorism Act of 2006 specifically included a new broad offense of receiving training that could be used for terrorism.

Police privately said that the camps were not formal military-style camps, but rather places in the countryside where would-be terrorists gathered to bond, plan and sometimes take part in weapons training. As part of the inquiry into the July 2005 suicide attacks on the London public transit system, police have investigated a rafting trip in north Wales by two of the four bombers shortly before the attacks.

British authorities have also said that they suspect some radicals are using the sport of paintball, in which players dressed in combat uniforms shoot one another with balls filled with colored liquid, as a method of learning military-style tactics. A property owner who spoke on condition of anonymity said he had been told that police were monitoring a wooded paintball site in the Lyndhurst area.

In Northern Virginia, 11 men were recently convicted in what prosecutors called a "jihad network" that among other things involved playing paintball in wooded areas of Virginia.

Ian Horton, who runs the Paintball Park in Landford, a few miles north of the Matley Wood camp, said he recalled no suspicious customers at his park and said police would be wasting their time by watching his business for potential extremist activity. "I don't see where a terrorist gets any benefit from paintball," he said.

Peter Neumann, director of the Center for Defense Studies at King's College in London, said "in one sense it's surprising" that young Muslims would engage in terror training in the English countryside. But with 60 million people on an island the size of Minnesota, he said, there are still places to go off and not be seen.

During the court case of radical cleric Abu Hamza Masri, who was convicted this year of inciting murder and racial hatred, Neumann said, evidence was presented that he would take followers out to the countryside for "camping trips" where they could

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"try out new weapons, engage in physical exercise and receive religious indoctrination." Neumann said those who excelled in British camps were then sent on to Afghanistan and Pakistan for "serious military training."

Mutegombwa was charged with three counts of receiving training that could be used for terrorism. His younger brother Hassan Mutegombwa was charged with procuring money for terrorism.

A third person, Musa Akmet, 47, was charged with illegal possession of a 16mm mini-flare launcher. Akmet and a fourth defendant, Mustafa Abdullah, were also accused of possessing "a record containing information of a kind likely to be useful to a person committing an act of terrorism."

In a central London court Tuesday, both Mutegombwa brothers, dressed in white sweat suits, waved to people in the public gallery, including women completely veiled except for their eyes, as they were led out of the courtroom.

At Matley Wood about 25 campers were parked at some of the 70 sites set in a forest of oaks and silver birches.

Jones and her husband, Raymond, said anyone acting suspiciously would stand out in a place where many of the regulars have been coming for decades. But they said gunshots in the 220-square mile New Forest National Park are not unusual because park officials shoot deer to reduce the population and poachers sometimes hunt at night. They suggested the British easygoing manner might make it easier for potential terrorists to operate.

"We are a nation of trusting people," Edith Jones said.

Replied her husband: "Maybe we should start to not trust people so much."

4 Men Held In British Raids Are To Remain In Custody (NYT)

By Karla Adam And Alan Cowell

The New York Times, September 13, 2006

WHITE WALTHAM, England, Sept. 12 — Residents and employees at two recreation sites that have been cited in court documents as possible terrorist training camps expressed puzzlement on Tuesday, though one person said his resort had attracted police attention before.

“This place is not the least bit linked to terrorism,” said Mick Holdaway, the owner of a leafy, 98-acre complex called Pondwood Farm near this town west of London that offers such pursuits as paintball shooting, bungee jumping and fishing.

On Tuesday, four men who were arrested in a series of police raids across London on Sept. 1 were ordered to be kept in custody, one day after they were charged with terrorism-related offenses.

One of the men, Ugandan-born Yassin Mutegombwa, 22, was charged on three counts of weapons training “for the purposes connected with the commission or preparation of acts of terrorism’’ near Pondwood Farm on June 18 and near the Matley Wood Caravan and Camping site in Lyndhurst, on England’s south coast, from April 28 to May 1 and June 2 to June 4.

As Mr. Holdaway, 56, strolled through Pondwood Farm’s 14-acre paintball site, he said the area had been under surveillance by the police Special Branch since just after the Sept. 11, 2001, attacks and by the antiterrorism squad since 2004.

“The Special Branch came here just after 9/11,’’ Mr. Holdaway said. “They asked, ‘Do you get brothers over in your paintball area doing training?’ Then two years ago the antiterrorism squad came and said, ‘Is it O.K. that we do surveillance?’ I said, ‘Yes’ to both, ‘feel free.’ I’m a family man and if anything like that is going on, I want to know about it.’’

“If someone came here and played paintball but had an ulterior motive for weapons training, well, that’s not at all my fault,’’ he said. “Certainly no one I knew of received any training.’’

The manager of the paintball facility is Shahid Chowdhary, a 42-year-old father of eight who leases the site from Mr. Holdaway and who described himself as a staunch Muslim.

“Every person who plays paintball signs a disclaimer, and not only don’t I know Yassin, I have never seen his name,’’ Mr. Chowdhary said in a telephone interview. The disclaimer, he said, includes personal details to identify those who play paintball.

“The only weapons we have are paintball guns,’’ he said. “If I came across something suspicious, I would tell a policeman straightaway. I abhor terrorism, and it is not Islam.’’

The forest floor where paintball is played was dotted with purple paint pellets on Tuesday. There was one area with rows of knee-high boards that had faces printed on them — including one of Saddam Hussein in military garb — that were splattered

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with purple paint. There were several wooden shacks and a cluster of log huts and fences that Mr. Holdaway called the Vietcong Village.

Mr. Mutegombwa was also charged with attending a site near Matley Wood Caravan and Camping for weapons training.

Christine Saunders, a 56-year-old retired florist, said she pitched her green mobile home there in March, a month before Mr. Mutegombwa is said to have first visited the area.

"There have been no suspicions or rumors here all summer,'' she said in an interview. "It's quiet here. That's why we like it.''

The four men who appeared at a magistrates' court in central London on Tuesday were among 14 arrested in the Sept. 1 police raids. The raids were part of a police hunt for terrorist recruiters and trainers and not related to the Aug. 10 security alert surrounding what police called a conspiracy by Islamic radicals to bomb trans-Atlantic airliners.

Mustafa Abdullah, 24, and Musa Akmet, 47, were charged with one count of possessing information likely to be useful to a terrorist. Mr. Akmet was also charged with illegal possession of a 16- millimeter mini-flare launcher. Hassan Mutegombwa, 20, Yassin's brother, was charged with one count of procuring financing for terrorism. The British Press Association said the charge was related to seeking money for a one-way airline ticket to Kenya.

Lawyers for all the men except Mr. Akmet said their clients would plead not guilty to the charges.

Even Safety Czar Thinks British Are Too Risk-Averse (NYT)

By Sarah Lyall

The New York Times, September 13, 2006

LONDON, Sept. 12 — One of the received wisdoms about British life is that it is full of picayune rules that are meant to prevent injuries and accidents but are in fact patently ridiculous. Antigovernment newspapers delight in promoting the notion of a country ruled by what they call "political correctness gone mad," describing how, for example, a fire department in Devon removed its traditional firemen's pole last year, apparently on the grounds that it is safer to use the stairs.

So it came as a surprise when Bill Callaghan, who as head of the country's Health and Safety Commission is supposedly responsible for such decisions, appeared on television last month to urge Britons to "get a life." Even more surprisingly, perhaps, he did so while engaging in a relatively high-risk activity: sailing (although he was wearing a life preserver).

But to Britons who have accepted the notion that no one is allowed to do anything fun anymore, and that it is the government's fault, Mr. Callaghan's message was met with some skepticism. Indeed, as he would be the first to admit, his agency has a major public-relations problem. "I was getting pretty angry with all the stories which mentioned Health and Safety — capital H, capital S — as stopping people from doing ordinary, worthwhile things," he said in a recent interview.

His irritation spurred him to action and to his new campaign to put a reasonable human face on the Health and Safety Commission, whose job is to recommend and oversee Britain's safety regulations.

"Our mission is to improve people's health and safety at work, and if people think it's all about petty bureaucratic rules, then we're not being successful," he said. "People say, 'We can't do this because Health and Safety won't let us.' "

Safety at work is no laughing matter, Mr. Callaghan, formerly the chief economist at the Trades Union Congress, said indignantly. Last year, he noted, 220 people were killed on the job. In the late 1960's — before the passage of the landmark Health and Safety at Work Act of 1974, which among other things established his agency and its sister, the Health and Safety Executive — the annual figure was about 1,200 deaths.

Britain has indeed become more risk-averse in recent years, largely because of a pervasive public fear of American-style litigation. But as Mr. Callaghan points out, payouts in liability cases in Britain are far lower than they are in the United States — about one-third as much per capita — and most lawsuits are dismissed before ever getting to trial.

By the same token, he said, he believes that many of the decisions made in the name of health and safety in Britain are indeed asinine. These include schools requiring children to wear protective goggles when playing with nuts that have fallen from trees; schools banning bandages because of fears of latex allergies; and village fairs forbidding people to sell homemade cakes in case they contain contaminated eggs.

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But the commission is blamed for them anyway. It set up a myth-busting page on its Web site explaining, for instance, that it was not involved in the decision last April to cancel a St. George's Day breakfast in Wiltshire, after local officials ruled that the volunteer cooks were not formally trained in egg preparation.

Some of the examples are more ambiguous, though, illustrating how hard it can be to walk the line between traditional stiff-upper-lipness and modern caution. In another example on the Web site, the agency rebuts an article claiming that it has forbidden window washers to use ladders, lest they fall off. Ian Greenwood, who is identified as the head of the agency's "Falls From Height Program," is quoted as saying that ladders can indeed be used, as long as the "task is low-risk and of short duration," and all safer, non-ladder alternatives have been ruled out.

Mr. Greenwood notes that 14 people died, and more than 1,000 were injured, after falling from ladders in 2004. He directs interested parties to the agency's sensible-ladder-use campaign, which includes the publication, "Safe Use of Ladders and Stepladders."

Even if it is incorrect, the prevailing notion that every mishap ends with someone suing someone else has irrevocably changed Britons' mind-sets. Children who leave their coats and bags in special containers on field trips to the Science Museum in London, for example, are instructed by posted signs not to put anything on the lids, on account of Health and Safety rules. People buying cups of tea on British trains are ordered to carry them in paper bags for safety reasons — whether they want to or not.

Sailing down the placid Thames a year ago as part of the celebration marking the 200th anniversary of the Battle of Trafalgar, the actor playing Lord Nelson was required to accessorize his vintage admiral's outfit with a contemporary life preserver, which tended to spoil the effect.

Nor are the Health and Safety Commission offices, at the end of Southwark Bridge in East London, immune to dispensing their own cautionary advice. Along with security passes, visitors are issued photocopied pamphlets offering instructions on how to identify the sound of the fire alarm (a "continuous ringing of bells"); where to go if a fire does break out (convene at the location marked on the map on the back); and what to do if they feel sick or fall down (there is a first-aid room on the first floor; all injuries, "no matter how minor," must be reported).

The agency's new charm offensive has had mixed results. "Nanny-in-Chief Confesses," The Daily Mail wrote approvingly about Mr. Callaghan's campaign, as if he were a Mao-era Chinese official engaging in ritual self-criticism. But in The Sunday Times of London, the columnist Roland White said, "For him to attack the nanny state is a bit like the chairman of the Football Association complaining that high wages are ruining the game."

But Mr. Callaghan is on the skeptics' side, he says, having experienced annoyingly overzealous regulations himself. After his 17-year-old son's class traveled to upstate New York for a school ski trip, he said, students were forbidden to swim in the hotel pool with children from other schools, because their school's risk assessors had determined that it was too dangerous.

Mr. Callaghan was just as exasperated as you would be, if it were your child's school, and please don't blame the Health and Safety Commission. "It's not something we would get involved in," he said.

HOMELAND RESPONSE:

White House, Dems Divided On Bush Speech (AP)

By Nedra Pickler

AP, September 12, 2006

The White House quarreled with Democrats Tuesday over whether President Bush was trying to win political points by using a Sept. 11 anniversary speech to defend the war in Iraq and his war on terror.

Bush spokesman Tony Snow said although there were "three or four sentences" in the president's 17-minute address Monday night that could be considered controversial, Bush took pains not to be partisan. He said Bush had to discuss the dominant issue of Iraq, but he wasn't "picking fights" or making any demands of Congress.

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"This was not a speech that was designed to single out anybody for partisan reasons, but gave the president's honest reflections and reactions to what has happened since September 11, 2001," Snow said. "The president decided that yesterday wasn't a day for partisanship."

Democrats, in a campaign to win control of Congress from the president's Republican Party, charged that Bush was using a national day of mourning for partisan gain. Senate Democratic Leader Harry Reid of Nevada said Tuesday that Bush was "more consumed by staying the course in Iraq and playing election-year politics."

"The American people deserved better last night," Reid said in a statement. "They deserved a chance to reclaim that sense of unity, purpose and patriotism that swept through our country five years ago."

House Majority Leader John Boehner, R-Ohio, shot back at Democrats Tuesday: "I wonder if they're more interested in protecting the terrorists than protecting the American people," he said at a news conference. "They certainly don't want to take the terrorists on and defeat them."

In the speech broadcast in prime time on the fifth anniversary of the terror attacks, the president described a brutal enemy still determined to kill Americans, perhaps with weapons of mass destruction if they get the chance.

"If we do not defeat these enemies now, we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons," Bush said. "We are in a war that will set the course for this new century and determine the destiny of millions across the world."

Bush began with a two-minute tribute to the nearly 3,000 victims of the Sept. 11 attacks, but most of his 17-minute speech was devoted to justifying his foreign policy since that day. With his party's control of Congress at stake in elections less than two months away, Bush suggested that political opponents who are calling for withdrawal of U.S. troops from Iraq would be giving victory to the terrorists.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," Bush said from the Oval Office, with a photo of his twin daughters and the American flag behind him. "They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

While Democrats have been using public opposition to the Iraq war to argue for a change of leadership in Congress, Bush's prime-time address showed how he has been able to use the power of incumbency to command public attention and make his points. Democrats objected to the tone.

"The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the fallen but to seek support for a war in Iraq that he has admitted had nothing to do with 9/11," Sen. Edward M. Kennedy, D-Mass., said in a statement. "There will be time to debate this president's policies in Iraq. September 11th is not that time."

On Monday, dozens of lawmakers from both parties put aside the campaigning and joined on the steps of the Capitol to remember the attacks. Together they sang "God Bless America" as they had five years ago.

"Partisanship would have been the one casualty the American people would have accepted following 9/11, but it remains the one thing the president refuses to give up," Illinois Rep. Rahm Emanuel, chairman of the Democratic effort to win control of the House, said after the president's speech.

Snow noted that Emanuel, Kennedy and other Democrats attacked the speech shortly after the president was finished speaking, suggesting they were the ones who injected politics. "It appears that there had been a desire immediately after the speech to go ahead and make partisan points," he said.

Bush said Iraq is part of the United States' post-Sept. 11 approach to threats abroad. Going on offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking regime change in Iraq, Bush said. At least 2,670 U.S. servicemen and women have died in Iraq.

"I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Bush said. "The answer is that the regime of Saddam Hussein was a clear threat.

"America did not ask for this war, and every American wishes it were over. So do I," Bush said. "But the war is not over, and it will not be over until either we or the extremists emerge victorious."

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Although his administration has been criticized for trying to link Osama bin Laden to Baghdad, Bush made further comparisons between the al-Qaida leader and Iraq. The president quoted bin Laden as saying the battle in Iraq is the "Third World War" that could bring America's "defeat and disgrace forever."

"If we yield Iraq to men like bin Laden," Bush said, "our enemies will be emboldened, they will gain a new safe haven, and they will use Iraq's resources to fuel their extremist movement. We will not allow this to happen."

Bush delivered a message to bin Laden and other terrorists who are still on the run. "No matter how long it takes, America will find you, and we will bring you to justice," Bush said.

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On the Net:

http://www.whitehouse.gov

In The Debate On Security, Perhaps A Misstep Or Two (NYT)

By Jim Rutenberg And Carl Hulse

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Elapsed time between the conclusion of President Bush's speech Monday night on the fifth anniversary of the Sept. 11 terrorist attacks and the first Democratic charge that he had politicized the tragedy: 20 minutes.

White House reaction: an appearance of glee.

Next steps: to be determined by conditions on the ground.

With the White House having wrapped up the first phase of its all-out effort to gain control of this fall's political narrative by casting the Iraq war as part of an epochal struggle against tyranny, both parties are confronting questions about their tactics as they head into the homestretch of the campaign.

Did the Democrats play into Mr. Bush's hands when Senator Edward M. Kennedy said Monday night that the president should have been ashamed of his speech, giving the White House a chance to intensify the national security debate against just the kind of liberal opponent it relishes? Did Mr. Bush overplay his hand by turning what had been billed as a nonpartisan commemoration of the attacks into what his opponents called a political defense of the war?

Democrats said they had initially planned to avoid any sort of partisan response to Mr. Bush's address. But they said they changed their minds within minutes and followed up on Tuesday by attacking the administration over its record on port security and other efforts to protect Americans at home. Late Tuesday, they released a letter to the television networks asking for equal time to deliver responses to Mr. Bush's future national security addresses.

At the White House, Tony Snow, Mr. Bush's spokesman, could hardly disguise his eagerness to go before the cameras to engage the Democrats on turf that Republicans have come to consider their own. He invited reporters who posed questions to him in the morning about Democratic complaints about the speech to ask again at his regular televised briefing, where he said Democrats were politicizing the anniversary and reasserted the White House line that a withdrawal from Iraq would turn it into a terrorist base.

On Capitol Hill, Republicans took an even harder line, questioning Democrats' commitment to fighting terrorists. Representative John A. Boehner, Republican of Ohio, the majority leader, said of the Democrats, "I wonder if they're more interested in protecting the terrorists than protecting the American people."

Senator Harry Reid, Democrat of Nevada, the minority leader, responded, "Haven't we moved beyond the fact that Republicans are trying to save us from the terrorists and Democrats aren't?"

But in a sign that there may be limits to how far each side is willing to go in the debate, Mr. Snow initially dodged questions about whether the president condoned Mr. Boehner's remarks. When Mr. Snow was directly asked whether he believed Democrats were more intent on protecting terrorists than Americans, he answered flatly, "No."

And a senior Republican official, who spoke candidly about political strategy only on the condition of anonymity, expressed some unease with Mr. Boehner's language.

But even some Democrats said they winced when Senator Kennedy, Democrat of Massachusetts, was among the first to criticize the president, allowing the White House, for one news cycle at least, to frame the debate as one between the two men.

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At the heart of both parties' calculations are competing visions of what will ultimately move people to the polls this fall. Democrats say they are convinced that with the continued violence in Iraq, a continued stream of threat videos produced by Al Qaeda, and a resurgent Taliban in Afghanistan, Republicans have handed their national security edge to the Democrats.

"Given the basic environment is in our direction, you have to stand up to them every time and show strength and that you are not afraid of them," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "That's what we have done over the past few weeks, and we are very happy with the results."

Democrats are taking their fight to the Congressional floor. On Tuesday, Mr. Reid sought to add a broad package of Democratic security proposals to a port security measure in the Senate, drawing complaints from Republicans that he was effectively blocking crucial legislation.

In the House, Representative John P. Murtha, Democrat of Pennsylvania, plans to introduce a resolution of no confidence in Defense Secretary Donald H. Rumsfeld. If the Republican leadership does not allow a vote, as is likely, Democrats will then begin a petition to force the resolution to the floor.

Acknowledging that Democrats have to be careful to look like more than complainers, Jim Jordan, a Democratic strategist, said, "Of course it's better for the party if we are defining ourselves as muscular and ready to defend the country."

But pointing to polls showing a smaller gap between the parties on national security, he said the Democrats had "fundamentally shifted public perceptions of which party is better able to defend the nation just in terms of domestic security."

Republicans disagree, pointing to successive Republican victories in the past two major elections, each of which was fought over national security policy. In both of those campaigns, critics said Republicans were overplaying their hands and predicted backlashes that did not come to pass. And Republicans have been quick to exploit continued divisions among Democrats over how to proceed in Iraq, often seeking to define the Democratic Party on the basis of positions taken by its more liberal members.

"When they make these outrageous statements on national security and try to politicize that issue, that plays to our advantage," said Ron Bonjean, a spokesman for the House speaker, Representative J. Dennis Hastert, Republican of Illinois. "We've chosen the grounds of national security; they're trying to play on our field."

With control of the White House and both chambers of Congress, Republicans say they plan to run the legislative show in the coming days with bills codifying the president's domestic spying program and the military tribunal system for detained terrorism suspects, though Republicans in the Senate, including John McCain of Arizona, oppose crucial parts of the tribunal legislation.

To goad the effort along, Mr. Bush plans to meet Thursday with Congressional Republicans on Capitol Hill for a closed-door session. And Tuesday, after he met with a group of conservative columnists, National Review Online quoted Mr. Bush as saying that he would have faced loud criticism had he not mentioned Iraq on Monday night, and that his goal was to highlight the stakes in this campaign.

Still, even some Republicans had doubts about how much the new national security campaign would help in a climate both sides see as tough.

"I don't think the inside-the-beltway discussion about political tit-for-tat makes any difference in the majority of races around the country," said Senator John E. Sununu, Republican of New Hampshire.

GOP Heightens Security Offensive (RC)

By Susan Davis And Erin P. Billings

Roll Call, September 13, 2006

With cautious hopes that the political winds may be turning in their favor, Republicans in both chambers are accelerating their election-year offensive this week with fundraising pitches, heightened rhetorical attacks on Democrats and a rare Thursday visit from President Bush.

"Hopefully we're back on the offensive on the issues that have worked for us and that Democrats are traditionally weak on," said one senior GOP Senate aide. "We're going to focus on a couple key issues to get traction on and try to ratchet up the momentum."

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Echoing the style of his predecessor, former Rep. Tom DeLay (R-Texas), House Majority Leader John Boehner (R-Ohio) fired at Congressional Democrats on Tuesday during his weekly session with reporters, going so far as to suggest Democrats sympathize more with terrorists than their constituents.

"I listen to the questions today and I listen to my Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," Boehner said.

When asked if he intended to imply that Democrats were treasonous, he responded. "No, I made it clear [that] sometimes I wonder — that is what I said — I wonder if they are more interested in protecting the terrorists. They certainly do not want to take the terrorists on and defeat them."

Earlier Tuesday, House Minority Leader Nancy Pelosi (D-Calif.), along with other senior House and Senate Democrats, had blasted Bush's Monday address to the nation for continuing to equate the Iraq War with a broader war on terrorism.

Pelosi fired back at Boehner, accusing him and other Republicans of resorting "to the desperation politics of fear." Added Pelosi, "It's time for real leadership against terrorism, not just Republicans' half-truths and scare tactics. The American people will see through the Republicans' cynical tactics and choose a new direction in the war against terror."

Yet Republicans are only heightening their offensive on Democrats, with GOP leadership aides coordinating message points and media releases with their rank-and-file members in order to define Pelosi specifically and Democrats in general on national security.

Bush's Thursday visit to the House Republican Conference will add momentum to their efforts as the administration works with Congress to authorize the president's actions, which were recently struck down in courts on military detainees, wire-tapping and surveillance of suspected terrorists.

"I think he has not been up in a while, and he thought it would be a good idea," Boehner told reporters. "I just think having the president interact with our Members has always been good for our team. ... We work closely with the White House and providing this kind of a forum I think is good for the president and good for our members."

Boehner downplayed suggestions that a Bush appearance may not aid vulnerable GOP incumbents, many of whom have been running campaigns that separate themselves from the president on the issues.

"I have not really seen anybody running away from the president. Frankly, I think that would be a very big mistake," he said. "I have no fears about losing our majority, none whatsoever."

On the campaign front, House Republicans will meet at the Capitol Hill Club this morning for the second-to-last fundraising pitch for the National Republican Congressional Committee's Battleground program, which raises money for their most vulnerable incumbents.

House Chief Deputy Whip Eric Cantor (R-Va.) is chairing this year's effort and is tasked with raising $17.5 million for the cycle. Rob Collins, a spokesman for Cantor, said they have collected more than $11 million so far from rank-and-file members.

"We're excited about the progress in that we feel that we're ahead of the aggressive pace Mr. Reynolds set for us," Collins said, adding that Cantor will "absolutely" meet the fundraising goal

Across the Capitol, Republican Senators also are putting in place the final pieces of their pre-election game plan — hoping to put Senate Democrats on the defensive as they push through a multitiered security agenda that puts them back in the political driver's seat.

While Republican House Members will meet with Bush, Senators got some face time Tuesday with White House Chief of Staff Josh Bolten and Vice President Cheney at their weekly policy luncheon. Republicans in both chambers are hoping to use the next three weeks to push through a series of homeland security measures, beginning with passage this week of port security legislation, and later by passing bills to provide executive authority to engage in terrorist surveillance and to deal with the rights of suspected terrorist detainees.

That legislative agenda will be coupled with a multimillion-dollar message and ground game designed to define Democrats as weak on national security and the broader war on terrorism.

GOP Senators say that unlike their House counterparts, they have little fear of losing their chamber to the Democrats. But they remain worried about holding onto their six-seat hold in the Senate that most observers predict is in jeopardy.

"There's surely a greater focus," Sen. John Cornyn (R-Texas) said when asked about the current Republican mood.

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On Tuesday, several GOP Senators and aides suggested that while the landscape may not have done an about face, the climate has improved in part because of President Bush's recent media blitz on the war, as well as their own attempts to unify around a keep America safe message. Also adding to their new-found momentum are a series of global events that show Republican strength on defense matters such as the foiled terrorist plot to blow up airliners bound for the United States.

"November is still a long way away," said one Senate Republican aide. "But today's a hell of a lot better than it was two months ago."

Sen. John McCain (R-Ariz.) said with less than two months to go until the election, he believes there is still time to move voters, saying: "Most people don't make up their mind until 48 hours before."

A high-level Republican Senate aide suggested his party came into September fearing the worst, given the daily dose of media reports and pundit speculation predicting sweeping Democratic success on Nov. 7.

But September has shown some positive signs for Republicans, this aide said, and said that rather than "running around with our heads in our hands, we are being aggressive."

"The expectations were set so high for the Democrats that the fact there isn't a blood bath after August, buoys a lot of people," this aide said. "When you look at the landscape it's not nuclear winter."

Sen. Norm Coleman (R-Minn.) said he remains optimistic about his party's chances this fall, and believes that Republicans are making clear to voters that they are the best party to keep them safe. If that message is conveyed effectively, the electorate will keep the GOP in charge this November, he said.

"I still think most of my colleagues are in agreement that we will hold our majority in the Senate," Coleman said. "There's no panic. I think we are running scared in a healthy way."

Democrats aren't ceding any ground, however. Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) said voters are wise to the Republicans' election-year maneuvers, and predicted the GOP will fail.

He said Republicans may have seen success on the security platform in the past, but voters no longer side with their foreign policies, and Democrats, for their part, have learned to stand up and fight back.

"The only thing that is going to stunt Democratic momentum is a change in course," Schumer said. "People want a change in course. People aren't happy."

Republicans, Dems Trade Jabs On War (HILL)

By Patrick O'Connor

The Hill, September 13, 2006

GOP leaders in the House have signaled their support for a controversial White House plan establishing the legal framework to try suspected terrorists just as vulnerable Republicans seek to distance themselves from the president.

House Majority Leader John Boehner (R-Ohio) pledged strong support yesterday for House language backed by the administration creating military tribunals for detained terrorist suspects.

In doing so, Boehner also seized on remarks made by his Democratic counterpart downplaying the effect of capturing Osama bin Laden.

"I listen to my Democrats friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," Boehner told reporters yesterday.

White House spokesman Tony Snow indicated he did not share Boehner's point of view when asked about the comments. And Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) fired off his own vitriolic reaction.

"I wonder if John Boehner is more interested in protecting his majority than protecting the American people," he said in a statement. "Instead of coming up with new ways to scare Americans into voting Republican, George Bush and John Boehner ought to be doing what needs to be done to secure our country."

Over the weekend, Pelosi appeared at a press conference that was supposed to be devoted to taking the administration to task for not doing more in the war against terrorism.

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"And if [bin Laden] is caught tomorrow, it is five years too late. He has done more damage the longer he has been out there," she told reporters. "But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer."

Rank-and-file Republicans are expected to join Boehner later this week in attacking the minority leader for her remarks, Republican leadership aides in the House said yesterday.

"We're going to expose how weak the Democrats' rhetoric and record is on national security and fighting terrorism," said Ron Bonjean, a spokesman for House Speaker Dennis Hastert (R-Ill.). "The Democrat leader wants to give up on catching terrorists, provide classified information to terrorist suspects and cut and run from Iraq."

But Republicans may have a problem with this strategy. On Meet the Press this Sunday, Vice President Dick Cheney also expressed doubt over the impact of catching bin Laden.

"He's not the only source of the problem, obviously…" Cheney said. "If you killed him tomorrow, you'd still have a problem with al-Qaeda, with Zawahiri and the others. But bin Laden has been a top priority for us from the very beginning, he continues to be a top priority today."

Pelosi responded by accusing Republicans of resorting to the politics of fear rather than defending their own "failed" record on terrorism.

"If Mr. Boehner has a concern with the Hamdan decision, he should take it to the U.S. Supreme Court, where a majority of the justices found that Mr. Bush was operating outside of the rule of law," she said in a statement.

Pelosi and Senate Democratic Leader Harry Reid (D-Nev.) also sent a letter yesterday to the presidents of network news companies calling on them to devote more coverage to House and Senate Democrats if they continue to give extensive airtime to President Bush's national security speeches.

"In order to provide the American people with complete information to make the best choices come Election Day, we ask that you commit your network to providing fair and equitable coverage to the viewpoints of both Republicans and Democrats on these crucial national security debates," they wrote.

The war of words comes as both chambers ready legislation to legitimize military tribunals the Supreme Court declared unconstitutional in June. Republicans have made national security the thrust of their reelection efforts to hold the House despite the increasingly unpopular Iraq war.

Although GOP leaders in the House and Senate continue to support President Bush, rank-and-file Republicans in competitive seats are moving further away from the White House on a number of issues.

House Republicans in suburban Philadelphia, for instance, have run ads and sent direct mail pieces distancing themselves from the president on immigration and Iraq.

Bush is scheduled to address GOP lawmakers in the House tomorrow during a rare closed-door session where he is expected to offer words of encouragement heading into the critical midterm elections.

Pelosi's remarks over the weekend contradicts a major plank of the "real security" proposal congressional Democrats introduced earlier this year; the elimination of bin Laden and the al-Qaeda leadership was a principal objective of that proposal.

Boehner also criticized Democrats for backing proposed changes to the House bill establishing these tribunals that would allow defendants to view classified information being used against them.

"These are terrorists," Boehner said. "Providing a terrorist with classified information puts our troops in jeopardy."

The Supreme Court ruled that the previous program was unconstitutional in part because defendants were not allowed to view some of the evidence used against them.

The rhetorical battle coincides with another potentially tough negotiation with the House and Senate over the creation of these tribunals.

In addition to preventing suspected terrorists from viewing classified evidence being used against them, the House bill, which largely resembles proposed White House legislation, also would allow military prosecutors to use hearsay evidence as well as testimony obtained through coercion.

A trio of powerful Republican senators on the Armed Services Committee, including the chairman, Sen John Warner (R-Va.), as well as Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) raised significant objections last week to all three provisions.

Democrats on the House Armed Serives Committee were expected to meet last night to decide how to respond to their own concerns with these three issues, one Democratic aide said. They were deciding yesterday whether to offer amendments or a substitute bill during today's markup that would allow suspected terrorists to view the classified evidence and prohibit hearsay testimony and testimony acquired through coercion.

As the debate advances, Republicans in the House will even make a small semantics change in the tribunals themselves by calling them "terrorist tribunals" instead of "military tribunals" in order to shift the emphasis to those being tried rather than the people trying them, according to GOP leadership aides.

White House Defends 9/11 Reference To Iraq War (WT)

By Stephen Dinan And Charles Hurt

The Washington Times, September 13, 2006

President Bush accomplished his goal of calling for unity while portraying the fight ahead of the United States during his Monday night Oval Office address, the White House said yesterday, as it fended off charges that the president politicized the fifth anniversary of the September 11 attacks.

"The president did not want to try to turn this into a Democrats-versus-the-Republicans thing, but you cannot talk about the war on terror without talking about Iraq," White House press secretary Tony Snow said yesterday.

"And furthermore, you can't talk about September 11th, especially when Osama bin Laden himself says Iraq is at the center of all this, without mentioning it."

On Capitol Hill, Mr. Bush's speech stiffened the spines of Republicans who have grown weary of defending an unpopular war heading into a tight election season. Yesterday, they were back to skewering Democrats as harshly as ever.

"I listen to my Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," House Majority Leader John A. Boehner said yesterday.

In particular, he noted Democratic objections -- shared by a handful of Republicans -- to the Bush administration's handling of terrorism suspects held at U.S. Naval Base Guantanamo Bay, Cuba.

Mr. Bush on Monday night called for unity behind the war on terror and defended Iraq as a central part of that war in a prime-time address from the Oval Office, televised by the major networks.

Almost immediately, Democrats slammed Mr. Bush, with Sen. Edward M. Kennedy of Massachusetts saying the president should "be ashamed" and the chairman of both House and Senate Democrats' political campaign committees accusing him of doing a disservice to the day. They objected to his defense of the war in Iraq and said he was wrong to tie it into the terrorist attacks from five years ago.

"To try to make partisan gain out of such tragedy dishonors all those we lost on September 11," House Minority Leader Nancy Pelosi, California Democrat, said yesterday, calling the speech an attempt "to distract from his failures in Iraq."

The fight is playing out on Capitol Hill, where the House is considering a resolution commemorating the five-year mark since the attacks.

Mr. Boehner blasted Democrats for refusing to accept what in past years has been a noncontroversial resolution because it contains references to eight pieces of legislation that Congress has approved in the past five years in an effort to combat terrorism.

"What is being objected to is a list of the bills that Congress passed in response to 9/11," Mr. Boehner said yesterday. "All of the bills passed with broad bipartisan support. It is a fact that they passed. And I, for the life of me, I have no idea what the objection is."

Three of the bills mentioned in the draft resolution passed almost unanimously, and two others passed with support from most Democrats. The most partisanvote was last year's immigration legislation, which picked up support from 36 Democrats in the House.

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"We're going to expose how weak the Democrats' rhetoric and record is on national security. The Democratic leader wants to give up on catching terrorists, provide classified information to terrorist suspects and cut and run from Iraq," said Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert, Illinois Republican.

"They wouldn't even agree to include the national-security record of Congress in the 9/11 resolution."

At the White House, Mr. Snow would not comment directly on Mr. Boehner's statement on the Democrats' priorities, but said he did not think Democrats were more interested in protecting terrorists than in protecting Americans.

Mr. Snow walked reporters through parts of Mr. Bush's speech and said there were "three or four sentences" that could be seen as controversial, but said Mr. Bush would have been criticized if he had left Iraq out.

Bush Politicized A Solemn Day, Democrats Say (LAT)

By Peter Wallsten

The Los Angeles Times, September 13, 2006

WASHINGTON — As White House officials sought approval from television executives for a coveted prime-time broadcast of President Bush's Oval Office address commemorating the fifth anniversary of the Sept. 11 terrorist attacks, they said publicly that the speech would steer clear of politics.

As late as Sunday, as Bush prepared for a raft of Sept. 11 ceremonies, White House Press Secretary Tony Snow told reporters that the address was "not going to be a political speech — there are no calls to action, there are no attempts to segregate Democrats from Republicans."

But Bush's inclusion in his remarks Monday night of a stout defense of his policies in Iraq — as well as his suggestion that a united front was needed on the subject — sent Democrats scrambling to issue late-night responses and prompted at least one network to adjust its programming to make time for political analysis. And the controversy continued Tuesday, as debate flared over whether Bush inappropriately politicized a day set aside for memorials and solemn reflection.

The dispute comes eight weeks before voters are to decide which party will control Congress for Bush's final two years in office, and underscores how each side is vying to make the issue of national security work to its advantage.

Bush, in a series of recent appearances, and other administration officials have stressed their view that the increasingly unpopular war in Iraq was part of the broader fight against terrorism and that critics were playing into the hands of terrorists.

Democrats have argued that the war has weakened the United States' standing in the world and that Bush's "stay the course" policy only increases the terrorism threat.

The rhetoric escalated after Bush's speech Monday night.

House Minority Leader Nancy Pelosi (D-San Francisco) accused Republicans of employing "cynical tactics" to scare voters, while House Majority Leader John A. Boehner (R-Ohio) wondered aloud whether Democrats were "more interested in protecting the terrorists than protecting the American people."

Democrats pressed their case that the White House had misrepresented the tenor of Bush's speech, causing the broadcast networks to give him a prime-time slot without setting time aside for an opposition response or interviews with Democrats.

"The American people, us included, took [White House officials] at their word when they said it would not be a political speech," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Pelosi and Senate Minority Leader Harry Reid (D-Nev.) sent letters to network news executives Tuesday asking for more coverage of Democrats' views as part of reporting on Bush's war-related speeches.

Bush mused Tuesday about the dispute over his speech, telling a group of conservative columnists during an Oval Office interview that he would have been attacked either way.

"Imagine what they would have said if I hadn't talked about Iraq — 'Failed policy, won't talk about it,' " he said, according to an account posted on the National Review Online.

The first indication that Monday night's address might go beyond a Sept. 11 commemoration came about three hours before Bush delivered it, when the White House press office distributed advance excerpts. It included one line declaring that winning the war on terrorism "will require the determined efforts of a unified country," and that Americans "must put aside our differences, and work together to meet the test that history has given us."

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Still, the excerpts contained no mentions of Iraq — and the headline on the news release alerted reporters only that Bush's speech would "remember those who lost their lives five years ago today and pay tribute to the heroes whose acts of courage that day saved so many lives," and reflect on "what Sept. 11 has meant to America and how we can move forward together to win the war on terror."

On NBC, which like the other two major networks interrupted regular programming to televise Bush's remarks, Washington bureau chief Tim Russert told viewers before the speech that the president would be assuming the role of "commander in chief, healer in chief, comforter in chief; all alone in the Oval Office with one big megaphone for the country and the world to hear."

But Bush wasted little time in his 17-minute address before reverting to the oft-repeated lines of his election-year speeches defending the invasion of Iraq.

"I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," he said. "The answer is that the regime of Saddam Hussein was a clear threat…. The world is safer because Saddam Hussein is no longer in power."

Bush went on to quote Al Qaeda leader Osama bin Laden predicting that defeat in Iraq would mean America's "defeat and disgrace forever," a line the president has often used to criticize Democrats who have endorsed a timetable for withdrawing troops.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," Bush said.

With those and other passages, a speech that had been advertised as nonpolitical was sounding like the president's campaign speech.

Once the themes of Bush's remarks were clear, NBC changed plans and allowed time after the speech for additional analysis. During that segment, Russert predicted that Democrats would no doubt accuse Bush of playing "politician in chief."

A network news executive, speaking on condition of anonymity due to the sensitivity of relations with the White House, said Tuesday that the speech would prompt greater scrutiny of future White House requests for air time.

"On a scale of zero to 100, with 100 being a speech of national significance and zero being purely partisan, this clearly was not a 100 on that scale," the executive said. "And I guess over time if that pattern kept occurring, then … you'd start to look long and hard at those formal requests."

Reid took to the Senate floor to criticize Bush for, in his view, injecting politics into the Sept. 11 commemoration.

Reid recalled that the attacks had "brought America together like never before." He said that when Bush, a few days after the attack, "stood upon that mound of rubble at ground zero with bullhorn in hand, he spoke for all of us" in pledging retribution against the plotters.

But Reid said that on Monday night, "the president spoke for his administration, not for the nation. No bullhorn, only the bully pulpit of his office, which he used to defend an unpopular war in Iraq and to launch clumsily disguised barbs at those who disagree with his policies there."

Snow on Tuesday stood by his earlier characterization of the speech as nonpolitical — in the sense that Bush did not specifically argue that Democrats opposing his Iraqi policies were jeopardizing America's security, as he has done on the campaign trail.

"What I told you was there would be no drawing of partisan distinctions, and there wasn't," Snow said.

"The point is that the use of the term 'partisan,' I think, is being now tossed around as a way to fend off the debate [on Iraq] or say, 'How dare the president talk about it,' " Snow said.

A Reprise Of The Grand Old Party Line (WP)

By Dana Milbank

The Washington Post, September 13, 2006

House Majority Leader John Boehner (R-Ohio) was his genial self at a meeting with reporters yesterday morning, showing off his golf-ball-pattern tie and talking of a conversation he once had with Jack Nicklaus about the baby-blue cravat.

But 15 minutes later, Boehner had moved from the necktie to the jugular: He speculated that Democrats may be guilty of the capital crime of aiding and comforting the enemy.

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"I listen to my Democrat friends, and I wonder if they're more interested in protecting terrorists than in protecting the American people," he said.

One of his listeners, offering Boehner the chance to rescind that charge, asked if he really meant to accuse Democrats of treason. "I said I wonder if they're more interested in protecting the terrorists," he replied, repeating more than clarifying. "They certainly don't want to take the terrorists on in the field."

The majority leader's charge of treachery was no accident. Two months before Election Day, Republicans have revived the technique used with great success in 2002 and 2004: suggesting that the loyal opposition is, well, not so loyal.

Sen. Rick Santorum (R-Pa.) seemed to have the same talking points yesterday. In a fight for his political life, Santorum worked himself into a rage on the Senate floor, hollering: "If you listen to the Democratic leader, our lesson is: . . . Let's put domestic politics ahead of the security of this country. That's the message."

The arrival of Treason Season, heralded by the charged address President Bush gave on Monday's 9/11 anniversary, is right on schedule.

Back in 2002, Bush declared on Sept. 23 that Senate Democrats were "not interested in the security of the American people." Republicans gained seats in the midterm elections.

Two years later to the day, Bush went to the Rose Garden to say that Democrats' statements about Iraq "can embolden an enemy." A few days earlier, Republican John Thune said the words of his opponent, Senate Democratic leader Thomas Daschle (S.D.), "embolden the enemy." Bush and Thune won in November.

The aid-and-comfort line may not work as well this time, if only because polls show broad disenchantment with Bush and congressional leadership. And, unlike in 2002, Republicans have unified control of the government and find their security agenda being hamstrung by GOP holdouts as well as Democrats. But don't discount the influence of Treason Season: A Zogby poll released yesterday showed Santorum closing the gap with Democratic challenger Bob Casey.

As is often the case, Vice President Cheney launched the current round of sedition suspicions. The idea "that we should withdraw U.S. forces from Iraq," he told NBC's Tim Russert on Sunday, "validates the strategy of the terrorists."

Bush picked up the thread in his televised address Monday night, saying: "The worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. . . . If we yield Iraq to men like bin Laden, our enemies will be emboldened." That was milder than Cheney, but not exactly the non-political speech the White House promised when it requested network time.

Senate Minority Leader Harry Reid (D-Nev.) rushed to the floor yesterday morning to denounce this "ploy" by Bush, saying the president "obviously was more consumed by staying the course in Iraq and playing election-year partisan politics than changing direction."

This threw Santorum into a rage, resulting in a 15-minute tirade by the agitated Pennsylvanian. "The very people that planned the attacks are the people who are in Iraq," he stipulated, drawing a conclusion different from the one the Senate intelligence committee reached. He said Democrats "can't face the reality that we have a dangerous enemy out there, an enemy that wants to destroy everything we hold dear."

Boehner, giving reporters an off-camera briefing in his office, was decidedly calmer. In shirtsleeves and sipping a Diet Coke, he told the group coolly: "I have no fears about losing our majority. None." Five minutes later, after making and repeating his supposition that Democrats prefer terrorists to Americans, Boehner added somewhat incongruously that Democrats "are the ones out there making statements."

The flap landed 90 minutes later on Tony Snow's podium in the makeshift White House briefing room. The spokesman declined multiple invitations from the press to disavow Boehner's formulation. "Do you want to let a statement like this stand from a Republican leader of Congress?" NBC's David Gregory finally asked.

"I'll get back to you on it," he said.

The exasperated Gregory tried another tack: "Can you describe how it's possible to oppose the president on the war on Iraq without emboldening the terrorists?"

"Yes, absolutely," Snow said. But not if it means pulling out of Iraq. "That," the spokesman said, "would embolden the terrorists."

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With No Ideas, The GOP Seeks To Scare (WP)

By Harold Meyerson

The Washington Post, September 13, 2006

Wasn't it just a couple of years ago that Republicans were boasting that they were the party of ideas? They would privatize the commonwealth and globalize democracy, while Democrats clung to the tattered banner of common security in both economics and national defense. The intellectual energy in America, it seemed, was all on the right.

That, as they say, was then. In 2006 the campaigns that the Republicans are waging in their desperate attempt to retain power are so utterly devoid of ideas that it's hard to believe they ever had an idea at all.

With fewer than 60 days remaining before the November election, the only two Republican strategies left standing are to scare the public about the Democrats collectively or to slime the Democrats individually. There's nothing new about these strategies, of course, but this year they exist in a vacuum. Having run both the executive and legislative branches for the past two years with nothing but failure to show for it, the Republicans can no longer campaign as the party that will balance the budget, reform entitlements, lower energy costs, fix the immigration problem, create a more secure world or find a suitable way out of their endless war of choice in Iraq. What's left is a campaign of scaring and sliming, with the emphasis on the latter.

The scare campaign is simply harder to wage this year than it was in 2002 and 2004, when Bush, Rove and company convinced just enough voters that the Democrats couldn't be trusted to take on the terrorists. This week, for instance, House Republicans will bring up their annual resolution commemorating the horror and heroism of Sept. 11, 2001, which this year comes complete with some additional language that reaffirms their deport-'em-all approach to immigration. That, the Republicans hope, may just force some Democrats to vote no -- proof positive of their secret sympathies for al-Qaeda.

A similarly threadbare calculation lies behind the Republicans' sudden rush to force a vote on rules governing the tribunals that will judge the 14 leaders of al-Qaeda whom the president abruptly decided to put on trial. The administration's bill establishes procedures clearly designed to repulse sentient beings, such as a provision denying defendants the right to see the evidence introduced against them. The political problem for the Republicans is that there are a few sentient beings in their own ranks, notably Sens. John McCain, John Warner and Lindsey Graham, a former military reserve judge who has said that a court would strike down that provision "in 30 seconds." With McCain, Warner and Graham gumming up the works by insisting on trials that reflect the influence of the Enlightenment, Democrats have been able to stay mum on a controversy that exists only because it was supposed to embarrass them.

It was all so much simpler in the days when the Democrats' reservations about the war in Iraq could be depicted as revealing their irresolution in the fight against terror. Today, alas, most Americans see Iraq as the horrific sectarian conflict it has in fact become, and in a recent poll for Time magazine, 54 percent said our involvement there was actually hurting our efforts to combat terrorism. The president, though, persists in depicting the war as the front line in the war on jihadists; to admit otherwise would be to admit that those who propose redeploying some of our forces, as Democratic congressional leaders have advocated, aren't necessarily soft on bin Laden.

But the public isn't falling for the third iteration of the scare campaign -- not yet, anyway -- so the Republicans have fallen back on slime. According to a report in Sunday's Post by Jim VandeHei and Chris Cillizza, the National Republican Congressional Committee "plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads" that attack Democratic candidates on their business dealings, legal battles and legislative votes that can be taken out of context.

What's a party to do when its high road leads nowhere but down? The Republicans tried privatizing Social Security, but their numbers never added up. They tried spreading democracy with unilateral, preventive war but instead unleashed a sectarian bloodbath. So the party of big ideas, of Milton Friedman and the neoconservatives, is now just one big Swift Boat flotilla, its ideas sunk of their own dead weight, kept afloat solely by its opposition research. For their part, the Democrats still champion common security; they call for a government that can build dikes and reduce the costs of college and medication and that knows that remaking the world becomes more plausible when some of the world is actually willing to go along with us. Those are, in the campaign of 2006, just about the only ideas in play.

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Politics Jeopardize Ports Security Bill (AP-Y)

By Lara Jakes Jordan

AP, September 12, 2006

Ports security legislation that most senators agree would make the country safer was stuck Tuesday in election-year politics as Republicans threatened to scrap it if Democrats forced in a wide range of provisions.

Facing an impasse, Senate Majority Leader Bill Frist set a Thursday deadline to vote on the bill that was earlier considered a sure thing.

The Democratic plan "will kill the bill," said Sen. Ted Stevens, R-Alaska. "We have a bipartisan bill to start with. ... All these amendments are just coming out of the sewer right now. There's just too many of them, and they're just nothing but attempts to block this bill."

Senate Democratic leader Harry Reid said his plan would also bolster security on trains and buses and at chemical plants, strengthen U.S. intelligence missions overseas and approve all of the 9/11 Commission's recommendations, half of which are still undone.

"Let's see if they'll vote against this," said Reid, D-Nev., hoisting a thick stack of white papers.

Reid acknowledged that the port security bill, even without his additions, would be better than nothing. "But why don't we try to improve that? And that's my point. Try to improve it. That's all I'm trying to do," he said.

Voters have ranked national security among top election concerns this fall, which marks the fifth anniversary of the 9/11 terror attacks, and candidates from both parties are scrambling to portray themselves as stronger on the issue than their opponents. Congress made port security a particular priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports.

The Democratic plan would put Republicans in the awkward position of voting against security measures that many voters believe are long overdue.

Stevens, however, said the plan would delay progress on port security, including putting monitors at the nation's 22 largest seaports to screen for materials to make radiological "dirty" bombs or nuclear weapons. The bill would have to be considered by multiple congressional committees to work out differences between House and Senate bills, he said.

David Heyman, homeland security director at the Center for Strategic and International Studies, said the flare-up could scuttle the entire bill.

"Everybody wants to go back to their constituents and say they've done something to make us more secure," Heyman said. "If something gets done, everybody benefits. But if nothing gets done, Democrats will benefit because if you look at polls, people believe Congress isn't doing its job, and voters want change."

Homeland Security Secretary Michael Chertoff, testifying before a Senate panel earlier Tuesday, urged lawmakers to approve the port security legislation, calling it "a tremendous contribution" to measures the Bush administration has already undertaken.

As part of the bipartisan ports security bill, senators also approved several measures Tuesday, including:

_Requiring the government to send emergency alerts to cell phones and pagers.

_Eliminating a hiring cap on Transportation Security Administration screeners.

_Bringing the total number of new Customs and Border Protection officers to 1,000.

U.S. Can't Protect All Targets, Chertoff Says (NYT)

By Eric Lipton

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Congress and the American public must accept that the government cannot protect every possible target against attack if it wants to avoid fulfilling Al Qaeda's goal of bankrupting the nation, Homeland Security Secretary Michael Chertoff told a Senate committee Tuesday.

Osama bin Laden, Mr. Chertoff said, has made it clear that scaring the United States into an unsustainable spending spree is one of his aims. In a 2004 video, Mr. bin Laden, the Qaeda leader, spoke of "bleeding America to the point of bankruptcy."

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"He understood that one tool he had in waging war against the United States was to drive us crazy, into bankruptcy, trying to defend ourselves against every conceivable threat," Mr. Chertoff said at a hearing of the Homeland Security and Governmental Affairs Committee. "We have to be realistic about what we expect and what we do. We do have limits, and we do have choices to make."

The direct reference to Mr. bin Laden echoes what is now a week's worth of tough talk by the Bush administration about him, a move Democrats call a politically motivated effort to refocus the nation, and its voters, on the war on terror instead of the troubled conflict in Iraq.

Mr. Chertoff said his message was not political, but simply a recognition of reality and the tough choices he must make.

Moving ahead will require billions of dollars in spending to finish installation of radiation detection equipment at ports by next year, build fences or high-tech barriers at borders to control illegal immigration, enhance railroad safety programs and install new explosives detection equipment at airports.

In the short term, money will be spent to inspect all cargo packages delivered by individuals to the airports, closing what has been a loophole in the security system. The department, in the next month, will also announce new freight rail regulations for trains that carry highly toxic chemicals. The rules may limit how long railcars are allowed to sit in place and how they are built.

But the list of initiatives cannot be limitless, Mr. Chertoff said. A mandate, for example, that every cargo container headed into the United States be X-rayed and subject to a radiation scan before it leaves a foreign port to search for a possible nuclear bomb is not now feasible, he said.

Senator Frank R. Lautenberg, Democrat of New Jersey, was trying on Tuesday to persuade him to consider such an effort.

"I put my daughter in my car," Mr. Chertoff told Mr. Lautenberg. "If I wanted my daughter to be 100 percent safe, I'd put a five-mile-an-hour speed limit cap on the car." But that is not an option, he added, "because that's more safety than we can afford."

Mr. Lautenberg seemed unimpressed. "If we inspected one out of 20 people going into the White House for tours, or coming into this place, would we feel secure?" he said. "I don't think so."

Others who spoke at the hearing, including Richard A. Falkenrath, the deputy commissioner for counterterrorism at the New York City Police Department, questioned just how good a job Mr. Chertoff was doing divvying up his limited resources.

Mr. Chertoff, since he was named secretary in February 2005, has talked of the need to make spending risk-based, but his department has also been lambasted for compiling a list of possible targets that included a petting zoo, a bourbon festival and a popcorn factory, while at the same time it cut antiterrorism grants to high-risk cities like Washington and New York.

Mr. Falkenrath said the department was focusing too much on screening cargo containers, when the greater threat in American ports, like the attack on the destroyer Cole in Yemen in 2000 showed, was from a small boat packed with explosives pulling up aside a ship or a ferry. It is spending $9 on security per airplane passenger, he said, but less than half a penny on each mass transit rider.

"There's something wrong with this," said Mr. Falkenrath, a former White House deputy homeland security adviser. "Terrorists are attacking the subway system worldwide."

Newly Banned Items Often Fly Past Airport Screeners (WP)

By Del Quentin Wilber

The Washington Post, September 13, 2006

Wendy Shanker was passing through security at the St. Louis airport Friday when the X-ray machine detected a potential weapon inside her carry-on bag. A screener dug into the satchel and found a pair of scissors that Shanker used for knitting. The scissors' blades were shorter than the 4-inch federal limit so the screener plopped them back into the bag.

But he missed something else: Shanker's two-ounce container of Neutrogena hand cream, a substance banned since federal authorities clamped down last month on allowing liquids and gels into airline passenger cabins.

"They focused in on the scissors and didn't seem to see the cream," said Shanker, who didn't realize it was in her bag until she was on her way to Washington Dulles International Airport.

Like Shanker, many people are inadvertently taking banned liquids and gels through security in their pockets and carry-on luggage, according to interviews with several dozen travelers at local airports and with pilots and security officials.

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Others, however, say they're simply not going to tolerate the new rules. They admit that they ignore the restrictions, slipping expensive cologne, perfume, lip gloss, lotion and other ointments into their carry-on bags or into their pockets in hopes of sneaking them past security. Some of the items get flagged by screeners, others do not.

Unlike Shanker, the cream and liquid smugglers refused to give their full names. One woman said she slipped her Blistex lip balm into a pocket because her lips dry out on flights; another stashed her perfume in her carry-on because she didn't trust baggage handlers; another kept a small container of body lotion in her purse to apply in the aircraft lavatory.

A business executive said he always traveled with hand sanitizer in his pocket because he worries about germs on planes. He has made about 10 trips since the restrictions went into effect and hasn't been caught.

Since the rules went into effect, most travelers have abided by the law, packing their hand cream, hair gel and toothpaste in their checked luggage or leaving the items at home. The flouters, however, say they hate the hassle of long waits at baggage carousels and worry that their expensive bottles of perfume will be broken or stolen if placed in their checked luggage.

A 33-year-old teacher, who was traveling with her 7-year-old son and 9-year-old daughter, brought her cosmetics case in her backpack on a trip from Orlando to Dulles Friday morning.

She would give only her first name, Nicole, saying that she worried about getting in trouble. At first, she admitted to a reporter that she was carrying a $75 hydrating gel in her backpack. Then, she revealed lip gloss, toothpaste, a bottle of expensive Chanel perfume and a $300 container of facial cleanser neatly packed in a bulging cosmetic case. Screeners never noticed the items, which she had no intention of checking, she said.

"There is no way I'm putting my Chanel in a checked bag," she said. Then she looked down at her two children: "Who knows what's in their bags?"

The federal government banned most gels and liquids from passenger cabins last month after British authorities said they had foiled a plot to bomb transatlantic flights with liquid explosives. Officials with the Transportation Security Administration said they were confident their security efforts in place at the time would have prevented the plotters from getting through security checkpoints at U.S. airports. But they said they couldn't take any chances and hastily enacted the ban early on Aug. 10.

TSA officials have no way of tracking people who succeed in disobeying the ban, but screeners have caught people trying to sneak items through checkpoints, said Ellen Howe, an agency spokeswoman. Anyone caught could face fines of several hundred dollars, Howe said, although she said it was too difficult to determine whether any fines have been levied.

TSA officials point to a 20 percent increase in checked bags as an indication that most travelers seem to be complying with the rules.

"Travelers must realize this isn't a game," Howe said. "The threat is real and it continues, and we appreciate the public's cooperation. Is it the perfect system? No. But does it make it right to sneak things through security? No, it doesn't."

Security experts said the experiences of travelers interviewed at Reagan National and Dulles airports highlighted what they say are security gaps in the current product bans. A well-trained screener must notice the sometimes-subtle signatures of containers of gels and liquids on X-ray machines. The devices are much better at picking up the shapes of dense and metal objects, such as knives, guns or bomb components, security experts said.

Metal detectors at security checkpoints cannot sense plastic items that may contain liquids or gels.

"There are obviously limitations to this ban," said Clark Kent Ervin, a former inspector general at the Department of Homeland Security.

Ervin supports the restrictions but thinks they are flawed because authorities rely heavily on screeners' interpretations of X-ray images.

"It depends entirely on screeners' alertness and training," he said, "and there are problems with both."

Pilots groups have criticized the measures, saying they notice the security holes all the time. They say authorities should focus more on developing systems to identify potential terrorists, not just their weapons.

Gary Boettcher, a pilot and president of the Coalition for Airline Pilots Association, a trade group that closely tracks security issues, said he constantly sees people drinking from illicit bottles of water or putting on lip gloss when he walks through the passenger cabin. Most of the time, he said, it doesn't bother him.

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"They are just doing their routines like they always did," Boettcher said. "An old woman drinking a bottle of water doesn't concern me. . . . The whole screening process is a facade to make the public feel safe, to show that the government is doing something."

Passengers said they didn't feel any safer after reaching their destination and realizing they had inadvertently left a banned item in their carry-on bags.

Libby Cole, 21, who flew into Dulles from Vermont on Friday, said she rushed to catch an early plane and didn't know until she landed that she had two lip glosses in her carry-on bag.

On a past trip, TSA screeners caught one out of two lip glosses, she said.

"I don't think this does anything, because obviously, if this can get through," she said, holding onto one of her lip glosses. "I think it's just kind of a pain."

Backups From Ban At Airport Checkpoints Short-lived (USAT)

By Thomas Frank

USA Today, September 13, 2006

WASHINGTON — Security lines at U.S. airports returned to normal less than a week after a terror scare last month created some of the worst checkpoint backups ever, a USA TODAY analysis of security data shows.

Transportation Security Administration (TSA) records show that five days after airline passengers were barred from carrying most liquids on airplanes, security lines wereroutine at almost all of thenation's 80 major airports.

Travelers waited 90 minutes or more at 13 of the airports on Aug. 10, when the ban took effect after British authorities said they stopped an alleged plot to bomb U.S.-bound airplanes using liquid explosives. Five airports had lines of two hours or more, the data show.

By Aug. 15, only four airports had lines exceeding 30 minutes.

The fast rebound "gives the TSA wiggle time to test and deploy technology that will deal with liquid explosives," said aviation-security consultant Douglas Laird. "The public isn't going crazy."

The TSA has said the ban will remain in place indefinitely.

Many passengers are using checked luggage instead of carry-on bags. Mike Restovich, TSA's security-operations chief, said the reduction in carry-ons helped checkpoint lines come "back to normalcy" by giving screeners fewer bags to check.

Caleb Tiller of the National Business Travel Association said the TSA did a good job explaining the ban after early confusion. The rules "are well-understood," Tiller said.

Many travelers now spend extra time waiting to check and retrieve luggage, he said.

Timing helped ease lines. Late August and September are slow air-travel periods. Some airlines lost passenger volume after Aug. 10, said James May, CEO of the Air Transport Association, an airline trade group.

Orlando International Airport screener Don Thomas said travelers are following the liquid ban "surprisingly well." Even so, he warned, "If it was holiday time, it would be really bad."

Man Seized On Flight To Dulles (WP)

By Martin Weil

The Washington Post, September 13, 2006

An unruly passenger who reportedly tried to yank open a cabin door in an airliner en route to Washington was jumped last night by fellow passengers who helped federal air marshals subdue him.

United Flight 890, from Los Angeles, was about two hours from Dulles International Airport when the incident occurred about 6:30 p.m. EDT. The full Airbus 320 arrived a few minutes early, officials said.

The man, who reportedly wore a camouflage jacket and spoke Portuguese, was questioned at Dulles last night by airport police, according to an airport spokeswoman.

No motive was readily apparent, but a spokeswoman for the FBI emphasized that the incident was not terrorism-related.

"There is no terrorism nexus," she said.

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The plane, which according to a Web site can carry 180 passengers, left Los Angeles at 12:50 p.m. PDT. About halfway into the flight, shouting broke out in the rear of the cabin, a passenger said after arriving at Dulles.

The man "was pulling on the rear-door release handle," said the passenger, Stephen Lockwood of Northern Virginia.

A flight attendant ordered the man to stop, but he continued to pull on the handle.

Two or three passengers standing nearby intervened, Lockwood said he was told by others onboard.

"They jumped him," Lockwood said. "He resisted," and a vigorous scuffle ensued.

"The guy took quite a beating," Lockwood said. No one else was reported injured.

Out of the tumult, the passenger said, a federal air marshal appeared. He showed his shield and placed plastic handcuffs on the man.

"The passengers clapped when they took him forward," Lockwood said.

Amy Kudwa, a spokeswoman for the Transportation Security Administration, said that she lacked details of the incident but that she understood two air marshals had subdued the man.

It was not clear how often air marshals have been called on to subdue passengers on flights into or out of Washington. The number of flights that carry marshals is not disclosed.

Intervening in such situations is "part of [the air marshals'] mission, Kudwa said.

It also was not clear whether the door could have been opened in flight. Lockwood said he was told later by airline personnel that the doors cannot be opened while the cabin is pressurized.

According to Lockwood, the man was taken to the first-class section of the airplane, where at least one passenger talked with him in Portuguese.

Courtney Prebich, a spokeswoman for the Metropolitan Washington Airports Authority, which operates both Dulles and Reagan National Airport, said airport police were called to meet the plane upon its arrival.

An FBI spokeswoman said the bureau was interviewing the unruly passenger last night. She said few details were immediately available.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 13, 2006

Then and now

"Back in 2003, when CBS planned to broadcast a docudrama titled 'The Reagans,' which smeared Ronald and Nancy Reagan, I wrote a column for National Review Online condemning it," Ed Morrow writes at www.nationalreview.com.

"I advised viewers to not watch it and to write CBS protesting its broadcast. In the last few days, I've had the dubious pleasure of having that column quoted by Clintonites attacking ABC's 'The Path to 9/11.' Supposedly, conservatives like me, who criticized the Reagan smear, are hypocrites for not objecting to this miniseries because Bill Clinton and members of his administration believe it falsely depicts their actions before 9/11," Mr. Morrow said.

"But those who cry hypocrisy are often the most splendid hypocrites. I don't recall many liberals leaping to Reagan's defense. ...

"Now, when the Clinton administration appears to be getting a little rough treatment, conservatives are supposed to saddle up and ride to their rescue. ...

"While the Democrats have complained the most about 'The Path to 9/11,' the Bush administration doesn't get reverential treatment in it. ... Wisely, the Republicans didn't demand the editing that the Democrats have. To put it mildly, the Democrats went nuts.

"Clinton's lawyers threatened to sue, and various Democratic congressmen and senators promised to use their offices to punish ABC. In protesting 'The Reagans,' conservative critics called for a boycott and strove to expose its falsehoods.

"I don't recall anyone setting a pack of lawyers on CBS, or Republican politicians threatening to use the power of the federal government to put them out of business. The heavy-handed tactics of the Democrats have gotten them the changes they wanted,

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but have left the impression that the miniseries was gutted to hide errors made by Clinton that might politically damage the Democratic Party."

He's back

Filmmaker Oliver Stone, who surprised many with the patriotic flavor of his new film "World Trade Center," hinted in Moscow on Monday that he is considering a more controversial follow-up investigating the "conspiracy" around September 11.

"There is a great story in a movie, a conspiracy by a group of people in the American administration who have an agenda and who used 9/11 to further that agenda," he told reporters in Russia.

There could be a "fascinating project [on] what happened after September 11," the director said at his packed press conference on the fifth anniversary of the attacks.

Mr. Stone accused President Bush of mishandling the fight against Osama bin Laden's terrorists and using the crisis to stoke fear and bolster his own power at home in a way that was "right out of George Orwell."

A confession

The campaign of California Gov. Arnold Schwarzenegger's Democratic rival acknowledged yesterday that it downloaded -- and leaked to the press -- a recording of a private meeting in which the governor described a Hispanic legislator as having a "very hot" personality.

But Cathy Calfo, campaign manager for Democrat Phil Angelides, said the campaign had done nothing wrong because the file was available publicly on the governor's Web site.

"No one hacked," the spokeswoman said at a press conference to address the role played by the Angelides campaign, first reported by the Sacramento (Calif.) Bee. "They accessed information that was available to the public."

However, Mr. Schwarzenegger's legal-affairs secretary, Andrea Lynn Hoch, said Monday that the sound files were stored "in a password-protected area of the governor's office network computer system." She said she forwarded the Internet protocol address used to download the file to the California Highway Patrol, which is investigating how the files became public.

Sounds familiar

Republican Vernon Robinson, who describes himself as a black Jesse Helms, is mimicking the former North Carolina senator's most famous ad in his first foray into television.

In his 1990 victory over former Charlotte Mayor Harvey Gantt, Mr. Helms depicted a pair of white hands crumpling a job rejection letter. "You needed that job," Mr. Helms' ad said. "And you were the best qualified. But they had to give it to a minority because of a racial quota."

Mr. Robinson, who counts the former Republican senator as a political idol, shows a pair of black hands crumpling a letter.

"You needed that job," the ad says. "And you were the best qualified. But they gave it to an illegal alien so they could pay him under the table."

Mr. Robinson, a long-shot candidate for a U.S. House seat from North Carolina, invested $30,000 in the cable television spot, the Associated Press reports.

Casey's ad

Sen. Rick Santorum, Pennsylvania Republican, wrote that both parents shouldn't work outside the home if they can survive on one income. Democratic rival Bob Casey is using those words against him.

Mr. Casey started a statewide television ad campaign yesterday featuring Debbie Balcik, a working mother who argues that the comment is ridiculous.

"He doesn't understand how hard it is in order to make ends meet," Mrs. Balcik says. "I would like Rick Santorum to come to my house at the end of the month when we're doing our bills and tell me how we can live on one income. I'm not like a U.S. senator. I can't vote my own pay raise."

Mr. Casey, the state treasurer, is challenging Mr. Santorum, the No. 3 Senate Republican, in one of the nation's most competitive races.

The ad refers to a passage in Mr. Santorum's book, "It Takes a Family: Conservatism and the Common Good," which was published last year.

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In it, Mr. Santorum writes, "In far too many families with young children, both parents are working, when, if they really took an honest look at the budget, they might confess that both of them really don't need to, or at least may not need to work as much as they do."

Virginia Davis, a Santorum spokeswoman, said Mr. Casey was taking the words out of context, the Associated Press reports.

A proud voter

If Hillary Rodham Clinton was in doubt, Sen. Charles E. Schumer assured the senator she had his vote in yesterday's Democratic primary.

Mr. Schumer hosted a press conference on port security, and explained his fellow New York Democrat's absence was a result of her primary election.

Asked by a reporter if he had voted for the former first lady, Mr. Schumer grinned.

"I did, and proudly," he said.

The Rise Of The Homeland Security Practice (LAW)

By Joe Crea, Legal Times

Legal Times, September 13, 2006

As he surveyed the lifeless bodies surrounding him, André Hollis was certain he should have been one of them.

The windows of his office in the E-ring on the second floor were blown in, and 22 co-workers in neighboring offices were killed. Combined with the passengers on American Airlines Flight 77 that crashed into the Pentagon that morning, a total of 189 people perished at the nation's military headquarters.

By dumb luck, Hollis says, he was at a conference in northern Virginia's Crystal City the morning of the attacks. The former deputy assistant secretary of defense for counternarcotics eventually worked his way back to the Pentagon, where he navigated the shattered complex, helping the wounded out and onto the south parking lot until 2 the next morning.

For Hollis, who is now a homeland security lobbyist at Van Scoyoc Associates, the work he currently does has distinct meaning: "It's personal," he says, clasping his hands together and banging them firmly and repeatedly on a table as his eyes close. "It's personal."

With photos of three close friends killed in the Iraq and Afghanistan wars pasted on a side panel of a bookshelf in his office, in clear view of his desk, Hollis says it's a challenge not to sound too fatalistic to potential clients about the dangers the country still faces. "I remember walking through the Pentagon, and I couldn't see my hands," he says of the smoke that surrounded him.

The attacks of Sept. 11 gave rise to a new world on K Street: the homeland security practice. Born out of the tragedy are scores of lawyers and lobbyists fine-tuning their young practices at some of the top firms in town, such as Van Scoyoc and McKenna Long & Aldridge.

"It's truly an outgrowth of 9/11, and then again it isn't," says Joe Whitley, a partner at Alston & Bird and the first general counsel at the Department of Homeland Security. "So much of what is being packaged as homeland security is a lot of old wine -- old wine and some new wine in a new bottle."

LONG-TERM SECURITY

The Department of Homeland Security was officially launched in March 2003, dumping 22 legacy agencies with different philosophies and temperaments, including the Federal Emergency Management Agency, United States Customs and Border Protection, the Coast Guard and the Secret Service, under one giant umbrella. The Cabinet-level agency is already on its second secretary, Michael Chertoff.

"They each have unique cultures that have been utterly changed by being pushed together," says Hunton & Williams partner Steven Solow, whose homeland security practice primarily involves the area of risk management and integration of security matters with regulatory issues. "It's obviously a work in progress, which isn't always pretty, but it's what we have and what we have to learn to work through."

Many lobbyists say they are motivated to work in this field by a desire to protect and secure the nation. But money is not a bad motivator, either.

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Bruce Aitken, president of the nonprofit Homeland Security Industries Association, says that before Sept. 11, homeland security was a $5 billion-a-year government-contracting industry. When Congress passed an aviation security bill in November 2001, the measure moved $50 billion from the private sector into government contracting.

And the money is still increasing.

According to the Homeland Security Research Corp. (HSRC), the United States and the international community spent $44 billion on homeland security in 2005. The research firm estimates that by 2015, $174 billion will be dished out globally. The statistics are based on an "ongoing crisis" scenario, a "medium-level, painful but not devastating terrorist activity," according to HSRC reports.

"Our worst nightmare has already happened in other countries, and, I'm sad to say, once that happens here you will see a huge public outcry," says Aitken, who is also co-chairman of Aitken Berlin. "We will get attacked again, and at some point al-Qaida will stop trying to throw the proverbial Hail Mary by going after monuments and will go after shopping malls and frighten the hell out of the public."

Though fortunes are already being made now by smaller companies, Aitken predicts they will increase exponentially should a series of attacks by terrorists occur against institutions like churches and sports arenas.

But entering this line of work is anything but simple. Since the terrorist attacks, Washington firms have all too easily slapped the homeland security label onto their marketing brochures, but lobbyists and lawyers entrenched in the daily grind say the work is difficult and the three-year-old department is a maze. And the big matters at hand often involve the nuances of regulation and compliance law versus contract acquisition and appropriations. The Washington firm Cassidy & Associates, for example, has branded its practice a "national security" one, claiming on its Web site that the practice is more comprehensive than a straight defense or homeland security one.

"Many firms want a homeland security practice, although they may not fully know what that entails," says Jason Klitenic, a partner at McKenna Long & Aldridge who was the former deputy general counsel at DHS, the agency's second-ranking legal officer.

CHECKING THE BOXES

And, indeed, the work is difficult and better suited to a law firm with a lobby practice than a nonlaw firm like Van Scoyoc or Cassidy, some say.

"I think a law firm has a lot more in the way of resources to draw on, particularly if they have a robust government contracts practice," says James Burnley IV, a partner in Venable's homeland security group and secretary of transportation during the Reagan administration. "Mostly, lobby firms hold themselves out as being helpful, but you really have to have lawyers who practice in the government-contract field."

But Gregg Hartley, a lobbyist at Cassidy, disagrees. "If you're a general lobbyist like me ... I have great Hill connections. I won't be helpful, personally, to help someone get a contract at Homeland Security or the Pentagon," he says, "but I don't think a lawyer who knows the regulatory process will be beneficial, as well. But the people who know how to get you down that corridor to get those boxes checked are the people who've worked in that process before."

Some firms, such as DLA Piper, began establishing practices shortly after the terrorist attacks. Former Rep. Dick Armey, R-Texas, who joined DLA Piper in January 2003, was hired primarily because he was involved early on in creating the department.

But Armey, who co-chairs the firm's homeland security practice, says no one knew in the early days of the practice how the new department was going to develop. Armey, who was involved in one of the biggest overhauls of government since the Department of Defense was created a half-century ago, is surprised at the different shapes the department has taken.

"The initial attitude that prevailed on K Street was that this was going to be a big market and everyone was going to be selling something," he says. "Well, areas like compliance and regulations have become much more important. The work is deeper than it is a matter of schmoozing the client through the appropriations process."

Of chief frustration to many lawyers and lobbyists is figuring out who at the department is in charge of what.

"This is often the most challenging assignment," says Burnley. "They've reorganized reporting relationships in the short history of the department, and they've had a fair amount of turnover. They get burned out."

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Van Scoyoc has sought to minimize this roadblock by hiring Tim Cook, who spent 20 years in the Coast Guard, three of them as the Coast Guard Senate liaison officer. He specializes in homeland security along with Hollis.

"Your access and assistance to them [officials at Homeland Security] will be based primarily on personal relationships," says Cook. "If you don't have that with the upper leadership like André [Hollis] does, or with lower folks like me, you won't be as successful."

Lawyers and lobbyists have also found success in other aspects.

Brian Finch, a former homeland security attorney at McKenna, joined Dickstein Shapiro's homeland security practice this year and has done work with companies seeking liability exemptions for products with an anti-terror component.

But even in the short time this practice has been around, there's even been turnover on K Street. Mark Holman, a former senior principal at Blank Rome and deputy assistant to the president at the White House Office of Homeland Security, has returned to Pennsylvania to work on Lynn Swann's Republican bid for governor. And Asa Hutchinson, the former undersecretary of Homeland Security who used to run Venable's practice group, is running on the Republican ticket for governor of Arkansas.

But for now, lawyers and lobbyists just want some stability at the new department.

"Hopefully, more people are thinking of staying rather than leaving," says Whitley. "The knowledge of the agency is hard to come by when you don't have that many people who've been there for a while. Some think it will take eight years for the department to be on its sea legs."

New Orleans Mayor Pleads For Patience In Meeting Goals (NYT)

By Adam Nossiter

The New York Times, September 13, 2006

NEW ORLEANS, Sept. 12 — Another anniversary passed for Mayor C. Ray Nagin on Tuesday — the first 100 days since his re-election — with a plea from him for patience and "perspective" amid continued restiveness over the city's slow recovery from Hurricane Katrina and his role in it.

After his election victory May 20, Mr. Nagin pledged a strong focus on improving services in his first 100 days. Three of his electoral rivals, two of whom were regarded as policy heavyweights during the campaign, signed on as unpaid advisers.

But two blocks from City Hall, street signs are still askew from last summer's storm, some traffic lights downtown are nothing but boxes of dangling wires and previously bustling storefronts in the Central Business District remain empty.

The message Tuesday was mixed, the mayor's advisers recited what they pictured as a litany of progress, even as Mr. Nagin repeatedly reminded the reporters at a news conference in City Hall of the size of the remaining recovery effort, "a task of epic proportions," as he put it.

"No one has gone through what we've gone through," the mayor said. "The road to recovery is long and arduous."

The mayor has frequently been out of town: fund-raising in Philadelphia, drumming up investment in New York and speechmaking in Indianapolis, among other trips. His absences have become a target of jokes and speculation.

A radio talk-show host here calls him "Ray Nay-gone," and a new Web site, wheres<129>nagin.com, chronicles his travels side-by-side with a list of the city's yawning potholes.

Reporting on the first three months of his second term, Mr. Nagin appeared unfazed by recent jibes, casually dismissing reports of a recall effort and mixing in breezy cheerleading with reminders of difficulties that remain. He was at pains, though, to reassure citizens that "things are starting to pick up" and that he was on the job.

Mr. Nagin put forward a dual message Tuesday: while insisting that he is working hard, he also emphasized his trademark laissez-faire approach. It is not he but the "citizens" who are in the driver's seat in the city's recovery, the mayor said.

He said he did not plan to dictate the city's contours, or where citizens could live, even though many neighborhoods remain vulnerable and devastated by last year's storm.

"We chose to go forward with a market-driven recovery effort," Mr. Nagin said. "I believe citizens can make intelligent decisions about where to live. It is my position that government investment will follow citizen investment."

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In practice, this means, as Mr. Nagin put it, that "for the most part the redevelopment of our city is going to be done by our citizens." With more than half the city's pre-hurricane population still elsewhere, including many of its poorest citizens, early indications are that it is mostly those with some resources who have been able to move back.

Against that hands-off stance, several advisers were left to chronicle small steps forward. Water pressure has improved to pre-storm levels, one said. Murders dropped in August. Most abandoned cars have been picked up. Sales taxes are at 77 percent of pre-storm levels.

The city has begun to cite homeowners who fail to comply with a one-year deadline for the cleanup and gutting of flooded houses. Universities are functioning, though enrollment is down. The city's bonds have "junk" status, but Moody's recently upgraded the city's debt rating to "stable," officials said.

Still, the city has a "huge cash flow need," said the mayor's economic adviser, Virginia Boulet. "We've got to find billions of dollars to fund the recovery of New Orleans," she said.

The Federal Emergency Management Agency has paid only 247 of 806 claims by the city, though 634 have been approved, said Ms. Boulet, a former challenger of Mr. Nagin.

Meanwhile, Mr. Nagin pleaded for patience. "Everybody wants it to happen yesterday,'' he said, "and it's just not going to happen yesterday."

Residents Will Define New Orleans' Recovery Plan (USAT)

By Anne Rochell Konigsmark

USA Today, September 13, 2006

NEW ORLEANS — City government will not design a new look for Katrina-flooded neighborhoods, nor will residents be told where they can rebuild, Mayor Ray Nagin said Tuesday in a briefing on the first 100 days of his second term in office.

"For the most part, recovery will be done by citizens' investment," Nagin said. "We are giving all citizens the right and opportunity to return home."

Responding to criticism that the city's recovery is slow in part because there is no blueprint for rebuilding, Nagin said he'll have a comprehensive plan by the end of the year. But he said the city is taking "the road less traveled" by allowing residents to decide where they want to live.

"There are very few areas where we will be totally redesigning this city," he said.

The Urban Land Institute, which Nagin hired to come up with ideas, recommended last fall that some hard-hit areas be closed to redevelopment. Less than half the population of New Orleans has returned since Katrina flooded 80% of the city for weeks. Shrinking the city's footprint would save money and encourage development on higher ground, the institute said.

"We chose a market-driven effort" instead, said Nagin, who rejected the recommendations last winter.

Gary Solomon, who served on Nagin's Bring New Orleans Back Commission, said there is still no direction in the city's recovery. "If every street is allowed to be rebuilt and there's less people here, something doesn't make sense to me," he said.

When he was re-elected, Nagin vowed to make measurable progress in the first 100 days of his second term. That period ended Friday. He cited improvements in water pressure, which had been so low that many businesses were forced to close for a day or more. He also said the city has begun to cite residents who missed a deadline for gutting flooded homes and businesses.

Many challenges remain, Nagin said. Katrina left the city's government with damage totaling almost $500 million, including more than 350 damaged or destroyed city buildings.

WAR NEWS:

Rice Says Afghanistan Needs World's Help (AP)

By Anne Gearan

AP, September 12, 2006

STELLARTON, Nova Scotia - Secretary of State Condoleezza Rice acknowledged "difficult going" fighting a resurgent Taliban in Afghanistan, but insisted Tuesday that the world cannot afford to pull out now.

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"We owe it to the people of Afghanistan to help them finish the job," Rice said as she thanked Canada for its role as a leader of NATO forces in the country. Canada's combat role is unpopular at home, as is the U.S.-led war in Iraq.

Afghanistan is struggling with the deadliest militant violence since U.S.-led forces toppled the hard-line Taliban regime five years ago. The United States blamed the Taliban for incubating al-Qaida as a terrorist force and for harboring Osama bin Laden after the Sept 11., 2001 terrorist attacks.

Canada has 2,200 troops in Afghanistan and has lost at least five soldiers there.

Opponents of the Afghanistan mission suggested Rice's visit to Canada was an attempt to persuade Canada to commit more forces. But Rice and her host, Canadian Foreign Minister Peter MacKay, said she made no such request.

"I know it's very difficult going in Afghanistan," Rice said in an address to Conservative supporters and others in this small town north of Halifax.

MacKay invited Rice to accompany him to his home district where polite but cheeky protests greeted the pair.

"Condi, We Don't Want Your War Machine," read one sign hoisted along the road to a museum Rice and MacKay visited. Other signs made light of the tandem visit by the two unmarried diplomats. "Condi + Peter Make Love Not War," read one, decorated with a large, red heart.

During a news conference with MacKay, Rice said the United States left too soon after supporting Afghanistan in the 1980s civil war. "Afghanistan became a failed state" and a haven for terrorism, Rice said. "We all came to pay for that."

The deadliest fighting since the fall of the Taliban government has killed more than 500 people, mostly militants, since mid-May and confirmed fears of a Taliban military resurgence in southern Afghanistan, where NATO took command from a U.S.-led coalition on Aug. 1.

Britain, Canada and the Netherlands have taken lead roles, pumping in around 8,000 troops and bringing NATO forces in Afghanistan to about 20,000. The alliance claims to have inflicted grave insurgent losses, including more than 250 in an offensive near Kandahar this month.

But at least 35 British and Canadian soldiers have died in a little more than a month, and militants show no signs of giving up.

Don't Abandon Afghanistan, Says US, As NATO Digs Around For Back-up (AFP)

AFP, September 12, 2006

On the eve of a NATO meeting to round up more troops for Afghanistan, US officials urged its partners there to stay the course, amid fresh fighting and kidnappings in the turbulent country.

US Secretary of State Condoleezza Rice issued a rallying call not to abandon Afghanistan as it struggles to build a stable democracy.

"If you allow a failed state in that strategic location, you will pay for it," she warned, speaking on a trip to Canada where she expressed her gratitude for Canada's 2,300-strong troop deployment to Afghanistan.

Her comments coincided with stark warnings of the threat posed by the fighters of the Islamist Taliban militia who are waging a bitter insurgency against foreign forces posted there after the Taliban was ousted from power in 2001.

Addressing European parliamentarians in Brussels, Pakistan's President Pervez Musharraf said the Taliban had overtaken Osama bin Laden's Al-Qaeda network as his region's biggest threat to security.

With NATO countries set on Wednesday to discuss finding extra troops to shore up their deployments in Afghanistan, a senior US official said it was too soon to know details of likely reinforcements.

Richard Boucher, the assistant US secretary of state for south and central Asian affairs, told journalists in Brussels that it was "probably a little too early" to "draw any conclusions about the efforts to get more troops".

He highlighted the dangerous situation in Afghanistan, where NATO and Afghan forces are making forays into areas held by Taliban fighters.

"As we challenged them in these areas they've challenged us back and there's been a high level of violence," Boucher said, speaking at the US embassy here.

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His comments came ahead of Wednesday's meeting at NATO's military headquarters in Belgium aimed at drumming up more troops for Afghanistan.

The alliance's military chief, US General James Jones, has called for reinforcements of up to 2,500 troops to deal with increasing Taliban attacks.

The situation on the ground in the war-ravaged central Asian country turned grimmer meanwhile, as NATO pressed on with a major offensive.

Security forces killed 26 Taliban rebels and captured 28 others in separate operations across Afghanistan. Rights groups said at least 25 Afghan civilians were believed killed and 7,000 families displaced in the southern province of Kandahar since the start of the NATO operation this month.

Elsewhere, police said unknown assailants had kidnapped a Colombian aid worker and two Afghan colleagues employed by a French organisation in Wardak province, central Afghanistan.

In Britain, Lieutenant General David Richards, commander of NATO's International Security Assistance Force in Afghanistan, insisted the war against the Taliban was being won, even as the bodies of 14 British airmen who died in a plane crash in Afghanistan were brought home.

The Taliban regime was toppled by US-led forces weeks after the September 11, 2001 attacks on the United States. The US accused it of providing a safe haven for the Al-Qaeda network and its leader, Osama bin Laden, blamed for the attacks.

NATO now leads more than 8,000 troops in the restive south, and some 20,000 more soldiers from 37 countries deployed throughout Afghanistan. Nevertheless, the Taliban have dramatically stepped up their insurgency this year.

In Cuba, a summit of countries of the Non-Aligned Movement issued a draft closing statement expressing support for Kabul and their "profound" concern over "terrorist groups including former Taliban" in the south and east of Afghanistan.

Nato Plea For Afghan Troops Is Rebuffed (FT)

By Stephen Fidler, Daniel Dombey, Neil MacDonald, Mark Mulligan, And Hugh Williamson In Berlin And Tony Barber

Financial Times, September 13, 2006

Nato's plans to provide reinforcements for its hard-pressed troops in Afghanistan suffered a setback on Tuesday, as a series of countries ruled out providing further soldiers and controversy mounted over the alliance's tactics.

Officials conceded that a meeting on Wednesday, intended to obtain pledges for up to 2,500 extra soldiers, was extremely unlikely to meet its target.

Last week, General James Jones, Nato's military chief, called for the reinforcements – to be led by a 1,000-strong reserve battalion – as a matter of urgency. At present Nato has 20,000 soldiers in Afghanistan.

"We do not have the capacity to send more," said a German defence ministry spokesman. "Our upper limit remains 3,000 troops and we already have almost 2,900 on the ground."

Turkey has also said it will not be able to provide further soldiers, having just announced it is sending 1,000 troops for the new United Nations force in Lebanon.

Italy, which is making the biggest contribution to the Lebanon force, is in a similar position. And this week, José Antonio Alonso, Spain's defence minister, said his country's 690 troops in Afghanistan were "more than sufficient".

Nato has even sought troops from Serbia, the country it fought a war against in 1999.

But Zoran Stankovic, defence minister, says Belgrade is offering fewer than five mid-rank officers, with technical roles in airport security and logistics.

The lack of response makes it more likely that the UK will, in the words of one military analyst, have to "cobble together a battle group" of perhaps 900 troops to augment Nato's forces. Canada is reportedly planning to reinforce its contingent of 2,300 with 15 heavy tanks and 300 personnel.

Meanwhile, an internal dispute is mounting over Nato's tough fighting tactics, which have seen the alliance claim it has killed hundreds of Taliban in an offensive around the southern city of Kandahar this month.

"I have doubts about our military strategy," said one Nato official, who argued that the alliance could have focused more on development.

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Even American officials have questioned whether such an approach – in part designed to emphasise that the Taliban is a losing cause – is sustainable in current circumstances.

"The level of fighting has not been a result of a change in our strategy but because the circumstances on the ground require it," said an official with Nato's forces in Afghanistan.

He emphasised that Lieutenant General David Richards, the head of the alliance's force in the country, still spent the bulk of his time on development issues.

Taliban Adopting Iraq-style Jihad (CSM)

By Scott Peterson

The Christian Science Monitor, September 13, 2006

KABUL, AFGHANISTAN

Even in near-total darkness, the wounded Taliban fighter insists on masking his identity, his head and face covered by a tightly wound white cloth. Only two bright eyes and a confident voice tell how Afghanistan's Islamist militants are ramping up their fight against US and NATO forces.

He speaks a warning, of how the "new" Taliban has become more radical, more sophisticated, and more brutal than the Taliban ousted by US-led forces in 2001 - and of how its jihadist agenda now mirrors that of Al Qaeda, stretching far beyond Afghanistan.

Among the keys to the Taliban resurgence - which is sparking lethal violence on a scale unknown here for almost five years - are crucial lessons drawn from Iraq.

"That's part of our strategy - we are trying to bring [the Iraqi model] to Afghanistan," says the fighter. "Things will get worse here."

Those "things" include suicide attacks, assassinations of government officials, moderate clerics, and civilians, along with guerrilla tactics now in use against Western forces in the southern provinces of Helmand and Kandahar, where NATO claims to have killed more than 500 insurgents in 10 days of intense fighting.

Pakistan President Pervez Musharraf, speaking in Brussels Tuesday, said the Taliban now pose a greater danger than Al Qaeda. "The center of gravity of terrorism has shifted from al Qaeda to the Taliban," he told European lawmakers."

"This is a new element, a more dangerous element, because it [the Taliban] has its roots in the people. Al Qaeda didn't have roots in the people," he said.

On Tuesday, Afghan police said that they had arrested more than 30 people suspected of planning attacks; the US military reported detaining eight others.

"The Taliban have tried their best to avoid murdering civilians, but they finally found if they don't get active, they will lose this opportunity" to attack "infidel" Western troops, says the fighter. "Now you are seeing explosions everywhere."

Among the most recent suicide attacks was one near the US Embassy last Friday, killing two US soldiers and 14 Afghans.

"I'm very happy about the murder of the Americans, though I am a little bit sad about the death of the Afghans - but this is wartime," says the fighter matter-of-factly. Such deaths, he says, are "inevitable," even if they cause a popular backlash.

"The shift has taken place," warns Hekmat Karzai, head of the Center for Conflict and Peace Studies (CAPS) in Kabul, which analyzes terrorism trends. The Taliban still have local concerns, he says, but embrace global jihad as never before and believe in encouraging a "clash of civilizations."

"Taliban commanders talk of jihad in Fallujah in the same terms they speak of jihad in [the eastern Afghan province of] Kunar," says Mr. Karzai. "They think: 'Just as they are battling there, we are battling here.' "

Figures tabulated by CAPS indicate a recent 60 percent increase in attacks across Afghanistan, from 85 in July to 136 in August. Police have borne the brunt, with deaths jumping more than fourfold in that period. Civilian deaths have tripled, with 92 losing their lives in August.

"The world is small now, and just as McDonald's is being globalized ... so can violence be transmitted from one place to another," says Waheed Mozhdah, a Taliban-era Foreign Affairs Ministry official, and author on the Taliban.

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"The tactics have been imported from Iraq: suicide bombers, remote-controlled roadside bombs," says Mr. Mozhdah. "These things we didn't have in the [past] jihad, and they have been very effective...."

Other tactics have also changed. Prior to 2001, the Taliban would take on the Northern Alliance by charging through their front lines - despite high casualties from mines. Today, they use more guerrilla-style strikes.

Another factor chills many Afghans. "[The Taliban] have become more violent. They slaughter people, beheading them, and this didn't exist before," says Mozhdah. "They used to regard video cameras as haram [forbidden by religion], but now they use these videos as a tool. It shows how Al Qaeda has affected the Taliban."

Indeed, coming from a group that in the late 1990s draped checkpoints with wads of magnetic tape - pulled from video and music cassettes banned by the Taliban - that is quite a change. Recent videos show commanders, including, apparently, the rarely seen fugitive Taliban chief Mullah Omar - directing operations from the front line. In one, Mr. Omar is shown with binoculars, inspecting a small rocket launcher in a bid to counter charges of cowardice from President Hamid Karzai.

Other footage shows one Afghan suicide bomber after another - as well as at least one Pakistani - making strident statements and collecting chits for their explosives. The clips also list the number of "crusader troops" killed in each attack.

But even by the gruesome standards of global jihad, which include taped beheadings by Abu Musab al-Zarqawi in Iraq, and similar deaths of Russians by Chechen militants, the Taliban footage is brutal.

"The greatest achievement of video like that is to instill fear in the hearts of the population, making them believe that the government and international forces can't protect them," says Karzai of CAPS, who estimates that Taliban material is on 30 percent of an estimated 4,000 jihadi websites. "It is a psychological component that shocks people, who ask: 'They are Afghans. They are Muslims. How can they do that?' "

Karzai says the message is clear: "It is ... telling people: 'This can happen to you.' The consequence is that many people stop working for government institutions. They ask if it is more important to get $200 a month - more like $60 - or to stay alive."

"They are very dangerous, because they think that anyone who is not pro-American should come to them or leave the country," says Idriss Yusefi, an Afghan medical resident whose uncle was a key player in the Taliban's despised "vice and virtue" squads. "They think the people of Kabul are all pro-American, and so [they] can kill them."

The "biggest fear" of youths, says Mr. Yusefi and his friends, is that the Taliban will retake power. Most analysts say the Taliban is still no strategic threat to the fragile government, a view challenged by militants like the wounded fighter.

Schooled in the extreme Deobandi strain of Islam followed by most Talibs, he joined 18 months ago, prompted, he says, when US troops arrested his cleric father from their home in Kandahar after a roadside bomb went off nearby. The father's body was dropped off at the hospital by US forces 10 days later, the militant claims.

"I want two things: revenge and martyrdom. Martyrdom is the hope of every true Muslim," declares the 26-year-old. His mother stopped his two older brothers, the fathers of seven, from joining the Taliban. But she could not stop this son.

"Every jihad fighter has the best morale - you can't compare it to any other type of fighter," he says, tightening his head wrap in the dark. "In this country, there are many religious people and they want a reason to fight for God, for martyrdom. They welcome this opportunity to ... go to Paradise."

While he recovers in Kabul, the militant keeps in contact with Taliban networks, and claims that the NATO figure of more than 500 insurgents killed during "Operation Medusa" in the south is a "total lie." NATO commanders say the sustained fighting has at times been fiercer than in Iraq. The militant says the Taliban grow stronger daily, with support from locals fed-up with insecurity and corruption.

"The Taliban have increased their attacks, because people came and asked for help to bring back justice," he says. "Security was ensured under the Taliban. We will reintroduce sharia law."

Still, he was wounded when local "spies" gave away the location of a safe house during fighting in Panjwayi in Kandahar. Two Americans and two Talibs were killed in the raid.

But the fighter is certain of victory. "It's the will of God," he says, adding there must be a reason he is not yet a martyr. "Maybe God wants me to fight more."

Musharraf: Taliban Real Terrorist Threat (USAT)

DOJ_NMG_0062121

USA Today, September 13, 2006

Pakistani President Pervez Musharraf warned the West on Tuesday that Taliban insurgents are a more dangerous terrorist force than al-Qaeda because of their broad support in Afghanistan. "The center of gravity of terrorism has shifted from al-Qaeda to the Taliban," he told European Union lawmakers in Brussels. Pakistan is a counterterrorism ally of the EU and United States. Musharraf blamed the West for breeding terrorism in his country by bringing in thousands of mujahedin to fight the Soviet Union in neighboring Afghanistan in the 1980s and then leaving Pakistan to face the militants a decade later. "We armed the Taliban and sent them in. We did it together," he said.

Ex-commander guilty in Rwanda genocide

A United Nations tribunal in Tanzania sentenced former Rwandan military commander Tharcisse Muvunyi to 25 years in prison on four counts of genocide and crimes against humanity for his role in the 1994 slaughter of minority Tutsis. Judge Asoka de Silva of the International Criminal Tribunal for Rwanda said Muvunyi's troops were behind the systematic killing of at least 140 students and Red Cross workers.

Muvunyi, a former army lieutenant colonel, incited hatred and oversaw roadblocks where Tutsis were separated from Hutus before being executed, the judge said. The court acquitted Jean Mpambara, a former mayor in Rukara. Since its inception in 1994, the court has convicted 26 people and acquitted four.

Pro-Western bloc wins in Montenegro

Montenegro's ruling pro-Western coalition led by Prime Minister Milo Djukanovic won Sunday's parliamentary elections, the State Election Commission said. The coalition won 41 of 81 seats in the parliament of the world's newest nation. Djukanovic led the Balkan state to independence from Serbia this year.

Gordon reaches hurricane strength

Tropical Storm Gordon strengthened into a hurricane over the open Atlantic on Tuesday, forecasters said. Hurricane Gordon, with top sustained winds of 75 mph, was to remain over open waters and will not threaten land, the National Hurricane Center said. "At this point, it looks like it will recurve out into the Atlantic," said Jamie Rhome, a hurricane specialist.

Pakistan's Separate Peace (WP)

The Washington Post, September 13, 2006

SECRETARY OF Defense Donald H. Rumsfeld didn't say who he was thinking of when he warned in a controversial speech last month about people who think that "countries can negotiate a separate peace with terrorists." In fact the most obvious candidate is that enduring favorite of the Bush administration, Pakistani President Pervez Musharraf. Mr. Musharraf, whose country has been the main base for leaders of both al-Qaeda and the Taliban since 2002, last week concluded a peace deal with tribal leaders in North Waziristan, a territory near the border with Afghanistan. The Pakistani strongman agreed to withdraw his army from the area and release prisoners in exchange for promises by militants not to attack the Pakistani army or set up a parallel government.

The Pakistani tribesmen also promised to stop cross-border attacks into Afghanistan and to disarm the many foreign terrorists in their midst -- but few analysts expect them to follow through on those pledges. Instead, both North and South Waziristan -- where a similar truce was agreed on earlier -- are likely to become territories where members of al-Qaeda and the Taliban operate without fear of challenge.

Why would Mr. Musharraf strike this deal? The simple answer is that his army was defeated in its attempt to eliminate the al-Qaeda sanctuary by force; since launching the campaign in 2003, it had suffered more than 500 killed. Mr. Musharraf, who tried to dress up his maneuver by visiting Afghanistan the next day, said he was worried about a full-scale uprising in the area. Though he didn't say so, the general is surely hoping that the truce will add to his personal security: He has survived at least two assassination attempts by al-Qaeda.

The cost of his decision will be borne by American and NATO troops in Afghanistan, whose commanders already say that the ability of Taliban and al-Qaeda fighters to retreat to Pakistan greatly complicates the challenge of defeating their escalating attacks. So why did Vice President Cheney call Mr. Musharraf "a great ally" just days after his separate peace? Administration officials seem more willing to forgive their autocratic friend than they are domestic critics of the war on terrorism.

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Iraqi Leader Asks Iran For Help With Security (NYT)

By Edward Wong And Nazila Fathi

The New York Times, September 13, 2006

BAGHDAD, Iraq, Sept. 12 — In his first state visit to Iran, Prime Minister Nuri Kamal al-Maliki today discussed the security situation in Iraq with President Mahmoud Ahmadinejad of Iran and asked for Mr. Ahmadinejad's support in quelling the violence that threatens to fracture this country.

"We had a good discussion with Mr. Ahmadinejad," Mr. Maliki said at a news conference in Tehran, the Iranian capital, after the two met. "Even in security issues, there is no barrier in the way of cooperation."

Mr. Ahmadinejad said that "Iran will give its assistance to establish complete security in Iraq because Iraq's security is Iran's security."

For Mr. Maliki, the visit was a kind of homecoming, since he had spent a part of his exile years during Saddam Hussein's rule living in Tehran. Many members of Mr. Maliki's Shiite political group, the Islamic Dawa Party, fled to Iran to escape the wrath of Mr. Hussein's security forces. Iranian leaders are close to Dawa and other religious Iraqi Shiite parties, because Iran is governed by Shiite Persians.

Ordinary Iraqis are generally more suspicious of the Iranian government because the two countries waged war from 1980 to 1988, and because the Persians have been the traditional rivals of Arabs for influence in the Middle East.

It was not clear what form Iranian support on security would take, or how it would be received by the American authorities. Mr. Maliki's visit came at a time when the American ambassador in Baghdad, Zalmay Khalilzad, and American military commanders have increasingly accused elements in Iran of stoking violence in Iraq.

American generals have said people or groups in Iran are providing training and financing to Shiite militias here. Mr. Khalilzad said last month that Iran was urging Shiite militias to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon.

The United States has also been pressuring Iran to end its uranium enrichment program, which White House officials say could result in a nuclear weapon.

The initial American reaction today was cautious. In Washington, Tom Casey, a State Department spokesman, told reporters: "As you know, though, we've repeatedly expressed our concerns, as have others, about Iranian interference in Iraq's internal affairs. That is something that we remain concerned about.

"And while certainly we would welcome any statements of support for Iraq's government and democracy, and any pledges to act in a responsible way that does not interfere in the internal affairs of Iraq,'' he said, "we certainly want to make sure that any statements made were followed up by real concrete actions to address some of the concerns that are out there.''

Mr. Maliki said today that the American accusations of Iranian interference in Iraq will not affect economic deals that have already been signed between the two countries.

"All the political, security and economic accords that have been signed with the Islamic republic's officials will be carried out," he said.

Mr. Maliki is leading a large delegation that includes Mowaffak al-Rubaie, the Iraqi national security adviser, who is close to some Iranian officials. The Iraqis are scheduled to meet on Wednesday with Ayatollah Ali Khamenei, the Iranian supreme leader, and Akbar Hashemi Rafsanjani, a powerful former president. Mr. Maliki's predecessor, Ibrahim al-Jaafari, visited Iran in July 2005.

In the southern Iraqi city of Najaf, another Shiite leader close to Iran, Abdul Aziz al-Hakim, defended his decision last week to ask Parliament to endorse a mechanism allowing Iraqi provinces to form autonomous regions. Mr. Hakim's move has roiled Iraqi politics, spurring the legislators who answer to Moktada al-Sadr, the radical Shiite cleric, to unite with the Parliament's main Sunni Arab and secular blocs to try to sink Mr. Hakim's plan. The Sunni Arabs are especially opposed to the idea of regional autonomy, called federalism in the Iraqi Constitution, because their provinces lack oil resources.

"We think that federalism is one of the administrative ways that helps to secure our rights, remove oppression and prevent sectarian discrimination among people of one country and one belief," Mr. Hakim said.

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In Anbar Province, the western region that is home to the Sunni-led insurgency, the American commander of forces in the area said he agreed with a classified intelligence assessment filed last month by a colonel that said Anbar was in a precarious state and could continue to deteriorate.

But the commander, Maj. Gen. Richard C. Zilmer, said he believed he had enough troops to do his job, which he said was to train Iraqi security forces to fight the insurgency and not to win against the insurgency with his own troops.

"Given what our mission is, what we're trying to achieve out here, I think our force levels are about right," he said in a telephone conference call to reporters.

Elements of the intelligence report have been published in newspapers the last two days. One conclusion of the report was that without the addition of another American division to the province, "there is nothing" the American forces there "can do to influence the motivation of the Sunni to wage an insurgency," according to a military officer familiar with the assessment. The report also describes Al Qaeda in Mesopotamia as an "integral part of the social fabric" of Anbar.

Violence flared across parts of Iraq tosday. In western Baghdad, a car bomb aimed at an American convoy killed six civilians and wounded 15, an Interior Ministry official said. A homemade bomb killed one policeman and one civilian and wounded six civilians. An Iraqi policeman was shot dead in southwest Baghdad, and two bodies and a human head were discovered in three different parts of the city. The head had a note attached: "This is the destiny of those who work with the Americans."

Two civilians were killed in separate shootings in Diyala Province.

A police captain in Mosul was assassinated, and Iraqi Army soldier was killed and three wounded by a roadside bomb explosion south of Kirkuk.

Judges in the trial of Saddam Hussein for genocide against the Kurds continued to listen to testimony from witnesses today.

Iran Offers Talks On Nuclear Issue (WP)

By John Ward Anderson

The Washington Post, September 13, 2006

PARIS, Sept. 12 -- Iran's confidential response three weeks ago to an international proposal over its nuclear program offered extensive negotiations to resolve the standoff, but only if proceedings against Iran in the U.N. Security Council were stopped.

In a detailed and sometimes rambling document given to foreign governments, Iran stopped short of rejecting demands to halt its nuclear enrichment program, saying the issue could be resolved in talks. The response, closely held for weeks, was made public on a Web site Monday.

"The Islamic Republic of Iran does not intend to reject the whole issue unilaterally, and is ready to provide an opportunity for both sides to share their viewpoints on this issue and try to convince each other and reach a mutual understanding," the document says.

But ending enrichment should not be a prerequisite to negotiations, as demanded by the United States and other countries, the proposal suggests. And if Security Council deliberations aimed at imposing sanctions on Iran continue, the document warns, "the positions expressed in this response would be void and the Islamic Republic would choose a different course of action."

Iran was responding formally to a package of political and economic incentives offered to it in June by the United States, Britain, France, Germany, Russia and China. The countries hope to persuade Iran to stop enriching uranium, which some foreign governments feel is intended for nuclear weapons. Iran contends that the program is peaceful, aimed at making fuel for electrical power plants.

The incentives included the possibility of direct talks with the United States for the first time since relations between the two countries were severed in 1979.

Iran's top nuclear negotiator, Ali Larijani, and the European Union's foreign policy chief, Javier Solana, have been in preliminary talks in recent days over Iran's proposals. On Monday, Secretary of State Condoleezza Rice suggested that a temporary suspension might be enough to clear the way for formal negotiations.

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In the document, posted on the Web site of the Institute for Science and International Security on Monday, the Iranian government repeatedly refers to its rights under the nuclear Non-Proliferation Treaty to develop a peaceful nuclear program, saying it "cannot accept deprivation from its legal rights." As for allegations that it is pursuing weapons, the document demands that Iran be granted a presumption of innocence, in the absence of any proof that it is has a nuclear weapons program.

Iran "is against production, stockpiling, development and proliferation of nuclear weapons," the document says.

It calls for "simultaneous mutual confidence-building" that would include a commitment by the foreign governments "to seriously follow up the fulfillment of a nuclear free zone in the Middle East, particularly the commitment to disarm [Israel] from weapons of mass destruction and in particular nuclear arms." Israel is widely believed to have a nuclear arsenal, but it has never acknowledged having such weapons.

The document also seeks assurances that if Iran engages in nuclear negotiations, it will not be attacked or subjected to economic sanctions.

In the document, Iran portrays the current standoff as the beginning of a negotiating process, saying the foreign governments' proposal "has elements which may be useful for a constructive approach."

But the document complains that the package "lacks any reference to irreversible and irrevocable guarantees" for any ultimate agreement. "Such guarantees are particularly essential on access to advanced nuclear technology and equipment, erection and commissioning of nuclear power reactors, nuclear fuel supply, and transfer of know-how and technology," it says.

The document also seeks a clear statement by the foreign governments of Iran's rights under the Non-Proliferation Treaty.

The document suggests that the secretiveness of Iran's nuclear program was forced upon it by the hostility of other countries, which it said tried to constrain its legitimate and legal rights to develop nuclear technologies under the treaty.

"We have no interest in limiting or suspending inspections of our nuclear facilities and activities," the document says. But "a quarter century of denial and deprivation" forced Iran to develop a nuclear program "on the basis of independence and self-reliance."

U.S. Dismisses Iran's Ideas About Nukes (AP)

By Barry Schweid

AP, September 12, 2006

The Bush administration was dismissive Tuesday of Iranian suggestions that it might suspend uranium enrichment for up to two months to set the stage for negotiations over its nuclear program and to head off U.N. sanctions.

"To the best of my knowledge, there has been no Iranian proposal," State Department deputy spokesman Tom Casey said. "There's been no change in the Iranian position."

Casey said, "They have not agreed to suspend uranium enrichment activities for any length of time that I am aware of."

The spokesman said the Bush administration was proceeding with discussions with other nations on pursuing sanctions against Iran in the U.N. Security Council.

Casey's comments came a day after Secretary of State Condoleezza Rice left the door open to pursuing a possible compromise with Iran, based on reports that Tehran had proposed a temporary enrichment suspension.

Rice had said Iran had not made a formal offer, and she added that she had not had a chance to learn all the details of the Iranian suggestion. But rather than rule it out, she said, "The question is, are they prepared to suspend verifiably so that negotiations can begin?"

Casey said it was unfortunate that Iran has not given any indication that it would be willing to suspend uranium enrichment activities to pave the way for negotiations.

Casey said Rice will take up the sanctions issue with other diplomats attending the special session of the U.N. General Assembly next week in New York.

Undersecretary of State Nicholas Burns held a telephone conference with officials of other governments Monday and Tuesday and will continue with the talks later in the week, Casey said.

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Casey said suspension of uranium enrichment remained a condition for negotiations with Iran over a package of incentives offered by the United States and the European Union. This included a U.S. offer of technical assistance to Iran for civilian nuclear power development.

The outlook for the Bush administration succeeding in pushing sanctions through the Security Council is not clear.

Russia and China have expressed reservations about imposing sanctions on Iran and called for further diplomacy. Both have the power to veto any resolution and thereby kill it. Some European governments also have seemed dubious about punishing Iran at this stage.

The council threatened Iran with sanctions in July if it did not suspend uranium enrichment as well as work on plutonium for nuclear weapons by Aug. 31. Iran let the deadline pass. It insists it is not trying to make nuclear weapons.

Europe Set For Nuclear Talks With Iran (FT)

By Daniel Dombey, Gareth Smyth, And Guy Dinmore

Financial Times, September 13, 2006

Europe is poised to compromise on Iran's nuclear programme, in a step that could break the year-long stand-off over Tehran's atomic ambitions.

A deal, floated by Tehran at a weekend meeting in Vienna, would rein in the most sensitive part of the programme as soon as formal negotiations began with the west. In response, the European Union is watering down its insistence that a suspension of enrichment activities must come before talks. But European diplomats stress that they will require Iran to allow United Nations inspectors to carry out spot-checks on its nuclear facilities to ensure that the Islamic republic has kept its side of the bargain.

Ayatollah Ali Khamenei, Iran's supreme leader, appears to have thrown his weight behind Tehran's new proposals, which would suspend uranium enrichment for up to two months once negotiations began. Enrichment can be used to produce both nuclear fuel and weapons grade material.

The remaining issue of nuclear inspections will be at the centre of a meeting between Javier Solana, European Union foreign policy chief, and Ali Larijani, Iran's senior nuclear security official, scheduled for Thursday. Both sides said the two men's previous encounter, at the weekend, was "constructive".

A deal could pave the way for formal talks with the western powers and the first top-level contact between Tehran and the US since the 1979 revolution. "The dynamic has changed," said a European diplomat. "The key is the inspectors."

But the compromise on offer would be hard for Washington to accept, raising the possibility that the US and Europe could be split on the issue. Washington would be unhappy with any suspension that halted enrichment only for two months, since the United Nations Security Council has already demanded as a matter of course that Iran halt uranium enrichment.

The US said on Tuesday it was not aware of any Iranian proposal to suspend. But some European diplomats warned that the US would be "isolated" if it held out against Tehran's initiative to halt enrichment work if talks got under way.

Tehran's formal proposals refer to the possibility of "suspension of enrichment activities by Iran through negotiations".

The Iranian document also envisages that Iran could "consider voluntary steps towards implementation of the Additional Protocol", an extension to the Nuclear Non-Proliferation treaty that would give UN staff the right to carry out snap inspections of Iran's nuclear facilities.

The document also seeks to confront fears in the west that Iran could, at a later date, leave the NPT and legally develop nuclear weapons.

Condoleezza Rice, US secretary of state, said on Tuesday Washington would continue its consultations on the text of a UN sanctions resolution.

Grim Report Out Of Anbar Is Disputed By General (NYT)

By Michael R. Gordon

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The senior Marine commander in Iraq said Tuesday that he had sufficient forces to carry out his mission but that the mission did not include defeating the insurgency.

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"For what we are trying to achieve out here I think our force levels are about right," said Maj. Gen. Richard C. Zilmer, who defined his primary mission as training the Iraqi forces who ultimately would be responsible for security in the area.

"Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here," General Zilmer added.

The Marine general commands a force of 30,000 troops who are charged with securing Anbar Province, a vast region in western Iraq that borders Syria, Jordan and Saudi Arabia. He spoke to reporters in a telephone interview from his headquarters at Camp Falluja.

The Pentagon arranged the interview after articles in The Washington Post and The New York Times reported that General Zilmer's senior intelligence officer had submitted a grim assessment about the political and security situation in Iraq.

The intelligence assessment concluded that Al Qaeda of Mesopotamia, the dominant insurgent group in the area, is an "integral part of the social fabric" in Anbar. It described the region as marked by violence and criminality. It reported that Sunnis had lost confidence in the Shiite-dominated Iraqi government.

The classified intelligence assessment, according to military officials familiar with it, also said that the region would continue to deteriorate unless there was an infusion of aid and a division was sent to reinforce General Zilmer's command, known as MNF-W, for Multinational Force-West.

In his telephone discussion with reporters, General Zilmer declined to discuss the specifics of the report but indicated that he agreed with the intelligence assessment.

At the same time, he insisted that the United States was winning the war, while acknowledging that the effort was hampered by sectarian differences and the belief among Iraqis in Anbar that the Baghdad-based government was not meeting their needs.

"Until those things change, until those long-term effects are realized, then trying to solve the insurgency out here is going to be problematic," he said.

General Zilmer said that sending additional American troops would help in the short run, but was not the key to "achieve long-term security and stability out here in Anbar" because that ultimately depended on the Iraqis.

The general's comments contrasted with those of some of his subordinate officers in the field. Regimental Combat Team 7, which reports to General Zilmer, has recommended that additional forces be deployed in its sector, its officers have said.

The general's account of his mission — training Iraqi forces — was also a narrow one.

President Bush has suggested an expansive strategy to achieve victory by using American forces to clear contested towns of insurgents, holding them with Iraqi security forces and then spending funds to rebuild the infrastructure and win the support of the Iraqi people.

A White House fact sheet issued in March described this process as the "Strategy for Victory: Clear, Hold and Build." At the White House, Tony Snow, the president's spokesman, asserted that Mr. Bush was prepared to send more troops to Anbar if they were requested. "He has made it absolutely clear to generals that the job is to win," Mr. Snow said. "And the first thing you have to do is, to the best of your ability, cut through that fog of war and tell him what the situation is and what they need to get the job done."

Mr. Snow added, however, that the intelligence assessment did not account for the accomplishments of American forces in Iraq. General Zilmer made a similar point in a statement that was released early Tuesday.

"Recent media reports fail to accurately capture the entirety and complexity of the current situation in the Al Anbar Province of Iraq," the statement said. "The classified assessment, which has been referred to in these reports, was intended to focus on the causes of the insurgency. It was not intended to address the positive effects coalition and Iraqi forces have achieved on the security environment over the past years."

General Affirms Anbar Analysis (WP)

By Thomas E. Ricks, Washington Post Staff Writer

The Washington Post, September 13, 2006

But Zilmer Also Cites 'Progress'

DOJ_NMG_0062127

The U.S. commander in western Iraq said he agrees with the findings of a pessimistic classified report recently filed by his top intelligence officer but also insisted that "tremendous progress" is being made in that part of the country.

"I have seen that report and I do concur with that [intelligence] assessment," said Marine Maj. Gen. Richard C. Zilmer, speaking to reporters yesterday by telephone from his headquarters near Fallujah, Iraq. He said he found "frank and candid" the analysis by Col. Pete Devlin, the Marine intelligence chief in Iraq, who concluded that prospects for securing Anbar province are dim.

Although the U.S. military can achieve tactical victories daily, the general continued, the insurgency will be "problematic" in western Iraq until comparable success is achieved politically and economically.

According to several Defense Department officials who have read the report, Devlin also argued that the lack of political progress has created a political vacuum in the province. He wrote that the gap is being filled by the insurgent group al-Qaeda in Iraq, said one Army officer who read the assessment. Zilmer did not address that point in his comments to reporters.

"I'm really uneasy" about discussing specifics of the report, the general said, noting that it remains classified.

Until now, the U.S. military view of Iraq has tended to be more optimistic than that of much of the rest of the government, such as the CIA and the State Department. Devlin's report has been received respectfully at the Pentagon and in intelligence circles, where it has been much discussed since it was filed in mid-August.

During a hearing on Capitol Hill on Monday, senior Pentagon official Eric S. Edelman confirmed a Washington Post article about the intelligence assessment and discussed some of its findings.

White House spokesman Tony Snow treated the Devlin report gingerly yesterday when asked about it at a news briefing. "It is conceivable that other people have differing assessments," Snow said.

In his telephone news conference, Zilmer became much more upbeat than his intelligence chief, saying he saw long-term trends as positive. "I think we are winning this war," he told reporters. "We are certainly accomplishing our mission," which he defined as developing Iraq security forces.

In a statement posted on the Web site of the U.S. military in Iraq, Zilmer said that recent news reports "fail to accurately capture the entirety and complexity of the current situation." He also said that Devlin's analysis focused on the causes of the continuing insurgency in Anbar, not on the positive news there.

Zilmer said the number of Iraqi police officers has been growing steadily, and he predicted that he will have an adequate number in the province by next year.

The 30,000 U.S. and allied troops are "stifling" the enemy in the province, Zilmer told reporters. But he would not say insurgents are being defeated. The violence won't be "solved," he said, until progress is made politically, socially and economically.

Devlin suggested in his report that persistent shortages of troops in Anbar have undercut U.S. operations there. Zilmer said he believes that having more U.S. forces would "provide a temporary solution," but that in the long run, the insurgency will be put down only by social and economic advances.

Snow, the White House spokesman, said that President Bush will speak later this week with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq. "If the president gets a recommendation from the combatant commanders to send more troops to al Anbar province, they will get them," he said.

General Says Sunni Area Not Yet Lost (LAT)

By Patrick J. Mcdonnell And Julian E. Barnes

The Los Angeles Times, September 13, 2006

BAGHDAD — The top American general in insurgency-ravaged western Iraq acknowledged that his troops were far from pacifying Al Anbar province but insisted that the U.S. fight there was not a lost cause.

"We are not where we intended to be," Marine Maj. Gen. Richard Zilmer said in an unusual telephone news briefing from Marine headquarters in Fallouja. But, he added, "we are not in our end state yet."

The general acknowledged that two key objectives — training Iraqi forces and establishing a functioning local government — lagged in the vast, strategically vital province.

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The general was called in to rebut reports, first published this week in the Washington Post, that a secret Marine intelligence assessment last month had concluded that the prospects for securing Al Anbar were dim. The province covers nearly one-third of Iraq.

Word of the intelligence finding came as the Bush administration was trying to put the best face possible on the war before midterm elections and amid a major offensive in Baghdad deemed crucial to any eventual U.S. success here. The strikingly frank findings by the top Marine intelligence officer in the region, which have not been released publicly, are said to have unsettled U.S. policymakers and top brass at the Pentagon.

Zilmer did not dispute the intelligence appraisal: "I have seen that report, and I do concur with that assessment." But he argued that it had been misinterpreted in media accounts.

"It was not intended to address the positive effects coalition and Iraqi forces have achieved on the security environment over the past years," the general said in a statement released Tuesday.

It was unclear whether the report cited a lack of military strength in the region, where about 30,000 U.S. troops work alongside about 13,000 American-trained Iraqi soldiers and 6,400 Iraqi policemen. But the general, echoing other senior U.S. commanders, insisted that he had sufficient American personnel to do the job in an area that encompasses much of the "Sunni Triangle" and such sometime insurgent strongholds as Fallouja, Ramadi and Haditha.

Some U.S. critics have argued that the Bush administration's plan for Iraq has suffered from a shortage of troops since the American-led invasion in March 2003 that toppled Saddam Hussein. But Secretary of Defense Donald H. Rumsfeld and other top officials have insisted that troop strength is sufficient to defeat the insurgency and bring a stable government to war-torn Iraq.

Al Anbar, with its immense open spaces, palm-fringed Euphrates River valley villages and long borders with Saudi Arabia, Jordan and Syria, has been a hotbed of the Sunni Arab-led insurgency since shortly after the invasion.

The region is considered the Sunni heartland, and its residents have been hostile to the U.S.-backed, Shiite-led government that came to power after the fall of Hussein, a Sunni who oppressed the nation's Shiite Muslim majority.

Many Al Anbar residents see U.S. forces as agents of a regime that intends to disenfranchise and marginalize Sunnis while forging alliances with Shiite Iran, Iraq's historical rival.

Iraqi Prime Minister Nouri Maliki, a Shiite, has vowed to reach out to Sunnis and form a unity government.

To some critics, the U.S. effort in Al Anbar and elsewhere in Iraq also has suffered from the unduly optimistic forecasts of American commanders. Lt. Gen. John F. Sattler, who headed the Marines in Iraq at the time of a concentrated 2004 attack on Fallouja, declared that November that the operation had "broken the back of the insurgency."

In fact, the rebellion has continued in Al Anbar, Baghdad and elsewhere as the death toll for U.S. troops in Iraq has topped 2,600. Zilmer acknowledged Tuesday that Al Qaeda in Iraq and other militant groups in the region were mostly composed of fighters "largely from within Iraq," not foreigners.

Zilmer said his chief mission was to train Iraqi soldiers and police to replace U.S. troops. Despite setbacks, the general said, he envisioned a full Iraqi police contingent and independently operating Iraqi army units to be ready by late spring.

"The Iraqi face on the soldier, the Iraqi face on the police that are here, is very threatening for the insurgency," Zilmer said.

The development of security forces in Al Anbar has long been slowed by desertions, discord within the ranks and a lack of trust among the region's mostly Sunni population.

Insurgents frequently target police and soldiers. Many residents resent the large numbers of Shiite troops deployed there from the largely Shiite south. Local recruiting has often proved difficult because of the insurgency. Widespread illiteracy also has disqualified many military applicants, the general said.

Pentagon officials requested that Zilmer go on a media offensive to correct what the Marine command and some defense officials considered an oversimplified portrait of what was going on in Iraq.

"Clearly there are parts of local governance working better than others," said Bryan Whitman, a Pentagon spokesman.

Whitman suggested that the possible problems in Al Anbar "shouldn't overshadow the fact there is much progress throughout Iraq."

In a House hearing Monday, Eric S. Edelman, the undersecretary of Defense for policy, acknowledged that the insurgency in Al Anbar remained a problem and said the Marine intelligence assessment was important as "a snapshot in time."

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The report states that military power alone will not solve Al Anbar's problems, Edelman said.

"I think it's clear to all of us who have been involved in this issue for a while that Anbar has been the epicenter of the insurgency for some time — that a purely military solution to any insurgency is not possible; it needs a political solution as well," he said.

Zilmer: U.S. 'Stifling' Iraq Insurgency (AP)

By Robert Burns

AP, September 12, 2006

A senior American commander in Iraq said Tuesday that U.S.-led military operations are "stifling" the insurgency in western Anbar province but are not strong enough to defeat it.

Marine Maj. Gen. Richard C. Zilmer told reporters in a telephone interview from his headquarters in Fallujah that he has enough U.S. troops — about 30,000 — to accomplish what he called his main mission: training Iraqi security forces.

"For what we are trying to achieve out here I think our force levels are about right," he said. Even so, he said the training of Iraqi soldiers and police had not progressed as quickly as once expected.

"Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here," he added.

Zilmer, who has commanded U.S. forces in western Iraq since February, said increasing the number of U.S. troops there would help in the short term, "but at the end of the day I don't think it's going to be the significant change that is necessary to achieve long-term security and stability out here in Anbar."

What is needed, he said, is progress on the economic and political fronts that will undercut support for the insurgency.

The situation in Anbar, with its heavily Sunni population, is a barometer for the entire Sunni Arab minority, which lost its favored position to the majority Shiites and the Kurds when Saddam Hussein's regime collapsed in 2003.

As long as the insurgency rages, it is unlikely that Sunni Arab politicians in Baghdad can win over significant numbers of Sunnis to support the government of national unity, which took office May 20.

Some areas in Anbar have shown significant progress, such as the border city of Qaim, once an al-Qaida stronghold. Trouble has increased in other areas, like the rural stretch between Ramadi and Fallujah. Insurgent killings of Iraqi police in Fallujah have become commonplace, according to officials there.

Zilmer dismissed a reporter's suggestion that the war in Anbar — a province the size of North Carolina that stretches west from Baghdad to the borders of Syria, Jordan and Saudi Arabia — has been lost.

"I think we are winning this war," he said.

In the long run, the war will not be won on the battlefield, Zilmer said. The outcome will be determined by the Iraqis' ability to compromise on their political goals, accommodate their sectarian differences and demonstrate to ordinary people that a democratic central government can serve their needs.

"Until those things change, until those long-term effects are realized, then trying to solve the insurgency out here is going to be problematic," he said.

White House press secretary Tony Snow said President Bush would be talking to Gen. George Casey, the top U.S. commander in Iraq, later this week.

"If the president gets a recommendation from the combatant commanders to send more troops to al-Anbar province, they will get them," Snow said.

As of Monday there were 147,000 U.S. troops in Iraq, the highest number since December 2005. Most of the recent increase was for Baghdad, where U.S. and Iraqi forces are trying to avert a civil war.

Pentagon officials hastily arranged the interview with Zilmer in response to a series of news reports about a classified report by the chief of intelligence for the Marines in western Anbar province, Col. Pete Devlin. Zilmer said he agreed with the assessment by Devlin, who works for Zilmer, and he did not dispute news reports that characterized it as depicting Anbar as locked in a military stalemate with inadequate political progress.

The classified report was first reported by the Washington Post.

DOJ_NMG_0062130

The New York Times reported Tuesday that the Devlin report concluded that Anbar's political and security situation will continue to deteriorate unless it gets a major infusion of aid and substantially more U.S. troops.

Zilmer would not discuss specifics of the Devlin report, but said he did not want more U.S. troops as long as his mission did not include defeating the insurgency.

The Devlin assessment was made in mid-August.

Before the telephone interview, Zilmer issued a written and a video statement.

"Recent media reports fail to accurately capture the entirety and complexity of the current situation," Zilmer said in his written statement.

He added that the assessment "which has been referred to in these reports, was intended to focus on the causes of the insurgency. It was not intended to address the positive effects Coalition and Iraqi forces have achieved on the security environment over the past years."

Zilmer acknowledged, however, that "there is an active insurgency in Anbar. The enemy we face has no concern for the welfare of the Iraqi people, nor any peaceful vision for their future. We believe the Iraqi people want something more and are willing to fight and die for it."

General: Force Too Small To Beat Insurgency (USAT/AP)

By The Associated Press

USA Today, September 13, 2006

WASHINGTON — A senior American commander in Iraq said Tuesday that U.S.-led military operations are "stifling" the insurgency in western Anbar province but are not strong enough to defeat it.

Marine Maj. Gen. Richard Zilmer told reporters in a telephone interview from his headquarters in Fallujah that he has enough U.S. troops — about 30,000 — to accomplish what he called his main mission: training Iraqi security forces.

"For what we are trying to achieve out here, I think our force levels are about right," he said. "Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here."

Pentagon officials arranged the interview with Zilmer in response to news reports about a classified report by Col. Pete Devlin, the chief of intelligence for the Marines in western Anbar province.

Zilmer did not dispute news reports that said Devlin depicted Anbar as locked in a military stalemate with inadequate political progress. The classified report was first reported by The Washington Post.

Zilmer, who has commanded U.S. forces in western Iraq since February, said increasing the number of U.S. troops there would help in the short term. What is needed, he said, is progress on the economic and political fronts that will undercut support for the insurgency.

Zilmer dismissed a suggestion that the war in Anbar had been lost: "I think we are winning this war."

In Iraq on Tuesday, former Iraqi leader Saddam Hussein railed against "agents of Iran and Zionism" and vowed to "crush your heads" after listening to Kurdish witnesses at his genocide trial tell of atrocities against them nearly two decades ago.

The outburst came after witnesses talked about the campaign in 1987-88 to suppress a Kurdish revolt in northern Iraq. The prosecution claims about 180,000 Kurds lost their lives. If convicted of genocide charges, Saddam and the six other defendants could face death by hanging.

Also, at least 24 people were killed around Iraq overnight and Tuesday.

More Troops For A Shrinking Battlefield (WP)

By Al Kamen

The Washington Post, September 13, 2006

President Bush's forceful and, of course, nonpartisan 9/11 commemoration speech Monday night obviously didn't suit some of his critics.

"The safety of America," he said, "depends on the outcome of the battle in the streets of Baghdad." This linking of the "Global War on Terror" with the war in Iraq naturally brought howls of protest from the usual naysayers and cut-and-runners.

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But the address also may have disappointed those conservative supporters who think things aren't going exactly swimmingly in Iraq.

For example, early and staunch war backers such as the Weekly Standard's William Kristol and the National Review's Rich Lowry called on Bush yesterday "to stop the downward slide in Iraq" by putting "substantially more troops" there. (Lowry was among several conservative journalists who met with Bush later yesterday.)

Kristol and Lowry didn't talk numbers, but it shouldn't require that many.

After all, Anbar province (Sunnistan) is looking pretty much gone -- and that's 30 percent of the country. Kurdistan in the north, about 20 percent of the county, is quiet for now pending a Kurdish move to push out the Shiites in Kirkuk. And Shiastan in the south, except for some squabbling, is quiet in its own 30 percent of the country. So it really comes down to greater Baghdad.

Meanwhile, the number of U.S. troops in Iraq has quietly inched up to about 140,000, and nearly 300,000 Iraqi forces have been fully trained, though many have yet to "stand up" -- except to run for it.Worth a Thousand Words

Despite Bush's fine speech, it's unclear whether the State Department is fully on board. A colleague reports that, as of last week, Iraqi Prime Minister Nouri al-Maliki's photo has yet to replace that of former prime minister Ibrahim al-Jafari in the Bush Diplomatic Hall of Glory photo array at the department.

It's been nearly five months since Maliki took over, but still no photo. Are they thinking he's a short-timer and trying to save on framing costs?Do Speak, Don't Tell

Attention, native speakers of war-on-terrorism languages! The Pentagon will pay "full scholarships" -- $14,000 in tuition and an $11,000 "living stipend" -- for a six-month intensive training program at Georgetown University.

It's the first of its kind: the English for Heritage Language Speakers Program, being offered to "native speakers of Arabic . . . Hindi, Indonesian, Pashto, Persian (Farsi or Dari), Urdu or Punjabi." Speakers of Chinese (Mandarin or Cantonese) are also welcome.

The program, funded by the Pentagon's National Security Education Program, is for folks who want to "develop English skills for careers in the federal government," according to a recent ad.

"Apply now!" the ad says. Applications must be received by Oct. 2. Get your forms at http://ehls.georgetown.edu . There are only 16 slots.

Now, you may be wondering: "But will there be a job for me when I graduate?" No problem. There are certain to be plenty of openings. A 2005 Government Accountability Office report found that since 1993, about 300 language specialists -- 55 of them in Arabic -- have been booted out of the military because of the "don't ask, don't tell" policy on gay men and lesbians.

So don't worry. Sign up now!An Unintended Warming

What happens when you say something, anything, acknowledging your opponent's effectiveness? Your competitor uses it to generate money and publicity. Take politician extraordinaire Al Gore , speaking a few months ago on National Public Radio, when he was asked to name "an organized campaign to discredit the science of global warming."

"One of the many front groups that's funded by these polluters, the Competitive Enterprise Institute," Gore said, "is running television ads right now, and the tag line is, the announcer says, 'CO2, they call it pollution, we call it life.' It almost falls off its own absurdity," Gore said, "but over 20 years, I have seen them have a tremendous effect."

Next thing you know, the last part of that statement appears prominently in a CEI fundraising brochure. Then a couple of days ago, when Gore was on Australian television, the announcer played one of CEI's ads attacking his cause cÃ©lÃ¨bre. Gore was then obliged to respond.

"Despite his prominence in our fundraising brochure," CEI general counsel Sam Kazman notes, "we have yet to receive a contribution from him, even though it would be fully tax-deductible." Best not to hold your breath.The Bin Laden Effect

Duncan Hunter (R-Calif.), chairman of the House Armed Services Committee, ripped into a comment by "Democrat" leader Nancy Pelosi (Calif.), who had said of Osama bin Laden : "Even to capture him now, I don't think makes us any safer."

Hunter said that Pelosi's "statement can only have a demoralizing effect on American troops and intelligence personnel who are currently risking their lives" pursuing bin Laden.

Of course, the president and Secretary of State Condoleezza Rice have also played down bin Laden's importance in the overall fight against terrorism.

DOJ_NMG_0062132

60 Bodies Found Scattered Around Baghdad (AP)

Associated Press, September 13, 2006

BAGHDAD, Iraq (AP) -- Police said Wednesday that they had found 60 bodies dumped around Baghdad, the majority in predominantly Sunni Arab areas.

The bodies were found overnight, 45 in mostly Sunni parts of western Baghdad and the rest in majority Shiite areas of eastern Baghdad, police said.

All the bodies were bound, bore signs of torture and had been shot, police 1st Lt. Thayer Mahmoud said. Such killings are usually the work of sectarian death squads.

Meanwhile, violence killed at least two dozen people across Iraq on Tuesday, including six who died when a car bomb blew up in western Baghdad.

The attack also wounded 18 people in Mansour, an upscale neighborhood that has been the scene of repeated bombings and kidnappings.

Northeast of the capital, at least four people were killed and two dozen wounded when a roadside bomb exploded next to a market in the town of Middadiyah.

And in the northern city of Mosul, gunmen attacked and killed four Kurds and injured another, said Ahmed Abdul-Aziz, a doctor at Jumhouri Hospital.

Police in the Anbar province capital of Ramadi, meanwhile, reported that three people were killed in an explosion in the city west of Baghdad.

The violence came as deputies argued over a bill that Sunni Arabs fear will split Iraq into three sectarian and ethnic cantons.

A group of lawmakers tried Tuesday to take advantage of the unpopularity of U.S. troops among many Shiite and Sunni legislators to seek approval of a resolution setting a timetable for the withdrawal of foreign troops - something the Shiite-dominated government has refused to do.

Sponsored by supporters of radical Shiite cleric Muqtada al-Sadr and some Sunni Arabs, the resolution managed to gather 104 signatures in the 275-member parliament before it was effectively shelved by being sent to a committee for review.

That committee will need at least six months to examine the resolution and present its findings to parliament. If it were to be approved, such a resolution would be binding on the government.

"We do not want another kitchen in which decisions are cooked away from the representatives of the people and away from the hearing of the Iraqi people," complained Falah al-Mishaal, the Shiite legislator who presented the resolution.

No headway was made on an even more contentious proposal: legislation that would set in place the mechanism for establishing autonomous regions as part of a federal Iraq. Debate on the matter was put off until Sept. 19.

Sunni Arabs have vehemently opposed the legislation. Both the north, already controlled by Kurds, and the south, where Shiites are dominant, are rich in oil, and Sunnis fear they will end up squeezed into Baghdad and Iraq's western provinces, which have no natural resources.

"People are more preoccupied now with the deteriorating security situation and in order to have federalism, we should have democracy first. But with this deterioration in security, it difficult to achieve federalism," argued Naseer al-Ani, a member of largest Sunni Arab political group.

Although federalism is part of Iraq's constitution, and there is already an autonomous Kurdish region in the north, legislation and a referendum would be needed to turn Iraq into a full federation.

Iraq's most powerful Shiite politician and leader of its largest party, Abdul Aziz al-Hakim, called on fellow clerics to support the bill.

The coalition al-Hakim leads in parliament, the United Iraqi Alliance, submitted the bill last week. It would be the first step in creating a separate autonomous state in the south much like the region run by Kurds in the north.

Federalism Plan Dead, Says Iraqi Speaker (WP)

By Amit R. Paley And K.I. Ibrahim

DOJ_NMG_0062133

The Washington Post, September 13, 2006

BAGHDAD, Sept. 12 -- The speaker of the Iraqi parliament said Tuesday that a controversial plan to partition the country into three autonomous regions is politically dead.

Mahmoud al-Mashhadani said in an interview that legislation to implement a concept known as federalism, which threatened to collapse the country's fragile multi-sect government, would likely be postponed indefinitely after a meeting of political leaders on Wednesday.

The federalism plan would create a Shiite region in southern Iraq much like the autonomous zone in the north controlled by the Kurds. Sunnis have generally opposed the plan, on grounds that it would leave them only with vast swaths of desert in the country's middle, devoid of the oil reserves in the other regions.

The constitution that Iraq adopted last fall allows for a form of federalism. Sunni parties supported the charter only reluctantly and joined the current government on condition of a resumption of federalism discussions, in which they hoped to kill the concept.

"If federalism is to be applied now, it will lead to the secession of the south and the establishment of an Islamist extremist state in the center of the country," said Mashhadani, an outspoken Sunni Arab who is the third-ranking official in the government. "It is not possible to venture or to start the application of federalism now."

"Look, Iraqi blood is more important than federalism," he said.

When asked to predict the likely outcome of Wednesday's meeting of political leaders, he said: "We could agree on the principle and then postpone the topic for four years."

Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite political coalition in Iraq, is the strongest backer of legislation that would begin translating the constitution's vague concepts of federalism into law.

In the Shiite holy city of Najaf on Tuesday, Hakim issued a full defense of federalism, which he described as a basic constitutional right of all Iraqis. Analysts say Hakim hopes to become the leader of the Shiite region, which would comprise about nine of Iraq's 18 provinces.

"We believe federalism is one of the administrative methods that would help the people gain their rights, undo the injustices, and prevent discrimination on the basis of ethnic origin, sect or religion," Hakim said.

But support for the plan began to erode after a vast array of Sunni, Shiite and secular groups boycotted parliament on Sunday to protest the plan. Mashhadani said Grand Ayatollah Ali Sistani, the most revered Shiite cleric in Iraq, had ordered Shiite politicians to back off from the plan in order to prevent bitter infighting.

Mashhadani said the country is not prepared for federalism because its government is not strong enough to provide security and services, and because of troubled relationships with some neighboring countries.

"The United States is a federated system and it is leading the world. But this was after the Civil War," Mashhadani said. "So must we go through a civil war in order to achieve federalism?"

Meanwhile, Prime Minister Nouri al-Maliki, in his first state visit to Iran, discussed ways to improve the security situation in Iraq with President Mahmoud Ahmadinejad. American officials have accused Tehran of fomenting violence in Iraq by supporting Shiite militias.

"Iran will provide assistance to the Iraqi government to establish full security," Ahmadinejad said, according to the official Islamic Republic News Agency. "We believe strengthening the Iraqi government is tantamount to promoting security, peace and friendship in that country."

Violence continued across Iraq on Tuesday. At least 32 people were killed or their bodies were found in separate incidents in different parts of the country, authorities said. In northern Baghdad, 14 students were kidnapped after completing their exams, the Iraqi military said. No further details were released.

Kurd's Testimony Includes Taunt For Hussein: `You Are In A Cage' (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 13, 2006

DOJ_NMG_0062134

BAGHDAD — A Kurdish villager mocked Saddam Hussein in court Tuesday as the man recalled the disappearance of his relatives during a 1980s military campaign in northern Iraq.

"Congratulations! You are in a cage," said the witness, Ghafour Hassan Abdullah, addressing Hussein and his six codefendants seated behind metal grates in the courtroom.

The former strongman's patience failed as a defense lawyer described Iraqi Kurdish rebels as freedom fighters.

"No, they are not! They are collaborators for the Zionists!" Hussein shouted during his trial on charges that his forces killed as many as 100,000 people during the campaign against Kurdish militants. "We will crush the heads of all Zionists and their collaborators!"

Several witnesses testified Tuesday at the trial, which is expected to last until at least December, about abuses by Hussein's military.

Akram Ali Hussein, 41, described what he said was a chemical attack in 1987 on the village of Sikanyan.

"We saw all the bushes had turned white," he said.

The following year, he said, the village was bombarded again and a dozen relatives, including his mother, sister and brother, were imprisoned. Later, he said, he learned that two cousins had died of hunger and that their bodies had been eaten by dogs at the prison.

"I want the whole world to know what he did," the witness said of the former Iraqi leader.

Hussein seemed exasperated on several occasions.

"When I am right I cannot be scared, and I don't think there is a power on Earth that can shake even one hair of my mustache," Hussein declared. "But I have noticed today that there were too many insults. And when you put a lion in a cage, any coward can put a stick in the cage and frighten him."

The Iraqi parliament, meanwhile, on Tuesday shelved a measure that would have forced American authorities to present a schedule for the withdrawal of U.S. and other foreign troops from Iraq.

"We demand a timetable to rebuild our Iraqi forces and to rehabilitate our army," said Dhafir Ani, a representative of the minority Sunni Arab bloc. "This gathering today is the first step for a political stance against the occupation and to unite Iraq."

The Bush administration has refused to give a timetable for withdrawal, saying it would embolden the insurgency.

The resolution is said to have the support of more than 100 lawmakers, including followers of militant Shiite cleric Muqtada Sadr.

But the Shiite leadership in the 275-member parliament opposes a strict timetable, and the proposal was sent to a committee for study.

It was another violent day in the capital, where a car bomb killed six people and wounded 15 in the upscale Mansour district, the site of frequent attacks and kidnappings. The bomb targeted a passing U.S. patrol, authorities said, but no U.S. troops were reported injured.

Elsewhere, the country's communal slaughter persisted amid grisly new finds of bodies.

A hospital source said authorities discovered six beheaded bodies in Baghdad's Ghazaliya neighborhood. Ghazaliya is one of a number of districts "cleared" during a recent U.S.-led sweep that reduced violence. But there has been a resurgence of violence in the district since most U.S. forces moved on to other neighborhoods.

The bodies of 10 young men, all gunshot victims, were found in various parts of Baghdad and delivered to the morgue, an official said. Most had signs of torture. Four other bodies were found south of Baghdad, authorities said.

In the troubled, mixed-sect province of Diyala, northeast of the capital, officials said two Sunni mosques were attacked and burned Tuesday. Those assaults followed an attack Monday on a Shiite mosque. Factions also fired about 40 mortar shells, officials reported. There was no word on casualties.

A hospital source in the insurgent stronghold of Ramadi said three people were killed and five injured in clashes between gunmen and U.S. forces. There was no confirmation from American authorities.

The Associated Press reported that at least four people were killed and two dozen wounded in a bomb explosion near a market in the town of Miqdadiya, northeast of the capital, and that gunmen shot and killed four Kurds in the northern city of Mosul. Kurds and Arabs have been battling in Mosul and in Kirkuk, a key northern city.

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Soldier Describes Anguish In Revealing Murder Allegations (USAT)

By Gregg Zoroya

USA Today, September 13, 2006

On a night in June, Pfc. Justin Watt lay in his cot in Iraq, anguishing over whether to tell Army investigators that he suspected soldiers from his own platoon had raped a 14-year-old girl and then killed her and her family.

He decided to call his father back home. "If you knew something bad about your brothers," Watt asked him, "would you come forward?"

The satellite phone link between Iraq and South Carolina was clear, and Rick Watt remembers that his son sounded distraught.

An Army veteran, the elder Watt asked for details, but Justin Watt would offer none. Finally, Rick Watt told his son that whatever had happened would have to be monstrous. "Heinous," he said, "is the only reason for giving up a brother."

Hours later, Justin Watt, 23, of Tucson, told authorities what he had learned from talking with another soldier from their platoon in the 101st Airborne Division. That soldier is one of four now accused of the killings March 12 in Mahmoudiya, Iraq.

In the months since, the four soldiers have been charged in a military court in Iraq with rape and murder. Another soldier is accused of failing to report the crime. And Steven Green, a platoon member discharged from the Army since the crimes, faces rape and murder charges in federal court in connection with the case.

If the allegations prove true, the assault by American soldiers would be among the worst atrocities of the Iraq war. "It is extremely damaging to the standing of the United States," Samir Sumaidaie, Iraqi ambassador to the United States, told ABC News, "(and) hurts the fight against terrorism."

By coming forward, Watt became — in the eyes of his father and one Army officer — a different kind of war hero, one whose valor wasn't immediately commended and who now lives with the fear of payback from other soldiers. A U.S. senator has told the Army that Watt has "received threats," and the Army says it is investigating whether Watt is in danger.

In interviews by telephone and over the Internet from Iraq, Justin Watt recounted for the first time details about his decision to come forward. He declined to discuss the criminal case or any threats against him because they are under investigation. But he explained how the violence that racked his platoon all year and claimed so many of his friends drove his decision.

Since being assigned to a different unit and moved away from those who may resent what he did, Watt says he feels isolated and misses his buddies.

"I'm an ordinary guy in an extraordinary situation who is dealing with a stupid amount of stress right now," he says. "This investigation hasn't changed the fact that I'm at war. I still deal with that every day. The only difference is, now when I come home, in the back of my mind I'm thinking, 'Could something happen to me because of this?' I don't know."

'We'd come through hell'

Mahmoudiya is in a region south of Baghdad known as the "Triangle of Death," an area patrolled since October by Bravo Company, 1st Battalion, 502nd Regiment of the 101st Airborne.

Bravo, particularly the 1st Platoon in which Justin Watt served, has suffered heavy casualties. "There was a saying," Watt recalls, " '1st Platoon is in no shortage of very good, but very unlucky, men.' "

He would later testify in a military court: "We'd come through hell with each other."

His best Army friend and former roommate, Pfc. Tyler MacKenzie, 20, of Evans, Colo., died in a roadside explosion in November. Four 1st Platoon soldiers were killed in a 12-day period in December. In February, an electrical fire swept through the company barracks. Watt lost letters and pictures from home, a digital camera, an iPod and a knife that was a gift from his father. By then, he says, he was convinced he would not survive Iraq.

On March 12, in the midst of the platoon's hard-luck tour, the bodies of Abeer Qassim al-Janabi, 14; her 5-year-old sister, Hadeel; their mother, Fikhriya Taha; and their father, Qassim Hamza, were found in their Mahmoudiya home. The Army initially blamed the assault on insurgents.

Three months after the Iraqi family was found slaughtered, the 1st Platoon suffered a devastating attack. Insurgents overran a checkpoint in Youssifiyah on June 16, killing Spc. David Babineau, 25, of Springfield, Mass., and capturing Pfc. Kristian

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Menchaca, 23, of Houston, and Pfc. Thomas Tucker, 25, of Madras, Ore. Watt was close friends with Tucker and Menchaca, who were later found tortured and killed.

Watt says he could barely sleep after the kidnappings. When he did, he had nightmares about dead Iraqi children or slain comrades, talking to or staring at him. The bodies of Tucker and Menchaca were discovered June 19.

What he learned

Shortly after the kidnappings, Watt spoke with another Bravo Company friend, Sgt. Anthony Yribe, 22. According to testimony Watt later gave in court, reported by a small group of journalists allowed inside the hearing, Yribe disclosed a terrible secret: He suspected that 1st Platoon soldiers had attacked the Iraqi family March 12.

Shaken, Watt later approached another soldier in 1st Platoon, Pfc. Bryan Howard, 19. Howard, Watt testified, told him a gruesome story. The details emerged during a so-called Article 32 hearing held in Baghdad last month. In such hearings, an investigator listens to evidence and decides whether to recommend a court-martial.

The Article 32 hearing considered charges of rape and murder against the four soldiers: Howard, Spc. James Barker, 23, Sgt. Paul Cortez, 23, and Pfc. Jesse Spielman, 21. A fifth, Yribe, is not alleged to have taken part in the attack and is charged with dereliction of duty for failing to report the crimes.

The official transcript of the hearing has not been released. According to the testimony reported by a pool of journalists and made available to news outlets, the rape victim and her family lived about 220 yards from a traffic-control point in Mahmoudiya. For several days before the killings, Howard, Barker, Cortez, Spielman and then-Army Pvt. Steven Green staffed the checkpoint.

Army investigator Benjamin Bierce testified at the hearing that Green repeatedly spoke of his desire to kill Iraqis and emerged as the leader of the attack, the media pool report said.

The soldiers also talked about the 14-year-old girl, whom they had seen passing through their checkpoint, Bierce testified.

Bierce testified at the Article 32 hearing that on March 12, the group had a plan to assault the girl. With Howard acting as lookout, Barker, Cortez, Spielman and Green entered the family's house, Bierce testified. Green herded the parents and the 5-year-old into a bedroom, according to the pool report of a statement made by one suspect, Barker.

At the hearing, there was conflicting evidence about who raped the girl, according to the pool coverage. Army investigator Michael Hood, for example, testified that Spielman passed a polygraph test in which he denied raping or shooting anyone during the attack. Cortez, in his statement, denied raping the girl. Howard's lawyer, Army Capt. Megan Shaw, argued that he did not believe the attack was actually going to happen.According to Barker's statement, Cortez pushed Abeer, the 14-year-old girl, to the floor, lifted her dress and tore away her underwear as she struggled. Barker said in his statement that he and Cortez both attempted to rape the girl.

Barker also said he heard gunshots from the bedroom, and an agitated Green emerged holding an AK-47, the media pool report said. "They're all dead. I just killed them," he told the others, according to Barker's statement.

Green then raped the girl and shot her to death, Barker told investigators, and her body was set on fire.

'Put yourself in my shoes'

Watt says he struggled over what to do about what he had learned from Howard and Yribe. He would later testify at the Article 32 hearing that the Army excels at teaching soldiers everything from hygiene to rifle assembly. "But there's nothing I've read that says what to do if your buddies have raped and murdered a family," he said in court, according to the media pool report.

"Put yourself in my shoes," Watt says in an interview. "My roommate's dead. A bunch of my friends are dead. Two of my buddies are being tortured to death. Green is back in the States. He doesn't have to suffer at all. These good men are dead."

Watt says he's not religious. But months before, when so many friends were killed, he had prayed for God to give him strength. As he wrestled with a decision, he says he sensed God was watching. "I felt like if I didn't do the right thing, I wasn't holding up my end of the deal," Watt says. "If I didn't do anything, I was dead. Lost my grace with God."

That's when he called home. Watt says he had already decided to go to authorities before the call home to his father. But he says he needed — if only briefly — to connect with his dad. "I knew there was a world to go back to where people cared about me," he says. "I didn't feel so alone."

After the call, Watt asked to speak to a mental health counselor. Subsequent media reports said that a soldier receiving counseling suddenly had reported the attack on the Iraqi family.

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Watt says there was nothing sudden about it.

He asked to speak with a mental health counselor because he wanted to bypass what he thought would be a skeptical command structure and get an audience with Army investigators, he says. Through the mental health counselor, Army investigators were notified and interviewed Watt.

Documents in the federal court proceeding against Green say investigators were tipped off June 20. By that time, Green had been sent home from Iraq and discharged from the Army in May with a "personality disorder," according to the documents.

After Watt came forward, the FBI arrested Green in North Carolina on June 30. He has pleaded not guilty, and his arraignment in federal court on rape and murder charges in the Mahmoudiya case is scheduled for Nov. 8 in Louisville.

Based on the evidence presented at the Article 32 hearing for the five soldiers charged in Iraq, Army Col. Dwight Warren issued a report Sept. 3 recommending that they face a court-martial. A final Army decision on that recommendation is pending.

The four soldiers charged with rape and murder, who could face the death penalty if convicted, were recently transferred to a stateside military jail in an undisclosed location, Army spokesperson Kelly Tyler says.

Two weeks after testifying in the Article 32 hearing, Watt was moved from Bravo to Charlie Company. Capt. William Dougherty, Charlie Company's commander, wrote to Watt's parents Aug. 2 praising their son. His comments were the first accolades from the Army the family has received.

"I am proud of him for coming forward. It took moral courage," Dougherty wrote in an e-mail Watt's father shared with USA TODAY. "I know that he has been through a lot."

Dougherty did not respond to a request for comment.

Rick Watt, 55, a demolition consultant from North Charleston, S.C., believes his son deserves a medal. "I'm amazed at the content of his character and his courage," he says.

Due to come home soon

Watt is the oldest of Rick and Vivi Watt's three children.

The couple separated last year, but the family remains close. Rick Watt says he worked hard to instill honesty in his children. "I'm a firm believer that when we leave this world, the only thing we take with us is the imprint we've made on other people, and our own reputation," he says.

Justin, considered by family members as the most sensitive and introspective of the three kids, seemed the least likely to choose the Army and combat, his brother Darin and his father say.

Watt dropped out of high school at age 17 and passed his high school equivalency exam so he could pursue his dream job: working for an Internet gaming company. The company failed within a year, and after working various jobs,Watt surprised his family by enlisting.

Like so many other soldiers in Iraq, he created a page on MySpace .com, a popular collection of personal Web pages. There, he listed his dad as his hero. Until Justin Watt took the page down from the Internet, it was a place to vent his frustrations and fears about war.

He noted on June 26: "Nobody will ever know that I brought justice to a murdered family."

When his name surfaced in the media, Rick and Vivi Watt pleaded for help from U.S. Sen. Jon Kyl, R-Ariz. Kyl wrote the Army on Aug. 2, warning that Justin Watt had "received threats" and demanding that his safety be a priority. Kyl also questioned whether Watt should be shifted out of the 101st Airborne for his own security and provided a lawyer.

In a response Aug. 11, Army Brig. Gen. Bernard Champoux wrote that Watt has been provided a lawyer "although he is not suspected of any wrongdoing." Champoux also says that the Army is investigating Watt's claim that he has been harassed and mistreated since he came forward.

"In Pfc. Watt's sworn statement and his conversations with his chain of command, he expressed that he has never been personally threatened," Champoux wrote. "He was told about possible threats by another member of his (original) unit."

Watt's father shared with USA TODAY the exchange of letters written by Kyl and Champoux. Andrew Wilder, a spokesman in Kyl's office, confirmed that Kyl sent and received the letters.

Rick Watt says he is still not satisfied with the steps the Army has taken to keep his son safe.

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"I am legitimately concerned," he says. "I guarantee you, if anything happens to my son, there will be careers lost and people will be prosecuted who are wearing brass today. Because I won't stop until it happens."

Watt is now stationed in Latifiyah, a few miles from Mahmoudiya, and his unit is due to rotate home in a few days. He remains stunned by all that followed his decision to come forward.

"I don't regret it by any means," he says. "But, God, I had no idea it was going to be like this."

He says the Army has promised new assignments that he cannot discuss. "That's all I want," he says, "a fresh start."

Army Secretary Reveals Combat Death Plan (USAT/AP)

USA Today/AP, September 13, 2006

SAN FRANCISCO (AP) — Army Secretary Francis Harvey says he is aiming to "achieve perfection" in a new drive to inform families of soldiers killed in combat about the circumstances of their deaths.

In a memo obtained Tuesday by the Associated Press, Harvey outlines a far-reaching review he recently initiated of some 2,000 casualty reports from Iraq, Afghanistan and elsewhere.

In the Sept. 1 letter to Sen. Barbara Boxer, D-Calif., Harvey reveals a previously unknown element of the reforms: Commanders in the field must investigate even if the cause of death was apparent. Previously, such investigations were conducted only when there was uncertainty about the circumstances, Army spokesman Paul Boyce said.

The review follows highly publicized mistakes in what families were told about their relatives who had died. The best-known error involved Cpl. Pat Tillman, who quit professional football to join the U.S. Army Rangers and was killed in Afghanistan in April 2004. His family was originally told he had been killed by enemy fire, but five weeks later they learned that fellow Rangers had accidentally shot him.

Harvey offers heart-rending new details on the mishandling of one such case: A medic apparently misjudged a soldier dead and ordered other wounded soldiers treated first.

"As part of this program, numerous improvements have been made to the casualty reporting, notification, and assistance process in order to prevent the mistakes of the past, such as those that were made in (the) Sgt. McCaffrey and 1st Lt. Tyson case," Harvey wrote in the memo to Boxer.

He referred to two California soldiers shot to death in June 2004 by Iraqi civil-defense officers whom they were training: Spc. Patrick McCaffrey Sr., promoted posthumously to sergeant, and 1st Lt. Andre D. Tyson.

The Army initially told the men's families that they had died in a conventional ambush. Two years after their deaths, and nine months after its investigations were completed, the Army informed their survivors that the two were deliberately killed by Iraqi trainees patrolling alongside them.

According to Harvey, the mistake was the result of a bureaucratic oversight. The soldiers' unit had redeployed by the time Army investigators completed their probe in September 2005. By then, the soldiers' brigade had "lost visibility" of the investigation.

Additionally, the Army Casualty and Memorial Affairs Operations Center did not know of the existence of that last investigation, he said.

The Army secretary said he remains deeply involved in the reforms he recently initiated. "I personally review this program monthly," Harvey wrote, adding that he tracks individual cases where families have raised concerns about information they have or have not received.

"The objective is to achieve perfection — no errors at any time in any part of the process," he wrote.

Attached to the memo is a 2 1/2-page list of answers to questions Boxer had posed to Harvey regarding the circumstances of McCaffrey and Tyson's deaths.

McCaffrey's mother, Nadia McCaffrey, believes her son was left to bleed to death after he was shot repeatedly. According to the investigation completed in September 2005 and obtained previously by the AP, a crew of medics rushed to the scene to treat the wounded soldiers, driving straight into the "kill zone" with little protective cover.

A medic who assessed the wounded soldiers' condition said McCaffrey was dead. But another combat lifesaver checked McCaffrey's pulse and couldn't tell whether he had one or not, so he helped load him onto a truck, then gave him CPR. About

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halfway back to Camp Anaconda the soldier heard faint gurgling from McCaffrey and later felt a faint pulse, he wrote in a sworn statement the next day.

McCaffrey had a bullet and bullet fragments in his lungs, plus one in his abdomen and another in his chest cavity.

The document obtained Tuesday says, without naming names, that "the soldiers responding to the incident prioritized the casualties," starting with Tyson, who had a bullet in his brain, the projectile entering just below where his Kevlar helmet's protection stopped. "Other soldiers also at the scene related that Sgt. McCaffrey appeared dead due to the extensive visible injuries."

"This medic needs to be punished," Nadia McCaffrey said in a telephone interview.

The Army Criminal Investigation Command, which conducted the 2005 investigation, has found no other cases in which Iraqis who infiltrated the country's young security services have deliberately killed U.S. soldiers, according to the memo to Boxer.

Vote Of 'No Confidence' Would Be Unprecedented (RC)

By Emily Yehle

Roll Call, September 13, 2006

Now in their sixth year of complaining about Defense Secretary Donald Rumsfeld, Congressional Democrats have found a creative new way to make their case — borrow from Britain.

Last week, Senate Democrats tried and failed to force a vote on a "sense of the Senate" resolution calling on President Bush to "replace the Secretary of Defense." And while the text of their resolution didn't include the phrase, Democrats in both the House and Senate have taken to calling their effort a vote of "no confidence" in Rumsfeld.

Those two words that garnered so much media attention have a decidedly British twist — "no confidence" is the name of a motion in Parliament that can mean the end of a prime minister's reign.

Once those words left their homeland, however, they lost the power to force an official to resign or call a new election. In Congress, the term would have only a symbolic effect; a passed resolution with the phrase "no confidence" simply would relay the disappointment of Congress.

But perhaps Rumsfeld should feel honored: It's also a term that has never been used in legislation to oust a Cabinet official, Associate Senate Historian Don Ritchie said.

And such an action has "certainly never happened during a war with the Secretary of Defense," said James Thurber, director of the Center for Congressional and Presidential Studies at American University.

History, alas, was never made. The resolution, presented by Senate Minority Leader Harry Reid (D-Nev.) on Sept. 6, didn't contain the words "no confidence" and the measure never reached a vote, as the GOP procedurally blocked it from being attached to the Defense appropriations bill.

The wording in Reid's measure is slightly different than that of a similar resolution sponsored by Rep. Charlie Rangel (D-N.Y.) in 2003. That piece of legislation was more forceful; it used words such as "immediately," "resign" and "failure." It also named Rumsfeld, whereas the recent proposed resolution only referred to the "current Secretary of Defense."

Congress hasn't impeached a Cabinet official since the 1870s, but executive officials have since left their post because of their unpopularity in Congress, Ritchie said. Sometimes, officials resign to preclude a more formal rebuke — impeachment.

In 1983, Anne Gorsuch resigned from her position as the administrator of the Environmental Protection Agency after Members of Congress merely discussed the possibility of impeachment.

Democrats have not laid out impeachment as a strategy to force Rumsfeld out of office, but they still seemed attached to that other phrase borrowed from their parliamentary cousins. On Friday, Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) sent to his organization's e-mail list an urgent appeal: "Demand a Vote of No Confidence in Secretary Rumsfeld."

Mideast Peril Growing Concern: Terrorist Havens In 'Failed States' (WSJ)

By Yochi J. Dreazen And Philip Shishkin

The Wall Street Journal, September 13, 2006

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In April, Saudi Arabia disclosed plans for an unusual and hugely expensive project: a multibillion-dollar electrified fence along its 560-mile border with Iraq.

The move angered U.S. and Iraqi officials, but Saudi officials said Iraq's growing instability left them little choice. They said they were concerned about militants infiltrating from Iraq to carry out attacks aimed at either toppling the ruling family or inciting Saudi Arabia's restive Shiite minority to seek independence.

Concern about extremism seeping out of Iraq underscores a painful irony in the five-year-old war against terrorism: The U.S. and its allies now face the distinct possibility that the same kind of "failed state" that gave terrorists a haven when the Taliban ruled Afghanistan -- leading to Sept. 11 -- could be forming again, in more than one place.

Both Iraq and Lebanon are threatening to degenerate into states with weak central governments where extremists can thrive. Iraq already appears to serve as a kind of finishing school for young radicals seeking battlefield experience. In Lebanon, Hezbollah's war with Israel this summer both destabilized the country and enhanced the reputation of Hezbollah extremists, who in the past have demonstrated a desire to extend their reach beyond Lebanon's borders.

To make matters worse, Afghanistan itself now appears to be sliding backward so much that it could again become an international terror breeding ground.

Forces from the U.S. and the North Atlantic Treaty Organization are locked in the bloodiest fighting in Afghanistan since late 2001. U.S. casualties are running at more than twice last year's rate. U.S. military commanders speak openly of an "Iraq-ification" of Afghanistan: Once-rare suicide bombings and roadside bombs have become common, and both arms and militants flow over mostly undefended borders. Much as in Iraq, the bulk of the Afghan insurgency is local, but there are signs al Qaeda-linked foreign fighters are participating.

Attack in Syria

The violence and instability roiling the Middle East spread to another country yesterday, as Islamic militants armed with machine guns, grenades and an explosives-filled van mounted a brazen but unsuccessful attack on the U.S. Embassy in Damascus, Syria. The attack in Syria, which borders both Iraq and Lebanon, left three of the attackers and one Syrian guard dead.

This unwelcome picture is forcing changes in America's posture across the region. Most significantly, the U.S. in midsummer abandoned a plan that Gen. George Casey, the top American commander in Iraq, had crafted that would have had the U.S. withdrawing some of its forces beginning this month.

Instead, the number of American forces in Iraq is increasing. In recent weeks the U.S. has shifted thousands of troops to Baghdad as part of an effort to secure the city, which means the U.S. has had to increase the overall number of troops in Iraq. Last week, the Pentagon said there were 145,000 troops, or 18,000 more than in late July and the highest level since the start of the year.

Senior military leaders say their top priority is to ensure that Iraq doesn't become a failed state. That has caused shifts in how U.S. forces operate on the ground. In places such as Tal Afar in northern Iraq and Tarmiyah, a Sunni stronghold northeast of Baghdad, U.S. military forces are reaching out to insurgent leaders in search of some sort of compromise that would get them to participate in the political process and move away from terror groups. As a result, American officers today are negotiating with Sunni leaders who only a couple of years earlier had been in jail.

U.S. officials acknowledge their main goal in Iraq now is to prevent it from turning into a place run by fundamentalists who export terrorism to the region. The administration's public comments also have shifted markedly in tone, from stressing the benefits of a democratic Iraq to citing the threats that failure in Iraq would pose to U.S. national security.

"If we abandon the Iraqi people before their government is strong enough to secure the country," said Secretary of State Condoleezza Rice at an American Legion convention last month, "we will leave the makings of a failed state in Iraq, like that one in Afghanistan in the 1990s, which became the base for al Qaeda and the launching pad for the Sept. 11th hijackers." She added: "And we should not assume for one minute that those terrorists will not continue to come after the American homeland."

Similar concerns are leading the West to adopt a more aggressive strategy for extending the strength and reach of Lebanon's government. After several years of a U.S. policy of benign neglect toward the country, Ms. Rice threw herself into crafting and ensuring implementation of a United Nations resolution to create a peacekeeping force that the U.S. hopes will keep

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Hezbollah at bay. The U.S. Treasury Department has launched an effort to shut down the flow of money to Hezbollah from Iran. And partly to try to limit Lebanese citizens' attraction to Hezbollah -- which provides extensive local social services -- the U.S. pledged millions of dollars in aid and got involved in projects to clean up oil spills and rebuild wrecked schools.

The picture in Lebanon and Afghanistan, to say nothing of Iraq, is an uncomfortable one for the Bush administration. After Sept. 11, 2001, Mr. Bush announced a far-reaching policy shift. No longer, he said, would the U.S. allow what he called failed states to be havens for terrorist groups plotting attacks outside their borders. If the countries were unwilling or unable to root out extremist groups, the president said, the U.S. would strike both the groups themselves and the governments that sheltered or tolerated them.

Now the U.S. is forced to try to keep extremists from taking deeper root in the very places it hoped would be footholds for stability -- most notably Iraq.

There, a typical battle against the resilient and elusive guerrillas began one spring night on a trash-strewn lot in Samarra. U.S. soldiers quietly surrounded the house of a suspected leader of an insurgent cell. As the advance team took down the front door and burst inside, Army Capt. Chris Brawley climbed over mounds of garbage and trained his rifle on a back alley. A shadow went flying over a narrow alleyway separating two houses, as the suspect scurried across an adjacent roof and then merged into the darkness.

The nighttime sweep did net several other suspects. Soldiers roused a man named Ayoob from his bed, stepping around the dinner leftovers of fries and sausage on the floor of his decrepit living room. A man named Mahmoud was grabbed next to a hollowed-out vehicle that looked like a car bomb in the making. Soldiers also rounded up a skinny man with a scraggly goatee who had a bag of suspicious-looking circuit-breakers stashed in his house.

Back at their base, soldiers checked the detainees' names and photos against military intelligence reports. The reports said Ayoob was reported to have received training from al Qaeda-linked groups. Mahmoud had fought the U.S. in Fallujah and now specialized in small arms and roadside bombings. The skinny man's circuit-breakers were parts for improvised explosive devices.

The emergence of this new generation of experienced militants in Iraq -- along with the critical issue of how much political violence they may carry out in neighboring countries -- is a source of deep concern for counterterrorism officials.

Until now, Iraq's violence has largely been contained within the country's borders, except for the bombings that killed 60 people in Amman, Jordan, in November. Intelligence officials worry that extremists are building a durable foothold in the vast and lawless Sunni province of Anbar, in center-west Iraq, as a future base for attacks in neighboring countries like Jordan or Saudi Arabia.

Last week, President Bush cited an al Qaeda document found in Anbar that laid out a detailed governing structure for the province. It included education, justice and social-services departments plus an "execution unit" -- responsible for "sorting out, arrest, murder, and destruction."

A senior Jordanian official says that since the Amman bombings, Jordan is bolstering its long border with Iraq with motion-detectors, cameras and other electronics. After discovering that the bombers had entered with forged Iraqi passports, Jordan instituted a two-step system for entering Iraqis: Border personnel search them, while others study their passports for evidence they were faked.

The U.S. faces a diplomatic cost as three allies in the region -- Jordan, Saudi Arabia and Turkey -- increasingly chart their own courses because they see a possible threat to their security from extremists in Iraq. The U.S. communicated "unease" to Saudi Arabia after it announced plans for its fence, according to a U.S. official familiar with the exchange. The U.S. saw it as a slap in the face of the new Iraqi government. But the Saudis said they would press ahead.

The U.S. has renewed its push to build a force that can hold Iraq together. In the early days after the 2003 invasion, U.S. officials were hesitant to build too strong an Iraqi army. The concern was that if the army became the most powerful instrument in the country, it would dominate political affairs, and instead of a flowering democracy Iraq might begin to look like other Middle Eastern states.

Today, the U.S. military's focus is building as strong an Iraqi army as possible to impose some semblance of order. Often that means empowering Iraqi commanders who have little faith in or loyalty to the current government. At Camp Taji, a U.S.-run

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base in central Iraq, many senior officers in Iraq's sole armored division are Sunnis who once were officers in Saddam Hussein's military.

Many of the officers express little faith in Iraq's current Shiite-led government. Some complain openly that the current Iraqi prime minister, Nouri al-Maliki, is little more than a puppet of Shiite-dominated Iran. To enlist these officers' support, U.S. commanders have used the promise of a steady paycheck, as well as appealing to their wish to stem chaos in their country.

In Lebanon, the government's inability or unwillingness to curb Hezbollah has given the group a better base from which to carry out attacks. Hezbollah has long shown a willingness, but limited ability, to attack outside the Mideast. Now, the State Department's most recent "Patterns of Global Terrorism" report says Hezbollah "has established cells in Europe, Africa, South America, North America and Asia." That contrasts with other militant groups in the area such as Hamas and Palestinian Islamic Jihad, which restrict their operations to Israel and the Palestinian territories.

Hezbollah's history worries terrorism experts even though its last known overseas strike was more than a decade ago. A few months ago, Argentine prosecutors announced that the deadliest act of terrorism in their country -- a 1994 suicide bombing at a Buenos Aires Jewish community center that killed 85 -- had been carried out by a Hezbollah member, Ibrahim Hussein Berro.

Israeli intelligence officials say that in 2002, representatives of Hezbollah and other Islamic fundamentalist groups met in a South American area called the tri-border region (the intersection of Brazil, Argentina and Paraguay) to discuss possible strikes. "Hezbollah thinks globally, not regionally," maintains Ilan Berman, an Iran expert at the right-leaning American Foreign Policy Council.

Meanwhile, amid mounting concerns that Lebanon and Iraq are becoming terrorist havens akin to Afghanistan under the Taliban, Afghanistan itself appears to sliding back toward disarray.

U.S. and NATO commanders cite three big problems there. The Hamid Karzai government is deeply unpopular in many rural areas, seen as a U.S. puppet. Opium-poppy production is skyrocketing, with Afghanistan now supplying 92% of the world's supply of the heroin ingredient, according to the U.N. Office on Drugs and Crime. The biggest threat is a military one: A resurgent Taliban has triggered the heaviest fighting since the U.S. toppled the fundamentalist Islamic group's rule in 2001.

Taliban offensives have left more than 1,000 people dead in the past four months and greatly complicated reconstruction efforts. In just the past few days, a suicide bomber killed a provincial governor, and then another suicide bomber attacked at his funeral.

NATO commanders in southern Afghanistan have been surprised by both the intensity of the Taliban attacks and the tactics used. They say the Taliban have shifted from ambushes to larger-scale ground assaults, in which the militants stand and fight rather than melt back into the countryside. On Thursday, NATO's top commander, Gen. James Jones, asked the alliance's 26 member states to send more soldiers, warplanes and helicopters to reinforce the allied forces battling the Taliban.

Some veteran observers of Afghanistan are watching the violence with alarm. In 2004, Joseph Collins, who had recently left a senior Pentagon post, wrote a scholarly paper saying the U.S. was successfully blending three missions in Afghanistan: combat operations, humanitarian aid and peace-keeping work. He called it "Afghanistan: Winning the Three Block War." If he wrote it today, Mr. Collins says, "There'd be a question mark in the title, if not two or three."

Young Anger Foments Jihad (WP)

By David Ignatius

The Washington Post, September 13, 2006

During Monday's commemorations of the fifth anniversary of Sept. 11, 2001, I found myself wondering what the world will look like on the 10th anniversary, or the 20th. Will the catastrophe that began five years ago become a permanent feature of life -- a "long war" that won't end for many decades? Or will it gradually wane with time?

President Bush made an emphatic case for the long war in his speech to the nation Monday night. In his account, America is locked not simply in a war but in a meta-conflict, "the decisive ideological struggle of the 21st century and the calling of our generation." He described a global enemy of Muslim fanatics that imprisons women in their homes, beats impious men and attacks Americans at will. I admire Bush's toughness, but I disagree with his analysis.

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As it happened, I spent the hours before Bush's speech moderating a discussion of the meaning of Sept. 11, which was hosted by the World Affairs Council here. One of the panelists was Marc Sageman, a man who comes to these issues with an unusual background -- he was a CIA case officer in Pakistan and then became a psychiatrist. I found in his comments a similarly unusual clarity.

Sageman argues in his book, "Understanding Terror Networks," that we are facing something closer to a cult network than an organized global adversary. Like many cults through history, the Muslim terrorists thrive by channeling and perverting the idealism of young people. As a forensic psychiatrist, he analyzed data on about 400 jihadists. He found that they weren't poor, desperate sociopaths but restless young men who found identity by joining the terrorist underground. Ninety percent came from intact families; 63 percent had gone to college; 75 percent were professionals or semi-professionals; 73 percent were

married.

What transformed these young Sunni Muslim men was the fellowship of the jihad and the militant role models they found in people such as Osama bin Laden. The terrorist training camps in Afghanistan were a kind of elite finishing school --

Sageman likened it to getting into Harvard. The Sept. 11 hijackers weren't psychotic killers; none of the 19 had criminal records. In terms of their psychological profiles, says Sageman, they were as healthy as the general population.

The implication of Sageman's analysis is that the Sunni jihadism of al-Qaeda and its spinoff groups is a generational phenomenon. Unless new grievances spawn new recruits, it will gradually ebb over time. In other words, this is a fire that will gradually burn itself out unless we keep pumping in more oxygen. Nothing in Sageman's analysis implies that America should be any less aggressive in defending itself against terrorism. But he does argue that we should choose our offensive battles wisely and avoid glamorizing the jihadist network further through our rhetoric or actions.

Sageman's focus on the generational arc of violence got me thinking about my recent trip to Iran. The revolutionary intensity hasn't disappeared there, but it is certainly further down the curve than is the Sunni world. When I attended Friday prayers at Tehran University, I was struck by how old the people shouting "death to America" were. I would guess the average age was well over 40. The generation of the Iranian revolution is getting long in the tooth. The only sure way to ignite revolutionary zealotry in the younger generation would be for America to go to war with Iran -- something I dearly hope we can avoid.

There's another small detail about Iran that strikes me as relevant, now that I'm back home. As I explained in an earlier column, Tehran is a city of crazy drivers who nearly collide at every intersection. But the police are quite strict about requiring seat belts -- something I don't often see in the Muslim world. Even fatalistic taxi drivers buckle up. Another surprise: When I was traveling last week from Tehran to the holy city of Qom, there were actually police on the highway with radar guns, stopping pilgrims who might be tempted to speed. And I'm told the new mayor of Tehran, Mohammad Qalibaf, who succeeded the rabble-rousing Mahmoud Ahmadinejad, has created a special hotline so people can call and get potholes filled and trash collected.

Now I submit to you: A nation that is wearing seat belts is probably not a mortal enemy of the United States.

This is a week when we remember, with horror, that there are dangerous killers in the Muslim world. But unless we make big mistakes, we should not find ourselves condemned to a permanent war, much less a clash of civilizations.

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Justice's Next Level Of Protection (GCN)

By William Jackson, GCN Staff

Government Computer News, September 13, 2006

IT security program focuses on database vulnerabilities

A key element of the Justice Department's security program is managing vulnerabilities in its IT systems. According to director of IT security Dennis Heretick, when it comes to compliance with the Federal Information Security Management Act, this is even more important than implementing operational controls.

"Vulnerability management has been the emphasis of our program," Heretick said. "That is what FISMA is all about. What are your weaknesses, and what can you do about it?"

The department started with network and configuration scanning, using tools such as FoundScan from Foundstone Inc. (now a division of McAfee Inc.) and the open-source Nessus scanner, managed by Tenable Network Security Inc. of Columbia, Md. This year the department is expanding its scanning capabilities to assess application security, beginning with database software.

Two Justice offices, the FBI and Office of Justice Programs, already had been using the AppDetective scanner from Application Security Inc. (www.appsecinc.com) of New York. Other offices in the department were making plans to use it, Heretick said. "We expanded that with an enterprise license" this summer, he said. "We've started scheduling our training now."

AppDetective is AppSecInc's flagship product. It is a network-based scanner that can work with other tools such as FoundScan, but it is specialized for identifying and fixing database—rather than network—vulnerabilities. Heretick said he had been aware from the beginning of the need for application-level assessments, but the network and security configurations came first.

"There is so much to be done, we had to prioritize," he said.

AppDetective performs two primary functions: discovery and assessments.

"You need to know your inventory before you can secure it," Heretick said.

Application discovery is more than a formality, even for databases that can cost up to $1 million a year to maintain, said AppSecInc's vice president of marketing Ted Julian.

"In almost any organization we are in, they usually find a significant number of databases they were not aware of," Julian said.

Organizations change over time. People leave, and detailed knowledge of assets can be lost. Auditing organizations that keep track of resources tend to be centralized, while the rest of the enterprise is decentralized, allowing some valuable assets to fall into the cracks. But just because a database doesn't appear on an inventory list doesn't mean that it's an orphan. Somebody is usually maintaining the program, and it's likely to contain valuable data that requires protection.

Once an inventory has been created, App-Detective performs automated penetration tests and inside audits. Penetration tests are done from a hacker's-eye point of view, with no access privileges required for the device. "If we can see it, we can assess it," Julian said.

AppDetective also performs an inside audit of databases and their applications to assess security levels. The scanner supports most common databases, including MySQL, Oracle, Sybase, IBM DB2 and DB2 on Mainframe, Microsoft SQL Server, Oracle Application Server and Lotus Notes/Domino. The company recently announced it was seeking Common Criteria certification for the software through the National Information Assurance Partnership. Testing will be performed by Science Applications International Corp. in its Columbia, Md., lab.

AppDetective can run as a standalone product, with licenses costing $900 for each database scanned. For scaling in larger enterprises, the App- SecIncConsole provides centralized management and reporting for the scanner.

Reports rank vulnerabilities according to level of severity, with detailed information and links to vendor patches or data on workarounds. Automated routines are also available to fix common problems such as changing or shutting down default passwords and accounts. "We build the scripts, and the administrators can plug in their own values," Julian said.

The FBI and Justice programs began using the database scanner in 2004. Those infrastructures must have been more tightly managed than most, for few unknown databases were uncovered.

"I don't think there were any surprises," Heretick said. "There were vulnerabilities."

AppDetective was able to spot them well enough to convince Heretick to get an enterprise license. He'll also be implementing the $10,000 console for management as AppDetective is rolled out through the department. As training on the scanner progresses, Justice will pilot it throughout the department.

Vulnerability scanning and assessment is not a one-time event. Because of the dynamic nature of networks and the time needed to correct problems, repeated if not continuous scans are necessary to keep track of vulnerabilities and track progress in remediation.

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The ability to document remediation and security postures is helpful in meeting FISMA certification and accreditation requirements, Julian said. Heretick said vulnerability assessments during system development will be valuable for creating secure systems.

Database application security is not the end of the security road for Justice, Heretick said.

"There are other things still on the radar, such as Web applications," he said. "The list of things you have to do never stops."

He said work has begun on Web application vulnerability assessment tools, but nothing has been selected for an enterprise license.

Accenture Nabs Justice Debt-collection Outsourcing Deal (WASHTECH)

By Roseanne Gerin, Staff Writer

Washington Technology, September 13, 2006

Accenture Ltd. won a contract potentially worth $54 million from the Justice Department to construct a new, integrated debt collection system.

Under the contract, Accenture of Hamilton, Bermuda, will consolidate multiple legacy systems into an integrated system. The management and technology consulting firm also will operate and maintain the system.

The Justice Department and all of its component agencies, including the U.S. Attorneys Offices, tax and litigation divisions, and the offices of the chief finance officer and CIO, will use the system.

Accenture, which has more than 133,000 employees and had annual revenue of $15.6 billion in fiscal 2005, ranks No. 24 on Washington Technology's 2006 Top 100 list of the largest federal IT contractors.

Accenture Receives Two Federal Government Contracts (WASHBIZ)

Washington Business Journal, September 13, 2006

Management consulting and technology services company Accenture said Tuesday that it won two federal contracts, one each with the Department of Justice and the Department of Homeland Security.

Accenture, which has local offices in D.C. and Reston, says the Justice contract calls for the company to deliver a new integrated debt collection system to the department and all its component organizations, including U.S. attorneys' offices.

Accenture will also provide operations and maintenance to support the new system, which will help the Justice Department improve its communications and reporting and provide better financial controls.

The contract is valued at $54 million if all options are exercised.

Under the Homeland Security contract, Bermuda-based Accenture (NYSE: ACN - News) will support the department's program for acquiring information technology services over the next five years.

Accenture officials say the value of this contract isn't yet known.

The consulting giant employs more than 133,000 people in 48 countries.

CORPORATE SCANDALS:

Boardroom Fallout Dunn Resigns As H-P Chairman Amid Furor Over Phone Probes (WSJ)

By Peter Waldman And Joann S. Lublin

The Wall Street Journal, September 13, 2006

Hewlett-Packard Co. named Chief Executive Officer Mark Hurd to succeed its embattled chairman, but the computer maker faced a graver legal threat as California's attorney general said he has enough evidence to bring criminal charges against people at the company.

Mr. Hurd will succeed Patricia Dunn, H-P's nonexecutive chairman, in mid-January 2007. Her efforts to catch boardroom leakers last year led the Palo Alto, Calif., company to hire a contractor that scrutinized the private phone records of H-P's own directors and nine journalists.

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H-P has said those records were improperly obtained by outside investigators through the use of "pretexting," or masquerading as the directors and journalists in order to request their records from phone companies. Mr. Hurd and Ms. Dunn apologized for the company snooping yesterday, though Ms. Dunn reiterated boardroom leaks had been a substantial problem for H-P.

In addition, H-P said George Keyworth, a former presidential science adviser and H-P's longest-serving director, resigned from the board. Mr. Keyworth was identified in Ms. Dunn's probe as a leaker of information to the press.

A spokesman for California Attorney General Bill Lockyer, confirming a remark made by Mr. Lockyer in an interview on the NewsHour with Jim Lehrer, said state investigators have "sufficient evidence to bring criminal charges against individuals inside Hewlett-Packard as well as outside the company." In the interview, Mr. Lockyer said: "People's identities were taken falsely, and it's a crime. People accessed computer records that have personal information. That's a crime."

Yesterday's resignations reflected a tense compromise worked out among some of H-P's disaffected board members, brokered by Mr. Hurd and H-P's outside attorney, Lawrence Sonsini. The compromise addressed the bitter infighting on H-P's board but it failed to deal with many of the questions that lie behind a host of investigations, including Mr. Lockyer's.

Among the welter of questions still unanswered: Besides Ms. Dunn, who knew within the company and the board that personal phone records were being scrutinized? Why didn't that practice raise alarm bells, even if it wasn't clear that the records were obtained via "pretexting"? Why didn't Mr. Hurd, who was given the results of the investigation two months before they were presented to the board in May, kill the probe before it blew up?

An H-P spokesman said Mr. Hurd focused only on the leaker when he first heard the results, not the methods used in the investigation. The CEO found out only in recent weeks that pretexting was involved and that journalists were targeted, and he worked with the board to turn the matter over to outside lawyers for investigation, the spokesman said.

People familiar with the matter said H-P has told them one of the outside investigators it used is Ronald R. DeLia of a small Boston firm called Security Outsourcing Solutions Inc. (See related article3.) An H-P spokesman reiterated that the company isn't commenting on who did its investigative work.

The H-P board met by phone Sunday morning and the meeting ended inconclusively after about three hours. The directors couldn't figure out how to satisfy both Ms. Dunn and her two main adversaries -- Mr. Keyworth and Thomas Perkins, a venture capitalist and former H-P director.

Outside the boardroom on Sunday and Monday, negotiations continued among high-powered lawyers representing the principals. The board reconvened Monday night with Ms. Dunn apparently resistant to the notion of her stepping down.

To break the impasse, H-P agreed to issue two statements yesterday. In the first, H-P announced Ms. Dunn's resignation as chairman -- the main demand of the Keyworth-Perkins side. She will stay on as a director after the resignation takes effect in January. Ms. Dunn apologized for the methods used in the leak probe, saying they "went beyond what we understood." She defended the probe itself as an "important investigation that was required after the board sought to resolve the persistent disclosure of confidential information from within its ranks."

The second H-P statement, delayed several minutes yesterday morning as the lawyers haggled over final wording, announced Mr. Keyworth's resignation. It included explicit regrets from Mr. Hurd and Ms. Dunn for violating the privacy of Messrs. Keyworth and Perkins. The two are old friends, and Mr. Perkins resigned from H-P's board in May to protest the leak investigations.

The second statement also described Mr. Keyworth's role in leaking information, without H-P authorization, to a reporter with CNET News in January. The statement said H-P's board recognized that Mr. Keyworth was trying to "further H-P's interests." The statement added that Mr. Keyworth often had met with reporters at H-P's request. He was described as "an important member of the H-P family."

H-P announced no action yesterday against Ann Baskins, its general counsel. Her office handled the leak investigation with outside private investigators. She is married to a partner at Wilson Sonsini, the company's outside law firm.

A U.S. House of Representatives committee is seeking information from H-P about the leak investigation, including the identity of private investigators that H-P used.

A spokeswoman for the Federal Bureau of Investigation said yesterday an investigation started by the agency on Monday hasn't determined whether anyone in the case violated federal laws. LaRae Quy, a special agent in the FBI's office in San Francisco, said the investigation is focused on how the confidential information was obtained, not on H-P itself. The FBI normally doesn't discuss ongoing investigations but made an exception because there is "such a national interest," Ms. Quy said. H-P says it is fully cooperating with all the investigations.

Investors didn't seem worried about the remaining questions: H-P's stock rose 1.5%, amid broad gains in the market, and reached a five-year high. Since arriving at H-P, Mr. Hurd has overseen a surge in profit as the computer maker has won market share from rival Dell Inc.

As H-P's board deliberated, it had to wade through a thicket of legal and personality issues. It hesitated to disclose much about the privacy intrusions because of the active investigations by federal and state authorities. Meanwhile, Mr. Perkins and Mr. Keyworth, who is a protégé of the late H-P co-founder David Packard, were adamant that Ms. Dunn step down for triggering the leak probe and acting on the information gained via the privacy violations, people familiar with the discussions said.

Ms. Dunn said she would step down if asked but argued that she was only doing her job as chairman in ferreting out boardroom media leaks that could move stock prices and cause legal problems for H-P.

She had a particularly bad relationship with Mr. Perkins, the former H-P director. He accused her of betraying him by presenting the leak investigation to H-P's board in May rather than dealing with it more privately among a subset of the board, say people familiar with the situation. Other knowledgeable people say Ms. Dunn was told by Mr. Hurd and H-P's lawyers that she needed to present the information to the full board. Mr. Perkins went on to challenge H-P for its use of pretexting and hire his own lawyer.

Mr. Keyworth's associates have argued that the only evidence H-P has produced of Mr. Keyworth's leaking was the CNET story in January, which these people say was complimentary to H-P and didn't include many inside details. They say Mr. Keyworth felt that his long career in business and government was tarnished when he was branded a habitual leaker. His phone records were among those improperly scrutinized by H-P's investigators.

People close to Ms. Dunn have said there were a total of 10 leaks from late 2004 through March 2006, with seven of them linked to Mr. Keyworth. H-P hasn't gone that far in its public disclosures. A company Securities and Exchange Commission filing last week described "multiple leaks of confidential" information and said they dated "to at least 2005." The filing singled out Mr. Keyworth as a leaker, but it didn't say how often the company believed he had leaked information. The only incident of leaking H-P cited yesterday was the CNET article this year.

An executive familiar with H-P says leaks were a chronic problem before Mr. Hurd was named CEO in March 2005 but ceased as a major issue after that except for the CNET case. That leak disturbed top levels of H-P's management, said company spokesman Robert Sherbin, and prompted Ms. Dunn to reopen a previous leak investigation that had been inconclusive.

Mr. Keyworth declined to comment. An associate said he is particularly satisfied that Ms. Dunn is likely to spend much of her remaining four months as chairman in legal proceedings and hearings explaining -- and apologizing for -- H-P's intrusions of privacy.

H-P said that after Mr. Hurd assumes the chairman's post, the lead independent director on the board will be Richard Hackborn, who worked at H-P for 33 years and was a senior executive before retiring in 1993.

The carefully worded statements H-P issued yesterday also included a conciliatory message from Mr. Perkins: "I believe in HP. I believe in Mark Hurd. I applaud Jay Keyworth for his courage in stepping down today and thank Patricia Dunn for her grace in letting HP move on. This too shall pass."

Chairman, Director Resign In HP Scandal (WP)

By Yuki Noguchi And Ellen Nakashima

The Washington Post, September 13, 2006

The chairman of Hewlett-Packard Co. and one of its directors agreed yesterday to resign over a spying scandal that the California attorney general said could lead to charges against company employees, the latest shake-up for a board plagued by internal strife.

Chairman Patricia C. Dunn, who led the company's controversial efforts to identify the source of media leaks, will step down on Jan. 18, handing over the reins to Mark V. Hurd, currently the firm's president and chief executive. Dunn, who joined HP's board in 1998, will remain a director.

George A. Keyworth II, a longtime director whose phone records identified him as a source of the leaks, also resigned, effective immediately. But in a tersely worded statement, Keyworth defended his actions, saying his statements to the news media "did not involve the disclosure of confidential or damaging information."

It's unclear how soon charges in the scandal could be filed, but on last night's "NewsHour With Jim Lehrer" on public television, California Attorney General Bill Lockyer said, "We currently have sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside."

The management turmoil follows the resignation of Thomas J. Perkins, who stepped down from the board in protest in May when he learned that the outside investigators looking for the leak posed as company directors and journalists in an attempt to obtain private phone records, an act known as pretexting.

The HP board has been divided for years, stemming to Carly Fiorina's bid to acquire Compaq Computer Corp. when she was chief executive, a move that the company's founding family members and their allies opposed. When Fiorina was ousted in early 2005, Dunn was named chairman and soon after authorized an investigation into the leaks.

This week's resignations are unlikely to restore harmony to the board -- mostly, because the lineup of directors doesn't include any newcomers, said Charles M. Elson, director of the Center for Corporate Governance at the University of Delaware.

The company designated current director Richard Hackborn, a 33-year veteran and former executive at HP, as the lead independent director. Dunn, who will remain on the board, said in a statement that she hopes to expand it.

"Ideally, you go outside" to fill such positions, Elson said, "but it's very hard to find someone to fill that spot."

Few people would have the industry experience and willingness to join a board under such intense scrutiny, he said.

Paul Hodgson, a senior researcher at the Corporate Library, a corporate-governance watchdog group, said HP's moves are only stopgap measures that won't address underlying issues, including that board members don't appear to trust one another.

"It is a dysfunctional board" that will need to fully replace at least three of its slots, Hodgson said, but at the moment, trying to attract qualified board members would be a tough sell. Consolidating board leadership under the chief executive, however, is not a step forward, he said.

"It makes things a little incestuous," he said. "The problem is that the HP board and management appear to have decided something needs to be done to escape unwelcome media attention, and Dunn was chosen as a scapegoat."

Andrea Zulberti, former chief administrative officer at Barclays Global Investors and who worked alongside Dunn for 15 years, defended Dunn, noting that it was her responsibility as chairman to address the matter of media leaks.

Dunn's management style at Barclays was always respectful of both corporate governance and private space, Zulberti said. "It's surprising that she could be tainted with something like this, because she was always respectful of privacy matters."

In written statements, Hurd promised to ensure that similar tactics will not be employed in the future, but a company spokesman declined to elaborate on any specific measures the company planned to take.

Hurd also issued apologies to Perkins and Keyworth for the phone-records spying.

"On behalf of HP, I apologize to Tom Perkins for the intrusion into his privacy," Hurd said. He added that while Keyworth's contact with reporters was not "vetted through appropriate channels," it was done to further the company's interests. "HP board chairman Patricia Dunn expressed regret for the intrusion into his privacy."

Meanwhile, Congress and federal and state investigators continue to pressure HP about the methods used to obtain those phone records, with calls from lawmakers from both parties to pass legislation, now pending, that would make it a crime to obtain people's phone records by impersonating them.

That follows separate probes by the FBI, a House subcommittee on investigations, the California attorney general and the Federal Communications Commission.

The House Energy and Commerce investigative subcommittee yesterday sent a letter to Dunn, requesting detailed information by Monday on the outside consulting firm and subcontractors that are accused of impersonating board members

and reporters to obtain their records. The committee is requesting names of individuals and copies of contracts and all reports of the internal inquiry into the leak probe.

"The most logical potential course of action is to convene a hearing and bring in witnesses who can testify to the facts," said Larry Neal, deputy staff director for the committee, which last week called British Petroleum executives to testify about their failure to prevent a pipeline leak. The investigative panel, he noted, takes all its testimony under oath.

In her statement, Dunn did not take responsibility for accessing phone records, calling that "inappropriate techniques." "These went beyond what we understood them to be, and I apologize that they were employed," said Dunn.

Lockyer Addresses Possibility Of Hewlett Packard Indictments (LAT)

By James S. Granelli And Charles Piller

The Los Angeles Times, September 13, 2006

The boardroom intrigue at Hewlett Packard Co. intensified Tuesday as California Attorney General Bill Lockyer said he has "enough evidence to indict" people inside the Silicon Valley icon for snooping confidential phone records.

Criminal charges could be filed as early as next week -- deepening a weeklong corporate spying scandal that has riveted the close-knit technology industry, but has been largely ignored by Wall Street.

Lockyer's comments came just hours after HP sought to wind down the drama by announcing that Chairwoman Patricia C. Dunn would surrender leadership of the company's board and that another director, George A. Keyworth II, had resigned.

Chief Executive Mark V. Hurd will become chairman at the board's next regular meeting on Jan. 18, defying the growing sentiment among big corporations that chief executives should not also run the board charged with overseeing them.

Hurd is not expected to be accused of wrongdoing.

Dunn, 52, came under fire last week after the revelation that she ordered a probe of press leaks that was conducted by private investigators who allegedly gained illegal access to the call logs of HP directors and reporters covering the company. Investigators allegedly impersonated the directors and reporters to access their records, a practice called "pretexting."

Keyworth was identified by that probe as having talked to reporters about board matters and was asked to resign in May. He refused, but another director -- venture capitalist Thomas Perkins -- quit the board in protest in May and took his concerns to the attorney general's office.

"Crimes have been committed," Lockyer said in an interview on PBS' "NewsHour with Jim Lehrer." "People's identities being taken falsely is a crime. People gaining access to computer records that have personal information -- in California, that's a crime."

HP spokesman Ryan J. Donovan said: "HP declines comment on this, except to say that we reinforce what we said: that we are cooperating fully with the AG's investigation."

Criminal charges against HP employees ratchets up the pressure on the Palo Alto, Calif., company and could threaten the turnaround engineered by Hurd, who was recruited last year from NCR Corp. to revive the storied maker of computers and printers.

It was unclear Tuesday whether Dunn is being targeted by Lockyer, who also said he had sufficient evidence to indict contractors outside the company. Neither HP nor Lockyer has identified the firms that conducted the leak probe, which was carried out earlier this year.

"Until the AG plays his cards, we're going to be guessing for awhile," said Michael L. Mallow, a white-collar defense lawyer.

HP is also under investigation by Congress, the FBI and the Securities and Exchange Commission. The company could also face civil lawsuits by the reporters whose records were obtained.

So far, Wall Street has greeted the controversy with yawns, focusing instead on Hurd's focus on the bottom line and the inroads the company has made against archrival Dell Inc. HP shares rose 56 cents Tuesday to $36.92, their highest level since January 2001.

But Lockyer's comments, which came after the close of financial markets, could change the situation for HP, said Michael D. Cohen, research director at Pacific American Securities.

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"It's definitely going to impact the stock, but I think it will have minimal impact on operations," Coehn said. "The worst-case scenario is if Mark Hurd is somehow implicated, but I highly doubt he was. One reason the board is promoting him to chairman is that everyone thinks he has no culpability, no exposure, to any of this."

Lockyer said the deception in the Hewlett-Packard case violated three state laws. One bars obtaining utility records illegally, another bars "unauthorized use of personal identifying information," or identity theft, and the third covers "unauthorized use of data" -- a law more commonly applied to computer hackers.

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Spying Uproar Causes Shuffle In Boardroom (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 13, 2006

SAN FRANCISCO, Sept. 12 — Hewlett-Packard shook up its board Tuesday in an artfully calibrated agreement that seemed to leave all the parties in its boardroom drama satisfied, if not happy. Its chairwoman will step aside in January, the chief executive will succeed her and the longest-serving director resigned.

The moves were part of an attempt to mend a board racked by disclosures that the company hired investigators who surreptitiously — and possibly illegally — obtained the private telephone records of directors and journalists.

Even while addressing its internal divisions, Hewlett-Packard faced the prospect of increased legal pressure. The California attorney general, Bill Lockyer, said that after looking into the company's investigative effort, "we have enough information to indict people inside H.P. and outside."

For the garage-born company, whose H.P. Way set a standard for corporate behavior in Silicon Valley, the troubles have clouded its image but underscored the resilience of its resurgent business. Even after a week of intense publicity over its upheaval, the company's stock closed at its highest level since 2001.

Hewlett-Packard's investigation now appears to have included active surveillance and the review of videos to see if board members were meeting with reporters, according to people with knowledge of the company's examination of its private detectives' activities.

They also identified a Massachusetts company, Security Outsourcing Solutions, as a Hewlett-Packard contractor hired to find the source of internal leaks. Efforts to reach that company by phone and e-mail were unsuccessful.

Hewlett-Packard has said only that an outside consulting concern, which it has refused to identify, hired subcontractors who gained access to phone records by pretending to be those subjects, a practice that has become known as pretexting.

Whatever the unresolved legal questions, the Hewlett-Packard board seemed to restore order on Tuesday. In a deal arranged in board meetings conducted by telephone that stretched over two days, Mark V. Hurd, the chief executive, will assume the title of chairman in January from Patricia C. Dunn, who will continue to serve as a board member. The delay was intended in part as a face-saving move for Ms. Dunn, according to people briefed on the board discussions.

An associate of George A. Keyworth II, a board member accused of leaking information to reporters, said he agreed to resign only after Ms. Dunn, his antagonist, agreed that she would give up her leadership post. As part of the deal, Richard A. Hackborn, a former H.P. executive who has served on the board since 1992 and was briefly its chairman, will be designated in January as lead independent director, a role engineered to counterbalance Ms. Dunn's influence on the board.

The statements issued by the company on behalf of the major players in the boardroom upheaval allowed the principal participants to justify their actions — whether Ms. Dunn in authorizing the investigation or Mr. Keyworth in his discussions with reporters — as having been in the company's best interest.

An associate of Ms. Dunn said that "Pattie is not unhappy with this," while a person close to Mr. Keyworth expressed a similar sentiment: "He is actually pretty happy."

Even Thomas J. Perkins, the venture capitalist who resigned from the board in May in a dispute with Ms. Dunn over the investigation, appeared pleased. In a statement issued by the company, he was quoted as saying: "I believe in H.P. I believe in Mark Hurd. I applaud Jay Keyworth for his courage in stepping down today, and thank Patricia Dunn for her grace in letting H.P. move on. This, too, shall pass."

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Representatives of Mr. Perkins, whose disclosures about the investigation last week made the board's troubles public, refused to comment further.

Hewlett-Packard's two news releases — the first issued just before the stock markets opened for trading, and another several hours later after the parties struggled with their statements — were just as artfully worded.

They avoided the word "leaker," a term that an associate said chafed Mr. Keyworth, who served as science adviser to President Ronald Reagan from 1981 to 1986 as director of the White House Office of Science and Technology Policy. Instead, even though Ms. Dunn had said last week that Mr. Keyworth was responsible for 7 out of 10 leaks, the company took a softer stance on Tuesday.

It said the board "does not believe" that Mr. Keyworth's contact with a reporter from the technology news Web site CNET in January 2006 "was vetted through appropriate channels." Mr. Keyworth, who refused a request to resign in May, has always maintained that he met with the reporter to praise senior company officials and did not divulge confidential or damaging information.

He also said in one of the news releases that he was "frequently asked by H.P. corporate communication officials to speak with reporters — both on the record and on background."

Ms. Dunn was given the opportunity to justify her need for an investigation of board leaks and apologize for its methods. Mr. Hurd was able to state the company policy clearly: "I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place in H.P." The company said it had ended its relationship with the investigations firm.

Delaying Mr. Hurd's assumption of the chairman's post gives Ms. Dunn " a more graceful exit than an immediate departure," said Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "There needed to be change, but they wanted to do it so they limited damage to reputation."

It also reflected her interest in personally resolving the controversy and not saddling Mr. Hurd with that responsibility, associates of Ms. Dunn said.

Mr. Hurd came to the company as chief executive last year after the ouster of his predecessor, Carleton S. Fiorina, whom Ms. Dunn succeeded as chairwoman. It was news leaks in the final days of Ms. Fiorina's tenure that first set the internal investigation in motion.

Since Mr. Hurd's arrival, the company's business in personal computers and printers has thrived, with its stock price rising almost 85 percent. It closed on Tuesday at $36.92.

But a number of difficult issues remain unresolved, ones that may take more than four months to settle. Some of the inquiries, except for a formal Congressional request for documents related to H.P.'s outside investigators, are still informal. The Securities and Exchange Commission has alerted the company that it is seeking further information on the limited release of information about Mr. Perkins's resignation in May.

Other investigations could pose bigger problems. Mr. Lockyer, the California attorney general, is conducting a criminal inquiry into the methods used by H.P.'s outside investigators, exploring whether they broke privacy laws. Mr. Lockyer said Tuesday night that he could not identify who might be charged, as his agency was still investigating.

The United States attorney for Northern California has said that he is conducting a parallel inquiry.

California's efforts are focusing in part on Security Outsourcing Solutions, according to someone briefed on the investigation. A spokeswoman for the Massachusetts attorney general confirmed that the two states were working together.

Hewlett-Packard refused to comment about any role the Massachusetts company might have played.

The company's Web site says: "When it is determined that specialized services are required, we select a firm from our network of affiliated companies to provide the services. Our in-depth knowledge of the security industry ensures that our clients receive the most favorable rates from our affiliates."

Ronald R. DeLia, whose Web site identifies him as the managing director of Security Outsourcing Solutions, did not respond to calls and e-mail messages seeking comment.

The company shares a business phone number and a Boston address with Bonner Kiernan Trebach & Crociata, a law firm with offices in several cities. No one answered at the number Tuesday night. The firm's Web site says one of its specialties is internal corporate investigations.

Senator Charles E. Schumer, Democrat of New York, said the Hewlett-Packard case underscored the need for more stringent laws and regulations to protect phone records.

"There are laws that might be applied, but prosecutors will tell you they have to cobble things together," Mr. Schumer said. In January, he was a sponsor of legislation that would make it a crime, punishable by up to 10 years in prison, to obtain telephone records fraudulently or to sell or purchase them.

HP Chief Turns A Bad Situation To His Advantage (USAT)

By Michelle Kessler And Jim Hopkins

USA Today, September 13, 2006

SAN FRANCISCO — Embattled computer giant Hewlett-Packard survived another boardroom brawl Tuesday — and CEO Mark Hurd appears to have won the fight.

Hurd, who has been CEO since April 2005, will become chairman on Jan. 18, HP said Tuesday. Current board Chairman Patricia Dunn will resign that post then, although she will remain a director.

George Keyworth II, a 20-year veteran of HP's board, also resigned Tuesday. Board member Richard Hackborn has been promoted to lead independent director.

The shuffle stems from a controversy over how HP tried to stop boardroom leaks to the press. The computer giant used sneaky — and possibly illegal — methods to obtain the home phone records of nine reporters and at least two board members.

The fallout threatened to rip apart the board. It plunged HP, a pillar of Silicon Valley, into scandal in less than a week. And it threatened to derail Hurd's attempt to turn around the computer giant.

But Hurd managed to simultaneously handle the crisis, get a promotion and lay the groundwork for bringing in new board members friendly to his style of governance. He "made the best of a bad situation," says Charles Elson, governance professor at the University of Delaware.

That doesn't mean HP has emerged unscathed. A host of government agencies, including the FBI, Department of Justice, House Energy and Commerce Committee, Securities and Exchange Commission and California attorney general, are looking into whether HP broke the law when it obtained the phone records. The legal cases could drag on for years, providing much bad press for a company troubled since the dot-com bust of 2000.

California's attorney general warned on Tuesday that company insiders could face criminal charges.

"We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside," Attorney General Bill Lockyer said on PBS' NewsHour with Jim Lehrer.

Hurd wants to move beyond the crisis quickly. "I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place at HP," he said in a statement.

The news sent HP shares up 1.5% to $36.92 Tuesday.

The latest crisis helped Hurd prove his worth as HP's turnaround man — and his skill at the tricky game of corporate politics. That's even though "he's not the kind of person who enjoys this side of boardroom dynamics," says Jeff Christian, an executive recruiter who has known Hurd for more than 12 years.

"It was a new experience for Mark," says Christian. "Under the circumstances, I think he did a pretty good job."

The scandal began in 2005, when Hurd ran Ohio-based tech company NCR. Hewlett-Packard's then-CEO, Carly Fiorina, was clashing with her board. Information about it leaked to the press, so she hired a law firm to find the source.

The search was unsuccessful, and Fiorina was ousted in February 2005. Yet the leaks continued.

Responsibility for the search passed to Dunn, appointed non-executive chairman after Fiorina left. The former CEO of Barclays Global Investors, who gave up that job to fight a bout with breast cancer, has a reputation for integrity and honesty, says Christian. (Dunn was diagnosed with stage four ovarian cancer in 2004.)

Dunn hired a yet-unidentified detective firm and told it to conduct a legal investigation, HP says. But a subcontractor used a controversial technique called "pretexting" to obtain phone records. Pretexting is when someone contacts a company pretending to be someone else, in order to get that person's confidential records.

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It worked, and Keyworth was exposed as the source of a leak to tech website CNet. He was outed during a May 18 board meeting. Dunn asked him to resign. He refused.

Another member, venture capitalist Tom Perkins, objected to how Keyworth was treated and resigned in protest. Later, he asked HP for more information about the investigation.

That inquiry eventually discovered the pretexting. Under pressure, HP revealed the news on Sept. 6, and the board began to meet to discuss the crisis. Hurd's promotion was announced early Tuesday, and about an hour later Keyworth announced his resignation.

"The invasion of my privacy and that of others' was ill-conceived and inconsistent with HP's values," he said in a statement. But he agreed to step down to protect HP's interests, he said.

Hurd was probably the driving force behind Keyworth's resignation and the compromise deal that allowed Dunn to stay on the board while still assuaging critics, says tech analyst Roger Kay at Endpoint Technologies Associates.

But he still must grapple with political fallout, says independent tech analyst Rob Enderle.

Pretexting falls into a legal gray area. The HP flap has made it a popular cause among lawmakers. The House has passed a bill that would expressly make it a federal crime to fraudulently obtain phone records. Congressmen James Sensenbrenner, R-Wis., Lamar Smith, R-Texas, and Howard Berman, D-Calif., sent a letter to Senate Majority Leader Bill Frist, R-Tenn., last week urging the Senate to pass it, too.

Such battles are not Hurd's strong point, says tech analyst Crawford Del Prete at researcher IDC. The CEO is best known for his operational skills, which are helping HP recover from the dot-com bust and its controversial $25 billion acquisition of Compaq Computer in 2002, Del Prete says. Actions Hurd has taken include a restructuring and 15,000 job cuts. HP's stock has jumped 68% since he was hired in April 2005.

"Mark has proved that he's got the company under control," Del Prete says. But, he adds, Hurd has his hands full running an incredibly diverse company that competes with giants such as IBM, Sony and Canon, leaving little time for boardroom squabbles.

HP's once-vaunted reputation, already damaged in a nasty shareholder battle over the Compaq deal, might be more at risk. "I am astonished at the depth of poor judgment exhibited in this case," says Roger McNamee, managing director at Elevation Partners, a private Silicon Valley investment firm.

The fast-changing role of corporate boards may help explain what went wrong at HP. After energy giant Enron collapsed, tough new regulatory burdens were imposed by the Sarbanes-Oxley Act. It is designed to make boards accountable for a company's performance.

At the same time, shareholders now expect boards to fire CEOs who aren't performing. Directors once got all their information from management, but now they regularly interview employees who are not at headquarters. Most now collect information from outside sources, says RHR International.

That atmosphere helps explain why there were leaks and such a severe crackdown. HP directors make more than $200,000 a year in cash and stock.

Yet they couldn't keep secrets, the release of which could violate securities laws, says Corporate Library editor Nell Minow.

But the aggressive hunt for the source of the leak was even worse, says the University of Delaware's Elson. Snooping "chills effective director oversight. … It's very dangerous," he says.

Now HP must contend with a new risk: its chairman and CEO jobs are held by the same person. Fiorina held both titles, and that caused problems when she disagreed with the board, says Patrick McGurn, special counsel for Institutional Shareholder Services, an advisory firm.

It would be best if HP brought in several outside directors, including an outside chairman, he says. But such directors would probably be hard to find in the midst of its recent crisis, he says.

Once this has passed, "The board needs to bring in some new members," he says. "They need to fix what's wrong, and then they need to go forward," McGurn says.

HP Chair To Step Down In Aftermath Of Company Leak Probe (FINDLAW/AP)

By Jordan Robertson, Associated Press Writer

AP, September 13, 2006

(AP) - SAN JOSE, California-Hewlett-Packard Chairwoman Patricia Dunn will step down in January and be succeeded by CEO Mark Hurd amid a widening scandal involving the computer and printer company's possibly illegal probe into media leaks.

Director George Keyworth II, who acknowledged sharing company information with reporters, resigned from HP's board later Tuesday morning. The board had asked Keyworth to resign in May, but he refused.

Hurd will retain his existing positions as chief executive and president and Dunn will remain as a director after she relinquishes the chair on Jan. 18.

"I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place in HP," Hurd said in a statement Tuesday.

Dunn apologized for the techniques used in the company's probe, which included "pretexting" in which private investigators impersonated board members and journalists to acquire their phone records.

"Unfortunately, the investigation, which was conducted with third parties, included certain inappropriate techniques. These went beyond what we understood them to be, and I apologize that they were employed," Dunn said in a statement.

Shares of Hewlett-Packard Co. rose 62 cents, or more than 1.7 percent, to $36.98 in Tuesday trading on the New York Stock Exchange.

The pressure on Dunn to step down began rising sharply on Monday when Congress and federal investigators entered the fray surrounding HP's investigation. The FBI, the U.S. Attorney for Northern California and the House Energy and Commerce Committee all joined the probe of the scandal swirling around HP's Board of Directors.

Dunn was angry about the media leaks of confidential board discussions and commissioned an unnamed outside firm to identify their source. They used Social Security numbers and other personal information to get phone companies to turn over detailed logs of home phone calls of reporters and company directors.

Although frequently used by private investigators, pretexting tests the bounds of state and federal law.

At a board meeting in May, Dunn identified Keyworth as the source of a news article that appeared on CNET Networks Inc.'s News.com in January. The board asked Keyworth, 66, to resign, but he refused. HP then barred him from seeking re-election.

"The invasion of my privacy and that of others was ill-conceived and inconsistent with HP's values," Keyworth said.

His ouster riled another board member, longtime Silicon Valley venture capitalist Tom Perkins, 74, who resigned and stormed out of the May 18 meeting.

Perkins' attorney later discovered that private investigators working for HP had obtained the last four digits of his client's social security number. They used that information to open an online account with AT&T , then called the telephone company and impersonated Perkins, asking for a record of phone calls to and from his house.

HP's investigators also obtained the phone records of several journalists, including those who work at The Wall Street Journal, BusinessWeek, The New York Times and News.com.

Keyworth, who has acknowledged talking to the media, was the former science adviser to President Reagan and director of the Physics Division at Los Alamos National Laboratory. He was not mentioned in the company's statement Tuesday.

On Tuesday, Dunn defended the need for the investigation.

"These leaks had the potential to affect not only the stock price of HP but also that of other publicly traded companies," she said.

HP's board met Monday night to discuss whether Dunn should remain chairwoman of the Silicon Valley giant.

Richard Hackborn, who has served on the board since 1992, will become lead independent director in January.

"I think the fact that they made the statement that she's going to leave solves most of the problem," said Roger Kay, who follows HP as president of Endpoint Technologies Associates, a market research firm. "I don't think it's that material precisely when she leaves."

Dunn's entanglement in the pretexting scandal marks a rare stumble for one of the most powerful women in corporate America.

The child of a vaudeville actor and a showgirl in Las Vegas, Dunn, 52, worked as a freelance journalist after college before taking a temporary secretarial job at Wells Fargo & Co.

She was CEO of Barclays Global Investors before she resigned from that post in 2002 to battle breast cancer and melanoma. Dunn joined HP's board in 1998 and became chairwoman in 2005, taking an active role in running the 11th largest company on the Fortune 500.

She oversaw the ouster of former HP CEO Carleton Fiorina in February 2005, and two months later introduced Hurd as Fiorina's successor.

Hurd wasn't well known on Wall Street or in the financial media before taking the reins of HP. But he enjoyed a solid reputation among business experts as a no-nonsense cost cutter familiar with nearly every facet of management. HP shares surged 10 percent the day his appointment was announced.

He was previously chief executive at Dayton, Ohio-based NCR Corp., a computer services company best known for its ATM machines.

At HP he orchestrated a cost-cutting campaign that, when it winds down later this quarter, will have resulted in as many as 15,000 layoffs. But morale had been noticeably higher under Hurd than Fiorina - until the pretexting scandal.

Dunn Steps Down As HP Chairman (FT)

By Kevin Allison, Richard Waters And Chris Nuttall

Financial Times, September 13, 2006

Facing the intense pressure of federal, state and congressional investigations, Hewlett-Packard on Tuesday announced the January departure of chairman Patricia Dunn as it moved to restore the reputation of the venerable Silicon Valley company.

However, the company's attempt to put a quick end to the controvery over its boardroom leak investigation was dealt an immediate blow by Bill Lockyer, California's attorney general. Speaking on television late on Tuesday, Mr Lockyer said his office already has "sufficient evidence to indict people both within HP as well as contractors on the outside."

Ms Dunn has maintained that she did not know in advance of the tactics used in the investigation that she had authorised into HP's own directors, but had delegated the job to the company's legal department. HP said its board had accepted that assurance in allowing her to remain as chairman until January, and to continue as a director after that.

Mark Hurd, chief executive officer, is to replace Ms Dunn as chairman in January, while Richard Hackborn, a company veteran, was named lead independent director, a new position designed to help restore confidence in the conduct of the board.

HP has been damaged by subterfuge ordered by Ms Dunn as she sought to uncover a boardroom mole. Private investigators impersonated company directors and journalists to gain access to phone records and identify the source of leaks showing dramatic rifts at the top of one of the world's most powerful companies.

News of Mr Hurd's appointment followed two days of emergency meetings by the HP board. It will allay fears that the spying scandal could put Mr Hurd's role as chief executive in jeopardy.

He has led a resurgence at the world's second-biggest computer maker since he took over following the removal of Carly Fiorina as chief executive last year. The leaks included details of discussions to oust her.

California's attorney general last week declared the practice of "pretexting" – assuming a person's identity to access personal information – as illegal. Federal prosecutors, the Federal Bureau of Investigation and the US Congress have since launched their own investigations.

In an HP statement on Tuesday, Ms Dunn continued to defend the investigation into the leaks, which she said "had the potential to affect not only the stock price of HP but also that of other publicly traded companies."

"Unfortunately, the investigation, which was conducted with third parties, included certain inappropriate techniques. These went beyond what we understood them to be, and I apologise that they were employed," Ms Dunn said.

Mr Hurd said the techniques used by the board's investigators "had no place at HP".

"I am taking action to ensure that inappropriate investigative techniques will not be employed again. HP holds itself to the highest standards of business conduct and we are accountable to these standards for everything that we do."

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Nel Minow, a corporate governance expert at The Corporate Library, commented: "What I was hoping they would avoid is a Queen of Hearts chop-off-her-head response, which would have done no good to anyone."

"The main thing they need to do right now is bring in someone to investigate and tell them what happened, and to bring in strong new directors."

HP refused to comment on whether it had launched a new investigation into the matter. It also announced that George Keyworth, the director identified as the source of the leaks, had resigned.

An HP spokesman defended a decision that Ms Dunn would stay on as a director.

"She has brought a lot of valuable insights into the company. She is still beneficial to HP,"he said.

He added that she was remaining chairman till January "so that she can tie up some loose ends with the investigation", but she had voluntarily decided to step down in order not to be "a distraction".

Carly Fiorina had combined the roles of chairman and chief executive. They were split when Mr Hurd took control.

HP shares were bolstered by news of Ms Dunn's resignation, rising 1.7 per cent to $36.97 in midday trading in New York.

People Inside HP Could Be Indicted (MERCN)

By Pete Carey

The San Jose Mercury News, September 13, 2006

California's attorney general said today his office has enough evidence in the Hewlett-Packard boardroom leak scandal to indict people inside the company on criminal charges.

State Attorney General Bill Lockyer made the disclosure on public television's Lehrer News Hour. He left no doubt that the investigation has uncovered knowledge by HP of the illegal gathering of the phone records of board members and nine journalists.

Last week, Lockyer speculated that the company's defense would be that it didn't know what its outside contractor was doing.

But today, he said ``We currently have sufficient evidence to indict people both within Hewlett Packard as well as contractors on the outside." Lockyer gave no names, job descriptions nor characterizations of the rank of the people inside HP.

An HP spokesman said, ``We are cooperating fully with the attorney general's investigation."

The company says it hired an outside investigative firm, which in turn hired another contractor. That contractor apparently used a practice known as ``pretexting" -- essentially lying and impersonating others -- in order to obtain the phone records of HP's board members and nine reporters.

Board Chairwoman Patricia Dunn has said she didn't know the contractors used pretexting to obtain the phone records.

Also investigating are the U.S. Justice Department, the House Energy & Commerce Committee's investigations subcommittee, the Federal Communications Commission, the Federal Trade Commission, and the Securities & Exchange Commission.

Lockyer May Indict In Hewlett-Packard Investigation (Update1) (BLOOM)

By Karen Gullo

Bloomberg, September 13, 2006

Sept. 12 (Bloomberg) -- California Attorney General Bill Lockyer said he has enough evidence to indict Hewlett-Packard Co. officials and contractors over the methods they used to gain access to telephone records of directors and journalists.

``We currently have sufficient evidence to indict people, both within Hewlett-Packard as well as contractors on the outside," Lockyer said today in an interview on ``NewsHour with Jim Lehrer" on public television station PBS.

Investigators hired by Hewlett-Packard broke the law by using false identities to obtain phone records of directors and reporters, Lockyer said. His comments underscored the seriousness of the scandal hours after Chairwoman Patricia Dunn, who hired the investigators, said she would resign to take responsibility.

U.S. lawmakers, the Justice Department and the Federal Bureau of Investigation are all looking into whether the Palo Alto, California-based company's tactics broke the law.

Dunn, named chairwoman in February of last year after the ouster of Carly Fiorina, hired an outside consultant to find out who had revealed information about the company's strategy and board deliberations leading up to Fiorina's departure.

`Pretexting'

The consultants hired another firm, which used fake identities to obtain phone records of directors and nine reporters, a method known as pretexting. Hewlett-Packard said it initially thought the practice was legal, then was advised that it may not be. Dunn, 53, will continue as a director after stepping down as chairwoman in January.

``Unfortunately the investigation, which was conducted with third parties, included certain inappropriate techniques," said Dunn, who is vice chairwoman of Barclays Global Investors in San Francisco, in a statement. ``These went beyond what we understood them to be, and I apologize that they were employed."

Lockyer said in the PBS interview that ``Crimes have been committed" and ``people's identities were taken falsely."

Lockyer didn't name the Hewlett-Packard officials or contractors who may be indicted or say when charges would be brought. Tom Dresslar, his spokesman, said Lockyer had ``nothing to add."

The comments indicate Lockyer ``believes he has that kind of evidence -- that someone knew about, or someone intended to commit, or have someone else commit a criminal act," David Shapiro, a former U.S. attorney in San Francisco, said today in an interview.

No Comment

Hewlett-Packard is cooperating with Lockyer's investigation, spokesman Ryan Donovan said. He said the company won't comment on the PBS interview.

Shares of Hewlett-Packard fell 27 cents in extended trading. They earlier rose 56 cents, or 1.5 percent, to $36.92 at 4:20 p.m. in New York Stock Exchange composite trading.

Chief Executive Officer Mark Hurd will take over as chairman of the world's second-largest personal computer maker in January. George Keyworth, who admitted to giving information to the media, resigned as a director of the company.

``Unfortunately the investigation, which was conducted with third parties, included certain inappropriate techniques," Dunn, who is also vice chairwoman of Barclays Global Investors in San Francisco, said today in a statement. ``These went beyond what we understood them to be, and I apologize that they were employed."

To contact the reporters on this story: Karen Gullo in San Francisco at kgullo@bloomberg.net .

Boston Private-Investigation Firm Is Tied To H-P Boardroom Probe (WSJ)

By Peter Waldman, Steve Stecklow And John R. Emshwiller

The Wall Street Journal, September 13, 2006

For the past week, Hewlett-Packard Co. has refused to identify private investigators the company retained to investigate leaks by its board of directors. People familiar with the matter say H-P has told them one of the investigators connected to the case is Ronald R. DeLia, from a small Boston firm called Security Outsourcing Solutions Inc. that says it specializes in corporate-security investigations.

H-P, a Palo Alto, Calif., computer and printer maker, has said that it hired a private-investigation firm to carry out its inquiry; that firm then hired a second entity that used so-called "pretexting" to obtain the private phone records of board members and journalists. Pretexting involves impersonating an individual for the purpose of obtaining phone or other records. People familiar with H-P's leak probe say the company's private investigators also dispatched monitors to attend at least one director's speeches and to see if this board member met with journalists afterward.

An H-P spokesman declined to comment on the possible use of surveillance by the company's leak investigators.

Mr. DeLia couldn't be reached for comment.

According to its Web site, Security Outsourcing Solutions "was formed to provide small- to medium-size corporations and institutions with the same level of security currently available only to Fortune 1000 companies." At one time, it published a newsletter called "Corporate Homicide: Life in a Global Economy." In a 1999 edition of the newsletter, Mr. DeLia warned that "identity theft is becoming a major law-enforcement problem about which consumers can ill afford to become indifferent." The newsletter said the Internet had made it easier for identity thieves to obtain addresses and Social Security numbers for a fee.

Massachusetts state records show that Security Outsourcing Solutions was formed in 1998 and lists its registered agent as Mr. DeLia. His wife, Caroline F. DeLia, is listed as president, treasurer, secretary and director. The records list the company's principal address as a residential home in Needham, Mass., a suburb west of Boston.

Security Outsourcing Solutions' Web site was registered in 1998. It originally listed Mr. DeLia as the company's managing director. In 1999, it called the company, which was formed only a year before, "one of the foremost security-management outsourcing firms dedicated to helping companies address and properly respond to internal and external security concerns in an efficient, cost effective, and service-oriented manner."

Answering the front door of the two-story house in Needham yesterday, Mrs. DeLia declined to comment and referred all questions to her husband, who she said wasn't home. A woman who identified herself as a relative said Mr. DeLia performed work for H-P but declined to elaborate. She referred all questions to Mr. DeLia.

Records show Mr. DeLia managed a Boston restaurant called the Grill and Cue before starting Security Outsourcing Solutions. The Grill and Cue, a 6,000-square-foot upscale billiards club and restaurant, opened in 1995 and went out of business in 1997, records show.

Security Outsourcing Solutions' Web site says the firm could help corporations whose internal-security departments "do not have the in-house expertise and or resources to address all of their organization's security concerns. We offer these companies the ability to access a world wide cadre of qualified security and investigative professionals on an as needed basis."

The firm's specific services range from helping with "physical security" to providing "comprehensive investigative services," the Web site says.

In an October 2005 story on the Web site of Government Security magazine, Mr. DeLia said, "Our business has changed dramatically. It's a global economy, and we have affiliations all over the world. We are not 'gumshoes' any more. We use a lot of computer-based tools."

U.S. Revisits Rewarding Firms That Waive Rights In Probes (WSJ)

By Judith Burns

The Wall Street Journal, September 13, 2006

WASHINGTON -- Amid criticism from business and legal groups and even some of its own former officials, the Justice Department is revisiting its policy of rewarding companies that agree to waive certain legal protections in criminal investigations.

But a senior official said any changes that would chill cooperation "would not be a good thing."

Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that corporations are eager to cooperate with federal prosecutors and expect to be rewarded for doing so, with or without an explicit federal policy to that effect. He later said the Justice Department is open to changes that "improve the process we have," but he raised concerns about inhibiting executives from sharing information with prosecutors.

Business and legal groups have been critical of the Justice Department policy, outlined in a 2003 memo on business prosecutions by then-Deputy Attorney General Larry Thompson. U.S. Chamber of Commerce President Thomas Donohue told the panel that the Thompson memo "emboldened federal prosecutors" to demand that companies and employees forgo rights, including the right to confidential discussions with lawyers, if the company wants credit for cooperating in an investigation.

American Bar Association President Karen Mathis said the policy has eroded basic constitutional protections and is discouraging firms and individuals from talking to lawyers. The ABA complained in a letter to Attorney General Alberto Gonzales this spring, and a bipartisan group of 10 former Justice Department officials did the same last week, calling for a revised policy telling prosecutors that waiving attorney-client privilege and work-product protections "should not be a factor" in determining whether a company has cooperated with the government in an investigation.

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) agreed that federal prosecutors should be neutral on corporate cooperation, saying he doesn't think anyone should get credit for waiving a constitutional right or be penalized for asserting it. He urged the Justice Department to revise its stance, saying he would like to see "if we can solve the problem without legislation."

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Mr. McNulty called the Thompson memo a nonbinding statement meant to help prosecutors decide whether to charge a company, with cooperation one of nine factors to be considered. He said federal prosecutors chiefly are interested in obtaining reports of internal corporate investigations into wrongdoing, not confidences shared with lawyers. "I really don't see this as the kind of coercive practice that is being described," he said.

Still, because fighting criminal charges can lead to death sentences for companies, the government's policy to reward cooperation gives enormous leverage to federal authorities, testified Andrew Weissmann, former director of the Justice Department's Enron Corp. task force and now a partner with the law firm Jenner & Block LLP in New York. He said the policy isn't interpreted uniformly, with some prosecutors seeking waivers of privileges only as a last resort, while others demand blanket waivers at the start of corporate probes as a shortcut to information they could get through other means.

Justice Department Defends Policy On Corporate Prosecutions As Fair (AP)

By Hope Yen, Associated Press

AP, September 13, 2006

WASHINGTON – A top Justice Department official on Tuesday defended a policy that critics say unfairly pressures companies to disclose their confidential communications with attorneys. He said it helps deter corporate fraud.

At a Senate hearing, Deputy Attorney General Paul McNulty said the department would take another look at the 2003 policy in light of public criticism. But he added that there were no plans to change the guidelines, which reward companies if they cooperate with prosecutors in investigations such as by handing over confidential documents.

"We see nothing wrong in asking a corporation to disclose to us the results of their internal investigation to assist us in investigating a corporation's claim of innocence," McNulty told the Senate Judiciary Committee. "Indeed, we believe it is good practice because it conserves public and private resources."

An array of business and legal groups such as the American Bar Association as well as former top Justice officials have come out against the policy, saying it coerces companies to waive the attorney-client privilege and deters employees from getting critical legal advice.

"Lawmakers must intervene and abolish the provisions that rob executives and employees of their right to candid and confidential consultation with their attorneys," said Tom Donohue, president of the U.S. Chamber of Commerce.

Sens. Arlen Specter, R-Pa., and Patrick Leahy, D-Vt., both expressed concern that the Justice Department policy was unduly coercive and abrogated a fundamental right. They said prosecutors should be neutral in taking into account waivers of attorney-client privilege when considering charges to ensure fair representation.

McNulty responded that the policy was not coercive because prosecutors are instructed to consider waiver of the privilege as just one factor in determining charges. More critical factors include the degree to which a company CEO is involved in potential wrongdoing, he said.

"I support our prosecutors in their charging decisions," McNulty said, while allowing that a second look at the policy may be in order. "The guidance is consistent with long-standing charging practices and is fair to corporations under investigation."

On the Net:

Justice Department: www.usdoj.gov/

Justice Department Is Reviewing Corporate Prosecution Guidelines (NYT)

By Lynnley Browning

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — A top Justice Department official on Tuesday defended the tactics used by federal prosecutors after Enron to combat corporate wrongdoing, but he also indicated that the agency might consider changes to the guidelines.

The comments by the deputy attorney general, Paul J. McNulty, before the Senate Judiciary Committee, were the first public response by a senior Justice Department official to mounting criticism from companies and lawyers that the tactics are being used as a bludgeon to force companies to cooperate with investigations.

Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Judiciary Committee, and Senator Patrick J. Leahy of Vermont, the panel's ranking Democrat, said the prosecution practices were coercive and called on Mr. McNulty to have them modified.

But Mr. McNulty said, "I really don't see this as the kind of coercive practice being discussed." He noted that the tactics had helped federal prosecutors to rein in fraud by more than 1,000 companies, like WorldCom and Adelphia Communications, since 2002.

The Justice Department's guidelines for prosecutors, as outlined in a 2003 document known as the Thompson memorandum, describe nine factors that prosecutors must consider when weighing whether to indict a company for corporate misconduct. Among them are whether a company has demonstrated cooperation with prosecutors by disclosing legal communications to investigators, and whether it has stopped paying legal fees to employees caught up in investigations.

Companies that do not demonstrate cooperation face a greater risk of indictment — which can be a death sentence, as it was for the accounting firm Arthur Andersen in 2002.

Any changes to the guidelines could alter the way prosecutors pursue companies and white-collar defendants.

The guidelines in the Thompson memorandum, Mr. McNulty said, "are nothing more than a structured recitation of what common sense would lead a prosecutor to consider."

Nonetheless, he said that amid the recent criticism, "we are giving thoughtful consideration to everything," and that "we'll have new guidance if, and that's the key here, if something should be identified that would improve the process." He said that the Justice Department would consider making the guidelines nonbinding for prosecutors.

Later, Mr. McNulty told reporters that "it may be necessary to look at what the prosecutors understand of the policy" and that "we have to decide what is wrong with our policy, if anything is wrong with our policy and how to fix it." He declined to provide details or a schedule for any decision on a new policy.

But he added that any "changes in a policy that would discourage cooperation would not be good, in our perspective."

The Thompson memorandum was written in 2003 by Larry D. Thompson, then the deputy attorney general and now general counsel at PepsiCo. It has come under sharp criticism in recent months.

Former top Justice officials have criticized the guidelines, as has the federal judge overseeing the trial of former employees of the accounting firm KPMG over tax shelters. The investigation of KPMG — which first capped legal fees to employees under investigation and then cut them off — has been cited as a prime example of the coercive tactics employed by prosecutors.

Critics say that practices encouraged by the Thompson memorandum infringes on defendants' right to legal counsel and the presumption of innocence. Critics also contend that the guidelines undermine long-established legal doctrines — the lawyer-client privilege and work-product privilege — protecting the confidentiality of communications between lawyers and their clients and of documents created as part of the development of a legal position.

The committee also heard from Edwin Meese III, who was attorney general during the Reagan administration. He said that the Justice Department should eliminate the two guidelines on the disclosure of legal communications and the termination of legal fees as factors for avoiding indictment. Otherwise, Mr. Meese said, Congress should pass legislation to protect those rights.

With Congressional elections just weeks away, the hearing was not likely to lead to any immediate action by lawmakers, but it laid down a marker in a growing debate over white-collar prosecution practices.

Other witnesses at the hearing, all opposing the guidelines, included Andrew Weissmann, a lawyer who is a former director of the Justice Department's Enron task force, and top American Bar Association officials.

In defending the Justice Department guidelines, Mr. McNulty began by citing what he called "five realities." They were, he said, the duty of prosecutors to hold companies and individuals accountable for wrongdoing, the desire by firms for a quick resolution of investigations, the willingness of firms to cooperate with investigators to speed resolutions, the disclosure of legal secrets as "one of the best ways" to speed an investigation, and a desire by corporations "to receive credit" from prosecutors for turning over any internal reports.

"The irony of the attacks on the Thompson memo is that the federal criminal justice system would be a much harsher, less predictable and less transparent environment for corporations and their counsel in the absence of this guidance,'' he said.

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Mr. McNulty called the guidelines indicative of a "just the facts, ma'am" approach. "Some attorneys assert privilege like that famous scene of Lucille Ball gobbling chocolates off of a conveyor belt," he said.

Mr. Specter, the committee chairman, asked if Mr. McNulty would consider President Bush's frequent assertions of executive privilege during the confirmation hearings of Supreme Court Justice Samuel A. Alito Jr. and Chief Justice John Roberts Jr. to be an example of noncooperation, in the same vein as companies that do not disclose legal communications.

Mr. McNulty said that he did not.

Paulson Backs Sarbox Study (FT)

By Jeremy Grant

Financial Times, September 13, 2006

US treasury secretary Hank Paulson on Tuesday threw his weight behind a new group of US businessmen and academics formed to study why US capital markets are losing ground to foreign rivals amid concern over the effects of Sarbanes-Oxley legislation.

The 17-member Committee on Capital Markets Regulation is the second such high-profile group to be formed since the US Chamber of Commerce launched a similar initiative last year.

They are a sign of increasing clamour in the US business community for a re-examination of SOX, whose Section 404 internal audit control provisions have been widely criticised as being too onerous.

The new committee will be directed by Hal Scott, Nomura Professor at Harvard Law School, and co-chaired by Glenn Hubbard, dean of Columbia Business School, and John Thornton, chairman of the board of the Brookings Institution.

It will "assess the degree to which US public markets are losing ground to foreign and private markets, the causes of this decline, and its impact on the financial industry and the economy".

Its brief reflects concerns that the ability of foreign jurisdictions to attract capital by offering "lighter touch" regulatory environments may permanently erode America's lead in "capital formation" – a phrase that encompasses stock market listings to derivatives trading.

The desire by executives to escape SOX rules is also cited as one of the factors encouraging many companies recently to accept bids from private equity firms.

Prof Scott said: "We are witnessing a crucial moment in economic history--the movement of US capital markets abroad, and the growth of private markets at the expense of public ones. "

SOX has been blamed for driving new company listings abroad to London and Hong Kong as companies seek to avoid US-style regulation.

In his inaugural speech as treasury secretary last month, Mr Paulson dropped a clear hint that he was ready to support reform of SOX rules, which he warned were threatening American competitiveness.

On Tuesday, he said: "I am pleased to learn [the committee], an independent group of highly respected business, financial, investor and corporate governance, legal, accounting and academic leaders, will examine the competitiveness of the US public capital markets.

"This issue is important to the future of the American economy and a priority for me. I look forward to reviewing their findings and ideas."

The idea of revising SOX has not yet gained any traction in congress, partly because politicians have been reluctant to suggest changes to a law that is widely perceived as having helped clamp down on corporate wrongdoing in the wake of the Enron and WorldCom financial scandals.

A Democratic takeover of even one chamber of Congress would make action on this front even more difficult, with several liberal Democrats poised to become chairmen of key committees.

Mike Zuppone, chair of the securities practice at law firm Paul, Hastings, Janofsky & Walker, said: "Any fundamental regulatory reform can't lose sight of the key goal of securities legislation here in the US which is investor protection."

But he added there was no reason why a review of the competitiveness of the US capital markets could not result in some "fine-tuning" of SOX "in a manner that accommodates that investor protection goal".

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The committee will in November produce "interim recommendations" on:

• Liability issues affecting public companies and gatekeepers (such as auditors and directors) with a focus on securities class action litigation, criminal enforcement and federal versus state authority;

• The Sarbanes-Oxley Act, with major emphasis on Section 404, which requires auditors and senior managers to certify the adequacy of internal controls;

• Overall regulatory processes to allow the United States to do a better job of evaluating changes of law and regulation, prospectively, initially and on an ongoing basis; and

• Shareholder rights.

Its members include Charles Holliday, CEO of DuPont; Cathy Kinney, chief operating officer of the New York Stock Exchange; Ken Griffin, CEO of Citadel Investment Group, a Chicago-based hedge fund and Ira M. Millstein, partner at Weil, Gotshal & Manges.

Next week, the US Chamber of Commerce's Commission on the Regulation of Capital Markets in the 21st Century will hold the first of a series of "town hall" style meetings in Chicago.

Panel Of Executives And Academics To Consider Regulation And Competitiveness (NYT)

By Floyd Norris

The New York Times, September 13, 2006

A committee filled with business leaders and academics was created yesterday to consider changes in the Sarbanes-Oxley Act and other laws and regulations governing securities markets and companies, with the intention of improving competitiveness for American markets.

The group, called the Committee on Capital Markets Regulation, has no official status but the announcement of its creation included praise from Treasury Secretary Henry M. Paulson Jr., who said that the issue of American competitiveness "is important to the future of the American economy and a priority for me."

Hal S. Scott, a Harvard law professor who will be the committee's director, said in an interview that he had begun working a year ago to form the group because he was concerned that American markets were losing competitiveness. He said its members had been chosen by himself and the two co-chairmen, R. Glenn Hubbard and John L. Thornton.

Mr. Hubbard is dean of the Columbia Business School and a former chairman of President Bush's Council of Economic Advisers. Mr. Thornton is board chairman of the Brookings Institution and a former president of Goldman, Sachs, where he reported to Mr. Paulson.

Among the issues to be considered are whether laws need to be changed to limit both civil and criminal liability for companies, auditors and directors. One matter Mr. Scott cited is the proper role of state governments in financial market issues, including the cases brought by Eliot Spitzer, the New York State attorney general.

The committee will consider whether Section 404 of the Sarbanes-Oxley Act, which requires audits of internal controls at corporations, should be changed. Critics say that such audits are too expensive and have kept foreign companies from listing their securities in the United States.

Mr. Scott said the committee would also review whether the Securities and Exchange Commission needed to adopt better procedures to weigh the costs and benefits of its regulations, and whether some other government agency should be charged with reviewing those decisions.

The final area to be discussed, he said, is shareholder rights, including the efforts of hedge funds to force changes in corporate policies, and whether shareholder approval should be required for takeover defenses.

While the committee includes many officers of companies that are subject to regulation by the S.E.C., it includes no former agency chairmen or commissioners, or people who held major S.E.C. staff positions.

"We generally tried not to include regulators," Mr. Scott said. "We would not want to put people in the position who had formulated these rules in the past. They may have a lack of objectivity."

He noted that one member, Robert Glauber, a visiting professor at Harvard Law School and a former chairman of NASD, did have experience in regulation.

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"Anybody on this committee is in the real world and will bring with them real-world perspectives," he said.

Mr. Hubbard said the committee would be knowledgeable about regulation. "Many of these people have S.E.C. interaction on a regular basis," he said, adding that the academics involved, either as members of the panel or as advisers, were experts in many areas of securities law and regulation.

Among the committee members are Samuel A. DiPiazza Jr., chief executive of the accounting firm PricewaterhouseCoopers, and Donald L. Evans, the former commerce secretary who is now chief executive of the Financial Services Forum, a lobbying group for major insurers, banks and investment banks. Mr. Paulson is a former chairman of the group.

There are also chief executives of DuPont, Office Depot and the CIT Group, and top officers of mutual fund companies, Lehman Brothers and the New York Stock Exchange. William G. Parrett, chief executive of Deloitte Touche Tohmatsu, another major accounting firm, is also a member, as is Ira M. Millstein, a leading corporate lawyer.

Accounting firms have been seeking legislative relief from liability suits over failed audits, a matter the committee will consider. Asked if the chairmen of such firms might lack objectivity, Mr. Scott said that they might also oppose some issues the committee planned to consider. "These big auditing firms have been the big beneficiaries of 404," he said. "We are thinking of changing 404."

The group plans to have an interim report in November, a date Mr. Hubbard said Mr. Paulson had requested. That could allow its recommendations to be considered at post-election meetings of Congress, although Mr. Scott said he thought the idea was to have proposals ready for the new Congress in January.

Mr. Scott said that academics would prepare papers for the committee, and that those papers could form the basis for parts of the report. Luigi Zingales, a professor at the University of Chicago business school and a committee member, will prepare a report on the overall issue of competitiveness.

Robert E. Litan of Brookings will report on liability matters, Mr. Glauber will discuss the regulatory framework and Andrew Kuritzkes of Mercer Oliver Wyman, a consulting firm, will assess the Sarbanes-Oxley Act.

Allen Ferrell of Harvard Law School will report on shareholder rights, John C. Coffee Jr. of Columbia Law School on securities class-action suits, and Kenneth E. Scott of Stanford Law School on federal-state conflict in regulation.

Reinier H. Kraakman of Harvard Law School will report on liability issues involving directors and investment banks, and John K. Villa, a criminal defense lawyer and a partner in the firm of Williams & Connolly, will discuss criminal enforcement of securities laws.

CRIMINAL LAW:

Sen. Reid Asks For Polygamy Task Force (AP)

AP, September 13, 2006

CARSON CITY, Nev. (AP) - The U.S. Senate's top Democrat called Tuesday for a federal investigation into the activities of polygamists in Western states.

Minority Leader Harry Reid of Nevada said in a letter to U.S. Attorney General Alberto Gonzales that a task force should be formed to look into interstate activities of polygamists. He also asked the Justice Department to help state prosecutors dealing with polygamist sect leader Warren Jeffs.

``For too long, this outrageous activity has been disguised in the mask of religious freedom," Reid said. ``But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated."

Reid, a Mormon, added that Jeffs is part of a sect that broke away from the Mormon Church more than a century ago and has been disavowed by leaders and mainstream members of the Church of Jesus Christ of Latter-day Saints.

A reporter's call to the Justice Department's after-hours command center was transferred to the department's press office, where there was no answer.

Jeffs, 50, is charged with two felony counts of rape as an accomplice, accused of arranging a ``spiritual marriage" between an underage girl and an older man. Each count carries a penalty of five years to life in prison.

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The leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints was arrested Aug. 28 by the Nevada Highway Patrol during a traffic stop and is being held without bail. He had been on the run for about a year-and-a-half when he was arrested.

Besides the Utah charges, Jeffs is facing two felony charges in Mohave County, Ariz., for a similarly arranged marriage involving an underage girl. He is expected to be prosecuted there after Utah proceedings have concluded.

Polygamist communities have tended to gather in remote areas of the West, where they can avoid the attention of authorities and larger society more easily. Plural marriage is illegal in all 50 states, but authorities have found it difficult to find witnesses who will come forward and enable them to prosecute.

'Girls Gone Wild' Cuts Plea Deal (LAT)

By Michael Muskal

The Los Angeles Times, September 13, 2006

The California company responsible for the successful "Girls Gone Wild" series of videos has pleaded guilty to violating a federal law designed to prevent the sexual exploitation of children, the Justice Department announced today.

Mantra Films Inc. of Santa Monica pleaded guilty to charges that it failed to create and maintain age and identity documents for performers in sexually explicit films that it produced and distributed. The company also failed to label its DVDs and videotapes as required by federal law, the Justice Department said.

Mantra Films entered its plea agreement today before U.S. District Judge Richard Smoak in Panama City, Fla. A second related company, MRA Holdings LLC, also entered into an agreement.

The companies, founded and owned by Joseph Francis, agreed to pay $2.1 million in fines and restitution. Of that, $1.6 million is to be paid by Mantra and MRA, and $500,000 by Francis.

The case is believed to be the first to be filed under a federal law designed to prevent the sexual exploitation of children, the Justice Department said.

"This case sends an important message about the Justice Department's commitment to protecting children from all forms of sexual exploitation," Assistant Atty. Gen. Alice S. Fisher said in a statement. "Today's agreements ensure that "Girls Gone Wild" will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well."

"This prosecution makes clear that those who seek to enrich themselves at the expense of our children's innocence in violation of the laws intended to protect them will be held to answer in federal court," U.S. Atty. Gregory R. Miller of the Northern District of Florida said.

Aaron S. Dyer, of Pillsbury Winthrop Shaw Pittman LLP, who represents Francis and his companies, said steps have been taken to correct the problem.

"This plea resolves past issues relating to the recordkeeping procedures of the company several years ago," Dyer said in a telephone interview. "This case does not involve the intentional exploitation of minors, but rather the lack of safeguards to protect against participants who misrepresented their age in order to be filmed.

"The company takes these charges and the obligations and responsibilities as a record-keeper very seriously. We have implemented state-of-the-art compliance and procedures to insure that this never occurs again," he said.

The "Girls Gone Wild" series is based on young women exposing themselves during the frenzy of spring break and at other times in hot locales. There is binge drinking, hookups and frantic exhibitionism.

By packaging and dispersing the videos, people close to Francis told the Los Angeles Times recently that the company does as much as $40 million a year in sales.

In the court papers distributed by the Justice Department, " 'Girls Gone Wild' admitted filming performers and producing and distributing sexually explicit video materials during all of 2002 and part of 2003 while violating the record keeping and labeling laws."

Specifically, Mantra Films pleaded guilty to three counts of failing to keep the required records and seven labeling violations.

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MRA Holding entered into deferred prosecution agreement concerning the information filed in court charging the company with 10 labeling violations. As part of that agreement, the government will dismiss the charges at the end of three years if MRA Holding abides by all of its obligations, the Justice Department said.

MRA Holding also agreed to employ an independent outside monitor selected by the government and provide the monitor complete access to the books and records, production facilities and other locations required to ensure the company's compliance with federal law, the federal agency said.

Girls Gone Wild Company Pleads Guilty In Sex Exploitation Case (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 13, 2006

(AP) - WASHINGTON-The company that produces the "Girls Gone Wild" tapes of young women baring their breasts and acting in other sexual situations pleaded guilty Tuesday to federal charges and agreed to pay fines totaling $2.1 million (â¬1.65 million).

Mantra Films Inc., based in Santa Monica, California, made the plea in U.S. District Court in Florida on charges of failing to maintain proof of age and indentification for its young performers in sexually explicit films. It also failed to label its DVDs and videotapes properly as required by federal law.

A second company owned by Mantra's founder, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling. Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines.

The two companies and their founder, Joseph Francis, will pay $2.1 million (â¬1.65 million) in fines and restitution, the Justice Department said.

Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a "Girls Gone Wild" cameraman in sexual situations remain pending against Mantra and Francis.

"Today's agreements ensure that Girls Gone Wild will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well," said Assistant Attorney General Alice Fisher.

An attorney for Mantra, Aaron Dyer, said the company would clean up its record keeping.

The charges involved "serious record-keeping issues that occurred several years ago," he said. "Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again."

According to court papers, Mantra Films admitted to violating record keeping and labeling laws while distributing the videos during all of 2002 and part of 2003.

Founded in 1997, Mantra released 83 different titles and sold 4.5 million videos and DVDs in 2002, according to Hoover's Inc., a business data firm in Austin, Texas.

On the Net:

Justice Department: http://www.usdoj.gov/

'Girls Gone Wild' Producers Fined $2.1 Million (CNN)

By Terry Frieden

CNN.com, September 13, 2006

WASHINGTON (CNN) -- The entertainment company that produces the "Girls Gone Wild" films and its founder pleaded guilty Tuesday to charges they failed to document the ages of female performers in sexually oriented productions.

Mantra Films of Santa Monica, California, entered a plea agreement in a federal court in Panama City, Florida, the Justice Department said.

Authorities said Joseph Francis, founder of Mantra Films and a related company, MRA Holdings, also agreed to plead guilty to charges to be filed later in Los Angeles, and to pay fines and restitution totaling $2.1 million. (Read the agreement -- pdf)

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The "Girls Gone Wild" videotapes -- often featuring young women heavily partying and baring their breasts -- are widely advertised on some cable television channels.

Mantra Films specifically pleaded guilty in Florida to charges that it failed to create and maintain age and identity documents for performers. The company also admitted it failed to label its videotapes and DVDs as required by federal law.

Court documents say the alleged violations occurred during productions titled "Ultimate Spring Break," "Girls Gone Wild on Campus Uncensored," "Totally Exposed Uncensored and Beyond," and "Girls Gone Wild College Girls Exposed/Sexy Sorority Sweethearts."

The Justice Department said the case is the first filed under a law designed to prevent the sexual exploitation of children.

The law, which prosecutors call Section 2257 -- is intended to protect minors by requiring producers to create and maintain age and identity records for every performer in sexually explicit movies and other media.

Distributors also must label their tapes and discs with the name of the custodian of the records and their location, prosecutors said.

"Today's agreements ensure that Girls Gone Wild will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well," said Assistant Attorney General Alice Fisher.

Officials said Francis will pay $500,000 and his firms, Mantra and MRA Holdings, will together pay $1.6 million.

An attorney for Mantra, Aaron Dyer, told The Associated Press that the company would clean up its record keeping.

The charges involved "serious record-keeping issues that occurred several years ago," he told the wire service. "Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again."

The case does not shut down "Girls Gone Wild."

Under terms of the deal, the Los Angeles charges against MRA will be dismissed after three years if the company fully complies with the record-keeping laws and fully pays the fines.

Justice Department Gone Wild? (B&C)

By John Eggerton

Broadcasting & Cable, September 13, 2006

The Justice Department wasn't too wild about Girls Gone Wild.

The company, whose videos showing women baring most or all in settings like Spring Break and Mardi Gras have been a cable network staple for years, has agreed to pay $2.1 million to settle a lawsuit with the Department.

Justice had sued under a law that requires the makers of sexually explicit videos to keep records of the ages of the performers in those videos. According to the department, Girls Gone Wild admitted violating the record-keeping requirements in 2002 and 2003.

In addition to paying the fines, the company has agreed to admit criminal wrongdoing. In addition the charges will be dropped only if the company remains in compliance for the next three years. It has also agreed to allow a government-approved monitor to assure that compliance.

Judge Won't Order New Trial For Safavian (AP-Y)

By Matt Apuzzo

AP, September 12, 2006

WASHINGTON - A federal judge declined Tuesday to throw out a conviction or order a new trial for a former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff.

David Safavian, former chief of staff of the General Services Administration, was convicted in June of making false statements and obstruction. It was the first trial to emerge from the scandal surrounding Abramoff.

His attorneys argued that the charges didn't meet the legal standard for conviction. They also said U.S. District Judge Paul Friedman improperly admitted into evidence e-mails between Abramoff and Safavian. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients.

Many of the e-mails were written around the time that Safavian accepted a weeklong trans-Atlantic golfing trip from Abramoff.

Friedman rejected that argument, denying the request for a new trial. He said the e-mails were properly admitted and noted that Safavian discussed the e-mails when testifying in his own defense.

The judge also rejected Safavian's argument that his conviction should be overturned because government officials never warned him about the consequences of lying. Friedman said such warnings are not required.

Safavian faces up to five years in prison on each count. He resigned from his White House post last year as the federal government's chief procurement officer.

Judge Won't Order New Trial For Safavian (NBC)

NBC News, September 13, 2006

WASHINGTON - A federal judge today denied former top White House procurement official, David Safavian a new trial. Safavian, a friend of disgraced lobbyist Jack Abramoff, was found guilty in June of three counts of making false statements to investigators and one count of obstruction of justice surrounding a 2002 golf junket to Scotland. Also accompanying Safavian on the golfing trip with Abramoff, were Congressman Bob Ney (R-Oh), Ralph Reed, Neil Volz, and two aides to Ney.

Judge Paul Friedman writes, "This Court concludes that there are no grounds for granting either defendant's motion for judgment of acquittal on any of the counts for which he was convicted, or his motion for a new trial."

The trial also provided new details of the lavish golf trip, as well as photos taken on the historic St. Andrews course of Ney with Abramoff and others. Volz, a longtime Ney loyalist who went to work for Abramoff's firm in 2002, pleaded guilty to federal corruption charges. Volz was a star prosecution witness in the Safavian trial.

Story continues below ? advertisement

Volz detailed the Scotland trip as a fete of eating and drinking and telling funny stories on the plane ride overseas. He said playing golf on the fabled Old Course totaled $400 per round. And, as far as he knew, Volz said, none of the public officials on the trip, including Ney and Safavian, ever paid for golf rounds or entertainment in Scotland. Ney has been the subject of a Justice Department investigation, but has not been charged.

Abramoff emails

Safavian's attorneys had argued that including hundreds of e-mails between him and Abramoff as evidence constituted hearsay that might have prejudiced jurors.

Safavian attorney, Barbara Van Gelder wrote, "The e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury."

Abramoff was never called to testify at the trial, but hundreds of his e-mails to Safavian were read into the court record during the trial.

Today Judge Friedman writes the e-mails could not be hearsay because Safavian himself testified about them, "Safavian took the stand at trial and testified about many of the e-mails in question, including the numerous e-mails between himself and Jack Abramoff. In doing so, Mr. Safavian frequently testified what meaning he gave to the e-mails he both sent and received, what effect they had on his actions, and what import they had to him."

Golf, lobbying connections

The Scotland golf trip came at a time when e-mails between Abramoff and Safavian show the lobbyist was interested in securing leases on two GSA controlled properties. The e-mails indicate that Safavian assisted Abramoff with information on the Old Post Office, and a former Naval Surface Weapons facility, White Oak, in suburban Maryland.

The judge asserts, in denying Safavian a new trial, that Safavian "falsely stated" that Abramoff "did not have any business with GSA at the time Mr. Safavian was invited on the trip to Scotland, when in truth and fact, Mr. Safavian well knew, prior to the August 2002 Scotland trip that Mr. Abramoff was seeking to lease or purchase GSA-controlled property."

Safavian is scheduled to be sentenced in October. He could be imprisoned for 20 years on the four counts, although federal sentencing guidelines suggest he will face a much lighter sentence.

Volz is awaiting sentencing. He could get up to five years in prison and a $250,000 fine but hopes for a much more lenient sentence by cooperating.

Abramoff is also waiting to be sentenced in the Washington influence peddling scandal. He has already been sentenced to five years and 10 months in prison for his role in the Suncruz casino cruise line case along with his partner Adam Kidan.

Tom Noe Sentenced To 27 Months In Federal Prison For Funneling Donations To Bush (ABJ)

By John Seewer

Akron Beacon Journal, September 13, 2006

TOLEDO, Ohio - A federal judge sentenced a GOP fundraiser at the center of an Ohio political scandal to two years and three months in prison Tuesday for funneling $45,000 to President Bush's re-election campaign.

Tom Noe, a former Toledo-area rare coin dealer whose large donations made him a powerful political figure, apologized for scheming to give friends money to donate to Bush to fulfill Noe's promise to generate $50,000 at a fundraiser.

"I recruited others to make contributions to the campaign," Noe said in court. "I knew it was wrong to do so. I alone accept responsibility."

Noe said he arranged the scheme because "in 2003 I was pressured by Bush-Cheney officials to become a Pioneer," a name the campaign gives to people who raise $100,000.

Federal prosecutors say Noe wanted perks such as invitations to the White House and the president's ranch in Texas, and he wanted to impress various state officials.

The money-laundering scheme was the largest prosecuted under the 2002 campaign finance reform law, which set limits on donations, prosecutors said last October.

U.S. District Judge David Katz said Noe was trying to feed his ego and made a stupid decision.

"He has risen in the past to positions of respect and power and he violated the trust of those who placed him in those positions," Katz said.

Noe pleaded guilty to three charges, including exceeding federal campaign contribution limits. Federal sentencing rules called for a term of up to 2 1/2 years, but prosecutors last week said Noe, 52, should get up to four years because he schemed to corrupt the election process.

Craig Morford, first assistant U.S. attorney for the Northern District of Ohio, said Tuesday that prosecutors were satisfied with the sentence Noe got.

"He's going to jail for the next two-and-a-quarter years, plus facing the additional charges for his other conduct," said Morford, whose office prosecuted the case.

Noe still is charged with stealing at least $1 million from an ill-fated $50 million rare coin investment that he managed for the state workers' compensation fund. Investigations into the coin investment led to Gov. Bob Taft's no contest plea and conviction last year to charges the he failed to report gifts, such as golf outings.

The coin investment, first reported in April 2005 by The Blade newspaper, has been a major embarrassment for Ohio's ruling Republicans and given Democrats a better shot at winning state offices this year, including the governor's office that has been under GOP control since 1991.

Noe, who also was fined $136,200 Tuesday, will not have to serve his prison sentence for the Bush donations until after the conclusion of the coin investment case, which is set for trial next month. He has pleaded not guilty to 46 charges.

Katz said he would recommend that Noe serve his sentence in Florida, where the coin dealer now lives.

Federal prosecutors did not indicate during the sentencing whether the coin money was used for the donations. They could have sought a stiffer penalty if they thought the state money had been used.

Prosecutors said Noe gave $45,000 directly or indirectly to 24 friends and associates, who made the Bush campaign contributions in their own names, allowing him to skirt the $2,000 individual contribution limit.

Noe's lawyer, Jon Richardson, argued that his client should be sentenced to community service instead of prison time because he already has been shamed publicly, but he said Noe was treated fairly.

Noe, who appeared serious in court and spoke with an unfaltering voice, was in a jovial mood when he arrived at the courthouse, playfully waving his umbrella to shield his face from photographers outside.

Noe wrote several checks just under the $2,000 cap to avoid suspicion, according to prosecutors. All the checks were written in the eight days leading up to a fundraiser in October 2003 at a downtown Columbus hotel.

Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted a false campaign report to the Federal Election Commission.

Noe personally contributed more than $105,000 to Republicans including Bush and Taft during the 2004 campaign. The Bush-Cheney campaign donated $6,000 it received from Noe and his wife, Bernadette, to charity. The rest of the money donated at the Bush fundraiser remains with the Republican Party.

Sue Metzger, who worked with Noe at his coin shop in suburban Toledo and was among those who received money to donate at the Columbus fundraiser, said after the hearing that the public trust has been violated.

"There is a victim and that's the voter," she said.

Noe Sentenced To Prison, Fined For Election Gifts (CLPD)

By John Caniglia, Plain Dealer Reporter

The Cleveland Plain Dealer, September 13, 2006

He blames pressure from Bush campaign

Toledo -- Tom Noe's zealous quest to be a Republican kingmaker ended in a cramped courtroom Tuesday, far from the Beltway spotlight he once craved.

A federal judge sentenced an apologetic Noe to 27 months in prison and fined him $136,200 for making $45,400 in illegal campaign contributions to President Bush's re-election campaign. Authorities called the case the country's largest fundraising scandal in recent years.

Noe, however, will not go to prison until after his trial next month in Lucas County Common Pleas Court, on unrelated state charges of racketeering and stealing nearly $2.3 million from a $50 million investment in rare coins that he managed for the Ohio Bureau of Workers' Compensation.

If convicted in that case, he could receive decades in prison.

"This was an ego-feeding and a stupid act by Mr. Noe," said U.S. District Judge David Katz.

"And I think he realizes that today," added Katz, who imposed the sentence.

Noe told Katz that pressure from the Bush-Cheney campaign to raise $100,000 and gain "Pioneer" status led him to break the law.

"I knew it was wrong, and I alone accept responsibility for what I did," Noe said.

Dressed in a blue suit, Noe looked upbeat before the hearing.

The coin dealer who had made so many friends by doling out campaign contributions and political influence across Ohio walked into Katz's courtroom with about 25 friends and family members, including his wife, Bernadette, and his daughters.

He chatted briefly with his attorneys and seldom looked around.

About two hours later, he looked ashen, though composed. His wife and family members were in tears.

Noe, 52, formerly of Maumee, pleaded guilty in May to three charges of skirting federal election laws involving contributions to Bush at a fund-raiser in Columbus in 2003.

Prosecutors said Noe pledged to raise $50,000 at the fund-raiser. When he asked two dozen friends for money, many said they couldn't afford it or couldn't attend the event.

So Noe told the contributors he would reimburse them, prosecutors said. Noe told them to tell people the money was a loan if anyone asked.

Assistant U.S. Attorneys Seth Uram and John Pearson said Noe abused the public's trust.

They said that he should have known better, as a key fund-raiser for Bush, and that he had failed to accept responsibility for overseeing "a systematic scheme."

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"He didn't hesitate to turn his closest friends and associates into criminals," Uram said at the sentencing. "This wasn't something that he fell into. . . . He was meticulous in committing the crime and in concealing the crime."

Noe faced 24 to 30 months in prison, according to federal sentencing guidelines. Katz rejected three requests by prosecutors to increase the sentence and allowed Noe to remain free on bond until his state trial is done. Katz also rejected Noe's request to sentence him to community service in South Florida, where he now lives.

Noe's attorney, Jon Richardson, had pushed for leniency, claiming that Noe already had suffered enough from the humiliation of his fall from political grace.

He urged Katz in documents to give Noe probation. He said the $45,400 in illegal contributions was quite small compared to hundreds of millions of dollars raised in the presidential campaign.

"There's nothing that Tom Noe did that shook the public's confidence in the election process," Richardson said in court.

One of the people Noe used to make his contributions, Susan Metzger, showed up for the sentencing and got a hug from Noe outside the courtroom. Metzger, who worked for Noe at his coin shop, said she had trusted Noe and didn't think she had done anything wrong until authorities started investigating.

After embracing Noe, she sat down in the hallway and said: "That's hard. It didn't have to be this way. This is a sad thing. It's been a rough year for me.

"I made some decisions at the time that I thought were OK. Do I feel used? Definitely. I think anyone involved in this whole thing feels the same way."

Noe has said he pleaded guilty to spare his family and friends the embarrassment of a trial. One of Noe's friends, Richard lott, wasn't worried about the embarrassment. He said Noe duped him. In a letter to Noe's attorney, lott blasted his former friend.

"Tom accomplished many things," lott said in the letter, which he gave to The Plain Dealer.

"He brought national news media attention to northwest Ohio; he put Toledo and Ohio on the map for crooked politics; and he single-handedly virtually destroyed the Republican Party in Toledo and Ohio. And did I mention that he was a thief?"

Democrats had pushed for a harsh punishment, saying Noe was the poster child of wayward politics in Columbus.

"He wanted power. He wanted prestige, and he wanted to be close to the president," said Chris Redfern, the Ohio Democratic Party chief.

Republicans, who once eagerly courted Noe for his largess, now back away from speaking of him.

"We believe that the media and the Democrats are the only people interested in Tom Noe," said John McClelland, an Ohio GOP spokesman.

"As soon as we learned that he deceived people, we began to distance ourselves from him. Right from the start."

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Ex-Leaders To Oppose FBI Raid (RC)

By John Bresnahan

Roll Call, September 13, 2006

Former Speakers Newt Gingrich (R-Ga.) and Tom Foley (D-Wash.) and former House Minority Leader Bob Michel (R-Ill.) have notified an appeals court that they will intervene in the legal challenge by Rep. William Jefferson (D-La.) to the May 20 FBI raid of his Capitol Hill office.

Gingrich, Foley and Michel submitted a notice with the U.S. Court of Appeals for the District of Columbia Circuit that they will be filing an amicus brief arguing that the FBI search of Jefferson's office was unconstitutional and a violation of the separation of powers between the legislative and executive branches.

Separately, Abner Mikva, former chief judge of the D.C. appeals court and a five-term Democratic Representative from Illinois, also will file an amicus brief on Jefferson's behalf.

In addition, a bipartisan group of former House general counsels, including Charles Tiefer, Stanley Brand, Steven Ross and Thomas Spulak, as well as Congressional scholars Norman Ornstein and Thomas Mann, have notified the appeals court of their intentions to weigh in on the case.

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Former House Minority Leader Richard Gephardt (D-Mo.) was asked to join with his three former colleagues but declined to do so, several sources said.

The two former Speakers, House Minority Leader and Congressional experts will not defend Jefferson, who is the target of an ongoing corruption probe by the Justice Department, but will argue that the Justice Department overstepped its bounds when it searched Jefferson's office.

Justice Department officials have defended their actions as necessary in light of the Louisiana Democrat's refusal to comply with subpoenas directing him to turn over materials and documents sought by federal investigators. Two of Jefferson's accomplices in a long-running bribery scheme already have been sentenced to lengthy prison terms.

The Justice Department also notes that a federal judge approved a search warrant for Jefferson's office and that special techniques were employed so that privileged legislative documents and materials were not seized by FBI agents.

However, the appeals court in late July ordered Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia, who approved the original search warrant for Jefferson's office, to allow the lawmaker's attorneys to have access to the seized documents and computer hard drives.

The process of assembling that material for Jefferson has bogged down the corruption probe, according to sources close to the case. It will be several more weeks before an official appointed by Hogan to oversee the transfer to Jefferson completes his work, and then Jefferson will be allowed to file legal motions claiming Speech or Debate Clause protection for the materials. Hogan will then have to rule on the motions, some of which could succeed. Only at that point would the case return to the appeals court and a briefing schedule be laid out.

In the meantime, the Justice Department is unlikely to take any criminal action against Jefferson since to do so would mean that none of the materials in his office, which prosecutors currently cannot review, were necessary to charge him with wrongdoing. One source estimated that it could be "four to six weeks" before all the seized materials are available for Jefferson, which means that the Louisiana Democrat may not face any legal charges before the Nov. 7 elections.

But even with all the confusion over the contested materials, Jefferson continues to gain new allies in his ongoing court fight with the Justice Department.

Already, a bipartisan group of House leaders that included Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) filed an amicus brief before Hogan when he initially considered Jefferson's request to declare the search unconstitutional, although Hogan rejected the group's arguments. That group may file a similar amicus brief with the appeals court, although the two party leaders have not agreed yet on whether they will do so.

With the appeals court's 60-day filing deadline for non-governmental parties about to expire, Gingrich, Foley and Michel declared their intention to enter the case on Tuesday, as did the others.

Gingrich has been particularly vocal in expressing his displeasure over the FBI search, publicly decrying it as a violation of separation of powers between the two branches of government.

Much like Hastert and Pelosi, Gingrich did not seek to protect Jefferson but instead insisted that Congress cannot allow such a precedent, because it could be abused by a future administration in a political battle with Capitol Hill, to stand.

Gingrich was not available for comment on Tuesday, but he made his feelings about the case known in a June 8 opinion piece in Roll Call.

"But what is not firmly settled, and what is a dramatic departure from established practice, is the executive branch's bold assertion that it can direct the FBI to raid a legislative branch office, with a judicial warrant, without consultation or cooperation from legislative branch leaders, as it did for the first time in the history of the American republic on May 20," Gingrich wrote.

In an interview, Michel said he had not seen a draft of the amicus brief that will be filed by the three former lawmakers but had agreed to sign onto the motion.

"All I did was agree to at least participate," said the former Illinois Republican. Michel said the brief was being drafted by lawyers at the firm Bingham McCutchen.

Ornstein, a Roll Call contributing writer, said the case has implications far beyond Jefferson's own legal and political future.

"This is a real question of legislative integrity in the face of an executive branch that has every interest in intimidating them from time to time," Ornstein said.

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Brand, who served as House general counsel from 1976 to 1983, said Congress must defend itself from intrusions by the executive and judicial branches on its authority.

"I just thought that when you get the four former [House] general counsels all on side, hopefully it adds some weight to the consideration of a longstanding issue that directly affect the House and its Members," Brand said.

Lawmaker: Panel At Impasse On Cunningham (AP-Y)

By Erica Werner

AP, September 13, 2006

The leaders of the House Intelligence Committee are at an impasse over whether to subpoena jailed former Rep. Randy "Duke" Cunningham as part of an investigation into his actions on the committee.

The disagreement threatens to end chances for a bipartisan outcome to the investigation, Rep. Jane Harman of California, the panel's top Democrat, said in an interview Tuesday with The Associated Press.

"We've hit a problem, and I hope we can get past it and come up with a joint report," Harman said. "That is my preference, my strong preference, and I don't know if that's possible. It may not be possible."

"I think it's fair to say we're at an impasse," she said.

Jamal Ware, a spokesman for committee chairman Peter Hoekstra of Michigan, had no immediate response to Harman's comments.

Harman believes the panel's investigation can't be complete without interviewing Cunningham, the San Diego Republican who resigned from Congress last November after admitting taking $2.4 million in bribes from defense contractors. But Hoekstra has not agreed.

A congressional aide, speaking on condition of anonymity because of the ongoing investigation, said Hoekstra wants to hear from Cunningham but doesn't want to issue a subpoena only to have him invoke Fifth Amendment protections and refuse to testify, as his attorney has warned the committee he would do.

Cunningham served on the Intelligence Committee starting in 2001 and for part of last year chaired the panel's subcommittee on terrorism and human intelligence. The panel is looking into whether he abused his position to slip provisions favoring certain contractors into classified legislation, where it would be difficult to spot.

Harman said she supports a subpoena even if Cunningham does refuse to testify, and would not support granting him immunity. Cunningham is cooperating with prosecutors in an ongoing federal corruption investigation.

"Mr. Cunningham has voluntarily produced all documents requested by the committee whenever they have made such requests and has also indicated a willingness to be interviewed on a voluntary basis at the conclusion of the criminal investigation," Cunningham's attorney, Lee Blalack, said Tuesday. "But we will not permit him to give testimony to the committee without a grant of immunity in the midst of the ongoing criminal investigation with which he is cooperating."

Harman and Hoekstra also haven't agreed on releasing the unclassified version of the report by an outside investigator the committee hired to look into Cunningham's committee actions. Harman supports releasing the unclassified report by investigator Michael Stern.

With just a few weeks left in the legislative session before Congress goes into recess to campaign for the November election, Harman said there needs to be a resolution soon.

"I would prefer to resolve this amicably. I think that window is closing," Harman said. "What we may end up with is (Hoekstra's) statement and my statement, and they may disagree."

"But the answer is this has to close, it can't be left open-ended into a future Congress."

Harman declined to reveal contents of the report, but congressional officials have told AP that the document concludes that Cunningham took advantage of secrecy and badgered congressional aides to help slip items into classified bills that would benefit him and his associates.

Harman said she had no reason to believe there was criminal behavior by anyone on the committee or committee staff other than Cunningham.

Animal Rights Advocates Given Prison Terms (NYT)

By Laura Mansnerus

The New York Times, September 13, 2006

TRENTON, Sept. 12 — In a courtroom crowded with animal rights supporters, a federal district judge on Tuesday sentenced three people to prison terms of four to six years for their roles in a campaign of threats and harassment against a company that runs an animal testing laboratory.

The three were described at their trial as coordinators of a group dedicated to shutting down Huntingdon Life Sciences, a British company with a laboratory in New Jersey. The company's employees, their families and people who did business with Huntingdon were threatened and their property vandalized as part of the group's campaign.

"All they talk about is how pure their intentions are, about saving animals," Charles McKenna, an assistant United States attorney, said after the sentencing. "These people victimized some of the witnesses in this case in ways no one should ever have to deal with."

The defendants' group, Stop Huntingdon Animal Cruelty, maintained a Web site that listed potential targets and served as a platform for sharing harassment techniques.

The case has drawn international attention, not only because Huntingdon Life Sciences is the largest contract animal testing laboratory in Europe but also because the convictions were the first under the federal Animal Enterprise Protection Act.

The law, enacted in 1992, aims to curb aggressive tactics by animal rights groups against testing laboratories, fur farms and related enterprises. A stronger version of the law, the Animal Enterprise Terrorism Act, was introduced in Congress this summer and has wide support.

Dr. John D. Young, the chairman of Americans for Medical Progress, a biomedical research organization, said the sentences assured that "our nation's law enforcement system will not tolerate terror tactics that include threatening e-mails, telephone calls, vandalism and attacks on the privacy of researchers' homes."

The judge, Anne E. Thompson, sentenced the former president of Stop Huntingdon Animal Cruelty, Kevin Kjonaas, 28, of Minneapolis, to six years in prison. Lauren Gazzola, 26, of Connecticut, the group's former campaign coordinator, was sentenced to four years and four months. The Web site coordinator, Jacob Conroy, 30, of Oakland, Calif., received a four-year sentence.

The organization itself was convicted and ordered to pay $1 million in restitution, although the lawyer representing the group said it no longer exists. Three other defendants are to be sentenced, one on Wednesday and two next week.

The defendants were convicted in March of conspiracy and stalking, but not with carrying out any destructive acts. Their lawyers argued that they were socially conscious young people who were carried away by their beliefs. Judge Thompson acknowledged receiving hundreds of letters urging leniency in her sentencing.

Mr. Kjonaas told the judge: "I'm utterly humbled. I came here with my mother. This has been a traumatic experience, a learning experience, and I don't know what more I could say."

But Judge Thompson recalled a taped conversation in which "anyone who listened would recognize a sense of glee, almost, in wielding power."

Ms. Gazzola, who taught test preparation courses for law school applicants, told the judge that even in prison she would not give up her own hope of becoming a lawyer. Near tears, she said, "The decision to pursue law school is something I chose two weeks before I was arrested."

An unofficial spokeswoman for the defendants, Andrea Lindsay, said all three planned to appeal their convictions. Ms. Lindsay, who came from California, bristled at the prosecutors' complaints that the defendants did not express remorse. "They're not going to roll over and apologize for illegal acts of others," she said.

Ms. Lindsay was among at least 100 supporters, including others from Florida, Pennsylvania and New York, who spilled out of the courtroom. Watched by a contingent of Trenton police officers and federal officers, the largely young crowd exchanged news of the sentences among themselves.

Ms. Lindsay said that "it's sad for all of us to see our friends go to prison, but at the end of the day, it's six individuals, and there are hundreds, thousands of people campaigning against Huntingdon."

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Animal rights groups say the company kills hundreds of dogs, monkeys and other animals each day in its testing of consumer products at its laboratories in Britain and East Millstone, N.J.

3 Animal-welfare Activists Going To Prison For Inciting Threats (AP)

By Beth Defalco

AP, September 13, 2006

TRENTON, N.J. - Three animal-rights activists convicted of using their Web site to incite threats and harassment against a company that tests products on animals received prison sentences ranging from four to six years Tuesday.

They were also ordered to pay a total of $1 million in restitution to the company and people they terrorized. All three said they planned to appeal their convictions and requested they receive vegan meals while in prison.

Three other members of Stop Huntingdon Animal Cruelty are awaiting sentencing within the next two weeks.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a company that tests drugs and household products on animals.

Huntingdon Life Sciences general manger Mike Caulfield said the company "was grateful that justice was served." He said as a result of the threats and harassment, the company's health insurer and other firms severed ties with it.

"It generally made the cost of doing business with us more expensive than our competitors during that time," he said.

And that was the point, prosecutors said.

"This was a conspiracy to shut down Huntingdon Life Sciences," said assistant U.S. Attorney Charles McKenna.

The government charged that the group waged a five-year campaign against the company, posting on the Web site the names, addresses and phone numbers of Huntingdon employees and those who do business with the company, and personal information such as where they go to church and where their children attend school.

Many of those people saw their homes vandalized and received threatening e-mails, faxes and phone calls.

The group, based in Philadelphia, maintains its actions were protected under the First Amendment.

The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism but were convicted of animal-enterprise terrorism, conspiracy and interstate stalking.

The three sentenced were the president of SHAC, Kevin Kjonaas, 28, of Minneapolis, Minn.; campaign coordinator Lauren Gazzola, 25, of Connecticut; and Web site manager Jacob Conroy, 30, of San Francisco. Kjonaas was sentenced to six years in prison, Gazzola to four years and four months, and Conroy to four years.

"None of it's fair," Conroy said after the hearing.

Though defense attorneys tried to portray their clients as well-meaning animal-lovers who committed a "crime of compassion," prosecutors said the group, and especially its leader, allowed good intentions to become perverted.

"Mr. Kjonaas was drunk with the power that he could push around multinational companies with his Web site," McKenna said.

Gazzola wept as she addressed U.S. District Judge Anne E. Thompson, telling the court how she feared her dream of becoming an attorney vanished with her felony conviction.

But Gazzola, as well as the other two, never apologized for their actions and Thompson asked why.

"As an advocate for any cause," Gazzola responded, "you change your idea of the best way to use your talents."

Each activist asked to serve their sentence in a prison near their hometown and asked to receive vegan meals. All three said they planned to appeal the case.

"I'm pretty confident I won't be serving (that long) in prison," Kjonaas said after being sentenced. "There are a ton of appealable issues."

"I'll be OK," he said, "I'll be back."

ON THE NET

SHAC: http://www.shac.net

Huntingdon Life Sciences: http://www.huntingdon.com

3 Animal Activists Get Jail (PHI)

By Troy Graham

The Philadelphia Inquirer, September 13, 2006

They all were described as talented, educated young people, who turned their energies toward a misguided - and illegal - campaign to stop laboratory testing on animals.

One, Lauren Gazzola, a former New York University student, tearfully said she was two weeks away from taking the LSAT for law school when she was arrested.

Now, the three leaders of Stop Huntingdon Animal Cruelty are considered domestic terrorists, and each has just 30 days to report to prison to begin serving years-long sentences.

Gazzola, former SHAC president Kevin Kjonaas, and SHAC Web site manager Jacob Conroy yesterday became the first defendants to be sentenced in this landmark case, heard in federal court in Trenton.

The SHAC organization and six individual members were convicted earlier this year of violating the federal Animal Enterprise Protection Act.

SHAC - described yesterday as virtually defunct - was placed on a form of probation. The remaining defendants will be sentenced at hearings today and Tuesday. All of them will be liable for $1 million in restitution to the victims.

"At this point in my life, I am utterly humbled," said Kjonaas before he was sentenced to six years in prison. "I've come here with my mother. This has been a traumatic experience and a learning experience."

After the hearing, Kjonaas, a 29-year-old from Minnesota, said a prison term would not deter him from his cause.

"Others have gone through worse things," he said. "The history of social-justice movements is filled with people who went to jail... . I'll be OK. I'll be back."

Gazzola, 26, of Connecticut, received 52 months in prison, and Conroy, 30, of California, got 48 months.

"They had good homes, they had good parents, they had good schools," said Assistant U.S. Attorney Charles McKenna. "They chose to throw it all away."

The so-called "SHAC 7" were the first defendants ever charged under a federal law designed to criminalize the stalking, vandalism and other tactics of militant animal-rights organizations.

But SHAC members characterized the trial as a test on the limits of free speech, saying the defendants never broke any laws with their admittedly "obnoxious" protests, directed mainly against Huntingdon Life Sciences, an East Millstone, N.J., animal-testing firm.

For a typical protest, SHAC, which was based for a time in Philadelphia, would post the home address of a Huntingdon employee on its Web site. Protesters then would gather outside the employee's home chanting slogans and calling the employee a "puppy killer."

Although the Web site said SHAC did not support illegal tactics, the page often contained anonymous boasts of criminal vandalism and other acts.

During the trial, several Huntingdon employees gave emotional testimony about receiving threatening phone calls and letters and having their cars tipped over and the windows of their homes smashed out.

Huntingdon general manager Mike Caulfield, in court yesterday, said these types of protests have diminished since the convictions - but not ended.

"On behalf of the dozens of victims whose lives were turned upside down by these criminals, we're gratified justice was served," he said. "We are profitable. We are growing. We are still in business."

Andrea Lindsay, an animal-rights activist, said that home protests would continue, including two this week in New Jersey that have been "well-publicized" on a new Web site.

"The reality is that there are animal-rights activists across the globe... and they're going to continue to campaign against Huntingdon Life Sciences," she said.

She maintained again that the defendants were legitimate activists who did nothing wrong, and said the sentences only encouraged "underground" activists who break the law.

But McKenna said the defendants were committed to violence, not peaceful protest, as he made note of their defiance.

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"I'm struck by the fact that we've been through three sides of the sentencing and so far we haven't heard anyone say, 'I'm sorry,' " he said. "And there are victims here today who perhaps would like to hear them apologize."

Reputed Israeli Mob Enforcer Sentenced (FINDLAW/AP)

AP, September 13, 2006

(AP) - LOS ANGELES-A reputed enforcer for an Israeli crime group was sentenced to more than 10 years in federal prison for racketeering.

Hai Waknine, 35, pleaded guilty in June to using extortion and threats of violence to help an organized crime syndicate known as the Jerusalem Group launder nearly $2 million in embezzled funds. Authorities say the syndicate enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe and around the U.S.

Waknine, an Israeli national who lives in Marina del Rey, asked for leniency during sentencing Monday. But U.S. District Judge Manuel Real, citing Waknine's extensive criminal history, gave him 13 months in prison beyond the nine years that prosecutors recommended.

Prosecutors alleged that Waknine kidnapped debtors, aimed handguns at them and threatened their families to make them pay up.

"That was Waknine's role, a shakedown collections guy," said Assistant U.S. Attorney Thomas P. Sleisenger. "There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars."

Dig 'high Priority' In FBI Corruption Probe (BOSH)

By Casey Ross, Boston Herald Reporter

Boston Herald, September 13, 2006

The federal investigation into the $15 billion Big Dig has mushroomed into a "high priorty" public corruption probe focused on project financing and whether officials ignored requirements to conduct crucial inspections, Boston's FBI chief said yesterday.

"We've got a lot of agents assigned to it and there are several avenues to the case," said Ken Kaiser, special agent in charge of the Boston FBI. "Basically it's looked at as a public corruption investigation, which is the highest criminal priority we have."

Kaiser said his office is working with the federal Department of Transportation and has devoted six to eight agents to investigate the mammoth highway project, which is being blamed for the death of motorist Milena Del Valle. Del Valle, 38, died July 10 when concrete ceiling panels collapsed in the I-90 Seaport Connector Tunnel.

Kaiser said top FBI officials in Washington are monitoring the investigation and have pledged additional rescources if necessary. The federal probe is running parallel to a state investigation being led by Attorney General Tom Reilly, who is expecting to convene a special grand jury Oct. 3 to pursue criminal charges in the death of Del Valle. Reilly's office is also pursuing potential civil litigation and the recovery of money wasted on faulty construction practices.

Federal officials have been probing the Big Dig for years, but the intensity of their investigation increased dramatically following a scandal over I-93 tunnel leaks and the subsequent I-90 collapse.

Kaiser said agents are examining a broad range of issues including materials used, construction methods and whether officials followed requirements to conduct regular inspections. "What if those inspections were never done?" he said.

Asked whether the probe reaches beyond contractors to public officials, Kaiser replied, "If I would tell you that out of a $15 billion project we're not looking into other areas, I'd be lying," he said. "I mean, the money went someplace."

Vigil Trial: Tape-recorded Conversations, Videotapes Involving Vigil Played For Jurors (AP)

By Tim Korte

AP, September 13, 2006

ALBUQUERQUE (AP) - Jurors on Tuesday watched and listened to FBI videotapes showing California investment adviser Kent Nelson handing over thousands of dollars in cash to former state Treasurer Robert Vigil.

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Vigil has pleaded not guilty to 24 extortion and racketeering counts in an alleged kickback scheme. Vigil's first federal trial ended May 22 in a mistrial.

Nelson, who testified at Vigil's first trial but has refused to reappear, is shown pulling out an envelope stuffed with cash during a May 22, 2005 meeting with Vigil. Nelson offers the cash to Vigil while asking Vigil to direct state business to him.

Prosecutors also played a videotape from Aug. 24, 2005 after Vigil picked Nelson up at the Albuquerque airport. Nelson offers Vigil an envelope and tells him it contains $5,000.

"That's too much," said Vigil, who then told Nelson to give him $2,000.

"I want you to write some checks to people," Vigil said.

The videos and tape-recorded telephone conversations _ some of them also were played for the jury _ are among the government's strongest evidence against Vigil.

Jurors donned headphones to listen while the evidence was played and the courtroom became still and silent during the parts of the video that depicted the cash handovers.

Jason Bowles, one of Vigil's attorneys, argued Monday against playing the tape recordings, saying it would violate Vigil's right to confront his accusers.

"I think everyone would agree this is a fairly unprecedented move by a state prosecuting authority in the middle of a federal case," Bowles said.

U.S. District Judge James Browning formally rejected the defense effort Tuesday. He had said Monday that Vigil's lawyers had the opportunity to cross-examine Nelson during the first trial.

FBI Agent Marcus McCaskill continued his testimony Tuesday.

He described to jurors on Monday how investigators served a search warrant at the state treasurer's office last September and seized many of the papers that now serve as foundational government evidence.

In December 2003, Secret Service agents investigated Leo Sandoval, a former treasurer's office employee who has been identified as a bagman in the alleged kickback scheme and is cooperating with prosecutors. The Secret Service investigation focused on counterfeiting money, birth certificates and driver's licenses.

At that time, Sandoval gave investigators binders that included information about the state's investment practices for flexible repurchase agreements _ documents that led to charges against Vigil.

Sandoval eventually received immunity from prosecution in the counterfeiting case in exchange for his agreement to testify against Vigil.

McCaskill said that he asked Sandoval if any of the documents or signatures linked to the Vigil investigations had been forged. The FBI agent said Sandoval told him there were none.

McCaskill also said that Vigil approved $2.5 billion in flexible repurchase agreements during his term as treasurer from 2003-2005, leading to $1.8 million in fees for Nelson and other investment advisers.

McCaskill also said Vigil, as deputy treasurer under Michael Montoya, fired Nelson in November 2000 after questions came up about Nelson's qualifications. Yet during the next six months, Nelson continued to receive work and earned $1.16 million in commissions.

"Did all of these transactions occur after Mr. Vigil signed a letter to Kent Nelson, telling him he was terminated?" Assistant U.S. Attorney Jonathon Gerson asked.

"They did," McCaskill said.

Younger Brother Testifies In Gotti Trial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 13, 2006

John A. Gotti's younger brother took the witness stand Tuesday in Manhattan federal court and said he never collected any extortion cash or passed any messages to others on behalf of his sibling.

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Peter Gotti said that, despite a testy relationship over the years with his brother, known by the sobriquet "Junior," he still kept in touch in the late 1990s and early part of this decade while John, 42, was under house arrest and later serving a federal prison sentence.

Peter Gotti testified as a defense witness in the trial of his brother, who is accused of various acts of racketeering while serving as a key captain in the Gambino crime family. Federal prosecutors claim John Gotti took part in the 1992 assault on radio talk show personality and Guardian Angels founder Curtis Sliwa. Prosecutors also have accused John "Junior" Gotti, the son of the late Gambino crime boss, with money laundering and other offenses. Summations could begin Thursday.

As a defense witness, Peter Gotti said he never collected, nor was he asked to collect, extortion money from Michael "Mickey Scars" DiLeonardo, a former Gambino member who turned government witness and testified earlier at the trial.

Even under cross examination by assistant U.S. attorney Victor Hou, Peter Gotti denied ever collecting money on his brother's behalf. Hou then led Peter Gotti through a series of financial deals he had done in the past in which his brother invested in some of his businesses, a number of which were defunct. In some cases his brother didn't collect on the loans, was paid back or took a small loss in the investments, Peter Gotti said.

Hou brought up a real estate deal in South Carolina, in which Peter Gotti admitted he sought to get an overdue payment from the buyer. But Peter Gotti insisted it wasn't a cash deal and that he had appeared with attorneys to work out the late payments.

Hou then brought up a taped conversation Peter Gotti had with his brother at Ray Brook federal prison in upstate New York talking about the Colombo crime family infighting of the 1990s. Hou was apparently using the conversation to cast doubt on Peter Gotti's claim that he never talked about mob business. But Peter Gotti pointed out that the conversation centered on a column that had appeared on the Web site Ganglandnews.com. Peter Gotti also denied passing messages for his brother beyond "social messages."

The defense is trying to show that John Gotti turned his back on mob life in 1999, a date that is outside the statute of limitations.

Jury Hears Jr.'s Hip-hop Hopes (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 13, 2006

Rappers like Irv Gotti or Yo Gotti may have taken the name - but Junior Gotti apparently had his own hip-hop dream.

The mob scion invested $20,000 into a failed hip-hop magazine that would have targeted prisoners by dispensing free legal advice beside photos of rapper babes.

But the Hottie Publishing venture never took off and Gotti ended up losing his dough, Gotti pal Steve Dobies told jurors yesterday at Gotti's racketeering trial in Manhattan Federal Court.

"Not too good," Dobies said when Gotti attorney Charles Carnesi asked him how it did.

For photos, the magazine would feature female hip-hop stars. And Gotti was counting on help from someone named Jamal in New York City who supposedly knew all the top names in the rap world.

"He knows Lil' Kim, too?" Gotti asked Dobies in a March 2003 prison chat intercepted by the feds and played for jurors yesterday.

Gotti even thought about roping big sister Victoria into the idea. But she wasn't biting.

"Vicki's idea about this thing is that your perspective on this is totally wrong," Gotti's attorney Richard Rehbock warns him. "It's not gonna sell."

Gotti was unconvinced, and on the tapes encourages Dobies to seize control of the magazine from Stephanie, the wife of a fellow inmate who first pitched him the idea while both were at a federal prison in upstate Ray Brook.

"He felt we could do a better job," Dobies said.

"I feel it has a lot of potential if it's done right," Gotti says on the tape. "I still feel that way. The kid [Jamal] I sent home knows all these people. He's in with all these rappers. He feels it. He loves it. I mean I don't think that she's the person for it. That's the problem."

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Dobies told Gotti that he was having trouble getting in touch with Stephanie to discuss moving the business from Binghamton to the city.

"We're gonna hold her to it," Gotti said. "We'll do it someplace else with somebody else."

Dobies was called by defense attorneys to counter prosecution claims that he regularly visited Gotti at the federal prison so he could relay Mafia messages back to the street. Gotti was serving a nearly six-year prison hitch after pleading guilty in 1999 to racketeering charges and renouncing his ties to the mob.

Also yesterday, Gotti's brother Peter took the witness stand and denied ever picking up $50,000 in mob money from former Gambino capo Michael (Mikey Scars) DiLeonardo, as DiLeonardo testified last week.

"[John A. (Junior) Gotti] wouldn't allow me to do anything for him," Peter Gotti said.

"You're here today," prosecutor Victor Hou pointed out.

"Absolutely. It's the right thing to do," Gotti replied.

Valley News Briefs (AR)

The Arizona Republic, September 13, 2006

Man admits guilt in fraud

against Native Americans

CHANDLER - The former president of a private bank in Arizona has pleaded guilty in a Ponzi scheme that cost Native American depositors millions of dollars.

Edward James Driving Hawk Sr., 71, of Chandler, admitted mail and wire fraud in a conspiracy with others through a company known as U.S. Reservation Bank and Trust, according to the U.S. Attorney's Office.

Prosecutors said the entity was an investment business that falsely touted itself as a bank "owned and managed by Indians for Indians."

An indictment says the company raised as much as $67 million in unsecured investments, and Driving Hawk diverted an estimated $4 million to himself and his family during the two years of operation.

Driving Hawk's son, Leo Driving Hawk Sr., a former sergeant with the Maricopa County Sheriff's Office, previously pleaded guilty to misprision of a felony and agreed to cooperate with investigators.

Edward, who made his guilty plea Wednesday in U.S. District Court, faces up to five years in prison and a maximum fine of $250,000.

Several co-defendants are awaiting trial.

2 killed by gunfire after altercation at gas station

PHOENIX - A teenager and a man were shot to death early Saturday after arguing with two men at a gas station near 67th Avenue and Indian School Road.

According to Phoenix police, the victims, ages 17 and 19, were at a gas station in the 6700 block of West Indian School Road about 2:15 a.m. when they were approached by two men with shaved heads.

After a brief altercation between the four, one man pulled out a gun, shot the victims, and fled with his companion, police said.

State's voter registration

is more than 2.5 million

PHOENIX - More than 2.5 million registered voters in Arizona are eligible to go to the polls in Tuesday's primary election, according to the Secretary of State's Office.

Secretary of State Jan Brewer said Friday that voter registration was 2,533,308, an increase of 93,164 voters since the September 2004 primary.

Statistics show that there are 1,003,977 registered Republicans in Arizona, 847,490 registered Democrats, 16,529 registered Libertarians and 665,312 voters registered as Independents or members of unrecognized parties.

3 who died in Prescott

plane crash identified

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PRESCOTT - A Prescott woman, her grandson and a Chino Valley man have been identified as the three people who died in the crash of a small plane near the airport here on Sept. 2.

Sandra Rogers, 66, was piloting the twin-engine Cessna 337 when it went down shortly after takeoff from the Ernest A. Love Field, also known as Prescott Municipal Airport.

Also killed was her grandson, Justin James Clement, 14, of Prescott, and Gerald Wayne Lands, 59, of Chino Valley, according to the Maricopa and Yavapai County Medical Examiner's Offices.

The plane, registered to William Goudreault of Lake Havasu City, hit power lines about a half-mile off the runway. It exploded and burned on impact.

The National Transportation Safety Board is investigating the crash.

2 more marauding bears

killed near Sierra Vista

SIERRA VISTA - Two more marauding black bears have been killed in canyons near Sierra Vista, bringing to four the number killed in the area in the past two weeks.

The latest bear death came Thursday, when it was shot by a Ramsey Canyon homeowner after it damaged the roof of a small SUV and the roof of a home, Arizona Game and Fish Department officials said.

A day earlier, a Forest Service employee shot and killed a bear that had ransacked his motor home in Carr Canyon. The employee reported that the bear charged him and some colleagues after they tried to drive it off by shooting at it and spraying it with a fire extinguisher.

Both shootings met Fish and Game guidelines for killing nuisance bears that pose a threat to humans.

Officials said that a reduced food supply is forcing the animals to look for other sources of food.

Chandler Man Pleads Guilty In Phony Indian Bank Ponzi Scheme (AP)

AP, September 13, 2006

PHOENIX A Chandler man, one of six indicted in connection with a phony bank Ponzi scheme has pleaded guilty to conspiracy to commit mail and wire fraud.The U-S Attorney's office says 71-year-old Edward James Driving Hawk entered the plea in federal court in Phoenix yesterday.He faces up to five years in prison and a 250-thousand dollar fine when he's sentenced November 13th.According to the February indictment, Driving Hawk and others recruited investors to make deposits of more than one (m) million dollars in the phony "bank" with promises of high returns.Prosecutors say Driving Hawk and others took money directly from the investments, with Driving Hawk receiving 35-thousand dollars a month during the scheme.

1,100 In Naples Victims Of Medicare Fraud (NAPNEWS)

By Liz Freeman

Naples (FL) Daily News, September 13, 2006

Federal charges say pair stole Cleveland Clinic patient records

A Naples man and his cousin who worked at Cleveland Clinic in Weston were indicted Friday on charges they stole personal information of more than 1,100 patients from the former Cleveland Clinic in Naples, according to the U.S. Attorney's Office in Miami.

Cleveland Clinic officials on Friday sent letters to the potentially affected Naples patients alerting them to the theft and to provide them with resources to help protect their demographic and financial information from risk, said Eileen Sheil, spokeswoman for Cleveland Clinic at its parent location in Cleveland, Ohio.

A toll-free number — 1-866-907-0675 — has been established for patients.

Fernando Ferrer Jr., 29, of Naples, registered as an owner of Advanced Medical Claims Inc. in Naples, and Isis Machado, 22, of Miami Lakes, were indicted on charges they stole patient information for fraudulent purposes. A current address for Advanced Medical Claims was not available Friday.

According to the indictment, Machado worked as a front desk coordinator at the Weston campus from May 23, 2005, to June 26, 2006, where she had authorized access to Cleveland Clinic's computers, which are integrated with the computers at

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the former Cleveland Clinic in Naples. She was told by Ferrer she had an "opportunity" to sell personal identification of patients and he would pay her for the information, according to the indictment.

Sometime during the course of Machado's employment at the Weston campus, she accessed computerized patient files and downloaded and printed information from more than 1,100 patients, including their names, dates of birth, Social Security numbers, Medicare numbers and home addresses, according to the indictment. All the data accessed were of Naples patients, Sheil said.

Machado then sold the information to Ferrer, who used the stolen information in connection with the submission of about $2.8 million in false claims to Medicare, according to the indictment.

The pair could face 30 years in prison and more than $1 million in fines if convicted as charged. The case is being handled by the U.S. Attorney's Office in Miami.

According to Sheil, of Cleveland Clinic, Machado was caught on June 26 for inappropriately accessing patient information and authorities immediately were notified. She had worked in the scheduling department.

"I believe it was another employee who noticed it and reported it to leadership (in Weston) and leadership turned around and contacted state and federal authorities," Sheil said. "We believe it was an isolated incident. This was one employee's action. There were not any other people involved."

The 83-bed hospital and outpatient medical center in Naples was sold to Naples-based Health Management Associates this past May 1 and a new computer system was installed, said John Merriwether, vice president of financial relations for HMA. The hospital was renamed Physicians Regional Medical Center.

"We put our own system in place," he said. "There was no access to the HMA system."

Sheil said the employee was caught on June 26 but had accessed the patient information before HMA took over the Naples hospital and clinic.

"Cleveland Clinic Florida promptly notified state and federal authorities of this problem and over the past two months, federal law enforcement officials have conducted an intensive and confidential investigation of this matter," Cleveland Clinic officials announced. "The Cleveland Clinic Florida has cooperated fully in this investigation and is also conducting an internal risk assessment to prevent such an event from happening again. ...Cleveland Clinic deeply regrets this incident as patients and visitors place their trust in our employees and staff."

Geoffrey Moebius, chief executive officer of Physicians Regional, said the theft was all of Cleveland Clinic data, not Physicians Regional data.

"At this time, we would like to assure our patients that protecting their privacy is of our highest concern, and this incident did not in any way compromise the current systems in place for Physicians Regional Medical Center and the physician practice, Medical Surgical Specialists," according to a statement from Physicians Regional.

The Associated Press contributed to this report.

Two Are Charged In Patients' ID Theft (MH)

By John Dorschner

The Miami Herald, September 13, 2006

Two charged for stealing patients' data

Federal officials struck a blow Friday at a key but often hidden link in most healthcare fraud -- the person who provides the personal data that phony providers need to bilk insurance companies.

In an afternoon press conference, U.S. Attorney R. Alexander Acosta announced eight charges against Isis Machado of Miami Lakes, who spent a year as a front desk coordinator at Cleveland Clinic's office in Weston.

Machado, 22, was accused of downloading the computerized personal information of more than 1,100 patients and then selling the data to a cousin, Fernando Ferrer Jr., 29, of Naples, the owner of Advanced Medical Claims of Naples, which is alleged to have used the names to send in $2.8 million in phony claims to Medicare.

Many arrests by state and federal agents involve clinics and medical supply companies, but frequently the suppliers of the personal information are not known.

The Cleveland Clinic case was only the third nationwide in which persons have been charged criminally for violating federal healthcare privacy laws.

Many Medicare recipients discover their names and identity numbers have been used to bilk the federal insurance for the elderly, but never learn how their information was stolen.

"We all wonder," said Marielene McGregor, a Miami Springs senior whose name was used to cheat Medicare out of $10,000 in the name of clinics apparently unrelated to Machado or Ferrer. ``I'm very interested -- where the heck did they get the information? It's really scandalous."

Law enforcement officials say the identity thieves can be virtually anyone connected with the healthcare system -- including nurses, billing clerks, hospital janitors who take a peek at records late at night or ambulance attendants who transport a patient (and the patient's records).

Machado had access to Cleveland Clinic's computers as part of her receptionist duties from May 2005 through June. She and Ferrer were charged with conspiracy to commit computer fraud, conspiracy to commit identity theft, conspiracy to wrongfully disclose patients' healthcare information and aggravated identity theft.

The first three charges could lead to a prison sentence of up to 10 years and a $250,000 fine, but the toughest penalties could come from five counts of aggravated identity theft, each of which carries a mandatory two-year sentence in addition to other charges -- tough measures meant to make identity as punishable as serious drug smuggling.

"We expect healthcare employees to keep our personal information confidential and secure," said Jonathan I. Soloman, special agent in charge of the Miami office of the FBI. ``Criminals who commit healthcare fraud steal from all of us as U.S. taxpayers and, in the end, make medical care more expensive for all of us."

Cousins Face ID Theft And Fraud Charges For Stealing Medical Records In Florida (FLSUNSEN)

By Madeline Baro Diaz, Miami Bureau

South Florida Sun-Sentinel, September 13, 2006

Combining an "unwholesome criminal trilogy" of identity theft, medical privacy violations and health-care fraud, two cousins stole the personal information of more than 1,100 Cleveland Clinic patients and billed more than $2.8 million in Medicare charges, federal prosecutors said Friday.

Isis Machado, a coordinator at the Weston clinic, printed out information from electronic files that included Social Security numbers, dates of birth, addresses and other details about Medicare patients at the clinic's Naples location, prosecutors said.

She then sold the information to her cousin, Fernando Ferrer Jr., owner of Advanced Medical Claims in Naples, who let the information be used to file fraudulent Medicare claims, prosecutors said.

Both were indicted earlier this week in Fort Lauderdale on charges of conspiracy to commit computer fraud, conspiracy to commit identity theft and conspiracy to wrongfully disclose individually identifiable health information.

They are also charged with fraud in connection with computers and violations related to the Health Insurance Portability and Accountability Act, or HIPAA, which forbids the unauthorized release of private patient information.

"Medical files have some of our most private information," said U.S. Attorney R. Alexander Acosta. "Each of us rightly trusts that our health-care providers will keep them confidential."

In June, another Weston employee alerted clinic officials to the scheme, which prosecutors say began sometime after Machado began working there in May 2005.

The officials contacted law enforcement, fired Machado and cooperated with the investigation, said Cleveland Clinic spokeswoman Eileen Sheil. Health Management Associates bought the Naples clinic in May, but the facility was still in a transition period in June when officials learned of the identity theft allegations.

"The Cleveland Clinic Florida ... is also conducting an internal risk assessment to prevent such an event from happening again," clinic officials stated Friday.

On Friday, the Cleveland Clinic sent letters to patients who might have been affected. It also set up a hotline, 1-866-907-0675, for patients with questions or concerns.

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Machado, 22, and Ferrer, 29, had their initial appearances in federal court Friday and were released on bond, prosecutors said. If convicted, Machado and Ferrer could be sentenced to 10 years in prison and fined $250,000 on the most serious of the charges. They could not be reached for comment Friday.

The indictment of Machado and Ferrer is the first HIPAA prosecution in the Southern District of Florida and the third in the nation. Acosta said he expects more prosecutions under the act as more patients' records become available electronically.

Acosta said patients can help combat health-related identity theft by checking their health care statements carefully.

"Patients need to be very vigilant," he said. "If there are charges that should not appear, if there are charges that are fraudulent, then the patient needs to call Medicare or Medicaid or a health-care provider that is trusted to ensure that the billings are accurate and not the result of fraud."

Cousins Accused Of Medicare Fraud (LAKELED)

Lakeland Ledger, September 13, 2006

MIAMI -- Two cousins face federal charges of identity theft and fraud for allegedly stealing personal information from more than 1,100 patients at a suburban hospital and using it to submit $2.8 million in false claims to Medicare.

Fernando Ferrer Jr., 29, of Naples, and 22-year-old Isis Machado of Miami Lakes were charged in an eight-count grand jury indictment with illegally accessing patient information files at Cleveland Clinic in Weston, prosecutors said Friday.

Machado, who was a front desk coordinator at the hospital from May 2005 to June 2006, downloaded the files and then sold them to Ferrer, who then made the false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, according to the indictment.

Ferrer and Machado each face up to 30 years in prison and thousands of dollars in fines if convicted. After their arrests, Ferrer made an initial court appearance Friday in Naples and Machado in Fort Lauderdale, but it was not immediately clear whether they had obtained lawyers to represent them.

Cousins Charged With Stealing Patient Data From Hospital (BRAH)

The Bradenton Herald, September 13, 2006

MIAMI - Two cousins face federal charges of identity theft and fraud for allegedly stealing personal information from more than 1,100 patients at a suburban hospital and using it to submit $2.8 million in false claims to Medicare.

Fernando Ferrer Jr., 29, of Naples, and 22-year-old Isis Machado of Miami Lakes were charged in an eight-count grand jury indictment with illegally accessing patient information files at Cleveland Clinic in Weston, prosecutors said Friday.

Machado, who was a front desk coordinator at the hospital from May 2005 to June 2006, downloaded the files and then sold them to Ferrer, who then made the false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, according to the indictment.

"Today's case is an unwholesome criminal trilogy of medical privacy violations, identity theft and health care fraud," said U.S. Attorney R. Alexander Acosta.

Ferrer and Machado each face up to 30 years in prison and thousands of dollars in fines if convicted. After their arrests, Ferrer made an initial court appearance Friday in Naples and Machado in Fort Lauderdale, but it was not immediately clear whether they had obtained lawyers to represent them.

US Man Pleads Guilty To Copyright Theft (IDG)

By Grant Gross

IDG News Service, September 13, 2006

An Erie, Pennsylvania, man involved in a BitTorrent peer-to-peer network has pleaded guilty to copyright infringement and faces up to five years in prison and a US$250,000 fine, the U.S. Department of Justice (DOJ) said.

Scott R. McCausland, 24, pleaded guilty to one count of conspiracy to commit copyright infringement and one count of criminal copyright infringement in violation of the Family Entertainment Copyright Act, the DOJ announced Tuesday. He's scheduled to be sentenced Dec. 12 in U.S. District Court for the Western District of Pennsylvania.

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McCausland was involved in a BitTorrent peer-to-peer (P-to-P) network previously known as Elite Torrents, the DOJ said. This guilty plea is part of the first U.S. criminal case focusing on a P-to-P network using the BitTorrent technology, the DOJ said.

McCausland's conviction is the third in a series of convictions arising from Operation D-Elite, a federal crackdown against the first providers of pirated works to the Elite Torrents network. At its prime, the Elite Torrents network attracted more than 133,000 members and allowed the illegal distribution of more than 2 million copies of movies, software, music and games, the DOJ said.

U.S. federal agents shut down the Elite Torrents network on May 25, 2005, seizing its main server and replacing its log-in Web page with the notice: "This site has been permanently shut down by the FBI and U.S. Immigration and Customs Enforcement." Within the first week, the message was viewed more than a half a million times.

The Elite Torrents P-to-P network offered a virtually unlimited content selection, including illegal copies of copyright works before their availability in retail stores or movie theaters, the DOJ said. For example, the network made available the final entry in the Star Wars series, "Episode III: Revenge of the Sith," more than six hours before it was first shown in theaters. In the next 24 hours, it was downloaded from the Elite Torrents network more than 10,000 times, the DOJ said.

Street Sweep Scoops Up 18th St. Gang (LAT)

By Richard Winton

The Los Angeles Times, September 13, 2006

Federal prosecutors indicted 18 members of the 18th Street gang, including one imprisoned leader of the Mexican Mafia, on racketeering, conspiracy and narcotics charges for a scheme where they allegedly would sell streets in the Wilshire, Koreatown and Pico Union areas to drug dealers for weekly and monthly fees.

The criminal organization, prosecutors allege, was run by Ruben "Night Owl" Castro, a Mexican Mafia boss and leader of the 18th Street gang, from his federal prison cell with the help of his girlfriend. In 1997, Castro was convicted in the first federal Racketeering Influenced and Corrupt Organizations Act (RICO) case against a gang.

In a sweep across Southern California this morning, federal and local law enforcement personnel arrested 10 members of two powerful cliques within the 18th Street gang known as the Hoover Locos and the Shatto Park Locos. Prosecutors allege that the 18th Street cliques in those areas answered to Castro and its shot callers collected so-called "tax" or "rent" from drug dealers for the right to sell narcotics on a street with a guarantee of protection from the 18th Street gang enforcers.

"It is a form of old-fashioned organized crime. Drug dealers would buy a street, say a section of Alvarado from 3rd to 4th street," said Bruce Riordan, assistant U.S. attorney.

Castro was housed in a Colorado federal prison during the time he allegedly oversaw the organization dubbed the "Ruben Castro organization" by prosecutors. Authorities admitted that even one of the toughest prison systems did not stop Castro from operating his criminal business. "No matter what we do, some people intent on committing crimes will do it," said George S. Cardona, chief assistant U.S. attorney.

In a 71-page indicted unsealed today, prosecutors allege that the gang operated a criminal enterprise with Castro through his girlfriend Jesusita Ramirez, 62, giving orders to so-called shot callers (gang leaders) who collected thousands of dollars weekly from drug dealers. Failure to pay the gang cliques resulted in fines, hiked rates and ultimately acts of violence, prosecutors alleged.

The leaders of the cliques often lived in the suburbs, such as Ontario, El Monte and Temple City, rather than the streets they plied their criminal enterprise, prosecutors said.

Castro's girlfriend is one of four suspects who remain at large. She is charged with participating in a RICO conspiracy and two narcotics trafficking conspiracies. Her position, Riordan said, reflected a growing phenomenon in the Mexican Mafia with women for the first time moving into positions of decision making.

"The respect grows to a level of authority they participate in more than passing messages," he said.

Also at large are Noe Chavez, "Lil Duster," 23, of Los Angeles; alleged narcotics wholesaler Juana Fuentes, "Mani," 24, of Los Angeles and alleged narcotics wholesaler Edwin Schaad, 41, known as "Chaparro."

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The 10 arrestees included: Mervin Nelson Sanchez, "Chivo," 35, of Ontario, alleged to be a Shatto Place gangster who oversaw the gang's business operations. Araceli Bravo, 33, known as Traviesa," an alleged gang leader for the Hoover clique who ran its operations.

The others arrested were: Michael Pineda, 28, of North Hollywood; Jose Juan Alvarez, 29, of Los Angeles; Efrain Ruiz Torres, 34, of Temple City; Jose Morales Perez, 26, of Los Angeles; Melida Flores, 48 of Palmdale; Juan Manuel Montes, 38, of El Monte; Marlon David Penate, 29, of Los Angeles; and Jorge Sanchez Monroy, 33, of Los Angeles.

Three other men in addition to Castro are imprisoned on prior charges: Elvin Ambrocio, 36, and Ronaldo Cruz, 34, are both serving sentences for illegally reentering the country after being deported as felony illegal immigrants while Luis Castro, 42, is in state prison after being convicted of receiving stolen property.

Ruben Castro, Ramirez, Sanchez Ambrocio, Bravo, Pineda, Cruz, Alvarez, Chavez, Torres and Perez face life without parole if convicted on the racketeering charges.

Missouri: Judge Voids Execution Procedure (NYT)

By Monica Davey

The New York Times, September 13, 2006

A judge ruled that the state's newest protocol for execution by lethal injection is an improvement, but still falls short of providing constitutional protections. Ordering the state to revise its rules again, the judge, Fernando J. Gaitan Jr. of Federal District Court, said that a doctor who had long mixed the drugs used in executions should no longer "participate in any manner, at any level, in the State of Missouri's lethal injection process." The doctor, identified in court documents only as John Doe I, had acknowledged sometimes giving inmates smaller amounts of anesthesia than the state had said was its policy.

CIVIL LAW:

Smokers Seek $200 Billion From Tobacco Companies Over Low-Tar Cigarettes (LAW/AP)

By Tom Hays, The Associated Press

AP, September 13, 2006

Lawyers for smokers of light cigarettes have asked a federal judge to grant class action status to a lawsuit against major tobacco companies, allowing tens of millions of people nationwide to seek as much as $200 billion in damages.

In the lawsuit, filed in 2004, the smokers accused Altria Group Inc.'s Philip Morris USA Inc., R.J. Reynolds Tobacco Co., which is now part of Reynolds American Inc., based in Winston-Salem, N.C., and other defendants of deceiving them for more than 30 years by claiming low-tar cigarettes were less harmful than regular cigarettes. The manufacturers, they allege, knew the health risks were about the same.

U.S. District Judge Jack Weinstein was scheduled to hear arguments Tuesday in Brooklyn.

As a class, light cigarette smokers would be entitled to between $120 billion and $200 billion in refunds for a deceptive product, plaintiffs attorney Michael D. Hausfeld said Tuesday.

"They paid for a cigarette that was supposed to pose less of a health risk," he said. "They got one that was as risky, if not more risky."

The tobacco companies "continue to believe that the class should not be certified," said R.J. Reynolds spokesman David Howard. "Class certification is not appropriate when you're talking about individual smokers and health claims."

Aside from the class action issue, the judge also has asked lawyers whether the recent findings of another federal judge should apply to the case.

A ruling in August by U.S. District Judge Gladys Kessler in Washington, D.C., found that tobacco companies misled smokers by labeling cigarettes "low tar," "light," "ultra light" or "mild."

The defendants "distorted the truth about low tar and light cigarettes so as to discourage smokers from quitting" and to preserve revenue, Kessler wrote. "They suppressed research. They destroyed documents. They manipulated the use of nicotine so as to increase and perpetuate addiction."

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Though Kessler's decision did not penalize the manufacturers financially, it still "affirmed the accuracy" of the accusations in the light cigarette case and "exposed the companies to a several billion-dollar claim," said Paul Gallagher, another plaintiffs attorney.

Court papers filed by tobacco company lawyers have argued that adopting Kessler's findings as fact and having a jury simply determine damages "would be fundamentally unfair." The Washington decision, the papers said, was inconsistent with other cases in which juries rejected the same allegations about light cigarettes.

Defense attorneys also argued that applying the earlier ruling "makes no sense" since "it certainly will be appealed."

The light cigarette case was one of several filed during the past decade in Brooklyn, some under civil provisions of the Racketeer Influenced and Corrupt Organizations Act. All the Brooklyn tobacco cases have been assigned to Weinstein, whose has previously devised far-reaching settlements for asbestos and Agent Orange litigation.

CIVIL RIGHTS:

Judge Adds Extra Prison Time In 19 Smuggling Deaths (FINDLAW/AP)

AP, September 13, 2006

(AP) - HOUSTON-A judge sentenced three people convicted in America's deadliest human smuggling attempt, exceeding the maximum recommended prison term in two of the cases.

U.S. District Judge Vanessa Gilmore sent Emma Sapata Rodriguez to prison for 15 years Monday for her part in trying to smuggle more than 70 immigrants inside a stifling trailer in 2003. The truck trailer was abandoned about 100 miles (160 kilometers) southwest of Houston and nineteen of the immigrants died.

Rosa Sarrata Gonzalez, who was convicted partly by the testimony of her two sons, received the recommended maximum sentence of 12 years and seven months. She smuggled one person into the trailer.

Sapata and Sarrata were convicted along with Victor Sanchez Rodriguez of conspiracy to harbor and transport illegal immigrants. In addition to the conspiracy charge, the jury found Sarrata guilty of one count of harboring and Sapata guilty of eight counts of harboring and six counts of transporting. Sanchez was convicted of eight counts of harboring and nine counts of transporting.

Sapata's prison term exceeds federal sentencing guidelines by three years and seven months. Her husband, Sanchez, was sentenced Monday to 23 years and four months in prison. The sentence is three years and four months longer than the maximum recommended penalty.

His attorney said the sentences "makes no sense" and is appealing. The U.S. Supreme Court has ruled that judges are not bound by federal sentencing guidelines.

Gilmore explained the extra prison time by citing the horrific nature of the crime.

The couple smuggled eight people into the trailer, three of whom died, including a 5-year-old boy and his father.

So far, seven people have been sentenced to prison in the case, including the couple's son, Victor Jesus Rodriguez, whom Gilmore sent to prison for 20 years and seven months in July.

The leader of the smuggling ring, Karla Patricia Chavez Joya, received a 17-year, five-month prison term in May.

They are among 14 people indicted for trying to smuggle more than 70 immigrants inside a stifling trailer. During the trials, survivors testified that they screamed and clawed at the trailer's walls as the temperatures sweltered.

The second trial of the truck driver, Tyrone Williams, is scheduled to begin next month. A jury could not agree on a verdict last year. Prosecutors are seeking the death penalty.

'Justice Can't Just Forget' Long-ago Racial Killings (AJC)

By Bob Kemper, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 13, 2006

The letter landed on Chip Burrus' desk about 18 months ago.

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Two black couples, George and Mae Dorsey and Roger and Dorothy Malcom, had been brutally killed by a white mob in Georgia, it said. And the details astonished the FBI's assistant director, even 60 years after the crime was committed.

"I'd never heard of this [case] before, and I kind of fancy myself a student of the South," said Burrus, who had just taken over as assistant director of the FBI's criminal investigative division when the letter arrived. "You sort of start asking yourself, 'How many more of these are out there?' "

After ordering all of the FBI's field offices to comb their files and revisit people and groups who may have information about unsolved slayings from the civil rights era, Burrus had his answer: There are at least 35 to 50 such cases across the country, predominantly in the South.

But can these cold cases from 40, 50 or 60 years ago be solved?

"We won't have the ability to bring closure to a lot of them, probably," Burrus said. But "you just can't forget. Justice can't just forget. Even though they're 50 years old, it still doesn't mean we shouldn't take a look at them and use whatever laws we can to try to address it."

Congress is weighing whether to create special cold-case units at the Justice Department and FBI that, with a $5 million annual budget, would focus exclusively on unsolved killings from the civil rights era. But Congress has come late to the movement. Federal and state authorities already are reopening those cold cases in Georgia, Mississippi, Florida, Alabama and elsewhere.

This new urgency over unsolved killings from one of America's most violent eras was ignited in part by a series of successful prosecutions of civil rights murder cases in recent years and the fear among victims' families and law enforcement agencies that suspects and witnesses, now in their 70s and 80s, may not live much longer.

Further fueling the movement to close cold cases is the growing clout of black elected officials in the South, the appearance of a new generation of Southern prosecutors eager to put that racially explosive era behind them and the need of aging witnesses and perpetrators to clear their consciences before they die, according to civil rights groups and police.

Nationwide, 29 civil rights era killings have been reinvestigated since 1989, resulting in 27 arrests and 21 convictions, according to the Southern Poverty Law Center, a nonprofit organization in Mongtomery, Ala., whose missions include monitoring hate groups and providing legal expertise in civil rights cases. Twenty-two of those cases were in the South.

The latest breakthrough was in Florida in August. After reopening the 1951 firebombing murders of Harry and Harriette Moore for the fourth time, state investigators found new evidence — a suspect's deathbed confession that had been lost from the investigative file — and charged four white men with the Christmas Day slayings. All four were dead by the time the case was closed.

In Alabama on Aug. 29, Dallas County prosecutor Michael Jackson — the state's first African-American district attorney — announced he was launching an investigation into the 1965 death of civil rights worker Jimmy Lee Jackson, who was shot by a state trooper. State investigators and the FBI are expected to assist.

James Bonard Fowler — the trooper who shot Jackson and publicly acknowledged his role for the first time in a 2005 interview in the magazine of the Christian social justice group Sojourners — said it was self-defense. Other witnesses dispute that.

"These are events that help the South remember and face itself. These are things that most white Southerners didn't want to believe about themselves," said Mark Potok of the Southern Poverty Law Center.

Susan Glisson, director of the Institute for Racial Reconciliation at the University of Mississippi, said there is a downside to reopening old national wounds.

"People justifiably are worried that raising issues that are painful or controversial could at times set things back," Glisson said. Still, she said, that shouldn't deter investigators and prosecutors from pursuing the cold cases.

"At least beginning to have an honest appraisal of the past, at least beginning to tell the truth, outweighs the pain that it causes," Glisson said.

The only Georgia case on the FBI's list is what is known as the Moore's Ford Bridge lynching — the slayings described in the letter that landed on Burrus' desk.

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In July 1946, the Malcoms and Dorseys, who were related, were taken to Moore's Ford Bridge along the banks of the Apalachee River in Walton County, lined up and shot hundreds of times.

Dozens of people may have seen or participated in the lynchings, but no one was arrested.

Authorities believe the lynching was in retaliation for a fight Roger Malcom had with Barney and Bob Hester, who were white, on the Hester farm 10 days before the murders. Barney Hester was stabbed during the melee and Roger Malcom went to jail screaming, "I ain't gonna get out of this! They gonna kill me."

Malcom was released from jail the day before the shootings.

Burrus declined to discuss the Moore's Ford investigation beyond saying, "We're kind of at a crucial point right now."

He said other Georgia cases could be examined: "I think there's going to be several down there we're going to be taking a second look at."

Bobby Howard of Social Circle has been the custodian of the story of the Moore's Ford case since 1968, when a local mortician, Dan Young, showed him pictures of the victims' bodies and gave him two lists — one of alleged white participants and one of blacks who reportedly knew about it.

Howard said he used to be wary of Georgia investigators and FBI agents interested in re-examining the killings after ignoring them for 60 years. But with the FBI's newly organized effort to close such cases, Howard said he believes a breakthrough in the Moore's Ford case may not be far off.

"I'm really excited about it right now. I've never felt this way about it before," he said. "With the stuff that's been happening I believe they really are serious."

In a series of trials since 1994 — a round of prosecutions writer David Halberstam once called "a lot of little Nurembergs" — authorities sent to prison men responsible for some of the most infamous murders from that era: the 1963 bombing of the Sixteenth Street Baptist Church in Birmingham, Ala., that killed four young girls; the 1963 assassination of civil rights activist Medgar Evers, who was gunned down in front of his children; and the 1964 murders of three civil rights workers who disappeared near Philadelphia, Miss., while investigating the burning of a black church.

Several of those convicted while in their 70s, 80s and 90s have died in prison.

Most of the remaining unsolved cases involve victims known to few people beyond their families and communities, with the exception of the slaying of Emmett Till. The black teenager from Chicago was visiting relatives in Mississippi in 1955 when he was tortured and killed, supposedly for whistling at a white woman. The boy's mother held an open-casket funeral, and a widely reprinted photo of Till's disfigured face let the world see what was happening in the South.

In 1955, an all-white jury acquitted two white men, Roy Bryant and J.W. Milam, in the case. But they later confessed to the killing in a Look magazine interview. Both have since died. The case helped galvanize the civil rights movement.

Federal attorneys and the FBI announced in 2004 they would reopen the case. In March, they said they would not file charges because the five-year statute of limitations on federal civil rights violations had expired.

Even without the added pressure of a national spotlight like the Till case, police are finding that lesser-known cases can be problematic to revive, let alone solve. Memories have faded over the decades, and circumstances surrounding the old cases sometimes make it difficult for authorities to determine whether a murder even occurred, or whether there were civil rights violations that would allow the federal government to intervene.

Yet having so much time pass between the crimes and the new investigations does mean that once-terrified witnesses and relatives of suspects are increasingly willing to reveal what they know.

And that, said Mark Vukelich, head of the FBI's civil rights division, is a bigger asset to investigators than all of the new technologies they are applying to the cases.

"The thing that works to our advantage is the fact that attitudes change," Vukelich said. "I think it's a bigger ally than the forensic aspect."

9th Circuit Finds Racial Motives In Juror Dismissals (LAW)

By Matthew Hirsch, The Recorder

California Recorder, September 13, 2006

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Almost 12 years after the fact, the 9th U.S. Circuit Court of Appeals shot down a Humboldt County, Calif., prosecutor's decision to yank three American Indian jurors and one Asian juror from an infamous murder trial, finding all were singled out on the basis of race.

The court, in a narrow 6-5 majority ruling, swept aside a series of earlier decisions in state and federal courts that upheld the jurors' exclusion in the trial of Richard Kesser. In 1995, Kesser was convicted and sentenced to life without parole for hiring a hit man to kill his ex-wife.

Though the prosecutor's handling of jury selection had been unsuccessfully appealed up to the California Supreme Court, the 9th Circuit gave it a closer examination under the Batson and Wheeler standards. The lower courts had accepted the prosecutor's nonracial explanations, but the 9th Circuit judges said those excuses fell flat when compared to the full record of the jury selection process.

"The racial animus behind the prosecutor's strikes is clear," wrote Judge Jay Bybee, who authored the majority opinion in Kesser v. Cambra, 06 C.D.O.S. 8481 .

In his opinion, Bybee reprinted at length prosecutor Worth Dikeman Jr.'s notes, without citing Dikeman by name.

There, Dikeman described one juror as a "darker skinned" "[N]ative American female." Noting that the juror worked for a local tribe, Dikeman indicated he wanted to keep such people off the jury because "they are sometimes resistive of the criminal justice system generally and somewhat suspicious of the system."

Dikeman's notes also included race-neutral reasons for excluding the American Indian jurors. Among those was the prosecutor's observation that one juror appeared "somewhat unstable [and] fairly weak."

Upon earlier review, the 1st District Court of Appeal concluded that those reasons were not "sham excuses" and upheld the jurors' exclusion.

Bybee and the 9th Circuit majority disagreed. Dikeman's "ostensibly 'race-neutral' reasons show themselves to be only a veneer, a pleasing moss having no depth," Bybee wrote.

Bybee criticized the state appeal court for letting Dikeman's jury strikes stand. Not only did the court fail to review the record to find obvious contradictions in Dikeman's reasoning, it erred in finding any "sincere, permissible motives," Bybee said.

There were two concurring opinions, authored by Judges Kim Wardlaw and Marsha Berzon. The dissent, authored by Judge Pamela Rymer, said the state appellate court's ruling was not an unreasonable application of clearly established federal law.

Reached Monday afternoon, Dikeman said he was "very disappointed in the decision, even though I haven't read it."

Since Kesser's trial, Dikeman said, 19 judges have reviewed his decision to strike the four nonwhite potential jurors. Most controversial was his decision against Debra Ringels, the only one slated to be a member of the panel rather than an alternate.

"I know what I did, and I know what I did not do. And I did not get rid of that juror because she was Native American," Dikeman said of Ringels. "I got rid of her because I thought she would be a bad juror in that case."

Kesser's appellate attorney, William Weiner, said he was "very, very delighted" by the ruling, especially given the moderate-to-conservative group of judges picked to rule on his case.

"When I first got the panel, I was heartbroken to be honest," Weiner said.

An attorney general's spokesman said the state prosecutor has not decided on seeking a writ of certiorari from the U.S. Supreme Court. If the 9th Circuit ruling stands, Kesser will get a new trial.

Lawsuit Challenges Use Of Federal Aid For Bible-Based Counseling (NYT)

By Neela Banerjee

The New York Times, September 13, 2006

A group called Americans United for Separation of Church and State filed suit yesterday to block federal financing for an organization that provides marriage counseling based on the Bible.

The lawsuit is another challenge to the Bush administration's efforts to channel money for social services to religious organizations. While religious groups are not barred from getting public money, such financing can only be used for secular purposes, not "worship, religious instruction or proselytization," according to government guidelines.

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Americans United, a watchdog group based in Washington, D.C., filed the lawsuit in Federal District Court in Tacoma, Wash., on behalf of 13 state residents. They object to federal funds being used to support the Northwest Marriage Institute, which states in its newsletter that it offers "Bible-based premarital and marriage counseling." The institute, in Vancouver, Wash., received $97,750 in federal grants in 2005 from the Department of Health and Human Services.

The lawsuit argued that the institute uses federal funds for religious purposes, including developing materials with religious content, buying equipment for use in religiously based programming and paying part of the salaries of employees who do Bible-based counseling.

"This program trains people in how to make their marriages conform to one narrow interpretation of faith," said the Rev. Barry W. Lynn, executive director of Americans United, in a written statement. "The federal government has no business forcing the taxpayer to subsidize that."

A spokesman for the Health and Human Services Department declined to comment on the suit, saying that the agency generally does not comment on pending lawsuits.

Bob Whiddon Jr., director of the Northwest Marriage Institute, said he had not yet seen the lawsuit.

But he said that the grants were meant to strengthen his organization by paying for consultants to improve its business practices and to buy equipment, not for programs.

"The grants say that I'm allowed to do things that will allow me to increase the capacity of my organization to serve the community," Dr. Whiddon said in a telephone interview. "None of what we do with the money is for religious purposes."

The administration has failed to provide clear guidelines about what federal funds can be used for, said Robert W. Tuttle, a law professor at George Washington University who is an expert on religion-based initiatives.

The government instructs organizations broadly that they are prohibited from using funds for religious purposes. But, he said, it does not answer the seemingly small, yet sometimes critical, questions that could occur in daily practice.

For example, could software or an LCD projector bought with federal money be used for religious purposes? Or is it acceptable to give federal money to improve the management practices of an obviously religious organization like the Northwest Marriage Institute, when those changes would affect both its secular work and religious mission?

"The government studiously avoids clearing up these questions because it doesn't want to discourage people from applying and look hostile to faith groups," Professor Tuttle said. "I honestly don't think it would discourage people. Instead, it would give them a good sense of how to avoid being sued."

ANTITRUST:

Drug Maker Fires Chief Of 5 Years (NYT)

By Stephanie Saul

The New York Times, September 13, 2006

The troubled five-year term of Peter R. Dolan as chief executive of the drug maker Bristol-Myers Squibb ended yesterday when the board dismissed him over the mishandling of a patent dispute involving the company's blockbuster drug, Plavix.

Mr. Dolan, 50, was replaced with an interim chief, James M. Cornelius, a Bristol-Myers director. Mr. Cornelius had recently served as the interim chief executive of the medical device maker Guidant and was a crucial player in its agreement to be acquired earlier this year by Boston Scientific.

Although the Bristol-Myers board said it would mount a search for a permanent chief executive, Mr. Cornelius's interim appointment increased speculation on Wall Street that the company might become an acquisition candidate.

In a conference call with reporters yesterday, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company. But he said the preservation of the Plavix franchise was the company's main objective. Bristol markets Plavix in a partnership with Sanofi-Aventis of France.

Plavix, used by millions of people to fight blood clots, is the company's best-selling drug, with sales in the United States of $3.5 billion last year. "I can tell you that our priority No. 1 is Plavix, Plavix, Plavix, and we intend to vigorously defend our patent rights," Mr. Robinson said yesterday.

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A trial is scheduled for next January over a patent challenge by Apotex, the Canadian generic drug maker with which Bristol-Myers had tried to reach an out-of-court settlement this year. Missteps in those negotiations led to Apotex's undermining Bristol-Myers's Plavix franchise by flooding the market with a cheaper generic version of the drug.

Although a judge subsequently ordered a stop to those shipments, the millions of dollars worth of the generic drug already on the market forced Bristol-Myers to lower its earnings forecast for this year by as much as 25 percent.

Accusations that Bristol-Myers tried to hide details of the negotiations from government antitrust reviewers resulted in a Justice Department investigation that included an F.B.I. search of Mr. Dolan's office in late July.

Mr. Dolan was not available for comment yesterday. Mr. Robinson said that the interim chief, Mr. Cornelius, was well suited to the task because of his extensive experience in health care companies. Besides his role at Guidant, he is a former chief financial officer for the drug maker Eli Lilly & Company, where he worked for 28 years.

Mr. Cornelius, 62, said he was happy to serve as interim chief, but would not be a candidate for the job on a permanent basis.

The board's removal of Mr. Dolan followed a meeting Monday night at the headquarters in Manhattan, convened by Mr. Robinson. With Mr. Dolan absent, a court-appointed overseer recommended that he be fired for his handling of the Plavix negotiations with Apotex.

Yesterday, the company declined to provide details about the objections raised by the overseer, Frederick B. Lacey, a former federal judge. But Bristol-Myers did say that there had been no finding by Mr. Lacey that the company or its employees had broken the law.

And it said that Mr. Lacey did not accuse the company of violating the terms of a deferred prosecution agreement it entered last year with the Justice Department in an unrelated accounting scandal.

Mr. Lacey, who declined yesterday to discuss the matter, is monitoring the company's behavior under the terms of that Justice Department agreement, which the company entered into in the hope of avoiding a criminal indictment. Under such agreements, companies are expected to be model corporate citizens in their dealings with regulators and their disclosures to investors. And court-authorized overseers like Mr. Lacey have broad powers to monitor the company's activities.

On Mr. Lacey's recommendation, the board also fired Richard K. Willard, a former chief of the Justice Department's civil division who was hired as chief counsel last October. Mr. Willard's role in the Plavix case is not publicly known. He could not be reached for comment yesterday.

Mr. Robinson said yesterday that the board had been reviewing the company's management for weeks, hinting that Mr. Lacey's recommendation merely hastened the departure of the chief executive.

"We gave a good deal of consideration over the past few weeks to what would be in the best interest of the company in terms of its leadership going forward and concluded that it was time for change," Mr. Robinson said.

Mr. Robinson said that Mr. Dolan was "not fired for cause" — meaning not for wrongdoing or for neglect of his duties. That means Mr. Dolan will probably be eligible for a severance package, the details of which Mr. Robinson said had not been worked out.

Shares of Bristol rose 93 cents, to $24.32 yesterday. But the shares are off nearly 60 percent since Mr. Dolan became chief executive in 2001.

Speculation among financial analysts turned to the question of who might succeed Mr. Dolan, as well as a possible acquisition of the company. At 50, Mr. Dolan had expected to remain in charge of the company for years and had not groomed a successor.

"My sense is that they're going to have to go outside," said Jami Rubin, a pharmaceutical analyst with Morgan Stanley. Ms. Rubin suggested that Christine Poon, the vice chairman for Johnson & Johnson, who spent 15 years at Bristol-Myers, would be a strong candidate for the job.

In a note to investors yesterday, Friedman, Billings, Ramsey said that Mr. Dolan's ouster increased the chances of a takeover of the company, which analysts said might fetch $35 a share. Friedman, Billings noted that Mr. Cornelius, the interim chief, acted as Guidant's chief during its purchase by Boston Scientific.

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Friedman, Billings analysts said that the most likely suitors for Bristol-Myers would be Pfizer, AstraZeneca, GlaxoSmithKline or Novartis.

While declining to address takeover speculation, Mr. Robinson, the board chairman, did acknowledge that the effort to settle the patent dispute with Apotex had been a mistake.

Hoping to protect the Plavix franchise until shortly before the patent expires in 2011, Bristol-Myers had twice this year reached a tentative settlement that in part would have involved paying Apotex to wait on the sidelines.

As a way to bring Apotex back to the negotiating table after regulators rejected the first version of the agreement, Bristol-Myers made unusually generous concessions that would go into effect only if regulators again rejected the deal.

One was the agreement not to seek triple financial damages, as would be Bristol-Myers's and Sanofi's right, if Apotex started selling its drug but eventually lost the patent case in court. The other concession was to wait five days after Apotex started shipping its drug before seeking a court's injunction against those shipments.

"I think that in hindsight, maybe we shouldn't have negotiated in the first place,'' Mr. Robinson said, "because we were negotiating in good faith. I'm not sure that was reciprocated."

That was an apparent reference to the company's claims that it was misled by Bernard C. Sherman, the chief executive of Apotex. In court, a lawyer for Sanofi-Aventis and Bristol-Myers has argued that the accusations that started the Justice Department investigation were contrived by Mr. Sherman to scuttle the settlement deal — and to begin the concessions that enabled Apotex to start shipping the generic Plavix.

Mr. Sherman, in an e-mail message yesterday, called the accusation "nonsensical."

Bristol-Myers Ousts Its Chief At Monitor's Urging (WP)

By Brooke A. Masters

The Washington Post, September 13, 2006

NEW YORK, Sept. 12 -- Drugmaker Bristol-Myers Squibb Co. pushed out its chief executive, Peter R. Dolan, on Tuesday at the urging of a federal monitor who was looking into how top management dealt with generic competition for Plavix, its top-selling heart drug.

Bristol's board announced the departure of Dolan, its chief executive since 2001, and general counsel Richard K. Willard one day after the company's independent directors met with the monitor, Frederick B. Lacey, and Christopher J. Christie, the U.S. attorney for New Jersey.

The New York firm has been operating since last year under a deferred prosecution agreement with Christie that resolved an earlier, unrelated accounting scandal by requiring it to stay out of trouble for two years and allowing Lacey, a former judge, to call for management changes, as he did Monday night.

Bristol Chairman James D. Robinson III said in a conference call that the board unanimously agreed that Dolan had to go. Neither he, Lacey nor Christie would describe specifically what concerned Lacey enough to recommend Dolan's termination.

Although Bristol could have tried to negotiate to keep Dolan, the board chose not to because the Plavix situation and other "failures have caused a loss of confidence," Robinson said. "It was time for a change."

The board temporarily replaced Dolan with James M. Cornelius, a Bristol director and a former chief executive of medical-equipment manufacturer Guidant Corp., where he served in a similar capacity after a scandal there in 2004.

Dolan's ouster is one of the highest-profile management changes at a company operating under a deferred prosecution agreement. Prosecutors often seek new management as part of such settlements -- Bristol named an independent chairman as part of its initial deal -- but subsequent changes are far less common.

Christie's spokesman, Michael Drewniak, said that the U.S. attorney "was fully supportive of Judge Lacey's recommendations" for management change but noted that "there was no finding of a violation of the [agreement] or criminal wrongdoing."

The Plavix issue arose earlier this year after Bristol attempted to strike a deal with Apotex Inc. to keep its competing generic version of the blood-thinning drug off the market until 2011. State attorneys general rejected the deal as anti-competitive, and the Justice Department has opened an antitrust investigation separate from Christie's probe.

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Apotex put its product on sale this summer, and it quickly captured 75 percent of the market; Bristol sued for patent infringement and won a preliminary injunction halting further production, but the judge declined to recall the generic medicine already on the market. The case is to be heard in January.

Robinson, Bristol's chairman, said the firm's outside counsel had assured the board Monday night that it had "no reason to believe there was anything unlawful done by anyone at Bristol-Myers Squibb" in connection with the Apotex agreement.

The Plavix dispute is not related to the accounting problems that first got Bristol in trouble. In that case, Bristol was accused of pushing an excess amount of its products on its distributors, a process known as "channel-stuffing." The firm paid $300 million in restitution and agreed to two years of monitoring by Lacey, who has attended board meetings and made quarterly reports to Christie.

Lacey declined via e-mail to comment on his work as monitor. His intervention at Bristol comes as deferred prosecution agreements are becoming far more common.

Once a tool aimed primarily at keeping individual offenders on the straight and narrow, these agreements are now being used to resolve corporate cases in which government investigators think they have found serious wrongdoing but worry that a criminal indictment could put a large public company out of business.

Last month, the brokerage arm of insurance giant Prudential Financial Inc. signed a deferred prosecution agreement to resolve allegations that brokers in its Boston office helped big investors evade rules against short-term trading of mutual funds. Computer Associates International Inc., now known as CA, entered into a similar deal after its top executives were accused of criminal accounting fraud.

"The law on the books is so wooden. Prosecutors had a choice between prosecuting [entire corporations] for the sins of their employees and companies getting off scot-free," said Fordham University law professor Daniel Richman. Deferred prosecutions "really have created a third choice," he said.

Legal analysts said the leadership change at Bristol shows that prosecutors are serious about keeping the pressure on companies that have engaged in wrongdoing. "I see it as encouraging that we have monitors who are doing what they are supposed to do, which is rolling heads," said James D. Cox, a law professor at Duke University.

Although some analysts raised concern that federal prosecutors were getting involved in corporate governance, Samuel W. Buell, a law professor at Washington University in St. Louis, pointed out that when corporations are convicted of crimes -- as opposed to entering into a deferred prosecution agreement -- probation and monitoring are almost always part of the resulting sentence.

Robinson said Bristol's board had not discussed a severance package for Dolan, whose departure he described as "involuntary."

Cornelius, a former Eli Lilly & Co. executive who helped Guidant through a regulatory inquiry into malfunctioning heart defillibrators and a bumpy merger with Boston Scientific Corp., was upbeat on the conference call with reporters. "Our financial strength here at Bristol-Myers Squibb is outstanding," he said. "The new product pipeline is one of the best in the future that I've ever seen."

The stock market greeted the leadership change with enthusiasm. Bristol-Myers shares, which have lost more than half their value during Dolan's five-year tenure, closed at $24.32, up 93 cents, or nearly 4 percent.

Bristol-Myers Chief Quits After Bungling Plavix Deal (Update4) (BLOOM)

By Lisa Rapaport And David Voreacos

Bloomberg, September 13, 2006

Sept. 12 (Bloomberg) -- Bristol-Myers Squibb Co. Chief Executive Officer Peter Dolan quit after bungling an agreement to keep a generic version of the drugmaker's top-selling heart pill Plavix off the market.

Dolan, 50, and General Counsel Richard Willard stepped down after a court-appointed monitor last night told the Bristol-Myers board they should be fired. The monitor, former U.S. Judge Frederick Lacey, was probing corporate governance issues related to a patent accord on Plavix, Bristol-Myers's biggest-selling product, the company said today in a statement.

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James Cornelius, the former chairman and interim chief executive officer of the medical device maker Guidant Corp., was appointed to replace Dolan while the board searches for a successor. Dolan, who is staying on as an adviser, didn't have an obvious heir apparent within the company, analysts said.

``The board simply didn't have a choice," said Les Funtleyder, an analyst with Miller Tabak & Co. in New York, in an interview. ``It became obvious that his presence at Bristol was not constructive to the stock or the company, and it was actually more of a distraction than a help."

Shares of New York-based Bristol-Myers rose 59 cents, or 2.5 percent, to $23.98 at 1:03 p.m. in New York Stock Exchange composite trading. Since Dolan took over as CEO, Bristol-Myers's stock has lost 56 percent of its value.

``The positive response we see in the stock is related to the board listening" to shareholder requests for a change in the company's management, said Anthony Butler, an analyst with Lehman Brothers in New York, in an interview today.

Five-Year Run

Dolan's departure concludes a five-year run as CEO marked by missteps. U.S. prosecutors investigated payments Bristol-Myers made to wholesalers between 1999 and mid-2002 that encouraged drug distributors to buy more medicine than they could sell, a practice called channel stuffing.

To settle the probe, Bristol-Myers last year accepted a deferred prosecution agreement with Christopher Christie, U.S. attorney for New Jersey, giving Lacey the power to require that the company take ``any steps he believes are necessary" to comply with the accord. Under the settlement, Dolan gave up his position as chairman, and the company paid $300 million to resolve the matter.

Dolan in March made a deal with Canada's Apotex Inc. to delay generic competition for Plavix, a drug widely used to prevent heart attacks and strokes that generated $6.3 billion in revenue last year. The accord was rejected by U.S. state attorneys general, clearing the way for Apotex last month to sell cheaper copies of the product five years before the patent's expiration. Apotex claimed in court papers that part of the agreement was secret.

Christie Comments

Lacey and Christie ``made no finding that the company violated the deferred prosecution agreement," Christie said today in an interview. Lacey had been looking into corporate governance issues related to the Plavix agreement, he said, declining to elaborate.

Christie said he wouldn't discuss why Lacey recommended Dolan's firing, a conclusion that he said he supported. Under the deferred prosecution agreement, the board was required to follow Lacey's recommendations and could appeal only to Christie, giving him the final say.

The company also said that Lacey and Christie's inquiry ``did not involve any matters" subject to the Justice Department's antitrust investigation of the Plavix agreement. The Federal Bureau of Investigation raided Dolan's office July 26 searching for documents and e-mails that might show he deceived U.S. antitrust enforcers about the accord.

Bristol-Myers's settlement to avoid prosecution for channel stuffing included a promise that the company ``will at all times strive for openness and transparency in its public reporting and disclosures."

Plavix Situation `a Disaster'

``The last three months, this whole Plavix situation has just been a disaster, and it just reminds people of the troubles and the lack of leadership that were more in the forefront two or three years ago," said Patrick Kaser, portfolio manager at Brandywine Asset Management in Philadelphia, in an interview. ``The board probably is happy that someone actually gave them cover on this."

Willard will be replaced on an interim basis by Sandra Leung, vice president and corporate secretary, Bristol-Myers said. Leung will be advised by board member Louis J. Freeh, the former director of the FBI and a former U.S. judge, the company said.

Cornelius's ``extensive experience in the health-care arena will be critical in ensuring a smooth transition of leadership of this great company," said James D. Robinson, Bristol-Myers's chairman, who is the former chief executive officer of American Express Co., in a statement.

Robinson's Comment

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``I also want to express my deep appreciation and respect for Peter for his unyielding commitment to our company's mission, values and purpose," Robinson said. He said Dolan executed ``a successful strategy that has put Bristol-Myers Squibb squarely on a path toward growth and leadership for the future."

Bristol-Myers and its marketing partner Sanofi-Aventis SA of Paris had sued Weston, Ontario-based Apotex, arguing that they have exclusive marketing rights to sell Plavix until a patent expires in 2011. Apotex received U.S. Food and Drug Administration approval earlier this to sell a generic version. Bristol-Myers and Sanofi made the deal delaying competition to settle the lawsuit and keep Apotex from selling its copies while the patent case was pending.

Lehman analyst Butler said Karen Katen, the former Pfizer Inc. vice chairman, and Christine Poon, a former president of pharmaceuticals at Bristol-Myers who is now a Johnson & Johnson vice chairman, may be in the running to succeed Dolan.

To contact the reporter on this story: Lisa Rapaport in New York at Lrapaport1@bloomberg.net

Bristol-Myers Fires CEO And Counsel (AP)

By Wallace Witkowski

AP, September 13, 2006

NEW YORK - Bristol-Myers Squibb Co. yesterday ousted Peter R. Dolan as chief executive officer at the urging of a federal monitor, who found that the drugmaker's patent deal with a generic competitor violated an agreement with prosecutors. In an apparent move to reassure investors, it also decided to maintain its substantial dividend.

Several analysts and investors had speculated whether the board would keep its 28-cent-a-share dividend given its recent lowered earnings forecast as sales of its best-selling drug, Plavix, tumbled because of earlier-than-expected competition from a cheaper generic pill.

"The board opted to hold onto the status quo to recognize the loyalty of investors," said Friedman Billings Ramsey analyst David Moskowitz, who had earlier speculated that the board might cut the dividend by as much as 25 percent to conserve cash. "The ridding of Dolan sends a strong message that the board was listening to investors."

Earlier in the day, Bristol-Myers ousted Dolan after five years as CEO and said its general counsel, Richard K. Willard, would leave the company.

Those moves came a day after a federal monitor recommended at a board meeting that the company fire both Dolan and Willard. Dolan has been CEO since 2001, and Willard was appointed general counsel in October.

The company named board member James M. Cornelius as interim CEO effectively immediately to replace Dolan.

Cornelius served as chairman of the board and interim CEO at medical-device maker Guidant Corp. from September 2004 through April 2006, after decades at drugmaker Eli Lilly & Co.

Sandra Leung, the company's corporate secretary, was named interim general counsel, and will be aided by former FBI Director Louis J. Freeh, a board member and former general counsel.

The board formed a special committee to fill the positions permanently.

The dividend is payable Nov. 1 to shareholders of record as of Oct. 6. The board also forecast a full-year dividend of $1.12 per share.

Bristol-Myers Squibb shares rose 93 cents, or 3.98 percent, to close at $24.32 on the New York Stock Exchange. Before yesterday's rally, the stock had lost 11 percent since hitting its 52-week high of $26.14 on July 25.

The company confirmed reports that Judge Frederick B. Lacey recommended the firings, and that Christopher J. Christie, U.S. attorney for New Jersey, concurred. Both Lacey and Christie attended a meeting of the board late Monday.

Lacey was appointed monitor of the company in June 2005 after Bristol-Myers settled federal charges for an accounting scandal that ended up costing the company $800 million. Under the agreement, charges would be dropped against the company if it met certain standards until 2007.

The apparent last straw was Dolan's and Willard's conduct stemming from a failed agreement between Sanofi-Aventis, Bristol-Myers' partner for the drug Plavix, and Canadian drugmaker Apotex Inc. to keep a lower-priced generic version of the best-selling blood thinner off the market.

The agreement soured when state attorneys general refused to sign off on it.

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As a result, Apotex launched its generic version in early August, and quickly grabbed about 75 percent of new prescriptions. Plavix is the second-best-selling drug in the world, with annual sales of about $5.9 billion.

The Plavix agreement also fell under a federal criminal investigation, leading FBI agents to raid Bristol-Myers' offices, including Dolan's, in New York. In the meantime, a judge halted further sales of Apotex's generic version of Plavix but declined to order a recall, leading some to believe that there could be generic product on the market well into 2007.

Some Wall Street analysts had insisted the board cut its losses now and fire Dolan, believing that the Plavix agreement was not an isolated incident. Critics also point to the accounting scandal, expensive investments in drugs like ImClone Systems Inc.'s Erbitux cancer drug, and failed pipeline drugs like the blood-pressure medication Vanlev and diabetes treatment Pargluva.

Plavix deal undoes CEO Dolan

Yesterday's ouster of Peter R. Dolan as CEO of Bristol-Myers Squibb Co. was the culmination of a series of missteps, including the mishandling of its top-selling drug, a blood thinner called Plavix:

1998: Plavix is launched.

May 2001: Dolan is named CEO of the New York-based drug company.

June 15, 2005: Bristol-Myers agrees to pay $300 million to settle federal charges that it offered wholesalers incentives to stockpile products in a scheme called "channel stuffing." Two former executives are indicted for their role in the scandal. Under its deferred prosecution agreement, all charges would be dropped

if the company met certain standards until 2007.

March 21, 2006: Bristol-Myers and Sanofi-Aventis, co-marketers of Plavix, agree to pay Apotex Inc. at least $40 million in a deal under which the Canadian generic drug company ends its challenge of the patents protecting Plavix. The drug generated global sales

of $5.9 billion in 2005. The deal, which needs regulatory approvals, would prohibit Apotex from selling a generic version until 2011.

June 25: The companies announce they have modified the agreement

in response to concerns raised by the Federal Trade Commission and various state attorneys general.

July 27: Bristol-Myers says

it is the subject of a

criminal antitrust probe

over its proposed

settlement with Apotex.

July 28: State attorneys general refuse to grant antitrust clearance to the settlement. The Wall Street Journal reports that FBI agents raided Dolan's office July 26.

Aug. 8: Apotex launches its generic version.

Aug. 17: Bristol-Myers says

it has hired former federal prosecutor Mary Jo White

to investigate what went wrong with the Apotex agreement. In a separate development, Apotex claims in court papers that it had

a "side agreement" with Bristol-Myers and Sanofi-Aventis that involved delaying the sale of generic Plavix. Bristol-Myers says its ongoing internal investigation has found no evidence

of unlawful conduct.

Aug. 31: Federal court in New York orders Apotex to halt sales of it's generic blood thinner.

Sept. 11: Former federal judge Frederick B. Lacey, who monitors the deferred prosecution agreement, recommends that the Bristol-Myers board terminate Dolan and Richard K. Willard, its general counsel.

Yesterday: Dolan and Willard quit. James M. Cornelius, former chairman of Guidant Corp., is named interim CEO.

Drug Giant Opens Door To Suitors After Firing Chief (NSL)

By GEORGE E. JORDAN, Star-Ledger Staff

Newark Star-Ledger (NJ), September 13, 2006

Bristol-Myers ousts Dolan, then suggests it will consider proposals

First they fired the CEO.

Then they said openly for the first time they would consider selling the company.

And if that happens to Bristol-Myers Squibb, another name in the pantheon of drug giants that dominated the New Jersey economy could disappear.

The board of the pharmaceutical giant -- with some 6,000 workers in New Brunswick and Princeton -- ended weeks of speculation yesterday and fired chief executive Peter Dolan.

Then, in a startling move for a company that likes to play things close to the vest, board chairman James Robinson suggested the company could go on the block.

"We will deal with any bona fide proposal that anyone wants to make in an orderly and professional manner," Robinson said in a conference call with reporters last night. Robinson declined to comment further on talk of a possible takeover.

Dolan's ouster sent shares of Bristol-Myers up nearly 4 percent and prompted widespread debate on Wall Street about whether and when the company would become a takeover target.

In recent years, Warner-Lambert and Pharmacia were gobbled up by Pfizer, and Aventis was taken over by the French company Sanofi, now known as Sanofi Aventis. All three were based in New Jersey.

Dolan, at 50 one of the youngest Fortune 500 CEOs, was fired for blunders that allowed a competitor to flood the market with generic copies of Bristol-Myers' biggest-selling drug.

The company's board also said it may take the extraordinary step of denying severance pay to Dolan, who had won praise for his drug-development efforts but stumbled badly during a five-year tenure that included a series of costly lawsuits, regulatory probes and criminal investigations.

"This was an involuntary departure," said Robinson, the former American Express chief executive who is now Bristol-Myers chairman.

He added: "We haven't dealt with" Dolan's severance, which under the terms of his contract could include more than $13 million in cash and other benefits.

In a move to calm shareholders, the board voted to hold steady the company's cherished annual dividend of $1.12 a share, which appeared in danger last week when Bristol-Myers forecast dramatically lower earnings due to a sharp drop in sales of Plavix, its popular heart medication.

Some Wall Street analysts said Bristol-Myers' latest predicament could increase the likelihood of a takeover by another big drugmaker. Several European pharmaceutical companies have long coveted Bristol's stable of cancer drugs and its product pipeline, with several biotechnology drugs under development.

Others industry analysts predicted the company's board would now dig in its heels, hire a well-respected chief executive and refocus the company on specialty treatments for cancer and HIV, much like a biotechnology company.

"I think this business is not broken," said Anthony Butler, a pharmaceutical analyst with Lehman Brothers. "I think it can and should continue to grow."

Based in New York, Bristol-Myers is one of New Jersey's largest employers, with some 6,000 workers at facilities around Princeton and New Brunswick.

Investors cheered the change in the executive suite, driving up the value of Bristol-Myers shares to $24.32, the highest level since July.

In announcing Dolan's immediate departure, the company named James Cornelius, a member of Bristol-Myers' board and former chairman of the medical device maker Guidant Corp., as interim chief executive pending a search for a permanent successor. As CEO of Guidant, Cornelius orchestrated its sale to Boston Scientific.

Dolan's ouster came a day after a federal monitor recommended his removal and the ouster of general counsel Richard Willard over their handling of negotiations with Apotex, a Canadian drugmaker that last month launched generic copies of Plavix. Earlier in the year, Bristol-Myers struck a deal to pay Apotex a reported $40 million to keep the copy off the market until its patent

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on Plavix expired in 2011, but the deal fell apart when the U.S. Justice Department opened an investigation into the companies' dealings.

The monitor, former U.S. Judge Frederick Lacey, had been appointed last year to oversee the company after Bristol-Myers admitted to wrongdoing in a $2 billion accounting scandal and agreed to pay $300 million to avoid criminal prosecution.

Bristol-Myers said yesterday Lacey is still probing corporate governance issues related to Bristol's accord with Apotex.

Robinson said: "In hindsight, maybe we shouldn't have negotiated in the first place, because we negotiated in good faith. A deal was cut. We thought as revised it stood a very good change to be approved by the authorities. It was not. Since then, we have gone about our business and fought very hard."

Lacey's position on Dolan and Willard was supported by U.S. Attorney Christopher Christie, who led the probe into the accounting scandal and negotiated the "deferred prosecution" agreement with Bristol-Myers.

Under last year's agreement, Bristol-Myers pleaded guilty to securities fraud. It had been accused of encouraging drug distributors to buy more medicine than they could sell -- a practice called channel stuffing -- between 1999 and mid-2002 in order to mislead investors about its net earnings.

Under the deferred prosecution deal, Robinson said yesterday, Bristol-Myers' board had no choice but to fire Dolan and Willard because their ouster had the backing of the U.S. Attorney's Office.

Christie, who attended Lacey's briefing, could not be reached for comment.

His spokesman, Michael Drewniak, said news accounts incorrectly reported Bristol-Myers violated the terms of its deferred prosecution agreement, which requires quarterly reports from Lacey and regular meetings between prosecutors and Bristol-Myers executives.

"There was no finding of any violation," Drewniak said.

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US Drugs Group Seen As Takeover Target After Chief Ousted (TIMES)

By James Doran, in New York

London Times, September 13, 2006

THE chief executive and senior lawyer of Bristol-Myers Squibb were ousted from the troubled drug-maker yesterday as speculation mounted that the $48 billion company could become the target of a bid.

Peter Dolan, the chief executive for five years, was forced to resign, after Frederick Lacey, a federal monitor put in place to make sure the drug company complied with legal orders made last year, pushed for his resignation.

Mr Lacey recommended to a special session of the company's board that it get rid of Mr Dolan and Richard Willard, Bristol- Myer's general counsel, because of their role in a scheme to keep cheap generic versions of one of the company's drugs off the market. US drug manufacturers must allow generic, or unbranded, versions of their products to be manufactured after a certain period. The practice is a boon for consumers, but can have a crippling effect on drug companies, which often rely on just one or two big-name drugs to drive profits growth.

Analysts were quick to pounce on the latest unsettling news from Bristol-Myers with claims that the company is more vulnerable than ever to a hostile takeover bid from one of its rivals. Industry sources said European pharmaceutical companies like Sanofi-Aventis, Schering-Plough and AstraZeneca could be interested.

Under Mr Dolan's five-year stewardship Bristol-Myers has lurched from crisis to crisis and the shares have lost almost 60 per cent of their value.

Last year the US Attorney in New Jersey forced the company to comply with a deferred prosecution agreement after an investigation into $2.5 billion worth of "channel stuffing" — a practice that involves overloading wholesalers with drugs to meet quarterly sales targets. The company also paid $300 million to settle the claims. In 2001, soon after Mr Dolan became chief executive, he was forced to relinquish the role of chairman when authorities began an accounting inquiry that led to Bristol-Myers spending more than $800 million to settle lawsuits and government inquiries.

He was also criticised for spending as much as $2 billion to buy Erbitux, a controversial colon cancer medication made by ImClone.

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But his final error was to become embroiled in a convoluted deal with Apotex, a small Canadian drug maker that was set to make a generic version of Plavix — Bristol's leading blood- thinning drug. Mr Dolan offered to pay Apotex tens of millions of dollars to delay the start of its generic Plavix manufacturing plans. But the deal fell through and is now the subject of a federal criminal investigation for possible antitrust violations.

Bristol-Myers CEO And GC Resign In Midst Of Federal Probe (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 13, 2006

Bristol-Myers Squibb's CEO Peter Dolan and General Counsel Richard Willard resigned Tuesday, spurred by the recommendations of a federal monitor, after the company came perilously close to violating a deferred-prosecution agreement entered last year.

Bristol-Myers director James Cornelius was appointed interim CEO of the New York-based pharmaceutical and health care products company, and Sandra Leung, vice president and corporate secretary, was named interim general counsel. Former FBI director Louis Freeh, now a Bristol-Myers director, was appointed as Leung's adviser.

Bristol-Myers has had to answer to monitor Frederick Lacey, a former federal judge, since last year when it signed a deferred-prosecution agreement with U.S. Attorney for New Jersey Christopher Christie in the face of a prosecution on conspiracy and securities-fraud charges. The company has extensive research facilities located in New Jersey.

The agreement was the outgrowth of a three-year investigation into a "channel stuffing" scheme by which the company, during 2000 and 2001, allegedly used financial inducements to get wholesale distributors to accept unnecessarily high levels of inventory shipments, thereby artificially pumping up quarterly sales results.

The June 2005 accord meant that Bristol-Meyers could avoid further federal litigation if it kept its nose clean. But under Dolan's and Willard's watch, the Department of Justice's antitrust division began probing the company's agreement to pay at least $40 million to a Canadian competitor, Apotex Inc., to delay putting its generic version of Bristol-Myers' blood thinner Plavix on the market.

Bristol-Myers spokesman Jeffrey Macdonald said he was unable to comment on the reasons behind the decision to remove Dolan and Willard.

In a prepared statement announcing the personnel changes, Bristol-Myers noted that the federal monitor and Christie did not find any violation of the deferred prosecution agreement.

The company further stated that outside counsel Debevoise & Plimpton, which is conducting an investigation relating to the Plavix transaction, found no evidence to conclude that Bristol-Meyers or any of its employees acted unlawfully.

But the question of possible impropriety appears to have led Lacey, the federal monitor, to recommend -- at a Sept. 11 Bristol-Meyers board meeting that Christie and outside counsel Debevoise & Plimpton attended -- that Dolan and Willard resign. And under a deferred-prosecution agreement, the monitor's recommendation generally carries the force of an order, say securities lawyers.

The company also said, in its prepared statement, that the board meeting had nothing to do with the ongoing Justice Department antitrust investigation.

Stock analysts had been clamoring for Dolan's ouster due to product-related missteps and the channel-stuffing investigation. Wall Street reacted favorably to the moves. Bristol-Myers shares were at $24.20 near the close of trading, up 85 cents for the day.

Mary Jo White of Debevoise & Plimpton and Kenneth Conboy of Latham & Watkins, each of New York City, are currently advising the Bristol-Myers board. White, the former U.S. Attorney in Manhattan, also advised the company on its deferred-prosecution agreement with the government. Conboy is a former federal judge in Manhattan.

Board Chairman James Robinson III will head a committee to search for a new CEO. Dolan has agreed to assist in the transition to the new leadership.

Willard worked in the Department of Justice from 1981 to 1988, at one time serving as assistant attorney general in charge of the civil division.

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As part of the deferred-prosecution agreement, Bristol-Myers agreed to pay $300 million into a shareholders compensation fund, in addition to $539 million it had already paid out to settle shareholder lawsuits filed in district court and elsewhere.

The company also agreed to endow a chair at Seton Hall University School of Law in Newark, N.J., focused on business ethics and corporate governance.

DFW Airport Enlists Help In Wright Amendment Fight (AP)

By David Koenig, AP Business Writer

AP, September 13, 2006

GRAPEVINE, Texas — Supporters of legislation to shrink Dallas Love Field and bar long flights there for eight more years have enlisted help in countering the charge that their proposal violates antitrust laws.

Four experts in antitrust law, including two former Federal Trade Commission members, wrote to congressional leaders last week to say the restrictions are part of a necessary compromise to end a decades-long fight over Love Field.

The proposed legislation, they said, "will be far better for airline competition and consumers than the regime that prevails today — and that will continue to prevail if the legislation does not pass."

The letter was released Tuesday by officials of Dallas-Fort Worth International Airport. It was signed by former FTC members Thomas B. Leary and Christine Varney, and two other private antitrust lawyers, Harry M. Reasoner of Vinson & Elkins LLP and Janet L. McDavid of Hogan & Hartson LLP.

Reasoner's law firm works for the city of Dallas and Southwest Airlines Co., and the other three work for a firm that represents Dallas-Fort Worth International Airport — all supporters of the legislation.

The letter was intended to blunt a letter written two weeks ago by nine university antitrust experts, who criticized the DFW bill pending in Congress, saying it could lead to higher fares and less service for travelers.

The criticism by the academics followed the leak of an unsigned memo from the Justice Department's antitrust division, which said the bill would violate antitrust laws. The department, however, has not taken an official position.

The bill was introduced by Sen. Kay Bailey Hutchison, R-Texas, and modeled on a deal cut by AMR Corp.'s American Airlines, Southwest Airlines, DFW Airport and the cities of Dallas and Fort Worth. It would eventually repeal a 1979 law called the Wright Amendment.

Despite its powerful backers, the bill's fate is in doubt, partly because key lawmakers object to provisions designed to protect the deal from legal challenges.

Hutchison escorted Dallas Mayor Laura Miller on a lobbying tour of Capitol Hill offices Tuesday.

Critics complain that the bill would preserve restrictions on long flights at Love Field for eight more years and that Love Field would shrink from 32 gates to 20 gates, which could block other airlines from competing with incumbents American, Southwest and Continental Airlines Inc.

JetBlue Airways Corp., has said it would be interested in serving Love Field, near downtown Dallas, but not the more remote DFW Airport.

The Consumer Federation of America and Consumers Union called the DFW bill "anti-competitive and anti-consumer." The owners of six unused Love Field gates have financed studies designed to undercut the bill, claiming that continuing limits at the Dallas airport would hurt the city's economy.

Leary and Reasoner, the pro-deal lawyers, said critics of the DFW-American-Southwest bill were naive in holding out for immediate repeal of Love Field flight limits.

"It's unrealistic to compare the world under the compromise legislation with the world that would exist if the Wright Amendment were repealed outright because that repeal, as explained to me, is just not going to happen," Leary said.

Associated Press Writer Suzanne Gamboa in Washington contributed to this report.

Texans Working Overtime On Wright (DMN)

By Sudeep Reddy And Robert Dodge, The Dallas Morning News

The Dallas Morning News, September 13, 2006

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WASHINGTON – With time quickly ticking off a short calendar, Texas lawmakers worked into the evening Tuesday to address antitrust concerns and save their effort to lift the Wright amendment.

DMN file The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co.

Sens. Kay Bailey Hutchison and John Cornyn, along with House members from Texas and Dallas Mayor Laura Miller, lobbied legislators across Capitol Hill throughout the day.

"We're all begging, pleading, cajoling – doing anything we can to address their concerns," Mr. Cornyn said.

The legislation to end flight restrictions at Dallas Love Field is scheduled to go before the House Judiciary Committee today. The meeting will give lawmakers on the panel a chance to amend the bill before the committee's authority runs out on Friday.

Officials from North Texas feared that the committee's chairman, Rep. James Sensenbrenner, R-Wis., would try to strip provisions protecting the agreement from antitrust challenges.

"At one time, those were deal breakers," said Rep. Kenny Marchant, R-Coppell. "I don't know if they are now or not."

The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co.

The deal would repeal the Wright law in 2014 and allow immediate one-stop flights anywhere in the U.S. through any of the nine states inside the Wright perimeter. It would also reduce the number of gates to 20 from 32 to compensate for an expected increase in noise and traffic.

The gate reduction has driven concerns about competition from key House and Senate committees.

The House Judiciary Committee planned to consider the Wright bill last week but ran out of time.

The five parties have agreed to remove the antitrust exemption and replace it with other protective language, but it's been unclear whether that would satisfy Mr. Sensenbrenner.

Lawmakers have several options if the committee does strip the antitrust protections from the legislation today. House members could try to reinstate the provisions on the House floor or let the bill die with the hope of a Senate version moving ahead.

Ms. Hutchison, Ms. Miller and other officials from North Texas pressed their case Tuesday evening with Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee.

The message, Ms. Miller said, was that consumers would be better off under the deal.

"The reason we did this compromise was to promote competition, not to curtail competition," she said. "The sooner we can get the bill passed, the lower the airfares will be."

Ms. Miller met throughout the day with other supporters. Rep. James Oberstar, D-Minn., who co-sponsored the legislation, said existing law requiring a competition plan for the airport would address concerns that have been raised.

The mayor did not get meetings with two key detractors of the legislation – Mr. Sensenbrenner and Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee.

But Mr. Specter said later that he and all the parties were trying to construct language to clear the bill without further hearings.

"We want to be cooperative," he said. "We just want to be sure that it does not impact the antitrust laws."

After the meeting, Ms. Miller and lawyers representing the parties huddled with Senate staffers outside Mr. Specter's office to devise new language that would get the legislation through.

The two Texas senators planned to meet today with Mr. Leahy, whose concerns have slowed the effort on the Senate side. Both said they were hopeful that others would see the merits of the compromise.

"It is taking a very anticompetitive situation and replacing it with a much more competitive situation," Ms. Hutchison said. "It isn't what you would write if you were starting from scratch, but we're not."

As the parties continued negotiations, lawyers traded fire over the antitrust issue.

Attorneys representing the parties to the June agreement fired off a letter to key lawmakers Tuesday, saying the deal strikes a balance between competition and environmental concerns.

"The antitrust objections to the proposed legislation ... ignore practical realities, including the very real concerns of congestion and air and noise pollution," the letter said.

They were responding to an Aug. 29 letter written by nine law professors that said the deal forecloses full competition and will cost North Texas consumers more in higher airfares.

In a conference call with reporters, the attorneys who wrote the latest letter said they agreed with the law professors "in the abstract" about competition but said other issues must be considered.

"These policy choices must also take into account environmental considerations, community concerns and previous decisions and commitments," they wrote.

The authors of the new letter were described as "respected antitrust experts" by D/FW. And while they have antitrust credentials, they also have clients with an interest in seeing the deal approved by Congress.

Several of the attorneys work at Hogan & Hartson, a law firm that represents D/FW. One of them, Thomas Leary, said he offered his opinion without knowing that D/FW was a client of the firm.

Also signing the letter was Harry Reasoner, an attorney at Vinson & Elkins, which represents the city of Dallas and Southwest.

FCC Chief Appears To Aim For AT&T-BellSouth Vote In Fall (MRKTWTCH)

By Siobhan Hughes

Market Watch, September 13, 2006

WASHINGTON (MarketWatch) -- Federal Communications Commission Chairman Kevin Martin on Tuesday appeared to suggest that he is hoping to vote over the next month or so on whether to approve AT&T Inc.'s (T) purchase of BellSouth Corp. (BLS).

Federal regulators in late April commenced a review of the transaction, which was valued at $67 billion when it was announced. The FCC generally tries to approve transactions six months after beginning its review.

"We have an informal clock of 180 days that we try to act on, and I think that 180-day clock runs sometime this fall, the end of October," said Martin after testifying before the Senate Commerce Committee. "We always have a goal of trying to act within 180 days."

The Justice Department hasn't yet approved the merger. Traditionally, the FCC waits to act until the Justice Department had completed its own review. The FCC meets in two weeks and again on Oct. 12.

Martin still faces questions about whether he will be able to count on both Republican colleagues on the five-member commission. FCC Commissioner Robert McDowell on Tuesday reiterated he may be recused from voting, given that his former employer opposes the merger. McDowell would be a crucial swing vote because the two Democrats may favor imposing conditions that don't fit in with Martin's largely hands-off approach.

"No final determination has been made," McDowell told reporters after the Senate hearing. "We'll be recused until we have to make a final" decision, McDowell said. He said he hasn't been meeting with either AT&T or BellSouth representatives regarding their merger.

AT&T, the largest U.S. phone company, in March announced plans to buy BellSouth in a transaction that would give AT&T sole control of Cingular Wireless, the biggest U.S. wireless operator.

-Contact: 201-938-5400

Microsoft Debates Vista Security With EU (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, September 13, 2006

Regulators warn of possible violations of antitrust laws

European regulators warned Tuesday that Microsoft's addition of security programs to Windows Vista may run afoul of antitrust laws and increase risks for consumers long term by endangering other companies that protect against online threats.

Microsoft called the programs important security features and said it hopes the European Commission doesn't require them to be removed from Windows Vista in Europe.

The back-and-forth comes less than a week after Microsoft said antitrust questions not yet answered by the commission could force the company to delay the European release of Windows Vista, the upcoming version of its biggest product.

"We want to launch Windows Vista in a fully lawful manner, and we want to avoid regulatory decisions that could increase security risks for European consumers," Erich Andersen, Microsoft associate general counsel said, in a statement from the company Tuesday.

Regulators want to make sure Microsoft doesn't use its dominant PC operating system to give its other programs unfair advantage over rival programs by using Windows as a distribution mechanism. Vista's built-in anti-spyware protections and Windows Security Center software are among the programs discussed in letters between Microsoft and the commission.

At a news briefing Tuesday in Brussels, Belgium, commission spokesman Jonathan Todd didn't identify the specific security programs that would cross the line.

He said the commission understands Microsoft's desire to improve the underlying security of Windows. Microsoft has been trying to reduce the programming bugs that have made the operating system vulnerable.

But Todd said Microsoft could hurt the existing market for PC security software by offering its own security products free inside Vista. A variety of companies sell anti-spyware, Internet firewalls and other programs to protect PCs from online threats.

"If Microsoft were to foreclose these markets by bundling its own security products into its own operating system, less diversity and innovation would ultimately harm consumers through reduced choice and higher security risks," he said in a webcast of the briefing.

Microsoft has included anti-spyware programs in Windows Vista but is selling anti-virus protection separately, as part of its Windows Live OneCare service.

Windows Security Center is the central program in Vista for monitoring the status of protections, such as firewall and anti-virus programs. Microsoft says it made changes in the program, in response to questions from the commission, to make sure it's neutral in the way it presents and works with security software from Microsoft and others.

Another potential antitrust sticking point is Microsoft's inclusion of its data-protecting BitLocker drive encryption technologies in two high-end Windows versions, known as Enterprise and Ultimate. That may complicate matters for existing vendors of encryption technologies.

But the fact that BitLocker isn't included in Windows Vista Business Edition could strengthen Microsoft's argument on that point, by leaving more of the market for other encryption technologies, said industry analyst Roger Kay, president of Endpoint Technologies Associates.

In most cases, the company appears to have "gone at least far enough and maybe bent over backward" to address the commission's concerns, Kay said.

But Microsoft's inclusion of new security capabilities in Windows Vista could put smaller security software companies out of business or force them to make adjustments, said Joe Wilcox, a Jupiter Research analyst.

"If you look at Microsoft's entrance into other markets, it's like an atom bomb going off," Wilcox said. "There are few companies that survive the fallout."

Security software company Symantec Corp., the company behind the Norton brand, has answered questions raised by the European Commission but hasn't lodged any complaints over Microsoft's inclusion of its own security programs in Windows Vista, said Chris Paden, a Symantec spokesman.

"We're not worried about it from an anti-competitive point of view right now, because we know we can outinnovate them, and we know we can outexecute them," Paden said of Microsoft.

Commission spokesman Todd reiterated Tuesday that the agency is willing to give Microsoft antitrust guidance. But he added that "it is not up to the commission to tell Microsoft definitively the precise form that Vista should take before it's put on the market in Europe."

Security is just one of the potential antitrust trouble spots in Windows Vista that Microsoft and the European Commission have been discussing. Microsoft says it wants to resolve the open antitrust questions prior to Windows Vista's release, scheduled for November for businesses and January for consumers.

P-I reporter Todd Bishop can be reached at 206-448-8221 or toddbishop@seattlepi.com.

Lawsuit Against Microsoft Set For Court (AP-YBIZ)

By David Pitt, Ap Business Writer

AP, September 13, 2006

Iowa Buyers of Microsoft Products Alerted to Class-Action Rights

DES MOINES, Iowa (AP) -- One of the last remaining consumer class-action antitrust lawsuits filed against Microsoft Corp. in a state court is set to go to trial in November, and the company's co-founder and chairman is on the witness list to testify.

That doesn't mean Bill Gates will end up in the witness chair in Polk County District Court defending his company's business plan, but it's a possibility.

The lawsuit against Microsoft has made its way to the Iowa Supreme Court three times and unlike those in most states, which have been either settled or dismissed, it is scheduled for trial on Nov. 13.

Attorneys expect the trial to last six months.

Des Moines attorney Roxanne Conlin said Tuesday her experts have estimated that individuals and businesses have been overcharged as much as $453 million for Microsoft products in the last 12 years because a lack of competition has inflated the cost of the company's products.

In Iowa, about 5.1 million licenses for Microsoft Windows have been issued, 1.8 million for Office, 446,373 for Word and about 21,349 for Excel.

The average consumer overcharge ranges from $10.50 for buyers of Word to $56.99 to those who purchased Excel, Conlin said.

Many customers may have purchased more than one version in 12 years, Conlin said, so they could be eligible for multiples of those amounts.

Conlin said class members include all those who bought the following in Iowa from May 18, 1994, through June 30, 2006: Microsoft Windows, MS-DOS, Word, Excel, or Office software, or a personal computer on which this software was already installed.

"Class members do not have to do anything to be included in the class and there is no cost to be a member of the class," Conlin said.

Customers in Microsoft's database have been notified by mail or e-mail that they are part of the class-action case, Conlin said.

Microsoft denies that consumers were injured and said that computer users have benefited from the company's efforts to improve its products.

"The merits of the case will be determined in a lengthy trial that will begin in November," Microsoft attorney Rich Wallis said Tuesday. "We're looking forward to being in Iowa and having the opportunity to address these claims and defend our business model of selling high quality software at fair and reasonable prices."

One of the reasons Iowa continues to fight Microsoft in court is that Conlin has refused to accept a settlement in which Microsoft would offer vouchers for computer products.

"I don't think Iowans want coupons," she said. "I think if they were charged too much money and that's what a jury decides, then they should get their money back, not a coupon."

The case claims Microsoft violated Iowa's antitrust laws and harmed customers by illegally overcharging for its software, by denying class members free choice in software products and the benefits of software innovation, and by making computers increasingly susceptible to security breaches.

Microsoft initially faced 206 class-action lawsuits across the United States. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts.

Most were dismissed or settled for vouchers.

Cases in Iowa and Mississippi are among a handful that remain.

District court officials sent a court-ordered notice to known class members in Iowa by mail and e-mail, a required step in class-action cases.

Anyone in the class may chose to exclude themselves from the case but must do so by mail or e-mail by Nov. 13, Conlin said.

On the Net: Microsoft Corp. http://www.microsoft.com

Department of Justice, U.S. vs Microsoft: http://www.usdoj.gov/atr/cases/ms--index.htmdistrict

MAN May Target Its Rival Scania With Takover Bid (WSJ)

By Jason Singer And Stephen Power

The Wall Street Journal, September 13, 2006

German truck maker MAN AG is considering a bid for Swedish rival Scania AB, a potential move to consolidate the European market for heavy commercial vehicles and diesel engines, according to people close to the matter.

Scania, of Sodertalje, Sweden, has a market value of about $9.6 billion. It isn't clear if Scania would be receptive to any approach, these people said. A MAN spokesman didn't return calls seeking comment. A Scania spokesman couldn't be reached for comment.

Munich-based MAN has been looking for acquisition targets after restructuring its business to focus on commercial vehicles, diesel engines, turbines for the energy industry, and services such as logistics, Chief Executive Hakan Samuelsson said in a recent interview. Mr. Samuelsson, a Swede, spent 23 years at Scania before joining MAN in 2000 to turn around the German company.

Scania operates with one of the global industry's highest profit margins. The high-quality vehicles Scania produces for premium prices have made it known as the Porsche of the truck business among people in the industry.

German car maker Volkswagen AG holds about 34% of Scania, and 29% is owned by Swedish holding company Investor AB and foundations run by the Wallenberg family. VW Chief Executive Bernd Pischetsrieder is chairman of Scania's board. A VW spokesman said there has been no agreement with MAN over a sale of VW's Scania stake.

Scania's shares were suspended from trading yesterday after a report in a Swedish newspaper said MAN was about to make a takeover bid. Scania's shares leapt 9.3% to 389.50 Swedish kronor ($53.32) before the trading halt. In the first half of this year, Scania reported net income of 2.83 billion kronor ($387.4 million) on revenue of 35.22 billion kronor.

Makers of trucks used to haul heavy cargo typically see their fortunes closely follow the swings in the global economy, and many have benefited from globalization. European goods such as appliances increasingly arrive at ports from Asian manufacturers and are trucked to wholesalers and retailers across the Continent.

MAN reported a 37% increase in operating profit in 2005 to €765 million ($971.7 million) from €557 million a year earlier, with sales rising 5% to €14.7 billion.

ENVIRONMENT:

Environmentalists, GOP At Odds Over Hunting On Calif. Island (WP)

By Juliet Eilperin

The Washington Post, September 13, 2006

A House GOP bid to continue big-game hunting in a national park on a California island is angering environmentalists and parks officials, who say preserving the nonnative deer and elk herds for hunters will further damage the delicate habitat.

House Armed Services Committee Chairman Duncan Hunter (R-Calif.) is seeking to maintain the hunting preserve as part of a defense authorization bill, arguing that disabled and paralyzed veterans should be able to hunt there. That would overturn a legal agreement, signed by the National Park Service eight years ago, to eliminate deer and elk from Santa Rosa Island by 2011.

Hunter, who came up with the idea while driving down the California coast with a group of Iraq veterans, said it could "provide wonderful outdoor activities for those American veterans who have protected our freedom." The House has adopted the language, but the Senate passed a resolution opposing it. Lawmakers must reconcile if they hope to pass the defense bill before adjourning for the election.

The dispute over Santa Rosa, part of the Channel Islands chain, reflects the obstacles to restoring native ecosystems.

DOJ_NMG_0062206

Game animals that ranchers introduced to the 54,000-acre island more than a century ago, along with cattle and pigs, have consumed local plants and encroached on native animals. The deer and elk have attracted golden eagles, which in turn prey on the endangered island foxes. Parks officials are now trying to save the foxes, whose population has dwindled from several thousand to a few hundred, along with eight threatened or endangered plant species.

When federal officials bought the islands in 1986 for $29.5 million from the last private landowners, Vail & Vickers Ltd., they banished the cattle and pigs but allowed the former owners to conduct regular hunts in an effort to gradually rid Santa Rosa of the deer and elk.

As a result, Santa Rosa is mostly closed to the public more than four months a year so a few dozen hunters can shoot deer and elk. Hunters pay the Vail family up to $17,000 each.

Hunter's measure would require the interior and defense secretaries to make hunting available to paralyzed and disabled veterans and block the herds' impending extermination. Hunter's spokesman, Joe Kasper, said the congressman hopes to allow veterans "to hunt on Santa Rosa at little or no cost." There are currently about 1,100 deer and elk on Santa Rosa, said Jim Youngson, a spokesman for Vail & Vickers.

Rep. Lois Capps (D-Calif.), who represents Santa Rosa, called the proposal "outrageous."

"This is not about veterans," she said. "It's about letting a private enterprise continue on a national park at a cost to the taxpayers."

In a recent letter to Capps, Hunter wrote that "hikers, bikers and others can enjoy their activities while disabled veterans hunt." But Capps said the provision amounts to "kicking the public out of public land."

House and Senate negotiators are set to begin negotiations over the defense bill this week.

Paralyzed Veterans of America also opposes the measure. In late July, its chief lobbyist, Douglas K. Vollmer, wrote to Congress highlighting several obstacles to Hunter's proposal, including the cost of hunting and the logistics of getting to and from the island.

"While PVA applauds the efforts of Chairman Duncan Hunter to open hunting and outdoor venues for our members, other disabled veterans and current service members," Vollmer wrote, "we have come to the conclusion that the Santa Rosa Island initiative is not viable."

National Park Service Deputy Director Stephen P. Martin testified before the Senate in May that the deer and elk must be removed for "native plants and animals to flourish on Santa Rosa Island."

"There's no question when you introduce large herbivores to a place . . . they have an array of impacts," he said in an interview. "It's really important to move forward on the course we're on."

Youngson said the former owners have not taken a position on Hunter's proposal but would like the herds to remain.

"They're not advocating for commercial hunting to continue after 2011," Youngson said. "They don't want to see the animals, and this is their word, 'slaughtered.' In the ranching families' opinion, this is their home. They don't believe they damage the environment."

FBI/DEA/ATF/USMS:

FBI Agent Accused Of Hiding Relationship With Female Felon (NSDY/AP)

Long Island Newsday, September 13, 2006

NEW YORK (AP) _ A former FBI agent pleaded guilty Tuesday to false-statement charges after he was accused of concealing his relationship with a Colombian illegal immigrant so she could stay in this country following a drug arrest.

The agent, Ronald LeBlanc, 45, of Dania Beach, Fla., entered the plea before U.S. District Judge Richard C. Casey in Manhattan, admitting he failed to disclose the nature of his relationship with the woman, with whom he was intimately involved.

LeBlanc was accused of making false claims, providing misleading information and concealing important facts to secure a visa for the woman, a cooperating witness.

At his plea, he also admitted making false statements regarding the substance of the information the woman provided to law enforcement.

LeBlanc faces a maximum of five years in prison when he is sentenced Dec. 20.

LeBlanc met the woman in the summer of 1999 while working on a squad investigating South American drug trafficking and money laundering organizations.

He registered her in November 1999 as a cooperating witness and acted as her supervising agent, an indictment said. The woman had pleaded guilty to a drug charge after she was arrested by FBI agents in Massachusetts in November 1998, when she and two others went to a warehouse to receive about 50 kilograms of cocaine.

The woman moved to New York in February 1999 after she was released from custody on the Massachusetts charges. She faced deportation because her cooperation was not enough to win her special consideration.

The woman moved to Miami in December 1999, and LeBlanc transferred to the Miami office in November 2000.

The indictment accused LeBlanc of trying to help the woman stay in the country by making false claims in 2001 about her cooperation in connection with Colombian nationals she knew who were suspects in three killings. One involved Donald Pagani Sr., a retired police detective who was fatally shot during an armed robbery of a meat company in the Bronx.

Federal prosecutors alleged that despite LeBlanc's claims the woman never assisted authorities with any proactive attempts to locate the fugitives in the killings before they were captured in Colombia in December 1999.

City Briefs (NYDN)

New York Daily News, September 13, 2006

Cops stormed a West Village tattoo parlor yesterday and charged the owner with supplying fake IDs to underage clubgoers, sources said.

Mohammed Fayyaz, 38, of Floral Park, L.I., who runs Village Body Arts, Tattoos and Piercings on W. 14th St., was charged with identity theft and criminal possession of stolen property.

Fayyaz charged $50 to $100 for fake driver's licenses, which contained real bar codes with stolen personal information, cops said.

Michael White

Ex-agent aided drug mule

A former FBI agent yesterday admitting lying about his too-cozy relationship with a Colombian drug mule and her help in solving several U.S. murders.

Ronald LeBlanc, 45, pleaded guilty in Manhattan Federal Court to making false statements on the woman's S-visa application, which is awarded to foreigners who help solve crimes. LeBlanc, of Dania Beach, Fla., faces up to five years in prison when he is sentenced Dec. 20. He became intimately involved with the unidentified woman in 1999.

Thomas Zambito

Qns. teen guilty in slaying

A Queens teen slumped into his lawyer's arms as he was convicted yesterday of stabbing to death a 20-year-old man outside a Forest Hills movie theater on Christmas Eve 2004.

Pierre Arias, now 17, looked dazed while more than two dozen friends and relatives of victim Davey Adames broke into cheers and tears.

Adames was stabbed during a fight that broke out after a showing of "Meet the Fockers." Arias faces up to 15 years to life in prison.

Scott Shifrel

Pervert gets 15 years

A pedophile was sentenced to a 15-year prison term yesterday for sexually abusing two young boys in Manhattan.

Pedro Torres, 36, an unemployed Queens mechanic, admitted to police that he routinely surfed the Internet to find his victims. Detectives suspect he also assaulted boys in New Jersey, Massachusetts, Virginia, Pennsylvania and Georgia.

Barbara Ross

His boast means 20 to life

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A Bronx man who savagely slashed the throat of an off-duty correction officer outside a bar 16 years ago - and returned to the tavern more than a decade later to brag about it - was sentenced yesterday to 20 years to life in prison.

Robert Nazario killed Scott Barker, 26, on Feb. 23, 1990, outside Sully's Bar on Eastchester Road.

Chrisena Coleman

Panel Advises Cutting Salaries At Agency (AP)

By Kevin Freking, Associated Press Writer

AP, September 13, 2006

White House employees who oversee the war on drugs could be in for a huge pay cut next year.

Salaries and expenses at the Office of National Drug Control Policy would fall from $26.6 million to $11.5 million under the recommendation of the Senate Appropriations Committee. The director of the office, John Walters, earns $183,500. There are 111 full-time employees at the agency.

The committee's explanation: The reductions are designed to "more closely reflect actual performance."

The committee also called for independent studies and documents such as travel records, salaries and contracts. Its frustration is spelled out in an appropriations bill that funds transportation, housing and various federal agencies. The full Senate has yet to take up the bill, but the committee passed it in late July.

The legislation states that the committee's staff must make numerous inquiries before they can get information from the drug policy office. Plus, the office has prevented directors of various programs from meeting with the committee.

"This kind of unresponsiveness ... results in an unnecessary waste of time and energy," the bill states. "Numerous follow-up communications are required in almost every instance."

A spokeswoman for the White House office said Tuesday that it has streamlined communications to be more responsive to lawmakers.

"The good news here is the agency is accomplishing its mission. Teen drug use is down, and I think members of the Hill understand that and appreciate that," said Jennifer de Vallance, spokeswoman for the drug policy office. "Based on conversations our legislative affairs staff has had with staff members on the Hill, we're confident that the funds are going to be restored."

A spokesman for Sen. Kit Bond, R-Mo., who chairs the subcommittee with oversight over the drug office, did not indicate everything is now OK.

"Unfortunately, this has been a long-term problem," said spokesman Rob Ostrander. "The agency has a record of being unresponsive to committee staff. We hope that changes, because at the end of the day we need to ensure taxpayers' money is being spent wisely."

In recent months, disagreement between the administration and several lawmakers has flared concerning the High-Intensity Drug Trafficking Program, which gives additional money to communities with chronic illicit drug sales. That could be contributing to lawmakers' frustration with the agency.

The administration wants the $225 million program transferred to the Department of Justice. Many lawmakers oppose the transfer for fear the program would become less of a priority.

The committee recommended an increase in funding to $227 million. President Bush recommended a cut to $208 million: "This program is an important function of ONDCP and should not be transferred," appropriators said.

Besides cutting salaries, lawmakers said they would request funding for a study by the National Academy of Public Administration. They also ordered a Government Accountability Office study on the distribution of grants. Plus, they directed Walters to provide quarterly updates on travel expenditures, staffing levels and plans for future hirings.

Last week, Walters and other federal officials announced a drop in drug use among young teens in 2005, the third consecutive drop for that age group. "Twelve to 17 year olds are signaling a positive change in behavior that is strong, broad, continuing and affecting both males and females," he said at the National Press Club.

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Lawmakers outside the appropriations committee have also complained about the agency's responsiveness. Sen. Joseph Biden, D-Del., took to the Senate floor last week and singled out Walters for criticism: "Under him, the office operates like an ivory tower rather than the command center for our national drug control policy," Biden said.

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On the Net:

Senate Appropriations Committee: http://appropriations.senate.gov/

National Office of Drug Control Policy: http://www.whitehousedrugpolicy.gov

Federal Inmate Accused Of Directing L.A. Drug Sales (LAT)

By Joe Mozingo And Richard Winton

The Los Angeles Times, September 13, 2006

Inmate controlled sales in L.A. neighborhoods using hidden messages, U.S. prosecutors say.

Sending hidden messages in letters from his cell at Colorado's "Supermax" prison, a kingpin of the 18th Street gang controlled an elaborate drug operation on the streets west of downtown Los Angeles, federal prosecutors charged Tuesday.

The indictment of 18 members of the gang capped a four-year investigation by a task force of Los Angeles Police Department detectives and FBI agents that used wiretaps, undercover surveillance and inside sources.

They say its members directed the drug trade in some of the city's most crime-troubled neighborhoods, including the Westlake district, Pico-Union and part of Koreatown.

Authorities said they were surprised by the sophisticated hierarchy that they discovered when infiltrating the gang. They described it as being more akin to the Cosa Nostra than a traditional Latino street gang.

"This is very businesslike," Assistant U.S. Atty. Bruce Riordan said. "The discipline evolved over the years."

At the top of the chain of command: Ruben "Nite Owl" Castro, 46, a leader of the Mexican Mafia prison gang who authorities said controlled the two cliques of the 18th Street gang targeted in the indictment, the Shatto Park Locos and the Hoover Locos.

Castro allegedly ran the enterprise from the Administrative Maximum facility in Florence, Colo., where he is serving a life term after being convicted on similar gang racketeering charges in 1997.

With the highest level of security in the nation, the Supermax houses Unabomber Theodore Kaczynski, shoe-bomber Richard Reid and 9/11 plotter Zacarias Moussaoui.

Under constant surveillance, Castro had to use cryptic phone conversations and hidden messages to get his directives to his deputies on the streets, who are described in court papers as "shot callers."

At least two letters seized by the FBI were scrawled in thick pencil marks, which when erased revealed tiny messages written with a fine-point pen.

"We have a couple letters with significant messages to the shot callers on how to direct things," Riordan said.

Castro mostly relayed his messages through his girlfriend, Jesusita Ramirez, 62, who served as an intermediary between him and the street lieutenants, prosecutors said.

Letters from prisoners are supposed to be screened by prison officials. But Castro's hidden messages apparently were able to get out of the prison undetected, officials said.

From the same prison, members of the Aryan Nation gang were able to send orders for killings and other crimes using a complicated system of secret codes, according to testimony at a trial in Orange County earlier this year.

Running Castro's day-to-day operation outside the prison were the shot callers who collected regular "rent" from drug wholesalers and street peddlers, prosecutors allege.

One wholesaler allegedly said that he paid defendant Mervin Nelson Sanchez $1,500 a week to supply dealers in one area.

"Untimely payment of rent to Ruben Castro Organization by a narcotics dealer often resulted in increased rent," according to the indictment, followed by "threatened and actual acts of violence."

Shot callers decided whether the wholesalers and retailers were bringing in enough cash, Riordan said. They told the dealers which wholesalers they had to buy from, and how much per day they had to buy.

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When unauthorized dealers moved in, the shot callers gathered weapons to get rid of them, the indictment alleges.

The shot callers didn't have free reign, though, he said; they answered to Castro's girlfriend, Ramirez, who is wanted but still at large.

On one occasion in 2004, according to court documents, she told a shot caller that Castro was angry because drug sales in one neighborhood were down. Castro, she said, believed that the reason was because the shot caller's assistant lived too far from the area, according to court documents.

Much of the estimated half-million dollars a year in proceeds was transferred straight to her, the indictment says, and a small amount went to Castro in prison. Another portion allegedly went to the Mexican Mafia to pay for protection for members of the two 18th Street gang cliques in prison.

Local and federal authorities have been trying for decades to bring down the 18th Street gang, which has about 8,000 members in Los Angeles County alone.

In 2000, federal prosecutors indicted 26 members of the 18th Street clique known as the Columbia Li'l Cycos, which also charged dealers the right to operate.

The group generated hundreds of thousands of dollars in profits, which it plowed into homes in Burbank and El Monte, a restaurant in South Gate and an auto business in Los Angeles. The case resulted in 26 convictions, Riordan said.

The Los Angeles city attorney's office has obtained three different injunctions against the gang's various cliques. Castro was arrested in 1997 along with other gang leaders in what officials said then was an effort to "cut off the head" of the gang.

But the 18th Street gang has seemed to bounce back each time, often with new recruits.

Based on experience, Riordan said, he expects the latest indictment to put the gang out of action for three years in those neighborhoods. But, he said, other members might eventually fight for control of the area.

In addition to Castro, 10 members and associates of the 18th Street gang were indicted on federal racketeering and conspiracy charges of using threats and violence to control the drug trade.

Both the 18th Street gang and its rival, the Mara Salvatrucha, were born among Central American immigrants in the troubled blocks of apartments west of downtown, and have since grown to tens of thousands of members here, in Central America and, increasingly, across the United States and Mexico.

The U.S. Southern Command, based in Miami, has said the gangs pose one of the biggest threats to security in Central America, and authorities are concerned that the acts of extreme violence seen there — beheadings, tortures, a massacre of 28 people on a bus in Honduras — could begin here.

Though the two gangs mostly are disorganized — with no known leadership — there are signs that they are evolving into something more organized. "In El Salvador, eight different cliques got together and performed a kidnapping extortion recently," the FBI's Robert B. Loosle said.

The indictment is the first time that federal authorities have alleged a conspiracy between two cliques.

Riordan said this type of organization and professionalism generally starts in Los Angeles and spreads.

"We are the cradle," he said.

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Alleged Mobster Pulls $1M Bail In Weed Bust (NYDN)

By John Marzulli

New York Daily News, September 13, 2006

A reputed Bonanno crime soldier charged by the feds with supervising a marijuana distribution ring in Queens was ordered held yesterday on $1 million bail.

Bari Mascitti was busted outside a warehouse at 14-33 Astoria Blvd. where Drug Enforcement Administration agents later executed a search warrant and found 120 pounds of marijuana stashed in the building and in a nearby vehicle.

Also seized in the raid were scales, boxes, gloves and an air purifier.

DOJ_NMG_0062211

"We believe a lot more [marijuana] was in play here," said Assistant U.S. Attorney Michael Ramos at a detention hearing for Mascitti in Brooklyn Federal Court yesterday.

Mascitti, 60, was carrying a key chain with a key to the warehouse when he was arrested on Sept. 5, Ramos added.

Although he's not charged with racketeering or membership in the crime family in the criminal complaint, Mascitti "is an active member," according to prosecutors. They said that he was recently observed driving to a casino in Atlantic City with reputed Bonanno soldier Paul Spina, according to court papers.

Mascitti, who is unemployed, was unaware he was under surveillance on Sept. 1 when DEA agents watched him and codefendant Michael Santoro shop at a Staples office supply store for airtight plastic storage bins to keep their marijuana fresh and potent, according to court papers.

Santoro, and co-defendants Craig Buffa, Jason Caccavo and Francisco Quintero were released on bail, but the feds wanted Mascitti held out of fear he might flee or attempt to threaten witnesses.

Magistrate Roanne Mann said she was concerned that Mascitti had violated the terms of supervised release in previous criminal cases, even though his elderly mother had posted her home for bail.

The judge approved a $1 million bond and house arrest, but insisted that Mascitti's three children co-sign the bond.

"If he violates a single condition of release, it will have serious financial consequences, and I want it to hurt significantly," Mann warned defense lawyer Richard Rehbock.

Mascitti faces five years if convicted.

Man Gets 12-year Sentence On Drug Charges (PAPN)

Harrisburg Patriot-News (PA), September 13, 2006

A Harrisburg man was sentenced to 12 years in federal prison on charges of distributing and possessing crack cocaine and nearly 2 kilograms of cocaine, Thomas A. Marino, U.S. Attorney for the Middle District, said Monday.

Percy Harris, 34, was under investigation by the Drug Enforcement Administration since 1998. A search of his home found digital scales, a false-bottom can, $30,000 in cash, about 4 ounces of crack cocaine and the cocaine, Marino said.

Harris also must serve a 3-year term of supervised release. The case was prosecuted by assistant U.S. Attorney Christy H. Fawcett.

Mexican Meth Trade Fills Supply Gap As Local Labs Fade (DMR)

By Jane Norman

Des Moines Register, September 13, 2006

Washington, D.C. - Mom-and-pop meth labs are vanishing from the landscape, but there's been no reduction in the supply of the highly addictive illegal drug that's plagued Iowa, law enforcement experts said at a congressional hearing today.

Law officials told members of the Senate Finance Committee that 80 percent of meth now is manufactured in "super labs" in Mexico and smuggled over the border. Such labs can produce 10 pounds or more of meth in a day.

Large amounts of cash are funneled back to Mexico, through money laundering or in bulk via small banks or casinos. Estimates are that $3.2 billion to $7.2 billion in drug profits wind up in Mexico and Colombia annually.

"In my humble opinion, this is a weapon of mass destruction introduced by Mexican criminal organizations into this country," said Gregory Passic, director of the office of drug interdiction for customs and border protection at the Department of Homeland Security.

A June survey by the National Association of Counties found that meth was considered the No. 1 illegal drug problem for half of counties and it is rapidly moving east from the rural west and Midwest.

Sean McCullough, special agent in charge of the Iowa Division of Narcotics Enforcement, said that tough laws cracking down on meth ingredients approved by Iowa lawmakers have produced a 72 percent reduction in the number of local meth labs.

But McCullough said that even though meth seizures have declined, "Mexican drug trafficking organizations continue to dominate the state's illicit drug trade."

Sen. Charles Grassley, R-Ia., the chairman of the committee, said constituents in his town meetings in Iowa often link the arrival of illegal immigrants in the state to the spreading use of meth.

Joseph Rannazzisi, deputy assistant administrator of the Office of Diversion Control at the Drug Enforcement Administration, said that wherever there is a transient population and migrant workers, it's possible for traffickers to blend more easily into the community.

However, he said both legal and illegal immigrants are used as drug couriers.

Grassley Says Meth Remains A Problem (RADIW)

By Matt Kelley

Radio Iowa, September 13, 2006

One of Iowa's chief anti-drug agents is testifying this morning (Tuesday) before a Congressional panel about the widening methamphetamine problem. Sean McCullough, Special Agent in Charge of the Iowa Division of Narcotics Enforcement, is appearing before the Senate Finance Committee.

Iowa Senator Chuck Grassley chairs that panel and says despite diligent efforts to thwart meth producers, the drug is still finding its way into the U.S. and Iowa. Grassley says "This summer, a survey taken by the National Association of Counties revealed that meth is considered the number-one illegal drug problem for nearly half of all the counties across America. In Iowa, 79 of our 99 counties said that meth is the number-one problem."

Grassley says while many "mom and pop" meth making operations have been shut down in Iowa, the drug is still arriving here via a drug pipeline from Mexico. Grassley says the purpose of the hearing is to gather testimony about the "changing geography of meth use and production." They'll look at how meth ingredients and drug money are moved, along with the extent and effectiveness of various law agencies on the federal, state and local level.

Grassley says Iowa led the way with its restrictions on meth precursors, forcing drug stores to take more precautions with cold and allergy medications containing pseudoephedrine, a key ingredient in meth. Numerous other states followed Iowa's example, as did the federal government, but Grassley says the benefits were temporary.

Grassley says "Now, of course, filling that void, sophisticated international cartels have come in, dominating meth trafficking." The Washington D.C. hearing was supposed to begin at nine A.M. Central time.

Officials Ask Congress For Meth Help (BILLGAZ)

By Noelle Straub

Billings Gazette, September 13, 2006

WASHINGTON - Congress must provide more funding and encourage better cooperation between law enforcement agencies to combat the methamphetamine problem in Montana, an officer and a tribal leader from the state testified at a Senate hearing Tuesday.

"We are working with decreased funding, limited resources, a growing epidemic and vicious drug-related crimes," said Lt. Dan Springer, commander of the Missouri River Drug Task Force, which is based in Bozeman.

"Methamphetamine hit our area like a freight train, and we have seen nothing but a steady increase in the supply and the demand over the past 10 years," he said.

Springer and Crow Tribal Chairman Carl Venne testified at a hearing of the Senate Finance Committee, on which Montana Sen. Max Baucus is the top-ranking Democrat.

Asked by Baucus what he needed to do a better job, Springer said, "Bodies. The only way work gets done is by people beating the street. And that takes money."

Funds from the federal Byrne Memorial Grant primarily have provided the money for the task force, but that funding has decreased by 62 percent over the past five years, he said. Even getting a third of that back would help add an investigator or two, he said.

That decrease means that the task force, which has nine full-time investigators and covers an area of 17,000 square miles, has been "just maintaining rather than conducting proactive, hard-hitting investigations," he said.

Springer asked for a more stable form of funding that does not keep agencies wondering each year how much money they will receive.

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The price of meth in Montana is twice the price of cocaine, prompting an increase in robberies, assaults and other violent crimes by addicts, he said.

Springer also noted that there is no DEA agent within 160 miles of the task force, so that the group must work with those in Billings to take a case to the federal level. Criminals are much more likely to cooperate if they face federal charges, he said.

Venne testified that his reservation is the size of Rhode Island and some nights has only one officer on patrol.

"Meth use on our reservation is at epidemic stages," he said. "Not only on my reservation but all the reservations in Montana."

Venne, who also serves as an advisory council member of the Montana Meth Project, said the three different jurisdictions involved on the reservation - the local Bureau of Indian Affairs, FBI and the county - are not cooperating to battle meth.

"None of them are working together to fight this problem," he said.

"Why don't we fight this together with our resources? ... We need to work together by building bridges and not burning them between communities and between races."

Venne said the agencies should work out memorandums of agreement to be able to cooperate across boundaries.

The BIA, which handles all law enforcement on the reservation, has 14 officers and two investigators, "probably half of what they need," Venne said.

Baucus said that "mom and pop" meth production has decreased since a Montana law required that some drugs, like pseudoephedrine, be kept behind the counter at pharmacies. But he said that production of meth in Mexico has picked up.

"We've got to break the meth supply chain," Baucus said.

U.N. Official Targets Afghan Opium (AP)

By Constant Brand

AP, September 13, 2006

The United Nations urged NATO forces Tuesday to take military action to destroy the opium industry in southern Afghanistan, saying cultivation of the crop is out of control in the embattled Asian country.

U.N. anti-drug chief Antonio Maria Costa said opium production was being used to fund terrorist groups, and that eradicating it was crucial to establishing order in the south.

"In the turbulent southern region, counterinsurgency and counter-narcotics efforts must reinforce each other so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers," Costa said.

He urged NATO countries to give the alliance the mandate and added resources to expand its mission in southern Afghanistan and take action against production of the crop used to make heroin.

"I call on NATO forces to destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders," he said.

Last week, NATO Secretary General Jaap de Hoop Scheffer said it was not planning to play a leading role in the fight against narcotics in Afghanistan, but the alliance has suggested its troops could play a backup role if they had the time and resources to support Afghan forces and police in eradication of the crops.

Costa said his office had met with NATO to discuss the problem, and he met Tuesday with European Union External Relations Commissioner Benita Ferrero-Waldner.

"Its clear the mission of NATO in Afghanistan has evolved into a full-fledged attempt to eradicate Taliban," he said, adding that NATO would find it "very difficult" to defeat Taliban and insurgents in the south unless they cracked down on drug traffickers.

The U.N.'s Office on Drugs and Crime released its annual survey of Afghanistan's poppy crop in Kabul earlier this month, which said opium cultivation rose 59 percent this year to produce a record 6,100 tons of opium — a massive 92 percent of total world supply.

The U.N. agency said only six of Afghanistan's 34 provinces are opium-free. It said some 2.9 million people were involved in growing opium, representing 12.6 percent of the total Afghan population, and that revenue from this year's harvest was predicted to hit more than $3 billion.

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"The goal should be to double the number of opium-free provinces next year, and double them again in 2008. That is ambitious, but achievable," Costa said.

He called for increased development aid from international donors such as the European Union to get farmers off their dependency on growing opium. Costa said the aid should be made conditional on commitments by regional political leaders to fight opium cultivation and to curb corruption.

Costa also said the Afghan government should step up policing to bring to justice drug traffickers, seizing their assets such as houses and land. He said Afghan authorities also had to do more to stem the import of chemicals needed to make heroin, and to deter "the flow of volunteers, arms and money for the insurgency."

Costa said legalizing Afghanistan's opium trade was not a solution either. He said the market for opium-made morphine was not lucrative enough, adding that the price of illicit opium was five times that of medical opium.

"There is no magic formula to save Afghanistan," Costa said. "Instead we need to insist on full implementation of the Afghan national drug control strategy, which is based on development, security, law enforcement and good governance."

The EU acknowledged in June that its program to fight the narcotics trade in Afghanistan has not worked. The EU has pumped several hundred million dollars into fighting drugs in Afghanistan.

Ferrero-Waldner said the EU would continue to offer alternative crops for farmers to grow.

Afghanistan's counternarcotics minister, Habibullah Qaderi, said the government suggested farmers be offered big cash crops, such as dates or saffron, which bring them better income than wheat. He also called for international donors to step up efforts to build infrastructure to ensure better transport for farmed goods to market.

Opium production in Afghanistan — centered mainly in the two southern provinces of Helmand and Kandahar, where NATO troops are meeting stiff resistance from Taliban and other insurgents — has boomed since the fall of the Taliban in 2001. Last year, more than 4,500 tons of opium were harvested, about 90 percent of the world supply.

Afghanistan Will `Haunt' World If Taliban Flourish, Rice Says (BLOOM)

By Ed Johnson

Bloomberg, September 13, 2006

Sept. 13 (Bloomberg) -- Afghanistan will ``come back to haunt us" unless it becomes a stable democracy, U.S. Secretary of State Condoleezza Rice said, as the North Atlantic Treaty Organization appealed for reinforcements to fight the Taliban.

The international community will pay if it allows the country to become a failed state where Osama bin Laden's al-Qaeda network operates unhindered, Rice said in a speech yesterday, according to the U.S. State Department.

Taliban and al-Qaeda fighters have stepped up attacks in recent weeks as Afghan and international forces try to bring stability to the country's southern provinces. Resistance is stiffer than expected and NATO commanders will hold a conference today to seek about 2,000 extra personnel to reinforce the alliance's existing 19,000 soldiers.

``I am calling for alliance solidarity as some members are carrying more of a burden than others," NATO Secretary General Jaap de Hoop Scheffer said yesterday in an interview with the British Broadcasting Corp.

``The military advice is that we need extra forces," he said. ``These are political decisions and it is up to the politicians in the capitals to do what they promised to do."

Foreign ministers from the alliance's 26 member nations will meet in New York next week to discuss NATO's operation in Afghanistan, de Hoop Scheffer added.

Guerrilla War

NATO took over operations in Afghanistan's six southern provinces from the U.S.-led military coalition on July 31 and is trying to bring stability and aid reconstruction.

Rebels loyal to the Taliban regime, which was ousted by a U.S.-led military coalition in 2001, are waging a guerrilla war against the NATO-led International Security Assistance Force, the U.S.-led coalition and Afghan forces.

ISAF says it has killed more than 500 Taliban rebels since it began an offensive in southern Kandahar province, codenamed ``Operation Medusa," on Sept. 2. Five Canadian soldiers and a member of the U.S. military embedded with Afghan forces have been killed in 11 days of fighting.

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NATO's offensive against the Taliban is critical and the most ``challenging mission'' in its history, Rice said during a visit to Canada yesterday.

``It was the Taliban and their support for al-Qaeda that allowed al-Qaeda to flourish, to become the organization that it did, to plot and to plan and then to launch the attacks of September 11th,'' she said. ``An Afghanistan that does not complete its democratic evolution and become a stable terrorist- fighting state is going to come back to haunt us.''

Biggest Threat

The Taliban have overtaken al-Qaeda as the region's biggest threat, Pakistani President Pervez Musharraf said in an address to the European Parliament's foreign affairs committee yesterday.

``We have to check Talibanization,'' said Musharraf, who has deployed almost 90,000 soldiers on his country's border with Afghanistan to tackle insurgents.

Thirty-seven countries have contributed troops to the ISAF mission. Canada has deployed about 2,000 soldiers, most of them based in Kandahar. The U.K. has 4,900 soldiers in the country, 3,600 of them deployed in the south, mainly in Helmand and Kandahar, and will deploy an extra 900 soldiers later this year, the Defense Ministry said.

Only Latvia has answered NATO's call for reinforcements, offering to increase its presence in Afghanistan from 36 to 56 soldiers, the London-based Times newspaper reported yesterday, citing unidentified military officials in the Afghan capital, Kabul, and unidentified NATO officials.

Bumper Crop

Taliban operations in southern Afghanistan are being funded by money generated from a bumper crop of opium in the region, NATO and UN officials said.

A record 165,000 hectares (407,700 acres) of land were under opium cultivation in Afghanistan in 2006, a 59 percent gain over 2005, the UN Office on Drugs and Crime said earlier this month. In the southern province of Helmand, cultivation rose 162 percent.

NATO forces must ``destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders'' Antonio Maria Costa, the head of UNODC said at a news conference in Brussels yesterday, according to the UN.

The counter-insurgency and counter-narcotics efforts must reinforce each other ``so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers,'' Costa said.

De Hoop Scheffer rejected Costa's appeal. ``NATO does not have a leading role and does not seek to play one in that fight, important though it is,'' Agence France-Presse cited him as saying yesterday in Brussels.

Narcotics are going to be ``an albatross around our necks and the Achilles heel in the recovery of Afghanistan'' unless the problem is tackled, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 7.

To contact the reporter on this story: Ed Johnson in Sydney at ejohnson28@bloomberg.net .

U.N. Pushes NATO To Curb Afghan Drug Trade (UPI)

United Press International, September 13, 2006

BRUSSELS, Sept. 12 (UPI) -- The head of the U.N. Office on Drugs and Crime is asking NATO to address surges in opium production in the southern regions of Afghanistan.

"I call on NATO forces to destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders," he said Tuesday at a news conference in Brussels. "I invite the coalition to give NATO the mandate and resources required."

Costa cited the 2006 UNODC Annual Opium Survey, released last week, reporting 407,700 acres of opium were under cultivation in Afghanistan, an increase of 59 percent from 2005. A record of about 6,725 tons, up 49 percent from last year, was harvested.

Most of the opium cultivated in Afghanistan is in the southern provinces of Helmand and Kandahar, the U.N. agency said. Of the country's 34 provinces, only six do not produce opium.

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The survey also said the number of Afghans involved in the opium industry has increased by almost a third to 2.9 million, 12.6 percent of the total population.

Costa said such mass production of opium can lead to an increase of heroin overdoses.

"Experience shows that massive over-supply of heroin does not lead to lower prices but to higher-purity heroin doses," he said. "I fear that in 2007, once the new crop has reached retail markets, Afghan opium will kill more than the 100,000 people" who recently died.

In addition to an aggressive strategy from NATO, Costa requested increased aid to Afghanistan along with the help of district and provincial leaders in the commitment to curb the growing industry.

ATF Brought In To Assist In Tire Fire Investigation (SANDC)

San Diego Channel, News 10, September 13, 2006

SAN DIEGO -- Federal fire scene detectives joined Tuesday in local investigations into a blaze that raged through an East Village tire shop over the weekend, causing an estimated $3.5 million in damages.

The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives will aid the San Diego Fire-Rescue Department in determining the cause of the conflagration in the 1000 block of Broadway, ATF information officer Susan Raichel said.

Sunday night's blaze at Tire Express forced the evacuation of about 200 people from neighboring Sara Frances Hometel, SDFRD officials said.

It took several dozen firefighters more than three hours to extinguish the main body of the inferno, which caused no serious injuries but left several people suffering from smoke inhalation.

The investigative assistance of the ATF's National Response Team will bring additional expertise and state-of-the-art equipment to the probe, Raichel said.

Four regional components, organized geographically to cover the United States, comprise the squad, which can respond within 24 hours to assist state and local law enforcement or fire service personnel in investigations.

A fleet of response vehicles located throughout the United States provides logistical support, Raichel said.

Man Charged With Bank Fraud, Impersonating Federal Marshal (AP)

AP, September 13, 2006

SALT LAKE CITY (AP) A Salt Lake City man who ran a business called U.S. Marshalls Salvage has been charged with impersonation of a U.S. marshal and bank fraud, the U.S. attorney's office said.

Andrew A. Costa, 41, has no connection to the U.S. Marshals Service. But he is accused of telling people he was a federal marshal and of handing out business cards with a five-point star similar to the U.S. marshal insignia, the U.S. attorney's office said.

Costa used the business cards and other documents containing the star insignia to create the impression he was associated with the federal agency, James Phelps, supervisory deputy of the Salt Lake City office of the Marshals Service, said in an affidavit filed with the complaint last week.

Costa is accused of carrying out the deception from about January to August and of depositing fraudulently obtained money in a credit union account. He is accused of accepting $22,000 for a truck he had repossessed, Phelps said in court documents.

Bank fraud carries a penalty of up to 30 years in prison and a $1 million fine.

He is also charged with illegal possession of marshal insignia and unlawful use of the marshal name.

Costa could not immediately be reached for comment. There is no telephone listing in his name in the Salt Lake City area.

IMMIGRATION:

Judge Says Immigrant Child Can Stay (FINDLAW/AP)

By Peter Prengaman, Associated Press Writer

AP, September 13, 2006

DOJ_NMG_0062217

(AP) - LOS ANGELES-A 10-year-old Salvadoran boy who was apprehended while trying to cross the U.S. border on his own to find his mother can stay in America at least until next summer, an immigration judge ruled Monday.

Judge William Martin's decision means Jonathan Martinez can live with his mother in Inglewood while the family prepares an asylum claim to keep him here, lawyer Julianne Donnelly said. That case is expected to be heard in August.

Donnelly said the family will argue that Jonathan does not have anyone to take care of him in El Salvador, making him susceptible to gangs and violence.

"He would be forced to fend for himself on the streets," Donnelly said.

Jonathan's case illustrates a growing problem with the federal program known as "temporary protective status" under which his mother is staying in the United States. Officials don't know what to do with the thousands of kids from Central America who come to the country illegally to join their parents.

The program provides legal residency to illegal immigrants from El Salvador, Honduras and Nicaragua, all countries that have suffered devastating natural disasters in recent years. The idea is that they can best serve their homelands by working here and sending money home.

But only immigrants in the United States when a program starts - for Salvadorans, after two major earthquakes in 2001 - are eligible. That means children who come later to join parents don't qualify, putting them in a sort of immigration limbo. Many end up being deported.

Jonathan's mother had left him with an aunt in 2000 to illegally immigrate to the U.S. Since 2001, she has had the temporary status.

When the aunt got sick in late 2004, Jonathan said he and a teenage cousin rode buses north for several weeks to reach the U.S. border. The two were separated, and Jonathan was nabbed in the desert trying to cross the Mexico-Arizona border. He has lived with his mother and 3-year-old half sister since then.

The family said the aunt who took care of him has since left El Salvador, his grandparents are too old to take him in and his father disappeared years ago.

"I'm happy because I get to stay," said Jonathan in a phone interview after Monday's hearing. "I didn't want to go back because I would be by myself."

Immigration Proposals (NYT)

By Rachel Swarns

The New York Times, September 13, 2006

House Republicans proposed a series of border security and immigration enforcement strategies, calling for more fencing along the Mexican border, more Border Patrol agents and counterfeit-proof Social Security cards for citizens and immigrants searching for work. The proposals are likely to form the basis for a legislative package House Republicans plan to announce this week. The initiatives are expected to pass the House this month, either attached to other legislation or as a stand-alone bill. House Democrats called the Republican effort political grandstanding in the weeks before the November midterm elections.

GOP Calls 'Elite' Out Of Touch On Immigration (WT)

By Charles Hurt

The Washington Times, September 13, 2006

House Republicans, returning from a month of field hearings on illegal immigration, yesterday warned of a gaping disconnect between American voters and many "elite" lawmakers.

"I have never seen such a disconnect between the American people and the elite," said Rep. Peter T. King, the New York Republican who chairs the House Homeland Security Committee and held two hearings last month.

Mr. King said securing the border this year is a cornerstone to national security and the war on terrorism. He called for more Border Patrol agents, more detention facilities for captured illegals and more unmanned aerial vehicles to patrol the border.

Testimony by Mr. King and others came during a "forum" yesterday before the Republican Policy Committee at which committee chairmen who held field hearings during the August recess could report their findings to Republican leadership.

Yesterday's packed meeting was yet another rebuke of the Senate immigration reform bill that would grant citizenship rights to about 10 million illegal aliens already in the country. Republicans attacked the Senate bill for granting Social Security benefits to illegals, hampering the ability of local police to detain illegals and requiring the U.S. government to consult with Mexican officials before building a border fence.

Also, House Republican leaders said yesterday's forum would set the stage for a new slate of border-security proposals they hope to pass the House before the November elections.

The Senate, like the majority of Democrats in the House, has refused to approve border-security legislation unless it includes proposals to grant citizenship rights to illegals and create a guest-worker program.

But House Republicans said yesterday, one day after marking the five-year anniversary of the September 11 attacks, that border security is too important to the war on terror to allow it to wait until agreement can be reached on the other components.

"There is a very simple reason why we need border security," said Rep. Peter Hoekstra, the Michigan Republican who chairs the House intelligence committee. "We are a nation at war. We face a very dangerous enemy that is intent on attacking us again."

Rep. Harold Rogers, Kentucky Republican, said legislation approved this year has improved the situation on the border. He noted $21.2 billion in new spending for Border Patrol agents, detention beds and other "border security tools."

As a result, he said, 99 percent of aliens apprehended along the Southwest and northern borders are being detained for deportation, compared with only 34 percent a year ago. Also, agents rounded up 66,000 aliens along the Southwest border in July, 34,000 fewer than in July 2005.

"What you are doing is working and that's having an effect," Mr. Rogers said.

Still, said Rep. Adam H. Putnam, the Florida Republican who chairs the Republican Policy Committee, more needs to be done.

"Our pressing border-security issues before us, however, cannot be delayed," he told his committee yesterday.

House GOP Seeks Tough Border Security (AP-Y)

By Jim Abrams

AP, September 12, 2006

Congress should take tough steps to stop the flow of illegal immigrants, House Republicans agreed Tuesday, while putting off the question of whether undocumented workers already in the country should be given a path toward legal status.

A Republicans-only forum on border security confirmed the House's rejection of the Senate approach of combining enhanced border security with creation of a guest worker program and a means for illegal immigrants to move toward eventual legal status.

"The state of our borders is a security crisis," said House Speaker Dennis Hastert, R-Ill., at the meeting of GOP leaders and committee chairmen. The American people want, he said, "immediate, targeted legislation specifically designed to secure the border, protect our homeland and vigorously enforce our immigration laws."

The purpose of the forum was to share results from some 22 hearings Republicans held in 13 states during the August recess to press the importance of the border security issue. House Republicans initiated the hearings as it became apparent that compromise with the Senate on a more comprehensive bill would be unlikely to clear Congress this year.

Rep. Adam Putnam, R-Fla., chairman of the Republican Policy Committee, is charged with putting together legislation in the coming weeks. It was unclear whether the final product would be a stand-alone bill — which might face strong opposition in the Senate — or be attached to a spending bill that Congress must pass this year.

But House Majority Leader John Boehner, R-Ohio, said at a news conference Tuesday that "we will send President Bush a series of border initiatives this year."

He said that areas that must be addressed include more border patrol agents, additional fencing along the border, stricter enforcement of immigration laws and enhanced state and local law enforcement authority.

House Rules Committee Chairman David Dreier, R-Calif., pushed for efforts to establish a smart, counterfeit-proof Social Security card.

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Rep. Harold Rogers, R-Ky., chairman of the Appropriations subcommittee on homeland security, spoke of a $5.5 billion Homeland Security Department contract to be awarded this fall that would "essentially prevent penetration" within the next five years through a combination of electronic surveillance, unmanned aerial surveillance and patrols.

Bush, while not specifically endorsing the Senate bill, has long advocated changes in immigration policy to create a guest worker program and set up a procedure by which the 11 million to 12 million illegal immigrants in the country can work toward legal status and eventual citizenship.

Democrats dismissed the August hearings as episodes of preaching to the converted and said that, as long as there is a demand for foreign labor, the security-only approach won't work.

"They haven't even told us what they are planning to propose, which shows that this is not a serious legislative thing they are proposing," said Rep. Zoe Lofgren, D-Calif., in a telephone news conference. "This is a political game."

Putnam, while responsible for putting together a border security package, represents an agricultural district in central Florida where there's interest in creating a guest worker program for farm workers.

He is scheduled to attend a rally Wednesday outside the Capitol being staged by farmers, restaurant owners and the Chamber of Commerce in favor of comprehensive immigration legislation.

"While there must be a comprehensive approach to immigration, securing our borders is the first, and most pressing, problem demanding our attention and action," he told the forum.

TAX:

How To Lower Your Tax Bill This Year There's Still Time In 2006 To Exploit Law Changes On 401(k)s, Donations And Energy Conservation (WSJ)

By Tom Herman

The Wall Street Journal, September 13, 2006

Even though 2007 arrives in just a few months, there's still plenty of time to consider tax-saving moves for 2006 -- especially in view of a spate of changes to the tax code.

Among the revisions effective this year are higher limits for 401(k) contributions, a new charitable-giving incentive and new breaks for energy-efficient vehicles and home improvements. These are in addition to perennial year-end techniques such as selling losing stocks. Many taxpayers can also take steps to blunt the impact of other, more onerous changes, such as the expanded "kiddie tax."

"With all the new laws, you've got many new ways to cut your taxes" and soften the blow from other new provisions, says Sidney Kess, a New York lawyer and accountant.

But year-end planning could be tricky for millions of people this year because of continued uncertainty about the fate of several popular tax breaks that expired at the end of last year. Chief among these is a provision allowing people who itemize their deductions to deduct either their state and local income taxes or sales taxes. Unless Congress revives this provision, taxpayers will be able to deduct only their state and local income taxes for 2006. The option to deduct sales taxes, instead of the income taxes, is especially important to people in states with no state income tax, such as Florida, Texas and Washington.

Many lawmakers in both parties want to restore the sales-tax provision. Even so, it's not clear when -- or even whether -- Congress will act because the subject has become ensnared in other, unrelated battles, such as those involving estate-tax cuts and raising the minimum wage.

Here is a look at several changes this year that could affect people's financial plans:

Retirement Savings: The maximum amount that workers under age 50 can contribute to their 401(k)s rose this year to $15,000, under a schedule outlined in a 2001 law. That's up from $14,000 last year. If you're 50 or older at any time this year, you can set aside a total of $20,000, up from $18,000 last year. "Put away as much as you can in your 401(k)," Mr. Kess says.

The maximum amount people under age 50 can put away in an IRA this year remains $4,000. But those 50 or older can put away $5,000, up from $4,500.

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Separately, Congress this year approved eliminating the income limit to convert a traditional IRA to a Roth IRA, a change that will be effective starting in 2010. If your income is too high to make a Roth IRA contribution for 2006, "you might want to consider making a nondeductible contribution [to a regular IRA] for 2006 and future years -- looking forward to rolling the account into a Roth IRA starting in 2010," says Mark Luscombe, principal analyst at CCH, a Wolters Kluwer unit. With a Roth IRA, you can't deduct your contributions but the funds grow tax-free and withdrawals may be tax-free, depending on certain rules.

Charitable Giving: Last month, President Bush signed a law that allows taxpayers who are 70½ or older to give away as much as $100,000 a year from their IRA directly to qualified charities without triggering federal income taxes. Charities expect this change to generate billions of dollars of additional donations.

Here's how it works: In a typical case, a taxpayer can get an exclusion from gross income for otherwise taxable distributions of as much as $100,000 from an IRA -- as long as the money is paid directly to a qualified charity. This money counts toward taxpayers' required minimum distributions for that year. This new break is available only for distributions this year and in 2007.

Some people already have made plans to take advantage of this new break. David Handler, a lawyer at Kirkland & Ellis in Chicago, says a client is moving $100,000 from his IRA this year -- and will do so again next year. The money will go directly to public charities.

Separately, lawmakers changed some rules on deducting gifts of clothing and household items. For contributions made after Aug. 17 this year, you generally can't deduct the value of those items unless they're in "good" condition or better. Congress didn't try to define "good" but the Internal Revenue Service may come up with guidance.

However, there's an important exception: You can still deduct the value of an item that isn't in good condition or better if the amount claimed is more than $500 -- and if you include a qualified appraisal with your tax return.

These new rules apply to household items such as appliances, furniture and linens. They don't apply to items such as paintings and other objects of art or jewelry, which are covered under a different set of rules.

So what's a donor supposed to do? Consider taking photos of significant gifts, accountants say, and keep a detailed inventory of what you donate.

Kiddie Tax: Congress has increased the number of children whose income is subject to their parents' higher tax rate, by raising the age limit. If a child receives dividends, interest and other "unearned income," the first $850 typically is tax free and the next $850 is then taxed at the child's lower rate. Income above $1,700 is subject to the parents' top rate. Previously, the parental rate kicked in only for children under age 14, but now it affects kids under age 18.

Because of this change, upper-income investors should consider investments for their children that generate little or no current taxable income, such as U.S. savings bonds or index funds, Mr. Kess says. Consider avoiding high-yielding corporate bonds, since the interest currently would be taxable as ordinary income.

New Energy Tax Breaks: These include "credits of up to $500 lifetime for energy-efficient improvements to your home," says Mr. Luscombe of CCH. Other incentives apply to eligible solar water heaters and solar electricity equipment, and -- for many taxpayers -- the purchase of hybrid and other alternative-fuel vehicles.

Working Abroad: A new law sharply raises taxes on many Americans living and working abroad. While the impact will vary sharply from country to country, it will be especially painful for many Americans stationed in countries such as Singapore and Hong Kong that have high housing costs and low taxes. If you're affected, ask your employer for help in picking up the extra tab -- which in some cases can easily run to tens of thousands of dollars. * * *

BAUCUS URGES lawmakers to act quickly to extend expired tax breaks.

Montana Sen. Max Baucus, the Senate Finance Committee's ranking Democrat, emphasizes the importance of taking action soon to approve "the extenders," such as the sales-tax deduction.

Millions of taxpayers will be hit with higher taxes unless Congress extends this and other expired provisions. ***

MORE PEOPLE get hit with stiff penalties for delaying tactics or frivolity.

The U.S. Tax Court is authorized to impose a penalty of as much as $25,000 on someone for tactics designed mainly to delay, or for making arguments that clearly are "frivolous or groundless." Frivolity would include arguing that there is no law requiring Americans to pay income taxes, or that "wages" aren't really income, or that paying taxes somehow is voluntary, or that

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the 16th Amendment to the Constitution wasn't properly ratified. That amendment, enacted in 1913, authorized Congress to impose an income tax.

Although judges have been warning taxpayers for years, many people still haven't gotten the message that judges are losing patience with these and other similar claims.

In a recent case, a Tax Court judge imposed a $25,000 penalty on a California man. * * *

BRIEFS: Reminder: Friday is the deadline for third-quarter estimated tax payments. ... Service to people visiting IRS "taxpayer assistance centers" around the nation showed "improvement" during this year's filing season, says the Treasury Inspector General for Tax Administration (www.tigta.gov). For example, taxpayers received "fewer inaccurate answers" to tax-law questions than in the 2005 filing season.

Email me at taxreport@wsj.com1.

CONGRESS-ADMINISTRATION:

Bush Tells Group He Sees A 'Third Awakening' (WP)

By Peter Baker

The Washington Post, September 13, 2006

President Bush said yesterday that he senses a "Third Awakening" of religious devotion in the United States that has coincided with the nation's struggle with international terrorists, a war that he depicted as "a confrontation between good and evil."

Bush told a group of conservative journalists that he notices more open expressions of faith among people he meets during his travels, and he suggested that might signal a broader revival similar to other religious movements in history. Bush noted that some of Abraham Lincoln's strongest supporters were religious people "who saw life in terms of good and evil" and who believed that slavery was evil. Many of his own supporters, he said, see the current conflict in similar terms.

"A lot of people in America see this as a confrontation between good and evil, including me," Bush said during a 1 1/2 -hour Oval Office conversation on cultural changes and a battle with terrorists that he sees lasting decades. "There was a stark change between the culture of the '50s and the '60s -- boom -- and I think there's change happening here," he added. "It seems to me that there's a Third Awakening."

The First Great Awakening refers to a wave of Christian fervor in the American colonies from about 1730 to 1760, while the Second Great Awakening is generally believed to have occurred from 1800 to 1830.

Some scholars and writers have debated for years whether a Third Awakening has been taking place, although some identify other awakenings in U.S. history. Bush aides, including Karl Rove, have read Robert William Fogel's "The Fourth Great Awakening and the Future of Egalitarianism."

Bush has been careful discussing the battle with terrorists in religious terms since he had to apologize for using the word "crusade" in 2001. He often stresses that the war is not against Islam but against those who corrupt it. In his comments yesterday, aides said Bush was not casting the war as a religious struggle but was describing American cultural changes in a time of war.

"He's drawing a parallel in terms of a resurgence, in dangerous times, of people going back to their religion," said one aide, who spoke on the condition of anonymity because the session was not open to other journalists. "This is not 'God is on our side' or anything like that."

The White House did not release a transcript of Bush's remarks, but National Review posted highlights on its Web site. On another topic, Bush rejected sending more troops to the Afghanistan-Pakistan border areas to find Osama bin Laden. "One hundred thousand troops there in Pakistan is not the answer. It's someone saying 'Guess what' and then the kinetic action begins," he said, meaning an informer disclosing bin Laden's location.

House May Identify Members Who Earmark Money For Pork Projects (MCT)

By Margaret Talev

McClatchy Newspapers, September 13, 2006

DOJ_NMG_0062222

WASHINGTON - The Republican-led House of Representatives will vote this week on two measures that could help reveal who's behind billions of dollars in pork-barrel spending each year.

That could help Republicans appeal to fiscally conservative voters who are frustrated by Congress's runaway spending and threatening to stay home from the polls in November.

Taxpayer-watchdog groups praise the sentiment behind House Majority Leader John Boehner's decision to schedule these votes, but he's being squeezed between lawmakers who are reluctant to cede power and critics who say the legislation doesn't respond forcefully enough to a spate of congressional corruption scandals.

The first measure, approved by the Senate and slated for final House approval on Wednesday, would create a centralized, online search engine for government contracts, making it easier for the public to track who's receiving government dollars and how the money is being spent.

The second, a proposed change to House rules, would identify the lawmakers behind special-interest projects known as "earmarks."

Tens of thousands of earmarks are tucked anonymously into massive spending and tax bills each year. Citizens Against Government Waste identified 13,997 earmarks worth $27.3 billion in appropriations bills last year alone. Critics of pork-barrel politics say that attaching lawmakers' names to earmarks could curb abuses of the process, although lawmakers often trumpet the earmarks they win for projects when they think their constituents or contributors want them.

Boehner, R-Ohio, said Tuesday that the two measures are a start but don't eliminate the need for more comprehensive lobbying reform after the conviction of ex-Rep. Duke Cunningham, R-Calif., on bribery charges; the Jack Abramoff lobbying scandal that's touched several members of Congress; and a corruption investigation into Rep. William Jefferson, D-La., who's accused of stashing a $90,000 in cash in a freezer.

"If you look at the members who've gotten themselves in trouble, it was over the illicit use of earmarks," Boehner said. "I just think that bringing transparency and accountability to this process is in everyone's best interests."

Some campaign-finance watchdogs consider these proposals a diversion, however.

Tom Schatz, the president of Citizens Against Government Waste, said of the House plans: "It's better than nothing. It should provide a lot more transparency. Whether it means they'll be more accountable and do less remains to be seen."

Lobbying reform legislation has stalled in negotiations between the House and Senate. Critics say neither chamber has gone far enough to cut down on lawmakers' financial relationships with lobbyists.

Details of the House earmark proposal were still changing Tuesday, but there appeared to be some loopholes, especially in identifying lawmakers behind projects in tax and authorization bills, as opposed to appropriations measures.

That drew fire from members of the House Appropriations Committee, who don't want the burden of disclosure to fall disproportionately on them. "We have strong support among our members as long as it applies across the board," said committee spokesman John Scofield.

House Democrats said they wanted to offer an amendment that also would prohibit earmarks which benefit lawmakers' families or lobbyists connected to their political action committees.

It also was unclear to what degree senators would have to disclose their earmarks.

Senators aren't bound by House rules, but once legislation with their earmarks in it reaches the House, then House rules might require their identification.

Sen. Barack Obama, D-Ill., who with Sen. Tom Coburn, R-Okla., sponsored the Senate's contract search-engine legislation, said of the House's plans, "I'm willing to take half a loaf if we can get something done that's good."

Earmark Showdown (WSJ)

The Wall Street Journal, September 13, 2006

Like drunks checking into rehab, House Republicans will take one final stab this week at reforming the "earmark" epidemic on Capitol Hill. So far this year more than 10,000 projects -- for baseball parks, bovine genetics, bicycle paths, beaver management grants and bridges to nowhere -- have been stashed into budget bills at a cost of nearly $30 billion. That ain't peanuts.

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The proposed reform would require the disclosure of the Congressional sponsor of every earmark slipped into an appropriations bill. There would then be a three-day waiting period from the time these reports are issued until the House vote. Members could no longer vote for 1,000-page spending bills while claiming they didn't know about the fiscal mischief inside.

A related Senate bill by Tom Coburn (R., Okla.) would require that the dollar amounts and recipients of all grants and earmarked contracts be listed on a public data base. Voters could then determine how much money is given away each year to some 30,000 groups, ranging from Planned Parenthood to the California Raisin Board. This is called "transparency," which ought to be the least Congress can do for taxpayers. The Members can still request the earmarks, but they'd have to defend them in the sunlight -- which means running the risk of what Republican Jeff Flake of Arizona calls the public "shame factor."

One reason to suspect that these rules would deter the worst excesses is that Appropriators in both parties are groaning. They are insisting on loopholes that would exempt grants to state and local governments and hometown universities. They're also seeking an exemption for omnibus continuing resolution bills, which in some years contain a half-trillion dollars of spending crammed into one elephantine package. Unless these escape hatches are shut, earmark reform won't mean much.

A case in point is the HHS-Education spending bill, which so far contains 1,867 earmarks at a cost of just under $500 million. Members tell us the bill has caused a mini-rebellion because two of the three largest earmarkers are Democrat Nancy Pelosi, who walks away with $7.9 million worth of goodies, and David Obey, the ranking Democrat on Appropriations who receives $6.8 million for his Wisconsin district. This is the same Ms. Pelosi who earlier this session pledged to give up her pork to help balance the budget.

The House GOP leadership finally seems to comprehend the stakes in this pre-election budget fight. Majority Leader John Boehner calls the anti-earmarking bill "must-pass legislation," and has agreed to separate it from a bottled-up lobbying-reform bill. All that can block this from passing now are the spend-happy Republicans on Appropriations. If they succeed, they will have inflicted a far greater wound on their majority than the Democrats ever could.

House, Senate Divide Stalls Ethics Bill (AP-Y)

By Jim Abrams

AP, September 12, 2006

Unable to agree on sweeping ethics legislation, the House this week will try to pass a narrower bill to shed light on pet projects that lawmakers tuck into spending and tax bills.

The measure on "earmarks," a rules change that would apply only to the House, is a small part of comprehensive lobbying and ethics legislation that the House and Senate both passed last spring in the wake of a spate of scandals involving lawmakers and lobbyists.

But the two chambers have been unable to find common ground, and prospects for legislation that was deemed a top priority when this session of Congress convened last January are not good.

But even the scaled-back earmarks measure, which would require disclosure of special projects inserted, often furtively, into larger bills, is facing opposition.

Republicans on the Appropriations Committee, which puts together annual spending bills, have objected to being singled out for earmark reform and demand that any new rule also apply to tax and authorization bills.

Republicans on the committee held up passage of the lobbying bill last May over the same issue.

House Majority Leader John Boehner, R-Ohio, said at a news conference Tuesday that he was working with the chairmen of the involved committees and "we're going to do it this week."

He acknowledged the problems: "Everyone has a different description of what an earmark is."

"If you look at the members who got themselves in trouble, it was over the illicit use of earmarks," Boehner added.

Earlier this year former Rep. Randy "Duke" Cunningham, R-Calif., was sentenced to more than eight years in prison after pleading guilty to taking $2.4 million in bribes in return for steering government contracts to certain companies.

The House has also scheduled a Wednesday vote on a bill, approved by the Senate last week, that would create a database of government spending so that citizens and activist groups can more easily track the grants and contracts included in the federal budget.

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Democrats, who say the earmarks measure is a pre-election effort by the Republicans to show they are accomplishing something to improve ethics, said just bringing openness to the use of earmarks wasn't enough.

"Earmark reform must do more than identify an earmark's sponsor," said Rep. Rahm Emanuel, D-Ill., in a letter to his colleagues. "We need to curb the proliferation of unnecessary and suspect earmarks."

Emanuel said he would offer legislation that would prevent members from awarding earmarks that would benefit a registered lobbyist who serves as chairman of a particular member's political action committee. It would also end the practice of adding earmarks into conference reports that come out of House-Senate negotiations.

Boehner said the Appropriations Committee has already been successful in reducing earmarks, noting that requests for member projects had been reduced by 37 percent compared to last year, with spending for such projects down $7.8 billion.

The larger lobbying and ethics bills, an outgrowth of the scandal involving disgraced former lobbyist Jack Abramoff, would have limited the number of meals and gifts that members could accept from lobbyists, required greater information on the purpose of privately funded trips, slowed the movement of members leaving Congress for jobs in lobbying and mandated lobbyists to submit information on their activities more frequently.

The legislation became hung up over a provision in the House bill that would have limited donations to independent political groups known as 527s. Such groups tended to provide more financial support to Democrats in the last presidential election, and Senate Democrats made clear that they would not support any lobbying bill that contained 527 restrictions.

NIH: Scientists Escape Ethics Punishment (AP)

By Rita Beamish, ASSOCIATED PRESS WRITER

AP, September 13, 2006

Most of the federal scientists who improperly accepted personal money from drug or biotechnology companies walked away with reprimands or were allowed to retire unscathed.

Only two of the 44 scientists found to have violated rules governing private consulting deals are being investigated for possible criminal activity, and they remain on the government payroll, the National Institutes of Health told The Associated Press this week in the most detailed accounting it has released.

NIH spokesman John Burklow said his agency wanted eight others reviewed for possible crimes, but those cases were rejected by the investigating office at the U.S. Health and Human Services Department.

The two still outstanding - Drs. Trey Sunderland and Thomas Walsh - both committed "serious misconduct," so grave that they would be fired if they were civilians, NIH internal ethics reports contend.

NIH says it has been unable to act against the two because they are part of the Public Health Service Commissioned Corps, which provides medical help during disasters.

Lawmakers plan to push for answers Wednesday at a House Energy and Commerce subcommittee hearing, part of continuing scrutiny into how the agency polices conflicts of interest. Responding to congressional criticism, NIH last year barred federal scientists from the once-common practice of earning lucrative paychecks from private companies.

Rep. Bart Stupak, D-Mich., said he wants to know why it is taking so long to resolve the case of Sunderland, a leading Alzheimer's disease researcher whose request to leave government service has been denied for two years.

"Where's the accountability? Where's the response?" Stupak said. "This person should be dealt with severely."

He referred to allegations that Sunderland improperly transferred human tissue samples from NIH patients to the drug company Pfizer.

"These people thought they were helping other people, not some scientist profiting," he said. Sunderland, through his attorney, denies that his consulting payments from Pfizer were tied to samples he provided in his government capacity.

The Public Health Service Commissioned Corps is concerned about the allegations against Sunderland and Walsh and "will take appropriate action should wrongdoing be found," said spokeswoman Christina Pearson.

However she cited "other reviews" of Sunderland that her agency must coordinate with.

Rep. Joe Barton, R-Texas, chairman of the House Energy and Commerce Committee, said the case points out deeper problems at NIH.

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"In spite of the public changes that have been made at NIH, there really does not appear to be a cultural change where the institution and the members of the institution condemn the kind of behavior that apparently Dr. Sunderland has exhibited. It's really, really disappointing," he said.

The subcommittee is expected to question NIH officials about documents showing it approved several taxpayer-paid trips for Sunderland to attend conferences and events in places like Hawaii and Toronto, even after recommending his firing. Things changed last month when his superiors, a day after assuring Sunderland the agency would soon negotiate his release, suddenly restricted his access and activities and assigned him to administrative duties, his lawyers said in a letter to the subcommittee.

NIH investigated 103 employees after revelations in 2004 that many had failed to report their paid relationships with drug companies. Of the 44 alleged offenders, six left NIH before they could be punished and two had offenses so minor they merited no sanction, Burklow said.

The majority received reprimands or warnings for failing to properly obtain approvals for their outside consulting work, he said. Suspensions ranging from a week to 45 days were meted out to a few who did not get prior approval or did not report their drug company ties, said Burklow.

Sunderland is under investigation by the HHS inspector general and the Justice Department, officials have said. And a government official told AP that Walsh, a prominent cancer researcher, is the other case the inspector general is reviewing. The official requested anonymity because the investigation is ongoing.

Reached at his NIH office on Monday, Walsh declined comment.

NIH ethics reports allege the two scientists had unauthorized, unreported deals with drug companies - Sunderland earning more than $600,000 over eight years for consulting and speeches and Walsh more than $100,000 in five years - and that their consulting improperly overlapped with government duties.

Lawyers for both scientists said in written defenses to NIH investigators that the two put in exceptionally long hours at their government jobs, even if the proper paperwork was missing for taking leave to perform outside work.

Documents obtained by AP show Sunderland initially got a green light to retire in November 2004 and he had his 11-year research project transferred to a New York center where he planned to accept a prominent post. But NIH officials subsequently recommended against his departure and the center now is moving on to hire someone else.

Sunderland's attorney Robert Muse cites a litany of mixed signals Sunderland received from NIH, including months of refusal to meet after stating a willingness to work out his release.

Burklow, citing privacy concerns, would not discuss any individual cases.

"The bureaucratic inaction," Muse wrote the congressional subcommittee on Monday, "has unreasonably interfered not only with Dr. Sunderland's career but also with his important Alzheimer's research," which he said cost the government millions of dollars.

Some scientists whose consultancies were negatively highlighted in 2004 congressional hearings and press accounts left NIH voluntarily. They suffered no repercussions.

Cancer researcher Lance Liotta said he retired in May 2005 with pension and benefits, accepting "a great opportunity" in research at George Mason University. His consulting activities, though questioned after the fact by Congress, were approved at the time, and he never was sanctioned.

Another former researcher, 33-year NIH veteran Michael Brownstein, had held nearly $2 million in stock with four companies whose boards he served on while he worked at NIH. The agency approved the consulting and never accused him of wrongdoing, said Brownstein, who continues his genetic research at the J. Craig Venter Institute in Rockville, Md.

Medicare Premiums Up Less Than Expected (AP-Y)

By Kevin Freking

AP, September 12, 2006

Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated.

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Officials had been projecting that premiums would again grow at double-digit rates, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients.

The news was not as good for wealthier beneficiaries. For the first time in the program's history, wealthier beneficiaries will pay more for the insurance that covers doctors' visits and outpatient hospital care, known as Medicare Part B.

The higher payments will apply to about 1.5 million beneficiaries with incomes of more than $80,000 a year. Congress approved means-testing in the 2003 law that created the Medicare drug benefit.

For individuals who earn more than $80,000, or couples who earn more than $160,000, premiums will jump to $106. That amount goes up even more for seniors with higher incomes. For the wealthiest seniors, the monthly premium would go to $162, leading some analysts to project that wealthier and often healthier seniors would begin to leave the program.

Medicare Announces A Small Hike In Premiums For 2007 (MCT)

By Tony Pugh

McClatchy Newspapers, September 13, 2006

WASHINGTON - In the smallest-percentage rate increase since 2001, Medicare monthly premiums for physician care and outpatient hospital services will rise by only $5 in 2007 to $93.50, federal officials announced Tuesday.

At 5.6 percent, the increase for Supplementary Medical Insurance, better known as "Part B" coverage, fell short of the 11 percent hike that Medicare actuaries had projected and of this year's 13.2 percent increase. It's even farther removed from the record 17.4 percent spike last year.

A miscalculation of projected Part B spending is the main reason for the lower-than-expected rate increase, Medicare Administrator Mark McClellan said. Medicare actuaries forecast higher premiums based on an increase in physician claims that resulted from faster processing rather than from a spike in services provided.

The modest rate increase will allow the 38 million-plus seniors enrolled to keep more of their monthly Social Security checks, since the Medicare premiums typically are withheld from those payments.

"For the vast majority of beneficiaries, the amount of the Social Security cost-of-living increase will be substantially greater than the additional (Medicare) premium they will pay," McClellan said.

But affluent Medicare beneficiaries will pay more for their 2007 coverage because of a provision of the 2003 Medicare Modernization Act that calls for premium hikes ranging from 10 percent to 55 percent over the next three years for beneficiaries who earn at least $80,000 a year, or $160,000 for married couples.

Instead of the standard $93.50, those seniors will pay premiums of $106, $124.70, $143.40 or $162.10 per month, depending on their incomes. Roughly 4 percent, or about 1.5 million, of Medicare's recipients are subject to the higher rates.

The new rates mark the first time that Medicare has used income to set premium rates. The move was designed to help shore up Medicare's ailing finances, which are crumbling under pressure from higher health-care costs and a growing number of beneficiaries.

Under the new guidelines, seniors who earn $80,000 to $100,000 a year - and married couples with incomes of $160,000 to $200,000 - will see their premiums increase by 10 percent, or roughly 3 percent a year from 2007 to 2009. They'll pay Part B premiums of $106 in 2007.

Individuals who earn $100,000 to $150,000 - and married couples with incomes of $200,000 to $300,000 - will see their premiums increase by 25 percent, or roughly 8 percent a year from 2007 to 2009. Their 2007 Part B premiums will increase to $124.70.

Individuals earning $150,000 to $200,000 - and couples with incomes of $300,000 to $400,000 - will face increases of 40 percent, or about 13 percent a year from 2007 to 2009. That works out to a 2007 monthly premium of $143.40.

Individuals who earn $200,000 or more and couples who earn more than $400,000 face the largest increases. Their Part B premiums will jump 55 percent over the next three years, about 18 percent a year. Their monthly premiums will cost $162.10 in 2007.

The Part B premium increase is based on a formula that assumes a roughly 5 percent reduction in Medicare physician reimbursements in 2007. If Congress moves to freeze or increase those payments to doctors, as it has in recent years, the $93.50

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premium wouldn't change and contingency funds would be used to make up the funding shortfalls. But money borrowed from the contingency fund would have to be replenished later, mainly through higher Part B premiums, Medicare officials said.

Medicare Premiums To Rise 5.6% For Most Seniors (USAT)

By Julie Appleby

USA Today, September 13, 2006

Medicare premiums will rise 5.6% next year — to $93.50 a month — and wealthy seniors for the first time will begin paying an additional amount.

Most of the about 43 million Medicare beneficiaries will pay a modest $5 a month more than the $88.50 they pay this year, the smallest increase since 2001. But about 1.5 million wealthier seniors will pay more: $106 to $162 a month depending on their income.

"These income-related premiums will reduce Medicare costs by $7.7 billion over five years and $20 billion over 10," said Medicare chief Mark McClellan on Tuesday. "They are an important step in improving Medicare's sustainability."

Affected are those who earn more than $80,000 individually, or $160,000 as a couple.

Congress approved the new income-based charges as part of the same 2003 law that created the new prescription drug benefit, but it has received little public debate until now.

While wealthier workers have always paid more in taxes to support Medicare, the new income-based premiums are seen by critics as an attack on a basic egalitarian premise of the program: That everyone pays the same and gets the same benefits.

"Medicare is not a welfare program; it's social insurance designed to pool healthy and less healthy people," says Maria Freese, director of government relations and policy for the National Committee to Preserve Social Security and Medicare. "Insurance doesn't charge rich people more than poor people."

Most Medicare members pay premiums for Part B, which covers doctor visits, lab tests and hospital outpatient services. Medicare beneficiaries pay 25% of the expected costs of those Part B services. About 7 million low-income people have their Part B premiums paid by the government.

On Tuesday, Medicare officials said the Part B monthly increase that will affect most Medicare members was nearly $5 lower than had been projected in May. The announcement comes as Congress is expected to soon debate whether to overturn next year's planned 5.1% cut in doctor payments. If such action had already occurred, premiums could have risen an additional $1.50 a month.

"Most Medicare beneficiaries will see relatively modest cost increases compared with recent health care trends," McClellan said.

But Freese and other critics of the income-based premiums took issue with McClellan's statement that the income-based premiums will help Medicare's finances. She says the additional charges will do little to bolster Medicare's finances and could drive wealthier, healthier seniors out of the program, possibly causing costs to rise faster. Critics also suggest that income levels at which additional payments are required will be gradually reduced, requiring more seniors to make the higher payments.

But Joe Antos at the American Enterprise Institute says the move was inevitable as Medicare spending rises.

"One of the things we have to do is ask people who have more money to pay more for government services," says Antos. "The difficult balance is finding the spot where we're charging higher-income people more but not so much more that they will simply drop out of the program."

Government Sets Higher Medicare Rates And New Surcharge (NYT)

By Robert Pear

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The basic Medicare premium will rise next year to $93.50 a month, an increase of $5, the Bush administration announced Tuesday. It said more affluent beneficiaries would have to pay a new surcharge, from $12.50 to $68.60 a month, depending on their incomes.

The surcharge applies to 1.5 million people with annual incomes exceeding $80,000 for individuals or $160,000 for married couples filing joint tax returns.

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Medicare officials said the standard premium for 2007 was lower than they had predicted. In May and again in July, they estimated that the monthly premium, now $88.50, would climb to about $98 in 2007.

The premium in question is for Part B of Medicare, a voluntary program that covers doctors' services, diagnostic tests and outpatient hospital care for 40 million people who are 65 and older or disabled. It shot up 50 percent from 2003 to 2006.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that Medicare spending for doctors' services, while still growing at a brisk pace, increased less than expected in the last year.

Listing factors that contributed to the new premium, Dr. McClellan reported "a modest slowdown in physician spending growth" but "very rapid growth in spending for hospital outpatient services." Many services provided in outpatient hospital clinics "could be performed less expensively and more conveniently in a physician's office," he said.

Kirsten A. Sloan, a health policy analyst at AARP, the lobby for older Americans, said: "The standard premium for Part B is less than originally projected, and that's good news. But the premium is artificially low. It assumes a continuation of current law, under which Medicare payments to doctors will be cut 5 percent next year. If Congress decides to prevent that cut, beneficiaries may have to make up the difference by paying higher premiums in 2008."

The premium is set each year to cover about 25 percent of projected spending under Part B. If Congress had eliminated the cut planned for doctors and simply frozen their Medicare fees in 2007, it would have required a further increase of roughly $1.50 in the monthly premium, Medicare officials said.

Congress established the surcharge under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare. Federal officials said the surcharge, to be phased in over the next three years, represented a major change. Until now, high-income and middle-income beneficiaries have generally paid the same premium. Medicare officials said the surcharge would raise $7.7 billion in the first five years and a total of $20.8 billion in the first 10 years.

Dr. McClellan said the surcharge would have "a very positive impact, making Medicare more sustainable in the long term." Some Medicare experts say the higher premiums will prompt some wealthy people to drop out of Medicare, leaving the program to serve poorer, sicker people. Dr. McClellan dismissed those concerns, saying Medicare would still be a bargain for high-income people.

Federal health officials estimate that 9,000 people will drop out of Part B because of the surcharge in 2007, while 30,000 will drop out in 2009, when the surcharge becomes larger.

In calculating the extra premiums for 2007, the government will generally use income data from tax returns for 2005. For a single person with income of $80,001 to $100,000, and for each member of a couple filing a joint return with combined income of $160,001 to $200,000, the surcharge will be $12.50 a month, and the total premium will be $106 a month.

The surcharge rises with income. For an individual with income greater than $200,000 and for each member of a couple with combined income exceeding $400,000, the surcharge will be $68.60 a month in 2007, and the total premium will be $162.10 a month. The surcharge will be much higher in 2008 and later years.

In announcing the new premiums, the administration appeared to send a mixed message. On the one hand, Dr. McClellan said, "Medicare beneficiaries are experiencing cost increases that are modest in comparison with recent health care cost trends." On the other hand, he said, spending in the traditional fee-for-service Medicare program is "out of control."

Medicare Premiums To Rise 5.6% In '07 (WP)

By Christopher Lee

The Washington Post, September 13, 2006

Most seniors will have to pay 5.6 percent more for basic Medicare coverage next year, officials announced yesterday. But premiums for more affluent beneficiaries will increase by as much as 83 percent, because the federal government for the first time will require wealthier people to pay more.

The standard monthly premium for Part B, which covers doctor visits and outpatient hospital care, will rise to $93.50 from $88.50 this year, said Mark B. McClellan, head of the Centers for Medicare and Medicaid Services. Individuals with an annual income of more than $80,000 (or more than $160,000 for married couples) will pay monthly premiums of $106 to $162.10, depending on income.

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About 1.5 million of the 42 million Americans on Medicare will have to pay the higher premiums based on income, a change instituted by Congress as part of the 2003 law that created the Medicare drug benefit. McClellan said the income-based premiums will save the financially troubled program $7.7 billion over five years and more than $20 billion over a decade.

Even at the higher rates, Medicare remains a good deal, he said. The most affluent beneficiaries, those with individual incomes of more than $200,000 a year, will pay just under $2,000 a year in premiums while receiving an average of $4,300 a year in benefits.

"That still makes it a very attractive insurance package," McClellan said.

The leader of one organization for seniors predicted that the higher premiums will drive away some of the more affluent seniors, undermining Medicare's broad political support and its finances.

"As healthier and wealthier seniors see their premiums rise, we fear that when that premium equals what they could pay for regular health insurance, why be in the program at all?" said Shannon Benton, executive director of the Senior Citizens League, an advocacy group with 1.2 million members. "We feel that eventually the sickest, the oldest and the poorest are going to be the ones left behind in Medicare, and their costs are going to go up significantly to sustain the program."

Rep. Nita M. Lowey (D-N.Y.) introduced a bill in April that would repeal the income-based premium increases, but it has not gotten out of a House committee.

Medicare officials said they expect 9,000 people to drop out of the program next year because of the new income-based premiums, and 30,000 to leave by 2010. Overall, that's not a lot, they said.

"I don't see any substantial adverse impacts on participation in Medicare, and I definitely see a very positive impact on making Medicare sustainable for the long term," McClellan said. Medicare officials had been projecting an even higher increase in the standard premium, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients, McClellan said.

Officials said the standard premium increase of 5.6 percent is the smallest since 2001. It trails the projected 6 percent increase in per capita health spending next year and a projected 7 percent increase in prescription drug spending, they said. Average premiums in the Medicare drug benefit, known as Part D, are expected to remain flat in 2007, McClellan said.

McClellan said the Part B standard premium would have to go up by $1.50 in 2008 (in addition to routine annual premium increases) if Congress were to repeal a planned 5.1 percent cut in Medicare payments to physicians next year -- a cut that doctors are lobbying hard to kill.

That prospect troubles AARP -- the largest senior organization, with 37 million members.

"The fact that the premium is a little less than originally projected is good news, but . . . we may simply be forestalling higher costs to beneficiaries," said Kirsten Sloan, the organization's national coordinator for health.

Subtle GOP Maneuvers (HILL)

By Patrick O'Connor

The Hill, September 13, 2006

Over the summer, Rep. John Carter (R-Texas) sat down with a handful of Republican colleagues to gauge their support for a potential leadership bid.

The talks were very preliminary, a Carter spokeswoman said, but the former judge is hardly alone in considering a run.

As Republicans focus their energy and fundraising efforts on retaining their majority this fall, a handful of ambitious lawmakers are also angling for a promotion within the conference.

At least seven chairmanships will open next year if the GOP holds the House, and other members are mulling a challenge of the current leaders.

“I think we will see a crowded field,” said Rep. Marsha Blackburn (R-Tenn.), who is expected to challenge current Republican Conference Chairwoman Deborah Pryce (R-Ohio) should Pryce triumph in her tough reelection race.

The election results, particularly if Republicans lose the House, will dictate how crowded that field becomes. “The dynamics are going to depend on the election results we have,” Blackburn said.

Indeed, uncertainty about those results has somewhat muted the internal leadership campaigns.

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"It's very subtle," said Rep. Adam Putnam (R-Fla.), a member of the Republican Steering Committee, the 28-member panel that decides committee slots.

In July, Putnam and other members of the Republican Steering Committee met one-on-one with many of the lawmakers who are vying for committee gavels. Members of that committee expect an up-tick in those meetings before lawmakers in the House go home to campaign at the end of this month.

Uncertainty Facing Current Leaders

During a closed-door meeting last week of the elected leadership in House, Rep. Tom Reynolds (R-N.Y.), the GOP campaign chief, told the other leaders that he still expects Republicans to retain their majority in November, a GOP aide familiar with the meeting said earlier this week.

Reynolds and the other leaders have been careful to measure expectations this cycle, warning members of Democratic efforts to unseat them without becoming overly gloomy. This serves to keep members motivated and dampens expectations heading into the critical election.

Whatever the outcome, most members believe House Speaker Dennis Hastert (R-Ill.) and Majority Leader John Boehner (R-Ohio) control their own fate in the next Congress.

If House remains in GOP control and Hastert decides to stay for another term, many Hill staffers and lobbyists speculate that he would name Reynolds as leadership chairman, former Rep. Rob Portman's (R-Ohio) old job, in order to give the New York Republican a seat at the table while preventing a two- or three-way race for leader or whip.

Losing the House should throw all those equations in doubt, members, aides and outside GOP lobbyists said in interviews over the last month.

A loss of House control could create an opening for a dark horse candidate, such as Republican Study Committee (RSC) Chairman Mike Pence (Ind.), to launch a bid for the leadership.

Auditioning

Pence has always generated favorable media coverage through an active RSC press shop. The outspoken conservative stirred so much speculation during the race for majority leader earlier this year that his office issued a release stating he would not cast a bid for the post.

Pence stayed in the spotlight over the August recess with his proposal to revive comprehensive immigration reform, and he has taken a much less combative public stance toward the leadership since last fall's showdown over federal spending to fund repair efforts in the hurricane-damaged Gulf Coast. As evidence, the RSC has not gone on attack this month to force leaders to bring a bill creating a so-called "Sunset Commission" to the floor, despite promises Boehner made to give them the vote in exchange for support on the budget.

Pence's naysayers criticize him for catering to the media instead of the party, and some congressional staffers jokingly call him "the minority leader" for threatening the conservative base with his push to cut federal spending despite objections from leaders and the centrist Republicans whose vulnerable seats are so valuable to keeping the majority.

Blackburn, a telegenic conservative, has also maintained a steady presence in the media and in the conference since declaring her ambitions to challenge Pryce last winter.

The Tennessee Republican hosts biweekly meetings with a small group of Republican colleagues to discuss communication strategy in a Longworth office her staff has dubbed "The Think Room." She also worked with leadership to craft a message defying the Senate's immigration bill.

There is also concern in GOP circles that Pryce will lose her seat in November, which could broaden the field of candidates running to replace her.

Whatever the outcome this fall, state delegations will play an important role in these contests, and no state is agitating for a seat at the leadership table more than Texas.

Republican insiders consider Carter, who serves on the Republican Steering Committee, and Rep. Henry Bonilla (R-Texas) the most likely candidates from the Lone Star State. Carter's office said his discussions over the summer were very preliminary and hinted that he was considering a run for one of the lower-tier leadership posts.

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The leadership elections earlier this year drew a crowded field for each of the vacated posts, and other leaders narrowly avoided a full slate of elections. Some of those members may still be candidates.

Rep. John Shadegg (R-Ariz.) resigned his leadership post to run for majority leader; Reps. Eric Cantor (R-Va.), Mike Rogers (R-Mich.), Todd Tiahrt (R-Kan.) and Zach Wamp (R-Tenn.) never had a chance to wage their own contest for whip when Rep. Roy Blunt (R-Mo.) lost his own bid for the No. 2 spot in the conference and chose to stay on as the chief Republican vote counter; and Reps. Phil Gingrey (R-Ga.), Darrell Issa (R-Calif.), Thaddeus McCotter (R-Mich.) and Adam Putnam (R-Fla.) ran to replace Shadegg in a race that Putnam eventually won.

The other wildcards next year are Judiciary Chairman James Sensenbrenner (R-Wis.) and Transportation and Infrastructure Chairman Don Young (R-Alaska), both completing their final months as chairmen. Sensenbrenner could try to reclaim his post on the Science Committee because he still has two years left under the six-year term limits.

Leaders Keep a Close Eye on the Party

Given this uncertainty, leaders continue to keep a close eye on the conference.

The Speaker will make campaign stops in over 200 districts this cycle, marking the second consecutive election cycle he will exceed that mark. And Boehner, whose own travel has increased precipitously since becoming leader, visited 26 districts during the August recess with more campaign stops expected this fall.

Blunt, whose own post could be challenged, holds regular meetings with small groups of Republican lawmakers to discuss pending legislation.

Blunt and his chief of staff, Brian Gaston, met with most of the committee chairman and their staff directors over the summer to discuss each chairman's legislative priorities for the fall and beyond. The meetings included sit-downs with Sensenbrenner, Young and two other outgoing chairmen, Mike Oxley (R-Ohio) on Financial Services and Bill Thomas (R-Calif.) on Ways and Means.

"Mr. Blunt says the Whip should know the members better than anyone in the building, and both of these opportunities further that goal," Blunt spokeswoman Burson Snyder wrote in an email.

Cantor, Blunt's chief deputy, is expected to travel to anywhere from 50 to 60 districts this cycle in support of Republican candidates. The popular Virginian also hosts regular breakfasts with a small, rotating group of fellow Republicans in the same Longworth office where Blackburn convenes her "Think Room."

The Republican Steering Committee

Not only will the election results reshape the perceptions of individual leaders, a Democratic majority could also reshape the panel that decides on committee slots and other plum assignments.

This uncertainty could actually be a boost for the party because ambitious members are raising more money for their colleagues to protect their majority.

"It's probably the best thing for the [National Republican Congressional Committee]," said Tom Cole (R-Okla.), who is running to succeed Reynolds as chairman, because members are working hard to raise money and help GOP candidates in tough elections.

The Race for NRCC Chair

The race to succeed Reynolds as NRCC chairman is the only leadership race that is guaranteed at this point.

Cole and aides to Reps. Phil English (R-Pa.) and Pete Sessions (R-Texas), his two opponents, all say the race remains undecided. While each member has a significant block of support in the conference, it seems that none has secured a clear majority.

"I expect this to be a two-ballot race," Cole said. "I think there is still a considerable block of uncommitted votes out there."

Cole recently gave the NRCC $300,000 in hard money and distributed a strategy memo last week in which he recommended Republicans to personalize the election by attacking their opponents. That includes investing in a thorough opposition research package, reserving television time to hit opponents and keep critical ads running through the last week before the election.

"Know your opponent's record and weaknesses inside out – and exploit them," Cole wrote to GOP candidate Van Taylor in Texas. "Do not let up – keep the tough ads running right up to the election day."

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Sessions has given 78 Republican candidates a combined $553,500 through his political action committee (PAC) so far this cycle, according to a memo from PETEPAC. He has also organized 19 events to benefit a total of 33 GOP candidates this cycle. Those events have raised over $1.7 million. In addition, he raised $717,000 for the NRCC during six dinners over the last two years.

English has traveled extensively to benefit GOP challengers and open seat candidates this year, and his PAC had given Republican candidates more than $300,000 as of the end of July, according to the nonpartisan campaign website politicalmoneyline.com.

The Pennsylvania Republican has made his own ability to win tough reelection fights over the years a vanguard of his campaign for chairman, particularly with members in consistently competitive seats.

These efforts, along with those of other members angling for promotions within the conference, could be the only thing keeping Republicans in the hunt this election season despite a number of national factors that will continue to weigh them down.

"I think our members have worked harder in this race than I've ever seen them," said Cole, who is a former executive director of the Republican National Committee. "I've certainly given more that I thought I would before this cycle."

Panel Discounts Existence Of Unique Gulf War Syndrome (WP)

By David Brown

The Washington Post, September 13, 2006

An expert panel reviewing hundreds of studies has concluded there is no single "Gulf War syndrome" afflicting thousands of veterans of the 1990-91 conflict, although they have suffered vague symptoms at a much higher rate than other veterans.

They have also experienced post-traumatic stress disorder and depression two to three times as frequently as other veterans, the panel found. Less certain is a possibly higher risk for the neurological ailment Lou Gehrig's disease, and possibly a rare birth defect in their children.

"We can't identify a Gulf War syndrome," said Lynn R. Goldman, a physician and epidemiologist who headed the 13-member committee appointed by the National Academies Institute of Medicine (IOM).

Previous blue-ribbon panels, including several convened by the IOM, one by the Defense Department and one by the White House under Bill Clinton, reached the same conclusion.

In preparing the report, Goldman and her colleagues read 850 studies done in the years since soldiers in an Army Reserve unit in Indiana began reporting a constellation of symptoms that included fatigue, joint and muscle pains, difficulty concentrating and memory problems in the months after they returned from the Persian Gulf in 1991. The panel gave more credibility to large, well-designed and controlled studies; it did no original research of its own.

The largest and most representative study found that 29 percent of Gulf War veterans reported physical complaints arising from several body systems, compared with 16 percent of servicemen and women who were not sent to the gulf. This was not just an American phenomenon; British, Canadian, Australian and Danish troops deployed to the gulf also reported more symptoms than their non-deployed counterparts.

The panel concluded that "unexplained illnesses are the most prevalent health outcome of service in the Gulf War."

However, the array and severity of symptoms varies, and many are typical of other conditions (such as fibromyalgia, multiple chemical sensitivity and chronic fatigue syndrome) whose cause is unknown.

"The nature of the symptoms suffered by many Gulf War veterans does not point to an obvious diagnosis, etiology [cause], or standard treatment," the panel wrote.

Three studies examined by the panel found a slightly increased rate of amyotrophic lateral sclerosis, also known as Lou Gehrig's disease, in Gulf War veterans. Overall, 107 cases of the fatal disease were found in about 700,000 men and women deployed. Goldman and her colleagues said this trend should be followed with continued surveillance for the disease.

Among the 850 papers examined were several with less certain findings.

One found a slight increase in brain cancer among the 100,000 soldiers theoretically exposed to sarin gas after rockets containing the nerve agent were unwittingly destroyed in a large ammunition dump in Khamisiyah, Iraq, after the war. That disease remained extremely rare, however, with only a handful of tumors even in the "exposed" group.

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That finding is questionable for two reasons, however.

There is no evidence that any soldiers were actually exposed to sarin, which causes well-recognized symptoms at very low concentrations. In addition, brain tumors generally grow 10 to 20 years before being found. This study was done nine years after Khamisiyah, suggesting that many of the tumors in the soldiers had probably formed before the detonation.

Nevertheless, the brain-tumor finding "provides another lead that should be followed" by future studies, Goldman said.

One study also found a slightly increased rate of birth defects, especially of the urinary tract, among children of Gulf War veterans. Another reported five cases of a rare, disfiguring defect called Goldenhar syndrome in babies of Persian Gulf veterans conceived soon after the war, compared with only two in non-deployed veterans. The children with Goldenhar were profiled in a Life magazine article that helped popularize the idea that soldiers had been exposed to persistent toxins during the war.

Because the number of defects was so small, however, these differences could have easily happened by chance.

A big problem with evaluating the source of illness in gulf veterans is that little information was gathered on their exposure to pesticides, smoke and battlefield contaminants -- and even to vaccines and drugs administered by the military.

"Even just a few measurements on the ground would have made a huge difference," Goldman said of the Khamisiyah detonations.

The panel advised the military do a better job of assessing the health of soldiers immediately before and after deployment -- as is being done in the Iraq war -- as well as gathering better toxic exposure data in future wars.

Steve Robinson, a Gulf War veteran who directs government relations for Veterans for America, supported that suggestion in particular.

"The IOM report confirms that many Gulf War veterans are seriously ill and that they were exposed to many types of poisons, but the link remains unclear because the military failed to collect exposure data in 1991," he said. "Veterans for America believes the military cannot let this mistake happen again. . . . Lessons learned should be lessons followed."

VA Study Doubts Gulf War Syndrome (AP-Y)

By Andrew Bridges, Associated Press Writer

AP, September 13, 2006

The unexplained symptoms that afflict thousands of Gulf War veterans don't constitute a single illness, a federally funded study concludes.

Even though U.S. and foreign veterans of the 1991 war report more symptoms of illness than do soldiers who didn't serve in the Persian Gulf, there is no such thing as Gulf War syndrome, according to the Veterans Affairs-sponsored report released Tuesday.

Nearly 30 percent of all those who served in the brief war have reported problems.

"There's no unique pattern of symptoms. Every pattern identified in Gulf War veterans also seems to exist in other veterans, though it is important to note the symptom rate is higher, and it is a serious issue," said Dr. Lynn Goldman, of Johns Hopkins University, who headed the Institute of Medicine committee that prepared the report.

The report did find evidence of an elevated risk of the rare nerve disease amyotrophic lateral sclerosis, also called Lou Gehrig's disease, among Gulf War veterans. They also face an increased risk of anxiety disorders, depression and substance abuse, it said.

The VA contracted with the Institute of Medicine, part of the National Academy of Sciences, to review scientific studies and probe the issue at the direction of Congress. Department of Veterans Affairs spokesman Phil Budahn said the VA would not comment until it had a chance to study the report.

Tuesday's report is the latest in the important series, which the VA will rely on to determine whether Gulf War veterans are eligible for special disability benefits if they are found to suffer from illnesses that can be linked to their service.

Veterans can now claim those benefits only by making an undiagnosed illness claim, said Steve Robinson, a Gulf War Army veteran and government relations director for Veterans for America.

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"They keep saying it over and over, every year. We know that — we know that there is no single thing that made veterans sick. We know this thing is likely a combination of various exposures," Robinson said in pushing for new studies he hopes will find what ails tens of thousands of his fellow vets.

However, the report's confirmation that Gulf War veterans are sicker may actually help them secure government benefits, said Shannon Middleton, assistant director of health policy for the American Legion.

A member of the Research Advisory Committee on Gulf War Veterans' Illnesses, also chartered by Congress, called the report the "first step" in cataloging the studies done on veterans of the conflict.

"But the most prevalent problems in Gulf War veterans are the multisymptom illness/Gulf War syndrome-type problems that still affect a sizable proportion of those who served in the war. I am disappointed that the IOM report does little to analyze what these studies collectively tell us about the nature and causes of these conditions," said Lea Steele, a Kansas State University epidemiologist who is the committee's scientific director.

Soldiers who served in the Persian Gulf following the Iraqi invasion of neighboring Kuwait in August 1990 have reported symptoms that include fatigue, memory loss, muscle and joint pain, rashes and difficulty sleeping. The variety of symptoms has complicated efforts to pinpoint their cause, according to the report.

Nearly 700,000 U.S. soldiers, along with troops from 34 other countries, took part in the Gulf War. Once in the region, those soldiers were exposed to a wide array of toxins and other potential health hazards, including smoke from hundreds of oil well fires, pesticides, depleted uranium ammunition and possibly the nerve agent sarin, released during the demolition of a munitions dump.

Inadequate screening of soldiers before deployment in the Gulf War, coupled with a lack of environmental monitoring during the conflict, have hindered efforts to determine whether exposure to those contaminants is linked to any illness, the report also notes.

For years, the government denied the mysterious illnesses were linked to the war. It now acknowledges that at least some were due to wartime service. The government is no longer pointing to stress as the likely reason, as some federally funded studies had suggested.

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On the Net:

Institute of Medicine: http://www.iom.edu/

Signs Brew Of A Heated Debate Over OMB Nominee (WP)

By Stephen Barr

The Washington Post, September 13, 2006

Federal regulation, which usually simmers on the back burner in Washington, seems likely to start boiling in the next few weeks if public interest and labor groups have their way.

Advocacy groups yesterday assailed Susan E. Dudley , the president's nominee to head up regulatory policy at the Office of Management and Budget, and called on the Senate to reject her nomination.

"We believe she is unfit," said Joan Claybrook , president of Public Citizen, a nonprofit consumer advocacy organization.

By custom, presidential nominees remain silent until their confirmation hearing, so the Bush administration fired back at Public Citizen on Dudley's behalf.

"When a fringe group like this one criticizes Susan Dudley, I think it's a good indication that she's actually squarely in the thoughtful mainstream along with most Americans," said Scott Milburn , press secretary at the OMB. "She's very well suited to . . . keep our regulatory process on track."

To some degree, the dispute over the Dudley nomination reflects inherent tensions in the federal regulatory system. The OMB reviews major agency regulations and can send them back to agencies for more justification. Agencies say their rules flow from laws, do not need more justification and sometimes are backed up by federal courts. The hue and cry increases during Republican administrations, which public interest groups see as tilting policy in favor of big business.

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Paul R. Portney , dean of the management college at the University of Arizona, said he thinks public interest groups "don't like the fact that there is this office," regardless of which political party controls the White House, because the OMB questions and forces agencies to justify costs and benefits.

W. Kip Viscusi , distinguished professor at Vanderbilt University, said the Dudley nomination is part of "an ongoing battle where advocates of regulatory programs complain" that the OMB is too powerful.

"The best she can do is try to make the regulations more effective and generate more health and environmental benefits through more imaginative regulatory approaches," Viscusi said.

Portney and Viscusi noted that public interest groups' calls for the Senate to reject Dudley could become a replay of the bruising battle over her predecessor in the regulatory job, John D. Graham . He left as administrator of the OMB's Office of Information and Regulatory Affairs in February, and the White House announced over the summer the president's intention to nominate Dudley.

Prior to her nomination, Dudley directed the regulatory studies program for the Mercatus Center at George Mason University. The center has been active in submitting proposals to the OMB that call for modifying or eliminating regulations and has emerged as a policy player in the Bush administration and on Capitol Hill.

Dudley's scholarly articles and published comments will be used to shape the debate over her nomination. During a telephone briefing, Public Citizen, OMB Watch, Natural Resources Defense Council and the AFL-CIO portrayed Dudley as outside the mainstream on regulatory issues.

"I have dealt with OIRA administrators going back to the first one," said Gary Bass , executive director of OMB Watch. "This nominee is more extreme than any of the past ones. She has an anti-regulatory fervor and an ideological zeal that is unparalleled in any of the nominees put forward in years."

The public interest groups faulted Dudley for controversial remarks on rules involving air bags, arsenic limits in drinking water and workplace injuries. All too often, they contended, Dudley inappropriately relied on cost-benefit analyses and overestimated the value of consumer choice when objecting to regulations.

Jonathan H. Adler , a professor and co-director of the Center for Business Law and Regulation at Case Western Reserve University's law school, said Dudley has "generally liked free-market solutions to things" and "is skeptical of one-size-fits-all" regulations.

Dudley, 51, has a master's degree from the Sloan School of Management at the Massachusetts Institute of Technology. She has worked on regulatory issues at the Environmental Protection Agency and at OIRA. Since 2002, she has been affiliated with George Mason University.

Dudley's nomination was submitted to the Senate on Aug. 1, just as Congress left on summer break. The Senate has relatively few work days scheduled in this election year, raising the possibility that President Bush might have to give her an interim appointment if opponents stall her confirmation.

Steven L. Katz, an author and consultant, will discuss "everything new government executives and managers need to know but are never told" at noon today on Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

Macs And Grant Site Just Don't Click (WP)

By Rick Weiss

The Washington Post, September 13, 2006

Scientists, scholars and others planning to use their Macintosh computers to submit grant proposals to the federal government in the months ahead should be prepared for a rocky, or at least error-message-littered, road ahead.

Luckily, Mac users are used to it.

Ever since its inception several years ago, the government's electronic grant submission system has been compatible only with Windows-based computers. That has forced Mac users to go with paper submissions or use clumsy patchwork programs -- or "workarounds" -- that government officials have conceded are "not ideal" and Mac users have called, well, insert your favorite PC expletive here.

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Earlier this year, the Department of Health and Human Services -- a central manager of the Grants.gov system -- promised that by November the system would be compatible with Macs, which are popular among scientists and academics. That was based on promises from Northrop Grumman Corp., which has been paid tens of millions of dollars to run Grants.gov for the government.

But a new twist emerged this week when HHS announced that Grumman had lost its bid to win a renewal of its contract and will be moving on as of Nov. 1.

So will Grumman deliver the goods as promised before it leaves?

"That's a question we have," said Grants.gov program manager John Etcheverry.

Just last week, Etcheverry said, Grumman delivered to HHS its first shot at a Mac-compatible version of its IBM-based grant application software for an initial round of testing by government experts.

Asked how it worked, Etcheverry said hesitantly: "It's, to quote one of our testers, 'It's early.' But it seems to be working."

Despite repeated inquiries from The Post, Grumman spokeswoman Juli Ballesteros did not provide anyone to address the company's commitment to making Grants.gov Mac-compatible before the company leaves.

With that rollout uncertain, responsibility will fall to the new winner of the Grants.gov contract, Fairfax-based General Dynamics Information Technology. Under the terms of its contract, worth up to $18.9 million over five years, the company will create a new system by March 31 that will be compatible with Windows-based and Macintosh computers as well as Unix and Linux systems, which are popular in some science labs and research institutions.

The company's vice president overseeing the Grants.gov project, Mary Biear, said the company will start with a platform-independent, off-the-shelf Adobe product, which it will modify in minor ways to fit the requirements of the government's grant-application system.

She said her company would also maintain key systems left behind by Grumman -- including, if it works, the new Mac-compatible system.

"The first question for our team is . . . if users can use it," said Biear, who said she has seen the nascent product because the companies have begun a seven-week overlapping transition period. "If it's working appropriately, [we] will maintain it and roll it out. If not, we would push it back."

In that case, Mac users will have to wait until the new system comes out at the end of March.

Not everyone is optimistic that even that deadline will be met. David Cassidy, a vice president at the District-based Turner Consulting Group, which was part of a consortium that lost its bid to take over the Grants.gov contract from Grumman, said he can't see how General Dynamics can fulfill the contract's requirements for the price it promised unless the company "has some incredible 'special sauce' that will enable them to meet these budget, functionality and schedule constraints."

But even if the company succeeds on schedule, it will be too late for the thousands of applicants who face a Feb. 1 deadline for the National Institutes of Health's most popular "R01" research grants. NIH has announced that it wants all those applications to be filed electronically.

"The big NIH deadline is Feb. 1, 2007," said John S. Massa, associate director of the University of Iowa's division of sponsored programs, in an e-mail. So a March release "isn't going to help much."

Norka Ruiz Bravo, NIH's deputy director for extramural research, conceded the timing was awkward.

Will the agency consider pushing back its deadline for an all-electronic submission process? "That is something we may want to think about," she said.

Vice Must Wash Hands Before Returning To Work (NYT)

By Maureen Dowd

The New York Times, September 13, 2006

Washington

I called Tim Russert to ask if Dick Cheney had washed his hands after their interview on Sunday.

“No-o-o,’’ he replied, sounding confused.

Any sort of scrubbing, I wondered? Antiseptic wipe, Purell, quick shower on the way out?

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No, Tim assured me, the vice president did not stop at the basement shower at NBC, or even drop by the men's room you pass on the right as you head out to the parking lot.

According to The Times's health section yesterday, Lady Macbeth and Pontius Pilate were not alone in wanting that "damned spot" out.

"People who washed their hands after contemplating an unethical act were less troubled by their thoughts than those who didn't,'' Benedict Carey wrote about a new study on the "Macbeth effect," published in the journal Science.

"In one of several experiments among Northwestern undergraduates, the researchers had one group of students recall an unethical act from their past, like betraying a friend, and another group reflect on an ethical deed, like returning lost money,'' the article said. "Afterward, the students had their choice of a gift, either a pencil or an antiseptic wipe. Those who had reflected on a shameful act were twice as likely as the others to take the wipe.''

If Dick Cheney didn't try to hose himself down after his outlandish performance on "Meet the Press,'' he may be so deep in denial he doesn't even know he's ruining America and needs a symbolic moral superwash.

Since W. revealed he's been reading Shakespeare — including "Macbeth" — I've been puzzling over which character the vice president most resembles. He's got as much malignant sway over the protagonist as Iago, but Iago hated Othello.

The Lord of the Underworld is more like Lady Macbeth, who persuades her partner to make a huge error in judgment by taunting him about manliness. If he doesn't want to be unmanned, he must pre-emptively wield the dagger against his rival. She tells him:

When you durst do it, then you were a man;
And to be more than what you were, you would
Be so much more the man.

Even though "blood will have blood," Macbeth decides he must stay on his self-destructive path:

I am in blood
Stepped in so far that, should I wade no more,
Returning were as tedious as go o'er.

W. and Vice went on TV this week to double down on their dishonest case, now contradicted by a mountain of evidence, once more milking our sorrow over 9/11 to justify their errant course in Iraq.

In a speech that Tony Snow promised would be "reflective,'' the president used hyperventilated rhetoric about "a struggle for civilization" and cynically retraced a line he now knows is false, again linking Osama and Baghdad: "If we yield Iraq to men like bin Laden, our enemies will be emboldened.''

Bin Laden has become the Willie Horton of the midterms. After letting the C.I.A. disband the unit devoted to hunting for Osama — the Senate took a slap at the White House on Thursday when it voted to reinstate it — Mr. Bush now won't stop talking about the bogeyman he ignored for five years while he transferred all his resources to Iraq.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," he said.

Instead of going after Osama, we invaded Iraq. Now W. says we must stay in Iraq or it will be run by Osamas. We must kill all the terrorists we are creating. American soldiers must keep dying because American soldiers have died. If we criticize Mr. Bush, then we're unmanning the whole country. The logic is deviously Rovian, and we are trapped in the circularity.

On "Meet the Press,'' Mr. Cheney warned that America cannot let its adversaries "break our will'' and show we "don't have the stomach for the fight.''

"It was the right thing to do," Vice insisted of the war in Iraq, "and if we had to do it over again we would do exactly the same thing."

After all the miscalculations and billions wasted, projects screwed up, lives and limbs lost, foreign enemies made, American stature squandered, Taliban strength regained, North Korean bombs and Iran-Iraq alliances built (visiting the American-hating, Holocaust-denying Iranian president Mahmoud Ahmadinejad yesterday, Prime Minister Nuri Kamal al-Maliki of Iraq called Iran "a good friend and brother'') Dick Cheney wouldn't do anything differently?

Part of leadership has to be retooling, saying: "You know what? This hasn't worked. This is making things worse. What else can we do?''

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Break out the Wet Wipes, Mr. Cheney. Time for a good scrubbing.

OTHER NEWS:

Falling Oil Prices May Spell Relief For Consumers (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, September 13, 2006

The recent drop in oil prices could provide a welcome and surprising boost to consumer pocketbooks this fall, cushioning the economy from a falloff in home prices and construction while venting an important source of inflation pressure.

The easing of energy prices is an unexpected -- and little-noted -- positive amid economic anxiety over falling housing activity, previous energy-price increases and the possibility of recession.

Crude oil was at $77 a barrel as recently as early August. Yesterday, the price of the October crude-oil future contract settled at $63.76, a near six month low, down $1.85 from Monday, on the New York Mercantile Exchange. That helped spur stock prices to a four-month high. At the same time, the average retail price of gasoline has fallen to $2.67 from $3.08 a gallon, according to the U.S. Energy Information Administration.

"Some 99% of the questions I get these days are about the size of the drag from housing, and I think that far too few people are thinking seriously about the boost from lower oil," said Robert Mellman, senior economist at J.P. Morgan Chase. He predicted the retail gasoline price should soon hit $2.30 a gallon, based on declines that already have occurred in the whole sale price.

Mr. Mellman said lower gasoline prices should boost the annual growth rate of consumer spending a full percentage point and could lift fourth-quarter economic growth from a forecast 3%, at an annual rate, to as high as 3.7%. For now, though, his firm is leaving its growth forecast unchanged.

Since 2004, oil prices are up sharply amid supply disruptions, tensions in the Middle East and rising demand, especially in China and India. That increase has in turn squeezed wages, in particular for less-affluent families. Although consumers have absorbed the impact in part by saving less, their spending also has been crimped, which economists and analysts have seen as a factor in slowing sales at retailers from Wal-Mart Stores Inc. to mid- and up-market chains such as Williams-Sonoma Inc.

Fuel prices have gone in reverse of late because many supply fears have proved -- so far -- to be unfounded, including a wider conflict in the Middle East, possibly involving Iran; violence in Nigeria and Iraq; and the hurricane season in the Gulf of Mexico. This also is a seasonally weak period for oil demand.

If declining oil prices lead to a pickup in consumer demand, that also could boost business confidence. "How gas prices affect the average Wal-Mart and Target customer is of keen interest to us," said Patrick Casey, assistant vice president for forecasting and planning at TTX Co., a Chicago provider of rail cars and freight-management services to the railway industry.

Lower oil prices also could boost economic prospects overseas, although by less than in the U.S., where consumer prices are far more sensitive to changes in energy prices. Relief on the fuel front may trigger upward revisions to Europe's economic growth projections for next year. "The rundown in oil prices has come so quickly, I think it has a lot of people reaching for their calculators right now," says David Brown, an economist with Bear Stearns in London.

In China, leaders have been contemplating relaxing costly regulations that have insulated their consumers from the rise in world oil prices. The recent drop could remove some of that urgency.

Some economists are less enthusiastic. Nancy Lazar, economist at ISI Group, said oil prices take a while to fully affect the economy. "We've yet to see a lot of the damage from the increase we've had in the price of oil in the last couple years," she said. "[The recent drop] is good news, but it's more good news for the fourth quarter of 2007 than it is for the near term."

Michael Englund, principal director of Action Economics in Boulder, Colo., said, "Price swings have a much bigger impact on consumer-confidence survey readings and business sentiment than they do on actual consumer behavior."

Of course, with spare capacity still tight, prices could easily shoot up again on a supply disruption. "If oil is back over $70 per barrel in three weeks, all of this [positive benefit] is out the window," said Stuart Hoffman, chief economist of PNC Financial Services Group Inc. Indeed, trading on futures markets indicate oil prices may rise back above $70 by a year from now.

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The oil-price drop is still too early, and prices remain too high, for major producers to respond with output cuts. Still, the Organization for Petroleum Exporting Countries quietly agreed this week to supply no more oil than the market requires. That will enable major oil-exporting nations to effectively ignore quotas and curb output if prices plunge further before they meet again in December.

For now, the price drop's impact on inflation will be as important as its effect on economic growth. Edward McKelvey, economist at Goldman Sachs, expects the decline in gasoline prices to knock 0.4 percentage point off the overall inflation rate. The 12-month inflation rate was 4.1% in July. If Mr. McKelvey's calculations are correct and other prices continue their recent trend, that rate could fall to 2.4% in September, in part because a big jump in September 2005, due to Hurricane Katrina, will drop out of the 12-month calculation.

While the Federal Reserve focuses on "core inflation," which excludes energy and food prices, it blames the recent rise of core inflation on energy costs seeping into the prices of other goods and services. It is a principal reason the Fed, while leaving short-term rates alone at 5.25% last month, has said it is ready to raise them again if inflation pressures intensify. It could relax that stance if the retreat in energy prices hastens an expected decline in core inflation. Mr. McKelvey said that by boosting growth, lower energy prices could also make rate cuts less likely.

It may take a while before the drop in energy prices ripples more broadly through other goods and services. "Our fuel surcharge has not fully offset the increased fuel cost," said Ron Dillon, controller of Dillon's Bus Service Inc. in Millersville, Md. "Fuel prices will have to continue to decline substantially" before surcharges are rescinded, Mr. Dillon said.

The falling price of oil also may be an ominous sign if it reflects decreased global demand, which would indicate decreased economic activity. The International Energy Agency yesterday revised down its forecast for oil demand growth worldwide this year, "largely due to revisions to North American preliminary data, flat consumption in Europe, and continued demand sluggishness in the Pacific."

In the U.S., energy-demand growth has slowed but not yet fallen. Through early September, gasoline consumption increased 0.8% from the same period last year, less than typical growth of 1.5% to 2% but a "small impact in comparison to the shifts on the supply side," said Mike Burdette, senior analyst at the Energy Information Administration.

Oil, Gas Prices Take A Dive (WT)

By Patrice Hill

The Washington Times, September 13, 2006

Oil prices plunged below $64 a barrel yesterday and settled 19 percent below this summer's record highs, bringing a major dose of inflation relief to hard-pressed consumers and the economy.

Washington-area drivers have particular reason to rejoice, as gasoline prices here -- in an unusual move -- have dipped a penny below the national average of $2.59 a gallon for regular grade, according to GasBuddy.com yesterday evening, leaving an unexpected dividend of spare change jangling in consumers' pockets that is likely to be quickly deployed into spending on other items.

"Happy days are here again. Let's hope nothing major happens" to send prices back up, said Roy L.C., one of many drivers exulting over the windfall on Internet chat boards yesterday. The drop in oil prices helped spark a 101-point rise in the Dow Jones Industrial Average.

Analysts attribute plummeting oil prices to a worldwide easing of demand in the face of record high prices this summer, as well as the dissipation of geopolitical tensions and threats to oil supplies from Lebanon and Iran to the oil-rich Gulf Coast, which has escaped without a hit so far this hurricane season.

Some analysts say a sea change is occurring in the oil market, and it will not revisit soon the record high of $78.40 set in July by premium crude in New York. Premium crude prices settled at $63.76 a barrel in New York trading yesterday, the lowest since March.

"We're in the midst of a tectonic change," said Peter Beutel, president of Cameron Hanover Inc., an energy consultant. "The rally that's lasted almost five years may be over. We keep seeing lower demand estimates which show the impact of very high prices."

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Yesterday, the International Energy Agency trimmed its forecast for world oil demand this year by 100,000 barrels a day, and by 160,000 barrels next year, citing slackening demand in the United States and elsewhere.

At the same time, Saudi Arabia's oil minister, Ali al-Naimi, told a conference in Vienna that oil producers plan to invest nearly $100 billion in new oil and gas projects in the next five years to meet rising demand -- raising the prospect of a long-sought easing in the tight supplies that have fueled record oil prices.

Feeding the optimism on Monday, Iraq's oil minister said the war-ridden country hopes to double its oil production to more than 4 million barrels a day in the next five years -- a development that could cause further dramatic drops in oil prices. Though it has the world's second-largest conventional oil reserves, after Saudi Arabia, much of Iraq's production has been idled for years because of a lack of investment and maintenance as well as sabotage by insurgents.

"If we bring security to the country under control, definitely we could double production. We could triple it in 10 years," said Nijyar H. Shemdin, a representative of Iraq's Kurdistan region at a meeting with editors and reporters at The Washington Times yesterday. He said Iraq is producing at 60 percent under its potential.

Many analysts remain wary, however, noting that the tensions in Iraq and elsewhere that have fed high prices have not been resolved. They also point out that oil prices fell precipitously last fall, only to pick up again in the spring and summer.

"Crude and products markets are still dangerously tight, the hurricane season is far from over, and the winter heating season lies ahead," said Eric Chaney, analyst with Morgan Stanley.

While oil prices may rally again this winter, he said he thinks they will fall more substantially in 2007 and 2008 as a result of slower global economic growth, increasing conservation and rising supplies.

In the meantime, however, "lower energy prices will ease global inflation and help the global economy," he said.

David Wyss, chief economist at Standard & Poor's Corp., said oil prices have been behaving irrationally and could soar again on "a reheating in the Middle East or an escalation of the confrontation with Iran."

He noted that the oil market has been driven by speculation and fear. "The drop in oil prices occurred because near-term fears of supply interruptions have lessened," he said. "The actual supply-demand balance has not changed."

Falling Oil Prices Fuel Blue Chips To Jump 101.25 (WSJ)

By Ian McDonald

The Wall Street Journal, September 13, 2006

Tumbling oil prices were just the fuel stocks needed.

Crude-oil futures fell for the seventh consecutive trading session, their longest losing streak in nearly three years. Investors emboldened by the prospect of lower energy prices and better-than-expected earnings from big Wall Street firm Goldman Sachs Group Inc. looked past reports of a record trade gap and a thwarted terrorist attack in Syria and bought stocks by the bushel.

The Dow Jones Industrial Average leapt 101.25 points, or almost 1%, to a four-month high of 11498.09. It is now up more than 7% year-to-date and about 225 points from its all-time high in January 2000.

The broad Standard & Poor's 500-stock index rose 1%, or 13.57 points, to 1313.11, and the tech-stock-laden Nasdaq Composite jumped about 2%, or 42.57 points, to 2215.82, to inch back into positive territory for the year. The Russell 2000 index of small stocks rose even more, 2.4%.

Treasury bonds also rose, as did the dollar, including its fifth gain in the past six days on the euro.

"The combination of significant pressure on crude and good earnings from Goldman Sachs provided a very positive tone," said Andy Brooks, head of equity trading at T. Rowe Price Group.

Oil-futures contracts for October delivery slipped $1.85, or 2.8%, to $63.76 a barrel at the New York Mercantile Exchange. Crude is at its lowest level since March 22 and down more than 9% over the past week. Other commodities, including gold, which is down 8% over the past five days, fell as well.

Unleaded-gasoline futures dropped 4.25 cents a gallon, or 2.7%, on the Nymex to $1.5521, the lowest close since Feb. 27 and off 9.2% so far this year.

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Oil prices are tumbling for myriad reasons, including a slowing economy, lower demand forecasts, a calm hurricane season and the Organization of Petroleum Exporting Countries' statement Monday that it would keep pumping crude at current levels. Lower energy costs would lighten their drag on corporate profits, cheering investors.

More than two-thirds of the stocks on the New York Stock Exchange were in the black. Many gainers were companies that should benefit from lower energy prices. Shares of General Motors Corp., which could sell more high-margin trucks and sport-utility vehicles if gas prices keep falling, gained more than 4% on the Big Board.

Goldman Sachs, considered a bellwether in the financial-services group, rose 4.8% on the NYSE.

Investors also reacted positively to shake-ups at Bristol-Myers Squibb Co. and Hewlett-Packard Co., which rose 4% and 1.5%, respectively.

Early in the day, the pharmaceutical company's chief executive and general counsel stepped down after a federal monitor pressured the company to fire them. Meanwhile, Patricia Dunn announced plans to step down as H-P chairwoman in January, but remain on the board. The move was triggered by a widening probe of tactics used in a company investigation of leaks by its directors.

At the start of the day investors digested news of a thwarted terrorist attack by Islamic militants at the U.S. embassy in Syria and a report from the Commerce Department saying the trade deficit was a record $68.04 billion in July.

One concern heading into today's trading is that yesterday's gains could have been exaggerated by a flurry of trading driven by options expirations later this week. "With all the expirations later this week, it's going to be a tough market to handicap," says Jeffrey Saut, chief investment strategist at Raymond James Financial.

In major U.S. market action:

Stocks rallied. Total trading volume for stocks listed on the Big Board was 2.84 billion shares, as 2,521 stocks rose and 815 fell.

Bond prices rose. The 10-year Treasury note rose 7/32, or $2.19 for each $1,000 invested, pushing the yield down to 4.775%. The 30-year bond rose 20/32, to yield 4.903%.

The dollar was up. It traded at 117.95 yen, up from 117.59 yen, while the euro fell against the dollar to $1.2691 from $1.2702.

Falling Oil Prices Help Stocks Rebound (USAT)

By Matt Krantz

USA Today, September 13, 2006

Oil prices fell a seventh-consecutive session Tuesday, giving investors one less reason to worry about buying stocks.

The suspicion that demand for oil may be cooling, coupled with a major oil discovery last week, knocked crude down $1.85 a barrel to $63.76. Oil has fallen 17.2% from its high on July 14.

Investors are betting lower oil and gas prices will help consumers and businesses navigate a slower-growing economy. That's clear from the Dow Jones industrial average jumping 101.25 points to 11,498.09, contributing to what's turned into a 7.3% gain this year. That's the Dow's highest close since it hit 11,500.73 on May 11, although it's still 225 points away from its all-time high in January 2000 of 11,722.98.

Boosted by computer and electronics retail, home building and photo products stocks, the Standard & Poor's 500 index rose 13.57 points to 1313.11. The index is up 5.2% this year.

And long-lagging tech stocks also got a much-needed lift. The tech-heavy Nasdaq composite index rose 42.57 points to 2215.82, putting it up 0.5% this year.

There was other bullish news for stocks, other than oil, namely a bigger-than-expected quarterly profit from brokerage Goldman Sachs. The brokerage gained $7.29 to $158.29 and inspired investors to think corporate banking activity remains brisk.

Electronics retailer Best Buy posted strong 22% higher quarterly results. That helped comfort investors worried about how consumer spending would hold up amid $3-a-gallon or higher prices for gas during the summer, says Michael Holland of Holland & Co. “The markets had a huge sigh of relief,” he says. Investors are beginning to focus on the positives, he says. “The bad news has been swallowed by the markets.”

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Even so, the stock rally is all about oil, says Michael Farr, president of Farr Miller & Washington. Falling crude prices "take away the storm cloud of the relentless spiral upward … and the fear of when it will stop," he says.

Despite the market's rally, investors are still tentative and could quickly retrench, says Doug Sandler of Wachovia Securities. Much of the rally is the result of portfolio managers sensing oil is in a bear market and betting that will help stocks in the fourth quarter, he says. But just one piece of bad news will shake those investors out, he says: "Portfolio managers have their fingers in the air, trying to tell where the wind is going."

US Trade Gap Hits Record $68bn (FT)

By Daniel Pimlott

Financial Times, September 13, 2006

The US trade deficit surged to its highest ever level in July as the cost of oil imports rose to a record high and exports fell.

But the swelling deficit, which rose much more than expected, will probably fall back again as oil prices have fallen in recent weeks, analysts said.

The trade deficit rose to $68bn in July, up from $64.8bn in June, beating the record set last October of $66.8bn. The consensus had been for $65.5bn but in the end an unexpected fall in exports drove the deficit up.

About one-third of the increase in the July figure came from higher prices for oil imports. But oil prices have dropped to their lowest levels since March this week, after rising to an all time high in July of $77.03 per barrel. The price is now 15 per cent lower.

"The widening of the deficit in July reflected strength in commodity prices, and energy prices in particular, and these price gains are now being reversed," said Mike Englund, an analyst at Action Economics.

"The decline in capital goods exports can be half explained by a $0.6bn drop in aircraft exports, which will be reversed in August."

The value of July exports fell for the first time in five months by $1.3bn to $120bn, while July imports reached an all time high at $188bn, $1.9bn up on June. But exports remained at their second highest level ever.

The fall in exports was led by weakness in capital goods, with aircraft, computers and medical supplies leading the drop.

This year the overall deficit is running at $776bn, which, if met, would set a record for the fifth year in a row.

The politically sensitive deficit to China fell slightly to $19.6bn, but remains on track to exceed the massive $202bn deficit recorded last year, the highest amount ever owed to a single country. The US government has been pushing China to allow its currency to rise in value in order to allow the trade deficit to depreciate.

The worsening trade balance is expected to hold back economic growth this quarter, analysts said.

Trade Deficit Climbs To A Record, Driven By Summer Oil Prices (WSJ)

By Greg Hitt

The Wall Street Journal, September 13, 2006

WASHINGTON -- The summer swell in oil prices helped push the U.S. trade deficit to a record $68.04 billion in July, a 5% increase from June and the gap's sharpest widening in nearly a year, despite strong exports, the Commerce Department said.

The nation's bill for foreign petroleum totaled $28.48 billion for the month. Imports of all goods and services rose to $188.01 billion, up 1%, from June. But oil wasn't the only factor contributing to the growing trade imbalance. (Read economists' reactions to the data1)

Demand for foreign-made goods showed strength across the board. Imports of industrial supplies, such as iron and steel products, grew $2.18 billion to $54.25 billion in July. Capital-goods imports increased $800 million to $35.46 billion, helped by higher shipments from abroad of computers, medical equipment and drilling and oil-field equipment, among other things. Stronger demand for products like television sets, VCRs, toys and games bolstered imports of consumer goods.

Though overwhelmed by surging imports, U.S. exports came in at $119.97 billion in July. That was down 1.1% from June, but still the second-highest monthly total on record.

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A drop in shipments of U.S.-made civilian aircraft, which fell $603 million to $2.59 billion, helped dim the export picture. But shipments abroad of American-made auto parts and vehicles increased, as did exports of consumer goods ranging from pharmaceutical products to pleasure boats, the Commerce Department said.

The department reported a revised June trade gap of $64.82 billion.

The U.S. is on track this year to shatter last year's total trade deficit of $716.73 billion. And with the gap reaching new heights in July, some analysts backtracked on their expectations of how much foreign trade might contribute to U.S. economic growth in the third quarter. Economist David Greenlaw of Morgan Stanley, for example, cut his forecast for third-quarter growth in gross domestic product to 3.0% from a previous 3.2%.

Significantly, when adjusted for inflation, the trade deficit also rose in July, amid a decline in exports and rise in imports. The inflation-adjusted trade deficit is closely watched by economists because it may better reflect foreign trade's impact on GDP.

Even so, it wasn't clear Tuesday that the deficit's jump in July signaled a fresh upward spiral over the long term. Indeed, with oil prices down from midsummer highs, expectations are growing that the deficit could begin to shrink some in the coming months. Paul Ashworth, senior U.S. economist at research firm Capital Economics suggested the "decline in the price of crude oil should cut roughly $2 billion" from the monthly value of U.S. imports.

The U.S. deficit with China declined somewhat in July, shrinking a little more than $100 million to $19.57 billion. Still, the deficit with China remained the U.S.'s largest with any single country, and trade with China remains a volatile political issue.

In this year's fight for control of Congress, for example, top U.S. steel companies and unions have joined together in an multistate media campaign that blames China, along with India and Brazil, for "stealing American jobs" and urges voters to seek out candidates "willing to stand up for American workers and enforce the trade laws."

Bush Adviser Sees Rise In US Wages Growth (FT)

By Edward Luce

Financial Times, September 13, 2006

After years of stagnation, US wage growth will start to catch up with high productivity and economic growth, according to a senior Bush administration official.

Edward Lazear, chairman of President George W. Bush's Council of Economic Advisers, on Tuesday also sought to dispel the increasingly widespread view that the median US employee is suffering from a long-term decline in earnings potential.

Mr Lazear's speech is part of a broader administration campaign to focus on the strong US economy in the build-up to critical mid-term congressional elections on November 7. According to recent polls, up to two-thirds of American voters describe the economy as either "not good" or "poor". Voters consistently cite the state of the economy and the Iraq war as their biggest concerns.

Mr Lazear on Tuesday pointed to a 4.1 per cent increase in nominal workers' compensation in the first six months of this year as evidence that employee remuneration was starting to catch up with productivity growth, which has achieved an average annual 3 per cent increase since the US economic recovery began five years ago.

However, critics of the Bush administration say that real wage growth, which excludes the inflationary cost of healthcare that has fuelled compensation growth, continues to languish at or below annual inflation.

Mr Lazear denied the US economy was facing structural changes that had permanently reduced the earnings potential of most employees. He said the normal acceleration of wage growth had begun later in the cycle than usual – but it had begun.

"Wage growth sometimes lags productivity growth – especially coming out of recessions," he said. "2006 will be a period during which real wage gains begin to catch up with earlier gains in productivity, despite large price hikes in the energy sector."

However, the Bush administration's arguments have been met with growing scepticism among economists who point out that real wages for most Americans are marginally below where they were four years ago, in spite of strong overall growth in gross domestic product. According to the Bureau of Labour Statistics, the average hourly wage for private sector non-farm workers was $8.17 in August 2006 (at 1982 prices) compared with $8.23 in August 2002.

Growth in average compensation has been higher than real wage growth owing to the higher cost to employers of healthcare provision and insurance. Medical inflation usually outstrips general inflation.

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"The Bush administration continues to tell us what will happen in its view rather than what is actually happening," said Rob Shapiro, head of the New Democrat Network's Globalisation Initiative, a centrist advocacy group. "Median wage stagnation is about a structural shift in the US economy because of globalisation and nothing that Mr Lazear has said has altered this view."

Back, And Stronger (LAT)

The Los Angeles Times, September 13, 2006

JUST A FEW MONTHS AFTER 9/11, Osama bin Laden boasted that the attacks had "hit hard the American economy at its heart and its core." If they did, the effect was transitory. In all the commemorations and assessments on the anniversary of 9/11, the resilience of the U.S. economy has attracted less notice than it deserves.

Bin Laden was not alone in his analysis. In the United States, there were warnings of burdensome security costs, sharp business cutbacks and recession on the horizon. Some estimated that the immediate cost of the attacks — including lost life, property and economic output — would approach $170 billion. The longer-term effects, they implied, were almost unimaginable.

Then Americans enjoyed five years of strong productivity and corporate profits, a booming real estate market and rising trade volumes.

It's tempting, and to some degree justified, to chalk up the apparent success to some inherent superiority of the U.S. economy. A recession was already underway on 9/11, but Fed policy and tax cuts fueled a strong recovery. According to a recent report from the World Trade Organization, globalization continued apace, as most major transnational corporations said they would not delay or cancel investment projects in reaction to worldwide terror.

Although private- and public-sector security spending ballooned to $90 billion last year — in a $13-trillion economy — technology had already created efficiencies in U.S. businesses that offset many of the new costs. Entrepreneurs found ways to profit from the security-industrial complex.

Meanwhile, sectors hit directly by the attacks, such as travel, bounced back. Analysts estimate that airlines lost about $40 billion and 150,000 jobs in the wake of 9/11 as passenger traffic plummeted in 2001 and 2002. But last year, a record 670.4 million passengers flew on U.S. carriers.

Another terrorist strike, in the U.S. or abroad, could still do untold damage to the economy. But nowadays economists tend to be less concerned about such a possibility (or unnecessary spending to protect against it) than about high energy costs or a real estate bust. Both would be worrisome, of course. But those kinds of worries are in a whole different category than the fear of a terrorist attack.

Look Who Got A Raise (NYT)

The New York Times, September 13, 2006

Fearing inflation, investors were spooked recently by a government report showing that companies have spent a lot of money of late on their employees. Annual labor costs were up in the second quarter by 4.9 percent, nearly a point higher than initially estimated. That came on top of a much bigger than expected increase in the first quarter.

Compensation is business's biggest expense, so rising labor costs — if passed on to consumers — could certainly push up prices. But so far, there are no clear signs of that happening. Instead, today's rising labor costs seem to reflect a different economic phenomenon: growing income inequality.

The big jump in labor costs in the first quarter appears to be driven by fat bonuses and stock options — not hefty increases in wages and salaries, the financial lifeblood of most Americans. One-off shots of income do not portend higher inflation because they reflect activity that already happened. And they don't translate into more money for most people. According to David A. Rosenberg, an economist for Merrill Lynch, the huge upward revision in first-quarter labor costs worked out to some $80 billion on an annual basis that flowed to "a lot of well-heeled folks cashing in their stocks."

Rising labor costs also reflect the high cost of employees' health insurance. Unfortunately, that expense doesn't imply better coverage, only higher prices for even a bare-bones plan. The more insurance costs, the more it eats into take-home pay, without making up for the loss with better benefits.

When statisticians talk about "labor costs" and economists — and politicians — talk about "compensation," they mean all forms of earned income, like wages, salaries, bonuses and stock options, plus benefits, like insurance and pensions. Measured

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that way, employees don't look too terribly squeezed. But for most workers, increases in wages or salaries, if any, have been steadily eroded by inflation while health insurance, if any, costs more and covers less.

Wage Debate Pits Workers Vs. Businesses (USAT)

By Tom Kenworthy

USA Today, September 13, 2006

DENVER — The 11 workers at Jim Noon's company, which makes cardboard boxes and packaging, earn well above the federal minimum wage of $5.15 an hour. Even so, the Denver businessman opposes — "for all sorts of reasons" — a Colorado ballot measure that would raise the state's minimum hourly wage to $6.85.

Noon says the initiative to amend the state constitution would exert pressure to increase all salaries and signal the state is not business-friendly. On a philosophical level, he says, "the state constitution shouldn't have dollar figures; it should have concepts."

In the western part of the state, in Delta, Traci Woodson's support for the initiative is personal. The 26-year-old single mother of two is a home-based child care provider who works at least 95 hours a week. She is paid an average of $5.77 an hour for looking after children from 6 a.m. to 10:30 p.m. and sometimes overnight. If the measure passes, her pay would rise because the amount the state pays for her low-income clients' child care needs is pegged to the minimum wage.

"You can't make it on the minimum wage," Woodson says. In Delta, the average cost to rent a three-bedroom house is about $650 a month, and people frequently work two or three low-wage jobs, she says.

Voters in Colorado and five other states — Arizona, Missouri, Montana, Nevada and Ohio — will decide the issue in ballot measures Nov. 7 to raise the minimum wage.

Nine years after Congress last raised the federal minimum wage, "states are realizing families can't support themselves on a little under $11,000 a year," says Liana Fox, an analyst with the Economic Policy Institute, a liberal think tank in Washington, D.C. By December, Fox says, this will be "the longest stretch without an increase since 1938, when the minimum wage was first enacted."

Nationally, about 5.6 million workers would benefit from an increase in the minimum wage; 835,000 of them are in the states with ballot initiatives, estimates the Center on Budget and Policy Priorities, a liberal Washington think tank. The Labor Department says about 1.9 million people are paid the minimum wage or less but says that figure is "understated" because it includes only hourly, not salaried, workers.

The department says about half of minimum-wage workers are younger than 25, and about three-fifths work in the hospitality and leisure industries, mostly in restaurants and bars.

Backing the state campaigns to raise the minimum wage are labor unions, advocacy groups for the working poor — such as the Association of Community Organizations for Reform Now and 9to5, the National Association of Working Women — and religious organizations.

"A lot of us who work in the low- and middle-income communities hear regularly from folks about the cost of housing, gas, child care and health care. And we're tired of waiting for the politicians to wake up and discover this might be an important issue," says Bill Vandenberg of the Colorado Progressive Coalition.

Opponents include chambers of commerce and associations representing hotels, restaurants and small businesses.

In Colorado, opponents argue that raising the minimum wage would cut entry-level jobs. They also say they're defending the state constitution.

Jan Rigg, a spokeswoman for Respect Colorado's Constitution, says if Colorado's minimum wage rises to $6.85, it would be among the highest in the country. She says the measure has no exceptions for small businesses or young workers, as some other states have. She also says if the state's economy falters, "we have no ability to fix it" through legislative action.

Polls in several of the states show strong support for raising the minimum wage. In Missouri, a St. Louis Post-Dispatch poll this month found 68% favored the increase. In Nevada, a survey in the Las Vegas Review-Journal last month showed 74% support. In Arizona, a poll in March showed 81% support.

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"There are a lot of voters who are more motivated to get to the polls to raise the minimum wage than by any other issue," says Sara Howard, a spokeswoman for the Give Missourians a Raise campaign. The issue, she says, could help Democrats unseat Republican Sen. Jim Talent, who has not taken a position, and faces Democrat Claire McCaskill, who supports the measure.

Democrats hoping the wage initiatives could tip key congressional races by boosting turnout may be disappointed, says Paul Taylor of the Pew Research Center. He points to the 11 states in 2004 that had ballot measures against same-sex marriage, which supposedly increased GOP turnout. He says both the turnout and the percentage of votes President Bush received in those states were very close to what they were four years earlier.

Even so, there is some "tactical potential" for Democrats in the wage campaigns, Taylor says. "If races are close enough, everything matters."

Minimum Wage Laws Multiply In States (USAT)

By Tom Kenworthy

USA Today, September 13, 2006

DENVER — This year's elections could be a watershed in the nearly 70-year history of the federal minimum wage: For the first time, a majority of states could require higher pay than the federal rate of $5.15 an hour.

This year, 10 states have enacted laws mandating a higher minimum than federal law requires. Twenty-three states and the District of Columbia are now above that threshold.

On Nov. 7, voters in six other states will decide ballot measures that would raise the minimum wage to as much as $6.85 an hour with automatic adjustments for inflation. Some of the states would allow lower pay at small businesses and for workers who receive tips.

Initiatives to change the base pay rate — by amending the state constitution or changing state law — will be on the ballot in Arizona, Colorado, Missouri, Montana, Nevada and Ohio.

If they all pass, it would equal the number of minimum wage ballot measures adopted in the 14-year span ending in 2004, says Jennie Bowser, a policy analyst with the National Conference of State Legislatures. "I expect to see most or all of them pass," she says. "I imagine it's going to be a pretty popular subject."

The battles over the minimum wage come as government figures show wages are not keeping up with inflation and amid fierce contests to control Congress.

Supporters for raising the minimum wage such as Liana Fox with the Economic Policy Institute, a liberal think tank, say inflation has eaten away the last increase by Congress in 1997. Raising the wage from $5.15 to $6.85 an hour would boost a worker's annual pay from $10,712 to $14,248.

Opponents say the pay raise would hurt businesses such as restaurants that depend on lower-wage workers, and would be a setback for entry-level employees.

"There will be fewer jobs for teenagers and low-income workers who come in to get a skill," says Jan Rigg, spokeswoman for Respect Colorado's Constitution, a business coalition opposing the increase. "This isn't a debate about haves and have-nots, it's about what we all want: a good workforce."

All six states with minimum wage increases on the ballot are major election battlegrounds this fall. Montana, Ohio and Missouri have Senate contests rated as tossups by The Cook Political Report. Arizona, Ohio, Colorado and Nevada have competitive governors' contests. Arizona, Colorado and Ohio have some of the most closely watched House elections in the country.

Brookings Institution scholar Matt Fellowes says Democrats hope the wage initiatives will draw more of their voters to the polls and underscore "that under Republicans, financial insecurity has increased."

The minimum wage measures also reflect frustration with Washington and state legislatures that have failed to approve raises, Fellowes says. Republicans control Congress and one or both legislative branches in four of the six states with ballot measures this fall.

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In July, the House approved a GOP-led effort to tie a $2.10 increase in the minimum wage to a permanent cut in the estate tax and other tax breaks. Senate Democrats blocked the measure. In June, the Senate defeated a Democratic effort to raise the wage to $7.25.

Chafee Beats Back Senate Challenger In Rhode Island (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 13, 2006

WASHINGTON -- Rhode Island Republican Sen. Lincoln Chafee beat back a very tough primary challenge from Cranston, R.I., Mayor Steve Laffey to run for re-election, an outcome national Republican Party officials believe will give them the best chance of holding the seat in midterm elections.

Mr. Chafee's victory was substantially aided by a roughly $1 million infusion of cash from Washington Republican Party committees to run ads and flood mailboxes with fliers criticizing Mr. Laffey, a tough-talking social conservative. It is a strategy of lavish spending Republicans used earlier this year to hold onto to the House seat of California Republican Rep. Randy "Duke" Cunningham, who pleaded guilty to bribery. That race cost the national party $5 million.

But it remains unclear if the Republicans can spend that kind of cash to defend a growing list of contested incumbent elections in the general election. In Rhode Island, the two candidates spent more than $2 million apiece, and the race, while not the most expensive, is considered one of the Ocean State's most negative and bitter contests.

Mr. Chafee, 53 years old, was appointed to the Senate in 1999 after his father, Sen. John Chafee, died in office. He won election the following year and quickly staked out a fiercely independent profile. He voted against the Iraq war, many of the White House tax cuts and publicly admitted he didn't vote to re-elect President Bush, writing in a vote for the president's father, former President George H.W. Bush, instead. While his positions frustrated his party, most analysts believed they reflected the state's electorate and made him the only Republican likely to hold the seat.

Mr. Laffey, 44, a former investment banker, had tapped into that anger to rally the party's core conservatives to his campaign. He was supported by the conservative Club for Growth, a Washington-based antitax group that funneled more than a half-million to his campaign. He conceded the race with roughly 70% of the voting reported and trailing 54% to 46%.

The Rhode Island seat isn't safe yet for Republicans, though. Early polls have shown a close race between Mr. Chafee and Democratic nominee Sheldon Whitehouse, a popular former attorney general who is flush with cash.

R.I.'s Chafee Fends Off GOP Challenger (USAT)

By Susan Page

USA Today, September 13, 2006

WASHINGTON — Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, beat back a tough primary challenge Tuesday from conservative Stephen Laffey.

Chafee had been imperiled by the same forces that cost three-term Sen. Joe Lieberman the Democratic nomination in neighboring Connecticut last month. Lieberman, one of the Senate's most conservative Democrats, lost to anti-war candidate Ned Lamont and is now running as an independent.

Chafee used his maverick record to appeal to independent voters, who are allowed to vote in the Rhode Island primary.

“The message is that Rhode Island is still a more liberal Republican Party than the Republican Party nationally,” says Victor Profughi, a retired political science professor at Rhode Island College. “And it means we'll have a competitive race in Rhode Island” for the Senate in November.

He said Chafee's stiff challenge reflected anti-incumbent sentiment and a push by Democratic and Republican activists to draw sharper partisan lines this year.

At a victory party, Chafee thanked “Republicans, independents and disaffiliated Democrats” for supporting him. “Strict party discipline must not prevail over the spirit of compromise that is so essential to our American democracy,” he declared to cheers.

Chafee's battles aren't over: He now faces former state attorney general Sheldon Whitehouse, who won the Democratic nomination.

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The race is rated a toss-up, and Democrats have targeted it as one of the six Republican-held seats they need to pick up to win Senate control.

Backed by the anti-tax Club for Growth, Laffey, the mayor of Cranston, attacked Chafee for voting against tax cuts and in favor of spending projects that Laffey labeled pork. Chafee also has riled some Republicans by opposing the Iraq war and the confirmation of Supreme Court Justice Samuel Alito.

Still, Chafee benefited from what political scientist Darrell West of Brown University calls "a golden name" in Rhode Island: Chafee's late father, John, served as governor and senator.

Moderate GOP Senator Beats Conservative Challenger In R.I. (WP)

By Shailagh Murray And Zachary A. Goldfarb

The Washington Post, September 13, 2006

PROVIDENCE, R.I., Sept. 12 -- Sen. Lincoln D. Chafee, a moderate who has frequently clashed with the Bush administration, beat back a strong conservative challenger Tuesday night in the GOP primary in Rhode Island.

The victory came amid heavy turnout, after the same Republican establishment that Chafee has so often defied rallied to his side with money and logistical support for a vigorous get-out-the-vote effort. While there is little personal affection for Chafee at the White House, operatives there and in the Republican Party leadership calculated that he is the GOP's best chance of holding the seat in a Democratic-leaning state in November.

The Chafee win represented a rare bit of political good news for Republicans, who are struggling to retain control of both houses of Congress in a highly volatile election year, as polls showing voters to be increasingly frustrated with GOP leadership. President Bush's dismal approval ratings, fueled in large part by public frustration with the war in Iraq, threatens Republican incumbents around the country who are on the ballot this year.

Stephen Laffey, the blustery, populist mayor of Cranston, had sought to become the second challenger to topple a senator in a primary this year, after Sen. Joseph I. Lieberman's loss to Ned Lamont in Connecticut's Democratic primary last month. In the end, however, a race that for weeks had been widely viewed as neck and neck fell decisively in line for Chafee, who was commanding 54 percent of the vote with 99 percent of returns counted.

Chafee's hurdles are hardly over. Democrat Sheldon Whitehouse, who like Chafee is a well-known Rhode Island political figure, also secured his party's nomination Tuesday night over negligible opposition. Whitehouse was not a top choice of Democratic Party recruiters,but has led Chafee in recent polls.

Although Chafee escaped the Laffey threat, Democrats believe he compromised his general election chances by waging a negative campaign marked by pointed attack ads and by accepting such high-profile Republican Party help. The senator himself expressed regret last week that the tone of the campagn had turned nasty. But, he pointed out, "negative ads do work."

But they also clash with his low-key, almost diffident personal style and expressed loathing of glovers-off partisanship. "When Lincoln Chafee -- an incumbent Republican senator -- can barely win his own primary, you know he'll have trouble in the general election," said Sen. Chuck Schumer (N.Y.), chairman of the Senate Democrats' campaign committee.

National GOP officials feared that if Chafee lost, Democrats would almost certainly win the Senate seat in November, one of six they must pick up to reclaim control of the chamber. National Republican officials who are backing Chafee announced last week that they would pull their resources out of Rhode Island should Laffey prevail, effectively conceding the election to Democrats.

"This is my 10th run for office . . . and I've never had one like this," said Chafee, the son of the late senator John H. Chafee and a former Warwick mayor and City Council member. He said the vote was an endorsement of the "spirit of compromise" that he has tried to uphold. Then he reminded supporters that a whole new battle is beginning. "It will take everything we've got," Chafee said.

Rhode Island was one of nine states that held primaries Tuesday, the last big day of party battles before the November elections. The GOP faced a similar intraparty conflict in Arizona in the contest to succeed retiring Rep. Jim Kolbe (R), a longtime member of the House Appropriations Committee. Republicans chose between Randy Graf, a conservative firebrand running hard against illegal immigration, and state Rep. Steve Huffman, a moderate who was backed by Kolbe and the national party.

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In New Hampshire, Democrats who oppose the Iraq war showed their strength again, just as they had in the Lieberman-Lamont election. In the 1st Congressional District, Carol Shea-Porter stressed antiwar themes in her upset victory over party-backed Jim Craig in the contest to take on Rep. Jeb Bradley (R).

Meanwhile, Arizona state Sen. Gabrielle Giffords and former Tucson anchorwoman Patty Weiss battled for the Democratic nomination. Democratic officials say they are confident that if Graf wins the GOP primary, either Giffords or Weiss could beat him in November in the race for the swing seat.

But the contest in Rhode Island has the most potential to change the political map. With control of the Senate seat at stake, the national Republican Party recently began a series of television commercials and mobilized its get-out-the-vote effort in a bid to save Chafee from defeat. The maverick senator has opposed President Bush on many issues and voted against the president in 2004.

But the national party rallied behind Chafee, nonetheless, convinced that Laffey was too conservative to win in the heavily Democratic state. A huge final-hour turnout effort appeared to have paid off, with over 63,000 ballots cast, by far a state record for a GOP primary.

In contrast to Chafee's patrician and somewhat diffident style, Laffey was assertive and hard-charging, and he proved highly effective on the campaign trail. He argued that Chafee's independence from the GOP has made him almost irrelevant and that his unpredictable voting patterns suggest a political identity crisis.

The race turned ugly in the final days, with accusations of dirty tricks, and the harshest attacks aimed at Laffey. The intense atmosphere was highly unusual in a state that barely rates on the national political radar. Voters reported receiving a dozen pieces of mail in one day and their phones ringing 15 times in 10 minutes, all political pitches.

Laffey's strong campaign suggested a worrisome trend to Republicans about their base supporters: that intolerance for moderates had grown so intense that they were willing to sacrifice a Senate seat -- and possibly control of the Senate -- to punish unreliable politicians.

The mayor's core supporters were Republicans who disliked Chafee's moderate views, but he also also appealed to middle-class independent voters who are uneasy about Congress's inattention to issues they care about, such as education and health care. Those voters think only an outsider can shake up Washington, and in Laffey's case, they were willing to overlook ideological differences.

"I ran as a reformer," Laffey told supporters Tuesday night, conceding the race and endorsing Chafee. "We take ideas any day."

Meanwhile, in Minnesota, Democrats chose state Rep. Keith Ellison from a field of four main candidates for a Minneapolis House seat being vacated by retiring Rep. Martin O. Sabo (D). In a heavily Democratic district, he is on track to become the first Muslim to serve in Congress.

In New York, Sen. Hillary Rodham Clinton (D) was nominated for a second term, while Attorney General Eliot L. Spitzer won victory as the Democratic nominee for governor.

In a majority-black district in Brooklyn, City Council member David Yassky, the only white candidate in a four-way contest that raised racial tensions, lost to Yvette Clarke in the Democratic primary to replace retiring Rep. Major R. Owens.

In Setback For Democrats, Incumbent Wins Republican Senate Primary (NYT)

By Kate Zernike

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Senator Lincoln Chafee of Rhode Island won the Republican primary there on Tuesday, fending off a bid from a populist challenger that the national Republican Party had feared would cost it a seat it had held since 1976 in an overwhelmingly Democratic state.

The race was the most closely watched contest in the nine primaries across the country on Tuesday, in a year when Democrats are hoping to capitalize on anti-incumbent sentiment to take control of one or both houses of Congress.

Mr. Chafee's victory, with 53 percent of the vote, dealt the Democrats a big setback in their bid for control of the Senate. The state is crucial to their goal of winning six seats. Polls had shown Mr. Chafee's challenger, Stephen Laffey, running far

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behind Sheldon Whitehouse, who won the Democratic nomination on Tuesday, and the national Republican Party said it would cede hopes of keeping the seat if Mr. Laffey won.

Mr. Chafee's nomination keeps the race alive until November, with polls showing him and Mr. Whitehouse running even, and guarantees that the national parties will continue to pour money into what has already been a nasty and expensive contest.

Mr. Chafee, the most famously liberal Republican in the Senate and a scion of one of the state's "five families," told supporters gathered at the Biltmore Hotel in Providence that his victory had been a groundswell of "diehard Republicans, independents, and disaffiliated Democrats," who "united behind the cause of honest, independent leadership." He spoke of Republicans' "proud history" in New England.

"Our goal has always been to find the common ground for the common good," he said. "Polarization, partisanship and strict party discipline must not prevail over the spirit of compromise that is so essential to our American democracy."

National Republican organizations spent vast amounts of money on either side, with antitax groups deriding Mr. Chafee as a "Republican in name only" and the National Republican Senatorial Committee overlooking his rejection of much of the party's agenda to campaign fiercely on his behalf. The committee started running pro-Chafee advertisements nearly a year ago, and spent $750,000 on his behalf in the last month alone.

Senator Elizabeth Dole, the committee's chairwoman, congratulated him in a statement for a "hard-earned victory," and added, "Senator Chafee's independent, honest leadership drove a historic turnout and clearly shows he is in a great position to win in November."

More than 63,000 votes were cast, far outpacing the previous record of about 45,000 votes in a Republican primary in Rhode Island.

Democrats were in no mood to give up the fight.

"When Lincoln Chafee, an incumbent Republican senator, can barely win his own primary, you know he'll have trouble in the general election," said Senator Charles E. Schumer of New York, who is leading the Democrats' effort to win the Senate. "Rhode Islanders, more than voters in any other state, know we need a new direction and real change in this country, which is why Sheldon Whitehouse will be the next U.S. senator from Rhode Island."

Mr. Laffey, who campaigned door to door across the state in a recreational vehicle with his wife and five children in tow, even as the national Republicans ridiculed him, conceded shortly before 11 p.m., saying he would vote for Mr. Chafee in November. "The voters have spoken," he said, and added, with a nod to his family and the citizens of Cranston who elected him mayor, "A lot of things have worked out very well. This election didn't."

In the District of Columbia, Adrian M. Fenty, a City Council member, defeated Linda W. Cropp, the Council's longtime chairwoman, with 57 percent in the Democratic mayoral primary, making him the presumptive mayor in the heavily Democratic city.

In Maryland, Lt. Gov. Michael Steele, easily won the Republican nomination in the contest to replace Senator Paul S. Sarbanes, a Democrat who is retiring after 30 years.

Mr. Steele, a rising star in the party who would be the first black Republican in the Senate if elected, declared victory in the primary at his campaign headquarters in Greenbelt shortly after 10 p.m. He will face either Representative Benjamin L. Cardin or Kweisi Mfume, the former head of the N.A.A.C.P., who led 16 other Democratic candidates.

The results in Maryland were coming in slowly after election problems early in the day. Some polls opened late, and voters were turned away at others.

A Circuit Court judge in Montgomery County ordered that polls be kept open an hour later, until 9 p.m., as did one in Baltimore, after a lawsuit filed by the Maryland Democratic Party and the N.A.A.C.P.

In Minnesota, Keith Ellison, a state legislator, won the Democratic Congressional nomination in the heavily Democratic Fifth District, defeating three rivals to put him on a path to become the first Muslim member of Congress.

Chafee Wins In Pivotal R.I. Race (WT)

By Amy Fagan

The Washington Times, September 13, 2006

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PROVIDENCE, R.I. -- Sen. Lincoln Chafee, with the backing of the national Republican Party, last night secured a solid victory over conservative Republican challenger Stephen Laffey in the most closely watched race on a night when nine states and the District held primaries.

With 99 percent of precincts reporting, the liberal Mr. Chafee had 34,042 votes, or 54 percent, to 29,431 votes (46 percent) for Mr. Laffey, the Cranston mayor who was backed by the free-market advocacy group Club for Growth.

"To the voters of Rhode Island, thank you," Mr. Chafee told a screaming crowd of supporters at the Biltmore Hotel in Providence. He said the victory was a validation of independent-minded Rhode Island and an endorsement of leaders who have the "guts" to take difficult votes and work across the aisle.

Mr. Chafee's Democratic challenger, Sheldon Whitehouse, got 82 percent of the vote against two other candidates in the Democratic primary.

Elsewhere, New York Sen. Hillary Rodham Clinton easily beat anti-war challenger Jonathan Tasini in that state's Democratic primary, clearing the way for a November matchup against Republican underdog John Spencer, the former mayor of Yonkers.

In Vermont, independent Rep. Bernard Sanders won the Democratic nomination for the Senate seat of retiring Sen. James M. Jeffords, while businessman Richard Tarrant took an early lead in the Republican Senate primary.

In Arizona, four Republicans, including Don Goldwater, nephew of the late Barry Goldwater, competed for the nomination to challenge Democratic Gov. Janet Napolitano. In Minnesota, Democratic state Rep. Keith Ellison was leading in his race for an open House seat that would make him the first Muslim in Congress.

The battle between Mr. Chafee and Mr. Laffey was in the spotlight yesterday because national Republicans said it was key to their party's hope of maintaining its Senate majority. They insisted that Mr. Chafee, who has bucked his party on issues such as tax cuts and abortion, has the only shot in this left-leaning state to beat a Democratic challenge and win the general election in November.

National Republicans ran ads, sent volunteers and gave resources to help Mr. Chafee win.

But Republicans in Rhode Island were split. Mr. Chafee faced a notable challenge from Mr. Laffey, who is pro-life, pledged to cut taxes and won the support of the Club For Growth. The national group spent $500,000 in Rhode Island and ran ads bashing Mr. Chafee as a tax-and-spend liberal.

The bitter primary here highlighted an ideological fight within the Republican Party, which played out along the same lines in an Arizona primary to fill the House seat left open by retiring Rep. Jim Kolbe. Local Republicans were angered when the national party intervened to support state Rep. Steve Huffman, a moderate who in a recent poll was trailing a former state lawmaker, Randy Graf, who is focused on halting illegal immigration.

The Republican infighting has been compared to the test Democrats faced in Connecticut last month, when they ousted Joe Lieberman in favor of a more liberal Democrat who they felt was more in line with their party's values.

Likewise, some Rhode Island Republicans are tired of Mr. Chafee's left-leaning tendencies.

"Chafee, to me, is a Democrat in a Republican jacket," said 37-year-old Michael Camardo of Cranston, who supported Mr. Laffey. Mr. Camardo said Mr. Chafee probably has a better chance of winning in November, but added, "I have to vote my conscience."

But Mr. Chafee, known for his maverick stands against President Bush and his party, retains support in this Democratic state where most voters register as independent -- known locally as "unaffiliated."

"I like his independence," Barbara Brogan, 74, of Cranston, said of Mr. Chafee yesterday, after she voted for him at the Daniel D. Waterman Elementary School.

Club for Growth President Pat Toomey said that regardless of the outcome, the close primary contest showed that "voters still care about pocketbook issues like lower taxes, lower spending and less government waste." The strength of Mr. Laffey's challenge "shows that the power of our ideas will be an influential factor in this election cycle."

Mr. Chafee still faces a tough challenge in November, with polls showing a close race between him and Mr. Whitehouse.

Voters In Nine States Pick Candidates For November (USAT)

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By Susan Page

USA Today, September 13, 2006

Voters from Arizona to Vermont cast ballots in hard-fought primary battles on Tuesday, soundly renominating New York Sen. Hillary Rodham Clinton and effectively choosing Adrian Fenty as mayor of the nation's capital.

On the busiest primary day of the year, Rep. Ben Cardin was leading former NAACP president Kweisi Mfume for the Democratic Senate nomination in Maryland. The winner will face Republican Lt. Gov. Michael Steele, the Republican Party's best hope for electing an African-American to major statewide office this year.

Voting glitches in Baltimore and Montgomery County, Maryland's largest voting jurisdiction, prompted Circuit Court judges to order polls there to stay open for an extra hour, until 9 p.m.

In Montgomery County, a Washington suburb, election officials had failed to deliver computer cards to start electronic voting machines when polls opened at 7 a.m., forcing some voters to use paper ballots. In Baltimore, some election judges failed to show up on time.

In Arizona, conservative Republican Randy Graf, a former state legislator and pro golfer, was tapping voter concern about illegal immigration in a race against state Rep. Steve Huffman, a moderate Republican backed by party leaders for a tossup House district that stretches from Tucson to the Mexican border.

Meanwhile, a Gallup Poll taken Thursday through Sunday had good news for Democrats hoping to pick up the 15 seats they need to regain control of the House. By 53%-41%, registered voters in a generic ballot test — that is, one without candidates' names — said they were inclined to support the Democratic candidate in their district over the Republican.

The Democratic advantage on the question was 6 percentage points in January and surged as high as 15 points in the spring. Three weeks ago, it had narrowed to 2 points. That survey was taken in the wake of arrests in London of suspects accused of planning to blow up American airliners.

“This election cycle was defined six months ago and nothing has really changed it,” said Chuck Todd of the online political newsletter Hotline.

“The only question is whether it's going to be a good year or a great one to be a Democrat.”

Democrats are more energized: By 47%-42%, they said they were more enthusiastic about voting in November than usual. By 47%-40%, Republicans said they were less enthusiastic.

The telephone survey of 1,002 adults has a margin of error of +/-3 percentage points. The subsample of 925 registered voters has an error margin of +/-4 points.

The race that got the most national attention Tuesday was the Republican primary in Democratic Rhode Island, where Sen. Lincoln Chafee beat back a challenge from Cranston Mayor Stephen Laffey.

Among contests in eight other states — Arizona, Delaware, Maryland, Minnesota, New Hampshire, New York, Vermont and Wisconsin — and the District of Columbia:

•In D.C., Fenty decisively defeated City Council Chairwoman Linda Cropp for the Democratic bid for mayor. His victory in the overwhelmingly Democratic city all but guarantees election in November.

•In Minnesota, state Rep. Keith Ellison was leading former state Democratic-Farmer-Labor party chairman Mike Erlandson in a battle for the Democratic nomination for a House seat in Minneapolis and its suburbs. If nominated and elected, Ellison would be the first Muslim in Congress.

•In New York, in a battle for a Brooklyn House seat that spotlighted racial divisions, New York City Councilwoman Yvette Clarke and City Councilman David Yassky were leading. Yassky was seeking to become the first white representative from the district since political pioneer Shirley Chisholm won it four decades ago. The other contenders included Chris Owens, who hoped to succeed his father, Major Owens.

•Also in New York, Clinton swept more than eight in 10 votes, trouncing anti-war challenger Jonathan Tasini. Ex-Yonkers mayor John Spencer won the GOP nomination to face her.

Spitzer And Cuomo Win In N.Y. Primary (NYT)

By Patrick Healy

DOJ_NMG_0062253

The New York Times, September 13, 2006

Attorney General Eliot Spitzer won the Democratic nomination for New York governor tonight, with his party hoping he will lead it to a potentially historic moment this November: a sweep of top statewide offices.

Andrew M. Cuomo won the Democratic nomination for attorney general, and Senator Hillary Clinton won renomination for a second term in the Senate. In the day's most closely contested major race, Yvette D. Clarke won the primary for a Congressional seat in Brooklyn.

The election in New York was one of nine primaries around the nation. In Rhode Island, Lincoln Chafee, the Senate's most famously liberal Republican, held off a conservative challenger, Stephen Laffey, in a nasty contest fueled by huge amounts of money from national Republican groups on both sides. With 83 percent of the state's precincts reporting, Mr. Chafee had 54.4 percent of the vote to Mr. Laffey's 45.6 percent, and Mr. Laffey conceded defeat.

Mr. Spitzer's battle ended with a concession speech by his opponent, Nassau County Executive Thomas R. Suozzi, who said he would support Mr. Spitzer's fall campaign. Mr. Spitzer had 81 percent of the vote, while Mr. Suozzi had 19 percent, with 95 percent of the precincts reporting.

Mr. Cuomo won 52.8 percent of the votes in his contest against a fixture of New York City politics, Mark Green, who had 32.5 percent of the vote with 96 percent of the precincts reporting. Sean Moloney had 9.5 percent of the votes, and Charles King received 5.1 percent.

The Cuomo-Green race was among the most bitter of the year: Mr. Green, a former city public advocate and candidate for mayor in 2001, ran television ads excoriating Mr. Cuomo's ethics, while Mr. Cuomo aggressively sought the restoration of his family's political dynasty — in decline after his father, Mario M. Cuomo, the state's last Democratic governor, lost in 1994, and Mr. Cuomo lost his own bid for governor in 2002.

Mrs. Clinton's contest carried broad significance as well. By showing strength among a relatively liberal, antiwar primary electorate, she demonstrated that her vote for military action in Iraq in 2002 did not damage her political standing as it did with Senator Joseph I. Lieberman, Democrat of Connecticut, who lost his bid for a third re-nomination last month to an antiwar challenger, Ned Lamont.

Her little-known opponent in the New York race, a union organizer named Jonathan Tasini, tried to tap into antiwar sentiments in New York, yet he had little money and did not effectively turn the race into a message-sending moment about Iraq. With 95 percent of the precincts reporting, Mrs. Clinton had 83.2 percent of the votes and Mr. Tasini had 16.8 percent.

In the Republican race to challenge Mrs. Clinton this fall, John Spencer, a conservative former Yonkers mayor, defeated a former Reagan administration aide, Kathleen Troia McFarland, a moderate. Mr. Spencer had 60.3 percent of the votes to 39.7 percent for Ms. McFarland with 95 percent of precincts reporting. The Republican candidates for governor and attorney general, John Faso and Jeanine F. Pirro, did not face primary contests.

With a degree of unity, endorsements and money that they have rarely enjoyed before, New York Democrats appeared positioned to become an exceptionally dominant party in the state. They have never held the top statewide offices and both Senate seats in modern history; indeed, Republicans came closer during the Rockefeller era in the 1970's, when Jacob K. Javits and James L. Buckley were senators and Louis J. Lefkowitz was attorney general. (Only State Comptroller Arthur Levitt was a Democrat.)

The last time one party controlled the statewide offices and both Senate seats was 1949 — all Republicans.

Democrats have been growing in number faster than Republicans since 2000, adding 530,000 for a total of 5.5 million party members, compared with 54,000 more Republicans for a total of 3.1 million. Yet a Democrat has not held the governor's office since 1994 and the New York City mayor's office since 1993.

Mr. Spitzer has proved exceptionally popular for his prosecutions of white-collar crime, and his running mate, State Senator David A. Paterson, and Comptroller Alan G. Hevesi are also well-regarded. Mrs. Clinton and the state's senior senator, Charles E. Schumer, have high approval ratings.

Turnout appeared relatively light across the state, with Mr. Green and Mr. Cuomo hanging on whether Democrats would turn out to vote in closely fought races in Queens and Brooklyn — and cast ballots in the attorney general's race as well. In one

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mistake, roughly 200,000 New York voters who had recently moved were given the wrong information about where they could vote, according to officials at the city's Board of Elections.

Mr. Green, who has also run for United States Senate twice before, has not said if a loss will end his quest for elective office. At 61, he has said only that he will continue to teach and write if he loses, yet has not ruled out running again.

He had hoped to overcome Mr. Cuomo's financial and labor advantages by leveraging newspaper endorsements, including one from The New York Times, and riding relatively high turnout in a Brooklyn race. That four-person contest for a historically black Congressional seat in Brooklyn was won by one of three black candidates, Ms. Clarke. She and a white candidate, David Yassky, both members of the City Council, had been favored in polls in recent days. With 93 percent of the precincts reporting, Ms. Clarke had 30 percent of the votes and Mr. Yassky had 27 percent. Carl Andrews had 22 percent, and Chris Owens had 20 percent.

The Republican candidate for governor, Mr. Faso, a former State Assembly leader, spent the day campaigning in Plattsburgh and courting donors, as well as trying to dampen the glow of the Spitzer victory in the coming news media coverage.

"I know what the conventional wisdom says, and I know there's a desire on the part of some to cancel the general election and just coronate Mr. Spitzer," Mr. Faso said in a phone interview.

"But I think when people figure out that he has pursued a lot of dubious cases as A.G., at the expense of the public interest, and at the expense of going after Medicaid fraud, and when they realize his agenda will mean much higher taxes for New Yorkers, I don't think they'll vote for them," Mr. Faso said.

Mr. Spitzer, his advisers noted, has repeatedly said he has no plans to raise taxes. The Democratic candidate has made billions of dollars in spending promises during this campaign, however, and his advisers said that Mr. Spitzer would continue offering details this fall to show how he would pay for his proposals.

Mr. Spitzer plans to continue his television ad campaign for at least another week, though he has no new commercials yet for the general election. He had about $12 million on hand at the start of September. He is not re-calibrating his political message for the general election, his advisers say; he will focus this fall on delivering more policy speeches, preparing for his two debates against Mr. Faso in Ithaca and Buffalo, and wrapping up his work as attorney general for the last eight years.

Mr. Faso said he was planning an aggressive campaign strategy centered on two themes: Cutting taxes and criticizing Mr. Spitzer's performance in office, which has been criticized by some Wall Street executives and legal analysts — as well as Mr. Suozzi — as coercive and destructively anti-business.

Yet Mr. Faso also acknowledged that he is not nearly as well known as Mr. Spitzer, and he may face the same problems as Mr. Suozzi in spreading his message and raising his profile.

Mr. Suozzi spent more than $8 million this year and never moved in the opinion polls. Mr. Faso has struggled to raise money, and reported having only $1.5 million on hand in his last campaign finance report, in July. He has not been able to afford to buy television time since his starting announcement on Valentine's Day; Republicans close to Mr. Faso said he may start broadcasting ads as early as next week.

Spitzer advisers declined to say if they would expend some of their new political capital on Democratic allies in tight Congressional and State Senate races. Democrats need to win five seats to take control of the State Senate, which would make governing far easier for Mr. Spitzer if he won.

But the Spitzer camp also does not want to become bogged down and perhaps tainted by losses at the hands of the Republican Senate leaders, who are the one faction in the state party that still has significant stature. Mr. Pataki is leaving office after three terms with relatively poor approval ratings, and he has been increasingly preoccupied with exploring whether to run for president in 2008.

Travels With Eliot (WSJ)

The Wall Street Journal, September 13, 2006

The following story didn't get much play outside the pages of the feisty New York Sun. But a recent episode involving New York Attorney General Eliot Spitzer, a gambling mogul with business before the state and use of the latter's Gulfstream jet for political campaigning is revealing.

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Yesterday Mr. Spitzer won the Democratic nomination for Governor in a rout, and on the campaign trail he's spent a lot of time talking about ending "the pay-to-play culture in Albany by making it against the law for those who do business with the state to give gifts to state employees or to donate to candidates for state office." But it turns out that the Spitzer campaign hasn't been practicing what it preaches.

Mr. Spitzer has accepted discounted rides to fund-raisers nationwide on the private jet of Richard Fields, a casino developer whose companies have donated $200,000 to Mr. Spitzer's campaign. Mr. Fields represents a Wisconsin Indian tribe attempting to win approval to build a casino in New York's Catskills region. The tribe has sued New York state to reclaim what it says are ancestral lands. As AG, Mr. Spitzer represents the state. Mr. Fields is also part of a group bidding to operate thoroughbred racing at New York's Aqueduct, Saratoga and Belmont race tracks. The next Governor will likely play a major role in the outcome of both matters.

The Spitzer camp initially side-stepped the obvious conflict-of-interest questions by insisting that it "has followed the letter of the law when it comes to reimbursement for air travel." And it's true that under federal regulations, which the Spitzer campaign says it followed, the AG is required to reimburse Mr. Fields for the equivalent of a first-class plane ticket, even if that amount represents a fraction of the actual cost of chartering a jet.

This "letter of the law" line is nonetheless rich coming from Sheriff Spitzer, who's spent the past half-decade patrolling private business for similar behavior and rejecting letter-of-the-law defenses from his targets. As the Sun noted in a recent editorial, "General Spitzer has zealously pursued all sorts of alleged conflicts of interest, from investment advisers and stock analysts to insurance brokers to Richard Grasso's compensation as head of the New York Stock Exchange."

Mr. Spitzer remains the favorite in November. But under pressure from his GOP rival, John Faso, he recently decided to pay "all the costs" when chartering flights in the future. That's very big of Mr. Spitzer, but the whole episode calls into question the sincerity of his calls for reform in Albany. Campaign speeches notwithstanding, his behavior suggests that a vote for Mr. Spitzer is a vote for the status quo.

Cardin Leads In Maryland's Senate Race (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 13, 2006

U.S. Rep. Benjamin L. Cardin last night was leading the Democratic nomination for a U.S. Senate seat in Maryland, topping former NAACP leader Kweisi Mfume in a widely watched contest in which race was a key issue.

With 49 percent of the state's precincts reporting, Mr. Cardin had 46 percent of the vote, and Mr. Mfume had 37 percent. A total of 18 Democratic candidates were vying to succeed Sen. Paul S. Sarbanes, a Democrat who is retiring.

In November's general election, Mr. Cardin, a 10-term congressman, would face Lt. Gov. Michael S. Steele, who easily bested nine rivals for the Republican nomination. Mr. Steele received about 85 percent in the Republican primary.

When early results showed Mr. Cardin leading Mr. Mfume, cheers and applause erupted from the roughly 300 people at Mr. Cardin's planned victory party at a ballroom in the Wyndham Baltimore hotel.

The results scrolled across three large projection TV screens above the stage where Mr. Cardin was expected to deliver his victory speech late last night.

Among the revelers were state Democratic Party leaders, including House Minority Whip Steny H. Hoyer and Rep. C.A. Dutch Ruppersberger.

Also in the crowd was the Rev. Jeff P. Williams, a black Miami minister who organizes get-out-the-vote drives for the national Democratic Party aimed at black religious communities.

The Mfume rally was lightly attended, with only about 100 people in a largely empty ballroom at the France-Merrick Performing Arts Center in Baltimore.

Mr. Mfume had not taken the stage by 10:40 p.m.

The mood was somber, with one of Mr. Mfume's top strategists' admitting that he thought the candidate would lose.

But Mfume campaign spokesman Mark Clack remained optimistic.

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"We're feeling very good. We weren't expected to be here," Mr. Clack said. "We've proved ourselves to be a pretty resourceful and resilient campaign."

In other statewide contests, Montgomery County State's Attorney Douglas F. Gansler was leading in the Democratic primary for attorney general, topping Baltimore lawyer Stuart O. Simms.

Mr. Gansler had 55 percent of the vote, and Mr. Simms had 43 percent. They were competing to succeed Attorney General J. Joseph Curran Jr., a Democrat who is retiring.

In November, Mr. Gansler would square off against Frederick County State's Attorney Scott L. Rolle, who ran unopposed for the Republican nomination.

Meanwhile, Anne Arundel County Executive Janet S. Owens was leading in the Democratic primary for comptroller, besting the incumbent -- William Donald Schaefer -- in a contest marked by personal gibes and stinging remarks by both candidates.

Mrs. Owens had 42 percent of the vote, and Mr. Schaefer had 32 percent. Delegate Peter Franchot of Montgomery County also had 32 percent.

Mr. Schaefer called Mrs. Owens "Mother Hubbard" and "little prissy miss," and she said Mr. Schaefer, 84, was "too old" for the job.

Mrs. Owens, 62, likely will face former Montgomery County Council member Stephen N. Abrams or Anne M. McCarthy, dean of the University of Baltimore Merrick School of Business, who were competing for the Republican nomination.

Mrs. McCarthy had about 44 percent and Mr. Abrams had about 36 percent in early results.

Baltimore Mayor Martin O'Malley and his running mate, Delegate Anthony G. Brown of Prince George's County, were unopposed in the Democratic primary for governor and lieutenant governor. They will face Republican nominees Gov. Robert L. Ehrlich Jr. and his running mate, state Disabilities Secretary Kristen Cox in November.

Many voters in Montgomery County and in Baltimore were delayed -- and even turned away -- because some election officials did not show up on time to open polls and others forgot to provide voter-access cards for the electronic voting machines that were used statewide for the first time yesterday.

"This might not be over tonight," said a state Democratic Party official who asked not to be named. "It seems like whenever voters can't vote, the election is affected."

Elections officials in Montgomery County and Baltimore petitioned the circuit courts to keep the polls open an extra hour last night.

Polls closed at 8 p.m. statewide, and complete results were not available by press time.

The U.S. Senate contest between Mr. Steele and Mr. Cardin will be one of the most closely watched races in the country.

A rising star among Republicans, Mr. Steele was recruited to run by the national Republican Party. He is the party's first truly competitive Senate candidate in Maryland in a quarter century, largely because of his potential to win votes from blacks who are usually loyal to the Democratic Party.

Two operatives for the Democratic Senatorial Campaign Committee were fired last year after they illegally obtained Mr. Steele's credit report. One of the operatives pleaded guilty in federal court to a misdemeanor charge of computer fraud stemming from the credit-report scandal.

The national Democratic and Republican parties say that they will put vast amounts of cash and other resources into the Maryland Senate campaigns.

Race was a factor in the primary contest and promises to become an even more potent element in the general election.

For nearly a year, Mr. Mfume, who is black, has complained of Maryland's "old-line party bosses" discouraging his fundraising and trying to "coronate" Mr. Cardin, who is white, as the nominee.

Maryland's top Democrats, including Mr. Hoyer and state Senate President Thomas V. Mike Miller Jr., who are white, have supported Mr. Cardin.

Even the party's black leaders were slow to get behind Mr. Mfume's campaign. U.S. Reps. Albert R. Wynn and Elijah E. Cummings, both Maryland Democrats, did not endorse him until late last month.

Blacks make up the Democratic Party's most loyal voting bloc, and black leaders say the dismissive treatment of Mr. Mfume has embittered their constituents and may drive them to support Mr. Steele.

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Cardin Far Ahead In Senate Primary; Leggett Has Big Lead In Montgomery (WP)

By Matthew Mosk And John Wagner

The Washington Post, September 13, 2006

Maryland's Democratic primary voters gave Baltimore Rep. Benjamin L. Cardin a commanding lead over former NAACP president Kweisi Mfume last night in the race to be the party's candidate for U.S. Senate, but chaos at polling sites delayed final results for that and other key races.

In Montgomery County, Isiah "Ike" Leggett maintained a strong lead over Steven A. Silverman to become the party's nominee for county executive, even though hundreds, possibly thousands, of provisional ballots sat uncounted at election headquarters in Rockville.

And Montgomery State's Attorney Douglas F. Gansler defeated Baltimore lawyer Stuart O. Simms to be the party's nominee for attorney general.

As returns trickled in, they showed a surprisingly close contest for Prince George's county executive, with incumbent Jack B. Johnson holding a slight lead over former state delegate Rushern L. Baker III with half of the votes counted. Johnson declared victory about 1 a.m., but Baker told supporters that he wasn't ready to concede.

Also tight was a race that became a referendum on the patriarch of Maryland politics, William Donald Schaefer, the 84-year-old comptroller and former governor, who was on the verge of seeing his five-decade career come to an abrupt end. His fate awaited returns in Montgomery, where rampant voting problems slowed a final count.

Anne Arundel County Executive Janet S. Owens and Montgomery Del. Peter Franchot both held leads over Schaefer at times yesterday. Last night, Franchot predicted the uncounted ballots in Montgomery could determine the outcome.

"It has been an exciting election day with lots of twists and turns," he said in a statement released early this morning. "This election will not be over until every vote is counted."

All morning, confusion reigned as outraged voters were turned back from voting sites in Montgomery County because an election worker failed to provide key cards needed to make the electronic voting machines functional.

The snags reportedly included voting machines with no power cords at one Baltimore precinct, provisional ballots issued only in Spanish at a Silver Spring site and poll workers who arrived hours late in Anne Arundel County. At Piney Branch Elementary School in Takoma Park, officials quickly ran out of paper ballots and began telling voters to use scraps of paper. The impediments to voting prompted legal challenges and resulted in court orders to extend voting by an hour in Montgomery County and Baltimore.

Those votes, as with many cast while machines were down, were recorded on provisional paper ballots that won't be counted until Monday. While Republicans had only a handful of contested races, Democrats who reached working voting machines encountered a primary ballot that included a new generation of candidates.

Veteran Democrat Rep. Albert R. Wynn faced a spirited challenge from Donna Edwards but maintained a solid lead. Reps. Chris Van Hollen and Steny H. Hoyer easily won their nominations.

Gov. Robert L. Ehrlich Jr. (R) and his Democratic competitor, Baltimore Mayor Martin O'Malley, ran unopposed yesterday -- the first time in years that neither party's nomination for governor was contested. Montgomery County Executive Douglas M. Duncan (D) pulled out of the race in June.

With questions swirling about disruptions to voting, Ehrlich appeared at a Prince George's County church wearing a white polo shirt with "Ehrlich for Governor" stitched on the front and immediately pointed the finger at Democrats. He said the party's aggressive pursuit of changes to the state elections apparatus left local officials befuddled.

He refused to accept an apology from Nancy Dacek, the former Montgomery County Council member he appointed to the county's top local elections post. Democrats fired back. House Speaker Michael E. Busch (D-Anne Arundel) said if the governor "wants to blame somebody for this, he should look in the mirror."

State Sen. Brian E. Frosh (D-Montgomery), who had no primary challenge, compared the elections official who forgot to include the electronic voting cards to "someone going to work with no pants on."

"It's a hideous mess," Frosh said.

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Cardin and Mfume supporters hunkered down at locations four blocks apart in downtown Baltimore all evening. Shortly after midnight, Mfume briefly appeared before a crowd of supporters to say the race wasn't over. Mfume political adviser Walter Ludwig said that though Cardin's lead was sizeable, the Mfume team still saw "a path to victory" because so many votes in Baltimore remained uncounted.

After a day spent darting from one polling station to another, Cardin returned to Capitol Hill in the evening to cast votes in Congress before heading to the hotel where his supporters mingled in a large ballroom dominated by a pair of projection-screen TVs.

A victory by either candidate will set up what looks to be one of the most costly and combative Senate races in Maryland in a generation. The winner will replace Paul S. Sarbanes (D), who is retiring.

From the outset, Mfume lagged far behind Cardin in raising money. Cardin had spent $3.8 million on the race as of Aug. 23, more than four times the roughly $800,000 Mfume spent, according to campaign finance reports. In the end, though, the matchup was between Cardin, a steady legislative technician with 40 years in public life, and Mfume, an electric orator who had led both the Congressional Black Caucus and the NAACP.

Now the Democratic nominee faces Republican Lt. Gov. Michael S. Steele, who had nominal primary opposition. Steele was pulled into the campaign by a who's who of national GOP leaders, but he has distanced himself publicly from his deep party roots, instead investing heavily in an effort to convert fence-sitting Democrats and unaffiliated voters.

Steele took the unusual step of visiting both Johnson and Baker's election night parties. After visiting Baker's hotel suite, Steele told a reporter he was there as a "Prince Georgian" and he firmly believes "you can't let the party line blur the friendship."

Steele has also hoped to capitalize on unease among some black voters about how sincerely the Democratic Party has valued their longstanding allegiance.

Four years ago, Steele became the first African American to be elected statewide in Maryland, and now he makes no secret of his strategy to peel away black votes from the Democrats.

But Johns Hopkins University political science professor Matthew Crenson said Democrats may have "ducked a big bullet" on the subject of race, because Mfume and Cardin have assiduously avoided the issue, focusing instead on the war in Iraq, the plight of the nation's uninsured and ethics reform in Washington.

When the two debated during the final days of an 18-month contest, the toughest swipe Mfume took at Cardin had to do not with race but with the special interest and lobbyist money invested in his campaign.

"The big worry of the Democrats and the big hope of the Republicans was that the [primary] campaign would become racially polarizing," Crenson said. "But it's been a fairly muted and mutually respectful campaign."

Democrats have planned a series of "unity" events for this week, and party leaders have pledged to bring Cardin and Mfume together onstage in an effort to help soothe any concerns about racial division. But the party will have to address primary results that show a ticket dominated by white men.

Unity may be tougher for those involved in some of the primary's more bitter contests, including the race for state comptroller, in which Anne Arundel County Executive Janet S. Owens and Montgomery Del. Peter Franchot both threw some hard punches at Schaefer.

Schaefer, who began his public life in 1955 on the Baltimore City Council, sought one more term. But his close ties to Ehrlich and controversial remarks on immigrants and women have not endeared him to the state's mostly liberal Democrats. Franchot focused his assault on Schaefer's unabashed praise of the Republican governor, claiming to be the only "real Democrat" in the contest. Owens emphasized Schaefer's age .

Schaefer was the only statewide official on the Democratic side who sought reelection. Gansler, the Montgomery County state's attorney, and Simms, a former Baltimore state's attorney, battled over the seat being vacated by veteran Attorney General J. Joseph Curran Jr. (Montgomery County Council member Tom Perez's name appeared on the ballot, but the state's high court ruled him ineligible to compete for the post.)

Simms had signed on to be Duncan's lieutenant governor candidate, but when Duncan left the race, Simms and others, including those who believed the Baltimore region should not be without a candidate for attorney general, encouraged him to shift his target. He drew a number of high-profile supporters, but his campaign was hindered by a lack of money and a late start.

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Gansler, by contrast, has been planning his campaign for years. He has a Web site filled with proposals on combating gangs and pursuing polluters, and he has raised almost $2 million. Frederick County State's Attorney Scott L. Rolle ran unopposed on the Republican side.

Two other vitriolic contests were centered in Prince George's County, where winning the nomination usually means election. Incumbents Wynn and Johnson faced aggressive challenges.

Wynn battled Edwards, who mounted a challenge from the left, accusing the seven-term incumbent of coddling business interests and knocking him for voting to support the Iraq war.

Edwards put Wynn on his heels at a caustic NAACP debate, which ended with a Wynn supporter being arrested on suspicion of striking an Edwards volunteer during a skirmish over campaign signs. Wynn campaigned as someone who could deliver projects to his district, rattling off a long list of improvements that were financed with federal aid.

Johnson, meanwhile, ran hard for a second term by emphasizing an economic boom and rising property tax revenue, which have brought added services and school construction money.

But Baker, who lost to Johnson in a five-man race four years ago, took after the incumbent, saying he ignored the county's rising crime problem and knocking a series of county contracts Johnson handed to friends and campaign supporters.

Nothing that dramatic occurred during the Montgomery county executive contest, which largely focused on the question of which candidate could be better trusted to ease traffic and check the efforts of developers.

Leggett said that he would do a better job of controlling growth and standing up to developers who have been generous to Silverman's campaign. Silverman, in turn, has cast himself as the more decisive leader and said he would be more aggressive in funding road projects and the proposed Purple Line.

Election Board Workers' Error Hinders Voting (WP)

By Christian Davenport And Miranda S. Spivack

The Washington Post, September 13, 2006

The most basic of human errors threw Maryland's primary election into chaos yesterday: Someone forgot the wallet-size plastic cards needed to operate the voting machines in Montgomery County, frustrating early morning voters who lined up outside polling places and often were turned away without voting.

Courts ordered polls to remain open an extra hour in the county and in Baltimore, where at least two dozen polling places opened late, but it seemed doubtful that the extensions would resolve the confusion.

Some Montgomery County polling places didn't receive word of the order to remain open until minutes before 8 p.m., when they had been scheduled to close. Others ran short on the paper ballots that the court instructed be used during the extended hour of voting, with voters scribbling their choices on scraps of paper in Takoma Park.

"You had to laugh. It got more and more ludicrous," said Dennis Desmond, who cast his "vote" on a discarded flier handed to him by election officials after ballots ran out in Takoma Park.

He said election workers rushed to a nearby pharmacy to buy envelopes in which the makeshift ballots could be sealed.

The number of paper ballots cast won't be known until today. They will not be counted until Monday.

When all of the county's 238 polling places opened in Montgomery, the state's most populous jurisdiction, the electronic voting machines were inoperable. Many precincts handed out provisional paper ballots as soon as the precinct doors opened at 7 a.m., but at some polls those ballots ran out, and at others election officials didn't know that paper ballots were an option. They just told people to come back later.

Although the cards necessary to activate most of the voting machines arrived by 8:30, election officials said some of the machines weren't working until 10 a.m. -- three hours after polls opened. Voters said some didn't start operating until even later.

Partisan bickering broke out, with the governor blaming the Democratic legislature, and the Democrats pointing the finger at the governor.

Nancy H. Dacek, who was appointed as president of the county's Board of Elections by Gov. Robert L. Ehrlich Jr. (R), apologized for the error.

"We regret what happened this morning. It was just a fluke," Dacek said. "There was a glitch. It's now been taken care of."

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The cards that went astray are called voter access cards and look like white ATM cards with a golden computer chip embedded in them. They are issued to voters once election judges verify they are registered to vote. When the cards are placed into the voting machines, the ballot appears on the touch screen.

County election officials said they simply forgot to include the cards in the supply bags provided to the chief election judge of each polling place.

The trouble began Friday when eight county election employees and a supervisor met in a locked room on the first floor of the election headquarters building at 751 Twinbrook Pkwy. in Rockville.

They packed the large canvas bags that were to contain the items needed to operate the computerized voting system. But the stacks of the critical voter access cards were forgotten, locked a few feet away behind a caged door. Once the bags were packed, they were padlocked for security, and polling place judges were prohibited from opening them until yesterday morning.

About 6 a.m., the judges realized the cards were missing, said Margaret Jurgensen, the county's elections director. She said the county has checklists to keep employees from forgetting to pack any of the items, but she did not know whether they were used.

Jurgensen said the error "was a team effort."

Linda H. Lamone, chairman of the State Board of Elections, said she was appalled by the day's events and said it was the work of poorly trained election judges.

"We push the information out to them," said Lamone, who was appointed by Ehrlich's Democratic predecessor, Parris N. Glendening. "If they choose not to follow it, there's nothing we can do."

Ehrlich's initial reaction on learning of the problems was: "That's negligence. That's inexcusable."

Later in the day, the governor added: "The training is Linda Lamone's responsibility, period. The apology should come from her. . . . She's going to have to answer a lot of questions tomorrow."

But Douglas F. Gansler (D), the Montgomery state's attorney who is running for attorney general, joined several other candidates who lambasted the county election board yesterday.

"The level of incompetence that led to this is almost surreal -- especially in Montgomery County," he said.

When David Belkin showed up to vote at a polling place in Bethesda at 8:30 a.m., he was told he could vote by provisional ballot, but the line was too long and he was late for a meeting.

"The degree of incompetence is beyond belief," he said. "It's just incredible. It's not like this was a surprise. They knew the election was coming. And whoever is responsible should be fired today."

Gareth Rosenau, a lawyer with the Federal Railroad Commission, said the voting cards arrived shortly after he did at the polling place in Takoma Park. But when the registered Democrat put his card into the voting machine, a Republican ballot appeared on the screen, he said.

Other voters were having the same problem, he said, and complained to election officials, who didn't know how to fix the machines so they would produce the proper ballots.

"I felt like I was in a Third World country," Rosenau said.

Baltimore was also plagued by election day problems, prompting a judge there to extend voting by an hour as well.

The Maryland Democratic Party alleged in a court filing that at least 75 precincts in Baltimore opened late because election officials failed to show up on time and struggled with the electronic voting machines the city was using for the first time.

Baltimore Elections Administrator Gene Raynor said there were problems with some judges showing up on time. But he said the number of affected precincts was closer to "two dozen."

"When you have 1,500 [election judges], you're going to have problems with some of them," he said.

States across the country scrambled to revamp their election systems after the debacle in Florida during the 2000 presidential election. In an attempt to avoid hanging chads that plagued that election, many states, including Maryland, moved to an electronic voting system. Montgomery has been using the electronic voting machines since 2002 without significant problems.

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Critics have described the electronic systems as vulnerable, and a report in June by Common Cause concluded that they "are highly vulnerable to machine malfunction and human manipulation." It also found that Maryland was one of 17 states with voting systems that are at "high risk" because their machines don't have a paper ballot backup system.

In Prince George's County, about 15 to 20 of the county's 206 precincts were delayed an average of about 25 minutes yesterday morning, according to Alisha Alexander, deputy elections administrator for the Prince George's County Board of Elections. Most of the precincts were in the northern part of the county, including Beltsville and University Park.

Alexander said about 20 technicians, who were scheduled to deliver and set up electronic poll books by 6 a.m., quit yesterday morning, resulting in long lines and frustrated voters at numerous polling places.

"We had to find other staff and send them out," said Robert J. Antonetti, the interim Prince George's elections administrator.

Mehlman To Spend $60M, Five Times Dean's $12M (HILL)

By Alexander Bolton

The Hill, September 13, 2006

The Republican National Committee (RNC) will spend its entire bank account, $60 million or more, helping Republicans try to retain control of Congress in the midterm elections.

The looming spending spree appears to have spurred Democratic House leaders to reach agreement over how much the Democratic National Committee (DNC) will help counter this onslaught.

The relationship between the Democratic Congressional Campaign Committee (DCCC) and DNC has been rocky. There is dispute over whether it took House Democratic Caucus Chairman James Clyburn's (S.C.) intervention to broker the deal announced yesterday under which part of the DNC's $12 million will be funneled to 40 House races. Targeted House Democratic candidates will receive about $60,000 from the party committee.

One Democratic official said Clyburn had to bring the sides together, but another official denied it.

The DNC money will also be spent on Senate and gubernatorial races, and voter turnout activities in battleground states.

It is an open question whether the deal between the DNC and DCCC will be enough to offset the financial advantage that the RNC cash will give Republican candidates this fall.

RNC chairman Ken Mehlman has put in place a plan to raise money aggressively throughout the fall and has made clear that he will not hold back any money for the 2008 presidential election.

In total, the RNC plans to spend more than $60 million on targeted federal races, a record for a national party committee in a midterm election, according to a GOP official familiar with their plans. The funds are "targeted for competitive federal races," the official said, adding that half would pay for get-out-the-vote operations

Democrats, however, say they are counting on a major boost from their union allies. The AFL-CIO is planning to spend $40 million on get-out-the-vote operations, said Democratic officials.

DNC Chairman Howard Dean said yesterday's deal shows the party is unified. He is still negotiating with Democratic Senate leaders over how DNC money will be spent to help Senate candidates. .

"We're busy talking to them," said Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee (DSCC), when asked about the DNC's role.

One GOP source familiar with Mehlman's plans said the committee would raise money aggressively through the fall and would probably collect $15 million to add to its account. The RNC had $43.6 million in the bank at the end of July.

The DNC reported $11.3 million in cash on hand at that time.

Although national party committees are commonly thought of as focused on raising money for White House campaigns and building party infrastructure for presidential election cycles, the RNC has morphed into a complement to the congressional fundraising committees, the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC).

Mehlman can afford to focus on congressional races this year because fundraising for gubernatorial contests has been largely segregated from the national party committees. The Republican Governors Association has raised $25.9 million for

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Election Day, according to Political Money Line, a nonpartisan organization that tracks fundraising. Its Democratic counterpart has raised $17.9 million.

Republican lawmakers and political strategists believe that Mehlman cannot risk losing control of the Senate or House by a seat or two and still have any money left in his accounts. Even a million dollars could make the difference in a close race that determines control of either chamber.

"I'm sure every penny he's got between now and November will go into those races," said Republican strategist Charlie Black. "I think it will make some difference."

Frank Donatelli, White House political director under Ronald Reagan, said there is little doubt the RNC's focus is on Congress.

"They're spending a heck of a lot. I didn't know that they're emptying the bank accounts but they're being very aggressive on fundraising and are spending a heck of lot of money on House and Senate races," he said. "It's a huge amount of money."

Sen. John Thune (R-S.D.), who had weighed chairing the NRSC next year, praised Mehlman's tactics.

"He's going to pull out all the stops because Ken is a great tactician, he knows what needs to be done," said Thune. "He knows that the House and Senate are going to be won or lost in the ground game, that's what he has perfected in the last couple of elections and it takes money to implement that.

"You don't want to end an election with money in the bank because people are going to say 'Why didn't you put more into the ground? Why didn't you put more into the mail? Why didn't you put more in television?' So I think he's going to raise it and he's going to expend it in places where it makes a difference."

Political spending has been a contentious subject among Democratic leaders this cycle as Dean has sought innovative ways to raise and invest party funds. Dean paid less attention to wealthy donors than past party chairman did, focusing instead on raising cash through the Internet and from small-dollar donors.

Dean's 50-state strategy has spread money to solidly Republican states where the Democratic party structure has atrophied in recent years. Some Democrats think the money would be better spent in swing states and districts where their party has more opportunity for immediate victories.

Schumer and DCCC chairman Rahm Emanuel (D-Ill.) have challenged Dean this year over the strategy. Emanuel stomped angrily out of a contentious meeting with Dean and Schumer in May, according to press reports.

DSCC spokesman Phil Singer declined to discuss Dean's strategy but dismissed the impact of Republican spending.

"God bless them if they want to spend $60 million," said Singer. "A field program is only as good as the amount of enthusiasm there is for the Republican Party. It's clear that the Republican base is dispirited, unenthused and withdrawn. If people are not energized behind what they're selling, and they are not, it won't make a difference."

But one expert predicts it will make a difference.

"The wildcard in the remaining weeks of this midterm election is the substantial amount of money the RNC has on hand," said Michael Toner, the Republican-appointed chairman of the Federal Election Commission. "That money could make the difference down the stretch in a number of competitive House and Senate elections.

Survey Says: Voter Anger May Not Result In Anti-GOP Tsunami (RC)

By Louis Jacobson

Roll Call, September 13, 2006

National polls are showing high — and in many cases, increasing — levels of voter frustration with the direction of the country, politics as usual and the Republican leadership.

But in Out There's second unscientific poll this year of state capitol reporters from around the country, we find surprisingly few indications that voter anger is translating into a national anti-Republican — or even an anti-incumbent — wave.

During August, Out There sent a survey to a range of members of capitol-beat, a national association for reporters who cover politics and government in the state capitals. Twenty-six reporters in 20 states responded.

The study merits some major caveats. This obviously is not a substitute for professional polls. The reporters' assessments will be subjective, and the view from a statehouse press room can be somewhat limited.

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In addition, of the 20 states represented in this survey, 13 are red states, compared to just seven blue states. However, many of the Congressional seats that the Democrats must win are located in red states.

Of the 36 Republican-held House seats deemed to be in play by handicapper Charlie Cook, 15 are located in states with at least one survey respondent, as are eight of the 10 Democratic-held House seats that Cook considers in play. Four states represented in the survey have competitive Senate contests this fall and nine have highly competitive gubernatorial races.

Where state Capitol reporters can be helpful is that they have their finger on the outside-the-Beltway pulse better than many Washington, D.C., reporters do. And according to our survey, they generally detect a modest sentiment against Republicans, but not one that inevitably will translate into political gains for Congressional Democrats.

Asked "Do you sense a wave of anti-incumbency developing in your state (that is, an urge to 'throw the bums out,' irrespective of party)?" only five respondents gave a "strong yes," while 14 offered a "weak yes." Seven answered "no."

The results were slightly more negative when the following question was asked: "Do you sense a wave of specific anti-Republican sentiment?" On that question, five respondents gave a strong yes, 12 gave a weak yes and nine said no.

"There is clearly a feeling against incumbents, but not much chance to vote against them in state legislative races — too many are unopposed — and very little opportunity in Congressional races," said one Florida reporter.

Moreover, this reporter said, "although there is some anti-Republican sentiment afoot in the state, I'm not sure how much it will impact the races because the Democrats have failed to field good candidates in many instances."

The question that garnered the clearest response was one that asked whether voters were dissatisfied with Congress as an institution. On that question, 15 respondents offered a strong yes and seven gave a weak yes. Only three said voters were generally satisfied with Congress.

But this view dramatically was tempered by the answers to a follow-up question. Asked, "Do you sense voter dissatisfaction with their particular Member of Congress?" not a single respondent gave a strong yes. Nine gave a weak yes, while a whopping 17 said voters were not dissatisfied with their Member of Congress.

"There's strong dissatisfaction with Congress, but it's that old, 'We hate them as a group — but don't touch my local guy,'" the Florida reporter said.

A North Carolina journalist added that dissatisfaction with Congress is "a bit heightened, but mostly the usual background late-night-comic frustration with the 'bums in Washington.' Congress has been such a do-nothing group this year, they don't seem to have left a strong impression, good or bad."

All Politics Is Local — Mostly

Another finding from the survey that should comfort Republicans is that state Capitol reporters see voters paying more attention to local issues than national issues so far this campaign season. Eleven respondents said voters were paying more attention to local issues, compared to six who said national issues are predominating. Another nine chose neither or both.

The survey also looked at the issue landscape right now, and the findings offer somewhat mixed results for the two parties.

Far and away, the issue voters are focusing on the most is gasoline prices, respondents said. No less than 24 of them said voters felt "very strongly" about gas prices, while two others said voters felt "somewhat strongly."

The next-highest ranked issues were Iraq and immigration. Interest in Iraq was called very strong by 16 respondents and somewhat strong by eight. Immigration earned 15 very strong votes and seven somewhat strong votes.

If the voters are indeed focusing on these three issues more than than any others, it probably helps Democrats more than Republicans. Gas prices are a clear rhetorical winner for Democrats. And the Iraq War may be the biggest cause of President Bush's plunge in popularity.

"We're a big military state," said a North Carolina journalist, "and even around military bases, people are related to or are friends with folks who have had to ship out or got killed. That's making for some unhappy voters who might take out their frustrations by either voting Democratic or by simply not showing up."

But a front-and-center role for the Iraq War also could heighten voter sentiment in support of the troops — a plus for the GOP.

"In a flag-waving state that has provided much manpower to the struggle against terror, many folks still equate opposition to the war to denigrating our troops," said one Georgia journalist.

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In the meantime, the immigration debate's impact likely will depend on whether voters demand a tough crackdown on immigrants or whether they are more eager to see politicians implement a broader, more comprehensive policy like the one sought in pending Senate legislation.

If it's the former, the GOP could benefit, and if it's the latter, it could be more of a wash. At least two reporters said they sense a sentiment in favor of the latter.

"The immigration debate seems like it would be out of place in the upper Midwest," said one Iowa journalist, but voters "are very concerned about national security, and they see porous borders as a disaster waiting to happen. There are a few racists among them, but in large they just want the immigration service to know who is coming into this country."

A North Carolina journalist called immigration "an issue where folks are looking for national leadership and not getting it. It's not so much an anti-immigrant sentiment as it is that the system isn't working, and it's having adverse affects on the job market and public safety."

Mixed News for Both Parties

The next tier of issues offers bits of comfort for both parties.

Health care — where Democrats tend to have the historical edge — was cited as a very strong issue by 11 respondents and as a somewhat strong issue by another 13.

In the meantime, "culture war" issues such as abortion and stem-cell research were cited as having very strong resonance by eight respondents and as having a somewhat strong resonance by 13 respondents. Republicans tend to get a turnout boost when social issues are high on the agenda, but it's also possible that this trend could be undercut by a backlash that energizes liberals and moderates.

And interest in the economy was cited as very strong by eight respondents and as somewhat strong by 15 respondents. By the numbers, the national economy seems fairly healthy, but voters in general appear to be downbeat about the nation's economic prospects, suggesting that this level of interest in economic conditions could benefit Democrats.

In certain states, such as Michigan, the economy is a major flashpoint, and in that case, the incumbent Democratic governor, Jennifer Granholm, arguably faces even greater ire than does the GOP in Washington, D.C.

"The economy, the economy and the economy round out the top three," said one Michigan reporter. "Throw in gas prices once or twice there as well."

Other issues being touted by the parties seem to be inspiring more modest levels of interest, according to our poll.

Corruption, a key issue for Democrats for most of this year, is attracting moderate interest, with seven respondents saying voters felt very strongly about it and 13 saying that voters felt somewhat strongly. Often, voters are more concerned about scandals in state government than scandals at the federal level, which could mean that any voting impact in federal races would be diluted.

Respondents cited similar levels of voter interest in the Medicare drug benefit's shortcomings, another key Democratic issue. This topic attracted seven votes for very strong and 16 votes for somewhat strong.

Interest in the environment, another traditional Democratic issue, came in even lower, with four choosing very strongly, 13 choosing somewhat strongly and nine choosing not strongly.

At least one Republican "base" issue also fared poorly in the poll. Judicial nominations, a top issue for conservatives, received less support than any other issue in the poll, with 21 respondents saying there was no interest at all in the issue.

Then again, the poll suggests that if you don't like the findings, just wait a few weeks.

Said one Georgia journalist during the August recess, "I get the strong sense that people are not thinking about politics at all."

Sparring Democrats Strike A Deal On Financing To Get Out The Vote Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 13, 2006

DOJ_NMG_0062265

Chicago's Rep. Rahm Emanuel likes to speak of "Kumbaya" moments when referring to political rivals coming together. Finally, after months of sometimes expletive-laced sparring, the architect of House Democrats' election efforts seems to be having his moment with Howard Dean. The Democratic Party chairman apparently has agreed to pony up $12 million for get-out-the-vote drives aimed at capturing control of Congress Nov. 7.

The sum, together with the House Democrats' own money and the $40 million that the AFL-CIO has said it will spend to mobilize voters for Democrats in the most hotly contested congressional races, could effectively put the Democrats on par financially with the vaunted Republican "GOTV" program, for which party Chairman Ken Mehlman has pledged about $40 million. And that would blunt the Republicans' one clear advantage in an otherwise bleak election year for the party in power.

The agreement comes none too soon. Yet another shoe still hasn't dropped: Mr. Dean remains in talks with New York's Sen. Chuck Schumer, Mr. Emanuel's counterpart, over funds for Senate races. The process of identifying potential voters, contacting them at home or by phone, getting them to vote early in states where that is allowed, or on Election Day when it's not, is one that has to be under way months before November arrives. That means now.

Democrats insist the spat between Chairman Dean on one side and Messrs. Emanuel and Schumer on the other hasn't hobbled their efforts; the well-funded House and Senate campaign committees had enough money to get started with field operations in the 15 states and 40 congressional districts with marquee election contests. Democrats need to net 15 House districts and six Senate seats to claim majorities. Their nightmare: the prospect of running short of money in the campaign's crucial final weeks.

At issue is the conflict between Mr. Dean's emphasis on a long-term "50-State Strategy" of financing party-building efforts everywhere, even in the reddest of states, and congressional Democrats' immediate demands to target money in the places where the party has its best shots of breaking Republicans' 12-year reign. The Democratic National Committee chairman currently is left with about $11 million on hand.

Mr. Emanuel had sought about $20 million just for his House races. "Money is not a philosophical argument to me," he said at one point. "You either have it or you don't."

He wanted to control any money he got; Mr. Schumer has been willing to let the DNC funnel money to state parties for statewide voter mobilization. The long-simmering dispute exploded publicly last May, when word leaked that Mr. Emanuel had bolted from a meeting of the Democratic trio, cursing at the failure to come to agreement. "The way you build long-term is to succeed short-term," he said at the time. For months after, he and Mr. Dean hardly spoke, Democrats say. Another House Democratic leadership figure, Rep. James Clyburn of South Carolina, is said to have helped broker this week's deal between Mr. Dean and Mr. Emanuel's Democratic Congressional Campaign Committee.

As for Mr. Schumer, Mr. Dean told DNC members at their summer meeting in mid-August that he'd reached tentative agreement with the senator, and soon would with Rep. Emanuel; Schumer staffers immediately refuted Mr. Dean's claim. A month later, on word of the Dean-Emanuel pact, the senator said in a statement Tuesday, "We're still in the process of negotiating and we're hopeful that we'll have an amicable agreement that makes everyone happy."

Meanwhile, his Democratic Senatorial Campaign Committee -- which has out-raised Sen. Elizabeth Dole's National Republican Senatorial Committee -- has been at work for 18 months in what a staffer called "the most extensive GOTV operation ever" for Democrats. Mr. Schumer has positioned operatives in 15 states where Democrats have targeted Republican seats or are defending a few of their own, and plans to send upwards of $30 million for field operations there. Additional money from Mr. Dean would mean "water and nutrients" to grow that effort through Nov. 7, one Democratic Senate strategist said.

For Democrats generally, an end to the infighting can't come soon enough. Most say both sides are right -- the party needs a permanent 50-state strategy that quits ceding whole regions to Republicans, but it also must target resources now to take advantage of this year's opportunities. Only egos stood in the way of compromise, as many Democrats saw it.

The Democrats' saga has been rare entertainment for beleaguered Republicans. Rep. Tom Reynolds of New York, Mr. Emanuel's opposite as chairman of the National Republican Congressional Committee, often would contrast his "partnership" with RNC Chairman Mehlman with what seemed the Democrats' dysfunctional family. On Monday, Mr. Mehlman said his party's turnout operation, with its proven results in 2002 and 2004, would protect Republicans' House and Senate majorities.

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If indeed the Democrats have now joined hands -- and funds -- to boost their own turnout efforts, that is bad news for Republicans. As the song goes, "Someone's crying, Lord, kumbaya/Oh Lord, kumbaya."

Dean Pledges November Aid (RC)

By Lauren W. Whittington

Roll Call, September 13, 2006

Democratic National Committee Chairman Howard Dean has pledged $12 million to his party's 2006 campaign efforts — with at least $5 million going to House and Senate Democrats — in a move that may help soothe tensions between the national party chief and his Congressional counterparts.

Dean struck a deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) on Tuesday to devote roughly $60,000 to get-out-the-vote efforts in 40 targeted House races.

Dean and Emanuel have differed sharply on election-year strategy, and their feud has been well publicized in the press. It has been previously reported that the two men are not on speaking terms.

The deal was brokered by DCCC Executive Director Karin Johanson and DNC Executive Director Tom McMahon. One source familiar with the discussion indicated that initially Dean wanted to seek assurances that Emanuel would stop attacking Dean and his 50-state strategy in return for the financial commitment, but that never materialized.

The massive financial shortfall of the DNC in comparison to the Republican National Committee has been a source of concern for Emanuel and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.). While the Democrats' House and Senate committees are ahead of or at cash parity with their GOP counterparts, as of July 31 the DNC had $11.3 million in reserve compared to the RNC's $43.6 million.

This week, RNC Chairman Ken Mehlman touted an overall $47 million edge of Republican campaign entities over Democrats, when all of the committees and state parties are taken into account.

In a statement, Dean touted the party's unity heading into November and also alluded to the fact that the $12 million effort comes on top of the DNC's 50-state strategy spending.

"Democrats are unified and prepared to win up and down the ballot, all across America this November," Dean said. "Building on successful efforts over the past year, we're in the final stretch and the DNC is making unprecedented investments to ensure that Democrats retake control of Congress and are elected at every level of government."

A deal has not yet been reached between the DNC and Democratic Senatorial Campaign Committee as to how much of the $12 million will be allocated to Senate races.

But Senate Leadership sources said that the DNC will commit at least $2.5 million to GOTV efforts in targeted contests.

The DNC's contributions for field operations will be doled out to state parties and coordinated campaign efforts.

Much of the money will be spent in key states such as Ohio and Pennsylvania, which have highly competitive gubernatorial and Senate races as well as several top tier House races.

Democratic aides called the effort historic, noting that the AFL-CIO has pledged to spent $40 million in the midterm elections.

"This is a record-breaking amount to focus on field for Congressional races in 2006. This has never been done before," said DCCC spokeswoman Sarah Feinberg.

"I think this is going to be a pretty historic, multimillion turnout operation," added another party operative.

Still, the brokering of the deal gave Republicans an opening to the highlight how the intraparty divisions among Democrats contrast with the GOP's turnout efforts. The RNC already has said it will fund the turnout operations for all House contests through its 72-hour program.

"It's nice that less than 60 days before election the DCCC chairman and the DNC chairman have decided to set aside their egos, speak and make nice," said National Republican Congressional Committee spokesman Carl Forti. "While the NRCC chairman and RNC chairman have been coordinating on turnout programs for months."

From the beginning of the cycle, Emanuel has been focused on raising the money to fund a massive TV air war for the fall campaign, and expressed concern that Dean would not have enough money to fund the ground war.

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One party operative familiar with the situation said Dean's priority all along has been funding the GOTV efforts.

"Dean was confident that if we didn't have money for the field operation, that would be critical," the operative said.

But both the DSCC and DCCC have taken measures to help implement field operations for their candidates.

The DSCC has been transferring money to state parties that are hosting key Senate races to help build the early infrastructure for a field operation.

Likewise, many Democratic House candidates have been carrying out a field plan for months and one operative noted that the DCCC's top staff have come from a field background.

"Do they really think Karin Johanson and Michael Whouley needed to hear from Howard Dean that we should have a field program?" the operative said. "If we needed Howard Dean to tell us we needed a field plan then why were our House candidates executing their field plans months ago?"

But Dean sympathizers say that the money that has been already been spent through their 50-state strategy efforts will benefit Congressional candidates as well. For example, the DNC has spent $8 million to update voter files around the country and has had paid organizers in Indiana since last year.

Democratic Caucus Chairman James Clyburn (S.C.), who is personally very close to Dean, helped to broker the deal, sources indicated. Clyburn met with Dean several months ago to talk about his belief that the field operation will be key.

Dean Agrees To Finance Some Programs For Turnout (NYT)

By Adam Nagourney

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Ending a long and cantankerous standoff with House Democratic leaders, Howard Dean, the chairman of the Democratic National Committee, has agreed to a limited program to finance get-out-the-vote operations this November, party officials said Tuesday.

But Mr. Dean remained at loggerheads with Senate Democrats, who continued to insist he provide more money.

The committee said it would provide $12 million to finance turnout operations for candidates running for the House and the Senate, and for state races. Just $2.6 million would go to finance turnout operations in 40 House races, far less than House Democratic leaders had asked for.

By contrast, the Republican National Committee has said it will spend more than $30 million of the $176 million raised this cycle to finance Republican turnout efforts, most of it going to House and Senate races.

Mr. Dean had staved off demands for more money from Democratic leaders in Congress, saying it was in the long-term interest of the Democrats to instead use the nearly $100 million he has raised this year to build strong Democratic organizations in all 50 states by giving them money to hire staff members.

The disagreement had sparked a lively feud between Mr. Dean and Representative Rahm Emanuel of Illinois, who is leading the Democratic effort to win back the House. Mr. Emanuel and Mr. Dean stopped speaking to each other several months ago.

Mr. Emanuel's aides said he was satisfied with the deal. "Yeah, we're happy," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee. "Between our effort, the D.N.C. effort, the labor effort and what other Democrats are doing, we're going to have what we need for voter turnout."

Mr. Emanuel's counterpart in the Senate, Charles E. Schumer of New York, did not share his assessment. "We're still in the process of negotiating," Mr. Schumer said. "We're hoping that we'll have an amicable agreement that will make everyone happy."

Democratic Forces Salve Wounds (WP)

By Dan Balz

The Washington Post, September 13, 2006

After months of behind-the-scenes infighting and public name-calling, leaders of the Democratic National Committee and the Democratic Congressional Campaign Committee reached agreement yesterday on a funding program to underwrite get-out-the-vote operations in the November elections.

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The national party agreed to put $12 million into voter-mobilization efforts this fall, with $2.4 million of it earmarked for 40 key House districts that are seen as competitive. The rest of the money will go to help candidates for Senate and governor and for outreach to the party's key constituencies.

"Democrats are unified and prepared to win up-and-down the ballot, all across America this November," DNC Chairman Howard Dean said in a statement.

"We feel good," said DCCC spokesman Bill Burton. "We're going to have the money we need to get out the voters we need in the places we need them."

Dean said the national party is making an unprecedented investment in the fall elections, but other Democrats said the $12 million figure is roughly the same as what it spent on House and Senate races in 2002. That year, the DNC spent millions more on gubernatorial races and redistricting and lent the DCCC close to $5 million in the final weeks of a losing campaign.

Dean and Rep. Rahm Emanuel (D-Ill.), chairman of the congressional campaign committee, have clashed throughout the year over the DNC's spending priorities. Dean has staunchly defended his "50-state" program, aimed at rebuilding state parties across the country. Emanuel has argued that the national party should target its resources this fall on those states and races that will determine who controls the next Congress.

Emanuel has engaged in expletive-laden shouting matches with Dean, walking out of one meeting with the former Vermont governor. But the DNC leader has rallied state party leaders, who are appreciative of the national committee's financial assistance, to defend his approach.

DNC officials talked about trying to include a clause in the agreement that would have provided additional assistance if Emanuel stopped bad-mouthing Dean, the blog Hotline reported yesterday, but a party source said it was never a serious proposal.

The Democratic Senate Campaign Committee also has pressed Dean to put more money into the fall campaigns. Sen. Charles E. Schumer (N.Y.), the committee chairman, said in a statement he remains hopeful that an amicable agreement for more money can be achieved.Hacking Denied in Leak

The saga of how California Gov. Arnold Schwarzenegger's private comments about a Latina legislator became public took another turn yesterday when the campaign manager for his Democratic challenger admitted the campaign had leaked the tape to the news media. But she denied hacking the Schwarzenegger computer system to get it.

"No one hacked," Cathy Calfo, campaign manager for California comptroller Phil Angelides, told reporters, according to the Associated Press. "They accessed information that was accessible to the public."

Schwarzenegger spokesman Adam Mendelsohn said the information was in a private area on the governor's Web site. Another gubernatorial official, legal affairs secretary Andrea Lynn Hoch, said the file was protected by a password.

It was all reminiscent of the 1988 presidential campaign, when then-Massachusetts Gov. Michael S. Dukakis (D) admitted that his campaign manager had leaked a tape damaging to Sen. Joseph R. Biden Jr. (D-Del.) to the New York Times. His campaign manager, John Sasso, was forced to resign.

Schwarzenegger apologized for his remarks after they were published in the Los Angeles Times. They came in a private meeting, during which he and a top aide were speculating whether Republican Assemblywoman Bonnie Garcia's heritage was Cuban or Puerto Rican.

"They are all very hot," Schwarzenegger said. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Calfo said Angelides did not know that two of his staffers had passed the file on to the newspaper and said she was unhappy they had acted without her knowledge.

Democrats May Not Need A Contract With America To Win (MCT)

By Steven Thomma

McClatchy Newspapers, September 13, 2006

DOJ_NMG_0062269

WASHINGTON - If they're still looking to close the deal on November's midterm elections, why haven't the Democrats rolled out their own 2006 version of the Republicans' Contract with America, which was widely credited with helping that party win control of Congress in 1994?

One reason could be the influence of Mark Mellman, a Democratic pollster who thinks the contract is overrated.

Mellman is a Democratic insider who's long advised leaders of his party and worked for all three of the Democrats' national political operations as well as state parties and officials. He doesn't just crunch numbers about today's voters, however. He has a keen eye for history. And his professorial take on 1994 is that the conventional wisdom is wrong, that the contract did not work as advertised.

To refresh your memory, Newt Gingrich and about 340 Republican House candidates unveiled the contract on the steps of the Capitol on Sept. 27, 1994. The contract promised that, if given power, House Republicans would enact eight proposals on their first day, then vote within 100 days on each of 10 more. The agenda promised votes on such poll-tested and popular issues as welfare restructuring and a child tax credit.

Sealing the legend, the Republicans went on to win 54 seats and take the House for the first time in 40 years.

Yet, as Mellman notes, the contract didn't transform the campaign.

Weeks later, the Times Mirror Center for the People & the Press - now the Pew Research Center - found that only 29 percent of registered voters had heard of the contract. Of them, half said it made no difference to their votes, a quarter said it made them more likely to vote Republican and a quarter said it made them less likely to vote Republican.

Said poll director Andy Kohut: "The much-ballyhooed Republican Contract with America has failed to do much to improve the prospects of Republican candidates."

One reason the contract might have cost as many Republican votes as it delivered was that it became a big juicy target. Democrats launched a $2 million ad campaign against it and hammered Republicans who signed on to it.

Republicans today would love to see a Democratic contract so they could line up ads against it.

Many Democrats think there's no need for a contract-like set of bumper-sticker proposals this year. The key to victory in November, they say, is the same force that drove the 1994 elections: anger and disappointment with the president and his party.

In 1994, Americans had turned against Democratic President Bill Clinton and the Democratic Congress. They didn't like gays in the military, an assault-weapons ban, tax hikes and Clinton's big-government health-care proposal.

They felt that way both before and after the contract was unveiled. Clinton's approval rating in the Gallup poll was 42 percent before the Republican agenda was announced and 46 percent the week before the election, statistically unchanged.

President Bush's approval rating now is 39 percent.

So rather than roll out a contract, Democrats might just heed the lesson of 1994, stick with the agenda they already have (raise the minimum wage, help pay for college, enact security revisions recommended by the Sept. 11 commission) and hope to ride anger at Bush into power.

Or they might just go with the bumper sticker that Gingrich himself suggested several months ago: "Had enough?"

That might not help them govern. Regardless of its impact on voters, the contract served as a blueprint for what Republicans would do in power and gave them claim to a mandate to do it.

But the slogan could be a winning strategy.

Nation: New Democrats' PAC Aids 'Red To Blue' Team (RC)

By Various Writers

Roll Call, September 13, 2006

As the Democratic Congressional Campaign Committee showcases the candidates in its "Red to Blue" program tonight in Washington, D.C., members of the New Democrat Coalition will announce today that they are contributing at least $120,000 to the program's recipients.

Several top-flight Democratic challengers and open-seat candidates will be in town tonight as part of House Democrats' "March to the Majority" events.

Already the political action committee of the NDC has given $263,000 to Democrats in competitive House races.

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Today, the NDC, through Member contributions, will give $5,000 each to Darcy Burner, who is challenging Rep. Dave Reichert (R-Wash.); Phyllis Busansky, in the race to replace Rep. Mike Bilirakis (R-Fla.); Joe Courtney, challenger to Rep. Rob Simmons (R-Conn.); Tammy Duckworth, the Democrat in Illinois' open 6th district race; Diane Farrell, who is in a rematch with Rep. Christopher Shays (R-Conn.); Gabrielle Giffords, who was expected to win the Democratic primary Tuesday in Arizona's open 8th district; Ron Klein, who is challenging Rep. Clay Shaw (R-Fla.); Lois Murphy, who is in a rematch with Rep. Jim Gerlach (R-Pa.); and Ed Perlmutter, the Democrat in Colorado's open 7th district race.

In addition, Rep. Adam Smith (Wash.), the chairman of the NDC PAC, is giving $1,000 to each of the Democrats who are getting money from the PAC today, plus $1,000 each to Michael Arcuri, the Democrat in New York's open 24th district; John Cranley, who is challenging Rep. Steve Chabot (R-Ohio); ex-Rep. Baron Hill, who is in a rematch with Rep. Mike Sodrel (R-Ind.); Christine Jennings, the Democrat in Florida's open 13th district; ex-Rep. Ken Lucas, who is running against Rep. Geoff Davis (R-Ky.); Joe Sestak, who is challenging Rep. Curt Weldon (R-Pa.); and Heath Shuler, who is challenging Rep. Charles Taylor (R-N.C.).

NDC leaders expect to parcel the rest of the money out as Election Day draws nearer.

— Josh Kurtz

VERMONT

Bernie and Willie Team in New Senate TV Ad

Country icon and political activist Willie Nelson appears in the latest commercial for the Senate campaign of Rep. Bernie Sanders (I).

The spot was taped during Nelson's Aug. 8 visit to the Green Mountain State on Sanders' behalf. The two had met before at one of the Farm Aid rallies that Nelson had organized.

Interestingly, one shot taken during the rally for family farmers held in Charlotte, Vt., puts Sanders, Nelson and state Rep. David Zuckerman into the frame.

Zuckerman is the legislator who weighed a bid to succeed Sanders as the state's lone Congressman on the Progressive ticket — a move that seriously would have hindered the chances of state Sen. Peter Welch (D).

Sanders, and national and state Democrats, implored would-be Progressive candidates to stay out of the House race so as not to enhance the chances that the Progressive and Democratic candidate would split the left-leaning vote, opening the door for a Republican to win the seat.

Republicans have high hopes that retired Maj. Gen. Martha Rainville (R), who was heavily favored to win the GOP primary Tuesday night, can give Welch a run for his money even in a two-way race. But a new poll conducted for the Democratic Congressional Campaign Committee found Welch leading Rainville, 52 percent to 42 percent. The survey of 400 likely voters, taken Sept. 5-7 by Greenberg Quinlan Rosner, had a 4.9 percent margin of error.

Sanders appears to hold a commanding lead over Republican Richard Tarrant in the Senate contest.

— Nicole Duran

NEW JERSEY

Abortion Is Focus of Stender's First TV Ad

State Assemblywoman Linda Stender (D) on Tuesday launched her first TV ad in her bid to unseat Rep. Mike Ferguson (R). The ad, produced by All Points Communications LLC, focuses on the Congressman's position on abortion rights.

The ad features an unseen interviewer asking women on the street whether they knew of Ferguson's opposition to abortion "even in cases of rape and incest" and that he "wants to change the Constitution to make abortion a crime."

"These women are not criminals," one young woman responds. "They are not criminals at all. What does he want to do, send them to jail?"

A graphic then comes on the screen that reads, "Do You Really Know Mike Ferguson?" and directs viewers to a Web site, whymikewhy.com.

The north-central New Jersey 7th district voted narrowly for President Bush in 2000 and 2004, but national Democrats believe Stender has a real chance there this year, especially if she emphasizes her positions on social issues. The ad is expected to run on local cable TV channels for an indefinite period.

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— J.K.

FLORIDA

EMILY Adds Jennings to Its Candidate List

EMILY's List announced Tuesday that the organization is endorsing bank executive Christine Jennings (D) in the open-seat race to succeed Rep. Katherine Harris (R).

Jennings won the Democratic primary last week and faces what is still viewed as an uphill battle against wealthy car dealer Vern Buchanan (R) in November.

"Christine Jennings is a perfect fit to fill the leadership void suffered by the 13th district under Rep. Katherine Harris," EMILY's List President Ellen Malcolm said in a statement.

Harris is vacating the seat to run for Senate. The 13th district voted 56 percent for President Bush in the 2004 presidential election. Harris, however, won two terms in the House with 55 percent of the vote each time.

— Lauren W. Whittington

NEVADA

Porter Distances Himself From Manager's Words

Rep. Jon Porter (R) told the Las Vegas Review-Journal this week that his campaign chairman lied about his opponent — sort of.

Earlier, campaign manager Mike Slanker had told the paper that Tessa Hafen (D), former press secretary to Senate Minority Leader Harry Reid (D-Nev.), had never made a mortgage payment in Nevada and had never held a job there.

"There's no question he should have qualified it," the paper on Monday quoted Porter as saying about Slanker.

Then he zinged her anyway.

"The bottom line is, she hasn't lived in Nevada for 12 years," Porter told the paper. "Voters need to know our backgrounds."

For the record, Hafen is a native of Henderson, and her father sits on the city council there. She also owns a home in the 3rd district and previously has worked in the state.

— N.D.

CONNECTICUT

Moby Vs. Bloomberg: Choose Your Celebrity

Sen. Joe Lieberman (D) and Democratic nominee Ned Lamont continue to draw attention for the marquee names they attract on their way to their Nov. 7 showdown.

Singer Moby has signed up with Lamont, while Michael Bloomberg, New York City's Republican mayor, will headline a Lieberman fundraiser, The Associated Press reported.

Moby, a Connecticut native, said he will host a concert or star at some other sort of event to help Lamont.

— N.D.

VIRGINIA Poll Indicates 'Macaca' May Have Hurt Allen

A Mason-Dixon Polling & Research poll released last weekend showed Sen. George Allen (R) with a slim 46 percent to 42 percent lead over former Reagan administration Navy Secretary Jim Webb (D).

The poll of 625 likely voters was conducted for a group of newspapers in the state. It had a 4 percent margin of error.

A July Mason-Dixon poll showed Allen with a 48 percent to 32 percent lead over Webb.

The new poll was taken after Allen's highly publicized gaffe while campaigning in August. That's when the Senator, at an event in southwestern Virginia, pointed to a Webb campaign volunteer of East-Indian descent, called him "macaca" and said, "Welcome to America."

Macaca is a type of monkey and is considered a racial slur in some languages. The volunteer, S.R. Sidarth, was born in Northern Virginia.

Both Allen and Webb currently are airing TV ads. Allen has been on TV for several weeks, while Webb went on the air this week.

The new Mason-Dixon poll showed that 20 percent of likely voters did not recognize Webb's name.

— L.W.W.

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Midterm Loss Could Be '08 Gain For GOP White House Hopefuls (HILL)

By By Elana Schor And Jonathan E. Kaplan

The Hill, September 13, 2006

A growing number of House Republicans are taking to the trail warning swing voters that a Democratic takeover would hand key chairmanships to the party's liberal wing. But some strategists see a silver lining to a GOP loss in November: its White House hopefuls can don the mantle of outsiders.

"The best possible thing for Republicans in 2008 would be Democrats controlling the House," conservative strategist and Weekly Standard editor William Kristol said earlier this year on Comedy Central's "The Colbert Report."

Minority Leader Nancy Pelosi (D-Calif.) becoming Speaker, Rep. Charles Rangel (D-N.Y.) leading the Ways and Means Committee and Rep. John Conyers (D-Mich.) chairing Judiciary, Kristol added, would help "[Sen.] John McCain [R-Ariz.] or Rudy Giuliani or [Massachusetts Gov.] Mitt Romney (R) become president."

As both parties prepare for the best and spin for the worst, 2008 could find Republicans turning a Democratic House majority into bogeymen or Democrats continuing to link GOP majorities to the Bush administration. Political analyst and University of Virginia professor Larry Sabato wondered whether Democrats would find success in a narrow electoral failure.

"You can [argue] that Democrats would be much better if they got 217 seats in the House and 49 in the Senate, just enough to make sure nothing was done but not enough to be held accountable," Sabato said. "Republicans, by contrast, will benefit almost certainly from a Democratic takeover … because they can not be in charge of everything and can respond that Democrats are causing gridlock."

Among Kristol's trio of 2008 centrist GOP frontrunners, Giuliani and Romney could distance themselves from Washington regardless of the party controlling Congress. Although McCain could be more likely than other presidential hopefuls to maintain comity with a Democratic-controlled chamber, he would be forced to relinquish a chairman's gavel if Republicans lose the Senate.

"It all depends on the mood of the country," McCain said when asked if having an opposition majority to criticize could bear fruit in 2008. "If the party in power and the president in power have high approval ratings, no. If not, yes."

McCain's midterm forecast, issued last month on NBC's "Meet the Press," called for continued Republican control of the Senate but an uncertain House. "I think [Republicans will keep the majority], but it's just too early," McCain said.

Across the aisle from McCain, Sen. Hillary Rodham Clinton (D-N.Y.) is not in line for a chairmanship if Democrats defy the odds and win the Senate. But a Democratic-controlled Congress that seeks to further expose the Bush administration's mishandling of the Iraq war, even if centered in the House, could subject Clinton's vote to authorize the war to more scrutiny in a presidential primary.

Clinton made her own 2006 predictions during a campaign swing last month in upstate New York. She saw Democratic success "as long as we don't have candidates who fade when the heat is strong. ... If we don't elect one or both houses Democrat, we will not be able to do what we need to do in Iraq or anywhere else."

Sen. Evan Bayh (D-Ind.), also eyeing a White House run, acknowledged that Democrats would face policy pressures if they took back one or both chambers. Still, he took an optimistic view of congressional control as a springboard to the White House.

"The burden will be on us to prove we can do better, prove we can deliver the results Americans expect," Bayh said. "It's a burden we want. With governing comes responsibility, and we will need to give the public a taste of what they can expect if we were really leading the country."

Recalling his run as the Hoosier State's governor, during which Democrats controlled the legislature and later faced a 50-50 deadlock, Bayh added, "I'd much prefer having a majority to work with."

Jennifer Duffy, editor of the Cook Political Report, cautioned that the "burden" Bayh's party seeks could saddle them with a short record to run on in 2008.

"If Democrats have one or both chambers, with that comes the responsibility to govern," Duffy said. "But they won't have the majorities to govern and they have a president of the other party, [so] whatever does reach his desk probably gets vetoed. That puts them in a weaker place as far as '08 goes."

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One prominent Democratic pollster, who asked to remain anonymous speaking so close to the election, also raised the specter of tense gridlock in the wake of narrow Democratic victory this fall. That outcome would favor Democratic outsiders who can decry both parties' inaction, he added, a camp led by former vice-presidential nominee and Sen. John Edwards (N.C.) and New Mexico Gov. Bill Richardson.

Still, the pollster said, "It's better to win than to lose."

Republican pollster Bill McInturff, of Public Opinion Strategies, dismissed any link between 2006 and 2008.

"There is little evidence that even significant off-year elections have any impact on the following presidential election," McInturff said via e-mail, citing former President Clinton's win two years after the Republicans swept into power and former President Reagan's landslide victory after a GOP stumble in 1982.

Yet, both Clinton and Reagan scored those wins running for re-election. McCain, Giuliani, Secretary of State Condoleezza Rice and former Speaker Newt Gingrich (R-Ga.) have topped recent White House polls, and Clinton's fundraising advantage makes her a formidable opponent for any Democratic challenger, but with Vice President Cheney not seeking to step up, neither party has anointed an obvious heir.

Grover Norquist, the longtime Republican operative who heads Americans for Tax Reform, emphasized that uncertainty in arguing that smart candidates would not bet on their opponents handing them ammunition.

"You always want to have as much power as possible because it allows you to shape events," Norquist said. "We don't know what's going to happen."

Former Rep. Vin Weber (R-Minn.), now a lobbyist and frequent GOP political adviser, questioned the strategy of finding an upside to losing.

"You hear this calculation that you'd be better off losing, but no candidate or party can conduct themselves on that basis. … You cannot go into the campaign cycle [saying it is] better off to lose," Weber said.

Most presidential hopefuls, from McCain to Clinton to Sen. Russ Feingold (D-Wis.), have sought to stave off White House speculation until after the midterms. But the notion that party leaders are focusing on this fall and leaving presidential plans aside, however, did not wash with Duffy.

"Thinking about it?" she said. "They're obsessed with it."

How To Win By Losing (NYT)

By Ramesh Ponnuru

The New York Times, September 13, 2006

Washington

CONSERVATIVES are dreading the November elections. The Republican capture of the House of Representatives in 1994 was one of modern conservatism's signal political accomplishments. Now the Democrats are poised to take back the House. If that happens, however, conservatives will find several silver linings in the outcome.

It would be worse for conservatives if Republicans actually gained seats. The Congressional wing of the party lost its reformist zeal years ago and has been trying to win elections based on pork and incumbency. An election victory would reward that strategy, leaving the congressmen even less interested in restraining spending, reforming government programs and revamping the tax code. Political incompetence and complacency, sporadic corruption and widespread cynicism: having paid a price for none of it, Republicans would indulge in more of the same.

Of course, that's just a thought experiment. Almost nobody thinks that Republicans are going to pick up seats. The question is whether they will have a reduced majority or no majority. And outright loss might be preferable. A narrower House majority would most likely accomplish even less than the current one has. The party's small moderate caucus would gain in power and use it to frustrate conservatives. With no conservative reforms on the horizon, congressmen would revert to the pork strategy.

A straight loss, on the other hand, would make the Republicans hungrier and sharpen their wits. Freed from the obligation of cobbling together thin majorities for watered-down legislation, Republicans would be able to stand for something attractive. Some conservatives worry that Republican officialdom will see defeat as a reason to turn left. But that didn't happen after the last

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major Republican defeat in 1992. Then, conservatives were able to persuade the party that it had not lost power because it was too far right. They would make the same case this winter, but with more voices in the news media than they had back then.

The effects of victory on the Democrats may also be helpful to Republicans. Powerlessness has stoked Democrats' rage. If the party wins the House, its left-leaning "net-roots" may grow more enraged still, because the Democrats would then have the illusion of power without its reality. Even under their most optimistic calculations, they would have the smallest Democratic majority since 1957 — and they will have to deal with a Republican president and (probably) Senate.

House Democrats could initiate countless investigations of the administration and schedule votes to make Republicans look bad. But they could not do much to affect either the conduct of foreign policy or the composition of the courts, which are the areas where their most fervent supporters most desperately want influence. If the Democrats try to appease their base by impeaching the president, they will probably increase President Bush's poll numbers, much as Republicans once improved President Bill Clinton's.

So the policy tradeoffs for Republicans are not especially troubling. They would still be able to set foreign policy and appoint judges. They would be blocked only from making domestic-policy reforms they show no sign of attempting anyway.

There is also the matter of the 2008 elections. Do Republicans really want to go into 2008 running a unified government? The last time an election maintained unified party control from one presidency to another was in 1928. And the 2008 elections matter more than the 2006 elections, because, again, the president has more say over foreign policy and the courts than the House does. If Democrats win the House now, the next Republican presidential candidate will be able to run against Nancy Pelosi and the liberal committee chairmen who would suddenly be in the headlines.

Winning in 2006 will make it harder for Democrats to address their long-term structural problems. It has happened before. They confused the Watergate landslide of 1974 for a mandate to embrace McGovernism for 20 years. If they win because of high gas prices, bad war news and conservative discontent now, they will be less likely to adopt new approaches to national security and social issues. That, too, will help Republicans in 2008.

Who knows? If Republicans play their cards right, and the Democrats prove unequal to the task of running the House, the voters could put the Republicans back in power on Capitol Hill in 2008. After a few years in the wilderness, maybe they will be disposed to using that power for conservative ends.

Ramesh Ponnuru, a senior editor at National Review, is the author of "The Party of Death: The Democrats, the Media, the Courts and the Disregard for Human Life."

Citing Ethics, Rep. Mollohan Seeks To Turn Tables On Wakim (HILL)

By Jonathan E. Kaplan

The Hill, September 13, 2006

Rep. Alan Mollohan (D-W. Va.) faulted Republican state Del. Chris Wakim's ethics in a recent television advertisement alleging that Wakim, a bar owner, illegally paid winnings on video poker machines.

The allegations stem from 1996 when a patron of Wakim's bar, Knotty Pines, in Wheeling, W. Va., sued Wakim after being charged with driving under the influence of alcohol. In testimony from the deposition obtained by The Hill, Wakim's wife, Jeannette, said the bar paid winnings to patrons who gambled on video machines. Under state law, this was illegal.

The plaintiff's lawyer asked Jeannette Wakim if bartenders would loan cash to patrons to play the poker machines.

"Yes, it is [accurate]," she said.

Asked if people who played the machines were paid in cash, she replied, "Yes, they are," and the lawyer continued to press Wakim on whether patrons drank free when they played the video poker machines.

Will Holley, a spokesman for Wakim, defended the business practice, saying, "Everybody was doing it."

Gerry Griffith, a spokesman for Mollohan's campaign, disagreed.

"I would like to see Mr. Wakim prove that everybody did it. Everybody didn't do it. That argument doesn't hold water when our teenagers use it. It doesn't hold water when a man who wants to be a lawmaker uses it."

In 2001, West Virginia's then-Gov. Bob Wise (D) signed legislation that legalized and taxed video poker gambling, and banned the games from convenience and grocery stores and gas stations.

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West Virginia newspapers criticized Wakim for aligning a coalition of pub owners with religious groups who opposed making gambling legal.

"Chris opposed the bill because it gave preferential treatment and unfair tax advantages to large, out-of-state corporations who would take the money out of West Virginia at the expense of small businesses and fraternal, community-oriented organizations," said Holley.

Democrats also raised questions about whether Wakim paid sales tax on revenue earned from gambling machines. Holley said that tax records do not exist because they do not have to be saved for more than three years.

"Every dollar that was put into those machines was recorded and the city, state and federal governments all had access to those records to ensure tax compliance," he said. "Moreover, Chris's corporate records for 2000 were audited by the state government and there were no discrepancies found, whatsoever."

Allegations of ethical misconduct define the race, which is one of the few bright spots for Republicans in an otherwise terrible political climate. Federal investigators are scrutinizing Mollohan, a senior appropriator, for allegedly steering federal money to nonprofit organization and business interests run by family members and campaign supporters. Mollohan, a 12-term lawmaker, represents a district President Bush won in 2004 with 58 percent of the vote. Mollohan won 68 percent of the vote in 2004 and ran unopposed in 2002.

The media has raised questions about the accuracy of Wakim's resume. Wakim amended his campaign website biography in August because he had implied that he earned a master's degree in public policy from Harvard's Kennedy School of Government. Instead, he earned a master's degree in liberal arts from Harvard's Extension School.

Democrats and a veterans group also criticized Wakim for claiming that he is a Gulf War veteran even though he never served in combat or overseas during his 11-year career in the Army. Wakim served on an Army base in Massachusetts during the first Gulf War.

Now Democrats are raising questions about Wakim's business acumen. On his campaign website, Wakim writes that as an investment banker in Chicago, he managed a $180 million fund. He worked for the Prospect Heights, Ill.-based Household International, a bank that specialized in high-interest loans to customers with poor credit histories. HSBC, the British banking concern, purchased Household in 2002.

Other documents obtained by The Hill show that the West Virginia Alcohol Beverage Control Administration fined Wakim on two occasions.

In April 1996, the Alcohol Beverage Control Administration received a letter of complaint that Knotty Pines violated state liquor laws. Agents entered the bar at 4 a.m., and patrons were drinking and playing the machines. Wakim's wife waived a hearing and paid a $200 fine and $50 in court costs.

In November 2000, the state's Alcohol Beverage Control Administration cited Wakim's bar, the Tropicana Club, for "immoral conduct."

The agents' written notes say that they watched patrons play the video machines. At first, the poker machines would not take the agents' money. But the machine was fixed and they won and were paid by the bartender from a grey box and the cash register. The winnings were recorded in a booklet.

They also wrote in the report that they asked for a Jack Daniels and Coke to take away. According to the written report, the bartender mixed a "Crown and Coke in a Styrofoam cup and put a lid on it. She said she was not supposed to do it. She handed him the drink. We left the bar at 11:55 p.m."

Courtney Unveils New Ad On 'bush's No.1 Fan' (HILL)

By Elana Schor

The Hill, September 13, 2006

Democratic House challenger Joe Courtney (Conn.) unveiled his first campaign commercial yesterday, tagging incumbent Rep. Rob Simmons (R-Conn.) as "George Bush's No. 1 supporter" on energy, healthcare and Iraq.

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The TV spot, which began running in the Hartford media market, underscores Courtney's effort to publicize Simmons' record of votes supporting the White House, which a recent study ranked first in the state delegation. The ad, set at a baseball game, features 30 people waving foam No. 1 fingers to represent Simmons' state ranking.

In New Mexico, A Horse Race (WSJ)

By David Rogers

The Wall Street Journal, September 13, 2006

ALBUQUERQUE, N.M. -- A Rhodes Scholar with a doctorate from Oxford, Rep. Heather Wilson has never faced doubts about her smarts. But proving her independence to the voters of New Mexico's First District gets harder with each passing day of the Iraq war.

Polls show the 45-year-old Republican running neck-and-neck with her Democratic challenger, Patricia Madrid, New Mexico's attorney general and a proven vote getter. As a member of the House Intelligence Committee, Ms. Wilson is feeling public anger over faulty prewar assumptions and the U.S.'s costs and casualties.

"The people understand: We want the troops home and the regime change here," says Terry Riley, a local activist for Veterans for Peace. "It is a good day to be on the street."

For President Bush, the election here poses a two-part test. First is public support for the war: "The eyes of the nation will be on this race," said Sen. John McCain (R., Ariz.), who flew in Saturday to help Ms. Wilson. Second is the administration's fall offensive on national security, with which the White House hopes to knock Democrats back on their heels. But unless Mr. Bush calibrates his demands for additional powers from Congress, he risks smothering endangered Republicans just when they need to show some independence.

Ms. Wilson isn't alone in this regard. Other Republicans, such as Connecticut Rep. Christopher Shays, are also paying a political price for supporting the president's Iraq policy. But Rep. Wilson's military background, past White House service under the president's father, and position on the Intelligence panel make her unique, and her race largely dominates this Southwest state.

"Sometimes the leaders of my party in Congress and in the White House don't agree with me, but I've always been willing to stand up and fight for things," Ms. Wilson says in a television ad. A Madrid ad counters: "Heather Wilson is on the Intelligence Committee but she never questioned George Bush on the war. That's not independence. Not by a long shot."

Ms. Wilson has begun to say more publicly that she had early doubts about prewar intelligence. But even as she tries to separate herself from the White House, this Air Force Academy graduate is being drawn into the fight over expanding the president's authority to conduct warrantless surveillance of electronic communications to and from the U.S.

Her legislation, introduced this summer, will be the starting point for House Republicans beginning committee markups today. The National Security Agency had input, Ms. Wilson says, noting that she didn't share the final proposal with the agency before the bill was filed.

"This is not an administration bill," Ms. Wilson says. But by subtly changing the definitions of electronic surveillance, the legislation, according to critics, gives the NSA license to intercept a broad range of international communications without a warrant. The political question -- for Congress and potentially Ms. Wilson -- is whether the administration will insist on even more flexibility than she has offered.

Her bill permits the president to go outside existing law to tap domestic calls for 60 days after a terrorist attack. But the Justice Department last week asked for similar authority before an attack.

"We think the president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," Steve Bradbury, head of the department's office of legal counsel, told the House Judiciary Committee. Noting that Mr. Bush has operated until now without authorization from Congress, Ms. Wilson responds: "It is surprising that five years after 9/11 that the administration realizes it doesn't have the legal authority to keep us safe."

Asked if she felt pressure to avoid confrontation with the White House, Ms. Wilson said: "I can be educated, I can be persuaded. I negotiate, but pressure doesn't work with me. It never has."

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Republicans have held this House seat for decades, but John Kerry carried the First District in the 2004 presidential elections, and the Hispanic vote has grown to more than 30%. In eight years, Ms. Wilson has survived tight elections, but this is her first against a woman and looks closer.

In 2004, the congresswoman led by six points in a similar poll by the Albuquerque Journal at this juncture. Now, her margin is half that -- 45% to 42% -- after hammering Ms. Madrid for weeks with ads alleging the attorney general is cozy with casino interests, and has turned a blind eye to corruption in state government.

Ms. Madrid says, "It's a diversionary tactic, and I don't think it's worked, because I'm still even in the polls after they've spent a tremendous amount of money trying to discredit me." Asked what she thinks the campaign is about, she answers: "The war in Iraq."

"I believed that from the day I announced," Ms. Madrid says. "People are very frustrated that 'Stay the course' really means paralysis....This race is beyond our particular personalities, Heather and I. I can feel the mood of the country in my district....There's a bit of the flavor of the '60s."

In her Stetson and bolero, the 59-year-old attorney is very much the picture of old New Mexico, a black-clad figure walking in the state-fair parade in Albuquerque.

Ms. Wilson, a native of New Hampshire in pink polo shirt and khakis, appears more the transplanted Anglo walking the same parade route. The parking lot where marchers gathered beforehand was a composite of New Mexico: Apache tribesmen, Hispanic high-school military-cadet bands and white evangelical Christians.

"It's definitely a very interesting place," says Philip Muller, a political consultant transplanted from the Bay Area in California. "Even though it's a Democratic state, the Native Americans and Hispanics are very patriotic. It's conservative, but they are Democrats."

Ms. Madrid has two brothers who served in the Vietnam War. "This Driver is a Vet" reads the sign on the truck pulling her float in the parade.

"I feel very comfortable and confident," Ms. Wilson says. But there is anecdotal evidence that her fabled ground organization is having trouble this year, and state Republicans even sued county election officials, demanding changes in the locations of early-voting satellite sites.

The costly air war has Ms. Wilson tapping supporters in the oil industry for donations, including at a fund-raiser in Houston this week. She has resisted Democratic efforts to pressure companies to pay higher royalties for energy extracted from federal lands. She is among the top recipients of oil money in the House this year -- a fact Democrats have sought to exploit amid voter concern about fuel prices.

Voters Riding A Blue Wave (CHIT)

By Rick Pearson

Chicago Tribune, September 13, 2006

The percentage of Illinois voters who call themselves Democrats is at its highest pre-election level in more than a decade, posing a problem for Republicans trying to win the governor's mansion and key congressional seats, a Tribune/WGN-TV poll shows.

The poll found 43 percent of voters identified themselves as Democrats while a little more than a quarter of the voters identified themselves as Republicans. The 17 percentage point difference ranks among the most polarized partisan spreads in more than 16 years of Tribune surveys taken prior to an election day.

The results of the poll echo surveys taken nationally that show an increase in voters lining up in the Democratic column, a factor attributed to dissatisfaction with the Republican White House and GOP-led Congress on issues ranging from the war in Iraq to economic uncertainties.

The findings of the Tribune poll indicate the potential for trouble in Illinois for Republicans trying to revitalize a political party beset by scandal and infighting. The survey was conducted in the days following the sentencing of former Gov. George Ryan, whose corruption-tainted tenure helped end a quarter century of Republican administrations.

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Because Illinois has no true partisan registration procedure, survey respondents were asked if they "considered themselves" to be a Democrat, a Republican or an independent/middle-of-the-road voter.

The findings largely represent the mood of the voter, which can fluctuate greatly due to a variety of political or news events. The survey of 600 registered voters likely to vote Nov. 7 has a margin of error of 4 percentage points. The results are considered very fluid and could change closer to the election.

Yet the findings of the poll, conducted Thursday through Sunday, could be problematic for Republican governor candidate Judy Baar Topinka (who faces a 12 percentage-point deficit in her challenge to Democratic Gov. Rod Blagojevich), for GOP candidates in the suburban congressional races and for Republicans in down-ballot races.

Chris Mooney, professor of political science at the University of Illinois at Springfield, said the poll findings reflected recent dissatisfaction with President Bush's administration and anti-war sentiment on top of the state's longer-term demographic trend toward the Democrats.

"The population has become more and more urban, it's become more and more non-white," Mooney said. "This [national] short-term bump toward Democrats is exacerbating the long-term trend."

Previous Tribune polling conducted during the last 16 years by Market Shares Corp. of Mt. Prospect, covering seven previous general elections, found nearly the same trend toward Democrats in the 1996 presidential election year. That year, President Bill Clinton was seeking re-election against a backdrop of investigation and criticism.

In 1996, 42 percent of Illinois voters identified themselves as Democrats in the October preceding the election while 27 percent aligned with Republicans—a 15 percentage point spread. Clinton ended up winning Illinois in 1996 with 54 percent of the vote and Democrats retook control of the Illinois House from Republicans after a two-year hiatus.

Traditionally, Democrats have enjoyed a plurality of the state's voters, meaning Republicans need to capture the support of their party faithful as well as a healthy majority of self-described independents to win.

In 1994, when the GOP kept the governor's chair and swept all statewide offices and control of the General Assembly, the percentage of voters who identified themselves as Democrats fell to 33 percent while Republicans were at 31 percent and independents were at 33 percent.

But the most recent Tribune poll found that even in longtime Republican-leaning regions, the GOP no longer might have the upper hand. In the collar counties, 31 percent of voters aligned themselves with Republicans while 29 percent identified with Democrats. Outside the Chicago metropolitan region, voters split equally at 36 percent between Democrats and Republicans.

"Here in Illinois, the Republicans are doing nothing to stop the bleeding so people will move more toward Democrats and the Democratic label to reaffirm their concerns at the national level," said Steve Brown, a spokesman for House Speaker Michael Madigan, the veteran Southwest Side lawmaker who also chairs the state Democratic Party.

Andy McKenna, the state's Republican chairman, acknowledged the GOP in Illinois suffered "tough years" in 2002 and 2004. But, he said, with Democrats in control of the state, "they're going to be judged by their leadership and I think the deficiencies in their leadership are beginning to show up" in the form of investigations into the Blagojevich administration.

Mooney, the U. of I. at Springfield professor, said he believed the party identification among voters might not be a significant factor in high profile races such as governor, where the candidates and their positions are well known.

"The partisan effect is the default when [the voters] don't have anything else to judge a candidate by," Mooney said. "You don't get that at the gubernatorial level. People know who Rod Blagojevich is and who Judy Baar Topinka is and more people will know by Election Day."

Some House Members Seeking Higher Offices Miss ’06 Votes (HILL)

By Tyler Kirtley And Ari Ruben

The Hill, September 13, 2006

Reps. Jim Davis (D-Fla.) and Butch Otter (R-Idaho) are both running for governor. Davis has missed 152 votes in 2006; Otter has missed 3.

They are among 16 members of the House that are running for a higher office this year. Statewide campaigns require time, money, and a great deal of energy. For some House members, it also leads to a lot of missed votes.

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The 16 congressmen have missed an average of 50 floor votes in 2006. Rep. Harold Ford (D-Tenn.), who is running for the Senate, has been absent on 113 votes while Rep. Jim Nussle (R-Iowa), who is in a tight race for governor, has missed 110 votes.

Davis last week won the Democratic primary and hopes to replace term-limited Jeb Bush as governor of the Sunshine State.

Josh Ernest, the campaign's communications director, said, "[Davis] has worked very hard to balance his responsibilities as a member of Congress and his responsibilities as a state-wide candidate in Florida …. Over the course of his 10-year career in Congress, his attendance record is 93 percent."

When such a significant focus is placed on the campaign for the next office, missed votes can often resurface as political liabilities. In the 2004 presidential election, Sen. John Kerry (D-Mass.) and John Edwards (D-N.C.) were consistently criticized for missing votes on the Senate floor in favor of holding campaign events across the nation.

Already in 2006, Ford has been criticized for spending too much time away from D.C. as he battles to be the next Senator from Tennessee. In early July, the Tennessee Republican Party released a statement highlighting Ford's missed votes: "No respected employer would hire someone like Ford, who has a history of not showing up for work. I predict Tennessee voters will follow suit."

But the move backfired when further research showed that former Rep. Van Hilleary (R-Tenn.), who recently lost to Bob Corker in the Senate GOP primary in Tennessee, had missed more votes than Ford when he unsuccessfully ran for governor in 2002.

Otter has tried to avoid these problems by focusing on his duties in the House, saying, "If you do your best with the task at hand, folks tend to give you the benefit of the doubt when you ask for a promotion. My commitment to constituents has always been that representing them in Congress would remain my first priority, and it has."

However, Otter – unlike Davis — faced minimal opposition in his primary.

A pair of Republican congressmen has taken a more nuanced position in attempting to balance campaign necessities with the duties of serving in the House. Mark Green (R-Wis.) and Mark Kennedy (R-Minn.) knew that they needed to spend considerable time on the campaign trail in order to win this fall, and would inevitably miss votes. They have volunteered to return the salary that they would have earned for each day's worth of votes that they miss.

Both Green and Kennedy had stellar voting records in 2005. Green missed only seven and Kennedy missed none, being one of nine members to make every vote. While Kennedy has missed 20 votes in 2006, his office emphasizes that only 4 were missed because of campaigning.

Some of the 16 candidates running for higher office did not comment for this article.

Others were upfront. Gerry Fritz, spokeswoman for Rep. Katherine Harris's (R-Fla.), said, "She certainly tries to make as many votes as she can … [but] the campaign for Senate is the priority."

Harris is leaving the House in the long hopes of unseating Sen. Bill Nelson (D-Fla.).

Casey College Speech Irks Some Catholics (WT)

By Ralph Z. Hallow

The Washington Times, September 13, 2006

Some Catholic conservatives are accusing the Catholic University of America of publicly favoring Democrat Bob Casey Jr. over Sen. Rick Santorum of Pennsylvania two months before an election that could decide who controls the Senate next year.

With the explicit permission of Catholic University's president, the Rev. David M. O'Connell, Mr. Casey will give the prestigious 38th annual Pope John XXIII Lecture tomorrow at the university's law school, Veryl Miles, the law school's dean, confirmed. Mr. Casey is an alumnus of Catholic.

Mrs. Miles acknowledged that Mr. Casey "has positions that differ from the church's teachings, but he is not being invited to speak on that."

"The university is clearly taking sides and has no business doing this in one of the most important elections in the country," said Bob Destro, a professor and former acting dean at the law school.

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"The race is one of the most hotly contested and important in the country ... and the votes of the Catholic community are likely to provide the margin of victory," Mr. Destro said yesterday in a letter to Father O'Connell.

Other prominent people have been barred from formal addresses on the campus because their views differed from Catholic teaching, Mr. Destro and others noted.

"Casey should not be given a free pass to speak at a Catholic institution, given his public opposition to the church's teachings on some critical life issues and on 'homosexual marriage,'" said Joseph Cella, president of Fidelis, a Catholic activist group.

The Cardinal Newman Society issued its own protest, saying that by "choosing a Catholic dissenter and active U.S. candidate for a prestigious lecture on public morality, the Catholic University of America law school is compromising its academic purpose, Catholic mission and political neutrality."

Mr. Santorum, a Republican, is a pro-life Catholic who opposes same-sex "marriage." He has steadily narrowed the gap with his challenger and now trails Mr. Casey by 4 percentage points in the latest John Zogby poll.

Through an aide, Father O'Connell declined to say whether he thought the invitation to Mr. Casey would be read by many Catholic voters in Pennsylvania as a signal that the hierarchy of one of the nation's top-rated Catholic universities was embracing Mr. Casey's candidacy.

"Whoever selected Casey for this honor must have known the impact it could have on his political campaign, and that violates academic neutrality," said Cardinal Newman Society President Patrick J. Reilly in an e-mailed statement. "They also must be aware that, regardless of politics, inviting a public dissenter to speak on 'America's Moral Compass' is a scandal to the faithful and undermines [the university's] Catholic identity."

Father O'Connell could not be reached for comment yesterday.

Mrs. Miles said that in June, when she decided to invite Mr. Casey to lecture on the importance of pro bono work for Catholic lawyers, she didn't think a speech to be given in an academic setting in the nation's capital would have much to do with a Pennsylvania election.

"I did know he was running for the Senate, but we are not in Pennsylvania, and this is not an election that would impact this community in Washington," she said.

Angelides Camp Says It Gave Arnold Tape To Times (LAT)

By Nancy Vogel

The Los Angeles Times, September 13, 2006

SACRAMENTO — The campaign of Democratic gubernatorial candidate and state Treasurer Phil Angelides today said it was the source of audiotapes of Gov. Arnold Schwarzenegger that were published last week by The Times.

Campaign officials said a researcher obtained the tapes legally from Schwarzenegger's website.

A day earlier, Schwarzenegger administration officials had said the tape was downloaded from a password-protected section of the governor's computer system and thus was unauthorized and "a breach of one or more security protocols."

The administration also said the California Highway Patrol, which is responsible for safeguarding state property, would investigate.

David Garcia, director of media relations at The Times, reiterated today that the newspaper "does not reveal its confidential news sources."

Angelides campaign manager Cathy Calfo said her camp came by the audiotape easily without a password or hacking. She said an Angelides campaign researcher who downloads documents daily from government websites got the material by backtracking from a link sent out Aug. 29 by Schwarzenegger's press office.

The link was suppose to connect listeners with a tape of Schwarzenegger discussing Hurricane Katrina and other topics at Cal State Long Beach.

"They're, I think, trying to distort the issue, make this an issue about someone 'hacking' when no one hacked," said Calfo. "They made a mistake and now they're trying to cover it up."

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Schwarzenegger campaign manager Steve Schmidt, in a conversation with reporters today, offered no evidence that the audiotape had been downloaded from a password-protected site. He referred to a statement issued Monday by Schwarzenegger legal affairs secretary Andrea Hoch that described the site as private and requiring the use of passwords. Schmidt also questioned why the Angelides campaign would leak the tape if it was publicly available.

Calfo said the researcher used the link in the Schwarzenegger press release to download four hours of tapes that included six minutes of Schwarzenegger bantering last spring with his chief of staff, a speechwriter and a speech coach.

In that casual conversation, the governor described Assemblywoman Bonnie Garcia (R-Cathedral City) as "hot" — a fiery personality — and attributed that temperament to a mix of "black blood" and "Latino blood."

On the recording, the governor and his staff also comment on other lawmakers: Republican Assembly members Kevin McCarthy of Bakersfield and George Plescia of San Diego, calling McCarthy "Bakersfield boy" and comparing Plescia to a startled deer.

After The Times published the audiotape last week, the governor apologized and said reading a transcription of his comments made him cringe.

Calfo said that she did not know that campaign workers had obtained the audiotape until Monday afternoon, and she added that she was "not happy" about it. She described Angelides as "surprised" and "disappointed."

"The information was accessible on a public website," said Calfo. "I can say I would have handled it very differently. I think that I would have directed reporters to that public website.

"I feel like a decision like that should have been made at the highest levels of the campaign and it wasn't," she said.

Angelides spokeswoman Amanda Crumley identified the two campaign workers involved in the downloading and leak as researcher Sean Sullivan and press spokesman Dan Newman.

On Monday, the communications director for the Schwarzenegger campaign called on Angelides to denounce "the unethical actions" taken on his behalf.

"Phil Angelides has a long history of gutter politics," said Katie Levinson in a statement, "and it is clear this most recent example was a calculated effort to smear the governor's reputation." nancy.vogel@latimes.com

Rival Admits Leaking Schwarzenegger Tape (AP-Y)

By Laura Kurtzman

AP, September 12, 2006

The campaign of Gov. Arnold Schwarzenegger's Democratic rival acknowledged Tuesday that it downloaded — and leaked to the media — a recording of a private meeting in which the governor described a Hispanic legislator as having a "very hot" personality.

But Cathy Calfo, campaign manager for Democrat Phil Angelides, said the campaign had done nothing wrong because the file was available publicly on the governor's Web site.

"No one hacked," Calfo said at a news conference to address the role played by the Angelides campaign, first reported by The Sacramento Bee. "They accessed information that was available to the public."

Schwarzenegger spokesman Adam Mendelsohn said someone would have had to snoop to find the audio file.

"The file that was leaked to the Los Angeles Times was in a private area of the governor's server not accessible to the public without manipulation of information," he said.

Schwarzenegger's legal affairs secretary, Andrea Lynn Hoch, said the sound file was stored in a password-protected area. She said she forwarded the Internet Protocol address used to download the file to the California Highway Patrol, which is investigating.

Calfo said she was unhappy that two campaign staffers had passed the audio clip to the Times without her knowledge. Angelides did not know about it, either, she said.

"We're looking into it now," she said. "Am I happy? No."

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Earlier Tuesday, Schwarzenegger campaign spokeswoman Katie Levinson called on Angelides to "denounce the unethical actions taken on his behalf" and accused him of trying to smear the governor. Schwarzenegger is seeking re-election in November.

The recording of the governor's comments caused a minor controversy, with some Democrats complaining bitterly and others saying the remarks were playful and not offensive.

The recording was made during a speech-writing session in the governor's office last March. In it, Schwarzenegger and his chief of staff, Susan Kennedy, speculate lightheartedly about the ethnic background of state Assemblywoman Bonnie Garcia.

After they chat about whether she is Cuban or Puerto Rican, Schwarzenegger says: "They are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

With Garcia by his side, the governor apologized for his remarks on Friday, saying he cringed when he read them. Garcia said she was not offended.

Schwarzenegger, who was in Los Angeles on Tuesday to sign a bill raising the minimum wage, said of the controversy: "I don't really want to interfere with all this little, trivial things."

Asked whether the recording could have been on a public part of the governor's Web site, Schwarzenegger said, "Let the experts deal with that."

Governor's Comments Were Leaked By Foe's Camp (NYT)

By Jennifer Steinhauer

The New York Times, September 13, 2006

LOS ANGELES, Sept. 12 — The campaign of the Democratic candidate for governor, Phil Angelides, said Tuesday that it was the source of audio files containing impolitic remarks by Gov. Arnold Schwarzenegger. Those remarks were the subject of a front page article last week in The Los Angeles Times, which led to an apology by the governor.

Mr. Angelides's campaign manager, Cathy Calfo, said at a news conference in Sacramento that the files had been culled from a Web site accessible by the public and that campaign staff members had not trespassed into a secure area of the governor's office.

The California Highway Patrol, at the request of Mr. Schwarzenegger's office, is investigating whether the files were obtained illegally. Mr. Schwarzenegger's communications director, Adam Mendelsohn, said Tuesday that while the Web site with the audio files was not as secure as it ought to be, it was not publicly accessible.

"That area was password protected," Mr. Mendelsohn said, "but the administration knows that with enough manipulation, it could be accessed."

Last week, The Los Angeles Times reported that in a private meeting with his chief of staff, Susan Kennedy, and one of his speechwriters, Gary Delsohn, Mr. Schwarzenegger, a Republican, surmised that a Republican colleague of Puerto Rican descent was passionate because of her ethnicity. The exchange had been recorded by Mr. Delsohn to use as reference material.

"I mean Cuban, Puerto Rican, they are all very hot," Mr. Schwarzenegger said, comparing the colleague, Assemblywoman Bonnie Garcia, to a bodybuilder he once knew. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

While Ms. Garcia said she did not mind the remark, the Angelides campaign sharply criticized the governor, who called a news conference on Friday and offered an apology. The matter was then referred to the Highway Patrol, which is in charge of policing state facilities.

Speaking to reporters on Tuesday, Ms. Calfo called the Schwarzenegger camp's characterization of the episode "politically motivated" and "outrageous" and added, "We believe these audio files accessed through a public Web site requiring no password are a matter of public record."

She said that anyone who received a news release e-mailed by the governor's office in August with an audio file about Hurricane Katrina could have clicked on a link and with a few strikes of the backspace key have been linked to the audio files. Those files, she said, have since been removed from the site.

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Ms. Calfo said two members of the campaign staff — one in the press office and another in the research department — gave the downloaded files to The Los Angeles Times without her knowledge. She was "not happy about it," she said.

The episode is perhaps the singular snapshot of the sleepy governor's race, in which Mr. Schwarzenegger has trotted far ahead of Mr. Angelides but once again has found that his biggest liability can be the space between his nose and his chin.

His remarks about Democrats, women, nurses and others since taking office in 2003 have caused controversy many times, and dogged him during his first campaign.

"This reminds us that Arnold Schwarzenegger is capable of verbal self-destruction at any point in the campaign," said Bruce E. Cain, the director of the Institute of Governmental Studies at the University of California, Berkeley.

At the same time, Mr. Angelides, has been unable to use a weak moment for Mr. Schwarzenegger to define his own campaign better. Instead, he has been put on the defensive and his campaign forced to fend off claims of being underhanded.

"Voters know that Arnold has a penchant for saying things he shouldn't say," said Garry South, a Democratic political consultant. "But they don't have a clue who Phil Angelides is."

Thad Kousser, a professor of political science at the University of California, San Diego, said that neither side had emerged particularly well from the episode, but that that could change if it was determined whether the Web site was publicly accessible.

"If it turns out that the tape was hacked," Mr. Kousser said, "it feeds into the feeling about the Angelides campaign that he is too political and too negative."

Either way, it is not the stuff of a great policy debate, he said.

"This is California politics," Mr. Kousser added, "so it always seems ridiculous."

Colorado Rule Limits Union's Contributions (WT)

By Valerie Richardson

The Washington Times, September 13, 2006

DENVER -- Colorado Secretary of State Gigi Dennis is taking on the state's powerful unions over their anonymous donations on behalf of their members to political campaigns.

Mrs. Dennis, a Republican, ruled last month that small-donor committees, the source of most union contributions, must have permission from contributors before they can use dues money for political campaigns.

She also required such committees to attest that the donations came from U.S. citizens, as mandated by the state constitution. Small-donor committees typically bundle contributions of less than $20, which are not subject to disclosure laws.

State Democrats and union leaders have fired back with a lawsuit that goes before a hearing tomorrow in Denver District Court.

Clear Peak Colorado, a left-leaning 527 group, is running radio ads accusing Mrs. Dennis of "trying to muffle thousands of Coloradans -- teachers, nurses, firefighters, workers of all kinds." A 527 is an independent political advocacy group so named for the section of the IRS code that governs its nonprofit status.

"She's clearly using her office as a platform to advance the Republican agenda," said John Willard, spokesman for Clear Peak Colorado.

But state Republicans, who have long complained about the lack of transparency in union giving to Democrats, cheered the move as a necessary step in ridding the political system of potentially illegal donations.

"It is time to Colorado's unions to stop collecting political money from people who are illegally in this country," said Colorado Republican Party Chairman Bob Martinez.

Republican political consultant Rob Fairbank said small-group committees gave $1.5 million in bundled, anonymous donations in the 2004 legislative races. Democrats took over both houses of the legislature that year after a surge in campaign spending.

Before the Aug. 5 ruling, unions had contributed $1.35 million to Democratic legislative candidates, accounting for more than 40 percent of Democratic fundraising in key legislative races, according to a Rocky Mountain News analysis.

"You have this large amount of anonymous money that goes into campaigns at a rate of 10 times more than individuals can give," Mr. Fairbank said. "There's a reason to believe that some of this is coming from noncitizens."

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Mr. Fairbank, a former state legislator, has filed his own complaint with the Secretary of State's Office against the union Mountain West Regional Council of Carpenters, arguing that the small-donor committee knowingly accepts donations from illegal aliens.

The union differs from others in that it lists members who give political contributions of less than $20. Mr. Fairbank's consulting group, Politically Direct, did a spot check of those donors and found four noncitizens.

He was tipped off to possible abuse by union executive Jim Gleason, who was quoted two weeks ago as saying that his union is trying to recruit immigrants to bolster its membership.

"When you have union bosses in Colorado stating that large numbers of their members are not U.S. citizens, then the secretary of state has a responsibility to do something," Mr. Fairbanks said.

Not so, said critics, who say Mrs. Dennis is more interested in cutting off Democratic campaign funding than catching a few illegal donors.

Democrats also argue that Mrs. Dennis has overstepped her authority, noting that the state legislature recently defeated a so-called "paycheck protection" bill that would have required unions to ask permission before using dues for political campaigns.

Mrs. Dennis said she was following the orders of voters, who in 2002 approved Amendment 27, a campaign-finance reform initiative that requires the secretary of state to "promulgate such rules ... as may be necessary to administer and enforce" the amendment.

New Stem Cell Ethics Issue Emerges (LAT)

By Karen Kaplan

The Los Angeles Times, September 13, 2006

UC San Francisco researcher Renee Reijo Pera has a well-equipped laboratory, generous funding and an ample staff of scientists working to create new lines of embryonic stem cells.

She has everything she needs to do cutting-edge work except one thing: fresh human eggs.

While the world debates the morality of stem cell research, scientists are grappling with a more basic issue — a shortage of eggs that they say is crippling their work.

"Without eggs, there's no research," said Dr. Robert Lanza, medical director of the biotechnology company Advanced Cell Technology Inc.

Women routinely provide their eggs to fertility clinic patients, who pay $5,000 to $50,000.

But stem cell researchers are forbidden to pay for eggs by ethical guidelines from some of the most influential scientific organizations in the world, including the National Academies, which advises the U.S. government on scientific issues. California, Massachusetts, Canada, South Korea and the European Union all have passed laws barring payments.

Laurie Zoloth, a bioethicist at Northwestern University's Feinberg School of Medicine, said payments to donors would create an exploitative trade, taking advantage of women who might be so desperate for money that it clouded their judgment about the medical risks of the harvesting procedure. Bone marrow and kidney donors are unpaid for that reason, she said.

But stem cell researchers argue that it is only fair to pay donors because of the time, discomfort and risks involved. They note that research subjects are compensated for their time.

Researchers have so far complied with the payment restrictions, but the shortage has become so acute that some scientists are beginning to contest the ethical underpinnings of the status quo.

"We need to make a decision: Do you want the research to proceed or not?" Lanza said.

Though much stem cell research can be conducted without human eggs, they are key to one of the most important areas: the creation of stem cells that are genetically matched to patients.

These cells could generate replacement tissues for damaged hearts, spinal cords and other organs without requiring patients to take anti-rejection drugs. Researchers also say they would be able to create cells with the genes for specific disorders to study without risking a patient's safety.

Traditional embryonic stem cells are derived from fertility clinic leftovers. Their genetic makeup is left to chance. Customized stem cells are given a specific genetic identity from a particular patient. They are clones of a patient's cells.

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Creating them requires a bit of biochemical magic. Scientists remove the DNA from an egg and replace it with DNA from the patient. Then the egg must be tricked into dividing as if it had been fertilized.

The technique, called somatic cell nuclear transfer, produced Dolly the cloned sheep in 1996. It has since been used to clone horses, cats, one dog and other animals.

Stem cell researchers aren't interested in cloning babies. They only want the cloned cells to divide for a few days until they form a cluster of about 150 cells, known as a blastocyst. Then they can harvest the stem cells.

The problem is that getting cells to reach that point is difficult. Disgraced South Korean scientist Hwang Woo-suk went through 2,236 eggs, and as government investigators later discovered, he did not produce a single embryo.

British researcher Alison P. Murdoch at Newcastle University created three human embryo clones, but none lasted long enough to produce stem cells.

Acquiring thousands of eggs will take more than an appeal to the altruism of volunteers, scientists fear.

Extracting eggs involves weeks of psychological and medical testing, followed by more than a week of hormone injections. When the time is right, the donor is sedated as a doctor uses a long needle to extract eggs in their follicles. One cycle typically produces seven or eight usable eggs.

The procedure, though routine, includes such possible risks as bloating, headaches and ovarian hyperstimulation, which can be fatal.

Despite opposition from some social conservatives, paying women to donate eggs for in vitro fertilization has become a largely accepted practice, partly because the goal is to help a someone have a baby.

Stem cell research, on the other hand, is steeped in controversy, and the idea of donors profiting from a process that ultimately destroys embryos is viewed by many as unseemly.

The first explicit prohibition on paying egg donors appeared in Proposition 71, the 2004 California initiative that authorized $3 billion in state spending on stem cell research. In an effort to prevent the exploitation of women and to make the measure more appealing to voters, it specifically ruled out compensation to publicly funded researchers, though it does permit reimbursement for some expenses.

That policy influenced the National Academies, which warned in a 2005 report that payments to egg donors "might undermine public confidence" in stem cell research.

Although the organization can't enforce its guidelines, they became the ethical blueprint for most American universities and private labs.

The controversy has delayed UCSF's plans to accept donor eggs for research. The result is that Reijo Pera's lab must rely on leftover eggs that didn't merge with sperm in the university's in vitro fertilization clinic.

Such "failed-to-fertilize" eggs have become the workhorse of nuclear transfer experiments, even though researchers suspect the eggs are too flawed to produce cloned embryos.

Scientists have been speaking out, testifying before legislators in Massachusetts, where compensation was outlawed last year, and California, where a bill banning all compensation was sent to Gov. Arnold Schwarzenegger on Aug. 31.

The controversy prompted the American Society for Reproductive Medicine's ethics committee to revisit the issue. The panel concluded that if it was permissible for fertility patients to pay women for their eggs, stem cell researchers should be able to do so too.

"Regardless of the application of the eggs, the process was still the same," said the committee's chairman, Dr. Robert G. Brzyski, a reproductive endocrinologist at University of Texas Health Science Center at San Antonio.

So far, the lobbying efforts haven't made much difference. The payment restrictions in California's Proposition 71 have become the de facto standard throughout the world, in large part because researchers elsewhere have to play by those rules if they want to collaborate with state-funded scientists.

Proposition 71's rules cannot be changed until three years after its passage.

That has forced researchers to get creative. Murdoch, of Newcastle University, is offering to fund fertility treatment for women who are willing to give half their eggs to scientists.

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Though critics see the bargain as tantamount to paying women for their eggs, Murdoch notes a key difference: The women are already seeking in vitro fertilization, so they aren't taking on medical risk for money.

Researchers also are pursuing scientific solutions, such as trying to artificially ripen immature eggs that are discarded by fertility clinics. Scientists also have considered salvaging eggs from ovaries that are removed during routine surgeries and growing them from scratch using human embryonic stem cells.

"The egg bottleneck will be overcome," said Dr. Irving L. Weissman, director of Stanford University's Institute for Stem Cell Biology and Regenerative Medicine. But "it will take time."

In the meantime, Advanced Cell Technology is relying on newspaper ads to recruit egg donors. Several women responded to the ads, which began running in December, but backed out when they learned they could not be compensated, Lanza said.

After 10 months, one woman has passed the physical and mental health exams. She was scheduled to begin the egg retrieval regimen last week and could have eight eggs ready to harvest in early October.

Senator May Ease View On Portfolios Of Fannie, Freddie (WSJ)

By Damian Paletta

The Wall Street Journal, September 13, 2006

WASHINGTON -- In a move that could clear the way for congressional passage of legislation toughening the regulation of Fannie Mae and Freddie Mac, Senate Banking Chairman Richard Shelby indicated new flexibility on the most divisive issue: specific limits on the mortgage giants' portfolios.

Mr. Shelby said that as long as the risks posed by the companies' size are addressed, it might not matter if specific portfolio limits are written into law or if this is overseen by a strong new federal regulator. Fannie Mae and Freddie Mac, emerging from separate accounting scandals, together hold more than $1.4 trillion in their mortgage portfolios. "There has to be some concern about the growth of the portfolios, because that's where the risk is," Mr. Shelby said in an interview.

The Treasury Department also signaled more flexibility yesterday. Treasury Secretary Henry Paulson has "clearly indicated a willingness to discuss meaningful alternative solutions" to address risks posed by the companies, said Randal Quarles, undersecretary for domestic finance. In the past, Mr. Shelby has pressed for specific limits on the companies' portfolios. Last year, his committee narrowly passed a bill to establish a new regulator and force the companies to strip certain assets from their portfolios.

Separately, Freddie Mac said the Justice Department's investigation into the company's $5 billion accounting scandal is inactive, and it doesn't expect to face charges. Freddie Mac spokesman Doug Duvall said federal prosecutors have "not initiated contact with us in well over two years and it is our understanding that the matter is inactive. Accordingly, we expect no further action in this matter." A spokesman for Chuck Rosenberg, U.S. attorney for the Eastern District of Virginia, declined to comment. News that the investigation into Freddie Mac appeared to have ended was reported earlier by the Washington Post.

Flush With Jobs, Wyoming Woos Rust Belt Labor (NYT)

By Kirk Johnson

The New York Times, September 13, 2006

GILLETTE, Wyo., Sept. 6 — Houston Mellentine, 10, held up the rattlesnake tail he kept in a box. “Killed it right over there,” he said, pointing to the edge of his family’s dirt front yard.

His mother, Melissa, sat in a folding chair as the sun set one recent evening, eyeing the snake’s tail in her son’s hand. “They don’t have rattlesnakes in Michigan,” she said somewhat longingly, at least not in her old front yard.

But then, Michigan has few of the types of jobs that brought the Mellentines here.

Labor-starved Wyoming, with its energy boom in coal, oil and natural gas, is vigorously courting the workers of the Rust Belt — in particular, those in Michigan’s struggling auto industry. And the workers are responding, and adjusting to a very different life in the West.

Wyoming economic development officials and company representatives are planning their third recruiting trip this year, visiting job fairs next month in Flint, Lansing and Grand Rapids. A billboard depicting a lush Wyoming will go up on the highway outside Flint later this month and be seen by an estimated 65,000 people a day.

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"Michigan has been very good for us," said Ruth Benson, the director of the Campbell County Economic Development Corporation, who has twice led recruiting expeditions to depressed cities in Michigan.

So far, about 1,500 Michigan residents have signed up to receive job postings through the Wyoming work force Web site, and at least several hundred, employers and recruiters say, have moved to the state.

Mrs. Mellentine's husband, Joe, is one of those who heard the call. Mr. Mellentine, 35, a former ironworker and landscaper from Chesaning, just outside Flint, moved here in March after hearing about Wyoming at a job fair. "I came to get a piece of the American pie," said Mr. Mellentine, who works for a company that prepares sites for natural gas drilling.

Mrs. Mellentine and their two sons joined him in July, and he has since talked three of his childhood friends in Michigan into heading West as well.

They are all still very much adjusting to the change. But many former Michigan residents say their Wyoming experience — voting for change with their feet, trading the comfortable and familiar for a boomtown life more than 1,000 miles from home — has reaffirmed their faith that good things can still happen with a little gumption.

"A lot of people are afraid to take a chance," said Eric Chapdelaine, 33, who was lured here by Mr. Mellentine and is now driving a cargo truck to coal mines and drilling sites. "But you've got to make it happen — or sit back and let it happen."

The local police are also aware of the Michigan labor pool. Chief Richard Adriaens of the Gillette police was hired in 2004 from a suburb near Detroit. Since then, he has returned and found three more fellow Michiganders to add to the town's 48-officer roster, with another recruiting swing planned for later this year.

Michigan is attractive, Chief Adriaens said, because the police training is excellent, but the job market is not. "We've tried some other areas that had depressed economies, but they weren't the same," he said.

Officials in Michigan, where the unemployment rate was about 7 percent in July, said they were unconcerned about the Wyoming employment campaign, mostly because it had involved only a small fraction of the state's workers and had not signaled a wholesale migration. The state also has some experience with this situation: in the early 1980's, thousands of laid-off auto workers moved to Texas during the oil boom there.

"It's a good thing that people that have salable skills use them, even when we have to lose them," said Michael Shore, a spokesman for the Michigan Economic Development Corporation.

By the standards of the nation's past great labor migrations — the industrial revolution in the late 1800's that filled urban factories with former farmers, the Dust Bowl diaspora to California in the 1930's, the tide of blacks from the South in World War II seeking work in northern factories — what is happening here is an aberration, historians and geographers say.

Economic trends have mostly gone the other way since World War II, they say, anchoring blue-collar life. Families that require two incomes to make ends meet are less able to leave, even when one income is lost. A college education increases knowledge of options that may exist elsewhere, but many blue-collar workers do not have a degree.

"People with high education and skills are the first to leave a declining area," said Mark E. Reisinger, an assistant professor of geography at the State University of New York at Binghamton who studies labor mobility. "People who never left home to go to school are more tied to place."

Wyoming recruiters say there is another element to their admiration for Michigan. Not only are the people there akin to Wyomingites in the ways and wiles of work, but they also have an inner toughness, they say, that can only come from surviving harsh northern winters.

The state tried a job campaign in the South last fall after Hurricane Katrina, hoping to draw displaced oil industry workers. But the effort largely flopped when people who were used to working on the balmy Gulf Coast got wind of what life can be like in Wyoming in January.

"People keep talking about the winters, but I'm not scared," said Tami Studer, who moved to Casper this summer from Lansing with her husband, Philip, who now works nights for a company that makes equipment for natural gas drilling. One conversation at the local Wal-Mart, though, did give her pause, she said. A boy was talking about the thermometer hitting 43 below.

The other word often mentioned by the newly arrived is "empty." Wyoming has just about 500,000 people spread across 97,000 square miles. Michigan has nearly 10 million people in 57,000 square miles.

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"I thought I was a country girl until I came here," Mrs. Mellentine said. "But I love it."

What happens down the road in Wyoming — whether transplanted lives will take root or last just a season or two — will probably depend on people like Josh Dagen.

Mr. Dagen is 19 and three months out of Byron High School in Michigan. He arrived here in late July, had a job the next day driving a dump truck at a coal mine and now makes about $1,000 a week, including overtime, he said.

When asked if he planned to stay in Wyoming, he said, "I'm not sure yet."

"But if things go well," he added, "I might stay, because nothing is going to happen in Michigan in the next 10 years at least, and there's money out here to be made."

Mr. Dagen said he was encouraging his parents to move.

"We're thinking about it," his mother, Kristine, said in a telephone interview. "Seems like every other person I talk to knows somebody who's going out there, or has gone out there, or is talking about it."

But Harley Mellentine, Houston's 12-year-old brother, is not so sure that Wyoming will be a perfect fit for him.

"Michigan will always be home," he said firmly, sitting outside the family house. "No matter how long we stay here, Michigan is always going to be home to me."

America's Dynamic Workforce (HILL)

By Elaine Chao

The Hill, September 13, 2006

Those who hoped that the collapse of the World Trade Center buildings would collapse the American economy have been greatly disappointed. Five-years after those horrific attacks, America's economy is strong and growing — thanks to the strength, resiliency and competitiveness of our nation's economy and our workforce.

The national unemployment rate (4.7 percent in August) is a full one percent lower than the 5.7 percent average for the decade of the 1990s. Our economy has generated job growth for 36 months straight, with more than 5.7 million net new jobs created since August 2003. In 2005, real hourly earnings were 1.7 percent higher than in 2000, compared to a 1.6 percent decline in real earnings between 1990 and 1995.

Moreover, the average amount of total compensation in 2005 was 7 percent higher than in 2000. Workers know that overall compensation is what really counts because it includes all of the benefits that workers cherish, including health care coverage, paid time off and retirement benefits.

After-tax income, per capita, has gone up by 8.9 percent since the beginning of President George W. Bush's administration. That means more money in the pockets of working men and women.

Specifically, it means that the average American brings home over $2,000 more each year than they did in January 2001. That's real (inflation-adjusted) money that is going to be spent, saved or invested by the people who earned it. Despite the unprecedented challenges that our country has faced over the past five years, the president's policies have created the climate for the steady, consistent growth that is the envy of other major industrialized nations.

Germany and France, for example, have unemployment rates nearly double that of the U.S. and long-term unemployment rates that are nearly three times as high. The median length of unemployment in Germany is more than 52 weeks, compared with 8.9 weeks for Americans. And in Europe, gasoline prices are more than $6 per gallon! A snapshot of our nation's economy and workforce are included in a newly released Department of Labor publication entitled America's Dynamic Workforce.

Today, America competes in a worldwide economy. Some countries are vying with each other to attract the lowest-skilled, lowest-paid jobs. That's not where America's economic future lies. Our country must attract and create the highest-skilled, highest-paid jobs in the world for America's workers.

There are millions of new jobs in industries that did not exist a generation ago. These industries provide high-value, high-paying jobs and demand workers with higher skills and more education. This does not necessarily mean a 4-year college degree, but it does mean that additional specialized training will become the norm for the American worker.

For workers supporting families, making house and car payments and contributing to their retirement, affording the cost of continuing education can seem a stretch. That's why this administration strives to make effective investments in worthwhile

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education and training programs that prepare workers for jobs. And that's why this administration advocates innovative ways for workers to access career development opportunities.

The president's Career Advancement Accounts proposal would empower eligible workers with up to $3,000 to purchase the education and training that suits them best. Career Advancement Accounts would give many workers a chance to take the next step up the career ladder, increasing the opportunity for them to achieve their American dream. Career Advancement Accounts are Pell grants for workers.

America's greatest economic strengths are our workforce and an economic system that empowers the individual and creates limitless opportunities to build better lives. The challenge is to ensure that our nation's workers have access to the education and skills training they need to thrive and remain competitive in the 21st century economy. With the right tools and skills, American workers can and will out-compete anyone in the world.

Chao is the U.S. Secretary of Labor. For a copy of the America's Dynamic Workforce publication go to www.dol.gov.

Why I Started The Project (USAT)

By Grover Norquist

USA Today, September 13, 2006

In 1989, I read an advertisement placed by a major American corporation, whose central concerns were promoting free trade and low taxes, looking for a chief Washington lobbyist. The ad specified the company was looking for a Democrat. But why? Most Democrats were opposing free trade and low taxes, and supporting trial lawyer abuse of companies such as the one looking to hire.

Why did the ad demand a Democrat? Because the year was 1989 and we were in the 35th year of Democrat Party dominance of the House of Representatives. Businesses were told to hire Democrats and contribute to Democrats (or else!) even though most opposed the goals of American business. Many businesses hired and contributed as they were told. They "paid to play." In his book Honest Graft, longtime journalist Brooks Jackson describes how Democrat enforcer Tony Coehlo operated to get free-market businesses to act against the interest of their shareholders.

That is why, in 1989, I created the K Street Project to encourage trade associations and Washington offices of Fortune 500 firms to hire men and women who share their values and goals: low taxes, less spending, free trade — and to avoid the pressures to hire for "access." The K Street Project is transparent. Its website is www.Kstreetproject.com.

Some partisan Democrats have claimed that the K Street Project is the Republican version of how Coehlo and the Democrat majority acted for 40 years. Here they are just projecting their own misbehavior. If any Republican today says "hire my staff" for access, that is just as wrong as when the Democrat majority did it for 40 years.

My goal is a Washington where labor unions hire big-government, tax-and-spend liberals because that is what they believe in — regardless of whether the presidency or Congress is Republican or Democrat. And where businesses that want simply to be left alone should hire free-market men and women who understand that low taxes, limited government and an end to runaway labor union and trial lawyer abuses are good for America and good for their employees, customers and stockholders.

Hire for principle and sound policy, not access.

Grover Norquist is president of Americans for Tax Reform and founder of the K Street Project.

Amid Scandals, GOP Keeps Lobbyist Machine Humming (USAT)

USA Today, September 13, 2006

A snapshot of ethics on Capitol Hill this year is not a pretty picture. Tom DeLay, the former House majority leader known for hardball tactics and coziness with lobbyists, was indicted and resigned. His pal, superlobbyist Jack Abramoff, is set to report to prison Oct. 2. Ex-representative Randy "Duke" Cunningham, R-Calif., is already there.

Numerous laws, meanwhile, have been larded with tax breaks and money earmarked for special interests, thanks in part to a burgeoning lobbying community that views Washington less as a seat of government than as a potential profit center.

With all this, one might think that a sense of shame would prompt Congress to clean up the stench, particularly with the elections a mere eight weeks away. Think again. Virtually nothing has changed.

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Nowhere is this clearer than in an organization called the K Street Project. Named for the road that is home to many of Washington's biggest lobbying firms, it is dedicated to the proposition that lobbyists — at least those who represent business interests — can be brought into the Republican coalition to keep the party in the majority.

Despite all that has transpired, the K Street Project lumbers on, keeping tabs on who is hired by major lobbying firms and trade associations. The process enables a broader GOP effort to badger those firms into hiring Republicans, and the firms to go to Capitol Hill to ask for favors in return. On Tuesday, the home page of the Project's website reported in bold red letters that Pulte Homes' new lobbyist has contributed to the Bush/Cheney '04 campaign, Sen. George Allen, R-Va., and the Republican National Committee.

The K Street Project, founded by anti-tax activist Grover Norquist, is more a symbol than a cause of what's amiss in Washington. But it serves as clear illustration of how badly broken Congress is, how little desire there is to fix it, and how far the GOP has strayed from the principles of limited government and unfettered free enterprise. It forces Republicans to abandon core principles by picking winners and losers among industries, based on how willing they are to play along. Results include:

•Micromanaging business. Several recent laws have rewarded some industries and punished others. The most notorious, a 2004 tax bill, granted lavish tax breaks to Oldsmobile dealers and multinational drug companies, among other businesses, while ignoring the film industry, which had dared to hire a Democrat as its top lobbyist.

•Profligate spending. Federal spending, as a percentage of the economy, has risen faster in the past five years than at any time since the New Deal. Among the reasons are lavish giveaways to powerful lobbies, such as energy and drugs, and billions "earmarked" to clients of well-connected lobbyists.

Many Republicans argue the group does nothing that Democrats didn't do when they controlled Congress, and certainly the Democrats' behavior was tawdry for its time. But the philosophy behind the K Street Project takes this behavior to an extreme. It says a lobbyist's political ideology and donations are more important than his or her ability to marshal facts on behalf of the client.

That kind of thinking explains why Washington is such a mess these days — and why visitors might not want to bring a camera.

The Mess In Montgomery (WP)

The Washington Post, September 13, 2006

UNTOLD NUMBERS of people were turned away from polling places yesterday in Montgomery County. The official responsible for their disenfranchisement called it "a clerical error." We call it gross incompetence that strikes at the very heart of our government. More than apologies are in order.

Election officials in Maryland's largest and richest jurisdiction, one that prides itself on a reputation for good service, forgot to deliver the computer cards that operate the voting machines. Confusion reigned. Some people were told they couldn't vote and should come back later. Others were given paper provisional ballots, but many precincts ran out of the forms. Communication was abysmal. Many voters who could not make a return trip were frustrated -- as were candidates who feared that the debacle could well make the difference in a close race. With important local, state and federal offices at stake, some were questioning the legitimacy of the election even before the polls closed.

The county Board of Elections has one essential job -- to ensure fair elections -- and yesterday that job wasn't done. The system needs to be held to account. Board President Nancy H. Dacek has promised an investigation, but her standing has been so damaged that she must consider whether her continuance in office serves the public good. Election Director Margaret Jurgensen is paid $113,033 a year to run day-to-day operations; part of that must be telling the public exactly who and what went wrong and what the consequences and remedies are.

It's important to keep politics out of this, and to that end, we were sorry to see Gov. Robert L. Ehrlich Jr. -- who controls the majority of appointments on local election boards and who, in fact, appointed Ms. Dacek -- try to lay blame for what was clearly a local mistake with the state elections administrator, with whom he is feuding. Equally absurd is the Democratic claim that the governor is at fault because he opposed early voting that would have brought the problem to the surface sooner.

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Voters, Democratic and Republican, want one thing -- for their votes to count. The officials charged with that should take a hard look at yesterday's voting in Montgomery, as well as in Baltimore, which also experienced problems, and make sure there is not a repeat on Nov. 7.

Eliminating Early Admissions (NYT)

The New York Times, September 13, 2006

Harvard did the right thing by abandoning its early admissions program, the first elite college to do so. We hope other institutions follow its lead and eliminate a process that is inevitably unfair and simply increases the frenzy of a college application process that is unnecessarily pressurized.

Early admissions programs allow students to apply early, typically in November, and get a prompt answer, usually in mid-December, before the regular application season begins in January. The most draconian of these programs require students to agree in advance that they will accept admission if it is offered. Those rejected have a couple of frantic weeks to apply elsewhere.

Colleges love these programs because they can lock in students who really want to enroll, gain an early sense of how admissions are going, and spread out the workload of evaluating applicants. For high-achieving students, it means knowing early whether they will get into their dream college. There is some evidence that applying early increases the chance of admission.

But educators have come to realize that the binding programs have two pernicious effects. They discriminate against students who need financial aid and thus can't commit themselves to one university before they have a chance to compare the aid packages offered by other schools. And they force students to pick a college in the fall, rather than make a more considered choice in the spring.

Harvard has long had a relatively relaxed policy that mitigates some of these problems. Students who apply by Nov. 1 are notified by Dec. 15 as to whether they are admitted, rejected or deferred to the regular pool for further consideration. They don't have to answer Harvard's offer of admission until May 1 and can shop around for better offers. Several other schools, including Yale and Stanford, have adopted similar policies.

Now Harvard has decided to go cold turkey and eliminate its early admissions program beginning with the freshman class entering in September 2008. This is a big step given that 38 percent of the students admitted last year were granted early admission. There will be a two- to three-year trial period to make sure the change does not adversely affect student quality.

Harvard cited several good reasons for the change. It will make the system fairer because students from sophisticated backgrounds and affluent high schools are far more likely to apply for an early admission than minority students or those from high schools with few counselors. It will help reduce the frenzy that has high school students worrying about college choices in their junior years. It will give admissions officers another semester of performance to consider instead of basing early admission on the junior-year record. And there will be the collateral benefit of encouraging high school seniors to keep studying well into the spring instead of goofing off the minute they receive early admission.

By delaying its shift until next fall, Harvard hopes that other institutions will join it. The University of Delaware has already announced a similar move. Harried students and parents should welcome these steps toward a more sensible process.

Syrians Fight Off Attack On U.S. Embassy (AP)

By Sam F. Ghattas

AP, September 12, 2006

Syrian guards foiled an attempt by suspected al-Qaida-linked militants to blow up the U.S. Embassy on Tuesday, exchanging fire outside the compound's walls with gunmen who shouted "God is great" and tried to storm in with automatic weapons and hand grenades.

The brazen, midmorning assault in a heavily guarded neighborhood of the capital could highlight the Syrian regime's weakening grip on militants, who have battled Syrian security forces repeatedly in recent years.

The attack, which left at least 10 civilians and a Chinese diplomat wounded, came amid high tension between Washington and Damascus.

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The rapid response by Syrian guards won rare praise from the United States, which accuses President Bashar Assad's government of supporting terrorism in its backing of Hezbollah guerrillas and Palestinian militants.

"I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said. No Americans were hurt, and the embassy was not damaged.

White House spokesman Tony Snow also thanked Syrian officials and called for Damascus to "become an ally and make the choice of fighting against terrorists."

But Syria responded with a sharp criticism of the United States, blaming its policies in Lebanon, Iraq and the Palestinian territories for increasing Islamic militancy.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the Syrian Embassy in Washington said in a statement. "The U.S. should ... start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

It curtly said that Syria "performed its duties" under the Geneva Conventions to protect the embassy.

Anti-American sentiment has been rising across the Middle East since Israel's 34-day blitz of Hezbollah in Lebanon that ended nearly a month ago, on top of turmoil in Iraq that many here blame on the United States.

There was no immediate claim of responsibility for Tuesday's attack, but suspicion immediately fell on a little-known al-Qaida offshoot called Jund al-Sham, Arabic for Soldiers of Syria.

Syria's ambassador to the U.S., Imad Moustapha, told The Associated Press it was too early to say but "it's logically possible" Jund al-Sham was responsible.

If confirmed, it would be the boldest and most sophisticated attack yet by Jund al-Sham.

At the State Department, deputy spokesman Tom Casey said: "Clearly, it was an organized terrorist attack on our embassy. But exactly who was responsible for it and who they might be affiliated with and what their motives are, are things that we'll just have to look at as the days go on."

Three attackers and a Syrian guard were killed in the attempted bombing of the embassy, located in the same neighborhood as Assad's office and residence. A fourth attacker was wounded and arrested.

The attackers came in two cars, one of them an explosives-laden pickup truck. The first car pulled up in front of the embassy's entrance and three gunmen burst out. Shouting "Allahu akbar" — "God is great" — they threw hand grenades and fired automatic weapons toward the gate and a Syrian guard post, sparking a 15-minute gunbattle.

At the same time, the truck — filled with pipe bombs rigged to gas canisters — pulled up to another gate on the other side of the triangle-shaped compound. But when the shooting erupted, the driver ran away without detonating it. The driver was shot and arrested, and the truck did not explode.

The three attackers tried to throw their grenades over the embassy's white 15-foot-high walls, but none made it over. One blast peppered the wall with pockmarks.

Three Syrian security agents were wounded as well as the 10 civilians and the Chinese diplomat who was watching the gunbattle from the rooftop of the Chinese Embassy across the street.

After the attack, blood was splattered on the sidewalk outside the embassy, along with the burned-out car used by the gunmen.

The U.S. Embassy has about 40 staffers, but no ambassador. The United States withdrew its ambassador several days after the Feb. 14, 2005, assassination of former Lebanese Prime Minister Rafik Hariri in a Beirut car bomb — an attack his supporters blamed on Syria. Damascus has denied any role, but the Hariri's killing further soured U.S.-Syrian ties.

Tuesday's attack raised the question of how strong militant groups have grown in Syria — where the highly closed government rarely releases information on security issues, making assessing the terror threat difficult.

Sunni Muslim extremists such as al-Qaida fiercely despise Assad's regime because of its secular ideology and because his father, the late President Hafez Assad, led a crackdown on Muslim fundamentalists that killed thousands in the city of Hama in 1982. They also reject Assad's rule because he belongs to the Shiite Alawite sect of Islam.

Assad has warned of an increasing Islamic threat against his country, saying al-Qaida militants are taking refuge in neighboring Lebanon.

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But some opponents of his regime have claimed he is hyping the threat to score support with the United States, defuse international pressure and provide a pretext for Syrian meddling in Lebanon.

Syrian security forces have battled several times in the past two years with gunmen believed to belong to Jund al-Sham.

In June, anti-terrorism police fought militants near the Defense Ministry in central Damascus in a clash that killed five people and wounded four. In 2004, four people were killed in a gunfight between police and a team of militants believed to plotting to bomb the Canadian Embassy.

Jund al-Sham was established in Afghanistan by Syrians, Palestinians and Jordanians with links to slain al-Qaida in Iraq leader Abu Musab al-Zarqawi.

Syria is a major crossing point for militants from around the Arab world — including Syria and Lebanon — to slip into Iraq to fight in the insurgency. In the face of U.S. pressure, Damascus has insisted it is doing all it can to stop the infiltrations but that the long desert border is too difficult to seal.

Suspected Islamic Militants Attack The U.S. Embassy In Syria (MCT)

By Rhonda Roumani And Warren P. Strobel

McClatchy Newspapers, September 13, 2006

DAMASCUS, Syria - Armed gunmen believed to be Islamic militants attacked the U.S. Embassy in Syria's capital Tuesday with gunfire and two explosives-packed cars in a rare instance of extremist violence in this authoritarian and largely secular Arab country.

Syrian security personnel killed three of the attackers, and the assault failed to breach the embassy's security perimeter. One Syrian security guard was killed and more than a dozen people were injured, Syrian officials said. No Americans were hurt.

Witnesses said four assailants shouting "Allahu Akbar" ("God is Great") assaulted the embassy at about 10 a.m. local time, exchanging heavy gunfire with Syrian guards.

Syria's interior minister, Gen. Bassam Abdul Majid, told state-run television that the assailants tried to detonate two cars full of explosives next to the embassy. One car exploded, but another one failed to detonate, he said.

There was no immediate claim of responsibility, but Syrian officials implied that the attack was the work of a militant group known as Jund al Sham, Arabic for "Soldiers of Syria." Little is known about the group, which is thought to have links to the Iraqi branch of the al-Qaida terrorist network.

The attack underscored the complexities of a region that the Bush administration has sought to divide into supporters and enemies of terrorism. Syria has long supported Hezbollah, Hamas and several Palestinian terrorist groups, but one of al-Qaida's aims is ousting secular regimes such as Syria's and replacing them with Islamic rule.

Secretary of State Condoleezza Rice praised Syrian security forces for helping thwart the attack.

"I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," said Rice, who was visiting Canada.

Syria, run by a secular Baathist Party similar to Saddam Hussein's, fought a virtual civil war with the Islamist Muslim Brotherhood in the early 1980s, and thousands died when government forces leveled the city of Hama, a militant stronghold, in 1982.

In recent years, there have been signs of a reborn radical Islamic movement in Syria, and some Syrians have crossed the border with Iraq to join attacks on U.S. and Iraqi forces there.

Still, it remained unclear how a plot could be hatched and carried out in daylight in downtown Damascus, given Syria's pervasive security services.

Syria's embassy in Washington issued a statement condemning the attack, but blamed such incidents on U.S. policy. "It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the statement said.

U.S.-Syrian relations have been tense since the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, which prompted Washington to recall the U.S. ambassador to Syria, Margaret Scobey.

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The wounded included a Syrian embassy guard, a policeman and a security employee of the embassy, seven workers from the Syrian Telecommunications Establishment who were in the area conducting repairs, two Iraqis and a Chinese citizen, Syria's news agency reported.

A State Department official, speaking on condition of anonymity, said the attack was bungled and didn't bear the hallmarks of al-Qaida's careful planning.

The embassy in Damascus doesn't meet the State Department's highest security standards, which were imposed after attacks on the U.S. embassies in Beirut in the 1980s and East Africa in 1998. Nevertheless, the Department issued a statement on Tuesday calling the embassy "one of our most heavily defended facilities with multiple physical and technical upgrades".

The low building, surrounded by a whitewashed wall and an 8-foot-high fence and guarded by U.S. Marines, sits on a residential thoroughfare.

The embassy, in a message to U.S. citizens in Syria, said it would be closed on Wednesday. "At present, Americans should maintain a very low profile," it said.

Shortly after the attack, a large plume of smoke could be seen coming from the area surrounding the embassy compound. The charred remains of a car could be seen parked outside of the embassy, along with a trail of blood on a street near the embassy compound.

Syrian security promptly cordoned off the street, forbidding journalists from entering. The area is home to other missions, including the Chinese, Italian and Iraqi embassies, and a school. Mothers were briefly allowed to pass the barricade in order to pick up their children.

In Washington, State Department deputy spokesman Tom Casey said the attackers used improvised explosive devices, or IEDs, packed into the two vehicles. In addition, small IEDs were found in the vicinity of the embassy outside the second, unexploded car, he said.

Casey said he had no information on who was responsible or their motives.

As in Egypt, Jordan and other Arab nations, the Muslim Brotherhood poses the biggest challenge to the Assad regime in Syria. But the Brotherhood, the largest and most respected Islamist movement in the Middle East, in recent years has focused on building its power by participating in elections, prompting complaints from radicals that it's grown too moderate.

Syria Thwarts Attack On U.S. Embassy (WT)

By Nicholas Kralev

The Washington Times, September 13, 2006

Syrian authorities thwarted a terrorist attack on the U.S. Embassy in Damascus yesterday, winning Washington's praise, but the two governments blamed each other's policies for the incident and ruled out improving their relations.

Three of the four attackers were killed in a shootout with Syrian police and one was arrested, U.S. and Syrian officials said. There were no American casualties, though one Syrian guard working for the embassy suffered a gunshot wound and another one sustained a minor injury, the State Department said.

"The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said.

The Syrian Embassy in Washington was quick to blame U.S. actions for yesterday's attack.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," it said. "What has happened recently in Lebanon, the Palestinian territories and Iraq is exacerbating the fight against global terrorism."

But Mr. Casey said it is Damascus that needs to "evaluate its policies and determine whether its continued support for terrorism is, in fact, an appropriate way to proceed."

U.S. officials said it was Syria's duty to protect any diplomatic mission on its territory and that it would take much more than yesterday's action for Damascus to have a better relationship with Washington.

The attackers "were driving in two vehicles with explosives -- one at the front entrance of the embassy and one toward the rear" of the compound, State Department spokesman Tom Casey said.

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"The vehicle near the front of the compound did in fact explode. The other wasn't detonated," he said. "The explosive materials in it were defused by Syrian authorities."

The official Syrian news agency, SANA, said 11 bystanders were wounded, including an Iraqi couple and a senior Chinese diplomat. China's Xinhua news agency said the diplomat was slightly wounded by shrapnel while standing on a garage in the Chinese Embassy compound, near the U.S. Embassy.

Television footage showed a van packed with gas canisters with detonators taped to them, as well as bloodstains on the pavement and several damaged vehicles, including a bullet-riddled white car.

U.S. officials said the Syrian military and the Interior Ministry sent forces to the scene of the attack, which began at 10:10 a.m. The officials attributed the quick response to increased security in the Rawda district, where the embassy is located and where many government officials live.

No one claimed responsibility for the attack, but SANA named "the terrorist group Takfiri," which belongs to an Islamic movement that advocates killing Muslims who do not adhere to strict tenets.

Syrian officials were quoted implicating a smaller group within Takfiri, Jund al-Sham, or Soldiers of Syria. It has been blamed for several attacks on civilian installations, including an attempt to occupy buildings near the government television station in June. Police killed four members of the group on that occasion, SANA said.

A State Department official said the attacker arrested yesterday was "providing information," but it was not clear whether U.S. officials would be permitted to question him.

The Syrian government, which the Bush administration accuses of supporting terrorism, exercises tight control within its own borders and deals firmly with violent dissent, even if it is directed against a country it considers hostile.

The United States has listed Syria as a state sponsor of terrorism because of its backing of groups like Hezbollah in Lebanon.

Washington recalled its ambassador from Damascus in February 2005, following the assassination of former Lebanese Prime Minister Rafik Hariri, in which the U.S. suspects Syrian involvement.

Embassy Attack Puts Syria On Alert (CSM)

By Dan Murphy And Rhonda Roumani

The Christian Science Monitor, September 13, 2006

CAIRO AND DAMASCUS, SYRIA

An attack in Damascus on Tuesday morning that is being described by Syrian officials as an attempt to take over the US Embassy by "Islamist terrorists" helps to emphasize that while there is confrontation between US and Syria both countries are targets of Islamist militants.

Witnesses described a coordinated attack by a group of militants that involved gunfire, car bombs, and grenades and said some of the attackers shouted "God is great" as they engaged Syrian guards outside the compound a little after 10 a.m. local time.

"The US government is grateful for the assistance the Syrians provided," White House press secretary Tony Snow said.

Three militants and one Syrian guard were killed in the attack, with a fourth wounded militant taken into custody. No American citizens were hurt in the assault, though a Syrian guard employed by the embassy was wounded but in stable condition, according to a brief statement by the embassy. A Syrian government guard was in serious condition, according to the official SANA news agency. Attack embarrasses Syrian regime

While this was first and foremost an attack on the US, it is also a major embarrassment for the government in Damascus, a secular authoritarian regime that is viewed by Al Qaeda and its allies as run by apostates.

Local television showed footage of a van that appeared to be loaded with homemade bombs and propane canisters at the scene. The Associated Press quoted witnesses as saying a smaller car bomb did explode.

The US State Department considers Syria to be a supporter of terrorism, largely because of its ties to Hizbullah, the militant Shiite group in Lebanon, and the US government has worked to isolate Syria in recent years. The US ambassador to Syria,

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Margaret Scobey, was recalled in February 2005 after the assassination of former Lebanese Prime Minister Rafik Hariri, an attack later blamed on Syria by a United Nations investigation.

But the country has also been fighting its own war on terrorism.

The Syrian ambassador to the US, Imad Mustafa, alleged on CNN that the attackers were from Tanzim Jund al-Sham, a militant group that shares much of Al Qaeda's ideology.

In recent months, a number of former US officials have been quietly urging that the US reach out to the Damascus regime, saying it might be possible to drive a wedge between the secular Bashar al-Assad, a member of the country's minority Alawite sect, and his theocratic allies Iran and Hizbullah.

However, the Bush administration has continued to insist that the Assad regime will have to abandon support for Hizbullah before it's viewed as a possible partner for peace.

Mr. Snow said US gratitude "does not mean they are an ally. We are hoping they will become an ally and make the choice of fighting against terrorists." Syria's own war on Islamist militants

Damascus has fought Islamist militants off and on for decades, and famously in a crackdown following an assassination attempt against former President Hafiz al-Assad in 1982, that killed approximately 10,000 residents of the town of Hama, then, as now, a bastion for Sunni Islamist thought.

Islamist militancy has been on the rise inside Syria in the past few years, in part fueled by the flow of jihadis back and forth across its border with Iraq. Last June, four gunmen and a Syrian security agent were killed after an attack outside of Syria's state-run television station.

June 9, Syrian forces engaged in a three-hour firefight in southern Damascus at the house of a shopkeeper they alleged was a Tanzim Jund al-Sham cell leader and said they found a cache of weapons and jihadi propaganda there.

April 27, 2004, Syrian forces foiled what they said was an Islamist car-bomb attack in the same diplomatic quarter of Damascus.

The former United Nations' mission in the area was set on fire by rocket-propelled grenades in that assault. Syrian officials later said the ultimate target of the attack was the Canadian Embassy, which was to have been hit by a car bomb that failed to detonate.

Ayman Abdul Nour, who runs All4Syria, an online news service, says many Syrians are worried about what they see as the spread of Salafi ideology - an intolerant brand of Sunni Islam - inside the country.

"We start asking questions about these fanatic Muslim groups moving freely around the country and the region," he says. It raises "a lot of question about how we can secure our country and about how we can secure our future."

Syria Foils US Embassy Car Bombing (FT)

By Heba Saleh

Financial Times, September 13, 2006

Syria on Tuesday foiled a car bomb attack against the US embassy in Damascus, killing three of the four attackers who tried to storm the building in a van loaded with explosives.

No Americans were hurt but a member of the Syrian anti-terrorism forces guarding the embassy was killed, and 11 people injured.

The US, long at odds with Syria, voiced gratitude to Damascus for its swift response.

“Syrian officials came to the aid of the Americans,” White House spokesman Tony Snow said. “The US government is grateful for the assistance the Syrians provided in going after the attackers. We are hoping they will become an ally and make the choice of fighting against terrorists.”

The US withdrew its ambassador last year after Damascus was linked to the assassination of Rafiq Hariri, former Lebanese prime minister. Syria’s support for the Lebanese Shia group Hizbollah and the Palestinian Islamist movement Hamas have also put it at odds with Washington.

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Syrian state television said the attackers – believed to be Islamist militants because of the slogans witnesses reported hearing – were armed with automatic rifles and grenades. Television pictures showed a white van rigged with explosives, including pipe bombs, and the charred remains of another vehicle.

The US has criticised Syria for not doing enough to stop the flow of Islamic militants across its borders into Iraq.

Walid Moallem, Syria's foreign minister, said in a recent interview with the Financial Times that "extremists" had been arrested crossing the Syrian border from Lebanon.

Responding to charges that supplies of arms were still crossing from Syria into Lebanon to rearm the Hizbollah militia, Mr Moallem said the border had been breached by "smugglers" in both directions. He said those arrested were "mainly Arab nationalists".

"We consider these people terrorists because they are aiming to kill and bomb civilian targets," he said.

Syria has indicated repeatedly that it would like to engage in a dialogue with Washington and that it wanted American help in reviving peace talks with Israel. Its success in thwarting the embassy attack is now likely to revive calls from some in Washington who believe in the need to reach out to Damascus. But David Schenker of the Washington Institute for Near East Policy said it was unlikely there would be a shift in American policy. "We're always going to have some problems with this regime," he said. "We have got our priorities. If they were to tone down what they were doing with Hizbollah or stop contributing to the instability then that would be seen in the US as some kind of signal."

Attack On U.S. Embassy Fails In Syria (USAT)

USA Today, September 13, 2006

DAMASCUS, Syria — Attackers tried to blow up the U.S. Embassy in Damascus on Tuesday but were thwarted by Syrian guards in a fierce gunbattle.

Three of the four attackers and a Syrian guard were killed. No Americans were hurt. There was no immediate claim of responsibility, but Imad Moustapha, Syria's ambassador to the United States, said it was "logically possible" that an offshoot of al-Qaeda called Jund al-Sham was responsible.

The group's name in Arabic means Soldiers of Syria. Jund al-Sham was established in Afghanistan in the late 1990s by Syrians, Palestinians and Jordanians. It has carried out several attacks inside Syria in recent years, Moustapha said.

The attackers came in two vehicles: a car followed by a pickup packed with explosives. The three gunmen in the car threw hand grenades and fired automatic weapons toward the embassy gate, prompting an intense, 30-minute gunbattle.

When the firefight erupted, the driver of the bomb-laden truck fled but was shot and arrested by Syrian forces. The truck did not explode.

Afterward, U.S. officials had rare words of praise for the government of Syrian President Bashar Assad. "The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said.

The State Department lists Syria as a supporter of terrorists, specifically Hezbollah in Lebanon. The United States withdrew its ambassador to Syria several days after former Lebanese prime minister Rafik Hariri was assassinated in Beirut in February 2005. The United Nations has linked the attack on Hariri to Lebanese plotters with ties to Syria.

White House spokesman Tony Snow also thanked Syria and said it should "become an ally and make the choice of fighting against terrorists."

Syria responded with a stinging statement from its embassy in Washington that blamed U.S. policies in Lebanon, Iraq and the Palestinian territories for increasing Islamic militancy.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," it said. "The U.S. should … start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

The attack raised questions about the strength of Islamic militant groups in Syria. Though the United States accuses Syria of supporting terrorism, Assad's secular regime has long been in conflict with such groups. Assad's father and predecessor as president, Hafez Assad, killed thousands in the city of Hama in 1982 during a crackdown on Islamic militants.

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Islamic militancy has been increasing inside Syria in the past few years. Syria is a major crossing point for militants from around the Arab world heading into Iraq to fight in the insurgency there.

Pressured by the United States to seal its border with Iraq, Syria has said that it is doing all it can to stop the infiltrations but that the long desert border is too difficult to close completely.

In June, anti-terrorism police fought militants near the Syrian Defense Ministry in Damascus in a battle that killed five and wounded four.

Ayman Abdul Nour, who runs All4Syria, an online news service, says many Syrians are worried about what they see as the spread of an intolerant strain of Sunni Islam in the country.

U.S. Praises Syria Actions After Embassy Attack (WSJ)

By Mariam Fam And Neil King Jr.

The Wall Street Journal, September 13, 2006

The U.S. offered rare praise for the Syrian regime after its security forces killed three men who attacked the U.S. Embassy in Damascus, though Syria responded coolly to Washington's remarks.

The exchange between the countries came after four Islamic militants in two vehicles rigged with explosives tried to storm the U.S. embassy compound with automatic rifles and homemade explosives, according to a State Department account. Syrian security guards waged a fierce defense of the building, killing three of the assailants and wounding the fourth. Syrian news outlets said one Syrian guard was killed and three others wounded, along with 11 bystanders who were wounded. No Americans were hurt.

Senior Bush administration officials immediately applauded the Syrian help and suggested a possible rapprochement with Damascus, which the U.S. has long criticized as a sponsor of terrorism and instability in the region. "We are hoping they will become an ally and make the choice of fighting against terrorists," said White House spokesman Tony Snow.

U.S. Secretary of State Condoleezza Rice offered condolences for security personnel killed in the attack and thanked Damascus for its help in defending the American embassy.

In a statement, the Syrian Embassy in Washington called the assault "a heinous terrorist attack by an extremist group." But it also lay the underlying blame on U.S. policies in the Middle East, which the embassy said "have fueled extremism, terrorism and anti-U.S. sentiment." The statement urged Washington to "take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace" for the region.

There was no immediate claim of responsibility for the attack.

The incident comes at a time of high anti-U.S. sentiment in the region as well as increased turbulence for Syria and its relations with the West. The U.S. was criticized by many for not reaching out to Damascus this summer during the fighting between Israel and Hezbollah, the Lebanese Shiite Muslim group. Many Arab states have hoped to enlist U.S. help in weaning Syria away from its growing ties to Iran, which also supports Hezbollah.

Syrian political analyst and writer Faiz Sara said the attack could either boost or further undermine Syrian-U.S. relations, partly depending on how the Syrians handle the investigation.

"If the Syrian government conducted a transparent and objective investigation and publicized the political side of the attack, this might bolster its position as someone fighting terrorism," he said. On the other hand, if the U.S. administration wants to increase its pressure on Syria, it can argue "that the regime orchestrated this operation and ... in that case the gap [between the two countries] will increase."

Some experts said the attack may illustrate the increasing spread of small clusters of militant groups with a shared ideology but limited -- if any -- connection to al Qaeda. "Al Qaeda has been transformed from a military organization with a particular base to an ideology that is being exported to local groups through the Internet and satellite channels," said Mohammed Salah, Cairo bureau chief of the pan-Arab al-Hayat newspaper, who closely monitors Islamic groups.

The Israel-Hezbollah war has put Syria at odds with the West and even with some Sunni Muslim Arab regimes. Already accused of not doing enough to stop the flow of foreign fighters from its territory into Iraq, Syria drew renewed scrutiny recently with Israeli officials complaining that Hezbollah receives arms via land convoys that enter Lebanon from Syria.

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Some analysts said yesterday's attack offered Syria an unusual opportunity to boost its stature. "They will say that they too are victims of terrorism and that they want to fight terrorism as much as anyone else, and use this as a chance to show how they're ... doing their job as a government protecting Western interests," said Rami Khouri, a commentator and editor-at-large at the Lebanese Daily Star newspaper.

Gunmen In Syria Hit U.S. Embassy (NYT)

By Craig S. Smith

The New York Times, September 13, 2006

DAMASCUS, Syria, Wednesday, Sept. 13 — Four gunmen attacked the American Embassy here early Tuesday, storming the compound with grenades and automatic weapons before being repelled by Syrian security forces. Three of the gunmen were killed and a fourth was wounded, Syrian and American officials said.

One Syrian security official was killed and about a dozen people were wounded, including three Syrian security officials and a Syrian guard employed by the embassy. No American personnel were injured and the attackers failed to detonate a vehicle packed with explosives.

The wounded attacker was being questioned by Syrian authorities. The identities of the attackers were not disclosed.

The attack, a rare instance of terrorist violence in the tightly controlled Syrian capital, marked the first time the American Embassy had been a target.

Coming a day after the anniversary of the Sept. 11 terrorist attacks in the United States and after recent threats by Al Qaeda, the attack sent shudders through a region already reeling from a season of violence. Anger toward the United States has surged in recent weeks over its support for Israel during the war in Lebanon this summer.

Secretary of State Condoleezza Rice said it was too early to say who might have been behind the attack. But she praised Syria for responding quickly. “The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that,” Ms. Rice said Tuesday during a visit to Canada.

Syria, however, was quick to blame the United States. “It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment,” said a statement on Tuesday from the Syrian Embassy in Washington. “What has happened recently in Lebanon, the Palestinian territories and Iraq is exacerbating the fight against global terrorism.”

Relations between Syria and the United States are strained. The United States recalled its ambassador after the assassination of Prime Minister Rafik Hariri of Lebanon in February 2005, because Washington believes Damascus played a role. United States diplomatic representation has since been downgraded to the level of chargé d’affaires.

More recently, the United States has blamed Syria for helping to arm Hezbollah, whose attack on Israeli soldiers along the Lebanese border set off the war in July.

“I think you have to take a look at who is really responsible for the violence in the region,” said Tom Casey, the State Department’s acting spokesman, responding Tuesday to Syria’s statement. “The violence is the responsibility of those who do believe that the only response to any questions or concerns is to throw bombs, is to shoot bullets, is to assassinate people.”

He said Washington continued to consider Syria a sponsor of terrorism, alluding to its support for Hezbollah and the Palestinian group Hamas, both of which are considered terrorist organizations by the United States and many allies.

The attack on the embassy began at 10:10 a.m., when two vehicles approached, one drawing up in front of the compound, the other to an employees’ entrance in the rear.

The minister of information, Mohsen Bilal, said in a telephone interview that one man approached embassy guards with a bouquet. The man said “he would like to hand these flowers over to someone from the embassy, to show his solidarity with them and the victims of 9/11,” Mr. Bilal said.

He said that when the guards refused him entry, the attack began.

Ayman Abdel Nour, a Syrian political analyst, said he was about 25 yards away when he saw two men running away from the embassy, and heard gunfire and men shouting, “God is great!” He took refuge in another embassy nearby.

The sound of gunfire and explosions continued for about 15 minutes, he said. There was a second exchange of automatic-weapons fire and single gunshots after a few minutes of calm, he said, but it ended quickly.

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When he emerged, the attackers' car at the rear of the embassy had been gutted by fire, apparently after having been hit in the gun battle.

Mr. Abdel Nour said friends at the Italian Embassy nearby had seen the attackers lobbing grenades over the high wall surrounding the American Embassy and had seen smoke coming from inside the compound.

Television images from the scene showed pools of blood on the pavement and the remains of the burned-out car. A vehicle with explosives at the front of the embassy was apparently abandoned when one attacker ran to the back to aid other gunmen.

The television also showed Syrian security officials inspecting what appeared to be large propane gas canisters with pipes taped to them.

Mr. Casey, the State Department spokesman, said after the attack "some small unexploded improvised explosive devices" were found, in addition to those in the second vehicle.

"This is a flourishing business today," Mr. Abdel Nour said of the attack. "If you want to open a terrorist cell here, it's an easy business. You'll find a lot of money because of the frustration in the region."

Syria's interior minister, Bassam Abdel Majeed, visited the embassy after the attack and met Tuesday with the new chargé d'affaires, Michael H. Corbin.

By nightfall, residents could see the rear wall scarred by bullets and the roadside blackened by the car fire. Syrian sentry boxes were riddled with shots, as was a window near the employee's entrance.

The Rawda district, where the attack occurred, is one of the most heavily guarded parts of the capital. It houses security installations and the homes of many government officials. A number of foreign embassies are near the American compound, including the Chinese, Italian and the Iraqi missions, while the presidential palace is only about 150 yards away from the Americans.

At least 11 people were wounded in the attack. The local embassy employee wounded was hit by gunfire while checking the attackers' cars when the assault began. The State Department said another embassy guard was slightly injured.

Seven Syrian telephone company employees working in the area were also wounded, as well as an Iraqi man and woman. A senior Chinese diplomat was hit by shrapnel while standing on top of a garage within the Chinese Embassy compound, the New China News Agency reported.

Syria, a strictly secular state, has had trouble with Islamic extremists. In April 2004, four people were killed in a clash between police officers and suspected bombers in the diplomatic quarter of Damascus. Authorities accused Islamic militants of trying to blow up an explosives-laden car near the Canadian Embassy.

The Syrian ambassador to the United States, Imad Moustapha, said Tuesday on CNN that the attackers might have links to a group known as Jund al-Sham, which means Soldiers of the Levant. Last year five of the group's militants were killed in Hama when security agents raided their hideout, uncovering a stash of weapons and explosives.

American intelligence officials in Washington said it was too early to know with confidence who was responsible for the embassy attack, and said there was little evidence yet to support the claim of the Syrian government that Jund al-Sham might have carried it out.

Officials said there was also no evidence linking the attack to the recent message from Al Qaeda's deputy leader, Ayman al-Zawahri, who said in a speech broadcast Monday that Al Qaeda would be carrying out attacks in the Middle East.

"This attack would be small beer by Al Qaeda standards," said one intelligence official.

The United States Embassy was closed after the attack and said it would operate with a reduced staff on Wednesday. It issued a statement advising Americans in Syria to keep a low profile and it dismissed students at the Damascus Community School, which is affiliated with the embassy.

Four Armed Men Attack U.S. Embassy In Damascus (WP)

By Rhonda Roumani

The Washington Post, September 13, 2006

DOJ_NMG_0062301

DAMASCUS, Syria, Sept. 12 -- Four armed men attacked the U.S. Embassy on Tuesday, killing one Syrian security guard and wounding several people in what authorities said was an attempt by Islamic guerrillas to storm the diplomatic compound.

Just after 10 a.m., gunmen yelling " Allahu akbar " -- "God is great" -- opened fire on the Syrian security officers who guard the outside of the embassy in Damascus's Rawda district, witnesses said. The attackers threw grenades at the compound, according to witnesses, and shot at the guards with assault rifles during the 15- to 20-minute clash, which left three of the gunmen dead and the fourth reportedly wounded.

In addition to the slain security officer, another guard was wounded, along with a Chinese diplomat and several civilians, including seven Syrian workers and two Iraqis. No Americans were wounded, the embassy said in a statement.

Syria's interior minister, Gen. Bassam Abdel Maguid, said on state television that the attack was a "terrorist operation" carried out by Islamic militants who tried to detonate two cars filled with explosives in front of the embassy.

Syrian authorities said they disarmed a small truck that had been rigged with gas canisters and pipe bombs but had failed to detonate. The charred remains of a car could also be seen in front of the embassy, but witnesses said the relatively small explosion that destroyed it appeared to have been caused by grenades rather than a car bomb.

There were no immediate assertions of responsibility for the attack, and Syrian officials did not blame a specific group, though in the past they have attributed similar strikes to a little-known group called Jund al-Sham, or the Soldiers of the Levant. Reports about the group on Syrian television have shown images of seized weapons, but no information on its goals, makeup, whereabouts or popularity has ever been made available by the government.

U.S. officials praised the Syrian guards who battled the assailants. Secretary of State Condoleezza Rice, speaking in Stellarton, Nova Scotia, after talks with Canadian Foreign Minister Peter MacKay, said that "the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that."

In Washington, State Department spokesman Tom Casey said: "We're appreciative of their professional response in this effort."

The Syrian Embassy in Washington issued a statement saying: "In accordance with the Geneva Convention, Syria performed its duties in the best possible manner to protect the U.S. Embassy. . . . Syrian security forces took the full brunt of the attack."

The statement added: "It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment. . . . The U.S. should take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

Relations between the United States and Syria have been tense for years, with the Bush administration denouncing the government of Syrian President Bashar al-Assad for its support of Lebanon's Hezbollah militia and for harboring leaders of Palestinian factions that the United States has designated as terrorist groups.

In the months following the Sept. 11, 2001, attacks, Syria shared information related to terrorism with the United States, but after the U.S.-led invasion of Iraq in 2003, President Bush blamed Syria for failing to close its border with Iraq to insurgents. Bush recalled U.S. Ambassador Margaret Scobey from Damascus after the assassination of former Lebanese prime minister Rafiq al-Hariri in February 2005. Many accuse Syria of orchestrating the attack.

The U.S. Embassy compound here is in the capital's diplomatic neighborhood, close to the Iraqi, Italian and Chinese embassies. It is surrounded by white walls described variously as eight to 15 feet high, with U.S. Marines providing security inside the compound and Syrian security forces outside.

Shortly after the attack Tuesday morning, a large plume of smoke rose over the compound, and a trail of blood ran down a nearby street where the gunmen were shot as they tried to escape, witnesses said.

Although the street of the embassy was closed, police allowed parents of students at a nearby school to slip past the barricade to pick up their children, many of whom were in tears. The embassy's American flag, which had been lowered to half-staff the day before in commemoration of the Sept. 11 attacks, was raised to its full height a few hours after the fighting.

"We could not believe that it would happen in the middle of the day in the most secure area of Damascus," said Ayman Abdul-Nour, a political analyst who saw the battle unfold. "In front of me, this gentleman from the Syrian intelligence force in civil uniform stumbled to the ground and blood was coming out of him."

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In recent years, several attacks have been carried out against foreign embassies in Damascus.

In February, demonstrators protesting the publication of cartoons depicting the prophet Muhammad in European newspapers set fire to the Danish Embassy here. In April 2004, four people were killed in a gun battle that took place on a major road that is flanked by a large number of embassies.

And in December 1998, during a U.S. bombing campaign against Iraq, mobs assaulted U.S. and British diplomatic buildings in Damascus, and Syrian guards and U.S. Marines rescued the wife of U.S. Ambassador Ryan Crocker as rioters broke into the couple's residence.

Syrians Foil Strike On U.S. Embassy (LAT)

By Megan K. Stack

The Los Angeles Times, September 13, 2006

CAIRO — Four suspected Islamic militants hurled hand grenades and sprayed machine-gun fire in an attempt to storm the American Embassy in Damascus on Tuesday, but were gunned down by Syrian forces.

The brazen morning attack in the Syrian capital seemed to briefly ease tensions between Washington and Damascus, as U.S. officials thanked Syria for defending the embassy. But the attack also raised questions about President Bashar Assad's grip on security, and his regime's relationship with extremist groups.

"We appreciate the response of the Syrian security forces to help secure our territory," said Secretary of State Condoleezza Rice, speaking at an appearance in Stellarton, Canada. "I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that."

Other Bush administration officials, however, referred to long-standing tensions with Syria, which remains on the State Department's list of state sponsors of terrorism.

"The Syrian police forces did their job, and they were professional about it," said White House Press Secretary Tony Snow. "Now, the next step is for Syria to play a constructive role in the war on terror. Stop harboring terrorist groups, stop being an agent in fomenting terror, and work with us to fight against terror, as Libya has done. That's the next step for Syria."

The Syrian government blamed the bungled attack on a little-known hard-line Sunni militant group that calls itself Jund al Sham, or Soldiers of the Levant, allegedly linked to the Al Qaeda terrorist network.

"It's clearly a terrorist operation," said Interior Minister Gen. Bassam Abdel Majeed.

Three of the militants were killed and a fourth was captured in the morning shootout, which also killed a Syrian security officer and wounded 11 bystanders. Timed explosives rigged to a stolen van at the embassy gate failed to go off and were detonated later by Syrian anti-terrorism agents, the interior minister told state television.

Political analyst Ayman Abdel Nour said he had just climbed out of his car to go see about a visa when a car pulled over outside the embassy and four gunmen leapt out. At first, Nour said, he was confused.

"I thought they were filming a scene for something, because it was the middle of the day, in the middle of the most secure area in Damascus," he said. "Then one of them fell down near me and I saw the blood. I realized it was serious, so I ran and hid."

Nour said he took shelter in a neighboring embassy. The shooting lasted for about 15 minutes, slowing gradually to single bursts of fire. The gunmen pitched hand grenades over the embassy walls, cracking two windows, he said.

None of the embassy staff was hurt in the attack. The 11 bystanders wounded included repairmen from the Syrian Telecommunication Establishment, an Iraqi couple and a Chinese diplomat who was standing on a nearby rooftop.

Perched behind high walls on a heavily fortified hillside, the U.S. Embassy has been at the heart of a stony diplomatic relationship in recent years. The American ambassador withdrew from the Damascus embassy after the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri in Beirut. A United Nations report accused Syrian intelligence of complicity in the assassination, a charge Syria denies.

The United States also has accused Damascus of letting jihadist fighters slip across its borders to fight in Iraq, as well as tampering in Lebanese affairs and propping up anti-Israel fighters in Lebanon and the Palestinian territories.

In recent weeks, the United States and Israel accused Damascus of funneling weapons to Hezbollah fighters in Lebanon, where battles between Israel and Shiite Muslim militants raged for 34 days in July and August.

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As relations soured between Washington and Damascus in recent years, the anti-American sentiment that has flared in the Middle East since the war in Iraq also took hold in Syria.

But the U.S. is not the sole target of Islamists: The groups have also waged a long-running blood feud with secular Syria.

The government is dominated by members of the Allawite sect, a Shiite offshoot rejected by hard-line Sunnis. In the 1980s, the Muslim Brotherhood's attempts to oppose the regime were crushed bloodily by Assad's father, President Hafez Assad. To this day, membership in the Sunni militant group is punishable by death.

Since the U.S.-led invasion of Iraq, the Syrian government has struggled to maintain the rigorous street control that once made the Assad regime famous. Syrian troops have repeatedly battled with shadowy gunmen. Tuesday's attack was the third to strike the capital in three years; all were easily repelled by security services.

The attacks have raised speculation about whether Bashar Assad is capable of keeping the country calm.

Some analysts have wondered whether some members of the Syrian government might have worked out a detente of sorts with the more serious jihadi forces, such as those operating in Iraq.

Still others have accused the government of colluding in staged attacks in a bid to draw sympathy from the West.

After each attack, Syrian officials have been quick to remind reporters that Damascus, too, is a target for terrorists.

"The Syrian government is a secular one, and the Baath Party itself is secular, so it's considered by Al Qaeda and others as a pro-Western regime," said a Syrian official who spoke by phone on condition of anonymity. "So Syria is attacked by those groups, and meanwhile the USA is accusing Syria of belonging to the same groups. Both sides are greatly mistaken."

Syrian officials also criticized U.S. policy in the region.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the Syrian Embassy in Washington said in a statement. "The U.S. should … start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

But questions linger: Why have militants never struck Syria with the force and skill brought to bear against Arab neighbors such as Egypt, Jordan and Saudi Arabia? Is Syria given a pass by armed groups because of Assad's reputation as an anti-American figure?

"The speculation has been that the Assad regime has put people up to this," said Joshua Landis, a Syria expert at the University of Oklahoma who spent last year living in Damascus. "Are they in league? Have they cut a deal?"

One U.S. counter-terrorism official said it was too soon to tell who was responsible for Tuesday's attack, but said he was not surprised that Syria blamed Jund al Sham.

"Other violent incidents have occurred in Syria and the government has pointed to the group, but there is not a lot known about it," said the official, whose agency does not permit him to discuss terrorism matters on the record.

The official and others, however, said it was also possible that the perpetrators might have been local men with political grievances.

U.S. Eyes New Palestinian Gov't Warily (AP)

By Barry Schweid

AP, September 12, 2006

The Bush administration expressed worry Tuesday that a Palestinian national unity government now in formation may not be ready to renounce terrorism or accept Israel's right to exist.

State Department deputy spokesman Tom Casey also reiterated that unless those conditions are met, the Bush administration would not resume U.S. aid to the Palestinian government.

The skeptical comments came a day after the Hamas-led administration and President Mahmoud Abbas' more moderate Fatah Party said they would form a coalition government. In the past half-year international financial sanctions have crippled the Palestinian Authority's ability to pay its 165,000 employees.

While all details on forming a new government are lacking, Casey said "from what we have seen so far we are certainly concerned" that it does not accept demands by the United States, the United Nations, the European Union and Russia that it renounce terrorism and violence, recognize Israel and accept previous agreements between Israel and the Palestinians.

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"Obviously, nothing can move forward until such time that there's a government in place that does meet that criteria," Casey said,

Casey commended Abbas, president of the Palestinian Authority, for trying to break an impasse with the militant group Hamas and form a responsible government that could meet the aspirations of the Palestinian people.

The United States provides humanitarian aid to the Palestinians, but no direct aid to the Authority. Western countries suspended aid when Hamas, which they consider to be a terror group, took over the Palestinian government earlier this year after an election victory.

"We are continuing to be mindful of the humanitarian needs of the Palestinian people," Casey said. The U.S. government has provided $468 million in direct assistance to them this year, he said

Meanwhile, Israeli Foreign Minister Tzipi Livni was expected to discuss the Palestinian unity efforts with Rice at the State Department on Wednesday.

U.S. Wary Of Palestinian Plan (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, September 13, 2006

WASHINGTON — Palestinian plans to form a coalition government have created a quandary for the Bush administration, which wants to ease suffering in the Gaza Strip and West Bank without lifting pressure on Hamas.

Leaders of the radical Islamic group, and those of the rival Fatah faction, announced this week that they were close to completing a deal that they hoped would persuade the West to end an aid cutoff that had bankrupted the government and set off factional fighting.

U.S. officials, who consider Hamas a terrorist group, have halted all but direct humanitarian aid since Hamas came to power in January elections. U.S. officials have said they want to avert a humanitarian catastrophe in the territories, but noted Tuesday that the Palestinian proposal might not be enough to end the aid ban.

The U.S. bind was complicated by Europe's warm reaction to the Palestinian unity government plan, posing a risk that a new transatlantic rift could develop over the issue. British Prime Minister Tony Blair said this week after a visit to the region that it might be possible for the West to deal with a unified government.

Tom Casey, a State Department spokesman, said U.S. officials would look at details of the plan, which have not been completed.

"We are continuing to be mindful of the humanitarian needs of the Palestinian people," Casey said. But he said that before aid could be resumed, the Palestinians would need to renounce violence, recognize Israel's right to exist and accept previous agreements between Israel and the Palestinians.

"From what we have seen so far, we are certainly concerned" that the coalition government does not accept those demands, Casey said. The stipulations were laid out in January by the U.S., the United Nations, the European Union and Russia.

Israeli officials did not close the door on potential relations with a unity government when the deal was announced Monday by Palestinian Authority President Mahmoud Abbas, the leader of Fatah.

On Tuesday, an Israeli official sounded more skeptical, saying the deal seemed to be an effort to put a more presentable face on the government without making key changes or concessions.

Restoring aid would lift the pressure on Hamas just when the crunch was beginning to have an effect, the official said, noting that polls showed public support in the territories shifting away from Hamas and toward Fatah. The official spoke on condition of anonymity, citing the sensitivity of the diplomacy underway.

Some analysts said the Bush administration would be influenced by the Israeli government's attitude and probably would not resume aid. But they speculated that Washington could decide not to object to a European decision to resume, or increase, assistance.

"The Americans will probably react coolly to it, but they may say to the Europeans, 'If you have to [resume aid], we can live with it,' " said Nathan Brown, a specialist on Arab politics at the Carnegie Endowment for International Peace in Washington.

But David Makovsky of the Washington Institute for Near East Policy predicted that U.S. skepticism would prevail.

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"I think people in Washington are going to be pretty underwhelmed by it," Makovsky said. The Palestinians are "playing with words and trying to get the world to give them as much money as possible without being bound to anything."

Many U.S. lawmakers could object loudly to any resumption of aid. Both houses of Congress have passed bills this year to limit the provision of direct aid to the Palestinian government as long as Hamas is in power. The European Union followed with a partial aid cutoff.

The U.S. government has provided $468 million in direct humanitarian aid to the Palestinians this year, Casey said.

The Palestinians' worsening financial crisis pushed Hamas into an alliance with Fatah, which recognizes Israel's right to exist, in hopes of getting aid flowing again.

But Hamas has no plans to recognize Israel, its spokesmen said. Instead, the government is expected to stake out a nuanced position that implies acceptance of a two-state solution to the Middle East conflict — and therefore of Israel — without saying so explicitly.

The agreement serving as the basis for the proposed government tacitly recognizes Israel by calling for creation of a Palestinian state along borders predating the 1967 Middle East War, meaning in the West Bank and Gaza Strip, with Jerusalem as its capital.

That may not be direct enough to satisfy the Bush administration and Israel, but it could convince some European donors that Hamas has shifted its stances sufficiently and sway them to resume financial aid, analysts say.

"What the Palestinians are really hoping for is a breakthrough with the Europeans, who will judge the political program not so much in relation to the three conditions as in the difference in the Hamas position, so they will see this as a positive sign," said Mouin Rabbani, a Jordanian-based analyst for the International Crisis Group.

Hamas Gives Abbas OK For Negotiations (AP)

By Diaa Hadid

AP, September 12, 2006

Hamas officials gave Palestinian President Mahmoud Abbas the go-ahead Tuesday for negotiations with Israel, a major shift in the militant Islamic group's position as it works to end its international isolation.

An Israeli military court, meanwhile, ordered the release of 19 Hamas officials — including Cabinet ministers and lawmakers — from an Israeli prison. The men, arrested by Israel after the June 25 capture of Israeli Cpl. Gilad Shalit by Hamas-linked militants, will remain behind bars for several more days pending an appeal by prosecutors.

Israel said the court decision was not meant to reward Hamas for its moves toward moderation.

"I don't think that right now we would be making gestures of goodwill for the Hamas. We would be making gestures of goodwill to Abu Mazen," Israeli government spokeswoman Miri Eisin said, referring to the moderate Abbas by his nickname. Eisin said the courts were independent of the government.

Hamas, whose ideology calls for Israel's destruction, reached agreement Monday with Abbas' Fatah Party to form a unity government in an effort to end the financial crisis crippling the Palestinian economy. International donors cut off aid to the Palestinian Authority when Hamas formed its Cabinet six months ago. Hamas is listed as a terror group by Israel and the West.

Abbas has long pushed for a resumption of peace talks with Israel, and Hamas said Tuesday he would have full authority to hold those negotiations.

Palestinian Prime Minister Ismail Haniyeh, a Hamas leader, said the government itself would not be involved in the talks because negotiations are supposed to be handled by the PLO, headed by Abbas. The distinction could allow Hamas to retain its hard-line credentials with the Palestinian street, while the government gains international acceptance.

Ghazi Hamad, a spokesman for the Hamas-led government, told Israel's Army Radio in Hebrew that the Palestinians would be ready to establish a state in territories captured by Israel in the 1967 Mideast War — the West Bank, Gaza and east Jerusalem.

Visiting Spanish Foreign Minister Miguel Moratinos said the new Palestinian coalition could be a "positive step in principle," but he stopped short of saying whether it would persuade the EU to restore aid to the Palestinian Authority.

While Hamad said Hamas would not recognize Israel's right to exist, the joint government is to be based on a platform many believe implies recognition of the Jewish state.

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"We have nothing against negotiations, we have nothing against a diplomatic process, but we have rights," Hamad said.

Israel, the U.S. and European Union have said Hamas must renounce violence, recognize Israel's right to exist and accept past peace agreements.

With negotiations over the government guidelines continuing, no date was set for it to take office.

Israeli Foreign Minister Tzipi Livni was heading to Washington on Tuesday for talks with Secretary of State Condoleezza Rice.

Israel wants to ensure the international community does not reward Hamas for half measures, Foreign Ministry spokesman Mark Regev said.

"If the new Palestinian government reaches the three benchmarks and Gilad Shalit is released, then things could move ahead very quickly," he said. "Anything less than that is just a recipe for further stagnation."

And Defense Minister Amir Peretz said Shalit's release could lead to "meaningful talks" with the Palestinians.

Shalit's capture sparked a broad Israeli offensive in Gaza, and security forces arrested three dozen Hamas officials on charges of belonging to a banned group.

The military judge, who ruled Tuesday that 18 of those in custody should be freed, questioned the timing of the arrests, noting the men were permitted to run for office and serve in the Palestinian government for months before their detentions. He said the politicians — including Parliament Speaker Abdel Aziz Duaik and Religious Affairs Minister Nayef Rajoub — should be set released. In a separate hearing, a judge ordered Deputy Prime Minister Nasser Shaer freed.

Prosecutors plan to appeal Thursday. Decisions are expected next week. In the meantime, the 19 remain in prison.

Earlier this week, the court ordered the release of three other Hamas members. That appeal is to be heard Wednesday.

"The arrest of the parliamentarians and ministers was from the beginning an unjust arrest," Haniyeh said. "We hope all of them will be released."

Despite the apparent easing of tensions, Hamas gunmen, along with members of another militant group, battled Israeli troops operating near Gaza's border with Israel, killing one soldier early Tuesday, the army said.

Israeli troops also shot and killed a 13-year-old boy during a raid in the West Bank town of Bethlehem after youths began pelting troops with stones, witnesses and hospital officials said. The Israeli military said soldiers fired after they were attacked by Palestinians. One soldier was wounded.

More Palestinians Urging An End To Paralyzed Governing Authority (WP)

By Scott Wilson

The Washington Post, September 13, 2006

RAMALLAH, West Bank -- As the young editor of Hamas's weekly newspaper, Sari Orabi is a careful monitor of what he describes as the "surprisingly frank" debate underway within the party that took control of the Palestinian Authority just over five months ago.

Orabi, sporting blue jeans and bristling hair, said he was among those who argued that the radical Islamic movement should not compete in last January's parliamentary elections, fearing victory would bring sanctions from Israel and international donors that classify Hamas as a terrorist organization.

That prediction has proved true, bankrupting the authority and raising questions within party ranks over whether the government Hamas won the right to run is worth maintaining at all.

"The situation we face is proof that the Palestinian Authority under the occupation is an illusion," Orabi, 26, said recently over tea in an office smashed earlier this year by rampaging members of the security services controlled by the rival Fatah movement. "What is the reason behind this authority? A majority now says it is all a big lie."

Created a dozen years ago to administer the occupied Palestinian territories, the frail political system called the Palestinian Authority is now broke, paralyzed by months of partisan infighting and depleted by Israeli arrests. A growing number of Palestinians -- a group that has expanded in recent months from a core of secular intellectuals to include officials from the leading political movements -- have begun advocating openly for the authority's dissolution.

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Prime Minister Ismail Haniyeh of Hamas, facing a strike by civil servants over unpaid wages, agreed this week to form a power-sharing government with Fatah and other factions in hopes of restoring international aid. Whether a new government will revive foreign financial support, which accounts for nearly half the authority's budget, could help determine whether the authority itself remains viable in the face of mounting unrest and disillusion in the territories.

The unity government platform would commit Hamas to accept past agreements signed by the Palestine Liberation Organization that recognize Israel. It would mark the first time that Hamas, which does not belong to the PLO and has long opposed the 1993 Oslo peace accords that created the Palestinian Authority, would tacitly accept a two-state solution to the conflict.

But Hamas has so far refused to renounce violence or explicitly recognize the Jewish state -- two of the three conditions set by the United States, the United Nations, Russia and the European Union for a renewal of aid. Israeli officials indicated Tuesday that Israel would not release hundreds of millions of dollars in frozen tax revenue it collects on behalf of the Palestinian Authority or support an easing of international sanctions against it unless those terms were met.

The result could doom the new coalition government, slated to be headed by Haniyeh, before it takes shape. And failing to win international support after compromising is likely to inflame Hamas activists, some of whom have argued for months that collapsing the authority is preferable to giving up power won in fair elections.

"When you have an authority that is utterly powerless, what do you expect the reaction from the public will be?" said Ali Jarbawi, a professor at Bir Zeit University near Ramallah, who broached the idea of dissolving the Palestinian Authority three years ago in a series of influential journal articles. "More and more people are saying, 'If you can't deliver, you shouldn't exist.' "

Dissolving the Palestinian Authority, once envisioned as the embryo of a future Palestinian state's government, has until now been largely a topic of intellectual debate among professors, U.S.-educated lawyers for the Palestine Liberation Organization and disaffected members of the leading parties.

But the idea has reached further into the political mainstream over a difficult summer during which the authority has lost support among its two chief constituencies: Fatah, which dominated the government for years until its election loss to Hamas, and public employees who have gone months without paychecks. An estimated 1 million Palestinians in the West Bank and the Gaza Strip depend on authority salaries for their livelihoods.

Jarbawi and others argue that the authority has taken the brunt of the blame for Palestinian political, economic and security failures, even though Israel, through its military presence, border controls and financial ties, remains the decisive power in the territories.

Without the authority, Jarbawi and others contend, Israel would be forced to assume a far greater political and financial role in the territories, taking responsibility for health, education and other services under international law that govern occupation. The Israeli investment could total billions of dollars annually and bring new pressure on the Jewish state to sign a comprehensive peace agreement with the Palestinians.

The authority "was supposed to be a vehicle for the establishment of a Palestinian state, but today the situation is not logical and we alone are paying the price of the occupation," said Hassan Khreisheh, a deputy speaker of the Hamas-controlled parliament who proposed dissolving the Palestinian Authority in a legislative session last month following a 26-day stint in an Israeli jail for belonging to an illegal organization. "The Israeli occupation should be paying for education, health and the administration, while the Palestinian cause should be brought back into the hands of the international community."

Following Hamas's election victory in January, the movement and its allies had remained publicly committed to the authority. But Orabi said elements within Hamas are growing more radical as their government continues to falter under economic sanctions and Israeli pressure. More than 30 Hamas members of parliament, including the speaker and five cabinet ministers, were detained and remain in Israeli custody since the June 25 capture of Israeli army Cpl. Gilad Shalit by gunmen from the movement's military wing. Israel has made Shalit's release a condition for unfreezing the tax revenue.

Ghazi Hamad, a Hamas official and adviser to Haniyeh, warned of radicalization in a scathing critique of Palestinian disunity and his own party's mistakes published last month by the Palestinian newspaper al-Ayyam.

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"We have lost the connection between the resistance and other aspects of life," Hamad wrote, referring to armed confrontation with Israel. "There is an abyss between the resistance, politics and the people. That is why the people are scattered, not unified, not organized."

The authority is also losing legitimacy inside the ranks of Fatah, whose members fill out much of the civil service.

Some of Fatah's young guard, disillusioned by the older generation's corrupt and incompetent leadership, quietly advocated the authority's abolishment when the party was in charge. Hamas officials contend that their rivals began advocating the approach more boldly after losing their hold on the Palestinian ministries, long a source of patronage and power.

"The only justification for this authority was to pay employees, and now that it cannot even do that, there is no reason for it at all," said Tayseer Nasrallah, 45, a Fatah leader from Nablus who is working on a project to reform his party. "The voices for the authority's dissolution are rising inside the party. We need to make a dramatic gesture to force the world to really look for a just solution to this crisis, or we will go back to the occupation run entirely by Israel."

Qaddura Faris, 44, a former minister and a powerful figure within Fatah's young guard, favored dissolving the authority when Palestinian leader Yasser Arafat was still alive. But Faris does not believe that authority President Mahmoud Abbas, who succeeded Arafat after his death in November 2004, has the power to govern without the government's institutions. Faris and others say the possible alternatives to the authority, which could include returning to the Israeli occupation that existed before Oslo or perhaps a civil administration by Jordan, are worse.

"If it happened now, we would be left without an umbrella," said Faris, who acknowledged that young Fatah activists are behind the civil servants' strike to pressure Hamas to cede control of the cabinet. "But there is also this impression that if we can form a national unity government, everything will be okay. I don't believe that either."

Blair Urges Lifting Of Palestinian Sanctions (AFP)

AFP, September 12, 2006

Britain's Tony Blair urged the lifting of economic sanctions on the Palestinian Authority, so long as a deal on a cabinet of national unity there meets international conditions.

He made the comments a day after returning from a three-day trip to the Middle East, during which he faced protests over his stance notably during the recent conflict between Israel and Hezbollah militants in Lebanon.

"Yesterday's announcement of a government of national unity in Palestine is precisely what I hoped for," he said, referring to an agreement under which president Mahmud Abbas is to dissolve the current Hamas-led government.

"On the basis it is faithful to the conditions spelled out by the Quartet, that is the UN, EU, US and Russia, we should lift the economic sanctions on the Palestinian authority," added the British prime minister.

He appeared to be referring to international economic sanctions slapped on the Palestinian Authority by the United States and the European Union following the January election of the militant group Hamas, considered a terrorist movement by both Washington and Brussels.

At the time the Middle East Quartet that Blair referred to said the sanctions would remain in place until Hamas renounced violence, recognized Israel and pledged to abide by agreements signed by previous Palestinian leaderships.

The Quartet has long been battling to revive the peace process in the region.

Under a deal announced on Monday, Abbas is to dissolve the current government and charge prime minister Ismail Haniya of the Islamist movement Hamas with forming a new cabinet.

Palestinian officials hope that the formation of the new government will lead to the West ending a freeze on direct aid to the Palestinian Authority, which was adopted after Hamas formed a cabinet in March.

The Western aid freeze has plunged the Palestinian territories into a severe economic crisis, which has been compounded by Israel's two-month military offensive in the Gaza Strip, launched after militants killed two soldiers and seized a third in a cross-border raid.

Hamas has killed scores of Israelis over the years in suicide attacks. But it has not claimed any such attack inside the Jewish state since January 2005.

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Blair made his comments during a speech to the annual Trades Union Congress (TUC) gathering in Brighton, at which he faced protests including from delegates opposed to what they called the "illegal war" in Lebanon.

The British premier last week pledged to resign within a year, as the price of quelling a damaging crisis within his ruling Labour party over his leadership plans.

His speech to the TUC was therefore his last to the gathering as prime minister.

Annan: Israeli Withdrawal "Significant' (AP)

By Nick Wadhams

AP, September 12, 2006

Israel has made "significant progress" in the gradual withdrawal of its forces from south Lebanon in the month since the U.N. Security Council passed a resolution to end the conflict there, U.N. Secretary-General Kofi Annan said Tuesday in a report.

The report said both Israel and the Islamic militant group Hezbollah had mostly complied with the cease-fire that was called for in that resolution, aside from one major raid by Israel on Aug. 19 and several minor violations.

The U.N. Security Council had asked Annan to report back periodically on the implementation of the resolution, which paved the way for the cease-fire that took effect on Aug. 14.

He said Israel has withdrawn from about two-thirds of the area it occupied in south Lebanon as it tried to oust Hezbollah militants from the area, and has promised to leave entirely by the time Lebanon deploys 15,000 troops and the U.N. sends 5,000 peacekeepers there.

Annan, who recently returned from an 11-day trip to the region, said the process would be finished in the coming weeks. He did not say how many Israeli troops remained in south Lebanon.

"On the ground, significant progress continues to be made as regards the gradual withdrawal of Israeli forces and the deployment of the LAF (Lebanese Armed Forces)," Annan wrote in the report.

Annan said the 34-day conflict, sparked when Hezbollah captured two Israeli soldiers in a July 12 cross-border raid, had plunged the region "back into the instability that prevailed for decades."

He said the underlying causes of conflict in the Middle East had to be addressed to end the violence.

"Other crises cannot be ignored, especially in the occupied Palestinian territory, as they are all interlinked," he said. "Until the international community insists on a just, lasting and comprehensive peace in the Middle East, any one of these conflicts has the potential to erupt and engulf the entire region."

Annan said that during his recent trip to the Middle East, Syrian President Bashar Assad had assured him that Damascus was prepared to delineate its border with Lebanon. That would help settle the issue of the disputed Chebaa Farms area, which sits where the borders of Lebanon, Syria and Israel meet and is occupied by Israel.

Assad also assured him that Syria is willing to increase the number of border guards along the boundary with Lebanon, and give them more training and supplies.

Hezbollah is widely believed to have received weapons and other support from its backers, Syria and Iran.

On other issues, Annan said Israeli maps provided to the U.N. peacekeeping mission in south Lebanon about Israel's cluster bombing of the area were not detailed enough to be of any use. He repeated U.N. findings that said 90 percent of the cluster bombs Israel dropped during the conflict fell in the three days between Aug. 11, when the Security Council approved the cease-fire, and the moment the fighting stopped.

Land For NATO (NYT)

By Thomas L. Friedman

The New York Times, September 13, 2006

Listening to the post-Lebanon-war debate in Israel leaves me wanting to say just one thing to Israelis: Get a grip on.

Israel is behaving like it lost the Lebanon war and now needs to tear itself apart, limb by limb, with investigations and new elections. Clearly the Israeli Army's logistics broke down, and clearly it was ill-prepared for a guerrilla war against Hezbollah. And clearly it is a sign of the health of Israel's democracy that Israelis feel free to castigate their leadership.

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Nevertheless, Prime Minister Ehud Olmert did a better job, under the circumstances, than he is being credited with, and, more important, the situation evolving in south Lebanon now has the potential to offer a whole new model for peacemaking.

Regarding Mr. Olmert, this war was not easy to manage, because it was about everything and nothing. There was absolutely no reason for the Hezbollah attack on July 12 across the U.N.-recognized Israel-Lebanon border, in which eight Israeli soldiers were killed and two abducted. In that sense, the war was about nothing.

But precisely because it was about nothing, it was also about everything. If Hezbollah could just attack Israel — unprovoked — claiming among its goals the liberation of Jerusalem, and using missiles provided by an Iranian regime that says Israel should be wiped off the map, then it was a war about everything. And Israel had to respond resolutely.

So, gauging the right response was intrinsically hard. In the end, Mr. Olmert bombarded Hezbollah's infrastructure, and, tragically but inevitably, the homes of Hezbollah's Shiite followers, among whom Hezbollah fighters were embedded.

The Israeli response was brutal, but it did send a deterrent message, which Sheik Hassan Nasrallah, the Hezbollah leader, received. As he put it in an interview on Lebanon's NTV, "If I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not."

Even he doesn't think he won.

Give Nasrallah credit for honesty. What Arab leader has ever been so self-critical? Nasrallah was reacting to those Lebanese voices that said: Thanks for passing out $12,000 to families who lost homes in the fighting, but had you spent that money on schools and jobs, rather than a stupid war, we'd all be better off.

The fact that Condi Rice and the French foreign minister, working with the U.N., were able to secure an international peacekeeping force in south Lebanon is a potentially key achievement on two fronts. If the force works — still a big if — Hezbollah will not be able to directly attack Israel without getting embroiled in a conflict with 15,000 French, Italian, Indian and possibly Turkish peacekeepers. That is a big new strategic problem for Hezbollah, Iran and Syria. They can't hit Israel now without harming their ties with the E.U.

More important, what have we learned in recent years? One, Israel's occupations of the West Bank, Gaza and Lebanon are unsustainable. And two, Lebanon and the Palestinians don't have their act together enough yet to control border areas when Israel leaves — either by agreement (Oslo) or by just unilaterally withdrawing and throwing the keys over the fence. As a result, the peace process has not been "land for peace," but "land for war."

When Israel pulls out of Gaza, Lebanon and the West Bank and wants quiet, it needs a reliable structure of authority on the other side, which, right now, neither Lebanon nor the Palestinians alone can provide.

The U.N./European force evolving in Lebanon may offer a new model. It's not "land for peace," or "land for war," but what I'd call "land for NATO." Israel withdraws and the border is secured by a force that is U.N. on the outside but NATO on the inside.

"The fact that it has a heavy European/NATO component makes it credible to Israel, and the fact that it has a U.N. umbrella makes it acceptable to the Arab world," said the U.N. under secretary Shashi Tharoor, the dynamic Indian diplomat who is a finalist to succeed Kofi Annan as secretary general and who deserves U.S. endorsement.

The Europeans have to understand "that something very big is at stake in this force," said the Israeli political theorist Yaron Ezrahi. They have to prove that demilitarization in south Lebanon can give Israel security and Lebanon both sovereignty and an effective international partner to maintain order. If that happens, he added, "it could revive the chances for an eventual Palestinian-Israeli deal on the West Bank and Gaza."

Yes, it's a long shot, but maybe something good can actually come out of this good-for-nothing Lebanon war.

Bomb Kills 7 In Southeastern Turkey (AP)

By Benjamin Harvey

AP, September 12, 2006

A bomb struck a predominantly Kurdish city in southeastern Turkey on Tuesday, killing seven people and wounding 17, the local governor's office said.

Authorities said the bomb was made from powerful explosives and was set off by a cell phone timer. It was not immediately known who placed it, and nobody claimed responsibility.

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The explosion in the city of Diyarbakir happened around 9 p.m. and an investigation had begun, according to a statement from the provincial governor's office, which gave the casualty toll.

The deputy governor of the surrounding Diyarbakir province, Ahmet Aydin, said children were among those killed and two of the injured were in serious condition at a local hospital. Local news stations said five of the seven killed were children.

A Kurdish news agency reported that the blast took place near an elementary school. Witnesses said the blast threw body parts over a wide area and left pools of blood from the killed and injured.

Diyarbakir is Turkey's largest Kurdish-majority city, and the blast came as Kurdish rebels fighting for autonomy in the region have stepped up their attacks.

Also on Tuesday, the Turkish military announced that authorities had defused a remote-controlled bomb planted by Kurdish guerrillas on a busy bridge near the southeastern city of Hatay, and a bomb believed placed by rebels exploded as a freight train carrying coal passed in the eastern province of Bingol, damaging three rail cars.

The United States and Turkey are taking measures to counter Kurdish militants who have training camps in northern Iraq and launch frequent raids into Turkey.

Retired U.S. Air Force Gen. Joseph Ralston arrived in Ankara earlier Tuesday for talks on how to increase U.S.-Turkish cooperation in the fight against the rebels.

More than 37,000 people have been killed in fighting since rebels of the Kurdistan Workers Party, or PKK, took up arms against the Turkish state in 1984.

Both the United States and Turkey consider the group to be a terrorist organization.

Bomb Blast Kills Eight In Turkey's Main Kurdish City (AFP)

By Mahmut Bozarslan

AFP, September 12, 2006

Eight people, among them six children, were killed and 16 others injured in a powerful bomb blast in Diyarbakir, the largest city in Turkey's mainly Kurdish southeast, officials and hospital sources said.

The blast, the deadliest in a string of bombings across Turkey this year, occurred at around 9 pm (1900 GMT) near a bus stop at a crowded park in Diyarbakir's impoverished Baglar district, in which tea gardens are a favorite venue to relax in the evenings.

The bomb blast was heard throughout the city, shattering the windows of nearby buildings and opening small cracks in several walls.

A statement by the local governor's office identified the cause of the blast as a bomb and said that seven people were killed.

A one-year-old girl succumbed to her injuries later, bringing the death toll to eight, hospital sources said.

Another person was in critical condition.

There was no immediate claim of responsibility for the attack.

Diyarbakir, a city of around one million people, is a hotbed of Kurdish separatist militancy.

Covered bodies lay in the midst of pools of blood as the police cordoned off the site and bomb experts clad in white protective gear gathered evidence.

The CNN-Turk news channel said the bomb was detonated by remote control, possibly a mobile telephone.

"We heard that terrible bang and then we saw flames rising as high as five meters from the ground," said Hasan Ozcetinkaya, an employee of a gas station across the street.

"I was resting at home when I heard the explosion. I thought it was either an earthquake or I was losing my mind," Mehmet Sanli, a 75-year-old resident of a building next to the park, said. "I went out barefooted and the street was littered with pieces of glass."

The police launched an extensive security operation after the blast, checking people entering and exiting the city.

Southeast Turkey has been the theatre of a bloody 22-year Kurdish rebellion, led by the separatist Kurdistan Workers' Party (PKK), which has claimed more than 37,000 lives.

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The PKK, blacklisted as a terrorist group by Turkey, the European Union and the United States, has notably stepped up violence this year after it called off a five-year unilateral ceasefire in June 2004.

At least 75 members of the security forces and 104 rebels have been killed in clashes and attacks since the beginning of the year, according to an AFP count.

Kurdish militants have also claimed responsibility for 16 bomb attacks across Turkey, including tourist resorts in the west, which killed a total of 12 people and left around 200 others injured.

Tuesday's attack is likely to put further strain on the government of Prime Minister Recep Tayyip Erdogan, which has come under mounting criticism for failing to stop bloodshed in the southeast.

The bomb exploded hours after the arrival in Ankara of a special US envoy, retired general Joseph W. Ralston, who will hold talks with Turkish officials on Wednesday to discuss measures to curb the PKK.

Ankara has long urged Washington to crack down on PKK bases in neighboring northern Iraq, where the group has enjoyed safe haven for years.

On Monday, Turkey's main Kurdish party, the Democratic Society Party, urged the PKK to call a ceasefire.

French Presidential Hopeful Tours The U.S. (NYT)

By Elaine Sciolino

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Nicolas Sarkozy is campaigning hard to be the next president of France on the jogging trails of Central Park and in the corridors of the White House.

On a four-day trip to the United States, the 51-year-old minister of the interior, France's leading presidential hopeful on the right, pinned the Legion of Honor on the police commissioner of New York, honored firefighters in Midtown Manhattan for their losses on 9/11 and signed hundreds of copies of his new best-selling book on France's future.

He told Jewish leaders of his love of Israel, American business leaders of his love of free enterprise, and Francophiles of his love of America. He confessed that he loves to read Hemingway and watch movies like "Miami Vice."

He was received by President Bush at the White House (an exceptional event for a mere minister) and by Senator John McCain, Republican of Arizona, and Senator Barack Obama, Democrat of Illinois, on Capitol Hill.

"My devotion to our relationship with America is well known and has earned me substantial criticism in France," Mr. Sarkozy declared in a speech before the French-American Foundation in Washington on Tuesday, his last day here. "I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

Mr. Sarkozy is calculating that his courtship of America, and his affinity with some policies of the United States, may win him votes on the French right. And he used his trip here both to burnish his standing as a statesman and separate himself from what he considers his government's clumsy diplomacy in crises like those in Iraq and Lebanon.

Mr. Sarkozy is in many ways the most un-French of politicians, a believer in hard work, raw ambition, the man on the street and the American dream.

Despite the French Republican ideal that ignores religious and ethnic differences, Mr. Sarkozy speaks often of his Hungarian father and his foreign-sounding name, and has disclosed that one of his grandfathers was Jewish.

So for him, the nickname "Sarko the American" is not an insult, but a badge of honor.

In his speech on Tuesday, he blamed journalists on both sides of the Atlantic for writing reports often "so far from the truth" about France's adoration and envy of the United States.

The French, he said, "wear American jeans and love American burgers and pizza.

"Nothing makes a French person prouder than seeing a French actor in an American film," he added. "All French parents dream of sending their child to an American university."

Americans, he said, are "so successful and so misunderstood." Although Mr. Sarkozy opposes the war in Iraq, he criticized President Jacques Chirac for the way he conducted diplomacy with the United States before the war. In 2003, Mr. Chirac threatened to veto a United Nations Security Council resolution justifying the war, which infuriated the United States. Mr. Sarkozy

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called that decision the basis for the misunderstanding between France and the United States, adding that it was no way to treat a friend.

In a closed-door meeting with more than a dozen Jewish leaders on Monday, he said France should not have waited as long as it did to commit troops to Lebanon and went further than Mr. Chirac in criticizing Hezbollah, calling it a "terrorist" organization, according to one participant, who spoke on condition of anonymity because he was not authorized to disclose what took place at the meeting.

Mr. Sarkozy is running as both an insider and an outsider. He is the head of the ruling party, the Union for a Popular Movement, to which Mr. Chirac belongs, but he often calls for a "rupture" with current policies, including those that he believes inhibit job creation and productivity.

He did not go to the École Nationale d'Administration, the preparatory grand school for French political life, as did much of the country's political elite. "I wasn't destined to have a great role in society," he once said. "I had to go out and get it."

So it is as an outsider that he seems unconcerned that his appearance with Mr. Bush, who is more unpopular than ever in France these days, will hurt politically. On the contrary, Mr. Bush is the most recent in a string of foreign leaders Mr. Sarkozy has met with in recent weeks.

Playing the role of an ad hoc foreign minister, he discussed genocide in Darfur, the nuclear crisis with Iran and peacemaking in Lebanon with the United Nations secretary general, Kofi Annan, on Monday.

Mr. Sarkozy also appears to be wooing voters on the right through his anti-immigration, anticrime, antiterrorism policies to lure them from the extreme right-wing National Front party of Jean-Marie Le Pen. The highlight of the trip was an unannounced meeting with Mr. Bush at the White House on Tuesday during a scheduled meeting Mr. Sarkozy had with Stephen J. Hadley, the national security adviser.

Mr. Chirac, who was the first foreign leader to visit Mr. Bush at the White House after the 9/11 attacks, has been waiting for a return invitation ever since.

The purpose of Mr. Bush's appearance was in part to reward Mr. Sarkozy for his America-friendly foreign policy. "Certainly this can be seen as a signal to the current leadership in France," said one senior American official who spoke on condition of anonymity because he was not authorized to speak publicly. "Sarkozy has shown he has a different attitude towards the United States."

The official said the meeting was negotiated by both sides.

The White House even allowed a photo of the two men to be released, following a day of negotiation with French officials, the official said.

Frederick Jones, the National Security Council spokesman, said Mr. Bush joined the meeting in Mr. Hadley's office for about 25 minutes.

Mr. Sarkozy also met Tuesday with Secretary of State Condoleezza Rice and Michael Chertoff, the secretary of homeland security. To prove that the Bush administration is not taking sides in an election next April in which the parties have yet to choose candidates, Mr. Bush would also be willing to meet Ségolène Royal, the 52-year-old Socialist who is running neck and neck with Mr. Sarkozy in the polls, according to an American and a French official.

Mr. Sarkozy strongly opposes Turkey's bid for membership in the European Union, arguing that it will change Europe's character at a time when France and other European countries cannot manage the problems of their already large Muslim populations.

In the meeting with Jewish leaders, for example, he said Europe had a problem with its own Muslim population and asked, "So why is America advocating Turkish membership in the European Union?" according to one participant. He added, "We don't have a model of handling Muslims in Europe, so why should we bring in the Turks?"

He said the Libyan leader, Col. Muammar el-Qaddafi, had told him that one day Europe would be Muslim, and added that it would be "terrible" if such a thing happened with American help, the participant said.

Mr. Chirac, by contrast, is much more nuanced, cautiously endorsing Turkey's membership, but saying it could be a 10- to 15-year effort, and even then, would not be certain.

Mr. Sarkozy worked so hard to charm his American interlocutors during his trip that he even struggled to speak English.

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"I run. This morning. In Central Park. With T-shirt firefighters," he told Nicholas Scoppetta, the New York City fire commissioner, at a ceremony honoring New York firefighters.

"Wonderful! Excellent!" Mr. Scoppetta replied. Turning to a reporter, he added: "His English? He'd be the first to say he's a little embarrassed by it. But he's delightful. It's unfortunate that my vote doesn't count in France."

Mr. Sarkozy is already being attacked by his political opponents back home for using the visit — ostensibly a trip to commemorate the fifth anniversary of the 9/11 attacks — for partisan political ends and paying for it with taxpayers' money.

In a television interview on Monday, for example, the former Socialist culture minister and presidential hopeful Jack Lang called Mr. Sarkozy's use of public funds for a trip with personal political aims "illegitimate."

Mr. Sarkozy also defended his actions, telling reporters on Monday that it was "very important" for a French politician to understand global problems, adding, "Of course, I will continue to travel, to understand or learn so that security in France can be ensured."

The tough-talking, law-and-order Mr. Sarkozy was most frank in his meeting with Jewish leaders.

He praised his handling of riots last fall in the Paris suburbs and other cities and explained his continuing popularity. "I have called gangs scum, and I am still leading in the polls," he said, one participant said.

He acknowledged that it is often the French elite who oppose him, adding, "Some of the French elite hate me more than they hate America."

Sarkozy Looks To Closer Ties After Bush Era (FT)

By Guy Dinmore

Financial Times, September 13, 2006

A bomb scare near the White House on Tuesday delayed a speech by Nicolas Sarkozy, France's interior minister, but only served to strengthen his personal pro-American, pro-Israel message while burnishing his presidential credentials overseas.

However, like David Cameron, leader of Britain's opposition Conservatives in an address in London a day earlierMr Sarkozy was clearly looking towards the post-Bush era, directing his enthusiasm at the American nation and not its current administration.

Mr Sarkozy, front-runner to become the right's presidential candidate next year, mentioned President George W. Bush only briefly and France's Jacques Chirac not at all. In fact the interior minister seemed to distance himself from his own president, speaking of French "arrogance" and calling for a new era in transatlantic relations.

Welcoming his critics' attacks on his pro-American stance, Mr Sarkozy declared: "I'm not a coward. I am proud of this friendship and proclaim it gladly."

Turning to the crisis in Lebanon, Mr Sarkozy also spoke of his affinity to Israel in language that any mainstream American presidential aspirant would adopt.

"I would like to state how close I feel to Israel," he said, departing from the text of his speech. He said Israel's response in Lebanon might be considered "clumsy and disproportionate" but the "truth" was that Israel had a right to defend itself against the "aggressor" Hizbollah. "We are by your side," he said.

Hosted by the French American Foundation in the elegant setting of the National Society of the Daughters of the Revolution, Mr Sarkozy was preaching to the converted. But still he went to great lengths to describe the nations' historic ties and French admiration, if touched with envy, for America's "brilliant successes".

These included its economic, monetary and military power, rich intellectual life, the draw of US universities, its model of social integration, and the television series Miami Vice, jeans, burgers and pizza.

He rejected US pressure on the EU to accept Turkey as a member, saying this was not logical while countries such as France were struggling to integrate their own Muslim populations.

While sounding alarmist in his interpretation of the threat posed by Iran and its nuclear programme, Mr Sarkozy stressed the need for diplomacy and voiced scepticism about sanctions.

U.S. Creates Five Groups To Eye Cuba (MH)

By Pablo Bachelet

The Miami Herald, September 13, 2006

DOJ_NMG_0062315

WASHINGTON - Convinced that Fidel Castro will never regain the power he once wielded, the Bush administration has created five interagency working groups to monitor Cuba and carry out U.S. policies.

The groups, some of which operate in a war-room-like setting, were quietly set up after the July 31 announcement that the ailing Cuban leader had temporarily ceded power to a collective leadership headed by his brother Raúl, U.S. officials have told The Miami Herald.

Their composition reflects both the administration's Cuban policy priorities as well as the belief that the 80-year-old Castro's status as the island's undisputed leader is finished, regardless of the nature of his still-mysterious ailment.

Thomas Shannon, U.S. assistant secretary of state for the Western Hemisphere, said last month that Castro "does not appear" to be in a position to return to day-to-day management.

Eric Watnik, a State Department spokesman on Cuban issues, went further, telling The Miami Herald that Castro "will never come back to the position that he previously enjoyed." He declined to detail any evidence the U.S. government has for such a belief.

U.S. officials say three of the newly created groups are headed by the State Department: diplomatic actions; strategic communications and democratic promotion. Another that coordinated humanitarian aid to Cuba is run by the Commerce Department, and a fifth, on migration issues, is run jointly by the National Security Council and the Department of Homeland Security.

Many members of the groups work out of the same State Department office in what one person familiar with the operation described as a ``control room."

The State Department is reluctant to give details of the new interagency groups, saying the focus should be on the democratic transition the groups are trying to achieve in Cuba rather than on the U.S. government process.

But the overall idea is to exchange views with other governments and create a common external front as Cuba begins its post-Castro transition, said U.S. officials who asked for anonymity because of the sensitive nature of the issues.

Officials portrayed the working groups as logical outcomes of the Commission on Assistance to a Free Cuba, an interagency Cabinet-level effort that has been convened twice to draft policy recommendations. The second commission report, co-chaired by Secretary of State Condoleezza Rice and Commerce Secretary Carlos Gutierrez, was issued in July, just weeks before Castro underwent surgery for intestinal bleeding caused by a still undisclosed ailment.

It recommended more aid to Castro opponents, a diplomatic campaign to offset Venezuelan President Hugo Chávez's alleged efforts to prolong communism in Cuba, and stricter enforcement of existing sanctions. It also recommended more coordination between government agencies.

The establishment of the new interagency working groups came around the same time as the intelligence community was also bolstering its monitoring of Cuba. Last month, U.S. Director of National Intelligence John Negroponte appointed CIA veteran Patrick Maher as acting mission manager for Cuba and Venezuela. Officials say the post had been planned before the announcement of Castro's illness.

HIGH-LEVEL POST

The position is considered "very high level," according to Brian Latell, a retired CIA analyst on Cuba and author of a recent book on Fidel and Raúl Castro, After Fidel.

Such mission managers usually oversee a staff of between four and six people that culls intelligence information on the target countries. Though the post is essentially one of coordination, the manager is also expected to "be an activist" to stimulate better information gathering from the different branches of the intelligence services, Latell said.

The creation of the post also underlined the national security importance of Cuba and Venezuela. Only Iran and North Korea -- both perceived as nuclear threats -- currently have similar U.S. mission managers overseeing them. Three other managers oversee counterterrorism, counterintelligence and counterproliferation.

The Bush administration's policy on Cuba has been straightforward: pressure Havana to adopt democratic reforms through a combination of economic sanctions and diplomatic isolation.

But when specific options are discussed, Cuba has often turned out to be divisive.

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The Department of Defense, for instance, has balked at acting too aggressively for fear of igniting a crisis in the U.S. back yard at a time when U.S. forces already are stretched thin by the wars in Afghanistan and Iraq.

Mauricio Claver-Carone, who heads the U.S.-Cuba Democracy Political Action Committee in Washington, which lobbies Congress for tougher sanctions on the island, says democratic change in Cuba should "supersede perceived instability" concerns.

He said that the State Department and the White House are committed to "democracy above all options," while Homeland Security and the Pentagon are ``ambivalent to drastic change in Cuba."

MARTI BROADCASTS

Another example is an effort to ease the restriction requiring the U.S. airplanes that broadcast Radio and TV Martí to Cuba to remain within U.S. territorial airspace -- a measure that limits its ability to get around Cuban jamming.

Some Cuban-American activists have long advocated allowing the aircraft to wander into international airspace despite concerns about violating international broadcasting regulations. But the Cuban government considers all Martí broadcasts provocations that violate international law.

Miami Republican Rep. Lincoln Díaz-Balart told The Miami Herald in an interview earlier this year that the aircraft ``should be able to fly from wherever it has to fly so that the signal can't be jammed."

Dance Of Diplomacy Is Grist For The Gossip Mill (NYT)

By Helene Cooper

The New York Times, September 13, 2006

STELLARTON, Nova Scotia, Sept. 12 — There are perils to being unattached in the stodgy world of diplomacy. Sometimes it has seemed that all Secretary of State Condoleezza Rice needs to do is show up in public with a man, and people start talking.

The single, sophisticated American secretary of state once drew notice for wearing black stiletto knee-high boots with an above-the-knee black skirt while reviewing American troops in Germany, so she is bound to attract gossip. That is particularly true on the dry, acronym-ridden diplomatic circuit of NATO meetings, APEC forums and Asean conclaves, where much imagination has focused on possible romantic links between Ms. Rice and her counterparts.

Until now, Ms. Rice's rumored matches have been, shall we say, unlikely ever to appear on the cover of GQ magazine. In July, Italy's normally staid Corriere della Sera raised its eyebrows over a joint appearance in Rome between Italy's similarly staid foreign minister, Massimo D'Alema, and Ms. Rice. In April, a headline in The Boston Globe promised a tale of "Jack and Condi: A Love Story," after Ms. Rice gave the pullout bed aboard her plane to the former British foreign minister, Jack Straw, during a surprise trip to Baghdad from Blackpool, England, where she was visiting Mr. Straw's hometown.

But it took a two-hour flight to Halifax, Nova Scotia, this week, followed by a 90-minute motorcade north up Highway 102 to Pictou County, for Ms. Rice to find herself linked to someone with similar star appeal: Peter MacKay of Canada, the single, sophisticated foreign minister, routinely named Canada's sexiest M.P. by The Hill Times in Ottawa, and the closest thing to eye candy on the diplomatic circuit. Tall, athletic, young, blond and recently dumped by his girlfriend, a fellow member of Parliament, Belinda Stronach, who parted with him when she switched parties, Mr. MacKay does not look like your usual foreign minister.

He has a tan and the build of someone who spends his time on the rugby field, not holed up reading G-8 communiqués. Sure, at 40 years old, he is younger than Ms. Rice, who is 51, but that did not stop gossips from engaging in baseless speculating.

Even the protesters who routinely show up wherever Ms. Rice goes got in on the act. "Pete, Condi, Make Love Not War," read one sign, carried by a grinning demonstrator who had roused himself to take a position early Tuesday morning in front of the Museum of Industry here, where the two spoke to local leaders and the press.

O.K., there needs to be a disclaimer right here. Foreign ministers rarely have a lot of alone time together. There is no evidence whatsoever to suggest that Ms. Rice and Mr. MacKay are linked by anything more than their shared status as singletons.

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The State Department has been quick to dump cold water over MacKay-Rice innuendoes. "No, there were no candles," Sean McCormack, the State Department spokesman, said in exasperation when reporters asked for further details about a working dinner on Monday when the two sat side by side at the Pictou Lodge Resort. Mr. McCormack pointed out that the dinner was not even intimate: 14 aides and six security guards were present.

"It was a well lighted dinner, with electricity-based lighting," Mr. McCormack said.

But reporters tend to get bored pretty fast — there is only so much ink anyone can devote to softwood lumber trade spats and overfishing in the North Atlantic. And a bored reporter is a gossipy reporter, as demonstrated by the chatter last year after Defense Secretary Donald H. Rumsfeld took a dinner cruise up a Norwegian fjord and sipped wine with his counterpart, the Norwegian defense minister, Kristin Krohn Devold. (She gave him a sweater; he gave her a designer bag.)

If you believe the blogs, Mr. MacKay has been sweet on Ms. Rice since their first meeting in Washington last year. "Peter McKay has a crush... " said a headline on the Web site NowPublic, atop a giant photo of Ms. Rice, "...on Condoleezza Rice." The subhead continued: "Well, they are both single after all.''

Ms. Rice and Mr. MacKay even made the "Hot and Not" list in a column in the Toronto newspaper The Globe and Mail on Saturday. "Hot: Peter MacKay and Condoleezza Rice," the column, Ottawa Notebook, read.

The two do keep offering up tantalizing tidbits and comments to take out of context and misconstrue. For instance, after the Rome meeting in July, Ms. Rice gave Mr. McKay a ride aboard her plane to Kuala Lumpur, Malaysia, for a conference with Southeast Asian countries. O.K., the European Union's foreign policy chief, Javier Solana, got a lift, too, but he looks like, well, a diplomat.

On Tuesday morning, Ms. Rice and Mr. MacKay strolled up to their side-by-side daises to talk to the folks here. "I am just delighted to have Condoleezza Rice, the secretary of state, here in my hometown," gushed a beaming Mr. MacKay, wearing a pearl gray suit, pink and blue striped tie.

He switched to bad French, even to some American ears, and said something about Longfellow's poem "Evangeline." He mentioned Nova Scotia's rich black history, citing the "black loyalist community, Canada's oldest community of African heritage."

Then, he said, "Something else I've learned about Secretary Rice is she loves the cool Atlantic breezes here in Nova Scotia, and she left the window open last night." The audience tittered.

At the end of his speech, he took off his glasses, turned to Ms. Rice and said, "Please come back again."

Ms. Rice, clad in a yellow jacket, black pencil skirt and black heels, also offered plenty of fodder. She repeatedly called Mr. MacKay "Peter" (he called her "Secretary Rice" or "Miss Rice"), confirmed the sleeping-with-the-window-open bit, and told the assembled local leaders that Mr. MacKay had introduced her to his family, including his father and stepmother, the night before.

Family is important, she said, with a sly smile, because "they remind you of the things you did when you were 5 years old." Beside her, Mr. MacKay grinned and blushed.

North Korea Rift Hangs Over Bush-Roh Summit (WSJ)

By Evan Ramstad

The Wall Street Journal, September 13, 2006

SEOUL, South Korea -- South Korea and the U.S. are strengthening their economic and military relationships, but their divergent views on how to deal with North Korea will provide an uncomfortable backdrop on a meeting in Washington tomorrow between the countries' presidents.

The missile tests North Korea conducted in July laid bare major strategic differences between Washington and Seoul that could widen if Pyongyang goes through with an underground nuclear-bomb test that U.S. intelligence sources say it is preparing.

President Bush pushed for United Nations sanctions against North Korea after the missile tests. South Korean President Roh Moo Hyun only mildly criticized Pyongyang and tried to dissuade allies such as the U.S. and Japan from reacting too strongly.

Both the U.S. and South Korea want to stop Pyongyang's nuclear-weapons program. But Washington also would like to see leader Kim Jong Il's regime collapse, in the hope of removing a threat to regional stability and ending decades of repression that have left North Korea one of the world's poorest countries.

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Mr. Roh and many South Koreans worry that a North Korean collapse would leave them with an enormous mess to clean up -- one that would cost tens of billions of dollars, slow the South's growth and pit Seoul against China in a race for control of the North. In addition, with the U.S. military and budget stretched by the Iraq war, one South Korean official says, "we don't envision U.S. taxpayers putting up billions to help us in this."

For the past five years, South Korea's government has made economic investments in the North and provided food aid to promote slow change in Pyongyang and eventual unification with it.

Under Mr. Roh, the fear of destabilizing the North has become so intense that South Korean government officials tamp many actions they think the Kim regime might view as provocative. Two weeks ago, Seoul asked a church group to stop sending missionary leaflets northward via balloons, citing an agreement made with the North in 2004 to halt propaganda.

Mr. Roh earlier this year offered to meet Mr. Kim anytime and anywhere, in hopes of broadening economic ties. The U.S. refuses to meet North Korea's leadership outside a broader arena such as the U.N. or the deadlocked six-nation talks, which, in addition to the U.S. and the two Koreas, involve China, Japan and Russia.

The danger in the U.S.-South Korea division over how to cope with the North is that the partners aren't preparing for the long-term problem of what to do when the Kim regime ends, says Michael Auslin, a professor of East Asian history at Yale University.

"The nuclear crisis is a symptom of a disease. The disease is Kim himself," Mr. Auslin says. Given that other countries have watched the situation for 50 years, he adds, it would show "gross negligence" on their part if Mr. Kim's regime collapsed tomorrow and they didn't have a strategy in place to deal with it.

At their Washington summit, however, Messrs. Bush and Roh are expected to focus mainly on matters on which the U.S. and South Korea are aligned, including the development of a free-trade agreement and plans to shift wartime control of their joint military command to a Korean general from a U.S. one, for the first time in half a century. That shift is likely to occur between 2009 and 2012.

Both issues are controversial in South Korea. Support for free trade divides along political lines, but opposition to Korean control of its military in wartime is broader, arousing fears that it is a step toward the withdrawal of U.S. troops.

U.S. military officials have tried to assure South Koreans that they stand by the country and its military. "There will be no change in the security of this peninsula caused by the transfer of that control," says Stephen Sargeant, a U.S. Air Force general who is deputy chief of staff of the combined forces in Korea.

S. Korea, U.S. To Revisit Alliance (WT)

By David R. Sands

The Washington Times, September 13, 2006

Two allies who frequently talk past each other will talk directly this week when South Korean President Roh Moo-hyun meets with President Bush for a White House working visit tomorrow.

The summit comes amid delicate talks over the command of South Korean troops in wartime and a larger debate on both sides about the purpose and future of an alliance forged in a Cold War conflict that ended more than a half century ago.

"I still believe the fundamentals of the strategic alliance are strong, but there is an awful lot of bad noise surrounding our relationship with South Korea," said Michael Green, point man for Asian affairs at the National Security Council in Mr. Bush's first term who is now at the Center for Strategic and International Studies.

"It will take a good bit of management on our side to keep the relationship healthy," he said.

But the Roh government's policy of engaging North Korea contrasts with Washington's hardening line against Pyongyang over its nuclear programs. The North Korea issue -- and growing fears in Seoul that the U.S. wants to use South Korea to promote its own interests across the region -- have strained the alliance, said Adam Ward, executive director of the U.S. arm of the London-based International Institute for Strategic Studies (IISS).

"There's no common understanding now of what the alliance is for," Mr. Ward said. "Washington and Seoul have very different assessments of what the major threats are in the region."

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The IISS global strategic survey, released last week, noted, "Where Americans see an increasingly dangerous and repressive evil regime [in North Korea], South Koreans see a pitiable renegade brother, estranged by an accident of history in which America was culpable."

Mr. Roh, a former labor organizer elected on a center-left platform in 2002, demonstrated the perception gap again last week, telling reporters on a European tour that Pyongyang's July 4 missile test -- condemned by the United States and Japan -- was more political theater than military threat.

"The missiles were too shabby to go to the U.S. and too big to go to South Korea," he said, according to a statement released by his office. "I believe the missiles were not for actual military attack but were launched for political purposes."

Mr. Roh's government has steadily increased aid to the North and has complained about U.S. criticisms of the North's human rights record.

Mr. Roh in January warned of potential bilateral friction with the United States over the North.

"The South Korean government does not agree with some forces in the United States that raise issues about North Korea's regime, put pressure on it and apparently desire to see its collapse," he said.

U.S. officials, in turn, have expressed frustration privately about the South's rapprochement with the North, which has continued even as the North boycotts multilateral talks organized by China about its nuclear missile programs.

Thomas Hubbard, ambassador to South Korea from 2001 to 2004, said he expected a "productive meeting" between Mr. Bush and Mr. Roh, but acknowledged, "We could do a better job managing the relationship."

"The central problem is that, just as Americans are coming to see North Korea as a greater threat, ... South Koreans, especially the younger generation, have come to see North Korea as less of a threat," he said.

Mr. Green said that despite often-noisy anti-American sentiment in the South, Seoul and Washington remain united on the need for the alliance to deter North Korea, to preserve the South's autonomy and to work for stability in northeastern Asia.

South Korea under Mr. Roh, he noted, has dispatched troops to Iraq, begun a politically sensitive reorganization of U.S. military bases and started negotiations -- ahead of Japan and China -- on a major free-trade agreement with the United States. Popular resentment of the United States has even fallen in recent polls, he said.

"The problem is that the Roh government is so invested in the policy of engaging with the North -- even when it plainly hasn't produced results -- that it can create a lot of sparks and disharmony," Mr. Green said.

But Mr. Ward said the South Korean mission in Iraq only underscored the growing strategic disconnect in the two capitals.

"The Americans see the South Korean deployment as the kind of role they think Seoul can play to help U.S. interests," he said. "The South Koreans see the mission as the price they have to pay to keep the U.S. side tied to the military alliance at home."

Many in South Korea, he added, are wary that the United States hopes to enlist Seoul in a long-term campaign to contain the growing economic and military clout of China. China recently surpassed the United States as Seoul's largest trading partner.

Although Mr. Bush and Mr. Roh lack the personal chemistry that Mr. Bush has had with Japanese leader Junichiro Koizumi, Mr. Green said the two leaders are "straight talkers" and have generally worked well together in past meetings.

South Korean officials said last week that the two leaders may discuss but are unlikely to resolve one of the more ticklish bilateral issues -- a push by Seoul to reclaim operational control in wartime of its own forces. Under agreements dating back to the Korean War, U.S. generals have been charged with the command of both U.S. and South Korean forces should hostilities break out.

Mr. Roh has strongly supported the command transfer as a way to bolster the South's sovereignty and control of its national defense. About 29,500 U.S. troops are stationed in the South.

South Korean and U.S. military officials are still negotiating a date for the transfer. Gen. B.B. Bell, the top U.S. military commander in South Korea, told reporters last week that he supported the transfer and said the U.S. commitment to the South's security would not be diminished by the shift.

But South Korean conservatives and former military and diplomatic officials have criticized the idea, saying it would send the wrong signal to Pyongyang and weaken the alliance.

IMF Warns Lingering Imbalances May Spur Volatile Fall In Dollar (WSJ)

DOJ_NMG_0062320

By Iain McDonald

The Wall Street Journal, September 13, 2006

SINGAPORE -- The risk of a disorderly decline in the U.S. dollar could increase unless policies are put in place to address global savings-and-investment imbalances, the International Monetary Fund said.

In its latest assessment of the global financial system, the IMF said financial-market corrections in May and June are a reminder for policy makers to strengthen economic policy and pursue needed structural changes.

Starting in May, and since the IMF's previous financial-stability report, prices of risky assets fell as investors turned risk averse amid concerns that rising oil and commodity prices would increase inflation and interest rates.

The IMF said emerging Asian countries should be more ambitious in increasing exchange-rate flexibility, the U.S. should consolidate its fiscal position and Europe and Japan should speed up structural changes.

Market consensus is for Asian currencies to appreciate in the medium term while non-Asian currencies weaken, the IMF said.

"The risk of a disorderly dollar adjustment could well increase without policies being put into place to foster the needed adjustments in saving and investment imbalances," it said.

The IMF's warning is the latest in a string of cautions by policy makers around the globe of the potential for significant financial-market volatility and asset-price slumps should the unwinding of global imbalances turn messy.

It noted that foreign holdings of U.S. assets continue to climb, rising to $6.3 trillion by June 2005 from $1.2 trillion in 1994.

The IMF's report comes ahead of annual meetings that it and the World Bank will hold in Singapore, starting Sunday. Ahead of those meetings, finance ministers and central bankers from the Group of Seven leading industrial countries will meet Saturday in Singapore.

Financial markets are particularly vulnerable to instability because many asset prices don't include any significant premium to reflect risks of a weaker global economic outlook and possible sharp moves in financial markets, it said.

Some emerging-market countries with large current-account deficits that rely heavily on foreign-capital inflows would be vulnerable to volatile market moves, it said.

In its report, the IMF found that contrary to popular belief, the scale of yen-carry trade -- a strategy to exploit low Japanese interest rates to earn higher returns elsewhere -- has been "moderate."

Many financial traders think that the trading strategy, in which people borrow yen cheaply and exchange it for other currencies to invest in more attractive assets overseas, has been very popular.

The IMF said "by most indications, the scale of the trade and subsequent unwinding has been moderate."

China-Tariff Discord Escalates (WSJ)

By John W. Miller

The Wall Street Journal, September 13, 2006

BRUSSELS -- The U.S., the European Union and Canada are set to file a joint complaint with the World Trade Organization against China's import tariffs on auto parts, said people familiar with the matter.

The complaint, which could be filed as soon as this week, marks the first time the Western allies have teamed up to seek a formal investigation by the global trade body in a dispute with the Asian giant.

In March the three governments filed a preliminary complaint against Chinese protection of its auto-parts manufacturers. In negotiations with the governments, China has refused to change its protectionist policy, which charges an average 25% levy on imported auto parts. That leaves formal complaint as a last recourse at the WTO for Washington, Brussels and Ottawa.

"We have long voiced our concern and disquiet with the Chinese on this issue," said European Commission spokesman Peter Power. The U.S. exported only about $540 million of auto parts to China last year, a market estimated at $19 billion. The EU says its auto-parts exports to China are valued at about €3 billion, or roughly $4 billion.

The complaint could result in punitive special tariffs being imposed on Beijing.

The Chinese delegation to the WTO in Geneva didn't immediately return calls seeking comment.

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The issue will likely be discussed at a regular WTO meeting on trade disputes scheduled for Sept. 28, the people familiar with the matter said. Complaints from WTO members need to be filed two weeks before the monthly gatherings.

China exempts companies with factories in China -- such as General Motors Corp., Volkswagen AG and DaimlerChrysler AG -- from paying the tariff only if they buy at least 40% of their parts from local producers.

In trade terms, such "local content" requirements violate free-trade rules China pledged to meet when it joined the WTO in 2001. The rule handicaps foreign auto-parts suppliers competing for a share of the four million autos made every year in China.

Auto makers say they have difficulty finding enough local providers who can meet their standards.

DaimlerChrysler, for instance, began making the Mercedes E-Class in Beijing in December. The auto maker says it would like to avoid the tariffs by using local suppliers. "We're still looking for local providers who meet our standards so we can get to 40%," said Trevor Hale, a spokesman for DaimlerChrysler in China.

General Motors said recently that it would stop production of its Buick Royaum model in China partly because importing parts had become too expensive.

Others worry that setting up in China to meet local-content requirements ultimately invites piracy. Finland's prime minister said at a EU-China business summit in Helsinki yesterday that European companies were afraid of investing in China for fear their "expensive and hard-won technology" would be copied.

The joint move follows the EU's adoption of a tougher line on Chinese imports. Last month, the European Commission asked EU members to approve tariffs of 16.5% on imports of certain types of leather shoes from China.

EU members are divided on that issue. Shoe-producing countries like Italy want the tariffs. They are opposed by governments like the U.K. and Ireland that are standing up for European retailers who book healthy profits on selling inexpensive Chinese goods.

Chinese exports to the EU had risen to €158 billion in 2005 from €74 billion in 2000, according to statistics agency Eurostat. Imports into China from the EU increased to €52 billion from €26 billion over the same period.

China's Export Engine (WP)

By Peter S. Goodman And Paul Blustein

The Washington Post, September 13, 2006

SHANGHAI -- Hunched over clattering machinery, the 170 workers at a factory here churn out gleaming pistons for auto engines by the crateful, driven by surging demand from abroad. To hear managers at Shanghai Datong Automotive Industrial Co. tell it, their success overseas is due to efficiency and rock-bottom costs. "Our technology is good, our wages are low and materials are abundant," said Jin Zhangfu, the plant's manufacturing supervisor.

But in the American heartland towns where auto parts makers are struggling to survive, an entirely different explanation -- China's cheap currency -- is proffered for the competitiveness of companies such as Shanghai Datong. Such complaints are expected to get high-level attention in coming days as the Bush administration's new Treasury secretary visits Asia.

Wes Smith, president of E&E Manufacturing Co. of Plymouth, Mich., a maker of fasteners and other auto components, blamed much of "the world of hurt" his company is suffering on Beijing's policy of keeping the value of the yuan tightly controlled at a level that, he said, gives Chinese manufacturers an unfair advantage.

"It's not that we're competing against the so-called dollar-a-day wage," Smith said. "It's that they subsidize their production with currency manipulation."

Criticism over China's currency policy has alternately flared and subsided for several years, but the problem is reaching a new and potentially explosive stage as the Chinese export juggernaut moves up the ladder from clothes, toys and televisions to goods such as auto parts.

The issue is to be debated this weekend at annual meetings of the International Monetary Fund and the World Bank in Singapore, and again during Treasury Secretary Henry M. Paulson Jr.'s visit to China next week. Although some economists view the matter as overblown, others say the yuan's exchange rate is so far out of line as to constitute a dangerous distortion in global trade.

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At a hearing last month of a body created by Congress to study U.S.-Chinese issues, Brad Setser, director of global research at Roubini Global Economics LLC, said that China's exports, which were about $325 billion in 2002, are on pace to reach $950 billion this year, "an extraordinary increase" in a brief period. During that time, he added, the Chinese current account surplus, the broadest measure of the gap between exports and imports, has risen six-fold, to an estimated $220 billion in 2006, an amount equal to about 8 percent of China's total economic output.

That is simple but powerful substantiation that the yuan is grossly undervalued, in the view of Setser and other economists.

In 2002, the U.S. dollar began declining sharply against other major currencies including the euro, British pound, Japanese yen and Canadian and Australian dollars, but not the yuan, which the Chinese government kept rigidly pegged at 8.28 per dollar. Under pressure from the United States, China announced in July 2005 that it would raise the value of the yuan by about 2 percent and allow it to move more according to supply and demand. But Beijing's restrictions over money flowing in and out of the country have helped keep further appreciation to a minimum -- about another 2 percent, far less than the 20 to 40 percent that some analysts estimate is warranted.

Auto parts illustrate the phenomenon clearly.

China's rapidly growing auto industry used to depend heavily on imported components, but last year for the first time the country exported more auto parts than it bought from abroad. Sales to the U.S. market have leapt 39 percent, to $5.4 billion in 2005. Worldwide, China has set a goal of exporting $70 billion worth of parts by 2010--a seven-fold increase from last year's level. That is exacerbating the woes of a U.S. industry that is already struggling, as witnessed by Delphi Corp.'s Chapter 11 bankruptcy filing. And while labor costs explain much about why Chinese firms have penetrated such sectors as furniture, auto parts makers blame the currency as a decisive factor.

For example, Dura Automotive Systems Inc. of Rochester Hills, Mich., has manufacturing plants in 14 countries, including China. It sells parking-brake cables made in the United States for $4.50, on which it earns a profit of 35 cents. The sales price in the United States of comparable Chinese cables is $3.70, effectively less than the U.S. cost of production, said Larry Denton, Dura's chairman and chief executive.

"If I were to balance the currency at the appropriate level," Denton said, that is, by raising the yuan as much as the Australian dollar, British pound or euro have risen against the U.S. dollar in the past several years, "the Chinese sell price and the U.S. sell price would be nearly identical, at $4.50. We would compete in a level marketplace."

In a world where nearly all major countries have moved in recent decades to currencies that float from fixed exchange rates, China has kept a different system. Limiting capital inflows and outflows enabled China to keep the yuan steady and avoid the financial crises that struck its Asian neighbors in the late 1990s, a feat for which it earned international praise. The fixed-rate policy also helped tame inflation during the 1990s.

Now, however, a major factor behind Chinese policy is the fear that a rapid appreciation of the yuan would make exports less competitive, threatening jobs.

"Traditionally, China relies on exports for growth, and the government is very nervous about harming this," said He Fan, an economist at the Chinese Academy of Social Sciences in Beijing. "There would be huge unemployment."

Those worries may be understandable, given that a big rise in joblessness could threaten China's stability, but they show that Beijing's currency regime amounts to a beggar-thy-neighbor policy, some economists assert.

By allowing China to underprice its goods, the situation "enables them to export some of their unemployment to the rest of the world and take huge advantage of the currency misalignment," said C. Fred Bergsten, director of the Institute for International Economics in Washington.

The result, aside from the impact on companies and jobs in the United States, is a widening of the vast trade imbalances that could eventually lead to turmoil in the global economy, according to Bergsten and other economists.

The U.S. deficit with China accounted for more than a quarter of the $716 billion U.S. trade gap last year. That is why China's currency policy will be on the agenda at the IMF-World Bank meeting in Singapore. Top policymakers will discuss ways to shrink such imbalances for fear that foreign investors may become spooked by the burgeoning U.S. deficit and dump their holdings of U.S. stocks and bonds. The issue will also be center stage when Paulson meets with Chinese leaders in his first trip to Beijing as Treasury chief.

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"We're going to ramp up and intensify our interaction with them," said Timothy D. Adams, the Treasury undersecretary for international affairs, citing Paulson's extensive experience in China when he headed the investment banking firm Goldman Sachs.

China needs to do a lot more than just allow the yuan to appreciate, Adams emphasized. Paulson's trip will also stress the need for Beijing to shift away from exports toward greater consumer spending. But Congress is pressing for action on the currency, with lawmakers threatening punitive tariffs on Chinese goods.

Some economists consider such demands misplaced. Ronald I. McKinnon, a professor of international economics at Stanford University, said that most Chinese products sold abroad are consumer goods assembled in China using components from Japan, South Korea, Taiwan and Thailand, among other places.

"China is merely the face of a worldwide export surge into American consumer markets," McKinnon argued in a paper published in July with a colleague, noting that at Christmas, when "American families open their presents, they see mainly made-in-China labels!"

According to McKinnon, a substantial rise in the yuan would lead to a fall in China's exports but would damage the Chinese economy so severely that the nation's demand for foreign goods would plunge as well, the result being no net shrinkage in the trade imbalance. That, McKinnon points out, is what happened with Japan in the last decade when it bowed to U.S. insistence on a rise in the value of the Japanese yen.

In recent months, a new issue has dominated the debate -- the risk that China's economy has overheated. Policymakers in Beijing are concerned that a boom in such fast-growing sectors as autos and real estate is leading to construction of more factories and office parks than China can use. The upshot could be a bust that would wreck the banking system.

Some economists assert that a higher yuan is precisely the right medicine. According to this theory, that would slow exports, limiting the buildup of China's foreign reserves and slowing the flow of funds into banks whose lending is fueling investment.

The Beijing government remains divided over how quickly to move, with the central bank urging a faster appreciation to prevent overheating and other ministries lobbying for little change.

Chinese exporters are vocal in opposing a rise in the currency. At the Shanghai Datong plant, Jin, the manufacturing supervisor, was asked recently what would happen if the yuan were to rise by 10 percent or so. He looked pained. "We couldn't afford that," he said.

Analysts say China's powerful State Council is striving to maintain a middle position, the most likely outcome being a rise in the yuan of perhaps 3 to 5 percent a year over the next two years.

"The consequences are so great that ultimately nobody can make a decision," said Mao Yushi, chairman of the Unirule Institute of Economics in Beijing. "Everyone knows the [yuan] must appreciate now, but no one has the courage to make it happen."

China's Echo Chamber (NYT)

The New York Times, September 13, 2006

China has long prided itself on its ability to master capitalism without indulging in the messy business of democracy. So Beijing got a twofer this week when it gave the state-run Xinhua news agency monopoly control over the lucrative financial news business and the power to administer broad censorship rules for all foreign news entering China.

Xinhua even got to announce the news of the new regulations. Not surprisingly, it didn't quote any critics.

Foreign agencies have long been barred from selling general news directly to the Chinese media. Some foreign companies have been quietly testing the limits as the number of Chinese media outlets has grown and Chinese editors have become more daring. Xinhua sent a clear warning to all sides, listing 10 categories of news covering politics, religion and national unity — code for Taiwan —that could not be released into China.

For the last decade financial news providers received better treatment and were allowed to sell their less politically sensitive information directly to banks and brokers. Now, under the new rules, they will have to distribute their wares through a

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designated agent of Xinhua — a fine way to get Xinhua, which is eager to sell its own financial news, a guaranteed cut of that multimillion-dollar action.

All of this comes at a time when honest journalism is increasingly under attack. Last month, a Chinese court sentenced Zhao Yan, a New York Times researcher and journalist, to three years in prison on a specious fraud charge. Soon after, another court sentenced Ching Cheong, a reporter for The Straits Times newspaper of Singapore, to five years in prison on trumped-up espionage charges.

Media organizations and governments, including the Bush administration, are right to protest these abuses as loudly and as often as they can. But the painful reality is that China's autocrats aren't usually moved by appeals to their better nature — or for that matter warnings that keeping such a tight lid on a society undergoing rapid changes could eventually explode in their faces.

What they do understand is how rich they've gotten since joining the World Trade Organization. These new rules appear, at a minimum, to violate their W.T.O. pledges to liberalize access to financial information. Trade officials and foreign business leaders need to remind Beijing's leaders of those promises. And they need to warn them that a country that keeps a stranglehold on information is not a great place to invest.

Blind Injustice (WSJ)

By Li Jinsong, Zhang Lihui, Li Fangping, Teng Biao And Xu Zhiyong

The Wall Street Journal, September 13, 2006

BEIJING -- Chen Guangcheng, a blind advocate for the rights of Chinese villagers, recently made headlines around the world when he was sentenced to four years and three months in prison. But, as his chosen lawyers, we were prevented from presenting a fair defense by obstacles erected by Chinese authorities. A local court imposed unacceptable terms on us defending our client at his Aug. 18 trial. Before the trial, we had been detained by police, intimidated, and one lawyer was not freed until the trial was over. Except for Mr. Chen's three brothers, no other members of the public -- not even his wife and mother -- were allowed to attend the two-hour hearing.

That's why we are using these columns to outline the defense that was never presented in court, and explain how our client was convicted of crimes he did not commit. In those closed-door proceedings, Chinese officials punished Mr. Chen for exposing their own criminal activities -- forcing villagers to undergo sterilizations and forced abortions, even though these are officially illegal under Chinese law.

Had we not been barred from the courtroom, we would have argued that the trial was unlawful. The two government-appointed lawyers, whom Mr. Chen refused to accept, had never met him before the trial nor read any of the files on his case. They did not offer any defense during the hearing, but merely repeated everything the prosecutors said.

The pretrial process also violated Chinese law and infringed basic human-rights principles. A self-taught lawyer, Mr. Chen has long helped the disabled and peasants fight illegal taxes and environmental pollution. In June 2005, he filed a class-action lawsuit accusing local officials in Yinan County, in northeastern Shandong province, of forcing peasants to undergo abortions or sterilizations in order to meet birth-control quotas. Two months later, Yinan officials placed Mr. Chen under house arrest. Then in March this year he was taken away by police. When we were finally allowed to meet Mr. Chen in June, he told us that police had verbally abused him, threatened his life, and once deprived him of sleep for three days.

Ever since the first of us took on Mr. Chen's case in September last year, we have been pressured by local authorities to drop it. When we refused to do so, we were beaten and intercepted by government officials as we tried to carry out investigations and collect evidence.

Both of the charges on which Mr. Chen was convicted are groundless. The first, "intentional destruction of property," is based on a clash on Feb. 15 this year between villagers and police, who had beaten another villager protesting Mr. Chen's illegal house arrest. But it was local officials, rather than Mr. Chen, who were responsible for inciting this incident by carrying out that beating. People we interviewed said the villagers did no more than push police vehicles into a roadside ditch, and that they only acted in this way because police refused to take the victim's grandmother to hospital after she passed out upon hearing of the beating.

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As for the second charge of "gathering crowds to obstruct traffic," once again it was the police, not Mr. Chen, who were responsible for this. On March 11, guards used by the local authorities to enforce the house arrest beat up another villager trying to meet Mr. Chen. Angry villagers then clashed with the guards and succeeded in getting Mr. Chen out of his house so that he could accompany them to the local government offices to protest. As they tried to get rides into town, police and guards surrounded them and temporarily stopped traffic until they could wrestle Mr. Chen and two other villagers into police cars and take them into custody.

The prosecutors introduced testimony from other detained villagers, accusing Mr. Chen of inciting property destruction. But lawyers representing these villagers were similarly never allowed to meet with them. Nor were they allowed to cross-examine these "witnesses." Family members of these villagers, who were detained for supporting Mr. Chen, said that they were mistreated in jail and forced to testify against Mr. Chen.

The real criminal suspects in this case are the officials responsible for obstructing justice and undermining the country's legal reform. These local officials could hardly have acted with such contempt and disregard for the law unless they had been given the green light by authorities higher up in the government. Nonetheless, in appealing Mr. Chen's case to a higher court, we will act on the assumption that the country's legal system can, without official interference, deliver a fair verdict and remedy wrongs. This may prove to be too optimistic. But we can only find out by fighting for justice, case by case, one client at a time.

The authors are Beijing-based lawyers.

Blair Gets Hostile Goodbye From Unions (AP)

By Beth Gardiner

AP, September 12, 2006

Tony Blair received a tense farewell Tuesday in his last address as prime minister to the annual gathering of Britain's labor unions, with more than a dozen activists walking out as he began speaking to protest his pro-business stance and aggressive foreign policy.

Many others booed and hissed as he mentioned controversial topics such as Iraq. Blair snapped back at some of the hecklers and joked with others, frequently referring to his fraught history with the unions, traditionally an important part of his governing Labour Party's base but now disgruntled by its centrism.

Blair, who gave in to a party revolt last week and announced he would resign within a year without setting a precise departure date, ended with a spirited defense of his accomplishments.

"For those of you who think you'll ever get a government where everything is fine, you won't," he said, after boasting of reduced unemployment, improved public services and greater aid to the poor and elderly. "But what does happen is progress if we have the courage and determination to remain in government."

He was heckled repeatedly during his 30-minute speech on economic globalization and grilled on employment issues during a combative question-and-answer session afterward.

"It was a very uncomfortable afternoon," said Val Hiscock, attending the conference as a representative of cleaning and catering companies. "I hoped he would go out with all guns blazing. ... What you felt most at the end was a sense of relief that he didn't have to do it again."

Blair acknowledged as much when he said last week that this year's speech to the Trades Union Congress would be his last to the group, "probably to the relief of both of us."

His relationship with unions has been tense throughout his nine years in office. They vehemently oppose his efforts to bring the private sector into public services such as health care and education, and many left-leaning members are also furious over the Iraq war.

About 20 demonstrators stood at the start of the speech holding placards that said "Go Now!" Others booed as Blair was introduced and more than a dozen walked out — followed by TV cameras — as he began.

The prime minister jokingly thanked the delegates "for that fine introduction — more or less."

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Some of the roughly 1,000 who remained in the hall shouted and heckled when Blair mentioned Iraq, Afghanistan, the Israeli-Palestinian conflict and his overhaul of Britain's public services, all issues on which he has angered many Labour Party stalwarts.

"You can hold up your posters about troops out, but the reason troops are in is because the democratic governments of Afghanistan and Iraq need our troops," he retorted. "You can disagree, but just listen to the argument."

Bob Crow, general secretary of the National Union of Rail, Maritime and Transport Workers and one of those who walked out of the speech, said Blair "has killed thousands of servicemen. ... As far as we are concerned we are not going to be party to something like that."

Blair's likely successor, Treasury chief Gordon Brown, praised the prime minister's speech and criticized the protesters. Seeking to demonstrate unity at the top of the Labour Party after last week's rebellion, which some accused him of fomenting, he made clear he supported the part-privatizations.

"I urge all trade unionists to support the reform agenda set out by Tony Blair," he said ahead of a private speech to union officials scheduled for later Tuesday.

Some union activists could flee to the third-largest party, the Liberal Democrats. They are unlikely to support the resurgent Tories, which despite their recent move to the revamp the party's policies, are still considered too pro-business for most left-leaning union members.

On Monday, Blair returned from Lebanon, where a protester briefly interrupted a briefing he was giving and accused him of complicity in the recent Israeli bombardment of the country.

Blair Gets Rough Ride In Farewell To TUC (FT)

By Christopher Adams And Andrew Taylor

Financial Times, September 13, 2006

Tony Blair failed on Tuesday to win over his critics in the trade union movement, some of whom accused him of lacking a strategic vision and urged him to quit immediately.

As Gordon Brown was preparing to address union bosses in a private dinner in Brighton, Mr Blair was being jeered at times during his final Trades Union Congress.

Mr Brown was expected to stand with Mr Blair over health service reforms.

A walkout by the RMT transport union, and conference floor protests over the Iraq war and public services reforms peppered what Mr Blair had hoped would be a valedictory performance.

In a speech, the prime minister warned of the need to meet the challenges posed by globalisation, terrorism and migration. He defended Britain's involvement in Iraq and Afghanistan.

He also hinted at a tougher policy on labour market access for workers from Romania and Bulgaria, which are due to join the European Union next year.

Mr Brown was expected to reinforce Mr Blair's message on globalisation and stress his goal of making Britain's the world's most skilled and educated workforce.

The chancellor is expected on Wednesay to launch a scheme providing on-the-job training for low-skilled employees in return for employers granting them time off.

Amid barracking from sections of the audience, some of whom stood up and waved banners saying "Blair Out", "Go Now" and "Troops Out", Mr Blair came close to losing his cool.

He said angrily: "We should be proud of what we are doing to support democrats in Iraq and are proud of it." The "brutal truth" was that government was a "hard and difficult business" but that it was also better than being in opposition.

Tony Woodley, general secretary of the Transport and General Workers Union, said it had been a sad performance from a leader who lacked a strategic vision.

Dave Prentis, Unison leader, said Mr Blair's foreign policy and public sector reforms had tarnished his record.

Paul Kenny, GMB general secretary, said: "He was a great showman but left the TUC without any nominations for the Oscars."

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However, other union bosses were supportive. The prime minister has angered some in the union movement over reforms that have made more use of private companies in public services and the National Health Service in particular. The unions believe the changes amount to “creeping privatisation” and say they will lead to job losses and hospital closures.

The chancellor was expected to back Mr Blair on the NHS. “I urge all to support Tony Blair in what he said about our reforms in health,” he was due to say. The chancellor condemned those who walked out.

What Really Happened In Britain Last Week? (WSJ)

By Peter Stothard

The Wall Street Journal, September 13, 2006

LONDON -- American friends of Tony Blair -- those many millions of them -- may be surprised to learn that their best foreign ally is being poked and prodded from office like an unwanted dog. Margaret Thatcher's friends in Washington were no less shocked 16 years ago when she too was kicked unkindly from her Downing Street kennel. This is not necessarily cause for pity or alarm. It's just the way we do things here.

Who will succeed President Bush's eloquent and loyal Mr. Blair? The champion of the prodders and pokers and chief premier-in-waiting is the man who has been in charge of the British economy for the past 10 years, Gordon Brown. He also has many American admirers. They may not sit so thickly in the nation's living rooms but in business places he has long been the only bet. The dark-browed economic intellectual, the man who takes the Federalist Papers on his Cape Cod summers, has long been destined as next British prime minister. Whether in New Labour's popularity years as the New Jerusalem, or in its unpopularity years as a Bushville suburb, no other candidate needed to apply. The few who did feel the need felt a spiked collar around their presumptuous necks.

Even after a week in a London of where's-the-blood-bank brutality -- crude and public even by British transition standards -- the Brown succession is still the best wisdom on offer. A biting fight between the chancellor of the exchequer and his "Blairite" rivals, one which the top dog might perhaps even lose, is a fine prospect for those in politics and journalism who are bored with "on-message" discipline. Seven days of "blackmail," "autistic character" and "stupidity" charges against Mr. Brown have been a treat. "Mendacious," "legacy-obsessed" and "monomaniac" are words which many have long wanted to shout at Mr. Blair. The outcome of the coming contest is only, however, a very little less certain than it was before. For reasons of party rules and loyalties purchased and paid for long ago, Mr. Brown is still the firmest favorite. The dogs of Westminster scrap because they enjoy scrapping and too rarely get the chance, not just because they might genuinely change the neighborhood.

When will George Bush be dealing with his second British prime minister? The answer is within 12 months at the most, well before the end of the full third term that Labour promised the voters last year. Yesterday, Mr. Blair gave his last leader's speech to Britain's annual Trades Union Congress. That "last TUC" commitment was the one that the prime minister gave outside a London school last week, against his will, through gritted teeth and with the chancellor's scrappers waiting behind the trashcans in case he bottled out. But he gave it. And the deadline might yet be sooner, 12 weeks or even, as it seemed to the feverish last week, 12 days -- before the president's trusted friend falls victim to time and Iraq?

President Bush could be forgiven for wanting those fullest 12 months from Prime Minister Blair. Such loyalty will not come again. The White House has had much to be thankful for in the unprecedented TB-GB power-sharing deal, agreed back in 1994 when Mr. Brown, to his eternal regret, was persuaded not to stand for the leadership against his junior but more electorally attractive colleague. Because the chancellor then demanded and won such total ascendancy over the British domestic agenda, Tony Blair was lured (forced, even) ever more to the challenges of foreign affairs. Mr. Blair, a natural idealist, as rhetorical and risk-taking as the chancellor is pragmatic, laconic and cautious, was allowed an unusual freedom to follow those fundamental instincts, which he shared with the president, towards terrorism and Iraq.

Gordon Brown's speeches, had he held the top job in 2003 as he once thought he had been promised, would never have expressed the Bush doctrine with the passion that Mr. Blair deployed. Nor would Mr. Blair have dared so much without Gordon Brown. A future Prime Minister Brown would be no less supportive of basic American values than Mr. Blair. But he would run the government in a more traditional way, more trammeled by the political and administrative machine around him. He has his own

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passions: economic stability, the practical lessons of history and finding the means to relieve poverty in Britain and in Africa. He is as confident as Mr. Blair about what the levers of power can achieve but less trusting in the force of ideas.

Labour's leadership election will be an opportunity for every form of anti-American abuse. Yesterday, the new Conservative leader, David Cameron, called the administration "unrealistic and simplistic" and attacked the "slavish" bond between Messrs. Bush and Blair. The Labour leadership electorate will never be outdone by the Tories in a college formed of parliamentarians, trade unionists and local members, where hostility to Mr. Bush, the Iraq war and the Israeli action in Lebanon are the most powerful forces. The extreme left will mount a challenge. So will Mr. Blair's other would-be heirs, those who have always disliked the chancellor's character, those who have felt excluded by the clannishness of a Scot, those who think the English electorate may agree with them, those who distrust Mr. Brown's more redistributive Old Labour economic instincts and others who just want a scrap.

There is no chance now of the "orderly transition" that was the official hope for so long. If Mr. Blair is bundled out fast, his allies, who had been planning a nationwide Farewell-to-Tony triumph, will be as bitter against Mr. Brown as Margaret Thatcher and her friends once were against Prime Minister John Major. If there is a long goodbye, the Blairites might be happier. But many long suppressed Labour poisons will still come to the surface during the campaign.

Those who like to see rationalism in politics -- and that includes most of the thinkers who support Labour -- are amazed that this has been allowed to happen. Fights on policy between prime ministers and chancellors are nothing new: one such brought down Lady Thatcher. But this fight seemed to be about a mere few months on the Downing Street calendar, spurred suddenly by an ill-judged refusal by Tony Blair in a newspaper interview to set any fixed point for his departure. That failure to sense the mood on his street (a common failing of a top dog isolated too long) turned quickly into meetings at which Gordon Brown demanded ("blackmailed" as Mr. Blair's representative was authorized to put it) that the prime minister set a date by which he would be gone. Resignation letters from Mr. Brown's junior allies, with the threat of more to follow, forced Mr. Blair to the 12 months promise. Mr. Brown also wanted Mr. Blair to back his candidacy and to call off his own attack hounds, both demands which Mr. Blair has so far withstood.

Was this all as irrational as it looked? What really happened in Britain last week? Did Mr. Brown lose control of his allies? Did he get suddenly more frightened of Mr. Cameron, who is reciting directly and successfully from the New Labour playbook of the 1990s? The answer is simpler. This change at the top could never be smooth. There was always going to be a big fight in this back alley. The TB-GB traumas are too old and deep. It may surprise Mr. Blair's American admirers to know that their man is not seen as honest and true to his neighbors as he is to his faraway friends. Mr. Brown's admirers have also got a good deal more to learn.

Mr. Stothard is editor of the Times Literary Supplement.

Britain Without Blair (WSJ)

The Wall Street Journal, September 13, 2006

Tony Blair remains the Prime Minister of Britain. But last week's Labour Party rebellion that forced him to promise, against his will, to leave by next summer has turned the party's most successful postwar leader into a very lame duck. A remarkable era in European politics and British-U.S. relations is coming to a close.

Mr. Blair's old-style socialist party was supposed to have been remade during his near decade in power. Like the Tories under Margaret Thatcher in the 1980s, Labour put up with a self-declared outsider and his reform agenda so long as the leader delivered at the ballot box. Three times in a row, Mr. Blair did. But Old Labour remained ill at ease with Mr. Blair, and especially with his assertive foreign policy and alliance with Washington. With his poll numbers down, Mr. Blair's party has turned on him.

The presumptive heir, Gordon Brown, is Mr. Blair's partner in the "New Labour" project, suggesting some continuity until next elections are due by 2010. For the past nine years, the sourish Scot has capably steered the economy while waiting his turn with evident impatience. He is a hard man to read. At home, he tends to see a larger role for the state and sounds less messianic about overhauling the public health and pension systems. Yet he's also staunchly pro-business and admiring of America.

A bigger break with Blairism may be felt abroad. Though he has never outlined his views on Iraq or terrorism, Mr. Brown will not bring the same passion and moral suasion as Mr. Blair did to his foreign policy. The Prime Minister sent British troops to end

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civil wars in Sierra Leone and Kosovo and tried to hold Saddam Hussein to his U.N. commitments. And that was all when Bill Clinton lived in the White House.

Since September 11, Mr. Blair has recognized and eloquently explained that Islamic terrorism posed the gravest threat to free society today. He joined forces with a U.S. leader who shared his view of the threat, and stuck by his decisions despite the opinion polls. The easy, "poodlish" thing would have been to distance himself from Washington, but he has held to his admirable convictions.

The mood in the opposition Tory camp also tends toward disengagement from the war on terror and the transatlantic alliance. Exhibit A came this Monday when the recently elected, young leader of the Conservative Party used the fifth anniversary of 9/11 to make his first major address on foreign policy.

We won't soon forget David Cameron's debutante performance. The 39-year-old Tory leader claimed Britain and the U.S. had become "uncritical allies" and needed "a rebalanced special relationship." In a line that must play well with London focus groups, he said: "We should be solid but not slavish in our friendship with America." Though his party backed the wars in Afghanistan and Iraq, Mr. Cameron vouchsafed that they now show that democracy "cannot quickly [be] imposed from the outside." Thanks for the Monday-morning generalship.

On the day marking the worst terrorist atrocity in history, he even chided the U.S. for "stoop[ing] to illiberalism" by running a prison in Guantanamo, where the men who planned 9/11 were just transferred and where no human rights abuses have been found. This Tory wants a "a new emphasis on multilateralism" where the U.N. "confers the ultimate legitimacy." If these are the new Tories, we'll take the French. (As it happens, French presidential candidate Nicolas Sarkozy marked 9/11 in New York by saying, "Yes, I love the Americans.")

Under Mr. Cameron, a former PR executive, the Tories are back in the game and atop polls in Britain. Yet he is offering distinctly un-Tory ideas such as environmentalism. The suspicion in many quarters is that he lacks any conviction beyond electoral success -- an impression brought home by the contrast with Lady Thatcher who, ailing and 80 years old, made a rare public appearance in Washington for Monday's commemorations.

In a statement, she urged Britain and the U.S. to stand firm against "Islamist fanatics who hate our beliefs, our liberties and our citizens. We must not falter. We must not fail. . . . We also need to renew our resolve that, however bitter or lengthy the struggle, this evil shall not prevail."

Though she spoke earlier in the day than Mr. Cameron, Lady Thatcher's remarks were interpreted as a rebuke to the new Tories. So much the better if they were. It is equally remarkable that her comments echoed so well Mr. Blair's views. For in reality, this Prime Minister is her worthy heir. His Labour party could never forgive him for that. History will be kinder.

Gates, Rockefeller Charities Join To Fight African Hunger (WP)

By Karen DeYoung

The Washington Post, September 13, 2006

The Bill and Melinda Gates Foundation, the world's richest charity, joined with the Rockefeller Foundation yesterday to launch a new development initiative for sub-Saharan Africa that they said would revolutionize food production and reduce hunger and poverty for tens of millions of people.

Modeled on the Rockefeller-pioneered "green revolution" that transformed farming methods and staved off widespread famine in much of the developing world nearly a half-century ago, the initiative coincides with a new round of Western concern about the long-intractable problems of the poorest continent.

Home to 16 of the 18 most undernourished countries, Africa is the only part of the world where food production has decreased in recent years. At the same time, political upheaval and conflict there are seen as providing fertile ground for extremists. Widespread famine in Africa has spurred high-profile relief efforts over the years, from United Nations programs to celebrity fundraising concerts such as Live Aid in the 1980s and Live 8 last year.

Sponsors of the new "Alliance for a Green Revolution" said yesterday they are looking for a more systematic, long-term solution to African hunger.

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The alliance is the first Gates venture into poverty and development after years of focusing largely on global health and education. The effort follows a doubling of the foundation's $30 billion endowment, drawn largely from Bill Gates's Microsoft Corp. fortune, with investment guru Warren Buffett donating an additional $31 billion earlier this year. Gates has said he will step down from direct management of Microsoft in 2008 to work full time on foundation activities.

"We've been looking into the causes of extreme poverty and how we might make a contribution to reducing that," Gates said during a conference call with journalists yesterday. "If we can work on health and poverty issues concurrently, there is a lot that can be done to improve the quality of life. . . . Today no country of any size has been able to sustain a transition out of poverty without substantially raising productivity in the agricultural sector. It can have a transformative impact."

Melinda Gates, who serves on the board of The Washington Post Co. along with Buffett, said she and her husband studied development problems over the past three years before deciding to move beyond their health initiatives.

The Africa program will begin with a relatively small Gates contribution of $100 million over five years, plus $50 million from Rockefeller, to fund development of more robust disease- and drought-resistant seeds for primary African foodstuffs, enhanced distribution networks for seed and fertilizer, and university-level training for African crop scientists.

The new partners are still exploring how to make sure their initial steps do not overwhelm the continent's capacity to absorb assistance, Rockefeller President Judith Rodin said. Although future investments are likely to "scale up significantly," she said, "all of us intend to be mindful of really measuring outcomes and learning as we go and then providing the necessary resources."

Nancy Birdsall, president of the Washington-based Center for Global Development, said the mere fact that the world's biggest philanthropist is joining with the preeminent foundation working in agricultural development is "going to make a difference," adding: "It's a real shot in the arm."

Bill Gates agreed that the initial investment pales when compared with his contributions to the development of an AIDS vaccine. But he said that he expects the program to continue for decades.

"The first green revolution took a long time," said Gates program manager Roy Steiner. "It started in the 1940s with investment and made an impact in the 1960s. That takes committed partners that are going to be there for the long term and are willing to focus on what's going to help small-scale farmers" who produce most of Africa's food.

Program planners readily acknowledged that Africa's problems today far outstrip even those confronting Asia in the 1960s, including a lack of roads and irrigation, primary food crops that vary widely from region to region, degraded soil, unstable governments and tenuous security. The Rockefeller Foundation, which started shifting the bulk of its development funding from Asia and Latin America to Africa several years ago, recently shut down its program in Zimbabwe because of political strife there.

Although the Gates/Rockefeller program will be available throughout Africa, Rodin said, the partners are still studying which 10 to 20 countries to select for initial funding.

Following the pattern of its health initiatives, Gates will provide money and results-based expertise, building on existing seed development programs begun by Rockefeller and African agencies, such as a new strain of rice produced in West Africa that promises to increase yields fivefold. A concurrent goal is the expansion of seed and fertilizer distribution networks through small entrepreneurs in rural areas. Both partners hope to prime the pump for participation by both African and donor governments.

The Bush administration has increased U.S. aid to Africa significantly over the past five years, though much of it consists of food shipments and military assistance. This year's G-8 conference of the world's wealthiest nations brought agreement to cancel much of Africa's debt, but pledges to double development aid were acknowledged to be largely symbolic.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

White House Pressures GOP On Detainees (AP)

By Anne Plummer Flaherty

The Associated Press, September 12, 2006

President Bush dispatched the vice president and top aides to the Capitol on Tuesday to try to break an election-season deadlock with Republicans over the surveillance and prosecution of terrorism suspects.

But officials met stiff resistance from senators and House leaders who say they refuse to give the White House a blank check over the war on terror. The standoff raised questions about whether the president could unite Republicans on his anti-terror agenda before November's midterm elections.

Vice President Dick Cheney and White House Chief of Staff Josh Bolten appealed to Senate Republicans during their weekly policy lunch to pass legislation that would let Bush begin prosecuting terror suspects. The legislation also would limit the circumstances under which a government interrogator could be prosecuted for mistreating a detainee.

Also meeting with lawmakers this week on detainee treatment was CIA Director Michael Hayden.

The administration is also pressing separate legislation that would let it track terrorists by electronic surveillance.

Several versions of that legislation are expected to advance through the Senate and House Judiciary Committees this week. They would give legal status to the controversial surveillance program, as well as impose new rules and congressional oversight.

Bush's surveillance plan faces a difficult fight in Congress, especially in the House, where GOP leaders favor a different approach.

That measure, sponsored by Rep. Heather Wilson, R-N.M., and endorsed by the GOP chairmen of the Judiciary and Intelligence committees, would require the administration to wait until a terrorist attack to open an electronic surveillance program.

The White House has conditionally endorsed one bill, by Sen. Arlen Specter, R-Pa., as long as it's passed unchanged — not a sure thing given amendments that await it on the floor as soon as next week.

Specter's bill would submit the existing electronic surveillance program to the Foreign Intelligence Surveillance Act court for a one-time constitutional review and expand the time for emergency warrants from three to seven days.

On the effort to craft a new way for military trials of terror detainees, Senate Majority Leader Bill Frist, R-Tenn., said he supports the administration's efforts and could call for a vote on it — or a competing bill favored by some GOP senators — at any time.

The alternative bill was drafted by Sens. John Warner, John McCain and Lindsey Graham, members of the Armed Services Committee. They say their measure would improve the credibility of a court system to prosecute detainees and prevent abusive treatment that would violate the Geneva Conventions.

Warner, R-Va., chairman of the Armed Services Committee, said Tuesday the group remains locked in negotiations with other Republicans.

Graham said he expects the final legislation will allow a defendant to access all evidence used against them — a provision staunchly opposed by the White House and House and Senate leadership because it could reveal classified information.

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Graham said steps can be taken to prevent unnecessary exposure of protected information, but ultimately a fair trial must allow defendants the ability to confront evidence used against them.

"I think we've made a pretty good case that giving something to a jury to convict a defendant (with hidden evidence) is a nonstarter," Graham added.

Sens. Susan Collins, R-Maine, and Judiciary Committee Chairman Arlen Specter, R-Pa., said they agree all evidence should be shared with a defendant.

Graham and others said the biggest sticking points left on the bill were on the circumstances under which an interrogator could be prosecuted for mistreating detainees.

The administration would forbid what critics call a bare bones list of violations — such as torture, murder and rape — under the 1996 War Crimes Act that potentially leaves open the door for harsher interrogation methods. Warner, Graham and McCain are pushing more precise definitions, as well as a ban on coerced testimony, to ensure tough interrogations do not lead to abuse or violate the Geneva Conventions.

These definitions of war crimes have "shown to be the toughest part" of negotiations with the White House because it must be done "in a way that would adhere to your values but would not put your troops at risk for trivial violations," Graham said.

Cheney, Senators Discuss Detainees (WP)

By Charles Babington

The Washington Post, September 13, 2006

Vice President Cheney urged Republican senators yesterday not to be too restrictive in setting legal limits on CIA interrogations of enemy combatants, the largest remaining barrier to an agreement between Congress and the White House on legislation that would also set new rules for special military trials for terrorist suspects.

Cheney and White House Chief of Staff Joshua B. Bolten met for an hour with GOP senators in hopes of narrowing their differences over proposed legislation governing the treatment, questioning and prosecution of suspected terrorists and enemy combatants, such as those held at the U.S. military prison at Guantanamo Bay, Cuba.

Afterward, key senators said they had made progress on several fronts, including the use of secret information against defendants and guidelines for handling allegedly coerced statements. The biggest sticking point, they said, was how narrowly to define practices that might subject CIA interrogators or others to charges of committing war crimes.

That "is still the area we are farthest apart on," Sen. John McCain (R-Ariz.) told reporters.

Sen. Lindsey O. Graham (R-S.C.) said he and others are pressing the administration to accept a list of practices that would be considered illegal, bringing greater specificity to current language that bars "grave breaches" of the Geneva Conventions, the treaties that govern the treatment of prisoners of war.

"We are going to define, in the war crimes section [of the U.S. Code], what a grave breach would be, just like any other criminal statute," said Graham, a former military lawyer.

He declined to detail the proposals but said he is "optimistic" an agreement can be reached.

Common Article 3 of the Geneva Conventions prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment" of detainees. The Bush administration had maintained that those protections did not apply to prisoners captured in the U.S. counterterrorism campaign, but allies and human rights groups had criticized some U.S. interrogation practices, including simulated drowning.

In June, the Supreme Court ruled that the administration must abide by the Geneva Conventions in treatment of those prisoners and declared illegal its plan to try them before military "commissions." The White House responded by submitting new proposals to Congress that are now being negotiated with key Republicans.

The talks concern both the rules for trials of the detainees and language submitted by the administration that would, in effect, set the rules for CIA interrogations of future detainees.

President Bush has urged lawmakers to give the executive branch substantial leeway in interrogating and trying detainees. But GOP senators including McCain, Graham and John W. Warner (Va.) have resisted on several fronts. They balked, for instance, at a White House bid to allow the use of classified information that is not shared with defendants.

Graham said yesterday that negotiators are nearing an agreement that would allow the defendant to know the essence of the allegations against him, but not the person or techniques that produced them.

"I'm trying to protect the prosecution from having to disclose sources and methods that will come from defense requests that are basically overreaching," Graham told reporters.

Similarly, he said, senators and the White House may reach an agreement on how to handle allegedly coerced statements. The proposal would allow only those statements that a military judge decides were made voluntarily.

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Under U.S. law, war crimes include "a grave breach" of the Geneva Conventions. The conventions describe grave breaches as "willful killing, torture or inhuman treatment, including biological experiments, willfully causing great suffering or serious injury to body or health . . . or willfully depriving a prisoner of war of the rights of fair and regular trial prescribed in this Convention."

Administration officials and others have said the language is so vague that it could unfairly subject government interrogators to charges of criminality. Graham said he has proposed taking the Geneva Conventions' list of grave breaches, adding "a few more," and directing that interrogation programs be built around the guidelines. He declined to say what the additions might be.

Congress should define the U.S. War Crimes Act of 1996, Graham said, "in a way consistent with our treaty obligations, which would make 'grave breaches' a crime." Under this scenario, he said, interrogators would know they could not engage in "serious criminal physical misconduct, inhumane treatment of a serious nature."

White House spokeswoman Dana M. Perino said: "We're having an ongoing conversation with the Congress on all of the issues, and we're committed to reaching a resolution so that they can take the next legislative step."

Deal Reported Near On Rights Of Suspects In Terror Cases (NYT)

By Kate Zernike

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The leading Senate Republicans negotiating over proposed legislation to bring terror suspects to trial said Tuesday that they were close to a compromise on a main dispute with the White House: whether suspects had the right to see all the evidence used against them.

But the Senate Republicans warned that they would not go along with a White House proposal to redefine the provision of the Geneva Conventions that broadly guarantees humane treatment of detainees.

That provision, known as Common Article 3, prohibits “violence to life and person” and “outrages upon personal dignity, in particular, humiliating and degrading treatment.”

The Supreme Court, in striking down military tribunals that the White House established after the Sept. 11 attacks, said the guarantee had to apply to terror suspects.

The administration has proposed narrowing the provision, arguing that it is too vague and does not give interrogators enough guidance in how to treat detainees. Under the War Crimes Act, interrogators who violate the article can face the death penalty.

Senator John McCain of Arizona said he and two other Republican senators crucial to the discussions, John W. Warner of Virginia and Lindsey Graham of South Carolina, would not agree to any narrowing of the provision.

Mr. McCain said such a move could send a message about the nation’s support for human rights and the precedent it might set for special forces captured by other countries.

“On the detainee-treatment issue,” he said, “Senator Warner and I and Senator Graham and others are not going to agree to changes in the definitions in Common Article 3, because that then sends the message to the world that we are not going to adhere fully to the Geneva Conventions. And we worry about, in the future, other nations maybe deciding to interpret Common Article 3 to their own purposes.”

Mr. McCain is influential on detainee questions because of his years as a Vietnam prisoner of war. The three senators made their appeal for their approach at the weekly Republican Party lunch after a presentation by Vice President Dick Cheney.

In addition to talking with Mr. Cheney, the senators have extensively negotiated with Attorney General Alberto R. Gonzales and Stephen J. Hadley, the national security adviser. Gen. Michael V. Hayden, the director of the Central Intelligence Agency, also discussed the topic on Tuesday with lawmakers on Capitol Hill.

The compromise on classified evidence would have a judge review the evidence and give a summary to be presented to the jury and the accused. Anything less, the senators have said, would constitute a secret trial.

The White House bill proposed last week would deny a suspect the right to see classified evidence that the jury might use to convict him.

Mr. Graham said the White House was “O.K.” with the compromise.

To address the White House concerns over Common Article 3, Mr. Graham said, the Senate would agree to redefine the War Crimes Act and make more specific the provision in it that says a violation of Common Article 3 is punishable by death.

“The administration is concerned that Common Article 3 can be used to sue our guys, to put our guys in jail, that they’re in an unfair position, and I would agree,” Mr. Graham said.

The changes, he added, said, would define the cases in which “grave breaches” of Common Article 3 constitute a war crime and would bar “serious criminal physical misconduct and inhumane treatment of a serious nature.”

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Secrecy Dispute Snarls Nomination (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, September 13, 2006

Wainstein in Limbo Over FBI Memos

Six months after President Bush chose him to lead a new anti-terrorism arm of the Justice Department, Kenneth L. Wainstein is still U.S. attorney for the District -- his nomination stalled by squabbling in the Senate.

Wainstein, a longtime prosecutor and former FBI official, had seemed on track to become the assistant attorney general for national security. Two Senate committees -- Judiciary and Intelligence -- endorsed his nomination. But for more than two months, he has awaited a vote by the full Senate.

Sen. Carl M. Levin (D-Mich.) has blocked a vote because the Justice Department has not turned over to him several FBI documents that are connected to the abuse of detainees at the Guantanamo Bay prison in Cuba -- papers that would have passed through Wainstein's office when he was at the FBI.

The delay creates uncertainty not only at the Justice Department but also at the U.S. attorney's office, which Wainstein has led since May 2004. The office, which handles federal and local cases, is the largest U.S. attorney's office in the nation.

The national security division, created this year as part of the revision of the Patriot Act, will consolidate into one operation three branches of the Justice Department: counterterrorism, counterespionage and the office that oversees applications to the secret Foreign Intelligence Surveillance Act Court.

Wainstein was a top aide to FBI Director Robert S. Mueller III from 2002 to 2004, serving first as general counsel and then as the agency's chief of staff. In each job, he played a key role in the bureau's restructuring to focus more heavily on terrorism cases.

Now Wainstein's work at the FBI is the subject of scrutiny by Levin, a member of the Senate Select Committee on Intelligence who has focused considerable attention on the detention practices at Guantanamo.

The senator's stance has drawn criticism from the Bush administration.

"As we mark the fifth anniversary of September 11th, it is beyond belief that Senator Levin would single-handedly obstruct the Department of Justice's efforts to stand up a new national security division," Justice Department spokesman Brian Roehrkasse said.

Levin's position has frustrated even some allies, who have urged the Senate to move forward with a vote. Thomas H. Kean and Lee H. Hamilton, the chairman and vice chairman of the 9/11 commission, have written in support of Wainstein. Charles S. Robb, a Democrat and former senator from Virginia whose commission on weapons of mass destruction recommended the restructuring of national security operations, wrote as well in support of Wainstein.

At issue are several documents that were sent to or from Wainstein or his deputy after FBI agents at Guantanamo reported witnessing sometimes abusive interrogations of detainees. The documents came to light after the American Civil Liberties Union filed a request under the Freedom of Information Act, but only in redacted form to the ACLU. Levin wants to see the original documents without redactions. Only one has been turned over, and that led to the stalemate.

Roehrkasse said the documents that Levin is seeking have nothing to do with Wainstein's qualifications for the assistant attorney general job.

Wainstein, 44, was easily confirmed by the Senate to take the U.S. attorney's job. But this nomination has been complicated.

"He's an innocent hostage in what is a pretty typical congressional response," said Norman J. Ornstein of the American Enterprise Institute.

Such tactics are not new, Ornstein said, but the secrecy of the Bush administration has made them more likely to be used. The White House has advocated a more expansive doctrine of executive authority, and critics have complained that Congress has failed to exercise meaningful oversight over the administration's military and intelligence actions.

Levin, a lawyer, has been pressing hard for answers about Guantanamo, and Wainstein's nomination offered the senator perhaps his best opportunity to pressure the administration. Because it is a newly created position, the national security job cannot be filled by a recess appointment, as the president has done in other instances in which a nominee has been blocked.

If the Senate does not act on Wainstein's nomination before it adjourns at the end of the year, Wainstein would have to be nominated once again.

Wainstein declined to comment on his fate. A leading candidate to replace him as U.S. attorney, Jeff Taylor, is also in a holding pattern. Taylor is a legal adviser to Attorney General Alberto R. Gonzales and a former assistant U.S. attorney in San Diego.

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Tortured Negotiations (TIME)

By Massimo Calabresi, Washington

Time, September 13, 2006

White House officials, potentially vulnerable to prosecution in the wake of the Supreme Court's Hamdan decision, break out the big guns in a battle over detainees

When the Capitol police start politely clearing the hallways outside the Senate floor on a Tuesday afternoon it usually signals that Vice President Dick Cheney has decided to attend the Republicans' weekly policy lunch. But the gentility went out the window around noon today as the cops grabbed bystanders and pulled them out of the way as they rushed to empty the area not just for Cheney and White House chief of staff Josh Bolten, but for a special guest: Lady Margaret Thatcher.

The Senate Republican leaders weren't breaking out the top tier invitations for nothing. Three moderate GOP Senators have split with them and the White House over how to treat detainees at Guantanamo Bay and around the world. At the lunch, Senators John Warner, John McCain and Lindsey Graham were scheduled to present their case for a detainee bill that conforms to the Geneva Conventions. The White House and Senate leaders are pushing one that would allow interrogations using methods that strain — or break, depending on whom you ask — the Conventions' rules against abuse.

Rolling out former British Prime Minister Margaret Thatcher, who famously urged George H. W. Bush not to "go wobbly" ahead of the first Gulf War, was a particular bit of political hardball by the President's Hill allies as they try to stiffen spines in their caucus. And the stakes are high. The November mid-term elections may hinge on national security, and McCain and company are depriving their party of its best weapon — a vote that makes Democrats look weak. More important, the White House claims, is that McCain and company could outlaw methods of gaining intelligence that have been effective in preventing attacks against the U.S.

But some Senators and legal experts see another reason for the heightened concern at the White House. On paper, at least, White House officials and CIA officers could be vulnerable to prosecution for past or future use of illegal methods of interrogation — unless Congress changes the law.

The threat of prosecution comes not from some left-wing activists or even the House Democrats, but from the highest court in the country. In his concurring opinion in the Hamdan v. Rumsfeld case last summer, Justice Anthony Kennedy said that the administration had to live within the Geneva Conventions. "Violations [of the Geneva Conventions] are considered 'war crimes,' punishable as federal offenses, when committed by or against United States nationals and military personnel," he wrote. And for emphasis, Kennedy pointed to paragraph 2441 of the U.S. code, which lays out the penalties for those violations, including life imprisonment and the death penalty.

It's hard to see how the methods the administration authorized for use against some of their detainees could not have violated the Geneva conventions. Common article 3 of the conventions prevents any "outrages on the personal dignity" of detainees. Among the highlights of the administration's approved techniques — waterboarding, wherein a prisoner is made to believe he is drowning; intimidation using dogs; stripping of prisoners; and so on.

When the key swing vote on the Supreme Court goes out of his way to say you are breaking the law, and enumerates the penalties you face, you pay attention. Says Tom Malinowski, of Human Rights Watch, who has advised Senators and their staffs on the matter, "The White House now knows they were operating under pretty bad legal advice from the Justice Department," which told them Bush had near-limitless authority when acting as commander-in-chief during times of war. "They're worried about some rogue prosecutor in the future who might hold specific individuals responsible," Malinowski says. Privately, some senior GOP senators say they believe that is what is motivating the White House resistance to the McCain/Warner/Graham bill.

Maybe. But just how much danger is the White House really in? It is rare for political leaders to be prosecuted for genuine attempts to protect the public, and few question the motives behind the extreme interrogation methods, even if they strongly disagree with them. More to the point, Graham, Warner and McCain have larded their bill with protections from prosecution for anything but "grave breaches" of the conventions, which they believe should be adequate to protect the White House and CIA.

But just because the administration's extreme interrogation techniques wouldn't be punishable as crimes, doesn't mean they would be authorized to use them either. And that, say several people involved in the debate, is what the administration is really after. In his speech announcing the closure of the program that used most of the controversial methods last week, Bush said he wanted to keep open the possibility of reopening it in the future. "They want the authority to continue the program if they capture other guys," says Malinowski.

As he went into the policy lunch today, McCain, who was tortured in Vietnam, said "my position will not change," on the extreme methods. And Graham is adamant that the interrogation program is "a thing of the past." One or both of the competing bills may come to the floor of the Senate as early as the end of this week. For now, at least, it appears it will take more than the Iron Lady to compel the administration opponents to back down.

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Tortured Logic (LAT)

The Los Angeles Times, September 13, 2006

'THE UNITED STATES DOES NOT TORTURE," President Bush said last week. It can, however, make use of what he euphemistically called "an alternative set of procedures" for eliciting information from prisoners suspected of being terrorists.

The difference between torture and these "alternative procedures" seems to be who's conducting the interrogation and where it takes place. If it's the CIA and it's overseas, they're permissible alternative procedures. Anywhere else, they're not allowed. This kind of legalistic legerdemain doesn't just expose the weakness of the administration's argument, it does a real disservice to U.S. foreign policy and all those serving overseas.

The administration characteristically refused to provide details about its methods. But experts on interrogation suspect that these alternative procedures could include subjecting prisoners to extreme temperatures and "waterboarding," in which a prisoner is strapped to a board and put in fear of drowning if he doesn't confess.

Such techniques seem to qualify as "humiliating and degrading treatment" prohibited by Common Article 3 of the Geneva Convention, which protects so-called enemy combatants, at least according to the Supreme Court. That's also the military's view. The new Army field manual, rooted in Article 3, prohibits extreme interrogation tactics such as waterboarding and conducting mock executions.

The administration, apparently untroubled by this disagreement, is now asking Congress to declare that detainees who claim violations of the Geneva Convention may not have their day in court. The administration also wants to amend the 1996 War Crimes Act, which makes violation of the Geneva Convention illegal under U.S. law. New language would allow for prosecution only for "torture" and "cruel and inhumane treatment," not for "humiliating and degrading treatment." A 2005 law already allows interrogators accused of abuse to offer the defense that they "did not know that the practices were unlawful and [that] a person of ordinary sense and understanding would not know the practices were unlawful." That's protection enough.

Even the clearest legal language is subject to differing interpretations. But the Bush administration has a record of taking the narrowest possible view of protections for detainees under U.S. and international law. Indeed, until the Supreme Court forced it to change course, the administration argued that unlawful enemy combatants in the war on terror weren't covered by the Geneva Convention at all.

Given an inch by the law, this administration too often has taken a mile — creating a climate in which lower-level service members could feel that they were justified in the sort of abuse that took place at Abu Ghraib. As Congress moves to write legislation governing the treatment of present and future detainees, it needs to keep that history in mind and force the president to spell out what he means by alternative methods. And Congress should allow detainees who claim those methods violate their rights under the Geneva Convention to have their day in court.

House GOP Leaders Fight Wiretapping Limits (WP)

By Jonathan Weisman

The Washington Post, September 13, 2006

House leaders moved yesterday to temper many of the controls that a bill headed toward rapid passage would have imposed on the Bush administration's program for wiretapping terrorism suspects without court approval.

The bill, set for Judiciary Committee consideration today, would have forced the administration to seek a warrant for surveillance within 60 days and bolstered consultations with Congress on the program. But last-minute changes pushed by senior Republicans may allow warrantless surveillance to largely continue without those controls. Instead, House Republican leaders brought their bill in line with legislation agreed to by the White House and the Senate, which would allow but not require the administration to submit the program to a secret court for a constitutional review.

Republican leaders, in the midst of an increasingly angry attack on Democrats over defense matters, made it clear that they will not challenge President Bush's authority in matters of national security as they challenge their opponents' commitment to fighting terrorism.

"I do not think it is our intent to . . . 'rein in' the NSA," said House Majority Leader John A. Boehner (R-Ohio).

The move put House GOP leaders at odds with some Republican moderates and civil libertarians in the House and the Senate, who have pledged to assert Congress's authority over the wiretapping program. The legislation's chief author, Rep. Heather A. Wilson (R-N.M.), made it clear that she will stand by the original bill's system of checks when the Permanent Select Committee on Intelligence takes it up tomorrow.

Wilson's bill would extend from the current three days to five days the time allowed for emergency surveillance before a warrant has to be submitted and approved by the secret federal court established under the Foreign Intelligence Surveillance Act

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of 1978 (FISA). Warrantless surveillance would have to halt after 60 days unless the president came to Congress to justify further eavesdropping. And members of Congress would have to be briefed on the groups under surveillance.

"We need to use our intelligence tools to listen to our enemies," she said. "We also need to make sure checks are in place to prevent those tools from being used inappropriately against Americans. The best way to do that is to make sure we have divided government."

Divisions have also surfaced in the Senate, where half a dozen Republicans have publicly questioned the agreement between Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the White House that House leaders pushed yesterday.

Democrats and civil liberties groups say neither the Wilson nor the Specter bill effectively limits the reach of the NSA's wiretapping program. Under the Wilson bill, a terrorist attack anywhere in the world would suspend for 45 days many of the controls on the program, and surveillance of international calls could continue without a warrant, as long as an American is not the target, Democrats say. Even before the leadership's changes, House Judiciary Committee aides had expected a bipartisan challenge to Wilson's bill today.

"There are some us who are uncomfortable here, some Republicans," said Rep. Jeff Flake (R-Ariz.), a Judiciary Committee member.

A competing measure, written by Flake and Rep. Adam Schiff (D-Calif.), another committee member, would effectively end warrantless surveillance by insisting that a FISA court warrant remain the exclusive means to conduct domestic surveillance. It would also clarify that Congress's authorization of the use of force after the Sept. 11, 2001, attacks was in no way meant to authorize warrantless wiretapping, and it would require disclosure to Congress of information on all Americans subjected to the surveillance.

Nevertheless, administration officials have criticized aspects of Wilson's House bill, especially the provision that would suspend controls only in the aftermath of a terrorist attack.

"The president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," acting Assistant Attorney General Steven G. Bradbury told the House Judiciary Committee last week.

Wilson was incredulous. "It is surprising to me that, five years after 9/11, the administration comes to Capitol Hill to say they have insufficient legal authorities necessary to keep this country safe," she said.

But House GOP leaders pushed the committee to fall in line.

"Mr. Boehner's purpose right now is to hold on to GOP seats," Schiff said yesterday, after the Judiciary Committee's first classified briefing on the NSA program since it was revealed in December. "It's the security of Republican seats, not the security of the country, that's driving the majority leader.

The heated words came from both sides.

Boehner used a meeting with reporters yesterday to push his attacks on Democrats over the wiretapping issue and the president's efforts to receive congressional approval for his military tribunals.

"I listen to my Democrat friends, and I wonder if they're more interested in protecting terrorists than in protecting the American people," Boehner said.

Democrats Call NSA's Input To Senate Panel Inappropriate (WP)

By Walter Pincus

The Washington Post, September 13, 2006

Democrats on the Senate intelligence committee are complaining that the National Security Agency has played politics in support of the secret program to intercept phone calls between alleged terrorists in the United States and abroad.

On July 27, shortly after most members of the committee were briefed on the controversial surveillance program, the NSA supplied the panel's chairman, Pat Roberts (R-Kan.), with "a set of administration approved, unclassified talking points for the members to use," as described in the document.

Among the talking points were "subjective statements that appear intended to advance a particular policy view and present certain facts in the best possible light," Sen. John D. Rockefeller IV (D-W.Va.) said in a letter to the NSA director.

The cleared statements included "I can say the program must continue" and "There is strict oversight in place . . . now including the full congressional intelligence committees," as well as "Current law is not agile enough to handle the threat posed by sophisticated international terrorist organizations such as al-Qaeda" and "The FISA should be amended so that it is technologically neutral." FISA refers to the Foreign Intelligence Surveillance Act, the current law.

Rockefeller and six Democrats on the panel wrote Lt. Gen. Keith B. Alexander, the NSA's director, on Aug. 29 that they believed those statements "appear intended to advocate particular policies rather than provide guidance on classification." The letter added: "We believe that it is inappropriate for the NSA to insert itself into this policy debate."

Alexander had earlier told Rockefeller that the talking points were in response to requests from more than one committee Democrat for guidance as to what could be said publicly as the policy debate began over what should be done with the program.

One element particularly troubling to the Democrats was the statement that there was "strict" congressional oversight of the program, because, as one senior Democrat said yesterday, committee members are still awaiting requested documents such as the original authorization by President Bush that initiated the program.

In a recent letter to Rockefeller, Alexander said he regretted that the NSA talking points were "misperceived as political." Rockefeller is planning to expand on the Democrats' concerns about their attempts to conduct oversight on the program in a speech today on the Senate floor.

Jury Seated For Trial Of Two Muslims On Charges They Supported Terrorism (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, September 13, 2006

ALBANY, N.Y. -- The trial of two Muslims charged with supporting terrorism is to open Wednesday after potential jurors faced questions on their feelings about Islam, the Sept. 11 terrorist attacks, the war in Iraq and whether they could deal fairly with the defendants.

A jury of six women and six men was chosen Tuesday to hear the case against the men arrested two years ago in an FBI sting. Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, are accused of laundering money for an emigre businessman claiming to be a part-time arms dealer. They have pleaded not guilty, their attorneys arguing that full and accurate translations of the undercover tapes will show the men don't support terrorism.

"Right now Mr. Hossain and Mr. Aref are innocent," U.S. District Judge Thomas McAvoy said as jury selection began Tuesday. "All we can ask you to do is put aside any ideas you have ... and listen to what the witnesses say."

Some of the initial dozen members of the jury pool said they had relatives in the military, disagreements with Islam or strong feelings about the 2001 attacks on the World Trade Center in Manhattan.

"I personally believe that the government probably didn't bring these charges for nothing," one potential juror said, later likening prosecutors to the U.S. Marines at Fallujah. "Walking into this courtroom I feel like there's the enemy, here's the Marines," he said. "I may not be able to fairly judge this case."

He was excused from the jury pool.

McAvoy said it will be up to jurors to decide who's telling the truth and whether the two men broke any laws. They face more than two dozen charges that they conspired and then went ahead to launder and conceal money from the sale of a shoulder-fired missile to a Pakistan-based Islamic terrorist group.

Prosecutors say the Albany men willingly agreed to join the conspiracy, and their taped statements, as well as past statements, show their sympathy for Islamic terrorism.

Defense attorneys say Hossain, 51, simply sought a loan from the Pakistani businessman, Aref as a cleric was asked to witness the financial transaction, and the businessman/FBI informant was trying hard to implicate them to avoid a stiff sentence from an unrelated conviction.

"There is absolutely no evidence of the instant defendants' intent to commit any attacks on the United States, imminent or otherwise _ there is only a fake and completely incredible 'plot' on the part of a paid informant who tried his best, unsuccessfully, to enlist the support of the defendants," attorney Terence Kindlon wrote.

In court papers, Assistant U.S. Attorney William Pericek said he planned to introduce terrorism expert Dr. Rohan Gunaratna as a witness to rebut the "preposterous position" raised in a bail application that Aref's writings before he came to the U.S. in 1999 show he opposes terrorists and their philosophy. Instead, Gunaratna will offer the opinion that Aref, 36, is "a global jihadist."

McAvoy said the trial will probably last three weeks.

Jury Set In Albany Terror Sting Case (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 13, 2006

Opening statements due today in trial of pizza shop owner, imam accused of taking part in missile launcher plot

ALBANY -- A phalanx of federal and city law enforcement officers blanketed the U.S. District Courthouse on Broadway as a jury of six women and six men were sworn in Tuesday in the trial of two Albany men facing terrorism-related charges.

But there were only a few public spectators and no security incidents as the federal jury was culled from a pool of 65 prospective panelists who reported for duty from as far away as the Poughkeepsie area. Opening statements in the case are scheduled to take place today.

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Yassin M. Aref, 36, the jailed spiritual leader of a Central Avenue mosque, and Mohammed M. Hossain, 51, a city pizza shop owner, are accused of taking part in a plot to sell missile launchers to terrorists during an FBI sting that began in July 2003. The men face up to 400 years in prison if convicted.

Aref's co-counsel, Kent Sprotbery, and Hossain's attorney, Kevin Luibrand, spent much of Tuesday plying the minds of potential jurors about their religious beliefs and feelings toward Muslims in the wake of the 9/11 attacks.

"I'm scared to death of you," Luibrand told the group at one point, referring to his client's Muslim heritage, his appearance, and the mind-set of Americans at a time when the United States is at war in the Middle East. "Do you understand why I'm afraid? ... Can you look at him as Jimmy McDonald from North Albany instead of Mohammed Hossain from Bangladesh?"

"I do believe I can listen to the facts and sort it out," one juror later responded.

But several prospective jurors were dismissed after admitting that 9/11 and other terrorist-related events had skewed their ability to remain impartial.

More than a dozen FBI agents are expected to testify during the trial, which is the culmination of the most intensive counterterrorism sting in the history of the Albany field office, which covers about 32 counties in upstate New York as well as the state of Vermont.

Much of the defense's case is expected to center on government translations of dozens of tape-recorded conversations that took place between Hossain, Aref and an FBI informant. The informant, a Pakistani immigrant, agreed to take part in the sting to help settle his own, unrelated criminal charges of unlawful supplying driver's licenses to other immigrants.

"We're all affected by what happened five years ago," Sprotbery said to the panelists, noting that Aref "looks like" terrorist figures whose violence has played out on media outlets worldwide since 9/11 and especially during the war in Iraq.

Aref was not drawn into the sting until Hossain and the FBI informant had met 13 times over the course of five months in late 2003. Federal officials have acknowledged Aref was the "ultimate target" of the investigation.

In part, their interest in Aref was sparked about two months before the sting was launched when Aref's name, phone number and Albany address were found in a notebook recovered from a bombed-out Iraqi encampment that the government contends was occupied by terrorists, according to court records.

Prosecutors also have laid out detailed allegations tying Aref to high-ranking terrorist groups in the Middle East, and he is facing several immigration-related charges for allegedly lying about the connections, which his attorneys dispute. Aref has admitted he met people who the U.S. government has labeled terrorist figures, but he has denied being involved with their causes.

Authorities have not lodged any similar allegations against Hossain.

Aref and Hossain were arrested in August 2004 on a 19-count indictment charging them with money laundering in connection with a plot to sell grenade launchers to terrorists. The government subsequently added more charges, including allegations the men conspired to provide material support to a Pakistani terrorist group, although the support was in the form of taking part in the FBI sting. There was never any real terrorist plot.

Hossain, a Bangladeshi immigrant who has lived in Albany for more than two decades, claims he was drawn into the plot by an overzealous FBI informant.

But part of the FBI's strongest evidence in the case is an undercover surveillance videotape that shows the informant holding a surface-to-air missile launcher as the men chatted inside the informant's Central Avenue storefront. During the meeting, the informant told Hossain that they would earn money through the sale of the weapons.

Aref is an Iraqi-born religious scholar who was hired as imam at the Masjid As Salam mosque on Central Avenue soon after he arrived in the United States seven years ago. Aref and Hossain had been free on bond while their case is pending, but Aref's freedom was revoked by a federal judge last September when federal prosecutors filed a superseding indictment that contained allegations of Aref's past ties to terrorist organizations.

The trial is expected to take about a month.

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The Case Of The Globe-trotting Grocer (BVND)

The Belleville News Democrat, September 13, 2006

By Ron Grossman

Chicago Tribune

(MCT)

CHICAGO - Sitting next to Muhammad Salah on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands.

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The 53-year-old Palestinian-American from Bridgeview, Ill., seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics - or, perhaps more aptly in this instance, the Sufis of the Islamic world.

He is given to speaking in aphorisms.

"People are slaves to politics," he said during one of the pretrial skirmishes at the Dirksen Federal Building, where his criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature.

When Salah was charged two years ago, then-Attorney General John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of Sept. 11.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said in announcing the indictment by a federal grand jury of Salah and two co-defendants, including Mousa Mohammed Abu Marzook, a top leader of Hamas' political wing.

Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators.

Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas.

The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel.

It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation.

Submitted as a movie script, the story might elicit a Hollywood producer's critique: "Fascinating yarn, but needs simplifying."

Progress Cutting Off Terror Funds Cited (AP)

By Jeannine Aversa

AP, September 12, 2006

The United States has made progress in the last five years in trying to shut down avenues for terrorists to raise and move money but challenges remain, Bush administration officials told Congress Tuesday.

Testifying before the Senate Banking Committee, Treasury Department official Daniel Glaser underscored the importance of the United States working closely with international allies to share information. The goal, he said, is to thwart terrorist financiers and improve coordination of this information among agencies.

Glaser said authorities must stay ahead of terrorist financiers who not only try to use the traditional banking system to move money but also other methods, including cash couriers, trafficking of drugs, weapons and precious metals and jewels.

"We must adjust the development and application of our financial tools as terrorists and other threats adapt their financing methods and as we continue to learn how to improve our efforts," said Glaser, Treasury's deputy assistant secretary for terrorist financing and financial crimes.

The committee's chairman, Sen. Richard Shelby, R-Ala., agreed, saying: "We must be mindful of our enemies' ability to adapt." Even though "memories fade," the country must remain vigilant, Shelby said.

The remarks came one day after observances for the 5th anniversary of the terror attacks on New York and Washington.

Since the attacks, the United States has designated a total of 460 people and entities as providing financial support for terrorists, Treasury officials said. Those actions mean that any bank accounts or financial assets found in the United States belonging to them are frozen and Americans are barred from doing business with them.

Glaser and other Treasury officials testifying at the hearing also told lawmakers about the government's efforts to financially clamp down on Iran and North Korea — two countries with nuclear ambitions. The United States says that Iran is a big source of funds for terrorist groups, including Hezbollah.

The international community needs to do more to put the financial squeeze on Hezbollah, Glaser said.

At times over the last five years, the Treasury Department had come under criticism for its efforts to combat terrorist financiers. The government, however, did get high marks for its efforts from the 9/11 commission.

More recently, some lawmakers expressed concerned that they weren't briefed early on about a secret program, started shortly after the Sept. 11, 2001, terror attacks, which gives the government access to a massive international data base of financial information to track suspected terrorist financiers.

The existence of the program was revealed by news organizations in late June, a disclosure that the administration said could hobble future efforts to nab terrorist financiers.

The United States also is focusing more energy on the difficult job of trying to come up with ways to better pin down shell companies in the United States that are used to move money or hide money for terrorist financiers, drug lords and other criminals, Glaser said.

English Woods A Suspected Cover For Terror (WP)

By Kevin Sullivan And Mary Jordan

The Washington Post, September 13, 2006

LYNDHURST, England, Sept. 12 -- Jake, an arthritic Labrador retriever, slept beneath an ancient oak tree in a warm September breeze. Ponies roamed untethered, children kicked pine cones along gravel forest paths, and Edith Jones stood outside her camper wondering how such a tranquil spot had become, according to police, a training ground for terrorists.

Yassin Mutegombwa, 22, a London resident whose family is from Uganda, was charged in court Tuesday with receiving training for terrorism on British soil, the first person to be charged under a law enacted this year. According to a statement from Scotland Yard, he received weapons training in two rural English locations, including "at a woodland area" near Jones's campsite outside this village in southwestern England in late April and early June.

"This hits quite close to home," said Jones, 45, who has been coming to Matley Wood Campsite 80 miles southwest of London for more than 20 years. She said it was hard to believe that her idyllic camp, in the heart of national forest established as a hunting area by William the Conqueror in 1079, is suddenly caught up in the global struggle against Islamic extremism.

The charges against Mutegombwa illustrate increasing worry in Britain that violent extremists are not only being recruited from the country's large Muslim population but also are being trained here. Officials say some of the training may have taken place at popular paintball fields.

A Scotland Yard spokesman on Tuesday said that domestic terror training was "clearly recognized as a problem" and that the Terrorism Act of 2006 specifically included a new broad offense of receiving training that could be used for terrorism.

Police privately said that the camps were not formal military-style camps, but rather places in the countryside where would-be terrorists gathered to bond, plan and sometimes take part in weapons training. As part of the inquiry into the July 2005 suicide attacks on the London public transit system, police have investigated a rafting trip in north Wales by two of the four bombers shortly before the attacks.

British authorities have also said that they suspect some radicals are using the sport of paintball, in which players dressed in combat uniforms shoot one another with balls filled with colored liquid, as a method of learning military-style tactics. A property owner who spoke on condition of anonymity said he had been told that police were monitoring a wooded paintball site in the Lyndhurst area.

In Northern Virginia, 11 men were recently convicted in what prosecutors called a "jihad network" that among other things involved playing paintball in wooded areas of Virginia.

Ian Horton, who runs the Paintball Park in Landford, a few miles north of the Matley Wood camp, said he recalled no suspicious customers at his park and said police would be wasting their time by watching his business for potential extremist activity. "I don't see where a terrorist gets any benefit from paintball," he said.

Peter Neumann, director of the Center for Defense Studies at King's College in London, said "in one sense it's surprising" that young Muslims would engage in terror training in the English countryside. But with 60 million people on an island the size of Minnesota, he said, there are still places to go off and not be seen.

During the court case of radical cleric Abu Hamza Masri, who was convicted this year of inciting murder and racial hatred, Neumann said, evidence was presented that he would take followers out to the countryside for "camping trips" where they could "try out new weapons, engage in physical exercise and receive religious indoctrination." Neumann said those who excelled in British camps were then sent on to Afghanistan and Pakistan for "serious military training."

Mutegombwa was charged with three counts of receiving training that could be used for terrorism. His younger brother Hassan Mutegombwa was charged with procuring money for terrorism.

A third person, Musa Akmet, 47, was charged with illegal possession of a 16mm mini-flare launcher. Akmet and a fourth defendant, Mustafa Abdullah, were also accused of possessing "a record containing information of a kind likely to be useful to a person committing an act of terrorism."

In a central London court Tuesday, both Mutegombwa brothers, dressed in white sweat suits, waved to people in the public gallery, including women completely veiled except for their eyes, as they were led out of the courtroom.

At Matley Wood about 25 campers were parked at some of the 70 sites set in a forest of oaks and silver birches.

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Jones and her husband, Raymond, said anyone acting suspiciously would stand out in a place where many of the regulars have been coming for decades. But they said gunshots in the 220-square mile New Forest National Park are not unusual because park officials shoot deer to reduce the population and poachers sometimes hunt at night. They suggested the British easygoing manner might make it easier for potential terrorists to operate.

"We are a nation of trusting people," Edith Jones said.

Replied her husband: "Maybe we should start to not trust people so much."

4 Men Held In British Raids Are To Remain In Custody (NYT)

By Karla Adam And Alan Cowell

The New York Times, September 13, 2006

WHITE WALTHAM, England, Sept. 12 — Residents and employees at two recreation sites that have been cited in court documents as possible terrorist training camps expressed puzzlement on Tuesday, though one person said his resort had attracted police attention before.

"This place is not the least bit linked to terrorism," said Mick Holdaway, the owner of a leafy, 98-acre complex called Pondwood Farm near this town west of London that offers such pursuits as paintball shooting, bungee jumping and fishing.

On Tuesday, four men who were arrested in a series of police raids across London on Sept. 1 were ordered to be kept in custody, one day after they were charged with terrorism-related offenses.

One of the men, Ugandan-born Yassin Mutegombwa, 22, was charged on three counts of weapons training "for the purposes connected with the commission or preparation of acts of terrorism'' near Pondwood Farm on June 18 and near the Matley Wood Caravan and Camping site in Lyndhurst, on England's south coast, from April 28 to May 1 and June 2 to June 4.

As Mr. Holdaway, 56, strolled through Pondwood Farm's 14-acre paintball site, he said the area had been under surveillance by the police Special Branch since just after the Sept. 11, 2001, attacks and by the antiterrorism squad since 2004.

"The Special Branch came here just after 9/11,'' Mr. Holdaway said. "They asked, 'Do you get brothers over in your paintball area doing training?' Then two years ago the antiterrorism squad came and said, 'Is it O.K. that we do surveillance?' I said, 'Yes' to both, 'feel free.' I'm a family man and if anything like that is going on, I want to know about it.''

"If someone came here and played paintball but had an ulterior motive for weapons training, well, that's not at all my fault,'' he said. "Certainly no one I knew of received any training.''

The manager of the paintball facility is Shahid Chowdhary, a 42-year-old father of eight who leases the site from Mr. Holdaway and who described himself as a staunch Muslim.

"Every person who plays paintball signs a disclaimer, and not only don't I know Yassin, I have never seen his name,'' Mr. Chowdhary said in a telephone interview. The disclaimer, he said, includes personal details to identify those who play paintball.

"The only weapons we have are paintball guns,'' he said. "If I came across something suspicious, I would tell a policeman straightaway. I abhor terrorism, and it is not Islam.''

The forest floor where paintball is played was dotted with purple paint pellets on Tuesday. There was one area with rows of knee-high boards that had faces printed on them — including one of Saddam Hussein in military garb — that were splattered with purple paint. There were several wooden shacks and a cluster of log huts and fences that Mr. Holdaway called the Vietcong Village.

Mr. Mutegombwa was also charged with attending a site near Matley Wood Caravan and Camping for weapons training.

Christine Saunders, a 56-year-old retired florist, said she pitched her green mobile home there in March, a month before Mr. Mutegombwa is said to have first visited the area.

"There have been no suspicions or rumors here all summer,'' she said in an interview. "It's quiet here. That's why we like it.''

The four men who appeared at a magistrates' court in central London on Tuesday were among 14 arrested in the Sept. 1 police raids. The raids were part of a police hunt for terrorist recruiters and trainers and not related to the Aug. 10 security alert surrounding what police called a conspiracy by Islamic radicals to bomb trans-Atlantic airliners.

Mustafa Abdullah, 24, and Musa Akmet, 47, were charged with one count of possessing information likely to be useful to a terrorist. Mr. Akmet was also charged with illegal possession of a 16- millimeter mini-flare launcher. Hassan Mutegombwa, 20, Yassin's brother, was charged with one count of procuring financing for terrorism. The British Press Association said the charge was related to seeking money for a one-way airline ticket to Kenya.

Lawyers for all the men except Mr. Akmet said their clients would plead not guilty to the charges.

Even Safety Czar Thinks British Are Too Risk-Averse (NYT)

By Sarah Lyall

DOJ_NMG_0062346

The New York Times, September 13, 2006

LONDON, Sept. 12 — One of the received wisdoms about British life is that it is full of picayune rules that are meant to prevent injuries and accidents but are in fact patently ridiculous. Antigovernment newspapers delight in promoting the notion of a country ruled by what they call "political correctness gone mad," describing how, for example, a fire department in Devon removed its traditional firemen's pole last year, apparently on the grounds that it is safer to use the stairs.

So it came as a surprise when Bill Callaghan, who as head of the country's Health and Safety Commission is supposedly responsible for such decisions, appeared on television last month to urge Britons to "get a life." Even more surprisingly, perhaps, he did so while engaging in a relatively high-risk activity: sailing (although he was wearing a life preserver).

But to Britons who have accepted the notion that no one is allowed to do anything fun anymore, and that it is the government's fault, Mr. Callaghan's message was met with some skepticism. Indeed, as he would be the first to admit, his agency has a major public-relations problem. "I was getting pretty angry with all the stories which mentioned Health and Safety — capital H, capital S — as stopping people from doing ordinary, worthwhile things," he said in a recent interview.

His irritation spurred him to action and to his new campaign to put a reasonable human face on the Health and Safety Commission, whose job is to recommend and oversee Britain's safety regulations.

"Our mission is to improve people's health and safety at work, and if people think it's all about petty bureaucratic rules, then we're not being successful," he said. "People say, 'We can't do this because Health and Safety won't let us.' "

Safety at work is no laughing matter, Mr. Callaghan, formerly the chief economist at the Trades Union Congress, said indignantly. Last year, he noted, 220 people were killed on the job. In the late 1960's — before the passage of the landmark Health and Safety at Work Act of 1974, which among other things established his agency and its sister, the Health and Safety Executive — the annual figure was about 1,200 deaths.

Britain has indeed become more risk-averse in recent years, largely because of a pervasive public fear of American-style litigation. But as Mr. Callaghan points out, payouts in liability cases in Britain are far lower than they are in the United States — about one-third as much per capita — and most lawsuits are dismissed before ever getting to trial.

By the same token, he said, he believes that many of the decisions made in the name of health and safety in Britain are indeed asinine. These include schools requiring children to wear protective goggles when playing with nuts that have fallen from trees; schools banning bandages because of fears of latex allergies; and village fairs forbidding people to sell homemade cakes in case they contain contaminated eggs.

But the commission is blamed for them anyway. It set up a myth-busting page on its Web site explaining, for instance, that it was not involved in the decision last April to cancel a St. George's Day breakfast in Wiltshire, after local officials ruled that the volunteer cooks were not formally trained in egg preparation.

Some of the examples are more ambiguous, though, illustrating how hard it can be to walk the line between traditional stiff-upper-lipness and modern caution. In another example on the Web site, the agency rebuts an article claiming that it has forbidden window washers to use ladders, lest they fall off. Ian Greenwood, who is identified as the head of the agency's "Falls From Height Program," is quoted as saying that ladders can indeed be used, as long as the "task is low-risk and of short duration," and all safer, non-ladder alternatives have been ruled out.

Mr. Greenwood notes that 14 people died, and more than 1,000 were injured, after falling from ladders in 2004. He directs interested parties to the agency's sensible-ladder-use campaign, which includes the publication, "Safe Use of Ladders and Stepladders."

Even if it is incorrect, the prevailing notion that every mishap ends with someone suing someone else has irrevocably changed Britons' mind-sets. Children who leave their coats and bags in special containers on field trips to the Science Museum in London, for example, are instructed by posted signs not to put anything on the lids, on account of Health and Safety rules. People buying cups of tea on British trains are ordered to carry them in paper bags for safety reasons — whether they want to or not.

Sailing down the placid Thames a year ago as part of the celebration marking the 200th anniversary of the Battle of Trafalgar, the actor playing Lord Nelson was required to accessorize his vintage admiral's outfit with a contemporary life preserver, which tended to spoil the effect.

Nor are the Health and Safety Commission offices, at the end of Southwark Bridge in East London, immune to dispensing their own cautionary advice. Along with security passes, visitors are issued photocopied pamphlets offering instructions on how to identify the sound of the fire alarm (a "continuous ringing of bells"); where to go if a fire does break out (convene at the location marked on the map on the back); and what to do if they feel sick or fall down (there is a first-aid room on the first floor; all injuries, "no matter how minor," must be reported).

The agency's new charm offensive has had mixed results. "Nanny-in-Chief Confesses," The Daily Mail wrote approvingly about Mr. Callaghan's campaign, as if he were a Mao-era Chinese official engaging in ritual self-criticism. But in The Sunday

Times of London, the columnist Roland White said, “For him to attack the nanny state is a bit like the chairman of the Football Association complaining that high wages are ruining the game.”

But Mr. Callaghan is on the skeptics’ side, he says, having experienced annoyingly overzealous regulations himself. After his 17-year-old son’s class traveled to upstate New York for a school ski trip, he said, students were forbidden to swim in the hotel pool with children from other schools, because their school’s risk assessors had determined that it was too dangerous.

Mr. Callaghan was just as exasperated as you would be, if it were your child’s school, and please don’t blame the Health and Safety Commission. “It’s not something we would get involved in,” he said.

HOMELAND RESPONSE:

White House, Dems Divided On Bush Speech (AP)

By Nedra Pickler

AP, September 12, 2006

The White House quarreled with Democrats Tuesday over whether President Bush was trying to win political points by using a Sept. 11 anniversary speech to defend the war in Iraq and his war on terror.

Bush spokesman Tony Snow said although there were "three or four sentences" in the president's 17-minute address Monday night that could be considered controversial, Bush took pains not to be partisan. He said Bush had to discuss the dominant issue of Iraq, but he wasn't "picking fights" or making any demands of Congress.

"This was not a speech that was designed to single out anybody for partisan reasons, but gave the president's honest reflections and reactions to what has happened since September 11, 2001," Snow said. "The president decided that yesterday wasn't a day for partisanship."

Democrats, in a campaign to win control of Congress from the president's Republican Party, charged that Bush was using a national day of mourning for partisan gain. Senate Democratic Leader Harry Reid of Nevada said Tuesday that Bush was "more consumed by staying the course in Iraq and playing election-year politics."

"The American people deserved better last night," Reid said in a statement. "They deserved a chance to reclaim that sense of unity, purpose and patriotism that swept through our country five years ago."

House Majority Leader John Boehner, R-Ohio, shot back at Democrats Tuesday: "I wonder if they're more interested in protecting the terrorists than protecting the American people," he said at a news conference. "They certainly don't want to take the terrorists on and defeat them."

In the speech broadcast in prime time on the fifth anniversary of the terror attacks, the president described a brutal enemy still determined to kill Americans, perhaps with weapons of mass destruction if they get the chance.

"If we do not defeat these enemies now, we will leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons," Bush said. "We are in a war that will set the course for this new century and determine the destiny of millions across the world."

Bush began with a two-minute tribute to the nearly 3,000 victims of the Sept. 11 attacks, but most of his 17-minute speech was devoted to justifying his foreign policy since that day. With his party's control of Congress at stake in elections less than two months away, Bush suggested that political opponents who are calling for withdrawal of U.S. troops from Iraq would be giving victory to the terrorists.

"Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pulled out, the terrorists would leave us alone," Bush said from the Oval Office, with a photo of his twin daughters and the American flag behind him. "They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad."

While Democrats have been using public opposition to the Iraq war to argue for a change of leadership in Congress, Bush's prime-time address showed how he has been able to use the power of incumbency to command public attention and make his points. Democrats objected to the tone.

"The president should be ashamed of using a national day of mourning to commandeer the airwaves to give a speech that was designed not to unite the country and commemorate the fallen but to seek support for a war in Iraq that he has admitted had nothing to do with 9/11," Sen. Edward M. Kennedy, D-Mass., said in a statement. "There will be time to debate this president's policies in Iraq. September 11th is not that time."

On Monday, dozens of lawmakers from both parties put aside the campaigning and joined on the steps of the Capitol to remember the attacks. Together they sang "God Bless America" as they had five years ago.

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"Partisanship would have been the one casualty the American people would have accepted following 9/11, but it remains the one thing the president refuses to give up," Illinois Rep. Rahm Emanuel, chairman of the Democratic effort to win control of the House, said after the president's speech.

Snow noted that Emanuel, Kennedy and other Democrats attacked the speech shortly after the president was finished speaking, suggesting they were the ones who injected politics. "It appears that there had been a desire immediately after the speech to go ahead and make partisan points," he said.

Bush said Iraq is part of the United States' post-Sept. 11 approach to threats abroad. Going on offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking regime change in Iraq, Bush said. At least 2,670 U.S. servicemen and women have died in Iraq.

"I am often asked why we are in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," Bush said. "The answer is that the regime of Saddam Hussein was a clear threat.

"America did not ask for this war, and every American wishes it were over. So do I," Bush said. "But the war is not over, and it will not be over until either we or the extremists emerge victorious."

Although his administration has been criticized for trying to link Osama bin Laden to Baghdad, Bush made further comparisons between the al-Qaida leader and Iraq. The president quoted bin Laden as saying the battle in Iraq is the "Third World War" that could bring America's "defeat and disgrace forever."

"If we yield Iraq to men like bin Laden," Bush said, "our enemies will be emboldened, they will gain a new safe haven, and they will use Iraq's resources to fuel their extremist movement. We will not allow this to happen."

Bush delivered a message to bin Laden and other terrorists who are still on the run. "No matter how long it takes, America will find you, and we will bring you to justice," Bush said.

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On the Net:
http://www.whitehouse.gov

In The Debate On Security, Perhaps A Misstep Or Two (NYT)

By Jim Rutenberg And Carl Hulse
The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Elapsed time between the conclusion of President Bush's speech Monday night on the fifth anniversary of the Sept. 11 terrorist attacks and the first Democratic charge that he had politicized the tragedy: 20 minutes.

White House reaction: an appearance of glee.

Next steps: to be determined by conditions on the ground.

With the White House having wrapped up the first phase of its all-out effort to gain control of this fall's political narrative by casting the Iraq war as part of an epochal struggle against tyranny, both parties are confronting questions about their tactics as they head into the homestretch of the campaign.

Did the Democrats play into Mr. Bush's hands when Senator Edward M. Kennedy said Monday night that the president should have been ashamed of his speech, giving the White House a chance to intensify the national security debate against just the kind of liberal opponent it relishes? Did Mr. Bush overplay his hand by turning what had been billed as a nonpartisan commemoration of the attacks into what his opponents called a political defense of the war?

Democrats said they had initially planned to avoid any sort of partisan response to Mr. Bush's address. But they said they changed their minds within minutes and followed up on Tuesday by attacking the administration over its record on port security and other efforts to protect Americans at home. Late Tuesday, they released a letter to the television networks asking for equal time to deliver responses to Mr. Bush's future national security addresses.

At the White House, Tony Snow, Mr. Bush's spokesman, could hardly disguise his eagerness to go before the cameras to engage the Democrats on turf that Republicans have come to consider their own. He invited reporters who posed questions to him in the morning about Democratic complaints about the speech to ask again at his regular televised briefing, where he said Democrats were politicizing the anniversary and reasserted the White House line that a withdrawal from Iraq would turn it into a terrorist base.

On Capitol Hill, Republicans took an even harder line, questioning Democrats' commitment to fighting terrorists. Representative John A. Boehner, Republican of Ohio, the majority leader, said of the Democrats, "I wonder if they're more interested in protecting the terrorists than protecting the American people."

Senator Harry Reid, Democrat of Nevada, the minority leader, responded, "Haven't we moved beyond the fact that Republicans are trying to save us from the terrorists and Democrats aren't?"

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But in a sign that there may be limits to how far each side is willing to go in the debate, Mr. Snow initially dodged questions about whether the president condoned Mr. Boehner's remarks. When Mr. Snow was directly asked whether he believed Democrats were more intent on protecting terrorists than Americans, he answered flatly, "No."

And a senior Republican official, who spoke candidly about political strategy only on the condition of anonymity, expressed some unease with Mr. Boehner's language.

But even some Democrats said they winced when Senator Kennedy, Democrat of Massachusetts, was among the first to criticize the president, allowing the White House, for one news cycle at least, to frame the debate as one between the two men.

At the heart of both parties' calculations are competing visions of what will ultimately move people to the polls this fall. Democrats say they are convinced that with the continued violence in Iraq, a continued stream of threat videos produced by Al Qaeda, and a resurgent Taliban in Afghanistan, Republicans have handed their national security edge to the Democrats.

"Given the basic environment is in our direction, you have to stand up to them every time and show strength and that you are not afraid of them," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "That's what we have done over the past few weeks, and we are very happy with the results."

Democrats are taking their fight to the Congressional floor. On Tuesday, Mr. Reid sought to add a broad package of Democratic security proposals to a port security measure in the Senate, drawing complaints from Republicans that he was effectively blocking crucial legislation.

In the House, Representative John P. Murtha, Democrat of Pennsylvania, plans to introduce a resolution of no confidence in Defense Secretary Donald H. Rumsfeld. If the Republican leadership does not allow a vote, as is likely, Democrats will then begin a petition to force the resolution to the floor.

Acknowledging that Democrats have to be careful to look like more than complainers, Jim Jordan, a Democratic strategist, said, "Of course it's better for the party if we are defining ourselves as muscular and ready to defend the country."

But pointing to polls showing a smaller gap between the parties on national security, he said the Democrats had "fundamentally shifted public perceptions of which party is better able to defend the nation just in terms of domestic security."

Republicans disagree, pointing to successive Republican victories in the past two major elections, each of which was fought over national security policy. In both of those campaigns, critics said Republicans were overplaying their hands and predicted backlashes that did not come to pass. And Republicans have been quick to exploit continued divisions among Democrats over how to proceed in Iraq, often seeking to define the Democratic Party on the basis of positions taken by its more liberal members.

"When they make these outrageous statements on national security and try to politicize that issue, that plays to our advantage," said Ron Bonjean, a spokesman for the House speaker, Representative J. Dennis Hastert, Republican of Illinois. "We've chosen the grounds of national security; they're trying to play on our field."

With control of the White House and both chambers of Congress, Republicans say they plan to run the legislative show in the coming days with bills codifying the president's domestic spying program and the military tribunal system for detained terrorism suspects, though Republicans in the Senate, including John McCain of Arizona, oppose crucial parts of the tribunal legislation.

To goad the effort along, Mr. Bush plans to meet Thursday with Congressional Republicans on Capitol Hill for a closed-door session. And Tuesday, after he met with a group of conservative columnists, National Review Online quoted Mr. Bush as saying that he would have faced loud criticism had he not mentioned Iraq on Monday night, and that his goal was to highlight the stakes in this campaign.

Still, even some Republicans had doubts about how much the new national security campaign would help in a climate both sides see as tough.

"I don't think the inside-the-beltway discussion about political tit-for-tat makes any difference in the majority of races around the country," said Senator John E. Sununu, Republican of New Hampshire.

GOP Heightens Security Offensive (RC)

By Susan Davis And Erin P. Billings

Roll Call, September 13, 2006

With cautious hopes that the political winds may be turning in their favor, Republicans in both chambers are accelerating their election-year offensive this week with fundraising pitches, heightened rhetorical attacks on Democrats and a rare Thursday visit from President Bush.

"Hopefully we're back on the offensive on the issues that have worked for us and that Democrats are traditionally weak on," said one senior GOP Senate aide. "We're going to focus on a couple key issues to get traction on and try to ratchet up the momentum."

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Echoing the style of his predecessor, former Rep. Tom DeLay (R-Texas), House Majority Leader John Boehner (R-Ohio) fired at Congressional Democrats on Tuesday during his weekly session with reporters, going so far as to suggest Democrats sympathize more with terrorists than their constituents.

"I listen to the questions today and I listen to my Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," Boehner said.

When asked if he intended to imply that Democrats were treasonous, he responded. "No, I made it clear [that] sometimes I wonder — that is what I said — I wonder if they are more interested in protecting the terrorists. They certainly do not want to take the terrorists on and defeat them."

Earlier Tuesday, House Minority Leader Nancy Pelosi (D-Calif.), along with other senior House and Senate Democrats, had blasted Bush's Monday address to the nation for continuing to equate the Iraq War with a broader war on terrorism.

Pelosi fired back at Boehner, accusing him and other Republicans of resorting "to the desperation politics of fear." Added Pelosi, "It's time for real leadership against terrorism, not just Republicans' half-truths and scare tactics. The American people will see through the Republicans' cynical tactics and choose a new direction in the war against terror."

Yet Republicans are only heightening their offensive on Democrats, with GOP leadership aides coordinating message points and media releases with their rank-and-file members in order to define Pelosi specifically and Democrats in general on national security.

Bush's Thursday visit to the House Republican Conference will add momentum to their efforts as the administration works with Congress to authorize the president's actions, which were recently struck down in courts on military detainees, wire-tapping and surveillance of suspected terrorists.

"I think he has not been up in a while, and he thought it would be a good idea," Boehner told reporters. "I just think having the president interact with our Members has always been good for our team. ... We work closely with the White House and providing this kind of a forum I think is good for the president and good for our members."

Boehner downplayed suggestions that a Bush appearance may not aid vulnerable GOP incumbents, many of whom have been running campaigns that separate themselves from the president on the issues.

"I have not really seen anybody running away from the president. Frankly, I think that would be a very big mistake," he said. "I have no fears about losing our majority, none whatsoever."

On the campaign front, House Republicans will meet at the Capitol Hill Club this morning for the second-to-last fundraising pitch for the National Republican Congressional Committee's Battleground program, which raises money for their most vulnerable incumbents.

House Chief Deputy Whip Eric Cantor (R-Va.) is chairing this year's effort and is tasked with raising $17.5 million for the cycle. Rob Collins, a spokesman for Cantor, said they have collected more than $11 million so far from rank-and-file members.

"We're excited about the progress in that we feel that we're ahead of the aggressive pace Mr. Reynolds set for us," Collins said, adding that Cantor will "absolutely" meet the fundraising goal

Across the Capitol, Republican Senators also are putting in place the final pieces of their pre-election game plan — hoping to put Senate Democrats on the defensive as they push through a multitiered security agenda that puts them back in the political driver's seat.

While Republican House Members will meet with Bush, Senators got some face time Tuesday with White House Chief of Staff Josh Bolten and Vice President Cheney at their weekly policy luncheon. Republicans in both chambers are hoping to use the next three weeks to push through a series of homeland security measures, beginning with passage this week of port security legislation, and later by passing bills to provide executive authority to engage in terrorist surveillance and to deal with the rights of suspected terrorist detainees.

That legislative agenda will be coupled with a multimillion-dollar message and ground game designed to define Democrats as weak on national security and the broader war on terrorism.

GOP Senators say that unlike their House counterparts, they have little fear of losing their chamber to the Democrats. But they remain worried about holding onto their six-seat hold in the Senate that most observers predict is in jeopardy.

"There's surely a greater focus," Sen. John Cornyn (R-Texas) said when asked about the current Republican mood.

On Tuesday, several GOP Senators and aides suggested that while the landscape may not have done an about face, the climate has improved in part because of President Bush's recent media blitz on the war, as well as their own attempts to unify around a keep America safe message. Also adding to their new-found momentum are a series of global events that show Republican strength on defense matters such as the foiled terrorist plot to blow up airliners bound for the United States.

"November is still a long way away," said one Senate Republican aide. "But today's a hell of a lot better than it was two months ago."

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Sen. John McCain (R-Ariz.) said with less than two months to go until the election, he believes there is still time to move voters, saying: "Most people don't make up their mind until 48 hours before."

A high-level Republican Senate aide suggested his party came into September fearing the worst, given the daily dose of media reports and pundit speculation predicting sweeping Democratic success on Nov. 7.

But September has shown some positive signs for Republicans, this aide said, and said that rather than "running around with our heads in our hands, we are being aggressive."

"The expectations were set so high for the Democrats that the fact there isn't a blood bath after August, buoys a lot of people," this aide said. "When you look at the landscape it's not nuclear winter."

Sen. Norm Coleman (R-Minn.) said he remains optimistic about his party's chances this fall, and believes that Republicans are making clear to voters that they are the best party to keep them safe. If that message is conveyed effectively, the electorate will keep the GOP in charge this November, he said.

"I still think most of my colleagues are in agreement that we will hold our majority in the Senate," Coleman said. "There's no panic. I think we are running scared in a healthy way."

Democrats aren't ceding any ground, however. Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) said voters are wise to the Republicans' election-year maneuvers, and predicted the GOP will fail.

He said Republicans may have seen success on the security platform in the past, but voters no longer side with their foreign policies, and Democrats, for their part, have learned to stand up and fight back.

"The only thing that is going to stunt Democratic momentum is a change in course," Schumer said. "People want a change in course. People aren't happy."

Republicans, Dems Trade Jabs On War (HILL)

By Patrick O'Connor

The Hill, September 13, 2006

GOP leaders in the House have signaled their support for a controversial White House plan establishing the legal framework to try suspected terrorists just as vulnerable Republicans seek to distance themselves from the president.

House Majority Leader John Boehner (R-Ohio) pledged strong support yesterday for House language backed by the administration creating military tribunals for detained terrorist suspects.

In doing so, Boehner also seized on remarks made by his Democratic counterpart downplaying the effect of capturing Osama bin Laden.

"I listen to my Democrats friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," Boehner told reporters yesterday.

White House spokesman Tony Snow indicated he did not share Boehner's point of view when asked about the comments. And Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) fired off his own vitriolic reaction.

"I wonder if John Boehner is more interested in protecting his majority than protecting the American people," he said in a statement. "Instead of coming up with new ways to scare Americans into voting Republican, George Bush and John Boehner ought to be doing what needs to be done to secure our country."

Over the weekend, Pelosi appeared at a press conference that was supposed to be devoted to taking the administration to task for not doing more in the war against terrorism.

"And if [bin Laden] is caught tomorrow, it is five years too late. He has done more damage the longer he has been out there," she told reporters. "But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer."

Rank-and-file Republicans are expected to join Boehner later this week in attacking the minority leader for her remarks, Republican leadership aides in the House said yesterday.

"We're going to expose how weak the Democrats' rhetoric and record is on national security and fighting terrorism," said Ron Bonjean, a spokesman for House Speaker Dennis Hastert (R-Ill.). "The Democrat leader wants to give up on catching terrorists, provide classified information to terrorist suspects and cut and run from Iraq."

But Republicans may have a problem with this strategy. On Meet the Press this Sunday, Vice President Dick Cheney also expressed doubt over the impact of catching bin Laden.

"He's not the only source of the problem, obviously…" Cheney said. "If you killed him tomorrow, you'd still have a problem with al-Qaeda, with Zawahiri and the others. But bin Laden has been a top priority for us from the very beginning, he continues to be a top priority today."

Pelosi responded by accusing Republicans of resorting to the politics of fear rather than defending their own "failed" record on terrorism.

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"If Mr. Boehner has a concern with the Hamdan decision, he should take it to the U.S. Supreme Court, where a majority of the justices found that Mr. Bush was operating outside of the rule of law," she said in a statement.

Pelosi and Senate Democratic Leader Harry Reid (D-Nev.) also sent a letter yesterday to the presidents of network news companies calling on them to devote more coverage to House and Senate Democrats if they continue to give extensive airtime to President Bush's national security speeches.

"In order to provide the American people with complete information to make the best choices come Election Day, we ask that you commit your network to providing fair and equitable coverage to the viewpoints of both Republicans and Democrats on these crucial national security debates," they wrote.

The war of words comes as both chambers ready legislation to legitimize military tribunals the Supreme Court declared unconstitutional in June. Republicans have made national security the thrust of their reelection efforts to hold the House despite the increasingly unpopular Iraq war.

Although GOP leaders in the House and Senate continue to support President Bush, rank-and-file Republicans in competitive seats are moving further away from the White House on a number of issues.

House Republicans in suburban Philadelphia, for instance, have run ads and sent direct mail pieces distancing themselves from the president on immigration and Iraq.

Bush is scheduled to address GOP lawmakers in the House tomorrow during a rare closed-door session where he is expected to offer words of encouragement heading into the critical midterm elections.

Pelosi's remarks over the weekend contradicts a major plank of the "real security" proposal congressional Democrats introduced earlier this year; the elimination of bin Laden and the al-Qaeda leadership was a principal objective of that proposal.

Boehner also criticized Democrats for backing proposed changes to the House bill establishing these tribunals that would allow defendants to view classified information being used against them.

"These are terrorists," Boehner said. "Providing a terrorist with classified information puts our troops in jeopardy."

The Supreme Court ruled that the previous program was unconstitutional in part because defendants were not allowed to view some of the evidence used against them.

The rhetorical battle coincides with another potentially tough negotiation with the House and Senate over the creation of these tribunals.

In addition to preventing suspected terrorists from viewing classified evidence being used against them, the House bill, which largely resembles proposed White House legislation, also would allow military prosecutors to use hearsay evidence as well as testimony obtained through coercion.

A trio of powerful Republican senators on the Armed Services Committee, including the chairman, Sen John Warner (R-Va.), as well as Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) raised significant objections last week to all three provisions.

Democrats on the House Armed Serives Committee were expected to meet last night to decide how to respond to their own concerns with these three issues, one Democratic aide said. They were deciding yesterday whether to offer amendments or a substitute bill during today's markup that would allow suspected terrorists to view the classified evidence and prohibit hearsay testimony and testimony acquired through coercion.

As the debate advances, Republicans in the House will even make a small semantics change in the tribunals themselves by calling them "terrorist tribunals" instead of "military tribunals" in order to shift the emphasis to those being tried rather than the people trying them, according to GOP leadership aides.

White House Defends 9/11 Reference To Iraq War (WT)

By Stephen Dinan And Charles Hurt

The Washington Times, September 13, 2006

President Bush accomplished his goal of calling for unity while portraying the fight ahead of the United States during his Monday night Oval Office address, the White House said yesterday, as it fended off charges that the president politicized the fifth anniversary of the September 11 attacks.

"The president did not want to try to turn this into a Democrats-versus-the-Republicans thing, but you cannot talk about the war on terror without talking about Iraq," White House press secretary Tony Snow said yesterday.

"And furthermore, you can't talk about September 11th, especially when Osama bin Laden himself says Iraq is at the center of all this, without mentioning it."

On Capitol Hill, Mr. Bush's speech stiffened the spines of Republicans who have grown weary of defending an unpopular war heading into a tight election season. Yesterday, they were back to skewering Democrats as harshly as ever.

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"I listen to my Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people," House Majority Leader John A. Boehner said yesterday.

In particular, he noted Democratic objections -- shared by a handful of Republicans -- to the Bush administration's handling of terrorism suspects held at U.S. Naval Base Guantanamo Bay, Cuba.

Mr. Bush on Monday night called for unity behind the war on terror and defended Iraq as a central part of that war in a prime-time address from the Oval Office, televised by the major networks.

Almost immediately, Democrats slammed Mr. Bush, with Sen. Edward M. Kennedy of Massachusetts saying the president should "be ashamed" and the chairman of both House and Senate Democrats' political campaign committees accusing him of doing a disservice to the day. They objected to his defense of the war in Iraq and said he was wrong to tie it into the terrorist attacks from five years ago.

"To try to make partisan gain out of such tragedy dishonors all those we lost on September 11," House Minority Leader Nancy Pelosi, California Democrat, said yesterday, calling the speech an attempt "to distract from his failures in Iraq."

The fight is playing out on Capitol Hill, where the House is considering a resolution commemorating the five-year mark since the attacks.

Mr. Boehner blasted Democrats for refusing to accept what in past years has been a noncontroversial resolution because it contains references to eight pieces of legislation that Congress has approved in the past five years in an effort to combat terrorism.

"What is being objected to is a list of the bills that Congress passed in response to 9/11," Mr. Boehner said yesterday. "All of the bills passed with broad bipartisan support. It is a fact that they passed. And I, for the life of me, I have no idea what the objection is."

Three of the bills mentioned in the draft resolution passed almost unanimously, and two others passed with support from most Democrats. The most partisanvote was last year's immigration legislation, which picked up support from 36 Democrats in the House.

"We're going to expose how weak the Democrats' rhetoric and record is on national security. The Democratic leader wants to give up on catching terrorists, provide classified information to terrorist suspects and cut and run from Iraq," said Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert, Illinois Republican.

"They wouldn't even agree to include the national-security record of Congress in the 9/11 resolution."

At the White House, Mr. Snow would not comment directly on Mr. Boehner's statement on the Democrats' priorities, but said he did not think Democrats were more interested in protecting terrorists than in protecting Americans.

Mr. Snow walked reporters through parts of Mr. Bush's speech and said there were "three or four sentences" that could be seen as controversial, but said Mr. Bush would have been criticized if he had left Iraq out.

Bush Politicized A Solemn Day, Democrats Say (LAT)

By Peter Wallsten

The Los Angeles Times, September 13, 2006

WASHINGTON — As White House officials sought approval from television executives for a coveted prime-time broadcast of President Bush's Oval Office address commemorating the fifth anniversary of the Sept. 11 terrorist attacks, they said publicly that the speech would steer clear of politics.

As late as Sunday, as Bush prepared for a raft of Sept. 11 ceremonies, White House Press Secretary Tony Snow told reporters that the address was "not going to be a political speech — there are no calls to action, there are no attempts to segregate Democrats from Republicans."

But Bush's inclusion in his remarks Monday night of a stout defense of his policies in Iraq — as well as his suggestion that a united front was needed on the subject — sent Democrats scrambling to issue late-night responses and prompted at least one network to adjust its programming to make time for political analysis. And the controversy continued Tuesday, as debate flared over whether Bush inappropriately politicized a day set aside for memorials and solemn reflection.

The dispute comes eight weeks before voters are to decide which party will control Congress for Bush's final two years in office, and underscores how each side is vying to make the issue of national security work to its advantage.

Bush, in a series of recent appearances, and other administration officials have stressed their view that the increasingly unpopular war in Iraq was part of the broader fight against terrorism and that critics were playing into the hands of terrorists.

Democrats have argued that the war has weakened the United States' standing in the world and that Bush's "stay the course" policy only increases the terrorism threat.

The rhetoric escalated after Bush's speech Monday night.

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House Minority Leader Nancy Pelosi (D-San Francisco) accused Republicans of employing "cynical tactics" to scare voters, while House Majority Leader John A. Boehner (R-Ohio) wondered aloud whether Democrats were "more interested in protecting the terrorists than protecting the American people."

Democrats pressed their case that the White House had misrepresented the tenor of Bush's speech, causing the broadcast networks to give him a prime-time slot without setting time aside for an opposition response or interviews with Democrats.

"The American people, us included, took [White House officials] at their word when they said it would not be a political speech," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Pelosi and Senate Minority Leader Harry Reid (D-Nev.) sent letters to network news executives Tuesday asking for more coverage of Democrats' views as part of reporting on Bush's war-related speeches.

Bush mused Tuesday about the dispute over his speech, telling a group of conservative columnists during an Oval Office interview that he would have been attacked either way.

"Imagine what they would have said if I hadn't talked about Iraq — 'Failed policy, won't talk about it,' " he said, according to an account posted on the National Review Online.

The first indication that Monday night's address might go beyond a Sept. 11 commemoration came about three hours before Bush delivered it, when the White House press office distributed advance excerpts. It included one line declaring that winning the war on terrorism "will require the determined efforts of a unified country," and that Americans "must put aside our differences, and work together to meet the test that history has given us."

Still, the excerpts contained no mentions of Iraq — and the headline on the news release alerted reporters only that Bush's speech would "remember those who lost their lives five years ago today and pay tribute to the heroes whose acts of courage that day saved so many lives," and reflect on "what Sept. 11 has meant to America and how we can move forward together to win the war on terror."

On NBC, which like the other two major networks interrupted regular programming to televise Bush's remarks, Washington bureau chief Tim Russert told viewers before the speech that the president would be assuming the role of "commander in chief, healer in chief, comforter in chief; all alone in the Oval Office with one big megaphone for the country and the world to hear."

But Bush wasted little time in his 17-minute address before reverting to the oft-repeated lines of his election-year speeches defending the invasion of Iraq.

"I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks," he said. "The answer is that the regime of Saddam Hussein was a clear threat…. The world is safer because Saddam Hussein is no longer in power."

Bush went on to quote Al Qaeda leader Osama bin Laden predicting that defeat in Iraq would mean America's "defeat and disgrace forever," a line the president has often used to criticize Democrats who have endorsed a timetable for withdrawing troops.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," Bush said.

With those and other passages, a speech that had been advertised as nonpolitical was sounding like the president's campaign speech.

Once the themes of Bush's remarks were clear, NBC changed plans and allowed time after the speech for additional analysis. During that segment, Russert predicted that Democrats would no doubt accuse Bush of playing "politician in chief."

A network news executive, speaking on condition of anonymity due to the sensitivity of relations with the White House, said Tuesday that the speech would prompt greater scrutiny of future White House requests for air time.

"On a scale of zero to 100, with 100 being a speech of national significance and zero being purely partisan, this clearly was not a 100 on that scale," the executive said. "And I guess over time if that pattern kept occurring, then … you'd start to look long and hard at those formal requests."

Reid took to the Senate floor to criticize Bush for, in his view, injecting politics into the Sept. 11 commemoration.

Reid recalled that the attacks had "brought America together like never before." He said that when Bush, a few days after the attack, "stood upon that mound of rubble at ground zero with bullhorn in hand, he spoke for all of us" in pledging retribution against the plotters.

But Reid said that on Monday night, "the president spoke for his administration, not for the nation. No bullhorn, only the bully pulpit of his office, which he used to defend an unpopular war in Iraq and to launch clumsily disguised barbs at those who disagree with his policies there."

Snow on Tuesday stood by his earlier characterization of the speech as nonpolitical — in the sense that Bush did not specifically argue that Democrats opposing his Iraqi policies were jeopardizing America's security, as he has done on the campaign trail.

"What I told you was there would be no drawing of partisan distinctions, and there wasn't," Snow said.

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"The point is that the use of the term 'partisan,' I think, is being now tossed around as a way to fend off the debate [on Iraq] or say, 'How dare the president talk about it,' " Snow said.

A Reprise Of The Grand Old Party Line (WP)

By Dana Milbank

The Washington Post, September 13, 2006

House Majority Leader John Boehner (R-Ohio) was his genial self at a meeting with reporters yesterday morning, showing off his golf-ball-pattern tie and talking of a conversation he once had with Jack Nicklaus about the baby-blue cravat.

But 15 minutes later, Boehner had moved from the necktie to the jugular: He speculated that Democrats may be guilty of the capital crime of aiding and comforting the enemy.

"I listen to my Democrat friends, and I wonder if they're more interested in protecting terrorists than in protecting the American people," he said.

One of his listeners, offering Boehner the chance to rescind that charge, asked if he really meant to accuse Democrats of treason. "I said I wonder if they're more interested in protecting the terrorists," he replied, repeating more than clarifying. "They certainly don't want to take the terrorists on in the field."

The majority leader's charge of treachery was no accident. Two months before Election Day, Republicans have revived the technique used with great success in 2002 and 2004: suggesting that the loyal opposition is, well, not so loyal.

Sen. Rick Santorum (R-Pa.) seemed to have the same talking points yesterday. In a fight for his political life, Santorum worked himself into a rage on the Senate floor, hollering: "If you listen to the Democratic leader, our lesson is: . . . Let's put domestic politics ahead of the security of this country. That's the message."

The arrival of Treason Season, heralded by the charged address President Bush gave on Monday's 9/11 anniversary, is right on schedule.

Back in 2002, Bush declared on Sept. 23 that Senate Democrats were "not interested in the security of the American people." Republicans gained seats in the midterm elections.

Two years later to the day, Bush went to the Rose Garden to say that Democrats' statements about Iraq "can embolden an enemy." A few days earlier, Republican John Thune said the words of his opponent, Senate Democratic leader Thomas Daschle (S.D.), "embolden the enemy." Bush and Thune won in November.

The aid-and-comfort line may not work as well this time, if only because polls show broad disenchantment with Bush and congressional leadership. And, unlike in 2002, Republicans have unified control of the government and find their security agenda being hamstrung by GOP holdouts as well as Democrats. But don't discount the influence of Treason Season: A Zogby poll released yesterday showed Santorum closing the gap with Democratic challenger Bob Casey.

As is often the case, Vice President Cheney launched the current round of sedition suspicions. The idea "that we should withdraw U.S. forces from Iraq," he told NBC's Tim Russert on Sunday, "validates the strategy of the terrorists."

Bush picked up the thread in his televised address Monday night, saying: "The worst mistake would be to think that if we pulled out, the terrorists would leave us alone. They will not leave us alone. They will follow us. . . . If we yield Iraq to men like bin Laden, our enemies will be emboldened." That was milder than Cheney, but not exactly the non-political speech the White House promised when it requested network time.

Senate Minority Leader Harry Reid (D-Nev.) rushed to the floor yesterday morning to denounce this "ploy" by Bush, saying the president "obviously was more consumed by staying the course in Iraq and playing election-year partisan politics than changing direction."

This threw Santorum into a rage, resulting in a 15-minute tirade by the agitated Pennsylvanian. "The very people that planned the attacks are the people who are in Iraq," he stipulated, drawing a conclusion different from the one the Senate intelligence committee reached. He said Democrats "can't face the reality that we have a dangerous enemy out there, an enemy that wants to destroy everything we hold dear."

Boehner, giving reporters an off-camera briefing in his office, was decidedly calmer. In shirtsleeves and sipping a Diet Coke, he told the group coolly: "I have no fears about losing our majority. None." Five minutes later, after making and repeating his supposition that Democrats prefer terrorists to Americans, Boehner added somewhat incongruously that Democrats "are the ones out there making statements."

The flap landed 90 minutes later on Tony Snow's podium in the makeshift White House briefing room. The spokesman declined multiple invitations from the press to disavow Boehner's formulation. "Do you want to let a statement like this stand from a Republican leader of Congress?" NBC's David Gregory finally asked.

"I'll get back to you on it," he said.

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The exasperated Gregory tried another tack: "Can you describe how it's possible to oppose the president on the war on Iraq without emboldening the terrorists?"

"Yes, absolutely," Snow said. But not if it means pulling out of Iraq. "That," the spokesman said, "would embolden the terrorists."

With No Ideas, The GOP Seeks To Scare (WP)

By Harold Meyerson

The Washington Post, September 13, 2006

Wasn't it just a couple of years ago that Republicans were boasting that they were the party of ideas? They would privatize the commonwealth and globalize democracy, while Democrats clung to the tattered banner of common security in both economics and national defense. The intellectual energy in America, it seemed, was all on the right.

That, as they say, was then. In 2006 the campaigns that the Republicans are waging in their desperate attempt to retain power are so utterly devoid of ideas that it's hard to believe they ever had an idea at all.

With fewer than 60 days remaining before the November election, the only two Republican strategies left standing are to scare the public about the Democrats collectively or to slime the Democrats individually. There's nothing new about these strategies, of course, but this year they exist in a vacuum. Having run both the executive and legislative branches for the past two years with nothing but failure to show for it, the Republicans can no longer campaign as the party that will balance the budget, reform entitlements, lower energy costs, fix the immigration problem, create a more secure world or find a suitable way out of their endless war of choice in Iraq. What's left is a campaign of scaring and sliming, with the emphasis on the latter.

The scare campaign is simply harder to wage this year than it was in 2002 and 2004, when Bush, Rove and company convinced just enough voters that the Democrats couldn't be trusted to take on the terrorists. This week, for instance, House Republicans will bring up their annual resolution commemorating the horror and heroism of Sept. 11, 2001, which this year comes complete with some additional language that reaffirms their deport-'em-all approach to immigration. That, the Republicans hope, may just force some Democrats to vote no -- proof positive of their secret sympathies for al-Qaeda.

A similarly threadbare calculation lies behind the Republicans' sudden rush to force a vote on rules governing the tribunals that will judge the 14 leaders of al-Qaeda whom the president abruptly decided to put on trial. The administration's bill establishes procedures clearly designed to repulse sentient beings, such as a provision denying defendants the right to see the evidence introduced against them. The political problem for the Republicans is that there are a few sentient beings in their own ranks, notably Sens. John McCain, John Warner and Lindsey Graham, a former military reserve judge who has said that a court would strike down that provision "in 30 seconds." With McCain, Warner and Graham gumming up the works by insisting on trials that reflect the influence of the Enlightenment, Democrats have been able to stay mum on a controversy that exists only because it was supposed to embarrass them.

It was all so much simpler in the days when the Democrats' reservations about the war in Iraq could be depicted as revealing their irresolution in the fight against terror. Today, alas, most Americans see Iraq as the horrific sectarian conflict it has in fact become, and in a recent poll for Time magazine, 54 percent said our involvement there was actually hurting our efforts to combat terrorism. The president, though, persists in depicting the war as the front line in the war on jihadists; to admit otherwise would be to admit that those who propose redeploying some of our forces, as Democratic congressional leaders have advocated, aren't necessarily soft on bin Laden.

But the public isn't falling for the third iteration of the scare campaign -- not yet, anyway -- so the Republicans have fallen back on slime. According to a report in Sunday's Post by Jim VandeHei and Chris Cillizza, the National Republican Congressional Committee "plans to spend more than 90 percent of its $50 million-plus advertising budget on what officials described as negative ads" that attack Democratic candidates on their business dealings, legal battles and legislative votes that can be taken out of context.

What's a party to do when its high road leads nowhere but down? The Republicans tried privatizing Social Security, but their numbers never added up. They tried spreading democracy with unilateral, preventive war but instead unleashed a sectarian bloodbath. So the party of big ideas, of Milton Friedman and the neoconservatives, is now just one big Swift Boat flotilla, its ideas sunk of their own dead weight, kept afloat solely by its opposition research. For their part, the Democrats still champion common security; they call for a government that can build dikes and reduce the costs of college and medication and that knows that remaking the world becomes more plausible when some of the world is actually willing to go along with us. Those are, in the campaign of 2006, just about the only ideas in play.

Politics Jeopardize Ports Security Bill (AP-Y)

By Lara Jakes Jordan

DOJ_NMG_0062357

AP, September 12, 2006

Ports security legislation that most senators agree would make the country safer was stuck Tuesday in election-year politics as Republicans threatened to scrap it if Democrats forced in a wide range of provisions.

Facing an impasse, Senate Majority Leader Bill Frist set a Thursday deadline to vote on the bill that was earlier considered a sure thing.

The Democratic plan "will kill the bill," said Sen. Ted Stevens, R-Alaska. "We have a bipartisan bill to start with. ... All these amendments are just coming out of the sewer right now. There's just too many of them, and they're just nothing but attempts to block this bill."

Senate Democratic leader Harry Reid said his plan would also bolster security on trains and buses and at chemical plants, strengthen U.S. intelligence missions overseas and approve all of the 9/11 Commission's recommendations, half of which are still undone.

"Let's see if they'll vote against this," said Reid, D-Nev., hoisting a thick stack of white papers.

Reid acknowledged that the port security bill, even without his additions, would be better than nothing. "But why don't we try to improve that? And that's my point. Try to improve it. That's all I'm trying to do," he said.

Voters have ranked national security among top election concerns this fall, which marks the fifth anniversary of the 9/11 terror attacks, and candidates from both parties are scrambling to portray themselves as stronger on the issue than their opponents. Congress made port security a particular priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports.

The Democratic plan would put Republicans in the awkward position of voting against security measures that many voters believe are long overdue.

Stevens, however, said the plan would delay progress on port security, including putting monitors at the nation's 22 largest seaports to screen for materials to make radiological "dirty" bombs or nuclear weapons. The bill would have to be considered by multiple congressional committees to work out differences between House and Senate bills, he said.

David Heyman, homeland security director at the Center for Strategic and International Studies, said the flare-up could scuttle the entire bill.

"Everybody wants to go back to their constituents and say they've done something to make us more secure," Heyman said. "If something gets done, everybody benefits. But if nothing gets done, Democrats will benefit because if you look at polls, people believe Congress isn't doing its job, and voters want change."

Homeland Security Secretary Michael Chertoff, testifying before a Senate panel earlier Tuesday, urged lawmakers to approve the port security legislation, calling it "a tremendous contribution" to measures the Bush administration has already undertaken.

As part of the bipartisan ports security bill, senators also approved several measures Tuesday, including:

_Requiring the government to send emergency alerts to cell phones and pagers.

_Eliminating a hiring cap on Transportation Security Administration screeners.

_Bringing the total number of new Customs and Border Protection officers to 1,000.

U.S. Can't Protect All Targets, Chertoff Says (NYT)

By Eric Lipton

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Congress and the American public must accept that the government cannot protect every possible target against attack if it wants to avoid fulfilling Al Qaeda's goal of bankrupting the nation, Homeland Security Secretary Michael Chertoff told a Senate committee Tuesday.

Osama bin Laden, Mr. Chertoff said, has made it clear that scaring the United States into an unsustainable spending spree is one of his aims. In a 2004 video, Mr. bin Laden, the Qaeda leader, spoke of "bleeding America to the point of bankruptcy."

"He understood that one tool he had in waging war against the United States was to drive us crazy, into bankruptcy, trying to defend ourselves against every conceivable threat," Mr. Chertoff said at a hearing of the Homeland Security and Governmental Affairs Committee. "We have to be realistic about what we expect and what we do. We do have limits, and we do have choices to make."

The direct reference to Mr. bin Laden echoes what is now a week's worth of tough talk by the Bush administration about him, a move Democrats call a politically motivated effort to refocus the nation, and its voters, on the war on terror instead of the troubled conflict in Iraq.

Mr. Chertoff said his message was not political, but simply a recognition of reality and the tough choices he must make.

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Moving ahead will require billions of dollars in spending to finish installation of radiation detection equipment at ports by next year, build fences or high-tech barriers at borders to control illegal immigration, enhance railroad safety programs and install new explosives detection equipment at airports.

In the short term, money will be spent to inspect all cargo packages delivered by individuals to the airports, closing what has been a loophole in the security system. The department, in the next month, will also announce new freight rail regulations for trains that carry highly toxic chemicals. The rules may limit how long railcars are allowed to sit in place and how they are built.

But the list of initiatives cannot be limitless, Mr. Chertoff said. A mandate, for example, that every cargo container headed into the United States be X-rayed and subject to a radiation scan before it leaves a foreign port to search for a possible nuclear bomb is not now feasible, he said.

Senator Frank R. Lautenberg, Democrat of New Jersey, was trying on Tuesday to persuade him to consider such an effort.

"I put my daughter in my car," Mr. Chertoff told Mr. Lautenberg. "If I wanted my daughter to be 100 percent safe, I'd put a five-mile-an-hour speed limit cap on the car." But that is not an option, he added, "because that's more safety than we can afford."

Mr. Lautenberg seemed unimpressed. "If we inspected one out of 20 people going into the White House for tours, or coming into this place, would we feel secure?" he said. "I don't think so."

Others who spoke at the hearing, including Richard A. Falkenrath, the deputy commissioner for counterterrorism at the New York City Police Department, questioned just how good a job Mr. Chertoff was doing divvying up his limited resources.

Mr. Chertoff, since he was named secretary in February 2005, has talked of the need to make spending risk-based, but his department has also been lambasted for compiling a list of possible targets that included a petting zoo, a bourbon festival and a popcorn factory, while at the same time it cut antiterrorism grants to high-risk cities like Washington and New York.

Mr. Falkenrath said the department was focusing too much on screening cargo containers, when the greater threat in American ports, like the attack on the destroyer Cole in Yemen in 2000 showed, was from a small boat packed with explosives pulling up aside a ship or a ferry. It is spending $9 on security per airplane passenger, he said, but less than half a penny on each mass transit rider.

"There's something wrong with this," said Mr. Falkenrath, a former White House deputy homeland security adviser. "Terrorists are attacking the subway system worldwide."

Newly Banned Items Often Fly Past Airport Screeners (WP)

By Del Quentin Wilber

The Washington Post, September 13, 2006

Wendy Shanker was passing through security at the St. Louis airport Friday when the X-ray machine detected a potential weapon inside her carry-on bag. A screener dug into the satchel and found a pair of scissors that Shanker used for knitting. The scissors' blades were shorter than the 4-inch federal limit so the screener plopped them back into the bag.

But he missed something else: Shanker's two-ounce container of Neutrogena hand cream, a substance banned since federal authorities clamped down last month on allowing liquids and gels into airline passenger cabins.

"They focused in on the scissors and didn't seem to see the cream," said Shanker, who didn't realize it was in her bag until she was on her way to Washington Dulles International Airport.

Like Shanker, many people are inadvertently taking banned liquids and gels through security in their pockets and carry-on luggage, according to interviews with several dozen travelers at local airports and with pilots and security officials.

Others, however, say they're simply not going to tolerate the new rules. They admit that they ignore the restrictions, slipping expensive cologne, perfume, lip gloss, lotion and other ointments into their carry-on bags or into their pockets in hopes of sneaking them past security. Some of the items get flagged by screeners, others do not.

Unlike Shanker, the cream and liquid smugglers refused to give their full names. One woman said she slipped her Blistex lip balm into a pocket because her lips dry out on flights; another stashed her perfume in her carry-on because she didn't trust baggage handlers; another kept a small container of body lotion in her purse to apply in the aircraft lavatory.

A business executive said he always traveled with hand sanitizer in his pocket because he worries about germs on planes. He has made about 10 trips since the restrictions went into effect and hasn't been caught.

Since the rules went into effect, most travelers have abided by the law, packing their hand cream, hair gel and toothpaste in their checked luggage or leaving the items at home. The flouters, however, say they hate the hassle of long waits at baggage carousels and worry that their expensive bottles of perfume will be broken or stolen if placed in their checked luggage.

A 33-year-old teacher, who was traveling with her 7-year-old son and 9-year-old daughter, brought her cosmetics case in her backpack on a trip from Orlando to Dulles Friday morning.

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She would give only her first name, Nicole, saying that she worried about getting in trouble. At first, she admitted to a reporter that she was carrying a $75 hydrating gel in her backpack. Then, she revealed lip gloss, toothpaste, a bottle of expensive Chanel perfume and a $300 container of facial cleanser neatly packed in a bulging cosmetic case. Screeners never noticed the items, which she had no intention of checking, she said.

"There is no way I'm putting my Chanel in a checked bag," she said. Then she looked down at her two children: "Who knows what's in their bags?"

The federal government banned most gels and liquids from passenger cabins last month after British authorities said they had foiled a plot to bomb transatlantic flights with liquid explosives. Officials with the Transportation Security Administration said they were confident their security efforts in place at the time would have prevented the plotters from getting through security checkpoints at U.S. airports. But they said they couldn't take any chances and hastily enacted the ban early on Aug. 10.

TSA officials have no way of tracking people who succeed in disobeying the ban, but screeners have caught people trying to sneak items through checkpoints, said Ellen Howe, an agency spokeswoman. Anyone caught could face fines of several hundred dollars, Howe said, although she said it was too difficult to determine whether any fines have been levied.

TSA officials point to a 20 percent increase in checked bags as an indication that most travelers seem to be complying with the rules.

"Travelers must realize this isn't a game," Howe said. "The threat is real and it continues, and we appreciate the public's cooperation. Is it the perfect system? No. But does it make it right to sneak things through security? No, it doesn't."

Security experts said the experiences of travelers interviewed at Reagan National and Dulles airports highlighted what they say are security gaps in the current product bans. A well-trained screener must notice the sometimes-subtle signatures of containers of gels and liquids on X-ray machines. The devices are much better at picking up the shapes of dense and metal objects, such as knives, guns or bomb components, security experts said.

Metal detectors at security checkpoints cannot sense plastic items that may contain liquids or gels.

"There are obviously limitations to this ban," said Clark Kent Ervin, a former inspector general at the Department of Homeland Security.

Ervin supports the restrictions but thinks they are flawed because authorities rely heavily on screeners' interpretations of X-ray images.

"It depends entirely on screeners' alertness and training," he said, "and there are problems with both."

Pilots groups have criticized the measures, saying they notice the security holes all the time. They say authorities should focus more on developing systems to identify potential terrorists, not just their weapons.

Gary Boettcher, a pilot and president of the Coalition for Airline Pilots Association, a trade group that closely tracks security issues, said he constantly sees people drinking from illicit bottles of water or putting on lip gloss when he walks through the passenger cabin. Most of the time, he said, it doesn't bother him.

"They are just doing their routines like they always did," Boettcher said. "An old woman drinking a bottle of water doesn't concern me. . . . The whole screening process is a facade to make the public feel safe, to show that the government is doing something."

Passengers said they didn't feel any safer after reaching their destination and realizing they had inadvertently left a banned item in their carry-on bags.

Libby Cole, 21, who flew into Dulles from Vermont on Friday, said she rushed to catch an early plane and didn't know until she landed that she had two lip glosses in her carry-on bag.

On a past trip, TSA screeners caught one out of two lip glosses, she said.

"I don't think this does anything, because obviously, if this can get through," she said, holding onto one of her lip glosses. "I think it's just kind of a pain."

Backups From Ban At Airport Checkpoints Short-lived (USAT)

By Thomas Frank

USA Today, September 13, 2006

WASHINGTON — Security lines at U.S. airports returned to normal less than a week after a terror scare last month created some of the worst checkpoint backups ever, a USA TODAY analysis of security data shows.

Transportation Security Administration (TSA) records show that five days after airline passengers were barred from carrying most liquids on airplanes, security lines wereroutine at almost all of thenation's 80 major airports.

Travelers waited 90 minutes or more at 13 of the airports on Aug. 10, when the ban took effect after British authorities said they stopped an alleged plot to bomb U.S.-bound airplanes using liquid explosives. Five airports had lines of two hours or more, the data show.

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By Aug. 15, only four airports had lines exceeding 30 minutes.

The fast rebound "gives the TSA wiggle time to test and deploy technology that will deal with liquid explosives," said aviation-security consultant Douglas Laird. "The public isn't going crazy."

The TSA has said the ban will remain in place indefinitely.

Many passengers are using checked luggage instead of carry-on bags. Mike Restovich, TSA's security-operations chief, said the reduction in carry-ons helped checkpoint lines come "back to normalcy" by giving screeners fewer bags to check.

Caleb Tiller of the National Business Travel Association said the TSA did a good job explaining the ban after early confusion. The rules "are well-understood," Tiller said.

Many travelers now spend extra time waiting to check and retrieve luggage, he said.

Timing helped ease lines. Late August and September are slow air-travel periods. Some airlines lost passenger volume after Aug. 10, said James May, CEO of the Air Transport Association, an airline trade group.

Orlando International Airport screener Don Thomas said travelers are following the liquid ban "surprisingly well." Even so, he warned, "If it was holiday time, it would be really bad."

Man Seized On Flight To Dulles (WP)

By Martin Weil

The Washington Post, September 13, 2006

An unruly passenger who reportedly tried to yank open a cabin door in an airliner en route to Washington was jumped last night by fellow passengers who helped federal air marshals subdue him.

United Flight 890, from Los Angeles, was about two hours from Dulles International Airport when the incident occurred about 6:30 p.m. EDT. The full Airbus 320 arrived a few minutes early, officials said.

The man, who reportedly wore a camouflage jacket and spoke Portuguese, was questioned at Dulles last night by airport police, according to an airport spokeswoman.

No motive was readily apparent, but a spokeswoman for the FBI emphasized that the incident was not terrorism-related.

"There is no terrorism nexus," she said.

The plane, which according to a Web site can carry 180 passengers, left Los Angeles at 12:50 p.m. PDT. About halfway into the flight, shouting broke out in the rear of the cabin, a passenger said after arriving at Dulles.

The man "was pulling on the rear-door release handle," said the passenger, Stephen Lockwood of Northern Virginia.

A flight attendant ordered the man to stop, but he continued to pull on the handle.

Two or three passengers standing nearby intervened, Lockwood said he was told by others onboard.

"They jumped him," Lockwood said. "He resisted," and a vigorous scuffle ensued.

"The guy took quite a beating," Lockwood said. No one else was reported injured.

Out of the tumult, the passenger said, a federal air marshal appeared. He showed his shield and placed plastic handcuffs on the man.

"The passengers clapped when they took him forward," Lockwood said.

Amy Kudwa, a spokeswoman for the Transportation Security Administration, said that she lacked details of the incident but that she understood two air marshals had subdued the man.

It was not clear how often air marshals have been called on to subdue passengers on flights into or out of Washington. The number of flights that carry marshals is not disclosed.

Intervening in such situations is "part of [the air marshals'] mission, Kudwa said.

It also was not clear whether the door could have been opened in flight. Lockwood said he was told later by airline personnel that the doors cannot be opened while the cabin is pressurized.

According to Lockwood, the man was taken to the first-class section of the airplane, where at least one passenger talked with him in Portuguese.

Courtney Prebich, a spokeswoman for the Metropolitan Washington Airports Authority, which operates both Dulles and Reagan National Airport, said airport police were called to meet the plane upon its arrival.

An FBI spokeswoman said the bureau was interviewing the unruly passenger last night. She said few details were immediately available.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 13, 2006

Then and now

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"Back in 2003, when CBS planned to broadcast a docudrama titled 'The Reagans,' which smeared Ronald and Nancy Reagan, I wrote a column for National Review Online condemning it," Ed Morrow writes at www.nationalreview.com.

"I advised viewers to not watch it and to write CBS protesting its broadcast. In the last few days, I've had the dubious pleasure of having that column quoted by Clintonites attacking ABC's 'The Path to 9/11.' Supposedly, conservatives like me, who criticized the Reagan smear, are hypocrites for not objecting to this miniseries because Bill Clinton and members of his administration believe it falsely depicts their actions before 9/11," Mr. Morrow said.

"But those who cry hypocrisy are often the most splendid hypocrites. I don't recall many liberals leaping to Reagan's defense. ...

"Now, when the Clinton administration appears to be getting a little rough treatment, conservatives are supposed to saddle up and ride to their rescue. ...

"While the Democrats have complained the most about 'The Path to 9/11,' the Bush administration doesn't get reverential treatment in it. ... Wisely, the Republicans didn't demand the editing that the Democrats have. To put it mildly, the Democrats went nuts.

"Clinton's lawyers threatened to sue, and various Democratic congressmen and senators promised to use their offices to punish ABC. In protesting 'The Reagans,' conservative critics called for a boycott and strove to expose its falsehoods.

"I don't recall anyone setting a pack of lawyers on CBS, or Republican politicians threatening to use the power of the federal government to put them out of business. The heavy-handed tactics of the Democrats have gotten them the changes they wanted, but have left the impression that the miniseries was gutted to hide errors made by Clinton that might politically damage the Democratic Party."

He's back

Filmmaker Oliver Stone, who surprised many with the patriotic flavor of his new film "World Trade Center," hinted in Moscow on Monday that he is considering a more controversial follow-up investigating the "conspiracy" around September 11.

"There is a great story in a movie, a conspiracy by a group of people in the American administration who have an agenda and who used 9/11 to further that agenda," he told reporters in Russia.

There could be a "fascinating project [on] what happened after September 11," the director said at his packed press conference on the fifth anniversary of the attacks.

Mr. Stone accused President Bush of mishandling the fight against Osama bin Laden's terrorists and using the crisis to stoke fear and bolster his own power at home in a way that was "right out of George Orwell."

A confession

The campaign of California Gov. Arnold Schwarzenegger's Democratic rival acknowledged yesterday that it downloaded -- and leaked to the press -- a recording of a private meeting in which the governor described a Hispanic legislator as having a "very hot" personality.

But Cathy Calfo, campaign manager for Democrat Phil Angelides, said the campaign had done nothing wrong because the file was available publicly on the governor's Web site.

"No one hacked," the spokeswoman said at a press conference to address the role played by the Angelides campaign, first reported by the Sacramento (Calif.) Bee. "They accessed information that was available to the public."

However, Mr. Schwarzenegger's legal-affairs secretary, Andrea Lynn Hoch, said Monday that the sound files were stored "in a password-protected area of the governor's office network computer system." She said she forwarded the Internet protocol address used to download the file to the California Highway Patrol, which is investigating how the files became public.

Sounds familiar

Republican Vernon Robinson, who describes himself as a black Jesse Helms, is mimicking the former North Carolina senator's most famous ad in his first foray into television.

In his 1990 victory over former Charlotte Mayor Harvey Gantt, Mr. Helms depicted a pair of white hands crumpling a job rejection letter. "You needed that job," Mr. Helms' ad said. "And you were the best qualified. But they had to give it to a minority because of a racial quota."

Mr. Robinson, who counts the former Republican senator as a political idol, shows a pair of black hands crumpling a letter.

"You needed that job," the ad says. "And you were the best qualified. But they gave it to an illegal alien so they could pay him under the table."

Mr. Robinson, a long-shot candidate for a U.S. House seat from North Carolina, invested $30,000 in the cable television spot, the Associated Press reports.

Casey's ad

Sen. Rick Santorum, Pennsylvania Republican, wrote that both parents shouldn't work outside the home if they can survive on one income. Democratic rival Bob Casey is using those words against him.

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Mr. Casey started a statewide television ad campaign yesterday featuring Debbie Balcik, a working mother who argues that the comment is ridiculous.

"He doesn't understand how hard it is in order to make ends meet," Mrs. Balcik says. "I would like Rick Santorum to come to my house at the end of the month when we're doing our bills and tell me how we can live on one income. I'm not like a U.S. senator. I can't vote my own pay raise."

Mr. Casey, the state treasurer, is challenging Mr. Santorum, the No. 3 Senate Republican, in one of the nation's most competitive races.

The ad refers to a passage in Mr. Santorum's book, "It Takes a Family: Conservatism and the Common Good," which was published last year.

In it, Mr. Santorum writes, "In far too many families with young children, both parents are working, when, if they really took an honest look at the budget, they might confess that both of them really don't need to, or at least may not need to work as much as they do."

Virginia Davis, a Santorum spokeswoman, said Mr. Casey was taking the words out of context, the Associated Press reports.

A proud voter

If Hillary Rodham Clinton was in doubt, Sen. Charles E. Schumer assured the senator she had his vote in yesterday's Democratic primary.

Mr. Schumer hosted a press conference on port security, and explained his fellow New York Democrat's absence was a result of her primary election.

Asked by a reporter if he had voted for the former first lady, Mr. Schumer grinned.

"I did, and proudly," he said.

The Rise Of The Homeland Security Practice (LAW)

By Joe Crea, Legal Times

Legal Times, September 13, 2006

As he surveyed the lifeless bodies surrounding him, André Hollis was certain he should have been one of them.

The windows of his office in the E-ring on the second floor were blown in, and 22 co-workers in neighboring offices were killed. Combined with the passengers on American Airlines Flight 77 that crashed into the Pentagon that morning, a total of 189 people perished at the nation's military headquarters.

By dumb luck, Hollis says, he was at a conference in northern Virginia's Crystal City the morning of the attacks. The former deputy assistant secretary of defense for counternarcotics eventually worked his way back to the Pentagon, where he navigated the shattered complex, helping the wounded out and onto the south parking lot until 2 the next morning.

For Hollis, who is now a homeland security lobbyist at Van Scoyoc Associates, the work he currently does has distinct meaning: "It's personal," he says, clasping his hands together and banging them firmly and repeatedly on a table as his eyes close. "It's personal."

With photos of three close friends killed in the Iraq and Afghanistan wars pasted on a side panel of a bookshelf in his office, in clear view of his desk, Hollis says it's a challenge not to sound too fatalistic to potential clients about the dangers the country still faces. "I remember walking through the Pentagon, and I couldn't see my hands," he says of the smoke that surrounded him.

The attacks of Sept. 11 gave rise to a new world on K Street: the homeland security practice. Born out of the tragedy are scores of lawyers and lobbyists fine-tuning their young practices at some of the top firms in town, such as Van Scoyoc and McKenna Long & Aldridge.

"It's truly an outgrowth of 9/11, and then again it isn't," says Joe Whitley, a partner at Alston & Bird and the first general counsel at the Department of Homeland Security. "So much of what is being packaged as homeland security is a lot of old wine -- old wine and some new wine in a new bottle."

LONG-TERM SECURITY

The Department of Homeland Security was officially launched in March 2003, dumping 22 legacy agencies with different philosophies and temperaments, including the Federal Emergency Management Agency, United States Customs and Border Protection, the Coast Guard and the Secret Service, under one giant umbrella. The Cabinet-level agency is already on its second secretary, Michael Chertoff.

"They each have unique cultures that have been utterly changed by being pushed together," says Hunton & Williams partner Steven Solow, whose homeland security practice primarily involves the area of risk management and integration of security matters with regulatory issues. "It's obviously a work in progress, which isn't always pretty, but it's what we have and what we have to learn to work through."

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Many lobbyists say they are motivated to work in this field by a desire to protect and secure the nation. But money is not a bad motivator, either.

Bruce Aitken, president of the nonprofit Homeland Security Industries Association, says that before Sept. 11, homeland security was a $5 billion-a-year government-contracting industry. When Congress passed an aviation security bill in November 2001, the measure moved $50 billion from the private sector into government contracting.

And the money is still increasing.

According to the Homeland Security Research Corp. (HSRC), the United States and the international community spent $44 billion on homeland security in 2005. The research firm estimates that by 2015, $174 billion will be dished out globally. The statistics are based on an "ongoing crisis" scenario, a "medium-level, painful but not devastating terrorist activity," according to HSRC reports.

"Our worst nightmare has already happened in other countries, and, I'm sad to say, once that happens here you will see a huge public outcry," says Aitken, who is also co-chairman of Aitken Berlin. "We will get attacked again, and at some point al-Qaida will stop trying to throw the proverbial Hail Mary by going after monuments and will go after shopping malls and frighten the hell out of the public."

Though fortunes are already being made now by smaller companies, Aitken predicts they will increase exponentially should a series of attacks by terrorists occur against institutions like churches and sports arenas.

But entering this line of work is anything but simple. Since the terrorist attacks, Washington firms have all too easily slapped the homeland security label onto their marketing brochures, but lobbyists and lawyers entrenched in the daily grind say the work is difficult and the three-year-old department is a maze. And the big matters at hand often involve the nuances of regulation and compliance law versus contract acquisition and appropriations. The Washington firm Cassidy & Associates, for example, has branded its practice a "national security" one, claiming on its Web site that the practice is more comprehensive than a straight defense or homeland security one.

"Many firms want a homeland security practice, although they may not fully know what that entails," says Jason Klitenic, a partner at McKenna Long & Aldridge who was the former deputy general counsel at DHS, the agency's second-ranking legal officer.

CHECKING THE BOXES

And, indeed, the work is difficult and better suited to a law firm with a lobby practice than a nonlaw firm like Van Scoyoc or Cassidy, some say.

"I think a law firm has a lot more in the way of resources to draw on, particularly if they have a robust government contracts practice," says James Burnley IV, a partner in Venable's homeland security group and secretary of transportation during the Reagan administration. "Mostly, lobby firms hold themselves out as being helpful, but you really have to have lawyers who practice in the government-contract field."

But Gregg Hartley, a lobbyist at Cassidy, disagrees. "If you're a general lobbyist like me ... I have great Hill connections. I won't be helpful, personally, to help someone get a contract at Homeland Security or the Pentagon," he says, "but I don't think a lawyer who knows the regulatory process will be beneficial, as well. But the people who know how to get you down that corridor to get those boxes checked are the people who've worked in that process before."

Some firms, such as DLA Piper, began establishing practices shortly after the terrorist attacks. Former Rep. Dick Armey, R-Texas, who joined DLA Piper in January 2003, was hired primarily because he was involved early on in creating the department.

But Armey, who co-chairs the firm's homeland security practice, says no one knew in the early days of the practice how the new department was going to develop. Armey, who was involved in one of the biggest overhauls of government since the Department of Defense was created a half-century ago, is surprised at the different shapes the department has taken.

"The initial attitude that prevailed on K Street was that this was going to be a big market and everyone was going to be selling something," he says. "Well, areas like compliance and regulations have become much more important. The work is deeper than it is a matter of schmoozing the client through the appropriations process."

Of chief frustration to many lawyers and lobbyists is figuring out who at the department is in charge of what.

"This is often the most challenging assignment," says Burnley. "They've reorganized reporting relationships in the short history of the department, and they've had a fair amount of turnover. They get burned out."

Van Scoyoc has sought to minimize this roadblock by hiring Tim Cook, who spent 20 years in the Coast Guard, three of them as the Coast Guard Senate liaison officer. He specializes in homeland security along with Hollis.

"Your access and assistance to them [officials at Homeland Security] will be based primarily on personal relationships," says Cook. "If you don't have that with the upper leadership like André [Hollis] does, or with lower folks like me, you won't be as successful."

Lawyers and lobbyists have also found success in other aspects.

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Brian Finch, a former homeland security attorney at McKenna, joined Dickstein Shapiro's homeland security practice this year and has done work with companies seeking liability exemptions for products with an anti-terror component.

But even in the short time this practice has been around, there's even been turnover on K Street. Mark Holman, a former senior principal at Blank Rome and deputy assistant to the president at the White House Office of Homeland Security, has returned to Pennsylvania to work on Lynn Swann's Republican bid for governor. And Asa Hutchinson, the former undersecretary of Homeland Security who used to run Venable's practice group, is running on the Republican ticket for governor of Arkansas.

But for now, lawyers and lobbyists just want some stability at the new department.

"Hopefully, more people are thinking of staying rather than leaving," says Whitley. "The knowledge of the agency is hard to come by when you don't have that many people who've been there for a while. Some think it will take eight years for the department to be on its sea legs."

New Orleans Mayor Pleads For Patience In Meeting Goals (NYT)

By Adam Nossiter

The New York Times, September 13, 2006

NEW ORLEANS, Sept. 12 — Another anniversary passed for Mayor C. Ray Nagin on Tuesday — the first 100 days since his re-election — with a plea from him for patience and "perspective" amid continued restiveness over the city's slow recovery from Hurricane Katrina and his role in it.

After his election victory May 20, Mr. Nagin pledged a strong focus on improving services in his first 100 days. Three of his electoral rivals, two of whom were regarded as policy heavyweights during the campaign, signed on as unpaid advisers.

But two blocks from City Hall, street signs are still askew from last summer's storm, some traffic lights downtown are nothing but boxes of dangling wires and previously bustling storefronts in the Central Business District remain empty.

The message Tuesday was mixed, the mayor's advisers recited what they pictured as a litany of progress, even as Mr. Nagin repeatedly reminded the reporters at a news conference in City Hall of the size of the remaining recovery effort, "a task of epic proportions," as he put it.

"No one has gone through what we've gone through," the mayor said. "The road to recovery is long and arduous."

The mayor has frequently been out of town: fund-raising in Philadelphia, drumming up investment in New York and speechmaking in Indianapolis, among other trips. His absences have become a target of jokes and speculation.

A radio talk-show host here calls him "Ray Nay-gone," and a new Web site, wheres<129>nagin.com, chronicles his travels side-by-side with a list of the city's yawning potholes.

Reporting on the first three months of his second term, Mr. Nagin appeared unfazed by recent jibes, casually dismissing reports of a recall effort and mixing in breezy cheerleading with reminders of difficulties that remain. He was at pains, though, to reassure citizens that "things are starting to pick up" and that he was on the job.

Mr. Nagin put forward a dual message Tuesday: while insisting that he is working hard, he also emphasized his trademark laissez-faire approach. It is not he but the "citizens" who are in the driver's seat in the city's recovery, the mayor said.

He said he did not plan to dictate the city's contours, or where citizens could live, even though many neighborhoods remain vulnerable and devastated by last year's storm.

"We chose to go forward with a market-driven recovery effort," Mr. Nagin said. "I believe citizens can make intelligent decisions about where to live. It is my position that government investment will follow citizen investment."

In practice, this means, as Mr. Nagin put it, that "for the most part the redevelopment of our city is going to be done by our citizens." With more than half the city's pre-hurricane population still elsewhere, including many of its poorest citizens, early indications are that it is mostly those with some resources who have been able to move back.

Against that hands-off stance, several advisers were left to chronicle small steps forward. Water pressure has improved to pre-storm levels, one said. Murders dropped in August. Most abandoned cars have been picked up. Sales taxes are at 77 percent of pre-storm levels.

The city has begun to cite homeowners who fail to comply with a one-year deadline for the cleanup and gutting of flooded houses. Universities are functioning, though enrollment is down. The city's bonds have "junk" status, but Moody's recently upgraded the city's debt rating to "stable," officials said.

Still, the city has a "huge cash flow need," said the mayor's economic adviser, Virginia Boulet. "We've got to find billions of dollars to fund the recovery of New Orleans," she said.

The Federal Emergency Management Agency has paid only 247 of 806 claims by the city, though 634 have been approved, said Ms. Boulet, a former challenger of Mr. Nagin.

Meanwhile, Mr. Nagin pleaded for patience. "Everybody wants it to happen yesterday,'' he said, "and it's just not going to happen yesterday."

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Residents Will Define New Orleans' Recovery Plan (USAT)

By Anne Rochell Konigsmark

USA Today, September 13, 2006

NEW ORLEANS — City government will not design a new look for Katrina-flooded neighborhoods, nor will residents be told where they can rebuild, Mayor Ray Nagin said Tuesday in a briefing on the first 100 days of his second term in office.

"For the most part, recovery will be done by citizens' investment," Nagin said. "We are giving all citizens the right and opportunity to return home."

Responding to criticism that the city's recovery is slow in part because there is no blueprint for rebuilding, Nagin said he'll have a comprehensive plan by the end of the year. But he said the city is taking "the road less traveled" by allowing residents to decide where they want to live.

"There are very few areas where we will be totally redesigning this city," he said.

The Urban Land Institute, which Nagin hired to come up with ideas, recommended last fall that some hard-hit areas be closed to redevelopment. Less than half the population of New Orleans has returned since Katrina flooded 80% of the city for weeks. Shrinking the city's footprint would save money and encourage development on higher ground, the institute said.

"We chose a market-driven effort" instead, said Nagin, who rejected the recommendations last winter.

Gary Solomon, who served on Nagin's Bring New Orleans Back Commission, said there is still no direction in the city's recovery. "If every street is allowed to be rebuilt and there's less people here, something doesn't make sense to me," he said.

When he was re-elected, Nagin vowed to make measurable progress in the first 100 days of his second term. That period ended Friday. He cited improvements in water pressure, which had been so low that many businesses were forced to close for a day or more. He also said the city has begun to cite residents who missed a deadline for gutting flooded homes and businesses.

Many challenges remain, Nagin said. Katrina left the city's government with damage totaling almost $500 million, including more than 350 damaged or destroyed city buildings.

WAR NEWS:

Rice Says Afghanistan Needs World's Help (AP)

By Anne Gearan

AP, September 12, 2006

STELLARTON, Nova Scotia - Secretary of State Condoleezza Rice acknowledged "difficult going" fighting a resurgent Taliban in Afghanistan, but insisted Tuesday that the world cannot afford to pull out now.

"We owe it to the people of Afghanistan to help them finish the job," Rice said as she thanked Canada for its role as a leader of NATO forces in the country. Canada's combat role is unpopular at home, as is the U.S.-led war in Iraq.

Afghanistan is struggling with the deadliest militant violence since U.S.-led forces toppled the hard-line Taliban regime five years ago. The United States blamed the Taliban for incubating al-Qaida as a terrorist force and for harboring Osama bin Laden after the Sept 11., 2001 terrorist attacks.

Canada has 2,200 troops in Afghanistan and has lost at least five soldiers there.

Opponents of the Afghanistan mission suggested Rice's visit to Canada was an attempt to persuade Canada to commit more forces. But Rice and her host, Canadian Foreign Minister Peter MacKay, said she made no such request.

"I know it's very difficult going in Afghanistan," Rice said in an address to Conservative supporters and others in this small town north of Halifax.

MacKay invited Rice to accompany him to his home district where polite but cheeky protests greeted the pair.

"Condi, We Don't Want Your War Machine," read one sign hoisted along the road to a museum Rice and MacKay visited. Other signs made light of the tandem visit by the two unmarried diplomats. "Condi + Peter Make Love Not War," read one, decorated with a large, red heart.

During a news conference with MacKay, Rice said the United States left too soon after supporting Afghanistan in the 1980s civil war. "Afghanistan became a failed state" and a haven for terrorism, Rice said. "We all came to pay for that."

The deadliest fighting since the fall of the Taliban government has killed more than 500 people, mostly militants, since mid-May and confirmed fears of a Taliban military resurgence in southern Afghanistan, where NATO took command from a U.S.-led coalition on Aug. 1.

Britain, Canada and the Netherlands have taken lead roles, pumping in around 8,000 troops and bringing NATO forces in Afghanistan to about 20,000. The alliance claims to have inflicted grave insurgent losses, including more than 250 in an offensive near Kandahar this month.

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But at least 35 British and Canadian soldiers have died in a little more than a month, and militants show no signs of giving up.

Don't Abandon Afghanistan, Says US, As NATO Digs Around For Back-up (AFP)

AFP, September 12, 2006

On the eve of a NATO meeting to round up more troops for Afghanistan, US officials urged its partners there to stay the course, amid fresh fighting and kidnappings in the turbulent country.

US Secretary of State Condoleezza Rice issued a rallying call not to abandon Afghanistan as it struggles to build a stable democracy.

"If you allow a failed state in that strategic location, you will pay for it," she warned, speaking on a trip to Canada where she expressed her gratitude for Canada's 2,300-strong troop deployment to Afghanistan.

Her comments coincided with stark warnings of the threat posed by the fighters of the Islamist Taliban militia who are waging a bitter insurgency against foreign forces posted there after the Taliban was ousted from power in 2001.

Addressing European parliamentarians in Brussels, Pakistan's President Pervez Musharraf said the Taliban had overtaken Osama bin Laden's Al-Qaeda network as his region's biggest threat to security.

With NATO countries set on Wednesday to discuss finding extra troops to shore up their deployments in Afghanistan, a senior US official said it was too soon to know details of likely reinforcements.

Richard Boucher, the assistant US secretary of state for south and central Asian affairs, told journalists in Brussels that it was "probably a little too early" to "draw any conclusions about the efforts to get more troops".

He highlighted the dangerous situation in Afghanistan, where NATO and Afghan forces are making forays into areas held by Taliban fighters.

"As we challenged them in these areas they've challenged us back and there's been a high level of violence," Boucher said, speaking at the US embassy here.

His comments came ahead of Wednesday's meeting at NATO's military headquarters in Belgium aimed at drumming up more troops for Afghanistan.

The alliance's military chief, US General James Jones, has called for reinforcements of up to 2,500 troops to deal with increasing Taliban attacks.

The situation on the ground in the war-ravaged central Asian country turned grimmer meanwhile, as NATO pressed on with a major offensive.

Security forces killed 26 Taliban rebels and captured 28 others in separate operations across Afghanistan. Rights groups said at least 25 Afghan civilians were believed killed and 7,000 families displaced in the southern province of Kandahar since the start of the NATO operation this month.

Elsewhere, police said unknown assailants had kidnapped a Colombian aid worker and two Afghan colleagues employed by a French organisation in Wardak province, central Afghanistan.

In Britain, Lieutenant General David Richards, commander of NATO's International Security Assistance Force in Afghanistan, insisted the war against the Taliban was being won, even as the bodies of 14 British airmen who died in a plane crash in Afghanistan were brought home.

The Taliban regime was toppled by US-led forces weeks after the September 11, 2001 attacks on the United States. The US accused it of providing a safe haven for the Al-Qaeda network and its leader, Osama bin Laden, blamed for the attacks.

NATO now leads more than 8,000 troops in the restive south, and some 20,000 more soldiers from 37 countries deployed throughout Afghanistan. Nevertheless, the Taliban have dramatically stepped up their insurgency this year.

In Cuba, a summit of countries of the Non-Aligned Movement issued a draft closing statement expressing support for Kabul and their "profound" concern over "terrorist groups including former Taliban" in the south and east of Afghanistan.

Nato Plea For Afghan Troops Is Rebuffed (FT)

By Stephen Fidler, Daniel Dombey, Neil MacDonald, Mark Mulligan, And Hugh Williamson In Berlin And Tony Barber

Financial Times, September 13, 2006

Nato's plans to provide reinforcements for its hard-pressed troops in Afghanistan suffered a setback on Tuesday, as a series of countries ruled out providing further soldiers and controversy mounted over the alliance's tactics.

Officials conceded that a meeting on Wednesday, intended to obtain pledges for up to 2,500 extra soldiers, was extremely unlikely to meet its target.

Last week, General James Jones, Nato's military chief, called for the reinforcements – to be led by a 1,000-strong reserve battalion – as a matter of urgency. At present Nato has 20,000 soldiers in Afghanistan.

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"We do not have the capacity to send more," said a German defence ministry spokesman. "Our upper limit remains 3,000 troops and we already have almost 2,900 on the ground."

Turkey has also said it will not be able to provide further soldiers, having just announced it is sending 1,000 troops for the new United Nations force in Lebanon.

Italy, which is making the biggest contribution to the Lebanon force, is in a similar position. And this week, José Antonio Alonso, Spain's defence minister, said his country's 690 troops in Afghanistan were "more than sufficient".

Nato has even sought troops from Serbia, the country it fought a war against in 1999.

But Zoran Stankovic, defence minister, says Belgrade is offering fewer than five mid-rank officers, with technical roles in airport security and logistics.

The lack of response makes it more likely that the UK will, in the words of one military analyst, have to "cobble together a battle group" of perhaps 900 troops to augment Nato's forces. Canada is reportedly planning to reinforce its contingent of 2,300 with 15 heavy tanks and 300 personnel.

Meanwhile, an internal dispute is mounting over Nato's tough fighting tactics, which have seen the alliance claim it has killed hundreds of Taliban in an offensive around the southern city of Kandahar this month.

"I have doubts about our military strategy," said one Nato official, who argued that the alliance could have focused more on development.

Even American officials have questioned whether such an approach – in part designed to emphasise that the Taliban is a losing cause – is sustainable in current circumstances.

"The level of fighting has not been a result of a change in our strategy but because the circumstances on the ground require it," said an official with Nato's forces in Afghanistan.

He emphasised that Lieutenant General David Richards, the head of the alliance's force in the country, still spent the bulk of his time on development issues.

Taliban Adopting Iraq-style Jihad (CSM)

By Scott Peterson

The Christian Science Monitor, September 13, 2006

KABUL, AFGHANISTAN

Even in near-total darkness, the wounded Taliban fighter insists on masking his identity, his head and face covered by a tightly wound white cloth. Only two bright eyes and a confident voice tell how Afghanistan's Islamist militants are ramping up their fight against US and NATO forces.

He speaks a warning, of how the "new" Taliban has become more radical, more sophisticated, and more brutal than the Taliban ousted by US-led forces in 2001 - and of how its jihadist agenda now mirrors that of Al Qaeda, stretching far beyond Afghanistan.

Among the keys to the Taliban resurgence - which is sparking lethal violence on a scale unknown here for almost five years - are crucial lessons drawn from Iraq.

"That's part of our strategy - we are trying to bring [the Iraqi model] to Afghanistan," says the fighter. "Things will get worse here."

Those "things" include suicide attacks, assassinations of government officials, moderate clerics, and civilians, along with guerrilla tactics now in use against Western forces in the southern provinces of Helmand and Kandahar, where NATO claims to have killed more than 500 insurgents in 10 days of intense fighting.

Pakistan President Pervez Musharraf, speaking in Brussels Tuesday, said the Taliban now pose a greater danger than Al Qaeda. "The center of gravity of terrorism has shifted from al Qaeda to the Taliban," he told European lawmakers."

"This is a new element, a more dangerous element, because it [the Taliban] has its roots in the people. Al Qaeda didn't have roots in the people," he said.

On Tuesday, Afghan police said that they had arrested more than 30 people suspected of planning attacks; the US military reported detaining eight others.

"The Taliban have tried their best to avoid murdering civilians, but they finally found if they don't get active, they will lose this opportunity" to attack "infidel" Western troops, says the fighter. "Now you are seeing explosions everywhere."

Among the most recent suicide attacks was one near the US Embassy last Friday, killing two US soldiers and 14 Afghans.

"I'm very happy about the murder of the Americans, though I am a little bit sad about the death of the Afghans - but this is wartime," says the fighter matter-of-factly. Such deaths, he says, are "inevitable," even if they cause a popular backlash.

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"The shift has taken place," warns Hekmat Karzai, head of the Center for Conflict and Peace Studies (CAPS) in Kabul, which analyzes terrorism trends. The Taliban still have local concerns, he says, but embrace global jihad as never before and believe in encouraging a "clash of civilizations."

"Taliban commanders talk of jihad in Fallujah in the same terms they speak of jihad in [the eastern Afghan province of] Kunar," says Mr. Karzai. "They think: 'Just as they are battling there, we are battling here.' "

Figures tabulated by CAPS indicate a recent 60 percent increase in attacks across Afghanistan, from 85 in July to 136 in August. Police have borne the brunt, with deaths jumping more than fourfold in that period. Civilian deaths have tripled, with 92 losing their lives in August.

"The world is small now, and just as McDonald's is being globalized ... so can violence be transmitted from one place to another," says Waheed Mozhdah, a Taliban-era Foreign Affairs Ministry official, and author on the Taliban.

"The tactics have been imported from Iraq: suicide bombers, remote-controlled roadside bombs," says Mr. Mozhdah. "These things we didn't have in the [past] jihad, and they have been very effective...."

Other tactics have also changed. Prior to 2001, the Taliban would take on the Northern Alliance by charging through their front lines - despite high casualties from mines. Today, they use more guerrilla-style strikes.

Another factor chills many Afghans. "[The Taliban] have become more violent. They slaughter people, beheading them, and this didn't exist before," says Mozhdah. "They used to regard video cameras as haram [forbidden by religion], but now they use these videos as a tool. It shows how Al Qaeda has affected the Taliban."

Indeed, coming from a group that in the late 1990s draped checkpoints with wads of magnetic tape - pulled from video and music cassettes banned by the Taliban - that is quite a change. Recent videos show commanders, including, apparently, the rarely seen fugitive Taliban chief Mullah Omar - directing operations from the front line. In one, Mr. Omar is shown with binoculars, inspecting a small rocket launcher in a bid to counter charges of cowardice from President Hamid Karzai.

Other footage shows one Afghan suicide bomber after another - as well as at least one Pakistani - making strident statements and collecting chits for their explosives. The clips also list the number of "crusader troops" killed in each attack.

But even by the gruesome standards of global jihad, which include taped beheadings by Abu Musab al-Zarqawi in Iraq, and similar deaths of Russians by Chechen militants, the Taliban footage is brutal.

"The greatest achievement of video like that is to instill fear in the hearts of the population, making them believe that the government and international forces can't protect them," says Karzai of CAPS, who estimates that Taliban material is on 30 percent of an estimated 4,000 jihadi websites. "It is a psychological component that shocks people, who ask: 'They are Afghans. They are Muslims. How can they do that?' "

Karzai says the message is clear: "It is ... telling people: 'This can happen to you.' The consequence is that many people stop working for government institutions. They ask if it is more important to get $200 a month - more like $60 - or to stay alive."

"They are very dangerous, because they think that anyone who is not pro-American should come to them or leave the country," says Idriss Yusefi, an Afghan medical resident whose uncle was a key player in the Taliban's despised "vice and virtue" squads. "They think the people of Kabul are all pro-American, and so [they] can kill them."

The "biggest fear" of youths, says Mr. Yusefi and his friends, is that the Taliban will retake power. Most analysts say the Taliban is still no strategic threat to the fragile government, a view challenged by militants like the wounded fighter.

Schooled in the extreme Deobandi strain of Islam followed by most Talibs, he joined 18 months ago, prompted, he says, when US troops arrested his cleric father from their home in Kandahar after a roadside bomb went off nearby. The father's body was dropped off at the hospital by US forces 10 days later, the militant claims.

"I want two things: revenge and martyrdom. Martyrdom is the hope of every true Muslim," declares the 26-year-old. His mother stopped his two older brothers, the fathers of seven, from joining the Taliban. But she could not stop this son.

"Every jihad fighter has the best morale - you can't compare it to any other type of fighter," he says, tightening his head wrap in the dark. "In this country, there are many religious people and they want a reason to fight for God, for martyrdom. They welcome this opportunity to ... go to Paradise."

While he recovers in Kabul, the militant keeps in contact with Taliban networks, and claims that the NATO figure of more than 500 insurgents killed during "Operation Medusa" in the south is a "total lie." NATO commanders say the sustained fighting has at times been fiercer than in Iraq. The militant says the Taliban grow stronger daily, with support from locals fed-up with insecurity and corruption.

"The Taliban have increased their attacks, because people came and asked for help to bring back justice," he says. "Security was ensured under the Taliban. We will reintroduce sharia law."

Still, he was wounded when local "spies" gave away the location of a safe house during fighting in Panjwayi in Kandahar. Two Americans and two Talibs were killed in the raid.

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But the fighter is certain of victory. "It's the will of God," he says, adding there must be a reason he is not yet a martyr. "Maybe God wants me to fight more."

Musharraf: Taliban Real Terrorist Threat (USAT)

USA Today, September 13, 2006

Pakistani President Pervez Musharraf warned the West on Tuesday that Taliban insurgents are a more dangerous terrorist force than al-Qaeda because of their broad support in Afghanistan. “The center of gravity of terrorism has shifted from al-Qaeda to the Taliban,” he told European Union lawmakers in Brussels. Pakistan is a counterterrorism ally of the EU and United States. Musharraf blamed the West for breeding terrorism in his country by bringing in thousands of mujahedin to fight the Soviet Union in neighboring Afghanistan in the 1980s and then leaving Pakistan to face the militants a decade later. “We armed the Taliban and sent them in. We did it together,” he said.

Ex-commander guilty in Rwanda genocide

A United Nations tribunal in Tanzania sentenced former Rwandan military commander Tharcisse Muvunyi to 25 years in prison on four counts of genocide and crimes against humanity for his role in the 1994 slaughter of minority Tutsis. Judge Asoka de Silva of the International Criminal Tribunal for Rwanda said Muvunyi's troops were behind the systematic killing of at least 140 students and Red Cross workers.

Muvunyi, a former army lieutenant colonel, incited hatred and oversaw roadblocks where Tutsis were separated from Hutus before being executed, the judge said. The court acquitted Jean Mpambara, a former mayor in Rukara. Since its inception in 1994, the court has convicted 26 people and acquitted four.

Pro-Western bloc wins in Montenegro

Montenegro's ruling pro-Western coalition led by Prime Minister Milo Djukanovic won Sunday's parliamentary elections, the State Election Commission said. The coalition won 41 of 81 seats in the parliament of the world's newest nation. Djukanovic led the Balkan state to independence from Serbia this year.

Gordon reaches hurricane strength

Tropical Storm Gordon strengthened into a hurricane over the open Atlantic on Tuesday, forecasters said. Hurricane Gordon, with top sustained winds of 75 mph, was to remain over open waters and will not threaten land, the National Hurricane Center said. “At this point, it looks like it will recurve out into the Atlantic,” said Jamie Rhome, a hurricane specialist.

Pakistan's Separate Peace (WP)

The Washington Post, September 13, 2006

SECRETARY OF Defense Donald H. Rumsfeld didn't say who he was thinking of when he warned in a controversial speech last month about people who think that "countries can negotiate a separate peace with terrorists." In fact the most obvious candidate is that enduring favorite of the Bush administration, Pakistani President Pervez Musharraf. Mr. Musharraf, whose country has been the main base for leaders of both al-Qaeda and the Taliban since 2002, last week concluded a peace deal with tribal leaders in North Waziristan, a territory near the border with Afghanistan. The Pakistani strongman agreed to withdraw his army from the area and release prisoners in exchange for promises by militants not to attack the Pakistani army or set up a parallel government.

The Pakistani tribesmen also promised to stop cross-border attacks into Afghanistan and to disarm the many foreign terrorists in their midst -- but few analysts expect them to follow through on those pledges. Instead, both North and South Waziristan -- where a similar truce was agreed on earlier -- are likely to become territories where members of al-Qaeda and the Taliban operate without fear of challenge.

Why would Mr. Musharraf strike this deal? The simple answer is that his army was defeated in its attempt to eliminate the al-Qaeda sanctuary by force; since launching the campaign in 2003, it had suffered more than 500 killed. Mr. Musharraf, who tried to dress up his maneuver by visiting Afghanistan the next day, said he was worried about a full-scale uprising in the area. Though he didn't say so, the general is surely hoping that the truce will add to his personal security: He has survived at least two assassination attempts by al-Qaeda.

The cost of his decision will be borne by American and NATO troops in Afghanistan, whose commanders already say that the ability of Taliban and al-Qaeda fighters to retreat to Pakistan greatly complicates the challenge of defeating their escalating attacks. So why did Vice President Cheney call Mr. Musharraf "a great ally" just days after his separate peace? Administration officials seem more willing to forgive their autocratic friend than they are domestic critics of the war on terrorism.

Iraqi Leader Asks Iran For Help With Security (NYT)

By Edward Wong And Nazila Fathi

DOJ_NMG_0062370

The New York Times, September 13, 2006

BAGHDAD, Iraq, Sept. 12 — In his first state visit to Iran, Prime Minister Nuri Kamal al-Maliki today discussed the security situation in Iraq with President Mahmoud Ahmadinejad of Iran and asked for Mr. Ahmadinejad's support in quelling the violence that threatens to fracture this country.

"We had a good discussion with Mr. Ahmadinejad," Mr. Maliki said at a news conference in Tehran, the Iranian capital, after the two met. "Even in security issues, there is no barrier in the way of cooperation."

Mr. Ahmadinejad said that "Iran will give its assistance to establish complete security in Iraq because Iraq's security is Iran's security."

For Mr. Maliki, the visit was a kind of homecoming, since he had spent a part of his exile years during Saddam Hussein's rule living in Tehran. Many members of Mr. Maliki's Shiite political group, the Islamic Dawa Party, fled to Iran to escape the wrath of Mr. Hussein's security forces. Iranian leaders are close to Dawa and other religious Iraqi Shiite parties, because Iran is governed by Shiite Persians.

Ordinary Iraqis are generally more suspicious of the Iranian government because the two countries waged war from 1980 to 1988, and because the Persians have been the traditional rivals of Arabs for influence in the Middle East.

It was not clear what form Iranian support on security would take, or how it would be received by the American authorities. Mr. Maliki's visit came at a time when the American ambassador in Baghdad, Zalmay Khalilzad, and American military commanders have increasingly accused elements in Iran of stoking violence in Iraq.

American generals have said people or groups in Iran are providing training and financing to Shiite militias here. Mr. Khalilzad said last month that Iran was urging Shiite militias to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon.

The United States has also been pressuring Iran to end its uranium enrichment program, which White House officials say could result in a nuclear weapon.

The initial American reaction today was cautious. In Washington, Tom Casey, a State Department spokesman, told reporters: "As you know, though, we've repeatedly expressed our concerns, as have others, about Iranian interference in Iraq's internal affairs. That is something that we remain concerned about.

"And while certainly we would welcome any statements of support for Iraq's government and democracy, and any pledges to act in a responsible way that does not interfere in the internal affairs of Iraq,'' he said, "we certainly want to make sure that any statements made were followed up by real concrete actions to address some of the concerns that are out there.''

Mr. Maliki said today that the American accusations of Iranian interference in Iraq will not affect economic deals that have already been signed between the two countries.

"All the political, security and economic accords that have been signed with the Islamic republic's officials will be carried out," he said.

Mr. Maliki is leading a large delegation that includes Mowaffak al-Rubaie, the Iraqi national security adviser, who is close to some Iranian officials. The Iraqis are scheduled to meet on Wednesday with Ayatollah Ali Khamenei, the Iranian supreme leader, and Akbar Hashemi Rafsanjani, a powerful former president. Mr. Maliki's predecessor, Ibrahim al-Jaafari, visited Iran in July 2005.

In the southern Iraqi city of Najaf, another Shiite leader close to Iran, Abdul Aziz al-Hakim, defended his decision last week to ask Parliament to endorse a mechanism allowing Iraqi provinces to form autonomous regions. Mr. Hakim's move has roiled Iraqi politics, spurring the legislators who answer to Moktada al-Sadr, the radical Shiite cleric, to unite with the Parliament's main Sunni Arab and secular blocs to try to sink Mr. Hakim's plan. The Sunni Arabs are especially opposed to the idea of regional autonomy, called federalism in the Iraqi Constitution, because their provinces lack oil resources.

"We think that federalism is one of the administrative ways that helps to secure our rights, remove oppression and prevent sectarian discrimination among people of one country and one belief," Mr. Hakim said.

In Anbar Province, the western region that is home to the Sunni-led insurgency, the American commander of forces in the area said he agreed with a classified intelligence assessment filed last month by a colonel that said Anbar was in a precarious state and could continue to deteriorate.

But the commander, Maj. Gen. Richard C. Zilmer, said he believed he had enough troops to do his job, which he said was to train Iraqi security forces to fight the insurgency and not to win against the insurgency with his own troops.

"Given what our mission is, what we're trying to achieve out here, I think our force levels are about right," he said in a telephone conference call to reporters.

Elements of the intelligence report have been published in newspapers the last two days. One conclusion of the report was that without the addition of another American division to the province, "there is nothing" the American forces there "can do to

influence the motivation of the Sunni to wage an insurgency," according to a military officer familiar with the assessment. The report also describes Al Qaeda in Mesopotamia as an "integral part of the social fabric" of Anbar.

Violence flared across parts of Iraq tosday. In western Baghdad, a car bomb aimed at an American convoy killed six civilians and wounded 15, an Interior Ministry official said. A homemade bomb killed one policeman and one civilian and wounded six civilians. An Iraqi policeman was shot dead in southwest Baghdad, and two bodies and a human head were discovered in three different parts of the city. The head had a note attached: "This is the destiny of those who work with the Americans."

Two civilians were killed in separate shootings in Diyala Province.

A police captain in Mosul was assassinated, and Iraqi Army soldier was killed and three wounded by a roadside bomb explosion south of Kirkuk.

Judges in the trial of Saddam Hussein for genocide against the Kurds continued to listen to testimony from witnesses today.

Iran Offers Talks On Nuclear Issue (WP)

By John Ward Anderson

The Washington Post, September 13, 2006

PARIS, Sept. 12 -- Iran's confidential response three weeks ago to an international proposal over its nuclear program offered extensive negotiations to resolve the standoff, but only if proceedings against Iran in the U.N. Security Council were stopped.

In a detailed and sometimes rambling document given to foreign governments, Iran stopped short of rejecting demands to halt its nuclear enrichment program, saying the issue could be resolved in talks. The response, closely held for weeks, was made public on a Web site Monday.

"The Islamic Republic of Iran does not intend to reject the whole issue unilaterally, and is ready to provide an opportunity for both sides to share their viewpoints on this issue and try to convince each other and reach a mutual understanding," the document says.

But ending enrichment should not be a prerequisite to negotiations, as demanded by the United States and other countries, the proposal suggests. And if Security Council deliberations aimed at imposing sanctions on Iran continue, the document warns, "the positions expressed in this response would be void and the Islamic Republic would choose a different course of action."

Iran was responding formally to a package of political and economic incentives offered to it in June by the United States, Britain, France, Germany, Russia and China. The countries hope to persuade Iran to stop enriching uranium, which some foreign governments feel is intended for nuclear weapons. Iran contends that the program is peaceful, aimed at making fuel for electrical power plants.

The incentives included the possibility of direct talks with the United States for the first time since relations between the two countries were severed in 1979.

Iran's top nuclear negotiator, Ali Larijani, and the European Union's foreign policy chief, Javier Solana, have been in preliminary talks in recent days over Iran's proposals. On Monday, Secretary of State Condoleezza Rice suggested that a temporary suspension might be enough to clear the way for formal negotiations.

In the document, posted on the Web site of the Institute for Science and International Security on Monday, the Iranian government repeatedly refers to its rights under the nuclear Non-Proliferation Treaty to develop a peaceful nuclear program, saying it "cannot accept deprivation from its legal rights." As for allegations that it is pursuing weapons, the document demands that Iran be granted a presumption of innocence, in the absence of any proof that it is has a nuclear weapons program.

Iran "is against production, stockpiling, development and proliferation of nuclear weapons," the document says.

It calls for "simultaneous mutual confidence-building" that would include a commitment by the foreign governments "to seriously follow up the fulfillment of a nuclear free zone in the Middle East, particularly the commitment to disarm [Israel] from weapons of mass destruction and in particular nuclear arms." Israel is widely believed to have a nuclear arsenal, but it has never acknowledged having such weapons.

The document also seeks assurances that if Iran engages in nuclear negotiations, it will not be attacked or subjected to economic sanctions.

In the document, Iran portrays the current standoff as the beginning of a negotiating process, saying the foreign governments' proposal "has elements which may be useful for a constructive approach."

But the document complains that the package "lacks any reference to irreversible and irrevocable guarantees" for any ultimate agreement. "Such guarantees are particularly essential on access to advanced nuclear technology and equipment, erection and commissioning of nuclear power reactors, nuclear fuel supply, and transfer of know-how and technology," it says.

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The document also seeks a clear statement by the foreign governments of Iran's rights under the Non-Proliferation Treaty.

The document suggests that the secretiveness of Iran's nuclear program was forced upon it by the hostility of other countries, which it said tried to constrain its legitimate and legal rights to develop nuclear technologies under the treaty.

"We have no interest in limiting or suspending inspections of our nuclear facilities and activities," the document says. But "a quarter century of denial and deprivation" forced Iran to develop a nuclear program "on the basis of independence and self-reliance."

U.S. Dismisses Iran's Ideas About Nukes (AP)

By Barry Schweid

AP, September 12, 2006

The Bush administration was dismissive Tuesday of Iranian suggestions that it might suspend uranium enrichment for up to two months to set the stage for negotiations over its nuclear program and to head off U.N. sanctions.

"To the best of my knowledge, there has been no Iranian proposal," State Department deputy spokesman Tom Casey said. "There's been no change in the Iranian position."

Casey said, "They have not agreed to suspend uranium enrichment activities for any length of time that I am aware of."

The spokesman said the Bush administration was proceeding with discussions with other nations on pursuing sanctions against Iran in the U.N. Security Council.

Casey's comments came a day after Secretary of State Condoleezza Rice left the door open to pursuing a possible compromise with Iran, based on reports that Tehran had proposed a temporary enrichment suspension.

Rice had said Iran had not made a formal offer, and she added that she had not had a chance to learn all the details of the Iranian suggestion. But rather than rule it out, she said, "The question is, are they prepared to suspend verifiably so that negotiations can begin?"

Casey said it was unfortunate that Iran has not given any indication that it would be willing to suspend uranium enrichment activities to pave the way for negotiations.

Casey said Rice will take up the sanctions issue with other diplomats attending the special session of the U.N. General Assembly next week in New York.

Undersecretary of State Nicholas Burns held a telephone conference with officials of other governments Monday and Tuesday and will continue with the talks later in the week, Casey said.

Casey said suspension of uranium enrichment remained a condition for negotiations with Iran over a package of incentives offered by the United States and the European Union. This included a U.S. offer of technical assistance to Iran for civilian nuclear power development.

The outlook for the Bush administration succeeding in pushing sanctions through the Security Council is not clear.

Russia and China have expressed reservations about imposing sanctions on Iran and called for further diplomacy. Both have the power to veto any resolution and thereby kill it. Some European governments also have seemed dubious about punishing Iran at this stage.

The council threatened Iran with sanctions in July if it did not suspend uranium enrichment as well as work on plutonium for nuclear weapons by Aug. 31. Iran let the deadline pass. It insists it is not trying to make nuclear weapons.

Europe Set For Nuclear Talks With Iran (FT)

By Daniel Dombey, Gareth Smyth, And Guy Dinmore

Financial Times, September 13, 2006

Europe is poised to compromise on Iran's nuclear programme, in a step that could break the year-long stand-off over Tehran's atomic ambitions.

A deal, floated by Tehran at a weekend meeting in Vienna, would rein in the most sensitive part of the programme as soon as formal negotiations began with the west. In response, the European Union is watering down its insistence that a suspension of enrichment activities must come before talks. But European diplomats stress that they will require Iran to allow United Nations inspectors to carry out spot-checks on its nuclear facilities to ensure that the Islamic republic has kept its side of the bargain.

Ayatollah Ali Khamenei, Iran's supreme leader, appears to have thrown his weight behind Tehran's new proposals, which would suspend uranium enrichment for up to two months once negotiations began. Enrichment can be used to produce both nuclear fuel and weapons grade material.

The remaining issue of nuclear inspections will be at the centre of a meeting between Javier Solana, European Union foreign policy chief, and Ali Larijani, Iran's senior nuclear security official, scheduled for Thursday. Both sides said the two men's previous encounter, at the weekend, was "constructive".

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A deal could pave the way for formal talks with the western powers and the first top-level contact between Tehran and the US since the 1979 revolution. "The dynamic has changed," said a European diplomat. "The key is the inspectors."

But the compromise on offer would be hard for Washington to accept, raising the possibility that the US and Europe could be split on the issue. Washington would be unhappy with any suspension that halted enrichment only for two months, since the United Nations Security Council has already demanded as a matter of course that Iran halt uranium enrichment.

The US said on Tuesday it was not aware of any Iranian proposal to suspend. But some European diplomats warned that the US would be "isolated" if it held out against Tehran's initiative to halt enrichment work if talks got under way.

Tehran's formal proposals refer to the possibility of "suspension of enrichment activities by Iran through negotiations".

The Iranian document also envisages that Iran could "consider voluntary steps towards implementation of the Additional Protocol", an extension to the Nuclear Non-Proliferation treaty that would give UN staff the right to carry out snap inspections of Iran's nuclear facilities.

The document also seeks to confront fears in the west that Iran could, at a later date, leave the NPT and legally develop nuclear weapons.

Condoleezza Rice, US secretary of state, said on Tuesday Washington would continue its consultations on the text of a UN sanctions resolution.

Grim Report Out Of Anbar Is Disputed By General (NYT)

By Michael R. Gordon

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The senior Marine commander in Iraq said Tuesday that he had sufficient forces to carry out his mission but that the mission did not include defeating the insurgency.

"For what we are trying to achieve out here I think our force levels are about right," said Maj. Gen. Richard C. Zilmer, who defined his primary mission as training the Iraqi forces who ultimately would be responsible for security in the area.

"Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here," General Zilmer added.

The Marine general commands a force of 30,000 troops who are charged with securing Anbar Province, a vast region in western Iraq that borders Syria, Jordan and Saudi Arabia. He spoke to reporters in a telephone interview from his headquarters at Camp Falluja.

The Pentagon arranged the interview after articles in The Washington Post and The New York Times reported that General Zilmer's senior intelligence officer had submitted a grim assessment about the political and security situation in Iraq.

The intelligence assessment concluded that Al Qaeda of Mesopotamia, the dominant insurgent group in the area, is an "integral part of the social fabric" in Anbar. It described the region as marked by violence and criminality. It reported that Sunnis had lost confidence in the Shiite-dominated Iraqi government.

The classified intelligence assessment, according to military officials familiar with it, also said that the region would continue to deteriorate unless there was an infusion of aid and a division was sent to reinforce General Zilmer's command, known as MNF-W, for Multinational Force-West.

In his telephone discussion with reporters, General Zilmer declined to discuss the specifics of the report but indicated that he agreed with the intelligence assessment.

At the same time, he insisted that the United States was winning the war, while acknowledging that the effort was hampered by sectarian differences and the belief among Iraqis in Anbar that the Baghdad-based government was not meeting their needs.

"Until those things change, until those long-term effects are realized, then trying to solve the insurgency out here is going to be problematic," he said.

General Zilmer said that sending additional American troops would help in the short run, but was not the key to "achieve long-term security and stability out here in Anbar" because that ultimately depended on the Iraqis.

The general's comments contrasted with those of some of his subordinate officers in the field. Regimental Combat Team 7, which reports to General Zilmer, has recommended that additional forces be deployed in its sector, its officers have said.

The general's account of his mission — training Iraqi forces — was also a narrow one.

President Bush has suggested an expansive strategy to achieve victory by using American forces to clear contested towns of insurgents, holding them with Iraqi security forces and then spending funds to rebuild the infrastructure and win the support of the Iraqi people.

A White House fact sheet issued in March described this process as the "Strategy for Victory: Clear, Hold and Build." At the White House, Tony Snow, the president's spokesman, asserted that Mr. Bush was prepared to send more troops to Anbar if they

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were requested. “He has made it absolutely clear to generals that the job is to win,” Mr. Snow said. “And the first thing you have to do is, to the best of your ability, cut through that fog of war and tell him what the situation is and what they need to get the job done.”

Mr. Snow added, however, that the intelligence assessment did not account for the accomplishments of American forces in Iraq. General Zilmer made a similar point in a statement that was released early Tuesday.

“Recent media reports fail to accurately capture the entirety and complexity of the current situation in the Al Anbar Province of Iraq,” the statement said. “The classified assessment, which has been referred to in these reports, was intended to focus on the causes of the insurgency. It was not intended to address the positive effects coalition and Iraqi forces have achieved on the security environment over the past years.”

General Affirms Anbar Analysis (WP)

By Thomas E. Ricks, Washington Post Staff Writer

The Washington Post, September 13, 2006

But Zilmer Also Cites 'Progress'

The U.S. commander in western Iraq said he agrees with the findings of a pessimistic classified report recently filed by his top intelligence officer but also insisted that "tremendous progress" is being made in that part of the country.

"I have seen that report and I do concur with that [intelligence] assessment," said Marine Maj. Gen. Richard C. Zilmer, speaking to reporters yesterday by telephone from his headquarters near Fallujah, Iraq. He said he found "frank and candid" the analysis by Col. Pete Devlin, the Marine intelligence chief in Iraq, who concluded that prospects for securing Anbar province are dim.

Although the U.S. military can achieve tactical victories daily, the general continued, the insurgency will be "problematic" in western Iraq until comparable success is achieved politically and economically.

According to several Defense Department officials who have read the report, Devlin also argued that the lack of political progress has created a political vacuum in the province. He wrote that the gap is being filled by the insurgent group al-Qaeda in Iraq, said one Army officer who read the assessment. Zilmer did not address that point in his comments to reporters.

"I'm really uneasy" about discussing specifics of the report, the general said, noting that it remains classified.

Until now, the U.S. military view of Iraq has tended to be more optimistic than that of much of the rest of the government, such as the CIA and the State Department. Devlin's report has been received respectfully at the Pentagon and in intelligence circles, where it has been much discussed since it was filed in mid-August.

During a hearing on Capitol Hill on Monday, senior Pentagon official Eric S. Edelman confirmed a Washington Post article about the intelligence assessment and discussed some of its findings.

White House spokesman Tony Snow treated the Devlin report gingerly yesterday when asked about it at a news briefing. "It is conceivable that other people have differing assessments," Snow said.

In his telephone news conference, Zilmer became much more upbeat than his intelligence chief, saying he saw long-term trends as positive. "I think we are winning this war," he told reporters. "We are certainly accomplishing our mission," which he defined as developing Iraq security forces.

In a statement posted on the Web site of the U.S. military in Iraq, Zilmer said that recent news reports "fail to accurately capture the entirety and complexity of the current situation." He also said that Devlin's analysis focused on the causes of the continuing insurgency in Anbar, not on the positive news there.

Zilmer said the number of Iraqi police officers has been growing steadily, and he predicted that he will have an adequate number in the province by next year.

The 30,000 U.S. and allied troops are "stifling" the enemy in the province, Zilmer told reporters. But he would not say insurgents are being defeated. The violence won't be "solved," he said, until progress is made politically, socially and economically.

Devlin suggested in his report that persistent shortages of troops in Anbar have undercut U.S. operations there. Zilmer said he believes that having more U.S. forces would "provide a temporary solution," but that in the long run, the insurgency will be put down only by social and economic advances.

Snow, the White House spokesman, said that President Bush will speak later this week with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq. "If the president gets a recommendation from the combatant commanders to send more troops to al Anbar province, they will get them," he said.

General Says Sunni Area Not Yet Lost (LAT)

By Patrick J. Mcdonnell And Julian E. Barnes

DOJ_NMG_0062375

The Los Angeles Times, September 13, 2006

BAGHDAD — The top American general in insurgency-ravaged western Iraq acknowledged that his troops were far from pacifying Al Anbar province but insisted that the U.S. fight there was not a lost cause.

"We are not where we intended to be," Marine Maj. Gen. Richard Zilmer said in an unusual telephone news briefing from Marine headquarters in Fallouja. But, he added, "we are not in our end state yet."

The general acknowledged that two key objectives — training Iraqi forces and establishing a functioning local government — lagged in the vast, strategically vital province.

The general was called in to rebut reports, first published this week in the Washington Post, that a secret Marine intelligence assessment last month had concluded that the prospects for securing Al Anbar were dim. The province covers nearly one-third of Iraq.

Word of the intelligence finding came as the Bush administration was trying to put the best face possible on the war before midterm elections and amid a major offensive in Baghdad deemed crucial to any eventual U.S. success here. The strikingly frank findings by the top Marine intelligence officer in the region, which have not been released publicly, are said to have unsettled U.S. policymakers and top brass at the Pentagon.

Zilmer did not dispute the intelligence appraisal: "I have seen that report, and I do concur with that assessment." But he argued that it had been misinterpreted in media accounts.

"It was not intended to address the positive effects coalition and Iraqi forces have achieved on the security environment over the past years," the general said in a statement released Tuesday.

It was unclear whether the report cited a lack of military strength in the region, where about 30,000 U.S. troops work alongside about 13,000 American-trained Iraqi soldiers and 6,400 Iraqi policemen. But the general, echoing other senior U.S. commanders, insisted that he had sufficient American personnel to do the job in an area that encompasses much of the "Sunni Triangle" and such sometime insurgent strongholds as Fallouja, Ramadi and Haditha.

Some U.S. critics have argued that the Bush administration's plan for Iraq has suffered from a shortage of troops since the American-led invasion in March 2003 that toppled Saddam Hussein. But Secretary of Defense Donald H. Rumsfeld and other top officials have insisted that troop strength is sufficient to defeat the insurgency and bring a stable government to war-torn Iraq.

Al Anbar, with its immense open spaces, palm-fringed Euphrates River valley villages and long borders with Saudi Arabia, Jordan and Syria, has been a hotbed of the Sunni Arab-led insurgency since shortly after the invasion.

The region is considered the Sunni heartland, and its residents have been hostile to the U.S.-backed, Shiite-led government that came to power after the fall of Hussein, a Sunni who oppressed the nation's Shiite Muslim majority.

Many Al Anbar residents see U.S. forces as agents of a regime that intends to disenfranchise and marginalize Sunnis while forging alliances with Shiite Iran, Iraq's historical rival.

Iraqi Prime Minister Nouri Maliki, a Shiite, has vowed to reach out to Sunnis and form a unity government.

To some critics, the U.S. effort in Al Anbar and elsewhere in Iraq also has suffered from the unduly optimistic forecasts of American commanders. Lt. Gen. John F. Sattler, who headed the Marines in Iraq at the time of a concentrated 2004 attack on Fallouja, declared that November that the operation had "broken the back of the insurgency."

In fact, the rebellion has continued in Al Anbar, Baghdad and elsewhere as the death toll for U.S. troops in Iraq has topped 2,600. Zilmer acknowledged Tuesday that Al Qaeda in Iraq and other militant groups in the region were mostly composed of fighters "largely from within Iraq," not foreigners.

Zilmer said his chief mission was to train Iraqi soldiers and police to replace U.S. troops. Despite setbacks, the general said, he envisioned a full Iraqi police contingent and independently operating Iraqi army units to be ready by late spring.

"The Iraqi face on the soldier, the Iraqi face on the police that are here, is very threatening for the insurgency," Zilmer said.

The development of security forces in Al Anbar has long been slowed by desertions, discord within the ranks and a lack of trust among the region's mostly Sunni population.

Insurgents frequently target police and soldiers. Many residents resent the large numbers of Shiite troops deployed there from the largely Shiite south. Local recruiting has often proved difficult because of the insurgency. Widespread illiteracy also has disqualified many military applicants, the general said.

Pentagon officials requested that Zilmer go on a media offensive to correct what the Marine command and some defense officials considered an oversimplified portrait of what was going on in Iraq.

"Clearly there are parts of local governance working better than others," said Bryan Whitman, a Pentagon spokesman.

Whitman suggested that the possible problems in Al Anbar "shouldn't overshadow the fact there is much progress throughout Iraq."

In a House hearing Monday, Eric S. Edelman, the undersecretary of Defense for policy, acknowledged that the insurgency in Al Anbar remained a problem and said the Marine intelligence assessment was important as "a snapshot in time."

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The report states that military power alone will not solve Al Anbar's problems, Edelman said.

"I think it's clear to all of us who have been involved in this issue for a while that Anbar has been the epicenter of the insurgency for some time — that a purely military solution to any insurgency is not possible; it needs a political solution as well," he said.

Zilmer: U.S. 'Stifling' Iraq Insurgency (AP)

By Robert Burns

AP, September 12, 2006

A senior American commander in Iraq said Tuesday that U.S.-led military operations are "stifling" the insurgency in western Anbar province but are not strong enough to defeat it.

Marine Maj. Gen. Richard C. Zilmer told reporters in a telephone interview from his headquarters in Fallujah that he has enough U.S. troops — about 30,000 — to accomplish what he called his main mission: training Iraqi security forces.

"For what we are trying to achieve out here I think our force levels are about right," he said. Even so, he said the training of Iraqi soldiers and police had not progressed as quickly as once expected.

"Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here," he added.

Zilmer, who has commanded U.S. forces in western Iraq since February, said increasing the number of U.S. troops there would help in the short term, "but at the end of the day I don't think it's going to be the significant change that is necessary to achieve long-term security and stability out here in Anbar."

What is needed, he said, is progress on the economic and political fronts that will undercut support for the insurgency.

The situation in Anbar, with its heavily Sunni population, is a barometer for the entire Sunni Arab minority, which lost its favored position to the majority Shiites and the Kurds when Saddam Hussein's regime collapsed in 2003.

As long as the insurgency rages, it is unlikely that Sunni Arab politicians in Baghdad can win over significant numbers of Sunnis to support the government of national unity, which took office May 20.

Some areas in Anbar have shown significant progress, such as the border city of Qaim, once an al-Qaida stronghold. Trouble has increased in other areas, like the rural stretch between Ramadi and Fallujah. Insurgent killings of Iraqi police in Fallujah have become commonplace, according to officials there.

Zilmer dismissed a reporter's suggestion that the war in Anbar — a province the size of North Carolina that stretches west from Baghdad to the borders of Syria, Jordan and Saudi Arabia — has been lost.

"I think we are winning this war," he said.

In the long run, the war will not be won on the battlefield, Zilmer said. The outcome will be determined by the Iraqis' ability to compromise on their political goals, accommodate their sectarian differences and demonstrate to ordinary people that a democratic central government can serve their needs.

"Until those things change, until those long-term effects are realized, then trying to solve the insurgency out here is going to be problematic," he said.

White House press secretary Tony Snow said President Bush would be talking to Gen. George Casey, the top U.S. commander in Iraq, later this week.

"If the president gets a recommendation from the combatant commanders to send more troops to al-Anbar province, they will get them," Snow said.

As of Monday there were 147,000 U.S. troops in Iraq, the highest number since December 2005. Most of the recent increase was for Baghdad, where U.S. and Iraqi forces are trying to avert a civil war.

Pentagon officials hastily arranged the interview with Zilmer in response to a series of news reports about a classified report by the chief of intelligence for the Marines in western Anbar province, Col. Pete Devlin. Zilmer said he agreed with the assessment by Devlin, who works for Zilmer, and he did not dispute news reports that characterized it as depicting Anbar as locked in a military stalemate with inadequate political progress.

The classified report was first reported by the Washington Post.

The New York Times reported Tuesday that the Devlin report concluded that Anbar's political and security situation will continue to deteriorate unless it gets a major infusion of aid and substantially more U.S. troops.

Zilmer would not discuss specifics of the Devlin report, but said he did not want more U.S. troops as long as his mission did not include defeating the insurgency.

The Devlin assessment was made in mid-August.

Before the telephone interview, Zilmer issued a written and a video statement.

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"Recent media reports fail to accurately capture the entirety and complexity of the current situation," Zilmer said in his written statement.

He added that the assessment "which has been referred to in these reports, was intended to focus on the causes of the insurgency. It was not intended to address the positive effects Coalition and Iraqi forces have achieved on the security environment over the past years."

Zilmer acknowledged, however, that "there is an active insurgency in Anbar. The enemy we face has no concern for the welfare of the Iraqi people, nor any peaceful vision for their future. We believe the Iraqi people want something more and are willing to fight and die for it."

General: Force Too Small To Beat Insurgency (USAT/AP)

By The Associated Press

USA Today, September 13, 2006

WASHINGTON — A senior American commander in Iraq said Tuesday that U.S.-led military operations are "stifling" the insurgency in western Anbar province but are not strong enough to defeat it.

Marine Maj. Gen. Richard Zilmer told reporters in a telephone interview from his headquarters in Fallujah that he has enough U.S. troops — about 30,000 — to accomplish what he called his main mission: training Iraqi security forces.

"For what we are trying to achieve out here, I think our force levels are about right," he said. "Now, if that mission statement changes — if there is seen a larger role for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here."

Pentagon officials arranged the interview with Zilmer in response to news reports about a classified report by Col. Pete Devlin, the chief of intelligence for the Marines in western Anbar province.

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Zilmer, who has commanded U.S. forces in western Iraq since February, said increasing the number of U.S. troops there would help in the short term. What is needed, he said, is progress on the economic and political fronts that will undercut support for the insurgency.

Zilmer dismissed a suggestion that the war in Anbar had been lost: "I think we are winning this war."

In Iraq on Tuesday, former Iraqi leader Saddam Hussein railed against "agents of Iran and Zionism" and vowed to "crush your heads" after listening to Kurdish witnesses at his genocide trial tell of atrocities against them nearly two decades ago.

The outburst came after witnesses talked about the campaign in 1987-88 to suppress a Kurdish revolt in northern Iraq. The prosecution claims about 180,000 Kurds lost their lives. If convicted of genocide charges, Saddam and the six other defendants could face death by hanging.

Also, at least 24 people were killed around Iraq overnight and Tuesday.

More Troops For A Shrinking Battlefield (WP)

By Al Kamen

The Washington Post, September 13, 2006

President Bus h 's forceful and, of course, nonpartisan 9/11 commemoration speech Monday night obviously didn't suit some of his critics.

"The safety of America," he said, "depends on the outcome of the battle in the streets of Baghdad." This linking of the "Global War on Terror" with the war in Iraq naturally brought howls of protest from the usual naysayers and cut-and-runners.

But the address also may have disappointed those conservative supporters who think things aren't going exactly swimmingly in Iraq.

For example, early and staunch war backers such as the Weekly Standard's William Kristol and the National Review's Rich Lowry called on Bush yesterday "to stop the downward slide in Iraq" by putting "substantially more troops" there. (Lowry was among several conservative journalists who met with Bush later yesterday.)

Kristol and Lowry didn't talk numbers, but it shouldn't require that many.

After all, Anbar province (Sunnistan) is looking pretty much gone -- and that's 30 percent of the country. Kurdistan in the north, about 20 percent of the county, is quiet for now pending a Kurdish move to push out the Shiites in Kirkuk. And Shiastan in the south, except for some squabbling, is quiet in its own 30 percent of the country. So it really comes down to greater Baghdad.

Meanwhile, the number of U.S. troops in Iraq has quietly inched up to about 140,000, and nearly 300,000 Iraqi forces have been fully trained, though many have yet to "stand up" -- except to run for it.Worth a Thousand Words

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Despite Bush's fine speech, it's unclear whether the State Department is fully on board. A colleague reports that, as of last week, Iraqi Prime Minister Nouri al-Maliki's photo has yet to replace that of former prime minister Ibrahim al-Jafari in the Bush Diplomatic Hall of Glory photo array at the department.

It's been nearly five months since Maliki took over, but still no photo. Are they thinking he's a short-timer and trying to save on framing costs?Do Speak, Don't Tell

Attention, native speakers of war-on-terrorism languages! The Pentagon will pay "full scholarships" -- $14,000 in tuition and an $11,000 "living stipend" -- for a six-month intensive training program at Georgetown University.

It's the first of its kind: the English for Heritage Language Speakers Program, being offered to "native speakers of Arabic . . . Hindi, Indonesian, Pashto, Persian (Farsi or Dari), Urdu or Punjabi." Speakers of Chinese (Mandarin or Cantonese) are also welcome.

The program, funded by the Pentagon's National Security Education Program, is for folks who want to "develop English skills for careers in the federal government," according to a recent ad.

"Apply now!" the ad says. Applications must be received by Oct. 2. Get your forms at http://ehls.georgetown.edu . There are only 16 slots.

Now, you may be wondering: "But will there be a job for me when I graduate?" No problem. There are certain to be plenty of openings. A 2005 Government Accountability Office report found that since 1993, about 300 language specialists -- 55 of them in Arabic -- have been booted out of the military because of the "don't ask, don't tell" policy on gay men and lesbians.

So don't worry. Sign up now!An Unintended Warming

What happens when you say something, anything, acknowledging your opponent's effectiveness? Your competitor uses it to generate money and publicity. Take politician extraordinaire Al Gore , speaking a few months ago on National Public Radio, when he was asked to name "an organized campaign to discredit the science of global warming."

"One of the many front groups that's funded by these polluters, the Competitive Enterprise Institute," Gore said, "is running television ads right now, and the tag line is, the announcer says, 'CO2, they call it pollution, we call it life.' It almost falls off its own absurdity," Gore said, "but over 20 years, I have seen them have a tremendous effect."

Next thing you know, the last part of that statement appears prominently in a CEI fundraising brochure. Then a couple of days ago, when Gore was on Australian television, the announcer played one of CEI's ads attacking his cause cÃ©lÃ¨bre. Gore was then obliged to respond.

"Despite his prominence in our fundraising brochure," CEI general counsel Sam Kazman notes, "we have yet to receive a contribution from him, even though it would be fully tax-deductible." Best not to hold your breath.The Bin Laden Effect

Duncan Hunter (R-Calif.), chairman of the House Armed Services Committee, ripped into a comment by "Democrat" leader Nancy Pelosi (Calif.), who had said of Osama bin Laden : "Even to capture him now, I don't think makes us any safer."

Hunter said that Pelosi's "statement can only have a demoralizing effect on American troops and intelligence personnel who are currently risking their lives" pursuing bin Laden.

Of course, the president and Secretary of State Condoleezza Rice have also played down bin Laden's importance in the overall fight against terrorism.

60 Bodies Found Scattered Around Baghdad (AP)

Associated Press, September 13, 2006

BAGHDAD, Iraq (AP) -- Police said Wednesday that they had found 60 bodies dumped around Baghdad, the majority in predominantly Sunni Arab areas.

The bodies were found overnight, 45 in mostly Sunni parts of western Baghdad and the rest in majority Shiite areas of eastern Baghdad, police said.

All the bodies were bound, bore signs of torture and had been shot, police 1st Lt. Thayer Mahmoud said. Such killings are usually the work of sectarian death squads.

Meanwhile, violence killed at least two dozen people across Iraq on Tuesday, including six who died when a car bomb blew up in western Baghdad.

The attack also wounded 18 people in Mansour, an upscale neighborhood that has been the scene of repeated bombings and kidnappings.

Northeast of the capital, at least four people were killed and two dozen wounded when a roadside bomb exploded next to a market in the town of Middadiyah.

And in the northern city of Mosul, gunmen attacked and killed four Kurds and injured another, said Ahmed Abdul-Aziz, a doctor at Jumhouri Hospital.

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Police in the Anbar province capital of Ramadi, meanwhile, reported that three people were killed in an explosion in the city west of Baghdad.

The violence came as deputies argued over a bill that Sunni Arabs fear will split Iraq into three sectarian and ethnic cantons.

A group of lawmakers tried Tuesday to take advantage of the unpopularity of U.S. troops among many Shiite and Sunni legislators to seek approval of a resolution setting a timetable for the withdrawal of foreign troops - something the Shiite-dominated government has refused to do.

Sponsored by supporters of radical Shiite cleric Muqtada al-Sadr and some Sunni Arabs, the resolution managed to gather 104 signatures in the 275-member parliament before it was effectively shelved by being sent to a committee for review.

That committee will need at least six months to examine the resolution and present its findings to parliament. If it were to be approved, such a resolution would be binding on the government.

"We do not want another kitchen in which decisions are cooked away from the representatives of the people and away from the hearing of the Iraqi people," complained Falah al-Mishaal, the Shiite legislator who presented the resolution.

No headway was made on an even more contentious proposal: legislation that would set in place the mechanism for establishing autonomous regions as part of a federal Iraq. Debate on the matter was put off until Sept. 19.

Sunni Arabs have vehemently opposed the legislation. Both the north, already controlled by Kurds, and the south, where Shiites are dominant, are rich in oil, and Sunnis fear they will end up squeezed into Baghdad and Iraq's western provinces, which have no natural resources.

"People are more preoccupied now with the deteriorating security situation and in order to have federalism, we should have democracy first. But with this deterioration in security, it difficult to achieve federalism," argued Naseer al-Ani, a member of largest Sunni Arab political group.

Although federalism is part of Iraq's constitution, and there is already an autonomous Kurdish region in the north, legislation and a referendum would be needed to turn Iraq into a full federation.

Iraq's most powerful Shiite politician and leader of its largest party, Abdul Aziz al-Hakim, called on fellow clerics to support the bill.

The coalition al-Hakim leads in parliament, the United Iraqi Alliance, submitted the bill last week. It would be the first step in creating a separate autonomous state in the south much like the region run by Kurds in the north.

Federalism Plan Dead, Says Iraqi Speaker (WP)

By Amit R. Paley And K.I. Ibrahim

The Washington Post, September 13, 2006

BAGHDAD, Sept. 12 -- The speaker of the Iraqi parliament said Tuesday that a controversial plan to partition the country into three autonomous regions is politically dead.

Mahmoud al-Mashhadani said in an interview that legislation to implement a concept known as federalism, which threatened to collapse the country's fragile multi-sect government, would likely be postponed indefinitely after a meeting of political leaders on Wednesday.

The federalism plan would create a Shiite region in southern Iraq much like the autonomous zone in the north controlled by the Kurds. Sunnis have generally opposed the plan, on grounds that it would leave them only with vast swaths of desert in the country's middle, devoid of the oil reserves in the other regions.

The constitution that Iraq adopted last fall allows for a form of federalism. Sunni parties supported the charter only reluctantly and joined the current government on condition of a resumption of federalism discussions, in which they hoped to kill the concept.

"If federalism is to be applied now, it will lead to the secession of the south and the establishment of an Islamist extremist state in the center of the country," said Mashhadani, an outspoken Sunni Arab who is the third-ranking official in the government. "It is not possible to venture or to start the application of federalism now."

"Look, Iraqi blood is more important than federalism," he said.

When asked to predict the likely outcome of Wednesday's meeting of political leaders, he said: "We could agree on the principle and then postpone the topic for four years."

Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite political coalition in Iraq, is the strongest backer of legislation that would begin translating the constitution's vague concepts of federalism into law.

In the Shiite holy city of Najaf on Tuesday, Hakim issued a full defense of federalism, which he described as a basic constitutional right of all Iraqis. Analysts say Hakim hopes to become the leader of the Shiite region, which would comprise about nine of Iraq's 18 provinces.

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"We believe federalism is one of the administrative methods that would help the people gain their rights, undo the injustices, and prevent discrimination on the basis of ethnic origin, sect or religion," Hakim said.

But support for the plan began to erode after a vast array of Sunni, Shiite and secular groups boycotted parliament on Sunday to protest the plan. Mashhadani said Grand Ayatollah Ali Sistani, the most revered Shiite cleric in Iraq, had ordered Shiite politicians to back off from the plan in order to prevent bitter infighting.

Mashhadani said the country is not prepared for federalism because its government is not strong enough to provide security and services, and because of troubled relationships with some neighboring countries.

"The United States is a federated system and it is leading the world. But this was after the Civil War," Mashhadani said. "So must we go through a civil war in order to achieve federalism?"

Meanwhile, Prime Minister Nouri al-Maliki, in his first state visit to Iran, discussed ways to improve the security situation in Iraq with President Mahmoud Ahmadinejad. American officials have accused Tehran of fomenting violence in Iraq by supporting Shiite militias.

"Iran will provide assistance to the Iraqi government to establish full security," Ahmadinejad said, according to the official Islamic Republic News Agency. "We believe strengthening the Iraqi government is tantamount to promoting security, peace and friendship in that country."

Violence continued across Iraq on Tuesday. At least 32 people were killed or their bodies were found in separate incidents in different parts of the country, authorities said. In northern Baghdad, 14 students were kidnapped after completing their exams, the Iraqi military said. No further details were released.

Kurd's Testimony Includes Taunt For Hussein: `You Are In A Cage' (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 13, 2006

BAGHDAD — A Kurdish villager mocked Saddam Hussein in court Tuesday as the man recalled the disappearance of his relatives during a 1980s military campaign in northern Iraq.

"Congratulations! You are in a cage," said the witness, Ghafour Hassan Abdullah, addressing Hussein and his six codefendants seated behind metal grates in the courtroom.

The former strongman's patience failed as a defense lawyer described Iraqi Kurdish rebels as freedom fighters.

"No, they are not! They are collaborators for the Zionists!" Hussein shouted during his trial on charges that his forces killed as many as 100,000 people during the campaign against Kurdish militants. "We will crush the heads of all Zionists and their collaborators!"

Several witnesses testified Tuesday at the trial, which is expected to last until at least December, about abuses by Hussein's military.

Akram Ali Hussein, 41, described what he said was a chemical attack in 1987 on the village of Sikanyan.

"We saw all the bushes had turned white," he said.

The following year, he said, the village was bombarded again and a dozen relatives, including his mother, sister and brother, were imprisoned. Later, he said, he learned that two cousins had died of hunger and that their bodies had been eaten by dogs at the prison.

"I want the whole world to know what he did," the witness said of the former Iraqi leader.

Hussein seemed exasperated on several occasions.

"When I am right I cannot be scared, and I don't think there is a power on Earth that can shake even one hair of my mustache," Hussein declared. "But I have noticed today that there were too many insults. And when you put a lion in a cage, any coward can put a stick in the cage and frighten him."

The Iraqi parliament, meanwhile, on Tuesday shelved a measure that would have forced American authorities to present a schedule for the withdrawal of U.S. and other foreign troops from Iraq.

"We demand a timetable to rebuild our Iraqi forces and to rehabilitate our army," said Dhafir Ani, a representative of the minority Sunni Arab bloc. "This gathering today is the first step for a political stance against the occupation and to unite Iraq."

The Bush administration has refused to give a timetable for withdrawal, saying it would embolden the insurgency.

The resolution is said to have the support of more than 100 lawmakers, including followers of militant Shiite cleric Muqtada Sadr.

But the Shiite leadership in the 275-member parliament opposes a strict timetable, and the proposal was sent to a committee for study.

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It was another violent day in the capital, where a car bomb killed six people and wounded 15 in the upscale Mansour district, the site of frequent attacks and kidnappings. The bomb targeted a passing U.S. patrol, authorities said, but no U.S. troops were reported injured.

Elsewhere, the country's communal slaughter persisted amid grisly new finds of bodies.

A hospital source said authorities discovered six beheaded bodies in Baghdad's Ghazaliya neighborhood. Ghazaliya is one of a number of districts "cleared" during a recent U.S.-led sweep that reduced violence. But there has been a resurgence of violence in the district since most U.S. forces moved on to other neighborhoods.

The bodies of 10 young men, all gunshot victims, were found in various parts of Baghdad and delivered to the morgue, an official said. Most had signs of torture. Four other bodies were found south of Baghdad, authorities said.

In the troubled, mixed-sect province of Diyala, northeast of the capital, officials said two Sunni mosques were attacked and burned Tuesday. Those assaults followed an attack Monday on a Shiite mosque. Factions also fired about 40 mortar shells, officials reported. There was no word on casualties.

A hospital source in the insurgent stronghold of Ramadi said three people were killed and five injured in clashes between gunmen and U.S. forces. There was no confirmation from American authorities.

The Associated Press reported that at least four people were killed and two dozen wounded in a bomb explosion near a market in the town of Miqdadiya, northeast of the capital, and that gunmen shot and killed four Kurds in the northern city of Mosul. Kurds and Arabs have been battling in Mosul and in Kirkuk, a key northern city.

Soldier Describes Anguish In Revealing Murder Allegations (USAT)

By Gregg Zoroya

USA Today, September 13, 2006

On a night in June, Pfc. Justin Watt lay in his cot in Iraq, anguishing over whether to tell Army investigators that he suspected soldiers from his own platoon had raped a 14-year-old girl and then killed her and her family.

He decided to call his father back home. "If you knew something bad about your brothers," Watt asked him, "would you come forward?"

The satellite phone link between Iraq and South Carolina was clear, and Rick Watt remembers that his son sounded distraught.

An Army veteran, the elder Watt asked for details, but Justin Watt would offer none. Finally, Rick Watt told his son that whatever had happened would have to be monstrous. "Heinous," he said, "is the only reason for giving up a brother."

Hours later, Justin Watt, 23, of Tucson, told authorities what he had learned from talking with another soldier from their platoon in the 101st Airborne Division. That soldier is one of four now accused of the killings March 12 in Mahmoudiya, Iraq.

In the months since, the four soldiers have been charged in a military court in Iraq with rape and murder. Another soldier is accused of failing to report the crime. And Steven Green, a platoon member discharged from the Army since the crimes, faces rape and murder charges in federal court in connection with the case.

If the allegations prove true, the assault by American soldiers would be among the worst atrocities of the Iraq war. "It is extremely damaging to the standing of the United States," Samir Sumaidaie, Iraqi ambassador to the United States, told ABC News, "(and) hurts the fight against terrorism."

By coming forward, Watt became — in the eyes of his father and one Army officer — a different kind of war hero, one whose valor wasn't immediately commended and who now lives with the fear of payback from other soldiers. A U.S. senator has told the Army that Watt has "received threats," and the Army says it is investigating whether Watt is in danger.

In interviews by telephone and over the Internet from Iraq, Justin Watt recounted for the first time details about his decision to come forward. He declined to discuss the criminal case or any threats against him because they are under investigation. But he explained how the violence that racked his platoon all year and claimed so many of his friends drove his decision.

Since being assigned to a different unit and moved away from those who may resent what he did, Watt says he feels isolated and misses his buddies.

"I'm an ordinary guy in an extraordinary situation who is dealing with a stupid amount of stress right now," he says. "This investigation hasn't changed the fact that I'm at war. I still deal with that every day. The only difference is, now when I come home, in the back of my mind I'm thinking, 'Could something happen to me because of this?' I don't know."

'We'd come through hell'

Mahmoudiya is in a region south of Baghdad known as the "Triangle of Death," an area patrolled since October by Bravo Company, 1st Battalion, 502nd Regiment of the 101st Airborne.

Bravo, particularly the 1st Platoon in which Justin Watt served, has suffered heavy casualties. "There was a saying," Watt recalls, " '1st Platoon is in no shortage of very good, but very unlucky, men.' "

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He would later testify in a military court: "We'd come through hell with each other."

His best Army friend and former roommate, Pfc. Tyler MacKenzie, 20, of Evans, Colo., died in a roadside explosion in November. Four 1st Platoon soldiers were killed in a 12-day period in December. In February, an electrical fire swept through the company barracks. Watt lost letters and pictures from home, a digital camera, an iPod and a knife that was a gift from his father. By then, he says, he was convinced he would not survive Iraq.

On March 12, in the midst of the platoon's hard-luck tour, the bodies of Abeer Qassim al-Janabi, 14; her 5-year-old sister, Hadeel; their mother, Fikhriya Taha; and their father, Qassim Hamza, were found in their Mahmoudiya home. The Army initially blamed the assault on insurgents.

Three months after the Iraqi family was found slaughtered, the 1st Platoon suffered a devastating attack. Insurgents overran a checkpoint in Youssifiyah on June 16, killing Spc. David Babineau, 25, of Springfield, Mass., and capturing Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas Tucker, 25, of Madras, Ore. Watt was close friends with Tucker and Menchaca, who were later found tortured and killed.

Watt says he could barely sleep after the kidnappings. When he did, he had nightmares about dead Iraqi children or slain comrades, talking to or staring at him. The bodies of Tucker and Menchaca were discovered June 19.

What he learned

Shortly after the kidnappings, Watt spoke with another Bravo Company friend, Sgt. Anthony Yribe, 22. According to testimony Watt later gave in court, reported by a small group of journalists allowed inside the hearing, Yribe disclosed a terrible secret: He suspected that 1st Platoon soldiers had attacked the Iraqi family March 12.

Shaken, Watt later approached another soldier in 1st Platoon, Pfc. Bryan Howard, 19. Howard, Watt testified, told him a gruesome story. The details emerged during a so-called Article 32 hearing held in Baghdad last month. In such hearings, an investigator listens to evidence and decides whether to recommend a court-martial.

The Article 32 hearing considered charges of rape and murder against the four soldiers: Howard, Spc. James Barker, 23, Sgt. Paul Cortez, 23, and Pfc. Jesse Spielman, 21. A fifth, Yribe, is not alleged to have taken part in the attack and is charged with dereliction of duty for failing to report the crimes.

The official transcript of the hearing has not been released. According to the testimony reported by a pool of journalists and made available to news outlets, the rape victim and her family lived about 220 yards from a traffic-control point in Mahmoudiya. For several days before the killings, Howard, Barker, Cortez, Spielman and then-Army Pvt. Steven Green staffed the checkpoint.

Army investigator Benjamin Bierce testified at the hearing that Green repeatedly spoke of his desire to kill Iraqis and emerged as the leader of the attack, the media pool report said.

The soldiers also talked about the 14-year-old girl, whom they had seen passing through their checkpoint, Bierce testified.

Bierce testified at the Article 32 hearing that on March 12, the group had a plan to assault the girl. With Howard acting as lookout, Barker, Cortez, Spielman and Green entered the family's house, Bierce testified. Green herded the parents and the 5-year-old into a bedroom, according to the pool report of a statement made by one suspect, Barker.

At the hearing, there was conflicting evidence about who raped the girl, according to the pool coverage. Army investigator Michael Hood, for example, testified that Spielman passed a polygraph test in which he denied raping or shooting anyone during the attack. Cortez, in his statement, denied raping the girl. Howard's lawyer, Army Capt. Megan Shaw, argued that he did not believe the attack was actually going to happen.According to Barker's statement, Cortez pushed Abeer, the 14-year-old girl, to the floor, lifted her dress and tore away her underwear as she struggled. Barker said in his statement that he and Cortez both attempted to rape the girl.

Barker also said he heard gunshots from the bedroom, and an agitated Green emerged holding an AK-47, the media pool report said. "They're all dead. I just killed them," he told the others, according to Barker's statement.

Green then raped the girl and shot her to death, Barker told investigators, and her body was set on fire.

'Put yourself in my shoes'

Watt says he struggled over what to do about what he had learned from Howard and Yribe. He would later testify at the Article 32 hearing that the Army excels at teaching soldiers everything from hygiene to rifle assembly. "But there's nothing I've read that says what to do if your buddies have raped and murdered a family," he said in court, according to the media pool report.

"Put yourself in my shoes," Watt says in an interview. "My roommate's dead. A bunch of my friends are dead. Two of my buddies are being tortured to death. Green is back in the States. He doesn't have to suffer at all. These good men are dead."

Watt says he's not religious. But months before, when so many friends were killed, he had prayed for God to give him strength. As he wrestled with a decision, he says he sensed God was watching. "I felt like if I didn't do the right thing, I wasn't holding up my end of the deal," Watt says. "If I didn't do anything, I was dead. Lost my grace with God."

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That's when he called home. Watt says he had already decided to go to authorities before the call home to his father. But he says he needed — if only briefly — to connect with his dad. "I knew there was a world to go back to where people cared about me," he says. "I didn't feel so alone."

After the call, Watt asked to speak to a mental health counselor. Subsequent media reports said that a soldier receiving counseling suddenly had reported the attack on the Iraqi family.

Watt says there was nothing sudden about it.

He asked to speak with a mental health counselor because he wanted to bypass what he thought would be a skeptical command structure and get an audience with Army investigators, he says. Through the mental health counselor, Army investigators were notified and interviewed Watt.

Documents in the federal court proceeding against Green say investigators were tipped off June 20. By that time, Green had been sent home from Iraq and discharged from the Army in May with a "personality disorder," according to the documents.

After Watt came forward, the FBI arrested Green in North Carolina on June 30. He has pleaded not guilty, and his arraignment in federal court on rape and murder charges in the Mahmoudiya case is scheduled for Nov. 8 in Louisville.

Based on the evidence presented at the Article 32 hearing for the five soldiers charged in Iraq, Army Col. Dwight Warren issued a report Sept. 3 recommending that they face a court-martial. A final Army decision on that recommendation is pending.

The four soldiers charged with rape and murder, who could face the death penalty if convicted, were recently transferred to a stateside military jail in an undisclosed location, Army spokesperson Kelly Tyler says.

Two weeks after testifying in the Article 32 hearing, Watt was moved from Bravo to Charlie Company. Capt. William Dougherty, Charlie Company's commander, wrote to Watt's parents Aug. 2 praising their son. His comments were the first accolades from the Army the family has received.

"I am proud of him for coming forward. It took moral courage," Dougherty wrote in an e-mail Watt's father shared with USA TODAY. "I know that he has been through a lot."

Dougherty did not respond to a request for comment.

Rick Watt, 55, a demolition consultant from North Charleston, S.C., believes his son deserves a medal. "I'm amazed at the content of his character and his courage," he says.

Due to come home soon

Watt is the oldest of Rick and Vivi Watt's three children.

The couple separated last year, but the family remains close. Rick Watt says he worked hard to instill honesty in his children. "I'm a firm believer that when we leave this world, the only thing we take with us is the imprint we've made on other people, and our own reputation," he says.

Justin, considered by family members as the most sensitive and introspective of the three kids, seemed the least likely to choose the Army and combat, his brother Darin and his father say.

Watt dropped out of high school at age 17 and passed his high school equivalency exam so he could pursue his dream job: working for an Internet gaming company. The company failed within a year, and after working various jobs,Watt surprised his family by enlisting.

Like so many other soldiers in Iraq, he created a page on MySpace .com, a popular collection of personal Web pages. There, he listed his dad as his hero. Until Justin Watt took the page down from the Internet, it was a place to vent his frustrations and fears about war.

He noted on June 26: "Nobody will ever know that I brought justice to a murdered family."

When his name surfaced in the media, Rick and Vivi Watt pleaded for help from U.S. Sen. Jon Kyl, R-Ariz. Kyl wrote the Army on Aug. 2, warning that Justin Watt had "received threats" and demanding that his safety be a priority. Kyl also questioned whether Watt should be shifted out of the 101st Airborne for his own security and provided a lawyer.

In a response Aug. 11, Army Brig. Gen. Bernard Champoux wrote that Watt has been provided a lawyer "although he is not suspected of any wrongdoing." Champoux also says that the Army is investigating Watt's claim that he has been harassed and mistreated since he came forward.

"In Pfc. Watt's sworn statement and his conversations with his chain of command, he expressed that he has never been personally threatened," Champoux wrote. "He was told about possible threats by another member of his (original) unit."

Watt's father shared with USA TODAY the exchange of letters written by Kyl and Champoux. Andrew Wilder, a spokesman in Kyl's office, confirmed that Kyl sent and received the letters.

Rick Watt says he is still not satisfied with the steps the Army has taken to keep his son safe.

"I am legitimately concerned," he says. "I guarantee you, if anything happens to my son, there will be careers lost and people will be prosecuted who are wearing brass today. Because I won't stop until it happens."

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Watt is now stationed in Latifiyah, a few miles from Mahmoudiya, and his unit is due to rotate home in a few days. He remains stunned by all that followed his decision to come forward.

"I don't regret it by any means," he says. "But, God, I had no idea it was going to be like this."

He says the Army has promised new assignments that he cannot discuss. "That's all I want," he says, "a fresh start."

Army Secretary Reveals Combat Death Plan (USAT/AP)

USA Today/AP, September 13, 2006

SAN FRANCISCO (AP) — Army Secretary Francis Harvey says he is aiming to "achieve perfection" in a new drive to inform families of soldiers killed in combat about the circumstances of their deaths.

In a memo obtained Tuesday by the Associated Press, Harvey outlines a far-reaching review he recently initiated of some 2,000 casualty reports from Iraq, Afghanistan and elsewhere.

In the Sept. 1 letter to Sen. Barbara Boxer, D-Calif., Harvey reveals a previously unknown element of the reforms: Commanders in the field must investigate even if the cause of death was apparent. Previously, such investigations were conducted only when there was uncertainty about the circumstances, Army spokesman Paul Boyce said.

The review follows highly publicized mistakes in what families were told about their relatives who had died. The best-known error involved Cpl. Pat Tillman, who quit professional football to join the U.S. Army Rangers and was killed in Afghanistan in April 2004. His family was originally told he had been killed by enemy fire, but five weeks later they learned that fellow Rangers had accidentally shot him.

Harvey offers heart-rending new details on the mishandling of one such case: A medic apparently misjudged a soldier dead and ordered other wounded soldiers treated first.

"As part of this program, numerous improvements have been made to the casualty reporting, notification, and assistance process in order to prevent the mistakes of the past, such as those that were made in (the) Sgt. McCaffrey and 1st Lt. Tyson case," Harvey wrote in the memo to Boxer.

He referred to two California soldiers shot to death in June 2004 by Iraqi civil-defense officers whom they were training: Spc. Patrick McCaffrey Sr., promoted posthumously to sergeant, and 1st Lt. Andre D. Tyson.

The Army initially told the men's families that they had died in a conventional ambush. Two years after their deaths, and nine months after its investigations were completed, the Army informed their survivors that the two were deliberately killed by Iraqi trainees patrolling alongside them.

According to Harvey, the mistake was the result of a bureaucratic oversight. The soldiers' unit had redeployed by the time Army investigators completed their probe in September 2005. By then, the soldiers' brigade had "lost visibility" of the investigation.

Additionally, the Army Casualty and Memorial Affairs Operations Center did not know of the existence of that last investigation, he said.

The Army secretary said he remains deeply involved in the reforms he recently initiated. "I personally review this program monthly," Harvey wrote, adding that he tracks individual cases where families have raised concerns about information they have or have not received.

"The objective is to achieve perfection — no errors at any time in any part of the process," he wrote.

Attached to the memo is a 2 1/2-page list of answers to questions Boxer had posed to Harvey regarding the circumstances of McCaffrey and Tyson's deaths.

McCaffrey's mother, Nadia McCaffrey, believes her son was left to bleed to death after he was shot repeatedly. According to the investigation completed in September 2005 and obtained previously by the AP, a crew of medics rushed to the scene to treat the wounded soldiers, driving straight into the "kill zone" with little protective cover.

A medic who assessed the wounded soldiers' condition said McCaffrey was dead. But another combat lifesaver checked McCaffrey's pulse and couldn't tell whether he had one or not, so he helped load him onto a truck, then gave him CPR. About halfway back to Camp Anaconda the soldier heard faint gurgling from McCaffrey and later felt a faint pulse, he wrote in a sworn statement the next day.

McCaffrey had a bullet and bullet fragments in his lungs, plus one in his abdomen and another in his chest cavity.

The document obtained Tuesday says, without naming names, that "the soldiers responding to the incident prioritized the casualties," starting with Tyson, who had a bullet in his brain, the projectile entering just below where his Kevlar helmet's protection stopped. "Other soldiers also at the scene related that Sgt. McCaffrey appeared dead due to the extensive visible injuries."

"This medic needs to be punished," Nadia McCaffrey said in a telephone interview.

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The Army Criminal Investigation Command, which conducted the 2005 investigation, has found no other cases in which Iraqis who infiltrated the country's young security services have deliberately killed U.S. soldiers, according to the memo to Boxer.

Vote Of 'No Confidence' Would Be Unprecedented (RC)

By Emily Yehle

Roll Call, September 13, 2006

Now in their sixth year of complaining about Defense Secretary Donald Rumsfeld, Congressional Democrats have found a creative new way to make their case — borrow from Britain.

Last week, Senate Democrats tried and failed to force a vote on a "sense of the Senate" resolution calling on President Bush to "replace the Secretary of Defense." And while the text of their resolution didn't include the phrase, Democrats in both the House and Senate have taken to calling their effort a vote of "no confidence" in Rumsfeld.

Those two words that garnered so much media attention have a decidedly British twist — "no confidence" is the name of a motion in Parliament that can mean the end of a prime minister's reign.

Once those words left their homeland, however, they lost the power to force an official to resign or call a new election. In Congress, the term would have only a symbolic effect; a passed resolution with the phrase "no confidence" simply would relay the disappointment of Congress.

But perhaps Rumsfeld should feel honored: It's also a term that has never been used in legislation to oust a Cabinet official, Associate Senate Historian Don Ritchie said.

And such an action has "certainly never happened during a war with the Secretary of Defense," said James Thurber, director of the Center for Congressional and Presidential Studies at American University.

History, alas, was never made. The resolution, presented by Senate Minority Leader Harry Reid (D-Nev.) on Sept. 6, didn't contain the words "no confidence" and the measure never reached a vote, as the GOP procedurally blocked it from being attached to the Defense appropriations bill.

The wording in Reid's measure is slightly different than that of a similar resolution sponsored by Rep. Charlie Rangel (D-N.Y.) in 2003. That piece of legislation was more forceful; it used words such as "immediately," "resign" and "failure." It also named Rumsfeld, whereas the recent proposed resolution only referred to the "current Secretary of Defense."

Congress hasn't impeached a Cabinet official since the 1870s, but executive officials have since left their post because of their unpopularity in Congress, Ritchie said. Sometimes, officials resign to preclude a more formal rebuke — impeachment.

In 1983, Anne Gorsuch resigned from her position as the administrator of the Environmental Protection Agency after Members of Congress merely discussed the possibility of impeachment.

Democrats have not laid out impeachment as a strategy to force Rumsfeld out of office, but they still seemed attached to that other phrase borrowed from their parliamentary cousins. On Friday, Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) sent to his organization's e-mail list an urgent appeal: "Demand a Vote of No Confidence in Secretary Rumsfeld."

Mideast Peril Growing Concern: Terrorist Havens In 'Failed States' (WSJ)

By Yochi J. Dreazen And Philip Shishkin

The Wall Street Journal, September 13, 2006

In April, Saudi Arabia disclosed plans for an unusual and hugely expensive project: a multibillion-dollar electrified fence along its 560-mile border with Iraq.

The move angered U.S. and Iraqi officials, but Saudi officials said Iraq's growing instability left them little choice. They said they were concerned about militants infiltrating from Iraq to carry out attacks aimed at either toppling the ruling family or inciting Saudi Arabia's restive Shiite minority to seek independence.

Concern about extremism seeping out of Iraq underscores a painful irony in the five-year-old war against terrorism: The U.S. and its allies now face the distinct possibility that the same kind of "failed state" that gave terrorists a haven when the Taliban ruled Afghanistan -- leading to Sept. 11 -- could be forming again, in more than one place.

Both Iraq and Lebanon are threatening to degenerate into states with weak central governments where extremists can thrive. Iraq already appears to serve as a kind of finishing school for young radicals seeking battlefield experience. In Lebanon, Hezbollah's war with Israel this summer both destabilized the country and enhanced the reputation of Hezbollah extremists, who in the past have demonstrated a desire to extend their reach beyond Lebanon's borders.

To make matters worse, Afghanistan itself now appears to be sliding backward so much that it could again become an international terror breeding ground.

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Forces from the U.S. and the North Atlantic Treaty Organization are locked in the bloodiest fighting in Afghanistan since late 2001. U.S. casualties are running at more than twice last year's rate. U.S. military commanders speak openly of an "Iraq-ification" of Afghanistan: Once-rare suicide bombings and roadside bombs have become common, and both arms and militants flow over mostly undefended borders. Much as in Iraq, the bulk of the Afghan insurgency is local, but there are signs al Qaeda-linked foreign fighters are participating.

Attack in Syria

The violence and instability roiling the Middle East spread to another country yesterday, as Islamic militants armed with machine guns, grenades and an explosives-filled van mounted a brazen but unsuccessful attack on the U.S. Embassy in Damascus, Syria. The attack in Syria, which borders both Iraq and Lebanon, left three of the attackers and one Syrian guard dead.

This unwelcome picture is forcing changes in America's posture across the region. Most significantly, the U.S. in midsummer abandoned a plan that Gen. George Casey, the top American commander in Iraq, had crafted that would have had the U.S. withdrawing some of its forces beginning this month.

Instead, the number of American forces in Iraq is increasing. In recent weeks the U.S. has shifted thousands of troops to Baghdad as part of an effort to secure the city, which means the U.S. has had to increase the overall number of troops in Iraq. Last week, the Pentagon said there were 145,000 troops, or 18,000 more than in late July and the highest level since the start of the year.

Senior military leaders say their top priority is to ensure that Iraq doesn't become a failed state. That has caused shifts in how U.S. forces operate on the ground. In places such as Tal Afar in northern Iraq and Tarmiyah, a Sunni stronghold northeast of Baghdad, U.S. military forces are reaching out to insurgent leaders in search of some sort of compromise that would get them to participate in the political process and move away from terror groups. As a result, American officers today are negotiating with Sunni leaders who only a couple of years earlier had been in jail.

U.S. officials acknowledge their main goal in Iraq now is to prevent it from turning into a place run by fundamentalists who export terrorism to the region. The administration's public comments also have shifted markedly in tone, from stressing the benefits of a democratic Iraq to citing the threats that failure in Iraq would pose to U.S. national security.

"If we abandon the Iraqi people before their government is strong enough to secure the country," said Secretary of State Condoleezza Rice at an American Legion convention last month, "we will leave the makings of a failed state in Iraq, like that one in Afghanistan in the 1990s, which became the base for al Qaeda and the launching pad for the Sept. 11th hijackers." She added: "And we should not assume for one minute that those terrorists will not continue to come after the American homeland."

Similar concerns are leading the West to adopt a more aggressive strategy for extending the strength and reach of Lebanon's government. After several years of a U.S. policy of benign neglect toward the country, Ms. Rice threw herself into crafting and ensuring implementation of a United Nations resolution to create a peacekeeping force that the U.S. hopes will keep Hezbollah at bay. The U.S. Treasury Department has launched an effort to shut down the flow of money to Hezbollah from Iran. And partly to try to limit Lebanese citizens' attraction to Hezbollah -- which provides extensive local social services -- the U.S. pledged millions of dollars in aid and got involved in projects to clean up oil spills and rebuild wrecked schools.

The picture in Lebanon and Afghanistan, to say nothing of Iraq, is an uncomfortable one for the Bush administration. After Sept. 11, 2001, Mr. Bush announced a far-reaching policy shift. No longer, he said, would the U.S. allow what he called failed states to be havens for terrorist groups plotting attacks outside their borders. If the countries were unwilling or unable to root out extremist groups, the president said, the U.S. would strike both the groups themselves and the governments that sheltered or tolerated them.

Now the U.S. is forced to try to keep extremists from taking deeper root in the very places it hoped would be footholds for stability -- most notably Iraq.

There, a typical battle against the resilient and elusive guerrillas began one spring night on a trash-strewn lot in Samarra. U.S. soldiers quietly surrounded the house of a suspected leader of an insurgent cell. As the advance team took down the front door and burst inside, Army Capt. Chris Brawley climbed over mounds of garbage and trained his rifle on a back alley. A shadow went flying over a narrow alleyway separating two houses, as the suspect scurried across an adjacent roof and then merged into the darkness.

The nighttime sweep did net several other suspects. Soldiers roused a man named Ayoob from his bed, stepping around the dinner leftovers of fries and sausage on the floor of his decrepit living room. A man named Mahmoud was grabbed next to a hollowed-out vehicle that looked like a car bomb in the making. Soldiers also rounded up a skinny man with a scraggly goatee who had a bag of suspicious-looking circuit-breakers stashed in his house.

Back at their base, soldiers checked the detainees' names and photos against military intelligence reports. The reports said Ayoob was reported to have received training from al Qaeda-linked groups. Mahmoud had fought the U.S. in Fallujah and now

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specialized in small arms and roadside bombings. The skinny man's circuit-breakers were parts for improvised explosive devices.

The emergence of this new generation of experienced militants in Iraq -- along with the critical issue of how much political violence they may carry out in neighboring countries -- is a source of deep concern for counterterrorism officials.

Until now, Iraq's violence has largely been contained within the country's borders, except for the bombings that killed 60 people in Amman, Jordan, in November. Intelligence officials worry that extremists are building a durable foothold in the vast and lawless Sunni province of Anbar, in center-west Iraq, as a future base for attacks in neighboring countries like Jordan or Saudi Arabia.

Last week, President Bush cited an al Qaeda document found in Anbar that laid out a detailed governing structure for the province. It included education, justice and social-services departments plus an "execution unit" -- responsible for "sorting out, arrest, murder, and destruction."

A senior Jordanian official says that since the Amman bombings, Jordan is bolstering its long border with Iraq with motion-detectors, cameras and other electronics. After discovering that the bombers had entered with forged Iraqi passports, Jordan instituted a two-step system for entering Iraqis: Border personnel search them, while others study their passports for evidence they were faked.

The U.S. faces a diplomatic cost as three allies in the region -- Jordan, Saudi Arabia and Turkey -- increasingly chart their own courses because they see a possible threat to their security from extremists in Iraq. The U.S. communicated "unease" to Saudi Arabia after it announced plans for its fence, according to a U.S. official familiar with the exchange. The U.S. saw it as a slap in the face of the new Iraqi government. But the Saudis said they would press ahead.

The U.S. has renewed its push to build a force that can hold Iraq together. In the early days after the 2003 invasion, U.S. officials were hesitant to build too strong an Iraqi army. The concern was that if the army became the most powerful instrument in the country, it would dominate political affairs, and instead of a flowering democracy Iraq might begin to look like other Middle Eastern states.

Today, the U.S. military's focus is building as strong an Iraqi army as possible to impose some semblance of order. Often that means empowering Iraqi commanders who have little faith in or loyalty to the current government. At Camp Taji, a U.S.-run base in central Iraq, many senior officers in Iraq's sole armored division are Sunnis who once were officers in Saddam Hussein's military.

Many of the officers express little faith in Iraq's current Shiite-led government. Some complain openly that the current Iraqi prime minister, Nouri al-Maliki, is little more than a puppet of Shiite-dominated Iran. To enlist these officers' support, U.S. commanders have used the promise of a steady paycheck, as well as appealing to their wish to stem chaos in their country.

In Lebanon, the government's inability or unwillingness to curb Hezbollah has given the group a better base from which to carry out attacks. Hezbollah has long shown a willingness, but limited ability, to attack outside the Mideast. Now, the State Department's most recent "Patterns of Global Terrorism" report says Hezbollah "has established cells in Europe, Africa, South America, North America and Asia." That contrasts with other militant groups in the area such as Hamas and Palestinian Islamic Jihad, which restrict their operations to Israel and the Palestinian territories.

Hezbollah's history worries terrorism experts even though its last known overseas strike was more than a decade ago. A few months ago, Argentine prosecutors announced that the deadliest act of terrorism in their country -- a 1994 suicide bombing at a Buenos Aires Jewish community center that killed 85 -- had been carried out by a Hezbollah member, Ibrahim Hussein Berro.

Israeli intelligence officials say that in 2002, representatives of Hezbollah and other Islamic fundamentalist groups met in a South American area called the tri-border region (the intersection of Brazil, Argentina and Paraguay) to discuss possible strikes. "Hezbollah thinks globally, not regionally," maintains Ilan Berman, an Iran expert at the right-leaning American Foreign Policy Council.

Meanwhile, amid mounting concerns that Lebanon and Iraq are becoming terrorist havens akin to Afghanistan under the Taliban, Afghanistan itself appears to sliding back toward disarray.

U.S. and NATO commanders cite three big problems there. The Hamid Karzai government is deeply unpopular in many rural areas, seen as a U.S. puppet. Opium-poppy production is skyrocketing, with Afghanistan now supplying 92% of the world's supply of the heroin ingredient, according to the U.N. Office on Drugs and Crime. The biggest threat is a military one: A resurgent Taliban has triggered the heaviest fighting since the U.S. toppled the fundamentalist Islamic group's rule in 2001.

Taliban offensives have left more than 1,000 people dead in the past four months and greatly complicated reconstruction efforts. In just the past few days, a suicide bomber killed a provincial governor, and then another suicide bomber attacked at his funeral.

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NATO commanders in southern Afghanistan have been surprised by both the intensity of the Taliban attacks and the tactics used. They say the Taliban have shifted from ambushes to larger-scale ground assaults, in which the militants stand and fight rather than melt back into the countryside. On Thursday, NATO's top commander, Gen. James Jones, asked the alliance's 26 member states to send more soldiers, warplanes and helicopters to reinforce the allied forces battling the Taliban.

Some veteran observers of Afghanistan are watching the violence with alarm. In 2004, Joseph Collins, who had recently left a senior Pentagon post, wrote a scholarly paper saying the U.S. was successfully blending three missions in Afghanistan: combat operations, humanitarian aid and peace-keeping work. He called it "Afghanistan: Winning the Three Block War." If he wrote it today, Mr. Collins says, "There'd be a question mark in the title, if not two or three."

Young Anger Foments Jihad (WP)

By David Ignatius

The Washington Post, September 13, 2006

During Monday's commemorations of the fifth anniversary of Sept. 11, 2001, I found myself wondering what the world will look like on the 10th anniversary, or the 20th. Will the catastrophe that began five years ago become a permanent feature of life -- a "long war" that won't end for many decades? Or will it gradually wane with time?

President Bush made an emphatic case for the long war in his speech to the nation Monday night. In his account, America is locked not simply in a war but in a meta-conflict, "the decisive ideological struggle of the 21st century and the calling of our generation." He described a global enemy of Muslim fanatics that imprisons women in their homes, beats impious men and attacks Americans at will. I admire Bush's toughness, but I disagree with his analysis.

As it happened, I spent the hours before Bush's speech moderating a discussion of the meaning of Sept. 11, which was hosted by the World Affairs Council here. One of the panelists was Marc Sageman, a man who comes to these issues with an unusual background -- he was a CIA case officer in Pakistan and then became a psychiatrist. I found in his comments a similarly unusual clarity.

Sageman argues in his book, "Understanding Terror Networks," that we are facing something closer to a cult network than an organized global adversary. Like many cults through history, the Muslim terrorists thrive by channeling and perverting the idealism of young people. As a forensic psychiatrist, he analyzed data on about 400 jihadists. He found that they weren't poor, desperate sociopaths but restless young men who found identity by joining the terrorist underground. Ninety percent came from intact families; 63 percent had gone to college; 75 percent were professionals or semi-professionals; 73 percent were

married.

What transformed these young Sunni Muslim men was the fellowship of the jihad and the militant role models they found in people such as Osama bin Laden. The terrorist training camps in Afghanistan were a kind of elite finishing school --

Sageman likened it to getting into Harvard. The Sept. 11 hijackers weren't psychotic killers; none of the 19 had criminal records. In terms of their psychological profiles, says Sageman, they were as healthy as the general population.

The implication of Sageman's analysis is that the Sunni jihadism of al-Qaeda and its spinoff groups is a generational phenomenon. Unless new grievances spawn new recruits, it will gradually ebb over time. In other words, this is a fire that will gradually burn itself out unless we keep pumping in more oxygen. Nothing in Sageman's analysis implies that America should be any less aggressive in defending itself against terrorism. But he does argue that we should choose our offensive battles wisely and avoid glamorizing the jihadist network further through our rhetoric or actions.

Sageman's focus on the generational arc of violence got me thinking about my recent trip to Iran. The revolutionary intensity hasn't disappeared there, but it is certainly further down the curve than is the Sunni world. When I attended Friday prayers at Tehran University, I was struck by how old the people shouting "death to America" were. I would guess the average age was well over 40. The generation of the Iranian revolution is getting long in the tooth. The only sure way to ignite revolutionary zealotry in the younger generation would be for America to go to war with Iran -- something I dearly hope we can avoid.

There's another small detail about Iran that strikes me as relevant, now that I'm back home. As I explained in an earlier column, Tehran is a city of crazy drivers who nearly collide at every intersection. But the police are quite strict about requiring seat belts -- something I don't often see in the Muslim world. Even fatalistic taxi drivers buckle up. Another surprise: When I was traveling last week from Tehran to the holy city of Qom, there were actually police on the highway with radar guns, stopping pilgrims who might be tempted to speed. And I'm told the new mayor of Tehran, Mohammad Qalibaf, who succeeded the rabble-rousing Mahmoud Ahmadinejad, has created a special hotline so people can call and get potholes filled and trash collected.

Now I submit to you: A nation that is wearing seat belts is probably not a mortal enemy of the United States.

This is a week when we remember, with horror, that there are dangerous killers in the Muslim world. But unless we make big mistakes, we should not find ourselves condemned to a permanent war, much less a clash of civilizations.

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Justice's Next Level Of Protection (GCN)

By William Jackson, GCN Staff

Government Computer News, September 13, 2006

IT security program focuses on database vulnerabilities

A key element of the Justice Department's security program is managing vulnerabilities in its IT systems. According to director of IT security Dennis Heretick, when it comes to compliance with the Federal Information Security Management Act, this is even more important than implementing operational controls.

"Vulnerability management has been the emphasis of our program," Heretick said. "That is what FISMA is all about. What are your weaknesses, and what can you do about it?"

The department started with network and configuration scanning, using tools such as FoundScan from Foundstone Inc. (now a division of McAfee Inc.) and the open-source Nessus scanner, managed by Tenable Network Security Inc. of Columbia, Md. This year the department is expanding its scanning capabilities to assess application security, beginning with database software.

Two Justice offices, the FBI and Office of Justice Programs, already had been using the AppDetective scanner from Application Security Inc. (www.appsecinc.com) of New York. Other offices in the department were making plans to use it, Heretick said. "We expanded that with an enterprise license" this summer, he said. "We've started scheduling our training now."

AppDetective is AppSecInc's flagship product. It is a network-based scanner that can work with other tools such as FoundScan, but it is specialized for identifying and fixing database—rather than network—vulnerabilities. Heretick said he had been aware from the beginning of the need for application-level assessments, but the network and security configurations came first.

"There is so much to be done, we had to prioritize," he said.

AppDetective performs two primary functions: discovery and assessments.

"You need to know your inventory before you can secure it," Heretick said.

Application discovery is more than a formality, even for databases that can cost up to $1 million a year to maintain, said AppSecInc's vice president of marketing Ted Julian.

"In almost any organization we are in, they usually find a significant number of databases they were not aware of," Julian said.

Organizations change over time. People leave, and detailed knowledge of assets can be lost. Auditing organizations that keep track of resources tend to be centralized, while the rest of the enterprise is decentralized, allowing some valuable assets to fall into the cracks. But just because a database doesn't appear on an inventory list doesn't mean that it's an orphan. Somebody is usually maintaining the program, and it's likely to contain valuable data that requires protection.

Once an inventory has been created, App-Detective performs automated penetration tests and inside audits. Penetration tests are done from a hacker's-eye point of view, with no access privileges required for the device. "If we can see it, we can assess it," Julian said.

AppDetective also performs an inside audit of databases and their applications to assess security levels. The scanner supports most common databases, including MySQL, Oracle, Sybase, IBM DB2 and DB2 on Mainframe, Microsoft SQL Server, Oracle Application Server and Lotus Notes/Domino. The company recently announced it was seeking Common Criteria certification for the software through the National Information Assurance Partnership. Testing will be performed by Science Applications International Corp. in its Columbia, Md., lab.

AppDetective can run as a standalone product, with licenses costing $900 for each database scanned. For scaling in larger enterprises, the App- SecIncConsole provides centralized management and reporting for the scanner.

Reports rank vulnerabilities according to level of severity, with detailed information and links to vendor patches or data on workarounds. Automated routines are also available to fix common problems such as changing or shutting down default passwords and accounts. "We build the scripts, and the administrators can plug in their own values," Julian said.

The FBI and Justice programs began using the database scanner in 2004. Those infrastructures must have been more tightly managed than most, for few unknown databases were uncovered.

"I don't think there were any surprises," Heretick said. "There were vulnerabilities."

AppDetective was able to spot them well enough to convince Heretick to get an enterprise license. He'll also be implementing the $10,000 console for management as AppDetective is rolled out through the department. As training on the scanner progresses, Justice will pilot it throughout the department.

Vulnerability scanning and assessment is not a one-time event. Because of the dynamic nature of networks and the time needed to correct problems, repeated if not continuous scans are necessary to keep track of vulnerabilities and track progress in remediation.

The ability to document remediation and security postures is helpful in meeting FISMA certification and accreditation requirements, Julian said. Heretick said vulnerability assessments during system development will be valuable for creating secure systems.

Database application security is not the end of the security road for Justice, Heretick said.

"There are other things still on the radar, such as Web applications," he said. "The list of things you have to do never stops."

He said work has begun on Web application vulnerability assessment tools, but nothing has been selected for an enterprise license.

Accenture Nabs Justice Debt-collection Outsourcing Deal (WASHTECH)

By Roseanne Gerin, Staff Writer

Washington Technology, September 13, 2006

Accenture Ltd. won a contract potentially worth $54 million from the Justice Department to construct a new, integrated debt collection system.

Under the contract, Accenture of Hamilton, Bermuda, will consolidate multiple legacy systems into an integrated system. The management and technology consulting firm also will operate and maintain the system.

The Justice Department and all of its component agencies, including the U.S. Attorneys Offices, tax and litigation divisions, and the offices of the chief finance officer and CIO, will use the system.

Accenture, which has more than 133,000 employees and had annual revenue of $15.6 billion in fiscal 2005, ranks No. 24 on Washington Technology's 2006 Top 100 list of the largest federal IT contractors.

Accenture Receives Two Federal Government Contracts (WASHBIZ)

Washington Business Journal, September 13, 2006

Management consulting and technology services company Accenture said Tuesday that it won two federal contracts, one each with the Department of Justice and the Department of Homeland Security.

Accenture, which has local offices in D.C. and Reston, says the Justice contract calls for the company to deliver a new integrated debt collection system to the department and all its component organizations, including U.S. attorneys' offices.

Accenture will also provide operations and maintenance to support the new system, which will help the Justice Department improve its communications and reporting and provide better financial controls.

The contract is valued at $54 million if all options are exercised.

Under the Homeland Security contract, Bermuda-based Accenture (NYSE: ACN - News) will support the department's program for acquiring information technology services over the next five years.

Accenture officials say the value of this contract isn't yet known.

The consulting giant employs more than 133,000 people in 48 countries.

CORPORATE SCANDALS:

Boardroom Fallout Dunn Resigns As H-P Chairman Amid Furor Over Phone Probes (WSJ)

By Peter Waldman And Joann S. Lublin

The Wall Street Journal, September 13, 2006

Hewlett-Packard Co. named Chief Executive Officer Mark Hurd to succeed its embattled chairman, but the computer maker faced a graver legal threat as California's attorney general said he has enough evidence to bring criminal charges against people at the company.

Mr. Hurd will succeed Patricia Dunn, H-P's nonexecutive chairman, in mid-January 2007. Her efforts to catch boardroom leakers last year led the Palo Alto, Calif., company to hire a contractor that scrutinized the private phone records of H-P's own directors and nine journalists.

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H-P has said those records were improperly obtained by outside investigators through the use of "pretexting," or masquerading as the directors and journalists in order to request their records from phone companies. Mr. Hurd and Ms. Dunn apologized for the company snooping yesterday, though Ms. Dunn reiterated boardroom leaks had been a substantial problem for H-P.

In addition, H-P said George Keyworth, a former presidential science adviser and H-P's longest-serving director, resigned from the board. Mr. Keyworth was identified in Ms. Dunn's probe as a leaker of information to the press.

A spokesman for California Attorney General Bill Lockyer, confirming a remark made by Mr. Lockyer in an interview on the NewsHour with Jim Lehrer, said state investigators have "sufficient evidence to bring criminal charges against individuals inside Hewlett-Packard as well as outside the company." In the interview, Mr. Lockyer said: "People's identities were taken falsely, and it's a crime. People accessed computer records that have personal information. That's a crime."

Yesterday's resignations reflected a tense compromise worked out among some of H-P's disaffected board members, brokered by Mr. Hurd and H-P's outside attorney, Lawrence Sonsini. The compromise addressed the bitter infighting on H-P's board but it failed to deal with many of the questions that lie behind a host of investigations, including Mr. Lockyer's.

Among the welter of questions still unanswered: Besides Ms. Dunn, who knew within the company and the board that personal phone records were being scrutinized? Why didn't that practice raise alarm bells, even if it wasn't clear that the records were obtained via "pretexting"? Why didn't Mr. Hurd, who was given the results of the investigation two months before they were presented to the board in May, kill the probe before it blew up?

An H-P spokesman said Mr. Hurd focused only on the leaker when he first heard the results, not the methods used in the investigation. The CEO found out only in recent weeks that pretexting was involved and that journalists were targeted, and he worked with the board to turn the matter over to outside lawyers for investigation, the spokesman said.

People familiar with the matter said H-P has told them one of the outside investigators it used is Ronald R. DeLia of a small Boston firm called Security Outsourcing Solutions Inc. (See related article3.) An H-P spokesman reiterated that the company isn't commenting on who did its investigative work.

The H-P board met by phone Sunday morning and the meeting ended inconclusively after about three hours. The directors couldn't figure out how to satisfy both Ms. Dunn and her two main adversaries -- Mr. Keyworth and Thomas Perkins, a venture capitalist and former H-P director.

Outside the boardroom on Sunday and Monday, negotiations continued among high-powered lawyers representing the principals. The board reconvened Monday night with Ms. Dunn apparently resistant to the notion of her stepping down.

To break the impasse, H-P agreed to issue two statements yesterday. In the first, H-P announced Ms. Dunn's resignation as chairman -- the main demand of the Keyworth-Perkins side. She will stay on as a director after the resignation takes effect in January. Ms. Dunn apologized for the methods used in the leak probe, saying they "went beyond what we understood." She defended the probe itself as an "important investigation that was required after the board sought to resolve the persistent disclosure of confidential information from within its ranks."

The second H-P statement, delayed several minutes yesterday morning as the lawyers haggled over final wording, announced Mr. Keyworth's resignation. It included explicit regrets from Mr. Hurd and Ms. Dunn for violating the privacy of Messrs. Keyworth and Perkins. The two are old friends, and Mr. Perkins resigned from H-P's board in May to protest the leak investigations.

The second statement also described Mr. Keyworth's role in leaking information, without H-P authorization, to a reporter with CNET News in January. The statement said H-P's board recognized that Mr. Keyworth was trying to "further H-P's interests." The statement added that Mr. Keyworth often had met with reporters at H-P's request. He was described as "an important member of the H-P family."

H-P announced no action yesterday against Ann Baskins, its general counsel. Her office handled the leak investigation with outside private investigators. She is married to a partner at Wilson Sonsini, the company's outside law firm.

A U.S. House of Representatives committee is seeking information from H-P about the leak investigation, including the identity of private investigators that H-P used.

A spokeswoman for the Federal Bureau of Investigation said yesterday an investigation started by the agency on Monday hasn't determined whether anyone in the case violated federal laws. LaRae Quy, a special agent in the FBI's office in San Francisco, said the investigation is focused on how the confidential information was obtained, not on H-P itself. The FBI normally doesn't discuss ongoing investigations but made an exception because there is "such a national interest," Ms. Quy said. H-P says it is fully cooperating with all the investigations.

Investors didn't seem worried about the remaining questions: H-P's stock rose 1.5%, amid broad gains in the market, and reached a five-year high. Since arriving at H-P, Mr. Hurd has overseen a surge in profit as the computer maker has won market share from rival Dell Inc.

As H-P's board deliberated, it had to wade through a thicket of legal and personality issues. It hesitated to disclose much about the privacy intrusions because of the active investigations by federal and state authorities. Meanwhile, Mr. Perkins and Mr. Keyworth, who is a protégé of the late H-P co-founder David Packard, were adamant that Ms. Dunn step down for triggering the leak probe and acting on the information gained via the privacy violations, people familiar with the discussions said.

Ms. Dunn said she would step down if asked but argued that she was only doing her job as chairman in ferreting out boardroom media leaks that could move stock prices and cause legal problems for H-P.

She had a particularly bad relationship with Mr. Perkins, the former H-P director. He accused her of betraying him by presenting the leak investigation to H-P's board in May rather than dealing with it more privately among a subset of the board, say people familiar with the situation. Other knowledgeable people say Ms. Dunn was told by Mr. Hurd and H-P's lawyers that she needed to present the information to the full board. Mr. Perkins went on to challenge H-P for its use of pretexting and hire his own lawyer.

Mr. Keyworth's associates have argued that the only evidence H-P has produced of Mr. Keyworth's leaking was the CNET story in January, which these people say was complimentary to H-P and didn't include many inside details. They say Mr. Keyworth felt that his long career in business and government was tarnished when he was branded a habitual leaker. His phone records were among those improperly scrutinized by H-P's investigators.

People close to Ms. Dunn have said there were a total of 10 leaks from late 2004 through March 2006, with seven of them linked to Mr. Keyworth. H-P hasn't gone that far in its public disclosures. A company Securities and Exchange Commission filing last week described "multiple leaks of confidential" information and said they dated "to at least 2005." The filing singled out Mr. Keyworth as a leaker, but it didn't say how often the company believed he had leaked information. The only incident of leaking H-P cited yesterday was the CNET article this year.

An executive familiar with H-P says leaks were a chronic problem before Mr. Hurd was named CEO in March 2005 but ceased as a major issue after that except for the CNET case. That leak disturbed top levels of H-P's management, said company spokesman Robert Sherbin, and prompted Ms. Dunn to reopen a previous leak investigation that had been inconclusive.

Mr. Keyworth declined to comment. An associate said he is particularly satisfied that Ms. Dunn is likely to spend much of her remaining four months as chairman in legal proceedings and hearings explaining -- and apologizing for -- H-P's intrusions of privacy.

H-P said that after Mr. Hurd assumes the chairman's post, the lead independent director on the board will be Richard Hackborn, who worked at H-P for 33 years and was a senior executive before retiring in 1993.

The carefully worded statements H-P issued yesterday also included a conciliatory message from Mr. Perkins: "I believe in HP. I believe in Mark Hurd. I applaud Jay Keyworth for his courage in stepping down today and thank Patricia Dunn for her grace in letting HP move on. This too shall pass."

Chairman, Director Resign In HP Scandal (WP)

By Yuki Noguchi And Ellen Nakashima

The Washington Post, September 13, 2006

The chairman of Hewlett-Packard Co. and one of its directors agreed yesterday to resign over a spying scandal that the California attorney general said could lead to charges against company employees, the latest shake-up for a board plagued by internal strife.

Chairman Patricia C. Dunn, who led the company's controversial efforts to identify the source of media leaks, will step down on Jan. 18, handing over the reins to Mark V. Hurd, currently the firm's president and chief executive. Dunn, who joined HP's board in 1998, will remain a director.

George A. Keyworth II, a longtime director whose phone records identified him as a source of the leaks, also resigned, effective immediately. But in a tersely worded statement, Keyworth defended his actions, saying his statements to the news media "did not involve the disclosure of confidential or damaging information."

It's unclear how soon charges in the scandal could be filed, but on last night's "NewsHour With Jim Lehrer" on public television, California Attorney General Bill Lockyer said, "We currently have sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside."

The management turmoil follows the resignation of Thomas J. Perkins, who stepped down from the board in protest in May when he learned that the outside investigators looking for the leak posed as company directors and journalists in an attempt to obtain private phone records, an act known as pretexting.

The HP board has been divided for years, stemming to Carly Fiorina's bid to acquire Compaq Computer Corp. when she was chief executive, a move that the company's founding family members and their allies opposed. When Fiorina was ousted in early 2005, Dunn was named chairman and soon after authorized an investigation into the leaks.

This week's resignations are unlikely to restore harmony to the board -- mostly, because the lineup of directors doesn't include any newcomers, said Charles M. Elson, director of the Center for Corporate Governance at the University of Delaware.

The company designated current director Richard Hackborn, a 33-year veteran and former executive at HP, as the lead independent director. Dunn, who will remain on the board, said in a statement that she hopes to expand it.

"Ideally, you go outside" to fill such positions, Elson said, "but it's very hard to find someone to fill that spot."

Few people would have the industry experience and willingness to join a board under such intense scrutiny, he said.

Paul Hodgson, a senior researcher at the Corporate Library, a corporate-governance watchdog group, said HP's moves are only stopgap measures that won't address underlying issues, including that board members don't appear to trust one another.

"It is a dysfunctional board" that will need to fully replace at least three of its slots, Hodgson said, but at the moment, trying to attract qualified board members would be a tough sell. Consolidating board leadership under the chief executive, however, is not a step forward, he said.

"It makes things a little incestuous," he said. "The problem is that the HP board and management appear to have decided something needs to be done to escape unwelcome media attention, and Dunn was chosen as a scapegoat."

Andrea Zulberti, former chief administrative officer at Barclays Global Investors and who worked alongside Dunn for 15 years, defended Dunn, noting that it was her responsibility as chairman to address the matter of media leaks.

Dunn's management style at Barclays was always respectful of both corporate governance and private space, Zulberti said. "It's surprising that she could be tainted with something like this, because she was always respectful of privacy matters."

In written statements, Hurd promised to ensure that similar tactics will not be employed in the future, but a company spokesman declined to elaborate on any specific measures the company planned to take.

Hurd also issued apologies to Perkins and Keyworth for the phone-records spying.

"On behalf of HP, I apologize to Tom Perkins for the intrusion into his privacy," Hurd said. He added that while Keyworth's contact with reporters was not "vetted through appropriate channels," it was done to further the company's interests. "HP board chairman Patricia Dunn expressed regret for the intrusion into his privacy."

Meanwhile, Congress and federal and state investigators continue to pressure HP about the methods used to obtain those phone records, with calls from lawmakers from both parties to pass legislation, now pending, that would make it a crime to obtain people's phone records by impersonating them.

That follows separate probes by the FBI, a House subcommittee on investigations, the California attorney general and the Federal Communications Commission.

The House Energy and Commerce investigative subcommittee yesterday sent a letter to Dunn, requesting detailed information by Monday on the outside consulting firm and subcontractors that are accused of impersonating board members and reporters to obtain their records. The committee is requesting names of individuals and copies of contracts and all reports of the internal inquiry into the leak probe.

"The most logical potential course of action is to convene a hearing and bring in witnesses who can testify to the facts," said Larry Neal, deputy staff director for the committee, which last week called British Petroleum executives to testify about their failure to prevent a pipeline leak. The investigative panel, he noted, takes all its testimony under oath.

In her statement, Dunn did not take responsibility for accessing phone records, calling that "inappropriate techniques." "These went beyond what we understood them to be, and I apologize that they were employed," said Dunn.

Lockyer Addresses Possibility Of Hewlett Packard Indictments (LAT)

By James S. Granelli And Charles Piller

The Los Angeles Times, September 13, 2006

The boardroom intrigue at Hewlett Packard Co. intensified Tuesday as California Attorney General Bill Lockyer said he has "enough evidence to indict" people inside the Silicon Valley icon for snooping confidential phone records.

Criminal charges could be filed as early as next week -- deepening a weeklong corporate spying scandal that has riveted the close-knit technology industry, but has been largely ignored by Wall Street.

Lockyer's comments came just hours after HP sought to wind down the drama by announcing that Chairwoman Patricia C. Dunn would surrender leadership of the company's board and that another director, George A. Keyworth II, had resigned.

Chief Executive Mark V. Hurd will become chairman at the board's next regular meeting on Jan. 18, defying the growing sentiment among big corporations that chief executives should not also run the board charged with overseeing them.

Hurd is not expected to be accused of wrongdoing.

Dunn, 52, came under fire last week after the revelation that she ordered a probe of press leaks that was conducted by private investigators who allegedly gained illegal access to the call logs of HP directors and reporters covering the company. Investigators allegedly impersonated the directors and reporters to access their records, a practice called "pretexting."

Keyworth was identified by that probe as having talked to reporters about board matters and was asked to resign in May. He refused, but another director -- venture capitalist Thomas Perkins -- quit the board in protest in May and took his concerns to the attorney general's office.

"Crimes have been committed," Lockyer said in an interview on PBS' "NewsHour with Jim Lehrer." "People's identities being taken falsely is a crime. People gaining access to computer records that have personal information -- in California, that's a crime."

HP spokesman Ryan J. Donovan said: "HP declines comment on this, except to say that we reinforce what we said: that we are cooperating fully with the AG's investigation."

Criminal charges against HP employees ratchets up the pressure on the Palo Alto, Calif., company and could threaten the turnaround engineered by Hurd, who was recruited last year from NCR Corp. to revive the storied maker of computers and printers.

It was unclear Tuesday whether Dunn is being targeted by Lockyer, who also said he had sufficient evidence to indict contractors outside the company. Neither HP nor Lockyer has identified the firms that conducted the leak probe, which was carried out earlier this year.

"Until the AG plays his cards, we're going to be guessing for awhile," said Michael L. Mallow, a white-collar defense lawyer.

HP is also under investigation by Congress, the FBI and the Securities and Exchange Commission. The company could also face civil lawsuits by the reporters whose records were obtained.

So far, Wall Street has greeted the controversy with yawns, focusing instead on Hurd's focus on the bottom line and the inroads the company has made against archrival Dell Inc. HP shares rose 56 cents Tuesday to $36.92, their highest level since January 2001.

But Lockyer's comments, which came after the close of financial markets, could change the situation for HP, said Michael D. Cohen, research director at Pacific American Securities.

"It's definitely going to impact the stock, but I think it will have minimal impact on operations," Coehn said. "The worst-case scenario is if Mark Hurd is somehow implicated, but I highly doubt he was. One reason the board is promoting him to chairman is that everyone thinks he has no culpability, no exposure, to any of this."

Lockyer said the deception in the Hewlett-Packard case violated three state laws. One bars obtaining utility records illegally, another bars "unauthorized use of personal identifying information," or identity theft, and the third covers "unauthorized use of data" -- a law more commonly applied to computer hackers.

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Spying Uproar Causes Shuffle In Boardroom (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 13, 2006

SAN FRANCISCO, Sept. 12 — Hewlett-Packard shook up its board Tuesday in an artfully calibrated agreement that seemed to leave all the parties in its boardroom drama satisfied, if not happy. Its chairwoman will step aside in January, the chief executive will succeed her and the longest-serving director resigned.

The moves were part of an attempt to mend a board racked by disclosures that the company hired investigators who surreptitiously — and possibly illegally — obtained the private telephone records of directors and journalists.

Even while addressing its internal divisions, Hewlett-Packard faced the prospect of increased legal pressure. The California attorney general, Bill Lockyer, said that after looking into the company's investigative effort, "we have enough information to indict people inside H.P. and outside."

For the garage-born company, whose H.P. Way set a standard for corporate behavior in Silicon Valley, the troubles have clouded its image but underscored the resilience of its resurgent business. Even after a week of intense publicity over its upheaval, the company's stock closed at its highest level since 2001.

Hewlett-Packard's investigation now appears to have included active surveillance and the review of videos to see if board members were meeting with reporters, according to people with knowledge of the company's examination of its private detectives' activities.

They also identified a Massachusetts company, Security Outsourcing Solutions, as a Hewlett-Packard contractor hired to find the source of internal leaks. Efforts to reach that company by phone and e-mail were unsuccessful.

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Hewlett-Packard has said only that an outside consulting concern, which it has refused to identify, hired subcontractors who gained access to phone records by pretending to be those subjects, a practice that has become known as pretexting.

Whatever the unresolved legal questions, the Hewlett-Packard board seemed to restore order on Tuesday. In a deal arranged in board meetings conducted by telephone that stretched over two days, Mark V. Hurd, the chief executive, will assume the title of chairman in January from Patricia C. Dunn, who will continue to serve as a board member. The delay was intended in part as a face-saving move for Ms. Dunn, according to people briefed on the board discussions.

An associate of George A. Keyworth II, a board member accused of leaking information to reporters, said he agreed to resign only after Ms. Dunn, his antagonist, agreed that she would give up her leadership post. As part of the deal, Richard A. Hackborn, a former H.P. executive who has served on the board since 1992 and was briefly its chairman, will be designated in January as lead independent director, a role engineered to counterbalance Ms. Dunn's influence on the board.

The statements issued by the company on behalf of the major players in the boardroom upheaval allowed the principal participants to justify their actions — whether Ms. Dunn in authorizing the investigation or Mr. Keyworth in his discussions with reporters — as having been in the company's best interest.

An associate of Ms. Dunn said that "Pattie is not unhappy with this," while a person close to Mr. Keyworth expressed a similar sentiment: "He is actually pretty happy."

Even Thomas J. Perkins, the venture capitalist who resigned from the board in May in a dispute with Ms. Dunn over the investigation, appeared pleased. In a statement issued by the company, he was quoted as saying: "I believe in H.P. I believe in Mark Hurd. I applaud Jay Keyworth for his courage in stepping down today, and thank Patricia Dunn for her grace in letting H.P. move on. This, too, shall pass."

Representatives of Mr. Perkins, whose disclosures about the investigation last week made the board's troubles public, refused to comment further.

Hewlett-Packard's two news releases — the first issued just before the stock markets opened for trading, and another several hours later after the parties struggled with their statements — were just as artfully worded.

They avoided the word "leaker," a term that an associate said chafed Mr. Keyworth, who served as science adviser to President Ronald Reagan from 1981 to 1986 as director of the White House Office of Science and Technology Policy. Instead, even though Ms. Dunn had said last week that Mr. Keyworth was responsible for 7 out of 10 leaks, the company took a softer stance on Tuesday.

It said the board "does not believe" that Mr. Keyworth's contact with a reporter from the technology news Web site CNET in January 2006 "was vetted through appropriate channels." Mr. Keyworth, who refused a request to resign in May, has always maintained that he met with the reporter to praise senior company officials and did not divulge confidential or damaging information.

He also said in one of the news releases that he was "frequently asked by H.P. corporate communication officials to speak with reporters — both on the record and on background."

Ms. Dunn was given the opportunity to justify her need for an investigation of board leaks and apologize for its methods. Mr. Hurd was able to state the company policy clearly: "I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place in H.P." The company said it had ended its relationship with the investigations firm.

Delaying Mr. Hurd's assumption of the chairman's post gives Ms. Dunn " a more graceful exit than an immediate departure," said Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "There needed to be change, but they wanted to do it so they limited damage to reputation."

It also reflected her interest in personally resolving the controversy and not saddling Mr. Hurd with that responsibility, associates of Ms. Dunn said.

Mr. Hurd came to the company as chief executive last year after the ouster of his predecessor, Carleton S. Fiorina, whom Ms. Dunn succeeded as chairwoman. It was news leaks in the final days of Ms. Fiorina's tenure that first set the internal investigation in motion.

Since Mr. Hurd's arrival, the company's business in personal computers and printers has thrived, with its stock price rising almost 85 percent. It closed on Tuesday at $36.92.

But a number of difficult issues remain unresolved, ones that may take more than four months to settle. Some of the inquiries, except for a formal Congressional request for documents related to H.P.'s outside investigators, are still informal. The Securities and Exchange Commission has alerted the company that it is seeking further information on the limited release of information about Mr. Perkins's resignation in May.

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Other investigations could pose bigger problems. Mr. Lockyer, the California attorney general, is conducting a criminal inquiry into the methods used by H.P.'s outside investigators, exploring whether they broke privacy laws. Mr. Lockyer said Tuesday night that he could not identify who might be charged, as his agency was still investigating.

The United States attorney for Northern California has said that he is conducting a parallel inquiry.

California's efforts are focusing in part on Security Outsourcing Solutions, according to someone briefed on the investigation. A spokeswoman for the Massachusetts attorney general confirmed that the two states were working together.

Hewlett-Packard refused to comment about any role the Massachusetts company might have played.

The company's Web site says: "When it is determined that specialized services are required, we select a firm from our network of affiliated companies to provide the services. Our in-depth knowledge of the security industry ensures that our clients receive the most favorable rates from our affiliates."

Ronald R. DeLia, whose Web site identifies him as the managing director of Security Outsourcing Solutions, did not respond to calls and e-mail messages seeking comment.

The company shares a business phone number and a Boston address with Bonner Kiernan Trebach & Crociata, a law firm with offices in several cities. No one answered at the number Tuesday night. The firm's Web site says one of its specialties is internal corporate investigations.

Senator Charles E. Schumer, Democrat of New York, said the Hewlett-Packard case underscored the need for more stringent laws and regulations to protect phone records.

"There are laws that might be applied, but prosecutors will tell you they have to cobble things together," Mr. Schumer said. In January, he was a sponsor of legislation that would make it a crime, punishable by up to 10 years in prison, to obtain telephone records fraudulently or to sell or purchase them.

HP Chief Turns A Bad Situation To His Advantage (USAT)

By Michelle Kessler And Jim Hopkins

USA Today, September 13, 2006

SAN FRANCISCO — Embattled computer giant Hewlett-Packard survived another boardroom brawl Tuesday — and CEO Mark Hurd appears to have won the fight.

Hurd, who has been CEO since April 2005, will become chairman on Jan. 18, HP said Tuesday. Current board Chairman Patricia Dunn will resign that post then, although she will remain a director.

George Keyworth II, a 20-year veteran of HP's board, also resigned Tuesday. Board member Richard Hackborn has been promoted to lead independent director.

The shuffle stems from a controversy over how HP tried to stop boardroom leaks to the press. The computer giant used sneaky — and possibly illegal — methods to obtain the home phone records of nine reporters and at least two board members.

The fallout threatened to rip apart the board. It plunged HP, a pillar of Silicon Valley, into scandal in less than a week. And it threatened to derail Hurd's attempt to turn around the computer giant.

But Hurd managed to simultaneously handle the crisis, get a promotion and lay the groundwork for bringing in new board members friendly to his style of governance. He "made the best of a bad situation," says Charles Elson, governance professor at the University of Delaware.

That doesn't mean HP has emerged unscathed. A host of government agencies, including the FBI, Department of Justice, House Energy and Commerce Committee, Securities and Exchange Commission and California attorney general, are looking into whether HP broke the law when it obtained the phone records. The legal cases could drag on for years, providing much bad press for a company troubled since the dot-com bust of 2000.

California's attorney general warned on Tuesday that company insiders could face criminal charges.

"We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside," Attorney General Bill Lockyer said on PBS' NewsHour with Jim Lehrer.

Hurd wants to move beyond the crisis quickly. "I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place at HP," he said in a statement.

The news sent HP shares up 1.5% to $36.92 Tuesday.

The latest crisis helped Hurd prove his worth as HP's turnaround man — and his skill at the tricky game of corporate politics. That's even though "he's not the kind of person who enjoys this side of boardroom dynamics," says Jeff Christian, an executive recruiter who has known Hurd for more than 12 years.

"It was a new experience for Mark," says Christian. "Under the circumstances, I think he did a pretty good job."

The scandal began in 2005, when Hurd ran Ohio-based tech company NCR. Hewlett-Packard's then-CEO, Carly Fiorina, was clashing with her board. Information about it leaked to the press, so she hired a law firm to find the source.

The search was unsuccessful, and Fiorina was ousted in February 2005. Yet the leaks continued.

Responsibility for the search passed to Dunn, appointed non-executive chairman after Fiorina left. The former CEO of Barclays Global Investors, who gave up that job to fight a bout with breast cancer, has a reputation for integrity and honesty, says Christian. (Dunn was diagnosed with stage four ovarian cancer in 2004.)

Dunn hired a yet-unidentified detective firm and told it to conduct a legal investigation, HP says. But a subcontractor used a controversial technique called "pretexting" to obtain phone records. Pretexting is when someone contacts a company pretending to be someone else, in order to get that person's confidential records.

It worked, and Keyworth was exposed as the source of a leak to tech website CNet. He was outed during a May 18 board meeting. Dunn asked him to resign. He refused.

Another member, venture capitalist Tom Perkins, objected to how Keyworth was treated and resigned in protest. Later, he asked HP for more information about the investigation.

That inquiry eventually discovered the pretexting. Under pressure, HP revealed the news on Sept. 6, and the board began to meet to discuss the crisis. Hurd's promotion was announced early Tuesday, and about an hour later Keyworth announced his resignation.

"The invasion of my privacy and that of others' was ill-conceived and inconsistent with HP's values," he said in a statement. But he agreed to step down to protect HP's interests, he said.

Hurd was probably the driving force behind Keyworth's resignation and the compromise deal that allowed Dunn to stay on the board while still assuaging critics, says tech analyst Roger Kay at Endpoint Technologies Associates.

But he still must grapple with political fallout, says independent tech analyst Rob Enderle.

Pretexting falls into a legal gray area. The HP flap has made it a popular cause among lawmakers. The House has passed a bill that would expressly make it a federal crime to fraudulently obtain phone records. Congressmen James Sensenbrenner, R-Wis., Lamar Smith, R-Texas, and Howard Berman, D-Calif., sent a letter to Senate Majority Leader Bill Frist, R-Tenn., last week urging the Senate to pass it, too.

Such battles are not Hurd's strong point, says tech analyst Crawford Del Prete at researcher IDC. The CEO is best known for his operational skills, which are helping HP recover from the dot-com bust and its controversial $25 billion acquisition of Compaq Computer in 2002, Del Prete says. Actions Hurd has taken include a restructuring and 15,000 job cuts. HP's stock has jumped 68% since he was hired in April 2005.

"Mark has proved that he's got the company under control," Del Prete says. But, he adds, Hurd has his hands full running an incredibly diverse company that competes with giants such as IBM, Sony and Canon, leaving little time for boardroom squabbles.

HP's once-vaunted reputation, already damaged in a nasty shareholder battle over the Compaq deal, might be more at risk. "I am astonished at the depth of poor judgment exhibited in this case," says Roger McNamee, managing director at Elevation Partners, a private Silicon Valley investment firm.

The fast-changing role of corporate boards may help explain what went wrong at HP. After energy giant Enron collapsed, tough new regulatory burdens were imposed by the Sarbanes-Oxley Act. It is designed to make boards accountable for a company's performance.

At the same time, shareholders now expect boards to fire CEOs who aren't performing. Directors once got all their information from management, but now they regularly interview employees who are not at headquarters. Most now collect information from outside sources, says RHR International.

That atmosphere helps explain why there were leaks and such a severe crackdown. HP directors make more than $200,000 a year in cash and stock.

Yet they couldn't keep secrets, the release of which could violate securities laws, says Corporate Library editor Nell Minow.

But the aggressive hunt for the source of the leak was even worse, says the University of Delaware's Elson. Snooping "chills effective director oversight. … It's very dangerous," he says.

Now HP must contend with a new risk: its chairman and CEO jobs are held by the same person. Fiorina held both titles, and that caused problems when she disagreed with the board, says Patrick McGurn, special counsel for Institutional Shareholder Services, an advisory firm.

It would be best if HP brought in several outside directors, including an outside chairman, he says. But such directors would probably be hard to find in the midst of its recent crisis, he says.

Once this has passed, "The board needs to bring in some new members," he says. "They need to fix what's wrong, and then they need to go forward," McGurn says.

HP Chair To Step Down In Aftermath Of Company Leak Probe (FINDLAW/AP)

By Jordan Robertson, Associated Press Writer

AP, September 13, 2006

(AP) - SAN JOSE, California-Hewlett-Packard Chairwoman Patricia Dunn will step down in January and be succeeded by CEO Mark Hurd amid a widening scandal involving the computer and printer company's possibly illegal probe into media leaks.

Director George Keyworth II, who acknowledged sharing company information with reporters, resigned from HP's board later Tuesday morning. The board had asked Keyworth to resign in May, but he refused.

Hurd will retain his existing positions as chief executive and president and Dunn will remain as a director after she relinquishes the chair on Jan. 18.

"I am taking action to ensure that inappropriate investigative techniques will not be employed again. They have no place in HP," Hurd said in a statement Tuesday.

Dunn apologized for the techniques used in the company's probe, which included "pretexting" in which private investigators impersonated board members and journalists to acquire their phone records.

"Unfortunately, the investigation, which was conducted with third parties, included certain inappropriate techniques. These went beyond what we understood them to be, and I apologize that they were employed," Dunn said in a statement.

Shares of Hewlett-Packard Co. rose 62 cents, or more than 1.7 percent, to $36.98 in Tuesday trading on the New York Stock Exchange.

The pressure on Dunn to step down began rising sharply on Monday when Congress and federal investigators entered the fray surrounding HP's investigation. The FBI, the U.S. Attorney for Northern California and the House Energy and Commerce Committee all joined the probe of the scandal swirling around HP's Board of Directors.

Dunn was angry about the media leaks of confidential board discussions and commissioned an unnamed outside firm to identify their source. They used Social Security numbers and other personal information to get phone companies to turn over detailed logs of home phone calls of reporters and company directors.

Although frequently used by private investigators, pretexting tests the bounds of state and federal law.

At a board meeting in May, Dunn identified Keyworth as the source of a news article that appeared on CNET Networks Inc.'s News.com in January. The board asked Keyworth, 66, to resign, but he refused. HP then barred him from seeking re-election.

"The invasion of my privacy and that of others was ill-conceived and inconsistent with HP's values," Keyworth said.

His ouster riled another board member, longtime Silicon Valley venture capitalist Tom Perkins, 74, who resigned and stormed out of the May 18 meeting.

Perkins' attorney later discovered that private investigators working for HP had obtained the last four digits of his client's social security number. They used that information to open an online account with AT&T, then called the telephone company and impersonated Perkins, asking for a record of phone calls to and from his house.

HP's investigators also obtained the phone records of several journalists, including those who work at The Wall Street Journal, BusinessWeek, The New York Times and News.com.

Keyworth, who has acknowledged talking to the media, was the former science adviser to President Reagan and director of the Physics Division at Los Alamos National Laboratory. He was not mentioned in the company's statement Tuesday.

On Tuesday, Dunn defended the need for the investigation.

"These leaks had the potential to affect not only the stock price of HP but also that of other publicly traded companies," she said.

HP's board met Monday night to discuss whether Dunn should remain chairwoman of the Silicon Valley giant.

Richard Hackborn, who has served on the board since 1992, will become lead independent director in January.

"I think the fact that they made the statement that she's going to leave solves most of the problem," said Roger Kay, who follows HP as president of Endpoint Technologies Associates, a market research firm. "I don't think it's that material precisely when she leaves."

Dunn's entanglement in the pretexting scandal marks a rare stumble for one of the most powerful women in corporate America.

The child of a vaudeville actor and a showgirl in Las Vegas, Dunn, 52, worked as a freelance journalist after college before taking a temporary secretarial job at Wells Fargo & Co.

She was CEO of Barclays Global Investors before she resigned from that post in 2002 to battle breast cancer and melanoma. Dunn joined HP's board in 1998 and became chairwoman in 2005, taking an active role in running the 11th largest company on the Fortune 500.

She oversaw the ouster of former HP CEO Carleton Fiorina in February 2005, and two months later introduced Hurd as Fiorina's successor.

Hurd wasn't well known on Wall Street or in the financial media before taking the reins of HP. But he enjoyed a solid reputation among business experts as a no-nonsense cost cutter familiar with nearly every facet of management. HP shares surged 10 percent the day his appointment was announced.

He was previously chief executive at Dayton, Ohio-based NCR Corp., a computer services company best known for its ATM machines.

At HP he orchestrated a cost-cutting campaign that, when it winds down later this quarter, will have resulted in as many as 15,000 layoffs. But morale had been noticeably higher under Hurd than Fiorina - until the pretexting scandal.

Dunn Steps Down As HP Chairman (FT)

By Kevin Allison, Richard Waters And Chris Nuttall

Financial Times, September 13, 2006

Facing the intense pressure of federal, state and congressional investigations, Hewlett-Packard on Tuesday announced the January departure of chairman Patricia Dunn as it moved to restore the reputation of the venerable Silicon Valley company.

However, the company's attempt to put a quick end to the controvery over its boardroom leak investigation was dealt an immediate blow by Bill Lockyer, California's attorney general. Speaking on television late on Tuesday, Mr Lockyer said his office already has "sufficient evidence to indict people both within HP as well as contractors on the outside."

Ms Dunn has maintained that she did not know in advance of the tactics used in the investigation that she had authorised into HP's own directors, but had delegated the job to the company's legal department. HP said its board had accepted that assurance in allowing her to remain as chairman until January, and to continue as a director after that.

Mark Hurd, chief executive officer, is to replace Ms Dunn as chairman in January, while Richard Hackborn, a company veteran, was named lead independent director, a new position designed to help restore confidence in the conduct of the board.

HP has been damaged by subterfuge ordered by Ms Dunn as she sought to uncover a boardroom mole. Private investigators impersonated company directors and journalists to gain access to phone records and identify the source of leaks showing dramatic rifts at the top of one of the world's most powerful companies.

News of Mr Hurd's appointment followed two days of emergency meetings by the HP board. It will allay fears that the spying scandal could put Mr Hurd's role as chief executive in jeopardy.

He has led a resurgence at the world's second-biggest computer maker since he took over following the removal of Carly Fiorina as chief executive last year. The leaks included details of discussions to oust her.

California's attorney general last week declared the practice of "pretexting" – assuming a person's identity to access personal information – as illegal. Federal prosecutors, the Federal Bureau of Investigation and the US Congress have since launched their own investigations.

In an HP statement on Tuesday, Ms Dunn continued to defend the investigation into the leaks, which she said "had the potential to affect not only the stock price of HP but also that of other publicly traded companies."

"Unfortunately, the investigation, which was conducted with third parties, included certain inappropriate techniques. These went beyond what we understood them to be, and I apologise that they were employed," Ms Dunn said.

Mr Hurd said the techniques used by the board's investigators "had no place at HP".

"I am taking action to ensure that inappropriate investigative techniques will not be employed again. HP holds itself to the highest standards of business conduct and we are accountable to these standards for everything that we do."

Nel Minow, a corporate governance expert at The Corporate Library, commented: "What I was hoping they would avoid is a Queen of Hearts chop-off-her-head response, which would have done no good to anyone."

"The main thing they need to do right now is bring in someone to investigate and tell them what happened, and to bring in strong new directors."

HP refused to comment on whether it had launched a new investigation into the matter. It also announced that George Keyworth, the director identified as the source of the leaks, had resigned.

An HP spokesman defended a decision that Ms Dunn would stay on as a director.

"She has brought a lot of valuable insights into the company. She is still beneficial to HP,"he said.

He added that she was remaining chairman till January "so that she can tie up some loose ends with the investigation", but she had voluntarily decided to step down in order not to be "a distraction".

Carly Fiorina had combined the roles of chairman and chief executive. They were split when Mr Hurd took control.

HP shares were bolstered by news of Ms Dunn's resignation, rising 1.7 per cent to $36.97 in midday trading in New York.

People Inside HP Could Be Indicted (MERCN)

By Pete Carey

The San Jose Mercury News, September 13, 2006

California's attorney general said today his office has enough evidence in the Hewlett-Packard boardroom leak scandal to indict people inside the company on criminal charges.

State Attorney General Bill Lockyer made the disclosure on public television's Lehrer News Hour. He left no doubt that the investigation has uncovered knowledge by HP of the illegal gathering of the phone records of board members and nine journalists.

Last week, Lockyer speculated that the company's defense would be that it didn't know what its outside contractor was doing.

But today, he said ``We currently have sufficient evidence to indict people both within Hewlett Packard as well as contractors on the outside." Lockyer gave no names, job descriptions nor characterizations of the rank of the people inside HP.

An HP spokesman said, ``We are cooperating fully with the attorney general's investigation."

The company says it hired an outside investigative firm, which in turn hired another contractor. That contractor apparently used a practice known as ``pretexting" -- essentially lying and impersonating others -- in order to obtain the phone records of HP's board members and nine reporters.

Board Chairwoman Patricia Dunn has said she didn't know the contractors used pretexting to obtain the phone records.

Also investigating are the U.S. Justice Department, the House Energy & Commerce Committee's investigations subcommittee, the Federal Communications Commission, the Federal Trade Commission, and the Securities & Exchange Commission.

Lockyer May Indict In Hewlett-Packard Investigation (Update1) (BLOOM)

By Karen Gullo

Bloomberg, September 13, 2006

Sept. 12 (Bloomberg) -- California Attorney General Bill Lockyer said he has enough evidence to indict Hewlett-Packard Co. officials and contractors over the methods they used to gain access to telephone records of directors and journalists.

``We currently have sufficient evidence to indict people, both within Hewlett-Packard as well as contractors on the outside," Lockyer said today in an interview on ``NewsHour with Jim Lehrer" on public television station PBS.

Investigators hired by Hewlett-Packard broke the law by using false identities to obtain phone records of directors and reporters, Lockyer said. His comments underscored the seriousness of the scandal hours after Chairwoman Patricia Dunn, who hired the investigators, said she would resign to take responsibility.

U.S. lawmakers, the Justice Department and the Federal Bureau of Investigation are all looking into whether the Palo Alto, California-based company's tactics broke the law.

Dunn, named chairwoman in February of last year after the ouster of Carly Fiorina, hired an outside consultant to find out who had revealed information about the company's strategy and board deliberations leading up to Fiorina's departure.

`Pretexting'

The consultants hired another firm, which used fake identities to obtain phone records of directors and nine reporters, a method known as pretexting. Hewlett-Packard said it initially thought the practice was legal, then was advised that it may not be. Dunn, 53, will continue as a director after stepping down as chairwoman in January.

``Unfortunately the investigation, which was conducted with third parties, included certain inappropriate techniques," said Dunn, who is vice chairwoman of Barclays Global Investors in San Francisco, in a statement. ``These went beyond what we understood them to be, and I apologize that they were employed."

Lockyer said in the PBS interview that ``Crimes have been committed" and ``people's identities were taken falsely."

Lockyer didn't name the Hewlett-Packard officials or contractors who may be indicted or say when charges would be brought. Tom Dresslar, his spokesman, said Lockyer had ``nothing to add."

The comments indicate Lockyer ``believes he has that kind of evidence -- that someone knew about, or someone intended to commit, or have someone else commit a criminal act," David Shapiro, a former U.S. attorney in San Francisco, said today in an interview.

No Comment

Hewlett-Packard is cooperating with Lockyer's investigation, spokesman Ryan Donovan said. He said the company won't comment on the PBS interview.

Shares of Hewlett-Packard fell 27 cents in extended trading. They earlier rose 56 cents, or 1.5 percent, to $36.92 at 4:20 p.m. in New York Stock Exchange composite trading.

Chief Executive Officer Mark Hurd will take over as chairman of the world's second-largest personal computer maker in January. George Keyworth, who admitted to giving information to the media, resigned as a director of the company.

``Unfortunately the investigation, which was conducted with third parties, included certain inappropriate techniques," Dunn, who is also vice chairwoman of Barclays Global Investors in San Francisco, said today in a statement. ``These went beyond what we understood them to be, and I apologize that they were employed."

To contact the reporters on this story: Karen Gullo in San Francisco at kgullo@bloomberg.net .

Boston Private-Investigation Firm Is Tied To H-P Boardroom Probe (WSJ)

By Peter Waldman, Steve Stecklow And John R. Emshwiller

The Wall Street Journal, September 13, 2006

For the past week, Hewlett-Packard Co. has refused to identify private investigators the company retained to investigate leaks by its board of directors. People familiar with the matter say H-P has told them one of the investigators connected to the case is Ronald R. DeLia, from a small Boston firm called Security Outsourcing Solutions Inc. that says it specializes in corporate-security investigations.

H-P, a Palo Alto, Calif., computer and printer maker, has said that it hired a private-investigation firm to carry out its inquiry; that firm then hired a second entity that used so-called "pretexting" to obtain the private phone records of board members and journalists. Pretexting involves impersonating an individual for the purpose of obtaining phone or other records. People familiar with H-P's leak probe say the company's private investigators also dispatched monitors to attend at least one director's speeches and to see if this board member met with journalists afterward.

An H-P spokesman declined to comment on the possible use of surveillance by the company's leak investigators.

Mr. DeLia couldn't be reached for comment.

According to its Web site, Security Outsourcing Solutions "was formed to provide small- to medium-size corporations and institutions with the same level of security currently available only to Fortune 1000 companies." At one time, it published a newsletter called "Corporate Homicide: Life in a Global Economy." In a 1999 edition of the newsletter, Mr. DeLia warned that "identity theft is becoming a major law-enforcement problem about which consumers can ill afford to become indifferent." The newsletter said the Internet had made it easier for identity thieves to obtain addresses and Social Security numbers for a fee.

Massachusetts state records show that Security Outsourcing Solutions was formed in 1998 and lists its registered agent as Mr. DeLia. His wife, Caroline F. DeLia, is listed as president, treasurer, secretary and director. The records list the company's principal address as a residential home in Needham, Mass., a suburb west of Boston.

Security Outsourcing Solutions' Web site was registered in 1998. It originally listed Mr. DeLia as the company's managing director. In 1999, it called the company, which was formed only a year before, "one of the foremost security-management outsourcing firms dedicated to helping companies address and properly respond to internal and external security concerns in an efficient, cost effective, and service-oriented manner."

Answering the front door of the two-story house in Needham yesterday, Mrs. DeLia declined to comment and referred all questions to her husband, who she said wasn't home. A woman who identified herself as a relative said Mr. DeLia performed work for H-P but declined to elaborate. She referred all questions to Mr. DeLia.

Records show Mr. DeLia managed a Boston restaurant called the Grill and Cue before starting Security Outsourcing Solutions. The Grill and Cue, a 6,000-square-foot upscale billiards club and restaurant, opened in 1995 and went out of business in 1997, records show.

Security Outsourcing Solutions' Web site says the firm could help corporations whose internal-security departments "do not have the in-house expertise and or resources to address all of their organization's security concerns. We offer these companies the ability to access a world wide cadre of qualified security and investigative professionals on an as needed basis."

The firm's specific services range from helping with "physical security" to providing "comprehensive investigative services," the Web site says.

In an October 2005 story on the Web site of Government Security magazine, Mr. DeLia said, "Our business has changed dramatically. It's a global economy, and we have affiliations all over the world. We are not 'gumshoes' any more. We use a lot of computer-based tools."

U.S. Revisits Rewarding Firms That Waive Rights In Probes (WSJ)

By Judith Burns

The Wall Street Journal, September 13, 2006

WASHINGTON -- Amid criticism from business and legal groups and even some of its own former officials, the Justice Department is revisiting its policy of rewarding companies that agree to waive certain legal protections in criminal investigations.

But a senior official said any changes that would chill cooperation "would not be a good thing."

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Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that corporations are eager to cooperate with federal prosecutors and expect to be rewarded for doing so, with or without an explicit federal policy to that effect. He later said the Justice Department is open to changes that "improve the process we have," but he raised concerns about inhibiting executives from sharing information with prosecutors.

Business and legal groups have been critical of the Justice Department policy, outlined in a 2003 memo on business prosecutions by then-Deputy Attorney General Larry Thompson. U.S. Chamber of Commerce President Thomas Donohue told the panel that the Thompson memo "emboldened federal prosecutors" to demand that companies and employees forgo rights, including the right to confidential discussions with lawyers, if the company wants credit for cooperating in an investigation.

American Bar Association President Karen Mathis said the policy has eroded basic constitutional protections and is discouraging firms and individuals from talking to lawyers. The ABA complained in a letter to Attorney General Alberto Gonzales this spring, and a bipartisan group of 10 former Justice Department officials did the same last week, calling for a revised policy telling prosecutors that waiving attorney-client privilege and work-product protections "should not be a factor" in determining whether a company has cooperated with the government in an investigation.

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) agreed that federal prosecutors should be neutral on corporate cooperation, saying he doesn't think anyone should get credit for waiving a constitutional right or be penalized for asserting it. He urged the Justice Department to revise its stance, saying he would like to see "if we can solve the problem without legislation."

Mr. McNulty called the Thompson memo a nonbinding statement meant to help prosecutors decide whether to charge a company, with cooperation one of nine factors to be considered. He said federal prosecutors chiefly are interested in obtaining reports of internal corporate investigations into wrongdoing, not confidences shared with lawyers. "I really don't see this as the kind of coercive practice that is being described," he said.

Still, because fighting criminal charges can lead to death sentences for companies, the government's policy to reward cooperation gives enormous leverage to federal authorities, testified Andrew Weissmann, former director of the Justice Department's Enron Corp. task force and now a partner with the law firm Jenner & Block LLP in New York. He said the policy isn't interpreted uniformly, with some prosecutors seeking waivers of privileges only as a last resort, while others demand blanket waivers at the start of corporate probes as a shortcut to information they could get through other means.

Justice Department Defends Policy On Corporate Prosecutions As Fair (AP)

By Hope Yen, Associated Press

AP, September 13, 2006

WASHINGTON – A top Justice Department official on Tuesday defended a policy that critics say unfairly pressures companies to disclose their confidential communications with attorneys. He said it helps deter corporate fraud.

At a Senate hearing, Deputy Attorney General Paul McNulty said the department would take another look at the 2003 policy in light of public criticism. But he added that there were no plans to change the guidelines, which reward companies if they cooperate with prosecutors in investigations such as by handing over confidential documents.

“We see nothing wrong in asking a corporation to disclose to us the results of their internal investigation to assist us in investigating a corporation's claim of innocence,” McNulty told the Senate Judiciary Committee. “Indeed, we believe it is good practice because it conserves public and private resources.”

An array of business and legal groups such as the American Bar Association as well as former top Justice officials have come out against the policy, saying it coerces companies to waive the attorney-client privilege and deters employees from getting critical legal advice.

“Lawmakers must intervene and abolish the provisions that rob executives and employees of their right to candid and confidential consultation with their attorneys,” said Tom Donohue, president of the U.S. Chamber of Commerce.

Sens. Arlen Specter, R-Pa., and Patrick Leahy, D-Vt., both expressed concern that the Justice Department policy was unduly coercive and abrogated a fundamental right. They said prosecutors should be neutral in taking into account waivers of attorney-client privilege when considering charges to ensure fair representation.

McNulty responded that the policy was not coercive because prosecutors are instructed to consider waiver of the privilege as just one factor in determining charges. More critical factors include the degree to which a company CEO is involved in potential wrongdoing, he said.

“I support our prosecutors in their charging decisions,” McNulty said, while allowing that a second look at the policy may be in order. “The guidance is consistent with long-standing charging practices and is fair to corporations under investigation.”

On the Net:

Justice Department: www.usdoj.gov/

DOJ_NMG_0062403

Justice Department Is Reviewing Corporate Prosecution Guidelines (NYT)

By Lynnley Browning

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — A top Justice Department official on Tuesday defended the tactics used by federal prosecutors after Enron to combat corporate wrongdoing, but he also indicated that the agency might consider changes to the guidelines.

The comments by the deputy attorney general, Paul J. McNulty, before the Senate Judiciary Committee, were the first public response by a senior Justice Department official to mounting criticism from companies and lawyers that the tactics are being used as a bludgeon to force companies to cooperate with investigations.

Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Judiciary Committee, and Senator Patrick J. Leahy of Vermont, the panel's ranking Democrat, said the prosecution practices were coercive and called on Mr. McNulty to have them modified.

But Mr. McNulty said, "I really don't see this as the kind of coercive practice being discussed." He noted that the tactics had helped federal prosecutors to rein in fraud by more than 1,000 companies, like WorldCom and Adelphia Communications, since 2002.

The Justice Department's guidelines for prosecutors, as outlined in a 2003 document known as the Thompson memorandum, describe nine factors that prosecutors must consider when weighing whether to indict a company for corporate misconduct. Among them are whether a company has demonstrated cooperation with prosecutors by disclosing legal communications to investigators, and whether it has stopped paying legal fees to employees caught up in investigations.

Companies that do not demonstrate cooperation face a greater risk of indictment — which can be a death sentence, as it was for the accounting firm Arthur Andersen in 2002.

Any changes to the guidelines could alter the way prosecutors pursue companies and white-collar defendants.

The guidelines in the Thompson memorandum, Mr. McNulty said, "are nothing more than a structured recitation of what common sense would lead a prosecutor to consider."

Nonetheless, he said that amid the recent criticism, "we are giving thoughtful consideration to everything," and that "we'll have new guidance if, and that's the key here, if something should be identified that would improve the process." He said that the Justice Department would consider making the guidelines nonbinding for prosecutors.

Later, Mr. McNulty told reporters that "it may be necessary to look at what the prosecutors understand of the policy" and that "we have to decide what is wrong with our policy, if anything is wrong with our policy and how to fix it." He declined to provide details or a schedule for any decision on a new policy.

But he added that any "changes in a policy that would discourage cooperation would not be good, in our perspective."

The Thompson memorandum was written in 2003 by Larry D. Thompson, then the deputy attorney general and now general counsel at PepsiCo. It has come under sharp criticism in recent months.

Former top Justice officials have criticized the guidelines, as has the federal judge overseeing the trial of former employees of the accounting firm KPMG over tax shelters. The investigation of KPMG — which first capped legal fees to employees under investigation and then cut them off — has been cited as a prime example of the coercive tactics employed by prosecutors.

Critics say that practices encouraged by the Thompson memorandum infringes on defendants' right to legal counsel and the presumption of innocence. Critics also contend that the guidelines undermine long-established legal doctrines — the lawyer-client privilege and work-product privilege — protecting the confidentiality of communications between lawyers and their clients and of documents created as part of the development of a legal position.

The committee also heard from Edwin Meese III, who was attorney general during the Reagan administration. He said that the Justice Department should eliminate the two guidelines on the disclosure of legal communications and the termination of legal fees as factors for avoiding indictment. Otherwise, Mr. Meese said, Congress should pass legislation to protect those rights.

With Congressional elections just weeks away, the hearing was not likely to lead to any immediate action by lawmakers, but it laid down a marker in a growing debate over white-collar prosecution practices.

Other witnesses at the hearing, all opposing the guidelines, included Andrew Weissmann, a lawyer who is a former director of the Justice Department's Enron task force, and top American Bar Association officials.

In defending the Justice Department guidelines, Mr. McNulty began by citing what he called "five realities." They were, he said, the duty of prosecutors to hold companies and individuals accountable for wrongdoing, the desire by firms for a quick resolution of investigations, the willingness of firms to cooperate with investigators to speed resolutions, the disclosure of legal secrets as "one of the best ways" to speed an investigation, and a desire by corporations "to receive credit" from prosecutors for turning over any internal reports.

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"The irony of the attacks on the Thompson memo is that the federal criminal justice system would be a much harsher, less predictable and less transparent environment for corporations and their counsel in the absence of this guidance,'' he said.

Mr. McNulty called the guidelines indicative of a "just the facts, ma'am" approach. "Some attorneys assert privilege like that famous scene of Lucille Ball gobbling chocolates off of a conveyor belt," he said.

Mr. Specter, the committee chairman, asked if Mr. McNulty would consider President Bush's frequent assertions of executive privilege during the confirmation hearings of Supreme Court Justice Samuel A. Alito Jr. and Chief Justice John Roberts Jr. to be an example of noncooperation, in the same vein as companies that do not disclose legal communications.

Mr. McNulty said that he did not.

Paulson Backs Sarbox Study (FT)

By Jeremy Grant

Financial Times, September 13, 2006

US treasury secretary Hank Paulson on Tuesday threw his weight behind a new group of US businessmen and academics formed to study why US capital markets are losing ground to foreign rivals amid concern over the effects of Sarbanes-Oxley legislation.

The 17-member Committee on Capital Markets Regulation is the second such high-profile group to be formed since the US Chamber of Commerce launched a similar initiative last year.

They are a sign of increasing clamour in the US business community for a re-examination of SOX, whose Section 404 internal audit control provisions have been widely criticised as being too onerous.

The new committee will be directed by Hal Scott, Nomura Professor at Harvard Law School, and co-chaired by Glenn Hubbard, dean of Columbia Business School, and John Thornton, chairman of the board of the Brookings Institution.

It will "assess the degree to which US public markets are losing ground to foreign and private markets, the causes of this decline, and its impact on the financial industry and the economy".

Its brief reflects concerns that the ability of foreign jurisdictions to attract capital by offering "lighter touch" regulatory environments may permanently erode America's lead in "capital formation" – a phrase that encompasses stock market listings to derivatives trading.

The desire by executives to escape SOX rules is also cited as one of the factors encouraging many companies recently to accept bids from private equity firms.

Prof Scott said: "We are witnessing a crucial moment in economic history--the movement of US capital markets abroad, and the growth of private markets at the expense of public ones. "

SOX has been blamed for driving new company listings abroad to London and Hong Kong as companies seek to avoid US-style regulation.

In his inaugural speech as treasury secretary last month, Mr Paulson dropped a clear hint that he was ready to support reform of SOX rules, which he warned were threatening American competitiveness.

On Tuesday, he said: "I am pleased to learn [the committee], an independent group of highly respected business, financial, investor and corporate governance, legal, accounting and academic leaders, will examine the competitiveness of the US public capital markets.

"This issue is important to the future of the American economy and a priority for me. I look forward to reviewing their findings and ideas."

The idea of revising SOX has not yet gained any traction in congress, partly because politicians have been reluctant to suggest changes to a law that is widely perceived as having helped clamp down on corporate wrongdoing in the wake of the Enron and WorldCom financial scandals.

A Democratic takeover of even one chamber of Congress would make action on this front even more difficult, with several liberal Democrats poised to become chairmen of key committees.

Mike Zuppone, chair of the securities practice at law firm Paul, Hastings, Janofsky & Walker, said: "Any fundamental regulatory reform can't lose sight of the key goal of securities legislation here in the US which is investor protection."

But he added there was no reason why a review of the competitiveness of the US capital markets could not result in some "fine-tuning" of SOX "in a manner that accommodates that investor protection goal".

The committee will in November produce "interim recommendations" on:

· Liability issues affecting public companies and gatekeepers (such as auditors and directors) with a focus on securities class action litigation, criminal enforcement and federal versus state authority;

· The Sarbanes-Oxley Act, with major emphasis on Section 404, which requires auditors and senior managers to certify the adequacy of internal controls;

· Overall regulatory processes to allow the United States to do a better job of evaluating changes of law and regulation, prospectively, initially and on an ongoing basis; and

· Shareholder rights.

Its members include Charles Holliday, CEO of DuPont; Cathy Kinney, chief operating officer of the New York Stock Exchange; Ken Griffin, CEO of Citadel Investment Group, a Chicago-based hedge fund and Ira M. Millstein, partner at Weil, Gotshal & Manges.

Next week, the US Chamber of Commerce's Commission on the Regulation of Capital Markets in the 21st Century will hold the first of a series of "town hall" style meetings in Chicago.

Panel Of Executives And Academics To Consider Regulation And Competitiveness (NYT)

By Floyd Norris

The New York Times, September 13, 2006

A committee filled with business leaders and academics was created yesterday to consider changes in the Sarbanes-Oxley Act and other laws and regulations governing securities markets and companies, with the intention of improving competitiveness for American markets.

The group, called the Committee on Capital Markets Regulation, has no official status but the announcement of its creation included praise from Treasury Secretary Henry M. Paulson Jr., who said that the issue of American competitiveness "is important to the future of the American economy and a priority for me."

Hal S. Scott, a Harvard law professor who will be the committee's director, said in an interview that he had begun working a year ago to form the group because he was concerned that American markets were losing competitiveness. He said its members had been chosen by himself and the two co-chairmen, R. Glenn Hubbard and John L. Thornton.

Mr. Hubbard is dean of the Columbia Business School and a former chairman of President Bush's Council of Economic Advisers. Mr. Thornton is board chairman of the Brookings Institution and a former president of Goldman, Sachs, where he reported to Mr. Paulson.

Among the issues to be considered are whether laws need to be changed to limit both civil and criminal liability for companies, auditors and directors. One matter Mr. Scott cited is the proper role of state governments in financial market issues, including the cases brought by Eliot Spitzer, the New York State attorney general.

The committee will consider whether Section 404 of the Sarbanes-Oxley Act, which requires audits of internal controls at corporations, should be changed. Critics say that such audits are too expensive and have kept foreign companies from listing their securities in the United States.

Mr. Scott said the committee would also review whether the Securities and Exchange Commission needed to adopt better procedures to weigh the costs and benefits of its regulations, and whether some other government agency should be charged with reviewing those decisions.

The final area to be discussed, he said, is shareholder rights, including the efforts of hedge funds to force changes in corporate policies, and whether shareholder approval should be required for takeover defenses.

While the committee includes many officers of companies that are subject to regulation by the S.E.C., it includes no former agency chairmen or commissioners, or people who held major S.E.C. staff positions.

"We generally tried not to include regulators," Mr. Scott said. "We would not want to put people in the position who had formulated these rules in the past. They may have a lack of objectivity."

He noted that one member, Robert Glauber, a visiting professor at Harvard Law School and a former chairman of NASD, did have experience in regulation.

"Anybody on this committee is in the real world and will bring with them real-world perspectives," he said.

Mr. Hubbard said the committee would be knowledgeable about regulation. "Many of these people have S.E.C. interaction on a regular basis," he said, adding that the academics involved, either as members of the panel or as advisers, were experts in many areas of securities law and regulation.

Among the committee members are Samuel A. DiPiazza Jr., chief executive of the accounting firm PricewaterhouseCoopers, and Donald L. Evans, the former commerce secretary who is now chief executive of the Financial Services Forum, a lobbying group for major insurers, banks and investment banks. Mr. Paulson is a former chairman of the group.

There are also chief executives of DuPont, Office Depot and the CIT Group, and top officers of mutual fund companies, Lehman Brothers and the New York Stock Exchange. William G. Parrett, chief executive of Deloitte Touche Tohmatsu, another major accounting firm, is also a member, as is Ira M. Millstein, a leading corporate lawyer.

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Accounting firms have been seeking legislative relief from liability suits over failed audits, a matter the committee will consider. Asked if the chairmen of such firms might lack objectivity, Mr. Scott said that they might also oppose some issues the committee planned to consider. “These big auditing firms have been the big beneficiaries of 404,” he said. “We are thinking of changing 404.”

The group plans to have an interim report in November, a date Mr. Hubbard said Mr. Paulson had requested. That could allow its recommendations to be considered at post-election meetings of Congress, although Mr. Scott said he thought the idea was to have proposals ready for the new Congress in January.

Mr. Scott said that academics would prepare papers for the committee, and that those papers could form the basis for parts of the report. Luigi Zingales, a professor at the University of Chicago business school and a committee member, will prepare a report on the overall issue of competitiveness.

Robert E. Litan of Brookings will report on liability matters, Mr. Glauber will discuss the regulatory framework and Andrew Kuritzkes of Mercer Oliver Wyman, a consulting firm, will assess the Sarbanes-Oxley Act.

Allen Ferrell of Harvard Law School will report on shareholder rights, John C. Coffee Jr. of Columbia Law School on securities class-action suits, and Kenneth E. Scott of Stanford Law School on federal-state conflict in regulation.

Reinier H. Kraakman of Harvard Law School will report on liability issues involving directors and investment banks, and John K. Villa, a criminal defense lawyer and a partner in the firm of Williams & Connolly, will discuss criminal enforcement of securities laws.

CRIMINAL LAW:

Sen. Reid Asks For Polygamy Task Force (AP)

AP, September 13, 2006

CARSON CITY, Nev. (AP) - The U.S. Senate's top Democrat called Tuesday for a federal investigation into the activities of polygamists in Western states.

Minority Leader Harry Reid of Nevada said in a letter to U.S. Attorney General Alberto Gonzales that a task force should be formed to look into interstate activities of polygamists. He also asked the Justice Department to help state prosecutors dealing with polygamist sect leader Warren Jeffs.

``For too long, this outrageous activity has been disguised in the mask of religious freedom," Reid said. ``But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated."

Reid, a Mormon, added that Jeffs is part of a sect that broke away from the Mormon Church more than a century ago and has been disavowed by leaders and mainstream members of the Church of Jesus Christ of Latter-day Saints.

A reporter's call to the Justice Department's after-hours command center was transferred to the department's press office, where there was no answer.

Jeffs, 50, is charged with two felony counts of rape as an accomplice, accused of arranging a ``spiritual marriage" between an underage girl and an older man. Each count carries a penalty of five years to life in prison.

The leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints was arrested Aug. 28 by the Nevada Highway Patrol during a traffic stop and is being held without bail. He had been on the run for about a year-and-a-half when he was arrested.

Besides the Utah charges, Jeffs is facing two felony charges in Mohave County, Ariz., for a similarly arranged marriage involving an underage girl. He is expected to be prosecuted there after Utah proceedings have concluded.

Polygamist communities have tended to gather in remote areas of the West, where they can avoid the attention of authorities and larger society more easily. Plural marriage is illegal in all 50 states, but authorities have found it difficult to find witnesses who will come forward and enable them to prosecute.

'Girls Gone Wild' Cuts Plea Deal (LAT)

By Michael Muskal

The Los Angeles Times, September 13, 2006

The California company responsible for the successful "Girls Gone Wild" series of videos has pleaded guilty to violating a federal law designed to prevent the sexual exploitation of children, the Justice Department announced today.

Mantra Films Inc. of Santa Monica pleaded guilty to charges that it failed to create and maintain age and identity documents for performers in sexually explicit films that it produced and distributed. The company also failed to label its DVDs and videotapes as required by federal law, the Justice Department said.

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Mantra Films entered its plea agreement today before U.S. District Judge Richard Smoak in Panama City, Fla. A second related company, MRA Holdings LLC, also entered into an agreement.

The companies, founded and owned by Joseph Francis, agreed to pay $2.1 million in fines and restitution. Of that, $1.6 million is to be paid by Mantra and MRA, and $500,000 by Francis.

The case is believed to be the first to be filed under a federal law designed to prevent the sexual exploitation of children, the Justice Department said.

"This case sends an important message about the Justice Department's commitment to protecting children from all forms of sexual exploitation," Assistant Atty. Gen. Alice S. Fisher said in a statement. "Today's agreements ensure that "Girls Gone Wild" will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well."

"This prosecution makes clear that those who seek to enrich themselves at the expense of our children's innocence in violation of the laws intended to protect them will be held to answer in federal court," U.S. Atty. Gregory R. Miller of the Northern District of Florida said.

Aaron S. Dyer, of Pillsbury Winthrop Shaw Pittman LLP, who represents Francis and his companies, said steps have been taken to correct the problem.

"This plea resolves past issues relating to the recordkeeping procedures of the company several years ago," Dyer said in a telephone interview. "This case does not involve the intentional exploitation of minors, but rather the lack of safeguards to protect against participants who misrepresented their age in order to be filmed.

"The company takes these charges and the obligations and responsibilities as a record-keeper very seriously. We have implemented state-of-the-art compliance and procedures to insure that this never occurs again," he said.

The "Girls Gone Wild" series is based on young women exposing themselves during the frenzy of spring break and at other times in hot locales. There is binge drinking, hookups and frantic exhibitionism.

By packaging and dispersing the videos, people close to Francis told the Los Angeles Times recently that the company does as much as $40 million a year in sales.

In the court papers distributed by the Justice Department, " 'Girls Gone Wild' admitted filming performers and producing and distributing sexually explicit video materials during all of 2002 and part of 2003 while violating the record keeping and labeling laws."

Specifically, Mantra Films pleaded guilty to three counts of failing to keep the required records and seven labeling violations.

MRA Holding entered into deferred prosecution agreement concerning the information filed in court charging the company with 10 labeling violations. As part of that agreement, the government will dismiss the charges at the end of three years if MRA Holding abides by all of its obligations, the Justice Department said.

MRA Holding also agreed to employ an independent outside monitor selected by the government and provide the monitor complete access to the books and records, production facilities and other locations required to ensure the company's compliance with federal law, the federal agency said.

Girls Gone Wild Company Pleads Guilty In Sex Exploitation Case (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 13, 2006

(AP) - WASHINGTON-The company that produces the "Girls Gone Wild" tapes of young women baring their breasts and acting in other sexual situations pleaded guilty Tuesday to federal charges and agreed to pay fines totaling $2.1 million (â‚¬1.65 million).

Mantra Films Inc., based in Santa Monica, California, made the plea in U.S. District Court in Florida on charges of failing to maintain proof of age and indentification for its young performers in sexually explicit films. It also failed to label its DVDs and videotapes properly as required by federal law.

A second company owned by Mantra's founder, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling. Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines.

The two companies and their founder, Joseph Francis, will pay $2.1 million (â‚¬1.65 million) in fines and restitution, the Justice Department said.

Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a "Girls Gone Wild" cameraman in sexual situations remain pending against Mantra and Francis.

"Today's agreements ensure that Girls Gone Wild will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well," said Assistant Attorney General Alice Fisher.

An attorney for Mantra, Aaron Dyer, said the company would clean up its record keeping.

The charges involved "serious record-keeping issues that occurred several years ago," he said. "Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again."

According to court papers, Mantra Films admitted to violating record keeping and labeling laws while distributing the videos during all of 2002 and part of 2003.

Founded in 1997, Mantra released 83 different titles and sold 4.5 million videos and DVDs in 2002, according to Hoover's Inc., a business data firm in Austin, Texas.

On the Net:

Justice Department: http://www.usdoj.gov/

'Girls Gone Wild' Producers Fined $2.1 Million (CNN)

By Terry Frieden

CNN.com, September 13, 2006

WASHINGTON (CNN) -- The entertainment company that produces the "Girls Gone Wild" films and its founder pleaded guilty Tuesday to charges they failed to document the ages of female performers in sexually oriented productions.

Mantra Films of Santa Monica, California, entered a plea agreement in a federal court in Panama City, Florida, the Justice Department said.

Authorities said Joseph Francis, founder of Mantra Films and a related company, MRA Holdings, also agreed to plead guilty to charges to be filed later in Los Angeles, and to pay fines and restitution totaling $2.1 million. (Read the agreement -- pdf)

The "Girls Gone Wild" videotapes -- often featuring young women heavily partying and baring their breasts -- are widely advertised on some cable television channels.

Mantra Films specifically pleaded guilty in Florida to charges that it failed to create and maintain age and identity documents for performers. The company also admitted it failed to label its videotapes and DVDs as required by federal law.

Court documents say the alleged violations occurred during productions titled "Ultimate Spring Break," "Girls Gone Wild on Campus Uncensored," "Totally Exposed Uncensored and Beyond," and "Girls Gone Wild College Girls Exposed/Sexy Sorority Sweethearts."

The Justice Department said the case is the first filed under a law designed to prevent the sexual exploitation of children.

The law, which prosecutors call Section 2257 -- is intended to protect minors by requiring producers to create and maintain age and identity records for every performer in sexually explicit movies and other media.

Distributors also must label their tapes and discs with the name of the custodian of the records and their location, prosecutors said.

"Today's agreements ensure that Girls Gone Wild will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well," said Assistant Attorney General Alice Fisher.

Officials said Francis will pay $500,000 and his firms, Mantra and MRA Holdings, will together pay $1.6 million.

An attorney for Mantra, Aaron Dyer, told The Associated Press that the company would clean up its record keeping.

The charges involved "serious record-keeping issues that occurred several years ago," he told the wire service. "Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again."

The case does not shut down "Girls Gone Wild."

Under terms of the deal, the Los Angeles charges against MRA will be dismissed after three years if the company fully complies with the record-keeping laws and fully pays the fines.

Justice Department Gone Wild? (B&C)

By John Eggerton

Broadcasting & Cable, September 13, 2006

The Justice Department wasn't too wild about Girls Gone Wild.

The company, whose videos showing women baring most or all in settings like Spring Break and Mardi Gras have been a cable network staple for years, has agreed to pay $2.1 million to settle a lawsuit with the Department.

Justice had sued under a law that requires the makers of sexually explicit videos to keep records of the ages of the performers in those videos. According to the department, Girls Gone Wild admitted violating the record-keeping requirements in 2002 and 2003.

In addition to paying the fines, the company has agreed to admit criminal wrongdoing. In addition the charges will be dropped only if the company remains in compliance for the next three years. It has also agreed to allow a government-approved monitor to assure that compliance.

Judge Won't Order New Trial For Safavian (AP-Y)

By Matt Apuzzo

AP, September 12, 2006

WASHINGTON - A federal judge declined Tuesday to throw out a conviction or order a new trial for a former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff.

David Safavian, former chief of staff of the General Services Administration, was convicted in June of making false statements and obstruction. It was the first trial to emerge from the scandal surrounding Abramoff.

His attorneys argued that the charges didn't meet the legal standard for conviction. They also said U.S. District Judge Paul Friedman improperly admitted into evidence e-mails between Abramoff and Safavian. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients.

Many of the e-mails were written around the time that Safavian accepted a weeklong trans-Atlantic golfing trip from Abramoff.

Friedman rejected that argument, denying the request for a new trial. He said the e-mails were properly admitted and noted that Safavian discussed the e-mails when testifying in his own defense.

The judge also rejected Safavian's argument that his conviction should be overturned because government officials never warned him about the consequences of lying. Friedman said such warnings are not required.

Safavian faces up to five years in prison on each count. He resigned from his White House post last year as the federal government's chief procurement officer.

Judge Won't Order New Trial For Safavian (NBC)

NBC News, September 13, 2006

WASHINGTON - A federal judge today denied former top White House procurement official, David Safavian a new trial. Safavian, a friend of disgraced lobbyist Jack Abramoff, was found guilty in June of three counts of making false statements to investigators and one count of obstruction of justice surrounding a 2002 golf junket to Scotland. Also accompanying Safavian on the golfing trip with Abramoff, were Congressman Bob Ney (R-Oh), Ralph Reed, Neil Volz, and two aides to Ney.

Judge Paul Friedman writes, "This Court concludes that there are no grounds for granting either defendant's motion for judgment of acquittal on any of the counts for which he was convicted, or his motion for a new trial."

The trial also provided new details of the lavish golf trip, as well as photos taken on the historic St. Andrews course of Ney with Abramoff and others. Volz, a longtime Ney loyalist who went to work for Abramoff's firm in 2002, pleaded guilty to federal corruption charges. Volz was a star prosecution witness in the Safavian trial.

Story continues below ? advertisement

Volz detailed the Scotland trip as a fete of eating and drinking and telling funny stories on the plane ride overseas. He said playing golf on the fabled Old Course totaled $400 per round. And, as far as he knew, Volz said, none of the public officials on the trip, including Ney and Safavian, ever paid for golf rounds or entertainment in Scotland. Ney has been the subject of a Justice Department investigation, but has not been charged.

Abramoff emails

Safavian's attorneys had argued that including hundreds of e-mails between him and Abramoff as evidence constituted hearsay that might have prejudiced jurors.

Safavian attorney, Barbara Van Gelder wrote, "The e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury."

Abramoff was never called to testify at the trial, but hundreds of his e-mails to Safavian were read into the court record during the trial.

Today Judge Friedman writes the e-mails could not be hearsay because Safavian himself testified about them, "Safavian took the stand at trial and testified about many of the e-mails in question, including the numerous e-mails between himself and Jack Abramoff. In doing so, Mr. Safavian frequently testified what meaning he gave to the e-mails he both sent and received, what effect they had on his actions, and what import they had to him."

Golf, lobbying connections

The Scotland golf trip came at a time when e-mails between Abramoff and Safavian show the lobbyist was interested in securing leases on two GSA controlled properties. The e-mails indicate that Safavian assisted Abramoff with information on the Old Post Office, and a former Naval Surface Weapons facility, White Oak, in suburban Maryland.

The judge asserts, in denying Safavian a new trial, that Safavian "falsely stated" that Abramoff "did not have any business with GSA at the time Mr. Safavian was invited on the trip to Scotland, when in truth and fact, Mr. Safavian well knew, prior to the August 2002 Scotland trip that Mr. Abramoff was seeking to lease or purchase GSA-controlled property."

Safavian is scheduled to be sentenced in October. He could be imprisoned for 20 years on the four counts, although federal sentencing guidelines suggest he will face a much lighter sentence.

Volz is awaiting sentencing. He could get up to five years in prison and a $250,000 fine but hopes for a much more lenient sentence by cooperating.

Abramoff is also waiting to be sentenced in the Washington influence peddling scandal. He has already been sentenced to five years and 10 months in prison for his role in the Suncruz casino cruise line case along with his partner Adam Kidan.

Tom Noe Sentenced To 27 Months In Federal Prison For Funneling Donations To Bush (ABJ)

By John Seewer

Akron Beacon Journal, September 13, 2006

TOLEDO, Ohio - A federal judge sentenced a GOP fundraiser at the center of an Ohio political scandal to two years and three months in prison Tuesday for funneling $45,000 to President Bush's re-election campaign.

Tom Noe, a former Toledo-area rare coin dealer whose large donations made him a powerful political figure, apologized for scheming to give friends money to donate to Bush to fulfill Noe's promise to generate $50,000 at a fundraiser.

"I recruited others to make contributions to the campaign," Noe said in court. "I knew it was wrong to do so. I alone accept responsibility."

Noe said he arranged the scheme because "in 2003 I was pressured by Bush-Cheney officials to become a Pioneer," a name the campaign gives to people who raise $100,000.

Federal prosecutors say Noe wanted perks such as invitations to the White House and the president's ranch in Texas, and he wanted to impress various state officials.

The money-laundering scheme was the largest prosecuted under the 2002 campaign finance reform law, which set limits on donations, prosecutors said last October.

U.S. District Judge David Katz said Noe was trying to feed his ego and made a stupid decision.

"He has risen in the past to positions of respect and power and he violated the trust of those who placed him in those positions," Katz said.

Noe pleaded guilty to three charges, including exceeding federal campaign contribution limits. Federal sentencing rules called for a term of up to 2 1/2 years, but prosecutors last week said Noe, 52, should get up to four years because he schemed to corrupt the election process.

Craig Morford, first assistant U.S. attorney for the Northern District of Ohio, said Tuesday that prosecutors were satisfied with the sentence Noe got.

"He's going to jail for the next two-and-a-quarter years, plus facing the additional charges for his other conduct," said Morford, whose office prosecuted the case.

Noe still is charged with stealing at least $1 million from an ill-fated $50 million rare coin investment that he managed for the state workers' compensation fund. Investigations into the coin investment led to Gov. Bob Taft's no contest plea and conviction last year to charges the he failed to report gifts, such as golf outings.

The coin investment, first reported in April 2005 by The Blade newspaper, has been a major embarrassment for Ohio's ruling Republicans and given Democrats a better shot at winning state offices this year, including the governor's office that has been under GOP control since 1991.

Noe, who also was fined $136,200 Tuesday, will not have to serve his prison sentence for the Bush donations until after the conclusion of the coin investment case, which is set for trial next month. He has pleaded not guilty to 46 charges.

Katz said he would recommend that Noe serve his sentence in Florida, where the coin dealer now lives.

Federal prosecutors did not indicate during the sentencing whether the coin money was used for the donations. They could have sought a stiffer penalty if they thought the state money had been used.

Prosecutors said Noe gave $45,000 directly or indirectly to 24 friends and associates, who made the Bush campaign contributions in their own names, allowing him to skirt the $2,000 individual contribution limit.

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Noe's lawyer, Jon Richardson, argued that his client should be sentenced to community service instead of prison time because he already has been shamed publicly, but he said Noe was treated fairly.

Noe, who appeared serious in court and spoke with an unfaltering voice, was in a jovial mood when he arrived at the courthouse, playfully waving his umbrella to shield his face from photographers outside.

Noe wrote several checks just under the $2,000 cap to avoid suspicion, according to prosecutors. All the checks were written in the eight days leading up to a fundraiser in October 2003 at a downtown Columbus hotel.

Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted a false campaign report to the Federal Election Commission.

Noe personally contributed more than $105,000 to Republicans including Bush and Taft during the 2004 campaign. The Bush-Cheney campaign donated $6,000 it received from Noe and his wife, Bernadette, to charity. The rest of the money donated at the Bush fundraiser remains with the Republican Party.

Sue Metzger, who worked with Noe at his coin shop in suburban Toledo and was among those who received money to donate at the Columbus fundraiser, said after the hearing that the public trust has been violated.

"There is a victim and that's the voter," she said.

Noe Sentenced To Prison, Fined For Election Gifts (CLPD)

By John Caniglia, Plain Dealer Reporter

The Cleveland Plain Dealer, September 13, 2006

He blames pressure from Bush campaign

Toledo -- Tom Noe's zealous quest to be a Republican kingmaker ended in a cramped courtroom Tuesday, far from the Beltway spotlight he once craved.

A federal judge sentenced an apologetic Noe to 27 months in prison and fined him $136,200 for making $45,400 in illegal campaign contributions to President Bush's re-election campaign. Authorities called the case the country's largest fundraising scandal in recent years.

Noe, however, will not go to prison until after his trial next month in Lucas County Common Pleas Court, on unrelated state charges of racketeering and stealing nearly $2.3 million from a $50 million investment in rare coins that he managed for the Ohio Bureau of Workers' Compensation.

If convicted in that case, he could receive decades in prison.

"This was an ego-feeding and a stupid act by Mr. Noe," said U.S. District Judge David Katz.

"And I think he realizes that today," added Katz, who imposed the sentence.

Noe told Katz that pressure from the Bush-Cheney campaign to raise $100,000 and gain "Pioneer" status led him to break the law.

"I knew it was wrong, and I alone accept responsibility for what I did," Noe said.

Dressed in a blue suit, Noe looked upbeat before the hearing.

The coin dealer who had made so many friends by doling out campaign contributions and political influence across Ohio walked into Katz's courtroom with about 25 friends and family members, including his wife, Bernadette, and his daughters.

He chatted briefly with his attorneys and seldom looked around.

About two hours later, he looked ashen, though composed. His wife and family members were in tears.

Noe, 52, formerly of Maumee, pleaded guilty in May to three charges of skirting federal election laws involving contributions to Bush at a fund-raiser in Columbus in 2003.

Prosecutors said Noe pledged to raise $50,000 at the fund-raiser. When he asked two dozen friends for money, many said they couldn't afford it or couldn't attend the event.

So Noe told the contributors he would reimburse them, prosecutors said. Noe told them to tell people the money was a loan if anyone asked.

Assistant U.S. Attorneys Seth Uram and John Pearson said Noe abused the public's trust.

They said that he should have known better, as a key fund-raiser for Bush, and that he had failed to accept responsibility for overseeing "a systematic scheme."

"He didn't hesitate to turn his closest friends and associates into criminals," Uram said at the sentencing. "This wasn't something that he fell into. . . . He was meticulous in committing the crime and in concealing the crime."

Noe faced 24 to 30 months in prison, according to federal sentencing guidelines. Katz rejected three requests by prosecutors to increase the sentence and allowed Noe to remain free on bond until his state trial is done. Katz also rejected Noe's request to sentence him to community service in South Florida, where he now lives.

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Noe's attorney, Jon Richardson, had pushed for leniency, claiming that Noe already had suffered enough from the humiliation of his fall from political grace.

He urged Katz in documents to give Noe probation. He said the $45,400 in illegal contributions was quite small compared to hundreds of millions of dollars raised in the presidential campaign.

"There's nothing that Tom Noe did that shook the public's confidence in the election process," Richardson said in court.

One of the people Noe used to make his contributions, Susan Metzger, showed up for the sentencing and got a hug from Noe outside the courtroom. Metzger, who worked for Noe at his coin shop, said she had trusted Noe and didn't think she had done anything wrong until authorities started investigating.

After embracing Noe, she sat down in the hallway and said: "That's hard. It didn't have to be this way. This is a sad thing. It's been a rough year for me.

"I made some decisions at the time that I thought were OK. Do I feel used? Definitely. I think anyone involved in this whole thing feels the same way."

Noe has said he pleaded guilty to spare his family and friends the embarrassment of a trial. One of Noe's friends, Richard Iott, wasn't worried about the embarrassment. He said Noe duped him. In a letter to Noe's attorney, Iott blasted his former friend.

"Tom accomplished many things," Iott said in the letter, which he gave to The Plain Dealer.

"He brought national news media attention to northwest Ohio; he put Toledo and Ohio on the map for crooked politics; and he single-handedly virtually destroyed the Republican Party in Toledo and Ohio. And did I mention that he was a thief?"

Democrats had pushed for a harsh punishment, saying Noe was the poster child of wayward politics in Columbus.

"He wanted power. He wanted prestige, and he wanted to be close to the president," said Chris Redfern, the Ohio Democratic Party chief.

Republicans, who once eagerly courted Noe for his largess, now back away from speaking of him.

"We believe that the media and the Democrats are the only people interested in Tom Noe," said John McClelland, an Ohio GOP spokesman.

"As soon as we learned that he deceived people, we began to distance ourselves from him. Right from the start."

To reach this Plain Dealer reporter:

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Ex-Leaders To Oppose FBI Raid (RC)

By John Bresnahan

Roll Call, September 13, 2006

Former Speakers Newt Gingrich (R-Ga.) and Tom Foley (D-Wash.) and former House Minority Leader Bob Michel (R-Ill.) have notified an appeals court that they will intervene in the legal challenge by Rep. William Jefferson (D-La.) to the May 20 FBI raid of his Capitol Hill office.

Gingrich, Foley and Michel submitted a notice with the U.S. Court of Appeals for the District of Columbia Circuit that they will be filing an amicus brief arguing that the FBI search of Jefferson's office was unconstitutional and a violation of the separation of powers between the legislative and executive branches.

Separately, Abner Mikva, former chief judge of the D.C. appeals court and a five-term Democratic Representative from Illinois, also will file an amicus brief on Jefferson's behalf.

In addition, a bipartisan group of former House general counsels, including Charles Tiefer, Stanley Brand, Steven Ross and Thomas Spulak, as well as Congressional scholars Norman Ornstein and Thomas Mann, have notified the appeals court of their intentions to weigh in on the case.

Former House Minority Leader Richard Gephardt (D-Mo.) was asked to join with his three former colleagues but declined to do so, several sources said.

The two former Speakers, House Minority Leader and Congressional experts will not defend Jefferson, who is the target of an ongoing corruption probe by the Justice Department, but will argue that the Justice Department overstepped its bounds when it searched Jefferson's office.

Justice Department officials have defended their actions as necessary in light of the Louisiana Democrat's refusal to comply with subpoenas directing him to turn over materials and documents sought by federal investigators. Two of Jefferson's accomplices in a long-running bribery scheme already have been sentenced to lengthy prison terms.

The Justice Department also notes that a federal judge approved a search warrant for Jefferson's office and that special techniques were employed so that privileged legislative documents and materials were not seized by FBI agents.

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However, the appeals court in late July ordered Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia, who approved the original search warrant for Jefferson's office, to allow the lawmaker's attorneys to have access to the seized documents and computer hard drives.

The process of assembling that material for Jefferson has bogged down the corruption probe, according to sources close to the case. It will be several more weeks before an official appointed by Hogan to oversee the transfer to Jefferson completes his work, and then Jefferson will be allowed to file legal motions claiming Speech or Debate Clause protection for the materials. Hogan will then have to rule on the motions, some of which could succeed. Only at that point would the case return to the appeals court and a briefing schedule be laid out.

In the meantime, the Justice Department is unlikely to take any criminal action against Jefferson since to do so would mean that none of the materials in his office, which prosecutors currently cannot review, were necessary to charge him with wrongdoing. One source estimated that it could be "four to six weeks" before all the seized materials are available for Jefferson, which means that the Louisiana Democrat may not face any legal charges before the Nov. 7 elections.

But even with all the confusion over the contested materials, Jefferson continues to gain new allies in his ongoing court fight with the Justice Department.

Already, a bipartisan group of House leaders that included Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) filed an amicus brief before Hogan when he initially considered Jefferson's request to declare the search unconstitutional, although Hogan rejected the group's arguments. That group may file a similar amicus brief with the appeals court, although the two party leaders have not agreed yet on whether they will do so.

With the appeals court's 60-day filing deadline for non-governmental parties about to expire, Gingrich, Foley and Michel declared their intention to enter the case on Tuesday, as did the others.

Gingrich has been particularly vocal in expressing his displeasure over the FBI search, publicly decrying it as a violation of separation of powers between the two branches of government.

Much like Hastert and Pelosi, Gingrich did not seek to protect Jefferson but instead insisted that Congress cannot allow such a precedent, because it could be abused by a future administration in a political battle with Capitol Hill, to stand.

Gingrich was not available for comment on Tuesday, but he made his feelings about the case known in a June 8 opinion piece in Roll Call.

"But what is not firmly settled, and what is a dramatic departure from established practice, is the executive branch's bold assertion that it can direct the FBI to raid a legislative branch office, with a judicial warrant, without consultation or cooperation from legislative branch leaders, as it did for the first time in the history of the American republic on May 20," Gingrich wrote.

In an interview, Michel said he had not seen a draft of the amicus brief that will be filed by the three former lawmakers but had agreed to sign onto the motion.

"All I did was agree to at least participate," said the former Illinois Republican. Michel said the brief was being drafted by lawyers at the firm Bingham McCutchen.

Ornstein, a Roll Call contributing writer, said the case has implications far beyond Jefferson's own legal and political future.

"This is a real question of legislative integrity in the face of an executive branch that has every interest in intimidating them from time to time," Ornstein said.

Brand, who served as House general counsel from 1976 to 1983, said Congress must defend itself from intrusions by the executive and judicial branches on its authority.

"I just thought that when you get the four former [House] general counsels all on side, hopefully it adds some weight to the consideration of a longstanding issue that directly affect the House and its Members," Brand said.

Lawmaker: Panel At Impasse On Cunningham (AP-Y)

By Erica Werner

AP, September 13, 2006

The leaders of the House Intelligence Committee are at an impasse over whether to subpoena jailed former Rep. Randy "Duke" Cunningham as part of an investigation into his actions on the committee.

The disagreement threatens to end chances for a bipartisan outcome to the investigation, Rep. Jane Harman of California, the panel's top Democrat, said in an interview Tuesday with The Associated Press.

"We've hit a problem, and I hope we can get past it and come up with a joint report," Harman said. "That is my preference, my strong preference, and I don't know if that's possible. It may not be possible."

"I think it's fair to say we're at an impasse," she said.

Jamal Ware, a spokesman for committee chairman Peter Hoekstra of Michigan, had no immediate response to Harman's comments.

Harman believes the panel's investigation can't be complete without interviewing Cunningham, the San Diego Republican who resigned from Congress last November after admitting taking $2.4 million in bribes from defense contractors. But Hoekstra has not agreed.

A congressional aide, speaking on condition of anonymity because of the ongoing investigation, said Hoekstra wants to hear from Cunningham but doesn't want to issue a subpoena only to have him invoke Fifth Amendment protections and refuse to testify, as his attorney has warned the committee he would do.

Cunningham served on the Intelligence Committee starting in 2001 and for part of last year chaired the panel's subcommittee on terrorism and human intelligence. The panel is looking into whether he abused his position to slip provisions favoring certain contractors into classified legislation, where it would be difficult to spot.

Harman said she supports a subpoena even if Cunningham does refuse to testify, and would not support granting him immunity. Cunningham is cooperating with prosecutors in an ongoing federal corruption investigation.

"Mr. Cunningham has voluntarily produced all documents requested by the committee whenever they have made such requests and has also indicated a willingness to be interviewed on a voluntary basis at the conclusion of the criminal investigation," Cunningham's attorney, Lee Blalack, said Tuesday. "But we will not permit him to give testimony to the committee without a grant of immunity in the midst of the ongoing criminal investigation with which he is cooperating."

Harman and Hoekstra also haven't agreed on releasing the unclassified version of the report by an outside investigator the committee hired to look into Cunningham's committee actions. Harman supports releasing the unclassified report by investigator Michael Stern.

With just a few weeks left in the legislative session before Congress goes into recess to campaign for the November election, Harman said there needs to be a resolution soon.

"I would prefer to resolve this amicably. I think that window is closing," Harman said. "What we may end up with is (Hoekstra's) statement and my statement, and they may disagree."

"But the answer is this has to close, it can't be left open-ended into a future Congress."

Harman declined to reveal contents of the report, but congressional officials have told AP that the document concludes that Cunningham took advantage of secrecy and badgered congressional aides to help slip items into classified bills that would benefit him and his associates.

Harman said she had no reason to believe there was criminal behavior by anyone on the committee or committee staff other than Cunningham.

Animal Rights Advocates Given Prison Terms (NYT)

By Laura Mansnerus

The New York Times, September 13, 2006

TRENTON, Sept. 12 — In a courtroom crowded with animal rights supporters, a federal district judge on Tuesday sentenced three people to prison terms of four to six years for their roles in a campaign of threats and harassment against a company that runs an animal testing laboratory.

The three were described at their trial as coordinators of a group dedicated to shutting down Huntingdon Life Sciences, a British company with a laboratory in New Jersey. The company's employees, their families and people who did business with Huntingdon were threatened and their property vandalized as part of the group's campaign.

"All they talk about is how pure their intentions are, about saving animals," Charles McKenna, an assistant United States attorney, said after the sentencing. "These people victimized some of the witnesses in this case in ways no one should ever have to deal with."

The defendants' group, Stop Huntingdon Animal Cruelty, maintained a Web site that listed potential targets and served as a platform for sharing harassment techniques.

The case has drawn international attention, not only because Huntingdon Life Sciences is the largest contract animal testing laboratory in Europe but also because the convictions were the first under the federal Animal Enterprise Protection Act.

The law, enacted in 1992, aims to curb aggressive tactics by animal rights groups against testing laboratories, fur farms and related enterprises. A stronger version of the law, the Animal Enterprise Terrorism Act, was introduced in Congress this summer and has wide support.

Dr. John D. Young, the chairman of Americans for Medical Progress, a biomedical research organization, said the sentences assured that "our nation's law enforcement system will not tolerate terror tactics that include threatening e-mails, telephone calls, vandalism and attacks on the privacy of researchers' homes."

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The judge, Anne E. Thompson, sentenced the former president of Stop Huntingdon Animal Cruelty, Kevin Kjonaas, 28, of Minneapolis, to six years in prison. Lauren Gazzola, 26, of Connecticut, the group's former campaign coordinator, was sentenced to four years and four months. The Web site coordinator, Jacob Conroy, 30, of Oakland, Calif., received a four-year sentence.

The organization itself was convicted and ordered to pay $1 million in restitution, although the lawyer representing the group said it no longer exists. Three other defendants are to be sentenced, one on Wednesday and two next week.

The defendants were convicted in March of conspiracy and stalking, but not with carrying out any destructive acts. Their lawyers argued that they were socially conscious young people who were carried away by their beliefs. Judge Thompson acknowledged receiving hundreds of letters urging leniency in her sentencing.

Mr. Kjonaas told the judge: "I'm utterly humbled. I came here with my mother. This has been a traumatic experience, a learning experience, and I don't know what more I could say."

But Judge Thompson recalled a taped conversation in which "anyone who listened would recognize a sense of glee, almost, in wielding power."

Ms. Gazzola, who taught test preparation courses for law school applicants, told the judge that even in prison she would not give up her own hope of becoming a lawyer. Near tears, she said, "The decision to pursue law school is something I chose two weeks before I was arrested."

An unofficial spokeswoman for the defendants, Andrea Lindsay, said all three planned to appeal their convictions. Ms. Lindsay, who came from California, bristled at the prosecutors' complaints that the defendants did not express remorse. "They're not going to roll over and apologize for illegal acts of others," she said.

Ms. Lindsay was among at least 100 supporters, including others from Florida, Pennsylvania and New York, who spilled out of the courtroom. Watched by a contingent of Trenton police officers and federal officers, the largely young crowd exchanged news of the sentences among themselves.

Ms. Lindsay said that "it's sad for all of us to see our friends go to prison, but at the end of the day, it's six individuals, and there are hundreds, thousands of people campaigning against Huntingdon."

Animal rights groups say the company kills hundreds of dogs, monkeys and other animals each day in its testing of consumer products at its laboratories in Britain and East Millstone, N.J.

3 Animal-welfare Activists Going To Prison For Inciting Threats (AP)

By Beth Defalco

AP, September 13, 2006

TRENTON, N.J. - Three animal-rights activists convicted of using their Web site to incite threats and harassment against a company that tests products on animals received prison sentences ranging from four to six years Tuesday.

They were also ordered to pay a total of $1 million in restitution to the company and people they terrorized. All three said they planned to appeal their convictions and requested they receive vegan meals while in prison.

Three other members of Stop Huntingdon Animal Cruelty are awaiting sentencing within the next two weeks.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a company that tests drugs and household products on animals.

Huntingdon Life Sciences general manger Mike Caulfield said the company "was grateful that justice was served." He said as a result of the threats and harassment, the company's health insurer and other firms severed ties with it.

"It generally made the cost of doing business with us more expensive than our competitors during that time," he said.

And that was the point, prosecutors said.

"This was a conspiracy to shut down Huntingdon Life Sciences," said assistant U.S. Attorney Charles McKenna.

The government charged that the group waged a five-year campaign against the company, posting on the Web site the names, addresses and phone numbers of Huntingdon employees and those who do business with the company, and personal information such as where they go to church and where their children attend school.

Many of those people saw their homes vandalized and received threatening e-mails, faxes and phone calls.

The group, based in Philadelphia, maintains its actions were protected under the First Amendment.

The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism but were convicted of animal-enterprise terrorism, conspiracy and interstate stalking.

The three sentenced were the president of SHAC, Kevin Kjonaas, 28, of Minneapolis, Minn.; campaign coordinator Lauren Gazzola, 25, of Connecticut; and Web site manager Jacob Conroy, 30, of San Francisco. Kjonaas was sentenced to six years in prison, Gazzola to four years and four months, and Conroy to four years.

"None of it's fair," Conroy said after the hearing.

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Though defense attorneys tried to portray their clients as well-meaning animal-lovers who committed a "crime of compassion," prosecutors said the group, and especially its leader, allowed good intentions to become perverted.

"Mr. Kjonaas was drunk with the power that he could push around multinational companies with his Web site," McKenna said.

Gazzola wept as she addressed U.S. District Judge Anne E. Thompson, telling the court how she feared her dream of becoming an attorney vanished with her felony conviction.

But Gazzola, as well as the other two, never apologized for their actions and Thompson asked why.

"As an advocate for any cause," Gazzola responded, "you change your idea of the best way to use your talents."

Each activist asked to serve their sentence in a prison near their hometown and asked to receive vegan meals. All three said they planned to appeal the case.

"I'm pretty confident I won't be serving (that long) in prison," Kjonaas said after being sentenced. "There are a ton of appealable issues."

"I'll be OK," he said, "I'll be back."

ON THE NET

SHAC: http://www.shac.net

Huntingdon Life Sciences: http://www.huntingdon.com

3 Animal Activists Get Jail (PHI)

By Troy Graham

The Philadelphia Inquirer, September 13, 2006

They all were described as talented, educated young people, who turned their energies toward a misguided - and illegal - campaign to stop laboratory testing on animals.

One, Lauren Gazzola, a former New York University student, tearfully said she was two weeks away from taking the LSAT for law school when she was arrested.

Now, the three leaders of Stop Huntingdon Animal Cruelty are considered domestic terrorists, and each has just 30 days to report to prison to begin serving years-long sentences.

Gazzola, former SHAC president Kevin Kjonaas, and SHAC Web site manager Jacob Conroy yesterday became the first defendants to be sentenced in this landmark case, heard in federal court in Trenton.

The SHAC organization and six individual members were convicted earlier this year of violating the federal Animal Enterprise Protection Act.

SHAC - described yesterday as virtually defunct - was placed on a form of probation. The remaining defendants will be sentenced at hearings today and Tuesday. All of them will be liable for $1 million in restitution to the victims.

"At this point in my life, I am utterly humbled," said Kjonaas before he was sentenced to six years in prison. "I've come here with my mother. This has been a traumatic experience and a learning experience."

After the hearing, Kjonaas, a 29-year-old from Minnesota, said a prison term would not deter him from his cause.

"Others have gone through worse things," he said. "The history of social-justice movements is filled with people who went to jail... . I'll be OK. I'll be back."

Gazzola, 26, of Connecticut, received 52 months in prison, and Conroy, 30, of California, got 48 months.

"They had good homes, they had good parents, they had good schools," said Assistant U.S. Attorney Charles McKenna. "They chose to throw it all away."

The so-called "SHAC 7" were the first defendants ever charged under a federal law designed to criminalize the stalking, vandalism and other tactics of militant animal-rights organizations.

But SHAC members characterized the trial as a test on the limits of free speech, saying the defendants never broke any laws with their admittedly "obnoxious" protests, directed mainly against Huntingdon Life Sciences, an East Millstone, N.J., animal-testing firm.

For a typical protest, SHAC, which was based for a time in Philadelphia, would post the home address of a Huntingdon employee on its Web site. Protesters then would gather outside the employee's home chanting slogans and calling the employee a "puppy killer."

Although the Web site said SHAC did not support illegal tactics, the page often contained anonymous boasts of criminal vandalism and other acts.

During the trial, several Huntingdon employees gave emotional testimony about receiving threatening phone calls and letters and having their cars tipped over and the windows of their homes smashed out.

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Huntingdon general manager Mike Caulfield, in court yesterday, said these types of protests have diminished since the convictions - but not ended.

"On behalf of the dozens of victims whose lives were turned upside down by these criminals, we're gratified justice was served," he said. "We are profitable. We are growing. We are still in business."

Andrea Lindsay, an animal-rights activist, said that home protests would continue, including two this week in New Jersey that have been "well-publicized" on a new Web site.

"The reality is that there are animal-rights activists across the globe... and they're going to continue to campaign against Huntingdon Life Sciences," she said.

She maintained again that the defendants were legitimate activists who did nothing wrong, and said the sentences only encouraged "underground" activists who break the law.

But McKenna said the defendants were committed to violence, not peaceful protest, as he made note of their defiance.

"I'm struck by the fact that we've been through three sides of the sentencing and so far we haven't heard anyone say, 'I'm sorry,' " he said. "And there are victims here today who perhaps would like to hear them apologize."

Reputed Israeli Mob Enforcer Sentenced (FINDLAW/AP)

AP, September 13, 2006

(AP) - LOS ANGELES-A reputed enforcer for an Israeli crime group was sentenced to more than 10 years in federal prison for racketeering.

Hai Waknine, 35, pleaded guilty in June to using extortion and threats of violence to help an organized crime syndicate known as the Jerusalem Group launder nearly $2 million in embezzled funds. Authorities say the syndicate enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe and around the U.S.

Waknine, an Israeli national who lives in Marina del Rey, asked for leniency during sentencing Monday. But U.S. District Judge Manuel Real, citing Waknine's extensive criminal history, gave him 13 months in prison beyond the nine years that prosecutors recommended.

Prosecutors alleged that Waknine kidnapped debtors, aimed handguns at them and threatened their families to make them pay up.

"That was Waknine's role, a shakedown collections guy," said Assistant U.S. Attorney Thomas P. Sleisenger. "There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars."

Dig 'high Priority' In FBI Corruption Probe (BOSH)

By Casey Ross, Boston Herald Reporter

Boston Herald, September 13, 2006

The federal investigation into the $15 billion Big Dig has mushroomed into a "high priorty" public corruption probe focused on project financing and whether officials ignored requirements to conduct crucial inspections, Boston's FBI chief said yesterday.

"We've got a lot of agents assigned to it and there are several avenues to the case," said Ken Kaiser, special agent in charge of the Boston FBI. "Basically it's looked at as a public corruption investigation, which is the highest criminal priority we have."

Kaiser said his office is working with the federal Department of Transportation and has devoted six to eight agents to investigate the mammoth highway project, which is being blamed for the death of motorist Milena Del Valle. Del Valle, 38, died July 10 when concrete ceiling panels collapsed in the I-90 Seaport Connector Tunnel.

Kaiser said top FBI officials in Washington are monitoring the investigation and have pledged additional rescources if necessary. The federal probe is running parallel to a state investigation being led by Attorney General Tom Reilly, who is expecting to convene a special grand jury Oct. 3 to pursue criminal charges in the death of Del Valle. Reilly's office is also pursuing potential civil litigation and the recovery of money wasted on faulty construction practices.

Federal officials have been probing the Big Dig for years, but the intensity of their investigation increased dramatically following a scandal over I-93 tunnel leaks and the subsequent I-90 collapse.

Kaiser said agents are examining a broad range of issues including materials used, construction methods and whether officials followed requirements to conduct regular inspections. "What if those inspections were never done?" he said.

Asked whether the probe reaches beyond contractors to public officials, Kaiser replied, "If I would tell you that out of a $15 billion project we're not looking into other areas, I'd be lying," he said. "I mean, the money went someplace."

Vigil Trial: Tape-recorded Conversations, Videotapes Involving Vigil Played For Jurors (AP)

By Tim Korte

DOJ_NMG_0062418

AP, September 13, 2006

ALBUQUERQUE (AP) - Jurors on Tuesday watched and listened to FBI videotapes showing California investment adviser Kent Nelson handing over thousands of dollars in cash to former state Treasurer Robert Vigil.

Vigil has pleaded not guilty to 24 extortion and racketeering counts in an alleged kickback scheme. Vigil's first federal trial ended May 22 in a mistrial.

Nelson, who testified at Vigil's first trial but has refused to reappear, is shown pulling out an envelope stuffed with cash during a May 22, 2005 meeting with Vigil. Nelson offers the cash to Vigil while asking Vigil to direct state business to him.

Prosecutors also played a videotape from Aug. 24, 2005 after Vigil picked Nelson up at the Albuquerque airport. Nelson offers Vigil an envelope and tells him it contains $5,000.

"That's too much," said Vigil, who then told Nelson to give him $2,000.

"I want you to write some checks to people," Vigil said.

The videos and tape-recorded telephone conversations _ some of them also were played for the jury _ are among the government's strongest evidence against Vigil.

Jurors donned headphones to listen while the evidence was played and the courtroom became still and silent during the parts of the video that depicted the cash handovers.

Jason Bowles, one of Vigil's attorneys, argued Monday against playing the tape recordings, saying it would violate Vigil's right to confront his accusers.

"I think everyone would agree this is a fairly unprecedented move by a state prosecuting authority in the middle of a federal case," Bowles said.

U.S. District Judge James Browning formally rejected the defense effort Tuesday. He had said Monday that Vigil's lawyers had the opportunity to cross-examine Nelson during the first trial.

FBI Agent Marcus McCaskill continued his testimony Tuesday.

He described to jurors on Monday how investigators served a search warrant at the state treasurer's office last September and seized many of the papers that now serve as foundational government evidence.

In December 2003, Secret Service agents investigated Leo Sandoval, a former treasurer's office employee who has been identified as a bagman in the alleged kickback scheme and is cooperating with prosecutors. The Secret Service investigation focused on counterfeiting money, birth certificates and driver's licenses.

At that time, Sandoval gave investigators binders that included information about the state's investment practices for flexible repurchase agreements _ documents that led to charges against Vigil.

Sandoval eventually received immunity from prosecution in the counterfeiting case in exchange for his agreement to testify against Vigil.

McCaskill said that he asked Sandoval if any of the documents or signatures linked to the Vigil investigations had been forged. The FBI agent said Sandoval told him there were none.

McCaskill also said that Vigil approved $2.5 billion in flexible repurchase agreements during his term as treasurer from 2003-2005, leading to $1.8 million in fees for Nelson and other investment advisers.

McCaskill also said Vigil, as deputy treasurer under Michael Montoya, fired Nelson in November 2000 after questions came up about Nelson's qualifications. Yet during the next six months, Nelson continued to receive work and earned $1.16 million in commissions.

"Did all of these transactions occur after Mr. Vigil signed a letter to Kent Nelson, telling him he was terminated?" Assistant U.S. Attorney Jonathon Gerson asked.

"They did," McCaskill said.

Younger Brother Testifies In Gotti Trial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 13, 2006

John A. Gotti's younger brother took the witness stand Tuesday in Manhattan federal court and said he never collected any extortion cash or passed any messages to others on behalf of his sibling.

Peter Gotti said that, despite a testy relationship over the years with his brother, known by the sobriquet "Junior," he still kept in touch in the late 1990s and early part of this decade while John, 42, was under house arrest and later serving a federal prison sentence.

Peter Gotti testified as a defense witness in the trial of his brother, who is accused of various acts of racketeering while serving as a key captain in the Gambino crime family. Federal prosecutors claim John Gotti took part in the 1992 assault on radio

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talk show personality and Guardian Angels founder Curtis Sliwa. Prosecutors also have accused John "Junior" Gotti, the son of the late Gambino crime boss, with money laundering and other offenses. Summations could begin Thursday.

As a defense witness, Peter Gotti said he never collected, nor was he asked to collect, extortion money from Michael "Mickey Scars" DiLeonardo, a former Gambino member who turned government witness and testified earlier at the trial.

Even under cross examination by assistant U.S. attorney Victor Hou, Peter Gotti denied ever collecting money on his brother's behalf. Hou then led Peter Gotti through a series of financial deals he had done in the past in which his brother invested in some of his businesses, a number of which were defunct. In some cases his brother didn't collect on the loans, was paid back or took a small loss in the investments, Peter Gotti said.

Hou brought up a real estate deal in South Carolina, in which Peter Gotti admitted he sought to get an overdue payment from the buyer. But Peter Gotti insisted it wasn't a cash deal and that he had appeared with attorneys to work out the late payments.

Hou then brought up a taped conversation Peter Gotti had with his brother at Ray Brook federal prison in upstate New York talking about the Colombo crime family infighting of the 1990s. Hou was apparently using the conversation to cast doubt on Peter Gotti's claim that he never talked about mob business. But Peter Gotti pointed out that the conversation centered on a column that had appeared on the Web site Ganglandnews.com. Peter Gotti also denied passing messages for his brother beyond "social messages."

The defense is trying to show that John Gotti turned his back on mob life in 1999, a date that is outside the statute of limitations.

Jury Hears Jr.'s Hip-hop Hopes (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 13, 2006

Rappers like Irv Gotti or Yo Gotti may have taken the name - but Junior Gotti apparently had his own hip-hop dream.

The mob scion invested $20,000 into a failed hip-hop magazine that would have targeted prisoners by dispensing free legal advice beside photos of rapper babes.

But the Hottie Publishing venture never took off and Gotti ended up losing his dough, Gotti pal Steve Dobies told jurors yesterday at Gotti's racketeering trial in Manhattan Federal Court.

"Not too good," Dobies said when Gotti attorney Charles Carnesi asked him how it did.

For photos, the magazine would feature female hip-hop stars. And Gotti was counting on help from someone named Jamal in New York City who supposedly knew all the top names in the rap world.

"He knows Lil' Kim, too?" Gotti asked Dobies in a March 2003 prison chat intercepted by the feds and played for jurors yesterday.

Gotti even thought about roping big sister Victoria into the idea. But she wasn't biting.

"Vicki's idea about this thing is that your perspective on this is totally wrong," Gotti's attorney Richard Rehbock warns him. "It's not gonna sell."

Gotti was unconvinced, and on the tapes encourages Dobies to seize control of the magazine from Stephanie, the wife of a fellow inmate who first pitched him the idea while both were at a federal prison in upstate Ray Brook.

"He felt we could do a better job," Dobies said.

"I feel it has a lot of potential if it's done right," Gotti says on the tape. "I still feel that way. The kid [Jamal] I sent home knows all these people. He's in with all these rappers. He feels it. He loves it. I mean I don't think that she's the person for it. That's the problem."

Dobies told Gotti that he was having trouble getting in touch with Stephanie to discuss moving the business from Binghamton to the city.

"We're gonna hold her to it," Gotti said. "We'll do it someplace else with somebody else."

Dobies was called by defense attorneys to counter prosecution claims that he regularly visited Gotti at the federal prison so he could relay Mafia messages back to the street. Gotti was serving a nearly six-year prison hitch after pleading guilty in 1999 to racketeering charges and renouncing his ties to the mob.

Also yesterday, Gotti's brother Peter took the witness stand and denied ever picking up $50,000 in mob money from former Gambino capo Michael (Mikey Scars) DiLeonardo, as DiLeonardo testified last week.

"[John A. (Junior) Gotti] wouldn't allow me to do anything for him," Peter Gotti said.

"You're here today," prosecutor Victor Hou pointed out.

"Absolutely. It's the right thing to do," Gotti replied.

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Valley News Briefs (AR)

The Arizona Republic, September 13, 2006

Man admits guilt in fraud

against Native Americans

CHANDLER - The former president of a private bank in Arizona has pleaded guilty in a Ponzi scheme that cost Native American depositors millions of dollars.

Edward James Driving Hawk Sr., 71, of Chandler, admitted mail and wire fraud in a conspiracy with others through a company known as U.S. Reservation Bank and Trust, according to the U.S. Attorney's Office.

Prosecutors said the entity was an investment business that falsely touted itself as a bank "owned and managed by Indians for Indians."

An indictment says the company raised as much as $67 million in unsecured investments, and Driving Hawk diverted an estimated $4 million to himself and his family during the two years of operation.

Driving Hawk's son, Leo Driving Hawk Sr., a former sergeant with the Maricopa County Sheriff's Office, previously pleaded guilty to misprision of a felony and agreed to cooperate with investigators.

Edward, who made his guilty plea Wednesday in U.S. District Court, faces up to five years in prison and a maximum fine of $250,000.

Several co-defendants are awaiting trial.

2 killed by gunfire after altercation at gas station

PHOENIX - A teenager and a man were shot to death early Saturday after arguing with two men at a gas station near 67th Avenue and Indian School Road.

According to Phoenix police, the victims, ages 17 and 19, were at a gas station in the 6700 block of West Indian School Road about 2:15 a.m. when they were approached by two men with shaved heads.

After a brief altercation between the four, one man pulled out a gun, shot the victims, and fled with his companion, police said.

State's voter registration

is more than 2.5 million

PHOENIX - More than 2.5 million registered voters in Arizona are eligible to go to the polls in Tuesday's primary election, according to the Secretary of State's Office.

Secretary of State Jan Brewer said Friday that voter registration was 2,533,308, an increase of 93,164 voters since the September 2004 primary.

Statistics show that there are 1,003,977 registered Republicans in Arizona, 847,490 registered Democrats, 16,529 registered Libertarians and 665,312 voters registered as Independents or members of unrecognized parties.

3 who died in Prescott

plane crash identified

PRESCOTT - A Prescott woman, her grandson and a Chino Valley man have been identified as the three people who died in the crash of a small plane near the airport here on Sept. 2.

Sandra Rogers, 66, was piloting the twin-engine Cessna 337 when it went down shortly after takeoff from the Ernest A. Love Field, also known as Prescott Municipal Airport.

Also killed was her grandson, Justin James Clement, 14, of Prescott, and Gerald Wayne Lands, 59, of Chino Valley, according to the Maricopa and Yavapai County Medical Examiner's Offices.

The plane, registered to William Goudreault of Lake Havasu City, hit power lines about a half-mile off the runway. It exploded and burned on impact.

The National Transportation Safety Board is investigating the crash.

2 more marauding bears

killed near Sierra Vista

SIERRA VISTA - Two more marauding black bears have been killed in canyons near Sierra Vista, bringing to four the number killed in the area in the past two weeks.

The latest bear death came Thursday, when it was shot by a Ramsey Canyon homeowner after it damaged the roof of a small SUV and the roof of a home, Arizona Game and Fish Department officials said.

A day earlier, a Forest Service employee shot and killed a bear that had ransacked his motor home in Carr Canyon. The employee reported that the bear charged him and some colleagues after they tried to drive it off by shooting at it and spraying it with a fire extinguisher.

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Both shootings met Fish and Game guidelines for killing nuisance bears that pose a threat to humans.
Officials said that a reduced food supply is forcing the animals to look for other sources of food.

Chandler Man Pleads Guilty In Phony Indian Bank Ponzi Scheme (AP)

AP, September 13, 2006

PHOENIX A Chandler man, one of six indicted in connection with a phony bank Ponzi scheme has pleaded guilty to conspiracy to commit mail and wire fraud.The U-S Attorney's office says 71-year-old Edward James Driving Hawk entered the plea in federal court in Phoenix yesterday.He faces up to five years in prison and a 250-thousand dollar fine when he's sentenced November 13th.According to the February indictment, Driving Hawk and others recruited investors to make deposits of more than one (m) million dollars in the phony "bank" with promises of high returns.Prosecutors say Driving Hawk and others took money directly from the investments, with Driving Hawk receiving 35-thousand dollars a month during the scheme.

1,100 In Naples Victims Of Medicare Fraud (NAPNEWS)

By Liz Freeman

Naples (FL) Daily News, September 13, 2006

Federal charges say pair stole Cleveland Clinic patient records

A Naples man and his cousin who worked at Cleveland Clinic in Weston were indicted Friday on charges they stole personal information of more than 1,100 patients from the former Cleveland Clinic in Naples, according to the U.S. Attorney's Office in Miami.

Cleveland Clinic officials on Friday sent letters to the potentially affected Naples patients alerting them to the theft and to provide them with resources to help protect their demographic and financial information from risk, said Eileen Sheil, spokeswoman for Cleveland Clinic at its parent location in Cleveland, Ohio.

A toll-free number — 1-866-907-0675 — has been established for patients.

Fernando Ferrer Jr., 29, of Naples, registered as an owner of Advanced Medical Claims Inc. in Naples, and Isis Machado, 22, of Miami Lakes, were indicted on charges they stole patient information for fraudulent purposes. A current address for Advanced Medical Claims was not available Friday.

According to the indictment, Machado worked as a front desk coordinator at the Weston campus from May 23, 2005, to June 26, 2006, where she had authorized access to Cleveland Clinic's computers, which are integrated with the computers at the former Cleveland Clinic in Naples. She was told by Ferrer she had an "opportunity" to sell personal identification of patients and he would pay her for the information, according to the indictment.

Sometime during the course of Machado's employment at the Weston campus, she accessed computerized patient files and downloaded and printed information from more than 1,100 patients, including their names, dates of birth, Social Security numbers, Medicare numbers and home addresses, according to the indictment. All the data accessed were of Naples patients, Sheil said.

Machado then sold the information to Ferrer, who used the stolen information in connection with the submission of about $2.8 million in false claims to Medicare, according to the indictment.

The pair could face 30 years in prison and more than $1 million in fines if convicted as charged. The case is being handled by the U.S. Attorney's Office in Miami.

According to Sheil, of Cleveland Clinic, Machado was caught on June 26 for inappropriately accessing patient information and authorities immediately were notified. She had worked in the scheduling department.

"I believe it was another employee who noticed it and reported it to leadership (in Weston) and leadership turned around and contacted state and federal authorities," Sheil said. "We believe it was an isolated incident. This was one employee's action. There were not any other people involved."

The 83-bed hospital and outpatient medical center in Naples was sold to Naples-based Health Management Associates this past May 1 and a new computer system was installed, said John Merriwether, vice president of financial relations for HMA. The hospital was renamed Physicians Regional Medical Center.

"We put our own system in place," he said. "There was no access to the HMA system."

Sheil said the employee was caught on June 26 but had accessed the patient information before HMA took over the Naples hospital and clinic.

"Cleveland Clinic Florida promptly notified state and federal authorities of this problem and over the past two months, federal law enforcement officials have conducted an intensive and confidential investigation of this matter," Cleveland Clinic officials announced. "The Cleveland Clinic Florida has cooperated fully in this investigation and is also conducting an internal risk

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assessment to prevent such an event from happening again. ...Cleveland Clinic deeply regrets this incident as patients and visitors place their trust in our employees and staff."

Geoffrey Moebius, chief executive officer of Physicians Regional, said the theft was all of Cleveland Clinic data, not Physicians Regional data.

"At this time, we would like to assure our patients that protecting their privacy is of our highest concern, and this incident did not in any way compromise the current systems in place for Physicians Regional Medical Center and the physician practice, Medical Surgical Specialists," according to a statement from Physicians Regional.

The Associated Press contributed to this report.

Two Are Charged In Patients' ID Theft (MH)

By John Dorschner

The Miami Herald, September 13, 2006

Two charged for stealing patients' data

Federal officials struck a blow Friday at a key but often hidden link in most healthcare fraud -- the person who provides the personal data that phony providers need to bilk insurance companies.

In an afternoon press conference, U.S. Attorney R. Alexander Acosta announced eight charges against Isis Machado of Miami Lakes, who spent a year as a front desk coordinator at Cleveland Clinic's office in Weston.

Machado, 22, was accused of downloading the computerized personal information of more than 1,100 patients and then selling the data to a cousin, Fernando Ferrer Jr., 29, of Naples, the owner of Advanced Medical Claims of Naples, which is alleged to have used the names to send in $2.8 million in phony claims to Medicare.

Many arrests by state and federal agents involve clinics and medical supply companies, but frequently the suppliers of the personal information are not known.

The Cleveland Clinic case was only the third nationwide in which persons have been charged criminally for violating federal healthcare privacy laws.

Many Medicare recipients discover their names and identity numbers have been used to bilk the federal insurance for the elderly, but never learn how their information was stolen.

"We all wonder," said Marielene McGregor, a Miami Springs senior whose name was used to cheat Medicare out of $10,000 in the name of clinics apparently unrelated to Machado or Ferrer. ``I'm very interested -- where the heck did they get the information? It's really scandalous."

Law enforcement officials say the identity thieves can be virtually anyone connected with the healthcare system -- including nurses, billing clerks, hospital janitors who take a peek at records late at night or ambulance attendants who transport a patient (and the patient's records).

Machado had access to Cleveland Clinic's computers as part of her receptionist duties from May 2005 through June. She and Ferrer were charged with conspiracy to commit computer fraud, conspiracy to commit identity theft, conspiracy to wrongfully disclose patients' healthcare information and aggravated identity theft.

The first three charges could lead to a prison sentence of up to 10 years and a $250,000 fine, but the toughest penalties could come from five counts of aggravated identity theft, each of which carries a mandatory two-year sentence in addition to other charges -- tough measures meant to make identity as punishable as serious drug smuggling.

"We expect healthcare employees to keep our personal information confidential and secure," said Jonathan I. Soloman, special agent in charge of the Miami office of the FBI. ``Criminals who commit healthcare fraud steal from all of us as U.S. taxpayers and, in the end, make medical care more expensive for all of us."

Cousins Face ID Theft And Fraud Charges For Stealing Medical Records In Florida (FLSUNSEN)

By Madeline Baro Diaz, Miami Bureau

South Florida Sun-Sentinel, September 13, 2006

Combining an "unwholesome criminal trilogy" of identity theft, medical privacy violations and health-care fraud, two cousins stole the personal information of more than 1,100 Cleveland Clinic patients and billed more than $2.8 million in Medicare charges, federal prosecutors said Friday.

Isis Machado, a coordinator at the Weston clinic, printed out information from electronic files that included Social Security numbers, dates of birth, addresses and other details about Medicare patients at the clinic's Naples location, prosecutors said.

She then sold the information to her cousin, Fernando Ferrer Jr., owner of Advanced Medical Claims in Naples, who let the information be used to file fraudulent Medicare claims, prosecutors said.

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Both were indicted earlier this week in Fort Lauderdale on charges of conspiracy to commit computer fraud, conspiracy to commit identity theft and conspiracy to wrongfully disclose individually identifiable health information.

They are also charged with fraud in connection with computers and violations related to the Health Insurance Portability and Accountability Act, or HIPAA, which forbids the unauthorized release of private patient information.

"Medical files have some of our most private information," said U.S. Attorney R. Alexander Acosta. "Each of us rightly trusts that our health-care providers will keep them confidential."

In June, another Weston employee alerted clinic officials to the scheme, which prosecutors say began sometime after Machado began working there in May 2005.

The officials contacted law enforcement, fired Machado and cooperated with the investigation, said Cleveland Clinic spokeswoman Eileen Sheil. Health Management Associates bought the Naples clinic in May, but the facility was still in a transition period in June when officials learned of the identity theft allegations.

"The Cleveland Clinic Florida ... is also conducting an internal risk assessment to prevent such an event from happening again," clinic officials stated Friday.

On Friday, the Cleveland Clinic sent letters to patients who might have been affected. It also set up a hotline, 1-866-907-0675, for patients with questions or concerns.

Machado, 22, and Ferrer, 29, had their initial appearances in federal court Friday and were released on bond, prosecutors said. If convicted, Machado and Ferrer could be sentenced to 10 years in prison and fined $250,000 on the most serious of the charges. They could not be reached for comment Friday.

The indictment of Machado and Ferrer is the first HIPAA prosecution in the Southern District of Florida and the third in the nation. Acosta said he expects more prosecutions under the act as more patients' records become available electronically.

Acosta said patients can help combat health-related identity theft by checking their health care statements carefully.

"Patients need to be very vigilant," he said. "If there are charges that should not appear, if there are charges that are fraudulent, then the patient needs to call Medicare or Medicaid or a health-care provider that is trusted to ensure that the billings are accurate and not the result of fraud."

Cousins Accused Of Medicare Fraud (LAKELED)

Lakeland Ledger, September 13, 2006

MIAMI -- Two cousins face federal charges of identity theft and fraud for allegedly stealing personal information from more than 1,100 patients at a suburban hospital and using it to submit $2.8 million in false claims to Medicare.

Fernando Ferrer Jr., 29, of Naples, and 22-year-old Isis Machado of Miami Lakes were charged in an eight-count grand jury indictment with illegally accessing patient information files at Cleveland Clinic in Weston, prosecutors said Friday.

Machado, who was a front desk coordinator at the hospital from May 2005 to June 2006, downloaded the files and then sold them to Ferrer, who then made the false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, according to the indictment.

Ferrer and Machado each face up to 30 years in prison and thousands of dollars in fines if convicted. After their arrests, Ferrer made an initial court appearance Friday in Naples and Machado in Fort Lauderdale, but it was not immediately clear whether they had obtained lawyers to represent them.

Cousins Charged With Stealing Patient Data From Hospital (BRAH)

The Bradenton Herald, September 13, 2006

MIAMI - Two cousins face federal charges of identity theft and fraud for allegedly stealing personal information from more than 1,100 patients at a suburban hospital and using it to submit $2.8 million in false claims to Medicare.

Fernando Ferrer Jr., 29, of Naples, and 22-year-old Isis Machado of Miami Lakes were charged in an eight-count grand jury indictment with illegally accessing patient information files at Cleveland Clinic in Weston, prosecutors said Friday.

Machado, who was a front desk coordinator at the hospital from May 2005 to June 2006, downloaded the files and then sold them to Ferrer, who then made the false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, according to the indictment.

"Today's case is an unwholesome criminal trilogy of medical privacy violations, identity theft and health care fraud," said U.S. Attorney R. Alexander Acosta.

Ferrer and Machado each face up to 30 years in prison and thousands of dollars in fines if convicted. After their arrests, Ferrer made an initial court appearance Friday in Naples and Machado in Fort Lauderdale, but it was not immediately clear whether they had obtained lawyers to represent them.

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US Man Pleads Guilty To Copyright Theft (IDG)

By Grant Gross

IDG News Service, September 13, 2006

An Erie, Pennsylvania, man involved in a BitTorrent peer-to-peer network has pleaded guilty to copyright infringement and faces up to five years in prison and a US$250,000 fine, the U.S. Department of Justice (DOJ) said.

Scott R. McCausland, 24, pleaded guilty to one count of conspiracy to commit copyright infringement and one count of criminal copyright infringement in violation of the Family Entertainment Copyright Act, the DOJ announced Tuesday. He's scheduled to be sentenced Dec. 12 in U.S. District Court for the Western District of Pennsylvania.

McCausland was involved in a BitTorrent peer-to-peer (P-to-P) network previously known as Elite Torrents, the DOJ said. This guilty plea is part of the first U.S. criminal case focusing on a P-to-P network using the BitTorrent technology, the DOJ said.

McCausland's conviction is the third in a series of convictions arising from Operation D-Elite, a federal crackdown against the first providers of pirated works to the Elite Torrents network. At its prime, the Elite Torrents network attracted more than 133,000 members and allowed the illegal distribution of more than 2 million copies of movies, software, music and games, the DOJ said.

U.S. federal agents shut down the Elite Torrents network on May 25, 2005, seizing its main server and replacing its log-in Web page with the notice: "This site has been permanently shut down by the FBI and U.S. Immigration and Customs Enforcement." Within the first week, the message was viewed more than a half a million times.

The Elite Torrents P-to-P network offered a virtually unlimited content selection, including illegal copies of copyright works before their availability in retail stores or movie theaters, the DOJ said. For example, the network made available the final entry in the Star Wars series, "Episode III: Revenge of the Sith," more than six hours before it was first shown in theaters. In the next 24 hours, it was downloaded from the Elite Torrents network more than 10,000 times, the DOJ said.

Street Sweep Scoops Up 18th St. Gang (LAT)

By Richard Winton

The Los Angeles Times, September 13, 2006

Federal prosecutors indicted 18 members of the 18th Street gang, including one imprisoned leader of the Mexican Mafia, on racketeering, conspiracy and narcotics charges for a scheme where they allegedly would sell streets in the Wilshire, Koreatown and Pico Union areas to drug dealers for weekly and monthly fees.

The criminal organization, prosecutors allege, was run by Ruben "Night Owl" Castro, a Mexican Mafia boss and leader of the 18th Street gang, from his federal prison cell with the help of his girlfriend. In 1997, Castro was convicted in the first federal Racketeering Influenced and Corrupt Organizations Act (RICO) case against a gang.

In a sweep across Southern California this morning, federal and local law enforcement personnel arrested 10 members of two powerful cliques within the 18th Street gang known as the Hoover Locos and the Shatto Park Locos. Prosecutors allege that the 18th Street cliques in those areas answered to Castro and its shot callers collected so-called "tax" or "rent" from drug dealers for the right to sell narcotics on a street with a guarantee of protection from the 18th Street gang enforcers.

"It is a form of old-fashioned organized crime. Drug dealers would buy a street, say a section of Alvarado from 3rd to 4th street," said Bruce Riordan, assistant U.S. attorney.

Castro was housed in a Colorado federal prison during the time he allegedly oversaw the organization dubbed the "Ruben Castro organization" by prosecutors. Authorities admitted that even one of the toughest prison systems did not stop Castro from operating his criminal business. "No matter what we do, some people intent on committing crimes will do it," said George S. Cardona, chief assistant U.S. attorney.

In a 71-page indicted unsealed today, prosecutors allege that the gang operated a criminal enterprise with Castro through his girlfriend Jesusita Ramirez, 62, giving orders to so-called shot callers (gang leaders) who collected thousands of dollars weekly from drug dealers. Failure to pay the gang cliques resulted in fines, hiked rates and ultimately acts of violence, prosecutors alleged.

The leaders of the cliques often lived in the suburbs, such as Ontario, El Monte and Temple City, rather than the streets they plied their criminal enterprise, prosecutors said.

Castro's girlfriend is one of four suspects who remain at large. She is charged with participating in a RICO conspiracy and two narcotics trafficking conspiracies. Her position, Riordan said, reflected a growing phenomenon in the Mexican Mafia with women for the first time moving into positions of decision making.

"The respect grows to a level of authority they participate in more than passing messages," he said.

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Also at large are Noe Chavez, "Lil Duster," 23, of Los Angeles; alleged narcotics wholesaler Juana Fuentes, "Mani," 24, of Los Angeles and alleged narcotics wholesaler Edwin Schaad, 41, known as "Chaparro."

The 10 arrestees included: Mervin Nelson Sanchez, "Chivo," 35, of Ontario, alleged to be a Shatto Place gangster who oversaw the gang's business operations. Araceli Bravo, 33, known as Traviesa," an alleged gang leader for the Hoover clique who ran its operations.

The others arrested were: Michael Pineda, 28, of North Hollywood; Jose Juan Alvarez, 29, of Los Angeles; Efrain Ruiz Torres, 34, of Temple City; Jose Morales Perez, 26, of Los Angeles; Melida Flores, 48 of Palmdale; Juan Manuel Montes, 38, of El Monte; Marlon David Penate, 29, of Los Angeles; and Jorge Sanchez Monroy, 33, of Los Angeles.

Three other men in addition to Castro are imprisoned on prior charges: Elvin Ambrocio, 36, and Ronaldo Cruz, 34, are both serving sentences for illegally reentering the country after being deported as felony illegal immigrants while Luis Castro, 42, is in state prison after being convicted of receiving stolen property.

Ruben Castro, Ramirez, Sanchez Ambrocio, Bravo, Pineda, Cruz, Alvarez, Chavez, Torres and Perez face life without parole if convicted on the racketeering charges.

Missouri: Judge Voids Execution Procedure (NYT)

By Monica Davey

The New York Times, September 13, 2006

A judge ruled that the state's newest protocol for execution by lethal injection is an improvement, but still falls short of providing constitutional protections. Ordering the state to revise its rules again, the judge, Fernando J. Gaitan Jr. of Federal District Court, said that a doctor who had long mixed the drugs used in executions should no longer "participate in any manner, at any level, in the State of Missouri's lethal injection process." The doctor, identified in court documents only as John Doe I, had acknowledged sometimes giving inmates smaller amounts of anesthesia than the state had said was its policy.

CIVIL LAW:

Smokers Seek $200 Billion From Tobacco Companies Over Low-Tar Cigarettes (LAW/AP)

By Tom Hays, The Associated Press

AP, September 13, 2006

Lawyers for smokers of light cigarettes have asked a federal judge to grant class action status to a lawsuit against major tobacco companies, allowing tens of millions of people nationwide to seek as much as $200 billion in damages.

In the lawsuit, filed in 2004, the smokers accused Altria Group Inc.'s Philip Morris USA Inc., R.J. Reynolds Tobacco Co., which is now part of Reynolds American Inc., based in Winston-Salem, N.C., and other defendants of deceiving them for more than 30 years by claiming low-tar cigarettes were less harmful than regular cigarettes. The manufacturers, they allege, knew the health risks were about the same.

U.S. District Judge Jack Weinstein was scheduled to hear arguments Tuesday in Brooklyn.

As a class, light cigarette smokers would be entitled to between $120 billion and $200 billion in refunds for a deceptive product, plaintiffs attorney Michael D. Hausfeld said Tuesday.

"They paid for a cigarette that was supposed to pose less of a health risk," he said. "They got one that was as risky, if not more risky."

The tobacco companies "continue to believe that the class should not be certified," said R.J. Reynolds spokesman David Howard. "Class certification is not appropriate when you're talking about individual smokers and health claims."

Aside from the class action issue, the judge also has asked lawyers whether the recent findings of another federal judge should apply to the case.

A ruling in August by U.S. District Judge Gladys Kessler in Washington, D.C., found that tobacco companies misled smokers by labeling cigarettes "low tar," "light," "ultra light" or "mild."

The defendants "distorted the truth about low tar and light cigarettes so as to discourage smokers from quitting" and to preserve revenue, Kessler wrote. "They suppressed research. They destroyed documents. They manipulated the use of nicotine so as to increase and perpetuate addiction."

Though Kessler's decision did not penalize the manufacturers financially, it still "affirmed the accuracy" of the accusations in the light cigarette case and "exposed the companies to a several billion-dollar claim," said Paul Gallagher, another plaintiffs attorney.

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Court papers filed by tobacco company lawyers have argued that adopting Kessler's findings as fact and having a jury simply determine damages "would be fundamentally unfair." The Washington decision, the papers said, was inconsistent with other cases in which juries rejected the same allegations about light cigarettes.

Defense attorneys also argued that applying the earlier ruling "makes no sense" since "it certainly will be appealed."

The light cigarette case was one of several filed during the past decade in Brooklyn, some under civil provisions of the Racketeer Influenced and Corrupt Organizations Act. All the Brooklyn tobacco cases have been assigned to Weinstein, whose has previously devised far-reaching settlements for asbestos and Agent Orange litigation.

CIVIL RIGHTS:

Judge Adds Extra Prison Time In 19 Smuggling Deaths (FINDLAW/AP)

AP, September 13, 2006

(AP) - HOUSTON-A judge sentenced three people convicted in America's deadliest human smuggling attempt, exceeding the maximum recommended prison term in two of the cases.

U.S. District Judge Vanessa Gilmore sent Emma Sapata Rodriguez to prison for 15 years Monday for her part in trying to smuggle more than 70 immigrants inside a stifling trailer in 2003. The truck trailer was abandoned about 100 miles (160 kilometers) southwest of Houston and nineteen of the immigrants died.

Rosa Sarrata Gonzalez, who was convicted partly by the testimony of her two sons, received the recommended maximum sentence of 12 years and seven months. She smuggled one person into the trailer.

Sapata and Sarrata were convicted along with Victor Sanchez Rodriguez of conspiracy to harbor and transport illegal immigrants. In addition to the conspiracy charge, the jury found Sarrata guilty of one count of harboring and Sapata guilty of eight counts of harboring and six counts of transporting. Sanchez was convicted of eight counts of harboring and nine counts of transporting.

Sapata's prison term exceeds federal sentencing guidelines by three years and seven months. Her husband, Sanchez, was sentenced Monday to 23 years and four months in prison. The sentence is three years and four months longer than the maximum recommended penalty.

His attorney said the sentences "makes no sense" and is appealing. The U.S. Supreme Court has ruled that judges are not bound by federal sentencing guidelines.

Gilmore explained the extra prison time by citing the horrific nature of the crime.

The couple smuggled eight people into the trailer, three of whom died, including a 5-year-old boy and his father.

So far, seven people have been sentenced to prison in the case, including the couple's son, Victor Jesus Rodriguez, whom Gilmore sent to prison for 20 years and seven months in July.

The leader of the smuggling ring, Karla Patricia Chavez Joya, received a 17-year, five-month prison term in May.

They are among 14 people indicted for trying to smuggle more than 70 immigrants inside a stifling trailer. During the trials, survivors testified that they screamed and clawed at the trailer's walls as the temperatures sweltered.

The second trial of the truck driver, Tyrone Williams, is scheduled to begin next month. A jury could not agree on a verdict last year. Prosecutors are seeking the death penalty.

'Justice Can't Just Forget' Long-ago Racial Killings (AJC)

By Bob Kemper, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 13, 2006

The letter landed on Chip Burrus' desk about 18 months ago.

Two black couples, George and Mae Dorsey and Roger and Dorothy Malcom, had been brutally killed by a white mob in Georgia, it said. And the details astonished the FBI's assistant director, even 60 years after the crime was committed.

"I'd never heard of this [case] before, and I kind of fancy myself a student of the South," said Burrus, who had just taken over as assistant director of the FBI's criminal investigative division when the letter arrived. "You sort of start asking yourself, 'How many more of these are out there?' "

After ordering all of the FBI's field offices to comb their files and revisit people and groups who may have information about unsolved slayings from the civil rights era, Burrus had his answer: There are at least 35 to 50 such cases across the country, predominantly in the South.

But can these cold cases from 40, 50 or 60 years ago be solved?

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"We won't have the ability to bring closure to a lot of them, probably," Burrus said. But "you just can't forget. Justice can't just forget. Even though they're 50 years old, it still doesn't mean we shouldn't take a look at them and use whatever laws we can to try to address it."

Congress is weighing whether to create special cold-case units at the Justice Department and FBI that, with a $5 million annual budget, would focus exclusively on unsolved killings from the civil rights era. But Congress has come late to the movement. Federal and state authorities already are reopening those cold cases in Georgia, Mississippi, Florida, Alabama and elsewhere.

This new urgency over unsolved killings from one of America's most violent eras was ignited in part by a series of successful prosecutions of civil rights murder cases in recent years and the fear among victims' families and law enforcement agencies that suspects and witnesses, now in their 70s and 80s, may not live much longer.

Further fueling the movement to close cold cases is the growing clout of black elected officials in the South, the appearance of a new generation of Southern prosecutors eager to put that racially explosive era behind them and the need of aging witnesses and perpetrators to clear their consciences before they die, according to civil rights groups and police.

Nationwide, 29 civil rights era killings have been reinvestigated since 1989, resulting in 27 arrests and 21 convictions, according to the Southern Poverty Law Center, a nonprofit organization in Mongtomery, Ala., whose missions include monitoring hate groups and providing legal expertise in civil rights cases. Twenty-two of those cases were in the South.

The latest breakthrough was in Florida in August. After reopening the 1951 firebombing murders of Harry and Harriette Moore for the fourth time, state investigators found new evidence — a suspect's deathbed confession that had been lost from the investigative file — and charged four white men with the Christmas Day slayings. All four were dead by the time the case was closed.

In Alabama on Aug. 29, Dallas County prosecutor Michael Jackson — the state's first African-American district attorney — announced he was launching an investigation into the 1965 death of civil rights worker Jimmy Lee Jackson, who was shot by a state trooper. State investigators and the FBI are expected to assist.

James Bonard Fowler — the trooper who shot Jackson and publicly acknowledged his role for the first time in a 2005 interview in the magazine of the Christian social justice group Sojourners — said it was self-defense. Other witnesses dispute that.

"These are events that help the South remember and face itself. These are things that most white Southerners didn't want to believe about themselves," said Mark Potok of the Southern Poverty Law Center.

Susan Glisson, director of the Institute for Racial Reconciliation at the University of Mississippi, said there is a downside to reopening old national wounds.

"People justifiably are worried that raising issues that are painful or controversial could at times set things back," Glisson said. Still, she said, that shouldn't deter investigators and prosecutors from pursuing the cold cases.

"At least beginning to have an honest appraisal of the past, at least beginning to tell the truth, outweighs the pain that it causes," Glisson said.

The only Georgia case on the FBI's list is what is known as the Moore's Ford Bridge lynching — the slayings described in the letter that landed on Burrus' desk.

In July 1946, the Malcoms and Dorseys, who were related, were taken to Moore's Ford Bridge along the banks of the Apalachee River in Walton County, lined up and shot hundreds of times.

Dozens of people may have seen or participated in the lynchings, but no one was arrested.

Authorities believe the lynching was in retaliation for a fight Roger Malcom had with Barney and Bob Hester, who were white, on the Hester farm 10 days before the murders. Barney Hester was stabbed during the melee and Roger Malcom went to jail screaming, "I ain't gonna get out of this! They gonna kill me."

Malcom was released from jail the day before the shootings.

Burrus declined to discuss the Moore's Ford investigation beyond saying, "We're kind of at a crucial point right now."

He said other Georgia cases could be examined: "I think there's going to be several down there we're going to be taking a second look at."

Bobby Howard of Social Circle has been the custodian of the story of the Moore's Ford case since 1968, when a local mortician, Dan Young, showed him pictures of the victims' bodies and gave him two lists — one of alleged white participants and one of blacks who reportedly knew about it.

Howard said he used to be wary of Georgia investigators and FBI agents interested in re-examining the killings after ignoring them for 60 years. But with the FBI's newly organized effort to close such cases, Howard said he believes a breakthrough in the Moore's Ford case may not be far off.

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"I'm really excited about it right now. I've never felt this way about it before," he said. "With the stuff that's been happening I believe they really are serious."

In a series of trials since 1994 — a round of prosecutions writer David Halberstam once called "a lot of little Nurembergs" — authorities sent to prison men responsible for some of the most infamous murders from that era: the 1963 bombing of the Sixteenth Street Baptist Church in Birmingham, Ala., that killed four young girls; the 1963 assassination of civil rights activist Medgar Evers, who was gunned down in front of his children; and the 1964 murders of three civil rights workers who disappeared near Philadelphia, Miss., while investigating the burning of a black church.

Several of those convicted while in their 70s, 80s and 90s have died in prison.

Most of the remaining unsolved cases involve victims known to few people beyond their families and communities, with the exception of the slaying of Emmett Till. The black teenager from Chicago was visiting relatives in Mississippi in 1955 when he was tortured and killed, supposedly for whistling at a white woman. The boy's mother held an open-casket funeral, and a widely reprinted photo of Till's disfigured face let the world see what was happening in the South.

In 1955, an all-white jury acquitted two white men, Roy Bryant and J.W. Milam, in the case. But they later confessed to the killing in a Look magazine interview. Both have since died. The case helped galvanize the civil rights movement.

Federal attorneys and the FBI announced in 2004 they would reopen the case. In March, they said they would not file charges because the five-year statute of limitations on federal civil rights violations had expired.

Even without the added pressure of a national spotlight like the Till case, police are finding that lesser-known cases can be problematic to revive, let alone solve. Memories have faded over the decades, and circumstances surrounding the old cases sometimes make it difficult for authorities to determine whether a murder even occurred, or whether there were civil rights violations that would allow the federal government to intervene.

Yet having so much time pass between the crimes and the new investigations does mean that once-terrified witnesses and relatives of suspects are increasingly willing to reveal what they know.

And that, said Mark Vukelich, head of the FBI's civil rights division, is a bigger asset to investigators than all of the new technologies they are applying to the cases.

"The thing that works to our advantage is the fact that attitudes change," Vukelich said. "I think it's a bigger ally than the forensic aspect."

9th Circuit Finds Racial Motives In Juror Dismissals (LAW)

By Matthew Hirsch, The Recorder

California Recorder, September 13, 2006

Almost 12 years after the fact, the 9th U.S. Circuit Court of Appeals shot down a Humboldt County, Calif., prosecutor's decision to yank three American Indian jurors and one Asian juror from an infamous murder trial, finding all were singled out on the basis of race.

The court, in a narrow 6-5 majority ruling, swept aside a series of earlier decisions in state and federal courts that upheld the jurors' exclusion in the trial of Richard Kesser. In 1995, Kesser was convicted and sentenced to life without parole for hiring a hit man to kill his ex-wife.

Though the prosecutor's handling of jury selection had been unsuccessfully appealed up to the California Supreme Court, the 9th Circuit gave it a closer examination under the Batson and Wheeler standards. The lower courts had accepted the prosecutor's nonracial explanations, but the 9th Circuit judges said those excuses fell flat when compared to the full record of the jury selection process.

"The racial animus behind the prosecutor's strikes is clear," wrote Judge Jay Bybee, who authored the majority opinion in Kesser v. Cambra, 06 C.D.O.S. 8481 .

In his opinion, Bybee reprinted at length prosecutor Worth Dikeman Jr.'s notes, without citing Dikeman by name.

There, Dikeman described one juror as a "darker skinned" "[N]ative American female." Noting that the juror worked for a local tribe, Dikeman indicated he wanted to keep such people off the jury because "they are sometimes resistive of the criminal justice system generally and somewhat suspicious of the system."

Dikeman's notes also included race-neutral reasons for excluding the American Indian jurors. Among those was the prosecutor's observation that one juror appeared "somewhat unstable [and] fairly weak."

Upon earlier review, the 1st District Court of Appeal concluded that those reasons were not "sham excuses" and upheld the jurors' exclusion.

Bybee and the 9th Circuit majority disagreed. Dikeman's "ostensibly 'race-neutral' reasons show themselves to be only a veneer, a pleasing moss having no depth," Bybee wrote.

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Bybee criticized the state appeal court for letting Dikeman's jury strikes stand. Not only did the court fail to review the record to find obvious contradictions in Dikeman's reasoning, it erred in finding any "sincere, permissible motives," Bybee said.

There were two concurring opinions, authored by Judges Kim Wardlaw and Marsha Berzon. The dissent, authored by Judge Pamela Rymer, said the state appellate court's ruling was not an unreasonable application of clearly established federal law.

Reached Monday afternoon, Dikeman said he was "very disappointed in the decision, even though I haven't read it."

Since Kesser's trial, Dikeman said, 19 judges have reviewed his decision to strike the four nonwhite potential jurors. Most controversial was his decision against Debra Ringels, the only one slated to be a member of the panel rather than an alternate.

"I know what I did, and I know what I did not do. And I did not get rid of that juror because she was Native American," Dikeman said of Ringels. "I got rid of her because I thought she would be a bad juror in that case."

Kesser's appellate attorney, William Weiner, said he was "very, very delighted" by the ruling, especially given the moderate-to-conservative group of judges picked to rule on his case.

"When I first got the panel, I was heartbroken to be honest," Weiner said.

An attorney general's spokesman said the state prosecutor has not decided on seeking a writ of certiorari from the U.S. Supreme Court. If the 9th Circuit ruling stands, Kesser will get a new trial.

Lawsuit Challenges Use Of Federal Aid For Bible-Based Counseling (NYT)

By Neela Banerjee

The New York Times, September 13, 2006

A group called Americans United for Separation of Church and State filed suit yesterday to block federal financing for an organization that provides marriage counseling based on the Bible.

The lawsuit is another challenge to the Bush administration's efforts to channel money for social services to religious organizations. While religious groups are not barred from getting public money, such financing can only be used for secular purposes, not "worship, religious instruction or proselytization," according to government guidelines.

Americans United, a watchdog group based in Washington, D.C., filed the lawsuit in Federal District Court in Tacoma, Wash., on behalf of 13 state residents. They object to federal funds being used to support the Northwest Marriage Institute, which states in its newsletter that it offers "Bible-based premarital and marriage counseling." The institute, in Vancouver, Wash., received $97,750 in federal grants in 2005 from the Department of Health and Human Services.

The lawsuit argued that the institute uses federal funds for religious purposes, including developing materials with religious content, buying equipment for use in religiously based programming and paying part of the salaries of employees who do Bible-based counseling.

"This program trains people in how to make their marriages conform to one narrow interpretation of faith," said the Rev. Barry W. Lynn, executive director of Americans United, in a written statement. "The federal government has no business forcing the taxpayer to subsidize that."

A spokesman for the Health and Human Services Department declined to comment on the suit, saying that the agency generally does not comment on pending lawsuits.

Bob Whiddon Jr., director of the Northwest Marriage Institute, said he had not yet seen the lawsuit.

But he said that the grants were meant to strengthen his organization by paying for consultants to improve its business practices and to buy equipment, not for programs.

"The grants say that I'm allowed to do things that will allow me to increase the capacity of my organization to serve the community," Dr. Whiddon said in a telephone interview. "None of what we do with the money is for religious purposes."

The administration has failed to provide clear guidelines about what federal funds can be used for, said Robert W. Tuttle, a law professor at George Washington University who is an expert on religion-based initiatives.

The government instructs organizations broadly that they are prohibited from using funds for religious purposes. But, he said, it does not answer the seemingly small, yet sometimes critical, questions that could occur in daily practice.

For example, could software or an LCD projector bought with federal money be used for religious purposes? Or is it acceptable to give federal money to improve the management practices of an obviously religious organization like the Northwest Marriage Institute, when those changes would affect both its secular work and religious mission?

"The government studiously avoids clearing up these questions because it doesn't want to discourage people from applying and look hostile to faith groups," Professor Tuttle said. "I honestly don't think it would discourage people. Instead, it would give them a good sense of how to avoid being sued."

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ANTITRUST:

Drug Maker Fires Chief Of 5 Years (NYT)

By Stephanie Saul

The New York Times, September 13, 2006

The troubled five-year term of Peter R. Dolan as chief executive of the drug maker Bristol-Myers Squibb ended yesterday when the board dismissed him over the mishandling of a patent dispute involving the company's blockbuster drug, Plavix.

Mr. Dolan, 50, was replaced with an interim chief, James M. Cornelius, a Bristol-Myers director. Mr. Cornelius had recently served as the interim chief executive of the medical device maker Guidant and was a crucial player in its agreement to be acquired earlier this year by Boston Scientific.

Although the Bristol-Myers board said it would mount a search for a permanent chief executive, Mr. Cornelius's interim appointment increased speculation on Wall Street that the company might become an acquisition candidate.

In a conference call with reporters yesterday, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company. But he said the preservation of the Plavix franchise was the company's main objective. Bristol markets Plavix in a partnership with Sanofi-Aventis of France.

Plavix, used by millions of people to fight blood clots, is the company's best-selling drug, with sales in the United States of $3.5 billion last year. "I can tell you that our priority No. 1 is Plavix, Plavix, Plavix, and we intend to vigorously defend our patent rights," Mr. Robinson said yesterday.

A trial is scheduled for next January over a patent challenge by Apotex, the Canadian generic drug maker with which Bristol-Myers had tried to reach an out-of-court settlement this year. Missteps in those negotiations led to Apotex's undermining Bristol-Myers's Plavix franchise by flooding the market with a cheaper generic version of the drug.

Although a judge subsequently ordered a stop to those shipments, the millions of dollars worth of the generic drug already on the market forced Bristol-Myers to lower its earnings forecast for this year by as much as 25 percent.

Accusations that Bristol-Myers tried to hide details of the negotiations from government antitrust reviewers resulted in a Justice Department investigation that included an F.B.I. search of Mr. Dolan's office in late July.

Mr. Dolan was not available for comment yesterday. Mr. Robinson said that the interim chief, Mr. Cornelius, was well suited to the task because of his extensive experience in health care companies. Besides his role at Guidant, he is a former chief financial officer for the drug maker Eli Lilly & Company, where he worked for 28 years.

Mr. Cornelius, 62, said he was happy to serve as interim chief, but would not be a candidate for the job on a permanent basis.

The board's removal of Mr. Dolan followed a meeting Monday night at the headquarters in Manhattan, convened by Mr. Robinson. With Mr. Dolan absent, a court-appointed overseer recommended that he be fired for his handling of the Plavix negotiations with Apotex.

Yesterday, the company declined to provide details about the objections raised by the overseer, Frederick B. Lacey, a former federal judge. But Bristol-Myers did say that there had been no finding by Mr. Lacey that the company or its employees had broken the law.

And it said that Mr. Lacey did not accuse the company of violating the terms of a deferred prosecution agreement it entered last year with the Justice Department in an unrelated accounting scandal.

Mr. Lacey, who declined yesterday to discuss the matter, is monitoring the company's behavior under the terms of that Justice Department agreement, which the company entered into in the hope of avoiding a criminal indictment. Under such agreements, companies are expected to be model corporate citizens in their dealings with regulators and their disclosures to investors. And court-authorized overseers like Mr. Lacey have broad powers to monitor the company's activities.

On Mr. Lacey's recommendation, the board also fired Richard K. Willard, a former chief of the Justice Department's civil division who was hired as chief counsel last October. Mr. Willard's role in the Plavix case is not publicly known. He could not be reached for comment yesterday.

Mr. Robinson said yesterday that the board had been reviewing the company's management for weeks, hinting that Mr. Lacey's recommendation merely hastened the departure of the chief executive.

"We gave a good deal of consideration over the past few weeks to what would be in the best interest of the company in terms of its leadership going forward and concluded that it was time for change," Mr. Robinson said.

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Mr. Robinson said that Mr. Dolan was “not fired for cause” — meaning not for wrongdoing or for neglect of his duties. That means Mr. Dolan will probably be eligible for a severance package, the details of which Mr. Robinson said had not been worked out.

Shares of Bristol rose 93 cents, to $24.32 yesterday. But the shares are off nearly 60 percent since Mr. Dolan became chief executive in 2001.

Speculation among financial analysts turned to the question of who might succeed Mr. Dolan, as well as a possible acquisition of the company. At 50, Mr. Dolan had expected to remain in charge of the company for years and had not groomed a successor.

“My sense is that they’re going to have to go outside,” said Jami Rubin, a pharmaceutical analyst with Morgan Stanley. Ms. Rubin suggested that Christine Poon, the vice chairman for Johnson & Johnson, who spent 15 years at Bristol-Myers, would be a strong candidate for the job.

In a note to investors yesterday, Friedman, Billings, Ramsey said that Mr. Dolan’s ouster increased the chances of a takeover of the company, which analysts said might fetch $35 a share. Friedman, Billings noted that Mr. Cornelius, the interim chief, acted as Guidant’s chief during its purchase by Boston Scientific.

Friedman, Billings analysts said that the most likely suitors for Bristol-Myers would be Pfizer, AstraZeneca, GlaxoSmithKline or Novartis.

While declining to address takeover speculation, Mr. Robinson, the board chairman, did acknowledge that the effort to settle the patent dispute with Apotex had been a mistake.

Hoping to protect the Plavix franchise until shortly before the patent expires in 2011, Bristol-Myers had twice this year reached a tentative settlement that in part would have involved paying Apotex to wait on the sidelines.

As a way to bring Apotex back to the negotiating table after regulators rejected the first version of the agreement, Bristol-Myers made unusually generous concessions that would go into effect only if regulators again rejected the deal.

One was the agreement not to seek triple financial damages, as would be Bristol-Myers’s and Sanofi’s right, if Apotex started selling its drug but eventually lost the patent case in court. The other concession was to wait five days after Apotex started shipping its drug before seeking a court’s injunction against those shipments.

“I think that in hindsight, maybe we shouldn’t have negotiated in the first place,’’ Mr. Robinson said, “because we were negotiating in good faith. I’m not sure that was reciprocated.”

That was an apparent reference to the company’s claims that it was misled by Bernard C. Sherman, the chief executive of Apotex. In court, a lawyer for Sanofi-Aventis and Bristol-Myers has argued that the accusations that started the Justice Department investigation were contrived by Mr. Sherman to scuttle the settlement deal — and to begin the concessions that enabled Apotex to start shipping the generic Plavix.

Mr. Sherman, in an e-mail message yesterday, called the accusation “nonsensical.”

Bristol-Myers Ousts Its Chief At Monitor's Urging (WP)

By Brooke A. Masters

The Washington Post, September 13, 2006

NEW YORK, Sept. 12 -- Drugmaker Bristol-Myers Squibb Co. pushed out its chief executive, Peter R. Dolan, on Tuesday at the urging of a federal monitor who was looking into how top management dealt with generic competition for Plavix, its top-selling heart drug.

Bristol's board announced the departure of Dolan, its chief executive since 2001, and general counsel Richard K. Willard one day after the company's independent directors met with the monitor, Frederick B. Lacey, and Christopher J. Christie, the U.S. attorney for New Jersey.

The New York firm has been operating since last year under a deferred prosecution agreement with Christie that resolved an earlier, unrelated accounting scandal by requiring it to stay out of trouble for two years and allowing Lacey, a former judge, to call for management changes, as he did Monday night.

Bristol Chairman James D. Robinson III said in a conference call that the board unanimously agreed that Dolan had to go. Neither he, Lacey nor Christie would describe specifically what concerned Lacey enough to recommend Dolan's termination.

Although Bristol could have tried to negotiate to keep Dolan, the board chose not to because the Plavix situation and other "failures have caused a loss of confidence," Robinson said. "It was time for a change."

The board temporarily replaced Dolan with James M. Cornelius, a Bristol director and a former chief executive of medical-equipment manufacturer Guidant Corp., where he served in a similar capacity after a scandal there in 2004.

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Dolan's ouster is one of the highest-profile management changes at a company operating under a deferred prosecution agreement. Prosecutors often seek new management as part of such settlements -- Bristol named an independent chairman as part of its initial deal -- but subsequent changes are far less common.

Christie's spokesman, Michael Drewniak, said that the U.S. attorney "was fully supportive of Judge Lacey's recommendations" for management change but noted that "there was no finding of a violation of the [agreement] or criminal wrongdoing."

The Plavix issue arose earlier this year after Bristol attempted to strike a deal with Apotex Inc. to keep its competing generic version of the blood-thinning drug off the market until 2011. State attorneys general rejected the deal as anti-competitive, and the Justice Department has opened an antitrust investigation separate from Christie's probe.

Apotex put its product on sale this summer, and it quickly captured 75 percent of the market; Bristol sued for patent infringement and won a preliminary injunction halting further production, but the judge declined to recall the generic medicine already on the market. The case is to be heard in January.

Robinson, Bristol's chairman, said the firm's outside counsel had assured the board Monday night that it had "no reason to believe there was anything unlawful done by anyone at Bristol-Myers Squibb" in connection with the Apotex agreement.

The Plavix dispute is not related to the accounting problems that first got Bristol in trouble. In that case, Bristol was accused of pushing an excess amount of its products on its distributors, a process known as "channel-stuffing." The firm paid $300 million in restitution and agreed to two years of monitoring by Lacey, who has attended board meetings and made quarterly reports to Christie.

Lacey declined via e-mail to comment on his work as monitor. His intervention at Bristol comes as deferred prosecution agreements are becoming far more common.

Once a tool aimed primarily at keeping individual offenders on the straight and narrow, these agreements are now being used to resolve corporate cases in which government investigators think they have found serious wrongdoing but worry that a criminal indictment could put a large public company out of business.

Last month, the brokerage arm of insurance giant Prudential Financial Inc. signed a deferred prosecution agreement to resolve allegations that brokers in its Boston office helped big investors evade rules against short-term trading of mutual funds. Computer Associates International Inc., now known as CA, entered into a similar deal after its top executives were accused of criminal accounting fraud.

"The law on the books is so wooden. Prosecutors had a choice between prosecuting [entire corporations] for the sins of their employees and companies getting off scot-free," said Fordham University law professor Daniel Richman. Deferred prosecutions "really have created a third choice," he said.

Legal analysts said the leadership change at Bristol shows that prosecutors are serious about keeping the pressure on companies that have engaged in wrongdoing. "I see it as encouraging that we have monitors who are doing what they are supposed to do, which is rolling heads," said James D. Cox, a law professor at Duke University.

Although some analysts raised concern that federal prosecutors were getting involved in corporate governance, Samuel W. Buell, a law professor at Washington University in St. Louis, pointed out that when corporations are convicted of crimes -- as opposed to entering into a deferred prosecution agreement -- probation and monitoring are almost always part of the resulting sentence.

Robinson said Bristol's board had not discussed a severance package for Dolan, whose departure he described as "involuntary."

Cornelius, a former Eli Lilly & Co. executive who helped Guidant through a regulatory inquiry into malfunctioning heart defillibrators and a bumpy merger with Boston Scientific Corp., was upbeat on the conference call with reporters. "Our financial strength here at Bristol-Myers Squibb is outstanding," he said. "The new product pipeline is one of the best in the future that I've ever seen."

The stock market greeted the leadership change with enthusiasm. Bristol-Myers shares, which have lost more than half their value during Dolan's five-year tenure, closed at $24.32, up 93 cents, or nearly 4 percent.

Bristol-Myers Chief Quits After Bungling Plavix Deal (Update4) (BLOOM)

By Lisa Rapaport And David Voreacos

Bloomberg, September 13, 2006

Sept. 12 (Bloomberg) -- Bristol-Myers Squibb Co. Chief Executive Officer Peter Dolan quit after bungling an agreement to keep a generic version of the drugmaker's top-selling heart pill Plavix off the market.

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Dolan, 50, and General Counsel Richard Willard stepped down after a court-appointed monitor last night told the Bristol-Myers board they should be fired. The monitor, former U.S. Judge Frederick Lacey, was probing corporate governance issues related to a patent accord on Plavix, Bristol-Myers's biggest-selling product, the company said today in a statement.

James Cornelius, the former chairman and interim chief executive officer of the medical device maker Guidant Corp., was appointed to replace Dolan while the board searches for a successor. Dolan, who is staying on as an adviser, didn't have an obvious heir apparent within the company, analysts said.

``The board simply didn't have a choice," said Les Funtleyder, an analyst with Miller Tabak & Co. in New York, in an interview. ``It became obvious that his presence at Bristol was not constructive to the stock or the company, and it was actually more of a distraction than a help."

Shares of New York-based Bristol-Myers rose 59 cents, or 2.5 percent, to $23.98 at 1:03 p.m. in New York Stock Exchange composite trading. Since Dolan took over as CEO, Bristol-Myers's stock has lost 56 percent of its value.

``The positive response we see in the stock is related to the board listening" to shareholder requests for a change in the company's management, said Anthony Butler, an analyst with Lehman Brothers in New York, in an interview today.

Five-Year Run

Dolan's departure concludes a five-year run as CEO marked by missteps. U.S. prosecutors investigated payments Bristol-Myers made to wholesalers between 1999 and mid-2002 that encouraged drug distributors to buy more medicine than they could sell, a practice called channel stuffing.

To settle the probe, Bristol-Myers last year accepted a deferred prosecution agreement with Christopher Christie, U.S. attorney for New Jersey, giving Lacey the power to require that the company take ``any steps he believes are necessary" to comply with the accord. Under the settlement, Dolan gave up his position as chairman, and the company paid $300 million to resolve the matter.

Dolan in March made a deal with Canada's Apotex Inc. to delay generic competition for Plavix, a drug widely used to prevent heart attacks and strokes that generated $6.3 billion in revenue last year. The accord was rejected by U.S. state attorneys general, clearing the way for Apotex last month to sell cheaper copies of the product five years before the patent's expiration. Apotex claimed in court papers that part of the agreement was secret.

Christie Comments

Lacey and Christie ``made no finding that the company violated the deferred prosecution agreement," Christie said today in an interview. Lacey had been looking into corporate governance issues related to the Plavix agreement, he said, declining to elaborate.

Christie said he wouldn't discuss why Lacey recommended Dolan's firing, a conclusion that he said he supported. Under the deferred prosecution agreement, the board was required to follow Lacey's recommendations and could appeal only to Christie, giving him the final say.

The company also said that Lacey and Christie's inquiry ``did not involve any matters" subject to the Justice Department's antitrust investigation of the Plavix agreement. The Federal Bureau of Investigation raided Dolan's office July 26 searching for documents and e-mails that might show he deceived U.S. antitrust enforcers about the accord.

Bristol-Myers's settlement to avoid prosecution for channel stuffing included a promise that the company ``will at all times strive for openness and transparency in its public reporting and disclosures."

Plavix Situation `a Disaster'

``The last three months, this whole Plavix situation has just been a disaster, and it just reminds people of the troubles and the lack of leadership that were more in the forefront two or three years ago," said Patrick Kaser, portfolio manager at Brandywine Asset Management in Philadelphia, in an interview. ``The board probably is happy that someone actually gave them cover on this."

Willard will be replaced on an interim basis by Sandra Leung, vice president and corporate secretary, Bristol-Myers said. Leung will be advised by board member Louis J. Freeh, the former director of the FBI and a former U.S. judge, the company said.

Cornelius's ``extensive experience in the health-care arena will be critical in ensuring a smooth transition of leadership of this great company," said James D. Robinson, Bristol-Myers's chairman, who is the former chief executive officer of American Express Co., in a statement.

Robinson's Comment

``I also want to express my deep appreciation and respect for Peter for his unyielding commitment to our company's mission, values and purpose," Robinson said. He said Dolan executed ``a successful strategy that has put Bristol-Myers Squibb squarely on a path toward growth and leadership for the future."

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Bristol-Myers and its marketing partner Sanofi-Aventis SA of Paris had sued Weston, Ontario-based Apotex, arguing that they have exclusive marketing rights to sell Plavix until a patent expires in 2011. Apotex received U.S. Food and Drug Administration approval earlier this to sell a generic version. Bristol-Myers and Sanofi made the deal delaying competition to settle the lawsuit and keep Apotex from selling its copies while the patent case was pending.

Lehman analyst Butler said Karen Katen, the former Pfizer Inc. vice chairman, and Christine Poon, a former president of pharmaceuticals at Bristol-Myers who is now a Johnson & Johnson vice chairman, may be in the running to succeed Dolan.

To contact the reporter on this story: Lisa Rapaport in New York at Lrapaport1@bloomberg.net

Bristol-Myers Fires CEO And Counsel (AP)

By Wallace Witkowski

AP, September 13, 2006

NEW YORK - Bristol-Myers Squibb Co. yesterday ousted Peter R. Dolan as chief executive officer at the urging of a federal monitor, who found that the drugmaker's patent deal with a generic competitor violated an agreement with prosecutors. In an apparent move to reassure investors, it also decided to maintain its substantial dividend.

Several analysts and investors had speculated whether the board would keep its 28-cent-a-share dividend given its recent lowered earnings forecast as sales of its best-selling drug, Plavix, tumbled because of earlier-than-expected competition from a cheaper generic pill.

"The board opted to hold onto the status quo to recognize the loyalty of investors," said Friedman Billings Ramsey analyst David Moskowitz, who had earlier speculated that the board might cut the dividend by as much as 25 percent to conserve cash. "The ridding of Dolan sends a strong message that the board was listening to investors."

Earlier in the day, Bristol-Myers ousted Dolan after five years as CEO and said its general counsel, Richard K. Willard, would leave the company.

Those moves came a day after a federal monitor recommended at a board meeting that the company fire both Dolan and Willard. Dolan has been CEO since 2001, and Willard was appointed general counsel in October.

The company named board member James M. Cornelius as interim CEO effectively immediately to replace Dolan.

Cornelius served as chairman of the board and interim CEO at medical-device maker Guidant Corp. from September 2004 through April 2006, after decades at drugmaker Eli Lilly & Co.

Sandra Leung, the company's corporate secretary, was named interim general counsel, and will be aided by former FBI Director Louis J. Freeh, a board member and former general counsel.

The board formed a special committee to fill the positions permanently.

The dividend is payable Nov. 1 to shareholders of record as of Oct. 6. The board also forecast a full-year dividend of $1.12 per share.

Bristol-Myers Squibb shares rose 93 cents, or 3.98 percent, to close at $24.32 on the New York Stock Exchange. Before yesterday's rally, the stock had lost 11 percent since hitting its 52-week high of $26.14 on July 25.

The company confirmed reports that Judge Frederick B. Lacey recommended the firings, and that Christopher J. Christie, U.S. attorney for New Jersey, concurred. Both Lacey and Christie attended a meeting of the board late Monday.

Lacey was appointed monitor of the company in June 2005 after Bristol-Myers settled federal charges for an accounting scandal that ended up costing the company $800 million. Under the agreement, charges would be dropped against the company if it met certain standards until 2007.

The apparent last straw was Dolan's and Willard's conduct stemming from a failed agreement between Sanofi-Aventis, Bristol-Myers' partner for the drug Plavix, and Canadian drugmaker Apotex Inc. to keep a lower-priced generic version of the best-selling blood thinner off the market.

The agreement soured when state attorneys general refused to sign off on it.

As a result, Apotex launched its generic version in early August, and quickly grabbed about 75 percent of new prescriptions. Plavix is the second-best-selling drug in the world, with annual sales of about $5.9 billion.

The Plavix agreement also fell under a federal criminal investigation, leading FBI agents to raid Bristol-Myers' offices, including Dolan's, in New York. In the meantime, a judge halted further sales of Apotex's generic version of Plavix but declined to order a recall, leading some to believe that there could be generic product on the market well into 2007.

Some Wall Street analysts had insisted the board cut its losses now and fire Dolan, believing that the Plavix agreement was not an isolated incident. Critics also point to the accounting scandal, expensive investments in drugs like ImClone Systems Inc.'s Erbitux cancer drug, and failed pipeline drugs like the blood-pressure medication Vanlev and diabetes treatment Pargluva.

Plavix deal undoes CEO Dolan

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Yesterday's ouster of Peter R. Dolan as CEO of Bristol-Myers Squibb Co. was the culmination of a series of missteps, including the mishandling of its top-selling drug, a blood thinner called Plavix:

1998: Plavix is launched.

May 2001: Dolan is named CEO of the New York-based drug company.

June 15, 2005: Bristol-Myers agrees to pay $300 million to settle federal charges that it offered wholesalers incentives to stockpile products in a scheme called "channel stuffing." Two former executives are indicted for their role in the scandal. Under its deferred prosecution agreement, all charges would be dropped

if the company met certain standards until 2007.

March 21, 2006: Bristol-Myers and Sanofi-Aventis, co-marketers of Plavix, agree to pay Apotex Inc. at least $40 million in a deal under which the Canadian generic drug company ends its challenge of the patents protecting Plavix. The drug generated global sales

of $5.9 billion in 2005. The deal, which needs regulatory approvals, would prohibit Apotex from selling a generic version until 2011.

June 25: The companies announce they have modified the agreement

in response to concerns raised by the Federal Trade Commission and various state attorneys general.

July 27: Bristol-Myers says

it is the subject of a

criminal antitrust probe

over its proposed

settlement with Apotex.

July 28: State attorneys general refuse to grant antitrust clearance to the settlement. The Wall Street Journal reports that FBI agents raided Dolan's office July 26.

Aug. 8: Apotex launches its generic version.

Aug. 17: Bristol-Myers says

it has hired former federal prosecutor Mary Jo White

to investigate what went wrong with the Apotex agreement. In a separate development, Apotex claims in court papers that it had

a "side agreement" with Bristol-Myers and Sanofi-Aventis that involved delaying the sale of generic Plavix. Bristol-Myers says its ongoing internal investigation has found no evidence

of unlawful conduct.

Aug. 31: Federal court in New York orders Apotex to halt sales of it's generic blood thinner.

Sept. 11: Former federal judge Frederick B. Lacey, who monitors the deferred prosecution agreement, recommends that the Bristol-Myers board terminate Dolan and Richard K. Willard, its general counsel.

Yesterday: Dolan and Willard quit. James M. Cornelius, former chairman of Guidant Corp., is named interim CEO.

Drug Giant Opens Door To Suitors After Firing Chief (NSL)

By GEORGE E. JORDAN, Star-Ledger Staff

Newark Star-Ledger (NJ), September 13, 2006

Bristol-Myers ousts Dolan, then suggests it will consider proposals

First they fired the CEO.

Then they said openly for the first time they would consider selling the company.

And if that happens to Bristol-Myers Squibb, another name in the pantheon of drug giants that dominated the New Jersey economy could disappear.

The board of the pharmaceutical giant -- with some 6,000 workers in New Brunswick and Princeton -- ended weeks of speculation yesterday and fired chief executive Peter Dolan.

Then, in a startling move for a company that likes to play things close to the vest, board chairman James Robinson suggested the company could go on the block.

"We will deal with any bona fide proposal that anyone wants to make in an orderly and professional manner," Robinson said in a conference call with reporters last night. Robinson declined to comment further on talk of a possible takeover.

Dolan's ouster sent shares of Bristol-Myers up nearly 4 percent and prompted widespread debate on Wall Street about whether and when the company would become a takeover target.

In recent years, Warner-Lambert and Pharmacia were gobbled up by Pfizer, and Aventis was taken over by the French company Sanofi, now known as Sanofi Aventis. All three were based in New Jersey.

Dolan, at 50 one of the youngest Fortune 500 CEOs, was fired for blunders that allowed a competitor to flood the market with generic copies of Bristol-Myers' biggest-selling drug.

The company's board also said it may take the extraordinary step of denying severance pay to Dolan, who had won praise for his drug-development efforts but stumbled badly during a five-year tenure that included a series of costly lawsuits, regulatory probes and criminal investigations.

"This was an involuntary departure," said Robinson, the former American Express chief executive who is now Bristol-Myers chairman.

He added: "We haven't dealt with" Dolan's severance, which under the terms of his contract could include more than $13 million in cash and other benefits.

In a move to calm shareholders, the board voted to hold steady the company's cherished annual dividend of $1.12 a share, which appeared in danger last week when Bristol-Myers forecast dramatically lower earnings due to a sharp drop in sales of Plavix, its popular heart medication.

Some Wall Street analysts said Bristol-Myers' latest predicament could increase the likelihood of a takeover by another big drugmaker. Several European pharmaceutical companies have long coveted Bristol's stable of cancer drugs and its product pipeline, with several biotechnology drugs under development.

Others industry analysts predicted the company's board would now dig in its heels, hire a well-respected chief executive and refocus the company on specialty treatments for cancer and HIV, much like a biotechnology company.

"I think this business is not broken," said Anthony Butler, a pharmaceutical analyst with Lehman Brothers. "I think it can and should continue to grow."

Based in New York, Bristol-Myers is one of New Jersey's largest employers, with some 6,000 workers at facilities around Princeton and New Brunswick.

Investors cheered the change in the executive suite, driving up the value of Bristol-Myers shares to $24.32, the highest level since July.

In announcing Dolan's immediate departure, the company named James Cornelius, a member of Bristol-Myers' board and former chairman of the medical device maker Guidant Corp., as interim chief executive pending a search for a permanent successor. As CEO of Guidant, Cornelius orchestrated its sale to Boston Scientific.

Dolan's ouster came a day after a federal monitor recommended his removal and the ouster of general counsel Richard Willard over their handling of negotiations with Apotex, a Canadian drugmaker that last month launched generic copies of Plavix. Earlier in the year, Bristol-Myers struck a deal to pay Apotex a reported $40 million to keep the copy off the market until its patent on Plavix expired in 2011, but the deal fell apart when the U.S. Justice Department opened an investigation into the companies' dealings.

The monitor, former U.S. Judge Frederick Lacey, had been appointed last year to oversee the company after Bristol-Myers admitted to wrongdoing in a $2 billion accounting scandal and agreed to pay $300 million to avoid criminal prosecution.

Bristol-Myers said yesterday Lacey is still probing corporate governance issues related to Bristol's accord with Apotex.

Robinson said: "In hindsight, maybe we shouldn't have negotiated in the first place, because we negotiated in good faith. A deal was cut. We thought as revised it stood a very good change to be approved by the authorities. It was not. Since then, we have gone about our business and fought very hard."

Lacey's position on Dolan and Willard was supported by U.S. Attorney Christopher Christie, who led the probe into the accounting scandal and negotiated the "deferred prosecution" agreement with Bristol-Myers.

Under last year's agreement, Bristol-Myers pleaded guilty to securities fraud. It had been accused of encouraging drug distributors to buy more medicine than they could sell -- a practice called channel stuffing -- between 1999 and mid-2002 in order to mislead investors about its net earnings.

Under the deferred prosecution deal, Robinson said yesterday, Bristol-Myers' board had no choice but to fire Dolan and Willard because their ouster had the backing of the U.S. Attorney's Office.

Christie, who attended Lacey's briefing, could not be reached for comment.

His spokesman, Michael Drewniak, said news accounts incorrectly reported Bristol-Myers violated the terms of its deferred prosecution agreement, which requires quarterly reports from Lacey and regular meetings between prosecutors and Bristol-Myers executives.

"There was no finding of any violation," Drewniak said.

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US Drugs Group Seen As Takeover Target After Chief Ousted (TIMES)

By James Doran, in New York

London Times, September 13, 2006

THE chief executive and senior lawyer of Bristol-Myers Squibb were ousted from the troubled drug-maker yesterday as speculation mounted that the $48 billion company could become the target of a bid.

Peter Dolan, the chief executive for five years, was forced to resign, after Frederick Lacey, a federal monitor put in place to make sure the drug company complied with legal orders made last year, pushed for his resignation.

Mr Lacey recommended to a special session of the company's board that it get rid of Mr Dolan and Richard Willard, Bristol-Myer's general counsel, because of their role in a scheme to keep cheap generic versions of one of the company's drugs off the market. US drug manufacturers must allow generic, or unbranded, versions of their products to be manufactured after a certain period. The practice is a boon for consumers, but can have a crippling effect on drug companies, which often rely on just one or two big-name drugs to drive profits growth.

Analysts were quick to pounce on the latest unsettling news from Bristol-Myers with claims that the company is more vulnerable than ever to a hostile takeover bid from one of its rivals. Industry sources said European pharmaceutical companies like Sanofi-Aventis, Schering-Plough and AstraZeneca could be interested.

Under Mr Dolan's five-year stewardship Bristol-Myers has lurched from crisis to crisis and the shares have lost almost 60 per cent of their value.

Last year the US Attorney in New Jersey forced the company to comply with a deferred prosecution agreement after an investigation into $2.5 billion worth of "channel stuffing" — a practice that involves overloading wholesalers with drugs to meet quarterly sales targets. The company also paid $300 million to settle the claims. In 2001, soon after Mr Dolan became chief executive, he was forced to relinquish the role of chairman when authorities began an accounting inquiry that led to Bristol-Myers spending more than $800 million to settle lawsuits and government inquiries.

He was also criticised for spending as much as $2 billion to buy Erbitux, a controversial colon cancer medication made by ImClone.

But his final error was to become embroiled in a convoluted deal with Apotex, a small Canadian drug maker that was set to make a generic version of Plavix — Bristol's leading blood- thinning drug. Mr Dolan offered to pay Apotex tens of millions of dollars to delay the start of its generic Plavix manufacturing plans. But the deal fell through and is now the subject of a federal criminal investigation for possible antitrust violations.

Bristol-Myers CEO And GC Resign In Midst Of Federal Probe (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 13, 2006

Bristol-Myers Squibb's CEO Peter Dolan and General Counsel Richard Willard resigned Tuesday, spurred by the recommendations of a federal monitor, after the company came perilously close to violating a deferred-prosecution agreement entered last year.

Bristol-Myers director James Cornelius was appointed interim CEO of the New York-based pharmaceutical and health care products company, and Sandra Leung, vice president and corporate secretary, was named interim general counsel. Former FBI director Louis Freeh, now a Bristol-Myers director, was appointed as Leung's adviser.

Bristol-Myers has had to answer to monitor Frederick Lacey, a former federal judge, since last year when it signed a deferred-prosecution agreement with U.S. Attorney for New Jersey Christopher Christie in the face of a prosecution on conspiracy and securities-fraud charges. The company has extensive research facilities located in New Jersey.

The agreement was the outgrowth of a three-year investigation into a "channel stuffing" scheme by which the company, during 2000 and 2001, allegedly used financial inducements to get wholesale distributors to accept unnecessarily high levels of inventory shipments, thereby artificially pumping up quarterly sales results.

The June 2005 accord meant that Bristol-Meyers could avoid further federal litigation if it kept its nose clean. But under Dolan's and Willard's watch, the Department of Justice's antitrust division began probing the company's agreement to pay at least $40 million to a Canadian competitor, Apotex Inc., to delay putting its generic version of Bristol-Myers' blood thinner Plavix on the market.

Bristol-Myers spokesman Jeffrey Macdonald said he was unable to comment on the reasons behind the decision to remove Dolan and Willard.

In a prepared statement announcing the personnel changes, Bristol-Myers noted that the federal monitor and Christie did not find any violation of the deferred prosecution agreement.

The company further stated that outside counsel Debevoise & Plimpton, which is conducting an investigation relating to the Plavix transaction, found no evidence to conclude that Bristol-Meyers or any of its employees acted unlawfully.

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But the question of possible impropriety appears to have led Lacey, the federal monitor, to recommend -- at a Sept. 11 Bristol-Meyers board meeting that Christie and outside counsel Debevoise & Plimpton attended -- that Dolan and Willard resign. And under a deferred-prosecution agreement, the monitor's recommendation generally carries the force of an order, say securities lawyers.

The company also said, in its prepared statement, that the board meeting had nothing to do with the ongoing Justice Department antitrust investigation.

Stock analysts had been clamoring for Dolan's ouster due to product-related missteps and the channel-stuffing investigation. Wall Street reacted favorably to the moves. Bristol-Myers shares were at $24.20 near the close of trading, up 85 cents for the day.

Mary Jo White of Debevoise & Plimpton and Kenneth Conboy of Latham & Watkins, each of New York City, are currently advising the Bristol-Myers board. White, the former U.S. Attorney in Manhattan, also advised the company on its deferred-prosecution agreement with the government. Conboy is a former federal judge in Manhattan.

Board Chairman James Robinson III will head a committee to search for a new CEO. Dolan has agreed to assist in the transition to the new leadership.

Willard worked in the Department of Justice from 1981 to 1988, at one time serving as assistant attorney general in charge of the civil division.

As part of the deferred-prosecution agreement, Bristol-Myers agreed to pay $300 million into a shareholders compensation fund, in addition to $539 million it had already paid out to settle shareholder lawsuits filed in district court and elsewhere.

The company also agreed to endow a chair at Seton Hall University School of Law in Newark, N.J., focused on business ethics and corporate governance.

DFW Airport Enlists Help In Wright Amendment Fight (AP)

By David Koenig, AP Business Writer

AP, September 13, 2006

GRAPEVINE, Texas — Supporters of legislation to shrink Dallas Love Field and bar long flights there for eight more years have enlisted help in countering the charge that their proposal violates antitrust laws.

Four experts in antitrust law, including two former Federal Trade Commission members, wrote to congressional leaders last week to say the restrictions are part of a necessary compromise to end a decades-long fight over Love Field.

The proposed legislation, they said, "will be far better for airline competition and consumers than the regime that prevails today — and that will continue to prevail if the legislation does not pass."

The letter was released Tuesday by officials of Dallas-Fort Worth International Airport. It was signed by former FTC members Thomas B. Leary and Christine Varney, and two other private antitrust lawyers, Harry M. Reasoner of Vinson & Elkins LLP and Janet L. McDavid of Hogan & Hartson LLP.

Reasoner's law firm works for the city of Dallas and Southwest Airlines Co., and the other three work for a firm that represents Dallas-Fort Worth International Airport — all supporters of the legislation.

The letter was intended to blunt a letter written two weeks ago by nine university antitrust experts, who criticized the DFW bill pending in Congress, saying it could lead to higher fares and less service for travelers.

The criticism by the academics followed the leak of an unsigned memo from the Justice Department's antitrust division, which said the bill would violate antitrust laws. The department, however, has not taken an official position.

The bill was introduced by Sen. Kay Bailey Hutchison, R-Texas, and modeled on a deal cut by AMR Corp.'s American Airlines, Southwest Airlines, DFW Airport and the cities of Dallas and Fort Worth. It would eventually repeal a 1979 law called the Wright Amendment.

Despite its powerful backers, the bill's fate is in doubt, partly because key lawmakers object to provisions designed to protect the deal from legal challenges.

Hutchison escorted Dallas Mayor Laura Miller on a lobbying tour of Capitol Hill offices Tuesday.

Critics complain that the bill would preserve restrictions on long flights at Love Field for eight more years and that Love Field would shrink from 32 gates to 20 gates, which could block other airlines from competing with incumbents American, Southwest and Continental Airlines Inc.

JetBlue Airways Corp., has said it would be interested in serving Love Field, near downtown Dallas, but not the more remote DFW Airport.

The Consumer Federation of America and Consumers Union called the DFW bill "anti-competitive and anti-consumer." The owners of six unused Love Field gates have financed studies designed to undercut the bill, claiming that continuing limits at the Dallas airport would hurt the city's economy.

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Leary and Reasoner, the pro-deal lawyers, said critics of the DFW-American-Southwest bill were naive in holding out for immediate repeal of Love Field flight limits.

"It's unrealistic to compare the world under the compromise legislation with the world that would exist if the Wright Amendment were repealed outright because that repeal, as explained to me, is just not going to happen," Leary said.

Associated Press Writer Suzanne Gamboa in Washington contributed to this report.

Texans Working Overtime On Wright (DMN)

By Sudeep Reddy And Robert Dodge, The Dallas Morning News

The Dallas Morning News, September 13, 2006

WASHINGTON – With time quickly ticking off a short calendar, Texas lawmakers worked into the evening Tuesday to address antitrust concerns and save their effort to lift the Wright amendment.

DMN file The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co.

Sens. Kay Bailey Hutchison and John Cornyn, along with House members from Texas and Dallas Mayor Laura Miller, lobbied legislators across Capitol Hill throughout the day.

"We're all begging, pleading, cajoling – doing anything we can to address their concerns," Mr. Cornyn said.

The legislation to end flight restrictions at Dallas Love Field is scheduled to go before the House Judiciary Committee today. The meeting will give lawmakers on the panel a chance to amend the bill before the committee's authority runs out on Friday.

Officials from North Texas feared that the committee's chairman, Rep. James Sensenbrenner, R-Wis., would try to strip provisions protecting the agreement from antitrust challenges.

"At one time, those were deal breakers," said Rep. Kenny Marchant, R-Coppell. "I don't know if they are now or not."

The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co.

The deal would repeal the Wright law in 2014 and allow immediate one-stop flights anywhere in the U.S. through any of the nine states inside the Wright perimeter. It would also reduce the number of gates to 20 from 32 to compensate for an expected increase in noise and traffic.

The gate reduction has driven concerns about competition from key House and Senate committees.

The House Judiciary Committee planned to consider the Wright bill last week but ran out of time.

The five parties have agreed to remove the antitrust exemption and replace it with other protective language, but it's been unclear whether that would satisfy Mr. Sensenbrenner.

Lawmakers have several options if the committee does strip the antitrust protections from the legislation today. House members could try to reinstate the provisions on the House floor or let the bill die with the hope of a Senate version moving ahead.

Ms. Hutchison, Ms. Miller and other officials from North Texas pressed their case Tuesday evening with Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee.

The message, Ms. Miller said, was that consumers would be better off under the deal.

"The reason we did this compromise was to promote competition, not to curtail competition," she said. "The sooner we can get the bill passed, the lower the airfares will be."

Ms. Miller met throughout the day with other supporters. Rep. James Oberstar, D-Minn., who co-sponsored the legislation, said existing law requiring a competition plan for the airport would address concerns that have been raised.

The mayor did not get meetings with two key detractors of the legislation – Mr. Sensenbrenner and Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee.

But Mr. Specter said later that he and all the parties were trying to construct language to clear the bill without further hearings.

"We want to be cooperative," he said. "We just want to be sure that it does not impact the antitrust laws."

After the meeting, Ms. Miller and lawyers representing the parties huddled with Senate staffers outside Mr. Specter's office to devise new language that would get the legislation through.

The two Texas senators planned to meet today with Mr. Leahy, whose concerns have slowed the effort on the Senate side. Both said they were hopeful that others would see the merits of the compromise.

"It is taking a very anticompetitive situation and replacing it with a much more competitive situation," Ms. Hutchison said. "It isn't what you would write if you were starting from scratch, but we're not."

As the parties continued negotiations, lawyers traded fire over the antitrust issue.

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Attorneys representing the parties to the June agreement fired off a letter to key lawmakers Tuesday, saying the deal strikes a balance between competition and environmental concerns.

"The antitrust objections to the proposed legislation ... ignore practical realities, including the very real concerns of congestion and air and noise pollution," the letter said.

They were responding to an Aug. 29 letter written by nine law professors that said the deal forecloses full competition and will cost North Texas consumers more in higher airfares.

In a conference call with reporters, the attorneys who wrote the latest letter said they agreed with the law professors "in the abstract" about competition but said other issues must be considered.

"These policy choices must also take into account environmental considerations, community concerns and previous decisions and commitments," they wrote.

The authors of the new letter were described as "respected antitrust experts" by D/FW. And while they have antitrust credentials, they also have clients with an interest in seeing the deal approved by Congress.

Several of the attorneys work at Hogan & Hartson, a law firm that represents D/FW. One of them, Thomas Leary, said he offered his opinion without knowing that D/FW was a client of the firm.

Also signing the letter was Harry Reasoner, an attorney at Vinson & Elkins, which represents the city of Dallas and Southwest.

FCC Chief Appears To Aim For AT&T-BellSouth Vote In Fall (MRKTWTCH)

By Siobhan Hughes

Market Watch, September 13, 2006

WASHINGTON (MarketWatch) -- Federal Communications Commission Chairman Kevin Martin on Tuesday appeared to suggest that he is hoping to vote over the next month or so on whether to approve AT&T Inc.'s (T) purchase of BellSouth Corp. (BLS).

Federal regulators in late April commenced a review of the transaction, which was valued at $67 billion when it was announced. The FCC generally tries to approve transactions six months after beginning its review.

"We have an informal clock of 180 days that we try to act on, and I think that 180-day clock runs sometime this fall, the end of October," said Martin after testifying before the Senate Commerce Committee. "We always have a goal of trying to act within 180 days."

The Justice Department hasn't yet approved the merger. Traditionally, the FCC waits to act until the Justice Department had completed its own review. The FCC meets in two weeks and again on Oct. 12.

Martin still faces questions about whether he will be able to count on both Republican colleagues on the five-member commission. FCC Commissioner Robert McDowell on Tuesday reiterated he may be recused from voting, given that his former employer opposes the merger. McDowell would be a crucial swing vote because the two Democrats may favor imposing conditions that don't fit in with Martin's largely hands-off approach.

"No final determination has been made," McDowell told reporters after the Senate hearing. "We'll be recused until we have to make a final" decision, McDowell said. He said he hasn't been meeting with either AT&T or BellSouth representatives regarding their merger.

AT&T, the largest U.S. phone company, in March announced plans to buy BellSouth in a transaction that would give AT&T sole control of Cingular Wireless, the biggest U.S. wireless operator.

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Microsoft Debates Vista Security With EU (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, September 13, 2006

Regulators warn of possible violations of antitrust laws

European regulators warned Tuesday that Microsoft's addition of security programs to Windows Vista may run afoul of antitrust laws and increase risks for consumers long term by endangering other companies that protect against online threats.

Microsoft called the programs important security features and said it hopes the European Commission doesn't require them to be removed from Windows Vista in Europe.

The back-and-forth comes less than a week after Microsoft said antitrust questions not yet answered by the commission could force the company to delay the European release of Windows Vista, the upcoming version of its biggest product.

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"We want to launch Windows Vista in a fully lawful manner, and we want to avoid regulatory decisions that could increase security risks for European consumers," Erich Andersen, Microsoft associate general counsel said, in a statement from the company Tuesday.

Regulators want to make sure Microsoft doesn't use its dominant PC operating system to give its other programs unfair advantage over rival programs by using Windows as a distribution mechanism. Vista's built-in anti-spyware protections and Windows Security Center software are among the programs discussed in letters between Microsoft and the commission.

At a news briefing Tuesday in Brussels, Belgium, commission spokesman Jonathan Todd didn't identify the specific security programs that would cross the line.

He said the commission understands Microsoft's desire to improve the underlying security of Windows. Microsoft has been trying to reduce the programming bugs that have made the operating system vulnerable.

But Todd said Microsoft could hurt the existing market for PC security software by offering its own security products free inside Vista. A variety of companies sell anti-spyware, Internet firewalls and other programs to protect PCs from online threats.

"If Microsoft were to foreclose these markets by bundling its own security products into its own operating system, less diversity and innovation would ultimately harm consumers through reduced choice and higher security risks," he said in a webcast of the briefing.

Microsoft has included anti-spyware programs in Windows Vista but is selling anti-virus protection separately, as part of its Windows Live OneCare service.

Windows Security Center is the central program in Vista for monitoring the status of protections, such as firewall and anti-virus programs. Microsoft says it made changes in the program, in response to questions from the commission, to make sure it's neutral in the way it presents and works with security software from Microsoft and others.

Another potential antitrust sticking point is Microsoft's inclusion of its data-protecting BitLocker drive encryption technologies in two high-end Windows versions, known as Enterprise and Ultimate. That may complicate matters for existing vendors of encryption technologies.

But the fact that BitLocker isn't included in Windows Vista Business Edition could strengthen Microsoft's argument on that point, by leaving more of the market for other encryption technologies, said industry analyst Roger Kay, president of Endpoint Technologies Associates.

In most cases, the company appears to have "gone at least far enough and maybe bent over backward" to address the commission's concerns, Kay said.

But Microsoft's inclusion of new security capabilities in Windows Vista could put smaller security software companies out of business or force them to make adjustments, said Joe Wilcox, a Jupiter Research analyst.

"If you look at Microsoft's entrance into other markets, it's like an atom bomb going off," Wilcox said. "There are few companies that survive the fallout."

Security software company Symantec Corp., the company behind the Norton brand, has answered questions raised by the European Commission but hasn't lodged any complaints over Microsoft's inclusion of its own security programs in Windows Vista, said Chris Paden, a Symantec spokesman.

"We're not worried about it from an anti-competitive point of view right now, because we know we can outinnovate them, and we know we can outexecute them," Paden said of Microsoft.

Commission spokesman Todd reiterated Tuesday that the agency is willing to give Microsoft antitrust guidance. But he added that "it is not up to the commission to tell Microsoft definitively the precise form that Vista should take before it's put on the market in Europe."

Security is just one of the potential antitrust trouble spots in Windows Vista that Microsoft and the European Commission have been discussing. Microsoft says it wants to resolve the open antitrust questions prior to Windows Vista's release, scheduled for November for businesses and January for consumers.

P-I reporter Todd Bishop can be reached at 206-448-8221 or toddbishop@seattlepi.com.

Lawsuit Against Microsoft Set For Court (AP-YBIZ)

By David Pitt, Ap Business Writer

AP, September 13, 2006

Iowa Buyers of Microsoft Products Alerted to Class-Action Rights

DES MOINES, Iowa (AP) -- One of the last remaining consumer class-action antitrust lawsuits filed against Microsoft Corp. in a state court is set to go to trial in November, and the company's co-founder and chairman is on the witness list to testify.

That doesn't mean Bill Gates will end up in the witness chair in Polk County District Court defending his company's business plan, but it's a possibility.

The lawsuit against Microsoft has made its way to the Iowa Supreme Court three times and unlike those in most states, which have been either settled or dismissed, it is scheduled for trial on Nov. 13.

Attorneys expect the trial to last six months.

Des Moines attorney Roxanne Conlin said Tuesday her experts have estimated that individuals and businesses have been overcharged as much as $453 million for Microsoft products in the last 12 years because a lack of competition has inflated the cost of the company's products.

In Iowa, about 5.1 million licenses for Microsoft Windows have been issued, 1.8 million for Office, 446,373 for Word and about 21,349 for Excel.

The average consumer overcharge ranges from $10.50 for buyers of Word to $56.99 to those who purchased Excel, Conlin said.

Many customers may have purchased more than one version in 12 years, Conlin said, so they could be eligible for multiples of those amounts.

Conlin said class members include all those who bought the following in Iowa from May 18, 1994, through June 30, 2006: Microsoft Windows, MS-DOS, Word, Excel, or Office software, or a personal computer on which this software was already installed.

"Class members do not have to do anything to be included in the class and there is no cost to be a member of the class," Conlin said.

Customers in Microsoft's database have been notified by mail or e-mail that they are part of the class-action case, Conlin said.

Microsoft denies that consumers were injured and said that computer users have benefited from the company's efforts to improve its products.

"The merits of the case will be determined in a lengthy trial that will begin in November," Microsoft attorney Rich Wallis said Tuesday. "We're looking forward to being in Iowa and having the opportunity to address these claims and defend our business model of selling high quality software at fair and reasonable prices."

One of the reasons Iowa continues to fight Microsoft in court is that Conlin has refused to accept a settlement in which Microsoft would offer vouchers for computer products.

"I don't think Iowans want coupons," she said. "I think if they were charged too much money and that's what a jury decides, then they should get their money back, not a coupon."

The case claims Microsoft violated Iowa's antitrust laws and harmed customers by illegally overcharging for its software, by denying class members free choice in software products and the benefits of software innovation, and by making computers increasingly susceptible to security breaches.

Microsoft initially faced 206 class-action lawsuits across the United States. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts.

Most were dismissed or settled for vouchers.

Cases in Iowa and Mississippi are among a handful that remain.

District court officials sent a court-ordered notice to known class members in Iowa by mail and e-mail, a required step in class-action cases.

Anyone in the class may chose to exclude themselves from the case but must do so by mail or e-mail by Nov. 13, Conlin said.

On the Net: Microsoft Corp. http://www.microsoft.com

Department of Justice, U.S. vs Microsoft: http://www.usdoj.gov/atr/cases/ms--index.htmdistrict

MAN May Target Its Rival Scania With Takover Bid (WSJ)

By Jason Singer And Stephen Power

The Wall Street Journal, September 13, 2006

German truck maker MAN AG is considering a bid for Swedish rival Scania AB, a potential move to consolidate the European market for heavy commercial vehicles and diesel engines, according to people close to the matter.

Scania, of Sodertalje, Sweden, has a market value of about $9.6 billion. It isn't clear if Scania would be receptive to any approach, these people said. A MAN spokesman didn't return calls seeking comment. A Scania spokesman couldn't be reached for comment.

Munich-based MAN has been looking for acquisition targets after restructuring its business to focus on commercial vehicles, diesel engines, turbines for the energy industry, and services such as logistics, Chief Executive Hakan Samuelsson

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said in a recent interview. Mr. Samuelsson, a Swede, spent 23 years at Scania before joining MAN in 2000 to turn around the German company.

Scania operates with one of the global industry's highest profit margins. The high-quality vehicles Scania produces for premium prices have made it known as the Porsche of the truck business among people in the industry.

German car maker Volkswagen AG holds about 34% of Scania, and 29% is owned by Swedish holding company Investor AB and foundations run by the Wallenberg family. VW Chief Executive Bernd Pischetsrieder is chairman of Scania's board. A VW spokesman said there has been no agreement with MAN over a sale of VW's Scania stake.

Scania's shares were suspended from trading yesterday after a report in a Swedish newspaper said MAN was about to make a takeover bid. Scania's shares leapt 9.3% to 389.50 Swedish kronor ($53.32) before the trading halt. In the first half of this year, Scania reported net income of 2.83 billion kronor ($387.4 million) on revenue of 35.22 billion kronor.

Makers of trucks used to haul heavy cargo typically see their fortunes closely follow the swings in the global economy, and many have benefited from globalization. European goods such as appliances increasingly arrive at ports from Asian manufacturers and are trucked to wholesalers and retailers across the Continent.

MAN reported a 37% increase in operating profit in 2005 to €765 million ($971.7 million) from €557 million a year earlier, with sales rising 5% to €14.7 billion.

ENVIRONMENT:

Environmentalists, GOP At Odds Over Hunting On Calif. Island (WP)

By Juliet Eilperin

The Washington Post, September 13, 2006

A House GOP bid to continue big-game hunting in a national park on a California island is angering environmentalists and parks officials, who say preserving the nonnative deer and elk herds for hunters will further damage the delicate habitat.

House Armed Services Committee Chairman Duncan Hunter (R-Calif.) is seeking to maintain the hunting preserve as part of a defense authorization bill, arguing that disabled and paralyzed veterans should be able to hunt there. That would overturn a legal agreement, signed by the National Park Service eight years ago, to eliminate deer and elk from Santa Rosa Island by 2011.

Hunter, who came up with the idea while driving down the California coast with a group of Iraq veterans, said it could "provide wonderful outdoor activities for those American veterans who have protected our freedom." The House has adopted the language, but the Senate passed a resolution opposing it. Lawmakers must reconcile if they hope to pass the defense bill before adjourning for the election.

The dispute over Santa Rosa, part of the Channel Islands chain, reflects the obstacles to restoring native ecosystems.

Game animals that ranchers introduced to the 54,000-acre island more than a century ago, along with cattle and pigs, have consumed local plants and encroached on native animals. The deer and elk have attracted golden eagles, which in turn prey on the endangered island foxes. Parks officials are now trying to save the foxes, whose population has dwindled from several thousand to a few hundred, along with eight threatened or endangered plant species.

When federal officials bought the islands in 1986 for $29.5 million from the last private landowners, Vail & Vickers Ltd., they banished the cattle and pigs but allowed the former owners to conduct regular hunts in an effort to gradually rid Santa Rosa of the deer and elk.

As a result, Santa Rosa is mostly closed to the public more than four months a year so a few dozen hunters can shoot deer and elk. Hunters pay the Vail family up to $17,000 each.

Hunter's measure would require the interior and defense secretaries to make hunting available to paralyzed and disabled veterans and block the herds' impending extermination. Hunter's spokesman, Joe Kasper, said the congressman hopes to allow veterans "to hunt on Santa Rosa at little or no cost." There are currently about 1,100 deer and elk on Santa Rosa, said Jim Youngson, a spokesman for Vail & Vickers.

Rep. Lois Capps (D-Calif.), who represents Santa Rosa, called the proposal "outrageous."

"This is not about veterans," she said. "It's about letting a private enterprise continue on a national park at a cost to the taxpayers."

In a recent letter to Capps, Hunter wrote that "hikers, bikers and others can enjoy their activities while disabled veterans hunt." But Capps said the provision amounts to "kicking the public out of public land."

House and Senate negotiators are set to begin negotiations over the defense bill this week.

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Paralyzed Veterans of America also opposes the measure. In late July, its chief lobbyist, Douglas K. Vollmer, wrote to Congress highlighting several obstacles to Hunter's proposal, including the cost of hunting and the logistics of getting to and from the island.

"While PVA applauds the efforts of Chairman Duncan Hunter to open hunting and outdoor venues for our members, other disabled veterans and current service members," Vollmer wrote, "we have come to the conclusion that the Santa Rosa Island initiative is not viable."

National Park Service Deputy Director Stephen P. Martin testified before the Senate in May that the deer and elk must be removed for "native plants and animals to flourish on Santa Rosa Island."

"There's no question when you introduce large herbivores to a place . . . they have an array of impacts," he said in an interview. "It's really important to move forward on the course we're on."

Youngson said the former owners have not taken a position on Hunter's proposal but would like the herds to remain.

"They're not advocating for commercial hunting to continue after 2011," Youngson said. "They don't want to see the animals, and this is their word, 'slaughtered.' In the ranching families' opinion, this is their home. They don't believe they damage the environment."

FBI/DEA/ATF/USMS:

FBI Agent Accused Of Hiding Relationship With Female Felon (NSDY/AP)

Long Island Newsday, September 13, 2006

NEW YORK (AP) _ A former FBI agent pleaded guilty Tuesday to false-statement charges after he was accused of concealing his relationship with a Colombian illegal immigrant so she could stay in this country following a drug arrest.

The agent, Ronald LeBlanc, 45, of Dania Beach, Fla., entered the plea before U.S. District Judge Richard C. Casey in Manhattan, admitting he failed to disclose the nature of his relationship with the woman, with whom he was intimately involved.

LeBlanc was accused of making false claims, providing misleading information and concealing important facts to secure a visa for the woman, a cooperating witness.

At his plea, he also admitted making false statements regarding the substance of the information the woman provided to law enforcement.

LeBlanc faces a maximum of five years in prison when he is sentenced Dec. 20.

LeBlanc met the woman in the summer of 1999 while working on a squad investigating South American drug trafficking and money laundering organizations.

He registered her in November 1999 as a cooperating witness and acted as her supervising agent, an indictment said. The woman had pleaded guilty to a drug charge after she was arrested by FBI agents in Massachusetts in November 1998, when she and two others went to a warehouse to receive about 50 kilograms of cocaine.

The woman moved to New York in February 1999 after she was released from custody on the Massachusetts charges. She faced deportation because her cooperation was not enough to win her special consideration.

The woman moved to Miami in December 1999, and LeBlanc transferred to the Miami office in November 2000.

The indictment accused LeBlanc of trying to help the woman stay in the country by making false claims in 2001 about her cooperation in connection with Colombian nationals she knew who were suspects in three killings. One involved Donald Pagani Sr., a retired police detective who was fatally shot during an armed robbery of a meat company in the Bronx.

Federal prosecutors alleged that despite LeBlanc's claims the woman never assisted authorities with any proactive attempts to locate the fugitives in the killings before they were captured in Colombia in December 1999.

City Briefs (NYDN)

New York Daily News, September 13, 2006

Cops stormed a West Village tattoo parlor yesterday and charged the owner with supplying fake IDs to underage clubgoers, sources said.

Mohammed Fayyaz, 38, of Floral Park, L.I., who runs Village Body Arts, Tattoos and Piercings on W. 14th St., was charged with identity theft and criminal possession of stolen property.

Fayyaz charged $50 to $100 for fake driver's licenses, which contained real bar codes with stolen personal information, cops said.

Michael White

Ex-agent aided drug mule

DOJ_NMG_0062445

A former FBI agent yesterday admitting lying about his too-cozy relationship with a Colombian drug mule and her help in solving several U.S. murders.

Ronald LeBlanc, 45, pleaded guilty in Manhattan Federal Court to making false statements on the woman's S-visa application, which is awarded to foreigners who help solve crimes. LeBlanc, of Dania Beach, Fla., faces up to five years in prison when he is sentenced Dec. 20. He became intimately involved with the unidentified woman in 1999.

Thomas Zambito

Qns. teen guilty in slaying

A Queens teen slumped into his lawyer's arms as he was convicted yesterday of stabbing to death a 20-year-old man outside a Forest Hills movie theater on Christmas Eve 2004.

Pierre Arias, now 17, looked dazed while more than two dozen friends and relatives of victim Davey Adames broke into cheers and tears.

Adames was stabbed during a fight that broke out after a showing of "Meet the Fockers." Arias faces up to 15 years to life in prison.

Scott Shifrel

Pervert gets 15 years

A pedophile was sentenced to a 15-year prison term yesterday for sexually abusing two young boys in Manhattan.

Pedro Torres, 36, an unemployed Queens mechanic, admitted to police that he routinely surfed the Internet to find his victims. Detectives suspect he also assaulted boys in New Jersey, Massachusetts, Virginia, Pennsylvania and Georgia.

Barbara Ross

His boast means 20 to life

A Bronx man who savagely slashed the throat of an off-duty correction officer outside a bar 16 years ago - and returned to the tavern more than a decade later to brag about it - was sentenced yesterday to 20 years to life in prison.

Robert Nazario killed Scott Barker, 26, on Feb. 23, 1990, outside Sully's Bar on Eastchester Road.

Chrisena Coleman

Panel Advises Cutting Salaries At Agency (AP)

By Kevin Freking, Associated Press Writer

AP, September 13, 2006

White House employees who oversee the war on drugs could be in for a huge pay cut next year.

Salaries and expenses at the Office of National Drug Control Policy would fall from $26.6 million to $11.5 million under the recommendation of the Senate Appropriations Committee. The director of the office, John Walters, earns $183,500. There are 111 full-time employees at the agency.

The committee's explanation: The reductions are designed to "more closely reflect actual performance."

The committee also called for independent studies and documents such as travel records, salaries and contracts. Its frustration is spelled out in an appropriations bill that funds transportation, housing and various federal agencies. The full Senate has yet to take up the bill, but the committee passed it in late July.

The legislation states that the committee's staff must make numerous inquiries before they can get information from the drug policy office. Plus, the office has prevented directors of various programs from meeting with the committee.

"This kind of unresponsiveness ... results in an unnecessary waste of time and energy," the bill states. "Numerous follow-up communications are required in almost every instance."

A spokeswoman for the White House office said Tuesday that it has streamlined communications to be more responsive to lawmakers.

"The good news here is the agency is accomplishing its mission. Teen drug use is down, and I think members of the Hill understand that and appreciate that," said Jennifer de Vallance, spokeswoman for the drug policy office. "Based on conversations our legislative affairs staff has had with staff members on the Hill, we're confident that the funds are going to be restored."

A spokesman for Sen. Kit Bond, R-Mo., who chairs the subcommittee with oversight over the drug office, did not indicate everything is now OK.

"Unfortunately, this has been a long-term problem," said spokesman Rob Ostrander. "The agency has a record of being unresponsive to committee staff. We hope that changes, because at the end of the day we need to ensure taxpayers' money is being spent wisely."

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In recent months, disagreement between the administration and several lawmakers has flared concerning the High-Intensity Drug Trafficking Program, which gives additional money to communities with chronic illicit drug sales. That could be contributing to lawmakers' frustration with the agency.

The administration wants the $225 million program transferred to the Department of Justice. Many lawmakers oppose the transfer for fear the program would become less of a priority.

The committee recommended an increase in funding to $227 million. President Bush recommended a cut to $208 million: "This program is an important function of ONDCP and should not be transferred," appropriators said.

Besides cutting salaries, lawmakers said they would request funding for a study by the National Academy of Public Administration. They also ordered a Government Accountability Office study on the distribution of grants. Plus, they directed Walters to provide quarterly updates on travel expenditures, staffing levels and plans for future hirings.

Last week, Walters and other federal officials announced a drop in drug use among young teens in 2005, the third consecutive drop for that age group. "Twelve to 17 year olds are signaling a positive change in behavior that is strong, broad, continuing and affecting both males and females," he said at the National Press Club.

Lawmakers outside the appropriations committee have also complained about the agency's responsiveness. Sen. Joseph Biden, D-Del., took to the Senate floor last week and singled out Walters for criticism: "Under him, the office operates like an ivory tower rather than the command center for our national drug control policy," Biden said.

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On the Net:

Senate Appropriations Committee: http://appropriations.senate.gov/

National Office of Drug Control Policy: http://www.whitehousedrugpolicy.gov

Federal Inmate Accused Of Directing L.A. Drug Sales (LAT)

By Joe Mozingo And Richard Winton

The Los Angeles Times, September 13, 2006

Inmate controlled sales in L.A. neighborhoods using hidden messages, U.S. prosecutors say.

Sending hidden messages in letters from his cell at Colorado's "Supermax" prison, a kingpin of the 18th Street gang controlled an elaborate drug operation on the streets west of downtown Los Angeles, federal prosecutors charged Tuesday.

The indictment of 18 members of the gang capped a four-year investigation by a task force of Los Angeles Police Department detectives and FBI agents that used wiretaps, undercover surveillance and inside sources.

They say its members directed the drug trade in some of the city's most crime-troubled neighborhoods, including the Westlake district, Pico-Union and part of Koreatown.

Authorities said they were surprised by the sophisticated hierarchy that they discovered when infiltrating the gang. They described it as being more akin to the Cosa Nostra than a traditional Latino street gang.

"This is very businesslike," Assistant U.S. Atty. Bruce Riordan said. "The discipline evolved over the years."

At the top of the chain of command: Ruben "Nite Owl" Castro, 46, a leader of the Mexican Mafia prison gang who authorities said controlled the two cliques of the 18th Street gang targeted in the indictment, the Shatto Park Locos and the Hoover Locos.

Castro allegedly ran the enterprise from the Administrative Maximum facility in Florence, Colo., where he is serving a life term after being convicted on similar gang racketeering charges in 1997.

With the highest level of security in the nation, the Supermax houses Unabomber Theodore Kaczynski, shoe-bomber Richard Reid and 9/11 plotter Zacarias Moussaoui.

Under constant surveillance, Castro had to use cryptic phone conversations and hidden messages to get his directives to his deputies on the streets, who are described in court papers as "shot callers."

At least two letters seized by the FBI were scrawled in thick pencil marks, which when erased revealed tiny messages written with a fine-point pen.

"We have a couple letters with significant messages to the shot callers on how to direct things," Riordan said.

Castro mostly relayed his messages through his girlfriend, Jesusita Ramirez, 62, who served as an intermediary between him and the street lieutenants, prosecutors said.

Letters from prisoners are supposed to be screened by prison officials. But Castro's hidden messages apparently were able to get out of the prison undetected, officials said.

From the same prison, members of the Aryan Nation gang were able to send orders for killings and other crimes using a complicated system of secret codes, according to testimony at a trial in Orange County earlier this year.

DOJ_NMG_0062447

Running Castro's day-to-day operation outside the prison were the shot callers who collected regular "rent" from drug wholesalers and street peddlers, prosecutors allege.

One wholesaler allegedly said that he paid defendant Mervin Nelson Sanchez $1,500 a week to supply dealers in one area.

"Untimely payment of rent to Ruben Castro Organization by a narcotics dealer often resulted in increased rent," according to the indictment, followed by "threatened and actual acts of violence."

Shot callers decided whether the wholesalers and retailers were bringing in enough cash, Riordan said. They told the dealers which wholesalers they had to buy from, and how much per day they had to buy.

When unauthorized dealers moved in, the shot callers gathered weapons to get rid of them, the indictment alleges.

The shot callers didn't have free reign, though, he said; they answered to Castro's girlfriend, Ramirez, who is wanted but still at large.

On one occasion in 2004, according to court documents, she told a shot caller that Castro was angry because drug sales in one neighborhood were down. Castro, she said, believed that the reason was because the shot caller's assistant lived too far from the area, according to court documents.

Much of the estimated half-million dollars a year in proceeds was transferred straight to her, the indictment says, and a small amount went to Castro in prison. Another portion allegedly went to the Mexican Mafia to pay for protection for members of the two 18th Street gang cliques in prison.

Local and federal authorities have been trying for decades to bring down the 18th Street gang, which has about 8,000 members in Los Angeles County alone.

In 2000, federal prosecutors indicted 26 members of the 18th Street clique known as the Columbia Li'l Cycos, which also charged dealers the right to operate.

The group generated hundreds of thousands of dollars in profits, which it plowed into homes in Burbank and El Monte, a restaurant in South Gate and an auto business in Los Angeles. The case resulted in 26 convictions, Riordan said.

The Los Angeles city attorney's office has obtained three different injunctions against the gang's various cliques. Castro was arrested in 1997 along with other gang leaders in what officials said then was an effort to "cut off the head" of the gang.

But the 18th Street gang has seemed to bounce back each time, often with new recruits.

Based on experience, Riordan said, he expects the latest indictment to put the gang out of action for three years in those neighborhoods. But, he said, other members might eventually fight for control of the area.

In addition to Castro, 10 members and associates of the 18th Street gang were indicted on federal racketeering and conspiracy charges of using threats and violence to control the drug trade.

Both the 18th Street gang and its rival, the Mara Salvatrucha, were born among Central American immigrants in the troubled blocks of apartments west of downtown, and have since grown to tens of thousands of members here, in Central America and, increasingly, across the United States and Mexico.

The U.S. Southern Command, based in Miami, has said the gangs pose one of the biggest threats to security in Central America, and authorities are concerned that the acts of extreme violence seen there — beheadings, tortures, a massacre of 28 people on a bus in Honduras — could begin here.

Though the two gangs mostly are disorganized — with no known leadership — there are signs that they are evolving into something more organized. "In El Salvador, eight different cliques got together and performed a kidnapping extortion recently," the FBI's Robert B. Loosle said.

The indictment is the first time that federal authorities have alleged a conspiracy between two cliques.

Riordan said this type of organization and professionalism generally starts in Los Angeles and spreads.

"We are the cradle," he said.

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Alleged Mobster Pulls $1M Bail In Weed Bust (NYDN)

By John Marzulli

New York Daily News, September 13, 2006

A reputed Bonanno crime soldier charged by the feds with supervising a marijuana distribution ring in Queens was ordered held yesterday on $1 million bail.

Bari Mascitti was busted outside a warehouse at 14-33 Astoria Blvd. where Drug Enforcement Administration agents later executed a search warrant and found 120 pounds of marijuana stashed in the building and in a nearby vehicle.

Also seized in the raid were scales, boxes, gloves and an air purifier.

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"We believe a lot more [marijuana] was in play here," said Assistant U.S. Attorney Michael Ramos at a detention hearing for Mascitti in Brooklyn Federal Court yesterday.

Mascitti, 60, was carrying a key chain with a key to the warehouse when he was arrested on Sept. 5, Ramos added.

Although he's not charged with racketeering or membership in the crime family in the criminal complaint, Mascitti "is an active member," according to prosecutors. They said that he was recently observed driving to a casino in Atlantic City with reputed Bonanno soldier Paul Spina, according to court papers.

Mascitti, who is unemployed, was unaware he was under surveillance on Sept. 1 when DEA agents watched him and codefendant Michael Santoro shop at a Staples office supply store for airtight plastic storage bins to keep their marijuana fresh and potent, according to court papers.

Santoro, and co-defendants Craig Buffa, Jason Caccavo and Francisco Quintero were released on bail, but the feds wanted Mascitti held out of fear he might flee or attempt to threaten witnesses.

Magistrate Roanne Mann said she was concerned that Mascitti had violated the terms of supervised release in previous criminal cases, even though his elderly mother had posted her home for bail.

The judge approved a $1 million bond and house arrest, but insisted that Mascitti's three children co-sign the bond.

"If he violates a single condition of release, it will have serious financial consequences, and I want it to hurt significantly," Mann warned defense lawyer Richard Rehbock.

Mascitti faces five years if convicted.

Man Gets 12-year Sentence On Drug Charges (PAPN)

Harrisburg Patriot-News (PA), September 13, 2006

A Harrisburg man was sentenced to 12 years in federal prison on charges of distributing and possessing crack cocaine and nearly 2 kilograms of cocaine, Thomas A. Marino, U.S. Attorney for the Middle District, said Monday.

Percy Harris, 34, was under investigation by the Drug Enforcement Administration since 1998. A search of his home found digital scales, a false-bottom can, $30,000 in cash, about 4 ounces of crack cocaine and the cocaine, Marino said.

Harris also must serve a 3-year term of supervised release. The case was prosecuted by assistant U.S. Attorney Christy H. Fawcett.

Mexican Meth Trade Fills Supply Gap As Local Labs Fade (DMR)

By Jane Norman

Des Moines Register, September 13, 2006

Washington, D.C. - Mom-and-pop meth labs are vanishing from the landscape, but there's been no reduction in the supply of the highly addictive illegal drug that's plagued Iowa, law enforcement experts said at a congressional hearing today.

Law officials told members of the Senate Finance Committee that 80 percent of meth now is manufactured in "super labs" in Mexico and smuggled over the border. Such labs can produce 10 pounds or more of meth in a day.

Large amounts of cash are funneled back to Mexico, through money laundering or in bulk via small banks or casinos. Estimates are that $3.2 billion to $7.2 billion in drug profits wind up in Mexico and Colombia annually.

"In my humble opinion, this is a weapon of mass destruction introduced by Mexican criminal organizations into this country," said Gregory Passic, director of the office of drug interdiction for customs and border protection at the Department of Homeland Security.

A June survey by the National Association of Counties found that meth was considered the No. 1 illegal drug problem for half of counties and it is rapidly moving east from the rural west and Midwest.

Sean McCullough, special agent in charge of the Iowa Division of Narcotics Enforcement, said that tough laws cracking down on meth ingredients approved by Iowa lawmakers have produced a 72 percent reduction in the number of local meth labs.

But McCullough said that even though meth seizures have declined, "Mexican drug trafficking organizations continue to dominate the state's illicit drug trade."

Sen. Charles Grassley, R-Ia., the chairman of the committee, said constituents in his town meetings in Iowa often link the arrival of illegal immigrants in the state to the spreading use of meth.

Joseph Rannazzisi, deputy assistant administrator of the Office of Diversion Control at the Drug Enforcement Administration, said that wherever there is a transient population and migrant workers, it's possible for traffickers to blend more easily into the community.

However, he said both legal and illegal immigrants are used as drug couriers.

Grassley Says Meth Remains A Problem (RADIW)

DOJ_NMG_0062449

By Matt Kelley

Radio Iowa, September 13, 2006

One of Iowa's chief anti-drug agents is testifying this morning (Tuesday) before a Congressional panel about the widening methamphetamine problem. Sean McCullough, Special Agent in Charge of the Iowa Division of Narcotics Enforcement, is appearing before the Senate Finance Committee.

Iowa Senator Chuck Grassley chairs that panel and says despite diligent efforts to thwart meth producers, the drug is still finding its way into the U.S. and Iowa. Grassley says "This summer, a survey taken by the National Association of Counties revealed that meth is considered the number-one illegal drug problem for nearly half of all the counties across America. In Iowa, 79 of our 99 counties said that meth is the number-one problem."

Grassley says while many "mom and pop" meth making operations have been shut down in Iowa, the drug is still arriving here via a drug pipeline from Mexico. Grassley says the purpose of the hearing is to gather testimony about the "changing geography of meth use and production." They'll look at how meth ingredients and drug money are moved, along with the extent and effectiveness of various law agencies on the federal, state and local level.

Grassley says Iowa led the way with its restrictions on meth precursors, forcing drug stores to take more precautions with cold and allergy medications containing pseudoephedrine, a key ingredient in meth. Numerous other states followed Iowa's example, as did the federal government, but Grassley says the benefits were temporary.

Grassley says "Now, of course, filling that void, sophisticated international cartels have come in, dominating meth trafficking." The Washington D.C. hearing was supposed to begin at nine A.M. Central time.

Officials Ask Congress For Meth Help (BILLGAZ)

By Noelle Straub

Billings Gazette, September 13, 2006

WASHINGTON - Congress must provide more funding and encourage better cooperation between law enforcement agencies to combat the methamphetamine problem in Montana, an officer and a tribal leader from the state testified at a Senate hearing Tuesday.

"We are working with decreased funding, limited resources, a growing epidemic and vicious drug-related crimes," said Lt. Dan Springer, commander of the Missouri River Drug Task Force, which is based in Bozeman.

"Methamphetamine hit our area like a freight train, and we have seen nothing but a steady increase in the supply and the demand over the past 10 years," he said.

Springer and Crow Tribal Chairman Carl Venne testified at a hearing of the Senate Finance Committee, on which Montana Sen. Max Baucus is the top-ranking Democrat.

Asked by Baucus what he needed to do a better job, Springer said, "Bodies. The only way work gets done is by people beating the street. And that takes money."

Funds from the federal Byrne Memorial Grant primarily have provided the money for the task force, but that funding has decreased by 62 percent over the past five years, he said. Even getting a third of that back would help add an investigator or two, he said.

That decrease means that the task force, which has nine full-time investigators and covers an area of 17,000 square miles, has been "just maintaining rather than conducting proactive, hard-hitting investigations," he said.

Springer asked for a more stable form of funding that does not keep agencies wondering each year how much money they will receive.

The price of meth in Montana is twice the price of cocaine, prompting an increase in robberies, assaults and other violent crimes by addicts, he said.

Springer also noted that there is no DEA agent within 160 miles of the task force, so that the group must work with those in Billings to take a case to the federal level. Criminals are much more likely to cooperate if they face federal charges, he said.

Venne testified that his reservation is the size of Rhode Island and some nights has only one officer on patrol.

"Meth use on our reservation is at epidemic stages," he said. "Not only on my reservation but all the reservations in Montana."

Venne, who also serves as an advisory council member of the Montana Meth Project, said the three different jurisdictions involved on the reservation - the local Bureau of Indian Affairs, FBI and the county - are not cooperating to battle meth.

"None of them are working together to fight this problem," he said.

"Why don't we fight this together with our resources? ... We need to work together by building bridges and not burning them between communities and between races."

Venne said the agencies should work out memorandums of agreement to be able to cooperate across boundaries.

The BIA, which handles all law enforcement on the reservation, has 14 officers and two investigators, "probably half of what they need," Venne said.

Baucus said that "mom and pop" meth production has decreased since a Montana law required that some drugs, like pseudoephedrine, be kept behind the counter at pharmacies. But he said that production of meth in Mexico has picked up.

"We've got to break the meth supply chain," Baucus said.

U.N. Official Targets Afghan Opium (AP)

By Constant Brand

AP, September 13, 2006

The United Nations urged NATO forces Tuesday to take military action to destroy the opium industry in southern Afghanistan, saying cultivation of the crop is out of control in the embattled Asian country.

U.N. anti-drug chief Antonio Maria Costa said opium production was being used to fund terrorist groups, and that eradicating it was crucial to establishing order in the south.

"In the turbulent southern region, counterinsurgency and counter-narcotics efforts must reinforce each other so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers," Costa said.

He urged NATO countries to give the alliance the mandate and added resources to expand its mission in southern Afghanistan and take action against production of the crop used to make heroin.

"I call on NATO forces to destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders," he said.

Last week, NATO Secretary General Jaap de Hoop Scheffer said it was not planning to play a leading role in the fight against narcotics in Afghanistan, but the alliance has suggested its troops could play a backup role if they had the time and resources to support Afghan forces and police in eradication of the crops.

Costa said his office had met with NATO to discuss the problem, and he met Tuesday with European Union External Relations Commissioner Benita Ferrero-Waldner.

"Its clear the mission of NATO in Afghanistan has evolved into a full-fledged attempt to eradicate Taliban," he said, adding that NATO would find it "very difficult" to defeat Taliban and insurgents in the south unless they cracked down on drug traffickers.

The U.N.'s Office on Drugs and Crime released its annual survey of Afghanistan's poppy crop in Kabul earlier this month, which said opium cultivation rose 59 percent this year to produce a record 6,100 tons of opium — a massive 92 percent of total world supply.

The U.N. agency said only six of Afghanistan's 34 provinces are opium-free. It said some 2.9 million people were involved in growing opium, representing 12.6 percent of the total Afghan population, and that revenue from this year's harvest was predicted to hit more than $3 billion.

"The goal should be to double the number of opium-free provinces next year, and double them again in 2008. That is ambitious, but achievable," Costa said.

He called for increased development aid from international donors such as the European Union to get farmers off their dependency on growing opium. Costa said the aid should be made conditional on commitments by regional political leaders to fight opium cultivation and to curb corruption.

Costa also said the Afghan government should step up policing to bring to justice drug traffickers, seizing their assets such as houses and land. He said Afghan authorities also had to do more to stem the import of chemicals needed to make heroin, and to deter "the flow of volunteers, arms and money for the insurgency."

Costa said legalizing Afghanistan's opium trade was not a solution either. He said the market for opium-made morphine was not lucrative enough, adding that the price of illicit opium was five times that of medical opium.

"There is no magic formula to save Afghanistan," Costa said. "Instead we need to insist on full implementation of the Afghan national drug control strategy, which is based on development, security, law enforcement and good governance."

The EU acknowledged in June that its program to fight the narcotics trade in Afghanistan has not worked. The EU has pumped several hundred million dollars into fighting drugs in Afghanistan.

Ferrero-Waldner said the EU would continue to offer alternative crops for farmers to grow.

Afghanistan's counternarcotics minister, Habibullah Qaderi, said the government suggested farmers be offered big cash crops, such as dates or saffron, which bring them better income than wheat. He also called for international donors to step up efforts to build infrastructure to ensure better transport for farmed goods to market.

Opium production in Afghanistan — centered mainly in the two southern provinces of Helmand and Kandahar, where NATO troops are meeting stiff resistance from Taliban and other insurgents — has boomed since the fall of the Taliban in 2001. Last year, more than 4,500 tons of opium were harvested, about 90 percent of the world supply.

DOJ_NMG_0062451

Afghanistan Will `Haunt' World If Taliban Flourish, Rice Says (BLOOM)

By Ed Johnson

Bloomberg, September 13, 2006

Sept. 13 (Bloomberg) -- Afghanistan will ``come back to haunt us'' unless it becomes a stable democracy, U.S. Secretary of State Condoleezza Rice said, as the North Atlantic Treaty Organization appealed for reinforcements to fight the Taliban.

The international community will pay if it allows the country to become a failed state where Osama bin Laden's al-Qaeda network operates unhindered, Rice said in a speech yesterday, according to the U.S. State Department.

Taliban and al-Qaeda fighters have stepped up attacks in recent weeks as Afghan and international forces try to bring stability to the country's southern provinces. Resistance is stiffer than expected and NATO commanders will hold a conference today to seek about 2,000 extra personnel to reinforce the alliance's existing 19,000 soldiers.

``I am calling for alliance solidarity as some members are carrying more of a burden than others,'' NATO Secretary General Jaap de Hoop Scheffer said yesterday in an interview with the British Broadcasting Corp.

``The military advice is that we need extra forces,'' he said. ``These are political decisions and it is up to the politicians in the capitals to do what they promised to do.''

Foreign ministers from the alliance's 26 member nations will meet in New York next week to discuss NATO's operation in Afghanistan, de Hoop Scheffer added.

Guerrilla War

NATO took over operations in Afghanistan's six southern provinces from the U.S.-led military coalition on July 31 and is trying to bring stability and aid reconstruction.

Rebels loyal to the Taliban regime, which was ousted by a U.S.-led military coalition in 2001, are waging a guerrilla war against the NATO-led International Security Assistance Force, the U.S.-led coalition and Afghan forces.

ISAF says it has killed more than 500 Taliban rebels since it began an offensive in southern Kandahar province, codenamed ``Operation Medusa,'' on Sept. 2. Five Canadian soldiers and a member of the U.S. military embedded with Afghan forces have been killed in 11 days of fighting.

NATO's offensive against the Taliban is critical and the most ``challenging mission'' in its history, Rice said during a visit to Canada yesterday.

``It was the Taliban and their support for al-Qaeda that allowed al-Qaeda to flourish, to become the organization that it did, to plot and to plan and then to launch the attacks of September 11th,'' she said. ``An Afghanistan that does not complete its democratic evolution and become a stable terrorist- fighting state is going to come back to haunt us.''

Biggest Threat

The Taliban have overtaken al-Qaeda as the region's biggest threat, Pakistani President Pervez Musharraf said in an address to the European Parliament's foreign affairs committee yesterday.

``We have to check Talibanization,'' said Musharraf, who has deployed almost 90,000 soldiers on his country's border with Afghanistan to tackle insurgents.

Thirty-seven countries have contributed troops to the ISAF mission. Canada has deployed about 2,000 soldiers, most of them based in Kandahar. The U.K. has 4,900 soldiers in the country, 3,600 of them deployed in the south, mainly in Helmand and Kandahar, and will deploy an extra 900 soldiers later this year, the Defense Ministry said.

Only Latvia has answered NATO's call for reinforcements, offering to increase its presence in Afghanistan from 36 to 56 soldiers, the London-based Times newspaper reported yesterday, citing unidentified military officials in the Afghan capital, Kabul, and unidentified NATO officials.

Bumper Crop

Taliban operations in southern Afghanistan are being funded by money generated from a bumper crop of opium in the region, NATO and UN officials said.

A record 165,000 hectares (407,700 acres) of land were under opium cultivation in Afghanistan in 2006, a 59 percent gain over 2005, the UN Office on Drugs and Crime said earlier this month. In the southern province of Helmand, cultivation rose 162 percent.

NATO forces must ``destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders'' Antonio Maria Costa, the head of UNODC said at a news conference in Brussels yesterday, according to the UN.

The counter-insurgency and counter-narcotics efforts must reinforce each other ``so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers,'' Costa said.

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De Hoop Scheffer rejected Costa's appeal. ``NATO does not have a leading role and does not seek to play one in that fight, important though it is," Agence France-Presse cited him as saying yesterday in Brussels.

Narcotics are going to be ``an albatross around our necks and the Achilles heel in the recovery of Afghanistan" unless the problem is tackled, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 7.

To contact the reporter on this story: Ed Johnson in Sydney at ejohnson28@bloomberg.net .

U.N. Pushes NATO To Curb Afghan Drug Trade (UPI)

United Press International, September 13, 2006

BRUSSELS, Sept. 12 (UPI) -- The head of the U.N. Office on Drugs and Crime is asking NATO to address surges in opium production in the southern regions of Afghanistan.

"I call on NATO forces to destroy the heroin labs, disband the open opium bazaars, attack the opium convoys and bring to justice the big traders," he said Tuesday at a news conference in Brussels. "I invite the coalition to give NATO the mandate and resources required."

Costa cited the 2006 UNODC Annual Opium Survey, released last week, reporting 407,700 acres of opium were under cultivation in Afghanistan, an increase of 59 percent from 2005. A record of about 6,725 tons, up 49 percent from last year, was harvested.

Most of the opium cultivated in Afghanistan is in the southern provinces of Helmand and Kandahar, the U.N. agency said. Of the country's 34 provinces, only six do not produce opium.

The survey also said the number of Afghans involved in the opium industry has increased by almost a third to 2.9 million, 12.6 percent of the total population.

Costa said such mass production of opium can lead to an increase of heroin overdoses.

"Experience shows that massive over-supply of heroin does not lead to lower prices but to higher-purity heroin doses," he said. "I fear that in 2007, once the new crop has reached retail markets, Afghan opium will kill more than the 100,000 people" who recently died.

In addition to an aggressive strategy from NATO, Costa requested increased aid to Afghanistan along with the help of district and provincial leaders in the commitment to curb the growing industry.

ATF Brought In To Assist In Tire Fire Investigation (SANDC)

San Diego Channel, News 10, September 13, 2006

SAN DIEGO -- Federal fire scene detectives joined Tuesday in local investigations into a blaze that raged through an East Village tire shop over the weekend, causing an estimated $3.5 million in damages.

The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives will aid the San Diego Fire-Rescue Department in determining the cause of the conflagration in the 1000 block of Broadway, ATF information officer Susan Raichel said.

Sunday night's blaze at Tire Express forced the evacuation of about 200 people from neighboring Sara Frances Hometel, SDFRD officials said.

It took several dozen firefighters more than three hours to extinguish the main body of the inferno, which caused no serious injuries but left several people suffering from smoke inhalation.

The investigative assistance of the ATF's National Response Team will bring additional expertise and state-of-the-art equipment to the probe, Raichel said.

Four regional components, organized geographically to cover the United States, comprise the squad, which can respond within 24 hours to assist state and local law enforcement or fire service personnel in investigations.

A fleet of response vehicles located throughout the United States provides logistical support, Raichel said.

Man Charged With Bank Fraud, Impersonating Federal Marshal (AP)

AP, September 13, 2006

SALT LAKE CITY (AP) A Salt Lake City man who ran a business called U.S. Marshalls Salvage has been charged with impersonation of a U.S. marshal and bank fraud, the U.S. attorney's office said.

Andrew A. Costa, 41, has no connection to the U.S. Marshals Service. But he is accused of telling people he was a federal marshal and of handing out business cards with a five-point star similar to the U.S. marshal insignia, the U.S. attorney's office said.

Costa used the business cards and other documents containing the star insignia to create the impression he was associated with the federal agency, James Phelps, supervisory deputy of the Salt Lake City office of the Marshals Service, said in an affidavit filed with the complaint last week.

DOJ_NMG_0062453

Costa is accused of carrying out the deception from about January to August and of depositing fraudulently obtained money in a credit union account. He is accused of accepting $22,000 for a truck he had repossessed, Phelps said in court documents.

Bank fraud carries a penalty of up to 30 years in prison and a $1 million fine.

He is also charged with illegal possession of marshal insignia and unlawful use of the marshal name.

Costa could not immediately be reached for comment. There is no telephone listing in his name in the Salt Lake City area.

IMMIGRATION:

Judge Says Immigrant Child Can Stay (FINDLAW/AP)

By Peter Prengaman, Associated Press Writer

AP, September 13, 2006

(AP) - LOS ANGELES-A 10-year-old Salvadoran boy who was apprehended while trying to cross the U.S. border on his own to find his mother can stay in America at least until next summer, an immigration judge ruled Monday.

Judge William Martin's decision means Jonathan Martinez can live with his mother in Inglewood while the family prepares an asylum claim to keep him here, lawyer Julianne Donnelly said. That case is expected to be heard in August.

Donnelly said the family will argue that Jonathan does not have anyone to take care of him in El Salvador, making him susceptible to gangs and violence.

"He would be forced to fend for himself on the streets," Donnelly said.

Jonathan's case illustrates a growing problem with the federal program known as "temporary protective status" under which his mother is staying in the United States. Officials don't know what to do with the thousands of kids from Central America who come to the country illegally to join their parents.

The program provides legal residency to illegal immigrants from El Salvador, Honduras and Nicaragua, all countries that have suffered devastating natural disasters in recent years. The idea is that they can best serve their homelands by working here and sending money home.

But only immigrants in the United States when a program starts - for Salvadorans, after two major earthquakes in 2001 - are eligible. That means children who come later to join parents don't qualify, putting them in a sort of immigration limbo. Many end up being deported.

Jonathan's mother had left him with an aunt in 2000 to illegally immigrate to the U.S. Since 2001, she has had the temporary status.

When the aunt got sick in late 2004, Jonathan said he and a teenage cousin rode buses north for several weeks to reach the U.S. border. The two were separated, and Jonathan was nabbed in the desert trying to cross the Mexico-Arizona border. He has lived with his mother and 3-year-old half sister since then.

The family said the aunt who took care of him has since left El Salvador, his grandparents are too old to take him in and his father disappeared years ago.

"I'm happy because I get to stay," said Jonathan in a phone interview after Monday's hearing. "I didn't want to go back because I would be by myself."

Immigration Proposals (NYT)

By Rachel Swarns

The New York Times, September 13, 2006

House Republicans proposed a series of border security and immigration enforcement strategies, calling for more fencing along the Mexican border, more Border Patrol agents and counterfeit-proof Social Security cards for citizens and immigrants searching for work. The proposals are likely to form the basis for a legislative package House Republicans plan to announce this week. The initiatives are expected to pass the House this month, either attached to other legislation or as a stand-alone bill. House Democrats called the Republican effort political grandstanding in the weeks before the November midterm elections.

GOP Calls 'Elite' Out Of Touch On Immigration (WT)

By Charles Hurt

The Washington Times, September 13, 2006

House Republicans, returning from a month of field hearings on illegal immigration, yesterday warned of a gaping disconnect between American voters and many "elite" lawmakers.

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"I have never seen such a disconnect between the American people and the elite," said Rep. Peter T. King, the New York Republican who chairs the House Homeland Security Committee and held two hearings last month.

Mr. King said securing the border this year is a cornerstone to national security and the war on terrorism. He called for more Border Patrol agents, more detention facilities for captured illegals and more unmanned aerial vehicles to patrol the border.

Testimony by Mr. King and others came during a "forum" yesterday before the Republican Policy Committee at which committee chairmen who held field hearings during the August recess could report their findings to Republican leadership.

Yesterday's packed meeting was yet another rebuke of the Senate immigration reform bill that would grant citizenship rights to about 10 million illegal aliens already in the country. Republicans attacked the Senate bill for granting Social Security benefits to illegals, hampering the ability of local police to detain illegals and requiring the U.S. government to consult with Mexican officials before building a border fence.

Also, House Republican leaders said yesterday's forum would set the stage for a new slate of border-security proposals they hope to pass the House before the November elections.

The Senate, like the majority of Democrats in the House, has refused to approve border-security legislation unless it includes proposals to grant citizenship rights to illegals and create a guest-worker program.

But House Republicans said yesterday, one day after marking the five-year anniversary of the September 11 attacks, that border security is too important to the war on terror to allow it to wait until agreement can be reached on the other components.

"There is a very simple reason why we need border security," said Rep. Peter Hoekstra, the Michigan Republican who chairs the House intelligence committee. "We are a nation at war. We face a very dangerous enemy that is intent on attacking us again."

Rep. Harold Rogers, Kentucky Republican, said legislation approved this year has improved the situation on the border. He noted $21.2 billion in new spending for Border Patrol agents, detention beds and other "border security tools."

As a result, he said, 99 percent of aliens apprehended along the Southwest and northern borders are being detained for deportation, compared with only 34 percent a year ago. Also, agents rounded up 66,000 aliens along the Southwest border in July, 34,000 fewer than in July 2005.

"What you are doing is working and that's having an effect," Mr. Rogers said.

Still, said Rep. Adam H. Putnam, the Florida Republican who chairs the Republican Policy Committee, more needs to be done.

"Our pressing border-security issues before us, however, cannot be delayed," he told his committee yesterday.

House GOP Seeks Tough Border Security (AP-Y)

By Jim Abrams

AP, September 12, 2006

Congress should take tough steps to stop the flow of illegal immigrants, House Republicans agreed Tuesday, while putting off the question of whether undocumented workers already in the country should be given a path toward legal status.

A Republicans-only forum on border security confirmed the House's rejection of the Senate approach of combining enhanced border security with creation of a guest worker program and a means for illegal immigrants to move toward eventual legal status.

"The state of our borders is a security crisis," said House Speaker Dennis Hastert, R-Ill., at the meeting of GOP leaders and committee chairmen. The American people want, he said, "immediate, targeted legislation specifically designed to secure the border, protect our homeland and vigorously enforce our immigration laws."

The purpose of the forum was to share results from some 22 hearings Republicans held in 13 states during the August recess to press the importance of the border security issue. House Republicans initiated the hearings as it became apparent that compromise with the Senate on a more comprehensive bill would be unlikely to clear Congress this year.

Rep. Adam Putnam, R-Fla., chairman of the Republican Policy Committee, is charged with putting together legislation in the coming weeks. It was unclear whether the final product would be a stand-alone bill — which might face strong opposition in the Senate — or be attached to a spending bill that Congress must pass this year.

But House Majority Leader John Boehner, R-Ohio, said at a news conference Tuesday that "we will send President Bush a series of border initiatives this year."

He said that areas that must be addressed include more border patrol agents, additional fencing along the border, stricter enforcement of immigration laws and enhanced state and local law enforcement authority.

House Rules Committee Chairman David Dreier, R-Calif., pushed for efforts to establish a smart, counterfeit-proof Social Security card.

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Rep. Harold Rogers, R-Ky., chairman of the Appropriations subcommittee on homeland security, spoke of a $5.5 billion Homeland Security Department contract to be awarded this fall that would "essentially prevent penetration" within the next five years through a combination of electronic surveillance, unmanned aerial surveillance and patrols.

Bush, while not specifically endorsing the Senate bill, has long advocated changes in immigration policy to create a guest worker program and set up a procedure by which the 11 million to 12 million illegal immigrants in the country can work toward legal status and eventual citizenship.

Democrats dismissed the August hearings as episodes of preaching to the converted and said that, as long as there is a demand for foreign labor, the security-only approach won't work.

"They haven't even told us what they are planning to propose, which shows that this is not a serious legislative thing they are proposing," said Rep. Zoe Lofgren, D-Calif., in a telephone news conference. "This is a political game."

Putnam, while responsible for putting together a border security package, represents an agricultural district in central Florida where there's interest in creating a guest worker program for farm workers.

He is scheduled to attend a rally Wednesday outside the Capitol being staged by farmers, restaurant owners and the Chamber of Commerce in favor of comprehensive immigration legislation.

"While there must be a comprehensive approach to immigration, securing our borders is the first, and most pressing, problem demanding our attention and action," he told the forum.

TAX:

How To Lower Your Tax Bill This Year There's Still Time In 2006 To Exploit Law Changes On 401(k)s, Donations And Energy Conservation (WSJ)

By Tom Herman

The Wall Street Journal, September 13, 2006

Even though 2007 arrives in just a few months, there's still plenty of time to consider tax-saving moves for 2006 -- especially in view of a spate of changes to the tax code.

Among the revisions effective this year are higher limits for 401(k) contributions, a new charitable-giving incentive and new breaks for energy-efficient vehicles and home improvements. These are in addition to perennial year-end techniques such as selling losing stocks. Many taxpayers can also take steps to blunt the impact of other, more onerous changes, such as the expanded "kiddie tax."

"With all the new laws, you've got many new ways to cut your taxes" and soften the blow from other new provisions, says Sidney Kess, a New York lawyer and accountant.

But year-end planning could be tricky for millions of people this year because of continued uncertainty about the fate of several popular tax breaks that expired at the end of last year. Chief among these is a provision allowing people who itemize their deductions to deduct either their state and local income taxes or sales taxes. Unless Congress revives this provision, taxpayers will be able to deduct only their state and local income taxes for 2006. The option to deduct sales taxes, instead of the income taxes, is especially important to people in states with no state income tax, such as Florida, Texas and Washington.

Many lawmakers in both parties want to restore the sales-tax provision. Even so, it's not clear when -- or even whether -- Congress will act because the subject has become ensnared in other, unrelated battles, such as those involving estate-tax cuts and raising the minimum wage.

Here is a look at several changes this year that could affect people's financial plans:

Retirement Savings: The maximum amount that workers under age 50 can contribute to their 401(k)s rose this year to $15,000, under a schedule outlined in a 2001 law. That's up from $14,000 last year. If you're 50 or older at any time this year, you can set aside a total of $20,000, up from $18,000 last year. "Put away as much as you can in your 401(k)," Mr. Kess says.

The maximum amount people under age 50 can put away in an IRA this year remains $4,000. But those 50 or older can put away $5,000, up from $4,500.

Separately, Congress this year approved eliminating the income limit to convert a traditional IRA to a Roth IRA, a change that will be effective starting in 2010. If your income is too high to make a Roth IRA contribution for 2006, "you might want to consider making a nondeductible contribution [to a regular IRA] for 2006 and future years -- looking forward to rolling the account into a Roth IRA starting in 2010," says Mark Luscombe, principal analyst at CCH, a Wolters Kluwer unit. With a Roth IRA, you can't deduct your contributions but the funds grow tax-free and withdrawals may be tax-free, depending on certain rules.

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Charitable Giving: Last month, President Bush signed a law that allows taxpayers who are 70½ or older to give away as much as $100,000 a year from their IRA directly to qualified charities without triggering federal income taxes. Charities expect this change to generate billions of dollars of additional donations.

Here's how it works: In a typical case, a taxpayer can get an exclusion from gross income for otherwise taxable distributions of as much as $100,000 from an IRA -- as long as the money is paid directly to a qualified charity. This money counts toward taxpayers' required minimum distributions for that year. This new break is available only for distributions this year and in 2007.

Some people already have made plans to take advantage of this new break. David Handler, a lawyer at Kirkland & Ellis in Chicago, says a client is moving $100,000 from his IRA this year -- and will do so again next year. The money will go directly to public charities.

Separately, lawmakers changed some rules on deducting gifts of clothing and household items. For contributions made after Aug. 17 this year, you generally can't deduct the value of those items unless they're in "good" condition or better. Congress didn't try to define "good" but the Internal Revenue Service may come up with guidance.

However, there's an important exception: You can still deduct the value of an item that isn't in good condition or better if the amount claimed is more than $500 -- and if you include a qualified appraisal with your tax return.

These new rules apply to household items such as appliances, furniture and linens. They don't apply to items such as paintings and other objects of art or jewelry, which are covered under a different set of rules.

So what's a donor supposed to do? Consider taking photos of significant gifts, accountants say, and keep a detailed inventory of what you donate.

Kiddie Tax: Congress has increased the number of children whose income is subject to their parents' higher tax rate, by raising the age limit. If a child receives dividends, interest and other "unearned income," the first $850 typically is tax free and the next $850 is then taxed at the child's lower rate. Income above $1,700 is subject to the parents' top rate. Previously, the parental rate kicked in only for children under age 14, but now it affects kids under age 18.

Because of this change, upper-income investors should consider investments for their children that generate little or no current taxable income, such as U.S. savings bonds or index funds, Mr. Kess says. Consider avoiding high-yielding corporate bonds, since the interest currently would be taxable as ordinary income.

New Energy Tax Breaks: These include "credits of up to $500 lifetime for energy-efficient improvements to your home," says Mr. Luscombe of CCH. Other incentives apply to eligible solar water heaters and solar electricity equipment, and -- for many taxpayers -- the purchase of hybrid and other alternative-fuel vehicles.

Working Abroad: A new law sharply raises taxes on many Americans living and working abroad. While the impact will vary sharply from country to country, it will be especially painful for many Americans stationed in countries such as Singapore and Hong Kong that have high housing costs and low taxes. If you're affected, ask your employer for help in picking up the extra tab -- which in some cases can easily run to tens of thousands of dollars. * * *

BAUCUS URGES lawmakers to act quickly to extend expired tax breaks.

Montana Sen. Max Baucus, the Senate Finance Committee's ranking Democrat, emphasizes the importance of taking action soon to approve "the extenders," such as the sales-tax deduction.

Millions of taxpayers will be hit with higher taxes unless Congress extends this and other expired provisions. ***

MORE PEOPLE get hit with stiff penalties for delaying tactics or frivolity.

The U.S. Tax Court is authorized to impose a penalty of as much as $25,000 on someone for tactics designed mainly to delay, or for making arguments that clearly are "frivolous or groundless." Frivolity would include arguing that there is no law requiring Americans to pay income taxes, or that "wages" aren't really income, or that paying taxes somehow is voluntary, or that the 16th Amendment to the Constitution wasn't properly ratified. That amendment, enacted in 1913, authorized Congress to impose an income tax.

Although judges have been warning taxpayers for years, many people still haven't gotten the message that judges are losing patience with these and other similar claims.

In a recent case, a Tax Court judge imposed a $25,000 penalty on a California man. * * *

BRIEFS: Reminder: Friday is the deadline for third-quarter estimated tax payments. ... Service to people visiting IRS "taxpayer assistance centers" around the nation showed "improvement" during this year's filing season, says the Treasury Inspector General for Tax Administration (www.tigta.gov). For example, taxpayers received "fewer inaccurate answers" to tax-law questions than in the 2005 filing season.

Email me at taxreport@wsj.com1.

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CONGRESS-ADMINISTRATION:

Bush Tells Group He Sees A 'Third Awakening' (WP)

By Peter Baker

The Washington Post, September 13, 2006

President Bush said yesterday that he senses a "Third Awakening" of religious devotion in the United States that has coincided with the nation's struggle with international terrorists, a war that he depicted as "a confrontation between good and evil."

Bush told a group of conservative journalists that he notices more open expressions of faith among people he meets during his travels, and he suggested that might signal a broader revival similar to other religious movements in history. Bush noted that some of Abraham Lincoln's strongest supporters were religious people "who saw life in terms of good and evil" and who believed that slavery was evil. Many of his own supporters, he said, see the current conflict in similar terms.

"A lot of people in America see this as a confrontation between good and evil, including me," Bush said during a 1 1/2 -hour Oval Office conversation on cultural changes and a battle with terrorists that he sees lasting decades. "There was a stark change between the culture of the '50s and the '60s -- boom -- and I think there's change happening here," he added. "It seems to me that there's a Third Awakening."

The First Great Awakening refers to a wave of Christian fervor in the American colonies from about 1730 to 1760, while the Second Great Awakening is generally believed to have occurred from 1800 to 1830.

Some scholars and writers have debated for years whether a Third Awakening has been taking place, although some identify other awakenings in U.S. history. Bush aides, including Karl Rove, have read Robert William Fogel's "The Fourth Great Awakening and the Future of Egalitarianism."

Bush has been careful discussing the battle with terrorists in religious terms since he had to apologize for using the word "crusade" in 2001. He often stresses that the war is not against Islam but against those who corrupt it. In his comments yesterday, aides said Bush was not casting the war as a religious struggle but was describing American cultural changes in a time of war.

"He's drawing a parallel in terms of a resurgence, in dangerous times, of people going back to their religion," said one aide, who spoke on the condition of anonymity because the session was not open to other journalists. "This is not 'God is on our side' or anything like that."

The White House did not release a transcript of Bush's remarks, but National Review posted highlights on its Web site. On another topic, Bush rejected sending more troops to the Afghanistan-Pakistan border areas to find Osama bin Laden. "One hundred thousand troops there in Pakistan is not the answer. It's someone saying 'Guess what' and then the kinetic action begins," he said, meaning an informer disclosing bin Laden's location.

House May Identify Members Who Earmark Money For Pork Projects (MCT)

By Margaret Talev

McClatchy Newspapers, September 13, 2006

WASHINGTON - The Republican-led House of Representatives will vote this week on two measures that could help reveal who's behind billions of dollars in pork-barrel spending each year.

That could help Republicans appeal to fiscally conservative voters who are frustrated by Congress's runaway spending and threatening to stay home from the polls in November.

Taxpayer-watchdog groups praise the sentiment behind House Majority Leader John Boehner's decision to schedule these votes, but he's being squeezed between lawmakers who are reluctant to cede power and critics who say the legislation doesn't respond forcefully enough to a spate of congressional corruption scandals.

The first measure, approved by the Senate and slated for final House approval on Wednesday, would create a centralized, online search engine for government contracts, making it easier for the public to track who's receiving government dollars and how the money is being spent.

The second, a proposed change to House rules, would identify the lawmakers behind special-interest projects known as "earmarks."

Tens of thousands of earmarks are tucked anonymously into massive spending and tax bills each year. Citizens Against Government Waste identified 13,997 earmarks worth $27.3 billion in appropriations bills last year alone. Critics of pork-barrel politics say that attaching lawmakers' names to earmarks could curb abuses of the process, although lawmakers often trumpet the earmarks they win for projects when they think their constituents or contributors want them.

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Boehner, R-Ohio, said Tuesday that the two measures are a start but don't eliminate the need for more comprehensive lobbying reform after the conviction of ex-Rep. Duke Cunningham, R-Calif., on bribery charges; the Jack Abramoff lobbying scandal that's touched several members of Congress; and a corruption investigation into Rep. William Jefferson, D-La., who's accused of stashing a $90,000 in cash in a freezer.

"If you look at the members who've gotten themselves in trouble, it was over the illicit use of earmarks," Boehner said. "I just think that bringing transparency and accountability to this process is in everyone's best interests."

Some campaign-finance watchdogs consider these proposals a diversion, however.

Tom Schatz, the president of Citizens Against Government Waste, said of the House plans: "It's better than nothing. It should provide a lot more transparency. Whether it means they'll be more accountable and do less remains to be seen."

Lobbying reform legislation has stalled in negotiations between the House and Senate. Critics say neither chamber has gone far enough to cut down on lawmakers' financial relationships with lobbyists.

Details of the House earmark proposal were still changing Tuesday, but there appeared to be some loopholes, especially in identifying lawmakers behind projects in tax and authorization bills, as opposed to appropriations measures.

That drew fire from members of the House Appropriations Committee, who don't want the burden of disclosure to fall disproportionately on them. "We have strong support among our members as long as it applies across the board," said committee spokesman John Scofield.

House Democrats said they wanted to offer an amendment that also would prohibit earmarks which benefit lawmakers' families or lobbyists connected to their political action committees.

It also was unclear to what degree senators would have to disclose their earmarks.

Senators aren't bound by House rules, but once legislation with their earmarks in it reaches the House, then House rules might require their identification.

Sen. Barack Obama, D-Ill., who with Sen. Tom Coburn, R-Okla., sponsored the Senate's contract search-engine legislation, said of the House's plans, "I'm willing to take half a loaf if we can get something done that's good."

Earmark Showdown (WSJ)

The Wall Street Journal, September 13, 2006

Like drunks checking into rehab, House Republicans will take one final stab this week at reforming the "earmark" epidemic on Capitol Hill. So far this year more than 10,000 projects -- for baseball parks, bovine genetics, bicycle paths, beaver management grants and bridges to nowhere -- have been stashed into budget bills at a cost of nearly $30 billion. That ain't peanuts.

The proposed reform would require the disclosure of the Congressional sponsor of every earmark slipped into an appropriations bill. There would then be a three-day waiting period from the time these reports are issued until the House vote. Members could no longer vote for 1,000-page spending bills while claiming they didn't know about the fiscal mischief inside.

A related Senate bill by Tom Coburn (R., Okla.) would require that the dollar amounts and recipients of all grants and earmarked contracts be listed on a public data base. Voters could then determine how much money is given away each year to some 30,000 groups, ranging from Planned Parenthood to the California Raisin Board. This is called "transparency," which ought to be the least Congress can do for taxpayers. The Members can still request the earmarks, but they'd have to defend them in the sunlight -- which means running the risk of what Republican Jeff Flake of Arizona calls the public "shame factor."

One reason to suspect that these rules would deter the worst excesses is that Appropriators in both parties are groaning. They are insisting on loopholes that would exempt grants to state and local governments and hometown universities. They're also seeking an exemption for omnibus continuing resolution bills, which in some years contain a half-trillion dollars of spending crammed into one elephantine package. Unless these escape hatches are shut, earmark reform won't mean much.

A case in point is the HHS-Education spending bill, which so far contains 1,867 earmarks at a cost of just under $500 million. Members tell us the bill has caused a mini-rebellion because two of the three largest earmarkers are Democrat Nancy Pelosi, who walks away with $7.9 million worth of goodies, and David Obey, the ranking Democrat on Appropriations who receives $6.8 million for his Wisconsin district. This is the same Ms. Pelosi who earlier this session pledged to give up her pork to help balance the budget.

The House GOP leadership finally seems to comprehend the stakes in this pre-election budget fight. Majority Leader John Boehner calls the anti-earmarking bill "must-pass legislation," and has agreed to separate it from a bottled-up lobbying-reform bill. All that can block this from passing now are the spend-happy Republicans on Appropriations. If they succeed, they will have inflicted a far greater wound on their majority than the Democrats ever could.

House, Senate Divide Stalls Ethics Bill (AP-Y)

DOJ_NMG_0062459

By Jim Abrams

AP, September 12, 2006

Unable to agree on sweeping ethics legislation, the House this week will try to pass a narrower bill to shed light on pet projects that lawmakers tuck into spending and tax bills.

The measure on "earmarks," a rules change that would apply only to the House, is a small part of comprehensive lobbying and ethics legislation that the House and Senate both passed last spring in the wake of a spate of scandals involving lawmakers and lobbyists.

But the two chambers have been unable to find common ground, and prospects for legislation that was deemed a top priority when this session of Congress convened last January are not good.

But even the scaled-back earmarks measure, which would require disclosure of special projects inserted, often furtively, into larger bills, is facing opposition.

Republicans on the Appropriations Committee, which puts together annual spending bills, have objected to being singled out for earmark reform and demand that any new rule also apply to tax and authorization bills.

Republicans on the committee held up passage of the lobbying bill last May over the same issue.

House Majority Leader John Boehner, R-Ohio, said at a news conference Tuesday that he was working with the chairmen of the involved committees and "we're going to do it this week."

He acknowledged the problems: "Everyone has a different description of what an earmark is."

"If you look at the members who got themselves in trouble, it was over the illicit use of earmarks," Boehner added.

Earlier this year former Rep. Randy "Duke" Cunningham, R-Calif., was sentenced to more than eight years in prison after pleading guilty to taking $2.4 million in bribes in return for steering government contracts to certain companies.

The House has also scheduled a Wednesday vote on a bill, approved by the Senate last week, that would create a database of government spending so that citizens and activist groups can more easily track the grants and contracts included in the federal budget.

Democrats, who say the earmarks measure is a pre-election effort by the Republicans to show they are accomplishing something to improve ethics, said just bringing openness to the use of earmarks wasn't enough.

"Earmark reform must do more than identify an earmark's sponsor," said Rep. Rahm Emanuel, D-Ill., in a letter to his colleagues. "We need to curb the proliferation of unnecessary and suspect earmarks."

Emanuel said he would offer legislation that would prevent members from awarding earmarks that would benefit a registered lobbyist who serves as chairman of a particular member's political action committee. It would also end the practice of adding earmarks into conference reports that come out of House-Senate negotiations.

Boehner said the Appropriations Committee has already been successful in reducing earmarks, noting that requests for member projects had been reduced by 37 percent compared to last year, with spending for such projects down $7.8 billion.

The larger lobbying and ethics bills, an outgrowth of the scandal involving disgraced former lobbyist Jack Abramoff, would have limited the number of meals and gifts that members could accept from lobbyists, required greater information on the purpose of privately funded trips, slowed the movement of members leaving Congress for jobs in lobbying and mandated lobbyists to submit information on their activities more frequently.

The legislation became hung up over a provision in the House bill that would have limited donations to independent political groups known as 527s. Such groups tended to provide more financial support to Democrats in the last presidential election, and Senate Democrats made clear that they would not support any lobbying bill that contained 527 restrictions.

NIH: Scientists Escape Ethics Punishment (AP)

By Rita Beamish, ASSOCIATED PRESS WRITER

AP, September 13, 2006

Most of the federal scientists who improperly accepted personal money from drug or biotechnology companies walked away with reprimands or were allowed to retire unscathed.

Only two of the 44 scientists found to have violated rules governing private consulting deals are being investigated for possible criminal activity, and they remain on the government payroll, the National Institutes of Health told The Associated Press this week in the most detailed accounting it has released.

NIH spokesman John Burklow said his agency wanted eight others reviewed for possible crimes, but those cases were rejected by the investigating office at the U.S. Health and Human Services Department.

The two still outstanding - Drs. Trey Sunderland and Thomas Walsh - both committed "serious misconduct," so grave that they would be fired if they were civilians, NIH internal ethics reports contend.

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NIH says it has been unable to act against the two because they are part of the Public Health Service Commissioned Corps, which provides medical help during disasters.

Lawmakers plan to push for answers Wednesday at a House Energy and Commerce subcommittee hearing, part of continuing scrutiny into how the agency polices conflicts of interest. Responding to congressional criticism, NIH last year barred federal scientists from the once-common practice of earning lucrative paychecks from private companies.

Rep. Bart Stupak, D-Mich., said he wants to know why it is taking so long to resolve the case of Sunderland, a leading Alzheimer's disease researcher whose request to leave government service has been denied for two years.

"Where's the accountability? Where's the response?" Stupak said. "This person should be dealt with severely."

He referred to allegations that Sunderland improperly transferred human tissue samples from NIH patients to the drug company Pfizer.

"These people thought they were helping other people, not some scientist profiting," he said. Sunderland, through his attorney, denies that his consulting payments from Pfizer were tied to samples he provided in his government capacity.

The Public Health Service Commissioned Corps is concerned about the allegations against Sunderland and Walsh and "will take appropriate action should wrongdoing be found," said spokeswoman Christina Pearson.

However she cited "other reviews" of Sunderland that her agency must coordinate with.

Rep. Joe Barton, R-Texas, chairman of the House Energy and Commerce Committee, said the case points out deeper problems at NIH.

"In spite of the public changes that have been made at NIH, there really does not appear to be a cultural change where the institution and the members of the institution condemn the kind of behavior that apparently Dr. Sunderland has exhibited. It's really, really disappointing," he said.

The subcommittee is expected to question NIH officials about documents showing it approved several taxpayer-paid trips for Sunderland to attend conferences and events in places like Hawaii and Toronto, even after recommending his firing. Things changed last month when his superiors, a day after assuring Sunderland the agency would soon negotiate his release, suddenly restricted his access and activities and assigned him to administrative duties, his lawyers said in a letter to the subcommittee.

NIH investigated 103 employees after revelations in 2004 that many had failed to report their paid relationships with drug companies. Of the 44 alleged offenders, six left NIH before they could be punished and two had offenses so minor they merited no sanction, Burklow said.

The majority received reprimands or warnings for failing to properly obtain approvals for their outside consulting work, he said. Suspensions ranging from a week to 45 days were meted out to a few who did not get prior approval or did not report their drug company ties, said Burklow.

Sunderland is under investigation by the HHS inspector general and the Justice Department, officials have said. And a government official told AP that Walsh, a prominent cancer researcher, is the other case the inspector general is reviewing. The official requested anonymity because the investigation is ongoing.

Reached at his NIH office on Monday, Walsh declined comment.

NIH ethics reports allege the two scientists had unauthorized, unreported deals with drug companies - Sunderland earning more than $600,000 over eight years for consulting and speeches and Walsh more than $100,000 in five years - and that their consulting improperly overlapped with government duties.

Lawyers for both scientists said in written defenses to NIH investigators that the two put in exceptionally long hours at their government jobs, even if the proper paperwork was missing for taking leave to perform outside work.

Documents obtained by AP show Sunderland initially got a green light to retire in November 2004 and he had his 11-year research project transferred to a New York center where he planned to accept a prominent post. But NIH officials subsequently recommended against his departure and the center now is moving on to hire someone else.

Sunderland's attorney Robert Muse cites a litany of mixed signals Sunderland received from NIH, including months of refusal to meet after stating a willingness to work out his release.

Burklow, citing privacy concerns, would not discuss any individual cases.

"The bureaucratic inaction," Muse wrote the congressional subcommittee on Monday, "has unreasonably interfered not only with Dr. Sunderland's career but also with his important Alzheimer's research," which he said cost the government millions of dollars.

Some scientists whose consultancies were negatively highlighted in 2004 congressional hearings and press accounts left NIH voluntarily. They suffered no repercussions.

Cancer researcher Lance Liotta said he retired in May 2005 with pension and benefits, accepting "a great opportunity" in research at George Mason University. His consulting activities, though questioned after the fact by Congress, were approved at the time, and he never was sanctioned.

Another former researcher, 33-year NIH veteran Michael Brownstein, had held nearly $2 million in stock with four companies whose boards he served on while he worked at NIH. The agency approved the consulting and never accused him of wrongdoing, said Brownstein, who continues his genetic research at the J. Craig Venter Institute in Rockville, Md.

Medicare Premiums Up Less Than Expected (AP-Y)

By Kevin Freking

AP, September 12, 2006

Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated.

Officials had been projecting that premiums would again grow at double-digit rates, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients.

The news was not as good for wealthier beneficiaries. For the first time in the program's history, wealthier beneficiaries will pay more for the insurance that covers doctors' visits and outpatient hospital care, known as Medicare Part B.

The higher payments will apply to about 1.5 million beneficiaries with incomes of more than $80,000 a year. Congress approved means-testing in the 2003 law that created the Medicare drug benefit.

For individuals who earn more than $80,000, or couples who earn more than $160,000, premiums will jump to $106. That amount goes up even more for seniors with higher incomes. For the wealthiest seniors, the monthly premium would go to $162, leading some analysts to project that wealthier and often healthier seniors would begin to leave the program.

Medicare Announces A Small Hike In Premiums For 2007 (MCT)

By Tony Pugh

McClatchy Newspapers, September 13, 2006

WASHINGTON - In the smallest-percentage rate increase since 2001, Medicare monthly premiums for physician care and outpatient hospital services will rise by only $5 in 2007 to $93.50, federal officials announced Tuesday.

At 5.6 percent, the increase for Supplementary Medical Insurance, better known as "Part B" coverage, fell short of the 11 percent hike that Medicare actuaries had projected and of this year's 13.2 percent increase. It's even farther removed from the record 17.4 percent spike last year.

A miscalculation of projected Part B spending is the main reason for the lower-than-expected rate increase, Medicare Administrator Mark McClellan said. Medicare actuaries forecast higher premiums based on an increase in physician claims that resulted from faster processing rather than from a spike in services provided.

The modest rate increase will allow the 38 million-plus seniors enrolled to keep more of their monthly Social Security checks, since the Medicare premiums typically are withheld from those payments.

"For the vast majority of beneficiaries, the amount of the Social Security cost-of-living increase will be substantially greater than the additional (Medicare) premium they will pay," McClellan said.

But affluent Medicare beneficiaries will pay more for their 2007 coverage because of a provision of the 2003 Medicare Modernization Act that calls for premium hikes ranging from 10 percent to 55 percent over the next three years for beneficiaries who earn at least $80,000 a year, or $160,000 for married couples.

Instead of the standard $93.50, those seniors will pay premiums of $106, $124.70, $143.40 or $162.10 per month, depending on their incomes. Roughly 4 percent, or about 1.5 million, of Medicare's recipients are subject to the higher rates.

The new rates mark the first time that Medicare has used income to set premium rates. The move was designed to help shore up Medicare's ailing finances, which are crumbling under pressure from higher health-care costs and a growing number of beneficiaries.

Under the new guidelines, seniors who earn $80,000 to $100,000 a year- and married couples with incomes of $160,000 to $200,000 - will see their premiums increase by 10 percent, or roughly 3 percent a year from 2007 to 2009. They'll pay Part B premiums of $106 in 2007.

Individuals who earn $100,000 to $150,000 - and married couples with incomes of $200,000 to $300,000 - will see their premiums increase by 25 percent, or roughly 8 percent a year from 2007 to 2009. Their 2007 Part B premiums will increase to $124.70.

Individuals earning $150,000 to $200,000 - and couples with incomes of $300,000 to $400,000 - will face increases of 40 percent, or about 13 percent a year from 2007 to 2009. That works out to a 2007 monthly premium of $143.40.

Individuals who earn $200,000 or more and couples who earn more than $400,000 face the largest increases. Their Part B premiums will jump 55 percent over the next three years, about 18 percent a year. Their monthly premiums will cost $162.10 in 2007.

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The Part B premium increase is based on a formula that assumes a roughly 5 percent reduction in Medicare physician reimbursements in 2007. If Congress moves to freeze or increase those payments to doctors, as it has in recent years, the $93.50 premium wouldn't change and contingency funds would be used to make up the funding shortfalls. But money borrowed from the contingency fund would have to be replenished later, mainly through higher Part B premiums, Medicare officials said.

Medicare Premiums To Rise 5.6% For Most Seniors (USAT)

By Julie Appleby

USA Today, September 13, 2006

Medicare premiums will rise 5.6% next year — to $93.50 a month — and wealthy seniors for the first time will begin paying an additional amount.

Most of the about 43 million Medicare beneficiaries will pay a modest $5 a month more than the $88.50 they pay this year, the smallest increase since 2001. But about 1.5 million wealthier seniors will pay more: $106 to $162 a month depending on their income.

"These income-related premiums will reduce Medicare costs by $7.7 billion over five years and $20 billion over 10," said Medicare chief Mark McClellan on Tuesday. "They are an important step in improving Medicare's sustainability."

Affected are those who earn more than $80,000 individually, or $160,000 as a couple.

Congress approved the new income-based charges as part of the same 2003 law that created the new prescription drug benefit, but it has received little public debate until now.

While wealthier workers have always paid more in taxes to support Medicare, the new income-based premiums are seen by critics as an attack on a basic egalitarian premise of the program: That everyone pays the same and gets the same benefits.

"Medicare is not a welfare program; it's social insurance designed to pool healthy and less healthy people," says Maria Freese, director of government relations and policy for the National Committee to Preserve Social Security and Medicare. "Insurance doesn't charge rich people more than poor people."

Most Medicare members pay premiums for Part B, which covers doctor visits, lab tests and hospital outpatient services. Medicare beneficiaries pay 25% of the expected costs of those Part B services. About 7 million low-income people have their Part B premiums paid by the government.

On Tuesday, Medicare officials said the Part B monthly increase that will affect most Medicare members was nearly $5 lower than had been projected in May. The announcement comes as Congress is expected to soon debate whether to overturn next year's planned 5.1% cut in doctor payments. If such action had already occurred, premiums could have risen an additional $1.50 a month.

"Most Medicare beneficiaries will see relatively modest cost increases compared with recent health care trends," McClellan said.

But Freese and other critics of the income-based premiums took issue with McClellan's statement that the income-based premiums will help Medicare's finances. She says the additional charges will do little to bolster Medicare's finances and could drive wealthier, healthier seniors out of the program, possibly causing costs to rise faster. Critics also suggest that income levels at which additional payments are required will be gradually reduced, requiring more seniors to make the higher payments.

But Joe Antos at the American Enterprise Institute says the move was inevitable as Medicare spending rises.

"One of the things we have to do is ask people who have more money to pay more for government services," says Antos. "The difficult balance is finding the spot where we're charging higher-income people more but not so much more that they will simply drop out of the program."

Government Sets Higher Medicare Rates And New Surcharge (NYT)

By Robert Pear

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — The basic Medicare premium will rise next year to $93.50 a month, an increase of $5, the Bush administration announced Tuesday. It said more affluent beneficiaries would have to pay a new surcharge, from $12.50 to $68.60 a month, depending on their incomes.

The surcharge applies to 1.5 million people with annual incomes exceeding $80,000 for individuals or $160,000 for married couples filing joint tax returns.

Medicare officials said the standard premium for 2007 was lower than they had predicted. In May and again in July, they estimated that the monthly premium, now $88.50, would climb to about $98 in 2007.

The premium in question is for Part B of Medicare, a voluntary program that covers doctors' services, diagnostic tests and outpatient hospital care for 40 million people who are 65 and older or disabled. It shot up 50 percent from 2003 to 2006.

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Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that Medicare spending for doctors' services, while still growing at a brisk pace, increased less than expected in the last year.

Listing factors that contributed to the new premium, Dr. McClellan reported "a modest slowdown in physician spending growth" but "very rapid growth in spending for hospital outpatient services." Many services provided in outpatient hospital clinics "could be performed less expensively and more conveniently in a physician's office," he said.

Kirsten A. Sloan, a health policy analyst at AARP, the lobby for older Americans, said: "The standard premium for Part B is less than originally projected, and that's good news. But the premium is artificially low. It assumes a continuation of current law, under which Medicare payments to doctors will be cut 5 percent next year. If Congress decides to prevent that cut, beneficiaries may have to make up the difference by paying higher premiums in 2008."

The premium is set each year to cover about 25 percent of projected spending under Part B. If Congress had eliminated the cut planned for doctors and simply frozen their Medicare fees in 2007, it would have required a further increase of roughly $1.50 in the monthly premium, Medicare officials said.

Congress established the surcharge under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare. Federal officials said the surcharge, to be phased in over the next three years, represented a major change. Until now, high-income and middle-income beneficiaries have generally paid the same premium. Medicare officials said the surcharge would raise $7.7 billion in the first five years and a total of $20.8 billion in the first 10 years.

Dr. McClellan said the surcharge would have "a very positive impact, making Medicare more sustainable in the long term." Some Medicare experts say the higher premiums will prompt some wealthy people to drop out of Medicare, leaving the program to serve poorer, sicker people. Dr. McClellan dismissed those concerns, saying Medicare would still be a bargain for high-income people.

Federal health officials estimate that 9,000 people will drop out of Part B because of the surcharge in 2007, while 30,000 will drop out in 2009, when the surcharge becomes larger.

In calculating the extra premiums for 2007, the government will generally use income data from tax returns for 2005. For a single person with income of $80,001 to $100,000, and for each member of a couple filing a joint return with combined income of $160,001 to $200,000, the surcharge will be $12.50 a month, and the total premium will be $106 a month.

The surcharge rises with income. For an individual with income greater than $200,000 and for each member of a couple with combined income exceeding $400,000, the surcharge will be $68.60 a month in 2007, and the total premium will be $162.10 a month. The surcharge will be much higher in 2008 and later years.

In announcing the new premiums, the administration appeared to send a mixed message. On the one hand, Dr. McClellan said, "Medicare beneficiaries are experiencing cost increases that are modest in comparison with recent health care cost trends." On the other hand, he said, spending in the traditional fee-for-service Medicare program is "out of control."

Medicare Premiums To Rise 5.6% In '07 (WP)

By Christopher Lee

The Washington Post, September 13, 2006

Most seniors will have to pay 5.6 percent more for basic Medicare coverage next year, officials announced yesterday. But premiums for more affluent beneficiaries will increase by as much as 83 percent, because the federal government for the first time will require wealthier people to pay more.

The standard monthly premium for Part B, which covers doctor visits and outpatient hospital care, will rise to $93.50 from $88.50 this year, said Mark B. McClellan, head of the Centers for Medicare and Medicaid Services. Individuals with an annual income of more than $80,000 (or more than $160,000 for married couples) will pay monthly premiums of $106 to $162.10, depending on income.

About 1.5 million of the 42 million Americans on Medicare will have to pay the higher premiums based on income, a change instituted by Congress as part of the 2003 law that created the Medicare drug benefit. McClellan said the income-based premiums will save the financially troubled program $7.7 billion over five years and more than $20 billion over a decade.

Even at the higher rates, Medicare remains a good deal, he said. The most affluent beneficiaries, those with individual incomes of more than $200,000 a year, will pay just under $2,000 a year in premiums while receiving an average of $4,300 a year in benefits.

"That still makes it a very attractive insurance package," McClellan said.

The leader of one organization for seniors predicted that the higher premiums will drive away some of the more affluent seniors, undermining Medicare's broad political support and its finances.

"As healthier and wealthier seniors see their premiums rise, we fear that when that premium equals what they could pay for regular health insurance, why be in the program at all?" said Shannon Benton, executive director of the Senior Citizens League,

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an advocacy group with 1.2 million members. "We feel that eventually the sickest, the oldest and the poorest are going to be the ones left behind in Medicare, and their costs are going to go up significantly to sustain the program."

Rep. Nita M. Lowey (D-N.Y.) introduced a bill in April that would repeal the income-based premium increases, but it has not gotten out of a House committee.

Medicare officials said they expect 9,000 people to drop out of the program next year because of the new income-based premiums, and 30,000 to leave by 2010. Overall, that's not a lot, they said.

"I don't see any substantial adverse impacts on participation in Medicare, and I definitely see a very positive impact on making Medicare sustainable for the long term," McClellan said. Medicare officials had been projecting an even higher increase in the standard premium, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients, McClellan said.

Officials said the standard premium increase of 5.6 percent is the smallest since 2001. It trails the projected 6 percent increase in per capita health spending next year and a projected 7 percent increase in prescription drug spending, they said. Average premiums in the Medicare drug benefit, known as Part D, are expected to remain flat in 2007, McClellan said.

McClellan said the Part B standard premium would have to go up by $1.50 in 2008 (in addition to routine annual premium increases) if Congress were to repeal a planned 5.1 percent cut in Medicare payments to physicians next year -- a cut that doctors are lobbying hard to kill.

That prospect troubles AARP -- the largest senior organization, with 37 million members.

"The fact that the premium is a little less than originally projected is good news, but . . . we may simply be forestalling higher costs to beneficiaries," said Kirsten Sloan, the organization's national coordinator for health.

Subtle GOP Maneuvers (HILL)

By Patrick O'Connor

The Hill, September 13, 2006

Over the summer, Rep. John Carter (R-Texas) sat down with a handful of Republican colleagues to gauge their support for a potential leadership bid.

The talks were very preliminary, a Carter spokeswoman said, but the former judge is hardly alone in considering a run.

As Republicans focus their energy and fundraising efforts on retaining their majority this fall, a handful of ambitious lawmakers are also angling for a promotion within the conference.

At least seven chairmanships will open next year if the GOP holds the House, and other members are mulling a challenge of the current leaders.

“I think we will see a crowded field,” said Rep. Marsha Blackburn (R-Tenn.), who is expected to challenge current Republican Conference Chairwoman Deborah Pryce (R-Ohio) should Pryce triumph in her tough reelection race.

The election results, particularly if Republicans lose the House, will dictate how crowded that field becomes. “The dynamics are going to depend on the election results we have,” Blackburn said.

Indeed, uncertainty about those results has somewhat muted the internal leadership campaigns.

“It’s very subtle,” said Rep. Adam Putnam (R-Fla.), a member of the Republican Steering Committee, the 28-member panel that decides committee slots.

In July, Putnam and other members of the Republican Steering Committee met one-on-one with many of the lawmakers who are vying for committee gavels. Members of that committee expect an up-tick in those meetings before lawmakers in the House go home to campaign at the end of this month.

Uncertainty Facing Current Leaders

During a closed-door meeting last week of the elected leadership in House, Rep. Tom Reynolds (R-N.Y.), the GOP campaign chief, told the other leaders that he still expects Republicans to retain their majority in November, a GOP aide familiar with the meeting said earlier this week.

Reynolds and the other leaders have been careful to measure expectations this cycle, warning members of Democratic efforts to unseat them without becoming overly gloomy. This serves to keep members motivated and dampens expectations heading into the critical election.

Whatever the outcome, most members believe House Speaker Dennis Hastert (R-Ill.) and Majority Leader John Boehner (R-Ohio) control their own fate in the next Congress.

If House remains in GOP control and Hastert decides to stay for another term, many Hill staffers and lobbyists speculate that he would name Reynolds as leadership chairman, former Rep. Rob Portman’s (R-Ohio) old job, in order to give the New York Republican a seat at the table while preventing a two- or three-way race for leader or whip.

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Losing the House should throw all those equations in doubt, members, aides and outside GOP lobbyists said in interviews over the last month.

A loss of House control could create an opening for a dark horse candidate, such as Republican Study Committee (RSC) Chairman Mike Pence (Ind.), to launch a bid for the leadership.

Auditioning

Pence has always generated favorable media coverage through an active RSC press shop. The outspoken conservative stirred so much speculation during the race for majority leader earlier this year that his office issued a release stating he would not cast a bid for the post.

Pence stayed in the spotlight over the August recess with his proposal to revive comprehensive immigration reform, and he has taken a much less combative public stance toward the leadership since last fall's showdown over federal spending to fund repair efforts in the hurricane-damaged Gulf Coast. As evidence, the RSC has not gone on attack this month to force leaders to bring a bill creating a so-called "Sunset Commission" to the floor, despite promises Boehner made to give them the vote in exchange for support on the budget.

Pence's naysayers criticize him for catering to the media instead of the party, and some congressional staffers jokingly call him "the minority leader" for threatening the conservative base with his push to cut federal spending despite objections from leaders and the centrist Republicans whose vulnerable seats are so valuable to keeping the majority.

Blackburn, a telegenic conservative, has also maintained a steady presence in the media and in the conference since declaring her ambitions to challenge Pryce last winter.

The Tennessee Republican hosts biweekly meetings with a small group of Republican colleagues to discuss communication strategy in a Longworth office her staff has dubbed "The Think Room." She also worked with leadership to craft a message defying the Senate's immigration bill.

There is also concern in GOP circles that Pryce will lose her seat in November, which could broaden the field of candidates running to replace her.

Whatever the outcome this fall, state delegations will play an important role in these contests, and no state is agitating for a seat at the leadership table more than Texas.

Republican insiders consider Carter, who serves on the Republican Steering Committee, and Rep. Henry Bonilla (R-Texas) the most likely candidates from the Lone Star State. Carter's office said his discussions over the summer were very preliminary and hinted that he was considering a run for one of the lower-tier leadership posts.

The leadership elections earlier this year drew a crowded field for each of the vacated posts, and other leaders narrowly avoided a full slate of elections. Some of those members may still be candidates.

Rep. John Shadegg (R-Ariz.) resigned his leadership post to run for majority leader; Reps. Eric Cantor (R-Va.), Mike Rogers (R-Mich.), Todd Tiahrt (R-Kan.) and Zach Wamp (R-Tenn.) never had a chance to wage their own contest for whip when Rep. Roy Blunt (R-Mo.) lost his own bid for the No. 2 spot in the conference and chose to stay on as the chief Republican vote counter; and Reps. Phil Gingrey (R-Ga.), Darrell Issa (R-Calif.), Thaddeus McCotter (R-Mich.) and Adam Putnam (R-Fla.) ran to replace Shadegg in a race that Putnam eventually won.

The other wildcards next year are Judiciary Chairman James Sensenbrenner (R-Wis.) and Transportation and Infrastructure Chairman Don Young (R-Alaska), both completing their final months as chairmen. Sensenbrenner could try to reclaim his post on the Science Committee because he still has two years left under the six-year term limits.

Leaders Keep a Close Eye on the Party

Given this uncertainty, leaders continue to keep a close eye on the conference.

The Speaker will make campaign stops in over 200 districts this cycle, marking the second consecutive election cycle he will exceed that mark. And Boehner, whose own travel has increased precipitously since becoming leader, visited 26 districts during the August recess with more campaign stops expected this fall.

Blunt, whose own post could be challenged, holds regular meetings with small groups of Republican lawmakers to discuss pending legislation.

Blunt and his chief of staff, Brian Gaston, met with most of the committee chairman and their staff directors over the summer to discuss each chairman's legislative priorities for the fall and beyond. The meetings included sit-downs with Sensenbrenner, Young and two other outgoing chairmen, Mike Oxley (R-Ohio) on Financial Services and Bill Thomas (R-Calif.) on Ways and Means.

"Mr. Blunt says the Whip should know the members better than anyone in the building, and both of these opportunities further that goal," Blunt spokeswoman Burson Snyder wrote in an email.

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Cantor, Blunt's chief deputy, is expected to travel to anywhere from 50 to 60 districts this cycle in support of Republican candidates. The popular Virginian also hosts regular breakfasts with a small, rotating group of fellow Republicans in the same Longworth office where Blackburn convenes her "Think Room."

The Republican Steering Committee

Not only will the election results reshape the perceptions of individual leaders, a Democratic majority could also reshape the panel that decides on committee slots and other plum assignments.

This uncertainty could actually be a boost for the party because ambitious members are raising more money for their colleagues to protect their majority.

"It's probably the best thing for the [National Republican Congressional Committee]," said Tom Cole (R-Okla.), who is running to succeed Reynolds as chairman, because members are working hard to raise money and help GOP candidates in tough elections.

The Race for NRCC Chair

The race to succeed Reynolds as NRCC chairman is the only leadership race that is guaranteed at this point.

Cole and aides to Reps. Phil English (R-Pa.) and Pete Sessions (R-Texas), his two opponents, all say the race remains undecided. While each member has a significant block of support in the conference, it seems that none has secured a clear majority.

"I expect this to be a two-ballot race," Cole said. "I think there is still a considerable block of uncommitted votes out there."

Cole recently gave the NRCC $300,000 in hard money and distributed a strategy memo last week in which he recommended Republicans to personalize the election by attacking their opponents. That includes investing in a thorough opposition research package, reserving television time to hit opponents and keep critical ads running through the last week before the election.

"Know your opponent's record and weaknesses inside out – and exploit them," Cole wrote to GOP candidate Van Taylor in Texas. "Do not let up – keep the tough ads running right up to the election day."

Sessions has given 78 Republican candidates a combined $553,500 through his political action committee (PAC) so far this cycle, according to a memo from PETEPAC. He has also organized 19 events to benefit a total of 33 GOP candidates this cycle. Those events have raised over $1.7 million. In addition, he raised $717,000 for the NRCC during six dinners over the last two years.

English has traveled extensively to benefit GOP challengers and open seat candidates this year, and his PAC had given Republican candidates more than $300,000 as of the end of July, according to the nonpartisan campaign website politicalmoneyline.com.

The Pennsylvania Republican has made his own ability to win tough reelection fights over the years a vanguard of his campaign for chairman, particularly with members in consistently competitive seats.

These efforts, along with those of other members angling for promotions within the conference, could be the only thing keeping Republicans in the hunt this election season despite a number of national factors that will continue to weigh them down.

"I think our members have worked harder in this race than I've ever seen them," said Cole, who is a former executive director of the Republican National Committee. "I've certainly given more that I thought I would before this cycle."

Panel Discounts Existence Of Unique Gulf War Syndrome (WP)

By David Brown

The Washington Post, September 13, 2006

An expert panel reviewing hundreds of studies has concluded there is no single "Gulf War syndrome" afflicting thousands of veterans of the 1990-91 conflict, although they have suffered vague symptoms at a much higher rate than other veterans.

They have also experienced post-traumatic stress disorder and depression two to three times as frequently as other veterans, the panel found. Less certain is a possibly higher risk for the neurological ailment Lou Gehrig's disease, and possibly a rare birth defect in their children.

"We can't identify a Gulf War syndrome," said Lynn R. Goldman, a physician and epidemiologist who headed the 13-member committee appointed by the National Academies Institute of Medicine (IOM).

Previous blue-ribbon panels, including several convened by the IOM, one by the Defense Department and one by the White House under Bill Clinton, reached the same conclusion.

In preparing the report, Goldman and her colleagues read 850 studies done in the years since soldiers in an Army Reserve unit in Indiana began reporting a constellation of symptoms that included fatigue, joint and muscle pains, difficulty concentrating and memory problems in the months after they returned from the Persian Gulf in 1991. The panel gave more credibility to large, well-designed and controlled studies; it did no original research of its own.

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The largest and most representative study found that 29 percent of Gulf War veterans reported physical complaints arising from several body systems, compared with 16 percent of servicemen and women who were not sent to the gulf. This was not just an American phenomenon; British, Canadian, Australian and Danish troops deployed to the gulf also reported more symptoms than their non-deployed counterparts.

The panel concluded that "unexplained illnesses are the most prevalent health outcome of service in the Gulf War."

However, the array and severity of symptoms varies, and many are typical of other conditions (such as fibromyalgia, multiple chemical sensitivity and chronic fatigue syndrome) whose cause is unknown.

"The nature of the symptoms suffered by many Gulf War veterans does not point to an obvious diagnosis, etiology [cause], or standard treatment," the panel wrote.

Three studies examined by the panel found a slightly increased rate of amyotrophic lateral sclerosis, also known as Lou Gehrig's disease, in Gulf War veterans. Overall, 107 cases of the fatal disease were found in about 700,000 men and women deployed. Goldman and her colleagues said this trend should be followed with continued surveillance for the disease.

Among the 850 papers examined were several with less certain findings.

One found a slight increase in brain cancer among the 100,000 soldiers theoretically exposed to sarin gas after rockets containing the nerve agent were unwittingly destroyed in a large ammunition dump in Khamisiyah, Iraq, after the war. That disease remained extremely rare, however, with only a handful of tumors even in the "exposed" group.

That finding is questionable for two reasons, however.

There is no evidence that any soldiers were actually exposed to sarin, which causes well-recognized symptoms at very low concentrations. In addition, brain tumors generally grow 10 to 20 years before being found. This study was done nine years after Khamisiyah, suggesting that many of the tumors in the soldiers had probably formed before the detonation.

Nevertheless, the brain-tumor finding "provides another lead that should be followed" by future studies, Goldman said.

One study also found a slightly increased rate of birth defects, especially of the urinary tract, among children of Gulf War veterans. Another reported five cases of a rare, disfiguring defect called Goldenhar syndrome in babies of Persian Gulf veterans conceived soon after the war, compared with only two in non-deployed veterans. The children with Goldenhar were profiled in a Life magazine article that helped popularize the idea that soldiers had been exposed to persistent toxins during the war.

Because the number of defects was so small, however, these differences could have easily happened by chance.

A big problem with evaluating the source of illness in gulf veterans is that little information was gathered on their exposure to pesticides, smoke and battlefield contaminants -- and even to vaccines and drugs administered by the military.

"Even just a few measurements on the ground would have made a huge difference," Goldman said of the Khamisiyah detonations.

The panel advised the military do a better job of assessing the health of soldiers immediately before and after deployment -- as is being done in the Iraq war -- as well as gathering better toxic exposure data in future wars.

Steve Robinson, a Gulf War veteran who directs government relations for Veterans for America, supported that suggestion in particular.

"The IOM report confirms that many Gulf War veterans are seriously ill and that they were exposed to many types of poisons, but the link remains unclear because the military failed to collect exposure data in 1991," he said. "Veterans for America believes the military cannot let this mistake happen again. . . . Lessons learned should be lessons followed."

VA Study Doubts Gulf War Syndrome (AP-Y)

By Andrew Bridges, Associated Press Writer

AP, September 13, 2006

The unexplained symptoms that afflict thousands of Gulf War veterans don't constitute a single illness, a federally funded study concludes.

Even though U.S. and foreign veterans of the 1991 war report more symptoms of illness than do soldiers who didn't serve in the Persian Gulf, there is no such thing as Gulf War syndrome, according to the Veterans Affairs-sponsored report released Tuesday.

Nearly 30 percent of all those who served in the brief war have reported problems.

"There's no unique pattern of symptoms. Every pattern identified in Gulf War veterans also seems to exist in other veterans, though it is important to note the symptom rate is higher, and it is a serious issue," said Dr. Lynn Goldman, of Johns Hopkins University, who headed the Institute of Medicine committee that prepared the report.

The report did find evidence of an elevated risk of the rare nerve disease amyotrophic lateral sclerosis, also called Lou Gehrig's disease, among Gulf War veterans. They also face an increased risk of anxiety disorders, depression and substance abuse, it said.

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The VA contracted with the Institute of Medicine, part of the National Academy of Sciences, to review scientific studies and probe the issue at the direction of Congress. Department of Veterans Affairs spokesman Phil Budahn said the VA would not comment until it had a chance to study the report.

Tuesday's report is the latest in the important series, which the VA will rely on to determine whether Gulf War veterans are eligible for special disability benefits if they are found to suffer from illnesses that can be linked to their service.

Veterans can now claim those benefits only by making an undiagnosed illness claim, said Steve Robinson, a Gulf War Army veteran and government relations director for Veterans for America.

"They keep saying it over and over, every year. We know that — we know that there is no single thing that made veterans sick. We know this thing is likely a combination of various exposures," Robinson said in pushing for new studies he hopes will find what ails tens of thousands of his fellow vets.

However, the report's confirmation that Gulf War veterans are sicker may actually help them secure government benefits, said Shannon Middleton, assistant director of health policy for the American Legion.

A member of the Research Advisory Committee on Gulf War Veterans' Illnesses, also chartered by Congress, called the report the "first step" in cataloging the studies done on veterans of the conflict.

"But the most prevalent problems in Gulf War veterans are the multisymptom illness/Gulf War syndrome-type problems that still affect a sizable proportion of those who served in the war. I am disappointed that the IOM report does little to analyze what these studies collectively tell us about the nature and causes of these conditions," said Lea Steele, a Kansas State University epidemiologist who is the committee's scientific director.

Soldiers who served in the Persian Gulf following the Iraqi invasion of neighboring Kuwait in August 1990 have reported symptoms that include fatigue, memory loss, muscle and joint pain, rashes and difficulty sleeping. The variety of symptoms has complicated efforts to pinpoint their cause, according to the report.

Nearly 700,000 U.S. soldiers, along with troops from 34 other countries, took part in the Gulf War. Once in the region, those soldiers were exposed to a wide array of toxins and other potential health hazards, including smoke from hundreds of oil well fires, pesticides, depleted uranium ammunition and possibly the nerve agent sarin, released during the demolition of a munitions dump.

Inadequate screening of soldiers before deployment in the Gulf War, coupled with a lack of environmental monitoring during the conflict, have hindered efforts to determine whether exposure to those contaminants is linked to any illness, the report also notes.

For years, the government denied the mysterious illnesses were linked to the war. It now acknowledges that at least some were due to wartime service. The government is no longer pointing to stress as the likely reason, as some federally funded studies had suggested.

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On the Net:

Institute of Medicine: http://www.iom.edu/

Signs Brew Of A Heated Debate Over OMB Nominee (WP)

By Stephen Barr

The Washington Post, September 13, 2006

Federal regulation, which usually simmers on the back burner in Washington, seems likely to start boiling in the next few weeks if public interest and labor groups have their way.

Advocacy groups yesterday assailed Susan E. Dudley , the president's nominee to head up regulatory policy at the Office of Management and Budget, and called on the Senate to reject her nomination.

"We believe she is unfit," said Joan Claybrook , president of Public Citizen, a nonprofit consumer advocacy organization.

By custom, presidential nominees remain silent until their confirmation hearing, so the Bush administration fired back at Public Citizen on Dudley's behalf.

"When a fringe group like this one criticizes Susan Dudley, I think it's a good indication that she's actually squarely in the thoughtful mainstream along with most Americans," said Scott Milburn , press secretary at the OMB. "She's very well suited to . . . keep our regulatory process on track."

To some degree, the dispute over the Dudley nomination reflects inherent tensions in the federal regulatory system. The OMB reviews major agency regulations and can send them back to agencies for more justification. Agencies say their rules flow from laws, do not need more justification and sometimes are backed up by federal courts. The hue and cry increases during Republican administrations, which public interest groups see as tilting policy in favor of big business.

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Paul R. Portney , dean of the management college at the University of Arizona, said he thinks public interest groups "don't like the fact that there is this office," regardless of which political party controls the White House, because the OMB questions and forces agencies to justify costs and benefits.

W. Kip Viscusi , distinguished professor at Vanderbilt University, said the Dudley nomination is part of "an ongoing battle where advocates of regulatory programs complain" that the OMB is too powerful.

"The best she can do is try to make the regulations more effective and generate more health and environmental benefits through more imaginative regulatory approaches," Viscusi said.

Portney and Viscusi noted that public interest groups' calls for the Senate to reject Dudley could become a replay of the bruising battle over her predecessor in the regulatory job, John D. Graham . He left as administrator of the OMB's Office of Information and Regulatory Affairs in February, and the White House announced over the summer the president's intention to nominate Dudley.

Prior to her nomination, Dudley directed the regulatory studies program for the Mercatus Center at George Mason University. The center has been active in submitting proposals to the OMB that call for modifying or eliminating regulations and has emerged as a policy player in the Bush administration and on Capitol Hill.

Dudley's scholarly articles and published comments will be used to shape the debate over her nomination. During a telephone briefing, Public Citizen, OMB Watch, Natural Resources Defense Council and the AFL-CIO portrayed Dudley as outside the mainstream on regulatory issues.

"I have dealt with OIRA administrators going back to the first one," said Gary Bass , executive director of OMB Watch. "This nominee is more extreme than any of the past ones. She has an anti-regulatory fervor and an ideological zeal that is unparalleled in any of the nominees put forward in years."

The public interest groups faulted Dudley for controversial remarks on rules involving air bags, arsenic limits in drinking water and workplace injuries. All too often, they contended, Dudley inappropriately relied on cost-benefit analyses and overestimated the value of consumer choice when objecting to regulations.

Jonathan H. Adler , a professor and co-director of the Center for Business Law and Regulation at Case Western Reserve University's law school, said Dudley has "generally liked free-market solutions to things" and "is skeptical of one-size-fits-all" regulations.

Dudley, 51, has a master's degree from the Sloan School of Management at the Massachusetts Institute of Technology. She has worked on regulatory issues at the Environmental Protection Agency and at OIRA. Since 2002, she has been affiliated with George Mason University.

Dudley's nomination was submitted to the Senate on Aug. 1, just as Congress left on summer break. The Senate has relatively few work days scheduled in this election year, raising the possibility that President Bush might have to give her an interim appointment if opponents stall her confirmation.

Steven L. Katz, an author and consultant, will discuss "everything new government executives and managers need to know but are never told" at noon today on Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

Macs And Grant Site Just Don't Click (WP)

By Rick Weiss

The Washington Post, September 13, 2006

Scientists, scholars and others planning to use their Macintosh computers to submit grant proposals to the federal government in the months ahead should be prepared for a rocky, or at least error-message-littered, road ahead.

Luckily, Mac users are used to it.

Ever since its inception several years ago, the government's electronic grant submission system has been compatible only with Windows-based computers. That has forced Mac users to go with paper submissions or use clumsy patchwork programs -- or "workarounds" -- that government officials have conceded are "not ideal" and Mac users have called, well, insert your favorite PC expletive here.

Earlier this year, the Department of Health and Human Services -- a central manager of the Grants.gov system -- promised that by November the system would be compatible with Macs, which are popular among scientists and academics. That was based on promises from Northrop Grumman Corp., which has been paid tens of millions of dollars to run Grants.gov for the government.

But a new twist emerged this week when HHS announced that Grumman had lost its bid to win a renewal of its contract and will be moving on as of Nov. 1.

So will Grumman deliver the goods as promised before it leaves?

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"That's a question we have," said Grants.gov program manager John Etcheverry.

Just last week, Etcheverry said, Grumman delivered to HHS its first shot at a Mac-compatible version of its IBM-based grant application software for an initial round of testing by government experts.

Asked how it worked, Etcheverry said hesitantly: "It's, to quote one of our testers, 'It's early.' But it seems to be working."

Despite repeated inquiries from The Post, Grumman spokeswoman Juli Ballesteros did not provide anyone to address the company's commitment to making Grants.gov Mac-compatible before the company leaves.

With that rollout uncertain, responsibility will fall to the new winner of the Grants.gov contract, Fairfax-based General Dynamics Information Technology. Under the terms of its contract, worth up to $18.9 million over five years, the company will create a new system by March 31 that will be compatible with Windows-based and Macintosh computers as well as Unix and Linux systems, which are popular in some science labs and research institutions.

The company's vice president overseeing the Grants.gov project, Mary Biear, said the company will start with a platform-independent, off-the-shelf Adobe product, which it will modify in minor ways to fit the requirements of the government's grant-application system.

She said her company would also maintain key systems left behind by Grumman -- including, if it works, the new Mac-compatible system.

"The first question for our team is . . . if users can use it," said Biear, who said she has seen the nascent product because the companies have begun a seven-week overlapping transition period. "If it's working appropriately, [we] will maintain it and roll it out. If not, we would push it back."

In that case, Mac users will have to wait until the new system comes out at the end of March.

Not everyone is optimistic that even that deadline will be met. David Cassidy, a vice president at the District-based Turner Consulting Group, which was part of a consortium that lost its bid to take over the Grants.gov contract from Grumman, said he can't see how General Dynamics can fulfill the contract's requirements for the price it promised unless the company "has some incredible 'special sauce' that will enable them to meet these budget, functionality and schedule constraints."

But even if the company succeeds on schedule, it will be too late for the thousands of applicants who face a Feb. 1 deadline for the National Institutes of Health's most popular "R01" research grants. NIH has announced that it wants all those applications to be filed electronically.

"The big NIH deadline is Feb. 1, 2007," said John S. Massa, associate director of the University of Iowa's division of sponsored programs, in an e-mail. So a March release "isn't going to help much."

Norka Ruiz Bravo, NIH's deputy director for extramural research, conceded the timing was awkward.

Will the agency consider pushing back its deadline for an all-electronic submission process? "That is something we may want to think about," she said.

Vice Must Wash Hands Before Returning To Work (NYT)

By Maureen Dowd

The New York Times, September 13, 2006

Washington

I called Tim Russert to ask if Dick Cheney had washed his hands after their interview on Sunday.

“No-o-o,’’ he replied, sounding confused.

Any sort of scrubbing, I wondered? Antiseptic wipe, Purell, quick shower on the way out?

No, Tim assured me, the vice president did not stop at the basement shower at NBC, or even drop by the men’s room you pass on the right as you head out to the parking lot.

According to The Times’s health section yesterday, Lady Macbeth and Pontius Pilate were not alone in wanting that “damned spot” out.

“People who washed their hands after contemplating an unethical act were less troubled by their thoughts than those who didn’t,’’ Benedict Carey wrote about a new study on the “Macbeth effect,” published in the journal Science.

“In one of several experiments among Northwestern undergraduates, the researchers had one group of students recall an unethical act from their past, like betraying a friend, and another group reflect on an ethical deed, like returning lost money,’’ the article said. “Afterward, the students had their choice of a gift, either a pencil or an antiseptic wipe. Those who had reflected on a shameful act were twice as likely as the others to take the wipe.’’

If Dick Cheney didn’t try to hose himself down after his outlandish performance on “Meet the Press,’’ he may be so deep in denial he doesn’t even know he’s ruining America and needs a symbolic moral superwash.

Since W. revealed he’s been reading Shakespeare — including “Macbeth” — I’ve been puzzling over which character the vice president most resembles. He’s got as much malignant sway over the protagonist as Iago, but Iago hated Othello.

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The Lord of the Underworld is more like Lady Macbeth, who persuades her partner to make a huge error in judgment by taunting him about manliness. If he doesn't want to be unmanned, he must pre-emptively wield the dagger against his rival. She tells him:

When you durst do it, then you were a man;
And to be more than what you were, you would
Be so much more the man.

Even though "blood will have blood," Macbeth decides he must stay on his self-destructive path:

I am in blood
Stepped in so far that, should I wade no more,
Returning were as tedious as go o'er.

W. and Vice went on TV this week to double down on their dishonest case, now contradicted by a mountain of evidence, once more milking our sorrow over 9/11 to justify their errant course in Iraq.

In a speech that Tony Snow promised would be "reflective,'' the president used hyperventilated rhetoric about "a struggle for civilization" and cynically retraced a line he now knows is false, again linking Osama and Baghdad: "If we yield Iraq to men like bin Laden, our enemies will be emboldened.''

Bin Laden has become the Willie Horton of the midterms. After letting the C.I.A. disband the unit devoted to hunting for Osama — the Senate took a slap at the White House on Thursday when it voted to reinstate it — Mr. Bush now won't stop talking about the bogeyman he ignored for five years while he transferred all his resources to Iraq.

"The safety of America depends on the outcome of the battle in the streets of Baghdad," he said.

Instead of going after Osama, we invaded Iraq. Now W. says we must stay in Iraq or it will be run by Osamas. We must kill all the terrorists we are creating. American soldiers must keep dying because American soldiers have died. If we criticize Mr. Bush, then we're unmanning the whole country. The logic is deviously Rovian, and we are trapped in the circularity.

On "Meet the Press,'' Mr. Cheney warned that America cannot let its adversaries "break our will'' and show we "don't have the stomach for the fight.''

"It was the right thing to do," Vice insisted of the war in Iraq, "and if we had to do it over again we would do exactly the same thing."

After all the miscalculations and billions wasted, projects screwed up, lives and limbs lost, foreign enemies made, American stature squandered, Taliban strength regained, North Korean bombs and Iran-Iraq alliances built (visiting the American-hating, Holocaust-denying Iranian president Mahmoud Ahmadinejad yesterday, Prime Minister Nuri Kamal al-Maliki of Iraq called Iran "a good friend and brother'') Dick Cheney wouldn't do anything differently?

Part of leadership has to be retooling, saying: "You know what? This hasn't worked. This is making things worse. What else can we do?''

Break out the Wet Wipes, Mr. Cheney. Time for a good scrubbing.

OTHER NEWS:

Falling Oil Prices May Spell Relief For Consumers (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, September 13, 2006

The recent drop in oil prices could provide a welcome and surprising boost to consumer pocketbooks this fall, cushioning the economy from a falloff in home prices and construction while venting an important source of inflation pressure.

The easing of energy prices is an unexpected -- and little-noted -- positive amid economic anxiety over falling housing activity, previous energy-price increases and the possibility of recession.

Crude oil was at $77 a barrel as recently as early August. Yesterday, the price of the October crude-oil future contract settled at $63.76, a near six month low, down $1.85 from Monday, on the New York Mercantile Exchange. That helped spur stock prices to a four-month high. At the same time, the average retail price of gasoline has fallen to $2.67 from $3.08 a gallon, according to the U.S. Energy Information Administration.

"Some 99% of the questions I get these days are about the size of the drag from housing, and I think that far too few people are thinking seriously about the boost from lower oil," said Robert Mellman, senior economist at J.P. Morgan Chase. He predicted the retail gasoline price should soon hit $2.30 a gallon, based on declines that already have occurred in the wholesale price.

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Mr. Mellman said lower gasoline prices should boost the annual growth rate of consumer spending a full percentage point and could lift fourth-quarter economic growth from a forecast 3%, at an annual rate, to as high as 3.7%. For now, though, his firm is leaving its growth forecast unchanged.

Since 2004, oil prices are up sharply amid supply disruptions, tensions in the Middle East and rising demand, especially in China and India. That increase has in turn squeezed wages, in particular for less-affluent families. Although consumers have absorbed the impact in part by saving less, their spending also has been crimped, which economists and analysts have seen as a factor in slowing sales at retailers from Wal-Mart Stores Inc. to mid- and up-market chains such as Williams-Sonoma Inc.

Fuel prices have gone in reverse of late because many supply fears have proved -- so far -- to be unfounded, including a wider conflict in the Middle East, possibly involving Iran; violence in Nigeria and Iraq; and the hurricane season in the Gulf of Mexico. This also is a seasonally weak period for oil demand.

If declining oil prices lead to a pickup in consumer demand, that also could boost business confidence. "How gas prices affect the average Wal-Mart and Target customer is of keen interest to us," said Patrick Casey, assistant vice president for forecasting and planning at TTX Co., a Chicago provider of rail cars and freight-management services to the railway industry.

Lower oil prices also could boost economic prospects overseas, although by less than in the U.S., where consumer prices are far more sensitive to changes in energy prices. Relief on the fuel front may trigger upward revisions to Europe's economic growth projections for next year. "The rundown in oil prices has come so quickly, I think it has a lot of people reaching for their calculators right now," says David Brown, an economist with Bear Stearns in London.

In China, leaders have been contemplating relaxing costly regulations that have insulated their consumers from the rise in world oil prices. The recent drop could remove some of that urgency.

Some economists are less enthusiastic. Nancy Lazar, economist at ISI Group, said oil prices take a while to fully affect the economy. "We've yet to see a lot of the damage from the increase we've had in the price of oil in the last couple years," she said. "[The recent drop] is good news, but it's more good news for the fourth quarter of 2007 than it is for the near term."

Michael Englund, principal director of Action Economics in Boulder, Colo., said, "Price swings have a much bigger impact on consumer-confidence survey readings and business sentiment than they do on actual consumer behavior."

Of course, with spare capacity still tight, prices could easily shoot up again on a supply disruption. "If oil is back over $70 per barrel in three weeks, all of this [positive benefit] is out the window," said Stuart Hoffman, chief economist of PNC Financial Services Group Inc. Indeed, trading on futures markets indicate oil prices may rise back above $70 by a year from now.

The oil-price drop is still too early, and prices remain too high, for major producers to respond with output cuts. Still, the Organization for Petroleum Exporting Countries quietly agreed this week to supply no more oil than the market requires. That will enable major oil-exporting nations to effectively ignore quotas and curb output if prices plunge further before they meet again in December.

For now, the price drop's impact on inflation will be as important as its effect on economic growth. Edward McKelvey, economist at Goldman Sachs, expects the decline in gasoline prices to knock 0.4 percentage point off the overall inflation rate. The 12-month inflation rate was 4.1% in July. If Mr. McKelvey's calculations are correct and other prices continue their recent trend, that rate could fall to 2.4% in September, in part because a big jump in September 2005, due to Hurricane Katrina, will drop out of the 12-month calculation.

While the Federal Reserve focuses on "core inflation," which excludes energy and food prices, it blames the recent rise of core inflation on energy costs seeping into the prices of other goods and services. It is a principal reason the Fed, while leaving short-term rates alone at 5.25% last month, has said it is ready to raise them again if inflation pressures intensify. It could relax that stance if the retreat in energy prices hastens an expected decline in core inflation. Mr. McKelvey said that by boosting growth, lower energy prices could also make rate cuts less likely.

It may take a while before the drop in energy prices ripples more broadly through other goods and services. "Our fuel surcharge has not fully offset the increased fuel cost," said Ron Dillon, controller of Dillon's Bus Service Inc. in Millersville, Md. "Fuel prices will have to continue to decline substantially" before surcharges are rescinded, Mr. Dillon said.

The falling price of oil also may be an ominous sign if it reflects decreased global demand, which would indicate decreased economic activity. The International Energy Agency yesterday revised down its forecast for oil demand growth world-wide this year, "largely due to revisions to North American preliminary data, flat consumption in Europe, and continued demand sluggishness in the Pacific."

In the U.S., energy-demand growth has slowed but not yet fallen. Through early September, gasoline consumption increased 0.8% from the same period last year, less than typical growth of 1.5% to 2% but a "small impact in comparison to the shifts on the supply side," said Mike Burdette, senior analyst at the Energy Information Administration.

Oil, Gas Prices Take A Dive (WT)

DOJ_NMG_0062473

By Patrice Hill

The Washington Times, September 13, 2006

Oil prices plunged below $64 a barrel yesterday and settled 19 percent below this summer's record highs, bringing a major dose of inflation relief to hard-pressed consumers and the economy.

Washington-area drivers have particular reason to rejoice, as gasoline prices here -- in an unusual move -- have dipped a penny below the national average of $2.59 a gallon for regular grade, according to GasBuddy.com yesterday evening, leaving an unexpected dividend of spare change jangling in consumers' pockets that is likely to be quickly deployed into spending on other items.

"Happy days are here again. Let's hope nothing major happens" to send prices back up, said Roy L.C., one of many drivers exulting over the windfall on Internet chat boards yesterday. The drop in oil prices helped spark a 101-point rise in the Dow Jones Industrial Average.

Analysts attribute plummeting oil prices to a worldwide easing of demand in the face of record high prices this summer, as well as the dissipation of geopolitical tensions and threats to oil supplies from Lebanon and Iran to the oil-rich Gulf Coast, which has escaped without a hit so far this hurricane season.

Some analysts say a sea change is occurring in the oil market, and it will not revisit soon the record high of $78.40 set in July by premium crude in New York. Premium crude prices settled at $63.76 a barrel in New York trading yesterday, the lowest since March.

"We're in the midst of a tectonic change," said Peter Beutel, president of Cameron Hanover Inc., an energy consultant. "The rally that's lasted almost five years may be over. We keep seeing lower demand estimates which show the impact of very high prices."

Yesterday, the International Energy Agency trimmed its forecast for world oil demand this year by 100,000 barrels a day, and by 160,000 barrels next year, citing slackening demand in the United States and elsewhere.

At the same time, Saudi Arabia's oil minister, Ali al-Naimi, told a conference in Vienna that oil producers plan to invest nearly $100 billion in new oil and gas projects in the next five years to meet rising demand -- raising the prospect of a long-sought easing in the tight supplies that have fueled record oil prices.

Feeding the optimism on Monday, Iraq's oil minister said the war-ridden country hopes to double its oil production to more than 4 million barrels a day in the next five years -- a development that could cause further dramatic drops in oil prices. Though it has the world's second-largest conventional oil reserves, after Saudi Arabia, much of Iraq's production has been idled for years because of a lack of investment and maintenance as well as sabotage by insurgents.

"If we bring security to the country under control, definitely we could double production. We could triple it in 10 years," said Nijyar H. Shemdin, a representative of Iraq's Kurdistan region at a meeting with editors and reporters at The Washington Times yesterday. He said Iraq is producing at 60 percent under its potential.

Many analysts remain wary, however, noting that the tensions in Iraq and elsewhere that have fed high prices have not been resolved. They also point out that oil prices fell precipitously last fall, only to pick up again in the spring and summer.

"Crude and products markets are still dangerously tight, the hurricane season is far from over, and the winter heating season lies ahead," said Eric Chaney, analyst with Morgan Stanley.

While oil prices may rally again this winter, he said he thinks they will fall more substantially in 2007 and 2008 as a result of slower global economic growth, increasing conservation and rising supplies.

In the meantime, however, "lower energy prices will ease global inflation and help the global economy," he said.

David Wyss, chief economist at Standard & Poor's Corp., said oil prices have been behaving irrationally and could soar again on "a reheating in the Middle East or an escalation of the confrontation with Iran."

He noted that the oil market has been driven by speculation and fear. "The drop in oil prices occurred because near-term fears of supply interruptions have lessened," he said. "The actual supply-demand balance has not changed."

Falling Oil Prices Fuel Blue Chips To Jump 101.25 (WSJ)

By Ian McDonald

The Wall Street Journal, September 13, 2006

Tumbling oil prices were just the fuel stocks needed.

Crude-oil futures fell for the seventh consecutive trading session, their longest losing streak in nearly three years. Investors emboldened by the prospect of lower energy prices and better-than-expected earnings from big Wall Street firm Goldman Sachs Group Inc. looked past reports of a record trade gap and a thwarted terrorist attack in Syria and bought stocks by the bushel.

The Dow Jones Industrial Average leapt 101.25 points, or almost 1%, to a four-month high of 11498.09. It is now up more than 7% year-to-date and about 225 points from its all-time high in January 2000.

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The broad Standard & Poor's 500-stock index rose 1%, or 13.57 points, to 1313.11, and the tech-stock-laden Nasdaq Composite jumped about 2%, or 42.57 points, to 2215.82, to inch back into positive territory for the year. The Russell 2000 index of small stocks rose even more, 2.4%.

Treasury bonds also rose, as did the dollar, including its fifth gain in the past six days on the euro.

"The combination of significant pressure on crude and good earnings from Goldman Sachs provided a very positive tone," said Andy Brooks, head of equity trading at T. Rowe Price Group.

Oil-futures contracts for October delivery slipped $1.85, or 2.8%, to $63.76 a barrel at the New York Mercantile Exchange. Crude is at its lowest level since March 22 and down more than 9% over the past week. Other commodities, including gold, which is down 8% over the past five days, fell as well.

Unleaded-gasoline futures dropped 4.25 cents a gallon, or 2.7%, on the Nymex to $1.5521, the lowest close since Feb. 27 and off 9.2% so far this year.

Oil prices are tumbling for myriad reasons, including a slowing economy, lower demand forecasts, a calm hurricane season and the Organization of Petroleum Exporting Countries' statement Monday that it would keep pumping crude at current levels. Lower energy costs would lighten their drag on corporate profits, cheering investors.

More than two-thirds of the stocks on the New York Stock Exchange were in the black. Many gainers were companies that should benefit from lower energy prices. Shares of General Motors Corp., which could sell more high-margin trucks and sport-utility vehicles if gas prices keep falling, gained more than 4% on the Big Board.

Goldman Sachs, considered a bellwether in the financial-services group, rose 4.8% on the NYSE.

Investors also reacted positively to shake-ups at Bristol-Myers Squibb Co. and Hewlett-Packard Co., which rose 4% and 1.5%, respectively.

Early in the day, the pharmaceutical company's chief executive and general counsel stepped down after a federal monitor pressured the company to fire them. Meanwhile, Patricia Dunn announced plans to step down as H-P chairwoman in January, but remain on the board. The move was triggered by a widening probe of tactics used in a company investigation of leaks by its directors.

At the start of the day investors digested news of a thwarted terrorist attack by Islamic militants at the U.S. embassy in Syria and a report from the Commerce Department saying the trade deficit was a record $68.04 billion in July.

One concern heading into today's trading is that yesterday's gains could have been exaggerated by a flurry of trading driven by options expirations later this week. "With all the expirations later this week, it's going to be a tough market to handicap," says Jeffrey Saut, chief investment strategist at Raymond James Financial.

In major U.S. market action:

Stocks rallied. Total trading volume for stocks listed on the Big Board was 2.84 billion shares, as 2,521 stocks rose and 815 fell.

Bond prices rose. The 10-year Treasury note rose 7/32, or $2.19 for each $1,000 invested, pushing the yield down to 4.775%. The 30-year bond rose 20/32, to yield 4.903%.

The dollar was up. It traded at 117.95 yen, up from 117.59 yen, while the euro fell against the dollar to $1.2691 from $1.2702.

Falling Oil Prices Help Stocks Rebound (USAT)

By Matt Krantz

USA Today, September 13, 2006

Oil prices fell a seventh-consecutive session Tuesday, giving investors one less reason to worry about buying stocks.

The suspicion that demand for oil may be cooling, coupled with a major oil discovery last week, knocked crude down $1.85 a barrel to $63.76. Oil has fallen 17.2% from its high on July 14.

Investors are betting lower oil and gas prices will help consumers and businesses navigate a slower-growing economy. That's clear from the Dow Jones industrial average jumping 101.25 points to 11,498.09, contributing to what's turned into a 7.3% gain this year. That's the Dow's highest close since it hit 11,500.73 on May 11, although it's still 225 points away from its all-time high in January 2000 of 11,722.98.

Boosted by computer and electronics retail, home building and photo products stocks, the Standard & Poor's 500 index rose 13.57 points to 1313.11. The index is up 5.2% this year.

And long-lagging tech stocks also got a much-needed lift. The tech-heavy Nasdaq composite index rose 42.57 points to 2215.82, putting it up 0.5% this year.

There was other bullish news for stocks, other than oil, namely a bigger-than-expected quarterly profit from brokerage Goldman Sachs. The brokerage gained $7.29 to $158.29 and inspired investors to think corporate banking activity remains brisk.

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Electronics retailer Best Buy posted strong 22% higher quarterly results. That helped comfort investors worried about how consumer spending would hold up amid $3-a-gallon or higher prices for gas during the summer, says Michael Holland of Holland & Co. "The markets had a huge sigh of relief," he says. Investors are beginning to focus on the positives, he says. "The bad news has been swallowed by the markets."

Even so, the stock rally is all about oil, says Michael Farr, president of Farr Miller & Washington. Falling crude prices "take away the storm cloud of the relentless spiral upward … and the fear of when it will stop," he says.

Despite the market's rally, investors are still tentative and could quickly retrench, says Doug Sandler of Wachovia Securities. Much of the rally is the result of portfolio managers sensing oil is in a bear market and betting that will help stocks in the fourth quarter, he says. But just one piece of bad news will shake those investors out, he says: "Portfolio managers have their fingers in the air, trying to tell where the wind is going."

US Trade Gap Hits Record $68bn (FT)

By Daniel Pimlott

Financial Times, September 13, 2006

The US trade deficit surged to its highest ever level in July as the cost of oil imports rose to a record high and exports fell.

But the swelling deficit, which rose much more than expected, will probably fall back again as oil prices have fallen in recent weeks, analysts said.

The trade deficit rose to $68bn in July, up from $64.8bn in June, beating the record set last October of $66.8bn. The consensus had been for $65.5bn but in the end an unexpected fall in exports drove the deficit up.

About one-third of the increase in the July figure came from higher prices for oil imports. But oil prices have dropped to their lowest levels since March this week, after rising to an all time high in July of $77.03 per barrel. The price is now 15 per cent lower.

"The widening of the deficit in July reflected strength in commodity prices, and energy prices in particular, and these price gains are now being reversed," said Mike Englund, an analyst at Action Economics.

"The decline in capital goods exports can be half explained by a $0.6bn drop in aircraft exports, which will be reversed in August."

The value of July exports fell for the first time in five months by $1.3bn to $120bn, while July imports reached an all time high at $188bn, $1.9bn up on June. But exports remained at their second highest level ever.

The fall in exports was led by weakness in capital goods, with aircraft, computers and medical supplies leading the drop.

This year the overall deficit is running at $776bn, which, if met, would set a record for the fifth year in a row.

The politically sensitive deficit to China fell slightly to $19.6bn, but remains on track to exceed the massive $202bn deficit recorded last year, the highest amount ever owed to a single country. The US government has been pushing China to allow its currency to rise in value in order to allow the trade deficit to depreciate.

The worsening trade balance is expected to hold back economic growth this quarter, analysts said.

Trade Deficit Climbs To A Record, Driven By Summer Oil Prices (WSJ)

By Greg Hitt

The Wall Street Journal, September 13, 2006

WASHINGTON -- The summer swell in oil prices helped push the U.S. trade deficit to a record $68.04 billion in July, a 5% increase from June and the gap's sharpest widening in nearly a year, despite strong exports, the Commerce Department said.

The nation's bill for foreign petroleum totaled $28.48 billion for the month. Imports of all goods and services rose to $188.01 billion, up 1%, from June. But oil wasn't the only factor contributing to the growing trade imbalance. (Read economists' reactions to the data1)

Demand for foreign-made goods showed strength across the board. Imports of industrial supplies, such as iron and steel products, grew $2.18 billion to $54.25 billion in July. Capital-goods imports increased $800 million to $35.46 billion, helped by higher shipments from abroad of computers, medical equipment and drilling and oil-field equipment, among other things. Stronger demand for products like television sets, VCRs, toys and games bolstered imports of consumer goods.

Though overwhelmed by surging imports, U.S. exports came in at $119.97 billion in July. That was down 1.1% from June, but still the second-highest monthly total on record.

A drop in shipments of U.S.-made civilian aircraft, which fell $603 million to $2.59 billion, helped dim the export picture. But shipments abroad of American-made auto parts and vehicles increased, as did exports of consumer goods ranging from pharmaceutical products to pleasure boats, the Commerce Department said.

The department reported a revised June trade gap of $64.82 billion.

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The U.S. is on track this year to shatter last year's total trade deficit of $716.73 billion. And with the gap reaching new heights in July, some analysts backtracked on their expectations of how much foreign trade might contribute to U.S. economic growth in the third quarter. Economist David Greenlaw of Morgan Stanley, for example, cut his forecast for third-quarter growth in gross domestic product to 3.0% from a previous 3.2%.

Significantly, when adjusted for inflation, the trade deficit also rose in July, amid a decline in exports and rise in imports. The inflation-adjusted trade deficit is closely watched by economists because it may better reflect foreign trade's impact on GDP.

Even so, it wasn't clear Tuesday that the deficit's jump in July signaled a fresh upward spiral over the long term. Indeed, with oil prices down from midsummer highs, expectations are growing that the deficit could begin to shrink some in the coming months. Paul Ashworth, senior U.S. economist at research firm Capital Economics suggested the "decline in the price of crude oil should cut roughly $2 billion" from the monthly value of U.S. imports.

The U.S. deficit with China declined somewhat in July, shrinking a little more than $100 million to $19.57 billion. Still, the deficit with China remained the U.S.'s largest with any single country, and trade with China remains a volatile political issue.

In this year's fight for control of Congress, for example, top U.S. steel companies and unions have joined together in an multistate media campaign that blames China, along with India and Brazil, for "stealing American jobs" and urges voters to seek out candidates "willing to stand up for American workers and enforce the trade laws."

Bush Adviser Sees Rise In US Wages Growth (FT)

By Edward Luce

Financial Times, September 13, 2006

After years of stagnation, US wage growth will start to catch up with high productivity and economic growth, according to a senior Bush administration official.

Edward Lazear, chairman of President George W. Bush's Council of Economic Advisers, on Tuesday also sought to dispel the increasingly widespread view that the median US employee is suffering from a long-term decline in earnings potential.

Mr Lazear's speech is part of a broader administration campaign to focus on the strong US economy in the build-up to critical mid-term congressional elections on November 7. According to recent polls, up to two-thirds of American voters describe the economy as either "not good" or "poor". Voters consistently cite the state of the economy and the Iraq war as their biggest concerns.

Mr Lazear on Tuesday pointed to a 4.1 per cent increase in nominal workers' compensation in the first six months of this year as evidence that employee remuneration was starting to catch up with productivity growth, which has achieved an average annual 3 per cent increase since the US economic recovery began five years ago.

However, critics of the Bush administration say that real wage growth, which excludes the inflationary cost of healthcare that has fuelled compensation growth, continues to languish at or below annual inflation.

Mr Lazear denied the US economy was facing structural changes that had permanently reduced the earnings potential of most employees. He said the normal acceleration of wage growth had begun later in the cycle than usual – but it had begun.

"Wage growth sometimes lags productivity growth – especially coming out of recessions," he said. "2006 will be a period during which real wage gains begin to catch up with earlier gains in productivity, despite large price hikes in the energy sector."

However, the Bush administration's arguments have been met with growing scepticism among economists who point out that real wages for most Americans are marginally below where they were four years ago, in spite of strong overall growth in gross domestic product. According to the Bureau of Labour Statistics, the average hourly wage for private sector non-farm workers was $8.17 in August 2006 (at 1982 prices) compared with $8.23 in August 2002.

Growth in average compensation has been higher than real wage growth owing to the higher cost to employers of healthcare provision and insurance. Medical inflation usually outstrips general inflation.

"The Bush administration continues to tell us what will happen in its view rather than what is actually happening," said Rob Shapiro, head of the New Democrat Network's Globalisation Initiative, a centrist advocacy group. "Median wage stagnation is about a structural shift in the US economy because of globalisation and nothing that Mr Lazear has said has altered this view."

Back, And Stronger (LAT)

The Los Angeles Times, September 13, 2006

JUST A FEW MONTHS AFTER 9/11, Osama bin Laden boasted that the attacks had "hit hard the American economy at its heart and its core." If they did, the effect was transitory. In all the commemorations and assessments on the anniversary of 9/11, the resilience of the U.S. economy has attracted less notice than it deserves.

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Bin Laden was not alone in his analysis. In the United States, there were warnings of burdensome security costs, sharp business cutbacks and recession on the horizon. Some estimated that the immediate cost of the attacks — including lost life, property and economic output — would approach $170 billion. The longer-term effects, they implied, were almost unimaginable.

Then Americans enjoyed five years of strong productivity and corporate profits, a booming real estate market and rising trade volumes.

It's tempting, and to some degree justified, to chalk up the apparent success to some inherent superiority of the U.S. economy. A recession was already underway on 9/11, but Fed policy and tax cuts fueled a strong recovery. According to a recent report from the World Trade Organization, globalization continued apace, as most major transnational corporations said they would not delay or cancel investment projects in reaction to worldwide terror.

Although private- and public-sector security spending ballooned to $90 billion last year — in a $13-trillion economy — technology had already created efficiencies in U.S. businesses that offset many of the new costs. Entrepreneurs found ways to profit from the security-industrial complex.

Meanwhile, sectors hit directly by the attacks, such as travel, bounced back. Analysts estimate that airlines lost about $40 billion and 150,000 jobs in the wake of 9/11 as passenger traffic plummeted in 2001 and 2002. But last year, a record 670.4 million passengers flew on U.S. carriers.

Another terrorist strike, in the U.S. or abroad, could still do untold damage to the economy. But nowadays economists tend to be less concerned about such a possibility (or unnecessary spending to protect against it) than about high energy costs or a real estate bust. Both would be worrisome, of course. But those kinds of worries are in a whole different category than the fear of a terrorist attack.

Look Who Got A Raise (NYT)

The New York Times, September 13, 2006

Fearing inflation, investors were spooked recently by a government report showing that companies have spent a lot of money of late on their employees. Annual labor costs were up in the second quarter by 4.9 percent, nearly a point higher than initially estimated. That came on top of a much bigger than expected increase in the first quarter.

Compensation is business's biggest expense, so rising labor costs — if passed on to consumers — could certainly push up prices. But so far, there are no clear signs of that happening. Instead, today's rising labor costs seem to reflect a different economic phenomenon: growing income inequality.

The big jump in labor costs in the first quarter appears to be driven by fat bonuses and stock options — not hefty increases in wages and salaries, the financial lifeblood of most Americans. One-off shots of income do not portend higher inflation because they reflect activity that already happened. And they don't translate into more money for most people. According to David A. Rosenberg, an economist for Merrill Lynch, the huge upward revision in first-quarter labor costs worked out to some $80 billion on an annual basis that flowed to "a lot of well-heeled folks cashing in their stocks."

Rising labor costs also reflect the high cost of employees' health insurance. Unfortunately, that expense doesn't imply better coverage, only higher prices for even a bare-bones plan. The more insurance costs, the more it eats into take-home pay, without making up for the loss with better benefits.

When statisticians talk about "labor costs" and economists — and politicians — talk about "compensation," they mean all forms of earned income, like wages, salaries, bonuses and stock options, plus benefits, like insurance and pensions. Measured that way, employees don't look too terribly squeezed. But for most workers, increases in wages or salaries, if any, have been steadily eroded by inflation while health insurance, if any, costs more and covers less.

Wage Debate Pits Workers Vs. Businesses (USAT)

By Tom Kenworthy

USA Today, September 13, 2006

DENVER — The 11 workers at Jim Noon's company, which makes cardboard boxes and packaging, earn well above the federal minimum wage of $5.15 an hour. Even so, the Denver businessman opposes — "for all sorts of reasons" — a Colorado ballot measure that would raise the state's minimum hourly wage to $6.85.

Noon says the initiative to amend the state constitution would exert pressure to increase all salaries and signal the state is not business-friendly. On a philosophical level, he says, "the state constitution shouldn't have dollar figures; it should have concepts."

In the western part of the state, in Delta, Traci Woodson's support for the initiative is personal. The 26-year-old single mother of two is a home-based child care provider who works at least 95 hours a week. She is paid an average of $5.77 an hour

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for looking after children from 6 a.m. to 10:30 p.m. and sometimes overnight. If the measure passes, her pay would rise because the amount the state pays for her low-income clients' child care needs is pegged to the minimum wage.

"You can't make it on the minimum wage," Woodson says. In Delta, the average cost to rent a three-bedroom house is about $650 a month, and people frequently work two or three low-wage jobs, she says.

Voters in Colorado and five other states — Arizona, Missouri, Montana, Nevada and Ohio — will decide the issue in ballot measures Nov. 7 to raise the minimum wage.

Nine years after Congress last raised the federal minimum wage, "states are realizing families can't support themselves on a little under $11,000 a year," says Liana Fox, an analyst with the Economic Policy Institute, a liberal think tank in Washington, D.C. By December, Fox says, this will be "the longest stretch without an increase since 1938, when the minimum wage was first enacted."

Nationally, about 5.6 million workers would benefit from an increase in the minimum wage; 835,000 of them are in the states with ballot initiatives, estimates the Center on Budget and Policy Priorities, a liberal Washington think tank. The Labor Department says about 1.9 million people are paid the minimum wage or less but says that figure is "understated" because it includes only hourly, not salaried, workers.

The department says about half of minimum-wage workers are younger than 25, and about three-fifths work in the hospitality and leisure industries, mostly in restaurants and bars.

Backing the state campaigns to raise the minimum wage are labor unions, advocacy groups for the working poor — such as the Association of Community Organizations for Reform Now and 9to5, the National Association of Working Women — and religious organizations.

"A lot of us who work in the low- and middle-income communities hear regularly from folks about the cost of housing, gas, child care and health care. And we're tired of waiting for the politicians to wake up and discover this might be an important issue," says Bill Vandenberg of the Colorado Progressive Coalition.

Opponents include chambers of commerce and associations representing hotels, restaurants and small businesses.

In Colorado, opponents argue that raising the minimum wage would cut entry-level jobs. They also say they're defending the state constitution.

Jan Rigg, a spokeswoman for Respect Colorado's Constitution, says if Colorado's minimum wage rises to $6.85, it would be among the highest in the country. She says the measure has no exceptions for small businesses or young workers, as some other states have. She also says if the state's economy falters, "we have no ability to fix it" through legislative action.

Polls in several of the states show strong support for raising the minimum wage. In Missouri, a St. Louis Post-Dispatch poll this month found 68% favored the increase. In Nevada, a survey in the Las Vegas Review-Journal last month showed 74% support. In Arizona, a poll in March showed 81% support.

"There are a lot of voters who are more motivated to get to the polls to raise the minimum wage than by any other issue," says Sara Howard, a spokeswoman for the Give Missourians a Raise campaign. The issue, she says, could help Democrats unseat Republican Sen. Jim Talent, who has not taken a position, and faces Democrat Claire McCaskill, who supports the measure.

Democrats hoping the wage initiatives could tip key congressional races by boosting turnout may be disappointed, says Paul Taylor of the Pew Research Center. He points to the 11 states in 2004 that had ballot measures against same-sex marriage, which supposedly increased GOP turnout. He says both the turnout and the percentage of votes President Bush received in those states were very close to what they were four years earlier.

Even so, there is some "tactical potential" for Democrats in the wage campaigns, Taylor says. "If races are close enough, everything matters."

Minimum Wage Laws Multiply In States (USAT)

By Tom Kenworthy

USA Today, September 13, 2006

DENVER — This year's elections could be a watershed in the nearly 70-year history of the federal minimum wage: For the first time, a majority of states could require higher pay than the federal rate of $5.15 an hour.

This year, 10 states have enacted laws mandating a higher minimum than federal law requires. Twenty-three states and the District of Columbia are now above that threshold.

On Nov. 7, voters in six other states will decide ballot measures that would raise the minimum wage to as much as $6.85 an hour with automatic adjustments for inflation. Some of the states would allow lower pay at small businesses and for workers who receive tips.

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Initiatives to change the base pay rate — by amending the state constitution or changing state law — will be on the ballot in Arizona, Colorado, Missouri, Montana, Nevada and Ohio.

If they all pass, it would equal the number of minimum wage ballot measures adopted in the 14-year span ending in 2004, says Jennie Bowser, a policy analyst with the National Conference of State Legislatures. “I expect to see most or all of them pass,” she says. “I imagine it's going to be a pretty popular subject.”

The battles over the minimum wage come as government figures show wages are not keeping up with inflation and amid fierce contests to control Congress.

Supporters for raising the minimum wage such as Liana Fox with the Economic Policy Institute, a liberal think tank, say inflation has eaten away the last increase by Congress in 1997. Raising the wage from $5.15 to $6.85 an hour would boost a worker's annual pay from $10,712 to $14,248.

Opponents say the pay raise would hurt businesses such as restaurants that depend on lower-wage workers, and would be a setback for entry-level employees.

“There will be fewer jobs for teenagers and low-income workers who come in to get a skill,” says Jan Rigg, spokeswoman for Respect Colorado's Constitution, a business coalition opposing the increase. “This isn't a debate about haves and have-nots, it's about what we all want: a good workforce.”

All six states with minimum wage increases on the ballot are major election battlegrounds this fall. Montana, Ohio and Missouri have Senate contests rated as tossups by The Cook Political Report. Arizona, Ohio, Colorado and Nevada have competitive governors' contests. Arizona, Colorado and Ohio have some of the most closely watched House elections in the country.

Brookings Institution scholar Matt Fellowes says Democrats hope the wage initiatives will draw more of their voters to the polls and underscore “that under Republicans, financial insecurity has increased.”

The minimum wage measures also reflect frustration with Washington and state legislatures that have failed to approve raises, Fellowes says. Republicans control Congress and one or both legislative branches in four of the six states with ballot measures this fall.

In July, the House approved a GOP-led effort to tie a $2.10 increase in the minimum wage to a permanent cut in the estate tax and other tax breaks. Senate Democrats blocked the measure. In June, the Senate defeated a Democratic effort to raise the wage to $7.25.

Chafee Beats Back Senate Challenger In Rhode Island (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 13, 2006

WASHINGTON -- Rhode Island Republican Sen. Lincoln Chafee beat back a very tough primary challenge from Cranston, R.I., Mayor Steve Laffey to run for re-election, an outcome national Republican Party officials believe will give them the best chance of holding the seat in midterm elections.

Mr. Chafee's victory was substantially aided by a roughly $1 million infusion of cash from Washington Republican Party committees to run ads and flood mailboxes with fliers criticizing Mr. Laffey, a tough-talking social conservative. It is a strategy of lavish spending Republicans used earlier this year to hold onto to the House seat of California Republican Rep. Randy "Duke" Cunningham, who pleaded guilty to bribery. That race cost the national party $5 million.

But it remains unclear if the Republicans can spend that kind of cash to defend a growing list of contested incumbent elections in the general election. In Rhode Island, the two candidates spent more than $2 million apiece, and the race, while not the most expensive, is considered one of the Ocean State's most negative and bitter contests.

Mr. Chafee, 53 years old, was appointed to the Senate in 1999 after his father, Sen. John Chafee, died in office. He won election the following year and quickly staked out a fiercely independent profile. He voted against the Iraq war, many of the White House tax cuts and publicly admitted he didn't vote to re-elect President Bush, writing in a vote for the president's father, former President George H.W. Bush, instead. While his positions frustrated his party, most analysts believed they reflected the state's electorate and made him the only Republican likely to hold the seat.

Mr. Laffey, 44, a former investment banker, had tapped into that anger to rally the party's core conservatives to his campaign. He was supported by the conservative Club for Growth, a Washington-based antitax group that funneled more than a half-million to his campaign. He conceded the race with roughly 70% of the voting reported and trailing 54% to 46%.

The Rhode Island seat isn't safe yet for Republicans, though. Early polls have shown a close race between Mr. Chafee and Democratic nominee Sheldon Whitehouse, a popular former attorney general who is flush with cash.

R.I.'s Chafee Fends Off GOP Challenger (USAT)

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By Susan Page
USA Today, September 13, 2006

WASHINGTON — Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, beat back a tough primary challenge Tuesday from conservative Stephen Laffey.

Chafee had been imperiled by the same forces that cost three-term Sen. Joe Lieberman the Democratic nomination in neighboring Connecticut last month. Lieberman, one of the Senate's most conservative Democrats, lost to anti-war candidate Ned Lamont and is now running as an independent.

Chafee used his maverick record to appeal to independent voters, who are allowed to vote in the Rhode Island primary.

"The message is that Rhode Island is still a more liberal Republican Party than the Republican Party nationally," says Victor Profughi, a retired political science professor at Rhode Island College. "And it means we'll have a competitive race in Rhode Island" for the Senate in November.

He said Chafee's stiff challenge reflected anti-incumbent sentiment and a push by Democratic and Republican activists to draw sharper partisan lines this year.

At a victory party, Chafee thanked "Republicans, independents and disaffiliated Democrats" for supporting him. "Strict party discipline must not prevail over the spirit of compromise that is so essential to our American democracy," he declared to cheers.

Chafee's battles aren't over: He now faces former state attorney general Sheldon Whitehouse, who won the Democratic nomination.

The race is rated a toss-up, and Democrats have targeted it as one of the six Republican-held seats they need to pick up to win Senate control.

Backed by the anti-tax Club for Growth, Laffey, the mayor of Cranston, attacked Chafee for voting against tax cuts and in favor of spending projects that Laffey labeled pork. Chafee also has riled some Republicans by opposing the Iraq war and the confirmation of Supreme Court Justice Samuel Alito.

Still, Chafee benefited from what political scientist Darrell West of Brown University calls "a golden name" in Rhode Island: Chafee's late father, John, served as governor and senator.

Moderate GOP Senator Beats Conservative Challenger In R.I. (WP)

By Shailagh Murray And Zachary A. Goldfarb
The Washington Post, September 13, 2006

PROVIDENCE, R.I., Sept. 12 -- Sen. Lincoln D. Chafee, a moderate who has frequently clashed with the Bush administration, beat back a strong conservative challenger Tuesday night in the GOP primary in Rhode Island.

The victory came amid heavy turnout, after the same Republican establishment that Chafee has so often defied rallied to his side with money and logistical support for a vigorous get-out-the-vote effort. While there is little personal affection for Chafee at the White House, operatives there and in the Republican Party leadership calculated that he is the GOP's best chance of holding the seat in a Democratic-leaning state in November.

The Chafee win represented a rare bit of political good news for Republicans, who are struggling to retain control of both houses of Congress in a highly volatile election year, as polls showing voters to be increasingly frustrated with GOP leadership. President Bush's dismal approval ratings, fueled in large part by public frustration with the war in Iraq, threatens Republican incumbents around the country who are on the ballot this year.

Stephen Laffey, the blustery, populist mayor of Cranston, had sought to become the second challenger to topple a senator in a primary this year, after Sen. Joseph I. Lieberman's loss to Ned Lamont in Connecticut's Democratic primary last month. In the end, however, a race that for weeks had been widely viewed as neck and neck fell decisively in line for Chafee, who was commanding 54 percent of the vote with 99 percent of returns counted.

Chafee's hurdles are hardly over. Democrat Sheldon Whitehouse, who like Chafee is a well-known Rhode Island political figure, also secured his party's nomination Tuesday night over negligible opposition. Whitehouse was not a top choice of Democratic Party recruiters,but has led Chafee in recent polls.

Although Chafee escaped the Laffey threat, Democrats believe he compromised his general election chances by waging a negative campaign marked by pointed attack ads and by accepting such high-profile Republican Party help. The senator himself expressed regret last week that the tone of the campagn had turned nasty. But, he pointed out, "negative ads do work."

But they also clash with his low-key, almost diffident personal style and expressed loathing of glovers-off partisanship. "When Lincoln Chafee -- an incumbent Republican senator -- can barely win his own primary, you know he'll have trouble in the general election," said Sen. Chuck Schumer (N.Y.), chairman of the Senate Democrats' campaign committee.

National GOP officials feared that if Chafee lost, Democrats would almost certainly win the Senate seat in November, one of six they must pick up to reclaim control of the chamber. National Republican officials who are backing Chafee announced last

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week that they would pull their resources out of Rhode Island should Laffey prevail, effectively conceding the election to Democrats.

"This is my 10th run for office . . . and I've never had one like this," said Chafee, the son of the late senator John H. Chafee and a former Warwick mayor and City Council member. He said the vote was an endorsement of the "spirit of compromise" that he has tried to uphold. Then he reminded supporters that a whole new battle is beginning. "It will take everything we've got," Chafee said.

Rhode Island was one of nine states that held primaries Tuesday, the last big day of party battles before the November elections. The GOP faced a similar intraparty conflict in Arizona in the contest to succeed retiring Rep. Jim Kolbe (R), a longtime member of the House Appropriations Committee. Republicans chose between Randy Graf, a conservative firebrand running hard against illegal immigration, and state Rep. Steve Huffman, a moderate who was backed by Kolbe and the national party.

In New Hampshire, Democrats who oppose the Iraq war showed their strength again, just as they had in the Lieberman-Lamont election. In the 1st Congressional District, Carol Shea-Porter stressed antiwar themes in her upset victory over party-backed Jim Craig in the contest to take on Rep. Jeb Bradley (R).

Meanwhile, Arizona state Sen. Gabrielle Giffords and former Tucson anchorwoman Patty Weiss battled for the Democratic nomination. Democratic officials say they are confident that if Graf wins the GOP primary, either Giffords or Weiss could beat him in November in the race for the swing seat.

But the contest in Rhode Island has the most potential to change the political map. With control of the Senate seat at stake, the national Republican Party recently began a series of television commercials and mobilized its get-out-the-vote effort in a bid to save Chafee from defeat. The maverick senator has opposed President Bush on many issues and voted against the president in 2004.

But the national party rallied behind Chafee, nonetheless, convinced that Laffey was too conservative to win in the heavily Democratic state. A huge final-hour turnout effort appeared to have paid off, with over 63,000 ballots cast, by far a state record for a GOP primary.

In contrast to Chafee's patrician and somewhat diffident style, Laffey was assertive and hard-charging, and he proved highly effective on the campaign trail. He argued that Chafee's independence from the GOP has made him almost irrelevant and that his unpredictable voting patterns suggest a political identity crisis.

The race turned ugly in the final days, with accusations of dirty tricks, and the harshest attacks aimed at Laffey. The intense atmosphere was highly unusual in a state that barely rates on the national political radar. Voters reported receiving a dozen pieces of mail in one day and their phones ringing 15 times in 10 minutes, all political pitches.

Laffey's strong campaign suggested a worrisome trend to Republicans about their base supporters: that intolerance for moderates had grown so intense that they were willing to sacrifice a Senate seat -- and possibly control of the Senate -- to punish unreliable politicians.

The mayor's core supporters were Republicans who disliked Chafee's moderate views, but he also also appealed to middle-class independent voters who are uneasy about Congress's inattention to issues they care about, such as education and health care. Those voters think only an outsider can shake up Washington, and in Laffey's case, they were willing to overlook ideological differences.

"I ran as a reformer," Laffey told supporters Tuesday night, conceding the race and endorsing Chafee. "We take ideas any day."

Meanwhile, in Minnesota, Democrats chose state Rep. Keith Ellison from a field of four main candidates for a Minneapolis House seat being vacated by retiring Rep. Martin O. Sabo (D). In a heavily Democratic district, he is on track to become the first Muslim to serve in Congress.

In New York, Sen. Hillary Rodham Clinton (D) was nominated for a second term, while Attorney General Eliot L. Spitzer won victory as the Democratic nominee for governor.

In a majority-black district in Brooklyn, City Council member David Yassky, the only white candidate in a four-way contest that raised racial tensions, lost to Yvette Clarke in the Democratic primary to replace retiring Rep. Major R. Owens.

In Setback For Democrats, Incumbent Wins Republican Senate Primary (NYT)

By Kate Zernike

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Senator Lincoln Chafee of Rhode Island won the Republican primary there on Tuesday, fending off a bid from a populist challenger that the national Republican Party had feared would cost it a seat it had held since 1976 in an overwhelmingly Democratic state.

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The race was the most closely watched contest in the nine primaries across the country on Tuesday, in a year when Democrats are hoping to capitalize on anti-incumbent sentiment to take control of one or both houses of Congress.

Mr. Chafee's victory, with 53 percent of the vote, dealt the Democrats a big setback in their bid for control of the Senate. The state is crucial to their goal of winning six seats. Polls had shown Mr. Chafee's challenger, Stephen Laffey, running far behind Sheldon Whitehouse, who won the Democratic nomination on Tuesday, and the national Republican Party said it would cede hopes of keeping the seat if Mr. Laffey won.

Mr. Chafee's nomination keeps the race alive until November, with polls showing him and Mr. Whitehouse running even, and guarantees that the national parties will continue to pour money into what has already been a nasty and expensive contest.

Mr. Chafee, the most famously liberal Republican in the Senate and a scion of one of the state's "five families," told supporters gathered at the Biltmore Hotel in Providence that his victory had been a groundswell of "diehard Republicans, independents, and disaffiliated Democrats," who "united behind the cause of honest, independent leadership." He spoke of Republicans' "proud history" in New England.

"Our goal has always been to find the common ground for the common good," he said. "Polarization, partisanship and strict party discipline must not prevail over the spirit of compromise that is so essential to our American democracy."

National Republican organizations spent vast amounts of money on either side, with antitax groups deriding Mr. Chafee as a "Republican in name only" and the National Republican Senatorial Committee overlooking his rejection of much of the party's agenda to campaign fiercely on his behalf. The committee started running pro-Chafee advertisements nearly a year ago, and spent $750,000 on his behalf in the last month alone.

Senator Elizabeth Dole, the committee's chairwoman, congratulated him in a statement for a "hard-earned victory," and added, "Senator Chafee's independent, honest leadership drove a historic turnout and clearly shows he is in a great position to win in November."

More than 63,000 votes were cast, far outpacing the previous record of about 45,000 votes in a Republican primary in Rhode Island.

Democrats were in no mood to give up the fight.

"When Lincoln Chafee, an incumbent Republican senator, can barely win his own primary, you know he'll have trouble in the general election," said Senator Charles E. Schumer of New York, who is leading the Democrats' effort to win the Senate. "Rhode Islanders, more than voters in any other state, know we need a new direction and real change in this country, which is why Sheldon Whitehouse will be the next U.S. senator from Rhode Island."

Mr. Laffey, who campaigned door to door across the state in a recreational vehicle with his wife and five children in tow, even as the national Republicans ridiculed him, conceded shortly before 11 p.m., saying he would vote for Mr. Chafee in November. "The voters have spoken," he said, and added, with a nod to his family and the citizens of Cranston who elected him mayor, "A lot of things have worked out very well. This election didn't."

In the District of Columbia, Adrian M. Fenty, a City Council member, defeated Linda W. Cropp, the Council's longtime chairwoman, with 57 percent in the Democratic mayoral primary, making him the presumptive mayor in the heavily Democratic city.

In Maryland, Lt. Gov. Michael Steele, easily won the Republican nomination in the contest to replace Senator Paul S. Sarbanes, a Democrat who is retiring after 30 years.

Mr. Steele, a rising star in the party who would be the first black Republican in the Senate if elected, declared victory in the primary at his campaign headquarters in Greenbelt shortly after 10 p.m. He will face either Representative Benjamin L. Cardin or Kweisi Mfume, the former head of the N.A.A.C.P., who led 16 other Democratic candidates.

The results in Maryland were coming in slowly after election problems early in the day. Some polls opened late, and voters were turned away at others.

A Circuit Court judge in Montgomery County ordered that polls be kept open an hour later, until 9 p.m., as did one in Baltimore, after a lawsuit filed by the Maryland Democratic Party and the N.A.A.C.P.

In Minnesota, Keith Ellison, a state legislator, won the Democratic Congressional nomination in the heavily Democratic Fifth District, defeating three rivals to put him on a path to become the first Muslim member of Congress.

Chafee Wins In Pivotal R.I. Race (WT)

By Amy Fagan

The Washington Times, September 13, 2006

PROVIDENCE, R.I. -- Sen. Lincoln Chafee, with the backing of the national Republican Party, last night secured a solid victory over conservative Republican challenger Stephen Laffey in the most closely watched race on a night when nine states and the District held primaries.

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With 99 percent of precincts reporting, the liberal Mr. Chafee had 34,042 votes, or 54 percent, to 29,431 votes (46 percent) for Mr. Laffey, the Cranston mayor who was backed by the free-market advocacy group Club for Growth.

"To the voters of Rhode Island, thank you," Mr. Chafee told a screaming crowd of supporters at the Biltmore Hotel in Providence. He said the victory was a validation of independent-minded Rhode Island and an endorsement of leaders who have the "guts" to take difficult votes and work across the aisle.

Mr. Chafee's Democratic challenger, Sheldon Whitehouse, got 82 percent of the vote against two other candidates in the Democratic primary.

Elsewhere, New York Sen. Hillary Rodham Clinton easily beat anti-war challenger Jonathan Tasini in that state's Democratic primary, clearing the way for a November matchup against Republican underdog John Spencer, the former mayor of Yonkers.

In Vermont, independent Rep. Bernard Sanders won the Democratic nomination for the Senate seat of retiring Sen. James M. Jeffords, while businessman Richard Tarrant took an early lead in the Republican Senate primary.

In Arizona, four Republicans, including Don Goldwater, nephew of the late Barry Goldwater, competed for the nomination to challenge Democratic Gov. Janet Napolitano. In Minnesota, Democratic state Rep. Keith Ellison was leading in his race for an open House seat that would make him the first Muslim in Congress.

The battle between Mr. Chafee and Mr. Laffey was in the spotlight yesterday because national Republicans said it was key to their party's hope of maintaining its Senate majority. They insisted that Mr. Chafee, who has bucked his party on issues such as tax cuts and abortion, has the only shot in this left-leaning state to beat a Democratic challenge and win the general election in November.

National Republicans ran ads, sent volunteers and gave resources to help Mr. Chafee win.

But Republicans in Rhode Island were split. Mr. Chafee faced a notable challenge from Mr. Laffey, who is pro-life, pledged to cut taxes and won the support of the Club For Growth. The national group spent $500,000 in Rhode Island and ran ads bashing Mr. Chafee as a tax-and-spend liberal.

The bitter primary here highlighted an ideological fight within the Republican Party, which played out along the same lines in an Arizona primary to fill the House seat left open by retiring Rep. Jim Kolbe. Local Republicans were angered when the national party intervened to support state Rep. Steve Huffman, a moderate who in a recent poll was trailing a former state lawmaker, Randy Graf, who is focused on halting illegal immigration.

The Republican infighting has been compared to the test Democrats faced in Connecticut last month, when they ousted Joe Lieberman in favor of a more liberal Democrat who they felt was more in line with their party's values.

Likewise, some Rhode Island Republicans are tired of Mr. Chafee's left-leaning tendencies.

"Chafee, to me, is a Democrat in a Republican jacket," said 37-year-old Michael Camardo of Cranston, who supported Mr. Laffey. Mr. Camardo said Mr. Chafee probably has a better chance of winning in November, but added, "I have to vote my conscience."

But Mr. Chafee, known for his maverick stands against President Bush and his party, retains support in this Democratic state where most voters register as independent -- known locally as "unaffiliated."

"I like his independence," Barbara Brogan, 74, of Cranston, said of Mr. Chafee yesterday, after she voted for him at the Daniel D. Waterman Elementary School.

Club for Growth President Pat Toomey said that regardless of the outcome, the close primary contest showed that "voters still care about pocketbook issues like lower taxes, lower spending and less government waste." The strength of Mr. Laffey's challenge "shows that the power of our ideas will be an influential factor in this election cycle."

Mr. Chafee still faces a tough challenge in November, with polls showing a close race between him and Mr. Whitehouse.

Voters In Nine States Pick Candidates For November (USAT)

By Susan Page

USA Today, September 13, 2006

Voters from Arizona to Vermont cast ballots in hard-fought primary battles on Tuesday, soundly renominating New York Sen. Hillary Rodham Clinton and effectively choosing Adrian Fenty as mayor of the nation's capital.

On the busiest primary day of the year, Rep. Ben Cardin was leading former NAACP president Kweisi Mfume for the Democratic Senate nomination in Maryland. The winner will face Republican Lt. Gov. Michael Steele, the Republican Party's best hope for electing an African-American to major statewide office this year.

Voting glitches in Baltimore and Montgomery County, Maryland's largest voting jurisdiction, prompted Circuit Court judges to order polls there to stay open for an extra hour, until 9 p.m.

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In Montgomery County, a Washington suburb, election officials had failed to deliver computer cards to start electronic voting machines when polls opened at 7 a.m., forcing some voters to use paper ballots. In Baltimore, some election judges failed to show up on time.

In Arizona, conservative Republican Randy Graf, a former state legislator and pro golfer, was tapping voter concern about illegal immigration in a race against state Rep. Steve Huffman, a moderate Republican backed by party leaders for a tossup House district that stretches from Tucson to the Mexican border.

Meanwhile, a Gallup Poll taken Thursday through Sunday had good news for Democrats hoping to pick up the 15 seats they need to regain control of the House. By 53%-41%, registered voters in a generic ballot test — that is, one without candidates' names — said they were inclined to support the Democratic candidate in their district over the Republican.

The Democratic advantage on the question was 6 percentage points in January and surged as high as 15 points in the spring. Three weeks ago, it had narrowed to 2 points. That survey was taken in the wake of arrests in London of suspects accused of planning to blow up American airliners.

"This election cycle was defined six months ago and nothing has really changed it," said Chuck Todd of the online political newsletter Hotline.

"The only question is whether it's going to be a good year or a great one to be a Democrat."

Democrats are more energized: By 47%-42%, they said they were more enthusiastic about voting in November than usual. By 47%-40%, Republicans said they were less enthusiastic.

The telephone survey of 1,002 adults has a margin of error of +/-3 percentage points. The subsample of 925 registered voters has an error margin of +/-4 points.

The race that got the most national attention Tuesday was the Republican primary in Democratic Rhode Island, where Sen. Lincoln Chafee beat back a challenge from Cranston Mayor Stephen Laffey.

Among contests in eight other states — Arizona, Delaware, Maryland, Minnesota, New Hampshire, New York, Vermont and Wisconsin — and the District of Columbia:

·In D.C., Fenty decisively defeated City Council Chairwoman Linda Cropp for the Democratic bid for mayor. His victory in the overwhelmingly Democratic city all but guarantees election in November.

·In Minnesota, state Rep. Keith Ellison was leading former state Democratic-Farmer-Labor party chairman Mike Erlandson in a battle for the Democratic nomination for a House seat in Minneapolis and its suburbs. If nominated and elected, Ellison would be the first Muslim in Congress.

·In New York, in a battle for a Brooklyn House seat that spotlighted racial divisions, New York City Councilwoman Yvette Clarke and City Councilman David Yassky were leading. Yassky was seeking to become the first white representative from the district since political pioneer Shirley Chisholm won it four decades ago. The other contenders included Chris Owens, who hoped to succeed his father, Major Owens.

·Also in New York, Clinton swept more than eight in 10 votes, trouncing anti-war challenger Jonathan Tasini. Ex-Yonkers mayor John Spencer won the GOP nomination to face her.

Spitzer And Cuomo Win In N.Y. Primary (NYT)

By Patrick Healy

The New York Times, September 13, 2006

Attorney General Eliot Spitzer won the Democratic nomination for New York governor tonight, with his party hoping he will lead it to a potentially historic moment this November: a sweep of top statewide offices.

Andrew M. Cuomo won the Democratic nomination for attorney general, and Senator Hillary Clinton won renomination for a second term in the Senate. In the day's most closely contested major race, Yvette D. Clarke won the primary for a Congressional seat in Brooklyn.

The election in New York was one of nine primaries around the nation. In Rhode Island, Lincoln Chafee, the Senate's most famously liberal Republican, held off a conservative challenger, Stephen Laffey, in a nasty contest fueled by huge amounts of money from national Republican groups on both sides. With 83 percent of the state's precincts reporting, Mr. Chafee had 54.4 percent of the vote to Mr. Laffey's 45.6 percent, and Mr. Laffey conceded defeat.

Mr. Spitzer's battle ended with a concession speech by his opponent, Nassau County Executive Thomas R. Suozzi, who said he would support Mr. Spitzer's fall campaign. Mr. Spitzer had 81 percent of the vote, while Mr. Suozzi had 19 percent, with 95 percent of the precincts reporting.

Mr. Cuomo won 52.8 percent of the votes in his contest against a fixture of New York City politics, Mark Green, who had 32.5 percent of the vote with 96 percent of the precincts reporting. Sean Moloney had 9.5 percent of the votes, and Charles King received 5.1 percent.

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The Cuomo-Green race was among the most bitter of the year: Mr. Green, a former city public advocate and candidate for mayor in 2001, ran television ads excoriating Mr. Cuomo's ethics, while Mr. Cuomo aggressively sought the restoration of his family's political dynasty — in decline after his father, Mario M. Cuomo, the state's last Democratic governor, lost in 1994, and Mr. Cuomo lost his own bid for governor in 2002.

Mrs. Clinton's contest carried broad significance as well. By showing strength among a relatively liberal, antiwar primary electorate, she demonstrated that her vote for military action in Iraq in 2002 did not damage her political standing as it did with Senator Joseph I. Lieberman, Democrat of Connecticut, who lost his bid for a third re-nomination last month to an antiwar challenger, Ned Lamont.

Her little-known opponent in the New York race, a union organizer named Jonathan Tasini, tried to tap into antiwar sentiments in New York, yet he had little money and did not effectively turn the race into a message-sending moment about Iraq. With 95 percent of the precincts reporting, Mrs. Clinton had 83.2 percent of the votes and Mr. Tasini had 16.8 percent.

In the Republican race to challenge Mrs. Clinton this fall, John Spencer, a conservative former Yonkers mayor, defeated a former Reagan administration aide, Kathleen Troia McFarland, a moderate. Mr. Spencer had 60.3 percent of the votes to 39.7 percent for Ms. McFarland with 95 percent of precincts reporting. The Republican candidates for governor and attorney general, John Faso and Jeanine F. Pirro, did not face primary contests.

With a degree of unity, endorsements and money that they have rarely enjoyed before, New York Democrats appeared positioned to become an exceptionally dominant party in the state. They have never held the top statewide offices and both Senate seats in modern history; indeed, Republicans came closer during the Rockefeller era in the 1970's, when Jacob K. Javits and James L. Buckley were senators and Louis J. Lefkowitz was attorney general. (Only State Comptroller Arthur Levitt was a Democrat.)

The last time one party controlled the statewide offices and both Senate seats was 1949 — all Republicans.

Democrats have been growing in number faster than Republicans since 2000, adding 530,000 for a total of 5.5 million party members, compared with 54,000 more Republicans for a total of 3.1 million. Yet a Democrat has not held the governor's office since 1994 and the New York City mayor's office since 1993.

Mr. Spitzer has proved exceptionally popular for his prosecutions of white-collar crime, and his running mate, State Senator David A. Paterson, and Comptroller Alan G. Hevesi are also well-regarded. Mrs. Clinton and the state's senior senator, Charles E. Schumer, have high approval ratings.

Turnout appeared relatively light across the state, with Mr. Green and Mr. Cuomo hanging on whether Democrats would turn out to vote in closely fought races in Queens and Brooklyn — and cast ballots in the attorney general's race as well. In one mistake, roughly 200,000 New York voters who had recently moved were given the wrong information about where they could vote, according to officials at the city's Board of Elections.

Mr. Green, who has also run for United States Senate twice before, has not said if a loss will end his quest for elective office. At 61, he has said only that he will continue to teach and write if he loses, yet has not ruled out running again.

He had hoped to overcome Mr. Cuomo's financial and labor advantages by leveraging newspaper endorsements, including one from The New York Times, and riding relatively high turnout in a Brooklyn race. That four-person contest for a historically black Congressional seat in Brooklyn was won by one of three black candidates, Ms. Clarke. She and a white candidate, David Yassky, both members of the City Council, had been favored in polls in recent days. With 93 percent of the precincts reporting, Ms. Clarke had 30 percent of the votes and Mr. Yassky had 27 percent. Carl Andrews had 22 percent, and Chris Owens had 20 percent.

The Republican candidate for governor, Mr. Faso, a former State Assembly leader, spent the day campaigning in Plattsburgh and courting donors, as well as trying to dampen the glow of the Spitzer victory in the coming news media coverage.

"I know what the conventional wisdom says, and I know there's a desire on the part of some to cancel the general election and just coronate Mr. Spitzer," Mr. Faso said in a phone interview.

"But I think when people figure out that he has pursued a lot of dubious cases as A.G., at the expense of the public interest, and at the expense of going after Medicaid fraud, and when they realize his agenda will mean much higher taxes for New Yorkers, I don't think they'll vote for them," Mr. Faso said.

Mr. Spitzer, his advisers noted, has repeatedly said he has no plans to raise taxes. The Democratic candidate has made billions of dollars in spending promises during this campaign, however, and his advisers said that Mr. Spitzer would continue offering details this fall to show how he would pay for his proposals.

Mr. Spitzer plans to continue his television ad campaign for at least another week, though he has no new commercials yet for the general election. He had about $12 million on hand at the start of September. He is not re-calibrating his political message for the general election, his advisers say; he will focus this fall on delivering more policy speeches, preparing for his two debates against Mr. Faso in Ithaca and Buffalo, and wrapping up his work as attorney general for the last eight years.

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Mr. Faso said he was planning an aggressive campaign strategy centered on two themes: Cutting taxes and criticizing Mr. Spitzer's performance in office, which has been criticized by some Wall Street executives and legal analysts — as well as Mr. Suozzi — as coercive and destructively anti-business.

Yet Mr. Faso also acknowledged that he is not nearly as well known as Mr. Spitzer, and he may face the same problems as Mr. Suozzi in spreading his message and raising his profile.

Mr. Suozzi spent more than $8 million this year and never moved in the opinion polls. Mr. Faso has struggled to raise money, and reported having only $1.5 million on hand in his last campaign finance report, in July. He has not been able to afford to buy television time since his starting announcement on Valentine's Day; Republicans close to Mr. Faso said he may start broadcasting ads as early as next week.

Spitzer advisers declined to say if they would expend some of their new political capital on Democratic allies in tight Congressional and State Senate races. Democrats need to win five seats to take control of the State Senate, which would make governing far easier for Mr. Spitzer if he won.

But the Spitzer camp also does not want to become bogged down and perhaps tainted by losses at the hands of the Republican Senate leaders, who are the one faction in the state party that still has significant stature. Mr. Pataki is leaving office after three terms with relatively poor approval ratings, and he has been increasingly preoccupied with exploring whether to run for president in 2008.

Travels With Eliot (WSJ)

The Wall Street Journal, September 13, 2006

The following story didn't get much play outside the pages of the feisty New York Sun. But a recent episode involving New York Attorney General Eliot Spitzer, a gambling mogul with business before the state and use of the latter's Gulfstream jet for political campaigning is revealing.

Yesterday Mr. Spitzer won the Democratic nomination for Governor in a rout, and on the campaign trail he's spent a lot of time talking about ending "the pay-to-play culture in Albany by making it against the law for those who do business with the state to give gifts to state employees or to donate to candidates for state office." But it turns out that the Spitzer campaign hasn't been practicing what it preaches.

Mr. Spitzer has accepted discounted rides to fund-raisers nationwide on the private jet of Richard Fields, a casino developer whose companies have donated $200,000 to Mr. Spitzer's campaign. Mr. Fields represents a Wisconsin Indian tribe attempting to win approval to build a casino in New York's Catskills region. The tribe has sued New York state to reclaim what it says are ancestral lands. As AG, Mr. Spitzer represents the state. Mr. Fields is also part of a group bidding to operate thoroughbred racing at New York's Aqueduct, Saratoga and Belmont race tracks. The next Governor will likely play a major role in the outcome of both matters.

The Spitzer camp initially side-stepped the obvious conflict-of-interest questions by insisting that it "has followed the letter of the law when it comes to reimbursement for air travel." And it's true that under federal regulations, which the Spitzer campaign says it followed, the AG is required to reimburse Mr. Fields for the equivalent of a first-class plane ticket, even if that amount represents a fraction of the actual cost of chartering a jet.

This "letter of the law" line is nonetheless rich coming from Sheriff Spitzer, who's spent the past half-decade patrolling private business for similar behavior and rejecting letter-of-the-law defenses from his targets. As the Sun noted in a recent editorial, "General Spitzer has zealously pursued all sorts of alleged conflicts of interest, from investment advisers and stock analysts to insurance brokers to Richard Grasso's compensation as head of the New York Stock Exchange."

Mr. Spitzer remains the favorite in November. But under pressure from his GOP rival, John Faso, he recently decided to pay "all the costs" when chartering flights in the future. That's very big of Mr. Spitzer, but the whole episode calls into question the sincerity of his calls for reform in Albany. Campaign speeches notwithstanding, his behavior suggests that a vote for Mr. Spitzer is a vote for the status quo.

Cardin Leads In Maryland's Senate Race (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 13, 2006

U.S. Rep. Benjamin L. Cardin last night was leading the Democratic nomination for a U.S. Senate seat in Maryland, topping former NAACP leader Kweisi Mfume in a widely watched contest in which race was a key issue.

With 49 percent of the state's precincts reporting, Mr. Cardin had 46 percent of the vote, and Mr. Mfume had 37 percent. A total of 18 Democratic candidates were vying to succeed Sen. Paul S. Sarbanes, a Democrat who is retiring.

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In November's general election, Mr. Cardin, a 10-term congressman, would face Lt. Gov. Michael S. Steele, who easily bested nine rivals for the Republican nomination. Mr. Steele received about 85 percent in the Republican primary.

When early results showed Mr. Cardin leading Mr. Mfume, cheers and applause erupted from the roughly 300 people at Mr. Cardin's planned victory party at a ballroom in the Wyndham Baltimore hotel.

The results scrolled across three large projection TV screens above the stage where Mr. Cardin was expected to deliver his victory speech late last night.

Among the revelers were state Democratic Party leaders, including House Minority Whip Steny H. Hoyer and Rep. C.A. Dutch Ruppersberger.

Also in the crowd was the Rev. Jeff P. Williams, a black Miami minister who organizes get-out-the-vote drives for the national Democratic Party aimed at black religious communities.

The Mfume rally was lightly attended, with only about 100 people in a largely empty ballroom at the France-Merrick Performing Arts Center in Baltimore.

Mr. Mfume had not taken the stage by 10:40 p.m.

The mood was somber, with one of Mr. Mfume's top strategists' admitting that he thought the candidate would lose.

But Mfume campaign spokesman Mark Clack remained optimistic.

"We're feeling very good. We weren't expected to be here," Mr. Clack said. "We've proved ourselves to be a pretty resourceful and resilient campaign."

In other statewide contests, Montgomery County State's Attorney Douglas F. Gansler was leading in the Democratic primary for attorney general, topping Baltimore lawyer Stuart O. Simms.

Mr. Gansler had 55 percent of the vote, and Mr. Simms had 43 percent. They were competing to succeed Attorney General J. Joseph Curran Jr., a Democrat who is retiring.

In November, Mr. Gansler would square off against Frederick County State's Attorney Scott L. Rolle, who ran unopposed for the Republican nomination.

Meanwhile, Anne Arundel County Executive Janet S. Owens was leading in the Democratic primary for comptroller, besting the incumbent -- William Donald Schaefer -- in a contest marked by personal gibes and stinging remarks by both candidates.

Mrs. Owens had 42 percent of the vote, and Mr. Schaefer had 32 percent. Delegate Peter Franchot of Montgomery County also had 32 percent.

Mr. Schaefer called Mrs. Owens "Mother Hubbard" and "little prissy miss," and she said Mr. Schaefer, 84, was "too old" for the job.

Mrs. Owens, 62, likely will face former Montgomery County Council member Stephen N. Abrams or Anne M. McCarthy, dean of the University of Baltimore Merrick School of Business, who were competing for the Republican nomination.

Mrs. McCarthy had about 44 percent and Mr. Abrams had about 36 percent in early results.

Baltimore Mayor Martin O'Malley and his running mate, Delegate Anthony G. Brown of Prince George's County, were unopposed in the Democratic primary for governor and lieutenant governor. They will face Republican nominees Gov. Robert L. Ehrlich Jr. and his running mate, state Disabilities Secretary Kristen Cox in November.

Many voters in Montgomery County and in Baltimore were delayed -- and even turned away -- because some election officials did not show up on time to open polls and others forgot to provide voter-access cards for the electronic voting machines that were used statewide for the first time yesterday.

"This might not be over tonight," said a state Democratic Party official who asked not to be named. "It seems like whenever voters can't vote, the election is affected."

Elections officials in Montgomery County and Baltimore petitioned the circuit courts to keep the polls open an extra hour last night.

Polls closed at 8 p.m. statewide, and complete results were not available by press time.

The U.S. Senate contest between Mr. Steele and Mr. Cardin will be one of the most closely watched races in the country.

A rising star among Republicans, Mr. Steele was recruited to run by the national Republican Party. He is the party's first truly competitive Senate candidate in Maryland in a quarter century, largely because of his potential to win votes from blacks who are usually loyal to the Democratic Party.

Two operatives for the Democratic Senatorial Campaign Committee were fired last year after they illegally obtained Mr. Steele's credit report. One of the operatives pleaded guilty in federal court to a misdemeanor charge of computer fraud stemming from the credit-report scandal.

The national Democratic and Republican parties say that they will put vast amounts of cash and other resources into the Maryland Senate campaigns.

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Race was a factor in the primary contest and promises to become an even more potent element in the general election.

For nearly a year, Mr. Mfume, who is black, has complained of Maryland's "old-line party bosses" discouraging his fundraising and trying to "coronate" Mr. Cardin, who is white, as the nominee.

Maryland's top Democrats, including Mr. Hoyer and state Senate President Thomas V. Mike Miller Jr., who are white, have supported Mr. Cardin.

Even the party's black leaders were slow to get behind Mr. Mfume's campaign. U.S. Reps. Albert R. Wynn and Elijah E. Cummings, both Maryland Democrats, did not endorse him until late last month.

Blacks make up the Democratic Party's most loyal voting bloc, and black leaders say the dismissive treatment of Mr. Mfume has embittered their constituents and may drive them to support Mr. Steele.

Cardin Far Ahead In Senate Primary; Leggett Has Big Lead In Montgomery (WP)

By Matthew Mosk And John Wagner

The Washington Post, September 13, 2006

Maryland's Democratic primary voters gave Baltimore Rep. Benjamin L. Cardin a commanding lead over former NAACP president Kweisi Mfume last night in the race to be the party's candidate for U.S. Senate, but chaos at polling sites delayed final results for that and other key races.

In Montgomery County, Isiah "Ike" Leggett maintained a strong lead over Steven A. Silverman to become the party's nominee for county executive, even though hundreds, possibly thousands, of provisional ballots sat uncounted at election headquarters in Rockville.

And Montgomery State's Attorney Douglas F. Gansler defeated Baltimore lawyer Stuart O. Simms to be the party's nominee for attorney general.

As returns trickled in, they showed a surprisingly close contest for Prince George's county executive, with incumbent Jack B. Johnson holding a slight lead over former state delegate Rushern L. Baker III with half of the votes counted. Johnson declared victory about 1 a.m., but Baker told supporters that he wasn't ready to concede.

Also tight was a race that became a referendum on the patriarch of Maryland politics, William Donald Schaefer, the 84-year-old comptroller and former governor, who was on the verge of seeing his five-decade career come to an abrupt end. His fate awaited returns in Montgomery, where rampant voting problems slowed a final count.

Anne Arundel County Executive Janet S. Owens and Montgomery Del. Peter Franchot both held leads over Schaefer at times yesterday. Last night, Franchot predicted the uncounted ballots in Montgomery could determine the outcome.

"It has been an exciting election day with lots of twists and turns," he said in a statement released early this morning. "This election will not be over until every vote is counted."

All morning, confusion reigned as outraged voters were turned back from voting sites in Montgomery County because an election worker failed to provide key cards needed to make the electronic voting machines functional.

The snags reportedly included voting machines with no power cords at one Baltimore precinct, provisional ballots issued only in Spanish at a Silver Spring site and poll workers who arrived hours late in Anne Arundel County. At Piney Branch Elementary School in Takoma Park, officials quickly ran out of paper ballots and began telling voters to use scraps of paper. The impediments to voting prompted legal challenges and resulted in court orders to extend voting by an hour in Montgomery County and Baltimore.

Those votes, as with many cast while machines were down, were recorded on provisional paper ballots that won't be counted until Monday. While Republicans had only a handful of contested races, Democrats who reached working voting machines encountered a primary ballot that included a new generation of candidates.

Veteran Democrat Rep. Albert R. Wynn faced a spirited challenge from Donna Edwards but maintained a solid lead. Reps. Chris Van Hollen and Steny H. Hoyer easily won their nominations.

Gov. Robert L. Ehrlich Jr. (R) and his Democratic competitor, Baltimore Mayor Martin O'Malley, ran unopposed yesterday -- the first time in years that neither party's nomination for governor was contested. Montgomery County Executive Douglas M. Duncan (D) pulled out of the race in June.

With questions swirling about disruptions to voting, Ehrlich appeared at a Prince George's County church wearing a white polo shirt with "Ehrlich for Governor" stitched on the front and immediately pointed the finger at Democrats. He said the party's aggressive pursuit of changes to the state elections apparatus left local officials befuddled.

He refused to accept an apology from Nancy Dacek, the former Montgomery County Council member he appointed to the county's top local elections post. Democrats fired back. House Speaker Michael E. Busch (D-Anne Arundel) said if the governor "wants to blame somebody for this, he should look in the mirror."

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State Sen. Brian E. Frosh (D-Montgomery), who had no primary challenge, compared the elections official who forgot to include the electronic voting cards to "someone going to work with no pants on."

"It's a hideous mess," Frosh said.

Cardin and Mfume supporters hunkered down at locations four blocks apart in downtown Baltimore all evening. Shortly after midnight, Mfume briefly appeared before a crowd of supporters to say the race wasn't over. Mfume political adviser Walter Ludwig said that though Cardin's lead was sizeable, the Mfume team still saw "a path to victory" because so many votes in Baltimore remained uncounted.

After a day spent darting from one polling station to another, Cardin returned to Capitol Hill in the evening to cast votes in Congress before heading to the hotel where his supporters mingled in a large ballroom dominated by a pair of projection-screen TVs.

A victory by either candidate will set up what looks to be one of the most costly and combative Senate races in Maryland in a generation. The winner will replace Paul S. Sarbanes (D), who is retiring.

From the outset, Mfume lagged far behind Cardin in raising money. Cardin had spent $3.8 million on the race as of Aug. 23, more than four times the roughly $800,000 Mfume spent, according to campaign finance reports. In the end, though, the matchup was between Cardin, a steady legislative technician with 40 years in public life, and Mfume, an electric orator who had led both the Congressional Black Caucus and the NAACP.

Now the Democratic nominee faces Republican Lt. Gov. Michael S. Steele, who had nominal primary opposition. Steele was pulled into the campaign by a who's who of national GOP leaders, but he has distanced himself publicly from his deep party roots, instead investing heavily in an effort to convert fence-sitting Democrats and unaffiliated voters.

Steele took the unusual step of visiting both Johnson and Baker's election night parties. After visiting Baker's hotel suite, Steele told a reporter he was there as a "Prince Georgian" and he firmly believes "you can't let the party line blur the friendship."

Steele has also hoped to capitalize on unease among some black voters about how sincerely the Democratic Party has valued their longstanding allegiance.

Four years ago, Steele became the first African American to be elected statewide in Maryland, and now he makes no secret of his strategy to peel away black votes from the Democrats.

But Johns Hopkins University political science professor Matthew Crenson said Democrats may have "ducked a big bullet" on the subject of race, because Mfume and Cardin have assiduously avoided the issue, focusing instead on the war in Iraq, the plight of the nation's uninsured and ethics reform in Washington.

When the two debated during the final days of an 18-month contest, the toughest swipe Mfume took at Cardin had to do not with race but with the special interest and lobbyist money invested in his campaign.

"The big worry of the Democrats and the big hope of the Republicans was that the [primary] campaign would become racially polarizing," Crenson said. "But it's been a fairly muted and mutually respectful campaign."

Democrats have planned a series of "unity" events for this week, and party leaders have pledged to bring Cardin and Mfume together onstage in an effort to help soothe any concerns about racial division. But the party will have to address primary results that show a ticket dominated by white men.

Unity may be tougher for those involved in some of the primary's more bitter contests, including the race for state comptroller, in which Anne Arundel County Executive Janet S. Owens and Montgomery Del. Peter Franchot both threw some hard punches at Schaefer.

Schaefer, who began his public life in 1955 on the Baltimore City Council, sought one more term. But his close ties to Ehrlich and controversial remarks on immigrants and women have not endeared him to the state's mostly liberal Democrats. Franchot focused his assault on Schaefer's unabashed praise of the Republican governor, claiming to be the only "real Democrat" in the contest. Owens emphasized Schaefer's age .

Schaefer was the only statewide official on the Democratic side who sought reelection. Gansler, the Montgomery County state's attorney, and Simms, a former Baltimore state's attorney, battled over the seat being vacated by veteran Attorney General J. Joseph Curran Jr. (Montgomery County Council member Tom Perez's name appeared on the ballot, but the state's high court ruled him ineligible to compete for the post.)

Simms had signed on to be Duncan's lieutenant governor candidate, but when Duncan left the race, Simms and others, including those who believed the Baltimore region should not be without a candidate for attorney general, encouraged him to shift his target. He drew a number of high-profile supporters, but his campaign was hindered by a lack of money and a late start.

Gansler, by contrast, has been planning his campaign for years. He has a Web site filled with proposals on combating gangs and pursuing polluters, and he has raised almost $2 million. Frederick County State's Attorney Scott L. Rolle ran unopposed on the Republican side.

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Two other vitriolic contests were centered in Prince George's County, where winning the nomination usually means election. Incumbents Wynn and Johnson faced aggressive challenges.

Wynn battled Edwards, who mounted a challenge from the left, accusing the seven-term incumbent of coddling business interests and knocking him for voting to support the Iraq war.

Edwards put Wynn on his heels at a caustic NAACP debate, which ended with a Wynn supporter being arrested on suspicion of striking an Edwards volunteer during a skirmish over campaign signs. Wynn campaigned as someone who could deliver projects to his district, rattling off a long list of improvements that were financed with federal aid.

Johnson, meanwhile, ran hard for a second term by emphasizing an economic boom and rising property tax revenue, which have brought added services and school construction money.

But Baker, who lost to Johnson in a five-man race four years ago, took after the incumbent, saying he ignored the county's rising crime problem and knocking a series of county contracts Johnson handed to friends and campaign supporters.

Nothing that dramatic occurred during the Montgomery county executive contest, which largely focused on the question of which candidate could be better trusted to ease traffic and check the efforts of developers.

Leggett said that he would do a better job of controlling growth and standing up to developers who have been generous to Silverman's campaign. Silverman, in turn, has cast himself as the more decisive leader and said he would be more aggressive in funding road projects and the proposed Purple Line.

Election Board Workers' Error Hinders Voting (WP)

By Christian Davenport And Miranda S. Spivack

The Washington Post, September 13, 2006

The most basic of human errors threw Maryland's primary election into chaos yesterday: Someone forgot the wallet-size plastic cards needed to operate the voting machines in Montgomery County, frustrating early morning voters who lined up outside polling places and often were turned away without voting.

Courts ordered polls to remain open an extra hour in the county and in Baltimore, where at least two dozen polling places opened late, but it seemed doubtful that the extensions would resolve the confusion.

Some Montgomery County polling places didn't receive word of the order to remain open until minutes before 8 p.m., when they had been scheduled to close. Others ran short on the paper ballots that the court instructed be used during the extended hour of voting, with voters scribbling their choices on scraps of paper in Takoma Park.

"You had to laugh. It got more and more ludicrous," said Dennis Desmond, who cast his "vote" on a discarded flier handed to him by election officials after ballots ran out in Takoma Park.

He said election workers rushed to a nearby pharmacy to buy envelopes in which the makeshift ballots could be sealed.

The number of paper ballots cast won't be known until today. They will not be counted until Monday.

When all of the county's 238 polling places opened in Montgomery, the state's most populous jurisdiction, the electronic voting machines were inoperable. Many precincts handed out provisional paper ballots as soon as the precinct doors opened at 7 a.m., but at some polls those ballots ran out, and at others election officials didn't know that paper ballots were an option. They just told people to come back later.

Although the cards necessary to activate most of the voting machines arrived by 8:30, election officials said some of the machines weren't working until 10 a.m. -- three hours after polls opened. Voters said some didn't start operating until even later.

Partisan bickering broke out, with the governor blaming the Democratic legislature, and the Democrats pointing the finger at the governor.

Nancy H. Dacek, who was appointed as president of the county's Board of Elections by Gov. Robert L. Ehrlich Jr. (R), apologized for the error.

"We regret what happened this morning. It was just a fluke," Dacek said. "There was a glitch. It's now been taken care of."

The cards that went astray are called voter access cards and look like white ATM cards with a golden computer chip embedded in them. They are issued to voters once election judges verify they are registered to vote. When the cards are placed into the voting machines, the ballot appears on the touch screen.

County election officials said they simply forgot to include the cards in the supply bags provided to the chief election judge of each polling place.

The trouble began Friday when eight county election employees and a supervisor met in a locked room on the first floor of the election headquarters building at 751 Twinbrook Pkwy. in Rockville.

They packed the large canvas bags that were to contain the items needed to operate the computerized voting system. But the stacks of the critical voter access cards were forgotten, locked a few feet away behind a caged door. Once the bags were packed, they were padlocked for security, and polling place judges were prohibited from opening them until yesterday morning.

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About 6 a.m., the judges realized the cards were missing, said Margaret Jurgensen, the county's elections director. She said the county has checklists to keep employees from forgetting to pack any of the items, but she did not know whether they were used.

Jurgensen said the error "was a team effort."

Linda H. Lamone, chairman of the State Board of Elections, said she was appalled by the day's events and said it was the work of poorly trained election judges.

"We push the information out to them," said Lamone, who was appointed by Ehrlich's Democratic predecessor, Parris N. Glendening. "If they choose not to follow it, there's nothing we can do."

Ehrlich's initial reaction on learning of the problems was: "That's negligence. That's inexcusable."

Later in the day, the governor added: "The training is Linda Lamone's responsibility, period. The apology should come from her. . . . She's going to have to answer a lot of questions tomorrow."

But Douglas F. Gansler (D), the Montgomery state's attorney who is running for attorney general, joined several other candidates who lambasted the county election board yesterday.

"The level of incompetence that led to this is almost surreal -- especially in Montgomery County," he said.

When David Belkin showed up to vote at a polling place in Bethesda at 8:30 a.m., he was told he could vote by provisional ballot, but the line was too long and he was late for a meeting.

"The degree of incompetence is beyond belief," he said. "It's just incredible. It's not like this was a surprise. They knew the election was coming. And whoever is responsible should be fired today."

Gareth Rosenau, a lawyer with the Federal Railroad Commission, said the voting cards arrived shortly after he did at the polling place in Takoma Park. But when the registered Democrat put his card into the voting machine, a Republican ballot appeared on the screen, he said.

Other voters were having the same problem, he said, and complained to election officials, who didn't know how to fix the machines so they would produce the proper ballots.

"I felt like I was in a Third World country," Rosenau said.

Baltimore was also plagued by election day problems, prompting a judge there to extend voting by an hour as well.

The Maryland Democratic Party alleged in a court filing that at least 75 precincts in Baltimore opened late because election officials failed to show up on time and struggled with the electronic voting machines the city was using for the first time.

Baltimore Elections Administrator Gene Raynor said there were problems with some judges showing up on time. But he said the number of affected precincts was closer to "two dozen."

"When you have 1,500 [election judges], you're going to have problems with some of them," he said.

States across the country scrambled to revamp their election systems after the debacle in Florida during the 2000 presidential election. In an attempt to avoid hanging chads that plagued that election, many states, including Maryland, moved to an electronic voting system. Montgomery has been using the electronic voting machines since 2002 without significant problems.

Critics have described the electronic systems as vulnerable, and a report in June by Common Cause concluded that they "are highly vulnerable to machine malfunction and human manipulation." It also found that Maryland was one of 17 states with voting systems that are at "high risk" because their machines don't have a paper ballot backup system.

In Prince George's County, about 15 to 20 of the county's 206 precincts were delayed an average of about 25 minutes yesterday morning, according to Alisha Alexander, deputy elections administrator for the Prince George's County Board of Elections. Most of the precincts were in the northern part of the county, including Beltsville and University Park.

Alexander said about 20 technicians, who were scheduled to deliver and set up electronic poll books by 6 a.m., quit yesterday morning, resulting in long lines and frustrated voters at numerous polling places.

"We had to find other staff and send them out," said Robert J. Antonetti, the interim Prince George's elections administrator.

Mehlman To Spend $60M, Five Times Dean's $12M (HILL)

By Alexander Bolton

The Hill, September 13, 2006

The Republican National Committee (RNC) will spend its entire bank account, $60 million or more, helping Republicans try to retain control of Congress in the midterm elections.

The looming spending spree appears to have spurred Democratic House leaders to reach agreement over how much the Democratic National Committee (DNC) will help counter this onslaught.

The relationship between the Democratic Congressional Campaign Committee (DCCC) and DNC has been rocky. There is dispute over whether it took House Democratic Caucus Chairman James Clyburn's (S.C.) intervention to broker the deal

announced yesterday under which part of the DNC's $12 million will be funneled to 40 House races. Targeted House Democratic candidates will receive about $60,000 from the party committee.

One Democratic official said Clyburn had to bring the sides together, but another official denied it.

The DNC money will also be spent on Senate and gubernatorial races, and voter turnout activities in battleground states.

It is an open question whether the deal between the DNC and DCCC will be enough to offset the financial advantage that the RNC cash will give Republican candidates this fall.

RNC chairman Ken Mehlman has put in place a plan to raise money aggressively throughout the fall and has made clear that he will not hold back any money for the 2008 presidential election.

In total, the RNC plans to spend more than $60 million on targeted federal races, a record for a national party committee in a midterm election, according to a GOP official familiar with their plans. The funds are "targeted for competitive federal races," the official said, adding that half would pay for get-out-the-vote operations

Democrats, however, say they are counting on a major boost from their union allies. The AFL-CIO is planning to spend $40 million on get-out-the-vote operations, said Democratic officials.

DNC Chairman Howard Dean said yesterday's deal shows the party is unified. He is still negotiating with Democratic Senate leaders over how DNC money will be spent to help Senate candidates. .

"We're busy talking to them," said Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee (DSCC), when asked about the DNC's role.

One GOP source familiar with Mehlman's plans said the committee would raise money aggressively through the fall and would probably collect $15 million to add to its account. The RNC had $43.6 million in the bank at the end of July.

The DNC reported $11.3 million in cash on hand at that time.

Although national party committees are commonly thought of as focused on raising money for White House campaigns and building party infrastructure for presidential election cycles, the RNC has morphed into a complement to the congressional fundraising committees, the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC).

Mehlman can afford to focus on congressional races this year because fundraising for gubernatorial contests has been largely segregated from the national party committees. The Republican Governors Association has raised $25.9 million for Election Day, according to Political Money Line, a nonpartisan organization that tracks fundraising. Its Democratic counterpart has raised $17.9 million.

Republican lawmakers and political strategists believe that Mehlman cannot risk losing control of the Senate or House by a seat or two and still have any money left in his accounts. Even a million dollars could make the difference in a close race that determines control of either chamber.

"I'm sure every penny he's got between now and November will go into those races," said Republican strategist Charlie Black. "I think it will make some difference."

Frank Donatelli, White House political director under Ronald Reagan, said there is little doubt the RNC's focus is on Congress.

"They're spending a heck of a lot. I didn't know that they're emptying the bank accounts but they're being very aggressive on fundraising and are spending a heck of lot of money on House and Senate races," he said. "It's a huge amount of money."

Sen. John Thune (R-S.D.), who had weighed chairing the NRSC next year, praised Mehlman's tactics.

"He's going to pull out all the stops because Ken is a great tactician, he knows what needs to be done," said Thune. "He knows that the House and Senate are going to be won or lost in the ground game, that's what he has perfected in the last couple of elections and it takes money to implement that.

"You don't want to end an election with money in the bank because people are going to say 'Why didn't you put more into the ground? Why didn't you put more into the mail? Why didn't you put more in television?' So I think he's going to raise it and he's going to expend it in places where it makes a difference."

Political spending has been a contentious subject among Democratic leaders this cycle as Dean has sought innovative ways to raise and invest party funds. Dean paid less attention to wealthy donors than past party chairman did, focusing instead on raising cash through the Internet and from small-dollar donors.

Dean's 50-state strategy has spread money to solidly Republican states where the Democratic party structure has atrophied in recent years. Some Democrats think the money would be better spent in swing states and districts where their party has more opportunity for immediate victories.

Schumer and DCCC chairman Rahm Emanuel (D-Ill.) have challenged Dean this year over the strategy. Emanuel stomped angrily out of a contentious meeting with Dean and Schumer in May, according to press reports.

DSCC spokesman Phil Singer declined to discuss Dean's strategy but dismissed the impact of Republican spending.

"God bless them if they want to spend $60 million," said Singer. "A field program is only as good as the amount of enthusiasm there is for the Republican Party. It's clear that the Republican base is dispirited, unenthused and withdrawn. If people are not energized behind what they're selling, and they are not, it won't make a difference."

But one expert predicts it will make a difference.

"The wildcard in the remaining weeks of this midterm election is the substantial amount of money the RNC has on hand," said Michael Toner, the Republican-appointed chairman of the Federal Election Commission. "That money could make the difference down the stretch in a number of competitive House and Senate elections.

Survey Says: Voter Anger May Not Result In Anti-GOP Tsunami (RC)

By Louis Jacobson

Roll Call, September 13, 2006

National polls are showing high — and in many cases, increasing — levels of voter frustration with the direction of the country, politics as usual and the Republican leadership.

But in Out There's second unscientific poll this year of state capitol reporters from around the country, we find surprisingly few indications that voter anger is translating into a national anti-Republican — or even an anti-incumbent — wave.

During August, Out There sent a survey to a range of members of capitol-beat, a national association for reporters

who cover politics and government in the state capitals. Twenty-six reporters in 20 states responded.

The study merits some major caveats. This obviously is not a substitute for professional polls. The reporters' assessments will be subjective, and the view from a statehouse press room can be somewhat limited.

In addition, of the 20 states represented in this survey, 13 are red states, compared to just seven blue states. However, many of the Congressional seats that the Democrats must win are located in red states.

Of the 36 Republican-held House seats deemed to be in play by handicapper Charlie Cook, 15 are located in states with at least one survey respondent, as are eight of the 10 Democratic-held House seats that Cook considers in play. Four states represented in the survey have competitive Senate contests this fall and nine have highly competitive gubernatorial races.

Where state Capitol reporters can be helpful is that they have their finger on the outside-the-Beltway pulse better than many Washington, D.C., reporters do. And according to our survey, they generally detect a modest sentiment against Republicans, but not one that inevitably will translate into political gains for Congressional Democrats.

Asked "Do you sense a wave of anti-incumbency developing in your state (that is, an urge to 'throw the bums out,' irrespective of party)?" only five respondents gave a "strong yes," while 14 offered a "weak yes." Seven answered "no."

The results were slightly more negative when the following question was asked: "Do you sense a wave of specific anti-Republican sentiment?" On that question, five respondents gave a strong yes, 12 gave a weak yes and nine said no.

"There is clearly a feeling against incumbents, but not much chance to vote against them in state legislative races — too many are unopposed — and very little opportunity in Congressional races," said one Florida reporter.

Moreover, this reporter said, "although there is some anti-Republican sentiment afoot in the state, I'm not sure how much it will impact the races because the Democrats have failed to field good candidates in many instances."

The question that garnered the clearest response was one that asked whether voters were dissatisfied with Congress as an institution. On that question, 15 respondents offered a strong yes and seven gave a weak yes. Only three said voters were generally satisfied with Congress.

But this view dramatically was tempered by the answers to a follow-up question. Asked, "Do you sense voter dissatisfaction with their particular Member of Congress?" not a single respondent gave a strong yes. Nine gave a weak yes, while a whopping 17 said voters were not dissatisfied with their Member of Congress.

"There's strong dissatisfaction with Congress, but it's that old, 'We hate them as a group — but don't touch my local guy,'" the Florida reporter said.

A North Carolina journalist added that dissatisfaction with Congress is "a bit heightened, but mostly the usual background late-night-comic frustration with the 'bums in Washington.' Congress has been such a do-nothing group this year, they don't seem to have left a strong impression, good or bad."

All Politics Is Local — Mostly

Another finding from the survey that should comfort Republicans is that state Capitol reporters see voters paying more attention to local issues than national issues so far this campaign season. Eleven respondents said voters were paying more attention to local issues, compared to six who said national issues are predominating. Another nine chose neither or both.

The survey also looked at the issue landscape right now, and the findings offer somewhat mixed results for the two parties.

Far and away, the issue voters are focusing on the most is gasoline prices, respondents said. No less than 24 of them said voters felt "very strongly" about gas prices, while two others said voters felt "somewhat strongly."

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The next-highest ranked issues were Iraq and immigration. Interest in Iraq was called very strong by 16 respondents and somewhat strong by eight. Immigration earned 15 very strong votes and seven somewhat strong votes.

If the voters are indeed focusing on these three issues more than than any others, it probably helps Democrats more than Republicans. Gas prices are a clear rhetorical winner for Democrats. And the Iraq War may be the biggest cause of President Bush's plunge in popularity.

"We're a big military state," said a North Carolina journalist, "and even around military bases, people are related to or are friends with folks who have had to ship out or got killed. That's making for some unhappy voters who might take out their frustrations by either voting Democratic or by simply not showing up."

But a front-and-center role for the Iraq War also could heighten voter sentiment in support of the troops — a plus for the GOP.

"In a flag-waving state that has provided much manpower to the struggle against terror, many folks still equate opposition to the war to denigrating our troops," said one Georgia journalist.

In the meantime, the immigration debate's impact likely will depend on whether voters demand a tough crackdown on immigrants or whether they are more eager to see politicians implement a broader, more comprehensive policy like the one sought in pending Senate legislation.

If it's the former, the GOP could benefit, and if it's the latter, it could be more of a wash. At least two reporters said they sense a sentiment in favor of the latter.

"The immigration debate seems like it would be out of place in the upper Midwest," said one Iowa journalist, but voters "are very concerned about national security, and they see porous borders as a disaster waiting to happen. There are a few racists among them, but in large they just want the immigration service to know who is coming into this country."

A North Carolina journalist called immigration "an issue where folks are looking for national leadership and not getting it. It's not so much an anti-immigrant sentiment as it is that the system isn't working, and it's having adverse affects on the job market and public safety."

Mixed News for Both Parties

The next tier of issues offers bits of comfort for both parties.

Health care — where Democrats tend to have the historical edge — was cited as a very strong issue by 11 respondents and as a somewhat strong issue by another 13.

In the meantime, "culture war" issues such as abortion and stem-cell research were cited as having very strong resonance by eight respondents and as having a somewhat strong resonance by 13 respondents. Republicans tend to get a turnout boost when social issues are high on the agenda, but it's also possible that this trend could be undercut by a backlash that energizes liberals and moderates.

And interest in the economy was cited as very strong by eight respondents and as somewhat strong by 15 respondents. By the numbers, the national economy seems fairly healthy, but voters in general appear to be downbeat about the nation's economic prospects, suggesting that this level of interest in economic conditions could benefit Democrats.

In certain states, such as Michigan, the economy is a major flashpoint, and in that case, the incumbent Democratic governor, Jennifer Granholm, arguably faces even greater ire than does the GOP in Washington, D.C.

"The economy, the economy and the economy round out the top three," said one Michigan reporter. "Throw in gas prices once or twice there as well."

Other issues being touted by the parties seem to be inspiring more modest levels of interest, according to our poll.

Corruption, a key issue for Democrats for most of this year, is attracting moderate interest, with seven respondents saying voters felt very strongly about it and 13 saying that voters felt somewhat strongly. Often, voters are more concerned about scandals in state government than scandals at the federal level, which could mean that any voting impact in federal races would be diluted.

Respondents cited similar levels of voter interest in the Medicare drug benefit's shortcomings, another key Democratic issue. This topic attracted seven votes for very strong and 16 votes for somewhat strong.

Interest in the environment, another traditional Democratic issue, came in even lower, with four choosing very strongly, 13 choosing somewhat strongly and nine choosing not strongly.

At least one Republican "base" issue also fared poorly in the poll. Judicial nominations, a top issue for conservatives, received less support than any other issue in the poll, with 21 respondents saying there was no interest at all in the issue.

Then again, the poll suggests that if you don't like the findings, just wait a few weeks.

Said one Georgia journalist during the August recess, "I get the strong sense that people are not thinking about politics at all."

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Sparring Democrats Strike A Deal On Financing To Get Out The Vote Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 13, 2006

Chicago's Rep. Rahm Emanuel likes to speak of "Kumbaya" moments when referring to political rivals coming together. Finally, after months of sometimes expletive-laced sparring, the architect of House Democrats' election efforts seems to be having his moment with Howard Dean. The Democratic Party chairman apparently has agreed to pony up $12 million for get-out-the-vote drives aimed at capturing control of Congress Nov. 7.

The sum, together with the House Democrats' own money and the $40 million that the AFL-CIO has said it will spend to mobilize voters for Democrats in the most hotly contested congressional races, could effectively put the Democrats on par financially with the vaunted Republican "GOTV" program, for which party Chairman Ken Mehlman has pledged about $40 million. And that would blunt the Republicans' one clear advantage in an otherwise bleak election year for the party in power.

The agreement comes none too soon. Yet another shoe still hasn't dropped: Mr. Dean remains in talks with New York's Sen. Chuck Schumer, Mr. Emanuel's counterpart, over funds for Senate races. The process of identifying potential voters, contacting them at home or by phone, getting them to vote early in states where that is allowed, or on Election Day when it's not, is one that has to be under way months before November arrives. That means now.

Democrats insist the spat between Chairman Dean on one side and Messrs. Emanuel and Schumer on the other hasn't hobbled their efforts; the well-funded House and Senate campaign committees had enough money to get started with field operations in the 15 states and 40 congressional districts with marquee election contests. Democrats need to net 15 House districts and six Senate seats to claim majorities. Their nightmare: the prospect of running short of money in the campaign's crucial final weeks.

At issue is the conflict between Mr. Dean's emphasis on a long-term "50-State Strategy" of financing party-building efforts everywhere, even in the reddest of states, and congressional Democrats' immediate demands to target money in the places where the party has its best shots of breaking Republicans' 12-year reign. The Democratic National Committee chairman currently is left with about $11 million on hand.

Mr. Emanuel had sought about $20 million just for his House races. "Money is not a philosophical argument to me," he said at one point. "You either have it or you don't."

He wanted to control any money he got; Mr. Schumer has been willing to let the DNC funnel money to state parties for statewide voter mobilization. The long-simmering dispute exploded publicly last May, when word leaked that Mr. Emanuel had bolted from a meeting of the Democratic trio, cursing at the failure to come to agreement. "The way you build long-term is to succeed short-term," he said at the time. For months after, he and Mr. Dean hardly spoke, Democrats say. Another House Democratic leadership figure, Rep. James Clyburn of South Carolina, is said to have helped broker this week's deal between Mr. Dean and Mr. Emanuel's Democratic Congressional Campaign Committee.

As for Mr. Schumer, Mr. Dean told DNC members at their summer meeting in mid-August that he'd reached tentative agreement with the senator, and soon would with Rep. Emanuel; Schumer staffers immediately refuted Mr. Dean's claim. A month later, on word of the Dean-Emanuel pact, the senator said in a statement Tuesday, "We're still in the process of negotiating and we're hopeful that we'll have an amicable agreement that makes everyone happy."

Meanwhile, his Democratic Senatorial Campaign Committee -- which has out-raised Sen. Elizabeth Dole's National Republican Senatorial Committee -- has been at work for 18 months in what a staffer called "the most extensive GOTV operation ever" for Democrats. Mr. Schumer has positioned operatives in 15 states where Democrats have targeted Republican seats or are defending a few of their own, and plans to send upwards of $30 million for field operations there. Additional money from Mr. Dean would mean "water and nutrients" to grow that effort through Nov. 7, one Democratic Senate strategist said.

For Democrats generally, an end to the infighting can't come soon enough. Most say both sides are right -- the party needs a permanent 50-state strategy that quits ceding whole regions to Republicans, but it also must target resources now to take advantage of this year's opportunities. Only egos stood in the way of compromise, as many Democrats saw it.

The Democrats' saga has been rare entertainment for beleaguered Republicans. Rep. Tom Reynolds of New York, Mr. Emanuel's opposite as chairman of the National Republican Congressional Committee, often would contrast his "partnership" with RNC Chairman Mehlman with what seemed the Democrats' dysfunctional family. On Monday, Mr. Mehlman said his party's turnout operation, with its proven results in 2002 and 2004, would protect Republicans' House and Senate majorities.

If indeed the Democrats have now joined hands -- and funds -- to boost their own turnout efforts, that is bad news for Republicans. As the song goes, "Someone's crying, Lord, kumbaya/Oh Lord, kumbaya."

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Dean Pledges November Aid (RC)

By Lauren W. Whittington

Roll Call, September 13, 2006

Democratic National Committee Chairman Howard Dean has pledged $12 million to his party's 2006 campaign efforts — with at least $5 million going to House and Senate Democrats — in a move that may help soothe tensions between the national party chief and his Congressional counterparts.

Dean struck a deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) on Tuesday to devote roughly $60,000 to get-out-the-vote efforts in 40 targeted House races.

Dean and Emanuel have differed sharply on election-year strategy, and their feud has been well publicized in the press. It has been previously reported that the two men are not on speaking terms.

The deal was brokered by DCCC Executive Director Karin Johanson and DNC Executive Director Tom McMahon. One source familiar with the discussion indicated that initially Dean wanted to seek assurances that Emanuel would stop attacking Dean and his 50-state strategy in return for the financial commitment, but that never materialized.

The massive financial shortfall of the DNC in comparison to the Republican National Committee has been a source of concern for Emanuel and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.). While the Democrats' House and Senate committees are ahead of or at cash parity with their GOP counterparts, as of July 31 the DNC had $11.3 million in reserve compared to the RNC's $43.6 million.

This week, RNC Chairman Ken Mehlman touted an overall $47 million edge of Republican campaign entities over Democrats, when all of the committees and state parties are taken into account.

In a statement, Dean touted the party's unity heading into November and also alluded to the fact that the $12 million effort comes on top of the DNC's 50-state strategy spending.

"Democrats are unified and prepared to win up and down the ballot, all across America this November," Dean said. "Building on successful efforts over the past year, we're in the final stretch and the DNC is making unprecedented investments to ensure that Democrats retake control of Congress and are elected at every level of government."

A deal has not yet been reached between the DNC and Democratic Senatorial Campaign Committee as to how much of the $12 million will be allocated to Senate races.

But Senate Leadership sources said that the DNC will commit at least $2.5 million to GOTV efforts in targeted contests.

The DNC's contributions for field operations will be doled out to state parties and coordinated campaign efforts.

Much of the money will be spent in key states such as Ohio and Pennsylvania, which have highly competitive gubernatorial and Senate races as well as several top tier House races.

Democratic aides called the effort historic, noting that the AFL-CIO has pledged to spent $40 million in the midterm elections.

"This is a record-breaking amount to focus on field for Congressional races in 2006. This has never been done before," said DCCC spokeswoman Sarah Feinberg.

"I think this is going to be a pretty historic, multimillion turnout operation," added another party operative.

Still, the brokering of the deal gave Republicans an opening to the highlight how the intraparty divisions among Democrats contrast with the GOP's turnout efforts. The RNC already has said it will fund the turnout operations for all House contests through its 72-hour program.

"It's nice that less than 60 days before election the DCCC chairman and the DNC chairman have decided to set aside their egos, speak and make nice," said National Republican Congressional Committee spokesman Carl Forti. "While the NRCC chairman and RNC chairman have been coordinating on turnout programs for months."

From the beginning of the cycle, Emanuel has been focused on raising the money to fund a massive TV air war for the fall campaign, and expressed concern that Dean would not have enough money to fund the ground war.

One party operative familiar with the situation said Dean's priority all along has been funding the GOTV efforts.

"Dean was confident that if we didn't have money for the field operation, that would be critical," the operative said.

But both the DSCC and DCCC have taken measures to help implement field operations for their candidates.

The DSCC has been transferring money to state parties that are hosting key Senate races to help build the early infrastructure for a field operation.

Likewise, many Democratic House candidates have been carrying out a field plan for months and one operative noted that the DCCC's top staff have come from a field background.

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"Do they really think Karin Johanson and Michael Whouley needed to hear from Howard Dean that we should have a field program?" the operative said. "If we needed Howard Dean to tell us we needed a field plan then why were our House candidates executing their field plans months ago?"

But Dean sympathizers say that the money that has been already been spent through their 50-state strategy efforts will benefit Congressional candidates as well. For example, the DNC has spent $8 million to update voter files around the country and has had paid organizers in Indiana since last year.

Democratic Caucus Chairman James Clyburn (S.C.), who is personally very close to Dean, helped to broker the deal, sources indicated. Clyburn met with Dean several months ago to talk about his belief that the field operation will be key.

Dean Agrees To Finance Some Programs For Turnout (NYT)

By Adam Nagourney

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Ending a long and cantankerous standoff with House Democratic leaders, Howard Dean, the chairman of the Democratic National Committee, has agreed to a limited program to finance get-out-the-vote operations this November, party officials said Tuesday.

But Mr. Dean remained at loggerheads with Senate Democrats, who continued to insist he provide more money.

The committee said it would provide $12 million to finance turnout operations for candidates running for the House and the Senate, and for state races. Just $2.6 million would go to finance turnout operations in 40 House races, far less than House Democratic leaders had asked for.

By contrast, the Republican National Committee has said it will spend more than $30 million of the $176 million raised this cycle to finance Republican turnout efforts, most of it going to House and Senate races.

Mr. Dean had staved off demands for more money from Democratic leaders in Congress, saying it was in the long-term interest of the Democrats to instead use the nearly $100 million he has raised this year to build strong Democratic organizations in all 50 states by giving them money to hire staff members.

The disagreement had sparked a lively feud between Mr. Dean and Representative Rahm Emanuel of Illinois, who is leading the Democratic effort to win back the House. Mr. Emanuel and Mr. Dean stopped speaking to each other several months ago.

Mr. Emanuel's aides said he was satisfied with the deal. "Yeah, we're happy," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee. "Between our effort, the D.N.C. effort, the labor effort and what other Democrats are doing, we're going to have what we need for voter turnout."

Mr. Emanuel's counterpart in the Senate, Charles E. Schumer of New York, did not share his assessment. "We're still in the process of negotiating," Mr. Schumer said. "We're hoping that we'll have an amicable agreement that will make everyone happy."

Democratic Forces Salve Wounds (WP)

By Dan Balz

The Washington Post, September 13, 2006

After months of behind-the-scenes infighting and public name-calling, leaders of the Democratic National Committee and the Democratic Congressional Campaign Committee reached agreement yesterday on a funding program to underwrite get-out-the-vote operations in the November elections.

The national party agreed to put $12 million into voter-mobilization efforts this fall, with $2.4 million of it earmarked for 40 key House districts that are seen as competitive. The rest of the money will go to help candidates for Senate and governor and for outreach to the party's key constituencies.

"Democrats are unified and prepared to win up-and-down the ballot, all across America this November," DNC Chairman Howard Dean said in a statement.

"We feel good," said DCCC spokesman Bill Burton. "We're going to have the money we need to get out the voters we need in the places we need them."

Dean said the national party is making an unprecedented investment in the fall elections, but other Democrats said the $12 million figure is roughly the same as what it spent on House and Senate races in 2002. That year, the DNC spent millions more on gubernatorial races and redistricting and lent the DCCC close to $5 million in the final weeks of a losing campaign.

Dean and Rep. Rahm Emanuel (D-Ill.), chairman of the congressional campaign committee, have clashed throughout the year over the DNC's spending priorities. Dean has staunchly defended his "50-state" program, aimed at rebuilding state parties

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across the country. Emanuel has argued that the national party should target its resources this fall on those states and races that will determine who controls the next Congress.

Emanuel has engaged in expletive-laden shouting matches with Dean, walking out of one meeting with the former Vermont governor. But the DNC leader has rallied state party leaders, who are appreciative of the national committee's financial assistance, to defend his approach.

DNC officials talked about trying to include a clause in the agreement that would have provided additional assistance if Emanuel stopped bad-mouthing Dean, the blog Hotline reported yesterday, but a party source said it was never a serious proposal.

The Democratic Senate Campaign Committee also has pressed Dean to put more money into the fall campaigns. Sen. Charles E. Schumer (N.Y.), the committee chairman, said in a statement he remains hopeful that an amicable agreement for more money can be achieved.Hacking Denied in Leak

The saga of how California Gov. Arnold Schwarzenegger's private comments about a Latina legislator became public took another turn yesterday when the campaign manager for his Democratic challenger admitted the campaign had leaked the tape to the news media. But she denied hacking the Schwarzenegger computer system to get it.

"No one hacked," Cathy Calfo, campaign manager for California comptroller Phil Angelides, told reporters, according to the Associated Press. "They accessed information that was accessible to the public."

Schwarzenegger spokesman Adam Mendelsohn said the information was in a private area on the governor's Web site. Another gubernatorial official, legal affairs secretary Andrea Lynn Hoch, said the file was protected by a password.

It was all reminiscent of the 1988 presidential campaign, when then-Massachusetts Gov. Michael S. Dukakis (D) admitted that his campaign manager had leaked a tape damaging to Sen. Joseph R. Biden Jr. (D-Del.) to the New York Times. His campaign manager, John Sasso, was forced to resign.

Schwarzenegger apologized for his remarks after they were published in the Los Angeles Times. They came in a private meeting, during which he and a top aide were speculating whether Republican Assemblywoman Bonnie Garcia's heritage was Cuban or Puerto Rican.

"They are all very hot," Schwarzenegger said. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Calfo said Angelides did not know that two of his staffers had passed the file on to the newspaper and said she was unhappy they had acted without her knowledge.

Democrats May Not Need A Contract With America To Win (MCT)

By Steven Thomma

McClatchy Newspapers, September 13, 2006

WASHINGTON - If they're still looking to close the deal on November's midterm elections, why haven't the Democrats rolled out their own 2006 version of the Republicans' Contract with America, which was widely credited with helping that party win control of Congress in 1994?

One reason could be the influence of Mark Mellman, a Democratic pollster who thinks the contract is overrated.

Mellman is a Democratic insider who's long advised leaders of his party and worked for all three of the Democrats' national political operations as well as state parties and officials. He doesn't just crunch numbers about today's voters, however. He has a keen eye for history. And his professorial take on 1994 is that the conventional wisdom is wrong, that the contract did not work as advertised.

To refresh your memory, Newt Gingrich and about 340 Republican House candidates unveiled the contract on the steps of the Capitol on Sept. 27, 1994. The contract promised that, if given power, House Republicans would enact eight proposals on their first day, then vote within 100 days on each of 10 more. The agenda promised votes on such poll-tested and popular issues as welfare restructuring and a child tax credit.

Sealing the legend, the Republicans went on to win 54 seats and take the House for the first time in 40 years.

Yet, as Mellman notes, the contract didn't transform the campaign.

Weeks later, the Times Mirror Center for the People & the Press - now the Pew Research Center - found that only 29 percent of registered voters had heard of the contract. Of them, half said it made no difference to their votes, a quarter said it made them more likely to vote Republican and a quarter said it made them less likely to vote Republican.

Said poll director Andy Kohut: "The much-ballyhooed Republican Contract with America has failed to do much to improve the prospects of Republican candidates."

One reason the contract might have cost as many Republican votes as it delivered was that it became a big juicy target. Democrats launched a $2 million ad campaign against it and hammered Republicans who signed on to it.

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Republicans today would love to see a Democratic contract so they could line up ads against it.

Many Democrats think there's no need for a contract-like set of bumper-sticker proposals this year. The key to victory in November, they say, is the same force that drove the 1994 elections: anger and disappointment with the president and his party.

In 1994, Americans had turned against Democratic President Bill Clinton and the Democratic Congress. They didn't like gays in the military, an assault-weapons ban, tax hikes and Clinton's big-government health-care proposal.

They felt that way both before and after the contract was unveiled. Clinton's approval rating in the Gallup poll was 42 percent before the Republican agenda was announced and 46 percent the week before the election, statistically unchanged.

President Bush's approval rating now is 39 percent.

So rather than roll out a contract, Democrats might just heed the lesson of 1994, stick with the agenda they already have (raise the minimum wage, help pay for college, enact security revisions recommended by the Sept. 11 commission) and hope to ride anger at Bush into power.

Or they might just go with the bumper sticker that Gingrich himself suggested several months ago: "Had enough?"

That might not help them govern. Regardless of its impact on voters, the contract served as a blueprint for what Republicans would do in power and gave them claim to a mandate to do it.

But the slogan could be a winning strategy.

Nation: New Democrats' PAC Aids 'Red To Blue' Team (RC)

By Various Writers

Roll Call, September 13, 2006

As the Democratic Congressional Campaign Committee showcases the candidates in its "Red to Blue" program tonight in Washington, D.C., members of the New Democrat Coalition will announce today that they are contributing at least $120,000 to the program's recipients.

Several top-flight Democratic challengers and open-seat candidates will be in town tonight as part of House Democrats' "March to the Majority" events.

Already the political action committee of the NDC has given $263,000 to Democrats in competitive House races.

Today, the NDC, through Member contributions, will give $5,000 each to Darcy Burner, who is challenging Rep. Dave Reichert (R-Wash.); Phyllis Busansky, in the race to replace Rep. Mike Bilirakis (R-Fla.); Joe Courtney, challenger to Rep. Rob Simmons (R-Conn.); Tammy Duckworth, the Democrat in Illinois' open 6th district race; Diane Farrell, who is in a rematch with Rep. Christopher Shays (R-Conn.); Gabrielle Giffords, who was expected to win the Democratic primary Tuesday in Arizona's open 8th district; Ron Klein, who is challenging Rep. Clay Shaw (R-Fla.); Lois Murphy, who is in a rematch with Rep. Jim Gerlach (R-Pa.); and Ed Perlmutter, the Democrat in Colorado's open 7th district race.

In addition, Rep. Adam Smith (Wash.), the chairman of the NDC PAC, is giving $1,000 to each of the Democrats who are getting money from the PAC today, plus $1,000 each to Michael Arcuri, the Democrat in New York's open 24th district; John Cranley, who is challenging Rep. Steve Chabot (R-Ohio); ex-Rep. Baron Hill, who is in a rematch with Rep. Mike Sodrel (R-Ind.); Christine Jennings, the Democrat in Florida's open 13th district; ex-Rep. Ken Lucas, who is running against Rep. Geoff Davis (R-Ky.); Joe Sestak, who is challenging Rep. Curt Weldon (R-Pa.); and Heath Shuler, who is challenging Rep. Charles Taylor (R-N.C.).

NDC leaders expect to parcel the rest of the money out as Election Day draws nearer.

— Josh Kurtz

VERMONT

Bernie and Willie Team in New Senate TV Ad

Country icon and political activist Willie Nelson appears in the latest commercial for the Senate campaign of Rep. Bernie Sanders (I).

The spot was taped during Nelson's Aug. 8 visit to the Green Mountain State on Sanders' behalf. The two had met before at one of the Farm Aid rallies that Nelson had organized.

Interestingly, one shot taken during the rally for family farmers held in Charlotte, Vt., puts Sanders, Nelson and state Rep. David Zuckerman into the frame.

Zuckerman is the legislator who weighed a bid to succeed Sanders as the state's lone Congressman on the Progressive ticket — a move that seriously would have hindered the chances of state Sen. Peter Welch (D).

Sanders, and national and state Democrats, implored would-be Progressive candidates to stay out of the House race so as not to enhance the chances that the Progressive and Democratic candidate would split the left-leaning vote, opening the door for a Republican to win the seat.

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Republicans have high hopes that retired Maj. Gen. Martha Rainville (R), who was heavily favored to win the GOP primary Tuesday night, can give Welch a run for his money even in a two-way race. But a new poll conducted for the Democratic Congressional Campaign Committee found Welch leading Rainville, 52 percent to 42 percent. The survey of 400 likely voters, taken Sept. 5-7 by Greenberg Quinlan Rosner, had a 4.9 percent margin of error.

Sanders appears to hold a commanding lead over Republican Richard Tarrant in the Senate contest.

— Nicole Duran

NEW JERSEY

Abortion Is Focus of Stender's First TV Ad

State Assemblywoman Linda Stender (D) on Tuesday launched her first TV ad in her bid to unseat Rep. Mike Ferguson (R). The ad, produced by All Points Communications LLC, focuses on the Congressman's position on abortion rights.

The ad features an unseen interviewer asking women on the street whether they knew of Ferguson's opposition to abortion "even in cases of rape and incest" and that he "wants to change the Constitution to make abortion a crime."

"These women are not criminals," one young woman responds. "They are not criminals at all. What does he want to do, send them to jail?"

A graphic then comes on the screen that reads, "Do You Really Know Mike Ferguson?" and directs viewers to a Web site, whymikewhy.com.

The north-central New Jersey 7th district voted narrowly for President Bush in 2000 and 2004, but national Democrats believe Stender has a real chance there this year, especially if she emphasizes her positions on social issues. The ad is expected to run on local cable TV channels for an indefinite period.

— J.K.

FLORIDA

EMILY Adds Jennings to Its Candidate List

EMILY's List announced Tuesday that the organization is endorsing bank executive Christine Jennings (D) in the open-seat race to succeed Rep. Katherine Harris (R).

Jennings won the Democratic primary last week and faces what is still viewed as an uphill battle against wealthy car dealer Vern Buchanan (R) in November.

"Christine Jennings is a perfect fit to fill the leadership void suffered by the 13th district under Rep. Katherine Harris," EMILY's List President Ellen Malcolm said in a statement.

Harris is vacating the seat to run for Senate. The 13th district voted 56 percent for President Bush in the 2004 presidential election. Harris, however, won two terms in the House with 55 percent of the vote each time.

— Lauren W. Whittington

NEVADA

Porter Distances Himself From Manager's Words

Rep. Jon Porter (R) told the Las Vegas Review-Journal this week that his campaign chairman lied about his opponent — sort of.

Earlier, campaign manager Mike Slanker had told the paper that Tessa Hafen (D), former press secretary to Senate Minority Leader Harry Reid (D-Nev.), had never made a mortgage payment in Nevada and had never held a job there.

"There's no question he should have qualified it," the paper on Monday quoted Porter as saying about Slanker.

Then he zinged her anyway.

"The bottom line is, she hasn't lived in Nevada for 12 years," Porter told the paper. "Voters need to know our backgrounds."

For the record, Hafen is a native of Henderson, and her father sits on the city council there. She also owns a home in the 3rd district and previously has worked in the state.

— N.D.

CONNECTICUT

Moby Vs. Bloomberg: Choose Your Celebrity

Sen. Joe Lieberman (D) and Democratic nominee Ned Lamont continue to draw attention for the marquee names they attract on their way to their Nov. 7 showdown.

Singer Moby has signed up with Lamont, while Michael Bloomberg, New York City's Republican mayor, will headline a Lieberman fundraiser, The Associated Press reported.

Moby, a Connecticut native, said he will host a concert or star at some other sort of event to help Lamont.

— N.D.

VIRGINIAPoll Indicates 'Macaca' May Have Hurt Allen

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A Mason-Dixon Polling & Research poll released last weekend showed Sen. George Allen (R) with a slim 46 percent to 42 percent lead over former Reagan administration Navy Secretary Jim Webb (D).

The poll of 625 likely voters was conducted for a group of newspapers in the state. It had a 4 percent margin of error.

A July Mason-Dixon poll showed Allen with a 48 percent to 32 percent lead over Webb.

The new poll was taken after Allen's highly publicized gaffe while campaigning in August. That's when the Senator, at an event in southwestern Virginia, pointed to a Webb campaign volunteer of East-Indian descent, called him "macaca" and said, "Welcome to America."

Macaca is a type of monkey and is considered a racial slur in some languages. The volunteer, S.R. Sidarth, was born in Northern Virginia.

Both Allen and Webb currently are airing TV ads. Allen has been on TV for several weeks, while Webb went on the air this week.

The new Mason-Dixon poll showed that 20 percent of likely voters did not recognize Webb's name.

— L.W.W.

Midterm Loss Could Be '08 Gain For GOP White House Hopefuls (HILL)

By By Elana Schor And Jonathan E. Kaplan

The Hill, September 13, 2006

A growing number of House Republicans are taking to the trail warning swing voters that a Democratic takeover would hand key chairmanships to the party's liberal wing. But some strategists see a silver lining to a GOP loss in November: its White House hopefuls can don the mantle of outsiders.

"The best possible thing for Republicans in 2008 would be Democrats controlling the House," conservative strategist and Weekly Standard editor William Kristol said earlier this year on Comedy Central's "The Colbert Report."

Minority Leader Nancy Pelosi (D-Calif.) becoming Speaker, Rep. Charles Rangel (D-N.Y.) leading the Ways and Means Committee and Rep. John Conyers (D-Mich.) chairing Judiciary, Kristol added, would help "[Sen.] John McCain [R-Ariz.] or Rudy Giuliani or [Massachusetts Gov.] Mitt Romney (R) become president."

As both parties prepare for the best and spin for the worst, 2008 could find Republicans turning a Democratic House majority into bogeymen or Democrats continuing to link GOP majorities to the Bush administration. Political analyst and University of Virginia professor Larry Sabato wondered whether Democrats would find success in a narrow electoral failure.

"You can [argue] that Democrats would be much better if they got 217 seats in the House and 49 in the Senate, just enough to make sure nothing was done but not enough to be held accountable," Sabato said. "Republicans, by contrast, will benefit almost certainly from a Democratic takeover … because they can not be in charge of everything and can respond that Democrats are causing gridlock."

Among Kristol's trio of 2008 centrist GOP frontrunners, Giuliani and Romney could distance themselves from Washington regardless of the party controlling Congress. Although McCain could be more likely than other presidential hopefuls to maintain comity with a Democratic-controlled chamber, he would be forced to relinquish a chairman's gavel if Republicans lose the Senate.

"It all depends on the mood of the country," McCain said when asked if having an opposition majority to criticize could bear fruit in 2008. "If the party in power and the president in power have high approval ratings, no. If not, yes."

McCain's midterm forecast, issued last month on NBC's "Meet the Press," called for continued Republican control of the Senate but an uncertain House. "I think [Republicans will keep the majority], but it's just too early," McCain said.

Across the aisle from McCain, Sen. Hillary Rodham Clinton (D-N.Y.) is not in line for a chairmanship if Democrats defy the odds and win the Senate. But a Democratic-controlled Congress that seeks to further expose the Bush administration's mishandling of the Iraq war, even if centered in the House, could subject Clinton's vote to authorize the war to more scrutiny in a presidential primary.

Clinton made her own 2006 predictions during a campaign swing last month in upstate New York. She saw Democratic success "as long as we don't have candidates who fade when the heat is strong. ... If we don't elect one or both houses Democrat, we will not be able to do what we need to do in Iraq or anywhere else."

Sen. Evan Bayh (D-Ind.), also eyeing a White House run, acknowledged that Democrats would face policy pressures if they took back one or both chambers. Still, he took an optimistic view of congressional control as a springboard to the White House.

"The burden will be on us to prove we can do better, prove we can deliver the results Americans expect," Bayh said. "It's a burden we want. With governing comes responsibility, and we will need to give the public a taste of what they can expect if we were really leading the country."

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Recalling his run as the Hoosier State's governor, during which Democrats controlled the legislature and later faced a 50-50 deadlock, Bayh added, "I'd much prefer having a majority to work with."

Jennifer Duffy, editor of the Cook Political Report, cautioned that the "burden" Bayh's party seeks could saddle them with a short record to run on in 2008.

"If Democrats have one or both chambers, with that comes the responsibility to govern," Duffy said. "But they won't have the majorities to govern and they have a president of the other party, [so] whatever does reach his desk probably gets vetoed. That puts them in a weaker place as far as '08 goes."

One prominent Democratic pollster, who asked to remain anonymous speaking so close to the election, also raised the specter of tense gridlock in the wake of narrow Democratic victory this fall. That outcome would favor Democratic outsiders who can decry both parties' inaction, he added, a camp led by former vice-presidential nominee and Sen. John Edwards (N.C.) and New Mexico Gov. Bill Richardson.

Still, the pollster said, "It's better to win than to lose."

Republican pollster Bill McInturff, of Public Opinion Strategies, dismissed any link between 2006 and 2008.

"There is little evidence that even significant off-year elections have any impact on the following presidential election," McInturff said via e-mail, citing former President Clinton's win two years after the Republicans swept into power and former President Reagan's landslide victory after a GOP stumble in 1982.

Yet, both Clinton and Reagan scored those wins running for re-election. McCain, Giuliani, Secretary of State Condoleezza Rice and former Speaker Newt Gingrich (R-Ga.) have topped recent White House polls, and Clinton's fundraising advantage makes her a formidable opponent for any Democratic challenger, but with Vice President Cheney not seeking to step up, neither party has anointed an obvious heir.

Grover Norquist, the longtime Republican operative who heads Americans for Tax Reform, emphasized that uncertainty in arguing that smart candidates would not bet on their opponents handing them ammunition.

"You always want to have as much power as possible because it allows you to shape events," Norquist said. "We don't know what's going to happen."

Former Rep. Vin Weber (R-Minn.), now a lobbyist and frequent GOP political adviser, questioned the strategy of finding an upside to losing.

"You hear this calculation that you'd be better off losing, but no candidate or party can conduct themselves on that basis. … You cannot go into the campaign cycle [saying it is] better off to lose," Weber said.

Most presidential hopefuls, from McCain to Clinton to Sen. Russ Feingold (D-Wis.), have sought to stave off White House speculation until after the midterms. But the notion that party leaders are focusing on this fall and leaving presidential plans aside, however, did not wash with Duffy.

"Thinking about it?" she said. "They're obsessed with it."

How To Win By Losing (NYT)

By Ramesh Ponnuru

The New York Times, September 13, 2006

Washington

CONSERVATIVES are dreading the November elections. The Republican capture of the House of Representatives in 1994 was one of modern conservatism's signal political accomplishments. Now the Democrats are poised to take back the House. If that happens, however, conservatives will find several silver linings in the outcome.

It would be worse for conservatives if Republicans actually gained seats. The Congressional wing of the party lost its reformist zeal years ago and has been trying to win elections based on pork and incumbency. An election victory would reward that strategy, leaving the congressmen even less interested in restraining spending, reforming government programs and revamping the tax code. Political incompetence and complacency, sporadic corruption and widespread cynicism: having paid a price for none of it, Republicans would indulge in more of the same.

Of course, that's just a thought experiment. Almost nobody thinks that Republicans are going to pick up seats. The question is whether they will have a reduced majority or no majority. And outright loss might be preferable. A narrower House majority would most likely accomplish even less than the current one has. The party's small moderate caucus would gain in power and use it to frustrate conservatives. With no conservative reforms on the horizon, congressmen would revert to the pork strategy.

A straight loss, on the other hand, would make the Republicans hungrier and sharpen their wits. Freed from the obligation of cobbling together thin majorities for watered-down legislation, Republicans would be able to stand for something attractive. Some conservatives worry that Republican officialdom will see defeat as a reason to turn left. But that didn't happen after the last

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major Republican defeat in 1992. Then, conservatives were able to persuade the party that it had not lost power because it was too far right. They would make the same case this winter, but with more voices in the news media than they had back then.

The effects of victory on the Democrats may also be helpful to Republicans. Powerlessness has stoked Democrats' rage. If the party wins the House, its left-leaning "net-roots" may grow more enraged still, because the Democrats would then have the illusion of power without its reality. Even under their most optimistic calculations, they would have the smallest Democratic majority since 1957 — and they will have to deal with a Republican president and (probably) Senate.

House Democrats could initiate countless investigations of the administration and schedule votes to make Republicans look bad. But they could not do much to affect either the conduct of foreign policy or the composition of the courts, which are the areas where their most fervent supporters most desperately want influence. If the Democrats try to appease their base by impeaching the president, they will probably increase President Bush's poll numbers, much as Republicans once improved President Bill Clinton's.

So the policy tradeoffs for Republicans are not especially troubling. They would still be able to set foreign policy and appoint judges. They would be blocked only from making domestic-policy reforms they show no sign of attempting anyway.

There is also the matter of the 2008 elections. Do Republicans really want to go into 2008 running a unified government? The last time an election maintained unified party control from one presidency to another was in 1928. And the 2008 elections matter more than the 2006 elections, because, again, the president has more say over foreign policy and the courts than the House does. If Democrats win the House now, the next Republican presidential candidate will be able to run against Nancy Pelosi and the liberal committee chairmen who would suddenly be in the headlines.

Winning in 2006 will make it harder for Democrats to address their long-term structural problems. It has happened before. They confused the Watergate landslide of 1974 for a mandate to embrace McGovernism for 20 years. If they win because of high gas prices, bad war news and conservative discontent now, they will be less likely to adopt new approaches to national security and social issues. That, too, will help Republicans in 2008.

Who knows? If Republicans play their cards right, and the Democrats prove unequal to the task of running the House, the voters could put the Republicans back in power on Capitol Hill in 2008. After a few years in the wilderness, maybe they will be disposed to using that power for conservative ends.

Ramesh Ponnuru, a senior editor at National Review, is the author of "The Party of Death: The Democrats, the Media, the Courts and the Disregard for Human Life."

Citing Ethics, Rep. Mollohan Seeks To Turn Tables On Wakim (HILL)

By Jonathan E. Kaplan

The Hill, September 13, 2006

Rep. Alan Mollohan (D-W. Va.) faulted Republican state Del. Chris Wakim's ethics in a recent television advertisement alleging that Wakim, a bar owner, illegally paid winnings on video poker machines.

The allegations stem from 1996 when a patron of Wakim's bar, Knotty Pines, in Wheeling, W. Va., sued Wakim after being charged with driving under the influence of alcohol. In testimony from the deposition obtained by The Hill, Wakim's wife, Jeannette, said the bar paid winnings to patrons who gambled on video machines. Under state law, this was illegal.

The plaintiff's lawyer asked Jeannette Wakim if bartenders would loan cash to patrons to play the poker machines.

"Yes, it is [accurate]," she said.

Asked if people who played the machines were paid in cash, she replied, "Yes, they are," and the lawyer continued to press Wakim on whether patrons drank free when they played the video poker machines.

Will Holley, a spokesman for Wakim, defended the business practice, saying, "Everybody was doing it."

Gerry Griffith, a spokesman for Mollohan's campaign, disagreed.

"I would like to see Mr. Wakim prove that everybody did it. Everybody didn't do it. That argument doesn't hold water when our teenagers use it. It doesn't hold water when a man who wants to be a lawmaker uses it."

In 2001, West Virginia's then-Gov. Bob Wise (D) signed legislation that legalized and taxed video poker gambling, and banned the games from convenience and grocery stores and gas stations.

West Virginia newspapers criticized Wakim for aligning a coalition of pub owners with religious groups who opposed making gambling legal.

"Chris opposed the bill because it gave preferential treatment and unfair tax advantages to large, out-of-state corporations who would take the money out of West Virginia at the expense of small businesses and fraternal, community-oriented organizations," said Holley.

Democrats also raised questions about whether Wakim paid sales tax on revenue earned from gambling machines. Holley said that tax records do not exist because they do not have to be saved for more than three years.

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"Every dollar that was put into those machines was recorded and the city, state and federal governments all had access to those records to ensure tax compliance," he said. "Moreover, Chris's corporate records for 2000 were audited by the state government and there were no discrepancies found, whatsoever."

Allegations of ethical misconduct define the race, which is one of the few bright spots for Republicans in an otherwise terrible political climate. Federal investigators are scrutinizing Mollohan, a senior appropriator, for allegedly steering federal money to nonprofit organization and business interests run by family members and campaign supporters. Mollohan, a 12-term lawmaker, represents a district President Bush won in 2004 with 58 percent of the vote. Mollohan won 68 percent of the vote in 2004 and ran unopposed in 2002.

The media has raised questions about the accuracy of Wakim's resume. Wakim amended his campaign website biography in August because he had implied that he earned a master's degree in public policy from Harvard's Kennedy School of Government. Instead, he earned a master's degree in liberal arts from Harvard's Extension School.

Democrats and a veterans group also criticized Wakim for claiming that he is a Gulf War veteran even though he never served in combat or overseas during his 11-year career in the Army. Wakim served on an Army base in Massachusetts during the first Gulf War.

Now Democrats are raising questions about Wakim's business acumen. On his campaign website, Wakim writes that as an investment banker in Chicago, he managed a $180 million fund. He worked for the Prospect Heights, Ill.-based Household International, a bank that specialized in high-interest loans to customers with poor credit histories. HSBC, the British banking concern, purchased Household in 2002.

Other documents obtained by The Hill show that the West Virginia Alcohol Beverage Control Administration fined Wakim on two occasions.

In April 1996, the Alcohol Beverage Control Administration received a letter of complaint that Knotty Pines violated state liquor laws. Agents entered the bar at 4 a.m., and patrons were drinking and playing the machines. Wakim's wife waived a hearing and paid a $200 fine and $50 in court costs.

In November 2000, the state's Alcohol Beverage Control Administration cited Wakim's bar, the Tropicana Club, for "immoral conduct."

The agents' written notes say that they watched patrons play the video machines. At first, the poker machines would not take the agents' money. But the machine was fixed and they won and were paid by the bartender from a grey box and the cash register. The winnings were recorded in a booklet.

They also wrote in the report that they asked for a Jack Daniels and Coke to take away. According to the written report, the bartender mixed a "Crown and Coke in a Styrofoam cup and put a lid on it. She said she was not supposed to do it. She handed him the drink. We left the bar at 11:55 p.m."

Courtney Unveils New Ad On 'bush's No.1 Fan' (HILL)

By Elana Schor

The Hill, September 13, 2006

Democratic House challenger Joe Courtney (Conn.) unveiled his first campaign commercial yesterday, tagging incumbent Rep. Rob Simmons (R-Conn.) as "George Bush's No. 1 supporter" on energy, healthcare and Iraq.

The TV spot, which began running in the Hartford media market, underscores Courtney's effort to publicize Simmons' record of votes supporting the White House, which a recent study ranked first in the state delegation. The ad, set at a baseball game, features 30 people waving foam No. 1 fingers to represent Simmons' state ranking.

In New Mexico, A Horse Race (WSJ)

By David Rogers

The Wall Street Journal, September 13, 2006

ALBUQUERQUE, N.M. -- A Rhodes Scholar with a doctorate from Oxford, Rep. Heather Wilson has never faced doubts about her smarts. But proving her independence to the voters of New Mexico's First District gets harder with each passing day of the Iraq war.

Polls show the 45-year-old Republican running neck-and-neck with her Democratic challenger, Patricia Madrid, New Mexico's attorney general and a proven vote getter. As a member of the House Intelligence Committee, Ms. Wilson is feeling public anger over faulty prewar assumptions and the U.S.'s costs and casualties.

"The people understand: We want the troops home and the regime change here," says Terry Riley, a local activist for Veterans for Peace. "It is a good day to be on the street."

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For President Bush, the election here poses a two-part test. First is public support for the war: "The eyes of the nation will be on this race," said Sen. John McCain (R., Ariz.), who flew in Saturday to help Ms. Wilson. Second is the administration's fall offensive on national security, with which the White House hopes to knock Democrats back on their heels. But unless Mr. Bush calibrates his demands for additional powers from Congress, he risks smothering endangered Republicans just when they need to show some independence.

Ms. Wilson isn't alone in this regard. Other Republicans, such as Connecticut Rep. Christopher Shays, are also paying a political price for supporting the president's Iraq policy. But Rep. Wilson's military background, past White House service under the president's father, and position on the Intelligence panel make her unique, and her race largely dominates this Southwest state.

"Sometimes the leaders of my party in Congress and in the White House don't agree with me, but I've always been willing to stand up and fight for things," Ms. Wilson says in a television ad. A Madrid ad counters: "Heather Wilson is on the Intelligence Committee but she never questioned George Bush on the war. That's not independence. Not by a long shot."

Ms. Wilson has begun to say more publicly that she had early doubts about prewar intelligence. But even as she tries to separate herself from the White House, this Air Force Academy graduate is being drawn into the fight over expanding the president's authority to conduct warrantless surveillance of electronic communications to and from the U.S.

Her legislation, introduced this summer, will be the starting point for House Republicans beginning committee markups today. The National Security Agency had input, Ms. Wilson says, noting that she didn't share the final proposal with the agency before the bill was filed.

"This is not an administration bill," Ms. Wilson says. But by subtly changing the definitions of electronic surveillance, the legislation, according to critics, gives the NSA license to intercept a broad range of international communications without a warrant. The political question -- for Congress and potentially Ms. Wilson -- is whether the administration will insist on even more flexibility than she has offered.

Her bill permits the president to go outside existing law to tap domestic calls for 60 days after a terrorist attack. But the Justice Department last week asked for similar authority before an attack.

"We think the president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," Steve Bradbury, head of the department's office of legal counsel, told the House Judiciary Committee. Noting that Mr. Bush has operated until now without authorization from Congress, Ms. Wilson responds: "It is surprising that five years after 9/11 that the administration realizes it doesn't have the legal authority to keep us safe."

Asked if she felt pressure to avoid confrontation with the White House, Ms. Wilson said: "I can be educated, I can be persuaded. I negotiate, but pressure doesn't work with me. It never has."

Republicans have held this House seat for decades, but John Kerry carried the First District in the 2004 presidential elections, and the Hispanic vote has grown to more than 30%. In eight years, Ms. Wilson has survived tight elections, but this is her first against a woman and looks closer.

In 2004, the congresswoman led by six points in a similar poll by the Albuquerque Journal at this juncture. Now, her margin is half that -- 45% to 42% -- after hammering Ms. Madrid for weeks with ads alleging the attorney general is cozy with casino interests, and has turned a blind eye to corruption in state government.

Ms. Madrid says, "It's a diversionary tactic, and I don't think it's worked, because I'm still even in the polls after they've spent a tremendous amount of money trying to discredit me." Asked what she thinks the campaign is about, she answers: "The war in Iraq."

"I believed that from the day I announced," Ms. Madrid says. "People are very frustrated that 'Stay the course' really means paralysis....This race is beyond our particular personalities, Heather and I. I can feel the mood of the country in my district....There's a bit of the flavor of the '60s."

In her Stetson and bolero, the 59-year-old attorney is very much the picture of old New Mexico, a black-clad figure walking in the state-fair parade in Albuquerque.

Ms. Wilson, a native of New Hampshire in pink polo shirt and khakis, appears more the transplanted Anglo walking the same parade route. The parking lot where marchers gathered beforehand was a composite of New Mexico: Apache tribesmen, Hispanic high-school military-cadet bands and white evangelical Christians.

"It's definitely a very interesting place," says Philip Muller, a political consultant transplanted from the Bay Area in California. "Even though it's a Democratic state, the Native Americans and Hispanics are very patriotic. It's conservative, but they are Democrats."

Ms. Madrid has two brothers who served in the Vietnam War. "This Driver is a Vet" reads the sign on the truck pulling her float in the parade.

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"I feel very comfortable and confident," Ms. Wilson says. But there is anecdotal evidence that her fabled ground organization is having trouble this year, and state Republicans even sued county election officials, demanding changes in the locations of early-voting satellite sites.

The costly air war has Ms. Wilson tapping supporters in the oil industry for donations, including at a fund-raiser in Houston this week. She has resisted Democratic efforts to pressure companies to pay higher royalties for energy extracted from federal lands. She is among the top recipients of oil money in the House this year -- a fact Democrats have sought to exploit amid voter concern about fuel prices.

Voters Riding A Blue Wave (CHIT)

By Rick Pearson

Chicago Tribune, September 13, 2006

The percentage of Illinois voters who call themselves Democrats is at its highest pre-election level in more than a decade, posing a problem for Republicans trying to win the governor's mansion and key congressional seats, a Tribune/WGN-TV poll shows.

The poll found 43 percent of voters identified themselves as Democrats while a little more than a quarter of the voters identified themselves as Republicans. The 17 percentage point difference ranks among the most polarized partisan spreads in more than 16 years of Tribune surveys taken prior to an election day.

The results of the poll echo surveys taken nationally that show an increase in voters lining up in the Democratic column, a factor attributed to dissatisfaction with the Republican White House and GOP-led Congress on issues ranging from the war in Iraq to economic uncertainties.

The findings of the Tribune poll indicate the potential for trouble in Illinois for Republicans trying to revitalize a political party beset by scandal and infighting. The survey was conducted in the days following the sentencing of former Gov. George Ryan, whose corruption-tainted tenure helped end a quarter century of Republican administrations.

Because Illinois has no true partisan registration procedure, survey respondents were asked if they "considered themselves" to be a Democrat, a Republican or an independent/middle-of-the-road voter.

The findings largely represent the mood of the voter, which can fluctuate greatly due to a variety of political or news events. The survey of 600 registered voters likely to vote Nov. 7 has a margin of error of 4 percentage points. The results are considered very fluid and could change closer to the election.

Yet the findings of the poll, conducted Thursday through Sunday, could be problematic for Republican governor candidate Judy Baar Topinka (who faces a 12 percentage-point deficit in her challenge to Democratic Gov. Rod Blagojevich), for GOP candidates in the suburban congressional races and for Republicans in down-ballot races.

Chris Mooney, professor of political science at the University of Illinois at Springfield, said the poll findings reflected recent dissatisfaction with President Bush's administration and anti-war sentiment on top of the state's longer-term demographic trend toward the Democrats.

"The population has become more and more urban, it's become more and more non-white," Mooney said. "This [national] short-term bump toward Democrats is exacerbating the long-term trend."

Previous Tribune polling conducted during the last 16 years by Market Shares Corp. of Mt. Prospect, covering seven previous general elections, found nearly the same trend toward Democrats in the 1996 presidential election year. That year, President Bill Clinton was seeking re-election against a backdrop of investigation and criticism.

In 1996, 42 percent of Illinois voters identified themselves as Democrats in the October preceding the election while 27 percent aligned with Republicans—a 15 percentage point spread. Clinton ended up winning Illinois in 1996 with 54 percent of the vote and Democrats retook control of the Illinois House from Republicans after a two-year hiatus.

Traditionally, Democrats have enjoyed a plurality of the state's voters, meaning Republicans need to capture the support of their party faithful as well as a healthy majority of self-described independents to win.

In 1994, when the GOP kept the governor's chair and swept all statewide offices and control of the General Assembly, the percentage of voters who identified themselves as Democrats fell to 33 percent while Republicans were at 31 percent and independents were at 33 percent.

But the most recent Tribune poll found that even in longtime Republican-leaning regions, the GOP no longer might have the upper hand. In the collar counties, 31 percent of voters aligned themselves with Republicans while 29 percent identified with Democrats. Outside the Chicago metropolitan region, voters split equally at 36 percent between Democrats and Republicans.

"Here in Illinois, the Republicans are doing nothing to stop the bleeding so people will move more toward Democrats and the Democratic label to reaffirm their concerns at the national level," said Steve Brown, a spokesman for House Speaker Michael Madigan, the veteran Southwest Side lawmaker who also chairs the state Democratic Party.

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Andy McKenna, the state's Republican chairman, acknowledged the GOP in Illinois suffered "tough years" in 2002 and 2004. But, he said, with Democrats in control of the state, "they're going to be judged by their leadership and I think the deficiencies in their leadership are beginning to show up" in the form of investigations into the Blagojevich administration.

Mooney, the U. of I. at Springfield professor, said he believed the party identification among voters might not be a significant factor in high profile races such as governor, where the candidates and their positions are well known.

"The partisan effect is the default when [the voters] don't have anything else to judge a candidate by," Mooney said. "You don't get that at the gubernatorial level. People know who Rod Blagojevich is and who Judy Baar Topinka is and more people will know by Election Day."

Some House Members Seeking Higher Offices Miss '06 Votes (HILL)

By Tyler Kirtley And Ari Ruben

The Hill, September 13, 2006

Reps. Jim Davis (D-Fla.) and Butch Otter (R-Idaho) are both running for governor. Davis has missed 152 votes in 2006; Otter has missed 3.

They are among 16 members of the House that are running for a higher office this year. Statewide campaigns require time, money, and a great deal of energy. For some House members, it also leads to a lot of missed votes.

The 16 congressmen have missed an average of 50 floor votes in 2006. Rep. Harold Ford (D-Tenn.), who is running for the Senate, has been absent on 113 votes while Rep. Jim Nussle (R-Iowa), who is in a tight race for governor, has missed 110 votes.

Davis last week won the Democratic primary and hopes to replace term-limited Jeb Bush as governor of the Sunshine State.

Josh Ernest, the campaign's communications director, said, "[Davis] has worked very hard to balance his responsibilities as a member of Congress and his responsibilities as a state-wide candidate in Florida …. Over the course of his 10-year career in Congress, his attendance record is 93 percent."

When such a significant focus is placed on the campaign for the next office, missed votes can often resurface as political liabilities. In the 2004 presidential election, Sen. John Kerry (D-Mass.) and John Edwards (D-N.C.) were consistently criticized for missing votes on the Senate floor in favor of holding campaign events across the nation.

Already in 2006, Ford has been criticized for spending too much time away from D.C. as he battles to be the next Senator from Tennessee. In early July, the Tennessee Republican Party released a statement highlighting Ford's missed votes: "No respected employer would hire someone like Ford, who has a history of not showing up for work. I predict Tennessee voters will follow suit."

But the move backfired when further research showed that former Rep. Van Hilleary (R-Tenn.), who recently lost to Bob Corker in the Senate GOP primary in Tennessee, had missed more votes than Ford when he unsuccessfully ran for governor in 2002.

Otter has tried to avoid these problems by focusing on his duties in the House, saying, "If you do your best with the task at hand, folks tend to give you the benefit of the doubt when you ask for a promotion. My commitment to constituents has always been that representing them in Congress would remain my first priority, and it has."

However, Otter – unlike Davis — faced minimal opposition in his primary.

A pair of Republican congressmen has taken a more nuanced position in attempting to balance campaign necessities with the duties of serving in the House. Mark Green (R-Wis.) and Mark Kennedy (R-Minn.) knew that they needed to spend considerable time on the campaign trail in order to win this fall, and would inevitably miss votes. They have volunteered to return the salary that they would have earned for each day's worth of votes that they miss.

Both Green and Kennedy had stellar voting records in 2005. Green missed only seven and Kennedy missed none, being one of nine members to make every vote. While Kennedy has missed 20 votes in 2006, his office emphasizes that only 4 were missed because of campaigning.

Some of the 16 candidates running for higher office did not comment for this article.

Others were upfront. Gerry Fritz, spokeswoman for Rep. Katherine Harris's (R-Fla.), said, "She certainly tries to make as many votes as she can … [but] the campaign for Senate is the priority."

Harris is leaving the House in the long hopes of unseating Sen. Bill Nelson (D-Fla.).

Casey College Speech Irks Some Catholics (WT)

By Ralph Z. Hallow

The Washington Times, September 13, 2006

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Some Catholic conservatives are accusing the Catholic University of America of publicly favoring Democrat Bob Casey Jr. over Sen. Rick Santorum of Pennsylvania two months before an election that could decide who controls the Senate next year.

With the explicit permission of Catholic University's president, the Rev. David M. O'Connell, Mr. Casey will give the prestigious 38th annual Pope John XXIII Lecture tomorrow at the university's law school, Veryl Miles, the law school's dean, confirmed. Mr. Casey is an alumnus of Catholic.

Mrs. Miles acknowledged that Mr. Casey "has positions that differ from the church's teachings, but he is not being invited to speak on that."

"The university is clearly taking sides and has no business doing this in one of the most important elections in the country," said Bob Destro, a professor and former acting dean at the law school.

"The race is one of the most hotly contested and important in the country ... and the votes of the Catholic community are likely to provide the margin of victory," Mr. Destro said yesterday in a letter to Father O'Connell.

Other prominent people have been barred from formal addresses on the campus because their views differed from Catholic teaching, Mr. Destro and others noted.

"Casey should not be given a free pass to speak at a Catholic institution, given his public opposition to the church's teachings on some critical life issues and on 'homosexual marriage,'" said Joseph Cella, president of Fidelis, a Catholic activist group.

The Cardinal Newman Society issued its own protest, saying that by "choosing a Catholic dissenter and active U.S. candidate for a prestigious lecture on public morality, the Catholic University of America law school is compromising its academic purpose, Catholic mission and political neutrality."

Mr. Santorum, a Republican, is a pro-life Catholic who opposes same-sex "marriage." He has steadily narrowed the gap with his challenger and now trails Mr. Casey by 4 percentage points in the latest John Zogby poll.

Through an aide, Father O'Connell declined to say whether he thought the invitation to Mr. Casey would be read by many Catholic voters in Pennsylvania as a signal that the hierarchy of one of the nation's top-rated Catholic universities was embracing Mr. Casey's candidacy.

"Whoever selected Casey for this honor must have known the impact it could have on his political campaign, and that violates academic neutrality," said Cardinal Newman Society President Patrick J. Reilly in an e-mailed statement. "They also must be aware that, regardless of politics, inviting a public dissenter to speak on 'America's Moral Compass' is a scandal to the faithful and undermines [the university's] Catholic identity."

Father O'Connell could not be reached for comment yesterday.

Mrs. Miles said that in June, when she decided to invite Mr. Casey to lecture on the importance of pro bono work for Catholic lawyers, she didn't think a speech to be given in an academic setting in the nation's capital would have much to do with a Pennsylvania election.

"I did know he was running for the Senate, but we are not in Pennsylvania, and this is not an election that would impact this community in Washington," she said.

Angelides Camp Says It Gave Arnold Tape To Times (LAT)

By Nancy Vogel

The Los Angeles Times, September 13, 2006

SACRAMENTO — The campaign of Democratic gubernatorial candidate and state Treasurer Phil Angelides today said it was the source of audiotapes of Gov. Arnold Schwarzenegger that were published last week by The Times.

Campaign officials said a researcher obtained the tapes legally from Schwarzenegger's website.

A day earlier, Schwarzenegger administration officials had said the tape was downloaded from a password-protected section of the governor's computer system and thus was unauthorized and "a breach of one or more security protocols."

The administration also said the California Highway Patrol, which is responsible for safeguarding state property, would investigate.

David Garcia, director of media relations at The Times, reiterated today that the newspaper "does not reveal its confidential news sources."

Angelides campaign manager Cathy Calfo said her camp came by the audiotape easily without a password or hacking. She said an Angelides campaign researcher who downloads documents daily from government websites got the material by backtracking from a link sent out Aug. 29 by Schwarzenegger's press office.

The link was suppose to connect listeners with a tape of Schwarzenegger discussing Hurricane Katrina and other topics at Cal State Long Beach.

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"They're, I think, trying to distort the issue, make this an issue about someone 'hacking' when no one hacked," said Calfo. "They made a mistake and now they're trying to cover it up."

Schwarzenegger campaign manager Steve Schmidt, in a conversation with reporters today, offered no evidence that the audiotape had been downloaded from a password-protected site. He referred to a statement issued Monday by Schwarzenegger legal affairs secretary Andrea Hoch that described the site as private and requiring the use of passwords. Schmidt also questioned why the Angelides campaign would leak the tape if it was publicly available.

Calfo said the researcher used the link in the Schwarzenegger press release to download four hours of tapes that included six minutes of Schwarzenegger bantering last spring with his chief of staff, a speechwriter and a speech coach.

In that casual conversation, the governor described Assemblywoman Bonnie Garcia (R-Cathedral City) as "hot" — a fiery personality — and attributed that temperament to a mix of "black blood" and "Latino blood."

On the recording, the governor and his staff also comment on other lawmakers: Republican Assembly members Kevin McCarthy of Bakersfield and George Plescia of San Diego, calling McCarthy "Bakersfield boy" and comparing Plescia to a startled deer.

After The Times published the audiotape last week, the governor apologized and said reading a transcription of his comments made him cringe.

Calfo said that she did not know that campaign workers had obtained the audiotape until Monday afternoon, and she added that she was "not happy" about it. She described Angelides as "surprised" and "disappointed."

"The information was accessible on a public website," said Calfo. "I can say I would have handled it very differently. I think that I would have directed reporters to that public website.

"I feel like a decision like that should have been made at the highest levels of the campaign and it wasn't," she said.

Angelides spokeswoman Amanda Crumley identified the two campaign workers involved in the downloading and leak as researcher Sean Sullivan and press spokesman Dan Newman.

On Monday, the communications director for the Schwarzenegger campaign called on Angelides to denounce "the unethical actions" taken on his behalf.

"Phil Angelides has a long history of gutter politics," said Katie Levinson in a statement, "and it is clear this most recent example was a calculated effort to smear the governor's reputation." nancy.vogel@latimes.com

Rival Admits Leaking Schwarzenegger Tape (AP-Y)

By Laura Kurtzman

AP, September 12, 2006

The campaign of Gov. Arnold Schwarzenegger's Democratic rival acknowledged Tuesday that it downloaded — and leaked to the media — a recording of a private meeting in which the governor described a Hispanic legislator as having a "very hot" personality.

But Cathy Calfo, campaign manager for Democrat Phil Angelides, said the campaign had done nothing wrong because the file was available publicly on the governor's Web site.

"No one hacked," Calfo said at a news conference to address the role played by the Angelides campaign, first reported by The Sacramento Bee. "They accessed information that was available to the public."

Schwarzenegger spokesman Adam Mendelsohn said someone would have had to snoop to find the audio file.

"The file that was leaked to the Los Angeles Times was in a private area of the governor's server not accessible to the public without manipulation of information," he said.

Schwarzenegger's legal affairs secretary, Andrea Lynn Hoch, said the sound file was stored in a password-protected area. She said she forwarded the Internet Protocol address used to download the file to the California Highway Patrol, which is investigating.

Calfo said she was unhappy that two campaign staffers had passed the audio clip to the Times without her knowledge. Angelides did not know about it, either, she said.

"We're looking into it now," she said. "Am I happy? No."

Earlier Tuesday, Schwarzenegger campaign spokeswoman Katie Levinson called on Angelides to "denounce the unethical actions taken on his behalf" and accused him of trying to smear the governor. Schwarzenegger is seeking re-election in November.

The recording of the governor's comments caused a minor controversy, with some Democrats complaining bitterly and others saying the remarks were playful and not offensive.

The recording was made during a speech-writing session in the governor's office last March. In it, Schwarzenegger and his chief of staff, Susan Kennedy, speculate lightheartedly about the ethnic background of state Assemblywoman Bonnie Garcia.

After they chat about whether she is Cuban or Puerto Rican, Schwarzenegger says: "They are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

With Garcia by his side, the governor apologized for his remarks on Friday, saying he cringed when he read them. Garcia said she was not offended.

Schwarzenegger, who was in Los Angeles on Tuesday to sign a bill raising the minimum wage, said of the controversy: "I don't really want to interfere with all this little, trivial things."

Asked whether the recording could have been on a public part of the governor's Web site, Schwarzenegger said, "Let the experts deal with that."

Governor's Comments Were Leaked By Foe's Camp (NYT)

By Jennifer Steinhauer

The New York Times, September 13, 2006

LOS ANGELES, Sept. 12 — The campaign of the Democratic candidate for governor, Phil Angelides, said Tuesday that it was the source of audio files containing impolitic remarks by Gov. Arnold Schwarzenegger. Those remarks were the subject of a front page article last week in The Los Angeles Times, which led to an apology by the governor.

Mr. Angelides's campaign manager, Cathy Calfo, said at a news conference in Sacramento that the files had been culled from a Web site accessible by the public and that campaign staff members had not trespassed into a secure area of the governor's office.

The California Highway Patrol, at the request of Mr. Schwarzenegger's office, is investigating whether the files were obtained illegally. Mr. Schwarzenegger's communications director, Adam Mendelsohn, said Tuesday that while the Web site with the audio files was not as secure as it ought to be, it was not publicly accessible.

"That area was password protected," Mr. Mendelsohn said, "but the administration knows that with enough manipulation, it could be accessed."

Last week, The Los Angeles Times reported that in a private meeting with his chief of staff, Susan Kennedy, and one of his speechwriters, Gary Delsohn, Mr. Schwarzenegger, a Republican, surmised that a Republican colleague of Puerto Rican descent was passionate because of her ethnicity. The exchange had been recorded by Mr. Delsohn to use as reference material.

"I mean Cuban, Puerto Rican, they are all very hot," Mr. Schwarzenegger said, comparing the colleague, Assemblywoman Bonnie Garcia, to a bodybuilder he once knew. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

While Ms. Garcia said she did not mind the remark, the Angelides campaign sharply criticized the governor, who called a news conference on Friday and offered an apology. The matter was then referred to the Highway Patrol, which is in charge of policing state facilities.

Speaking to reporters on Tuesday, Ms. Calfo called the Schwarzenegger camp's characterization of the episode "politically motivated" and "outrageous" and added, "We believe these audio files accessed through a public Web site requiring no password are a matter of public record."

She said that anyone who received a news release e-mailed by the governor's office in August with an audio file about Hurricane Katrina could have clicked on a link and with a few strikes of the backspace key have been linked to the audio files. Those files, she said, have since been removed from the site.

Ms. Calfo said two members of the campaign staff — one in the press office and another in the research department — gave the downloaded files to The Los Angeles Times without her knowledge. She was "not happy about it," she said.

The episode is perhaps the singular snapshot of the sleepy governor's race, in which Mr. Schwarzenegger has trotted far ahead of Mr. Angelides but once again has found that his biggest liability can be the space between his nose and his chin.

His remarks about Democrats, women, nurses and others since taking office in 2003 have caused controversy many times, and dogged him during his first campaign.

"This reminds us that Arnold Schwarzenegger is capable of verbal self-destruction at any point in the campaign," said Bruce E. Cain, the director of the Institute of Governmental Studies at the University of California, Berkeley.

At the same time, Mr. Angelides, has been unable to use a weak moment for Mr. Schwarzenegger to define his own campaign better. Instead, he has been put on the defensive and his campaign forced to fend off claims of being underhanded.

"Voters know that Arnold has a penchant for saying things he shouldn't say," said Garry South, a Democratic political consultant. "But they don't have a clue who Phil Angelides is."

Thad Kousser, a professor of political science at the University of California, San Diego, said that neither side had emerged particularly well from the episode, but that that could change if it was determined whether the Web site was publicly accessible.

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"If it turns out that the tape was hacked," Mr. Kousser said, "it feeds into the feeling about the Angelides campaign that he is too political and too negative."

Either way, it is not the stuff of a great policy debate, he said.

"This is California politics," Mr. Kousser added, "so it always seems ridiculous."

Colorado Rule Limits Union's Contributions (WT)

By Valerie Richardson

The Washington Times, September 13, 2006

DENVER -- Colorado Secretary of State Gigi Dennis is taking on the state's powerful unions over their anonymous donations on behalf of their members to political campaigns.

Mrs. Dennis, a Republican, ruled last month that small-donor committees, the source of most union contributions, must have permission from contributors before they can use dues money for political campaigns.

She also required such committees to attest that the donations came from U.S. citizens, as mandated by the state constitution. Small-donor committees typically bundle contributions of less than $20, which are not subject to disclosure laws.

State Democrats and union leaders have fired back with a lawsuit that goes before a hearing tomorrow in Denver District Court.

Clear Peak Colorado, a left-leaning 527 group, is running radio ads accusing Mrs. Dennis of "trying to muffle thousands of Coloradans -- teachers, nurses, firefighters, workers of all kinds." A 527 is an independent political advocacy group so named for the section of the IRS code that governs its nonprofit status.

"She's clearly using her office as a platform to advance the Republican agenda," said John Willard, spokesman for Clear Peak Colorado.

But state Republicans, who have long complained about the lack of transparency in union giving to Democrats, cheered the move as a necessary step in ridding the political system of potentially illegal donations.

"It is time to Colorado's unions to stop collecting political money from people who are illegally in this country," said Colorado Republican Party Chairman Bob Martinez.

Republican political consultant Rob Fairbank said small-group committees gave $1.5 million in bundled, anonymous donations in the 2004 legislative races. Democrats took over both houses of the legislature that year after a surge in campaign spending.

Before the Aug. 5 ruling, unions had contributed $1.35 million to Democratic legislative candidates, accounting for more than 40 percent of Democratic fundraising in key legislative races, according to a Rocky Mountain News analysis.

"You have this large amount of anonymous money that goes into campaigns at a rate of 10 times more than individuals can give," Mr. Fairbank said. "There's a reason to believe that some of this is coming from noncitizens."

Mr. Fairbank, a former state legislator, has filed his own complaint with the Secretary of State's Office against the union Mountain West Regional Council of Carpenters, arguing that the small-donor committee knowingly accepts donations from illegal aliens.

The union differs from others in that it lists members who give political contributions of less than $20. Mr. Fairbank's consulting group, Politically Direct, did a spot check of those donors and found four noncitizens.

He was tipped off to possible abuse by union executive Jim Gleason, who was quoted two weeks ago as saying that his union is trying to recruit immigrants to bolster its membership.

"When you have union bosses in Colorado stating that large numbers of their members are not U.S. citizens, then the secretary of state has a responsibility to do something," Mr. Fairbanks said.

Not so, said critics, who say Mrs. Dennis is more interested in cutting off Democratic campaign funding than catching a few illegal donors.

Democrats also argue that Mrs. Dennis has overstepped her authority, noting that the state legislature recently defeated a so-called "paycheck protection" bill that would have required unions to ask permission before using dues for political campaigns.

Mrs. Dennis said she was following the orders of voters, who in 2002 approved Amendment 27, a campaign-finance reform initiative that requires the secretary of state to "promulgate such rules ... as may be necessary to administer and enforce" the amendment.

New Stem Cell Ethics Issue Emerges (LAT)

By Karen Kaplan

The Los Angeles Times, September 13, 2006

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UC San Francisco researcher Renee Reijo Pera has a well-equipped laboratory, generous funding and an ample staff of scientists working to create new lines of embryonic stem cells.

She has everything she needs to do cutting-edge work except one thing: fresh human eggs.

While the world debates the morality of stem cell research, scientists are grappling with a more basic issue — a shortage of eggs that they say is crippling their work.

"Without eggs, there's no research," said Dr. Robert Lanza, medical director of the biotechnology company Advanced Cell Technology Inc.

Women routinely provide their eggs to fertility clinic patients, who pay $5,000 to $50,000.

But stem cell researchers are forbidden to pay for eggs by ethical guidelines from some of the most influential scientific organizations in the world, including the National Academies, which advises the U.S. government on scientific issues. California, Massachusetts, Canada, South Korea and the European Union all have passed laws barring payments.

Laurie Zoloth, a bioethicist at Northwestern University's Feinberg School of Medicine, said payments to donors would create an exploitative trade, taking advantage of women who might be so desperate for money that it clouded their judgment about the medical risks of the harvesting procedure. Bone marrow and kidney donors are unpaid for that reason, she said.

But stem cell researchers argue that it is only fair to pay donors because of the time, discomfort and risks involved. They note that research subjects are compensated for their time.

Researchers have so far complied with the payment restrictions, but the shortage has become so acute that some scientists are beginning to contest the ethical underpinnings of the status quo.

"We need to make a decision: Do you want the research to proceed or not?" Lanza said.

Though much stem cell research can be conducted without human eggs, they are key to one of the most important areas: the creation of stem cells that are genetically matched to patients.

These cells could generate replacement tissues for damaged hearts, spinal cords and other organs without requiring patients to take anti-rejection drugs. Researchers also say they would be able to create cells with the genes for specific disorders to study without risking a patient's safety.

Traditional embryonic stem cells are derived from fertility clinic leftovers. Their genetic makeup is left to chance. Customized stem cells are given a specific genetic identity from a particular patient. They are clones of a patient's cells.

Creating them requires a bit of biochemical magic. Scientists remove the DNA from an egg and replace it with DNA from the patient. Then the egg must be tricked into dividing as if it had been fertilized.

The technique, called somatic cell nuclear transfer, produced Dolly the cloned sheep in 1996. It has since been used to clone horses, cats, one dog and other animals.

Stem cell researchers aren't interested in cloning babies. They only want the cloned cells to divide for a few days until they form a cluster of about 150 cells, known as a blastocyst. Then they can harvest the stem cells.

The problem is that getting cells to reach that point is difficult. Disgraced South Korean scientist Hwang Woo-suk went through 2,236 eggs, and as government investigators later discovered, he did not produce a single embryo.

British researcher Alison P. Murdoch at Newcastle University created three human embryo clones, but none lasted long enough to produce stem cells.

Acquiring thousands of eggs will take more than an appeal to the altruism of volunteers, scientists fear.

Extracting eggs involves weeks of psychological and medical testing, followed by more than a week of hormone injections. When the time is right, the donor is sedated as a doctor uses a long needle to extract eggs in their follicles. One cycle typically produces seven or eight usable eggs.

The procedure, though routine, includes such possible risks as bloating, headaches and ovarian hyperstimulation, which can be fatal.

Despite opposition from some social conservatives, paying women to donate eggs for in vitro fertilization has become a largely accepted practice, partly because the goal is to help a someone have a baby.

Stem cell research, on the other hand, is steeped in controversy, and the idea of donors profiting from a process that ultimately destroys embryos is viewed by many as unseemly.

The first explicit prohibition on paying egg donors appeared in Proposition 71, the 2004 California initiative that authorized $3 billion in state spending on stem cell research. In an effort to prevent the exploitation of women and to make the measure more appealing to voters, it specifically ruled out compensation to publicly funded researchers, though it does permit reimbursement for some expenses.

That policy influenced the National Academies, which warned in a 2005 report that payments to egg donors "might undermine public confidence" in stem cell research.

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Although the organization can't enforce its guidelines, they became the ethical blueprint for most American universities and private labs.

The controversy has delayed UCSF's plans to accept donor eggs for research. The result is that Reijo Pera's lab must rely on leftover eggs that didn't merge with sperm in the university's in vitro fertilization clinic.

Such "failed-to-fertilize" eggs have become the workhorse of nuclear transfer experiments, even though researchers suspect the eggs are too flawed to produce cloned embryos.

Scientists have been speaking out, testifying before legislators in Massachusetts, where compensation was outlawed last year, and California, where a bill banning all compensation was sent to Gov. Arnold Schwarzenegger on Aug. 31.

The controversy prompted the American Society for Reproductive Medicine's ethics committee to revisit the issue. The panel concluded that if it was permissible for fertility patients to pay women for their eggs, stem cell researchers should be able to do so too.

"Regardless of the application of the eggs, the process was still the same," said the committee's chairman, Dr. Robert G. Brzyski, a reproductive endocrinologist at University of Texas Health Science Center at San Antonio.

So far, the lobbying efforts haven't made much difference. The payment restrictions in California's Proposition 71 have become the de facto standard throughout the world, in large part because researchers elsewhere have to play by those rules if they want to collaborate with state-funded scientists.

Proposition 71's rules cannot be changed until three years after its passage.

That has forced researchers to get creative. Murdoch, of Newcastle University, is offering to fund fertility treatment for women who are willing to give half their eggs to scientists.

Though critics see the bargain as tantamount to paying women for their eggs, Murdoch notes a key difference: The women are already seeking in vitro fertilization, so they aren't taking on medical risk for money.

Researchers also are pursuing scientific solutions, such as trying to artificially ripen immature eggs that are discarded by fertility clinics. Scientists also have considered salvaging eggs from ovaries that are removed during routine surgeries and growing them from scratch using human embryonic stem cells.

"The egg bottleneck will be overcome," said Dr. Irving L. Weissman, director of Stanford University's Institute for Stem Cell Biology and Regenerative Medicine. But "it will take time."

In the meantime, Advanced Cell Technology is relying on newspaper ads to recruit egg donors. Several women responded to the ads, which began running in December, but backed out when they learned they could not be compensated, Lanza said.

After 10 months, one woman has passed the physical and mental health exams. She was scheduled to begin the egg retrieval regimen last week and could have eight eggs ready to harvest in early October.

Senator May Ease View On Portfolios Of Fannie, Freddie (WSJ)

By Damian Paletta

The Wall Street Journal, September 13, 2006

WASHINGTON -- In a move that could clear the way for congressional passage of legislation toughening the regulation of Fannie Mae and Freddie Mac, Senate Banking Chairman Richard Shelby indicated new flexibility on the most divisive issue: specific limits on the mortgage giants' portfolios.

Mr. Shelby said that as long as the risks posed by the companies' size are addressed, it might not matter if specific portfolio limits are written into law or if this is overseen by a strong new federal regulator. Fannie Mae and Freddie Mac, emerging from separate accounting scandals, together hold more than $1.4 trillion in their mortgage portfolios. "There has to be some concern about the growth of the portfolios, because that's where the risk is," Mr. Shelby said in an interview.

The Treasury Department also signaled more flexibility yesterday. Treasury Secretary Henry Paulson has "clearly indicated a willingness to discuss meaningful alternative solutions" to address risks posed by the companies, said Randal Quarles, undersecretary for domestic finance. In the past, Mr. Shelby has pressed for specific limits on the companies' portfolios. Last year, his committee narrowly passed a bill to establish a new regulator and force the companies to strip certain assets from their portfolios.

Separately, Freddie Mac said the Justice Department's investigation into the company's $5 billion accounting scandal is inactive, and it doesn't expect to face charges. Freddie Mac spokesman Doug Duvall said federal prosecutors have "not initiated contact with us in well over two years and it is our understanding that the matter is inactive. Accordingly, we expect no further action in this matter." A spokesman for Chuck Rosenberg, U.S. attorney for the Eastern District of Virginia, declined to comment. News that the investigation into Freddie Mac appeared to have ended was reported earlier by the Washington Post.

Flush With Jobs, Wyoming Woos Rust Belt Labor (NYT)

DOJ_NMG_0062514

By Kirk Johnson

The New York Times, September 13, 2006

GILLETTE, Wyo., Sept. 6 — Houston Mellentine, 10, held up the rattlesnake tail he kept in a box. "Killed it right over there," he said, pointing to the edge of his family's dirt front yard.

His mother, Melissa, sat in a folding chair as the sun set one recent evening, eyeing the snake's tail in her son's hand. "They don't have rattlesnakes in Michigan," she said somewhat longingly, at least not in her old front yard.

But then, Michigan has few of the types of jobs that brought the Mellentines here.

Labor-starved Wyoming, with its energy boom in coal, oil and natural gas, is vigorously courting the workers of the Rust Belt — in particular, those in Michigan's struggling auto industry. And the workers are responding, and adjusting to a very different life in the West.

Wyoming economic development officials and company representatives are planning their third recruiting trip this year, visiting job fairs next month in Flint, Lansing and Grand Rapids. A billboard depicting a lush Wyoming will go up on the highway outside Flint later this month and be seen by an estimated 65,000 people a day.

"Michigan has been very good for us," said Ruth Benson, the director of the Campbell County Economic Development Corporation, who has twice led recruiting expeditions to depressed cities in Michigan.

So far, about 1,500 Michigan residents have signed up to receive job postings through the Wyoming work force Web site, and at least several hundred, employers and recruiters say, have moved to the state.

Mrs. Mellentine's husband, Joe, is one of those who heard the call. Mr. Mellentine, 35, a former ironworker and landscaper from Chesaning, just outside Flint, moved here in March after hearing about Wyoming at a job fair. "I came to get a piece of the American pie," said Mr. Mellentine, who works for a company that prepares sites for natural gas drilling.

Mrs. Mellentine and their two sons joined him in July, and he has since talked three of his childhood friends in Michigan into heading West as well.

They are all still very much adjusting to the change. But many former Michigan residents say their Wyoming experience — voting for change with their feet, trading the comfortable and familiar for a boomtown life more than 1,000 miles from home — has reaffirmed their faith that good things can still happen with a little gumption.

"A lot of people are afraid to take a chance," said Eric Chapdelaine, 33, who was lured here by Mr. Mellentine and is now driving a cargo truck to coal mines and drilling sites. "But you've got to make it happen — or sit back and let it happen."

The local police are also aware of the Michigan labor pool. Chief Richard Adriaens of the Gillette police was hired in 2004 from a suburb near Detroit. Since then, he has returned and found three more fellow Michiganders to add to the town's 48-officer roster, with another recruiting swing planned for later this year.

Michigan is attractive, Chief Adriaens said, because the police training is excellent, but the job market is not. "We've tried some other areas that had depressed economies, but they weren't the same," he said.

Officials in Michigan, where the unemployment rate was about 7 percent in July, said they were unconcerned about the Wyoming employment campaign, mostly because it had involved only a small fraction of the state's workers and had not signaled a wholesale migration. The state also has some experience with this situation: in the early 1980's, thousands of laid-off auto workers moved to Texas during the oil boom there.

"It's a good thing that people that have salable skills use them, even when we have to lose them," said Michael Shore, a spokesman for the Michigan Economic Development Corporation.

By the standards of the nation's past great labor migrations — the industrial revolution in the late 1800's that filled urban factories with former farmers, the Dust Bowl diaspora to California in the 1930's, the tide of blacks from the South in World War II seeking work in northern factories — what is happening here is an aberration, historians and geographers say.

Economic trends have mostly gone the other way since World War II, they say, anchoring blue-collar life. Families that require two incomes to make ends meet are less able to leave, even when one income is lost. A college education increases knowledge of options that may exist elsewhere, but many blue-collar workers do not have a degree.

"People with high education and skills are the first to leave a declining area," said Mark E. Reisinger, an assistant professor of geography at the State University of New York at Binghamton who studies labor mobility. "People who never left home to go to school are more tied to place."

Wyoming recruiters say there is another element to their admiration for Michigan. Not only are the people there akin to Wyomingites in the ways and wiles of work, but they also have an inner toughness, they say, that can only come from surviving harsh northern winters.

The state tried a job campaign in the South last fall after Hurricane Katrina, hoping to draw displaced oil industry workers. But the effort largely flopped when people who were used to working on the balmy Gulf Coast got wind of what life can be like in Wyoming in January.

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"People keep talking about the winters, but I'm not scared," said Tami Studer, who moved to Casper this summer from Lansing with her husband, Philip, who now works nights for a company that makes equipment for natural gas drilling. One conversation at the local Wal-Mart, though, did give her pause, she said. A boy was talking about the thermometer hitting 43 below.

The other word often mentioned by the newly arrived is "empty." Wyoming has just about 500,000 people spread across 97,000 square miles. Michigan has nearly 10 million people in 57,000 square miles.

"I thought I was a country girl until I came here," Mrs. Mellentine said. "But I love it."

What happens down the road in Wyoming — whether transplanted lives will take root or last just a season or two — will probably depend on people like Josh Dagen.

Mr. Dagen is 19 and three months out of Byron High School in Michigan. He arrived here in late July, had a job the next day driving a dump truck at a coal mine and now makes about $1,000 a week, including overtime, he said.

When asked if he planned to stay in Wyoming, he said, "I'm not sure yet."

"But if things go well," he added, "I might stay, because nothing is going to happen in Michigan in the next 10 years at least, and there's money out here to be made."

Mr. Dagen said he was encouraging his parents to move.

"We're thinking about it," his mother, Kristine, said in a telephone interview. "Seems like every other person I talk to knows somebody who's going out there, or has gone out there, or is talking about it."

But Harley Mellentine, Houston's 12-year-old brother, is not so sure that Wyoming will be a perfect fit for him.

"Michigan will always be home," he said firmly, sitting outside the family house. "No matter how long we stay here, Michigan is always going to be home to me."

America's Dynamic Workforce (HILL)

By Elaine Chao

The Hill, September 13, 2006

Those who hoped that the collapse of the World Trade Center buildings would collapse the American economy have been greatly disappointed. Five-years after those horrific attacks, America's economy is strong and growing — thanks to the strength, resiliency and competitiveness of our nation's economy and our workforce.

The national unemployment rate (4.7 percent in August) is a full one percent lower than the 5.7 percent average for the decade of the 1990s. Our economy has generated job growth for 36 months straight, with more than 5.7 million net new jobs created since August 2003. In 2005, real hourly earnings were 1.7 percent higher than in 2000, compared to a 1.6 percent decline in real earnings between 1990 and 1995.

Moreover, the average amount of total compensation in 2005 was 7 percent higher than in 2000. Workers know that overall compensation is what really counts because it includes all of the benefits that workers cherish, including health care coverage, paid time off and retirement benefits.

After-tax income, per capita, has gone up by 8.9 percent since the beginning of President George W. Bush's administration. That means more money in the pockets of working men and women.

Specifically, it means that the average American brings home over $2,000 more each year than they did in January 2001. That's real (inflation-adjusted) money that is going to be spent, saved or invested by the people who earned it. Despite the unprecedented challenges that our country has faced over the past five years, the president's policies have created the climate for the steady, consistent growth that is the envy of other major industrialized nations.

Germany and France, for example, have unemployment rates nearly double that of the U.S. and long-term unemployment rates that are nearly three times as high. The median length of unemployment in Germany is more than 52 weeks, compared with 8.9 weeks for Americans. And in Europe, gasoline prices are more than $6 per gallon! A snapshot of our nation's economy and workforce are included in a newly released Department of Labor publication entitled America's Dynamic Workforce.

Today, America competes in a worldwide economy. Some countries are vying with each other to attract the lowest-skilled, lowest-paid jobs. That's not where America's economic future lies. Our country must attract and create the highest-skilled, highest-paid jobs in the world for America's workers.

There are millions of new jobs in industries that did not exist a generation ago. These industries provide high-value, high-paying jobs and demand workers with higher skills and more education. This does not necessarily mean a 4-year college degree, but it does mean that additional specialized training will become the norm for the American worker.

For workers supporting families, making house and car payments and contributing to their retirement, affording the cost of continuing education can seem a stretch. That's why this administration strives to make effective investments in worthwhile

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education and training programs that prepare workers for jobs. And that's why this administration advocates innovative ways for workers to access career development opportunities.

The president's Career Advancement Accounts proposal would empower eligible workers with up to $3,000 to purchase the education and training that suits them best. Career Advancement Accounts would give many workers a chance to take the next step up the career ladder, increasing the opportunity for them to achieve their American dream. Career Advancement Accounts are Pell grants for workers.

America's greatest economic strengths are our workforce and an economic system that empowers the individual and creates limitless opportunities to build better lives. The challenge is to ensure that our nation's workers have access to the education and skills training they need to thrive and remain competitive in the 21st century economy. With the right tools and skills, American workers can and will out-compete anyone in the world.

Chao is the U.S. Secretary of Labor. For a copy of the America's Dynamic Workforce publication go to www.dol.gov.

Why I Started The Project (USAT)

By Grover Norquist

USA Today, September 13, 2006

In 1989, I read an advertisement placed by a major American corporation, whose central concerns were promoting free trade and low taxes, looking for a chief Washington lobbyist. The ad specified the company was looking for a Democrat. But why? Most Democrats were opposing free trade and low taxes, and supporting trial lawyer abuse of companies such as the one looking to hire.

Why did the ad demand a Democrat? Because the year was 1989 and we were in the 35th year of Democrat Party dominance of the House of Representatives. Businesses were told to hire Democrats and contribute to Democrats (or else!) even though most opposed the goals of American business. Many businesses hired and contributed as they were told. They "paid to play." In his book Honest Graft, longtime journalist Brooks Jackson describes how Democrat enforcer Tony Coehlo operated to get free-market businesses to act against the interest of their shareholders.

That is why, in 1989, I created the K Street Project to encourage trade associations and Washington offices of Fortune 500 firms to hire men and women who share their values and goals: low taxes, less spending, free trade — and to avoid the pressures to hire for "access." The K Street Project is transparent. Its website is www.Kstreetproject.com.

Some partisan Democrats have claimed that the K Street Project is the Republican version of how Coehlo and the Democrat majority acted for 40 years. Here they are just projecting their own misbehavior. If any Republican today says "hire my staff" for access, that is just as wrong as when the Democrat majority did it for 40 years.

My goal is a Washington where labor unions hire big-government, tax-and-spend liberals because that is what they believe in — regardless of whether the presidency or Congress is Republican or Democrat. And where businesses that want simply to be left alone should hire free-market men and women who understand that low taxes, limited government and an end to runaway labor union and trial lawyer abuses are good for America and good for their employees, customers and stockholders.

Hire for principle and sound policy, not access.

Grover Norquist is president of Americans for Tax Reform and founder of the K Street Project.

Amid Scandals, GOP Keeps Lobbyist Machine Humming (USAT)

USA Today, September 13, 2006

A snapshot of ethics on Capitol Hill this year is not a pretty picture. Tom DeLay, the former House majority leader known for hardball tactics and coziness with lobbyists, was indicted and resigned. His pal, superlobbyist Jack Abramoff, is set to report to prison Oct. 2. Ex-representative Randy "Duke" Cunningham, R-Calif., is already there.

Numerous laws, meanwhile, have been larded with tax breaks and money earmarked for special interests, thanks in part to a burgeoning lobbying community that views Washington less as a seat of government than as a potential profit center.

With all this, one might think that a sense of shame would prompt Congress to clean up the stench, particularly with the elections a mere eight weeks away. Think again. Virtually nothing has changed.

Nowhere is this clearer than in an organization called the K Street Project. Named for the road that is home to many of Washington's biggest lobbying firms, it is dedicated to the proposition that lobbyists — at least those who represent business interests — can be brought into the Republican coalition to keep the party in the majority.

Despite all that has transpired, the K Street Project lumbers on, keeping tabs on who is hired by major lobbying firms and trade associations. The process enables a broader GOP effort to badger those firms into hiring Republicans, and the firms to go to Capitol Hill to ask for favors in return. On Tuesday, the home page of the Project's website reported in bold red letters that

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Pulte Homes' new lobbyist has contributed to the Bush/Cheney '04 campaign, Sen. George Allen, R-Va., and the Republican National Committee.

The K Street Project, founded by anti-tax activist Grover Norquist, is more a symbol than a cause of what's amiss in Washington. But it serves as clear illustration of how badly broken Congress is, how little desire there is to fix it, and how far the GOP has strayed from the principles of limited government and unfettered free enterprise. It forces Republicans to abandon core principles by picking winners and losers among industries, based on how willing they are to play along. Results include:

·Micromanaging business. Several recent laws have rewarded some industries and punished others. The most notorious, a 2004 tax bill, granted lavish tax breaks to Oldsmobile dealers and multinational drug companies, among other businesses, while ignoring the film industry, which had dared to hire a Democrat as its top lobbyist.

·Profligate spending. Federal spending, as a percentage of the economy, has risen faster in the past five years than at any time since the New Deal. Among the reasons are lavish giveaways to powerful lobbies, such as energy and drugs, and billions "earmarked" to clients of well-connected lobbyists.

Many Republicans argue the group does nothing that Democrats didn't do when they controlled Congress, and certainly the Democrats' behavior was tawdry for its time. But the philosophy behind the K Street Project takes this behavior to an extreme. It says a lobbyist's political ideology and donations are more important than his or her ability to marshal facts on behalf of the client.

That kind of thinking explains why Washington is such a mess these days — and why visitors might not want to bring a camera.

The Mess In Montgomery (WP)

The Washington Post, September 13, 2006

UNTOLD NUMBERS of people were turned away from polling places yesterday in Montgomery County. The official responsible for their disenfranchisement called it "a clerical error." We call it gross incompetence that strikes at the very heart of our government. More than apologies are in order.

Election officials in Maryland's largest and richest jurisdiction, one that prides itself on a reputation for good service, forgot to deliver the computer cards that operate the voting machines. Confusion reigned. Some people were told they couldn't vote and should come back later. Others were given paper provisional ballots, but many precincts ran out of the forms. Communication was abysmal. Many voters who could not make a return trip were frustrated -- as were candidates who feared that the debacle could well make the difference in a close race. With important local, state and federal offices at stake, some were questioning the legitimacy of the election even before the polls closed.

The county Board of Elections has one essential job -- to ensure fair elections -- and yesterday that job wasn't done. The system needs to be held to account. Board President Nancy H. Dacek has promised an investigation, but her standing has been so damaged that she must consider whether her continuance in office serves the public good. Election Director Margaret Jurgensen is paid $113,033 a year to run day-to-day operations; part of that must be telling the public exactly who and what went wrong and what the consequences and remedies are.

It's important to keep politics out of this, and to that end, we were sorry to see Gov. Robert L. Ehrlich Jr. -- who controls the majority of appointments on local election boards and who, in fact, appointed Ms. Dacek -- try to lay blame for what was clearly a local mistake with the state elections administrator, with whom he is feuding. Equally absurd is the Democratic claim that the governor is at fault because he opposed early voting that would have brought the problem to the surface sooner.

Voters, Democratic and Republican, want one thing -- for their votes to count. The officials charged with that should take a hard look at yesterday's voting in Montgomery, as well as in Baltimore, which also experienced problems, and make sure there is not a repeat on Nov. 7.

Eliminating Early Admissions (NYT)

The New York Times, September 13, 2006

Harvard did the right thing by abandoning its early admissions program, the first elite college to do so. We hope other institutions follow its lead and eliminate a process that is inevitably unfair and simply increases the frenzy of a college application process that is unnecessarily pressurized.

Early admissions programs allow students to apply early, typically in November, and get a prompt answer, usually in mid-December, before the regular application season begins in January. The most draconian of these programs require students to agree in advance that they will accept admission if it is offered. Those rejected have a couple of frantic weeks to apply elsewhere.

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Colleges love these programs because they can lock in students who really want to enroll, gain an early sense of how admissions are going, and spread out the workload of evaluating applicants. For high-achieving students, it means knowing early whether they will get into their dream college. There is some evidence that applying early increases the chance of admission.

But educators have come to realize that the binding programs have two pernicious effects. They discriminate against students who need financial aid and thus can't commit themselves to one university before they have a chance to compare the aid packages offered by other schools. And they force students to pick a college in the fall, rather than make a more considered choice in the spring.

Harvard has long had a relatively relaxed policy that mitigates some of these problems. Students who apply by Nov. 1 are notified by Dec. 15 as to whether they are admitted, rejected or deferred to the regular pool for further consideration. They don't have to answer Harvard's offer of admission until May 1 and can shop around for better offers. Several other schools, including Yale and Stanford, have adopted similar policies.

Now Harvard has decided to go cold turkey and eliminate its early admissions program beginning with the freshman class entering in September 2008. This is a big step given that 38 percent of the students admitted last year were granted early admission. There will be a two- to three-year trial period to make sure the change does not adversely affect student quality.

Harvard cited several good reasons for the change. It will make the system fairer because students from sophisticated backgrounds and affluent high schools are far more likely to apply for an early admission than minority students or those from high schools with few counselors. It will help reduce the frenzy that has high school students worrying about college choices in their junior years. It will give admissions officers another semester of performance to consider instead of basing early admission on the junior-year record. And there will be the collateral benefit of encouraging high school seniors to keep studying well into the spring instead of goofing off the minute they receive early admission.

By delaying its shift until next fall, Harvard hopes that other institutions will join it. The University of Delaware has already announced a similar move. Harried students and parents should welcome these steps toward a more sensible process.

Syrians Fight Off Attack On U.S. Embassy (AP)

By Sam F. Ghattas

AP, September 12, 2006

Syrian guards foiled an attempt by suspected al-Qaida-linked militants to blow up the U.S. Embassy on Tuesday, exchanging fire outside the compound's walls with gunmen who shouted "God is great" and tried to storm in with automatic weapons and hand grenades.

The brazen, midmorning assault in a heavily guarded neighborhood of the capital could highlight the Syrian regime's weakening grip on militants, who have battled Syrian security forces repeatedly in recent years.

The attack, which left at least 10 civilians and a Chinese diplomat wounded, came amid high tension between Washington and Damascus.

The rapid response by Syrian guards won rare praise from the United States, which accuses President Bashar Assad's government of supporting terrorism in its backing of Hezbollah guerrillas and Palestinian militants.

"I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said. No Americans were hurt, and the embassy was not damaged.

White House spokesman Tony Snow also thanked Syrian officials and called for Damascus to "become an ally and make the choice of fighting against terrorists."

But Syria responded with a sharp criticism of the United States, blaming its policies in Lebanon, Iraq and the Palestinian territories for increasing Islamic militancy.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the Syrian Embassy in Washington said in a statement. "The U.S. should ... start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

It curtly said that Syria "performed its duties" under the Geneva Conventions to protect the embassy.

Anti-American sentiment has been rising across the Middle East since Israel's 34-day blitz of Hezbollah in Lebanon that ended nearly a month ago, on top of turmoil in Iraq that many here blame on the United States.

There was no immediate claim of responsibility for Tuesday's attack, but suspicion immediately fell on a little-known al-Qaida offshoot called Jund al-Sham, Arabic for Soldiers of Syria.

Syria's ambassador to the U.S., Imad Moustapha, told The Associated Press it was too early to say but "it's logically possible" Jund al-Sham was responsible.

If confirmed, it would be the boldest and most sophisticated attack yet by Jund al-Sham.

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At the State Department, deputy spokesman Tom Casey said: "Clearly, it was an organized terrorist attack on our embassy. But exactly who was responsible for it and who they might be affiliated with and what their motives are, are things that we'll just have to look at as the days go on."

Three attackers and a Syrian guard were killed in the attempted bombing of the embassy, located in the same neighborhood as Assad's office and residence. A fourth attacker was wounded and arrested.

The attackers came in two cars, one of them an explosives-laden pickup truck. The first car pulled up in front of the embassy's entrance and three gunmen burst out. Shouting "Allahu akbar" — "God is great" — they threw hand grenades and fired automatic weapons toward the gate and a Syrian guard post, sparking a 15-minute gunbattle.

At the same time, the truck — filled with pipe bombs rigged to gas canisters — pulled up to another gate on the other side of the triangle-shaped compound. But when the shooting erupted, the driver ran away without detonating it. The driver was shot and arrested, and the truck did not explode.

The three attackers tried to throw their grenades over the embassy's white 15-foot-high walls, but none made it over. One blast peppered the wall with pockmarks.

Three Syrian security agents were wounded as well as the 10 civilians and the Chinese diplomat who was watching the gunbattle from the rooftop of the Chinese Embassy across the street.

After the attack, blood was splattered on the sidewalk outside the embassy, along with the burned-out car used by the gunmen.

The U.S. Embassy has about 40 staffers, but no ambassador. The United States withdrew its ambassador several days after the Feb. 14, 2005, assassination of former Lebanese Prime Minister Rafik Hariri in a Beirut car bomb — an attack his supporters blamed on Syria. Damascus has denied any role, but the Hariri's killing further soured U.S.-Syrian ties.

Tuesday's attack raised the question of how strong militant groups have grown in Syria — where the highly closed government rarely releases information on security issues, making assessing the terror threat difficult.

Sunni Muslim extremists such as al-Qaida fiercely despise Assad's regime because of its secular ideology and because his father, the late President Hafez Assad, led a crackdown on Muslim fundamentalists that killed thousands in the city of Hama in 1982. They also reject Assad's rule because he belongs to the Shiite Alawite sect of Islam.

Assad has warned of an increasing Islamic threat against his country, saying al-Qaida militants are taking refuge in neighboring Lebanon.

But some opponents of his regime have claimed he is hyping the threat to score support with the United States, defuse international pressure and provide a pretext for Syrian meddling in Lebanon.

Syrian security forces have battled several times in the past two years with gunmen believed to belong to Jund al-Sham.

In June, anti-terrorism police fought militants near the Defense Ministry in central Damascus in a clash that killed five people and wounded four. In 2004, four people were killed in a gunfight between police and a team of militants believed to plotting to bomb the Canadian Embassy.

Jund al-Sham was established in Afghanistan by Syrians, Palestinians and Jordanians with links to slain al-Qaida in Iraq leader Abu Musab al-Zarqawi.

Syria is a major crossing point for militants from around the Arab world — including Syria and Lebanon — to slip into Iraq to fight in the insurgency. In the face of U.S. pressure, Damascus has insisted it is doing all it can to stop the infiltrations but that the long desert border is too difficult to seal.

Suspected Islamic Militants Attack The U.S. Embassy In Syria (MCT)

By Rhonda Roumani And Warren P. Strobel

McClatchy Newspapers, September 13, 2006

DAMASCUS, Syria - Armed gunmen believed to be Islamic militants attacked the U.S. Embassy in Syria's capital Tuesday with gunfire and two explosives-packed cars in a rare instance of extremist violence in this authoritarian and largely secular Arab country.

Syrian security personnel killed three of the attackers, and the assault failed to breach the embassy's security perimeter. One Syrian security guard was killed and more than a dozen people were injured, Syrian officials said. No Americans were hurt.

Witnesses said four assailants shouting "Allahu Akbar" ("God is Great") assaulted the embassy at about 10 a.m. local time, exchanging heavy gunfire with Syrian guards.

Syria's interior minister, Gen. Bassam Abdul Majid, told state-run television that the assailants tried to detonate two cars full of explosives next to the embassy. One car exploded, but another one failed to detonate, he said.

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There was no immediate claim of responsibility, but Syrian officials implied that the attack was the work of a militant group known as Jund al Sham, Arabic for "Soldiers of Syria." Little is known about the group, which is thought to have links to the Iraqi branch of the al-Qaida terrorist network.

The attack underscored the complexities of a region that the Bush administration has sought to divide into supporters and enemies of terrorism. Syria has long supported Hezbollah, Hamas and several Palestinian terrorist groups, but one of al-Qaida's aims is ousting secular regimes such as Syria's and replacing them with Islamic rule.

Secretary of State Condoleezza Rice praised Syrian security forces for helping thwart the attack.

"I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," said Rice, who was visiting Canada.

Syria, run by a secular Baathist Party similar to Saddam Hussein's, fought a virtual civil war with the Islamist Muslim Brotherhood in the early 1980s, and thousands died when government forces leveled the city of Hama, a militant stronghold, in 1982.

In recent years, there have been signs of a reborn radical Islamic movement in Syria, and some Syrians have crossed the border with Iraq to join attacks on U.S. and Iraqi forces there.

Still, it remained unclear how a plot could be hatched and carried out in daylight in downtown Damascus, given Syria's pervasive security services.

Syria's embassy in Washington issued a statement condemning the attack, but blamed such incidents on U.S. policy. "It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the statement said.

U.S.-Syrian relations have been tense since the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, which prompted Washington to recall the U.S. ambassador to Syria, Margaret Scobey.

The wounded included a Syrian embassy guard, a policeman and a security employee of the embassy, seven workers from the Syrian Telecommunications Establishment who were in the area conducting repairs, two Iraqis and a Chinese citizen, Syria's news agency reported.

A State Department official, speaking on condition of anonymity, said the attack was bungled and didn't bear the hallmarks of al-Qaida's careful planning.

The embassy in Damascus doesn't meet the State Department's highest security standards, which were imposed after attacks on the U.S. embassies in Beirut in the 1980s and East Africa in 1998. Nevertheless, the Department issued a statement on Tuesday calling the embassy "one of our most heavily defended facilities with multiple physical and technical upgrades".

The low building, surrounded by a whitewashed wall and an 8-foot-high fence and guarded by U.S. Marines, sits on a residential thoroughfare.

The embassy, in a message to U.S. citizens in Syria, said it would be closed on Wednesday. "At present, Americans should maintain a very low profile," it said.

Shortly after the attack, a large plume of smoke could be seen coming from the area surrounding the embassy compound. The charred remains of a car could be seen parked outside of the embassy, along with a trail of blood on a street near the embassy compound.

Syrian security promptly cordoned off the street, forbidding journalists from entering. The area is home to other missions, including the Chinese, Italian and Iraqi embassies, and a school. Mothers were briefly allowed to pass the barricade in order to pick up their children.

In Washington, State Department deputy spokesman Tom Casey said the attackers used improvised explosive devices, or IEDs, packed into the two vehicles. In addition, small IEDs were found in the vicinity of the embassy outside the second, unexploded car, he said.

Casey said he had no information on who was responsible or their motives.

As in Egypt, Jordan and other Arab nations, the Muslim Brotherhood poses the biggest challenge to the Assad regime in Syria. But the Brotherhood, the largest and most respected Islamist movement in the Middle East, in recent years has focused on building its power by participating in elections, prompting complaints from radicals that it's grown too moderate.

Syria Thwarts Attack On U.S. Embassy (WT)

By Nicholas Kralev

The Washington Times, September 13, 2006

Syrian authorities thwarted a terrorist attack on the U.S. Embassy in Damascus yesterday, winning Washington's praise, but the two governments blamed each other's policies for the incident and ruled out improving their relations.

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Three of the four attackers were killed in a shootout with Syrian police and one was arrested, U.S. and Syrian officials said. There were no American casualties, though one Syrian guard working for the embassy suffered a gunshot wound and another one sustained a minor injury, the State Department said.

"The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said.

The Syrian Embassy in Washington was quick to blame U.S. actions for yesterday's attack.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," it said. "What has happened recently in Lebanon, the Palestinian territories and Iraq is exacerbating the fight against global terrorism."

But Mr. Casey said it is Damascus that needs to "evaluate its policies and determine whether its continued support for terrorism is, in fact, an appropriate way to proceed."

U.S. officials said it was Syria's duty to protect any diplomatic mission on its territory and that it would take much more than yesterday's action for Damascus to have a better relationship with Washington.

The attackers "were driving in two vehicles with explosives -- one at the front entrance of the embassy and one toward the rear" of the compound, State Department spokesman Tom Casey said.

"The vehicle near the front of the compound did in fact explode. The other wasn't detonated," he said. "The explosive materials in it were defused by Syrian authorities."

The official Syrian news agency, SANA, said 11 bystanders were wounded, including an Iraqi couple and a senior Chinese diplomat. China's Xinhua news agency said the diplomat was slightly wounded by shrapnel while standing on a garage in the Chinese Embassy compound, near the U.S. Embassy.

Television footage showed a van packed with gas canisters with detonators taped to them, as well as bloodstains on the pavement and several damaged vehicles, including a bullet-riddled white car.

U.S. officials said the Syrian military and the Interior Ministry sent forces to the scene of the attack, which began at 10:10 a.m. The officials attributed the quick response to increased security in the Rawda district, where the embassy is located and where many government officials live.

No one claimed responsibility for the attack, but SANA named "the terrorist group Takfiri," which belongs to an Islamic movement that advocates killing Muslims who do not adhere to strict tenets.

Syrian officials were quoted implicating a smaller group within Takfiri, Jund al-Sham, or Soldiers of Syria. It has been blamed for several attacks on civilian installations, including an attempt to occupy buildings near the government television station in June. Police killed four members of the group on that occasion, SANA said.

A State Department official said the attacker arrested yesterday was "providing information," but it was not clear whether U.S. officials would be permitted to question him.

The Syrian government, which the Bush administration accuses of supporting terrorism, exercises tight control within its own borders and deals firmly with violent dissent, even if it is directed against a country it considers hostile.

The United States has listed Syria as a state sponsor of terrorism because of its backing of groups like Hezbollah in Lebanon.

Washington recalled its ambassador from Damascus in February 2005, following the assassination of former Lebanese Prime Minister Rafik Hariri, in which the U.S. suspects Syrian involvement.

Embassy Attack Puts Syria On Alert (CSM)

By Dan Murphy And Rhonda Roumani

The Christian Science Monitor, September 13, 2006

CAIRO AND DAMASCUS, SYRIA

An attack in Damascus on Tuesday morning that is being described by Syrian officials as an attempt to take over the US Embassy by "Islamist terrorists" helps to emphasize that while there is confrontation between US and Syria both countries are targets of Islamist militants.

Witnesses described a coordinated attack by a group of militants that involved gunfire, car bombs, and grenades and said some of the attackers shouted "God is great" as they engaged Syrian guards outside the compound a little after 10 a.m. local time.

"The US government is grateful for the assistance the Syrians provided," White House press secretary Tony Snow said.

Three militants and one Syrian guard were killed in the attack, with a fourth wounded militant taken into custody. No American citizens were hurt in the assault, though a Syrian guard employed by the embassy was wounded but in stable condition, according to a brief statement by the embassy. A Syrian government guard was in serious condition, according to the official SANA news agency. Attack embarrasses Syrian regime

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While this was first and foremost an attack on the US, it is also a major embarrassment for the government in Damascus, a secular authoritarian regime that is viewed by Al Qaeda and its allies as run by apostates.

Local television showed footage of a van that appeared to be loaded with homemade bombs and propane canisters at the scene. The Associated Press quoted witnesses as saying a smaller car bomb did explode.

The US State Department considers Syria to be a supporter of terrorism, largely because of its ties to Hizbullah, the militant Shiite group in Lebanon, and the US government has worked to isolate Syria in recent years. The US ambassador to Syria, Margaret Scobey, was recalled in February 2005 after the assassination of former Lebanese Prime Minister Rafik Hariri, an attack later blamed on Syria by a United Nations investigation.

But the country has also been fighting its own war on terrorism.

The Syrian ambassador to the US, Imad Mustafa, alleged on CNN that the attackers were from Tanzim Jund al-Sham, a militant group that shares much of Al Qaeda's ideology.

In recent months, a number of former US officials have been quietly urging that the US reach out to the Damascus regime, saying it might be possible to drive a wedge between the secular Bashar al-Assad, a member of the country's minority Alawite sect, and his theocratic allies Iran and Hizbullah.

However, the Bush administration has continued to insist that the Assad regime will have to abandon support for Hizbullah before it's viewed as a possible partner for peace.

Mr. Snow said US gratitude "does not mean they are an ally. We are hoping they will become an ally and make the choice of fighting against terrorists." Syria's own war on Islamist militants

Damascus has fought Islamist militants off and on for decades, and famously in a crackdown following an assassination attempt against former President Hafiz al-Assad in 1982, that killed approximately 10,000 residents of the town of Hama, then, as now, a bastion for Sunni Islamist thought.

Islamist militancy has been on the rise inside Syria in the past few years, in part fueled by the flow of jihadis back and forth across its border with Iraq. Last June, four gunmen and a Syrian security agent were killed after an attack outside of Syria's state-run television station.

June 9, Syrian forces engaged in a three-hour firefight in southern Damascus at the house of a shopkeeper they alleged was a Tanzim Jund al-Sham cell leader and said they found a cache of weapons and jihadi propaganda there.

April 27, 2004, Syrian forces foiled what they said was an Islamist car-bomb attack in the same diplomatic quarter of Damascus.

The former United Nations' mission in the area was set on fire by rocket-propelled grenades in that assault. Syrian officials later said the ultimate target of the attack was the Canadian Embassy, which was to have been hit by a car bomb that failed to detonate.

Ayman Abdul Nour, who runs All4Syria, an online news service, says many Syrians are worried about what they see as the spread of Salafi ideology - an intolerant brand of Sunni Islam - inside the country.

"We start asking questions about these fanatic Muslim groups moving freely around the country and the region," he says. It raises "a lot of question about how we can secure our country and about how we can secure our future."

Syria Foils US Embassy Car Bombing (FT)

By Heba Saleh

Financial Times, September 13, 2006

Syria on Tuesday foiled a car bomb attack against the US embassy in Damascus, killing three of the four attackers who tried to storm the building in a van loaded with explosives.

No Americans were hurt but a member of the Syrian anti-terrorism forces guarding the embassy was killed, and 11 people injured.

The US, long at odds with Syria, voiced gratitude to Damascus for its swift response.

“Syrian officials came to the aid of the Americans,” White House spokesman Tony Snow said. “The US government is grateful for the assistance the Syrians provided in going after the attackers. We are hoping they will become an ally and make the choice of fighting against terrorists.”

The US withdrew its ambassador last year after Damascus was linked to the assassination of Rafiq Hariri, former Lebanese prime minister. Syria’s support for the Lebanese Shia group Hizbollah and the Palestinian Islamist movement Hamas have also put it at odds with Washington.

Syrian state television said the attackers – believed to be Islamist militants because of the slogans witnesses reported hearing – were armed with automatic rifles and grenades. Television pictures showed a white van rigged with explosives, including pipe bombs, and the charred remains of another vehicle.

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The US has criticised Syria for not doing enough to stop the flow of Islamic militants across its borders into Iraq.

Walid Moallem, Syria's foreign minister, said in a recent interview with the Financial Times that "extremists" had been arrested crossing the Syrian border from Lebanon.

Responding to charges that supplies of arms were still crossing from Syria into Lebanon to rearm the Hizbollah militia, Mr Moallem said the border had been breached by "smugglers" in both directions. He said those arrested were "mainly Arab nationalists".

"We consider these people terrorists because they are aiming to kill and bomb civilian targets," he said.

Syria has indicated repeatedly that it would like to engage in a dialogue with Washington and that it wanted American help in reviving peace talks with Israel. Its success in thwarting the embassy attack is now likely to revive calls from some in Washington who believe in the need to reach out to Damascus. But David Schenker of the Washington Institute for Near East Policy said it was unlikely there would be a shift in American policy. "We're always going to have some problems with this regime," he said. "We have got our priorities. If they were to tone down what they were doing with Hizbollah or stop contributing to the instability then that would be seen in the US as some kind of signal."

Attack On U.S. Embassy Fails In Syria (USAT)

USA Today, September 13, 2006

DAMASCUS, Syria — Attackers tried to blow up the U.S. Embassy in Damascus on Tuesday but were thwarted by Syrian guards in a fierce gunbattle.

Three of the four attackers and a Syrian guard were killed. No Americans were hurt. There was no immediate claim of responsibility, but Imad Moustapha, Syria's ambassador to the United States, said it was "logically possible" that an offshoot of al-Qaeda called Jund al-Sham was responsible.

The group's name in Arabic means Soldiers of Syria. Jund al-Sham was established in Afghanistan in the late 1990s by Syrians, Palestinians and Jordanians. It has carried out several attacks inside Syria in recent years, Moustapha said.

The attackers came in two vehicles: a car followed by a pickup packed with explosives. The three gunmen in the car threw hand grenades and fired automatic weapons toward the embassy gate, prompting an intense, 30-minute gunbattle.

When the firefight erupted, the driver of the bomb-laden truck fled but was shot and arrested by Syrian forces. The truck did not explode.

Afterward, U.S. officials had rare words of praise for the government of Syrian President Bashar Assad. "The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Secretary of State Condoleezza Rice said.

The State Department lists Syria as a supporter of terrorists, specifically Hezbollah in Lebanon. The United States withdrew its ambassador to Syria several days after former Lebanese prime minister Rafik Hariri was assassinated in Beirut in February 2005. The United Nations has linked the attack on Hariri to Lebanese plotters with ties to Syria.

White House spokesman Tony Snow also thanked Syria and said it should "become an ally and make the choice of fighting against terrorists."

Syria responded with a stinging statement from its embassy in Washington that blamed U.S. policies in Lebanon, Iraq and the Palestinian territories for increasing Islamic militancy.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," it said. "The U.S. should … start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

The attack raised questions about the strength of Islamic militant groups in Syria. Though the United States accuses Syria of supporting terrorism, Assad's secular regime has long been in conflict with such groups. Assad's father and predecessor as president, Hafez Assad, killed thousands in the city of Hama in 1982 during a crackdown on Islamic militants.

Islamic militancy has been increasing inside Syria in the past few years. Syria is a major crossing point for militants from around the Arab world heading into Iraq to fight in the insurgency there.

Pressured by the United States to seal its border with Iraq, Syria has said that it is doing all it can to stop the infiltrations but that the long desert border is too difficult to close completely.

In June, anti-terrorism police fought militants near the Syrian Defense Ministry in Damascus in a battle that killed five and wounded four.

Ayman Abdul Nour, who runs All4Syria, an online news service, says many Syrians are worried about what they see as the spread of an intolerant strain of Sunni Islam in the country.

U.S. Praises Syria Actions After Embassy Attack (WSJ)

By Mariam Fam And Neil King Jr.

DOJ_NMG_0062524

The Wall Street Journal, September 13, 2006

The U.S. offered rare praise for the Syrian regime after its security forces killed three men who attacked the U.S. Embassy in Damascus, though Syria responded coolly to Washington's remarks.

The exchange between the countries came after four Islamic militants in two vehicles rigged with explosives tried to storm the U.S. embassy compound with automatic rifles and homemade explosives, according to a State Department account. Syrian security guards waged a fierce defense of the building, killing three of the assailants and wounding the fourth. Syrian news outlets said one Syrian guard was killed and three others wounded, along with 11 bystanders who were wounded. No Americans were hurt.

Senior Bush administration officials immediately applauded the Syrian help and suggested a possible rapprochement with Damascus, which the U.S. has long criticized as a sponsor of terrorism and instability in the region. "We are hoping they will become an ally and make the choice of fighting against terrorists," said White House spokesman Tony Snow.

U.S. Secretary of State Condoleezza Rice offered condolences for security personnel killed in the attack and thanked Damascus for its help in defending the American embassy.

In a statement, the Syrian Embassy in Washington called the assault "a heinous terrorist attack by an extremist group." But it also lay the underlying blame on U.S. policies in the Middle East, which the embassy said "have fueled extremism, terrorism and anti-U.S. sentiment." The statement urged Washington to "take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace" for the region.

There was no immediate claim of responsibility for the attack.

The incident comes at a time of high anti-U.S. sentiment in the region as well as increased turbulence for Syria and its relations with the West. The U.S. was criticized by many for not reaching out to Damascus this summer during the fighting between Israel and Hezbollah, the Lebanese Shiite Muslim group. Many Arab states have hoped to enlist U.S. help in weaning Syria away from its growing ties to Iran, which also supports Hezbollah.

Syrian political analyst and writer Faiz Sara said the attack could either boost or further undermine Syrian-U.S. relations, partly depending on how the Syrians handle the investigation.

"If the Syrian government conducted a transparent and objective investigation and publicized the political side of the attack, this might bolster its position as someone fighting terrorism," he said. On the other hand, if the U.S. administration wants to increase its pressure on Syria, it can argue "that the regime orchestrated this operation and ... in that case the gap [between the two countries] will increase."

Some experts said the attack may illustrate the increasing spread of small clusters of militant groups with a shared ideology but limited -- if any -- connection to al Qaeda. "Al Qaeda has been transformed from a military organization with a particular base to an ideology that is being exported to local groups through the Internet and satellite channels," said Mohammed Salah, Cairo bureau chief of the pan-Arab al-Hayat newspaper, who closely monitors Islamic groups.

The Israel-Hezbollah war has put Syria at odds with the West and even with some Sunni Muslim Arab regimes. Already accused of not doing enough to stop the flow of foreign fighters from its territory into Iraq, Syria drew renewed scrutiny recently with Israeli officials complaining that Hezbollah receives arms via land convoys that enter Lebanon from Syria.

Some analysts said yesterday's attack offered Syria an unusual opportunity to boost its stature. "They will say that they too are victims of terrorism and that they want to fight terrorism as much as anyone else, and use this as a chance to show how they're ... doing their job as a government protecting Western interests," said Rami Khouri, a commentator and editor-at-large at the Lebanese Daily Star newspaper.

Gunmen In Syria Hit U.S. Embassy (NYT)

By Craig S. Smith

The New York Times, September 13, 2006

DAMASCUS, Syria, Wednesday, Sept. 13 — Four gunmen attacked the American Embassy here early Tuesday, storming the compound with grenades and automatic weapons before being repelled by Syrian security forces. Three of the gunmen were killed and a fourth was wounded, Syrian and American officials said.

One Syrian security official was killed and about a dozen people were wounded, including three Syrian security officials and a Syrian guard employed by the embassy. No American personnel were injured and the attackers failed to detonate a vehicle packed with explosives.

The wounded attacker was being questioned by Syrian authorities. The identities of the attackers were not disclosed.

The attack, a rare instance of terrorist violence in the tightly controlled Syrian capital, marked the first time the American Embassy had been a target.

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Coming a day after the anniversary of the Sept. 11 terrorist attacks in the United States and after recent threats by Al Qaeda, the attack sent shudders through a region already reeling from a season of violence. Anger toward the United States has surged in recent weeks over its support for Israel during the war in Lebanon this summer.

Secretary of State Condoleezza Rice said it was too early to say who might have been behind the attack. But she praised Syria for responding quickly. "The Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that," Ms. Rice said Tuesday during a visit to Canada.

Syria, however, was quick to blame the United States. "It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," said a statement on Tuesday from the Syrian Embassy in Washington. "What has happened recently in Lebanon, the Palestinian territories and Iraq is exacerbating the fight against global terrorism."

Relations between Syria and the United States are strained. The United States recalled its ambassador after the assassination of Prime Minister Rafik Hariri of Lebanon in February 2005, because Washington believes Damascus played a role. United States diplomatic representation has since been downgraded to the level of chargé d'affaires.

More recently, the United States has blamed Syria for helping to arm Hezbollah, whose attack on Israeli soldiers along the Lebanese border set off the war in July.

"I think you have to take a look at who is really responsible for the violence in the region," said Tom Casey, the State Department's acting spokesman, responding Tuesday to Syria's statement. "The violence is the responsibility of those who do believe that the only response to any questions or concerns is to throw bombs, is to shoot bullets, is to assassinate people."

He said Washington continued to consider Syria a sponsor of terrorism, alluding to its support for Hezbollah and the Palestinian group Hamas, both of which are considered terrorist organizations by the United States and many allies.

The attack on the embassy began at 10:10 a.m., when two vehicles approached, one drawing up in front of the compound, the other to an employees' entrance in the rear.

The minister of information, Mohsen Bilal, said in a telephone interview that one man approached embassy guards with a bouquet. The man said "he would like to hand these flowers over to someone from the embassy, to show his solidarity with them and the victims of 9/11," Mr. Bilal said.

He said that when the guards refused him entry, the attack began.

Ayman Abdel Nour, a Syrian political analyst, said he was about 25 yards away when he saw two men running away from the embassy, and heard gunfire and men shouting, "God is great!" He took refuge in another embassy nearby.

The sound of gunfire and explosions continued for about 15 minutes, he said. There was a second exchange of automatic-weapons fire and single gunshots after a few minutes of calm, he said, but it ended quickly.

When he emerged, the attackers' car at the rear of the embassy had been gutted by fire, apparently after having been hit in the gun battle.

Mr. Abdel Nour said friends at the Italian Embassy nearby had seen the attackers lobbing grenades over the high wall surrounding the American Embassy and had seen smoke coming from inside the compound.

Television images from the scene showed pools of blood on the pavement and the remains of the burned-out car. A vehicle with explosives at the front of the embassy was apparently abandoned when one attacker ran to the back to aid other gunmen.

The television also showed Syrian security officials inspecting what appeared to be large propane gas canisters with pipes taped to them.

Mr. Casey, the State Department spokesman, said after the attack "some small unexploded improvised explosive devices" were found, in addition to those in the second vehicle.

"This is a flourishing business today," Mr. Abdel Nour said of the attack. "If you want to open a terrorist cell here, it's an easy business. You'll find a lot of money because of the frustration in the region."

Syria's interior minister, Bassam Abdel Majeed, visited the embassy after the attack and met Tuesday with the new chargé d'affaires, Michael H. Corbin.

By nightfall, residents could see the rear wall scarred by bullets and the roadside blackened by the car fire. Syrian sentry boxes were riddled with shots, as was a window near the employee's entrance.

The Rawda district, where the attack occurred, is one of the most heavily guarded parts of the capital. It houses security installations and the homes of many government officials. A number of foreign embassies are near the American compound, including the Chinese, Italian and the Iraqi missions, while the presidential palace is only about 150 yards away from the Americans.

At least 11 people were wounded in the attack. The local embassy employee wounded was hit by gunfire while checking the attackers' cars when the assault began. The State Department said another embassy guard was slightly injured.

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Seven Syrian telephone company employees working in the area were also wounded, as well as an Iraqi man and woman. A senior Chinese diplomat was hit by shrapnel while standing on top of a garage within the Chinese Embassy compound, the New China News Agency reported.

Syria, a strictly secular state, has had trouble with Islamic extremists. In April 2004, four people were killed in a clash between police officers and suspected bombers in the diplomatic quarter of Damascus. Authorities accused Islamic militants of trying to blow up an explosives-laden car near the Canadian Embassy.

The Syrian ambassador to the United States, Imad Moustapha, said Tuesday on CNN that the attackers might have links to a group known as Jund al-Sham, which means Soldiers of the Levant. Last year five of the group's militants were killed in Hama when security agents raided their hideout, uncovering a stash of weapons and explosives.

American intelligence officials in Washington said it was too early to know with confidence who was responsible for the embassy attack, and said there was little evidence yet to support the claim of the Syrian government that Jund al-Sham might have carried it out.

Officials said there was also no evidence linking the attack to the recent message from Al Qaeda's deputy leader, Ayman al-Zawahri, who said in a speech broadcast Monday that Al Qaeda would be carrying out attacks in the Middle East.

"This attack would be small beer by Al Qaeda standards," said one intelligence official.

The United States Embassy was closed after the attack and said it would operate with a reduced staff on Wednesday. It issued a statement advising Americans in Syria to keep a low profile and it dismissed students at the Damascus Community School, which is affiliated with the embassy.

Four Armed Men Attack U.S. Embassy In Damascus (WP)

By Rhonda Roumani

The Washington Post, September 13, 2006

DAMASCUS, Syria, Sept. 12 -- Four armed men attacked the U.S. Embassy on Tuesday, killing one Syrian security guard and wounding several people in what authorities said was an attempt by Islamic guerrillas to storm the diplomatic compound.

Just after 10 a.m., gunmen yelling " Allahu akbar " -- "God is great" -- opened fire on the Syrian security officers who guard the outside of the embassy in Damascus's Rawda district, witnesses said. The attackers threw grenades at the compound, according to witnesses, and shot at the guards with assault rifles during the 15- to 20-minute clash, which left three of the gunmen dead and the fourth reportedly wounded.

In addition to the slain security officer, another guard was wounded, along with a Chinese diplomat and several civilians, including seven Syrian workers and two Iraqis. No Americans were wounded, the embassy said in a statement.

Syria's interior minister, Gen. Bassam Abdel Maguid, said on state television that the attack was a "terrorist operation" carried out by Islamic militants who tried to detonate two cars filled with explosives in front of the embassy.

Syrian authorities said they disarmed a small truck that had been rigged with gas canisters and pipe bombs but had failed to detonate. The charred remains of a car could also be seen in front of the embassy, but witnesses said the relatively small explosion that destroyed it appeared to have been caused by grenades rather than a car bomb.

There were no immediate assertions of responsibility for the attack, and Syrian officials did not blame a specific group, though in the past they have attributed similar strikes to a little-known group called Jund al-Sham, or the Soldiers of the Levant. Reports about the group on Syrian television have shown images of seized weapons, but no information on its goals, makeup, whereabouts or popularity has ever been made available by the government.

U.S. officials praised the Syrian guards who battled the assailants. Secretary of State Condoleezza Rice, speaking in Stellarton, Nova Scotia, after talks with Canadian Foreign Minister Peter MacKay, said that "the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that."

In Washington, State Department spokesman Tom Casey said: "We're appreciative of their professional response in this effort."

The Syrian Embassy in Washington issued a statement saying: "In accordance with the Geneva Convention, Syria performed its duties in the best possible manner to protect the U.S. Embassy. . . . Syrian security forces took the full brunt of the attack."

The statement added: "It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment. . . . The U.S. should take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

Relations between the United States and Syria have been tense for years, with the Bush administration denouncing the government of Syrian President Bashar al-Assad for its support of Lebanon's Hezbollah militia and for harboring leaders of Palestinian factions that the United States has designated as terrorist groups.

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In the months following the Sept. 11, 2001, attacks, Syria shared information related to terrorism with the United States, but after the U.S.-led invasion of Iraq in 2003, President Bush blamed Syria for failing to close its border with Iraq to insurgents. Bush recalled U.S. Ambassador Margaret Scobey from Damascus after the assassination of former Lebanese prime minister Rafiq al-Hariri in February 2005. Many accuse Syria of orchestrating the attack.

The U.S. Embassy compound here is in the capital's diplomatic neighborhood, close to the Iraqi, Italian and Chinese embassies. It is surrounded by white walls described variously as eight to 15 feet high, with U.S. Marines providing security inside the compound and Syrian security forces outside.

Shortly after the attack Tuesday morning, a large plume of smoke rose over the compound, and a trail of blood ran down a nearby street where the gunmen were shot as they tried to escape, witnesses said.

Although the street of the embassy was closed, police allowed parents of students at a nearby school to slip past the barricade to pick up their children, many of whom were in tears. The embassy's American flag, which had been lowered to half-staff the day before in commemoration of the Sept. 11 attacks, was raised to its full height a few hours after the fighting.

"We could not believe that it would happen in the middle of the day in the most secure area of Damascus," said Ayman Abdul-Nour, a political analyst who saw the battle unfold. "In front of me, this gentleman from the Syrian intelligence force in civil uniform stumbled to the ground and blood was coming out of him."

In recent years, several attacks have been carried out against foreign embassies in Damascus.

In February, demonstrators protesting the publication of cartoons depicting the prophet Muhammad in European newspapers set fire to the Danish Embassy here. In April 2004, four people were killed in a gun battle that took place on a major road that is flanked by a large number of embassies.

And in December 1998, during a U.S. bombing campaign against Iraq, mobs assaulted U.S. and British diplomatic buildings in Damascus, and Syrian guards and U.S. Marines rescued the wife of U.S. Ambassador Ryan Crocker as rioters broke into the couple's residence.

Syrians Foil Strike On U.S. Embassy (LAT)

By Megan K. Stack

The Los Angeles Times, September 13, 2006

CAIRO — Four suspected Islamic militants hurled hand grenades and sprayed machine-gun fire in an attempt to storm the American Embassy in Damascus on Tuesday, but were gunned down by Syrian forces.

The brazen morning attack in the Syrian capital seemed to briefly ease tensions between Washington and Damascus, as U.S. officials thanked Syria for defending the embassy. But the attack also raised questions about President Bashar Assad's grip on security, and his regime's relationship with extremist groups.

"We appreciate the response of the Syrian security forces to help secure our territory," said Secretary of State Condoleezza Rice, speaking at an appearance in Stellarton, Canada. "I do think that the Syrians reacted to this attack in a way that helped to secure our people, and we very much appreciate that."

Other Bush administration officials, however, referred to long-standing tensions with Syria, which remains on the State Department's list of state sponsors of terrorism.

"The Syrian police forces did their job, and they were professional about it," said White House Press Secretary Tony Snow. "Now, the next step is for Syria to play a constructive role in the war on terror. Stop harboring terrorist groups, stop being an agent in fomenting terror, and work with us to fight against terror, as Libya has done. That's the next step for Syria."

The Syrian government blamed the bungled attack on a little-known hard-line Sunni militant group that calls itself Jund al Sham, or Soldiers of the Levant, allegedly linked to the Al Qaeda terrorist network.

"It's clearly a terrorist operation," said Interior Minister Gen. Bassam Abdel Majeed.

Three of the militants were killed and a fourth was captured in the morning shootout, which also killed a Syrian security officer and wounded 11 bystanders. Timed explosives rigged to a stolen van at the embassy gate failed to go off and were detonated later by Syrian anti-terrorism agents, the interior minister told state television.

Political analyst Ayman Abdel Nour said he had just climbed out of his car to go see about a visa when a car pulled over outside the embassy and four gunmen leapt out. At first, Nour said, he was confused.

"I thought they were filming a scene for something, because it was the middle of the day, in the middle of the most secure area in Damascus," he said. "Then one of them fell down near me and I saw the blood. I realized it was serious, so I ran and hid."

Nour said he took shelter in a neighboring embassy. The shooting lasted for about 15 minutes, slowing gradually to single bursts of fire. The gunmen pitched hand grenades over the embassy walls, cracking two windows, he said.

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None of the embassy staff was hurt in the attack. The 11 bystanders wounded included repairmen from the Syrian Telecommunication Establishment, an Iraqi couple and a Chinese diplomat who was standing on a nearby rooftop.

Perched behind high walls on a heavily fortified hillside, the U.S. Embassy has been at the heart of a stony diplomatic relationship in recent years. The American ambassador withdrew from the Damascus embassy after the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri in Beirut. A United Nations report accused Syrian intelligence of complicity in the assassination, a charge Syria denies.

The United States also has accused Damascus of letting jihadist fighters slip across its borders to fight in Iraq, as well as tampering in Lebanese affairs and propping up anti-Israel fighters in Lebanon and the Palestinian territories.

In recent weeks, the United States and Israel accused Damascus of funneling weapons to Hezbollah fighters in Lebanon, where battles between Israel and Shiite Muslim militants raged for 34 days in July and August.

As relations soured between Washington and Damascus in recent years, the anti-American sentiment that has flared in the Middle East since the war in Iraq also took hold in Syria.

But the U.S. is not the sole target of Islamists: The groups have also waged a long-running blood feud with secular Syria.

The government is dominated by members of the Allawite sect, a Shiite offshoot rejected by hard-line Sunnis. In the 1980s, the Muslim Brotherhood's attempts to oppose the regime were crushed bloodily by Assad's father, President Hafez Assad. To this day, membership in the Sunni militant group is punishable by death.

Since the U.S.-led invasion of Iraq, the Syrian government has struggled to maintain the rigorous street control that once made the Assad regime famous. Syrian troops have repeatedly battled with shadowy gunmen. Tuesday's attack was the third to strike the capital in three years; all were easily repelled by security services.

The attacks have raised speculation about whether Bashar Assad is capable of keeping the country calm.

Some analysts have wondered whether some members of the Syrian government might have worked out a detente of sorts with the more serious jihadi forces, such as those operating in Iraq.

Still others have accused the government of colluding in staged attacks in a bid to draw sympathy from the West.

After each attack, Syrian officials have been quick to remind reporters that Damascus, too, is a target for terrorists.

"The Syrian government is a secular one, and the Baath Party itself is secular, so it's considered by Al Qaeda and others as a pro-Western regime," said a Syrian official who spoke by phone on condition of anonymity. "So Syria is attacked by those groups, and meanwhile the USA is accusing Syria of belonging to the same groups. Both sides are greatly mistaken."

Syrian officials also criticized U.S. policy in the region.

"It is regrettable that U.S. policies in the Middle East have fueled extremism, terrorism and anti-U.S. sentiment," the Syrian Embassy in Washington said in a statement. "The U.S. should … start looking at the root causes of terrorism and broker a comprehensive peace in the Middle East."

But questions linger: Why have militants never struck Syria with the force and skill brought to bear against Arab neighbors such as Egypt, Jordan and Saudi Arabia? Is Syria given a pass by armed groups because of Assad's reputation as an anti-American figure?

"The speculation has been that the Assad regime has put people up to this," said Joshua Landis, a Syria expert at the University of Oklahoma who spent last year living in Damascus. "Are they in league? Have they cut a deal?"

One U.S. counter-terrorism official said it was too soon to tell who was responsible for Tuesday's attack, but said he was not surprised that Syria blamed Jund al Sham.

"Other violent incidents have occurred in Syria and the government has pointed to the group, but there is not a lot known about it," said the official, whose agency does not permit him to discuss terrorism matters on the record.

The official and others, however, said it was also possible that the perpetrators might have been local men with political grievances.

U.S. Eyes New Palestinian Gov't Warily (AP)

By Barry Schweid

AP, September 12, 2006

The Bush administration expressed worry Tuesday that a Palestinian national unity government now in formation may not be ready to renounce terrorism or accept Israel's right to exist.

State Department deputy spokesman Tom Casey also reiterated that unless those conditions are met, the Bush administration would not resume U.S. aid to the Palestinian government.

The skeptical comments came a day after the Hamas-led administration and President Mahmoud Abbas' more moderate Fatah Party said they would form a coalition government. In the past half-year international financial sanctions have crippled the Palestinian Authority's ability to pay its 165,000 employees.

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While all details on forming a new government are lacking, Casey said "from what we have seen so far we are certainly concerned" that it does not accept demands by the United States, the United Nations, the European Union and Russia that it renounce terrorism and violence, recognize Israel and accept previous agreements between Israel and the Palestinians.

"Obviously, nothing can move forward until such time that there's a government in place that does meet that criteria," Casey said,

Casey commended Abbas, president of the Palestinian Authority, for trying to break an impasse with the militant group Hamas and form a responsible government that could meet the aspirations of the Palestinian people.

The United States provides humanitarian aid to the Palestinians, but no direct aid to the Authority. Western countries suspended aid when Hamas, which they consider to be a terror group, took over the Palestinian government earlier this year after an election victory.

"We are continuing to be mindful of the humanitarian needs of the Palestinian people," Casey said. The U.S. government has provided $468 million in direct assistance to them this year, he said

Meanwhile, Israeli Foreign Minister Tzipi Livni was expected to discuss the Palestinian unity efforts with Rice at the State Department on Wednesday.

U.S. Wary Of Palestinian Plan (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, September 13, 2006

WASHINGTON — Palestinian plans to form a coalition government have created a quandary for the Bush administration, which wants to ease suffering in the Gaza Strip and West Bank without lifting pressure on Hamas.

Leaders of the radical Islamic group, and those of the rival Fatah faction, announced this week that they were close to completing a deal that they hoped would persuade the West to end an aid cutoff that had bankrupted the government and set off factional fighting.

U.S. officials, who consider Hamas a terrorist group, have halted all but direct humanitarian aid since Hamas came to power in January elections. U.S. officials have said they want to avert a humanitarian catastrophe in the territories, but noted Tuesday that the Palestinian proposal might not be enough to end the aid ban.

The U.S. bind was complicated by Europe's warm reaction to the Palestinian unity government plan, posing a risk that a new transatlantic rift could develop over the issue. British Prime Minister Tony Blair said this week after a visit to the region that it might be possible for the West to deal with a unified government.

Tom Casey, a State Department spokesman, said U.S. officials would look at details of the plan, which have not been completed.

"We are continuing to be mindful of the humanitarian needs of the Palestinian people," Casey said. But he said that before aid could be resumed, the Palestinians would need to renounce violence, recognize Israel's right to exist and accept previous agreements between Israel and the Palestinians.

"From what we have seen so far, we are certainly concerned" that the coalition government does not accept those demands, Casey said. The stipulations were laid out in January by the U.S., the United Nations, the European Union and Russia.

Israeli officials did not close the door on potential relations with a unity government when the deal was announced Monday by Palestinian Authority President Mahmoud Abbas, the leader of Fatah.

On Tuesday, an Israeli official sounded more skeptical, saying the deal seemed to be an effort to put a more presentable face on the government without making key changes or concessions.

Restoring aid would lift the pressure on Hamas just when the crunch was beginning to have an effect, the official said, noting that polls showed public support in the territories shifting away from Hamas and toward Fatah. The official spoke on condition of anonymity, citing the sensitivity of the diplomacy underway.

Some analysts said the Bush administration would be influenced by the Israeli government's attitude and probably would not resume aid. But they speculated that Washington could decide not to object to a European decision to resume, or increase, assistance.

"The Americans will probably react coolly to it, but they may say to the Europeans, 'If you have to [resume aid], we can live with it,' " said Nathan Brown, a specialist on Arab politics at the Carnegie Endowment for International Peace in Washington.

But David Makovsky of the Washington Institute for Near East Policy predicted that U.S. skepticism would prevail.

"I think people in Washington are going to be pretty underwhelmed by it," Makovsky said. The Palestinians are "playing with words and trying to get the world to give them as much money as possible without being bound to anything."

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Many U.S. lawmakers could object loudly to any resumption of aid. Both houses of Congress have passed bills this year to limit the provision of direct aid to the Palestinian government as long as Hamas is in power. The European Union followed with a partial aid cutoff.

The U.S. government has provided $468 million in direct humanitarian aid to the Palestinians this year, Casey said.

The Palestinians' worsening financial crisis pushed Hamas into an alliance with Fatah, which recognizes Israel's right to exist, in hopes of getting aid flowing again.

But Hamas has no plans to recognize Israel, its spokesmen said. Instead, the government is expected to stake out a nuanced position that implies acceptance of a two-state solution to the Middle East conflict — and therefore of Israel — without saying so explicitly.

The agreement serving as the basis for the proposed government tacitly recognizes Israel by calling for creation of a Palestinian state along borders predating the 1967 Middle East War, meaning in the West Bank and Gaza Strip, with Jerusalem as its capital.

That may not be direct enough to satisfy the Bush administration and Israel, but it could convince some European donors that Hamas has shifted its stances sufficiently and sway them to resume financial aid, analysts say.

"What the Palestinians are really hoping for is a breakthrough with the Europeans, who will judge the political program not so much in relation to the three conditions as in the difference in the Hamas position, so they will see this as a positive sign," said Mouin Rabbani, a Jordanian-based analyst for the International Crisis Group.

Hamas Gives Abbas OK For Negotiations (AP)

By Diaa Hadid

AP, September 12, 2006

Hamas officials gave Palestinian President Mahmoud Abbas the go-ahead Tuesday for negotiations with Israel, a major shift in the militant Islamic group's position as it works to end its international isolation.

An Israeli military court, meanwhile, ordered the release of 19 Hamas officials — including Cabinet ministers and lawmakers — from an Israeli prison. The men, arrested by Israel after the June 25 capture of Israeli Cpl. Gilad Shalit by Hamas-linked militants, will remain behind bars for several more days pending an appeal by prosecutors.

Israel said the court decision was not meant to reward Hamas for its moves toward moderation.

"I don't think that right now we would be making gestures of goodwill for the Hamas. We would be making gestures of goodwill to Abu Mazen," Israeli government spokeswoman Miri Eisin said, referring to the moderate Abbas by his nickname. Eisin said the courts were independent of the government.

Hamas, whose ideology calls for Israel's destruction, reached agreement Monday with Abbas' Fatah Party to form a unity government in an effort to end the financial crisis crippling the Palestinian economy. International donors cut off aid to the Palestinian Authority when Hamas formed its Cabinet six months ago. Hamas is listed as a terror group by Israel and the West.

Abbas has long pushed for a resumption of peace talks with Israel, and Hamas said Tuesday he would have full authority to hold those negotiations.

Palestinian Prime Minister Ismail Haniyeh, a Hamas leader, said the government itself would not be involved in the talks because negotiations are supposed to be handled by the PLO, headed by Abbas. The distinction could allow Hamas to retain its hard-line credentials with the Palestinian street, while the government gains international acceptance.

Ghazi Hamad, a spokesman for the Hamas-led government, told Israel's Army Radio in Hebrew that the Palestinians would be ready to establish a state in territories captured by Israel in the 1967 Mideast War — the West Bank, Gaza and east Jerusalem.

Visiting Spanish Foreign Minister Miguel Moratinos said the new Palestinian coalition could be a "positive step in principle," but he stopped short of saying whether it would persuade the EU to restore aid to the Palestinian Authority.

While Hamad said Hamas would not recognize Israel's right to exist, the joint government is to be based on a platform many believe implies recognition of the Jewish state.

"We have nothing against negotiations, we have nothing against a diplomatic process, but we have rights," Hamad said.

Israel, the U.S. and European Union have said Hamas must renounce violence, recognize Israel's right to exist and accept past peace agreements.

With negotiations over the government guidelines continuing, no date was set for it to take office.

Israeli Foreign Minister Tzipi Livni was heading to Washington on Tuesday for talks with Secretary of State Condoleezza Rice.

Israel wants to ensure the international community does not reward Hamas for half measures, Foreign Ministry spokesman Mark Regev said.

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"If the new Palestinian government reaches the three benchmarks and Gilad Shalit is released, then things could move ahead very quickly," he said. "Anything less than that is just a recipe for further stagnation."

And Defense Minister Amir Peretz said Shalit's release could lead to "meaningful talks" with the Palestinians.

Shalit's capture sparked a broad Israeli offensive in Gaza, and security forces arrested three dozen Hamas officials on charges of belonging to a banned group.

The military judge, who ruled Tuesday that 18 of those in custody should be freed, questioned the timing of the arrests, noting the men were permitted to run for office and serve in the Palestinian government for months before their detentions. He said the politicians — including Parliament Speaker Abdel Aziz Duaik and Religious Affairs Minister Nayef Rajoub — should be set released. In a separate hearing, a judge ordered Deputy Prime Minister Nasser Shaer freed.

Prosecutors plan to appeal Thursday. Decisions are expected next week. In the meantime, the 19 remain in prison.

Earlier this week, the court ordered the release of three other Hamas members. That appeal is to be heard Wednesday.

"The arrest of the parliamentarians and ministers was from the beginning an unjust arrest," Haniyeh said. "We hope all of them will be released."

Despite the apparent easing of tensions, Hamas gunmen, along with members of another militant group, battled Israeli troops operating near Gaza's border with Israel, killing one soldier early Tuesday, the army said.

Israeli troops also shot and killed a 13-year-old boy during a raid in the West Bank town of Bethlehem after youths began pelting troops with stones, witnesses and hospital officials said. The Israeli military said soldiers fired after they were attacked by Palestinians. One soldier was wounded.

More Palestinians Urging An End To Paralyzed Governing Authority (WP)

By Scott Wilson

The Washington Post, September 13, 2006

RAMALLAH, West Bank -- As the young editor of Hamas's weekly newspaper, Sari Orabi is a careful monitor of what he describes as the "surprisingly frank" debate underway within the party that took control of the Palestinian Authority just over five months ago.

Orabi, sporting blue jeans and bristling hair, said he was among those who argued that the radical Islamic movement should not compete in last January's parliamentary elections, fearing victory would bring sanctions from Israel and international donors that classify Hamas as a terrorist organization.

That prediction has proved true, bankrupting the authority and raising questions within party ranks over whether the government Hamas won the right to run is worth maintaining at all.

"The situation we face is proof that the Palestinian Authority under the occupation is an illusion," Orabi, 26, said recently over tea in an office smashed earlier this year by rampaging members of the security services controlled by the rival Fatah movement. "What is the reason behind this authority? A majority now says it is all a big lie."

Created a dozen years ago to administer the occupied Palestinian territories, the frail political system called the Palestinian Authority is now broke, paralyzed by months of partisan infighting and depleted by Israeli arrests. A growing number of Palestinians -- a group that has expanded in recent months from a core of secular intellectuals to include officials from the leading political movements -- have begun advocating openly for the authority's dissolution.

Prime Minister Ismail Haniyeh of Hamas, facing a strike by civil servants over unpaid wages, agreed this week to form a power-sharing government with Fatah and other factions in hopes of restoring international aid. Whether a new government will revive foreign financial support, which accounts for nearly half the authority's budget, could help determine whether the authority itself remains viable in the face of mounting unrest and disillusion in the territories.

The unity government platform would commit Hamas to accept past agreements signed by the Palestine Liberation Organization that recognize Israel. It would mark the first time that Hamas, which does not belong to the PLO and has long opposed the 1993 Oslo peace accords that created the Palestinian Authority, would tacitly accept a two-state solution to the conflict.

But Hamas has so far refused to renounce violence or explicitly recognize the Jewish state -- two of the three conditions set by the United States, the United Nations, Russia and the European Union for a renewal of aid. Israeli officials indicated Tuesday that Israel would not release hundreds of millions of dollars in frozen tax revenue it collects on behalf of the Palestinian Authority or support an easing of international sanctions against it unless those terms were met.

The result could doom the new coalition government, slated to be headed by Haniyeh, before it takes shape. And failing to win international support after compromising is likely to inflame Hamas activists, some of whom have argued for months that collapsing the authority is preferable to giving up power won in fair elections.

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"When you have an authority that is utterly powerless, what do you expect the reaction from the public will be?" said Ali Jarbawi, a professor at Bir Zeit University near Ramallah, who broached the idea of dissolving the Palestinian Authority three years ago in a series of influential journal articles. "More and more people are saying, 'If you can't deliver, you shouldn't exist.' "

Dissolving the Palestinian Authority, once envisioned as the embryo of a future Palestinian state's government, has until now been largely a topic of intellectual debate among professors, U.S.-educated lawyers for the Palestine Liberation Organization and disaffected members of the leading parties.

But the idea has reached further into the political mainstream over a difficult summer during which the authority has lost support among its two chief constituencies: Fatah, which dominated the government for years until its election loss to Hamas, and public employees who have gone months without paychecks. An estimated 1 million Palestinians in the West Bank and the Gaza Strip depend on authority salaries for their livelihoods.

Jarbawi and others argue that the authority has taken the brunt of the blame for Palestinian political, economic and security failures, even though Israel, through its military presence, border controls and financial ties, remains the decisive power in the territories.

Without the authority, Jarbawi and others contend, Israel would be forced to assume a far greater political and financial role in the territories, taking responsibility for health, education and other services under international law that govern occupation. The Israeli investment could total billions of dollars annually and bring new pressure on the Jewish state to sign a comprehensive peace agreement with the Palestinians.

The authority "was supposed to be a vehicle for the establishment of a Palestinian state, but today the situation is not logical and we alone are paying the price of the occupation," said Hassan Khreisheh, a deputy speaker of the Hamas-controlled parliament who proposed dissolving the Palestinian Authority in a legislative session last month following a 26-day stint in an Israeli jail for belonging to an illegal organization. "The Israeli occupation should be paying for education, health and the administration, while the Palestinian cause should be brought back into the hands of the international community."

Following Hamas's election victory in January, the movement and its allies had remained publicly committed to the authority. But Orabi said elements within Hamas are growing more radical as their government continues to falter under economic sanctions and Israeli pressure. More than 30 Hamas members of parliament, including the speaker and five cabinet ministers, were detained and remain in Israeli custody since the June 25 capture of Israeli army Cpl. Gilad Shalit by gunmen from the movement's military wing. Israel has made Shalit's release a condition for unfreezing the tax revenue.

Ghazi Hamad, a Hamas official and adviser to Haniyeh, warned of radicalization in a scathing critique of Palestinian disunity and his own party's mistakes published last month by the Palestinian newspaper al-Ayyam.

"We have lost the connection between the resistance and other aspects of life," Hamad wrote, referring to armed confrontation with Israel. "There is an abyss between the resistance, politics and the people. That is why the people are scattered, not unified, not organized."

The authority is also losing legitimacy inside the ranks of Fatah, whose members fill out much of the civil service.

Some of Fatah's young guard, disillusioned by the older generation's corrupt and incompetent leadership, quietly advocated the authority's abolishment when the party was in charge. Hamas officials contend that their rivals began advocating the approach more boldly after losing their hold on the Palestinian ministries, long a source of patronage and power.

"The only justification for this authority was to pay employees, and now that it cannot even do that, there is no reason for it at all," said Tayseer Nasrallah, 45, a Fatah leader from Nablus who is working on a project to reform his party. "The voices for the authority's dissolution are rising inside the party. We need to make a dramatic gesture to force the world to really look for a just solution to this crisis, or we will go back to the occupation run entirely by Israel."

Qaddura Faris, 44, a former minister and a powerful figure within Fatah's young guard, favored dissolving the authority when Palestinian leader Yasser Arafat was still alive. But Faris does not believe that authority President Mahmoud Abbas, who succeeded Arafat after his death in November 2004, has the power to govern without the government's institutions. Faris and others say the possible alternatives to the authority, which could include returning to the Israeli occupation that existed before Oslo or perhaps a civil administration by Jordan, are worse.

"If it happened now, we would be left without an umbrella," said Faris, who acknowledged that young Fatah activists are behind the civil servants' strike to pressure Hamas to cede control of the cabinet. "But there is also this impression that if we can form a national unity government, everything will be okay. I don't believe that either."

Blair Urges Lifting Of Palestinian Sanctions (AFP)

AFP, September 12, 2006

Britain's Tony Blair urged the lifting of economic sanctions on the Palestinian Authority, so long as a deal on a cabinet of national unity there meets international conditions.

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He made the comments a day after returning from a three-day trip to the Middle East, during which he faced protests over his stance notably during the recent conflict between Israel and Hezbollah militants in Lebanon.

"Yesterday's announcement of a government of national unity in Palestine is precisely what I hoped for," he said, referring to an agreement under which president Mahmud Abbas is to dissolve the current Hamas-led government.

"On the basis it is faithful to the conditions spelled out by the Quartet, that is the UN, EU, US and Russia, we should lift the economic sanctions on the Palestinian authority," added the British prime minister.

He appeared to be referring to international economic sanctions slapped on the Palestinian Authority by the United States and the European Union following the January election of the militant group Hamas, considered a terrorist movement by both Washington and Brussels.

At the time the Middle East Quartet that Blair referred to said the sanctions would remain in place until Hamas renounced violence, recognized Israel and pledged to abide by agreements signed by previous Palestinian leaderships.

The Quartet has long been battling to revive the peace process in the region.

Under a deal announced on Monday, Abbas is to dissolve the current government and charge prime minister Ismail Haniya of the Islamist movement Hamas with forming a new cabinet.

Palestinian officials hope that the formation of the new government will lead to the West ending a freeze on direct aid to the Palestinian Authority, which was adopted after Hamas formed a cabinet in March.

The Western aid freeze has plunged the Palestinian territories into a severe economic crisis, which has been compounded by Israel's two-month military offensive in the Gaza Strip, launched after militants killed two soldiers and seized a third in a cross-border raid.

Hamas has killed scores of Israelis over the years in suicide attacks. But it has not claimed any such attack inside the Jewish state since January 2005.

Blair made his comments during a speech to the annual Trades Union Congress (TUC) gathering in Brighton, at which he faced protests including from delegates opposed to what they called the "illegal war" in Lebanon.

The British premier last week pledged to resign within a year, as the price of quelling a damaging crisis within his ruling Labour party over his leadership plans.

His speech to the TUC was therefore his last to the gathering as prime minister.

Annan: Israeli Withdrawal "Significant' (AP)

By Nick Wadhams

AP, September 12, 2006

Israel has made "significant progress" in the gradual withdrawal of its forces from south Lebanon in the month since the U.N. Security Council passed a resolution to end the conflict there, U.N. Secretary-General Kofi Annan said Tuesday in a report.

The report said both Israel and the Islamic militant group Hezbollah had mostly complied with the cease-fire that was called for in that resolution, aside from one major raid by Israel on Aug. 19 and several minor violations.

The U.N. Security Council had asked Annan to report back periodically on the implementation of the resolution, which paved the way for the cease-fire that took effect on Aug. 14.

He said Israel has withdrawn from about two-thirds of the area it occupied in south Lebanon as it tried to oust Hezbollah militants from the area, and has promised to leave entirely by the time Lebanon deploys 15,000 troops and the U.N. sends 5,000 peacekeepers there.

Annan, who recently returned from an 11-day trip to the region, said the process would be finished in the coming weeks. He did not say how many Israeli troops remained in south Lebanon.

"On the ground, significant progress continues to be made as regards the gradual withdrawal of Israeli forces and the deployment of the LAF (Lebanese Armed Forces)," Annan wrote in the report.

Annan said the 34-day conflict, sparked when Hezbollah captured two Israeli soldiers in a July 12 cross-border raid, had plunged the region "back into the instability that prevailed for decades."

He said the underlying causes of conflict in the Middle East had to be addressed to end the violence.

"Other crises cannot be ignored, especially in the occupied Palestinian territory, as they are all interlinked," he said. "Until the international community insists on a just, lasting and comprehensive peace in the Middle East, any one of these conflicts has the potential to erupt and engulf the entire region."

Annan said that during his recent trip to the Middle East, Syrian President Bashar Assad had assured him that Damascus was prepared to delineate its border with Lebanon. That would help settle the issue of the disputed Chebaa Farms area, which sits where the borders of Lebanon, Syria and Israel meet and is occupied by Israel.

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Assad also assured him that Syria is willing to increase the number of border guards along the boundary with Lebanon, and give them more training and supplies.

Hezbollah is widely believed to have received weapons and other support from its backers, Syria and Iran.

On other issues, Annan said Israeli maps provided to the U.N. peacekeeping mission in south Lebanon about Israel's cluster bombing of the area were not detailed enough to be of any use. He repeated U.N. findings that said 90 percent of the cluster bombs Israel dropped during the conflict fell in the three days between Aug. 11, when the Security Council approved the cease-fire, and the moment the fighting stopped.

Land For NATO (NYT)

By Thomas L. Friedman

The New York Times, September 13, 2006

Listening to the post-Lebanon-war debate in Israel leaves me wanting to say just one thing to Israelis: Get a grip on.

Israel is behaving like it lost the Lebanon war and now needs to tear itself apart, limb by limb, with investigations and new elections. Clearly the Israeli Army's logistics broke down, and clearly it was ill-prepared for a guerrilla war against Hezbollah. And clearly it is a sign of the health of Israel's democracy that Israelis feel free to castigate their leadership.

Nevertheless, Prime Minister Ehud Olmert did a better job, under the circumstances, than he is being credited with, and, more important, the situation evolving in south Lebanon now has the potential to offer a whole new model for peacemaking.

Regarding Mr. Olmert, this war was not easy to manage, because it was about everything and nothing. There was absolutely no reason for the Hezbollah attack on July 12 across the U.N.-recognized Israel-Lebanon border, in which eight Israeli soldiers were killed and two abducted. In that sense, the war was about nothing.

But precisely because it was about nothing, it was also about everything. If Hezbollah could just attack Israel — unprovoked — claiming among its goals the liberation of Jerusalem, and using missiles provided by an Iranian regime that says Israel should be wiped off the map, then it was a war about everything. And Israel had to respond resolutely.

So, gauging the right response was intrinsically hard. In the end, Mr. Olmert bombarded Hezbollah's infrastructure, and, tragically but inevitably, the homes of Hezbollah's Shiite followers, among whom Hezbollah fighters were embedded.

The Israeli response was brutal, but it did send a deterrent message, which Sheik Hassan Nasrallah, the Hezbollah leader, received. As he put it in an interview on Lebanon's NTV, "If I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not."

Even he doesn't think he won.

Give Nasrallah credit for honesty. What Arab leader has ever been so self-critical? Nasrallah was reacting to those Lebanese voices that said: Thanks for passing out $12,000 to families who lost homes in the fighting, but had you spent that money on schools and jobs, rather than a stupid war, we'd all be better off.

The fact that Condi Rice and the French foreign minister, working with the U.N., were able to secure an international peacekeeping force in south Lebanon is a potentially key achievement on two fronts. If the force works — still a big if — Hezbollah will not be able to directly attack Israel without getting embroiled in a conflict with 15,000 French, Italian, Indian and possibly Turkish peacekeepers. That is a big new strategic problem for Hezbollah, Iran and Syria. They can't hit Israel now without harming their ties with the E.U.

More important, what have we learned in recent years? One, Israel's occupations of the West Bank, Gaza and Lebanon are unsustainable. And two, Lebanon and the Palestinians don't have their act together enough yet to control border areas when Israel leaves — either by agreement (Oslo) or by just unilaterally withdrawing and throwing the keys over the fence. As a result, the peace process has not been "land for peace," but "land for war."

When Israel pulls out of Gaza, Lebanon and the West Bank and wants quiet, it needs a reliable structure of authority on the other side, which, right now, neither Lebanon nor the Palestinians alone can provide.

The U.N./European force evolving in Lebanon may offer a new model. It's not "land for peace," or "land for war," but what I'd call "land for NATO." Israel withdraws and the border is secured by a force that is U.N. on the outside but NATO on the inside.

"The fact that it has a heavy European/NATO component makes it credible to Israel, and the fact that it has a U.N. umbrella makes it acceptable to the Arab world," said the U.N. under secretary Shashi Tharoor, the dynamic Indian diplomat who is a finalist to succeed Kofi Annan as secretary general and who deserves U.S. endorsement.

The Europeans have to understand "that something very big is at stake in this force," said the Israeli political theorist Yaron Ezrahi. They have to prove that demilitarization in south Lebanon can give Israel security and Lebanon both sovereignty and an effective international partner to maintain order. If that happens, he added, "it could revive the chances for an eventual Palestinian-Israeli deal on the West Bank and Gaza."

Yes, it's a long shot, but maybe something good can actually come out of this good-for-nothing Lebanon war.

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Bomb Kills 7 In Southeastern Turkey (AP)

By Benjamin Harvey

AP, September 12, 2006

A bomb struck a predominantly Kurdish city in southeastern Turkey on Tuesday, killing seven people and wounding 17, the local governor's office said.

Authorities said the bomb was made from powerful explosives and was set off by a cell phone timer. It was not immediately known who placed it, and nobody claimed responsibility.

The explosion in the city of Diyarbakir happened around 9 p.m. and an investigation had begun, according to a statement from the provincial governor's office, which gave the casualty toll.

The deputy governor of the surrounding Diyarbakir province, Ahmet Aydin, said children were among those killed and two of the injured were in serious condition at a local hospital. Local news stations said five of the seven killed were children.

A Kurdish news agency reported that the blast took place near an elementary school. Witnesses said the blast threw body parts over a wide area and left pools of blood from the killed and injured.

Diyarbakir is Turkey's largest Kurdish-majority city, and the blast came as Kurdish rebels fighting for autonomy in the region have stepped up their attacks.

Also on Tuesday, the Turkish military announced that authorities had defused a remote-controlled bomb planted by Kurdish guerrillas on a busy bridge near the southeastern city of Hatay, and a bomb believed placed by rebels exploded as a freight train carrying coal passed in the eastern province of Bingol, damaging three rail cars.

The United States and Turkey are taking measures to counter Kurdish militants who have training camps in northern Iraq and launch frequent raids into Turkey.

Retired U.S. Air Force Gen. Joseph Ralston arrived in Ankara earlier Tuesday for talks on how to increase U.S.-Turkish cooperation in the fight against the rebels.

More than 37,000 people have been killed in fighting since rebels of the Kurdistan Workers Party, or PKK, took up arms against the Turkish state in 1984.

Both the United States and Turkey consider the group to be a terrorist organization.

Bomb Blast Kills Eight In Turkey's Main Kurdish City (AFP)

By Mahmut Bozarslan

AFP, September 12, 2006

Eight people, among them six children, were killed and 16 others injured in a powerful bomb blast in Diyarbakir, the largest city in Turkey's mainly Kurdish southeast, officials and hospital sources said.

The blast, the deadliest in a string of bombings across Turkey this year, occurred at around 9 pm (1900 GMT) near a bus stop at a crowded park in Diyarbakir's impoverished Baglar district, in which tea gardens are a favorite venue to relax in the evenings.

The bomb blast was heard throughout the city, shattering the windows of nearby buildings and opening small cracks in several walls.

A statement by the local governor's office identified the cause of the blast as a bomb and said that seven people were killed.

A one-year-old girl succumbed to her injuries later, bringing the death toll to eight, hospital sources said.

Another person was in critical condition.

There was no immediate claim of responsibility for the attack.

Diyarbakir, a city of around one million people, is a hotbed of Kurdish separatist militancy.

Covered bodies lay in the midst of pools of blood as the police cordoned off the site and bomb experts clad in white protective gear gathered evidence.

The CNN-Turk news channel said the bomb was detonated by remote control, possibly a mobile telephone.

"We heard that terrible bang and then we saw flames rising as high as five meters from the ground," said Hasan Ozcetinkaya, an employee of a gas station across the street.

"I was resting at home when I heard the explosion. I thought it was either an earthquake or I was losing my mind," Mehmet Sanli, a 75-year-old resident of a building next to the park, said. "I went out barefooted and the street was littered with pieces of glass."

The police launched an extensive security operation after the blast, checking people entering and exiting the city.

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Southeast Turkey has been the theatre of a bloody 22-year Kurdish rebellion, led by the separatist Kurdistan Workers' Party (PKK), which has claimed more than 37,000 lives.

The PKK, blacklisted as a terrorist group by Turkey, the European Union and the United States, has notably stepped up violence this year after it called off a five-year unilateral ceasefire in June 2004.

At least 75 members of the security forces and 104 rebels have been killed in clashes and attacks since the beginning of the year, according to an AFP count.

Kurdish militants have also claimed responsibility for 16 bomb attacks across Turkey, including tourist resorts in the west, which killed a total of 12 people and left around 200 others injured.

Tuesday's attack is likely to put further strain on the government of Prime Minister Recep Tayyip Erdogan, which has come under mounting criticism for failing to stop bloodshed in the southeast.

The bomb exploded hours after the arrival in Ankara of a special US envoy, retired general Joseph W. Ralston, who will hold talks with Turkish officials on Wednesday to discuss measures to curb the PKK.

Ankara has long urged Washington to crack down on PKK bases in neighboring northern Iraq, where the group has enjoyed safe haven for years.

On Monday, Turkey's main Kurdish party, the Democratic Society Party, urged the PKK to call a ceasefire.

French Presidential Hopeful Tours The U.S. (NYT)

By Elaine Sciolino

The New York Times, September 13, 2006

WASHINGTON, Sept. 12 — Nicolas Sarkozy is campaigning hard to be the next president of France on the jogging trails of Central Park and in the corridors of the White House.

On a four-day trip to the United States, the 51-year-old minister of the interior, France's leading presidential hopeful on the right, pinned the Legion of Honor on the police commissioner of New York, honored firefighters in Midtown Manhattan for their losses on 9/11 and signed hundreds of copies of his new best-selling book on France's future.

He told Jewish leaders of his love of Israel, American business leaders of his love of free enterprise, and Francophiles of his love of America. He confessed that he loves to read Hemingway and watch movies like "Miami Vice."

He was received by President Bush at the White House (an exceptional event for a mere minister) and by Senator John McCain, Republican of Arizona, and Senator Barack Obama, Democrat of Illinois, on Capitol Hill.

"My devotion to our relationship with America is well known and has earned me substantial criticism in France," Mr. Sarkozy declared in a speech before the French-American Foundation in Washington on Tuesday, his last day here. "I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

Mr. Sarkozy is calculating that his courtship of America, and his affinity with some policies of the United States, may win him votes on the French right. And he used his trip here both to burnish his standing as a statesman and separate himself from what he considers his government's clumsy diplomacy in crises like those in Iraq and Lebanon.

Mr. Sarkozy is in many ways the most un-French of politicians, a believer in hard work, raw ambition, the man on the street and the American dream.

Despite the French Republican ideal that ignores religious and ethnic differences, Mr. Sarkozy speaks often of his Hungarian father and his foreign-sounding name, and has disclosed that one of his grandfathers was Jewish.

So for him, the nickname "Sarko the American" is not an insult, but a badge of honor.

In his speech on Tuesday, he blamed journalists on both sides of the Atlantic for writing reports often "so far from the truth" about France's adoration and envy of the United States.

The French, he said, "wear American jeans and love American burgers and pizza.

"Nothing makes a French person prouder than seeing a French actor in an American film," he added. "All French parents dream of sending their child to an American university."

Americans, he said, are "so successful and so misunderstood." Although Mr. Sarkozy opposes the war in Iraq, he criticized President Jacques Chirac for the way he conducted diplomacy with the United States before the war. In 2003, Mr. Chirac threatened to veto a United Nations Security Council resolution justifying the war, which infuriated the United States. Mr. Sarkozy called that decision the basis for the misunderstanding between France and the United States, adding that it was no way to treat a friend.

In a closed-door meeting with more than a dozen Jewish leaders on Monday, he said France should not have waited as long as it did to commit troops to Lebanon and went further than Mr. Chirac in criticizing Hezbollah, calling it a "terrorist" organization, according to one participant, who spoke on condition of anonymity because he was not authorized to disclose what took place at the meeting.

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Mr. Sarkozy is running as both an insider and an outsider. He is the head of the ruling party, the Union for a Popular Movement, to which Mr. Chirac belongs, but he often calls for a "rupture" with current policies, including those that he believes inhibit job creation and productivity.

He did not go to the École Nationale d'Administration, the preparatory grand school for French political life, as did much of the country's political elite. "I wasn't destined to have a great role in society," he once said. "I had to go out and get it."

So it is as an outsider that he seems unconcerned that his appearance with Mr. Bush, who is more unpopular than ever in France these days, will hurt politically. On the contrary, Mr. Bush is the most recent in a string of foreign leaders Mr. Sarkozy has met with in recent weeks.

Playing the role of an ad hoc foreign minister, he discussed genocide in Darfur, the nuclear crisis with Iran and peacemaking in Lebanon with the United Nations secretary general, Kofi Annan, on Monday.

Mr. Sarkozy also appears to be wooing voters on the right through his anti-immigration, anticrime, antiterrorism policies to lure them from the extreme right-wing National Front party of Jean-Marie Le Pen. The highlight of the trip was an unannounced meeting with Mr. Bush at the White House on Tuesday during a scheduled meeting Mr. Sarkozy had with Stephen J. Hadley, the national security adviser.

Mr. Chirac, who was the first foreign leader to visit Mr. Bush at the White House after the 9/11 attacks, has been waiting for a return invitation ever since.

The purpose of Mr. Bush's appearance was in part to reward Mr. Sarkozy for his America-friendly foreign policy. "Certainly this can be seen as a signal to the current leadership in France," said one senior American official who spoke on condition of anonymity because he was not authorized to speak publicly. "Sarkozy has shown he has a different attitude towards the United States."

The official said the meeting was negotiated by both sides.

The White House even allowed a photo of the two men to be released, following a day of negotiation with French officials, the official said.

Frederick Jones, the National Security Council spokesman, said Mr. Bush joined the meeting in Mr. Hadley's office for about 25 minutes.

Mr. Sarkozy also met Tuesday with Secretary of State Condoleezza Rice and Michael Chertoff, the secretary of homeland security. To prove that the Bush administration is not taking sides in an election next April in which the parties have yet to choose candidates, Mr. Bush would also be willing to meet Ségolène Royal, the 52-year-old Socialist who is running neck and neck with Mr. Sarkozy in the polls, according to an American and a French official.

Mr. Sarkozy strongly opposes Turkey's bid for membership in the European Union, arguing that it will change Europe's character at a time when France and other European countries cannot manage the problems of their already large Muslim populations.

In the meeting with Jewish leaders, for example, he said Europe had a problem with its own Muslim population and asked, "So why is America advocating Turkish membership in the European Union?" according to one participant. He added, "We don't have a model of handling Muslims in Europe, so why should we bring in the Turks?"

He said the Libyan leader, Col. Muammar el-Qaddafi, had told him that one day Europe would be Muslim, and added that it would be "terrible" if such a thing happened with American help, the participant said.

Mr. Chirac, by contrast, is much more nuanced, cautiously endorsing Turkey's membership, but saying it could be a 10- to 15-year effort, and even then, would not be certain.

Mr. Sarkozy worked so hard to charm his American interlocutors during his trip that he even struggled to speak English.

"I run. This morning. In Central Park. With T-shirt firefighters," he told Nicholas Scoppetta, the New York City fire commissioner, at a ceremony honoring New York firefighters.

"Wonderful! Excellent!" Mr. Scoppetta replied. Turning to a reporter, he added: "His English? He'd be the first to say he's a little embarrassed by it. But he's delightful. It's unfortunate that my vote doesn't count in France."

Mr. Sarkozy is already being attacked by his political opponents back home for using the visit — ostensibly a trip to commemorate the fifth anniversary of the 9/11 attacks — for partisan political ends and paying for it with taxpayers' money.

In a television interview on Monday, for example, the former Socialist culture minister and presidential hopeful Jack Lang called Mr. Sarkozy's use of public funds for a trip with personal political aims "illegitimate."

Mr. Sarkozy also defended his actions, telling reporters on Monday that it was "very important" for a French politician to understand global problems, adding, "Of course, I will continue to travel, to understand or learn so that security in France can be ensured."

The tough-talking, law-and-order Mr. Sarkozy was most frank in his meeting with Jewish leaders.

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He praised his handling of riots last fall in the Paris suburbs and other cities and explained his continuing popularity. “I have called gangs scum, and I am still leading in the polls,” he said, one participant said.

He acknowledged that it is often the French elite who oppose him, adding, “Some of the French elite hate me more than they hate America.”

Sarkozy Looks To Closer Ties After Bush Era (FT)

By Guy Dinmore

Financial Times, September 13, 2006

A bomb scare near the White House on Tuesday delayed a speech by Nicolas Sarkozy, France’s interior minister, but only served to strengthen his personal pro-American, pro-Israel message while burnishing his presidential credentials overseas.

However, like David Cameron, leader of Britain’s opposition Conservatives in an address in London a day earlierMr Sarkozy was clearly looking towards the post-Bush era, directing his enthusiasm at the American nation and not its current administration.

Mr Sarkozy, front-runner to become the right’s presidential candidate next year, mentioned President George W. Bush only briefly and France’s Jacques Chirac not at all. In fact the interior minister seemed to distance himself from his own president, speaking of French “arrogance” and calling for a new era in transatlantic relations.

Welcoming his critics’ attacks on his pro-American stance, Mr Sarkozy declared: “I’m not a coward. I am proud of this friendship and proclaim it gladly.”

Turning to the crisis in Lebanon, Mr Sarkozy also spoke of his affinity to Israel in language that any mainstream American presidential aspirant would adopt.

“I would like to state how close I feel to Israel,” he said, departing from the text of his speech. He said Israel’s response in Lebanon might be considered “clumsy and disproportionate” but the “truth” was that Israel had a right to defend itself against the “aggressor” Hizbollah. “We are by your side,” he said.

Hosted by the French American Foundation in the elegant setting of the National Society of the Daughters of the Revolution, Mr Sarkozy was preaching to the converted. But still he went to great lengths to describe the nations’ historic ties and French admiration, if touched with envy, for America’s “brilliant successes”.

These included its economic, monetary and military power, rich intellectual life, the draw of US universities, its model of social integration, and the television series Miami Vice, jeans, burgers and pizza.

He rejected US pressure on the EU to accept Turkey as a member, saying this was not logical while countries such as France were struggling to integrate their own Muslim populations.

While sounding alarmist in his interpretation of the threat posed by Iran and its nuclear programme, Mr Sarkozy stressed the need for diplomacy and voiced scepticism about sanctions.

U.S. Creates Five Groups To Eye Cuba (MH)

By Pablo Bachelet

The Miami Herald, September 13, 2006

WASHINGTON - Convinced that Fidel Castro will never regain the power he once wielded, the Bush administration has created five interagency working groups to monitor Cuba and carry out U.S. policies.

The groups, some of which operate in a war-room-like setting, were quietly set up after the July 31 announcement that the ailing Cuban leader had temporarily ceded power to a collective leadership headed by his brother Raúl, U.S. officials have told The Miami Herald.

Their composition reflects both the administration's Cuban policy priorities as well as the belief that the 80-year-old Castro's status as the island's undisputed leader is finished, regardless of the nature of his still-mysterious ailment.

Thomas Shannon, U.S. assistant secretary of state for the Western Hemisphere, said last month that Castro "does not appear" to be in a position to return to day-to-day management.

Eric Watnik, a State Department spokesman on Cuban issues, went further, telling The Miami Herald that Castro "will never come back to the position that he previously enjoyed." He declined to detail any evidence the U.S. government has for such a belief.

U.S. officials say three of the newly created groups are headed by the State Department: diplomatic actions; strategic communications and democratic promotion. Another that coordinated humanitarian aid to Cuba is run by the Commerce Department, and a fifth, on migration issues, is run jointly by the National Security Council and the Department of Homeland Security.

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Many members of the groups work out of the same State Department office in what one person familiar with the operation described as a ``control room."

The State Department is reluctant to give details of the new interagency groups, saying the focus should be on the democratic transition the groups are trying to achieve in Cuba rather than on the U.S. government process.

But the overall idea is to exchange views with other governments and create a common external front as Cuba begins its post-Castro transition, said U.S. officials who asked for anonymity because of the sensitive nature of the issues.

Officials portrayed the working groups as logical outcomes of the Commission on Assistance to a Free Cuba, an interagency Cabinet-level effort that has been convened twice to draft policy recommendations. The second commission report, co-chaired by Secretary of State Condoleezza Rice and Commerce Secretary Carlos Gutierrez, was issued in July, just weeks before Castro underwent surgery for intestinal bleeding caused by a still undisclosed ailment.

It recommended more aid to Castro opponents, a diplomatic campaign to offset Venezuelan President Hugo Chávez's alleged efforts to prolong communism in Cuba, and stricter enforcement of existing sanctions. It also recommended more coordination between government agencies.

The establishment of the new interagency working groups came around the same time as the intelligence community was also bolstering its monitoring of Cuba. Last month, U.S. Director of National Intelligence John Negroponte appointed CIA veteran Patrick Maher as acting mission manager for Cuba and Venezuela. Officials say the post had been planned before the announcement of Castro's illness.

HIGH-LEVEL POST

The position is considered "very high level," according to Brian Latell, a retired CIA analyst on Cuba and author of a recent book on Fidel and Raúl Castro, After Fidel.

Such mission managers usually oversee a staff of between four and six people that culls intelligence information on the target countries. Though the post is essentially one of coordination, the manager is also expected to "be an activist" to stimulate better information gathering from the different branches of the intelligence services, Latell said.

The creation of the post also underlined the national security importance of Cuba and Venezuela. Only Iran and North Korea -- both perceived as nuclear threats -- currently have similar U.S. mission managers overseeing them. Three other managers oversee counterterrorism, counterintelligence and counterproliferation.

The Bush administration's policy on Cuba has been straightforward: pressure Havana to adopt democratic reforms through a combination of economic sanctions and diplomatic isolation.

But when specific options are discussed, Cuba has often turned out to be divisive.

The Department of Defense, for instance, has balked at acting too aggressively for fear of igniting a crisis in the U.S. back yard at a time when U.S. forces already are stretched thin by the wars in Afghanistan and Iraq.

Mauricio Claver-Carone, who heads the U.S.-Cuba Democracy Political Action Committee in Washington, which lobbies Congress for tougher sanctions on the island, says democratic change in Cuba should "supersede perceived instability" concerns.

He said that the State Department and the White House are committed to "democracy above all options," while Homeland Security and the Pentagon are ``ambivalent to drastic change in Cuba."

MARTI BROADCASTS

Another example is an effort to ease the restriction requiring the U.S. airplanes that broadcast Radio and TV Martí to Cuba to remain within U.S. territorial airspace -- a measure that limits its ability to get around Cuban jamming.

Some Cuban-American activists have long advocated allowing the aircraft to wander into international airspace despite concerns about violating international broadcasting regulations. But the Cuban government considers all Martí broadcasts provocations that violate international law.

Miami Republican Rep. Lincoln Díaz-Balart told The Miami Herald in an interview earlier this year that the aircraft ``should be able to fly from wherever it has to fly so that the signal can't be jammed."

Dance Of Diplomacy Is Grist For The Gossip Mill (NYT)

By Helene Cooper

The New York Times, September 13, 2006

STELLARTON, Nova Scotia, Sept. 12 — There are perils to being unattached in the stodgy world of diplomacy. Sometimes it has seemed that all Secretary of State Condoleezza Rice needs to do is show up in public with a man, and people start talking.

The single, sophisticated American secretary of state once drew notice for wearing black stiletto knee-high boots with an above-the-knee black skirt while reviewing American troops in Germany, so she is bound to attract gossip. That is particularly

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true on the dry, acronym-ridden diplomatic circuit of NATO meetings, APEC forums and Asean conclaves, where much imagination has focused on possible romantic links between Ms. Rice and her counterparts.

Until now, Ms. Rice's rumored matches have been, shall we say, unlikely ever to appear on the cover of GQ magazine. In July, Italy's normally staid Corriere della Sera raised its eyebrows over a joint appearance in Rome between Italy's similarly staid foreign minister, Massimo D'Alema, and Ms. Rice. In April, a headline in The Boston Globe promised a tale of "Jack and Condi: A Love Story," after Ms. Rice gave the pullout bed aboard her plane to the former British foreign minister, Jack Straw, during a surprise trip to Baghdad from Blackpool, England, where she was visiting Mr. Straw's hometown.

But it took a two-hour flight to Halifax, Nova Scotia, this week, followed by a 90-minute motorcade north up Highway 102 to Pictou County, for Ms. Rice to find herself linked to someone with similar star appeal: Peter MacKay of Canada, the single, sophisticated foreign minister, routinely named Canada's sexiest M.P. by The Hill Times in Ottawa, and the closest thing to eye candy on the diplomatic circuit. Tall, athletic, young, blond and recently dumped by his girlfriend, a fellow member of Parliament, Belinda Stronach, who parted with him when she switched parties, Mr. MacKay does not look like your usual foreign minister.

He has a tan and the build of someone who spends his time on the rugby field, not holed up reading G-8 communiqués. Sure, at 40 years old, he is younger than Ms. Rice, who is 51, but that did not stop gossips from engaging in baseless speculating.

Even the protesters who routinely show up wherever Ms. Rice goes got in on the act. "Pete, Condi, Make Love Not War," read one sign, carried by a grinning demonstrator who had roused himself to take a position early Tuesday morning in front of the Museum of Industry here, where the two spoke to local leaders and the press.

O.K., there needs to be a disclaimer right here. Foreign ministers rarely have a lot of alone time together. There is no evidence whatsoever to suggest that Ms. Rice and Mr. MacKay are linked by anything more than their shared status as singletons.

The State Department has been quick to dump cold water over MacKay-Rice innuendoes. "No, there were no candles," Sean McCormack, the State Department spokesman, said in exasperation when reporters asked for further details about a working dinner on Monday when the two sat side by side at the Pictou Lodge Resort. Mr. McCormack pointed out that the dinner was not even intimate: 14 aides and six security guards were present.

"It was a well lighted dinner, with electricity-based lighting," Mr. McCormack said.

But reporters tend to get bored pretty fast — there is only so much ink anyone can devote to softwood lumber trade spats and overfishing in the North Atlantic. And a bored reporter is a gossipy reporter, as demonstrated by the chatter last year after Defense Secretary Donald H. Rumsfeld took a dinner cruise up a Norwegian fjord and sipped wine with his counterpart, the Norwegian defense minister, Kristin Krohn Devold. (She gave him a sweater; he gave her a designer bag.)

If you believe the blogs, Mr. MacKay has been sweet on Ms. Rice since their first meeting in Washington last year. "Peter McKay has a crush... " said a headline on the Web site NowPublic, atop a giant photo of Ms. Rice, "...on Condoleezza Rice." The subhead continued: "Well, they are both single after all.''

Ms. Rice and Mr. MacKay even made the "Hot and Not" list in a column in the Toronto newspaper The Globe and Mail on Saturday. "Hot: Peter MacKay and Condoleezza Rice," the column, Ottawa Notebook, read.

The two do keep offering up tantalizing tidbits and comments to take out of context and misconstrue. For instance, after the Rome meeting in July, Ms. Rice gave Mr. McKay a ride aboard her plane to Kuala Lumpur, Malaysia, for a conference with Southeast Asian countries. O.K., the European Union's foreign policy chief, Javier Solana, got a lift, too, but he looks like, well, a diplomat.

On Tuesday morning, Ms. Rice and Mr. MacKay strolled up to their side-by-side daises to talk to the folks here. "I am just delighted to have Condoleezza Rice, the secretary of state, here in my hometown," gushed a beaming Mr. MacKay, wearing a pearl gray suit, pink and blue striped tie.

He switched to bad French, even to some American ears, and said something about Longfellow's poem "Evangeline." He mentioned Nova Scotia's rich black history, citing the "black loyalist community, Canada's oldest community of African heritage."

Then, he said, "Something else I've learned about Secretary Rice is she loves the cool Atlantic breezes here in Nova Scotia, and she left the window open last night." The audience tittered.

At the end of his speech, he took off his glasses, turned to Ms. Rice and said, "Please come back again."

Ms. Rice, clad in a yellow jacket, black pencil skirt and black heels, also offered plenty of fodder. She repeatedly called Mr. MacKay "Peter" (he called her "Secretary Rice" or "Miss Rice"), confirmed the sleeping-with-the-window-open bit, and told the assembled local leaders that Mr. MacKay had introduced her to his family, including his father and stepmother, the night before.

Family is important, she said, with a sly smile, because "they remind you of the things you did when you were 5 years old." Beside her, Mr. MacKay grinned and blushed.

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North Korea Rift Hangs Over Bush-Roh Summit (WSJ)

By Evan Ramstad

The Wall Street Journal, September 13, 2006

SEOUL, South Korea -- South Korea and the U.S. are strengthening their economic and military relationships, but their divergent views on how to deal with North Korea will provide an uncomfortable backdrop on a meeting in Washington tomorrow between the countries' presidents.

The missile tests North Korea conducted in July laid bare major strategic differences between Washington and Seoul that could widen if Pyongyang goes through with an underground nuclear-bomb test that U.S. intelligence sources say it is preparing.

President Bush pushed for United Nations sanctions against North Korea after the missile tests. South Korean President Roh Moo Hyun only mildly criticized Pyongyang and tried to dissuade allies such as the U.S. and Japan from reacting too strongly.

Both the U.S. and South Korea want to stop Pyongyang's nuclear-weapons program. But Washington also would like to see leader Kim Jong Il's regime collapse, in the hope of removing a threat to regional stability and ending decades of repression that have left North Korea one of the world's poorest countries.

Mr. Roh and many South Koreans worry that a North Korean collapse would leave them with an enormous mess to clean up -- one that would cost tens of billions of dollars, slow the South's growth and pit Seoul against China in a race for control of the North. In addition, with the U.S. military and budget stretched by the Iraq war, one South Korean official says, "we don't envision U.S. taxpayers putting up billions to help us in this."

For the past five years, South Korea's government has made economic investments in the North and provided food aid to promote slow change in Pyongyang and eventual unification with it.

Under Mr. Roh, the fear of destabilizing the North has become so intense that South Korean government officials tamp many actions they think the Kim regime might view as provocative. Two weeks ago, Seoul asked a church group to stop sending missionary leaflets northward via balloons, citing an agreement made with the North in 2004 to halt propaganda.

Mr. Roh earlier this year offered to meet Mr. Kim anytime and anywhere, in hopes of broadening economic ties. The U.S. refuses to meet North Korea's leadership outside a broader arena such as the U.N. or the deadlocked six-nation talks, which, in addition to the U.S. and the two Koreas, involve China, Japan and Russia.

The danger in the U.S.-South Korea division over how to cope with the North is that the partners aren't preparing for the long-term problem of what to do when the Kim regime ends, says Michael Auslin, a professor of East Asian history at Yale University.

"The nuclear crisis is a symptom of a disease. The disease is Kim himself," Mr. Auslin says. Given that other countries have watched the situation for 50 years, he adds, it would show "gross negligence" on their part if Mr. Kim's regime collapsed tomorrow and they didn't have a strategy in place to deal with it.

At their Washington summit, however, Messrs. Bush and Roh are expected to focus mainly on matters on which the U.S. and South Korea are aligned, including the development of a free-trade agreement and plans to shift wartime control of their joint military command to a Korean general from a U.S. one, for the first time in half a century. That shift is likely to occur between 2009 and 2012.

Both issues are controversial in South Korea. Support for free trade divides along political lines, but opposition to Korean control of its military in wartime is broader, arousing fears that it is a step toward the withdrawal of U.S. troops.

U.S. military officials have tried to assure South Koreans that they stand by the country and its military. "There will be no change in the security of this peninsula caused by the transfer of that control," says Stephen Sargeant, a U.S. Air Force general who is deputy chief of staff of the combined forces in Korea.

S. Korea, U.S. To Revisit Alliance (WT)

By David R. Sands

The Washington Times, September 13, 2006

Two allies who frequently talk past each other will talk directly this week when South Korean President Roh Moo-hyun meets with President Bush for a White House working visit tomorrow.

The summit comes amid delicate talks over the command of South Korean troops in wartime and a larger debate on both sides about the purpose and future of an alliance forged in a Cold War conflict that ended more than a half century ago.

"I still believe the fundamentals of the strategic alliance are strong, but there is an awful lot of bad noise surrounding our relationship with South Korea," said Michael Green, point man for Asian affairs at the National Security Council in Mr. Bush's first term who is now at the Center for Strategic and International Studies.

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"It will take a good bit of management on our side to keep the relationship healthy," he said.

But the Roh government's policy of engaging North Korea contrasts with Washington's hardening line against Pyongyang over its nuclear programs. The North Korea issue -- and growing fears in Seoul that the U.S. wants to use South Korea to promote its own interests across the region -- have strained the alliance, said Adam Ward, executive director of the U.S. arm of the London-based International Institute for Strategic Studies (IISS).

"There's no common understanding now of what the alliance is for," Mr. Ward said. "Washington and Seoul have very different assessments of what the major threats are in the region."

The IISS global strategic survey, released last week, noted, "Where Americans see an increasingly dangerous and repressive evil regime [in North Korea], South Koreans see a pitiable renegade brother, estranged by an accident of history in which America was culpable."

Mr. Roh, a former labor organizer elected on a center-left platform in 2002, demonstrated the perception gap again last week, telling reporters on a European tour that Pyongyang's July 4 missile test -- condemned by the United States and Japan -- was more political theater than military threat.

"The missiles were too shabby to go to the U.S. and too big to go to South Korea," he said, according to a statement released by his office. "I believe the missiles were not for actual military attack but were launched for political purposes."

Mr. Roh's government has steadily increased aid to the North and has complained about U.S. criticisms of the North's human rights record.

Mr. Roh in January warned of potential bilateral friction with the United States over the North.

"The South Korean government does not agree with some forces in the United States that raise issues about North Korea's regime, put pressure on it and apparently desire to see its collapse," he said.

U.S. officials, in turn, have expressed frustration privately about the South's rapprochement with the North, which has continued even as the North boycotts multilateral talks organized by China about its nuclear missile programs.

Thomas Hubbard, ambassador to South Korea from 2001 to 2004, said he expected a "productive meeting" between Mr. Bush and Mr. Roh, but acknowledged, "We could do a better job managing the relationship."

"The central problem is that, just as Americans are coming to see North Korea as a greater threat, ... South Koreans, especially the younger generation, have come to see North Korea as less of a threat," he said.

Mr. Green said that despite often-noisy anti-American sentiment in the South, Seoul and Washington remain united on the need for the alliance to deter North Korea, to preserve the South's autonomy and to work for stability in northeastern Asia.

South Korea under Mr. Roh, he noted, has dispatched troops to Iraq, begun a politically sensitive reorganization of U.S. military bases and started negotiations -- ahead of Japan and China -- on a major free-trade agreement with the United States. Popular resentment of the United States has even fallen in recent polls, he said.

"The problem is that the Roh government is so invested in the policy of engaging with the North -- even when it plainly hasn't produced results -- that it can create a lot of sparks and disharmony," Mr. Green said.

But Mr. Ward said the South Korean mission in Iraq only underscored the growing strategic disconnect in the two capitals.

"The Americans see the South Korean deployment as the kind of role they think Seoul can play to help U.S. interests," he said. "The South Koreans see the mission as the price they have to pay to keep the U.S. side tied to the military alliance at home."

Many in South Korea, he added, are wary that the United States hopes to enlist Seoul in a long-term campaign to contain the growing economic and military clout of China. China recently surpassed the United States as Seoul's largest trading partner.

Although Mr. Bush and Mr. Roh lack the personal chemistry that Mr. Bush has had with Japanese leader Junichiro Koizumi, Mr. Green said the two leaders are "straight talkers" and have generally worked well together in past meetings.

South Korean officials said last week that the two leaders may discuss but are unlikely to resolve one of the more ticklish bilateral issues -- a push by Seoul to reclaim operational control in wartime of its own forces. Under agreements dating back to the Korean War, U.S. generals have been charged with the command of both U.S. and South Korean forces should hostilities break out.

Mr. Roh has strongly supported the command transfer as a way to bolster the South's sovereignty and control of its national defense. About 29,500 U.S. troops are stationed in the South.

South Korean and U.S. military officials are still negotiating a date for the transfer. Gen. B.B. Bell, the top U.S. military commander in South Korea, told reporters last week that he supported the transfer and said the U.S. commitment to the South's security would not be diminished by the shift.

But South Korean conservatives and former military and diplomatic officials have criticized the idea, saying it would send the wrong signal to Pyongyang and weaken the alliance.

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IMF Warns Lingering Imbalances May Spur Volatile Fall In Dollar (WSJ)

By Iain McDonald

The Wall Street Journal, September 13, 2006

SINGAPORE -- The risk of a disorderly decline in the U.S. dollar could increase unless policies are put in place to address global savings-and-investment imbalances, the International Monetary Fund said.

In its latest assessment of the global financial system, the IMF said financial-market corrections in May and June are a reminder for policy makers to strengthen economic policy and pursue needed structural changes.

Starting in May, and since the IMF's previous financial-stability report, prices of risky assets fell as investors turned risk averse amid concerns that rising oil and commodity prices would increase inflation and interest rates.

The IMF said emerging Asian countries should be more ambitious in increasing exchange-rate flexibility, the U.S. should consolidate its fiscal position and Europe and Japan should speed up structural changes.

Market consensus is for Asian currencies to appreciate in the medium term while non-Asian currencies weaken, the IMF said.

"The risk of a disorderly dollar adjustment could well increase without policies being put into place to foster the needed adjustments in saving and investment imbalances," it said.

The IMF's warning is the latest in a string of cautions by policy makers around the globe of the potential for significant financial-market volatility and asset-price slumps should the unwinding of global imbalances turn messy.

It noted that foreign holdings of U.S. assets continue to climb, rising to $6.3 trillion by June 2005 from $1.2 trillion in 1994.

The IMF's report comes ahead of annual meetings that it and the World Bank will hold in Singapore, starting Sunday. Ahead of those meetings, finance ministers and central bankers from the Group of Seven leading industrial countries will meet Saturday in Singapore.

Financial markets are particularly vulnerable to instability because many asset prices don't include any significant premium to reflect risks of a weaker global economic outlook and possible sharp moves in financial markets, it said.

Some emerging-market countries with large current-account deficits that rely heavily on foreign-capital inflows would be vulnerable to volatile market moves, it said.

In its report, the IMF found that contrary to popular belief, the scale of yen-carry trade -- a strategy to exploit low Japanese interest rates to earn higher returns elsewhere -- has been "moderate."

Many financial traders think that the trading strategy, in which people borrow yen cheaply and exchange it for other currencies to invest in more attractive assets overseas, has been very popular.

The IMF said "by most indications, the scale of the trade and subsequent unwinding has been moderate."

China-Tariff Discord Escalates (WSJ)

By John W. Miller

The Wall Street Journal, September 13, 2006

BRUSSELS -- The U.S., the European Union and Canada are set to file a joint complaint with the World Trade Organization against China's import tariffs on auto parts, said people familiar with the matter.

The complaint, which could be filed as soon as this week, marks the first time the Western allies have teamed up to seek a formal investigation by the global trade body in a dispute with the Asian giant.

In March the three governments filed a preliminary complaint against Chinese protection of its auto-parts manufacturers. In negotiations with the governments, China has refused to change its protectionist policy, which charges an average 25% levy on imported auto parts. That leaves formal complaint as a last recourse at the WTO for Washington, Brussels and Ottawa.

"We have long voiced our concern and disquiet with the Chinese on this issue," said European Commission spokesman Peter Power. The U.S. exported only about $540 million of auto parts to China last year, a market estimated at $19 billion. The EU says its auto-parts exports to China are valued at about €3 billion, or roughly $4 billion.

The complaint could result in punitive special tariffs being imposed on Beijing.

The Chinese delegation to the WTO in Geneva didn't immediately return calls seeking comment.

The issue will likely be discussed at a regular WTO meeting on trade disputes scheduled for Sept. 28, the people familiar with the matter said. Complaints from WTO members need to be filed two weeks before the monthly gatherings.

China exempts companies with factories in China -- such as General Motors Corp., Volkswagen AG and DaimlerChrysler AG -- from paying the tariff only if they buy at least 40% of their parts from local producers.

In trade terms, such "local content" requirements violate free-trade rules China pledged to meet when it joined the WTO in 2001. The rule handicaps foreign auto-parts suppliers competing for a share of the four million autos made every year in China.

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Auto makers say they have difficulty finding enough local providers who can meet their standards.

DaimlerChrysler, for instance, began making the Mercedes E-Class in Beijing in December. The auto maker says it would like to avoid the tariffs by using local suppliers. "We're still looking for local providers who meet our standards so we can get to 40%," said Trevor Hale, a spokesman for DaimlerChrysler in China.

General Motors said recently that it would stop production of its Buick Royaum model in China partly because importing parts had become too expensive.

Others worry that setting up in China to meet local-content requirements ultimately invites piracy. Finland's prime minister said at a EU-China business summit in Helsinki yesterday that European companies were afraid of investing in China for fear their "expensive and hard-won technology" would be copied.

The joint move follows the EU's adoption of a tougher line on Chinese imports. Last month, the European Commission asked EU members to approve tariffs of 16.5% on imports of certain types of leather shoes from China.

EU members are divided on that issue. Shoe-producing countries like Italy want the tariffs. They are opposed by governments like the U.K. and Ireland that are standing up for European retailers who book healthy profits on selling inexpensive Chinese goods.

Chinese exports to the EU had risen to €158 billion in 2005 from €74 billion in 2000, according to statistics agency Eurostat. Imports into China from the EU increased to €52 billion from €26 billion over the same period.

China's Export Engine (WP)

By Peter S. Goodman And Paul Blustein

The Washington Post, September 13, 2006

SHANGHAI -- Hunched over clattering machinery, the 170 workers at a factory here churn out gleaming pistons for auto engines by the crateful, driven by surging demand from abroad. To hear managers at Shanghai Datong Automotive Industrial Co. tell it, their success overseas is due to efficiency and rock-bottom costs. "Our technology is good, our wages are low and materials are abundant," said Jin Zhangfu, the plant's manufacturing supervisor.

But in the American heartland towns where auto parts makers are struggling to survive, an entirely different explanation -- China's cheap currency -- is proffered for the competitiveness of companies such as Shanghai Datong. Such complaints are expected to get high-level attention in coming days as the Bush administration's new Treasury secretary visits Asia.

Wes Smith, president of E&E Manufacturing Co. of Plymouth, Mich., a maker of fasteners and other auto components, blamed much of "the world of hurt" his company is suffering on Beijing's policy of keeping the value of the yuan tightly controlled at a level that, he said, gives Chinese manufacturers an unfair advantage.

"It's not that we're competing against the so-called dollar-a-day wage," Smith said. "It's that they subsidize their production with currency manipulation."

Criticism over China's currency policy has alternately flared and subsided for several years, but the problem is reaching a new and potentially explosive stage as the Chinese export juggernaut moves up the ladder from clothes, toys and televisions to goods such as auto parts.

The issue is to be debated this weekend at annual meetings of the International Monetary Fund and the World Bank in Singapore, and again during Treasury Secretary Henry M. Paulson Jr.'s visit to China next week. Although some economists view the matter as overblown, others say the yuan's exchange rate is so far out of line as to constitute a dangerous distortion in global trade.

At a hearing last month of a body created by Congress to study U.S.-Chinese issues, Brad Setser, director of global research at Roubini Global Economics LLC, said that China's exports, which were about $325 billion in 2002, are on pace to reach $950 billion this year, "an extraordinary increase" in a brief period. During that time, he added, the Chinese current account surplus, the broadest measure of the gap between exports and imports, has risen six-fold, to an estimated $220 billion in 2006, an amount equal to about 8 percent of China's total economic output.

That is simple but powerful substantiation that the yuan is grossly undervalued, in the view of Setser and other economists.

In 2002, the U.S. dollar began declining sharply against other major currencies including the euro, British pound, Japanese yen and Canadian and Australian dollars, but not the yuan, which the Chinese government kept rigidly pegged at 8.28 per dollar. Under pressure from the United States, China announced in July 2005 that it would raise the value of the yuan by about 2 percent and allow it to move more according to supply and demand. But Beijing's restrictions over money flowing in and out of the country have helped keep further appreciation to a minimum -- about another 2 percent, far less than the 20 to 40 percent that some analysts estimate is warranted.

Auto parts illustrate the phenomenon clearly.

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China's rapidly growing auto industry used to depend heavily on imported components, but last year for the first time the country exported more auto parts than it bought from abroad. Sales to the U.S. market have leapt 39 percent, to $5.4 billion in 2005. Worldwide, China has set a goal of exporting $70 billion worth of parts by 2010--a seven-fold increase from last year's level. That is exacerbating the woes of a U.S. industry that is already struggling, as witnessed by Delphi Corp.'s Chapter 11 bankruptcy filing. And while labor costs explain much about why Chinese firms have penetrated such sectors as furniture, auto parts makers blame the currency as a decisive factor.

For example, Dura Automotive Systems Inc. of Rochester Hills, Mich., has manufacturing plants in 14 countries, including China. It sells parking-brake cables made in the United States for $4.50, on which it earns a profit of 35 cents. The sales price in the United States of comparable Chinese cables is $3.70, effectively less than the U.S. cost of production, said Larry Denton, Dura's chairman and chief executive.

"If I were to balance the currency at the appropriate level," Denton said, that is, by raising the yuan as much as the Australian dollar, British pound or euro have risen against the U.S. dollar in the past several years, "the Chinese sell price and the U.S. sell price would be nearly identical, at $4.50. We would compete in a level marketplace."

In a world where nearly all major countries have moved in recent decades to currencies that float from fixed exchange rates, China has kept a different system. Limiting capital inflows and outflows enabled China to keep the yuan steady and avoid the financial crises that struck its Asian neighbors in the late 1990s, a feat for which it earned international praise. The fixed-rate policy also helped tame inflation during the 1990s.

Now, however, a major factor behind Chinese policy is the fear that a rapid appreciation of the yuan would make exports less competitive, threatening jobs.

"Traditionally, China relies on exports for growth, and the government is very nervous about harming this," said He Fan, an economist at the Chinese Academy of Social Sciences in Beijing. "There would be huge unemployment."

Those worries may be understandable, given that a big rise in joblessness could threaten China's stability, but they show that Beijing's currency regime amounts to a beggar-thy-neighbor policy, some economists assert.

By allowing China to underprice its goods, the situation "enables them to export some of their unemployment to the rest of the world and take huge advantage of the currency misalignment," said C. Fred Bergsten, director of the Institute for International Economics in Washington.

The result, aside from the impact on companies and jobs in the United States, is a widening of the vast trade imbalances that could eventually lead to turmoil in the global economy, according to Bergsten and other economists.

The U.S. deficit with China accounted for more than a quarter of the $716 billion U.S. trade gap last year. That is why China's currency policy will be on the agenda at the IMF-World Bank meeting in Singapore. Top policymakers will discuss ways to shrink such imbalances for fear that foreign investors may become spooked by the burgeoning U.S. deficit and dump their holdings of U.S. stocks and bonds. The issue will also be center stage when Paulson meets with Chinese leaders in his first trip to Beijing as Treasury chief.

"We're going to ramp up and intensify our interaction with them," said Timothy D. Adams, the Treasury undersecretary for international affairs, citing Paulson's extensive experience in China when he headed the investment banking firm Goldman Sachs.

China needs to do a lot more than just allow the yuan to appreciate, Adams emphasized. Paulson's trip will also stress the need for Beijing to shift away from exports toward greater consumer spending. But Congress is pressing for action on the currency, with lawmakers threatening punitive tariffs on Chinese goods.

Some economists consider such demands misplaced. Ronald I. McKinnon, a professor of international economics at Stanford University, said that most Chinese products sold abroad are consumer goods assembled in China using components from Japan, South Korea, Taiwan and Thailand, among other places.

"China is merely the face of a worldwide export surge into American consumer markets," McKinnon argued in a paper published in July with a colleague, noting that at Christmas, when "American families open their presents, they see mainly made-in-China labels!"

According to McKinnon, a substantial rise in the yuan would lead to a fall in China's exports but would damage the Chinese economy so severely that the nation's demand for foreign goods would plunge as well, the result being no net shrinkage in the trade imbalance. That, McKinnon points out, is what happened with Japan in the last decade when it bowed to U.S. insistence on a rise in the value of the Japanese yen.

In recent months, a new issue has dominated the debate -- the risk that China's economy has overheated. Policymakers in Beijing are concerned that a boom in such fast-growing sectors as autos and real estate is leading to construction of more factories and office parks than China can use. The upshot could be a bust that would wreck the banking system.

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Some economists assert that a higher yuan is precisely the right medicine. According to this theory, that would slow exports, limiting the buildup of China's foreign reserves and slowing the flow of funds into banks whose lending is fueling investment.

The Beijing government remains divided over how quickly to move, with the central bank urging a faster appreciation to prevent overheating and other ministries lobbying for little change.

Chinese exporters are vocal in opposing a rise in the currency. At the Shanghai Datong plant, Jin, the manufacturing supervisor, was asked recently what would happen if the yuan were to rise by 10 percent or so. He looked pained. "We couldn't afford that," he said.

Analysts say China's powerful State Council is striving to maintain a middle position, the most likely outcome being a rise in the yuan of perhaps 3 to 5 percent a year over the next two years.

"The consequences are so great that ultimately nobody can make a decision," said Mao Yushi, chairman of the Unirule Institute of Economics in Beijing. "Everyone knows the [yuan] must appreciate now, but no one has the courage to make it happen."

China's Echo Chamber (NYT)

The New York Times, September 13, 2006

China has long prided itself on its ability to master capitalism without indulging in the messy business of democracy. So Beijing got a twofer this week when it gave the state-run Xinhua news agency monopoly control over the lucrative financial news business and the power to administer broad censorship rules for all foreign news entering China.

Xinhua even got to announce the news of the new regulations. Not surprisingly, it didn't quote any critics.

Foreign agencies have long been barred from selling general news directly to the Chinese media. Some foreign companies have been quietly testing the limits as the number of Chinese media outlets has grown and Chinese editors have become more daring. Xinhua sent a clear warning to all sides, listing 10 categories of news covering politics, religion and national unity — code for Taiwan —that could not be released into China.

For the last decade financial news providers received better treatment and were allowed to sell their less politically sensitive information directly to banks and brokers. Now, under the new rules, they will have to distribute their wares through a designated agent of Xinhua — a fine way to get Xinhua, which is eager to sell its own financial news, a guaranteed cut of that multimillion-dollar action.

All of this comes at a time when honest journalism is increasingly under attack. Last month, a Chinese court sentenced Zhao Yan, a New York Times researcher and journalist, to three years in prison on a specious fraud charge. Soon after, another court sentenced Ching Cheong, a reporter for The Straits Times newspaper of Singapore, to five years in prison on trumped-up espionage charges.

Media organizations and governments, including the Bush administration, are right to protest these abuses as loudly and as often as they can. But the painful reality is that China's autocrats aren't usually moved by appeals to their better nature — or for that matter warnings that keeping such a tight lid on a society undergoing rapid changes could eventually explode in their faces.

What they do understand is how rich they've gotten since joining the World Trade Organization. These new rules appear, at a minimum, to violate their W.T.O. pledges to liberalize access to financial information. Trade officials and foreign business leaders need to remind Beijing's leaders of those promises. And they need to warn them that a country that keeps a stranglehold on information is not a great place to invest.

Blind Injustice (WSJ)

By Li Jinsong, Zhang Lihui, Li Fangping, Teng Biao And Xu Zhiyong

The Wall Street Journal, September 13, 2006

BEIJING -- Chen Guangcheng, a blind advocate for the rights of Chinese villagers, recently made headlines around the world when he was sentenced to four years and three months in prison. But, as his chosen lawyers, we were prevented from presenting a fair defense by obstacles erected by Chinese authorities. A local court imposed unacceptable terms on us defending our client at his Aug. 18 trial. Before the trial, we had been detained by police, intimidated, and one lawyer was not freed until the trial was over. Except for Mr. Chen's three brothers, no other members of the public -- not even his wife and mother -- were allowed to attend the two-hour hearing.

That's why we are using these columns to outline the defense that was never presented in court, and explain how our client was convicted of crimes he did not commit. In those closed-door proceedings, Chinese officials punished Mr. Chen for exposing

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their own criminal activities -- forcing villagers to undergo sterilizations and forced abortions, even though these are officially illegal under Chinese law.

Had we not been barred from the courtroom, we would have argued that the trial was unlawful. The two government-appointed lawyers, whom Mr. Chen refused to accept, had never met him before the trial nor read any of the files on his case. They did not offer any defense during the hearing, but merely repeated everything the prosecutors said.

The pretrial process also violated Chinese law and infringed basic human-rights principles. A self-taught lawyer, Mr. Chen has long helped the disabled and peasants fight illegal taxes and environmental pollution. In June 2005, he filed a class-action lawsuit accusing local officials in Yinan County, in northeastern Shandong province, of forcing peasants to undergo abortions or sterilizations in order to meet birth-control quotas. Two months later, Yinan officials placed Mr. Chen under house arrest. Then in March this year he was taken away by police. When we were finally allowed to meet Mr. Chen in June, he told us that police had verbally abused him, threatened his life, and once deprived him of sleep for three days.

Ever since the first of us took on Mr. Chen's case in September last year, we have been pressured by local authorities to drop it. When we refused to do so, we were beaten and intercepted by government officials as we tried to carry out investigations and collect evidence.

Both of the charges on which Mr. Chen was convicted are groundless. The first, "intentional destruction of property," is based on a clash on Feb. 15 this year between villagers and police, who had beaten another villager protesting Mr. Chen's illegal house arrest. But it was local officials, rather than Mr. Chen, who were responsible for inciting this incident by carrying out that beating. People we interviewed said the villagers did no more than push police vehicles into a roadside ditch, and that they only acted in this way because police refused to take the victim's grandmother to hospital after she passed out upon hearing of the beating.

As for the second charge of "gathering crowds to obstruct traffic," once again it was the police, not Mr. Chen, who were responsible for this. On March 11, guards used by the local authorities to enforce the house arrest beat up another villager trying to meet Mr. Chen. Angry villagers then clashed with the guards and succeeded in getting Mr. Chen out of his house so that he could accompany them to the local government offices to protest. As they tried to get rides into town, police and guards surrounded them and temporarily stopped traffic until they could wrestle Mr. Chen and two other villagers into police cars and take them into custody.

The prosecutors introduced testimony from other detained villagers, accusing Mr. Chen of inciting property destruction. But lawyers representing these villagers were similarly never allowed to meet with them. Nor were they allowed to cross-examine these "witnesses." Family members of these villagers, who were detained for supporting Mr. Chen, said that they were mistreated in jail and forced to testify against Mr. Chen.

The real criminal suspects in this case are the officials responsible for obstructing justice and undermining the country's legal reform. These local officials could hardly have acted with such contempt and disregard for the law unless they had been given the green light by authorities higher up in the government. Nonetheless, in appealing Mr. Chen's case to a higher court, we will act on the assumption that the country's legal system can, without official interference, deliver a fair verdict and remedy wrongs. This may prove to be too optimistic. But we can only find out by fighting for justice, case by case, one client at a time.

The authors are Beijing-based lawyers.

Blair Gets Hostile Goodbye From Unions (AP)

By Beth Gardiner

AP, September 12, 2006

Tony Blair received a tense farewell Tuesday in his last address as prime minister to the annual gathering of Britain's labor unions, with more than a dozen activists walking out as he began speaking to protest his pro-business stance and aggressive foreign policy.

Many others booed and hissed as he mentioned controversial topics such as Iraq. Blair snapped back at some of the hecklers and joked with others, frequently referring to his fraught history with the unions, traditionally an important part of his governing Labour Party's base but now disgruntled by its centrism.

Blair, who gave in to a party revolt last week and announced he would resign within a year without setting a precise departure date, ended with a spirited defense of his accomplishments.

"For those of you who think you'll ever get a government where everything is fine, you won't," he said, after boasting of reduced unemployment, improved public services and greater aid to the poor and elderly. "But what does happen is progress if we have the courage and determination to remain in government."

He was heckled repeatedly during his 30-minute speech on economic globalization and grilled on employment issues during a combative question-and-answer session afterward.

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"It was a very uncomfortable afternoon," said Val Hiscock, attending the conference as a representative of cleaning and catering companies. "I hoped he would go out with all guns blazing. ... What you felt most at the end was a sense of relief that he didn't have to do it again."

Blair acknowledged as much when he said last week that this year's speech to the Trades Union Congress would be his last to the group, "probably to the relief of both of us."

His relationship with unions has been tense throughout his nine years in office. They vehemently oppose his efforts to bring the private sector into public services such as health care and education, and many left-leaning members are also furious over the Iraq war.

About 20 demonstrators stood at the start of the speech holding placards that said "Go Now!" Others booed as Blair was introduced and more than a dozen walked out — followed by TV cameras — as he began.

The prime minister jokingly thanked the delegates "for that fine introduction — more or less."

Some of the roughly 1,000 who remained in the hall shouted and heckled when Blair mentioned Iraq, Afghanistan, the Israeli-Palestinian conflict and his overhaul of Britain's public services, all issues on which he has angered many Labour Party stalwarts.

"You can hold up your posters about troops out, but the reason troops are in is because the democratic governments of Afghanistan and Iraq need our troops," he retorted. "You can disagree, but just listen to the argument."

Bob Crow, general secretary of the National Union of Rail, Maritime and Transport Workers and one of those who walked out of the speech, said Blair "has killed thousands of servicemen. ... As far as we are concerned we are not going to be party to something like that."

Blair's likely successor, Treasury chief Gordon Brown, praised the prime minister's speech and criticized the protesters. Seeking to demonstrate unity at the top of the Labour Party after last week's rebellion, which some accused him of fomenting, he made clear he supported the part-privatizations.

"I urge all trade unionists to support the reform agenda set out by Tony Blair," he said ahead of a private speech to union officials scheduled for later Tuesday.

Some union activists could flee to the third-largest party, the Liberal Democrats. They are unlikely to support the resurgent Tories, which despite their recent move to the revamp the party's policies, are still considered too pro-business for most left-leaning union members.

On Monday, Blair returned from Lebanon, where a protester briefly interrupted a briefing he was giving and accused him of complicity in the recent Israeli bombardment of the country.

Blair Gets Rough Ride In Farewell To TUC (FT)

By Christopher Adams And Andrew Taylor

Financial Times, September 13, 2006

Tony Blair failed on Tuesday to win over his critics in the trade union movement, some of whom accused him of lacking a strategic vision and urged him to quit immediately.

As Gordon Brown was preparing to address union bosses in a private dinner in Brighton, Mr Blair was being jeered at times during his final Trades Union Congress.

Mr Brown was expected to stand with Mr Blair over health service reforms.

A walkout by the RMT transport union, and conference floor protests over the Iraq war and public services reforms peppered what Mr Blair had hoped would be a valedictory performance.

In a speech, the prime minister warned of the need to meet the challenges posed by globalisation, terrorism and migration. He defended Britain's involvement in Iraq and Afghanistan.

He also hinted at a tougher policy on labour market access for workers from Romania and Bulgaria, which are due to join the European Union next year.

Mr Brown was expected to reinforce Mr Blair's message on globalisation and stress his goal of making Britain's the world's most skilled and educated workforce.

The chancellor is expected on Wednesay to launch a scheme providing on-the-job training for low-skilled employees in return for employers granting them time off.

Amid barracking from sections of the audience, some of whom stood up and waved banners saying "Blair Out", "Go Now" and "Troops Out", Mr Blair came close to losing his cool.

He said angrily: "We should be proud of what we are doing to support democrats in Iraq and are proud of it." The "brutal truth" was that government was a "hard and difficult business" but that it was also better than being in opposition.

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Tony Woodley, general secretary of the Transport and General Workers Union, said it had been a sad performance from a leader who lacked a strategic vision.

Dave Prentis, Unison leader, said Mr Blair's foreign policy and public sector reforms had tarnished his record.

Paul Kenny, GMB general secretary, said: "He was a great showman but left the TUC without any nominations for the Oscars."

However, other union bosses were supportive. The prime minister has angered some in the union movement over reforms that have made more use of private companies in public services and the National Health Service in particular. The unions believe the changes amount to "creeping privatisation" and say they will lead to job losses and hospital closures.

The chancellor was expected to back Mr Blair on the NHS. "I urge all to support Tony Blair in what he said about our reforms in health," he was due to say. The chancellor condemned those who walked out.

What Really Happened In Britain Last Week? (WSJ)

By Peter Stothard

The Wall Street Journal, September 13, 2006

LONDON -- American friends of Tony Blair -- those many millions of them -- may be surprised to learn that their best foreign ally is being poked and prodded from office like an unwanted dog. Margaret Thatcher's friends in Washington were no less shocked 16 years ago when she too was kicked unkindly from her Downing Street kennel. This is not necessarily cause for pity or alarm. It's just the way we do things here.

Who will succeed President Bush's eloquent and loyal Mr. Blair? The champion of the prodders and pokers and chief premier-in-waiting is the man who has been in charge of the British economy for the past 10 years, Gordon Brown. He also has many American admirers. They may not sit so thickly in the nation's living rooms but in business places he has long been the only bet. The dark-browed economic intellectual, the man who takes the Federalist Papers on his Cape Cod summers, has long been destined as next British prime minister. Whether in New Labour's popularity years as the New Jerusalem, or in its unpopularity years as a Bushville suburb, no other candidate needed to apply. The few who did feel the need felt a spiked collar around their presumptuous necks.

Even after a week in a London of where's-the-blood-bank brutality -- crude and public even by British transition standards -- the Brown succession is still the best wisdom on offer. A biting fight between the chancellor of the exchequer and his "Blairite" rivals, one which the top dog might perhaps even lose, is a fine prospect for those in politics and journalism who are bored with "on-message" discipline. Seven days of "blackmail," "autistic character" and "stupidity" charges against Mr. Brown have been a treat. "Mendacious," "legacy-obsessed" and "monomaniac" are words which many have long wanted to shout at Mr. Blair. The outcome of the coming contest is only, however, a very little less certain than it was before. For reasons of party rules and loyalties purchased and paid for long ago, Mr. Brown is still the firmest favorite. The dogs of Westminster scrap because they enjoy scrapping and too rarely get the chance, not just because they might genuinely change the neighborhood.

When will George Bush be dealing with his second British prime minister? The answer is within 12 months at the most, well before the end of the full third term that Labour promised the voters last year. Yesterday, Mr. Blair gave his last leader's speech to Britain's annual Trades Union Congress. That "last TUC" commitment was the one that the prime minister gave outside a London school last week, against his will, through gritted teeth and with the chancellor's scrappers waiting behind the trashcans in case he bottled out. But he gave it. And the deadline might yet be sooner, 12 weeks or even, as it seemed to the feverish last week, 12 days -- before the president's trusted friend falls victim to time and Iraq?

President Bush could be forgiven for wanting those fullest 12 months from Prime Minister Blair. Such loyalty will not come again. The White House has had much to be thankful for in the unprecedented TB-GB power-sharing deal, agreed back in 1994 when Mr. Brown, to his eternal regret, was persuaded not to stand for the leadership against his junior but more electorally attractive colleague. Because the chancellor then demanded and won such total ascendancy over the British domestic agenda, Tony Blair was lured (forced, even) ever more to the challenges of foreign affairs. Mr. Blair, a natural idealist, as rhetorical and risk-taking as the chancellor is pragmatic, laconic and cautious, was allowed an unusual freedom to follow those fundamental instincts, which he shared with the president, towards terrorism and Iraq.

Gordon Brown's speeches, had he held the top job in 2003 as he once thought he had been promised, would never have expressed the Bush doctrine with the passion that Mr. Blair deployed. Nor would Mr. Blair have dared so much without Gordon Brown. A future Prime Minister Brown would be no less supportive of basic American values than Mr. Blair. But he would run the government in a more traditional way, more trammeled by the political and administrative machine around him. He has his own passions: economic stability, the practical lessons of history and finding the means to relieve poverty in Britain and in Africa. He is as confident as Mr. Blair about what the levers of power can achieve but less trusting in the force of ideas.

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Labour's leadership election will be an opportunity for every form of anti-American abuse. Yesterday, the new Conservative leader, David Cameron, called the administration "unrealistic and simplistic" and attacked the "slavish" bond between Messrs. Bush and Blair. The Labour leadership electorate will never be outdone by the Tories in a college formed of parliamentarians, trade unionists and local members, where hostility to Mr. Bush, the Iraq war and the Israeli action in Lebanon are the most powerful forces. The extreme left will mount a challenge. So will Mr. Blair's other would-be heirs, those who have always disliked the chancellor's character, those who have felt excluded by the clannishness of a Scot, those who think the English electorate may agree with them, those who distrust Mr. Brown's more redistributive Old Labour economic instincts and others who just want a scrap.

There is no chance now of the "orderly transition" that was the official hope for so long. If Mr. Blair is bundled out fast, his allies, who had been planning a nationwide Farewell-to-Tony triumph, will be as bitter against Mr. Brown as Margaret Thatcher and her friends once were against Prime Minister John Major. If there is a long goodbye, the Blairites might be happier. But many long suppressed Labour poisons will still come to the surface during the campaign.

Those who like to see rationalism in politics -- and that includes most of the thinkers who support Labour -- are amazed that this has been allowed to happen. Fights on policy between prime ministers and chancellors are nothing new: one such brought down Lady Thatcher. But this fight seemed to be about a mere few months on the Downing Street calendar, spurred suddenly by an ill-judged refusal by Tony Blair in a newspaper interview to set any fixed point for his departure. That failure to sense the mood on his street (a common failing of a top dog isolated too long) turned quickly into meetings at which Gordon Brown demanded ("blackmailed" as Mr. Blair's representative was authorized to put it) that the prime minister set a date by which he would be gone. Resignation letters from Mr. Brown's junior allies, with the threat of more to follow, forced Mr. Blair to the 12 months promise. Mr. Brown also wanted Mr. Blair to back his candidacy and to call off his own attack hounds, both demands which Mr. Blair has so far withstood.

Was this all as irrational as it looked? What really happened in Britain last week? Did Mr. Brown lose control of his allies? Did he get suddenly more frightened of Mr. Cameron, who is reciting directly and successfully from the New Labour playbook of the 1990s? The answer is simpler. This change at the top could never be smooth. There was always going to be a big fight in this back alley. The TB-GB traumas are too old and deep. It may surprise Mr. Blair's American admirers to know that their man is not seen as honest and true to his neighbors as he is to his faraway friends. Mr. Brown's admirers have also got a good deal more to learn.

Mr. Stothard is editor of the Times Literary Supplement.

Britain Without Blair (WSJ)

The Wall Street Journal, September 13, 2006

Tony Blair remains the Prime Minister of Britain. But last week's Labour Party rebellion that forced him to promise, against his will, to leave by next summer has turned the party's most successful postwar leader into a very lame duck. A remarkable era in European politics and British-U.S. relations is coming to a close.

Mr. Blair's old-style socialist party was supposed to have been remade during his near decade in power. Like the Tories under Margaret Thatcher in the 1980s, Labour put up with a self-declared outsider and his reform agenda so long as the leader delivered at the ballot box. Three times in a row, Mr. Blair did. But Old Labour remained ill at ease with Mr. Blair, and especially with his assertive foreign policy and alliance with Washington. With his poll numbers down, Mr. Blair's party has turned on him.

The presumptive heir, Gordon Brown, is Mr. Blair's partner in the "New Labour" project, suggesting some continuity until next elections are due by 2010. For the past nine years, the sourish Scot has capably steered the economy while waiting his turn with evident impatience. He is a hard man to read. At home, he tends to see a larger role for the state and sounds less messianic about overhauling the public health and pension systems. Yet he's also staunchly pro-business and admiring of America.

A bigger break with Blairism may be felt abroad. Though he has never outlined his views on Iraq or terrorism, Mr. Brown will not bring the same passion and moral suasion as Mr. Blair did to his foreign policy. The Prime Minister sent British troops to end civil wars in Sierra Leone and Kosovo and tried to hold Saddam Hussein to his U.N. commitments. And that was all when Bill Clinton lived in the White House.

Since September 11, Mr. Blair has recognized and eloquently explained that Islamic terrorism posed the gravest threat to free society today. He joined forces with a U.S. leader who shared his view of the threat, and stuck by his decisions despite the opinion polls. The easy, "poodlish" thing would have been to distance himself from Washington, but he has held to his admirable convictions.

The mood in the opposition Tory camp also tends toward disengagement from the war on terror and the transatlantic alliance. Exhibit A came this Monday when the recently elected, young leader of the Conservative Party used the fifth anniversary of 9/11 to make his first major address on foreign policy.

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We won't soon forget David Cameron's debutante performance. The 39-year-old Tory leader claimed Britain and the U.S. had become "uncritical allies" and needed "a rebalanced special relationship." In a line that must play well with London focus groups, he said: "We should be solid but not slavish in our friendship with America." Though his party backed the wars in Afghanistan and Iraq, Mr. Cameron vouchsafed that they now show that democracy "cannot quickly [be] imposed from the outside." Thanks for the Monday-morning generalship.

On the day marking the worst terrorist atrocity in history, he even chided the U.S. for "stoop[ing] to illiberalism" by running a prison in Guantanamo, where the men who planned 9/11 were just transferred and where no human rights abuses have been found. This Tory wants a "a new emphasis on multilateralism" where the U.N. "confers the ultimate legitimacy." If these are the new Tories, we'll take the French. (As it happens, French presidential candidate Nicolas Sarkozy marked 9/11 in New York by saying, "Yes, I love the Americans.")

Under Mr. Cameron, a former PR executive, the Tories are back in the game and atop polls in Britain. Yet he is offering distinctly un-Tory ideas such as environmentalism. The suspicion in many quarters is that he lacks any conviction beyond electoral success -- an impression brought home by the contrast with Lady Thatcher who, ailing and 80 years old, made a rare public appearance in Washington for Monday's commemorations.

In a statement, she urged Britain and the U.S. to stand firm against "Islamist fanatics who hate our beliefs, our liberties and our citizens. We must not falter. We must not fail. . . . We also need to renew our resolve that, however bitter or lengthy the struggle, this evil shall not prevail."

Though she spoke earlier in the day than Mr. Cameron, Lady Thatcher's remarks were interpreted as a rebuke to the new Tories. So much the better if they were. It is equally remarkable that her comments echoed so well Mr. Blair's views. For in reality, this Prime Minister is her worthy heir. His Labour party could never forgive him for that. History will be kinder.

Gates, Rockefeller Charities Join To Fight African Hunger (WP)

By Karen DeYoung

The Washington Post, September 13, 2006

The Bill and Melinda Gates Foundation, the world's richest charity, joined with the Rockefeller Foundation yesterday to launch a new development initiative for sub-Saharan Africa that they said would revolutionize food production and reduce hunger and poverty for tens of millions of people.

Modeled on the Rockefeller-pioneered "green revolution" that transformed farming methods and staved off widespread famine in much of the developing world nearly a half-century ago, the initiative coincides with a new round of Western concern about the long-intractable problems of the poorest continent.

Home to 16 of the 18 most undernourished countries, Africa is the only part of the world where food production has decreased in recent years. At the same time, political upheaval and conflict there are seen as providing fertile ground for extremists. Widespread famine in Africa has spurred high-profile relief efforts over the years, from United Nations programs to celebrity fundraising concerts such as Live Aid in the 1980s and Live 8 last year.

Sponsors of the new "Alliance for a Green Revolution" said yesterday they are looking for a more systematic, long-term solution to African hunger.

The alliance is the first Gates venture into poverty and development after years of focusing largely on global health and education. The effort follows a doubling of the foundation's $30 billion endowment, drawn largely from Bill Gates's Microsoft Corp. fortune, with investment guru Warren Buffett donating an additional $31 billion earlier this year. Gates has said he will step down from direct management of Microsoft in 2008 to work full time on foundation activities.

"We've been looking into the causes of extreme poverty and how we might make a contribution to reducing that," Gates said during a conference call with journalists yesterday. "If we can work on health and poverty issues concurrently, there is a lot that can be done to improve the quality of life. . . . Today no country of any size has been able to sustain a transition out of poverty without substantially raising productivity in the agricultural sector. It can have a transformative impact."

Melinda Gates, who serves on the board of The Washington Post Co. along with Buffett, said she and her husband studied development problems over the past three years before deciding to move beyond their health initiatives.

The Africa program will begin with a relatively small Gates contribution of $100 million over five years, plus $50 million from Rockefeller, to fund development of more robust disease- and drought-resistant seeds for primary African foodstuffs, enhanced distribution networks for seed and fertilizer, and university-level training for African crop scientists.

The new partners are still exploring how to make sure their initial steps do not overwhelm the continent's capacity to absorb assistance, Rockefeller President Judith Rodin said. Although future investments are likely to "scale up significantly," she said, "all of us intend to be mindful of really measuring outcomes and learning as we go and then providing the necessary resources."

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Nancy Birdsall, president of the Washington-based Center for Global Development, said the mere fact that the world's biggest philanthropist is joining with the preeminent foundation working in agricultural development is "going to make a difference," adding: "It's a real shot in the arm."

Bill Gates agreed that the initial investment pales when compared with his contributions to the development of an AIDS vaccine. But he said that he expects the program to continue for decades.

"The first green revolution took a long time," said Gates program manager Roy Steiner. "It started in the 1940s with investment and made an impact in the 1960s. That takes committed partners that are going to be there for the long term and are willing to focus on what's going to help small-scale farmers" who produce most of Africa's food.

Program planners readily acknowledged that Africa's problems today far outstrip even those confronting Asia in the 1960s, including a lack of roads and irrigation, primary food crops that vary widely from region to region, degraded soil, unstable governments and tenuous security. The Rockefeller Foundation, which started shifting the bulk of its development funding from Asia and Latin America to Africa several years ago, recently shut down its program in Zimbabwe because of political strife there.

Although the Gates/Rockefeller program will be available throughout Africa, Rodin said, the partners are still studying which 10 to 20 countries to select for initial funding.

Following the pattern of its health initiatives, Gates will provide money and results-based expertise, building on existing seed development programs begun by Rockefeller and African agencies, such as a new strain of rice produced in West Africa that promises to increase yields fivefold. A concurrent goal is the expansion of seed and fertilizer distribution networks through small entrepreneurs in rural areas. Both partners hope to prime the pump for participation by both African and donor governments.

The Bush administration has increased U.S. aid to Africa significantly over the past five years, though much of it consists of food shipments and military assistance. This year's G-8 conference of the world's wealthiest nations brought agreement to cancel much of Africa's debt, but pledges to double development aid were acknowledged to be largely symbolic.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Cheney, Bolten Lobby Lawmakers On Anti-Terrorism Measures. The AP (9/12, Flaherty) reports, "President Bush dispatched the vice president and top aides to the Capitol on Tuesday to try to break an election-season deadlock with Republicans over the surveillance and prosecution of terrorism suspects." But "officials met stiff resistance from senators and House leaders who say they refuse to give the White House a blank check over the war on terror. The standoff raised questions about whether the president could unite Republicans on his anti-terror agenda before November's midterm elections."

The Washington Post (9/13, A7, Babinngton, 748K) says Cheney "urged Republican senators yesterday not to be too restrictive in setting legal limits on CIA interrogations of enemy combatants, the largest remaining barrier to an agreement between Congress and the White House on legislation that would also set new rules for special military trials for terrorist suspects." Cheney and White House Chief of Staff Joshua B. Bolten "met for an hour with GOP senators in hopes of narrowing their differences over proposed legislation governing the treatment, questioning and prosecution of suspected terrorists and enemy combatants, such as those held at the US military prison at Guantanamo Bay, Cuba."

Deal May Be Near On Detainee Trials. The New York Times (9/13, Zernike, 1.21M) reports, "The leading Senate Republicans negotiating over proposed legislation to bring terror suspects to trial said Tuesday that they were close to a compromise on a main dispute with the White House: whether suspects had the right to see all the evidence used against them." But "the Senate Republicans warned that they would not go along with a White House proposal to redefine the provision of the Geneva Conventions that broadly guarantees humane treatment of detainees."

The Washington Post (9/13, A7, Babinngton, 748K) reports "key senators said they had made progress on several fronts, including the use of secret information against defendants and guidelines for handling allegedly coerced statements. The biggest sticking point, they said, was how narrowly to define practices that might subject CIA interrogators or others to charges of committing war crimes. That 'is still the area we are farthest apart on,' Sen. John McCain (R-Ariz.) told reporters." Sen. Lindsey O. Graham "said he and others are pressing the administration to accept a list of practices that would be considered illegal, bringing greater specificity to current language that bars 'grave breaches' of the Geneva Conventions, the treaties that govern the treatment of prisoners of war." White House spokeswoman Dana M. Perino said, "We're having an ongoing conversation with the Congress on all of the issues, and we're committed to reaching a resolution so that they can take the next legislative step."

Levin Continues To Block Wainstein Nomination Over FBI Guantanamo Documents. The Washington Post (9/13, B2, Cauvin, 748K) reports, "Six months after President Bush chose him to lead a new anti-terrorism arm of the Justice Department, Kenneth L. Wainstein is still U.S. attorney for the District -- his nomination stalled by squabbling in the Senate." Sen. Carl Levin "has blocked a vote because the Justice Department has not turned over to him several FBI documents that are connected to the abuse of detainees" at Guantanamo, "papers that would have passed through Wainstein's office when he was at the FBI. The delay creates uncertainty not only at the Justice Department but also at the U.S. attorney's office, which Wainstein has led since May 2004. The office, which handles federal and local cases, is the largest U.S. attorney's office in the nation." The Post notes, "Wainstein was a top aide to FBI Director Robert S. Mueller III from 2002 to 2004, serving first as general counsel and then as the agency's chief of staff. In each job, he played a key role in the bureau's restructuring to focus more heavily on terrorism cases," but DOJ spokesman Brian Roehrkasse "said the documents that Levin is seeking have nothing to do with Wainstein's qualifications for the assistant attorney general job."

US Officials Could Be Vulnerable To Prosecution Over Detainees. Time (9/13, Calabresi) reports, "On paper, at least, White House officials and CIA officers could be vulnerable to prosecution for past or future use of illegal methods of interrogation — unless Congress changes the law." Time continues, "The threat of prosecution comes not from some left-wing activists or even the House Democrats, but from the highest court in the country. In his concurring opinion in the Hamdan v. Rumsfeld case last summer, Justice Anthony Kennedy said that the administration had to live within the Geneva Conventions. 'Violations [of the Geneva

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Conventions] are considered "war crimes," punishable as federal offenses, when committed by or against United States nationals and military personnel,' he wrote. And for emphasis, Kennedy pointed to paragraph 2441 of the U.S. code, which lays out the penalties for those violations, including life imprisonment and the death penalty." Time adds, "It's hard to see how the methods the administration authorized for use against some of their detainees could not have violated the Geneva conventions. Common article 3 of the conventions prevents any 'outrages on the personal dignity' of detainees. Among the highlights of the administration's approved techniques — waterboarding, wherein a prisoner is made to believe he is drowning; intimidation using dogs; stripping of prisoners; and so on. … When the key swing vote on the Supreme Court goes out of his way to say you are breaking the law, and enumerates the penalties you face, you pay attention. … But just how much danger is the White House really in? It is rare for political leaders to be prosecuted for genuine attempts to protect the public, and few question the motives behind the extreme interrogation methods, even if they strongly disagree with them. More to the point, Graham, Warner and McCain have larded their bill with protections from prosecution for anything but 'grave breaches' of the conventions, which they believe should be adequate to protect the White House and CIA."

LATimes Says Bush Should Spell Out "Alternative Methods" For Interrogating Detainees. The Los Angeles Times (9/13, 918K) editorializes, "'The United States does not torture,' President Bush said last week. It can, however, make use of what he euphemistically called 'an alternative set of procedures' for eliciting information from prisoners suspected of being terrorists. The difference between torture and these 'alternative procedures' seems to be who's conducting the interrogation and where it takes place." The Times adds that as Congress writes legislation governing the treatment of detainees, it should "force the President to spell out what he means by alternative methods. And Congress should allow detainees who claim those methods violate their rights under the Geneva Convention to have their day in court."

House Leaders "Temper" Bill's Restrictions On Wiretapping Program. The Washington Post (9/13, A7, Weisman, 748K) reports, "House leaders moved yesterday to temper many of the controls that a bill headed toward rapid passage would have imposed on the Bush administration's program for wiretapping terrorism suspects without court approval." The bill, set for Judiciary Committee consideration today, "would have forced the administration to seek a warrant for surveillance within 60 days and bolstered consultations with Congress on the program." But "last-minute changes pushed by senior Republicans may allow warrantless surveillance to largely continue without those controls. Instead, House Republican leaders brought their bill in line with legislation agreed to by the White House and the Senate, which would allow but not require the administration to submit the program to a secret court for a constitutional review." The Post adds, "Republican leaders, in the midst of an increasingly angry attack on Democrats over defense matters, made it clear that they will not challenge President Bush's authority in matters of national security as they challenge their opponents' commitment to fighting terrorism." The move "put House GOP leaders at odds with some Republican moderates and civil libertarians in the House and the Senate."

Democrats Say NSA Played Politics In Support Of Program. The Washington Post (9/13, A7, Pincus, 748K) reports, "Democrats on the Senate intelligence committee are complaining that the National Security Agency has played politics in support of the secret program to intercept phone calls between alleged terrorists in the United States and abroad." On July 27, "shortly after most members of the committee were briefed on the controversial surveillance program, the NSA supplied the panel's chairman, Pat Roberts (R-Kan.), with 'a set of administration approved, unclassified talking points for the members to use,' as described in the document." The Post adds, "Among the talking points were 'subjective statements that appear intended to advance a particular policy view and present certain facts in the best possible light,' Sen. John D. Rockefeller IV (D-W.Va.) said in a letter to the NSA director. Rockefeller "and six Democrats on the panel wrote Lt. Gen. Keith B. Alexander, the NSA's director, on Aug. 29 that they believed those statements 'appear intended to advocate particular policies rather than provide guidance on classification.'"

Jury Seated For Albany Terrorism Trial. The AP (9/13, Virtanen) reports, "The trial of two Muslims charged with supporting terrorism is to open Wednesday after potential jurors faced questions on their feelings about Islam, the Sept. 11 terrorist attacks, the war in Iraq and whether they could deal fairly with the defendants. A jury of six women and six men was chosen Tuesday to hear the case against the men

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arrested two years ago in an FBI sting. Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, are accused of laundering money for an emigre businessman claiming to be a part-time arms dealer. They have pleaded not guilty, their attorneys arguing that full and accurate translations of the undercover tapes will show the men don't support terrorism."

The Albany Times-Union (9/13, Lyons) notes, "More than a dozen FBI agents are expected to testify during the trial, which is the culmination of the most intensive counterterrorism sting in the history of the Albany field office," and "much of the defense's case is expected to center on government translations of dozens of tape-recorded conversations that took place between Hossain, Aref and an FBI informant. The informant, a Pakistani immigrant, agreed to take part in the sting to help settle his own, unrelated criminal charges of unlawful supplying driver's licenses to other immigrants." The Times-Union adds that "part of the FBI's strongest evidence…is an undercover surveillance videotape that shows the informant holding a surface-to-air missile launcher as the men chatted inside the informant's Central Avenue storefront. During the meeting, the informant told Hossain that they would earn money through the sale of the weapons."

Hamas-Funding Probe Was Riddled With Difficulties. McClatchy (9/13) distributes the Chicago Tribune (9/3, Grossman, 623K) story which reported at length on the travails of the investigation of Muhammed Salah, soon to face charges of providing material support to Hamas. The Tribune story was included in the Sept. 5 FBI news briefings. "Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators. Yet there was a point in 2000 when the case appeared to have been dropped. ... The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy." The Tribune noted that at one point, "Relations between FBI agents in Chicago and those assigned to Milwaukee became so hostile, an office had to be rented in Kenosha for a neutral meeting ground," according to former lead investigator Mark Flessner. "An Arabic-speaking FBI agent, Gamal Abdel-Hafiz, refused to wear a wire while tracking a suspect in the probe. 'He said a Muslim doesn't, or couldn't, record another Muslim without him knowing it,' Flessner says. 'It is not an option for an agent to decide how an investigation should be conducted, because of religious or philosophical reasons.'"

Administration Cites Progress Toward Shutting Down Terrorist Fundraising. Bush Administration officials told Congress yesterday that the US has made progress over the last five years in its efforts to shut down avenues for terrorist to raise and move money, but challenges remain. The AP (9/12, Aversa) reported that in testimony before the Senate Banking Committee, Treasury Department official Daniel Glaser "underscored the importance of the United States working closely with international allies to share information. The goal, he said, is to thwart terrorist financiers and improve coordination of this information among agencies. Glaser said authorities must stay ahead of terrorist financiers who not only try to use the traditional banking system to move money but also other methods, including cash couriers, trafficking of drugs, weapons and precious metals and jewels."

Arrests Spark Fears Terrorists Are Training In Rural England. The Washington Post (9/13, A14, Sullivan, Jordan, 748K) reports, "Yassin Mutegombwa, 22, a London resident whose family is from Uganda, was charged in court Tuesday with receiving training for terrorism on British soil, the first person to be charged under a law enacted this year. According to a statement from Scotland Yard, he received weapons training in two rural English locations, including 'at a woodland area'" in southwestern England in late April and early June. The Post adds, "The charges against Mutegombwa illustrate increasing worry in Britain that violent extremists are not only being recruited from the country's large Muslim population but also are being trained here. Officials say some of the training may have taken place at popular paintball fields."

The New York Times (9/12, Adam, Cowell, 1.21M) reports, "Residents and employees at two recreation sites that have been cited in court documents as possible terrorist training camps expressed puzzlement on Tuesday, though one person said his resort had attracted police attention before. … The four men who appeared at a magistrates'

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court in central London on Tuesday were among 14 arrested in the Sept. 1 police raids. The raids were part of a police hunt for terrorist recruiters and trainers and not related to the Aug. 10 security alert surrounding what police called a conspiracy by Islamic radicals to bomb trans-Atlantic airliners."

UK Official Seeks To Put Human Face On Health And Safety Commission. The New York Times (9/13, Lyall, 1.21M) reports, "One of the received wisdoms about British life is that it is full of picayune rules that are meant to prevent injuries and accidents but are in fact patently ridiculous. … So it came as a surprise when Bill Callaghan, who as head of the country's Health and Safety Commission is supposedly responsible for such decisions, appeared on television last month to urge Britons to 'get a life.' … But to Britons who have accepted the notion that no one is allowed to do anything fun anymore, and that it is the government's fault, Mr. Callaghan's message was met with some skepticism." Callaghan's "irritation spurred him to action and to his new campaign to put a reasonable human face on the Health and Safety Commission, whose job is to recommend and oversee Britain's safety regulations."

Muslim Leader Says Coreligionists Can Help Win War On Terror. The CBS Evening News (9/12, story 9, 0:15, Couric, 7.66M) reported, "Tonight you'll hear from an Islamic American. There are as many as seven million in this country. About how he believes they can help win the war. Ahmed Younnis is national director of the Muslim Public Affairs Council." Ahmed Younnis: "I was recently in the desert of central Asia on a trek through old Soviet territory when an 80-year-old imam asked me whether Muslims in America are feeling the backlash of 9/11. I realized at that moment…that the story of the American Muslim is a core element of our winning hearts and mind in the international war on terror. Muslims around the world look at how we American Muslims are doing and make judgments about our country. Their biggest question? Can Muslims thrive in a Western society? Can Muslims thrive in the United States of America? The answer is yes. And we can help win the international war on terror if you include us in the fight."

HOMELAND RESPONSE:

Democrats, White House Feud Over Charge That Bush Speech Politicized 9/11. President Bush's 9/11 speech has resulted in bitter recriminations from Democrats, who charged the President politicized the somber occasion to help GOP candidates. The AP (9/12, Pickler) reports the White House "quarreled with Democrats Tuesday over whether President Bush was trying to win political points by using a Sept. 11 anniversary speech to defend the war in Iraq and his war on terror." Said Tony Snow, "This was not a speech that was designed to single out anybody for partisan reasons, but gave the president's honest reflections and reactions to what has happened since September 11, 2001. … The president decided that yesterday wasn't a day for partisanship." Democrats, "in a campaign to win control of Congress from the president's Republican Party, charged that Bush was using a national day of mourning for partisan gain."

A number of media reports suggest the White House and Republicans on Capitol Hill welcome the controversy, and portray them as intent on using the terror issue to gain the momentum going into the November midterm elections. The New York Times (9/13, Rutenberg, Hulse, 1.21M) reports, "Elapsed time between the conclusion of President Bush's speech Monday night on the fifth anniversary of the Sept. 11 terrorist attacks and the first Democratic charge that he had politicized the tragedy: 20 minutes. White House reaction: an appearance of glee. Next steps: to be determined by conditions on the ground." The Times adds, "With the White House having wrapped up the first phase of its all-out effort to gain control of this fall's political narrative by casting the Iraq war as part of an epochal struggle against tyranny, both parties are confronting questions about their tactics as they head into the homestretch of the campaign. Did the Democrats play into Mr. Bush's hands when Senator Edward M. Kennedy said Monday night that the president should have been ashamed of his speech, giving the White House a chance to intensify the national security debate against just the kind of liberal opponent it relishes? Did Mr. Bush overplay his hand by turning what had been billed as a nonpartisan commemoration of the attacks into what his opponents called a political defense of the war?" At the White House, Tony Snow "could hardly disguise his eagerness to go before the cameras to engage the Democrats on turf that Republicans

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have come to consider their own. He invited reporters who posed questions to him in the morning about Democratic complaints about the speech to ask again at his regular televised briefing, where he said Democrats were politicizing the anniversary and reasserted the White House line that a withdrawal from Iraq would turn it into a terrorist base."

Similarly, Roll Call (9/13, Davis, Billings) says, "With cautious hopes that the political winds may be turning in their favor, Republicans in both chambers are accelerating their election-year offensive this week with fundraising pitches" and "heightened rhetorical attacks on Democrats." A "senior GOP Senate aide" is quoted saying, "Hopefully we're back on the offensive on the issues that have worked for us and that Democrats are traditionally weak on. … We're going to focus on a couple key issues to get traction on and try to ratchet up the momentum.'"

ABC World News (9/12, story 2, 2:50, Gibson) reported, "There's been heated debate in Washington today about 9/11 and the politics of the Iraq war. This all began with the President's speech to the nation last night, marking the fifth anniversary of the 9/11 attacks. The White House said the speech would not be political. But then the President, in his remarks, said this." President Bush: "Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pull out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad." Democrats "immediately denounced the speech, charging that the President was using a solemn day to rally support for his Iraq policies. Republicans said the President could not avoid talking about Iraq. Well, the argument all spilled out on the floor of Congress today." Sen. Harry Reid: "This was a political move, designed to tap the overwhelming public sentiment to destroy al Qaeda as a way to bolster sagging public opinion support for the war in Iraq. Despite the President's best efforts, the American people can see through this ploy." Analyst George Stephanopoulos said, "Our poll shows that voters who believe that Iraq is part of the war on terror, break in a big way, for the Republicans, 61%, 31%. The voters who think Iraq is not part of the war on terror, tend to vote for the Democrats by a bigger margin, 75% to 16%. This is the core debate of the midterms. The stakes couldn't be higher."

NBC Nightly News (9/12, story 2, 3:20, Gregory, 9.87M) reported, "The White House previewed last night's address as the President's reflection on the nation's pain five years after 9/11. Quickly, however, it became prime time political argument." Bush: "I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks. The answer is that the regime of Saddam Hussein was a clear threat." Gregory: "And included this warning for voters." Democrats "condemned the White House for what they saw as a speech exploiting 9/11 rather than uniting the country as the President did from Ground Zero five years ago." Democratic leaders "later released a letter to the television networks demanding equal time to respond to the President's address. Republicans responded to the complaints with an attack, suggesting Democrats are weak on terrorists." GOP Sen. Rick Santorum was shown saying, "If you listen to the Democratic leader, our lesson is, let's continue to ignore them. Let's continue to play politics. Let's put domestic politics ahead of the security of this country." NBC added, "The House Republican leader went even farther, John Boehner said of Democrats, 'I wonder if they are more interested in protecting the terrorists than they are in protecting the American people.' The White House spokesman later conceded that comment was over the line. Do you think Democrats are more interested in protecting terrorists than the American people?" Tony Snow, White House Press Secretary: "No." The Hill (9/13, O'Connor) and Roll Call (9/13, Davis, Billings) run stories on Boehner's comments, with Roll Calling adding Republicans are "heightening their offensive on Democrats, with GOP leadership aides coordinating message points and media releases with their rank-and-file members in order to define Pelosi specifically and Democrats in general on national security."

The Washington Times (9/13, Dinan, Hurt, 88K) says "on Capitol Hill, Mr. Bush's speech stiffened the spines of Republicans who have grown weary of defending an unpopular war heading into a tight election season. Yesterday, they were back to skewering Democrats as harshly as ever."

CNN's The Situation Room (9/12, Malveaux) reported, "Of course the question whether or not there was a political component to the speech -- of course there was. We're less than two months away from midterm elections, congressional elections. Everything is arguably political right now." Bush, "in his primetime address, went to the heart of the political debate, a debate that has divided this country and essentially set the stage for the battle over Congress. And that is the justification of the Iraq war. Now, White House Press

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Secretary Tony Snow today was asked on several briefings about this and he said the President went out of his way not to be partisan. He made a distinction between partisan and political, parsing the speech at times, saying it would be remiss if the President did not talk about the Iraq war. And he categorically rejected this notion that the president was using the occasion of 9/11 to score political points."

Fox News' Special Report (9/12, Garrett) reported, "White House Press Secretary Tony Snow says the President wasn't attacking Democrats who want to leave Iraq, he was merely saying it would turn to a terrorist haven as Afghanistan was before 9/11."

The Los Angeles Times (9/13, Wallsten, 918K) says "the dispute comes eight weeks before voters are to decide which party will control Congress for Bush's final two years in office, and underscores how each side is vying to make the issue of national security work to its advantage. … The rhetoric escalated after Bush's speech Monday night. " House Minority Leader Nancy Pelosi "accused Republicans of employing 'cynical tactics,'" and Democrats "pressed their case that the White House had misrepresented the tenor of Bush's speech, causing the broadcast networks to give him a prime-time slot without setting time aside for an opposition response or interviews with Democrats."

In appearances on the cable news programs, Democratic senators criticized the President's speech and what they perceive as a deliberate GOP strategy. Sen. Dick Durbin said on CNN's The Situation Room (9/12), "For the last two weeks, starting with Secretary Rumsfeld in Salt Lake City and Secretary of State Condoleezza Rice, Vice President Cheney last Sunday and the President on many occasions, it is very clear that the Republicans view their vulnerability in the November election to be their policy in Iraq. So they've been very forthright in saying, this is a policy to fight terrorism, and they are fighting that political battle. I was disappointed yesterday. This should have been a day, the fifth anniversary of 9/11 where we set the politics over on the side and really appealed to the American people to remember where we were as a nation five years ago. We were unified. We were nonpartisan. We were determined to fight terrorism. I thought the references, a few of the references the President made were unfortunate when he brought up the issue of Iraq."

Sen. Carl Levin was asked on PBS' Newshour with Jim Lehrer (9/12) if the Senate intelligence report puts to rest the allegation that Saddam Hussein had a relationship with and was cooperating with al Qaeda. Levin said, "It should put it to rest. It's a very strong, thorough, bipartisan report. It analyzes the allegations which were made both before the war, during the war, by the Administration, based on an alleged meeting that -- a report of a meeting that was supposed to have taken place in Prague between the secret service of Iraq and Atta, who is the lead hijacker. The report said that the meeting did not occur. And, yet, you have the Vice President of the United States, just last weekend, saying that we don't know. Well, this report says we do know, and it did not occur."

Bush Says Not Mentioning Iraq Would Have Also Sparked Criticism. The New York Times (9/13, Rutenberg, Hulse, 1.21M) reports that yesterday, "after he met with a group of conservative columnists, National Review Online quoted Mr. Bush as saying that he would have faced loud criticism had he not mentioned Iraq on Monday night, and that his goal was to highlight the stakes in this campaign." However, "even some Republicans had doubts about how much the new national security campaign would help in a climate both sides see as tough. 'I don't think the inside-the-beltway discussion about political tit-for-tat makes any difference in the majority of races around the country,' said Senator John E. Sununu, Republican of New Hampshire."

Bush To Meet With House GOP Leaders Thursday. CNN's The Situation Room (9/12, Blitzer) reported, "President Bush heads to Capitol Hill on Thursday morning to meet with House Republicans in the lead-up to the fall elections. He is expected to talk about his recent calls for Congress to approve military tribunals for terror suspects and to give him the authority to continue his domestic surveillance program -- both measures facing strong criticisms in Congress, including from some Republicans."

GOP Won't Negotiate With Democrats On 9/11 Resolution Language. The White House Bulletin / US News (9/12) reported, "House Republicans have rejected Democratic opposition to the wording of the annual 9/11 resolution and won't negotiate anymore. Instead they will put the GOP language on the floor" today. "There will be no more negotiations," a senior House Republican leadership aide told US News and the Bulletin. The Bulletin added, "GOP leadership offices have been arguing with Democratic leadership members over including in the resolution an expanded description of government programs Congress has approved to thwart future terrorist attacks. The language is similar to that used in past resolutions, though a bit longer considering the fact that other programs have been OK'd since the last resolution. A copy of the new resolution shown

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to the Bulletin had a line crossed through four paragraphs listing all programs, indicating Democratic opposition. Both sides are crying politics: The GOP says the Democrats are obsessed with proving that the Republican Congress did nothing to prevent future terrorism and Democrats say that the GOP is going too far by bragging. The result is that Hastert plans to put the GOP written language before the House and dare Democrats to vote against the resolution, something they are unlikely to do."

GOP Said To Be Relying On "Treason Season." In the Washington Post's "Washington Sketch" column (9/13, A2), Dana Milbank says "the majority leader's charge of treachery was no accident. Two months before Election Day, Republicans have revived the technique used with great success in 2002 and 2004: suggesting that the loyal opposition is, well, not so loyal." The "arrival of Treason Season, heralded by the charged address President Bush gave on Monday's 9/11 anniversary, is right on schedule." But the "aid-and-comfort line may not work as well this time, if only because polls show broad disenchantment with Bush and congressional leadership."

Meyerson Says GOP Using Scare Tactics. Harold Meyerson writes in the Washington Post (9/13, A17, 748K), "Wasn't it just a couple of years ago that Republicans were boasting that they were the party of ideas? They would privatize the commonwealth and globalize democracy, while Democrats clung to the tattered banner of common security in both economics and national defense. The intellectual energy in America, it seemed, was all on the right. That, as they say, was then. In 2006 the campaigns that the Republicans are waging in their desperate attempt to retain power are so utterly devoid of ideas that it's hard to believe they ever had an idea at all." Meyerson adds, "With fewer than 60 days remaining before the November election, the only two Republican strategies left standing are to scare the public about the Democrats collectively or to slime the Democrats individually. … The scare campaign is simply harder to wage this year than it was in 2002 and 2004, when Bush, Rove and company convinced just enough voters that the Democrats couldn't be trusted to take on the terrorists."

Frist Threatens To Scrap Port Security Bill If Democrats Force Their Provisions. The AP (9/13, Jordan) reports, "Ports security legislation that most senators agree would make the country safer was stuck Tuesday in election-year politics as Republicans threatened to scrap it if Democrats forced in a wide range of provisions. Facing an impasse, Senate Majority Leader Bill Frist set a Thursday deadline to vote on the bill that was earlier considered a sure thing." GOP Sen. Ted Stevens said the Democratic plan "will kill the bill," adding, "We have a bipartisan bill to start with. ... All these amendments are just coming out of the sewer right now. There's just too many of them, and they're just nothing but attempts to block this bill." Senate Democratic leader Harry Reid "said his plan would also bolster security on trains and buses and at chemical plants, strengthen US intelligence missions overseas and approve all of the 9/11 Commission's recommendations, half of which are still undone."

Chertoff Says Government Cannot Protect Every Possible Target From Terror Attack. The New York Times (9/13, Lipton, 1.21M) reports, "Congress and the American public must accept that the government cannot protect every possible target against attack if it wants to avoid fulfilling Al Qaeda's goal of bankrupting the nation, Homeland Security Secretary Michael Chertoff told a Senate committee Tuesday." Osama bin Laden, Chertoff said, "has made it clear that scaring the United States into an unsustainable spending spree is one of his aims. In a 2004 video, Mr. bin Laden, the Qaeda leader, spoke of 'bleeding America to the point of bankruptcy.'" Said Chertoff, "He understood that one tool he had in waging war against the United States was to drive us crazy, into bankruptcy, trying to defend ourselves against every conceivable threat." Chertoff spoke "at a hearing of the Homeland Security and Governmental Affairs Committee," where he also said, "We have to be realistic about what we expect and what we do. We do have limits, and we do have choices to make."

Banned Items Said To Be Getting Past Airport Screeners. Under the headline "Newly Banned Items Often Fly Past Airport Screeners," the Washington Post (9/13, A1, Wilber, 748K) reports on its front page that "many people are inadvertently taking banned liquids and gels through security in their pockets and carry-on luggage, according to interviews with several dozen travelers at local airports and with pilots and security officials." Others "admit that they ignore the restrictions, slipping expensive cologne, perfume, lip gloss, lotion and other ointments into their carry-on bags or into their pockets in hopes of sneaking them past

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security. Some of the items get flagged by screeners, others do not." TSA spokeswoman Ellen Howe says the agency has "no way of tracking people who succeed in disobeying the ban, but screeners have caught people trying to sneak items through checkpoints." However, "TSA officials point to a 20 percent increase in checked bags as an indication that most travelers seem to be complying with the rules."

Security Lines Returned To Normal Quickly. Meanwhile, a USA Today (9/13, 1A, Frank, 2.27M) analysis of TSA records has found "that five days after airline passengers were barred from carrying most liquids on airplanes, security lines were routine at almost all of the nation's 80 major airports. … The fast rebound 'gives the TSA wiggle time to test and deploy technology that will deal with liquid explosives,' said aviation-security consultant Douglas Laird. 'The public isn't going crazy.'" USA Today notes that the end of August and September are slow air-travel periods and Orlando International Airport screener Don Thomas "warned, 'If it was holiday time, it would be really bad.'"

Man Subdued After Attempting To Open Cabin Door On Flight To Dulles. The Washington Post (9/13, B1, Weil, 748K) reports a man on a flight from Los Angeles to Dulles "was jumped last night by fellow passengers who helped federal air marshals subdue him" after he allegedly tried to open a cabin door. "The man, who reportedly wore a camouflage jacket and spoke Portuguese, was questioned at Dulles last night by airport police, according to an airport spokeswoman. No motive was readily apparent, but a spokeswoman for the FBI emphasized that the incident was not terrorism-related." Passenger Stephen Lockwood told the Post that there was "a vigorous scuffle" and that the man "took quite a beating" before he was handcuffed by a federal air marshal. "Amy Kudwa, a spokeswoman for the Transportation Security Administration, said that she lacked details of the incident but that she understood two air marshals had subdued the man."

Stone Mulls Film Investigating 9/11 "Conspiracy." The Washington Times (9/13, Pierce, 88K) reports in its "Inside Politics" column that filmmaker Oliver Stone "hinted in Moscow on Monday" that he is considering making a film "investigating the 'conspiracy' around September 11. 'There is a great story in a movie, a conspiracy by a group of people in the American administration who have an agenda and who used 9/11 to further that agenda,' he told reporters in Russia. There could be a 'fascinating project [on] what happened after September 11,' the director said at his packed press conference on the fifth anniversary of the attacks. Mr. Stone accused President Bush of mishandling the fight against Osama bin Laden's terrorists and using the crisis to stoke fear and bolster his own power at home in a way that was 'right out of George Orwell.'"

Attorneys See Homeland Security Practice Growing After 9/11 Attacks. The Legal Times (9/13, Crea) reports, "The attacks of Sept. 11 gave rise to a new world on K Street: the homeland security practice. Born out of the tragedy are scores of lawyers and lobbyists fine-tuning their young practices at some of the top firms in town, such as Van Scoyoc and McKenna Long & Aldridge. … 'It's truly an outgrowth of 9/11, and then again it isn't,' says Joe Whitley, a partner at Alston & Bird and the first general counsel at the Department of Homeland Security. 'So much of what is being packaged as homeland security is a lot of old wine -- old wine and some new wine in a new bottle.'" The Times continues, "The Department of Homeland Security was officially launched in March 2003, dumping 22 legacy agencies with different philosophies and temperaments, including the Federal Emergency Management Agency, United States Customs and Border Protection, the Coast Guard and the Secret Service, under one giant umbrella. The Cabinet-level agency is already on its second secretary, Michael Chertoff. … 'They each have unique cultures that have been utterly changed by being pushed together,' says Hunton & Williams partner Steven Solow, whose homeland security practice primarily involves the area of risk management and integration of security matters with regulatory issues. 'It's obviously a work in progress, which isn't always pretty, but it's what we have and what we have to learn to work through.'" The Times notes, "Many lobbyists say they are motivated to work in this field by a desire to protect and secure the nation. But money is not a bad motivator, either. … And the money is still increasing. … According to the Homeland Security Research Corp. (HSRC), the United States and the international community spent $44 billion on homeland security in 2005. The research firm estimates that by 2015, $174 billion will be dished out globally."

Nagin Pleads For Patience As New Orleans Recovers. As the first 100 days since his reelection passed yesterday, New Orleans Mayor Ray Nagin made a plea for patience and "perspective" amid continued

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impatience over his city's slow recovery from Hurricane Katrina. The New York Times (9/13, Nossiter, 1.21M) reports, "The message Tuesday was mixed, the mayor's advisers recited what they pictured as a litany of progress, even as Mr. Nagin repeatedly reminded the reporters at a news conference in City Hall of the size of the remaining recovery effort, 'a task of epic proportions,' as he put it." Nagin "put forward a dual message Tuesday: while insisting that he is working hard, he also emphasized his trademark laissez-faire approach. It is not he but the 'citizens' who are in the driver's seat in the city's recovery, the mayor said."

USA Today (9/13, Konigsmark, 2.27M) reports that Nagin "said he'll have a comprehensive plan by the end of the year. But he said the city is taking 'the road less traveled' by allowing residents to decide where they want to live. … The Urban Land Institute, which Nagin hired to come up with ideas, recommended last fall that some hard-hit areas be closed to redevelopment. Less than half the population of New Orleans has returned since Katrina flooded 80% of the city for weeks. Shrinking the city's footprint would save money and encourage development on higher ground, the institute said."

WAR NEWS:

Rice Says World Cannot Afford To Exit Afghanistan. The AP (9/12, Gearan) reports Secretary of State Rice "acknowledged 'difficult going' fighting a resurgent Taliban in Afghanistan, but insisted Tuesday that the world cannot afford to pull out now." As she "thanked Canada for its role as a leader of NATO forces in the country," Rice said, "We owe it to the people of Afghanistan to help them finish the job." The AP adds that Canada's "combat role is unpopular at home, as is the U.S.-led war in Iraq." Opponents of the Afghanistan mission "suggested Rice's visit to Canada was an attempt to persuade Canada to commit more forces. But Rice and her host, Canadian Foreign Minister Peter MacKay, said she made no such request." During a news conference with MacKay, "Rice said the United States left too soon after supporting Afghanistan in the 1980s civil war. 'Afghanistan became a failed state' and a haven for terrorism, Rice said. 'We all came to pay for that.'"

AFP (9/13) reports Assistant Secretary of State Richard Boucher "told journalists in Brussels that it was "probably a little too early" to 'draw any conclusions about the efforts to get more troops.' He highlighted the dangerous situation in Afghanistan, where NATO and Afghan forces are making forays into areas held by Taliban fighters." His comments "came ahead of Wednesday's meeting at NATO's military headquarters in Belgium aimed at drumming up more troops for Afghanistan. The alliance's military chief, US General James Jones, has called for reinforcements of up to 2,500 troops to deal with increasing Taliban attacks."

NATO Countries Rule Out Boosting Contribution To Afghan Force. The Financial Times (9/13) reports, "Nato's plans to provide reinforcements for its hard-pressed troops in Afghanistan suffered a setback on Tuesday, as a series of countries ruled out providing further soldiers and controversy mounted over the alliance's tactics." Officials "conceded that a meeting on Wednesday, intended to obtain pledges for up to 2,500 extra soldiers, was extremely unlikely to meet its target."

Taliban Said To Be Adopting Tactics Of Iraqi Insurgency. The Christian Science Monitor (9/13, Peterson, 58K) reports, "Among the keys to the Taliban resurgence -- which is sparking lethal violence on a scale unknown here for almost five years -- are crucial lessons drawn from Iraq." Such "keys" include "include suicide attacks, assassinations of government officials, moderate clerics, and civilians, along with guerrilla tactics now in use against Western forces in the southern provinces of Helmand and Kandahar, where NATO claims to have killed more than 500 insurgents in 10 days of intense fighting."

Musharraf Says Taliban Insurgents Bigger Danger Than Al Qaeda. USA Today (9/13, 2.27M) reports Pakistani President Pervez Musharraf "warned the West on Tuesday that Taliban insurgents are a more dangerous terrorist force than al-Qaeda because of their broad support in Afghanistan. 'The center of gravity of terrorism has shifted from al-Qaeda to the Taliban,' he told European Union lawmakers in Brussels. Pakistan is a counterterrorism ally of the EU and United States. Musharraf blamed the West for breeding terrorism in his country by bringing in thousands of mujahedin to fight the Soviet Union in neighboring Afghanistan in the 1980s and then leaving Pakistan to face the militants a decade later. 'We armed the Taliban and sent them in. We did it together,' he said."

WPost Criticizes Musharraf. The Washington Post (9/13, A16, 748K) editorializes that an "enduring favorite of the Bush administration, Pakistani President Pervez Musharraf. Mr. Musharraf, whose country has been the main base for leaders of both al-Qaeda and the Taliban since 2002, last

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week concluded a peace deal with tribal leaders in North Waziristan, a territory near the border with Afghanistan. The Pakistani strongman agreed to withdraw his army from the area and release prisoners in exchange for promises by militants not to attack the Pakistani army or set up a parallel government." The Post adds, "Why would Mr. Musharraf strike this deal? The simple answer is that his army was defeated in its attempt to eliminate the al-Qaeda sanctuary by force; since launching the campaign in 2003, it had suffered more than 500 killed. … The cost of his decision will be borne by American and NATO troops in Afghanistan, whose commanders already say that the ability of Taliban and al-Qaeda fighters to retreat to Pakistan greatly complicates the challenge of defeating their escalating attacks. So why did Vice President Cheney call Mr. Musharraf 'a great ally' just days after his separate peace? Administration officials seem more willing to forgive their autocratic friend than they are domestic critics of the war on terrorism."

Maliki Asks Ahmadinejad For Help In Quelling Violence In Iraq. The New York Times (9/13, Wong, Fathi, 1.21M) reports Iraqi PM Nouri Kamal al-Maliki, on his first state visit to Iran, "discussed the security situation in Iraq with President Mahmoud Ahmadinejad of Iran and asked for Mr. Ahmadinejad's support in quelling the violence that threatens to fracture this country." Maliki said at a news conference, "We had a good discussion with Mr. Ahmadinejad. Even in security issues, there is no barrier in the way of cooperation." Ahmadinejad said Iran "will give its assistance to establish complete security in Iraq because Iraq's security is Iran's security.' For Mr. Maliki, the visit was a kind of homecoming, since he had spent a part of his exile years during Saddam Hussein's rule living in Tehran."

Iran Proposes Talks On Nuclear Impasse. The Washington Post (9/13, Anderson, 748K) reports Iran's "confidential response three weeks ago to an international proposal over its nuclear program offered extensive negotiations to resolve the standoff, but only if proceedings against Iran in the UN Security Council were stopped." In a "detailed and sometimes rambling document given to foreign governments, Iran stopped short of rejecting demands to halt its nuclear enrichment program, saying the issue could be resolved in talks." Iran's proposal suggests "ending enrichment should not be a prerequisite to negotiations, as demanded by the United States and other countries." Iranian nuclear negotiator Ali Larijani and EU foreign policy chief Javier Solana "have been in preliminary talks in recent days over Iran's proposals." On Monday, Secretary Rice "suggested that a temporary suspension might be enough to clear the way for formal negotiations."

The AP (9/12, Schweid) reports the Bush Administration "was dismissive Tuesday of Iranian suggestions that it might suspend uranium enrichment for up to two months to set the stage for negotiations over its nuclear program and to head off US sanctions." State Department deputy spokesman Tom Casey said, "To the best of my knowledge, there has been no Iranian proposal. … There's been no change in the Iranian position."

Meanwhile, says the Financial Times (9/13, Dombey, Smyth, Dinmore), "Europe is poised to compromise on Iran's nuclear programme, in a step that could break the year-long stand-off over Tehran's atomic ambitions." European "diplomats stress that they will require Iran to allow United Nations inspectors to carry out spot-checks on its nuclear facilities to ensure that the Islamic republic has kept its side of the bargain."

Zilmer Says US Has Sufficient Troops For Mission In Anbar. The classified report by Marine Col. Peter Devlin on the situation in Anbar province received more coverage from major print media, which highlighted the Marine commander's definition of the mission in Anbar as training Iraqi forces rather than defeating the insurgency. The New York Times (9/13, Gordon, 1.21M) reports, "The senior Marine commander in Iraq said Tuesday that he had sufficient forces to carry out his mission but that the mission did not include defeating the insurgency." Maj. Gen. Richard Zilmer said the "force levels are about right" for what he called his "primary mission," namely, "training the Iraqi force" that ultimately will patrol restive Anbar province. The Defense Department "arranged the interview after articles in The Washington Post and The New York Times reported that General Zilmer's senior intelligence officer had submitted a grim assessment about the political and security situation in Iraq." General Zilmer "insisted that the United States was winning the war." The Times says that his comments "contrasted" with those of subordinates in the field, some of whom "recommended" additional forces.

The Washington Post (9/13, Ricks, 748K) plays down any disagreement that Zilmer found with the analysis, reporting that the general said, "I do concur with that assessment" and that he praised the analysis as "frank and

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candid." The Post quotes several upbeat comments by the general, such as, "I think we are winning this war," and a prediction "that he will have an adequate number [of Iraqi policemen] in the province by next year."

The Los Angeles Times (9/13, McDonnell, Barnes, 918K) reports, "The general was called in to rebut reports, first published this week in the Washington Post, that a secret Marine intelligence assessment last month had concluded that the prospects for securing Al Anbar were dim. ... The strikingly frank findings by the top Marine intelligence officer in the region, which have not been released publicly, are said to have unsettled U.S. policymakers and top brass at the Pentagon." The markedly pessimistic article states, "Many Al Anbar residents see U.S. forces as agents of a regime that intends to disenfranchise and marginalize Sunnis while forging alliances with Shiite Iran" and "To some critics, the U.S. effort in Al Anbar and elsewhere in Iraq also has suffered from the unduly optimistic forecasts of American commanders.."

Zilmer Says US "Stifling" Insurgency. The AP (9/12, Burns) reports, "A senior American commander in Iraq said Tuesday that U.S.-led military operations are 'stifling' the insurgency in western Anbar province but are not strong enough to defeat it." Like the Times, the AP observes that Zilmer defined his "main mission" as training Iraqis rather than defeating the insurgency in Anbar. Zilmer called troop increases helpful "in the short term," saying that the long-term answer was "progress on the economic and political fronts that will undercut support for the insurgency." The AP predicts, "As long as the insurgency rages, it is unlikely that Sunni Arab politicians in Baghdad can win over significant numbers of Sunnis to support the government of national unity." It adds that White House spokesman Tony Snow said, "If the president gets a recommendation from the combatant commanders to send more troops to al-Anbar province, they will get them." USA Today (9/13, 2.27M) carries a shorter version of this AP article.

Kristol, Lowry Urge Bush To Send More Troops To Iraq. On its "In the Loop" column in the Washington Post (9/13, A15, 748K), Al Kamen writes, "Bush 's forceful and, of course, nonpartisan 9/11 commemoration speech Monday night obviously didn't suit some of his critics." But" the address also may have disappointed those conservative supporters who think things aren't going exactly swimmingly in Iraq. For example, early and staunch war backers such as the Weekly Standard's William Kristol and the National Review's Rich Lowry called on Bush yesterday 'to stop the downward slide in Iraq' by putting 'substantially more troops' there. (Lowry was among several conservative journalists who met with Bush later yesterday.) Kristol and Lowry didn't talk numbers, but it shouldn't require that many."

At Least 24 Iraqis Killed. The AP (9/12, Quinn) reports, "Violence killed at least two dozen people across Iraq on Tuesday, including six who died when a car bomb blew up in western Baghdad. The attack also wounded 18 people in Mansour, an upscale neighborhood that has been the scene of repeated bombings and kidnappings." The AP adds, "A group of lawmakers tried Tuesday to take advantage of the unpopularity of U.S. troops among many Shiite and Sunni legislators to seek approval of a resolution setting a timetable for the withdrawal of foreign troops." The resolution, sponsored by Moqtada al-Sadr's supporters, was "effectively shelved" by being sent to a committee for review.

Iraqi Speaker Says Partition Plan "Dead." The Washington Post (9/13, A11, Paley, Ibrahim, 748K) reports, "The speaker of the Iraqi parliament said Tuesday that a controversial plan to partition the country into three autonomous regions is politically dead." Sunnis "have generally opposed the plan, on grounds that it would leave them only with vast swaths of desert in the country's middle, devoid of the oil reserves in the other regions." Support "began to erode after a vast array of Sunni, Shiite and secular groups boycotted parliament on Sunday to protest the plan. [Speaker] Mashhadani said Grand Ayatollah Ali Sistani, the most revered Shiite cleric in Iraq, had ordered Shiite politicians to back off from the plan in order to prevent bitter infighting."

Saddam Trial Continues. The Los Angeles Times (9/13, McDonnell, 918K) reports, "A Kurdish villager mocked Saddam Hussein in court Tuesday as the man recalled the disappearance of his relatives during a 1980s military campaign in northern Iraq." The witness "congratulated" Hussein "for being in a cage." Several witnesses recounted how "bushes had turned white" and how their relatives were killed or imprisoned. The Times adds, "Elsewhere, the country's communal slaughter persisted amid grisly new finds of bodies."

Soldier Describes "Anguish" Of Turning In Alleged Killers. USA Today (9/13, Zoroya, 2.27M)

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reports in a 2,414-word story the "anguish" of Pfc. Justin Watt, who eventually told "Army investigators that he suspected soldiers from his own platoon had raped a 14-year-old girl and then killed her and her family." Having endured many comrades' deaths, Watt had to decide: "Put yourself in my shoes ... My roommate's dead. A bunch of my friends are dead. Two of my buddies are being tortured to death. [Suspect Steve] Green is back in the States. He doesn't have to suffer at all. These good men are dead." Watt, who was transferred to another unit, has since received "threats," according to Senator Jon Kyl; the Army claims to be investigating "whether Watt is in danger."

Army Secretary Reveals Combat Death Notification Plan. USA Today/AP (9/13, Lindlaw) reports, "Army Secretary Francis J. Harvey says he is aiming to 'achieve perfection' in a new drive to inform families of soldiers killed in combat about the circumstances of their deaths. In a memo obtained Tuesday by The Associated Press, Harvey outlines a far-reaching review he recently initiated of some 2,000 casualty reports from Iraq, Afghanistan and elsewhere." The memo, addressed to Sen. Barbara Boxer (D-CA), "reveals a previously unknown element of the reforms: Commanders in the field must investigate even if the cause of death was apparent." The plan follows "highly publicized" instances in which families got misinformation about their relatives' cause of death, including the friendly-fire shooting of ex-NFL player Pat Tillman. Other problems mentioned include the "heart-rending" case of a soldier who allegedly "was left to bleed to death" by a medic and two soldiers who "were deliberately killed by Iraqi trainees patrolling alongside them."

No-Confidence Vote Against Rumsfeld Would Be "Unprecedented." Roll Call (9/13, Yehle) reports, "Now in their sixth year of complaining about Defense Secretary Donald Rumsfeld, Congressional Democrats have found a creative new way to make their case — borrow from Britain" by staging a "vote of no confidence." However, "in Congress, the term would have only a symbolic effect," as opposed to in the UK. In any event, Sen. Harry Reid's resolution "never reached a vote, as the GOP procedurally blocked it from being attached to the Defense appropriations bill."

US Becomes Concerned About Terrorist Havens In "Failed" States. The Wall Street Journal (9/13, Dreazen, Shishkin, 2.03M) in a pessimistic, 2,159-word front page article reports, "Concern about extremism seeping out of Iraq underscores a painful irony in the five-year-old war against terrorism: The U.S. and its allies now face the distinct possibility that the same kind of 'failed state' that gave terrorists a haven when the Taliban ruled Afghanistan -- leading to Sept. 11 -- could be forming again, in more than one place." Iraq and Lebanon "are threatening to degenerate" into places "where extremists can thrive," and "Afghanistan itself now appears to be sliding backward so much that it could again become an international terror breeding ground." The US has had to "abandon" plans to withdraw troops from Iraq and "faces a diplomatic cost" as Jordan, Saudi Arabia, and Turkey "chart their own courses because they see a possible threat ... from extremists in Iraq."

Ignatius Sees "Young Anger" As Wellspring Of Jihad. In the Washington Post (9/13, 748K), columnist David Ignatius approvingly quotes the book "Understanding Terror Networks," by former CIA case officer Marc Sageman. The latter argues "that we are facing something closer to a cult network than an organized global adversary. Like many cults through history, the Muslim terrorists thrive by channeling and perverting the idealism of young people." Sageman's analysis implies "that the Sunni jihadism of al-Qaeda and its spinoff groups is a generational phenomenon. Unless new grievances spawn new recruits, it will gradually ebb over time. In other words, this is a fire that will gradually burn itself out unless we keep pumping in more oxygen." For example, starting a war with Iran would be "the only sure way to ignite revolutionary zealotry in the younger generation."

DOJ:

DOJ IT Official Discusses Tech Security. Government Computer News (9/13, Jackson) reports, "A key element of the Justice Department's security program is managing vulnerabilities in its IT systems. According to director of IT security Dennis Heretick, when it comes to compliance with the Federal Information Security Management Act, this is even more important than implementing operational controls. … 'Vulnerability management has been the emphasis of our program,' Heretick said. 'That is what FISMA is all about. What are your

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weaknesses, and what can you do about it?'" GCN continues, "The department started with network and configuration scanning, using tools such as FoundScan from Foundstone Inc. (now a division of McAfee Inc.) and the open-source Nessus scanner, managed by Tenable Network Security Inc. of Columbia, Md. This year the department is expanding its scanning capabilities to assess application security, beginning with database software." GCN adds, "Two Justice offices, the FBI and Office of Justice Programs, already had been using the AppDetective scanner from Application Security Inc. (www.appsecinc.com) of New York. Other offices in the department were making plans to use it, Heretick said. 'We expanded that with an enterprise license' this summer, he said. 'We've started scheduling our training now.' … AppDetective is AppSecInc's flagship product. It is a network-based scanner that can work with other tools such as FoundScan, but it is specialized for identifying and fixing database—rather than network—vulnerabilities. Heretick said he had been aware from the beginning of the need for application-level assessments, but the network and security configurations came first."

Accenture Gets DOJ Debt Collection Contract. Washington Technology (9/13, Gerin) reports, "Accenture Ltd. won a contract potentially worth $54 million from the Justice Department to construct a new, integrated debt collection system." Washington Technology adds, "Under the contract, Accenture of Hamilton, Bermuda, will consolidate multiple legacy systems into an integrated system. The management and technology consulting firm also will operate and maintain the system. … The Justice Department and all of its component agencies, including the U.S. Attorneys Offices, tax and litigation divisions, and the offices of the chief finance officer and CIO, will use the system."

The Washington Business Journal (9/13) reports, "Accenture, which has local offices in D.C. and Reston, says the Justice contract calls for the company to deliver a new integrated debt collection system to the department and all its component organizations, including U.S. attorneys' offices." The Journal adds, "Accenture will also provide operations and maintenance to support the new system, which will help the Justice Department improve its communications and reporting and provide better financial controls."

CORPORATE SCANDALS:

Hewlett-Packard Chairwoman Resigns Amid Expanding Criminal Probe. The Wall Street Journal (9/13, Waldman, Lublin) reports, "Hewlett-Packard Co. named Chief Executive Officer Mark Hurd to succeed its embattled chairman, but the computer maker faced a graver legal threat as California's attorney general said he has enough evidence to bring criminal charges against people at the company." The Journal continues, "Mr. Hurd will succeed Patricia Dunn, H-P's nonexecutive chairman, in mid-January 2007. Her efforts to catch boardroom leakers last year led the Palo Alto, Calif., company to hire a contractor that scrutinized the private phone records of H-P's own directors and nine journalists. … H-P has said those records were improperly obtained by outside investigators through the use of 'pretexting,' or masquerading as the directors and journalists in order to request their records from phone companies. Mr. Hurd and Ms. Dunn apologized for the company snooping yesterday, though Ms. Dunn reiterated boardroom leaks had been a substantial problem for H-P. … In addition, H-P said George Keyworth, a former presidential science adviser and H-P's longest-serving director, resigned from the board. Mr. Keyworth was identified in Ms. Dunn's probe as a leaker of information to the press." The Journal notes, "A spokeswoman for the Federal Bureau of Investigation said yesterday an investigation started by the agency on Monday hasn't determined whether anyone in the case violated federal laws. LaRae Quy, a special agent in the FBI's office in San Francisco, said the investigation is focused on how the confidential information was obtained, not on H-P itself. The FBI normally doesn't discuss ongoing investigations but made an exception because there is 'such a national interest,' Ms. Quy said. H-P says it is fully cooperating with all the investigations."

The Washington Post (9/13, D1, Noguchi, Nakashima) reports, "It's unclear how soon charges in the scandal could be filed, but on last night's 'NewsHour With Jim Lehrer' on public television, California Attorney General Bill Lockyer said, 'We currently have sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside.'" The Post adds, "Meanwhile, Congress and federal and state investigators continue to pressure HP about the methods used to obtain those phone records, with calls from lawmakers from both parties to pass legislation, now pending,

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that would make it a crime to obtain people's phone records by impersonating them. … That follows separate probes by the FBI, a House subcommittee on investigations, the California attorney general and the Federal Communications Commission."

The Los Angeles Times (9/13, Granelli, Piller) reports, "Criminal charges could be filed as early as next week -- deepening a weeklong corporate spying scandal that has riveted the close-knit technology industry, but has been largely ignored by Wall Street. … Criminal charges against HP employees ratchets up the pressure on the Palo Alto, Calif., company and could threaten the turnaround engineered by Hurd, who was recruited last year from NCR Corp. to revive the storied maker of computers and printers. … It was unclear Tuesday whether Dunn is being targeted by Lockyer, who also said he had sufficient evidence to indict contractors outside the company. Neither HP nor Lockyer has identified the firms that conducted the leak probe, which was carried out earlier this year."

The New York Times (9/13, Darlin, Richtel) reports, "The California attorney general, Bill Lockyer, said that after looking into the company's investigative effort, 'we have enough information to indict people inside H.P. and outside.' … For the garage-born company, whose H.P. Way set a standard for corporate behavior in Silicon Valley, the troubles have clouded its image but underscored the resilience of its resurgent business. Even after a week of intense publicity over its upheaval, the company's stock closed at its highest level since 2001." The Times adds, "Hewlett-Packard's investigation now appears to have included active surveillance and the review of videos to see if board members were meeting with reporters, according to people with knowledge of the company's examination of its private detectives' activities. … They also identified a Massachusetts company, Security Outsourcing Solutions, as a Hewlett-Packard contractor hired to find the source of internal leaks. Efforts to reach that company by phone and e-mail were unsuccessful."

USA Today (9/13, Kessler, Hopkins) reports, "The scandal began in 2005, when Hurd ran Ohio-based tech company NCR. Hewlett-Packard's then-CEO, Carly Fiorina, was clashing with her board. Information about it leaked to the press, so she hired a law firm to find the source. … The search was unsuccessful, and Fiorina was ousted in February 2005. Yet the leaks continued." USA adds, "Responsibility for the search passed to Dunn, appointed non-executive chairman after Fiorina left. The former CEO of Barclays Global Investors, who gave up that job to fight a bout with breast cancer, has a reputation for integrity and honesty, says Christian. … Dunn hired a yet-unidentified detective firm and told it to conduct a legal investigation, HP says. But a subcontractor used a controversial technique called 'pretexting' to obtain phone records. Pretexting is when someone contacts a company pretending to be someone else, in order to get that person's confidential records. … It worked, and Keyworth was exposed as the source of a leak to tech website CNet. He was outed during a May 18 board meeting. Dunn asked him to resign. He refused."

The AP (9/13, Robertson) reports, "The pressure on Dunn to step down began rising sharply on Monday when Congress and federal investigators entered the fray surrounding HP's investigation. The FBI, the U.S. Attorney for Northern California and the House Energy and Commerce Committee all joined the probe of the scandal swirling around HP's Board of Directors."

The Financial Times (9/13, Allison, Waters, Nuttall) reports, "News of Mr Hurd's appointment followed two days of emergency meetings by the HP board. It will allay fears that the spying scandal could put Mr Hurd's role as chief executive in jeopardy. … He has led a resurgence at the world's second-biggest computer maker since he took over following the removal of Carly Fiorina as chief executive last year. The leaks included details of discussions to oust her." The San Jose Mercury News (9/13, Carey) and Bloomberg (9/13, Gullo) also report this story.

Boston P-I Firm Tied To HP Probe. The Wall Street Journal (9/13, Waldman, Stecklow, Emshwiller) reports, "For the past week, Hewlett-Packard Co. has refused to identify private investigators the company retained to investigate leaks by its board of directors. People familiar with the matter say H-P has told them one of the investigators connected to the case is Ronald R. DeLia, from a small Boston firm called Security Outsourcing Solutions Inc. that says it specializes in corporate-security investigations." The Journal continues, "H-P, a Palo Alto, Calif., computer and printer maker, has said that it hired a private-investigation firm to carry out its inquiry; that firm then hired a second entity that used so-called 'pretexting' to obtain the private phone records of board members and journalists. … People familiar with H-P's leak probe say the company's private investigators also dispatched monitors to attend at least one director's speeches and to see if this board member met with journalists afterward." The

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Journal adds, "According to its Web site, Security Outsourcing Solutions 'was formed to provide small- to medium-size corporations and institutions with the same level of security currently available only to Fortune 1000 companies.' At one time, it published a newsletter called 'Corporate Homicide: Life in a Global Economy.' In a 1999 edition of the newsletter, Mr. DeLia warned that 'identity theft is becoming a major law-enforcement problem about which consumers can ill afford to become indifferent.' The newsletter said the Internet had made it easier for identity thieves to obtain addresses and Social Security numbers for a fee."

DOJ To Review Policy On Corporate Cooperation. The Wall Street Journal (9/13, Burns) reports, "Amid criticism from business and legal groups and even some of its own former officials, the Justice Department is revisiting its policy of rewarding companies that agree to waive certain legal protections in criminal investigations. … But a senior official said any changes that would chill cooperation 'would not be a good thing.'" The Journal continues, "Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that corporations are eager to cooperate with federal prosecutors and expect to be rewarded for doing so, with or without an explicit federal policy to that effect. He later said the Justice Department is open to changes that 'improve the process we have,' but he raised concerns about inhibiting executives from sharing information with prosecutors. … Business and legal groups have been critical of the Justice Department policy, outlined in a 2003 memo on business prosecutions by then-Deputy Attorney General Larry Thompson. U.S. Chamber of Commerce President Thomas Donohue told the panel that the Thompson memo 'emboldened federal prosecutors' to demand that companies and employees forgo rights, including the right to confidential discussions with lawyers, if the company wants credit for cooperating in an investigation." The Journal notes, "American Bar Association President Karen Mathis said the policy has eroded basic constitutional protections and is discouraging firms and individuals from talking to lawyers. The ABA complained in a letter to Attorney General Alberto Gonzales this spring, and a bipartisan group of 10 former Justice Department officials did the same last week, calling for a revised policy telling prosecutors that waiving attorney-client privilege and work-product protections 'should not be a factor' in determining whether a company has cooperated with the government in an investigation."

The AP (9/13, Yen) reports, "At a Senate hearing, Deputy Attorney General Paul McNulty said the department would take another look at the 2003 policy in light of public criticism. But he added that there were no plans to change the guidelines, which reward companies if they cooperate with prosecutors in investigations such as by handing over confidential documents. … 'We see nothing wrong in asking a corporation to disclose to us the results of their internal investigation to assist us in investigating a corporation's claim of innocence,' McNulty told the Senate Judiciary Committee. 'Indeed, we believe it is good practice because it conserves public and private resources.'" The AP adds, "An array of business and legal groups such as the American Bar Association as well as former top Justice officials have come out against the policy, saying it coerces companies to waive the attorney-client privilege and deters employees from getting critical legal advice. … 'Lawmakers must intervene and abolish the provisions that rob executives and employees of their right to candid and confidential consultation with their attorneys,' said Tom Donohue, president of the U.S. Chamber of Commerce." The AP notes, "Sens. Arlen Specter, R-Pa., and Patrick Leahy, D-Vt., both expressed concern that the Justice Department policy was unduly coercive and abrogated a fundamental right. They said prosecutors should be neutral in taking into account waivers of attorney-client privilege when considering charges to ensure fair representation. … McNulty responded that the policy was not coercive because prosecutors are instructed to consider waiver of the privilege as just one factor in determining charges. More critical factors include the degree to which a company CEO is involved in potential wrongdoing, he said."

The New York Times (9/13, Browning) reports, "The Justice Department's guidelines for prosecutors, as outlined in a 2003 document known as the Thompson memorandum, describe nine factors that prosecutors must consider when weighing whether to indict a company for corporate misconduct. Among them are whether a company has demonstrated cooperation with prosecutors by disclosing legal communications to investigators, and whether it has stopped paying legal fees to employees caught up in investigations. … Companies that do not demonstrate cooperation face a greater risk of indictment — which can be a death sentence, as it was for the accounting firm Arthur Andersen in 2002. … Any changes to the guidelines could alter the way prosecutors pursue companies and white-collar defendants." The Times adds, "The guidelines in the

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Thompson memorandum, Mr. McNulty said, 'are nothing more than a structured recitation of what common sense would lead a prosecutor to consider.' … Nonetheless, he said that amid the recent criticism, 'we are giving thoughtful consideration to everything,' and that 'we'll have new guidance if, and that's the key here, if something should be identified that would improve the process.' He said that the Justice Department would consider making the guidelines nonbinding for prosecutors." The Times notes, "Mr. Specter, the committee chairman, asked if Mr. McNulty would consider President Bush's frequent assertions of executive privilege during the confirmation hearings of Supreme Court Justice Samuel A. Alito Jr. and Chief Justice John Roberts Jr. to be an example of noncooperation, in the same vein as companies that do not disclose legal communications. … Mr. McNulty said that he did not."

Paulson Backs Panel Formed To Study Sarbanes-Oxley Law. Treasury Secretary Hank Paulson is backing the Committee on Markets Regulation, a 17-member panel of US businessmen and academics formed to study why US capital markets are losing ground to foreign rivals. The Financial Times (9/13, Grant) reports that the group, the second of its kind to be formed since the US Chamber of Commerce launched a similar initiative last year, is "a sign of increasing clamour in the US business community for a re-examination" of the Sarbanes Oxley law, "whose Section 404 internal audit control provisions have been widely criticised as being too onerous. The new committee will be directed by Hal Scott, Nomura Professor at Harvard Law School, and co-chaired by Glenn Hubbard, dean of Columbia Business School, and John Thornton, chairman of the board of the Brookings Institution. It will 'assess the degree to which US public markets are losing ground to foreign and private markets, the causes of this decline, and its impact on the financial industry and the economy.'"

The New York Times (9/13, Norris, 1.21M) reports that Paulson praised the creation of the panel, saying that "the issue of American competitiveness 'is important to the future of the American economy and a priority for me.'" The Times adds, "Among the issues to be considered are whether laws need to be changed to limit both civil and criminal liability for companies, auditors and directors."

CRIMINAL LAW:

Reid Presses For Polygamy Task Force In Wake Of Jeffs Arrest. The AP (9/13) reports, "The U.S. Senate's top Democrat called Tuesday for a federal investigation into the activities of polygamists in Western states." The AP continues, "Minority Leader Harry Reid of Nevada said in a letter to U.S. Attorney General Alberto Gonzales that a task force should be formed to look into interstate activities of polygamists. He also asked the Justice Department to help state prosecutors dealing with polygamist sect leader Warren Jeffs. … 'For too long, this outrageous activity has been disguised in the mask of religious freedom,' Reid said. 'But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated.'" The AP adds, "Reid, a Mormon, added that Jeffs is part of a sect that broke away from the Mormon Church more than a century ago and has been disavowed by leaders and mainstream members of the Church of Jesus Christ of Latter-day Saints. … A reporter's call to the Justice Department's after-hours command center was transferred to the department's press office, where there was no answer."

DOJ Cuts Plea Deal With "Girls Gone Wild" Over Age, Identity Documentation. The Los Angeles Times (9/13, Muskal) reports, "The California company responsible for the successful 'Girls Gone Wild' series of videos has pleaded guilty to violating a federal law designed to prevent the sexual exploitation of children, the Justice Department announced today." The Times continues, "Mantra Films Inc. of Santa Monica pleaded guilty to charges that it failed to create and maintain age and identity documents for performers in sexually explicit films that it produced and distributed. The company also failed to label its DVDs and videotapes as required by federal law, the Justice Department said. … Mantra Films entered its plea agreement today before U.S. District Judge Richard Smoak in Panama City, Fla. A second related company, MRA Holdings LLC, also entered into an agreement." The Times adds, "The companies, founded and owned by Joseph Francis, agreed to pay $2.1 million in fines and restitution. Of that, $1.6 million is to be paid by Mantra and MRA, and $500,000 by Francis. … The case is believed to be the first to be filed under a federal law designed to prevent the sexual exploitation of children, the Justice Department said. … 'This case sends an

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important message about the Justice Department's commitment to protecting children from all forms of sexual exploitation,' Assistant Atty. Gen. Alice S. Fisher said in a statement. 'Today's agreements ensure that "Girls Gone Wild" will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well.' … 'This prosecution makes clear that those who seek to enrich themselves at the expense of our children's innocence in violation of the laws intended to protect them will be held to answer in federal court,' U.S. Atty. Gregory R. Miller of the Northern District of Florida said."

The AP (9/13, Yen) reports, "Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a 'Girls Gone Wild' cameraman in sexual situations remain pending against Mantra and Francis. … An attorney for Mantra, Aaron Dyer, said the company would clean up its record keeping. … The charges involved 'serious record-keeping issues that occurred several years ago,' he said. 'Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again.'"

CNN.com (9/13, Frieden) reports, "The law, which prosecutors call Section 2257 -- is intended to protect minors by requiring producers to create and maintain age and identity records for every performer in sexually explicit movies and other media. … Distributors also must label their tapes and discs with the name of the custodian of the records and their location, prosecutors said."

Broadcasting & Cable (9/13, Eggerton) reports, "In addition to paying the fines, the company has agreed to admit criminal wrongdoing. In addition the charges will be dropped only if the company remains in compliance for the next three years. It has also agreed to allow a government-approved monitor to assure that compliance."

Judge Rejects Motion For New Safavian Trial. The AP (9/13, Apuzzo) reports, "A federal judge declined Tuesday to throw out a conviction or order a new trial for a former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff." David Safavian, former chief of staff of the General Services Administration, "was convicted in June of making false statements and obstruction. It was the first trial to emerge from the scandal surrounding Abramoff." His attorneys "argued that the charges didn't meet the legal standard for conviction. They also said US District Judge Paul Friedman improperly admitted into evidence e-mails between Abramoff and Safavian. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients." Friedman "rejected that argument, denying the request for a new trial. He said the e-mails were properly admitted and noted that Safavian discussed the e-mails when testifying in his own defense."

NBC News (9/13) reports, "Judge Paul Friedman writes, 'This Court concludes that there are no grounds for granting either defendant's motion for judgment of acquittal on any of the counts for which he was convicted, or his motion for a new trial.' … The trial also provided new details of the lavish golf trip, as well as photos taken on the historic St. Andrews course of Ney with Abramoff and others. Volz, a longtime Ney loyalist who went to work for Abramoff's firm in 2002, pleaded guilty to federal corruption charges. Volz was a star prosecution witness in the Safavian trial." NBC adds, "Volz detailed the Scotland trip as a fete of eating and drinking and telling funny stories on the plane ride overseas. He said playing golf on the fabled Old Course totaled $400 per round. And, as far as he knew, Volz said, none of the public officials on the trip, including Ney and Safavian, ever paid for golf rounds or entertainment in Scotland. Ney has been the subject of a Justice Department investigation, but has not been charged. … Safavian's attorneys had argued that including hundreds of e-mails between him and Abramoff as evidence constituted hearsay that might have prejudiced jurors."

Ohio Fundraiser Sentenced For Funneling Donations To Bush Campaign. The AP (9/13, Seewer) reports, "A federal judge sentenced a GOP fundraiser at the center of an Ohio political scandal to two years and three months in prison Tuesday for funneling $45,000 to President Bush's re-election campaign." The AP continues, 'Tom Noe, a former Toledo-area rare coin dealer whose large donations made him a powerful political figure, apologized for scheming to give friends money to donate to Bush to fulfill Noe's promise to generate $50,000 at a fundraiser. … 'I recruited others to make contributions to the campaign,' Noe said in court. 'I knew it was wrong to do so. I alone accept responsibility.'" The AP adds, "Noe said he arranged the scheme because 'in 2003 I was pressured by Bush-Cheney officials to become a Pioneer,' a name the campaign gives to people who raise $100,000. … Federal prosecutors say Noe wanted perks such as invitations to the

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White House and the president's ranch in Texas, and he wanted to impress various state officials. … The money-laundering scheme was the largest prosecuted under the 2002 campaign finance reform law, which set limits on donations, prosecutors said last October."

The Cleveland Plain Dealer (9/13, Caniglia) reports, "Tom Noe's zealous quest to be a Republican kingmaker ended in a cramped courtroom Tuesday, far from the Beltway spotlight he once craved." The Plain Dealer continues, "A federal judge sentenced an apologetic Noe to 27 months in prison and fined him $136,200 for making $45,400 in illegal campaign contributions to President Bush's re-election campaign. Authorities called the case the country's largest fundraising scandal in recent years. … Noe, however, will not go to prison until after his trial next month in Lucas County Common Pleas Court, on unrelated state charges of racketeering and stealing nearly $2.3 million from a $50 million investment in rare coins that he managed for the Ohio Bureau of Workers' Compensation. … If convicted in that case, he could receive decades in prison. … 'This was an ego-feeding and a stupid act by Mr. Noe,' said U.S. District Judge David Katz. … 'And I think he realizes that today,' added Katz, who imposed the sentence."

Former House Leaders To File Amicus Brief Supporting Jefferson On FBI Search. Roll Call (9/13, Bresnahan) reports former House Speakers Newt Gingrich and Tom Foley and former House Minority Leader Bob Michel "have notified an appeals court that they will intervene in the legal challenge by Rep. William Jefferson…to the May 20 FBI raid of his Capitol Hill office." Former DC Circuit Chief Judge Abner Mikva "also will file an amicus brief on Jefferson's behalf. In addition, a bipartisan group of former House general counsels, including Charles Tiefer, Stanley Brand, Steven Ross and Thomas Spulak, as well as Congressional scholars Norman Ornstein and Thomas Mann, have notified the appeals court of their intentions to weigh in on the case. Former House Minority Leader Richard Gephardt…was asked to join with his three former colleagues but declined to do so, several sources said." Roll Call notes Gingrich, Foley and Michel and the "Congressional experts will not defend Jefferson…but will argue that the Justice Department overstepped its bounds when it searched Jefferson's office."

Harman Says Intelligence Panel At Impasse On Cunningham Subpoena. The AP (9/13, Werner) reports House Intelligence Committee leaders "are at an impasse over whether to subpoena jailed former Rep. Randy 'Duke' Cunningham as part of an investigation into his actions on the committee." Ranking Democrat Jane Harman said "the disagreement threatens to end chances for a bipartisan outcome to the investigation." Harman said, "We've hit a problem, and I hope we can get past it and come up with a joint report. That is my preference, my strong preference, and I don't know if that's possible. It may not be possible." The AP adds Harman "believes the panel's investigation can't be complete without interviewing Cunningham, the San Diego Republican who resigned from Congress last November after admitting taking $2.4 million in bribes from defense contractors." But Chairman Peter Hoekstra "has not agreed." A congressional aide, "speaking on condition of anonymity because of the ongoing investigation, said Hoekstra wants to hear from Cunningham but doesn't want to issue a subpoena only to have him invoke Fifth Amendment protections and refuse to testify, as his attorney has warned the committee he would do."

Animal Rights Advocates Given Prison Terms Under New Law. The New York Times (9/13, B8, Mansnerus) reports a federal district judge in New Jersey Tuesday "sentenced three people to prison terms of four to six years for their roles in a campaign of threats and harassment against a company that runs an animal testing laboratory." The three were described at their trial as "coordinators of a group dedicated to shutting down" Huntingdon Life Sciences, a British company with a laboratory in New Jersey. The Times notes that the case "has drawn international attention, not only because Huntingdon Life Sciences is the largest contract animal testing laboratory in Europe but also because the convictions were the first under the federal Animal Enterprise Protection Act."

The AP (9/13, DeFalco) reports from Trenton, NJ, "Three animal-rights activists convicted of using their Web site to incite threats and harassment against a company that tests products on animals received prison sentences ranging from four to six years Tuesday." The AP continues, "They were also ordered to pay a total of $1 million in restitution to the company and people they terrorized. All three said they planned to appeal their convictions and requested they

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receive vegan meals while in prison. … Three other members of Stop Huntingdon Animal Cruelty are awaiting sentencing within the next two weeks." The AP adds, "Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a company that tests drugs and household products on animals. .. . Huntingdon Life Sciences general manger Mike Caulfield said the company 'was grateful that justice was served.' He said as a result of the threats and harassment, the company's health insurer and other firms severed ties with it. … 'It generally made the cost of doing business with us more expensive than our competitors during that time,' he said. … And that was the point, prosecutors said. … 'This was a conspiracy to shut down Huntingdon Life Sciences,' said assistant U.S. Attorney Charles McKenna."

The Philadelphia Inquirer (9/13, Graham, 399K) reports Kjonaas said before the sentencing, "At this point in my life, I am utterly humbled. I've come here with my mother. This has been a traumatic experience and a learning experience." Outside court "after the hearing, Kjonaas…said a prison term would not deter him from his cause. 'Others have gone through worse things,' he said. 'The history of social-justice movements is filled with people who went to jail. ... I'll be back.'" The Inquirer notes, "The so-called 'SHAC 7' were the first defendants ever charged under a federal law designed to criminalize the stalking, vandalism and other tactics of militant animal-rights organizations," but Lindsay "said that home protests would continue," and "she maintained again that the defendants were legitimate activists who did nothing wrong, and said the sentences only encouraged 'underground' activists who break the law."

Alleged Israeli Mob Enforcer Sentenced For Racketeering. The AP (9/13) reports, "A reputed enforcer for an Israeli crime group was sentenced to more than 10 years in federal prison for racketeering." The AP continues, "Hai Waknine, 35, pleaded guilty in June to using extortion and threats of violence to help an organized crime syndicate known as the Jerusalem Group launder nearly $2 million in embezzled funds. Authorities say the syndicate enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe and around the U.S." The AP adds, "Waknine, an Israeli national who lives in Marina del Rey, asked for leniency during sentencing Monday. But U.S. District Judge Manuel Real, citing Waknine's extensive criminal history, gave him 13 months in prison beyond the nine years that prosecutors recommended. … Prosecutors alleged that Waknine kidnapped debtors, aimed handguns at them and threatened their families to make them pay up. … 'That was Waknine's role, a shakedown collections guy,' said Assistant U.S. Attorney Thomas P. Sleisenger. 'There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars.'"

Boston SAC Says FBI Big Dig Probe Is "High Priority." The Boston Herald (9/13, Ross, 203K) reports, "The federal investigation into the $15 billion Big Dig has mushroomed into a 'high priorty' public corruption probe focused on project financing and whether officials ignored requirements to conduct crucial inspections, Boston's FBI chief said yesterday. 'We've got a lot of agents assigned to it and there are several avenues to the case,' said Ken Kaiser, special agent in charge of the Boston FBI. 'Basically it's looked at as a public corruption investigation, which is the highest criminal priority we have.' … Kaiser said top FBI officials in Washington are monitoring the investigation and have pledged additional resources if necessary." The Herald adds, "Asked whether the probe reaches beyond contractors to public officials, Kaiser replied, 'If I would tell you that out of a $15 billion project we're not looking into other areas, I'd be lying,' he said. 'I mean, the money went someplace.'"

Vigil Retrial Jurors See FBI Tapes Of Alleged Bribery Payments. The AP (9/13, Korte) reports, "Jurors on Tuesday watched and listened to FBI videotapes showing California investment adviser Kent Nelson handing over thousands of dollars in cash to former state Treasurer Robert Vigil. … The videos and tape-recorded telephone conversations -- some of them also were played for the jury -- are among the government's strongest evidence against Vigil." FBI Special Agent Marcus McCaskill testified "that Vigil approved $2.5 billion in flexible repurchase agreements during his term as treasurer from 2003-2005, leading to $1.8 million in fees for Nelson and other investment advisers."

Peter Gotti Testifies He Was Not Brother's Gambino Go-Between. Newsday (9/13, DeStefano) reports, "John A. Gotti's younger brother took the witness stand Tuesday in Manhattan federal court and said he never collected any extortion cash or passed any messages to

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others on behalf of his sibling. Peter Gotti said that, despite a testy relationship over the years with his brother…he still kept in touch in the late 1990s and early part of this decade while John…was under house arrest and later serving a federal prison sentence." Newsday adds, "Even under cross examination by assistant U.S. attorney Victor Hou, Peter Gotti denied ever collecting money on his brother's behalf." Hou also "brought up a taped conversation Peter Gotti had with his brother at Ray Brook federal prison in upstate New York talking about the Colombo crime family infighting of the 1990s. Hou was apparently using the conversation to cast doubt on Peter Gotti's claim that he never talked about mob business. But Peter Gotti pointed out that the conversation centered on a column that had appeared on the Web site Ganglandnews.com."

Meanwhile, the New York Daily News (9/13, Zambito, 729K) reports John Gotti "invested $20,000 into a failed hip-hop magazine that would have targeted prisoners by dispensing free legal advice beside photos of rapper babes. But the Hottie Publishing venture never took off and Gotti ended up losing his dough, Gotti pal Steve Dobies told jurors yesterday at Gotti's racketeering trial in Manhattan Federal Court. … Dobies was called by defense attorneys to counter prosecution claims that he regularly visited Gotti at the federal prison so he could relay Mafia messages back to the street. Gotti was serving a nearly six-year prison hitch after pleading guilty in 1999 to racketeering charges and renouncing his ties to the mob."

Former Bank President Pleads Guilty In Arizona Ponzi Scheme. The Arizona Republic (9/10) reported, "The former president of a private bank in Arizona has pleaded guilty in a Ponzi scheme that cost Native American depositors millions of dollars." Edward James Driving Hawk Sr. of Chandler "admitted mail and wire fraud in a conspiracy with others through a company known as U.S. Reservation Bank and Trust, according to the U.S. Attorney's Office. … An indictment says the company raised as much as $67 million in unsecured investments, and Driving Hawk diverted an estimated $4 million to himself and his family during the two years of operation." The AP (9/10) noted, "He faces up to five years in prison and a $250,000 fine when he's sentenced November 13th."

Florida Men Indicted For Medicare Fraud Using Stolen SSNs. The Naples (FL) Daily News (9/9, Freeman) reported, "A Naples man and his cousin who worked at Cleveland Clinic in Weston were indicted Friday on charges they stole personal information of more than 1,100 patients from the former Cleveland Clinic in Naples, according to the U.S. Attorney's Office in Miami. … Fernando Ferrer Jr., 29, of Naples, registered as an owner of Advanced Medical Claims Inc. in Naples, and Isis Machado, 22, of Miami Lakes, were indicted on charges they stole patient information for fraudulent purposes." Machado allegedly stole the information and sold it "to Ferrer, who used the stolen information in connection with the submission of about $2.8 million in false claims to Medicare, according to the indictment. The pair could face 30 years in prison and more than $1 million in fines if convicted as charged." The Miami Herald (9/9, Dorschner, 310K) noted FBI Miami SAC Jonathan Solomon said, "We expect healthcare employees to keep our personal information confidential and secure. Criminals who commit healthcare fraud steal from all of us as U.S. taxpayers and, in the end, make medical care more expensive for all of us."

The South Florida Sun-Sentinel (9/9, Diaz, 265K) reported, "They are also charged with fraud in connection with computers and violations related to the Health Insurance Portability and Accountability Act, or HIPAA, which forbids the unauthorized release of private patient information. 'Medical files have some of our most private information,' said U.S. Attorney R. Alexander Acosta. 'Each of us rightly trusts that our health-care providers will keep them confidential.'" The Lakeland Ledger (9/10) and AP (9/9) also reported on the indictments.

Pennsylvania Man Pleads Guilty To Copyright Infringement. IDG News Service (9/13, Gross) reports, "An Erie, Pennsylvania, man involved in a BitTorrent peer-to-peer network has pleaded guilty to copyright infringement and faces up to five years in prison and a US$250,000 fine, the U.S. Department of Justice (DOJ) said. Scott R. McCausland, 24, pleaded guilty to one count of conspiracy to commit copyright infringement and one count of criminal copyright infringement in violation of the Family Entertainment Copyright Act, the DOJ announced Tuesday." IDG notes, "McCausland's conviction is the third in a series of convictions arising from Operation D-Elite, a federal crackdown against the first providers of pirated works to the Elite Torrents network. … U.S. federal agents shut down the Elite Torrents network on May 25, 2005, seizing its main

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server and replacing its log-in Web page with the notice: 'This site has been permanently shut down by the FBI and U.S. Immigration and Customs Enforcement.'"

Sweep Nets 18 Members Of Los Angeles Gang. The Los Angeles Times (9/13, Winton) reports, "Federal prosecutors indicted 18 members of the 18th Street gang, including one imprisoned leader of the Mexican Mafia, on racketeering, conspiracy and narcotics charges for a scheme where they allegedly would sell streets in the Wilshire, Koreatown and Pico Union areas to drug dealers for weekly and monthly fees." The Times continues, "The criminal organization, prosecutors allege, was run by Ruben 'Night Owl' Castro, a Mexican Mafia boss and leader of the 18th Street gang, from his federal prison cell with the help of his girlfriend. In 1997, Castro was convicted in the first federal Racketeering Influenced and Corrupt Organizations Act (RICO) case against a gang." The Times adds, "In a sweep across Southern California this morning, federal and local law enforcement personnel arrested 10 members of two powerful cliques within the 18th Street gang known as the Hoover Locos and the Shatto Park Locos. Prosecutors allege that the 18th Street cliques in those areas answered to Castro and its shot callers collected so-called 'tax' or 'rent' from drug dealers for the right to sell narcotics on a street with a guarantee of protection from the 18th Street gang enforcers. … 'It is a form of old-fashioned organized crime. Drug dealers would buy a street, say a section of Alvarado from 3rd to 4th street,' said Bruce Riordan, assistant U.S. attorney." The Times notes, "Castro was housed in a Colorado federal prison during the time he allegedly oversaw the organization dubbed the 'Ruben Castro organization' by prosecutors. Authorities admitted that even one of the toughest prison systems did not stop Castro from operating his criminal business. 'No matter what we do, some people intent on committing crimes will do it,' said George S. Cardona, chief assistant U.S. attorney."

Judge Strikes Missouri Execution Procedure. The New York Times (9/13, Davey) reports, "A judge ruled that (Missouri's) newest protocol for execution by lethal injection is an improvement, but still falls short of providing constitutional protections." The Times continues, "Ordering the state to revise its rules again, the judge, Fernando J. Gaitan Jr. of Federal District Court, said that a doctor who had long mixed the drugs used in executions should no longer 'participate in any manner, at any level, in the State of Missouri's lethal injection process.'" The Times adds, "The doctor, identified in court documents only as John Doe I, had acknowledged sometimes giving inmates smaller amounts of anesthesia than the state had said was its policy."

CIVIL LAW:

Judge To Consider Class-Action Status In Tobacco Suit. The AP (9/13, Hays) reports, "Lawyers for smokers of light cigarettes have asked a federal judge to grant class action status to a lawsuit against major tobacco companies, allowing tens of millions of people nationwide to seek as much as $200 billion in damages." The AP continues, "In the lawsuit, filed in 2004, the smokers accused Altria Group Inc.'s Philip Morris USA Inc., R.J. Reynolds Tobacco Co., which is now part of Reynolds American Inc., based in Winston-Salem, N.C., and other defendants of deceiving them for more than 30 years by claiming low-tar cigarettes were less harmful than regular cigarettes. The manufacturers, they allege, knew the health risks were about the same. … U.S. District Judge Jack Weinstein was scheduled to hear arguments Tuesday in Brooklyn." The AP adds, "As a class, light cigarette smokers would be entitled to between $120 billion and $200 billion in refunds for a deceptive product, plaintiffs attorney Michael D. Hausfeld said Tuesday. … The tobacco companies 'continue to believe that the class should not be certified,' said R.J. Reynolds spokesman David Howard. 'Class certification is not appropriate when you're talking about individual smokers and health claims.'"

CIVIL RIGHTS:

Judge Adds Prison Time In Texas Human Smuggling Deaths. The AP (9/13) reports, "A judge sentenced three people convicted in America's deadliest human smuggling attempt, exceeding the maximum recommended prison term in two of the cases." The AP continues, "U.S. District Judge Vanessa Gilmore sent Emma Sapata Rodriguez to prison for 15 years Monday for her part in trying to smuggle more than 70 immigrants inside a stifling trailer in 2003. The truck trailer was abandoned about 100 miles southwest of Houston and nineteen of the immigrants died." The AP adds, "Rosa Sarrata Gonzalez, who was

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convicted partly by the testimony of her two sons, received the recommended maximum sentence of 12 years and seven months. She smuggled one person into the trailer. … Sapata and Sarrata were convicted along with Victor Sanchez Rodriguez of conspiracy to harbor and transport illegal immigrants. In addition to the conspiracy charge, the jury found Sarrata guilty of one count of harboring and Sapata guilty of eight counts of harboring and six counts of transporting. Sanchez was convicted of eight counts of harboring and nine counts of transporting." The AP notes, "Sapata's prison term exceeds federal sentencing guidelines by three years and seven months. Her husband, Sanchez, was sentenced Monday to 23 years and four months in prison. The sentence is three years and four months longer than the maximum recommended penalty. … His attorney said the sentences 'makes no sense' and is appealing. The U.S. Supreme Court has ruled that judges are not bound by federal sentencing guidelines."

Justice Officials Under Growing Pressure To Re-Open Cold Civil Rights Cases. The Atlanta Journal-Constitution (9/13, Kemper) reports, "Congress is weighing whether to create special cold-case units at the Justice Department and FBI that, with a $5 million annual budget, would focus exclusively on unsolved killings from the civil rights era. But Congress has come late to the movement. Federal and state authorities already are reopening those cold cases in Georgia, Mississippi, Florida, Alabama and elsewhere." The AJC continues, "This new urgency over unsolved killings from one of America's most violent eras was ignited in part by a series of successful prosecutions of civil rights murder cases in recent years and the fear among victims' families and law enforcement agencies that suspects and witnesses, now in their 70s and 80s, may not live much longer." The AJC adds, "Further fueling the movement to close cold cases is the growing clout of black elected officials in the South, the appearance of a new generation of Southern prosecutors eager to put that racially explosive era behind them and the need of aging witnesses and perpetrators to clear their consciences before they die, according to civil rights groups and police. … Nationwide, 29 civil rights era killings have been reinvestigated since 1989, resulting in 27 arrests and 21 convictions, according to the Southern Poverty Law Center, a nonprofit organization in Mongtomery, Ala., whose missions include monitoring hate groups and providing legal expertise in civil rights cases. Twenty-two of those cases were in the South."

9th Circuit Finds Racial Motives Behind Juror Strikes. The California Recorder (9/13, Hirsch) reports, "Almost 12 years after the fact, the 9th U.S. Circuit Court of Appeals shot down a Humboldt County, Calif., prosecutor's decision to yank three American Indian jurors and one Asian juror from an infamous murder trial, finding all were singled out on the basis of race." The Recorder continues, "The court, in a narrow 6-5 majority ruling, swept aside a series of earlier decisions in state and federal courts that upheld the jurors' exclusion in the trial of Richard Kesser. In 1995, Kesser was convicted and sentenced to life without parole for hiring a hit man to kill his ex-wife." The Recorder adds, "Though the prosecutor's handling of jury selection had been unsuccessfully appealed up to the California Supreme Court, the 9th Circuit gave it a closer examination under the Batson and Wheeler standards. The lower courts had accepted the prosecutor's nonracial explanations, but the 9th Circuit judges said those excuses fell flat when compared to the full record of the jury selection process. … 'The racial animus behind the prosecutor's strikes is clear,' wrote Judge Jay Bybee, who authored the majority opinion in Kesser v. Cambra, 06 C.D.O.S. 8481 . … In his opinion, Bybee reprinted at length prosecutor Worth Dikeman Jr.'s notes, without citing Dikeman by name. … There, Dikeman described one juror as a 'darker skinned' '[N]ative American female.' Noting that the juror worked for a local tribe, Dikeman indicated he wanted to keep such people off the jury because 'they are sometimes resistive of the criminal justice system generally and somewhat suspicious of the system.' … Dikeman's notes also included race-neutral reasons for excluding the American Indian jurors. … Among those was the prosecutor's observation that one juror appeared 'somewhat unstable [and] fairly weak.' … Upon earlier review, the 1st District Court of Appeal concluded that those reasons were not 'sham excuses' and upheld the jurors' exclusion. … Bybee and the 9th Circuit majority disagreed. Dikeman's 'ostensibly "race-neutral" reasons show themselves to be only a veneer, a pleasing moss having no depth,' Bybee wrote."

Group Sues To Block Federal Aid For Bible-Based Marriage Counseling. A group called Americans United for Separation of Church and State yesterday filed suit on behalf of 13 Washington state residents

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to block federal financing for an organization that provides Bible-based marriage counseling. The New York Times (9/13, Banerjee, 1.21M) reports, that the suit "is another challenge to the Bush administration's efforts to channel money for social services to religious organizations. While religious groups are not barred from getting public money, such financing can only be used for secular purposes, not 'worship, religious instruction or proselytization,' according to government guidelines." Americans United objects "to federal funds being used to support the Northwest Marriage Institute, which states in its newsletter that it offers 'Bible-based premarital and marriage counseling.'"

ANTITRUST:

Bristol-Myers CEO Resigns After Bungled Plavix Deal. The New York Times (9/13, Saul) reports, "The troubled five-year term of Peter R. Dolan as chief executive of the drug maker Bristol-Myers Squibb ended yesterday when the board dismissed him over the mishandling of a patent dispute involving the company's blockbuster drug, Plavix." The Times continues, "Mr. Dolan, 50, was replaced with an interim chief, James M. Cornelius, a Bristol-Myers director. Mr. Cornelius had recently served as the interim chief executive of the medical device maker Guidant and was a crucial player in its agreement to be acquired earlier this year by Boston Scientific. … Although the Bristol-Myers board said it would mount a search for a permanent chief executive, Mr. Cornelius's interim appointment increased speculation on Wall Street that the company might become an acquisition candidate."

The Washington Post (9/13, D01, Masters) reports, "Bristol's board announced the departure of Dolan, its chief executive since 2001, and general counsel Richard K. Willard one day after the company's independent directors met with the monitor, Frederick B. Lacey, and Christopher J. Christie, the U.S. attorney for New Jersey. … The New York firm has been operating since last year under a deferred prosecution agreement with Christie that resolved an earlier, unrelated accounting scandal by requiring it to stay out of trouble for two years and allowing Lacey, a former judge, to call for management changes, as he did Monday night." The Post adds, "Dolan's ouster is one of the highest-profile management changes at a company operating under a deferred prosecution agreement. Prosecutors often seek new management as part of such settlements -- Bristol named an independent chairman as part of its initial deal -- but subsequent changes are far less common. … Christie's spokesman, Michael Drewniak, said that the U.S. attorney 'was fully supportive of Judge Lacey's recommendations' for management change but noted that 'there was no finding of a violation of the [agreement] or criminal wrongdoing.'"

Bloomberg (9/13, Rapaport, Voreacos) reports that Dolan "and General Counsel Richard Willard stepped down after a court-appointed monitor last night told the Bristol-Myers board they should be fired. The monitor, former U.S. Judge Frederick Lacey, was probing corporate governance issues related to a patent accord on Plavix, Bristol-Myers's biggest-selling product, the company said today in a statement." Bloomberg adds, "James Cornelius, the former chairman and interim chief executive officer of the medical device maker Guidant Corp., was appointed to replace Dolan while the board searches for a successor. Dolan, who is staying on as an adviser, didn't have an obvious heir apparent within the company, analysts said."

The AP (9/13) reports, "Sandra Leung, the company's corporate secretary, was named interim general counsel, and will be aided by former FBI Director Louis J. Freeh, a board member and former general counsel. … The board formed a special committee to fill the positions permanently." The AP notes, "The apparent last straw was Dolan's and Willard's conduct stemming from a failed agreement between Sanofi-Aventis, Bristol-Myers' partner for the drug Plavix, and Canadian drugmaker Apotex Inc. to keep a lower-priced generic version of the best-selling blood thinner off the market. … The agreement soured when state attorneys general refused to sign off on it. … As a result, Apotex launched its generic version in early August, and quickly grabbed about 75 percent of new prescriptions. Plavix is the second-best-selling drug in the world, with annual sales of about $5.9 billion. … The Plavix agreement also fell under a federal criminal investigation, leading FBI agents to raid Bristol-Myers' offices, including Dolan's, in New York. In the meantime, a judge halted further sales of Apotex's generic version of Plavix but declined to order a recall, leading some to believe that there could be generic product on the market well into 2007."

The Newark Star-Ledger (9/13, Jordan) reports that "in a startling move for a company that likes to play things close to the vest, board chairman James Robinson suggested the company could go on the block. … 'We will deal with any bona fide proposal that anyone wants to make in an orderly

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and professional manner,' Robinson said in a conference call with reporters last night. Robinson declined to comment further on talk of a possible takeover."

The London Times (9/13, Doran) reports, "Analysts were quick to pounce on the latest unsettling news from Bristol-Myers with claims that the company is more vulnerable than ever to a hostile takeover bid from one of its rivals. Industry sources said European pharmaceutical companies like Sanofi-Aventis, Schering-Plough and AstraZeneca could be interested. … Under Mr Dolan's five-year stewardship Bristol-Myers has lurched from crisis to crisis and the shares have lost almost 60 per cent of their value." The Times adds, "Last year the US Attorney in New Jersey forced the company to comply with a deferred prosecution agreement after an investigation into $2.5 billion worth of 'channel stuffing' — a practice that involves overloading wholesalers with drugs to meet quarterly sales targets. The company also paid $300 million to settle the claims. In 2001, soon after Mr Dolan became chief executive, he was forced to relinquish the role of chairman when authorities began an accounting inquiry that led to Bristol-Myers spending more than $800 million to settle lawsuits and government inquiries."

The New Jersey Law Journal (9/13, Daks) reports, "The June 2005 accord meant that Bristol-Meyers could avoid further federal litigation if it kept its nose clean. But under Dolan's and Willard's watch, the Department of Justice's antitrust division began probing the company's agreement to pay at least $40 million to a Canadian competitor, Apotex Inc., to delay putting its generic version of Bristol-Myers' blood thinner Plavix on the market. … In a prepared statement announcing the personnel changes, Bristol-Myers noted that the federal monitor and Christie did not find any violation of the deferred prosecution agreement."

Backers Of Wright Amendment Get Expert Help. The AP (9/13, Koenig) reports, "Supporters of legislation to shrink Dallas Love Field and bar long flights there for eight more years have enlisted help in countering the charge that their proposal violates antitrust laws." The AP continues, "Four experts in antitrust law, including two former Federal Trade Commission members, wrote to congressional leaders last week to say the restrictions are part of a necessary compromise to end a decades-long fight over Love Field. … The proposed legislation, they said, 'will be far better for airline competition and consumers than the regime that prevails today — and that will continue to prevail if the legislation does not pass.'" The AP adds, 'The letter was released Tuesday by officials of Dallas-Fort Worth International Airport. It was signed by former FTC members Thomas B. Leary and Christine Varney, and two other private antitrust lawyers, Harry M. Reasoner of Vinson & Elkins LLP and Janet L. McDavid of Hogan & Hartson LLP. … Reasoner's law firm works for the city of Dallas and Southwest Airlines Co., and the other three work for a firm that represents Dallas-Fort Worth International Airport — all supporters of the legislation."

The Dallas Morning News (9/13, Reddy, Dodge) reports, "With time quickly ticking off a short calendar, Texas lawmakers worked into the evening Tuesday to address antitrust concerns and save their effort to lift the Wright amendment." The News continues, "The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. … Sens. Kay Bailey Hutchison and John Cornyn, along with House members from Texas and Dallas Mayor Laura Miller, lobbied legislators across Capitol Hill throughout the day. … 'We're all begging, pleading, cajoling – doing anything we can to address their concerns,' Mr. Cornyn said." The News adds, "The legislation to end flight restrictions at Dallas Love Field is scheduled to go before the House Judiciary Committee today. The meeting will give lawmakers on the panel a chance to amend the bill before the committee's authority runs out on Friday. … Officials from North Texas feared that the committee's chairman, Rep. James Sensenbrenner, R-Wis., would try to strip provisions protecting the agreement from antitrust challenges."

FCC Head Hopes For AT&T-BellSouth Vote In Fall. Market Watch (9/13, Hughes) reports, "Federal Communications Commission Chairman Kevin Martin on Tuesday appeared to suggest that he is hoping to vote over the next month or so on whether to approve AT&T Inc.'s purchase of BellSouth Corp." Market Watch continues, "Federal regulators in late April commenced a review of the transaction, which was valued at $67 billion when it was announced. The FCC generally tries to approve transactions six months after beginning its review. … 'We have an informal clock of 180 days that we try to act on, and I think that 180-day clock runs sometime this fall, the end of October,' said Martin after testifying before the Senate Commerce Committee. 'We

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always have a goal of trying to act within 180 days.'" Market Watch adds, "The Justice Department hasn't yet approved the merger. Traditionally, the FCC waits to act until the Justice Department had completed its own review. The FCC meets in two weeks and again on Oct. 12. … Martin still faces questions about whether he will be able to count on both Republican colleagues on the five-member commission. FCC Commissioner Robert McDowell on Tuesday reiterated he may be recused from voting, given that his former employer opposes the merger. McDowell would be a crucial swing vote because the two Democrats may favor imposing conditions that don't fit in with Martin's largely hands-off approach."

EU Debates Vista Security Issues With Microsoft. The Seattle Post-Intelligencer (9/13, Bishop) reports, "European regulators warned Tuesday that Microsoft's addition of security programs to Windows Vista may run afoul of antitrust laws and increase risks for consumers long term by endangering other companies that protect against online threats." The P-I continues, "Microsoft called the programs important security features and said it hopes the European Commission doesn't require them to be removed from Windows Vista in Europe." The P-I adds, "The back-and-forth comes less than a week after Microsoft said antitrust questions not yet answered by the commission could force the company to delay the European release of Windows Vista, the upcoming version of its biggest product. … 'We want to launch Windows Vista in a fully lawful manner, and we want to avoid regulatory decisions that could increase security risks for European consumers,' Erich Andersen, Microsoft associate general counsel said, in a statement from the company Tuesday." The P-I notes, "Regulators want to make sure Microsoft doesn't use its dominant PC operating system to give its other programs unfair advantage over rival programs by using Windows as a distribution mechanism. Vista's built-in anti-spyware protections and Windows Security Center software are among the programs discussed in letters between Microsoft and the commission."

Class-Action Suit Against Microsoft Heads To Iowa Courtroom. The AP (9/13, Pitt) reports, "One of the last remaining consumer class-action antitrust lawsuits filed against Microsoft Corp. in a state court is set to go to trial in November, and the company's co-founder and chairman is on the witness list to testify." The AP continues, "That doesn't mean Bill Gates will end up in the witness chair in Polk County District Court defending his company's business plan, but it's a possibility. … The lawsuit against Microsoft has made its way to the Iowa Supreme Court three times and unlike those in most states, which have been either settled or dismissed, it is scheduled for trial on Nov. 13. … Attorneys expect the trial to last six months." The AP adds, "Des Moines attorney Roxanne Conlin said Tuesday her experts have estimated that individuals and businesses have been overcharged as much as $453 million for Microsoft products in the last 12 years because a lack of competition has inflated the cost of the company's products. … In Iowa, about 5.1 million licenses for Microsoft Windows have been issued, 1.8 million for Office, 446,373 for Word and about 21,349 for Excel. … The average consumer overcharge ranges from $10.50 for buyers of Word to $56.99 to those who purchased Excel, Conlin said. … Many customers may have purchased more than one version in 12 years, Conlin said, so they could be eligible for multiples of those amounts."

German Truck Maker May Target Rival For Takeover Bid. The Wall Street Journal (9/13, Singer, Power) reports, "German truck maker MAN AG is considering a bid for Swedish rival Scania AB, a potential move to consolidate the European market for heavy commercial vehicles and diesel engines, according to people close to the matter." The Journal continues, "Scania, of Sodertalje, Sweden, has a market value of about $9.6 billion. It isn't clear if Scania would be receptive to any approach, these people said. A MAN spokesman didn't return calls seeking comment. A Scania spokesman couldn't be reached for comment." The Journal adds, "Munich-based MAN has been looking for acquisition targets after restructuring its business to focus on commercial vehicles, diesel engines, turbines for the energy industry, and services such as logistics, Chief Executive Hakan Samuelsson said in a recent interview. Mr. Samuelsson, a Swede, spent 23 years at Scania before joining MAN in 2000 to turn around the German company. … Scania operates with one of the global industry's highest profit margins. The high-quality vehicles Scania produces for premium prices have made it known as the Porsche of the truck business among people in the industry."

ENVIRONMENT:

Interior Department IG Set To Criticize Failures Of Agency Officials To Fix Ethical

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Problems. The White House Bulletin/US News (9/12) reported congressional investigators "said that Earl Devaney, the Interior Department inspector general, is scheduled to drop a few haymakers on Interior officials for failing to fix ethical lapses uncovered by his investigators." Devaney is set to testify today "before the House Government Reform's subcommittee on energy and resources. Investigators said he is expected to criticize, among others, former Interior Secretary Gale Norton." In one case, Devaney "wrote a sharply critical report on Interior's number two official, Steven Griles, and Norton took no action to remove him from office. Griles later left the department." In a memo, congressional aides said, "What he [Devaney] has discovered is a culture of unaccountability and managerial irresponsibility that pervades many areas of the department." The panel "also plans to explore Interior Department bungling that led to its failure to include provisions for royalty payments in valuable oil leases in the Gulf of Mexico."

Environmentalists Oppose GOP Effort To Maintain Hunting On California Island. Environmentalists and parks officials are opposing a House GOP effort to continue big game hunting in a national park on a California island. The Washington Post (9/13, A8, Eilperin, 748K) reports that House Armed Services Chairman Duncan Hunter is seeking to maintain the hunting preserve on Santa Rosa Island, part of California's channel islands. Environmentalists and parks officials "say preserving the nonnative deer and elk herds for hunters will further damage the delicate habitat." Hunter, "who came up with the idea while driving down the California coast with a group of Iraq veterans, said it could 'provide wonderful outdoor activities for those American veterans who have protected our freedom.' The House has adopted the language, but the Senate passed a resolution opposing it. Lawmakers must reconcile if they hope to pass the defense bill before adjourning for the election."

FBI/DEA/ATF/USMS:

Former FBI Agent Pleads Guilty To Lying About Relationship With Informant. The AP (9/13) reports former FBI Special Agent Ronald LeBlanc "pleaded guilty Tuesday to false-statement charges after he was accused of concealing his relationship with a Colombian illegal immigrant so she could stay in this country following a drug arrest. … At his plea, he also admitted making false statements regarding the substance of the information the woman provided to law enforcement. LeBlanc faces a maximum of five years in prison when he is sentenced Dec. 20." The AP notes, "LeBlanc met the woman in the summer of 1999 while working on a squad investigating South American drug trafficking and money laundering organizations. He registered her in November 1999 as a cooperating witness and acted as her supervising agent, an indictment said." The New York Daily News (9/13, Zambito, 729K) also briefly reports on LeBlanc's plea, under the headline "Ex-Agent Aided Drug Mule."

Senate Panel Recommends Cutting ONDCP Salaries. The AP (9/13, Freking) leads, "White House employees who oversee the war on drugs could be in for a huge pay cut next year," as "Salaries and expenses at the Office of National Drug Control Policy would fall from $26.6 million to $11.5 million under the recommendation of the Senate Appropriations Committee." Seen as a response to their "frustration" with ONDCP, "the legislation states that the committee's staff must make numerous inquiries before they can get information from the drug policy office. Plus, the office has prevented directors of various programs from meeting with the committee." They also called for a study by the National Academy of Public Administration, and "ordered a Government Accountability Office study on the distribution of grants." Furthermore, they directed Director John Walters "to provide quarterly updates on travel expenditures, staffing levels and plans for future hirings."

Supermax Prisoner Accused Of Directing LA Drug Gang. The Los Angeles Times (9/13, A1, Mozingo, Winton) reports, "Sending hidden messages in letters from his cell at Colorado's 'Supermax' prison," Ruben "Nite Owl" Castro, the kingpin of the 18th Street gang, "controlled an elaborate drug operation on the streets west of downtown Los Angeles, federal prosecutors charged Tuesday." Their "indictment of 18 members of the gang capped a four-year investigation by a task force of Los Angeles Police Department detectives and FBI agents," who "have been trying for decades to bring down the 18th Street gang." They "said they were surprised by the sophisticated hierarchy that they discovered," adding it was "more akin to the Cosa Nostra than a traditional Latino street gang."

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Judge Grants Bail To Reputed Mobster In Marijuana Case. The New York Daily News (9/13, Marzulli) reports that Bari Mascitti, "a reputed Bonanno crime soldier charged by the feds with supervising a marijuana distribution ring in Queens," received $1 million bail and house arrest while waiting for trail. The judge "insisted that Mascitti's three children co-sign the bond," saying "If he violates a single condition of release, it will have serious financial consequences, and I want it to hurt significantly." While "he's not charged with racketeering or membership in the crime family in the criminal complaint, Mascitti 'is an active member,' according to prosecutors." Before he was busted, "DEA agents watched him and codefendant Michael Santoro shop at a Staples office supply store for airtight plastic storage bins to keep their marijuana fresh and potent."

Pennsylvania Man Sentenced For Selling Crack. The Harrisburg Patriot-News (PA) (9/13) reports that Percy Harris of Harrisburg "was sentenced to 12 years in federal prison on charges of distributing and possessing crack cocaine and nearly 2 kilograms of cocaine." He "was under investigation by the Drug Enforcement Administration since 1998. A search of his home found digital scales, a false-bottom can, $30,000 in cash, about 4 ounces of crack cocaine and the cocaine."

Senate Committee Holds Meth Hearing. The Des Moines Register (9/13, Norman) reports, "Law officials told members of the Senate Finance Committee that 80 percent of meth now is manufactured in 'super labs' in Mexico and smuggled over the border," so that the meth supply hasn't been effected even though "mom-and-pop meth labs are vanishing from the landscape." Gregory Passic, director of the office of drug interdiction for customs and border protection at the Department of Homeland Security, called meth, "a weapon of mass destruction introduced by Mexican criminal organizations." Also, committee chairman Iowa Sen. Charles Grassley "said constituents in his town meetings in Iowa often link the arrival of illegal immigrants in the state to the spreading use of meth." Radio Iowa (9/13, Kelley) adds, "Grassley says the purpose of the hearing is to gather testimony about the 'changing geography of meth use and production.'"

The Billings Gazette (9/13, Straub) notes that Lt. Dan Springer, commander of the Missouri River Drug Task Force and Crow Tribal Chairman Carl Venne testified that "Congress must provide more funding and encourage better cooperation between law enforcement agencies to combat the methamphetamine problem in Montana." Springer said he need more people, as "The only way work gets done is by people beating the street." He added that "there is no DEA agent within 160 miles of the task force, so that the group must work with those in Billings."

UN Anti-Drug Official Urges NATO To Destroy Afghanistan's Opium Industry. The AP (9/13, Brand) reports, "The United Nations urged NATO forces Tuesday to take military action to destroy the opium industry in southern Afghanistan, saying cultivation of the crop is out of control in the embattled Asian country. U.N. anti-drug chief Antonio Maria Costa said opium production was being used to fund terrorist groups, and that eradicating it was crucial to establishing order in the south." He also "called for increased development aid from international donors such as the European Union to get farmers off their dependency on growing opium. Costa said the aid should be made conditional on commitments by regional political leaders to fight opium cultivation and to curb corruption." He added that "legalizing Afghanistan's opium trade was not a solution," as "the market for opium-made morphine was not lucrative enough." In an article on Secretary of State Condoleezza Rice's comments about Afghanistan, Bloomberg (9/13, Johnson) adds that Costa said "the counter-insurgency and counter-narcotics efforts must reinforce each other 'so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers.'" The United Press International (9/13) also covers this story.

ATF Joins Probe Of California Tire Shop Fire. The San Diego Channel, News 10 (9/13) reports, "Federal fire scene detectives joined Tuesday in local investigations into a blaze that raged through an East Village tire shop over the weekend, causing an estimated $3.5 million in damages." News 10 continues, "The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives will aid the San Diego Fire-Rescue Department in determining the cause of the conflagration in the 1000 block of Broadway, ATF information officer Susan Raichel said." News 10 adds, "Sunday night's blaze at Tire Express forced the evacuation of about 200 people from neighboring Sara Frances Hometel, SDFRD officials said. … It took several dozen firefighters more than three hours to extinguish the main body of the

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inferno, which caused no serious injuries but left several people suffering from smoke inhalation. … The investigative assistance of the ATF's National Response Team will bring additional expertise and state-of-the-art equipment to the probe, Raichel said."

Utah Man Charged With Impersonating Federal Marshal. The AP (9/13) reports, "A Salt Lake City man who ran a business called U.S. Marshalls Salvage has been charged with impersonation of a U.S. marshal and bank fraud, the U.S. attorney's office said." The AP continues, "Andrew A. Costa, 41, has no connection to the U.S. Marshals Service. But he is accused of telling people he was a federal marshal and of handing out business cards with a five-point star similar to the U.S. marshal insignia, the U.S. attorney's office said." The AP adds, "Costa used the business cards and other documents containing the star insignia to create the impression he was associated with the federal agency, James Phelps, supervisory deputy of the Salt Lake City office of the Marshals Service, said in an affidavit filed with the complaint last week. … Costa is accused of carrying out the deception from about January to August and of depositing fraudulently obtained money in a credit union account. He is accused of accepting $22,000 for a truck he had repossessed, Phelps said in court documents. … Bank fraud carries a penalty of up to 30 years in prison and a $1 million fine. … He is also charged with illegal possession of marshal insignia and unlawful use of the marshal name."

IMMIGRATION:

Immigration Judge Allows Salvadoran Boy To Stay In US. The AP (9/13, Prengaman) reports, "A 10-year-old Salvadoran boy who was apprehended while trying to cross the U.S. border on his own to find his mother can stay in America at least until next summer, an immigration judge ruled Monday." The AP continues, "Judge William Martin's decision means Jonathan Martinez can live with his mother in Inglewood while the family prepares an asylum claim to keep him here, lawyer Julianne Donnelly said. That case is expected to be heard in August." The AP adds, "Donnelly said the family will argue that Jonathan does not have anyone to take care of him in El Salvador, making him susceptible to gangs and violence. … 'He would be forced to fend for himself on the streets,' Donnelly said." The AP notes, "Jonathan's case illustrates a growing problem with the federal program known as 'temporary protective status' under which his mother is staying in the United States. Officials don't know what to do with the thousands of kids from Central America who come to the country illegally to join their parents. … The program provides legal residency to illegal immigrants from El Salvador, Honduras and Nicaragua, all countries that have suffered devastating natural disasters in recent years. The idea is that they can best serve their homelands by working here and sending money home. … But only immigrants in the United States when a program starts - for Salvadorans, after two major earthquakes in 2001 - are eligible. That means children who come later to join parents don't qualify, putting them in a sort of immigration limbo. Many end up being deported. … Jonathan's mother had left him with an aunt in 2000 to illegally immigrate to the U.S. Since 2001, she has had the temporary status."

House Republicans Offer Border Security Proposals. The New York Times (9/13, Swarns, 1.21M) reports, "House Republicans proposed a series of border security and immigration enforcement strategies, calling for more fencing along the Mexican border, more Border Patrol agents and counterfeit-proof Social Security cards for citizens and immigrants searching for work." The proposals "are likely to form the basis for a legislative package House Republicans plan to announce this week." The initiatives "are expected to pass the House this month, either attached to other legislation or as a stand-alone bill. House Democrats called the Republican effort political grandstanding in the weeks before the November midterm elections."

The Washington Times (9/13, Hurt, 88K) reports House Republicans, "returning from a month of field hearings on illegal immigration, yesterday warned of a gaping disconnect between American voters and many 'elite' lawmakers." GOP Rep. Peter T. King, who chairs the House Homeland Security Committee, said, "I have never seen such a disconnect between the American people and the elite." King "said securing the border this year is a cornerstone to national security and the war on terrorism. He called for more Border Patrol agents, more detention facilities for captured illegals and more unmanned aerial vehicles to patrol the border." Testimony by King and others "came during a 'forum' yesterday before the Republican Policy Committee at which committee chairmen who held field hearings during the August recess could report their findings to Republican leadership."

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The AP (9/13, Abrams) says the "Republicans-only forum…confirmed the House's rejection of the Senate approach of combining enhanced border security with creation of a guest worker program and a means for illegal immigrants to move toward eventual legal status." House Speaker Dennis Hastert said at the meeting of GOP leaders and committee chairmen, "The state of our borders is a security crisis. … The American people want…immediate, targeted legislation specifically designed to secure the border, protect our homeland and vigorously enforce our immigration laws." The purpose of the forum was "to share results from some 22 hearings Republicans held in 13 states during the August recess to press the importance of the border security issue."

TAX:

Columnist Explains Recent Tax Code Changes. In his "Tax Report" colulmn for the Wall Street Journal (9/13), Tom Herman writes, "Among the revisions (to the tax code) effective this year are higher limits for 401(k) contributions, a new charitable-giving incentive and new breaks for energy-efficient vehicles and home improvements. These are in addition to perennial year-end techniques such as selling losing stocks. Many taxpayers can also take steps to blunt the impact of other, more onerous changes, such as the expanded 'kiddie tax.' … 'With all the new laws, you've got many new ways to cut your taxes' and soften the blow from other new provisions, says Sidney Kess, a New York lawyer and accountant." Herman continues, "Some tax changes this year that you can still take advantage of -- or blunt the impact of: The maximum workers under age 50 can contribute to their 401(k)s rises to $15,000, from $14,000. For those 50 and over, the max is now $20,000. … Taxpayers age 70½ and older can move up to $100,000 a year out of their IRAs directly to charity, tax-free. … Congress has expanded the so-called kiddie tax; parents can consider investments for kids that don't generate much taxable income. … But year-end planning could be tricky for millions of people this year because of continued uncertainty about the fate of several popular tax breaks that expired at the end of last year. Chief among these is a provision allowing people who itemize their deductions to deduct either their state and local income taxes or sales taxes. Unless Congress revives this provision, taxpayers will be able to deduct only their state and local income taxes for 2006. The option to deduct sales taxes, instead of the income taxes, is especially important to people in states with no state income tax, such as Florida, Texas and Washington."

CONGRESS-ADMINISTRATION:

Bush Says He Senses A "Third Awakening." The Washington Post (9/13, A5, Baker, 748K) reports President Bush "said yesterday that he senses a 'Third Awakening' of religious devotion in the United States that has coincided with the nation's struggle with international terrorists, a war that he depicted as 'a confrontation between good and evil.'" Bush told a group "of conservative journalists that he notices more open expressions of faith among people he meets during his travels, and he suggested that might signal a broader revival similar to other religious movements in history." Bush noted "that some of Abraham Lincoln's strongest supporters were religious people 'who saw life in terms of good and evil' and who believed that slavery was evil. Many of his own supporters, he said, see the current conflict in similar terms." In his "comments yesterday, aides said Bush was not casting the war as a religious struggle but was describing American cultural changes in a time of war."

House To Vote On Earmark Reform Measures. McClatchy (9/13, Talev) reports "the Republican-led House of Representatives will vote this week on two measures that could help reveal who's behind billions of dollars in pork-barrel spending each year." That "could help Republicans appeal to fiscally conservative voters who are frustrated by Congress's runaway spending and threatening to stay home from the polls in November." McClatchy adds, "Taxpayer-watchdog groups praise the sentiment behind House Majority Leader John Boehner's decision to schedule these votes, but he's being squeezed between lawmakers who are reluctant to cede power and critics who say the legislation doesn't respond forcefully enough to a spate of congressional corruption scandals."

In an editorial, the Wall Street Journal (9/13, 2.03M) writes, "Like drunks checking into rehab, House Republicans will take one final stab this week at reforming the 'earmark' epidemic on Capitol Hill. So far this year more than 10,000 projects -- for baseball parks, bovine genetics, bicycle paths, beaver management grants and bridges to nowhere -- have been stashed into budget bills at a cost of nearly $30 billion. That ain't peanuts." The House GOP leadership "finally seems to comprehend the stakes in this pre-election budget

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fight. Majority Leader John Boehner calls the anti-earmarking bill 'must-pass legislation,' and has agreed to separate it from a bottled-up lobbying-reform bill. All that can block this from passing now are the spend-happy Republicans on Appropriations. If they succeed, they will have inflicted a far greater wound on their majority than the Democrats ever could."

House, Senate Fail To Reach Agreement On Broader Ethics Bill. The AP (9/13, Abrams) reports, "Unable to agree on sweeping ethics legislation, the House this week will try to pass a narrower bill to shed light on pet projects that lawmakers tuck into spending and tax bills. The measure on 'earmarks'…is a small part of comprehensive lobbying and ethics legislation that the House and Senate both passed last spring in the wake of a spate of scandals involving lawmakers and lobbyists." But "the two chambers have been unable to find common ground, and prospects for legislation that was deemed a top priority when this session of Congress convened last January are not good."

NIH Scientists Avoid Ethics Punishment. The AP (9/13, Beamish) reports, "Most of the federal scientists who improperly accepted personal money from drug or biotechnology companies walked away with reprimands or were allowed to retire unscathed." The AP continues, "Only two of the 44 scientists found to have violated rules governing private consulting deals are being investigated for possible criminal activity, and they remain on the government payroll, the National Institutes of Health told The Associated Press this week in the most detailed accounting it has released." The AP adds, "NIH spokesman John Burklow said his agency wanted eight others reviewed for possible crimes, but those cases were rejected by the investigating office at the U.S. Health and Human Services Department. … The two still outstanding - Drs. Trey Sunderland and Thomas Walsh - both committed 'serious misconduct,' so grave that they would be fired if they were civilians, NIH internal ethics reports contend." The AP notes, 'NIH says it has been unable to act against the two because they are part of the Public Health Service Commissioned Corps, which provides medical help during disasters. .. Lawmakers plan to push for answers Wednesday at a House Energy and Commerce subcommittee hearing, part of continuing scrutiny into how the agency polices conflicts of interest. Responding to congressional criticism, NIH last year barred federal scientists from the once-common practice of earning lucrative paychecks from private companies."

Medicare Premiums To Increase By Less Than Anticipated. The AP (9/13, Freking) reports, "Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated." Officials "had been projecting that premiums would again grow at double-digit rates, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients." The AP adds, "The news was not as good for wealthier beneficiaries. For the first time in the program's history, wealthier beneficiaries will pay more for the insurance that covers doctors' visits and outpatient hospital care, known as Medicare Part B."

McClatchy (9/13, Pugh) reports, "Under the new guidelines, seniors who earn $80,000 to $100,000 a year- and married couples with incomes of $160,000 to $200,000 - will see their premiums increase by 10 percent, or roughly 3 percent a year from 2007 to 2009. They'll pay Part B premiums of $106 in 2007. Individuals who earn $100,000 to $150,000 -- and married couples with incomes of $200,000 to $300,000 -- will see their premiums increase by 25 percent, or roughly 8 percent a year from 2007 to 2009. Their 2007 Part B premiums will increase to $124.70."

USA Today (9/13, Appleby, 2.27M) reports Medicare chief Mark McClellan says yesterday, "These income-related premiums will reduce Medicare costs by $7.7 billion over five years and $20 billion over 10. … They are an important step in improving Medicare's sustainability." But "critics of the income-based premiums took issue with McClellan's statement that the income-based premiums will help Medicare's finances." They argue "the additional charges will do little to bolster Medicare's finances and could drive wealthier, healthier seniors out of the program, possibly causing costs to rise faster. Critics also suggest that income levels at which additional payments are required will be gradually reduced, requiring more seniors to make the higher payments."

The New York Times (9/13, Pear, 1.21M) reports that "listing factors that contributed to the new premium, Dr. McClellan reported 'a modest slowdown in physician spending growth'" but "very rapid growth in spending for hospital outpatient services." Kirsten A. Sloan, a health policy analyst at AARP, said, "The standard premium for Part B is

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less than originally projected, and that's good news. But the premium is artificially low. It assumes a continuation of current law, under which Medicare payments to doctors will be cut 5 percent next year. If Congress decides to prevent that cut, beneficiaries may have to make up the difference by paying higher premiums in 2008."

The Washington Post (9/13, A9, Lee, 748K) notes Democratic Rep. Nita M. Lowey "introduced a bill in April that would repeal the income-based premium increases, but it has not gotten out of a House committee." Medicare officials "said they expect 9,000 people to drop out of the program next year because of the new income-based premiums, and 30,000 to leave by 2010. Overall, that's not a lot, they said."

House Republican Leadership Contests "Subtly" Underway. The Hill (9/13, O'Connor) reports that this summer, Rep. John Carter (R-Texas) "sat down with a handful of Republican colleagues to gauge their support for a potential leadership bid. The talks were very preliminary, a Carter spokeswoman said, but the former judge is hardly alone in considering a run." As Republicans "focus their energy and fundraising efforts on retaining their majority this fall, a handful of ambitious lawmakers are also angling for a promotion within the conference. At least seven chairmanships will open next year if the GOP holds the House, and other members are mulling a challenge of the current leaders." Rep. Marsha Blackburn (R-Tenn.) is "expected to challenge current Republican Conference Chairwoman Deborah Pryce (R-Ohio) should Pryce triumph in her tough reelection race." But "uncertainty about" the midterm results "has somewhat muted the internal leadership campaigns." Rep. Adam Putnam, "a member of the Republican Steering Committee, the 28-member panel that decides committee slots," said, "It's very subtle." The Hill adds that during a "closed-door meeting last week of the elected leadership in House, Rep. Tom Reynolds (R-N.Y.), the GOP campaign chief, told the other leaders that he still expects Republicans to retain their majority in November, a GOP aide familiar with the meeting said earlier this week." Most members "believe House Speaker Dennis Hastert (R-Ill.) and Majority Leader John Boehner (R-Ohio) control their own fate in the next Congress." If the House "remains in GOP control and Hastert decides to stay for another term, many Hill staffers and lobbyists speculate that he would name Reynolds as leadership chairman, former Rep. Rob Portman's (R-Ohio) old job, in order to give the New York Republican a seat at the table while preventing a two- or three-way race for leader or whip." A loss of House control "could create an opening for a dark horse candidate, such as Republican Study Committee (RSC) Chairman Mike Pence (Ind.), to launch a bid for the leadership."

VA-Funded Study Concludes There Is No "Gulf War Syndrome." Media across the nation report that there is no Gulf War Syndrome, according to an Institute of Medicine study commissioned by VA. Almost all of the coverage emphasizes that although there is no unifying "Gulf War Syndrome," the Institute of Medicine study of studies found that Gulf War veterans nevertheless report diverse health problems. At least 30 broadcast stations offer the same facts as the print reports. Additionally, at least five local TV stations interview local veterans who report suffering from illnesses they term "Gulf War Syndrome."

The Washington Post (9/13, A10, Brown, 748K) reports, "An expert panel reviewing hundreds of studies has concluded there is no single 'Gulf War syndrome' afflicting thousands of veterans of the 1990-91 conflict, although they have suffered vague symptoms at a much higher rate than other veterans. They have also experienced post-traumatic stress disorder and depression two to three times as frequently as other veterans, the panel found. Less certain is a possibly higher risk for the neurological ailment Lou Gehrig's disease, and possibly a rare birth defect in their children." The Post adds, "Previous blue-ribbon panels, including several convened by the IOM, one by the Defense Department and one by the White House under Bill Clinton, reached the same conclusion." For the report, Dr. Lynn Goldman of the Insitute of Mediine "and her colleagues read 850 studies done" of Gulf war veterans, and found "29 percent of Gulf War veterans reported physical complaints arising from several body systems, compared with 16 percent of servicemen and women who were not sent to the gulf. This was not just an American phenomenon."

The AP (9/12, Bridges) reports that VA spokesman Phil Budahn "said the VA would not comment until it had a chance to study the report." The AP ads, "Tuesday's report is the latest in the important series, which the VA will rely on to determine whether Gulf War veterans are eligible for special disability benefits if they are found to suffer from illnesses that can be linked to their service."

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Groups Oppose Dudley Nomination To OMB Post. The Washington Post (9/13, D4, Barr, 748K) reports in its "Federal Diary" column, "Advocacy groups yesterday assailed Susan E. Dudley, the president's nominee to head up regulatory policy at the Office of Management and Budget, and called on the Senate to reject her nomination. … By custom, presidential nominees remain silent until their confirmation hearing, so the Bush administration fired back at Public Citizen on Dudley's behalf. 'When a fringe group like this one criticizes Susan Dudley, I think it's a good indication that she's actually squarely in the thoughtful mainstream along with most Americans,' said Scott Milburn , press secretary at the OMB. 'She's very well suited to...keep our regulatory process on track.'"

Government Grant Submission System Not Mac-Friendly. The Washington Post (9/13, A15, Weiss, 748K) reports, "Scientists, scholars and others planning to use their Macintosh computers to submit grant proposals to the federal government in the months ahead should be prepared for a rocky, or at least error-message-littered, road ahead. Luckily, Mac users are used to it." Since its "inception several years ago, the government's electronic grant submission system has been compatible only with Windows-based computers. That has forced Mac users to go with paper submissions or use clumsy patchwork programs -- or 'workarounds' -- that government officials have conceded are 'not ideal' and Mac users have called, well, insert your favorite PC expletive here." Earlier this year, "the Department of Health and Human Services -- a central manager of the Grants.gov system -- promised that by November the system would be compatible with Macs, which are popular among scientists and academics. That was based on promises from Northrop Grumman Corp., which has been paid tens of millions of dollars to run Grants.gov for the government." But a "new twist emerged this week when HHS announced that Grumman had lost its bid to win a renewal of its contract and will be moving on as of Nov. 1."

Gallup Poll Finds Bush's Job Approval Rating At 39%. CNN's The Situation Room (9/12, Blitzer) reported, "A new Gallup poll…shows 39 percent of Americans approve of the way President Bush is doing his job. Averaged together with two other recent surveys, Mr. Bush gets a 41 percent approval rating. All these polls were conducted before the President's 9/11 anniversary speech to the nation last night."

Dowd Says Cheney Is "Ruining America." Maureen Dowd writes in the New York Times (9/13, 1.21M), "If Dick Cheney didn't try to hose himself down after his outlandish performance on 'Meet the Press,' he may be so deep in denial he doesn't even know he's ruining America and needs a symbolic moral superwash. … On 'Meet the Press,' Mr. Cheney warned that America cannot let its adversaries 'break our will" and show we 'don't have the stomach for the fight.' … After all the miscalculations and billions wasted, projects screwed up, lives and limbs lost, foreign enemies made, American stature squandered, Taliban strength regained, North Korean bombs and Iran-Iraq alliances built (visiting the American-hating, Holocaust-denying Iranian president Mahmoud Ahmadinejad yesterday, Prime Minister Nuri Kamal al-Maliki of Iraq called Iran 'a good friend and brother') Dick Cheney wouldn't do anything differently? … Break out the Wet Wipes, Mr. Cheney. Time for a good scrubbing."

OTHER NEWS:

Falling Oil Prices May Boost Economy, Cool Inflation. The Wall Street Journal (9/13, lp, Conkey, 2.03M) reports, "The recent drop in oil prices could provide a welcome and surprising boost to consumer pocketbooks this fall, cushioning the economy from a falloff in home prices and construction while venting an important source of inflation pressure. The easing of energy prices is an unexpected -- and little-noted -- positive amid economic anxiety over falling housing activity, previous energy-price increases and the possibility of recession." The Journal says, "Crude oil was at $77 a barrel as recently as early August. Yesterday, the price of the October crude-oil future contract settled at $63.76, a near six month low, down $1.85 from Monday… ." Moreover, "the average retail price of gasoline has fallen to $2.67 from $3.08 a gallon, according to the U.S. Energy Information Administration." The Journal writes, "For now, the price drop's impact on inflation will be as important as its effect on economic growth."

The Washington Times (9/13, Hill, 88K) says, "Oil prices plunged below $64 a barrel yesterday and settled 19 percent below this summer's record highs, bringing a major dose of inflation relief to hard-pressed consumers and the

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economy." The decline in gas prices has left "an unexpected dividend of spare change jangling in consumers' pockets that is likely to be quickly deployed into spending on other items." The Times reports, "Some analysts say a sea change is occurring in the oil market, and it will not revisit soon the record high of $78.40 set in July by premium crude in New York."

Oil Prices Data Boost Stocks. The Wall Street Journal (9/13, McDonald, 2.03M) reports "investors emboldened by the prospect of lower energy prices and better-than-expected earnings from big Wall Street firm Goldman Sachs Group Inc. looked past reports of a record trade gap and a thwarted terrorist attack in Syria and bought stocks by the bushel."

NBC Nightly News (9/12, story 7, 0:10, Williams, 9.87M) reported, "Stock Market rallied today. The Dow was up about 101 points today [to close at 11,1498.09]. The Nasdaq gained 40 points [to close at 2,215.82]. USA Today (9/13, Krantz, 2.27M) says "the Standard & Poor's 500 index rose 13.57 points to 1313.11. The index is up 5.2% this year."

Trade Deficit Hits New Record, But Falling Oil Prices Expected To Drive It Down. The Financial Times (9/13, Pimlott) reports, "The US trade deficit surged to its highest ever level in July as the cost of oil imports rose to a record high and exports fell." But "the swelling deficit, which rose much more than expected, will probably fall back again as oil prices have fallen in recent weeks, analysts said." The Times adds, "About one-third of the increase in the July figure came from higher prices for oil imports. But oil prices have dropped to their lowest levels since March this week, after rising to an all time high in July of $77.03 per barrel. The price is now 15 per cent lower."

The Wall Street Journal (9/13, Hitt, 2.03M) reports, "Though overwhelmed by surging imports, US exports came in at $119.97 billion in July. That was down 1.1% from June, but still the second-highest monthly total on record."

Administration Seeks To Focus On Economy In Run-Up To Election. Edward Lazear, chairman of President Bush's Council of Economic Advisers yesterday said that after years of stagnation, US wage growth will start to catch up with high productivity and economic growth. The Financial Times (9/13, Luce) reports that Lazear "also sought to dispel the increasingly widespread view that the median US employee is suffering from a long-term decline in earnings potential." His speech "is part of a broader administration campaign to focus on the strong US economy in the build-up to critical mid-term congressional elections on November 7. … However, the Bush administration's arguments have been met with growing skepticism among economists who point out that real wages for most Americans are marginally below where they were four years ago, in spite of strong overall growth in gross domestic product."

LATimes Praises Economy's Strength Since 9/11 Attacks. An editorial in the Los Angeles Times (9/13, 918K) says that after the 9/11 attacks, Osama bin Laden "boasted that the attacks had "hit hard the American economy at its heart and its core." If they did, the effect was transitory. In all the commemorations and assessments on the anniversary of 9/11, the resilience of the U.S. economy has attracted less notice than it deserves." Following the attacks, Americans "enjoyed five years of strong productivity and corporate profits, a booming real estate market and rising trade volumes." The Times adds, "Another terrorist strike, in the US or abroad, could still do untold damage to the economy. But nowadays economists tend to be less concerned about such a possibility (or unnecessary spending to protect against it) than about high energy costs or a real estate bust. Both would be worrisome, of course. But those kinds of worries are in a whole different category than the fear of a terrorist attack."

NYTimes Says Rising Labor Costs Reflect Growing Income Inequality. An editorial in the New York Times (9/13, 1.21M) says, "Compensation is business's biggest expense, so rising labor costs -- if passed on to consumers -- could certainly push up prices. But so far, there are no clear signs of that happening. Instead, today's rising labor costs seem to reflect a different economic phenomenon: growing income inequality." The Times adds, "When statisticians talk about 'labor costs' and economists -- and politicians -- talk about 'compensation,' they mean all forms of earned income, like wages, salaries, bonuses and stock options, plus benefits, like insurance and pensions. Measured that way, employees don't look too terribly squeezed. But for most workers, increases in wages or salaries, if any, have been steadily eroded by inflation while health insurance, if any, costs more and covers less."

Voters In Six States To Consider Minimum Wage Increases. USA Today (9/13, Kenworthy, 2.27M) reports that voters in Colorado, Arizona, Missouri, Montana, Nevada and Ohio will consider increases in their states'

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minimum wage laws in ballot measures November 7. According to USA, "Backing the state campaigns to raise the minimum wage are labor unions, advocacy groups for the working poor — such as the Association of Community Organizations for Reform Now and 9to5, the National Association of Working Women — and religious organizations. … Opponents include chambers of commerce and associations representing hotels, restaurants and small businesses."

A separate story in USA Today (9/13, Kenworthy, 2.27M) reports that this year's elections "could be a watershed in the nearly 70-year history of the federal minimum wage: For the first time, a majority of states could require higher pay than the federal rate of $5.15 an hour. This year, 10 states have enacted laws mandating a higher minimum than federal law requires. Twenty-three states and the District of Columbia are now above that threshold."

Chafee Wins Hard-Fought Republican Senate Primary In Rhode Island. The Wall Street Journal (9/13, Cummings, 2.03M) reports Rhode Island Republican Sen. Lincoln Chafee "beat back a very tough primary challenge from Cranston, R.I., Mayor Steve Laffey to run for re-election, an outcome national Republican Party officials believe will give them the best chance of holding the seat in midterm elections." Chafee's victory "was substantially aided by a roughly $1 million infusion of cash from Washington Republican Party committees to run ads and flood mailboxes with fliers criticizing Mr. Laffey, a tough-talking social conservative." It is a strategy "of lavish spending Republicans used earlier this year to hold onto to the House seat of California Republican Rep. Randy 'Duke' Cunningham, who pleaded guilty to bribery. That race cost the national party $5 million." Laffey "conceded the race with roughly 70% of the voting reported and trailing 54% to 46%."

USA Today (9/13, Page, 2.27M) reports Chafee's "battles aren't over: He now faces former state attorney general Sheldon Whitehouse, who won the Democratic nomination." The race "is rated a toss-up, and Democrats have targeted it as one of the six Republican-held seats they need to pick up to win Senate control."

The Washington Post (9/13, A1, Murray, Goldfarb, 748K) reports the story on the front page, noting Chafee's "victory came amid heavy turnout, after the same Republican establishment that Chafee has so often defied rallied to his side with money and logistical support for a vigorous get-out-the-vote effort. While there is little personal affection for Chafee at the White House, operatives there and in the Republican Party leadership calculated that he is the GOP's best chance of holding the seat in a Democratic-leaning state in November." Although Chafee "escaped the Laffey threat, Democrats believe he compromised his general election chances by waging a negative campaign marked by pointed attack ads and by accepting such high-profile Republican Party help. The senator himself expressed regret last week that the tone of the campaign had turned nasty. But, he pointed out, 'negative ads do work.'"

CQ (9/12, Horrigan) reported the "race forced the national Republican Party to coalesce behind Chafee, who has the least conservative voting record in the Senate among Republicans and has refused to toe the party line on key issues including the war in Iraq and President Bush's nomination of Samuel A. Alito Jr. to the Supreme Court." Chafee "stumbled in the closing days of the campaign, as he disavowed attack ads against his opponent that he said his aides pressed him to air."

The New York Times (9/13, Zernike, 1.21M) reports Chafee's win "dealt the Democrats a big setback in their bid for control of the Senate. The state is crucial to their goal of winning six seats. Polls had shown Mr. Chafee's challenger, Stephen Laffey, running far behind Sheldon Whitehouse, who won the Democratic nomination on Tuesday, and the national Republican Party said it would cede hopes of keeping the seat if Mr. Laffey won."

The Washington Times (9/13, Fagan, 88K) reports the battle "between Mr. Chafee and Mr. Laffey was in the spotlight yesterday because national Republicans said it was key to their party's hope of maintaining its Senate majority. They insisted that Mr. Chafee, who has bucked his party on issues such as tax cuts and abortion, has the only shot in this left-leaning state to beat a Democratic challenge and win the general election in November."

Voters Nominate Candidates In Nine States' Primaries. USA Today (9/13, Page, 2.27M) reports voters "from Arizona to Vermont cast ballots in hard-fought primary battles on Tuesday, soundly renominating New York Sen. Hillary Rodham Clinton and effectively choosing Adrian Fenty as mayor of the nation's capital." Rep. Ben Cardin "was leading former NAACP president Kweisi Mfume for the Democratic Senate nomination in Maryland. The winner will face Republican Lt. Gov. Michael Steele, the Republican

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Party's best hope for electing an African-American to major statewide office this year." Meanwhile, "a Gallup Poll taken Thursday through Sunday had good news for Democrats hoping to pick up the 15 seats they need to regain control of the House. By 53%-41%, registered voters in a generic ballot test" said "they were inclined to support the Democratic candidate in their district over the Republican."

Spitzer, Clinton Win Easily. The New York Times (9/12, Healy, 1.21M) reports Attorney General Eliot Spitzer "won the Democratic nomination for New York governor tonight, with his party hoping he will lead it to a potentially historic moment this November: a sweep of top statewide offices." Meanwhile, Andrew M. Cuomo "won the Democratic nomination for attorney general, and Senator Hillary Clinton won renomination for a second term in the Senate. In the day's most closely contested major race, Yvette D. Clarke won the primary for a Congressional seat in Brooklyn." Clinton, by "showing strength among a relatively liberal, antiwar primary electorate…demonstrated that her vote for military action in Iraq in 2002 did not damage her political standing as it did with Senator Joseph I. Lieberman." Clinton's "little-known opponent in the New York race, a union organizer named Jonathan Tasini, tried to tap into antiwar sentiments in New York, yet he had little money and did not effectively turn the race into a message-sending moment about Iraq. With 95 percent of the precincts reporting, Mrs. Clinton had 83.2 percent of the votes and Mr. Tasini had 16.8 percent."

WSJournal Says A Vote For Spitzer Is A Vote For The Status Quo. The Wall Street Journal (9/13, 2.03M) editorializes, "Yesterday [Eliot] Spitzer won the Democratic nomination for Governor in a rout, and on the campaign trail he's spent a lot of time talking about ending 'the pay-to-play culture in Albany by making it against the law for those who do business with the state to give gifts to state employees or to donate to candidates for state office.' But it turns out that the Spitzer campaign hasn't been practicing what it preaches. Mr. Spitzer has accepted discounted rides to fund-raisers nationwide on the private jet of Richard Fields, a casino developer whose companies have donated $200,000 to Mr. Spitzer's campaign." While Spitzer has "decided to pay 'all the costs' when chartering flights in the future," the "whole episode calls into question the sincerity of his calls for reform in Albany. Campaign speeches notwithstanding, his behavior suggests that a vote for Mr. Spitzer is a vote for the status quo."

Cardin Projected To Win Maryland Democratic Primary. The Washington Times (9/13, Miller, Ward, 88K) reports Rep. Benjamin L. Cardin "last night was leading the Democratic nomination for a U.S. Senate seat in Maryland, topping former NAACP leader Kweisi Mfume in a widely watched contest in which race was a key issue." With 49 percent of the state's precincts reporting, Cardin "had 46 percent of the vote, and Mr. Mfume had 37 percent." In November's general election, Cardin, "a 10-term congressman, would face Lt. Gov. Michael S. Steele, who easily bested nine rivals for the Republican nomination. Mr. Steele received about 85 percent in the Republican primary."

The Washington Post (9/13, A1, Mosk, Wagner, 748K) reports in a front page story that Maryland's Democratic primary voters gave Cardin "a commanding lead over" Mfume "last night in the race to be the party's candidate for U.S. Senate, but chaos at polling sites delayed final results for that and other key races." All morning, "confusion reigned as outraged voters were turned back from voting sites in Montgomery County because an election worker failed to provide key cards needed to make the electronic voting machines functional."

Election Officials' Errors Create Chaotic Primary Vote In Maryland. The Washington Post (9/13, A1, Davenport, Spivak, 748K) reports, "The most basic of human errors threw Maryland's primary election into chaos yesterday: Someone forgot the wallet-size plastic cards needed to operate the voting machines in Montgomery County, frustrating early morning voters who lined up outside polling places and often were turned away without voting." Courts ordered polls "to remain open an extra hour in the county and in Baltimore, where at least two dozen polling places opened late, but it seemed doubtful that the extensions would resolve the confusion."

RNC Plans To Spend $60 Million-Plus On Midterm Elections. The Hill (9/13, Bolton) reports the Republican National Committee (RNC) "will spend its entire bank account, $60 million or more, helping Republicans try to retain control of Congress in the midterm elections." The "looming spending spree appears to have spurred Democratic House leaders to reach agreement over how much the Democratic National Committee (DNC) will help counter this onslaught." It is "an open question whether the deal between the DNC and DCCC will be enough to offset the financial advantage that the RNC cash will give Republican

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candidates this fall." RNC chairman Ken Mehlman "has put in place a plan to raise money aggressively throughout the fall and has made clear that he will not hold back any money for the 2008 presidential election."

Statehouse Reporters See Frustration, No Anti-GOP Wave. Roll Call (9/13, Jacobson) reports the national polls "are showing high — and in many cases, increasing — levels of voter frustration with the direction of the country, politics as usual and the Republican leadership." But "in Out There's second unscientific poll this year of state capitol reporters from around the country, we find surprisingly few indications that voter anger is translating into a national anti-Republican — or even an anti-incumbent — wave." During August, "Out There sent a survey to a range of members of capitol-beat, a national association for reporters who cover politics and government in the state capitals. Twenty-six reporters in 20 states responded." Though "not a substitute for professional polls," the reporters "generally detect a modest sentiment against Republicans, but not one that inevitably will translate into political gains for Congressional Democrats."

Dean, Emanuel Reach Agreement On GOTV Funds. The Wall Street Journal (9/13, Calmes, 2.03M) reports, "Finally, after months of sometimes expletive-laced sparring," Democratic Congressional Campaign Committee Chairman Rahm Emanuel "seems to be having his moment with Howard Dean. The Democratic Party chairman apparently has agreed to pony up $12 million for get-out-the-vote drives aimed at capturing control of Congress Nov. 7." The funds, "together with the House Democrats' own money and the $40 million that the AFL-CIO has said it will spend to mobilize voters for Democrats in the most hotly contested congressional races, could effectively put the Democrats on par financially with the vaunted Republican 'GOTV' program, for which party Chairman Ken Mehlman has pledged about $40 million. And that would blunt the Republicans' one clear advantage in an otherwise bleak election year for the party in power." But Dean "remains in talks with New York's Sen. Chuck Schumer, Mr. Emanuel's counterpart, over funds for Senate races."

Roll Call (9/13, Whittington) reports Dean "has pledged $12 million to his party's 2006 campaign efforts — with at least $5 million going to House and Senate Democrats — in a move that may help soothe tensions between the national party chief and his Congressional counterparts." Dean "struck a deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) on Tuesday to devote roughly $60,000 to get-out-the-vote efforts in 40 targeted House races." The deal was "brokered by DCCC Executive Director Karin Johanson and DNC Executive Director Tom McMahon. One source familiar with the discussion indicated that initially Dean wanted to seek assurances that Emanuel would stop attacking Dean and his 50-state strategy in return for the financial commitment, but that never materialized." The "massive financial shortfall of the DNC in comparison to the Republican National Committee has been a source of concern for Emanuel and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.)."

The New York Times (9/13, Nagourney, 1.21M) reports Dean ended "a long and cantankerous standoff with House Democratic leaders" by agreeing "to a limited program to finance get-out-the-vote operations this November, party officials said Tuesday." But Dean "remained at loggerheads with Senate Democrats, who continued to insist he provide more money." The committee "said it would provide $12 million to finance turnout operations for candidates running for the House and the Senate, and for state races. Just $2.6 million would go to finance turnout operations in 40 House races, far less than House Democratic leaders had asked for."

The Washington Post (9/13, A5, Balz, 748K) reports Dean said "the national party is making an unprecedented investment in the fall elections, but other Democrats said the $12 million figure is roughly the same as what it spent on House and Senate races in 2002. That year, the DNC spent millions more on gubernatorial races and redistricting and lent the DCCC close to $5 million in the final weeks of a losing campaign."

Many Democrats Feel "Contract" Not Needed To Win House Majority. In a McClatchy commentary (9/13), Steven Thomma says, "If they're still looking to close the deal on November's midterm elections, why haven't the Democrats rolled out their own 2006 version of the Republicans' Contract with America, which was widely credited with helping that party win control of Congress in 1994?" One reason "could be the influence of Mark Mellman, a Democratic pollster who thinks the contract is overrated." Mellman's "professorial take on 1994 is that the

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conventional wisdom is wrong, that the contract did not work as advertised" and it "might have cost as many Republican votes as it delivered was that it became a big juicy target. Democrats launched a $2 million ad campaign against it and hammered Republicans who signed on to it." Republicans today "would love to see a Democratic contract so they could line up ads against it." Many Democrats "think there's no need for a contract-like set of bumper-sticker proposals this year. The key to victory in November, they say, is the same force that drove the 1994 elections: anger and disappointment with the president and his party."

New Democrat Coalition To Give $120,000 To Top Challengers. Roll Call (9/13, Kurtz) reports as the Democratic Congressional Campaign Committee "showcases the candidates in its 'Red to Blue' program tonight in Washington, D.C., members of the New Democrat Coalition will announce today that they are contributing at least $120,000 to the program's recipients." Several "top-flight Democratic challengers and open-seat candidates will be in town tonight as part of House Democrats' 'March to the Majority' events." The NDC "will give $5,000 each to Darcy Burner, who is challenging Rep. Dave Reichert (R-Wash.); Phyllis Busansky, in the race to replace Rep. Mike Bilirakis (R-Fla.); Joe Courtney, challenger to Rep. Rob Simmons (R-Conn.); Tammy Duckworth, the Democrat in Illinois' open 6th district race; Diane Farrell, who is in a rematch with Rep. Christopher Shays (R-Conn.); Gabrielle Giffords, who was expected to win the Democratic primary Tuesday in Arizona's open 8th district; Ron Klein, who is challenging Rep. Clay Shaw (R-Fla.); Lois Murphy, who is in a rematch with Rep. Jim Gerlach (R-Pa.); and Ed Perlmutter, the Democrat in Colorado's open 7th district race."

Strategists See 2006 Loss As Possible Boost For 2008. The Hill (9/13, Schor, Kaplan) reports a "growing number of House Republicans are taking to the trail warning swing voters that a Democratic takeover would hand key chairmanships to the party's liberal wing. But some strategists see a silver lining to a GOP loss in November: its White House hopefuls can don the mantle of outsiders." 2008 could "find Republicans turning a Democratic House majority into bogeymen or Democrats continuing to link GOP majorities to the Bush administration." University of Virginia professor Larry Sabato "wondered whether Democrats would find success in a narrow electoral failure." Sabato said, "You can [argue] that Democrats would be much better if they got 217 seats in the House and 49 in the Senate, just enough to make sure nothing was done but not enough to be held accountable. Republicans, by contrast, will benefit almost certainly from a Democratic takeover … because they can not be in charge of everything and can respond that Democrats are causing gridlock."

In a New York Times op-ed (9/13), National Review editor Ramesh Ponnuru says if Democrats re-take the House, "conservatives will find several silver linings in the outcome. It would be worse for conservatives if Republicans actually gained seats. The Congressional wing of the party lost its reformist zeal years ago and has been trying to win elections based on pork and incumbency. An election victory would reward that strategy, leaving the congressmen even less interested in restraining spending, reforming government programs and revamping the tax code. Political incompetence and complacency, sporadic corruption and widespread cynicism: having paid a price for none of it, Republicans would indulge in more of the same." But the "question is whether they will have a reduced majority or no majority. And outright loss might be preferable. A narrower House majority would most likely accomplish even less than the current one has." A straight loss, "on the other hand, would make the Republicans hungrier and sharpen their wits. Freed from the obligation of cobbling together thin majorities for watered-down legislation, Republicans would be able to stand for something attractive."

Mollohan Criticizes Wakim Over Video Poker Payouts. The Hill (9/13, Kaplan) reports Rep. Alan Mollohan (D-W. Va.) "faulted Republican state Del. Chris Wakim's ethics in a recent television advertisement alleging that Wakim, a bar owner, illegally paid winnings on video poker machines." The allegations "stem from 1996 when a patron of Wakim's bar, Knotty Pines, in Wheeling, W. Va., sued Wakim after being charged with driving under the influence of alcohol. In testimony from the deposition obtained by The Hill, Wakim's wife, Jeannette, said the bar paid winnings to patrons who gambled on video machines. Under state law, this was illegal." Will Holley, "a spokesman for Wakim, defended the business practice, saying, 'Everybody was doing it.'" The Hill adds Democrats "also raised questions about whether Wakim paid sales tax on revenue earned from gambling machines. Holley said that tax records do not exist because they do not have to be saved for more than three

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years." Allegations "of ethical misconduct define the race, which is one of the few bright spots for Republicans in an otherwise terrible political climate."

Courtney Ad Targets Simmons For Bush Support. The Hill (9/13, Schor) reports Democratic House challenger Joe Courtney (Conn.) "unveiled his first campaign commercial yesterday, tagging incumbent Rep. Rob Simmons (R-Conn.) as 'George Bush's No. 1 supporter' on energy, healthcare and Iraq." The TV spot "underscores Courtney's effort to publicize Simmons' record of votes supporting the White House, which a recent study ranked first in the state delegation."

Bush Strategy Could Hurt Wilson's Bid To Demonstrate Independence. The Wall Street Journal (9/13, Rogers, 2.03M) reports that for Republican Rep. Heather Wilson, "proving her independence to the voters of New Mexico's First District gets harder with each passing day of the Iraq war." Polls show Wilson "running neck-and-neck with her Democratic challenger, Patricia Madrid, New Mexico's attorney general and a proven vote getter. As a member of the House Intelligence Committee, Ms. Wilson is feeling public anger over faulty prewar assumptions and the U.S.'s costs and casualties." For President Bush, the race "poses a two-part test. First is public support for the war." Sen. John McCain, who campaign with Wilson last weekend, said, "The eyes of the nation will be on this race." The Journal adds the second part is "the administration's fall offensive on national security, with which the White House hopes to knock Democrats back on their heels. But unless Mr. Bush calibrates his demands for additional powers from Congress, he risks smothering endangered Republicans just when they need to show some independence." Other Republicans, "such as Connecticut Rep. Christopher Shays, are also paying a political price for supporting the president's Iraq policy. But Rep. Wilson's military background, past White House service under the president's father, and position on the Intelligence panel make her unique, and her race largely dominates this Southwest state."

Democrats Make Gains In Illinois Poll Of Party Preference. The Chicago Tribune (9/13, Pearson, 623K) reports the percentage of Illinois voters "who call themselves Democrats is at its highest pre-election level in more than a decade, posing a problem for Republicans trying to win the governor's mansion and key congressional seats, a Tribune/WGN-TV poll shows." The poll "found 43 percent of voters identified themselves as Democrats while a little more than a quarter of the voters identified themselves as Republicans. The 17 percentage point difference ranks among the most polarized partisan spreads in more than 16 years of Tribune surveys taken prior to an election day." The results of the poll "echo surveys taken nationally that show an increase in voters lining up in the Democratic column, a factor attributed to dissatisfaction with the Republican White House and GOP-led Congress on issues ranging from the war in Iraq to economic uncertainties." The findings of the Tribune poll "indicate the potential for trouble in Illinois for Republicans trying to revitalize a political party beset by scandal and infighting." The survey "of 600 registered voters likely to vote Nov. 7 has a margin of error of 4 percentage points."

Lawmakers Seeking Higher Office Racking Up Missed Votes. The Hill (9/13, Kirtley, Ruben) reports Reps. Jim Davis (D-Fla.) and Butch Otter (R-Idaho) "are both running for governor. Davis has missed 152 votes in 2006; Otter has missed 3." They are "among 16 members of the House that are running for a higher office this year. Statewide campaigns require time, money, and a great deal of energy. For some House members, it also leads to a lot of missed votes." The 16 congressmen "have missed an average of 50 floor votes in 2006. Rep. Harold Ford (D-Tenn.), who is running for the Senate, has been absent on 113 votes while Rep. Jim Nussle (R-Iowa), who is in a tight race for governor, has missed 110 votes." When such "a significant focus is placed on the campaign for the next office, missed votes can often resurface as political liabilities. In the 2004 presidential election, Sen. John Kerry (D-Mass.) and John Edwards (D-N.C.) were consistently criticized for missing votes on the Senate floor in favor of holding campaign events across the nation."

Some Catholics Angered At University's Invitation To Casey. The Washington Times (9/13, Hallow, 88K) reports some Catholic conservatives are "accusing the Catholic University of America of publicly favoring Democrat Bob Casey Jr. over Sen. Rick Santorum of Pennsylvania two months before an election that could decide who controls the Senate next year." With the "explicit permission of Catholic University's president, the Rev. David

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M. O'Connell, Mr. Casey will give the prestigious 38th annual Pope John XXIII Lecture tomorrow at the university's law school, Veryl Miles, the law school's dean, confirmed. Mr. Casey is an alumnus of Catholic." Bob Destro, a professor and former acting dean at the law school, said, "The university is clearly taking sides and has no business doing this in one of the most important elections in the country." The Times adds, "Other prominent people have been barred from formal addresses on the campus because their views differed from Catholic teaching, Mr. Destro and others noted."

Angelides Campaign Source Of Controversial Schwarzenegger Tape. The Los Angeles Times (9/13, Vogel, 918K) reports the campaign "of Democratic gubernatorial candidate and state Treasurer Phil Angelides today said it was the source of audiotapes of Gov. Arnold Schwarzenegger that were published last week by The Times." But campaign officials "said a researcher obtained the tapes legally from Schwarzenegger's website." Earlier, Schwarzenegger administration officials "had said the tape was downloaded from a password-protected section of the governor's computer system and thus was unauthorized and 'a breach of one or more security protocols.'" The administration "also said the California Highway Patrol, which is responsible for safeguarding state property, would investigate." Angelides campaign manager Cathy Calfo "said her camp came by the audiotape easily without a password or hacking."

The AP (9/13, Kurtzman) reports Angelides' campaign acknowledged "that it downloaded — and leaked to the media — a recording of a private meeting in which the governor described a Hispanic legislator as having a 'very hot' personality." Calfo said, "No one hacked. They accessed information that was available to the public." Calfo said "she was unhappy that two campaign staffers had passed the audio clip to the Times without her knowledge. Angelides did not know about it, either, she said."

The New York Times (9/13, Steinhauer, 1.21M) reports Calfo "called the Schwarzenegger camp's characterization of the episode 'politically motivated' and 'outrageous' and added, 'We believe these audio files accessed through a public Web site requiring no password are a matter of public record.'" She said "that anyone who received a news release e-mailed by the governor's office in August with an audio file about Hurricane Katrina could have clicked on a link and with a few strikes of the backspace key have been linked to the audio files. Those files, she said, have since been removed from the site." The episode is "perhaps the singular snapshot of the sleepy governor's race, in which Mr. Schwarzenegger has trotted far ahead of Mr. Angelides but once again has found that his biggest liability can be the space between his nose and his chin."

Colorado Official Seeks To Restrict Anonymous Union Contributions. The Washington Times (9/13, Richardson, 88K) reports Colorado Secretary of State Gigi Dennis "is taking on the state's powerful unions over their anonymous donations on behalf of their members to political campaigns." Dennis, "a Republican, ruled last month that small-donor committees, the source of most union contributions, must have permission from contributors before they can use dues money for political campaigns." Dennis also "required such committees to attest that the donations came from U.S. citizens, as mandated by the state constitution. Small-donor committees typically bundle contributions of less than $20, which are not subject to disclosure laws." State Democrats and union leaders "have fired back with a lawsuit that goes before a hearing tomorrow in Denver District Court." But state Republicans, "who have long complained about the lack of transparency in union giving to Democrats, cheered the move as a necessary step in ridding the political system of potentially illegal donations."

Researchers Want To Buy Human Eggs For Stem Cell Research. The Los Angeles Times (9/13, Kaplan, 918K) reports that scientists involved in stem cell research are grappling with "a shortage of eggs that they say is crippling their work." According to the Times, "Women routinely provide their eggs to fertility clinic patients, who pay $5,000 to $50,000. But stem cell researchers are forbidden to pay for eggs by ethical guidelines from some of the most influential scientific organizations in the world, including the National Academies, which advises the US government on scientific issues. California, Massachusetts, Canada, South Korea and the European Union all have passed laws barring payments. … But stem cell researchers argue that it is only fair to pay donors because of the time, discomfort and risks involved. They note that research subjects are compensated for their time."

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Shelby Indicates Flexibility On Limiting Mortgage Giants' Stock Portfolios. Senate Banking Committee Chairman Richard Shelby has indicated a new flexibility on the issue of specific limits on the stock portfolios of Fannie Mae and Freddie Mac. The Wall Street Journal (9/13, Paletta, 2.03M) reports that Shelby's move "could clear the way for congressional passage of legislation toughening the regulation of" the mortgage giants. Shelby said that "as long as the risks posed by the companies' size are addressed, it might not matter if specific portfolio limits are written into law or if this is overseen by a strong new federal regulator."

Wyoming Courts Rust Belt Workers. The New York Times (9/13, Johnson, 1.21M) reports that Wyoming is courting Rust Belt workers, particularly Michigan's auto industry. According to the Times, "Wyoming economic development officials and company representatives are planning their third recruiting trip this year, visiting job fairs next month in Flint, Lansing and Grand Rapids. A billboard depicting a lush Wyoming will go up on the highway outside Flint later this month and be seen by an estimated 65,000 people a day. … So far, about 1,500 Michigan residents have signed up to receive job postings through the Wyoming work force Web site, and at least several hundred, employers and recruiters say, have moved to the state."

Chao Praises American Workers As Strong, Resilient. Labor Secretary Elaine Chao writes in The Hill (9/13) that five years after the 9/11 attacks, "America's economy is strong and growing — thanks to the strength, resiliency and competitiveness of our nation's economy and our workforce. The national unemployment rate (4.7 percent in August) is a full one percent lower than the 5.7 percent average for the decade of the 1990s. … After-tax income, per capita, has gone up by 8.9 percent since the beginning of President George W. Bush's administration." Chao adds, "America's greatest economic strengths are our workforce and an economic system that empowers the individual and creates limitless opportunities to build better lives. … With the right tools and skills, American workers can and will out-compete anyone in the world."

Norquist Says Companies Should Hire Lobbyists Who Share Their Goals. Grover Norquist, president of Americans for Tax Reform and founder of the K Street Project, writes in USA Today (9/13, 2.27M) that he created the K Street Project in 1989 "to encourage trade associations and Washington offices of Fortune 500 firms to hire men and women who share their values and goals: low taxes, less spending, free trade -- and to avoid the pressures to hire for 'access.' … My goal is a Washington where labor unions hire big-government, tax-and-spend liberals because that is what they believe in -- regardless of whether the presidency or Congress is Republican or Democrat. And where businesses that want simply to be left alone should hire free-market men and women who understand that low taxes, limited government and an end to runaway labor union and trial lawyer abuses are good for America and good for their employees, customers and stockholders. Hire for principle and sound policy, not access."

USA Today Decries K Street Project's Philosophy. An accompanying editorial in USA Today (9/13, 2.27M) says that "one might think that a sense of shame would prompt Congress to clean up the stench, particularly with the elections a mere eight weeks away. Think again. Virtually nothing has changed. Nowhere is this clearer than in an organization called the K Street Project." USA adds that the philosophy behind the K Street Project "says a lobbyist's political ideology and donations are more important than his or her ability to marshal facts on behalf of the client. That kind of thinking explains why Washington is such a mess these days."

WPost Blasts Voting Problems In Montgomery County. The Washington Post (9/13, A16, 748K) editorializes, "Untold numbers of people were turned away from polling places yesterday in Montgomery County. The official responsible for their disenfranchisement called it 'a clerical error.' We call it gross incompetence that strikes at the very heart of our government. More than apologies are in order. … The county Board of Elections has one essential job -- to ensure fair elections -- and yesterday that job wasn't done." The Post adds, "Voters, Democratic and Republican, want one thing -- for their votes to count. The officials charged with that should take a hard look at yesterday's voting in Montgomery, as well as in Baltimore, which also experienced problems, and make sure there is not a repeat on Nov. 7."

NYTimes Praises Harvard Decision To End Early Admissions Plan. The New York Times (9/13,

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1.21M) writes in an editorial, "Harvard did the right thing by abandoning its early admissions program." And "we hope other institutions follow its lead" because early admissions programs are "inevitably unfair" and increase "the frenzy of a college application process that is unnecessarily pressurized."

Islamic Militants Storm US Embassy In Syria.

The AP (9/12, Ghattas) reports, "Syrian guards foiled an attempt by suspected al-Qaida-linked militants to blow up the US Embassy on Tuesday, exchanging fire outside the compound's walls with gunmen who shouted 'God is great' and tried to storm in with automatic weapons and hand grenades. The brazen, midmorning assault in a heavily guarded neighborhood of the capital could highlight the Syrian regime's weakening grip on militants, who have battled Syrian security forces repeatedly in recent years." The attack "left at least 10 civilians and a Chinese diplomat wounded."

McClatchy (9/13, Roumani, Strobel) reports Syria's interior minister, Gen. Bassam Abdul Majid, "told state-run television that the assailants tried to detonate two cars full of explosives next to the embassy. One car exploded, but another one failed to detonate, he said."

The Washington Times (9/13, Kralev, 88K) reports, "Three of the four attackers were killed in a shootout with Syrian police and one was arrested, US and Syrian officials said. … A State Department official said the attacker arrested yesterday was 'providing information,'" but "it was not clear whether US officials would be permitted to question him." The Christian Science Monitor (9/13, Murphy, Roumani, 58K) notes "no American citizens were hurt in the assault, though a Syrian guard employed by the embassy was wounded but in stable condition, according to a brief statement by the embassy."

CNN's The Situation Room (9/12, McIntyre) reported, "According to Syria's Information Ministry, the assault began when heavily-armed gunmen detonated a car bomb near the American embassy and then tried to storm the US compound. They were met there by Syrian security forces which formed the outer line of defense at the embassy. Three attackers and a Syrian guard were killed. A fourth attacker was wounded and taken into custody. … There was quick praise from American officials. Although at the White House, it came with a dose of criticism." White House Press Secretary Tony Snow: "The Syrian police forces did their job and they were professional about it. Now the next step is for Syria to play a constructive role in the war on terror. Stop harboring terrorist groups, stop being an agent in fomenting terror, and work with us to fight against terror, as Libya has done. That's the next step for Syria."

The Financial Times (9/13, Saleh) quotes Snow saying, "Syrian officials came to the aid of the Americans. … The US government is grateful for the assistance the Syrians provided in going after the attackers. We are hoping they will become an ally and make the choice of fighting against terrorists." The US, adds the Times, "withdrew its ambassador last year after Damascus was linked to the assassination of Rafiq Hariri, former Lebanese prime minister. Syria's support for the Lebanese Shia group Hizbollah and the Palestinian Islamist movement Hamas have also put it at odds with Washington." USA Today (9/13, 2.27M) also says the State Department "lists Syria as a supporter of terrorists, specifically Hezbollah in Lebanon."

The CBS Evening News (9/12, story 2, 2:10, Logan, 7.66M) reported that Syria and the US "have had a fairly frosty relationship lately. Especially since the start of the Iraq war with the US accusing Syria of not doing you have no stop al Qaeda and other foreign terrorists from crossing its boarder to fight US forces here. But the Syrians did respond fairly quickly to the attack and the US is hoping that Syria will take a much firmer line from now on." CBS (Axelrod) added, "The White House hasn't said much beyond thanking the Syrian authorities for its response and pointing throughout illustrates the points the President was making in his speech last night from the Oval Office which is that there are many forces in the Arab world that would like to kill Americans."

ABC World News (9/12, lead story, 3:30, Gibson) reported, "The day of remembrance for 9/11 barely ended when terrorists launched another attack on another American target in still another country." ABC (Ross) added, "In Canada, Secretary of State Condoleezza Rice offered begrudging thanks to the Syrians." Condoleezza Rice: "We expect the Syrians to carry out their duties. Even if we have very deep differences in the governments." Ross: "There have been 12 attacks on US Embassies since 1998. And the US has gone through all kinds of tests to figure out how to harden the sites. The tests include attempts to make new barriers and walls that the truck bombs can't get through. They've done a lot of work to make that happen. … The US has not met by any means all the standards that were met. They spent a lot less money than was required. And the last embassy will not be

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conformed until 2010." Gibson: "Eight years later, there's embassies that are not fixed up." Ross: "That's right."

NBC Nightly News (9/12, story 3, 1:45, Williams, 9.87M) said "an obscure Islamist militant group calling itself the Soldiers of Greater Syria claimed responsibility. They're inspired by al Qaeda and they've bombed mostly Syrian government targets in the past, trying to topple Syrian President Bashar al-Assad. The US diplomatic sources were telling NBC News tonight that the fact that this group was able to penetrate such a secure, diplomatic zone suggests more attacks to come."

On the CBS Evening News (9/12, lead story, 3:10, Couric, 7.66M), Rice was shown saying, "I do think that the Syrians reacted to this attack in a way that helped to secure our people and we very much appreciate that." NBC (Roth) added, "That was a rare compliment for a nation accused by America of supporting terrorists, including Hezbollah militants in Lebanon. But Syria says it's fighting terrorism and today's the proof."

On Fox News' Special Report (9/12, Housely), Rice was shown saying, "I want very much to give condolences to those who lost their lives defending the embassy and among them, apparently Syrian security personnel. I do think that the Syrians reacted to this attack in a way that helped to secure our people and we very much appreciate that."

The Wall Street Journal (9/13, Fam, King, 2.03M) reports, "In a statement, the Syrian Embassy in Washington called the assault 'a heinous terrorist attack by an extremist group.'" But "it also lay the underlying blame on US policies in the Middle East, which the embassy said 'have fueled extremism, terrorism and anti-US sentiment.'" The statement "urged Washington to 'take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace' for the region."

The New York Times (9/13, Smith, 1.21M) reports Tom Casey, the State Department's acting spokesman, said yesterday in response to that statement, "I think you have to take a look at who is really responsible for the violence in the region. … The violence is the responsibility of those who do believe that the only response to any questions or concerns is to throw bombs, is to shoot bullets, is to assassinate people." He said "Washington continued to consider Syria a sponsor of terrorism, alluding to its support for Hezbollah and the Palestinian group Hamas, both of which are considered terrorist organizations by the United States and many allies."

The Washington Post (9/13, A11, Roumani, 748K) reports, "In the months following the Sept. 11, 2001, attacks, Syria shared information related to terrorism with the United States, but after the U.S.-led invasion of Iraq in 2003, President Bush blamed Syria for failing to close its border with Iraq to insurgents." The US Embassy compound in Damascus "is in the capital's diplomatic neighborhood, close to the Iraqi, Italian and Chinese embassies. It is surrounded by white walls described variously as eight to 15 feet high, with U.S. Marines providing security inside the compound and Syrian security forces outside." The Los Angeles Times (9/13, Stack, 918K) also reports the story.

US Sounds Skeptical Note On New Palestinian Government. The AP (9/13, Schweid) reports, "The Bush administration expressed worry Tuesday that a Palestinian national unity government now in formation may not be ready to renounce terrorism or accept Israel's right to exist." State Department deputy spokesman Tom Casey also "reiterated that unless those conditions are met, the Bush administration would not resume US aid to the Palestinian government." The "skeptical comments" came "a day after the Hamas-led administration and President Mahmoud Abbas' more moderate Fatah Party said they would form a coalition government. In the past half-year international financial sanctions have crippled the Palestinian Authority's ability to pay its 165,000 employees." The Los Angeles Times (9/13, Richter, Ellingwood, 918K) runs a similar report under the headline "US Wary of Palestinian Plan."

Meanwhile, another AP story (9/13, Hadid) reports, "Hamas officials gave Palestinian President Mahmoud Abbas the go-ahead Tuesday for negotiations with Israel, a major shift in the militant Islamic group's position as it works to end its international isolation." An Israeli military court, also yesterday, "ordered the release of 19 Hamas officials -- including Cabinet ministers and lawmakers -- from an Israeli prison. The men, arrested by Israel after the June 25 capture of Israeli Cpl. Gilad Shalit by Hamas-linked militants, will remain behind bars for several more days pending an appeal by prosecutors." Israel "said the court decision was not meant to reward Hamas for its moves toward moderation."

Under the headline "More Palestinians Urging An End To Paralyzed Governing Authority," the Washington Post (9/13, Wilson, 748K) says "the unity government platform would commit Hamas to accept past agreements signed by

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the Palestine Liberation Organization that recognize Israel." It "would mark the first time that Hamas, which does not belong to the PLO and has long opposed the 1993 Oslo peace accords that created the Palestinian Authority, would tacitly accept a two-state solution to the conflict." But "Hamas has so far refused to renounce violence or explicitly recognize the Jewish state -- two of the three conditions set by the United States, the United Nations, Russia and the European Union for a renewal of aid." Israeli "officials indicated Tuesday that Israel would not release hundreds of millions of dollars in frozen tax revenue it collects on behalf of the Palestinian Authority or support an easing of international sanctions against it unless those terms were met." The result "could doom the new coalition government."

Blair Urges Lifting Of Sanctions. AFP (9/13) reports, "Britain's Tony Blair urged the lifting of economic sanctions on the Palestinian Authority, so long as a deal on a cabinet of national unity there meets international conditions." He "made the comments a day after returning from a three-day trip to the Middle East, during which he faced protests over his stance notably during the recent conflict between Israel and Hezbollah militants in Lebanon." Said Blair, "Yesterday's announcement of a government of national unity in Palestine is precisely what I hoped for. … On the basis it is faithful to the conditions spelled out by the Quartet, that is the UN, EU, US and Russia, we should lift the economic sanctions on the Palestinian authority."

Annan Says Israeli Withdrawal From Lebanon "Significant." The AP (9/12, Wadhams) reports, "Israel has made 'significant progress' in the gradual withdrawal of its forces from south Lebanon in the month since the U.N. Security Council passed a resolution to end the conflict there, U.N. Secretary-General Kofi Annan said Tuesday in a report." The report "said both Israel and the Islamic militant group Hezbollah had mostly complied with the cease-fire that was called for in that resolution, aside from one major raid by Israel on Aug. 19 and several minor violations." Annan, "who recently returned from an 11-day trip to the region, said the process would be finished in the coming weeks. He did not say how many Israeli troops remained in south Lebanon."

More Commentary On Lebanon War. In his column for the New York Times (9/13, 1.21M), Thomas Friedman writes, "Listening to the post-Lebanon-war debate in Israel leaves me wanting to say just one thing to Israelis: Get a grip on. Israel is behaving like it lost the Lebanon war and now needs to tear itself apart, limb by limb, with investigations and new elections. Clearly the Israeli Army's logistics broke down, and clearly it was ill-prepared for a guerrilla war against Hezbollah. And clearly it is a sign of the health of Israel's democracy that Israelis feel free to castigate their leadership." Nevertheless, Prime Minister Ehud Olmert "did a better job, under the circumstances, than he is being credited with, and, more important, the situation evolving in south Lebanon now has the potential to offer a whole new model for peacemaking."

Terror Attack Targets Kurdish City In Turkey. The AP (9/12, Harvey) reports, "A bomb struck a predominantly Kurdish city in southeastern Turkey on Tuesday, killing seven people and wounding 17, the local governor's office said." Authorities said "the bomb was made from powerful explosives and was set off by a cell phone timer. It was not immediately known who placed it, and nobody claimed responsibility." AFP (9/13, Bozarslan) says "eight people, among them six children, were killed" in Diyarbakir, "the largest city in Turkey's mainly Kurdish southeast, officials and hospital sources said."

Sarkozy Delivers Pro-US Message During Washington Visit. The Washington Post (9/13, Kessler, 748K) reports French Interior Minister Nicolas Sarkozy, "the leading presidential candidate for France's ruling conservative party, swept through Washington yesterday, delivering an unabashedly pro-American speech and landing meetings" with President Bush and Secretary Rice. Sarkozy "covered many of the bases that French politicians hit when they want to laud the United States, such as mentioning Lafayette's role in the American Revolution and citing the French love of blue jeans, hamburgers and American movies. But then he went beyond those standards, proudly noting that his distinctly pro-American viewpoint had earned him 'substantial criticism' in France." Sarkozy said, "I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

The New York Times (9/13, Sciolino, 1.21M) notes that Sarkozy, "on a four-day trip to the United States…pinned the Legion of Honor on the police commissioner of New York, honored firefighters in Midtown Manhattan for their losses on 9/11 and signed hundreds of copies of his new best-selling book on France's future." He "told Jewish leaders of his love

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of Israel, American business leaders of his love of free enterprise, and Francophiles of his love of America. He confessed that he loves to read Hemingway and watch movies like 'Miami Vice.'" He "was received by President Bush at the White House (an exceptional event for a mere minister) and by Senator John McCain, Republican of Arizona, and Senator Barack Obama, Democrat of Illinois, on Capitol Hill." Sarkozy declared in a speech before the French-American Foundation in Washington, "My devotion to our relationship with America is well known and has earned me substantial criticism in France. … I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

The Financial Times (9/13, Dinmore) runs a similar report under the headline "Sarkozy Looks To Closer Ties After Bush Era," in which it says "a bomb scare near the White House on Tuesday delayed a speech by…Sarkozy," but "only served to strengthen his personal pro-American, pro-Israel message while burnishing his presidential credentials overseas." However, "like David Cameron, leader of Britain's opposition Conservatives in an address in London a day earlier, Mr Sarkozy was clearly looking towards the post-Bush era, directing his enthusiasm at the American nation and not its current administration." Sarkozy "mentioned President George W. Bush only briefly and France's Jacques Chirac not at all. In fact the interior minister seemed to distance himself from his own president, speaking of French "arrogance" and calling for a new era in transatlantic relations."

Five US Agencies Monitor Cuba In Preparation For Castro Transition. The Miami Herald (9/13, Bachelet, 310K) reports, "Convinced that Fidel Castro will never regain the power he once wielded, the Bush administration has created five interagency working groups to monitor Cuba and carry out U.S. policies." According to U.S. officials "three of the newly created groups are headed by the State Department: diplomatic actions; strategic communications and democratic promotion. Another that coordinated humanitarian aid to Cuba is run by the Commerce Department, and a fifth, on migration issues, is run jointly by the National Security Council and the Department of Homeland Security." The Commission on Assistance to a Free Cuba, co-chaired by Secretary of State Condoleezza Rice and Commerce Secretary Carlos Gutierrez, issued a report in July just before Castro's illness that "recommended more aid to Castro opponents, a diplomatic campaign to offset Venezuelan President Hugo Chávez's alleged efforts to prolong communism in Cuba, and stricter enforcement of existing sanctions. It also recommended more coordination between government agencies."

State Denies "Rice-MacKay Innuendoes." The New York Times (9/13, Cooper, 1.21M) writes, "There are perils to being unattached in the stodgy world of diplomacy. Sometimes it has seemed that all" Secretary Rice "needs to do is show up in public with a man, and people start talking." The Times calls Rice the "single, sophisticated American secretary of state," and goes on to say that it "took a two-hour flight to Halifax, Nova Scotia, this week, followed by a 90-minute motorcade north up Highway 102 to Pictou County, for Ms. Rice to find herself linked to someone with similar star appeal: Peter MacKay of Canada, the single, sophisticated foreign minister, routinely named Canada's sexiest M.P. by The Hill Times in Ottawa, and the closest thing to eye candy on the diplomatic circuit." The State Department "has been quick to dump cold water over MacKay-Rice innuendoes. 'No, there were no candles,' Sean McCormack, the State Department spokesman, said in exasperation when reporters asked for further details about a working dinner on Monday when the two sat side by side at the Pictou Lodge Resort."

Disagreement Over North Korea Hangs Over Bush-Roh Summit. The Wall Street Journal (9/13, Ramstad, 2.03M) reports that when President Bush and South Korean President Roh Moo Hyun meet today divisions over how to handle North Korea are expected to "provide an uncomfortable backdrop." According to Yale University professor of East Asian history Michael Auslin the "danger" is that the US and South Korea "aren't preparing for the long-term problem of what to do when the Kim regime ends." Meanwhile, "Bush and Roh are expected to focus mainly on matters on which the U.S. and South Korea are aligned, including the development of a free-trade agreement and plans to shift wartime control of their joint military command to a Korean general from a U.S. one, for the first time in half a century. That shift is likely to occur between 2009 and 2012." Those "issues are controversial in South Korea. Support for free trade divides along political lines, but opposition to Korean control of its military in wartime is broader, arousing fears that it is a step toward the withdrawal of U.S. troops."

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The Washington Times (9/13, Sands, 88K) notes that former US ambassador to South Korea Thomas Hubbard "said he expected a 'productive meeting' between Mr. Bush and Mr. Roh, but acknowledged, 'We could do a better job managing the relationship.'" Meanwhile, "South Korean officials said last week that the two leaders may discuss but are unlikely to resolve one of the more ticklish bilateral issues -- a push by Seoul to reclaim operational control in wartime of its own forces."

IMF Says Global Imbalances May Threaten US Dollar. The Wall Street Journal (9/13, McDonald, 2.03M) reports, "The risk of a disorderly decline in the U.S. dollar could increase unless policies are put in place to address global savings-and-investment imbalances, the International Monetary Fund said." Investors are becoming more risk averse and the IMF "said emerging Asian countries should be more ambitious in increasing exchange-rate flexibility, the U.S. should consolidate its fiscal position and Europe and Japan should speed up structural changes." The IMF "noted that foreign holdings of U.S. assets continue to climb, rising to $6.3 trillion by June 2005 from $1.2 trillion in 1994."

Concerns Raised Over Increasing Chinese Exports. The Wall Street Journal (9/13, Miller, 2.03M) reports, "The U.S., the European Union and Canada are set to file a joint complaint with the World Trade Organization against China's import tariffs on auto parts." It "marks the first time the Western allies have teamed up to seek a formal investigation by the global trade body in a dispute with the Asian giant." The Journal explains, "China exempts companies with factories in China -- such as General Motors Corp., Volkswagen AG and DaimlerChrysler AG -- from paying the tariff only if they buy at least 40% of their parts from local producers" which violates free-trade rules China pledged to meet when it joined the WTO in 2001. The rule handicaps foreign auto-parts suppliers competing for a share of the four million autos made every year in China."

The Washington Post (9/13, D1, Goodman, Blustein, 748K) notes, "Criticism over China's currency policy has alternately flared and subsided for several years, but the problem is reaching a new and potentially explosive stage as the Chinese export juggernaut moves up the ladder from clothes, toys and televisions to goods such as auto parts." It will be a topic of discussions at the IMF-World Bank meeting this weekend and when Treasury Secretary Henry Paulson visits China next week. While "some economists view the matter as overblown, others say the yuan's exchange rate is so far out of line as to constitute a dangerous distortion in global trade." According to Treasury undersecretary for international affairs Timothy Adams "China needs to do a lot more than just allow the yuan to appreciate. … Paulson's trip will also stress the need for Beijing to shift away from exports toward greater consumer spending. But Congress is pressing for action on the currency, with lawmakers threatening punitive tariffs on Chinese goods."

Profits Seen As Motive Behind Chinese Effort To Control Media. The Washington Post (9/13, A14, Fan, 748K) reports, "Journalism and human rights groups on Tuesday blasted China's efforts to further control the distribution of news and financial information by foreign news agencies, saying revised regulations showed that the government was tightening censorship." Yet "other experts said the impact of the new rules was limited in a country that already bans direct delivery of general news to Chinese media. They said the new rules signaled an attempt by China's state media to grab a piece of the lucrative financial information market."

The New York Times (9/13, 1.21M), in an editorial, writes that what Chinese "autocrats understand is how rich they've gotten since joining the World Trade Organization. These new rules appear, at a minimum, to violate their W.T.O. pledges to liberalize access to financial information. Trade officials and foreign business leaders need to remind Beijing's leaders of those promises. And they need to warn them that a country that keeps a stranglehold on information is not a great place to invest."

Lawyers For Chinese Advocate Protest Sentencing. Beijing-based lawyers Li Jinsong, Zhang Lihui, Li Fangping, Teng Biao And Xu Zhiyong in an op-ed in the Wall Street Journal (9/13, 2.03M) write that their client "Chen Guangcheng, a blind advocate for the rights of Chinese villagers," complain their client was recently sentenced unjustly and without fair representation and claim, "The real criminal suspects in this case are the officials responsible for obstructing justice and undermining the country's legal reform. These local officials could hardly have acted with such contempt and disregard for the law unless they had been given the green light by authorities higher up in the government. Nonetheless, in appealing Mr. Chen's case to a higher court, we will act on the assumption that the country's legal system can, without official interference, deliver a fair

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verdict and remedy wrongs. This may prove to be too optimistic. But we can only find out by fighting for justice, case by case, one client at a time."

Blair Receives Hostile Reception From British Labor Unions. The AP (9/12, Gardiner) reports, "Tony Blair received a tense farewell Tuesday in his last address…to the annual gathering of Britain's labor unions, with more than a dozen activists walking out as he began speaking to protest his pro-business stance and aggressive foreign policy." The AP continues, "Many others booed and hissed as he mentioned controversial topics such as Iraq. Blair snapped back at some of the hecklers and joked with others, frequently referring to his fraught history with the unions, traditionally an important part of his governing Labour Party's base but now disgruntled by its centrism."

The Financial Times (9/13, Adams, Taylor) reports that in his speech Blair "warned of the need to meet the challenges posed by globalisation, terrorism and migration. He defended Britain's involvement in Iraq and Afghanistan." In the face of some in the audience waving "banners saying 'Blair Out', 'Go Now' and 'Troops Out', Mr Blair came close to losing his cool." Blair "said angrily: 'We should be proud of what we are doing to support democrats in Iraq and are proud of it.'"

Brown May Not Support Bush Foreign Policy As Ardently As Blair. Times Literary Supplement editor Peter Stothard in an op-ed describing the internal political bickering between supporters of Prime Minister Tony Blair and Chancellor Gordon Brown in the Wall Street Journal (9/13, 2.03M) notes that Blair's with Brown in 1994 allowing Brown control over domestic policy "forced" Blair "more to the challenges of foreign affairs. Mr. Blair, a natural idealist, as rhetorical and risk-taking as the chancellor is pragmatic, laconic and cautious, was allowed an unusual freedom to follow those fundamental instincts, which he shared with the president, towards terrorism and Iraq." In contrast, Brown "would never have expressed the Bush doctrine with the passion that Mr. Blair deployed."

Similarly, the Wall Street Journal (9/13, 2.03M) in an editorial writes that while "he has never outlined his views on Iraq or terrorism, Mr. Brown will not bring the same passion and moral suasion as Mr. Blair did to his foreign policy." After the 9/11 attacks Blair "eloquently explained that Islamic terrorism posed the gravest threat to free society today." Meanwhile, the Journal criticizes new Tory leader David Cameron who faulted US foreign policy and "wants a 'a new emphasis on multilateralism' where the U.N. 'confers the ultimate legitimacy.' If these are the new Tories, we'll take the French." In contrast, on the anniversary of the 9/11 attacks Former Prime Minister Margaret Thatcher "urged Britain and the U.S. to stand firm against "Islamist fanatics who hate our beliefs, our liberties and our citizens.'" Her "remarks were interpreted as a rebuke to the new Tories" and "echoed so well Mr. Blair's views. For in reality, this Prime Minister is her worthy heir. His Labour party could never forgive him for that. History will be kinder."

Gates Launches Long-Term Effort To Solve Hunger In Africa. The Washington Post (9/13, A1, De Young, 748K) in a front page article reports that in an effort to seek a long-term solution for hunger in Africa the Bill and Melinda Gates Foundation and the Rockefeller Foundation launched "a new development initiative for sub-Saharan Africa that they said would revolutionize food production and reduce hunger and poverty for tens of millions of people." It will be based on "the Rockefeller-pioneered 'green revolution' that transformed farming methods and staved off widespread famine in much of the developing world nearly a half-century ago" and "is the first Gates venture into poverty and development after years of focusing largely on global health and education. The effort follows a doubling of the foundation's $30 billion endowment." The Post notes, "The Bush administration has increased U.S. aid to Africa significantly over the past five years, though much of it consists of food shipments and military assistance."

At Least 51 Killed In Yemen Stampede. The CBS Evening News (9/12, story 3, 2:35, Couric, 7.66M) reported, "Dozens of people were killed in a stampede…in Yemen as the country's President wrapped up a political rally at a sports stadium. People still trying to enter were trampled by the crowds who were exiting. At least 51 people were crushed, hundreds of others injured."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Unable To Repeat The Past."

"New Stem Cell Ethics Issue Emerges."

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"Syrians Foil Strike On U.S. Embassy."
"Trial Focuses On Elderly Driver's Swath of Death."
"Federal Inmate Accused Of Directing L.A. Drug Sales."
"Maker Of 'Girls Gone Wild' Runs Afoul Of Law On Minors."

USA Today:
"Minimum Wage Laws Multiply In States."
"Soldier Describes Anguish In Revealing Murder Allegations."
"R.I.'s Chafee Fends Off GOP Challenger."
"Backups From Ban At Airport Checkpoints Short-Lived."

New York Times:
"Spitzer And Clinton Win In N.Y. Primary."
"Gunmen in Syria Hit U.S. Embassy."
"Modern Ways Open India's Doors To Diabetes."
"Spying Uproar Causes Shuffle In Boardroom."
"French Presidential Hopeful Tours The U.S."
"Flush With Jobs, Wyoming Woos Rust Belt Labor."

Washington Post:
"Cardin Far Ahead in Senate Primary; Leggett Has Big Lead in Montgomery."
"Fenty Prevails in Mayor's Race."
"Election Board Workers' Error Hinders Voting."
"Election Workers' Error Blocks And Delays Voters."
"Gates, Rockefeller Charities Join To Fight African Hunger."
"Moderate GOP Senator Beats Conservative Challenger in R.I.."
"Diverse Majority's Choice Signals A New Era."
"Newly Banned Items Fly Past Airport Screeners."

Washington Times:
"Syria Thwarts Attacks On U.S. Embassy."
"Fenty Wins D.C. Primary"
"Oil, Gas Prices take A Drive."
"Cardin Leads In Maryland Senate Race."
"S. Korea U.S. To Revisit Alliance."
"Parents get A Leg Up On Children's Web Surfing."

Detroit Free Press:
"A Brain Drain? Not Here."
"Deal Done In the Wee Hours With Caffeine."
"Hail To The Schock."
"UAW Prepares To Fight Further Cuts From Ford."

Atlanta Journal-Constitution:
"Justice Can't Just Forget' Civil Rights Era Killings."
"Comair Jet Was Using Old Maps."
"A Vision For Movies."
"Cox Eludes Overturns To Appear With Taylor."
"Audience Wordplay Is Honey For The 'Bee.'"

Houston Chronicle:
"Loss Of Bolt Doesn't Throw Wrench Into Successful Spacewalk."
"Average Fare For Metro Is Going Up."
"Wealth Will Pay More For Medicare."
"Assault Could Indicate Militants Are On The Rise."
"Apple's Next Piece Of Online Pie: Movie Service."
"Romance Between Sunnis. Shiites A Victim Of Iraq War."

Story Lineup From Last Night's Network News:
ABC: Embassy Bombing-Syria; Congress Reacts Bush Speech; Patricia Dunn Under Fire; California Wildfires; Harvard's New Admissions Policy; Ear Infection Treatment Breakthrough; Sunset Clocks-Twin Towers.
CBS: US Embassy Bombing-Syria; Embassy Bombing Reaction & Analysis; People Trampled-Yemen; Patricia Dunn Under Fire; Space Shuttle; Ear Infection Treatment Breakthrough; Harvard's New Admissions Policy; Hydrogen Cars; Ahmed Younnis Opinion; Snapshot Series; Going Fishing.
NBC: New Intelligence Report Released; Congress Reacts Bush Speech; US Embassy Bombing-Syria; Wildfires; Ear Infection Treatment Breakthrough; Oil Prices; Stock market; Who's Living Longer; How Religious Are Americans?; A Giant Panda's Story.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Air India Flight Diverted; Iraq-Car Bomb; Iraq, National Security-Election Issues; Primary Elections; Foreign Stock Markets.
CBS: HP-Media Leaks; Ford-Corporate Restructuring; Oil Prices; Primary Elections.
NPR: Primary Elections; Rice-Canada Visit; US-Palestinian Unity Government; CA-Minimum Wage Law; MI-Cervical Cancer Vaccinations; CA-Schwarzenegger Recording Leak; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends RNC reception, Evermay, Washington, DC.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Senate conducts morning business until 10 a.m., then resumes

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consideration of HR 4594, the Port Security Bill. Cloture has been filed and will ripen Thursday. A vote on the Reid amendment on terrorism surveillance could come around 12 noon.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on efforts for a permanent cease fire in Lebanon. Assistant Secretary of State C. David Welch; Carlos Pascual, Brookings Institution; Paul Salem, Carnegie Middle East Center, Beirut, Lebanon; Augustus Richard Norton, Boston University. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on judicial nominees. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Economic Policy Subcommittee. and Housing and Transportation Subcommittee. Joint hearing on the housing bubble and the impact on the economy, with the Federal Deposit Insurance Corp., Office of Federal Housing Enterprise Oversight; National Association of Homebuilders; National Association of Realtors. Location: Room 538, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on ``Taking the Pulse of Charitable Care and Community Benefits at Nonprofit Hospitals." Ray Hartz, Legal Aid Society of Eastern Virginia; Kansas Attorney General Phil Kline; Sister Carol Keehan, Catholic Health Association of the US; Kevin Lofton, American Hospital Association; Scott Duke, Glendive Medical Center, Glendive, Mont.; Nancy Kane, Harvard School of Public Health; Dave Regan, Service Employees International Union, Columbus, Ohio. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Special Committee on Aging. Hearing on ``Spotlight on Managed Care," looking into sustainability of the Medicaid program. Testimony from: Arizona Medicaid Director Anthony Rodgers; Families USA; Health Policy Institute at Georgetown University; others. Location: Room 562, Dirksen.

11:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Votes on nominations of John Ray Correll to be director of the Office of Surface Mining Reclamation and Enforcement; Mark Myers to be director of the United States Geological Survey; and David Longly Bernhardt to be Solicitor of the United States Department of the Interior. Location: Room 628, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Crime and Drugs Subcommittee. Hearing on the challenges facing federal prosecutors, with Mike Battle, Department of Justice; Susan Brooks, US Attorney for the Southern District of Indiana; William Shockley, former president, National Association of Assistant U.S. Attorneys. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (5 bills): 1) H.R. 4893 - To amend section 20 of the Indian Gaming Regulatory Act to restrict off-reservation gaming; 2) S. 2590 - Federal Funding Accountability and Transparency Act of 2006; 3) S. 2784 - Fourteenth Dalai Lama Congressional Gold Medal Act; 4) H.R. 5815 - Department of Veterans Affairs Medical Facility Authorization Act; 5) H.Con.Res. 444 - Extending the thanks of Congress and the Nation to the Defense POW/Missing Personnel Office. H.Res. __ - Relating to the terrorist attacks against the United States on September 11, 2001. H.R. 2965 - Federal Prison Industries Competition in Contracting Act of 2006.

10 a.m. AGRICULTURE _ Full Committee. Hearing on federal farm policy, with the North American Equipment Dealers Assoc.; Agricultural Retailers Assoc.; CropLife America; The Fertilizer Institute; Corn Refiners Assoc.; National Grain and Feed Assoc.; North American Millers Assoc.; Canned-Frozen Food and Growers Coalition; Sweetener Users Assoc.; others. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Oversight hearing on nuclear energy, with Patrick Moore, Greenspirit Strategies; Frank Bowman,CEO, Nuclear Energy Institute; Stancil Wise, chairman, Georgia Public Service Commission; Dennis Spurgeon, assistant Secretary of Energy for nuclear energy, others. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Markup of pending legislation. Location: Room 2118, Rayburn.

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10 a.m. BUDGET _ Full Committee. Hearing on how budgetary choices affect work, saving and growth. Douglas Holtz-Eakin, Council on Foreign Relations; John Diamond, James Baker Institute for Public Policy; Leonard Burman, Urban Institute. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Subcommittee on Telecommunications. Hearing on ``CyberSecurity: Protecting America's Critical Infrastructure, Economy, and Consumers." David Powner, GAO; George Foresman, Under Secretary for Preparedness, U.S. Department of Homeland Security; Kenneth P. Moran, Director, Office of Homeland Security, Enforcement Bureau, FCC; Vincent Weafer, Symantec Corp., Santa Monica, Calif.; Paul Kurtz, Cyber Security Industry Alliance, Arlington, Va., others. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on stabilizing insurance markets for coastal customers. Florida Insurance Commissioner Kevin M. McCarty; Wendy Baker, President, Lloyds America, Inc.; J. David Daniel, Daniel & Eustis; Franklin W. Nutter, President, Reinsurance Association of America; Gregory W. Heidrich, Property Casualty Insurers Association of America; Marc Racicot, President, American Insurance Association; Charles M. Chamness, President and CEO, National Association of Mutual Insurance Companies. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats and International Relations. Second of three-part hearing on ``Iraq: Democracy or Civil War?" Today's topic: ``What Will it Take to Achieve National Reconciliation?" Qubad Talabani, Kurdish Regional Government; Hajim Hassani, former Speaker of the Iraqi Parliament and a Sunni member of Parliament; Karim Almusawi, representative Supreme Council for the Islamic Revolution in Iraq; David Satterfield, former deputy to US Ambassador Khalilzad in Baghdad and currently Secretary of State Rice's Senior Adviser on Iraq. Location: 2154 Rayburn.

10 a.m. HOMELAND SECURITY _ Subcommittees on management, integration and oversight and emergency preparedness, science and technology hold joint hearing on the SAFETY Act, with Homeland Security Undersecretary Jay Cohen; US Chamber of Commerce; Homeland Security and Defense Business Council; Professional Services Council; others. Location: Room 2175, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Hearing on the problems with the Alaska oil pipeline. Vice Adm. Thomas Barrett, Administrator, Pipeline and Hazardous Materials Safety Administration; Lois Epstein, on behalf of Cook Inlet Keeper and the Pipeline Safety Trust; Steve Marshall, President BP Exploration Alaska. Location: Room 2167, Rayburn.

11:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

1 p.m. ENERGY AND COMMERCE _ Subcommittee on oversight and investigations. Hearing on ``Continuing Ethics and Management Concerns at NIH and the Public Health Service Commissioned Corps." Testimony from: John Agwunobi, Assistant Secretary for Health; Raynard Kington, Deputy Director, National Institutes of Health; John Niederhuber, Director, National Cancer Institute; Thomas Insel, Director, National Institute of Mental Health; and William Fitzsimmons, Executive Officer, National Institute of Mental Health. Location: Room 2123, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on the Homeland Security Information Network. Testifying: US Dept. of Homeland Security; Maryland Coordination and Analysis Center; Southeast Emergency Response Network; Intelligence Community Sector, Bearing Point. Location: Room 2212, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on nuclear wasate storage and disposal, energy efficiency and hydroelectridc license extensions. Edward F. Sproat III, director, Office of Civilian Radioactive Waste Management, Department of Energy; Luis A. Reyes, NRC; Stan Wise, chairman, Georgia Public Service Commission; Anthony F. Earley Jr., chairman and CEO, DTE Energy Co., Detroit; Michelle Boyd, Public Citizen; J. Mark Robinson, FERC. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of H.R. 4859 - Federal Family Health Information Technology Act of 2006. Location: Room 2203, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on ``Interior Department:

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A Culture of Managerial Irresponsibility and Lack of Accountability?" Interior Department Inspector General Earl Devaney. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance, and Accountability Subcommittee. Hearing on DHS financial management and the process toward improving internal controls. DHS CFO David Norquist; DHS Assistant Inspector General David Zavada. Location: Room 2247, Rayburn.

2 p.m. JUDICIARY _ Constitution Subcommittee. Hearing on 16 years of the Americans with Disabilities Act. Former Rep. Tony Coelho, chairman, The Epilepsy Foundation; Harry Horner, small business owner, Julian, Calif.; Robert L. Burgdorf, David A. Clarke School of Law, University of the District of Columbia; Naomi Earp, chairwoman, Equal Employment Opportunity Commission. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on visitation trends in the park system. Chris Jarvi, NPS; Suzanne D. Cook, Travel Industry Association of America; New Mexico Tourism Secretary Mike Cerletti; John Schoppmann, Forever Resorts, Scottsdale, Ariz.; Bob Warren, Shasta Cascade Wonderland Association, Redding, Calif.; Scott Ahlsmith, The Travel Institute. Location: Room 1334, Longworth.

2 p.m. SCIENCE _ Full Committee. Hearing on how technology can help secure the borders. Homeland Security Undersecretary Jay M. Cohen; Gregory Giddens, director, Secure Border Initiative Program executive office, DHS; Gregory J. Pottie, UCLA; Gervasio Prado, president, Sentech, Inc.; G. Dan Tyler, Applied Physics Laboratory, The Johns Hopkins University; consultant Peter R. Worch. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on whether the Great Lakes Regional Collaboration Strategy can be implemented to restore and protect the lakes. Gary Becker, Mayor, City of Racine, Wisconsin; Great Lakes and St. Lawrence Cities Initiative; Benjamin Grumbles, Assistant Administrator for Water, EPA; Brig. Gen. Bruce Berwick, U.S. Army Corps of Engineers; U.S. Fish and Wildlife Service; others. Location: Room 2167, Rayburn.

2:30 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on VA staff training. Michael Walcoff, VA; James A. Whitson, VA; Dorothy MacKay, VA; Janis Jacobs, Conpensation and Pension Service; Lauress Wise, president, Human Resources Research Organization; Jeffrey David Cox, national secretary-treasurer, AFGE; Steve Smithson, The American Legion. Location: Room 334, Cannon.

3 p.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on the future of cyber and telecommunications security at DHS. DHS Undersecretary George Foresman; David Powner, GAO; Paul Kurtz, Cyber Security Industry Alliance; William Pelgrin, director, New York State Office of Cyber Security and Critical Infrastructure; Guy Copeland, chairman, Information Technology Sector Coordinating Council; David Barron, chairman, Telecommunications Sector Coordinating Council. Location: Room 2212, Rayburn.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Hearing on combatting terrorism. Closed. Location: Room H-405, Capitol.

4 p.m. RULES _ Full Committee. Original jurisdiction markup on a resolution providing for earmarking reform in the House. Location: Room H-313, Capitol.

Other: PRIME MINISTER JAROSLAW KACZYNSKI OF POLAND _ Highlights: 10 a.m. Meets with Energy Secretary Bodman. Closed press.

FRUIT-VEGETABLES _ United Fresh Fruit and Vegetable Association holds its Washington Public Policy Conference. Highlights: 8:15 a.m. Commerce Secretary Gutierrez. Location: Grand Hyatt Hotel, 1000 H St. NW.

LATINO EDUCATION-CONFERENCE _ Latino elected officials representing 14 states gather for 2nd Annual National Summit on the State of Latino Education. Highlights: 4 p.m. Secretary of Education Margaret Spellings delivers keynote address. Location: Hamilton Crowne Plaza, 1001 14th St. NW.

PRESCRIPTION DRUGS-TRACKING _ 8:30 a.m. The American College of Neuropsychopharmacology meeting on whether a new prescription drug tracking system is right for the U.S. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room. Notes: NO stakeout following.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Capitol Hill Club.

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AMA-MEDICARE CUTS _ 10 a.m. Physicians come to Washington to make urgent push for Congress to stop Medicare physician payment cuts before recess. The AMA will also unveil its Medicare physician payment advertising and grassroots campaign. Location: National Press Club, 14th and F Sts. NW.

INTEGRATING ISLAM _ 10 a.m. Brookings Institution forum on book titled ``Integrating Islam: Political and Religious Challenges in Contemporary France," with book author Christopher Caldwell. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

HOMELAND SECURITY-CONTRACT _ 10:30 a.m. Vayl S. Oxford, the Department of Homeland Security's Domestic Nuclear Detection Office Director, hold a pen and pad session for reporters. He'll announce the awarding of Cargo Advanced Automated Radiography System program contracts. Location: 1120 Vermont Ave., NW, 4th Floor.

INTERNET PROTOCOL _ 10:30 a.m. Virginia Gov. Tim Kaine, others hold ribbon cutting ceremony at the launch of the first IPv6 Training Center in the U.S. Location: Suite 190, 13655 Dulles Technology Dr., Herndon.

US IMAGE _ 10:30 a.m. The Discover America Partnership holds a rally to launch a campaign to strength America's image, with Reps. William Delahunt and Jeff Flake, Stevan Porter of InterContinental Hotels Group, Jay Rasulo of Walt Disney Parks and Resorts, Jonathan Tisch of Loews Hotels, and Roger Dow of the Travel Industry Association. Location: Upper Senate Park.

WEXLER-REGULATORY BARRIERS _ 10:30 a.m. Rep. Robert Wexler holds press conference on European regulatory barriers. Also participating: Jonathan Zuck, president of the Association for Competitive Technology; and Ronald Cass, chairman of the Center for the Rule of Law. Location: Cannon Terrace.

DEMOCRATS-NATIONAL SECURITY _ 10:45 a.m. House Democratic Leader Nancy Pelosi and Senate Democratic Leader Harry Reid call for a new direction on national security. Joining them: former Clinton Secretary of State Madeline Albright, former NATO Supreme Allied Commander Wesley Clark and former Carter National Security Adviser Zbigniew Brzezinski. Location: S-211, US Capitol.

BORDER SECURITY _ 11 a.m. The United Fresh Produce Association sponsors a news conference with Sen. Larry Craig and Rep. Adam Putnam, others, to demand border security be paired with immigration reform. Location: West Front grassy area, 1st St. NW., between Constitution and Independence avenues.

BUSH CRIMES _ 11 a.m. News conference at Camp Democracy to release verdict of the citizens Commission of Inquiry into the Bush administration and crimes against humanity. Areas covered include war, torture, AIDS and Katrina. Location: between Mall and Constitution, and 14th & 15th sts. Notes: At 12 noon, a delegation, will deliver the verdict to the gates of the White House.

COLLEGE AFFORDABILITY _ 11 a.m. Campaign for America's Future holds a telephone briefing with Sen. Edward Kennedy and Rep. George Miller on the crisis in college affordability. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Callin number: 800-765-0709; passcode: 4305885. Space limited. RSVP required.

IMMIGRATION _ 11 a.m. Commerce Secretary Gutierrez and National Association of Latino-elected officials hold a news conference on immigration reform. Location: Cannon Terrace.

PAULSON _ 11 a.m. Treasury Secretary Paulson holds a news conference on the international economy. Location: Room 4121, main Treasury.

HOYER _ 12 p.m. House Democratic Whip Rep. Steny Hoyer holds his regular pen and pad weekly briefing. Location: Room H-306, Capitol.

VOTER SUPPRESSION _ 12 p.m. The Brennan Center for Justice at NYU Law School holds a briefing on new voter suppression strategies in the 2006 elections. Location: National Press Club.

INTERNET _ 12:30 p.m. Americans for a Secure Internet holds luncheon briefing on changes to current Internet governance that could compromise the integrity of its infrastructure. Location: Room B-340, Rayburn.

JUSTICE-BARNETT-ANTITRUST _ 12:30 p.m. Assistant Attorney General Thomas O. Barnett addresses George Mason University School of Law Symposium on ``Managing Antitrust Issues in a Global Marketplace." Location: J.W. Marriott, 1331 Pennsylvania Ave. NW.

MOVEON.ORG-VISION _ 12:30 p.m. Move.org holds first in series of speeches addressing top priority goals for America, as chosen by members of MoveOn.Org. Today's speaker: Rep. Sherrod Brown. Location: Amphitheater, GWU Marvin Center, 800 21st St. NW.

MEDICARE ENROLLMENT _ 2 p.m. Centers for Medicare and Medicaid Services kicks off the ``My Medicare, My Health." They're announcing the start of CMS' Fall Open

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Enrollment Campaign. Location: Great Hall, Humphrey Bldg., 200 Independence.

US-IRAN-SCIENCE _ 2 p.m. Reza Mansouri, Iranian physicist, speaks on prospects for collaboration between Muslim and Western scientists and engineers. Location: National Academies Bldg., 2101 Constitution Ave. NW.

EARMARK REFORM _ 2:15 p.m. Citizens Against Government Waste, the National Taxpayers Union, Americans for Prosperity and other groups hold rally aimed at ending federal earmarks. Location: Cannon Terrace.

KOREA-HASTERT _ 2:15 p.m. House Speaker Dennis Hastert holds event w/the president of South Korea, Roh Moo-Hyun. Location: H-230, US Capitol.

SOROS _ 2:30 p.m. The New America Foundation holds a program with investor George Soros. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

CHINA-MILITARY _ 3:30 p.m. The Wilson Center for Scholars holds a panel discussion of the Chinese People's Liberation Army, with Litai Xue of Stanford University, Bernard Cole of the National War College, Kristen Gunness of CNA Corp., others. Location: 6th floor auditorium, Wilson Center, Reagan Building.

KATRINA RESPONSE _ 3:30 p.m. Wilson Center forum on government and private sector efforts to reduce risks of manmade or natural disasters, titled, ``Seeds of Disaster, Roots of Response: How Private Action Can Reduce Public Vulnerability." With scholars from George Mason Univ.; Harvard Univ., elsewhere. Location: Wilson International Center, 1300 Pennsylvania Ave. NW.

IRAQ DEPUTY PM _ 4 p.m. Barham Salih, Iraq's deputy prime minister, speaks at Brookings' Saban Center for Middle East Policy. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN-NUCLEAR _ 5 p.m. Author Shahram Chubin speaks at Carnegie forum on Iran's nuclear ambitions. Chubin is Director of Studies at the Geneva Centre for Security Policy. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

FEMINISTS-ABORTION _ 6 p.m. Feminists for Life President Serrin Foster speaks at Georgetown University Law Center. She'll present the ``Feminist Case Against Abortion." Location: McDonough Hall, Hart Auditorium, 600 New Jersey Ave. NW.

``BORDER WAR"-IMMIGRATION _ 7 p.m. DC premiere of documentary titled, ``Border War: The Battle Over Illegal Immigration." Film documents the lives of five individuals affected by the conflicts taking place at the U.S.-Mexico border. Location: AMC Loews Georgetown 14, 3111 K Street, N.W.

GUTIERREZ _ 7:30 p.m. Commerce Secretary Gutierrez speaks at the Hispanic Scholarship Fund. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

MEDICAL MARIJUANA _ 7:30 p.m. The Marijuana Policy Project holds a screening of the documentary ``Waiting to Inhale," followed by a debate with officials from the White House office of National Drug Control Policy and the leaders of two organizations leading the fight for legal access to medical marijuana. Location: E. St. Theater, 555 11th St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney, Bolten Lobby Lawmakers On Anti-Terrorism Measures. The AP (9/12, Flaherty) reports, "President Bush dispatched the vice president and top aides to the Capitol on Tuesday to try to break an election-season deadlock with Republicans over the surveillance and prosecution of terrorism suspects." But "officials met stiff resistance from senators and House leaders who say they refuse to give the White House a blank check over the war on terror. The standoff raised questions about whether the president could unite Republicans on his anti-terror agenda before November's midterm elections."

The Washington Post (9/13, A7, Babinngton, 748K) says Cheney "urged Republican senators yesterday not to be too restrictive in setting legal limits on CIA interrogations of enemy combatants, the largest remaining barrier to an agreement between Congress and the White House on legislation that would also set new rules for special military trials for terrorist suspects." Cheney and White House Chief of Staff Joshua B. Bolten "met for an hour with GOP senators in hopes of narrowing their differences over proposed legislation governing the treatment, questioning and prosecution of suspected terrorists and enemy combatants, such as those held at the US military prison at Guantanamo Bay, Cuba."

Deal May Be Near On Detainee Trials. The New York Times (9/13, Zernike, 1.21M) reports, "The leading Senate Republicans negotiating over proposed legislation to bring terror suspects to trial said Tuesday that they were close to a compromise on a main dispute with the White House: whether suspects had the right to see all the evidence used against them." But "the Senate Republicans warned that they would not go along with a White House proposal to redefine the provision of the Geneva Conventions that broadly guarantees humane treatment of detainees."

The Washington Post (9/13, A7, Babinngton, 748K) reports "key senators said they had made progress on several fronts, including the use of secret information against defendants and guidelines for handling allegedly coerced statements. The biggest sticking point, they said, was how narrowly to define practices that might subject CIA interrogators or others to charges of committing war crimes. That 'is still the area we are farthest apart on,' Sen. John McCain (R-Ariz.) told reporters." Sen. Lindsey O. Graham "said he and others are pressing the administration to accept a list of practices that would be considered illegal, bringing greater specificity to current language that bars 'grave breaches' of the Geneva Conventions, the treaties that govern the treatment of prisoners of war." White House spokeswoman Dana M. Perino said, "We're having an ongoing conversation with the Congress on all of the issues, and we're committed to reaching a resolution so that they can take the next legislative step."

Levin Continues To Block Wainstein Nomination Over FBI Guantanamo Documents. The Washington Post (9/13, B2, Cauvin, 748K) reports, "Six months after President Bush chose him to lead a new anti-terrorism arm of the Justice Department, Kenneth L. Wainstein is still U.S. attorney for the District -- his nomination stalled by squabbling in the Senate." Sen. Carl Levin "has blocked a vote because the Justice Department has not turned over to him several FBI documents that are connected to the abuse of detainees" at Guantanamo, "papers that would have passed through Wainstein's office when he was at the FBI. The delay creates uncertainty not only at the Justice Department but also at the U.S. attorney's office, which Wainstein has led since May 2004. The office, which handles federal and local cases, is the largest U.S. attorney's office in the nation." The Post notes, "Wainstein was a top aide to FBI Director Robert S. Mueller III from 2002 to 2004, serving first as general counsel and then as the agency's chief of staff. In each job, he played a key role in the bureau's restructuring to focus more heavily on terrorism cases," but DOJ spokesman Brian Roehrkasse "said the documents that Levin is seeking have nothing to do with Wainstein's qualifications for the assistant attorney general job."

US Officials Could Be Vulnerable To Prosecution Over Detainees. Time (9/13, Calabresi) reports, "On paper, at least, White House officials and CIA officers could be vulnerable to prosecution for past or future use of illegal methods of interrogation — unless Congress changes the law." Time continues, "The threat of prosecution comes not from some left-wing activists or even the House Democrats, but from the highest court in the country. In his concurring opinion in the Hamdan v. Rumsfeld case last summer, Justice Anthony Kennedy said that the administration had to live within the Geneva Conventions. 'Violations [of the Geneva Conventions] are considered "war crimes," punishable as federal offenses, when committed by or against United States nationals and military personnel,' he wrote. And for emphasis, Kennedy pointed to paragraph 2441 of the U.S. code, which lays out the penalties for those violations, including life imprisonment and the death penalty." Time adds, "It's hard to see how the methods the administration authorized for use against some of their detainees could not have violated the Geneva conventions. Common article 3 of the conventions prevents any 'outrages on the personal dignity' of detainees. Among the highlights of the administration's approved techniques — waterboarding,

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wherein a prisoner is made to believe he is drowning; intimidation using dogs; stripping of prisoners; and so on. … When the key swing vote on the Supreme Court goes out of his way to say you are breaking the law, and enumerates the penalties you face, you pay attention. … But just how much danger is the White House really in? It is rare for political leaders to be prosecuted for genuine attempts to protect the public, and few question the motives behind the extreme interrogation methods, even if they strongly disagree with them. More to the point, Graham, Warner and McCain have larded their bill with protections from prosecution for anything but 'grave breaches' of the conventions, which they believe should be adequate to protect the White House and CIA."

LATimes Says Bush Should Spell Out "Alternative Methods" For Interrogating Detainees. The Los Angeles Times (9/13, 918K) editorializes, "'The United States does not torture,' President Bush said last week. It can, however, make use of what he euphemistically called 'an alternative set of procedures' for eliciting information from prisoners suspected of being terrorists. The difference between torture and these 'alternative procedures' seems to be who's conducting the interrogation and where it takes place." The Times adds that as Congress writes legislation governing the treatment of detainees, it should "force the President to spell out what he means by alternative methods. And Congress should allow detainees who claim those methods violate their rights under the Geneva Convention to have their day in court."

House Leaders "Temper" Bill's Restrictions On Wiretapping Program. The Washington Post (9/13, A7, Weisman, 748K) reports, "House leaders moved yesterday to temper many of the controls that a bill headed toward rapid passage would have imposed on the Bush administration's program for wiretapping terrorism suspects without court approval." The bill, set for Judiciary Committee consideration today, "would have forced the administration to seek a warrant for surveillance within 60 days and bolstered consultations with Congress on the program." But "last-minute changes pushed by senior Republicans may allow warrantless surveillance to largely continue without those controls. Instead, House Republican leaders brought their bill in line with legislation agreed to by the White House and the Senate, which would allow but not require the administration to submit the program to a secret court for a constitutional review." The Post adds, "Republican leaders, in the midst of an increasingly angry attack on Democrats over defense matters, made it clear that they will not challenge President Bush's authority in matters of national security as they challenge their opponents' commitment to fighting terrorism." The move "put House GOP leaders at odds with some Republican moderates and civil libertarians in the House and the Senate."

Democrats Say NSA Played Politics In Support Of Program. The Washington Post (9/13, A7, Pincus, 748K) reports, "Democrats on the Senate intelligence committee are complaining that the National Security Agency has played politics in support of the secret program to intercept phone calls between alleged terrorists in the United States and abroad." On July 27, "shortly after most members of the committee were briefed on the controversial surveillance program, the NSA supplied the panel's chairman, Pat Roberts (R-Kan.), with 'a set of administration approved, unclassified talking points for the members to use,' as described in the document." The Post adds, "Among the talking points were 'subjective statements that appear intended to advance a particular policy view and present certain facts in the best possible light,' Sen. John D. Rockefeller IV (D-W.Va.) said in a letter to the NSA director. Rockefeller "and six Democrats on the panel wrote Lt. Gen. Keith B. Alexander, the NSA's director, on Aug. 29 that they believed those statements 'appear intended to advocate particular policies rather than provide guidance on classification.'"

Jury Seated For Albany Terrorism Trial. The AP (9/13, Virtanen) reports, "The trial of two Muslims charged with supporting terrorism is to open Wednesday after potential jurors faced questions on their feelings about Islam, the Sept. 11 terrorist attacks, the war in Iraq and whether they could deal fairly with the defendants. A jury of six women and six men was chosen Tuesday to hear the case against the men arrested two years ago in an FBI sting. Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, are accused of laundering money for an emigre businessman claiming to be a part-time arms dealer. They have pleaded not guilty, their attorneys arguing that full and accurate translations of the undercover tapes will show the men don't support terrorism."

The Albany Times-Union (9/13, Lyons) notes, "More than a dozen FBI agents are expected to testify during the trial, which is the culmination of the most intensive counterterrorism sting in the history of the Albany field office," and "much of the defense's case is expected to center on government translations of dozens of tape-recorded conversations that took place between Hossain, Aref and an FBI informant. The informant, a Pakistani immigrant, agreed to take part in the sting to help settle his own, unrelated criminal charges of unlawful supplying driver's licenses to other immigrants." The Times-Union adds that "part of the FBI's strongest evidence…is an undercover surveillance videotape that shows the informant holding a surface-to-air missile launcher as the men chatted inside the informant's Central Avenue storefront. During the meeting, the informant told Hossain that they would earn money through the sale of the weapons."

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Hamas-Funding Probe Was Riddled With Difficulties. McClatchy (9/13) distributes the Chicago Tribune (9/3, Grossman, 623K) story which reported at length on the travails of the investigation of Muhammed Salah, soon to face charges of providing material support to Hamas. The Tribune story was included in the Sept. 5 FBI news briefings. "Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators. Yet there was a point in 2000 when the case appeared to have been dropped. ... The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy." The Tribune noted that at one point, "Relations between FBI agents in Chicago and those assigned to Milwaukee became so hostile, an office had to be rented in Kenosha for a neutral meeting ground," according to former lead investigator Mark Flessner. "An Arabic-speaking FBI agent, Gamal Abdel-Hafiz, refused to wear a wire while tracking a suspect in the probe. 'He said a Muslim doesn't, or couldn't, record another Muslim without him knowing it,' Flessner says. 'It is not an option for an agent to decide how an investigation should be conducted, because of religious or philosophical reasons.'"

Administration Cites Progress Toward Shutting Down Terrorist Fundraising. Bush Administration officials told Congress yesterday that the US has made progress over the last five years in its efforts to shut down avenues for terrorist to raise and move money, but challenges remain. The AP (9/12, Aversa) reported that in testimony before the Senate Banking Committee, Treasury Department official Daniel Glaser "underscored the importance of the United States working closely with international allies to share information. The goal, he said, is to thwart terrorist financiers and improve coordination of this information among agencies. Glaser said authorities must stay ahead of terrorist financiers who not only try to use the traditional banking system to move money but also other methods, including cash couriers, trafficking of drugs, weapons and precious metals and jewels."

Arrests Spark Fears Terrorists Are Training In Rural England. The Washington Post (9/13, A14, Sullivan, Jordan, 748K) reports, "Yassin Mutegombwa, 22, a London resident whose family is from Uganda, was charged in court Tuesday with receiving training for terrorism on British soil, the first person to be charged under a law enacted this year. According to a statement from Scotland Yard, he received weapons training in two rural English locations, including 'at a woodland area'" in southwestern England in late April and early June. The Post adds, "The charges against Mutegombwa illustrate increasing worry in Britain that violent extremists are not only being recruited from the country's large Muslim population but also are being trained here. Officials say some of the training may have taken place at popular paintball fields."

The New York Times (9/12, Adam, Cowell, 1.21M) reports, "Residents and employees at two recreation sites that have been cited in court documents as possible terrorist training camps expressed puzzlement on Tuesday, though one person said his resort had attracted police attention before. … The four men who appeared at a magistrates' court in central London on Tuesday were among 14 arrested in the Sept. 1 police raids. The raids were part of a police hunt for terrorist recruiters and trainers and not related to the Aug. 10 security alert surrounding what police called a conspiracy by Islamic radicals to bomb trans-Atlantic airliners."

UK Official Seeks To Put Human Face On Health And Safety Commission. The New York Times (9/13, Lyall, 1.21M) reports, "One of the received wisdoms about British life is that it is full of picayune rules that are meant to prevent injuries and accidents but are in fact patently ridiculous. … So it came as a surprise when Bill Callaghan, who as head of the country's Health and Safety Commission is supposedly responsible for such decisions, appeared on television last month to urge Britons to 'get a life.' … But to Britons who have accepted the notion that no one is allowed to do anything fun anymore, and that it is the government's fault, Mr. Callaghan's message was met with some skepticism." Callaghan's "irritation spurred him to action and to his new campaign to put a reasonable human face on the Health and Safety Commission, whose job is to recommend and oversee Britain's safety regulations."

Muslim Leader Says Coreligionists Can Help Win War On Terror. The CBS Evening News (9/12, story 9, 0:15, Couric, 7.66M) reported, "Tonight you'll hear from an Islamic American. There are as many as seven million in this country. About how he believes they can help win the war. Ahmed Younnis is national director of the Muslim Public Affairs Council." Ahmed Younnis: "I was recently in the desert of central Asia on a trek through old Soviet territory when an 80-year-old imam asked me whether Muslims in America are feeling the backlash of 9/11. I realized at that moment…that the story of the American Muslim is a core element of our winning hearts and mind in the international war on terror. Muslims around the world look at how we American Muslims are doing and make

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judgments about our country. Their biggest question? Can Muslims thrive in a Western society? Can Muslims thrive in the United States of America? The answer is yes. And we can help win the international war on terror if you include us in the fight."

HOMELAND RESPONSE:

Democrats, White House Feud Over Charge That Bush Speech Politicized 9/11. President Bush's 9/11 speech has resulted in bitter recriminations from Democrats, who charged the President politicized the somber occasion to help GOP candidates. The AP (9/12, Pickler) reports the White House "quarreled with Democrats Tuesday over whether President Bush was trying to win political points by using a Sept. 11 anniversary speech to defend the war in Iraq and his war on terror." Said Tony Snow, "This was not a speech that was designed to single out anybody for partisan reasons, but gave the president's honest reflections and reactions to what has happened since September 11, 2001. … The president decided that yesterday wasn't a day for partisanship." Democrats, "in a campaign to win control of Congress from the president's Republican Party, charged that Bush was using a national day of mourning for partisan gain."

A number of media reports suggest the White House and Republicans on Capitol Hill welcome the controversy, and portray them as intent on using the terror issue to gain the momentum going into the November midterm elections. The New York Times (9/13, Rutenberg, Hulse, 1.21M) reports, "Elapsed time between the conclusion of President Bush's speech Monday night on the fifth anniversary of the Sept. 11 terrorist attacks and the first Democratic charge that he had politicized the tragedy: 20 minutes. White House reaction: an appearance of glee. Next steps: to be determined by conditions on the ground." The Times adds, "With the White House having wrapped up the first phase of its all-out effort to gain control of this fall's political narrative by casting the Iraq war as part of an epochal struggle against tyranny, both parties are confronting questions about their tactics as they head into the homestretch of the campaign. Did the Democrats play into Mr. Bush's hands when Senator Edward M. Kennedy said Monday night that the president should have been ashamed of his speech, giving the White House a chance to intensify the national security debate against just the kind of liberal opponent it relishes? Did Mr. Bush overplay his hand by turning what had been billed as a nonpartisan commemoration of the attacks into what his opponents called a political defense of the war?" At the White House, Tony Snow "could hardly disguise his eagerness to go before the cameras to engage the Democrats on turf that Republicans have come to consider their own. He invited reporters who posed questions to him in the morning about Democratic complaints about the speech to ask again at his regular televised briefing, where he said Democrats were politicizing the anniversary and reasserted the White House line that a withdrawal from Iraq would turn it into a terrorist base."

Similarly, Roll Call (9/13, Davis, Billings) says, "With cautious hopes that the political winds may be turning in their favor, Republicans in both chambers are accelerating their election-year offensive this week with fundraising pitches" and "heightened rhetorical attacks on Democrats." A "senior GOP Senate aide" is quoted saying, "Hopefully we're back on the offensive on the issues that have worked for us and that Democrats are traditionally weak on. … We're going to focus on a couple key issues to get traction on and try to ratchet up the momentum.'"

ABC World News (9/12, story 2, 2:50, Gibson) reported, "There's been heated debate in Washington today about 9/11 and the politics of the Iraq war. This all began with the President's speech to the nation last night, marking the fifth anniversary of the 9/11 attacks. The White House said the speech would not be political. But then the President, in his remarks, said this." President Bush: "Whatever mistakes have been made in Iraq, the worst mistake would be to think that if we pull out, the terrorists would leave us alone. They will not leave us alone. They will follow us. The safety of America depends on the outcome of the battle in the streets of Baghdad." Democrats "immediately denounced the speech, charging that the President was using a solemn day to rally support for his Iraq policies. Republicans said the President could not avoid talking about Iraq. Well, the argument all spilled out on the floor of Congress today." Sen. Harry Reid: "This was a political move, designed to tap the overwhelming public sentiment to destroy al Qaeda as a way to bolster sagging public opinion support for the war in Iraq. Despite the President's best efforts, the American people can see through this ploy." Analyst George Stephanopoulos said, "Our poll shows that voters who believe that Iraq is part of the war on terror, break in a big way, for the Republicans, 61%, 31%. The voters who think Iraq is not part of the war on terror, tend to vote for the Democrats by a bigger margin, 75% to 16%. This is the core debate of the midterms. The stakes couldn't be higher."

NBC Nightly News (9/12, story 2, 3:20, Gregory, 9.87M) reported, "The White House previewed last night's address as the President's reflection on the nation's pain five years after 9/11. Quickly, however, it became prime time political argument." Bush: "I'm often asked why we're in Iraq when Saddam Hussein was not responsible for the 9/11 attacks. The answer is that the regime of Saddam Hussein was a clear threat." Gregory: "And included this warning for voters." Democrats "condemned the White House for what they saw as a speech exploiting 9/11 rather than uniting the country as the President did from Ground Zero five years ago."

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Democratic leaders "later released a letter to the television networks demanding equal time to respond to the President's address. Republicans responded to the complaints with an attack, suggesting Democrats are weak on terrorists." GOP Sen. Rick Santorum was shown saying, "If you listen to the Democratic leader, our lesson is, let's continue to ignore them. Let's continue to play politics. Let's put domestic politics ahead of the security of this country." NBC added, "The House Republican leader went even farther, John Boehner said of Democrats, 'I wonder if they are more interested in protecting the terrorists than they are in protecting the American people.' The White House spokesman later conceded that comment was over the line. Do you think Democrats are more interested in protecting terrorists than the American people?" Tony Snow, White House Press Secretary: "No." The Hill (9/13, O'Connor) and Roll Call (9/13, Davis, Billings) run stories on Boehner's comments, with Roll Calling adding Republicans are "heightening their offensive on Democrats, with GOP leadership aides coordinating message points and media releases with their rank-and-file members in order to define Pelosi specifically and Democrats in general on national security."

The Washington Times (9/13, Dinan, Hurt, 88K) says "on Capitol Hill, Mr. Bush's speech stiffened the spines of Republicans who have grown weary of defending an unpopular war heading into a tight election season. Yesterday, they were back to skewering Democrats as harshly as ever."

CNN's The Situation Room (9/12, Malveaux) reported, "Of course the question whether or not there was a political component to the speech -- of course there was. We're less than two months away from midterm elections, congressional elections. Everything is arguably political right now." Bush, "in his primetime address, went to the heart of the political debate, a debate that has divided this country and essentially set the stage for the battle over Congress. And that is the justification of the Iraq war. Now, White House Press Secretary Tony Snow today was asked on several briefings about this and he said the President went out of his way not to be partisan. He made a distinction between partisan and political, parsing the speech at times, saying it would be remiss if the President did not talk about the Iraq war. And he categorically rejected this notion that the president was using the occasion of 9/11 to score political points."

Fox News' Special Report (9/12, Garrett) reported, "White House Press Secretary Tony Snow says the President wasn't attacking Democrats who want to leave Iraq, he was merely saying it would turn to a terrorist haven as Afghanistan was before 9/11."

The Los Angeles Times (9/13, Wallsten, 918K) says "the dispute comes eight weeks before voters are to decide which party will control Congress for Bush's final two years in office, and underscores how each side is vying to make the issue of national security work to its advantage. … The rhetoric escalated after Bush's speech Monday night. " House Minority Leader Nancy Pelosi "accused Republicans of employing 'cynical tactics,'" and Democrats "pressed their case that the White House had misrepresented the tenor of Bush's speech, causing the broadcast networks to give him a prime-time slot without setting time aside for an opposition response or interviews with Democrats."

In appearances on the cable news programs, Democratic senators criticized the President's speech and what they perceive as a deliberate GOP strategy. Sen. Dick Durbin said on CNN's The Situation Room (9/12), "For the last two weeks, starting with Secretary Rumsfeld in Salt Lake City and Secretary of State Condoleezza Rice, Vice President Cheney last Sunday and the President on many occasions, it is very clear that the Republicans view their vulnerability in the November election to be their policy in Iraq. So they've been very forthright in saying, this is a policy to fight terrorism, and they are fighting that political battle. I was disappointed yesterday. This should have been a day, the fifth anniversary of 9/11 where we set the politics over on the side and really appealed to the American people to remember where we were as a nation five years ago. We were unified. We were nonpartisan. We were determined to fight terrorism. I thought the references, a few of the references the President made were unfortunate when he brought up the issue of Iraq."

Sen. Carl Levin was asked on PBS' Newshour with Jim Lehrer (9/12) if the Senate intelligence report puts to rest the allegation that Saddam Hussein had a relationship with and was cooperating with al Qaeda. Levin said, "It should put it to rest. It's a very strong, thorough, bipartisan report. It analyzes the allegations which were made both before the war, during the war, by the Administration, based on an alleged meeting that -- a report of a meeting that was supposed to have taken place in Prague between the secret service of Iraq and Atta, who is the lead hijacker. The report said that the meeting did not occur. And, yet, you have the Vice President of the United States, just last weekend, saying that we don't know. Well, this report says we do know, and it did not occur."

Bush Says Not Mentioning Iraq Would Have Also Sparked Criticism. The New York Times (9/13, Rutenberg, Hulse, 1.21M) reports that yesterday, "after he met with a group of conservative columnists, National Review Online quoted Mr. Bush as saying that he would have faced loud criticism had he not mentioned Iraq on Monday night, and that his goal was to highlight the stakes in this campaign." However, "even some Republicans had doubts about how much the new national security campaign would help in a climate both sides see as tough. 'I don't think the inside-the-beltway discussion about political tit-for-tat makes any

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difference in the majority of races around the country,' said Senator John E. Sununu, Republican of New Hampshire."

Bush To Meet With House GOP Leaders Thursday. CNN's The Situation Room (9/12, Blitzer) reported, "President Bush heads to Capitol Hill on Thursday morning to meet with House Republicans in the lead-up to the fall elections. He is expected to talk about his recent calls for Congress to approve military tribunals for terror suspects and to give him the authority to continue his domestic surveillance program -- both measures facing strong criticisms in Congress, including from some Republicans."

GOP Won't Negotiate With Democrats On 9/11 Resolution Language. The White House Bulletin / US News (9/12) reported, "House Republicans have rejected Democratic opposition to the wording of the annual 9/11 resolution and won't negotiate anymore. Instead they will put the GOP language on the floor" today. "There will be no more negotiations," a senior House Republican leadership aide told US News and the Bulletin. The Bulletin added, "GOP leadership offices have been arguing with Democratic leadership members over including in the resolution an expanded description of government programs Congress has approved to thwart future terrorist attacks. The language is similar to that used in past resolutions, though a bit longer considering the fact that other programs have been OK'd since the last resolution. A copy of the new resolution shown to the Bulletin had a line crossed through four paragraphs listing all programs, indicating Democratic opposition. Both sides are crying politics: The GOP says the Democrats are obsessed with proving that the Republican Congress did nothing to prevent future terrorism and Democrats say that the GOP is going too far by bragging. The result is that Hastert plans to put the GOP written language before the House and dare Democrats to vote against the resolution, something they are unlikely to do."

GOP Said To Be Relying On "Treason Season." In the Washington Post's "Washington Sketch" column (9/13, A2), Dana Milbank says "the majority leader's charge of treachery was no accident. Two months before Election Day, Republicans have revived the technique used with great success in 2002 and 2004: suggesting that the loyal opposition is, well, not so loyal." The "arrival of Treason Season, heralded by the charged address President Bush gave on Monday's 9/11 anniversary, is right on schedule." But the "aid-and-comfort line may not work as well this time, if only because polls show broad disenchantment with Bush and congressional leadership."

Meyerson Says GOP Using Scare Tactics. Harold Meyerson writes in the Washington Post (9/13, A17, 748K), "Wasn't it just a couple of years ago that Republicans were boasting that they were the party of ideas? They would privatize the commonwealth and globalize democracy, while Democrats clung to the tattered banner of common security in both economics and national defense. The intellectual energy in America, it seemed, was all on the right. That, as they say, was then. In 2006 the campaigns that the Republicans are waging in their desperate attempt to retain power are so utterly devoid of ideas that it's hard to believe they ever had an idea at all." Meyerson adds, "With fewer than 60 days remaining before the November election, the only two Republican strategies left standing are to scare the public about the Democrats collectively or to slime the Democrats individually. … The scare campaign is simply harder to wage this year than it was in 2002 and 2004, when Bush, Rove and company convinced just enough voters that the Democrats couldn't be trusted to take on the terrorists."

Frist Threatens To Scrap Port Security Bill If Democrats Force Their Provisions. The AP (9/13, Jordan) reports, "Ports security legislation that most senators agree would make the country safer was stuck Tuesday in election-year politics as Republicans threatened to scrap it if Democrats forced in a wide range of provisions. Facing an impasse, Senate Majority Leader Bill Frist set a Thursday deadline to vote on the bill that was earlier considered a sure thing." GOP Sen. Ted Stevens said the Democratic plan "will kill the bill," adding, "We have a bipartisan bill to start with. ... All these amendments are just coming out of the sewer right now. There's just too many of them, and they're just nothing but attempts to block this bill." Senate Democratic leader Harry Reid "said his plan would also bolster security on trains and buses and at chemical plants, strengthen US intelligence missions overseas and approve all of the 9/11 Commission's recommendations, half of which are still undone."

Chertoff Says Government Cannot Protect Every Possible Target From Terror Attack. The New York Times (9/13, Lipton, 1.21M) reports, "Congress and the American public must accept that the government cannot protect every possible target against attack if it wants to avoid fulfilling Al Qaeda's goal of bankrupting the nation, Homeland Security Secretary Michael Chertoff told a Senate committee Tuesday." Osama bin Laden, Chertoff said, "has made it clear that scaring the United States into an unsustainable spending spree is one of his aims. In a 2004 video, Mr. bin Laden, the Qaeda leader, spoke of 'bleeding America to the point of bankruptcy.'" Said Chertoff, "He understood that one tool he had in waging war against the United States was to drive us crazy, into bankruptcy, trying to defend ourselves against every conceivable threat." Chertoff spoke "at a hearing of the Homeland Security and Governmental Affairs Committee," where he also said, "We have to be realistic about what we expect and what we do. We do have limits, and we do have choices to make."

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Banned Items Said To Be Getting Past Airport Screeners. Under the headline "Newly Banned Items Often Fly Past Airport Screeners," the Washington Post (9/13, A1, Wilber, 748K) reports on its front page that "many people are inadvertently taking banned liquids and gels through security in their pockets and carry-on luggage, according to interviews with several dozen travelers at local airports and with pilots and security officials." Others "admit that they ignore the restrictions, slipping expensive cologne, perfume, lip gloss, lotion and other ointments into their carry-on bags or into their pockets in hopes of sneaking them past security. Some of the items get flagged by screeners, others do not." TSA spokeswoman Ellen Howe says the agency has "no way of tracking people who succeed in disobeying the ban, but screeners have caught people trying to sneak items through checkpoints." However, "TSA officials point to a 20 percent increase in checked bags as an indication that most travelers seem to be complying with the rules."

Security Lines Returned To Normal Quickly. Meanwhile, a USA Today (9/13, 1A, Frank, 2.27M) analysis of TSA records has found "that five days after airline passengers were barred from carrying most liquids on airplanes, security lines were routine at almost all of the nation's 80 major airports. … The fast rebound 'gives the TSA wiggle time to test and deploy technology that will deal with liquid explosives,' said aviation-security consultant Douglas Laird. 'The public isn't going crazy.'" USA Today notes that the end of August and September are slow air-travel periods and Orlando International Airport screener Don Thomas "warned, 'If it was holiday time, it would be really bad.'"

Man Subdued After Attempting To Open Cabin Door On Flight To Dulles. The Washington Post (9/13, B1, Weil, 748K) reports a man on a flight from Los Angeles to Dulles "was jumped last night by fellow passengers who helped federal air marshals subdue him" after he allegedly tried to open a cabin door. "The man, who reportedly wore a camouflage jacket and spoke Portuguese, was questioned at Dulles last night by airport police, according to an airport spokeswoman. No motive was readily apparent, but a spokeswoman for the FBI emphasized that the incident was not terrorism-related." Passenger Stephen Lockwood told the Post that there was "a vigorous scuffle" and that the man "took quite a beating" before he was handcuffed by a federal air marshal. "Amy Kudwa, a spokeswoman for the Transportation Security Administration, said that she lacked details of the incident but that she understood two air marshals had subdued the man."

Stone Mulls Film Investigating 9/11 "Conspiracy." The Washington Times (9/13, Pierce, 88K) reports in its "Inside Politics" column that filmmaker Oliver Stone "hinted in Moscow on Monday" that he is considering making a film "investigating the 'conspiracy' around September 11. 'There is a great story in a movie, a conspiracy by a group of people in the American administration who have an agenda and who used 9/11 to further that agenda,' he told reporters in Russia. There could be a 'fascinating project [on] what happened after September 11,' the director said at his packed press conference on the fifth anniversary of the attacks. Mr. Stone accused President Bush of mishandling the fight against Osama bin Laden's terrorists and using the crisis to stoke fear and bolster his own power at home in a way that was 'right out of George Orwell.'"

Attorneys See Homeland Security Practice Growing After 9/11 Attacks. The Legal Times (9/13, Crea) reports, "The attacks of Sept. 11 gave rise to a new world on K Street: the homeland security practice. Born out of the tragedy are scores of lawyers and lobbyists fine-tuning their young practices at some of the top firms in town, such as Van Scoyoc and McKenna Long & Aldridge. … 'It's truly an outgrowth of 9/11, and then again it isn't,' says Joe Whitley, a partner at Alston & Bird and the first general counsel at the Department of Homeland Security. 'So much of what is being packaged as homeland security is a lot of old wine -- old wine and some new wine in a new bottle.'" The Times continues, "The Department of Homeland Security was officially launched in March 2003, dumping 22 legacy agencies with different philosophies and temperaments, including the Federal Emergency Management Agency, United States Customs and Border Protection, the Coast Guard and the Secret Service, under one giant umbrella. The Cabinet-level agency is already on its second secretary, Michael Chertoff. … 'They each have unique cultures that have been utterly changed by being pushed together,' says Hunton & Williams partner Steven Solow, whose homeland security practice primarily involves the area of risk management and integration of security matters with regulatory issues. 'It's obviously a work in progress, which isn't always pretty, but it's what we have and what we have to learn to work through.'" The Times notes, "Many lobbyists say they are motivated to work in this field by a desire to protect and secure the nation. But money is not a bad motivator, either. … And the money is still increasing. … According to the Homeland Security Research Corp. (HSRC), the United States and the international community spent $44 billion on homeland security in 2005. The research firm estimates that by 2015, $174 billion will be dished out globally."

Nagin Pleads For Patience As New Orleans Recovers. As the first 100 days since his reelection passed yesterday, New Orleans Mayor Ray Nagin made a plea for patience and "perspective" amid continued

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impatience over his city's slow recovery from Hurricane Katrina. The New York Times (9/13, Nossiter, 1.21M) reports, "The message Tuesday was mixed, the mayor's advisers recited what they pictured as a litany of progress, even as Mr. Nagin repeatedly reminded the reporters at a news conference in City Hall of the size of the remaining recovery effort, 'a task of epic proportions,' as he put it." Nagin "put forward a dual message Tuesday: while insisting that he is working hard, he also emphasized his trademark laissez-faire approach. It is not he but the 'citizens' who are in the driver's seat in the city's recovery, the mayor said."

USA Today (9/13, Konigsmark, 2.27M) reports that Nagin "said he'll have a comprehensive plan by the end of the year. But he said the city is taking 'the road less traveled' by allowing residents to decide where they want to live. … The Urban Land Institute, which Nagin hired to come up with ideas, recommended last fall that some hard-hit areas be closed to redevelopment. Less than half the population of New Orleans has returned since Katrina flooded 80% of the city for weeks. Shrinking the city's footprint would save money and encourage development on higher ground, the institute said."

WAR NEWS:

Rice Says World Cannot Afford To Exit Afghanistan. The AP (9/12, Gearan) reports Secretary of State Rice "acknowledged 'difficult going' fighting a resurgent Taliban in Afghanistan, but insisted Tuesday that the world cannot afford to pull out now." As she "thanked Canada for its role as a leader of NATO forces in the country," Rice said, "We owe it to the people of Afghanistan to help them finish the job." The AP adds that Canada's "combat role is unpopular at home, as is the U.S.-led war in Iraq." Opponents of the Afghanistan mission "suggested Rice's visit to Canada was an attempt to persuade Canada to commit more forces. But Rice and her host, Canadian Foreign Minister Peter MacKay, said she made no such request." During a news conference with MacKay, "Rice said the United States left too soon after supporting Afghanistan in the 1980s civil war. 'Afghanistan became a failed state' and a haven for terrorism, Rice said. 'We all came to pay for that.'"

AFP (9/13) reports Assistant Secretary of State Richard Boucher "told journalists in Brussels that it was "probably a little too early" to 'draw any conclusions about the efforts to get more troops.' He highlighted the dangerous situation in Afghanistan, where NATO and Afghan forces are making forays into areas held by Taliban fighters." His comments "came ahead of Wednesday's meeting at NATO's military headquarters in Belgium aimed at drumming up more troops for Afghanistan. The alliance's military chief, US General James Jones, has called for reinforcements of up to 2,500 troops to deal with increasing Taliban attacks."

NATO Countries Rule Out Boosting Contribution To Afghan Force. The Financial Times (9/13) reports, "Nato's plans to provide reinforcements for its hard-pressed troops in Afghanistan suffered a setback on Tuesday, as a series of countries ruled out providing further soldiers and controversy mounted over the alliance's tactics." Officials "conceded that a meeting on Wednesday, intended to obtain pledges for up to 2,500 extra soldiers, was extremely unlikely to meet its target."

Taliban Said To Be Adopting Tactics Of Iraqi Insurgency. The Christian Science Monitor (9/13, Peterson, 58K) reports, "Among the keys to the Taliban resurgence -- which is sparking lethal violence on a scale unknown here for almost five years -- are crucial lessons drawn from Iraq." Such "keys" include "include suicide attacks, assassinations of government officials, moderate clerics, and civilians, along with guerrilla tactics now in use against Western forces in the southern provinces of Helmand and Kandahar, where NATO claims to have killed more than 500 insurgents in 10 days of intense fighting."

Musharraf Says Taliban Insurgents Bigger Danger Than Al Qaeda. USA Today (9/13, 2.27M) reports Pakistani President Pervez Musharraf "warned the West on Tuesday that Taliban insurgents are a more dangerous terrorist force than al-Qaeda because of their broad support in Afghanistan. 'The center of gravity of terrorism has shifted from al-Qaeda to the Taliban,' he told European Union lawmakers in Brussels. Pakistan is a counterterrorism ally of the EU and United States. Musharraf blamed the West for breeding terrorism in his country by bringing in thousands of mujahedin to fight the Soviet Union in neighboring Afghanistan in the 1980s and then leaving Pakistan to face the militants a decade later. 'We armed the Taliban and sent them in. We did it together,' he said."

WPost Criticizes Musharraf. The Washington Post (9/13, A16, 748K) editorializes that an "enduring favorite of the Bush administration, Pakistani President Pervez Musharraf. Mr. Musharraf, whose country has been the main base for leaders of both al-Qaeda and the Taliban since 2002, last week concluded a peace deal with tribal leaders in North Waziristan, a territory near the border with Afghanistan. The Pakistani strongman agreed to withdraw his army from the area and release prisoners in exchange for promises by militants not to attack the Pakistani army or set up a parallel government." The Post adds, "Why would Mr. Musharraf strike this deal? The simple answer is that his army was defeated in its attempt to eliminate the al-Qaeda sanctuary by force; since launching the campaign in 2003, it had suffered more than 500 killed. … The cost of his decision will be borne by American and NATO troops in Afghanistan, whose commanders already say that the ability of Taliban and al-

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Qaeda fighters to retreat to Pakistan greatly complicates the challenge of defeating their escalating attacks. So why did Vice President Cheney call Mr. Musharraf 'a great ally' just days after his separate peace? Administration officials seem more willing to forgive their autocratic friend than they are domestic critics of the war on terrorism."

Maliki Asks Ahmadinejad For Help In Quelling Violence In Iraq. The New York Times (9/13, Wong, Fathi, 1.21M) reports Iraqi PM Nouri Kamal al-Maliki, on his first state visit to Iran, "discussed the security situation in Iraq with President Mahmoud Ahmadinejad of Iran and asked for Mr. Ahmadinejad's support in quelling the violence that threatens to fracture this country." Maliki said at a news conference, "We had a good discussion with Mr. Ahmadinejad. Even in security issues, there is no barrier in the way of cooperation." Ahmadinejad said Iran "will give its assistance to establish complete security in Iraq because Iraq's security is Iran's security.' For Mr. Maliki, the visit was a kind of homecoming, since he had spent a part of his exile years during Saddam Hussein's rule living in Tehran."

Iran Proposes Talks On Nuclear Impasse. The Washington Post (9/13, Anderson, 748K) reports Iran's "confidential response three weeks ago to an international proposal over its nuclear program offered extensive negotiations to resolve the standoff, but only if proceedings against Iran in the UN Security Council were stopped." In a "detailed and sometimes rambling document given to foreign governments, Iran stopped short of rejecting demands to halt its nuclear enrichment program, saying the issue could be resolved in talks." Iran's proposal suggests "ending enrichment should not be a prerequisite to negotiations, as demanded by the United States and other countries." Iranian nuclear negotiator Ali Larijani and EU foreign policy chief Javier Solana "have been in preliminary talks in recent days over Iran's proposals." On Monday, Secretary Rice "suggested that a temporary suspension might be enough to clear the way for formal negotiations."

The AP (9/12, Schweid) reports the Bush Administration "was dismissive Tuesday of Iranian suggestions that it might suspend uranium enrichment for up to two months to set the stage for negotiations over its nuclear program and to head off US sanctions." State Department deputy spokesman Tom Casey said, "To the best of my knowledge, there has been no Iranian proposal. … There's been no change in the Iranian position."

Meanwhile, says the Financial Times (9/13, Dombey, Smyth, Dinmore), "Europe is poised to compromise on Iran's nuclear programme, in a step that could break the year-long stand-off over Tehran's atomic ambitions." European "diplomats stress that they will require Iran to allow United Nations inspectors to carry out spot-checks on its nuclear facilities to ensure that the Islamic republic has kept its side of the bargain."

Zilmer Says US Has Sufficient Troops For Mission In Anbar. The classified report by Marine Col. Peter Devlin on the situation in Anbar province received more coverage from major print media, which highlighted the Marine commander's definition of the mission in Anbar as training Iraqi forces rather than defeating the insurgency. The New York Times (9/13, Gordon, 1.21M) reports, "The senior Marine commander in Iraq said Tuesday that he had sufficient forces to carry out his mission but that the mission did not include defeating the insurgency." Maj. Gen. Richard Zilmer said the "force levels are about right" for what he called his "primary mission," namely, "training the Iraqi force" that ultimately will patrol restive Anbar province. The Defense Department "arranged the interview after articles in The Washington Post and The New York Times reported that General Zilmer's senior intelligence officer had submitted a grim assessment about the political and security situation in Iraq." General Zilmer "insisted that the United States was winning the war." The Times says that his comments "contrasted" with those of subordinates in the field, some of whom "recommended" additional forces.

The Washington Post (9/13, Ricks, 748K) plays down any disagreement that Zilmer found with the analysis, reporting that the general said, "I do concur with that assessment" and that he praised the analysis as "frank and candid." The Post quotes several upbeat comments by the general, such as, "I think we are winning this war," and a prediction "that he will have an adequate number [of Iraqi policemen] in the province by next year."

The Los Angeles Times (9/13, McDonnell, Barnes, 918K) reports, "The general was called in to rebut reports, first published this week in the Washington Post, that a secret Marine intelligence assessment last month had concluded that the prospects for securing Al Anbar were dim. ... The strikingly frank findings by the top Marine intelligence officer in the region, which have not been released publicly, are said to have unsettled U.S. policymakers and top brass at the Pentagon." The markedly pessimistic article states, "Many Al Anbar residents see U.S. forces as agents of a regime that intends to disenfranchise and marginalize Sunnis while forging alliances with Shiite Iran" and "To some critics, the U.S. effort in Al Anbar and elsewhere in Iraq also has suffered from the unduly optimistic forecasts of American commanders.."

Zilmer Says US "Stifling" Insurgency. The AP (9/12, Burns) reports, "A senior American commander in Iraq said Tuesday that U.S.-led military operations are 'stifling' the insurgency in western Anbar province but are not strong enough to defeat it." Like the Times, the AP observes that

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Zilmer defined his "main mission" as training Iraqis rather than defeating the insurgency in Anbar. Zilmer called troop increases helpful "in the short term," saying that the long-term answer was "progress on the economic and political fronts that will undercut support for the insurgency." The AP predicts, "As long as the insurgency rages, it is unlikely that Sunni Arab politicians in Baghdad can win over significant numbers of Sunnis to support the government of national unity." It adds that White House spokesman Tony Snow said, "If the president gets a recommendation from the combatant commanders to send more troops to al-Anbar province, they will get them." USA Today (9/13, 2.27M) carries a shorter version of this AP article.

Kristol, Lowry Urge Bush To Send More Troops To Iraq. On its "In the Loop" column in the Washington Post (9/13, A15, 748K), Al Kamen writes, "Bush 's forceful and, of course, nonpartisan 9/11 commemoration speech Monday night obviously didn't suit some of his critics." But" the address also may have disappointed those conservative supporters who think things aren't going exactly swimmingly in Iraq. For example, early and staunch war backers such as the Weekly Standard's William Kristol and the National Review's Rich Lowry called on Bush yesterday 'to stop the downward slide in Iraq' by putting 'substantially more troops' there. (Lowry was among several conservative journalists who met with Bush later yesterday.) Kristol and Lowry didn't talk numbers, but it shouldn't require that many."

At Least 24 Iraqis Killed. The AP (9/12, Quinn) reports, "Violence killed at least two dozen people across Iraq on Tuesday, including six who died when a car bomb blew up in western Baghdad. The attack also wounded 18 people in Mansour, an upscale neighborhood that has been the scene of repeated bombings and kidnappings." The AP adds, "A group of lawmakers tried Tuesday to take advantage of the unpopularity of U.S. troops among many Shiite and Sunni legislators to seek approval of a resolution setting a timetable for the withdrawal of foreign troops." The resolution, sponsored by Moqtada al-Sadr's supporters, was "effectively shelved" by being sent to a committee for review.

Iraqi Speaker Says Partition Plan "Dead." The Washington Post (9/13, A11, Paley, Ibrahim, 748K) reports, "The speaker of the Iraqi parliament said Tuesday that a controversial plan to partition the country into three autonomous regions is politically dead." Sunnis "have generally opposed the plan, on grounds that it would leave them only with vast swaths of desert in the country's middle, devoid of the oil reserves in the other regions." Support "began to erode after a vast array of Sunni, Shiite and secular groups boycotted parliament on Sunday to protest the plan. [Speaker] Mashhadani said Grand Ayatollah Ali Sistani, the most revered Shiite cleric in Iraq, had ordered Shiite politicians to back off from the plan in order to prevent bitter infighting."

Saddam Trial Continues. The Los Angeles Times (9/13, McDonnell, 918K) reports, "A Kurdish villager mocked Saddam Hussein in court Tuesday as the man recalled the disappearance of his relatives during a 1980s military campaign in northern Iraq." The witness "congratulated" Hussein "for being in a cage." Several witnesses recounted how "bushes had turned white" and how their relatives were killed or imprisoned. The Times adds, "Elsewhere, the country's communal slaughter persisted amid grisly new finds of bodies."

Soldier Describes "Anguish" Of Turning In Alleged Killers. USA Today (9/13, Zoroya, 2.27M) reports in a 2,414-word story the "anguish" of Pfc. Justin Watt, who eventually told "Army investigators that he suspected soldiers from his own platoon had raped a 14-year-old girl and then killed her and her family." Having endured many comrades' deaths, Watt had to decide: "Put yourself in my shoes ... My roommate's dead. A bunch of my friends are dead. Two of my buddies are being tortured to death. [Suspect Steve] Green is back in the States. He doesn't have to suffer at all. These good men are dead." Watt, who was transferred to another unit, has since received "threats," according to Senator Jon Kyl; the Army claims to be investigating "whether Watt is in danger."

Army Secretary Reveals Combat Death Notification Plan. USA Today/AP (9/13, Lindlaw) reports, "Army Secretary Francis J. Harvey says he is aiming to 'achieve perfection' in a new drive to inform families of soldiers killed in combat about the circumstances of their deaths. In a memo obtained Tuesday by The Associated Press, Harvey outlines a far-reaching review he recently initiated of some 2,000 casualty reports from Iraq, Afghanistan and elsewhere." The memo, addressed to Sen. Barbara Boxer (D-CA), "reveals a previously unknown element of the reforms: Commanders in the field must investigate even if the cause of death was apparent." The plan follows "highly publicized" instances in which families got misinformation about their relatives' cause of death, including the friendly-fire shooting of ex-NFL player Pat Tillman. Other problems mentioned include the "heart-rending" case of a soldier who allegedly "was left to bleed to death" by a medic and two soldiers who "were deliberately killed by Iraqi trainees patrolling alongside them."

No-Confidence Vote Against Rumsfeld Would Be "Unprecedented." Roll Call (9/13, Yehle) reports, "Now in their sixth year of complaining about Defense Secretary Donald Rumsfeld, Congressional Democrats have

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found a creative new way to make their case — borrow from Britain" by staging a "vote of no confidence." However, "in Congress, the term would have only a symbolic effect," as opposed to in the UK. In any event, Sen. Harry Reid's resolution "never reached a vote, as the GOP procedurally blocked it from being attached to the Defense appropriations bill."

US Becomes Concerned About Terrorist Havens In "Failed" States. The Wall Street Journal (9/13, Dreazen, Shishkin, 2.03M) in a pessimistic, 2,159-word front page article reports, "Concern about extremism seeping out of Iraq underscores a painful irony in the five-year-old war against terrorism: The U.S. and its allies now face the distinct possibility that the same kind of 'failed state' that gave terrorists a haven when the Taliban ruled Afghanistan -- leading to Sept. 11 -- could be forming again, in more than one place." Iraq and Lebanon "are threatening to degenerate" into places "where extremists can thrive," and "Afghanistan itself now appears to be sliding backward so much that it could again become an international terror breeding ground." The US has had to "abandon" plans to withdraw troops from Iraq and "faces a diplomatic cost" as Jordan, Saudi Arabia, and Turkey "chart their own courses because they see a possible threat ... from extremists in Iraq."

Ignatius Sees "Young Anger" As Wellspring Of Jihad. In the Washington Post (9/13, 748K), columnist David Ignatius approvingly quotes the book "Understanding Terror Networks," by former CIA case officer Marc Sageman. The latter argues "that we are facing something closer to a cult network than an organized global adversary. Like many cults through history, the Muslim terrorists thrive by channeling and perverting the idealism of young people." Sageman's analysis implies "that the Sunni jihadism of al-Qaeda and its spinoff groups is a generational phenomenon. Unless new grievances spawn new recruits, it will gradually ebb over time. In other words, this is a fire that will gradually burn itself out unless we keep pumping in more oxygen." For example, starting a war with Iran would be "the only sure way to ignite revolutionary zealotry in the younger generation."

DOJ:

DOJ IT Official Discusses Tech Security. Government Computer News (9/13, Jackson) reports, "A key element of the Justice Department's security program is managing vulnerabilities in its IT systems. According to director of IT security Dennis Heretick, when it comes to compliance with the Federal Information Security Management Act, this is even more important than implementing operational controls. … 'Vulnerability management has been the emphasis of our program,' Heretick said. 'That is what FISMA is all about. What are your weaknesses, and what can you do about it?'" GCN continues, "The department started with network and configuration scanning, using tools such as FoundScan from Foundstone Inc. (now a division of McAfee Inc.) and the open-source Nessus scanner, managed by Tenable Network Security Inc. of Columbia, Md. This year the department is expanding its scanning capabilities to assess application security, beginning with database software." GCN adds, "Two Justice offices, the FBI and Office of Justice Programs, already had been using the AppDetective scanner from Application Security Inc. (www.appsecinc.com) of New York. Other offices in the department were making plans to use it, Heretick said. 'We expanded that with an enterprise license' this summer, he said. 'We've started scheduling our training now.' … AppDetective is AppSecInc's flagship product. It is a network-based scanner that can work with other tools such as FoundScan, but it is specialized for identifying and fixing database—rather than network—vulnerabilities. Heretick said he had been aware from the beginning of the need for application-level assessments, but the network and security configurations came first."

Accenture Gets DOJ Debt Collection Contract. Washington Technology (9/13, Gerin) reports, "Accenture Ltd. won a contract potentially worth $54 million from the Justice Department to construct a new, integrated debt collection system." Washington Technology adds, "Under the contract, Accenture of Hamilton, Bermuda, will consolidate multiple legacy systems into an integrated system. The management and technology consulting firm also will operate and maintain the system. … The Justice Department and all of its component agencies, including the U.S. Attorneys Offices, tax and litigation divisions, and the offices of the chief finance officer and CIO, will use the system."

The Washington Business Journal (9/13) reports, "Accenture, which has local offices in D.C. and Reston, says the Justice contract calls for the company to deliver a new integrated debt collection system to the department and all its component organizations, including U.S. attorneys' offices." The Journal adds, "Accenture will also provide operations and maintenance to support the new system, which will help the Justice Department improve its communications and reporting and provide better financial controls."

CORPORATE SCANDALS:

Hewlett-Packard Chairwoman Resigns Amid Expanding Criminal Probe. The Wall Street Journal (9/13, Waldman, Lublin) reports, "Hewlett-Packard Co. named Chief Executive Officer Mark Hurd to succeed its embattled chairman, but the computer maker faced a graver

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legal threat as California's attorney general said he has enough evidence to bring criminal charges against people at the company." The Journal continues, "Mr. Hurd will succeed Patricia Dunn, H-P's nonexecutive chairman, in mid-January 2007. Her efforts to catch boardroom leakers last year led the Palo Alto, Calif., company to hire a contractor that scrutinized the private phone records of H-P's own directors and nine journalists. … H-P has said those records were improperly obtained by outside investigators through the use of 'pretexting,' or masquerading as the directors and journalists in order to request their records from phone companies. Mr. Hurd and Ms. Dunn apologized for the company snooping yesterday, though Ms. Dunn reiterated boardroom leaks had been a substantial problem for H-P. … In addition, H-P said George Keyworth, a former presidential science adviser and H-P's longest-serving director, resigned from the board. Mr. Keyworth was identified in Ms. Dunn's probe as a leaker of information to the press." The Journal notes, "A spokeswoman for the Federal Bureau of Investigation said yesterday an investigation started by the agency on Monday hasn't determined whether anyone in the case violated federal laws. LaRae Quy, a special agent in the FBI's office in San Francisco, said the investigation is focused on how the confidential information was obtained, not on H-P itself. The FBI normally doesn't discuss ongoing investigations but made an exception because there is 'such a national interest,' Ms. Quy said. H-P says it is fully cooperating with all the investigations."

The Washington Post (9/13, D1, Noguchi, Nakashima) reports, "It's unclear how soon charges in the scandal could be filed, but on last night's 'NewsHour With Jim Lehrer' on public television, California Attorney General Bill Lockyer said, 'We currently have sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside.'" The Post adds, "Meanwhile, Congress and federal and state investigators continue to pressure HP about the methods used to obtain those phone records, with calls from lawmakers from both parties to pass legislation, now pending, that would make it a crime to obtain people's phone records by impersonating them. … That follows separate probes by the FBI, a House subcommittee on investigations, the California attorney general and the Federal Communications Commission."

The Los Angeles Times (9/13, Granelli, Piller) reports, "Criminal charges could be filed as early as next week -- deepening a weeklong corporate spying scandal that has riveted the close-knit technology industry, but has been largely ignored by Wall Street. … Criminal charges against HP employees ratchets up the pressure on the Palo Alto, Calif., company and could threaten the turnaround engineered by Hurd, who was recruited last year from NCR Corp. to revive the storied maker of computers and printers. … It was unclear Tuesday whether Dunn is being targeted by Lockyer, who also said he had sufficient evidence to indict contractors outside the company. Neither HP nor Lockyer has identified the firms that conducted the leak probe, which was carried out earlier this year."

The New York Times (9/13, Darlin, Richtel) reports, "The California attorney general, Bill Lockyer, said that after looking into the company's investigative effort, 'we have enough information to indict people inside H.P. and outside.' … For the garage-born company, whose H.P. Way set a standard for corporate behavior in Silicon Valley, the troubles have clouded its image but underscored the resilience of its resurgent business. Even after a week of intense publicity over its upheaval, the company's stock closed at its highest level since 2001." The Times adds, "Hewlett-Packard's investigation now appears to have included active surveillance and the review of videos to see if board members were meeting with reporters, according to people with knowledge of the company's examination of its private detectives' activities. … They also identified a Massachusetts company, Security Outsourcing Solutions, as a Hewlett-Packard contractor hired to find the source of internal leaks. Efforts to reach that company by phone and e-mail were unsuccessful."

USA Today (9/13, Kessler, Hopkins) reports, "The scandal began in 2005, when Hurd ran Ohio-based tech company NCR. Hewlett-Packard's then-CEO, Carly Fiorina, was clashing with her board. Information about it leaked to the press, so she hired a law firm to find the source. … The search was unsuccessful, and Fiorina was ousted in February 2005. Yet the leaks continued." USA adds, "Responsibility for the search passed to Dunn, appointed non-executive chairman after Fiorina left. The former CEO of Barclays Global Investors, who gave up that job to fight a bout with breast cancer, has a reputation for integrity and honesty, says Christian. … Dunn hired a yet-unidentified detective firm and told it to conduct a legal investigation, HP says. But a subcontractor used a controversial technique called 'pretexting' to obtain phone records. Pretexting is when someone contacts a company pretending to be someone else, in order to get that person's confidential records. … It worked, and Keyworth was exposed as the source of a leak to tech website CNet. He was outed during a May 18 board meeting. Dunn asked him to resign. He refused."

The AP (9/13, Robertson) reports, "The pressure on Dunn to step down began rising sharply on Monday when Congress and federal investigators entered the fray surrounding HP's investigation. The FBI, the U.S. Attorney for Northern California and the House Energy and Commerce Committee all joined the probe of the scandal swirling around HP's Board of Directors."

The Financial Times (9/13, Allison, Waters, Nuttall) reports, "News of Mr Hurd's appointment followed two days of emergency meetings by the HP board. It will allay fears that

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the spying scandal could put Mr Hurd's role as chief executive in jeopardy. … He has led a resurgence at the world's second-biggest computer maker since he took over following the removal of Carly Fiorina as chief executive last year. The leaks included details of discussions to oust her." The San Jose Mercury News (9/13, Carey) and Bloomberg (9/13, Gullo) also report this story.

Boston P-I Firm Tied To HP Probe. The Wall Street Journal (9/13, Waldman, Stecklow, Emshwiller) reports, "For the past week, Hewlett-Packard Co. has refused to identify private investigators the company retained to investigate leaks by its board of directors. People familiar with the matter say H-P has told them one of the investigators connected to the case is Ronald R. DeLia, from a small Boston firm called Security Outsourcing Solutions Inc. that says it specializes in corporate-security investigations." The Journal continues, "H-P, a Palo Alto, Calif., computer and printer maker, has said that it hired a private-investigation firm to carry out its inquiry; that firm then hired a second entity that used so-called 'pretexting' to obtain the private phone records of board members and journalists. … People familiar with H-P's leak probe say the company's private investigators also dispatched monitors to attend at least one director's speeches and to see if this board member met with journalists afterward." The Journal adds, "According to its Web site, Security Outsourcing Solutions 'was formed to provide small- to medium-size corporations and institutions with the same level of security currently available only to Fortune 1000 companies.' At one time, it published a newsletter called 'Corporate Homicide: Life in a Global Economy.' In a 1999 edition of the newsletter, Mr. DeLia warned that 'identity theft is becoming a major law-enforcement problem about which consumers can ill afford to become indifferent.' The newsletter said the Internet had made it easier for identity thieves to obtain addresses and Social Security numbers for a fee."

DOJ To Review Policy On Corporate Cooperation. The Wall Street Journal (9/13, Burns) reports, "Amid criticism from business and legal groups and even some of its own former officials, the Justice Department is revisiting its policy of rewarding companies that agree to waive certain legal protections in criminal investigations. … But a senior official said any changes that would chill cooperation 'would not be a good thing.'" The Journal continues, "Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that corporations are eager to cooperate with federal prosecutors and expect to be rewarded for doing so, with or without an explicit federal policy to that effect. He later said the Justice Department is open to changes that 'improve the process we have,' but he raised concerns about inhibiting executives from sharing information with prosecutors. … Business and legal groups have been critical of the Justice Department policy, outlined in a 2003 memo on business prosecutions by then-Deputy Attorney General Larry Thompson. U.S. Chamber of Commerce President Thomas Donohue told the panel that the Thompson memo 'emboldened federal prosecutors' to demand that companies and employees forgo rights, including the right to confidential discussions with lawyers, if the company wants credit for cooperating in an investigation." The Journal notes, "American Bar Association President Karen Mathis said the policy has eroded basic constitutional protections and is discouraging firms and individuals from talking to lawyers. The ABA complained in a letter to Attorney General Alberto Gonzales this spring, and a bipartisan group of 10 former Justice Department officials did the same last week, calling for a revised policy telling prosecutors that waiving attorney-client privilege and work-product protections 'should not be a factor' in determining whether a company has cooperated with the government in an investigation."

The AP (9/13, Yen) reports, "At a Senate hearing, Deputy Attorney General Paul McNulty said the department would take another look at the 2003 policy in light of public criticism. But he added that there were no plans to change the guidelines, which reward companies if they cooperate with prosecutors in investigations such as by handing over confidential documents. … 'We see nothing wrong in asking a corporation to disclose to us the results of their internal investigation to assist us in investigating a corporation's claim of innocence,' McNulty told the Senate Judiciary Committee. 'Indeed, we believe it is good practice because it conserves public and private resources.'" The AP adds, "An array of business and legal groups such as the American Bar Association as well as former top Justice officials have come out against the policy, saying it coerces companies to waive the attorney-client privilege and deters employees from getting critical legal advice. … 'Lawmakers must intervene and abolish the provisions that rob executives and employees of their right to candid and confidential consultation with their attorneys,' said Tom Donohue, president of the U.S. Chamber of Commerce." The AP notes, "Sens. Arlen Specter, R-Pa., and Patrick Leahy, D-Vt., both expressed concern that the Justice Department policy was unduly coercive and abrogated a fundamental right. They said prosecutors should be neutral in taking into account waivers of attorney-client privilege when considering charges to ensure fair representation. … McNulty responded that the policy was not coercive because prosecutors are instructed to consider waiver of the privilege as just one factor in determining charges. More critical factors include the degree to which a company CEO is involved in potential wrongdoing, he said."

The New York Times (9/13, Browning) reports, "The Justice Department's guidelines for prosecutors, as outlined

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in a 2003 document known as the Thompson memorandum, describe nine factors that prosecutors must consider when weighing whether to indict a company for corporate misconduct. Among them are whether a company has demonstrated cooperation with prosecutors by disclosing legal communications to investigators, and whether it has stopped paying legal fees to employees caught up in investigations. … Companies that do not demonstrate cooperation face a greater risk of indictment — which can be a death sentence, as it was for the accounting firm Arthur Andersen in 2002. … Any changes to the guidelines could alter the way prosecutors pursue companies and white-collar defendants." The Times adds, "The guidelines in the Thompson memorandum, Mr. McNulty said, 'are nothing more than a structured recitation of what common sense would lead a prosecutor to consider.' … Nonetheless, he said that amid the recent criticism, 'we are giving thoughtful consideration to everything,' and that 'we'll have new guidance if, and that's the key here, if something should be identified that would improve the process.' He said that the Justice Department would consider making the guidelines nonbinding for prosecutors." The Times notes, "Mr. Specter, the committee chairman, asked if Mr. McNulty would consider President Bush's frequent assertions of executive privilege during the confirmation hearings of Supreme Court Justice Samuel A. Alito Jr. and Chief Justice John Roberts Jr. to be an example of noncooperation, in the same vein as companies that do not disclose legal communications. … Mr. McNulty said that he did not."

Paulson Backs Panel Formed To Study Sarbanes-Oxley Law. Treasury Secretary Hank Paulson is backing the Committee on Markets Regulation, a 17-member panel of US businessmen and academics formed to study why US capital markets are losing ground to foreign rivals. The Financial Times (9/13, Grant) reports that the group, the second of its kind to be formed since the US Chamber of Commerce launched a similar initiative last year, is "a sign of increasing clamour in the US business community for a re-examination" of the Sarbanes Oxley law, "whose Section 404 internal audit control provisions have been widely criticised as being too onerous. The new committee will be directed by Hal Scott, Nomura Professor at Harvard Law School, and co-chaired by Glenn Hubbard, dean of Columbia Business School, and John Thornton, chairman of the board of the Brookings Institution. It will 'assess the degree to which US public markets are losing ground to foreign and private markets, the causes of this decline, and its impact on the financial industry and the economy.'"

The New York Times (9/13, Norris, 1.21M) reports that Paulson praised the creation of the panel, saying that "the issue of American competitiveness 'is important to the future of the American economy and a priority for me.'" The Times adds, "Among the issues to be considered are whether laws need to be changed to limit both civil and criminal liability for companies, auditors and directors."

CRIMINAL LAW:

Reid Presses For Polygamy Task Force In Wake Of Jeffs Arrest. The AP (9/13) reports, "The U.S. Senate's top Democrat called Tuesday for a federal investigation into the activities of polygamists in Western states." The AP continues, "Minority Leader Harry Reid of Nevada said in a letter to U.S. Attorney General Alberto Gonzales that a task force should be formed to look into interstate activities of polygamists. He also asked the Justice Department to help state prosecutors dealing with polygamist sect leader Warren Jeffs. … 'For too long, this outrageous activity has been disguised in the mask of religious freedom,' Reid said. 'But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated.'" The AP adds, "Reid, a Mormon, added that Jeffs is part of a sect that broke away from the Mormon Church more than a century ago and has been disavowed by leaders and mainstream members of the Church of Jesus Christ of Latter-day Saints. … A reporter's call to the Justice Department's after-hours command center was transferred to the department's press office, where there was no answer."

DOJ Cuts Plea Deal With "Girls Gone Wild" Over Age, Identity Documentation. The Los Angeles Times (9/13, Muskal) reports, "The California company responsible for the successful 'Girls Gone Wild' series of videos has pleaded guilty to violating a federal law designed to prevent the sexual exploitation of children, the Justice Department announced today." The Times continues, "Mantra Films Inc. of Santa Monica pleaded guilty to charges that it failed to create and maintain age and identity documents for performers in sexually explicit films that it produced and distributed. The company also failed to label its DVDs and videotapes as required by federal law, the Justice Department said. … Mantra Films entered its plea agreement today before U.S. District Judge Richard Smoak in Panama City, Fla. A second related company, MRA Holdings LLC, also entered into an agreement." The Times adds, "The companies, founded and owned by Joseph Francis, agreed to pay $2.1 million in fines and restitution. Of that, $1.6 million is to be paid by Mantra and MRA, and $500,000 by Francis. .. . The case is believed to be the first to be filed under a federal law designed to prevent the sexual exploitation of children, the Justice Department said. … 'This case sends an important message about the Justice Department's

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commitment to protecting children from all forms of sexual exploitation,' Assistant Atty. Gen. Alice S. Fisher said in a statement. 'Today's agreements ensure that "Girls Gone Wild" will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well.' … 'This prosecution makes clear that those who seek to enrich themselves at the expense of our children's innocence in violation of the laws intended to protect them will be held to answer in federal court,' U.S. Atty. Gregory R. Miller of the Northern District of Florida said."

The AP (9/13, Yen) reports, "Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a 'Girls Gone Wild' cameraman in sexual situations remain pending against Mantra and Francis. … An attorney for Mantra, Aaron Dyer, said the company would clean up its record keeping. … The charges involved 'serious record-keeping issues that occurred several years ago,' he said. 'Mantra takes these issues very seriously and has done everything it can to make sure this never occurs again.'"

CNN.com (9/13, Frieden) reports, "The law, which prosecutors call Section 2257 -- is intended to protect minors by requiring producers to create and maintain age and identity records for every performer in sexually explicit movies and other media. … Distributors also must label their tapes and discs with the name of the custodian of the records and their location, prosecutors said."

Broadcasting & Cable (9/13, Eggerton) reports, "In addition to paying the fines, the company has agreed to admit criminal wrongdoing. In addition the charges will be dropped only if the company remains in compliance for the next three years. It has also agreed to allow a government-approved monitor to assure that compliance."

Judge Rejects Motion For New Safavian Trial. The AP (9/13, Apuzzo) reports, "A federal judge declined Tuesday to throw out a conviction or order a new trial for a former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff." David Safavian, former chief of staff of the General Services Administration, "was convicted in June of making false statements and obstruction. It was the first trial to emerge from the scandal surrounding Abramoff." His attorneys "argued that the charges didn't meet the legal standard for conviction. They also said US District Judge Paul Friedman improperly admitted into evidence e-mails between Abramoff and Safavian. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients." Friedman "rejected that argument, denying the request for a new trial. He said the e-mails were properly admitted and noted that Safavian discussed the e-mails when testifying in his own defense."

NBC News (9/13) reports, "Judge Paul Friedman writes, 'This Court concludes that there are no grounds for granting either defendant's motion for judgment of acquittal on any of the counts for which he was convicted, or his motion for a new trial.' … The trial also provided new details of the lavish golf trip, as well as photos taken on the historic St. Andrews course of Ney with Abramoff and others. Volz, a longtime Ney loyalist who went to work for Abramoff's firm in 2002, pleaded guilty to federal corruption charges. Volz was a star prosecution witness in the Safavian trial." NBC adds, "Volz detailed the Scotland trip as a fete of eating and drinking and telling funny stories on the plane ride overseas. He said playing golf on the fabled Old Course totaled $400 per round. And, as far as he knew, Volz said, none of the public officials on the trip, including Ney and Safavian, ever paid for golf rounds or entertainment in Scotland. Ney has been the subject of a Justice Department investigation, but has not been charged. … Safavian's attorneys had argued that including hundreds of e-mails between him and Abramoff as evidence constituted hearsay that might have prejudiced jurors."

Ohio Fundraiser Sentenced For Funneling Donations To Bush Campaign. The AP (9/13, Seewer) reports, "A federal judge sentenced a GOP fundraiser at the center of an Ohio political scandal to two years and three months in prison Tuesday for funneling $45,000 to President Bush's re-election campaign." The AP continues, 'Tom Noe, a former Toledo-area rare coin dealer whose large donations made him a powerful political figure, apologized for scheming to give friends money to donate to Bush to fulfill Noe's promise to generate $50,000 at a fundraiser. … 'I recruited others to make contributions to the campaign,' Noe said in court. 'I knew it was wrong to do so. I alone accept responsibility.'" The AP adds, "Noe said he arranged the scheme because 'in 2003 I was pressured by Bush-Cheney officials to become a Pioneer,' a name the campaign gives to people who raise $100,000. … Federal prosecutors say Noe wanted perks such as invitations to the White House and the president's ranch in Texas, and he wanted to impress various state officials. … The money-laundering scheme was the largest prosecuted under the 2002 campaign finance reform law, which set limits on donations, prosecutors said last October."

The Cleveland Plain Dealer (9/13, Caniglia) reports, "Tom Noe's zealous quest to be a Republican kingmaker ended in a cramped courtroom Tuesday, far from the Beltway spotlight he once craved." The Plain Dealer continues, "A federal judge sentenced an apologetic Noe to 27 months in prison and fined him $136,200 for making $45,400 in illegal campaign contributions to President Bush's re-election campaign. Authorities called the case the country's largest

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fundraising scandal in recent years. … Noe, however, will not go to prison until after his trial next month in Lucas County Common Pleas Court, on unrelated state charges of racketeering and stealing nearly $2.3 million from a $50 million investment in rare coins that he managed for the Ohio Bureau of Workers' Compensation. … If convicted in that case, he could receive decades in prison. … 'This was an ego-feeding and a stupid act by Mr. Noe,' said U.S. District Judge David Katz. … 'And I think he realizes that today,' added Katz, who imposed the sentence."

Former House Leaders To File Amicus Brief Supporting Jefferson On FBI Search. Roll Call (9/13, Bresnahan) reports former House Speakers Newt Gingrich and Tom Foley and former House Minority Leader Bob Michel "have notified an appeals court that they will intervene in the legal challenge by Rep. William Jefferson…to the May 20 FBI raid of his Capitol Hill office." Former DC Circuit Chief Judge Abner Mikva "also will file an amicus brief on Jefferson's behalf. In addition, a bipartisan group of former House general counsels, including Charles Tiefer, Stanley Brand, Steven Ross and Thomas Spulak, as well as Congressional scholars Norman Ornstein and Thomas Mann, have notified the appeals court of their intentions to weigh in on the case. Former House Minority Leader Richard Gephardt…was asked to join with his three former colleagues but declined to do so, several sources said." Roll Call notes Gingrich, Foley and Michel and the "Congressional experts will not defend Jefferson…but will argue that the Justice Department overstepped its bounds when it searched Jefferson's office."

Harman Says Intelligence Panel At Impasse On Cunningham Subpoena. The AP (9/13, Werner) reports House Intelligence Committee leaders "are at an impasse over whether to subpoena jailed former Rep. Randy 'Duke' Cunningham as part of an investigation into his actions on the committee." Ranking Democrat Jane Harman said "the disagreement threatens to end chances for a bipartisan outcome to the investigation." Harman said, "We've hit a problem, and I hope we can get past it and come up with a joint report. That is my preference, my strong preference, and I don't know if that's possible. It may not be possible." The AP adds Harman "believes the panel's investigation can't be complete without interviewing Cunningham, the San Diego Republican who resigned from Congress last November after admitting taking $2.4 million in bribes from defense contractors." But Chairman Peter Hoekstra "has not agreed." A congressional aide, "speaking on condition of anonymity because of the ongoing investigation, said Hoekstra wants to hear from Cunningham but doesn't want to issue a subpoena only to have him invoke Fifth Amendment protections and refuse to testify, as his attorney has warned the committee he would do."

Animal Rights Advocates Given Prison Terms Under New Law. The New York Times (9/13, B8, Mansnerus) reports a federal district judge in New Jersey Tuesday "sentenced three people to prison terms of four to six years for their roles in a campaign of threats and harassment against a company that runs an animal testing laboratory." The three were described at their trial as "coordinators of a group dedicated to shutting down" Huntingdon Life Sciences, a British company with a laboratory in New Jersey. The Times notes that the case "has drawn international attention, not only because Huntingdon Life Sciences is the largest contract animal testing laboratory in Europe but also because the convictions were the first under the federal Animal Enterprise Protection Act."

The AP (9/13, DeFalco) reports from Trenton, NJ, "Three animal-rights activists convicted of using their Web site to incite threats and harassment against a company that tests products on animals received prison sentences ranging from four to six years Tuesday." The AP continues, "They were also ordered to pay a total of $1 million in restitution to the company and people they terrorized. All three said they planned to appeal their convictions and requested they receive vegan meals while in prison. … Three other members of Stop Huntingdon Animal Cruelty are awaiting sentencing within the next two weeks." The AP adds, "Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a company that tests drugs and household products on animals. .. . Huntingdon Life Sciences general manger Mike Caulfield said the company 'was grateful that justice was served.' He said as a result of the threats and harassment, the company's health insurer and other firms severed ties with it. … 'It generally made the cost of doing business with us more expensive than our competitors during that time,' he said. … And that was the point, prosecutors said. … 'This was a conspiracy to shut down Huntingdon Life Sciences,' said assistant U.S. Attorney Charles McKenna."

The Philadelphia Inquirer (9/13, Graham, 399K) reports Kjonaas said before the sentencing, "At this point in my life, I am utterly humbled. I've come here with my mother. This has been a traumatic experience and a learning experience." Outside court "after the hearing, Kjonaas…said a prison term would not deter him from his cause. 'Others have gone through worse things,' he said. 'The history of social-justice movements is filled with people who went to jail. ... I'll be back.'" The Inquirer notes, "The so-called 'SHAC 7' were the first defendants ever charged under a federal law designed to

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criminalize the stalking, vandalism and other tactics of militant animal-rights organizations," but Lindsay "said that home protests would continue," and "she maintained again that the defendants were legitimate activists who did nothing wrong, and said the sentences only encouraged 'underground' activists who break the law."

Alleged Israeli Mob Enforcer Sentenced For Racketeering. The AP (9/13) reports, "A reputed enforcer for an Israeli crime group was sentenced to more than 10 years in federal prison for racketeering." The AP continues, "Hai Waknine, 35, pleaded guilty in June to using extortion and threats of violence to help an organized crime syndicate known as the Jerusalem Group launder nearly $2 million in embezzled funds. Authorities say the syndicate enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe and around the U.S." The AP adds, "Waknine, an Israeli national who lives in Marina del Rey, asked for leniency during sentencing Monday. But U.S. District Judge Manuel Real, citing Waknine's extensive criminal history, gave him 13 months in prison beyond the nine years that prosecutors recommended. … Prosecutors alleged that Waknine kidnapped debtors, aimed handguns at them and threatened their families to make them pay up. … 'That was Waknine's role, a shakedown collections guy,' said Assistant U.S. Attorney Thomas P. Sleisenger. 'There are a lot of people in the Israeli community who will sleep better tonight because he is behind bars.'"

Boston SAC Says FBI Big Dig Probe Is "High Priority." The Boston Herald (9/13, Ross, 203K) reports, "The federal investigation into the $15 billion Big Dig has mushroomed into a 'high priorty' public corruption probe focused on project financing and whether officials ignored requirements to conduct crucial inspections, Boston's FBI chief said yesterday. 'We've got a lot of agents assigned to it and there are several avenues to the case,' said Ken Kaiser, special agent in charge of the Boston FBI. 'Basically it's looked at as a public corruption investigation, which is the highest criminal priority we have.' … Kaiser said top FBI officials in Washington are monitoring the investigation and have pledged additional resources if necessary." The Herald adds, "Asked whether the probe reaches beyond contractors to public officials, Kaiser replied, 'If I would tell you that out of a $15 billion project we're not looking into other areas, I'd be lying,' he said. 'I mean, the money went someplace.'"

Vigil Retrial Jurors See FBI Tapes Of Alleged Bribery Payments. The AP (9/13, Korte) reports, "Jurors on Tuesday watched and listened to FBI videotapes showing California investment adviser Kent Nelson handing over thousands of dollars in cash to former state Treasurer Robert Vigil. … The videos and tape-recorded telephone conversations -- some of them also were played for the jury -- are among the government's strongest evidence against Vigil." FBI Special Agent Marcus McCaskill testified "that Vigil approved $2.5 billion in flexible repurchase agreements during his term as treasurer from 2003-2005, leading to $1.8 million in fees for Nelson and other investment advisers."

Peter Gotti Testifies He Was Not Brother's Gambino Go-Between. Newsday (9/13, DeStefano) reports, "John A. Gotti's younger brother took the witness stand Tuesday in Manhattan federal court and said he never collected any extortion cash or passed any messages to others on behalf of his sibling. Peter Gotti said that, despite a testy relationship over the years with his brother…he still kept in touch in the late 1990s and early part of this decade while John…was under house arrest and later serving a federal prison sentence." Newsday adds, "Even under cross examination by assistant U.S. attorney Victor Hou, Peter Gotti denied ever collecting money on his brother's behalf." Hou also "brought up a taped conversation Peter Gotti had with his brother at Ray Brook federal prison in upstate New York talking about the Colombo crime family infighting of the 1990s. Hou was apparently using the conversation to cast doubt on Peter Gotti's claim that he never talked about mob business. But Peter Gotti pointed out that the conversation centered on a column that had appeared on the Web site Ganglandnews.com."

Meanwhile, the New York Daily News (9/13, Zambito, 729K) reports John Gotti "invested $20,000 into a failed hip-hop magazine that would have targeted prisoners by dispensing free legal advice beside photos of rapper babes. But the Hottie Publishing venture never took off and Gotti ended up losing his dough, Gotti pal Steve Dobies told jurors yesterday at Gotti's racketeering trial in Manhattan Federal Court. … Dobies was called by defense attorneys to counter prosecution claims that he regularly visited Gotti at the federal prison so he could relay Mafia messages back to the street. Gotti was serving a nearly six-year prison hitch after pleading guilty in 1999 to racketeering charges and renouncing his ties to the mob."

Former Bank President Pleads Guilty In Arizona Ponzi Scheme. The Arizona Republic (9/10) reported, "The former president of a private bank in Arizona has pleaded guilty in a Ponzi scheme that cost Native American depositors millions of dollars." Edward James Driving Hawk Sr. of Chandler "admitted mail and wire fraud in a conspiracy with others through a company known as U.S. Reservation Bank and Trust, according to the U.S. Attorney's Office. … An indictment says the company raised as much as $67 million in unsecured investments, and Driving Hawk

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diverted an estimated $4 million to himself and his family during the two years of operation." The AP (9/10) noted, "He faces up to five years in prison and a $250,000 fine when he's sentenced November 13th."

Florida Men Indicted For Medicare Fraud Using Stolen SSNs. The Naples (FL) Daily News (9/9, Freeman) reported, "A Naples man and his cousin who worked at Cleveland Clinic in Weston were indicted Friday on charges they stole personal information of more than 1,100 patients from the former Cleveland Clinic in Naples, according to the U.S. Attorney's Office in Miami. … Fernando Ferrer Jr., 29, of Naples, registered as an owner of Advanced Medical Claims Inc. in Naples, and Isis Machado, 22, of Miami Lakes, were indicted on charges they stole patient information for fraudulent purposes." Machado allegedly stole the information and sold it "to Ferrer, who used the stolen information in connection with the submission of about $2.8 million in false claims to Medicare, according to the indictment. The pair could face 30 years in prison and more than $1 million in fines if convicted as charged." The Miami Herald (9/9, Dorschner, 310K) noted FBI Miami SAC Jonathan Solomon said, "We expect healthcare employees to keep our personal information confidential and secure. Criminals who commit healthcare fraud steal from all of us as U.S. taxpayers and, in the end, make medical care more expensive for all of us."

The South Florida Sun-Sentinel (9/9, Diaz, 265K) reported, "They are also charged with fraud in connection with computers and violations related to the Health Insurance Portability and Accountability Act, or HIPAA, which forbids the unauthorized release of private patient information. 'Medical files have some of our most private information,' said U.S. Attorney R. Alexander Acosta. 'Each of us rightly trusts that our health-care providers will keep them confidential.'" The Lakeland Ledger (9/10) and AP (9/9) also reported on the indictments.

Pennsylvania Man Pleads Guilty To Copyright Infringement. IDG News Service (9/13, Gross) reports, "An Erie, Pennsylvania, man involved in a BitTorrent peer-to-peer network has pleaded guilty to copyright infringement and faces up to five years in prison and a US$250,000 fine, the U.S. Department of Justice (DOJ) said. Scott R. McCausland, 24, pleaded guilty to one count of conspiracy to commit copyright infringement and one count of criminal copyright infringement in violation of the Family Entertainment Copyright Act, the DOJ announced Tuesday." IDG notes, "McCausland's conviction is the third in a series of convictions arising from Operation D-Elite, a federal crackdown against the first providers of pirated works to the Elite Torrents network. … U.S. federal agents shut down the Elite Torrents network on May 25, 2005, seizing its main server and replacing its log-in Web page with the notice: 'This site has been permanently shut down by the FBI and U.S. Immigration and Customs Enforcement.'"

Sweep Nets 18 Members Of Los Angeles Gang. The Los Angeles Times (9/13, Winton) reports, "Federal prosecutors indicted 18 members of the 18th Street gang, including one imprisoned leader of the Mexican Mafia, on racketeering, conspiracy and narcotics charges for a scheme where they allegedly would sell streets in the Wilshire, Koreatown and Pico Union areas to drug dealers for weekly and monthly fees." The Times continues, "The criminal organization, prosecutors allege, was run by Ruben 'Night Owl' Castro, a Mexican Mafia boss and leader of the 18th Street gang, from his federal prison cell with the help of his girlfriend. In 1997, Castro was convicted in the first federal Racketeering Influenced and Corrupt Organizations Act (RICO) case against a gang." The Times adds, "In a sweep across Southern California this morning, federal and local law enforcement personnel arrested 10 members of two powerful cliques within the 18th Street gang known as the Hoover Locos and the Shatto Park Locos. Prosecutors allege that the 18th Street cliques in those areas answered to Castro and its shot callers collected so-called 'tax' or 'rent' from drug dealers for the right to sell narcotics on a street with a guarantee of protection from the 18th Street gang enforcers. … 'It is a form of old-fashioned organized crime. Drug dealers would buy a street, say a section of Alvarado from 3rd to 4th street,' said Bruce Riordan, assistant U.S. attorney." The Times notes, "Castro was housed in a Colorado federal prison during the time he allegedly oversaw the organization dubbed the 'Ruben Castro organization' by prosecutors. Authorities admitted that even one of the toughest prison systems did not stop Castro from operating his criminal business. 'No matter what we do, some people intent on committing crimes will do it,' said George S. Cardona, chief assistant U.S. attorney."

Judge Strikes Missouri Execution Procedure. The New York Times (9/13, Davey) reports, "A judge ruled that (Missouri's) newest protocol for execution by lethal injection is an improvement, but still falls short of providing constitutional protections." The Times continues, "Ordering the state to revise its rules again, the judge, Fernando J. Gaitan Jr. of Federal District Court, said that a doctor who had long mixed the drugs used in executions should no longer 'participate in any manner, at any level, in the State of Missouri's lethal injection process.'" The Times adds, "The doctor, identified in court documents only as John Doe I, had acknowledged sometimes giving inmates smaller amounts of anesthesia than the state had said was its policy."

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CIVIL LAW:

Judge To Consider Class-Action Status In Tobacco Suit. The AP (9/13, Hays) reports, "Lawyers for smokers of light cigarettes have asked a federal judge to grant class action status to a lawsuit against major tobacco companies, allowing tens of millions of people nationwide to seek as much as $200 billion in damages." The AP continues, "In the lawsuit, filed in 2004, the smokers accused Altria Group Inc.'s Philip Morris USA Inc., R.J. Reynolds Tobacco Co., which is now part of Reynolds American Inc., based in Winston-Salem, N.C., and other defendants of deceiving them for more than 30 years by claiming low-tar cigarettes were less harmful than regular cigarettes. The manufacturers, they allege, knew the health risks were about the same. … U.S. District Judge Jack Weinstein was scheduled to hear arguments Tuesday in Brooklyn." The AP adds, "As a class, light cigarette smokers would be entitled to between $120 billion and $200 billion in refunds for a deceptive product, plaintiffs attorney Michael D. Hausfeld said Tuesday. … The tobacco companies 'continue to believe that the class should not be certified,' said R.J. Reynolds spokesman David Howard. 'Class certification is not appropriate when you're talking about individual smokers and health claims.'"

CIVIL RIGHTS:

Judge Adds Prison Time In Texas Human Smuggling Deaths. The AP (9/13) reports, "A judge sentenced three people convicted in America's deadliest human smuggling attempt, exceeding the maximum recommended prison term in two of the cases." The AP continues, "U.S. District Judge Vanessa Gilmore sent Emma Sapata Rodriguez to prison for 15 years Monday for her part in trying to smuggle more than 70 immigrants inside a stifling trailer in 2003. The truck trailer was abandoned about 100 miles southwest of Houston and nineteen of the immigrants died." The AP adds, "Rosa Sarrata Gonzalez, who was convicted partly by the testimony of her two sons, received the recommended maximum sentence of 12 years and seven months. She smuggled one person into the trailer. … Sapata and Sarrata were convicted along with Victor Sanchez Rodriguez of conspiracy to harbor and transport illegal immigrants. In addition to the conspiracy charge, the jury found Sarrata guilty of one count of harboring and Sapata guilty of eight counts of harboring and six counts of transporting. Sanchez was convicted of eight counts of harboring and nine counts of transporting." The AP notes, "Sapata's prison term exceeds federal sentencing guidelines by three years and seven months. Her husband, Sanchez, was sentenced Monday to 23 years and four months in prison. The sentence is three years and four months longer than the maximum recommended penalty. … His attorney said the sentences 'makes no sense' and is appealing. The U.S. Supreme Court has ruled that judges are not bound by federal sentencing guidelines."

Justice Officials Under Growing Pressure To Re-Open Cold Civil Rights Cases. The Atlanta Journal-Constitution (9/13, Kemper) reports, "Congress is weighing whether to create special cold-case units at the Justice Department and FBI that, with a $5 million annual budget, would focus exclusively on unsolved killings from the civil rights era. But Congress has come late to the movement. Federal and state authorities already are reopening those cold cases in Georgia, Mississippi, Florida, Alabama and elsewhere." The AJC continues, "This new urgency over unsolved killings from one of America's most violent eras was ignited in part by a series of successful prosecutions of civil rights murder cases in recent years and the fear among victims' families and law enforcement agencies that suspects and witnesses, now in their 70s and 80s, may not live much longer." The AJC adds, "Further fueling the movement to close cold cases is the growing clout of black elected officials in the South, the appearance of a new generation of Southern prosecutors eager to put that racially explosive era behind them and the need of aging witnesses and perpetrators to clear their consciences before they die, according to civil rights groups and police. … Nationwide, 29 civil rights era killings have been reinvestigated since 1989, resulting in 27 arrests and 21 convictions, according to the Southern Poverty Law Center, a nonprofit organization in Mongtomery, Ala., whose missions include monitoring hate groups and providing legal expertise in civil rights cases. Twenty-two of those cases were in the South."

9th Circuit Finds Racial Motives Behind Juror Strikes. The California Recorder (9/13, Hirsch) reports, "Almost 12 years after the fact, the 9th U.S. Circuit Court of Appeals shot down a Humboldt County, Calif., prosecutor's decision to yank three American Indian jurors and one Asian juror from an infamous murder trial, finding all were singled out on the basis of race." The Recorder continues, "The court, in a narrow 6-5 majority ruling, swept aside a series of earlier decisions in state and federal courts that upheld the jurors' exclusion in the trial of Richard Kesser. In 1995, Kesser was convicted and sentenced to life without parole for hiring a hit man to kill his ex-wife." The Recorder adds, "Though the prosecutor's handling of jury selection had been unsuccessfully appealed up to the California Supreme Court, the 9th Circuit gave it a closer examination under the Batson

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and Wheeler standards. The lower courts had accepted the prosecutor's nonracial explanations, but the 9th Circuit judges said those excuses fell flat when compared to the full record of the jury selection process. … 'The racial animus behind the prosecutor's strikes is clear,' wrote Judge Jay Bybee, who authored the majority opinion in Kesser v. Cambra, 06 C.D.O.S. 8481 . … In his opinion, Bybee reprinted at length prosecutor Worth Dikeman Jr.'s notes, without citing Dikeman by name. … There, Dikeman described one juror as a 'darker skinned' '[N]ative American female.' Noting that the juror worked for a local tribe, Dikeman indicated he wanted to keep such people off the jury because 'they are sometimes resistive of the criminal justice system generally and somewhat suspicious of the system.' … Dikeman's notes also included race-neutral reasons for excluding the American Indian jurors. … Among those was the prosecutor's observation that one juror appeared 'somewhat unstable [and] fairly weak.' … Upon earlier review, the 1st District Court of Appeal concluded that those reasons were not 'sham excuses' and upheld the jurors' exclusion. … Bybee and the 9th Circuit majority disagreed. Dikeman's 'ostensibly "race-neutral" reasons show themselves to be only a veneer, a pleasing moss having no depth,' Bybee wrote."

Group Sues To Block Federal Aid For Bible-Based Marriage Counseling. A group called Americans United for Separation of Church and State yesterday filed suit on behalf of 13 Washington state residents to block federal financing for an organization that provides Bible-based marriage counseling. The New York Times (9/13, Banerjee, 1.21M) reports, that the suit "is another challenge to the Bush administration's efforts to channel money for social services to religious organizations. While religious groups are not barred from getting public money, such financing can only be used for secular purposes, not 'worship, religious instruction or proselytization,' according to government guidelines." Americans United objects "to federal funds being used to support the Northwest Marriage Institute, which states in its newsletter that it offers 'Bible-based premarital and marriage counseling.'"

ANTITRUST:

Bristol-Myers CEO Resigns After Bungled Plavix Deal. The New York Times (9/13, Saul) reports, "The troubled five-year term of Peter R. Dolan as chief executive of the drug maker Bristol-Myers Squibb ended yesterday when the board dismissed him over the mishandling of a patent dispute involving the company's blockbuster drug, Plavix." The Times continues, "Mr. Dolan, 50, was replaced with an interim chief, James M. Cornelius, a Bristol-Myers director. Mr. Cornelius had recently served as the interim chief executive of the medical device maker Guidant and was a crucial player in its agreement to be acquired earlier this year by Boston Scientific. … Although the Bristol-Myers board said it would mount a search for a permanent chief executive, Mr. Cornelius's interim appointment increased speculation on Wall Street that the company might become an acquisition candidate."

The Washington Post (9/13, D01, Masters) reports, "Bristol's board announced the departure of Dolan, its chief executive since 2001, and general counsel Richard K. Willard one day after the company's independent directors met with the monitor, Frederick B. Lacey, and Christopher J. Christie, the U.S. attorney for New Jersey. … The New York firm has been operating since last year under a deferred prosecution agreement with Christie that resolved an earlier, unrelated accounting scandal by requiring it to stay out of trouble for two years and allowing Lacey, a former judge, to call for management changes, as he did Monday night." The Post adds, "Dolan's ouster is one of the highest-profile management changes at a company operating under a deferred prosecution agreement. Prosecutors often seek new management as part of such settlements -- Bristol named an independent chairman as part of its initial deal -- but subsequent changes are far less common. … Christie's spokesman, Michael Drewniak, said that the U.S. attorney 'was fully supportive of Judge Lacey's recommendations' for management change but noted that 'there was no finding of a violation of the [agreement] or criminal wrongdoing.'"

Bloomberg (9/13, Rapaport, Voreacos) reports that Dolan "and General Counsel Richard Willard stepped down after a court-appointed monitor last night told the Bristol-Myers board they should be fired. The monitor, former U.S. Judge Frederick Lacey, was probing corporate governance issues related to a patent accord on Plavix, Bristol-Myers's biggest-selling product, the company said today in a statement." Bloomberg adds, "James Cornelius, the former chairman and interim chief executive officer of the medical device maker Guidant Corp., was appointed to replace Dolan while the board searches for a successor. Dolan, who is staying on as an adviser, didn't have an obvious heir apparent within the company, analysts said."

The AP (9/13) reports, "Sandra Leung, the company's corporate secretary, was named interim general counsel, and will be aided by former FBI Director Louis J. Freeh, a board member and former general counsel. … The board formed a special committee to fill the positions permanently." The AP notes, "The apparent last straw was Dolan's and Willard's conduct stemming from a failed agreement between Sanofi-Aventis, Bristol-Myers' partner for the drug Plavix, and Canadian drugmaker Apotex Inc. to keep a lower-priced generic version of the best-selling blood thinner off the market. … The agreement soured when state attorneys

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general refused to sign off on it. … As a result, Apotex launched its generic version in early August, and quickly grabbed about 75 percent of new prescriptions. Plavix is the second-best-selling drug in the world, with annual sales of about $5.9 billion. … The Plavix agreement also fell under a federal criminal investigation, leading FBI agents to raid Bristol-Myers' offices, including Dolan's, in New York. In the meantime, a judge halted further sales of Apotex's generic version of Plavix but declined to order a recall, leading some to believe that there could be generic product on the market well into 2007."

The Newark Star-Ledger (9/13, Jordan) reports that "in a startling move for a company that likes to play things close to the vest, board chairman James Robinson suggested the company could go on the block. … 'We will deal with any bona fide proposal that anyone wants to make in an orderly and professional manner,' Robinson said in a conference call with reporters last night. Robinson declined to comment further on talk of a possible takeover."

The London Times (9/13, Doran) reports, "Analysts were quick to pounce on the latest unsettling news from Bristol-Myers with claims that the company is more vulnerable than ever to a hostile takeover bid from one of its rivals. Industry sources said European pharmaceutical companies like Sanofi-Aventis, Schering-Plough and AstraZeneca could be interested. … Under Mr Dolan's five-year stewardship Bristol-Myers has lurched from crisis to crisis and the shares have lost almost 60 per cent of their value." The Times adds, "Last year the US Attorney in New Jersey forced the company to comply with a deferred prosecution agreement after an investigation into $2.5 billion worth of 'channel stuffing' — a practice that involves overloading wholesalers with drugs to meet quarterly sales targets. The company also paid $300 million to settle the claims. In 2001, soon after Mr Dolan became chief executive, he was forced to relinquish the role of chairman when authorities began an accounting inquiry that led to Bristol-Myers spending more than $800 million to settle lawsuits and government inquiries."

The New Jersey Law Journal (9/13, Daks) reports, "The June 2005 accord meant that Bristol-Meyers could avoid further federal litigation if it kept its nose clean. But under Dolan's and Willard's watch, the Department of Justice's antitrust division began probing the company's agreement to pay at least $40 million to a Canadian competitor, Apotex Inc., to delay putting its generic version of Bristol-Myers' blood thinner Plavix on the market. … In a prepared statement announcing the personnel changes, Bristol-Myers noted that the federal monitor and Christie did not find any violation of the deferred prosecution agreement."

Backers Of Wright Amendment Get Expert Help. The AP (9/13, Koenig) reports, "Supporters of legislation to shrink Dallas Love Field and bar long flights there for eight more years have enlisted help in countering the charge that their proposal violates antitrust laws." The AP continues, "Four experts in antitrust law, including two former Federal Trade Commission members, wrote to congressional leaders last week to say the restrictions are part of a necessary compromise to end a decades-long fight over Love Field. … The proposed legislation, they said, 'will be far better for airline competition and consumers than the regime that prevails today — and that will continue to prevail if the legislation does not pass.'" The AP adds, 'The letter was released Tuesday by officials of Dallas-Fort Worth International Airport. It was signed by former FTC members Thomas B. Leary and Christine Varney, and two other private antitrust lawyers, Harry M. Reasoner of Vinson & Elkins LLP and Janet L. McDavid of Hogan & Hartson LLP. … Reasoner's law firm works for the city of Dallas and Southwest Airlines Co., and the other three work for a firm that represents Dallas-Fort Worth International Airport — all supporters of the legislation."

The Dallas Morning News (9/13, Reddy, Dodge) reports, "With time quickly ticking off a short calendar, Texas lawmakers worked into the evening Tuesday to address antitrust concerns and save their effort to lift the Wright amendment." The News continues, "The legislation would implement a June agreement by the cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. … Sens. Kay Bailey Hutchison and John Cornyn, along with House members from Texas and Dallas Mayor Laura Miller, lobbied legislators across Capitol Hill throughout the day. … 'We're all begging, pleading, cajoling – doing anything we can to address their concerns,' Mr. Cornyn said." The News adds, "The legislation to end flight restrictions at Dallas Love Field is scheduled to go before the House Judiciary Committee today. The meeting will give lawmakers on the panel a chance to amend the bill before the committee's authority runs out on Friday. … Officials from North Texas feared that the committee's chairman, Rep. James Sensenbrenner, R-Wis., would try to strip provisions protecting the agreement from antitrust challenges."

FCC Head Hopes For AT&T-BellSouth Vote In Fall. Market Watch (9/13, Hughes) reports, "Federal Communications Commission Chairman Kevin Martin on Tuesday appeared to suggest that he is hoping to vote over the next month or so on whether to approve AT&T Inc.'s purchase of BellSouth Corp." Market Watch continues, "Federal regulators in late April commenced a review of the transaction, which was valued at $67 billion when it was

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announced. The FCC generally tries to approve transactions six months after beginning its review. … 'We have an informal clock of 180 days that we try to act on, and I think that 180-day clock runs sometime this fall, the end of October,' said Martin after testifying before the Senate Commerce Committee. 'We always have a goal of trying to act within 180 days.'" Market Watch adds, "The Justice Department hasn't yet approved the merger. Traditionally, the FCC waits to act until the Justice Department had completed its own review. The FCC meets in two weeks and again on Oct. 12. … Martin still faces questions about whether he will be able to count on both Republican colleagues on the five-member commission. FCC Commissioner Robert McDowell on Tuesday reiterated he may be recused from voting, given that his former employer opposes the merger. McDowell would be a crucial swing vote because the two Democrats may favor imposing conditions that don't fit in with Martin's largely hands-off approach."

EU Debates Vista Security Issues With Microsoft. The Seattle Post-Intelligencer (9/13, Bishop) reports, "European regulators warned Tuesday that Microsoft's addition of security programs to Windows Vista may run afoul of antitrust laws and increase risks for consumers long term by endangering other companies that protect against online threats." The P-I continues, "Microsoft called the programs important security features and said it hopes the European Commission doesn't require them to be removed from Windows Vista in Europe." The P-I adds, "The back-and-forth comes less than a week after Microsoft said antitrust questions not yet answered by the commission could force the company to delay the European release of Windows Vista, the upcoming version of its biggest product. … 'We want to launch Windows Vista in a fully lawful manner, and we want to avoid regulatory decisions that could increase security risks for European consumers,' Erich Andersen, Microsoft associate general counsel said, in a statement from the company Tuesday." The P-I notes, "Regulators want to make sure Microsoft doesn't use its dominant PC operating system to give its other programs unfair advantage over rival programs by using Windows as a distribution mechanism. Vista's built-in anti-spyware protections and Windows Security Center software are among the programs discussed in letters between Microsoft and the commission."

Class-Action Suit Against Microsoft Heads To Iowa Courtroom. The AP (9/13, Pitt) reports, "One of the last remaining consumer class-action antitrust lawsuits filed against Microsoft Corp. in a state court is set to go to trial in November, and the company's co-founder and chairman is on the witness list to testify." The AP continues, "That doesn't mean Bill Gates will end up in the witness chair in Polk County District Court defending his company's business plan, but it's a possibility. … The lawsuit against Microsoft has made its way to the Iowa Supreme Court three times and unlike those in most states, which have been either settled or dismissed, it is scheduled for trial on Nov. 13. … Attorneys expect the trial to last six months." The AP adds, "Des Moines attorney Roxanne Conlin said Tuesday her experts have estimated that individuals and businesses have been overcharged as much as $453 million for Microsoft products in the last 12 years because a lack of competition has inflated the cost of the company's products. … In Iowa, about 5.1 million licenses for Microsoft Windows have been issued, 1.8 million for Office, 446,373 for Word and about 21,349 for Excel. … The average consumer overcharge ranges from $10.50 for buyers of Word to $56.99 to those who purchased Excel, Conlin said. … Many customers may have purchased more than one version in 12 years, Conlin said, so they could be eligible for multiples of those amounts."

German Truck Maker May Target Rival For Takeover Bid. The Wall Street Journal (9/13, Singer, Power) reports, "German truck maker MAN AG is considering a bid for Swedish rival Scania AB, a potential move to consolidate the European market for heavy commercial vehicles and diesel engines, according to people close to the matter." The Journal continues, "Scania, of Sodertalje, Sweden, has a market value of about $9.6 billion. It isn't clear if Scania would be receptive to any approach, these people said. A MAN spokesman didn't return calls seeking comment. A Scania spokesman couldn't be reached for comment." The Journal adds, "Munich-based MAN has been looking for acquisition targets after restructuring its business to focus on commercial vehicles, diesel engines, turbines for the energy industry, and services such as logistics, Chief Executive Hakan Samuelsson said in a recent interview. Mr. Samuelsson, a Swede, spent 23 years at Scania before joining MAN in 2000 to turn around the German company. … Scania operates with one of the global industry's highest profit margins. The high-quality vehicles Scania produces for premium prices have made it known as the Porsche of the truck business among people in the industry."

ENVIRONMENT:

Interior Department IG Set To Criticize Failures Of Agency Officials To Fix Ethical Problems. The White House Bulletin/US News (9/12) reported congressional investigators "said that Earl Devaney, the Interior Department inspector general, is scheduled to drop a few haymakers on Interior officials for failing to fix ethical lapses uncovered by his investigators." Devaney is set to testify today "before the House Government Reform's subcommittee on energy and resources. Investigators said

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he is expected to criticize, among others, former Interior Secretary Gale Norton." In one case, Devaney "wrote a sharply critical report on Interior's number two official, Steven Griles, and Norton took no action to remove him from office. Griles later left the department." In a memo, congressional aides said, "What he [Devaney] has discovered is a culture of unaccountability and managerial irresponsibility that pervades many areas of the department." The panel "also plans to explore Interior Department bungling that led to its failure to include provisions for royalty payments in valuable oil leases in the Gulf of Mexico."

Environmentalists Oppose GOP Effort To Maintain Hunting On California Island. Environmentalists and parks officials are opposing a House GOP effort to continue big game hunting in a national park on a California island. The Washington Post (9/13, A8, Eilperin, 748K) reports that House Armed Services Chairman Duncan Hunter is seeking to maintain the hunting preserve on Santa Rosa Island, part of California's channel islands. Environmentalists and parks officials "say preserving the nonnative deer and elk herds for hunters will further damage the delicate habitat." Hunter, "who came up with the idea while driving down the California coast with a group of Iraq veterans, said it could 'provide wonderful outdoor activities for those American veterans who have protected our freedom.' The House has adopted the language, but the Senate passed a resolution opposing it. Lawmakers must reconcile if they hope to pass the defense bill before adjourning for the election."

FBI/DEA/ATF/USMS:

Former FBI Agent Pleads Guilty To Lying About Relationship With Informant. The AP (9/13) reports former FBI Special Agent Ronald LeBlanc "pleaded guilty Tuesday to false-statement charges after he was accused of concealing his relationship with a Colombian illegal immigrant so she could stay in this country following a drug arrest. … At his plea, he also admitted making false statements regarding the substance of the information the woman provided to law enforcement. LeBlanc faces a maximum of five years in prison when he is sentenced Dec. 20." The AP notes, "LeBlanc met the woman in the summer of 1999 while working on a squad investigating South American drug trafficking and money laundering organizations. He registered her in November 1999 as a cooperating witness and acted as her supervising agent, an indictment said." The New York Daily News (9/13, Zambito, 729K) also briefly reports on LeBlanc's plea, under the headline "Ex-Agent Aided Drug Mule."

Senate Panel Recommends Cutting ONDCP Salaries. The AP (9/13, Freking) leads, "White House employees who oversee the war on drugs could be in for a huge pay cut next year," as "Salaries and expenses at the Office of National Drug Control Policy would fall from $26.6 million to $11.5 million under the recommendation of the Senate Appropriations Committee." Seen as a response to their "frustration" with ONDCP, "the legislation states that the committee's staff must make numerous inquiries before they can get information from the drug policy office. Plus, the office has prevented directors of various programs from meeting with the committee." They also called for a study by the National Academy of Public Administration, and "ordered a Government Accountability Office study on the distribution of grants." Furthermore, they directed Director John Walters "to provide quarterly updates on travel expenditures, staffing levels and plans for future hirings."

Supermax Prisoner Accused Of Directing LA Drug Gang. The Los Angeles Times (9/13, A1, Mozingo, Winton) reports, "Sending hidden messages in letters from his cell at Colorado's 'Supermax' prison," Ruben "Nite Owl" Castro, the kingpin of the 18th Street gang, "controlled an elaborate drug operation on the streets west of downtown Los Angeles, federal prosecutors charged Tuesday." Their "indictment of 18 members of the gang capped a four-year investigation by a task force of Los Angeles Police Department detectives and FBI agents," who "have been trying for decades to bring down the 18th Street gang." They "said they were surprised by the sophisticated hierarchy that they discovered," adding it was "more akin to the Cosa Nostra than a traditional Latino street gang."

Judge Grants Bail To Reputed Mobster In Marijuana Case. The New York Daily News (9/13, Marzulli) reports that Bari Mascitti, "a reputed Bonanno crime soldier charged by the feds with supervising a marijuana distribution ring in Queens," received $1 million bail and house arrest while waiting for trail. The judge "insisted that Mascitti's three children co-sign the bond," saying "If he violates a single condition of release, it will have serious financial consequences, and I want it to hurt significantly." While "he's not charged with racketeering or membership in the crime family in the criminal complaint, Mascitti 'is an active member,' according to prosecutors." Before he was busted, "DEA agents watched him and codefendant Michael Santoro shop at a Staples office supply store for airtight plastic storage bins to keep their marijuana fresh and potent."

Pennsylvania Man Sentenced For Selling Crack. The Harrisburg Patriot-News (PA) (9/13) reports that Percy Harris of Harrisburg "was sentenced to 12 years in

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federal prison on charges of distributing and possessing crack cocaine and nearly 2 kilograms of cocaine." He "was under investigation by the Drug Enforcement Administration since 1998. A search of his home found digital scales, a false-bottom can, $30,000 in cash, about 4 ounces of crack cocaine and the cocaine."

Senate Committee Holds Meth Hearing. The Des Moines Register (9/13, Norman) reports, "Law officials told members of the Senate Finance Committee that 80 percent of meth now is manufactured in 'super labs' in Mexico and smuggled over the border," so that the meth supply hasn't been effected even though "mom-and-pop meth labs are vanishing from the landscape." Gregory Passic, director of the office of drug interdiction for customs and border protection at the Department of Homeland Security, called meth, "a weapon of mass destruction introduced by Mexican criminal organizations." Also, committee chairman Iowa Sen. Charles Grassley "said constituents in his town meetings in Iowa often link the arrival of illegal immigrants in the state to the spreading use of meth." Radio Iowa (9/13, Kelley) adds, "Grassley says the purpose of the hearing is to gather testimony about the 'changing geography of meth use and production.'"

The Billings Gazette (9/13, Straub) notes that Lt. Dan Springer, commander of the Missouri River Drug Task Force and Crow Tribal Chairman Carl Venne testified that "Congress must provide more funding and encourage better cooperation between law enforcement agencies to combat the methamphetamine problem in Montana." Springer said he need more people, as "The only way work gets done is by people beating the street." He added that "there is no DEA agent within 160 miles of the task force, so that the group must work with those in Billings."

UN Anti-Drug Official Urges NATO To Destroy Afghanistan's Opium Industry. The AP (9/13, Brand) reports, "The United Nations urged NATO forces Tuesday to take military action to destroy the opium industry in southern Afghanistan, saying cultivation of the crop is out of control in the embattled Asian country. U.N. anti-drug chief Antonio Maria Costa said opium production was being used to fund terrorist groups, and that eradicating it was crucial to establishing order in the south." He also "called for increased development aid from international donors such as the European Union to get farmers off their dependency on growing opium. Costa said the aid should be made conditional on commitments by regional political leaders to fight opium cultivation and to curb corruption." He added that "legalizing Afghanistan's opium trade was not a solution," as "the market for opium-made morphine was not lucrative enough." In an article on Secretary of State Condoleezza Rice's comments about Afghanistan, Bloomberg (9/13, Johnson) adds that Costa said "the counter-insurgency and counter-narcotics efforts must reinforce each other 'so as to stop the vicious circle of drugs funding terrorists and terrorists protecting drug traffickers.'" The United Press International (9/13) also covers this story.

ATF Joins Probe Of California Tire Shop Fire. The San Diego Channel, News 10 (9/13) reports, "Federal fire scene detectives joined Tuesday in local investigations into a blaze that raged through an East Village tire shop over the weekend, causing an estimated $3.5 million in damages." News 10 continues, "The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives will aid the San Diego Fire-Rescue Department in determining the cause of the conflagration in the 1000 block of Broadway, ATF information officer Susan Raichel said." News 10 adds, "Sunday night's blaze at Tire Express forced the evacuation of about 200 people from neighboring Sara Frances Hometel, SDFRD officials said. … It took several dozen firefighters more than three hours to extinguish the main body of the inferno, which caused no serious injuries but left several people suffering from smoke inhalation. … The investigative assistance of the ATF's National Response Team will bring additional expertise and state-of-the-art equipment to the probe, Raichel said."

Utah Man Charged With Impersonating Federal Marshal. The AP (9/13) reports, "A Salt Lake City man who ran a business called U.S. Marshalls Salvage has been charged with impersonation of a U.S. marshal and bank fraud, the U.S. attorney's office said." The AP continues, "Andrew A. Costa, 41, has no connection to the U.S. Marshals Service. But he is accused of telling people he was a federal marshal and of handing out business cards with a five-point star similar to the U.S. marshal insignia, the U.S. attorney's office said." The AP adds, "Costa used the business cards and other documents containing the star insignia to create the impression he was associated with the federal agency, James Phelps, supervisory deputy of the Salt Lake City office of the Marshals Service, said in an affidavit filed with the complaint last week. … Costa is accused of carrying out the deception from about January to August and of depositing fraudulently obtained money in a credit union account. He is accused of accepting $22,000 for a truck he had repossessed, Phelps said in court documents. … Bank fraud carries a penalty of up to 30 years in prison and a $1 million fine. … He is also charged with illegal possession of marshal insignia and unlawful use of the marshal name."

IMMIGRATION:

Immigration Judge Allows Salvadoran Boy To Stay In US. The AP (9/13, Prengaman) reports, "A 10-

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year-old Salvadoran boy who was apprehended while trying to cross the U.S. border on his own to find his mother can stay in America at least until next summer, an immigration judge ruled Monday." The AP continues, "Judge William Martin's decision means Jonathan Martinez can live with his mother in Inglewood while the family prepares an asylum claim to keep him here, lawyer Julianne Donnelly said. That case is expected to be heard in August." The AP adds, "Donnelly said the family will argue that Jonathan does not have anyone to take care of him in El Salvador, making him susceptible to gangs and violence. … 'He would be forced to fend for himself on the streets,' Donnelly said." The AP notes, "Jonathan's case illustrates a growing problem with the federal program known as 'temporary protective status' under which his mother is staying in the United States. Officials don't know what to do with the thousands of kids from Central America who come to the country illegally to join their parents. … The program provides legal residency to illegal immigrants from El Salvador, Honduras and Nicaragua, all countries that have suffered devastating natural disasters in recent years. The idea is that they can best serve their homelands by working here and sending money home. … But only immigrants in the United States when a program starts - for Salvadorans, after two major earthquakes in 2001 - are eligible. That means children who come later to join parents don't qualify, putting them in a sort of immigration limbo. Many end up being deported. … Jonathan's mother had left him with an aunt in 2000 to illegally immigrate to the U.S. Since 2001, she has had the temporary status."

House Republicans Offer Border Security Proposals. The New York Times (9/13, Swarns, 1.21M) reports, "House Republicans proposed a series of border security and immigration enforcement strategies, calling for more fencing along the Mexican border, more Border Patrol agents and counterfeit-proof Social Security cards for citizens and immigrants searching for work." The proposals "are likely to form the basis for a legislative package House Republicans plan to announce this week." The initiatives "are expected to pass the House this month, either attached to other legislation or as a stand-alone bill. House Democrats called the Republican effort political grandstanding in the weeks before the November midterm elections."

The Washington Times (9/13, Hurt, 88K) reports House Republicans, "returning from a month of field hearings on illegal immigration, yesterday warned of a gaping disconnect between American voters and many 'elite' lawmakers." GOP Rep. Peter T. King, who chairs the House Homeland Security Committee, said, "I have never seen such a disconnect between the American people and the elite." King "said securing the border this year is a cornerstone to national security and the war on terrorism. He called for more Border Patrol agents, more detention facilities for captured illegals and more unmanned aerial vehicles to patrol the border." Testimony by King and others "came during a 'forum' yesterday before the Republican Policy Committee at which committee chairmen who held field hearings during the August recess could report their findings to Republican leadership."

The AP (9/13, Abrams) says the "Republicans-only forum…confirmed the House's rejection of the Senate approach of combining enhanced border security with creation of a guest worker program and a means for illegal immigrants to move toward eventual legal status." House Speaker Dennis Hastert said at the meeting of GOP leaders and committee chairmen, "The state of our borders is a security crisis. … The American people want…immediate, targeted legislation specifically designed to secure the border, protect our homeland and vigorously enforce our immigration laws." The purpose of the forum was "to share results from some 22 hearings Republicans held in 13 states during the August recess to press the importance of the border security issue."

TAX:

Columnist Explains Recent Tax Code Changes. In his "Tax Report" colulmn for the Wall Street Journal (9/13), Tom Herman writes, "Among the revisions (to the tax code) effective this year are higher limits for 401(k) contributions, a new charitable-giving incentive and new breaks for energy-efficient vehicles and home improvements. These are in addition to perennial year-end techniques such as selling losing stocks. Many taxpayers can also take steps to blunt the impact of other, more onerous changes, such as the expanded 'kiddie tax.' … 'With all the new laws, you've got many new ways to cut your taxes' and soften the blow from other new provisions, says Sidney Kess, a New York lawyer and accountant." Herman continues, "Some tax changes this year that you can still take advantage of -- or blunt the impact of: The maximum workers under age 50 can contribute to their 401(k)s rises to $15,000, from $14,000. For those 50 and over, the max is now $20,000. … Taxpayers age 70½ and older can move up to $100,000 a year out of their IRAs directly to charity, tax-free. … Congress has expanded the so-called kiddie tax; parents can consider investments for kids that don't generate much taxable income. … But year-end planning could be tricky for millions of people this year because of continued uncertainty about the fate of several popular tax breaks that expired at the end of last year. Chief among these is a provision allowing people who itemize their deductions to deduct either their state and local income taxes or sales taxes. Unless Congress revives this provision, taxpayers will be able to deduct only their state and local

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income taxes for 2006. The option to deduct sales taxes, instead of the income taxes, is especially important to people in states with no state income tax, such as Florida, Texas and Washington."

CONGRESS-ADMINISTRATION:

Bush Says He Senses A "Third Awakening." The Washington Post (9/13, A5, Baker, 748K) reports President Bush "said yesterday that he senses a 'Third Awakening' of religious devotion in the United States that has coincided with the nation's struggle with international terrorists, a war that he depicted as 'a confrontation between good and evil.'" Bush told a group "of conservative journalists that he notices more open expressions of faith among people he meets during his travels, and he suggested that might signal a broader revival similar to other religious movements in history." Bush noted "that some of Abraham Lincoln's strongest supporters were religious people 'who saw life in terms of good and evil' and who believed that slavery was evil. Many of his own supporters, he said, see the current conflict in similar terms." In his "comments yesterday, aides said Bush was not casting the war as a religious struggle but was describing American cultural changes in a time of war."

House To Vote On Earmark Reform Measures. McClatchy (9/13, Talev) reports "the Republican-led House of Representatives will vote this week on two measures that could help reveal who's behind billions of dollars in pork-barrel spending each year." That "could help Republicans appeal to fiscally conservative voters who are frustrated by Congress's runaway spending and threatening to stay home from the polls in November." McClatchy adds, "Taxpayer-watchdog groups praise the sentiment behind House Majority Leader John Boehner's decision to schedule these votes, but he's being squeezed between lawmakers who are reluctant to cede power and critics who say the legislation doesn't respond forcefully enough to a spate of congressional corruption scandals."

In an editorial, the Wall Street Journal (9/13, 2.03M) writes, "Like drunks checking into rehab, House Republicans will take one final stab this week at reforming the 'earmark' epidemic on Capitol Hill. So far this year more than 10,000 projects -- for baseball parks, bovine genetics, bicycle paths, beaver management grants and bridges to nowhere -- have been stashed into budget bills at a cost of nearly $30 billion. That ain't peanuts." The House GOP leadership "finally seems to comprehend the stakes in this pre-election budget fight. Majority Leader John Boehner calls the anti-earmarking bill 'must-pass legislation,' and has agreed to separate it from a bottled-up lobbying-reform bill. All that can block this from passing now are the spend-happy Republicans on Appropriations. If they succeed, they will have inflicted a far greater wound on their majority than the Democrats ever could."

House, Senate Fail To Reach Agreement On Broader Ethics Bill. The AP (9/13, Abrams) reports, "Unable to agree on sweeping ethics legislation, the House this week will try to pass a narrower bill to shed light on pet projects that lawmakers tuck into spending and tax bills. The measure on 'earmarks'…is a small part of comprehensive lobbying and ethics legislation that the House and Senate both passed last spring in the wake of a spate of scandals involving lawmakers and lobbyists." But "the two chambers have been unable to find common ground, and prospects for legislation that was deemed a top priority when this session of Congress convened last January are not good."

NIH Scientists Avoid Ethics Punishment. The AP (9/13, Beamish) reports, "Most of the federal scientists who improperly accepted personal money from drug or biotechnology companies walked away with reprimands or were allowed to retire unscathed." The AP continues, "Only two of the 44 scientists found to have violated rules governing private consulting deals are being investigated for possible criminal activity, and they remain on the government payroll, the National Institutes of Health told The Associated Press this week in the most detailed accounting it has released." The AP adds, "NIH spokesman John Burklow said his agency wanted eight others reviewed for possible crimes, but those cases were rejected by the investigating office at the U.S. Health and Human Services Department. … The two still outstanding - Drs. Trey Sunderland and Thomas Walsh - both committed 'serious misconduct,' so grave that they would be fired if they were civilians, NIH internal ethics reports contend." The AP notes, 'NIH says it has been unable to act against the two because they are part of the Public Health Service Commissioned Corps, which provides medical help during disasters. .. Lawmakers plan to push for answers Wednesday at a House Energy and Commerce subcommittee hearing, part of continuing scrutiny into how the agency polices conflicts of interest. Responding to congressional criticism, NIH last year barred federal scientists from the once-common practice of earning lucrative paychecks from private companies."

Medicare Premiums To Increase By Less Than Anticipated. The AP (9/13, Freking) reports, "Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated." Officials "had been projecting that premiums would again grow at double-digit rates, but there has been an unexpected slowing in the volume of services and tests that doctors are ordering for their Medicare patients." The AP adds, "The news was not

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as good for wealthier beneficiaries. For the first time in the program's history, wealthier beneficiaries will pay more for the insurance that covers doctors' visits and outpatient hospital care, known as Medicare Part B."

McClatchy (9/13, Pugh) reports, "Under the new guidelines, seniors who earn $80,000 to $100,000 a year- and married couples with incomes of $160,000 to $200,000 - will see their premiums increase by 10 percent, or roughly 3 percent a year from 2007 to 2009. They'll pay Part B premiums of $106 in 2007. Individuals who earn $100,000 to $150,000 -- and married couples with incomes of $200,000 to $300,000 -- will see their premiums increase by 25 percent, or roughly 8 percent a year from 2007 to 2009. Their 2007 Part B premiums will increase to $124.70."

USA Today (9/13, Appleby, 2.27M) reports Medicare chief Mark McClellan says yesterday, "These income-related premiums will reduce Medicare costs by $7.7 billion over five years and $20 billion over 10. … They are an important step in improving Medicare's sustainability." But "critics of the income-based premiums took issue with McClellan's statement that the income-based premiums will help Medicare's finances." They argue "the additional charges will do little to bolster Medicare's finances and could drive wealthier, healthier seniors out of the program, possibly causing costs to rise faster. Critics also suggest that income levels at which additional payments are required will be gradually reduced, requiring more seniors to make the higher payments."

The New York Times (9/13, Pear, 1.21M) reports that "listing factors that contributed to the new premium, Dr. McClellan reported 'a modest slowdown in physician spending growth'" but "very rapid growth in spending for hospital outpatient services." Kirsten A. Sloan, a health policy analyst at AARP, said, "The standard premium for Part B is less than originally projected, and that's good news. But the premium is artificially low. It assumes a continuation of current law, under which Medicare payments to doctors will be cut 5 percent next year. If Congress decides to prevent that cut, beneficiaries may have to make up the difference by paying higher premiums in 2008."

The Washington Post (9/13, A9, Lee, 748K) notes Democratic Rep. Nita M. Lowey "introduced a bill in April that would repeal the income-based premium increases, but it has not gotten out of a House committee." Medicare officials "said they expect 9,000 people to drop out of the program next year because of the new income-based premiums, and 30,000 to leave by 2010. Overall, that's not a lot, they said."

House Republican Leadership Contests "Subtly" Underway. The Hill (9/13, O'Connor) reports that this summer, Rep. John Carter (R-Texas) "sat down with a handful of Republican colleagues to gauge their support for a potential leadership bid. The talks were very preliminary, a Carter spokeswoman said, but the former judge is hardly alone in considering a run." As Republicans "focus their energy and fundraising efforts on retaining their majority this fall, a handful of ambitious lawmakers are also angling for a promotion within the conference. At least seven chairmanships will open next year if the GOP holds the House, and other members are mulling a challenge of the current leaders." Rep. Marsha Blackburn (R-Tenn.) is "expected to challenge current Republican Conference Chairwoman Deborah Pryce (R-Ohio) should Pryce triumph in her tough reelection race." But "uncertainty about" the midterm results "has somewhat muted the internal leadership campaigns." Rep. Adam Putnam, "a member of the Republican Steering Committee, the 28-member panel that decides committee slots," said, "It's very subtle." The Hill adds that during a "closed-door meeting last week of the elected leadership in House, Rep. Tom Reynolds (R-N.Y.), the GOP campaign chief, told the other leaders that he still expects Republicans to retain their majority in November, a GOP aide familiar with the meeting said earlier this week." Most members "believe House Speaker Dennis Hastert (R-Ill.) and Majority Leader John Boehner (R-Ohio) control their own fate in the next Congress." If the House "remains in GOP control and Hastert decides to stay for another term, many Hill staffers and lobbyists speculate that he would name Reynolds as leadership chairman, former Rep. Rob Portman's (R-Ohio) old job, in order to give the New York Republican a seat at the table while preventing a two- or three-way race for leader or whip." A loss of House control "could create an opening for a dark horse candidate, such as Republican Study Committee (RSC) Chairman Mike Pence (Ind.), to launch a bid for the leadership."

VA-Funded Study Concludes There Is No "Gulf War Syndrome." Media across the nation report that there is no Gulf War Syndrome, according to an Institute of Medicine study commissioned by VA. Almost all of the coverage emphasizes that although there is no unifying "Gulf War Syndrome," the Institute of Medicine study of studies found that Gulf War veterans nevertheless report diverse health problems. At least 30 broadcast stations offer the same facts as the print reports. Additionally, at least five local TV stations interview local veterans who report suffering from illnesses they term "Gulf War Syndrome."

The Washington Post (9/13, A10, Brown, 748K) reports, "An expert panel reviewing hundreds of studies has concluded there is no single 'Gulf War syndrome' afflicting thousands of veterans of the 1990-91 conflict, although they have suffered vague symptoms at a much higher rate than other veterans. They have also experienced post-traumatic stress disorder and depression two to three times as

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frequently as other veterans, the panel found. Less certain is a possibly higher risk for the neurological ailment Lou Gehrig's disease, and possibly a rare birth defect in their children." The Post adds, "Previous blue-ribbon panels, including several convened by the IOM, one by the Defense Department and one by the White House under Bill Clinton, reached the same conclusion." For the report, Dr. Lynn Goldman of the Insitute of Mediine "and her colleagues read 850 studies done" of Gulf war veterans, and found "29 percent of Gulf War veterans reported physical complaints arising from several body systems, compared with 16 percent of servicemen and women who were not sent to the gulf. This was not just an American phenomenon."

The AP (9/12, Bridges) reports that VA spokesman Phil Budahn "said the VA would not comment until it had a chance to study the report." The AP ads, "Tuesday's report is the latest in the important series, which the VA will rely on to determine whether Gulf War veterans are eligible for special disability benefits if they are found to suffer from illnesses that can be linked to their service."

Groups Oppose Dudley Nomination To OMB Post. The Washington Post (9/13, D4, Barr, 748K) reports in its "Federal Diary" column, "Advocacy groups yesterday assailed Susan E. Dudley, the president's nominee to head up regulatory policy at the Office of Management and Budget, and called on the Senate to reject her nomination. … By custom, presidential nominees remain silent until their confirmation hearing, so the Bush administration fired back at Public Citizen on Dudley's behalf. 'When a fringe group like this one criticizes Susan Dudley, I think it's a good indication that she's actually squarely in the thoughtful mainstream along with most Americans,' said Scott Milburn , press secretary at the OMB. 'She's very well suited to...keep our regulatory process on track.'"

Government Grant Submission System Not Mac-Friendly. The Washington Post (9/13, A15, Weiss, 748K) reports, "Scientists, scholars and others planning to use their Macintosh computers to submit grant proposals to the federal government in the months ahead should be prepared for a rocky, or at least error-message-littered, road ahead. Luckily, Mac users are used to it." Since its "inception several years ago, the government's electronic grant submission system has been compatible only with Windows-based computers. That has forced Mac users to go with paper submissions or use clumsy patchwork programs -- or 'workarounds' -- that government officials have conceded are 'not ideal' and Mac users have called, well, insert your favorite PC expletive here." Earlier this year, "the Department of Health and Human Services -- a central manager of the Grants.gov system -- promised that by November the system would be compatible with Macs, which are popular among scientists and academics. That was based on promises from Northrop Grumman Corp., which has been paid tens of millions of dollars to run Grants.gov for the government." But a "new twist emerged this week when HHS announced that Grumman had lost its bid to win a renewal of its contract and will be moving on as of Nov. 1."

Gallup Poll Finds Bush's Job Approval Rating At 39%. CNN's The Situation Room (9/12, Blitzer) reported, "A new Gallup poll…shows 39 percent of Americans approve of the way President Bush is doing his job. Averaged together with two other recent surveys, Mr. Bush gets a 41 percent approval rating. All these polls were conducted before the President's 9/11 anniversary speech to the nation last night."

Dowd Says Cheney Is "Ruining America." Maureen Dowd writes in the New York Times (9/13, 1.21M), "If Dick Cheney didn't try to hose himself down after his outlandish performance on 'Meet the Press,' he may be so deep in denial he doesn't even know he's ruining America and needs a symbolic moral superwash. … On 'Meet the Press,' Mr. Cheney warned that America cannot let its adversaries 'break our will" and show we 'don't have the stomach for the fight.' … After all the miscalculations and billions wasted, projects screwed up, lives and limbs lost, foreign enemies made, American stature squandered, Taliban strength regained, North Korean bombs and Iran-Iraq alliances built (visiting the American-hating, Holocaust-denying Iranian president Mahmoud Ahmadinejad yesterday, Prime Minister Nuri Kamal al-Maliki of Iraq called Iran 'a good friend and brother') Dick Cheney wouldn't do anything differently? … Break out the Wet Wipes, Mr. Cheney. Time for a good scrubbing."

OTHER NEWS:

Falling Oil Prices May Boost Economy, Cool Inflation. The Wall Street Journal (9/13, Ip, Conkey, 2.03M) reports, "The recent drop in oil prices could provide a welcome and surprising boost to consumer pocketbooks this fall, cushioning the economy from a falloff in home prices and construction while venting an important source of inflation pressure. The easing of energy prices is an unexpected -- and little-noted -- positive amid economic anxiety over falling housing activity, previous energy-price increases and the possibility of recession." The Journal says, "Crude oil was at $77 a barrel as recently as early August. Yesterday, the price of the October crude-oil future contract settled at $63.76, a near six month low, down $1.85 from Monday ... ." Moreover, "the average retail price of gasoline has fallen to $2.67 from

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$3.08 a gallon, according to the U.S. Energy Information Administration." The Journal writes, "For now, the price drop's impact on inflation will be as important as its effect on economic growth."

The Washington Times (9/13, Hill, 88K) says, "Oil prices plunged below $64 a barrel yesterday and settled 19 percent below this summer's record highs, bringing a major dose of inflation relief to hard-pressed consumers and the economy." The decline in gas prices has left "an unexpected dividend of spare change jangling in consumers' pockets that is likely to be quickly deployed into spending on other items." The Times reports, "Some analysts say a sea change is occurring in the oil market, and it will not revisit soon the record high of $78.40 set in July by premium crude in New York."

Oil Prices Data Boost Stocks. The Wall Street Journal (9/13, McDonald, 2.03M) reports "investors emboldened by the prospect of lower energy prices and better-than-expected earnings from big Wall Street firm Goldman Sachs Group Inc. looked past reports of a record trade gap and a thwarted terrorist attack in Syria and bought stocks by the bushel."

NBC Nightly News (9/12, story 7, 0:10, Williams, 9.87M) reported, "Stock Market rallied today. The Dow was up about 101 points today [to close at 11,1498.09]. The Nasdaq gained 40 points [to close at 2,215.82]. USA Today (9/13, Krantz, 2.27M) says "the Standard & Poor's 500 index rose 13.57 points to 1313.11. The index is up 5.2% this year."

Trade Deficit Hits New Record, But Falling Oil Prices Expected To Drive It Down. The Financial Times (9/13, Pimlott) reports, "The US trade deficit surged to its highest ever level in July as the cost of oil imports rose to a record high and exports fell." But "the swelling deficit, which rose much more than expected, will probably fall back again as oil prices have fallen in recent weeks, analysts said." The Times adds, "About one-third of the increase in the July figure came from higher prices for oil imports. But oil prices have dropped to their lowest levels since March this week, after rising to an all time high in July of $77.03 per barrel. The price is now 15 per cent lower."

The Wall Street Journal (9/13, Hitt, 2.03M) reports, "Though overwhelmed by surging imports, US exports came in at $119.97 billion in July. That was down 1.1% from June, but still the second-highest monthly total on record."

Administration Seeks To Focus On Economy In Run-Up To Election. Edward Lazear, chairman of President Bush's Council of Economic Advisers yesterday said that after years of stagnation, US wage growth will start to catch up with high productivity and economic growth. The Financial Times (9/13, Luce) reports that Lazear "also sought to dispel the increasingly widespread view that the median US employee is suffering from a long-term decline in earnings potential." His speech "is part of a broader administration campaign to focus on the strong US economy in the build-up to critical mid-term congressional elections on November 7. … However, the Bush administration's arguments have been met with growing skepticism among economists who point out that real wages for most Americans are marginally below where they were four years ago, in spite of strong overall growth in gross domestic product."

LATimes Praises Economy's Strength Since 9/11 Attacks. An editorial in the Los Angeles Times (9/13, 918K) says that after the 9/11 attacks, Osama bin Laden "boasted that the attacks had "hit hard the American economy at its heart and its core." If they did, the effect was transitory. In all the commemorations and assessments on the anniversary of 9/11, the resilience of the U.S. economy has attracted less notice than it deserves." Following the attacks, Americans "enjoyed five years of strong productivity and corporate profits, a booming real estate market and rising trade volumes." The Times adds, "Another terrorist strike, in the US or abroad, could still do untold damage to the economy. But nowadays economists tend to be less concerned about such a possibility (or unnecessary spending to protect against it) than about high energy costs or a real estate bust. Both would be worrisome, of course. But those kinds of worries are in a whole different category than the fear of a terrorist attack."

NYTimes Says Rising Labor Costs Reflect Growing Income Inequality. An editorial in the New York Times (9/13, 1.21M) says, "Compensation is business's biggest expense, so rising labor costs -- if passed on to consumers -- could certainly push up prices. But so far, there are no clear signs of that happening. Instead, today's rising labor costs seem to reflect a different economic phenomenon: growing income inequality." The Times adds, "When statisticians talk about 'labor costs' and economists -- and politicians -- talk about 'compensation,' they mean all forms of earned income, like wages, salaries, bonuses and stock options, plus benefits, like insurance and pensions. Measured that way, employees don't look too terribly squeezed. But for most workers, increases in wages or salaries, if any, have been steadily eroded by inflation while health insurance, if any, costs more and covers less."

Voters In Six States To Consider Minimum Wage Increases. USA Today (9/13, Kenworthy, 2.27M) reports that voters in Colorado, Arizona, Missouri, Montana, Nevada and Ohio will consider increases in their states' minimum wage laws in ballot measures November 7. According to USA, "Backing the state campaigns to raise the minimum wage are labor unions, advocacy groups for the working poor — such as the Association of Community

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Organizations for Reform Now and 9to5, the National Association of Working Women — and religious organizations. … Opponents include chambers of commerce and associations representing hotels, restaurants and small businesses."

A separate story in USA Today (9/13, Kenworthy, 2.27M) reports that this year's elections "could be a watershed in the nearly 70-year history of the federal minimum wage: For the first time, a majority of states could require higher pay than the federal rate of $5.15 an hour. This year, 10 states have enacted laws mandating a higher minimum than federal law requires. Twenty-three states and the District of Columbia are now above that threshold."

Chafee Wins Hard-Fought Republican Senate Primary In Rhode Island. The Wall Street Journal (9/13, Cummings, 2.03M) reports Rhode Island Republican Sen. Lincoln Chafee "beat back a very tough primary challenge from Cranston, R.I., Mayor Steve Laffey to run for re-election, an outcome national Republican Party officials believe will give them the best chance of holding the seat in midterm elections." Chafee's victory "was substantially aided by a roughly $1 million infusion of cash from Washington Republican Party committees to run ads and flood mailboxes with fliers criticizing Mr. Laffey, a tough-talking social conservative." It is a strategy "of lavish spending Republicans used earlier this year to hold onto to the House seat of California Republican Rep. Randy 'Duke' Cunningham, who pleaded guilty to bribery. That race cost the national party $5 million." Laffey "conceded the race with roughly 70% of the voting reported and trailing 54% to 46%."

USA Today (9/13, Page, 2.27M) reports Chafee's "battles aren't over: He now faces former state attorney general Sheldon Whitehouse, who won the Democratic nomination." The race "is rated a toss-up, and Democrats have targeted it as one of the six Republican-held seats they need to pick up to win Senate control."

The Washington Post (9/13, A1, Murray, Goldfarb, 748K) reports the story on the front page, noting Chafee's "victory came amid heavy turnout, after the same Republican establishment that Chafee has so often defied rallied to his side with money and logistical support for a vigorous get-out-the-vote effort. While there is little personal affection for Chafee at the White House, operatives there and in the Republican Party leadership calculated that he is the GOP's best chance of holding the seat in a Democratic-leaning state in November." Although Chafee "escaped the Laffey threat, Democrats believe he compromised his general election chances by waging a negative campaign marked by pointed attack ads and by accepting such high-profile Republican Party help. The senator himself expressed regret last week that the tone of the campaign had turned nasty. But, he pointed out, 'negative ads do work.'"

CQ (9/12, Horrigan) reported the "race forced the national Republican Party to coalesce behind Chafee, who has the least conservative voting record in the Senate among Republicans and has refused to toe the party line on key issues including the war in Iraq and President Bush's nomination of Samuel A. Alito Jr. to the Supreme Court." Chafee "stumbled in the closing days of the campaign, as he disavowed attack ads against his opponent that he said his aides pressed him to air."

The New York Times (9/13, Zernike, 1.21M) reports Chafee's win "dealt the Democrats a big setback in their bid for control of the Senate. The state is crucial to their goal of winning six seats. Polls had shown Mr. Chafee's challenger, Stephen Laffey, running far behind Sheldon Whitehouse, who won the Democratic nomination on Tuesday, and the national Republican Party said it would cede hopes of keeping the seat if Mr. Laffey won."

The Washington Times (9/13, Fagan, 88K) reports the battle "between Mr. Chafee and Mr. Laffey was in the spotlight yesterday because national Republicans said it was key to their party's hope of maintaining its Senate majority. They insisted that Mr. Chafee, who has bucked his party on issues such as tax cuts and abortion, has the only shot in this left-leaning state to beat a Democratic challenge and win the general election in November."

Voters Nominate Candidates In Nine States' Primaries. USA Today (9/13, Page, 2.27M) reports voters "from Arizona to Vermont cast ballots in hard-fought primary battles on Tuesday, soundly renominating New York Sen. Hillary Rodham Clinton and effectively choosing Adrian Fenty as mayor of the nation's capital." Rep. Ben Cardin "was leading former NAACP president Kweisi Mfume for the Democratic Senate nomination in Maryland. The winner will face Republican Lt. Gov. Michael Steele, the Republican Party's best hope for electing an African-American to major statewide office this year." Meanwhile, "a Gallup Poll taken Thursday through Sunday had good news for Democrats hoping to pick up the 15 seats they need to regain control of the House. By 53%-41%, registered voters in a generic ballot test" said "they were inclined to support the Democratic candidate in their district over the Republican."

Spitzer, Clinton Win Easily. The New York Times (9/12, Healy, 1.21M) reports Attorney General Eliot Spitzer "won the Democratic nomination for New York governor tonight, with his party hoping he will lead it to a potentially historic moment this November: a sweep of top statewide offices." Meanwhile, Andrew M. Cuomo "won the Democratic nomination for attorney general, and Senator Hillary Clinton won renomination for a second term in the Senate. In the

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day's most closely contested major race, Yvette D. Clarke won the primary for a Congressional seat in Brooklyn." Clinton, by "showing strength among a relatively liberal, antiwar primary electorate…demonstrated that her vote for military action in Iraq in 2002 did not damage her political standing as it did with Senator Joseph I. Lieberman." Clinton's "little-known opponent in the New York race, a union organizer named Jonathan Tasini, tried to tap into antiwar sentiments in New York, yet he had little money and did not effectively turn the race into a message-sending moment about Iraq. With 95 percent of the precincts reporting, Mrs. Clinton had 83.2 percent of the votes and Mr. Tasini had 16.8 percent."

WSJournal Says A Vote For Spitzer Is A Vote For The Status Quo. The Wall Street Journal (9/13, 2.03M) editorializes, "Yesterday [Eliot] Spitzer won the Democratic nomination for Governor in a rout, and on the campaign trail he's spent a lot of time talking about ending 'the pay-to-play culture in Albany by making it against the law for those who do business with the state to give gifts to state employees or to donate to candidates for state office.' But it turns out that the Spitzer campaign hasn't been practicing what it preaches. Mr. Spitzer has accepted discounted rides to fund-raisers nationwide on the private jet of Richard Fields, a casino developer whose companies have donated $200,000 to Mr. Spitzer's campaign." While Spitzer has "decided to pay 'all the costs' when chartering flights in the future," the "whole episode calls into question the sincerity of his calls for reform in Albany. Campaign speeches notwithstanding, his behavior suggests that a vote for Mr. Spitzer is a vote for the status quo."

Cardin Projected To Win Maryland Democratic Primary. The Washington Times (9/13, Miller, Ward, 88K) reports Rep. Benjamin L. Cardin "last night was leading the Democratic nomination for a U.S. Senate seat in Maryland, topping former NAACP leader Kweisi Mfume in a widely watched contest in which race was a key issue." With 49 percent of the state's precincts reporting, Cardin "had 46 percent of the vote, and Mr. Mfume had 37 percent." In November's general election, Cardin, "a 10-term congressman, would face Lt. Gov. Michael S. Steele, who easily bested nine rivals for the Republican nomination. Mr. Steele received about 85 percent in the Republican primary."

The Washington Post (9/13, A1, Mosk, Wagner, 748K) reports in a front page story that Maryland's Democratic primary voters gave Cardin "a commanding lead over" Mfume "last night in the race to be the party's candidate for U.S. Senate, but chaos at polling sites delayed final results for that and other key races." All morning, "confusion reigned as outraged voters were turned back from voting sites in Montgomery County because an election worker failed to provide key cards needed to make the electronic voting machines functional."

Election Officials' Errors Create Chaotic Primary Vote In Maryland. The Washington Post (9/13, A1, Davenport, Spivak, 748K) reports, "The most basic of human errors threw Maryland's primary election into chaos yesterday: Someone forgot the wallet-size plastic cards needed to operate the voting machines in Montgomery County, frustrating early morning voters who lined up outside polling places and often were turned away without voting." Courts ordered polls "to remain open an extra hour in the county and in Baltimore, where at least two dozen polling places opened late, but it seemed doubtful that the extensions would resolve the confusion."

RNC Plans To Spend $60 Million-Plus On Midterm Elections. The Hill (9/13, Bolton) reports the Republican National Committee (RNC) "will spend its entire bank account, $60 million or more, helping Republicans try to retain control of Congress in the midterm elections." The "looming spending spree appears to have spurred Democratic House leaders to reach agreement over how much the Democratic National Committee (DNC) will help counter this onslaught." It is "an open question whether the deal between the DNC and DCCC will be enough to offset the financial advantage that the RNC cash will give Republican candidates this fall." RNC chairman Ken Mehlman "has put in place a plan to raise money aggressively throughout the fall and has made clear that he will not hold back any money for the 2008 presidential election."

Statehouse Reporters See Frustration, No Anti-GOP Wave. Roll Call (9/13, Jacobson) reports the national polls "are showing high — and in many cases, increasing — levels of voter frustration with the direction of the country, politics as usual and the Republican leadership." But "in Out There's second unscientific poll this year of state capitol reporters from around the country, we find surprisingly few indications that voter anger is translating into a national anti-Republican — or even an anti-incumbent — wave." During August, "Out There sent a survey to a range of members of capitol-beat, a national association for reporters who cover politics and government in the state capitals. Twenty-six reporters in 20 states responded." Though "not a substitute for professional polls," the reporters "generally detect a modest sentiment against Republicans, but not one that inevitably will translate into political gains for Congressional Democrats."

Dean, Emanuel Reach Agreement On GOTV Funds. The Wall Street Journal (9/13, Calmes, 2.03M) reports, "Finally, after months of sometimes expletive-laced sparring," Democratic Congressional Campaign Committee

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Chairman Rahm Emanuel "seems to be having his moment with Howard Dean. The Democratic Party chairman apparently has agreed to pony up $12 million for get-out-the-vote drives aimed at capturing control of Congress Nov. 7." The funds, "together with the House Democrats' own money and the $40 million that the AFL-CIO has said it will spend to mobilize voters for Democrats in the most hotly contested congressional races, could effectively put the Democrats on par financially with the vaunted Republican 'GOTV' program, for which party Chairman Ken Mehlman has pledged about $40 million. And that would blunt the Republicans' one clear advantage in an otherwise bleak election year for the party in power." But Dean "remains in talks with New York's Sen. Chuck Schumer, Mr. Emanuel's counterpart, over funds for Senate races."

Roll Call (9/13, Whittington) reports Dean "has pledged $12 million to his party's 2006 campaign efforts — with at least $5 million going to House and Senate Democrats — in a move that may help soothe tensions between the national party chief and his Congressional counterparts." Dean "struck a deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) on Tuesday to devote roughly $60,000 to get-out-the-vote efforts in 40 targeted House races." The deal was "brokered by DCCC Executive Director Karin Johanson and DNC Executive Director Tom McMahon. One source familiar with the discussion indicated that initially Dean wanted to seek assurances that Emanuel would stop attacking Dean and his 50-state strategy in return for the financial commitment, but that never materialized." The "massive financial shortfall of the DNC in comparison to the Republican National Committee has been a source of concern for Emanuel and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.)."

The New York Times (9/13, Nagourney, 1.21M) reports Dean ended "a long and cantankerous standoff with House Democratic leaders" by agreeing "to a limited program to finance get-out-the-vote operations this November, party officials said Tuesday." But Dean "remained at loggerheads with Senate Democrats, who continued to insist he provide more money." The committee "said it would provide $12 million to finance turnout operations for candidates running for the House and the Senate, and for state races. Just $2.6 million would go to finance turnout operations in 40 House races, far less than House Democratic leaders had asked for."

The Washington Post (9/13, A5, Balz, 748K) reports Dean said "the national party is making an unprecedented investment in the fall elections, but other Democrats said the $12 million figure is roughly the same as what it spent on House and Senate races in 2002. That year, the DNC spent millions more on gubernatorial races and redistricting and lent the DCCC close to $5 million in the final weeks of a losing campaign."

Many Democrats Feel "Contract" Not Needed To Win House Majority. In a McClatchy commentary (9/13), Steven Thomma says, "If they're still looking to close the deal on November's midterm elections, why haven't the Democrats rolled out their own 2006 version of the Republicans' Contract with America, which was widely credited with helping that party win control of Congress in 1994?" One reason "could be the influence of Mark Mellman, a Democratic pollster who thinks the contract is overrated." Mellman's "professorial take on 1994 is that the conventional wisdom is wrong, that the contract did not work as advertised" and it "might have cost as many Republican votes as it delivered was that it became a big juicy target. Democrats launched a $2 million ad campaign against it and hammered Republicans who signed on to it." Republicans today "would love to see a Democratic contract so they could line up ads against it." Many Democrats "think there's no need for a contract-like set of bumper-sticker proposals this year. The key to victory in November, they say, is the same force that drove the 1994 elections: anger and disappointment with the president and his party."

New Democrat Coalition To Give $120,000 To Top Challengers. Roll Call (9/13, Kurtz) reports as the Democratic Congressional Campaign Committee "showcases the candidates in its 'Red to Blue' program tonight in Washington, D.C., members of the New Democrat Coalition will announce today that they are contributing at least $120,000 to the program's recipients." Several "top-flight Democratic challengers and open-seat candidates will be in town tonight as part of House Democrats' 'March to the Majority' events." The NDC "will give $5,000 each to Darcy Burner, who is challenging Rep. Dave Reichert (R-Wash.); Phyllis Busansky, in the race to replace Rep. Mike Bilirakis (R-Fla.); Joe Courtney, challenger to Rep. Rob Simmons (R-Conn.); Tammy Duckworth, the Democrat in Illinois' open 6th district race; Diane Farrell, who is in a rematch with Rep. Christopher Shays (R-Conn.); Gabrielle Giffords, who was expected to win the Democratic primary Tuesday in Arizona's open 8th district; Ron Klein, who is challenging Rep. Clay Shaw (R-Fla.); Lois Murphy, who is in a rematch with Rep. Jim Gerlach (R-Pa.); and Ed Perlmutter, the Democrat in Colorado's open 7th district race."

Strategists See 2006 Loss As Possible Boost For 2008. The Hill (9/13, Schor, Kaplan) reports a "growing number of House Republicans are taking to the trail warning swing voters that a Democratic takeover would hand key chairmanships to the party's liberal wing. But some

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strategists see a silver lining to a GOP loss in November: its White House hopefuls can don the mantle of outsiders." 2008 could "find Republicans turning a Democratic House majority into bogeymen or Democrats continuing to link GOP majorities to the Bush administration." University of Virginia professor Larry Sabato "wondered whether Democrats would find success in a narrow electoral failure." Sabato said, "You can [argue] that Democrats would be much better if they got 217 seats in the House and 49 in the Senate, just enough to make sure nothing was done but not enough to be held accountable. Republicans, by contrast, will benefit almost certainly from a Democratic takeover … because they can not be in charge of everything and can respond that Democrats are causing gridlock."

In a New York Times op-ed (9/13), National Review editor Ramesh Ponnuru says if Democrats re-take the House, "conservatives will find several silver linings in the outcome. It would be worse for conservatives if Republicans actually gained seats. The Congressional wing of the party lost its reformist zeal years ago and has been trying to win elections based on pork and incumbency. An election victory would reward that strategy, leaving the congressmen even less interested in restraining spending, reforming government programs and revamping the tax code. Political incompetence and complacency, sporadic corruption and widespread cynicism: having paid a price for none of it, Republicans would indulge in more of the same." But the "question is whether they will have a reduced majority or no majority. And outright loss might be preferable. A narrower House majority would most likely accomplish even less than the current one has." A straight loss, "on the other hand, would make the Republicans hungrier and sharpen their wits. Freed from the obligation of cobbling together thin majorities for watered-down legislation, Republicans would be able to stand for something attractive."

Mollohan Criticizes Wakim Over Video Poker Payouts. The Hill (9/13, Kaplan) reports Rep. Alan Mollohan (D-W. Va.) "faulted Republican state Del. Chris Wakim's ethics in a recent television advertisement alleging that Wakim, a bar owner, illegally paid winnings on video poker machines." The allegations "stem from 1996 when a patron of Wakim's bar, Knotty Pines, in Wheeling, W. Va., sued Wakim after being charged with driving under the influence of alcohol. In testimony from the deposition obtained by The Hill, Wakim's wife, Jeannette, said the bar paid winnings to patrons who gambled on video machines. Under state law, this was illegal." Will Holley, "a spokesman for Wakim, defended the business practice, saying, 'Everybody was doing it.'" The Hill adds Democrats "also raised questions about whether Wakim paid sales tax on revenue earned from gambling machines. Holley said that tax records do not exist because they do not have to be saved for more than three years." Allegations "of ethical misconduct define the race, which is one of the few bright spots for Republicans in an otherwise terrible political climate."

Courtney Ad Targets Simmons For Bush Support. The Hill (9/13, Schor) reports Democratic House challenger Joe Courtney (Conn.) "unveiled his first campaign commercial yesterday, tagging incumbent Rep. Rob Simmons (R-Conn.) as 'George Bush's No. 1 supporter' on energy, healthcare and Iraq." The TV spot "underscores Courtney's effort to publicize Simmons' record of votes supporting the White House, which a recent study ranked first in the state delegation."

Bush Strategy Could Hurt Wilson's Bid To Demonstrate Independence. The Wall Street Journal (9/13, Rogers, 2.03M) reports that for Republican Rep. Heather Wilson, "proving her independence to the voters of New Mexico's First District gets harder with each passing day of the Iraq war." Polls show Wilson "running neck-and-neck with her Democratic challenger, Patricia Madrid, New Mexico's attorney general and a proven vote getter. As a member of the House Intelligence Committee, Ms. Wilson is feeling public anger over faulty prewar assumptions and the U.S.'s costs and casualties." For President Bush, the race "poses a two-part test. First is public support for the war." Sen. John McCain, who campaign with Wilson last weekend, said, "The eyes of the nation will be on this race." The Journal adds the second part is "the administration's fall offensive on national security, with which the White House hopes to knock Democrats back on their heels. But unless Mr. Bush calibrates his demands for additional powers from Congress, he risks smothering endangered Republicans just when they need to show some independence." Other Republicans, "such as Connecticut Rep. Christopher Shays, are also paying a political price for supporting the president's Iraq policy. But Rep. Wilson's military background, past White House service under the president's father, and position on the Intelligence panel make her unique, and her race largely dominates this Southwest state."

Democrats Make Gains In Illinois Poll Of Party Preference. The Chicago Tribune (9/13, Pearson, 623K) reports the percentage of Illinois voters "who call themselves Democrats is at its highest pre-election level in more than a decade, posing a problem for Republicans trying to win the governor's mansion and key congressional seats, a Tribune/WGN-TV poll shows." The poll "found 43 percent of voters identified themselves as Democrats while a little more than a quarter of the voters identified themselves as

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Republicans. The 17 percentage point difference ranks among the most polarized partisan spreads in more than 16 years of Tribune surveys taken prior to an election day." The results of the poll "echo surveys taken nationally that show an increase in voters lining up in the Democratic column, a factor attributed to dissatisfaction with the Republican White House and GOP-led Congress on issues ranging from the war in Iraq to economic uncertainties." The findings of the Tribune poll "indicate the potential for trouble in Illinois for Republicans trying to revitalize a political party beset by scandal and infighting." The survey "of 600 registered voters likely to vote Nov. 7 has a margin of error of 4 percentage points."

Lawmakers Seeking Higher Office Racking Up Missed Votes. The Hill (9/13, Kirtley, Ruben) reports Reps. Jim Davis (D-Fla.) and Butch Otter (R-Idaho) "are both running for governor. Davis has missed 152 votes in 2006; Otter has missed 3." They are "among 16 members of the House that are running for a higher office this year. Statewide campaigns require time, money, and a great deal of energy. For some House members, it also leads to a lot of missed votes." The 16 congressmen "have missed an average of 50 floor votes in 2006. Rep. Harold Ford (D-Tenn.), who is running for the Senate, has been absent on 113 votes while Rep. Jim Nussle (R-Iowa), who is in a tight race for governor, has missed 110 votes." When such "a significant focus is placed on the campaign for the next office, missed votes can often resurface as political liabilities. In the 2004 presidential election, Sen. John Kerry (D-Mass.) and John Edwards (D-N.C.) were consistently criticized for missing votes on the Senate floor in favor of holding campaign events across the nation."

Some Catholics Angered At University's Invitation To Casey. The Washington Times (9/13, Hallow, 88K) reports some Catholic conservatives are "accusing the Catholic University of America of publicly favoring Democrat Bob Casey Jr. over Sen. Rick Santorum of Pennsylvania two months before an election that could decide who controls the Senate next year." With the "explicit permission of Catholic University's president, the Rev. David M. O'Connell, Mr. Casey will give the prestigious 38th annual Pope John XXIII Lecture tomorrow at the university's law school, Veryl Miles, the law school's dean, confirmed. Mr. Casey is an alumnus of Catholic." Bob Destro, a professor and former acting dean at the law school, said, "The university is clearly taking sides and has no business doing this in one of the most important elections in the country." The Times adds, "Other prominent people have been barred from formal addresses on the campus because their views differed from Catholic teaching, Mr. Destro and others noted."

Angelides Campaign Source Of Controversial Schwarzenegger Tape. The Los Angeles Times (9/13, Vogel, 918K) reports the campaign "of Democratic gubernatorial candidate and state Treasurer Phil Angelides today said it was the source of audiotapes of Gov. Arnold Schwarzenegger that were published last week by The Times." But campaign officials "said a researcher obtained the tapes legally from Schwarzenegger's website." Earlier, Schwarzenegger administration officials "had said the tape was downloaded from a password-protected section of the governor's computer system and thus was unauthorized and 'a breach of one or more security protocols.'" The administration "also said the California Highway Patrol, which is responsible for safeguarding state property, would investigate." Angelides campaign manager Cathy Calfo "said her camp came by the audiotape easily without a password or hacking."

The AP (9/13, Kurtzman) reports Angelides' campaign acknowledged "that it downloaded — and leaked to the media — a recording of a private meeting in which the governor described a Hispanic legislator as having a 'very hot' personality." Calfo said, "No one hacked. They accessed information that was available to the public." Calfo said "she was unhappy that two campaign staffers had passed the audio clip to the Times without her knowledge. Angelides did not know about it, either, she said."

The New York Times (9/13, Steinhauer, 1.21M) reports Calfo "called the Schwarzenegger camp's characterization of the episode 'politically motivated' and 'outrageous' and added, 'We believe these audio files accessed through a public Web site requiring no password are a matter of public record.'" She said "that anyone who received a news release e-mailed by the governor's office in August with an audio file about Hurricane Katrina could have clicked on a link and with a few strikes of the backspace key have been linked to the audio files. Those files, she said, have since been removed from the site." The episode is "perhaps the singular snapshot of the sleepy governor's race, in which Mr. Schwarzenegger has trotted far ahead of Mr. Angelides but once again has found that his biggest liability can be the space between his nose and his chin."

Colorado Official Seeks To Restrict Anonymous Union Contributions. The Washington Times (9/13, Richardson, 88K) reports Colorado Secretary of State Gigi Dennis "is taking on the state's powerful unions over their anonymous donations on behalf of their members to political campaigns." Dennis, "a Republican, ruled last month that small-donor committees, the source of most union contributions, must have permission from contributors before they can use dues money for political campaigns." Dennis also "required such committees to attest that the donations

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came from U.S. citizens, as mandated by the state constitution. Small-donor committees typically bundle contributions of less than $20, which are not subject to disclosure laws." State Democrats and union leaders "have fired back with a lawsuit that goes before a hearing tomorrow in Denver District Court." But state Republicans, "who have long complained about the lack of transparency in union giving to Democrats, cheered the move as a necessary step in ridding the political system of potentially illegal donations."

Researchers Want To Buy Human Eggs For Stem Cell Research. The Los Angeles Times (9/13, Kaplan, 918K) reports that scientists involved in stem cell research are grappling with "a shortage of eggs that they say is crippling their work." According to the Times, "Women routinely provide their eggs to fertility clinic patients, who pay $5,000 to $50,000. But stem cell researchers are forbidden to pay for eggs by ethical guidelines from some of the most influential scientific organizations in the world, including the National Academies, which advises the US government on scientific issues. California, Massachusetts, Canada, South Korea and the European Union all have passed laws barring payments. … But stem cell researchers argue that it is only fair to pay donors because of the time, discomfort and risks involved. They note that research subjects are compensated for their time."

Shelby Indicates Flexibility On Limiting Mortgage Giants' Stock Portfolios. Senate Banking Committee Chairman Richard Shelby has indicated a new flexibility on the issue of specific limits on the stock portfolios of Fannie Mae and Freddie Mac. The Wall Street Journal (9/13, Paletta, 2.03M) reports that Shelby's move "could clear the way for congressional passage of legislation toughening the regulation of" the mortgage giants. Shelby said that "as long as the risks posed by the companies' size are addressed, it might not matter if specific portfolio limits are written into law or if this is overseen by a strong new federal regulator."

Wyoming Courts Rust Belt Workers. The New York Times (9/13, Johnson, 1.21M) reports that Wyoming is courting Rust Belt workers, particularly Michigan's auto industry. According to the Times, "Wyoming economic development officials and company representatives are planning their third recruiting trip this year, visiting job fairs next month in Flint, Lansing and Grand Rapids. A billboard depicting a lush Wyoming will go up on the highway outside Flint later this month and be seen by an estimated 65,000 people a day. … So far, about 1,500 Michigan residents have signed up to receive job postings through the Wyoming work force Web site, and at least several hundred, employers and recruiters say, have moved to the state."

Chao Praises American Workers As Strong, Resilient. Labor Secretary Elaine Chao writes in The Hill (9/13) that five years after the 9/11 attacks, "America's economy is strong and growing — thanks to the strength, resiliency and competitiveness of our nation's economy and our workforce. The national unemployment rate (4.7 percent in August) is a full one percent lower than the 5.7 percent average for the decade of the 1990s. … After-tax income, per capita, has gone up by 8.9 percent since the beginning of President George W. Bush's administration." Chao adds, "America's greatest economic strengths are our workforce and an economic system that empowers the individual and creates limitless opportunities to build better lives. … With the right tools and skills, American workers can and will out-compete anyone in the world."

Norquist Says Companies Should Hire Lobbyists Who Share Their Goals. Grover Norquist, president of Americans for Tax Reform and founder of the K Street Project, writes in USA Today (9/13, 2.27M) that he created the K Street Project in 1989 "to encourage trade associations and Washington offices of Fortune 500 firms to hire men and women who share their values and goals: low taxes, less spending, free trade -- and to avoid the pressures to hire for 'access.' … My goal is a Washington where labor unions hire big-government, tax-and-spend liberals because that is what they believe in -- regardless of whether the presidency or Congress is Republican or Democrat. And where businesses that want simply to be left alone should hire free-market men and women who understand that low taxes, limited government and an end to runaway labor union and trial lawyer abuses are good for America and good for their employees, customers and stockholders. Hire for principle and sound policy, not access."

USA Today Decries K Street Project's Philosophy. An accompanying editorial in USA Today (9/13, 2.27M) says that "one might think that a sense of shame would prompt Congress to clean up the stench, particularly with the elections a mere eight weeks away. Think again. Virtually nothing has changed. Nowhere is this clearer than in an organization called the K Street Project." USA adds that the philosophy behind the K Street Project "says a lobbyist's political ideology and donations are more important than his or her ability to marshal facts on behalf of the client. That kind of thinking explains why Washington is such a mess these days."

WPost Blasts Voting Problems In Montgomery County. The Washington Post (9/13, A16, 748K) editorializes, "Untold numbers of people were turned away from polling places yesterday in Montgomery County. The

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official responsible for their disenfranchisement called it 'a clerical error.' We call it gross incompetence that strikes at the very heart of our government. More than apologies are in order. … The county Board of Elections has one essential job -- to ensure fair elections -- and yesterday that job wasn't done." The Post adds, "Voters, Democratic and Republican, want one thing -- for their votes to count. The officials charged with that should take a hard look at yesterday's voting in Montgomery, as well as in Baltimore, which also experienced problems, and make sure there is not a repeat on Nov. 7."

NYTimes Praises Harvard Decision To End Early Admissions Plan. The New York Times (9/13, 1.21M) writes in an editorial, "Harvard did the right thing by abandoning its early admissions program." And "we hope other institutions follow its lead" because early admissions programs are "inevitably unfair" and increase "the frenzy of a college application process that is unnecessarily pressurized."

Islamic Militants Storm US Embassy In Syria. The AP (9/12, Ghattas) reports, "Syrian guards foiled an attempt by suspected al-Qaida-linked militants to blow up the US Embassy on Tuesday, exchanging fire outside the compound's walls with gunmen who shouted 'God is great' and tried to storm in with automatic weapons and hand grenades. The brazen, midmorning assault in a heavily guarded neighborhood of the capital could highlight the Syrian regime's weakening grip on militants, who have battled Syrian security forces repeatedly in recent years." The attack "left at least 10 civilians and a Chinese diplomat wounded."

McClatchy (9/13, Roumani, Strobel) reports Syria's interior minister, Gen. Bassam Abdul Majid, "told state-run television that the assailants tried to detonate two cars full of explosives next to the embassy. One car exploded, but another one failed to detonate, he said."

The Washington Times (9/13, Kralev, 88K) reports, "Three of the four attackers were killed in a shootout with Syrian police and one was arrested, US and Syrian officials said. … A State Department official said the attacker arrested yesterday was 'providing information,'" but "it was not clear whether US officials would be permitted to question him." The Christian Science Monitor (9/13, Murphy, Roumani, 58K) notes "no American citizens were hurt in the assault, though a Syrian guard employed by the embassy was wounded but in stable condition, according to a brief statement by the embassy."

CNN's The Situation Room (9/12, McIntyre) reported, "According to Syria's Information Ministry, the assault began when heavily-armed gunmen detonated a car bomb near the American embassy and then tried to storm the US compound. They were met there by Syrian security forces which formed the outer line of defense at the embassy. Three attackers and a Syrian guard were killed. A fourth attacker was wounded and taken into custody. … There was quick praise from American officials. Although at the White House, it came with a dose of criticism." White House Press Secretary Tony Snow: "The Syrian police forces did their job and they were professional about it. Now the next step is for Syria to play a constructive role in the war on terror. Stop harboring terrorist groups, stop being an agent in fomenting terror, and work with us to fight against terror, as Libya has done. That's the next step for Syria."

The Financial Times (9/13, Saleh) quotes Snow saying, "Syrian officials came to the aid of the Americans. … The US government is grateful for the assistance the Syrians provided in going after the attackers. We are hoping they will become an ally and make the choice of fighting against terrorists." The US, adds the Times, "withdrew its ambassador last year after Damascus was linked to the assassination of Rafiq Hariri, former Lebanese prime minister. Syria's support for the Lebanese Shia group Hizbollah and the Palestinian Islamist movement Hamas have also put it at odds with Washington." USA Today (9/13, 2.27M) also says the State Department "lists Syria as a supporter of terrorists, specifically Hezbollah in Lebanon."

The CBS Evening News (9/12, story 2, 2:10, Logan, 7.66M) reported that Syria and the US "have had a fairly frosty relationship lately. Especially since the start of the Iraq war with the US accusing Syria of not doing you have no stop al Qaeda and other foreign terrorists from crossing its boarder to fight US forces here. But the Syrians did respond fairly quickly to the attack and the US is hoping that Syria will take a much firmer line from now on." CBS (Axelrod) added, "The White House hasn't said much beyond thanking the Syrian authorities for its response and pointing throughout illustrates the points the President was making in his speech last night from the Oval Office which is that there are many forces in the Arab world that would like to kill Americans."

ABC World News (9/12, lead story, 3:30, Gibson) reported, "The day of remembrance for 9/11 barely ended when terrorists launched another attack on another American target in still another country." ABC (Ross) added, "In Canada, Secretary of State Condoleezza Rice offered begrudging thanks to the Syrians." Condoleezza Rice: "We expect the Syrians to carry out their duties. Even if we have very deep differences in the governments." Ross: "There have been 12 attacks on US Embassies since 1998. And the US has gone through all kinds of tests to figure out how to harden the sites. The tests include attempts to make new barriers and walls that the truck bombs can't get through. They've done a lot of work to make that happen. … The US has not met by any means all the standards that were met. They spent a lot less money than was required. And the last embassy will not be conformed until 2010." Gibson: "Eight

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years later, there's embassies that are not fixed up." Ross: "That's right."

NBC Nightly News (9/12, story 3, 1:45, Williams, 9.87M) said "an obscure Islamist militant group calling itself the Soldiers of Greater Syria claimed responsibility. They're inspired by al Qaeda and they've bombed mostly Syrian government targets in the past, trying to topple Syrian President Bashar al-Assad. The US diplomatic sources were telling NBC News tonight that the fact that this group was able to penetrate such a secure, diplomatic zone suggests more attacks to come."

On the CBS Evening News (9/12, lead story, 3:10, Couric, 7.66M), Rice was shown saying, "I do think that the Syrians reacted to this attack in a way that helped to secure our people and we very much appreciate that." NBC (Roth) added, "That was a rare compliment for a nation accused by America of supporting terrorists, including Hezbollah militants in Lebanon. But Syria says it's fighting terrorism and today's the proof."

On Fox News' Special Report (9/12, Housely), Rice was shown saying, "I want very much to give condolences to those who lost their lives defending the embassy and among them, apparently Syrian security personnel. I do think that the Syrians reacted to this attack in a way that helped to secure our people and we very much appreciate that."

The Wall Street Journal (9/13, Fam, King, 2.03M) reports, "In a statement, the Syrian Embassy in Washington called the assault 'a heinous terrorist attack by an extremist group.'" But "it also lay the underlying blame on US policies in the Middle East, which the embassy said 'have fueled extremism, terrorism and anti-US sentiment.'" The statement "urged Washington to 'take this opportunity to review its policies in the Middle East and start looking at the root causes of terrorism and broker a comprehensive peace' for the region."

The New York Times (9/13, Smith, 1.21M) reports Tom Casey, the State Department's acting spokesman, said yesterday in response to that statement, "I think you have to take a look at who is really responsible for the violence in the region. … The violence is the responsibility of those who do believe that the only response to any questions or concerns is to throw bombs, is to shoot bullets, is to assassinate people." He said "Washington continued to consider Syria a sponsor of terrorism, alluding to its support for Hezbollah and the Palestinian group Hamas, both of which are considered terrorist organizations by the United States and many allies."

The Washington Post (9/13, A11, Roumani, 748K) reports, "In the months following the Sept. 11, 2001, attacks, Syria shared information related to terrorism with the United States, but after the U.S.-led invasion of Iraq in 2003, President Bush blamed Syria for failing to close its border with Iraq to insurgents." The US Embassy compound in Damascus "is in the capital's diplomatic neighborhood, close to the Iraqi, Italian and Chinese embassies. It is surrounded by white walls described variously as eight to 15 feet high, with U.S. Marines providing security inside the compound and Syrian security forces outside." The Los Angeles Times (9/13, Stack, 918K) also reports the story.

US Sounds Skeptical Note On New Palestinian Government. The AP (9/13, Schweid) reports, "The Bush administration expressed worry Tuesday that a Palestinian national unity government now in formation may not be ready to renounce terrorism or accept Israel's right to exist." State Department deputy spokesman Tom Casey also "reiterated that unless those conditions are met, the Bush administration would not resume US aid to the Palestinian government." The "skeptical comments" came "a day after the Hamas-led administration and President Mahmoud Abbas' more moderate Fatah Party said they would form a coalition government. In the past half-year international financial sanctions have crippled the Palestinian Authority's ability to pay its 165,000 employees." The Los Angeles Times (9/13, Richter, Ellingwood, 918K) runs a similar report under the headline "US Wary of Palestinian Plan."

Meanwhile, another AP story (9/13, Hadid) reports, "Hamas officials gave Palestinian President Mahmoud Abbas the go-ahead Tuesday for negotiations with Israel, a major shift in the militant Islamic group's position as it works to end its international isolation." An Israeli military court, also yesterday, "ordered the release of 19 Hamas officials -- including Cabinet ministers and lawmakers -- from an Israeli prison. The men, arrested by Israel after the June 25 capture of Israeli Cpl. Gilad Shalit by Hamas-linked militants, will remain behind bars for several more days pending an appeal by prosecutors." Israel "said the court decision was not meant to reward Hamas for its moves toward moderation."

Under the headline "More Palestinians Urging An End To Paralyzed Governing Authority," the Washington Post (9/13, Wilson, 748K) says "the unity government platform would commit Hamas to accept past agreements signed by the Palestine Liberation Organization that recognize Israel." It "would mark the first time that Hamas, which does not belong to the PLO and has long opposed the 1993 Oslo peace accords that created the Palestinian Authority, would tacitly accept a two-state solution to the conflict." But "Hamas has so far refused to renounce violence or explicitly recognize the Jewish state -- two of the three conditions set by the United States, the United Nations, Russia and the European Union for a renewal of aid." Israeli "officials indicated Tuesday that Israel would not release hundreds of millions of dollars in frozen tax revenue it collects on behalf of the Palestinian Authority or support an easing of international sanctions against it unless those terms were met." The result "could doom the new coalition government."

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Blair Urges Lifting Of Sanctions. AFP (9/13) reports, "Britain's Tony Blair urged the lifting of economic sanctions on the Palestinian Authority, so long as a deal on a cabinet of national unity there meets international conditions." He "made the comments a day after returning from a three-day trip to the Middle East, during which he faced protests over his stance notably during the recent conflict between Israel and Hezbollah militants in Lebanon." Said Blair, "Yesterday's announcement of a government of national unity in Palestine is precisely what I hoped for. … On the basis it is faithful to the conditions spelled out by the Quartet, that is the UN, EU, US and Russia, we should lift the economic sanctions on the Palestinian authority."

Annan Says Israeli Withdrawal From Lebanon "Significant." The AP (9/12, Wadhams) reports, "Israel has made 'significant progress' in the gradual withdrawal of its forces from south Lebanon in the month since the U.N. Security Council passed a resolution to end the conflict there, U.N. Secretary-General Kofi Annan said Tuesday in a report." The report "said both Israel and the Islamic militant group Hezbollah had mostly complied with the cease-fire that was called for in that resolution, aside from one major raid by Israel on Aug. 19 and several minor violations." Annan, "who recently returned from an 11-day trip to the region, said the process would be finished in the coming weeks. He did not say how many Israeli troops remained in south Lebanon."

More Commentary On Lebanon War. In his column for the New York Times (9/13, 1.21M), Thomas Friedman writes, "Listening to the post-Lebanon-war debate in Israel leaves me wanting to say just one thing to Israelis: Get a grip on. Israel is behaving like it lost the Lebanon war and now needs to tear itself apart, limb by limb, with investigations and new elections. Clearly the Israeli Army's logistics broke down, and clearly it was ill-prepared for a guerrilla war against Hezbollah. And clearly it is a sign of the health of Israel's democracy that Israelis feel free to castigate their leadership." Nevertheless, Prime Minister Ehud Olmert "did a better job, under the circumstances, than he is being credited with, and, more important, the situation evolving in south Lebanon now has the potential to offer a whole new model for peacemaking."

Terror Attack Targets Kurdish City In Turkey. The AP (9/12, Harvey) reports, "A bomb struck a predominantly Kurdish city in southeastern Turkey on Tuesday, killing seven people and wounding 17, the local governor's office said." Authorities said "the bomb was made from powerful explosives and was set off by a cell phone timer. It was not immediately known who placed it, and nobody claimed responsibility." AFP (9/13, Bozarslan) says "eight people, among them six children, were killed" in Diyarbakir, "the largest city in Turkey's mainly Kurdish southeast, officials and hospital sources said."

Sarkozy Delivers Pro-US Message During Washington Visit. The Washington Post (9/13, Kessler, 748K) reports French Interior Minister Nicolas Sarkozy, "the leading presidential candidate for France's ruling conservative party, swept through Washington yesterday, delivering an unabashedly pro-American speech and landing meetings" with President Bush and Secretary Rice. Sarkozy "covered many of the bases that French politicians hit when they want to laud the United States, such as mentioning Lafayette's role in the American Revolution and citing the French love of blue jeans, hamburgers and American movies. But then he went beyond those standards, proudly noting that his distinctly pro-American viewpoint had earned him 'substantial criticism' in France." Sarkozy said, "I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

The New York Times (9/13, Sciolino, 1.21M) notes that Sarkozy, "on a four-day trip to the United States…pinned the Legion of Honor on the police commissioner of New York, honored firefighters in Midtown Manhattan for their losses on 9/11 and signed hundreds of copies of his new best-selling book on France's future." He "told Jewish leaders of his love of Israel, American business leaders of his love of free enterprise, and Francophiles of his love of America. He confessed that he loves to read Hemingway and watch movies like 'Miami Vice.'" He "was received by President Bush at the White House (an exceptional event for a mere minister) and by Senator John McCain, Republican of Arizona, and Senator Barack Obama, Democrat of Illinois, on Capitol Hill." Sarkozy declared in a speech before the French-American Foundation in Washington, "My devotion to our relationship with America is well known and has earned me substantial criticism in France. … I'm not a coward. I'm proud of this friendship, and I proclaim it gladly."

The Financial Times (9/13, Dinmore) runs a similar report under the headline "Sarkozy Looks To Closer Ties After Bush Era," in which it says "a bomb scare near the White House on Tuesday delayed a speech by…Sarkozy," but "only served to strengthen his personal pro-American, pro-Israel message while burnishing his presidential credentials overseas." However, "like David Cameron, leader of Britain's opposition Conservatives in an address in London a day earlier, Mr Sarkozy was clearly looking towards the post-Bush era, directing his enthusiasm at the American nation and not its current administration." Sarkozy "mentioned President George W. Bush only briefly and France's Jacques Chirac not at all. In fact the interior minister seemed to distance himself from his own president, speaking of French "arrogance" and calling for a new era in transatlantic relations."

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Five US Agencies Monitor Cuba In Preparation For Castro Transition. The Miami Herald (9/13, Bachelet, 310K) reports, "Convinced that Fidel Castro will never regain the power he once wielded, the Bush administration has created five interagency working groups to monitor Cuba and carry out U.S. policies." According to U.S. officials "three of the newly created groups are headed by the State Department: diplomatic actions; strategic communications and democratic promotion. Another that coordinated humanitarian aid to Cuba is run by the Commerce Department, and a fifth, on migration issues, is run jointly by the National Security Council and the Department of Homeland Security." The Commission on Assistance to a Free Cuba, co-chaired by Secretary of State Condoleezza Rice and Commerce Secretary Carlos Gutierrez, issued a report in July just before Castro's illness that "recommended more aid to Castro opponents, a diplomatic campaign to offset Venezuelan President Hugo Chávez's alleged efforts to prolong communism in Cuba, and stricter enforcement of existing sanctions. It also recommended more coordination between government agencies."

State Denies "Rice-MacKay Innuendoes." The New York Times (9/13, Cooper, 1.21M) writes, "There are perils to being unattached in the stodgy world of diplomacy. Sometimes it has seemed that all" Secretary Rice "needs to do is show up in public with a man, and people start talking." The Times calls Rice the "single, sophisticated American secretary of state," and goes on to say that it "took a two-hour flight to Halifax, Nova Scotia, this week, followed by a 90-minute motorcade north up Highway 102 to Pictou County, for Ms. Rice to find herself linked to someone with similar star appeal: Peter MacKay of Canada, the single, sophisticated foreign minister, routinely named Canada's sexiest M.P. by The Hill Times in Ottawa, and the closest thing to eye candy on the diplomatic circuit." The State Department "has been quick to dump cold water over MacKay-Rice innuendoes. 'No, there were no candles,' Sean McCormack, the State Department spokesman, said in exasperation when reporters asked for further details about a working dinner on Monday when the two sat side by side at the Pictou Lodge Resort."

Disagreement Over North Korea Hangs Over Bush-Roh Summit. The Wall Street Journal (9/13, Ramstad, 2.03M) reports that when President Bush and South Korean President Roh Moo Hyun meet today divisions over how to handle North Korea are expected to "provide an uncomfortable backdrop." According to Yale University professor of East Asian history Michael Auslin the "danger" is that the US and South Korea "aren't preparing for the long-term problem of what to do when the Kim regime ends." Meanwhile, "Bush and Roh are expected to focus mainly on matters on which the U.S. and South Korea are aligned, including the development of a free-trade agreement and plans to shift wartime control of their joint military command to a Korean general from a U.S. one, for the first time in half a century. That shift is likely to occur between 2009 and 2012." Those "issues are controversial in South Korea. Support for free trade divides along political lines, but opposition to Korean control of its military in wartime is broader, arousing fears that it is a step toward the withdrawal of U.S. troops."

The Washington Times (9/13, Sands, 88K) notes that former US ambassador to South Korea Thomas Hubbard "said he expected a 'productive meeting' between Mr. Bush and Mr. Roh, but acknowledged, 'We could do a better job managing the relationship.'" Meanwhile, "South Korean officials said last week that the two leaders may discuss but are unlikely to resolve one of the more ticklish bilateral issues -- a push by Seoul to reclaim operational control in wartime of its own forces."

IMF Says Global Imbalances May Threaten US Dollar. The Wall Street Journal (9/13, McDonald, 2.03M) reports, "The risk of a disorderly decline in the U.S. dollar could increase unless policies are put in place to address global savings-and-investment imbalances, the International Monetary Fund said." Investors are becoming more risk averse and the IMF "said emerging Asian countries should be more ambitious in increasing exchange-rate flexibility, the U.S. should consolidate its fiscal position and Europe and Japan should speed up structural changes." The IMF "noted that foreign holdings of U.S. assets continue to climb, rising to $6.3 trillion by June 2005 from $1.2 trillion in 1994."

Concerns Raised Over Increasing Chinese Exports. The Wall Street Journal (9/13, Miller, 2.03M) reports, "The U.S., the European Union and Canada are set to file a joint complaint with the World Trade Organization against China's import tariffs on auto parts." It "marks the first time the Western allies have teamed up to seek a formal investigation by the global trade body in a dispute with the Asian giant." The Journal explains, "China exempts companies with factories in China -- such as General Motors Corp., Volkswagen AG and DaimlerChrysler AG -- from paying the tariff only if they buy at least 40% of their parts from local producers" which violates free-trade rules China pledged to meet when it joined the WTO in 2001. The rule handicaps foreign auto-parts suppliers competing for a share of the four million autos made every year in China."

The Washington Post (9/13, D1, Goodman, Blustein, 748K) notes, "Criticism over China's currency policy has alternately flared and subsided for several years, but the problem is reaching a new and potentially explosive stage as

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the Chinese export juggernaut moves up the ladder from clothes, toys and televisions to goods such as auto parts." It will be a topic of discussions at the IMF-World Bank meeting this weekend and when Treasury Secretary Henry Paulson visits China next week. While "some economists view the matter as overblown, others say the yuan's exchange rate is so far out of line as to constitute a dangerous distortion in global trade." According to Treasury undersecretary for international affairs Timothy Adams "China needs to do a lot more than just allow the yuan to appreciate. … Paulson's trip will also stress the need for Beijing to shift away from exports toward greater consumer spending. But Congress is pressing for action on the currency, with lawmakers threatening punitive tariffs on Chinese goods."

Profits Seen As Motive Behind Chinese Effort To Control Media. The Washington Post (9/13, A14, Fan, 748K) reports, "Journalism and human rights groups on Tuesday blasted China's efforts to further control the distribution of news and financial information by foreign news agencies, saying revised regulations showed that the government was tightening censorship." Yet "other experts said the impact of the new rules was limited in a country that already bans direct delivery of general news to Chinese media. They said the new rules signaled an attempt by China's state media to grab a piece of the lucrative financial information market."

The New York Times (9/13, 1.21M), in an editorial, writes that what Chinese "autocrats understand is how rich they've gotten since joining the World Trade Organization. These new rules appear, at a minimum, to violate their W.T.O. pledges to liberalize access to financial information. Trade officials and foreign business leaders need to remind Beijing's leaders of those promises. And they need to warn them that a country that keeps a stranglehold on information is not a great place to invest."

Lawyers For Chinese Advocate Protest Sentencing. Beijing-based lawyers Li Jinsong, Zhang Lihui, Li Fangping, Teng Biao And Xu Zhiyong in an op-ed in the Wall Street Journal (9/13, 2.03M) write that their client "Chen Guangcheng, a blind advocate for the rights of Chinese villagers," complain their client was recently sentenced unjustly and without fair representation and claim, "The real criminal suspects in this case are the officials responsible for obstructing justice and undermining the country's legal reform. These local officials could hardly have acted with such contempt and disregard for the law unless they had been given the green light by authorities higher up in the government. Nonetheless, in appealing Mr. Chen's case to a higher court, we will act on the assumption that the country's legal system can, without official interference, deliver a fair verdict and remedy wrongs. This may prove to be too optimistic. But we can only find out by fighting for justice, case by case, one client at a time."

Blair Receives Hostile Reception From British Labor Unions. The AP (9/12, Gardiner) reports, "Tony Blair received a tense farewell Tuesday in his last address…to the annual gathering of Britain's labor unions, with more than a dozen activists walking out as he began speaking to protest his pro-business stance and aggressive foreign policy." The AP continues, "Many others booed and hissed as he mentioned controversial topics such as Iraq. Blair snapped back at some of the hecklers and joked with others, frequently referring to his fraught history with the unions, traditionally an important part of his governing Labour Party's base but now disgruntled by its centrism."

The Financial Times (9/13, Adams, Taylor) reports that in his speech Blair "warned of the need to meet the challenges posed by globalisation, terrorism and migration. He defended Britain's involvement in Iraq and Afghanistan." In the face of some in the audience waving "banners saying 'Blair Out', 'Go Now' and 'Troops Out', Mr Blair came close to losing his cool." Blair "said angrily: 'We should be proud of what we are doing to support democrats in Iraq and are proud of it.'"

Brown May Not Support Bush Foreign Policy As Ardently As Blair. Times Literary Supplement editor Peter Stothard in an op-ed describing the internal political bickering between supporters of Prime Minister Tony Blair and Chancellor Gordon Brown in the Wall Street Journal (9/13, 2.03M) notes that Blair's with Brown in 1994 allowing Brown control over domestic policy "forced" Blair "more to the challenges of foreign affairs. Mr. Blair, a natural idealist, as rhetorical and risk-taking as the chancellor is pragmatic, laconic and cautious, was allowed an unusual freedom to follow those fundamental instincts, which he shared with the president, towards terrorism and Iraq." In contrast, Brown "would never have expressed the Bush doctrine with the passion that Mr. Blair deployed."

Similarly, the Wall Street Journal (9/13, 2.03M) in an editorial writes that while "he has never outlined his views on Iraq or terrorism, Mr. Brown will not bring the same passion and moral suasion as Mr. Blair did to his foreign policy." After the 9/11 attacks Blair "eloquently explained that Islamic terrorism posed the gravest threat to free society today." Meanwhile, the Journal criticizes new Tory leader David Cameron who faulted US foreign policy and "wants a 'a new emphasis on multilateralism' where the U.N. 'confers the ultimate legitimacy.' If these are the new Tories, we'll take the French." In contrast, on the anniversary of the 9/11 attacks Former Prime Minister Margaret Thatcher "urged Britain and the U.S. to stand firm against "Islamist fanatics who hate our beliefs, our liberties and our citizens.'" Her "remarks were interpreted as a rebuke to the new Tories" and "echoed so well Mr. Blair's views. For in reality, this Prime

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Minister is her worthy heir. His Labour party could never forgive him for that. History will be kinder."

Gates Launches Long-Term Effort To Solve Hunger In Africa. The Washington Post (9/13, A1, De Young, 748K) in a front page article reports that in an effort to seek a long-term solution for hunger in Africa the Bill and Melinda Gates Foundation and the Rockefeller Foundation launched "a new development initiative for sub-Saharan Africa that they said would revolutionize food production and reduce hunger and poverty for tens of millions of people." It will be based on "the Rockefeller-pioneered 'green revolution' that transformed farming methods and staved off widespread famine in much of the developing world nearly a half-century ago" and "is the first Gates venture into poverty and development after years of focusing largely on global health and education. The effort follows a doubling of the foundation's $30 billion endowment." The Post notes, "The Bush administration has increased U.S. aid to Africa significantly over the past five years, though much of it consists of food shipments and military assistance."

At Least 51 Killed In Yemen Stampede. The CBS Evening News (9/12, story 3, 2:35, Couric, 7.66M) reported, "Dozens of people were killed in a stampede…in Yemen as the country's President wrapped up a political rally at a sports stadium. People still trying to enter were trampled by the crowds who were exiting. At least 51 people were crushed, hundreds of others injured."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Unable To Repeat The Past."
"New Stem Cell Ethics Issue Emerges."
"Syrians Foil Strike On U.S. Embassy."
"Trial Focuses On Elderly Driver's Swath of Death."
"Federal Inmate Accused Of Directing L.A. Drug Sales."
"Maker Of 'Girls Gone Wild' Runs Afoul Of Law On Minors."

USA Today:
"Minimum Wage Laws Multiply In States."
"Soldier Describes Anguish In Revealing Murder Allegations."
"R.I.'s Chafee Fends Off GOP Challenger."
"Backups From Ban At Airport Checkpoints Short-Lived."

New York Times:
"Spitzer And Clinton Win In N.Y. Primary."
"Gunmen in Syria Hit U.S. Embassy."
"Modern Ways Open India's Doors To Diabetes."
"Spying Uproar Causes Shuffle In Boardroom."
"French Presidential Hopeful Tours The U.S."
"Flush With Jobs, Wyoming Woos Rust Belt Labor."

Washington Post:
"Cardin Far Ahead in Senate Primary; Leggett Has Big Lead in Montgomery."
"Fenty Prevails in Mayor's Race."
"Election Board Workers' Error Hinders Voting."
"Election Workers' Error Blocks And Delays Voters."
"Gates, Rockefeller Charities Join To Fight African Hunger."
"Moderate GOP Senator Beats Conservative Challenger in R.I.."
"Diverse Majority's Choice Signals A New Era."
"Newly Banned Items Fly Past Airport Screeners."

Washington Times:
"Syria Thwarts Attacks On U.S. Embassy."
"Fenty Wins D.C. Primary"
"Oil, Gas Prices take A Drive."
"Cardin Leads In Maryland Senate Race."
"S. Korea U.S. To Revisit Alliance."
"Parents get A Leg Up On Children's Web Surfing."

Detroit Free Press:
"A Brain Drain? Not Here."
"Deal Done In the Wee Hours With Caffeine."
"Hail To The Schock."
"UAW Prepares To Fight Further Cuts From Ford."

Atlanta Journal-Constitution:
"Justice Can't Just Forget' Civil Rights Era Killings."
"Comair Jet Was Using Old Maps."
"A Vision For Movies."
"Cox Eludes Overturns To Appear With Taylor."
"Audience Wordplay Is Honey For The 'Bee.'"

Houston Chronicle:
"Loss Of Bolt Doesn't Throw Wrench Into Successful Spacewalk."
"Average Fare For Metro Is Going Up."
"Wealth Will Pay More For Medicare."
"Assault Could Indicate Militants Are On The Rise."
"Apple's Next Piece Of Online Pie: Movie Service."
"Romance Between Sunnis. Shiites A Victim Of Iraq War."

Story Lineup From Last Night's Network News:
ABC: Embassy Bombing-Syria; Congress Reacts Bush Speech; Patricia Dunn Under Fire; California Wildfires; Harvard's New Admissions Policy; Ear Infection Treatment Breakthrough; Sunset Clocks-Twin Towers.
CBS: US Embassy Bombing-Syria; Embassy Bombing Reaction & Analysis; People Trampled-Yemen; Patricia Dunn Under Fire; Space Shuttle; Ear Infection Treatment Breakthrough; Harvard's New Admissions Policy; Hydrogen Cars; Ahmed Younnis Opinion; Snapshot Series; Going Fishing.

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NBC: New Intelligence Report Released; Congress Reacts Bush Speech; US Embassy Bombing-Syria; Wildfires; Ear Infection Treatment Breakthrough; Oil Prices; Stock market; Who's Living Longer; How Religious Are Americans?; A Giant Panda's Story.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Air India Flight Diverted; Iraq-Car Bomb; Iraq, National Security-Election Issues; Primary Elections; Foreign Stock Markets.

CBS: HP-Media Leaks; Ford-Corporate Restructuring; Oil Prices; Primary Elections.

NPR: Primary Elections; Rice-Canada Visit; US-Palestinian Unity Government; CA-Minimum Wage Law; MI-Cervical Cancer Vaccinations; CA-Schwarzenegger Recording Leak; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends RNC reception, Evermay, Washington, DC.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Senate conducts morning business until 10 a.m., then resumes consideration of HR 4594, the Port Security Bill. Cloture has been filed and will ripen Thursday. A vote on the Reid amendment on terrorism surveillance could come around 12 noon.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on efforts for a permanent cease fire in Lebanon. Assistant Secretary of State C. David Welch; Carlos Pascual, Brookings Institution; Paul Salem, Carnegie Middle East Center, Beirut, Lebanon; Augustus Richard Norton, Boston University. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on judicial nominees. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Economic Policy Subcommittee. and Housing and Transportation Subcommittee. Joint hearing on the housing bubble and the impact on the economy, with the Federal Deposit Insurance Corp., Office of Federal Housing Enterprise Oversight; National Association of Homebuilders; National Association of Realtors. Location: Room 538, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on ``Taking the Pulse of Charitable Care and Community Benefits at Nonprofit Hospitals." Ray Hartz, Legal Aid Society of Eastern Virginia; Kansas Attorney General Phil Kline; Sister Carol Keehan, Catholic Health Association of the US; Kevin Lofton, American Hospital Association; Scott Duke, Glendive Medical Center, Glendive, Mont.; Nancy Kane, Harvard School of Public Health; Dave Regan, Service Employees International Union, Columbus, Ohio. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Special Committee on Aging. Hearing on ``Spotlight on Managed Care," looking into sustainability of the Medicaid program. Testimony from: Arizona Medicaid Director Anthony Rodgers; Families USA; Health Policy Institute at Georgetown University; others. Location: Room 562, Dirksen.

11:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Votes on nominations of John Ray Correll to be director of the Office of Surface Mining Reclamation and Enforcement; Mark Myers to be director of the United States Geological Survey; and David Longly Bernhardt to be Solicitor of the United States Department of the Interior. Location: Room 628, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Crime and Drugs Subcommittee. Hearing on the challenges facing federal prosecutors, with Mike Battle, Department of Justice; Susan Brooks, US Attorney for the Southern District of Indiana; William Shockley, former president, National Association of Assistant U.S. Attorneys. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (5 bills): 1) H.R. 4893 - To amend section 20 of the Indian Gaming Regulatory Act to restrict off-reservation gaming; 2) S. 2590 - Federal Funding Accountability and Transparency Act of 2006; 3) S. 2784 - Fourteenth Dalai Lama Congressional Gold Medal Act; 4) H.R. 5815 - Department of Veterans Affairs Medical Facility Authorization Act; 5) H.Con.Res. 444 - Extending the thanks of Congress and the Nation to the Defense POW/Missing Personnel Office. H.Res. __ - Relating to the terrorist attacks against the United States on September 11, 2001. H.R. 2965 - Federal Prison Industries Competition in Contracting Act of 2006.

10 a.m. AGRICULTURE _ Full Committee. Hearing on federal farm policy, with the North American Equipment Dealers Assoc.; Agricultural Retailers Assoc.; CropLife

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America; The Fertilizer Institute; Corn Refiners Assoc.; National Grain and Feed Assoc.; North American Millers Assoc.; Canned-Frozen Food and Growers Coalition; Sweetener Users Assoc.; others. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Oversight hearing on nuclear energy, with Patrick Moore, Greenspirit Strategies; Frank Bowman,CEO, Nuclear Energy Institute; Stancil Wise, chairman, Georgia Public Service Commission; Dennis Spurgeon, assistant Secretary of Energy for nuclear energy, others. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Markup of pending legislation. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on how budgetary choices affect work, saving and growth. Douglas Holtz-Eakin, Council on Foreign Relations; John Diamond, James Baker Institute for Public Policy; Leonard Burman, Urban Institute. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Subcommittee on Telecommunications. Hearing on ``CyberSecurity: Protecting America's Critical Infrastructure, Economy, and Consumers." David Powner, GAO; George Foresman, Under Secretary for Preparedness, U.S. Department of Homeland Security; Kenneth P. Moran, Director, Office of Homeland Security, Enforcement Bureau, FCC; Vincent Weafer, Symantec Corp., Santa Monica, Calif.; Paul Kurtz, Cyber Security Industry Alliance, Arlington, Va., others. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on stabilizing insurance markets for coastal customers. Florida Insurance Commissioner Kevin M. McCarty; Wendy Baker, President, Lloyds America, Inc.; J. David Daniel, Daniel & Eustis; Franklin W. Nutter, President, Reinsurance Association of America; Gregory W. Heidrich, Property Casualty Insurers Association of America; Marc Racicot, President, American Insurance Association; Charles M. Chamness, President and CEO, National Association of Mutual Insurance Companies. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats and International Relations. Second of three-part hearing on ``Iraq: Democracy or Civil War?" Today's topic: ``What Will it Take to Achieve National Reconciliation?" Qubad Talabani, Kurdish Regional Government; Hajim Hassani, former Speaker of the Iraqi Parliament and a Sunni member of Parliament; Karim Almusawi, representative Supreme Council for the Islamic Revolution in Iraq; David Satterfield, former deputy to US Ambassador Khalilzad in Baghdad and currently Secretary of State Rice's Senior Adviser on Iraq. Location: 2154 Rayburn.

10 a.m. HOMELAND SECURITY _ Subcommittees on management, integration and oversight and emergency preparedness, science and technology hold joint hearing on the SAFETY Act, with Homeland Security Undersecretary Jay Cohen; US Chamber of Commerce; Homeland Security and Defense Business Council; Professional Services Council; others. Location: Room 2175, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Hearing on the problems with the Alaska oil pipeline. Vice Adm. Thomas Barrett, Administrator, Pipeline and Hazardous Materials Safety Administration; Lois Epstein, on behalf of Cook Inlet Keeper and the Pipeline Safety Trust; Steve Marshall, President BP Exploration Alaska. Location: Room 2167, Rayburn.

11:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

1 p.m. ENERGY AND COMMERCE _ Subcommittee on oversight and investigations. Hearing on ``Continuing Ethics and Management Concerns at NIH and the Public Health Service Commissioned Corps." Testimony from: John Agwunobi, Assistant Secretary for Health; Raynard Kington, Deputy Director, National Institutes of Health; John Niederhuber, Director, National Cancer Institute; Thomas Insel, Director, National Institute of Mental Health; and William Fitzsimmons, Executive Officer, National Institute of Mental Health. Location: Room 2123, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on the Homeland Security Information Network. Testifying: US Dept. of Homeland Security; Maryland Coordination and Analysis Center; Southeast Emergency Response Network; Intelligence Community Sector, Bearing Point. Location: Room 2212, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on nuclear wasate storage and disposal, energy efficiency and hydroelectridc license extensions. Edward F. Sproat III, director, Office of Civilian Radioactive Waste Management, Department of Energy; Luis A. Reyes, NRC; Stan Wise, chairman, Georgia Public Service Commission; Anthony F. Earley Jr., chairman and CEO, DTE Energy Co., Detroit; Michelle Boyd, Public Citizen; J. Mark Robinson, FERC. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of H.R. 4859 - Federal Family Health Information Technology Act of 2006. Location: Room 2203, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on ``Interior Department:

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A Culture of Managerial Irresponsibility and Lack of Accountability?" Interior Department Inspector General Earl Devaney. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance, and Accountability Subcommittee. Hearing on DHS financial management and the process toward improving internal controls. DHS CFO David Norquist; DHS Assistant Inspector General David Zavada. Location: Room 2247, Rayburn.

2 p.m. JUDICIARY _ Constitution Subcommittee. Hearing on 16 years of the Americans with Disabilities Act. Former Rep. Tony Coelho, chairman, The Epilepsy Foundation; Harry Horner, small business owner, Julian, Calif.; Robert L. Burgdorf, David A. Clarke School of Law, University of the District of Columbia; Naomi Earp, chairwoman, Equal Employment Opportunity Commission. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on visitation trends in the park system. Chris Jarvi, NPS; Suzanne D. Cook, Travel Industry Association of America; New Mexico Tourism Secretary Mike Cerletti; John Schoppmann, Forever Resorts, Scottsdale, Ariz.; Bob Warren, Shasta Cascade Wonderland Association, Redding, Calif.; Scott Ahlsmith, The Travel Institute. Location: Room 1334, Longworth.

2 p.m. SCIENCE _ Full Committee. Hearing on how technology can help secure the borders. Homeland Security Undersecretary Jay M. Cohen; Gregory Giddens, director, Secure Border Initiative Program executive office, DHS; Gregory J. Pottie, UCLA; Gervasio Prado, president, Sentech, Inc.; G. Dan Tyler, Applied Physics Laboratory, The Johns Hopkins University; consultant Peter R. Worch. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on whether the Great Lakes Regional Collaboration Strategy can be implemented to restore and protect the lakes. Gary Becker, Mayor, City of Racine, Wisconsin; Great Lakes and St. Lawrence Cities Initiative; Benjamin Grumbles, Assistant Administrator for Water, EPA; Brig. Gen. Bruce Berwick, U.S. Army Corps of Engineers; U.S. Fish and Wildlife Service; others. Location: Room 2167, Rayburn.

2:30 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on VA staff training. Michael Walcoff, VA; James A. Whitson, VA; Dorothy MacKay, VA; Janis Jacobs, Conpensation and Pension Service; Lauress Wise, president, Human Resources Research Organization; Jeffrey David Cox, national secretary-treasurer, AFGE; Steve Smithson, The American Legion. Location: Room 334, Cannon.

3 p.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on the future of cyber and telecommunications security at DHS. DHS Undersecretary George Foresman; David Powner, GAO; Paul Kurtz, Cyber Security Industry Alliance; William Pelgrin, director, New York State Office of Cyber Security and Critical Infrastructure; Guy Copeland, chairman, Information Technology Sector Coordinating Council; David Barron, chairman, Telecommunications Sector Coordinating Council. Location: Room 2212, Rayburn.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Hearing on combatting terrorism. Closed. Location: Room H-405, Capitol.

4 p.m. RULES _ Full Committee. Original jurisdiction markup on a resolution providing for earmarking reform in the House. Location: Room H-313, Capitol.

Other: PRIME MINISTER JAROSLAW KACZYNSKI OF POLAND _ Highlights: 10 a.m. Meets with Energy Secretary Bodman. Closed press.

FRUIT-VEGETABLES _ United Fresh Fruit and Vegetable Association holds its Washington Public Policy Conference. Highlights: 8:15 a.m. Commerce Secretary Gutierrez. Location: Grand Hyatt Hotel, 1000 H St. NW.

LATINO EDUCATION-CONFERENCE _ Latino elected officials representing 14 states gather for 2nd Annual National Summit on the State of Latino Education. Highlights: 4 p.m. Secretary of Education Margaret Spellings delivers keynote address. Location: Hamilton Crowne Plaza, 1001 14th St. NW.

PRESCRIPTION DRUGS-TRACKING _ 8:30 a.m. The American College of Neuropsychopharmacology meeting on whether a new prescription drug tracking system is right for the U.S. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room. Notes: NO stakeout following.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Capitol Hill Club.

AMA-MEDICARE CUTS _ 10 a.m. Physicians come to Washington to make urgent push for Congress to stop Medicare physician payment cuts before recess. The AMA will also unveil its Medicare physician payment advertising and grassroots campaign. Location: National Press Club, 14th and F Sts. NW.

INTEGRATING ISLAM _ 10 a.m. Brookings Institution forum on book titled ``Integrating Islam: Political and Religious Challenges in Contemporary France," with book author Christopher Caldwell. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

HOMELAND SECURITY-CONTRACT _ 10:30 a.m. Vayl S. Oxford, the Department of Homeland Security's Domestic Nuclear Detection Office Director, hold a pen and pad session for reporters. He'll announce the awarding of

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Cargo Advanced Automated Radiography System program contracts. Location: 1120 Vermont Ave., NW, 4th Floor.

INTERNET PROTOCOL _ 10:30 a.m. Virginia Gov. Tim Kaine, others hold ribbon cutting ceremony at the launch of the first IPv6 Training Center in the U.S. Location: Suite 190, 13655 Dulles Technology Dr., Herndon.

US IMAGE _ 10:30 a.m. The Discover America Partnership holds a rally to launch a campaign to strength America's image, with Reps. William Delahunt and Jeff Flake, Stevan Porter of InterContinental Hotels Group, Jay Rasulo of Walt Disney Parks and Resorts, Jonathan Tisch of Loews Hotels, and Roger Dow of the Travel Industry Association. Location: Upper Senate Park.

WEXLER-REGULATORY BARRIERS _ 10:30 a.m. Rep. Robert Wexler holds press conference on European regulatory barriers. Also participating: Jonathan Zuck, president of the Association for Competitive Technology; and Ronald Cass, chairman of the Center for the Rule of Law. Location: Cannon Terrace.

DEMOCRATS-NATIONAL SECURITY _ 10:45 a.m. House Democratic Leader Nancy Pelosi and Senate Democratic Leader Harry Reid call for a new direction on national security. Joining them: former Clinton Secretary of State Madeline Albright, former NATO Supreme Allied Commander Wesley Clark and former Carter National Security Adviser Zbigniew Brzezinski. Location: S-211, US Capitol.

BORDER SECURITY _ 11 a.m. The United Fresh Produce Association sponsors a news conference with Sen. Larry Craig and Rep. Adam Putnam, others, to demand border security be paired with immigration reform. Location: West Front grassy area, 1st St. NW., between Constitution and Independence avenues.

BUSH CRIMES _ 11 a.m. News conference at Camp Democracy to release verdict of the citizens Commission of Inquiry into the Bush administration and crimes against humanity. Areas covered include war, torture, AIDS and Katrina. Location: between Mall and Constitution, and 14th & 15th sts. Notes: At 12 noon, a delegation, will deliver the verdict to the gates of the White House.

COLLEGE AFFORDABILITY _ 11 a.m. Campaign for America's Future holds a telephone briefing with Sen. Edward Kennedy and Rep. George Miller on the crisis in college affordability. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Callin number: 800-765-0709; passcode: 4305885. Space limited. RSVP required.

IMMIGRATION _ 11 a.m. Commerce Secretary Gutierrez and National Association of Latino-elected officials hold a news conference on immigration reform. Location: Cannon Terrace.

PAULSON _ 11 a.m. Treasury Secretary Paulson holds a news conference on the international economy. Location: Room 4121, main Treasury.

HOYER _ 12 p.m. House Democratic Whip Rep. Steny Hoyer holds his regular pen and pad weekly briefing. Location: Room H-306, Capitol.

VOTER SUPPRESSION _ 12 p.m. The Brennan Center for Justice at NYU Law School holds a briefing on new voter suppression strategies in the 2006 elections. Location: National Press Club.

INTERNET _ 12:30 p.m. Americans for a Secure Internet holds luncheon briefing on changes to current Internet governance that could compromise the integrity of its infrastructure. Location: Room B-340, Rayburn.

JUSTICE-BARNETT-ANTITRUST _ 12:30 p.m. Assistant Attorney General Thomas O. Barnett addresses George Mason University School of Law Symposium on ``Managing Antitrust Issues in a Global Marketplace." Location: J.W. Marriott, 1331 Pennsylvania Ave. NW.

MOVEON.ORG-VISION _ 12:30 p.m. Move.org holds first in series of speeches addressing top priority goals for America, as chosen by members of MoveOn.Org. Today's speaker: Rep. Sherrod Brown. Location: Amphitheater, GWU Marvin Center, 800 21st St. NW.

MEDICARE ENROLLMENT _ 2 p.m. Centers for Medicare and Medicaid Services kicks off the ``My Medicare, My Health." They're announcing the start of CMS' Fall Open Enrollment Campaign. Location: Great Hall, Humphrey Bldg., 200 Independence.

US-IRAN-SCIENCE _ 2 p.m. Reza Mansouri, Iranian physicist, speaks on prospects for collaboration between Muslim and Western scientists and engineers. Location: National Academies Bldg., 2101 Constitution Ave. NW.

EARMARK REFORM _ 2:15 p.m. Citizens Against Government Waste, the National Taxpayers Union, Americans for Prosperity and other groups hold rally aimed at ending federal earmarks. Location: Cannon Terrace.

KOREA-HASTERT _ 2:15 p.m. House Speaker Dennis Hastert holds event w/the president of South Korea, Roh Moo-Hyun. Location: H-230, US Capitol.

SOROS _ 2:30 p.m. The New America Foundation holds a program with investor George Soros. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

CHINA-MILITARY _ 3:30 p.m. The Wilson Center for Scholars holds a panel discussion of the Chinese People's Liberation Army, with Litai Xue of Stanford University, Bernard Cole of the National War College, Kristen Gunness of CNA Corp., others. Location: 6th floor auditorium, Wilson Center, Reagan Building.

KATRINA RESPONSE _ 3:30 p.m. Wilson Center forum on government and private sector efforts to reduce risks of manmade or natural disasters, titled, ``Seeds of Disaster, Roots of Response: How Private Action Can Reduce Public Vulnerability." With scholars from George

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Mason Univ.; Harvard Univ., elsewhere. Location: Wilson International Center, 1300 Pennsylvania Ave. NW.

IRAQ DEPUTY PM _ 4 p.m. Barham Salih, Iraq's deputy prime minister, speaks at Brookings' Saban Center for Middle East Policy. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN-NUCLEAR _ 5 p.m. Author Shahram Chubin speaks at Carnegie forum on Iran's nuclear ambitions. Chubin is Director of Studies at the Geneva Centre for Security Policy. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

FEMINISTS-ABORTION _ 6 p.m. Feminists for Life President Serrin Foster speaks at Georgetown University Law Center. She'll present the ``Feminist Case Against Abortion.'' Location: McDonough Hall, Hart Auditorium, 600 New Jersey Ave. NW.

``BORDER WAR''-IMMIGRATION _ 7 p.m. DC premiere of documentary titled, ``Border War: The Battle Over Illegal Immigration.'' Film documents the lives of five individuals affected by the conflicts taking place at the U.S.-Mexico border. Location: AMC Loews Georgetown 14, 3111 K Street, N.W.

GUTIERREZ _ 7:30 p.m. Commerce Secretary Gutierrez speaks at the Hispanic Scholarship Fund. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

MEDICAL MARIJUANA _ 7:30 p.m. The Marijuana Policy Project holds a screening of the documentary ``Waiting to Inhale,'' followed by a debate with officials from the White House office of National Drug Control Policy and the leaders of two organizations leading the fight for legal access to medical marijuana. Location: E. St. Theater, 555 11th St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 14, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House, Senate Republicans At Impasse On Terror Bill. Fox News' Special Report (9/13, Hume) reported, "Congressional Republicans today struggled to work out their differences with the Bush Administration over legislation the President has requested governing the treatment of captured terror suspects and the tribunals before which they could be tried." Fox (Garrett) added, "There is now a full blown impasse in the Senate," and "for first time, Congressional Republicans and the White House are looking at the reality that this legislation will not be passed before Congress adjourns at the end of this month to campaign for reelection."

McClatchy (9/14, Talev, Rosen) reports "President Bush and trio of influential Republican senators appeared headed for a showdown Thursday as they suspended talks on legislation outlining how to try suspected terrorists." Senate Armed Services Committee Chairman John Warner "announced that his panel will meet behind closed doors Thursday to consider legislation that he's sponsoring along with Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz." Their bill "aims to set new rules for military commissions that try detainees; the Bush administration's current approach was invalidated by a June Supreme Court ruling. The administration prefers a competing proposal much like the one the court struck down that's moving through the House of Representatives and is supported by some Senate Republicans."

The New York Times (9/14, Lichtblau, Zernike, 1.21M) reports the impasse "signaled the tough road the White House faces in trying to sell…key planks in its national security agenda to sometimes skeptical Congressional Republicans less than two months before the midterm elections." Democrats "have allowed Republicans to fight among themselves over the issues, and appear willing to allow the issues to come to a vote rather than risk charges of political obstructionism in an election season." The AP (9/14, Flaherty), meanwhile, refers to "election-season divisions among Republicans on the high profile issue of security," and calls Warner's actions "a direct challenge to…Bush." Warner "said the administration proposal would lower the standard for the treatment of prisoners, potentially putting US troops at risk should other countries retaliate." The White House "said Warner's proposal would undermine the nation's ability to interrogate prisoners and arranged an extraordinary conference call with reporters in which the nation's top intelligence official criticized Warner's plan."

The Washington Times (9/14, Hurt, 88K) runs a similar report under the headline "GOP In Standoff On Gitmo Rights," in which it says "late yesterday, White House officials began calling Republicans on Capitol Hill to say that they have offered to negotiate about as far as they can. The White House is expected to issue some sort of official statement sometime today on where it stands." If the committee "alters the original bill today, Senate Majority Leader Bill Frist is expected to bypass the committee and introduce the administration's proposed bill in the coming days and move it directly to the floor. There, amendments will be offered and public votes recorded."

USA Today (9/14, Kiely, Jackson, 2.27M) quotes Graham saying, "I have lost friends in this war. I do want to bring these people to justice. … But I can't say it enough. If we start acting like our enemy, we're going to lose." Meanwhile, "the House Armed Services Committee approved Bush's plan Wednesday and rejected a proposal similar to Warner's on a party-line vote. House Majority Leader John Boehner, R-Ohio, has scheduled a House vote for next week." White House spokeswoman Dana Perino "expressed hope that 'we'll be able to reach resolution' with Bush's Senate critics."

The Wall Street Journal (9/14, Lueck, Rogers, 2.03M) titles its story "Senate-Panel Republicans Break With Bush Over A Tribunal Bill," and notes Bush "comes to Capitol Hill today to meet with Republicans on his agenda." Warner adds the Journal, "has begun to reach out to the State Department in an apparent effort to soften the opposition from CIA Director Michael Hayden. And Mr. Graham said Congress must view the legislation as a chance to start over and reassert ourselves as a rule-of-law nation in the eyes of the world.'" The Los Angeles Times (9/14, Neuman, Schmitt, 918K) also says Bush "plans a personal and rare visit to the Hill on Thursday to confer with House Republicans, who are feeling political pressure to distance themselves from an unpopular president and an unpopular war in Iraq."

Hunter Says House Democratic Bill Would Grant "Enormous Rights" To Terrorists. Rep. Duncan Hunter

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said on CNN's The Situation Room (9/13), "I just finished the…passage of the terrorist court bill, which will allow us to try these terrorists, including the ones that designed this attack on 9/11. And the Democrats did offer a bill that gave more rights, more defendants' rights, to the alleged terrorists than my bill did. And they made a very passionate argument that we needed to give these additional rights to alleged terrorists. And they made an argument that the only way we could obtain a conviction, if it was the only evidence available, and that evidence came from an American agent who was undisclosed to the terrorists, that we would have to disclose that agent, and let the terrorist himself, face to face, know the identity of the American agent. Now, that's giving them enormous rights, and, I would say, to the detriment of American agents and American military personnel."

Schieffer Says Secret Prisons Akin To "Adopting The Methods Of Our Enemies." CBS Evening News (9/13, story 8, 2:00, Couric, 7.66M) reported, "The treatment of terror suspects is the topic of tonight's 'Free Speech.' The speaker is our own Bob Schieffer, chief Washington correspondent, and anchor of 'Face the Nation.'" Schieffer said, "I have no sympathy for those suspected 9/11 ringleaders. If the evidence proves them guilty, I hope they get the death penalty. But I'm glad they took them out of those secret CIA prisons. For me it's a matter of national security -- ours. Democracies have no business running secret prisons. That's what our enemies do. If we are in a battle for the hearts and minds of people around the world, as the Administration says we are, I won't feel very secure if the people around the world believe we are no different than our enemies. Of course, we must do all in our power to protect this country. During the Cold War, we built a mighty arsenal of weapons, and it kept the Soviet Union at bay for decades. But the weapons didn't win the war. We won when the people under Soviet domination could finally look across the Iron Curtain and see that open, democratic government made for a better life." Schieffer concluded, "Real security begins with remembering who we are. We gain nothing by adopting the methods of our enemies."

More Commentary. The Wall Street Journal (9/14, 2.03M) editorializes that there is "a legitimate debate to be had over waterboarding and other tactics," but "we hope the next '9/11' commission doesn't have to explain why the US stopped employing interrogation methods that were both lawful and successful."

The Washington Post (9/14, A20, 748K) says in an editorial that in "deciding between the two main proposals for handling and trying accused terrorists, the Senate confronts a fateful choice: Will it send President Bush, as he demands, legislation that would authorize the CIA to engage in interrogation tactics the world understands as torture, rewrite America's obligations under the Geneva Conventions, and authorize trials whose fairness many people at home and abroad will question? Or will the Senate approve a bill that ensures justice for foreign detainees and ends the CIA's secret detentions and harsh interrogations? The White House is pulling out all the stops to get the former. The question now is whether the group of Republicans who have courageously pushed a competing bill -- John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.) -- will be able to team up with other moderate Republicans and Democrats to stop the excesses that have so damaged America's standing in the world." Having "finally been forced by the Supreme Court to take responsibility for writing law to govern the war on terrorism, Congress will now decide whether it simply means to sign off on the administration's past abuses, or reaffirm fundamental American values."

In his New York Times column (9/14), Bob Herbert says, "The character of the US has changed. We're in danger of being completely ruled by fear. Most Americans have not shared the burden of the wars in Iraq and Afghanistan. Very few Americans are aware, as the Center for Constitutional Rights tells us, that of the hundreds of men held by the US in Guantánamo Bay, Cuba, many 'have never been charged and will never be charged because there is no evidence justifying their detention.' Even fewer care. We could benefit from looking in a mirror, and absorbing the shock of not recognizing what we've become."

Senate Judiciary Panel Approves Eavesdropping Program. The Washington Post (9/14, A13, Weisman, 748K), under the headline "GOP Leaders Back Bush On Wiretapping, Tribunals," says "Congress's Republican leadership yesterday threw its weight behind two of President Bush's most controversial national security programs, warrantless wiretapping and extrajudicial military tribunals." However, "the party leaders are having trouble getting all their members on board, including the chairman of the Senate Armed Services Committee. And by backing the president's legislative demands, the leadership risks being labeled by Democrats as a rubber stamp for an

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unpopular president. With prodding from Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker J. Dennis Hastert (R-Ill.), the Senate Judiciary Committee voted 10 to 8 along party lines to approve a bill negotiated with the White House to allow -- but not require -- Bush to submit the National Security Agency's warrantless wiretapping program to a secret court for constitutional review." USA Today (9/14, 2.27M) notes Republicans "defeated Democratic amendments to insert a one-year expiration date and require the NSA to report more often to Congress on the program."

Bloomberg (9/14) reports "the measure would authorize a secret court to rule on the legality of the National Security Agency's program to listen to the international calls between al-Qaeda operatives overseas and their suspected confederates in the U.S. without court warrants." Bush "agreed to the measure's wording in negotiations with Senator Arlen Specter, the Pennsylvania Republican who chairs the panel. By a series of 10-8 votes, the Republican-controlled committee defeated efforts by Democrats to change it."

Deputy Attorney General Says Restrictions On Surveillance Program Would Have Little Effect. CQ (9/13, Starks) reports, "A Justice Department official seemed to imply earlier this week, to the astonishment of some House Judiciary Committee members, that a bill aimed at reining in the Bush administration's warrantless wiretapping program would have little impact even if passed." Deputy Attorney General John A. Eisenberg "testified that New Mexico Republican Heather A. Wilson's bill (HR 5825) -- designed to update the law governing domestic surveillance while giving the president limited spying authority -- might 'reduce' the need for President Bush to use what he calls his Terrorism Surveillance Program (TSP)." But "when pressed by Rep. Jeff Flake, R-Ariz., on whether the measure would eliminate the need for the program, Eisenberg said, 'I think we just view TSP as separate from Wilson.'" His testimony, "combined with Bush's assertion of executive authority under the Constitution, has led some lawmakers to question whether the administration would follow a revised surveillance law."

Opening Arguments Made At Albany Terrorism Trial. In a widely-distributed story, the AP (9/14, Virtanen) reports that in opening arguements at the trial of Albany mosque imam Yassin Aref and mosque member Mohammed Hossain, accused of material support of terrorism, "a defense attorney attacked the credibility of an FBI informant who posed as an arms dealer in a fictitious plot to kill a Pakistani diplomat." Hossain lawyer Kevin Luibrand said of the informant, "He's a convicted felon. He's a con man. … They got somebody that lied to the FBI completely and continuously about what was happening." Aref's attorney, Kent Sprotbery, said that "Aref was never shown any shoulder-fired missile, and testimony will show all three men thought the talk about attacking the diplomat was 'a joke.'" The AP adds, "Assistant U.S. Attorney William Pericek said the audiotapes and videotapes will show the informant impersonated an arms dealer in conversations with both Hossain and later Aref, that he told them the $50,000 came from the sale of the missile. … 'A sting is simply a crime of opportunity, where the opportunity was provided by the government,' Pericek said."

Under the headline "Prosecutors Weave Tale Of Zeal Gone Wrong," The Albany Times-Union (9/14, Lyons) reports, "The first day of testimony was at times disjointed and, in one instance, confusing as prosecutors called a Bangladeshi immigrant to the stand whose English was so poor, numerous court observers said they could not understand what he was saying." Meanwhile, Luibrand "assailed the FBI's informant as a 'convict' and 'con man' whom he contends misled FBI agents about the context of secretly recorded conversations the men had in Arabic and Urdu. 'He's called an informant,' Luibrand said. 'I have a few other words for him. ... Malik was giving a different message back to his (FBI) handlers than what was taking place in the room.'" The Times-Union adds that the first prosecution witness, "a Department of Defense official from Alabama, gave the panel a crash course on the destructive capabilities of a 5-foot long, Russian-made missile launcher that he hoisted atop his shoulder. … Aref was never shown the weapon, although he did see its metal triggering device at a later meeting."

HOMELAND RESPONSE:

Intense FBI Search Continues For Al Qaeda Sleeper Shukrijumah. CNN yesterday ran two versions of Kelly Arena's report on the FBI search for Saudi-born Adnan el Shukrijumah, whom she described as "one of al Qaeda's most deadly sleeper agents and an urgent threat to the United States." On CNN's The Situation Room (9/13, Blitzer), Arena reported that el Shukrijumah "came to the United States when his family was just 2 years old. His father wanted what only America could offer his son. … But

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Shukrijumah's American experience took a sharp turn in his mid 20s. Sources say he met an alleged al Qaeda operative who officials say helped turn him from a typical student into one of the most-wanted men in the world." FBI Director Robert Mueller: "Yes, he is dangerous. Yes, he had ties with persons who were al Qaeda. And we believe he shares the ideology. And if had the capability, would participate and attack himself." Arena: "The FBI says he has surveilled targets in Chicago, New York, Washington and Houston. And it's believed he came up with a plot to blow up apartment buildings." FBI Special Agent Stu McArthur: "He has great understanding and knowledge of how this country works and operates, and that, you know, underscores his dangerousness." The FBI believes that he is now somewhere in Pakistan. The US is passing out match books there with his picture promising a $5 million reward."

The version which aired on CNN's Paula Zahn Now (9/13) included the comments from Mueller and McArthur, but Arena also interviewed FBI Special Agent Andrew Lenzen, lead agent on the case. Arena noted, "Shukrijumah studied at Broward Community College," and "he did really well, excelling in chemistry and computers. His father, an imam, tried to raise him right, to be a good Muslim," but after meeting alleged al Qaeda operative Ishmael Faeez, "Shukrijumah made his way to al Qaeda training camps, where it's believed he received extensive weapons training." Lenzen: "Adnan went to these camps and was not necessarily recruited but developed himself into an al Qaeda warrior. And part of that was that he started with these menial tasks, washing dishes, doing the chores of a low-level recruit to prove himself." Arena: "Lenzen says when Shukrijumah returned to south Florida, he had changed -- more calm, more self-assured. But before the 9/11 attacks, he left his family for good and didn't even return when his father died two years ago." Lenzen: "We can firmly say that al Qaeda is using his skill sets as -- his chemistry background and his computer expertise, his interest in making movies, to really fit well into the al Qaeda" agenda.

Miller Says Publicity Deprives Sleepers Of Needed Anonymity. Following the Arena piece, Zahn interviewed FBI Assistant Director John Miller and former CIA Counter-Terrorism Center Director Robert Grenier, asking Miller about Shukrijumah, "How much of a priority is it for the FBI to apprehend him?" Miller: "Well, it's a priority. As you saw in Kelli's report, it was announced by the FBI's director and the Attorney General some time ago that he was a priority," but "I want to add, Paula, that anonymity -- the ability to move in the shadows -- for an operator within a group like al Qaeda, is a key piece, and by adding him to these lists, by putting him on your show, by doing these stories, by having him on our Web site, we take away a lot of that am anonymity. We neutralize a lot of the abilities that would give us concern, the idea that he's comfortable in Western culture, that he's familiar with the United States, that he's got an ability to move around."

Later in the interview, Zahn said, "John, you were describing a little bit earlier on how this guy loses some of his anonymity by having his face plastered all over the Internet…which makes you wonder just how valuable you think average citizens are in this war, particularly in the search, perhaps, for home grown terrorists." Miller: "Well, very valuable. I mean, you take a case like this, an airline ticket clerk, an alert border official, a citizen on the street, you know, people think that the match books, which are put together by the U.S. Department of State as part of their rewards for justice program, is kind of a long shot or a little quaint, yet it was the match books and the advertising of the reward that led to the capture in Pakistan of Ramsey Usef, who was wanted in connection with the bombing of the first World Trade Center."

Zahn also said to Grenier about Shukrijumah, "We understand…that law enforcement believes that, in fact, 9/11 mastermind Khalid Sheik Mohammed was actually giving him the instructions to keep the terror network alive in the United States. What does that say about his value to al Qaeda?" Grenier: "Well, obviously, this is someone who had that background in the United States, had the ability to move freely and is the sort of individual, perhaps among others, that al Qaeda would look to in order to carry out attacks in the future in the United States, particularly if their handlers and their trainers were to be captured or killed."

House Passes 9/11 Resolution 395-22 After Bitter Debate. The AP (9/14, Dalrymple) reports, "House Republicans and Democrats traded accusations of improper politicking Wednesday as they sparred over a resolution commemorating the Sept. 11 terrorist attacks." Democrats "criticized the GOP-drafted resolution for praising controversial legislation, including the USA Patriot Act and a border security bill. Some faulted it for stating 'the nation is safer than it was on Sept. 11, 2001.'" House Democratic leader Nancy Pelosi "called the resolution 'self-congratulatory.'" The bill's sponsor, GOP Rep. Peter King,

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"called the criticism 'cheap demagoguery.'" Republicans "defended the inclusion of the GOP-crafted security laws and bills. Without them, said Rep. David Dreier, R-Calif., 'we would not be here today without having suffered another attack on our soil.'" The AP adds, "Despite the rhetorical battle, the resolution commemorating the fifth anniversary of the Sept. 11 attacks passed 395-22." The "intensifying quarrel between Republicans and Democrats" over national security "comes weeks before this fall's midterm elections, which will determine which party controls the House and Senate."

The Washington Times (9/14, Bellantoni, 88K) reports, "While many Democrats characterized the Patriot Act as a violation of civil liberties, Republicans said it has broken up terrorist cells." Said Drier, "It is absolutely essential that those keeping us safe have every tool necessary to do so. … Our homeland has not been attacked again. That seems to be so often forgotten."

Democrats Blast Boehner Over Terrorism Comments. CNN's The Situation Room 99/13, Blitzer) reported, "Democrats are blasting the House Majority Leader John Boehner" over his claim that Democrats are "more interested in protecting terrorists than in protecting the American people." Sen. John Kerry "fired right back today," saying, "I'm not interested in asking Mr. Boehner for clarification or retraction or even an apology. His statement was very clear and I believe equally despicable. And his words are frankly beyond redemption."

Democratic Rep. John Murtha said on CNN's The Situation Room (9/13), "I'm convinced they're desperate, for him to say something. He can't mean what he's saying. In this free country, if we disagree with the President when he's going in the wrong direction, and we want to change direction, you are going to have to speak out. We can't just go along with a policy which is a failed policy." Murtha added, "I think he owes all the members an apology who disagree."

Democrats Say They "Will Not Be Swift-Boated." The Washington Times (9/14, Hurt, Bellantoni, 88K) reports, "Capitol Hill Democrats said yesterday they will not be 'swift-boated' by Republicans who accuse them of being soft on national security and coddling terrorists. 'Democrats stand ready to protect and defend the American people,' House Minority Leader Nancy Pelosi, California Democrat, said. 'We will not be swift-boated on the issue of security, and that is what the Republicans are trying to do.'" Pelosi "was referring to the group Swift Boat Veterans for Truth, which was highly critical of John Kerry's presidential candidacy in 2004."

The Financial Times (9/14, Yeager, Luce) reports, "America's mid-term congressional elections, which take place on 7 November, are shaping up as one of the most bitter campaigns in recent US history. Although George W. Bush is not expected to play a prominent role on the campaign trail over the next seven weeks, the president has given a series of speeches in the past 10 days that have helped crystalise his party's att-empts to paint the Democrats as weak on national security." In an interview last Sunday, Dick Cheney "was more blunt in suggesting a connection between Democratic criticism of the Iraq war and being soft on terrorism. 'Suggestions, for example, that we should withdraw US forces from Iraq, simply feed into that whole notion [and] validate the strategy of the terrorists,' he said." While "viewed by many as below-the-belt, such pugilism could be a small foretaste of what is to come."

Reid Calls Bush's 9/11 Address "Untoward." Senate Minority Leader Harry Reid discussed President Bush's televised address on PBS NewsHour (9/13, Lehrer), saying, "If you look at his speech, all he did was take words that he had given all the previous month in his political speeches -- campaign speeches in Georgia, and other places in the country, exact same words. He had an opportunity, on that night, that solemn occasion, to bring America together, not point fingers -- and that's what he did -- not give a campaign speech. And I thought that it was untoward for him to do that."

Senate Republicans Reject Democratic Additions To Port Security Bill. The AP (9/14) reports, "Senate Republicans on Wednesday rejected a Democratic attempt to attach dozens of national security programs to legislation intended to protect seaports." The Democrats' proposal "had threatened the overall ports security bill, which would install monitors at the 22 largest ports. These devices would screen for materials used to make radiological bombs or nuclear weapons. The ports bill could come to a final vote on Thursday." The AP adds, "The plan by Democratic leader Harry Reid would have put Republicans in the awkward position of opposing security measures that many people in the United States believe are long overdue. Examples include improving safeguards on trains and buses and at chemical plants. … Democratic

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Sens. Bill Nelson of Florida, Ben Nelson of Nebraska and Mark Pryor of Arkansas voted against Reid's proposal."

NYTimes Suggests Bush Team Putting "Corporate Profits" Ahead Of "Safety." The New York Times (9/14, 1.21M) editorializes, "Michael Chertoff, the secretary of Homeland Security, seems determined to outdo his commander in chief in ratcheting up fears of Al Qaeda whenever he wants to score political points. This week, he raised the specter that if the government starts too many expensive antiterrorism programs it could further a plot by Osama bin Laden to 'drive us crazy, into bankruptcy' through overspending on homeland defense.'" The Times adds, "It was particularly ironic that Mr. Chertoff spun this theory while he was fighting off a measure, up for a vote today, that would help protect our ports against the threat that he himself deems most worrisome -- a nuclear explosion within our borders -- without government spending." The Times adds, "When it comes to homeland security, the Bush administration has repeatedly allowed corporate profits to trump safety. That seems to be the problem here, just as it has been when it came to the chemical industry's resistance to reforms that would help protect against toxic disasters if terrorists ever attacked their plants."

Terror Informant Sought Aid From Hillary Clinton. The AP (9/14, Hays) reports an "unusual exchange of letters between an undercover informant and Sen. Hillary Rodham Clinton's office has apparently angered authorities and may have complicated the case of a man convicted of plotting to bomb a busy subway station." Osama Eldawoody, "a paid New York Police Department informant who was instrumental in exposing the 2004 subway scheme -- told The Associated Press that he wrote to Clinton last month, complaining that his law enforcement handlers misled him with false promises of a better life and asking her to intervene on his behalf." A written response "from Clinton, shared with the AP by Eldawoody, said she had 'requested a review of this matter and a written response' from federal prosecutors in Brooklyn. The letter also suggests Eldawoody seek help from Sens. Arlen Specter and Rick Santorum of Pennsylvania, where he now lives." Clinton spokesman Philippe Reines "confirmed that her office had received the letter from Eldawoody, but said the senator was not personally involved in the written exchange and was unaware of the issue." Eldawoody "said in a telephone interview last week that he was summoned to a meeting with investigators and a federal prosecutor and was reprimanded for contacting Clinton and told not to do it again." The AP adds Eldawoody, 50, "was a key prosecution witness in the federal government's case against Shahawar Matin Siraj, who was convicted in May of plotting to blow up the Herald Square subway station in Manhattan."

Audit Finds California Homeland Security Funds Held Up In Red Tape. The Los Angeles Times (9/14, Halper, 918K) reports a study released Tuesday by State Auditor Elaine M. Howle finds that "California's efforts to prepare for a terrorist attack or natural disaster are being undermined by a morass of red tape." Howles says in the report that "the administration of Gov. Arnold Schwarzenegger has let tens of millions of dollars in federal emergency preparedness grants languish unspent and has not adequately tested the ability of California's medical facilities to handle mass casualties. … By the end of June, the state had spent less than half of the $954 million of federal homeland security grants it had been awarded since 2001, the report said."

Disruptive Airline Passenger To Be Arraigned Today In Virginia. The Washington Post (9/14, B1, Markon, Rondeaux, 748K) reports, "A professional jujitsu fighter from Brazil sat in a Loudoun County jail yesterday on a felony charge that he tried to open the cabin door of a Dulles-bound airliner as it cruised at 30,000 feet over Tennessee. Carlos Alberto de Oliveira, 43, missed his appearance in court yesterday morning because he fought with sheriff's deputies who came to escort him, Loudoun authorities said. He is expected to be arraigned today on a state charge of interfering with an aircraft's operations." The Post notes, "Although de Oliveira's motivations were unclear, federal officials have ruled out terrorism and concluded after interviewing him that he did not intend any harm. 'He didn't threaten anyone, he didn't hurt anyone. He wasn't intending to open the door, he didn't kick it,' said Debbie Weierman, a spokeswoman for the FBI's Washington field office. 'He just pulled a stupid stunt.'"

Cost Of Registered Traveler Could Kill Program. USA Today (9/14, Frank, 2.27M) reports a proposed cost of "up to $200" a year to participate in the "long-delayed" Registered Traveler program "could kill the program, advocates and lawmakers said Wednesday." The

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TSA "said last year that it expected to charge about $30 for a terrorism check. Now it wants to charge another $70 to pay for TSA screeners at Registered Traveler checkpoints, TSA spokeswoman Ellen Howe said. It also may charge an additional $20 for a criminal background check. Those costs are in addition to yearly fees of up to $80 that fliers would pay to companies operating the program. … The agency revealed the $100 fee on its website Monday with no publicity."

Democrats Seek Probe Of Former EPA Director On 9/11 Health Issues. The AP (9/14, De La Cruz) reports, "Democrats from New York and New Jersey asked on Wednesday for an investigation that could lead to criminal charges against former Environmental Protection Agency administrator Christie Whitman for breathing problems suffered by thousands after the Sept. 11 attacks." The AP continues, "Whitman told The Associated Press that she and the EPA 'agreed then and I reiterate now that the air on the WTC site was not clean – the consequence of millions of tons of burned debris from the most horrific attack in our nation's history. … We were emphatic that workers needed to wear respirators, a message I repeated frequently.'" The AP adds, "At hearings last week in New York, Whitman was the most frequent target of lawmakers who charged that ground zero workers were not protected as they worked to clear the pile of toxic debris. … Whitman, a former Republican governor of New Jersey, declared in the days after Sept. 11 that the air in lower Manhattan was safe for workers and residents. But she has said she and the EPA always differentiated between the air quality in lower Manhattan and at ground zero." The AP notes, "Former Sept. 11 Commission chairman Thomas Kean, also a former Republican governor of New Jersey, said it was troubling that the Democratic congressmen 'would misuse the heroic service of thousands for their political gain in an election season.' … The congressmen – New York Reps. Jerrold Nadler and Anthony Weiner and New Jersey Rep. Bill Pascrell Jr. – said the health of their constituents, and not politics, was their concern. … In a letter to Attorney General Alberto Gonzales, the trio accused Whitman of 'endangering the lives of thousands of people.' … Justice Department spokeswoman Kathleen Blomquist said the agency had not yet received the letter."

FBI Assistant Director Rebuts Calls For US MI5. In a New York Times (9/14, 1.21M) op-ed, FBI Assistant Director John Miller writes that with the 9/11 anniversary and the disrupted airline bombing plot, "we are seeing another round of calls to break up the F.B.I. or to create a domestic intelligence agency separate from the F.B.I. with no police powers, similar to Britain's MI5. But these critics…seem to be unaware of two critical things. One is how far the F.B.I. has come in transforming itself into an intelligence-driven organization in the last five years; the other is how many attacks we have prevented in that span. Using intelligence and technology — and our authority to make arrests — the F.B.I. has stopped five terrorist plots in progress in roughly the last year alone." Miller adds, "As we break down the structure of Al Qaeda, we see the very shape of the terrorist threat changing and adapting. Our approach has to continually evolve to keep up. Starting over from scratch will only set us back and make America less safe."

Kerry Says Bush Administration The Real Source Of Harm For CIA. In a Wall Street Journal letter to the editor (9/14), Sen. John Kerry says, "Your Sept. 12 editorial 'Jack Bauer Insurance' was a disservice not to me or to fictional characters like Jack Bauer, but to the very real CIA agents whose commitment to the truth didn't fit the administration's neoconservative agenda on Iraq, and to agents endangered by reckless administration policies. It's been reported that CIA officers refused to be trained in the administration's controversial interrogation techniques, and in at least one instance these techniques yielded questionable information aimed at pleasing the interrogators. The Supreme Court, not Democrats, ruled administration detainee policies out of bounds, and it was the outrage of Republican senators that forced the administration to apply the Geneva Convention to enemy prisoners in order to best protect captured Americans." Former CIA case officer Jim Marcinkowski "argued the Valerie Plame leak hurt 'the credibility of our case officers when they try to convince an overseas contact that their safety is of primary importance.' Former CIA agent Larry Johnson, a registered Republican, said it 'speaks volumes' that President Bush held no one accountable for the leak of an agent's identity." CIA officers "don't need Jack Bauer insurance -- they need insurance against the recklessness of this administration."

Pentagon Police Officer Who Survived 9/11 Profiled. The Washington Times (9/14, Taylor, 88K) runs the fourth installment of a five-part feature series offering

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updates on "three men and two women who survived the attack on the Pentagon" on 9/11. Today's checks in with Pentagon police Officer George E. Clodfelter III.

WAR NEWS:

Death Squads Blamed For 65 Bodies "Dumped Across Baghdad." Media reporting on Iraq focuses on the discovery of what ABC World News (9/13, story 4, 2:40, Gibson) called "65 men, most of them bound, tortured and shot," found "dumped across Baghdad. Officials believe they were the victims of sectarian death squads, roaming the capital." While that incident is the basis of most coverage, some reports suggest it is representative of the general situation in the country. In its lead story, CBS Evening News (9/13, 2:50, Couric, 7.66M) said the "violence in Iraq just keeps getting worse." CBS (Logan) added, "American and Iraqi officials agree death squads now pose a greater threat to Iraq than the ongoing insurgency." At the Pentagon, CBS (Martin) added, "Sectarian violence, Iraqis killing Iraqis, has become what the Pentagon calls the greatest threat; in breaking the cycle of violence, the most pressing role. … There's still no time table for Iraq, but the months between now and the end of the year are shaping up as crunch time."

NBC Nightly News (9/13, story 5, :30, Williams, 9.87M) called it "an especially gruesome day in Iraq," reporting that in addition to the bodies found "despite the massive security crackdown underway right now," at least "39 other people were killed today in other attacks and dozens more were wounded. The US military announced the deaths of two more American soldiers just today." McClatchy (9/14, Brunswick, Ahmed) calls the discovery of the bodies "a setback to the U.S. military's efforts to reduce sectarian violence in Iraq's capital city." The "apparent resurgence in execution-style murders, which are often associated with sectarian violence and death squads, came as U.S. and Iraqi patrols have been sweeping Baghdad neighborhoods in search of insurgents and sectarian militiamen."

The Washington Post (9/14, A16, Paley, Ibrahim, 748K) reports "nearly 100 people were killed or found dead in the Iraqi capital over the past 24 hours, authorities said Wednesday, continuing a wave of sectarian violence that has defied American efforts to thwart the carnage." The Los Angeles Times (9/14, McDonnell, Barnes, 918K) reports that "on a day in which nearly 100 bodies attested to Iraq's unbridled violence, Democrats stepped up their response to President Bush's policies." In its front page headline, the New York Times (9/14, Oppel, 1.21M) simply says, "On Another Grim Day, Bodies Lie Everywhere In Baghdad."

Sunni Leader Demands Government Action To Disarm Militias. An AP (9/13, Quinn) story carried by more than 80 newspapers and websites leads by reporting Adnan al-Dulaimi, whose Iraqi Accordance Front is Iraq's largest Sunni political party, "demanded Wednesday that the beleaguered Shiite-led government take steps to disarm militias" after the bodies were discovered. Dulaimi said, "We hope the government carries out what it pledged and disbands militias and considers them terrorist organizations."

Baghdad Emergency First Responders Profiled. ABC World News (9/13, story 5, 2:50, Gibson) took a "rare inside look…at what might be called 'Baghdad 911': Iraq's first responders. When violence erupts in the capital, as bodies are found as they were today, the first call goes there. The number rings often. And recently, they have been very busy."

Khamenei Says US Withdrawal Would End Iraq Instability. The AP (9/13, Dareini), in a report carried by more than 80 newspapers and websites, says Iran's supreme leader Ayatollah Ali Khamenei told visiting Iraqi PM Nouri al-Maliki that the "way to end instability in Iraq is for U.S. forces to withdraw." Maliki is in Iran "looking to a close ally of his Shiite-led government for help in calming the violence tearing apart Iraq and in developing Iraq's troubled oil industry," the AP says.

Annan Says Mideast Leaders See Iraq War As "A Real Disaster." The Washington Times (9/14, Pisik, 88K) details press conference remarks by UN Secretary-General Kofi Annan that "Washington's options in Iraq are constrained by competing pressures from countries in the region for the U.S. to stay or to leave quickly. 'The U.S. has found itself in a position where it cannot stay and it cannot leave. And if it has to leave, the timing has to be optimum and it has to be arranged in such a way that it does not lead to even greater disruption or violence.'" Annan added that "most regional leaders felt the U.S. occupation of Iraq had harmed their countries. 'Honestly, most of the leaders I spoke to felt invasion of Iraq and its aftermath has been a real disaster for them. They feel it has destabilized the region.'"

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Murtha Resolution Seeks Rumsfeld Resignation. The Hill (9/14, Tiron) reports Rep. John Murtha, "echoing moves in the Senate," is seeking the "immediate resignation" of Defense Secretary Donald Rumsfeld. In his resolution, Murtha "lists a litany of reasons for Rumsfeld's immediate resignation, ranging from the secretary's insistence that there were weapons of mass in destruction in Iraq to his failure to anticipate the number of troops needed to secure Iraq and to address the flagging readiness of U.S ground troops." Meanwhile, Rep. David Obey said Wednesday, "The Defense Secretary should return to the private sector."

Carter Says Cheney Deliberately Misled American People On Iraq. Ex-President Jimmy Carter was asked on CNN's Larry King Live (9/13) about Vice President Dick Cheney's assertion that criticism of the Iraq war emboldens US enemies and makes allies doubt American resolve. Carter said, "The Vice President unfortunately has been consistently very careless with the truth. He still maintains some preposterous comments and attitudes toward the origins of the Iraqi war, the circumstances in Iraq now and he's had a policy in my opinion of deliberately trying to mislead the American people by making untrue statements and there's no reason to give any credence to his ridiculous claims that you've just described."

Reid Says US Needs "To Change Direction" In Iraq. Senate Minority Leader Harry Reid said on PBS NewsHour (9/13, Lehrer), "We need to change direction in Iraq. We need to make sure that people understand that we can't be there forever. We're not for moving out right away, but we believe there should be a redeployment that would start by the end of this year.""

Korb, Ogden Say Sending More Troops To Iraq No Simple Task. In a Washington Post (9/14, A21, 748K) op-ed, Lawrence J. Korb and Peter Ogden of the Center for American Progress respond to the September 12 op-ed "Reinforce Baghdad" by William Kristol and Rich Lowry, which called for a substantial increase in US troop numbers in Iraq. Korb and Ogden write, "Aside from the strategic dubiousness of their proposal…there is a practical obstacle to it that they overlook: Sending more troops to Iraq would, at the moment, threaten to break our nation's all-volunteer Army and undermine our national security. This is not a risk our country can afford to take. … The only way for Kristol and Lowry to put their new plan into action anytime soon without resorting to a draft -- and thereby dismantling the all-volunteer Army, which, as the authors themselves would certainly admit, could be strategically disastrous -- is by demanding even more from our soldiers by accelerating their training and rotation schedules. While there is no question that the soldiers would respond to more frequent calls to duty, it is doubtful that they would be supplied with proper equipment and training for their mission in the near term. Moreover, the long-term toll on the cost and quality of our troops would be threatened by the added strain."

NATO Nations Fail To Agree On More Troops For Afghanistan. In a straightforward report, the AP (9/13, Garwood) says NATO nations "failed to agree on calls by military commanders for 2,500 extra troops to help crush the growing Taliban-led insurgency in Afghanistan, where at least 50 people were killed Wednesday in widespread violence." The Washington Times (9/14, Kralev, 88K) runs a more critical story under the headline "NATO Allies Ignore Call For Troops," leading by saying NATO allies "failed to answer Washington's call to commit more troops to the escalating battle with Taliban and al Qaeda fighters in Afghanistan yesterday, prompting the Bush administration to rethink its diplomatic strategy ahead of two meetings of alliance ministers later this month."

Poland Is "Best Hope" For Fresh NATO Troops. The Financial Times (9/14, Dombey, Fidler, Cienski) reports Poland "emerged on Wednesday as Nato's best hope of more troops for Afghanistan." The Polish Defense ministry said Poland, "which has announced plans to withdraw its 900 soldiers from Iraq, was in talks with its Nato allies about where and when they would be deployed in Afghanistan. Poland, which has about 100 troops in Afghanistan, has already announced it will send about 900 extra soldiers to the country from 2007."

Army Did Not Take Out Taliban Members Spotted At Funeral. An NBC Nightly News (9/13, story 3, 2:05, Williams, 9.87M) report on Afghanistan is sympathetic to soldiers on the ground and seems critical of commanders and rules of engagement. NBC reported, "We have a story that that has do with a single photograph. It is a surveillance photo taken in Afghanistan" showing "a gathering of Taliban

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fighters. But some say it shows more than that. Some say it shows what was a perfect opportunity to take out the enemy but the military was unable to take the shot. The question is why." NBC (Sanders) added, "Army intelligence officers say the photo shows 190 members of the Taliban at a funeral two months ago. The US Army claims among those in formation, high ranking members of the Taliban leadership. An unmanned armed Predator was spying on the group. Intelligence officers monitoring the scene in real time wanted to fire. They asked permission but the request went to intelligence analysts, senior commanders, and lawyers. The intelligence officers were told no. They were not allowed to fire. Why? US rules of engagement do not permit waging war in a cemetery. … Meantime, the Taliban fight by their own rules. On Monday at a funeral for an a government official, a Taliban bomber blew himself up killing six policemen."

In a follow-up, NBC Nightly News (9/13, story 4, 1:15, Miklaszewski, 9.87M) said, "Actually, there is a little bit of confusion here tonight. A senior Pentagon official tells us that the rules of engagement did not prevent the commanders on the ground in Afghanistan from launching air strikes against that grouping of Taliban. Now, these rules are set in place to avoid serious accidents such as killing of innocents or destruction of sensitive religious sites but there are exceptions. If the value of the target outweighs the potential collateral damage, death of civilians or cultural backlash, then commanders are able to take the shot. … Officials tonight think that the commanders in Afghanistan blew the call and they should have taken the shot."

Pentagon Says Military Will Meet Recruiting Goals. The Washington Times (9/14, Scarborough, 88K) reports the US military "will meet wartime recruiting goals for the fiscal year that ends in two weeks," according to the Pentagon. The Times says that "despite Washington's heated political debate on the worthiness of the Iraq war, frequent overseas war deployments and daily casualties, officials say a sufficient number of young men and women are signing up."

Gay Rights Groups Revive Push For Reversal Of "Don't Ask, Don't Tell." The New York Times (9/14, Alvarez, 1.21M) reports that as the "Pentagon's search for soldiers grows more urgent, gay rights groups are making the biggest push in nearly a decade" to reverse the 1993 "compromise policy…dubbed 'don't ask, don't tell,' that bars openly gay people from serving in the military." But the "move to change the policy faces stiff resistance from the Pentagon and Republicans in Congress, who, in a time of war during a tough election year, have no longing for another contentious debate about gay troops." A House bill to "do away with the policy" has "picked up 119 supporters, but only five of them Republicans."

DOJ:

Gonzales Seen As Legal Architect Of Anti-Terror Strategy. In a column distributed by Scripps Howard (9/14), Jose De La Isla writes, "President Bush has finally announced that 14 terrorist suspects will go on trial. He has acknowledged the detainees have been in CIA hands and are now in military custody. Congress still has to authorize court procedures for the trials. This is a pivotal moment. It is a 'paradigm change,' a time when one conceptual way of understanding could give way to another." De La Isla continues, "Alberto Gonzales, as Bush's legal counselor in the White House before becoming U.S. attorney general, will continue as a central character. He is without peer in putting the policies together. … Not since Robert F. Kennedy was working for his brother JFK have the White House and Justice Department driven such fundamental change. The enigmatic, secretive Gonzales will have a lasting effect on future presidencies." De La Isla adds, "Before going to the White House, Gonzales had been Gov. George W. Bush's legal advisor, Texas' secretary of state, and then chief justice on the state Supreme Court. … He was from the beginning a close, trusted member of the Bush team. … What Karl Rove has been to Bush's political planning, Gonzales has been to legal strategy." De La Isla continues, "Before 9/11, Gonzales had assembled a group of lawyers, mainly members of the Federalist Society, in the White House's Office of Legal Counsel. The conservative organization holds that the Constitution has a fixed and knowable meaning and they oppose interpretations that cast it as having an evolving significance. … He and his group were leaders on legal policy issues, even over the Justice Department, national security advisor Condoleezza Rice and Colin Powell at the State Department, mostly because Gonzales had the president's ear. … From the White House, Timothy Flanigan, Bradford Berenson and Brett Kavanaugh, among others, sought to fast-track, streamline and broaden presidential authority." De La Isla notes, "The attacks of 9/11 only accelerated that approach, called 'forward leaning,' to

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anticipate, detect, detain and prosecute suspects and those who maintained ties to or supported suspected terrorist activities. … Much of what happened next is widely known. … The fast-tracking, streamlining, and broadening of presidential powers rolled over Congress, which granted broad authority in its resolution of Sept. 14 and the Patriot Act. Otherwise, Congress was not a full partner in granting and overseeing war powers. Now it has to decide whether to go along with the Bush administration's proposal for trying terrorists. … Through it all, Gonzales was there, in the middle of the legal justifications for the hallmarks of this administration. He had a hand in or he could have intervened before ideas reached the president on paper. But to the legal team that worked for him, the assumption all along was Alberto Gonzales represented the direction the president wanted."

CORPORATE SCANDALS:

Lockyer Says HP Charges Possible Within A Week. The AP (9/14, Robertson) reports, "Criminal charges could come within a week in the boardroom spying scandal at Hewlett-Packard Co., the state Attorney General's Office said Wednesday." The AP continues, "Spokesman Tom Dresslar did not say who would be charged or what the charges would be. He also emphasized that it may take longer for the detailed investigation to produce charges. … 'We're not going to confine ourselves to any particular timetable,' Dresslar said. 'We'll go when we're ready to go, and not a minute before that.'" The AP adds, "On Tuesday, Attorney General Bill Lockyer said he already had enough evidence to charge HP insiders and the private investigators who impersonated board members and journalists in order to access logs of their personal phone calls. … 'We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside,' Lockyer told PBS' 'NewsHour with Jim Lehrer.' … He has said HP's internal probe of media leaks violated two California laws governing identity theft and illegal access to computer records. … The FBI and the U.S. attorney for Northern California are also investigating HP for illegal computer intrusion and wiretapping. The company also faces inquiries by the Securities and Exchange Commission, the Federal Communications Commission and the U.S. House Energy and Commerce Committee."

Lockyer Takes Center Stage In HP Drama. The Wall Street Journal (9/14, Carlton, Emshwiller) reports, "Now that Hewlett-Packard Co.'s board has taken steps to address its investigation of boardroom leaks, attention is firmly fixed on Bill Lockyer, the California attorney general who has made high-profile pledges to bring any lawbreakers to justice." The Journal continues, "In an interview yesterday, Mr. Lockyer added that he is looking beyond a Boston-area investigation firm linked to the H-P probe to a 'complicated chain' of parties in multiple states that may have taken part in a practice called 'pretexting,' in which private phone records were obtained under false pretenses. He said he has spoken about the case with Massachusetts Attorney General Tom Reilly, whose office is cooperating." The Journal adds, "Mr. Lockyer's remarks indicate that his investigation has expanded well beyond the borders of California. They also raise the profile of a man who many people outside the state have never heard of, a veteran brawler who has shown little hesitation in going after legal scofflaws and political foes."

USA Today (9/14, Kessler) reports, "The Department of Justice, FBI, House Energy and Commerce Committee, and Securities and Exchange Commission also have launched inquiries. … But outspoken Lockyer may be HP's biggest threat. The life-long politician is often 'greatly underestimated,' says Los Angeles defense attorney Mark Geragos, who is both Lockyer's friend and rival." USA continues, "Lockyer has held state office since 1973 without ever losing an election. He earned his law degree while simultaneously serving as a state senator. As attorney general, he has taken on energy giants and the Bush administration. He once left his own wedding reception to appear on television about the Laci Peterson murder trial. … But the HP case will be a challenge, legal experts say. In an attempt to stop leaks to the press, HP hired a detective firm, which hired a subcontractor. Employees of the subcontractor pretended to be HP board members and journalists to get their phone records."

Small Boston Firm Is Key Link In Probe. The New York Times (9/14, Richtel, Darlin) reports, "California prosecutors looking into the Hewlett-Packard spying case are focusing in part on a small private investigation firm in suburban Boston, operating out of a yellow house with black shutters in a quiet neighborhood." The Times continues, "How such a tiny firm ended up handling work for H.P., one of the largest technology companies in the world, as it tried to find out who had leaked company secrets is not clear. But

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other private investigators said on Wednesday that the situation was not surprising, because corporations in need of such services often end up relying on a chain of subcontractors." The Times adds, "Prosecutors will have to follow that chain as they pursue those responsible for gaining access to the phone records of journalists and company board members. … It is common practice for a company's head of security, its general counsel or its outside law firm to hire a security consulting firm, which often hires smaller firms, like the one prosecutors say was involved in this case, Security Outsourcing Solutions in Needham, Mass. … Those firms then hire freelance investigators to do work like surveillance or the acquisition of phone records. … The small firms provide skills that larger firms may not have, but they also offer another benefit. Using middlemen can insulate the company that has ordered the investigation from any shadowy activities, private investigators said."

The Washington Post (9/14, D03, Nakashima) reports, "According to the Web site for Security Outsourcing Solutions, it provides support services to in-house security departments and evaluates and addresses corporate security risks. … It caters to small- and medium-size companies and those that do not have full-time security departments. The Web site says the company has a 'global network of over 40 affiliated professional investigative firms.' … The firm, founded in 1998, has 10 employees and reports annual sales of $990,000, according to Dun & Bradstreet Inc."

HP Hires Morgan Lewis For Help In Probe. The California Recorder (9/14, Scheck) reports, "It only looks like Larry Sonsini is doing all of Hewlett-Packard's legal work. … In fact, the troubled tech company has hired Morgan, Lewis & Bockius as it tries to fend off various criminal investigations into whether its board of directors broke the law by having an investigator lie to gain access to board member phone records." The Recorder continues, "On Monday, Morgan Lewis lawyers sat down with San Francisco federal prosecutors in hopes of forestalling federal criminal charges. … The Monday meeting involved a 'proffer' -- a normal step these days in white-collar investigations, in which a company under scrutiny offers up information to the government with certain conditions, as a means of showing good-faith cooperation with investigators. … John Hemann, a Morgan Lewis partner who was at the meeting -- and who was until last year a white-collar prosecutor with the San Francisco U.S. Attorney's office -- didn't want to talk about HP on Tuesday. … Assistant U.S. Attorney Mark Krotoski, the chief of the office's criminal division, is the lead prosecutor handling the investigation. He referred questions to a spokesman, Luke Macaulay, who confirmed the investigation but would not discuss its details." The Recorder notes, "The focus of the federal query remains unclear, but the fast-multiplying probes into the matter have Silicon Valley lawyers abuzz with the possibility that attorneys, either at HP or at Wilson Sonsini Goodrich & Rosati, could be ensnared."

Silicon Valley's Image Tarnished By Probes. The Washington Post (9/14, A1, Johnson) reports, "Silicon Valley has long been the stuff of dreams, a place where gawky entrepreneurs create billion-dollar companies in their garages, their innovations sometimes bending the rules but forever changing the way we listen to music or chat with friends. … But lately, it seems, the valley has shifted from a shiny beacon of capitalism's promise into a shadowy target for investigators." The Post continues, "Last week Securities and Exchange Commission officials told Congress that they were investigating 100 companies for possibly rigging their compensation systems to guarantee lucrative payments to executives and favored employees. That figure includes many technology firms whose volatile stock prices sweetened the incentive to engage in improprieties. … Even Hewlett-Packard Co., the standard bearer for ethics among Silicon Valley's home-grown technology community, is hustling to move forward after the resignation Monday of its chairman, Patricia C. Dunn, amid investigations by prosecutors and federal lawmakers over whether directors' phone records were illegally accessed. Prompted by concerns that a board member leaked information to the press, the HP debacle is shedding light on the valley's insular culture, where secrets are prized and key players have multiple and sometimes conflicting obligations." The Post adds, "No industry has been immune to executive greed or governance lapses in recent years. The era's most disastrous collapses, of Enron Corp. and WorldCom Inc., occurred far from Silicon Valley. But the same mind-set that inspired so many technology entrepreneurs probably contributed to a breakdown in sound business practices, regulators said."

WSJournal Criticizes Lockyer's Comments On HP. An editorial in the Wall Street Journal (9/14, 2.03M) says that while HP's "leaker chase" was "was one of the dumber corporate decisions of recent times," it "hardly justifies California Attorney General Bill Lockyer's decision to go on national TV and publicly allege that crimes were committed before any charges have been filed. … Even assuming

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crimes were committed, it is irresponsible for any prosecutor to make such bald criminal assertions in public before he makes them in court." The Journal adds, "Even rich corporate defendants deserve due process, however, and someone at the California bar should call Mr. Lockyer on his prosecutorial misconduct."

More Commentary. In an op-ed in the Wall Street Journal (9/14), Michael S. Malone, a columnist for ABCNews.com, and author of 'Bill and Dave: How Hewlett and Packard Built the World's Greatest Company,' to be published in Spring 2007, writes, "When the story broke about the crisis in the boardroom at Hewlett-Packard last week, the almost universal reaction here in Silicon Valley was: What would Bill and Dave have done?" Malone continues, "The spirit of Bill Hewlett and Dave Packard still haunts high tech, especially the Valley. A quarter-century after the two men stepped down from the day-to-day management of the company they founded, their business philosophy still stands as the ultimate example of enlightened management -- and as a perpetual rebuke to executives who fall short of their lofty standards. … Nowhere is this more true than at Hewlett-Packard itself. It's one thing to run some semiconductor company on paranoia, or an enterprise software firm on fear. You can always rationalize your abusive management as necessary to succeed in a uniquely competitive market. But violate the precepts of the HP Way -- management by objective, pushing decision-making down through the organization, deep trust in your employees -- at HP and you have to convince the world that your results will outperform what was perhaps the most successful corporate stewardship in U.S. business history." Malone argues that Hewlett and Packard "always operated on trust and openness, but also with a strong hand. They would never have allowed the board to sink into civil war. We can also assume that they would have skipped the skullduggery and presented the leak problem to the assembled board at the beginning, and requested a full buy-in on any investigation. That alone would likely have plugged the leak. Given that HP under their leadership was never allowed to speak ill of a competitor to the media, we can also guess that Bill and Dave never, ever would have approved any investigation against reporters. And as men who had grown a company from a garage to a billion-dollar multinational corporation, they were wise enough to know that you can't buy the cloak without getting the dagger. … Finally, Hewlett and Packard firmly believed that you don't fire loyal employees for being beyond their competence; rather, you move them to where they can make the best contribution. In demoting Ms. Dunn, but still keeping her on the board, Mr. Hurd did the right thing. He did what Bill and Dave would have done. … Look next for deep and sincere apologies to everyone involved. That's the HP Way. Mark Hurd is learning fast."

DOJ To Review Corporate Cooperation Guidelines. The National Law Journal (9/14, Coyle) reports, "During a Senate Judiciary Committee hearing on Tuesday, a top U.S. Department of Justice official acknowledged that the so-called Thompson Memo on the attorney-client privilege in corporate investigations has ignited complaints across the legal and business landscapes, but he vigorously defended the current policy as a sound one. … 'I've got the [Senate Judiciary] chairman and ranking chairman upset; former department attorneys general and other officials complaining. Everyone is complaining,' said Deputy Attorney General Paul McNulty. 'But I believe the perception of how this works is different from the reality. … I really don't see this as the kind of coercive practice that is being described by groups.'" The Journal continues, "Senate Judiciary Chairman Arlen Specter, R-Pa., and ranking minority leader Patrick Leahy, D-Vt., both former prosecutors, questioned McNulty and a panel of critics of the Thompson Memo on how that memorandum -- the department's internal policy guideline on charging corporations -- affects the Sixth Amendment right to counsel in corporate investigations. … The Thompson Memo tells a prosecutor to consider nine factors in determining whether to charge a corporation for criminal wrongdoing. One of those factors is whether the corporation has cooperated in the investigation. In assessing cooperation, the memo says, one consideration is whether the corporation waived attorney-client and work-product protections. … A coalition of business and legal organizations, including the U.S. Chamber of Commerce, American Bar Association, Association of Corporate Counsel and National Association of Criminal Defense Lawyers, contends that the memo has created a 'culture of waiver' in which federal prosecutors now routinely demand waiver of attorney-client and work-product protections even where there are less intrusive means of getting information. … 'It's just one part of one factor,' insisted McNulty. 'It's not an investigative issue; it's a charging issue. If [the corporation] has cooperated, which they almost always do, that's when the issue -- do you have an internal investigation report? -- comes

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up. The text of the memo itself says this is one factor to be considered. We're giving [prosecutors] the option to consider it.' … But Specter countered, 'As I read this policy, I think it is coercive and may even rise to the level of being a bludgeon. I would ask you to reconsider the policy.'"

Former SEC Head Breedon To Run Adelphia Victims Compensation Fund. The AP distributes an article from Dow Jones Newswires (9/14, Bray) that reports, "Former Securities and Exchange Commission Chairman Richard C. Breeden will administer the compensation process for victims of a massive accounting scandal at Adelphia Communications Corp., prosecutors said Wednesday." Dow Jones continues, "The U.S. Attorney's Office in Manhattan said Breeden, chairman of Richard C. Breeden & Co., has been retained to serve as a special master overseeing the compensation process. … Last year, Adelphia agreed to pay $715 million in cash and stock to settle Justice Department and SEC charges stemming from an accounting scandal that plunged it into bankruptcy. Prosecutors have called it one of the most extensive financial frauds on record." Dow Jones adds, "In 2004, Adelphia founder John Rigas and his son Timothy Rigas, the company's one-time chief financial officer, were convicted of pocketing more than $2 billion from Adelphia for their own personal use and misleading investors about the company's finances and performance. … Last year, John Rigas was sentenced to 15 years in prison, while Timothy Rigas was sentenced to 20 years. Both men, who remain free on bail, have appealed their sentences. … In March, Michael Rigas, another son and former Adelphia executive, was sentenced to 10 months of home confinement after admitting last November that he filed a Form 13D with the SEC that falsely stated he had conducted an inquiry into the source of funds used for a purchase of Adelphia shares in late 1999. The certification was kept in Adelphia's records."

Gonzales Awards Exceptional Service Award To Enron Task Force. Law Week Colorado (9/13) reports, "More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. Deputy Attorney General Paul J. McNulty joined the Attorney General in presenting the Department's highest award, the Attorney General's Award for Exceptional Service, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud."

OFHEO Likely To Sue Former Fannie Mae Officials. The AP (9/14) reports, "The two executives who led Fannie Mae to an $11 billion accounting scandal can expect federal regulators to file lawsuits against them, the head of the Office of Federal Housing Enterprise Oversight said Wednesday. … 'We will more than likely be filing litigation against them,' OFHEO director James Lockhart said during a speech at the American Enterprise Institute." The AP continues, "When later asked by reporters if legal action was likely against Fannie Mae's former chief financial officer Timothy Howard and the mortgage finance giant's former chairman and chief executive Franklin Raines -- who was White House budget director under President Clinton -- Lockhart did not name names but did say 'they are the top two.'" The AP adds, "Last month Fannie Mae announced -- and the Justice Department confirmed -- that the criminal investigation against it had ended after two years. Fannie Mae, whose accounting scandal came to light in September 2004, has been ordered by the Securities and Exchange Commission to restate its earnings back to 2001 -- a correction expected to reach around $11 billion. … Fannie Mae reached a civil settlement in May with the SEC and the OFHEO, agreeing to pay a record $400 million fine after OFHEO found serious accounting problems and earnings manipulation by the company. … Earlier this week, Freddie Mac -- Fannie Mae's smaller sibling in the $8 trillion home-mortgage market -- said it would not face criminal charges in connection with its own multibillion-dollar accounting scandal. … The Justice Department began investigating the accounting of Freddie Mac, which is the second-largest financer of home loans in the country, after it disclosed in June 2003 that it had misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002."

The Washington Post (9/14, D01, O'Hara) reports, "Lockhart's agency has power to lodge only civil or administrative complaints. The Securities and Exchange Commission is also weighing civil action against former Fannie Mae executives. The Justice Department last month said it had closed its criminal investigation of the company's

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accounting scandal, though it is looking at whether Raines and Howard committed perjury in congressional testimony about Fannie's accounting practices." The Post adds, "One lawyer with knowledge of the case, who spoke on condition of anonymity because he didn't want to publicly speculate on OFHEO's intentions, said the agency could file a lawsuit before the end of the year. One thing OFHEO may be waiting on: the completion of a mandatory investigation by Fannie's independent directors to determine whether the company itself should sue Raines, Howard or others. The results of that investigation are due at the end of next month. … Such strong statements from Lockhart are not new. In May, after his agency and the announced the $400 million fine against Fannie Mae, Lockhart took aim at the $52.8 million in bonuses Raines received during the six years the company used improper accounting. … In addition, since neither Raines nor Howard were technically fired by the company when the accounting improprieties came to light in 2004, both men took home millions of dollars in severance payments, and Raines received retirement pay of $114,000 a month for the rest of his life."

Grasso Seeks Judge's Recusal In Compensation Case. The New York Law Journal (9/14, Bar) reports, "The battle over former New York Stock Exchange Chairman Richard A. Grasso's multi-million dollar compensation package continues to heat up." The Journal continues, "Grasso's attorneys have filed a motion asking Justice Charles Edward Ramos, the presiding judge in the case, to reassign the matter to a different judge. … 'Throughout this lengthy case, the Court has steadfastly expressed its desire that this significant case be handled in a way that engenders public confidence in the justice system,' attorneys for Grasso said in papers filed with the court last week. 'At this time, reassignment of the case would best serve that important goal.'" The Journal adds, "Attorney General Eliot Spitzer has challenged Grasso's total compensation under New York's not-for-profit laws. … Gerson A. Zweifach of Williams & Connolly who represents Grasso, laid out three grounds for recusal in the motion. The first stems from ex parte settlement talks with Ramos, which Grasso entered into based on the court's "advance agreement not to serve as trial judge should Mr. Grasso object." … After the judge decided to conduct a bench trial to address the separate issue of whether Grasso's compensation of more than $139 million was reasonable, Grasso sent a letter to Ramos expressing concerns over his continued involvement with the case. … 'Having obtained Mr. Grasso's and his counsel's consent to participate in an ex parte conference based on this commitment, it would be improper, to say the least, for the Court now to try the case over Mr. Grasso's objection.' … The second grounds for recusal, Zweifach said, were that Ramos, during the course of the settlement discussions, expressed views on 'factual and legal issues that lie at the heart of any upcoming trial.'"

CRIMINAL LAW:

Gonzales Touts Work Of Katrina Fraud Task Force. The AP (9/14, Foster) reports, "Attorney General Alberto Gonzales credited a task force he established a year ago with deterring fraud in the Hurricane Katrina relief effort, citing as evidence money returned to the Red Cross and the Federal Emergency Management Agency." The AP continues, "Gonzales addressed members of the Hurricane Katrina Task Force Wednesday, the first anniversary of its creation, during an appearance in New Orleans, where the hurricane flooded 80 percent of the city on Aug. 29, 2005. … 'People need to know that they will not get away with these crimes,' Gonzales said." The AP adds, "The report released at the meeting said that by Oct. 17, 2005, the task force had charged 36 people in 17 cases with hurricane-related fraud. By Sept. 6, 2006, Gonzales said that number had grown to more than 400 people charged in more than 30 federal judicial districts around the nation. … Most task force prosecutions in the past year involved fraud in obtaining individual assistance benefits from FEMA and the Red Cross, the report said. … Between them, the agencies had more than $18.2 million returned by recipients individual aid, the report said, calling it a 'sign that our prosecutions are deterring fraud.'"

WGNO, ABC 26, New Orleans (9/14, Murphy) reports, "U.S. Attorney General Alberto Gonzales spent Wednesday in New Orleans getting a one-year report from his National Katrina Fraud Task force. … He predicts fraud cases will rise as more and more federal recovery dollars reach the Gulf Region. … 'Billions of dollars are headed to the Gulf Coast region for the rebuilding effort,' said Gonzales. 'We know that fraud, sadly follows dollars.'" WGNO continues, "Gonzales a group of prosecutors and law enforcers meeting at the Downtown Sheraton, so far his Katrina Fraud Task force is responsible for 400 arrests nationwide, half of them in

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Louisiana and Mississippi. … 'It is disturbing to see not only the volume of fraud, but the lengths to which people will go to take advantage of others sufferings,' said Gonzales."

The New Orleans Times-Picayune (9/14, Finch) reports, "Despite the task force's success in making Katrina-related fraud cases for everything from public corruption to identity theft, it faces an enormous job ahead: keeping tabs on the billions of dollars of government money now in the pipeline to help rebuild the storm-ravaged Gulf Coast region. 'When the criminals find an easy route for money, they tend to return for more, giving law enforcement an opportunity to stop it,' Gonzales said. He devoted his first remarks at the podium to New Orleans' struggle to recover from the hurricane at the same time it is contending with a rising tide of crime. 'This great city cannot return to its former glory if it's being held hostage by criminals,' he said, adding that the federal government is doing all it can to help the city's struggling criminal justice system."

CNN.com (9/14, Frieden) reports, "More than 400 people -- including government and charity workers -- have been charged so far with illegally benefiting from Hurricane Katrina and the ensuing flooding, according to a Justice Department report released Wednesday. … However, the Katrina Fraud Task Force hasn't even begun to skim the waters, and the number could climb into the thousands, the report stated on the first anniversary of the task force. … 'Disaster relief agencies have reported to law enforcement that they have identified thousands of questionable or possibly fraudulent payments to purported hurricane victims,' the report said." CNN adds, "To date, the multi-agency command center in Baton Rouge, Louisiana, has received more than 6,800 complaints or tips for investigators to pursue. … The prosecutions of negligible fraud schemes has had a deterrent effect, as ineligible recipients of aid have voluntarily returned $18.2 million to the Federal Emergency Management Agency and the American Red Cross, the report says. … Most of the cases have involved people trying to obtain assistance from FEMA or the Red Cross, though cases of identity theft, procurement fraud and public corruption are emerging, the report states."

Judge Drops Two Counts Against Gotti, While Defense Questions FBI Transcript. The New York Times (9/14, Williams, 1.21M) reports, "A federal district court judge dropped two counts against John A. Gotti yesterday involving two of his businesses that prosecutors claimed had been set up and operated with illicit funds. The charges had been added by the government for Mr. Gotti's third racketeering trial, but Judge Shira A. Scheindlin said prosecutors had not offered sufficient proof to support the charges." The Times adds, "Also yesterday, in what could prove to be a critical development, Mr. Gotti's lawyers questioned whether Mr. Gotti could be heard saying on a secretly recorded F.B.I. tape that he was angry about being demoted from the top echelon of the Gambino crime family to a captain. … While the words on the tape are difficult to make out, the F.B.I. transcription of the recording reads: 'I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him.' But Steven Dobies, who prosecutors say is an associate of the Gambino crime family, testified that he was present during the conversation and never heard the word 'captain' used."

Newsday (9/14, DeStefano) notes, "Despite the dismissal…Gotti still faces serious racketeering conspiracy and related charges, including allegations he was involved in extortion, loan-sharking and the 1992 beating of…Curtis Sliwa." Newsday adds, "Under cross examination by assistant U.S. attorney Victor Hou, Dobies insisted that he never passed messages of a criminal nature for Gotti. Dobies also said that Gotti stated a number of times in 2002 and 2003 that he wanted nothing to do with his former mob associates, wanted out of the mob life and wanted to get away from New York. Questioned about Gotti's anger that his uncle Peter and others had allegedly stolen his father's money, Dobies said that Gotti believed it was money that was due his mother and sisters." The New York Post (9/14, Cornell, 608K) also reports on the ruling under the headline "Judge Whacks Two Charges Against Gotti." The AP (9/14, Neumeister) also reports this story.

Final New York Gambino Crackdown Defendant Pleads Guilty. White Plains Journal News (9/13, O'Connor) reported, "The last defendant in the massive roundup of the reputed leaders of the Gambino crime family has joined the ranks of his convicted compatriots." Louis "Little Louie" Natrella pleaded guilty on Tuesday "to conspiring to defraud the United States, conspiring to operate an illegal numbers business, illegal gambling and operating an illegal numbers business. … 'We are very pleased with the efforts of the investigative team,' said David Velazquez, the senior supervisory resident agent in charge of the FBI's White Plains office, 'and the resulting clean sweep of 32 convictions for 32

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defendants.'" The Journal News noted, "Natrella was accused of operating a thriving Gambino numbers operation in the Bronx that was handed down to him by longtime Gambino associate Leonard Minuto Sr. from Dobbs Ferry."

Heron Says Mafia "Wounded But Not Dead." U.S. News and World Report (9/12, 2.03M) reported on its Web site, "'Anybody who thinks that the Mafia is breathing its last breath is just wrong,' says Matt Heron. Heron oughta know-- he's just finished running the FBI's Organized Crime Section in New York and is moving down to FBI headquarters in Washington this month to oversee its anti-mob operations nationwide." The many successful prosecutions "make it tempting to ignore the mob in this age of terrorism. But the cases also suggest just how active the Mafia remains. 'We've hit them very hard, but they keep adapting and regenerating,' says Tom Metz, acting chief of the FBI's Organized Crime Section. There's also a new generation of smarter, more educated mobsters. … Call it the New Mafia -- their members tend to avoid thuggish acts like extortion and murder in favor of white-collar crimes, like Internet and stock market frauds." US News adds, "There's too much money to be made. 'It's an organization that's wounded but not dead,' says Heron, who's worked Mafia cases for 20 years. 'It will never be dead.'"

Las Vegas Bribery Case Bagman Agrees To Plead Guilty. The San Diego Union-Tribune (9/14, Thornton, 337K) reports, "Lance Malone, a strip club mogul's bagman who was convicted in a San Diego corruption scandal last year, has agreed to plead guilty in the parallel Las Vegas case on the eve of his trial. Malone pleaded guilty in exchange for a sentence of about 50 months in prison that would run concurrently with a sentence in the San Diego case, said a source close to the defense." The Union-Tribune notes, "Malone is accused of bribing Las Vegas politicians with cash, lap dances and ski-school tuition in exchange for votes that would benefit strip clubs owned by his boss, Michael Galardi. If a judge approves the agreement, it would avert the trial in Las Vegas, which is set to begin Monday." The Las Vegas Review-Journal (9/14, Packer) also reports on the plea agreement.

FBI Investigating Kansas City Councilwoman. The Kansas City Star (9/13, 278K) reported, "An attorney representing Saundra McFadden-Weaver acknowledged Tuesday that there was an ongoing FBI investigation involving the Kansas City councilwoman. Attorney Ron Partee confirmed the FBI investigation the same day the city's ethics commission launched its own investigation into her involvement in $400,000 in mortgages for a Lee's Summit home." The Star notes, "McFadden-Weaver asked for the ethics investigation after The Kansas City Star reported in August that she obtained the loans, apparently with no money down. Loan documents stated she would occupy the home outside the 3rd District, which she represents."

FBI, New Jersey Police Arrest 22 Alleged High-Level Crips Members. The Newark Star-Ledger (9/14, Schuppe) reports, "Nearly two-dozen reputed members of the Crips gang have been arrested on federal gun and drug charges in what U.S. Attorney Christopher Christie promised would be the start of a lengthy multi-agency campaign against street gangs and other violent criminals in Essex County. … The 22 reputed Crips members -- including the leader of a chapter called 98 Main Street Mafia and ranking members of three other factions -- were arrested by FBI agents and local police in roundups that started Tuesday and continued yesterday morning in East Orange, Irvington and Newark." FBI Newark SAC Leslie G. Wiser said, "This is an important step in our goal to cripple the Crips." The Star-Ledger notes, "The arrests marked a first significant step in a joint effort by federal and local authorities to reduce gun violence in Essex County by focusing on gangs and guns." Essex County Sheriff Armando Fontoura said, "There's a frustration here of revolving door justice…but when you come into the U.S. Attorney's Office with the FBI, there's plenty of room for you, and there will be no revolving door, and you will no longer be preying on the people of Essex County."

The AP (9/14) reports FBI Newark spokesman Steven Siegel said, "These are upper-echelon guys, not just street dealers." Siegel added that "the arrests were unrelated to raids carried out in Britain and New Jersey Wednesday morning that broke up an arms trafficking operation supplying guns to criminals in London. More than 100 federal and local agents, including an FBI SWAT team, participated in the early morning street gang arrests."

Missouri Crips Leader Convicted Of Murder, Drug Trafficking. KMBC-TV Kansas City, MO (9/8) reported, "A federal jury convicted the former leader of the 51st Street Crips gang…of three homicides, drug trafficking

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and firearms violations. Steve L. 'Moody' Wright, 23, of Kansas City, was found guilty on 15 counts contained in a 2004 federal indictment. Federal authorities said that Wright and other members of the street gang were repeatedly involved in illegal drug trafficking and had guns that they used to protect their drug supplies and drug profits. 'Wright's modus operandi was to rob other drug dealers, often shooting to kill, steal their supply of drugs, then sell them for profit,' U.S. Attorney Bradley J. Schlozman said a news release." The Kansas City Star (9/9, Rizzo, 278K) also reported on Wright's conviction.

British Library Urges US Judge To Give Map Dealer Longer Sentence. The New York Times (9/14, Cowan, 1.21M) reports rare map dealer Edward Forbes Smiley III pleaded guilty in June "to having stolen 97 rare maps from some of the world's leading universities and libraries, a staggering haul estimated at about $3 million." Among the "items taken was the centuries-old map by Peter Apian that was ripped from a book Mr. Smiley found at the British national library. Because of that $100,000 map, and three more missing maps that the British Library believes Mr. Smiley may have snatched, the library is arguing that he deserves more than the 57 to 71 months in prison that prosecutors and Mr. Smiley's lawyers backed at the time of the guilty plea. In a legal brief dated Wednesday, the library's lawyer, Robert E. Goldman, urged Judge Janet Bond Arterton of Federal District Court to impose a harsher sentence — of at least 78 to 97 months — when she revisits the case on Sept. 27."

The AP (9/14) adds, "Some of the maps have not been recovered, while others were damaged, the library noted. 'Smiley's actions ripped at the heart of our public institutions which stored, protected and made available to the public over centuries maps which provided a bridge between past and future generations,' the library wrote. One of the stolen maps had survived civil war, royal intrigue, economic depression and the Nazi bombing of London. 'They had been cared for and preserved for centuries until Smiley ripped them from their volumes and slid them into his coat,' the library wrote."

Moroccan Court Sentences Zotob Defendants To Prison. The Wall Street Journal (9/14, B3, Bryan-Low, 2.03M) reports, "Authorities in Morocco sentenced two individuals for their role in unleashing an Internet worm dubbed Zotob that infected computer networks at hundreds of companies last year." The court "on Tuesday sentenced Farid Essebar, a 19-year-old student and a Moroccan national born in Russia, to two years in prison. Another student, Achraf Bahloul, 21, received a one-year prison sentence." The Journal notes, "The case, which U.S. and Moroccan authorities say they believe is connected to a credit-card theft group in Turkey, illustrates how geographically dispersed cybercriminals have become." The AP (9/14) also reports on the sentencings.

California DNA Program Hobbled By Funding Shortfall. The Los Angeles Times (9/14, Weinstein) reports, "Two years after California set out to create a vast DNA database to help unravel tens of thousands unsolved crimes, the program is being severely hampered by a lack of resources, officials across the state say." The Times continues, "The state crime lab has a backlog of more than a quarter-million DNA samples it is unable to process because of a funding shortfall and a lack of manpower, directors acknowledge. At its current rate of progress, the lab would have to spend 2 1/2 years to clear the backlog -- if it received no more samples, which is hardly likely, since it is currently taking in about 20,000 samples a month, officials said." The Times adds, "State officials, Los Angeles police officers and the director of the Santa Monica Rape Treatment Center say the backlog means that crimes are going unsolved and that criminals who could be nabbed may still be walking the streets. … The problems stem from overly optimistic funding projections when California voters in November 2004 resoundingly passed Proposition 69, designed to make the state the nation's leader in the use of DNA technology as a crime-solving tool. … Prop. 69 requires all convicted felons, certain misdemeanor offenders and those arrested for rape or murder to give up DNA samples. Prison officials swab offenders' mouths with an object called a buccal which looks like a tongue depressor. The samples are subjected to genetic testing, and the results are uploaded into the FBI laboratory's Combined DNA Index System, known as CODIS. The database can be run against evidence from crime scenes for DNA matches that will help identify new suspects."

Virginia Officials Mistakenly Free Murder Suspect. The Washington Post (9/14, B1, Vargas) reports, "Prince William County officials accidentally released a man charged with murder and didn't notice the mistake until five days later, authorities said yesterday." The Post continues,

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"Authorities said that they have no idea where Christopher T. Broady is and that he is dangerous. … 'He is on trial for murder so that should give you an indication of the seriousness of this, of how hard we are trying to get him back,' Manassas Detective Christine Perry said. 'This is a priority. . . . It is number one.'" The Post adds, "Broady, 19, is charged with shooting a D.C. man in the head in an apparent drug dispute. He walked out of jail Friday, and the mistake was not noticed until Tuesday. … 'He could be anywhere. He could be in Arizona, Mexico, South America,' Prince William Commonwealth's Attorney Paul B. Ebert (D) said. … Jail officials and prosecutors said Broady was released in a period of confusion after murder charges against him had been dropped in Prince William Circuit Court but were pending in General District Court. … Broady is charged with killing Bernard S. Matthews, 22, on Feb. 1. Matthews was shot and left lying near Bruckner Road in the Georgetown South community of Prince William. The slaying made headlines because another man robbed Matthews before police could take him to the hospital. He died the next day. … A week later, authorities found Broady in Danville and charged him with murder in Matthews's slaying and possession of a firearm in the commission of a felony. He told his girlfriend's father that the shooting was over drugs, according to court testimony by the father, James Holmes."

Fourth Animal Rights Activist Sentenced To Prison For Threat Campaign. The AP (9/14) reports, "A fourth animal rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced Wednesday to prison. Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years in prison and was ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize. … Two other members of the group still await sentencing: Andrew Stepanian, SHAC's New York coordinator, and Darius Fullmer, an organizer who researched the group's targets. They were scheduled to be sentenced Tuesday." The AP notes, "The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism." The New York Times (9/14, 1.21M) and Philadelphia Inquirer (9/14, 399K) each ran truncated versions of the AP story.

Reid's Call For Polygamy Task Force Sparks Dispute. The Salt Lake Tribune (9/14, Burr) reports, "At least one Utah congressman says the federal government should be more involved in prosecuting polygamy crimes, while others say the matter is largely a concern of state and local law enforcement. … 'Crimes against children cannot be tolerated,' Rep. Jim Matheson said in a statement Wednesday. 'I would support additional federal assistance to help prosecute these crimes.'" The Tribune continues, "The state's lone Democrat in Congress was responding to Senate Minority Leader Harry Reid's call a day earlier for a federal task force to investigate polygamist activity in the West. … The Justice Department said Wednesday it is reviewing a letter from Reid to Attorney General Alberto Gonzales asking him to appoint a team to probe, and prosecute, if necessary, accusations of 'systemic child abuse' in 'this modern day polygamy movement.' … 'For too long, this outrageous activity has been masked in the guise of religious freedom,' wrote Nevada's Reid, who is LDS. 'But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated. Individuals who force minors into adult relationships and marriage must be brought to justice.'"

The Deseret Morning News (9/14, Winslow) reports, "Polygamous groups are upset over a Nevada senator's call for a Justice Department probe into their lives and activities. … 'It is disconcerting to have a senator take a real strong position on that,' said one Utah polygamist, who asked the Deseret Morning News not to use his name. He said all of his wives are consenting adults. 'It appears to be a reaction to (Warren) Jeffs and the FLDS culture.'" The News continues, "Members of the polygamous community of Centennial Park, Ariz., called Reid's request a 'modern-day witch hunt.' … 'Polygamy is not a federal offense but is to be regulated under the prerogative of state's rights,' said Joyce Steed of the Centennial Park Action Committee. 'Therefore, one could question what his justification is for asking the federal government to target their efforts on an unpopular minority. We can be sure polygamy does not represent a personal moral issue for the senator, coming out of the state that has legalized prostitution.'" The News notes, "The FBI has been investigating Jeffs and had put him on its Ten Most Wanted list. Jeffs was arrested last month during a traffic stop outside Las Vegas. He is currently being held in Hurricane's Purgatory Jail without bail pending a Sept. 27 court appearance. … The U.S. Attorney's Office has filed an unlawful flight to avoid

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prosecution warrant against him, but would not say if it was conducting its own investigations."

Court To Consider Reinstating Conspiracy Charge Against DeLay. Texas' highest criminal appeals court has agreed to consider reinstating a conspiracy charge against former Rep. Tom DeLay. According to the AP (9/14, Castro), the court's move "could delay his trial until next year." A state district judge "threw out one of two conspiracy charges in December and let the money laundering charge stand. Prosecutors asked the appeals court to reinstate the dropped conspiracy charge, a move that has postponed trial proceedings on the other charges."

New York Brothers Arrested In Medicaid Billing Conspiracy. The New York Times (9/14, Pérez-Peña) reports, "Two brothers, a doctor in Brooklyn and an owner of pharmacies in Brooklyn and Queens, led a conspiracy that defrauded Medicaid of millions of dollars by billing the program for H.I.V. drugs and other medicines that were never given to patients, federal prosecutors say." The United States attorney's office "announced the arrest yesterday of the brothers, Dr. Muhammad Ejaz Ahmad and Muhammad Nawaz Ahmad, and a third man, Mohammad Tanveer, a pharmacy employee, on charges of conspiracy to defraud the government, punishable by up to five years in prison. The complaint against them points to a larger conspiracy, involving 'others known and unknown.'" The United States Attorney's Office "would not put an overall dollar amount on the cost of the fraud against Medicaid, the joint federal and state health plan for the poor. But the complaint states that for just three antiviral drugs — among many medicines used to treat H.I.V. infection and its side effects — the three pharmacies billed Medicaid for $2.5 million for drugs that they never received from their distributors."

CIVIL LAW:

Plame Sues Armitage Over Leak. The AP (9/14, Apuzzo) reports, "One-time covert CIA officer Valerie Plame sued the former No. 2 official at the State Department on Wednesday for violating her privacy rights." The AP continues, "The suit does not accuse Richard Armitage, who was deputy secretary of state in the Bush administration, of participating in an administration conspiracy to blow her cover. … Plame added Armitage's name to a civil suit in U.S. District Court against Vice President Dick Cheney, his former chief of staff I. Lewis Libby and White House adviser Karl Rove." The AP adds, "Plame and her husband, former Ambassador Joseph Wilson, say the White House leaked Plame's identity as retribution for Wilson's criticisms of prewar intelligence on Iraq. … Armitage admitted last week that he told two reporters in 2003 that Plame worked for the CIA, but he said the disclosure was inadvertent. Armitage said he knew of no plan to leak Plame's identity; some people said the admission disproved the conspiracy theory. … By adding Armitage's name to the suit, Plame's lawyers set up a different scenario. They contend a White House conspiracy existed, but that Armitage's leak was independent of it."

CNN's The Situation Room (9/13, Blitzer) reported, "Outed CIA operative Valerie Plame and her husband Joe Wilson, have added another name to the civil suit. Lawyers representing the Wilsons say they'll now sue…Armitage." The Wilsons' lawsuit "already includes Vice President Dick Cheney, his former chief of staff Louis Scooter Libby and presidential adviser Karl Rove." The Wilsons "say the White House leaked Plame's name after former Ambassador Wilson criticized the pre-war intelligence on Iraq. Even though he's been added to the suit, lawyers say Armitage was not involved in the alleged White House conspiracy."

Novak Says Armitage Distorted His Role In Plame Leak. The Washington Post (9/14, A12, Smith, 748K) reports, "Columnist Robert D. Novak, who first revealed Valerie Plame's employment by the CIA and touched off a lengthy federal leak investigation, is accusing his primary source of misrepresenting their conversation to make the source's role in the disclosure seem more casual than it was." In "an unusual column that appears today," Novak "says his initial source, former deputy secretary of state Richard L. Armitage, was more sure of Plame's ties to the CIA than the source has indicated." Novak "adds that Armitage linked her directly to her husband's CIA-sponsored trip to Niger and suggested the disclosure would be a good item for Novak's column." This "differs from Armitage's assertions last week that his disclosure was made in an offhand manner and that he did not know why Plame's husband was sent to Niger." Armitage, "in an interview yesterday, said he stood by his account and disputed Novak's."

In his column (9/14, A21), Novak writes, "First, Armitage did not, as he now indicates, merely pass on something he had heard and that he 'thought' might be so. Rather, he

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identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson. Second, Armitage did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column." Novak adds, "An accurate depiction of what Armitage actually said deepens the irony of his being my source. He was a foremost internal skeptic of the administration's war policy, and I had long opposed military intervention in Iraq. Zealous foes of George W. Bush transformed me, improbably, into the president's lapdog." But "they cannot fit Armitage into the left-wing fantasy of a well-crafted White House conspiracy to destroy Joe and Valerie Wilson. The news that he, and not Karl Rove, was the leaker was devastating for the left." Novak also writes that Armitage's "silence for…2 1/2 years caused intense pain for his colleagues in government and enabled partisan Democrats in Congress to falsely accuse [Karl] Rove of being my primary source. When Armitage now says he was mute because of special prosecutor Patrick Fitzgerald's request, that does not explain his silent three months between his claimed first realization that he was the source and Fitzgerald's appointment on Dec. 30, 2003. Armitage's tardy self-disclosure is tainted because it is deceptive."

Widow Of Anthrax Victim Sues US. The Palm Beach Post (FL) (9/14, Kleinberg) reports, "Maureen Stevens says the federal government probably knows who killed her husband. … She believes they're not telling because that might reveal things the government doesn't want revealed." The Post continues, "Nearly five years after Bob Stevens' death, the first in the anthrax attacks that terrified a nation, 'I want to know what happened,' his widow, who's sued the government, said Wednesday from her lawyer's office. [I want to go into court and find out what happened. What information's obviously there. The truth is there.'" The Post adds, "Bob Stevens of Lantana, a photo editor for Boca Raton-based tabloid The Sun, died in October 2001, after he apparently opened mail laced with the deadly substance. … The government said in February of 2002 that it had a "short list" of 18 to 20 people who had the knowledge, equipment, access, and motive to obtain and 'weaponize' anthrax. Richard Schuler, Stevens' attorney, said Wednesday it might be fewer than a dozen. … Stevens filed suit in December 2003, alleging security lapses at the U.S. Army Medical Research Institute for Infectious Diseases in Fort Detrick, Md., led to her husband's death. A federal judge refused to dismiss the case and it has been in front of a federal appeals court for nearly a year. The government has argued proceeding with the suit would jeopardize the ongoing search for the killer. … In Washington, Justice Department spokesman Charles Miller said he could not comment because the suit is still active."

Judge Questions Smokers' Data In Tobacco Class-Action Hearing. The New York Law Journal (9/14, Perrotta) reports, "A federal judge Wednesday expressed skepticism over a proposed class action lawsuit that would seek as much as $200 billion in damages against the tobacco industry for its allegedly deceptive marketing of light cigarettes." The Journal continues, "In a daylong hearing, Eastern District of New York Judge Jack B. Weinstein wondered how the plaintiffs could define a viable class -- and accurately assess damages -- when the tens of millions of people who have smoked light cigarettes might have chosen to do so for any number of reasons." The Journal adds, "While the plaintiffs in part rely on a study that shows 90 percent of light-cigarette smokers were attracted by perceived health benefits that experts now claim do not exist, Weinstein said consumers could have relied on those perceived benefits to varying degrees, or even known that those health benefits were illusory. … 'How many people deep down knew they were getting something dangerous, but were willing to pay for the illusion it wasn't?' Weinstein said. … He added: 'You can't get away from the contention of the defendants that every smoker is somewhat different.' … Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., a firm for the plaintiffs, said the tobacco industry's marketing had the goal of shifting its buyers to light cigarettes, beginning in 1971, because of growing health concerns about smoking. If they had not, he said, smokers would have 'quit in droves' -- a comment that was greeted with chuckles from the audience."

The New York Times (9/14, Warner, Moynihan) reports, "In the case, known as Schwab after the lead plaintiff, Barbara Schwab, lawyers asserted that cigarette makers had deceived smokers into thinking that light cigarettes, representing 45 percent of the market, were safer or less addicting." The Times adds, "Lawyers are seeking a national class action of tens of millions of smokers and are proposing that tobacco companies pay damages of $20 billion to $200 billion. The case was filed under the federal Racketeer Influenced Corrupt Organizations Act, which entitles plaintiffs

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to triple damages. .. . Judge Weinstein is expected to decide within several weeks whether to grant class-action status." The Times notes, "The case, filed in 2004, is part of the latest legal assault against tobacco companies. After successfully warding off litigation by people claiming to have been injured by smoking, plaintiffs' lawyers have turned their attention to attacking cigarette companies for defrauding consumers by selling light cigarettes. … While many of these so-called light cases have been unsuccessful, the Schwab case follows an opinion last month by a federal judge in the District of Columbia, who found that cigarette companies engaged in decades of fraud and racketeering, including misleading smokers and concealing information about the health risks of light cigarettes."

DOJ Settles Grants Fraud Claims With Workforce Central Florida. The Orlando Business Journal (9/14) reports, "Workforce Central Florida and the Workforce Central Florida Foundation Inc. have paid nearly $3.5 million to settle claims by the U.S. Department of Justice that they defrauded the government by misusing federal grant funds to improve their privately owned offices and One-Stop Center in Lake Mary. … However, no individuals involved in the case have been either charged with a crime or dismissed from their job because it was considered an unintentional violation of federal rules concerning allowable charges, one described by Workforce officials as an 'accounting dispute.'" The Journal continues, "Still, it is believed to be the largest settlement ever levied against one of Florida's 24 nonprofit workforce agencies, which are locally chartered organizations designed to provide services such as job placement and training. The organizations are overseen by the state Agency for Workforce Innovation. … 'We analyzed every aspect of this transaction and voted at the end (in public session) to do it this way,' WCF board member and past Chairman Atlee Mercer says. 'Later, in hindsight, the government decided we should have done it differently. We don't agree. We thought we followed the letter of the law.'" The Journal adds, "The settlement has been paid by the foundation through a refinancing of the building that houses Workforce Central Florida, which handles One-Stop centers for Orange, Lake, Osceola, Seminole and Sumter counties. It will not have any impact on the services WCF currently offers, its officials emphasize."

CIVIL RIGHTS:

Lawmakers Seek DOJ Probe Of Border Agents' Convictions. The San Bernardino (CA) Sun (9/14, Carter) reports, "Sentencing should be delayed for two Border Patrol agents facing 20 years apiece in prison for shooting a drug smuggler and violating his civil rights, 22 congressmen told the Department of Justice on Wednesday." The Sun continues, "In a letter, the congressmen asked U.S. Attorney General Alberto Gonzales to postpone sentencing and review the case against Border Patrol agents Ignacio Ramos and Jose Alonso Compean. … 'Due to significant concerns over the circumstances surrounding the prosecution of agents Ramos and Compean, the House Judiciary Committee has already recognized the need for a thorough review of this case by calling for congressional hearings and an investigation of the Department of Homeland Security, Office of the Inspector General, U.S. Customs and Border Patrol and the U.S. Attorney's Office,' the letter stated." The Sun adds, "In a separate letter to the Justice Department, Rep. Louie Gohmert, R-Texas, echoed his colleagues' concerns. … 'If the facts I have laid out are accurate, then this prosecution puts the rights of illegal alien drug smugglers ahead of our homeland security and undermines the critical mission of better enforcing current immigration laws,' Gohmert wrote. … Justice Department spokeswoman Kathleen Blomquist said the department had received the letters and is planning a response to the request. She said any comment specifically about the agents' case had to come from the U.S. Attorney's Office in Texas that prosecuted the agents." The Sun notes, "Ramos and Compean are facing prison for their roles in the nonfatal shooting of Mexican national Osbaldo Aldrete-Davila, who ran away from the agents after entering the United States from Mexico with a van filled with nearly 800 pounds of marijuana. Ramos shot at the smuggler, who he believed pointed a gun at him during a foot chase along the Rio Grande. … The agents were convicted earlier this year by an El Paso jury. … Aldrete-Davila is suing the Border Patrol for $5 million for civil-rights violations. … U.S. Attorney Johnny Sutton defended the successful prosecution of the agents by Assistant U.S. Attorney Deborah Kanof. … 'These agents shot an unarmed suspect as he was running away,' Sutton said in a news release Wednesday. 'If they honestly believed the shootings

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were justified, then they had no reason to lie about it and destroy the evidence.'"

Cuban Exile Group To Demonstrate During Summit. The AP (9/14) reports, "Cuban exile protesters plan to hold a symbolic, pro-democracy demonstration on a boat in international waters off the communist nation this weekend during a Nonaligned Movement summit, an exile leader said Wednesday." The AP continues, "Ramon Saul Sanchez of the Miami-based exile group Democracy Movement said the 'maritime demonstration[is scheduled to take place Saturday. The weeklong summit began Monday. .. . Current plans call for about 20 demonstrators to leave a Key West marina onboard the 39-foot Democracia after midnight Friday and arrive in international waters off Cuba early Saturday, Sanchez said. … They are demanding free elections and the release of all political prisoners among other things, Sanchez said. The group also hopes to fly a blimp from the ship with the word 'Democracia' on it and mirrors that will reflect light and be seen on the island. … Sanchez said he met with representatives of the community relations board of the U.S. Justice Department Wednesday night to discuss plans for the demonstration. The department had no immediate comment."

New Voting Equipment Expected To Lead To More Snafus In November. USA Today (9/14, Wolf, 2.27M) reports, "Eight weeks before elections that will decide control of Congress, a rush by state and local governments to prepare new voting machines and train poll workers is raising the possibility of trouble reminiscent of the 2000 presidential election standoff." The problems "range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems, voting experts say." Glitches have "occurred in Arkansas, California, Florida, Illinois, Indiana, Ohio, Pennsylvania, Texas and West Virginia. Maryland became the latest on Tuesday, when technical problems, human errors and staff shortages led officials to keep some polls open an extra hour." The midterms "shape up as the most technologically perilous since 2000, election officials say, because 30% of the nation's voting jurisdictions will be using new equipment. They include large parts of Missouri, Ohio, Pennsylvania and Virginia, scenes of key Senate races."

WPost Criticizes Maryland Elections. The Washington Post (9/14, A20, 748K) editorializes, "Clearly, there is something wrong with the way elections are run in Maryland, and there are plenty of people to share the blame. Let's start at the top with Gov. Robert L. Ehrlich Jr. (R), who bears ultimate responsibility since it is largely his nominees on local boards who run elections county by county." The Post adds, "It is encouraging that a spokesman said Mr. Ehrlich, in a departure from the stance he took Tuesday, will work with both parties as well as the state board to ensure a better job is done in November. After all, with his name on the ballot, he too has a stake in the outcome."

California Judge Slashes Bias Judgment Against FedEx. The California Recorder (9/14, Hirsch) reports, "Calling an initial $61 million verdict 'excessive,' last week Alameda County Superior Court Judge Stephen Dombrink whittled down a jury award against national shipping company Federal Express and one of its managers to a modest $12.4 million." The Recorder continues, "In his written decision, Dombrink stated concern that the evidence failed to support the initial verdict in an employment discrimination case. … 'The harassment was mostly just offensive name-calling,' Dombrink noted in his Sept. 5 ruling." The Recorder adds, "In June, the jury handed the $61 million award to two Lebanese-American FedEx drivers who accused a manager of racial discrimination and harassment. The verdict was thought to be the largest single civil rights judgment under California's Fair Employment and Housing Act and the fourth-largest verdict of any kind in Alameda County history. … Plaintiffs attorney Christopher Dolan said last week that he was still reviewing the decision and had not yet decided whether to seek a new trial. Though clearly disappointed by the outcome, Dolan said Dombrink's handling of the issue was 'deliberate and thoughtful. I think Judge Dombrink has exercised what he thought to be in the best interest of justice.' … Whatever happens on appeal, Dolan said he hopes the initial award continues to send a message to the business community that Arab-Americans will not tolerate harassment in the workplace."

Race-Based "Survivor" Said To Mirror Societal Attitudes. In an op-ed for USA Today (9/14), George Washington University law professor Jonathan Turley writes, "Segregation is seeping back into public schools, though we justify it away. Perhaps our discomfort is in its reflection of truths in our society." Turley continues, "Millions of Americans tonight will watch different races fight for

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supremacy over a patch of land. No, this is not the latest installment of an Adolf Eichmann production. It is this season's CBS Survivor: Cook Islands. … With a ratings fall from a high of 29.8 million in 2001 to 16.6 million last year, the show's producers are clearly looking for something to captivate more viewers. To do so, they decided to try a TV version of divide and conquer: Fuel the racial identification of viewers, pit them against other races and reap the benefits of racial pride — or racial animus." Turley adds, "The problem is that this is a reality program that is far too real for our sensibilities. Despite decades of affirmative action, we remain a highly race-conscious society with highly segregated neighborhoods, schools, prisons and — yes — entertainment. More important, the 6-year-old show reflects a growing return to segregationist policies across the country. … Survivor's producers insist that the use of racially segregated teams is designed to boost minority participation and possible success in the show. … That rationale is being used in public schools. Arguing that segregation helps minorities perform, states have introduced schools segregated by race, gender and even sexual orientation. … Survivor is embracing a 'separate but equal' policy that was the scourge of the civil rights movement, ultimately rejected by the Supreme Court in Brown v. Board of Education. It is now the solution to everything from low school scores to low self-esteem — and apparently low ratings. … The fact is that Cook Islands is repellant not because it looks too little, but too much, like our society. It is a reality that many are likely to watch, but few want to recognize."

ANTITRUST:

Barnett Takes Hands-Off Approach To Apple. Market Watch (9/14) reports, "The Justice Department's antitrust chief on Wednesday made a case for taking a hands-off approach to Apple Inc.'s iTunes music service and iPod music device, which are dominant in the online music business." Market Watch continues, "He also offered an implicit criticism of European governments that want the iPod player and iTunes music to be compatible with rival products. In June, French lawmakers approved government-backed legislation aimed at forcing Apple to make its online music and its iPod 'interoperable' with other products. Regulators in Norway and Sweden have threatened to impose fines if interoperability isn't made possible. … 'Apple provides a useful illustration of how an attack on intellectual-property rights can threaten dynamic innovation,' Thomas O. Barnett, who heads the Justice Department's antitrust division, said in the text of a speech in which he also noted that he's not investigating Apple's activities." Market Watch adds, "The music industry has in recent years been hit hard by the illegal downloading of music from the Internet, but the success of Apple's iTunes has boosted the sale of legal downloads and led to forecasts from the International Federation of the Phonographic Industry, a trade body, that recorded-music sales will grow in 2006. The concern across Europe is that Apple's products have too much dominance. … 'While it is true that Apple's digital-rights-management software ensures that the first recording of a song downloaded from iTunes can only play on an Apple device, consumers can re-record an iTunes song in an MP3 format and play it on other devices; in sum, it is hardly clear that they are locked in,' Barnett said. … His remarks came as European regulators traveled to the U.S. to address audiences here, providing U.S. politicians with an opportunity to push back. Rep. Robert Wexler, D-Fla., who co-chairs an intellectual property caucus, in prepared remarks cited 'grave concern' about European regulatory tactics, and he complained that forcing Apple to 'hand over' its intellectual property would damp future innovation. … Barnett rejected complaints that Apple harmed consumers by selling expensive iPods that lock them in to buying the same costly devices in the future."

United, American Airlines Disclose Air Cargo Price-Fixing Settlements. The AP (9/14) reports, "United Airlines and American Airlines disclosed settlements Wednesday in a class-action lawsuit stemming from an investigation into alleged price collusion among carriers in the air cargo industry." The AP continues, "Unlike Lufthansa AG, which said Monday it would pay $85 million to settle pending lawsuits in the case, both U.S. carriers said they are not required to make any payments. … The settlements could close the books on their obligations in the case barring further findings. Officials at both American and United, the largest two U.S. airlines, said that if the Justice Department later brings charges against them as a result of its investigation, the settlements would be off." The AP adds, "More than a dozen airlines have been the subject of an investigation initiated by U.S. and European Union officials into suspected price-fixing in the air cargo industry on surcharges for fuel, security and insurance. … Investigators

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were quoted earlier this year as saying the surcharges apparently originated among European carriers, with U.S. companies then setting their own charges in line with competitors. For carriers to be hit with criminal charges, prosecutors would have to show they were actively conspiring, not just following others' price increases."

House Judiciary Committee Bill Removes Texas Airfield Antitrust Immunity. The Dallas Morning News (9/14, Reddy, Ramshaw) reports, "Following a setback in a House committee, North Texas lawmakers were plotting Wednesday evening to reinstate language to protect their Wright amendment legislation from potentially crippling court challenges." The News continues, "The House Judiciary Committee dealt the latest challenge to the effort to lift flight restrictions at Dallas Love Field, removing a phrase that would have immunized the agreement from antitrust claims. … Supporters of the deal remained hopeful they could recover through legislative maneuvers in coming weeks. But given a short legislative calendar and sustained Senate opposition, the outcome remains uncertain."

The AP (9/14, Gamboa) reports, "The agreement was forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth. American, based in Fort Worth, has a major hub at DFW. … The bill endorsed Wednesday no longer includes wording that stated the agreement complies with anti-competition laws and gave the Department of Transportation sole authority to decide claims against the arrangement." The AP adds, "Those provisions were opposed by Rep. James Sensenbrenner, chairman of the House Judiciary Committee. He said the claims should be decided by the courts. … 'The antitrust laws are there for a purpose,' Sensenbrenner said. 'They are working, and there should not be legislative determination about what is or is not anticompetitive. The standard antitrust standards that have been applied to commercial arrangements for over 100 years should be applied to this one as well.'" The AP adds, "An unsigned memo from the Justice Department's antitrust division and made public last month said the bill would violate antitrust laws, although the department has not taken an official position. … The agreement calls for shrinking the number of gates at Love Field from 32 to 20, which some argue could block other airlines from competing with incumbents American, Southwest and Houston-based Continental Airlines Inc. Only 19 of the 32 gates are currently being used."

Bloomberg (9/14, Schlangenstein) reports, "The agreement may be ineffective without the immunity, said Rep. Spencer Bachus, R-Ala. 'We will litigate this thing for the next 10 to 15 years,' he told colleagues on the panel. 'It will be tied up in court.'" Bloomberg adds, "The House committee's proposal 'doesn't appear to be a deal breaker,' Ed Stewart, a Southwest spokesman, said in an interview. 'The important thing is that this is another step toward what we were wanting in the first place, giving customers more choice.' … Tim Wagner, a spokesman for American, declined to comment on whether the version approved by the House committee would sink the agreement. The airline is based in Fort Worth, Texas. … 'There are more steps to go before we know what's ultimately going to happen,' Wagner said. Differences in versions approved by the House Judiciary Committee and the House transportation panel will have to be ironed out, he said."

The Dallas Business Journal (9/14) reports, "Last month a group of antitrust professors from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers. … Tuesday, D/FW Airport put out a letter written by antitrust law experts that refuted the professors' statements by saying an outright repeal of the Wright Amendment has never happened and would face too many challenges."

The Fort Worth Star-Telegram (9/14, Recio) reports that "Sensenbrenner, R-Wis., joined by the ranking Democrat, Rep. John Conyers, D-Mich., proposed an amendment that removes the antitrust immunity in the bill and inserts additional language reinforcing that nothing in the law governing Dallas Love Field 'shall modify, impair, or supersede the operation of the antitrust laws.' … Conyers, joining the chairman in an unusual show of bipartisanship, said, 'I'm not here to say the agreement is pro-competitive or anti-competitive.' … Rather, he said, he was also supporting the antitrust laws as the protector of consumers. 'For more than a century, the antitrust laws have been the cornerstone of preserving our free-market economy.'"

FTC Clears Hedge Fund For McDonald's Stake. The AP (9/14) reports, "An activist hedge fund has received antitrust clearance from the Federal Trade

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Commission for a previously announced plan to buy nearly $794 million of McDonald's Corp. stock." The AP continues, "In a Sept. 1 filing with the Securities and Exchange Commission, the Oak Brook, Ill., fast-food chain said New York-based Pershing Square Capital Management LP had informed the company of plans to acquire more than $793.8 million of McDonald's stock, through three investment funds." The AP adds, "The FTC said Wednesday that it granted early termination on Tuesday of the waiting period required under the Hart-Scott-Rodino antitrust law. .. .The purchase would amount to less than a 2 percent stake but would still make Pershing one of McDonald's top institutional shareholders."

EU Fines 14 Firms For Road Bitumen Price-Fixing. Market Watch (9/14) reports, "The European Commission Wednesday fined 14 companies EUR266.717 million for fixing prices of bitumen, a tar used in road construction." Market Watch continues, "Regulators found that eight suppliers and six purchasers participated in a cartel in the Netherlands from 1994 to 2002. … The commission granted BP PLC full immunity for cooperating in the investigation. In contrast, it doubled Royal Dutch Shell NV's fine to EUR108 million as a repeat offender. … 'We should not have attended these meetings and we regret our involvement in this case,' President-Director Rein Willems of Shell Nederland BV said in a statement." Market Watch adds, "The cartel fines represent the seventh largest ever levied by EU regulators and underline their determination to fight cartels. Companies are liable to up to 10% of their worldwide turnover if they participate, but they can appeal all decisions to the European Court of First Instance in Luxembourg. … In 2001, the commission imposed fines of EUR790 million on a vitamin cartel. Last year, it imposed fines of EUR388 million on a hydrogen peroxide cartel and EUR344 million on an acrylic glass cartel. … 'The result of the cartel was the price of bitumen was higher than it otherwise would have been,' said E.U. antitrust spokesman Jonathan Todd. Although bitumen is a 'small market' Todd said the fine is very high comparatively, because 'very large companies were involved, the cartel lasted for a time and that it was a very serious infringement.' In addition, some companies were 'repeat offenders' and some 'obstructed our investigation.' … He said similar probes were ongoing in both the Belgian and Spanish bitumen markets."

ImClone In Patent Dispute Over Erbitux. USA Today (9/14, Schmit) reports, "More bad news could be looming for ImClone Systems, the biotech maker at the heart of the Martha Stewart stock scandal." USA continues, "A federal judge is expected to rule, possibly within weeks, on a bitter patent dispute affecting ImClone's sole product, cancer drug Erbitux. … One Wall Street biotech analyst, Citigroup's Yaron Werber, has predicted defendants ImClone and Aventis Pharmaceuticals will lose the dispute. That could cost ImClone tens of millions of dollars a year, delivering an 8% to 24% hit to net income." USA adds, "The patent dispute — argued over a 10-day trial that ended in July in an often-packed Manhattan courtroom — pits former colleagues, friends and two giants of science against each other: Michael Sela, 82, a co-developer of multiple sclerosis drug Copaxone, and Joseph Schlessinger, 61, who testified he had been nominated for a Nobel Prize and that, for the last decade, he's been among the top 20 most-cited scientists in the world. … The patent dispute goes back 20 years and centers on who invented the idea of using a certain antibody, such as Erbitux, in combination with a chemotherapy drug to slow the growth of cancer tumors: Schlessinger and his colleagues or Sela and his colleagues. … Aventis owns the patent, which lists Schlessinger as its first named inventor. ImClone licensed the exclusive rights to the patent in 1994 even before it was approved. … The plaintiff, Israel's Yeda Research and Development, alleges that three scientists, including Sela, from Israel's famed Weizmann Institute of Science are the true inventors. Yeda, which commercializes inventions of Weizmann scientists, alleges Schlessinger — during a chance conversation with one of Sela's colleagues — volunteered to supply them with an ingredient to do the experiments."

ENVIRONMENT/INDIAN AFFAIRS:

IG Says Interior Officials Tolerating Ethical Failures. The New York Times (9/14, Andrews, 1.21M) reports, "The Interior Department's chief official responsible for investigating abuses and overseeing operations accused the top officials at the agency on Wednesday of tolerating widespread ethical failures, from cronyism to cover-ups of incompetence. 'Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior,' charged Earl E. Devaney, the Interior Department's inspector

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general, at a hearing of the House Government Reform subcommittee on energy." He also said, "I have observed one instance after another when the good work of my office has been disregarded by the department. … Ethics failures on the part of senior department officials -- taking the form of appearances of impropriety, favoritism and bias -- have been routinely dismissed with a promise "not to do it again."" The "blistering attack was part of Mr. Devaney's report on what he called the Interior Department's 'bureaucratic bungling' of oil and gas leases signed in the late 1990's, mistakes that are now expected to cost the government billions of dollars but were covered up for six years."

California Settlement Would Begin River Restoration In 2009. The Fresno Bee (9/14, Doyle, Grossi) reports, "More water should start flowing down the San Joaquin River by around 2009 under a long-awaited settlement scheduled to be filed in Sacramento today." The Bee continues, "By around 2013, salmon should be reintroduced to the river, which once teemed with them. Hundreds of millions of dollars would be spent on channel improvements and more, and a new 'San Joaquin River restoration' administrator would oversee the complicated work." The Bee adds, "The river restoration details, and myriad others that will change life in the San Joaquin Valley, have been worked out by farmers and environmentalists during months of negotiations. They are to be presented to a federal judge this morning in hopes of settling an 18-year-old lawsuit. … 'To be able to come up with an agreement that parties on both sides can agree to is a monumental step to a healthy river,' said Grant Davis, executive director of the San Francisco-based Bay Institute, one of the plaintiffs in the lawsuit. 'Failure would not only harm the river, it would harm the San Joaquin Valley.'" The Bee notes, "Davis declined to offer details of the settlement, which was described by others who had been briefed about the pending deal. The Justice Department only signed off on the agreement Monday night, participants said, and details were changing up until the last moment. … But even as environmental groups and their negotiating partners embrace the new deal, it's attracting flak on Capitol Hill and among some water users. Part of the agreement includes an apparent deadline for Congress to approve San Joaquin River restoration legislation: Dec. 31."

The New York Times (9/14, Mckinley) reports, "Under the plan, announced in Sacramento, billions of gallons of water would eventually be released from Friant Dam, just north of Fresno, spilling into the historic river channels. The new flow, environmentalists and fishermen hope, will create a healthy environment for Chinook salmon, which once spawned — and thrived — in the San Joaquin. … In exchange for losing 15 percent to 20 percent of their yearly water, depending on rainfall, farmers and other long-term water users would be assured of a supply." The Times adds, "Fed by downstream tributaries, the San Joaquin, the second-longest river in California, flows as it meets the Sacramento River east of San Francisco, forming an enormous delta that provides water to 22 million Californians. Since the 1940's, the upper reaches of the river, from Friant Dam to its convergence with the Merced River, have been siphoned off to water a million acres of crops through a vast irrigation project that has helped turn the Central Valley into one of the most prosperous agricultural regions. … The proposed restoration would carry a hefty price, with estimates from $250 million to $800 million, a cost that the federal government and state would probably share."

Greenhouse Gases Blamed For Decline In Winter Arctic Ice. The Washington Post (9/14, A3, Kaufman) reports, "The amount of ice being formed in the Arctic winter has declined sharply in the past two years, a finding that NASA climate researchers say significantly increases their confidence that greenhouse gases created by autos and industry are warming the Arctic and the globe." The Post continues, "For years, scientists have reported a steady decrease in summertime Arctic ice, but they had never before found a similar reduction in the amount of ice being created during the frigid and dark Arctic winter. This lack of effect on the Arctic winter was one flaw in the scientific models of global warming, which predicted a steady decrease in ice formation. .. .But a new paper by Josefino Comiso, a senior research scientist at NASA's Goddard Space Flight Center in Greenbelt, found precisely the reduction in wintertime ice over the past two years that the model had predicted. The past two winters each produced 6 percent less ice than the average amount measured for almost three decades." The Post adds, "Comiso yesterday called the new data from satellite imaging of ice formation and temperatures 'the strongest evidence of global warming in the Arctic so far.' … The drop in wintertime ice tracks a similar drop in sea ice detected in the warmer months. According to Mark Serreze, senior research analyst with the National Snow and Ice Data Center, the amount of ice in the Arctic at the end of the 2005

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summer was the smallest seen in 27 years of satellite imaging, and probably the smallest in 100 years. He said this year's summer ice cover started out even smaller but is not another record."

House Rejects Bill To Curb Indian Gaming. USA Today (9/14, Radelat) reports, "Indian tribes hoping to establish casinos away from tribal lands dodged a potential setback Wednesday when the House rejected a bill barring off-reservation gambling." USA continues, "California Rep. Richard Pombo, head of the House Committee on Resources, said 'reservation shopping' by tribes has 'perverted' the intent of the 1988 Indian Gaming Regulatory Act, which opened the door for tribes to establish casinos. … But Pombo, who introduced the bill, was unable to secure the two-thirds vote needed for it to pass, under special House rules barring amendments. The vote was 247-171 for the bill, with 278 votes needed for approval." USA adds, "As Indian gaming revenues have grown — they reached nearly $22.7 billion in 2005 — so has opposition in Congress to the industry's expansion. … Only four tribes have off-reservation casinos. But at least 44 others, many landless and newly recognized by the federal government, like the Jena Band of Choctaw Indians, have applications pending at the Interior Department. .. . Pombo's bill would have prohibited the Jena Band and other tribes from establishing casinos off tribal land or land not contiguous to their reservations. It also would have required tribes to compensate local communities for a new casino's impact on roads, water and sewer systems and other services, including law enforcement. … The National Indian Gaming Association, which represents more than 180 tribes, strongly opposed the bill, saying it would violate tribal sovereignty."

FBI/DEA/ATF/USMS:

US Busts Western Drug Ring. The AP (9/14, Frazier) reports, "The U.S. Justice Department said Wednesday it has shattered a drug operation that started among high school buddies in Roseburg, Ore., 30 years ago and grew over the years to become an international operation that took in more than $20 million." The AP continues, "Eleven of the 12 people named in a federal indictment are in custody after arrests Wednesday in Oregon, Washington, Colorado and Idaho. Most are from Oregon. .. .U.S. Attorney Tom Moss of Boise, Idaho, said the arrests followed a classic strategy of 'follow the money.'" The AP adds, "The 194-page indictment, handed up in Boise in June but kept sealed until Wednesday's arrests, said the operation began by growing and selling marijuana. But, the indictment said, the operation expanded to smuggling of drugs from Mexico and South America, growing large quantities of marijuana indoors and on public lands, and manufacturing methamphetamines. … The government seeks forfeiture of more than $24 million in assets including boats, planes, business interests and real estate in five states. … U.S. attorney spokeswoman Jean McNeil said more arrests could follow, and those in custody likely would be sent to Idaho after court appearances where they were arrested."

New Hampshire Drug Sweep Nets 54 Arrests. The Manchester (NH) Union Leader (9/14, Grossmith) reports, "An eight-month undercover drug investigation in the state's largest city has resulted in 54 drug dealers being arrested and the confiscation of more than 10 pounds of drugs with a street value of $450,000, authorities said yesterday." The Leader continues, "The arrests began on April 1, but since Monday, police have arrested 28 people on charges they sold crack, cocaine or heroin to undercover officers or possessed drugs. … Manchester Police Chief John Jaskolka, at a news conference yesterday afternoon, said he 'fully expects more arrests as the operation continues over the next few days and weeks.'" The Leader adds, "Manchester Mayor Frank Guinta commended all the agencies involved -- Manchester police, state police, Hillsborough County Sheriff's Department, the U.S. Marshal's Office, ATF, state Probation and Parole Department, and the New Hampshire Attorney General's Drug Task Force. … He said the arrests show there is a 'renewed commitment to eradicate the criminal element in our city.' … The undercover drug investigation so far as involved the execution of 13 search warrants and the seizure or purchase of 7.9 pounds of cocaine, 2.4 pounds of crack cocaine, and 2.5 ounces of heroin by agents. Police also removed nine firearms -- eight handguns and one shotgun -- from city streets and seized $130,979 in cash. … The probe was funded with a federal grant under the Operation Streetsweeper program and involved seven different state, local, county and federal agencies. … U.S. Attorney Thomas Colantuono said nine of those arrested will be prosecuted on federal charges in U.S. District Court in Concord."

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Cocaine Trafficker Sentenced. The Brunswick Times Record (9/14) reports that Phillip Whitworth of New Haven, Conn., "was sentenced Tuesday in U.S. District Court to more than 15 years in prison in connection with his role in trafficking crack cocaine." He "was arrested in March 2006 in the Topsham Fair Mall area after attempting to sell the drugs to an undercover informant working with the U.S. Drug Enforcement Agency" as part of a "joint investigation between the U.S. Drug Enforcement Agency and the Topsham Police Department began in Topsham and lasted 13 months." U.S. Attorney Paula D. Silsby "praised the DEA and the Topsham Police Department for their work in the investigation," and Detective Mark Gilliam of the Topsham Police Department "also praised the DEA for the agency's help with the investigation."

DEA Says Taliban Is Responsible For Afghanistan's Large Opium Poppy Harvest. CNN's Anderson Cooper 360 (9/13, 10 p.m.) reported, "The DEA says the Taliban is to blame for Afghanistan's explosion in opium poppy." One of Afghanistan's "big problems" is "the booming drug trade. The opium harvest, this year, the poppy harvest, up from 49% over last year, more than 90% of the world's heroin supply from Afghanistan. … It causes so many different problems and helps the taliban, of course, because they receive money from the drug trade." The report continued, "Afghan officials eradicate opium production. A wasted mission. The official had no power, no forces to wage a drug war here. A couple of fields out of thousands were damaged. … From what we have seen in this Afghanistan's biggest poppy producing province, destruction is far from a reality. … Today's counter narcotics minister knows how bad the trade is now and says he can't stop it. Police are part of the problem." Later, the show reports that in St. Louis "officers say they do catch someone selling heroin virtually every night of the week. One recent bust netted $20 million worth of China white. … How does the heroin get from Afghanistan to St. Louis? Captain Jackson says it first goes to Nigeria and then to street gangs in Chicago. From there, it makes its way here. China white isn't an inner city back alley shoot it up type of drug. This heroin is so pure it can be smoked or snorted. This has only increased the drug's appeal among the affluent. … DEA special agent Jack Riley says besides the drugs, his agents have seized millions of dollars in cash."

DEA, Spain Announce Increase In Cooperation to Stop Drug Trafficking. The AFP (9/14) reports, "Spain and the United States announced they were increasing cooperation to stop drug trafficking, following talks between Interior Minister Alfredo Perez Rubalcaba and visiting US Drug Enforcement Administration (DEA) administrator Karen Tandy. Both announced the strengthening of 'common instruments to combat the laundering of money proceeding from drug trafficking'." In April, "Spain will…under the co-chairmanship of Tandy, host the 25th International Drug Enforcement Conference (IDEC) in Madrid."

Acapulco In Midst Of Drug Violence. The Christian Science Monitor (9/14, Llana) reports, "Acapulco, once known as the 'Pearl of the Pacific,' has seen its reputation - and its mayor, Félix Salgado - battered by the worst drug violence in the town's history" as "the drug war between two cartels has spread from the northern ganglands along the US-Mexican border toward the south." It is "believed to be the fallout between the Sinaloa cartel, which had dominated Acapulco, and the Gulf cartel, which has been moving into its territory," and "the recent, and growing, viciousness of the acts that has been most unsettling. Acapulco has seen grenade attacks and decapitations haunt its front pages." Also, the "unprecedented violence" is due to "growing domestic consumption and the battle for key entry points into the US."

Witness In Washington Slaying Pleads Not Guilty To Federal Gun Charge. The AP (9/14, Johnson) reports, "A Bellevue (WA) gun collector who was arrested as a material witness in the 2001 assassination of a federal prosecutor pleaded not guilty Wednesday to an unrelated charge of machine-gun possession." The AP continues, "Albert K. Kwan was arrested Friday on one count of possessing an M-14 machine gun in January 2005. His attorneys said they found the charge curious, because Kwan owns more than 100 machine guns legally, and the one that resulted in his indictment required serious modification by federal agents before it could be fired automatically." The AP adds, "Kwan was arrested in early 2005 and held for 23 days as a material witness in the October 2001 slaying of Assistant U.S. Attorney Thomas Crane Wales, an 18-year federal prosecutor and president of a Washington gun-control organization. Wales was shot through a window as he worked

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in the basement of his home on Seattle's Queen Anne Hill. The FBI has designated his assassination a 'major case' and is offering $1 million for information that helps solve it." The AP notes, "Kwan, who has not been identified as a suspect, was held because federal investigators believed he had purchased two replacement barrels for a Makarov pistol, and ballistics evidence indicated the bullets that killed Wales had traveled through such a barrel. The investigators wanted to know if Kwan had the barrels or if he had provided them to someone else. … Assistant U.S. Attorney William Redkey argued Wednesday that Kwan should be detained because he posed a danger to the community and was not forthcoming with the court regarding his assets. He also failed to disclose a passport that had been issued to him in Hong Kong."

UK Gun Crackdown Includes New Jersey Raids. WABC-TV, New York City (9/13) reports, "British police seized hundreds of firearms, including automatic weapons and shotguns, in a dawn raid involving gun-smuggling between New Jersey and London." WABC-TV continues, "Eyewitness News has learned a 55-year-old man, who answered the door wearing his boxer shorts, was arrested at a home in Dartford, England Hundreds of guns, including shotguns, semiautomatic guns and automatic weapons, were found at his house. .. .Officials say an accomplice of that man was taken into custody in New Jersey this morning, questioned and released. The raids were a joint operation between U.S. and U.K. authorities." WABC-TV adds, "The ATF, the Alcohol Tobacco and Firearms agency was the lead agency on the U.S. Side of the case, called 'Operation Trident' and which British officials say has been in operation for six years. … 'For eight months, the ATF has worked with the UK in this case, and we are conducting follow up work in the United States today,' said Richard Marianos, an ATF official. … Marianos stressed that British authorities are the lead agencies in the case and they will make any extensive comments. There have been no US arrests in the case so far."

Michigan Fugitive Captured In Tennessee. The AP (9/14, Press) reports, "A convicted murderer who escaped from a Michigan psychiatric facility in 1976 was arrested Wednesday in Nashville, where he assumed a new identity and got married." The AP continues, "Thomas Ball, 76, was arrested at his Nashville home Wednesday morning by U.S. marshals, WSMV-TV reported. .. .Ball was convicted in 1964 of second-degree murder and was sent to what is now called the Southern Michigan Correction Facility in Jackson, Mich." The AP adds, "He escaped from the Center for Forensic Psychiatry in Ypsilanti, Mich., after being transferred there for treatment in 1976. … Ball was living under the name of Thomas Fry and had remarried during him time in Tennessee, although his wife died in the past year. … Justice Department officials said they believe Ball came to Tennessee shortly after his escape."

IMMIGRATION:

Son Of Former Liberian President To Plead Guilty To Passport Charge. The AP (9/14, Anderson) reports, "Charles McArthur Emmanuel, the son of former Liberian President Charles Taylor, told a federal judge Wednesday that he will plead guilty to charges of lying about his father's true identity on a passport used to enter the United States." The AP continues, "Emmanuel, who is also known as 'Chuckie' Taylor, said 'Yes sir, judge' when asked by U.S. District Judge Donald Graham whether he was ready to change his plea to guilty. A second hearing was scheduled for Friday for Emmanuel to formally enter the plea." The AP adds, "Emmanuel, who headed an elite paramilitary unit for his father in Liberia, was arrested March 30 at Miami International Airport shortly after arriving on a flight from Trinidad. His arrest came the day after his father was apprehended in Africa on United Nations charges of alleged atrocities during neighboring Sierra Leone's civil war. … On his application for a U.S. passport, Emmanuel identified his father as 'Steven Daniel Smith' rather than Taylor or his stepfather, Roy Belfast. The passport fraud charge carries a maximum penalty of 15 years in prison. … Emmanuel's court-appointed attorney, Miguel Caridad, declined comment after Wednesday's hearing. Karen Rochlin, the assistant U.S. attorney handling the case, also declined comment."

House GOP Will Call Vote On Measure Requiring 700-Mile Border Fence. The New York Times (9/14, Swarns, 1.21M) reports, "House Republicans announced Wednesday that they would move swiftly to pass legislation requiring the Bush administration to build 700 miles of fencing along the Mexican border to help stem the flow of illegal immigrants and drugs into the United States." The legislation, which "is expected to go to the House floor

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for a vote on Thursday," would "require construction of two layers of reinforced fencing along stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the border." It would also "require officials of the Department of Homeland Security to establish 'operational control' over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles." The bill "is the first in a series of border security measures House Republicans have promised to pass before the midterm elections in November." Democrats "promptly criticized the plan as political grandstanding intended to energize conservative voters before the elections." Michael Chertoff, the homeland security secretary, "has publicly raised doubt about the effectiveness of border fencing, particularly in remote desert areas." McClatchy (9/14, Montgomery) notes that asked if the White House supports the proposed fence, Tony Snow responded, "What the administration wants is comprehensive reform."

The Washington Times (9/14, Hurt, 88K) quotes Snow saying, "We are urging the House of Representatives and the United States Senate to work together to come up with comprehensive reform." Asked if Bush "held out hope for an immigration bill," Snow said, "You know, we've got a very limited amount of time. You draw your own conclusions."

The Los Angeles Times (9/14, A1, Gaouette, 918K), under the headline "On Eve of a Vote, GOP on Both Sides of Fence," reports, "Some conservative Republicans have long supported the get-tough approach. One of them, Sen. Jeff Sessions (R-Ala.), responded to the new House measure by calling on Senate Majority Leader Bill Frist (R-Tenn.) to embrace the House approach and declare the Senate bill dead". Democrats "noted that House Republicans were introducing their bill at a time when the GOP, vulnerable in several election campaigns, needed an issue to rally voters." Sen. Harry Reid said, "It's so transparent."

House Democrats' Omission Of Immigration From Agenda Angers Hispanic Members. The Hill (9/14, Bolton) reports House Democratic leaders "passed around to colleagues Tuesday a plan they would focus on if their party wins control of the lower chamber on Election Day, but although the document was drafted to achieve consensus, it has already angered Democratic Hispanic leaders." The document lacks "any mention of immigration. While Republican candidates around the country are trying to make immigration one of the biggest issues of this fall's elections, Democrats appear to be tiptoeing around it." Some Democrats "fear that the issue will hurt them in conservative-leaning districts such as in Ohio, Indiana and Kentucky that they must win in order to capture majority control this November." At a closed-door meeting "of the Democratic Steering & Policy Committee on Tuesday, New York Rep. José Serrano, the panel's vice chairman, challenged Minority Leader Nancy Pelosi (Calif.) over the lack of any mention of immigration reform in the caucus's new 25-page agenda document for 2007. The confrontation created a tense moment in the room, said one participant." Other Democrats "agree with Serrano that their party should make known its position on an issue important to Hispanic voters, whom many political strategists believe will be a crucial voting bloc in the future because of their surging numbers."

Immigration Advocates To Focus On Citizenship, Voter Registration Drives. After disappointing turnout at immigration rights marches over Labor Day weekend, advocates for illegal immigrants say they decided to focus on voter registration drives and citizenship drives for immigrants who qualify. The Washington Post (9/14, A3, 748K) reports, "Antonio González, president of the Los Angeles-based Southwest Voter Registration Project, said 50 voter registration drives will be launched in California, Texas, New Mexico and Colorado, states with large Latino populations. In addition, 100 voter registration and get-out-the-vote drives will kick off in October, he said. … But opponents of illegal immigration said voter and citizenship registration drives will not reignite a movement that has stalled."

TAX:

Brokers, Accountants Use Internet To Provide Access To Offshore Tax Shelters.

USA Today (9/14, Mccoy) reports, "A network of brokers, accountants, attorneys and other providers is increasingly promoting offshore trusts and accounts as a way to avoid lawsuits, creditors and, in some cases, federal and local taxes in the USA. Riding the rapid expansion of the Internet, some parts of the mini-industry are making tax-avoidance techniques — once mainly offered to high-net-worth individuals in private conferences — available online to average Americans. … 'This growing access to people who aren't wealthy and are willing to pay a $3,000 fee … to someone to help hide their assets offshore is getting to be a huge problem,' says Sen. Carl Levin, D-Mich., ranking

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minority member of the Senate Permanent Subcommittee on Investigations, which in August released the latest in a series of reports on potential offshore abuses. 'Honest taxpayers get socked with the bill' as tax avoiders transfer assets offshore, Levin said. .. . That cost is high." USA adds, "Although no precise estimates are possible, as much as $1.6 trillion in North American wealth is likely held in offshore accounts, according to a 2005 report by the Tax Justice Network, an international group opposed to tax avoidance. … Americans with assets offshore probably avoid about $50 billion in taxes annually, according to an estimate by Reuven Avi-Yonah, head of the International Tax Master of Law Program at the University of Michigan Law School. … Hundreds of companies and promoters now use the Internet to guide Americans and others who transfer assets to offshore banks or trusts, according to the Senate subcommittee report. Money moves from domestic accounts to offshore tax havens such as Belize or the Bahamas, at times without any meetings between promoter and client."

IRS Claims Tyco Owes $50 Million In Taxes. The Wall Street Journal (9/14, Levitz) reports, "Tyco International Ltd. still hasn't paid millions of dollars in federal income taxes from an allegedly false tax return filed by its chief tax adviser in 1999, the Internal Revenue Service said." The Journal continues, "The potential $50 million tax bill potentially looming over the giant manufacturing-and-services conglomerate came to light this week as Tyco's former vice president in charge of taxation, Raymond Scott Stevenson, was charged with filing a false tax return that failed to report more than $170 million in capital gains on Tyco's 1999 corporate tax return. Mr. Stevenson pleaded not guilty to a felony fraud charge before a federal magistrate in Fort Pierce, Fla." The Journal adds, "According to the IRS, the capital gains would have added about $50 million to Tyco's tax bill. Those taxes have not yet been paid by Tyco, said Ellie Michaud, a spokeswoman for the agency's criminal division. … Ms. Michaud said that after Mr. Stevenson's expected criminal trial, the government may attempt to collect the taxes. Ms. Michaud declined to say whether the company is contesting the tax bill." The Journal notes, "Tyco, which is registered in Bermuda and operated from West Windsor, N.J., is in the midst of executing a plan to split the sprawling conglomerate into three stand-alone companies by the first quarter of 2007. … According to the U.S. Attorney Attorney's Office for the Southern District of Florida, Mr. Stevenson, who was Tyco's vice president in charge of taxation until 2003, directed a 'series of transactions' designed to reduce Tyco's state liability, and in doing so triggered $170 million in federal capital gains under federal tax code. On Tyco's 1999 corporate tax return, Mr. Stevenson left off the $170 million, said Ms. Michaud, adding that the investigation is continuing."

CONGRESS-ADMINISTRATION:

Administration Seeks Alternatives To Keep Bolton At UN. With President Bush's nomination of John Bolton to be ambassador to the UN in trouble in the Senate, the Bush Administration is looking into other ways to keep Bolton in the job after his temporary appointment expires in January. The Washington Post (9/14, A12, Bake, Linzer, 748K) reports that as recently as two weeks ago, the Administration "was confident it could finally push through Bolton's long-stalled nomination. But last week's surprise move by Sen. Lincoln D. Chafee (R-R.I.) to delay a vote convinced Republicans on Capitol Hill that the nomination may be doomed, prompting a search for alternatives." The Post adds, "Administration officials said they have not given up. Secretary of State Condoleezza Rice called Chafee yesterday to kick off a lobbying campaign that will continue today when he returns to Washington after his hard-fought Republican primary victory in Rhode Island on Tuesday." The Post also reports, "Another failed nomination would be a stinging defeat for Bush, who defied Senate opposition last year and installed Bolton at the United Nations on an interim basis with a recess appointment."

GOP Leaders, Appropriators Remain At Odds Over Earmark Reform. Roll Call (9/14, Davis) reports with Republican leaders "and House appropriators deadlocked over the scope of earmark reform, the leadership is on course for a showdown with the spending panel as the resolution is scheduled for a potentially close floor vote today." Appropriations Committee spokesman John Scofield "said that another meeting of the panel on Wednesday again failed to result in an agreement on how reforms are applied to spending, tax and authorizing bills." In particular, appropriators "do not believe that the current proposal fairly applies the leadership-backed reforms to bills generated from the Ways and Means Committee as it does to appropriations bills. 'Our members are fairly unanimous,' Scofield said."

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The New York Times (9/14, Kirkpatrick, 1.21M) reports, "Nine months after Congressional leaders vowed to respond to several bribery scandals with comprehensive reforms, their pledges have come to next to nothing." House leaders "prepared to take up a rule requiring individual lawmakers to sign their names to some of the pet projects they tuck into major tax and spending bills. As an internal House rule, the requirement would be in effect only until the end of the session, just a few weeks away." While reform advocates "denounced the proposal as nearly toothless, its bite was still too sharp for many in Congress. By Wednesday night the resolution appeared to be bogged down in a three-way squabble among Republicans, Democrats and the powerful members of the House Appropriations Committee."

The Hill (9/14, Schor, O'Connor) reports House Republican appropriators "remained unwilling yesterday to publicly endorse their leadership's resolution requiring disclosure of earmark sponsors, setting up a possible rebellion by committee members that could bring down the resolution." Appropriations Chairman Jerry Lewis (R-Calif.) "huddled with his panel yesterday afternoon but emerged with no firm panel-wide plan to oppose the earmark-reform resolution. Many GOP appropriators believe the resolution singles out their committee's product while applying a narrow definition of tax and authorizing earmarks." Lewis said, "We are attempting to communicate with leadership that this committee feels very strongly that earmark reform is a priority, but it should apply to everybody."

Database To List Government Expenditures. The Christian Science Monitor (9/14, Chaddock, 58K) reports, "Coming soon to a laptop near you: how government is spending your federal tax dollars - contracts, grants, and special projects sought by lawmakers. From wartime contracts for Halliburton to earmarks for the Punxsutawney Weather Discovery Center (think 'famous groundhog') in Pennsylvania, all will be listed on a searchable database." The proposal is the "least controversial of all the reforms Congress has considered since last year's bribery and corruption scandals, and its passage will provide an effective new tool for anyone wanting to look over lawmakers' shoulders soon after they clear spending bills."

House Republicans Blocking "Interoperability" Funds. The Washington Post (9/14, A12, Hsu, 748K) reports, "House Republicans are blocking an attempt to spend $3.1 billion to help the nation's police and fire agencies communicate in emergencies as Congress debates a proposed overhaul of the Federal Emergency Management Agency. As both parties intensified the election-season rhetoric over national security, Democrats accused GOP leaders of shortchanging the well-documented need to improve communication among first responders. Republicans acknowledged that they do not want to spend billions prematurely, saying more planning and coordination are needed." Meanwhile, DHS Secretary Michael Chertoff "rebuffed calls for dedicated federal grants to upgrade equipment, coordinate plans, train emergency workers and adapt common technology standards," stating that the interoperability problem is not "a technology issue. This is an issue of having community leaders come to an agreement."

Obama, Coburn Push For Crackdown On FEMA No-Bid Contracts. The Hill (9/14, Schor) reports, "Having scored a high-profile victory on their bill to set up an online federal spending database, the unlikely freshman duo of Sens. Barack Obama (D-Ill.) and Tom Coburn (R-Okla.) are hoping their fourth bid to crack down on no-bid contracting at the Federal Emergency Management Agency (FEMA) will finally make it to the president's desk. … 'The closer you get to the election, the more members of Congress will want to demonstrate to the public that they are fiscally responsible,'" said Coburn spokesman John Hart. The senators "wrote to FEMA director David Paulison last month after viewing reports that the four main no-bid contracts awarded for emergency housing of residents displaced by Hurricane Katrina had bloated from $400 million to $3.4 billion. Paulison had echoed the senators' qualms about no-bid abuse during private meetings in December and May, but the four contracts — given to Bechtel Corp., Fluor, the Shaw Group and CH2M Hill — were not reopened for bidding despite the agency's initial promises to that effect."

Lawmakers Accuse NIH Of Being Soft On Ethics Violators. The Washington Post (9/14, A19, Weiss, 748K) reports that "angry" lawmakers criticized federal health officials yesterday for what they called a "pattern of being 'soft' on government scientists found to have violated ethics rules. … 'I do recognize that NIH has taken needed steps to improve its ethics program,' said Rep. Edward Whitfield (R-Ky.), chairman of the subcommittee on oversight and investigations, which for years has been dogging NIH over alleged ethics violations. 'But more action is needed.'"

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The Post adds, "Agency officials denied that they have been less than rigorous in meting out punishment." NIH "banned all outside consulting with drug and biotech companies more than a year ago, when it became clear that a few dozen had not reported their arrangements as required. NIH Deputy Director Raynard Kington said that at the conclusion of its investigation, NIH began administrative actions against 34 scientists and referred 10 others to the Office of Inspector General for possible prosecution."

The Los Angeles Times (9/14, Willman, 918K) reports, "NIH officials also assured the panel that they had recommended the termination of two other senior scientists who accepted drug company money without obtaining required advance approval. 'When violations were found, NIH implemented sanctions ranging from oral admonishments to letters of reprimand to suspensions,' Kington told the subcommittee. 'In all cases where individual scientists failed to take [personal] leave to conduct outside activities, they were directed to pay back that leave to the government.'"

Democrats Fail In Effort to Oust Tomlinson. The New York Times (9/14, Labaton, 1.21M) reports, "Kenneth Y. Tomlinson, the embattled chairman of the federal board that oversees most government broadcasts to foreign countries, narrowly survived an effort to oust him on Wednesday." After "a recent report by the inspector general at the State Department that Mr. Tomlinson had used his office to run a horse-racing operation and that he had improperly put a friend on the payroll, the three Democratic members of the seven-member Broadcasting Board of Governors offered two resolutions." One resolution "called for his resignation as chairman during a continuing inquiry; the other sought to curtail his authority sharply." The Justice Department "has declined to pursue a criminal investigation but is conducting a related civil inquiry. Both resolutions "failed 3 to 3 on party-line votes. Mr. Tomlinson did not participate in the votes, people involved in the closed-door session said." Tomlinson "has denied doing anything improper and had said the investigation 'was inspired by partisan divisions inside the Broadcasting Board of Governors.'"

The Washington Times (9/14, Pfeiffer, 88K) reports, "Republicans said Democratic board member Jeffrey Hirschberg, who called for the votes, is engaging in a partisan attack, citing his financial ties to liberal figures such as former President Bill Clinton." Since 1999, Hirschberg "has given nearly $100,000 to Democratic candidates and organizations, including the Democratic Senatorial Campaign Committee and Sen. Hillary Rodham Clinton of New York, according to public campaign-finance records." Hirschberg's brother, Judd Blair Hirschberg, "who was convicted of mail fraud in 1991, was one of 59 persons pardoned by Mr. Clinton in December 2000, shortly before he left office."

Clyburn, Emanuel Vie For Possible Majority Whip Opening. The Hill (9/14, Hearn, Bolton) reports that with political pundits "predicting that Democrats will recapture the House this fall, Democratic lawmakers are debating who would become the majority whip: Rep. Jim Clyburn (D-S.C.), moving up one step from caucus chairman, or Rep. Rahm Emanuel (D-Ill.), the campaign wizard who would have orchestrated the victory." Although only Clyburn "has declared his interest in the position, the escalating rivalry between the two was on display this week when news broke that the Democratic National Committee (DNC) would funnel $60,000 into each of 40 House districts, breaking a stalemate between the DNC and the Democratic Congressional Campaign Committee." Several Democratic officials "credited Clyburn with brokering the deal. He invited DNC chief Howard Dean to his hideaway office in the Capitol July 21 in the hopes of convincing him to dip into the DNC's coffers and fund turnout efforts for House Democrats." But Emanuel allies "dispute Clyburn's influence, arguing that the agreement was engineered solely between staff."

Shadegg May Be Eyeing Another Leadership Bid. In its "Washington Wire" column on its web site, the Wall Street Journal (9/13, 2.03M) reported, "After losing his race for House majority leader earlier this year, Arizona Republican Rep. John Shadegg today showed his colleagues that he may be planning another run for the Republican leadership. At a closed-door meeting today of all House Republicans, Shadegg announced he had raised $625,000 for the House Republicans' campaign arm. The sum far surpassed amount he and other Republican lawmakers were asked to raise for the National Republican Congressional Committee. More importantly, it sparked talk that Shadegg may be interested in another campaign for the House leadership."

Democrats Will Unveil Legislation To Reduce Abortions. The Chicago Tribune (9/14, Dorning, 623K) reports, "Reaching out to more moderate,

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church-going voters with misgivings about abortion, House Democrats plan to unveil legislation on Thursday that sets a public policy goal of reducing abortions in America." The proposal, "to be announced at a news conference attended by House Democrats' national campaign chairman, Rep. Rahm Emanuel (D-Ill.), would not restrict access to abortion." Instead, "it promotes such preventive measures as funding for contraceptives and expanded sex education geared toward avoiding pregnancy as well as support for adoption and services to new mothers, according to several people familiar with the legislation." The legislation "targets voters who have concerns about abortion but who are not absolutely opposed to the procedure. Its introduction follows extended discussion in Democratic political circles about improving the party's image with traditionalist voters and public efforts by prominent Democrats to fashion an approach to abortion with broader appeal."

SSA Seeks Fiscal 2007 Funding Increase. The Washington Post (9/14, D4, Barr, 748K) reports in its "Federal Diary" column, "The Social Security Administration would be forced to send employees home without pay and shut offices 10 days next year if Congress does not increase its funding in fiscal 2007, the agency has told Congress." In a letter to the Senate Appropriations Committee, Social Security Commissioner Jo Anne Barnhart wrote, "Fewer resources mean fewer people to serve the public in all areas of SSA's operations," adding, "Because these budget reductions will affect all employees, they will result in major service disruptions across all workloads." The Post adds, "The agency's budget may not be resolved until after the November elections, congressional aides said."

Baucus Casts His 10,000th Senate Vote. Roll Call (9/14, Akers) reports in its "Heard on the Hill" column that Sen. Max Baucus "cast his 10,000th Senate vote on Wednesday, becoming one of just 27 in the history of the Senate who have cast 10,000 or more votes."

Brooks Discusses Bush's Abilities As A Leader. In his New York Times column (9/14), David Brooks says, "A leader's first job is to project authority, and George Bush certainly does that. In a 90-minute interview with a few columnists in the Oval Office on Tuesday, Bush swallowed up the room, crouching forward to energetically make a point or spreading his arms wide to illustrate the scope of his ideas — always projecting confidence and intensity. … I interview politicians for a living, and every time I brush against Bush I'm reminded that this guy is different. There's none of that hunger for approval that is common to the breed. This is the most inner-directed man on the globe." The "other striking feature of his conversation is that he possesses an unusual perception of time. Washington, and modern life in general, encourages people to think in the short term. But Bush, who stands aloof, thinks in long durations." Bush was "passionate on the need for patience and steadfastness. He talked about 'inviolate' principles written upon his heart: 'People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift.'" But when Bush "is strategizing goals, he is assertiveness on stilts. When he is contemplating means, he defers to authority. And the sad truth is, there has been a gap between Bush's visions and the means his administration has devoted to realize them. And when tactics do not adjust to fit the strategy, then the strategy eventually gets diminished to fit the tactics. Or worse."

Samuelson Calls For Medicare Overhaul. Robert Samuelson writes in the Washington Post (9/14, A21, 748K) that Medicare is the "monster" in America's future. Samuelson writes, "Federal spending on the elderly is plausibly projected to double from 2000 to 2030 as a share of national income. About three-quarters of that increase will be health spending -- mostly Medicare but also Medicaid (70 percent of Medicaid spending goes to the old and disabled). The projected increase in health spending exceeds all of today's discretionary domestic spending on schools, the FBI, the environment and much more." Samuelson adds, "We should overhaul Medicare, but just how is unclear. … Samuelson concludes, "Most studies of Medicare have had a narrow and technical focus, evading the truly central issue. It isn't 'What's good for Medicare beneficiaries?' Rather, it's 'What's good for America?'"

OTHER NEWS:

Stocks Rally, With Dow 180 Points From Record. The Wall Street Journal (9/14, Lucchetti, 2.03M) reports, "The Dow Jones Industrial Average jumped 45.23 points, or 0.39%, to a four-month high of 11543.32. It was the average's 10th-highest close and only the 13th time it ended the day above 11500. The Dow sits 180 points from its all-time peak on Jan. 14, 2000, the record close of 11722.98."

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The broad Standard & Poor's 500-stock index "gained 0.38%, or 4.96 points, to 1318.07, while the tech-heavy Nasdaq Composite index rose 0.53%, or 11.85, to 2227.67."

Analyst Says Oil Prices Could Fall To $15 A Barrel. McClatchy (9/13, Hall) reports, "The recent sharp drop in the global price of crude oil could mark the start of a massive sell-off that returns gasoline prices to lows not seen since the late 1990s. … 'All the hurricane flags are flying' in oil markets, said Philip K. Verleger, a noted energy consultant who was a lone voice several years ago in warning that oil prices would soar. Now, he tells McClatchy Newspapers, they appear to be poised for a dramatic plunge." McClatchy notes, "Crude oil prices have fallen about $14, or roughly 17 percent, from their July 14 peak of $78.40." If "oil traders fear that this downward price spiral will get worse and run for the exits by selling off their futures contracts, said Verleger, it's not unthinkable that oil prices could return to $15 or less a barrel, at least temporarily. That could mean gasoline prices as low as $1.15 per gallon."

ABC World News (9/13, story 7, Gibson) reported "gas prices have dropped off the list of issues that most concern voters. And it's not hard to tell why. Prices have plunged to an average of $2.62 a gallon from unleaded regular from $3.04 less than a month ago." ABC (Stark) reported, "After a summer of paying $3 a gallon and more, consumers are now watching with relief, as gas prices go lower and lower." ABC added "an analyst who correctly forecast the stunning rise in prices is now predicting more price cuts to come." Jason Schenker, Energy analyst, Wachovia: "We think that, by the end of the month, we're looking at gasoline prices at the pump around $2.25 to $2.50 a gallon. During the winter months, we could see the price go down towards $2.00 a gallon nationally."

Oil Industry Aims To Debunk "Peak Oil" Theory. The Wall Street Journal (9/14, A2, Bahree, Ball, 2.03M) reports, "Leading players in the petroleum industry, including Saudi Arabia and Exxon Mobil Corp., are aggressively arguing that plenty of crude oil remains for world consumption, in an effort to counter critics who contend crude output is about to plateau. That argument, known as peak-oil theory, has provided intellectual backing for the boom in crude prices and sowed doubts among some policy makers about crude's long-term reliability as an energy source." The chief executive of Saudi Aramco "argued during a speech in Vienna that the world has more than a century's worth of crude left at current production rates. His talk followed similar remarks by a senior Exxon executive this week." The Journal says, "In a sign that oil-supply concerns are gaining currency, the Department of Energy has asked the National Petroleum Council, an oil-and-gas-industry research group, to investigate peak-oil claims."

Polls Suggest Improving Picture For Republicans. The Washington Times (9/14, Dinan, 88K) reports President Bush's "series of speeches on the war on terror has boosted the issue's profile and helped recapture Republicans' lead when voters are surveyed on whom they trust to handle terrorism." On the issue of terrorism, Republicans "now lead Democrats by 48 percent to 41 percent among registered voters in a new ABC News poll, a flip from a seven-point Democrat advantage in the same poll last month, and 16 percent now choose terrorism as their top voting issue -- a gain of five percentage points." An NBC News-Wall Street Journal poll "released yesterday put Mr. Bush's job-approval rating at 42 percent -- an increase of five percentage points since June, though still below a comfortable level for a president heading into a midterm election." Both polls "still showed Democrats with a sizable advantage when people are asked which party they want to control Congress -- nine percentage points in the NBC-Journal survey and eight points in the ABC poll."

The Wall Street Journal (9/14, Cummings, 2.03M), in a story about Sen. Chafee's primary win, also says the midterm election "trends may be turning slightly more favorable for Republicans."

The Wall Street Journal (9/14, Harwood, 2.03M) reports Bush's "efforts to explain and win support for his policies on Iraq and terrorism appear to be paying some initial dividends as midterm congressional campaigns heat up." But Bush's approval increase "remains 'a modest uptick' in 'a very difficult national environment' for the president's party in midterm elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though it is improved from 38% in June. A 54% majority of voters continues to say the U.S. is headed in the wrong direction." Still, the poll results "suggest Mr. Bush retains some ability to shape the context of the election to his party's benefit."

On NBC Nightly News (9/13, story 6, 2:30, Williams, 9.87M), Washington bureau chief and moderator of Meet the Press, Tim Russert, said, "When you look inside the poll, the number of people who are concerned about gasoline prices

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has declined dramatically and that seems to be giving the President a boost." Williams: "Other reasons for this [42%] number, Tim?" Russert: "The Iraq war, let's look at this. The President's approval is up 3% [at 38%]. That is a gain of three points since our last poll in July where it was 35%. A series of speeches, the commemorative events of September 11th seemed to have helped the President in a modest way." On the generic ballot, "the Democrats still have a nine-point spread [48%-39%], but we are still eight weeks away."

Stephanopoulos Says Poll Shows Republicans "Coming Back." On ABC World News (9/13, story 6, 2:15, Gibson), George Stephanopoulos was asked whether ABC polling shows "Republicans coming back." Stephanopoulos said, "It does. The President's been graining his approval rating. Republicans have been gaining on Democrats. And it shows that the President's campaign on terrorism is working. Remember last week? Terrorism was number five on people's list of concerns. Now, it's moved up to three. And probably the best news for the White House -- gas prices just dropped out of the top five." ABC (Gibson) noted, "Gas prices are off the list. There were on it last week." Stephanopoulos: "Can it continue through November?" Gibson: "That's the key question."

Rothenberg Says 2006 Will Be An "Anti-Bush Election." Stuart Rothenberg, in a Roll Call column (9/14) titled "An Anti-Incumbent Election? This Year? Of Course Not," writes, "Over the past year or so, I've heard more than a few people talking about 2006 as an anti-incumbent election. Well, those people are wrong. We are not going to have an anti-incumbent election in November. We are going to have an anti-Bush election. … While it is true that voters are not particularly impressed with Congress in general or either of the two major parties, the midterm elections have developed into a referendum on the president. Republicans may well succeed in minimizing the damage in November by localizing elections and re-electing incumbents, but there is no indication that voters will send a message of dissatisfaction with all incumbents in the fall." That "means that all but a handful of Democratic House incumbents can rest easy."

Primary Analyses Focus On Chafee Victory, Upset Wins By Anti-War Democrats. The AP (9/14, Espo) reports, "All politics is national in the 2006 midterm elections, with both parties willing to put aside deeply held views over war, taxes and more in the surpassing struggle for control of the House and Senate. Which explains why a conservative Republican Party rejoiced Wednesday at the primary victory of Rhode Island's incorrigibly independent GOP Sen. Lincoln Chafee, and struggled with the defeat of the more moderate of two leading contenders for a House seat in Arizona." Or "why Democrats, whose leaders call daily for a timetable for a troop withdrawal from Iraq, were less than thrilled to find vigorously anti-war contenders winning nominations for House seats in New Hampshire and New York."

The Christian Science Monitor (9/14, Feldmann, 58K) reports on Chafee's win, and says, "In the end, the most-watched race of the Sept. 12 primaries became the dog that didn't bark. … A loss by Senator Chafee would have been nearly without precedent in modern times -- the second senator to lose in the primaries, following Democratic Sen. Joe Lieberman's defeat in Connecticut last month. Headlines would have screamed about voters clamoring for change, and about ideological purges in both parties." The outcome "suggests that the national Republican Party did indeed need to pull out all the stops, as it did, to ensure that the conservative was not the nominee and a near-certain loser in November."

The New York Times (9/14, Hulse, 1.21M) reports, "In New Hampshire, Jim Craig, a moderate Democrat who had been backed by his party in the primary to take on Representative Jeb Bradley in the Manchester area, lost to the antiwar candidate Carol Shea-Porter. 'Obviously, that is embarrassing for Democrats,' said Representative Charles Bass, the Republican who represents New Hampshire's other House district, predicting that Mr. Bradley would now be re-elected." The Democratic Party's "choice in the 19th Congressional District of New York, represented by Sue W. Kelly, a Republican, also lost on Tuesday. Ms. Kelly will now face the singer-songwriter John Hall, who has attracted celebrity backing from the music community."

The Wall Street Journal (9/14, 2.03M) editorializes, "Antiwar Democrats…made themselves heard again. They won in New Hampshire, lifting Carol Shea-Porter, who called for withdrawal from Iraq, over Jim Craig, who heavily outspent her and was backed by the party establishment. They lost in Maryland, but not before putting a scare into Representative Al Wynn, who voted for the war and has voted with the GOP on campaign finance issues and some tax cuts. He won 50%-46%." Both "were electoral surprises likely to push the Congressional Democrats further left on the war. Whether that will help them in November is another story, since Ned

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Lamont's victory last month over Connecticut Senator Joe Lieberman seems to be helping the GOP retain its three vulnerable House seats in that state. You know it's a volatile political year when the GOP is counting on victories by a pro-war Democrat and an antiwar Republican (Mr. Chafee) to keep control of Congress."

David Broder, in the Washington Post (9/14, A21, 748K), writes that "the lesson from Tuesday's round of primaries in nine states and the District of Columbia was simple and reassuring. Credentials count. Experience counts. And so does the willingness to engage some serious issues. For the most part, the candidates nominated for Congress and governor come from the mainstream establishments of their parties."

National GOP Strategy Seen As Risking Depressed Turnout In November. The Wall Street Journal (9/14, Cummings, 2.03M) reports, "The Republican Party leadership won the primary battle in Rhode Island, getting their preferred candidate, incumbent Sen. Lincoln Chafee, past a conservative challenger. But at what cost?" National support for the incumbent "angered" challenger Steve Laffey's "supporters and could deter them from voting in November when Mr. Chafee squares off with Democrat Sheldon Whitehouse, a former attorney general whose campaign is flush with cash." The Journal adds, "Just as trends may be turning slightly more favorable for Republicans, Tuesday's back-to-back clashes between the Republican Party machine and its base in Rhode Island as well as in Arizona could diminish turnout among conservative voters in November. Turnout by that voting bloc carried the president in 2000 and 2004." The Journal adds, "In Arizona, the battle was for the seat of retiring Republican Rep. Jim Kolbe. Conservatives supported state Rep. Randy Graf, whose get-tough immigration platform fit with a House bill passed earlier this year. Pro-Graf forces were startled when, in the final weeks of the campaign, Speaker Dennis Hastert and other House leaders poured cash into the race of moderate Steve Huffman, who embraced a Senate immigration bill that would have created a path to citizenship for illegal immigrants already in the US."

An editorial in the Los Angeles Times (9/14, 918K) the GOP's split over immigration "is threatening to cost Republicans at least one seat in the House of Representatives." Graf "may be further to the right than the national GOP, but on issues such as taxes, same-sex marriage and abortion, he's right in line with the Bush administration. Nevertheless, the National Republican Congressional Committee was so worried about his ability to win this marginally Republican district in November that it threw more than $250,000 worth of advertising behind one of Graf's primary opponents, Steve Huffman."

Successful GOTV Effort For Chafee Seen As Good Sign For GOP. The Washington Post (9/14, A23, VandeHei, Cillizza, 748K), meanwhile, says "the turnout campaign that Republican operatives used to help pull…Chafee to victory in the Rhode Island primary was a potent demonstration of how money and manpower can transform a race even in an unfavorable political environment -- and a preview of the strategy that national party officials say they plan to replicate in the most competitive House and Senate races over the next 55 days." The Post adds, "In the past two national elections, in 2002 and 2004, Republicans outperformed Democrats in bringing their backers to the polls, but many Democrats and independent analysts have suggested that the competition may be different this year, in part because of slumping morale among GOP activists. But Chafee's performance -- combined with reports of late-starting organization and internal bickering on the Democratic side -- suggest that the Republican advantage on turnout may remain intact even as many other trends are favoring the opposition."

Ickes Looks To Organize 527 Group To Boost Congressional Democrats. The New York Times (9/14, Broder, 1.21M) reports, "Sensing both political danger and opportunity," Democratic operative Harold Ickes "and a group of major party donors have banded together to deliver a barrage of late advertising and on-the-ground action to secure Democratic victories in November." Ickes and "a group of allies are soliciting money for a new organization called the September Fund. They hope to raise and spend as much as $25 million to influence not only crucial Congressional races but also other campaigns and ballot initiatives at the federal and state level." Ickes was "among the chief organizers of several groups that raised more than $200 million from wealthy liberals and labor unions in 2004 to try to defeat President Bush." After months "in which Democrats have fretted about how much support they would get from those sources this time around, Mr. Ickes is turning to many of the same donors in hopes that a surge of spending in the fall campaign's final weeks will cement Democratic gains against a president and a Republican-led Congress whose approval ratings are sagging." Ickes "has already

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contacted George Soros, the billionaire financier who gave Democratic committees more than $25 million in 2004. Among others on the fund's list of potential donors are Steve Bing, a Hollywood producer; Linda Pritzker, a member of the family that owns Hyatt hotels; Herb and Marion Sandler, owners of a California savings and loan; and Ted Waitt, founder of the computer company Gateway. All gave multimillion-dollar gifts to the funds Mr. Ickes directed in 2004."

Allen Camp Blasts Webb For 1979 Article On Women In Combat. The Washington Post (9/14, A1, Shear, Craig, 748K) reports in a front page story that the Virginia's Senate race "turned nasty Wednesday as Republican Sen. George Allen launched a character attack on his Democratic opponent's past views toward women in combat, signaling the start of a two-month barrage of negative campaigning in what has become a close race." Allen "organized a news conference with five female U.S. Naval Academy graduates who said an article written 27 years ago by Allen's opponent, James Webb, prompted harassment by male midshipmen at the academy." In the Washingtonian magazine article, "Women Can't Fight," Webb "wrote of the brutal conditions during the Vietnam War and argued against letting women into combat. Allen's campaign zeroed in on passages in which Webb described one of the academy's coed dorms as 'a horny woman's dream' and said that he had never met a woman he 'would trust to provide . . . combat leadership.'" Webb, "a Naval Academy graduate who was Navy secretary under President Ronald Reagan, issued a statement saying he was sorry 'to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship.' But his campaign also responded aggressively, accusing Allen of opposing the admission of women to the Virginia Military Institute and of once having accepted membership into an exclusive club while he was governor."

The Hampton Roads Virginian-Pilot/AP (9/14, Lewis) reports five female US Naval Academy graduates said Webb "fostered an air of hostility and harassment for them with a magazine article he wrote in 1979. The women, who attended the academy in the late 1970s and early '80s, said the column in Washingtonian magazine emboldened male midshipmen to humiliate them continuously, and some even wore 'Jim Webb Fan Club' T-shirts." Meanwhile, an "independent political action committee of Iraq war veterans announced the first television attack ad of the race, accusing Allen of voting in the Senate not to fund lifesaving modern body armor for combat troops. VoteVets.org is not endorsing Webb, just opposing Allen."

Carter Says Lieberman Should Not Be Reelected. Former President Jimmy Carter said on CNN's Larry King Live (9/13), "I think Joe Lieberman is a good man. He's been strongly in favor of the Iraqi war from the very beginning. He was one of the originators of public statements that misled the American people into believing that the Iraqi war was justified. He's been an undeviating supporter of the war from the very beginning and still is. He's joined in with the Republican spokespersons by saying that Democrats who disagree are really supporting terrorism. So for all these reasons I've lost my confidence in Joe Lieberman and don't wish to see him re-elected."

Cardin, Steele Doff Gloves As General Election Campaign Begins. The Baltimore Sun (9/14, Brown, 262K) reports Democratic Rep. Benjamin L. Cardin and Republican Lt. Gov. Michael S. Steele "launched their general election campaigns for Maryland's open seat in the U.S. Senate, a contest that already is drawing national attention -- and money." Cardin "came out firing Wednesday, linking Steele with President Bush while invoking what he described as government failures in Iraq and the Gulf Coast." Steele, "speaking later in the day, rejected attempts to link him to the president." Said Steele, "If Congressman Cardin wants to run against George Bush, then he should have run for president." The Sun adds the "tone of the exchange differed markedly from that of the primary races, when Cardin and Mfume had presided over an amicable contest for the Democratic nomination, and Steele faced no serious opposition for the Republican nomination."

The Washington Times (9/14, Miller, Ward, 88K) reports the "general election showdown" will "hinge on racial issues and draw attention from across the country." Cardin is "actively cultivating support among black voters, who make up as much as 40 percent of Democratic voters in Maryland." Still, "Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties."

Roll Call (9/14, Kurtz, Yehle) reports Steele's "strategy for victory is hardly subtle. Even before the primary, Steele

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began airing a statewide ad aimed at black voters — an ad that his campaign spokesman said is scheduled to run indefinitely." Republican National Committee Chairman Ken Mehlman, a Baltimore native, said, "I think Michael Steele has a real ability to win over voters who don't usually vote Republican." Roll Call adds Cardin "starts out as the favorite over Steele. So in a state that is so strongly Democratic, Steele's only path to victory may be doubling — or even tripling — the 10 percent to 12 percent of the black vote that Maryland Republicans generally attract in statewide elections."

Minnesota Democrat Likely To Become First Muslim Elected To Congress. USA Today (9/14, Stone, 2.27M) reports the Minnesota Democrat "who is likely to become the first Muslim elected to Congress says he wants to 'promote the idea that America needs friends around the world, not more enemies.'" Keith Ellison, "an African-American state legislator from Minneapolis, won Tuesday's Democratic primary to replace Rep. Martin Olav Sabo." Ellison "beat three other Democrats, including Sabo's former chief of staff and ex-party chairman, Mike Erlandson." Although Ellison "will face Republican business consultant Alan Fine in November, his election is all but guaranteed, says University of Minnesota political scientist Larry Jacobs." Ellison's victory "marks a turning point for American Muslims, according to community leaders such as Ali Khan of the American Muslim Council." Ellison has "called for an immediate troop withdrawal from Iraq, universal health care and the impeachment of President Bush."

William Schneider said on CNN's The Situation Room (9/13), "It's likely this year will see the first Muslim elected to Congress. He's Keith Ellison who just won the Democratic nomination in Minnesota's Fifth Congressional District. … Ellison regards himself as a staunch progressive in the tradition of Paul Wellstone, his personal hero. Republicans are calling attention to divisive positions Ellison took in the past and his association with Louis Farrakhan's Nation of Islam. … Republicans have little hope of defeating Ellison in a district that voted 71 percent for Democrat John Kerry in the last presidential election. They are trying to use Ellison's past associations to taint Minnesota Democrats as too extreme."

Ellison said on CNN's The Situation Room (9/13), "I haven't put the emphasis on my own personal identity. The emphasis for me is on the people, how to mobilize the people, how to persuade them to vote in their own best interests, how to talk about peace as being the guiding principal of our nation, how to argue that we have to fix this broken health care system that we have. I mean, these are the things that we need to talk about, how we all come together around serious problems that are not being addressed by the Bush administration."

Gingrich Says He'll Decide On 2008 Presidential Race In December 2007. Former House Speaker Newt Gingrich was asked on Fox News' Your World with Neil Cavuto (9/13) if he is going to run for president in 2008. Gingrich said, "I will decide that in December 2007."

Ann Richards Dies. The Houston Chronicle (9/14, Ratcliffe, Kilday, 535K) reports Ann Richards, "who shed the role of homemaker to rise through Texas politics to become the state's 45th governor and a national celebrity," died yesterday "after a six-month battle with cancer. She was 73. Richards was diagnosed with esophageal cancer in March." Richards "was the quintessential Texas woman, with a sassy homespun charm, sharp wit and tough pioneer spirit. With bright silver hair, a weathered face and an affinity for cobalt blue suits and pearls, Richards was instantly recognizable to national television audiences." Polls "showed Richards was the most personally popular governor in 30 years. But a liberal image kept her job approval rating beneath 50 percent, and she lost her 1994 re-election bid to Republican George W. Bush, the future president."

The New York Times (9/14, 1.21M), Washington Post (9/14, B8, 748K) and Washington Times (9/14, 88K), among other newspapers, run an AP story on Richards' death, reporting the "silver-haired, silver-tongued Richards said she entered politics to help others -- especially women and minorities who were often ignored by Texas' male-dominated establishment." Richards "sealed her partisan reputation with a blast at George H. Bush, a fellow Texan who was vice president at the time: 'Poor George, he can't help it. He was born with a silver foot in his mouth.'" The Los Angeles Times (9/14, Kennedy, Silverstein, 918K), in a similar story, also notes the late governor's quip about Bush.

Economists Call For Overhaul Of Unemployment Insurance System. The New York Times (9/14, Eckholm, 1.21M) reports the nation's unemployment insurance system, "which has hardly changed since its inception in 1935, should be revamped to aid more workers displaced by a transforming economy, economists

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said this week as they released overhaul proposals." Because of "tight state eligibility requirements and because a growing number of workers do not have long-term, full-time jobs, unemployment insurance is paid to just over a third of those who are laid off, government data show, and coverage is less likely among the lower-income workers who most need it." Dr. Lori Kletzer and Howard Rosen of the Institute for International Economics in Washington "are the authors of one of two proposals for revamping the system that were released on Tuesday by the Brookings Institution in Washington." Because of "globalization and changes in the economic structure, more workers are forced to change industries and a significant minority take jobs paying less than before, indicating a trend 'from temporary layoff to permanent displacement,' according to the paper by Dr. Kletzer and Dr. Rosen."

States Allow Tax Deductions For Out Of State 529 Contributions. A growing number of states are allowing residents to take state tax deductions for contributions they make to other states' 529 college savings plans. USA Today (9/14, Chu, 2.27M) reports, "Pennsylvania, Maine and Kansas have approved such tax breaks, and a handful of other states are considering similar measures. … The states' move toward tax parity for all 529 contributions is likely to make it simpler and more appealing for residents to save for their children's college educations. A new law that makes permanent the 529s' federal tax benefits has also helped spark more interest in these plans."

Group Seeks To Increase Number Of Visitors To US Each Year. The Washington Post (9/14, A19, Sarasohn, 748K) reports in its "Special Interests" column, "A coalition of high-powered business executives has formed the Discover America Partnership, a multimillion-dollar advocacy campaign designed to boost the number of visitors -- by 10 million a year -- to the United States. Their aim is to help improve America's image abroad and bolster national security by introducing more people from other countries to us." Geoff Freeman, executive director of Discover America, "said the campaign intends to educate lawmakers and other policymakers about the need to attract foreign visitors, and it will work to smooth out visa and airport policies that may discourage travel. But he said the group 'by no means' wants to lessen security standards."

Wal-Mart CEO Seeks To Improve Company's Image. CBS Evening News (9/13, story 7, 4:00, Mason, 7.66M) interviewed Wal-Mart CEO Lee Scott. Asked what responsibility his company has to pay a living wage, Scott said, "I don't know what specifically a living wage is. Average wage is over $10 an hour." Mason: "In the past year, after a study showed nearly half the children of Wal-Mart workers were uninsured or on Medicaid, the company expanded its health care plan, and last month, raised wages 6% at many stores. Implicit isn't that, it, a suggestion you weren't paying enough and your benefits weren't good enough?" Scott: "I guess if you wanted to make that case. I'd prefer to look at it as we have been raising wages and improving benefits for years." Mason: "But the CEO concedes criticism has influenced one sweeping change -- the greening of Wal-Mart. … Scott has committed to cutting Wal-Mart's energy use by 30%, a first step using display cases with light-emitting diodes that give off much less heat. So it's cheaper for you to cool this. … But Wal-Mart's skeptics still doubt the company's commitment. They're suggesting you're just trying to green-wash your image. You're laughing." Scott: "I am. The one thing I have really found at Wal-Mart is trying to be overly sophisticated and manipulative is not our strength." Mason: "But the company that made its name cutting costs is smart enough to know that improving its image could also improve its bottom line."

Will Says Liberals' Campaign Against Wal-Mart Is "Condescension." George Will writes in the Washington Post (9/14, A21, 748K), "The big-hearted progressives on Chicago's City Council, evidently unconcerned that the city gets zero sales tax revenue from a half-billion dollars that Chicago residents spend in the 42 suburban Wal-Marts, have passed a bill that, by dictating wages and benefits, would keep Wal-Marts from locating in the city. Richard Daley, a bread-and-butter Democrat, used his first veto in 17 years as mayor to swat it away." Will adds, "Liberals think their campaign against Wal-Mart is a way of introducing the subject of class into America's political argument, and they are more correct than they understand. Their campaign is liberalism as condescension. It is a philosophic repugnance toward markets, because consumer sovereignty results in the masses making messes."

NYTimes Says More Money Is Needed To Fight Tuberculosis. The New York Times (9/14, 1.21M) editorializes, "Tuberculosis is outrunning us. …

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Airborne and deadly, extensively drug-resistant TB is a nightmare disease. It has been found worldwide, including in the United States." The Times adds, "A group called the Global Alliance for TB Drug Development has six compounds in the pipeline, but a treatment for extremely resistant TB is not likely before 2012. Money for clinical trials would speed things. … The Global Fund to Fight AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation are big donors, but much more is needed. Stinginess created this problem. Generosity is needed to fix it."

Bush, Roh To Downplay Differences Over North Korea In Meeting Today. President Bush and South Korean President Roh Moo-hyun will meet at the White House today. According to McClatchy (9/14, Douglas), when they meet, the two leaders "will try to downplay the strains between their countries over how to deal with the North Korean nuclear standoff." The Bush Administration "is pushing a hard line in trying to get the strident North Korean government to return to six-party talks designed to halt its nuclear program. South Korea, which has sought to engage North Korea since 1998, is seeking a softer diplomatic approach toward its reclusive communist neighbor." McClatchy adds, "To complicate Thursday's meeting further, it comes amid reports that North Korea is preparing for an underground nuclear test, which some US intelligence officials think may come before the end of the year."

The New York Times (9/14, Sanger, 1.21M) reports that the two leaders "have rarely been further apart on the central issue that long ago turned their relationship so frosty. Mr. Bush is determined to squeeze North Korea with every financial sanction possible until it gives up its nuclear capacity and other illicit activities, or, some believe, until it collapses. Mr. Roh insists the only course is to coax the country out of its isolation." The Times adds that Roh "will receive treatment that contrasts sharply with the warm embrace extended in June to Japan's prime minister, Junichiro Koizumi. Mr. Koizumi got long meetings, a glittering dinner and a trip to Graceland; Mr. Roh, leader of the other major United States ally in Asia, is getting an hour in the Oval Office and a quick lunch."

Roh Says South Korea Will Continue To Support War On Terrorism. The AP (9/14, Klug) reports that Roh said yesterday his country's alliance with US is changing, but Seoul will "continue to support the US-led fight against terrorism. The South Korea-US 'alliance will in part change according to the times,' Roh said through an interpreter. 'But the very fundamental basis of this alliance will not change.'"

South Korea Backs UN Condemnation Of North. The Washington Times (9/14, Sands, 88K) reports , "South Korean Foreign Minister Ban Ki-moon yesterday said Seoul strongly supports the United Nations' condemnation of North Korea for its recent missile tests, and denied that South Korean President Roh Moo-hyun was trying to play down the missile tests when he described them recently as tests carried out by the communist North for political, not military effect." Ban said the US-South Korean alliance "remained fundamentally healthy and that public opinion in South Korea toward the United States had improved in recent years."

Opposition Leader Says North Still Threatens South's Security. Jin Ha Hwang, chairman of the International Relations Committee of the Grand National Party, South Korea's largest opposition party, writes in the Wall Street Journal (9/14, 2.03M), "North Korea is no longer a threat to South Korea. The wartime operational control (OP-CON) of 680,000 Korean troops will be transferred back to South Korea by 2009, and the U.S.-Republic of Korea Combined Forces Command (CFC) will be consequently dismantled. At least that is what the presidents of the U.S. and South Korea think will happen in the next three years. But they would be making a grave mistake. … Even as politics may have changed on the Korean peninsula, the security situation, in terms of the need for deterrence, has not changed one bit. North Korea's asymmetric threats still pose a grave danger to South Korea's security, as well as to countless US economic and political interests." Hwang adds, "The US-ROK Combined Forces Command is a mechanism designed to deter war, and also to fight and win a war should deterrence fail. It is a military structure that has functioned admirably for the benefit of both South Korea and the United States. Should we let it go because of domestic political interests? Who has the last laugh then?"

Solana-Larjani Talks Break Down. The AP (9/14, Jahn) reports EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larjani "abruptly postponed talks on easing tensions over the refusal of the Tehran regime to suspend uranium enrichment." Solana's office "did not say what prompted the decision to downgrade Thursday's meeting in Paris to the level of aides… But the decision of the two principals to stay away from what would have been their

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third meeting in a week suggested snags had developed from their direct contacts over the weekend." The AP says the "absence" of the two figures "was bound to dampen high expectations for the meeting. Their two sessions in Vienna had been described by both men as making progress toward solving the impasse over Tehran's defiance." The AP continues, "Different interpretations of what was achieved at the weekend talks were reflected earlier in the day. In moderate language, Britain, France and Germany only alluded to the threat of [UNSC] sanctions…and called on the Tehran regime to negotiate the dispute with the international community. The United States, in contrast, said it was time for the council 'to back international diplomacy with sanctions.'" Iranian President Mahmoud Ahmadinejad "said Thursday that his country's nuclear standoff with the West can be solved through dialogue, and called for unspecified 'new conditions' in negotiations."

Rice Says Western Powers Will Meet At General Assembly To Discuss Sanctions. AFP (9/14) reports Secretary Rice said "foreign ministers from the six major powers involved in the nuclear standoff with Iran will meet soon in New York to discuss imposing sanctions." She "will travel to New York next week for talks on the sidelines of the [UN General Assembly meetings next week] and she said this would be the opportunity to press ahead with the sanctions if Iran continues to reject demands it freeze its suspected nuclear weapons program." Speaking after meeting with Israeli Foreign Minister Tzipi Livni, Rice "said the way forward for Iran was clear, it can either suspend its uranium enrichment as a prelude to broader negotiations on improving economic and diplomatic ties with the international community, or face new" sanctions resolutions.

IAEA Pans US House Report On Iranian Nuclear Capabilities. The Washington Post (9/14, A17, Linzer, 748K) says IAEA inspectors "angrily complained to the Bush administration and to a Republican congressman yesterday about a recent House committee report on Iran's capabilities, calling parts of the document 'outrageous and dishonest' and offering evidence to refute its central claims." Their letter claims that "the report contained some 'erroneous, misleading and unsubstantiated statements.' The letter, signed by a senior director at the [IAEA], was addressed to Rep. Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, which issued the report. A copy was hand-delivered to" Ambassador Greg Schulte. The Post continues, "The IAEA openly clashed with the Bush administration on pre-war assessments of weapons of mass destruction in Iraq. Relations all but collapsed when the agency revealed that the White House had based some allegations about an Iraqi nuclear program on forged documents." The Post says the letter is "the first time the IAEA has publicly disputed U.S. allegations about its Iran investigation. The agency noted five major errors in the committee's 29-page report, which said Iran's nuclear capabilities are more advanced than either the IAEA or U.S. intelligence has shown."

Poor Domestic Refining Capabilities Make Iran Dependent Of Gasoline Imports. USA Today (9/14, Lynch, 2.27M) reports low domestic gasoline prices suggest "an abundance that couldn't be further removed from the grinding reality of Iran's oil industry. From wellhead to gas pump, Iran's fabulously endowed petroleum industry confronts debilitating political and technological headwinds." US sanctions have "starved" Iranian companies of newer technologies, and "pervasive political uncertainty" has discouraged foreign investment, creating a "shortage of domestic refining capacity" that forces Iran to import forty percent of its gasoline. USA Today says "that dependence" leaves Iran "vulnerable" to nuclear-related sanctions, but notes that any reciprocal slowdown in petroleum exports from Iran "could be a catastrophe for the global economy." While Secretary of State Condoleezza Rice "has dismissed the danger," USA Today says "others aren't so sanguine," believing Tehran would risk a confrontation to stem outside interference. In additional, "domestic political jockeying has further complicated Iran's oil field management," with President Mahmoud Ahmadinejad and Parliament having disagreed on who should manage Iran's oil industry. USA Today adds, however, "it's not all bad news. Thanks to high oil prices, government coffers are bulging: Oil export revenue for the 12 months ending in March is expected to total $49.7 billion vs. $19.4 billion four years ago," which the IMF estimates will allow Tehran to pay its $5.8 billion gasoline import bill and maintain "subsidies" on food and fertilizer.

Rice, Livni Skeptical Of Palestinian Unity Government. The Washington Post (9/14, A17, Kessler, 748K) reports Secretary Rice and Israeli Foreign Minister Tzipi Livni "reacted skeptically yesterday to a proposed unity Palestinian government that would include Hamas, saying the militant group must first renounce terrorism and accept Israel's right to exist before restrictions on international aid

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can be lifted." The Hamas-led Palestinian Authority "has teetered near collapse since foreign governments largely cut off aid after" Hamas' January election victory. President Mahmoud Abbas "this week reached a deal with Hamas to form a government that would empower him to negotiate with Israel -- in effect sidestepping Hamas' pledge to destroy the Jewish state. The Palestinian cabinet resigned yesterday to clear the way for a new unity government." While some world leaders "greeted the announcement as a possible breakthrough," Rice and Livni "reiterated that the new government must meet conditions that were set by the United States and its allies after the Hamas victory. 'The outcome of the process is not clear,' Rice said. 'It goes without saying that it's hard to have a partner for peace if you don't accept the right of the other partner to exist. It goes without saying that it's hard to have a process for peace if you do not renounce violence.'" Livni "said that Israel is still committed to helping create a Palestinian state on territory occupied by Israel. 'Stagnation is not the Israeli government policy,' she said. But she added that it is up to the Palestinians 'to meet these requirements fully and completely, and we believe that these requirements are not negotiable.'"

The New York Times (9/14, Myre, 1.21M) notes, "Palestinian cabinet members submitted their resignations Wednesday night to allow for the creation of a national unity government that is expected to include a broad range of factions." The Hamas-Fatah government "may not be in place for weeks, and it is not clear whether Western countries will be prepared to restore assistance that was halted when the militant Islamic movement Hamas came to power earlier this year." Abbas "says he plans to dismiss the government formally in the coming days, though he intends to ask Mr. Haniya to form the new government." He also said "that he would send a delegation to the United Nations General Assembly next week in an effort to restart a dialogue with Israel."

The Wall Street Journal (9/14, Corkery, 2.03M) adds Hamas and Fatah "appear headed for a shotgun wedding that has the potential to breathe life back into a peace process. But tensions being played out in towns and neighborhoods continue to smolder." The Journal says the way in which "conflicts" such as the teachers' strike "are resolved could determine whether the new unity government succeeds or fails, with major implications for Israel and the West." The Journal calls the new government "the first glimmer of progress in the Palestinian situation in months."

The AP (9/14, Gearan) notes US and Israeli "diplomats warned on Wednesday that Palestinian leaders cannot assume their proposed unity government will gain international acceptance unless they renounce terrorism and accept Israel's right to exist." Rice and Livni "responded cautiously to Palestinian efforts to resolve an eight-month political standoff that has frozen foreign aid vital to the Palestinians." Rice is quoted saying Abbas "is someone with whom we can work and with whom we are working," and reiterating, "It's hard to have a partner for peace if you don't accept the right of the other partner to exist." Livni "offered assurances that Israel wants to make headway on the stalled plan to make peace with an eventual independent Palestinian state, despite the disarray in the Palestinian territories since Hamas won parliamentary elections in January."

Economic "Collapse" In Gaza Increasing Poverty, Malnutrition. The New York Times (9/14, Erlanger, 1.21M) details individual Palestinians' efforts to survive "the economic collapse of Gaza" since January. The Palestinian Authority "has paid most of its 73,000 employees here, nearly 40 percent of Gaza's work force, only 1.5 months' salary, resulting in a severe economic depression and growing signs of malnutrition, especially among the poorest children." That "situation has worsened since Palestinian gunmen, including those from Hamas, killed two Israeli soldiers and captured a third on June 25." Many "Gazans now get only 7 to 12 hours a day of electricity, at unpredictable hours, with running water largely dependent on electric pumps," because of an Israeli airstrike on a key power station. UN Undersecretary for Humanitarian Affairs Jan Egeland "said that Gaza was 'a ticking time bomb.'" One UN group "warned Tuesday that the economy could shrink next year to the level of 15 years ago, and unemployment could rise to over 50 percent. The World Bank expects gross domestic product to decline by 27 percent this year."

Israeli Military Seeks Lessons Learned From Hezbollah's "Strategic Victory." USA Today (9/14, For, 2.27M) reports, "Israel's military has ordered a series of investigations to examine why its armed forces were unable to crush Hezbollah militants during a month of fighting in Lebanon." Hezbollah "proved a resilient foe for Israel's vaunted military," and Israeli leaders were "surprised by [their] capabilities." One analyst says the movement "achieved a strategic victory by appearing to stand up to Israel," and its leader Hassan Nasrallah "emerged as a hero in the Arab world." Now, the Israeli military "is studying the conduct of its

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air force, navy and ground forces to learn from possible mistakes," especially Hezbollah's "success" against Israel's "armored forces" including the Merkava tank. USA Today says Hezbollah was "equipped with Kornet and Metis anti-tank missiles supplied by Iran and Syria. The weapons don't produce a large dust ball — or 'signature' — when fired, making it hard for tank crews to see who is firing at them." More broadly, some analysts believe Prime Minister Ehud Olmert's "decision to send the ground troops into Lebanon came too late into the war." Also, an intelligence expert said "the orders the forces received from their commanders in Israel were confusing, and were sometimes changed on an hourly basis. In some cases, brigades on the ground in Lebanon were told to begin advancing and then as they did they received orders telling them to stop."

Fourth Damascus Embassy Attacker Dies From Wounds. The New York Times (9/14, Smith, 1.21M) reports, "The sole survivor of the four-man team that attacked the American embassy here Tuesday died of his wounds without being questioned." Syrian media said his "death left Syrian authorities with only the physical evidence to piece together the origins and motivations of the attack. The country said all four men were Syrian citizens. It gave no other details and both the Syrian government and the United States embassy [in Damascus] declined to comment on the investigation." Syrian claims that the assailant died before speaking to authorities "appeared to contradict comments from the State Department late Tuesday, which said that the man was cooperating with Syrian authorities." The Times says Damascus "was quick to emphasize its security forces' role in foiling the assault before the attackers could break into the embassy compound. The country appeared eager to use the incident as an opening for improving Syria's already poor relations with the United States." The AP (9/14, Mroue) adds, "The bold attack on the U.S. Embassy has thrown new light on what President Bashar Assad calls the growing threat in Syria from Islamic extremists. But some critics say the regime is exaggerating the problem for its own political gain."

Rebel Commanders May Abandon Darfur Pact. The Washington Post (9/14, A14, Timberg, 748K) reports commanders "from the only rebel group that signed a peace accord in May for Sudan's Darfur region are prepared to resume fighting if African Union peacekeeping troops leave as scheduled at month's end and are not replaced by a United Nations force, according to more than a dozen senior rebel officials interviewed Wednesday. Rebel commanders predicted that such a resumption of combat would spell the end of Darfur's tattered peace agreement and quickly escalate fighting to an intensity not seen since the early days of the conflict in 2003 and 2004."

LATimes Urges Schwarzenegger To Sign Pension Divestment Bill. The Los Angeles Times (9/14, 918K) editorializes, "The goons who run Sudan have proved deaf to appeals from the Western world that they stop slaughtering tribespeople in Darfur. … The best response, short of intervention, is to hit them harder in a place that will really hurt: their wallets. The state of California is poised to do just that. On Gov. Arnold Schwarzenegger's desk is a bill patterned on a divestment program approved this year by the University of California. It directs the boards of the two large state retirement funds to identify companies in their investment portfolios that do significant business with the government of Sudan or sell it the weapons used to cut a bloody swath through Darfur. The boards then must notify these companies that they have 90 days to end their involvement with Sudan. If they don't, or fail to respond, the pension funds must divest. … That might be enough to make Khartoum, and the Chinese interests that do business there, stand up and take notice."

Paulson Calls On China To Implement Economic Reforms. Treasury Secretary Hank Paulson has called on China to implement a range of economic reforms. The AP (9/14, Crutsinger) reports that Paulson "let it be known that the Bush administration would firmly oppose any efforts by Congress to erect trade barriers in response to America's large and growing trade deficit with China, which last year hit a record $202 billion. 'Protectionist policies do not work and the collateral damage from these policies is high,' he said Wednesday in a speech in Treasury's ornate Cash Room. 'We will not heed the siren songs of protectionism and isolationism.'" The AP adds that Paulson "sought to lower expectations that he will achieve any major breakthroughs when he visits Beijing for two days of talks with Chinese officials next week."

The New York Times (9/14, Weisman, 1.21M) reports that Paulson issued "the Administration's toughest warning yet to China on economic issues," saying that Chinese leaders "were imperiling their nation's future by engaging in policies that Americans and others see as unfair."

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The Washington Post (9/14, D1, Blustein, 748K) reports that Paulson said Beijing "must take steps to combat piracy of patented products, shift its economy away from dependence on exports and toward greater consumer spending, and open its financial system to foreign competition. As for the currency issue, he called it one of 'several critical, immediate challenges' that China faces."

USA Today (9/14, Lynch, 2.27M) reports that Paulson "gave a forceful defense of the benefits of trade even as he issued a tough warning to China…that it faced 'peril' unless it enacted further economic reforms." USA adds that "in a passage that won quick praise from China's critics, he warned Beijing that keeping its currency virtually fixed in value against the US dollar invites a political backlash." USA also reports, "Much of Paulson's address Wednesday could only have been welcomed by the Chinese, who explain their failure to more quickly adjust currency policy by citing the danger of undermining job growth."

In an interview with the Financial Times (9/14, Guha), Paulson said he wanted "to 'strike a balance' between tackling pressing short-term issues while maintaining a strategic perspective on China's emergence as a leading player in the global economy. 'We have a common interest,' he said, arguing that many of the steps the US wanted China to take were in its own best interest." Paulson added that the US "looked to China to be its 'co-operative partner' in reviving the Doha trade talks. Officials said Mr Paulson would push hard on Doha in meetings with world finance ministers in Singapore later this week."

The Wall Street Journal (9/14, Solomon, 2.03M) reports that Paulson also expressed concern about China's "energy consumption and its environmental record." Paulson "devoted several minutes to China's 'severe environmental hazards' and the need for that country, along with the US, to reduce dependence on foreign oil from unstable regions. 'China's severe environmental hazards not only are harming the health of its people and ecosystems, they are also harming China's long-term economic potential,' he said, a week before heading to China. 'Economic development without regard for environmental protection is not sustainable.'"

Bombings Fail To Spark Hindu-Muslim Riots In India. The Christian Science Monitor (9/14, Sappenfield, 58K) reports that immediately after last week's bombings outside a mosque in Malegaon, India, the city's Muslim leaders gathered to discuss what to do. The Monitor says that before police arrived to investigate the bombings, "the imams had made a choice. They used the loudspeakers of their mosques to spread a blanket of audible calm over the frayed city, imploring patience and forbearance. And for the second time in two months, a bombing apparently designed to ignite Hindu-Muslim riots failed. For a nation whose past has lurched from one riot to another, the response to this summer's bombings in Malegaon and Mumbai (Bombay) is no small shift, suggesting that - at least for the moment - the forces of calm are eclipsing those that would sow chaos."

Blair Criticizes Anti-American "Madness" In Europe. British Prime Minister criticized European leaders for their "anti-American 'madness'" and urged a rethinking of strategy to defeat terrorism. AFP (9/14) reports that in a 37-page document, Blair argued that none of the world's most pressing problems "could be fixed 'or even contemplated' without US involvement." Blair "urged the international community to unite around a shared set of values, tackling climate change and trade justice as well as extremist terrorism in the pamphlet 'A Global Alliance For Global Values' for the Foreign Policy Centre, a Blairite think tank."

Ros-Lehtinen Says US Must Not Waiver In Its Mission To Overcome Fanatics. Rep. Ileana Ros-Lehtinen, who serves as co-chair of the Congressional United Kingdom Caucus, writes in the Washington Times (9/14, 88K) that that during her administration, former British Prime Minister Margaret Thatcher and President Ronald Reagan "led the free world to vanquish the tyranny of our Cold War enemies. Establishment of the [Margaret Thatcher Center for Freedom] in the US is an outstanding occasion to reflect on how together the United States, Britain and our freedom-loving allies defeated a common enemy." In doing so, "we can gain a better understanding of the nature of the threat we face today and the commitment that is necessary in our current struggle against Islamic fascism." Ros-Lehtinen adds, "Lady Thatcher recently said in a statement released during her visit accompanying President Bush and the first lady at the September 11 remembrance ceremony: 'That heinous attack on America was an attack on us all.' … We must be encouraged by and continue to learn from the successes with which we have collaboratively thwarted events like the foiled air plot, and must not waiver in our collective mission to overcome the fanatics. Our very survival depends on it."

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Wolfowitz's Anti-Corruption Drive Sparks Backlash At World Bank. World Bank President Paul Wolfowtiz has made the fight against corruption in poor countries a hallmark issue during the first 15 months of his presidency. The New York Times (9/14, Weisman, 1.21M) reports that Wolfowitz has waged "an aggressive campaign that has led to the suspension of hundreds of millions of dollars in loans and contracts to nations including India, Chad, Kenya, Congo, Ethiopia and Bangladesh." The Times adds, "In recent months, however, his campaign has run into a host of critics, both at the bank and among financial officials outside the United States, who say that developing countries are being threatened with arbitrary punishment in a way that jeopardizes the bank's longtime mission to reduce poverty. Few here at the World Bank dispute the idea that corruption is a serious problem, but the rift over Mr. Wolfowitz's approach has grown deep and bitter, according to more than a dozen bank officials interviewed recently. The backlash at the bank against Mr. Wolfowitz's approach centers not on his intentions or goals, but on a widespread fear that countries will be categorized in the future as corrupt or not corrupt, and that lending will be shut off in a selective way."

Philanthropists Pledge $250 Million to Fight Poverty In Africa. ABC World News (9/13, story 8, 2:35, Gibson) reported, "Three philanthropists announced some extraordinary gifts today to fight extreme poverty in Africa. The Rockefeller and the Bill and Melinda Gates Foundations pledged $150 million to improve farming. And George Soros has pledged $100 million to help Africa's most-desperate communities. What is so striking is how much the money can do and how far it can go."

Kondracke Says Rice, Hughes Making Headway In Fight For Overseas Opinion. In his column in Roll Call (9/14), Morton Kondracke says Clinton Administration perceptions of "ideological struggle" as "passé" led to the "folding" of the United States Information Agency into the State Department, "where public diplomacy was a backwater." However, a "spirit" of public diplomacy "is back in the person of Karen Hughes." Critics "are laughing at the idea of a presidential crony, an alleged foreign policy naïf, trying to combat an international adversary with images — in this case, fighting terrorists by visiting with Muslim women and getting the president to talk respectfully about Islam." Hughes "has the president's ear. She has energy. She understands that what people overseas think is a vital part of foreign policy. She's TV-savvy, and she's launched a stream of initiatives designed to improve America's position in what Bush calls 'the great ideological struggle of the 21st century.'" Kondracke notes, "In a controversial move within the administration, Hughes and Secretary of State Condoleezza Rice seem to have persuaded Bush -- temporarily, at least -- to drop the label 'Islamic-fascism' from his speeches; diplomats say that Muslims hear it as an attack on their religion, thereby validating the extremists' false charge that the U.S. is at war with Islam." He says she "is serving as the nation's top propagandist at a time when enemy ideology is ascendant in the world." When Kondracke "asked Hughes whether she thought the US was losing the ideological war, she said, 'I'm an optimistic person. I think we have a long way to go. We have a lot more to do.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Death Toll Soars In Baghdad."
"Massive Backlog Plagues DNA Lab."
"No Dearth Of Births In This Town."
"A Change In Fortunes For O.C. Performing Arts."
"Mao Is Their Canvas."
"On Eve Of A Vote, GOP On Both Sides Of Fence."

USA Today:

"Election Glitches 'Could Get Ugly.'"
"Cost May Kill Travel Program."
"Offshore Tax Shelters Not Just For The Rich."

New York Times:

"Panel In Senate Backs Bush Plan For Monitoring."
"Interior Official Assails Agency For Ethics Slide."
"As Gaza Parents Go Unpaid, Children Go Hungry."
"Philanthropy Google's Way: Not The Usual."
"Despite Pledges, Congress Clings To Pet Projects."
"First Through Gates Of Ellis I., She Was Lost. Now She's Found."

Washington Post:

"Fenty Sets Transition Agenda."
"For 1st Woman With Bionic Arm, A New Life Is Within Reach."
"Silicon Valley's Golden Past Tarnished By Latest Probes."

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"Nearly 100 Killed In Baghdad During 24 Brutal Hours."

Washington Times:

"House Approves Praise Of 9/11 Measures."
"Cardin Ready To Face Steele."
"Seoul Backs Censure Of North."
"Long-Nosed Bats Evict A Covey Of Aliens."
"'Vanity-Sizing' A Perfect Fit For Women's Egos."
"An Apology To Slaves – From The Catchers."

Detroit Free Press:

"Big Relief, But…"
"Year Into Job, Key Leader To Quit Ford."
"Delayed School Start Gives Boost To State Tourism."

Atlanta Journal-Constitution:

"Can You Name That Done?"
"Shooter Kills 1, Injures 19 In Montreal."
"Taliban Nightmares."
"Nurses Fear Setback In Prescription Power."
"It's Her Prerogative Whitney Seeks Divorce."

Houston Chronicle:

"New Rules For Greater Auto Safety."
"Groundbreaking Politician Ann Richards Dies At 73."
"Oil Lease Blunder Hidden 6 Years."
"Odds Of Dodging Space Debris On NASA's Side."
"Labor Leaders Fuming Over Texas Prison Plan."

Story Lineup From Last Night's Network News:

ABC: Electronic Stability Control; Western Wildfires; Canada-College Shooting; Iraq-Sectarian Violence; Iraq's First Responders; Campaign Primary Results; Gas Prices; Ending Poverty In Africa; Lonelygirl115; Survivor Show Controversy.
CBS: Sectarian Violence-Iraq; Shooting At Canada College Shooting; Western Wildfires; El Nino's Return; Ford Lay Off; Electronic Stability Control; Wal-Mart CEO Interview; Bob Schieffer; Opinion; Child Obesity; Vitamin D Finding A Football Story.
NBC: Canada-College Shooting; Shooting Update; Taliban-Missed Opportunity; Afghanistan-Rules Of Engagement; Iraq-Sectarian Violence; Bush Approval; Western Wildfires; Electronic Stability Control; Child Obesity; NASA-Arctic Ice; Lonelygirl115.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Richards Obit; Canada-College Shooting; Bush-War Crimes Definition; Hurricane Gordon; Tropical Storm Helene.
CBS: Richards Obit; Iraq-Sectarian Violence; Canada-College Shootings; Detroit Teachers' Strike Resolved; Wall Street.
NPR: Richards Obit; Annan-Iraq War; Navy Chaplain Convicted; Space Shuttle Mission-Software Glitch; Report-Land Mines; Plame Sues Armitage.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Remarks to House Republican Conference, Room HC-5, Capitol. Note: No comments expected. Stakeout in the Center Steps Hallway; meets with President of South Korea, Oval Office; attends dinner in honor of the Thelonious Monk Institute of Jazz, State Dining Room, White House (Closed press); attends performance, East Room, White House. (Pool coverage/network taping.)

VICE PRESIDENT CHENEY — Arrives at Los Angeles International Airport.

US Senate: 9:30 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on the British system of catching terrorists versus the U.S. system. Judge Richard Posner, 7th U.S. Circuit Court of Appeals; John Yoo, University of California-Berkeley; Tom Parker, formerly of the British Secret Service. Location: Room 192, Dirksen.

9:30 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing to review technical challenges of both nuclear waste recycling and advanced reactor technologies. Dennis Spurgeon, assistant secretary of Energy; Alan Hanson, executive vice president, Technology and Used-Fuel Management, AREVA NC; Kelly Fletcher, GE Global Research; Matthew Bunn, Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University. Location: Room 138, Dirksen.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Clean Air, Climate Change and Nuclear Safety Subcommittee. Oversight hearing on the NRC, nuclear waste legislation and appropriations. With Edward Sproat, III, Director, Civilian Radioactive Waste Management, DOE: Shane Johnson, Principal Deputy Assistant Secretary DOE; Louis Reyes, Nuclear Regulatory Commission; Adm. Frank L. ``Skip" Bowman, Nuclear Energy Institute; Victor Gilinsky,

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independent energy consultant. Location: Room 406, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on nomination of Carl Joseph Artman to be Assistant Interior Secretary for Indian Affairs. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending business. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on predatory lending practices directed at armed forces members and their families. David S. Chu, undersecretary of Defense for personnel and readiness; Charles S. Abbot, president and CEO, Navy-Marine Corps Relief Society; William O. Brown Jr., University of North Carolina; Lynn Drysdale, Jacksonville Area Legal Aid; Hilary B. Miller, Payday Loan Bar Association; Christopher L. Peterson, University of Florida. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on rural air service. Michael Reynolds, Deputy Assistant Secretary for Aviation, DOT; Gerald Dillingham, Director of Civil Aviation Issues, GAO; Faye Malarkey, Vice President of Legislative Affairs, Regional Airline Association; John Torgerson, Deputy Commissioner of Aviation, Alaska Department of Transportation and Public Facilities; Doug Kaercher, Hill County Commissioner, National Association of Counties. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on pending nominations. Location: Room 628, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on senior suicides. David C. Steffens, Duke University Medical Center; Christopher C. Colenda, dean of medicine, Texas A&M Medical School; Oregon State Epidemologist Mel Kohn; David Shern, president and CEO, National Mental Health Association; Art Walaszek, University of Wisconsin School of Medicine and Public Health. Location: Room 562, Dirksen.

10:30 a.m. ARMED SERVICES _ Full Committee. Closed markup of detainee legislation. Location: Room 222, Russell. Notes: Stakeout after meeting. Setup at 9:30 a.m.

10:30 a.m. HEALTH EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on employment-based permanent immigration. Charles Beach, Queen's University, Ontario, Canada; George Borjas, Kennedy School of Government, Harvard University; Douglas Massey, Princeton University; Alan Tonelson, U.S. Business and Industry Council Educational Foundation. Location: Room 430, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on spending for conferences within federal agencies. Lisa Fiely, CFO, USAID; Nina Rose Hatfield, deputy assistant secretary of the Interior; Lee Lofthus, acting assistant attorney general; Michell Clark, assistant secretary of Education; Ed Hugler, deputy assistant secretary of Labor; Clarence C. Crawford, CFO, OPM; Eugene Schied, deputy chief financial officer, DHS; Jeffery K. Nulf, deputy assistant secretary of Commerce; Richard Holcomb, deputy chief financial officer, Treasury Department; Charles R. Christopherson Jr., CFO, Department of Agriculture. Location: Room 342, Dirksen.

2:30 p.m. INTELLIGENCE _ Full Committee. Closed hearing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 2965 - Federal Prison Industries Competition in Contracting Act. H.Res. ___ - Providing for Earmarking Reform in the House of Representatives.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on global trouble spots. Location: Room H-405, Capitol.

10 a.m. AGRICULTURE _ General Farm Commodities and Risk Management Subcommittee. Hearing on federal farm policy with former Agriculture secretaries John Block, Clayton Yeuter and Dan Glickman. Location: Room 1300, Longworth.

10 a.m. GOVERNMENT REFORM _ Full Committee. Part two of a hearing on the ``cultural of managerial irresponsibility and lack of accountability'' at the Interior Department, with Deputy Interior Secretary Lynn Scarlett; Minerals Management Service Director Johnnie Burton. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Closed briefing on the recent plot to blow up airliners bound for the U.S. from England. Location: Room H2-176, Ford.

10 a.m. INTERNATIONAL RELATIONS _ Subcommittee on the Middle East and Central Asia. Hearing on ``Is There a Clash of Civilizations? Islam, Democracy, and U.S.- Middle East and Central Asia Policy. Washington Institute for Near East Policy; Center for Islam, Democracy and the Future of the Muslim World, The Hudson Institute;

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Council on Foreign Relations, others. Location: Room 2200, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on pending legislation. With Rep. Shelley Berkley, D-Nev.; Rep. Mark Steven Kirk, R-Ill.;Charles Wooley, Great Lakes-Big Rivers Region, Fish and Wildlife Service; Eric Alvarez, Realty National Wildlife Refuge System, Fish and Wildlife Service; Lawrence Weekly, councilman, City of Las Vegas; Gerry Barnhart, Division of Fish, Wildlife and Marine Resources, New York; Michigan United Conservation Clubs, others. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Oversight hearing on the mission performance of the Coast Guard. Rear Admiral Joseph L. Nimmich, Assistant Commandant for Policy & Planning, U.S. Coast Guard; Edward Stulginsky, Deputy Assistant Inspector General for Audits, Department of Homeland Security. Location: Room 2167, Rayburn.

10:30 a.m. ADMINISTRATION _ Full Committee Markup. HR 4844 Federal Election Integrity Act of 2006. Location: Room 1310, Longworth.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Japan's relations with surrounding nations. Michael J. Green, Georgetown University; Mindy Kotler, Asia Policy Point; Kurt Campbell, Center for Strategic and International Studies; Yuki Tatsumi, The Henry L. Stimson Center. Location: Room 2172, Rayburn.

11 a.m. FINANCIAL SERVICES _ Subcommittee on Financial Institutions and Consumer Credit. Hearing on real estate regulatory proposals and the domestic banking system. Susan Schmidt Bies, Federal Reserve Board of Governors; Sheila Bair, Federal Deposit Insurance Corporation; John Dugan, Comptroller, Office of the Comptroller of the Currency; John Reich, Director, Office of Thrift Supervision; Securities and Exchange Commission; Conference of State Bank Supervisors; American Bankers Association; Real Capital Analytics, others. Location: Room 2128, Rayburn.

11:30 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on H.R. 5120 - amending the law dealing with filing provisions within the Patent and Trademark Office. Jon W. Dudas, undersecretary of Commerce for intellectual property; Clive Meanwell, CEO, The Medicines Co., Parsippany, N.J.; Kathleen D. Jaeger, president and CEO, Generic Pharmaceutical Association; John R. Thomas, Georgetown University Law Center. Location: Room 2141, Rayburn.

1 p.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on pending legislation. With had Calvert, principal deputy assistant secretary of the Interior for land and minerals management; Joel Holtrop, National Forest System; Alan Gardner, commissioner, Washington County;Wilderness Society; Colorado State Parks, others. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Markup of pending legislation, including two bills dealing with dam safety. Location: Room 2167, Rayburn.

1:30 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce Subcommittee. Hearing on the transformation of the FBI. Director Robert Mueller, former Attorney General Richard Thornburgh, Justice Department Inspector General Glenn Fine, and Al Cumming and Todd Masse of CRS. Location: Room 2359, Rayburn.

2 p.m. HOMELAND SECURITY _ Subcommittee on Prevention of Nuclear and Biological Attack. Hearing on ``The Science of Attack Prevention." With John Marburger, Director of Science and Technology Policy, Office of the President; Homeland Security Under Secretary Jay Cohen and Domestic Nuclear Detection Office Director Vayl Oxford; Ronald Atlas, American Society of Microbiology, others. Location: Room 1311, Longworth.

2 p.m. JUDICIARY _ Constitution subcommittee. Hearing on DC voting rights. With Jon Huntsman, Governor of Utah; John Fortier, American Enterprise Institute; Adam H. Charnes, Attorney, Kilpatrick Stockton LLP; Professor Jonathan Turley, GWU Law School. Location: Room 2141, Rayburn.

2 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on the future of human intelligence gathering at the Defense Department. Location: Room H-405, Capitol.

Other: ISRAELI FOREIGN MINISTER TZIPI LIVNI _ Highlights: Meets with Jewish members of Congress, foolowed by a session with Sen. Richard Lugar and the Foreign Relations Committee, Sen. John McCain, Rep. Nancy Pelosi, Sens Daniel Inouye and Ted Stevens (joint), and Vice President Cheney.

MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences.

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Highlights: 9 a.m. Welcome and Keynote Address, ``Deficit Reduction Act of 2005: A Federal Perspective," with Karen Ignagni, President and Chief Executive Officer, America's Health Insurance Plans; Leslie V. Norwalk, Esq., Deputy Administrator, Centers for Medicare and Medicaid Services. 10:15 a.m. ``State Efforts to Bring Consumer-directed Health Care to Medicaid," with Thomas W. Arnold, Deputy Secretary for Medicaid, Florida Agency for Health Care Administration; Robert M. Kerr, Director of Medicaid, South Carolina Department of Health and Human Services; Sara Rosenbaum, JD, Hirsh Professor and Chair, Department of Health Policy, George Washington University. Location: Capital Hilton, 16th and K Sts. NW.

FOOD POLICY _ The Consumer Federation of America holds its 29th annual National Food Policy Conference. Highlights: 9:30 a.m. Sen. Lisa Murkowski discusses congressional responses to improve childhood nutrition. 1:30 p.m. Sen. Saxby Chambliss discusses agriculture policy and the 2007 Farm Bill. 2 p.m. Panel discussion on food marketing to children. Location: National Press Club.

CHINA _ 8:30 a.m. - 2:30 p.m. The US-China Economic and Security Review Commission holds a hearing on China's proliferation to North Korea and Iran and its role in addressing the nuclear and missile situations in both nations. Location: Room 385, Russell.

SUPREME COURT _ 10:30 a.m. - 7 p.m. The Cato Institute holds a symposium on the Supreme Court's last term and the upcoming October term. Highlights: 5 p.m. Lecture with Chief Judge Danny Boggs of the 6th U.S. Circuit Court of Appeals. Location: Hayek Auditorium, 1000 Massachusetts Ave. NW.

RURAL SCHOOLS _ 9 a.m. Members of Congress, local government officials, the National Forest Counties and Schools Coalition, and others hold news conference on need to reauthorize the Secure Rural Schools and Community Determination Act. Location: Cannon Terrace.

WORLD TRADE-CROWDER _ 9 a.m. US chief agricultural negotiator Dick Crowder discusses the Doha Round negotiations at Washington International Trade Association event. Location: Hotel Washington, 515 15th St. NW.

ABORTION BILL _ 10 a.m. Pro-choice and pro-life Democrats unveil bill to reduce number of abortions in America and provide support to new parents to strengthen families. Reps. Tim Ryan, Rosa DeLauro, Rahm Emanuel, and others will speak. Location: HC-9, US Capitol.

MEDICARE SURVEY _ 10 a.m. The Medicare Rx Education Network releases results of new poll about Medicare Part D prescription drug coverage. Beneficiaries will share their personal experiences with the program. Former U.S. Sen. John Breaux of the Medicare Rx Education Network will speak. Location: Grand Hyatt Hotel, 1000 H St. NW. Notes: To dial-in, call 888-202-2422; passcode 8507684.

RYAN WHITE _ 10 a.m. The National Minority Health Month Foundation, Sens. Richard Burr, Tom Coburn and Jeff Sessions, others, hold a news conference to call for the immediate modernization of the Ryan White CARE Act. Location: Room 188, Russell.

CONGRESS-BUSH-NATIONAL SECURITY _ 10:30 a.m. Reps. King, Pryce, Hoekstra, Hunter et al on discussions with the president on issue of national security. Notes: Time approximate. Stakeout on ctr. steps. ocation: US Capitol steps.

IRAN-US _ 10:30 a.m. The New America Foundation holds a forum on U.S. strategy toward Iran. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

MODERN MILITARY TRAINING _ 10:30 a.m. Saban Center and 21st Century Defense Initiative hold briefing on ``Transforming Military Training." Participants include Lt. Gen. David Petraeus, commanding general, US Army Combined Arms Center and Ft. Leavenworth. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

ANONYMOUS SENATE HOLDS _ 10:45 a.m. Sens. Ron Wyden, Chuck Grassley, Trent Lott and Chris Dodd announce a new offensive against the Senates practice of secret holds, under which a single Senator can block legislation or a nominee without revealing his or her identity. Location: Senate Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

ALL-VOLUNTEER MILITARY _ 11 a.m. Media briefing on new RAND book on the `` Evolution of the All-Volunteer Force, touted as the most detailed examination ever conducted of the all-volunteer military. Author Bernard Rostker, former Under Secretary of Defense for Personnel and Readiness, will speak. Location: Rand Corp., 1200 S. Hayes St., Arlington, VA.

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BAUCUS-EDUCATION _ 11 a.m. Sen. Max Baucus, D-Mont., ranking member of the Senate Finance Committee holds news conference to offer several proposals, including full college scholarships to students who commit to study and work in math, science, and engineering; put the country on the road to universal pre-kindergarten; and to full complement of tax incentives to support education. Location: Room 215, Dirksen.

GUANTANAMO DETAINEES-ATTORNEYS _ 11 a.m. News conference with former Guantanamo detainees, family members of current detainees, and their attorneys. They'll discuss pending legislation. Participants include: Joshua Colangelo-Bryan, Attorney for Jumah Al Dossari; Carolyn Welshhans, Attorney for Hafizullah Shabaz Khail; former detainees and families. Location: Jenner & Block LLP, 601 Thirteenth Street, NW.

STEM CELLS _ 11:15 a.m. Rep. Mike Castle addresses Federal Agency Employees and Corporate Executives with the Brookings Institution to discuss Stem Cell Research and the road ahead in the wake of the July Presidential veto of H.R. 810, the Stem Cell Research Enhancement Act, which Castle authored and sponsored. Location: Room B-354, Rayburn.

FRAUD/ABUSE AWARD _ 11:30 a.m. Reps. Cardoza, Ross et al hold news conference on the Truth Squad's ``Golden Drain" award for waste, fraud or abuse. Location: HC-9, US Capitol.

HASTERT-KACZYNSKI _ 11:30 a.m. House Speaker Hastert has photo opportunity with the Prime Minister of Poland, Jaroslaw Kaczynski. Location: H-230, U.S. Capitol.

SENATE-STRATEGY ON TRADE _ 11:30 a.m. Sens. Byron Dorgan and Russ Feingold announce introduction of bill to put in place new national trade strategy aiming to reduce US trade deficit. Location: Senate Radio-TV Gallery.

ECONOMY-DAN SICHEL _ 12 p.m. Dan Sichel of the Federal Reserve Board speaks on ``Intangible Capital and Economic Growth." Location: Chinatown Garden Restaurant, 618 H St. NW.

STATE DEPT-SOUTH ASIA _ 12 p.m. Richard Boucher, assistant secretary of State of the Bureau of South and Central Asian Affairs, addresses the Johns Hopkins Paul H. Nitze School of Advanced International Studies. He'll speak on ``U.S. Foreign Policy Toward South Asia. Location: Rome Building, 1619 Massachusetts Ave., N.W.

BAHRAIN _ 12:30 p.m. Inaugural meeting of the U.S.-Bahrain Business Council, with Sheikh Mohammed bin Isa Al-Khalifa, CEO of the Economic Development Board of Bahrain and Deputy Commerce Secretary David Sampson. Location: US Chamber of Commerce.

INTERNET SECURITY _ 12:30 p.m. Network Solutions holds a press lunch to discuss upcoming decisions regarding the future of the .com Internet domain registry operation, especially regarding security concerns over the proposed .com agreement. Location: Freedom Technologies, 4th floor, 1317 F St. NW.

LAZEAR _ 12:30 p.m. Council of Economic Advisers Chairman Edward Lazear speaks at the Tax Policy and the Economy conference sponsored by the National Bureau of Economic Research. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

PELOSI-RANGEL-SOCIAL SECURITY _ 12:30 p.m. House Democratic Leader Nancy Pelosi and Rep. Charles Rangel hold teleconference responding to President Bush's recent remarks that he will revisit Social Security privatization in 2007. Contacts: Brendan Daly, 202-226-7616. Notes: Call 888-913-9971; Passcode: Security. For security reasons, the passcode and the call leader's name (Andrew Stoddard) will be required to join the call.

BORDER SECURITY _ 1 p.m. House Speaker Hastert, GOP leaders hold media availability on border security. Location: House Radio/TV Gallery.

VIETNAM _ 1:30 p.m. The Congressional Human Rights Caucus holds a briefing on the status of human rights in Vietnam. Location: Room 124, Dirksen.

DEMOCRATS-ENERGY _ 2 p.m. Democratic Sens. Debbie Stabenow, Hillary Rodham Clinton, and Maria Cantwell will join Dan Seligman, National Campaign Director for the Apollo Alliance, for a press conference call to discuss a new report which shows the massive job creation effects of Senate Democrats landmark alternative energy legislation, the Clean EDGE Act. Contacts: Jim Manley, 202-224-2939. Notes: Callin number: 866-909-2663; passcode: 2980597.

FUNDING ACCOUNTABILITY _ 2 p.m. House Majority Whip Roy Blunt, Sens. Tom Coburn and Barack Obama, and Rep. Tom Davis join OMB's Deputy Director for Management Clay Johnson to pledge immediate action to implement the grants and contracts database included in the Federal Funding Accountability and Transparency Act. Location: Room HC-7, Capitol.

FARMERS-DISASTERS _ 2:15 p.m. Rep. Jerry Moran and Sen. John Thune hold an event with members of Congress and agricultural organizations to highlight the need

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for disaster assistance for farmers and ranchers. Location: Cannon Terrace.

TOTALITARIAN REGIMES _ 2:30 p.m. Sens. Rick Santorum and Mel Martinez hold a news conference with others to discuss the relationship among Fidel Casatro, Hugo Chavez and Mahmoud Ahmadinejad. Location: Room S-243, Capitol.

CASEY _ 3 p.m. Robert Casey, Democratic candidate for the U.S. Senate from Pennsylvania, discusses, ``Restoring America's Moral Compass: Leadership and the Common Good." Location: Columbus School of Law, Catholic University.

DEMOCRACY _ 3 p.m. The Heritage Foundation holds a program, ``The Rise of Democracy: A Force of Enduring global Peace," with Yu Shyi-kun, Chairman, Democratic Progressive Party of Taiwan. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 14, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House, Senate Republicans At Impasse On Terror Bill. Fox News' Special Report (9/13, Hume) reported, "Congressional Republicans today struggled to work out their differences with the Bush Administration over legislation the President has requested governing the treatment of captured terror suspects and the tribunals before which they could be tried." Fox (Garrett) added, "There is now a full blown impasse in the Senate," and "for first time, Congressional Republicans and the White House are looking at the reality that this legislation will not be passed before Congress adjourns at the end of this month to campaign for reelection."

McClatchy (9/14, Talev, Rosen) reports "President Bush and trio of influential Republican senators appeared headed for a showdown Thursday as they suspended talks on legislation outlining how to try suspected terrorists." Senate Armed Services Committee Chairman John Warner "announced that his panel will meet behind closed doors Thursday to consider legislation that he's sponsoring along with Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz." Their bill "aims to set new rules for military commissions that try detainees; the Bush administration's current approach was invalidated by a June Supreme Court ruling. The administration prefers a competing proposal much like the one the court struck down that's moving through the House of Representatives and is supported by some Senate Republicans."

The New York Times (9/14, Lichtblau, Zernike, 1.21M) reports the impasse "signaled the tough road the White House faces in trying to sell…key planks in its national security agenda to sometimes skeptical Congressional Republicans less than two months before the midterm elections." Democrats "have allowed Republicans to fight among themselves over the issues, and appear willing to allow the issues to come to a vote rather than risk charges of political obstructionism in an election season." The AP (9/14, Flaherty), meanwhile, refers to "election-season divisions among Republicans on the high profile issue of security," and calls Warner's actions "a direct challenge to…Bush." Warner "said the administration proposal would lower the standard for the treatment of prisoners, potentially putting US troops at risk should other countries retaliate." The White House "said Warner's proposal would undermine the nation's ability to interrogate prisoners and arranged an extraordinary conference call with reporters in which the nation's top intelligence official criticized Warner's plan."

The Washington Times (9/14, Hurt, 88K) runs a similar report under the headline "GOP In Standoff On Gitmo Rights," in which it says "late yesterday, White House officials began calling Republicans on Capitol Hill to say that they have offered to negotiate about as far as they can. The White House is expected to issue some sort of official statement sometime today on where it stands." If the committee "alters the original bill today, Senate Majority Leader Bill Frist is expected to bypass the committee and introduce the administration's proposed bill in the coming days and move it directly to the floor. There, amendments will be offered and public votes recorded."

USA Today (9/14, Kiely, Jackson, 2.27M) quotes Graham saying, "I have lost friends in this war. I do want to bring these people to justice. … But I can't say it enough. If we start acting like our enemy, we're going to lose." Meanwhile, "the House Armed Services Committee approved Bush's plan Wednesday and rejected a proposal similar to Warner's on a party-line vote. House Majority Leader John Boehner, R-Ohio, has scheduled a House vote for next week." White House spokeswoman Dana Perino "expressed hope that 'we'll be able to reach resolution' with Bush's Senate critics."

The Wall Street Journal (9/14, Lueck, Rogers, 2.03M) titles its story "Senate-Panel Republicans Break With Bush Over A Tribunal Bill," and notes Bush "comes to Capitol Hill today to meet with Republicans on his agenda." Warner adds the Journal, "has begun to reach out to the State Department in an apparent effort to soften the opposition from CIA Director Michael Hayden. And Mr. Graham said Congress must view the legislation as a chance to start over and reassert ourselves as a rule-of-law nation in the eyes of the world.'" The Los Angeles Times (9/14, Neuman, Schmitt, 918K) also says Bush "plans a personal and rare visit to the Hill on Thursday to confer with House Republicans, who are feeling political pressure to distance themselves from an unpopular president and an unpopular war in Iraq."

Hunter Says House Democratic Bill Would Grant "Enormous Rights" To Terrorists. Rep. Duncan Hunter said on CNN's The Situation Room (9/13), "I just finished the…passage of the terrorist court bill, which will allow us to try these terrorists, including the ones that designed this attack on 9/11. And the Democrats did offer a bill that gave more rights, more defendants' rights, to the alleged terrorists than my bill did. And they made a very passionate argument that we needed to give these additional rights to alleged terrorists. And they made an argument that the only way we could obtain a conviction, if it was the only evidence available, and that evidence came from an American agent who was undisclosed to the terrorists, that we would have to disclose that agent, and let the terrorist himself, face to face,

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know the identity of the American agent. Now, that's giving them enormous rights, and, I would say, to the detriment of American agents and American military personnel."

Schieffer Says Secret Prisons Akin To "Adopting The Methods Of Our Enemies." CBS Evening News (9/13, story 8, 2:00, Couric, 7.66M) reported, "The treatment of terror suspects is the topic of tonight's 'Free Speech.' The speaker is our own Bob Schieffer, chief Washington correspondent, and anchor of 'Face the Nation.'" Schieffer said, "I have no sympathy for those suspected 9/11 ringleaders. If the evidence proves them guilty, I hope they get the death penalty. But I'm glad they took them out of those secret CIA prisons. For me it's a matter of national security -- ours. Democracies have no business running secret prisons. That's what our enemies do. If we are in a battle for the hearts and minds of people around the world, as the Administration says we are, I won't feel very secure if the people around the world believe we are no different than our enemies. Of course, we must do all in our power to protect this country. During the Cold War, we built a mighty arsenal of weapons, and it kept the Soviet Union at bay for decades. But the weapons didn't win the war. We won when the people under Soviet domination could finally look across the Iron Curtain and see that open, democratic government made for a better life." Schieffer concluded, "Real security begins with remembering who we are. We gain nothing by adopting the methods of our enemies."

More Commentary. The Wall Street Journal (9/14, 2.03M) editorializes that there is "a legitimate debate to be had over waterboarding and other tactics," but "we hope the next '9/11' commission doesn't have to explain why the US stopped employing interrogation methods that were both lawful and successful."

The Washington Post (9/14, A20, 748K) says in an editorial that in "deciding between the two main proposals for handling and trying accused terrorists, the Senate confronts a fateful choice: Will it send President Bush, as he demands, legislation that would authorize the CIA to engage in interrogation tactics the world understands as torture, rewrite America's obligations under the Geneva Conventions, and authorize trials whose fairness many people at home and abroad will question? Or will the Senate approve a bill that ensures justice for foreign detainees and ends the CIA's secret detentions and harsh interrogations? The White House is pulling out all the stops to get the former. The question now is whether the group of Republicans who have courageously pushed a competing bill -- John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.) -- will be able to team up with other moderate Republicans and Democrats to stop the excesses that have so damaged America's standing in the world." Having "finally been forced by the Supreme Court to take responsibility for writing law to govern the war on terrorism, Congress will now decide whether it simply means to sign off on the administration's past abuses, or reaffirm fundamental American values."

In his New York Times column (9/14), Bob Herbert says, "The character of the US has changed. We're in danger of being completely ruled by fear. Most Americans have not shared the burden of the wars in Iraq and Afghanistan. Very few Americans are aware, as the Center for Constitutional Rights tells us, that of the hundreds of men held by the US in Guantánamo Bay, Cuba, many 'have never been charged and will never be charged because there is no evidence justifying their detention.' Even fewer care. We could benefit from looking in a mirror, and absorbing the shock of not recognizing what we've become."

Senate Judiciary Panel Approves Eavesdropping Program. The Washington Post (9/14, A13, Weisman, 748K), under the headline "GOP Leaders Back Bush On Wiretapping, Tribunals," says "Congress's Republican leadership yesterday threw its weight behind two of President Bush's most controversial national security programs, warrantless wiretapping and extrajudicial military tribunals." However, "the party leaders are having trouble getting all their members on board, including the chairman of the Senate Armed Services Committee. And by backing the president's legislative demands, the leadership risks being labeled by Democrats as a rubber stamp for an unpopular president. With prodding from Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker J. Dennis Hastert (R-Ill.), the Senate Judiciary Committee voted 10 to 8 along party lines to approve a bill negotiated with the White House to allow -- but not require -- Bush to submit the National Security Agency's warrantless wiretapping program to a secret court for constitutional review." USA Today (9/14, 2.27M) notes Republicans "defeated Democratic amendments to insert a one-year expiration date and require the NSA to report more often to Congress on the program."

Bloomberg (9/14) reports "the measure would authorize a secret court to rule on the legality of the National Security Agency's program to listen to the international calls between al-Qaeda operatives overseas and their suspected confederates in the U.S. without court warrants." Bush "agreed to the measure's wording in negotiations with Senator Arlen Specter, the Pennsylvania Republican who chairs the panel. By a series of 10-8 votes, the Republican-controlled committee defeated efforts by Democrats to change it."

Deputy Attorney General Says Restrictions On Surveillance Program Would Have Little Effect. CQ (9/13, Starks) reports, "A Justice Department official seemed to imply earlier this week, to the astonishment of some House Judiciary Committee members, that a bill aimed at reining in the Bush administration's warrantless wiretapping program

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would have little impact even if passed." Deputy Attorney General John A. Eisenberg "testified that New Mexico Republican Heather A. Wilson's bill (HR 5825) -- designed to update the law governing domestic surveillance while giving the president limited spying authority -- might 'reduce' the need for President Bush to use what he calls his Terrorism Surveillance Program (TSP)." But "when pressed by Rep. Jeff Flake, R-Ariz., on whether the measure would eliminate the need for the program, Eisenberg said, 'I think we just view TSP as separate from Wilson.'" His testimony, "combined with Bush's assertion of executive authority under the Constitution, has led some lawmakers to question whether the administration would follow a revised surveillance law."

Opening Arguments Made At Albany Terrorism Trial. In a widely-distributed story, the AP (9/14, Virtanen) reports that in opening arguements at the trial of Albany mosque imam Yassin Aref and mosque member Mohammed Hossain, accused of material support of terrorism, "a defense attorney attacked the credibility of an FBI informant who posed as an arms dealer in a fictitious plot to kill a Pakistani diplomat." Hossain lawyer Kevin Luibrand said of the informant, "He's a convicted felon. He's a con man. … They got somebody that lied to the FBI completely and continuously about what was happening." Aref's attorney, Kent Sprotbery, said that "Aref was never shown any shoulder-fired missile, and testimony will show all three men thought the talk about attacking the diplomat was 'a joke.'" The AP adds, "Assistant U.S. Attorney William Pericek said the audiotapes and videotapes will show the informant impersonated an arms dealer in conversations with both Hossain and later Aref, that he told them the $50,000 came from the sale of the missile. … 'A sting is simply a crime of opportunity, where the opportunity was provided by the government,' Pericek said."

Under the headline "Prosecutors Weave Tale Of Zeal Gone Wrong," The Albany Times-Union (9/14, Lyons) reports, "The first day of testimony was at times disjointed and, in one instance, confusing as prosecutors called a Bangladeshi immigrant to the stand whose English was so poor, numerous court observers said they could not understand what he was saying." Meanwhile, Luibrand "assailed the FBI's informant as a 'convict' and 'con man' whom he contends misled FBI agents about the context of secretly recorded conversations the men had in Arabic and Urdu. 'He's called an informant,' Luibrand said. 'I have a few other words for him. ... Malik was giving a different message back to his (FBI) handlers than what was taking place in the room.'" The Times-Union adds that the first prosecution witness, "a Department of Defense official from Alabama, gave the panel a crash course on the destructive capabilities of a 5-foot long, Russian-made missile launcher that he hoisted atop his shoulder. … Aref was never shown the weapon, although he did see its metal triggering device at a later meeting."

HOMELAND RESPONSE:

Intense FBI Search Continues For Al Qaeda Sleeper Shukrijumah. CNN yesterday ran two versions of Kelly Arena's report on the FBI search for Saudi-born Adnan el Shukrijumah, whom she described as "one of al Qaeda's most deadly sleeper agents and an urgent threat to the United States." On CNN's The Situation Room (9/13, Blitzer), Arena reported that el Shukrijumah "came to the United States when his family was just 2 years old. His father wanted what only America could offer his son. … But Shukrijumah's American experience took a sharp turn in his mid 20s. Sources say he met an alleged al Qaeda operative who officials say helped turn him from a typical student into one of the most-wanted men in the world." FBI Director Robert Mueller: "Yes, he is dangerous. Yes, he had ties with persons who were al Qaeda. And we believe he shares the ideology. And if had the capability, would participate and attack himself." Arena: "The FBI says he has surveilled targets in Chicago, New York, Washington and Houston. And it's believed he came up with a plot to blow up apartment buildings." FBI Special Agent Stu McArthur: "He has great understanding and knowledge of how this country works and operates, and that, you know, underscores his dangerousness." The FBI believes that he is now somewhere in Pakistan. The US is passing out match books there with his picture promising a $5 million reward."

The version which aired on CNN's Paula Zahn Now (9/13) included the comments from Mueller and McArthur, but Arena also interviewed FBI Special Agent Andrew Lenzen, lead agent on the case. Arena noted, "Shukrijumah studied at Broward Community College," and "he did really well, excelling in chemistry and computers. His father, an imam, tried to raise him right, to be a good Muslim," but after meeting alleged al Qaeda operative Ishmael Faeez, "Shukrijumah made his way to al Qaeda training camps, where it's believed he received extensive weapons training." Lenzen: "Adnan went to these camps and was not necessarily recruited but developed himself into an al Qaeda warrior. And part of that was that he started with these menial tasks, washing dishes, doing the chores of a low-level recruit to prove himself." Arena: "Lenzen says when Shukrijumah returned to south Florida, he had changed -- more calm, more self-assured. But before the 9/11 attacks, he left his family for good and didn't even return when his father died two years ago." Lenzen: "We can firmly say that al Qaeda is using his skill sets as -- his chemistry background

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and his computer expertise, his interest in making movies, to really fit well into the al Qaeda" agenda.

Miller Says Publicity Deprives Sleepers Of Needed Anonymity. Following the Arena piece, Zahn interviewed FBI Assistant Director John Miller and former CIA Counter-Terrorism Center Director Robert Grenier, asking Miller about Shukrijumah, "How much of a priority is it for the FBI to apprehend him?" Miller: "Well, it's a priority. As you saw in Kelli's report, it was announced by the FBI's director and the Attorney General some time ago that he was a priority," but "I want to add, Paula, that anonymity -- the ability to move in the shadows -- for an operator within a group like al Qaeda, is a key piece, and by adding him to these lists, by putting him on your show, by doing these stories, by having him on our Web site, we take away a lot of that am anonymity. We neutralize a lot of the abilities that would give us concern, the idea that he's comfortable in Western culture, that he's familiar with the United States, that he's got an ability to move around."

Later in the interview, Zahn said, "John, you were describing a little bit earlier on how this guy loses some of his anonymity by having his face plastered all over the Internet…which makes you wonder just how valuable you think average citizens are in this war, particularly in the search, perhaps, for home grown terrorists." Miller: "Well, very valuable. I mean, you take a case like this, an airline ticket clerk, an alert border official, a citizen on the street, you know, people think that the match books, which are put together by the U.S. Department of State as part of their rewards for justice program, is kind of a long shot or a little quaint, yet it was the match books and the advertising of the reward that led to the capture in Pakistan of Ramsey Usef, who was wanted in connection with the bombing of the first World Trade Center."

Zahn also said to Grenier about Shukrijumah, "We understand…that law enforcement believes that, in fact, 9/11 mastermind Khalid Sheik Mohammed was actually giving him the instructions to keep the terror network alive in the United States. What does that say about his value to al Qaeda?" Grenier: "Well, obviously, this is someone who had that background in the United States, had the ability to move freely and is the sort of individual, perhaps among others, that al Qaeda would look to in order to carry out attacks in the future in the United States, particularly if their handlers and their trainers were to be captured or killed."

House Passes 9/11 Resolution 395-22 After Bitter Debate. The AP (9/14, Dalrymple) reports, "House Republicans and Democrats traded accusations of improper politicking Wednesday as they sparred over a resolution commemorating the Sept. 11 terrorist attacks." Democrats "criticized the GOP-drafted resolution for praising controversial legislation, including the USA Patriot Act and a border security bill. Some faulted it for stating 'the nation is safer than it was on Sept. 11, 2001.'" House Democratic leader Nancy Pelosi "called the resolution 'self-congratulatory.'" The bill's sponsor, GOP Rep. Peter King, "called the criticism 'cheap demagoguery.'" Republicans "defended the inclusion of the GOP-crafted security laws and bills. Without them, said Rep. David Dreier, R-Calif., 'we would not be here today without having suffered another attack on our soil.'" The AP adds, "Despite the rhetorical battle, the resolution commemorating the fifth anniversary of the Sept. 11 attacks passed 395-22." The "intensifying quarrel between Republicans and Democrats" over national security "comes weeks before this fall's midterm elections, which will determine which party controls the House and Senate."

The Washington Times (9/14, Bellantoni, 88K) reports, "While many Democrats characterized the Patriot Act as a violation of civil liberties, Republicans said it has broken up terrorist cells." Said Drier, "It is absolutely essential that those keeping us safe have every tool necessary to do so. … Our homeland has not been attacked again. That seems to be so often forgotten."

Democrats Blast Boehner Over Terrorism Comments. CNN's The Situation Room 99/13, Blitzer) reported, "Democrats are blasting the House Majority Leader John Boehner" over his claim that Democrats are "more interested in protecting terrorists than in protecting the American people." Sen. John Kerry "fired right back today," saying, "I'm not interested in asking Mr. Boehner for clarification or retraction or even an apology. His statement was very clear and I believe equally despicable. And his words are frankly beyond redemption."

Democratic Rep. John Murtha said on CNN's The Situation Room (9/13), "I'm convinced they're desperate, for him to say something. He can't mean what he's saying. In this free country, if we disagree with the President when he's going in the wrong direction, and we want to change direction, you are going to have to speak out. We can't just go along with a policy which is a failed policy." Murtha added, "I think he owes all the members an apology who disagree."

Democrats Say They "Will Not Be Swift-Boated." The Washington Times (9/14, Hurt, Bellantoni, 88K) reports, "Capitol Hill Democrats said yesterday they will not be 'swift-boated' by Republicans who accuse them of being soft on national security and coddling terrorists. 'Democrats stand ready to protect and defend the American people,' House Minority Leader Nancy Pelosi, California Democrat, said. 'We will not be swift-boated on the issue of security, and that is what the Republicans are trying to do.'" Pelosi "was referring to the group Swift Boat Veterans for Truth, which was highly critical of John Kerry's presidential candidacy in 2004."

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The Financial Times (9/14, Yeager, Luce) reports, "America's mid-term congressional elections, which take place on 7 November, are shaping up as one of the most bitter campaigns in recent US history. Although George W. Bush is not expected to play a prominent role on the campaign trail over the next seven weeks, the president has given a series of speeches in the past 10 days that have helped crystalise his party's att-empts to paint the Democrats as weak on national security." In an interview last Sunday, Dick Cheney "was more blunt in suggesting a connection between Democratic criticism of the Iraq war and being soft on terrorism. 'Suggestions, for example, that we should withdraw US forces from Iraq, simply feed into that whole notion [and] validate the strategy of the terrorists,' he said." While "viewed by many as below-the-belt, such pugilism could be a small foretaste of what is to come."

Reid Calls Bush's 9/11 Address "Untoward." Senate Minority Leader Harry Reid discussed President Bush's televised address on PBS NewsHour (9/13, Lehrer), saying, "If you look at his speech, all he did was take words that he had given all the previous month in his political speeches -- campaign speeches in Georgia, and other places in the country, exact same words. He had an opportunity, on that night, that solemn occasion, to bring America together, not point fingers -- and that's what he did -- not give a campaign speech. And I thought that it was untoward for him to do that."

Senate Republicans Reject Democratic Additions To Port Security Bill. The AP (9/14) reports, "Senate Republicans on Wednesday rejected a Democratic attempt to attach dozens of national security programs to legislation intended to protect seaports." The Democrats' proposal "had threatened the overall ports security bill, which would install monitors at the 22 largest ports. These devices would screen for materials used to make radiological bombs or nuclear weapons. The ports bill could come to a final vote on Thursday." The AP adds, "The plan by Democratic leader Harry Reid would have put Republicans in the awkward position of opposing security measures that many people in the United States believe are long overdue. Examples include improving safeguards on trains and buses and at chemical plants. … Democratic Sens. Bill Nelson of Florida, Ben Nelson of Nebraska and Mark Pryor of Arkansas voted against Reid's proposal."

NYTimes Suggests Bush Team Putting "Corporate Profits" Ahead Of "Safety." The New York Times (9/14, 1.21M) editorializes, "Michael Chertoff, the secretary of Homeland Security, seems determined to outdo his commander in chief in ratcheting up fears of Al Qaeda whenever he wants to score political points. This week, he raised the specter that if the government starts too many expensive antiterrorism programs it could further a plot by Osama bin Laden to 'drive us crazy, into bankruptcy" through overspending on homeland defense.'" The Times adds, "It was particularly ironic that Mr. Chertoff spun this theory while he was fighting off a measure, up for a vote today, that would help protect our ports against the threat that he himself deems most worrisome -- a nuclear explosion within our borders -- without government spending." The Times adds, "When it comes to homeland security, the Bush administration has repeatedly allowed corporate profits to trump safety. That seems to be the problem here, just as it has been when it came to the chemical industry's resistance to reforms that would help protect against toxic disasters if terrorists ever attacked their plants."

Terror Informant Sought Aid From Hillary Clinton. The AP (9/14, Hays) reports an "unusual exchange of letters between an undercover informant and Sen. Hillary Rodham Clinton's office has apparently angered authorities and may have complicated the case of a man convicted of plotting to bomb a busy subway station." Osama Eldawoody, "a paid New York Police Department informant who was instrumental in exposing the 2004 subway scheme -- told The Associated Press that he wrote to Clinton last month, complaining that his law enforcement handlers misled him with false promises of a better life and asking her to intervene on his behalf." A written response "from Clinton, shared with the AP by Eldawoody, said she had 'requested a review of this matter and a written response' from federal prosecutors in Brooklyn. The letter also suggests Eldawoody seek help from Sens. Arlen Specter and Rick Santorum of Pennsylvania, where he now lives." Clinton spokesman Philippe Reines "confirmed that her office had received the letter from Eldawoody, but said the senator was not personally involved in the written exchange and was unaware of the issue." Eldawoody "said in a telephone interview last week that he was summoned to a meeting with investigators and a federal prosecutor and was reprimanded for contacting Clinton and told not to do it again." The AP adds Eldawoody, 50, "was a key prosecution witness in the federal government's case against Shahawar Matin Siraj, who was convicted in May of plotting to blow up the Herald Square subway station in Manhattan."

Audit Finds California Homeland Security Funds Held Up In Red Tape. The Los Angeles Times (9/14, Halper, 918K) reports a study released Tuesday by State Auditor Elaine M. Howle finds that "California's efforts to prepare for a terrorist attack or natural disaster are being undermined by a morass of red tape." Howles says in the report that "the administration of Gov. Arnold Schwarzenegger has let tens of millions of dollars in federal emergency preparedness grants languish unspent and has

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not adequately tested the ability of California's medical facilities to handle mass casualties. … By the end of June, the state had spent less than half of the $954 million of federal homeland security grants it had been awarded since 2001, the report said."

Disruptive Airline Passenger To Be Arraigned Today In Virginia. The Washington Post (9/14, B1, Markon, Rondeaux, 748K) reports, "A professional jujitsu fighter from Brazil sat in a Loudoun County jail yesterday on a felony charge that he tried to open the cabin door of a Dulles-bound airliner as it cruised at 30,000 feet over Tennessee. Carlos Alberto de Oliveira, 43, missed his appearance in court yesterday morning because he fought with sheriff's deputies who came to escort him, Loudoun authorities said. He is expected to be arraigned today on a state charge of interfering with an aircraft's operations." The Post notes, "Although de Oliveira's motivations were unclear, federal officials have ruled out terrorism and concluded after interviewing him that he did not intend any harm. 'He didn't threaten anyone, he didn't hurt anyone. He wasn't intending to open the door, he didn't kick it,' said Debbie Weierman, a spokeswoman for the FBI's Washington field office. 'He just pulled a stupid stunt.'"

Cost Of Registered Traveler Could Kill Program. USA Today (9/14, Frank, 2.27M) reports a proposed cost of "up to $200" a year to participate in the "long-delayed" Registered Traveler program "could kill the program, advocates and lawmakers said Wednesday." The TSA "said last year that it expected to charge about $30 for a terrorism check. Now it wants to charge another $70 to pay for TSA screeners at Registered Traveler checkpoints, TSA spokeswoman Ellen Howe said. It also may charge an additional $20 for a criminal background check. Those costs are in addition to yearly fees of up to $80 that fliers would pay to companies operating the program. … The agency revealed the $100 fee on its website Monday with no publicity."

Democrats Seek Probe Of Former EPA Director On 9/11 Health Issues. The AP (9/14, De La Cruz) reports, "Democrats from New York and New Jersey asked on Wednesday for an investigation that could lead to criminal charges against former Environmental Protection Agency administrator Christie Whitman for breathing problems suffered by thousands after the Sept. 11 attacks." The AP continues, "Whitman told The Associated Press that she and the EPA 'agreed then and I reiterate now that the air on the WTC site was not clean – the consequence of millions of tons of burned debris from the most horrific attack in our nation's history. … We were emphatic that workers needed to wear respirators, a message I repeated frequently.'" The AP adds, "At hearings last week in New York, Whitman was the most frequent target of lawmakers who charged that ground zero workers were not protected as they worked to clear the pile of toxic debris. … Whitman, a former Republican governor of New Jersey, declared in the days after Sept. 11 that the air in lower Manhattan was safe for workers and residents. But she has said she and the EPA always differentiated between the air quality in lower Manhattan and at ground zero." The AP notes, "Former Sept. 11 Commission chairman Thomas Kean, also a former Republican governor of New Jersey, said it was troubling that the Democratic congressmen 'would misuse the heroic service of thousands for their political gain in an election season.' … The congressmen – New York Reps. Jerrold Nadler and Anthony Weiner and New Jersey Rep. Bill Pascrell Jr. – said the health of their constituents, and not politics, was their concern. … In a letter to Attorney General Alberto Gonzales, the trio accused Whitman of 'endangering the lives of thousands of people.' … Justice Department spokeswoman Kathleen Blomquist said the agency had not yet received the letter."

FBI Assistant Director Rebuts Calls For US MI5. In a New York Times (9/14, 1.21M) op-ed, FBI Assistant Director John Miller writes that with the 9/11 anniversary and the disrupted airline bombing plot, "we are seeing another round of calls to break up the F.B.I. or to create a domestic intelligence agency separate from the F.B.I. with no police powers, similar to Britain's MI5. But these critics…seem to be unaware of two critical things. One is how far the F.B.I. has come in transforming itself into an intelligence-driven organization in the last five years; the other is how many attacks we have prevented in that span. Using intelligence and technology — and our authority to make arrests — the F.B.I. has stopped five terrorist plots in progress in roughly the last year alone." Miller adds, "As we break down the structure of Al Qaeda, we see the very shape of the terrorist threat changing and adapting. Our approach has to continually evolve to keep up. Starting over from scratch will only set us back and make America less safe."

Kerry Says Bush Administration The Real Source Of Harm For CIA. In a Wall Street Journal letter to the editor (9/14), Sen. John Kerry says, "Your Sept. 12 editorial 'Jack Bauer Insurance' was a disservice not to me or to fictional characters like Jack Bauer, but to the very real CIA agents whose commitment to the truth didn't fit the administration's neoconservative agenda on Iraq, and to agents endangered by reckless administration policies. It's been reported that CIA officers refused to be trained in the administration's controversial interrogation techniques, and in at least one instance these techniques yielded questionable information aimed at pleasing the interrogators. The

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Supreme Court, not Democrats, ruled administration detainee policies out of bounds, and it was the outrage of Republican senators that forced the administration to apply the Geneva Convention to enemy prisoners in order to best protect captured Americans." Former CIA case officer Jim Marcinkowski "argued the Valerie Plame leak hurt 'the credibility of our case officers when they try to convince an overseas contact that their safety is of primary importance.' Former CIA agent Larry Johnson, a registered Republican, said it 'speaks volumes' that President Bush held no one accountable for the leak of an agent's identity." CIA officers "don't need Jack Bauer insurance -- they need insurance against the recklessness of this administration."

Pentagon Police Officer Who Survived 9/11 Profiled. The Washington Times (9/14, Taylor, 88K) runs the fourth installment of a five-part feature series offering updates on "three men and two women who survived the attack on the Pentagon" on 9/11. Today's checks in with Pentagon police Officer George E. Clodfelter III.

WAR NEWS:

Death Squads Blamed For 65 Bodies "Dumped Across Baghdad." Media reporting on Iraq focuses on the discovery of what ABC World News (9/13, story 4, 2:40, Gibson) called "65 men, most of them bound, tortured and shot," found "dumped across Baghdad. Officials believe they were the victims of sectarian death squads, roaming the capital." While that incident is the basis of most coverage, some reports suggest it is representative of the general situation in the country. In its lead story, CBS Evening News (9/13, 2:50, Couric, 7.66M) said the "violence in Iraq just keeps getting worse." CBS (Logan) added, "American and Iraqi officials agree death squads now pose a greater threat to Iraq than the ongoing insurgency." At the Pentagon, CBS (Martin) added, "Sectarian violence, Iraqis killing Iraqis, has become what the Pentagon calls the greatest threat; in breaking the cycle of violence, the most pressing role. … There's still no time table for Iraq, but the months between now and the end of the year are shaping up as crunch time."

NBC Nightly News (9/13, story 5, :30, Williams, 9.87M) called it "an especially gruesome day in Iraq," reporting that in addition to the bodies found "despite the massive security crackdown underway right now," at least "39 other people were killed today in other attacks and dozens more were wounded. The US military announced the deaths of two more American soldiers just today." McClatchy (9/14, Brunswick, Ahmed) calls the discovery of the bodies "a setback to the U.S. military's efforts to reduce sectarian violence in Iraq's capital city." The "apparent resurgence in execution-style murders, which are often associated with sectarian violence and death squads, came as U.S. and Iraqi patrols have been sweeping Baghdad neighborhoods in search of insurgents and sectarian militiamen."

The Washington Post (9/14, A16, Paley, Ibrahim, 748K) reports "nearly 100 people were killed or found dead in the Iraqi capital over the past 24 hours, authorities said Wednesday, continuing a wave of sectarian violence that has defied American efforts to thwart the carnage." The Los Angeles Times (9/14, McDonnell, Barnes, 918K) reports that "on a day in which nearly 100 bodies attested to Iraq's unbridled violence, Democrats stepped up their response to President Bush's policies." In its front page headline, the New York Times (9/14, Oppel, 1.21M) simply says, "On Another Grim Day, Bodies Lie Everywhere In Baghdad."

Sunni Leader Demands Government Action To Disarm Militias. An AP (9/13, Quinn) story carried by more than 80 newspapers and websites leads by reporting Adnan al-Dulaimi, whose Iraqi Accordance Front is Iraq's largest Sunni political party, "demanded Wednesday that the beleaguered Shiite-led government take steps to disarm militias" after the bodies were discovered. Dulaimi said, "We hope the government carries out what it pledged and disbands militias and considers them terrorist organizations."

Baghdad Emergency First Responders Profiled. ABC World News (9/13, story 5, 2:50, Gibson) took a "rare inside look…at what might be called 'Baghdad 911': Iraq's first responders. When violence erupts in the capital, as bodies are found as they were today, the first call goes there. The number rings often. And recently, they have been very busy."

Khamenei Says US Withdrawal Would End Iraq Instability. The AP (9/13, Dareini), in a report carried by more than 80 newspapers and websites, says Iran's supreme leader Ayatollah Ali Khamenei told visiting Iraqi PM Nouri al-Maliki that the "way to end instability in Iraq is for U.S. forces to withdraw." Maliki is in Iran "looking to a close ally of his Shiite-led government for help in calming the violence tearing apart Iraq and in developing Iraq's troubled oil industry," the AP says.

Annan Says Mideast Leaders See Iraq War As "A Real Disaster." The Washington Times (9/14, Pisik, 88K) details press conference remarks by UN Secretary-General Kofi Annan that "Washington's options in Iraq are constrained by competing pressures from countries in the region for the U.S. to stay or to leave quickly. 'The U.S. has found itself in a position where it cannot stay and it cannot leave. And if it has to leave, the timing has to be optimum and it has to be arranged in such a way that it does not lead to even greater disruption or violence.'" Annan added that "most regional leaders felt the U.S. occupation of Iraq had

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harmed their countries. 'Honestly, most of the leaders I spoke to felt invasion of Iraq and its aftermath has been a real disaster for them. They feel it has destabilized the region.'"

Murtha Resolution Seeks Rumsfeld Resignation. The Hill (9/14, Tiron) reports Rep. John Murtha, "echoing moves in the Senate," is seeking the "immediate resignation" of Defense Secretary Donald Rumsfeld. In his resolution, Murtha "lists a litany of reasons for Rumsfeld's immediate resignation, ranging from the secretary's insistence that there were weapons of mass in destruction in Iraq to his failure to anticipate the number of troops needed to secure Iraq and to address the flagging readiness of U.S ground troops." Meanwhile, Rep. David Obey said Wednesday, "The Defense Secretary should return to the private sector."

Carter Says Cheney Deliberately Misled American People On Iraq. Ex-President Jimmy Carter was asked on CNN's Larry King Live (9/13) about Vice President Dick Cheney's assertion that criticism of the Iraq war emboldens US enemies and makes allies doubt American resolve. Carter said, "The Vice President unfortunately has been consistently very careless with the truth. He still maintains some preposterous comments and attitudes toward the origins of the Iraqi war, the circumstances in Iraq now and he's had a policy in my opinion of deliberately trying to mislead the American people by making untrue statements and there's no reason to give any credence to his ridiculous claims that you've just described."

Reid Says US Needs "To Change Direction" In Iraq. Senate Minority Leader Harry Reid said on PBS NewsHour (9/13, Lehrer), "We need to change direction in Iraq. We need to make sure that people understand that we can't be there forever. We're not for moving out right away, but we believe there should be a redeployment that would start by the end of this year."'

Korb, Ogden Say Sending More Troops To Iraq No Simple Task. In a Washington Post (9/14, A21, 748K) op-ed, Lawrence J. Korb and Peter Ogden of the Center for American Progress respond to the September 12 op-ed "Reinforce Baghdad" by William Kristol and Rich Lowry, which called for a substantial increase in US troop numbers in Iraq. Korb and Ogden write, "Aside from the strategic dubiousness of their proposal…there is a practical obstacle to it that they overlook: Sending more troops to Iraq would, at the moment, threaten to break our nation's all-volunteer Army and undermine our national security. This is not a risk our country can afford to take. … The only way for Kristol and Lowry to put their new plan into action anytime soon without resorting to a draft -- and thereby dismantling the all-volunteer Army, which, as the authors themselves would certainly admit, could be strategically disastrous -- is by demanding even more from our soldiers by accelerating their training and rotation schedules. While there is no question that the soldiers would respond to more frequent calls to duty, it is doubtful that they would be supplied with proper equipment and training for their mission in the near term. Moreover, the long-term toll on the cost and quality of our troops would be threatened by the added strain."

NATO Nations Fail To Agree On More Troops For Afghanistan. In a straightforward report, the AP (9/13, Garwood) says NATO nations "failed to agree on calls by military commanders for 2,500 extra troops to help crush the growing Taliban-led insurgency in Afghanistan, where at least 50 people were killed Wednesday in widespread violence." The Washington Times (9/14, Kralev, 88K) runs a more critical story under the headline "NATO Allies Ignore Call For Troops," leading by saying NATO allies "failed to answer Washington's call to commit more troops to the escalating battle with Taliban and al Qaeda fighters in Afghanistan yesterday, prompting the Bush administration to rethink its diplomatic strategy ahead of two meetings of alliance ministers later this month."

Poland Is "Best Hope" For Fresh NATO Troops. The Financial Times (9/14, Dombey, Fidler, Cienski) reports Poland "emerged on Wednesday as Nato's best hope of more troops for Afghanistan." The Polish Defense ministry said Poland, "which has announced plans to withdraw its 900 soldiers from Iraq, was in talks with its Nato allies about where and when they would be deployed in Afghanistan. Poland, which has about 100 troops in Afghanistan, has already announced it will send about 900 extra soldiers to the country from 2007."

Army Did Not Take Out Taliban Members Spotted At Funeral. An NBC Nightly News (9/13, story 3, 2:05, Williams, 9.87M) report on Afghanistan is sympathetic to soldiers on the ground and seems critical of commanders and rules of engagement. NBC reported, "We have a story that that has do with a single photograph. It is a surveillance photo taken in Afghanistan" showing "a gathering of Taliban fighters. But some say it shows more than that. Some say it shows what was a perfect opportunity to take out the enemy but the military was unable to take the shot. The question is why." NBC (Sanders) added, "Army intelligence officers say the photo shows 190 members of the Taliban at a funeral two months ago. The US Army claims among those in formation, high ranking members of the Taliban leadership. An unmanned armed Predator was spying on the group.

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Intelligence officers monitoring the scene in real time wanted to fire. They asked permission but the request went to intelligence analysts, senior commanders, and lawyers. The intelligence officers were told no. They were not allowed to fire. Why? US rules of engagement do not permit waging war in a cemetery. … Meantime, the Taliban fight by their own rules. On Monday at a funeral for an a government official, a Taliban bomber blew himself up killing six policemen."

In a follow-up, NBC Nightly News (9/13, story 4, 1:15, Miklaszewski, 9.87M) said, "Actually, there is a little bit of confusion here tonight. A senior Pentagon official tells us that the rules of engagement did not prevent the commanders on the ground in Afghanistan from launching air strikes against that grouping of Taliban. Now, these rules are set in place to avoid serious accidents such as killing of innocents or destruction of sensitive religious sites but there are exceptions. If the value of the target outweighs the potential collateral damage, death of civilians or cultural backlash, then commanders are able to take the shot. … Officials tonight think that the commanders in Afghanistan blew the call and they should have taken the shot."

Pentagon Says Military Will Meet Recruiting Goals. The Washington Times (9/14, Scarborough, 88K) reports the US military "will meet wartime recruiting goals for the fiscal year that ends in two weeks," according to the Pentagon. The Times says that "despite Washington's heated political debate on the worthiness of the Iraq war, frequent overseas war deployments and daily casualties, officials say a sufficient number of young men and women are signing up."

Gay Rights Groups Revive Push For Reversal Of "Don't Ask, Don't Tell." The New York Times (9/14, Alvarez, 1.21M) reports that as the "Pentagon's search for soldiers grows more urgent, gay rights groups are making the biggest push in nearly a decade" to reverse the 1993 "compromise policy…dubbed 'don't ask, don't tell,' that bars openly gay people from serving in the military." But the "move to change the policy faces stiff resistance from the Pentagon and Republicans in Congress, who, in a time of war during a tough election year, have no longing for another contentious debate about gay troops." A House bill to "do away with the policy" has "picked up 119 supporters, but only five of them Republicans."

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Gonzales Seen As Legal Architect Of Anti-Terror Strategy. In a column distributed by Scripps Howard (9/14), Jose De La Isla writes, "President Bush has finally announced that 14 terrorist suspects will go on trial. He has acknowledged the detainees have been in CIA hands and are now in military custody. Congress still has to authorize court procedures for the trials. This is a pivotal moment. It is a 'paradigm change,' a time when one conceptual way of understanding could give way to another." De La Isla continues, "Alberto Gonzales, as Bush's legal counselor in the White House before becoming U.S. attorney general, will continue as a central character. He is without peer in putting the policies together. … Not since Robert F. Kennedy was working for his brother JFK have the White House and Justice Department driven such fundamental change. The enigmatic, secretive Gonzales will have a lasting effect on future presidencies." De La Isla adds, "Before going to the White House, Gonzales had been Gov. George W. Bush's legal advisor, Texas' secretary of state, and then chief justice on the state Supreme Court. … He was from the beginning a close, trusted member of the Bush team. … What Karl Rove has been to Bush's political planning, Gonzales has been to legal strategy." De La Isla continues, "Before 9/11, Gonzales had assembled a group of lawyers, mainly members of the Federalist Society, in the White House's Office of Legal Counsel. The conservative organization holds that the Constitution has a fixed and knowable meaning and they oppose interpretations that cast it as having an evolving significance. … He and his group were leaders on legal policy issues, even over the Justice Department, national security advisor Condoleezza Rice and Colin Powell at the State Department, mostly because Gonzales had the president's ear. … From the White House, Timothy Flanigan, Bradford Berenson and Brett Kavanaugh, among others, sought to fast-track, streamline and broaden presidential authority." De La Isla notes, "The attacks of 9/11 only accelerated that approach, called 'forward leaning,' to anticipate, detect, detain and prosecute suspects and those who maintained ties to or supported suspected terrorist activities. … Much of what happened next is widely known. … The fast-tracking, streamlining, and broadening of presidential powers rolled over Congress, which granted broad authority in its resolution of Sept. 14 and the Patriot Act. Otherwise, Congress was not a full partner in granting and overseeing war powers. Now it has to decide whether to go along with the Bush administration's proposal for trying terrorists. … Through it all, Gonzales was there, in the middle of the legal justifications for the hallmarks of this administration. He had a hand in or he could have intervened before ideas reached the president on paper. But to the legal team that worked for him, the assumption all along was Alberto Gonzales represented the direction the president wanted."

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CORPORATE SCANDALS:

Lockyer Says HP Charges Possible Within A Week. The AP (9/14, Robertson) reports, "Criminal charges could come within a week in the boardroom spying scandal at Hewlett-Packard Co., the state Attorney General's Office said Wednesday." The AP continues, "Spokesman Tom Dresslar did not say who would be charged or what the charges would be. He also emphasized that it may take longer for the detailed investigation to produce charges. … 'We're not going to confine ourselves to any particular timetable,' Dresslar said. 'We'll go when we're ready to go, and not a minute before that.'" The AP adds, "On Tuesday, Attorney General Bill Lockyer said he already had enough evidence to charge HP insiders and the private investigators who impersonated board members and journalists in order to access logs of their personal phone calls. … 'We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside,' Lockyer told PBS' 'NewsHour with Jim Lehrer.' … He has said HP's internal probe of media leaks violated two California laws governing identity theft and illegal access to computer records. … The FBI and the U.S. attorney for Northern California are also investigating HP for illegal computer intrusion and wiretapping. The company also faces inquiries by the Securities and Exchange Commission, the Federal Communications Commission and the U.S. House Energy and Commerce Committee."

Lockyer Takes Center Stage In HP Drama. The Wall Street Journal (9/14, Carlton, Emshwiller) reports, "Now that Hewlett-Packard Co.'s board has taken steps to address its investigation of boardroom leaks, attention is firmly fixed on Bill Lockyer, the California attorney general who has made high-profile pledges to bring any lawbreakers to justice." The Journal continues, "In an interview yesterday, Mr. Lockyer added that he is looking beyond a Boston-area investigation firm linked to the H-P probe to a 'complicated chain' of parties in multiple states that may have taken part in a practice called 'pretexting,' in which private phone records were obtained under false pretenses. He said he has spoken about the case with Massachusetts Attorney General Tom Reilly, whose office is cooperating." The Journal adds, "Mr. Lockyer's remarks indicate that his investigation has expanded well beyond the borders of California. They also raise the profile of a man who many people outside the state have never heard of, a veteran brawler who has shown little hesitation in going after legal scofflaws and political foes."

USA Today (9/14, Kessler) reports, "The Department of Justice, FBI, House Energy and Commerce Committee, and Securities and Exchange Commission also have launched inquiries. … But outspoken Lockyer may be HP's biggest threat. The life-long politician is often 'greatly underestimated,' says Los Angeles defense attorney Mark Geragos, who is both Lockyer's friend and rival." USA continues, "Lockyer has held state office since 1973 without ever losing an election. He earned his law degree while simultaneously serving as a state senator. As attorney general, he has taken on energy giants and the Bush administration. He once left his own wedding reception to appear on television about the Laci Peterson murder trial. … But the HP case will be a challenge, legal experts say. In an attempt to stop leaks to the press, HP hired a detective firm, which hired a subcontractor. Employees of the subcontractor pretended to be HP board members and journalists to get their phone records."

Small Boston Firm Is Key Link In Probe. The New York Times (9/14, Richtel, Darlin) reports, "California prosecutors looking into the Hewlett-Packard spying case are focusing in part on a small private investigation firm in suburban Boston, operating out of a yellow house with black shutters in a quiet neighborhood." The Times continues, "How such a tiny firm ended up handling work for H.P., one of the largest technology companies in the world, as it tried to find out who had leaked company secrets is not clear. But other private investigators said on Wednesday that the situation was not surprising, because corporations in need of such services often end up relying on a chain of subcontractors." The Times adds, "Prosecutors will have to follow that chain as they pursue those responsible for gaining access to the phone records of journalists and company board members. … It is common practice for a company's head of security, its general counsel or its outside law firm to hire a security consulting firm, which often hires smaller firms, like the one prosecutors say was involved in this case, Security Outsourcing Solutions in Needham, Mass. … Those firms then hire freelance investigators to do work like surveillance or the acquisition of phone records. … The small firms provide skills that larger firms may not have, but they also offer another benefit. Using middlemen can insulate the company that has ordered the investigation from any shadowy activities, private investigators said."

The Washington Post (9/14, D03, Nakashima) reports, "According to the Web site for Security Outsourcing Solutions, it provides support services to in-house security departments and evaluates and addresses corporate security risks. … It caters to small- and medium-size companies and those that do not have full-time security departments. The Web site says the company has a 'global network of over 40 affiliated professional investigative firms.' … The firm, founded in 1998, has 10 employees and reports annual sales of $990,000, according to Dun & Bradstreet Inc."

HP Hires Morgan Lewis For Help In Probe. The California Recorder (9/14, Scheck) reports, "It only looks like Larry Sonsini is doing all of Hewlett-Packard's legal work. …

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In fact, the troubled tech company has hired Morgan, Lewis & Bockius as it tries to fend off various criminal investigations into whether its board of directors broke the law by having an investigator lie to gain access to board member phone records." The Recorder continues, "On Monday, Morgan Lewis lawyers sat down with San Francisco federal prosecutors in hopes of forestalling federal criminal charges. … The Monday meeting involved a 'proffer' -- a normal step these days in white-collar investigations, in which a company under scrutiny offers up information to the government with certain conditions, as a means of showing good-faith cooperation with investigators. … John Hemann, a Morgan Lewis partner who was at the meeting -- and who was until last year a white-collar prosecutor with the San Francisco U.S. Attorney's office -- didn't want to talk about HP on Tuesday. … Assistant U.S. Attorney Mark Krotoski, the chief of the office's criminal division, is the lead prosecutor handling the investigation. He referred questions to a spokesman, Luke Macaulay, who confirmed the investigation but would not discuss its details." The Recorder notes, "The focus of the federal query remains unclear, but the fast-multiplying probes into the matter have Silicon Valley lawyers abuzz with the possibility that attorneys, either at HP or at Wilson Sonsini Goodrich & Rosati, could be ensnared."

Silicon Valley's Image Tarnished By Probes. The Washington Post (9/14, A1, Johnson) reports, "Silicon Valley has long been the stuff of dreams, a place where gawky entrepreneurs create billion-dollar companies in their garages, their innovations sometimes bending the rules but forever changing the way we listen to music or chat with friends. … But lately, it seems, the valley has shifted from a shiny beacon of capitalism's promise into a shadowy target for investigators." The Post continues, "Last week Securities and Exchange Commission officials told Congress that they were investigating 100 companies for possibly rigging their compensation systems to guarantee lucrative payments to executives and favored employees. That figure includes many technology firms whose volatile stock prices sweetened the incentive to engage in improprieties. … Even Hewlett-Packard Co., the standard bearer for ethics among Silicon Valley's home-grown technology community, is hustling to move forward after the resignation Monday of its chairman, Patricia C. Dunn, amid investigations by prosecutors and federal lawmakers over whether directors' phone records were illegally accessed. Prompted by concerns that a board member leaked information to the press, the HP debacle is shedding light on the valley's insular culture, where secrets are prized and key players have multiple and sometimes conflicting obligations." The Post adds, "No industry has been immune to executive greed or governance lapses in recent years. The era's most disastrous collapses, of Enron Corp. and WorldCom Inc., occurred far from Silicon Valley. But the same mind-set that inspired so many technology entrepreneurs probably contributed to a breakdown in sound business practices, regulators said."

WSJournal Criticizes Lockyer's Comments On HP. An editorial in the Wall Street Journal (9/14, 2.03M) says that while HP's "leaker chase" was "was one of the dumber corporate decisions of recent times," it "hardly justifies California Attorney General Bill Lockyer's decision to go on national TV and publicly allege that crimes were committed before any charges have been filed. … Even assuming crimes were committed, it is irresponsible for any prosecutor to make such bald criminal assertions in public before he makes them in court." The Journal adds, "Even rich corporate defendants deserve due process, however, and someone at the California bar should call Mr. Lockyer on his prosecutorial misconduct."

More Commentary. In an op-ed in the Wall Street Journal (9/14), Michael S. Malone, a columnist for ABCNews.com, and author of 'Bill and Dave: How Hewlett and Packard Built the World's Greatest Company,' to be published in Spring 2007, writes, "When the story broke about the crisis in the boardroom at Hewlett-Packard last week, the almost universal reaction here in Silicon Valley was: What would Bill and Dave have done?" Malone continues, "The spirit of Bill Hewlett and Dave Packard still haunts high tech, especially the Valley. A quarter-century after the two men stepped down from the day-to-day management of the company they founded, their business philosophy still stands as the ultimate example of enlightened management -- and as a perpetual rebuke to executives who fall short of their lofty standards. … Nowhere is this more true than at Hewlett-Packard itself. It's one thing to run some semiconductor company on paranoia, or an enterprise software firm on fear. You can always rationalize your abusive management as necessary to succeed in a uniquely competitive market. But violate the precepts of the HP Way -- management by objective, pushing decision-making down through the organization, deep trust in your employees -- at HP and you have to convince the world that your results will outperform what was perhaps the most successful corporate stewardship in U.S. business history." Malone argues that Hewlett and Packard "always operated on trust and openness, but also with a strong hand. They would never have allowed the board to sink into civil war. We can also assume that they would have skipped the skullduggery and presented the leak problem to the assembled board at the beginning, and requested a full buy-in on any investigation. That alone would likely have plugged the leak. Given that HP under their leadership was never allowed to speak ill of a competitor to the media, we can also guess that Bill and Dave never, ever would have approved any investigation against reporters. And as men who had grown a company from a garage to a billion-dollar multinational corporation, they were wise enough to know that you can't buy the cloak

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without getting the dagger. … Finally, Hewlett and Packard firmly believed that you don't fire loyal employees for being beyond their competence; rather, you move them to where they can make the best contribution. In demoting Ms. Dunn, but still keeping her on the board, Mr. Hurd did the right thing. He did what Bill and Dave would have done. … Look next for deep and sincere apologies to everyone involved. That's the HP Way. Mark Hurd is learning fast."

DOJ To Review Corporate Cooperation Guidelines. The National Law Journal (9/14, Coyle) reports, "During a Senate Judiciary Committee hearing on Tuesday, a top U.S. Department of Justice official acknowledged that the so-called Thompson Memo on the attorney-client privilege in corporate investigations has ignited complaints across the legal and business landscapes, but he vigorously defended the current policy as a sound one. … 'I've got the [Senate Judiciary] chairman and ranking chairman upset; former department attorneys general and other officials complaining. Everyone is complaining,' said Deputy Attorney General Paul McNulty. 'But I believe the perception of how this works is different from the reality. … I really don't see this as the kind of coercive practice that is being described by groups.'" The Journal continues, "Senate Judiciary Chairman Arlen Specter, R-Pa., and ranking minority leader Patrick Leahy, D-Vt., both former prosecutors, questioned McNulty and a panel of critics of the Thompson Memo on how that memorandum -- the department's internal policy guideline on charging corporations -- affects the Sixth Amendment right to counsel in corporate investigations. … The Thompson Memo tells a prosecutor to consider nine factors in determining whether to charge a corporation for criminal wrongdoing. One of those factors is whether the corporation has cooperated in the investigation. In assessing cooperation, the memo says, one consideration is whether the corporation waived attorney-client and work-product protections. … A coalition of business and legal organizations, including the U.S. Chamber of Commerce, American Bar Association, Association of Corporate Counsel and National Association of Criminal Defense Lawyers, contends that the memo has created a 'culture of waiver' in which federal prosecutors now routinely demand waiver of attorney-client and work-product protections even where there are less intrusive means of getting information. … 'It's just one part of one factor,' insisted McNulty. 'It's not an investigative issue; it's a charging issue. If [the corporation] has cooperated, which they almost always do, that's when the issue -- do you have an internal investigation report? -- comes up. The text of the memo itself says this is one factor to be considered. We're giving [prosecutors] the option to consider it.' … But Specter countered, 'As I read this policy, I think it is coercive and may even rise to the level of being a bludgeon. I would ask you to reconsider the policy.'"

Former SEC Head Breedon To Run Adelphia Victims Compensation Fund. The AP distributes an article from Dow Jones Newswires (9/14, Bray) that reports, "Former Securities and Exchange Commission Chairman Richard C. Breeden will administer the compensation process for victims of a massive accounting scandal at Adelphia Communications Corp., prosecutors said Wednesday." Dow Jones continues, "The U.S. Attorney's Office in Manhattan said Breeden, chairman of Richard C. Breeden & Co., has been retained to serve as a special master overseeing the compensation process. … Last year, Adelphia agreed to pay $715 million in cash and stock to settle Justice Department and SEC charges stemming from an accounting scandal that plunged it into bankruptcy. Prosecutors have called it one of the most extensive financial frauds on record." Dow Jones adds, "In 2004, Adelphia founder John Rigas and his son Timothy Rigas, the company's one-time chief financial officer, were convicted of pocketing more than $2 billion from Adelphia for their own personal use and misleading investors about the company's finances and performance. … Last year, John Rigas was sentenced to 15 years in prison, while Timothy Rigas was sentenced to 20 years. Both men, who remain free on bail, have appealed their sentences. … In March, Michael Rigas, another son and former Adelphia executive, was sentenced to 10 months of home confinement after admitting last November that he filed a Form 13D with the SEC that falsely stated he had conducted an inquiry into the source of funds used for a purchase of Adelphia shares in late 1999. The certification was kept in Adelphia's records."

Gonzales Awards Exceptional Service Award To Enron Task Force. Law Week Colorado (9/13) reports, "More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. Deputy Attorney General Paul J. McNulty joined the Attorney General in presenting the Department's highest award, the Attorney General's Award for Exceptional Service, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud."

OFHEO Likely To Sue Former Fannie Mae Officials. The AP (9/14) reports, "The two executives who led Fannie Mae to an $11 billion accounting scandal can

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expect federal regulators to file lawsuits against them, the head of the Office of Federal Housing Enterprise Oversight said Wednesday. … 'We will more than likely be filing litigation against them,' OFHEO director James Lockhart said during a speech at the American Enterprise Institute." The AP continues, "When later asked by reporters if legal action was likely against Fannie Mae's former chief financial officer Timothy Howard and the mortgage finance giant's former chairman and chief executive Franklin Raines -- who was White House budget director under President Clinton -- Lockhart did not name names but did say 'they are the top two.'" The AP adds, "Last month Fannie Mae announced -- and the Justice Department confirmed -- that the criminal investigation against it had ended after two years. Fannie Mae, whose accounting scandal came to light in September 2004, has been ordered by the Securities and Exchange Commission to restate its earnings back to 2001 -- a correction expected to reach around $11 billion. … Fannie Mae reached a civil settlement in May with the SEC and the OFHEO, agreeing to pay a record $400 million fine after OFHEO found serious accounting problems and earnings manipulation by the company. … Earlier this week, Freddie Mac -- Fannie Mae's smaller sibling in the $8 trillion home-mortgage market -- said it would not face criminal charges in connection with its own multibillion-dollar accounting scandal. … The Justice Department began investigating the accounting of Freddie Mac, which is the second-largest financer of home loans in the country, after it disclosed in June 2003 that it had misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002."

The Washington Post (9/14, D01, O'Hara) reports, "Lockhart's agency has power to lodge only civil or administrative complaints. The Securities and Exchange Commission is also weighing civil action against former Fannie Mae executives. The Justice Department last month said it had closed its criminal investigation of the company's accounting scandal, though it is looking at whether Raines and Howard committed perjury in congressional testimony about Fannie's accounting practices." The Post adds, "One lawyer with knowledge of the case, who spoke on condition of anonymity because he didn't want to publicly speculate on OFHEO's intentions, said the agency could file a lawsuit before the end of the year. One thing OFHEO may be waiting on: the completion of a mandatory investigation by Fannie's independent directors to determine whether the company itself should sue Raines, Howard or others. The results of that investigation are due at the end of next month. … Such strong statements from Lockhart are not new. In May, after his agency and the announced the $400 million fine against Fannie Mae, Lockhart took aim at the $52.8 million in bonuses Raines received during the six years the company used improper accounting. … In addition, since neither Raines nor Howard were technically fired by the company when the accounting improprieties came to light in 2004, both men took home millions of dollars in severance payments, and Raines received retirement pay of $114,000 a month for the rest of his life."

Grasso Seeks Judge's Recusal In Compensation Case. The New York Law Journal (9/14, Bar) reports, "The battle over former New York Stock Exchange Chairman Richard A. Grasso's multi-million dollar compensation package continues to heat up." The Journal continues, "Grasso's attorneys have filed a motion asking Justice Charles Edward Ramos, the presiding judge in the case, to reassign the matter to a different judge. … 'Throughout this lengthy case, the Court has steadfastly expressed its desire that this significant case be handled in a way that engenders public confidence in the justice system,' attorneys for Grasso said in papers filed with the court last week. 'At this time, reassignment of the case would best serve that important goal.'" The Journal adds, "Attorney General Eliot Spitzer has challenged Grasso's total compensation under New York's not-for-profit laws. … Gerson A. Zweifach of Williams & Connolly who represents Grasso, laid out three grounds for recusal in the motion. The first stems from ex parte settlement talks with Ramos, which Grasso entered into based on the court's "advance agreement not to serve as trial judge should Mr. Grasso object." … After the judge decided to conduct a bench trial to address the separate issue of whether Grasso's compensation of more than $139 million was reasonable, Grasso sent a letter to Ramos expressing concerns over his continued involvement with the case. … 'Having obtained Mr. Grasso's and his counsel's consent to participate in an ex parte conference based on this commitment, it would be improper, to say the least, for the Court now to try the case over Mr. Grasso's objection.' … The second grounds for recusal, Zweifach said, were that Ramos, during the course of the settlement discussions, expressed views on 'factual and legal issues that lie at the heart of any upcoming trial.'"

CRIMINAL LAW:

Gonzales Touts Work Of Katrina Fraud Task Force. The AP (9/14, Foster) reports, "Attorney General Alberto Gonzales credited a task force he established a year ago with deterring fraud in the Hurricane Katrina relief effort, citing as evidence money returned to the Red Cross and the Federal Emergency Management Agency." The AP continues, "Gonzales addressed members of the Hurricane Katrina Task Force Wednesday, the first anniversary of its creation, during an appearance in New Orleans, where the hurricane flooded 80 percent of the city on Aug. 29, 2005. … 'People need to know that they will not get away with these

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crimes,' Gonzales said." The AP adds, "The report released at the meeting said that by Oct. 17, 2005, the task force had charged 36 people in 17 cases with hurricane-related fraud. By Sept. 6, 2006, Gonzales said that number had grown to more than 400 people charged in more than 30 federal judicial districts around the nation. … Most task force prosecutions in the past year involved fraud in obtaining individual assistance benefits from FEMA and the Red Cross, the report said. … Between them, the agencies had more than $18.2 million returned by recipients individual aid, the report said, calling it a 'sign that our prosecutions are deterring fraud.'"

WGNO, ABC 26, New Orleans (9/14, Murphy) reports, "U.S. Attorney General Alberto Gonzales spent Wednesday in New Orleans getting a one-year report from his National Katrina Fraud Task force. … He predicts fraud cases will rise as more and more federal recovery dollars reach the Gulf Region. … 'Billions of dollars are headed to the Gulf Coast region for the rebuilding effort,' said Gonzales. 'We know that fraud, sadly follows dollars.'" WGNO continues, "Gonzales a group of prosecutors and law enforcers meeting at the Downtown Sheraton, so far his Katrina Fraud Task force is responsible for 400 arrests nationwide, half of them in Louisiana and Mississippi. … 'It is disturbing to see not only the volume of fraud, but the lengths to which people will go to take advantage of others sufferings,' said Gonzales."

The New Orleans Times-Picayune (9/14, Finch) reports, "Despite the task force's success in making Katrina-related fraud cases for everything from public corruption to identity theft, it faces an enormous job ahead: keeping tabs on the billions of dollars of government money now in the pipeline to help rebuild the storm-ravaged Gulf Coast region. 'When the criminals find an easy route for money, they tend to return for more, giving law enforcement an opportunity to stop it,' Gonzales said. He devoted his first remarks at the podium to New Orleans' struggle to recover from the hurricane at the same time it is contending with a rising tide of crime. 'This great city cannot return to its former glory if it's being held hostage by criminals,' he said, adding that the federal government is doing all it can to help the city's struggling criminal justice system."

CNN.com (9/14, Frieden) reports, "More than 400 people -- including government and charity workers -- have been charged so far with illegally benefiting from Hurricane Katrina and the ensuing flooding, according to a Justice Department report released Wednesday. … However, the Katrina Fraud Task Force hasn't even begun to skim the waters, and the number could climb into the thousands, the report stated on the first anniversary of the task force. … 'Disaster relief agencies have reported to law enforcement that they have identified thousands of questionable or possibly fraudulent payments to purported hurricane victims,' the report said." CNN adds, "To date, the multi-agency command center in Baton Rouge, Louisiana, has received more than 6,800 complaints or tips for investigators to pursue. … The prosecutions of negligible fraud schemes has had a deterrent effect, as ineligible recipients of aid have voluntarily returned $18.2 million to the Federal Emergency Management Agency and the American Red Cross, the report says. … Most of the cases have involved people trying to obtain assistance from FEMA or the Red Cross, though cases of identity theft, procurement fraud and public corruption are emerging, the report states."

Judge Drops Two Counts Against Gotti, While Defense Questions FBI Transcript. The New York Times (9/14, Williams, 1.21M) reports, "A federal district court judge dropped two counts against John A. Gotti yesterday involving two of his businesses that prosecutors claimed had been set up and operated with illicit funds. The charges had been added by the government for Mr. Gotti's third racketeering trial, but Judge Shira A. Scheindlin said prosecutors had not offered sufficient proof to support the charges." The Times adds, "Also yesterday, in what could prove to be a critical development, Mr. Gotti's lawyers questioned whether Mr. Gotti could be heard saying on a secretly recorded F.B.I. tape that he was angry about being demoted from the top echelon of the Gambino crime family to a captain. … While the words on the tape are difficult to make out, the F.B.I. transcription of the recording reads: 'I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him.' But Steven Dobies, who prosecutors say is an associate of the Gambino crime family, testified that he was present during the conversation and never heard the word 'captain' used."

Newsday (9/14, DeStefano) notes, "Despite the dismissal…Gotti still faces serious racketeering conspiracy and related charges, including allegations he was involved in extortion, loan-sharking and the 1992 beating of…Curtis Sliwa." Newsday adds, "Under cross examination by assistant U.S. attorney Victor Hou, Dobies insisted that he never passed messages of a criminal nature for Gotti. Dobies also said that Gotti stated a number of times in 2002 and 2003 that he wanted nothing to do with his former mob associates, wanted out of the mob life and wanted to get away from New York. Questioned about Gotti's anger that his uncle Peter and others had allegedly stolen his father's money, Dobies said that Gotti believed it was money that was due his mother and sisters." The New York Post (9/14, Cornell, 608K) also reports on the ruling under the headline "Judge Whacks Two Charges Against Gotti." The AP (9/14, Neumeister) also reports this story.

Final New York Gambino Crackdown Defendant Pleads Guilty. White Plains Journal News (9/13, O'Connor)

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reported, "The last defendant in the massive roundup of the reputed leaders of the Gambino crime family has joined the ranks of his convicted compatriots." Louis "Little Louie" Natrella pleaded guilty on Tuesday "to conspiring to defraud the United States, conspiring to operate an illegal numbers business, illegal gambling and operating an illegal numbers business. … 'We are very pleased with the efforts of the investigative team,' said David Velazquez, the senior supervisory resident agent in charge of the FBI's White Plains office, 'and the resulting clean sweep of 32 convictions for 32 defendants.'" The Journal News noted, "Natrella was accused of operating a thriving Gambino numbers operation in the Bronx that was handed down to him by longtime Gambino associate Leonard Minuto Sr. from Dobbs Ferry."

Heron Says Mafia "Wounded But Not Dead." U.S. News and World Report (9/12, 2.03M) reported on its Web site, "'Anybody who thinks that the Mafia is breathing its last breath is just wrong,' says Matt Heron. Heron oughta know--he's just finished running the FBI's Organized Crime Section in New York and is moving down to FBI headquarters in Washington this month to oversee its anti-mob operations nationwide." The many successful prosecutions "make it tempting to ignore the mob in this age of terrorism. But the cases also suggest just how active the Mafia remains. 'We've hit them very hard, but they keep adapting and regenerating,' says Tom Metz, acting chief of the FBI's Organized Crime Section. There's also a new generation of smarter, more educated mobsters. … Call it the New Mafia -- their members tend to avoid thuggish acts like extortion and murder in favor of white-collar crimes, like Internet and stock market frauds." US News adds, "There's too much money to be made. 'It's an organization that's wounded but not dead,' says Heron, who's worked Mafia cases for 20 years. 'It will never be dead.'"

Las Vegas Bribery Case Bagman Agrees To Plead Guilty. The San Diego Union-Tribune (9/14, Thornton, 337K) reports, "Lance Malone, a strip club mogul's bagman who was convicted in a San Diego corruption scandal last year, has agreed to plead guilty in the parallel Las Vegas case on the eve of his trial. Malone pleaded guilty in exchange for a sentence of about 50 months in prison that would run concurrently with a sentence in the San Diego case, said a source close to the defense." The Union-Tribune notes, "Malone is accused of bribing Las Vegas politicians with cash, lap dances and ski-school tuition in exchange for votes that would benefit strip clubs owned by his boss, Michael Galardi. If a judge approves the agreement, it would avert the trial in Las Vegas, which is set to begin Monday." The Las Vegas Review-Journal (9/14, Packer) also reports on the plea agreement.

FBI Investigating Kansas City Councilwoman. The Kansas City Star (9/13, 278K) reported, "An attorney representing Saundra McFadden-Weaver acknowledged Tuesday that there was an ongoing FBI investigation involving the Kansas City councilwoman. Attorney Ron Partee confirmed the FBI investigation the same day the city's ethics commission launched its own investigation into her involvement in $400,000 in mortgages for a Lee's Summit home." The Star notes, "McFadden-Weaver asked for the ethics investigation after The Kansas City Star reported in August that she obtained the loans, apparently with no money down. Loan documents stated she would occupy the home outside the 3rd District, which she represents."

FBI, New Jersey Police Arrest 22 Alleged High-Level Crips Members. The Newark Star-Ledger (9/14, Schuppe) reports, "Nearly two-dozen reputed members of the Crips gang have been arrested on federal gun and drug charges in what U.S. Attorney Christopher Christie promised would be the start of a lengthy multi-agency campaign against street gangs and other violent criminals in Essex County. … The 22 reputed Crips members -- including the leader of a chapter called 98 Main Street Mafia and ranking members of three other factions -- were arrested by FBI agents and local police in roundups that started Tuesday and continued yesterday morning in East Orange, Irvington and Newark." FBI Newark SAC Leslie G. Wiser said, "This is an important step in our goal to cripple the Crips." The Star-Ledger notes, "The arrests marked a first significant step in a joint effort by federal and local authorities to reduce gun violence in Essex County by focusing on gangs and guns." Essex County Sheriff Armando Fontoura said, "There's a frustration here of revolving door justice…but when you come into the U.S. Attorney's Office with the FBI, there's plenty of room for you, and there will be no revolving door, and you will no longer be preying on the people of Essex County."

The AP (9/14) reports FBI Newark spokesman Steven Siegel said, "These are upper-echelon guys, not just street dealers." Siegel added that "the arrests were unrelated to raids carried out in Britain and New Jersey Wednesday morning that broke up an arms trafficking operation supplying guns to criminals in London. More than 100 federal and local agents, including an FBI SWAT team, participated in the early morning street gang arrests."

Missouri Crips Leader Convicted Of Murder, Drug Trafficking. KMBC-TV Kansas City, MO (9/8) reported, "A federal jury convicted the former leader of the 51st Street Crips gang…of three homicides, drug trafficking and firearms violations. Steve L. 'Moody' Wright, 23, of Kansas City, was found guilty on 15 counts contained in a 2004 federal indictment. Federal authorities said that Wright

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and other members of the street gang were repeatedly involved in illegal drug trafficking and had guns that they used to protect their drug supplies and drug profits. 'Wright's modus operandi was to rob other drug dealers, often shooting to kill, steal their supply of drugs, then sell them for profit,' U.S. Attorney Bradley J. Schlozman said a news release." The Kansas City Star (9/9, Rizzo, 278K) also reported on Wright's conviction.

British Library Urges US Judge To Give Map Dealer Longer Sentence. The New York Times (9/14, Cowan, 1.21M) reports rare map dealer Edward Forbes Smiley III pleaded guilty in June "to having stolen 97 rare maps from some of the world's leading universities and libraries, a staggering haul estimated at about $3 million." Among the "items taken was the centuries-old map by Peter Apian that was ripped from a book Mr. Smiley found at the British national library. Because of that $100,000 map, and three more missing maps that the British Library believes Mr. Smiley may have snatched, the library is arguing that he deserves more than the 57 to 71 months in prison that prosecutors and Mr. Smiley's lawyers backed at the time of the guilty plea. In a legal brief dated Wednesday, the library's lawyer, Robert E. Goldman, urged Judge Janet Bond Arterton of Federal District Court to impose a harsher sentence — of at least 78 to 97 months — when she revisits the case on Sept. 27."

The AP (9/14) adds, "Some of the maps have not been recovered, while others were damaged, the library noted. 'Smiley's actions ripped at the heart of our public institutions which stored, protected and made available to the public over centuries maps which provided a bridge between past and future generations,' the library wrote. One of the stolen maps had survived civil war, royal intrigue, economic depression and the Nazi bombing of London. 'They had been cared for and preserved for centuries until Smiley ripped them from their volumes and slid them into his coat,' the library wrote."

Moroccan Court Sentences Zotob Defendants To Prison. The Wall Street Journal (9/14, B3, Bryan-Low, 2.03M) reports, "Authorities in Morocco sentenced two individuals for their role in unleashing an Internet worm dubbed Zotob that infected computer networks at hundreds of companies last year." The court "on Tuesday sentenced Farid Essebar, a 19-year-old student and a Moroccan national born in Russia, to two years in prison. Another student, Achraf Bahloul, 21, received a one-year prison sentence." The Journal notes, "The case, which U.S. and Moroccan authorities say they believe is connected to a credit-card theft group in Turkey, illustrates how geographically dispersed cybercriminals have become." The AP (9/14) also reports on the sentencings.

California DNA Program Hobbled By Funding Shortfall. The Los Angeles Times (9/14, Weinstein) reports, "Two years after California set out to create a vast DNA database to help unravel tens of thousands unsolved crimes, the program is being severely hampered by a lack of resources, officials across the state say." The Times continues, "The state crime lab has a backlog of more than a quarter-million DNA samples it is unable to process because of a funding shortfall and a lack of manpower, directors acknowledge. At its current rate of progress, the lab would have to spend 2 1/2 years to clear the backlog -- if it received no more samples, which is hardly likely, since it is currently taking in about 20,000 samples a month, officials said." The Times adds, "State officials, Los Angeles police officers and the director of the Santa Monica Rape Treatment Center say the backlog means that crimes are going unsolved and that criminals who could be nabbed may still be walking the streets. … The problems stem from overly optimistic funding projections when California voters in November 2004 resoundingly passed Proposition 69, designed to make the state the nation's leader in the use of DNA technology as a crime-solving tool. … Prop. 69 requires all convicted felons, certain misdemeanor offenders and those arrested for rape or murder to give up DNA samples. Prison officials swab offenders' mouths with an object called a buccal which looks like a tongue depressor. The samples are subjected to genetic testing, and the results are uploaded into the FBI laboratory's Combined DNA Index System, known as CODIS. The database can be run against evidence from crime scenes for DNA matches that will help identify new suspects."

Virginia Officials Mistakenly Free Murder Suspect. The Washington Post (9/14, B1, Vargas) reports, "Prince William County officials accidentally released a man charged with murder and didn't notice the mistake until five days later, authorities said yesterday." The Post continues, "Authorities said that they have no idea where Christopher T. Broady is and that he is dangerous. … 'He is on trial for murder so that should give you an indication of the seriousness of this, of how hard we are trying to get him back,' Manassas Detective Christine Perry said. 'This is a priority. . . . It is number one.'" The Post adds, "Broady, 19, is charged with shooting a D.C. man in the head in an apparent drug dispute. He walked out of jail Friday, and the mistake was not noticed until Tuesday. … 'He could be anywhere. He could be in Arizona, Mexico, South America,' Prince William Commonwealth's Attorney Paul B. Ebert (D) said. … Jail officials and prosecutors said Broady was released in a period of confusion after murder charges against him had been dropped in Prince William Circuit Court but were pending in General District Court. … Broady is charged with killing Bernard S. Matthews, 22, on Feb. 1. Matthews was

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shot and left lying near Bruckner Road in the Georgetown South community of Prince William. The slaying made headlines because another man robbed Matthews before police could take him to the hospital. He died the next day. … A week later, authorities found Broady in Danville and charged him with murder in Matthews's slaying and possession of a firearm in the commission of a felony. He told his girlfriend's father that the shooting was over drugs, according to court testimony by the father, James Holmes."

Fourth Animal Rights Activist Sentenced To Prison For Threat Campaign. The AP (9/14) reports, "A fourth animal rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced Wednesday to prison. Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years in prison and was ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize. … Two other members of the group still await sentencing: Andrew Stepanian, SHAC's New York coordinator, and Darius Fullmer, an organizer who researched the group's targets. They were scheduled to be sentenced Tuesday." The AP notes, "The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism." The New York Times (9/14, 1.21M) and Philadelphia Inquirer (9/14, 399K) each ran truncated versions of the AP story.

Reid's Call For Polygamy Task Force Sparks Dispute. The Salt Lake Tribune (9/14, Burr) reports, "At least one Utah congressman says the federal government should be more involved in prosecuting polygamy crimes, while others say the matter is largely a concern of state and local law enforcement. … 'Crimes against children cannot be tolerated,' Rep. Jim Matheson said in a statement Wednesday. 'I would support additional federal assistance to help prosecute these crimes.'" The Tribune continues, "The state's lone Democrat in Congress was responding to Senate Minority Leader Harry Reid's call a day earlier for a federal task force to investigate polygamist activity in the West. … The Justice Department said Wednesday it is reviewing a letter from Reid to Attorney General Alberto Gonzales asking him to appoint a team to probe, and prosecute, if necessary, accusations of 'systemic child abuse' in 'this modern day polygamy movement.' … 'For too long, this outrageous activity has been masked in the guise of religious freedom,' wrote Nevada's Reid, who is LDS. 'But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated. Individuals who force minors into adult relationships and marriage must be brought to justice.'"

The Deseret Morning News (9/14, Winslow) reports, "Polygamous groups are upset over a Nevada senator's call for a Justice Department probe into their lives and activities. … 'It is disconcerting to have a senator take a real strong position on that,' said one Utah polygamist, who asked the Deseret Morning News not to use his name. He said all of his wives are consenting adults. 'It appears to be a reaction to (Warren) Jeffs and the FLDS culture.'" The News continues, "Members of the polygamous community of Centennial Park, Ariz., called Reid's request a 'modern-day witch hunt.' … 'Polygamy is not a federal offense but is to be regulated under the prerogative of state's rights,' said Joyce Steed of the Centennial Park Action Committee. 'Therefore, one could question what his justification is for asking the federal government to target their efforts on an unpopular minority. We can be sure polygamy does not represent a personal moral issue for the senator, coming out of the state that has legalized prostitution.'" The News notes, "The FBI has been investigating Jeffs and had put him on its Ten Most Wanted list. Jeffs was arrested last month during a traffic stop outside Las Vegas. He is currently being held in Hurricane's Purgatory Jail without bail pending a Sept. 27 court appearance. … The U.S. Attorney's Office has filed an unlawful flight to avoid prosecution warrant against him, but would not say if it was conducting its own investigations."

Court To Consider Reinstating Conspiracy Charge Against DeLay. Texas' highest criminal appeals court has agreed to consider reinstating a conspiracy charge against former Rep. Tom DeLay. According to the AP (9/14, Castro), the court's move "could delay his trial until next year." A state district judge "threw out one of two conspiracy charges in December and let the money laundering charge stand. Prosecutors asked the appeals court to reinstate the dropped conspiracy charge, a move that has postponed trial proceedings on the other charges."

New York Brothers Arrested In Medicaid Billing Conspiracy. The New York Times (9/14, Pérez-Peña) reports, "Two brothers, a doctor in Brooklyn and an owner of pharmacies in Brooklyn and Queens, led a conspiracy that defrauded Medicaid of millions of dollars by billing the program for H.I.V. drugs and other medicines that were never given to patients, federal prosecutors say." The United States attorney's office "announced the arrest yesterday of the brothers, Dr. Muhammad Ejaz Ahmad and Muhammad Nawaz Ahmad, and a third man, Mohammad Tanveer, a pharmacy employee, on charges of conspiracy to defraud the government, punishable by up to five years in prison. The complaint against them points to a larger conspiracy, involving 'others known and unknown.'" The United States Attorney's Office "would not put an overall dollar amount on

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the cost of the fraud against Medicaid, the joint federal and state health plan for the poor. But the complaint states that for just three antiviral drugs — among many medicines used to treat H.I.V. infection and its side effects — the three pharmacies billed Medicaid for $2.5 million for drugs that they never received from their distributors."

CIVIL LAW:

Plame Sues Armitage Over Leak. The AP (9/14, Apuzzo) reports, "One-time covert CIA officer Valerie Plame sued the former No. 2 official at the State Department on Wednesday for violating her privacy rights." The AP continues, "The suit does not accuse Richard Armitage, who was deputy secretary of state in the Bush administration, of participating in an administration conspiracy to blow her cover. … Plame added Armitage's name to a civil suit in U.S. District Court against Vice President Dick Cheney, his former chief of staff I. Lewis Libby and White House adviser Karl Rove." The AP adds, "Plame and her husband, former Ambassador Joseph Wilson, say the White House leaked Plame's identity as retribution for Wilson's criticisms of prewar intelligence on Iraq. … Armitage admitted last week that he told two reporters in 2003 that Plame worked for the CIA, but he said the disclosure was inadvertent. Armitage said he knew of no plan to leak Plame's identity; some people said the admission disproved the conspiracy theory. … By adding Armitage's name to the suit, Plame's lawyers set up a different scenario. They contend a White House conspiracy existed, but that Armitage's leak was independent of it."

CNN's The Situation Room (9/13, Blitzer) reported, "Outed CIA operative Valerie Plame and her husband Joe Wilson, have added another name to the civil suit. Lawyers representing the Wilsons say they'll now sue…Armitage." The Wilsons' lawsuit "already includes Vice President Dick Cheney, his former chief of staff Louis Scooter Libby and presidential adviser Karl Rove." The Wilsons "say the White House leaked Plame's name after former Ambassador Wilson criticized the pre-war intelligence on Iraq. Even though he's been added to the suit, lawyers say Armitage was not involved in the alleged White House conspiracy."

Novak Says Armitage Distorted His Role In Plame Leak. The Washington Post (9/14, A12, Smith, 748K) reports, "Columnist Robert D. Novak, who first revealed Valerie Plame's employment by the CIA and touched off a lengthy federal leak investigation, is accusing his primary source of misrepresenting their conversation to make the source's role in the disclosure seem more casual than it was." In "an unusual column that appears today," Novak "says his initial source, former deputy secretary of state Richard L. Armitage, was more sure of Plame's ties to the CIA than the source has indicated." Novak "adds that Armitage linked her directly to her husband's CIA-sponsored trip to Niger and suggested the disclosure would be a good item for Novak's column." This "differs from Armitage's assertions last week that his disclosure was made in an offhand manner and that he did not know why Plame's husband was sent to Niger." Armitage, "in an interview yesterday, said he stood by his account and disputed Novak's."

In his column (9/14, A21), Novak writes, "First, Armitage did not, as he now indicates, merely pass on something he had heard and that he 'thought' might be so. Rather, he identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson. Second, Armitage did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column." Novak adds, "An accurate depiction of what Armitage actually said deepens the irony of his being my source. He was a foremost internal skeptic of the administration's war policy, and I had long opposed military intervention in Iraq. Zealous foes of George W. Bush transformed me, improbably, into the president's lapdog." But "they cannot fit Armitage into the left-wing fantasy of a well-crafted White House conspiracy to destroy Joe and Valerie Wilson. The news that he, and not Karl Rove, was the leaker was devastating for the left." Novak also writes that Armitage's "silence for…2 1/2 years caused intense pain for his colleagues in government and enabled partisan Democrats in Congress to falsely accuse [Karl] Rove of being my primary source. When Armitage now says he was mute because of special prosecutor Patrick Fitzgerald's request, that does not explain his silent three months between his claimed first realization that he was the source and Fitzgerald's appointment on Dec. 30, 2003. Armitage's tardy self-disclosure is tainted because it is deceptive."

Widow Of Anthrax Victim Sues US. The Palm Beach Post (FL) (9/14, Kleinberg) reports, "Maureen Stevens says the federal government probably knows who killed her husband. … She believes they're not telling because that might reveal things the government doesn't want revealed." The Post continues, "Nearly five years after Bob Stevens' death, the first in the anthrax attacks that terrified a nation, 'I want to know what happened,' his widow, who's sued the government, said Wednesday from her lawyer's office. [I want to go into court and find out what happened. What information's obviously there. The truth is there.'" The Post adds, "Bob Stevens of Lantana, a photo editor for Boca Raton-based tabloid The Sun, died in October 2001, after he apparently opened mail laced with the deadly substance. … The government said in February of 2002 that it had a "short list" of 18 to 20 people who had the knowledge, equipment, access, and motive to obtain and 'weaponize' anthrax. Richard Schuler, Stevens' attorney, said Wednesday it might

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be fewer than a dozen. … Stevens filed suit in December 2003, alleging security lapses at the U.S. Army Medical Research Institute for Infectious Diseases in Fort Detrick, Md., led to her husband's death. A federal judge refused to dismiss the case and it has been in front of a federal appeals court for nearly a year. The government has argued proceeding with the suit would jeopardize the ongoing search for the killer. … In Washington, Justice Department spokesman Charles Miller said he could not comment because the suit is still active."

Judge Questions Smokers' Data In Tobacco Class-Action Hearing. The New York Law Journal (9/14, Perrotta) reports, "A federal judge Wednesday expressed skepticism over a proposed class action lawsuit that would seek as much as $200 billion in damages against the tobacco industry for its allegedly deceptive marketing of light cigarettes." The Journal continues, "In a daylong hearing, Eastern District of New York Judge Jack B. Weinstein wondered how the plaintiffs could define a viable class -- and accurately assess damages -- when the tens of millions of people who have smoked light cigarettes might have chosen to do so for any number of reasons." The Journal adds, "While the plaintiffs in part rely on a study that shows 90 percent of light-cigarette smokers were attracted by perceived health benefits that experts now claim do not exist, Weinstein said consumers could have relied on those perceived benefits to varying degrees, or even known that those health benefits were illusory. … 'How many people deep down knew they were getting something dangerous, but were willing to pay for the illusion it wasn't?' Weinstein said. … He added: 'You can't get away from the contention of the defendants that every smoker is somewhat different.' … Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., a firm for the plaintiffs, said the tobacco industry's marketing had the goal of shifting its buyers to light cigarettes, beginning in 1971, because of growing health concerns about smoking. If they had not, he said, smokers would have 'quit in droves' -- a comment that was greeted with chuckles from the audience."

The New York Times (9/14, Warner, Moynihan) reports, "In the case, known as Schwab after the lead plaintiff, Barbara Schwab, lawyers asserted that cigarette makers had deceived smokers into thinking that light cigarettes, representing 45 percent of the market, were safer or less addicting." The Times adds, "Lawyers are seeking a national class action of tens of millions of smokers and are proposing that tobacco companies pay damages of $20 billion to $200 billion. The case was filed under the federal Racketeer Influenced Corrupt Organizations Act, which entitles plaintiffs to triple damages. .. . Judge Weinstein is expected to decide within several weeks whether to grant class-action status." The Times notes, "The case, filed in 2004, is part of the latest legal assault against tobacco companies. After successfully warding off litigation by people claiming to have been injured by smoking, plaintiffs' lawyers have turned their attention to attacking cigarette companies for defrauding consumers by selling light cigarettes. … While many of these so-called light cases have been unsuccessful, the Schwab case follows an opinion last month by a federal judge in the District of Columbia, who found that cigarette companies engaged in decades of fraud and racketeering, including misleading smokers and concealing information about the health risks of light cigarettes."

DOJ Settles Grants Fraud Claims With Workforce Central Florida. The Orlando Business Journal (9/14) reports, "Workforce Central Florida and the Workforce Central Florida Foundation Inc. have paid nearly $3.5 million to settle claims by the U.S. Department of Justice that they defrauded the government by misusing federal grant funds to improve their privately owned offices and One-Stop Center in Lake Mary. … However, no individuals involved in the case have been either charged with a crime or dismissed from their job because it was considered an unintentional violation of federal rules concerning allowable charges, one described by Workforce officials as an 'accounting dispute.'" The Journal continues, "Still, it is believed to be the largest settlement ever levied against one of Florida's 24 nonprofit workforce agencies, which are locally chartered organizations designed to provide services such as job placement and training. The organizations are overseen by the state Agency for Workforce Innovation. … 'We analyzed every aspect of this transaction and voted at the end (in public session) to do it this way,' WCF board member and past Chairman Atlee Mercer says. 'Later, in hindsight, the government decided we should have done it differently. We don't agree. We thought we followed the letter of the law.'" The Journal adds, "The settlement has been paid by the foundation through a refinancing of the building that houses Workforce Central Florida, which handles One-Stop centers for Orange, Lake, Osceola, Seminole and Sumter counties. It will not have any impact on the services WCF currently offers, its officials emphasize."

CIVIL RIGHTS:

Lawmakers Seek DOJ Probe Of Border Agents' Convictions. The San Bernardino (CA) Sun (9/14, Carter) reports, "Sentencing should be delayed for two Border Patrol agents facing 20 years apiece in prison for shooting a drug smuggler and violating his civil rights, 22 congressmen told the Department of Justice on Wednesday." The Sun continues, "In a letter, the congressmen asked U.S. Attorney

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General Alberto Gonzales to postpone sentencing and review the case against Border Patrol agents Ignacio Ramos and Jose Alonso Compean. … 'Due to significant concerns over the circumstances surrounding the prosecution of agents Ramos and Compean, the House Judiciary Committee has already recognized the need for a thorough review of this case by calling for congressional hearings and an investigation of the Department of Homeland Security, Office of the Inspector General, U.S. Customs and Border Patrol and the U.S. Attorney's Office,' the letter stated." The Sun adds, "In a separate letter to the Justice Department, Rep. Louie Gohmert, R-Texas, echoed his colleagues' concerns. … 'If the facts I have laid out are accurate, then this prosecution puts the rights of illegal alien drug smugglers ahead of our homeland security and undermines the critical mission of better enforcing current immigration laws,' Gohmert wrote. … Justice Department spokeswoman Kathleen Blomquist said the department had received the letters and is planning a response to the request. She said any comment specifically about the agents' case had to come from the U.S. Attorney's Office in Texas that prosecuted the agents." The Sun notes, "Ramos and Compean are facing prison for their roles in the nonfatal shooting of Mexican national Osbaldo Aldrete-Davila, who ran away from the agents after entering the United States from Mexico with a van filled with nearly 800 pounds of marijuana. Ramos shot at the smuggler, who he believed pointed a gun at him during a foot chase along the Rio Grande. … The agents were convicted earlier this year by an El Paso jury. … Aldrete-Davila is suing the Border Patrol for $5 million for civil-rights violations. … U.S. Attorney Johnny Sutton defended the successful prosecution of the agents by Assistant U.S. Attorney Deborah Kanof. … 'These agents shot an unarmed suspect as he was running away,' Sutton said in a news release Wednesday. 'If they honestly believed the shootings were justified, then they had no reason to lie about it and destroy the evidence.'"

Cuban Exile Group To Demonstrate During Summit. The AP (9/14) reports, "Cuban exile protesters plan to hold a symbolic, pro-democracy demonstration on a boat in international waters off the communist nation this weekend during a Nonaligned Movement summit, an exile leader said Wednesday." The AP continues, "Ramon Saul Sanchez of the Miami-based exile group Democracy Movement said the 'maritime demonstration[is scheduled to take place Saturday. The weeklong summit began Monday. .. . Current plans call for about 20 demonstrators to leave a Key West marina onboard the 39-foot Democracia after midnight Friday and arrive in international waters off Cuba early Saturday, Sanchez said. … They are demanding free elections and the release of all political prisoners among other things, Sanchez said. The group also hopes to fly a blimp from the ship with the word 'Democracia' on it and mirrors that will reflect light and be seen on the island. … Sanchez said he met with representatives of the community relations board of the U.S. Justice Department Wednesday night to discuss plans for the demonstration. The department had no immediate comment."

New Voting Equipment Expected To Lead To More Snafus In November. USA Today (9/14, Wolf, 2.27M) reports, "Eight weeks before elections that will decide control of Congress, a rush by state and local governments to prepare new voting machines and train poll workers is raising the possibility of trouble reminiscent of the 2000 presidential election standoff." The problems "range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems, voting experts say." Glitches have "occurred in Arkansas, California, Florida, Illinois, Indiana, Ohio, Pennsylvania, Texas and West Virginia. Maryland became the latest on Tuesday, when technical problems, human errors and staff shortages led officials to keep some polls open an extra hour." The midterms "shape up as the most technologically perilous since 2000, election officials say, because 30% of the nation's voting jurisdictions will be using new equipment. They include large parts of Missouri, Ohio, Pennsylvania and Virginia, scenes of key Senate races."

WPost Criticizes Maryland Elections. The Washington Post (9/14, A20, 748K) editorializes, "Clearly, there is something wrong with the way elections are run in Maryland, and there are plenty of people to share the blame. Let's start at the top with Gov. Robert L. Ehrlich Jr. (R), who bears ultimate responsibility since it is largely his nominees on local boards who run elections county by county." The Post adds, "It is encouraging that a spokesman said Mr. Ehrlich, in a departure from the stance he took Tuesday, will work with both parties as well as the state board to ensure a better job is done in November. After all, with his name on the ballot, he too has a stake in the outcome."

California Judge Slashes Bias Judgment Against FedEx. The California Recorder (9/14, Hirsch) reports, "Calling an initial $61 million verdict 'excessive,' last week Alameda County Superior Court Judge Stephen Dombrink whittled down a jury award against national shipping company Federal Express and one of its managers to a modest $12.4 million." The Recorder continues, "In his written decision, Dombrink stated concern that the evidence failed to support the initial verdict in an employment discrimination case. … 'The harassment was mostly just offensive name-calling,' Dombrink noted in his Sept. 5 ruling." The Recorder adds, "In June, the jury handed the $61 million

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award to two Lebanese-American FedEx drivers who accused a manager of racial discrimination and harassment. The verdict was thought to be the largest single civil rights judgment under California's Fair Employment and Housing Act and the fourth-largest verdict of any kind in Alameda County history. … Plaintiffs attorney Christopher Dolan said last week that he was still reviewing the decision and had not yet decided whether to seek a new trial. Though clearly disappointed by the outcome, Dolan said Dombrink's handling of the issue was 'deliberate and thoughtful. I think Judge Dombrink has exercised what he thought to be in the best interest of justice.' … Whatever happens on appeal, Dolan said he hopes the initial award continues to send a message to the business community that Arab-Americans will not tolerate harassment in the workplace."

Race-Based "Survivor" Said To Mirror Societal Attitudes. In an op-ed for USA Today (9/14), George Washington University law professor Jonathan Turley writes, "Segregation is seeping back into public schools, though we justify it away. Perhaps our discomfort is in its reflection of truths in our society." Turley continues, "Millions of Americans tonight will watch different races fight for supremacy over a patch of land. No, this is not the latest installment of an Adolf Eichmann production. It is this season's CBS Survivor: Cook Islands. … With a ratings fall from a high of 29.8 million in 2001 to 16.6 million last year, the show's producers are clearly looking for something to captivate more viewers. To do so, they decided to try a TV version of divide and conquer: Fuel the racial identification of viewers, pit them against other races and reap the benefits of racial pride — or racial animus." Turley adds, "The problem is that this is a reality program that is far too real for our sensibilities. Despite decades of affirmative action, we remain a highly race-conscious society with highly segregated neighborhoods, schools, prisons and — yes — entertainment. More important, the 6-year-old show reflects a growing return to segregationist policies across the country. … Survivor's producers insist that the use of racially segregated teams is designed to boost minority participation and possible success in the show. … That rationale is being used in public schools. Arguing that segregation helps minorities perform, states have introduced schools segregated by race, gender and even sexual orientation. … Survivor is embracing a 'separate but equal' policy that was the scourge of the civil rights movement, ultimately rejected by the Supreme Court in Brown v. Board of Education. It is now the solution to everything from low school scores to low self-esteem — and apparently low ratings. … The fact is that Cook Islands is repellant not because it looks too little, but too much, like our society. It is a reality that many are likely to watch, but few want to recognize."

ANTITRUST:

Barnett Takes Hands-Off Approach To Apple. Market Watch (9/14) reports, "The Justice Department's antitrust chief on Wednesday made a case for taking a hands-off approach to Apple Inc.'s iTunes music service and iPod music device, which are dominant in the online music business." Market Watch continues, "He also offered an implicit criticism of European governments that want the iPod player and iTunes music to be compatible with rival products. In June, French lawmakers approved government-backed legislation aimed at forcing Apple to make its online music and its iPod 'interoperable' with other products. Regulators in Norway and Sweden have threatened to impose fines if interoperability isn't made possible. … 'Apple provides a useful illustration of how an attack on intellectual-property rights can threaten dynamic innovation,' Thomas O. Barnett, who heads the Justice Department's antitrust division, said in the text of a speech in which he also noted that he's not investigating Apple's activities." Market Watch adds, "The music industry has in recent years been hit hard by the illegal downloading of music from the Internet, but the success of Apple's iTunes has boosted the sale of legal downloads and led to forecasts from the International Federation of the Phonographic Industry, a trade body, that recorded-music sales will grow in 2006. The concern across Europe is that Apple's products have too much dominance. … 'While it is true that Apple's digital-rights-management software ensures that the first recording of a song downloaded from iTunes can only play on an Apple device, consumers can re-record an iTunes song in an MP3 format and play it on other devices; in sum, it is hardly clear that they are locked in,' Barnett said. … His remarks came as European regulators traveled to the U.S. to address audiences here, providing U.S. politicians with an opportunity to push back. Rep. Robert Wexler, D-Fla., who co-chairs an intellectual property caucus, in prepared remarks cited 'grave concern' about European regulatory tactics, and he complained that forcing Apple to 'hand over' its intellectual property would damp future innovation. … Barnett rejected complaints that Apple harmed consumers by selling expensive iPods that lock them in to buying the same costly devices in the future."

United, American Airlines Disclose Air Cargo Price-Fixing Settlements. The AP (9/14) reports, "United Airlines and American Airlines disclosed settlements Wednesday in a class-action lawsuit stemming from an investigation into alleged price collusion among carriers in the air cargo industry." The AP continues, "Unlike Lufthansa AG, which said Monday it would pay $85 million to settle pending lawsuits in the case, both U.S. carriers said they are not

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required to make any payments. … The settlements could close the books on their obligations in the case barring further findings. Officials at both American and United, the largest two U.S. airlines, said that if the Justice Department later brings charges against them as a result of its investigation, the settlements would be off." The AP adds, "More than a dozen airlines have been the subject of an investigation initiated by U.S. and European Union officials into suspected price-fixing in the air cargo industry on surcharges for fuel, security and insurance. … Investigators were quoted earlier this year as saying the surcharges apparently originated among European carriers, with U.S. companies then setting their own charges in line with competitors. For carriers to be hit with criminal charges, prosecutors would have to show they were actively conspiring, not just following others' price increases."

House Judiciary Committee Bill Removes Texas Airfield Antitrust Immunity. The Dallas Morning News (9/14, Reddy, Ramshaw) reports, "Following a setback in a House committee, North Texas lawmakers were plotting Wednesday evening to reinstate language to protect their Wright amendment legislation from potentially crippling court challenges." The News continues, "The House Judiciary Committee dealt the latest challenge to the effort to lift flight restrictions at Dallas Love Field, removing a phrase that would have immunized the agreement from antitrust claims. … Supporters of the deal remained hopeful they could recover through legislative maneuvers in coming weeks. But given a short legislative calendar and sustained Senate opposition, the outcome remains uncertain."

The AP (9/14, Gamboa) reports, "The agreement was forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth. American, based in Fort Worth, has a major hub at DFW. … The bill endorsed Wednesday no longer includes wording that stated the agreement complies with anti-competition laws and gave the Department of Transportation sole authority to decide claims against the arrangement." The AP adds, "Those provisions were opposed by Rep. James Sensenbrenner, chairman of the House Judiciary Committee. He said the claims should be decided by the courts. … 'The antitrust laws are there for a purpose,' Sensenbrenner said. 'They are working, and there should not be legislative determination about what is or is not anticompetitive. The standard antitrust standards that have been applied to commercial arrangements for over 100 years should be applied to this one as well.'" The AP adds, "An unsigned memo from the Justice Department's antitrust division and made public last month said the bill would violate antitrust laws, although the department has not taken an official position. … The agreement calls for shrinking the number of gates at Love Field from 32 to 20, which some argue could block other airlines from competing with incumbents American, Southwest and Houston-based Continental Airlines Inc. Only 19 of the 32 gates are currently being used."

Bloomberg (9/14, Schlangenstein) reports, "The agreement may be ineffective without the immunity, said Rep. Spencer Bachus, R-Ala. 'We will litigate this thing for the next 10 to 15 years,' he told colleagues on the panel. 'It will be tied up in court.'" Bloomberg adds, "The House committee's proposal 'doesn't appear to be a deal breaker,' Ed Stewart, a Southwest spokesman, said in an interview. 'The important thing is that this is another step toward what we were wanting in the first place, giving customers more choice.' … Tim Wagner, a spokesman for American, declined to comment on whether the version approved by the House committee would sink the agreement. The airline is based in Fort Worth, Texas. … 'There are more steps to go before we know what's ultimately going to happen,' Wagner said. Differences in versions approved by the House Judiciary Committee and the House transportation panel will have to be ironed out, he said."

The Dallas Business Journal (9/14) reports, "Last month a group of antitrust professors from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers. … Tuesday, D/FW Airport put out a letter written by antitrust law experts that refuted the professors' statements by saying an outright repeal of the Wright Amendment has never happened and would face too many challenges."

The Fort Worth Star-Telegram (9/14, Recio) reports that "Sensenbrenner, R-Wis., joined by the ranking Democrat, Rep. John Conyers, D-Mich., proposed an amendment that removes the antitrust immunity in the bill and inserts additional language reinforcing that nothing in the law governing Dallas Love Field 'shall modify, impair, or supersede the operation of the antitrust laws.' … Conyers, joining the chairman in an unusual show of bipartisanship, said, 'I'm not here to say the agreement is pro-competitive or anti-competitive.' … Rather, he said, he was also supporting the antitrust laws as the protector of consumers. 'For more than a century, the antitrust laws have been the cornerstone of preserving our free-market economy.'"

FTC Clears Hedge Fund For McDonald's Stake. The AP (9/14) reports, "An activist hedge fund has received antitrust clearance from the Federal Trade Commission for a previously announced plan to buy nearly $794 million of McDonald's Corp. stock." The AP continues, "In a Sept. 1 filing with the Securities and Exchange Commission, the Oak Brook, Ill., fast-food chain said New York-based Pershing

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Square Capital Management LP had informed the company of plans to acquire more than $793.8 million of McDonald's stock, through three investment funds." The AP adds, "The FTC said Wednesday that it granted early termination on Tuesday of the waiting period required under the Hart-Scott-Rodino antitrust law. .. .The purchase would amount to less than a 2 percent stake but would still make Pershing one of McDonald's top institutional shareholders."

EU Fines 14 Firms For Road Bitumen Price-Fixing. Market Watch (9/14) reports, "The European Commission Wednesday fined 14 companies EUR266.717 million for fixing prices of bitumen, a tar used in road construction." Market Watch continues, "Regulators found that eight suppliers and six purchasers participated in a cartel in the Netherlands from 1994 to 2002. … The commission granted BP PLC full immunity for cooperating in the investigation. In contrast, it doubled Royal Dutch Shell NV's fine to EUR108 million as a repeat offender. … 'We should not have attended these meetings and we regret our involvement in this case,' President-Director Rein Willems of Shell Nederland BV said in a statement." Market Watch adds, "The cartel fines represent the seventh largest ever levied by EU regulators and underline their determination to fight cartels. Companies are liable to up to 10% of their worldwide turnover if they participate, but they can appeal all decisions to the European Court of First Instance in Luxembourg. … In 2001, the commission imposed fines of EUR790 million on a vitamin cartel. Last year, it imposed fines of EUR388 million on a hydrogen peroxide cartel and EUR344 million on an acrylic glass cartel. … 'The result of the cartel was the price of bitumen was higher than it otherwise would have been,' said E.U. antitrust spokesman Jonathan Todd. Although bitumen is a 'small market' Todd said the fine is very high comparatively, because 'very large companies were involved, the cartel lasted for a time and that it was a very serious infringement.' In addition, some companies were 'repeat offenders' and some 'obstructed our investigation.' … He said similar probes were ongoing in both the Belgian and Spanish bitumen markets."

ImClone In Patent Dispute Over Erbitux. USA Today (9/14, Schmit) reports, "More bad news could be looming for ImClone Systems, the biotech maker at the heart of the Martha Stewart stock scandal." USA continues, "A federal judge is expected to rule, possibly within weeks, on a bitter patent dispute affecting ImClone's sole product, cancer drug Erbitux. … One Wall Street biotech analyst, Citigroup's Yaron Werber, has predicted defendants ImClone and Aventis Pharmaceuticals will lose the dispute. That could cost ImClone tens of millions of dollars a year, delivering an 8% to 24% hit to net income." USA adds, "The patent dispute — argued over a 10-day trial that ended in July in an often-packed Manhattan courtroom — pits former colleagues, friends and two giants of science against each other: Michael Sela, 82, a co-developer of multiple sclerosis drug Copaxone, and Joseph Schlessinger, 61, who testified he had been nominated for a Nobel Prize and that, for the last decade, he's been among the top 20 most-cited scientists in the world. … The patent dispute goes back 20 years and centers on who invented the idea of using a certain antibody, such as Erbitux, in combination with a chemotherapy drug to slow the growth of cancer tumors: Schlessinger and his colleagues or Sela and his colleagues. … Aventis owns the patent, which lists Schlessinger as its first named inventor. ImClone licensed the exclusive rights to the patent in 1994 even before it was approved. … The plaintiff, Israel's Yeda Research and Development, alleges that three scientists, including Sela, from Israel's famed Weizmann Institute of Science are the true inventors. Yeda, which commercializes inventions of Weizmann scientists, alleges Schlessinger — during a chance conversation with one of Sela's colleagues — volunteered to supply them with an ingredient to do the experiments."

ENVIRONMENT/INDIAN AFFAIRS:

IG Says Interior Officials Tolerating Ethical Failures. The New York Times (9/14, Andrews, 1.21M) reports, "The Interior Department's chief official responsible for investigating abuses and overseeing operations accused the top officials at the agency on Wednesday of tolerating widespread ethical failures, from cronyism to cover-ups of incompetence. 'Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior,' charged Earl E. Devaney, the Interior Department's inspector general, at a hearing of the House Government Reform subcommittee on energy." He also said, "I have observed one instance after another when the good work of my office has been disregarded by the department. … Ethics failures on the part of senior department officials -- taking the form of appearances of impropriety, favoritism and bias -- have been routinely dismissed with a promise "not to do it again."" The "blistering attack was part of Mr. Devaney's report on what he called the Interior Department's 'bureaucratic bungling' of oil and gas leases signed in the late 1990's, mistakes that are now expected to cost the government billions of dollars but were covered up for six years."

California Settlement Would Begin River Restoration In 2009. The Fresno Bee (9/14, Doyle, Grossi) reports, "More water should start flowing down the San Joaquin River by around 2009 under a long-awaited settlement scheduled to be filed in Sacramento today." The Bee continues, "By around 2013, salmon should be

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reintroduced to the river, which once teemed with them. Hundreds of millions of dollars would be spent on channel improvements and more, and a new 'San Joaquin River restoration' administrator would oversee the complicated work." The Bee adds, "The river restoration details, and myriad others that will change life in the San Joaquin Valley, have been worked out by farmers and environmentalists during months of negotiations. They are to be presented to a federal judge this morning in hopes of settling an 18-year-old lawsuit. … 'To be able to come up with an agreement that parties on both sides can agree to is a monumental step to a healthy river,' said Grant Davis, executive director of the San Francisco-based Bay Institute, one of the plaintiffs in the lawsuit. 'Failure would not only harm the river, it would harm the San Joaquin Valley.'" The Bee notes, "Davis declined to offer details of the settlement, which was described by others who had been briefed about the pending deal. The Justice Department only signed off on the agreement Monday night, participants said, and details were changing up until the last moment. … But even as environmental groups and their negotiating partners embrace the new deal, it's attracting flak on Capitol Hill and among some water users. Part of the agreement includes an apparent deadline for Congress to approve San Joaquin River restoration legislation: Dec. 31."

The New York Times (9/14, Mckinley) reports, "Under the plan, announced in Sacramento, billions of gallons of water would eventually be released from Friant Dam, just north of Fresno, spilling into the historic river channels. The new flow, environmentalists and fishermen hope, will create a healthy environment for Chinook salmon, which once spawned — and thrived — in the San Joaquin. … In exchange for losing 15 percent to 20 percent of their yearly water, depending on rainfall, farmers and other long-term water users would be assured of a supply." The Times adds, "Fed by downstream tributaries, the San Joaquin, the second-longest river in California, flows as it meets the Sacramento River east of San Francisco, forming an enormous delta that provides water to 22 million Californians. Since the 1940's, the upper reaches of the river, from Friant Dam to its convergence with the Merced River, have been siphoned off to water a million acres of crops through a vast irrigation project that has helped turn the Central Valley into one of the most prosperous agricultural regions. … The proposed restoration would carry a hefty price, with estimates from $250 million to $800 million, a cost that the federal government and state would probably share."

Greenhouse Gases Blamed For Decline In Winter Arctic Ice. The Washington Post (9/14, A3, Kaufman) reports, "The amount of ice being formed in the Arctic winter has declined sharply in the past two years, a finding that NASA climate researchers say significantly increases their confidence that greenhouse gases created by autos and industry are warming the Arctic and the globe." The Post continues, "For years, scientists have reported a steady decrease in summertime Arctic ice, but they had never before found a similar reduction in the amount of ice being created during the frigid and dark Arctic winter. This lack of effect on the Arctic winter was one flaw in the scientific models of global warming, which predicted a steady decrease in ice formation. .. .But a new paper by Josefino Comiso, a senior research scientist at NASA's Goddard Space Flight Center in Greenbelt, found precisely the reduction in wintertime ice over the past two years that the model had predicted. The past two winters each produced 6 percent less ice than the average amount measured for almost three decades." The Post adds, "Comiso yesterday called the new data from satellite imaging of ice formation and temperatures 'the strongest evidence of global warming in the Arctic so far.' … The drop in wintertime ice tracks a similar drop in sea ice detected in the warmer months. According to Mark Serreze, senior research analyst with the National Snow and Ice Data Center, the amount of ice in the Arctic at the end of the 2005 summer was the smallest seen in 27 years of satellite imaging, and probably the smallest in 100 years. He said this year's summer ice cover started out even smaller but is not another record."

House Rejects Bill To Curb Indian Gaming. USA Today (9/14, Radelat) reports, "Indian tribes hoping to establish casinos away from tribal lands dodged a potential setback Wednesday when the House rejected a bill barring off-reservation gambling." USA continues, "California Rep. Richard Pombo, head of the House Committee on Resources, said 'reservation shopping' by tribes has 'perverted' the intent of the 1988 Indian Gaming Regulatory Act, which opened the door for tribes to establish casinos. … But Pombo, who introduced the bill, was unable to secure the two-thirds vote needed for it to pass, under special House rules barring amendments. The vote was 247-171 for the bill, with 278 votes needed for approval." USA adds, "As Indian gaming revenues have grown — they reached nearly $22.7 billion in 2005 — so has opposition in Congress to the industry's expansion. … Only four tribes have off-reservation casinos. But at least 44 others, many landless and newly recognized by the federal government, like the Jena Band of Choctaw Indians, have applications pending at the Interior Department. .. . Pombo's bill would have prohibited the Jena Band and other tribes from establishing casinos off tribal land or land not contiguous to their reservations. It also would have required tribes to compensate local communities for a new casino's impact on roads, water and sewer systems and other services, including law enforcement. … The National Indian Gaming Association, which represents more than 180

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tribes, strongly opposed the bill, saying it would violate tribal sovereignty."

FBI/DEA/ATF/USMS:

US Busts Western Drug Ring. The AP (9/14, Frazier) reports, "The U.S. Justice Department said Wednesday it has shattered a drug operation that started among high school buddies in Roseburg, Ore., 30 years ago and grew over the years to become an international operation that took in more than $20 million." The AP continues, "Eleven of the 12 people named in a federal indictment are in custody after arrests Wednesday in Oregon, Washington, Colorado and Idaho. Most are from Oregon. .. .U.S. Attorney Tom Moss of Boise, Idaho, said the arrests followed a classic strategy of 'follow the money.'" The AP adds, "The 194-page indictment, handed up in Boise in June but kept sealed until Wednesday's arrests, said the operation began by growing and selling marijuana. But, the indictment said, the operation expanded to smuggling of drugs from Mexico and South America, growing large quantities of marijuana indoors and on public lands, and manufacturing methamphetamines. … The government seeks forfeiture of more than $24 million in assets including boats, planes, business interests and real estate in five states. … U.S. attorney spokeswoman Jean McNeil said more arrests could follow, and those in custody likely would be sent to Idaho after court appearances where they were arrested."

New Hampshire Drug Sweep Nets 54 Arrests. The Manchester (NH) Union Leader (9/14, Grossmith) reports, "An eight-month undercover drug investigation in the state's largest city has resulted in 54 drug dealers being arrested and the confiscation of more than 10 pounds of drugs with a street value of $450,000, authorities said yesterday." The Leader continues, "The arrests began on April 1, but since Monday, police have arrested 28 people on charges they sold crack, cocaine or heroin to undercover officers or possessed drugs. … Manchester Police Chief John Jaskolka, at a news conference yesterday afternoon, said he 'fully expects more arrests as the operation continues over the next few days and weeks.'" The Leader adds, "Manchester Mayor Frank Guinta commended all the agencies involved -- Manchester police, state police, Hillsborough County Sheriff's Department, the U.S. Marshal's Office, ATF, state Probation and Parole Department, and the New Hampshire Attorney General's Drug Task Force. … He said the arrests show there is a 'renewed commitment to eradicate the criminal element in our city.' … The undercover drug investigation so far as involved the execution of 13 search warrants and the seizure or purchase of 7.9 pounds of cocaine, 2.4 pounds of crack cocaine, and 2.5 ounces of heroin by agents. Police also removed nine firearms -- eight handguns and one shotgun -- from city streets and seized $130,979 in cash. … The probe was funded with a federal grant under the Operation Streetsweeper program and involved seven different state, local, county and federal agencies. … U.S. Attorney Thomas Colantuono said nine of those arrested will be prosecuted on federal charges in U.S. District Court in Concord."

Cocaine Trafficker Sentenced. The Brunswick Times Record (9/14) reports that Phillip Whitworth of New Haven, Conn., "was sentenced Tuesday in U.S. District Court to more than 15 years in prison in connection with his role in trafficking crack cocaine." He "was arrested in March 2006 in the Topsham Fair Mall area after attempting to sell the drugs to an undercover informant working with the U.S. Drug Enforcement Agency" as part of a "joint investigation between the U.S. Drug Enforcement Agency and the Topsham Police Department began in Topsham and lasted 13 months." U.S. Attorney Paula D. Silsby "praised the DEA and the Topsham Police Department for their work in the investigation," and Detective Mark Gilliam of the Topsham Police Department "also praised the DEA for the agency's help with the investigation."

DEA Says Taliban Is Responsible For Afghanistan's Large Opium Poppy Harvest. CNN's Anderson Cooper 360 (9/13, 10 p.m.) reported, "The DEA says the Taliban is to blame for Afghanistan's explosion in opium poppy." One of Afghanistan's "big problems" is "the booming drug trade. The opium harvest, this year, the poppy harvest, up from 49% over last year, more than 90% of the world's heroin supply from Afghanistan. … It causes so many different problems and helps the taliban, of course, because they receive money from the drug trade." The report continued, "Afghan officials eradicate opium production. A wasted mission. The official had no power, no forces to wage a drug war here. A couple of fields out of thousands were damaged. … From what we have seen in this Afghanistan's biggest poppy producing province, destruction is far from a reality. … Today's counter narcotics minister knows how bad the trade is now and says he can't stop it. Police are part of the problem." Later, the show reports that in St. Louis "officers say they do catch someone selling heroin virtually every night of the week. One recent bust netted $20 million worth of China white. … How does the heroin get from Afghanistan to St. Louis? Captain Jackson says it first goes to Nigeria and then to street gangs in Chicago. From there, it makes its way here. China white isn't an inner city back alley shoot it up type of drug. This heroin is so pure it can be smoked or snorted. This has only increased the drug's appeal among the affluent. … DEA special agent Jack Riley says

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besides the drugs, his agents have seized millions of dollars in cash."

DEA, Spain Announce Increase In Cooperation to Stop Drug Trafficking. The AFP (9/14) reports, "Spain and the United States announced they were increasing cooperation to stop drug trafficking, following talks between Interior Minister Alfredo Perez Rubalcaba and visiting US Drug Enforcement Administration (DEA) administrator Karen Tandy. Both announced the strengthening of 'common instruments to combat the laundering of money proceeding from drug trafficking'." In April, "Spain will…under the co-chairmanship of Tandy, host the 25th International Drug Enforcement Conference (IDEC) in Madrid."

Acapulco In Midst Of Drug Violence. The Christian Science Monitor (9/14, Llana) reports, "Acapulco, once known as the 'Pearl of the Pacific,' has seen its reputation - and its mayor, Félix Salgado - battered by the worst drug violence in the town's history" as "the drug war between two cartels has spread from the northern ganglands along the US-Mexican border toward the south." It is "believed to be the fallout between the Sinaloa cartel, which had dominated Acapulco, and the Gulf cartel, which has been moving into its territory," and "the recent, and growing, viciousness of the acts that has been most unsettling. Acapulco has seen grenade attacks and decapitations haunt its front pages." Also, the "unprecedented violence" is due to "growing domestic consumption and the battle for key entry points into the US."

Witness In Washington Slaying Pleads Not Guilty To Federal Gun Charge. The AP (9/14, Johnson) reports, "A Bellevue (WA) gun collector who was arrested as a material witness in the 2001 assassination of a federal prosecutor pleaded not guilty Wednesday to an unrelated charge of machine-gun possession." The AP continues, "Albert K. Kwan was arrested Friday on one count of possessing an M-14 machine gun in January 2005. His attorneys said they found the charge curious, because Kwan owns more than 100 machine guns legally, and the one that resulted in his indictment required serious modification by federal agents before it could be fired automatically." The AP adds, "Kwan was arrested in early 2005 and held for 23 days as a material witness in the October 2001 slaying of Assistant U.S. Attorney Thomas Crane Wales, an 18-year federal prosecutor and president of a Washington gun-control organization. Wales was shot through a window as he worked in the basement of his home on Seattle's Queen Anne Hill. The FBI has designated his assassination a 'major case' and is offering $1 million for information that helps solve it." The AP notes, "Kwan, who has not been identified as a suspect, was held because federal investigators believed he had purchased two replacement barrels for a Makarov pistol, and ballistics evidence indicated the bullets that killed Wales had traveled through such a barrel. The investigators wanted to know if Kwan had the barrels or if he had provided them to someone else. … Assistant U.S. Attorney William Redkey argued Wednesday that Kwan should be detained because he posed a danger to the community and was not forthcoming with the court regarding his assets. He also failed to disclose a passport that had been issued to him in Hong Kong."

UK Gun Crackdown Includes New Jersey Raids. WABC-TV, New York City (9/13) reports, "British police seized hundreds of firearms, including automatic weapons and shotguns, in a dawn raid involving gun-smuggling between New Jersey and London." WABC-TV continues, "Eyewitness News has learned a 55-year-old man, who answered the door wearing his boxer shorts, was arrested at a home in Dartford, England Hundreds of guns, including shotguns, semiautomatic guns and automatic weapons, were found at his house. .. .Officials say an accomplice of that man was taken into custody in New Jersey this morning, questioned and released. The raids were a joint operation between U.S. and U.K. authorities." WABC-TV adds, "The ATF, the Alcohol Tobacco and Firearms agency was the lead agency on the U.S. Side of the case, called 'Operation Trident' and which British officials say has been in operation for six years. … 'For eight months, the ATF has worked with the UK in this case, and we are conducting follow up work in the United States today,' said Richard Marianos, an ATF official. … Marianos stressed that British authorities are the lead agencies in the case and they will make any extensive comments. There have been no US arrests in the case so far."

Michigan Fugitive Captured In Tennessee. The AP (9/14, Press) reports, "A convicted murderer who escaped from a Michigan psychiatric facility in 1976 was arrested Wednesday in Nashville, where he assumed a new identity and got married." The AP continues, "Thomas Ball, 76, was arrested at his Nashville home Wednesday morning by U.S. marshals, WSMV-TV reported. .. .Ball was convicted in 1964 of second-degree murder and was sent to what is now called the Southern Michigan Correction Facility in Jackson, Mich." The AP adds, "He escaped from the Center for Forensic Psychiatry in Ypsilanti, Mich., after being transferred there for treatment in 1976. … Ball was living under the name of Thomas Fry and had remarried during him time in Tennessee, although his wife died in the past year. … Justice Department officials said they believe Ball came to Tennessee shortly after his escape."

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IMMIGRATION:

Son Of Former Liberian President To Plead Guilty To Passport Charge. The AP (9/14, Anderson) reports, "Charles McArthur Emmanuel, the son of former Liberian President Charles Taylor, told a federal judge Wednesday that he will plead guilty to charges of lying about his father's true identity on a passport used to enter the United States." The AP continues, "Emmanuel, who is also known as 'Chuckie' Taylor, said 'Yes sir, judge' when asked by U.S. District Judge Donald Graham whether he was ready to change his plea to guilty. A second hearing was scheduled for Friday for Emmanuel to formally enter the plea." The AP adds, "Emmanuel, who headed an elite paramilitary unit for his father in Liberia, was arrested March 30 at Miami International Airport shortly after arriving on a flight from Trinidad. His arrest came the day after his father was apprehended in Africa on United Nations charges of alleged atrocities during neighboring Sierra Leone's civil war. … On his application for a U.S. passport, Emmanuel identified his father as 'Steven Daniel Smith' rather than Taylor or his stepfather, Roy Belfast. The passport fraud charge carries a maximum penalty of 15 years in prison. … Emmanuel's court-appointed attorney, Miguel Caridad, declined comment after Wednesday's hearing. Karen Rochlin, the assistant U.S. attorney handling the case, also declined comment."

House GOP Will Call Vote On Measure Requiring 700-Mile Border Fence. The New York Times (9/14, Swarns, 1.21M) reports, "House Republicans announced Wednesday that they would move swiftly to pass legislation requiring the Bush administration to build 700 miles of fencing along the Mexican border to help stem the flow of illegal immigrants and drugs into the United States." The legislation, which "is expected to go to the House floor for a vote on Thursday," would "require construction of two layers of reinforced fencing along stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the border." It would also "require officials of the Department of Homeland Security to establish 'operational control' over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles." The bill "is the first in a series of border security measures House Republicans have promised to pass before the midterm elections in November." Democrats "promptly criticized the plan as political grandstanding intended to energize conservative voters before the elections." Michael Chertoff, the homeland security secretary, "has publicly raised doubt about the effectiveness of border fencing, particularly in remote desert areas." McClatchy (9/14, Montgomery) notes that asked if the White House supports the proposed fence, Tony Snow responded, "What the administration wants is comprehensive reform."

The Washington Times (9/14, Hurt, 88K) quotes Snow saying, "We are urging the House of Representatives and the United States Senate to work together to come up with comprehensive reform." Asked if Bush "held out hope for an immigration bill," Snow said, "You know, we've got a very limited amount of time. You draw your own conclusions."

The Los Angeles Times (9/14, A1, Gaouette, 918K), under the headline "On Eve of a Vote, GOP on Both Sides of Fence," reports, "Some conservative Republicans have long supported the get-tough approach. One of them, Sen. Jeff Sessions (R-Ala.), responded to the new House measure by calling on Senate Majority Leader Bill Frist (R-Tenn.) to embrace the House approach and declare the Senate bill dead". Democrats "noted that House Republicans were introducing their bill at a time when the GOP, vulnerable in several election campaigns, needed an issue to rally voters." Sen. Harry Reid said, "It's so transparent."

House Democrats' Omission Of Immigration From Agenda Angers Hispanic Members. The Hill (9/14, Bolton) reports House Democratic leaders "passed around to colleagues Tuesday a plan they would focus on if their party wins control of the lower chamber on Election Day, but although the document was drafted to achieve consensus, it has already angered Democratic Hispanic leaders." The document lacks "any mention of immigration. While Republican candidates around the country are trying to make immigration one of the biggest issues of this fall's elections, Democrats appear to be tiptoeing around it." Some Democrats "fear that the issue will hurt them in conservative-leaning districts such as in Ohio, Indiana and Kentucky that they must win in order to capture majority control this November." At a closed-door meeting "of the Democratic Steering & Policy Committee on Tuesday, New York Rep. José Serrano, the panel's vice chairman, challenged Minority Leader Nancy Pelosi (Calif.) over the lack of any mention of immigration reform in the caucus's new 25-page agenda document for 2007. The confrontation created a tense moment in the room, said one participant." Other Democrats "agree with Serrano that their party should make known its position on an issue important to Hispanic voters, whom many political strategists believe will be a crucial voting bloc in the future because of their surging numbers."

Immigration Advocates To Focus On Citizenship, Voter Registration Drives. After disappointing turnout at immigration rights marches over Labor Day weekend, advocates for illegal immigrants say they decided to focus on voter registration drives and citizenship drives for immigrants who qualify. The Washington Post (9/14, A3, 748K) reports, "Antonio González, president of the Los Angeles-based Southwest Voter Registration Project, said 50 voter

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registration drives will be launched in California, Texas, New Mexico and Colorado, states with large Latino populations. In addition, 100 voter registration and get-out-the-vote drives will kick off in October, he said. … But opponents of illegal immigration said voter and citizenship registration drives will not reignite a movement that has stalled."

TAX:

Brokers, Accountants Use Internet To Provide Access To Offshore Tax Shelters. USA Today (9/14, Mccoy) reports, "A network of brokers, accountants, attorneys and other providers is increasingly promoting offshore trusts and accounts as a way to avoid lawsuits, creditors and, in some cases, federal and local taxes in the USA. Riding the rapid expansion of the Internet, some parts of the mini-industry are making tax-avoidance techniques — once mainly offered to high-net-worth individuals in private conferences — available online to average Americans. … 'This growing access to people who aren't wealthy and are willing to pay a $3,000 fee … to someone to help hide their assets offshore is getting to be a huge problem,' says Sen. Carl Levin, D-Mich., ranking minority member of the Senate Permanent Subcommittee on Investigations, which in August released the latest in a series of reports on potential offshore abuses. 'Honest taxpayers get socked with the bill' as tax avoiders transfer assets offshore, Levin said. .. . That cost is high." USA adds, "Although no precise estimates are possible, as much as $1.6 trillion in North American wealth is likely held in offshore accounts, according to a 2005 report by the Tax Justice Network, an international group opposed to tax avoidance. … Americans with assets offshore probably avoid about $50 billion in taxes annually, according to an estimate by Reuven Avi-Yonah, head of the International Tax Master of Law Program at the University of Michigan Law School. … Hundreds of companies and promoters now use the Internet to guide Americans and others who transfer assets to offshore banks or trusts, according to the Senate subcommittee report. Money moves from domestic accounts to offshore tax havens such as Belize or the Bahamas, at times without any meetings between promoter and client."

IRS Claims Tyco Owes $50 Million In Taxes. The Wall Street Journal (9/14, Levitz) reports, "Tyco International Ltd. still hasn't paid millions of dollars in federal income taxes from an allegedly false tax return filed by its chief tax adviser in 1999, the Internal Revenue Service said." The Journal continues, "The potential $50 million tax bill potentially looming over the giant manufacturing-and-services conglomerate came to light this week as Tyco's former vice president in charge of taxation, Raymond Scott Stevenson, was charged with filing a false tax return that failed to report more than $170 million in capital gains on Tyco's 1999 corporate tax return. Mr. Stevenson pleaded not guilty to a felony fraud charge before a federal magistrate in Fort Pierce, Fla." The Journal adds, "According to the IRS, the capital gains would have added about $50 million to Tyco's tax bill. Those taxes have not yet been paid by Tyco, said Ellie Michaud, a spokeswoman for the agency's criminal division. … Ms. Michaud said that after Mr. Stevenson's expected criminal trial, the government may attempt to collect the taxes. Ms. Michaud declined to say whether the company is contesting the tax bill." The Journal notes, "Tyco, which is registered in Bermuda and operated from West Windsor, N.J., is in the midst of executing a plan to split the sprawling conglomerate into three stand-alone companies by the first quarter of 2007. … According to the U.S. Attorney Attorney's Office for the Southern District of Florida, Mr. Stevenson, who was Tyco's vice president in charge of taxation until 2003, directed a 'series of transactions' designed to reduce Tyco's state liability, and in doing so triggered $170 million in federal capital gains under federal tax code. On Tyco's 1999 corporate tax return, Mr. Stevenson left off the $170 million, said Ms. Michaud, adding that the investigation is continuing."

CONGRESS-ADMINISTRATION:

Administration Seeks Alternatives To Keep Bolton At UN. With President Bush's nomination of John Bolton to be ambassador to the UN in trouble in the Senate, the Bush Administration is looking into other ways to keep Bolton in the job after his temporary appointment expires in January. The Washington Post (9/14, A12, Bake, Linzer, 748K) reports that as recently as two weeks ago, the Administration "was confident it could finally push through Bolton's long-stalled nomination. But last week's surprise move by Sen. Lincoln D. Chafee (R-R.I.) to delay a vote convinced Republicans on Capitol Hill that the nomination may be doomed, prompting a search for alternatives." The Post adds, "Administration officials said they have not given up. Secretary of State Condoleezza Rice called Chafee yesterday to kick off a lobbying campaign that will continue today when he returns to Washington after his hard-fought Republican primary victory in Rhode Island on Tuesday." The Post also reports, "Another failed nomination would be a stinging defeat for Bush, who defied Senate opposition last year and installed Bolton at the United Nations on an interim basis with a recess appointment."

GOP Leaders, Appropriators Remain At Odds Over Earmark Reform. Roll Call (9/14, Davis) reports with Republican leaders "and House appropriators deadlocked over the scope of earmark reform, the leadership is on course for a showdown with the spending panel as the

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resolution is scheduled for a potentially close floor vote today." Appropriations Committee spokesman John Scofield "said that another meeting of the panel on Wednesday again failed to result in an agreement on how reforms are applied to spending, tax and authorizing bills." In particular, appropriators "do not believe that the current proposal fairly applies the leadership-backed reforms to bills generated from the Ways and Means Committee as it does to appropriations bills. 'Our members are fairly unanimous,' Scofield said."

The New York Times (9/14, Kirkpatrick, 1.21M) reports, "Nine months after Congressional leaders vowed to respond to several bribery scandals with comprehensive reforms, their pledges have come to next to nothing." House leaders "prepared to take up a rule requiring individual lawmakers to sign their names to some of the pet projects they tuck into major tax and spending bills. As an internal House rule, the requirement would be in effect only until the end of the session, just a few weeks away." While reform advocates "denounced the proposal as nearly toothless, its bite was still too sharp for many in Congress. By Wednesday night the resolution appeared to be bogged down in a three-way squabble among Republicans, Democrats and the powerful members of the House Appropriations Committee."

The Hill (9/14, Schor, O'Connor) reports House Republican appropriators "remained unwilling yesterday to publicly endorse their leadership's resolution requiring disclosure of earmark sponsors, setting up a possible rebellion by committee members that could bring down the resolution." Appropriations Chairman Jerry Lewis (R-Calif.) "huddled with his panel yesterday afternoon but emerged with no firm panel-wide plan to oppose the earmark-reform resolution. Many GOP appropriators believe the resolution singles out their committee's product while applying a narrow definition of tax and authorizing earmarks." Lewis said, "We are attempting to communicate with leadership that this committee feels very strongly that earmark reform is a priority, but it should apply to everybody."

Database To List Government Expenditures. The Christian Science Monitor (9/14, Chaddock, 58K) reports, "Coming soon to a laptop near you: how government is spending your federal tax dollars - contracts, grants, and special projects sought by lawmakers. From wartime contracts for Halliburton to earmarks for the Punxsutawney Weather Discovery Center (think 'famous groundhog') in Pennsylvania, all will be listed on a searchable database." The proposal is the "least controversial of all the reforms Congress has considered since last year's bribery and corruption scandals, and its passage will provide an effective new tool for anyone wanting to look over lawmakers' shoulders soon after they clear spending bills."

House Republicans Blocking "Interoperability" Funds. The Washington Post (9/14, A12, Hsu, 748K) reports, "House Republicans are blocking an attempt to spend $3.1 billion to help the nation's police and fire agencies communicate in emergencies as Congress debates a proposed overhaul of the Federal Emergency Management Agency. As both parties intensified the election-season rhetoric over national security, Democrats accused GOP leaders of shortchanging the well-documented need to improve communication among first responders. Republicans acknowledged that they do not want to spend billions prematurely, saying more planning and coordination are needed." Meanwhile, DHS Secretary Michael Chertoff "rebuffed calls for dedicated federal grants to upgrade equipment, coordinate plans, train emergency workers and adapt common technology standards," stating that the interoperability problem is not "a technology issue. This is an issue of having community leaders come to an agreement."

Obama, Coburn Push For Crackdown On FEMA No-Bid Contracts. The Hill (9/14, Schor) reports, "Having scored a high-profile victory on their bill to set up an online federal spending database, the unlikely freshman duo of Sens. Barack Obama (D-Ill.) and Tom Coburn (R-Okla.) are hoping their fourth bid to crack down on no-bid contracting at the Federal Emergency Management Agency (FEMA) will finally make it to the president's desk. … 'The closer you get to the election, the more members of Congress will want to demonstrate to the public that they are fiscally responsible,'" said Coburn spokesman John Hart. The senators "wrote to FEMA director David Paulison last month after viewing reports that the four main no-bid contracts awarded for emergency housing of residents displaced by Hurricane Katrina had bloated from $400 million to $3.4 billion. Paulison had echoed the senators' qualms about no-bid abuse during private meetings in December and May, but the four contracts — given to Bechtel Corp., Fluor, the Shaw Group and CH2M Hill — were not reopened for bidding despite the agency's initial promises to that effect."

Lawmakers Accuse NIH Of Being Soft On Ethics Violators. The Washington Post (9/14, A19, Weiss, 748K) reports that "angry" lawmakers criticized federal health officials yesterday for what they called a "pattern of being 'soft' on government scientists found to have violated ethics rules. … 'I do recognize that NIH has taken needed steps to improve its ethics program,' said Rep. Edward Whitfield (R-Ky.), chairman of the subcommittee on oversight and investigations, which for years has been dogging NIH over alleged ethics violations. 'But more action is needed.'" The Post adds, "Agency officials denied that they have been less than rigorous in meting out punishment." NIH "banned all outside consulting with drug and biotech companies more

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than a year ago, when it became clear that a few dozen had not reported their arrangements as required. NIH Deputy Director Raynard Kington said that at the conclusion of its investigation, NIH began administrative actions against 34 scientists and referred 10 others to the Office of Inspector General for possible prosecution."

The Los Angeles Times (9/14, Willman, 918K) reports, "NIH officials also assured the panel that they had recommended the termination of two other senior scientists who accepted drug company money without obtaining required advance approval. 'When violations were found, NIH implemented sanctions ranging from oral admonishments to letters of reprimand to suspensions,' Kington told the subcommittee. 'In all cases where individual scientists failed to take [personal] leave to conduct outside activities, they were directed to pay back that leave to the government.'"

Democrats Fail In Effort to Oust Tomlinson. The New York Times (9/14, Labaton, 1.21M) reports, "Kenneth Y. Tomlinson, the embattled chairman of the federal board that oversees most government broadcasts to foreign countries, narrowly survived an effort to oust him on Wednesday." After "a recent report by the inspector general at the State Department that Mr. Tomlinson had used his office to run a horse-racing operation and that he had improperly put a friend on the payroll, the three Democratic members of the seven-member Broadcasting Board of Governors offered two resolutions." One resolution "called for his resignation as chairman during a continuing inquiry; the other sought to curtail his authority sharply." The Justice Department "has declined to pursue a criminal investigation but is conducting a related civil inquiry. Both resolutions "failed 3 to 3 on party-line votes. Mr. Tomlinson did not participate in the votes, people involved in the closed-door session said." Tomlinson "has denied doing anything improper and had said the investigation 'was inspired by partisan divisions inside the Broadcasting Board of Governors.'"

The Washington Times (9/14, Pfeiffer, 88K) reports, "Republicans said Democratic board member Jeffrey Hirschberg, who called for the votes, is engaging in a partisan attack, citing his financial ties to liberal figures such as former President Bill Clinton." Since 1999, Hirschberg "has given nearly $100,000 to Democratic candidates and organizations, including the Democratic Senatorial Campaign Committee and Sen. Hillary Rodham Clinton of New York, according to public campaign-finance records." Hirschberg's brother, Judd Blair Hirschberg, "who was convicted of mail fraud in 1991, was one of 59 persons pardoned by Mr. Clinton in December 2000, shortly before he left office."

Clyburn, Emanuel Vie For Possible Majority Whip Opening. The Hill (9/14, Hearn, Bolton) reports that with political pundits "predicting that Democrats will recapture the House this fall, Democratic lawmakers are debating who would become the majority whip: Rep. Jim Clyburn (D-S.C.), moving up one step from caucus chairman, or Rep. Rahm Emanuel (D-Ill.), the campaign wizard who would have orchestrated the victory." Although only Clyburn "has declared his interest in the position, the escalating rivalry between the two was on display this week when news broke that the Democratic National Committee (DNC) would funnel $60,000 into each of 40 House districts, breaking a stalemate between the DNC and the Democratic Congressional Campaign Committee." Several Democratic officials "credited Clyburn with brokering the deal. He invited DNC chief Howard Dean to his hideaway office in the Capitol July 21 in the hopes of convincing him to dip into the DNC's coffers and fund turnout efforts for House Democrats." But Emanuel allies "dispute Clyburn's influence, arguing that the agreement was engineered solely between staff."

Shadegg May Be Eyeing Another Leadership Bid. In its "Washington Wire" column on its web site, the Wall Street Journal (9/13, 2.03M) reported, "After losing his race for House majority leader earlier this year, Arizona Republican Rep. John Shadegg today showed his colleagues that he may be planning another run for the Republican leadership. At a closed-door meeting today of all House Republicans, Shadegg announced he had raised $625,000 for the House Republicans' campaign arm. The sum far surpassed amount he and other Republican lawmakers were asked to raise for the National Republican Congressional Committee. More importantly, it sparked talk that Shadegg may be interested in another campaign for the House leadership."

Democrats Will Unveil Legislation To Reduce Abortions. The Chicago Tribune (9/14, Dorning, 623K) reports, "Reaching out to more moderate, church-going voters with misgivings about abortion, House Democrats plan to unveil legislation on Thursday that sets a public policy goal of reducing abortions in America." The proposal, "to be announced at a news conference attended by House Democrats' national campaign chairman, Rep. Rahm Emanuel (D-Ill.), would not restrict access to abortion." Instead, "it promotes such preventive measures as funding for contraceptives and expanded sex education geared toward avoiding pregnancy as well as support for adoption and services to new mothers, according to several people familiar with the legislation." The legislation "targets voters who have concerns about abortion but who are not absolutely opposed to the procedure. Its introduction follows extended discussion in Democratic political circles about improving the party's image with traditionalist voters and public efforts by

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prominent Democrats to fashion an approach to abortion with broader appeal."

SSA Seeks Fiscal 2007 Funding Increase. The Washington Post (9/14, D4, Barr, 748K) reports in its "Federal Diary" column, "The Social Security Administration would be forced to send employees home without pay and shut offices 10 days next year if Congress does not increase its funding in fiscal 2007, the agency has told Congress." In a letter to the Senate Appropriations Committee, Social Security Commissioner Jo Anne Barnhart wrote, "Fewer resources mean fewer people to serve the public in all areas of SSA's operations," adding, "Because these budget reductions will affect all employees, they will result in major service disruptions across all workloads." The Post adds, "The agency's budget may not be resolved until after the November elections, congressional aides said."

Baucus Casts His 10,000th Senate Vote. Roll Call (9/14, Akers) reports in its "Heard on the Hill" column that Sen. Max Baucus "cast his 10,000th Senate vote on Wednesday, becoming one of just 27 in the history of the Senate who have cast 10,000 or more votes."

Brooks Discusses Bush's Abilities As A Leader. In his New York Times column (9/14), David Brooks says, "A leader's first job is to project authority, and George Bush certainly does that. In a 90-minute interview with a few columnists in the Oval Office on Tuesday, Bush swallowed up the room, crouching forward to energetically make a point or spreading his arms wide to illustrate the scope of his ideas — always projecting confidence and intensity. … I interview politicians for a living, and every time I brush against Bush I'm reminded that this guy is different. There's none of that hunger for approval that is common to the breed. This is the most inner-directed man on the globe." The "other striking feature of his conversation is that he possesses an unusual perception of time. Washington, and modern life in general, encourages people to think in the short term. But Bush, who stands aloof, thinks in long durations." Bush was "passionate on the need for patience and steadfastness. He talked about 'inviolate' principles written upon his heart: 'People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift.'" But when Bush "is strategizing goals, he is assertiveness on stilts. When he is contemplating means, he defers to authority. And the sad truth is, there has been a gap between Bush's visions and the means his administration has devoted to realize them. And when tactics do not adjust to fit the strategy, then the strategy eventually gets diminished to fit the tactics. Or worse."

Samuelson Calls For Medicare Overhaul. Robert Samuelson writes in the Washington Post (9/14, A21, 748K) that Medicare is the "monster" in America's future. Samuelson writes, "Federal spending on the elderly is plausibly projected to double from 2000 to 2030 as a share of national income. About three-quarters of that increase will be health spending -- mostly Medicare but also Medicaid (70 percent of Medicaid spending goes to the old and disabled). The projected increase in health spending exceeds all of today's discretionary domestic spending on schools, the FBI, the environment and much more." Samuelson adds, "We should overhaul Medicare, but just how is unclear. … Samuelson concludes, "Most studies of Medicare have had a narrow and technical focus, evading the truly central issue. It isn't 'What's good for Medicare beneficiaries?' Rather, it's 'What's good for America?'"

OTHER NEWS:

Stocks Rally, With Dow 180 Points From Record. The Wall Street Journal (9/14, Lucchetti, 2.03M) reports, "The Dow Jones Industrial Average jumped 45.23 points, or 0.39%, to a four-month high of 11543.32. It was the average's 10th-highest close and only the 13th time it ended the day above 11500. The Dow sits 180 points from its all-time peak on Jan. 14, 2000, the record close of 11722.98." The broad Standard & Poor's 500-stock index "gained 0.38%, or 4.96 points, to 1318.07, while the tech-heavy Nasdaq Composite index rose 0.53%, or 11.85, to 2227.67."

Analyst Says Oil Prices Could Fall To $15 A Barrel. McClatchy (9/13, Hall) reports, "The recent sharp drop in the global price of crude oil could mark the start of a massive sell-off that returns gasoline prices to lows not seen since the late 1990s. … 'All the hurricane flags are flying' in oil markets, said Philip K. Verleger, a noted energy consultant who was a lone voice several years ago in warning that oil prices would soar. Now, he tells McClatchy Newspapers, they appear to be poised for a dramatic plunge." McClatchy notes, "Crude oil prices have fallen about $14, or roughly 17 percent, from their July 14 peak of $78.40." If "oil traders fear that this downward price spiral will get worse and run for the exits by selling off their futures contracts, said Verleger, it's not unthinkable that oil prices could return to $15 or less a barrel, at least temporarily. That could mean gasoline prices as low as $1.15 per gallon."

ABC World News (9/13, story 7, Gibson) reported "gas prices have dropped off the list of issues that most concern voters. And it's not hard to tell why. Prices have plunged to an average of $2.62 a gallon from unleaded regular from $3.04 less than a month ago." ABC (Stark) reported, "After a

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summer of paying $3 a gallon and more, consumers are now watching with relief, as gas prices go lower and lower." ABC added "an analyst who correctly forecast the stunning rise in prices is now predicting more price cuts to come." Jason Schenker, Energy analyst, Wachovia: "We think that, by the end of the month, we're looking at gasoline prices at the pump around $2.25 to $2.50 a gallon. During the winter months, we could see the price go down towards $2.00 a gallon nationally."

Oil Industry Aims To Debunk "Peak Oil" Theory. The Wall Street Journal (9/14, A2, Bahree, Ball, 2.03M) reports, "Leading players in the petroleum industry, including Saudi Arabia and Exxon Mobil Corp., are aggressively arguing that plenty of crude oil remains for world consumption, in an effort to counter critics who contend crude output is about to plateau. That argument, known as peak-oil theory, has provided intellectual backing for the boom in crude prices and sowed doubts among some policy makers about crude's long-term reliability as an energy source." The chief executive of Saudi Aramco "argued during a speech in Vienna that the world has more than a century's worth of crude left at current production rates. His talk followed similar remarks by a senior Exxon executive this week." The Journal says, "In a sign that oil-supply concerns are gaining currency, the Department of Energy has asked the National Petroleum Council, an oil-and-gas-industry research group, to investigate peak-oil claims."

Polls Suggest Improving Picture For Republicans. The Washington Times (9/14, Dinan, 88K) reports President Bush's "series of speeches on the war on terror has boosted the issue's profile and helped recapture Republicans' lead when voters are surveyed on whom they trust to handle terrorism." On the issue of terrorism, Republicans "now lead Democrats by 48 percent to 41 percent among registered voters in a new ABC News poll, a flip from a seven-point Democrat advantage in the same poll last month, and 16 percent now choose terrorism as their top voting issue -- a gain of five percentage points." An NBC News-Wall Street Journal poll "released yesterday put Mr. Bush's job-approval rating at 42 percent -- an increase of five percentage points since June, though still below a comfortable level for a president heading into a midterm election." Both polls "still showed Democrats with a sizable advantage when people are asked which party they want to control Congress -- nine percentage points in the NBC-Journal survey and eight points in the ABC poll."

The Wall Street Journal (9/14, Cummings, 2.03M), in a story about Sen. Chafee's primary win, also says the midterm election "trends may be turning slightly more favorable for Republicans."

The Wall Street Journal (9/14, Harwood, 2.03M) reports Bush's "efforts to explain and win support for his policies on Iraq and terrorism appear to be paying some initial dividends as midterm congressional campaigns heat up." But Bush's approval increase "remains 'a modest uptick' in 'a very difficult national environment' for the president's party in midterm elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though it is improved from 38% in June. A 54% majority of voters continues to say the U.S. is headed in the wrong direction." Still, the poll results "suggest Mr. Bush retains some ability to shape the context of the election to his party's benefit."

On NBC Nightly News (9/13, story 6, 2:30, Williams, 9.87M), Washington bureau chief and moderator of Meet the Press, Tim Russert, said, "When you look inside the poll, the number of people who are concerned about gasoline prices has declined dramatically and that seems to be giving the President a boost." Williams: "Other reasons for this [42%] number, Tim?" Russert: "The Iraq war, let's look at this. The President's approval is up 3% [at 38%]. That is a gain of three points since our last poll in July where it was 35%. A series of speeches, the commemorative events of September 11th seemed to have helped the President in a modest way." On the generic ballot, "the Democrats still have a nine-point spread [48%-39%], but we are still eight weeks away."

Stephanopoulos Says Poll Shows Republicans "Coming Back." On ABC World News (9/13, story 6, 2:15, Gibson), George Stephanopoulos was asked whether ABC polling shows "Republicans coming back." Stephanopoulos said, "It does. The President's been graining his approval rating. Republicans have been gaining on Democrats. And it shows that the President's campaign on terrorism is working. Remember last week? Terrorism was number five on people's list of concerns. Now, it's moved up to three. And probably the best news for the White House -- gas prices just dropped out of the top five." ABC (Gibson) noted, "Gas prices are off the list. There were on it last week." Stephanopoulos: "Can it continue through November?" Gibson: "That's the key question."

Rothenberg Says 2006 Will Be An "Anti-Bush Election." Stuart Rothenberg, in a Roll Call column (9/14) titled "An Anti-Incumbent Election? This Year? Of Course Not," writes, "Over the past year or so, I've heard more than a few people talking about 2006 as an anti-incumbent election. Well, those people are wrong. We are not going to have an anti-incumbent election in November. We are going to have an anti-Bush election. … While it is true that voters are not particularly impressed with Congress in general or either of the two major parties, the midterm elections have developed into a referendum on the president. Republicans may well succeed in minimizing the damage in November by localizing elections and re-electing incumbents, but there is no indication that voters will send a message of dissatisfaction

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with all incumbents in the fall." That "means that all but a handful of Democratic House incumbents can rest easy."

Primary Analyses Focus On Chafee Victory, Upset Wins By Anti-War Democrats. The AP (9/14, Espo) reports, "All politics is national in the 2006 midterm elections, with both parties willing to put aside deeply held views over war, taxes and more in the surpassing struggle for control of the House and Senate. Which explains why a conservative Republican Party rejoiced Wednesday at the primary victory of Rhode Island's incorrigibly independent GOP Sen. Lincoln Chafee, and struggled with the defeat of the more moderate of two leading contenders for a House seat in Arizona." Or "why Democrats, whose leaders call daily for a timetable for a troop withdrawal from Iraq, were less than thrilled to find vigorously anti-war contenders winning nominations for House seats in New Hampshire and New York."

The Christian Science Monitor (9/14, Feldmann, 58K) reports on Chafee's win, and says, "In the end, the most-watched race of the Sept. 12 primaries became the dog that didn't bark. … A loss by Senator Chafee would have been nearly without precedent in modern times -- the second senator to lose in the primaries, following Democratic Sen. Joe Lieberman's defeat in Connecticut last month. Headlines would have screamed about voters clamoring for change, and about ideological purges in both parties." The outcome "suggests that the national Republican Party did indeed need to pull out all the stops, as it did, to ensure that the conservative was not the nominee and a near-certain loser in November."

The New York Times (9/14, Hulse, 1.21M) reports, "In New Hampshire, Jim Craig, a moderate Democrat who had been backed by his party in the primary to take on Representative Jeb Bradley in the Manchester area, lost to the antiwar candidate Carol Shea-Porter. 'Obviously, that is embarrassing for Democrats,' said Representative Charles Bass, the Republican who represents New Hampshire's other House district, predicting that Mr. Bradley would now be re-elected." The Democratic Party's "choice in the 19th Congressional District of New York, represented by Sue W. Kelly, a Republican, also lost on Tuesday. Ms. Kelly will now face the singer-songwriter John Hall, who has attracted celebrity backing from the music community."

The Wall Street Journal (9/14, 2.03M) editorializes, "Antiwar Democrats…made themselves heard again. They won in New Hampshire, lifting Carol Shea-Porter, who called for withdrawal from Iraq, over Jim Craig, who heavily outspent her and was backed by the party establishment. They lost in Maryland, but not before putting a scare into Representative Al Wynn, who voted for the war and has voted with the GOP on campaign finance issues and some tax cuts. He won 50%-46%." Both "were electoral surprises likely to push the Congressional Democrats further left on the war. Whether that will help them in November is another story, since Ned Lamont's victory last month over Connecticut Senator Joe Lieberman seems to be helping the GOP retain its three vulnerable House seats in that state. You know it's a volatile political year when the GOP is counting on victories by a pro-war Democrat and an antiwar Republican (Mr. Chafee) to keep control of Congress."

David Broder, in the Washington Post (9/14, A21, 748K), writes that "the lesson from Tuesday's round of primaries in nine states and the District of Columbia was simple and reassuring. Credentials count. Experience counts. And so does the willingness to engage some serious issues. For the most part, the candidates nominated for Congress and governor come from the mainstream establishments of their parties."

National GOP Strategy Seen As Risking Depressed Turnout In November. The Wall Street Journal (9/14, Cummings, 2.03M) reports, "The Republican Party leadership won the primary battle in Rhode Island, getting their preferred candidate, incumbent Sen. Lincoln Chafee, past a conservative challenger. But at what cost?" National support for the incumbent "angered" challenger Steve Laffey's "supporters and could deter them from voting in November when Mr. Chafee squares off with Democrat Sheldon Whitehouse, a former attorney general whose campaign is flush with cash." The Journal adds, "Just as trends may be turning slightly more favorable for Republicans, Tuesday's back-to-back clashes between the Republican Party machine and its base in Rhode Island as well as in Arizona could diminish turnout among conservative voters in November. Turnout by that voting bloc carried the president in 2000 and 2004." The Journal adds, "In Arizona, the battle was for the seat of retiring Republican Rep. Jim Kolbe. Conservatives supported state Rep. Randy Graf, whose get-tough immigration platform fit with a House bill passed earlier this year. Pro-Graf forces were startled when, in the final weeks of the campaign, Speaker Dennis Hastert and other House leaders poured cash into the race of moderate Steve Huffman, who embraced a Senate immigration bill that would have created a path to citizenship for illegal immigrants already in the US."

An editorial in the Los Angeles Times (9/14, 918K) the GOP's split over immigration "is threatening to cost Republicans at least one seat in the House of Representatives." Graf "may be further to the right than the national GOP, but on issues such as taxes, same-sex marriage and abortion, he's right in line with the Bush administration. Nevertheless, the National Republican Congressional Committee was so worried about his ability to win this marginally Republican district in November that it

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threw more than $250,000 worth of advertising behind one of Graf's primary opponents, Steve Huffman."

Successful GOTV Effort For Chafee Seen As Good Sign For GOP. The Washington Post (9/14, A23, VandeHei, Cillizza, 748K), meanwhile, says "the turnout campaign that Republican operatives used to help pull…Chafee to victory in the Rhode Island primary was a potent demonstration of how money and manpower can transform a race even in an unfavorable political environment -- and a preview of the strategy that national party officials say they plan to replicate in the most competitive House and Senate races over the next 55 days." The Post adds, "In the past two national elections, in 2002 and 2004, Republicans outperformed Democrats in bringing their backers to the polls, but many Democrats and independent analysts have suggested that the competition may be different this year, in part because of slumping morale among GOP activists. But Chafee's performance -- combined with reports of late-starting organization and internal bickering on the Democratic side -- suggest that the Republican advantage on turnout may remain intact even as many other trends are favoring the opposition."

Ickes Looks To Organize 527 Group To Boost Congressional Democrats. The New York Times (9/14, Broder, 1.21M) reports, "Sensing both political danger and opportunity," Democratic operative Harold Ickes "and a group of major party donors have banded together to deliver a barrage of late advertising and on-the-ground action to secure Democratic victories in November." Ickes and "a group of allies are soliciting money for a new organization called the September Fund. They hope to raise and spend as much as $25 million to influence not only crucial Congressional races but also other campaigns and ballot initiatives at the federal and state level." Ickes was "among the chief organizers of several groups that raised more than $200 million from wealthy liberals and labor unions in 2004 to try to defeat President Bush." After months "in which Democrats have fretted about how much support they would get from those sources this time around, Mr. Ickes is turning to many of the same donors in hopes that a surge of spending in the fall campaign's final weeks will cement Democratic gains against a president and a Republican-led Congress whose approval ratings are sagging." Ickes "has already contacted George Soros, the billionaire financier who gave Democratic committees more than $25 million in 2004. Among others on the fund's list of potential donors are Steve Bing, a Hollywood producer; Linda Pritzker, a member of the family that owns Hyatt hotels; Herb and Marion Sandler, owners of a California savings and loan; and Ted Waitt, founder of the computer company Gateway. All gave multimillion-dollar gifts to the funds Mr. Ickes directed in 2004."

Allen Camp Blasts Webb For 1979 Article On Women In Combat. The Washington Post (9/14, A1, Shear, Craig, 748K) reports in a front page story that the Virginia's Senate race "turned nasty Wednesday as Republican Sen. George Allen launched a character attack on his Democratic opponent's past views toward women in combat, signaling the start of a two-month barrage of negative campaigning in what has become a close race." Allen "organized a news conference with five female U.S. Naval Academy graduates who said an article written 27 years ago by Allen's opponent, James Webb, prompted harassment by male midshipmen at the academy." In the Washingtonian magazine article, "Women Can't Fight," Webb "wrote of the brutal conditions during the Vietnam War and argued against letting women into combat. Allen's campaign zeroed in on passages in which Webb described one of the academy's coed dorms as 'a horny woman's dream' and said that he had never met a woman he 'would trust to provide . . . combat leadership.'" Webb, "a Naval Academy graduate who was Navy secretary under President Ronald Reagan, issued a statement saying he was sorry 'to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship.' But his campaign also responded aggressively, accusing Allen of opposing the admission of women to the Virginia Military Institute and of once having accepted membership into an exclusive club while he was governor."

The Hampton Roads Virginian-Pilot/AP (9/14, Lewis) reports five female US Naval Academy graduates said Webb "fostered an air of hostility and harassment for them with a magazine article he wrote in 1979. The women, who attended the academy in the late 1970s and early '80s, said the column in Washingtonian magazine emboldened male midshipmen to humiliate them continuously, and some even wore 'Jim Webb Fan Club' T-shirts." Meanwhile, an "independent political action committee of Iraq war veterans announced the first television attack ad of the race, accusing Allen of voting in the Senate not to fund lifesaving modern body armor for combat troops. VoteVets.org is not endorsing Webb, just opposing Allen."

Carter Says Lieberman Should Not Be Reelected. Former President Jimmy Carter said on CNN's Larry King Live (9/13), "I think Joe Lieberman is a good man. He's been strongly in favor of the Iraqi war from the very beginning. He was one of the originators of public statements that misled the American people into believing that the Iraqi war was justified. He's been an undeviating supporter of the war from the very beginning and still is. He's joined in with the

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Republican spokespersons by saying that Democrats who disagree are really supporting terrorism. So for all these reasons I've lost my confidence in Joe Lieberman and don't wish to see him re-elected."

Cardin, Steele Doff Gloves As General Election Campaign Begins. The Baltimore Sun (9/14, Brown, 262K) reports Democratic Rep. Benjamin L. Cardin and Republican Lt. Gov. Michael S. Steele "launched their general election campaigns for Maryland's open seat in the U.S. Senate, a contest that already is drawing national attention -- and money." Cardin "came out firing Wednesday, linking Steele with President Bush while invoking what he described as government failures in Iraq and the Gulf Coast." Steele, "speaking later in the day, rejected attempts to link him to the president." Said Steele, "If Congressman Cardin wants to run against George Bush, then he should have run for president." The Sun adds the "tone of the exchange differed markedly from that of the primary races, when Cardin and Mfume had presided over an amicable contest for the Democratic nomination, and Steele faced no serious opposition for the Republican nomination."

The Washington Times (9/14, Miller, Ward, 88K) reports the "general election showdown" will "hinge on racial issues and draw attention from across the country." Cardin is "actively cultivating support among black voters, who make up as much as 40 percent of Democratic voters in Maryland." Still, "Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties."

Roll Call (9/14, Kurtz, Yehle) reports Steele's "strategy for victory is hardly subtle. Even before the primary, Steele began airing a statewide ad aimed at black voters — an ad that his campaign spokesman said is scheduled to run indefinitely." Republican National Committee Chairman Ken Mehlman, a Baltimore native, said, "I think Michael Steele has a real ability to win over voters who don't usually vote Republican." Roll Call adds Cardin "starts out as the favorite over Steele. So in a state that is so strongly Democratic, Steele's only path to victory may be doubling — or even tripling — the 10 percent to 12 percent of the black vote that Maryland Republicans generally attract in statewide elections."

Minnesota Democrat Likely To Become First Muslim Elected To Congress. USA Today (9/14, Stone, 2.27M) reports the Minnesota Democrat "who is likely to become the first Muslim elected to Congress says he wants to 'promote the idea that America needs friends around the world, not more enemies.'" Keith Ellison, "an African-American state legislator from Minneapolis, won Tuesday's Democratic primary to replace Rep. Martin Olav Sabo." Ellison "beat three other Democrats, including Sabo's former chief of staff and ex-party chairman, Mike Erlandson." Although Ellison "will face Republican business consultant Alan Fine in November, his election is all but guaranteed, says University of Minnesota political scientist Larry Jacobs." Ellison's victory "marks a turning point for American Muslims, according to community leaders such as Ali Khan of the American Muslim Council." Ellison has "called for an immediate troop withdrawal from Iraq, universal health care and the impeachment of President Bush."

William Schneider said on CNN's The Situation Room (9/13), "It's likely this year will see the first Muslim elected to Congress. He's Keith Ellison who just won the Democratic nomination in Minnesota's Fifth Congressional District. … Ellison regards himself as a staunch progressive in the tradition of Paul Wellstone, his personal hero. Republicans are calling attention to divisive positions Ellison took in the past and his association with Louis Farrakhan's Nation of Islam. … Republicans have little hope of defeating Ellison in a district that voted 71 percent for Democrat John Kerry in the last presidential election. They are trying to use Ellison's past associations to taint Minnesota Democrats as too extreme."

Ellison said on CNN's The Situation Room (9/13), "I haven't put the emphasis on my own personal identity. The emphasis for me is on the people, how to mobilize the people, how to persuade them to vote in their own best interests, how to talk about peace as being the guiding principal of our nation, how to argue that we have to fix this broken health care system that we have. I mean, these are the things that we need to talk about, how we all come together around serious problems that are not being addressed by the Bush administration."

Gingrich Says He'll Decide On 2008 Presidential Race In December 2007. Former House Speaker Newt Gingrich was asked on Fox News' Your World with Neil Cavuto (9/13) if he is going to run for president in 2008. Gingrich said, "I will decide that in December 2007."

Ann Richards Dies. The Houston Chronicle (9/14, Ratcliffe, Kilday, 535K) reports Ann Richards, "who shed the role of homemaker to rise through Texas politics to become the state's 45th governor and a national celebrity," died yesterday "after a six-month battle with cancer. She was 73. Richards was diagnosed with esophageal cancer in March." Richards "was the quintessential Texas woman, with a sassy homespun charm, sharp wit and tough pioneer spirit. With bright silver hair, a weathered face and an affinity for cobalt blue suits and pearls, Richards was instantly recognizable to national television audiences." Polls "showed Richards was the most personally popular governor in 30 years. But a

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liberal image kept her job approval rating beneath 50 percent, and she lost her 1994 re-election bid to Republican George W. Bush, the future president."

The New York Times (9/14, 1.21M), Washington Post (9/14, B8, 748K) and Washington Times (9/14, 88K), among other newspapers, run an AP story on Richards' death, reporting the "silver-haired, silver-tongued Richards said she entered politics to help others -- especially women and minorities who were often ignored by Texas' male-dominated establishment." Richards "sealed her partisan reputation with a blast at George H. Bush, a fellow Texan who was vice president at the time: 'Poor George, he can't help it. He was born with a silver foot in his mouth.'" The Los Angeles Times (9/14, Kennedy, Silverstein, 918K), in a similar story, also notes the late governor's quip about Bush.

Economists Call For Overhaul Of Unemployment Insurance System. The New York Times (9/14, Eckholm, 1.21M) reports the nation's unemployment insurance system, "which has hardly changed since its inception in 1935, should be revamped to aid more workers displaced by a transforming economy, economists said this week as they released overhaul proposals." Because of "tight state eligibility requirements and because a growing number of workers do not have long-term, full-time jobs, unemployment insurance is paid to just over a third of those who are laid off, government data show, and coverage is less likely among the lower-income workers who most need it." Dr. Lori Kletzer and Howard Rosen of the Institute for International Economics in Washington "are the authors of one of two proposals for revamping the system that were released on Tuesday by the Brookings Institution in Washington." Because of "globalization and changes in the economic structure, more workers are forced to change industries and a significant minority take jobs paying less than before, indicating a trend 'from temporary layoff to permanent displacement,' according to the paper by Dr. Kletzer and Dr. Rosen."

States Allow Tax Deductions For Out Of State 529 Contributions. A growing number of states are allowing residents to take state tax deductions for contributions they make to other states' 529 college savings plans. USA Today (9/14, Chu, 2.27M) reports, "Pennsylvania, Maine and Kansas have approved such tax breaks, and a handful of other states are considering similar measures. … The states' move toward tax parity for all 529 contributions is likely to make it simpler and more appealing for residents to save for their children's college educations. A new law that makes permanent the 529s' federal tax benefits has also helped spark more interest in these plans."

Group Seeks To Increase Number Of Visitors To US Each Year. The Washington Post (9/14, A19, Sarasohn, 748K) reports in its "Special Interests" column, "A coalition of high-powered business executives has formed the Discover America Partnership, a multimillion-dollar advocacy campaign designed to boost the number of visitors -- by 10 million a year -- to the United States. Their aim is to help improve America's image abroad and bolster national security by introducing more people from other countries to us." Geoff Freeman, executive director of Discover America, "said the campaign intends to educate lawmakers and other policymakers about the need to attract foreign visitors, and it will work to smooth out visa and airport policies that may discourage travel. But he said the group 'by no means' wants to lessen security standards."

Wal-Mart CEO Seeks To Improve Company's Image. CBS Evening News (9/13, story 7, 4:00, Mason, 7.66M) interviewed Wal-Mart CEO Lee Scott. Asked what responsibility his company has to pay a living wage, Scott said, "I don't know what specifically a living wage is. Average wage is over $10 an hour." Mason: "In the past year, after a study showed nearly half the children of Wal-Mart workers were uninsured or on Medicaid, the company expanded its health care plan, and last month, raised wages 6% at many stores. Implicit isn't that, it, a suggestion you weren't paying enough and your benefits weren't good enough?" Scott: "I guess if you wanted to make that case. I'd prefer to look at it as we have been raising wages and improving benefits for years." Mason: "But the CEO concedes criticism has influenced one sweeping change -- the greening of Wal-Mart. … Scott has committed to cutting Wal-Mart's energy use by 30%, a first step using display cases with light-emitting diodes that give off much less heat. So it's cheaper for you to cool this. … But Wal-Mart's skeptics still doubt the company's commitment. They're suggesting you're just trying to green-wash your image. You're laughing." Scott: "I am. The one thing I have really found at Wal-Mart is trying to be overly sophisticated and manipulative is not our strength." Mason: "But the company that made its name cutting costs is smart enough to know that improving its image could also improve its bottom line."

Will Says Liberals' Campaign Against Wal-Mart Is "Condescension." George Will writes in the Washington Post (9/14, A21, 748K), "The big-hearted progressives on Chicago's City Council, evidently unconcerned that the city gets zero sales tax revenue from a half-billion dollars that Chicago residents spend in the 42 suburban Wal-Marts, have passed a bill that, by dictating wages and benefits, would keep Wal-Marts from locating in the city. Richard Daley, a bread-and-butter Democrat, used his first veto in 17 years as mayor to swat it away." Will adds, "Liberals think their

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campaign against Wal-Mart is a way of introducing the subject of class into America's political argument, and they are more correct than they understand. Their campaign is liberalism as condescension. It is a philosophic repugnance toward markets, because consumer sovereignty results in the masses making messes."

NYTimes Says More Money Is Needed To Fight Tuberculosis. The New York Times (9/14, 1.21M) editorializes, "Tuberculosis is outrunning us. … Airborne and deadly, extensively drug-resistant TB is a nightmare disease. It has been found worldwide, including in the United States." The Times adds, "A group called the Global Alliance for TB Drug Development has six compounds in the pipeline, but a treatment for extremely resistant TB is not likely before 2012. Money for clinical trials would speed things. … The Global Fund to Fight AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation are big donors, but much more is needed. Stinginess created this problem. Generosity is needed to fix it."

Bush, Roh To Downplay Differences Over North Korea In Meeting Today. President Bush and South Korean President Roh Moo-hyun will meet at the White House today. According to McClatchy (9/14, Douglas), when they meet, the two leaders "will try to downplay the strains between their countries over how to deal with the North Korean nuclear standoff." The Bush Administration "is pushing a hard line in trying to get the strident North Korean government to return to six-party talks designed to halt its nuclear program. South Korea, which has sought to engage North Korea since 1998, is seeking a softer diplomatic approach toward its reclusive communist neighbor." McClatchy adds, "To complicate Thursday's meeting further, it comes amid reports that North Korea is preparing for an underground nuclear test, which some US intelligence officials think may come before the end of the year."

The New York Times (9/14, Sanger, 1.21M) reports that the two leaders "have rarely been further apart on the central issue that long ago turned their relationship so frosty. Mr. Bush is determined to squeeze North Korea with every financial sanction possible until it gives up its nuclear capacity and other illicit activities, or, some believe, until it collapses. Mr. Roh insists the only course is to coax the country out of its isolation." The Times adds that Roh "will receive treatment that contrasts sharply with the warm embrace extended in June to Japan's prime minister, Junichiro Koizumi. Mr. Koizumi got long meetings, a glittering dinner and a trip to Graceland; Mr. Roh, leader of the other major United States ally in Asia, is getting an hour in the Oval Office and a quick lunch."

Roh Says South Korea Will Continue To Support War On Terrorism. The AP (9/14, Klug) reports that Roh said yesterday his country's alliance with US is changing, but Seoul will "continue to support the US-led fight against terrorism. The South Korea-US 'alliance will in part change according to the times,' Roh said through an interpreter. 'But the very fundamental basis of this alliance will not change.'"

South Korea Backs UN Condemnation Of North. The Washington Times (9/14, Sands, 88K) reports , "South Korean Foreign Minister Ban Ki-moon yesterday said Seoul strongly supports the United Nations' condemnation of North Korea for its recent missile tests, and denied that South Korean President Roh Moo-hyun was trying to play down the missile tests when he described them recently as tests carried out by the communist North for political, not military effect." Ban said the US-South Korean alliance "remained fundamentally healthy and that public opinion in South Korea toward the United States had improved in recent years."

Opposition Leader Says North Still Threatens South's Security. Jin Ha Hwang, chairman of the International Relations Committee of the Grand National Party, South Korea's largest opposition party, writes in the Wall Street Journal (9/14, 2.03M), "North Korea is no longer a threat to South Korea. The wartime operational control (OP-CON) of 680,000 Korean troops will be transferred back to South Korea by 2009, and the U.S.-Republic of Korea Combined Forces Command (CFC) will be consequently dismantled. At least that is what the presidents of the U.S. and South Korea think will happen in the next three years. But they would be making a grave mistake. … Even as politics may have changed on the Korean peninsula, the security situation, in terms of the need for deterrence, has not changed one bit. North Korea's asymmetric threats still pose a grave danger to South Korea's security, as well as to countless US economic and political interests." Hwang adds, "The US-ROK Combined Forces Command is a mechanism designed to deter war, and also to fight and win a war should deterrence fail. It is a military structure that has functioned admirably for the benefit of both South Korea and the United States. Should we let it go because of domestic political interests? Who has the last laugh then?"

Solana-Larjani Talks Break Down. The AP (9/14, Jahn) reports EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larjani "abruptly postponed talks on easing tensions over the refusal of the Tehran regime to suspend uranium enrichment." Solana's office "did not say what prompted the decision to downgrade Thursday's meeting in Paris to the level of aides… But the decision of the two principals to stay away from what would have been their third meeting in a week suggested snags had developed from their direct contacts over the weekend." The AP says the "absence" of the two figures "was bound to dampen high

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expectations for the meeting. Their two sessions in Vienna had been described by both men as making progress toward solving the impasse over Tehran's defiance." The AP continues, "Different interpretations of what was achieved at the weekend talks were reflected earlier in the day. In moderate language, Britain, France and Germany only alluded to the threat of [UNSC] sanctions…and called on the Tehran regime to negotiate the dispute with the international community. The United States, in contrast, said it was time for the council 'to back international diplomacy with sanctions.'" Iranian President Mahmoud Ahmadinejad "said Thursday that his country's nuclear standoff with the West can be solved through dialogue, and called for unspecified 'new conditions' in negotiations."

Rice Says Western Powers Will Meet At General Assembly To Discuss Sanctions. AFP (9/14) reports Secretary Rice said "foreign ministers from the six major powers involved in the nuclear standoff with Iran will meet soon in New York to discuss imposing sanctions." She "will travel to New York next week for talks on the sidelines of the [UN General Assembly meetings next week] and she said this would be the opportunity to press ahead with the sanctions if Iran continues to reject demands it freeze its suspected nuclear weapons program." Speaking after meeting with Israeli Foreign Minister Tzipi Livni, Rice "said the way forward for Iran was clear, it can either suspend its uranium enrichment as a prelude to broader negotiations on improving economic and diplomatic ties with the international community, or face new" sanctions resolutions.

IAEA Pans US House Report On Iranian Nuclear Capabilities. The Washington Post (9/14, A17, Linzer, 748K) says IAEA inspectors "angrily complained to the Bush administration and to a Republican congressman yesterday about a recent House committee report on Iran's capabilities, calling parts of the document 'outrageous and dishonest' and offering evidence to refute its central claims." Their letter claims that "the report contained some 'erroneous, misleading and unsubstantiated statements.' The letter, signed by a senior director at the [IAEA], was addressed to Rep. Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, which issued the report. A copy was hand-delivered to" Ambassador Greg Schulte. The Post continues, "The IAEA openly clashed with the Bush administration on pre-war assessments of weapons of mass destruction in Iraq. Relations all but collapsed when the agency revealed that the White House had based some allegations about an Iraqi nuclear program on forged documents." The Post says the letter is "the first time the IAEA has publicly disputed U.S. allegations about its Iran investigation. The agency noted five major errors in the committee's 29-page report, which said Iran's nuclear capabilities are more advanced than either the IAEA or U.S. intelligence has shown."

Poor Domestic Refining Capabilities Make Iran Dependent Of Gasoline Imports. USA Today (9/14, Lynch, 2.27M) reports low domestic gasoline prices suggest "an abundance that couldn't be further removed from the grinding reality of Iran's oil industry. From wellhead to gas pump, Iran's fabulously endowed petroleum industry confronts debilitating political and technological headwinds." US sanctions have "starved" Iranian companies of newer technologies, and "pervasive political uncertainty" has discouraged foreign investment, creating a "shortage of domestic refining capacity" that forces Iran to import forty percent of its gasoline. USA Today says "that dependence" leaves Iran "vulnerable" to nuclear-related sanctions, but notes that any reciprocal slowdown in petroleum exports from Iran "could be a catastrophe for the global economy." While Secretary of State Condoleezza Rice "has dismissed the danger," USA Today says "others aren't so sanguine," believing Tehran would risk a confrontation to stem outside interference. In additional, "domestic political jockeying has further complicated Iran's oil field management," with President Mahmoud Ahmadinejad and Parliament having disagreed on who should manage Iran's oil industry. USA Today adds, however, "it's not all bad news. Thanks to high oil prices, government coffers are bulging: Oil export revenue for the 12 months ending in March is expected to total $49.7 billion vs. $19.4 billion four years ago," which the IMF estimates will allow Tehran to pay its $5.8 billion gasoline import bill and maintain "subsidies" on food and fertilizer.

Rice, Livni Skeptical Of Palestinian Unity Government. The Washington Post (9/14, A17, Kessler, 748K) reports Secretary Rice and Israeli Foreign Minister Tzipi Livni "reacted skeptically yesterday to a proposed unity Palestinian government that would include Hamas, saying the militant group must first renounce terrorism and accept Israel's right to exist before restrictions on international aid can be lifted." The Hamas-led Palestinian Authority "has teetered near collapse since foreign governments largely cut off aid after" Hamas' January election victory. President Mahmoud Abbas "this week reached a deal with Hamas to form a government that would empower him to negotiate with Israel -- in effect sidestepping Hamas' pledge to destroy the Jewish state. The Palestinian cabinet resigned yesterday to clear the way for a new unity government." While some world leaders "greeted the announcement as a possible breakthrough," Rice and Livni "reiterated that the new government must meet conditions that were set by the United States and its allies after the Hamas victory. 'The outcome of the process is not clear,' Rice said. 'It goes without saying that it's hard to have a partner for peace if you don't accept the right of the other partner to exist. It goes without saying that it's hard to have a process for peace if you do not

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renounce violence.'" Livni "said that Israel is still committed to helping create a Palestinian state on territory occupied by Israel. 'Stagnation is not the Israeli government policy,' she said. But she added that it is up to the Palestinians 'to meet these requirements fully and completely, and we believe that these requirements are not negotiable.'"

The New York Times (9/14, Myre, 1.21M) notes, "Palestinian cabinet members submitted their resignations Wednesday night to allow for the creation of a national unity government that is expected to include a broad range of factions." The Hamas-Fatah government "may not be in place for weeks, and it is not clear whether Western countries will be prepared to restore assistance that was halted when the militant Islamic movement Hamas came to power earlier this year." Abbas "says he plans to dismiss the government formally in the coming days, though he intends to ask Mr. Haniya to form the new government." He also said "that he would send a delegation to the United Nations General Assembly next week in an effort to restart a dialogue with Israel."

The Wall Street Journal (9/14, Corkery, 2.03M) adds Hamas and Fatah "appear headed for a shotgun wedding that has the potential to breathe life back into a peace process. But tensions being played out in towns and neighborhoods continue to smolder." The Journal says the way in which "conflicts" such as the teachers' strike "are resolved could determine whether the new unity government succeeds or fails, with major implications for Israel and the West." The Journal calls the new government "the first glimmer of progress in the Palestinian situation in months."

The AP (9/14, Gearan) notes US and Israeli "diplomats warned on Wednesday that Palestinian leaders cannot assume their proposed unity government will gain international acceptance unless they renounce terrorism and accept Israel's right to exist." Rice and Livni "responded cautiously to Palestinian efforts to resolve an eight-month political standoff that has frozen foreign aid vital to the Palestinians." Rice is quoted saying Abbas "is someone with whom we can work and with whom we are working," and reiterating, "It's hard to have a partner for peace if you don't accept the right of the other partner to exist." Livni "offered assurances that Israel wants to make headway on the stalled plan to make peace with an eventual independent Palestinian state, despite the disarray in the Palestinian territories since Hamas won parliamentary elections in January."

Economic "Collapse" In Gaza Increasing Poverty, Malnutrition. The New York Times (9/14, Erlanger, 1.21M) details individual Palestinians' efforts to survive "the economic collapse of Gaza" since January. The Palestinian Authority "has paid most of its 73,000 employees here, nearly 40 percent of Gaza's work force, only 1.5 months' salary, resulting in a severe economic depression and growing signs of malnutrition, especially among the poorest children." That "situation has worsened since Palestinian gunmen, including those from Hamas, killed two Israeli soldiers and captured a third on June 25." Many "Gazans now get only 7 to 12 hours a day of electricity, at unpredictable hours, with running water largely dependent on electric pumps," because of an Israeli airstrike on a key power station. UN Undersecretary for Humanitarian Affairs Jan Egeland "said that Gaza was 'a ticking time bomb.'" One UN group "warned Tuesday that the economy could shrink next year to the level of 15 years ago, and unemployment could rise to over 50 percent. The World Bank expects gross domestic product to decline by 27 percent this year."

Israeli Military Seeks Lessons Learned From Hezbollah's "Strategic Victory." USA Today (9/14, For, 2.27M) reports, "Israel's military has ordered a series of investigations to examine why its armed forces were unable to crush Hezbollah militants during a month of fighting in Lebanon." Hezbollah "proved a resilient foe for Israel's vaunted military," and Israeli leaders were "surprised by [their] capabilities." One analyst says the movement "achieved a strategic victory by appearing to stand up to Israel," and its leader Hassan Nasrallah "emerged as a hero in the Arab world." Now, the Israeli military "is studying the conduct of its air force, navy and ground forces to learn from possible mistakes," especially Hezbollah's "success" against Israel's "armored forces" including the Merkava tank. USA Today says Hezbollah was "equipped with Kornet and Metis anti-tank missiles supplied by Iran and Syria. The weapons don't produce a large dust ball — or 'signature' — when fired, making it hard for tank crews to see who is firing at them." More broadly, some analysts believe Prime Minister Ehud Olmert's "decision to send the ground troops into Lebanon came too late into the war." Also, an intelligence expert said "the orders the forces received from their commanders in Israel were confusing, and were sometimes changed on an hourly basis. In some cases, brigades on the ground in Lebanon were told to begin advancing and then as they did they received orders telling them to stop."

Fourth Damascus Embassy Attacker Dies From Wounds. The New York Times (9/14, Smith, 1.21M) reports, "The sole survivor of the four-man team that attacked the American embassy here Tuesday died of his wounds without being questioned." Syrian media said his "death left Syrian authorities with only the physical evidence to piece together the origins and motivations of the attack. The country said all four men were Syrian citizens. It gave no other details and both the Syrian government and the United States embassy [in Damascus] declined to comment on the investigation." Syrian claims that the assailant died before speaking to authorities "appeared to contradict comments from the State Department late Tuesday, which said that the

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man was cooperating with Syrian authorities." The Times says Damascus "was quick to emphasize its security forces' role in foiling the assault before the attackers could break into the embassy compound. The country appeared eager to use the incident as an opening for improving Syria's already poor relations with the United States." The AP (9/14, Mroue) adds, "The bold attack on the U.S. Embassy has thrown new light on what President Bashar Assad calls the growing threat in Syria from Islamic extremists. But some critics say the regime is exaggerating the problem for its own political gain."

Rebel Commanders May Abandon Darfur Pact. The Washington Post (9/14, A14, Timberg, 748K) reports commanders "from the only rebel group that signed a peace accord in May for Sudan's Darfur region are prepared to resume fighting if African Union peacekeeping troops leave as scheduled at month's end and are not replaced by a United Nations force, according to more than a dozen senior rebel officials interviewed Wednesday. Rebel commanders predicted that such a resumption of combat would spell the end of Darfur's tattered peace agreement and quickly escalate fighting to an intensity not seen since the early days of the conflict in 2003 and 2004."

LATimes Urges Schwarzenegger To Sign Pension Divestment Bill. The Los Angeles Times (9/14, 918K) editorializes, "The goons who run Sudan have proved deaf to appeals from the Western world that they stop slaughtering tribespeople in Darfur. … The best response, short of intervention, is to hit them harder in a place that will really hurt: their wallets. The state of California is poised to do just that. On Gov. Arnold Schwarzenegger's desk is a bill patterned on a divestment program approved this year by the University of California. It directs the boards of the two large state retirement funds to identify companies in their investment portfolios that do significant business with the government of Sudan or sell it the weapons used to cut a bloody swath through Darfur. The boards then must notify these companies that they have 90 days to end their involvement with Sudan. If they don't, or fail to respond, the pension funds must divest. … That might be enough to make Khartoum, and the Chinese interests that do business there, stand up and take notice."

Paulson Calls On China To Implement Economic Reforms. Treasury Secretary Hank Paulson has called on China to implement a range of economic reforms. The AP (9/14, Crutsinger) reports that Paulson "let it be known that the Bush administration would firmly oppose any efforts by Congress to erect trade barriers in response to America's large and growing trade deficit with China, which last year hit a record $202 billion. 'Protectionist policies do not work and the collateral damage from these policies is high,' he said Wednesday in a speech in Treasury's ornate Cash Room. 'We will not heed the siren songs of protectionism and isolationism.'" The AP adds that Paulson "sought to lower expectations that he will achieve any major breakthroughs when he visits Beijing for two days of talks with Chinese officials next week."

The New York Times (9/14, Weisman, 1.21M) reports that Paulson issued "the Administration's toughest warning yet to China on economic issues," saying that Chinese leaders "were imperiling their nation's future by engaging in policies that Americans and others see as unfair."

The Washington Post (9/14, D1, Blustein, 748K) reports that Paulson said Beijing "must take steps to combat piracy of patented products, shift its economy away from dependence on exports and toward greater consumer spending, and open its financial system to foreign competition. As for the currency issue, he called it one of 'several critical, immediate challenges' that China faces."

USA Today (9/14, Lynch, 2.27M) reports that Paulson "gave a forceful defense of the benefits of trade even as he issued a tough warning to China…that it faced 'peril' unless it enacted further economic reforms." USA adds that "in a passage that won quick praise from China's critics, he warned Beijing that keeping its currency virtually fixed in value against the US dollar invites a political backlash." USA also reports, "Much of Paulson's address Wednesday could only have been welcomed by the Chinese, who explain their failure to more quickly adjust currency policy by citing the danger of undermining job growth."

In an interview with the Financial Times (9/14, Guha), Paulson said he wanted "to 'strike a balance' between tackling pressing short-term issues while maintaining a strategic perspective on China's emergence as a leading player in the global economy. 'We have a common interest,' he said, arguing that many of the steps the US wanted China to take were in its own best interest." Paulson added that the US "looked to China to be its 'co-operative partner' in reviving the Doha trade talks. Officials said Mr Paulson would push hard on Doha in meetings with world finance ministers in Singapore later this week."

The Wall Street Journal (9/14, Solomon, 2.03M) reports that Paulson also expressed concern about China's "energy consumption and its environmental record." Paulson "devoted several minutes to China's 'severe environmental hazards' and the need for that country, along with the US, to reduce dependence on foreign oil from unstable regions. 'China's severe environmental hazards not only are harming the health of its people and ecosystems, they are also harming China's long-term economic potential,' he said, a week before heading to China. 'Economic development without regard for environmental protection is not sustainable.'"

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Bombings Fail To Spark Hindu-Muslim Riots In India. The Christian Science Monitor (9/14, Sappenfield, 58K) reports that immediately after last week's bombings outside a mosque in Malegaon, India, the city's Muslim leaders gathered to discuss what to do. The Monitor says that before police arrived to investigate the bombings, "the imams had made a choice. They used the loudspeakers of their mosques to spread a blanket of audible calm over the frayed city, imploring patience and forbearance. And for the second time in two months, a bombing apparently designed to ignite Hindu-Muslim riots failed. For a nation whose past has lurched from one riot to another, the response to this summer's bombings in Malegaon and Mumbai (Bombay) is no small shift, suggesting that - at least for the moment - the forces of calm are eclipsing those that would sow chaos."

Blair Criticizes Anti-American "Madness" In Europe. British Prime Minister criticized European leaders for their "anti-American 'madness'" and urged a rethinking of strategy to defeat terrorism. AFP (9/14) reports that in a 37-page document, Blair argued that none of the world's most pressing problems "could be fixed 'or even contemplated' without US involvement." Blair "urged the international community to unite around a shared set of values, tackling climate change and trade justice as well as extremist terrorism in the pamphlet 'A Global Alliance For Global Values' for the Foreign Policy Centre, a Blairite think tank."

Ros-Lehtinen Says US Must Not Waiver In Its Mission To Overcome Fanatics. Rep. Ileana Ros-Lehtinen, who serves as co-chair of the Congressional United Kingdom Caucus, writes in the Washington Times (9/14, 88K) that that during her administration, former British Prime Minister Margaret Thatcher and President Ronald Reagan "led the free world to vanquish the tyranny of our Cold War enemies. Establishment of the [Margaret Thatcher Center for Freedom] in the US is an outstanding occasion to reflect on how together the United States, Britain and our freedom-loving allies defeated a common enemy." In doing so, "we can gain a better understanding of the nature of the threat we face today and the commitment that is necessary in our current struggle against Islamic fascism." Ros-Lehtinen adds, "Lady Thatcher recently said in a statement released during her visit accompanying President Bush and the first lady at the September 11 remembrance ceremony: 'That heinous attack on America was an attack on us all.' … We must be encouraged by and continue to learn from the successes with which we have collaboratively thwarted events like the foiled air plot, and must not waiver in our collective mission to overcome the fanatics. Our very survival depends on it."

Wolfowitz's Anti-Corruption Drive Sparks Backlash At World Bank. World Bank President Paul Wolfowtiz has made the fight against corruption in poor countries a hallmark issue during the first 15 months of his presidency. The New York Times (9/14, Weisman, 1.21M) reports that Wolfowitz has waged "an aggressive campaign that has led to the suspension of hundreds of millions of dollars in loans and contracts to nations including India, Chad, Kenya, Congo, Ethiopia and Bangladesh." The Times adds, "In recent months, however, his campaign has run into a host of critics, both at the bank and among financial officials outside the United States, who say that developing countries are being threatened with arbitrary punishment in a way that jeopardizes the bank's longtime mission to reduce poverty. Few here at the World Bank dispute the idea that corruption is a serious problem, but the rift over Mr. Wolfowitz's approach has grown deep and bitter, according to more than a dozen bank officials interviewed recently. The backlash at the bank against Mr. Wolfowitz's approach centers not on his intentions or goals, but on a widespread fear that countries will be categorized in the future as corrupt or not corrupt, and that lending will be shut off in a selective way."

Philanthropists Pledge $250 Million to Fight Poverty In Africa. ABC World News (9/13, story 8, 2:35, Gibson) reported, "Three philanthropists announced some extraordinary gifts today to fight extreme poverty in Africa. The Rockefeller and the Bill and Melinda Gates Foundations pledged $150 million to improve farming. And George Soros has pledged $100 million to help Africa's most-desperate communities. What is so striking is how much the money can do and how far it can go."

Kondracke Says Rice, Hughes Making Headway In Fight For Overseas Opinion. In his column in Roll Call (9/14), Morton Kondracke says Clinton Administration perceptions of "ideological struggle" as "passé" led to the "folding" of the United States Information Agency into the State Department, "where public diplomacy was a backwater." However, a "spirit" of public diplomacy "is back in the person of Karen Hughes." Critics "are laughing at the idea of a presidential crony, an alleged foreign policy naïf, trying to combat an international adversary with images — in this case, fighting terrorists by visiting with Muslim women and getting the president to talk respectfully about Islam." Hughes "has the president's ear. She has energy. She understands that what people overseas think is a vital part of foreign policy. She's TV-savvy, and she's launched a stream of initiatives designed to improve America's position in what Bush calls 'the great ideological struggle of the 21st century.'" Kondracke notes, "In a controversial move within the administration, Hughes and Secretary of State Condoleezza Rice seem to have persuaded Bush -- temporarily, at least -- to drop the label 'Islamic-fascism' from his speeches;

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diplomats say that Muslims hear it as an attack on their religion, thereby validating the extremists' false charge that the U.S. is at war with Islam." He says she "is serving as the nation's top propagandist at a time when enemy ideology is ascendant in the world." When Kondracke "asked Hughes whether she thought the US was losing the ideological war, she said, 'I'm an optimistic person. I think we have a long way to go. We have a lot more to do.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Death Toll Soars In Baghdad."
"Massive Backlog Plagues DNA Lab."
"No Dearth Of Births In This Town."
"A Change In Fortunes For O.C. Performing Arts."
"Mao Is Their Canvas."
"On Eve Of A Vote, GOP On Both Sides Of Fence."

USA Today:
"Election Glitches 'Could Get Ugly.'"
"Cost May Kill Travel Program."
"Offshore Tax Shelters Not Just For The Rich."

New York Times:
"Panel In Senate Backs Bush Plan For Monitoring."
"Interior Official Assails Agency For Ethics Slide."
"As Gaza Parents Go Unpaid, Children Go Hungry."
"Philanthropy Google's Way: Not The Usual."
"Despite Pledges, Congress Clings To Pet Projects."
"First Through Gates Of Ellis I., She Was Lost. Now She's Found."

Washington Post:
"Fenty Sets Transition Agenda."
"For 1st Woman With Bionic Arm, A New Life Is Within Reach."
"Silicon Valley's Golden Past Tarnished By Latest Probes."
"Nearly 100 Killed In Baghdad During 24 Brutal Hours."

Washington Times:
"House Approves Praise Of 9/11 Measures."
"Cardin Ready To Face Steele."
"Seoul Backs Censure Of North."
"Long-Nosed Bats Evict A Covey Of Aliens."
"'Vanity-Sizing' A Perfect Fit For Women's Egos."
"An Apology To Slaves – From The Catchers."

Detroit Free Press:
"Big Relief, But…"
"Year Into Job, Key Leader To Quit Ford."
"Delayed School Start Gives Boost To State Tourism."

Atlanta Journal-Constitution:
"Can You Name That Done?"
"Shooter Kills 1, Injures 19 In Montreal."
"Taliban Nightmares."
"Nurses Fear Setback In Prescription Power."
"It's Her Prerogative Whitney Seeks Divorce."

Houston Chronicle:
"New Rules For Greater Auto Safety."
"Groundbreaking Politician Ann Richards Dies At 73."
"Oil Lease Blunder Hidden 6 Years."
"Odds Of Dodging Space Debris On NASA's Side."
"Labor Leaders Fuming Over Texas Prison Plan."

Story Lineup From Last Night's Network News:
ABC: Electronic Stability Control; Western Wildfires; Canada-College Shooting; Iraq-Sectarian Violence; Iraq's First Responders; Campaign Primary Results; Gas Prices; Ending Poverty In Africa; Lonelygirl115; Survivor Show Controversy.
CBS: Sectarian Violence-Iraq; Shooting At Canada College Shooting; Western Wildfires; El Nino's Return; Ford Lay Off; Electronic Stability Control; Wal-Mart CEO Interview; Bob Schieffer; Opinion; Child Obesity; Vitamin D Finding A Football Story.
NBC: Canada-College Shooting; Shooting Update; Taliban-Missed Opportunity; Afghanistan-Rules Of Engagement; Iraq-Sectarian Violence; Bush Approval; Western Wildfires; Electronic Stability Control; Child Obesity; NASA-Arctic Ice; Lonelygirl115.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Richards Obit; Canada-College Shooting; Bush-War Crimes Definition; Hurricane Gordon; Tropical Storm Helene.
CBS: Richards Obit; Iraq-Sectarian Violence; Canada-College Shootings; Detroit Teachers' Strike Resolved; Wall Street.
NPR: Richards Obit; Annan-Iraq War; Navy Chaplain Convicted; Space Shuttle Mission-Software Glitch; Report-Land Mines; Plame Sues Armitage.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Remarks to House Republican Conference, Room HC-5, Capitol. Note: No comments expected. Stakeout in the Center Steps Hallway; meets with President of South Korea, Oval Office; attends dinner in honor of the Thelonious Monk Institute of Jazz, State Dining Room, White House (Closed press); attends performance, East Room, White House. (Pool coverage/network taping.)

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VICE PRESIDENT CHENEY — Arrives at Los Angeles International Airport.

US Senate: 9:30 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on the British system of catching terrorists versus the U.S. system. Judge Richard Posner, 7th U.S. Circuit Court of Appeals; John Yoo, University of California-Berkeley; Tom Parker, formerly of the British Secret Service. Location: Room 192, Dirksen.

9:30 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing to review technical challenges of both nuclear waste recycling and advanced reactor technologies. Dennis Spurgeon, assistant secretary of Energy; Alan Hanson, executive vice president, Technology and Used-Fuel Management, AREVA NC; Kelly Fletcher, GE Global Research; Matthew Bunn, Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University. Location: Room 138, Dirksen.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Clean Air, Climate Change and Nuclear Safety Subcommittee. Oversight hearing on the NRC, nuclear waste legislation and appropriations. With Edward Sproat, III, Director, Civilian Radioactive Waste Management, DOE: Shane Johnson, Principal Deputy Assistant Secretary DOE; Louis Reyes, Nuclear Regulatory Commission; Adm. Frank L. ``Skip'' Bowman, Nuclear Energy Institute; Victor Gilinsky, independent energy consultant. Location: Room 406, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on nomination of Carl Joseph Artman to be Assistant Interior Secretary for Indian Affairs. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending business. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on predatory lending practices directed at armed forces members and their families. David S. Chu, undersecretary of Defense for personnel and readiness; Charles S. Abbot, president and CEO, Navy-Marine Corps Relief Society; William O. Brown Jr., University of North Carolina; Lynn Drysdale, Jacksonville Area Legal Aid; Hilary B. Miller, Payday Loan Bar Association; Christopher L. Peterson, University of Florida. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on rural air service. Michael Reynolds, Deputy Assistant Secretary for Aviation, DOT; Gerald Dillingham, Director of Civil Aviation Issues, GAO; Faye Malarkey, Vice President of Legislative Affairs, Regional Airline Association; John Torgerson, Deputy Commissioner of Aviation, Alaska Department of Transportation and Public Facilities; Doug Kaercher, Hill County Commissioner, National Association of Counties. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on pending nominations. Location: Room 628, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on senior suicides. David C. Steffens, Duke University Medical Center; Christopher C. Colenda, dean of medicine, Texas A&M Medical School; Oregon State Epidemologist Mel Kohn; David Shern, president and CEO, National Mental Health Association; Art Walaszek, University of Wisconsin School of Medicine and Public Health. Location: Room 562, Dirksen.

10:30 a.m. ARMED SERVICES _ Full Committee. Closed markup of detainee legislation. Location: Room 222, Russell. Notes: Stakeout after meeting. Setup at 9:30 a.m.

10:30 a.m. HEALTH EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on employment-based permanent immigration. Charles Beach, Queen's University, Ontario, Canada; George Borjas, Kennedy School of Government, Harvard University; Douglas Massey, Princeton University; Alan Tonelson, U.S. Business and Industry Council Educational Foundation. Location: Room 430, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on spending for conferences within federal agencies. Lisa Fiely, CFO, USAID; Nina Rose Hatfield, deputy assistant secretary of the Interior; Lee Lofthus, acting assistant attorney general; Michell Clark, assistant secretary of Education; Ed Hugler, deputy assistant secretary of Labor; Clarence C. Crawford, CFO, OPM; Eugene Schied, deputy chief financial officer, DHS; Jeffery K. Nulf, deputy assistant secretary of Commerce; Richard Holcomb, deputy chief financial officer, Treasury Department; Charles R. Christopherson Jr., CFO, Department of Agriculture. Location: Room 342, Dirksen.

2:30 p.m. INTELLIGENCE _ Full Committee. Closed hearing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 2965 - Federal Prison Industries Competition in Contracting Act. H.Res. ___ - Providing for Earmarking Reform in the House of Representatives.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on global trouble spots. Location: Room H-405, Capitol.

10 a.m. AGRICULTURE _ General Farm Commodities and Risk Management Subcommittee. Hearing on federal farm policy with former Agriculture secretaries John Block, Clayton Yeuter and Dan Glickman. Location: Room 1300, Longworth.

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10 a.m. GOVERNMENT REFORM _ Full Committee. Part two of a hearing on the ``cultural of managerial irresponsibility and lack of accountability" at the Interior Department, with Deputy Interior Secretary Lynn Scarlett; Minerals Management Service Director Johnnie Burton. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Closed briefing on the recent plot to blow up airliners bound for the U.S. from England. Location: Room H2-176, Ford.

10 a.m. INTERNATIONAL RELATIONS _ Subcommittee on the Middle East and Central Asia. Hearing on ``Is There a Clash of Civilizations? Islam, Democracy, and U.S.- Middle East and Central Asia Policy. Washington Institute for Near East Policy; Center for Islam, Democracy and the Future of the Muslim World, The Hudson Institute; Council on Foreign Relations, others. Location: Room 2200, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on pending legislation. With Rep. Shelley Berkley, D-Nev.; Rep. Mark Steven Kirk, R-Ill.;Charles Wooley, Great Lakes-Big Rivers Region, Fish and Wildlife Service; Eric Alvarez, Realty National Wildlife Refuge System, Fish and Wildlife Service; Lawrence Weekly, councilman, City of Las Vegas; Gerry Barnhart, Division of Fish, Wildlife and Marine Resources, New York; Michigan United Conservation Clubs, others. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Oversight hearing on the mission performance of the Coast Guard. Rear Admiral Joseph L. Nimmich, Assistant Commandant for Policy & Planning, U.S. Coast Guard; Edward Stulginsky, Deputy Assistant Inspector General for Audits, Department of Homeland Security. Location: Room 2167, Rayburn.

10:30 a.m. ADMINISTRATION _ Full Committee Markup. HR 4844 Federal Election Integrity Act of 2006. Location: Room 1310, Longworth.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Japan's relations with surrounding nations. Michael J. Green, Georgetown University; Mindy Kotler, Asia Policy Point; Kurt Campbell, Center for Strategic and International Studies; Yuki Tatsumi, The Henry L. Stimson Center. Location: Room 2172, Rayburn.

11 a.m. FINANCIAL SERVICES _ Subcommittee on Financial Institutions and Consumer Credit. Hearing on real estate regulatory proposals and the domestic banking system. Susan Schmidt Bies, Federal Reserve Board of Governors; Sheila Bair, Federal Deposit Insurance Corporation; John Dugan, Comptroller, Office of the Comptroller of the Currency; John Reich, Director, Office of Thrift Supervision; Securities and Exchange Commission; Conference of State Bank Supervisors; American Bankers Association; Real Capital Analytics, others. Location: Room 2128, Rayburn.

11:30 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on H.R. 5120 - amending the law dealing with filing provisions within the Patent and Trademark Office. Jon W. Dudas, undersecretary of Commerce for intellectual property; Clive Meanwell, CEO, The Medicines Co., Parsippany, N.J.; Kathleen D. Jaeger, president and CEO, Generic Pharmaceutical Association; John R. Thomas, Georgetown University Law Center. Location: Room 2141, Rayburn.

1 p.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on pending legislation. With had Calvert, principal deputy assistant secretary of the Interior for land and minerals management; Joel Holtrop, National Forest System; Alan Gardner, commissioner, Washington County;Wilderness Society; Colorado State Parks, others. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Markup of pending legislation, including two bills dealing with dam safety. Location: Room 2167, Rayburn.

1:30 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce Subcommittee. Hearing on the transformation of the FBI. Director Robert Mueller, former Attorney General Richard Thornburgh, Justice Department Inspector General Glenn Fine, and Al Cumming and Todd Masse of CRS. Location: Room 2359, Rayburn.

2 p.m. HOMELAND SECURITY _ Subcommittee on Prevention of Nuclear and Biological Attack. Hearing on ``The Science of Attack Prevention." With John Marburger, Director of Science and Technology Policy, Office of the President; Homeland Security Under Secretary Jay Cohen and Domestic Nuclear Detection Office Director Vayl Oxford; Ronald Atlas, American Society of Microbiology, others. Location: Room 1311, Longworth.

2 p.m. JUDICIARY _ Constitution subcommittee. Hearing on DC voting rights. With Jon Huntsman, Governor of Utah; John Fortier, American Enterprise Institute; Adam H. Charnes, Attorney, Kilpatrick Stockton LLP; Professor Jonathan Turley, GWU Law School. Location: Room 2141, Rayburn.

2 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on the future of human intelligence gathering at the Defense Department. Location: Room H-405, Capitol.

Other: ISRAELI FOREIGN MINISTER TZIPI LIVNI _ Highlights: Meets with Jewish members of Congress, foolowed by a session with Sen. Richard Lugar and the Foreign Relations Committee, Sen. John McCain, Rep.

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Nancy Pelosi, Sens Daniel Inouye and Ted Stevens (joint), and Vice President Cheney.

MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences. Highlights: 9 a.m. Welcome and Keynote Address, ``Deficit Reduction Act of 2005: A Federal Perspective," with Karen Ignagni, President and Chief Executive Officer, America's Health Insurance Plans; Leslie V. Norwalk, Esq., Deputy Administrator, Centers for Medicare and Medicaid Services. 10:15 a.m. ``State Efforts to Bring Consumer-directed Health Care to Medicaid," with Thomas W. Arnold, Deputy Secretary for Medicaid, Florida Agency for Health Care Administration; Robert M. Kerr, Director of Medicaid, South Carolina Department of Health and Human Services; Sara Rosenbaum, JD, Hirsh Professor and Chair, Department of Health Policy, George Washington University. Location: Capital Hilton, 16th and K Sts. NW.

FOOD POLICY _ The Consumer Federation of America holds its 29th annual National Food Policy Conference. Highlights: 9:30 a.m. Sen. Lisa Murkowski discusses congressional responses to improve childhood nutrition. 1:30 p.m. Sen. Saxby Chambliss discusses agriculture policy and the 2007 Farm Bill. 2 p.m. Panel discussion on food marketing to children. Location: National Press Club.

CHINA _ 8:30 a.m. - 2:30 p.m. The US-China Economic and Security Review Commission holds a hearing on China's proliferation to North Korea and Iran and its role in addressing the nuclear and missile situations in both nations. Location: Room 385, Russell.

SUPREME COURT _ 10:30 a.m. - 7 p.m. The Cato Institute holds a symposium on the Supreme Court's last term and the upcoming October term. Highlights: 5 p.m. Lecture with Chief Judge Danny Boggs of the 6th U.S. Circuit Court of Appeals. Location: Hayek Auditorium, 1000 Massachusetts Ave. NW.

RURAL SCHOOLS _ 9 a.m. Members of Congress, local government officials, the National Forest Counties and Schools Coalition, and others hold news conference on need to reauthorize the Secure Rural Schools and Community Determination Act. Location: Cannon Terrace.

WORLD TRADE-CROWDER _ 9 a.m. US chief agricultural negotiator Dick Crowder discusses the Doha Round negotiations at Washington International Trade Association event. Location: Hotel Washington, 515 15th St. NW.

ABORTION BILL _ 10 a.m. Pro-choice and pro-life Democrats unveil bill to reduce number of abortions in America and provide support to new parents to strengthen families. Reps. Tim Ryan, Rosa DeLauro, Rahm Emanuel, and others will speak. Location: HC-9, US Capitol.

MEDICARE SURVEY _ 10 a.m. The Medicare Rx Education Network releases results of new poll about Medicare Part D prescription drug coverage. Beneficiaries will share their personal experiences with the program. Former U.S. Sen. John Breaux of the Medicare Rx Education Network will speak. Location: Grand Hyatt Hotel, 1000 H St. NW. Notes: To dial-in, call 888-202-2422; passcode 8507684.

RYAN WHITE _ 10 a.m. The National Minority Health Month Foundation, Sens. Richard Burr, Tom Coburn and Jeff Sessions, others, hold a news conference to call for the immediate modernization of the Ryan White CARE Act. Location: Room 188, Russell.

CONGRESS-BUSH-NATIONAL SECURITY _ 10:30 a.m. Reps. King, Pryce, Hoekstra, Hunter et al on discussions with the president on issue of national security. Notes: Time approximate. Stakeout on ctr. steps. ocation: US Capitol steps.

IRAN-US _ 10:30 a.m. The New America Foundation holds a forum on U.S. strategy toward Iran. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

MODERN MILITARY TRAINING _ 10:30 a.m. Saban Center and 21st Century Defense Initiative hold briefing on ``Transforming Military Training." Participants include Lt. Gen. David Petraeus, commanding general, US Army Combined Arms Center and Ft. Leavenworth. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

ANONYMOUS SENATE HOLDS _ 10:45 a.m. Sens. Ron Wyden, Chuck Grassley, Trent Lott and Chris Dodd announce a new offensive against the Senates practice of secret holds, under which a single Senator can block legislation or a nominee without revealing his or her identity. Location: Senate Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

ALL-VOLUNTEER MILITARY _ 11 a.m. Media briefing on new RAND book on the `` Evolution of the All-Volunteer Force, touted as the most detailed examination ever conducted of the all-volunteer military. Author Bernard Rostker, former Under Secretary of Defense for Personnel and Readiness, will speak. Location: Rand Corp., 1200 S. Hayes St., Arlington, VA.

BAUCUS-EDUCATION _ 11 a.m. Sen. Max Baucus, D-Mont., ranking member of the Senate Finance Committee holds news conference to offer several proposals, including full college scholarships to students who commit to study and work in math, science, and engineering; put the country on the road to universal pre-kindergarten; and to full complement of tax incentives to support education. Location: Room 215, Dirksen.

GUANTANAMO DETAINEES-ATTORNEYS _ 11 a.m. News conference with former Guantanamo detainees, family members of current detainees, and their attorneys. They'll discuss pending legislation. Participants include: Joshua Colangelo-Bryan, Attorney for Jumah Al Dossari; Carolyn

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Welshhans, Attorney for Hafizullah Shabaz Khail; former detainees and families. Location: Jenner & Block LLP, 601 Thirteenth Street, NW.

STEM CELLS _ 11:15 a.m. Rep. Mike Castle addresses Federal Agency Employees and Corporate Executives with the Brookings Institution to discuss Stem Cell Research and the road ahead in the wake of the July Presidential veto of H.R. 810, the Stem Cell Research Enhancement Act, which Castle authored and sponsored. Location: Room B-354, Rayburn.

FRAUD/ABUSE AWARD _ 11:30 a.m. Reps. Cardoza, Ross et al hold news conference on the Truth Squad's ``Golden Drain" award for waste, fraud or abuse. Location: HC-9, US Capitol.

HASTERT-KACZYNSKI _ 11:30 a.m. House Speaker Hastert has photo opportunity with the Prime Minister of Poland, Jaroslaw Kaczynski. Location: H-230, U.S. Capitol.

SENATE-STRATEGY ON TRADE _ 11:30 a.m. Sens. Byron Dorgan and Russ Feingold announce introduction of bill to put in place new national trade strategy aiming to reduce US trade deficit. Location: Senate Radio-TV Gallery.

ECONOMY-DAN SICHEL _ 12 p.m. Dan Sichel of the Federal Reserve Board speaks on ``Intangible Capital and Economic Growth." Location: Chinatown Garden Restaurant, 618 H St. NW.

STATE DEPT-SOUTH ASIA _ 12 p.m. Richard Boucher, assistant secretary of State of the Bureau of South and Central Asian Affairs, addresses the Johns Hopkins Paul H. Nitze School of Advanced International Studies. He'll speak on ``U.S. Foreign Policy Toward South Asia. Location: Rome Building, 1619 Massachusetts Ave., N.W.

BAHRAIN _ 12:30 p.m. Inaugural meeting of the U.S.-Bahrain Business Council, with Sheikh Mohammed bin Isa Al-Khalifa, CEO of the Economic Development Board of Bahrain and Deputy Commerce Secretary David Sampson. Location: US Chamber of Commerce.

INTERNET SECURITY _ 12:30 p.m. Network Solutions holds a press lunch to discuss upcoming decisions regarding the future of the .com Internet domain registry operation, especially regarding security concerns over the proposed .com agreement. Location: Freedom Technologies, 4th floor, 1317 F St. NW.

LAZEAR _ 12:30 p.m. Council of Economic Advisers Chairman Edward Lazear speaks at the Tax Policy and the Economy conference sponsored by the National Bureau of Economic Research. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

PELOSI-RANGEL-SOCIAL SECURITY _ 12:30 p.m. House Democratic Leader Nancy Pelosi and Rep. Charles Rangel hold teleconference responding to President Bush's recent remarks that he will revisit Social Security privatization in 2007. Contacts: Brendan Daly, 202-226-7616. Notes: Call 888-913-9971; Passcode: Security. For security reasons, the passcode and the call leader's name (Andrew Stoddard) will be required to join the call.

BORDER SECURITY _ 1 p.m. House Speaker Hastert, GOP leaders hold media availability on border security. Location: House Radio/TV Gallery.

VIETNAM _ 1:30 p.m. The Congressional Human Rights Caucus holds a briefing on the status of human rights in Vietnam. Location: Room 124, Dirksen.

DEMOCRATS-ENERGY _ 2 p.m. Democratic Sens. Debbie Stabenow, Hillary Rodham Clinton, and Maria Cantwell will join Dan Seligman, National Campaign Director for the Apollo Alliance, for a press conference call to discuss a new report which shows the massive job creation effects of Senate Democrats landmark alternative energy legislation, the Clean EDGE Act. Contacts: Jim Manley, 202-224-2939. Notes: Callin number: 866-909-2663; passcode: 2980597.

FUNDING ACCOUNTABILITY _ 2 p.m. House Majority Whip Roy Blunt, Sens. Tom Coburn and Barack Obama, and Rep. Tom Davis join OMB's Deputy Director for Management Clay Johnson to pledge immediate action to implement the grants and contracts database included in the Federal Funding Accountability and Transparency Act. Location: Room HC-7, Capitol.

FARMERS-DISASTERS _ 2:15 p.m. Rep. Jerry Moran and Sen. John Thune hold an event with members of Congress and agricultural organizations to highlight the need for disaster assistance for farmers and ranchers. Location: Cannon Terrace.

TOTALITARIAN REGIMES _ 2:30 p.m. Sens. Rick Santorum and Mel Martinez hold a news conference with others to discuss the relationship among Fidel Casatro, Hugo Chavez and Mahmoud Ahmadinejad. Location: Room S-243, Capitol.

CASEY _ 3 p.m. Robert Casey, Democratic candidate for the U.S. Senate from Pennsylvania, discusses, ``Restoring America's Moral Compass: Leadership and the Common Good." Location: Columbus School of Law, Catholic University.

DEMOCRACY _ 3 p.m. The Heritage Foundation holds a program, ``The Rise of Democracy: A Force of Enduring global Peace," with Yu Shyi-kun, Chairman, Democratic Progressive Party of Taiwan. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

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TERRORISM NEWS:

White House, Senators Bicker Over How To Try Terror Suspects (MCT)

By Margaret Talev And James Rosen

McClatchy Newspapers, September 14, 2006

WASHINGTON - President Bush and trio of influential Republican senators appeared headed for a showdown Thursday as they suspended talks on legislation outlining how to try suspected terrorists.

Senate Armed Services Committee Chairman John Warner, R-Va., announced that his panel will meet behind closed doors Thursday to consider legislation that he's sponsoring along with Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz. It is opposed by the White House and favored by most Senate Democrats.

Their bill aims to set new rules for military commissions that try detainees; the Bush administration's current approach was invalidated by a June Supreme Court ruling. The administration prefers a competing proposal much like the one the court struck down that's moving through the House of Representatives and is supported by some Senate Republicans.

The biggest point in dispute centers on how to meet U.S. obligations for humane treatment of detainees under the international Geneva Conventions, so that military personnel and intelligence agents who handle detainees will not face potential prosecution for war crimes.

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The administration version would give near-blanket legal protection to U.S. officials. The senators insist on setting specific standards governing treatment of detainees to make U.S. law consistent with international law governing treatment of prisoners.

The senators say that the White House proposal gives the impression that the United States is retreating from its treaty commitments, gives the CIA too broad an immunity and sends a message to other nations at war that they can make their own rules.

At an afternoon news conference with Warner and McCain, Graham denounced the White House version in no uncertain terms.

"This whole thing has been just one mess after another," he said. "It started with Abu Ghraib. How many more times do we need to create legislation that's defective, that's going to confuse people, that's got not a snowball's chance in hell of passing Supreme Court muster?" said Graham, a military lawyer.

"Now are we going to start being the first country in the world that changes the Geneva Conventions so the secret police programs of those nations will be OK? I mean, look how that would unravel.

"Every senator and congressman should understand, this is not about November 2006, this is not about your reelection. It's about those who take risks to defend America," said Graham.

Two hours later, in an unusual move that signaled the high stakes at play, intelligence czar John Negroponte held an evening telephone conference call with invited reporters, saying that the senators' legislation would bring his operation to its knees.

"This will not allow for the CIA's high-value terrorist detention program . . . to go forward," Negroponte said. While President Bush said earlier this month that all captives held under the program have been transferred to military custody at Guantanamo Bay, Cuba, he also made clear that his administration believes the CIA detainee program is essential to the war on terror and they want license to continue it.

He said the senators' bill fails to clarify U.S. obligations under the Geneva Conventions, which he said have vague standards about "cruel, inhumane or degrading" treatment of detainees in U.S. custody.

"Regrettably, the draft legislation that is before the Senate Armed Services Committee at the moment doesn't offer the kind of clarity and clarification that we believe is necessary with regard to these international obligations of ours," Negroponte said.

A senior intelligence official speaking on condition of anonymity said the Bush administration is concerned about protecting CIA interrogators from criminal or civil lawsuits.

"You're putting an additional burden on these people who should be worried about getting critical intelligence to protect America," the official said.

The developments Wednesday followed days of unsuccessful efforts to find middle ground, although both sides have said they thought compromises were within reach on terms of sharing evidence with the accused and on admissibility of hearsay evidence before military tribunals, two early sticking points. Last week top military lawyers, breaking with the administration, said it was imperative defendants hear evidence brought against them.

Warner said he still hopes an agreement can be reached.

Panel In Senate Backs Bush Plan For Eavesdropping (NYT)

By Eric Lichtblau And Kate Zernike

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — The White House took a critical step on Wednesday in its effort to get Congressional blessing for President Bush's domestic eavesdropping program, but it ran into increasingly fierce resistance from leading Republicans over its plan to try terror suspects being held in Guantánamo Bay, Cuba.

The mixed results signaled the tough road the White House faces in trying to sell the two key planks in its national security agenda to sometimes skeptical Congressional Republicans less than two months before the midterm elections.

Democrats have allowed Republicans to fight among themselves over the issues, and appear willing to allow the issues to come to a vote rather than risk charges of political obstructionism in an election season.

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The White House has turned its focus to Capitol Hill as part of a broad push to shift the public debate toward national security and away from Iraq. After kicking off the campaign in a series of recent speeches, Mr. Bush is scheduled to visit Capitol Hill on Thursday morning to rally support for his proposals.

On the domestic eavesdropping program, strong White House lobbying began to pay dividends on Wednesday as the Senate Judiciary Committee approved on a party-line vote two legislative approaches favored by the White House, along with a third the Bush administration opposes. The program would allow the National Security Agency to eavesdrop without a warrant on the international phone calls and e-mail of people in the United States.

But negotiations between Capitol Hill and the White House broke down as three Republican senators crucial to passage of the legislation hardened their stance against a White House plan that would reinterpret a main provision of the Geneva Conventions.

Senator John W. Warner, Republican of Virginia, the chairman of the Armed Services Committee, said the committee would vote Thursday in a closed session on an alternative that he and his two chief allies — Senators Lindsey Graham of South Carolina and John McCain of Arizona — have championed, even if the White House refuses to go along with them. The senators have said changes to the American interpretation of the provision of the Geneva Conventions, known as Common Article 3, would undermine the nation's international credibility and open the way for other countries to treat captured American troops at their whim.

"This is not about November 2006. It is not about your election. It is about those who take risks to defend America," Mr. Graham said.

The administration pushed back, convening a conference call in which John D. Negroponte, the director of national intelligence, described the Senate alternative as unacceptable. Mr. Negroponte said the plan would impose intolerable limits on any interrogation methods American intelligence officers might use against future terror suspects held by the Central Intelligence Agency in secret overseas prisons.

Dan Bartlett, a senior aide to Mr. Bush, said the dispute with the Senate Republicans "may require us to go our different ways for now and try to come back in conference."

The House appears on track to endorse the White House proposal, with the House Armed Services Committee voting overwhelmingly on Wednesday in favor of a bill that looks much like the president's.

The White House political strategy in the past week has been twofold: first, putting Mr. Bush in the public spotlight with a string of national security speeches, and now, trying to put Democrats in a box by forcing them to take a stand and vote on Mr. Bush's authority to run two of his most controversial antiterror programs.

But Senators Warner, McCain and Graham appeared to be providing cover for the Democrats, allowing them to stay on the sidelines while the three senators, respected Republicans with distinguished military records, take on the White House.

"We think that this is a sincere effort, based on principle, by Senators Warner, McCain and Graham, to come up with the best legislation they can," said Senator Jack Reed, Democrat of Rhode Island and a member of the Armed Services Committee.

Asked whether Democrats were worried that the Republicans might yield to the White House, Mr. Reed said: "I haven't seen any evidence of that yet. What I've seen is that they're approaching this looking at the substance, not just over weeks and months, but what's in the best interests of the United States, what's in the best interests of American military personnel who might years from now be held."

Senator John Cornyn, Republican of Texas, has been pushing the administration's point of view, and Senator Bill Frist of Tennessee, the majority leader, has said he may bring the president's legislation to the floor, rather than the one backed by the three senators.

Mr. Warner and his allies have warned that if that happens, they will introduce amendments to make the president's legislation look like theirs. The senators have military leaders on their side, and in a letter sent to the Armed Services Committee on Thursday, 27 retired military leaders urged Congress to reject the White House proposal to reinterpret the definition of Common Article 3.

The letter said the proposal "poses a grave threat to American service members, now and in future wars," noting that American troops are now deployed in areas where the article is their only source of protection if they are captured.

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"If degradation, humiliation, physical and mental brutalization of prisoners is decriminalized or considered permissible under a restrictive interpretation of Common Article 3,'' the letter warned, "we will forfeit all credible objections should such barbaric practices be inflicted upon American prisoners."

The administration had also faced resistance over the N.S.A. wiretapping program. The Democrats had bottled up the administration's proposals, saying Congress was being forced to legislate "in the dark" about a secret program that few members had been briefed on. They have repeatedly used procedural maneuvers to block the proposals from coming to a vote in the Judiciary Committee, drawing accusations of obstructionism from Republicans.

But Democrats, who appeared to realize the risk of being accused of thwarting debate on national security matters, did not stand in the way of the committee vote on Wednesday.

With Republicans united in support, the panel approved on a 10-to-8 vote a hotly debated plan drawn in negotiations with the White House by Senator Arlen Specter of Pennsylvania, the committee chairman. The plan would allow a secret court to rule on the constitutionality of the wiretapping program. It would also implicitly recognize the president's constitutional authority to gather foreign intelligence, a concession Democrats and civil rights advocates contend would expand the president's authority to eavesdrop on Americans without a warrant.

The panel also approved a proposal by Senator Mike DeWine, Republican of Ohio, that would require the administration to notify Congress when it conducted wiretaps without a warrant.

Democrats claimed a partial victory on the wiretapping issue when they won Judiciary Committee approval of another measure that could effectively ban the security agency's eavesdropping program.

That plan, drafted by Senator Dianne Feinstein, Democrat of California, would affirm that the foreign intelligence law passed by Congress in 1978, requiring court approval for eavesdropping, as the "exclusive" means of authorizing wiretaps in the United States against suspected terrorists and spies.

Democrats succeeded in getting two Republican moderates, Mr. Specter and Mr. Graham, both of whom had voiced concerns over the legal aspects of the wiretapping program, to vote in favor of the proposal and send it to the full Senate.

That set the stage for the unusual spectacle of the Judiciary Committee — and its chairman — supporting two proposals that many lawmakers said would effectively nullify each other if passed.

Negotiations On Terror Bill Snag (AP-Y)

By Anne Plummer Flaherty

AP, September 13, 2006

The White House and three powerful GOP senators reached an impasse Wednesday over a Bush administration plan to allow tough CIA interrogations, underscoring election-season divisions among Republicans on the high profile issue of security.

In a direct challenge to President Bush, Sen. John Warner, chairman of the Armed Services Committee, said his panel would meet Thursday to finalize an alternative to the White House plan to prosecute terror suspects and redefine acts that constitute war crimes. Warner, R-Va., said the administration proposal would lower the standard for the treatment of prisoners, potentially putting U.S. troops at risk should other countries retaliate.

The White House said Warner's proposal would undermine the nation's ability to interrogate prisoners and arranged an extraordinary conference call with reporters in which the nation's top intelligence official criticized Warner's plan.

"If this draft legislation were passed in its present form, the director of the Central Intelligence Agency has told me that he did not believe that the (interrogation) program could go forward," National Intelligence Director John Negroponte said.

GOP In Standoff On Gitmo Rights (WT)

By Charles Hurt

The Washington Times, September 14, 2006

Senate Republicans appear hopelessly deadlocked over President Bush's proposal for handling terrorism suspects detained at the U.S. Naval Base Guantanamo Bay, Cuba.

Three Republicans -- Sens. John W. Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina -- remain holed up with Democrats, who are adamant that the prisoners be given broader civil rights than are included in the

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administration's proposed bill. Most Senate Republicans support the administration's view that the requested changes would limit intelligence gathering and expose classified information to terrorists.

The Senate Armed Services Committee, which is chaired by Mr. Warner and includes Mr. McCain and Mr. Graham, will take up the bill behind closed doors today and likely make the modifications that Mr. Bush and other Republicans find unacceptable.

Late yesterday, White House officials began calling Republicans on Capitol Hill to say that they have offered to negotiate about as far as they can. The White House is expected to issue some sort of official statement sometime today on where it stands.

If the committee alters the original bill today, Senate Majority Leader Bill Frist is expected to bypass the committee and introduce the administration's proposed bill in the coming days and move it directly to the floor. There, amendments will be offered and public votes recorded.

In addition to advancing their campaign against terrorism, Republicans had expected the legislation to create political headaches for Democrats, who could be tarred in the final 7½ weeks before November's elections as soft on terrorism for wanting to grant terror suspects greater civil rights. But Mr. Warner, Mr. McCain and Mr. Graham have muddied the issue, and Democrats have largely stayed out of the fight.

The trio also has aided Democrats in another of the year's biggest political fights, over illegal immigration.

But for a handful of Republicans -- led by Mr. McCain and including Mr. Warner and Mr. Graham -- the Republican Congress would likely have long ago approved tough border-security legislation over the objections of most Democrats. This would have been a tremendous boon to Republicans since illegal immigration has proved to be among their most effective campaign issues.

Instead, the Republican Senate approved a bill that would create a path to citizenship for some 10 million illegal aliens and authorize hundreds of thousands of new foreign laborers through a new guest-worker program. The Republican House, meanwhile, has approved tough border-security legislation. And since neither side has budged, the Republican-controlled Congress has failed to enact tough legislation against illegal immigration.

Senators To Challenge Bush Plan For Terror Trials (USAT)

By Kathy Kiely And David Jackson

USA Today, September 14, 2006

WASHINGTON — A trio of influential Republican senators today plans to challenge President Bush's proposal to put terror suspects on trial, a day after a House panel approved the administrative initiative.

Senate Armed Services Committee Chairman John Warner, R-Va., said Wednesday his panel will consider legislation to provide more legal rights for detainees than the White House proposal. He and his allies contend that denying those rights will put U.S. troops at risk if they are captured overseas and diminish the nation's moral authority.

“I have lost friends in this war. I do want to bring these people to justice,” Sen. Lindsey Graham, R-S.C., told USA TODAY and Gannett News Service reporters. “But I can't say it enough. If we start acting like our enemy, we're going to lose.”

Warner's announcement that his panel would begin drafting a rival bill came after marathon talks between the GOP senators and the White House produced no deal. Warner said he still hopes to avoid a confrontation on the Senate floor. “I still think we can work it through,” he said. “I do not think negotiations have broken down.”

The senator's decision to go forward puts the president at odds with key members of his party. They are Warner, a former Navy secretary; Graham, a military lawyer and Air Force reservist; and Sen. John McCain, an ex-naval aviator who spent nearly six years as a prisoner of war in Vietnam.

The House Armed Services Committee approved Bush's plan Wednesday and rejected a proposal similar to Warner's on a party-line vote. House Majority Leader John Boehner, R-Ohio, has scheduled a House vote for next week.

White House spokeswoman Dana Perino expressed hope that “we'll be able to reach resolution” with Bush's Senate critics.

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At issue is the timing and procedure for trials of terror suspects, including 14 “high-value” detainees such as Khalid Sheikh Mohammed, the alleged mastermind behind the 9/11 attacks. Mohammed and other 9/11 suspects are being held at the U.S. naval base at Guantanamo Bay, Cuba. Bush confirmed last week that they had been interrogated by the CIA at secret prisons.

The Supreme Court ruled in June that an earlier administration plan did not give defendants the legal protections required by the U.S. military code and international law.

The three “problem areas,” Graham said, are proposals to deny defendants' access to classified information, a proposal that would permit the use of evidence obtained through coercion or other methods, and setting rules for CIA interrogations consistent with international law.

Graham and other critics said the Bush plan would weaken international treaties protecting the rights of military prisoners. Director of National Intelligence John Negroponte said the senators' plan would prevent the CIA from interrogating terror suspects.

The debate is dividing Republicans. “The American people are not going to provide terrorists with the same kinds of access to justice that American citizens are provided,” Boehner said.

Graham argued Bush's plan would send a defendant to death row with the declaration, “we can't tell you what you did, but trust us, it was bad.”

Senate-Panel Republicans Break With Bush Over A Tribunal Bill (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 14, 2006

WASHINGTON -- Breaking with the White House, Senate Armed Services Committee Chairman John Warner will move ahead with military-tribunal legislation that denies President Bush's request to redefine U.S. obligations under the Geneva Conventions.

The director of national intelligence, John Negroponte, said the proposal would force the Central Intelligence Agency to halt its "high value" detainee program focused on collecting intelligence from captured al Qaeda leaders. But Mr. Warner predicted his panel will report the bill today, posing a serious challenge to Mr. Bush's pre-election national-security agenda.

The action came as the House Armed Services Committee voted to approve a tribunal bill more to the liking of the CIA. But on a second front, warrantless wiretapping, the administration faced difficulties in both chambers. House Judiciary Committee Chairman James Sensenbrenner (R., Wis.) abruptly postponed a markup until next week; the Senate Judiciary Committee approved not just a Bush-backed bill, but two separate and sometimes contradictory, proposals.

Mr. Bush comes to Capitol Hill today to meet with Republicans on his agenda, and a new Wall Street Journal/NBC poll suggests his rhetoric has succeeded in lifting voters' preference for Republicans over Democrats on handling terrorism. (See the story1.) But having raised the bar, his party must now deliver legislation or risk the perception that, as with a proposed overhaul of immigration laws, it isn't effective in power.

The dispute over military tribunals follows the Supreme Court's June ruling striking down Bush administration rules to prosecute suspected terrorists without granting them traditional rights found in courts-martial. The court said the tribunals violated the Uniform Code of Military Justice and Geneva Conventions, and lawmakers are clearly troubled by what exemptions they should permit, now that the White House has come to Congress asking for the legal authority to proceed.

Chairman Warner, supported by Sens. John McCain (R., Ariz.) and Lindsey Graham (R., S.C.), said it was crucial to avoid a second adverse court ruling that would hurt the "credibility of this country." He has begun to reach out to the State Department in an apparent effort to soften the opposition from CIA Director Michael Hayden. And Mr. Graham said Congress must view the legislation as "a chance to start over and reassert ourselves as a rule-of-law nation in the eyes of the world."

Mr. Negroponte said the administration's only goal was to clarify U.S. obligations under the Geneva prisoner-protection accords. Mr. Graham said the language sought by the White House "goes too far" and would be seen by other countries as "reneging" on treaty obligations and thereby endangering U.S. personnel who may be held prisoner overseas.

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"If they prevail, we could end up with a decent bill," said Senate Democratic Whip Richard Durbin of Illinois, who is sympathetic with Mr. Warner and his Republican allies. But Majority Leader Bill Frist (R., Tenn.) is sure to use his floor powers to make passage harder -- and potentially meld the tribunal issue with a grant of broad wiretapping authority.

That would put Senate Democrats back in an awkward spot, forced to either filibuster or accept the package to avoid political blame before the election. "There's our Faustian choice," Mr. Durbin says.

But for Republicans, too, the warrantless-wiretapping issue is thorny, as seen yesterday in the House. Responding to the White House, Rep. Heather Wilson (R., N.M.), a chief sponsor, said she was prepared to give the administration more latitude to carry out wiretaps if there should be a threat of "imminent attack." But yesterday, it was the more libertarian conservatives on the Judiciary Committee who were most restless, saying the bill already goes too far.

"You have to have a balance here," Ms. Wilson said. "You can't just say the executive will take care of us. You have to set what the parameters are."

Warrantless Wiretapping Bill Stalls In House (LAT)

By Johanna Neuman And Richard B. Schmitt

The Los Angeles Times, September 14, 2006

WASHINGTON — The House Judiciary Committee, with one eye on the midterm elections, abruptly canceled a session today to enact a bill giving President Bush board authority for his warrantless domestic wiretapping program — even as Republicans in the Senate pushed a similar eavesdropping bill toward a vote on the floor.

Bush plans a personal and rare visit to the Hill on Thursday to confer with House Republicans, who are feeling political pressure to distance themselves from an unpopular president and an unpopular war in Iraq.

Rep. Heather Wilson (R-N.M.), one of the GOP incumbents facing stiff opposition from an antiwar challenger, is sponsoring a bill that would require the president to wait until an attack has occurred to initiate wiretapping without warrants — a provision the Bush administration argues would hamper the government's ability to thwart terrorist attacks.

The argument between the president and his beleaguered fellow Republicans in the House comes less than two months before the midterm elections, when many observers believe that Democrats have a chance to topple House Republicans from power for the first time in 12 years.

"We need to use our intelligence tools to listen to our enemies," said Wilson, whose bill has been endorsed by House GOP leaders. "We also need to make sure checks are in place to prevent those tools from being used inappropriately against Americans."

With politicians in both parties eager not to appear to be giving the president a blank check, behind-the-scenes negotiations remain intense.

In the Senate Judiciary Committee today, several amendments were offered to curb a president's powers, including a one-year expiration date on the bill and a demand that the National Security Agency report more often to Congress on how and why it selects domestic surveillance targets.

The White House argues that warrantless wiretaps are needed to stay one step ahead of terrorists, who have become more sophisticated about using disposable cellphones and other technologies that defy detection.

"If Al Qaeda is calling somebody in America, we need to know why, in order to stop attacks," Bush said in a speech this week.

But administration officials parading to the Hill this week have encountered resistance from politically vulnerable Republicans under pressure from war-weary voters to put limits on domestic surveillance without court warrants.

"It is popular to have bills that are not White House bills," said Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee that today passed a version of the president's proposal without amendments.

Reflecting how members are hedging their bets, the Judiciary Committee approved three FISA-related bills, including the one that Specter worked out with the White House.

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A competing bill sponsored by Sen. Dianne Feinstein (D-Calif.) — and also sponsored by Specter — was endorsed by the committee. It would largely keep the 1978 law creating the FISA court intact, but give the administration more time to prepare emergency warrants.

"We just don't want to see Americans' rights abused for the next 50 or 60 years because of an oversight on our part," Feinstein said.

The bills are expected to come to the Senate floor next week.

A Self-Inflicted Defeat (WSJ)

The Wall Street Journal, September 14, 2006

President Bush did a public service last week by finally explaining the importance of interrogation as an intelligence tool against terrorists. But we also wish he would have been more candid with Americans about the restrictions that have been put on interrogating even the very worst terrorists.

A major reason is an amendment pushed through Congress last year by John McCain. The Senator's amendment, which Mr. Bush agreed to over Vice President Dick Cheney's objections, established the Army Field Manual as the first and last word on Defense Department interrogations; it also banned "cruel, inhuman and degrading treatment." We appreciate Mr. McCain's moral authority on the subject, and this policy may sound innocuous.

But it was based on false premises amid the firestorm over Abu Ghraib, and it may well harm our ability to break the next Khalid Sheikh Mohammed. The central falsehood was the assertion that detainee abuses at Abu Ghraib resulted from "confusion" about the rules of interrogation -- never mind that nine courts martial and multiple investigations found the abuses weren't related to interrogations at all.

Equally erroneous was the suggestion that internal Administration debates on handling high-level al Qaeda detainees like KSM contributed to the alleged confusion. The idea, apparently, was that U.S. officials and commanders were too dense to distinguish -- as the Geneva Conventions do -- between legitimate prisoners of war (who may not be aggressively interrogated) and unlawful combatants (who can be). So the only way to prevent "torture" was to establish uniform rules for all. * * *

A year later we're sorry to report that the McCain Amendment is creating obstacles to getting actionable intelligence via interrogation. The Army has released a new version of its Field Manual, which is available on the Internet for all to see. And the Manual makes it plain that Iraqi and Afghan insurgents can expect gentler treatment than common criminals get from American police.

In only one respect does the Field Manual recognize any difference between lawful and unlawful combatants: The latter may be separated from their compatriots. Otherwise, terrorists who have violated the rules of war by targeting civilians and fighting out of uniform are to be treated exactly like POWs and considered honorable fighters who have a right to keep their secrets.

So Iraqi and Afghan insurgents won't even face the prospect of your average good cop/bad cop routine. The manual allows for a watered down version called "Mutt and Jeff" in which interrogators can affect different personalities. But the Manual admonishes strongly that the intelligence "collector must be extremely careful that he does not threaten or coerce a source. Conveying a threat may be a violation of the UCMJ [Uniform Code of Military Justice]." We kid you not. "Mutt and Jeff" is the worst that Abu Musab al Zarqawi could have expected from the Pentagon had he been captured alive.

And what if he had been turned over to the CIA? The permissible methods for the spy agency remain classified, and on a visit to our offices last week Attorney General Alberto Gonzales would say only that the CIA would engage in no conduct that "shocks the conscience." He added that this concept was context-dependent, since the "shock" threshold may be higher with the likes of KSM -- who planned 9/11 -- than for ordinary detainees. At least we hope it is.

In theory, this means there's still room to employ some of the aggressive techniques -- such as stress positions, sleep deprivation, temperature extremes -- that have been used successfully against al Qaeda bigwigs. But in practice we fear those approaches are a thing of the past. Reports that CIA interrogators have been buying legal insurance in the expectation of future prosecution are another way of saying that they will no longer use aggressive methods that could be second-guessed on Capitol Hill. (See John Kerry's revealing letter nearby.)

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Like any careful bureaucracy, the CIA will also now be asking for constant legal guidance from the Justice Department. Few Justice attorneys will be eager to offer robust advice after watching a fine lawyer like John Yoo run out of polite society for authoring the so-called "torture memos" that allowed us to break KSM.

All of this has to be counted a severe setback for the war effort if Mr. Bush is right that interrogations have played a key role in the antiterror fight and that "tough" methods are sometimes necessary. Last year ABC news reported that 11 top al Qaeda figures broke only after "waterboarding," which induces a feeling of suffocation and is the most controversial of the known techniques employed.

There's a legitimate debate to be had over waterboarding and other tactics. But part of our problem with the McCain Amendment was that Congressmen refused to engage in an honest debate lest they be accused of approving "torture," which no one sanctions but is a word used to slur anyone who wants aggressive interrogation.

The result was legislation that may have made everyone feel better after Abu Ghraib, but that also probably undermines our ability to get vital information from the next KSM we capture. That ability will be further damaged if the Administration's interrogation flexibility is again limited during current negotiations on Capitol Hill over the treatment of detainees. We hope the next "9/11" commission doesn't have to explain why the U.S. stopped employing interrogation methods that were both lawful and successful.

A Crucial Choice (WP)

The Washington Post, September 14, 2006

The Senate must decide whether to ratify the president's abuse of human rights law -- or restore decency.

IN DECIDING BETWEEN the two main proposals for handling and trying accused terrorists, the Senate confronts a fateful choice: Will it send President Bush, as he demands, legislation that would authorize the CIA to engage in interrogation tactics the world understands as torture, rewrite America's obligations under the Geneva Conventions, and authorize trials whose fairness many people at home and abroad will question? Or will the Senate approve a bill that ensures justice for foreign detainees and ends the CIA's secret detentions and harsh interrogations? The White House is pulling out all the stops to get the former. The question now is whether the group of Republicans who have courageously pushed a competing bill -- John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.) -- will be able to team up with other moderate Republicans and Democrats to stop the excesses that have so damaged America's standing in the world.

The senators' latest draft has changed a bit over the past several days -- in some respects for the better, in one big respect for the worse. It now includes a provision stripping the federal courts of jurisdiction over lawsuits -- including pending suits -- involving detainees. This is a bad measure that would reduce badly needed oversight and judicial review of detentions and trials. But any backsliding in the Senate bill pales in comparison with what Mr. Bush is seeking. The Senate's bill would still require compliance with Common Article 3 of the Geneva Conventions -- which prohibits cruel and degrading treatment of detainees and, as the administration has acknowledged, cannot be reconciled with holding inmates in secret prisons and interrogating them using techniques that cause severe pain or extreme fear and humiliation. The senators would also require military trials to proceed under rules that preserve rights democracies have recognized for centuries -- such as the ability of defendants to be present at trial and to know and confront the evidence against them.

By contrast, the administration is still seeking a bill that would define Common Article 3 of the Geneva Conventions in such a way as to permit the CIA to continue abusive practices that in the past have included induced hypothermia and "waterboarding," or simulated drowning. The administration bill would also authorize commission trials in which the defendant, under certain circumstances, might not see evidence on which his life may depend and could be convicted by statements extracted in highly coercive interrogations.

It is essential that this not pass. For Congress to "interpret" the Geneva Conventions in such a way as to authorize something they clearly forbid would be to invite other countries to do the same -- to American troops. To authorize trials that needlessly depart from international norms will only invite skepticism about the convictions they deliver, further degrade the United States in the eyes of the world, and make martyrs of those condemned to prison or death. Cooperation with allies, vital to stopping future terrorist attacks, will be seriously impeded.

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Having finally been forced by the Supreme Court to take responsibility for writing law to govern the war on terrorism, Congress will now decide whether it simply means to sign off on the administration's past abuses, or reaffirm fundamental American values.

The Stranger In The Mirror (NYT)

By Bob Herbert

The New York Times, September 14, 2006

We had elections in New York and around the country on Tuesday. But it seems to me that the biggest issue of our time is getting very short shrift from the politicians, and that's the fact that the very character of the United States is changing, and not for the better.

One of the things that stands out in my mind amid the memories of the carnage and chaos of Sept. 11, 2001, is the eerie quiet — an almost prayerful quiet — that hovered over a scene on the western edge of Manhattan that afternoon.

I stood for a long time outside the triage center that had been set up at the Chelsea Piers sports and entertainment complex. Sunlight glistened off the roofs of ambulances lined up in military fashion on the West Side Highway. Doctors, nurses and other medical personnel were standing by, waiting for what they thought would be the arrival of legions of seriously wounded victims in need of emergency care.

There seemed to be very little talking. As I recall, most of the people maintained a kind of stunned, awed silence.

The expected onslaught of victims never came. As the afternoon faded, I headed east, along with others, toward the morgue at Bellevue Hospital.

What I thought was the greatest expression of the American character in my lifetime occurred in the immediate aftermath of those catastrophic attacks. The country came together in the kind of resolute unity that I imagined was similar to the feeling most Americans felt after Pearl Harbor. We soon knew who the enemy was, and there was remarkable agreement on what needed to be done. Americans were united and the world was with us.

For a brief moment.

The invasion of Iraq marked the beginning of the change in the American character. During the Cuban missile crisis, when the hawks were hot for bombing — or an invasion — Robert Kennedy counseled against a U.S. first strike. That's not something the U.S. would do, he said.

Fast-forward 40 years or so and not only does the U.S. launch an unprovoked invasion and occupation of a small nation — Iraq — but it does so in response to an attack inside the U.S. that the small nation had nothing to do with.

Who are we?

Another example: There was a time, I thought, when there was general agreement among Americans that torture was beyond the pale. But when people are frightened enough, nothing is beyond the pale. And we're in an era in which the highest leaders in the land stoke — rather than attempt to allay — the fears of ordinary citizens. Islamic terrorists are equated with Nazi Germany. We're told that we're in a clash of civilizations.

If, as President Bush says, we're engaged in "the decisive ideological struggle of the 21st century," why isn't the entire nation mobilizing to meet this dire threat?

The president put us on this path away from the better angels of our nature, and he has shown no inclination to turn back. Lately he has touted legislation to try terror suspects in a way that would make a mockery of the American ideals of justice and fairness. To get a sense of just how far out the administration's approach has been, consider the comments of Brig. Gen. James Walker, the top uniformed lawyer for the Marines. Speaking at a Congressional hearing last week, he said no civilized country denies defendants the right to see the evidence against them. The United States, he said, "should not be the first."

And Senator Lindsey Graham, a conservative South Carolina Republican who is a former military judge, said, "It would be unacceptable, legally, in my opinion, to give someone the death penalty in a trial where they never heard the evidence against them."

How weird is it that this possibility could even be considered?

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The character of the U.S. has changed. We're in danger of being completely ruled by fear. Most Americans have not shared the burden of the wars in Iraq and Afghanistan. Very few Americans are aware, as the Center for Constitutional Rights tells us, that of the hundreds of men held by the U.S. in Guantánamo Bay, Cuba, many "have never been charged and will never be charged because there is no evidence justifying their detention."

Even fewer care.

We could benefit from looking in a mirror, and absorbing the shock of not recognizing what we've become.

GOP Leaders Back Bush On Wiretapping, Tribunals (WP)

By Jonathan Weisman

The Washington Post, September 14, 2006

Congress's Republican leadership yesterday threw its weight behind two of President Bush's most controversial national security programs, warrantless wiretapping and extrajudicial military tribunals.

But the party leaders are having trouble getting all their members on board, including the chairman of the Senate Armed Services Committee. And by backing the president's legislative demands, the leadership risks being labeled by Democrats as a rubber stamp for an unpopular president.

With prodding from Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker J. Dennis Hastert (R-Ill.), the Senate Judiciary Committee voted 10 to 8 along party lines to approve a bill negotiated with the White House to allow -- but not require -- Bush to submit the National Security Agency's warrantless wiretapping program to a secret court for constitutional review.

That bill, which could come before the Senate next week, is considered by many to be a ratification of the administration's current surveillance program, which monitors the overseas phone calls and e-mails of some Americans when one party is suspected of links to terrorism. The program has been attacked by Democrats and civil liberties advocates as an excessive encroachment on Americans' privacy.

"The committee took the important step of acknowledging the president's constitutional authority to conduct foreign intelligence surveillance," said Sen. John Cornyn (R-Tex.), an ardent Bush ally.

At the same time, the House Armed Services Committee voted 52 to 8 to ratify the White House's version of legislation creating military commissions for trying terrorism suspects. The measure would give Bush the authority he seeks to withhold classified evidence from defendants, admit testimony that defendants might maintain was coerced, and protect U.S. intelligence agents from legal action over their interrogation methods. House Republican leaders plan to bring the tribunal bill to a vote next week.

Committee action and the scheduling of floor time represented tangible progress for the administration and turned what had been essentially a heated policy debate into a legislative showdown. But if GOP leaders intended to use the bills to distinguish Republicans from Democrats on the conduct of the fight against terrorism, they had their share of problems.

Frist and other GOP leaders remain at odds with many of their rank-and-file members over their military commission bill.

Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) are holding firm against the White House and Frist in their support of an alternative tribunal bill that would limit the use of classified evidence and coerced testimony in terrorism prosecutions while maintaining broader protections for detainees against cruel and inhumane treatment. They said they will press ahead with their bill, despite the political sensitivity of the controversy in a key election year.

"Every senator and congressman should understand this is not about November 2006. This is not about your reelection," Graham said. "This is about those who take risks to defend America."

Director of National Intelligence John D. Negroponte, in an unusual conference call with reporters yesterday evening to express opposition to the dissident Senate bill, said the CIA had told him that, if that bill passes, the agency will not be able to continue its "high-value terrorist detention program."

The existence of that program, known unofficially as the CIA's secret prison system, was confirmed last week by Bush, but all its prisoners were transferred to military custody. Negroponte said that under the Senate's proposed rules, the program's effectiveness would be so curtailed that continuing it would not make sense.

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McCain expressed bewilderment at an administration stand that he said would tamper with interpretations of the Geneva Conventions on the conduct of war. That stand is firmly opposed by top military lawyers. "The overwhelming majority of retired military people are weighing in on this issue and saying, 'Don't amend Common Article 3 [of the Geneva Conventions] because then you are allowing other nations' " to conclude that they, too, can change the conventions, McCain said.

McCain and his allies were unable to persuade White House negotiators to agree that an alleged enemy combatant could not be convicted on the basis of classified information that is not shared in some form with the defendant. "We're still gridlocked on that," McCain said. "They want to turn 200 years of criminal procedure on its head."

In the House, the Judiciary Committee was forced to scrap a planned drafting of a warrantless surveillance bill, in part because nearly half a dozen Republican conservatives were in open rebellion against GOP leaders' efforts to weaken controls on the eavesdropping program.

"There are enough Republicans with concerns," said Rep. Jeff Flake (R-Ariz.), who was pushing bipartisan legislation that would all but scuttle the warrantless surveillance program. "Once you basically give the president this authority, it's very difficult to pull it back. That's very shortsighted just to point out the differences between Republicans and Democrats."

Such internal dissension did not sit well with an orchestrated push to elevate the profile of the national security debate ahead of the Nov. 7 midterm elections. GOP leaders seized on week-old comments by House Minority Leader Nancy Pelosi (D-Calif.) that suggested that the capture of Osama bin Laden would not "make us safer." Republicans launched a blizzard of e-mailed statements condemning the comments, culminating in a news conference yesterday.

Democrats noted that Pelosi's comments mirrored sentiments expressed by Bush, Defense Secretary Donald H. Rumsfeld, and even Vice President Cheney last weekend, when he told Tim Russert on NBC's "Meet the Press": "He's not the only source of the problem, obviously, Tim. If you killed him tomorrow, you'd still have a problem with al-Qaeda."

The second GOP track is to label military commissions "terrorist tribunals" and attack Democrats for opposing them. House Republican leadership aides acknowledged that the biggest roadblock to the president's military commissions is coming from Senate Republicans.

Democrats used the GOP's allegiance to the Bush security agenda to redouble efforts to tie vulnerable Republicans to the president.

"The role of Congress is to bring to bear its own independent judgment, to represent the American people and to forge policy, not to simply be a complacent rubber stamp for the president of the United States," said House Minority Whip Steny H. Hoyer (D-Md.).

NSA Court Review Bill Is Sent To Full Senate (USAT)

USA Today, September 14, 2006

The Senate Judiciary Committee approved President Bush's proposal to enable a secret court created in 1978 to review a program in which the National Security Agency conducts warrantless surveillance of international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists. All 10 Republicans voted to send the bill to the full Senate; all eight Democrats opposed it.

Republicans defeated Democratic amendments to insert a one-year expiration date and require the NSA to report more often to Congress on the program.

Port security bill advances in Senate

The Senate rejected a Democratic attempt to attach dozens of provisions to legislation intended to protect seaports from terrorist attack. The proposals are part of a Democratic security plan that includes improving safeguards on trains and buses and at chemical plants.

Sen. Susan Collins, R-Maine, called them a “hodgepodge of provisions that are irrelevant” to port security. The additions could have stalled the overall port security bill, which would install monitors at the 22 largest ports. The devices are designed to detect materials used in nuclear arms or dirty bombs, which use conventional explosives to strew radioactive waste.

Bill to curb Indian casinos fails in House

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A Republican proposal to curb the growth of Indian gambling operations failed in the House. The bill would prohibit tribes from building casinos away from their reservations. The vote was 247-171 in favor of the measure, but the expedited rules under which it was considered require a two-thirds majority for passage.

Gambling operations by the nation's nearly 225 casino-operating tribes have become a $22 billion-a-year industry, richer than Nevada casinos.

U.S. and Europe disagree on Iran

Secretary of State Condoleezza Rice said Iran's cancellation of a meeting planned for today with European officials shows that it is not serious about suspending its nuclear program. At the International Atomic Energy Agency in Vienna, the United States said it's time for the United Nations Security Council to impose sanctions on Iran for continuing its banned enrichment of uranium. European countries favored more diplomacy. Chief British delegate John McGregor delivered a joint statement with France and Germany that asks Iran to comply with its obligations and negotiate an end to the dispute. Enriched uranium can be used to make nuclear weapons or to fuel power plants. Iran says its program is only for electricity.

Plame sues former No. 2 at State Dept.

Former CIA officer Valerie Plame added former deputy secretary of State Richard Armitage as a defendant in her lawsuit accusing Bush administration officials of blowing her cover as retribution for her husband's criticism of prewar intelligence. Plame and her husband, former ambassador Joseph Wilson, filed the original suit against Vice President Cheney, his former chief of staff, I. Lewis “Scooter” Libby, and White House aide Karl Rove. The new filing says Armitage's disclosure, which he says was inadvertent, was independent of the alleged conspiracy. Special prosecutor Patrick Fitzgerald has said no one would be charged with knowingly identifying a covert CIA officer, but Libby is charged with lying to Fitzgerald's federal investigators.

Senate Panel Clears Terror Surveillance Legislation (Update2) (BLOOM)

By James Rowley

Bloomberg, September 14, 2006

Sept. 13 (Bloomberg) -- A Senate panel approved legislation on a party-line vote authorizing President George W. Bush's domestic eavesdropping program with court review.

The measure, approved by a 10-8 vote in the Republican- controlled Senate Judiciary Committee, now goes to the full Senate, where Republican leaders plan to hold a vote before lawmakers leave next month to campaign for the November elections.

The measure would authorize a secret court to rule on the legality of the National Security Agency's program to listen to the international calls between al-Qaeda operatives overseas and their suspected confederates in the U.S. without court warrants.

``There has been no one who has asked for the National Security Agency to stop the surveillance of the international terrorists," said Texas Senator John Cornyn, one of 10 Republicans who supported the legislation.

Bush agreed to the measure's wording in negotiations with Senator Arlen Specter, the Pennsylvania Republican who chairs the panel. By a series of 10-8 votes, the Republican-controlled committee defeated efforts by Democrats to change it.

The panel did approve a competing proposal, backed by Democrats, that would streamline existing law to allow the eavesdropping with warrants. Specter, who voted to send the Democratic proposal to the Senate, predicted that the Republican-backed version he negotiated with the president would win final approval.

Separately, the House Judiciary Committee postponed a vote on a measure sponsored by Representative Heather Wilson, a New Mexico Republican, that would be in conflict with the Senate legislation.

Secret Court

Specter's legislation wouldn't require Bush to submit the NSA program to a secret court for review. Still, the president agreed to do so if Congress passes the measure in the form approved today in the committee. The president wouldn't have to stop the eavesdropping program even if the court objects.

The measure would also provide for appeals of the secret court's ruling to the Supreme Court.

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Democrats such as Wisconsin Senator Russell Feingold voted against the measure, arguing it would legalize Bush's flouting of the Foreign Intelligence Surveillance Act, which requires the president to seek court approved warrants to wiretap suspected spies and terrorists.

``We are confronted by a president who is breaking the law," Feingold said. ``What we would be doing by this legislation is institutionalizing and legislating the putting into law of the land the president walking all over us," he said.

Democrats also complained that Bush has refused to give lawmakers sufficient information about the program. Bush's refusal forces Congress to legislate ``almost in complete darkness" on the issue, Feingold said.

Inherent Authority

The Bush administration contends that the Constitution gives the president inherent authority as commander of the armed forces to conduct the eavesdropping program without judicial review.

Bush's surveillance program, ordered after the Sept. 11, 2001, terrorist attacks, is merely an exercise of military power to ``conduct intelligence activities and surveillance that has existed in the country since George Washington," Cornyn said.

Specter called his legislation an effort ``to find a way to have judicial review" of the program.

He and South Carolina Republican Lindsey Graham joined the panel's eight Democrats in voting to send to the Senate the competing measure that would require the president to seek individual warrants for the surveillance.

Emergency Wiretaps

The measure, sponsored by Senator Dianne Feinstein, would allow the president to conduct emergency wiretaps without warrants for up to seven days before seeking court permission. Current law allows the attorney general to order emergency wiretapping for up to three days.

Feinstein, who has been briefed on the NSA program as a member of the Senate Intelligence Committee, argued that the eavesdropping could be conducted within the legal structure Congress set up in 1978 to authorize wiretapping to gather information on enemy agents and spies.

Her measure would streamline the procedures by giving the attorney general authority to empower intelligence officials to initiate emergency wiretapping without warrants. Current law requires the attorney general or his designate to order such eavesdropping.

Preserve

It would also preserve a clause of the 1978 Foreign Intelligence Surveillance Act stating that that law is the exclusive authority for such wiretapping.

Congress enacted the law to correct abuses of wiretapping in the 1960s and 1970s uncovered by congressional investigations that found the Federal Bureau of Investigation spied on activists protesting the Vietnam War and other political dissidents who posed no threat to security.

Feinstein said her measure was designed to protect the privacy of Americans' phone calls and e-mails. ``We don't want to see Americans rights abused for the next 50 to 60 years," Feinstein said.

The language Specter negotiated with Bush would repeal that provision and legalize any warrantless wiretapping ordered by a president since Congress enacted the surveillance law 28 years ago.

The committee also approved a measure sponsored by Ohio Republican Mike DeWine that would require the president to explain to Congress why he was continuing to wiretap suspected terrorists without warrants.

DeWine described his measure as ``complementary, not contradictory" to the language Bush negotiated with Specter. Under the measure, the president would be allowed to conduct the surveillance before obtaining evidence sufficient to get warrants.

Trial For 2 Men In Terror Case Begins (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, September 14, 2006

ALBANY, N.Y. -- A defense attorney attacked the credibility of an FBI informant who posed as an arms dealer in a fictitious plot to kill a Pakistani diplomat, as the trial of two men accused of supporting terrorism began Wednesday.

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Mohammed Hossain, a pizzeria owner, and Yassin Aref, imam at an Albany mosque where Hossain is a member, are accused of supporting terrorism through a series of financial transactions from 2003-04.

The informant told the suspects he was an arms dealer and asked Hossain to launder money from the sale of a shoulder-fired missile that would be used to kill the diplomat in New York City, according to the federal complaint.

"He's a convicted felon. He's a con man. He's a failed businessman himself," attorney Kevin Luibrand said of the informant. "They got somebody that lied to the FBI completely and continuously about what was happening."

Specific information on the informant's background was not immediately available to The Associated Press.

Luibrand said the secretly taped meetings will show that his client Hossain, a 51-year-old naturalized U.S. citizen from Bangladesh, was shown a missile in November 2003 by the informant, and that the loan transactions began two months later.

But another tape, which the prosecution didn't mention, will show the informant assured Hossain in the interim that he wasn't dealing in weapons or doing anything illegal, Luibrand said.

Attorney Kent Sprotbery said Aref, 36, imam at Masjid as-Salam, was asked by Hossain to witness the loan. Islam prohibits charging or receiving interest, so Muslims often loan money to each other, and clerics serve as witnesses, he said.

Both defendants insisted on writing receipts, showing they had nothing to hide, defense lawyers said.

Aref was never shown any shoulder-fired missile, and testimony will show all three men thought the talk about attacking the diplomat was "a joke," Sprotbery said.

Assistant U.S. Attorney William Pericek said the audiotapes and videotapes will show the informant impersonated an arms dealer in conversations with both Hossain and later Aref, that he told them the $50,000 came from the sale of the missile.

The informant gave them cash, got checks back in return, and those transactions constitute most of the charges.

"A sting is simply a crime of opportunity, where the opportunity was provided by the government," Pericek said.

Prosecutors Weave Tale Of Zeal Gone Wrong (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 14, 2006

Federal trial of former Albany imam and pizza shop owner opens

ALBANY -- Federal prosecutors began laying out their case Wednesday against two Albany men ensnared in an FBI counterterrorism sting as their attorneys portrayed them as deeply religious Muslims who fell victim to an overzealous government informant.

The first day of testimony was at times disjointed and, in one instance, confusing as prosecutors called a Bangladeshi immigrant to the stand whose English was so poor, numerous court observers said they could not understand what he was saying.

Assistant U.S. Attorney William C. Pericak, who gave the first of three opening statements, outlined an investigation that began in early 2003. It culminated more than a year later with the indictment of an Albany imam and his friend, a pizza shop owner, on charges they took part in a fictitious plot to make money off the sale of shoulder-fired missiles to terrorists.

"A sting is simply a crime of opportunity, where the opportunity is presented by the government," Pericak told the panel. "Belief and intent are critically important ... and turn it into a very, very serious crime."

Yassin M. Aref, 36, the jailed spiritual leader of a Central Avenue mosque, and Mohammed M. Hossain, 51, a city pizza shop owner, face the possibility of life in prison if convicted. Both men have denied knowingly taking part in anything illegal and contend the FBI's informant, former Loudonville businessman Shahed "Malik" Hussain, misled them about the legality of his business dealings.

"We're here to talk to you about a sequence of events that can be viewed in different ways," said Kent B. Sprotbery, who is Aref's co-counsel along with attorney Terence L. Kindlon. "You need to keep in mind that language plays a very important part in this case."

Hossain's attorney, Kevin A. Luibrand, assailed the FBI's informant as a "convict" and "con man" whom he contends misled FBI agents about the context of secretly recorded conversations the men had in Arabic and Urdu.

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"He's called an informant," Luibrand said. "I have a few other words for him. ... Malik was giving a different message back to his (FBI) handlers than what was taking place in the room."

Luibrand said one of the most important conversations between his client and the informant took place in early December 2003, when the informant allegedly told Hossain that his business dealings were legal.

Prosecutors had not intended to play that taped conversation for the jury. The defense does, and Luibrand said it shows Hossain believed the money he was getting came from lawful transactions.

But prosecutors wasted no time showing jurors what was at the heart of the scheme.

Their first witness, a Department of Defense official from Alabama, gave the panel a crash course on the destructive capabilities of a 5-foot long, Russian-made missile launcher that he hoisted atop his shoulder.

The weapon was the same device the informant pulled out during a meeting with Hossain on Nov. 20, 2003, after they had met more than seven times. The informant said he'd been importing the weapons from China for about five years and that it was "for destroying airplanes."

Aref was never shown the weapon, although he did see its metal triggering device at a later meeting.

Prosecutors contend the missile launcher shown to Hossain bolsters their allegation that he knew what they were doing was illegal and involved terrorism.

Over several months, Hossain and Aref allegedly accepted $50,000 in cash transactions from the informant. Hossain then wrote checks through his business to the informant, keeping small amounts for himself, according to the charges.

"The process goes on again and again," Pericak said in his opening statement. "It's the checks that come back that are the money laundering ... they complete the washing cycle."

Aref was brought in as a witness to the transactions, under Muslim tradition, and is not accused of profiting from the scheme.

His attorneys contend Aref never knew the money came from the sale of missile launchers, and that Hossain believed the informant was dealing arms legally.

To counter those claims, prosecutors said they intend to play a series of taped conversations in which the informant allegedly warned the pair in January 2004 that the missile launcher was going to be used in a planned terrorist attack in New York City against the visiting Pakistani president.

Five witnesses testified Wednesday, including Abul Kashem, a Bangladeshi immigrant who runs a restaurant next door to Hossain's Central Avenue pizza shop.

Kashem recounted talking to Hossain about Osama bin Laden several years ago, but his account of the conversation was garbled and difficult to understand. At one point, the court reporter put her hands on her head in apparent frustration as Kashem spoke, and several jurors appeared confused by the testimony.

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HOMELAND RESPONSE:

House Battles Over 9/11 Resolution (AP-Y)

By Mary Dalrymple

AP, September 13, 2006

House Republicans and Democrats traded accusations of improper politicking Wednesday as they sparred over a resolution commemorating the Sept. 11 terrorist attacks.

Democrats criticized the GOP-drafted resolution for praising controversial legislation, including the USA Patriot Act and a border security bill. Some faulted it for stating "the nation is safer than it was on Sept. 11, 2001."

House Democratic leader Nancy Pelosi, D-Calif., called the resolution "self-congratulatory."

"It praises Congress for some reason. Instead of having the focus on the innocent victims of 9/11, it talked about the accomplishments of this Congress. I can't even imagine why they thought that was a good idea," she said.

The bill's sponsor, Rep. Peter King, R-N.Y., called the criticism "cheap demagoguery."

Republicans defended the inclusion of the GOP-crafted security laws and bills. Without them, said Rep. David Dreier, R-Calif., "we would not be here today without having suffered another attack on our soil."

House Speaker Dennis Hastert, R-Ill., disputed the idea that terrorism dangers had grown. "Five years after 9/11, America is safer and much more alert to the dangers that lurk in the darker corners of our world," he said.

Despite the rhetorical battle, the resolution commemorating the fifth anniversary of the Sept. 11 attacks passed 395-22.

The intensifying quarrel between Republicans and Democrats over national security comes weeks before this fall's midterm elections, which will determine which party controls the House and Senate.

Democrats, flanked by foreign policy experts from Democratic administrations past, argued that President Bush's failures call for a change in congressional leadership. They outlined plans to withdraw some troops from Iraq by the end of this year and improve the security of trains, ports, subways and planes.

Rep. John Murtha, D-Pa., who supports an immediate withdrawal of troops from Iraq, said officials sitting on their "fat backsides in the Oval Office" and elsewhere in Washington should stop making excuses for poor planning in Iraq. He called for the resignation of Defense Secretary Donald H. Rumsfeld, while acknowledging a resolution to remove him would probably never get a vote.

Rep. David Obey, D-Wis., said House Majority Leader John Boehner, R-Ohio, owed Democrats an apology for questioning Tuesday whether Democrats "are more interested in protecting the terrorists than protecting the American people."

Sen. John Kerry, D-Mass., called on Senate Republicans to distance themselves from the statement.

Republicans took issue with something Pelosi told reporters last week about al-Qaida leader Osama bin Laden. "He has done more damage the longer he has been out there. But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer," she said.

A Pelosi spokesman said her words were no different from those made by some Republicans, who have said that if bin Laden were captured or killed, it wouldn't remove the threat posed by the al-Qaida terrorist network.

Rep. Joe Wilson, R-S.C., said the statements are different. "That quote clearly indicates a misunderstanding of how important and what a symbol Osama bin Laden is," he said.

"I actually thought that the Democrats would pursue a policy of national security almost identical to what the president's proposing of taking the war to the enemy," he said. "But now I understand ... that indeed they would, I believe, cut and run. I believe that they would appease."

House Approves Praise Of 9/11 Measures (WT)

By Christina Bellantoni

The Washington Times, September 14, 2006

The House of Representatives, despite objections by Democrats, yesterday approved a resolution recognizing those killed in the September 11 terrorist attacks and praising the USA Patriot Act and other Republican-crafted security measures implemented since.

A sharp debate, which raged on most of the day, highlighted the contrast between the two parties over the war on terrorism less than two months before elections that will decide congressional control. Still, the resolution passed 395-22, with just 21 Democrats and Republican Rep. Ron Paul of Texas dissenting.

"To me, and I think to most Americans, after five years of security and success, a lapse in our resolve is unthinkable," said House Speaker J. Dennis Hastert. "Victory is not yet assured, and victory without resolve is impossible."

The Illinois Republican said the resolution sends a signal to America's enemies: "We will never forget, and we will never surrender."

Democratic leaders complained that references to the Patriot Act and the tough 2005 border-security bill did not belong in such a resolution.

Democrats supported previous resolutions since September 11 that affirm Congress will "take whatever actions necessary to identify, intercept and disrupt terrorists and their activities." Those resolutions, passed overwhelmingly in 2002, 2003, 2004 and 2005, and didn't mention any of the nine measures included in this election-year version.

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Minority Leader Nancy Pelosi of California urged her Democratic colleagues to vote for the measure in spite of the objections. In her floor speech, she asked Mr. Hastert to bring legislation to the floor that would fully implement the recommendations of the 9/11 commission, and criticized the resolution, saying "instead of having the focus on the innocent victims of 9/11," it "praises Congress for some reason."

Mr. Hastert said the measures demonstrate swift congressional action to protect the American people.

"Five years after 9/11, America is safer and much more alert to the dangers that lurk in the darker corners of our world," Mr. Hastert said.

While many Democrats characterized the Patriot Act as a violation of civil liberties, Republicans said it has broken up terrorist cells.

"It is absolutely essential that those keeping us safe have every tool necessary to do so," said Rep. David Dreier, California Republican. "Our homeland has not been attacked again. That seems to be so often forgotten."

Democrats argued the war in Iraq has shifted the focus from terrorists in Afghanistan and has emboldened U.S. enemies.

"Five years later, we are still making promises and America is still not as safe as it should be," said Rep. Bennie Thompson of Mississippi, the ranking Democrat on the Homeland Security Committee.

Mr. Thompson said Republicans only support "security on the cheap" and said the resolution suggests Congress wants to "pat itself on the back about a few past deeds when we've left the bulk of the work of homeland security unfinished."

"Shame on you for using the memory of 9/11 during a charged political season as a cover-up for Congress' do-nothing approach to homeland security," Mr. Thompson said.

The Democrats said the Republicans should have written something in the spirit of the Senate resolution -- adopted unanimously Monday -- which praises September 11 heroes and "condemns in the strongest possible terms the attacks, the terrorists who perpetrated them and their sponsors."

Both parties agree that terrorists should be the common enemy. The previous resolutions identify al Qaeda as responsible for September 11 and condemn terrorist attacks in Bali, Madrid and London.

The objectionable clauses in yesterday's resolution included a port-security bill, which passed 421-2 and the creation of the Homeland Security department, which passed by a large margin.

Rep. Peter T. King, New York Republican who is chairman of the Homeland Security Committee, noted that Republicans could have included praise of the Bush administration's surveillance program or the CIA program that examines financial records to track terrorist activities.

Rep. Jim McGovern, Massachusetts Democrat, criticized the resolution's mentioning the House border-security bill, which he called "a bill that couldn't even pass the Republican Senate and a bill that President Bush doesn't even support."

Rep. Jane Harman of California, the ranking Democrat on the House intelligence panel, said the measure is disingenuous.

"The sad, unalterable fact is that five years after 9/11, we have not made as much progress as this resolution claims," she said. "We have not plugged some gaping holes in our homeland defense."

In 2002, lawmakers unanimously passed a resolution lauding "numerous laws providing additional resources for the overseas effort against terrorism, as well as additional tools," and in 2004, the House voted 406-16 to pass a resolution that championed "innovative programs" that have secured the nation and applauded the capture of Saddam Hussein.

Democrats Rebut Soft-on-terror Rap (WT)

By Charles Hurt And Christina Bellantoni

The Washington Times, September 14, 2006

Capitol Hill Democrats said yesterday they will not be "swift-boated" by Republicans who accuse them of being soft on national security and coddling terrorists.

"Democrats stand ready to protect and defend the American people," House Minority Leader Nancy Pelosi, California Democrat, said. "We will not be swift-boated on the issue of security, and that is what the Republicans are trying to do."

Mrs. Pelosi was referring to the group Swift Boat Veterans for Truth, which was highly critical of John Kerry's presidential candidacy in 2004.

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Part of national security, said the House's top Democrat, is protecting the environment.

"We are advancing tough and smart national security policies to keep the American people safe," said Mrs. Pelosi, adding that Democrats' national security agenda aims "to fight terrorism and defeat it, stop the proliferation of weapons of mass destruction, to stop global warming and any other threats to the safety and security of the American people."

Kevin Madden, spokesman for House Majority Leader John A. Boehner, said the remark reflects a broader national security weakness by Democrats.

"The American people want a strong posture against the global scourge of terrorism and all Democrats can offer is Nancy Pelosi's babble putting that fight on par with global warming," he said.

Republicans continued their assault on Mrs. Pelosi and her fellow Democrats for opposing the efforts they say are crucial to winning the war against terrorism.

Democrats on the Senate Judiciary Committee, for instance, opposed legislation yesterday that would authorize President Bush's warrantless wiretapping program aimed at collecting communications by foreign terrorists. Democrats, along with a handful of Senate Republicans, also have urged that suspected terrorists held at Guantanamo Bay be granted greater civil rights in their trials.

Such positions prompted Mr. Boehner earlier this week to wonder whether Democrats "are more interested in protecting the terrorists than protecting the American people."

This brought Mr. Kerry, Massachusetts Democrat, to the Senate floor yesterday to scold Mr. Boehner.

"His statement was very clear and equally despicable," Mr. Kerry said.

Rep. David R. Obey, Wisconsin Democrat, also condemned Mr. Boehner's remarks.

"I come from the state of Joe McCarthy," he said of the infamous anti-Communist. "I know a first-rate McCarthy when I see one and I also know a third-rate McCarthy when I see one, and we saw one yesterday."

Also yesterday, Rep. John P. Murtha introduced a bill formally calling for Defense Secretary Donald H. Rumsfeld to be fired "for the good of the country." He said Mr. Rumsfeld has harmed military readiness and was wrong in his estimates about the cost and length of the Iraq war.

Mr. Murtha said he is sure Republicans won't allow a floor vote on the measure. But he will introduce it anyway, "just for the effect it might have on the secretary leaving."

Republicans Seek To Sow Seeds Of Doubt On Security (FT)

By Holly Yeager And Edward Luce

Financial Times, September 14, 2006

John Boehner, the Republican majority leader in the House of Representatives, may have given the game away this week when he said, “I wonder if they’re [the Democrats] more interested in protecting the terrorists than protecting the American people.”

America’s mid-term congressional elections, which take place on 7 November, are shaping up as one of the most bitter campaigns in recent US history. Although George W. Bush is not expected to play a prominent role on the campaign trail over the next seven weeks, the president has given a series of speeches in the past 10 days that have helped crystalise his party’s att-empts to paint the Democrats as weak on national security.

In a broadcast interview last Sunday, Dick Cheney, the vice-president, was more blunt in suggesting a connection between Democratic criticism of the Iraq war and being soft on terrorism. “Suggestions, for example, that we should withdraw US forces from Iraq, simply feed into that whole notion [and] validate the strategy of the terrorists,” he said.

While viewed by many as below-the-belt, such pugilism could be a small foretaste of what is to come. Opinion polls suggest that the Democrats are on course to regain the House of Representatives in November for the first time since 1994, which could severely complicate life for Mr Bush in the two remaining years of his second term. The opposition needs to add just 15 seats to its tally in the 435-seat house to regain control. There is also an outside chance the Democrats could recapture the Senate, where 33 seats are being contested: they need to boost their seats by six.

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"The national mood remains bleak for Republicans," said Stuart Rothenberg, the publisher of the Rothenberg political report. "President George W. Bush's job performance ratings are terrible and the public still gives Congress low marks. A majority of Americans continue to tell pollsters that the country is headed in the wrong direction.

"There is no reason to believe that things will change dramatically between now and election day to improve Republican prospects."

However, it remains far from clear whether the Democrats can translate widespread voter dissatisfaction into significant gains on the ground. In addition to focusing on national security, the Republicans have sought to reduce the November elections to a series of local contests by focusing on the record of their incumbents or the perceived foibles of their opponents. Even stalwart Republican allies of Mr Bush have asked him to keep a low profile.

The Democrats, meanwhile, are trying to build a unified national campaign that will tap voter disaffection with Mr Bush.

"Essentially, the Republicans are trying to localise this election and the Democrats are trying to nationalise it," said John Green, a political scientist at the Bliss Institute of Applied Politics in Ohio. "History suggests that the Democrats will find it an uphill struggle to turn 435 local races into a national wave."

The Democrats, whose leadership is bitterly divided between Howard Dean, the former presidential hopeful and chairman of the Democratic National Committee, and party leaders in Congress over electoral strategy, also face tough questions on their continuing inability to produce coherent policies. That is particularly difficult over Iraq and the economy.

On the unpopular war in Iraq, the Democrats continue to be divided on whether and how quickly to recommend a US military withdrawal. And on the economy, where there is broad-based voter anxiety, the Dem-ocratic platform amounts to little more than proposing an increase in the minimum wage, stuck at $5.15 (€4.05, £2.74) an hour since 1997, and a reversal of some of the tax cuts Mr Bush has pushed through in the past six years.

The opinion poll gap has begun to narrow sharply. Last month Gallup showed the Democrats' lead over Republicans narrowing to just two percentage points, down from a 15-point lead in April. Although voters remain deeply dissatisfied with the performance of a Republican Congress, their views change when it comes to assessing their local representative.

In what is a frequent peculiarity of American politics, more than half of voters approve of their local representative while fewer than a quarter approve of Congress's performance as a whole.

"The bottom line is that there is still everything to play for," said Mr Green. "The national mood favours the Democrats. But winning the election is still going to prove very tough for them."

Senate Rejects Democratic Plan For Ports (AP)

The AP, September 13, 2006

Senate Republicans on Wednesday rejected a Democratic attempt to attach dozens of national security programs to legislation intended to protect seaports.

The Democrats' proposal had threatened the overall ports security bill, which would install monitors at the 22 largest ports. These devices would screen for materials used to make radiological bombs or nuclear weapons.

The ports bill could come to a final vote on Thursday.

The plan by Democratic leader Harry Reid would have put Republicans in the awkward position of opposing security measures that many people in the United States believe are long overdue. Examples include improving safeguards on trains and buses and at chemical plants.

"Politics won't protect the American people," Reid, D-Nev., said after the GOP-controlled Senate defeated his plan.

Democratic Sens. Bill Nelson of Florida, Ben Nelson of Nebraska and Mark Pryor of Arkansas voted against Reid's proposal.

"It is an interesting hodgepodge of provisions that are irrelevant to the underlying bill," said Sen. Susan Collins, R-Maine. "What it does not include are provisions that have to do with port security."

Port Security Won't Bankrupt Us (NYT)

The New York Times, September 14, 2006

DOJ_NMG_0062787

Michael Chertoff, the secretary of Homeland Security, seems determined to outdo his commander in chief in ratcheting up fears of Al Qaeda whenever he wants to score political points. This week, he raised the specter that if the government starts too many expensive antiterrorism programs it could further a plot by Osama bin Laden to "drive us crazy, into bankruptcy" through overspending on homeland defense.

It was particularly ironic that Mr. Chertoff spun this theory while he was fighting off a measure, up for a vote today, that would help protect our ports against the threat that he himself deems most worrisome — a nuclear explosion within our borders — without government spending.

In testifying before a Senate committee on Tuesday, Mr. Chertoff flailed away at straw men of his own concoction. He warned darkly about the dangers of trying to protect the country from "every conceivable threat" — an idea no one has ever espoused. The issue has always been the need to set priorities, and in that respect, Mr. Chertoff's department has become a laughingstock. It compiled one list of possible targets that included a petting zoo and a popcorn factory while the government provided only a pittance for our vulnerable subways.

The White House has been warning that Osama bin Laden enunciated a policy in 2004 of "bleeding America to the point of bankruptcy." But there's no reason to think the terrorist was hatching a plot to force his enemies to buy too many metal detectors or bomb-sniffing dogs. He actually seemed to be gloating about the economic harm wrought by attacks like the one on the World Trade Center, and the costs imposed on America by military adventures. So far, we have not heard anyone from the administration warning that the invasion of Iraq is going to drive us crazy, into bankruptcy.

When it comes to prioritizing our antiterrorism spending, it's hard to understand what Mr. Chertoff dislikes about a measure, introduced by Senator Charles Schumer, Democrat of New York, that would require that all cargo containers headed for the United States be scanned at foreign ports to search for a possible nuclear weapon. Mr. Chertoff, after all, put a nuclear bomb at the top of his list of things to worry about, followed by a biological or serious radiological attack. He also agreed that eventually, every container should be screened abroad for radioactive material before it can be loaded into a ship headed for this country.

But he balked at doing it now on the flimsy grounds that some ports might not have enough room to install scanning devices without slowing the flow of traffic and that some foreign governments might not cooperate.

Those sound like the rationalizations of a bureaucrat unwilling to push hard or buck a strong lobbying effort by shippers who don't want any additional hassles or costs. Terminal operators in Hong Kong have been using such scanners effectively and inexpensively without disrupting traffic. The cost of such scanning might reach $20 a container, a small surcharge on shipping costs measured in hundreds if not thousands of dollars.

When it comes to homeland security, the Bush administration has repeatedly allowed corporate profits to trump safety. That seems to be the problem here, just as it has been when it came to the chemical industry's resistance to reforms that would help protect against toxic disasters if terrorists ever attacked their plants. Right now, a port security bill is pending in the Senate that would establish three pilot programs overseas to test the feasibility of scanning all containers. But Mr. Schumer is surely right that delay is dangerous and unnecessary. Virtually all containers destined for the United States should be scanned for nuclear or radiological weapons within the next four years. It is not enough to scan the containers after their arrival here, the current administration policy. That could be too late.

Terror Informant Seeks Sen. Clinton Help (AP-Y)

By Tom Hays

AP, September 13, 2006

An unusual exchange of letters between an undercover informant and Sen. Hillary Rodham Clinton's office has apparently angered authorities and may have complicated the case of a man convicted of plotting to bomb a busy subway station.

Osama Eldawoody — a paid New York Police Department informant who was instrumental in exposing the 2004 subway scheme — told The Associated Press that he wrote to Clinton last month, complaining that his law enforcement handlers misled him with false promises of a better life and asking her to intervene on his behalf.

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A written response from Clinton, shared with the AP by Eldawoody, said she had "requested a review of this matter and a written response" from federal prosecutors in Brooklyn. The letter also suggests Eldawoody seek help from Sens. Arlen Specter and Rick Santorum of Pennsylvania, where he now lives.

Clinton spokesman Philippe Reines confirmed that her office had received the letter from Eldawoody, but said the senator was not personally involved in the written exchange and was unaware of the issue. He said caseworkers "simply forwarded it to the U.S. Attorney's office, which we informed him of with a standard letter, as we routinely do with any constituent casework."

Eldawoody said in a telephone interview last week that he was summoned to a meeting with investigators and a federal prosecutor and was reprimanded for contacting Clinton and told not to do it again.

"Everybody was mad at me," he said.

Eldawoody, 50, was a key prosecution witness in the federal government's case against Shahawar Matin Siraj, who was convicted in May of plotting to blow up the Herald Square subway station in Manhattan. Authorities have touted the case as a success story for the NYPD's heightened counterterrorism effort.

U.S. attorney's office spokesman Robert Nardoza would not discuss Eldawoody, but Police Commissioner Raymond Kelly praised his work as an informant.

"He's a hero who did a great service for the people of New York," Kelly said in statement. "We will continue our dedicated efforts to assure the safety and well being of him and his family."

Attorneys for Siraj, arguing for a new trial in court papers filed last week, said prosecutors had turned over a letter "from a witness addressed to a high public official." The letter was not made public but the defense papers said it contained information that could undermine the government's case.

"It's a piece of new evidence we didn't know about," said Martin Stolar, an attorney for Siraj. He would not elaborate.

The NYPD recruited Eldawoody, a naturalized U.S. citizen from Egypt, to monitor radical Muslims at mosques and elsewhere following the Sept. 11, 2001, terrorist attacks. He testified that he met Siraj at an Islamic bookstore and secretly recorded conversations over the next several months as his anti-American rants evolved into a plot to bomb the subway station.

Since Siraj's trial, Eldawoody and his family have struggled to get by on a government stipend of $3,200 a month while living in seclusion in rural Pennsylvania, he said.

He said he complained to Clinton in his letter that police promised him "the best quality of life and security ... and all their promises were gone after the arrest" of Siraj.

Eldawoody claimed that authorities also broke a promise to protect his identity. Once his name came out at the trial and was published in news accounts, he was told by friends that he was marked man in some Muslim communities.

Red Tape Undermines State Disaster Preparedness (LAT)

By Evan Halper

The Los Angeles Times, September 14, 2006

SACRAMENTO — A new state audit warns that California's efforts to prepare for a terrorist attack or natural disaster are being undermined by a morass of red tape.

State Auditor Elaine M. Howle said in the report that the administration of Gov. Arnold Schwarzenegger has let tens of millions of dollars in federal emergency preparedness grants languish unspent and has not adequately tested the ability of California's medical facilities to handle mass casualties.

"We believe the state's organizational structure for ensuring emergency preparedness is not streamlined or well-defined," Howle wrote in a study released Tuesday for the nonpartisan watchdog agency. "If it remains unchanged, this labyrinthine structure could adversely affect emergency response."

By the end of June, the state had spent less than half of the $954 million of federal homeland security grants it had been awarded since 2001, the report said.

That money is supposed to be used to reimburse local governments for equipment purchases, training and other expenses related to disaster preparedness. The state can be so slow in reimbursing these expenses, according to the report, that some cities cannot afford to continue participating in the plan.

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"A commander with the city of Santa Ana's Police Department told us the city often runs a deficit from $1.5 million to $4 million because it has not received reimbursements for its homeland security purchases," the report said. "The commander said that, at a certain point, the city will no longer allow the deficits to increase, preventing additional purchases."

Chris Bertelli, a spokesman for the state Office of Homeland Security, said the administration is working with local governments to speed up the process and during the last year has significantly reduced the time it takes to cut checks.

Howle's report further cautions that exercises simulating various threats "have not exerted sufficient stress on medical and health systems to determine how well they can respond to emergencies."

Though there would be as many as 10,000 casualties in a moderate emergency, the report said the exercise the state conducted last year simulated only 550 casualties "and lacked sufficient realism."

Bertelli said the administration would work on improving the exercises. Although officials agree that there are problems with some drills, he said the report overlooks many other "comprehensive and robust" preparedness exercises held in California each year.

Traveler Charged In Disrupting Flight To Va. (WP)

By Jerry Markon And Candace Rondeaux

The Washington Post, September 14, 2006

A professional jujitsu fighter from Brazil sat in a Loudoun County jail yesterday on a felony charge that he tried to open the cabin door of a Dulles-bound airliner as it cruised at 30,000 feet over Tennessee.

Carlos Alberto de Oliveira, 43, missed his appearance in court yesterday morning because he fought with sheriff's deputies who came to escort him, Loudoun authorities said. He is expected to be arraigned today on a state charge of interfering with an aircraft's operations.

Federal and state authorities outlined a potentially terrifying scenario in which de Oliveira walked up and down the aisle of United Airlines Flight 890 from Los Angeles on Tuesday night. He then allegedly yanked the handle of the cabin door before passengers swarmed him and federal air marshals took him into custody. The flight landed at Dulles International Airport at 8:30 p.m.

Although de Oliveira's motivations were unclear, federal officials have ruled out terrorism and concluded after interviewing him that he did not intend any harm.

"He didn't threaten anyone, he didn't hurt anyone. He wasn't intending to open the door, he didn't kick it," said Debbie Weierman, a spokeswoman for the FBI's Washington field office. "He just pulled a stupid stunt."

A lawyer had not been appointed for de Oliveira, who was being held at the Loudoun County Adult Detention Center. If convicted, he would face up to five years in prison.

Weierman said de Oliveira is a professional jujitsu competitor, and he listed his occupation on his booking sheet as "professional fighter." Brazilian jujitsu is a form of the ancient martial art that has been gaining popularity in Northern Virginia in recent years.

The United flight took off with 138 passengers and six crew members, said Megan McCarthy, a United spokeswoman. About 3 1/2 hours into the flight, she said, "a passenger, for whatever reason, did attempt to open an exit door" at the rear of the aircraft.

Passenger Ken Wolfenbarger said he noticed a man fiddling with gadgets stashed in his pocket while he stood in the aisle. He then whipped out a long black belt with two metal hooks on either end and wrapped them around his fists, Wolfenbarger said.

Wolfenbarger said the man was dressed in a heavy camouflage jacket, fatigues and dark wraparound glasses, but FBI officials said de Oliveira was not wearing camouflage when he was interviewed.

Suddenly, Wolfenbarger said, the man turned down the aisle toward the plane's rear galley. "I heard a ruckus, and then the airline stewardess started yelling, 'Please help us! Help us! Help us!' " said Wolfenbarger, 44, of Whittier, Calif. "As soon as I heard that, I climbed over the other seat to the aisle. I knew the plane was in trouble, and I said, 'I am not going to die on this flight.' "

Weierman said the door would not open because the cabin is pressurized. Officials concurred that de Oliveira had been acting in an odd manner before the incident, walking up and down the aisle.

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"He was strutting his stuff, just sort of checking everyone out," said one law enforcement official, who spoke on condition of anonymity because the case is ongoing.

Law enforcement officials said de Oliveira at one point walked toward the beverage cart, which was in front of the cockpit door when the door was briefly opened. A flight attendant told him to return to his seat, and he did, law enforcement officials said.

Weierman said de Oliveira "did not mean to harm anyone, and there was no nexis to terrorism. It was just a mindless act with not a lot of thought behind it."

She declined to say whether the FBI supported the passengers' actions but added that "heightened awareness on the part of passengers" during the week of the five-year anniversary of the Sept. 11 attacks may have played a role.

"It's a sign of the times that we live in," she said.

De Oliveira was arrested by the Metropolitan Washington Airports Authority Police Department, whose officers met the plane at Dulles.

Loudoun Commonwealth's Attorney James E. Plowman's office took over the case after the U.S. attorney's office in Alexandria declined to prosecute. Officials said state charges were more appropriate because federal law requires proving that someone interfered with the flight crew, which did not occur in this case.

The state charge, authorities said, is broader because it requires proving only that someone interfered with the overall operations of an aircraft.

Cost May Kill Travel Program (USAT)

By Thomas Frank

USA Today, September 14, 2006

WASHINGTON — A government proposal that would force air travelers to pay up to $200 a year for a fast pass through airport security could kill the program, advocates and lawmakers said Wednesday.

That price — double what was expected — would "severely threaten" the long-delayed Registered Traveler program, said Steven Brill, a Manhattan entrepreneur planning to launch the idea at four airports this year.

Eagerly awaited by travelers and recently touted by Homeland Security Secretary Michael Chertoff, Registered Traveler offers fee-paying fliers expedited airport screening. Travelers in the program would have to pass a background check to rule out ties to terrorism and would get an ID card to speed them through checkpoints.

The Transportation Security Administration said last year that it expected to charge about $30 for a terrorism check. Now it wants to charge another $70 to pay for TSA screeners at Registered Traveler checkpoints, TSA spokeswoman Ellen Howe said. It also may charge an additional $20 for a criminal background check. Those costs are in addition to yearly fees of up to $80 that fliers would pay to companies operating the program.

Rep. Bennie Thompson, D-Miss., whose committee oversees Registered Traveler, said $200 "far exceeds anything that's ever been entertained. …You don't know if it's going to succeed now."

Larry Zmuda, head of homeland security for Pennsylvania-based Unisys, which also wants to run Registered Traveler, said the heftier price tag "would be a huge blow." It could deter millions from signing up and make Registered Traveler unprofitable at some airports, he said.

The program would operate only at airports that choose to apply and are approved by TSA. About 20 have applied so far.

The TSA says it wants to avoid spending taxpayer dollars on Registered Traveler. "It's a private-sector program, and it's designed to have Registered Traveler customers pay for use of the lane," Howe said.

The agency revealed the $100 fee on its website Monday with no publicity. The fee is based on "preliminary calculations" that could change later, the TSA says.

Rep. Dan Lungren, R-Calif., chairman of a subcommittee overseeing TSA, said the agency "is certainly going to have to justify that ($100) to me."

Registered Traveler advocates are lobbying the TSA against the $70 charge for screeners. Brill said the TSA doesn't have to hire extra screeners to run Registered Traveler checkpoints.

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Brill's company, Verified Identity Pass, has said that charging more than $80 creates "significant barriers" to getting enough people to join and make the program a success.

Thompson, the congressman, said a $200 fee might deter travelers who already get shorter security lines through elite flier clubs.

Frequent travelers had mixed views.

Cleveland businessman Mark Taft said $200 is "on the outer edge of what I would pay."

Charlie Massoglia said paying $200 "doesn't make a difference to anyone who travels frequently."

Democrats Ask For Investigation Of Former EPA Director On 9/11 Health Issues (AP)

By Donna De La Cruz, Associated Press

AP, September 14, 2006

WASHINGTON – Democrats from New York and New Jersey asked on Wednesday for an investigation that could lead to criminal charges against former Environmental Protection Agency administrator Christie Whitman for breathing problems suffered by thousands after the Sept. 11 attacks.

Whitman told The Associated Press that she and the EPA "agreed then and I reiterate now that the air on the WTC site was not clean – the consequence of millions of tons of burned debris from the most horrific attack in our nation's history.

"We were emphatic that workers needed to wear respirators, a message I repeated frequently."

At hearings last week in New York, Whitman was the most frequent target of lawmakers who charged that ground zero workers were not protected as they worked to clear the pile of toxic debris.

Whitman, a former Republican governor of New Jersey, declared in the days after Sept. 11 that the air in lower Manhattan was safe for workers and residents. But she has said she and the EPA always differentiated between the air quality in lower Manhattan and at ground zero.

Former Sept. 11 Commission chairman Thomas Kean, also a former Republican governor of New Jersey, said it was troubling that the Democratic congressmen "would misuse the heroic service of thousands for their political gain in an election season."

The congressmen – New York Reps. Jerrold Nadler and Anthony Weiner and New Jersey Rep. Bill Pascrell Jr. – said the health of their constituents, and not politics, was their concern.

In a letter to Attorney General Alberto Gonzales, the trio accused Whitman of "endangering the lives of thousands of people."

Weiner said, "Only with the appointment of a special prosecutor with subpoena power can an independent investigation occur and, if necessary, criminal charges be brought against those responsible."

Pascrell said it was "morally incumbent" upon Gonzales to appoint a special counsel. The Democrats want the investigation to look at other government officials as well, but did not specify anyone other than Whitman.

Justice Department spokeswoman Kathleen Blomquist said the agency had not yet received the letter.

Separately, Whitman and the EPA are being sued by residents, workers and others over health issues. Last week, Mount Sinai Medical Center released the results of a study showing nearly seven of every 10 ground zero responders suffered lung problems.

Law Enforcement, American Style (NYT)

By John Miller

The New York Times, September 14, 2006

Washington

WITH the fifth anniversary of the 9/11 attacks coming shortly after British authorities disrupted the plot to bomb airliners over the Atlantic, we are seeing another round of calls to break up the F.B.I. or to create a domestic intelligence agency separate from the F.B.I. with no police powers, similar to Britain's MI5.

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But these critics, who have been joined by the prominent federal appeals court judge Richard Posner, seem to be unaware of two critical things. One is how far the F.B.I. has come in transforming itself into an intelligence-driven organization in the last five years; the other is how many attacks we have prevented in that span.

Using intelligence and technology — and our authority to make arrests — the F.B.I. has stopped five terrorist plots in progress in roughly the last year alone:

• On Aug. 31, 2005, in Los Angeles, we arrested four members of a group of radicals that had grown out of the prison system and was planning to attack military recruiting centers and synagogues.

• In February, in Toledo, Ohio, we arrested three men who had conspired to travel to Iraq and attack American forces there.

• In a case out of Atlanta, indictments were handed down in March and July against two men who had traveled to Washington to videotape possible targets near the Capitol and then met with other extremists in Canada to compare notes.

• In Miami in June, seven extremists were arrested after being recorded on F.B.I. surveillance tapes swearing allegiance to Al Qaeda and making plans to attack targets in Miami and Chicago, including the Sears Tower.

• In July a plot to attack subways in New York was disrupted with the arrest of the mastermind in Lebanon.

In addition, we worked closely with our law enforcement partners in Canada and Britain to help uncover plots in those countries that made headlines worldwide this summer. This recent record suggests two things: that the operational tempo of Al Qaeda's followers is still high, and that the F.B.I. is doing a good job.

So why tear apart the bureau now and start a new agency? How long would it take this new agency to get rolling? A year? Two? What would it use for a database? How would it address privacy and civil liberties? How long would it take the officers of this new agency to develop trusting relationships with America's 18,000 local law enforcement agencies?

There is a more fundamental question for the "domestic intelligence agency" proponents: Who says the other system is better? When we visit our colleagues at domestic intelligence agencies abroad to compare systems, those without police powers tell us they wish they could make arrests.

Israel and Britain have domestic intelligence agencies staffed by some of the finest operators in the world. Since 9/11, both countries have suffered terrorist attacks on home soil while we have not. That doesn't mean their systems don't work best for them; it simply proves that the domestic-intelligence model is not a magic bullet against our enemies.

The proponents of creating a new agency assume the F.B.I. always makes arrests at the first opportunity, scooping up the little fish while the masterminds get away. They seem unaware of the existence of our intelligence directorate, or the 56 field intelligence groups spread throughout the nation. The critics don't understand how intelligence is leveraged in each investigation.

At any moment, we are involved in joint operations with American and foreign intelligence agencies that go on for months or even years, gathering intelligence and disrupting plots by means other than high-profile arrests. These operations allow the F.B.I. and our partners to continue to follow the thread of intelligence until we have learned the identities of all the players or found the last safe house. In those cases no one takes a bow or holds a press conference, but the work gets done quietly and effectively. When we do make arrests, it is because making arrests was the most effective way to disrupt a plot.

The bureau's director, Robert Mueller, has made a priority of merging our longtime strength of being a premier investigative agency with the new goal of being an intelligence-led agency. We have started a national security branch, with special agents and talented analysts, to control our counterterrorism, intelligence and counterespionage efforts. This branch is now home to about 40 percent of the bureau's employees.

We have added a directorate that handles investigations involving weapons of mass destruction and also conducts research to stay on the cutting edge of terrorist capacities.

We have expanded our partnerships with local law enforcement by increasing the number of joint terrorist task forces to 101 today from 33 before 9/11.

In those squads in cities across the country, local police detectives, our agents and analysts and investigators from other federal agencies work side by side, sharing information and running down leads.

We have also developed a database, called the Investigative Data Warehouse, that can search more than 700 million records from more than a dozen agencies and match them against our own investigative records.

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As we break down the structure of Al Qaeda, we see the very shape of the terrorist threat changing and adapting. Our approach has to continually evolve to keep up. Starting over from scratch will only set us back and make America less safe.

Insure CIA Agents Against A Reckless Administration (WSJ)

Wall Street Journal, September 14, 2006

Your Sept. 12 editorial "Jack Bauer Insurance" was a disservice not to me or to fictional characters like Jack Bauer, but to the very real CIA agents whose commitment to the truth didn't fit the administration's neoconservative agenda on Iraq, and to agents endangered by reckless administration policies.

It's been reported that CIA officers refused to be trained in the administration's controversial interrogation techniques, and in at least one instance these techniques yielded questionable information aimed at pleasing the interrogators. The Supreme Court, not Democrats, ruled administration detainee policies out of bounds, and it was the outrage of Republican senators that forced the administration to apply the Geneva Convention to enemy prisoners in order to best protect captured Americans.

Iraq has been an endless abuse of the CIA. CIA operative Tyler Drumheller said top White House officials simply brushed off the warning that "reliable intelligence" suggested Saddam Hussein had no weapons of mass destruction, saying they were "no longer interested" in intelligence. Former CIA operative Paul Pillar wrote that "intelligence was misused publicly to justify decisions already made."

Former CIA case officer Jim Marcinkowski argued the Valerie Plame leak hurt "the credibility of our case officers when they try to convince an overseas contact that their safety is of primary importance." Former CIA agent Larry Johnson, a registered Republican, said it "speaks volumes" that President Bush held no one accountable for the leak of an agent's identity. Forgotten is President George H.W. Bush's admonition that those who expose our agents are "the most insidious of traitors." CIA officers don't need Jack Bauer insurance -- they need insurance against the recklessness of this administration.

Sen. John Kerry (D., Mass.)

Boston

"These People Want To Kill Us" (WT)

By Guy Taylor

The Washington Times, September 14, 2006

The Washington Times, in a special section commemorating the first anniversary of September 11, profiled three men and two women who survived the attack on the Pentagon. They agreed to update their stories for a series, After the Fire, this week marking the fifth anniversary.

Fourth of five parts

A small white box tucked neatly in the cubbyhole of Pentagon police Officer George E. Clodfelter III's desk contains a dozen or so photographs of things that happened that day.

They look like snapshots from a nightmare.

There's one of a melted telephone. Another shows a clock with brown burn marks, the hands frozen at 9:37, the exact time a hijacked airplane slammed into the Pentagon on September 11, 2001.

The next shot shows Master Patrol Officer Clodfelter standing in the sun giving orders to two persons whose backs are to the camera. There's a dark red splotch on his white uniform shirt.

"That blood," he begins to say, but then stops as if someone has punched him in the throat.

A moment later, he adds: "She died in my arms, and that's her blood."

Five years have passed since Officer Clodfelter and 13 fellow members of the Pentagon Force Protection Agency plunged into the black smoke and flaming debris to save dozens -- some burned beyond recognition -- from the rubble in the moments after the attack.

Four years ago, when The Washington Times first profiled him on the first anniversary of September 11, Officer Clodfelter spoke graphically of pulling bloodied victims from the wreckage where 184 died.

He spoke of the many hours he spent with his wife of 33 years, Linda, at their kitchen table in the aftermath -- talking, crying and trying to cope with the misery of what he and others endured that day.

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"I call it the tape," Officer Clodfelter said in 2002. "It runs in my mind. I don't consciously run it."

He described going through phases of fear, remorse and denial, and said at the time -- one year after the attacks -- that he was "in the anger phase."

During follow-up interviews with The Times over the past month, Officer Clodfelter, 52, reflected on his remarks, saying those were phases he went through "in the beginning."

"It levels out over time," he says. "Time heals all wounds to a certain degree."

While the passage of five years brought perspective, Officer Clodfelter says, certain things trigger a rush of painful emotions and memories.

"It's like it happened yesterday when I go toward that side of the building. I can still smell it and the tape runs," he says. "It smells like death."

When asked to elaborate, Officer Clodfelter becomes quiet, then adds: "Those people that have smelled death know what it smells like. Leave it at that."

Seeking peace

The biggest change for the Clodfelters since September 11 was their move in 2002 from their town house in the Washington suburb of Lake Ridge, Va., to a quaint gated community about 60 miles south in Ruther Glen, Va.

The bucolic road leading to their modest two-story home is manned by uniformed security guards who check every vehicle coming in to the subdivision.

"Our decision to move here was a direct response to 9/11," Officer Clodfelter says. "I resigned myself to the fact that I didn't want [Linda] to get caught up in it if there was another catastrophe up there."

Despite the relative peace they have found in their new home, Mrs. Clodfelter says that she and her husband still keep a "bug-out bag" packed with items such as canned goods and gas masks in case a catastrophe should occur.

Memories of September 11 line the underbelly of other aspects of their lives. A wall inside the home carries mementos that Officer Clodfelter neatly arranged during the past few years: A framed Medal for Valor from the Defense Department. A Cu Chullian award for dedication and valor, presented by the Irish Center of Washington, D.C. A limited-edition commemorative September 11 rifle.

But more personal and more graphic mementos, such as his box of photographs, remain hidden away.

"I've got a lot of it around here in boxes, and I just haven't gotten around to sorting most of it because it's still so painful," Officer Clodfelter says.

He keeps another memento closer to his heart.

With memories fresh on the first anniversary of the attacks, he got a tattoo on his chest bearing the numerals 09-11-01 and depicting a bald eagle, wings spread as an American flag.

"It's right above my heart," Officer Clodfelter says, explaining that September 11 "is my Pearl Harbor" and the tattoo "is my devotion to the memory."

His wife interjects: "I'd say it's your own personal memorial."

Passion, politics

A line from a speech by President Bush, written in elaborate calligraphy, is framed and mounted on a wall in the Clodfelters' basement. The quote, from Oct. 7, 2001, when the president announced U.S. air strikes on Afghanistan, reads: "We will not waver; we will not tire; we will not falter; and we will not fail. Peace and freedom will prevail."

Conversations with Officer Clodfelter four years ago centered on pain and memories; they now veer more easily toward politics.

"I'm very bitter about this," he says, lighting a cigarette -- a pack-a-day habit that hasn't gone away since September 11.

"We're in a time of war and the liberals are not supporting the nation and the troops," Officer Clodfelter says. "George W. Bush has maintained his focus and he's taken the fight to the enemy. What would the non-supporters and liberals be saying now if they're going to their corner cafe to get their lattes and the corner blows up? Or the bus? Or the train? Or the Metro?

"These people want to kill us," he says. "It's not happening here because our people are doing their job."

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Pausing to stub out the cigarette in a small ashtray, Officer Clodfelter adds that he's "very bitter about people like Hillary Clinton and this extreme left that has emerged with people like Cindy Sheehan," the anti-war activist whose son was killed in Iraq.

"George W. Bush was gracious enough to meet with her and yet she kept on pounding on it after the left got ahold of her," he says. "I understand a parent grieving and all, the pain of that, but her son signed on the dotted line. He volunteered to go into the military."

'Short memory'

Officer Clodfelter says his own two sons not only served in the military but were deployed to the Persian Gulf.

Navy Chief Petty Officer Michael Clodfelter, 34, served in the first Gulf war. In the aftermath of September 11, he was deployed to Iraq as a Seabee.

"I wouldn't say I was worried," Officer Clodfelter says. "But I was concerned. Any parent would be with their child going to a combat zone."

His younger son, Alec, is a retired Army staff sergeant now working as a military contractor at Fort Bliss in El Paso, Texas.

Officer Clodfelter says he is more politically conservative today than he was four years ago, partially because "that just happens when you get older."

He also becomes more frustrated with the public -- conservatives and liberals alike -- for not taking civic responsibilities seriously.

"We, as an American people, have a short memory," Officer Clodfelter says. "Half the people don't even know who their state senator is."

He voiced similar sentiments four years ago, when he said "they should run that tape of the Pentagon and the World Trade Center on television channels every day before they go off the air."

He says that view hasn't changed.

"It should be six times a day now, because it's going to happen again. You should put that in bold letters," he says. "I blame the failed foreign policy of appeasement. This is why we're here today. I also blame the terrorists."

Closer to God

When asked whether he forgives the September 11 terrorists, Officer Clodfelter thinks for a long moment before responding: "I forgive them all, but that doesn't mean I like it.

"I have pity for these people. Outright, unadulterated pity because they could be so blind to commit these acts and fall into their Islamic fascist rhetoric," he says. "If you knew anything about the Koran, it says you shall not kill."

During the past four years, Officer Clodfelter adds, he has thought more about religion and a relationship with God. While he doesn't belong to a church, he speaks of an increased sense of faith.

"I don't go to any organized religious environment," Officer Clodfelter says. "I'm in touch with God in my own way. I pray and talk with God every day."

Before September 11, he prayed irregularly. "I was lukewarm," he says.

The years since have brought what Officer Clodfelter describes as intense reflection on morality and the afterlife.

"I think God tailor-makes heaven for each individual," he says. "Now I talk to God every day for an hour on the drive to work. It is my belief that the only thing you need to follow is the Ten Commandments, and that all religions are on the right path."

WAR NEWS:

Discovery Of 65 Bodies In Baghdad Is A Setback For Security Efforts (MCT)

By Mark Brunswick, Huda Ahmed

McClatchy Newspapers, September 14, 2006

BAGHDAD, Iraq - Authorities found at least 65 bodies dumped throughout Baghdad on Wednesday, and at least 25 people died in other violence in a setback to the U.S. military's efforts to reduce sectarian violence in Iraq's capital city.

The hands of most of the dumped victims were bound, and they were blindfolded. Most of the dead appeared to have been shot to death, and many showed signs of having been tortured.

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The apparent resurgence in execution-style murders, which are often associated with sectarian violence and death squads, came as U.S. and Iraqi patrols have been sweeping Baghdad neighborhoods in search of insurgents and sectarian militiamen.

Since Operation Forward Together began on Aug. 7, U.S. officials have boasted that such killings in Baghdad declined by more than 50 percent in August, compared with July. U.S. officials wouldn't provide specific numbers, however, and have said that their comparison doesn't include victims of car bombings, mortar attacks and other so-called mass-casualty violence.

Statistics released by the Baghdad morgue suggest that the decline in violence from July to August was less than 18 percent, with 1,529 violent deaths in August and 1,855 in July.

Wednesday's deaths, however, clearly fall into the category that the U.S. military is tracking.

The daily total was the highest since the security sweeps began and the second highest so far this year. The most executions - 80 - occurred on Feb. 23, the day after a Shiite mosque was bombed in Samarra, setting off the current round of violence.

The bodies were dumped throughout the city. Ten were found in the Shula neighborhood in western Baghdad and another 10 were found in Sadr City in the east, both Shiite Muslim strongholds of anti-American cleric Muqtada al Sadr. Forty-five of the victims were discovered in predominantly Sunni Arab parts of western Baghdad, including five in the Dora neighborhood, which had already been swept by U.S. and Iraqi forces, police said. Most of the victims were found in groups of four or five.

U.S. officials said they hadn't been able to verify the reports of the bodies.

Police said they'd been unable to determine a pattern in where the bodies were dropped. None was near police or military checkpoints, police said. Shiite Muslim militias have been accused of infiltrating Iraqi police and army units.

An officer from the police station in the Amel neighborhood in north central Baghdad, speaking on the condition that he not be named, said that many of the incidents appeared to involve day laborers, drivers or police officers who may have been abducted as they began their workdays and then were killed shortly afterward. In most cases, police found no identification on the bodies, which were photographed and taken to the morgue.

Such execution-style killings have become more frequent since the Samarra mosque bombing, although bodies bearing signs of torture have turned up almost daily since 2005.

But the spike in executions may signal that U.S. and Iraqi troops have been unable to quell the activities of death squads as operations begin to slow in anticipation of Ramadan, the month that Muslims devote to fasting. Ramadan begins Sept. 24.

Other violence in Baghdad on Wednesday targeted police convoys or stations. At least 14 people were killed and 67 wounded after a car bomb and an improvised explosive device went off near Al Shaab Stadium in east Baghdad at around 10 a.m. The blast appeared to be targeting a police convoy.

Two hours later, a bomb in a parked car exploded near a police patrol from the Zayona police station in east Baghdad. Eight police officers were killed and 19 civilians were wounded.

Two mortar shells landed on al Rashad police station in southeastern Baghdad, killing a policeman and wounding two others, police said. Two more policemen were killed when two mortar rounds landed near their station in Baghdad's eastern neighborhood of Mashtal. Three others were injured.

Nearly 100 Killed In Baghdad Over 24 Brutal Hours (WP)

By Amit R. Paley, K.I. Ibrahim

The Washington Post, September 14, 2006

BAGHDAD, Sept. 13 -- Nearly 100 people were killed or found dead in the Iraqi capital over the past 24 hours, authorities said Wednesday, continuing a wave of sectarian violence that has defied American efforts to thwart the carnage.

Sixty-two bullet-riddled corpses -- some of them beheaded and all bearing signs of torture -- had been found dumped in streets throughout the city since Tuesday night, said Brig. Gen. Abdullah Mahmood of the Interior Ministry. Bombings and mortar attacks targeting Iraqi police killed an additional 26 people Wednesday morning.

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In the deadliest attack, a car bomb exploded at 9 a.m. near an indoor stadium in Baghdad, killing 12 traffic policemen and wounding 13, Mahmood said. As a crowd swarmed the scene to aid the wounded, another bomb went off, killing seven civilians and injuring 47.

Mortar shells slammed into a police station in the Mashtal area of eastern Baghdad and a security forces recruiting center near an airfield in the central part of the capital, the Interior Ministry said. Seven people were killed, and 19 were wounded.

The U.S. military, meanwhile, announced the deaths of two soldiers, one killed south of Baghdad on Tuesday night when his vehicle was struck by a bomb and the other on Monday during combat in Anbar province.

As the violence flared, leaders of the country's main political parties met to seek agreement on a politically explosive plan to carve the country into a federation of three autonomous regions. The federalism plan would create a Shiite Muslim region in southern Iraq much like the autonomous zone in the north controlled by the Kurds. Sunni Arabs would be left with vast swaths of desert in the middle of the country, an area that lacks the oil reserves in the other regions.

Khalaf Olayan, leader of the Iraqi National Dialogue Front, a Sunni group, said the meeting "focused on the question of time limitations and how we could delay the matter for the time being."

"We believe that a majority of our people do not understand federalism and some believe that if approved, it would lead to the division of the country," he said. "Besides, people now need services first and want things that will help them in their daily lives."

The leaders of all the political blocs will meet again on Saturday to try to resolve the issue, he said.

In Tehran, Prime Minister Nouri al-Maliki continued his first state visit to Iran by meeting with the country's supreme leader, Ayatollah Ali Khamenei, who called on the American military to withdraw from Iraq.

"Once the foreign forces leave Iraq, many of its problems will be solved," Khamenei said, according to the official Islamic Republic News Agency.

At the United Nations, Secretary General Kofi Annan said Wednesday that Middle East leaders told him during a recent tour of the region that the U.S. invasion of Iraq has "been a real disaster for them. They believe that it has destabilized the region."

Annan said there were sharp divisions over an extended U.S. military presence in Iraq. He said that while regional leaders want American troops to remain until security improves, Iran has pressed for a swift U.S. withdrawal.

"The U.S. has found itself in the position where it cannot stay and it cannot leave," he said. "I believe that if it has to leave, the timing has to be optimum, and it has to be arranged in such a way that it does not lead to even greater disruption or violence in the region."

Meanwhile, prosecutors demanded that the chief judge in Saddam Hussein's genocide trial step down, saying he has shown too much sympathy for the defendants in the case. Chief prosecutor Minqith al-Faroon said the judge, Abdullah al-Amiri, had "allowed the defendants to treat the chamber as a political forum."

Hussein, charged with trying to annihilate the country's Kurdish minority during the 1980s Anfal campaign, has sprinkled the court hearings with outbursts accusing various people of being "Zionists" and "agents of Iran." But although the prosecutors criticized the judge, the defendants praised him.

"I swear by Allah, I saw that you were very patient today and listened to what we had to say," one of Hussein's co-defendants, Ali Hassan al-Majeed, known as "Chemical Ali," told the judge Wednesday. "I was pleased that you represent this court."

Kurdish witnesses testified Wednesday about horrific suffering in their villages during the Anfal campaign, in which prosecutors said 182,000 people were killed. The witnesses described an almost visceral urge to tell of the suffering their families and friends endured.

"I am sitting here in this court, with the blind eyes and the burned body, to provide it with scientific and medical evidence," said Omer Othman Mohammed, 42, a former guerrilla fighter from Sulaymaniyah. At one point, he brusquely brushed off a question from the judge and said he needed to tell his story without interruption.

Salah Gader Mohammad Ameen, a 31-year-old Kurd, said his mother, father and two brothers disappeared during the Anfal campaign. He testified that they were discovered only two years ago, when their bodies were found in a mass grave.

"May God have revenge on you!" Ameen shouted at Hussein. "Because of you, I have been deprived of my father."

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Death Toll Soars In Baghdad (LAT)

By Patrick J. Mcdonnell And Julian E. Barnes

The Los Angeles Times, September 14, 2006

BAGHDAD — On a day in which nearly 100 bodies attested to Iraq's unbridled violence, Democrats stepped up their response to President Bush's policies, with former national security advisor Zbigniew Brzezinski calling the war "unwinnable."

Iraqi officials announced they had found the bodies of 60 men, some of whom had been shot in the head after being tortured, over the previous 24 hours. They said there was no single massacre or mass execution. Rather, the slaughter in two Baghdad neighborhoods was probably the result of multiple roving assassination teams, they said.

In addition to the apparent executions, a pair of car bombs and other violence took at least 35 lives and left scores injured Wednesday, officials said. U.S. authorities reported the deaths of two more American soldiers, one killed by a roadside bomb south of Baghdad and the other killed in action in Al Anbar province, the hotbed of the Sunni Arab insurgency in western Iraq.

In his televised speech to the nation Monday, Bush said that U.S. security "depends on the outcome of the battle in the streets of Baghdad," setting a theme that Republicans hope will sustain support for the war and their candidates between now and November's elections.

Democrats, who have been divided in their own policy toward the war, offered a two-pronged response Wednesday. Brzezinski, the national security advisor under President Carter, accused the administration of committing the country to an unachievable goal. The Bush administration's aim of creating "a secular, stable, democratic Iraq" is "simply unreal," Brzezinski said during an appearance on Capitol Hill with retired Gen. Wesley Clark, the commander of the North Atlantic Treaty Organization under President Clinton.

Meantime, Rep. John P. Murtha of Pennsylvania, a conservative Democrat and former Marine who has become an outspoken critic of the war, said that Iraq had become a crushing burden on the U.S. Army. The war has created equipment shortages and badly strained soldiers as well as Marines, Murtha said.

Army officials responded in a statement that "we are an Army at war and there is a cost to war."

U.N. Secretary-General Kofi Annan seemed to join the debate, saying at a news conference in New York that many leaders he had met with on a recent trip to the Middle East felt that the invasion of Iraq "has been a real disaster" that has destabilized the region. But they were divided on whether a departure of U.S. forces would make matters better or worse, he said.

"In a way, the U.S. has found itself in the position where it cannot stay, and it cannot leave," Annan said.

With the war shaping up as the dominant issue in the fall election, the administration and its critics have sought to shape public perception of what the U.S. ambassador here, Zalmay Khalilzad, has labeled the Battle of Baghdad.

The administration's efforts were notable Wednesday, as U.S. and Iraqi authorities disputed each other's accounts of the day's high death toll.

A U.S. military spokesman said the body count for the 24-hour period in question was actually about half of that reported by Iraqi officials. The dispute underscored how statistics on killings here have become hotly contested, particularly since the U.S. military launched a highly publicized security effort earlier in the summer. The security plan included the deployment of 8,000 additional U.S. troops to patrol with Iraqi forces in an effort to bring order to the capital.

"We remain confident that these joint operations continue to be effective in reducing the violence in Baghdad," said Lt. Col. Barry Johnson, a military spokesman here.

On the Iraqi side, Muayed Matrood, an official at the besieged Baghdad morgue, said Wednesday's body count showed that "the phenomenon of a large number of unidentified and tortured corpses has returned back to Baghdad."

The morgue is due to receive two new refrigeration facilities to help handle the onslaught of corpses. "This is the first time in weeks that a number as large as this has been found within a day," Matrood said.

The Baghdad morgue had reported receiving about 17% fewer bodies in August than in July. That figure had created expectations that a downward trend could continue into this month. But violence increased markedly in the last few days of August and has continued unabated since then, sapping hope that the wanton killings would abate.

The large toll caused hardly a ripple in a capital that seems anesthetized to grim tidings. People went about their business, the government convened meetings, and the discovered corpses didn't amount to major news.

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The 60 bodies were found scattered in two separate neighborhoods, Karkh, a mostly Sunni Muslim area in western Baghdad, where 43 were discovered, and Rusafa, a mostly Shiite Muslim area in eastern Baghdad, where 17 were found.

Most of the victims had gunshot wounds to the head. Some of the bodies were handcuffed and blindfolded and showed signs of torture.

Death squads stalk the streets of this once-tolerant capital, authorities say, targeting victims because of their sect. Many Iraqis fear leaving their neighborhoods, which are increasingly guarded by sectarian militias.

Shiite militiamen are widely regarded as the capital's principal executioners, evoking deep fear among terrorized Sunni Arabs. Other groups, mostly Sunni, have continued their campaign of bombings and other attacks on government officials, most of whom are Shiite.

On Wednesday, a pair of car bombs apparently targeting police killed at least 19 people and wounded 76 in Baghdad, authorities said. One car bomb detonated in a large square near the main headquarters of Baghdad's traffic police department, and the other exploded near a police patrol in the Zayona district.

More than a dozen other people were reported killed by small-arms fire and mortar rounds in Baghdad and its environs.

Among those killed was Safaa Ismael Enad, 31, a freelance photographer who was accosted by two gunmen in a photo studio. The gunmen asked for him by name, a colleague said, before they opened fire.

In all, 79 journalists and 28 media support workers have been killed in Iraq since the war began, according to the Committee to Protect Journalists, a New York-based advocacy group.

On Another Grim Day, Bodies Lie Everywhere In Baghdad (NYT)

By Richard A. Oppel Jr.

The New York Times, September 14, 2006

BAGHDAD, Sept. 13 — Nearly 90 Iraqis were killed or found dead here on Tuesday and Wednesday, an Interior Ministry official said, making for a particularly grim day even amid the intense sectarian violence.

At least 60 bodies were found throughout Baghdad between 6 a.m. Tuesday and 6 a.m. Wednesday, the ministry official said. Forty victims were unknown; 20 were identified.

Nearly all were shot in the head, had clear signs of torture, or were blindfolded, bound or gagged, and most were discovered in neighborhoods of western Baghdad with heavy Sunni Arab populations, he said. The other deaths reported by the ministry were in bombings and other attacks on Wednesday.

American military officials, who have been more aggressive in challenging body counts if they consider them inaccurate, disputed the number found, saying the actual number was roughly half what the ministry had reported.

According to the Baghdad morgue, whose statistics often prove to be higher than figures reported by news services or the Interior Ministry, the bodies of 1,535 victims of violent deaths, an average of 50 a day, were received in August. In July, the average was 60 a day. A recent study of civilian deaths by the United Nations found that by June, Iraqis across the country were being killed at a rate of more than 100 a day.

As the Iraqi police gathered up the bodies, several car bombs rocked Baghdad, killing or wounding dozens more. Among the attacks was a bomb that detonated shortly after 9 a.m. in southern Baghdad, killing 15 people, including 7 Iraqi police officers, and wounding 25 police officers and civilians, an American military spokeswoman said.

The Interior Ministry also said a bomb planted in an unattended car near a police station in eastern Baghdad exploded about 11:30 a.m., killing eight policemen and wounding 19 civilians.

The United States military also said two American soldiers had been killed. One died Monday from wounds sustained in fighting in Anbar Province, the largely insurgent-controlled region west of Baghdad. Another was killed Tuesday south of Baghdad when his vehicle was hit by a roadside bomb.

In the capital's heavily fortified Green Zone, a prosecutor in the genocide trial of Saddam Hussein demanded Wednesday that the judge be removed for showing bias toward the former dictator and for letting him harangue witnesses.

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Mr. Hussein is on trial for his role in the so-called Anfal military campaign in 1988 against Kurdish villages in northeastern Iraq. He and his co-defendants are accused of genocide in the killing at least 50,000 Kurds, including many in chemical weapon strikes.

He was tried earlier this year in the killing of 148 men and boys in 1982 in a Shiite village, Dujail, but that verdict is not expected for another month or two.

During the court session on Tuesday, Mr. Hussein called the Kurdish witnesses who had described atrocities at the hands of Mr. Hussein's military "agents of Iran and Zionism." And he warned witnesses that he would "crush your heads," according to an account by The Associated Press.

As the trial resumed Wednesday morning, a prosecutor, Munqith al-Faroon, accused the judge of letting "the defendants to go too far, with unacceptable expressions and words," according to a pool report filed by a reporter for The Daily Telegraph of London. Mr. Faroon said the judge had allowed defendants to "treat the chamber as a political forum."

The judge, Abdullah al-Amiri, who was a judge during Mr. Hussein's rule, responded coolly, not raising his voice. "The judge coordinates and makes peace among the people in his presence," he said.

The court heard a powerful and graphic account from Omer Othman Mohammed, who said he was a member of the Kurdish pesh merga militia who was caught in a chemical-weapon strike by Iraqi jets in April 1988 that left him badly burned from his chest to his legs.

"It was so fast, we were shocked," Mr. Mohammed testified, according to The Daily Telegraph's pool report. "The rockets did not explode, but they just broke. One hit close to me. When it broke, the chemical inside, it covered me. It was a liquid, not a gas. I was shocked. I was in pain.

"There was severe pain as if there was a high pressure on me or as if I was touching an electric current, or as if boiling water was being poured on my body. There are feelings you cannot describe to the people around you, even your loved ones."

Mr. Mohammed said he got up after the attack and saw that pieces of the rockets had sliced through some of his comrades.

"I saw people without their heads, I saw legs and arms," he said. "I saw parts of the body of my beloved friends. I called to a friend of mine and he came to me. I asked him for a mirror and asked him to bring me a first aid kit. I looked at my eyes and they were terribly red. I was suffering from terrible pain."

65 Tortured Bodies Found Around Baghdad (AP)

By Patrick Quinn

AP, September 13, 2006

The leader of Iraq's biggest Sunni Arab group demanded Wednesday that the beleaguered Shiite-led government take steps to disarm militias after police said the bodies of 65 tortured men were dumped in and around Baghdad.

On a violent day even by the standards of Baghdad, car bombs, mortars and other attacks also killed at least 39 people and wounded dozens. Two U.S. soldiers also were killed, one in enemy action in restive Anbar province on Monday and the other in a roadside bombing south of Baghdad on Tuesday, the U.S. military command said.

The attacks have been unrelenting despite a security crackdown around the capital by 12,000 U.S. and Iraqi troops. The more than 1,500 violent deaths last month at the height of the joint operation speak to the difficulties in restoring any semblance of security to this sprawling city of 6 million people.

Although Sunni Arabs operate some death squads, the vast majority are run by Shiite militias and gangs.

Shiite political groups, including those in power, claim that armed militias have nothing to do with them and that their own military wings were disarmed months ago and turned into social and humanitarian groups. They claim that armed groups and militias are "rogue" elements beyond their control, but many Sunni Arabs contend that they are in fact controlled by Shiite politicians and clerics.

Adnan al-Dulaimi, a Sunni who heads the Iraqi Accordance Front political party, called on Prime Minister Nouri al-Maliki, a Shiite, to take a first step by honoring a pledge to disband militias.

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"We hope the government carries out what it pledged and disbands militias and considers them terrorist organizations," al-Dulaimi told The Associated Press. His party is Iraq's largest Sunni Arab political bloc and holds 44 seats in the 275-member parliament.

"Their presence is deteriorating the situation and bringing more troubles to the political atmosphere," al-Dulaimi said of militias. "We call upon all religious authorities to raise their voices and demand militias be disarmed."

Police said 60 of the bodies were found overnight around Baghdad, with the majority dumped in predominantly Sunni Arab neighborhoods.

All the bodies were bound, bore signs of torture and had been shot, police said. Such killings are usually the work of death squads who kidnap people and usually torture them with power drills, or beat them, before shooting them execution-style with a bullet to the head.

The U.S. military said it could not confirm all the executions and that their body count so far was lower than that reported by police.

"It is looking like about a 50 percent discrepancy on execution-style killings so far," said Maj. Josslyn Aberle, chief of the media relations division for the Multi-National Corps-Iraq.

The reason for the difference was not immediately clear. The confusion over numbers underscores the difficulty of obtaining accurate death tolls in Iraq, which lacks the reporting and tracking systems of most modern nations. Also, counts by the U.S. military often lag behind those of the police.

According to Iraqi police, 45 of the bodies were discovered in predominantly Sunni Arab parts of western Baghdad. Fifteen were found in predominantly Shiite areas of eastern Baghdad. And five were found floating down the Tigris river in Suwayrah, just south of Baghdad.

In the two bloodiest attacks in the capital, a car bombing killed at least 19 people and wounded more than 62 in a large square used mostly as a parking lot near the main headquarters of Baghdad's traffic police department.

In eastern Baghdad, a parked car bomb exploded next to an Iraqi police patrol in the Zayona neighborhood, killing at least 12 people and wounding 34.

It is believed that some Shiite parties with militias accused of involvement in sectarian killings have support from neighboring Iran. Those parties are also allied with Prime Minister Nouri al-Maliki's government.

Al-Maliki, on a visit to Iran on Wednesday, pressed Tehran to stop interference that is having a "negative" impact on his country's security, his spokesman said in an unusual criticism of an ally with which Baghdad's ties are getting closer.

As al-Maliki met with Iranian leaders for a second day, no public mention was made on the issue of interference. Instead, the Iraqi prime minister and Iranian officials exchanged warm vows of growing friendship.

In Baghdad, government spokesman Ali al-Dabbagh said al-Maliki underlined that "we want the best of relations with Iran and we don't want interference in our internal affairs."

Al-Dabbagh suggested that funding was coming from Iran to groups in Iraq, which he did not identify.

"There is interference coming from neighboring countries and it has negative implications for the situation in Iraq," he told the AP in a telephone interview. "We want to bar financing for certain parties."

"Iran has shown it will help, and we want to see implementation of that," he said.

Sunni Arabs fear more sectarian violence will break out if the largest Shiite political bloc in parliament moves to establish autonomous regions as part of a federal Iraq.

Iraq's parliament speaker, Mahmoud al-Mashhadani, urged that a bill drafted by the dominant Shiite United Iraqi Alliance not be submitted until parliament amends the country's new constitution, a process that could drag on for months.

American, British and U.N. officials were also said to be urging a postponement.

Sunni Arabs vehemently oppose the bill, saying it could split the country into three distinct sectarian and ethnic regions that would deprive them of the country's oil wealth.

Federalism is already part of Iraq's new constitution and there is an autonomous Kurdish region in the north. However, special legislation and a referendum would be needed to turn Iraq into a full federation.

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Shiite leaders of the United Iraqi Alliance were sending delegations to Najaf to meet with radical cleric Muqtada al-Sadr and other prominent Shiites who do not fully support the legislation — but for different reasons than the Sunnis'. Al-Sadr, for example, wants the issue to be discussed only after U.S. troops leave Iraq.

Iran Says U.S. Departure Would Calm Iraq (AP)

By Ali Akbar Dareini

AP, September 13, 2006

Supreme Iranian leader Ayatollah Ali Khamenei told the visiting Iraqi prime minister Wednesday that the way to end instability in Iraq is for U.S. forces to withdraw.

Prime Minister Nouri al-Maliki was on the second day of his first visit to Iran since he taking office in May, looking to a close ally of his Shiite-led government for help in calming the violence tearing apart Iraq and in developing Iraq's troubled oil industry.

He told Khamenei the Iranian governments must stop outside influences that are having a "negative" impact on Iraq's security, the Iraqi leader's spokesman said.

With Iraq torn by sectarian violence between Shiite and Sunni Muslims, as well as a Sunni-led insurgency, the United States has frequently accused the Iranian regime of interfering in Iraqi politics and allowing insurgents to cross the border. Tehran denies that.

Khamenei told al-Maliki that Iran "considers it an obligation to support the Iraqi government in practical ways," Iran's state news agency said.

But Khamenei — who holds the final word in all political matters in Iran — made clear Iran wants to see the withdrawal of U.S. troops, which he blamed in part for the turmoil plaguing Iraq.

"Part of (Iraq's) sufferings have been due to the actions of the former regime and part is due to the presence of occupiers in Iraq," Khamenei told al-Maliki, according to the Iranian state news agency and state television.

"We hope a day will come when the Iraqi people reach the stage they deserve and that, by cutting the hands of the foreigners, its wealth will come to serve the Iraqi people," Khamenei said.

State TV quoted al-Maliki as saying instability was Iraq's biggest challenge and he blamed the violence mainly on supporters of Saddam's old regime.

No public mention was made of outside meddling in Iraqi affairs. In Baghdad, however, government spokesman Ali al-Dabbagh said al-Maliki underlined that Iraq wants good relations with Iran, but also that "we don't want interference in our internal affairs."

Al-Dabbagh suggested money was flowing from elements in Iran to groups in Iraq, which he did not identify.

It is believed some Shiite parties with militias accused of involvement in sectarian killings have support from groups in Iran, a predominantly Shiite nation. Those parties are also allied to al-Maliki's government, which has struggled to rein in the militias.

"There is interference coming from neighboring countries and it has negative implications for the situation in Iraq," al-Dabbagh told The Associated Press in a telephone interview from Baghdad. "We want to bar financing for certain parties."

"Iran has shown it will help, and we want to see implementation of that," he added.

The comments reflect the complex relationship between Iran and Iraq, which is backed by the United States — Tehran's top enemy. Al-Maliki's Dawa Party is closely allied with Iran as are other Shiite parties in his government, and al-Maliki lived in Iran for part of his long exile during Saddam's rule.

In a meeting with Ali Larijani, Iran's top nuclear negotiator, al-Maliki thanked Iran for giving haven to Iraqi leaders opposed to Saddam's rule.

"Iraq is Iran's natural ally," state TV quoted Larijani as telling al-Maliki.

In the latest sign of increasing cooperation, the two countries reached a deal for jointly developing oil fields straddling their border, and eventually Iraq will send crude oil to refineries in Iran for processing, Iraq's Oil Ministry said Wednesday.

Iran is also helping Iraq in its chronic shortages of petroleum products. Under a deal reached last month, Iraq will sell crude oil to its neighbor, which will sell back kerosene, and an Iranian-Turkish company will deliver gasoline, Iraqi Oil Ministry spokesman Assem Jihad told AP.

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Middle East Riven Over U.S., Annan Says (WT)

By Betsy Pisik

The Washington Times, September 14, 2006

NEW YORK -- Washington's options in Iraq are constrained by competing pressures from countries in the region for the U.S. to stay or to leave quickly, U.N. Secretary-General Kofi Annan said yesterday.

"The U.S. has found itself in a position where it cannot stay and it cannot leave," he said at a press conference. "And if it has to leave, the timing has to be optimum and it has to be arranged in such a way that it does not lead to even greater disruption or violence."

Pressed by reporters, he declined to offer suggestions. But in his first extended remarks since returning from a two-week, 11-country trip through the Middle East, Mr. Annan said most regional leaders felt the U.S. occupation of Iraq had harmed their countries.

"Honestly, most of the leaders I spoke to felt invasion of Iraq and its aftermath has been a real disaster for them. They feel it has destabilized the region," Mr. Annan said.

"Actually, there were two schools," he added. "Many leaders who felt the Americans should stay until the situation improves, and that having created the problem, [they] cannot walk away.

"Then you have another school, particularly in Iran, [where authorities believe] the presence of the U.S. is a problem and the U.S. should leave."

The secretary-general said officials in Tehran told him that "if the U.S. were to decide to leave, they would help them leave." The Iranians did not explain the comment, he said, "but they made it quite clear that the U.S. presence is a problem that must be withdrawn."

The stay-or-go argument has been gathering steam in Washington, where lawmakers are grappling with whether or how to extricate more than 130,000 U.S. troops from an increasingly unpopular war. With November elections looming, politicians from both sides of the aisle are staking out positions for and against a withdrawal.

Iraqi authorities discovered 65 bodies in and around Baghdad yesterday, most of which had been bound and tortured. It was the latest evidence that organized death squads continue to operate in the capital, despite the redeployment of large numbers of American troops to the city.

Also yesterday, car bombings and mortar fire killed 32 persons and wounded 76, according to the Associated Press.

The United Nations has been asked by Iraqi and U.S. officials to take a larger role in the stabilization and rehabilitation of Iraq, a country that sits atop the second-largest oil reserve in the world.

At his press conference, Mr. Annan also praised donor nations and the often-divided U.N. Security Council for acting together to help bring peace and stability to Lebanon after Israel's July invasion, which was prompted by the abduction by Hezbollah militants of two Israeli soldiers.

He also acknowledged frustration with Sudan's refusal to permit an effective international peacekeeping force to enter the western Darfur region and stressed that Iran and the West must work quickly to restore some confidence before negotiations on nuclear uranium enrichment can go forward.

House Dems Review Call For Rumsfeld Resignation (HILL)

By Roxana Tiron

The Hill, September 14, 2006

Echoing moves in the Senate, Rep. John Murtha (D-Pa.) is calling for the immediate resignation of Defense Secretary Donald Rumsfeld.

Murtha's call comes just as he and Rep. David Obey (D-Wis.), ranking member of the House Appropriations Committee, released a new report on the state of U.S. Army readiness.

In his resolution Murtha lists a litany of reasons for Rumsfeld's immediate resignation, ranging from the secretary's insistence that there were weapons of mass in destruction in Iraq to his failure to anticipate the number of troops needed to secure Iraq and to address the flagging readiness of U.S ground troops.

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In recent weeks Democrats have intensified their criticism the GOP and Bush administration policies in Iraq and have stepped up their calls for Rumsfeld's resignation.

"The Defense Secretary should return to the private sector," Obey said at a press conference yesterday.

The newly released readiness report, which served in part as a basis for Murtha's resolution, said that the Army's preparedness has eroded to levels not seen since the Vietnam war, and that the service's readiness will continue to decline as troops continue to fight in Iraq and Afghanistan. The reduction in readiness levels will undermine the Pentagon's ability to respond to future conflicts, the report said.

Roughly one-half of the entire U.S. Army is reported to be at the lowest level of military readiness. The situation in the Army National Guard and Reserves is even worse, the report said.

The vast majority of the 16 active-duty, non-deployed combat brigades in the United States managed by the Army's Forces Command are rated at the lowest readiness ratings because of severe equipment shortages, according to the report.

"The lack of national attention paid to the Army's plight is unconscionable," Murtha told reporters yesterday.

The low readiness rates become a concern for the units scheduled for deployment later this year, particularly for the 1st Cavalry Division, which faces equipment shortfalls.

The new report emphasizes that the Army's major short-term challenge is repairing its battle-worn equipment.

The Army needs an additional $17.1 billion in 2007 to spruce up its equipment. The Senate has approved an additional $13.1 billion to the $50 billion emergency bridge fund in the 2007 defense appropriations bill to deal with both Army and Marine Corps equipment repair. House and Senate conferees on the spending bill will decide the final amount that will be added to that bridge fund.

Meanwhile, the chairmen of the House and Senate Armed Services committees agreed to authorize an additional $20 billion for equipment repair.

Why We Can't Send More Troops (WP)

By Lawrence J. Korb And Peter Ogden

The Washington Post, September 14, 2006

In "Reinforce Baghdad" [op-ed, Sept. 12], William Kristol and Rich Lowry argue that the United States needs to deploy "substantially" more troops to Iraq to stabilize the country. Aside from the strategic dubiousness of their proposal -- Kristol and Lowry's piece might alternatively have been titled "Reinforcing Failure" -- there is a practical obstacle to it that they overlook: Sending more troops to Iraq would, at the moment, threaten to break our nation's all-volunteer Army and undermine our national security. This is not a risk our country can afford to take.

In their search for additional troops and equipment for Iraq, the first place that Kristol and Lowry would have to look is the active Army. But even at existing deployment levels, the signs of strain on the active Army are evident. In July an official report revealed that two-thirds of the active U.S. Army was classified as "not ready for combat." When one combines this news with the fact that roughly one-third of the active Army is deployed (and thus presumably ready for combat), the math is simple but the answer alarming: The active Army has close to zero combat-ready brigades in reserve.

The second place to seek new troops and equipment is the Army National Guard and Reserve. But the news here is, if anything, worse. When asked by reporters to comment on the strain that the active Army was under, the head of the National Guard said that his military branch was "in an even more dire situation than the active Army. We both have the same symptoms; I just have a higher fever."

Already, the stress of Iraq and Afghanistan on our soldiers has been significant: Every available active-duty combat brigade has served at least one tour in Iraq or Afghanistan, and many have served two or three. Likewise, the vast majority of Army National Guardsmen and Reservists have been mobilized since Sept. 11, 2001, some more than once.

Thus the simple fact is that the only way for Kristol and Lowry to put their new plan into action anytime soon without resorting to a draft -- and thereby dismantling the all-volunteer Army, which, as the authors themselves would certainly admit, could be strategically disastrous -- is by demanding even more from our soldiers by accelerating their training and rotation schedules. While there is no question that the soldiers would respond to more frequent calls to duty, it is doubtful that they would

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be supplied with proper equipment and training for their mission in the near term. Moreover, the long-term toll on the cost and quality of our troops would be threatened by the added strain.

First, the equipment shortage that the U.S. Army faces at the moment is making it difficult to train troops even at current levels. The service has been compensating for this $50 billion equipment shortfall by shipping to Iraq some of the equipment that it needs to train nondeployed and reserve units. Increasing the number of deployed troops would compound this readiness problem and leave the Army with little spare capacity to respond to other conflicts around the globe that might demand immediate and urgent action.

Second, the long-term costs of leaning even more heavily on our ground troops to fight what is an unpopular war will take its toll on the quality of our Army. At present the Army is compelled to offer promotions to an unprecedented number of its personnel to retain them. Some 98 percent of captains were promoted to major this year, and the quality of the next generation of military leaders will suffer if this process is not made more selective once again.

In addition, even the quadrupling of recruitment bonuses since 2003 has not been enough to attract adequate numbers of talented men and women to meet the Army's personnel goals. Although the Army has accepted more troops with lower aptitude scores and raised its maximum enlistment age, it still must grant waivers to about 1 out of 5 new recruits and has had to cut in half the number who "wash out" in basic training.

While we disagree with Kristol and Lowry's contention that sending more troops to Iraq would bring peace and stability to the country, the U.S. Army and National Guard and Reserve should nevertheless possess the capacity to respond to such a plan or other deployments without undue strain and long-term costs. The solution is to do two things that the Bush administration has not: permanently increase the number of troops in the active Army and fully fund its equipment needs. Let this, not the expenditure of more blood and treasure in Iraq, be the "courageous act of presidential leadership" that Kristol and Lowry desire.

Lawrence J. Korb was assistant secretary of defense for manpower, installations and logistics during the Reagan administration. He and Peter Ogden work on national security issues at the Center for American Progress.

50 Killed In Widespread Afghan Violence (AP)

By Paul Garwood

AP, September 13, 2006

NATO nations failed to agree on calls by military commanders for 2,500 extra troops to help crush the growing Taliban-led insurgency in Afghanistan, where at least 50 people were killed Wednesday in widespread violence.

NATO announced that 173 people — including 151 Afghan civilians — have been killed in suicide bombings across the country since the start of the year. The remaining victims include NATO and U.S.-led coalition forces and Afghan authorities.

It was the first time NATO released such figures and they indicate the dangerous change in tactics by militants, who have been following the lead of insurgent attacks in Iraq.

The ferocity of the Taliban resurgence since their 2001 ouster has taken U.S. and NATO commanders by surprise, particularly in southern provinces where NATO forces have been clashing daily with militants since taking control of the region on Aug. 1.

"Such blatant disregard for human life and potential undertaken by insurgents who callously ask to be called mujahedeen (holy warriors) cannot be more clear," NATO spokesman Maj. Luke Knittig said.

U.S. officials announced after a Kabul car bombing Friday that killed 16 — including two American troops — that a suicide bombing cell was hunting foreign troops in the capital.

Meanwhile, thousands of Canadian troops reclaimed more contested territory from Taliban fighters in the southern Kandahar province insurgent hotbeds of Panjwayi and Zhari. NATO forces claim to have killed at least 517 militants in both districts since launching a large-scale campaign on Sept. 2 dubbed Operation Medusa.

Purported Taliban spokesmen dispute the death toll and claim in videotapes that they are pushing NATO forces to the limit across the vast deserts and mountain ranges of Helmand and Kandahar provinces.

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Some 8,000 Canadian, British and Dutch soldiers — almost half of the 20,000-strong NATO force — are leading the anti-Taliban push in the south. But military chiefs say another 2,500 troops, plus greater air support, would help them crush the Taliban threat more quickly.

In Brussels, Belgium, allied military experts failed Wednesday to commit more troops, planes and helicopters to the NATO mission, despite a plea by the alliance's American commander, Gen. James L. Jones.

"No formal offers were made at the table," said NATO spokesman James Appathurai. He told a news conference some allies had given "positive indications" on the reinforcements, but suggested final decisions may have to wait until a Sept. 28-29 meeting of NATO defense ministers in Slovenia.

In Kabul, another NATO spokesman, Mark Laity, said NATO forces were only at "85 percent of the capabilities we were told we would have" to fight between 4,000 to 7,000 insurgents believed active in the country.

"These extra forces are needed because we are in a particularly intense environment," Laity told The Associated Press. "But Operation Medusa proves that we have considerable capabilities that we can do a considerable amount with."

British Prime Minister Tony Blair said all NATO members had a responsibility to back the alliance's Afghan cause.

"NATO is looking at what further requirements there are and NATO and NATO countries have got a duty to respond," he told reporters in London.

In southern Helmand province, police killed 16 Taliban in a mountainous area outside the town of Garmser, which militants recently took over for the second time in two months, before Afghan and NATO forces claimed it again on Monday.

Garmser police chief Ghulam Rassoul said the militants were killed in a four-hour battle that began late Tuesday and continued into Wednesday.

Afghan and U.S.-led coalition forces also killed between 20 and 30 Taliban on Wednesday in raids on three villages in central Ghazni province, Afghan officials said.

In western Farah province, four police and four insurgents were killed after militants ambushed a police convoy, said Farah provincial chief of police, Gen. Sayed Agha Saqeb.

In other violence around Afghanistan:

• A U.N. aid worker was killed Tuesday when militants fired on his car in a remote Farah village.

• A suicide attacker was the sole victim when his bomb exploded inside a Sunni Muslim mosque in Kandahar, police said. The motive for the blast was unclear.

• A roadside bomb killed a border police guard chief and three other officers in eastern Kunar province Wednesday, police said.

• In the eastern Nangarhar province, where al-Qaida militants have long been active, two rockets were fired into the provincial capital of Jalalabad several hours before Afghan President Hamid Karzai and the Pakistani premier opened a new road. No casualties were reported.

NATO Allies Ignore Call For Troops (WT)

By Nicholas Kralev

The Washington Times, September 14, 2006

NATO allies failed to answer Washington's call to commit more troops to the escalating battle with Taliban and al Qaeda fighters in Afghanistan yesterday, prompting the Bush administration to rethink its diplomatic strategy ahead of two meetings of alliance ministers later this month.

U.S. officials said they still hoped that countries would come forward, noting that some interest in providing forces was expressed at the Brussels session, but they also indicated that they would target specific NATO members with capabilities to step up to the task.

"We have some thoughts in mind of countries that might contribute additional forces," said State Department spokesman Sean McCormack. "We are going to be having those conversations, obviously, in coordination with the NATO leadership."

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Yesterday's urgent meeting at the alliance's headquarters in the Belgian capital was called after NATO commanders issued an appeal last week for up to 2,500 extra troops in southern Afghanistan in the face of surprisingly strong Taliban resistance.

However, "no formal offers were made at the table," said NATO spokesman James Appathurai, even though there were some "positive indications" from several members, which he did not name.

Victoria Nuland, the U.S. ambassador to NATO, told the British Broadcasting Corp. that Washington wants "to have more punch" in the Afghan mission "no later than the beginning of October, because this is an essential season before the cold comes in Afghanistan."

But NATO officials said it is not likely that a decision about an expanded force will be made before the end of September, when alliance defense ministers are scheduled to meet in Slovenia, one of the newest members.

Secretary of State Condoleezza Rice is expected to host a meeting of fellow foreign ministers in New York during the opening of the U.N. General Assembly session next week, and U.S. officials said they plan to use the occasion for aggressive diplomacy.

There are about 18,500 NATO troops currently in Afghanistan, but most of them operate in the capital, Kabul, and other regions, rather than in the troublesome south. The force there is led by Britain, which has about 4,500 troops in the entire country. The United States, Canada and the Netherlands have about 2,000 each, while Romania, Denmark and others have smaller contingents.

About 30 NATO soldiers have been killed since the alliance took over the force in Afghanistan earlier this summer.

"It is important that the whole of NATO regards this as their responsibility," British Prime Minister Tony Blair said yesterday. "NATO is looking at what further requirements there are, and NATO and NATO countries have got a duty to respond to that."

But many European governments have said that their forces are stretched too thin with their current deployments in Afghanistan, Iraq, Lebanon, Ivory Coast, Congo and the Balkans.

The German Defense Ministry on Tuesday ruled out sending troops to southern Afghanistan, saying that its existing deployment of 2,900 troops in the country's north has taken it close to a limit of 3,000 set by parliament.

Spain, France and Italy already have contingents in western Afghanistan and in Kabul, and recently committed troops to the expanded U.N. peacekeeping force in Lebanon. Turkey has ruled out sending any reinforcements.

NATO said yesterday that 173 persons, including 151 Afghan civilians, have been killed in suicide bombings across the country so far this year. At least 50 persons were killed yesterday in widespread violence.

Poland Is Best Hope For Afghan Force (FT)

By Daniel Dombey, Stephen Fidler, And Jan Cienski

Financial Times, September 14, 2006

Poland emerged on Wednesday as Nato's best hope of more troops for Afghanistan, after a formal meeting of the alliance failed to meet an urgent military request for hundreds of extra soldiers.

The Polish defence ministry said Warsaw, which has announced plans to withdraw its 900 soldiers from Iraq, was in talks with its Nato allies about where and when they would be deployed in Afghanistan. Poland, which has about 100 troops in Afghanistan, has already announced it will send about 900 extra soldiers to the country from 2007.

Diplomats said it might be possible to speed up the Polish deployment. One Nato official said: "We are close to getting substantial contributions from at least two European countries not currently in the south [of Afghanistan]." He declined to name them. At present, the fight in the south is being led by troops from Canada, Britain and the Netherlands.

The push for reinforcements, preferably to arrive before the hard Afghan winter sets in, has put the spotlight both on Nato's struggle to help establish a stable government in Afghanistan and on its long-term prospects as a military alliance.

At an emergency meeting yesterday, Nato's 26 member countries came up with no commitments for any new soldiers – in spite of a call last week by General James Jones, Nato's supreme commander, for up to 2,500 troops. But officials believe that the likely offers from the two European countries should meet Gen Jones' most important demand – for a 800-1,000 strong reserve battalion to aid Nato's fight against the Taliban-led insurgency in south Afghanistan.

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Nato said: “We have had indications in terms of force generation to fill the outstanding requirement . . . the operation commanders, including Gen Jones, are confident that they have sufficient forces in the theatre to be able to complete the operation successfully.” The alliance said it had managed to clear Taliban insurgents from 55 per cent of the area surrounding their former stronghold of Kandahar.

Lord Garden, a former senior air force officer who acts as a defence spokesman for Britain’s Liberal Democratic party, said: “Part of the problem . . . is Nato funding. If you volunteer, not only do you provide the troops, you have to provide the money to fund them.”

Diplomats sought to emphasise that the Nato mission was a long way from failure. Victoria Nuland, US ambassador to Nato, said: “One of the things that is getting lost here is that the operation against the Taliban is a huge success. The extra troops will allow us to win faster and more decisively and to continue reconstruction at the same time.”

However, casualties taken by British troops in the southern province of Helmand have increased controversy over the mission.

Military Will Meet '06 Recruiting Goals (WT)

By Rowan Scarborough

The Washington Times, September 14, 2006

The U.S. Armed Forces will meet wartime recruiting goals for the fiscal year that ends in two weeks, military officials said yesterday.

Despite Washington's heated political debate on the worthiness of the Iraq war, frequent overseas war deployments and daily casualties, officials say a sufficient number of young men and women are signing up with the Army, Air Force, Navy and Marine Corps in fiscal 2006 to maintain an active-duty force of about 1.4 million.

The Army, which has suffered the largest death toll as the chief provider of troops in Afghanistan and Iraq, reports that it has exceeded a goal of 70,200 recruits by signing up 72,997 as of August. Officials say they expect to meet a Sept. 30 goal of 80,000 for the fiscal year.

The Army missed its goal two years ago for the first time since 1999, sparking fears that the stress of the global war on terrorism and daily reports of soldier deaths were discouraging high school graduates from joining.

Hitting the mark in a time of war has cost the Army more money -- and style. In June, it raised the maximum age for recruits from 38 to 42, and says it has attracted scores of veterans. And it relaxed tattoo rules. Now, body art can extend above the neck.

"We learned more and more teenagers have tattoos, so we relaxed the tattoo policy," said Maj. Nathan Banks, an Army spokesman at the Pentagon.

The Army also is offering increased college tuition reimbursement and sign-up bonuses up to $40,000.

Of exceeding the recruiting goal, Maj. Banks said, "It's always better to have more than less. We don't stop."

The Marine Corps, which has troops in the restive and deadly Anbar province in Iraq, also will meet its goal this fiscal year of 32,701 active-duty recruits and 5,930 reservists, said Maj. Wes Hayes, a spokesman for Marine Corps Recruiting Command. He said the Corps has not increased incentives.

"Our success is all attributed to those 2,650 Marine Corps recruiters, their tireless efforts, their professionalism at informing and educating young men and women about the Marine Corps," he said.

The Pentagon reports that the Navy and Air Force also are meeting recruitment goals.

The Army is still encountering shortfalls in Reserve recruiting. It stands at 94 percent of a targeted 33,124 by the end of August. The Army National Guard is a few tenths of a percent below its goal.

Gay Groups Renew Drive Against "Don’t Ask, Don’t Tell" (NYT)

By Lizette Alvarez

The New York Times, September 14, 2006

MADISON, Wis. —The three young men who tried to enlist at an Army recruiting station here appeared to be first-rate military material.

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Two were college students, and the other was a college graduate. They had no criminal records. They were fit and eager to serve at a time when wars on two fronts have put a strain on American troops and the need for qualified recruits is great.

But the recruiter was forced to turn them away, for one reason: they are gay and unwilling to conceal it.

"Don't judge me because of my sexuality," said one of the three, Justin Hager, 20, a self-described Republican from a military family who has "a driving desire to join" the armed forces. "Judge me because of my character and drive."

As the Pentagon's search for soldiers grows more urgent, gay rights groups are making the biggest push in nearly a decade to win repeal of a compromise policy, encoded in a 1993 law and dubbed "don't ask, don't tell," that bars openly gay people from serving in the military.

The policy, grounded in a belief that open homosexuality is damaging to unit morale and cohesion, stipulates that gay men and lesbians must serve in silence and refrain from homosexual activity, and that recruiters and commanders may not ask them about their sexual orientation in the absence of compelling evidence that homosexual acts have occurred.

The push for repeal follows years of legal setbacks, as well as discord among gay rights groups about how, or even whether, to address the issue. Now, rather than rely on the courts, advocates are focusing on drumming up support in towns across the nation, spotlighting the personal stories of gay former service members and pushing a Democratic bill in the House that would do away with the policy.

In August the gay rights group Soulforce opened a national campaign by recruiting openly gay people, including the three young men in Madison, who would have enlisted in the military if not for "don't ask, don't tell." [As part of that campaign, two young people who were rejected as applicants on Tuesday at a recruitment center in Chicago returned there on Wednesday and engaged in a sit-in. They were arrested but later released without charges.]

The move to change the policy faces stiff resistance from the Pentagon and Republicans in Congress, who, in a time of war during a tough election year, have no longing for another contentious debate about gay troops. The House bill, introduced last year by Representative Martin T. Meehan, Democrat of Massachusetts, has picked up 119 supporters, but only five of them Republicans.

"In the near term, it has zero chance," said Daniel Gouré, a vice president at the centrist Lexington Institute. "It's hard to see how anyone would want to give potential opponents any ammunition to knock them off."

A 2004 report by the Urban Institute concluded that at least 60,000 gay people were serving in the armed forces, including the Reserves and the National Guard. But since 1993, at least 11,000 members have been discharged for being openly gay, among them 800 in highly crucial jobs, according to the Government Accountability Office, Congress's investigative arm.

For all of that, gay rights groups, gay veterans and some analysts say much has changed since the policy was adopted. A Gallup poll in 2004 found that 63 percent of respondents favored allowing gay troops to serve openly, and a similar survey, by the Pew Research Center this year, put the number at 60 percent; those majorities did not exist in 1993. Young people in particular now have more tolerant views about homosexuality.

In addition, 24 foreign armies, most notably those of Britain and Israel, have integrated openly gay people into their ranks with little impact on effectiveness and recruitment. In Britain, where the military was initially forced to accept gay troops by the European Court of Human Rights, gay partners are now afforded full benefits, and the Royal Navy has called on a gay rights group to help recruit gay sailors.

The new debate on "don't ask, don't tell" also coincides with multiple deployments that are being required of many American troops by a military that has lowered its standards to allow more high school dropouts and some convicted criminals to enlist.

"Would you rather have a felon than a gay soldier?" said Capt. Scott Stanford, a heterosexual National Guard commander of a headquarters company who returned from Iraq in June. "I wouldn't."

Lt. Gen. Daniel W. Christman, retired, former superintendent at West Point and onetime assistant to the chairman of the Joint Chiefs of Staff, said both the British experience and the shifts in attitudes at home would cause the American armed forces to change, though slowly.

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"It is clear that national attitudes toward this issue have evolved considerably in the last decade," said General Christman, now a senior vice president at the United States Chamber of Commerce. "This has been led by a new generation of service members who take a more relaxed and tolerant view toward homosexuality."

In fact, a growing number of gay service members have told advocacy groups that fewer heterosexual troops are making homosexuality an issue. In some cases, they say, commanders look the other way when someone is suspected of being gay or even avows it, especially if that service member is valuable. Since the war in Afghanistan began in 2001, discharges of openly gay members have fallen by 40 percent.

"People are really blasé about the issue," said Tim Smith, 24, a former marine who was discharged last year after a civilian chaplain, told of Mr. Smith's homosexuality by congregants, alerted his commander.

Mr. Smith, who was married when he entered the Marine Corps in 2001, hopes to dispel a stereotype of the "promiscuous, night-going, street-dancing" gay man by telling his story and sharing the reaction that disclosure of his orientation elicited. That reaction was largely favorable. At the end, he said, his commander even told the commanding general in a letter that Mr. Smith would be impossible to replace.

On the other side of the divide, Elaine Donnelly, president of the conservative Center for Military Readiness, said permitting gay men and lesbians to serve openly would prompt recruitment rates to drop and disrupt unit cohesion, a linchpin in the decision to allow gay troops to serve only in silence.

"People in the military live in conditions of little or no privacy," said Ms. Donnelly, who advocates a full ban on gay troops. "In conditions of forced intimacy, people should not have to expose themselves to other persons who are sexually attracted to them."

Further, the policy lets unhappy troops, straight or gay, ditch the military service to which they have committed. About 85 percent of those discharged under the policy had declared a homosexual orientation, according to the Servicemembers Legal Defense Network, a gay rights watchdog; roughly half that number had volunteered the information simply to get out of the military.

"It lets people kind of get out of jail free," said Aaron Belkin, director of the Center for the Study of Sexual Minorities in the Military, a research group at the University of California, Santa Barbara, that has sided with the effort to eliminate "don't ask, don't tell."

Mr. Hager, the young man rejected at the recruiting center here in August along with John Alaniz, 25, and Derek House, 19, had expected that outcome. Joining the Soulforce campaign, he said, was about making a point.

He had tried to enlist in the Navy in high school, when his sexual orientation was still hidden, and had scored high in his aptitude test. His father had served in Vietnam, and his grandfather, a concentration camp survivor, had instilled in him a drive to safeguard America. But a broken ankle dashed his plans then.

This time it was his own words that sidelined him.

"I am openly homosexual," he said, "and that opportunity won't be there for me."

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The President's Lawyer And Paradigm Change (SCRIPPS)

By Jose De La Isla

Scripps Howard, September 14, 2006

Commentary By JOSE DE LA ISLA

President Bush has finally announced that 14 terrorist suspects will go on trial. He has acknowledged the detainees have been in CIA hands and are now in military custody. Congress still has to authorize court procedures for the trials. This is a pivotal moment. It is a "paradigm change," a time when one conceptual way of understanding could give way to another.

Alberto Gonzales, as Bush's legal counselor in the White House before becoming U.S. attorney general, will continue as a central character. He is without peer in putting the policies together.

Not since Robert F. Kennedy was working for his brother JFK have the White House and Justice Department driven such fundamental change. The enigmatic, secretive Gonzales will have a lasting effect on future presidencies.

Before going to the White House, Gonzales had been Gov. George W. Bush's legal advisor, Texas' secretary of state, and then chief justice on the state Supreme Court.

He was from the beginning a close, trusted member of the Bush team. Although Washington hands did not immediately peg him as intimately associated as Karl Rove, Karen Hughes and Harriet Miers, he was.

According to a new book by Bill Minutaglio, "The President's Counselor: The Rise to Power of Alberto Gonzales" (Rayo Books, 2006), he was the closest, the keeper of family secrets, and the one who understood what Bush wanted to accomplish. Minutaglio's tome is strongest in summarizing mountains of news accounts, providing context and connecting the dots, showing how decisions were made. The account is weakest when he tries to interpret Gonzales' Hispanic and family background. What emerges is Gonzales and Bush virtually joined at the hip.

What Karl Rove has been to Bush's political planning, Gonzales has been to legal strategy. Before 9/11, Gonzales had assembled a group of lawyers, mainly members of the Federalist Society, in the White House's Office of Legal Counsel. The conservative organization holds that the Constitution has a fixed and knowable meaning and they oppose interpretations that cast it as having an evolving significance.

He and his group were leaders on legal policy issues, even over the Justice Department, national security advisor Condoleezza Rice and Colin Powell at the State Department, mostly because Gonzales had the president's ear.

From the White House, Timothy Flanigan, Bradford Berenson and Brett Kavanaugh, among others, sought to fast-track, streamline and broaden presidential authority.

The attacks of 9/11 only accelerated that approach, called "forward leaning," to anticipate, detect, detain and prosecute suspects and those who maintained ties to or supported suspected terrorist activities.

These White House lawyers understood that in order for the United States to have the upper hand on the enemy, it needed an ability to get information and take preemptive measures.

Much of what happened next is widely known. The definition of torture was tweaked to make it not torture. The Geneva Convention was considered confining, "quaint," and ignored. Suspects have been held and transported to secret prisons, called "extraordinary rendition." Domestic wiretapping occurred without court authorization and it circumvented oversight.

The fast-tracking, streamlining, and broadening of presidential powers rolled over Congress, which granted broad authority in its resolution of Sept. 14 and the Patriot Act. Otherwise, Congress was not a full partner in granting and overseeing war powers. Now it has to decide whether to go along with the Bush administration's proposal for trying terrorists.

Through it all, Gonzales was there, in the middle of the legal justifications for the hallmarks of this administration. He had a hand in or he could have intervened before ideas reached the president on paper. But to the legal team that worked for him, the assumption all along was Alberto Gonzales represented the direction the president wanted.

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CORPORATE SCANDALS:

AG Office Says Criminal Charges Possible Within Week As HP Reshuffles Board (FINDLAW/AP)

By Jordan Robertson, Associated Press Writer

AP, September 14, 2006

(AP) - SAN JOSE, California-Criminal charges could come within a week in the boardroom spying scandal at Hewlett-Packard Co., the state Attorney General's Office said Wednesday.

Spokesman Tom Dresslar did not say who would be charged or what the charges would be. He also emphasized that it may take longer for the detailed investigation to produce charges.

"We're not going to confine ourselves to any particular timetable," Dresslar said. "We'll go when we're ready to go, and not a minute before that."

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On Tuesday, Attorney General Bill Lockyer said he already had enough evidence to charge HP insiders and the private investigators who impersonated board members and journalists in order to access logs of their personal phone calls.

"We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside," Lockyer told PBS' "NewsHour with Jim Lehrer."

He has said HP's internal probe of media leaks violated two California laws governing identity theft and illegal access to computer records.

The FBI and the U.S. attorney for Northern California are also investigating HP for illegal computer intrusion and wiretapping. The company also faces inquiries by the Securities and Exchange Commission, the Federal Communications Commission and the U.S. House Energy and Commerce Committee.

On Tuesday, the company announced that Chairwoman Patricia Dunn would step down in January and be replaced by chief executive Mark Hurd.

Dunn has admitted authorizing the investigation into who was leaking boardroom secrets to reporters, but said she was appalled that private investigators hired by the company used Social Security numbers to impersonate HP directors and reporters, then persuaded phone companies to turn over detailed logs of their home phone calls.

The ruse - known as "pretexting" - is commonly used by private investigators but is against the law, according to Lockyer.

Dunn would appear to be the most likely HP insider to be charged in the criminal probe, but legal experts said investigators must prove that she knew the investigators would be engaging in illegal activity.

"If she had no idea that anyone was going to be involved in this type of conduct, then under our system of justice she shouldn't be prosecuted," said Ken Sukhia, a former U.S. attorney in Tallahassee, Florida.

It's unclear who did know that personal phone records were being compromised by the investigators.

One of the firms HP hired to conduct the probe is Security Outsourcing Solutions Inc., according to The New York Times and The Wall Street Journal, citing people familiar with authorities' probes.

That business' address and phone number match those of a law firm with an office in downtown Boston, Bonner Kiernan Trebach & Crociata. One staff member who would not identify herself Wednesday told The Associated Press she had never heard of Security Outsourcing Solutions. Another woman referred inquiries to partner John Kiernan, who was not immediately available for comment.

Two other board members who became ensnared in the leaks investigation are unlikely to be charged.

At a board meeting in May, Dunn identified director George Keyworth III as the source of a January article on CNET Networks Inc.'s News.com. The board asked Keyworth, 66, to resign, but he refused. HP then barred him from seeking re-election.

Keyworth, HP's longest serving board members, resigned Tuesday. He acknowledged speaking to reporters but said he did so with the company's approval.

The attempt to oust Keyworth last spring riled another board member, longtime Silicon Valley venture capitalist Tom Perkins, 74, who stormed out of the May 18 meeting. His lawyer later pressed HP to reveal the reason for his resignation, which led to the SEC filing last week in which the company revealed its leaks investigation.

Two lawyers also were allegedly involved in the pretexting scandal.

Larry Sonsini, a noted Silicon Valley legal mind, served as an outside adviser to the HP board during the investigation. In an e-mail exchange with Perkins in June, obtained by The Wall Street Journal, Sonsini said he was not involved in "the design or conduct of the investigation," but that it appeared to be legal.

Sonsini also warned Perkins not to talk to outsiders about confidential board processes and deliberations because that would be a breach of his responsibilities as an HP board member.

In his e-mail, Sonsini says Ann Baskins, HP's general counsel, vetted the leak investigation and believed it to be legal.

AP Technology Writer Brian Bergstein in Boston contributed to this report.

California Attorney General Takes H-P Spotlight (WSJ)

By Jim Carlton And John R. Emshwiller

The Wall Street Journal, September 14, 2006

Now that Hewlett-Packard Co.'s board has taken steps to address its investigation of boardroom leaks, attention is firmly fixed on Bill Lockyer, the California attorney general who has made high-profile pledges to bring any lawbreakers to justice.

On Tuesday, Mr. Lockyer said he had enough evidence to indict people inside and outside H-P on charges related to obtaining personal phone records of directors and journalists without authorization. A spokesman for the attorney general said the first criminal charges could be filed within a week.

In an interview yesterday, Mr. Lockyer added that he is looking beyond a Boston-area investigation firm linked to the H-P probe to a "complicated chain" of parties in multiple states that may have taken part in a practice called "pretexting," in which private phone records were obtained under false pretenses. (See related article1.) He said he has spoken about the case with Massachusetts Attorney General Tom Reilly, whose office is cooperating.

Mr. Lockyer's remarks indicate that his investigation has expanded well beyond the borders of California. They also raise the profile of a man who many people outside the state have never heard of, a veteran brawler who has shown little hesitation in going after legal scofflaws and political foes.

Since first elected as California's top law-enforcement officer in 1998, Mr. Lockyer has taken on energy companies for price-gouging in California, turned up the heat on sex offenders and launched a high-profile crackdown on abusive nursing homes.

At the same time, he has sued the Bush administration repeatedly to try to block a range of initiatives he considers detrimental to the environment, including increased logging. In 2003, the Democratic Mr. Lockyer locked horns with California's Republican governor, Arnold Schwarzenegger, when he suggested the Hollywood action hero submit to a third-party investigation into allegations he had groped a series of women. Mr. Schwarzenegger's staff angrily criticized the attorney general for making public a private conversation with the then governor-elect.

Now, the 65-year-old Mr. Lockyer has thrust himself into once-private matters at H-P that have suddenly become very public.

H-P Chairman Patricia Dunn, who pushed for the investigation of board leaks, this week agreed to relinquish her chairmanship to Chief Executive Mark Hurd. George Keyworth, a director whose phone records were improperly obtained and was accused of leaking information, agreed to resign.

New details of the probe continue to emerge. In addition to scrutinizing phone records, people familiar with the matter say human and possibly video surveillance was involved; private investigators attended speeches by at least one of the company's directors and followed this person to see if the board member met any journalists, they say. Ms. Dunn, in an e-mail to employees Tuesday, disclosed that two H-P employees had been investigated, as well as certain directors and "a number of individuals outside the company, including journalists." An H-P spokesman declined to comment on the possible use of human and video surveillance, or to identify any people cited in Ms. Dunn's email.

In May, H-P director Thomas Perkins resigned in anger after the board was presented with results of the investigation. He subsequently complained to Mr. Lockyer's office as well as the Justice Department. The Federal Bureau of Investigation confirmed this week that it is investigating the matter.

Mr. Lockyer said yesterday that three state criminal statutes were involved in the investigation: illegally accessing and using computer data; accessing personal-identification information and using it for illegal purposes; and using deceit to obtain records from a utility, such as a phone company. Any of those crimes could be charged as a misdemeanor or a felony, he said. A misdemeanor would carry a one-year maximum prison sentence, and a felony a three-year maximum term.

Making charges in the case stick could prove fairly straightforward, some lawyers say. Erwin Shustak, managing partner of Shustak & Partners in San Diego, said prosecutors can prove a felony by showing a defendant deliberately obtained someone's phone records or other personal information, used it for an unlawful purpose and did so without the owner's permission.

Such a charge most likely would be filed against the contractor who actually did the pretexting, Mr. Shustak added. Any charges filed against anyone inside H-P more likely would involve the state felonies of aiding and abetting or conspiracy, he said.

"Prosecutors would have to show H-P knew or should have known the contractor acted with malicious intent to get what they wanted," he said.

The company's probe was overseen by the office of H-P General Counsel Ann Baskins, which relied on outside private investigators. Ms. Baskins hasn't been available to comment, and H-P spokesmen have declined to comment on her role in the affair.

Few prosecutors routinely make public comments about charges before they are filed. FBI officials, by contrast, have declined to comment beyond confirming their inquiry. But Mr. Lockyer, in the interview, said he doesn't expect conflicts with federal investigators.

"We try to cooperate and work together," he said. "Sometimes that's effective and sometimes not."

Politics are one reason to keep a high profile: Forced to give up his attorney general's job because he has served a two-term maximum in the post, Mr. Lockyer is running for election in November to be California treasurer. Polls show Mr. Lockyer holding a double-digit lead over his Republican opponent.

But Mr. Lockyer's supporters say he is motivated more by passion for a job they say he is leaving only because he has no choice. "Bill Lockyer is not afraid of taking on a sacred cow, it's in his nature," said Jim Brulte, a political consultant who until 2004 was head of the California Senate's Republican minority.

During the 2000-01 California electricity crisis, Mr. Lockyer sparked a controversy when he told The Wall Street Journal that "I would love to personally escort [Enron Corp. Chairman Kenneth Lay] to an 8x10 cell that he could share with a tattooed dude who says 'Hi my name is Spike, honey.'" Earlier this year, Mr. Lay was convicted on federal fraud and conspiracy charges arising from the energy giant's collapse. He subsequently died of heart problems.

Calif. Attorney General May Be HP's Biggest Scandal Hurdle (USAT)

By Michelle Kessler

USA Today, September 14, 2006

SAN FRANCISCO — Hewlett-Packard's attempt to quell its boardroom scandal may be stymied by an unexpected source: California Attorney General Bill Lockyer.

Lockyer is gathering evidence against employees of Hewlett-Packard and its contractors, his office confirmed Wednesday. His office is being helped by Massachusetts Attorney General Tom Reilly.

Lockyer has repeatedly said HP committed a crime when it used subterfuge to obtain the phone records of nine journalists and at least two board members. His office says it's too soon to say when indictments might be handed out.

The Department of Justice, FBI, House Energy and Commerce Committee, and Securities and Exchange Commission also have launched inquiries.

But outspoken Lockyer may be HP's biggest threat. The life-long politician is often “greatly underestimated,” says Los Angeles defense attorney Mark Geragos, who is both Lockyer's friend and rival.

Lockyer has held state office since 1973 without ever losing an election. He earned his law degree while simultaneously serving as a state senator. As attorney general, he has taken on energy giants and the Bush administration. He once left his own wedding reception to appear on television about the Laci Peterson murder trial.

But the HP case will be a challenge, legal experts say. In an attempt to stop leaks to the press, HP hired a detective firm, which hired a subcontractor. Employees of the subcontractor pretended to be HP board members and journalists to get their phone records.

There's no one California law against the practice, called “pretexting.” But Lockyer's staff is considering prosecuting under fraud laws, including those that prohibit identity theft and unauthorized use of computer data.

To do so, they will have to prove that HP staffers knew about the lies, says law professor Jill Fisch at the Fordham University School of Law. That can be difficult, but Fisch says Lockyer wouldn't have been so vocal about the case if he didn't have strong evidence.

Lockyer began examining pretexting long ago. In March, he filed a lawsuit against Data Trace, a company accused of stealing cellphone records and selling the data. The case is pending.

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But independent tech analyst Rob Enderle says Lockyer may be going after HP mainly for publicity in an election year.

Lockyer is being forced out of his job by term limits. He considered a run for governor, and raised $10 million. But, in the face of stiff opposition in the form of incumbent Arnold Schwarzenegger, he decided to run for treasurer instead.

Robert Stern, head of the Center for Governmental Studies, says family may be one reason Lockyer changed his mind. (Lockyer, 65, is married to 35-year-old attorney Nadia Davis Lockyer, and has a young son in addition to an adult daughter.)

But Stern says Lockyer still has plenty to prove. "He's very bright, and very ambitious," he says.

Tiny Firm's H.P. Link Scrutinized (NYT)

By Matt Richtel And Damon Darlin

The New York Times, September 14, 2006

SAN FRANCISCO, Sept. 13 — California prosecutors looking into the Hewlett-Packard spying case are focusing in part on a small private investigation firm in suburban Boston, operating out of a yellow house with black shutters in a quiet neighborhood.

How such a tiny firm ended up handling work for H.P., one of the largest technology companies in the world, as it tried to find out who had leaked company secrets is not clear. But other private investigators said on Wednesday that the situation was not surprising, because corporations in need of such services often end up relying on a chain of subcontractors.

Prosecutors will have to follow that chain as they pursue those responsible for gaining access to the phone records of journalists and company board members.

It is common practice for a company's head of security, its general counsel or its outside law firm to hire a security consulting firm, which often hires smaller firms, like the one prosecutors say was involved in this case, Security Outsourcing Solutions in Needham, Mass.

Those firms then hire freelance investigators to do work like surveillance or the acquisition of phone records.

The H.P. investigation involved the use of a technique known as pretexting — in this case, pretending to be a customer to obtain that customer's records from the phone company.

The small firms provide skills that larger firms may not have, but they also offer another benefit. Using middlemen can insulate the company that has ordered the investigation from any shadowy activities, private investigators said.

"I'd be dumfounded if you could find a corporation the size of H.P. that turned directly to the pretexter," said Rob Douglas, an information security consultant who has testified to Congress about illicit tactics used to obtain telephone records. He added that these investigations "have middlemen and are layered."

Mr. Douglas said it was not clear whether the layering in this case was intended as a way to shield company executives, or was just the way the process worked, with one step leading to another until a specialist in obtaining phone records was needed.

Federal and state prosecutors are continuing to investigate what laws, if any, were broken in Hewlett-Packard's hunt for directors who leaked information to the news media.

Hewlett-Packard has said the investigators it hired, whom it refuses to identify, did succeed in identifying a director as a source of leaks. That director, George A. Keyworth II, resigned Tuesday after the company accused him of giving details of a management meeting to a reporter.

The investigation into the leak resulted earlier this year in the resignation of another director, Thomas J. Perkins, an ally of Mr. Keyworth, over a dispute with Patricia C. Dunn, the board chairwoman who ordered the investigation. The company said on Tuesday that Ms. Dunn would give up her position in January.

"It's a remarkable story because it is such an obvious inappropriate thing to do," said Daniel E. Karson, an executive managing director and counsel at Kroll, the nation's largest investigation and security firm.

People who were briefed on details of the company's internal investigation have said that Security Outsourcing Solutions, which is run by Ronald R. DeLia, was one company involved.

But others who are investigating the company's actions said Wednesday that there were most likely other firms involved. Security Outsourcing acts as a kind of temporary employment agency and rounds up people who can do a particular job, so it is likely that those who got access to the phone records were subcontractors. Legal filings in the California attorney general's

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investigation show that one of the pretexters gained access to a phone company Web site using Internet service from Cox Communications, a cable company that does not operate in Boston.

State investigators have not said if there were any other middlemen involved. Several private investigators said one reason to think Security Outsourcing had help was that whoever did the actual work of obtaining the phone records of the H.P. board members and journalists had their Social Security numbers.

Attempts to contact Security Outsourcing on Wednesday by phone and e-mail and in person failed. No one answered the door at Mr. DeLia's residence in Needham, a large home on a tree-lined street.

In addition to listing the Needham home as an address, Security Outsourcing Solutions shares a Boston phone number and address with the law firm of Bonner Kiernan Trebach & Crociata, although its name does not appear on a lobby directory. Calls to the firm were referred to a partner, John A. Kiernan, who said he had "a relationship that involves attorney-client privilege" with Mr. DeLia and could not talk about the matter.

Mr. DeLia, 56, is a licensed private detective in Massachusetts who, according to state police, has had no disciplinary actions against him. James Atkinson, a Boston-area private detective who specializes in preventing electronic surveillance and has worked with Mr. DeLia, described him as a "stand-up guy," adding: "I'd be astonished if this involved Ron. This is not the kind of work he does."

At the top of the hierarchy in the corporate investigations industry are firms like Kroll or Deloitte Touche Tohmatsu that work with large corporations. Firms like Secure Source, specializing in security risk assessments, or SafirRosetti, which focuses on financial fraud and computer breaches, offer narrower services. Both are units of the GlobalOptions Group, which has been consolidating a number of small firms to gain influence with corporations.

At the very bottom, investigators say, are the shadowy information brokers, the so-called pretexters, who promote their ability to get phone and credit records.

"There is a huge subdivision of investigative skills," said James Cawood, who runs a corporate investigations firm called Factor One in Oakland, Calif.

Terry Lenzner, the head of the Investigative Group International, a well-known Washington investigations firm, said that for a large company like Hewlett-Packard to contact a small firm directly would be unusual. "I would think it would be unheard-of," he said.

Mr. Lenzner said he had never heard of Security Outsourcing.

Mr. Karson said a company's decision on whom to hire for an internal investigation could sometimes be as casual as the head of security saying, "I know a guy." He added: "That's how a large company can end up working with a small firm."

Mass. Security Firm Part Of Probe Of HP (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, September 14, 2006

A small security company in suburban Boston has emerged as a subject in the investigation of Hewlett-Packard Co.'s boardroom spying scandal, according to a source familiar with the matter.

Security Outsourcing Solutions Inc. was hired as part of a Hewlett-Packard investigation of its board of directors to discover who was leaking information to the news media, the source said on the condition of anonymity because of the sensitivity of the investigation.

Hewlett-Packard has come under fire for the methods used to identify the board member who was leaking information. Since the scandal surfaced last week, the director behind the leak has resigned and the board chairman has agreed to step down early next year. Another director resigned in May.

HP's investigation involved people posing as directors and journalists in order to gain access to private phone records. It also appeared to include surveillance of directors and review of videotapes to see if any directors were meeting with reporters, the source said.

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California Attorney General Bill Lockyer opened a criminal investigation of HP, which is based in Palo Alto, outside San Francisco. Massachusetts Attorney General Thomas F. Reilly is assisting Lockyer, Meredith Baumann, a spokeswoman for Reilly, said yesterday.

According to the Web site for Security Outsourcing Solutions, it provides support services to in-house security departments and evaluates and addresses corporate security risks.

It caters to small- and medium-size companies and those that do not have full-time security departments. The Web site says the company has a "global network of over 40 affiliated professional investigative firms."

The firm, founded in 1998, has 10 employees and reports annual sales of $990,000, according to Dun & Bradstreet Inc.

Calls to the number listed as the firm's Needham, Mass., office were not answered yesterday. Managing Director Ronald R. DeLia could not be reached for comment.

Staff researcher Richard Drezen contributed to this report.

HP Faces Criminal Investigations With Help Of Morgan, Lewis & Bockius (LAW)

By Justin Scheck, The Recorder

California Recorder, September 14, 2006

It only looks like Larry Sonsini is doing all of Hewlett-Packard's legal work.

In fact, the troubled tech company has hired Morgan, Lewis & Bockius as it tries to fend off various criminal investigations into whether its board of directors broke the law by having an investigator lie to gain access to board member phone records.

On Monday, Morgan Lewis lawyers sat down with San Francisco federal prosecutors in hopes of forestalling federal criminal charges.

The Monday meeting involved a "proffer" -- a normal step these days in white-collar investigations, in which a company under scrutiny offers up information to the government with certain conditions, as a means of showing good-faith cooperation with investigators.

John Hemann, a Morgan Lewis partner who was at the meeting -- and who was until last year a white-collar prosecutor with the San Francisco U.S. Attorney's office -- didn't want to talk about HP on Tuesday.

"I have no comment," he said.

Assistant U.S. Attorney Mark Krotoski, the chief of the office's criminal division, is the lead prosecutor handling the investigation. He referred questions to a spokesman, Luke Macaulay, who confirmed the investigation but would not discuss its details.

On Tuesday afternoon, meanwhile, California Attorney General Bill Lockyer told PBS' "NewsHour" anchor Jim Lehrer that "we currently have sufficient evidence to indict people both within Hewlett-Packard as well as outside."

According to a search warrant, Lockyer's office has been looking into the matter since at least Aug. 16, when a state prosecutor met with investigators for AT&T, the phone company that was duped into handing phone records over to the board's investigator. Sources familiar with the federal investigation said the San Francisco U.S. Attorney's office has known for at least as long about the allegations that board members' phone records were accessed through suspect means.

On Tuesday, a spokesman for AT&T had little to say. "We really can't talk about it," said Walt Sharp.

However, he did point to a suit that the company filed in August in San Francisco federal court seeking to find out the identities of several people who improperly accessed phone records, but would not say whether it was directly related to the HP case.

The focus of the federal query remains unclear, but the fast-multiplying probes into the matter have Silicon Valley lawyers abuzz with the possibility that attorneys, either at HP or at Wilson Sonsini Goodrich & Rosati, could be ensnared.

Spokespersons for the firm and HP did not return calls by press time. On Tuesday, the Wall Street Journal reported that Sonsini, who played a role in both the board's initial leak investigation and its attempt to contain the crisis, ran emergency meetings of HP's board this week. The firm has denied it was involved in the portion of the investigation that involved pretexting.

On Tuesday, HP announced that director Patricia Dunn, who had initiated the leak investigation, would step down as chair at the end of the year.

A week ago, it was publicly revealed that ex-director Thomas Perkins had quit the board in May to protest the leak investigation. Since then, what started as a boardroom disagreement has careened into chaos.

It isn't clear when, or how, the various investigations will culminate. Lockyer spokesman Tom Dresslar wouldn't comment on when the state might file charges, or whether it is working with the U.S. attorney's office.

"We are focused on completing our investigation into crimes we believe were committed," he said.

Silicon Valley's Golden Past Tarnished By Latest Probes (WP)

By Carrie Johnson

The Washington Post, September 14, 2006

Silicon Valley has long been the stuff of dreams, a place where gawky entrepreneurs create billion-dollar companies in their garages, their innovations sometimes bending the rules but forever changing the way we listen to music or chat with friends.

But lately, it seems, the valley has shifted from a shiny beacon of capitalism's promise into a shadowy target for investigators.

Last week Securities and Exchange Commission officials told Congress that they were investigating 100 companies for possibly rigging their compensation systems to guarantee lucrative payments to executives and favored employees. That figure includes many technology firms whose volatile stock prices sweetened the incentive to engage in improprieties.

Even Hewlett-Packard Co., the standard bearer for ethics among Silicon Valley's home-grown technology community, is hustling to move forward after the resignation Monday of its chairman, Patricia C. Dunn, amid investigations by prosecutors and federal lawmakers over whether directors' phone records were illegally accessed. Prompted by concerns that a board member leaked information to the press, the HP debacle is shedding light on the valley's insular culture, where secrets are prized and key players have multiple and sometimes conflicting obligations.

No industry has been immune to executive greed or governance lapses in recent years. The era's most disastrous collapses, of Enron Corp. and WorldCom Inc., occurred far from Silicon Valley. But the same mind-set that inspired so many technology entrepreneurs probably contributed to a breakdown in sound business practices, regulators said.

"You have industries where their whole thought process is to think outside the box," said Charles D. Niemeier, a former top accountant in the SEC's enforcement division who now oversees the accounting industry. "That works really well -- except when it comes to compliance with the securities laws."

A generation ago, Silicon Valley was a backwater, thousands of miles from the nation's financial center on Wall Street and serviced by a few investment banks, law firms and private investors with enough cash to fuel start-up ventures. But the technology boom of the 1990s changed everything. It drew billions of dollars west and made millionaires of young inventors and salespeople, many of whom had virtually no experience running a business.

Regulators later uncovered financial improprieties from that period, including "round-trip" deals where technology firms entered into agreements with each other to give investors the appearance that they were winning customers and gaining traction in the market. What mattered at the time was not reality, but the illusion of success, which often triggered a rise in the stock price, Niemeier said.

This year, investigators have focused anew on the technology sector and the apparently common practice of backdating stock options. A popular method of attracting employees, options give workers the chance to buy stock at a set price and within a specific time frame. Employees profit from the difference between the share price at the time of the grant and the price on the day the stock is sold. In backdating cases, executives have selected award dates after the fact that marked low points in the company's stock price, increasing the likelihood of a windfall. Backdating violates the law if it is not properly disclosed to investors and tax authorities, prosecutors and securities regulators have said.

Cnet Networks Inc., VeriSign Inc. and Macrovision Corp. are among the Silicon Valley businesses that have announced that they received subpoenas from Kevin V. Ryan, the U.S. attorney for the Northern District of California, over their options practices, according to securities filings. Apple Computer Inc. also has disclosed irregularities in its option grants.

"I don't think greed has any special place in Silicon Valley," said Bill Burnham, a former investment analyst who founded Inductive Capital L.P. in Menlo Park, Calif. "There're greedy people everywhere. . . . I've seen a lot of people take very principled stands here where a lot of money is at stake."

Yet the latest round of investigations underscores how Silicon Valley's freewheeling culture is, sometimes painfully, making way for a more mature and formal system, where companies now public are required to abide by their obligations to investors, business and legal analysts said.

"Ten years ago, a lot of these companies were private," Burnham said. "That kind of culture and ethos remains. Some people may have lost sight of, hey, you're public, you have to change the rules now."

Moreover, the rapidly growing businesses often lacked in-house accounting and legal expertise, said Matthew J. Jacobs, a former prosecutor who leads the white collar defense practice at McDermott Will & Emery LLP in Northern California. "You're dealing with young companies that . . . do not necessarily have a long tradition of corporate governance," he said, "and part of it is learning on the job."

For advice and financing, companies often turned to the same core group of professionals, including lawyer Larry W. Sonsini and investment banker Frank P. Quattrone, who guided them at the beginning of the era. Sonsini and Quattrone spent years cultivating important relationships and achieved unusual prominence in a subculture that makes celebrities out of businessmen.

After Quattrone struck a deal last month with federal prosecutors, who agreed to dismiss criminal obstruction of justice charges against him after an appeals court threw out his conviction, Silicon Valley executives warmly applauded his return. During the technology boom, Quattrone earned $100 million in a single year and spread more wealth to his friends and associates, who through a program known as "Friends of Frank" got the opportunity to buy stock at low prices before hotly anticipated public offerings.

Sonsini founded a Palo Alto law firm, Wilson Sonsini Goodrich & Rosati, and has advised numerous chief executives, shepherded such companies as Google Inc. and Netscape Communications through lucrative stock offerings, and often persuaded clients to pay their bills not in cash but by giving up even more valuable stock in their companies. Ethics experts say the practice is acceptable but can raise questions about a lawyer's incentive to protect management interests.

In a nod to its ubiquity in Silicon Valley, Sonsini's firm has advised both HP and its former board member Thomas J. Perkins, a venture capitalist who pushed the company to disclose questionable methods used by a subcontractor to monitor directors' phone calls. Sonsini, who did not employ or supervise the subcontractor, apparently contacted HP lawyers and ultimately assured Perkins that it appeared that the process was "well done and within legal limits" in a June 28 e-mail message. Yesterday a spokesman for California Attorney General Bill Lockyer told reporters that the office might bring criminal charges over the call monitoring within a week, but the spokesman declined to name targets of the probe.

The HP board again turned to Sonsini to lead a Sunday conference call to discuss the fate of Dunn, the board's chairman, even though, legal analysts said, Sonsini will be an important witness in federal and state investigations.

"Boy, this turns into a mess," said Wayne State University law professor Peter J. Henning, who co-founded a popular Internet blog on white-collar crime issues, as he contemplated Sonsini's role at HP and how it affected the issue of attorney-client privilege.

Stephen Gillers, a professor of legal ethics at New York University, said that he lacked enough information about Sonsini's role to determine whether he may have run afoul of conflict of interest rules. But Gillers said that simultaneously comforting a former board member and protecting HP's interests do not in and of themselves sound alarms. State ethics boards rarely police conflict violations and clients themselves have the power to waive conflicts, he said.

Lockyer's 'Crimes' (WSJ)

The Wall Street Journal, September 14, 2006

Let's stipulate that Hewlett-Packard's wild leaker chase was one of the dumber corporate decisions of recent times. But that hardly justifies California Attorney General Bill Lockyer's decision to go on national TV and publicly allege that crimes were committed before any charges have been filed. Mr. Lockyer went on PBS's "NewsHour" Tuesday to claim that "crimes have been

committed" and that his office has "sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside."

Even assuming crimes were committed, it is irresponsible for any prosecutor to make such bald criminal assertions in public before he makes them in court. Mr. Lockyer is taking a page from Eliot Spitzer's method here, using the airwaves to poison public opinion against future defendants and make it easier to intimidate them into settling. Along the way, he also gets more headlines that make him look like a prosecutor willing to take down the rich and famous. Even rich corporate defendants deserve due process, however, and someone at the California bar should call Mr. Lockyer on his prosecutorial misconduct.

Hurd Instinct (WSJ)

By Michael S. Malone

The Wall Street Journal, September 14, 2006

When the story broke about the crisis in the boardroom at Hewlett-Packard last week, the almost universal reaction here in Silicon Valley was: What would Bill and Dave have done?

The answer is: What Mark Hurd just did.

The spirit of Bill Hewlett and Dave Packard still haunts high tech, especially the Valley. A quarter-century after the two men stepped down from the day-to-day management of the company they founded, their business philosophy still stands as the ultimate example of enlightened management -- and as a perpetual rebuke to executives who fall short of their lofty standards.

Nowhere is this more true than at Hewlett-Packard itself. It's one thing to run some semiconductor company on paranoia, or an enterprise software firm on fear. You can always rationalize your abusive management as necessary to succeed in a uniquely competitive market. But violate the precepts of the HP Way -- management by objective, pushing decision-making down through the organization, deep trust in your employees -- at HP and you have to convince the world that your results will outperform what was perhaps the most successful corporate stewardship in U.S. business history.

That's what Carly Fiorina learned during her controversial tenure at HP. Had she tried her superstar CEO/top-down management/big merger style most anywhere else, she might have succeeded. But at Hewlett-Packard all she managed to do was set off an employee mutiny. The company that had once rewritten every known measure of employee loyalty, still found within itself the capacity to pull itself together and repudiate its new leader. By violating the trust of HPers, Ms. Fiorina utterly lost the proxy vote with her own employees and was saved only by institutional investors. In the end, she lost her job when she couldn't put up HP-like numbers to match her radical plans, and Wall Street abandoned her.

This is the clever time bomb that Bill and Dave left as their legacy to high tech, and to HP in particular. It isn't enough to be enlightened, innovative or successful -- you have to be all three, or you will fail by comparison. From beyond the grave, H and P are always saying: Go ahead and break the social contract with your employees, indulge in mass lay-offs and stick with aging but profitable products . . . but if you can't maintain three decades of continuous growth, enjoy the highest employee morale in the industry and create a half-dozen major new industries, don't even think about leaving a legacy as a great manager.

From the beginning, Ms. Fiorina's successor, Mark Hurd, has seemed to understand this. Word from inside the company is that he is low-key, self-effacing and a bread-and-butter business guy. Best of all, he listens. In other words, he is a classic HP kind of manager. He may not have the culture of trust all the way down, but he is close enough. And the results have been apparent: HP profits and stock are up, its products are improving in quality, and employee morale is the strongest in years. The company is even beginning to win again the old-fashioned way: by remaining consistently strong and waiting for competitors -- in this case Dell Computer -- to stumble.

And then, just when it seemed that the dark days at Hewlett-Packard were finally in the past, along came this body blow of a scandal at the very top of the company.

In case you haven't been following the story closely, it goes like this: In early 2005, troubled by leaks in the media that appeared to have come from the boardroom itself, HP Chairman Patricia Dunn set out to trace and expose their source. She hired private investigators, who then proceeded to contract another company to help with the investigation. This second company gathered phone records not only from HP board members, but also from nine reporters from The Wall Street Journal, CNet, Business Week and the New York Times, among others -- all without the subjects' knowledge. To do so, these

investigators engaged in "pretexting": representing themselves as those directors and reporters in order to obtain personal information.

Ms. Dunn claimed that she didn't understand the concept of pretexting until this June. Moreover, she seems to have been supported in this dangerous project by Valley uber-lawyer Larry Sonsini. What is certain is that at the May 13 meeting, Ms. Dunn announced the results of her investigation and "outed" retiring director and former Reagan science adviser George Keyworth II as the leaker. And that was just the beginning. Fellow director Tom Perkins, a legendary venture capitalist and one of the Valley's most powerful people, resigned from the HP board in disgust at Ms. Dunn's tactics.

It was downhill from there. Mr. Perkins publicly stated that he and the rest of the board were kept in the dark about the precise nature of Ms. Dunn's investigation, while she all-but accused him of lying about his involvement. Mr. Hurd, who may or may not have known about the investigation, went before HP's employees last Friday to underscore his support for the search for leakers, but also to promise to investigate the investigation. On Monday, both Congress and the Justice Department announced that they were also looking into the matter. California State California State Attorney General Bill Lockyer stated on Tuesday that there was "sufficient evidence to bring criminal charges against individuals inside Hewlett-Packard as well as outside."

Meanwhile, HP's stock was falling, reversing the gains of the previous months. And HPers everywhere were appalled, disgusted and once more feeling betrayed.

Almost lost in the coverage is that this all began during the tumultuous last days of Ms. Fiorina at HP, when the board was deeply divided over the future of the company and the fate of its high-profile CEO. Indeed, it was a board member, Walter Hewlett, Bill's son, who led the shareholder revolt. He lost his directorship as a result (but not the admiration of HPers). That proxy battle fractured HP's board, creating a schism that apparently never fully healed, and which re-opened over the leak matter.

Tuesday, after two days of emergency board meetings, HP announced that Ms. Dunn would step down, to be replaced by Mr. Hurd, though she herself would remain on the board. "I am taking action to ensure that inappropriate investigative techniques will not be employed again," Mr. Hurd announced. "They have no place in HP."

Is this what Bill and Dave would have done?

Hewlett and Packard are no longer in a position to answer for themselves. But we do know that the two men always operated on trust and openness, but also with a strong hand. They would never have allowed the board to sink into civil war. We can also assume that they would have skipped the skullduggery and presented the leak problem to the assembled board at the beginning, and requested a full buy-in on any investigation. That alone would likely have plugged the leak. Given that HP under their leadership was never allowed to speak ill of a competitor to the media, we can also guess that Bill and Dave never, ever would have approved any investigation against reporters. And as men who had grown a company from a garage to a billion-dollar multinational corporation, they were wise enough to know that you can't buy the cloak without getting the dagger.

Finally, Hewlett and Packard firmly believed that you don't fire loyal employees for being beyond their competence; rather, you move them to where they can make the best contribution. In demoting Ms. Dunn, but still keeping her on the board, Mr. Hurd did the right thing. He did what Bill and Dave would have done.

Look next for deep and sincere apologies to everyone involved. That's the HP Way. Mark Hurd is learning fast.

Mr. Malone, a columnist for ABCNews.com, is author of "Bill and Dave: How Hewlett and Packard Built the World's Greatest Company," to be published in Spring 2007.

DOJ Reviewing Guidelines For Corporate Investigations (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, September 14, 2006

During a Senate Judiciary Committee hearing on Tuesday, a top U.S. Department of Justice official acknowledged that the so-called Thompson Memo on the attorney-client privilege in corporate investigations has ignited complaints across the legal and business landscapes, but he vigorously defended the current policy as a sound one.

"I've got the [Senate Judiciary] chairman and ranking chairman upset; former department attorneys general and other officials complaining. Everyone is complaining," said Deputy Attorney General Paul McNulty. "But I believe the perception of how this works is different from the reality.

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"I really don't see this as the kind of coercive practice that is being described by groups."

Senate Judiciary Chairman Arlen Specter, R-Pa., and ranking minority leader Patrick Leahy, D-Vt., both former prosecutors, questioned McNulty and a panel of critics of the Thompson Memo on how that memorandum -- the department's internal policy guideline on charging corporations -- affects the Sixth Amendment right to counsel in corporate investigations.

The Thompson Memo tells a prosecutor to consider nine factors in determining whether to charge a corporation for criminal wrongdoing. One of those factors is whether the corporation has cooperated in the investigation. In assessing cooperation, the memo says, one consideration is whether the corporation waived attorney-client and work-product protections.

A 'CULTURE OF WAIVER'

A coalition of business and legal organizations, including the U.S. Chamber of Commerce, American Bar Association, Association of Corporate Counsel and National Association of Criminal Defense Lawyers, contends that the memo has created a "culture of waiver" in which federal prosecutors now routinely demand waiver of attorney-client and work-product protections even where there are less intrusive means of getting information.

"It's just one part of one factor," insisted McNulty. "It's not an investigative issue; it's a charging issue. If [the corporation] has cooperated, which they almost always do, that's when the issue -- do you have an internal investigation report? -- comes up. The text of the memo itself says this is one factor to be considered. We're giving [prosecutors] the option to consider it."

But Specter countered, "As I read this policy, I think it is coercive and may even rise to the level of being a bludgeon. I would ask you to reconsider the policy."

Former Reagan Attorney General Edwin Meese III told the senators that the Thompson Memo should be amended to eliminate any reference to waiver of attorney-client privilege and work-product protections in a charging decision.

"In the same manner and same context, all references in the memorandum to a company's payment of its employee's legal fees should be eliminated," he said.

Meese also recommended that the department's written policies should explicitly state that requests for waiver will only be approved in exceptional circumstances. These requests should be approved only at the national level, and the department should publish its procedures on waivers, as well as collect and publish statistics on how often waivers are requested, how often businesses agree to such requests and how often businesses waive even without a request from prosecutors.

ENRON PROSECUTOR SPEAKS

Former Enron Corp. prosecutor Andrew Weissmann, now a partner at Chicago's Jenner & Block, also urged the committee to consider revising the standard for indictment of a corporation for the acts of its employees. He suggested a more stringent criminal standard tying the acts of the employee more closely to the corporation than is currently used.

Specter said that his committee has the several options before it: making a recommendation for changes in the Thompson Memo to the Justice Department, waiting for the outcome of litigation over the waiver/attorney fees issue in the 2nd U.S. Circuit Court of Appeals in the KPMG prosecution or enacting legislation to address concerns with the department's policy. He asked Meese what would be his preference.

"I would hope this hearing would have a salutary effect on the department, including, perhaps, a recommendation from the committee," said Meese. "I would hope legislation would be a last resort."

Ex-SEC Head To Run Adelphia Victims Comp (AP-YBIZ)

By Chad Bray, Dow Jones Newswires

AP, September 14, 2006

Ex-SEC Head to Oversee Adelphia Victims Compensation

NEW YORK (AP) -- Former Securities and Exchange Commission Chairman Richard C. Breeden will administer the compensation process for victims of a massive accounting scandal at Adelphia Communications Corp., prosecutors said Wednesday.

The U.S. Attorney's Office in Manhattan said Breeden, chairman of Richard C. Breeden & Co., has been retained to serve as a special master overseeing the compensation process.

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Last year, Adelphia agreed to pay $715 million in cash and stock to settle Justice Department and SEC charges stemming from an accounting scandal that plunged it into bankruptcy. Prosecutors have called it one of the most extensive financial frauds on record.

In 2004, Adelphia founder John Rigas and his son Timothy Rigas, the company's one-time chief financial officer, were convicted of pocketing more than $2 billion from Adelphia for their own personal use and misleading investors about the company's finances and performance.

Last year, John Rigas was sentenced to 15 years in prison, while Timothy Rigas was sentenced to 20 years. Both men, who remain free on bail, have appealed their sentences.

In March, Michael Rigas, another son and former Adelphia executive, was sentenced to 10 months of home confinement after admitting last November that he filed a Form 13D with the SEC that falsely stated he had conducted an inquiry into the source of funds used for a purchase of Adelphia shares in late 1999. The certification was kept in Adelphia's records.

Michael Rigas was acquitted in 2004 of conspiracy and wire fraud charges, but the jury deadlocked on charges of bank fraud and securities fraud. The bank fraud charges against him were later dismissed by prosecutors.

The Rigas family also has agreed to forfeit assets totaling more than $720 million for victims' compensation.

Adelphia, which is under bankruptcy protection, completed the sale of its cable properties to Time Warner Inc. and Comcast Corp. for cash and stock in July.

Breeden previously has served as a corporate monitor for WorldCom Inc. following an $11 billion accounting fraud at the one-time telecommunications giant.

Individuals Involved In Enron Trial Receive Top Award (LAWWC)

Law Week Colorado, September 14, 2006

WASHINGTON – More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. The Attorney General's Annual Awards Ceremony provides an opportunity to recognize the extraordinary accomplishments of a number of U.S. Department of Justice employees as well as individuals from outside the Department.

Deputy Attorney General Paul J. McNulty joined the Attorney General in presenting the Department's highest award, the Attorney General's Award for Exceptional Service, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud. This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions. The team's unparalleled dedication and teamwork over a period of years has made a significant contribution to restoring confidence in the nation's securities markets.

"Today's award recipients make me proud to be their colleague. They make me proud to be an American," said Attorney General Alberto R. Gonzales. "Their dedication and achievements remind me why it is an honor to serve at the Department of Justice."

The recipients of the Attorney General's Award for Exceptional Service from this team include:

From the Northern District of Illinois, Sean M. Berkowitz, Assistant U.S. Attorney; from the District of Columbia, Kathryn H. Ruemmler and Lisa O. Monaco, Assistant U.S. Attorneys; from the Central District of California, John C. Hueston, Supervisory Assistant U.S. Attorney, Robb C. Adkins and Andrew D. Stolper, Assistant U.S. Attorneys; from Northern District of California, J. Douglas Wilson, Assistant U.S. Attorney and Leslie R. Caldwell, Former Supervisory Assistant U.S. Attorney; from the Northern District of Texas, Clifford B. Stricklin, Special Assistant U.S. Attorney; from the Eastern District of New York, Benton J. Campbell and Linda A. Lacewell, Assistant U.S. Attorneys, and Andrew Weissmann, former Assistant U.S. Attorney; from the District of Massachusetts, David H. Hennessy, Assistant U.S. Attorney and Samuel W. Buell, Former Assistant U.S. Attorney.

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Also part of the team were members of the Criminal Division, including John A. Drennan, Trial Attorney for the Appellate Section; Leo J. Wise, Trial Attorney, and Linda B. Walls, Lead Paralegal Specialist for the Fraud Section; and Matthew W. Friedrich, Principal Deputy Assistant Attorney General and Chief of Staff, Office of the Assistant Attorney General. The remaining team members are part of the Federal Bureau of Investigation. Those being honored from the FBI's Houston Division include Supervisory Special Agent Michael E. Anderson; Special Agents Raju S. Bhatia, David Michael Hays, Kendall L. Hopper, Jeffrey D. Jenson, Jill Odom, and Chad J. Nunez; Financial Analysts Loren P. Feast, Susan K. Ridley, and Tonja K. Rose; and Paralegal Specialist Pamela Joan Jerding. Recipients from the FBI's Washington Field Office include Supervisory Special Agent David F. Reign and Special Agents Paul E. Holdeman, Paula L. Schanzle, Marc R. Diehl, Brian L. Crews, Jeffrey C. Dutton, and Gregory H. Bristol. Supervisory Special Agent for the FBI's Security Division Anne Hopkins was also honored.

The Attorney General's Award for Exceptional Heroism is given to recognize an extraordinary act of courage and voluntary risk of life during the performance of official duties. William "Buddy" A. Sentner, Special Agent of the Office of Inspector General's Miami Field Office is honored posthumously for the exceptional courage he displayed by saving the lives of several fellow officers. Special Agent Sentner, 44, was shot and killed in the line of duty on June 21, 2006, as he was working as part of a team executing arrest warrants on six correctional officers at the Federal Correctional Institution in Tallahassee, Florida. These correctional officers were indicted the previous day on charges of conspiracy to sexually abuse female inmates and introduction of contraband into the correctional facility. During the execution of the arrest warrant, one of the correctional officers, who was a subject of the warrant, opened fire on the arrest team. Acting with extraordinary courage, Special Agent Sentner rushed to aid his fellow agents and returned fire, killing the correctional officer. Tragically, Mr. Sentner was killed and a Federal Bureau of Prisons lieutenant was wounded. Special Agent Sentner's brave actions and quick response under fire saved the lives of others while sacrificing his own life.

The Mary C. Lawton Lifetime Service Award recognizes employees who have served at least 20 years in the Department and have demonstrated high standards of excellence and dedication throughout their careers. This year's Mary C. Lawton Lifetime Service Award went to David Margolis, Associate Deputy Attorney General in the Office of the Deputy Attorney General. Mr. Margolis has been a federal prosecutor for over 40 years and has brought decades of experience in the Department to the wide array of responsibilities in the Office of the Deputy Attorney General. The contributions that Mr. Margolis has made to the Department are not simply characterized by length of service. His impact on the Department's policy and practices, his integrity and reliability and his dedication to the cause of justice are hallmarks of his character.

The Attorney General's Award for Meritorious Public Service recognizes the most significant contributions of citizens who have assisted the Department in the accomplishment of its mission and objectives. Phillip Nicholas Chapman, Christopher M. Donlan, Amber Marie Deahn, and Linda C. Olson were honored today for their heroic and selfless efforts which led to the rescue of Shasta Groene and the arrest of her abductor, Joseph Edward Duncan, III, in Coeur d'Alene, Idaho on July 2, 2005. At approximately 1:53 A.M. PT, Joseph Duncan and Shasta Groene walked into a Denny's restaurant in Coeur d'Alene, Idaho. Duncan had brutally killed members of Groene's family a few months before. Working for Denny's at the time were manager Linda C. Olson and waitress Amber M. Deahn. Ms. Deahn identified the girl from the extensive media coverage the case had received and directed her manager to call 911. Ms. Deahn offered Ms. Groene a milkshake as a delaying tactic. At the same time, Phillip N. Chapman and Christopher M. Donlan, who were patrons seated nearby, also recognized Ms. Groene from media reports and walked outside the restaurant to observe Duncan, who had gone outside to smoke. They identified his vehicle and recorded the license plate number. Responding officers soon arrived and arrested Duncan. As a result of their efforts, a violent killer and child sexual predator was arrested and an abducted child was recovered.

The William French Smith Award for Outstanding Contributions to Cooperative Law Enforcement is an honorary award granted to recognize State and local law enforcement officials who have made significant contributions to cooperative law enforcement endeavors. The Williams French Smith Award is presented this year to the following individuals: Battalion Chief Robert M. Luckett, Fire and Explosives Investigation Unit, Alexandria, Va; Captain William B. Harlowe, Fire and Explosives Investigation Unit, Fairfax County, Va.; Battalion Chief Scott K. Hoglander, Investigator Brian S. Radinsky, and Retired Investigator Tony R. Exline, all of the Fire and Explosives Investigation Unit, Prince George's County, Md.; Sergeant Hank E. Anderson and Detective Brian L. Padgett of the Prince George's County Police Department; Deputy State Fire Marshal Derrick A. Chapman and

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Corporal Steve W. Dulski of the Maryland State Police; and Detective Todd O. Gray and Investigative Analyst Emanuel U. Ross, Jr. of the Metropolitan Police Department for the District of Columbia

The Attorney General's Award for Distinguished Service is the Department's second highest award for employee performance. The recipients of this award exemplify the highest commitment to the Department's mission. Twelve Distinguished Service Awards were presented this year.

In the aftermath of Hurricane Katrina, many Department employees responded to assist those most impacted. The Award for Distinguished Service was presented to following employees who prioritized the needs of others and service to the public above their personal needs. Recipients include, from the Drug Enforcement Administration, Kevin C. Harrison, Assistant Special Agent in Charge; Joseph Ruggerio, Retired Group Supervisor, New Orleans Field Division; Jack H. Schumacher, Group Supervisor, Houston Field Division; Benjamin F. Hafer, Special Agent Pilot, Aviation Division, South Central Aviation Office; Daniel R. Salter, Assistant Special Agent in Charge, Dallas Field Division. From the U.S. Marshals Service, Roxanna L. Irwin, Chief Deputy U.S. Marshal, Eastern District of Louisiana. From the Federal Bureau of Investigation, Michael J. Wolf, Special Agent in Charge and Todd B. Cox, Supervisory Special Agent, New Orleans Field Office. Also honored at today's ceremony was Division Counsel Elizabeth D. Chatelain from the Bureau of Alcohol, Tobacco, Firearms, and Explosives, New Orleans Field Division. Rosemary A. Hart, Special Counsel from the Department's Office of Legal Counsel was also recognized.

U.S. Attorneys James B. Letten and David R. Dugas, both of Louisiana, were also awarded the Attorney General's Medallion for their leadership in support of response and recovery efforts in the aftermath of the storm.

The Distinguished Service Award was also presented to Brain R. Beckwith, Chief, U.S. Marshals Service Training Academy. His career contributions include assistance in the investigations of the first World Trade Center bombing and the Branch Davidians. Chief Beckwith was also called upon to lead a deployment in the aftermath of the September 11th terrorist attacks to secure La Guardia and Kennedy airports. Four days after Hurricane Katrina struck, Chief Beckwith led a team to the Gulf Coast and relieved beleaguered police forces, identified and located registered sex offenders and rounded-up fugitives responsible for the spike in crimes after the storm.

The Distinguished Service Award was also presented to the members of the Southeast Bomb Task Force, who pursued domestic terrorist Eric Rudolph for nine years after he attempted to disrupt the 1996 Summer Olympic Games in Atlanta by detonating one of the largest pipe bombs ever in the United States. The explosion resulted in the death of one individual and the injury of over 100 others. Recipients of the award included: from the Federal Bureau of Investigation, John D. Behnke, John H. Cronier, James W. Cross, Jr., Daniel P. Sindall, and Darin C. Werking, Special Agents, Atlanta Division; Velda L. North, Support Services Technician, Atlanta Division; Linda R. Urheim, Intelligence Analyst, Atlanta Division; Alexander Borzym II, Special Agent, Detroit Field Office; H. Joseph Ronisisvalle, Special Agent, Birmingham Field Office; Todd P. Letcher and Tracey A. North, Special Assistants to the Deputy Director, Office of the Deputy Director; and Thomas J. Mohnal, Supervisory Special Agent, Laboratory Division. Also awarded, from the Federal Bureau of Alcohol Tobacco, Firearms, and Explosives, was Joseph R. Kennedy, Supervisory Special Agent, Chattanooga Field Office.

Distinguished Service Awards were presented to John J. Connors, Senior Attorney, Office of Intelligence Policy and Review, for his exceptional dedication and efforts involving the Foreign Intelligence Surveillance court; Nora R. Dannehy, Supervisory Assistant U.S. Attorney, District of Connecticut, for her prosecution of significant public corruption matters, including Connecticut Governor John Rowland and Treasurer Paul Silvester; and Blane K. Dessy, Director, Library Staff, Justice Management Division for advancing the Department's library system.

Additional Awards for Distinguished Service went to Assistant U.S. Trustees: John P. Fitzgerald, Region 1; Henry G. Hobbs, Jr., Region 7; Mark A. Neal, Region 4; Cynthia A. Burnette, Region 21; and Patricia D. Fahey, Region 13. All five successfully and swiftly implemented, on a national basis, the new credit counseling and financial education requirements contained in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

Other Distinguished Service Awards were received by employees that spearheaded the Department's efforts in the appellate courts and Supreme Court in successfully defending the constitutionality of the Solomon Amendment, Rumsfeld v. FAIR. Award recipients from the Solicitor General's Office include Edwin S. Kneedler, Deputy Solicitor General, and Irving L. Gornstein, Assistant to the Solicitor General. Award recipients from the Civil Division include Douglas N. Letter, Appellate

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Litigation Counsel; Scott R. McIntosh, Special Counsel, Appellate Staff; Joseph H. Hunt, Director, Federal Programs Branch; Vincent M. Garvey, Deputy Director, Federal Programs Branch; and Gregory G. Katsas, Deputy Assistant Attorney General. Also awarded was Mark T. Quinlivan, Assistant U.S. Attorney, District of Massachusetts.

Three trial attorneys from the San Francisco Field Office of the Antitrust Division were also presented with Distinguished Service Awards. Niall E. Lynch, Assistant Chief; Nathanael M. Cousins and May Y. Lee, Trial Attorneys. These recipients, through their leadership, dedication, and exceptional investigation and negotiation efforts, are responsible for significant criminal antitrust cartel prosecutions. These cases have broken up an international price-fixing cartel involving a crucial component, dynamic random access memory–DRAM–in a huge, critically important, U.S. high-technology industry.

From the Justice Management Division's Finance Staff, Melinda B. Morgan, Director, and Marcia K. Paul, Deputy Director, were awarded for providing effective leadership and direction to the Department's financial audit community.

Award recipient Barbara Rowland, Assistant U.S. Attorney for the Eastern District of Pennsylvania, resolved two significant civil fraud cases in the pharmaceutical arena, recapturing $261.5 million for federal health care programs.

Another honored recipient, Bryan Sierra, Public Affairs Specialist for the Office of Public Affairs, has expertly managed media relations for complex and high profile cases, including the Padilla case, Enron and the Moussaoui trial. His extraordinary efforts to explain to the public the important work of the Department go beyond the call of duty, even accepting the dangerous mission of traveling with the Attorney General to Iraq in July 2005.

In recognition of outstanding professional achievements by law enforcement officers, four Excellence in Law Enforcement Awards were presented this year. Special Agents David P. Biddiscombe and James Langtry, New York Division, Federal Bureau of Investigation and Detective Robert J. Brzeski, Nassau County Police Department, New York, were honored for dismantling the Velt Gangsta Lanes set of the Bloods gang in Roosevelt, New York, as part of the joint federal and local Operation Streetsweeper. Their efforts resulted in the apprehension and conviction of 22 Bloods gang members on racketeering charges involving narcotics trafficking, assaults with firearms and incendiary devices, murder and attempted murder.

The Award for Excellence in Law Enforcement was also presented to Christopher M. Garay, an emergency medical technician from the Federal Correctional Complex in Tucson, Az., of the Federal Bureau of Prisons, who fought his way out of a housing unit overtaken by inmates. Mr. Garay was assaulted with homemade weapons, receiving numerous puncture wounds, scrapes, contusions and a laceration to his head. Immediately upon being released from the hospital, Mr. Garay returned to the prison to assist with the investigation and prosecution of the inmates involved.

Another distinguished group was awarded for their contributions in the investigation of former New York City Police Department detectives Louis Eppolito and Stephen Caracappa, who exploited their law enforcement positions to perpetrate a broad range of racketeering acts on behalf of the Luchese organized crime family. Honorees include, from the Drug Enforcement Administration's New York Field Division, Assistant Special Agent in Charge John M. Peluso and Special Agents Mark Z. Manko, John E. Perfetti, John P. Francolla. Recipients from the FBI's New York Field Division include Special Agents Geraldine A. Hart and David J. Wolf.

The Award for Excellence in Law Enforcement was also presented to members of an agency task force who conducted a 22 month investigation to catch a serial arsonist. The arsonist was responsible for the deaths of two people within the Washington Metropolitan Area. Individuals honored who serve in the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives' Baltimore Field Division include: Theresa R. Stoop, Special Agent in Charge; David L. McCain, Assistant Special Agent in Charge; William J. Stringer, Group Supervisor; and Thomas R. Daley, Scott R. Fulkerson, Tijuana N. Patty, Special Agents. Joseph M. Riehl, Chief of the Arson and Explosives Programs Division, was also awarded.

The Attorney General's Award for Excellence in Furthering the Interests of U.S. National Security was presented to the trial team involved with the Moussaoui case. Members of the team overcame numerous obstacles in what was an extremely complex and extended national security case. Ultimately, they were able to uphold the Department's goal–the prevention of terrorist attacks and the protection of national security–by securing the guilty plea of an avowed al Qaeda terrorist, and seeing that he spends the rest of his days in prison.

Members of the Moussaoui trial team include, from the Criminal Division, John W. Van Lonkhuyzen, Trial Attorney; Gregory A. Miller, Counterterrorism Support Specialist and Security Officer; Suzette R. Buttram, Former Paralegal Specialist,

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Counterterrorism Section. Recipients from the Eastern District of Virginia include David J. Novak, Senior Litigation Counsel; Karen M. Spinks, Victim Witness Coordinator; Aaron M. Zebley, Assistant U.S. Attorney; Nancy J. Kramp, Lynn H. Johnson and Sheila A. Lee, Paralegal Specialists; Debra C. Vainio, Lead Legal Assistant; Pamela A. Benson and Michael J. Tesar, Intelligence Research Specialists; Crystal A. Griego, Victim Witness Specialist; and Robert A. Spencer, Former Supervisory Assistant U.S. Attorney. Those honored from the Southern District of New York include David A. Raskin, Assistant U.S. Attorney; Harry J. Brady, Jr., Intelligence Research Specialist; Gerard C. Francisco, Legal Administration Specialist; and Wendy Olsen Clancy, Victim Witness Specialist. Members of the team from the Civil Rights Division include Kevin Gingras, Trial Attorney, Criminal Section. Members from the FBI include Special Agents James M. Fitzgerald, Brian L. Getson, Lisa M. Rich, and Matthew M. Gutierrez, Supervisory Special Agent Joan-Marie Turchiano, and Technical Information Specialist Brenda Holley, all of the New York Division; Special Agents Jacqueline Maguire and Matthew G. Walsh of the Washington Field Office; and Special Agent Lisa B. Eie of the San Diego Field Office. From the Justice Management Division, the team included Christine E. Gunning, Security Specialist, Security and Emergency Planning Staff. Also awarded was Raymond A. Guidetti, Detective Sergeant First Class, New Jersey State Police, along with agents from the Central Intelligence Agency Jonathan H. Ferry and John L. McPherson.

The Edward H. Levi Award for Outstanding Professionalism and Exemplary Integrity is presented to pay tribute to the memory and achievements of former Attorney General Edward H. Levi, whose career as an attorney, law professor and dean, and public servant exemplified these qualities in the best traditions of the Department. John C. Keeney, Deputy Assistant Attorney General of the Criminal Division, is the recipient this year. Mr. Keeney has been a leader and mainstay of the Department for more than 50 years. He is recognized for his legal expertise, resourcefulness, and decisive measures on organized crime and racketeering, public corruption, and the federal government's use of electronic surveillance and witness security protection programs, among other matters.

The Attorney General's Award for Excellence in Management recognizes outstanding administrative or managerial achievements which have significantly improved operations, productivity, or reduced costs. This year's recipient is Frank V. Hall, Director of Administration for the U.S. Attorney's Office in the Middle District of Florida.

The Attorney General's Award for Excellence in Information Technology recognizes outstanding achievements in applying information technology to improve operations and productivity, reduce or avoid costs, and solve problems. This year's recipients from the Drug Enforcement Administration include: Catherine M. Harnett, Chief of Demand Reduction Programs; Maureen C. Bory, Demand Reduction Coordinator; Deborah S. Augustine, Victim Witness Specialist; Michael J. Turner, Special Agent/Staff Coordinator for the Demand Reduction Section; and Public Affairs Specialists Tammy L. Bowman, Amy L. Warren, and Barbara L. Wetherell of the

Office of Congressional and Public Affairs. Also awarded were Electronics Engineer Greg D. Kesner for the Operational Technology Division of the FBI and Information Technology Specialist Wayne E. Towson with the U.S. National Central Bureau of Interpol.

The Attorney General's Award for Equal Employment Opportunity is the Department's highest award for performance in support of the Equal Employment Opportunity program. This year's recipient is Mail Supervisor Alice H. Roberson of the Facilities and Logistics Services Division at the FBI.

The Attorney General's Award for Excellence in Legal Support recognizes outstanding achievements in the field of legal support to attorneys by paralegal specialists and other legal assistants. This year's paralegal recipients include Supervisory Paralegal Specialist Lee Cox in the Criminal Division's Office of International Affairs; Paralegal Specialist Deidre Williams in the General Counsels Office at the Federal Bureau of Prisons. The following individuals from the FBI's Criminal Justice Information Services Division also received an award for their outstanding legal support: Legal Administrative Specialists Brian Allen Barker, Kathleen L. Crowl, Richard H. Dean, Roberta A. Hatcher, Charles R. Mays, Sarah E. Phillips, Dorothy L. Riddle, and M. Jeanne Zickefoose; Supervisory NICS Liaison Specialist Todd D. Mullenax; and NICS Liaison Specialist R. Marc Chamberlain.

The Attorney General's Award for Excellence in Administrative Support recognizes outstanding performance in administrative or managerial support by an administrative employee or secretary. The recipients include Special Deputation Specialist Eva M. Gilbert of the U.S. Marshals Service; Special Investigative Support Technician Diane M. Raney of the Federal

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Bureau of Prisons in Phoenix; Staff Assistant and Office Manager Karen A. Hanson of the Torts Branch of the Civil Division; and Cameo D. Hoey, Secretary in the Disability Rights Section of the Civil Rights Division.

The John Marshall Awards are the Department's highest awards presented to attorneys for contributions and excellence in legal performance. Twelve awards in eight categories are presented this year.

Todd J. Cochran, Kevin B. Crawford, Scott R. Damelin, John C. Ekman, Stephen P. Finn, Joshua E. Gardner, Heide L. Herrmann, Sonia M. Orfield, Russell A. Shultis, Sharon A. Snyder, Marian E. Sullivan, Elizabeth A. Thomas, Trial Attorneys and Harold D. Lester Jr., Assistant Director and Alan J. Lo Re, Senior Trial Counsel from the Civil Division's National Courts Section received the John Marshall Award for Trial of Litigation. The Spent Nuclear Fuel Litigation Team is recognized for outstanding work in defending claims in 66 separate cases pending before 18 different trial court judges.

Amy Jeffress and Matthew G. Olsen, Assistant U.S. Attorneys for the District of Columbia, also received the John Marshall Award for Trial of Litigation. The team was honored for the successful prosecution of one of the most violent criminal organizations in United States v. Kevin Gray, et al, a RICO conspiracy case charging 16 defendants with terrorizing neighborhoods in parts of the District of Columbia for more than 10 years.

The John Marshall Award for Participation in Litigation was presented to David H. Laufman and Stephen M. Campbell, Assistant U.S. Attorneys for the Eastern District of Virginia and Marla B. Tusk, Trial Attorney and Jerry R. DeMaio, former Trial Attorney of the Criminal Division's Counterterrorism Section. The team is recognized for their outstanding performance in the investigation, prosecution and conviction of Al Qaeda conspirator Ahmed Omar Abu Ali.

The John Marshall Award for Participation in Litigation was also presented to Sally Quinn Yates, First Assistant U.S. Attorney and R. Joseph Burby Jr. and John Horn, Assistant U.S. Attorneys and Phyllis B. Sumner, former Assistant U.S. Attorney for the Northern District of Georgia, as well as William R. Chambers Jr. and Michael W. Whisonant, Assistant U.S. Attorneys and Robert J. McLean, former Assistant U.S. Attorney for the Northern District of Alabama. The team is recognized for their outstanding partnership in successfully investigating and prosecuting Eric Robert Rudolph for the deadly bombings in Atlanta and Birmingham, Alabama.

The John Marshall Award for Support of Litigation is presented to attorneys from the Environment and Natural Resources Division's Environmental Crimes Section Kevin M. Cassidy, Noreen E. McCarthy and Andrea T. Steward, Trial Attorneys and Christopher J. Costantini, Daniel W. Dooher, Deborah L. Harris, Richard A. Poole, Senior Trial Attorneys and Assistant Section Chief Andrew D. Goldsmith and Senior Counsel H. Claire Whitney. Attorneys from several U.S. Attorneys offices were also recognized: from the District of New Jersey--Ralph J. Marra Jr., First Assistant U.S. Attorney and Norv McAndrew, Assistant U.S. Attorney; from the Northern District of Alabama, Robert O. Posey, Assistant U.S. Attorney; from the Eastern District of Texas, Arnold A. Spencer, Supervisory Assistant U.S. Attorney; and from the District of Utah, Leshia M. Lee-Dixon, Assistant U.S. Attorney. The team is honored for their hard work on a nationally coordinated series of prosecutions that served to bring to justice one of the nation's most egregious violators of environmental and worker safety laws--McWane Inc.

Scott J. Glick, Deputy Counsel for Criminal Matters of the Office of Intelligence Policy and Review (OIPR) received the John Marshall Award for Support of Litigation for his exceptional dedication and effort on behalf of OIPR in supporting nationwide litigation involving the Foreign Intelligence Surveillance Act.

Alisa B. Klein, Attorney in the Civil Division's Appellate Staff, received the John Marshall Award for the Handling of Appeals for her efforts during the past decade in some of the Division's most important cases involving the Family and Medical Leave Act, Controlled Substances Act, Telecommunications Act and the Driver's Privacy Protection Act.

David B. Salmons, Assistant to the Solicitor General in the Office of the Solicitor General also received the John Marshall Award for the Handling of Appeals for his exemplary legal skills and the major role he has played in some of the most pressing issues facing the country in the area of appellate litigation and the ongoing war on terror.

Michael J. Elston, Chief of Staff and Counselor in the Office of the Deputy Attorney General, received the John Marshall Award for Providing Legal Advice for his outstanding legal advice, leadership and excellence related to the appellate work of the Eastern District of Virginia.

Sharon Cohen Levin, Raymond J. Lohier and Kevin R. Puvalowski, Assistant U.S. Attorneys for the Southern District of New York, received the John Marshall Award for Asset Forfeiture for their outstanding dedication, diligence and professional skill in

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connection with a case that is a paradigm of how asset forfeiture can be used to recover assets abroad–in this instance, $200 million for crime victims.

The John Marshall Award for Alternative Dispute Resolution was given to attorneys from the Civil Rights Division's Disability Rights Section. Elizabeth L. Bacon, Josh C. Mendelsohn, Naomi H. Milton and Mellie H. Nelson, Supervisory Trial Attorneys and Beth A. Esposito, Dov Lutzker and Sunny Pietrafesa, Trial Attorneys and Mary Lou Mobley, former Trial Attorney, and Hilary L. Martinson, Attorney Advisor and Jeanine M. Worden, Deputy Chief were honored. The recipients used alternative dispute resolution to successfully negotiate a series of formal settlement agreements with some of the largest cities and counties in the United States.

Brian R. Howe, Assistant U.S. Attorney for the District of New Jersey and Stuart Rabner, Chief Counsel to the Governor of the State of New Jersey, were given the John Marshall Award for Interagency Cooperation in Support of Litigation for their outstanding performance in investigating and prosecution the case against Hemant Lakhani, who was convicted of attempting to provide material support to terrorists by offering to sell shoulder fired missiles for the purpose of shooting down commercial airlines in the United States.

The Attorney General's Award for Outstanding Service in Freedom of Information Act Administration recognizes exceptional dedication and effort to the implementation of the Freedom of Information Act. This year's recipient is J. Brian Ferrel, Senior Division Counsel for FOIA and Privacy Act Matters, Civil Trial Section of the Tax Division.

The Attorney General's Award for Fraud Prevention recognizes exceptional dedication and effort to prevent, investigation, and prosecute fraud and white collar crimes. The recipients include: Salvador R. Perricone, Assistant U.S. Attorney,

Eastern District of Louisiana; Nicola Mrazek, Trial Attorney, Criminal Division; Jonathan J. Rusch, Senior Counsel, Criminal Division; Paul E. Pelletier, Acting Chief of the Fraud Section, Criminal Division; Monique P. Roth, Special Counsel, Criminal Division; and Robert E. Coughlin II, Deputy Chief of Staff, Criminal Division. Additional recipients from the FBI's New Orleans Division include: Supervisory Special Agents Lewis M. Chapman and Howard Schwartz; Special Agents Donald L. Bostic, Jr., William M. Carter, John Brady Casey, Dewayne J. Horner, Jennifer L. Orona,

Edward W. Reed, Peter G. Smith, and Dennis Swikert; and Rebecca Lynn Giddens,

Support Services Technician. Recipients from the FBI's Jackson Division include Supervisory Special Agent Keith B. Moses and Special Agents Henry S. Huntsberry,

Robert E. Pine, Jr., and Joseph A. Skarda.

The Attorney General's Award for Outstanding Contributions to Community Public Safety recognizes outstanding achievement in the development and support of community partnerships designed to address public safety within a community. This year's award recipients include: Peter J. Elliott, U.S. Marshal, Northern District of Ohio; Gregory A. White, U.S. Attorney, Northern District of Ohio; C. Jay Matthews, Senior Pastor, Mt. Sinai Baptist Church; Dick Russ, Managing Editor, WKYC Television; Darren B. Toms, Assistant News Director, Clear Channel WTAM; Michael C. McGraph, Chief of Police, Cleveland, Ohio; Charles R. See, Director, Lutheran Ministries Community Re-Entry, Cleveland, Ohio; Douglas S. Weiner D.C. Strategic Group, Aurora, Ohio; Robert L. Tobik, Public Defender; William D. Mason, Prosecutor; Thomas J. Pokorny, Court Administrator; Gerald T. McFaul, Sheriff, Cuyahoga County; Richard J. McMonagle, Administrative Judge; and John E. Monce, Director, Ohio Bureau of Criminal Investigation.

The Cubby Dorsey Award for Outstanding Contributions by a Wage Grade System Employee recognizes extraordinary performance and contributions by wage grade system employees, including laborers, mechanics, and skilled craft workers. This year's recipient is Joseph Lewis Sawyer, Motor Vehicle Operator Supervisor, Facilities and Logistics Services Division, Federal Bureau of Investigation.

The Attorney General's Award for Outstanding Contributions by a New Employee recognizes exceptional performance and notable accomplishments towards the Department's mission by an employee with fewer than five years of Federal career service. This year's award is presented to four employees, including: Mark R. Freeman, Appellate Staff Attorney for the Civil Division; Allison P. Gioia Assistant U.S. Attorney for the Western District of New York; Monsita Lecaroz-Arribas, Assistant U.S. Trustee for Region 21; and Jeffrey M. Tapick, Trial Attorney for the Land Acquisition Section of the Environment and Natural Resources Division.

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Feds May Sue Former Fannie Mae Execs (AP)

AP, September 14, 2006

Federal Regulator Says Litigation Likely Against Former Fannie Mae Executives

WASHINGTON (AP) -- The two executives who led Fannie Mae to an $11 billion accounting scandal can expect federal regulators to file lawsuits against them, the head of the Office of Federal Housing Enterprise Oversight said Wednesday.

"We will more than likely be filing litigation against them," OFHEO director James Lockhart said during a speech at the American Enterprise Institute.

When later asked by reporters if legal action was likely against Fannie Mae's former chief financial officer Timothy Howard and the mortgage finance giant's former chairman and chief executive Franklin Raines -- who was White House budget director under President Clinton -- Lockhart did not name names but did say "they are the top two."

Last month Fannie Mae announced -- and the Justice Department confirmed -- that the criminal investigation against it had ended after two years. Fannie Mae, whose accounting scandal came to light in September 2004, has been ordered by the Securities and Exchange Commission to restate its earnings back to 2001 -- a correction expected to reach around $11 billion.

Fannie Mae reached a civil settlement in May with the SEC and the OFHEO, agreeing to pay a record $400 million fine after OFHEO found serious accounting problems and earnings manipulation by the company.

Earlier this week, Freddie Mac -- Fannie Mae's smaller sibling in the $8 trillion home-mortgage market -- said it would not face criminal charges in connection with its own multibillion-dollar accounting scandal.

The Justice Department began investigating the accounting of Freddie Mac, which is the second-largest financer of home loans in the country, after it disclosed in June 2003 that it had misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002.

Freddie Mac and Fannie Mae were created by Congress to pump money into the home-mortgage market by buying home loans from banks and other lenders, to keep interest rates low and make home ownership affordable for low- and moderate-income people. They bundle the mortgages into securities for sale on Wall Street.

Shares of Fannie Mae added 20 cents to close at $53, while Freddie Mac gained 20 cents to end at $64.10, both on the New York Stock Exchange.

Regulator Says Civil Suit Likely For Raines (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, September 14, 2006

Fannie Mae's top regulator yesterday said it is "more than likely" the federal government will sue former chief executive Franklin D. Raines and other former company officers, seeking to recover bonuses and salary and perhaps impose fines for the mortgage finance company's accounting debacle.

While Fannie Mae paid a $400 million government fine in May for violating myriad accounting rules and overstating its profit by more than $10 billion from 2000 to 2004, as yet no action has been taken against Raines and his former chief financial officer, J. Timothy Howard.

"We will more than likely be filing litigation against them," Office of Federal Housing Enterprise Oversight Director James Lockhart told reporters after delivering a speech at the American Enterprise Institute. It was the strongest statement yet of the regulatory agency's intent to seek financial penalties against former Fannie Mae officials or try to claw back tens of millions of dollars in bonuses paid to the two men on the basis of what turned out to be inaccurate information about company earnings.

When asked if action was likely against Raines or Howard, Lockhart said, "They are the top two," according to an account by the Associated Press.

Lockhart declined to comment on his remarks, though a spokesman yesterday confirmed their accuracy.

Lawyers for Raines and Howard yesterday declined to comment. In past statements, lawyers for the two men have said they did nothing improper.

Lockhart's agency has power to lodge only civil or administrative complaints. The Securities and Exchange Commission is also weighing civil action against former Fannie Mae executives. The Justice Department last month said it had closed its

criminal investigation of the company's accounting scandal, though it is looking at whether Raines and Howard committed perjury in congressional testimony about Fannie's accounting practices.

One lawyer with knowledge of the case, who spoke on condition of anonymity because he didn't want to publicly speculate on OFHEO's intentions, said the agency could file a lawsuit before the end of the year. One thing OFHEO may be waiting on: the completion of a mandatory investigation by Fannie's independent directors to determine whether the company itself should sue Raines, Howard or others. The results of that investigation are due at the end of next month.

Such strong statements from Lockhart are not new. In May, after his agency and the announced the $400 million fine against Fannie Mae, Lockhart took aim at the $52.8 million in bonuses Raines received during the six years the company used improper accounting.

In addition, since neither Raines nor Howard were technically fired by the company when the accounting improprieties came to light in 2004, both men took home millions of dollars in severance payments, and Raines received retirement pay of $114,000 a month for the rest of his life.

Fannie Mae, based in the District, is a congressionally chartered private company that provides ready cash to the home mortgage market by purchasing mortgages from lenders. Fannie Mae keeps some loans on its own books but sells most to investors in the form of securities. It is one of the country's biggest financial institutions.

Grasso Asks Presiding Judge To Recuse Himself In Compensation Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 14, 2006

The battle over former New York Stock Exchange Chairman Richard A. Grasso's multi-million dollar compensation package continues to heat up.

Grasso's attorneys have filed a motion asking Justice Charles Edward Ramos, the presiding judge in the case, to reassign the matter to a different judge.

"Throughout this lengthy case, the Court has steadfastly expressed its desire that this significant case be handled in a way that engenders public confidence in the justice system," attorneys for Grasso said in papers filed with the court last week. "At this time, reassignment of the case would best serve that important goal."

Attorney General Eliot Spitzer has challenged Grasso's total compensation under New York's not-for-profit laws.

Gerson A. Zweifach of Williams & Connolly who represents Grasso, laid out three grounds for recusal in the motion. The first stems from ex parte settlement talks with Ramos, which Grasso entered into based on the court's "advance agreement not to serve as trial judge should Mr. Grasso object."

After the judge decided to conduct a bench trial to address the separate issue of whether Grasso's compensation of more than $139 million was reasonable, Grasso sent a letter to Ramos expressing concerns over his continued involvement with the case.

"Having obtained Mr. Grasso's and his counsel's consent to participate in an ex parte conference based on this commitment, it would be improper, to say the least, for the Court now to try the case over Mr. Grasso's objection."

The second grounds for recusal, Zweifach said, were that Ramos, during the course of the settlement discussions, expressed views on "factual and legal issues that lie at the heart of any upcoming trial."

"The Court's statements could reasonably be interpreted as impairing Mr. Grasso's right to have his case resolved in a fair and impartial manner," Zweifach said.

The attorney claims that Ramos "candidly" expressed his views regarding whether Grasso ought to return some portion of his compensation to the stock exchange; whether Grasso played an improper role in receiving compensation; whether Kenneth Langone, a co-defendant in the case, acted improperly in his duties as chairman of the NYSE's compensation committee; whether Grasso was properly advised to accept the contractual payout from the stock exchange; and whether Grasso's compensation was too high.

The third ground for recusal involved the claim that Ramos twice sought a position, unsuccessfully, as a member of the board of the directors of the New York Stock Exchange.

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In October 2002, an executive search firm working on Ramos' behalf approached Grasso about the judge's possible employment at the stock exchange. Grasso later leaned that in October 2003, Ramos also sent a letter to John S. Reed, Grasso's successor as chairman.

This letter, Grasso's attorneys say, specifically cited a tobacco class action settlement with the state of New York in which Ramos had objected to the reasonableness of certain attorney fees. Spitzer did not oppose those fees. The judge's objection was subsequently reversed by Appellate Division, First Department in New York v. Phillip Morris Inc., 30 A.D.2d 57.

Zweifach said the development was "deeply troubling" because Ramos had failed to disclose that he had again sought a position on the stock exchange board weeks after Grasso's termination and seven months before the filing of the government's suit, and because the second letter, addressed to Reed, "specifically focused on the Court's willingness, sua sponte, to set aside agreed-upon compensation where the Court questioned its reasonableness."

The fact that Ramos had specifically called attention to his decision in the tobacco case is seen as evidence by Grasso and his attorneys that Ramos is "offended by high levels of compensation."

Zweifach said the fact that Ramos is set to decide in a bench trial the issue of whether Grasso's pay was reasonable raises "substantial public questions about the fairness of such a proceeding" giving his endorsement of his opinion in the tobacco case.

In addition to Zweifach, Grasso is represented by Mark C. Zauderer, a partner at Flemming Zulack Williamson Zauderer. Zauderer declined to comment.

A spokesperson for Spitzer's office said the government expected to file a response later today to Grasso's motion.

CRIMINAL LAW:

Gonzales Says Year-old Task Force Is Deterring Katrina Fraud (AP)

By Mary Foster, Associated Press Writer

AP, September 14, 2006

NEW ORLEANS - Attorney General Alberto Gonzales credited a task force he established a year ago with deterring fraud in the Hurricane Katrina relief effort, citing as evidence money returned to the Red Cross and the Federal Emergency Management Agency.

Gonzales addressed members of the Hurricane Katrina Task Force Wednesday, the first anniversary of its creation, during an appearance in New Orleans, where the hurricane flooded 80 percent of the city on Aug. 29, 2005.

"People need to know that they will not get away with these crimes," Gonzales said.

The report released at the meeting said that by Oct. 17, 2005, the task force had charged 36 people in 17 cases with hurricane-related fraud. By Sept. 6, 2006, Gonzales said that number had grown to more than 400 people charged in more than 30 federal judicial districts around the nation.

Most task force prosecutions in the past year involved fraud in obtaining individual assistance benefits from FEMA and the Red Cross, the report said.

Between them, the agencies had more than $18.2 million returned by recipients individual aid, the report said, calling it a "sign that our prosecutions are deterring fraud."

The report identified trends in post-disasters, including charity-fraud schemes and emergency-assistance schemes that begin as soon as the public is informed of assistance available for disaster victims.

Criminals learn to exploit systemic weaknesses in oversight or internal controls of disaster relief programs, the report said.

"In short, when these criminals find a weak spot - a short cut to the money - they tend to return to it," Gonzales said.

Gonzales promised a crackdown on individuals who use their positions with governmental agencies and disaster relief programs to line their pockets.

"Our goal is that every dollar be used in the affected counties to rebuild, not to pat the bank accounts of criminals," Gonzales said.

Fraud cases have been made in 16 states ranging from Louisiana, Mississippi, Alabama and Florida to California and Oregon, the report said.

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New Katrina Fraud Squad Following Money To New Orleans (WGNO)

By Paul Murphy, ABC26 News,

WGNO, ABC 26, New Orleans, September 14, 2006

Attorney General Gonzales Promises "Zero Tolerance"

NEW ORLEANS, LA — U.S. Attorney General Alberto Gonzales spent Wednesday in New Orleans getting a one-year report from his National Katrina Fraud Task force.

He predicts fraud cases will rise as more and more federal recovery dollars reach the Gulf Region.

"Billions of dollars are headed to the Gulf Coast region for the rebuilding effort," said Gonzales. "We know that fraud, sadly follows dollars."

Gonzales a group of prosecutors and law enforcers meeting at the Downtown Sheraton, so far his Katrina Fraud Task force is responsible for 400 arrests nationwide, half of them in Louisiana and Mississippi.

"It is disturbing to see not only the volume of fraud, but the lengths to which people will go to take advantage of others sufferings," said Gonzales.

The cases include two FEMA workers who pleaded guilty to soliciting bribes at a disaster recovery center in the Algiers neighborhood of New Orleans.

The task force also accused St. Tammany Parish Council Member Joe Impastato of trying to get money from a debris removal contractor.

That case is expected to go to trial early next year.

"I will tell you we have a lot of important investigation that are going on right now, some very significant, involving various public officials of course I can't go into the details," said New Orleans U.S. Attorney Jim Letten.

The Attorney General is also sending re-enforcements to protect the new round of federal dollars.

"We have petitioned Washington and Washington is sending down another squad of investigators which will be devoted solely to Katrina fraud," said FBI Special Agent in Charge Jim Bernazanni.

"I think as long as you have that kind of money, going into an effected area, there are going to be people who want to take advantage of it," said Attorney General Gonzales. "I think it's important to send a very clear message that we're watching this very closely and we're not going to tolerate fraud."

Fraud Deterred, Gonzales Says (NOTP)

By Susan Finch

New Orleans Times-Picayune, September 14, 2006

Victories chalked up, warnings renewed

Thanks to a federal fraud task force created within days after Hurricane Katrina, more than 400 people around the nation have been prosecuted for helping themselves to government and charity money meant for storm victims, U.S. Attorney General Alberto Gonzales said Wednesday in New Orleans.

"People need to know that they won't get away with these crimes, and that message is getting out there," said Gonzales, giving some examples cited in a year-to-date report on the task force's work.

There was an Illinois woman who told the Federal Emergency Management Agency that she was displaced by Katrina and had seen her two daughters drown in floodwaters and float away.

She sought FEMA aid to bury the daughters, once their bodies were recovered, and to reimburse her for counseling she got to cope with the loss.

"This woman had no daughters," Gonzales said. The woman was indicted by a federal grand jury in June, according to the report.

Gonzales pointed to another example, a man who got financial help from FEMA by falsely claming it was needed by individuals left homeless and without food or clothing by Katrina.

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The man was indicted by a Nevada grand jury last spring after the task force found out he had used the FEMA money to rent seven Las Vegas hotel rooms, which he rerented to other people for purposes investigators think included drug dealing and prostitution.

In Louisiana, a total of 126 individuals -- 23 of them in the New Orleans area -- have been prosecuted on Katrina fraud charges, according to the report Gonzales cited.

Gonzales made his comments to task force members gathered at the Sheraton New Orleans Hotel for a daylong symposium to take stock of their accomplishments in the past year and make plans for future work.

Prosecutions prompted by task force efforts also have caused some would-be lawbreakers to think twice, Gonzales said. More than $15.8 million in FEMA benefits was sent back, while $2.4 million was returned to the American Red Cross.

Despite the task force's success in making Katrina-related fraud cases for everything from public corruption to identity theft, it faces an enormous job ahead: keeping tabs on the billions of dollars of government money now in the pipeline to help rebuild the storm-ravaged Gulf Coast region.

"When the criminals find an easy route for money, they tend to return for more, giving law enforcement an opportunity to stop it," Gonzales said.

He devoted his first remarks at the podium to New Orleans' struggle to recover from the hurricane at the same time it is contending with a rising tide of crime.

"This great city cannot return to its former glory if it's being held hostage by criminals," he said, adding that the federal government is doing all it can to help the city's struggling criminal justice system.

Susan Finch can be reached at sfinch@timespicayune.com or (504) 826-3340.

Task Force Flooded With Katrina Fraud (CNN)

By Terry Frieden

CNN.com, September 14, 2006

WASHINGTON (CNN) -- More than 400 people -- including government and charity workers -- have been charged so far with illegally benefiting from Hurricane Katrina and the ensuing flooding, according to a Justice Department report released Wednesday.

However, the Katrina Fraud Task Force hasn't even begun to skim the waters, and the number could climb into the thousands, the report stated on the first anniversary of the task force.

"Disaster relief agencies have reported to law enforcement that they have identified thousands of questionable or possibly fraudulent payments to purported hurricane victims," the report said.

To date, the multi-agency command center in Baton Rouge, Louisiana, has received more than 6,800 complaints or tips for investigators to pursue.

The prosecutions of negligible fraud schemes has had a deterrent effect, as ineligible recipients of aid have voluntarily returned $18.2 million to the Federal Emergency Management Agency and the American Red Cross, the report says.

Most of the cases have involved people trying to obtain assistance from FEMA or the Red Cross, though cases of identity theft, procurement fraud and public corruption are emerging, the report states.

It adds that the task force found a "particularly distressing pattern of criminal activity" involving government and charity insiders. Among those being prosecuted are employees or contractors with FEMA, the Army Corps of Engineers, the Louisiana Department of Labor and the Red Cross.

The report came as Attorney General Alberto Gonzales met with about 170 police and prosecutors investigating and litigating fraud cases surrounding hurricanes Katrina, Rita and Wilma.

"We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed," Gonzales said.

Of the federal prosecutions thus far, 115 were in Louisiana, 79 in California, 50 in Texas, 48 in Mississippi and 31 in Florida.

Judge Drops Two Charges In Gotti Racketeering Case (NYT)

By Timothy Williams

The New York Times, September 14, 2006

A federal district court judge dropped two counts against John A. Gotti yesterday involving two of his businesses that prosecutors claimed had been set up and operated with illicit funds.

The charges had been added by the government for Mr. Gotti's third racketeering trial, but Judge Shira A. Scheindlin said prosecutors had not offered sufficient proof to support the charges.

"The facts do not prove that Gotti invested the proceeds from loan sharking and construction industry extortion into" the companies, she said. "No reasonable juror could find Gotti guilty beyond a reasonable doubt" on the charges, she said.

The companies in question are JAG Brokerage and the 216-02 Hempstead Avenue Corporation, which mainly collect rents on property owned by Mr. Gotti in Queens.

Mr. Gotti, known as Junior, still faces five charges related to witness tampering and racketeering, including extorting construction companies, loan sharking, money laundering and ordering the 1992 kidnapping and beating of Curtis Sliwa, founder of the Guardian Angels and a radio talk show host. Mr. Gotti has twice been tried on similar charges, and in each case a jury was unable to reach a verdict. Also yesterday, in what could prove to be a critical development, Mr. Gotti's lawyers questioned whether Mr. Gotti could be heard saying on a secretly recorded F.B.I. tape that he was angry about being demoted from the top echelon of the Gambino crime family to a captain.

The recordings, made when Mr. Gotti was in Ray Brook federal penitentiary on unrelated racketeering charges from 1999 to 2004, are the centerpiece of the government's case against Mr. Gotti. The tape, which records a conversation between Mr. Gotti and his sister Angel in August 2003, is critical because it appears to show that Mr. Gotti retained a leadership role in the Gambino family as late as 2003.

Mr. Gotti's primary defense against the racketeering counts is that he left the Mafia some time before mid-1999, and is therefore protected from prosecution by the five-year statute of limitation on racketeering charges.

While the words on the tape are difficult to make out, the F.B.I. transcription of the recording reads: "'I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him."

But Steven Dobies, who prosecutors say is an associate of the Gambino crime family, testified that he was present during the conversation and never heard the word "captain" used.

"What did you hear?" Mr. Gotti's lead lawyer, Charles Carnesi, asked Mr. Dobies.

"John says, 'Honestly, well, what happened?'" Mr. Dobies said.

"Did you ever hear the word 'captain'?" Mr. Carnesi asked.

"Never," responded Mr. Dobies.

2 Charges Against Gotti Tossed (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 14, 2006

The case against John A. Gotti, son of the late Gambino crime boss, got a little lighter when a federal judge threw out two of the charges he faced in his racketeering trial.

Despite the dismissal of the counts by Manhattan federal judge Shira Scheindlin yesterday, "Junior" Gotti still faces serious racketeering conspiracy and related charges, including allegations he was involved in extortion, loan-sharking and the 1992 beating of radio talk show host and Guardian Angels founder Curtis Sliwa.

Though she didn't issue a written opinion, Scheindlin essentially agreed with the defense that prosecutors had failed to prove Gotti used a company known as 216-02 Hempstead Avenue to invest funds from construction industry, extortion and loan-sharking activity. Scheindlin also formally dismissed a similar charge related to an inactive brokerage company Gotti ran until 1999, court records show.

James Cohen, a professor at Fordham University Law School, said in a telephone interview that Scheindlin's ruling indicated the evidence on those charges was quite weak.

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The judge's action came the day before federal prosecutors were scheduled to begin summations in the trial, the third time Gotti, 42, has had to face a jury on the racketeering charges. Defense summations were expected to begin Friday and jury deliberations could start at that time.

Through his defense attorneys, Gotti maintains that he turned his back on life as a mobster before July 21, 1999, a date that would put the 2004 indictment outside the statute of limitations. Much of the defense case this week was aimed at proving that Gotti not only negated his life in the mob, but also wanted to leave New York and his old gangster cronies for a more peaceful life, possibly in Canada.

Yesterday Gotti's old friend, Steve Dobies, continued on the witness stand. Dobies, a 6-foot-8-inch-tall man dressed in blue jeans and sweatshirt, told the jury Tuesday about Gotti's plans to start a hip-hop magazine while he was in federal prison in 2003. The defense had called Dobies to rebut prosecution claims that he allegedly visited Gotti in prison to relay messages to mobsters on the street.

Under cross examination by assistant U.S. attorney Victor Hou, Dobies insisted that he never passed messages of a criminal nature for Gotti. Dobies also said that Gotti stated a number of times in 2002 and 2003 that he wanted nothing to do with his former mob associates, wanted out of the mob life and wanted to get away from New York.

Questioned about Gotti's anger that his uncle Peter and others had allegedly stolen his father's money, Dobies said that Gotti believed it was money that was due his mother and sisters.

JUDGE WHACKS TWO CHARGES AGAINST GOTTI (NYPOST)

By Kati Cornell

The New York Post, September 14, 2006

A federal judge dealt a blow to prosecutors in the John "Junior" Gotti case yesterday, tossing two new racketeering charges after the feds failed to show enough evidence at trial.

It was the second time Manhattan federal Judge Shira Scheindlin tossed the charges, which accused Gotti of trying to hide illegal cash from loan-sharking and construction-industry extortion in two businesses.

Prosecutors hoped to show that Gotti continued to live off criminal proceeds right through this year - part of a strategy to combat his claim that he quit the Mafia in 1999.

Scheindlin initially threw out the pair of racketeering counts on the eve of trial, only to flip-flop and immediately reinstate them after prosecutors argued that they would present fresh evidence.

Yesterday, the judge ruled there was not enough proof to link the illegal cash invested in the businesses to a specific crime - or that additional dirty cash came in during the five-year statute of limitation period beginning in May 2001. This is Gotti's third trial after two previous juries failed to reach a verdict.

He stands accused of several racketeering charges, including the 1992 kidnapping of Curtis Sliwa, the Guardian Angels founder and radio host allegedly targeted for bad-mouthing Gotti's father, John "Dapper Don" Gotti, on the air.

A towering reputed Gambino associate who was Junior's "gofer" during his imprisonment from 1999 to 2004 testified that he collected up to $5,000 in rental income every month, but denied ever collecting criminal proceeds for Gotti.

Steven Dobies, a 6-foot-8 defense witness, said he was Gotti's most frequent visitor at the upstate Ray Brook prison and used some unusual tactics in helping the former Gambino leader prepare his defense.

During cross-examination by prosecutors, Dobies admitted he planned to wage a smear campaign against Sliwa through a Web site to be called "He's no angel.com"

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Judge Throws Out New Racketeering Charges For Gotti, Saying Prosecutors Did Not Prove Claims (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 14, 2006

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(AP) - NEW YORK-For the second time, a judge on Wednesday tossed out new racketeering charges filed against John "Junior" Gotti, finding the evidence introduced at his trial insufficient to support a conviction.

U.S. District Judge Shira Scheindlin decided the government had not proven its claims that money invested in several of Gotti's properties stemmed from alleged loansharking or construction industry extortion.

The government filed the new charges several months ago in a bid to boost its case against Gotti, the son of late mobster John Gotti, after two juries in the last year deadlocked on racketeering charges against him. Closing arguments in his retrial could begin as early as Thursday.

A spokeswoman for prosecutors, Lauren McDonough, said the government had no comment on Scheindlin's ruling.

Scheindlin had thrown out the new charges last month before Gotti's retrial started but changed her mind and reinstated them days later.

With the new charges, the government had tried to prove that Gotti continued to benefit from Gambino crime family money even after he said he quit the mob when he pleaded guilty to charges in another racketeering case in 1999.

The government's new strategy did have some benefits because the judge decided that jurors could consider new evidence about Gotti's finances even though they could not use that evidence to convict him on the new racketeering charges.

Gotti is still charged with racketeering related to other alleged crimes, including an allegation that he ordered two 1992 attacks on radio show host and Guardian Angels founder Curtis Sliwa in retaliation for Sliwa's on-air rants against his father.

The elder Gotti died in prison in 2002, 10 years after he was sentenced to life for racketeering.

Last Gambino Holdout Caves, Pleads Guilty To Numbers Charges (WPJN)

By TIMOTHY O'CONNOR, THE JOURNAL NEWS

White Plains Journal News, September 14, 2006

The last defendant in the massive roundup of the reputed leaders of the Gambino crime family has joined the ranks of his convicted compatriots.

Louis "Little Louie" Natrella, 33, of Yonkers pleaded guilty yesterday in U.S. District Court in Manhattan to all charges against him. Natrella admitted to conspiring to defraud the United States, conspiring to operate an illegal numbers business, illegal gambling and operating an illegal numbers business.

Natrella was one of 32 reputed leaders, members and associates of the notorious organized-crime family charged in March 2005 in a racketeering indictment.

"We are very pleased with the efforts of the investigative team," said David Velazquez, the senior supervisory resident agent in charge of the FBI's White Plains office, "and the resulting clean sweep of 32 convictions for 32 defendants."

Natrella pleaded guilty after the lunch break yesterday during the first full day of testimony in his trial before U.S. Judge Alvin Hellerstein. Natrella's lawyer, Robert Soloway, could not be reached for comment.

Natrella was accused of operating a thriving Gambino numbers operation in the Bronx that was handed down to him by longtime Gambino associate Leonard Minuto Sr. from Dobbs Ferry.

Minuto was one of the 32 defendants originally named in the racketeering indictment, but he struck a plea deal with federal prosecutors. In part, Minuto said he turned on the mob after finding out that Natrella and Scarsdale capo Gregory DePalma conspired to steal $20,000 from him.

Minuto said he found out about the plot in government papers turned over to him in preparation for his trial.

Minuto testified during DePalma's trial that Natrella told him that the money was seized by the FBI from a wall safe in his house during a raid on his Yonkers home.

Natrella's guilty plea marks the 31st in the case. DePalma, the sole defendant to place his fate in the hands of a jury, was found guilty in June of racketeering after a trial in U.S. District Court in Manhattan. COMMENT ON THIS STORY IN OUR FORUMS

The Mafia: A 21st-century Cosa Nostra (USNEWS)

U.S. News and World Report, September 14, 2006

"Anybody who thinks that the Mafia is breathing its last breath is just wrong," says Matt Heron. Heron oughta know--he's just finished running the FBI's Organized Crime Section in New York and is moving down to FBI headquarters in Washington this month to oversee its anti-mob operations nationwide. The Mafia, Heron says, has "had over 100 years in this country, but we didn't start successfully dinging them until the last 20 years. We've still got a lot of work cut out for us."

There's good reason to think the Mafia is down and out. At its height, the American mob wielded influence from labor unions to presidential elections, with big interests in longshoring, trucking, gambling, construction, waste disposal, and garment making. But the wiseguys have been reeling since the 1980s, with one set of indictments after another. Once boasting 26 families nationwide, the mob is down to 11, half of those confined to the New York area. And in recent years, every top boss of those five New York families--the heads of the Bonanno, Colombo, Gambino, Genovese, and Lucchese gangs--has been indicted or imprisoned or has passed away. So scarce are the godfathers that the Commission, the Mafia's ruling council, hasn't met for a decade, investigators say. And, though far from the front pages, the arrests go on. Since 2004, more than 70 members and associates of just the Bonanno family have been prosecuted in New York.

Those kinds of facts make it tempting to ignore the mob in this age of terrorism. But the cases also suggest just how active the Mafia remains. "We've hit them very hard, but they keep adapting and regenerating," says Tom Metz, acting chief of the FBI's Organized Crime Section. There's also a new generation of smarter, more educated mobsters. "They're not like their fathers and grandfathers and uncles," adds Heron. "Some of these people have law degrees, business degrees." Call it the New Mafia--their members tend to avoid thuggish acts like extortion and murder in favor of white-collar crimes, like Internet and stock market frauds. In January, a Gambino Family soldier was sentenced for running sophisticated telephone and Internet porn frauds that investigators say raked in an extraordinary $650 million. "Just when you think you've seen it all, they come up with another scheme," says Metz.

Moreover, the Mafia's influence still extends far beyond New York. There remain active families in Chicago, Detroit, New England, New Jersey, Philadelphia, and Miami. Last year, the feds arrested reputed mob figures in Illinois, Florida, and Arizona for 18 unsolved murders spanning four decades, including that of notorious Las Vegas hitman Tony "the Ant" Spilotro. As part of the indictment, prosecutors offered a fascinating history and description of the entire "Chicago Outfit"--Al Capone's old gang--for the first time formally charging it as a criminal "enterprise" under U.S. antiracketeering laws. The names of those indicted read like an episode of The Sopranos. There's Joey "the Clown" Lombardo, Paul "the Indian" Schiro, and Frank "Gumba" Saladino. (Gumba didn't make it--when the cops arrived to arrest him, they found Saladino dead in a hotel room, with tens of thousands of dollars in checks and cash beside his body.)

The wiseguys may be down, folks, but don't count them out just yet. There's too much money to be made. "It's an organization that's wounded but not dead," says Heron, who's worked Mafia cases for 20 years. "It will never be dead."

Malone Agrees To Plead Guilty On Eve Of His Trial In Las Vegas (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, September 14, 2006

Deal likely involves 50 months in prison

Lance Malone, a strip club mogul's bagman who was convicted in a San Diego corruption scandal last year, has agreed to plead guilty in the parallel Las Vegas case on the eve of his trial.

Malone pleaded guilty in exchange for a sentence of about 50 months in prison that would run concurrently with a sentence in the San Diego case, said a source close to the defense. The plea agreement is likely to include the requirement that Malone abandon his appeal of the San Diego conviction, the source said.

Malone is accused of bribing Las Vegas politicians with cash, lap dances and ski-school tuition in exchange for votes that would benefit strip clubs owned by his boss, Michael Galardi.

If a judge approves the agreement, it would avert the trial in Las Vegas, which is set to begin Monday. The specific crime to which Malone would plead guilty could not be confirmed Wednesday.

In San Diego, Malone was convicted July 18, 2005, along with former San Diego Councilmen Michael Zucchet and Ralph Inzunza, of extortion, wire fraud and wire-fraud conspiracy in a scheme to trade campaign contributions for political favors.

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Malone worked for Galardi, who wanted the law that prohibits touching between strippers and patrons repealed so the club would make more money. Galardi made a deal with the government and testified against the others.

In November, U.S. District Judge Jeffrey T. Miller threw out a jury's guilty verdicts against Zucchet, acquitting him of seven corruption counts and granting a new trial on the remaining two counts.

During the same hearing, Miller also sentenced Inzunza to 21 months in prison and Malone to 36 months in prison. Inzunza and Malone are free on bond pending a decision on their appeals.

The government has not decided whether it will appeal Zucchet's acquittal. A decision is due by year's end.

In Las Vegas, Malone's trial was severed from that of politicians Dario Herrera and Mary Kincaid-Chauncey, who were convicted in May and sentenced last month to 50 months and 2½ years in prison, respectively.

Galardi, who at the time owned Cheetahs in San Diego and Cheetahs and Jaguars in Las Vegas, pleaded guilty to wire fraud in the San Diego case in September 2003 and to a count of racketeering in the Las Vegas case a month later. He testified in the San Diego and Las Vegas trials and was scheduled to do so at Malone's trial. Galardi has yet to be sentenced.

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Former Clark County Commission Member's Trial Set To Begin Monday (LVRJ)

By Adrienne Packer, REVIEW-JOURNAL

Las Vegas Review-Journal, September 14, 2006

Former Clark County Commissioner Lance Malone is negotiating with federal prosecutors in a last-ditch effort to avert trial on political corruption charges, a source close to the case said Wednesday.

The government offered Malone an agreement that, in exchange for a guilty plea, would allow him to serve a prison term that will run concurrently with the three-year sentence levied last summer in San Diego in a similar political corruption case. Malone also would agree to abandon the appeal he filed after the San Diego conviction.

Malone is the last of five defendants to go to trial, culminating the 3-year-old public corruption case that centered around Michael Galardi, who admitted bribing politicians to protect the financial viability of his strip clubs in Las Vegas and San Diego.

Galardi and Malone were accused of providing cash bribes to three San Diego councilmen and former Clark County commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey. In exchange for the cash, the commissioners voted favorably on Galardi-related matters.

Galardi, the money source, and Kenny pleaded guilty in 2003. Herrera and Kincaid-Chauncey, recipients of the bribes, were convicted in May. Malone, the middle-man who is accused of delivering the cash to politicians, had vowed to fight the charges in Las Vegas. But negotiations between Malone's attorney, Dominic Gentile, and federal prosecutors, intensified in the last week, the source said.

Gentile did not return telephone messages Wednesday, but confirmed Tuesday that he was in negotiations with the government.

Natalie Collins, spokeswoman for the U.S. attorney's office, said Wednesday, "Plea negotiations are under way, but we're still scheduled to go to trial beginning Monday."

Malone was charged with conspiracy to commit wire fraud, wire fraud and conspiracy under the Racketeer Influenced and Corrupt Organizations Act.

"He was really in a very, very difficult situation," said Douglas McNabb, a Houston defense attorney who specializes in federal criminal cases and has followed the Galardi case closely.

"When you have so many cooperating people and you have those who actually did go to trial and lost, you run the risk of having your sentence stacked. There's a huge amount of pressure to try to work something out."

Although the plea agreement had not been signed as of Wednesday evening, there were several indications that the trial will not proceed Monday.

For example, in the week leading up to the trial of Kincaid-Chauncey and Herrera, defense attorneys and prosecutors filed a flurry of motions, submitted proposed questions for jurors and attended a status conference, according to court documents.

Only one motion on behalf of Malone has been filed this month.

Herrera's legal team made repeated visits to the Clark County Government Center to speak with potential witnesses who were later subpoenaed. Clark County Deputy District Attorney Mary-Anne Miller said Gentile has subpoenaed no county employees.

Additionally, Assistant U.S. Attorney Daniel Schiess has not met or briefed Galardi, the government's star witness who testified against Malone in San Diego, according to the source familiar with the case.

Schiess had not subpoenaed Tony Montagna, an undercover informant and head of security for Galardi, whose wiretaps and testimony played a key role in Malone's conviction in San Diego, the source said.

Also, according to another source, FBI Special Agent Chris Byers is out of the country. Byers testified for the prosecution in the trial of Kincaid-Chauncey and Herrera and was expected to do so again in Malone's trial.

If Malone lost at trial, he could face a five or six-year sentence on top of the three years he received in San Diego, one source said.

In San Diego last year, Malone was found guilty of paying off San Diego councilmen Michael Zucchet, Charles Lewis and Ralph Inzunza.

Malone, working as Galardi's lobbyist, attempted to reverse an ordinance prohibiting dancers from touching customers at Galardi's club in the San Diego suburb of Kearney Mesa.

In May, jurors in Las Vegas returned a guilty verdict against Herrera and Kincaid-Chauncey. During the eight-week trial, the jury heard hours of recorded telephone conversations between Malone and the defendants setting up meetings.

They also heard conversations in which Malone and Galardi use language that prosecutors said should be interpreted as code phrases for payoffs.

Malone's trial was severed from that of his two co-defendants because his two former colleagues on the commission planned to -- and did -- attack his credibility.

Herrera's attorneys suggested that Malone pocketed bribes Galardi intended to be delivered to the elected officials.

"I have never received a payment from Mr. Galardi or Mr. Malone, anywhere," Herrera testified on April 20.

Malone was captured on a recording of an intercepted telephone call telling Kincaid-Chauncey he planned to "supply" her.

But Kincaid-Chauncey testified she often ignored Malone's ramblings, saying, "Lance would talk a lot and not always say a lot."

Kincaid-Chauncey testified she often found herself concerned for her friend, who was floundering as Galardi's lobbyist. Kincaid-Chauncey said she bowed to Malone's requests to call Galardi and thank him. She explained that Malone wanted to prove to his boss he had a close relationship with commissioners.

Jurors didn't buy it.

During the San Diego trial, Gentile attempted to convince jurors that Malone was simply fulfilling his duties as a lobbyist when he kept in close touch with the council members and flushed them with campaign contributions.

Malone was convicted of one count of conspiracy to commit wire fraud, 33 counts of wire fraud and three counts of extortion.

In all, Malone delivered between $35,000 and $40,000 to the councilmen. Most of the payments were bundled. Malone solicited individuals to make contributions, then reimbursed them. The limit on donations in San Diego is $250.

The amount of money changing hands in Las Vegas was far greater, according to testimony during Herrera and Kincaid-Chauncey's trial.

Galardi, a government witness expected to take the stand in Malone's trial, testified against his two co-defendants. Galardi said he paid Herrera between $150,000 and $200,000 and Kincaid-Chauncey about $80,000. Galardi told FBI agents all the payments were delivered by Malone.

ETHICS INQUIRY: FBI Investigation Involves KC Councilwoman (KCS)

The Kansas City Star, September 14, 2006

An attorney representing Saundra McFadden-Weaver acknowledged Tuesday that there was an ongoing FBI investigation involving the Kansas City councilwoman.

Attorney Ron Partee confirmed the FBI investigation the same day the city's ethics commission launched its own investigation into her involvement in $400,000 in mortgages for a Lee's Summit home.

Members of the Municipal Officials Ethics Commission — which had not met in this decade — asked McFadden-Weaver to answer questions before she testified next month before the panel. They also want her to produce loan and purchase documents, and a list of addresses where she has lived since taking office.

McFadden-Weaver asked for the ethics investigation after The Kansas City Star reported in August that she obtained the loans, apparently with no money down. Loan documents stated she would occupy the home outside the 3rd District, which she represents. The councilwoman maintains she always has lived in Kansas City.

FBI Joins Police To Arrest 22 Reputed Crips Members (NSL)

By Jonathan Schuppe, Star-Ledger Staff

Newark Star-Ledger, September 14, 2006

Nearly two-dozen reputed members of the Crips gang have been arrested on federal gun and drug charges in what U.S. Attorney Christopher Christie promised would be the start of a lengthy multi-agency campaign against street gangs and other violent criminals in Essex County.

"Federal law enforcement is getting into the business with our partners in local law enforcement to take on the street gangs who are victimizing the citizens of Essex County," Christie said. "Over the next three years I'm in office, I will be focusing on taking on street thugs like those we're taking on today."

The 22 reputed Crips members -- including the leader of a chapter called 98 Main Street Mafia and ranking members of three other factions -- were arrested by FBI agents and local police in roundups that started Tuesday and continued yesterday morning in East Orange, Irvington and Newark.

Although the gang members claimed allegiance to different chapters, or sets, many of them worked together, authorities said.

In Irvington, for example, members of the Grape Street and Rolling 60s sets plotted to sell crack cocaine in a Crescent Lane public housing complex this summer, according to law enforcement authorities and complaints filed by the U.S. Attorney's Office in Newark.

Several of the gang members were caught on videotape selling crack to an undercover informant, authorities said.

In East Orange, members of the Hoover 5-2 and Grape Street sets held a meeting in March in which they discussed selling crack, heroin and Ecstasy, according to the complaints. Over the next few months, they were caught selling the drugs to undercover informants on Park Avenue and surrounding streets.

The sale of illegal firearms took place in Newark and Irvington, where gang members allegedly took thousands of dollars for handguns, assault rifles and a shotgun, authorities said.

"These are the weapons of their trade, and they're using them not only on each other but also on innocent people trying to live their lives in their communities," Christie said.

None of the charges filed yesterday mentioned any violence related to guns sold by the gang. That part of the probe, along with an examination of how the guns got into Essex County, is continuing, authorities said.

Feds Arrest 22 High-level Crips Members (NSDY/AP)

Long Island Newsday, September 14, 2006

NEWARK, N.J. (AP) _ Capping a year-long investigation into drug and weapons dealing in Essex County, federal authorities arrested 22 members of the Crips street gang Wednesday morning, and said many of them were high-level members.

"These are upper-echelon guys, not just street dealers," said Steven Siegel, a spokesman for the FBI's Newark office.

The suspects were arrested in Newark, Irvington and East Orange, and face charges including possession with intent to distribute heroin, crack cocaine and ecstasy. Several also were charged with illegal sales of weapons, including assault rifles.

Siegel said the arrests were unrelated to raids carried out in Britain and New Jersey Wednesday morning that broke up an arms trafficking operation supplying guns to criminals in London.

More than 100 federal and local agents, including an FBI SWAT team, participated in the early morning street gang arrests.

Federal Jury Convicts KC Gang Member (KMBC-TV)

KMBC-TV, September 14, 2006

Wright Could Face Life In Prison

KANSAS CITY, Mo. -- A federal jury convicted the former leader of the 51st Street Crips gang Thursday of three homicides, drug trafficking and firearms violations.

Steve L. "Moody" Wright, 23, of Kansas City, was found guilty on 15 counts contained in a 2004 federal indictment.

Federal authorities said that Wright and other members of the street gang were repeatedly involved in illegal drug trafficking and had guns that they used to protect their drug supplies and drug profits.

"Wright's modus operandi was to rob other drug dealers, often shooting to kill, steal their supply of drugs, then sell them for profit," U.S. Attorney Bradley J. Schlozman said a news release.

Wright could be subject to sentence of life in prison without parole. A sentencing hearing has not been set.

'Dangerous Gangster' Convicted In 3 Murders (KCS)

By Tony Rizzo

The Kansas City Star, September 14, 2006

It took more than a month of testimony in federal court to chronicle the alleged criminal exploits of Steve L. Wright Jr.

And it took a jury about 15 hours of deliberation over three days to sort through it before finding the 23-year-old Kansas City man guilty of three drug-related killings and other crimes.

Prosecutors portrayed Wright as a key member of a Kansas City street gang involved in drug dealing and fatal and nonfatal shootings during 2000 and 2001, when Wright was a teenager.

The jury convicted him of 15 counts, including two murders related to drug trafficking and one to prevent a witness from cooperating with police. He also was found guilty of conspiracy to distribute drugs, and other drug and firearms counts.

"Wright is a vicious and dangerous gangster, therefore we are asking the court to protect the public by sending him to prison for the rest of his life," U.S. Attorney Bradley Schlozman said after the jury verdicts in Kansas City.

In closing arguments Tuesday in U.S. District Court, Assistant U.S. Attorney Charles Ambrose described one incident after another in which police found drugs and weapons after arresting Wright or persons with him.

Ambrose described the pattern that was established when Wright was still a teen: "Vehicle speeding away from police with weapons and drugs on board and Mr. Wright on board."

The defense argued that weapons and drugs that were found in houses, cars or on other persons associated with Wright were not enough to convict him.

Defense attorney William Shull said that every witness who testified about Wright's involvement in murders was facing legal problems and worked out deals with prosecutors. Shull said none was "credible and worthy of belief."

He also noted that none of the wounded persons identified Wright as the triggerman, and that none of the weapons Wright actually possessed was linked to any crime of violence.

But Ambrose said that Wright was part of a conspiracy to distribute drugs and that he was responsible for criminal acts committed by other members of the conspiracy.

Several homicides the jury heard about involved Wright and his associates stealing drugs and shooting the one who was selling them.

"They, like so many others in this case, were paid in lead instead of cash," Ambrose told jurors in closing arguments.

After one of those rip-offs in 2001, one of Wright's associates, Michael L. Birks, was killed because he showed weakness by taking one of the victims to the hospital, Ambrose said. Wright was concerned Birks might also cooperate with police. Birks was on his knees begging for his life when he was killed by another man with a gun Wright provided, according to testimony.

Wright also was convicted for the June 2000 killing of Hector Santos and the June 2001 murder of Alex Clark.

Map Dealer Deserves Stiffer Term, British Say (NYT)

By Alison Leigh Cowan

DOJ_NMG_0062843

The New York Times, September 14, 2006

STAMFORD, Conn., Sept. 13 — The 486-year-old map, bound for most of its life in a book that helped shape Britain's view of the world, survived the burning at the stake of the archbishop of Canterbury, who owned it, civil war, royal intrigue and the Nazi bombing of London.

Everything, it appears, but the arrival in London in 2005 of Edward Forbes Smiley III, an American dealer in antiquities who specialized in obtaining hard-to-find trophies for his customers.

In June, Mr. Smiley, 50, pleaded guilty in federal court in New Haven to having stolen 97 rare maps from some of the world's leading universities and libraries, a staggering haul estimated at about $3 million.

Targets of his seven-year crime spree included Harvard, Yale and the New York Public Library. Also on the list of items taken was the centuries-old map by Peter Apian that was ripped from a book Mr. Smiley found at the British national library.

Because of that $100,000 map, and three more missing maps that the British Library believes Mr. Smiley may have snatched, the library is arguing that he deserves more than the 57 to 71 months in prison that prosecutors and Mr. Smiley's lawyers backed at the time of the guilty plea.

In a legal brief dated Wednesday, the library's lawyer, Robert E. Goldman, urged Judge Janet Bond Arterton of Federal District Court to impose a harsher sentence — of at least 78 to 97 months — when she revisits the case on Sept. 27. By law, the judge can impose up to 10 years, or 120 months, because the case involves the theft of a major artwork, although sentencing guidelines suggest a lower range.

So far as the British Library is concerned, Mr. Smiley is no ordinary thief, and what he systematically stole transcends monetary loss. It complains in its brief that the sentencing guidelines "substantially understate the seriousness of the offense," and it quotes liberally from Theodore Roosevelt, Robert F. Scott, the Antarctic explorer, and Samuel A. Alito Jr. to bolster its case.

"The case of United States v. Smiley has made painfully clear that Smiley created his marketplace and built his inventory through the systematic looting of the world's great libraries," the brief says.

As the brief put it, "The Apian world map stolen from the British Library by Smiley tells but one tale of the 97 maps stolen," adding that it was torn from a volume once owned by Thomas Cranmer, the archbishop of Canterbury, who was a key adviser to Henry VIII and was burned at the stake for his beliefs by Mary I in 1556.

The book, which was confiscated, became part of the Royal Library and was eventually given to the British Library at its inception in 1973, according to the brief, where "the volume remained intact until visited by Smiley."

But Mr. Smiley's lawyer, Richard A. Reeve, said: "It's all very interesting, but the reality is that map has been recovered. It's going back to the British Library."

Mr. Reeve added that Mr. Goldman's memo "ignores a central part of this case, which is that the libraries are getting back maps that they would never have gotten were it not for Mr. Smiley's cooperation."

Of the 97 maps that Mr. Smiley acknowledged stealing, federal agents have recovered 88 so far, said Thomas Carson, a spokesman for the United States attorney's office in New Haven.

Map-stealing Collector Robbed Future Generations, Library Says (AP)

AP, September 14, 2006

NEW HAVEN, Conn. -- A renowned dealer who admitted stealing nearly 100 rare antique maps should be severely punished because he systemically looted treasures that told the story of the new world and had survived catastrophic events over the centuries, the British Library argued Wednesday.

The maps that E. Forbes Smiley III stole far transcended their estimated value of $3 million, the British Library said in documents filed Wednesday in U.S. District Court.

"The maps stolen by Smiley created the dreams of the explorer, merchant and powerful," the library wrote. "They charted the paths of national expansion and empire building. They marked the rise of British dominance, the origins of a new nation and the demise of a native population. The maps drew the lines between where knowledge ended and imagination began."

Some of the maps have not been recovered, while others were damaged, the library noted.

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"Smiley's actions ripped at the heart of our public institutions which stored, protected and made available to the public over centuries maps which provided a bridge between past and future generations," the library wrote.

One of the stolen maps had survived civil war, royal intrigue, economic depression and the Nazi bombing of London.

"They had been cared for and preserved for centuries until Smiley ripped them from their volumes and slid them into his coat," the library wrote.

Smiley, a 50-year-old resident of Martha's Vineyard, faces up to six years in prison under federal guidelines and restitution when he is sentenced on Sept. 27. The British Library is urging the court to impose a higher sentence, citing similar cases in which courts imposed stiff sentences.

Smiley admitted in June that he stole 97 maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard University library and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, terrorities and discoveries in America, experts say.

With Smiley's help, prosecutors said most of the maps have been recovered from dealers and galleries. Prosecutors said four maps have not been returned by those who have them and five others are lost.

Smiley's attorney, Richard Reeve, called the British Library's arguments "factually and legally flawed." He said authorities could only prove Smiley stole 18 maps, but his client cooperated with the additional thefts.

"In effect, the libraries are getting back 80 maps that they never would have been able to prove Smiley had taken," Reeve said. "He could have sat back and said, 'Prove it.'"

But that tactic would have exposed Smiley to more prosecutions in other jurisdictions, said Robert Goldman, attorney for the British Library.

Smiley was arrested after a Yale librarian found a razor blade on the floor. Yale and other top map libraries reviewed their security procedures after Smiley's arrest.

The British Library has raised suspicions that Smiley stole additional maps and accused him of "selective cooperation" with authorities. They said prosecutors denied their request to look at Smiley's statements to them, while Smiley has refused to let them examine whatever records the government may have obtained from him.

Prosecutors said they disagreed with some of the arguments by the British Library, but declined to elaborate.

Reeve said the British Library lacked proof of additional thefts.

The British Library said one of the stolen maps was torn from a volume owned by Thomas Cranmer, archbishop of Canterbury who precipitated England's break with Rome by marrying King Henry VIII to Anne Boleyn in 1533. The map, which has been recovered but the library says was altered, shows Cranmer believed America was a separate continent and not part of Asia as many believed at the time.

"Like a drop of oil on a still pond, the number of his victims spreads with time," the library wrote. "Smiley's victims include students, scholars, academics, the general public and individuals yet to be born who will not have the opportunity to sit at a desk, open a leather bound volume and see the world as Archbishop Cranmer and others saw it in the 16th century."

Moroccan Court Jails Two Men For Internet Worm Last Year (WSJ)

By Cassell Bryan-low

The Wall Street Journal, September 14, 2006

Authorities in Morocco sentenced two individuals for their role in unleashing an Internet worm dubbed Zotob that infected computer networks at hundreds of companies last year.

A court in the Moroccan capital of Rabat on Tuesday sentenced Farid Essebar, a 19-year-old student and a Moroccan national born in Russia, to two years in prison. Another student, Achraf Bahloul, 21, received a one-year prison sentence. Both men were convicted of charges relating to virus-writing, illegal access to computers and conspiracy to commit credit-card fraud.

The Zotob worm affected machines at a number of media companies, including Time Warner Inc.'s CNN unit, New York Times Co. and ABC, a unit of Walt Disney Co. Among other companies that suffered from infected computers were Kraft Foods Inc. and DaimlerChrysler AG's Chrysler Group. The virus, which took advantage of a flaw in the "plug-and-play" feature of

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Microsoft Corp.'s Windows 2000 software, emerged just days after Microsoft warned of a security flaw and released a software fix for it. That left customers little time to patch their systems.

The case, which U.S. and Moroccan authorities say they believe is connected to a credit-card theft group in Turkey, illustrates how geographically dispersed cybercriminals have become. Traditionally, much of the online criminal activity has come out of the U.S., Eastern Europe and parts of Asia, security experts say. "It's a global problem now," says Graham Cluley, a technology consultant at antivirus-software company Sophos in the U.K.

Lawyers for Messrs. Essebar and Bahloul plan to appeal the ruling, according to a court official cited by the Associated Press.

Mr. Essebar, who goes by the online moniker "Diabl0," also was connected with a man in Turkey named Atilla Ekici, says the U.S. Federal Bureau of Investigation, which aided the probes in Morocco and Turkey. The case against Mr. Ekici, whom Turkish officials charged with unauthorized access to computers and disseminating a virus, is pending.

Write to Cassell Bryan-Low at cassell.bryan-low@wsj.com1

Virus Authors Sentenced (AP)

AP, September 14, 2006

Two Moroccan men have been sentenced to prison terms for helping write the Zotob computer virus that attacked major U.S. networks last year, a court official said Wednesday. Science student Farid Essebar, 19, and his friend Achraf Bahloul were sentenced Tuesday at the court in Sale, Morocco, near the capital Rabat, a court official said. Essebar was sentenced to two years and Bahloul to one year, the official MAP news agency reported. The Zotob worm and its variations, first unleashed in August 2005, targeted computers that run Microsoft Corp. operating systems, with Windows 2000 users most seriously affected.

California DNA Program Suffers From Lack Of Funding (LAT)

By Henry Weinstein

The Los Angeles Times, September 14, 2006

Two years after California set out to create a vast DNA database to help unravel tens of thousands unsolved crimes, the program is being severely hampered by a lack of resources, officials across the state say.

The state crime lab has a backlog of more than a quarter-million DNA samples it is unable to process because of a funding shortfall and a lack of manpower, directors acknowledge. At its current rate of progress, the lab would have to spend 2 1/2 years to clear the backlog -- if it received no more samples, which is hardly likely, since it is currently taking in about 20,000 samples a month, officials said.

State officials, Los Angeles police officers and the director of the Santa Monica Rape Treatment Center say the backlog means that crimes are going unsolved and that criminals who could be nabbed may still be walking the streets.

"There will come a time when we will be sitting on a case where we have the offender profile and we are waiting for a match in (the database) who is among the 300,000 unprocessed samples and this offender will strike again," said Tim Marcia, a veteran detective in the LAPD's cold-case unit who has used DNA to solve rapes and murders.

The problems stem from overly optimistic funding projections when California voters in November 2004 resoundingly passed Proposition 69, designed to make the state the nation's leader in the use of DNA technology as a crime-solving tool.

Prop. 69 requires all convicted felons, certain misdemeanor offenders and those arrested for rape or murder to give up DNA samples. Prison officials swab offenders' mouths with an object called a buccal which looks like a tongue depressor. The samples are subjected to genetic testing, and the results are uploaded into the FBI laboratory's Combined DNA Index System, known as CODIS. The database can be run against evidence from crime scenes for DNA matches that will help identify new suspects.

More than 285,652 DNA samples have been uploaded into the data base and the program has yielded 2,670 "hits" in some long-languishing cases. But despite those successes, the funding problems have resulted in a backlog of 287,294 unprocessed DNA samples.

"Proposition 69 is the gold standard model for the world, but full and robust implementation is currently hamstrung," said Bruce Harrington, the Newport Beach, Calif., home developer who financed the ballot measure in 2004.

Harrington said the primary reason for the backlog is that the state crime lab in Richmond pays dramatically lower salaries than local crime labs, making it difficult to hire young scientists and hang onto more experienced ones.

Lance Gima, director of Forensic Services for the state attorney General, said the starting salary at the Richmond lab is $3,100, compared to $4,600 a month at the Los Angeles Police Department laboratory and $4,200 a month at the Los Angeles County Sheriff's Department. Local labs in large Northern California cities also pay more than the state, Gima said.

Although the program was supposed to pay for itself, it has not been fully funded. Under the law, the counties were to turn over $1 of every $10 in misdemeanor fines to a "penalty pot," amassing $25 million a year for the project. Instead, for reasons that are unclear, not all the counties are contributing, and the penalty pot stands at only $7.5 million.

The state legislature just enacted a measure to allocate another $1 for each additional $10 in fines. Harrington and Gima called that a positive step but said that will not ensure that the fines are collected and the money sent to the state.

The problem is likely to get worse at the start of 2009 when officials will start taking samples from all persons arrested as well as convicted of felonies. In 2004, the latest year for which figures were available, there were 522,781 felony arrests in California.

For Gail Abarbanel, director of the Rape Treatment Center at Santa Monica-UCLA Medical Center, the program has been a source of both exhilaration -- some rape cases have been solved very rapidly -- and enormous frustration.

"We have the law, the technology and the voice of public behind Prop. 69, but we also have a lot of valuable DNA evidence waiting to be processed," Abarbanel said.

Prominent criminal defense lawyers also are alarmed by the program's failings.

"It is a loss for prosecutors who want to expeditiously solve crimes before the perpetrators can commit more acts of violence and a loss for innocent suspects who do not want to be wrongly arrested an prosecuted," said Peter Neufeld, co-founder of the Innocence Project at Benjamin Cardozo Law School in New York, which has used DNA evidence to exonerate more than 180 wrongly convicted persons over the past 15 years.

Currently, the state lab, located in a modest office park, has 34 vacant employee spots. At the same time, it faces an onslaught of new work.

Gima complimented state Corrections officials for doing an efficient job of collecting samples . But the Richmond lab simply has been unable to keep up -- even with many staffers working overtime and weekends.

"We are very proud of what we have accomplished but we are not happy with that backlog," Gima emphasized.

The new law provides that if the state lab is unable to process a sample within six months it should be outsourced to a private laboratory. So far, the state has sent 166,000 samples to three private labs. However, the state lab staff has to verify every DNA profile the private lab processes, adding to their workload. Earlier this year, the state had to stop sending out samples because it couldn't pay the private labs, Gima said.

"DNA testing has really outstanding potential in terms of not only helping the police to investigate crimes, and also exonerate people who are innocent. But there are a lot of gaps to get DNA where it needs to go," said Barry Fisher, long time director of the Los Angeles County Sheriff's crime laboratory.

Slaying Suspect Free By Mistake (WP)

By Theresa Vargas

The Washington Post, September 14, 2006

Prince William County officials accidentally released a man charged with murder and didn't notice the mistake until five days later, authorities said yesterday.

Authorities said that they have no idea where Christopher T. Broady is and that he is dangerous.

"He is on trial for murder so that should give you an indication of the seriousness of this, of how hard we are trying to get him back," Manassas Detective Christine Perry said. "This is a priority. . . . It is number one."

Broady, 19, is charged with shooting a D.C. man in the head in an apparent drug dispute. He walked out of jail Friday, and the mistake was not noticed until Tuesday.

DOJ_NMG_0062847

"He could be anywhere. He could be in Arizona, Mexico, South America," Prince William Commonwealth's Attorney Paul B. Ebert (D) said.

Jail officials and prosecutors said Broady was released in a period of confusion after murder charges against him had been dropped in Prince William Circuit Court but were pending in General District Court.

"I think the breakdown was in the overall process," Jail Superintendent Charles "Skip" Land said. "I think we took the steps to protect the public and verify it and, unfortunately, the jail released him when the courts wanted him held."

Broady is charged with killing Bernard S. Matthews, 22, on Feb. 1. Matthews was shot and left lying near Bruckner Road in the Georgetown South community of Prince William. The slaying made headlines because another man robbed Matthews before police could take him to the hospital. He died the next day.

A week later, authorities found Broady in Danville and charged him with murder in Matthews's slaying and possession of a firearm in the commission of a felony. He told his girlfriend's father that the shooting was over drugs, according to court testimony by the father, James Holmes.

The path to Broady's release began when Holmes did not show up to testify at an Aug. 21 hearing in Circuit Court. That prompted authorities to drop the charges in that court. But simultaneously, prosecutors charged Broady in General District Court. He should have been held pending a preliminary hearing in that court.

Prosecutors also mistakenly sought a second indictment against Broady. When that indictment was returned Sept. 5, prosecutors later dropped it because the case was pending in the lower court.

That's when jail officials saw the paperwork saying Broady should be released. Land said officials called court clerks to check that the charges were dismissed and were told they were.

Broady was allowed to walk out at 11:16 a.m. Friday.

The jail had been facing scrutiny after officials held a Manassas man in custody two months after he should have been released. Court and jail officials blamed a combination of human error and cultural differences on the incident, but the problem also came down to a miscommunication between two branches of the criminal justice system. The courts had listed him as Fernando Antonio Antonio Cruz and the jail had him as Fernando Antonio Cruz.

Cruz was supposed to be released Dec. 12 but wasn't let out until Feb. 15.

"I think of course this is again an unfortunate case," Land said. "We are crowded, but I feel we run a safe agency, and I think the community is safe. I apologize for this happening.

"I just hope we can get Mr. Broady back without incident," he said. "The quicker the better."

Police have launched a nationwide search for Broady. They have interviewed Broady's family, friends and associates and said they have no leads. They are asking anyone with information to call 703-330-0330 and are offering a $1,000 reward if it leads to his arrest.

Ebert called the incident "very unfortunate" and said his office made a mistake by indicting Broady a second time. He said he takes responsibility for what happened.

"Occasionally a mistake happens, and this is one of those times," Ebert said. "They should have never released him. We should have never indicted him. It was just combination of things that happened that will probably never happen again."

Anthony Kostelecky, Broady's court-appointed attorney, said he got a call Tuesday from police telling him his client was released. "I was dumbfounded," he said. "I can see how a mistake might be made, but at the same time it's a big mistake."

4th Animal-welfare Activist Sent To Prison (NSDY/AP)

Long Island Newsday, September 14, 2006

TRENTON, N.J. (AP) _ A fourth animal rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced Wednesday to prison.

Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years in prison and was ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize.

DOJ_NMG_0062848

On Tuesday, three other members of the group were sentenced to prison for terms ranging from four to six years. Two other members of the group still await sentencing: Andrew Stepanian, SHAC's New York coordinator, and Darius Fullmer, an organizer who researched the group's targets. They were scheduled to be sentenced Tuesday.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a Britain-based company that tests drugs and household products on animals.

The government charged that the group waged a five-year campaign against the company, posting the names, addresses and phone numbers of Huntingdon employees and those who do business with the company, and personal information such as where they go to church and where their children attend school.

Many of those people saw their homes vandalized and received threatening e-mails, faxes and phone calls.

The group, based in Philadelphia, maintained its actions were protected under the First Amendment.

The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism.

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On the Net:

SHAC: http://www.shac.net

Huntingdon Life Sciences: http://www.huntingdon.co

Trenton: Activist Sentenced (NYT/AP)

By The Associated Press

The New York Times, September 14, 2006

An animal rights activist who was part of a group convicted of helping to incite threats and harassment against a company that tests products on animals was sentenced to prison yesterday in Federal District Court. The activist, Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years and ordered to help pay $1 million in restitution. On Tuesday, three other members of the group were sentenced to terms ranging from four to six years. In March, they were convicted of using a Web site to incite harassment against Huntingdon Life Sciences, a British company with a lab in East Millstone that tests products on animals.

A Fourth Animal-rights Activist Sentenced To Prison (PHI)

The Philadelphia Inquirer, September 14, 2006

A fourth animal-rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced to prison yesterday in Trenton. Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years and ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize.

On Tuesday, three other members of the group were sentenced to prison for terms ranging from four to six years. Two other members of the group, formerly based in Philadelphia, still await sentencing.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a Britain-based company that tests drugs and household products on animals. - AP

Matheson Concurs With Reid On The Thorny Issue (SLT)

By Thomas Burr, The Salt Lake Tribune

Salt Lake Tribune, September 14, 2006

WASHINGTON - At least one Utah congressman says the federal government should be more involved in prosecuting polygamy crimes, while others say the matter is largely a concern of state and local law enforcement.

"Crimes against children cannot be tolerated," Rep. Jim Matheson said in a statement Wednesday. "I would support additional federal assistance to help prosecute these crimes."

The state's lone Democrat in Congress was responding to Senate Minority Leader Harry Reid's call a day earlier for a federal task force to investigate polygamist activity in the West.

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The Justice Department said Wednesday it is reviewing a letter from Reid to Attorney General Alberto Gonzales asking him to appoint a team to probe, and prosecute, if necessary, accusations of "systemic child abuse" in "this modern day polygamy movement."

"For too long, this outrageous activity has been masked in the guise of religious freedom," wrote Nevada's Reid, who is LDS. "But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated. Individuals who force minors into adult relationships and marriage must be brought to justice."

Matheson's district includes the polygamist enclave of Hildale, which, along with Colorado City, Ariz., is the base for the Fundamentalist Church of Jesus Christ of Latter Day Saints, led by Warren Jeffs. Jeffs was captured late last month after being among the FBI's most wanted list on charges of being an accomplice to rape in arranging marriages of young girls to adult members of the church.

Sen. Orrin Hatch, R-Utah, said polygamy "is against the law," and prosecuting it is largely the job of local and state law enforcement.

"But the federal government should definitely back them up, especially when these activities cross state lines," Hatch said in a statement, adding, "As for an investigation, any attention to this issue is helpful, that's for sure."

GOP Rep. Chris Cannon's spokesman Charles Isom said his boss has "full faith in" the states' abilities to prosecute polygamy.

"Congressman Cannon has every confidence that the attorney generals in the Western states, working with law enforcement, are well-qualified to take on this issue," Isom said.

The offices of Rep. Rob Bishop and Sen. Bob Bennett did not answer a request Wednesday for comment on Reid's letter.

The anti-polygamy group Tapestry Against Polygamy praised Reid's call for an investigation, saying "it's about time this has happened."

These "civil rights violations have gone on for over 50 years and finally an outsider is coming in and has to do our housecleaning for us," said Vicki Prunty, executive director of the group. "That should be an embarrassment to the state of Utah and Arizona, but we need this to happen and if we couldn't do it ourselves, let someone else take the initiative to get the job done."

Prunty, a former polygamist wife, added that polygamy is not just a Utah problem and the federal government and states are going to have to work together to address the problems.

"Some of that's already happening," Utah's chief deputy attorney general, Kirk Torgensen, said of Reid's call for more federal assistance.

"We have had several meetings with our federal counterparts on several issues. I hate it to sound like this is some new idea and we haven't been working collectively on things, because we really have."

Torgensen, though, says he welcomes more federal involvement, especially if the Internal Revenue Service could provide help in investigating purported tax fraud in polygamist havens.

"It's ripe for someone to give a serious look," he said.

Polygamy Proposal Called 'witch Hunt' (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 14, 2006

Polygamous groups are upset over a Nevada senator's call for a Justice Department probe into their lives and activities.

"It is disconcerting to have a senator take a real strong position on that," said one Utah polygamist, who asked the Deseret Morning News not to use his name. He said all of his wives are consenting adults. "It appears to be a reaction to (Warren) Jeffs and the FLDS culture."

In a letter sent Tuesday to U.S. Attorney General Alberto Gonzales, Senate Minority leader Harry Reid, D-Nev., reacted to the capture of Fundamentalist LDS Church leader Warren Jeffs and suggested creating a federal task force to look into polygamous communities in Western states.

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"For too long, this outrageous activity has been masked in the guise of religious freedom. But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated," Reid wrote. "Individuals who force minors into adult relationships and marriage must be brought to justice."

Members of the polygamous community of Centennial Park, Ariz., called Reid's request a "modern-day witch hunt."

"Polygamy is not a federal offense but is to be regulated under the prerogative of state's rights," said Joyce Steed of the Centennial Park Action Committee. "Therefore, one could question what his justification is for asking the federal government to target their efforts on an unpopular minority. We can be sure polygamy does not represent a personal moral issue for the senator, coming out of the state that has legalized prostitution."

Reid's letter tries to distance the fundamentalist sects from The Church of Jesus Christ of Latter-day Saints, of which he is a member.

But the pro-polygamy group Principle Voices feared a task force could be too invasive.

"I would like to know why he feels that's necessary," said Anne Wilde. "I thought the attorney generals in Utah and Arizona both were doing a good job separating the crime from the culture."

Tapestry Against Polygamy, a Utah-based group that opposes polygamy, hailed Reid's call for a task force, saying abuses in polygamy are prevalent throughout the West.

"This is no longer a Utah problem. It will take federal intervention," said Tapestry director Vicky Prunty.

But some in the Utah Attorney General's Office said a task force was unnecessary.

"We have been working for several years with our federal partners," Chief Deputy Attorney General Kirk Torgensen said Wednesday. "They have been fantastic."

The FBI has been investigating Jeffs and had put him on its Ten Most Wanted list. Jeffs was arrested last month during a traffic stop outside Las Vegas. He is currently being held in Hurricane's Purgatory Jail without bail pending a Sept. 27 court appearance.

The U.S. Attorney's Office has filed an unlawful flight to avoid prosecution warrant against him, but would not say if it was conducting its own investigations.

Jeffs, 50, is facing rape as an accomplice charges in 5th District Court in St. George. He is accused of forcing a teenage girl into a polygamous marriage with an older man. In Mohave County, Ariz., Jeffs is charged with sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

In his letter, Reid asked the Justice Department to assist prosecutors in Utah and Arizona in their cases, including filing federal charges should Jeffs be acquitted.

Mohave County Attorney Matt Smith indicated he would be willing to take the help.

"If there could be a charge of moving these minors across state lines for sexual purposes, that would be a great assistance to what we are trying to do," he said, "which is to stop these underage, so-called marriages and to stop the men up there from having sex with girls before they reach their 18th birthday."

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Texas Court To Reconsider DeLay Charge (AP-Y)

By April Castro

AP, September 13, 2006

Texas' highest criminal appeals court agreed Wednesday to consider reinstating a conspiracy charge against former House Majority Leader Tom DeLay, a move that could delay his trial until next year.

DeLay is facing felony money laundering and conspiracy counts that stem from Republican fundraising in the 2002 legislative races. He stepped down as majority leader after the charges were filed and announced his resignation from Congress a few months later.

"It's just another bump in the road," DeLay attorney Dick DeGuerin said.

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A state district judge threw out one of two conspiracy charges in December and let the money laundering charge stand. Prosecutors asked the appeals court to reinstate the dropped conspiracy charge, a move that has postponed trial proceedings on the other charges.

DeGuerin argues that the dropped charge accuses DeLay of conspiring to violate the election code as it stood in 2003, and that the transaction was legal at the time it was made. The second conspiracy charge accuses DeLay of conspiring to launder money.

Early on, DeLay had hoped to have the case resolved quickly so he could regain his leadership position in Congress. But with his resignation behind him, he is working on a book that he says will address how his career "furthered the conservative cause" and helped change the culture of Washington.

"The time crush is not there anymore," DeGuerin said. "Of course he'd like to get it over with as quickly as possible, but he's gone on in his life and has got other things to do."

DeLay and other Texas Republicans have accused prosecutor Ronnie Earle, a Democrat, of conducting a political vendetta. Earle's office did not comment Wednesday.

Prosecutors accuse Delay and two political consultants of funneling $190,000 in illegal corporate money to the Republican National Committee, which then donated the same amount to Texas candidates. Under Texas law, corporate money can't be directly used for political campaigns.

DeLay and the consultants, Jim Ellis and John Colyandro, say the transaction was legal.

3 Bilked Medicaid Of Millions Using Fake Billings, U.S. Says (NYT)

By Richard Pérez-Peña

The New York Times, September 14, 2006

Two brothers, a doctor in Brooklyn and an owner of pharmacies in Brooklyn and Queens, led a conspiracy that defrauded Medicaid of millions of dollars by billing the program for H.I.V. drugs and other medicines that were never given to patients, federal prosecutors say.

The United States attorney's office announced the arrest yesterday of the brothers, Dr. Muhammad Ejaz Ahmad and Muhammad Nawaz Ahmad, and a third man, Mohammad Tanveer, a pharmacy employee, on charges of conspiracy to defraud the government, punishable by up to five years in prison. The complaint against them points to a larger conspiracy, involving "others known and unknown."

Two law enforcement officers posing as H.I.V. patients took secret audio and video recordings at the doctor's office and the pharmacies, according to a statement filed with United States District Court in Manhattan by an F.B.I. agent, Shawn R. Mullen. He said that the undercover officers, like real patients, were given some drugs, but that the conspirators billed Medicaid for many more prescriptions than were ever dispensed.

The defendants paid the patients $40 for each trip to the doctor's office or pharmacy, the agent said — which prosecutors noted is more than the $30 Medicaid paid the doctor for the visit. They described those payments as illegal kickbacks to the patients, suggesting that at least some patients were aware of the scheme.

The United States Attorney's Office would not put an overall dollar amount on the cost of the fraud against Medicaid, the joint federal and state health plan for the poor. But the complaint states that for just three antiviral drugs — among many medicines used to treat H.I.V. infection and its side effects — the three pharmacies billed Medicaid for $2.5 million for drugs that they never received from their distributors.

"My guy says he's absolutely innocent of anything, that he's a legitimate businessman," said Patrick Bruno, the lawyer for Mr. Ahmad, the pharmacy owner. The other defendants have not yet hired lawyers, he said.

Dr. Ahmad, 49, practiced internal medicine at an office at 1121 Coney Island Avenue, in central Brooklyn, and lives in Albertson, in Nassau County.

Doctors are supposed to make information about themselves available to the public — things like medical education, malpractice judgments and hospital affiliations — through a State Department of Health Web site. Dr. Ahmad does not appear on that Web site.

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The complaint says that Dr. Ahmad's wife and his brother, who is 38, were co-owners of the three pharmacies involved in the Medicaid scheme. The wife is not named, and is not charged with a crime. Mr. Bruno said the younger Mr. Ahmad, who lives in Floral Park, in Nassau County, also has a medical degree but has never practiced medicine.

Mr. Tanveer, 49, also lives in Floral Park.

All three men are from Pakistan but are longtime United States residents, according to federal officials and Mr. Bruno. They said the Ahmad brothers are citizens, but Mr. Tanveer is not.

At an arraignment late yesterday, bail was set at $300,000 for each of the Ahmad brothers, Mr. Bruno said, and "we hope to make bail within a day." Both he and a spokeswoman for the prosecutors said they did not know the bail set for Mr. Tanveer.

The allegations in the complaint cover about two and a half years, but federal officials say they are looking at earlier years as well, to determine how far back the fraud goes.

The complaint says that patients with H.I.V. who visited Dr. Ahmad were steered to the pharmacies owned by his brother and wife: Stay Slim Pharmacy, less than a block away from Dr. Ahmad's office, at 1166 Coney Island Avenue; Script Depot, at 99-06 63rd Road in Rego Park, Queens; and Nash Pharmacy, at 47-07 Francis Lewis Boulevard in Bayside, Queens, where Mr. Tanveer works. In other cases, the doctor got the drugs from the pharmacies, and patients picked them up from him.

One undercover officer got three months' worth of drugs, but Nash Pharmacy billed Medicaid for eight months' worth, and tried to bill for more, the complaint says. Though Nash lies in another borough, prescriptions from Dr. Ahmad accounted for three-fourths of the pharmacy's Medicaid billing last year.

The complaint also says that a real patient of Dr. Ahmad's received H.I.V. drugs, but Medicaid records for that patient also show that over 22 months, the doctor prescribed $58,000 worth of other medications that the patient says he never took.

One of the stranger elements of the case is the complaint's description of what it calls kickbacks to the patients. It says that each time an undercover officer met any of the three defendants, the other man would hand him $40, without being asked for money, and without any explanation of what it was for.

CIVIL LAW:

Outed CIA Spy Sues Former State Department Official Over Leak, No Conspiracy Accusation (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, September 14, 2006

(AP) - WASHINGTON-One-time covert CIA officer Valerie Plame sued the former No. 2 official at the State Department on Wednesday for violating her privacy rights.

The suit does not accuse Richard Armitage, who was deputy secretary of state in the Bush administration, of participating in an administration conspiracy to blow her cover.

Plame added Armitage's name to a civil suit in U.S. District Court against Vice President Dick Cheney, his former chief of staff I. Lewis Libby and White House adviser Karl Rove.

Plame and her husband, former Ambassador Joseph Wilson, say the White House leaked Plame's identity as retribution for Wilson's criticisms of prewar intelligence on Iraq.

Armitage admitted last week that he told two reporters in 2003 that Plame worked for the CIA, but he said the disclosure was inadvertent. Armitage said he knew of no plan to leak Plame's identity; some people said the admission disproved the conspiracy theory.

By adding Armitage's name to the suit, Plame's lawyers set up a different scenario. They contend a White House conspiracy existed, but that Armitage's leak was independent of it.

Armitage is accused of violating Plame's privacy rights. He is not accused of violating the Wilsons' constitutional rights to equal protection and freedom of speech, but those allegations remain against the White House officials.

Wilson discounted reports that then-Iraqi President Saddam Hussein had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Such a claim wound up in President George W. Bush's 2003 State of the Union address.

Special Prosecutor Patrick Fitzgerald has investigated the leak for years and has not charged anyone with intentionally leaking Plame's identity. Libby is under indictment for lying to authorities about his conversations with reporters.

Novak Accuses Plame Source Of Distortion (WP)

By R. Jeffrey Smith

The Washington Post, September 14, 2006

Columnist Robert D. Novak, who first revealed Valerie Plame's employment by the CIA and touched off a lengthy federal leak investigation, is accusing his primary source of misrepresenting their conversation to make the source's role in the disclosure seem more casual than it was.

In an unusual column that appears today, Novak says his initial source, former deputy secretary of state Richard L. Armitage, was more sure of Plame's ties to the CIA than the source has indicated. Novak adds that Armitage linked her directly to her husband's CIA-sponsored trip to Niger and suggested the disclosure would be a good item for Novak's column.

This differs from Armitage's assertions last week that his disclosure was made in an offhand manner and that he did not know why Plame's husband was sent to Niger.

Armitage, in an interview yesterday, said he stood by his account and disputed Novak's.

The disagreement between Novak and Armitage now covers even the length of their conversation in Armitage's office at the State Department on July 8, 2003. The fallout from that meeting eventually became a consuming political topic in Washington and led to Special Counsel Patrick J. Fitzgerald's indictment last October of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, on charges of lying to investigators.

The leak of Plame's name touched off a major political controversy because of media reports at the time that the White House was attempting to discredit Plame's husband, former ambassador Joseph C. Wilson IV. Wilson was sent by the CIA to Niger in 2002 to investigate whether Iraq was trying to buy nuclear weapons material there, and on July 6, 2003, he wrote a column accusing the White House of deliberately twisting intelligence about the Iraqi program to justify the U.S. invasion.

Wilson's accusations infuriated the White House, and Fitzgerald has said in court documents that some administration officials wanted to undermine Wilson by suggesting that his assignment resulted from nepotism.

Plame sued Armitage yesterday, accusing him of violating her privacy rights.

Fitzgerald has not declared his probe of the leak finished, 2 1/2 years after it began, although he told Armitage in a Feb. 24 letter that "absent unexpected developments, I do not anticipate seeking any criminal charges against you."

In his initial July 14, 2003, column, Novak wrote that Wilson "never worked for the CIA, but his wife, Valerie Plame, is an agency operative on weapons of mass destruction." Novak also wrote that "two senior administration officials told me his wife suggested sending Wilson to Niger to investigate."

Novak did not identify his sources, but Armitage admitted publicly for the first time last week that he was one. White House political adviser Karl Rove earlier confirmed he was the other.

In confirming his role, Armitage said his disclosure to Novak was done in an offhand way. At the end of their conversation, "Novak asked me, 'Hey, why did the CIA send Mr. Wilson to Niger?' I said, 'I don't know, but I think his wife worked out there,' " Armitage said.

Novak criticized Armitage for not revealing his involvement before now. Armitage said he remained silent because Fitzgerald warned him it might jeopardize the investigation. He said he cooperated fully with Fitzgerald's investigation since realizing on Oct. 1, 2003, that he was a source for that Novak column.

But Novak says in today's column that Armitage's statements "obscured what he really did" and that "Armitage did not, as he now indicates, merely pass on something he had heard and that he 'thought' might be so. Rather, he identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson."

Novak said further that "Armitage did not slip me this information as idle chitchat. . . . He made clear that he considered it especially suited for my column." In an interview, Novak said that Armitage effectively described it as stock, Washington-insider information of the sort that often appeared in the column.

DOJ_NMG_0062854

Armitage, in reply, said his disclosure to Novak was inadvertent and noted that Novak himself described it as "offhand" in an Oct. 1, 2003, column. Armitage said he could not recall whether he identified the CIA division where Wilson's wife worked. He added that he rejects any suggestion he was deliberately trying to plant the information, explaining that "I had no reason to wish him [Wilson] any ill" and that Wilson "was simply verifying what had already been reported [about Iraq] through State channels."

Lobbyist Ken Duberstein, a friend of Armitage who helped arrange Novak's meeting with him, said yesterday that Armitage's account precisely matches what Armitage told him in October 2003.

Armitage's Leak (WP)

By Robert D. Novak

The Washington Post, September 14, 2006

When Richard Armitage finally acknowledged last week that he was my source three years ago in revealing Valerie Plame Wilson as a CIA employee, the former deputy secretary of state's interviews obscured what he really did. I want to set the record straight based on firsthand knowledge.

First, Armitage did not, as he now indicates, merely pass on something he had heard and that he "thought" might be so. Rather, he identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson. Second, Armitage did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column.

An accurate depiction of what Armitage actually said deepens the irony of his being my source. He was a foremost internal skeptic of the administration's war policy, and I had long opposed military intervention in Iraq. Zealous foes of George W. Bush transformed me, improbably, into the president's lapdog. But they cannot fit Armitage into the left-wing fantasy of a well-crafted White House conspiracy to destroy Joe and Valerie Wilson. The news that he, and not Karl Rove, was the leaker was devastating for the left.

A peculiar convergence had joined Armitage and me on the same historic path. During his quarter of a century in Washington, I had had no contact with Armitage before our fateful interview. I tried to see him in the first 2 1/2 years of the Bush administration, but he rebuffed me -- summarily and with disdain, I thought.

Then, without explanation, in June 2003, Armitage's office said the deputy secretary would see me. This was two weeks before Joe Wilson outed himself as author of a 2002 report for the CIA debunking Iraqi interest in buying uranium in Africa.

I sat down with Armitage in his State Department office the afternoon of July 8 with tacit rather than explicit ground rules: deep background with nothing said attributed to Armitage or even to an anonymous State Department official. Consequently, I refused to identify Armitage as my leaker until his admission was forced by "Hubris," a new book by reporters Michael Isikoff and David Corn that absolutely identified him.

Late in my hour-long interview with Armitage, I asked why the CIA had sent Wilson -- who lacked intelligence experience, nuclear policy expertise or recent contact with Niger -- on the African mission. He told The Post last week that his answer was: "I don't know, but I think his wife worked out there."

Neither of us took notes, and nobody else was present. But I recalled our conversation that week in writing a column, while Armitage reconstructed it months later for federal prosecutors. He had told me unequivocally that Mrs. Wilson worked in the CIA's Counterproliferation Division and that she had suggested her husband's mission. As for his current implication that he never expected this to be published, he noted that the story of Mrs. Wilson's role fit the style of the old Evans-Novak column -- implying to me that it continued reporting Washington inside information.

Valerie Plame Wilson's name appeared in my column July 14, 2003, but it was not until Oct. 1 that I was contacted about it by Armitage, indirectly. Washington lobbyist Kenneth Duberstein, Armitage's close friend and political adviser, called me to say that the deputy secretary feared he had "inadvertently" (the word Armitage used in last week's interviews) disclosed Mrs. Wilson's identity to me in July and was considering resignation. (Duberstein's phone call was disclosed in the Isikoff-Corn book, which used Duberstein as a source. They reported that Duberstein was responsible for arranging my unexpected interview with Armitage.)

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Duberstein told me Armitage wanted to know whether he was my source. I did not reply because I was sure that Armitage knew he was the source. I believed he contacted me Oct. 1 because of news the weekend of Sept. 27-28 that the Justice Department was investigating the leak. I cannot credit Armitage's current claim that he realized he was the source only when my Oct. 1 column revealed that the official who gave me the information was "no partisan gunslinger."

Armitage's silence for the next 2 1/2 years caused intense pain for his colleagues in government and enabled partisan Democrats in Congress to falsely accuse Rove of being my primary source. When Armitage now says he was mute because of special prosecutor Patrick Fitzgerald's request, that does not explain his silent three months between his claimed first realization that he was the source and Fitzgerald's appointment on Dec. 30, 2003. Armitage's tardy self-disclosure is tainted because it is deceptive.

Anthrax Victim's Widow Says Government May Know Who Killed Husband (PALMBEACHP)

By Eliot Kleinberg, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 14, 2006

WEST PALM BEACH — Maureen Stevens says the federal government probably knows who killed her husband.

She believes they're not telling because that might reveal things the government doesn't want revealed.

Nearly five years after Bob Stevens' death, the first in the anthrax attacks that terrified a nation, "I want to know what happened," his widow, who's sued the government, said Wednesday from her lawyer's office. "I want to go into court and find out what happened. What information's obviously there. The truth is there."

Bob Stevens of Lantana, a photo editor for Boca Raton-based tabloid The Sun, died in October 2001, after he apparently opened mail laced with the deadly substance.

The government said in February of 2002 that it had a "short list" of 18 to 20 people who had the knowledge, equipment, access, and motive to obtain and "weaponize" anthrax. Richard Schuler, Stevens' attorney, said Wednesday it might be fewer than a dozen.

Stevens filed suit in December 2003, alleging security lapses at the U.S. Army Medical Research Institute for Infectious Diseases in Fort Detrick, Md., led to her husband's death. A federal judge refused to dismiss the case and it has been in front of a federal appeals court for nearly a year. The government has argued proceeding with the suit would jeopardize the ongoing search for the killer.

In Washington, Justice Department spokesman Charles Miller said he could not comment because the suit is still active.

Stevens said she's had only two contacts with the FBI since shortly after her husband's death. Agents talked with her in West Palm Beach in July 2003.

And she and families of the other four people confirmed killed by anthrax met with the agency in Washington in November of last year.

Stevens said the agents told the families they were getting close to solving the case and that she felt positive after that meeting. But, she said Wednesday, "it was just lip service. I don't want to say things like this, but I do feel that."

And Schuler said, "To only get with families once in five years, and to give what's only window dressing, I believe is a disgrace."

Stevens said she still believes the case will be solved.

"I have to be patient," Stevens said.

But, she said of her suit, "What else do I have?" she said. "Do I stand on a street corner and ask everybody to ask the government for answers? It's not going to happen."

Federal Judge Questions Data Used By Smokers To Define Class (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 14, 2006

A federal judge Wednesday expressed skepticism over a proposed class action lawsuit that would seek as much as $200 billion in damages against the tobacco industry for its allegedly deceptive marketing of light cigarettes.

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In a daylong hearing, Eastern District of New York Judge Jack B. Weinstein wondered how the plaintiffs could define a viable class -- and accurately assess damages -- when the tens of millions of people who have smoked light cigarettes might have chosen to do so for any number of reasons.

While the plaintiffs in part rely on a study that shows 90 percent of light-cigarette smokers were attracted by perceived health benefits that experts now claim do not exist, Weinstein said consumers could have relied on those perceived benefits to varying degrees, or even known that those health benefits were illusory.

"How many people deep down knew they were getting something dangerous, but were willing to pay for the illusion it wasn't?" Weinstein said.

He added: "You can't get away from the contention of the defendants that every smoker is somewhat different."

Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., a firm for the plaintiffs, said the tobacco industry's marketing had the goal of shifting its buyers to light cigarettes, beginning in 1971, because of growing health concerns about smoking. If they had not, he said, smokers would have "quit in droves" -- a comment that was greeted with chuckles from the audience.

"The tobacco industry foisted a huge deception on the consuming public," Hausfeld said. A Brooklyn jury, he said, would have no trouble understanding what it means to be "cheated."

Hausfeld said light-cigarette smokers had essentially overpaid -- by as much as 50 percent to 80 percent per pack of cigarettes -- for a product that promised something it could not deliver. He said the plaintiffs were eligible for treble damages, which could amount to $600 billion.

Theodore M. Grossman of Jones Day in Cleveland, which represents defendant R.J. Reynolds Tobacco Company, called the 90 percent figure a "nonsense statistic" and said the plaintiffs had "no clue what the numbers are" in terms of how many people relied on the word "light" when choosing their brand of cigarettes.

Grossman said the plaintiffs arrived at the 90 percent figure by asking smokers what they would do if presented with the opportunity to buy one of two cigarettes, both with the same taste but one with fewer health risks.

"[It's] a question that only a suicidal person could answer in the negative," Grossman said.

He said that an expert for the plaintiffs had also found that 90 percent of light-cigarette smokers liked the taste of their cigarettes, and would continue to smoke them if they were told that they had the same health risks as other cigarettes.

Murray R. Garnick of Arnold & Porter in Washington, D.C., which represents defendant Philip Morris USA Inc., said that for the plaintiffs to succeed on a civil claim under the Racketeer Influenced and Corrupt Organizations Act, they would have to establish a reasonable reliance on an alleged misrepresentation.

"The bottom line is the plaintiffs have to figure out what percentage of class members believed light cigarettes were safer," Garnick said.

Grossman said, "We have a class of virtually no one."

Weinstein pointed out that tobacco companies sold light and regular cigarettes at the same price, further complicating how the plaintiffs could identify damages to the class.

"You just can't allow a jury to grab a number out of thin air," the judge said. "There has to be some basis in reality."

The defendants asked the court to grant their motion for summary judgment. Weinstein reserved decision.

The case, McLaughlin v. Philip Morris USA, Inc., 04-CV-1945, was filed in 2004 and rivals, in terms of lawyers and paperwork, some of the largest cases Weinstein, 84, has handled in his career, including mass torts involving firearms, asbestos and Agent Orange.

About 40 attorneys took seats in the well and jury box Wednesday, and the judge's bench was piled high with boxes and bound documents (the judge sat at a table closer to the parties).

Another voluminous document -- a 1,742-page opinion by Judge Gladys Kessler of U.S. District Court for the District of Columbia -- may also play a role in the case.

Last month, Kessler, ruling in a racketeering suit brought by the U.S. Justice Department, said the tobacco industry had defrauded consumers through false marketing and promotion of light cigarettes as less harmful than regular cigarettes.

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The day after the ruling was released, Weinstein asked both parties in his case to brief the issue of collateral estoppel. The tobacco companies have claimed that Kessler's ruling should not prevent them from relitigating issues that she decided in her case.

Judge Weighs New Trial Against Tobacco Companies (NYT)

By Melanie Warner And Colin Moynihan

The New York Times, September 14, 2006

A federal judge is considering whether tobacco companies should be tried on the question of whether they deceived smokers for years about the safety of light cigarettes.

After hearing a day of arguments yesterday, Judge Jack B. Weinstein, of Federal District Court in downtown Brooklyn, did not indicate whether he would grant class-action status to the closely watched case. But he did ask lawyers for the plaintiffs how they were determining the number of smokers potentially affected and possible damages.

In the case, known as Schwab after the lead plaintiff, Barbara Schwab, lawyers asserted that cigarette makers had deceived smokers into thinking that light cigarettes, representing 45 percent of the market, were safer or less addicting.

Lawyers are seeking a national class action of tens of millions of smokers and are proposing that tobacco companies pay damages of $20 billion to $200 billion. The case was filed under the federal Racketeer Influenced Corrupt Organizations Act, which entitles plaintiffs to triple damages.

Judge Weinstein is expected to decide within several weeks whether to grant class-action status.

The case, filed in 2004, is part of the latest legal assault against tobacco companies. After successfully warding off litigation by people claiming to have been injured by smoking, plaintiffs' lawyers have turned their attention to attacking cigarette companies for defrauding consumers by selling light cigarettes.

While many of these so-called light cases have been unsuccessful, the Schwab case follows an opinion last month by a federal judge in the District of Columbia, who found that cigarette companies engaged in decades of fraud and racketeering, including misleading smokers and concealing information about the health risks of light cigarettes.

That ruling, by Judge Gladys Kessler in a case brought by the Justice Department, was a victory for tobacco companies in the sense that they did not have to pay a possible $10 billion in damages. But the 1,600-page opinion was a searing indictment of conduct by tobacco companies over the last 40 years.

Plaintiffs' lawyers in the Schwab case want to rely on those findings. "The tobacco industry has foisted a huge deception on the public and the public health community," Michael D. Hausfeld, a partner at Cohen, Milstein, Hausfeld & Toll, said at yesterday's hearing. "They understood they were selling death but they had to disguise it."

Attorneys for tobacco companies argued that the Schwab case should not be certified as a class action because differences in the way people smoked cigarettes could affect the amount of tar and nicotine taken in. They also argued that people smoked cigarettes for a variety of reasons and that many people smoked light cigarettes because they liked the taste, not for health reasons or as part of an attempt to quit smoking.

"This is a tiny class of people," said Theodore Grossman, an attorney for R. J. Reynolds, the country's second-largest tobacco company. He also said the plaintiffs had failed to show which people were relying on light cigarettes for health reasons.

Tobacco analysts on Wall Street have been expecting Judge Weinstein, who is 84 and has earned a reputation as a champion of consumer rights, to certify the case as a class action.

In a research note last year, Robert Campagnino, a tobacco analyst for Prudential Financial, called Judge Weinstein a "thorn in the side of the tobacco industry."

But at the conclusion of the hearing yesterday, Judge Weinstein asked pointed questions to the plaintiffs' attorneys to explain how they would determine how many people might have been defrauded by the marketing of light cigarettes and how they would calculate damages.

Workforce Central Florida Settles $3.5M Justice Department Claim (ORLANDOBIZ)

Orlando Business Journal, September 14, 2006

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Workforce Central Florida and the Workforce Central Florida Foundation Inc. have paid nearly $3.5 million to settle claims by the U.S. Department of Justice that they defrauded the government by misusing federal grant funds to improve their privately owned offices and One-Stop Center in Lake Mary.

However, no individuals involved in the case have been either charged with a crime or dismissed from their job because it was considered an unintentional violation of federal rules concerning allowable charges, one described by Workforce officials as an "accounting dispute."

Still, it is believed to be the largest settlement ever levied against one of Florida's 24 nonprofit workforce agencies, which are locally chartered organizations designed to provide services such as job placement and training. The organizations are overseen by the state Agency for Workforce Innovation.

"We analyzed every aspect of this transaction and voted at the end (in public session) to do it this way," WCF board member and past Chairman Atlee Mercer says. "Later, in hindsight, the government decided we should have done it differently. We don't agree. We thought we followed the letter of the law."

The settlement has been paid by the foundation through a refinancing of the building that houses Workforce Central Florida, which handles One-Stop centers for Orange, Lake, Osceola, Seminole and Sumter counties. It will not have any impact on the services WCF currently offers, its officials emphasize.

The Workforce Central Florida Foundation is a separate organization set up several years ago to find alternative funding sources to the $26 million in federal funds WCF currently receives annually.

CIVIL RIGHTS:

Putting Off Sentencing Is Urged (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino (CA) Sun, September 14, 2006

Members of Congress seek probe of agents' convictions

Sentencing should be delayed for two Border Patrol agents facing 20 years apiece in prison for shooting a drug smuggler and violating his civil rights, 22 congressmen told the Department of Justice on Wednesday.

In a letter, the congressmen asked U.S. Attorney General Alberto Gonzales to postpone sentencing and review the case against Border Patrol agents Ignacio Ramos and Jose Alonso Compean.

"Due to significant concerns over the circumstances surrounding the prosecution of agents Ramos and Compean, the House Judiciary Committee has already recognized the need for a thorough review of this case by calling for congressional hearings and an investigation of the Department of Homeland Security, Office of the Inspector General, U.S. Customs and Border Patrol and the U.S. Attorney's Office," the letter stated.

In a separate letter to the Justice Department, Rep. Louie Gohmert, R-Texas, echoed his colleagues' concerns.

"If the facts I have laid out are accurate, then this prosecution puts the rights of illegal alien drug smugglers ahead of our homeland security and undermines the critical mission of better enforcing current immigration laws," Gohmert wrote.

Justice Department spokeswoman Kathleen Blomquist said the department had received the letters and is planning a response to the request. She said any comment specifically about the agents' case had to come from the U.S. Attorney's Office in Texas that prosecuted the agents.

Ramos and Compean are facing prison for their roles in the nonfatal shooting of Mexican national Osbaldo Aldrete-Davila, who ran away from the agents after entering the United States from Mexico with a van filled with nearly 800 pounds of marijuana. Ramos shot at the smuggler, who he believed pointed a gun at him during a foot chase along the Rio Grande.

The agents were convicted earlier this year by an El Paso jury.

Aldrete-Davila is suing the Border Patrol for $5 million for civil-rights violations.

U.S. Attorney Johnny Sutton defended the successful prosecution of the agents by Assistant U.S. Attorney Deborah Kanof.

"These agents shot an unarmed suspect as he was running away," Sutton said in a news release Wednesday. "If they honestly believed the shootings were justified, then they had no reason to lie about it and destroy the evidence.

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"Mr. Compean and Mr. Ramos both told their stories at trial, as did the victim and numerous other witnesses. Texas juries are very well aware of the tough job Border Patrol agents have in this state and give them the benefit of the doubt. In this case, after hearing all the evidence from both sides, the jury didn't buy the defendants' stories."

Rep. Walter Jones, R-N.C., who helped draft the congressional letter, said that after reviewing the agents' case, he and his colleagues noted a number of serious problems with the prosecution.

At a news conference last week, House members, along with Sheriff Terry Crawford of Uvalde County, Texas; TJ Bonner, president of the National Border Patrol Council, a union for agents; and Andy Ramirez, chairman of Chino-based Friends of the Border Patrol, discussed evidence they believe needs further review by the Justice Department.

The contingent said they were concerned that past assaults and violence against Border Patrol agents was not admissible in the court and questioned the Border Patrol's official "no pursuit" policy, which prevents agents from pursuing fleeing suspects unless authorized by a supervisor.

Kanof told The Sun's sister paper, the Ontario-based Inland Valley Daily Bulletin, last month that the agents violated their own pursuit policy and should never have attempted to apprehend Aldrete-Davila in the first place.

Ramos broke an 18-month silence about his altercation with Aldrete-Davila in an exclusive interview published in The Sun and Daily Bulletin on Aug. 6. Compean has been asked by his attorney not to speak to the media while the men's Oct. 18 sentencing hearing is pending.

Group Will Demonstrate In Waters Off Cuba During Summit (AP)

AP, September 14, 2006

MIAMI - Cuban exile protesters plan to hold a symbolic, pro-democracy demonstration on a boat in international waters off the communist nation this weekend during a Nonaligned Movement summit, an exile leader said Wednesday.

Ramon Saul Sanchez of the Miami-based exile group Democracy Movement said the "maritime demonstration" is scheduled to take place Saturday. The weeklong summit began Monday.

Current plans call for about 20 demonstrators to leave a Key West marina onboard the 39-foot Democracia after midnight Friday and arrive in international waters off Cuba early Saturday, Sanchez said.

The group will carry symbolic electoral ballots printed with the choice of "dictatorship" or "democracy," fly a large white flag, display posters of Cuba's political prisoners and drop white roses on the water, Sanchez said.

They are demanding free elections and the release of all political prisoners among other things, Sanchez said. The group also hopes to fly a blimp from the ship with the word "Democracia" on it and mirrors that will reflect light and be seen on the island.

Sanchez said he met with representatives of the community relations board of the U.S. Justice Department Wednesday night to discuss plans for the demonstration. The department had no immediate comment.

Coast Guard officials have been notified of the group's plan, Sanchez said.

"They have a right to go out there. Unless they violate territorial waters there's nothing we can do. We can stop the voyage if it's unsafe, but there is no indication of that," Coast Guard Petty Officer Jennifer Johnson said. She confirmed the office had been notified of the group's plans.

The Nonaligned Movement, which includes about two-thirds of the world's nations, was developed during the Cold War as a Third World alternative to the United States and Soviet Union.

The summit in Cuba comes almost two months after President Fidel Castro, 80, announced he was stepping down from power - for the first time in 47 years - to recover from intestinal surgery. He has made no public appearances since. Castro's younger brother, Defense Minister Raul Castro, is Cuba's acting president.

Election Glitches 'could Get Ugly' (USAT)

By Richard Wolf

USA Today, September 14, 2006

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WASHINGTON — Eight weeks before elections that will decide control of Congress, a rush by state and local governments to prepare new voting machines and train poll workers is raising the possibility of trouble reminiscent of the 2000 presidential election standoff.

Problems range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems, voting experts say.

Already this year, glitches have occurred in Arkansas, California, Florida, Illinois, Indiana, Ohio, Pennsylvania, Texas and West Virginia. Maryland became the latest on Tuesday, when technical problems, human errors and staff shortages led officials to keep some polls open an extra hour.

The fall elections shape up as the most technologically perilous since 2000, election officials say, because 30% of the nation's voting jurisdictions will be using new equipment. They include large parts of Missouri, Ohio, Pennsylvania and Virginia, scenes of key Senate races. "If you're ever going to have a problem, it's going to be that first election," says Kimball Brace, president of Election Data Services.

Since 2000, nearly half of U.S. counties have switched from punch cards, lever machines and paper ballots to electronic voting or optical-scan ballots read by a computer. They continue to rely on poll workers who are on average 72 years old and lack computer experience.

Since 2002, the federal government has given states $3 billion to upgrade registration and voting systems. Some states, however, still don't have statewide voter registration databases or equipment that people with disabilities can use independently.

Among the other concerns:

•Demand for new equipment, produced largely by four manufacturers, has delayed deliveries.

•States, counties and manufacturers don't have enough technical support staff. Spokesmen for Diebold and Election Systems & Software, two major vendors, say they're continuously seeking people. States such as Maryland, Mississippi and Pennsylvania have advertised for help on the jobs website Monster.com.

"The vendors have done a much better job of selling the machines than they have of servicing them," says Doug Chapin, director of Electionline.org, which monitors voting changes.

•Touch-screen machines with a paper backup for recounts have caused problems in primaries. Twenty-seven states require a paper trail, up from one in 2004.

"There are so many potential failure points this year that some of it could get ugly," says R. Doug Lewis, executive director of the Election Center, which represents state and local election officials.

Balloting Breakdown (WP)

The Washington Post, September 14, 2006

Statewide problems in voting demand bipartisan attention.

IN BALTIMORE, many people who tried to vote early Tuesday found polling places shut because election judges hadn't shown up for work. In Prince George's County, the Board of Elections inexplicably went home early yesterday morning without counting all the primary ballots. And Montgomery County endured not only the morning fiasco with inoperable machines but also chaos at night as election officials ran out of paper ballots for extended voting.

Clearly, there is something wrong with the way elections are run in Maryland, and there are plenty of people to share the blame. Let's start at the top with Gov. Robert L. Ehrlich Jr. (R), who bears ultimate responsibility since it is largely his nominees on local boards who run elections county by county. Then there is Linda H. Lamone, chairman of the State Board of Elections and an appointee of Mr. Ehrlich's Democratic predecessor, whose office is charged with the administration of elections across Maryland but who maddeningly said that "there's nothing we can do" about ineptitude on the local level. It is regrettable that these two officials have spent so much time fighting with each other rather than working to guarantee smooth elections.

Partisan bickering over the election process -- on issues ranging from which machines to purchase to whether there should be early voting -- can't have helped the local boards as they prepared for the primary. We are sympathetic to the complaints of hardworking officials about having to deal with new technology and last-minute changes to the ballot. But that

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cannot be an excuse for the incompetence that led to the breakdowns in Tuesday's voting. As more than one politician has observed, boards of elections do one thing -- run elections -- and they are given plenty of time to get ready.

Disarray on Election Day does more than inconvenience voters. In Baltimore, it has led to conspiracy theories about Republican judges in cahoots. In Prince George's, it has left people wondering why a close county executive race was left undecided for many hours. And in Montgomery, the outcomes of several races were affected.

Montgomery County Executive Douglas M. Duncan (D) is right to call for the removal from office of Board of Elections President Nancy H. Dacek and Election Director Margaret Jurgensen as the first step in restoring integrity to the voting process. It is encouraging that a spokesman said Mr. Ehrlich, in a departure from the stance he took Tuesday, will work with both parties as well as the state board to ensure a better job is done in November. After all, with his name on the ballot, he too has a stake in the outcome.

Calif. Judge Slashes $61 Million FedEx Verdict (LAW)

By Matthew Hirsch, The Recorder

California Recorder, September 14, 2006

Calling an initial $61 million verdict "excessive," last week Alameda County Superior Court Judge Stephen Dombrink whittled down a jury award against national shipping company Federal Express and one of its managers to a modest $12.4 million.

In his written decision, Dombrink stated concern that the evidence failed to support the initial verdict in an employment discrimination case.

"The harassment was mostly just offensive name-calling," Dombrink noted in his Sept. 5 ruling.

In June, the jury handed the $61 million award to two Lebanese-American FedEx drivers who accused a manager of racial discrimination and harassment. The verdict was thought to be the largest single civil rights judgment under California's Fair Employment and Housing Act and the fourth-largest verdict of any kind in Alameda County history.

Plaintiffs attorney Christopher Dolan said last week that he was still reviewing the decision and had not yet decided whether to seek a new trial. Though clearly disappointed by the outcome, Dolan said Dombrink's handling of the issue was "deliberate and thoughtful. I think Judge Dombrink has exercised what he thought to be in the best interest of justice."

Whatever happens on appeal, Dolan said he hopes the initial award continues to send a message to the business community that Arab-Americans will not tolerate harassment in the workplace.

"While this verdict was reduced to $12 million, the next one may not [be]. We hope the clear message isn't diluted by the reduction, and I don't think it should be," he said.

Darin Snyder, head of O'Melveny & Myers' San Francisco office, returned a call for FedEx attorney Debra Belaga and said the firm is proud of its attorneys. Seyfarth Shaw also represented FedEx at trial.

In addition to reducing the award against the shipping company, Dombrink slashed the damages against FedEx manager Stacy Shoun from $1 million to $400,000.

"We look forward to having it reduced even further by the Court of Appeal," said Howard, Rice, Nemerovski, Canady, Falk & Rabkin attorney Bobbie Wilson.

Why Race-based 'Survivor' Makes Us Squirm (USAT)

By Jonathan Turley

USA Today, September 14, 2006

Millions of Americans tonight will watch different races fight for supremacy over a patch of land. No, this is not the latest installment of an Adolf Eichmann production. It is this season's CBS Survivor: Cook Islands.

With a ratings fall from a high of 29.8 million in 2001 to 16.6 million last year, the show's producers are clearly looking for something to captivate more viewers. To do so, they decided to try a TV version of divide and conquer: Fuel the racial identification of viewers, pit them against other races and reap the benefits of racial pride — or racial animus.

Not surprisingly, this year's reality-show theme produced an orgy of condemnations — and, for the producers, a steady stream of free publicity. Of course, denouncing TV producers as craven, ratings-seeking deviates is hardly news. Most executives

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would make the Rape of Nanking into a reality program if they could avoid Federal Communications Commission fines, throw in bikinis, and capture an additional share of the critical 25-54 demographic age group.

The problem is that this is a reality program that is far too real for our sensibilities. Despite decades of affirmative action, we remain a highly race-conscious society with highly segregated neighborhoods, schools, prisons and — yes — entertainment. More important, the 6-year-old show reflects a growing return to segregationist policies across the country.

Survivor's producers insist that the use of racially segregated teams is designed to boost minority participation and possible success in the show. Moreover, Mark Burnett, executive producer of the show, has said, "I've learned that the social time you spend is predominantly in your own ethnic group."

That rationale is being used in public schools. Arguing that segregation helps minorities perform, states have introduced schools segregated by race, gender and even sexual orientation.

Survivor is embracing a "separate but equal" policy that was the scourge of the civil rights movement, ultimately rejected by the Supreme Court in Brown v. Board of Education. It is now the solution to everything from low school scores to low self-esteem — and apparently low ratings.

Just as producers feel comfortable with segregation, so do legislators. Congress effectively embraced the doctrine in a 2004 law that allows gender-segregated schools to receive federal funds so long as equal opportunities are made available at other schools. The Nebraska Legislature created three school districts in Omaha designed along racial lines with whites, Hispanics and blacks receiving their own districts.

Other states are experimenting with micro-segregation on the individual school or class levels. Recently, Chicago created the Urban Prep Charter Academy for Young Men, a school described as an "all-boys high school to primarily serve black youths."

In addition to racially segregated schools, there are also more than 200 single-sex educational programs, according to the National Association for Single Sex Public Education. New York has five all-girl and three all-boy public schools. Many states, such as Wisconsin, will soon offer not only a segregated high school for girls but also segregated classes in co-ed schools.

The new segregation extends beyond matters of race and gender. New York created the Harvey Milk High School for gay, lesbian, bisexual and transgender students. The courts prevented the city from creating a special school for the Jewish Hasidic community after parents said the children, who were also disabled, experienced "panic, fear and trauma" in public schools because of their different appearance and beliefs.

These schools are sometimes defended as purely voluntary and open to all students — though their purpose and de facto segregation is undeniable. The fact is that these schools affect relatively few students, but they offer appealing images for systems that have failed to address low scores, homophobia and crime.

There is no evidence such segregation leads to significantly higher scores. Any benefit is more likely because of increased money and smaller classes afforded to the students — not some comfort zone created through racial or gender segregation. The research used to support these programs has been challenged as stereotypes dressed up as science. Segregation at the Young Women's Leadership Charter School in Chicago was defended on the basis that it fosters "sisterhood" and that girls can "roll out of bed without worrying about makeup (and) hair," among other benefits.

Given these growing programs, the segregation of Cook Islands is hardly a surprise. We are voting gay students, girls and other groups "off the island" to leave the appearance of tranquility and progress.

Yet, our schools are often the last opportunity for society to monitor and shape future citizens. They were once viewed as ideal forums to reinforce our values of pluralism and tolerance — a managed microcosm of society where students learn to interact with the other races and gender.

Integration themes, however, are not drawing much of a crowd on TV or in society. ABC recently scrapped the reality show Welcome to the Neighborhood, in which various minority groups competed for a house in a conservative white neighborhood.

Ironically, while shows such as The Simple Life appear tediously manufactured, CBS found a theme that resonates with our most base, racist tendencies. The fact is that Cook Islands is repellant not because it looks too little, but too much, like our society. It is a reality that many are likely to watch, but few want to recognize.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

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ANTITRUST:

Antitrust Chief Takes Hands-off Approach To Apple (MRKTWTCH)

Market Watch, September 14, 2006

WASHINGTON (MarketWatch) -- The Justice Department's antitrust chief on Wednesday made a case for taking a hands-off approach to Apple Inc.'s (AAPL) iTunes music service and iPod music device, which are dominant in the online music business.

He also offered an implicit criticism of European governments that want the iPod player and iTunes music to be compatible with rival products. In June, French lawmakers approved government-backed legislation aimed at forcing Apple to make its online music and its iPod "interoperable" with other products. Regulators in Norway and Sweden have threatened to impose fines if interoperability isn't made possible.

"Apple provides a useful illustration of how an attack on intellectual-property rights can threaten dynamic innovation," Thomas O. Barnett, who heads the Justice Department's antitrust division, said in the text of a speech in which he also noted that he's not investigating Apple's activities.

The music industry has in recent years been hit hard by the illegal downloading of music from the Internet, but the success of Apple's iTunes has boosted the sale of legal downloads and led to forecasts from the International Federation of the Phonographic Industry, a trade body, that recorded-music sales will grow in 2006. The concern across Europe is that Apple's products have too much dominance.

"While it is true that Apple's digital-rights-management software ensures that the first recording of a song downloaded from iTunes can only play on an Apple device, consumers can re-record an iTunes song in an MP3 format and play it on other devices; in sum, it is hardly clear that they are locked in," Barnett said.

His remarks came as European regulators traveled to the U.S. to address audiences here, providing U.S. politicians with an opportunity to push back. Rep. Robert Wexler, D-Fla., who co-chairs an intellectual property caucus, in prepared remarks cited "grave concern" about European regulatory tactics, and he complained that forcing Apple to "hand over" its intellectual property would damp future innovation.

Barnett rejected complaints that Apple harmed consumers by selling expensive iPods that lock them in to buying the same costly devices in the future.

"This type of business model has been criticized in the past because the cheap product was the one that was sold first - think cheap razors and expensive replacement blades or cheap printers and expensive replacement ink," Barnett said. "Apple's model is the opposite: consumers buy the expensive iPod device first, then have the option - not the obligation - to use the free iTunes software and buy the cheap iTunes songs."

He also batted down criticisms that Apple is hurting competitors. "Antitrust law protects competition, not competitors," Barnett said. "There are real costs to using antitrust law to protect competitors rather than competition. There is the problem of deterring innovation by the target of the 'dominance' attack: if a firm knows it will have to share its intellectual property or be managed by a committee of government regulators, it may not innovate in the first instance."

Barnett's remarks come as the Justice Department and the Federal Trade Commission hold a series of hearings dealing with control of the markets by individual firms. He has said that while individual firms with monopoly power can harm consumers, "mere size" doesn't demonstrate harm.

Barnett was confirmed earlier this year after serving as acting head of the antitrust division since June 2005. His confirmation had reportedly been blocked for months by two Republican senators concerned that he would be too tough on mergers.

Airlines Disclose Settlements In Lawsuit (AP)

AP, September 14, 2006

CHICAGO (AP) — United Airlines and American Airlines disclosed settlements Wednesday in a class-action lawsuit stemming from an investigation into alleged price collusion among carriers in the air cargo industry.

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Unlike Lufthansa AG, which said Monday it would pay $85 million to settle pending lawsuits in the case, both U.S. carriers said they are not required to make any payments.

The settlements could close the books on their obligations in the case barring further findings. Officials at both American and United, the largest two U.S. airlines, said that if the Justice Department later brings charges against them as a result of its investigation, the settlements would be off.

More than a dozen airlines have been the subject of an investigation initiated by U.S. and European Union officials into suspected price-fixing in the air cargo industry on surcharges for fuel, security and insurance.

Investigators were quoted earlier this year as saying the surcharges apparently originated among European carriers, with U.S. companies then setting their own charges in line with competitors. For carriers to be hit with criminal charges, prosecutors would have to show they were actively conspiring, not just following others' price increases.

A Justice Department spokesman did not immediately respond to a request for comment.

Tim Smith, a spokesman for Fort Worth, Texas-based American, a unit of AMR Corp., said the carrier had been swept into an investigation that appeared centered on European airlines.

"We do have a settlement with some of the plaintiffs, subject to court approval," he said. "It requires no payment at all by American, and we have been told we are not a target of the investigation."

American would not be forced to change its cargo-pricing policies, Smith said.

Neither American nor United, a unit of UAL Corp., disclosed details of the settlements.

"We are pleased to have reached an agreement with a majority of plaintiffs that will see us dismissed from the civil litigation, pending court approval," said spokesman Brandon Borrman of Elk Grove Village, Ill.-based United, the No. 2 U.S. carrier.

The Financial Times reported Wednesday that Virgin Atlantic Airways also had reached a settlement in the case. The London-based carrier did not respond to a telephone message.

The overall settlement could cost the involved airlines more than $1 billion, according to the newspaper, citing attorneys for the plaintiffs.

AP Business Writer David Koenig in Dallas contributed to this report

House Panel Deals Wright Bill A Setback (DMN)

By Sudeep Reddy And Emily Ramshaw, The Dallas Morning News

The Dallas Morning News, September 14, 2006

Committee removes antitrust safeguards; backers discuss ways to protect measure from court disputes

Following a setback in a House committee, North Texas lawmakers were plotting Wednesday evening to reinstate language to protect their Wright amendment legislation from potentially crippling court challenges.

The House Judiciary Committee dealt the latest challenge to the effort to lift flight restrictions at Dallas Love Field, removing a phrase that would have immunized the agreement from antitrust claims.

Supporters of the deal remained hopeful they could recover through legislative maneuvers in coming weeks. But given a short legislative calendar and sustained Senate opposition, the outcome remains uncertain.

"I don't think it's a death knell for it," said Rep. Kenny Marchant, R-Coppell. "It's certainly going to make for a lot of discussion between Dallas and Fort Worth and the other parties. Now they're going to have to decide what's really important and what they can live with."

Proponents of the legislation characterized Wednesday's actions as progress even though they opposed the change.

"The process is moving forward," said Tim Wagner, a spokesman for American Airlines. "There are still several steps to determine which version of the bill ultimately gets voted on."

The Wright legislation can now proceed down other avenues after sitting under the control of the Judiciary Committee since late July.

The panel's chairman, Rep. James Sensenbrenner, R-Wis., and its top Democrat, Rep. John Conyers of Michigan, pushed through an amendment removing language that would have effectively exempted the measure from antitrust challenges in court.

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Several lawmakers had objected to the language, saying it skirted century-old laws protecting consumers from anticompetitive practices.

Mr. Sensenbrenner said the deal "raises serious competitive concerns" by reducing the number of available gates at Love Field and discouraging Southwest Airlines from using Dallas/Fort Worth International Airport.

He said the antitrust issues should be litigated in court rather than be sidestepped by Congress in a private agreement.

The amendment, which passed by a voice vote, drew objections from a handful of lawmakers who warned that the amendment would effectively kill the bill.

"As a practical matter, it's the Wright amendment that's anti-consumer and anti-competition," said Rep. Spencer Bachus, R-Ala. "If we adopt this amendment, we will litigate this thing for the next 10 or 15 years."

The legislation would implement a June agreement by Dallas and Fort Worth, D/FW Airport, American and Southwest to repeal the 27-year-old Wright law in 2014. It would immediately allow one-stop flights anywhere in the U.S. as long as they stopped in the nine-state Wright perimeter.

The agreement also would cut the number of gates available at Love from 32 to 20, a move intended to compensate for an expected increase in traffic, noise and pollution at the inner-city airport. Nineteen gates are now operational.

How the debate started

The antitrust debate – stemming in part from the gate reduction – was sparked by lobbyists representing Love Terminal Partners L.P., owner of the former Legend Airlines terminal. The six-gate facility, which has been largely unused for six years, would be demolished under the agreement.

The group has already sued the parties in federal court under antitrust laws, saying it lost out on a $100 million deal for its terminal because of the agreement.

It remains to be seen whether the five parties to the North Texas compromise would be willing to accept legislation without some kind of antitrust protection.

The groups agreed last week to remove the explicit exemption from competition laws – the words that the judiciary committee removed Wednesday – if other protective language could be added. But no other protections were placed in the legislation. In fact, the committee's change Wednesday said nothing in the legislation "shall modify, impair, or supersede the operation of the antitrust laws."

What's next for bill

Fort Worth Mayor Mike Moncrief said the setback, while anticipated, is frustrating after working so long and hard to "delicately forge the agreement."

He's waiting to hear from the other North Texas parties before he decides how to proceed. "I think we can still get this ball over the goal line," he said.

The legislation next needs to clear a rules committee that decides how amendments can be introduced on the House floor.

The change by the House Judiciary Committee also puts the House version at odds with the Senate version, which has slowed due to concerns from leaders of the Senate Judiciary Committee.

Lawmakers ultimately could focus on a Senate version of the bill that has passed its originating committee there but hasn't been amended further. The goal would be to secure passage in the full Senate, allowing the bill to then move to the full House.

Legislation that passes the House and Senate separately with different language generally goes through a joint conference committee to reconcile changes. The step can be time-consuming for legislation that isn't a top priority by the leaders of each chamber.

On Capitol Hill late Wednesday, lawmakers and other proponents of the agreement discussed whether the House bill would need the original antitrust protection reinstated or new language, or whether it could be accepted with the judiciary committee's changes.

D/FW chief operating officer Kevin Cox said the original language would protect the parties from "any and all frivolous claims thinly veiled under the guise of an antitrust claim."

Dallas Mayor Laura Miller said the five North Texas parties have "checked in with each other" at every step along the way to make sure they're comfortable with the language of the agreement.

"Right now, we're still fine," she said. "But if we get to a point where anyone says 'We can't live with that,' then there's no agreement."

She said she's confident that won't happen because the North Texas delegation is so aligned.

Southwest spokeswoman Beth Harbin said Wednesday's action was "good news for consumers" because the judiciary committee approved repealing Wright without altering key provisions of the local agreement.

"Those who feel the local solution is anticompetitive should consider the alternative, which is continuing to live under the Wright amendment where no one benefits," she said.

The Wright agreement faces a tight legislative window, complicating passage by the Dec. 31 deadline outlined in the compromise.

House members plan to return home by early next month to campaign for the November elections. The measure could resurface during a lame-duck session after the election, but then it would face more procedural hurdles. Sens. John Cornyn and Kay Bailey Hutchison met Wednesday evening with the ranking member of the Senate Judiciary Committee, Sen. Patrick Leahy, D-Vt., to address concerns about the antitrust issue.

Sudeep Reddy reported from Washington and Emily Ramshaw from Dallas. Robert Dodge in Washington contributed to this report.

House Strips Antitrust Immunity From Wright Agreement (AP)

By Suzanne Gamboa, Associated Press Writer

AP, September 14, 2006

WASHINGTON — A U.S. House panel stripped antitrust protections before moving forward Wednesday with legislation that would lift restrictions on long-haul flights from Dallas Love Field after eight years.

The House Judiciary Committee, after brief debate, pushed through a bill modeled after an agreement that would eventually repeal the Wright Amendment and eliminate some gates at Dallas Love Field.

The agreement was forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth. American, based in Fort Worth, has a major hub at DFW.

The bill endorsed Wednesday no longer includes wording that stated the agreement complies with anti-competition laws and gave the Department of Transportation sole authority to decide claims against the arrangement.

Those provisions were opposed by Rep. James Sensenbrenner, chairman of the House Judiciary Committee. He said the claims should be decided by the courts.

"The antitrust laws are there for a purpose," Sensenbrenner said. "They are working, and there should not be legislative determination about what is or is not anticompetitive. The standard antitrust standards that have been applied to commercial arrangements for over 100 years should be applied to this one as well."

An unsigned memo from the Justice Department's antitrust division and made public last month said the bill would violate antitrust laws, although the department has not taken an official position.

The agreement calls for shrinking the number of gates at Love Field from 32 to 20, which some argue could block other airlines from competing with incumbents American, Southwest and Houston-based Continental Airlines Inc. Only 19 of the 32 gates are currently being used.

Last month, another House committee approved the agreement with the antitrust immunity provision included. House leaders and the Rules Committee will decide which version goes to the floor and whether to allow amendments.

California Rep. Zoe Lofgren, D-Calif., surprised Democratic colleagues in opposing Sensenbrenner's amendment because of her pro-consumer record. Lofgren said the existing arrangement is worse on consumers. Under the Wright Amendment, Southwest can only fly from Love Field to eight nearby states.

If it isn't passed into law, the agreement expires at the end of the year. It was reached after Southwest Airlines launched a fierce lobbying effort to repeal the 1979 Wright Amendment, named for its author former House Speaker Jim Wright.

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The issue split Texas Republicans in the House, although most now support the agreement.

Sen. Kay Bailey Hutchison, R-Texas, has taken the lead in trying to pass the legislation. She is sponsoring the bill in the Senate, where the agreement also has raised concerns over whether it violates anticompetition laws.

She had anticipated the House action Tuesday and said she would continue to try to move her bill in the Senate. She also has attached the bill to the transportation spending bill.

Love Field Agreement May Lose Antitrust Protection (BLOOM)

By John Hughesand Mary Schlangenstein, BLOOMBERG NEWS

Bloomberg, September 14, 2006

An agreement between South-west Airlines Co. and American Airlines on service at Love Field in Dallas may face antitrust challenges, possibly scuttling the deal, under a bill approved on Wednesday by a House committee.

The House Judiciary Committee proposal would eliminate antitrust immunity for the carriers under the agreement and let the Justice Department bring any actions it deems necessary.

The committee, which met in Washington, approved the bill after striking the immunity. American is the world's largest airline, while Southwest is the biggest U.S. discount carrier.

The agreement may be ineffective without the immunity, said Rep. Spencer Bachus, R-Ala. "We will litigate this thing for the next 10 to 15 years," he told colleagues on the panel. "It will be tied up in court."

Southwest, based in Dallas, has 96 percent of passengers at Love Field. A 1979 federal law known as the Wright Amendment limits nonstop flights from the airport to Texas and eight nearby states.

AMR Corp.'s American and Southwest reached the agreement in June to remove that restriction in eight years and let Southwest immediately connect passengers from Love Field to airports throughout the U.S.

The House committee's proposal "doesn't appear to be a deal breaker," Ed Stewart, a Southwest spokesman, said in an interview. "The important thing is that this is another step toward what we were wanting in the first place, giving customers more choice."

Tim Wagner, a spokesman for American, declined to comment on whether the version approved by the House committee would sink the agreement. The airline is based in Fort Worth, Texas.

"There are more steps to go before we know what's ultimately going to happen," Wagner said. Differences in versions approved by the House Judiciary Committee and the House transportation panel will have to be ironed out, he said.

Rivals, including JetBlue Airways Corp. and Northwest Airlines Corp., raised concerns about the agreement, which cuts the number of available gates at Love Field to 20 from 32.

House Judiciary Chairman James Sensenbrenner, R-Wis., citing the competitive concerns, asserted his committee's right to review the legislation after it cleared the House Transportation and Infrastructure Committee on July 19. Sensenbrenner was one of the sponsors of the proposal to strike the antitrust immunity. That change was approved by a voice vote of his committee.

"Antitrust principles are necessary to preserve competition," said Rep. John Conyers, D-Mich., who co-sponsored the change. Northwest has a major flight hub at Detroit Metro Airport, near Conyers' district.

The Consumer Federation of America and the Consumers Union said in a letter to the House Judiciary Committee that the carriers' agreement is "designed to protect market share for Ameri-can and Southwest Airlines."

The Love Field agreement came after a two-year battle in Congress between Southwest, seeking to scrap the Wright Amendment, and American, trying to preserve it. The compromise was crafted by the two carriers, the cities of Dallas and Fort Worth, and Dallas-Fort Worth International Airport, where American has its main flight base.

The Wright Amendment was intended to protect the Dallas-Fort Worth airport as the major airfield in northern Texas, while allowing Southwest to remain at Love Field.

Before the bill could become law, it would need to pass in the full House and Senate, then be reconciled in a House-Senate conference committee and sent to the president for his signature.

Wright Bill Advances (DALBIZ)

Dallas Business Journal, September 14, 2006

A U.S. House panel on Wednesday moved forward a bill modeled after the local Wright compromise, but not before stripping the document of antitrust protections, The Associated Press reported.

The House Judiciary Committee removed wording that protected the bill from antitrust legal challenges, The AP said.

The bill is based on an agreement forged by the cities of Dallas and Fort Worth, American Airlines (NYSE: AMR), Southwest Airlines (NYSE: LUV) and the Dallas/Fort Worth International Airport that calls for a repeal of Wright Amendment restrictions in eight years.

In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there from 32 to 20. Fort Worth-based American and Dallas-based Southwest both accepted that compromise, which is being debated in Congress.

The Wright Amendment is a 1979 federal law that limits trips from Dallas Love Field to short-haul flights to a few surrounding or nearby states.

An unsigned memo purportedly from the Justice Department's antitrust division began circulating shortly after the bill was introduced. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

Last month a group of antitrust professors from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

Tuesday, D/FW Airport put out a letter written by antitrust law experts that refuted the professors' statements by saying an outright repeal of the Wright Amendment has never happened and would face too many challenges.

House Strips Antitrust Immunity From Wright Agreement (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 14, 2006

WASHINGTON -- The House Judiciary Committee quickly and decisively removed antitrust protections from the Wright Amendment legislation on a voice vote this morning.

Judiciary Chairman James Sensenbrenner, R-Wis., joined by the ranking Democrat, Rep. John Conyers, D-Mich., proposed an amendment that removes the antitrust immunity in the bill and inserts additional language reinforcing that nothing in the law governing Dallas Love Field "shall modify, impair, or supersede the operation of the antitrust laws."

"What this amendment does is state that the antitrust aspects will be litigated," Sensenbrenner said. "What we're saying is that the antitrust laws are there for a purpose."

Conyers, joining the chairman in an unusual show of bipartisanship, said, "I'm not here to say the agreement is pro-competitive or anti-competitive."

Rather, he said, he was also supporting the antitrust laws as the protector of consumers. "For more than a century, the antitrust laws have been the cornerstone of preserving our free-market economy."

Rep. Spencer Bachus, R-Ala., warned that if the amendment remained in the bill, "We'll litigate this thing for the next 10 to 15 years."

Bachus, who said he sympathized philosophically with the chairman, said he thought Congress ought to support the local agreement reached by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. "This amendment is going to put it in the courts and do away with an agreement that I didn't think could ever be made," he said.

But Rep. Howard Berman, D-Calif., countered that the agreement in force during litigation would be the one reached by the cities – allowing immediate through-ticketing, reducing the gates to 20 from 32 and eliminating the restrictions in eight years – giving consumers benefits of lower airfares.

An unexpected supporter of the Wright Amendment agreement was Rep. Zoe Lofgren, D-Calif., who said Congress refusing to support the deal as written "may fail opening the market at all."

The vote is a victory for Love Terminal Partners, which has waged a campaign against the antitrust language after filing a $100 million suit for the loss of gates at Love Field.

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But the fight for the Wright Amendment is far from over. It will now shift to the House leadership and the House Rules Committee, which will have to mediate between the bill approved by the House Transportation and Infrastructure Committee and the one modified by the House Judiciary Committee.

Wright Amendment supporters are in key spots: Rep. Pete Sessions, R-Dallas, is a member of the rules committee; House Energy and Commerce Committee Chairman Joe Barton, R-Arlington, is influential with the leadership and Rep. Kay Granger, R-Fort Worth, is close to House Speaker Dennis Hastert, R-Ill.

Hedge Fund Gets Antitrust OK For McDonald's Investment (FWST)

The Fort Worth Star-Telegram, September 14, 2006

WASHINGTON - An activist hedge fund has received antitrust clearance from the Federal Trade Commission for a previously announced plan to buy nearly $794 million of McDonald's Corp. stock.

In a Sept. 1 filing with the Securities and Exchange Commission, the Oak Brook, Ill., fast-food chain said New York-based Pershing Square Capital Management LP had informed the company of plans to acquire more than $793.8 million of McDonald's stock, through three investment funds.

The FTC said Wednesday that it granted early termination on Tuesday of the waiting period required under the Hart-Scott-Rodino antitrust law.

The purchase would amount to less than a 2 percent stake but would still make Pershing one of McDonald's top institutional shareholders.

Last year, Pershing controlled 4.9 percent of McDonald's shares. It publicly pressured the company to spin off about 65 percent of its company-owned restaurants as part of an effort to boost its stock price. McDonald's met with William Ackman, Pershing's manager partner, but resisted.

Pershing Square sold all of its remaining McDonald's shares in the second quarter.

Shares of McDonald's closed Wednesday down 36 cents, or 0.9 percent, at $37.84 on the New York Stock Exchange.

EU Fines 14 Companies For Price Fixing Road Bitumen (MRKTWTCH)

Market Watch, September 14, 2006

BRUSSELS (MarketWatch) -- The European Commission Wednesday fined 14 companies EUR266.717 million for fixing prices of bitumen, a tar used in road construction.

Regulators found that eight suppliers and six purchasers participated in a cartel in the Netherlands from 1994 to 2002.

The commission granted BP PLC (BP) full immunity for cooperating in the investigation. In contrast, it doubled Royal Dutch Shell NV's (RDSA) fine to EUR108 million as a repeat offender.

"We should not have attended these meetings and we regret our involvement in this case," President-Director Rein Willems of Shell Nederland BV said in a statement.

The cartel fines represent the seventh largest ever levied by EU regulators and underline their determination to fight cartels. Companies are liable to up to 10% of their worldwide turnover if they participate, but they can appeal all decisions to the European Court of First Instance in Luxembourg.

In 2001, the commission imposed fines of EUR790 million on a vitamin cartel. Last year, it imposed fines of EUR388 million on a hydrogen peroxide cartel and EUR344 million on an acrylic glass cartel.

"The result of the cartel was the price of bitumen was higher than it otherwise would have been," said E.U. antitrust spokesman Jonathan Todd. Although bitumen is a "small market" Todd said the "fine is very high comparatively, because "very large companies were involved, the cartel lasted for a time and that it was a very serious infringement." In addition, some companies were "repeat offenders" and some "obstructed our investigation."

He said similar probes were ongoing in both the Belgian and Spanish bitumen markets.

BP was granted full immunity from a fine, which would otherwise have been EUR30.78 million, while Kuwait Petroleum Corp. had its fine reduced by 30% to EUR16.6 million. Shell, Total SA (TOT) and Nynas, also claimed a reduction of the fine, but failed to qualify. Shell's fine was upped by 50% because it had participated in other similar cartels, the commission said. Total was fined EUR20.25 million and Nynas EUR13.5 million.

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None of the construction companies applied for leniency. Ballast Nedam, which was fined EUR4.65 million, first joined the cartel in 1996, when it became a major road builder in the Netherlands. Wintershall AG, fined EUR11.6 million, sold its bitumen business to BP at the end of 1999.

Others bitumen suppliers fined were Esha, EUR11.5 million and Kockner & Co. AG (KCO.XE), EUR10 million. Bitumen buyers fined include Ballast Nedam NV (33654.AE), EUR4.65 million, Dura Vermeer NV, EUR5.4 million, Heijmans NV (34193.AE), EUR17.1 million, Holladsche Beton Groep NV, EUR7.2 million, Koninklijke Groep BAM NV (33731.AE), EUR13.5 million and Koninklijke Volker Wessels Stevin NV, EUR27.36 million.

In its statement, the commission said Volker Wessels Stevin had obstructed its probe, refusing commission investigators access to its facilities.

Europe had a long history of tolerating price-fixing, dating back to medieval guilds, analysts say. In the Netherlands, cartels were legal until 1996.

But that tolerance is fast disappearing. The EU's antitrust commissioner Neelie Kroes has vowed to be a "whistle blower" and to show "zero tolerance" toward cartels.

Ironically, though, she served on the supervisory board of Ballast Nedam during the period in which the offense took place. In a statement, she said she had recused herself from the investigation and that the company's supervisory board learned about the investigation only in 2004, shortly before she left to become competition commissioner. She refrained from voting on the fines at Wednesday's commission meeting.

Bitumen, a by-product of fuel production, is mainly used to make asphalt, binding other road surfacing materials together. This cartel covered all bitumen used for road construction in the Netherlands, a market valued around EUR62 million in 2002.

In June 2002, BP applied to the commission for immunity from fines. In October 2002, the commission carried out inspections of various bitumen suppliers and road constructors. It sent statements of objections in October 2004. A hearing was held in June 2005.

The evidence showed that from at least 1994 to 2002, a delegation of the bitumen suppliers met with the six biggest road construction companies in the Netherlands in a series of meetings, called the "bitumen consultation" or "bitumenoverleg," the commission said. These meetings were usually preceded by preparatory meetings of the suppliers and separate preparatory meetings of the six biggest road construction companies.

In the joint meetings, participants fixed the gross price of road bitumen to be invoiced to the asphalt production plants and two rebates for the construction companies that own these asphalt production plants. A uniform minimum rebate for the road construction companies that were part of the cartel and a lower maximum rebate for other road construction companies that weren't part of the cartel. The latter therefore had to pay higher prices.

The construction companies participating in the cartel appeared not to be particularly concerned about the absolute level of the price of bitumen, as long as they received larger discounts than their smaller competitors, the commission said. This caused the price level of bitumen in the Netherlands, even after the discounts granted to the large road builders, to gradually rise above that in neighboring countries, the commission added.

ImClone Goes Up Against Patent Dispute (USAT)

By Julie Schmit

USA Today, September 14, 2006

More bad news could be looming for ImClone Systems, the biotech maker at the heart of the Martha Stewart stock scandal.

A federal judge is expected to rule, possibly within weeks, on a bitter patent dispute affecting ImClone's sole product, cancer drug Erbitux.

One Wall Street biotech analyst, Citigroup's Yaron Werber, has predicted defendants ImClone and Aventis Pharmaceuticals will lose the dispute. That could cost ImClone tens of millions of dollars a year, delivering an 8% to 24% hit to net income.

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The patent dispute — argued over a 10-day trial that ended in July in an often-packed Manhattan courtroom — pits former colleagues, friends and two giants of science against each other: Michael Sela, 82, a co-developer of multiple sclerosis drug Copaxone, and Joseph Schlessinger, 61, who testified he had been nominated for a Nobel Prize and that, for the last decade, he's been among the top 20 most-cited scientists in the world.

The patent dispute goes back 20 years and centers on who invented the idea of using a certain antibody, such as Erbitux, in combination with a chemotherapy drug to slow the growth of cancer tumors: Schlessinger and his colleagues or Sela and his colleagues.

Aventis owns the patent, which lists Schlessinger as its first named inventor. ImClone licensed the exclusive rights to the patent in 1994 even before it was approved.

The plaintiff, Israel's Yeda Research and Development, alleges that three scientists, including Sela, from Israel's famed Weizmann Institute of Science are the true inventors. Yeda, which commercializes inventions of Weizmann scientists, alleges Schlessinger — during a chance conversation with one of Sela's colleagues — volunteered to supply them with an ingredient to do the experiments.

ImClone and Aventis say Schlessinger and his colleagues had already conceived of the patent claims before that conversation and that he simply asked the Sela colleague to test the idea in routine experiments.

After the experiments, Yeda says, Schlessinger submitted a paper about them to a corporate predecessor of Aventis, where he worked while on sabbatical from Weizmann. The company started to pursue the patent. Schlessinger was listed as one of six paper authors; Sela was the primary.

“I was in a state of shock,” Sela testified, when he first saw the patent in 2002. Sela said he had thought of Schlessinger as a friend and protégé until “the bad moment,” according to a transcript of the trial. In an interview, Sela described Schlessinger as an excellent scientist but added, “I have trouble with his ethics.”

Schlessinger testified that he would never have asked the Weizmann scientists to do the experiments had he suspected they would seek co-inventorship.

“This is a clear example of greed,” Schlessinger said in an interview. “They woke up after many years when they realized all the money involved.”

Schlessinger, chair of the department of pharmacology at the Yale University School of Medicine, says he receives no payment for the so-called 866 patent (the name comes from the last three numbers of the seven-numeral patent number). He described the work around the patent as “Stone Age” vs. what he's doing now.

ImClone, in a court filing, said that three of the seven authors on the 866 patent should be deleted because they had nothing to do with its claims. Yeda says the other four, including Schlessinger, should be deleted, too.

“This is a case about a mistake,” plaintiff's attorney Nicholas Groombridge of Weil Gotshal & Manges said in court. “The question before the court is not whether the inventorship is wrong, but how wrong is the inventorship.”

Like Schlessinger, ImClone and Aventis claim Yeda is challenging the patent now because Erbitux is hitting big money. It is one of the few cancer therapies that attack cancer cells but not healthy cells as does chemotherapy.

The Food and Drug Administration approved Erbitux in 2004 to treat colorectal cancers and later for head and neck cancer.

If Yeda gets partial or sole patent ownership, it could demand a “king's ransom” from ImClone, the defendants said in a post-trial brief.

Citigroup analyst Werber estimates ImClone pays Aventis royalties of 2% to 3%, based on Erbitux sales, for the patent license.

Werber says the most likely outcome is that Yeda emerges as a co-owner of the patent and ImClone pays an extra 1% to 2% royalty. If Erbitux's sales were $1.3 billion in 2008, Werber says, that would cut ImClone's net income by $10 million to $20 million, or 8% to 16%.

It is less likely that Yeda will win the patent outright, Werber says. If so, the defendants say it could try to forbid ImClone from marketing Erbitux in combination with a chemotherapy drug, which is most often the case for colorectal cancer.

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Whatever the outcome, ImClone says, shipments of Erbitux won't be affected. Any decision by the U.S. District Court judge is likely to be tied up in appeals for years, says ImClone spokesman David Pitts.

What's more, it's in the financial interests of Yeda, if named to the patent, to keep Erbitux sales growing, says Werber.

The Weizmann scientists say money isn't the issue — honor is. "I'm not keen on a patent unless it is stolen from me," Sela said.

Schlessinger says he is offended by such accusations.

Yeda alleges the Weizmann scientists didn't learn that a patent application may have been filed until 2000 when Sela received a request from ImClone for notebooks related to the work. The patent was issued in 2001. When Yeda and Sela sought more information, they say, ImClone cut off communication. In her ruling dismissing ImClone's request for summary judgment, Judge Naomi Buchwald characterized ImClone as stonewalling Yeda.

The case marks ImClone's second high-drama courtroom appearance. In 2003, its founder, Sam Waksal, was sentenced to prison in a scandal in which he was accused of trying to sell ImClone shares knowing the FDA was about to reject ImClone's Erbitux application.

By the time Erbitux received FDA approval, Waksal was in jail and Stewart was soon to be sentenced.

The patent case isn't the only cloud over ImClone. In August, it said it would remain independent after failing to find a suitable buyer.

In a report after that announcement, WR Hambrecht biotech analyst Patrick Flanigan said the lack of compelling bids for the company suggests ImClone's fundamentals are deteriorating.

Among other things, he forecast declining Erbitux sales growth in the USA throughout 2007, in part because of new competition expected from rival Amgen.

Flanigan advised investors to "remain on the sidelines."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Assails Agency For Ethics Slide (NYT)

By Edmund L. Andrews

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — The Interior Department's chief official responsible for investigating abuses and overseeing operations accused the top officials at the agency on Wednesday of tolerating widespread ethical failures, from cronyism to cover-ups of incompetence.

"Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior," charged Earl E. Devaney, the Interior Department's inspector general, at a hearing of the House Government Reform subcommittee on energy.

"I have observed one instance after another when the good work of my office has been disregarded by the department," he continued. "Ethics failures on the part of senior department officials — taking the form of appearances of impropriety, favoritism and bias — have been routinely dismissed with a promise 'not to do it again.' "

The blistering attack was part of Mr. Devaney's report on what he called the Interior Department's "bureaucratic bungling" of oil and gas leases signed in the late 1990's, mistakes that are now expected to cost the government billions of dollars but were covered up for six years.

While these leases were the specific focus of the hearing, Mr. Devaney directed most of his criticism at what he called a broader organizational culture at the Interior Department of denial and "defending the indefensible."

He expressed particular fury at the willingness to dismiss two dozen potential ethical lapses by J. Steven Griles, a former industry lobbyist who served as deputy secretary of the interior during President Bush's first term.

Mr. Griles resigned after allegations surfaced that he pushed policy decisions that favored some of his former oil and gas industry clients and that he tried to steer a $2 million contract to a technology firm that had also been one of his clients.

In a 145-page report in 2004, the inspector general described Mr. Griles as a "train wreck waiting to happen." But on Wednesday, Mr. Devaney said he was appalled that the Interior Department's office of ethics dismissed 23 out of 25 potential

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ethical breaches against Mr. Griles and that Gale A. Norton, then secretary of the interior, decided not to act on the two remaining allegations.

Mr. Griles is once again a lobbyist in Washington. Efforts to reach Mr. Griles on Wednesday evening at his lobbying firm, Lundquist, Nethercutt & Griles, were unsuccessful.

Mr. Devaney said that case was typical of a much broader "culture of managerial irresponsibility and lack of accountability" in the top reaches of the Interior Department.

"I have unfortunately watched a number of high-level Interior officials leave the department under the cloud of O.I.G. investigations," Mr. Devaney said, referring to the Office of Inspector General.

"Absent criminal charges, however, they are sent off in the usual fashion, with a party paying tribute to their good service and the secretary wishing them well, to spend more time with their family or seek new opportunities."

That was almost exactly what happened to Mr. Griles, who was never charged with any wrongdoing, though he admitted to using bad judgment in some cases.

Dirk Kempthorne, who succeeded Ms. Norton as interior secretary earlier this year, said Wednesday that he took the inspector general's allegations "very seriously" and had sent a letter to all employees on his first day at the department on the need to follow ethical guidelines.

Mr. Kempthorne declined to say what additional actions he might take until he saw Mr. Devaney's final report.

Mr. Devaney, a burly man who began his career as a police officer in Massachusetts, is no stranger to combative investigations or confrontations with top officials.

He spent more than 20 years as a special agent in the Secret Service, specializing in white-collar crime, eventually being put in charge of the service's fraud division. In the 1990's, he became director of criminal enforcement at the Environmental Protection Agency.

He was named inspector general at the Interior Department in 1999, just as whistle-blowers outside the government were pressing huge lawsuits alleging that oil companies were fraudulently underpaying royalties.

Three years ago, Mr. Devaney scathingly criticized the Interior Department's auditing program for oil and gas royalties.

Beyond finding that investigators had missed millions of dollars in underpayments, his office uncovered evidence that agency auditors had lost key files, then tried to fool investigators by forging and backdating the missing documents. In an acid rebuke of the agency, Mr. Devaney noted that the agency gave a bonus to the official who came up with the false papers.

Mr. Devaney's broadside against the Interior Department's culture dovetailed with his tentative conclusions in his most recent investigation, into how the department had managed to sign 1,100 leases for offshore drilling that inadvertently let energy companies escape billions of dollars in royalties on gas and oil produced in the Gulf of Mexico.

The leases, signed in 1998 and 1999 during the Clinton administration, allow companies to escape normal federal royalties — usually 12.5 percent of sales — on the tens of millions of barrels of oil on each lease.

The royalty break was intended as an incentive for deepwater drilling, but it was also supposed to end if oil prices climbed above a "threshold" level of about $34 a barrel. The leases at issue omitted that restriction, and department officials kept quiet about their mistake for six years after they discovered it.

The problem was first disclosed by The New York Times in March. Government officials now estimate that the mistake could cost the Treasury as much as $10 billion over the next decade.

"The Interior Department holds our natural resources in trust for the American people,'' said Representative Darrell Issa, Republican of California and chairman of the House Government Reform subcommittee on energy and resources. "It squandered billions instead."

Mr. Devaney said the error, a result of compartmentalized thinking within the department, might have remained buried if senior officials had had their way.

"We do not have a 'smoking gun,' '' Mr. Devaney said. "We do, however, have a very costly mistake which might never have been aired publicly absent The New York Times, the interest of this committee, the Senate Committee on Energy and Natural Resources and several other interested members of Congress."

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River's Renewal A Step Closer (FRESNOB)

By Michael Doyle And Mark Grossi, The Fresno Bee

Fresno Bee, September 14, 2006

Deal to be filed today would begin restoration around '09.

WASHINGTON — More water should start flowing down the San Joaquin River by around 2009 under a long-awaited settlement scheduled to be filed in Sacramento today.

By around 2013, salmon should be reintroduced to the river, which once teemed with them. Hundreds of millions of dollars would be spent on channel improvements and more, and a new "San Joaquin River restoration" administrator would oversee the complicated work.

The river restoration details, and myriad others that will change life in the San Joaquin Valley, have been worked out by farmers and environmentalists during months of negotiations. They are to be presented to a federal judge this morning in hopes of settling an 18-year-old lawsuit.

"To be able to come up with an agreement that parties on both sides can agree to is a monumental step to a healthy river," said Grant Davis, executive director of the San Francisco-based Bay Institute, one of the plaintiffs in the lawsuit. "Failure would not only harm the river, it would harm the San Joaquin Valley."

Davis declined to offer details of the settlement, which was described by others who had been briefed about the pending deal. The Justice Department only signed off on the agreement Monday night, participants said, and details were changing up until the last moment.

But even as environmental groups and their negotiating partners embrace the new deal, it's attracting flak on Capitol Hill and among some water users. Part of the agreement includes an apparent deadline for Congress to approve San Joaquin River restoration legislation: Dec. 31.

If the legislation substantively differs from what negotiators agreed to, at least one lawmaker said, the whole deal could fall apart.

"It's the other branches of government telling Congress, 'You're going to do this or else,'" said Rep. Devin Nunes, R-Visalia. "It's putting a gun to our head."

Nunes represents many of the farmers on the east side of the San Joaquin Valley who are served by water stored behind Friant Dam.

Farmers downstream on the west side of the Valley did not get enough protection in the settlement, said Steve Chedester, executive director of the San Joaquin River Exchange Contractors Water Authority. The authority represents farmers downstream of Firebaugh, near Los Banos.

Chedester said the restoration may put water down the old channel where valuable crops now grow. He said the route should be further studied, and a lot of funding will be needed if the old river is the preferred route.

"Our area will be the most expensive reach to restore," Chedester said.

Construction of Friant Dam in the 1940s helped fuel the Valley's agricultural growth but also dried up portions of the San Joaquin River in western Merced and Fresno counties.

Environmentalists filed suit in 1988 when Friant contracts came up for renewal. The case quickly turned to restoration of the salmon run in the early 1990s. The case swung toward environmentalists, and the two sides attempted — unsuccessfully — to negotiate a settlement.

With the long-running lawsuit unresolved, Rep. George Radanovich, R-Mariposa, and Democratic Sen. Dianne Feinstein last year began urging farmers and environmentalists led by the Natural Resources Defense Council and Bay Institute to strike a deal. Feinstein has agreed to introduce the legislation — dubbed by some the San Joaquin River Restoration Settlement Act — to authorize the various river fixes.

A draft of the proposed legislation authorizes the federal government to buy land from "willing sellers." All environmental laws must be complied with — a blow to some water agencies that were hoping for exemptions. Outside parties — such as the Merced Irrigation District — would not be allowed to sue if they're unhappy with how the settlement works.

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The proposed legislation establishes a "San Joaquin River Restoration Fund," which would include California state bond money and federal funds. Friant water users would not pay any more than they already do, but a portion of payments they make under existing water contracts would be devoted to the new restoration fund.

As a member of the Senate Appropriations Committee, Feinstein could attempt to attach the river bill to another, must-pass funding bill.

Radanovich, next week, plans to hold a hearing on the settlement, which would set a foundation for a House bill.

"I think if all the water districts in Friant support it, then so do I," Radanovich said.

The agreement would not automatically dissolve if the legislation misses the Dec. 31 deadline, said Friant Water Users Authority lawyer Dan Dooley. The Friant authority negotiates for 15,000 farmers who get water from Millerton Lake.

"It's more of a poison pill that offers the parties in the litigation the opportunity to void the agreement if the deadline is missed," Dooley said. "But both sides are aware that there is not a lot of time left this year." Michael Doyle reports from The Bee's Washington Bureau. The reporters can be reached at mdoyle@mcclatchydc.comor (202) 383-0006, ormgrossi@fresnobee.com or(559) 441-6316.

Accord Reached On Diverting Water From Farms To Restore San Joaquin River (NYT)

By Jesse McKinley

The New York Times, September 14, 2006

SAN FRANCISCO, Sept. 13 — For most of the last 60 years, much of the San Joaquin River has not really been a river. Dammed and drained for agricultural purposes in the arid Central Valley, the San Joaquin is dry for mile after mile, a symbol of the cost of progress and the miracles of modern irrigation.

It has also been the subject of extensive litigation.

On Wednesday, a coalition of environmental and fishing groups announced the settlement of an 18-year-old suit against the Interior Department and a group of California water users, ending one of the longest-running environmental skirmishes.

The proposal, which Congress will vote on, would create a multimillion-dollar project to restore more than 150 miles of the San Joaquin to the lush riverbed it once was.

“This is one of the most important and historic restoration efforts in the West,” said Hal Candee, a senior lawyer for the Natural Resources Defense Council, which filed the suit in the Reagan administration. “This is really bringing a dead river back to life.”

Under the plan, announced in Sacramento, billions of gallons of water would eventually be released from Friant Dam, just north of Fresno, spilling into the historic river channels. The new flow, environmentalists and fishermen hope, will create a healthy environment for Chinook salmon, which once spawned — and thrived — in the San Joaquin.

In exchange for losing 15 percent to 20 percent of their yearly water, depending on rainfall, farmers and other long-term water users would be assured of a supply.

“For the next 20 years, we know what the water commitment is going to be, and that was important to us,” said Ron Jacobsma, consulting general manager of the Friant Water Users Authority, which represents 22 water districts that span five counties.

Fed by downstream tributaries, the San Joaquin, the second-longest river in California, flows as it meets the Sacramento River east of San Francisco, forming an enormous delta that provides water to 22 million Californians. Since the 1940’s, the upper reaches of the river, from Friant Dam to its convergence with the Merced River, have been siphoned off to water a million acres of crops through a vast irrigation project that has helped turn the Central Valley into one of the most prosperous agricultural regions.

The proposed restoration would carry a hefty price, with estimates from $250 million to $800 million, a cost that the federal government and state would probably share.

Some support seems to have been mustered. Mike Chrisman, secretary for state resources, signed off on the accord on Wednesday, as did Senator Dianne Feinstein, a Democrat, and Representative George P. Radanovich, a Republican. Mr. Radanovich, who represents the Fresno region, said he would hold a hearing on the plan on Sept. 21.

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After years of machinations and stalled negotiations, legal pressure on the government intensified in 2004, when a federal district judge in Sacramento, Lawrence K. Karlton, ruled in the environmentalists' favor, saying the California Fish and Game Code, which guarantees water to fisheries, could be applied to the federally owned Friant Dam.

Judge Karlton had set a trial date for earlier this year to consider remedies. But as that date approached, the two sides returned to the table to find a more nuanced middle ground.

"The judge had made statements along the lines of all he had was a meat cleaver," Mr. Jacobsma of the water users' authority said. "And what we needed was a scalpel."

Kirk Rodgers, a regional director for the Federal Bureau of Reclamation, said the project would "probably be unprecedented in terms of its magnitude and challenges."

"In some cases,'' Mr. Rodgers said, "you're going to have to define a channel through mechanical means. In some cases, you're going to have to build structures to put the water that's being diverted back in the channel. It's a very complicated and very ambitious project." Some water spilled into the riverbed would also be recirculated to farmers, he said.

A tentative timetable calls for water to be diverted to the river by 2009 or 2010. Fish would be introduced two or three years later, with most construction and physical restoration finished by 2016. The project, if approved, would run through 2026.

Decline In Winter Arctic Ice Linked To Greenhouse Gases (WP)

By Marc Kaufman

The Washington Post, September 14, 2006

The amount of ice being formed in the Arctic winter has declined sharply in the past two years, a finding that NASA climate researchers say significantly increases their confidence that greenhouse gases created by autos and industry are warming the Arctic and the globe.

For years, scientists have reported a steady decrease in summertime Arctic ice, but they had never before found a similar reduction in the amount of ice being created during the frigid and dark Arctic winter. This lack of effect on the Arctic winter was one flaw in the scientific models of global warming, which predicted a steady decrease in ice formation.

But a new paper by Josefino Comiso, a senior research scientist at NASA's Goddard Space Flight Center in Greenbelt, found precisely the reduction in wintertime ice over the past two years that the model had predicted. The past two winters each produced 6 percent less ice than the average amount measured for almost three decades.

"This amount of Arctic sea ice reduction the past two consecutive winters has not taken place before during the 27 years satellite data has been available," Comiso said. "In the past, sea ice reduction in winter was significantly lower per decade compared to summer sea ice retreat. What's remarkable is that we've witnessed sea ice reduction at 6 percent per year over just the last two winters, most likely a result of warming due to greenhouse gases."

Comiso yesterday called the new data from satellite imaging of ice formation and temperatures "the strongest evidence of global warming in the Arctic so far."

The drop in wintertime ice tracks a similar drop in sea ice detected in the warmer months. According to Mark Serreze, senior research analyst with the National Snow and Ice Data Center, the amount of ice in the Arctic at the end of the 2005 summer was the smallest seen in 27 years of satellite imaging, and probably the smallest in 100 years. He said this year's summer ice cover started out even smaller but is not another record.

Serreze, in a teleconference with Comiso yesterday, said the new information on wintertime ice increases his confidence that greenhouse gases, and not other variables of weather and climate, are causing the warming.

"There a growing consistency here, with our observations in line with what our models project," said Serreze, whose group is part of the University of Colorado and does contract work for NASA.

Comiso said that researchers had been puzzled that wintertime ice creation remained robust in the Arctic while summertime melt was increasing, since the greenhouse effect would have potentially greater impact on wintertime ice.

In a paper that will appear in the journal Geophysical Research Letters, Comiso describes a "remarkable turn of events, with the observation of record low ice extent and area during the winters of 2005 and 2006." He adds: "The abnormally low winter

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ice maximum extent and area and enhanced surface temperatures in 2005 and 2006 . . . may just be the beginning of these trends which have been more apparent in other seasons."

Comiso said the wintertime polar warming may be caused by increases and changes in long-wave radiation from the sun, which is associated with the greenhouse effect. He also said the fact that there is so much less ice visible during the summer suggests that the ice cover is not getting as thick in the winter as it used to.

NASA also announced yesterday a study of the effects of shrinking Arctic ice formation on polar bears. The paper, to be published in the journal Arctic, found a marked decrease in the time that polar bears can spend on sea ice, their preferred platform for hunting seals and other sea mammals. As the coastal ice melts, said Claire Parkinson, a senior scientist at the Goddard facility, the animals have been forced to spend more time on land -- resulting in more encounters with people and a decline in the bears' average body weight.

The paper reports that the average weight of adult female polar bears in western Hudson Bay was 650 pounds in 1980. Their average weight in 2004 was 507 pounds -- a 143-pound drop.

"A key result of our research is its strong suggestion that climate warming is having a significant and negative effect on a primary species reliant on the sea ice cover for survival," Parkinson said.

She said that while the Antarctic experienced a sharp decline in ice cover during the 1970s but then recovered, there were no signs that the Arctic will now recover its ice in the same way.

House Rejects Attempt To Curb Indian Gaming (USAT)

By Ana Radelat, Gannett New Service

USA Today, September 14, 2006

WASHINGTON — Indian tribes hoping to establish casinos away from tribal lands dodged a potential setback Wednesday when the House rejected a bill barring off-reservation gambling.

California Rep. Richard Pombo, head of the House Committee on Resources, said "reservation shopping" by tribes has "perverted" the intent of the 1988 Indian Gaming Regulatory Act, which opened the door for tribes to establish casinos.

But Pombo, who introduced the bill, was unable to secure the two-thirds vote needed for it to pass, under special House rules barring amendments. The vote was 247-171 for the bill, with 278 votes needed for approval.

All of Louisiana's House members, except Reps. William Jefferson, R-New Orleans, and Charlie Melancon, D-Napoleonville, voted for Pombo's bill.

As Indian gaming revenues have grown — they reached nearly $22.7 billion in 2005 — so has opposition in Congress to the industry's expansion.

Only four tribes have off-reservation casinos. But at least 44 others, many landless and newly recognized by the federal government, like the Jena Band of Choctaw Indians, have applications pending at the Interior Department.

Pombo's bill would have prohibited the Jena Band and other tribes from establishing casinos off tribal land or land not contiguous to their reservations. It also would have required tribes to compensate local communities for a new casino's impact on roads, water and sewer systems and other services, including law enforcement.

The National Indian Gaming Association, which represents more than 180 tribes, strongly opposed the bill, saying it would violate tribal sovereignty.

"Before they could use their lands, these tribes would have to jump through many new hoops," an NIGA statement said. "Indian tribes are recognized as sovereign in the Constitution and under existing law. Sovereign tribes negotiate with sovereign states, not town councils."

The defeat of Pombo's bill is expected to end the congressional debate over Indian gaming this year.

In the Senate, lawmakers from two opposing camps have stalled a less restrictive bill sponsored by John McCain, R-Ariz.

Some senators, including Sen. David Vitter, R-Metarie, have blocked McCain's bill because they say it's not tough enough. Others oppose it because they say it attempts to curb Indian gaming violate tribal sovereignty.

FBI/DEA/ATF/USMS:

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Agents Say Oregon Schoolmates Developed Drug Ring Over 3 Decades (AP)

By Joseph B. Frazier, Associated Press

AP, September 14, 2006

PORTLAND, Ore. – The U.S. Justice Department said Wednesday it has shattered a drug operation that started among high school buddies in Roseburg, Ore., 30 years ago and grew over the years to become an international operation that took in more than $20 million.

Eleven of the 12 people named in a federal indictment are in custody after arrests Wednesday in Oregon, Washington, Colorado and Idaho. Most are from Oregon.

U.S. Attorney Tom Moss of Boise, Idaho, said the arrests followed a classic strategy of "follow the money."

The 194-page indictment, handed up in Boise in June but kept sealed until Wednesday's arrests, said the operation began by growing and selling marijuana. But, the indictment said, the operation expanded to smuggling of drugs from Mexico and South America, growing large quantities of marijuana indoors and on public lands, and manufacturing methamphetamines.

The government seeks forfeiture of more than $24 million in assets including boats, planes, business interests and real estate in five states.

U.S. attorney spokeswoman Jean McNeil said more arrests could follow, and those in custody likely would be sent to Idaho after court appearances where they were arrested.

The case is handled in Idaho because it stemmed from the case of a convicted Clearwater, Idaho, drug trafficker, Leland Lang, who was allegedly supplied with large amounts of drugs by the operation.

In addition to drug distribution and money-laundering charges, six of the defendants are charged with operating a continuing criminal enterprise, which carries a mandatory minimum 20-year sentence.

"Lee Lang was a major distributor, and he was getting his drugs from somewhere," Moss said. "We wanted to find out where, and now, thanks to the hard work and dedication of more than a dozen law enforcement agencies, I think we have."

Police Count 54 Drug Dealers In Arrest Sweep (MANUL)

By Pat Grossmith, Union Leader Staff

Manchester (NH) Union Leader, September 14, 2006

Manchester – An eight-month undercover drug investigation in the state's largest city has resulted in 54 drug dealers being arrested and the confiscation of more than 10 pounds of drugs with a street value of $450,000, authorities said yesterday.

The arrests began on April 1, but since Monday, police have arrested 28 people on charges they sold crack, cocaine or heroin to undercover officers or possessed drugs.

Manchester Police Chief John Jaskolka, at a news conference yesterday afternoon, said he "fully expects more arrests as the operation continues over the next few days and weeks."

Manchester Mayor Frank Guinta commended all the agencies involved -- Manchester police, state police, Hillsborough County Sheriff's Department, the U.S. Marshal's Office, ATF, state Probation and Parole Department, and the New Hampshire Attorney General's Drug Task Force.

He said the arrests show there is a "renewed commitment to eradicate the criminal element in our city."

The undercover drug investigation so far as involved the execution of 13 search warrants and the seizure or purchase of 7.9 pounds of cocaine, 2.4 pounds of crack cocaine, and 2.5 ounces of heroin by agents. Police also removed nine firearms -- eight handguns and one shotgun -- from city streets and seized $130,979 in cash.

The probe was funded with a federal grant under the Operation Streetsweeper program and involved seven different state, local, county and federal agencies.

U.S. Attorney Thomas Colantuono said nine of those arrested will be prosecuted on federal charges in U.S. District Court in Concord.

Those charged in federal court include Joseph Anderson, 36, of 326 Amherst St., Apt. 9; Lucien Arsenault, 37, 8 Ruby Way, Merrimack; Cotisha Blake, 37, of 22 Concord St., Apt. 13; Andrew Eaton, 38, 3951 Brown Ave.; Anthony Frith, 32, 3951 Brown

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Ave.; Kim Paul, 41, 478 Beech St., Apt. 6; Kyshawn Ross, 28, 509 Beech St.; Michelle Sarazin, 34, currently being detained at the Valley Street jail; Eugene Williams, 45, 281 Auburn St., Apt. 2.

Anderson was in Manchester District Court yesterday on state charges of possessing marijuana and resisting detention. His bail was set at $5,000 cash or surety, with a trial set for Nov. 13.

Those arrested are mostly street-level dealers, selling drugs in Manchester and the surrounding area, although there were a few mid- to high-level drug traffickers among them, according to police.

Two alleged mid-level crack cocaine dealers arrested Monday night were Jerrel T. Cryer, 25, of 9 Wheelock St., and Christopher Hoggard, 19, of 501 Somerville St., first-floor. Cryer is charged with three counts of selling crack cocaine and one count possessing cocaine with the intent to sell it. Hoggard is charged with four counts of selling crack cocaine.

Each is being held on $40,000 cash or surety bail, with probable cause hearings in Manchester District Court set for Sept. 25.

Brothers Nathaniel Kitchen, 19, of 100 Lincoln St., and Isaiah Kitchen, 21, of 283 Bridge St., were also arrested Monday night. Nathaniel Kitchen was arrested on an electronic bench warrant for operating a motor vehicle after his license was suspended.

When he arrived yesterday morning in District Court for his arraignment, police promptly arrested him on a drug charge. He was handcuffed and taken to the police station for processing.

He is to be arraigned this morning on both the motor vehicle complaint and the drug charge.

His brother, Isaiah, pleaded innocent yesterday to possessing marijuana. He is free on $1,000 personal recognizance bail with a trial slated for Nov. 9.

Also arraigned yesterday were:

Kasha Carmody, 20, of 86 Batchelder Ave., one count of selling cocaine. Bail is $5,000 cash/surety. Jason Coelho, 26, 285 Concord St., Apt. 5, three counts of selling cocaine. Bail is $10,000 cash/surety.

Edward Davender, 32, 455 Pine St., Apt. 220, three counts of selling crack cocaine. Bail is $30,000 cash/surety.

Their probable cause hearings are Sept. 25.

Irvin Donlagic, 20, 373 Beech St., first floor, was charged with three counts of selling cocaine. His bail is $30,000 cash/surety, although police prosecuting officer Kristen Taylor wanted it set at $50,000 because, she told the judge, he was a flight risk.

Donlagic said he planned to leave for an out-of-country vacation on Sunday. Should he make bail, however, he is not to travel outside of New Hampshire.

"I guess that will cancel any vacation plans you have," Judge Norman Champagne told him. He is to return to court Sept. 25 for a probable cause hearing.

Also arraigned yesterday were Scott Gauthier, 37, 22 Concord St., Apt. 13, one count sale of crack cocaine. Bail is $5,000 cash/surety, and a probable cause hearing, Sept. 26.

Katon Lang, 21, 211 Pine St., third floor, was arraigned on four counts of selling cocaine and three charges of selling heroin.

His bail is $30,000 cash/surety with a probable cause hearing, Sept. 25.

Fritz Lemite, 28, 22 Beech Hill Ave., was arraigned on three counts of sale of cocaine. His bail is $20,000 cash/ surety with a probable cause hearing, Sept. 26.

Norman Moore, 32, last known address of 6 Hold St., Concord, was charged with one count of selling the drug cyclobenzaprine, a muscle relaxer. Bail is $10,000 cash/surety with a trial Sept. 26.

Topsham Crack Dealer Sentenced (BTR)

Brunswick Times Record, September 14, 2006

PORTLAND - A New Haven, Conn., man was sentenced Tuesday in U.S. District Court to more than 15 years in prison in connection with his role in trafficking crack cocaine.

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Phillip Whitworth, 33, pleaded guilty in May to charges of possessing with intent to distribute more than 50 grams of crack cocaine. The joint investigation between the U.S. Drug Enforcement Agency and the Topsham Police Department began in Topsham and lasted 13 months, said Detective Mark Gilliam of the Topsham Police Department.

Whitworth was arrested in March 2006 in the Topsham Fair Mall area after attempting to sell the drugs to an undercover informant working with the U.S. Drug Enforcement Agency. Whitworth went to the New York state-Connecticut area to purchase crack cocaine at a lower cost, then distributed it in central Maine and the Mid-coast region, Gilliam said. "This was a career criminal and that's why his punishment was so bad," he said.

Whitworth had lived in Topsham and Brunswick while he was selling drugs in Maine. He also maintained a residence in Connecticut, where he was on probation. Previously, he had been convicted on drug and weapons charges, Gilliam said.

While living in Maine, Whitworth drove a sport utility vehicle and had a house with a large plasma television, which Gilliam believes were bought through profits from drug sales. At the time of his arrest, Whitworth had arranged to have approximately $10,000 worth of electronic equipment installed in his SUV, Gilliam said.

Gilliam said it is becoming common for people to move to rural areas to sell drugs. A new area means less competition, allowing drug dealers to sell at higher prices, he said.

U.S. Attorney Paula D. Silsby praised the DEA and the Topsham Police Department for their work in the investigation. Gilliam also praised the DEA for the agency's help with the investigation. Top of Story

Spain, US Boost Joint Efforts To Combat Drug Trafficking (AFP)

AFP, September 14, 2006

Spain and the United States announced they were increasing cooperation to stop drug trafficking, following talks between Interior Minister Alfredo Perez Rubalcaba and visiting US Drug Enforcement Administration (DEA) administrator Karen Tandy.

Both announced the strengthening of "common instruments to combat the laundering of money proceeding from drug trafficking".

The interior ministry said in a statement that Rubalcaba and Tandy had underlined the need for a "joint and coordinated" effort to stem drug-related crime, via the creation of specialized anti-narcotics teams from both countries

Also present at the meeting were Spanish Secretary of State for Security Antonio Camacho, who held talks with US counterparts in Washington in July, and US ambassador Eduardo Aguirre.

Spain is at the frontline of the anti-narcotics fight in Europe since it is the main European port of entry for Latin American cocaine.

Last year, seizures of cocaine in Spain reached a record 46.6 tonnes.

Spain will in April, under the co-chairmanship of Tandy, host the 25th International Drug Enforcement Conference (IDEC) in Madrid.

The IDEC was established in 1983 for law enforcement officials in the Western hemisphere to share information related to drug crime and draw up a coordinated approach to combat trafficking.

Drug-trade Violence Grips Acapulco (CSM)

By Sara Miller Llana

The Christian Science Monitor, September 14, 2006

ACAPULCO, MEXICO

He took office as a charismatic, ballad-singing maverick who promised to contain crime in this coastal resort town.

But during his term, Acapulco, once known as the "Pearl of the Pacific," has seen its reputation - and its mayor, Félix Salgado - battered by the worst drug violence in the town's history. Mr. Salgado has lost 33 pounds in nine months and, when asked what his major accomplishment has been so far, answers deprecatingly: "that I'm alive."

"I've been dealt a very complicated situation, very hard," says Salgado, turning serious. In July he mourned the death of his city's security chief found suffocated in the back of a car.

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Salgado's survival during a siege of violence mirrors the impact on Acapulco and beyond, as the drug war between two cartels has spread from the northern ganglands along the US-Mexican border toward the south - both startling, and horrifying, the nation.

Some 1,500 have been killed in drug violence this year, double the number in previous years. But it's the recent, and growing, viciousness of the acts that has been most unsettling. Acapulco has seen grenade attacks and decapitations haunt its front pages. Bodies have been wrapped in garbage bags, heads hung on the fence outside government offices.

Salgado and other city officials say that a national plan of stepped-up police enforcement has helped stem the violence. But just last week, in the neighboring state of Michoacan, five heads were hurled onto a dance floor while the disco was in full swing, showing how volatile the situation is becoming. It will be one of the most vexing problems for incoming president Felipe Calderón.

"I never expected this war would last so long, and it is bad news for Mexican society," says Jorge Chabat, a criminal justice expert in Mexico City. "One of the challenges Calderón has to face is he has to reach an agreement with other parties to make long-term reform." Long ties to drug trade

Acapulco has old ties to drugs, with coves along the Pacific Coast where speedboats have long picked up cocaine from South America. But growing domestic consumption and the battle for key entry points into the US has fueled unprecedented violence, with over 65 execution-style killings this year alone.

"In the last 50 years, we have never seen anything like this," says Jorge Valdez Reycen, a spokesperson for the local police. "This is a police force not trained for war, it is trained for tourism."

The escalating violence is believed to be the fallout between the Sinaloa cartel, which had dominated Acapulco, and the Gulf cartel, which has been moving into its territory. "It has gotten really personal too, which is why it is spiraling out of control," says Laurie Freeman, who authored a report this summer on Mexico's drug trade for the Washington Office on Latin America think tank. "The trafficking is nothing new, the level of violence is."

In the past six years, President Vicente Fox has made the war on drugs a top priority, making high-profile arrests. The arrest last month by US officials of suspected drug cartel kingpin Francisco Javier Arellano Félix was lauded a major cross-border success.

The top-level arrests have created opportunities for smaller players to vie for control of principal traffic routes. The result: Battles once contained in border towns have spread to tourist hot spots.

"In some sense, as the country is more democratic, so is the drug trade," says Bruce Bagley, a drug-trade expert at the University of Miami. "There are a lot more players in it, and crime has risen because Mexican authorities don't have the personnel [to tackle it]."

In Acapulco, the results have been devastating. The bay town was once a playground of Hollywood stars. On a recent day, as Mr. Valdez Reycen from the police department went through photos chronicling events over the last few months, it seemed more like the backdrop to a horror film.

In January, a daytime shootout a mile from the beach left four suspected traffickers dead. Three months later, two heads were hung outside the state Finance and Administration headquarters, where the shootout had been, with a note: "So that you learn to respect." Image problem

Teresa de Jesús Rivas, the city's tourism director, says that vacationers have not been scared away in recent years. The number of visitors increased from 5.3 million in 2004 to 5.7 million in 2005, and she expects this year to keep pace with, or exceed, the last.

Still, drug violence does image damage. "When people are looking for a destination for vacation and they see there are heads in Acapulco, it's not going to be as attractive," she says outside her office, next to a huge photo of the bay when foreign tourism dominated the market. These days, only about 15 percent of tourists hail from other countries.

These are among the challenges for Salgado, who says security is his top priority. He led a peace march in July. And he says that random street patrols, which include 400 federal, state, and local police have started to tranquilize the town. "The people were afraid, terrorized, horrified, but it's improved," Salgado says.

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Fernando Tenopala, the president of a local business group, agrees that the situation is better. "When the extreme violence began [this year], suddenly we felt very alone ... and protested for peace," he says. Since then the police have received training in using arms, as well as 250 additional HK-36 rifles. "Things have improved, though we have to continue fighting."

President-elect Calderón has already outlined plans to create a national crime database and sweep the police of corruption.

Local residents remain doubtful. Mari Acosta, a cook in a local eatery, says she is tired of the line that the drug wars are between enemies - especially since she says no one knows who the enemy is. "It's hurting the rest of us too, but the government does nothing about it, probably because they are involved, otherwise they wouldn't get killed," she says in a low voice so customers don't hear.

Just last month she saw in the newspaper that a regular customer was gunned down outside town. She didn't know his name but recognized his face. Says Ms. Acosta: "I don't know what's going to happen with us here in Acapulco."

Witness Held In Wales Slaying Pleads Not Guilty To Gun Charge (AP)

By Gene Johnson, AP LEGAL AFFAIRS WRITER

AP, September 14, 2006

SEATTLE -- A Bellevue gun collector who was arrested as a material witness in the 2001 assassination of a federal prosecutor pleaded not guilty Wednesday to an unrelated charge of machine-gun possession.

Albert K. Kwan was arrested Friday on one count of possessing an M-14 machine gun in January 2005. His attorneys said they found the charge curious, because Kwan owns more than 100 machine guns legally, and the one that resulted in his indictment required serious modification by federal agents before it could be fired automatically.

Kwan was arrested in early 2005 and held for 23 days as a material witness in the October 2001 slaying of Assistant U.S. Attorney Thomas Crane Wales, an 18-year federal prosecutor and president of a Washington gun-control organization. Wales was shot through a window as he worked in the basement of his home on Seattle's Queen Anne Hill. The FBI has designated his assasssination a "major case" and is offering $1 million for information that helps solve it.

Kwan, who has not been identified as a suspect, was held because federal investigators believed he had purchased two replacement barrels for a Makarov pistol, and ballistics evidence indicated the bullets that killed Wales had traveled through such a barrel. The investigators wanted to know if Kwan had the barrels or if he had provided them to someone else.

Kwan, who has testified four or five times before a grand jury investigating Wales' death, gave authorities one barrel which did not match the bullets, said his lawyers, Joseph Conte and Eric Stahlfeld.

"He told them he believes he never had a second barrel," Stahlfeld said after the hearing Wednesday.

The grand jury "has asked him about everything. He knows nothing," Conte added.

Conte, of Washington, D.C., and Stahlfeld, of Seattle, also said Kwan does not know a Bellevue airline pilot who is the only publicly identified suspect in the Wales killing. That pilot had feuded with Wales in court. Through his attorney, he has declined several interview requests.

"From everything we know, he's never had anything even close to contact" with the pilot, Stahlfeld said of Kwan.

Assistant U.S. Attorney William Redkey argued Wednesday that Kwan should be detained because he posed a danger to the community and was not forthcoming with the court regarding his assets. He also failed to disclose a passport that had been issued to him in Hong Kong.

Kwan once imported 50 firearms from Canada without proper documentation, Redkey said, and in 1996 he was caught trying to cross the border with two guns wrapped in bubblewrap under the hood of his car.

Customs agents also seized a van from Kwan in 2002 when they discovered it had a hidden compartment. Kwan unsuccessfully sued for damages. He also sued in 2003 when the Bureau of Alcohol, Tobacco and Firearms to refused to renew his four federal firearms licenses. The agency said it based its decision partly on his refusal to cooperate with agents seeking to inspect his home, the licensed premises. Kwan lost that case and has filed an appeal.

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Conte said the lengths to which Kwan went to ensure that his other machine guns were legally owned and properly documented, and that the M-14 at issue could not readily be fired automatically, indicate that he did not intend to do anything illegal.

"It didn't operate as a machine gun when the government seized it," he told U.S. Magistrate Judge Monica Benton.

Conte also questioned why Kwan was only arrested last week, when agents seized the gun during a January 2005 search of his home. Redkey said he had only recently received information about the case from the ATF.

Benton said she would likely release Kwan pending trial, possibly on home detention, as long as all weapons were removed from the home. The detention hearing was put off until Friday to give Kwan's lawyers time to find storage for his collection of firearms.

London Firearms Crackdown Includes Raids In NJ (WABC)

WABC-TV, New York City, September 13, 2006

British police seized hundreds of firearms in a dawn raid overseas

(New Jersey-WABC, Sept. 13, 2006) - British police seized hundreds of firearms, including automatic weapons and shotguns, in a dawn raid involving gun-smuggling between New Jersey and London.

Eyewitness News has learned a 55-year-old man, who answered the door wearing his boxer shorts, was arrested at a home in Dartford, England Hundreds of guns, including shotguns, semiautomatic guns and automatic weapons, were found at his house.

Officials say an accomplice of that man was taken into custody in New Jersey this morning, questioned and released. The raids were a joint operation between U.S. and U.K. authorities.

The ATF, the Alcohol Tobacco and Firearms agency was the lead agency on the U.S. Side of the case, called "Operation Trident" and which British officials say has been in operation for six years.

"For eight months, the ATF has worked with the UK in this case, and we are conducting follow up work in the United States today," said Richard Marianos, an ATF official.

Marianos stressed that British authorities are the lead agencies in the case and they will make any extensive comments. There have been no US arrests in the case so far.

"This is the biggest firearms haul we have ever had. The premises raided were used to store hundreds and hundreds of weapons, Det. Chief Superintendent Kevin Davis said.

"I've never seen anything like it. Guns are mounted on every available wall space in the property and live ammunition was found lying on the floor. There are guns everywhere."

"It will take us at least three days to log it all and bag up the evidence.

The international arms operation has been in progress for more than eight months, and one of the persons arrested in the UK today -- a 55-year-old man -- is believed to be a "major player" in the arms case.

Michigan Fugitive Caught In Tennessee After 30 Years (AP)

By Associated Press

AP, September 14, 2006

NASHVILLE, Tenn. (AP) -- A convicted murderer who escaped from a Michigan psychiatric facility in 1976 was arrested Wednesday in Nashville, where he assumed a new identity and got married.

Thomas Ball, 76, was arrested at his Nashville home Wednesday morning by U.S. marshals, WSMV-TV reported.

Ball was convicted in 1964 of second-degree murder and was sent to what is now called the Southern Michigan Correction Facility in Jackson, Mich.

He escaped from the Center for Forensic Psychiatry in Ypsilanti, Mich., after being transferred there for treatment in 1976.

Ball was living under the name of Thomas Fry and had remarried during him time in Tennessee, although his wife died in the past year.

Justice Department officials said they believe Ball came to Tennessee shortly after his escape.

U.S. marshals in Nashville tracked down Ball while acting on a tip from their counterparts in Michigan.

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Ball and his wife ran a storage facility in Franklin, south of Nashville, for several years, the television station reported.

Ball was being held in the Metro Jail pending extradition.

IMMIGRATION:

Son Of Ex-Liberian President To Plead Guilty To Passport Charge (AP)

By Curt Anderson

AP, September 14, 2006

MIAMI - Charles McArthur Emmanuel, the son of former Liberian President Charles Taylor, told a federal judge Wednesday that he will plead guilty to charges of lying about his father's true identity on a passport used to enter the United States.

Emmanuel, who is also known as "Chuckie" Taylor, said "Yes sir, judge" when asked by U.S. District Judge Donald Graham whether he was ready to change his plea to guilty. A second hearing was scheduled for Friday for Emmanuel to formally enter the plea.

Emmanuel, who headed an elite paramilitary unit for his father in Liberia, was arrested March 30 at Miami International Airport shortly after arriving on a flight from Trinidad. His arrest came the day after his father was apprehended in Africa on United Nations charges of alleged atrocities during neighboring Sierra Leone's civil war.

On his application for a U.S. passport, Emmanuel identified his father as "Steven Daniel Smith" rather than Taylor or his stepfather, Roy Belfast. The passport fraud charge carries a maximum penalty of 15 years in prison.

Emmanuel's court-appointed attorney, Miguel Caridad, declined comment after Wednesday's hearing. Karen Rochlin, the assistant U.S. attorney handling the case, also declined comment.

Left unresolved by the planned guilty plea on the passport charge is whether Emmanuel might yet face war crimes and torture charges based on his role in Taylor's regime.

Emmanuel headed the Anti-Terrorist Unit in Liberia during his father's tenure, which has been described by Human Rights Watch as a force created by Taylor after he became president in 1997 that was involved in murders, extortion, abuse of civilians, recruitment of child soldiers, torture and looting.

Some human rights activists and Liberians have called for U.S. prosecutors to charge Emmanuel under laws making it a crime for U.S. citizens to commit torture or war crimes overseas. Emmanuel, 29, was born in Boston in 1977 while Taylor was an economics student at Bentley College.

Elise Keppler, counsel for Human Rights Watch's International Justice Program, said the guilty plea should have no direct bearing on whether Emmanuel might face more serious charges. But, she said, once a passport fraud sentence is imposed "the clock is ticking" for the Justice Department to make a decision.

"This is not at all the end of the story when it comes to Chuckie Taylor," Keppler said.

Emmanuel also has been placed on a U.N. restricted travel list and a U.S. Treasury Department list prohibiting him from doing business with U.S. citizens and whose assets in the United States could be frozen by the government.

House Republicans Will Push For 700 Miles Of Fencing On Mexico Border (NYT)

By Rachel L. Swarns

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — House Republicans announced Wednesday that they would move swiftly to pass legislation requiring the Bush administration to build 700 miles of fencing along the Mexican border to help stem the flow of illegal immigrants and drugs into the United States.

The legislation, which is expected to go to the House floor for a vote on Thursday, would require construction of two layers of reinforced fencing along stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the border.

It would also require officials of the Department of Homeland Security to establish “operational control” over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles.

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The bill is the first in a series of border security measures House Republicans have promised to pass before the midterm elections in November.

The House majority leader, Representative John A. Boehner, Republican of Ohio, hailed the legislation as "a critical step towards shutting down the flow of illegal immigration into the United States."

Democrats promptly criticized the plan as political grandstanding intended to energize conservative voters before the elections.

The House passed a nearly identical fencing provision as part of a border security bill in December. Michael Chertoff, the homeland security secretary, has publicly raised doubt about the effectiveness of border fencing, particularly in remote desert areas.

While the Senate easily approved 370 miles of border fencing in its own immigration bill in May, it is unclear whether the two chambers will be able to reach agreement on the issue before Congress recesses this month. House leaders have said they will not support the Senate bill, which would create a guest worker plan and put millions of illegal immigrants on a path to citizenship in addition to toughening border security.

Jennifer Crider, a spokeswoman for the House Democratic leader, Representative Nancy Pelosi of California, dismissed the fence bill as partisan politicking. "Republicans have a record of failure on border security,'' Ms. Pelosi said, "and this is their attempt to cover up that record.''

House Republicans countered that immigration hearings held across the nation in August showed that Americans expected Congress to toughen border security, particularly while the country remained under threat of terrorist attacks.

Congressional staff members predicted that some House Democrats, especially those from border states, would support the fencing bill.

The barriers, which are to be accompanied by additional lighting, cameras and ground sensors, would be built near Tecate and Calexico on the California border; Columbus, N.M.; and El Paso, Del Rio, Eagle Pass, Laredo and Brownsville in Texas.

House Republicans have also proposed counterfeit-proof Social Security cards for citizens and immigrants searching for work, measures that would require the deportation of immigrants linked to Central American gangs and an increase in the number of Border Patrol agents as part of their border security agenda.

"The first priority of the American people is secure borders,'' said Representative Peter T. King, Republican of New York, who is the chairman of the House Homeland Security Committee.

House Republicans said they were encouraged by what they called the success of a 14-mile fence at San Diego that was mandated by Congress in 1996. Crime rates have dropped by 47 percent since the fence was constructed, they said, and the number of illegal immigrants captured dropped to about 9,000 in 2005 from about 200,000 in 1992.

Amy Call, a spokeswoman for the Senate majority leader, Bill Frist of Tennessee, said Senate Republicans would consider the legislation.

"The leader believes very strongly that we need to secure the border,'' Ms. Call said. "We'll look at all options to do that.''

Senator Jeff Sessions, the Alabama Republican who championed the fencing provision in the Senate, praised House Republicans for pushing ahead with the legislation. Mr. Sessions said he was concerned that the Senate proposal, which had been attached to the military appropriations bill, might not receive adequate financing.

"They've put forth a strong barrier bill,'' Mr. Sessions said of House Republicans. "It's time for us to complete the job.''

Republicans Resurrect Plan For Fences Along U.S.-Mexico Border (MCT)

By Dave Montgomery

McClatchy Newspapers, September 14, 2006

WASHINGTON - House Republicans are renewing their push to construct nearly 700 miles of two-layered reinforced fences along the U.S.-Mexico border as the first installment in a series of border security initiatives they hope to send to President Bush in the closing weeks of Congress.

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The fence proposal is identical to one that was included in an immigration enforcement bill passed by the House of Representatives in December 2005. But with that measure sidelined in a stalemate with the Senate, House leaders plan to resurrect the $2.2 billion barrier in a single-shot bill that House members are expected to pass on Thursday.

House Majority Leader John Boehner, R-Ohio, and Homeland Security Committee Chairman Peter King, R-N.Y., said the Secure Fence Act represents the opening salvo in an end-of-session flurry of initiatives designed to stem the flow of illegal immigration along the Southwest border.

House leaders have refused to consider a more comprehensive Senate-passed bill that would create a foreign guest-worker program and put millions of illegal immigrants on a path toward permanent legal status and U.S. citizenship. Leading supporters of the Senate plan acknowledge that it appears dead for the year.

But President Bush isn't giving up on his push for an overhaul of the nation's immigration laws and wants the House and Senate to "work together to come up with comprehensive reform," White House press secretary Tony Snow said Wednesday.

Asked if the White House supports the proposed fence, Snow responded, "What the administration wants is comprehensive reform."

The other House proposals will be announced on Thursday, Boehner and King said, and are expected to include more Border Patrol agents and the expanded use of unmanned aerial vehicles, sensors and other high-tech hardware along the border.

House members approved the five-section fence as an amendment to its immigration bill by a vote of 260-159.

The largest sections include a 361-mile stretch from Calexico, Calif., to Douglas, Ariz., and 176 miles in Texas, from Laredo to Brownsville.

Two other sections of fencing also would be built in Texas - 51 miles from Del Rio to Eagle Pass, and 88 miles from El Paso to Columbus, New Mexico. A 22-mile section would be built near a port entry in Tecate, Calif., in eastern San Diego County.

House leaders moved forward with the border security package after a series of summertime field hearings that reinforced their opposition to the Senate-passed immigration bill. Democrats have denounced the initiatives as political posturing by Republicans to appease voters demanding congressional action on illegal immigration.

With less than two weeks left before Congress quits work to campaign for the Nov. 7 election, the outlook for Senate passage of the border security package is uncertain at best. But two leading architects of the Senate bill, Republicans John McCain of Arizona and Mel Martinez of Florida, said they would be willing to consider the initiatives.

Senators included 370 miles of fencing in their bill.

House Set To OK Border-fence Bill (WT)

By Charles Hurt

The Washington Times, September 14, 2006

The House is expected to approve nearly 700 miles of new fencing along the U.S.-Mexico border today as part of a final effort by House Republicans to place major border-security legislation on President Bush's desk before the November elections.

The Secure Fence Act, which is nearly identical to an amendment the House easily approved last year, would deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

In addition, it would change current policy to give Border Patrol agents the authority to forcibly disable fleeing vehicles along the border.

"House Republicans believe we must address the immediate need to secure our borders," said Rep. Peter T. King, the New York Republican who chairs the Homeland Security Committee and will introduce the bill today.

"The field hearings held by House Republicans over August demonstrated that the first priority of the American people is secure borders, whether it is providing additional fencing and infrastructure or more state-of-the-art technology and surveillance to strengthen border security."

House Democrats dismissed the legislation as election-year politics.

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"The Republicans are covering up for their failed record on border security," said Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi.

"They're passing legislation that has already passed the House and has an uncertain future in the Senate."

Indeed, the Senate has steadfastly opposed such border-security legislation unless it is twinned with provisions to grant a path to citizenship rights to some 10 million illegal aliens already in the country and a guest-worker program to admit more foreign laborers.

Two Senate Republicans yesterday wrote Majority Leader Bill Frist and urged him to abandon the wide-ranging Senate legislation. Sens. Jeff Sessions of Alabama and Wayne Allard of Colorado advised Mr. Frist to instead take up the border -ecurity measures proposed by the House "that a clear majority in both houses favor."

Asked if administration officials would work to pass the House's new border-fence bill, White House press secretary Tony Snow said they are still fighting for a broad bill.

"We are urging the House of Representatives and the United States Senate to work together to come up with comprehensive reform," said Mr. Snow, referring to the guest-worker plan and citizenship rights that Mr. Bush supports.

Asked if Mr. Bush held out hope for an immigration bill, Mr. Snow said, "You know, we've got a very limited amount of time. You draw your own conclusions."

House Republicans also plan to announce a slate of additional border-security proposals they plan to introduce in the coming days.

"Tomorrow's vote represents the first step in that process, and a critical step towards shutting down the flow of illegal immigration into the United States," Majority Leader John A. Boehner, Ohio Republican, said yesterday.

On Eve Of A Vote, GOP On Both Sides Of Fence (LAT)

By Nicole Gaouette

The Los Angeles Times, September 14, 2006

WASHINGTON — House Republicans on Wednesday launched a renewed bid to stiffen border security and rally voters, unveiling a bill that would mandate construction of 700 miles of fencing in highly populated areas along the U.S. border with Mexico.

The House is to vote today on the "Secure Fence Act," which requires the Department of Homeland Security to prevent "all unlawful entries" into the United States, pushes for border agents to use greater force, and calls for more border surveillance using cameras, ground sensors and satellites.

The new bill is the first of several tightly focused border-security measures House leaders say they will introduce in coming weeks. It represents the latest effort by House Republicans to build momentum for an enforcement-only approach, which they say — despite objections from the Senate and President Bush — is the best way to repair the nation's immigration policies.

"House Republicans believe we must address the immediate need to secure our borders," said Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee and author of the new bill.

The bill would require at least two layers of reinforced fencing, along with vehicle barriers, roads, lighting, cameras and sensors, around the California towns of Tecate and Calexico and in border areas of Texas, Arizona and New Mexico. Surveillance cameras in those areas would have to be in place by May 31, 2007; fence construction would have to be completed a year later.

The bill also calls for a study on constructing a state-of-the-art barrier system along the northern border with Canada.

The House is expected to approve the legislation. When it goes to the Senate, though, it will present a challenge for the bipartisan group that backs the chamber's broader approach to immigration.

Senate legislation approved in May calls for allowing illegal immigrants to gain legal status and creating a guest worker program in addition to increasing enforcement, in part by building a 370-mile fence along the border.

Senators will have to decide whether to support the new House bill and risk losing any leverage they have to get the House to support other measures, such as the guest worker program. If they vote against the House bill, they risk being tarred as weak on security in an election year.

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Some conservative Republicans have long supported the get-tough approach. One of them, Sen. Jeff Sessions (R-Ala.), responded to the new House measure by calling on Senate Majority Leader Bill Frist (R-Tenn.) to embrace the House approach and declare the Senate bill dead.

Referring to the congressional deadlock over immigration, Sessions wrote to Frist on Wednesday, declaring: "We are not close to … a consensus now. The best solution is to go forward with strong immigration enforcement."

Democrats noted that House Republicans were introducing their bill at a time when the GOP, vulnerable in several election campaigns, needed an issue to rally voters.

"It's so transparent," said Senate Minority Leader Harry Reid (D-Nev.), adding that he hoped Latino voters would see through the Republican gambit and help the Democrats on election day.

"We believe in comprehensive immigration reform," Reid said. "We believe there should be a program to bring 12 million people out of the shadows."

Los Angeles Mayor Antonio Villaraigosa, who met with Reid on Wednesday, said he too was disappointed in the House proposal. "I think a bill that only addresses security and does in the punitive way that the House does is absolutely unacceptable," he said, adding: "It's un-American."

Most provisions in the new bill — including the fencing and camera requirements — were taken from the get-tough immigration legislation the House passed in December. That bill bolstered enforcement at the border, in the workplace and inside the country. It also made it a felony to be in the country illegally or to help someone who is — provisions that helped trigger massive demonstrations in the spring.

The new bill "is just a rehashing of legislation that's already been passed," said Rep. Bennie Thompson of Mississippi, the top Democrat on the House Homeland Security Committee. In the next few weeks, he said, he expects House Republicans to offer anti-gang legislation as part of the border security package.

The one new section would give Customs and Border Protection agents working on the ground and in the air division greater authority to stop smugglers' cars when they enter the U.S. illegally or attempt to flee authorities. Now, the most agents can do is lay down spike strips to puncture the tires of fleeing vehicles.

The new House bill would require Customs and Border Protection to consider other technologies, including rubber bullets, to stop smugglers who are trying to escape or who pose a threat to the community, a Republican aide said.

Drafting several smaller measures allows the House to advertise multiple achievements to voters in November, but it will also allow them to discreetly omit the felony provisions, which many in the Senate vehemently opposed.

House leaders say the new fence bill and the measures that will follow are products of the immigration field hearings they held across the country this summer. Though the hearings were described as an effort to find out what the public thought about immigration and border security, they did not allow for public participation, and the witness lists leaned heavily toward experts who supported the enforcement-only view.

Hispanic Lawmakers Question Absence Of Immigration In New Dem Agenda (HILL)

By Alexander Bolton

The Hill, September 14, 2006

House Democratic leaders passed around to colleagues Tuesday a plan they would focus on if their party wins control of the lower chamber on Election Day, but although the document was drafted to achieve consensus, it has already angered Democratic Hispanic leaders.

The cause of the consternation is not something the Democrats included in the agenda. Instead, it's something lacking: any mention of immigration. While Republican candidates around the country are trying to make immigration one of the biggest issues of this fall's elections, Democrats appear to be tiptoeing around it.

Some Democrats fear that the issue will hurt them in conservative-leaning districts such as in Ohio, Indiana and Kentucky that they must win in order to capture majority control this November.

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At a closed-door meeting of the Democratic Steering & Policy Committee on Tuesday, New York Rep. José Serrano, the panel's vice chairman, challenged Minority Leader Nancy Pelosi (Calif.) over the lack of any mention of immigration reform in the caucus's new 25-page agenda document for 2007. The confrontation created a tense moment in the room, said one participant.

Other Democrats agree with Serrano that their party should make known its position on an issue important to Hispanic voters, whom many political strategists believe will be a crucial voting bloc in the future because of their surging numbers.

"I think immigration is a big issue," said Rep. Loretta Sanchez (D-Calif.), a member of the Congressional Hispanic Caucus. "It's a big issue to the Hispanic community. They deserve some sort of answer on where the Democrats are on immigration."

"Mr. Serrano believes the book reflects a plan for the Democrats of the future," said Sanchez, referring to the agenda document "A New Direction for America," which leaders distributed at Tuesday's meeting. The document resembles the Contract with America that Republicans used to define their priorities before going on to win the House in 1994.

"[Serrano] wanted a plan about immigration in there, [or] maybe just a note that immigrants are important to the country," she added.

Sanchez, a member of the steering and policy committee said she missed the meeting but heard about it from other members.

Serrano said that while many of the immigrants who would benefit from reform cannot vote, Hispanic citizens who do vote perceive attacks on immigrants as attacks on their heritage. Serrano said it is important that Democrats show they care about immigrants.

"We have to let people like me who are citizens know that we're not ignoring the others," he said, adding that any token of recognition would be important.

The new Democratic agenda addresses border security — which House Republicans made the focus of their controversial immigration reform bill — but it makes no mention of immigration policy.

Instead, space is devoted to other issues such as homeland security, energy independence, a "GI Bill of Rights," global warming, biofuels, broadband access for all Americans and lobbying reform. While homeland security has been a hot topic this election season, broadband access has not received much attention on the campaign trail.

"I'm very sad and disappointed that comprehensive immigration reform is not a key and pivotal point for the Democrats," said Rep. Luis Gutierrez (D-Ill.), who heads the Hispanic caucus's immigration reform task force.

Rep. Grace Napolitano (D-Calif.), the Hispanic caucus chairwoman, said she was not familiar with the new agenda document but that she would follow up on the concern expressed by Gutierrez and others. She said that the Hispanic caucus was "100 percent" unified behind the view that there needs to be comprehensive immigration reform.

"I can't give you a reason for why they have not been inclusive," said Napolitano of Democratic leaders' elevation of other issues. "I think they know it's a big issue. It will continue to be a big issue."

Several Democratic members of the steering and policy panel said that immigration was not included in the agenda because it was intended to be a "consensus document."

"What's in that document are things that there is absolute agreement on," said Rep. Dennis Cardoza (D-Calif.), another member of the Hispanic caucus.

But the agenda includes a statement on the Iraq war, an issue that has divided Democrats since Congress voted to authorize the use of force in 2002.

Cardoza countered that Democrats all agree on the statement in the agenda, which promises that Democrats will "ensure 2006 is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces."

Rep. George Miller (D-Calif.), a top lieutenant to Pelosi who serves as the policy co-chairman of the steering and policy committee, said there are important issues that were not included in the agenda. But Miller acknowledged that he could not quickly think of one that rises to the same level as immigration.

Jen Crider, Pelosi's spokeswoman, noted that there will be a large summit of Hispanic leaders in Washington later this month and that Democrats would unveil an agenda for it entitled, "A New Direction for Hispanic Families."

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"A New Direction for America is where the Democrats will begin next Congress," said Crider, who described the agenda as a starting point, not an exhaustive list of what they will tackle.

Simon Rosenberg, president of the New Democrat Network, a political advocacy organization that has spent millions on drawing Hispanic voters into the Democratic Party fold, defended the Democratic record on immigration. Still, he chided leaders for their omission.

"Given how much energy and time Democrats have put into trying to pass comprehensive immigration reform, it's unfortunate that immigration hasn't made it into the document, because the party has made it a priority," said Rosenberg.

Rosenberg urged Democrats not to run away from the issue of immigration, vowing that it's a debate they will win over Republicans, many of whom are focusing exclusively on a tough law-and-order approach to illegal immigration.

Rosenberg predicted that some Democrats would spend a lot of money highlighting immigration this fall.

"We're going to see a lot of back-and-forth in paid media on immigration," he said. "We have nothing to fear. We have a plan to solve the problem and [the Republicans] don't."

Immigrants Prepare For Next Step (WP)

By Darryl Fears

The Washington Post, September 14, 2006

Advocates working on behalf of illegal immigrants said they learned a lesson from the immigrant rights marches that fizzled over the Labor Day holiday: It's time to start driving.

During the recently concluded National Latino Congreso in Los Angeles, organizers decided to focus on voter registration drives for documented immigrants and citizenship drives for immigrants who qualify.

Antonio GonzÃ¡lez, president of the Los Angeles-based Southwest Voter Registration Project, said 50 voter registration drives will be launched in California, Texas, New Mexico and Colorado, states with large Latino populations. In addition, 100 voter registration and get-out-the-vote drives will kick off in October, he said.

"The message from the community was to switch gears," GonzÃ¡lez said. "Now is not the time for mass mobilization of immigrants who don't have the right to vote. There has been a massive amount of intimidation, and immigrants aren't stupid. They're trying to protect themselves as best they can. It's time to get the vote out."

But opponents of illegal immigration said voter and citizenship registration drives will not reignite a movement that has stalled.

Labor Day week demonstrations that were supposed to draw hundreds of thousands of marchers in six cities drew fewer than 25,000 total. The number paled in comparison with the millions of illegal immigrants and supporters who came out in the spring for huge protests in Los Angeles, Dallas, Chicago, Phoenix and Washington.

With little political follow-up in the months after the big marches, immigrant organizers could only watch as legislation stalled in Congress to give illegal immigrants a chance to work legally and start on a path to citizenship. Meanwhile, state and city governments enacted laws targeting illegal immigrants.

Organizations working to stop illegal immigration said the big marches succeeded only in reminding U.S. citizens that the situation is out of control.

"The momentum is on the enforcement side," said Rosemary Jenks, director of government relations for NumbersUSA, a group that wants to decrease immigration. "I don't think the marches generated the spirit they were meant to generate. I think they scared Americans. It was an in-your-face reminder that we have a problem with illegal immigration. In my view, the marches were great."

At the Latino Congreso, or congress, GonzÃ¡lez and other leaders said the marches touched off the largest Latin movement in decades. In May, applications for citizenship were up by 42 percent from that time last year, and approvals rose by 21 percent, according to the Web site of U.S. Citizenship and Immigration Services.

But the leaders acknowledged that they failed to dissuade Congress from pushing forward with proposals that would make life harder for illegal immigrants. They also said the Labor Day marches fared poorly because potential marchers felt intimidated because of a government and law enforcement backlash against illegal immigrants.

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The timing of the marches -- several of which happened in the middle of the week at a time when families were returning from vacation, children were back at school and the nation was remembering the Sept. 11, 2001, terrorist attacks -- was poor, several organizers acknowledged.

"The plan of action is to play strong defense and adamantly oppose with a variety of tactics the proposals that are coming out of Congress through November," Gonzalez said. "We will take our chances with a new Congress."

GonzÃ¡lez said activists hope to increase the number of registered Latino voters from about 8 million to 10 million.

Baldemar Velasquez, founder and president of the Farm Labor Organizing Committee, who once worked beside farmworker organizer Cesar Chavez, said Latino representatives in Washington are failing to tell Americans the story of why there are so many undocumented Mexican immigrants.

"The North American Free Trade Agreement opened up the market and put 1.3 million Mexican corn farmers out of work," he said. "Where do you think those corn farmers are now? Some of them are in Mexican slums, but a lot of them are in the United States."

The president of the Migration Policy Institute, an organization that studies immigration patterns, disagreed.

"The first part of the statement is true: Mexican farmers have lost their farms," Demetrios Papademetriou said. "But to say that those people are releasing into the United States, I think it's a gigantic leap. I certainly would not make that suggestion."

TAX:

Offshore Tax Shelters Not Just For The Rich (USAT)

By Kevin McCoy

USA Today, September 14, 2006

Type the words "offshore assets" into an Internet search engine and the electronic sales pitches of a growing mini-industry appear on the computer screen.

"At last, the kind of offshore asset protection previously available only to the extremely wealthy! Make one phone call and sleep better tonight," says website Asset Protection Plus (assetprotec tion.ws).

"I am going to show you how to protect your money and all you own so nobody not even the government can get at it," says U of Money.com (uofmoney.com).

"Once your assets have been transferred to an offshore entity … they are safe," says website Carib Offshore (carib-offshore.com). "You can't be taxed on them."

A network of brokers, accountants, attorneys and other providers is increasingly promoting offshore trusts and accounts as a way to avoid lawsuits, creditors and, in some cases, federal and local taxes in the USA. Riding the rapid expansion of the Internet, some parts of the mini-industry are making tax-avoidance techniques — once mainly offered to high-net-worth individuals in private conferences — available online to average Americans.

"This growing access to people who aren't wealthy and are willing to pay a $3,000 fee … to someone to help hide their assets offshore is getting to be a huge problem," says Sen. Carl Levin, D-Mich., ranking minority member of the Senate Permanent Subcommittee on Investigations, which in August released the latest in a series of reports on potential offshore abuses. "Honest taxpayers get socked with the bill" as tax avoiders transfer assets offshore, Levin said.

That cost is high.

Although no precise estimates are possible, as much as $1.6 trillion in North American wealth is likely held in offshore accounts, according to a 2005 report by the Tax Justice Network, an international group opposed to tax avoidance.

Americans with assets offshore probably avoid about $50 billion in taxes annually, according to an estimate by Reuven Avi-Yonah, head of the International Tax Master of Law Program at the University of Michigan Law School.

Hundreds of companies and promoters now use the Internet to guide Americans and others who transfer assets to offshore banks or trusts, according to the Senate subcommittee report. Money moves from domestic accounts to offshore tax havens such as Belize or the Bahamas, at times without any meetings between promoter and client.

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Although placing assets in international trusts and banks is not illegal, using such transfers to avoid federal, state and local taxes while retaining control of the assets is considered a possible tax violation, one that the IRS pursues.

"With the increased use of the Internet, these types of tax strategies are more easily spread," said Selva Ozelli, an international tax lawyer and accountant in New York. "It has trickled down to the middle-income level."

Among the Internet guides to offshore companies is Equity Development Group, a Dallas-based firm run by Samuel Congdon. His company has worked for about 900 clients since its founding in 1999, according to a review by the Senate subcommittee. That review, federal court records and interviews with government officials and tax experts provide an inside look at one small cog in the mini-industry.

The IRS recently completed a tax examination of Congdon and his companies and may launch a similar examination of his clients, IRS documents and federal court records in Texas show. Additionally, the Senate subcommittee subpoenaed Congdon's client list and plans to give it to federal investigators.

In a written report released in August, the subcommittee said its review of Congdon showed that he "willfully remained ignorant of his clients' motives for moving money offshore." That stance, the committee concluded, enabled him to operate "in apparent compliance with federal law while facilitating potentially illegal activity."

Congdon's attorney, A. James Lynn, described the conclusion as unfair innuendo about an honest businessman who has had no involvement with tax avoidance.

"There has been no showing that any of his clients have violated the law. And he has not violated the law," said Lynn. "He's being penalized because he's here in the United States, making a living in the United States, paying taxes in the United States, and there are some people who want to run him out of business."

Congdon founded Equity Development Group in 1999 after earning an undergraduate degree at Hillsdale College in Michigan and an MBA at Southern Methodist University. He sought a marketing edge by paying Internet search engine Google "for a top position on certain searches … to direct greater traffic to his site," the subcommittee said. Google would not comment but said many firms pay for the sponsored links that accompany search results.

"Why go offshore?" the Equity Development Group website asks. "Protection from lawsuits. Financial privacy. Regulatory advantages."

Warning that thousands of lawsuits are filed in the USA each week and citing disclosure laws, the website says, "Placing bank and brokerage accounts offshore will keep them off the asset collector's radar screen. Credit agencies and government agencies don't have access to foreign account records or transactions."

For $2,500, Equity Development Group offers a package that includes an offshore corporation formed in Belize, an offshore trust formed in the Bahamas, two offshore bank or brokerage accounts and mail forwarding for one year. Using several locations "weaves a network of anonymity which translates into rock-solid privacy and protection," the website says.

For additional security, the company also offers previously formed "shelf companies" — firms for those who want to show "that their offshore company has been in existence for several months or years" — for as much as $6,200.

In theory, use of a longstanding firm could avoid challenges that would arise if assets were shifted to a newly created offshore firm after a divorce or lawsuit notice.

Congdon told the subcommittee that most of Equity Development Group's clients come from the USA and Canada. Most contacts come via the website, which stated that the firm "has formed hundreds of offshore companies and trusts and opened hundreds of offshore bank and brokerage accounts worldwide representing millions of dollars."

That clientele enabled Congdon's firm to gross several hundred thousand dollars in 2003 and 2004 from markups on offshore packages and referrals from some international businesses, the subcommittee reported. Separately, a federal court record showed that another Congdon firm reported nearly $75,000 in taxable income for 2002.

Although Equity Development Group's website advertises that "there are no surprises or guesswork," some company details are not immediately apparent.

Although the firm identifies Congdon as its founder, the subcommittee said he is also its sole employee.

Although the firm lists offices in Dallas and the Bahamas, the subcommittee said Congdon conceded the second location is "a mailbox."

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A federal court filing states that Congdon's firms neither provide nor advertise tax advice. But the Senate subcommittee found that during Congdon's first years in business, he used a presentation that said: "President Clinton vetoed the tax cut bill. Who cares? Offshore investors don't!"

The subcommittee also reported that an earlier version of the website featured an "offshore calculator" that contrasted the growth of an investment account in the USA with the higher gains that account would earn offshore. The calculator came with a disclaimer that warned, "You may be liable for taxes on foreign investments depending on your country of citizenship and/or residency."

The company's current website tells prospective clients that no matter what name is on offshore accounts formed through Equity Development Group, there's no question who controls the assets. "You do. The client is in complete and total control of all accounts at all times," the website states.

"Control is the key," said Ozelli, the tax lawyer. "If you control the assets, they're subject to taxation."

The Senate subcommittee concluded: "It is clear that Mr. Congdon knew that many of his clients moved their assets offshore to avoid U.S. taxation."

"I have no knowledge, none, that any of those clients were guilty of anything so much as a parking ticket," Lynn said.

Proving ownership and collecting taxes owed from those who have moved assets offshore isn't easy. In August testimony for the Senate subcommittee, IRS Commissioner Mark Everson wrote that the agency investigates alleged offshore tax abuses. But, wrote Everson, this "is an area where we still have a long way to go."

"The accounts are constructed in a way to make it almost impossible to prove who controls them," said James Kindler, chief assistant to Manhattan District Attorney Robert Morgenthau, who has filed numerous offshore-abuse cases.

When the IRS issued summonses for the names and addresses of Congdon's clients, Lynn filed a federal court motion to quash the demand on grounds of harassment.

If the IRS could show any clients were involved "in a tax avoidance scheme or some other violation of law" or "were committing crimes," Congdon "would promptly provide the information," the motion said.

"However, there has been no such showing."

Federal Magistrate Judge Irma Carrillo Ramirez denied the motion in a May 3 ruling that said client data were relevant to the tax examinations of Congdon and his firms. Lynn gave USA TODAY copies of IRS letters that said the exams had been completed with no new taxes levied. The IRS would not comment. A federal court brief filed in April stated that the IRS was not examining Congdon's clients at that time. But the brief said "that if the IRS had the names of the clients participating in offshore trusts it may (or may not) in the future investigate the client's tax liability."

Levin said the Senate subcommittee hopes to facilitate such an investigation by giving the subpoenaed client list to the Justice Department. He added that he and Sen. Norm Coleman, R-Minn., the subcommittee chairman, may introduce a bill to make it easier for the IRS to pursue offshore abuses.

Current law requires the federal government to prove that U.S. citizens control assets in offshore accounts before filing tax charges. Levin said the legislation he plans would reverse the legal burden.

"The presumption is that all the income is yours, and you've got to prove otherwise," Levin said.

Tyco Owes IRS $50 Million In Federal Income Taxes (WSJ)

By Jennifer Levitz

The Wall Street Journal, September 14, 2006

Tyco International Ltd. still hasn't paid millions of dollars in federal income taxes from an allegedly false tax return filed by its chief tax adviser in 1999, the Internal Revenue Service said.

The potential $50 million tax bill potentially looming over the giant manufacturing-and-services conglomerate came to light this week as Tyco's former vice president in charge of taxation, Raymond Scott Stevenson, was charged with filing a false tax return that failed to report more than $170 million in capital gains on Tyco's 1999 corporate tax return. Mr. Stevenson pleaded not guilty to a felony fraud charge before a federal magistrate in Fort Pierce, Fla.

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According to the IRS, the capital gains would have added about $50 million to Tyco's tax bill. Those taxes have not yet been paid by Tyco, said Ellie Michaud, a spokeswoman for the agency's criminal division.

Ms. Michaud said that after Mr. Stevenson's expected criminal trial, the government may attempt to collect the taxes. Ms. Michaud declined to say whether the company is contesting the tax bill.

Tyco, which is registered in Bermuda and operated from West Windsor, N.J., is in the midst of executing a plan to split the sprawling conglomerate into three stand-alone companies by the first quarter of 2007.

According to the U.S. Attorney Attorney's Office for the Southern District of Florida, Mr. Stevenson, who was Tyco's vice president in charge of taxation until 2003, directed a "series of transactions" designed to reduce Tyco's state liability, and in doing so triggered $170 million in federal capital gains under federal tax code. On Tyco's 1999 corporate tax return, Mr. Stevenson left off the $170 million, said Ms. Michaud, adding that the investigation is continuing.

Tyco spokeswoman Stacey Lafond declined to say whether it has already taken a charge for the 1999 taxes, or plans to do so. Ms. Lafond said the company has been cooperating with an IRS audit since 2003.

Mr. Stevenson couldn't be reached for comment, and his lawyer in the criminal proceedings didn't return several phone calls.

Mr. Stevenson, of Delray Beach, Fla., was hired under Tyco management led by former chief executive L. Dennis Kozlowski, who left Tyco in June of 2002 and last year was convicted along with former finance chief Mark Swartz of looting more than $150 million from the giant company. Both men are in prison and have said they plan to appeal.

CONGRESS-ADMINISTRATION:

White House Seeks A Way To Keep Bolton At The U.N. (WP)

By Peter Baker And Dafna Linzer

The Washington Post, September 14, 2006

President Bush's nomination of John R. Bolton as ambassador to the United Nations appears increasingly endangered in the Senate, prompting the administration to explore other ways to keep him in the job after his temporary appointment expires in January, officials said yesterday.

The situation represents a sharp turnaround from two weeks ago, when the White House was confident it could finally push through Bolton's long-stalled nomination. But last week's surprise move by Sen. Lincoln D. Chafee (R-R.I.) to delay a vote convinced Republicans on Capitol Hill that the nomination may be doomed, prompting a search for alternatives.

Administration officials said they have not given up. Secretary of State Condoleezza Rice called Chafee yesterday to kick off a lobbying campaign that will continue today when he returns to Washington after his hard-fought Republican primary victory in Rhode Island on Tuesday.

Bush and national Republicans pulled out the stops to help Chafee win the primary, and they expect a payback. But with Chafee now preparing to face a strong Democratic challenger in a Democratic state in November, many Republicans said he has less incentive to support a firebrand figure such as Bolton.

"It's dead as far as the Senate is concerned," said one Republican official at the Senate Foreign Relations Committee, where Chafee holds the decisive vote. "Chafee made it a 9 to 9 vote, and that's not going to change." A Senate Republican leadership aide added: "Chafee holds Bolton's future in his hands, and people are very worried he's going to squeeze and never let go."

White House officials said that assessment is premature. "John Bolton's been a tireless advocate for the United States at the U.N.," said White House spokeswoman Dana Perino. "We continue to be confident he'll get the up-or-down vote he deserves, and it remains our goal that the vote would happen before the recess."

Another failed nomination would be a stinging defeat for Bush, who defied Senate opposition last year and installed Bolton at the United Nations on an interim basis with a recess appointment. That appointment will end in January unless the Senate votes to confirm him before adjourning for the year.

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The battle over Bolton has been a defining struggle that has put the Bush administration's often brash style of foreign policy to the test. Bolton, who served as undersecretary of state in Bush's first term, has been a lightning rod among diplomats, Democrats and some Republicans because of his outspoken, tough-minded approach to issues such as Iran, the Middle East and the United Nations itself.

But in the 13 months since he was sent to New York, Bolton has surprised some critics with a more consensus-building style than they expected. Sen. George V. Voinovich (R-Ohio), who played a central role in blocking the nomination last year, reversed course this summer, declaring himself impressed by Bolton's performance -- seemingly clearing the way to confirmation.

Chafee put a halt to that last week by saying he would not vote for Bolton until after the administration addresses questions on Middle East policy that he had sent in a letter to Rice. Taken aback, White House officials hoped that it was merely a tactic to put off a controversial vote until after the primary, while preparing contingencies in case it was not.

Even with a "no" vote from Chafee, the Foreign Relations Committee could send the nomination to the floor on a tie vote, but Republicans would probably face a Democratic filibuster.

Bush has the power to give Bolton a second recess appointment, but under the common interpretation of federal law, Bolton could not be paid. Even if Bolton were willing to serve as a volunteer ambassador, officials said, the move could run afoul of another federal law that bans full-time employees from working without compensation.

Another possible option might be an appointment as "acting" ambassador. When the confirmation of President Bill Clinton's nominee for civil rights chief at the Justice Department, Bill Lann Lee, was blocked, Clinton appointed him deputy assistant attorney general, a posting that does not require Senate approval, and then had Lee fill in as "acting assistant attorney general." Lee spent 2 1/2 years in the post that way, although current law limits acting tenures to 210 days.

Such a move could anger a Senate that zealously guards its prerogatives.

"I don't think John Bolton has too many options but to go home," said Paul C. Light, a governance scholar at the Brookings Institution. "At some point, he has to decide whether he has to go."

Chafee's office said he has not decided how to vote. But an adviser outlined the difficult choice: "Politically it's a no-win for the senator. He votes against it, and he hurts the Republicans who just helped him in a primary in a very, very tight race. . . . And he votes for it, he hurts himself with the Democrats that he needs in November."

Earmark Showdown Set To Hit The Floor (RC)

By Susan Davis

Roll Call, September 14, 2006

With Republican leaders and House appropriators deadlocked over the scope of earmark reform, the leadership is on course for a showdown with the spending panel as the resolution is scheduled for a potentially close floor vote today.

John Scofield, a spokesman for the Appropriations Committee, said that another meeting of the panel on Wednesday again failed to result in an agreement on how reforms are applied to spending, tax and authorizing bills.

In particular, appropriators do not believe that the current proposal fairly applies the leadership-backed reforms to bills generated from the Ways and Means Committee as it does to appropriations bills. “Our members are fairly unanimous,” Scofield said.

“Whatever we do should apply to all committees,” added Rep. Bill Young (R-Fla.), a former Appropriations chairman, noting that he did not object to the principal of disclosure for earmarks.

Even though the House is set to vote on the GOP leadership’s proposal today, Appropriations Chairman Jerry Lewis (R-Calif.) is planning to hold a full-committee mark-up next week for the panel to institute its own set of internal committee rule changes that would similarly require the sponsors of earmarks to be disclosed in committee reports.

The mark-up announcement suggests that appropriators are prepared to vote against the rule — potentially endangering GOP leaders ability to pass the reforms.

At press time Wednesday, House Majority Leader John Boehner’s (R-Ohio) office had not wavered, and the resolution remained on the schedule for today.

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A spokeswoman for Majority Whip Roy Blunt (R-Mo.) said there would be no formal whip effort on earmark reform. Similarly, a spokeswoman for Minority Whip Steny Hoyer (D-Md.) said Democrats would not formally whip against the rule.

However, a Democratic leadership aide suggested that they may put pressure on their members to vote against the measure if it becomes clear that Democratic votes are necessary to pass it.

"If they want to bring political bills to the floor, then we will vote politically," the aide said, noting that Democrats support earmark reform but argued that the GOP bill is only a fig leaf to appease the conservative base.

Appropriators have not objected to disclosing earmarks included in their spending bills, but believe that the panel has been unfairly targeted on the issue.

The panel sent a counterproposal to leadership that would, among other things, increase disclosure requirements for the Ways and Means Committee, which appropriators believe "got a pass" in the reform debate, according to an aide sympathetic with the committee.

However, a GOP aide familiar with the appropriators' counterproposal said several of the suggested reforms were impractical. For instance, one proposal would expand earmark reform to potentially affect trade agreements, creating a point of order the aide deemed "unworkable" and unlikely to muster any support among the tax-writing panel.

"There is just a fundamental disagreement on what an earmark is," the aide said, arguing that Lewis' decision to hold a mark-up next week contradicts his past commitment to reform. "It undermines their contention that it needs to be comprehensive if they are just going to change their internal rules," the aide said.

The impact of earmark reform would disproportionately affect the Appropriations Committee, but advocates of reform are quick to note that most earmarks are generated from spending bills.

Failure to pass the rule today would not only be an embarrassment for Boehner and Speaker Dennis Hastert (R-Ill.) — who committed the House to enacting this rules change in late July — but it would likely agitate fiscal conservatives in the Conference and outside reform advocates who have supported reining in the earmark process.

Despite Pledges, Congress Clings To Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — Nine months after Congressional leaders vowed to respond to several bribery scandals with comprehensive reforms, their pledges have come to next to nothing.

On Wednesday, leaders of the House prepared to take up a rule requiring individual lawmakers to sign their names to some of the pet projects they tuck into major tax and spending bills. As an internal House rule, the requirement would be in effect only until the end of the session, just a few weeks away.

While reform advocates denounced the proposal as nearly toothless, its bite was still too sharp for many in Congress. By Wednesday night the resolution appeared to be bogged down in a three-way squabble among Republicans, Democrats and the powerful members of the House Appropriations Committee.

"It has been a very pathetic showing," said Mary Boyle, a spokeswoman for the reform group Common Cause. Even with one congressman in jail, a well-known lobbyist on the way and several other members and staff members still under investigation, she said: "The response to this has been nothing. It has been silence."

The resolution was a chance for House Republican leaders to make good on at least some element of their pledges in January, when Representative John A. Boehner of Ohio, the majority leader, declared his party's agenda at risk "because of a growing perception that Congress is for sale" and Speaker J. Dennis Hastert of Illinois declared that "now is the time for action."

The Republican lobbyist Jack Abramoff had recently pleaded guilty to paying bribes to members of Congress, including treating some to a lavish golf trip to Scotland. Former Representative Randy Cunningham, Republican of California, had pleaded guilty to accepting bribes from a military contractor. Both scandals involved lobbyists paying bribes for "earmarks" — the special interest projects inserted into major spending bills by individual lawmakers, often anonymously and with little scrutiny. House Republican attempts at new rules have been dismissed as paltry by both reform advocates and Democrats. Mr. Hastert initially called for a ban on all Congressional travel at private expense and tightening the limits on lobbyists' gifts to lawmakers and staff

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(the current limit is $50, or $250 if the recipient is considered a friend). Others pushed for doubling the one-year waiting period before departing lawmakers and staff members can lobby their former colleagues.

But the lobbying reform bill that passed the House this year was scaled back to drop all these ideas. Instead, it focused on requiring lobbyists to disclose more of their dealings with members and staffs. The Senate passed a very different bill, and aides in both chambers say they are not expected to be reconciled into a final bill this year.

The final thrust of the House reform agenda was a measure to address earmarks — a favorite idea of Mr. Boehner. He initially called for substantive restrictions on their insertion in spending bills but eventually settled for a measure to at least illuminate the murky practice by requiring the public identification of the member who sought each earmark.

But the Republican leaders' draft resolution defined earmarks only as funds for organizations outside the federal government, like cities, universities, museums or nonprofit groups. It would not apply to earmarks directing money to the Defense Department or other federal agencies to execute projects, which account for the vast majority of the federal money spent on earmarks.

Some called the proposed rule almost pointless since members are often eager to boast of the earmarks they secure for constituents. "There is an element you can't legislate, and that is shame," said Representative Jeff Flake, Republican of Arizona and a frequent critic of earmarks. "You have got to have some embarrassment when you bring to the floor an earmark for the Rock and Roll Hall of Fame."

But the members of the House Appropriations Committee found even that too onerous. The appropriators, who have authority over all federal discretionary spending, objected from the start that the Republican leaders were unfairly singling out their favored projects without imposing the same level of scrutiny on the special interest provisions that other committees tuck into tax bills or other laws.

On Wednesday afternoon, Representative Jerry Lewis, Republican of California, who is chairman of the Appropriations Committee, convened a meeting of the 64-member committee to consider a draft of the proposed rule. Although the Republican leaders had added some new requirements for disclosure by tax committees and others, the appropriators deemed them inadequate. (Mr. Lewis's ties to a lobbyist who procured earmarks are currently under scrutiny by federal investigators; he has said he did nothing wrong.)

After the meeting, the appropriators demanded changes and threatened to oppose the resolution, said John Scofield, a spokesman for the committee. "We delivered a message to the leaders that we are not there yet," Mr. Scofield said, adding that the committee plans to consider earmark disclosure requirements of its own next week.

House Democrats, meanwhile, submitted a proposed amendment to the Republican resolution that was so comprehensive it would upend much of the way Washington does business — and thus was all but certain to fail.

The Democratic proposal would block members of Congress from sponsoring earmarks that would benefit any former staff members or family members. Many Congressional staff members and lawmakers' relatives eventually work as lobbyists, and the proposal would limit their ability to make money for seeking earmarks for their clients.

Jo Maney, a spokeswoman for the Republican-controlled House rules committee, said the committee rejected the proposal as too broadly worded and "poorly thought out."

Although it is unlikely that such a far-reaching proposal could pass a vote of the Democratic caucus, its rejection by the Republicans could give the Democrats a pretext for opposing the Republicans' milder reform proposal as too weak.

"Transparency is not enough," said Representative Chris Van Hollen, Democrat of Maryland, who was a sponsor of the proposal. "You can't be pushing for earmarks that are a clear conflict of interest." Asked if he believed most Democrats would support his measure, Mr. Van Hollen challenged Republicans to put it to a vote.

If Democrats and the Republican appropriators are opposed to the resolution, it would stand little chance of passing.

Late Wednesday night, Ms. Maney of the Rules committee said the panel was meeting to work out technical changes.

But Fred Wertheimer, president of the reform advocacy group Democracy 21, called the dispute over the scaled-back earmark rule "absurd."

"They have had months to reach an agreement even among House Republicans about what this fig leaf should look like," he said, "and they still haven't been able to do it."

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Lewis Balks At Earmark Legislation (HILL)

By Elana Schor And Patrick O'Connor

The Hill, September 14, 2006

House Republican appropriators remained unwilling yesterday to publicly endorse their leadership's resolution requiring disclosure of earmark sponsors, setting up a possible rebellion by committee members that could bring down the resolution.

Appropriations Chairman Jerry Lewis (R-Calif.) huddled with his panel yesterday afternoon but emerged with no firm panel-wide plan to oppose the earmark-reform resolution. Many GOP appropriators believe the resolution singles out their committee's product while applying a narrow definition of tax and authorizing earmarks.

"We are attempting to communicate with leadership that this committee feels very strongly that earmark reform is a priority, but it should apply to everybody," Lewis said after the meeting. "We feel very strongly that... the broad-based membership should be involved in it, not just the Appropriations Committee."

Lewis and other appropriators stressed that the panel would stay unified even as today's slated floor vote looms and the pressure mounts to give leadership a win heading into the midterm elections. Reps. John Sweeney (R-N.Y.) and Don Sherwood (R-Pa.), who are members of the panel, said appropriators were of one mind on the resolution.

"We're still having concerns that it doesn't apply to all committees," Rep. Jack Kingston (R-Ga.) said. The pension bill that passed the House in July, he added, "had a number of very positive provisions in it for different companies" that would not be deemed an earmark according to the reform resolution, drafted by House Rules Chairman David Dreier (R-Calif.)

That resolution would allow the Joint Committee on Taxation to determine tax earmarks because of scoring demands. A Rules Committee summary defines a tax earmark as "any revenue-losing provision that provides a Federal tax deduction, credit, exclusion, or preference to only one beneficiary."

Authorizing earmarks are defined similarly to appropriations earmarks in the summary, as provisions that "permit funds to be allocated outside of the normal formula-driven or competitive bidding process and to be targeted to a specific entity, State, or Congressional district."

Republican Appropriations staff distributed a paper last week explaining loopholes in the language that would allow members of the tax and authorizing committees to avoid the restrictions that would hamstring appropriators.

Particularly galling was a section that, they argue, allows tax writers ostensibly to define what is and what is not an earmark.

Ways and Means Committee Chairman Bill Thomas (R-Calif.) dismissed that concern yesterday following a lunch with members of his committee.

To ease passage, Republican leaders have coupled the rule for the bill with the language of the resolution itself. This prevents opponents from bringing down the earmark changes on a procedural vote and, in essence, dares them to vote against legislation to stem government spending.

This showdown comes two months before the November election and puts GOP leaders in the awkward position of angering the Appropriations chairman as those same leaders roll out a series of measures to beef up security on the border that are supposed to be included in the annual spending bills.

The fight also endangers party unity on the brink of the midterms. As appropriators held their meeting, Republican Study Committee (RSC) leaders held a rally on the Cannon Terrace to tout the resolution as a first step toward more comprehensive reform.

RSC Chairman Mike Pence (R-Ind.) tied the resolution into the GOP's election message of fiscal responsibility: "The answer is not more big-spending liberals, the answer is more conservative Republicans."

Rep. Jeff Flake (R-Ariz.), who has forced numerous floor votes to kill individual member earmarks, recalled the RSC's attention-grabbing "Operation Offset" plan to cut federal spending, which help push through last year's $47 billion budget-cutting reconciliation bill.

"You can do all that and have one Bridge to Nowhere that in the public mind trumps everything," Flake said, warning that "the public recognizes [earmarks] as a Congress out of control."

Republican appropriators have not universally supported the position of Lewis and committee staff.

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During a meeting last week, committee members, including Reps. John Carter (R-Texas) and Denny Rehberg (R-Mont.), recommended that their colleagues pass an internal committee rule to deal with the earmark issue, said one member present. That move might preempt leaders from bringing a broader bill to the floor.

At the same meeting, Rep. Mark Kirk (R-Ill.) told members they should support the leadership language, the same member said. Others stood with Lewis in objecting to the changes.

"It's not what they told us they were going to do," said Rep. Ray LaHood (R-Ill.), who has been a vocal critic of the conservative members who are leading this fight. "[The leaders] told us all the committees would be treated the same," he added, referring to a deal struck with appropriators in May to secure their votes for a lobbying-reform package now stalled in conference.

LaHood doubted the rules change would have any resonance with voters this campaign season.

"I think the elections will be about the war in Iraq and the war on terror," LaHood said after emerging from the meeting. "I don't think we're going to rise or fall on this."

Rep. John Doolittle (R-Calif.), an appropriator who serves in the leadership, has been the chief negotiator between the committee and the House leaders during the last two weeks, members said.

At least one Republican legislator yesterday questioned the wisdom of Lewis waging a battle on earmark reform given the ongoing federal investigation on whether or not he used his influence illegally to insert earmarks on spending bills that would benefit the clients of his friends and/or former staff.

"I have never seen a member more unaware of his own personal situation," one Republican said yesterday.

Lewis has denied any wrongdoing and the Justice Department has not charged any members, staff or lobbyists with illegal activity on the issue.

Leadership may be hoping to peel off enough Democrats to compensate for the loss of appropriators' votes on the earmark-reform plan. One senior House Democratic aide, however, said little whipping is expected on the earmark resolution despite Republican assumptions that most members of the minority will oppose it.

The June vote on a line-item veto bill from RSC member Rep. Paul Ryan (R-Wis.) saw 35 Democrats voting with the GOP, including 16 members of the conservative Blue Dog Coalition. Eight appropriators, including Lewis, were among the 15 Republicans voting against the line-item veto.

"This legislation is not what we would hope for," said Drew Hammill, spokesman for Minority Leader Nancy Pelosi (D-Calif.). "It doesn't save a single dollar, doesn't cut a single earmark, doesn't give full disclosure."

Congress Lifts Blinds On Its Spending (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 14, 2006

WASHINGTON

Coming soon to a laptop near you: how government is spending your federal tax dollars - contracts, grants, and special projects sought by lawmakers.

From wartime contracts for Halliburton to earmarks for the Punxsutawney Weather Discovery Center (think "famous groundhog") in Pennsylvania, all will be listed on a searchable database.

It's the least controversial of all the reforms Congress has considered since last year's bribery and corruption scandals, and its passage will provide an effective new tool for anyone wanting to look over lawmakers' shoulders soon after they clear spending bills.

"This is an extraordinary step for Congress to take, because it will put government information into the hands of millions of citizens who use the Internet as a source of information," says Ellen Miller of the Sunlight Foundation, a public-interest group that promotes transparency in government. "The notion of government information on the Internet in the 21st-century ought to be a no-brainer."

It took a mobilization of bloggers and citizen groups to break secret holds placed on the bill in the Senate, where the bill passed unanimously Sept. 7. It was expected to clear the House after press time Thursday with broad bipartisan support.

DOJ_NMG_0062900

The bill, sponsored by Sens. Tom Coburn (R) of Oklahoma and Barack Obama (D) of Illinois, requires the White House Office of Management & Budget to maintain a database on some $1 trillion in US spending. New entries will be logged within 30 days of funds being disbursed. Senate majority leader Bill Frist last week credited the "blogosphere" for saving the bill.

"This can be a very powerful tool in the hands of citizens," says Stephen Ellis, vice president of programs for Taxpayers for Common Sense, a nonpartisan budget watchdog group in Washington. "It will be the gold standard of information for debates over whether this is worthwhile spending or not."

Since last March, when former Rep. Randy "Duke" Cunningham (R) of California was convicted of taking bribes, Congress has struggled to find agreement on how to reform ethics and lobbying rules, without success. The big lobby-reform bills remain deadlocked between the House and Senate.

The next battle, expected in the House Thursday, is over how much members of Congress and the public will know about the earmarks tacked onto spending bills before they come up for a vote. Sensing rising public objection to earmarks, appropriators in the House and Senate have instituted their own procedural reforms for fiscal year 2007 spending bills.

For example, appropriators are limiting the number of projects members can propose, as well as making the projects more visible to the public earlier in the process. In the House, member requests for projects this year declined 37 percent, or about $7.5 billion, from last year. House appropriators are also often requiring a local spending match for some economic-development earmarks, a move they say will discourage frivolous projects.

"We were getting about 25 requests per member. Now it's an average of 10," says John Scofield, a spokesman for the House Appropriations Committee. "It helps us to do better oversight and weed out the bad ones." In addition, House appropriators say they will avoid adding earmarks when House and Senate conferees reconcile two versions of a spending bill - a source of abuse in the past.

While Appropriations Committee members have borne much of the criticism for earmarking, the practice exists in other committees as well. Congress included 6,373 earmarks in the last highway bill, amounting to $24.2 billion. The recent Water Research Development Act included 250 earmarks at a cost of $11 billion. As of press time, the House version of earmark reform still applied mainly to the Appropriations Committee.

"There ought to be a blanket provision with respect to earmarks - whether on taxes, healthcare, defense, or appropriations," says Ms. Miller.

Still, reformers say the searchable database is a key first step. "We see this like the battle in the Pacific in World War II: You take one island at a time," says John Hart, spokesman for Senator Coburn.

Critics, though, note that even the Coburn transparency reform doesn't get to the root of the problem. "The information comes 30 days after the funds are spent. That's about 60 days too late," says Winslow Wheeler, director of the Straus Military Reform Project at the Center for Defense Information here. "We still lack an objective assessment of the spending." Spending accountability: a work in progress

A done deal

The Federal Funding Accountability and Transparency Act, already approved by the Senate, was expected to clear the House on Wednesday. It does the following:

• Creates a database that names recipients and dollar amounts of most federal grants, contracts, and loans. These will be searchable online and available to the public.

• Identifies so-called pork-barrel projects, or earmarks, in the searchable database. The database will not necessarily name lawmakers who added an earmark, but it will reveal the congressional district where the federal money will go.

• Gives the White House Office of Management & Budget the job of managing the online database.

On working

The House is wrangling over a rule change that would do the following:

• Identify lawmakers adding earmarks to bills - in advance of a vote on the bill. In dispute is whether the rule change applies just to Appropriations Committee members or to other committees.

FEMA Overhaul Debate Stalls Funds For Interoperable Radios (WP)

DOJ_NMG_0062901

By Spencer S. Hsu

The Washington Post, September 14, 2006

House Republicans are blocking an attempt to spend $3.1 billion to help the nation's police and fire agencies communicate in emergencies as Congress debates a proposed overhaul of the Federal Emergency Management Agency.

As both parties intensified the election-season rhetoric over national security, Democrats accused GOP leaders of shortchanging the well-documented need to improve communication among first responders. Republicans acknowledged that they do not want to spend billions prematurely, saying more planning and coordination are needed.

"It is just so unfair for the White House not to support the full funding of solving the interoperability problem," said Rep. Bennie Thompson (Miss.), ranking Democrat on the House Homeland Security Committee.

Homeland Security Secretary Michael Chertoff rebuffed calls for dedicated federal grants to upgrade equipment, coordinate plans, train emergency workers and adapt common technology standards. Instead, he said, state and local leaders must first agree on radio codes and protocols.

"This is not, frankly, a technology issue," Chertoff told the Senate Committee on Homeland Security and Governmental Affairs on Tuesday. "This is an issue of having community leaders come to an agreement."

The inability of police and firefighters to talk by radio was a critical factor after the 2001 World Trade Center and Pentagon attacks, according to the Sept. 11 commission.

The U.S. Conference of Mayors reports that 23 percent of the nation's 60,000 police and fire departments cannot communicate with each other over the radio, one-third cannot talk to county sheriffs, and most cannot talk to state or federal agencies. Governors and state homeland security advisers say the issue is their top priority, according to the National Governors Association.

At the end of this year, the federal government was supposed to make available to first responders a slice of the broadcast spectrum now held by television broadcasters. Congress has changed the deadline to June 2009 and set aside $1 billion for gear.

The Department of Homeland Security has provided $2.1 billion to states and localities since 2003. But congressional analysts say that annual grants are not enough and that "several billions" will be needed to upgrade the nation's $100 billion infrastructure for public safety communications.

The federal government has been slow to set gear and technology standards, which private companies also resist for proprietary reasons. Local governments often fail to plan or train together or to coordinate major equipment purchases.

For now, the Department of Homeland Security has provided equipment to the nation's 10 highest-threat cities that enables commanders to patch into each other's radio systems. The department is surveying the 50 states and the 75 largest urban areas before taking the next steps.

"I would hesitate to dedicate a huge amount of money upfront without the input of the localities themselves to make a determination of what they feel they need and how far they've come," Chertoff said.

Earlier this year, a bipartisan Senate bill to overhaul FEMA after Hurricane Katrina proposed $3.3 billion over five years in interoperable communications grants. The bill was approved in committee, but the money was dropped when GOP leaders decided to include the FEMA overhaul in a must-pass $33 billion Homeland Security spending bill. Thompson said his efforts to revive the proposal have been rebuffed.

Yesterday, state emergency management officials and congressional aides said talks have bogged down over funding and jurisdictional fights, including whether to rename FEMA and whether to bring the nation's disaster laws in line with recommendations made in post-Katrina government reports.

Obama And Coburn Revive Effort To Stop No-bid FEMA Contracts (HILL)

By Elana Schor

The Hill, September 14, 2006

DOJ_NMG_0062902

Having scored a high-profile victory on their bill to set up an online federal spending database, the unlikely freshman duo of Sens. Barack Obama (D-Ill.) and Tom Coburn (R-Okla.) are hoping their fourth bid to crack down on no-bid contracting at the Federal Emergency Management Agency (FEMA) will finally make it to the president's desk.

The Senate has passed four versions this year of Obama and Coburn's language requiring FEMA to accept competitive bids for hurricane reconstruction contracts valued above $500,000, but both chambers have yet to give their plan the force of law. As conferees near agreement on the defense authorization bill amid election-year pressures to appear tough on wasteful spending, the freshmen are pushing for their block on no-bids to emerge in the conference report.

"Everything we have seen about the Katrina rebuilding effort shows this is something that should have been initiated right away," Coburn spokesman John Hart said. "The closer you get to the election, the more members of Congress will want to demonstrate to the public that they are fiscally responsible."

Few senators have as much political capital on fiscal responsibility as Coburn, who riled some of his more seasoned colleagues by attempting to force votes on individual earmarks in the spring emergency supplemental. Perhaps unsurprisingly, an Obama and Coburn amendment enforcing competitive bidding at FEMA that passed the Senate unanimously was later left off of the conference report on that emergency supplemental.

But the landscape has shifted in recent weeks since Obama and Coburn's plan for an Internet listing of federal grants and contracts sparked an avalanche of blogger publicity and won public support from Senate Majority Leader Bill Frist (R-Tenn.). The House was poised to approve the Senate version of that bill yesterday, giving the senators new political capital at a crucial moment.

"Call it 'Groundhog Day' legislating if you want, but it's something that is very important to both of them," Obama spokesman Tommy Vietor said, riffing on the popular film about living through the same day repeatedly. "If it's not [included in the conference report], we will be frustrated and we will offer it again."

Obama and Coburn wrote to FEMA director David Paulison last month after viewing reports that the four main no-bid contracts awarded for emergency housing of residents displaced by Hurricane Katrina had bloated from $400 million to $3.4 billion. Paulison had echoed the senators' qualms about no-bid abuse during private meetings in December and May, but the four contracts — given to Bechtel Corp., Fluor, the Shaw Group and CH2M Hill — were not reopened for bidding despite the agency's initial promises to that effect.

"While FEMA cannot comment on pending legislation, FEMA director Paulison has reiterated in public and in front of the Senate Homeland Committee that he is 'no fan of no-bid contracts,'" FEMA national spokesman Aaron Walker said. "We would welcome any dialogue to increase the competitive nature of our contracting and procurement policies."

More momentum for Obama and Coburn's amendment could come from a report on Katrina no-bid contracts released by a team of House Democrats a to coincide with the one-year anniversary of the disaster last month. That investigation, led by Government Reform Committee ranking Democrat Henry Waxman (Calif.), found that 70 percent of FEMA's Katrina contracts affected by the Obama-Coburn amendment were awarded with incompletely open competition.

The four businesses receiving the largest Katrina no-bids recently won new contracts for Katrina housing that were competitively bid, and the FEMA amendment was not discussed publicly following the most recent defense authorization conference meeting. But Obama and Coburn, who are also continuing to push their proposal for a chief financial officer to monitor spending on the Gulf Coast, plan to keep leveraging their lack of seniority for more public attention on their cause.

"Sometimes freshmen can be more in touch with what people are thinking," Hart said. "There is plenty of evidence that the longer people are in Washington, the less responsive they become."

NIH Punishments Criticized (WP)

By Rick Weiss

The Washington Post, September 14, 2006

Angry members of Congress took federal health officials to task yesterday for what they said was a pattern of being "soft" on government scientists found to have violated ethics rules.

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One National Institutes of Health scientist is still on the job a year after the agency determined he had improperly accepted more than $700,000 in consulting fees -- and has taken recent trips to Switzerland and Hawaii on the government's tab -- lawmakers said at a hearing.

Another researcher is still at NIH after investigators found he had improperly accepted about $100,000 from more than 25 companies, members complained.

And although six NIH scientists deemed to have broken ethics rules left their jobs in the past year or so before disciplinary action could be taken, not one of the remaining 36 violators identified in an NIH-wide investigation was fired -- and most have endured punishment no more severe than a "letter of caution."

"I do recognize that NIH has taken needed steps to improve its ethics program," said Rep. Edward Whitfield (R-Ky.), chairman of the subcommittee on oversight and investigations, which for years has been dogging NIH over alleged ethics violations. "But more action is needed."

Agency officials denied that they have been less than rigorous in meting out punishment to those who broke the rules that once governed such arrangements. NIH banned all outside consulting with drug and biotech companies more than a year ago, when it became clear that a few dozen had not reported their arrangements as required.

NIH Deputy Director Raynard Kington said that at the conclusion of its investigation, NIH began administrative actions against 34 scientists and referred 10 others to the Office of Inspector General for possible prosecution. That office decided to pursue only two -- Alzheimer's disease researcher Trey Sunderland and cancer researcher Thomas Walsh.

But while NIH officials long ago expressed a desire to fire those two, neither the inspector general nor NIH has the power to do so because both scientists are members of the Public Health Service's Commissioned Corps. The corps' disciplinary rules -- including the right to a formal corps hearing -- trump NIH's.

Sunderland's corps hearing has been delayed indefinitely at the request of the Justice Department, which is considering criminal charges, according to testimony yesterday by John O. Agwunobi, assistant secretary for health. Walsh's hearing has been delayed because it was awaiting completion of Sunderland's. Last week the corps decided to bump Walsh's case ahead of Sunderland's and began to organize a hearing for him, Agwunobi said.

Meanwhile, both researchers have continued to work at NIH, with travel and other job restrictions imposed only recently in the wake of fresh congressional inquiries. So lax has oversight of Sunderland's activities been, legislators said, that NIH did not stop him from recently shipping -- at government expense -- personal belongings to a New York hospital where he had hoped to continue his research. Those belongings were returned to Bethesda after the lapse was detected, an NIH spokesman said, again at government expense.

Several members complained that the punishments doled out to violators were not tough enough. Rep. Bart Stupak (D-Mich.) pointed to one case in which a researcher was found to have received nearly $475,000 without proper approval or disclosure and received a penalty of a 45-day suspension without pay.

"So where is the deterrent?" Stupak asked, calculating aloud to show that the scientist still came out ahead financially. "What does it take to get an NIH scientist terminated?"

NIH officials responded that in some cases, including that one, punishment was less than might seem appropriate because although the researcher did not report the income properly, the outside work was found to have posed no conflict of interest and would have been approved under the rules in place then.

Undaunted, Stupak asked why federal scientists cannot maintain the same ethical standards as members of Congress. Often, he said, legislators get letters in the mail with a dollar bill inside to encourage them to reply. "Do you know what would happen to any of us," Stupak asked, "if we kept that dollar?"

Panel Challenges NIH Handling Of Rules Violations (LAT)

By David Willman

The Los Angeles Times, September 14, 2006

DOJ_NMG_0062904

WASHINGTON — A congressional subcommittee chairman and a top administrator of the National Institutes of Health agreed on at least one point Wednesday: Private financial deals between drug companies and NIH scientists that have come to light in recent years have posed the worst scandal in the agency's history.

"This is the largest scandal in all of the NIH's existence," said Rep. Edward Whitfield (R-Ky.), chairman of the House Energy and Commerce subcommittee on investigations. To which NIH Deputy Director Raynard S. Kington nodded and replied, "We certainly hope it will be the last."

Citing internal ethics investigations over the last three years, Kington said the agency had disciplined 34 NIH scientists who had violated conflict-of-interest rules. Six scientists were suspended or placed on probation and the others were admonished orally or by letter, according to NIH documents.

NIH officials also assured the panel that they had recommended the termination of two other senior scientists who accepted drug company money without obtaining required advance approval.

"When violations were found, NIH implemented sanctions ranging from oral admonishments to letters of reprimand to suspensions," Kington told the subcommittee. "In all cases where individual scientists failed to take [personal] leave to conduct outside activities, they were directed to pay back that leave to the government."

But Kington's assurances were challenged by Republicans and Democrats on the subcommittee. They noted that despite previous statements of concern and outrage from senior NIH officials, no employee had been fired, and they said most of the disciplinary actions had been tepid.

The session marked the sixth congressional hearing since January 2004 that centered on NIH conflicts of interest.

"This is really an ethical Potemkin village, where a hollow system appears to provide the illusion of integrity, but transgressors never leave," said Rep. Joe L. Barton (R-Texas), chairman of the Energy and Commerce Committee.

Much of the contentious afternoon session focused on two researchers: Dr. P. Trey Sunderland III, a geriatric psychiatrist who has researched Alzheimer's disease, and Dr. Thomas J. Walsh, who has researched fungal diseases in cancer patients.

Their cases are pending before an administrator at the U.S. Public Health Service Commissioned Corps, a uniformed branch of the service. A resolution of Sunderland's case has been delayed because of a separate investigation by the U.S. Justice Department, Bush administration officials said.

Panel members pointed out that Sunderland had been allowed until last month to retain most of his NIH privileges and that he had taken several trips at the expense of the government, visiting Hawaii and Geneva.

At a congressional hearing in June, Sunderland's boss, Dr. Thomas R. Insel, director of the National Institute of Mental Health, said Sunderland's receipt of more than $600,000 in fees from Pfizer Inc. was unacceptable.

Yet Barton said Wednesday that several months earlier, Insel had "recommended a $15,000 retention bonus" for Sunderland.

Barton and other subcommittee members also said that Sunderland had shipped samples of spinal fluid drawn from patients at the NIH to a New York hospital, where he had intended to take a new position. Those samples were returned in recent months after the shipments came under fire from the congressional panel. Officials said the samples should not have been transferred out of NIH custody.

Barton chided Dr. John O. Agwunobi, the Bush administration's assistant secretary for health, for not demanding swift resolution of the Sunderland case. "You're sittin' on your bottom, and you're not doing anything about it," Barton said, adding that Sunderland had been allowed to flout rules with impunity. "It's a farce."

In Walsh's case, the researcher accepted about $100,000 in fees from drug companies without required advance permission. On Wednesday, Barton criticized the director of the National Cancer Institute, Dr. John Niederhuber, as doing little to address Walsh's conduct except to recommend termination by the Commissioned Corps.

Niederhuber confirmed that he had recommended in December that Walsh be fired. But Niederhuber also lauded Walsh as "probably the world's expert on antifungal agents."

Documents distributed at Wednesday's hearing suggested that Walsh was paid $12,000 by Pfizer to help prepare the company for an October 2001 meeting held by a Food and Drug Administration advisory committee. Walsh had collaborated with the company in leading a major study of its antifungal drug, Vfend.

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The NIH recently opened a separate internal review of Walsh's appearances with pharmaceutical companies at public and private FDA meetings. Merck & Co. identified Walsh as a consultant when he appeared at a January 2001 FDA advisory committee meeting that focused on the company's new antifungal drug. Walsh vouched for the effectiveness of Merck's drug, and the committee voted unanimously to recommend its approval.

Kington told the subcommittee on Wednesday that the NIH was now "clarifying its policies regarding the presentation of scientific information" to FDA advisory committees.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency. Walsh and his attorneys have said he did not make any appearance before the FDA as a representative of any company.

In addition to all of the internal reviews, Kington noted that a policy enacted last year prohibits all NIH employees from accepting consulting fees, stock or stock options from drug companies. The previous rules allowed agency scientists to accept unlimited sums of compensation from industry.

A July 2005 report by the U.S. Office of Government Ethics concluded that the NIH was infused with a "permissive culture." Kington said Wednesday that agency officials were confident that the problems were a thing of the past, "with new restrictions in place and a more efficient and rigorous ethics program underway."

The subcommittee members appeared unconvinced.

"I believe that the tentacles of the drug companies influence the research at NIH, much to the consternation of the American people," said Rep. Bart Stupak (D-Mich.).

Head Of Broadcasts Board Survives Effort To Oust Him (NYT)

By Stephen Labaton

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — Kenneth Y. Tomlinson, the embattled chairman of the federal board that oversees most government broadcasts to foreign countries, narrowly survived an effort to oust him on Wednesday.

After a recent report by the inspector general at the State Department that Mr. Tomlinson had used his office to run a horse-racing operation and that he had improperly put a friend on the payroll, the three Democratic members of the seven-member Broadcasting Board of Governors offered two resolutions.

One resolution called for his resignation as chairman during a continuing inquiry; the other sought to curtail his authority sharply. The Justice Department has declined to pursue a criminal investigation but is conducting a related civil inquiry.

Both resolutions failed 3 to 3 on party-line votes. Mr. Tomlinson did not participate in the votes, people involved in the closed-door session said.

Mr. Tomlinson has denied doing anything improper and had said the investigation “was inspired by partisan divisions inside the Broadcasting Board of Governors.” Mr. Tomlinson, whose term has expired, has been nominated for a second term and continues to have the support of the White House.

Republicans in the Senate said that in light of the continuing inquiry, they would not bring his nomination to the floor this year. Under federal law, board members may continue to serve past the expiration of their appointments until successors are named.

The board oversees a group of broadcasting operations to more than 100 million listeners abroad. The operations include Voice of America, Radio Free Europe and Radio Martí.

Last year, Mr. Tomlinson was ousted from the board of the Corporation for Public Broadcasting after a report by that agency’s inspector general. In that report, the inspector general said he had found evidence that Mr. Tomlinson violated rules intended to insulate public television and radio from political influence.

The three Democrats who voted Wednesday in favor of the resolutions — Joaquin F. Blaya, D. Jeffrey Hirschberg and Edward E. Kaufman — said in a statement that the “independent report of the inspector general,” rather than partisanship, had prompted the resolutions.

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There was no statement from the three Republicans who supported Mr. Tomlinson. They are Karen P. Hughes, the under secretary of state for public diplomacy, who serves as the representative for Secretary of State Condoleezza Rice; Steven J. Simmons; and Blanquita Walsh Cullum.

All of the governors were appointed by President Bush and confirmed by the Senate.

In a statement issued by a board spokesman, Mr. Tomlinson said, “Surely reasonable people should conclude that it is time to move on.”

Broadcast Board Refuses To Oust Bush Nominee (WT)

By Eric Pfeiffer

The Washington Times, September 14, 2006

Democratic members of the federal Broadcasting Board of Governors yesterday failed in a bid to remove Chairman Kenneth Y. Tomlinson, who has been accused of improperly using his office to benefit himself and a friend.

In two party-line votes, the BBG's three Republicans and three Democrats first split over forcing Mr. Tomlinson to resign and then over revoking his authority to run the agency that oversees Voice of America and other government broadcasting operations.

"This was clearly a partisan effort," said board member Blanquita Cullum, who supports Mr. Tomlinson, a conservative stalwart who was appointed to the post by President Bush. "The move was planned to usurp the authority of President Bush and the Senate."

Republicans said Democratic board member Jeffrey Hirschberg, who called for the votes, is engaging in a partisan attack, citing his financial ties to liberal figures such as former President Bill Clinton.

Since 1999, Mr. Hirschberg has given nearly $100,000 to Democratic candidates and organizations, including the Democratic Senatorial Campaign Committee and Sen. Hillary Rodham Clinton of New York, according to public campaign-finance records.

Mr. Hirschberg's brother, Judd Blair Hirschberg, who was convicted of mail fraud in 1991, was one of 59 persons pardoned by Mr. Clinton in December 2000, shortly before he left office.

"It is incorrect for Ken Tomlinson to characterize his problems as caused by 'partisan divisions inside the BBG,' " read a statement released by Mr. Hirschberg and fellow board members Joaquin F. Blaya and Edward E. Kaufman.

"It is the independent report of the Inspector General, which is the cause of his problems."

A State Department inspector-general investigation, called for by Democratic legislators, accuses Mr. Tomlinson of running a "horse-racing operation" from his BBG office and said he "improperly put a friend on the payroll." Mr. Tomlinson runs a stable of thoroughbred racehorses on his private farm in Virginia.

The results of the investigation were turned over to the Justice Department, which has declined to press charges against Mr. Tomlinson. According to the IG report, Mr. Tomlinson spent fewer than three minutes and sent one e-mail per day on his horse-racing ventures.

Mr. Tomlinson was in BBG meetings yesterday and was not available for comment.

Neither Mr. Tomlinson nor members of the BBG received a copy of the IG's report, which has been leaked to the press, before yesterday's vote.

Mr. Tomlinson, who has close ties to White House adviser Karl Rove, was nominated by Mr. Bush in August 2002. His term expired in 2004, and he was re-nominated, but the Senate has refused to act on it. Mr. Tomlinson can remain as chairman until the Senate approves a new nominee.

The IG investigation was requested by Sen. Christopher J. Dodd, Connecticut Democrat, and Reps. Howard L. Berman and Tom Lantos, California Democrats.

"Congressman Berman believes that surely the president will now send a new nominee to the Hill," with "an ethical cloud" still surrounding Mr. Tomlinson, said Berman spokeswoman Gene Smith.

Last year, Mr. Tomlinson resigned from the board of the Corporation for Public Broadcasting, which he had chaired. The CPB's inspector general had accused him of political favoritism in hiring employees.

DOJ_NMG_0062907

Clyburn V. Rahm For Whip (HILL)

By Josephine Hearn And Alexander Bolton

The Hill, September 14, 2006

With political pundits predicting that Democrats will recapture the House this fall, Democratic lawmakers are debating who would become the majority whip: Rep. Jim Clyburn (D-S.C.), moving up one step from caucus chairman, or Rep. Rahm Emanuel (D-Ill.), the campaign wizard who would have orchestrated the victory.

Although only Clyburn has declared his interest in the position, the escalating rivalry between the two was on display this week when news broke that the Democratic National Committee (DNC) would funnel $60,000 into each of 40 House districts, breaking a stalemate between the DNC and the Democratic Congressional Campaign Committee.

Several Democratic officials credited Clyburn with brokering the deal. He invited DNC chief Howard Dean to his hideaway office in the Capitol July 21 in the hopes of convincing him to dip into the DNC's coffers and fund turnout efforts for House Democrats.

Allies of Emanuel, however, dispute Clyburn's influence, arguing that the agreement was engineered solely between staff.

Clyburn and Emanuel themselves declined to answer questions about how this week's deal with the DNC came to be.

The differing accounts of a relatively minor issue underscore a growing tension in the Democratic caucus: Clyburn is angling to be whip if Democrats control the House, and many see Emanuel as his chief competition.

Although neither is openly campaigning for the post, Clyburn, the current caucus chair, is clearly interested.

"If the opportunity is there, I plan to run for whip," he said last week, "I'm hoping that the way I conduct myself as caucus chair would make me worthy of moving to the next level, should the opportunity present itself."

Clyburn called it premature to start campaigning for the job.

"Whatever happens, Rahm and I will sit down and talk as gentlemen. On the morning of Nov. 8, I suspect we'll have a discussion of where we are going forward," he said.

As an African-American and a well-liked caucus chairman, Clyburn could mount a strong candidacy. He ran unopposed for his current post.

"Most people feel Clyburn has earned the respect of being caucus whip," said Rep. Jim Moran (D-Va.) last week. "That's the consensus of opinion I hear. The fact is the African American community has been a mainstay of the Democratic party. To have someone who is qualified for the job and also African American is an important opportunity."

"Jim is the odds-on favorite," said Rep. Barney Frank (D-Mass.) two weeks ago. "My sense is Clyburn has the whip job locked up. There hasn't been an African-American whip since [former Rep.] Bill Gray [D-Pa.]. There's also geography, sending the message that Democrats aren't writing off the South."

But many House Democrats believe the caucus will have to find a place in the leadership for Emanuel, the DCCC chair who will have engineered their victory.

Rep. Hilda Solis (D-Calif.), who has worked with Emanuel to help recruit Democratic candidates this cycle, said that she has heard his name floated as a whip candidate by her colleagues.

"Specifically by one of the Blue Dogs, who said we should reward him – if we win back the majority," she said, referring to a member of the Blue Dog Coalition, a group of conservative Democrats.

But Solis added that she had heard nothing directly from Emanuel about his ambitions.

Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said he would back Clyburn in a whip race and that he has also heard colleagues mention Emanuel as a contender for the post.

While Democratic lawmakers have said little publicly about the whip contest – in contrast to the behind-the-scenes race for Democratic majority leader, which has drawn much press attention – Thompson said there is widespread speculation among his colleagues about next year's leadership.

"Everybody's talking," said Thompson, who declined to name names.

"If we win the House back, Rahm deserves credit and he deserves a place in leadership," said one Democratic lawmaker allied with Emanuel. Some see the whip as the ideal post to showcase Emanuel's effectiveness.

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With strong ties to the centrist Democratic Leadership Council (DLC), he appeals to many moderates. He would also have considerable cachet among newly elected members, many of whom he would have personally recruited and funded.

"He's done a helluva job," said Rep. John Tanner (D-Tenn.), a founder of the Blue Dog Coalition. "I'd be disposed to vote for him if he does want to run. He's not ideologically hide-bound; He's not in an ideological straight-jacket."

"He has a lot of chits to pull in," conceded a Democratic member who supports Clyburn's bid.

The DCCC post has served as a stepping stone to whip in the past. Former Rep. Tony Coelho (D-Calif.) became whip in 1987 after serving as DCCC chairman from 1981 to 1986.

But Emanuel carries some personal baggage with him. His penchant for profanity and bluntness provokes strong emotions in many quarters, especially with the Congressional Black Caucus and the Congressional Hispanic Caucus.

Emanuel himself has long refused to entertain questions about his future, stating that his singular focus is on winning in November.

"Rahm is focused solely on his responsibilities to his Democratic candidates, and to his caucus," said a DCCC aide, "He doesn't have the luxury or the time to focus on anything but the midterm elections."

A Democratic lawmaker allied with Emanuel suggested that Clyburn may be too hard to beat.

"There's this innate desire of the caucus to be representative of all races and genders," said the lawmaker. "It's one of the all-powerful characteristics of the caucus and it's hard to go against." The lawmaker suggested that Democrats might instead opt to create a new leadership position, such as assistant speaker, to accommodate Emanuel. A group of 40 House Democrats are currently rewriting their caucus's rules and have discussed the idea of adding that post to their roster of elected leaders.

Elsewhere on the leadership ticket, full-fledged races have broken out. Reps. Steny Hoyer (D-Md.) and John Murtha (D-Pa.) are vying for majority leader. Rep. Xavier Becerra (D-Calif.) has declared for caucus vice-chair.

Washington Wire (WSJ)

Wall Street Journal, September 14, 2006

September 13, 2006, 7:00 pm Bush's Iraq Push Yields Small Gains in Poll

President Bush's latest communications offensive on Iraq appears to be yielding small initial dividends, increasing Republican and independent support as the mid-term election campaign enters its homestretch.

A new Wall Street Journal/NBC News poll shows that Mr. Bush's overall approval rating, as well as his rating on handling Iraq, rose modestly after a series of speeches imploring Americans to remain patient despite repeated setbacks in the war.

It remains "a modest uptick" in "a very difficult national environment" for the president's party in mid-term elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though improved from 38% in June. (See full story) – John Harwood

Read more: Global, Foreign Policy, Iraq, White House, Campaign Journal

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September 13, 2006, 4:55 pm Shadegg Donation Stirs Talk of Leadership Run

After losing his race for House majority leader earlier this year, Arizona Republican Rep. John Shadegg today showed his colleagues that he may be planning another run for the Republican leadership. At a closed-door meeting today of all House Republicans, Shadegg announced he had raised $625,000 for the House Republicans' campaign arm. The sum far surpassed amount he and other Republican lawmakers were asked to raise for the National Republican Congressional Committee.

More importantly, it sparked talk that Shadegg may be interested in another campaign for the House leadership. His donations went to a special party committee that will be used for getting voters to the polls on Election Day. Republicans, who will elect their party leaders before the next session of Congress, give considerable weight to fund-raising ability.

Ironically, Shadegg's attempt to become a party leader would be helped if Republicans lose enough seats in the November election to hand control of the House to Democrats. A Democratic takeover could lead rank-and-file Republicans to reassess their party's leadership.

House Republicans hope to raise $17.5 million for the get-out-the-vote fund. The man who beat Shadegg earlier this year, Majority Leader John Boehner of Ohio, has contributed $550,000 to the fund, and he kicked in $210,000 total to cover the

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obligations of three vulnerable Republicans so they can focus on raising money for themselves. Others to top the $550,000 mark include Speaker Dennis Hastert of Illinois, Majority Whip Roy Blunt of Missouri, Rep. Eric Cantor of Virginia and Rep. Jim McCrery of Louisiana. –Brody Mullins

Read more: Global, Campaign 2006, Congress

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September 13, 2006, 3:43 pm Cole Turns to Voter Turnout

Oklahoma Congressman Tom Cole could now hold the inside line to succeed Rep. Tom Reynolds of New York as head of the National Republican Congressional Committee.

Reynolds, who will step down after the November election following two terms heading the House Republicans' campaign apparatus, tapped Cole to head up the committee's get-out-the-vote effort. With Republican Chairman Ken Mehlman leading the Republican National Committee's mammoth effort and the Oklahoman directing the congressional side, Reynolds said Republicans had created a "voter turnout dream team." They'll need it. Republicans' worst nightmare right now is that disillusioned conservatives will avoid voting Nov. 7.

Cole was chief of staff at the RNC during the 2000 election cycle and executive director of the NRCC during the 1992 election. A Reynolds associate tells The Wall Street Journal that the Cole posting doesn't suggest an endorsement. His rivals for the job — Texan Pete Sessions and Pennsylvanian Phil English — already have substantial roles in the NRCC's campaign and have been raising lots of dough for colleagues and candidates. –Amy Schatz

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September 13, 2006, 1:36 pm Paulson's Coming Out Party

Paulson As part of his ongoing effort to resurrect the stature of the Treasury and set the tone for his coming trip to Singapore and China, new Treasury Secretary Henry Paulson invited a host of academics, business representatives and ambassadors to attend his first speech on the international economy this morning.

Among those seated for the 40-minute speech in the Treasury's historic Cash Room — designed in the 19th Century as a roofed version of an Italian palazzo, a traditional bank design throughout Europe — were Jim Sasser, the former Tennessee Democratic senator and ambassador to China under President Clinton; Charlene Barshefsky, the former U.S. Trade Representative in the Clinton years; John Engler, head of the National Manufacturers Association and a former Republican governor of Michigan; and heads of Council on Foreign Relations, the Securities Industry Association and the Financial Services Forum.

After the speech, Paulson invited guests to a reception in his office, where he personally greeted each one as they munched on cheese and crackers and sipped soft drinks. The speech was Paulson's second, but his first in Washington. The first was delivered at Columbia University's Graduate School of Business in New York.

Mr. Paulson spent the morning reaching out to members of Congress in advance of his speech, talking to folks on both sides of the aisle including Iowa Sen. Charles Grassley, Montana Democrat Sen. Max Baucus, Washington Democrat Sen. Patty Murray and several House members such as California Republican Bill Thomas and New York Democrat Charles Rangel. The night before the speech Mr. Paulson talked with two vocal critics of the China's currency policy — Sens. Charles Schumer (D., N.Y) and Lindsay Graham (R., SC). –Deborah Solomon

Page One: How Paulson Will Press Beijing, but Also Reject China-Bashing

Read more: Economy

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September 13, 2006, 12:50 pm Targeting Sen. Allen

Virginia Sen. George Allen hasn't exactly had the best month. There was the "macaca" gaffe. And then there were the dropping poll numbers, likely a result of the macaca gaffe. And let's not forget the "ethnic rally" slideshow, which is still up on his campaign site despite wide mocking from bloggers.

Allen

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Today brought more fun for Allen campaign strategists, as a scathing ad debuted this morning attacking the Republican senator for voting against a measure that might have helped provide lifesaving body armor for U.S. troops in Iraq and Afghanistan.

"We believe the voice of the troops is sorely lacking in Washington and we're trying to change that," said Jon Soltz, chairman of VoteVets political action committee, which sponsored the ad. It will air on some broadcast stations and cable operators in Virginia, although the group wouldn't say where or how much the ad buy would be.

The group dubs itself as nonpartisan and notes it has given contributions to both Democrat and Republican vets, including Republican Sam Schultz, who received $2,100 in April for an unsuccessful primary bid to oust incumbent Rep. Mike Sodrel in Indiana's 9th congressional district. It's not endorsing Allen's opponent, James Webb, or any other candidates who haven't served in Iraq or Afghanistan, Soltz said.

The VoteVets board includes several prominent Democrats, including former Sen. Bob Kerrey, former Democratic presidential candidate Gen. Wesley Clark and Clinton administration official Elaine Kamarck, who has a son who served in Iraq, according to the site. The PAC's last campaign finance report in June showed it received $118,517 in contributions so far this year (including $5,000 from Christopher Heinz).

It's not clear how much money this group has, but if they get more contributions as a result of the Allen ad, other senators better watch out: "There are plenty of senators who deserve to be targets of this ad and they may be," Soltz said. "We have it ready to go in other states." –Amy Schatz

Read more: Campaign 2006

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September 13, 2006, 11:13 am Primaries Produce Some Upsetting Results

The Republican rumble in the Rhode Island yesterday between Cranston Mayor Steve Laffey and incumbent Sen. Lincoln Chafee (who won last night) attracted the most attention, but other races around the country also produced some intriguing results.

Could seven-term Democratic Congressman Albert Wynn be on the verge of losing a primary race in Maryland? Wynn represents the 4th District in suburban Washington and has been battling attorney Donna Edwards. Earlier this morning, with 75% of precincts reporting, she had about a 200 vote advantage, although Wynn has since made up some ground. At last check, he had a 938 vote advantage with 81% of precincts reporting. Edwards was a former employee of the congressman earlier in her career, but she seemed to gain some major momentum after attacking his vote in favor of the war in Iraq.

While the Chafee win was a huge relief for the Republican Party leaders, who fretted Laffey was too conservative to win in November, other races around the country produced something of a mixed blessing for both parties, which had taken sides in several races in hope of producing the strongest candidates for November. In Arizona's 8th congressional district, conservative Randy Graf defeated the National Republican Congressional Committee-backed candidate Steve Huffman, a moderate who was the personal choice of Republican Jim Kolbe, a moderate who is retiring.

In New Hampshire, however, Democrat Jim Craig was upset by Carol Shea-Porter, another Iraq-war critic, in a low-turnout primary race for the 1st District seat. Craig's campaign received some support from the Democratic Congressional Campaign Committee, although it's probably a stretch for the NRCC to call the $24,500 national Dems contributed to Craig's campaign "significant financial backing." Nevertheless, congressional Republicans were chortling over the DCCC's loss this morning: "The DCCC has now seen five of their hand-picked candidates lose during the 2006 primary season (Steve Filson in CA-11, Andrew Horne in KY-03, Craig, (Judy) Aydelott (in NY-19), and Joe Sulzer in OH-18.)" Shea-Porter will now try to capture the seat held by Republican Jeb Bradley.

Meanwhile, in Wisconsin, Republican state Assembly Speaker John Gard easily won the nomination for the 8th District and will go up against Democrat Steve Kagen in November. Gard was the national Republican's choice for the seat and was already being targeted by ads from the DCCC in the primary. Now the fun really begins as both well-funded candidates begin battling for this open seat, which both parties are prepared to spend handsomely to win. "Make no mistake about it, John Gard will keep Wisconsin's 8th in the GOP column come November," the NRCC said this morning. –Amy Schatz

Read more: Campaign 2006

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September 13, 2006, 6:10 am Survival Instinct

By helping moderate incumbent Sen. Lincoln Chafee of Rhode Island across the finish line in Tuesday's Republican primary, President Bush's party signaled its pragmatism and determination to hold power in the face of a strong midterm election challenge from Democratic adversaries.

Chafee's victory hardly guarantees that Republicans hold the Rhode Island seat; some polls have shown him behind Democratic opponent Sheldon Whitehouse in a "blue" state John Kerry won handily in the 2004 presidential race. But he had displayed a far more formidable ability to compete than conservative primary challenger Steve Laffey.

The seat is critical to Democrats' uphill fight for the six-seat gain needed to recapture control of the Senate. That's why the national Republican Party poured resources into boosting turnout for Chafee and attacking Laffey in ads and mailings.

Those maneuvers were all the more striking given the party's Bush-era reputation for catering above all to its conservative base. Chafee has opposed Bush on the most important foreign and domestic initiatives of his presidency – the Iraq war and tax cuts. He has even mused publicly about the possibility of becoming a Democrat.

Yet Bush's reduced standing and the war's unpopularity have diminished the president's leverage and left many Republican candidates seeking distance from the administration. In the wake of last night's results, Republican Party Chairman Ken Mehlman swallowed any misgivings about Chafee's iconoclasm and hailed him as a "principled voice" for Rhode Island; the Republican Senate committee chair, Sen. Elizabeth Dole of North Carolina, praised his "independent, honest leadership."

Chafee's victory complicates Democratic strategy for the Rhode Island general election. Instead of hitting Chafee on policy as they would have attacked Laffey, Democratic strategists say they'll instead tie the moderate incumbent to a single vote – the one to elect a Republican leader for the Senate when the new Congress convenes. By facilitating Republican control of the Senate, they plan to argue, Chafee would empower Bush for the last two years of his presidency even if he defies the White House on key policy choices.

Republican voters displayed less of a pragmatic streak in Arizona Eighth district primary election to succeed retiring moderate Republican Rep. Jim Kolbe. Kolbe had endorsed moderate Steve Huffman as his successor, and Republican Party leaders backed Huffman as the most electable candidate. Yet primary voters bucked those signals and instead nominated Randy Graf, who took a more conservative line on immigration and other issues in the border district.

That outcome cheered Democrats who consider the race critical to their hopes of picking up the 15 seats needed to win control of the House. Democrats nominated the candidate the national party considered most competitive, Gabrielle Giffords, over former TV anchor Patty Weiss.

After a comparatively mild primary battle, Democrats are counting on achieving greater unity in the fall campaign. The Republican contest between Graf and Huffman had a harsher edge, complicating the challenge of rallying the party faithful in November. — John Harwood

Read more: Campaign 2006

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September 13, 2006, 6:00 am Fuel for Republicans?

Republicans could get a boost heading into the midterms from gasoline prices. Prices have fallen more than 35 cents from their $3 a gallon peak in early August and could fall another 35 cents in the weeks ahead because of the recent plunge in oil prices.

High gasoline prices have been a key factor behind the low approval ratings voters give President Bush and the Republican Congress on the economy. Democrats have also used high oil prices to paint the Republicans as the friends of Big Oil.

The price of gasoline is "one leg of a three-legged stool that is upside down and jabbing Republicans in the butt," says Glen Bolger, a partner at Republican polling firm Public Opinion Strategies. The other two are health care costs and stagnant wages. The drop in gas prices is "certainly happening at the right time. There's 56 days left [before the election]. If it continues to drop, that can only redound to our favor."

Administration officials have already started touting the turnaround. Edward Lazear, chairman of Bush's Council of Economic Advisers, said in a speech Tuesday that wages, unadjusted for inflation, have started to pickup recently in a lagged response to big gains in worker output per hour (productivity). But workers haven't enjoyed the benefits, he said, because "recent

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large and unanticipated increases in energy prices have consumed much of this strong nominal wage growth." Then he noted: "With recent declines in gasoline prices, however, there is the prospect of substantial real wage growth in the rest of 2006."

Inflation data aren't getting the attention now that jobs stats did in 2004. Nonetheless, the GOP could benefit from fortuitous timing on inflation data. The bulk of the recent decline in gasoline prices will show up in the September inflation report. In the same month, the 12-month inflation rate will no longer contain the huge increase in gasoline prices that followed Hurricane Katrina in September 2005. Based on some calculations from Goldman Sachs, that could show the inflation rate plummeting to 2.4%, the lowest in over two years, from 4.3% as recently as June. That report is to be released on Oct. 18, three weeks before the election. A few months after the election, the inflation rate will probably jump back up, because it will no longer be held down by a big drop in gasoline prices in November, 2005.

Still, Democrats maintain the decline will be too little, too late to make a difference. Geoffrey Garin, president of Hart Research Associates, notes that prices have moved sharply up and down for the last year without dislodging gasoline prices as an issue from voters' minds. "The public's been pretty badly scarred over the course of the last year and it will take longer than the two months left in this election cycle for the scars to go away." — Greg Ip

Page One: Falling Oil Prices May Spell Relief for Consumers

Read more: Campaign 2006, Congress, Economy

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Democrats Plan To Reduce Need For Abortions (CHIT)

By Mike Dorning

Chicago Tribune, September 14, 2006

WASHINGTON -- Reaching out to more moderate, church-going voters with misgivings about abortion, House Democrats plan to unveil legislation on Thursday that sets a public policy goal of reducing abortions in America.

The proposal, to be announced at a news conference attended by House Democrats' national campaign chairman, Rep. Rahm Emanuel (D-Ill.), would not restrict access to abortion. Instead, it promotes such preventive measures as funding for contraceptives and expanded sex education geared toward avoiding pregnancy as well as support for adoption and services to new mothers, according to several people familiar with the legislation.

The legislation targets voters who have concerns about abortion but who are not absolutely opposed to the procedure. Its introduction follows extended discussion in Democratic political circles about improving the party's image with traditionalist voters and public efforts by prominent Democrats to fashion an approach to abortion with broader appeal.

In January, Sen. Hillary Clinton (D-N.Y.) urged the party to find "common ground" with abortion opponents. Sen. Barack Obama (D-Ill.) this summer chastised fellow Democrats for giving insufficient regard to "the power of faith."

The issue is delicate as the party seeks to address the ambivalence much of the American public feels toward abortion without offending a Democratic base that includes many passionate believers in abortion rights who are wary of any sign of a weakening in resolve to protect those rights.

The legislation will be announced less than eight weeks before the Nov. 7 mid-term election in which Democratic hopes of wresting control of Congress depend in part on competing in a number of socially conservative districts in places like Ohio and Pennsylvania. The Democratic Senate nominee in Pennsylvania, Bob Casey, opposes abortion rights.

Republicans in recent years have appealed to the unease over abortion felt by many moderates with such legislation as parental notification laws and the ban on certain late-term abortions that detractors labeled "partial-birth abortions."

But Democrats hope the new legislative package will allow candidates to demonstrate that their party acknowledges the moral reservations that many Americans feel about abortion and has a plan to take positive steps to cut use of the procedure.

"From our perspective, it shows Democrats are changing the debate and making it a priority to reduce abortions in America while leaving personal liberties intact," said Rachel Laser, a policy analyst with the center-left group Third Way who was involved with preparation of the legislation.

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The House legislation, which is to be co-sponsored by anti-abortion Rep. Tim Ryan (D-Ohio) and abortion rights supporter Rep. Rosa DeLauro (D-Conn.), avoids some of the divisive issues that have been in Democratic legislative packages introduced earlier in the year.

In contrast to a package introduced by anti-abortion Democrats this spring, the legislation does not include a provision to ban adults from transporting minors across state lines to avoid parental notification laws.

The legislation being introduced Thursday also leaves out some of the more controversial provisions on contraception included in another package proposed this year by Senate Democratic Leader Harry Reid of Nevada. The Reid legislation would require private group health plans to include contraceptive coverage in prescription drug benefits.

But the House Democrats' bill would considerably expand access to contraceptive services for low-income women. It calls for expanded funding to federal family planning programs and mandates that states provide contraceptive coverage to women with incomes up to twice the federal poverty level.

A congressional aide familiar with the legislation said the sponsors do not yet have a cost estimate for the measure.

According to descriptions from people who have seen the measure, the package also would provide grants for sex education with an "abstinence focus" but would also require that the programs include complete instruction on contraceptives.

Abortion providers would be required to notify patients of the risks of abortion procedures. In the past, abortion rights groups have often fought such patient notification proposals because they considered the wording to be overly alarmist. But the abortion providers would fashion the notifications through guidance from medical groups, such as the American College of Obstetricians and Gynecologists, which does not oppose abortion rights.

There are also provisions for adoption tax credits, funding for nurses to make home visits for teenage and new mothers, funding for day-care programs and expanded funding for health care for low-income mothers and children.

Social Security Lays Out The Funding Consequences (WP)

By Stephen Barr

The Washington Post, September 14, 2006

The Social Security Administration would be forced to send employees home without pay and shut offices 10 days next year if Congress does not increase its funding in fiscal 2007, the agency has told Congress.

"Fewer resources mean fewer people to serve the public in all areas of SSA's operations," Jo Anne B. Barnhart , the Social Security commissioner, said in a letter to the Senate Appropriations Committee. "Because these budget reductions will affect all employees, they will result in major service disruptions across all workloads."

If the agency resorts to furloughs, the Social Security network of 1,300 field offices would close, probably a day at a time over a five- to six-month period. On those days, the public would not be able to apply for Social Security numbers, replace Social Security cards, file for retirement or disability benefits or obtain decisions on pending disability claims and appeals.

In 2006, nearly 49 million Americans will receive approximately $539 billion in Social Security benefits.

"For an agency like ours, it is kind of a shock," said Richard Warsinskey , president of the National Council of Social Security Management Associations.

Warsinskey said he understands that companies lay off and furlough employees in bad economic times, "but this is a public service issue." He said, "We don't want to take a well-run agency and make it mediocre because we don't get enough money."

Mark Lassiter , the Social Security press officer, said no decisions on furloughs have been made. The House and Senate have not finished work on the agency's budget and Barnhart "remains hopeful that the president's budget request will be approved by Congress," he said.

The Senate bill would provide about $9 billion for the agency -- about $400 million less than the president's request and about $54 million less than what the agency received for this year's budget. The House proposal would leave Social Security about $200 million short of what the White House is seeking.

The agency's budget may not be resolved until after the November elections, congressional aides said. A spokeswoman for the Senate Appropriations Committee said House and Senate negotiators would review the agency's funding and staffing levels

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later this year. Many agencies are likely to face budget squeezes next year, in part because Congress faces tough decisions on financing the Iraq war and homeland security.

Social Security, headquartered in Baltimore, has about 65,000 employees, and officials estimate that more than 40 percent of its workforce will retire by 2014. It appears that not all departing employees will be replaced because of budget pressures. Only one employee is being hired for every three that depart, according to 2006 and 2007 budget plans.

Darryl Perkinson , president of the Federal Managers Association, said reduced appropriations for Social Security will probably worsen the backlog of cases in the agency's Office of Disability and Adjudication Review. The association estimates the backlog has grown to 730,000 cases with an average processing time of 481 days. The group is urging Congress to pass the president's budget request and support adequate staffing levels in the disability review office.

Witold Skwierczynski , president of the American Federation of Government Employees' national council for Social Security field operations, testified before Congress in May and warned that the nation's demographics and baby-boomer retirements would require increases in skilled field staff in coming years.

In her letter, Barnhart indicated that the Senate's proposal to provide $400 million less than in the president's budget would require a hiring freeze, overtime reductions and other overhead cuts in addition to a 10-day furlough of staff.

Warsinskey said the agency is scouring its budget for ways to save money. "SSA has never been faced with this before," he said, referring to the prospect of a furlough.Electronic Health Records

The House federal workforce subcommittee approved a bill yesterday that would require insurance companies in the Federal Employees Health Benefits Program to make an electronic health record available to enrollees upon request.

The bill goes to the House Government Reform Committee for consideration. Rep. Jon Porter (R-Nev.), the subcommittee chairman and bill's sponsor, said electronic records will improve health-care delivery and help reduce medical errors. Companies would not be allowed to pass along costs of providing the records in premium increases, according to the bill.

Dueling Ex-Party Bosses (RC)

By Mary Ann Akers

Roll Call, September 14, 2006

It was Ed Gillespie's book party, but it was his friendly political rival, Terry McAuliffe, who walked around touting his own new book and bragging how he's going to land on the best-seller list.

"He's incorrigible," Gillespie laughed.

Gillespie and McAuliffe really hit it off in 2004 when the two Irish Catholics ran their respective party operations, Gillespie at the helm of the Republican National Committee and McAuliffe overseeing the Democratic National Committee.

After working on it for 53 weeks, McAuliffe on Tuesday put the final touches on his 170,000-word book "What A Party" and shipped it off to the publisher. It's due out on Jan. 9.

Ironically, and in typical grandstanding style, McAuliffe finished his book on the very day that Gillespie chose to celebrate his new tome, "Winning Right: Campaign Politics and Conservative Policies," published by Simon and Schuster.

McAuliffe was among the fabulous turnout of a who's who of politicos, though no one, not even a single Republican, seemed to linger at the party quite as long as he did. And his favorite topic of conservation was, you guessed it, his book, which includes his inside perspective on the Democratic Party as a close confidant of former President Bill Clinton.

"Get your seatbelts on, it's gonna be a great book," he told HOH on the telephone Wednesday. "I think it'll keep you laughing through the whole book ... I think people will learn a lot from it, too."

Gillespie, a partner at Quinn Gillespie & Associates, said that, obviously, the two books will be at odds "on a number of different fronts." But he joked that he couldn't really promise it would be as sexy or explosive as his buddy's.

"He has a little bit of an edge, because he has Clinton stories in his," Gillespie said.

Burns Flies First Class, Wife Coach. A salivating Democratic informant sent HOH an e-mail with the most disturbing news: Sen. Conrad Burns (R-Mont.) flew first class to Washington, D.C., on Monday while his wife was stuck back in coach.

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The Burnses flew back on a Northwest Airlines flight from Minneapolis to Ronald Reagan Washington National Airport. The informant sent the information with an accompanying nasty editorial note that said, "Guess women really are second class to him."

The gratuitous little jab was a reference, ironically, to an incident in which two Northwest Airlines flight attendants accused the Senator of sexism after he reportedly suggested to one of them that she could stay at home and be a mother if she lost her job to outsourcing.

Burns denied sexism in that case or in the case of taking the first-class seat while his wife, Phyllis, rode coach on Monday. And we must point out that Mrs. Burns has not accused her husband of sexism. In fact, HOH tends to believe that Sen. Burns wasn't playing the big man card taking the first-class seat while making his little woman ride in the stuffy coach seat.

For one, she had the roomiest coach seat available: the exit row. Burns' spokesman, James Pendleton, swears the Senator chivalrously offered to take that seat and give Phyllis the only first class seat they could get. But she wouldn't hear of such nonsense.

"She declined, as she felt there was more room for him to work with his laptop, etc., in First Class," Pendleton told us via e-mail.

He wrote that it's "no surprise" that Burns has "well over a million miles on Northwest, and gets upgrades to First Class when available, just like any other super-frequent flyer."

On Monday, both he and Mrs. Burns had purchased coach tickets and at the time they upgraded, there wasn't room for both of them to go first class, Pendleton said.

For those of you still feeling sorry for Mrs. Burns, look on the bright side — maybe she can hold this one over her husband's head and get an upgrade on something else she might like.

Mad Max's Milestone. Hurray for Sen. Max Baucus! The Montana Democrat cast his 10,000th Senate vote on Wednesday, becoming one of just 27 in the history of the Senate who have cast 10,000 or more votes.

Baucus' chief of staff, Jim Messina, could hardly believe it himself when he heard the news. "Ten thousand votes? Well, I can still remember the first, and disco was still popular."

Yep, everybody was dancing to "Disco Inferno" and "Stayin' Alive" the year Baucus was elected to the Senate, 1978.

Ends Without Means (NYT)

By David Brooks

The New York Times, September 14, 2006

A leader's first job is to project authority, and George Bush certainly does that. In a 90-minute interview with a few columnists in the Oval Office on Tuesday, Bush swallowed up the room, crouching forward to energetically make a point or spreading his arms wide to illustrate the scope of his ideas — always projecting confidence and intensity.

He opened the session by declaring, "Let me just first tell you that I've never been more convinced that the decisions I made are the right decisions," and he grew more self-assured from there. I interview politicians for a living, and every time I brush against Bush I'm reminded that this guy is different. There's none of that hunger for approval that is common to the breed. This is the most inner-directed man on the globe.

The other striking feature of his conversation is that he possesses an unusual perception of time. Washington, and modern life in general, encourages people to think in the short term. But Bush, who stands aloof, thinks in long durations.

"I got into politics initially because I wanted to help change a culture," he says, referring to his campaign against the instant gratifications of the 1960's counterculture. And he sees his efforts today as a series of long, gradual cultural transformations. Like many executives, he believes that the higher you go, the further into the future you should see, and so his conversation is filled with speculations about the long-term effects of deep social trends — the current religious awakening or the politics of volunteer armies.

All of which prepares him to think about the war on terror as a generations-long struggle. He asked us to think about what the world could look like 50 years from now, with Islamic radicals either controlling the world's oil supply or not. "I firmly believe

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that some day American presidents will be looking back at this period in time, saying, 'Thank goodness they saw the vision,' " he said.

Sitting between busts of Lincoln and Churchill, he continued, "My hope is to leave behind something — foundations and institutions that will enable future presidents to be able to more likely make the tough decisions that they're going to have to make."

"Ideological struggles take time," he said, explaining the turmoil in Iraq and elsewhere. He said the events of weeks or months were just a nanosecond compared with the long course of this conflict. He was passionate on the need for patience and steadfastness. He talked about "inviolate" principles written upon his heart: "People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift."

He was less personal and less assertive when talking about those tactical decisions made day to day.

We are now at a moment when many of the people who support his long-term goals, and who have stuck with him as the situation in Iraq has deteriorated, fear the war is irreparably lost. The general view among many Republicans is that Bush set out grand goals, but never committed resources commensurate with the task.

Bush was pressed about Iraqi troop levels repeatedly during our interview. His general response was that during Vietnam, tactical decisions were made in the White House. "I thought it was a mistake then, and I think it's a mistake now."

So on troop levels and other tactical issues, Bush defers to Gen. George Casey, who is in Iraq. He asks questions but does not contradict the experts. If Casey asked for two more divisions tomorrow, Bush would deliver, regardless of the political consequences. But Casey does not ask (and maybe none are available).

What if Casey is wrong?

"Then I picked the wrong general," Bush says bluntly. "If he's wrong, I'm wrong."

When asked if he should have expanded the military back in 2003, to give the current commanders more manpower, Bush used words that were uncharacteristically jargon-ridden: "The notion of warfare has changed, and therefore, we're modulizing the army so that it becomes more operational and easier to move." That sounds more like a transformation briefing paper than the president.

In other words, when Bush is strategizing goals, he is assertiveness on stilts. When he is contemplating means, he defers to authority.

And the sad truth is, there has been a gap between Bush's visions and the means his administration has devoted to realize them. And when tactics do not adjust to fit the strategy, then the strategy eventually gets diminished to fit the tactics.

Or worse.

The Medicare Monster (WP)

By Robert J. Samuelson

The Washington Post, September 14, 2006

Unless you're a news junkie, you probably missed Mark McClellan's announcement that he'll resign in early October, after two grueling years as head of CMS.

What's CMS? Well, it's the Centers for Medicare and Medicaid Services, which spent $515 billion in 2005 -- 21 percent of the federal budget and about $21 billion more than all defense spending. Leaving government presents McClellan with a golden opportunity: He can tell us what to do about Medicare. It's the monster in our future -- and no one knows it better than McClellan, who is a medical doctor, a Ph.D. economist and, since 2004, Medicare's chief bureaucrat. Moreover, he's not a rabid partisan. He also worked for Bill Clinton.

If monster seems like rhetorical overkill, then recall what the aging baby boom does to government. Federal spending on the elderly is plausibly projected to double from 2000 to 2030 as a share of national income. About three-quarters of that increase will be health spending -- mostly Medicare but also Medicaid (70 percent of Medicaid spending goes to the old and disabled). The projected increase in health spending exceeds all of today's discretionary domestic spending on schools, the FBI, the environment and much more. If the "aging problem" involved only higher Social Security spending, we could handle it easily.

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We all know that runaway health spending is already driving up the number of uninsured (latest count: 46.6 million), because insurance is increasingly too expensive for employers to cover low-skilled workers. Now uncontrolled health spending will dominate the federal budget and pose ugly choices: (a) raise taxes sharply, (b) gut other programs and (c) run ever-larger -- and more dangerous -- deficits.

Some economists believe that we've gotten our money's worth from higher health spending. Since 1960 life expectancy at birth has risen from about 70 to over 77. Harvard health economist David Cutler attributes about half the increase to medical advances -- new drugs, surgeries and therapies. (Candidates for the other half: less smoking, less-punishing jobs, fewer accidents.) Academic studies suggest that people value an extra year of life at about $100,000, says Cutler. That's how much they'd pay -- in theory -- to live a year longer. Since 1960 the average extra health spending at all ages needed to increase life expectancy one year has been less than $100,000 per person. Therefore we've gotten value for money.

By this logic, higher health spending is nonthreatening. In a recent paper, economists Robert Hall of Stanford and Charles Jones of the University of California at Berkeley suggest that health spending may reach 30 percent of national income by 2050, up from 16 percent today and 5 percent in 1950. But they are unperturbed, because as Americans get richer, they prefer more health spending -- longer and better lives -- to a "third car [or] yet another television."

I'm not in this camp. Yes, much health spending has been beneficial and cost-effective. In the future, biotechnology or stem cells may produce large gains against Alzheimer's disease, Parkinson's and cancer at reasonable costs. But the present explosion in health spending is increasingly wasteful and socially corrosive. It may ultimately lower economic growth -- a side effect of the high taxes needed to pay for Medicare and Medicaid -- and already depresses take-home pay, squeezes other public services and redistributes income from the young to the old. Meanwhile, the extra health benefits are dwindling.

Today's waste transcends excess paperwork (an easy rhetorical target) and mainly involves unnecessary or harmful care. Using Medicare records, John Wennberg and colleagues at Dartmouth Medical School have documented huge variations in care -- with few, if any, benefits. One study examined 4.7 million Medicare patients with any of 12 chronic illnesses who died from 2000 to 2003. In New York, some hospitalization rates were twice as high as at the Mayo Clinic. (Indeed, Cutler's latest calculation just for the elderly sends the same message; by the 1990s, it cost about $145,000 to increase an average life one year for those over 65.)

We should overhaul Medicare, but just how is unclear. To know, we need to answer three questions: (1) How much health spending can the economy absorb without having higher taxes or depressed wages reduce economic growth? (2) Who should pay for Medicare -- that is, should older people pay more (lessening the burden on the young)? (3) How can we pay physicians and hospitals for better outcomes and not just for more tests, hospitalizations and visits? These questions apply to any system we might adopt -- from a government-run "single payer" system to more "consumer-driven" health care.

Carrying out President Bush's agenda -- including the new drug benefit -- McClellan couldn't pose these basic questions. Now he says he plans to settle at a think tank or university, where he can. He has a huge chance to help define the needed debate. Most studies of Medicare have had a narrow and technical focus, evading the truly central issue. It isn't "What's good for Medicare beneficiaries?" Rather, it's "What's good for America?"

OTHER NEWS:

Another Strong Session For The Dow Puts It Within 180 Points Of A Record (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 14, 2006

Oil prices broke their losing streak, but stocks continued their winning ways.

The Dow Jones Industrial Average jumped 45.23 points, or 0.39%, to a four-month high of 11543.32. It was the average's 10th-highest close and only the 13th time it ended the day above 11500. The Dow sits 180 points from its all-time peak on Jan. 14, 2000, the record close of 11722.98.

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Blue-chip stocks gained despite crude oil's finish 21 cents a barrel higher on the New York Mercantile Exchange, the first gain for crude in the past eight trading sessions. At $63.97 a barrel, the price is still more than 8% below its level at the start of the month and 17% below its July peak.

The broad Standard & Poor's 500-stock index gained 0.38%, or 4.96 points, to 1318.07, while the tech-heavy Nasdaq Composite index rose 0.53%, or 11.85, to 2227.67. Smaller stocks, often more volatile than their bigger brethren, gained 0.86%, or 6.22 points, to 730.70 on the Russell 2000 index.

Energy and commodity stocks showed strength in a day when economically sensitive stocks trumped defensive plays. Exxon Mobil rose 1%, and Alcoa added 2%. Financial stocks benefited from better-than-expected earnings at investment bank Lehman Brothers Holdings Inc. Lehman, which also reported strong revenue and a strong outlook for investment-banking deals, rose 3%. Goldman Sachs Group, which reported earnings Tuesday, tacked on 1.6%.

Commodity prices continue to be in the spotlight, as investors consider whether consumer spending will carry the economy. Tomorrow, investors will get the latest reading on inflation when the latest Consumer Price Index is released.

"The big debate that's raging" is whether falling gasoline and oil prices help the consumer enough to offset the weakening housing market, says Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage firm. "The consumer still seems to be spending," he says, in part because falling oil prices act as an immediate "tax cut" that encourages spending.

Mr. Harrington points to Best Buy, which reported this week that quarterly profit rose 22% on higher sales of flat-panel televisions and notebook computers. But should the economy reheat enough, commodity prices may jump higher. And the factors pushing oil prices down -- a mild hurricane season, OPEC sticking to production schedules and a seasonally slow period for demand -- could easily turn around in coming months.

In major U.S. market action:

Stocks rose. Trading volume for stocks listed on the Big Board was 2.625 billion shares, with 2,277 stocks rising and 1,053 falling.

Bond prices advanced. The 10-year Treasury note rose 2/32, or 62.5 cents for each $1,000 invested, pushing the yield down to 4.767%. The 30-year bond rose 3/32, to yield 4.898%.

The dollar was down. It traded at 117.58 yen, down from 117.95, while the euro rose against the dollar to $1.2697 from $1.2691.

Oil Prices Poised To Drop Sharply, Energy Consultant Says (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 14, 2006

WASHINGTON - The recent sharp drop in the global price of crude oil could mark the start of a massive sell-off that returns gasoline prices to lows not seen since the late 1990s - perhaps as low as $1.15 a gallon.

"All the hurricane flags are flying" in oil markets, said Philip K. Verleger, a noted energy consultant who was a lone voice several years ago in warning that oil prices would soar. Now, he tells McClatchy Newspapers, they appear to be poised for a dramatic plunge.

Crude oil prices have fallen about $14, or roughly 17 percent, from their July 14 peak of $78.40. After falling seven straight days, they rose slightly Wednesday in trading on the New York Mercantile Exchange, to $63.97, partly in reaction to a government report showing fuel inventories a bit lower than expected. But the overall price drop is expected to continue, and prices could fall much more in the weeks and months ahead.

Here's why.

For most of the past two years, oil prices have risen because the world's oil producers have struggled to keep pace with growing demand, particularly from China and India. Spare oil production capacity grew so tight that market players feared that any disruption to oil production could create shortages.

Fear of disruption focused on fighting in Nigeria, escalating tensions over Iran's nuclear program, violence between Israel and Lebanon that might spread to oil-producing neighbors, and the prospect that hurricanes might topple oil facilities in the Gulf of Mexico.

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Oil traders bet that such worrisome developments would drive up the future price of oil. Oil is traded in contracts for future delivery, and companies that take physical delivery of oil are just a small part of total trading. Financial players, such as large pension and commodities funds, are the big traders and they're seeking profits. They've sunk $105 billion or more into oil futures in recent years, according to Verleger. Their bets that oil prices would rise in the future bid up the price of oil.

That, in turn, led users of oil to create stockpiles as cushions against supply disruptions and even higher future prices. Now inventories of oil are approaching 1990 levels.

But many of the conditions that drove investors to bid up oil prices are ebbing. Tensions over Israel, Lebanon and Nigeria are easing. The hurricane season has presented no threat so far to the Gulf of Mexico. The U.S. peak summer driving season is over, so gasoline demand is falling.

With fear of supply disruptions ebbing, oil prices began sliding. With oil inventories high, refiners that turn oil into gasoline are expected to cut production. As refiners cut production, oil companies increasingly risk getting stuck with excess oil supplies. There's already anecdotal evidence of oil companies chartering tankers to store excess oil.

All this is turning financial markets increasingly bearish on oil.

"If we continue to build inventories, and if we have a warm winter like we had last winter, you could see a large fall in the price of oil," said Gary Pokoik, who manages Hedge Ventures Energy in Los Angeles, an energy hedge fund. "I think there is still a lot of risk in the market."

As it stands now, the recent oil-price slump has brought the national average for a gallon of unleaded gasoline down to $2.59, according to the AAA motor club.

Should oil traders fear that this downward price spiral will get worse and run for the exits by selling off their futures contracts, said Verleger, it's not unthinkable that oil prices could return to $15 or less a barrel, at least temporarily. That could mean gasoline prices as low as $1.15 per gallon.

Other experts won't guess at a floor price, but they agree that a race to the bottom could break out.

"The market may test levels here that are too low to be sustained," said Clay Seigle, an analyst at Cambridge Energy Research Associates, a consultancy in Boston.

On Monday, the oil-producing cartel OPEC hinted that if prices fall precipitously, OPEC members would cut production to lift them. But that would take time.

"That takes six to nine months. If we don't have a really cold winter here (creating a demand for oil), prices will fall. Literally, you don't know where the floor is," said Verleger. "In a market like this, if things start falling ... prices could take you back to the 1999 levels. It has nothing to do with production."

Producers Move To Debunk Gloomy 'Peak Oil' Forecasts (WSJ)

By Bhushan Bahree And Jeffrey Ball

The Wall Street Journal, September 14, 2006

Leading players in the petroleum industry, including Saudi Arabia and Exxon Mobil Corp., are aggressively arguing that plenty of crude oil remains for world consumption, in an effort to counter critics who contend crude output is about to plateau.

That argument, known as peak-oil theory, has provided intellectual backing for the boom in crude prices and sowed doubts among some policy makers about crude's long-term reliability as an energy source. Such doubts, coupled with concern over sky-high prices, have added impetus to the search for oil substitutes -- including in Washington, where President Bush this year declared the U.S. "addicted to oil" and sparked a boom in interest in ethanol.

Some in the industry are keen to fight the threat posed by such fears.

Yesterday, Abdallah S. Jum'ah, chief executive of Saudi Arabian state-owned Saudi Aramco, the world's largest oil company by production, argued during a speech in Vienna that the world has more than a century's worth of crude left at current production rates. His talk followed similar remarks by a senior Exxon executive this week. Spokesmen for Exxon and Aramco said they aren't coordinating their remarks.

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The belief that the Earth is running dry of oil is just one factor supporting crude prices. Oil supplies -- constrained by underinvestment when crude prices were lower -- have increased more slowly than demand, leading to a thin margin of spare pumping capacity and higher prices.

Demand has shown signs of slowing and prices have fallen from a nominal all-time high of more than $78 a barrel in July, though, adjusted for inflation, oil reached as high as $99.21 in April 1980. In New York yesterday, crude-oil futures rose 21 cents to settle at $63.97.

In a sign that oil-supply concerns are gaining currency, the Department of Energy has asked the National Petroleum Council, an oil-and-gas-industry research group, to investigate peak-oil claims. The council launched a study that includes different industries and environmental groups and appointed Lee Raymond, retired Exxon chief executive, as the study's chairman. It will survey existing studies and examine why they differ on how much oil and gas the world holds and what the response should be.

At an OPEC seminar yesterday, Mr. Jum'ah of Aramco said the world had produced only about one trillion barrels, or about 18%, of the earth's producible potential of 5.7 trillion barrels of oil. "That fact alone should discredit the argument that peak oil is imminent, and put our minds at ease concerning future petroleum supplies," he said. The remaining 4.7 trillion barrels should be enough to last more than 140 years at current output rates, he said.

Saudi Arabia, with a quarter of the world's proven crude reserves, has an interest in countering developments that would reduce demand. "If you are sitting on the world's biggest oil deposits, you would want to prevent the premature development of alternatives to oil," said Herman Franssen, president of International Energy Associates, a consulting firm in Bethesda, Md.

In an interview, Mr. Jum'ah said the Saudis "don't mind the development of alternatives to oil," because increasing energy demand means the world needs supplemental energy sources. But he objected to government subsidies and other supports that lead people to believe that alternatives like ethanol are a "panacea" that is "around the corner," he said.

Still, 3.5 trillion of the roughly 4.7 trillion barrels of oil Mr. Jum'ah is counting on will depend on the development of new technologies. "I believe we will eventually tally about one trillion barrels each from yet-to-be-discovered fields and higher recovery rates" from existing fields, he said in the speech. He also factored in 1.5 trillion barrels from nonconventional sources, such as Canadian tar sands.

Mr. Jum'ah's speech came two days after Exxon's Australia chief, Mark Nolan, told an industry conference in Adelaide, Australia, that "the end of oil is nowhere in sight." Mr. Nolan cited a U.S. Geological Survey estimate of more than three trillion barrels of conventional recoverable oil resources, of which one trillion barrels has been produced. Conservative estimates of heavy-oil and shale-oil resources push the total to four trillion barrels, while a 10% increase in recoverability will deliver an extra 800 billion barrels, Mr. Nolan said.

An Exxon spokesman said the company has long been making a similar argument.

Even mainstream analysts see a practical limit to supply. "The international petroleum system will be hard-pressed to produce more than 100 million barrels a day, given current technology," said J. Robinson West, chairman of consulting firm PFC Energy. Demand, expected to reach 84.8 million barrels a day this year, could rise to that level by about 2015, based on estimates for a different period by the International Energy Agency.

The industry says that while oil is finite, the known pool of obtainable oil grows as technology improves.

"I think there's a lot of misconceptions of what peak oil is," Mr. Raymond, who is leading the U.S. oil study, said in an interview last week. "The resource base is continually changing, driven by economics and technology." But he said his views won't dictate the study's results. "I may learn something."

Republicans Gain From Bush Focus On War On Terror (WT)

By Stephen Dinan

The Washington Times, September 14, 2006

President Bush's series of speeches on the war on terror has boosted the issue's profile and helped recapture Republicans' lead when voters are surveyed on whom they trust to handle terrorism.

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Republicans now lead Democrats by 48 percent to 41 percent among registered voters in a new ABC News poll, a flip from a seven-point Democrat advantage in the same poll last month, and 16 percent now choose terrorism as their top voting issue -- a gain of five percentage points.

Analyzing the poll on ABC's Web site, its polling director, Gary Langer, said Republicans' edge on handling terrorism is far less than the 35-point lead they had in 2002, when they won control of the Senate by bashing Democrats for blocking creation of the Department of Homeland Security over union rules.

But he said Republicans have made gains among independents, who are now split on which party they trust more on the issue.

And though it's just a trickle, the president's approval numbers also are ticking higher.

An NBC News-Wall Street Journal poll released yesterday put Mr. Bush's job-approval rating at 42 percent -- an increase of five percentage points since June, though still below a comfortable level for a president heading into a midterm election.

Both polls still showed Democrats with a sizable advantage when people are asked which party they want to control Congress -- nine percentage points in the NBC-Journal survey and eight points in the ABC poll.

The ABC poll was taken Sept. 5-7 of 1,003 adults, including 863 registered voters, and had a margin of error of 3.5 percentage points among registered voters. The NBC-Journal survey of 1,009 Americans was taken Sept. 8-11 and has a margin of error of 3.1 percentage points.

The polls come as Mr. Bush delivers a series of speeches trying to lay out his goals in the war on terror. He has tried to put a face on the terrorists, has released new information about attacks that have been thwarted by good intelligence, and has called for Congress to give official approval to military trials for terror detainees and to the National Security Agency's terrorist-surveillance program.

Mr. Bush's speeches have also stiffened the spines of Republicans in Congress, and top Republicans have said the details of thwarted plots have given them something concrete they can take home to tell constituents.

"There's been extraordinary successes in this war and a lot of them have occurred outside of plain public view," said White House press secretary Tony Snow.

"It's useful and important to provide an update, and obviously, on an issue that continues to be right at the top of everybody's concerns."

He said the president's speeches have been able to give another view to balance out the repeated images of bombings and killings in Iraq and elsewhere.

"We feel confident that when people get a full picture, they're not only going to have confidence in the president, but they're going to want to support him and give him the tools to fight the war on terror," Mr. Snow said.

The ABC poll found that Iraq is still a weak point for Republicans -- those voters who put it as a top concern clearly favor Democrats.

But the poll showed Mr. Bush is still winning some key arguments, such as the 57 percent who agreed with his position that Iraq is part of the war on terror.

Republicans' Strategy May Backfire (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 14, 2006

WASHINGTON -- The Republican Party leadership won the primary battle in Rhode Island, getting their preferred candidate, incumbent Sen. Lincoln Chafee, past a conservative challenger. But at what cost?

To boost prospects of holding the Republican seat, the party backed the moderate Mr. Chafee and spent nearly a million dollars on direct-mail and television advertising against Cranston Mayor Steve Laffey, who ran as the kind of conservative the White House usually likes and who pledged to support the very Bush tax cuts Mr. Chafee opposed. That tactic angered Laffey supporters and could deter them from voting in November when Mr. Chafee squares off with Democrat Sheldon Whitehouse, a former attorney general whose campaign is flush with cash.

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"When you aggressively attack a candidate who stands for the ideas shared by the vast majority of Republicans, that's demoralizing," says Pat Toomey, a former congressman who heads Club for Growth, an antitax group that backed Mr. Laffey.

Just as trends may be turning slightly more favorable for Republicans, Tuesday's back-to-back clashes between the Republican Party machine and its base in Rhode Island as well as in Arizona could diminish turnout among conservative voters in November. Turnout by that voting bloc carried the president in 2000 and 2004.

But frustration among those voters has been mounting for years and covers issues such as government spending, the Iraq war and illegal immigration. "Conservatism traditionally was a philosophy of smaller government. In the Bush years, it appears it isn't," says David Boaz, executive vice president of the Cato Institute, a libertarian think tank.

Washington Monthly this month published a collection of essays, titled "Time For Us To Go," by conservatives on the theme that Republicans have so lost their way they would be better off losing their majorities as well.

In his essay, former congressman and now television talk-show host Joe Scarborough recalls the moment a magazine representative called and "meekly" asked if he would consider writing an article about why "Republicans should get their brains beaten in this fall. 'Count me in!' was my chipper response," he says.

On the political battleground, conservative groups have been trying to change the party profile in primaries.

In California this spring, they backed Howard Kaloogian, who lost to moderate Brian Bilbray, in a race to fill the San Diego seat vacated by Republican Rep. Randy "Duke" Cunningham. The party backed Mr. Bilbray and used $5 million to win the primary and special election against Democrat Francine Busby.

In Michigan, Mr. Toomey's Club for Growth and the National Right to Life Committee rallied behind evangelical minister and former state Rep. Tim Walberg to defeat moderate incumbent Rep. Joe Schwarz, who was endorsed by President Bush.

In Rhode Island, party officials backed Mr. Chafee, who voted against many of the president's tax cuts and the Iraq war, because they thought Mr. Laffey was too conservative to hold on to the Senate seat in the heavily Democratic state.

Laffey activists expected that move, says the Heritage Foundation's Michael Franc, adding: "Incumbent survival instinct trumps all else." What stunned them was a string of last-minute attack ads paid for by the National Republican Senatorial Committee and Republican National Committee that blasted Mr. Laffey's record and his character.

"They really hit low," says Don Devine, editor of the American Conservative Union's newsletter. In Arizona, the battle was for the seat of retiring Republican Rep. Jim Kolbe. Conservatives supported state Rep. Randy Graf, whose get-tough immigration platform fit with a House bill passed earlier this year. Pro-Graf forces were startled when, in the final weeks of the campaign, Speaker Dennis Hastert and other House leaders poured cash into the race of moderate Steve Huffman, who embraced a Senate immigration bill that would have created a path to citizenship for illegal immigrants already in the U.S.

Mr. Graf beat Mr. Huffman by six points, but conservatives yesterday were still fuming about House leaders' decision to interfere in a race where they had no incumbent to protect. "It's outrageous," says the Cato Institute's Mr. Boaz.

Party strategists are working to reconnect and reinvigorate their base and believe they have enough time to do that.

"At this point, conservatives are fairly lethargic, if not discouraged. But the prospect of [House Democratic Leader] Nancy Pelosi and [Democratic National Committee Chairman] Howard Dean running the country can be a great motivator," says Whit Ayres, a Republican polling expert.

Bush Gets A Lift From Emphasis On Terror, Iraq (WSJ)

By John Harwood

The Wall Street Journal, September 14, 2006

WASHINGTON -- President Bush's efforts to explain and win support for his policies on Iraq and terrorism appear to be paying some initial dividends as midterm congressional campaigns heat up.

A new Wall Street Journal/NBC News poll1 shows that Mr. Bush's overall approval rating, as well as his marks on handling Iraq, rose modestly after a series of speeches imploring Americans to remain patient despite repeated setbacks in Iraq. Voters also expressed slightly increased willingness to maintain U.S. troop strength there as commanders struggle to tamp down a continued insurgency and sectarian violence.

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It remains "a modest uptick" in "a very difficult national environment" for the president's party in midterm elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though it is improved from 38% in June. A 54% majority of voters continues to say the U.S. is headed in the wrong direction.

Yet the poll results suggest Mr. Bush retains some ability to shape the context of the election to his party's benefit. Whether that can last beyond the anniversary of the Sept. 11, 2001, attacks through to Election Day on Nov. 7 remains an open question. If so, the president could lighten what has been a period of persistent gloom for Republicans. Along with the roiling Iraq issue, factors that have cost the party range from the federal government's initial response to Hurricane Katrina to the administration's fizzled Social Security privatization to rising gasoline prices.

The unpopular war and the historic pattern of midterm losses for the party holding the White House have strategists in both parties maintaining forecasts of Republican losses in Congress. Still, it remains unclear whether those losses will flip control of the House or the Senate or both. Republicans have held the House since 1994 and the Senate since 2002.

"In meteorological terms, it's going to be a hurricane -- what has yet to be determined is whether it's Category 1 or Category 3 or Category 5," says Peter Hart, the Democratic pollster who conducts the Journal/NBC survey with Mr. McInturff. "If [Mr. Bush] has the ability to dominate the dialogue, he can push this election toward the Republicans even as he remains unpopular with the voters."

Mr. Bush used the 9/11 anniversary to buttress his assertion that Iraq is the "central front" in the antiterror campaign, an argument that might help Republicans limit their losses and hold control of at least one chamber of Congress for the final two years of Mr. Bush's presidency.

And officials of the Republican Party and at the White House yesterday were celebrating the Tuesday night primary victory of a Republican who opposed the war, moderate Sen. Lincoln Chafee of Rhode Island. Though Mr. Chafee had opposed Mr. Bush on tax cuts and the war, party strategists concluded he has a far better chance of holding the seat against Democrat Sheldon Whitehouse in November than his conservative challenger did. Mr. Chafee's re-election would increase the odds against the Democrats' gaining the six seats it needs to capture Senate control. (Please see related article8.)

Strategists in both parties believe Democrats have a stronger chance of picking up the 15 seats necessary to win control of the House. Yet economic developments have the potential to brighten voters' mood after months in which Mr. Bush and Republicans received scant credit for continued growth and low unemployment.

Crude-oil prices have fallen from $77 a barrel in early August to $63.97 yesterday, sending gasoline prices well below previous highs of more than $3 a gallon at the pump. And stock prices continued their climb from a slump in July: The Dow Jones Industrial Average rose 45.23 points yesterday to close at 11543.32 -- just 1.6% short of the record.

So far, all of this is providing only mixed benefits for Republican candidates. Approval of Congress actually fell to 20% in this month's survey from 24% in July, and Democrats maintained a 48%-39% edge on voters' preference of which party should control Capitol Hill.

At the same time, the Journal/NBC poll shows voters split on whether their incumbent House member deserves re-election. In July, voters said it was time to "give a new person a chance" by a 10-percentage-point margin. Voters also say by 42% to 37% that they are more concerned Democrats have offered "no specific plans" than that Republicans have offered "no changes" to deal with the country's problems. The telephone survey of 1,009 registered voters, conducted Sept. 8-11, carries a margin for error of 3.1 percentage points.

In part, those results show the impact of Republican candidates' advertising attacks on their Democratic foes at an earlier point in the campaign season than in past elections. Democrats acknowledge that Mr. Bush's party has been quicker this year than President Clinton's allies were in 1994 to gauge the depth of political trouble they face and adjust tactics accordingly.

The adjustments have been reflected on Capitol Hill in Republican leaders' decision, made in conjunction with White House officials, to spend September debating the surveillance and prosecution of terror suspects in the wake of court decisions rejecting Mr. Bush's initial approach to both. Some Republican lawmakers are dissenting from Mr. Bush's approach, but the Journal/NBC survey shows voters prefer Republicans to Democrats on handling terrorism by a 14-percentage-point margin. (Please see related article9.)

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Another such step was Republican leaders' decision to shelve Mr. Bush's request for a comprehensive overhaul of immigration laws in the face of conservative opposition to a guest-worker program embracing some who already have crossed the border illegally. Instead, House Republicans spent much of the summer courting conservatives by emphasizing border security.

Whatever the cause, the Journal/NBC poll shows Republicans have taken initial steps toward narrowing the gap in voter interest that has favored the Democratic faithful for months. In July, 57% of Democratic voters expressed the highest possible level of interest in the election, compared with 46% of Republicans.

Now, that "interest gap" has narrowed to 51%-46% in the Democrats' favor. Hispanic voters, the constituency Republicans have feared alienating with an emphasis on border security, evince significantly less interest in the election than either whites or African-Americans.

Democrats hold the upper hand on some key issues in the survey, including a 23-percentage-point edge on handling Social Security and a 12-percentage-point advantage on handling the economy. Voters citing jobs, Social Security or health care as their top priority -- a group that accounts for nearly half the electorate -- want Democrats to win control of Congress, 60% to 25%.

Yet the slightly smaller group naming terrorism, moral values or immigration as top priorities favors Republican control by a similarly lopsided margin. That means control of the campaign dialogue will be a critical factor in battleground House and Senate races.

The Iraq war, now in its fourth year and with more than 2,500 U.S. troop deaths, remains the Republicans' most daunting political problem because it has depressed the overall public mood and fueled demand for change. Still, the poll shows how Republican candidates may best be able to limit the political fallout.

When offered a choice between a Republican who wants to maintain troop levels and a Democrat who wants to reduce them, voters choose the Democrat by a 53%-40% margin. If offered a choice between a Republican who wants to maintain troop levels and a Democrat seeking "immediate and orderly withdrawal," voters prefer the Republican by 48%-41%.

"There's a reason that Republicans and the president are trying to make this a choice for stability [in Iraq] versus 'cut-and-run,'" says Mr. McInturff, the Republican pollster. "If you're a Republican candidate, you'd better make this election on a narrow range of issues."

The Journal/NBC survey shows Mr. Bush's approval rating on the economy has risen to 43% from 39% in June. That may in part reflect an easing of energy costs; 26% cite "gas prices and energy costs" as the biggest economic trouble spot, down from 41% in July.

Rising stock-market values haven't yet translated into increasing optimism about the economy. Just one in five voters surveyed says the economy has improved in the past year, unchanged since June.

An Anti-Incumbent Election? This Year? Of Course Not (RC)

By Stuart Rothenberg

Roll Call, September 14, 2006

Over the past year or so, I've heard more than a few people talking about 2006 as an anti-incumbent election. Well, those people are wrong. We are not going to have an anti-incumbent election in November. We are going to have an anti-Bush election.

First, let's get our terms straight. If "anti-incumbent election" means anything, it is that voters are so dissatisfied with the status quo that they vote against all incumbents, regardless of party. The term highlights one, and only one, quality of embattled candidates: their incumbency.

This kind of election is not about party or ideology or how Members voted on a particular piece of legislation. If it were about any of those things, it wouldn't simply be an "anti-incumbent" election. An anti-incumbent election is a referendum on the "ins," and voters, for whatever reasons, are so unhappy with the performance of those "ins" — all the "ins" — that they throw them out. All of them.

I'm sure 2006 won't be an anti-incumbent election, for two very different reasons.

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First, history strongly suggests — and "suggests" actually is far too mild a word — that we don't have anti-incumbent elections in this country. I'm not saying that we've never had one or that we never will have one, but I'm hard-pressed to identify one during the past 50 years.

Over the past 26 Congressional elections, going back to 1954, there have been only three elections when at least a half-dozen incumbents of both parties were defeated — 1956, 1990 and 1992, according to "Vital Statistics on Congress, 2001-02," edited by Norman Ornstein, Thomas Mann and Michael Malbin.

By contrast, we have had eight elections in which one party knocked off at least 20 of the opponent's incumbents and lost fewer than a half-dozen of its own.

Virtually all midterm elections are a referendum on the party of the president, so it isn't surprising that when a political wave hits, it damages one party much more heavily than it does the other.

The worst bipartisan election since the mid-1950s was in 1992, when a total of 24 sitting House Members — 16 Republicans and eight Democrats — were defeated. While there was a strong anti-Washington, D.C., mood developing in this country at that time, that year also was a redistricting election in which some incumbents didn't possess the normal advantages of incumbency. That fact undoubtedly explains so many incumbent losses.

Otherwise, over the past 50 years, the closest we've come to an anti-incumbent election was in 1990, when six Democrats and nine Republicans lost in the general election, and in 1978, when 14 Democrats and five Republicans were defeated that November.

Second, there is very little evidence that the environment in the current cycle is heavily stacked against incumbents in general, even though a handful have been defeated for renomination.

Looking toward November, there is no indication that the two major parties both are facing significant incumbent losses. I suppose Democrats could lose an incumbent or two if things go poorly for them, but right now there isn't a single Democratic seat that ranks in the 25 most vulnerable House seats in the country.

Not one. Not a single one. The vulnerability is entirely on one side of the partisan aisle.

How could we possibly be having an anti-incumbent election if one party loses 10, 15 or even 20 incumbents and the other party loses none, or one or two?

Instead, what is developing is a classic political wave of voter dissatisfaction about the direction of the nation and the performance of the president. Congressional candidates from the president's party are about to bear the brunt of voter dissatisfaction, because President Bush isn't on the ballot.

Republican incumbents are in trouble not because they are incumbents, but because they are Republicans.

This election isn't really about agendas. Sure, Democrats have something called their "New Direction," but most voters aren't regarding November primarily as a choice between two visions or two ideologies. No, it's about sending a message to the president and to Congress that they aren't happy — specifically with the Iraq War, but more generally as well.

Republican National Committee Chairman Ken Mehlman is quite correct when he says Republicans will do better when the election is a choice rather than a referendum. Unfortunately for him, that's not likely to happen until 2008.

So what about the defeats of Sen. Joe Lieberman (D-Conn.), Reps. Cynthia McKinney (D-Ga.) and Joe Schwarz (R-Mich.), and even Alaska Gov. Frank Murkowski (R)? The answer is simple. Each lost for specific reasons, not because of a trend. It isn't their incumbency that unites them. They lost because of their own voting records and style.

While it is true that voters are not particularly impressed with Congress in general or either of the two major parties, the midterm elections have developed into a referendum on the president. Republicans may well succeed in minimizing the damage in November by localizing elections and re-electing incumbents, but there is no indication that voters will send a message of dissatisfaction with all incumbents in the fall.

That means that all but a handful of Democratic House incumbents can rest easy.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Analysis: Party Convictions Sidelined (AP-Y)

By David Espo

DOJ_NMG_0062926

AP, September 13, 2006

All politics is national in the 2006 midterm elections, with both parties willing to put aside deeply held views over war, taxes and more in the surpassing struggle for control of the House and Senate.

Which explains why a conservative Republican Party rejoiced Wednesday at the primary victory of Rhode Island's incorrigibly independent GOP Sen. Lincoln Chafee, and struggled with the defeat of the more moderate of two leading contenders for a House seat in Arizona.

Or why Democrats, whose leaders call daily for a timetable for a troop withdrawal from Iraq, were less than thrilled to find vigorously anti-war contenders winning nominations for House seats in New Hampshire and New York.

Nowhere was the phenomenon more obvious than Rhode Island, where Republicans placed an abundance of money and manpower into an effort to save their most liberal senator from defeat at the hands of a conservative primary challenger.

"We appreciate him. We know that he fits Rhode Island and he's got a record that's effective for the concerns of the people of Rhode Island," Sen. Elizabeth Dole, head of the GOP senatorial campaign committee, said in praise of Chafee. The Rhode Islander opposes the war in Iraq and President Bush's tax cuts, while supporting abortion rights.

In case anyone missed the point, she recast it in more overtly political terms. "This race would've immediately fallen into the hands of the Democrats if, in fact, Linc Chafee had lost this race" to Stephen Laffey.

Nationally, Democrats must gain six seats to capture control of the Senate.

"That would have been one down, right there," Dole said. She felt strongly about it, having approved a barrage of television commercials that depicted Laffey as weak on immigration and prone to raising taxes.

Not that Rhode Island is safe for Chafee or the Republicans in the fall.

The state's former attorney general, Sheldon Whitehouse, drew more votes in an essentially uncontested Democratic primary than Chafee and Laffey combined in their heated race, and the most recent pre-primary polls point toward a close race in November.

Chafee presented his credentials as he returned to campaigning.

"Rhode Islanders are going to know I'm independent, over and over again," he said.

But Whitehouse had already served notice he would try to undercut the claim. Speaking to supporters Tuesday night, he noted that the first vote cast when the new Congress convenes will determine which party controls the Senate.

"I can tell you this: I will never cast that vote to empower the Bush agenda," he said, a slap at Chafee.

Republican Party officials applied the same logic in Arizona, where Randy Graf ran on a tough-on-immigration platform for the GOP nomination in a district that runs to the Mexican border.

Strategists in Washington deemed him too conservative to hold the seat, and ran television commercials praising one of his rivals, Steven Huffman.

Graf won anyway, and immediately ran into difficulties. Rep. Jim Kolbe, the Republican who has held the seat for more than 20 years, issued a statement that said, "There are such profound and fundamental differences between his views and mine on several key issues that I would not be true to my own principles were I to endorse him now for the general election in November."

Democrats must gain 15 seats to win control of the House, and like Republicans, looked past their policy views — then conceded they had run afoul of voters who preferred a nominee with a sharper position on the war.

Judith Aydelott was the early choice of the Democratic establishment to run in the Hudson Valley of New York. The voters weren't as impressed, giving her little more than one-fourth of the votes cast.

Singer-songwriter John Hall carries the nomination into the fall campaign against Republican Sue Kelly.

For months, party officials had touted Jim Craig as the type of challenger who could make a New Hampshire congressional seat competitive. A leader in the New Hampshire legislature, he had the support of party officials in Washington as well as at the state capital in Concord, N.H.

He lost, in a rout, to Carol Shea-Porter, who raised a mere $40,000.

Of the war, she said recently, "We need to get out. We don't have to tell insurgents over there the exact date, but we better tell ourselves what the date is and better start planning to leave."

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That sounds like something any one of dozens of congressional Democrats could say with pride.

Now, they'll find out whether their calculation was correct — that it might have been preferable to mute opposition to the war in districts like the one around the New Hampshire seacoast or the military academy at West Point.

What Primaries Say About US Voter Mood (CSM)

By Linda Feldmann

The Christian Science Monitor, September 14, 2006

WASHINGTON

In the end, the most-watched race of the Sept. 12 primaries became the dog that didn't bark. Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, beat back a fierce challenge by a populist conservative supported by the antitax Club for Growth.

A loss by Senator Chafee would have been nearly without precedent in modern times - the second senator to lose in the primaries, following Democratic Sen. Joe Lieberman's defeat in Connecticut last month. Headlines would have screamed about voters clamoring for change, and about ideological purges in both parties.

The outcome - a 54-to-46 Chafee victory over Cranston Mayor Stephen Laffey, relatively close for an incumbent in a primary - suggests that the national Republican Party did indeed need to pull out all the stops, as it did, to ensure that the conservative was not the nominee and a near-certain loser in November. Rhode Island is one of the most liberal states in the country. Before the primary race heated up, sparking a flurry of Republican registration by independents and even some Democrats to help save Chafee, only about 11 percent of voters were registered Republican.

But the dynamic in Rhode Island was completely different from that of Connecticut. In the Lieberman race, no viable Republican is running, so the Demo- crats could afford to hold a primary centered on a major issue - US policy in Iraq. The Republicans could not afford to let the Senate primary be all about taxes and pork-barrel spending and the Iraq war. It needed to be about electability.

"In Rhode Island, had Chafee lost, the Democrats would have picked up that seat," says Larry Sabato, a political scientist at the University of Virginia in Charlottesville. Renominating Chafee is "a matter of pure pragmatism on the part of Republicans in Rhode Island."

Thus Chafee, the only Republican senator to vote against authorizing US military action in Iraq in 2002 - and who did not even vote to reelect President Bush in 2004 - was treated to lots of national Republican money in his quest for renomination. Dr. Sabato surmises that if just the true Republicans had voted in the primary, Laffey probably would have won 60 percent to 40 percent or better.

"It was the independents and even Democrats who switched registration who saved Chafee," he says, noting that small-state, personal loyalty to the patrician senator among non-Republicans likely played a role. Chafee is one of Rhode Island's political brand names; Lincoln's father, John, was a longtime, beloved senator from the state.

Still, the Chafee name and record may not be enough to save the current senator in November. He faces a tough challenge from former state Attorney General Sheldon Whitehouse (D). Mr. Whitehouse's father roomed with John Chafee at Yale University, a sign of just how small Rhode Island is.

By keeping that race competitive for the GOP, Chafee's primary victory makes it that much more difficult for the Democrats to retake control of the Senate in November. The party needs to make a net gain of six seats to win control.

In other Sept. 12 primaries:

• In Arizona's eighth congressional district, Randy Graf, a conservative running against illegal immigration, defeated the moderate Republican, handing a major opportunity to the Democrats to take over a seat currently held by retiring Rep. Jim Kolbe (R). State Sen. Gabrielle Giffords won the Democratic primary.

• In Maryland, Rep. Ben Cardin defeated former Rep. Kweisi Mfume for the Democratic Senate nomination. Mr. Cardin will face Lt. Gov. Michael Steele (R), one of the handful of African-Americans running for high-level office this November.

• In Washington, D.C., city council member Adrian Fenty handily won the Democratic primary for mayor, and will almost certainly coast to victory in November. At age 35, he would be the youngest mayor in city history, and also the first native

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Washingtonian to win that position. Washington has had elected mayors since it gained home rule in 1973. Mr. Fenty defeated D.C. council chair and veteran politician Linda Cropp, a sign of voter hunger for change.

• In Michigan, state Rep. Keith Ellison is now in position to become the first Muslim elected to Congress, as well as the first African-American to the House from Minnesota. He won the Democratic primary, in a highly Democratic district, to replace retiring Rep. Martin Sabo (D).

• In New Hampshire's first congressional district, antiwar Democrat Carol Shea-Porter won a primary upset, defeating the party's favored candidate, state House minority leader Jim Craig. Ms. Shea-Porter will face Rep. Jeb Bradley (R) in November. The Bradley seat appears on most lists of competitive House races, and the Iraq war is likely to be a central issue in the general election. Shea-Porter favors a deadline for withdrawal, while Bradley favors withdrawal only after Iraq is stable.

• In New York, Sen. Hillary Rodham Clinton (D) cruised to renomination, with 83 percent of the vote, over antiwar candidate Jonathan Tasini. Senator Clinton is expected to win reelection easily in November, thus paving the way for her to address the biggest question of her political career: Will she run for president in 2008?

Primaries Sharpen Focus In The Battle For Congress (NYT)

By Carl Hulse

The New York Times, September 14, 2006

WASHINGTON, Sept. 12 — The battle for control of Congress came into sharper focus Wednesday after Tuesday's primaries gave House Republicans an edge in a New Hampshire race, Democrats got a leg up on an open House seat in Arizona and the two parties settled in for a Senate showdown in Rhode Island.

In a display of Republican ability to get voters to the polls, Senator Lincoln Chafee of Rhode Island rode a record Republican primary turnout to a victory over Mayor Stephen Laffey of Cranston, saving Republicans from prematurely surrendering a seat to Democrats, who need a net gain of six to take over the Senate.

"That would have been one down right there,'' said Senator Elizabeth Dole of North Carolina, chairwoman of the National Republican Senatorial Committee. "There was no way that Mayor Laffey could have won the general election.''

Despite Mr. Chafee's penchant for crossing party lines on big issues, national Republicans poured in money and workers in a push to hold the seat, displaying anew why Democrats are worried about the deep pockets and get-out-the-vote operations of their rivals.

But Democrats said the level of support for their candidate in Rhode Island, former Attorney General Sheldon Whitehouse — who received more votes than the two Republican candidates combined — left them confident they could unseat Mr. Chafee in November. They also said that Mr. Chafee had been bolstered by his opposition to the war in Iraq and other Bush policies and that Mr. Whitehouse could trump him there.

"Yesterday's election showed that when you're anti-Bush, you win,'' said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, who said Democrats had showed strong enthusiasm even without a contested race.

"This is going to be an uphill fight for them in November,'' Mr. Schumer said of Republicans.

Mrs. Dole and other Republicans said they believed that Mr. Chafee, whose father was a popular Rhode Island senator, would attract substantial Democratic and independent support in November. "He has shown the ability to win with cross-over voters,'' said Senator George Allen of Virginia, who ran the Senate Republican campaign organization two years ago.

In Arizona, Democrats said they believed their chances for winning the House seat in the Tucson area being vacated by Representative Jim Kolbe, a Republican, were enhanced by the primary victory of Randy Graf, a conservative Republican.

The National Republican Congressional Committee had backed Mr. Graf's more moderate opponent, Steve Huffman, as the better candidate for the general election. Mr. Kolbe said Wednesday that he would not endorse Mr. Graf, citing "profound and fundamental differences between his views and mine on several key issues.''

Carl Forti, a spokesman for the House Republican campaign arm, said the party would rally behind Mr. Graf, including showcasing him on Thursday before potential party donors. In addition, Mr. Forti said, Representative Thomas M. Reynolds of

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New York, chairman of the House Republican campaign committee, would be contributing $5,000 from his own campaign to Mr. Graf.

Democrats said they were confident that the division within the Republican Party would open the door to their candidate, Gabrielle Giffords, a former state legislator, capturing the seat held for two decades by Mr. Kolbe.

In New Hampshire, Jim Craig, a moderate Democrat who had been backed by his party in the primary to take on Representative Jeb Bradley in the Manchester area, lost to the antiwar candidate Carol Shea-Porter.

"Obviously, that is embarrassing for Democrats,'' said Representative Charles Bass, the Republican who represents New Hampshire's other House district, predicting that Mr. Bradley would now be re-elected.

The Democratic Party's choice in the 19th Congressional District of New York, represented by Sue W. Kelly, a Republican, also lost on Tuesday. Ms. Kelly will now face the singer-songwriter John Hall, who has attracted celebrity backing from the music community.

In a highly publicized primary to succeed Representative Martin Olav Sabo of Minnesota, a Democrat who is retiring, Keith Ellison, a state legislator, won a tough race in the Minneapolis-area district. That puts Mr. Ellison in line to become the first Muslim member of Congress.

Primary Colors (WSJ)

The Wall Street Journal, September 14, 2006

Hillary Clinton and Eliot Spitzer barely broke a sweat in winning their primaries Tuesday, but that doesn't mean the day lacked drama. Just ask Rhode Island Senator Lincoln Chafee, who staved off a spirited challenge from tax-cutting conservative Stephen Laffey, thanks largely to the national GOP he belongs to but regularly undermines.

Mr. Chafee has caused nothing but headaches for his caucus on everything from tax cuts to Social Security to the war on terror, but he was backed by a White House concerned with keeping the seat nominally Republican and worried that Mr. Laffey was too conservative to win in November. The national party poured millions into attack ads against Mr. Laffey and more or less told GOP voters the party would abandon the seat if he won.

The White House used a similar strategy in 2004, when it backed Senator Arlen Specter of Pennsylvania against a conservative challenge by Pat Toomey. At least Mr. Specter has returned the favor by helping to confirm President Bush's Supreme Court nominees. Now we'll see if Mr. Chafee -- who famously didn't vote to confirm Justice Samuel Alito -- is similarly grateful. The first test will be if he votes to confirm John Bolton as U.N. Ambassador.

Meanwhile, the national GOP was on the losing side Tuesday in Arizona, where a primary for an open House seat went to anti-immigration hard-liner Randy Graf. Immigration was the dominant issue in the Tucson district that borders Mexico. Yet Mr. Graf managed a plurality of just 43%, the same amount he received in a primary two years ago in a loss to Jim Kolbe, the 11-term pro-immigration incumbent retiring this year. GOP restrictionists are cheering Mr. Graf's victory, but he is now expected to lose the seat in November. Restrictionists also took a blow as their Arizona candidate for governor, Don Goldwater -- who campaigned at the border, yelling "Mr. Bush, build this wall now!" -- lost handily to a conservative who favors comprehensive immigration reform.

Back East, Maryland Democrats chose Representative Ben Cardin over former NAACP chief Kweisi Mfume in a Senate primary, which means GOP candidate and current Lieutenant Governor Michael Steele has his work cut out. It also means there won't be two black candidates for a Senate seat, although it will be interesting to see what inroads Mr. Steele can make with black Democrats. If he wins the general election, the Senate will have two black Members for the first time in history.

Antiwar Democrats also made themselves heard again. They won in New Hampshire, lifting Carol Shea-Porter, who called for withdrawal from Iraq, over Jim Craig, who heavily outspent her and was backed by the party establishment. They lost in Maryland, but not before putting a scare into Representative Al Wynn, who voted for the war and has voted with the GOP on campaign finance issues and some tax cuts. He won 50%-46%.

Both were electoral surprises likely to push the Congressional Democrats further left on the war. Whether that will help them in November is another story, since Ned Lamont's victory last month over Connecticut Senator Joe Lieberman seems to be

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helping the GOP retain its three vulnerable House seats in that state. You know it's a volatile political year when the GOP is counting on victories by a pro-war Democrat and an antiwar Republican (Mr. Chafee) to keep control of Congress.

Prudence At The Polls (WP)

By David S. Broder

The Washington Post, September 14, 2006

The lesson from Tuesday's round of primaries in nine states and the District of Columbia was simple and reassuring. Credentials count. Experience counts. And so does the willingness to engage some serious issues.

For the most part, the candidates nominated for Congress and governor come from the mainstream establishments of their parties. Despite the widespread voter discontent with the political status quo, few mavericks, rebels or true outsiders won places on the November ballot.

In the day's headline event, Sen. Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, turned back the challenge of Cranston Mayor Stephen Laffey, a conservative populist.

The margin was not great -- 5,000 votes in a turnout of some 63,000. Chafee probably owes his victory as much to the financial and organizational support supplied by the Republicans' national campaign committees as to his own diffident campaigning. The White House and GOP Senate leaders decided to overlook Chafee's frequent disagreements with the president in hopes of keeping a Senate seat that Democrats have to win to have any chance of capturing a Senate majority.

The Chafee name is honored in Rhode Island, thanks to the legacy of the incumbent's father, the late John Chafee, who served as governor and senator for years. Chafee still faces a serious challenge from the Democratic nominee, former state attorney general Sheldon Whitehouse, in the heavily Democratic state. But the Republicans' chances are far better with Chafee than with anyone else.

In another Rhode Island contest, Brown University professor Jennifer Lawless challenged Rep. Jim Langevin in the Democratic primary, arguing that his support of bills to finance the war in Iraq and his opposition to abortion rights put him outside the mainstream of the party. But this effort failed, as did most other tries inside Democratic primaries to repeat Ned Lamont's upset of Connecticut Sen. Joseph Lieberman. With Lieberman now out front in the race, running as an independent, the idea that Lamont represented the new model for the party looks suspect.

One exception was in New Hampshire, where an antiwar activist, Carol Shea-Porter, who mobilized student and liberal support, beat the party-endorsed legislative leader, Jim Craig, for a House nomination. But she is a long shot against Republican Rep. Jeb Bradley.

The antiwar maverick who tried to upset Sen. Hillary Rodham Clinton in New York predictably was swamped, as was the estimable Long Island Democratic official, Thomas Suozzi, who challenged Attorney General Eliot Spitzer for governor. Spitzer now becomes a heavy favorite in November.

In another New York race, a seeming outsider, musician and pop composer John Hall, won the Democratic nomination to oppose Republican Rep. Sue Kelly. Hall, who played with the rock band Orleans and co-wrote "Still the One," had to overcome the early favorite, Judy Aydelott, who switched from the GOP in disagreement with President Bush's policies and attracted support from feminist groups and Hollywood types. Hall had stronger ties to the district's Democrats, and the backing of organized labor, so he was really the insiders' choice.

But out in Arizona, the power of another issue -- immigration -- was displayed when Randy Graf, an outspoken advocate of closing the border, won a close victory over party-endorsed moderate state Rep. Steve Huffman, for the Republican nomination to succeed retiring Rep. Jim Kolbe. The Kolbe-backed Huffman might have won, except that another moderate candidate took 12 percent of the vote -- twice Graf's margin. The district now becomes even more of a pickup target for the Democrats.

In Maryland, quiet competence prevailed when Rep. Ben Cardin, a 10-term veteran of the House and one of its most skilled but unflamboyant legislators, won in a large field to pick a successor to retiring Democratic Sen. Paul Sarbanes. Having defeated Kweisi Mfume, the former head of the NAACP, in the primary, Cardin now faces another attractive African American, Republican Lt. Gov. Michael Steele. Maryland usually elects Democrats, but Steele could change the dynamics of the race.

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The Sarbanes legacy continues, as the senator's son, attorney John Sarbanes, won the Democratic nomination to succeed Cardin in the House. His dad appeared in the novice candidate's commercials.

Another notable likely Democratic winner is state Rep. Keith Ellison of Minneapolis, the nominee for the seat of retiring Rep. Martin Olav Sabo in a heavily Democratic district. Ellison would be the first Muslim elected to Congress.

All together, the day's results showed commendable discernment on the part of the voters. It augurs well for November.

The GOP's Borderline Politics In Arizona (LAT)

The Los Angeles Times, September 14, 2006

REPUBLICAN LAWMAKERS' internecine battles over immigration policy have already prevented them from acting on one of President Bush's top second-term priorities: comprehensive immigration reform. Now the GOP border split is threatening to cost Republicans at least one seat in the House of Representatives.

On Tuesday, Republican primary voters in Arizona's 8th Congressional District chose former state legislator and pro golfer Randy Graf — who wants to militarize the southern border and who received $40,000 from the vigilante Minuteman Project — over four opponents, most of whom took a more sensible approach on immigration.

Graf may be further to the right than the national GOP, but on issues such as taxes, same-sex marriage and abortion, he's right in line with the Bush administration. Nevertheless, the National Republican Congressional Committee was so worried about his ability to win this marginally Republican district in November that it threw more than $250,000 worth of advertising behind one of Graf's primary opponents, Steve Huffman.

The money and national support may have helped Huffman, but not enough. He wound up with 37% of the vote to Graf's 43%; the remaining 20% was divided among the other three candidates. Democrats, meanwhile, threw their support behind former Republican Gabrielle Giffords, who served five years in the state Legislature as a Democrat. Early polls show Giffords leading Graf in the race to succeed retiring Republican Jim Kolbe, who handily defeated Graf in the GOP primary two years ago.

Like Southern Californians, Arizonans experience firsthand the effects of illegal immigration, both bad and good. The labor supply and entrepreneurial energy have become vital to some industries even as schools, hospitals and other public institutions have strained to meet the burdens imposed. These experiences have divided voters and elected representatives. Three Arizona Republicans, including Kolbe, are leading sponsors of comprehensive reform bills that would create a guest-worker program as well as increase border security; four others are members of Colorado Rep. Tom Tancredo's Immigration Reform Caucus, which seeks to seal the borders, deny citizenship to American-born children of illegal immigrant parents and slow legal immigration to a trickle.

Though he won, Graf drew fewer votes this year than he did in 2004 against Kolbe. Meanwhile, in the GOP primary for Arizona governor, an immigration restrictionist candidate, Don Goldwater (Barry's nephew), was outpolled, 49% to 41%, by Len Munsil, who took a less aggressive stance on illegal immigrants. So it's hard to argue that either side of the debate is gathering steam. The intriguing question remains whether the tough talk that wins primaries in September will do as well in general elections this November.

In R.I., A Model For Voter Turnout (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 14, 2006

The turnout campaign that Republican operatives used to help pull Sen. Lincoln D. Chafee to victory in the Rhode Island primary was a potent demonstration of how money and manpower can transform a race even in an unfavorable political environment -- and a preview of the strategy that national party officials say they plan to replicate in the most competitive House and Senate races over the next 55 days.

In the past two national elections, in 2002 and 2004, Republicans outperformed Democrats in bringing their backers to the polls, but many Democrats and independent analysts have suggested that the competition may be different this year, in part because of slumping morale among GOP activists. But Chafee's performance -- combined with reports of late-starting organization and internal bickering on the Democratic side -- suggest that the Republican advantage on turnout may remain intact even as many other trends are favoring the opposition.

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The Republican National Committee, convinced that Chafee is the party's only chance of keeping a seat in a Democratic-leaning state, spent $400,000 to ship 86 out-of-state volunteers and several paid staff members to Rhode Island. They targeted not just Republicans but also independent voters during the final days of the campaign, following a blueprint developed months ago by the National Republican Senatorial Committee and the Chafee campaign.

The effort helped Chafee survive a spirited challenge from Cranston Mayor Stephen Laffey by boosting primary turnout to an all-time high. In June, GOP leaders used a similar turnout program to help lobbyist Brian Bilbray win a special California election for the House seat vacated by indicted GOP Rep. Randy "Duke" Cunningham.

There were several factors behind Chafee's 54 percent to 46 percent win, including his popularity among independents and his decision to attack Laffey in television ads during the final weeks of the campaign. But it was the repeat success of the GOP voter-mobilization program that had Democrats anxiously examining returns.

"Their turnout operation is exquisite," a senior Democratic strategist said. "We are not going to match them."

While Democrats are confident they are on track to capture the House and possibly the Senate, top party leaders are privately expressing concerns about the RNC's $30 million financial advantage over the Democratic National Committee and how the money will be used to maximize turnout in pivotal races.

Events this week put the GOP edge in sharp relief. While the RNC was fine-tuning its "microtargeting" program in Rhode Island, Democrats were announcing they had finally resolved a months-long dispute between Democratic National Committee Chairman Howard Dean and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) over a budget for mobilizing voters.

The DNC will spend $12 million to help Democrats up and down the ballot this fall. Some party leaders privately acknowledge that House Democrats in particular are only beginning to put in place an operation to turn out voters and that Republicans are many months ahead in planning.

Democratic leaders, who agreed to speak about the matter on the condition of anonymity, said their turnout strategy will be sufficient even if it is not equal. Senate Democrats have already put $10 million into turnout for contested races and began a detailed voter-identification effort months ago, while the Democratic Congressional Campaign Committee has brought on grass-roots organizing expert Michael Whouley to head up its turnout efforts. Democrats said they have one advantage this year that Republicans cannot match: voter intensity. Numerous polls show that Democrats, disdainful of President Bush and the Iraq war, are motivated to vote on Nov. 7, while Republicans do not have similar enthusiasm.

Still, Republicans said the combination of the Chafee win and new polling data showing renewed voter confidence in GOP anti-terrorism policies suggest their election plan could limit losses and protect their congressional majorities. An ABC News poll released yesterday found that Bush's relentless focus on terrorism in the run-up to the fifth anniversary of the Sept. 11 attacks benefited the White House and the GOP. Republicans held an edge of seven percentage points when respondents were asked which party they trust to handle terrorism, a 14-point change from last month.

Fred Yang, a Democratic pollster involved in competitive races this fall, said he was not surprised by Republicans' improving numbers on the fight against terrorism but added: "If this blip holds, it should be something that concerns us."

Chafee, who often clashes with the White House and congressional leaders over policy and political tactics, said the Rhode Island primary shows that the GOP strategy can work. "The proof is in the pudding," he said. He noted that the state saw a record turnout for a Republican primary and said that the turnout operation "made the difference." The RNC lacks the resources to replicate its efforts in Rhode Island in every competitive congressional race. But GOP officials said that the $30 million they plan to spend on turnout will allow them to run aggressive programs in most of them. Already, for example, they have more than 40 paid field experts in Missouri, Ohio and Tennessee and nine in Connecticut for the three competitive House races, according to a person familiar with RNC operations.

Near Election Day, they will decide where to deploy thousands of volunteers, some paid, for reinforcements.

Recent history underscores the importance of superior voter-mobilization plans. In 2004, Senate Minority Leader Thomas A. Daschle (D-S.D.) thought that if he received 190,000 votes it would be impossible for former congressman John Thune (R) to beat him. Daschle won 193,340 votes; Thune got 197,848. In Ohio -- the central battleground in the race between Bush and Sen. John F. Kerry (Mass.) -- Democrats met all of their projected vote totals but came up more than 100,000 short.

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The Rhode Island effort offered a window into how a mobilization program unfolds.

About six months ago, the National Republican Senatorial Committee sat down with the Chafee campaign to construct a voter-turnout program. Weekly phone calls followed and a number of NRSC senior staffers -- including political director Blaise Hazelwood -- made regular trips to the state to ensure the structure was being built. They identified potential Chafee voters and pressed Democrats to change their party identification to "unaffiliated," a move that would allow them to vote in the Republican primary.

As the campaign wore on, Republicans began another slew of phone calls to unaffiliated voters to tell them that they could vote for Chafee and then immediately change their registration back to unaffiliated or Democrat. The RNC road-tested a new technology in the race that officials said is making their targeting program faster and more precise. It is based on a program that allows volunteers to call potential voters, note their political views and preferences on sheet of paper and immediately scan the results into a huge database known as the Voter Vault. Experts in the political practice known as microtargeting can then instantly analyze the results to determine which issues are moving voters and adjust their pitch.

All told, the Chafee campaign spent $500,000 on the effort, while the Republican National Committee chipped in an additional $400,000. The NRSC spent $1.2 million on the race -- primarily on an extended television campaign that attacked Laffey. Heading into the final day, Chafee said he had "deep apprehensions" about his ability to win.

Bill Lynch, chairman of the Rhode Island Democratic Party, said the turnout numbers are worrisome. "It will make for an interesting couple of months," he said.

Democrats Form New Group For Fund-Raising And Ads (NYT)

By John M. Broder

The New York Times, September 14, 2006

WASHINGTON, Sept. 12 — Sensing both political danger and opportunity, a top Democratic operative and a group of major party donors have banded together to deliver a barrage of late advertising and on-the-ground action to secure Democratic victories in November.

The operative, Harold M. Ickes, a top aide to former President Bill Clinton and informal adviser to Senator Hillary Rodham Clinton, and a group of allies are soliciting money for a new organization called the September Fund.

They hope to raise and spend as much as $25 million to influence not only crucial Congressional races but also other campaigns and ballot initiatives at the federal and state level.

Mr. Ickes was among the chief organizers of several groups that raised more than $200 million from wealthy liberals and labor unions in 2004 to try to defeat President Bush.

After months in which Democrats have fretted about how much support they would get from those sources this time around, Mr. Ickes is turning to many of the same donors in hopes that a surge of spending in the fall campaign's final weeks will cement Democratic gains against a president and a Republican-led Congress whose approval ratings are sagging.

Mr. Ickes has already contacted George Soros, the billionaire financier who gave Democratic committees more than $25 million in 2004. Among others on the fund's list of potential donors are Steve Bing, a Hollywood producer; Linda Pritzker, a member of the family that owns Hyatt hotels; Herb and Marion Sandler, owners of a California savings and loan; and Ted Waitt, founder of the computer company Gateway. All gave multimillion-dollar gifts to the funds Mr. Ickes directed in 2004.

The September Fund, like the groups Mr. Ickes helped organize in 2004, is set up under a loophole in campaign finance law that allows political groups to escape federal donation limits that apply to party committees and candidates. Such groups, called 527 groups for the relevant section of the Internal Revenue Code, cannot advocate the election or defeat of any candidate but can engage in issue advertising that draws distinctions between the two parties.

Federal law bars such groups from coordinating their activities with candidates or party committees, although many of the people running them, like Mr. Ickes, have longstanding ties to top party figures.

Groups formed under Section 527 of the code were major players on both sides of the 2004 campaign. The best-known 527's allied with the Republicans were Swift Vets and P.O.W.'s for Truth (formerly known as Swift Boat Veterans for Truth) and Progress for America.

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The Democrats were even more aggressive in 2004 in exploiting the 527 loophole. In addition to the Ickes groups — America Coming Together, the Media Fund and Joint Victory Campaign — major unions, environmental groups and MoveOn.org spent nearly $100 million.

The September Fund is Mr. Ickes's second venture this year to conduct political operations outside the formal structure of the Democratic Party and its chairman, Howard Dean. Earlier this year, he established a database of potential Democratic voters, partly financed by Mr. Soros, that some officials complained diverted resources from the party and could be used to assist a presidential bid by Senator Clinton.

The September Fund's president is Erik Smith, a longtime Democratic operative who directed the Media Fund. The treasurer is Albert J. Dwoskin, a Virginia developer and major party donor.

Mr. Smith said the group began soliciting money less than a week ago and had already secured pledges for several million dollars from individuals and labor unions. He would not name them.

Michael Vachon, a spokesman for Mr. Soros, said Mr. Soros had received a memorandum from the group and was considering a donation. Mr. Soros has already pledged about $3 million to other Democratic groups active in the fall campaign, Mr. Vachon said.

Leaders of the fund include Karen Ackerman, the political director of the A.F.L.-C.I.O., and Anna Burger, chairwoman of the Change to Win labor federation. Others involved are Gen. Wesley K. Clark, retired, the 2004 Democratic presidential candidate; Nick Baldick, who managed the presidential campaign of former Senator John Edwards and the New York mayoral campaign of Fernando Ferrer; and Bill Lynch, a New York lobbyist and strategist.

America Coming Together and the Media Fund evaporated after the 2004 election, with many of their donors dispirited and apparently unwilling to participate in this year's election. But Mr. Ickes, an aide said, became alarmed in late August about what he saw as a growing Republican financial advantage and feared a late salvo of negative advertising that could overwhelm Democrats in close races.

In a memorandum to potential donors, Mr. Ickes and the other organizers of the fund warned that while Democrats appeared united in their political goals, Republicans had $80 million more than Democrats to spend on fall races.

If the September Fund achieves its financial goals, it will be one of the largest 527's operating at the federal level this fall, but there are several others in the field.

MoveOn.org, the Internet-based progressive group, plans to spend as much as $25 million on advertising and voter mobilization, particularly in races focusing on the war in Iraq. Majority Action, a project of two former Democratic Party chairmen, Joe Andrew and Don Fowler, is planning to spend $8 million to $10 million on advertisements in several Congressional districts. The Senate Majority Project is setting up a group to help Democrats in close races.

On the Republican side, Club for Growth has supported conservatives in primaries against moderate incumbents in Michigan and Rhode Island. Progress for America is running advertisements on national cable television and in Missouri praising Republican strength in combating terrorism.

Va. Senate Race Goes Negative On 1979 Essay (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 14, 2006

RICHMOND, Sept. 13 -- Virginia's U.S. Senate race turned nasty Wednesday as Republican Sen. George Allen launched a character attack on his Democratic opponent's past views toward women in combat, signaling the start of a two-month barrage of negative campaigning in what has become a close race.

Allen, who is fighting for a second term, organized a news conference with five female U.S. Naval Academy graduates who said an article written 27 years ago by Allen's opponent, James Webb, prompted harassment by male midshipmen at the academy.

In the Washingtonian magazine article, "Women Can't Fight," the ex-Marine Webb wrote of the brutal conditions during the Vietnam War and argued against letting women into combat. Allen's campaign zeroed in on passages in which Webb described

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one of the academy's coed dorms as "a horny woman's dream" and said that he had never met a woman he "would trust to provide . . . combat leadership."

Linda G. Postenrieder, a 1982 Naval Academy graduate and a registered Democrat from California, said the article "infected the brigade with hate and divisive anger." Lisa Stolle, an academy graduate from Virginia Beach, said that for women, Webb's article "was like throwing gasoline" on a fire.

Webb, a Naval Academy graduate who was Navy secretary under President Ronald Reagan, issued a statement saying he was sorry "to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship."

But his campaign also responded aggressively, accusing Allen of opposing the admission of women to the Virginia Military Institute and of once having accepted membership into an exclusive club while he was governor.

The rapid-fire charges from both sides offered clues to the days leading up to the Nov. 7 election. A campaign in which both sides had been trading disagreements about energy policy and the Iraq war is quickly becoming a personal spat between a decorated war hero and a football-loving senator and former governor.

"It's probably a good time to break out the Disney tapes for the kids, because the TV ads aren't going to be pretty," said Charlie Cook, an independent political analyst who edits the Cook Political Report. "Both these guys will do whatever it takes to win. Nobody's going to hold anything back."

Already Wednesday, an independent veterans group began airing a TV commercial in some parts of Virginia accusing Allen of voting against a $1 billion amendment for high-quality body armor for troops in Iraq. In the ad, as bullets pierce a Vietnam-era flak jacket, an announcer urges voters to oust Allen. Jon Soltz, an Iraq war veteran from Pittsburgh, said his group is targeting Allen because "he let the troops down."

Allen's campaign manager, Dick Wadhams, said the amendment, which Allen and other GOP senators opposed, was not specifically for body armor. He called the attack "so off the charts, unfair and completely false."

In response to Webb's other charges, Allen aides pointed out that Allen declined membership in Richmond's Commonwealth Club, which admitted no women and few blacks, a few days after he initially accepted it. They also said that Democrats and Republicans had opposed coeducation at VMI before courts ordered the school to admit women. Later, aides said, Allen insisted that female cadets be treated well.

"The difference is that Jim Webb used his position to demean women who wanted to serve their country," said Chris LaCivita, a senior consultant to the Allen campaign, which set up cameras to record the news conference for a possible campaign ad.

Allen has been on the defensive for a month, responding to criticism after calling a young Webb volunteer "Macaca" and fighting old charges of racial insensitivity. In a speech Tuesday to a black educational foundation, Allen again apologized for the comment and attempted to explain his youthful admiration of the Confederate flag.

"What I was slow to appreciate -- and wish I had understood much sooner -- is that this symbol, which for me simply stood for rebellion against authority, and for others stood for regional pride in heritage, is, for black Americans, an emblem of hate and terror, an emblem of intolerance and intimidation," Allen said.

On Wednesday, Allen's campaign went on the offensive. The five women said they were among the first to attend the Naval Academy, which began admitting women in 1976. In Webb's article, he argued women cannot physically endure combat training and military-style hazing. He also raised concerns about fraternization. "Men fight better without women around," Webb said.

"This article was brandished repeatedly. [Men] quoted and used it as an excuse to mistreat us," said Kathleen Murray, a 1984 academy graduate who rose to commander in the Navy and retired to Norfolk.

Murray said she contacted other women and urged them to discuss Webb's article after learning that he was running for the Senate. She described the group as "not partisan," though she acknowledged that Allen's campaign helped to "facilitate" their news conference.

Interviewed later, Dan Proulx, a member of the academy's Class of 1982, said that early classes of women were harassed but that he didn't think Webb's article fueled the problem: "I would say it reflected more the time and spirit of times and the debate than it caused anything."

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In his statement, Webb said that his article was written "during a time of great emotional debate . . . in this country." He said he is "completely comfortable" with the role of women in the military today, which he helped achieve by increasing opportunities for women while he was Navy secretary.

Webb spokeswoman Kristian Denny Todd said Allen was trying to smear Webb because the Democrat has been gaining in recent polls. "This is all they have, this kind of thing," she said. "It makes sense they would go in this direction."

Female Naval Academy Grads Say Webb Column Caused Harassment (AP)

By Bob Lewis

AP, September 14, 2006

RICHMOND — Five female U.S. Naval Academy graduates today said Democratic Senate candidate Jim Webb fostered an air of hostility and harassment for them with a magazine article he wrote in 1979.

The women, who attended the academy in the late 1970s and early '80s, said the column in Washingtonian magazine emboldened male midshipmen to humiliate them continuously, and some even wore "Jim Webb Fan Club" T-shirts.

"I was devastated to be told by a war hero that the academy should be shut down rather than accept me and that my very presence was responsible for the degradation of the military," said Jennifer Brooks, a 1982 graduate now retired after 20 years in the Navy.

In a statement released by Webb's campaign, he said he did not anticipate the widespread reaction to his article, "and to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship, I remain profoundly sorry."

Webb said in the statement he wrote the article "during a time of great emotional debate over a wide array of social issues in this country, and the tone of this article was no exception." He said he is "completely comfortable" with women's roles in today's military.

The women spoke at a news conference organized and paid for by Webb's Republican opponent, Sen. George Allen, on a day that marked a sharp negative turn in a race that polls show is about even.

An independent political action committee of Iraq war veterans announced the first television attack ad of the race, accusing Allen of voting in the Senate not to fund lifesaving modern body armor for combat troops. VoteVets.org is not endorsing Webb, just opposing Allen.

The women said Webb's article in Washingtonian magazine, "Women Can't Fight," made almost intolerable the already edgy relationship between male midshipmen and females, first admitted to the military service academies in 1976.

Excerpts from the article, in large bold print, hung against a black drape behind a podium theatrically lit for a camera crew of Scott Howell & Co., the Republican media firm producing Allen's campaign ads.

In the article, Webb describes the horror of combat in Vietnam for himself and the Marine infantry company he commanded and explains why he believes it was no place for a woman. He wrote that he'd never met a woman, including those at the academy who would become Navy officers, "whom I would trust to provide those men with combat leadership."

The article also described an academy residence hall that housed 4,000 men and 300 women as "a horny woman's dream."

"There was no way, ... no method to getting away from the intense, almost palpable resentment," Brooks said. "It was unbelievably demoralizing to be painted as a pampered slut who was just taking up classroom space and predestined to endanger the lives of the brave young men around me."

One of the women, 1982 graduate Linda Postenreider, said she had a telephone conversation with Webb on Tuesday night.

"He seemed willing to consider an apology or at least an acknowledgment to the brigade, especially those who served in the classes of '80 through '89, for his article that caused such grief and destruction," said Postenreider, who now lives in California and said she is a registered Democrat.

None of the women said they filed a complaint over the harassment they say Webb enabled.

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Webb's Democratic primary opponent, Harris Miller, also made an issue of Webb's attitude toward military women. During the primary campaign, retired Army Gen. Claudia Kennedy accused Webb of discrimination against women in the military and endorsed Miller.

Cardin, Steele Start General Election Drive (BSUN)

By Matthew Hay Brown

The Baltimore Sun, September 14, 2006

With the primary races finally decided Wednesday, Rep. Benjamin L. Cardin and Lt. Gov. Michael S. Steele launched their general election campaigns for Maryland's open seat in the U.S. Senate, a contest that already is drawing national attention -- and money.

Cardin, who defeated friend and former congressional colleague Kweisi Mfume for the Democratic nomination to the seat held by Sen. Paul S. Sarbanes, came out firing Wednesday, linking Steele with President Bush while invoking what he described as government failures in Iraq and the Gulf Coast.

"There is a big difference between Michael Steele and me as to the agendas that we will bring to Washington," the 10-term congressman told supporters at a Democratic rally Wednesday in Northwest Baltimore.

"We need the United States Senate to stand up and hold President Bush accountable," Cardin said. "We need the U.S. Senate to stop the blockage of stem cells based upon an ideological wall to be available for research. We need the U.S. Senate to hold President Bush accountable for his efforts to privatize and dismantle Social Security. We need the U.S. Senate to hold President Bush accountable for the mess he's made in Iraq."

Steele, speaking later in the day, rejected attempts to link him to the president.

"If Congressman Cardin wants to run against George Bush, then he should have run for president," he told WBAL Radio. "But the reality of it is, no amount of demonizing of the president, no amount of scaring people about the war, is going to change the reality that we have kids in failing public schools. We have entrepreneurs who are weighted down by heavy tax burdens and regulatory burdens, unable to free up capital to hire people and to expand businesses. We've got a health care crisis staring us in the face. We're living an energy crisis at the moment, and it's going to take leadership that's going to be focused on the realities of everyday life."

The tone of the exchange differed markedly from that of the primary races, when Cardin and Mfume had presided over an amicable contest for the Democratic nomination, and Steele faced no serious opposition for the Republican nomination.

Early Wednesday, state Republicans issued a release titled "Meet Congressman Ben Cardin," in which they sought to portray him as a career politician beholden to the special interests -- the oil, gas, pharmaceutical and health care industries among them -- that they said had contributed more than $4.5 million to his campaigns since he entered Congress in 1986.

"A lifetime spent as a politician and Washington, D.C., insider has made Congressman Cardin totally out-of-touch with Marylanders and a totally unlikely advocate for change," the Maryland Republican Party said in a statement.

Cardin spokesman Oren Shur accused Republicans of attempting to distract voters.

"Once again we're seeing Michael Steele and his allies launch attacks instead of talking about issues important to Maryland families," he said. "Ben Cardin and Michael Steele have sharp differences on the Bush agenda. Michael Steele supports the president's plan to privatize Social Security. Ben Cardin opposes it. Michael Steele supports the war in Iraq. Ben Cardin voted against it. The Republicans are hoping to distract voters from the clear differences between the candidates in this race."

Such language reflects the stakes in the contest, seen as one of the few opportunities nationwide that the Republicans have this year to take a Senate seat from the Democrats. Both parties are expected to target the state with money and visits from national leaders.

"For Republicans, I can't think of a more important race in the country," said Zach Messitte, director of the Center for the Study of Democracy at St. Mary's College of Maryland. "Here's a chance to pick up a seat that's been in Democratic hands for 30 years."

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Sen. John Kerry, the Massachusetts Democrat who was the party's nominee for president in 2004, planned to attend a fundraiser for Cardin and other Maryland Democrats Wednesday night in Clarksville. Steele has received fundraising help from Bush, Vice President Dick Cheney, White House political adviser Karl Rove and other prominent Republicans.

Steele launched what he called the "Steele Wheels for Change Bus Tour" Wednesday, making stops at the Park Heights Barbershop in Baltimore, Main Street in Parkville and the Anne Arundel County Fair in Crownsville.

Kevin Zeese, who has won the backing of the Green, Libertarian and Populist parties for the Senate, opened what he described as a "three-way race" Wednesday with a speech in Washington at the Palestine Center on reforming Middle East policy.

"The security of Americans demands that we get Middle East policy right," Zeese, the director of the anti-war group DemocracyRising.US, said in a statement. "But too many elected officials refuse to discuss the mistakes the U.S. Government is making in the region."

Messitte said Cardin's and Steele's strategies are now apparent.

"Steele's message has been that it's time for a change," he said. "Cardin doesn't have skeletons in his closet and doesn't have a lot of very controversial votes. So they've positioned themselves as, 'Do you want old, or do you want new?'

"Cardin, on the other hand, his strategy is probably pretty clear, which is, 'This guy is a Republican, and he's a conservative Republican. He may tell you that he's a different kind of politician, but here's where he stood on the stem-cell debate, here's where he stood on abortion.' I'm sure they've got quotes on him talking about Iraq before Iraq became uncool."

In an election between a white Democrat and a black Republican, the African-American community has been seen as a crucial constituency for both sides. Cardin and Steele have worked to woo black voters, many of whom traditionally vote Democratic but could be open to supporting Steele.

"One of the things that the Democrats had better start thinking about carefully is appeals to African-American voters because they have four white males nominated for four statewide offices, and one of them defeated a black candidate," said Matthew A. Crenson, a political scientist at the Johns Hopkins University. "They're going to have to work to get the black vote this time."

Cardin Ready To Face Steele (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 14, 2006

Rep. Benjamin L. Cardin yesterday claimed the Democratic nomination for a U.S. Senate seat from Maryland, pitting himself against the Republican nominee -- Lt. Gov. Michael S. Steele -- in a general election showdown that will hinge on racial issues and draw attention from across the country.

Just after 2 a.m. yesterday at the Wyndham Baltimore Hotel, Mr. Cardin delivered a victory speech aimed, in part, at shoring up support among black Democrats who may defect to Mr. Steele, the first black elected to statewide office in Maryland.

Mr. Cardin, who is white, appeared to have defeated Kweisi Mfume, past president of the National Association for the Advancement of Colored People, in large part with help from party leaders such as House Minority Whip Steny H. Hoyer and state Senate President Thomas V. Mike Miller Jr.

With 96 percent of the state's precincts reporting, Mr. Cardin had 229,835 votes, or 45 percent, and Mr. Mfume had 206,450 votes, or 40 percent. The Mfume campaign said the candidate would not contest the election results.

As Sly & the Family Stone's "Everyday People" blasted over the hotel's sound system, Mr. Cardin, 62, took the stage and invoked the tragedy of Hurricane Katrina, which critics of President Bush say demonstrated the Republican Party's indifference to poor, black communities.

"Katrina was not the disaster caused by nature. It was the disaster of government's failure to help our most vulnerable people," he said. "I am running for the United States Senate to change the priorities in Washington, to take on the moral challenges of our time and to never ever leave Americans behind."

Later in the day, Mr. Steele, 47, began a statewide bus tour in the mostly black and downtrodden West Baltimore neighborhood of Park Heights, which borders a more affluent Jewish community with the same name in Baltimore County.

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"I am no stranger to this neighborhood," Mr. Steele said. "When I go to the United States Senate, I will represent both sides of Park Heights. ... You're going with me to Washington. You will have a seat in the halls of Congress. Your voice will be heard."

Mr. Cardin, who is Jewish, has represented the Park Heights area in the U.S. House for 20 years.

Mr. Steele also delivered a message of economic empowerment and the establishment of legacy wealth in poor communities, which has become a central plank in his campaign.

"If you are not about ownership, then you are not about communities like this," he said. Martin Luther "King made it very clear that we had to have a seat at the lunch counter. Our generation will be the generation that will own the diner. That's what it is about for us in neighborhoods like this."

Henry Wilkerson, a black barber in the neighborhood, said he would cross party lines to vote for Mr. Steele.

"I'm a Democrat, but if the right man says the right thing, I'll be a Republican," said Mr. Wilkerson, 55, who is also a pastor at a nearby Baptist church. "I believe he has moral standards, and I believe he has the spiritual standards that will govern is decision-making."

Old allegiances, however, die hard.

"He's a Republican. I don't mess with Republicans," a woman told her husband over the speaker of his cell phone as he stood in the crowd to see Mr. Steele.

Mr. Cardin is actively cultivating support among black voters, who make up as much as 40 percent of Democratic voters in Maryland.

He has made Baltimore City Council member Kenneth N. Harris Sr., a black Democrat, a central figure in his Senate campaign and has enlisted the support of black clergy in Baltimore and Prince George's County.

The Rev. Marvis May, pastor of the Macedonia Baptist Church in Baltimore and a strong Cardin supporter in the city's black faith community, said black voters would remain loyal to the Democratic Party and Mr. Cardin despite Mr. Steele's racial appeal.

"It's a done deal," he said. "This is a Democratic state, and we are tired of President Bush. We are tired of Republicans."

Still, Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties.

Late last month, Mr. Steele had $3.1 million in his campaign war chest, compared with Mr. Cardin's $1.6 million. Those totals are likely to be eclipsed by the dollars that will pour into Maryland from the national fundraising wings of the Republican and Democratic parties.

Are Black Voters In Maryland Up For Grabs? (RC)

By Josh Kurtz And Emily Yehle

Roll Call, September 14, 2006

BALTIMORE — Right after declaring victory in Tuesday night's Republican Senate primary — in which he bested his nearest opponent by 84 points — Maryland Lt. Gov. Michael Steele headed to the election-night celebration of Prince George's County Executive Jack Johnson, a black Democrat. Then, he drove to the celebration of Johnson's challenger, former state Del. Rushern Baker, another black Democrat.

On Wednesday, the first day of the general-election fight he has been eagerly awaiting, Steele kicked off a statewide bus tour. His first stop: a barber shop in a heavily black West Baltimore neighborhood that ex-Rep. Kweisi Mfume (D-Md.) once represented in Congress.

Now that Mfume has lost to white Rep. Benjamin Cardin in Tuesday's Democratic Senate primary, Steele's strategy for victory is hardly subtle. Even before the primary, Steele began airing a statewide ad aimed at black voters — an ad that his campaign spokesman said is scheduled to run indefinitely.

"I think Michael Steele has a real ability to win over voters who don't usually vote Republican," said Republican National Committee Chairman Ken Mehlman, a Baltimore native.

Several Republican operatives had been open about their desire to run against Mfume rather than Cardin this fall. Mfume, while a talented politician with a magnetic personality, has been unable to escape personal or political controversy throughout

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his career, and Republicans figured that Steele, a former seminarian, would be able to appeal to a slice of moderates as a safe alternative to Mfume, despite Maryland's Democratic tilt.

But with Cardin as their Senate nominee, the Democrats now have the "safe" candidate. Despite his liberal voting record, Cardin is a proven entity — a soft-spoken, scholarly Congressman with 40 years of public service under his belt who had the overwhelming majority of the state's Democratic establishment supporting him.

Cardin starts out as the favorite over Steele. So in a state that is so strongly Democratic, Steele's only path to victory may be doubling — or even tripling — the 10 percent to 12 percent of the black vote that Maryland Republicans generally attract in statewide elections.

At Mfume's primary night party at the Hippodrome Theater in downtown Baltimore, the potential of Steele's gambit was in abundant evidence. Several black supporters of Mfume's said they were going to vote for Steele in the general election.

"A lot of black professionals will vote for Michael Steele because the Democratic Party totally says to blacks, 'Vote for us, but don't sit at the head of the table,'" said Baltimore attorney Gary Stern.

In Maryland, the resentment among some black voters is particularly acute after the Democratic gubernatorial nominee in 2002, Kathleen Kennedy Townsend, bypassed several potentially strong black officials when filling her lieutenant governor slot, choosing instead a white Republican.

Also on Tuesday, a black candidate for state attorney general lost to a white candidate in the Democratic primary by 12 points. Other than the appointed candidate for lieutenant governor, all of the Democratic nominees for statewide office in Maryland are white males.

However, some of Mfume's supporters saw the problem as more than just a racial question. Cardin represents the status quo at a time when voters are clamoring for change, said Walt Mallette, a business developer in Washington, D.C.

Party leaders are "backing [Sen. John] Kerry [D-Mass.] and Cardin instead of [Democratic National Committee Chairman Howard] Dean and Mfume," he said, referring to how establishment support lined up during the 2004 presidential primaries.

That lack of spine is driving black voters away from the party, Mallette said.

"Young black people who were raised as Democrats are increasingly voting as Republicans," he said. "They need a new start. Mfume gives them a new start."

But shortly before 2 a.m. Wednesday, Mfume was ready to call it quits. Although Cardin wasn't officially declared the winner until several hours later, Mfume signaled that he knew how the primary would end up and offered Cardin his support.

"Although I wanted to be Ben's Senator, he might just have to be mine, and he'll be a damn good one," he told the crowd.

Whether Mfume supporters follow his lead remains an open question.

"I'd have to do some really deep soul-searching," said Danielle Mitchell, a second-grade teacher.

And that's why Steele keeps working the black vote. "He's going to campaign aggressively and at unprecedented levels for African-American voters," said Doug Heye, Steele's campaign spokesman.

Cardin has a long record of support for civil rights, and most black Democratic officeholders are expected to join his camp quickly. In fact, just days before the primary, Cardin held an endorsement event in populous Prince George's County — Steele's home turf — featuring several black elected officials.

"Ben Cardin is a man of family and faith," said the highest-ranking Democrat there, Ulysses Currie, chairman of the state Senate budget committee. "He spends a lot of time in our community, understands our needs and has a record of getting results."

The event seemed as much about the general election to come as the primary Cardin had not yet won.

Muslim's Win In Minn. Seen As Step For Community (USAT)

By Andrea Stone

USA Today, September 14, 2006

WASHINGTON — The Minnesota Democrat who is likely to become the first Muslim elected to Congress says he wants to "promote the idea that America needs friends around the world, not more enemies."

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Keith Ellison, an African-American state legislator from Minneapolis, won Tuesday's Democratic primary to replace Rep. Martin Olav Sabo. The son of Norwegian immigrants is retiring after 28 years in the House of Representatives. Ellison beat three other Democrats, including Sabo's former chief of staff and ex-party chairman, Mike Erlandson.

Although Ellison will face Republican business consultant Alan Fine in November, his election is all but guaranteed, says University of Minnesota political scientist Larry Jacobs. In 2004, 71% of the district's voters backed Democratic presidential candidate John Kerry. Minnesota's most ethnically diverse district is home to veiled Somali women, Russian Jewish immigrants and Hmong refugees, belying the state's image as a homogeneous Scandinavian enclave.

Ellison's victory marks a turning point for American Muslims, according to community leaders such as Ali Khan of the American Muslim Council.

"It says, 'Look, you are part of America,' " says Khan, who notes that until recently the diverse community was "not very organized" or interested in electoral politics.

Estimates of the number of U.S. Muslims vary between 2 million and 6 million. The Council on American-Islamic Relations says about a third are black and another third are from South Asia. One in four are of Arab descent and the rest from Africa and elsewhere.

Ellison, 43, was raised Catholic in Detroit and converted to Islam as a 19-year-old student at Wayne State University before moving to Minnesota for law school.

Islam "makes a lot of sense to me. It works for me," Ellison said in a phone interview Wednesday.

A criminal defense lawyer, he called for an immediate troop withdrawal from Iraq, universal health care and the impeachment of President Bush. Such stands and his passionate oratory recall Paul Wellstone, the Minnesota senator killed in a plane crash in 2002, says Jacobs, although he calls Ellison "pragmatic and someone who can work with others. He won't be what people expect."

Ellison says he never brought up his religion or his race — he would be Minnesota's first black member of Congress — during the campaign. Voters did, however, ask about his position, as a Muslim, on Israel, the separation of church and state, abortion rights and gay rights. He says he supports them all.

Ellison had a tougher time explaining revelations about late campaign-finance reports, unpaid parking tickets and a suspended driver's license. More controversial were his ties to Nation of Islam leader Louis Farrakhan. Ellison worked with his group as an organizer of 1995's Million Man March.

Ellison is "a uniquely polarizing figure the likes of which we've never seen in this state," Minnesota GOP spokesman Mark Drake says.

Jacobs says the Democrat ran an effective grass-roots effort of direct mail and door-knocking, but at times, "It had the smell of a campaign about to collapse."

Ellison, a married father of four, responded by visiting synagogues and apologizing for past statements. He said he never met Farrakhan and repudiated his own defense of the Muslim leader, who has been accused of anti-Semitism by the Anti-Defamation League.

"I take responsibility for the mistakes I made," Ellison says.

The Democrat's apology convinced a Minneapolis Jewish newspaper, which endorsed him.

Pollster John Zogby, a Lebanese-American, says Ellison's victory is a win for an eclectic group that ranges from Pakistani immigrants to native-born blacks.

"American Muslims are now a political constituency," he says, "not just simply a growing group."

Former Texas Gov. Ann Richards Dies At 73 (HC)

By R.G. Ratcliffe And Anne Marie Kilday

Houston Chronicle, September 14, 2006

AUSTIN — Ann Richards, who shed the role of homemaker to rise through Texas politics to become the state's 45th governor and a national celebrity, died today after a six-month battle with cancer. She was 73.

Richards was diagnosed with esophageal cancer in March.

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Richards was the quintessential Texas woman, with a sassy homespun charm, sharp wit and tough pioneer spirit. With bright silver hair, a weathered face and an affinity for cobalt blue suits and pearls, Richards was instantly recognizable to national television audiences.

As a Democratic politician, Richards' 1990 race for governor against Republican cowboy oilman Clayton Williams became a battle of the sexes. Her victory symbolically broke down gender barriers for a generation of Texas women who were seeking professional careers.

Richards labeled her administration the "New Texas," appointing more Hispanics, blacks and women to state boards and commissions than any previous governor. She pushed for increases in public education funding and promoted business expansion in the state.

A recovering alcoholic, Richards also pressed lawmakers to increase funding for drug and alcohol abuse treatment programs.

Polls showed Richards was the most personally popular governor in 30 years. But a liberal image kept her job approval rating beneath 50 percent, and she lost her 1994 re-election bid to Republican George W. Bush, the future president.

Late in her term as governor, the Houston Chronicle asked Richards how she viewed her gubernatorial legacy.

"How about, 'She changed the economic future of Texas,'" Richards replied. "And that really beats what I feared my tombstone was going to say, and that was: 'She kept a really clean house.'"

Richards was born Dorothy Ann Willis in the front bedroom of a white frame house in what is now Lacy-Lakeview, a Waco suburb. Her father, Cecil Willis, was a pharmaceutical salesman. Her mother, Ona, was a homemaker.

After earning a bachelor's degree at Baylor University in 1954, Richards did additional course work at the University of Texas to earn a teaching certificate. For a year she taught social studies and history at Fulmore Junior High School in Austin.

Richards married her high school sweetheart, David Richards, while still at Baylor. They had four children: Cecile, Clark, Ellen and Dan. As David Richards praticed law in Dallas, Ann Richards was a full-time mother and homemaker and a part-time political volunteer.

"I was mostly involved with my babies. We did everything by Dr. Spock; if you did not have a Dr. Spock book, you could not raise a child," Richards said in her autobiography, Straight from the Heart.

The Richards family moved to Austin in 1969. Three years later, Ann Richards took her first big step toward becoming a politician, agreeing to help run a legislative campaign for Sarah Weddington.

Weddington was the 25-year-old lawyer who had won the Roe v. Wade case in the Supreme Court legalizing abortion. Weddington wanted to win a seat in the Texas House to push for laws giving women equal rights with men, such as giving a woman a right to credit in her own name and not her husband's.

Weddington won, and in her second term she hired Richards as her legislative director.

The political transformation began in 1975, when a group of Austin activists approached David Richards and asked him to run for county commissioner. When he declined, she decided to run for the seat, defeating an incumbent.

But while Richards' political career was blossoming as a Travis County commissioner, her personal life was deteriorating. Her marriage was failing as they grew apart, and she began drinking heavily in Austin's political bars after work every day.

On Sept. 27, 1980, her family and friends cornered her in the living room of a friend's house and told her she was an alcoholic who needed treatment. Richards received treatment at the St. Mary's Chemical Dependency Center in Minnesota.

Afterward, she became a lifetime advocate for people suffering from alcohol and susbstance abuse problems. She helped pass laws requiring insurance companies to pay for treatment and she convinced legislators to fund expanded substance abuse programs for state prison inmates.

While the alcoholism treatment saved Richards, she said in her autobiography, the change of lifestyle that went along with being sober finished her marriage. She and David Richards split in December 1980 and ultimately divorced in 1984.

She plunged into statewide politics in 1982 after discovering that state Treasurer Warren G. Harding was under investigation by Travis County District Attorney Ronnie Earle for possible misuse of office.

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Friends convinced Richards to challenge Harding in the Democratic primary, and she ended up in a runoff with him. But Harding was indicted on charges that he used state employees to send out political mail. He pleaded guilty to a misdemeanor and dropped out of the race, effectively giving Richards her first statewide victory.

As state treasurer, Richards was a little-noticed public official. She managed state investments and the sale of bonds and cash management notes. She was best known on the "rubber chicken" circuit, making humorous speechs to civic organizations, women's groups and Democratic clubs.

Her profile changed dramatically in 1988 when Democratic National Chairman Paul Kirk asked her to be the keynote speaker at the party's national convention that summer. Her speech was to draw differences between the parties and take aim at a fellow Texan: Vice President George Bush, the GOP nominee for president.

Richards thrilled her national audience with some of her feminist humor on the ability of women to equal men: "Ginger Rogers did everything Fred Astaire did. She just did it backwards and in high heels."

What became memorable, though, was a line she delivered to show Bush was out of touch with the economic and family issues that were important to poor and middle class Americans.

"Poor George, he can't help it — he was born with a silver foot in his mouth," Richards said.

Bush dismissed Richards' statement, accurately predicting he would carry Texas that fall.

"If you just go nasty, go ugly, that isn't an effective way to do business," Bush said.

That speech set the stage for Richards to run for governor in 1990. She defeated former Gov. Mark White in the primary and then Attorney General Jim Mattox in the runoff.

The runoff became nasty as Mattox accused Richards of illegally using cocaine and seeing treatment for a cocaine addiction. Richards declined to answer any questions about possible past drug use.

The general election race against Williams became a classic Texas political battle. She was the image of the modern Texas woman, while Williams projected the cowboy aura of the state's heritage.

Williams was a cowboy who had become a millionaire oilman and had expanded his empire into telecommunications and banking.

Richards played off his mistakes. Williams once compared bad weather to rape, saying there is nothing to be done about it, so "relax and enjoy it." He also refused to shake Richards' hand after she had criticized some of his business practices.

The state's male vote gave Williams the edge, but women voted overwhelmingly for Richards.

Richards became the first woman to win the Texas governor's office in her own right. Miriam "Ma" Ferguson had won the office in 1924 as a surrogate for her husband, former Gov. James Ferguson.

During her first year in office, Richards signed a $2.7 billion tax bill to balance the state's budget. The state also adopted the lottery under her.

Her most notable achievement was opening the doors of government to people other than Anglos and men. About 44 percent of her appointees were female; 20 percent Hispanic; and 14 percent black. Her two predecessors in office had given more than 77 percent of their appointments to Anglo men.

The biggest problem that faced Richards was overhauling the state's public school finance system under orders from the Texas Supreme Court.

Voters soundly defeated a proposed constitutional amendment she supported to redistribute wealth from rich school districts to poor ones. Opponents labeled it a "Robin Hood" system.

Richards then urged the Legislature to come up with just about any school finance plan that would save Texas — and her — the embarrassment of forced school closures. Lawmakers responded with a plan that gave wealthier districts five options for sharing their property wealth. That plan also became known as "Robin Hood."

During her tenure, Richards' popularity continued to expand to a national audience. She was featured in Vogue, Glamour, Cosmopolitan, Ladies Home Journal and The New York Times Magazine. Superstar photographer Annie Leibovitz took a portrait of her for Vanity Fair. Richards traded one-liners with late-night talk show hosts Jay Leno and David Letterman.

Richards' personal charm probably played best in the area of economic development. She once described herself as a "two-headed cow," a curiosity that corporate leaders allow through the door just so they can see her.

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She could brag about getting General Motors to keep its Arlington plant open, as the company was partly motivated by a package of state incentives. She persuaded Southwestern Bell to move its corporate headquarters from St. Louis to San Antonio. She convinced computer giant Apple to consolidate its customer service operations in Williamson County.

Richards went into her 1994 re-election campaign against the younger Bush with the highest personal popularity ratings of any governor in 30 years, but her job approval ratings rarely topped 45 percent in public opinion polls.

"The polls show the people of Texas want to see Ann Richards on Leno, not in the Governor's Mansion," one of her campaign insiders lamented at the time.

Richards' frustration erupted at one point when she questioned Bush's experience to serve as Texas governor and his criticism of her record. She called him "some jerk who's running for public office."

Bush studiously avoided engaging Richards in a personality contest. Focused on issues and aided by a national tide toward Republicans, Bush defeated Richards.

After leaving office, Richards became a client recruiter and lobbyist from the firms of Verner, Liipfert, Bernhard, McPherson and Hand of Washington, D.C., and then later Public Strategies of Austin. She also was a frequent guest on CNN talk shows, particularly Larry King Live.

In her farewell news conference as governor, Richards said she was ready to move to the next phase of her life. The homemaker-turned-politician wanted to earn the money that would make her secure in retirement.

"Life is like a layer cake," Richards said. "You put one layer on top of the other, and whether you frost it or not is up to you. I'm looking forward now to a little frosting."

In addition to politics, Richards loved her family, Lady Longhorns basketball, and attending the movies. Every week, she would brief reporters on the latest movie she had seen.

Evan Smith, the editor of Texas Monthly magazine, had become close friends with Richards through her love of the movies. Smith is the co-founder of the Texas Film Hall of Fame, and Richards emceed four of the five ceremonies sponsored by that group.

``As a personality, if you think about the nature of politics today, they don't make them like Ann Richards," Smith said. ``Ann Richards was one of the truly funniest people God ever put on this earth."

``Ann was obligated, chemically and biologically, to say what was on her mind, even if the truth was uncomfortable. Ann's honesty and candor is one of the great things about her that will be missed," Smith said.

``God bless her, there were times when Ann Richards was a divider, not a uniter," Smith said. ``And God bless her for that.''

Former Texas Governor Ann Richards Dies At 73 (NYT/AP)

By The Associated Press

The New York Times, September 14, 2006

AUSTIN, Texas (AP) -- Former Gov. Ann Richards, the witty and flamboyant Democrat who went from homemaker to national political celebrity, died Wednesday night after a battle with cancer, a family spokeswoman said. She was 73.

She died at home surrounded by her family, the spokeswoman said. Richards was found to have esophageal cancer in March and underwent chemotherapy treatments.

The silver-haired, silver-tongued Richards said she entered politics to help others -- especially women and minorities who were often ignored by Texas' male-dominated establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,'" Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her re-election bid to Republican George W. Bush.

Her four adult children spent Wednesday with her, said family spokeswoman Cathy Bonner, a longtime family friend.

"They're a strong group of people but they're broken-hearted, of course," Bonner said.

Her family said as governor she was most proud of two actions that probably cost her re-election. She vetoed legislation that would allow people to carry concealed handguns, automatic weapons and "cop-killer bullets." She also vetoed a bill that would have allowed the destruction of the environment over the Edwards Aquifer.

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She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention when she was the Texas state treasurer. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

Richards sealed her partisan reputation with a blast at George H. Bush, a fellow Texan who was vice president at the time: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a half-century male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state Capitol and read: "A woman's place is in the dome."

In four years as governor, Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors.

She appointed the first black University of Texas regent; the first crime victim to join the state Criminal Justice Board; the first disabled person to serve on the human services board; and the first teacher to lead the State Board of Education. Under Richards, the fabled Texas Rangers pinned stars on their first black and female officers.

She polished Texas' image, courted movie producers, championed the North American Free Trade Agreement, oversaw an expansion of the state prison system, and presided over rising student achievement scores and plunging dropout rates.

She took time out to celebrate her 60th birthday by earning her motorcycle driver's license.

Throughout her years in office, her personal popularity remained high. One poll put it at more than 60 percent the year she lost to Bush.

"I may have lost the race," Richards said after the defeat. "But I don't think I lost the good feelings that people have about me in this state. That's tremendously reassuring to me."

Richards went on to give speeches, work as a commentator for CNN and serve as a senior adviser in the New York office of Public Strategies Inc., an Austin-based consulting firm.

In her last 10 years, Richards worked for many social causes and helped develop the Ann Richards School for Young Women Leaders, scheduled to open in Austin in 2007.

Born in Lakeview, Texas, in 1933, Richards grew up near Waco, married civil rights lawyer David Richards and spent her early adulthood volunteering in campaigns and raising four children. She often said the hardest job she ever had was as a public school teacher at Fulmore Junior High School in Austin.

Richards served on the Travis County Commissioners Court in Austin for six years before jumping to a bigger arena in 1982. Her election as state treasurer made her the first woman elected statewide in nearly 50 years.

But politics took a toll. It helped break up her marriage. And public life forced her to be remarkably candid about her 1980 treatment for alcoholism.

"I had seen the very bottom of life," she once recalled. "I was so afraid I wouldn't be funny anymore. I just knew that I would lose my zaniness and my sense of humor. But I didn't. Recovery turned out to be a wonderful thing."

The 1990 election was rough. Her Democratic primary opponent, then-Attorney General Jim Mattox, accused her of using illegal drugs. Williams, an oilman, banker and rancher, spent millions of his own money on the race she narrowly won.

After her unsuccessful re-election campaign against Bush, Richards said she never missed being in public office.

Asked once what she might have done differently had she known she was going to be a one-term governor, Richards grinned.

"Oh, I would probably have raised more hell."

Survivors include her children, Cecile Richards, Daniel Richards, Clark Richards and Ellen Richards; their spouses; and eight grandchildren.

Former Texas Governor, Activist Ann Richards, 73 (WP/AP)

By Associated Press

The Washington Post, September 14, 2006

DOJ_NMG_0062946

Former Texas governor Ann Richards, the witty and flamboyant Democrat who went from homemaker to national political celebrity, died Sept. 13 after cancer was diagnosed this year, a family spokeswoman said. She was 73.

Ms. Richards died at home in Austin surrounded by her family, the spokeswoman said. She was found to have esophageal cancer in March and underwent chemotherapy treatments.

The silver-haired, silver-tongued Ms. Richards said she entered politics to help others -- especially women and minorities, who were often ignored by the male-dominated Texas establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,' " Ms. Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her reelection bid to Republican George W. Bush.

She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention, when she was the Texas state treasurer. Ms. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

Ms. Richards sealed her partisan reputation with a blast at George H.W. Bush, a fellow Texan who was vice president at the time: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Ms. Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a decades-long male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state capitol and read: "A woman's place is in the dome."

In four years as governor, Ms. Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors had.

She appointed the first black University of Texas regent; the first crime victim to join the state Criminal Justice Board; the first person with a disability to serve on the human services board and the first teacher to lead the State Board of Education. Under Ms. Richards, the Texas Rangers pinned stars on their first black and female officers.

She polished Texas's image, courted movie producers, championed the North American Free Trade Agreement, oversaw an expansion of the state prison system and presided over rising student achievement scores and plunging dropout rates.

Ms. Richards took time out to celebrate her 60th birthday by getting her motorcycle driver's license.

Throughout her years in office, her popularity remained high. One poll put it at more than 60 percent the year she lost to Bush.

"I may have lost the race," Ms. Richards said after the defeat. "But I don't think I lost the good feelings that people have about me in this state. That's tremendously reassuring to me."

She went on to give speeches, work as a commentator for CNN and work at a consulting firm.

Ms. Richards grew up near Waco, Tex., married civil rights lawyer David Richards, volunteered in campaigns and raised four children. She and her husband later divorced.

In the early 1960s, she helped form North Dallas Democratic Women, "basically to allow us to have something substantive to do; the regular Democratic Party and its organization was run by men who looked on women as little more than machine parts."

Ms. Richards served on the Travis County Commissioners Court in Austin for six years before jumping to a bigger arena in 1982. Her election as state treasurer made her the first woman elected statewide in nearly 50 years.

But politics took a toll. It helped break up her marriage. And public life forced her to be remarkably candid about her 1980 treatment for alcoholism.

"I had seen the very bottom of life," she once recalled. "I was so afraid I wouldn't be funny anymore. I just knew that I would lose my zaniness and my sense of humor. But I didn't. Recovery turned out to be a wonderful thing."

The 1990 election was rough. Her Democratic primary opponent, then-Attorney General Jim Mattox, accused her of using illegal drugs. Williams, an oilman, banker and rancher, spent millions of his money on the race Ms. Richards narrowly won.

After her unsuccessful reelection campaign against Bush, Ms. Richards said she never missed being in public office.

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Asked once what she might have done differently had she known she was going to be a one-term governor, Ms. Richards grinned.

"Oh, I would probably have raised more hell."

Texas Ex-Gov. Richards Dies At 73 (WT/AP)

By Associated Press

The Washington Times, September 14, 2006

AUSTIN, Texas (AP) -- Former Gov. Ann Richards, the flamboyant Democrat who went from homemaker to national political celebrity, died last night after a battle with cancer, a family spokeswoman said. She was 73.

She died at home surrounded by her family, the spokeswoman said. Mrs. Richards was found to have esophageal cancer in March and underwent chemotherapy treatments.

She said she entered politics to help others -- especially women and minorities who she said were often ignored by Texas' male-dominated establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,'" Mrs. Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her re-election bid to Republican George W. Bush.

She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention when she was the Texas state treasurer. Mrs. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

Mrs. Richards sealed her partisan reputation with a blast at the elder George Bush, a fellow Texan who was vice president at the time: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Mrs. Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a half-century male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state Capitol and read: "A woman's place is in the dome."

In four years as governor, Mrs. Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors.

Ann Richards, Former Governor Of Texas, Dies (LAT)

By J. Michael Kennedy And Stuart Silverstein

The Los Angeles Times, September 14, 2006

Former Texas Gov. Ann Richards, a Democrat known for her freewheeling oratory who famously branded the first President George Bush as being "born with a silver foot in his mouth," died Wednesday night after a battle with cancer. She was 73.

A family representative said Richards died at home in Austin, Texas, surrounded by her family. She had been undergoing chemotherapy treatment after being diagnosed in March with cancer of the esophagus.

The silver-haired, charismatic Richards became a well-known national political figure with her keynote address at the 1988 Democratic National Convention. Richards, at the time Texas' state treasurer, took aim at the elder Bush, vice president at the time and the presumptive Republican candidate for president.

In the address that July night at the Omni in Atlanta, she zinged Bush, declaring: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Bush went on to win the election that November. But Richards also advanced politically, winning a come-from-behind battle for governor two years later over Republican millionaire rancher Clayton Williams and serving two years after that as chairwoman of the Democratic convention that nominated Bill Clinton for the presidency.

Still, her political comeuppance came two years later when she ran for a second term and was defeated by George W. Bush, putting him on the political trajectory that took him to the White House.

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Richards, instantly recognizable with her white hairdo, was still a political question mark to most of her listeners when she delivered her 1988 keynote address. But she went on to become one of the most prominent women politicians in the United States.

"I wanted Ann to be more than she was, but for her generation she was something special," said Garry Mauro, a longtime friend of Richards who ran and lost against Bush in the 1998 Texas gubernatorial campaign. "When a young girl heard Ann Richards speak, she became a believer in her own ability to succeed in America. She was the icon for women with any doubts about their own self-image."

Her victory in the 1990 governor's contest against Williams was one of the most brutal, dirty campaigns in Texas history.

Despite winning, she was bruised politically and was reluctant after that to pursue national office.

During her term as governor, Richards developed a reputation for fighting for expanded rights for women and minorities. She also worked to streamline government and reform the education system, while establishing the Texas state lottery as a means to fund the public schools.

She also sought to change the Texas prison system by creating inmate substance abuse programs and by releasing fewer violent criminals.

Richards always emphasized her country roots, often expressing criticism with the phrase "that dog won't hunt."

Richards grew up in Lakeview, a small town outside Waco in central Texas, the daughter of a pharmaceuticals salesman. In those days, she went by Dorothy Ann Willis and in her autobiography, "Straight From the Heart," she said her parents put more stock in personality than scholarship.

"I learned early on that people liked you if you told stories, if you made them laugh," she wrote.

Richards' family moved to Waco for her high school education and she had only to go across town to enroll in Baylor University, the nation's largest Southern Baptist institution, where she won a debating scholarship.

At 19, Richards married David Richards, whom she had dated since high school. For the next two decades, she was a wife and mother of four who taught high school to put her husband through law school.

In 1975, while the family was living in Austin, a group asked David Richards to run for county commissioner. Her husband wasn't interested, but Ann Richards was.

She won the election with ease in 1976 and remained in public office until she was defeated by Bush.

Richards' marriage of almost 30 years ended in divorce in 1984, prompted in part by her longtime struggle with alcoholism. She underwent a monthlong treatment at St. Mary's Hospital in Minneapolis and had remained sober afterward.

In 1982, Richards was drafted to run for state treasurer and won handily, becoming the first woman to hold a statewide office in Texas in 50 years. Her reelection four years later was even more resounding, which set the stage for the 1988 speech in Atlanta and her gubernatorial victory in 1990.

Survivors include her children, Cecile Richards, Daniel Richards, Clark Richards and Ellen Richards; their spouses; and eight grandchildren.

Overhauls Proposed In Benefits For Jobless (NYT)

By Erik Eckholm

The New York Times, September 14, 2006

The nation's unemployment insurance system, which has hardly changed since its inception in 1935, should be revamped to aid more workers displaced by a transforming economy, economists said this week as they released overhaul proposals.

Currently, because of tight state eligibility requirements and because a growing number of workers do not have long-term, full-time jobs, unemployment insurance is paid to just over a third of those who are laid off, government data show, and coverage is less likely among the lower-income workers who most need it.

"The nation's unemployment insurance program is seriously out of date, given the changes over the last 70 years in the U.S. labor market," said Lori G. Kletzer, an economist at the University of California, Santa Cruz. Dr. Kletzer and Howard Rosen of the Institute for International Economics in Washington are the authors of one of two proposals for revamping the system that were released on Tuesday by the Brookings Institution in Washington.

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The system was intended to provide workers with half their former wages during temporary periods between jobs, though it seldom reaches that level today. In 2004, some 8.8 million workers who qualified received an average weekly benefit of $262, often for up to 26 weeks, though benefits varied by state. The costs, which totaled $41 billion that year, are paid by federal and state payroll taxes paid mainly by employers.

Benefits are seldom available to the self-employed, to those working intermittently or to many of the lowest-paid workers.

At the same time, Dr. Kletzer and Dr. Rosen said, the nature of unemployment is changing. In the last six years, despite lower overall rates of unemployment, the average period of joblessness for laid-off workers was 16 weeks, compared with 12 weeks in the 1970's.

Because of globalization and changes in the economic structure, more workers are forced to change industries and a significant minority take jobs paying less than before, indicating a trend "from temporary layoff to permanent displacement," according to the paper by Dr. Kletzer and Dr. Rosen.

They propose stronger federal guidelines to end the wide disparities in eligibility and benefit rules among the states and to extend coverage to a broader group of workers.

They call for a new system of personal accounts for self-employed workers, allowing them to contribute pretax money, with matching grants from the federal government up to $200 a year, to help cushion income drops or pay for job training and searches.

They also propose a wage insurance program to help offset declines in income for a period of years when workers switch to jobs paying less than they had been making. This would apply only to workers making $15 an hour or less.

To help pay some $13 billion in added costs for these programs, Dr. Kletzer and Dr. Rosen suggest raising the federal unemployment tax, which for 22 years has been levied on only the first $7,000 of each worker's income. After tax credits are counted, employers now pay a maximum of $56 a year for each covered worker, the scholars said.

In the second paper, Jeffrey R. Kling, an economist at the Brookings Institution, proposed a more radical overhaul. Dr. Kling would scrap the existing unemployment insurance system and replace it with personal accounts and loans to help people through short-term joblessness and a large program of wage-loss insurance to help low- and moderate-income workers when they are forced to take new jobs at lower salaries.

By curbing government payments to those who experience only short-term joblessness, he said, this new plan could operate with the same total money as the current system but would provide more help to the neediest.

States Give Tax Breaks To College Savers (USAT)

By Kathy Chu

USA Today, September 14, 2006

Giving another boost to 529 college-savings plans, a growing number of states are allowing their residents to take state-tax deductions for contributions they make to other states' 529 plans.

Pennsylvania, Maine and Kansas have approved such tax breaks, and a handful of other states are considering similar measures. Previously, these states offered either no tax deduction or a deduction only if a resident contributed to the state's own 529 plan.

The states' move toward tax parity for all 529 contributions is likely to make it simpler and more appealing for residents to save for their children's college educations. A new law that makes permanent the 529s' federal tax benefits has also helped spark more interest in these plans.

The 529 plans — named for a section of the federal tax code — have gained popularity by allowing parents and grandparents to put away money for college and pay no federal tax on withdrawals if the money goes for tuition and books. In many cases, the money can be used for any college or university, not just a school in the state that sponsors the 529.

More than half of states provide deductions — generally ranging from $2,000 to $12,000 — on state income-tax returns for 529 contributions.

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Over the past four years, 529 assets have more than quadrupled, to about $93 billion as of June 2006, compared with about $22 billion at the same time in 2002, according to the College Savings Plans Network, an organization of states that sponsor 529s.

In Kansas, Treasurer Lynn Jenkins says the move to expand the state-tax deduction for Kansans starting in 2007 to all 529 contributions, rather than just those to the in-state plan, means the "playing field is entirely level" for investors.

The change "may make our plan even better," Jenkins says. "It forces me to make sure that happens."

College-financing experts recommend that investors compare investment options and expenses — in addition to state tax benefits — before socking away money in any one 529 plan.

The trend isn't likely to catch on in every state. After all, states will see less tax revenue if they extend deductions to contributions to out-of-state 529 plans. Pennsylvania estimates a loss of $25 million a year in tax revenue from the state's 529 tax change, which took effect this year.

"There's no question that in any instance, a tax break is going to reduce revenue," says Pennsylvania Treasurer Robert Casey. Still, "I think that when you're providing an incentive to save for college now, it's an exchange many people think is a good strategy."

There may also be a downside for some investors. Should many residents of a state decide to bypass its 529 plan in favor of out-of-state plans, that state plan's investment management fees could rise to compensate for fewer assets in the plan, says Joseph Hurley, founder of Savingforcollege.com, a website that compares states' 529 plans.

Same Mission, New Look For Islamic Group (WP)

The Washington Post, September 14, 2006

With too many Americans viewing their Muslim fellow citizens with suspicion because of the 9/11 attacks and other terrorist acts, the Council on American-Islamic Relations, a civil rights and advocacy group, decided to launch "a new brand identity and logo."

In a letter to the American Muslim community, CAIR board Chairman Parvez Ahmed said the group after 12 years of service is "reaffirming our core values and recommitting ourselves to three central aspects of CAIR's mission -- enhancing understanding of Islam, protecting civil liberties and empowering American Muslims." Those values include promoting pluralism for a better America, justice and dialogue.

The new logo, Ahmed wrote, "affirms that we are one human family, created by God into different nations and tribes so that we may come to know each other and not despise each other."

Ahmed said in an interview that the timing of the new branding effort was "not particularly interesting." But he said that "a handful of extremists are distorting the image of Islam."

"We needed to think of new ways of becoming more effective, a much better way of communicating how [we are] part of the American mainstream," Ahmed said. "It is important that they [other Americans] have a clear understanding of us."Coalition to Market America

Also in the Getting-to-Know-You-Better category: A coalition of high-powered business executives has formed the Discover America Partnership, a multimillion-dollar advocacy campaign designed to boost the number of visitors -- by 10 million a year -- to the United States.

Their aim is to help improve America's image abroad and bolster national security by introducing more people from other countries to us. "In the effort to win hearts and minds, we have a unique card to play," Jay Rasulo , chairman of Walt Disney Parks and Resorts, said in a statement. "That card is an invitation . . . to visit America, meet our people and experience our values."

Geoff Freeman , executive director of Discover America, said the campaign intends to educate lawmakers and other policymakers about the need to attract foreign visitors, and it will work to smooth out visa and airport policies that may discourage travel. But he said the group "by no means" wants to lessen security standards. "It makes good business sense. It makes good policy sense. There's no shame in it," Freeman said.

Among the coalition's leaders: Rasulo; Steven C. Anderson of the National Restaurant Association; August A. Busch III of Anheuser-Busch Companies Inc.; Roger Dow of the Travel Industry Association of America; Michael D. Gehrisch of Destination

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Marketing Association International; J.W. Marriott of Marriott International Inc.; Joseph A. McInerney of the American Hotel & Lodging Association; Bud Nocera of Visit Florida; Howard C. Nusbaum of American Resort Development Association; Stevan D. Porter of the InterContinental Hotel Group; Andrew C. Taylor of Enterprise Rent-a-Car; and Jonathan M. Tisch of Loews Hotels Inc.

Also working on the campaign: Fleishman-Hillard , a PR company; Charles L. Merin of BKSH & Associates , who specializes in travel and tourism clients; and C. Stewart Verdery Jr. of Monument Policy Group LLC , who represents the Travel Industry Association and served as assistant secretary of homeland security.And Meridian Hill Makes Three

The Tiber Creek lobby shops have added a third: a new company named Meridian Hill Strategies Inc. , formed by Alix Burns , former vice president of TechNet. Burns was finance director for major states for Vice President Al Gore's presidential bid in 2000.

Tiber Creek was started in 2003 as a partnership of Johnson, Madigan, Peck, Boland & Stewart Inc. and Ickes & Enright Group.

Jeffrey Peck said Burns was instrumental in developing ties between high-tech firms and House Democrats. Johnson Madigan, a bipartisan shop, has strong ties to the Senate; Harold Ickes and Janice Enright were Clinton White House aides.

"As we look to the November elections, she'll be essential," Peck said, referring to an expected increased presence of Democrats in the House, if not a Democratic takeover.Here and There

Moving about town . . . Christopher Staszak , a former assistant counsel to New York Gov. George E. Pataki (R), has joined the D.C. office of Bracewell & Giuliani .

Mary-Lacey Reuther , special assistant to Mark McClellan, head of the Centers for Medicare and Medicaid Services, has joined the GOP lobby shop of Barbour Griffith & Rogers as a vice president.

Former diplomat Terry Snell has joined King & Spalding as a senior international government relations adviser. Most recently, he was political adviser to the U.S. European Command, and earlier he was deputy chief of mission at the U.S. Embassy in Berlin. Also at the law firm: former senator Daniel R. Coats (R-Ind.), who was ambassador to Germany.

Democrats Vs. Wal-Mart (WP)

By George F. Will

The Washington Post, September 14, 2006

EVERGREEN PARK, Ill. -- This suburb, contiguous with Chicago's western edge, is 88 percent white. A large majority of the customers of the Wal-Mart that sits here, less than a block outside Chicago, are from the city, and more than 90 percent of the store's customers are African American.

One of whom, a woman pushing a shopping cart with a stoical 3-year-old along for the ride, has a chip on her shoulder about the size of this 141,000-square-foot Wal-Mart. She applied for a job when the store opened in January and was turned down because, she said, the person doing the hiring "had an attitude." So why is the woman shopping here anyway? She looks at the questioner as though he is dimwitted and directs his attention to the low prices of the DVDs on the rack next to her.

Sensibly, she compartmentalizes her moods and her money. Besides, she should not brood. She had lots of company in not being hired: More than 25,000 people applied for the 325 openings.

Which vexes liberals such as John Kerry. (He and his helpmeet last shopped at Wal-Mart when?) In 2004 he tested what has become one of the Democrats' 2006 themes: Wal-Mart is, he said, "disgraceful" and symbolic of "what's wrong with America." By now Democrats have succeeded, to their embarrassment (if they are susceptible to that), in making the basic numbers familiar:

The median household income of Wal-Mart shoppers is under $40,000. Wal-Mart, the most prodigious job-creator in the history of the private sector in this galaxy, has almost as many employees (1.3 million) as the U.S. military has uniformed personnel. A McKinsey company study concluded that Wal-Mart accounted for 13 percent of the nation's productivity gains in the second half of the 1990s, which probably made Wal-Mart about as important as the Federal Reserve in holding down inflation. By lowering consumer prices, Wal-Mart costs about 50 retail jobs among competitors for every 100 jobs Wal-Mart creates . Wal-

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Mart and its effects save shoppers more than $200 billion a year, dwarfing such government programs as food stamps ($28.6 billion) and the earned-income tax credit ($34.6 billion).

People who buy their groceries from Wal-Mart -- it has one-fifth of the nation's grocery business -- save at least 17 percent. But because unions are strong in many grocery stores trying to compete with Wal-Mart, unions are yanking on the Democratic Party's leash, demanding laws to force Wal-Mart to pay wages and benefits higher than those that already are high enough to attract 77 times as many applicants than there were jobs at this store.

The big-hearted progressives on Chicago's City Council, evidently unconcerned that the city gets zero sales tax revenue from a half-billion dollars that Chicago residents spend in the 42 suburban Wal-Marts, have passed a bill that, by dictating wages and benefits, would keep Wal-Marts from locating in the city. Richard Daley, a bread-and-butter Democrat, used his first veto in 17 years as mayor to swat it away.

Liberals think their campaign against Wal-Mart is a way of introducing the subject of class into America's political argument, and they are more correct than they understand. Their campaign is liberalism as condescension. It is a philosophic repugnance toward markets, because consumer sovereignty results in the masses making messes. Liberals, aghast, see the choices Americans make with their dollars and their ballots and announce -- yes, announce -- that Americans are sorely in need of more supervision by . . . liberals.

Before they went on their bender of indignation about Wal-Mart (customers per week: 127 million), liberals had drummed McDonald's (customers per week: 175 million) out of civilized society because it is making us fat, or something. So, what next? Which preferences of ordinary Americans will liberals, in their role as national scolds, next disapprove? Baseball, hot dogs, apple pie and Chevrolet?

No. The current issue of the American Prospect, an impeccably progressive magazine, carries a full-page advertisement denouncing something responsible for "lies, deception, immorality, corruption, and widespread labor, human rights and environmental abuses" and for having brought "great hardship and despair to people and communities throughout the world."

What is this focus of evil in the modern world? North Korea? The Bush administration? Fox News Channel? No, it is Coca-Cola (number of servings to Americans of the company's products each week: 2.5 billion).

When liberals' presidential nominees consistently fail to carry Kansas, liberals do not rush to read a book titled "What's the Matter With Liberals' Nominees?" No, the book they turned into a bestseller is titled "What's the Matter With Kansas?" Notice a pattern here?

Extreme Tuberculosis (NYT)

The New York Times, September 14, 2006

Tuberculosis is outrunning us. In the last few months, 53 patients in the South African province of KwaZulu-Natal were found to have a form of the disease resistant to enough existing drugs that it is virtually incurable. All but one of those patients have died. Airborne and deadly, extensively drug-resistant TB is a nightmare disease. It has been found worldwide, including in the United States.

The accelerated pace of resistance comes from the world's neglect of tuberculosis, which is best cured with a cocktail of four drugs, with medicines taken daily for six to nine months. But most patients who start this difficult regime fail to complete it, leading to resistance. Of the 9.5 million new TB cases globally every year, about 425,000 of them are resistant to the standard medicines.

While a course of these drugs costs as little as $11, the medicines needed to cure resistant TB can cost up to a thousand times as much, can have harmful side effects, and must be taken for as much as two years. The really bad news, however, is that even these backup drugs are starting to fail, as they have in KwaZulu-Natal. Globally, about 6 percent of resistant TB cases are also resistant to second-line drugs — 15 percent in the former Soviet Union.

The development of antibiotics had allowed wealthy nations to dismiss TB as a disease of the past. But H.I.V. and AIDS have changed that calculus. In Africa, active TB cases are rising by 4 percent a year, largely because H.I.V. activates latent TB infection. TB is the leading cause of AIDS-related deaths. Every patient tested in the KwaZulu-Natal study was H.I.V.-positive — and more than a quarter of those who died were taking antiretroviral therapy.

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African health officials gathered in South Africa last week to discuss extreme tuberculosis, but they are hobbled by the world's indifference. It is crucial, for example, to find out quickly where else extremely resistant TB lurks. But surveillance in Africa is poor, there have been no new diagnostic tests invented in the past 50 years, and the tests in use can take months. Efforts to make sure patients complete their treatment reach less than a third of TB victims. New drugs are needed to replace current ones, which are all at least 40 years old. But TB drug research had dried up until a few years ago.

A group called the Global Alliance for TB Drug Development has six compounds in the pipeline, but a treatment for extremely resistant TB is not likely before 2012. Money for clinical trials would speed things. But donors have always slighted tuberculosis. According to a new report by Results International, an advocacy group, the World Bank spent only $3.5 million directly on TB in Africa in 2005. The Global Fund to Fight AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation are big donors, but much more is needed. Stinginess created this problem. Generosity is needed to fix it.

Bush, Roh To Meet Amid Tension Over North Korea (MCT)

By William Douglas

McClatchy Newspapers, September 14, 2006

WASHINGTON - South Korean President Roh Moo-hyun and President Bush will try to downplay the strains between their countries over how to deal with the North Korean nuclear standoff when they meet Thursday at the White House.

The White House is pushing a hard line in trying to get the strident North Korean government to return to six-party talks designed to halt its nuclear program. South Korea, which has sought to engage North Korea since 1998, is seeking a softer diplomatic approach toward its reclusive communist neighbor.

The United Nations Security Council has approved a resolution condemning North Korea for conducting ballistic missile tests in July that bans any deals with the Pyongyang government that might help its arms trade. The Bush administration wants that policy applied firmly, while South Korea is wary of being too confrontational.

To complicate Thursday's meeting further, it comes amid reports that North Korea is preparing for an underground nuclear test, which some U.S. intelligence officials think may come before the end of the year.

"The expectations of a significant breakthrough between the U.S. and ROK (Republic of Korea) are not there," said Michael Green, an analyst at the Center for Strategic and International Studies, a center-right research center. He was Bush's senior adviser on Asia until last December. "In general, the South Koreans would like the U.S. to be more accommodating to the North."

North Korea walked away last November from talks with the United States, Japan, China, Russia and the European Union, partially citing American restrictions imposed on a Macau-based bank accused of laundering money, counterfeiting and other illicit activities for Pyongyang.

Worried that the restrictions could prompt North Korean President Kim Jong Il to take desperate measures, South Korean officials would like the Bush administration to talk to the North Koreans about the counterfeiting issue as a prelude to resuming the six-party talks, according to Donald G. Gross, a State Department adviser during the Clinton administration.

Not wanting to be seen as rewarding bad behavior, White House officials said Wednesday that they had no intention of lifting the restrictions.

"Look, the United States has worked with its allies and made clear to the North Koreans that they have obligations," White House press secretary Tony Snow said. "We have said, `You need to get back to the table.' There are incentives awaiting the government if it behaves well. That remains the proper approach, and it also remains a proper approach to say to those in the neighborhood, `You're closest; you have the most influence. You need to step up as well.'"

That was a veiled reference to China primarily.

Bush and Roh are also likely to touch on a proposal, controversial in South Korea, whereby Seoul would take over wartime command of its troops from the United States. It surrendered command of its troops to U.S.-led U.N. forces during the Korean War. It regained peacetime control of its troops in 1994.

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Roh has pushed for the move, saying the time has come for South Korea to defend itself. But his nation's political conservatives, veterans and Christian activists oppose the proposal, saying it would erode American-South Korean relations and weaken the country's defense capabilities as tensions with North Korea escalate.

Roh calls for transferring military authority by 2012. U.S. officials said the handoff could be done by 2009, a counterproposal that some analysts construed as another sign of strain between Washington and Seoul.

Gross and other Asia analysts predict that Bush and Roh will attempt to gloss over their differences. For example, American and South Korean officials agreed not to issue a joint statement after Thursday's meeting. Such statements are common practice after two leaders meet to discuss a wide range of issues.

White House officials said a joint statement would be redundant because Bush and Roh issued one that covered the North Korea nuclear issue after they met in South Korea last November during the Asia-Pacific Economic Cooperative forum.

"A lack of a joint statement shows they want to work around hard issues and focus on areas of agreement," Gross said. "If they had a joint statement, they'd have to talk about North Korea."

U.S. To Roll Out Tepid Welcome For President Of South Korea (NYT)

By David E. Sanger

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — As President Roh Moo-hyun of South Korea prepares to visit President Bush on Thursday morning, the two men have rarely been further apart on the central issue that long ago turned their relationship so frosty.

Mr. Bush is determined to squeeze North Korea with every financial sanction possible until it gives up its nuclear capacity and other illicit activities, or, some believe, until it collapses. Mr. Roh insists the only course is to coax the country out of its isolation.

In the weeks leading to the visit here, Mr. Bush's aides have been using a new United Nations Security Council resolution, passed after North Korea's missile tests in July, to prepare a list of banks it can press to cut ties with North Korea.

Mr. Roh has been playing down the missile launching as a meaningless, attention-grabbing temper tantrum by the North Koreans, and he has resumed South Korean aid and investment to the country, in hopes of preventing what his country fears would turn into collapse or confrontation.

In past meetings, Mr. Bush has done his best to paper over the differences. But his aides acknowledge that the gap has grown so much in recent months — "as wide as the Sea of Japan" one senior official said Wednesday — that it will be almost impossible to hide.

Mr. Roh will receive treatment that contrasts sharply with the warm embrace extended in June to Japan's prime minister, Junichiro Koizumi. Mr. Koizumi got long meetings, a glittering dinner and a trip to Graceland; Mr. Roh, leader of the other major United States ally in Asia, is getting an hour in the Oval Office and a quick lunch.

It is a symbol of the enormous strains in the alliance, strains so great that Mitchell B. Reiss, the director of policy planning at the State Department during part of Mr. Bush's first term, wrote in an op-ed column in The Los Angeles Times on Wednesday that the two leaders "should agree to disagree on North Korea and move onward.''

Asked how they could avoid the security issue that has been the cement of their alliance since 1950, Mr. Reiss, now a vice provost at the College of William and Mary, said in an interview, "They don't have a choice, because you can't let it erode the foundations of the alliance."

Mr. Bush has a polite but distant relationship with Mr. Roh, whom current and former White House aides say Mr. Bush believes is wedded to a doomed policy of appeasement toward a country that runs prison camps and regularly threatens its neighbors by expanding both its nuclear capacity and the range of its missiles.

The missile defense system that the administration has deployed in rudimentary form in Alaska and aboard ships is geared toward deterring a North Korean attack, though White House officials say their bigger fear is that the country, perpetually broke, might sell a weapon to a terrorist group.

Mr. Roh, however, appears to view Mr. Bush's approach as a dangerous failure, more likely to prompt North Korea's leader, Kim Jong-il, to lash out than disarm. Ahead of this trip, South Korean officials said in interviews that they believed Mr. Bush's

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policies prompted Mr. Kim to produce the fuel for six or eight new nuclear weapons; American officials say North Korea would have done so anyway.

Speaking on Wednesday at the United States Chamber of Commerce, Mr. Roh said he was “quite aware” of concerns about the state of American-South Korean relations.

Mr. Roh authorized 3,000 troops for Iraq. But he was widely criticized for the decision at home, where polls show that the country is almost as distrustful of Washington as it is worried about the North Koreans.

What further complicates Thursday’s meetings, however, is growing speculation that North Korea may be preparing for another test: this time, an underground nuclear test, which it has never before conducted.

“For the North Koreans, it would be the next logical step in managed escalation,” said Richard L. Armitage, the former deputy secretary of state. “The irony of the situation is that the farther away you are from the peril, the more concerned you are about it.”

Roh Says U.S.-S.Korea Alliance Changing (AP-Y)

By Foster Klug

AP, September 13, 2006

South Korean President Roh Moo-hyun said Wednesday that while his country's five-decade alliance with the United States is changing, Seoul will continue to support the U.S.-led fight against terrorism.

The South Korea-U.S. "alliance will in part change according to the times," Roh said through an interpreter. "But the very fundamental basis of this alliance will not change."

Roh noted he will meet with President Bush Thursday to discuss the state of the alliance and ways to settle a tense nuclear standoff with North Korea.

Both Roh and Bush want the North to return to stalled negotiations aimed at persuading Pyongyang to scrap its self-proclaimed nuclear bomb production program. But bickering has flared occasionally on just how to achieve that.

Roh told business leaders at the U.S. Chamber of Commerce that he was "quite aware that in Korea and the United States, we have many people who are quite concerned about the state" of the U.S.-South Korea relationship.

But "in all areas where the United States has been fighting to establish order and freedom, Korea has always been at the United States' side," he said.

South Korea deployed nearly 3,600 troops in Iraq in 2004, making it the second-largest U.S. coalition partner after Britain. It plans to withdraw about 1,000 of its 3,200-member contingent by the end of the year.

Roh met Wednesday with Secretary of State Condoleezza Rice, with both leaders underlining that U.S.-South Korean cooperation was needed to resume stalled nuclear disarmament talks, according to South Korean officials. Roh was scheduled later Wednesday to visit the Korean War Memorial and to meet with U.S. lawmakers.

How the two allies handle the North Korean nuclear crisis matters because some believe mixed messages from Washington and Seoul have allowed the reclusive North to boost its nuclear arsenal while falling into deeper isolation.

Efforts to restart the disarmament talks have gained greater urgency in recent weeks as leaders worry about a potential North Korean nuclear weapons test, and after the North decided in July to test launch seven missiles. But so far, no resumption of the negotiations by the Koreas, the United States, Russia, Japan and China is in sight.

"The most important thing is that they can get along, and project that to the world," Michael O'Hanlon, a senior fellow of foreign policy studies at the Brookings Institution, said in looking ahead to Roh's meeting with Bush.

"They just totally see the world differently," O'Hanlon said, calling the Roh-Bush relationship perhaps "the single rockiest" of Bush's tenure and "probably the one with the greatest consequences."

Roh's time in Washington will be a low-key affair, in marked contrast to a June trip by the leader of another major U.S. ally in Asia, Japan. Prime Minister Junichiro Koizumi spoke publicly of his "heart-to-heart" friendship with Bush during that visit, and Bush treated Koizumi to a rare presidential tour of the home of the prime minister's musical hero, Elvis Presley, in Memphis, Tennessee.

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During their meeting, Roh and Bush will discuss an ambitious U.S.-South Korean free trade proposal and Seoul's desire to retake wartime command of its troops from the United States. The focus, however, will be on North Korea.

Bush favors a hard-line approach, refusing to talk to the North outside of the six-nation talks, which Pyongyang has boycotted since November. Roh has tried to engage Kim Jong Il's communist government.

"North Korean policy has been foundering, in part because North Korea sees the huge gap between Seoul and Washington and drives right through it," O'Hanlon said.

Separately, U.S. lawmakers were expected to consider on Wednesday a North Korean nonproliferation measure and a resolution asking Japan to accept responsibility for the sexual exploitation of women in Korea and other Asian countries during World War II.

Michael Green, Bush's senior adviser on Asia until December, said that Roh and Bush have a good working relationship, but he noted that there will be intense pressure on Roh from some in Seoul to emphasize differences with Washington about North Korea.

In the past, Roh has lobbied Bush to change the tone of U.S. policy on North Korea, an attempt to cater to South Koreans who favor expanding ties with the North, said Green, now an analyst at the Center for Strategic and International Studies.

Seoul Backs Censure Of North (WT)

By David R. Sands

The Washington Times, September 14, 2006

South Korean Foreign Minister Ban Ki-moon yesterday said Seoul strongly supports the United Nations' condemnation of North Korea for its recent missile tests, and denied that South Korean President Roh Moo-hyun was trying to play down the missile tests when he described them recently as tests carried out by the communist North for political, not military effect.

"I do not know if the United States and others have fully made up their positions, but the South Korea government will faithfully implement the U.N. Security Council resolution [1695]. We fully supported it," Mr. Ban said.

Mr. Ban spoke with reporters from The Washington Times on the eve of an Oval Office summit today between President Bush and Mr. Roh.

Mr. Ban acknowledged there was a "perception gap" between the two allies on North Korea and other issues, a gap often exaggerated by South Korea's domestic press.

He said the alliance remained fundamentally healthy and that public opinion in South Korea toward the United States had improved in recent years.

On other issues, the South Korean offered the following thoughts:

•The South Korean government is "firmly committed" to a new bilateral free-trade agreement with the United States. He said Seoul hoped to have a deal by spring, despite strong opposition in South Korea from farmers and other groups.

•He said Mr. Bush and Mr. Roh would not nail down at today's meeting an accord to transfer operational control of South Korean forces in wartime. Details of such an accord would be left to military officials meeting next month.

But he said South Korea should assume responsibility as a sovereign country.

"When you are making fundamental changes, it's better that they be done as soon as possible and not to leave a long period of uncertainty," he said.

Mr. Roh, who last met Mr. Bush 10 months ago on the sidelines of a summit of Asia-Pacific leaders, will hold a one-hour Oval Office meeting and have an hourlong working lunch with Mr. Bush today. He met with Secretary of State Condoleezza Rice yesterday and will also visit San Francisco before returning home.

The short, low-key summit is in sharp contrast to the warm welcome Mr. Bush recently extended to Japanese Prime Minister Junichiro Koizumi, one of the U.S. administration's closest allies in the region.

That visit included a trip by the two leaders to Memphis, Tenn., to tour Graceland, home of Mr. Junichiro's musical idol, Elvis Presley.

U.S. and South Korean officials have dismissed the idea of fundamental problems with the alliance, despite clear tactical differences in recent months over how to deal with North Korea.

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But Mr. Roh, in a speech yesterday to the U.S. Chamber of Commerce, acknowledged there was considerable talk in both capitals about strains in the alliance forged in the early days of the Cold War.

"I am quite aware that in Korea and the United States, we have many people who are quite concerned" about the state of bilateral ties, Mr. Roh said, speaking through an interpreter.

But "in all areas where the United States has been fighting to establish order and freedom, Korea has always been at the United States' side," he added.

Among the delicate issues on the bilateral agenda: how tough a line to take with North Korea; a proposed U.S.-South Korea free-trade agreement; and Seoul's efforts to reclaim operational control of its military forces in wartime from U.S. command.

Mr. Ban, in an interview with South Korean journalists last month, conceded there were "a number of perception gaps" between Seoul and Washington.

"The upcoming summit is important," he said then. "Once a perception is formed, it is difficult to remove it."

Mr. Roh's government, beset by scandals and worries over North Korea policy, has hit historic lows in recent South Korean polls.

The South Korean president's five-year term ends in December 2007, but Mr. Ban, minister of foreign affairs and trade since January 2004, may be in line to move to a bigger stage.

The 62-year-old career diplomat and government minister announced in February his candidacy to succeed U.N. Secretary-General Kofi Annan, whose term ends Dec. 31. Mr. Ban topped an unofficial Security Council straw poll held in July.

Just Say No (To Roh) (WSJ)

By Jin Ha Hwang

The Wall Street Journal, September 14, 2006

North Korea is no longer a threat to South Korea. The wartime operational control (OP-CON) of 680,000 Korean troops will be transferred back to South Korea by 2009, and the U.S.-Republic of Korea Combined Forces Command (CFC) will be consequently dismantled.

At least that is what the presidents of the U.S. and South Korea think will happen in the next three years. But they would be making a grave mistake.

It may seem natural for a sovereign nation like South Korea to exercise wartime control over its military. It is also natural, however, for a sovereign nation to work with other countries to increase its ability for deterrence against an unpredictable and ever-present adversary, especially when other countries share common goals. Such is the rationale behind the 1978 establishment of the CFC, and it has served most successfully over the years in deterring military aggression by North Korea. In its inception, the presidents of the U.S. and South Korea, under an understanding of mutual benefit and operational efficiency, agreed to delegate power to the commander of the CFC to exercise wartime control.

Given its history and prime importance to the survival of South Korea, not to mention the benefits of peace in Northeast Asia, both Koreans and Americans must be aware of what risks the transfer of wartime OP-CON would bring to the U.S.-South Korea combined defense posture, and whether this would spell further uncertainty for Northeast Asia's future. That the current uproar in South Korean society over this issue was fuelled by a few pro-North Korean politicians makes the issue doubly concerning.

While certain leaders wish to make this issue a national priority, the Korean people themselves have not called for the transfer of wartime operational control, nor do most desire dismantlement of the robust and effective U.S.-ROK Combined Forces Command. We must also find out what the Korean and U.S. military field commanders think about the issue.

Transfer of the wartime OP-CON, and the consequent dismantlement of the CFC, is a dangerous move that would not only increase chances of instability, but could may well benefit North Korea in the long run. Here's why:

• First, the security situation on the Korean peninsula is more fragile than ever. It was only March of this year when the commanding general of the U.S. Forces Korea, Gen. Burwell B. Bell, testified at the U.S. Senate Armed Services Committee that "North Korea poses a variety of threats to regional and global stability." His testimony tells us that we need a strong alliance with a well-coordinated combined defense posture, and most Koreans, military or civilian, agree. Furthermore, North Korea is still trying to develop ICBM missiles and nuclear weapons.

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• Second, a transfer might encourage North Korea to step up its rogue tactics. For the past half-century, North Korean leaders have persistently called for the withdrawal of American troops and dismantlement of the Combined Forces Command. Pyongyang has also continuously insisted that it would not discuss any military issues with a Seoul that does not even have wartime control over its military. The North's regime would undoubtedly see the transfer as a victory, and use it to strengthen their otherwise dissipating domestic legitimacy, perhaps even emboldening them to make further demands.

• Third, the concept of "independent operation" is no longer applicable for 21st-century wars. All the militaries of the world are cooperating and delegating responsibilities and commands to one other. This is seen clearly in the North Atlantic Treaty Organization. Operations of the NATO Allied Command are controlled by the commander of the U.S.-European Command. The U.S. and Japan have two separate commands, but this is because Japan's Constitution prohibits its Self-Defense Forces from being a part of any combined war operations. The Korean peninsula is the most fortified and politically complex region in the world, and an alliance with two separate military commands would lose cohesion during a major crisis.

Even as politics may have changed on the Korean peninsula, the security situation, in terms of the need for deterrence, has not changed one bit. North Korea's asymmetric threats still pose a grave danger to South Korea's security, as well as to countless U.S. economic and political interests. What about the possibility of a major crisis like the North's sudden collapse? Now is the time to keep the alliance intact and strengthen its combined defense capabilities.

The wartime OP-CON is a delegated power granted with consent of the commanders in chief of the two countries, for the purpose of fulfilling a nonpolitical but essential technical need. No national pride is lost because of it. Yet South Korean President Roh Moo Hyun wishes to politicize the issue by linking it with words such as "sovereignty" or "destiny." He is also playing a dangerous game of dangling the OP-CON transfer issue in front of North Korea to open up a channel for communication, since the dismantlement of the CFC was one of the three preconditions North Korea suggested to the South for any serious inter-Korean talks. The results of this year's local elections say most South Koreans do not support Mr. Roh's stance. So for whose interests is he pushing forward the transfer?

The U.S.-ROK Combined Forces Command is a mechanism designed to deter war, and also to fight and win a war should deterrence fail. It is a military structure that has functioned admirably for the benefit of both South Korea and the United States. Should we let it go because of domestic political interests? Who has the last laugh then?

Mr. Hwang chairs the International Relations Committee of the Grand National Party, South Korea's largest opposition party.

Iran And European Union Postpone Talks (AP)

By George Jahn, Associated Press Writer

AP, September 14, 2006

The European Union's foreign policy chief and Iran's top nuclear negotiator on Wednesday abruptly postponed talks on easing tensions over the refusal of the Tehran regime to suspend uranium enrichment.

Cristina Gallach, spokeswoman for EU foreign policy official Javier Solana, did not say what prompted the decision to downgrade Thursday's meeting in Paris to the level of aides to Solana and Ali Larijani, Iran's senior nuclear negotiator.

But the decision of the two principals to stay away from what would have been their third meeting in a week suggested snags had developed from their direct contacts over the weekend.

The absence of Solana and Larijani was bound to dampen high expectations for the meeting. Their two sessions in Vienna had been described by both men as making progress toward solving the impasse over Tehran's defiance of a U.N. Security Council that it freeze enrichment.

Members of delegations familiar with the outcome of the talks Saturday and Sunday had said Iran suggested it was ready to consider suspending enrichment for up to two months.

But the officials also told The Associated Press that Iran continued to refuse pressure to stop enrichment before talks with a six-nation alliance meant to resolve the nuclear standoff, even though those nations conditioned starting negotiations on a freeze.

In Dakar Senegal, Iranian President Mahmoud Ahmadinejad said Thursday that his country's nuclear standoff with the West can be solved through dialogue, and called for unspecified "new conditions" in negotiations.

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Ahmedinejad, on an hours-long stopover in Senegal en route to Cuba for a summit of the Nonaligned Movement, said the debate over Iranian nuclear enrichment could be solved peacefully.

"We're partisans of dialogue and negotiation. We believe that we can resolve our problems in a space of dialogue and justice — together," he told reporters.

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity. Enrichment can also create material for atomic bombs, however, and the United States and other nations suspect that is Tehran's real goal.

Gallach, the EU spokeswoman, said the results of the meeting Thursday would be reported to Iran's capital and EU headquarters before a decision on scheduling further talks between Solana and Larijani.

In a telephone call from the EU offices in Brussels, Belgium, Gallach said the two aides meeting Thursday — EU negotiator Robert Cooper and Javad Vaeidi, deputy head of Iran's powerful National Security Council — had also held talks in Vienna on Tuesday.

Different interpretations of what was achieved at the weekend talks were reflected earlier in the day.

In moderate language, Britain, France and Germany only alluded to the threat of Security Council sanctions if Iran continues to enrich uranium and called on the Tehran regime to negotiate the dispute with the international community.

The United States, in contrast, said it was time for the council "to back international diplomacy with sanctions."

The relatively soft tone of the European statement at a meeting of the 35-nation board of the International Atomic Energy Agency appeared focused on keeping confrontation low a day ahead of what then was still thought to be a Solana-Larijani meeting.

Diplomats accredited to the IAEA meeting, who agreed to discuss the matter only if granted anonymity, said that while France and Britain favored a tougher approach, Germany wanted a more toned-down text.

The need for bargaining among the Europeans — and the sharper tone of the U.S. statement — reflected uncertainties about Iranian intentions after Tehran suggested during the talks Sunday that it was ready to consider a short-term enrichment freeze.

"We continue to extend an open hand to Iran," the European statement said. It added that if Iran met the demand on enrichment, "we will ask to suspend action in the Security Council."

The three said the Solana-Larijani meetings had "helped clarify some misunderstandings."

But the chief U.S. delegate, Gregory L. Schulte, accused Iran of "a history of deception, lack of transparency, provocative behavior and disregard for its international obligations."

"The time has come for the Security Council to back international diplomacy with international sanctions," he said.

In Washington, State Department deputy spokesman Tom Casey said Secretary of State Condoleezza Rice will take up the sanctions issue with other diplomats when the U.N. General Assembly meets next week in New York.

The five permanent members of the Security Council — the U.S., Britain, France, Russia and China — along with Germany have offered Iran economic and political rewards if it agrees to consider a long-term moratorium on enrichment and commits to an enrichment freeze before talks to discuss details of their package.

Reflecting differences over how to deal with Tehran, they gave up an attempt to jointly criticize Iran's defiance Tuesday, after China and Russia refused to endorse U.S.-backed tough language, diplomats said.

Those two countries have resisted U.S.-led efforts to move to sanctions quickly, despite the passing of the Security Council's Aug. 31 deadline for Iran to freeze work on developing enrichment technology. They favor continued negotiations.

Associated Press writer Palma Benczenleitner contributed to this report.

Foreign Ministers To Meet In New York On Iranian Sanctions: Rice (AFP)

AFP, September 14, 2006

Foreign ministers from the six major powers involved in the nuclear standoff with Iran will meet soon in New York to discuss imposing sanctions against Tehran, US Secretary of State Condoleezza Rice said.

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Rice will travel to New York next week for talks on the sidelines of the United Nations General Assembly meeting and she said this would be the opportunity to press ahead with the sanctions if Iran continues to reject demands it freeze its suspected nuclear weapons program.

"There will be a meeting in New York of the ministers of the P5-plus-1," she said, referring to the five permanent members of the UN Security Council, Britain, China, France, Russia and the United States, plus Germany -- the coalition that has led efforts to halt Iran's nuclear program.

"I think that is a natural time to assess where we are and make some movement forward," she said following a meeting at the State Department with Israeli Foreign Minister Tzipi Livni.

The UN Security Council adopted a resolution in July giving Iran a month to suspend its uranium enrichment and reprocessing program or face sanctions.

Washington and some other governments believe the enrichment is aimed at producing material for nuclear weapons.

Iran insists the work is only to make fuel for electricity generation and has rejected the UN demand, although negotiations have continued between Iran and European Union officials acting as intermediaries in the dispute.

Rice said the way forward for Iran was clear, it can either suspend its uranium enrichment as a prelude to broader negotiations on improving economic and diplomatic ties with the international community, or face new UN Security Council resolutions imposing sanctions.

"We have always believed that the path was very clear: suspend and go down the path of negotiations or the international community will go down the path of the Security Council," she said.

"We are working on that track," she said, noting that senior diplomats of the P5-plus-1 governments have been holding discussions in recent days on specific sanctions measures.

"If the Iranians wish to suspend, and begin negotiations, obviously that would be a good thing," Rice said.

But she said that in light of a decision by Iran to cancel without explanation a planned meeting Thursday between Tehran's lead negotiator, Ari Larijani, and EU foreign policy chief Javier Solana, "I don't really know that that option is still available".

Earlier Wednesday the State Department spokesman brushed aside new indications that key allies in the P5-plus-one group were wavering on the issue of imposing sanctions.

"We have full confidence" the six will back sanctions, spokesman Sean McCormack said.

He was speaking after the six failed to agree Tuesday on a joint statement on Iran at a meeting in Vienna because "the United States was too tough" and Russia and China did not want the word "sanctions" mentioned, a Western diplomat told AFP.

Livni, speaking alongside Rice, also referred to the danger of a split in the coalition confronting the Islamic government in Iran, which refuses to recognize Israel's right to exist.

"The United States shows its determination (for sanctions), but there's a need to get more states on board and there are some hesitations, unfortunately, from other parts of the world," she said after a closed door meeting with Rice.

"But our expectation is that the international community will show more determination on this issue on the understanding that this is not a threat to Israel but a threat to the entire free world."

U.N. Inspectors Dispute Iran Report By House Panel (WP)

By Dafna Linzer

The Washington Post, September 14, 2006

U.N. inspectors investigating Iran's nuclear program angrily complained to the Bush administration and to a Republican congressman yesterday about a recent House committee report on Iran's capabilities, calling parts of the document "outrageous and dishonest" and offering evidence to refute its central claims.

Officials of the United Nations' International Atomic Energy Agency said in a letter that the report contained some "erroneous, misleading and unsubstantiated statements." The letter, signed by a senior director at the agency, was addressed to Rep. Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, which issued the report. A copy was hand-delivered to Gregory L. Schulte, the U.S. ambassador to the IAEA in Vienna.

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The IAEA openly clashed with the Bush administration on pre-war assessments of weapons of mass destruction in Iraq. Relations all but collapsed when the agency revealed that the White House had based some allegations about an Iraqi nuclear program on forged documents.

After no such weapons were found in Iraq, the IAEA came under additional criticism for taking a cautious approach on Iran, which the White House says is trying to building nuclear weapons in secret. At one point, the administration orchestrated a campaign to remove the IAEA's director general, Mohamed ElBaradei. It failed, and he won the Nobel Peace Prize last year.

Yesterday's letter, a copy of which was provided to The Washington Post, was the first time the IAEA has publicly disputed U.S. allegations about its Iran investigation. The agency noted five major errors in the committee's 29-page report, which said Iran's nuclear capabilities are more advanced than either the IAEA or U.S. intelligence has shown.

Among the committee's assertions is that Iran is producing weapons-grade uranium at its facility in the town of Natanz. The IAEA called that "incorrect," noting that weapons-grade uranium is enriched to a level of 90 percent or more. Iran has enriched uranium to 3.5 percent under IAEA monitoring.

When the congressional report was released last month, Hoekstra said his intent was "to help increase the American public's understanding of Iran as a threat." Spokesman Jamal Ware said yesterday that Hoekstra will respond to the IAEA letter.

Rep. Rush D. Holt (D-N.J.), a committee members, said the report was "clearly not prepared in a manner that we can rely on." He agreed to send it to the full committee for review, but the Republicans decided to make it public before then, he said in an interview.

The report was never voted on or discussed by the full committee. Rep. Jane Harman (Calif.), the vice chairman, told Democratic colleagues in a private e-mail that the report "took a number of analytical shortcuts that present the Iran threat as more dire -- and the Intelligence Community's assessments as more certain -- than they are."

Privately, several intelligence officials said the committee report included at least a dozen claims that were either demonstrably wrong or impossible to substantiate. Hoekstra's office said the report was reviewed by the office of John D. Negroponte, the director of national intelligence.

Negroponte's spokesman, John Callahan, said in a statement that his office "reviewed the report and provided its response to the committee on July 24, '06." He did not say whether it had approved or challenged any of the claims about Iran's capabilities.

"This is like prewar Iraq all over again," said David Albright, a former nuclear inspector who is president of the Washington-based Institute for Science and International Security. "You have an Iranian nuclear threat that is spun up, using bad information that's cherry-picked and a report that trashes the inspectors."

The committee report, written by a single Republican staffer with a hard-line position on Iran, chastised the CIA and other agencies for not providing evidence to back assertions that Iran is building nuclear weapons.

It concluded that the lack of intelligence made it impossible to support talks with Tehran. Democrats on the committee saw it as an attempt from within conservative Republican circles to undermine Secretary of State Condoleezza Rice, who has agreed to talk with the Iranians under certain conditions.

The report's author, Fredrick Fleitz, is a onetime CIA officer and special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton, who is now ambassador to the United Nations, had been highly influential during President Bush's first term in drawing up a tough policy that rejected talks with Tehran.

Among the allegations in Fleitz's Iran report is that ElBaradei removed a senior inspector from the Iran investigation because he raised "concerns about Iranian deception regarding its nuclear program." The agency said the inspector has not been removed.

A suggestion that ElBaradei had an "unstated" policy that prevented inspectors from telling the truth about Iran's program was particularly "outrageous and dishonest," according to the IAEA letter, which was signed by Vilmos Cserveny, the IAEA's director for external affairs and a former Hungarian ambassador.

Hoekstra's committee is working on a separate report about North Korea that is also being written principally by Fleitz. A draft of the report, provided to The Post, includes several assertions about North Korea's weapons program that the intelligence officials said they cannot substantiate, including one that Pyongyang is already enriching uranium.

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The intelligence community believes North Korea is trying to acquire an enrichment capability but has no proof that an enrichment facility has been built, the officials said.

Political, Tech Hurdles Muddle Iran Oil Industry (USAT)

By David J. Lynch

USA Today, September 14, 2006

TEHRAN, Iran — Nobody worries about spilling a little as they fill 'er up here at the gas station on Vali Asr Avenue. Why should they? With gas costing less than 40 cents — that's right, cents — a gallon, leaving a little on the pavement is no big deal.

"It's very cheap," says Feridoun Mansouri, 52, with a laugh. The retired government worker tops off the tank of his silver sedan for 12,000 rials, or about $1.35.

Perhaps it's no surprise that a country sitting on 132 billion barrels of oil, the world's third-largest total, enjoys cheap gasoline. But the scene at this urban filling station suggests an abundance that couldn't be further removed from the grinding reality of Iran's oil industry.

From wellhead to gas pump, Iran's fabulously endowed petroleum industry confronts debilitating political and technological headwinds. Aging oil fields are starved of the most advanced technology because U.S. sanctions and pervasive political uncertainty limit investment by major oil companies. A shortage of domestic refining capacity means oil-rich Iran must import 40% of its gasoline. That dependence is one of the country's chief vulnerabilities as it faces the potential imposition of new sanctions over its controversial nuclear research program.

Yet, Iran remains defiant. Supreme Leader Ayatollah Khamenei has threatened to halt his country's oil exports if the U.S. slaps sanctions on Iran because of its uranium enrichment efforts, which the Bush administration suspects are intended to produce nuclear weapons. Europe, Japan and China purchase two-thirds of Iran's exports. Though the U.S. buys no Iranian oil, a cutoff of Iranian shipments, or a broader clamp-down on oil tankers leaving the Persian Gulf, could be a catastrophe for the global economy.

Secretary of State Condoleezza Rice has dismissed the danger, arguing that Iran depends almost entirely on oil export revenue to keep its economy and government afloat. And Wednesday in Vienna, Iran oil minister Kazem Vaziri-Hamaneh reaffirmed Tehran's commitment to supplying global crude markets despite the standoff over its nuclear program, the Associated Press reported.

Others aren't so sanguine. "The Iranians would have no difficulty starving themselves to prove a point. They are terribly cognizant of image, face and respect," says Kent Moors, chief executive of Asida Group, a Pittsburgh-based oil industry consultant.

Domestic political jockeying has further complicated Iran's oil field management. President Mahmoud Ahmadinejad took office one year ago vowing to root out a corrupt "oil mafia" he accused of stealing the nation's patrimony. But parliament balked at his first three oil minister nominees, regarding each as long on Islamic fervor and short on petroleum expertise.

Only after a three-month showdown did Ahmadinejad tap veteran oil man Vaziri-Hamaneh for the job. Few posts are more vital: Oil sales account for 85% of Iran's export earnings and more than 40% of government revenue.

Vaziri-Hamaneh and other Iranian oil officials responsible for holding the industry together are well regarded by global oil pros. Massaging ancient fields to squeeze out every last drop of oil is no easy task given that the best technology and expertise in the global industry remains off-limits.

But Ahmadinejad's continuing bid to exert political influence over the oil ministry is raising alarms in some industry circles. Amid continued infighting, the pace of activity has slowed. "The management is not so quick in their decisions. … It takes longer," says Hamid Zaheri, general manager of United Arab Emirates-based Crescent Petroleum's Tehran office.

The oil ministry denied a request to interview Vaziri-Hamaneh or other senior ministry officials.

Ahmadinejad also has stirred concern among oil professionals by awarding several billion dollars in oil and gas industry contracts to companies affiliated with Iran's Revolutionary Guards, the paramilitary force charged with safeguarding the Islamic revolution. More awards are likely.

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The Revolutionary Guards' preferential access to state financing allows them to underbid private firms, says Bijan Khajehpour, chairman of Tehran-based Atieh Group, which advises foreign firms on the Iranian market.

The Revolutionary Guards, which number the president among its veterans, developed significant experience managing large infrastructure projects after the 1980-88 Iran-Iraq war. But Khajehpour says that the organization lacks specific oil business know-how, and they fear "that some technologically difficult projects would not be efficiently managed by such companies."

Still, it's not all bad news. Thanks to high oil prices, government coffers are bulging: Oil export revenue for the 12 months ending in March is expected to total $49.7 billion vs. $19.4 billion four years ago.

That enables Iran to afford an estimated $5.8 billion bill for imported gasoline this year, plus additional subsidies to keep prices low on food and fertilizer, according to the International Monetary Fund.

So far, rising revenue has outpaced mushrooming public expenditures. But government spending, which has doubled in three years, appears certain to continue rising under the populist Ahmadinejad.

For Iran, remaining sufficiently flush to continue affording the presidential spending spree may depend upon reaching unrealistically ambitious oil production goals. In its current five-year development plan, the government calls for boosting output from 4.1 million barrels a day to 5 million a day by 2009 and 7 million by 2024.

That won't be easy. A $2 billion project for a Japanese consortium to develop Iran's largest new discovery since the late 1960s, the massive Azadegan field, remains in limbo two years after the contract was signed. A Japanese consortium headed by Inpex has refused to start work on the field, saying that landmines left over from the Iran-Iraq war remain in the area.

Some Iranian officials, believing the Japanese actually are waiting for a resolution of the nuclear controversy, have set a deadline for action. If work doesn't begin by Friday, they say, they will solicit new bids, giving preference to domestic companies.

Output at Iran's aging fields, most of which are in the southwestern province of Khuzestan, is declining each year by about 300,000 barrels a day. And Iran is drilling few new exploration wells. "Iranian oil field output is dropping very seriously, not because the government is mismanaging them, but because the fields are old. The Iranians have to struggle to keep things where they are," says Fereidun Fesharaki, an Iranian oil official in the 1970s who is now an industry consultant.

To reverse the decline, Iran must attract an enormous surge of foreign investment. A critical need is outside cash and expertise to boost recovery rates — the percentage of a field's total reserves brought to the surface — from Iran's 24%-27% to the 35% global average, according to the U.S. Energy Information Administration.

Since 1995, U.S. sanctions have barred American oil companies from major investments in Iran. Additional sanctions enacted one year later were intended to extend the prohibition to bar foreign energy firms from helping Iran upgrade its oil and gas industry.

But amid howls from European allies, the United States granted waivers for foreign firms such as France's Total. Since 1997, foreign firms have plowed $15 billion into Iranian oil and gas projects.

That's a fraction of the $162 billion the International Energy Agency estimates Iran will need by 2030. Securing that much foreign capital is unlikely given unfavorable Iranian contract terms and political uncertainty surrounding Iran's controversial nuclear program.

"The issue is not that the industry came to a halt because of U.S. sanctions. It hasn't. The industry's potential with no sanctions is the issue. … The potential of Iran has not been met," says Narsi Ghorban, a prominent local energy expert and managing director of NarKangan Gas-to-Liquid International.

Iranian officials late last month acknowledged they likely will fall short of their production goals, perhaps increasing crude oil production to only 4.5 million barrels a day by 2010.

"We are not close to the 5 million (barrels per day) target. … More than 80% of the current total oil output is being provided from aged oil fields that need serious investment to increase production," said Hossein Nozari, managing director of National Iranian Oil, the BBC reported.

Barring an additional oil price spike, the failure to significantly increase production means Iran likely will face a tough choice between painful cuts in spending and allowing already high inflation to spike, says Djavad Salehi-Isfahani, an Iranian-born economist at Virginia Tech University.

"(Ahmadinejad) may be able to manage this year … but the chickens will come home to roost in the fall of '08," he says.

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Meanwhile, back at the gas station, absent-minded motorists pay no attention as gas sloshes onto the pavement and trickles away into the gutter. For now, government efforts to reduce the bill for Iran's gasoline imports are limited to colorful billboards urging motorists to stop pumping before gas spills onto the pavement. (Pump nozzles here lack the automatic shut-off features common in the USA and Europe.)

Proposals to discourage consumption by trimming costly subsidies, thus raising pump prices, have foundered amid politicians' well-founded fears of popular unrest.

"If they lift the subsidy, the price will go higher (and) we will have higher inflation," says motorist Mansouri, turning grim. "The people will be very upset."

U.S., Israel Cool To Proposal For Palestinian Unity Government (WP)

By Glenn Kessler

The Washington Post, September 14, 2006

Secretary of State Condoleezza Rice and Israeli Foreign Minister Tzipi Livni reacted skeptically yesterday to a proposed unity Palestinian government that would include Hamas, saying the militant group must first renounce terrorism and accept Israel's right to exist before restrictions on international aid can be lifted.

The Palestinian Authority has teetered near collapse since foreign governments largely cut off aid after the radical Islamic Resistance Movement, or Hamas, unexpectedly won legislative elections in January. President Mahmoud Abbas, of the more moderate Fatah faction that lost the elections, this week reached a deal with Hamas to form a government that would empower him to negotiate with Israel -- in effect sidestepping Hamas's pledge to destroy the Jewish state. The Palestinian cabinet resigned yesterday to clear the way for a new unity government.

Some European officials have greeted the announcement as a possible breakthrough, potentially allowing for increased aid. The Palestinian Authority has been unable to pay civil salaries, which about 1 million Palestinians rely on for their livelihood.

But Rice and Livni, speaking to reporters after a meeting at the State Department, reiterated that the new government must meet conditions that were set by the United States and its allies after the Hamas victory.

"The outcome of the process is not clear," Rice said. "It goes without saying that it's hard to have a partner for peace if you don't accept the right of the other partner to exist. It goes without saying that it's hard to have a process for peace if you do not renounce violence."

Livni, who is also deputy prime minister, said that Israel is still committed to helping create a Palestinian state on territory occupied by Israel. "Stagnation is not the Israeli government policy," she said. But she added that it is up to the Palestinians "to meet these requirements fully and completely, and we believe that these requirements are not negotiable."

Abbas plans to meet President Bush on the sidelines of the U.N. General Assembly meeting next week, and Livni put the onus on Abbas to produce results. "Now is a moment in time in which Mahmoud Abbas has to decide whether the Palestinian Authority will operate on his terms or on the terrorists' terms," she said.

Livni's visit to Washington is the first by a senior Israeli official since a U.S.-brokered cease-fire helped end a month-long war between Israel and the radical Shiite group Hezbollah in southern Lebanon. The war was sparked by the capture of two Israeli soldiers by Hezbollah as Israel was battling militants in the Gaza Strip. The soldiers have not been released.

Despite complaints from other nations that Israel's response was disproportionate, the Bush administration firmly backed Israel in its fight with Hezbollah. Livni praised Rice's "determination not to come back to the dangerous status quo that we faced before the unprovoked attack on Israel." But she said it is unclear whether "the window of opportunity" could be seized to fully implement a U.N. resolution that calls for the disarmament of Hezbollah.

Assistant Secretary of State C. David Welch yesterday gave the Senate Foreign Relations Committee a relatively upbeat assessment of the situation in Lebanon, saying Hezbollah has difficulty obtaining new weapons and 4,000 foreign troops have begun peacekeeping missions. He noted that, for the first time in four decades, the Lebanese army has moved into southern Lebanon, which has long been firmly under the control of Hezbollah.

Earlier this week, however, the House International Relations Committee put a hold on tens of millions of dollars in announced assistance to Lebanon, arguing that the Lebanese government was not adhering to the "spirit of the relevant

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resolutions" of the U.N. Security Council. The move was initiated by Rep. Tom Lantos (Calif.), the panel's ranking Democrat, after he returned from Lebanon two weeks ago. Lantos said he told the Lebanese prime minister and defense minister that they can have their money as soon as they request that the international force be deployed on the Syrian border.

A State Department official said the administration will work to address the committee's concerns, adding that there is "shared interest in both the Congress and the administration to ensure that Lebanon's borders are secure."

Palestinian Cabinet Makes Room For Planned Unity Government (NYT)

By Greg Myre

The New York Times, September 14, 2006

JERUSALEM, Sept. 13 — Palestinian cabinet members submitted their resignations Wednesday night to allow for the creation of a national unity government that is expected to include a broad range of factions, Palestinian officials said.

The new government may not be in place for weeks, and it is not clear whether Western countries will be prepared to restore assistance that was halted when the militant Islamic movement Hamas came to power earlier this year.

Isolated by the West, starved of funding and squeezed by Israel, Hamas has not been able to govern and agreed this week to the unity government. Mushir al-Masri, a Hamas legislator, said Wednesday night that cabinet ministers had offered their resignations to Prime Minister Ismail Haniya of Hamas.

The president of the Palestinian Authority, Mahmoud Abbas, of the rival Fatah faction, says he plans to dismiss the government formally in the coming days, though he intends to ask Mr. Haniya to form the new government.

“As I said in the beginning of the week, the government will be formed soon,” Mr. Abbas said.

While the departing cabinet was dominated by Hamas, which won the Palestinian elections in January, the unity government is expected to include members of Fatah. Smaller factions, independents and technocrats are also considered likely to be part of the new cabinet.

Mr. Abbas said Wednesday that he would send a delegation to the United Nations General Assembly next week in an effort to restart a dialogue with Israel.

Prime Minister Ehud Olmert of Israel says that he is willing to meet with Mr. Abbas, but that the Palestinians must release a captured Israeli soldier, Cpl. Gilad Shalit, before there can be progress.

Hamas says that it does not object to Mr. Abbas’s holding talks with Israel, but the group remains committed to its positions, including a refusal to recognize Israel.

Mr. Haniya said that he saw little point in any Palestinian politician meeting with Israeli officials. “We do not want to relive the experience of past negotiations,” he said. “Before talking about negotiations, we should ask ourselves: Do the Israelis recognize the rights of Palestinians? Will the refugees return? Will the prisoners be released? Will Israeli occupation and aggression end?”

Local Conflicts Cloud Palestinian Pact (WSJ)

By Michael Corkery

The Wall Street Journal, September 14, 2006

Tensions Boil Over in Teachers' Strike Even as Top Leaders Prepare to Share Power

TULKAREM, West Bank -- The two rival factions vying for control of the Palestinian government appear headed for a shotgun wedding that has the potential to breathe life back into a peace process.

But tensions being played out in towns and neighborhoods continue to smolder. Among the most high-profile is a teachers' strike, now in its second week, that has closed schools for hundreds of thousands of Palestinian children. How local conflicts such as these are resolved could determine whether the new unity government succeeds or fails, with major implications for Israel and the West.

The announcement this week by Palestinian Authority President Mahmoud Abbas that his Fatah organization and rival Hamas had agreed to form a unity government was the first glimmer of progress in the Palestinian situation in months.

Hamas, which came to power in elections in January and whose leader Ismail Haniya is the Palestinian Authority prime minister, has agreed to share power with Fatah. The agreement doesn't explicitly say whether Hamas will meet the demands of

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Western powers that it renounce terrorism and recognize Israel, but its rapprochement with Fatah could mark the beginning of the end of the international boycott of financial assistance to the Palestinian Authority that was imposed after Hamas came to power in January and has contributed to seething tensions in the West Bank and Gaza.

Among those tensions, since Sept. 2, tens of thousands of teachers, whose salaries haven't been paid in months, have been on strike in the West Bank and Gaza Strip. Many here say the strike was orchestrated by Mr. Abbas's Fatah faction to pressure Hamas to yield control of the government. That in turn may have ended crippling economic sanctions, which were imposed on the Palestinian government because the U.S. and others have designated Hamas a terrorist organization and which have kept it from receiving hundreds of millions of dollars of international aid and tens of millions in tax revenue withheld by Israel since Hamas swept the January elections.

The strike hasn't held easily. In Tulkarem, a city located on the western edge of the West Bank, one family said their children showed up for school during the first week of the strike and found masked gunmen chasing away teachers -- believed to be Hamas loyalists who showed up for work to break the strike. There have been other reports of similar confrontations across the territories over the past two weeks.

Ayman Khalil, a 42-year-old father of six, says that during the first week of classes in early September, he rushed to their neighborhood school to find people he knew to be Fatah militiamen firing their guns and intimidating teachers and children.

Mr. Khalil fears the violence at the schools foreshadows an inevitable showdown between Hamas and Fatah over how to divide the newly proclaimed unity government. "Their differences will be resolved by the gun," he says.

The strike continued yesterday, according to the Palestinian teachers union, and will continue until the workers receive their salaries.

But local residents say a small number of Hamas teachers are still showing up to teach. Mr. Khalil's 17-year-old daughter attends a public school where classes are being taught by Hamas loyalists. She says on some mornings, teachers use wire cutters to break into the classrooms that have been locked down by Fatah supporters.

Hamas also supports, through its charities, private schools that continue to operate during the strike and are taking in new students who are shut out from the public schools.

While these private schools are relatively small in number -- less than 10% of the roughly 3,000 schools in the West Bank and Gaza -- they have become a powerful symbol among Palestinians of Hamas's ability to provide services to its people even in dire economic conditions.

To be sure, Hamas's political leadership has been hurt by the arrest of several of its lawmakers by the Israeli military, and Fatah officials cite local polls showing many Palestinians growing frustrated with the Hamas government. But whether the militant Islamist group's long-term popularity has eroded is less clear.

Mr. Abbas hasn't yet detailed how the new coalition government's ministries will be divided between the factions, and taking control of the public-school system could be one way for Hamas to shore up its base of support and continue to exert its Islamic influence on Palestinian society. Hamas might insist on controlling the social institutions, such as schools and health care, while the ministries of finance and foreign affairs, which would interface with Israel and Western nations, could go to Fatah.

But leaving educational duties to Hamas poses the risk that under the religious group's guidance, the Palestinian population could become even more extreme, which is something Fatah, which wants to see a secular Palestinian society, could find hard to swallow. "Education will be one thing they will fight over," says Ron Pundak, director general of The Peres Center for Peace in Tel Aviv. "Education is where you influence the future. This is at the heart of what kind of Palestinian society that we will see for generations to come. But I don't think this will be a hurdle too high for the government."

At one private school in Tulkarem, which local residents say is supported by Hamas, the airy classrooms have fresh coats of paint and there is a swimming pool, and a computer lab wired to the Internet. At the entrance, there is a small carpeted room where the children come to pray. They are building a language lab to help the students learn English and beefing up the science lab. Children's poems and riddles adorn the walls. One small sign, decorated with hearts, reads: "If you want peace, be prepared for war."

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The headmaster says the school isn't run by Hamas or any other political party. "Our main target is quality education," said headmaster Munir Abu-Safia. He says funding for the school comes from tuition, and that about 20 additional students have joined the school during the strike at the public schools.

Security analysts say these private schools are more of a political gift to Hamas loyalists, rather than a breeding ground for suicide bombers and militants. For that, they say, Hamas relies on recruits drawn mostly from mosques and refugee camps.

The broad appeal of Hamas, and its schools, may lie less in its religious nature and more in the overall quality of its institutions. Many people say they want to send their children there because they say the academics are strong.

Even some Fatah loyalists, like Mr. Khalil, sent their children there. But then the school started raising tuition beyond what he could afford. He had to send his children to the public school, until it was shot up by the Fatah gunmen. He says the militia went too far. "Even the Israelis don't shoot in our school yards," he says.

U.S., Israel Warn Palestinian Factions (AP-Y)

By Anne Gearan

AP, September 13, 2006

U.S. and Israeli diplomats warned on Wednesday that Palestinian leaders cannot assume their proposed unity government will gain international acceptance unless they renounce terrorism and accept Israel's right to exist.

Secretary of State Condoleezza Rice and Israeli Foreign Minister Tzipi Livni responded cautiously to Palestinian efforts to resolve an eight-month political standoff that has frozen foreign aid vital to the Palestinians.

"We will see what the outcome is here," Rice said, referring to efforts by the radical Hamas group and the moderate Fatah Party to form a coalition Palestinian government.

On Iran, Rice was skeptical about Tehran's suggestion it temporarily might suspend uranium enrichment as a condition for beginning talks about its nuclear program with the U.S. and Europe.

"They canceled the meeting for tomorrow and that should tell us something," Rice said. A session had been scheduled between the European Union's foreign policy chief and Iran's top nuclear negotiator.

Rice said the U.N. General Assembly meeting next week would be a "natural time to assess where we are" regarding possible penalties if Iran does not suspend its nuclear activity.

Focusing on the Mideast, Rice said the moderate Palestinian president, Mahmoud Abbas, "is someone with whom we can work and with whom we are working." But, she added, a Palestinian coalition must recognize Israel, renounce violence and accept previous agreements between Palestinians and the Israelis.

Those internally accepted principles are the "very essential elements" of a solution, Rice said. "It's hard to have a partner for peace if you don't accept the right of the other partner to exist."

Rice and Livni indicated their governments could continue to deal with Abbas as part of a coalition, but it is not clear whether that arrangement would prove more workable than the current impasse.

The U.S., Israel and the EU consider Hamas a terrorist organization; the U.S. and Israel have sworn off any dealings with Hamas.

Livni offered assurances that Israel wants to make headway on the stalled plan to make peace with an eventual independent Palestinian state, despite the disarray in the Palestinian territories since Hamas won parliamentary elections in January.

"Stagnation is not the Israeli government policy," she said.

Livni said it was Abbas' responsibility to make progress.

"Now is a moment in time in which Mahmoud Abbas has to decide whether the Palestinian Authority will operate on his terms or on the terrorists' terms," she said.

President Bush is expected to meet with Abbas when the leaders attend the U.N. session in New York.

Livni saw Bush and other administration officials Wednesday as attention in the Middle East shifted to Palestinian humanitarian and political crises following Israel's summer war with Hezbollah militants in Lebanon.

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The president joined Livni's meeting with the White House national security adviser, Stephen Hadley. Bush reiterated his strong support for Israel's security and discussed with Livni "the threat posed by the Iranian and Syrian regimes," said Hadley's spokesman, Frederick Jones.

Livni is the most senior Israeli to visit Washington since a month of battles against Hezbollah ended in August with a U.N.-brokered cease-fire but without a decisive victory for Israel.

The U.S., Israel's closest ally, was its firmest defender during the cross-border war. U.S. allies and U.N. Secretary-General Kofi Annan wanted a cease-fire much earlier in the fighting that killed 159 Israelis and at least 854 Lebanese, most of them civilians.

The Palestinian aid cutoff and Israel's refusal to transfer taxes it collects on behalf of the Palestinian Authority have to a severe financial crisis in Palestinian towns and left the government unable to pay full salaries to its 165,000 workers for the past six months.

Palestinians agreed on Monday to form a national unity government to revive peace talks and end their international isolation.

The Palestinian Authority is effectively broke, with a monthly deficit in the tens of millions of dollars. Palestinians are the biggest per capita recipients of foreign aid in the world. In 2005, the first year the authority was not headed by Yasser Arafat, overseas donors contributed about $1 billion of the authority's approximately $1.9 billion budget.

U.S. direct aid was a small part of that — $70 million last year. Separately, the U.S. spent $225 million for humanitarian projects through the U.S. Agency for International Development last year, and gave $88 million for refugee assistance.

Gazans Go Unpaid, And Children Go Hungry (NYT)

By Steven Erlanger

The New York Times, September 14, 2006

KHAN YUNIS, Gaza Strip, Sept. 12 — For the last week, Zidan Abu Reziq has been sleeping outside, next to his plantings on a small square of sand he expropriated.

The Abu Reziqs, like many of the large, destitute refugee families in this shrapneled, tumbledown slum, need to plant to eat. They took the land and planted it with vegetables, an investment of about $50, most of the money that the United Nations Relief and Works Agency gave them to buy school uniforms for the children.

Zidan's wife, Tamam, admits her 51-year-old husband sleeps with his plants because he needs to protect their investment in the lawless chaos of Gaza, where his own small theft of land, 20 square yards that belongs to the government, is dwarfed by the huge expropriations by gangs and families and militia groups that have taken over much of the best land left behind when the Israelis pulled out their settlers a year ago.

It is difficult to exaggerate the economic collapse of Gaza, with the Palestinian Authority cut off from funds by Israel, the United States and the European Union after Hamas won the legislative elections on Jan. 25.

Since then, the authority has paid most of its 73,000 employees here, nearly 40 percent of Gaza's work force, only 1.5 months' salary, resulting in a severe economic depression and growing signs of malnutrition, especially among the poorest children.

Few here are using the United Nations grants for school. The Abu Reziqs are carefully investing the rest of their relief money. More than $20 went straight to the local grocer, Tamam said, as a down payment on the credit extended to the family, which still owes more than $200. About $11 went to buy the ingredients, including two chickens, for the couscous dish that Tamam and her daughter, Fatma, 29, are making early this morning, kneading relief agency flour in big aluminum bowls, pouring in relief agency oil, rubbing the flour over a screen to get the right consistency.

The result will serve 15 people, Tamam said. "We want to feed the people who helped us with the land," she said, and some of their neighbors, even worse off than they.

Gaza's situation has worsened since Palestinian gunmen, including those from Hamas, killed two Israeli soldiers and captured a third on June 25. Israel reinvaded Gaza, and has since killed more than 240 Palestinians, many of them in gun battles.

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An Israeli airstrike on Gaza's only electrical power plant means that most Gazans now get only 7 to 12 hours a day of electricity, at unpredictable hours, with running water largely dependent on electric pumps.

Fishermen, now prevented from going more than a few hundred yards from shore by the Israeli Navy, are using hand-thrown nets from the beach to catch a few sprats and sardines.

Jan Egeland, the United Nations under secretary for humanitarian affairs, said that Gaza was "a ticking time bomb." The United Nations Conference on Trade and Development warned Tuesday that the economy could shrink next year to the level of 15 years ago, and unemployment could rise to over 50 percent. The World Bank expects gross domestic product to decline by 27 percent this year.

These pressures have forced Hamas to agree to a proposal by the Palestinian president, Mahmoud Abbas of Fatah, for a national unity government, led by the Hamas prime minister, Ismail Haniya, which could allow Israel and the West to resume transferring funds and aid.

The Abu Reziqs are hopeful, like many Palestinians, that a new government will be better, but they are reluctant to blame Hamas, which, Zidan said, "was never given a chance to succeed." Still, it is unclear whether the new government, when there is one, will be seen to meet Western demands that it recognize Israel, forswear violence and accept previous Israeli-Palestinian agreements.

Hamas promised security in its victorious election campaign. But it has failed at that, said Hamdi Shaqqura of the Palestinian Center for Human Rights. "There is security chaos and no respect for law," he said, and a prime reason is the involvement of the police and security forces, many of them from Fatah, in the lawlessness, and the constant clashes with militia and gunmen affiliated with Hamas.

"People who are supposed to protect the law are the people who break it," he said, "and no one is brought to justice." For this chaos, he said, "I must blame the Palestinian Authority," not Israel.

Tamam, 49, recalls a near riot here when cooking gas was in short supply and there was a delivery of canisters. The police were called, she said. "They took canisters for themselves and then left," she said, shrugging.

Zidan used to work in the nearby Israeli settlement of Neve Dekalim. But after the outbreak of the second intifada in 2000, he was not allowed to enter the settlement. Now, Zidan is lucky to get three days a month of casual construction work.

His son Muhammad is a Palestinian Authority policeman who is supposed to make $340 a month, but who has been paid only $500 since Feb. 1. Now, Fatma says, "he spends little time at home, because he hasn't a shekel in his pocket, and he's ashamed."

The small welfare check Fatma, a divorced mother, used to get has stopped coming, and the women's group for which she used to do embroidery has collapsed with the death of its leader.

Tamam's son Suleiman, 20, watches television, until the electricity suddenly dies. "I'd like to have any job," he said simply. "Any job at all."

The United Nations is now helping to feed 830,000 people in Gaza, an increase of 100,000 since March, but to receive the relief agency's aid they have to be classified as refugees, who make up 70 percent of Gaza's 1.4 million people. The increase is largely refugees who work for the government and did not need assistance before.

The World Food Program helps to feed the poorest of the nonrefugees and now has 220,000 beneficiaries, an increase of 25 percent since March, which includes 136,000 people considered to be the "chronic poor," who are not getting previous welfare benefits from the Authority.

"We have a complete deterioration of the economic situation in Gaza," said Kirstie Campbell of the agency. "People can't afford the basic things." Seventy percent of Gazans now depend on the United Nations for food aid.

In northern Gaza, in Beit Lahiya, where Israeli troops fought Palestinian gunmen during July, Atemad Abu Leilah, 33, lives in a hovel with her 11 children and her handicapped husband. He used to get $68 a month from the welfare ministry, but has received nothing for four months, she said.

She is a not a refugee, so is ineligible for refugee aid and like many here, gets by on casual work and the charity of neighbors.

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She taps into wires in the street to take electricity illegally, and she has not bought her children school uniforms for the new school year. "I can't afford to buy them notebooks," she said.

She feeds her children greens, herbs, lentils and eggplant, and sometimes gets flour given by the World Food Program. "Forget about meat," she said. "The last time we had chicken was a month ago.''

Her relative, Ghalia Abu Leilah, 60, came by with a pot of yogurt she bought for her husband, who is dying of cancer, with money from a neighbor, she said.

A year ago, when the Israelis left, "We were very happy," Atemad Abu Leilah said. "I voted for Hamas, for reform and change and improvement. But now I look at my kids and I regret my vote."

Nearby, stalls sell flour and sunflower oil given as aid by the refugee agency and the World Food Program, most of it earmarked as gifts of the European Union and the United States, and labeled "not for sale." Iyad Baaker, who works at one stall, said that people needed cash, so sold the aid.

In Khan Yunis, Fatma Abu Reziq seemed distracted and sad, and brushed away a question about her daughter, Aya, 9. Later, she explained.

A week ago, her former husband took Aya away. He said it was easier to feed Aya himself than find the cash for child support.

Israeli Military Studies Hezbollah's Resilience (USAT)

By Yaakov Katz

USA Today, September 14, 2006

JERUSALEM — Israel's military has ordered a series of investigations to examine why its armed forces were unable to crush Hezbollah militants during a month of fighting in Lebanon.

Hezbollah guerrillas proved a resilient foe for Israel's vaunted military, inflicting casualties and firing missiles into Israel despite a punishing air campaign. Even after Israel sent thousands of troops into Lebanon, Israeli military commanders were still surprised by Hezbollah's capabilities.

"This is by far the greatest guerrilla group in the world," said Brig. Gen. Guy Zur, commander of Division 162. His division lost 12 soldiers during an effort by Israel to gain ground days before a United Nations-brokered cease-fire went into effect Aug. 14.

Israel's forces — better armed, better trained and more numerous than Hezbollah fighters — inflicted more casualties than Hezbollah, according to Israel's military. By Israel's tally, the military killed 500 to 700 militants, while losing 118 of its soldiers.

Throughout the 34 days of fighting, Hezbollah was able to continue firing missiles into Israel.

Hezbollah, a Shiite militia backed by Iran and Syria, achieved a strategic victory by appearing to stand up to Israel, says Ephraim Kam of the Jaffee Center for Strategic Studies in Tel Aviv and a former colonel in military intelligence.

Hezbollah's leader, Hassan Nasrallah, emerged as a hero in the Arab world. "Israel underestimated the enemy," Kam said. "As a result, Hezbollah achieved a victory and appears by its survival to have emerged victorious."

The Israeli Defense Force is studying the conduct of its air force, navy and ground forces to learn from possible mistakes.

At the top of Israel's concerns is the success Hezbollah militants had in fighting Israel's armored forces. Brig. Gen. Halutsi Rudoy, head of Israel's armored forces, said Hezbollah laid ambushes throughout southern Lebanon's hilly terrain, hitting Israel's tanks with some of the world's most advanced anti-tank missiles.

The military had 400 tanks in Lebanon at the peak of the offensive. More than 50 were hit by Hezbollah-fired anti-tank missiles, killing 30 tank crewmen and disabling 22 tanks. Israel uses the Merkava tank, among the world's best-protected armored vehicles.

"We knew they had the best anti-tank missiles in the world," Rudoy said. "But we were surprised by the amounts, which at times seemed endless."

Militants were equipped with Kornet and Metis anti-tank missiles supplied by Iran and Syria. The weapons don't produce a large dust ball — or "signature" — when fired, making it hard for tank crews to see who is firing at them.

Israel's military has asked the government for $2.5 billion to purchase a system capable of detecting and tracking anti-tank missiles and countering them with a launched projectile.

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"We need this system for the next war," said Brig. Gen. Moshe Lipel, the top financial adviser to Israel's chief of staff.

The Israeli offensive was triggered by a cross-border attack July 12 during which militants abducted two Israeli reservists.

Israeli attacks began with a massive air campaign, which knocked out Hezbollah's long-range missiles: None was fired at Israel during the 34 days of fighting.

Israeli warplanes were unable to deal with Hezbollah's short-range Katyusha rockets. The Shiite militia was able to fire up to 200 Katyusha rockets a day into Israel.

In response, Prime Minister Ehud Olmert ordered ground forces into Lebanon to locate and destroy guerrilla strongholds. According to some military experts, Olmert's decision to send the ground troops into Lebanon came too late into the war.

"It was a mistake from the beginning to use the air force to hunt and destroy the short-range rockets," said retired major general Uri Saguy, a former head of Israeli military intelligence. He said a ground operation was needed from the outset to hunt and destroy the Katyushas.

Some of the Hezbollah rockets were fired from civilian homes and underground bunkers, he said. "There were thousands of them, and it was impossible to find all of them from the air," he said.

Boaz Ganor, director of the Institute for Counter-Terrorism in Israel, said Hezbollah began the war with nearly 15,000 short-range Katyusha rockets and several hundred long-range Iranian-made Zelzals and Fajrs.

Ganor estimates Hezbollah still had 10,000 short-range rockets at the end of the conflict.

The orders the forces received from their commanders in Israel were confusing, Saguy said, and were sometimes changed on an hourly basis. In some cases, brigades on the ground in Lebanon were told to begin advancing and then as they did they received orders telling them to stop.

Israel, Ganor said, should have waited and prepared its forces before invading Lebanon. A planning period of several months, he claimed, could have limited the confusion and lack of clarity in the orders. He said there was no reason to react immediately to the cross-border raid by Hezbollah militants.

"Israel was dragged not ready into this war by the initial military response," Ganor said.

Israel withdrew from Lebanon in 2000 after an 18-year occupation in the south. Hezbollah used the past six years to build a complex network of tunnels and other fortifications in southern Lebanon. Some of these bunkers were found a couple hundred yards from the border with Israel.

Israeli troops, Saguy said, walked into traps Hezbollah had been preparing for six years.

Hezbollah is rearming after Israel lifted the sea and air blockade of Lebanon, allowing the group to get smuggled weapons, some experts say.

"Hezbollah is working to recover its arsenal and will be in several months where it was before the war," Ganor said.

Survivor Of Attack On U.S. Embassy Dies In Syria (NYT)

By Craig S. Smith

The New York Times, September 14, 2006

DAMASCUS, Sept. 13 — The sole survivor of the four-man team that attacked the American embassy here Tuesday died of his wounds without being questioned, Syria's official news agency reported.

The assailant's death left Syrian authorities with only the physical evidence to piece together the origins and motivations of the attack. The country said all four men were Syrian citizens. It gave no other details and both the Syrian government and the United States embassy here declined to comment on the investigation.

No group has yet claimed responsibility for the attack, in which the four men apparently planned to strike both the front and the rear of the embassy compound simultaneously. As three of the men stormed an employee entrance at the rear of the compound, the fourth left a pickup truck laden with improvised explosives at the embassy's front gate. He was wounded while running to the aid of the other attackers, and the explosives in the truck failed to detonate. One Syrian security official died and 13 people were injured in the ensuing gun battle.

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Syria's news agency said that the fourth assailant was critically injured and did not respond to any questions before he died. That information appeared to contradict comments from the State Department late Tuesday, which said that the man was cooperating with Syrian authorities.

Syrian officials said Tuesday that they believed Islamic extremists were to blame for the attack.

Syria was quick to emphasize its security forces' role in foiling the assault before the attackers could break into the embassy compound. The country appeared eager to use the incident as an opening for improving Syria's already poor relations with the United States, which have worsened in recent weeks as a result of the Israeli-Lebanese war. Syria is a staunch supporter of Hezbollah, the Shiite militant group whose militia set off the war with a cross-border attack on Israeli soldiers.

Syria's ambassador to Washington, Imad Mostafa, said his government was ready to talk.

"There is a chance to improve these relations because Syria has always believed in dialogue as a means to solving all problems and pending issues," Mr. Mostafa told the official Ath-Thawra newspaper. "The ball is in the American court."

A political analyst in Damascus said today that Washington's past efforts to isolate Syria diplomatically had only hardened the country's resolve. "As long as the Syrian regime feels that its head is on the block, it will play the nasty guy," said the analyst, who asked not to be quoted by name because of the sensitivity of the subject in the country.

He said that Washington had more to gain from political engagement with Damascus.

Meanwhile, the United States embassy remained closed today, an embassy spokesman said. He said it would reopen with all normal services on Thursday. Washington withdrew its ambassador to Syria in early 2005 after the assassination of the former Lebanese prime minister, Rafik Hariri. The United States believes Syria was behind the killing, and preliminary results of a United Nations investigation have suggested as much.

Many people in Syria say that they expect the United Nations investigator, Serge Brammertz, to conclude that Islamic extremists linked to Al Qaeda were responsible for the assassination. His final report is due by the end of the month.

Syrian Dies Of Wounds After Embassy Raid (AP)

By Bassem Mroue

AP, September 13, 2006

The bold attack on the U.S. Embassy has thrown new light on what President Bashar Assad calls the growing threat in Syria from Islamic extremists. But some critics say the regime is exaggerating the problem for its own political gain.

With questions still unanswered about the assault, the only attacker captured in the gunbattle died from his wounds before police could question him, officials said Wednesday, leaving the investigation's future unclear.

The state-run Syrian Arab News Agency said the dead man and three other gunmen killed during Tuesday's attempt to storm the embassy compound were all Syrian citizens.

Only a few years ago, such attacks were almost unthinkable in Syria, whose secular regime led a tough crackdown on Muslim fundamentalists in 1982 that killed thousands of people in the city of Hama. For that reason, Sunni Muslim extremist groups like al-Qaida despise Assad's regime.

Syrian officials often say they long ago recognized the danger of Muslim radicals and dealt with them — a reference to the assault on Hama.

Syria's four strong security agencies keep a firm grip on the country, with the power to detain suspects without warrants under emergency laws in place since the Baath Party took power in 1963. Membership in the Muslim Brotherhood, which was targeted in Hama, can be punished by execution.

Still, attacks by Muslim extremists and clashes with security forces have become more common the past three years. One of the most serious battles came in June, when anti-terrorism police fought militants near the Defense Ministry in central Damascus in a clash that killed five people.

There was no claim of responsibility for the embassy attack, but suspicion immediately fell on an al-Qaida offshoot called Jund al-Sham, Arabic for Soldiers of Syria, which has been suspected in previous violence.

Syrian officials say the 2003 U.S.-led invasion of Iraq turned many Arabs into hard-liners who want to fight America and fueled Islamic extremists who have turned their weapons on the government in Damascus.

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"Fanatical groups are present now, in great part thanks to America, which turned Iraq into a reservoir for international terrorism," said Mohammed Habash, head of the Islamic Studies Center in Damascus and a Syrian legislator.

"Now that authorities have crushed the attackers (at the embassy) we might find that an extremist group will hit a government institution in retaliation," he said.

But some critics say the real threat from extremism is hard to judge since Syrian security agencies rarely give information — and suspect the government may be playing up the danger for political reasons.

Human rights activist Haitham Maleh said Syria is a country "with no transparency."

"The government might say that we are being subjected to terrorism and for that reason persecute some groups," said al-Maleh, former head of the Human Rights Association in Syria, the country's oldest non-governmental rights organization.

Dissidents in exile contend Assad's regime exaggerates militant activity in hopes of easing pressure from the United States or providing a pretext to try to reassert influence in neighboring Lebanon.

Assad warned earlier this year that al-Qaida militants were finding refuge in Lebanon, suggesting they were taking advantage of the absence of Syrian troops, which withdrew last year under international and Lebanese pressure after a nearly three-decade occupation.

Washington accuses Syria of supporting terrorism because of its backing for the Lebanese Shiite guerrilla group Hezbollah and Palestinian militants, including Hamas.

The United States and the Iraqi government have also accused Syria of not doing enough to stop insurgents crossing its border into Iraq to fight U.S. troops. Syria denies that, saying it is impossible to fully control the long desert border.

Habash said that because of Syria's anti-U.S. stance, al-Qaida and other extremists may not focus as much on Syria.

"It is impossible for any group to defeat the government through violence. Still there might be attacks on Western interests or Syrian security interests," Habash said.

On Wednesday, traffic was normal near the U.S. Embassy, but plainclothes security agents were seen around the compound as well as in the streets leading to it. The street was cleaned but two slightly damaged four-wheel-drive vehicles were still there.

A closed bulletproof door to the embassy and the wall around it were riddled with bullet holes.

Rebels Say They May Abandon Darfur Pact (WP)

By Craig Timberg

The Washington Post, September 14, 2006

GRAI Commanders from the only rebel group that signed a peace accord in May for Sudan's Darfur region are prepared to resume fighting if African Union peacekeeping troops leave as scheduled at month's end and are not replaced by a United Nations force, according to more than a dozen senior rebel officials interviewed Wednesday.

Rebel commanders predicted that such a resumption of combat would spell the end of Darfur's tattered peace agreement and quickly escalate fighting to an intensity not seen since the early days of the conflict in 2003 and 2004.

Their comments came as the African Union force of 7,000 is preparing to depart and as Sudanese President Omar Hassan al-Bashir is vigorously resisting pressure to allow a U.N. peacekeeping force of up to 22,500 to enter the country, threatening to attack them if they try. At a meeting scheduled for Sept. 18, officials of the 53-country African Union are to reconsider their decision to withdraw their soldiers

Abdulrahaman Abdallah, a commander of the rebel group's military police, said that without a strong international force here, "the government will go back to its strategy, which is genocide, and inevitably we will go back to the bush."

Since the fighting began in 2003, war and disease have killed as many as 450,000 people in Darfur and driven more than 2 million from their homes. Sudan's impoverished western flank has become a patchwork of military positions and ragged camps for families displaced by war.

The peace deal, brokered in part by U.S. officials in the Nigerian capital, Abuja, was supposed to end the fighting between the Sudanese government and the three rebel groups active here. But only one group, led by Minni Minnawi, signed. Those that

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did not complained that the government provided insufficient restitution and that the agreement did not provide a reliable means to enforce its terms.

The government vowed to end the conflict through the use of nearly 30,000 soldiers and police officers, who are gradually augmenting the government-backed militias known as the Janjaweed that have been terrorizing civilians in Darfur.

Since the peace accord was signed, rebel forces allied with Minnawi have been assisting in some government military operations, often providing crucial on-the-ground intelligence, but his commanders are increasingly reluctant to help.

The commanders interviewed Wednesday said they were so angry about recent attacks on civilians, including the bombing of villages by Antonov planes and rocket attacks by Mi-24 helicopter gunships, that they were prepared to abandon the peace deal. They said they would not be swayed even if Minnawi decided to keep his senior job with the government in the Sudanese capital, Khartoum.

His group, while having less political support than the most popular rebel group in Darfur, was widely regarded as the most potent fighting force among the rebels. It remains strong in Darfur's southern and western areas.

"It's not our desire to go back to the bush, but if there is no choice, we will go," said rebel Gen. Ali Marmar, speaking in Graida, a rebel stronghold in South Darfur. Marmar said Minnawi would be replaced if he broke with the will of his commanders: "We have thousands like Minni."

The conflict began with attacks on police and military outposts by mostly non-Arab rebels who claimed discrimination by the Arab-dominated government. At issue are ancient disputes over grazing rights and land claims but, more broadly, the political and economic dispossession of a poor and nearly roadless region the size of Texas.

The ferocity of the government response provoked an international outcry. The U.S. government and many other observers have labeled it genocide.

Combat has escalated sharply in recent days, with heavy bombing and clashes near the North Darfur town of Kutum and in an area north of El Fasher where, according to African Union reports, government forces sustained heavy losses this week.

The African Union mission has been widely criticized by rebels, civilians and analysts as lethargic. The Janjaweed and government forces have repeatedly broken the cease-fire with impunity, even waving their guns at A.U. troops.

This week, the government seized a tanker full of African Union jet fuel in El Fasher and used it to fill its own military aircraft, African Union sources said, speaking on condition their names not be published.

Investigations of major breaches of the cease-fire, meanwhile, have been stymied. That includes an incident Saturday in which villagers who had been attacked by Janjaweed militiamen two weeks earlier gathered near the ruins of their homes in South Darfur to speak to A.U. investigators set to arrive by helicopter.

But the helicopter turned back because of severe rain, and the Janjaweed attacked again, killing 18 of the survivors of the earlier assault and dispersing as many as 25,000 into a remote southern region far from humanitarian assistance or military protection, rebel leaders here said.

Minnawi complained to top African Union officials about the incident, and the group's cease-fire commission twice scheduled investigative trips to the site of the atrocities, only to cancel them as commission members quarreled over the importance of the journey.

"The African Union is too weak to act," Abdallah said.

Adoma Ahmed Haggar, a rebel field commander based here, said, "There are no signs of peace on the ground. The A.U. is not able. Our only hope is pinned on the United Nations."

The U.N. Security Council approved the peacekeeping force for Darfur on Aug. 31, and intensive diplomatic pressure continues from the United States and other governments to persuade the Sudanese government to allow the force to enter the region.

Sudanese officials have called the U.N. proposal a violation of national sovereignty and an impediment to peace. Many outside analysts contend that the government wants to remove all outside observers from Darfur so it can pursue a military solution, including stepped-up attacks on civilians in areas where the rebels have popular support.

The government has also issued new restrictions against aid groups and journalists. Many humanitarian organizations have curbed their operations in the face of rising violence that has led to the deaths of 12 aid workers since the peace deal was

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signed. The U.N. World Food Program has reported that 355,000 residents of Darfur are going without food because it is not safe to reach them.

Rebel commanders say they will not tolerate such attacks and deprivations much longer. Minnawi's group has about 50 senior commanders. Asked how many would resume fighting if an effective international force did not arrive soon, Marmar said, "All of them."

California Vs. Sudan (LAT)

The Los Angeles Times, September 14, 2006

THE GOONS WHO RUN SUDAN have proved deaf to appeals from the Western world that they stop slaughtering tribespeople in Darfur. The only change in attitude produced by years of diplomacy has been a shift from sullen foot-dragging to open defiance. The best response, short of intervention, is to hit them harder in a place that will really hurt: their wallets. The state of California is poised to do just that.

On Gov. Arnold Schwarzenegger's desk is a bill patterned on a divestment program approved this year by the University of California. It directs the boards of the two large state retirement funds to identify companies in their investment portfolios that do significant business with the government of Sudan or sell it the weapons used to cut a bloody swath through Darfur. The boards then must notify these companies that they have 90 days to end their involvement with Sudan. If they don't, or fail to respond, the pension funds must divest.

Five states have passed similar divestment plans, two more have nonbinding resolutions and about 15 others have legislation pending. Not all have handled the matter well. First off the divestment block was Illinois, which passed an absurdly broad law forbidding state investment in any company with ties to Sudan, no matter how remote. The law is so all-encompassing that it applies to U.S. companies such as Coca-Cola and Xerox, which have no direct business with Sudan. (In fact, Americans have been forbidden to do business directly with Sudan since 1997.)

California's AB 2941 avoids the Illinois law's pitfalls. It applies only to those companies identified as the worst offenders, all of which are foreign — mainly Chinese — and are well known to have deep financial ties to Khartoum while bringing little benefit to the Sudanese people.

The United Nations has been powerless to halt a government-sponsored program of murder and rape in Darfur that President Bush has rightly labeled genocide. Although the Security Council on Aug. 31 approved a resolution calling for a U.N. peacekeeping force for Darfur, it can't be deployed without permission from the Sudanese government, which refuses to grant it. The crisis is coming to a head because the only peacekeeping force now in the country — 7,000 troops from the African Union — will see its mandate expire at the end of this month.

It's unknown how much money California stands to divest under AB 2941, but it's thought to be in the hundreds of millions of dollars. That might be enough to make Khartoum, and the Chinese interests that do business there, stand up and take notice.

Paulson Calls On China To Reform Economy (AP-Y)

By Martin Crutsinger

AP, September 13, 2006

Treasury Secretary Henry Paulson urged China to undertake a broad range of economic reforms and said the country's failure to overhaul its currency system could raise the threat of a protectionist backlash.

But Paulson let it be known that the Bush administration would firmly oppose any efforts by Congress to erect trade barriers in response to America's large and growing trade deficit with China, which last year hit a record $202 billion.

"Protectionist policies do not work and the collateral damage from these policies is high," he said Wednesday in a speech in Treasury's ornate Cash Room. "We will not heed the siren songs of protectionism and isolationism."

Paulson sought to lower expectations that he will achieve any major breakthroughs when he visits Beijing for two days of talks with Chinese officials next week.

While former Treasury Secretary John Snow, Paulson's predecessor, pursued an increasingly tough line that China needed to move more quickly on the currency issue, Paulson, who took over from Snow in July, adopted a less confrontational approach.

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He mentioned the currency issue as one of a number of economic reforms that China needed to pursue along with modernizing its farm economy, opening up its financial system and pursuing domestic-led growth rather than relying so much on exports.

"These changes will help create the millions of jobs that China needs to generate annually and will help create markets for U.S. exports of goods and services," Paulson said.

Analysts said they believed Paulson, who gained his expertise on China from the 70 trips he made to the country as head of investment giant Goldman Sachs, was dialing down the rhetoric in hopes of achieving better results.

"The Chinese never want to be in a position where they are seen as moving in response to external pressure," said Nicholas Lardy, a China expert at the Institute for International Economics.

Paulson sought to put the need for a more flexible currency in the context of a move that would help the Chinese government prevent a "boom and bust" economic cycle in its own country as well as dampening protectionist pressures around the world.

"To be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition," Paulson said.

Democratic critics have charged the administration has not done enough to deal with the soaring trade deficits, which they blame as a major contributing factor in the loss of nearly 3 million manufacturing jobs since President Bush took office.

One bill being pushed by Sen. Charles Schumer, D-N.Y., would impose 27.5 percent tariffs on all Chinese imports unless China does more to allow its currency to rise in value against the dollar as a way of boosting U.S. exports to China and reducing Chinese imports to this country.

Schumer said that he was not concerned by Paulson's apparent change of tone, saying he had been effective at Goldman Sachs in dealing with the Chinese.

"But if he comes up empty-handed, we will be disappointed," Schumer said, saying he still intended to push for a vote on his legislation by the end of this month if there is not more movement on the currency issue.

American manufacturers contend that China's currency is undervalued by as much as 40 percent against the dollar, making Chinese goods cheaper in the United States and American products more expensive in China.

Frank Vargo, vice president for international affairs at the National Association of Manufacturers, said he was not worried that Paulson was downgrading the currency issue.

"Paulson is putting his own style on this," Vargo said. "His way is not to get out a big baseball bat and start beating them."

To underscore the importance of the Beijing talks, Paulson will be accompanied by Allan Hubbard, chairman of President Bush's National Economic Council.

Treasury officials said that Paulson spent the past several weeks working on the speech, including receiving briefings from China experts from both parties and holding a number of staff meetings at his home.

Paulson said the United States has nothing to fear from China's emergence as a global economic power, one that is expected to overtake the United States as the world's largest economy at some point in the coming decades.

He said the message he will deliver next week will be, "We want you to succeed."

He will travel to Beijing for talks on Thursday and Friday after first attending the annual meetings of the 184-nation International Monetary Fund and the World Bank in Singapore.

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Paulson Says China Hurts Itself With Economic Policies (NYT)

By Steven R. Weisman

The New York Times, September 14, 2006

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WASHINGTON, Sept. 13 — In the administration's toughest warning yet to China on economic issues, Treasury Secretary Henry M. Paulson Jr. said on Wednesday that Chinese leaders were imperiling their nation's future by engaging in policies that Americans and others see as unfair.

Speaking as he prepared for his first trip to Beijing since taking office this summer, and one day after China's monthly trade surplus set another record, Mr. Paulson said that the United States had "a huge stake in a prosperous, stable China" and that "we are not afraid of Chinese competition."

But he used forceful language in saying that China had kept the value of its currency artificially low in relation to the dollar, which a growing number of economic analysts say is making China's exports cheaper and its imports more expensive.

Mr. Paulson also repeated longstanding administration demands for China to loosen regulations and controls on foreign investment and the activities of its banks.

"Maintaining and relying on an overly rigid exchange rate and outdated administrative controls increases the risk of boom and bust cycles," Mr. Paulson said. Also, he added, China's "currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

Mr. Paulson did not say so, but aides said he was referring to legislation that would place tariffs on imports from China if its government did not act to let the yuan rise in relation to the dollar.

The sponsors of the measure, Senators Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, have held back pending Mr. Paulson's trip. But they vow to press for its passage this fall if Mr. Paulson fails to get action from the Chinese.

Treasury officials say that in his few months as secretary, Mr. Paulson, a former chief executive of Goldman Sachs who made scores of trips to China as a business executive, has been surprised by the growing protectionist sentiment in Congress toward China, abetted by anti-Chinese sentiment on several issues.

Leaders of both political parties accuse China of not cooperating on American efforts to prevent North Korea and Iran from amassing nuclear weapons and to stop the civil war in Darfur. The administration has also deplored China's military buildup.

Mr. Paulson's speech was unusual for a Treasury secretary in that it embodied an extensive analysis of China's economic policies and structure. He repeatedly praised China for liberalizing its economy even as he implored its leadership to do more.

Mr. Paulson said he learned in 32 years at Goldman Sachs that "those nations that reform their economies and open themselves to competition benefit their citizens greatly" and "have better jobs, improved living standards and greater opportunity."

But he said that protectionist sentiment was preventing China from doing more to open itself up to competition, and was in turn breeding protectionist sentiment in America.

"Ironically," he said, "this protectionist sentiment comes from many quarters in those nations — including in the United States and China — which have benefited the most from the economic growth generated by global competition."

Mr. Paulson said the United States would not "heed the siren songs of protectionism and isolationism," but that China had to do its part by changing its heavily subsidized industries and farms, allowing capital to flow freely and guiding Chinese to spend more and save less — a step that economists say would increase imports.

Before going to China, Mr. Paulson plans a stop in Singapore to meet with the world's finance ministers and to press for giving China more of a voice in the international agency that oversees the global economy and rescues countries whose economies collapse.

The administration's proposal to expand the role of China and other developing countries at the agency, the International Monetary Fund, has run into some difficulties. Brazil, India, Indonesia and some other countries oppose the change out of fear of being left out.

The administration needs 85 percent of the votes, which are assigned in a complex quota system to 184 countries, to have the change enacted at the fund. Treasury officials say there are some "rumbles" of protest but they predict success.

Although Mr. Paulson was in Vietnam last weekend for a meeting of Asia-Pacific nations, the trip to Singapore and China represents what some officials call his debut on the international scene. Accordingly, it was notable that he began the trip with a warning.

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"I believe that if China doesn't move quickly to continue reforming its economy," he said, "it will face a backlash from other economic stakeholders. This backlash would not benefit any of us."

In an interview after his 35-minute speech, Mr. Paulson cautioned against expectations that his trip to China would produce immediate results.

The best policy in advance of this trip, he said, was to "diminish expectations" for any quick move by China to allow the value of its currency to appreciate.

"I believe that most things that are worthwhile take a period of time," Mr. Paulson said.

It's Showtime For Paulson In Meetings With Chinese (WP)

By Paul Blustein

The Washington Post, September 14, 2006

Can the Bush administration's new Treasury secretary pull off a feat in China that eluded his predecessor -- and save American jobs in the process?

Henry M. Paulson Jr., leaves today on a trip to Asia that is to include his first visit to China since taking the helm in July. Hopes are high, in Congress and in the business world, that the former Wall Street titan can use his powers of persuasion to secure changes in Chinese policies that critics view as unfair.

U.S.-China economic relations is an area where Paulson seeks to make an impact, based on his long experience doing business with the Chinese when he headed the investment banking firm Goldman Sachs.

His predecessor, John W. Snow, tried and largely failed to get China to adjust the value of its currency enough to help American manufacturers. Many members of Congress, U.S. business executives and economists have long complained that the Chinese yuan is kept at an artificially low level -- about 8 per dollar -- that makes the nation's exports too cheap, to the detriment of American workers in competing industries.

The first big rollout of Paulson's message to the Chinese came yesterday in a speech he delivered amid much pomp in the Treasury's ornate Cash Room.

In substantive terms, his remarks echoed the themes that Snow used to stress. While vowing to resist protectionism, he exhorted China to embrace market-oriented policies, an approach he said was in China's interest as well as that of the United States and the global economy.

"When I visit China in coming days I will discuss these issues with the Chinese leadership, and I will use a Chinese saying indicating that it is for the good of both of our economies that they undertake these changes," he said. "I will say . . . 'We want you to succeed,' " attempting the phrase in Chinese.

Specifically, he said, Beijing must take steps to combat piracy of patented products, shift its economy away from dependence on exports and toward greater consumer spending, and open its financial system to foreign competition. As for the currency issue, he called it one of "several critical, immediate challenges" that China faces.

"Maintaining and relying on an overly rigid exchange rate and outdated administrative controls increases the risk of boom-and-bust cycles," he said. "Also to be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

None of that was a departure from Snow's arguments, Treasury officials acknowledged. But they cited one difference: The speaker was Paulson, who boasts close ties with Chinese leaders and deep knowledge of the country's financial system, not Snow, the former railroad executive reputed to have had little clout at the White House.

"You're right, we have said in the past that these reforms are in China's interest," a senior Treasury official said at a briefing for reporters. "But that may be interpreted one way when it comes from someone who is relatively unfamiliar to them. Having Hank Paulson say to them, 'These things are in your interest' carries a different level of meaning to the Chinese." The official spoke on condition of anonymity because of concern for keeping the focus on Paulson's comments.

Asked whether this meant the Chinese would be more likely to act, another senior official said: "Relationships matter, and he matters. I don't think tomorrow the situation is going to change. But to have someone of his experience and stature make the case -- it will make a difference."

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The Chinese are known for brushing off demands for change from outsiders and viewing themselves as the best judges of their own interests. Few experts believe China will change its currency policy during Paulson's trip or even soon after, for fear of appearing to cave to foreign pressure. But even some of the most prominent agitators for a higher yuan said they were pleased with the Treasury chief's approach.

"I can't second-guess him. He knows everybody in China; they trust him," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "He has an inside track that his predecessors did not."

Rep. Charles B. Rangel (D-N.Y.), the ranking minority member on the House Ways and Means Committee, issued a laudatory press release on the speech with the headline, "Past experience leaves Paulson well-positioned for results on currency reform."

Paulson also drew encouraging words from Sen. Charles E. Schumer (D-N.Y.), who has co-sponsored legislation that would impose punitive tariffs on Chinese goods if Beijing fails to let the yuan rise significantly. The Treasury chief has maintained the department's staunch opposition to Schumer's bill. But the threat of congressional passage has helped prod the Chinese toward concessions, some analysts assert.

"When I spoke to Hank Paulson last night, we discussed how important his trip is in the fight to get China to play fair," Schumer said in a statement. "Today in his speech, he said if China does not move, it does so at its own peril. No truer words were spoken. I hope the Chinese were listening."

Paulson Urges Beijing To Reform (USAT)

By David J. Lynch

USA Today, September 14, 2006

WASHINGTON — Treasury Secretary Henry Paulson gave a forceful defense of the benefits of trade even as he issued a tough warning to China, the nation's most controversial trading partner, that it faced "peril" unless it enacted further economic reforms.

Paulson, who visited China more than 70 times while at the helm of Goldman Sachs, is making that country a major focus of his Treasury Department tenure. He praised China for more than a quarter century of ambitious reform, saying it "deserved recognition for what it has become."

But in a passage that won quick praise from China's critics, he warned Beijing that keeping its currency virtually fixed in value against the U.S. dollar invites a political backlash. "To be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition," he said.

Sen. Charles Schumer, D-N.Y., one of the authors of legislation that would slap punitive tariffs on Chinese imports unless the yuan is revalued, applauded Paulson's remarks. "That's pretty strong stuff. That made us feel good," he said in a brief telephone interview.

Paulson spoke before his departure for a week-long Asia sojourn. He will stop first in Singapore for meetings with finance ministers from the G-7 nations and the annual meeting of the International Monetary Fund and the World Bank. Then, on Tuesday, he is scheduled to fly to China for three days of talks with Chinese leaders.

Much of Paulson's address Wednesday could only have been welcomed by the Chinese, who explain their failure to more quickly adjust currency policy by citing the danger of undermining job growth.

"The tasks faced by Beijing are so daunting that the biggest risk we face is not that China will overtake the U.S., but that China won't move ahead with the reforms necessary to sustain its growth and to address the very serious problems facing the nation," Paulson said.

Paulson rejected the idea that China, now growing at an annual rate of more than 10%, can speed ahead indefinitely. The Chinese economy, stuck midway between central planning and the market, is "becoming increasingly difficult to manage," he said.

But, Paulson said, further economic reform is in China's interest because it would encourage more sustainable growth and defuse protectionist sentiment in the United States. Modernizing the financial sector would let the market, not government

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officials, steer capital to its most productive use. And spurring domestic consumption would increase Chinese consumers' appetite for imports, helping whittle the politically combustible U.S. trade deficit.

Paulson Sets Out New China Strategy (FT)

By Krishna Guha

Financial Times, September 14, 2006

Hank Paulson, the US Treasury secretary, on Wednesday laid out the framework for a comprehensive new strategy towards China, emphasising the need to take a "generational" view of the US-China relationship.

In an interview, Mr Paulson told the Financial Times he wanted to "strike a balance" between tackling pressing short-term issues while maintaining a strategic perspective on China's emergence as a leading player in the global economy. "We have a common interest," he said, arguing that many of the steps the US wanted China to take were in its own best interest.

The interview followed a landmark speech by the former Goldman Sachs chairman ahead of his first trip to China as Treasury secretary, in which he said he would tell his counterparts in Beijing: "We want you to succeed."

Mr Paulson said: "The United States has a huge stake in a prosperous, stable China – a China able and willing to play its part as a global economic leader." He said the US and China shared areas of economic interest, highlighting energy and the environment as two specific areas where the two nations should work together.

He added that the US looked to China to be its "co-operative partner" in reviving the Doha trade talks. Officials said Mr Paulson would push hard on Doha in meetings with world finance ministers in Singapore later this week.

"The biggest risk we face is not that China will overtake the US but that China will not move ahead with the reforms necessary to sustain its growth," Mr Paulson declared. The Treasury secretary told the FT: "I wanted to put the relationship and these economic issues in a longer-term focus. But I also needed to emphasise how important certain steps were going to be in the short term."

For example, he said, on the currency front "the intermediate-term viewpoint is that it is very, very important to open up their capital markets, to have healthy competition within the domestic financial system, so they can have a currency that is freely tradeable".

But he added: "They also need to show more flexibility in the short term."

His speech did not dwell on the currency as a standalone issue, framing it as part of a necessary shift towards more market-based management of China's economy. But Mr Paulson warned the Beijing authorities that they underestimated "at China's own peril" the extent to which the currency was "viewed by their critics as a symbol of unfair competition".

He called on China to press ahead with liberalisation across a broad front, including financial sector reform, fiscal and regulatory policies to reduce excess savings, market-based macroeconomic management and intellectual property rights. "We are taking a comprehensive approach," he said. "We are collectively pulling it together." Mr Paulson said China had become a lightning rod for fears about globalisation, but insisted: "This is manageable."

In his speech, Mr Paulson praised China's record of economic reform, and said China already "deserves to be recognised as a leader". This, he said, was why the US backed plans to give China and other emerging markets a much bigger say in the International Monetary Fund.

But Mr Paulson said: "With leadership comes responsibility." He urged China to abide by the "spirit and letter" of the rules of the IMF and promote free trade. And he suggested these responsibilities "go beyond the economic arena" to include human rights and non-proliferation. The speech positions Mr Paulson in the role of honest broker between China and its critics in Congress. He characterised the fundamental division as not one between the US and China, but between liberalisers in both the US and China, and their protectionist opponents.

He defended open markets, saying: "Globalisation and interdependence are here to stay. No nation can turn back the clock." But he warned: "If China does not move quickly to continue reforming its economy it will face a backlash from other international economic stakeholders."

Mr Paulson will stop en route to Beijing in Hangzhou to meet Zhejiang provincial party secretary Xi Jingping. US officials said Mr Paulson regarded Mr Xi as a rising star of Chinese politics.

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Paulson Takes China To Task Over Its Energy Use, Green Record (WSJ)

By Deborah Solomon

The Wall Street Journal, September 14, 2006

WASHINGTON -- Treasury Secretary Henry Paulson's speech on the global economy yesterday drew notice for its breadth as well as the explicit concern Mr. Paulson expressed about China's energy consumption and its environmental record.

Mr. Paulson, an environmentalist and bird-watcher, focused much of his 40-minute speech on the benefits of globalization and the need for Chinese economic reforms, but devoted several minutes to China's "severe environmental hazards" and the need for that country, along with the U.S., to reduce dependence on foreign oil from unstable regions.

"China's severe environmental hazards not only are harming the health of its people and ecosystems, they are also harming China's long-term economic potential," he said, a week before heading to China. "Economic development without regard for environmental protection is not sustainable."

While those comments drew praise, some observers noted that Mr. Paulson didn't offer any suggestions for what the U.S. should be doing to bolster environmental protection. "He talked about what China needs to do for the environment, which is certainly a horrendous problem, but he was silent on what the U.S. needs to do," said Kenneth Rogoff, an international economist at Harvard University and occasional economic adviser to Republicans. "A problem that the U.S. has had in its dealings with China is this position of 'We're doing everything perfectly, and you need to be more like us,' and that's true in many ways. But maybe the Chinese don't see it that way."

Fred Krupp, president of the advocacy group Environmental Defense, added: "Until the U.S. agrees to cap its own greenhouse-gas emissions, it's hard to imagine that we have much equity to lecture the Chinese." Although China's air-pollution problems are legendary, Mr. Krupp noted that in some areas -- such as energy-efficiency requirements for cars -- China has tougher standards than the U.S. "If the United States would adopt energy-efficiency standards like China, that would be a big advance for us."

Still, the fact that Mr. Paulson spent several minutes talking about the environment -- and that he brought it up even before delving into China's currency -- suggested that he plans to take an active role in international issues beyond finance and economics narrowly defined. "This makes it clear that he's taking lead on a broader agenda," said Daniel Rosen, of China Strategic Advisory, a consulting firm. "He has a longtime personal commitment to the topic of environmental stewardship that he is not going to be shy about bringing to the table."

The speech, delivered in the Treasury Department's historic Cash Room to academics, ambassadors, politicians and business representatives, didn't have much effect on financial markets -- and that almost certainly was what Mr. Paulson and his aides had hoped. While Mr. Paulson didn't talk specifically about the U.S. dollar, he reiterated the administration's position that China needs a more flexible currency and said China's "currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

One of the strongest critics of China's currency, Sen. Charles Schumer (D., N.Y.), said Mr. Paulson needs to achieve tangible results on the yuan. "If he comes back empty-handed, we'll be deeply disappointed," said Mr. Schumer, who has proposed a tariff on Chinese imports in response to what he believes is a deliberate attempt by China to increase exports by keeping its currency low. "It's good to care about the Chinese economy as a whole.... It's equally important that they understand their responsibility."

Democratic Rep. Sander Levin of Michigan, a state that has been hard hit by manufacturing-job losses, added that while Mr. Paulson is correct in wanting a stronger U.S. relationship with China, "he also needs to make clear that the inflexible currency has created unfair competition."

Separately, Mr. Paulson has tapped Deborah Lehr, president of China consulting firm Stonebridge Capital, to join him at Treasury where she will personally advise him on China issues. Ms. Lehr is an economist who served as a director of Asian affairs at the National Security Council.

Bombs Fail To Incite As Indian Imams Urge Calm (CSM)

By Mark Sappenfield

DOJ_NMG_0062982

The Christian Science Monitor, September 14, 2006

NEW DELHI

The smell of explosives was still lingering in the air when the discussion began. Malegaon's streets had just been seared by three bombs that killed at least 30 people, and as the crowds began to seethe with anger, the city's most revered Muslim leaders gathered to decide what to do.

There was little question about the purpose of last week's attack: Malegaon is one of India's few Muslim-majority cities, and the bombs were planted near a mosque on a holy day when thousands of worshipers would come to pray.

Yet even before police arrived, the imams had made a choice. They used the loudspeakers of their mosques to spread a blanket of audible calm over the frayed city, imploring patience and forbearance. And for the second time in two months, a bombing apparently designed to ignite Hindu-Muslim riots failed.

For a nation whose past has lurched from one riot to another, the response to this summer's bombings in Malegaon and Mumbai (Bombay) is no small shift, suggesting that - at least for the moment - the forces of calm are eclipsing those that would sow chaos.

The balance is a tenuous one at best, and experts do not suggest that India has put its violent past behind it. Even Wednesday, police found an unexploded bomb in Malegaon, though it was not yet clear whether the device was new or had simply failed to go off in the initial attack. But some say that an array of factors - from imams voicing reason in Malegaon to a less divisive political discourse nationwide - has helped India break its cycle of revenge violence in recent years.

"With all these things, the timing has to be right," says Dipankar Gupta, a sociologist at Jawaharlal Nehru University in New Delhi. For anger to kindle into a riot, he adds, "all the pieces have to fit."

Those pieces have not fallen into place since the Gujarat riots of 2002, when more than 1,000 Muslims were killed in response to an attack on a trainload of Hindu religious campaigners. The nationwide revulsion at the atrocities committed there has partly laid the groundwork for today's more inclusive political tone, some say. An improved political climate

Though the extremist elements of the Hindu right are still a potent force in India, "the political climate is much more conducive to tolerance," says Teesta Setalvad, editor of the magazine Communalism Combat.

In the past year alone, terrorists aiming to weaken and divide India have bombed a Hindu temple in Varanasi and preparations for a Hindu festival in New Delhi. The lack of riots points to the fact that, for the time being, the political calculus has changed.

"As much as people like to make out that riots are spontaneous, they are rarely spontaneous," says Ms. Setalvad, agreeing with several other experts. "The parties responsible for hatemongering are on a downward slide." Riots throughout Indian history

In the past, riots have been common enough to become waymarks of Indian history. The birth of India in 1947 brought its separation from Pakistan - and the related riots that killed at least 2 million Indians and Pakistanis. After former Prime Minister Indira Gandhi was assassinated by her Sikh bodyguards in 1984, more than 3,000 Sikhs were killed in Delhi alone, according to a government inquiry.

More recently, Mumbai descended into riots in 1992 after the destruction of a Muslim mosque. In 1993, bombs rocked the city, killing 257 people, in an attack that some say was tied to the rioting. An Indian court is expected to deliver sentences Thursday on the first four people to be convicted in the bombing.

Riots also broke out in Malegaon in 2001 after anti-US protests got out of hand.

Now, these two cities in the state of Maharashtra are again linked, with law-enforcement officials hinting that the same terrorists responsible for the Mumbai bombing in July have simply changed their tactics: Now they are targeting Muslims to see if they can provoke a response.

If true, the claim suggests that Muslim terrorists are now willing to attack fellow Muslims in an attempt to destabilize India. With an estimated 145 million Muslims, India is home to the world's third-largest Muslim population.

For his part, Abdul Rehman simply wants those responsible caught - whether Hindu or Muslim.

His father, Maulana Abdul Bari, is the imam of the Hamidiya Mosque that was attacked last weekend in Malegaon. Mr. Rehman watched as the throngs outside seemed to be spiraling toward anarchy. "The situation was out of control," he says. "The people wanted to know ... what the police was doing. This is why they were angry." Tense situation calmed

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Indeed, immediately after the bombing, there were several reports of attacks against policemen. Malegaon, it seemed, needed only the smallest spark to ignite. Says Rehman: "If the police had done something [aggressive], then the crowds would have been provoked."

That was when his father took to the mosque's loudspeaker.

"The Ulema [Muslim elders] said, 'The police are conducting their investigation,' " Rehman recalls.

" 'Let the ... investigating team do their job, and after they do their work, we'll certainly put pressure on them to give their report."

It was a decisive moment, and Malegaon's religious leaders - including Mufti Mohammed Ismail, the president of the Ulema council of Malegaon - have won praise for their part in keeping the peace so far, though the situation is still tense.

"The religious leaders in Malegaon played a moderating role," says Maj. Gen. Dipankar Banerjee (ret.), director of the Institute of Peace and Conflict Studies in New Delhi. Indians seeing through the tactic

Yet he also suggests that the Indian people have grown wise to the terrorists' aims. "Because we see this again and again, people begin to see through it," says General Banerjee. "If we respond in a manner that the terrorists are trying to encourage, then we are playing into their hands."

Like many others, Banerjee is wary of making too much of the recent calm. "One cannot take it as a trend," he says. "One must be careful."

But perhaps it is an opportunity for all Indians to examine the thinking that often divides them. "What this gives us is a moment toforge ahead on many issues," says Setalvad. "It is a moment of deep introspection."

Blair Blasts Anti-American 'Madness' (AFP)

AFP, September 13, 2006

British Prime Minister Tony Blair blasted his fellow European politicians for their anti-American "madness" in dangerous times as he urged a complete strategy rethink to defeat extremism.

None of the world's most pressing problems could be fixed "or even contemplated" without US involvement, he wrote in a 37-page document spelling out the challenges facing the world and his answers for dealing with them.

He urged the international community to unite around a shared set of values, tackling climate change and trade justice as well as extremist terrorism in the pamphlet "A Global Alliance For Global Values" for the Foreign Policy Centre, a Blairite think tank.

"The strain of, frankly, anti-American feeling in parts of European politics is madness when set against the long-term interests of the world we believe in," Blair wrote.

"The danger with America today is not that they are too much involved. The danger is if they decide to pull up the drawbridge and disengage.

"We need them involved. We want them engaged. The reality is that none of the problems that press in on us can be resolved or even contemplated without them."

Calling for a global policy overhaul, Blair appealed for an alliance of moderates from all religions in order to defeat extremists and build a future where different societies could live in harmony.

"The situation we face is indeed war, but of a completely unconventional kind. And it can't be won in a conventional way. We will not win the battle against global extremism unless we win it at the level of values as much as force.

"Doing this requires us to change dramatically the focus of our policy. We must commit ourselves to a complete renaissance of our strategy to defeat those that threaten us.

"A great danger is that global politics divides into 'hard' and 'soft': the 'hard' get after the terrorists; the 'soft' campaign against poverty. That divide is dangerous because interdependence makes all these issues just that: interdependent," Blair wrote.

"The answer to terrorism is the universal application of global values. The answer to poverty is the same. That is why the struggle for global values has to be applied not selectively, but to the whole global agenda."

On resolving the Israeli-Palestinian conflict, Blair said: "Nothing else is more important to the success of our foreign policy."

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Moderates are not succeeding in conquering the challenges facing them because they are not being bold, consistent and thorough enough in fighting for their values, Blair argued.

He wrote: "This is the moment for reconciliation in the international community around this agenda. It needs passion as well as policy. We are engaged in a struggle which will determine our collective future.

"It is one which, together, we can and must win."

Honoring The 'Iron Lady' (WT)

By Ileana Ros-Lehtinen

The Washington Times, September 14, 2006

On Sept. 12 the "Iron Lady," Margaret Thatcher was honored in the U.S. as she announced the establishment of the Margaret Thatcher Center for Freedom, to be administered in the United States by the Heritage Foundation.

During her administration, then-Prime Minister Thatcher and President Ronald Reagan led the free world to vanquish the tyranny of our Cold War enemies. Establishment of the Thatcher Center in the U.S. is an outstanding occasion to reflect on how together the United States, Britain and our freedom-loving allies defeated a common enemy -- an evil empire that threatened our nation's safety and global security and sought to replace freedom and democracy with tyranny and oppression.

In doing so, we can gain a better understanding of the nature of the threat we face today and the commitment that is necessary in our current struggle against Islamic fascism.

It is difficult to derive anything positive from the destruction wreaked on New York and Washington five years ago by adherents of radical Islam. But past experiences often give wisdom for meeting future challenges.

The thwarting of another unspeakable plot last month by British antiterrorism officials in collaboration with our own U.S. intelligence is evidence that allied forces have the capacity to connect the dots to distill some of the important lessons of the September 11 tragedy.

Assimilating seemingly disparate chains of events, wherever they occur, is our best defense against the transnational enemy against whom we fight. This process, both in Britain and in the United States, was driven by the events of September 11 , and the July 7 bombings in London. Just as both nations faced and defeated common enemies in the global conflicts of the last century, so too will we prevail together in the fight against extremism.

So, what are these lessons learned for the United States, for Britain, and for all of those who stand with us against Islamofascism? First, the victory over terrorism that resulted in the foiling of last month's plot to blow up commercial airliners between the United Kingdom and the United States is the supreme example of connecting the dots. Joint intelligence resulting from the synthesis of multi-sourced data and intelligence sharing on both sides of the Atlantic, along with the exemplary skill of British officials, impeded agents of extremism from carrying out a subsequent catastrophic mission.

Second, certainly in the United States and Britain, and with hope that eventually continental Europe will follow suit, there is a realization that threats do not come exclusively from abroad, but that, in the implementation of the jihadist agenda, the threats can come from within and are home grown.

The tentacles of Islamic extremism have slithered unnoticed into our own communities where apprentice suicide bombers train domestically to fly planes and make explosives. At the same time, carnage was being spread by extremists in far-away places in East Asia and Africa, but we did not feel its impact directly. Horrific and regrettable, the September 11 attacks on our nation were a necessary wake-up call alerting us to the nature and reach of the enemy that seeks our destruction and world domination. The response required an intertwining of foreign and domestic policies here in the United States and a similar response in the U.K. that are proving effective in making us safer.

Third, we are now better informed about the true components of our borderless enemy: extremist Muslim fanaticism and its national and organizational components: These include, among others, Iran, Syria, the Taliban, Hezbollah and Hamas. Those who say this is a war between the Arab world and the West get it wrong, for they ignore the many Muslims and moderate Middle East nations who abhor Islamist extremism as much as the United States, Britain and our other Western allies.

As such, our approach has not focused on short-term goals of removing the immediate threat but fomenting freedom and promoting democracy over despotism.

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Critics will say we are trying to impose our way of life where it is not welcome. These naysayers should reflect for a moment that no human being, no matter what system he has grown up under, prefers autocracy to liberty. Misguidedly, many in Britain, who are quick to blame Prime Minister Tony Blair, join their voices with the anti-U.S.-apologist crowd.

What will it take for the world to believe that one cannot appease or negotiate with these Islamist extremists or their state sponsors, those fanatics who scream "Death to America" and "Bomb the U.K.", who threaten to wipe entire countries off the map and who incite others to jihad against all those who refuse to bow to their ideology of hatred?

What will it take for all freedom-loving nations to undertake the necessary sacrifices, to join forces and to focus on defeating this enemy? Lady Thatcher recently said in a statement released during her visit accompanying President Bush and the first lady at the September 11 remembrance ceremony: "That heinous attack on America was an attack on us all." Indeed, we are bound together by the extremists' hate of our noble values.

We must be encouraged by and continue to learn from the successes with which we have collaboratively thwarted events like the foiled air plot, and must not waiver in our collective mission to overcome the fanatics. Our very survival depends on it.

Rep. Ileana Ros-Lehtinen, Florida Republican, serves as co-chair of the Congressional United Kingdom Caucus and as chair of the Subcommittee on the Middle East and Central Asia.

Wolfowitz Corruption Drive Rattles World Bank (NYT)

By Steven R. Weisman

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — In his first 15 months as president of the World Bank, Paul D. Wolfowitz has made the fight against corruption in poor countries a hallmark issue, waging an aggressive campaign that has led to the suspension of hundreds of millions of dollars in loans and contracts to nations including India, Chad, Kenya, Congo, Ethiopia and Bangladesh.

It is a new incarnation for Mr. Wolfowitz, a neoconservative intellectual who was a primary architect of the Iraq war during four years as deputy secretary of defense.

At the World Bank, Mr. Wolfowitz, 62, has maintained an assertive but soft-spoken style, saying recently that the bank's mission was "to send children to school, to help mothers be healthier, to provide jobs for poor people — not to have resources siphoned off into the hands of the corrupt and greedy."

In recent months, however, his campaign has run into a host of critics, both at the bank and among financial officials outside the United States, who say that developing countries are being threatened with arbitrary punishment in a way that jeopardizes the bank's longtime mission to reduce poverty.

Few here at the World Bank dispute the idea that corruption is a serious problem, but the rift over Mr. Wolfowitz's approach has grown deep and bitter, according to more than a dozen bank officials interviewed recently.

The backlash at the bank against Mr. Wolfowitz's approach centers not on his intentions or goals, but on a widespread fear that countries will be categorized in the future as corrupt or not corrupt, and that lending will be shut off in a selective way.

"Anticorruption efforts are an essential part of development finance," said Roberto Dañino, a senior vice president of the bank until early this year. "But getting rid of corruption is not a silver bullet. The bank should not overemphasize its anticorruption agenda at the expense of other policies required for development."

Mr. Wolfowitz acknowledges that his decisions to suspend or delay loans, contracts and debt relief funds for many countries have provoked outcries, but he says that in almost every case, the funds were restored after safeguards were set up.

He has begun firing back at the critics at internal meetings and in public statements. He notes, for example, that the bank's lending under his leadership actually rose slightly last year, to nearly $23 billion.

Mr. Wolfowitz says he has tried to rebut what he calls the myth that combating fraud is "somehow at odds with development or becomes an excuse not to provide assistance."

While no one knows how much of the bank's resources have been improperly diverted, informal estimates range from 10 percent to the 25 percent that Mr. Wolfowitz says went to corrupt cronies and family members of Indonesia's leadership in the 1990's.

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During the Reagan administration, Mr. Wolfowitz served as assistant secretary of state for East Asia, and, in the Clinton years, as dean of the Johns Hopkins University School of Advanced International Studies.

Some bank officials say that the widespread concern about Mr. Wolfowitz's approach reflects lingering doubts among many international aid specialists about his selection for the bank post by President Bush.

The doubts center on Mr. Wolfowitz's role as a leading advocate of the American invasion of Iraq, with many critics contending that his zeal on corruption reminds them of what they say was his messianic but unrealistic faith that installing democracy by force in Iraq, and by other means through the Middle East, would bring stability to the region.

The criticism has been especially sharp among Europeans at the bank, where many officials say that judgments about what constitutes "good governance" could rupture the bank's delicate relationships with aid recipients, especially if the judgments are based on information gathered from dissidents and other critics in those countries.

"We must not use corruption as an excuse for a massive withdrawal of our help," a senior French finance official involved in discussions with the bank said. The official was among many who agreed to discuss the internal debate only on condition of anonymity.

In recent months, Mr. Wolfowitz and his aides have been negotiating with skeptical members of the bank's board of 24 executive directors from around the world on guidelines for handling corruption issues. Several of the meetings have been contentious, participants say.

This week, the board forwarded a draft of the guidelines and policies for approval by the world's finance ministers at the annual meeting of the World Bank and the International Monetary Fund, which begins Thursday in Singapore. But many officials said they expected the arguments to continue there and into the future.

Several longtime bank officials say they cannot remember when board members wrangled over the wording of a policy paper with a bank president. At recent meetings, directors demanded that Mr. Wolfowitz agree to a greater role for the board in any future decisions on cutting off aid.

In addition, members forced the deletion of language suggesting that the United Nations' goal of reducing world poverty 50 percent by 2015 would have to take second place to the bank's drive against corruption.

Still, Britain and other European and developing countries remain skeptical on what may happen when the document is approved, bank officials said.

"The bank," a board member said, "should not become a world policeman pointing its moral finger and conditioning everything on whether or not a country is believed to be corrupt. The more the bank goes beyond its old mandate of reducing poverty, the more problems will come up."

In an interview, Mr. Wolfowitz acknowledged that the idea of drafting a paper on bank corruption policies had been urged on him out of fear that he would punish countries without consulting the board. He said he did not take the criticism as personally directed at him or his record on Iraq.

"I think some of the board members," Mr. Wolfowitz said, "are legitimately afraid that as soon as you start criticizing, the next thing you're going to do is wag your finger and say, 'You're not going to get money unless you behave.' That's not our objective. Our objective is to make the lending go up."

Past actions taken on behalf of the bank have involved a variety of presumed improprieties. For example, aides to Mr. Wolfowitz said he suspended debt relief talks with Congo because he was dissatisfied with audits of its state oil company. They said he expressed indignation over news reports about extravagant hotel bills incurred by Congo's president during United Nations General Assembly meetings in New York last September.

The bank has looked at, among other things, accusations of corrupt bidding practices for road projects in Bangladesh, kickbacks to politicians in Argentina and the resignation of high officials in Kenya linked to projects there.

By all accounts, a pivotal moment in Mr. Wolfowitz's campaign came last year when the bank suspended $800 million in loans for maternal and children's health in India in response to assertions that illicit payments had been going to officials.

Nancy Boswell, president of Transparency International USA, a nongovernmental monitoring group that strongly supports Mr. Wolfowitz's efforts on corruption, said, "It sent a tremor through the bank that Wolfowitz was serious, that he was going to ask hard questions, look at the track record of countries and make some changes."

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But many at the bank complained that the action had been taken without consultation, and protests were lodged by top aides to Prime Minister Tony Blair of Britain, bank officials said.

Few would characterize the bank's 10,000 employees, 70 percent of whom work in Washington, as enthusiastic supporters of the Bush administration. Since taking office, Mr. Wolfowitz has told staff members that he wants to listen to them. He has impressed many with his trips to Africa and advocacy of debt relief for the poorest countries.

But distrust of Mr. Wolfowitz remains high, in part because, according to some, he has not given enough credit to his predecessor, James D. Wolfensohn, who spoke out against corruption and set up the bank's first investigative unit in the late 1990's.

When Mr. Wolfowitz arrived, he acknowledged Mr. Wolfensohn's efforts, but also complained that the fraud unit had more than 300 unresolved cases. He increased its budget nearly 50 percent and appointed a new director. He has also set up a program for companies to disclose bribes they paid in order to avoid sanctions.

Currently, about 330 companies accused of corruption have been barred from bank-financed business or been otherwise penalized. The bank is trying to get nations and other international aid agencies to take similar action.

Mr. Wolfowitz's management style also grates on some bank officials, with a number of them complaining that he has relied on a small coterie of loyal aides. "He presumes," said Mr. Dañino, the former bank senior vice president and once prime minister of Peru, "that anyone who opposes him is either incompetent or corrupt."

But supporters say Mr. Wolfowitz is determined to shake up the bank and was inspired to move on corruption by staff members, especially those posted outside Washington and Europe. They say he has had to battle a mentality that emphasizes loan programs, not crackdowns on corrupt individuals.

"Let's face it, promotion at the World Bank comes from spending money,'' said John Githongo, a onetime campaigner against corruption in Kenya who has fled to safety in Britain and is now an adviser to Mr. Wolfowitz. "If you're in the field, and too many complaints about corruption interrupt the spending, it has an impact on your career trajectory.''

Can Karen Hughes Change America's Image? She's Trying (RC)

By Morton M. Kondracke, Roll Call Executive Editor

Roll Call, September 14, 2006

Charlie Wick, the ex-Hollywood agent and producer, took no end of guff when then-President Ronald Reagan appointed him to head the U.S. Information Agency. But Wick proved his critics wrong.

He had Reagan's ear, he had energy, and he understood the importance of communications in Reagan's ideological struggle against communism's "evil empire."

Wick won huge increases in USIA's budget, expanded exchange programs, launched a global satellite television network and founded RadioMarti, which broadcasts to Cuba. Even jaded government bureaucrats ended up cheering his achievements.

Unfortunately, when the Cold War was won and it looked as though ideological struggle was passé, the Clinton administration helped right-wing Sen. Jesse Helms (R-N.C.) kill the USIA by folding it into the State Department, where public diplomacy was a backwater.

But now, the Charlie Wick spirit is back in the person of Karen Hughes, President Bush's former White House communications director, who last year became undersecretary of State for public diplomacy.

Critics, as they did with Wick, are laughing at the idea of a presidential crony, an alleged foreign policy naïf, trying to combat an international adversary with images — in this case, fighting terrorists by visiting with Muslim women and getting the president to talk respectfully about Islam.

But, like Wick, Hughes has the president's ear. She has energy. She understands that what people overseas think is a vital part of foreign policy. She's TV-savvy, and she's launched a stream of initiatives designed to improve America's position in what Bush calls "the great ideological struggle of the 21st century."

The initiatives include, for the first time, giving American ambassadors and military commanders overseas a daily, one-page Rapid Response set of talking points on hot topics in the world, encouraging U.S. diplomats to get on television and organizing a top-level interagency committee to combat terrorist ideology.

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She also got Bush's former White House personnel chief, Dina Powell, an Egyptian-American, to head up an expanding international exchange program aimed at inviting strategic personalities, such as clerics, teachers and journalists, to visit the United States.

Hughes is planning to launch a large-scale program to foster the teaching of English to children around the world, giving them both a key economic tool and means to access American messaging.

She's in the process of improving U.S. Internet communications, including participation on foreign chat rooms, and has set up three message "hubs" in London, Dubai and Brussels. She's also sending Muslim-Americans on speaking trips abroad.

In a controversial move within the administration, Hughes and Secretary of State Condoleezza Rice seem to have persuaded Bush — temporarily, at least — to drop the label "Islamic-fascism" from his speeches; diplomats say that Muslims hear it as an attack on their religion, thereby validating the extremists' false charge that the U.S. is at war with Islam.

Unfortunately, unlike Wick, Hughes is serving as the nation's top propagandist at a time when enemy ideology is ascendant in the world. In Wick's day, communism was headed for the ash heap of history, even if only Reagan recognized the fact at the time.

"I like her and respect her a lot," said one Member of Congress who oversees Hughes' activities. "But what she's doing is like fighting an apartment fire with one hose. In fact, the whole world is on fire."

Bush himself told NBC's Brian Williams last month, "Of course, I worry about America's image. We're great at TV, and yet we are getting crushed on the PR front."

The latest Pew Global Attitudes survey showed that only 21 percent of Jordanians have a favorable attitude toward the U.S., as do 23 percent in Turkey and Pakistan.

A top official at America's two leading broadcasting channels to the Arab world, Radio Sawa and Alhurra television, told me he thinks the U.S. definitely is "losing" the ideological struggle with radical Islam.

For one thing, the U.S. broadcasts no TV to much of the non-Arab Islamic world, relying on radio broadcasts by the Voice of America.

And, even though Sawa and Alhurra are gaining audiences in the Arab world, they are far outdistanced by Al Jazeera and Al Arabiya, which broadcast nonstop anti-U.S. propaganda, much of it almost pornographically drenched in blood and body parts.

A defense contractor, the Braddock Road Group, has given a briefing to various Washington, D.C., officials — the Pentagon says it's classified — showing what jihadist groups broadcast on Arab TV, Islamic Web sites and DVDs.

The message, delivered with continuous scenes of violence, is that the U.S. wants to control Middle East oil, wants to humiliate Muslims and is conducting a "crusade" against Islam.

When I asked Hughes whether she thought the U.S. was losing the ideological war, she said, "I'm an optimistic person. I think we have a long way to go. We have a lot more to do."

Hughes commissioned a huge, 18,000-person poll in 14 countries, which showed high rates of disapproval of the U.S. — but a willingness almost everywhere to change their mind if the U.S. showed respect for their views and values and partnered with them in solving joint problems. Respect for other countries was not a hallmark of Bush's first term. It is becoming more so in the second, thanks in no small part to Rice and Hughes.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House, Senators Bicker Over How To Try Terror Suspects (MCT)

DOJ_NMG_0062992

By Margaret Talev And James Rosen
McClatchy Newspapers, September 14, 2006

WASHINGTON - President Bush and trio of influential Republican senators appeared headed for a showdown Thursday as they suspended talks on legislation outlining how to try suspected terrorists.

Senate Armed Services Committee Chairman John Warner, R-Va., announced that his panel will meet behind closed doors Thursday to consider legislation that he's sponsoring along with Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz. It is opposed by the White House and favored by most Senate Democrats.

Their bill aims to set new rules for military commissions that try detainees; the Bush administration's current approach was invalidated by a June Supreme Court ruling. The administration prefers a competing proposal much like the one the court struck down that's moving through the House of Representatives and is supported by some Senate Republicans.

The biggest point in dispute centers on how to meet U.S. obligations for humane treatment of detainees under the international Geneva Conventions, so that military personnel and intelligence agents who handle detainees will not face potential prosecution for war crimes.

The administration version would give near-blanket legal protection to U.S. officials. The senators insist on setting specific standards governing treatment of detainees to make U.S. law consistent with international law governing treatment of prisoners.

The senators say that the White House proposal gives the impression that the United States is retreating from its treaty commitments, gives the CIA too broad an immunity and sends a message to other nations at war that they can make their own rules.

At an afternoon news conference with Warner and McCain, Graham denounced the White House version in no uncertain terms.

"This whole thing has been just one mess after another," he said. "It started with Abu Ghraib. How many more times do we need to create legislation that's defective, that's going to confuse people, that's got not a snowball's chance in hell of passing Supreme Court muster?" said Graham, a military lawyer.

"Now are we going to start being the first country in the world that changes the Geneva Conventions so the secret police programs of those nations will be OK? I mean, look how that would unravel.

"Every senator and congressman should understand, this is not about November 2006, this is not about your reelection. It's about those who take risks to defend America," said Graham.

Two hours later, in an unusual move that signaled the high stakes at play, intelligence czar John Negroponte held an evening telephone conference call with invited reporters, saying that the senators' legislation would bring his operation to its knees.

"This will not allow for the CIA's high-value terrorist detention program . . . to go forward," Negroponte said. While President Bush said earlier this month that all captives held under the program have been transferred to military custody at Guantanamo Bay, Cuba, he also made clear that his administration believes the CIA detainee program is essential to the war on terror and they want license to continue it.

He said the senators' bill fails to clarify U.S. obligations under the Geneva Conventions, which he said have vague standards about "cruel, inhumane or degrading" treatment of detainees in U.S. custody.

"Regrettably, the draft legislation that is before the Senate Armed Services Committee at the moment doesn't offer the kind of clarity and clarification that we believe is necessary with regard to these international obligations of ours," Negroponte said.

A senior intelligence official speaking on condition of anonymity said the Bush administration is concerned about protecting CIA interrogators from criminal or civil lawsuits.

"You're putting an additional burden on these people who should be worried about getting critical intelligence to protect America," the official said.

The developments Wednesday followed days of unsuccessful efforts to find middle ground, although both sides have said they thought compromises were within reach on terms of sharing evidence with the accused and on admissibility of hearsay evidence before military tribunals, two early sticking points. Last week top military lawyers, breaking with the administration, said it was imperative defendants hear evidence brought against them.

Warner said he still hopes an agreement can be reached.

Panel In Senate Backs Bush Plan For Eavesdropping (NYT)

By Eric Lichtblau And Kate Zernike
The New York Times, September 14, 2006

DOJ_NMG_0062993

WASHINGTON, Sept. 13 — The White House took a critical step on Wednesday in its effort to get Congressional blessing for President Bush's domestic eavesdropping program, but it ran into increasingly fierce resistance from leading Republicans over its plan to try terror suspects being held in Guantánamo Bay, Cuba.

The mixed results signaled the tough road the White House faces in trying to sell the two key planks in its national security agenda to sometimes skeptical Congressional Republicans less than two months before the midterm elections.

Democrats have allowed Republicans to fight among themselves over the issues, and appear willing to allow the issues to come to a vote rather than risk charges of political obstructionism in an election season.

The White House has turned its focus to Capitol Hill as part of a broad push to shift the public debate toward national security and away from Iraq. After kicking off the campaign in a series of recent speeches, Mr. Bush is scheduled to visit Capitol Hill on Thursday morning to rally support for his proposals.

On the domestic eavesdropping program, strong White House lobbying began to pay dividends on Wednesday as the Senate Judiciary Committee approved on a party-line vote two legislative approaches favored by the White House, along with a third the Bush administration opposes. The program would allow the National Security Agency to eavesdrop without a warrant on the international phone calls and e-mail of people in the United States.

But negotiations between Capitol Hill and the White House broke down as three Republican senators crucial to passage of the legislation hardened their stance against a White House plan that would reinterpret a main provision of the Geneva Conventions.

Senator John W. Warner, Republican of Virginia, the chairman of the Armed Services Committee, said the committee would vote Thursday in a closed session on an alternative that he and his two chief allies — Senators Lindsey Graham of South Carolina and John McCain of Arizona — have championed, even if the White House refuses to go along with them. The senators have said changes to the American interpretation of the provision of the Geneva Conventions, known as Common Article 3, would undermine the nation's international credibility and open the way for other countries to treat captured American troops at their whim.

"This is not about November 2006. It is not about your election. It is about those who take risks to defend America," Mr. Graham said.

The administration pushed back, convening a conference call in which John D. Negroponte, the director of national intelligence, described the Senate alternative as unacceptable. Mr. Negroponte said the plan would impose intolerable limits on any interrogation methods American intelligence officers might use against future terror suspects held by the Central Intelligence Agency in secret overseas prisons.

Dan Bartlett, a senior aide to Mr. Bush, said the dispute with the Senate Republicans "may require us to go our different ways for now and try to come back in conference."

The House appears on track to endorse the White House proposal, with the House Armed Services Committee voting overwhelmingly on Wednesday in favor of a bill that looks much like the president's.

The White House political strategy in the past week has been twofold: first, putting Mr. Bush in the public spotlight with a string of national security speeches, and now, trying to put Democrats in a box by forcing them to take a stand and vote on Mr. Bush's authority to run two of his most controversial antiterror programs.

But Senators Warner, McCain and Graham appeared to be providing cover for the Democrats, allowing them to stay on the sidelines while the three senators, respected Republicans with distinguished military records, take on the White House.

"We think that this is a sincere effort, based on principle, by Senators Warner, McCain and Graham, to come up with the best legislation they can," said Senator Jack Reed, Democrat of Rhode Island and a member of the Armed Services Committee.

Asked whether Democrats were worried that the Republicans might yield to the White House, Mr. Reed said: "I haven't seen any evidence of that yet. What I've seen is that they're approaching this looking at the substance, not just over weeks and months, but what's in the best interests of the United States, what's in the best interests of American military personnel who might years from now be held."

Senator John Cornyn, Republican of Texas, has been pushing the administration's point of view, and Senator Bill Frist of Tennessee, the majority leader, has said he may bring the president's legislation to the floor, rather than the one backed by the three senators.

Mr. Warner and his allies have warned that if that happens, they will introduce amendments to make the president's legislation look like theirs. The senators have military leaders on their side, and in a letter sent to the Armed Services Committee on Thursday, 27 retired military leaders urged Congress to reject the White House proposal to reinterpret the definition of Common Article 3.

The letter said the proposal "poses a grave threat to American service members, now and in future wars," noting that American troops are now deployed in areas where the article is their only source of protection if they are captured.

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"If degradation, humiliation, physical and mental brutalization of prisoners is decriminalized or considered permissible under a restrictive interpretation of Common Article 3,'' the letter warned, "we will forfeit all credible objections should such barbaric practices be inflicted upon American prisoners."

The administration had also faced resistance over the N.S.A. wiretapping program. The Democrats had bottled up the administration's proposals, saying Congress was being forced to legislate "in the dark" about a secret program that few members had been briefed on. They have repeatedly used procedural maneuvers to block the proposals from coming to a vote in the Judiciary Committee, drawing accusations of obstructionism from Republicans.

But Democrats, who appeared to realize the risk of being accused of thwarting debate on national security matters, did not stand in the way of the committee vote on Wednesday.

With Republicans united in support, the panel approved on a 10-to-8 vote a hotly debated plan drawn in negotiations with the White House by Senator Arlen Specter of Pennsylvania, the committee chairman. The plan would allow a secret court to rule on the constitutionality of the wiretapping program. It would also implicitly recognize the president's constitutional authority to gather foreign intelligence, a concession Democrats and civil rights advocates contend would expand the president's authority to eavesdrop on Americans without a warrant.

The panel also approved a proposal by Senator Mike DeWine, Republican of Ohio, that would require the administration to notify Congress when it conducted wiretaps without a warrant.

Democrats claimed a partial victory on the wiretapping issue when they won Judiciary Committee approval of another measure that could effectively ban the security agency's eavesdropping program.

That plan, drafted by Senator Dianne Feinstein, Democrat of California, would affirm that the foreign intelligence law passed by Congress in 1978, requiring court approval for eavesdropping, as the "exclusive" means of authorizing wiretaps in the United States against suspected terrorists and spies.

Democrats succeeded in getting two Republican moderates, Mr. Specter and Mr. Graham, both of whom had voiced concerns over the legal aspects of the wiretapping program, to vote in favor of the proposal and send it to the full Senate.

That set the stage for the unusual spectacle of the Judiciary Committee — and its chairman — supporting two proposals that many lawmakers said would effectively nullify each other if passed.

Negotiations On Terror Bill Snag (AP-Y)

By Anne Plummer Flaherty

AP, September 13, 2006

The White House and three powerful GOP senators reached an impasse Wednesday over a Bush administration plan to allow tough CIA interrogations, underscoring election-season divisions among Republicans on the high profile issue of security.

In a direct challenge to President Bush, Sen. John Warner, chairman of the Armed Services Committee, said his panel would meet Thursday to finalize an alternative to the White House plan to prosecute terror suspects and redefine acts that constitute war crimes. Warner, R-Va., said the administration proposal would lower the standard for the treatment of prisoners, potentially putting U.S. troops at risk should other countries retaliate.

The White House said Warner's proposal would undermine the nation's ability to interrogate prisoners and arranged an extraordinary conference call with reporters in which the nation's top intelligence official criticized Warner's plan.

"If this draft legislation were passed in its present form, the director of the Central Intelligence Agency has told me that he did not believe that the (interrogation) program could go forward," National Intelligence Director John Negroponte said.

GOP In Standoff On Gitmo Rights (WT)

By Charles Hurt

The Washington Times, September 14, 2006

Senate Republicans appear hopelessly deadlocked over President Bush's proposal for handling terrorism suspects detained at the U.S. Naval Base Guantanamo Bay, Cuba.

Three Republicans -- Sens. John W. Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina -- remain holed up with Democrats, who are adamant that the prisoners be given broader civil rights than are included in the administration's proposed bill. Most Senate Republicans support the administration's view that the requested changes would limit intelligence gathering and expose classified information to terrorists.

The Senate Armed Services Committee, which is chaired by Mr. Warner and includes Mr. McCain and Mr. Graham, will take up the bill behind closed doors today and likely make the modifications that Mr. Bush and other Republicans find unacceptable.

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Late yesterday, White House officials began calling Republicans on Capitol Hill to say that they have offered to negotiate about as far as they can. The White House is expected to issue some sort of official statement sometime today on where it stands.

If the committee alters the original bill today, Senate Majority Leader Bill Frist is expected to bypass the committee and introduce the administration's proposed bill in the coming days and move it directly to the floor. There, amendments will be offered and public votes recorded.

In addition to advancing their campaign against terrorism, Republicans had expected the legislation to create political headaches for Democrats, who could be tarred in the final 7½ weeks before November's elections as soft on terrorism for wanting to grant terror suspects greater civil rights. But Mr. Warner, Mr. McCain and Mr. Graham have muddied the issue, and Democrats have largely stayed out of the fight.

The trio also has aided Democrats in another of the year's biggest political fights, over illegal immigration.

But for a handful of Republicans -- led by Mr. McCain and including Mr. Warner and Mr. Graham -- the Republican Congress would likely have long ago approved tough border-security legislation over the objections of most Democrats. This would have been a tremendous boon to Republicans since illegal immigration has proved to be among their most effective campaign issues.

Instead, the Republican Senate approved a bill that would create a path to citizenship for some 10 million illegal aliens and authorize hundreds of thousands of new foreign laborers through a new guest-worker program. The Republican House, meanwhile, has approved tough border-security legislation. And since neither side has budged, the Republican-controlled Congress has failed to enact tough legislation against illegal immigration.

Senators To Challenge Bush Plan For Terror Trials (USAT)

By Kathy Kiely And David Jackson

USA Today, September 14, 2006

WASHINGTON — A trio of influential Republican senators today plans to challenge President Bush's proposal to put terror suspects on trial, a day after a House panel approved the administrative initiative.

Senate Armed Services Committee Chairman John Warner, R-Va., said Wednesday his panel will consider legislation to provide more legal rights for detainees than the White House proposal. He and his allies contend that denying those rights will put U.S. troops at risk if they are captured overseas and diminish the nation's moral authority.

“I have lost friends in this war. I do want to bring these people to justice,” Sen. Lindsey Graham, R-S.C., told USA TODAY and Gannett News Service reporters. “But I can't say it enough. If we start acting like our enemy, we're going to lose.”

Warner's announcement that his panel would begin drafting a rival bill came after marathon talks between the GOP senators and the White House produced no deal. Warner said he still hopes to avoid a confrontation on the Senate floor. “I still think we can work it through,” he said. “I do not think negotiations have broken down.”

The senator's decision to go forward puts the president at odds with key members of his party. They are Warner, a former Navy secretary; Graham, a military lawyer and Air Force reservist; and Sen. John McCain, an ex-naval aviator who spent nearly six years as a prisoner of war in Vietnam.

The House Armed Services Committee approved Bush's plan Wednesday and rejected a proposal similar to Warner's on a party-line vote. House Majority Leader John Boehner, R-Ohio, has scheduled a House vote for next week.

White House spokeswoman Dana Perino expressed hope that “we'll be able to reach resolution” with Bush's Senate critics.

At issue is the timing and procedure for trials of terror suspects, including 14 “high-value” detainees such as Khalid Sheikh Mohammed, the alleged mastermind behind the 9/11 attacks. Mohammed and other 9/11 suspects are being held at the U.S. naval base at Guantanamo Bay, Cuba. Bush confirmed last week that they had been interrogated by the CIA at secret prisons.

The Supreme Court ruled in June that an earlier administration plan did not give defendants the legal protections required by the U.S. military code and international law.

The three “problem areas,” Graham said, are proposals to deny defendants' access to classified information, a proposal that would permit the use of evidence obtained through coercion or other methods, and setting rules for CIA interrogations consistent with international law.

Graham and other critics said the Bush plan would weaken international treaties protecting the rights of military prisoners. Director of National Intelligence John Negroponte said the senators' plan would prevent the CIA from interrogating terror suspects.

The debate is dividing Republicans. “The American people are not going to provide terrorists with the same kinds of access to justice that American citizens are provided,” Boehner said.

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Graham argued Bush's plan would send a defendant to death row with the declaration, “we can't tell you what you did, but trust us, it was bad.”

Senate-Panel Republicans Break With Bush Over A Tribunal Bill (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 14, 2006

WASHINGTON -- Breaking with the White House, Senate Armed Services Committee Chairman John Warner will move ahead with military-tribunal legislation that denies President Bush's request to redefine U.S. obligations under the Geneva Conventions.

The director of national intelligence, John Negroponte, said the proposal would force the Central Intelligence Agency to halt its "high value" detainee program focused on collecting intelligence from captured al Qaeda leaders. But Mr. Warner predicted his panel will report the bill today, posing a serious challenge to Mr. Bush's pre-election national-security agenda.

The action came as the House Armed Services Committee voted to approve a tribunal bill more to the liking of the CIA. But on a second front, warrantless wiretapping, the administration faced difficulties in both chambers. House Judiciary Committee Chairman James Sensenbrenner (R., Wis.) abruptly postponed a markup until next week; the Senate Judiciary Committee approved not just a Bush-backed bill, but two separate and sometimes contradictory, proposals.

Mr. Bush comes to Capitol Hill today to meet with Republicans on his agenda, and a new Wall Street Journal/NBC poll suggests his rhetoric has succeeded in lifting voters' preference for Republicans over Democrats on handling terrorism. (See the story1.) But having raised the bar, his party must now deliver legislation or risk the perception that, as with a proposed overhaul of immigration laws, it isn't effective in power.

The dispute over military tribunals follows the Supreme Court's June ruling striking down Bush administration rules to prosecute suspected terrorists without granting them traditional rights found in courts-martial. The court said the tribunals violated the Uniform Code of Military Justice and Geneva Conventions, and lawmakers are clearly troubled by what exemptions they should permit, now that the White House has come to Congress asking for the legal authority to proceed.

Chairman Warner, supported by Sens. John McCain (R., Ariz.) and Lindsey Graham (R., S.C.), said it was crucial to avoid a second adverse court ruling that would hurt the "credibility of this country." He has begun to reach out to the State Department in an apparent effort to soften the opposition from CIA Director Michael Hayden. And Mr. Graham said Congress must view the legislation as "a chance to start over and reassert ourselves as a rule-of-law nation in the eyes of the world."

Mr. Negroponte said the administration's only goal was to clarify U.S. obligations under the Geneva prisoner-protection accords. Mr. Graham said the language sought by the White House "goes too far" and would be seen by other countries as "reneging" on treaty obligations and thereby endangering U.S. personnel who may be held prisoner overseas.

"If they prevail, we could end up with a decent bill," said Senate Democratic Whip Richard Durbin of Illinois, who is sympathetic with Mr. Warner and his Republican allies. But Majority Leader Bill Frist (R., Tenn.) is sure to use his floor powers to make passage harder -- and potentially meld the tribunal issue with a grant of broad wiretapping authority.

That would put Senate Democrats back in an awkward spot, forced to either filibuster or accept the package to avoid political blame before the election. "There's our Faustian choice," Mr. Durbin says.

But for Republicans, too, the warrantless-wiretapping issue is thorny, as seen yesterday in the House. Responding to the White House, Rep. Heather Wilson (R., N.M.), a chief sponsor, said she was prepared to give the administration more latitude to carry out wiretaps if there should be a threat of "imminent attack." But yesterday, it was the more libertarian conservatives on the Judiciary Committee who were most restless, saying the bill already goes too far.

"You have to have a balance here," Ms. Wilson said. "You can't just say the executive will take care of us. You have to set what the parameters are."

Warrantless Wiretapping Bill Stalls In House (LAT)

By Johanna Neuman And Richard B. Schmitt

The Los Angeles Times, September 14, 2006

WASHINGTON — The House Judiciary Committee, with one eye on the midterm elections, abruptly canceled a session today to enact a bill giving President Bush board authority for his warrantless domestic wiretapping program — even as Republicans in the Senate pushed a similar eavesdropping bill toward a vote on the floor.

Bush plans a personal and rare visit to the Hill on Thursday to confer with House Republicans, who are feeling political pressure to distance themselves from an unpopular president and an unpopular war in Iraq.

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Rep. Heather Wilson (R-N.M.), one of the GOP incumbents facing stiff opposition from an antiwar challenger, is sponsoring a bill that would require the president to wait until an attack has occurred to initiate wiretapping without warrants — a provision the Bush administration argues would hamper the government's ability to thwart terrorist attacks.

The argument between the president and his beleaguered fellow Republicans in the House comes less than two months before the midterm elections, when many observers believe that Democrats have a chance to topple House Republicans from power for the first time in 12 years.

"We need to use our intelligence tools to listen to our enemies," said Wilson, whose bill has been endorsed by House GOP leaders. "We also need to make sure checks are in place to prevent those tools from being used inappropriately against Americans."

With politicians in both parties eager not to appear to be giving the president a blank check, behind-the-scenes negotiations remain intense.

In the Senate Judiciary Committee today, several amendments were offered to curb a president's powers, including a one-year expiration date on the bill and a demand that the National Security Agency report more often to Congress on how and why it selects domestic surveillance targets.

The White House argues that warrantless wiretaps are needed to stay one step ahead of terrorists, who have become more sophisticated about using disposable cellphones and other technologies that defy detection.

"If Al Qaeda is calling somebody in America, we need to know why, in order to stop attacks," Bush said in a speech this week.

But administration officials parading to the Hill this week have encountered resistance from politically vulnerable Republicans under pressure from war-weary voters to put limits on domestic surveillance without court warrants.

"It is popular to have bills that are not White House bills," said Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee that today passed a version of the president's proposal without amendments.

Reflecting how members are hedging their bets, the Judiciary Committee approved three FISA-related bills, including the one that Specter worked out with the White House.

A competing bill sponsored by Sen. Dianne Feinstein (D-Calif.) — and also sponsored by Specter — was endorsed by the committee. It would largely keep the 1978 law creating the FISA court intact, but give the administration more time to prepare emergency warrants.

"We just don't want to see Americans' rights abused for the next 50 or 60 years because of an oversight on our part," Feinstein said.

The bills are expected to come to the Senate floor next week.

A Self-Inflicted Defeat (WSJ)

The Wall Street Journal, September 14, 2006

President Bush did a public service last week by finally explaining the importance of interrogation as an intelligence tool against terrorists. But we also wish he would have been more candid with Americans about the restrictions that have been put on interrogating even the very worst terrorists.

A major reason is an amendment pushed through Congress last year by John McCain. The Senator's amendment, which Mr. Bush agreed to over Vice President Dick Cheney's objections, established the Army Field Manual as the first and last word on Defense Department interrogations; it also banned "cruel, inhuman and degrading treatment." We appreciate Mr. McCain's moral authority on the subject, and this policy may sound innocuous.

But it was based on false premises amid the firestorm over Abu Ghraib, and it may well harm our ability to break the next Khalid Sheikh Mohammed. The central falsehood was the assertion that detainee abuses at Abu Ghraib resulted from "confusion" about the rules of interrogation -- never mind that nine courts martial and multiple investigations found the abuses weren't related to interrogations at all.

Equally erroneous was the suggestion that internal Administration debates on handling high-level al Qaeda detainees like KSM contributed to the alleged confusion. The idea, apparently, was that U.S. officials and commanders were too dense to distinguish -- as the Geneva Conventions do -- between legitimate prisoners of war (who may not be aggressively interrogated) and unlawful combatants (who can be). So the only way to prevent "torture" was to establish uniform rules for all. * * *

A year later we're sorry to report that the McCain Amendment is creating obstacles to getting actionable intelligence via interrogation. The Army has released a new version of its Field Manual, which is available on the Internet for all to see. And the Manual makes it plain that Iraqi and Afghan insurgents can expect gentler treatment than common criminals get from American police.

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In only one respect does the Field Manual recognize any difference between lawful and unlawful combatants: The latter may be separated from their compatriots. Otherwise, terrorists who have violated the rules of war by targeting civilians and fighting out of uniform are to be treated exactly like POWs and considered honorable fighters who have a right to keep their secrets.

So Iraqi and Afghan insurgents won't even face the prospect of your average good cop/bad cop routine. The manual allows for a watered down version called "Mutt and Jeff" in which interrogators can affect different personalities. But the Manual admonishes strongly that the intelligence "collector must be extremely careful that he does not threaten or coerce a source. Conveying a threat may be a violation of the UCMJ [Uniform Code of Military Justice]." We kid you not. "Mutt and Jeff" is the worst that Abu Musab al Zarqawi could have expected from the Pentagon had he been captured alive.

And what if he had been turned over to the CIA? The permissible methods for the spy agency remain classified, and on a visit to our offices last week Attorney General Alberto Gonzales would say only that the CIA would engage in no conduct that "shocks the conscience." He added that this concept was context-dependent, since the "shock" threshold may be higher with the likes of KSM -- who planned 9/11 -- than for ordinary detainees. At least we hope it is.

In theory, this means there's still room to employ some of the aggressive techniques -- such as stress positions, sleep deprivation, temperature extremes -- that have been used successfully against al Qaeda bigwigs. But in practice we fear those approaches are a thing of the past. Reports that CIA interrogators have been buying legal insurance in the expectation of future prosecution are another way of saying that they will no longer use aggressive methods that could be second-guessed on Capitol Hill. (See John Kerry's revealing letter nearby.)

Like any careful bureaucracy, the CIA will also now be asking for constant legal guidance from the Justice Department. Few Justice attorneys will be eager to offer robust advice after watching a fine lawyer like John Yoo run out of polite society for authoring the so-called "torture memos" that allowed us to break KSM.

All of this has to be counted a severe setback for the war effort if Mr. Bush is right that interrogations have played a key role in the antiterror fight and that "tough" methods are sometimes necessary. Last year ABC news reported that 11 top al Qaeda figures broke only after "waterboarding," which induces a feeling of suffocation and is the most controversial of the known techniques employed.

There's a legitimate debate to be had over waterboarding and other tactics. But part of our problem with the McCain Amendment was that Congressmen refused to engage in an honest debate lest they be accused of approving "torture," which no one sanctions but is a word used to slur anyone who wants aggressive interrogation.

The result was legislation that may have made everyone feel better after Abu Ghraib, but that also probably undermines our ability to get vital information from the next KSM we capture. That ability will be further damaged if the Administration's interrogation flexibility is again limited during current negotiations on Capitol Hill over the treatment of detainees. We hope the next "9/11" commission doesn't have to explain why the U.S. stopped employing interrogation methods that were both lawful and successful.

A Crucial Choice (WP)

The Washington Post, September 14, 2006

The Senate must decide whether to ratify the president's abuse of human rights law -- or restore decency.

IN DECIDING BETWEEN the two main proposals for handling and trying accused terrorists, the Senate confronts a fateful choice: Will it send President Bush, as he demands, legislation that would authorize the CIA to engage in interrogation tactics the world understands as torture, rewrite America's obligations under the Geneva Conventions, and authorize trials whose fairness many people at home and abroad will question? Or will the Senate approve a bill that ensures justice for foreign detainees and ends the CIA's secret detentions and harsh interrogations? The White House is pulling out all the stops to get the former. The question now is whether the group of Republicans who have courageously pushed a competing bill -- John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.) -- will be able to team up with other moderate Republicans and Democrats to stop the excesses that have so damaged America's standing in the world.

The senators' latest draft has changed a bit over the past several days -- in some respects for the better, in one big respect for the worse. It now includes a provision stripping the federal courts of jurisdiction over lawsuits -- including pending suits -- involving detainees. This is a bad measure that would reduce badly needed oversight and judicial review of detentions and trials. But any backsliding in the Senate bill pales in comparison with what Mr. Bush is seeking. The Senate's bill would still require compliance with Common Article 3 of the Geneva Conventions -- which prohibits cruel and degrading treatment of detainees and, as the administration has acknowledged, cannot be reconciled with holding inmates in secret prisons and interrogating them using techniques that cause severe pain or extreme fear and humiliation. The senators would also require military trials to

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proceed under rules that preserve rights democracies have recognized for centuries -- such as the ability of defendants to be present at trial and to know and confront the evidence against them.

By contrast, the administration is still seeking a bill that would define Common Article 3 of the Geneva Conventions in such a way as to permit the CIA to continue abusive practices that in the past have included induced hypothermia and "waterboarding," or simulated drowning. The administration bill would also authorize commission trials in which the defendant, under certain circumstances, might not see evidence on which his life may depend and could be convicted by statements extracted in highly coercive interrogations.

It is essential that this not pass. For Congress to "interpret" the Geneva Conventions in such a way as to authorize something they clearly forbid would be to invite other countries to do the same -- to American troops. To authorize trials that needlessly depart from international norms will only invite skepticism about the convictions they deliver, further degrade the United States in the eyes of the world, and make martyrs of those condemned to prison or death. Cooperation with allies, vital to stopping future terrorist attacks, will be seriously impeded.

Having finally been forced by the Supreme Court to take responsibility for writing law to govern the war on terrorism, Congress will now decide whether it simply means to sign off on the administration's past abuses, or reaffirm fundamental American values.

The Stranger In The Mirror (NYT)

By Bob Herbert

The New York Times, September 14, 2006

We had elections in New York and around the country on Tuesday. But it seems to me that the biggest issue of our time is getting very short shrift from the politicians, and that's the fact that the very character of the United States is changing, and not for the better.

One of the things that stands out in my mind amid the memories of the carnage and chaos of Sept. 11, 2001, is the eerie quiet — an almost prayerful quiet — that hovered over a scene on the western edge of Manhattan that afternoon.

I stood for a long time outside the triage center that had been set up at the Chelsea Piers sports and entertainment complex. Sunlight glistened off the roofs of ambulances lined up in military fashion on the West Side Highway. Doctors, nurses and other medical personnel were standing by, waiting for what they thought would be the arrival of legions of seriously wounded victims in need of emergency care.

There seemed to be very little talking. As I recall, most of the people maintained a kind of stunned, awed silence.

The expected onslaught of victims never came. As the afternoon faded, I headed east, along with others, toward the morgue at Bellevue Hospital.

What I thought was the greatest expression of the American character in my lifetime occurred in the immediate aftermath of those catastrophic attacks. The country came together in the kind of resolute unity that I imagined was similar to the feeling most Americans felt after Pearl Harbor. We soon knew who the enemy was, and there was remarkable agreement on what needed to be done. Americans were united and the world was with us.

For a brief moment.

The invasion of Iraq marked the beginning of the change in the American character. During the Cuban missile crisis, when the hawks were hot for bombing — or an invasion — Robert Kennedy counseled against a U.S. first strike. That's not something the U.S. would do, he said.

Fast-forward 40 years or so and not only does the U.S. launch an unprovoked invasion and occupation of a small nation — Iraq — but it does so in response to an attack inside the U.S. that the small nation had nothing to do with.

Who are we?

Another example: There was a time, I thought, when there was general agreement among Americans that torture was beyond the pale. But when people are frightened enough, nothing is beyond the pale. And we're in an era in which the highest leaders in the land stoke — rather than attempt to allay — the fears of ordinary citizens. Islamic terrorists are equated with Nazi Germany. We're told that we're in a clash of civilizations.

If, as President Bush says, we're engaged in "the decisive ideological struggle of the 21st century," why isn't the entire nation mobilizing to meet this dire threat?

The president put us on this path away from the better angels of our nature, and he has shown no inclination to turn back. Lately he has touted legislation to try terror suspects in a way that would make a mockery of the American ideals of justice and fairness. To get a sense of just how far out the administration's approach has been, consider the comments of Brig. Gen. James Walker, the top uniformed lawyer for the Marines. Speaking at a Congressional hearing last week, he said no civilized country denies defendants the right to see the evidence against them. The United States, he said, "should not be the first."

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And Senator Lindsey Graham, a conservative South Carolina Republican who is a former military judge, said, “It would be unacceptable, legally, in my opinion, to give someone the death penalty in a trial where they never heard the evidence against them.”

How weird is it that this possibility could even be considered?

The character of the U.S. has changed. We’re in danger of being completely ruled by fear. Most Americans have not shared the burden of the wars in Iraq and Afghanistan. Very few Americans are aware, as the Center for Constitutional Rights tells us, that of the hundreds of men held by the U.S. in Guantánamo Bay, Cuba, many “have never been charged and will never be charged because there is no evidence justifying their detention.”

Even fewer care.

We could benefit from looking in a mirror, and absorbing the shock of not recognizing what we’ve become.

GOP Leaders Back Bush On Wiretapping, Tribunals (WP)

By Jonathan Weisman

The Washington Post, September 14, 2006

Congress's Republican leadership yesterday threw its weight behind two of President Bush's most controversial national security programs, warrantless wiretapping and extrajudicial military tribunals.

But the party leaders are having trouble getting all their members on board, including the chairman of the Senate Armed Services Committee. And by backing the president's legislative demands, the leadership risks being labeled by Democrats as a rubber stamp for an unpopular president.

With prodding from Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker J. Dennis Hastert (R-Ill.), the Senate Judiciary Committee voted 10 to 8 along party lines to approve a bill negotiated with the White House to allow -- but not require -- Bush to submit the National Security Agency's warrantless wiretapping program to a secret court for constitutional review.

That bill, which could come before the Senate next week, is considered by many to be a ratification of the administration's current surveillance program, which monitors the overseas phone calls and e-mails of some Americans when one party is suspected of links to terrorism. The program has been attacked by Democrats and civil liberties advocates as an excessive encroachment on Americans' privacy.

"The committee took the important step of acknowledging the president's constitutional authority to conduct foreign intelligence surveillance," said Sen. John Cornyn (R-Tex.), an ardent Bush ally.

At the same time, the House Armed Services Committee voted 52 to 8 to ratify the White House's version of legislation creating military commissions for trying terrorism suspects. The measure would give Bush the authority he seeks to withhold classified evidence from defendants, admit testimony that defendants might maintain was coerced, and protect U.S. intelligence agents from legal action over their interrogation methods. House Republican leaders plan to bring the tribunal bill to a vote next week.

Committee action and the scheduling of floor time represented tangible progress for the administration and turned what had been essentially a heated policy debate into a legislative showdown. But if GOP leaders intended to use the bills to distinguish Republicans from Democrats on the conduct of the fight against terrorism, they had their share of problems.

Frist and other GOP leaders remain at odds with many of their rank-and-file members over their military commission bill.

Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) are holding firm against the White House and Frist in their support of an alternative tribunal bill that would limit the use of classified evidence and coerced testimony in terrorism prosecutions while maintaining broader protections for detainees against cruel and inhumane treatment. They said they will press ahead with their bill, despite the political sensitivity of the controversy in a key election year.

"Every senator and congressman should understand this is not about November 2006. This is not about your reelection," Graham said. "This is about those who take risks to defend America."

Director of National Intelligence John D. Negroponte, in an unusual conference call with reporters yesterday evening to express opposition to the dissident Senate bill, said the CIA had told him that, if that bill passes, the agency will not be able to continue its "high-value terrorist detention program."

The existence of that program, known unofficially as the CIA's secret prison system, was confirmed last week by Bush, but all its prisoners were transferred to military custody. Negroponte said that under the Senate's proposed rules, the program's effectiveness would be so curtailed that continuing it would not make sense.

McCain expressed bewilderment at an administration stand that he said would tamper with interpretations of the Geneva Conventions on the conduct of war. That stand is firmly opposed by top military lawyers. "The overwhelming majority of retired

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military people are weighing in on this issue and saying, 'Don't amend Common Article 3 [of the Geneva Conventions] because then you are allowing other nations' " to conclude that they, too, can change the conventions, McCain said.

McCain and his allies were unable to persuade White House negotiators to agree that an alleged enemy combatant could not be convicted on the basis of classified information that is not shared in some form with the defendant. "We're still gridlocked on that," McCain said. "They want to turn 200 years of criminal procedure on its head."

In the House, the Judiciary Committee was forced to scrap a planned drafting of a warrantless surveillance bill, in part because nearly half a dozen Republican conservatives were in open rebellion against GOP leaders' efforts to weaken controls on the eavesdropping program.

"There are enough Republicans with concerns," said Rep. Jeff Flake (R-Ariz.), who was pushing bipartisan legislation that would all but scuttle the warrantless surveillance program. "Once you basically give the president this authority, it's very difficult to pull it back. That's very shortsighted just to point out the differences between Republicans and Democrats."

Such internal dissension did not sit well with an orchestrated push to elevate the profile of the national security debate ahead of the Nov. 7 midterm elections. GOP leaders seized on week-old comments by House Minority Leader Nancy Pelosi (D-Calif.) that suggested that the capture of Osama bin Laden would not "make us safer." Republicans launched a blizzard of e-mailed statements condemning the comments, culminating in a news conference yesterday.

Democrats noted that Pelosi's comments mirrored sentiments expressed by Bush, Defense Secretary Donald H. Rumsfeld, and even Vice President Cheney last weekend, when he told Tim Russert on NBC's "Meet the Press": "He's not the only source of the problem, obviously, Tim. If you killed him tomorrow, you'd still have a problem with al-Qaeda."

The second GOP track is to label military commissions "terrorist tribunals" and attack Democrats for opposing them. House Republican leadership aides acknowledged that the biggest roadblock to the president's military commissions is coming from Senate Republicans.

Democrats used the GOP's allegiance to the Bush security agenda to redouble efforts to tie vulnerable Republicans to the president.

"The role of Congress is to bring to bear its own independent judgment, to represent the American people and to forge policy, not to simply be a complacent rubber stamp for the president of the United States," said House Minority Whip Steny H. Hoyer (D-Md.).

NSA Court Review Bill Is Sent To Full Senate (USAT)

USA Today, September 14, 2006

The Senate Judiciary Committee approved President Bush's proposal to enable a secret court created in 1978 to review a program in which the National Security Agency conducts warrantless surveillance of international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists. All 10 Republicans voted to send the bill to the full Senate; all eight Democrats opposed it.

Republicans defeated Democratic amendments to insert a one-year expiration date and require the NSA to report more often to Congress on the program.

Port security bill advances in Senate

The Senate rejected a Democratic attempt to attach dozens of provisions to legislation intended to protect seaports from terrorist attack. The proposals are part of a Democratic security plan that includes improving safeguards on trains and buses and at chemical plants.

Sen. Susan Collins, R-Maine, called them a “hodgepodge of provisions that are irrelevant” to port security. The additions could have stalled the overall port security bill, which would install monitors at the 22 largest ports. The devices are designed to detect materials used in nuclear arms or dirty bombs, which use conventional explosives to strew radioactive waste.

Bill to curb Indian casinos fails in House

A Republican proposal to curb the growth of Indian gambling operations failed in the House. The bill would prohibit tribes from building casinos away from their reservations. The vote was 247-171 in favor of the measure, but the expedited rules under which it was considered require a two-thirds majority for passage.

Gambling operations by the nation's nearly 225 casino-operating tribes have become a $22 billion-a-year industry, richer than Nevada casinos.

U.S. and Europe disagree on Iran

Secretary of State Condoleezza Rice said Iran's cancellation of a meeting planned for today with European officials shows that it is not serious about suspending its nuclear program. At the International Atomic Energy Agency in Vienna, the United States said it's time for the United Nations Security Council to impose sanctions on Iran for continuing its banned enrichment of uranium. European countries favored more diplomacy. Chief British delegate John McGregor delivered a joint statement with

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France and Germany that asks Iran to comply with its obligations and negotiate an end to the dispute. Enriched uranium can be used to make nuclear weapons or to fuel power plants. Iran says its program is only for electricity.

Plame sues former No. 2 at State Dept.

Former CIA officer Valerie Plame added former deputy secretary of State Richard Armitage as a defendant in her lawsuit accusing Bush administration officials of blowing her cover as retribution for her husband's criticism of prewar intelligence. Plame and her husband, former ambassador Joseph Wilson, filed the original suit against Vice President Cheney, his former chief of staff, I. Lewis “Scooter” Libby, and White House aide Karl Rove. The new filing says Armitage's disclosure, which he says was inadvertent, was independent of the alleged conspiracy. Special prosecutor Patrick Fitzgerald has said no one would be charged with knowingly identifying a covert CIA officer, but Libby is charged with lying to Fitzgerald's federal investigators.

Senate Panel Clears Terror Surveillance Legislation (Update2) (BLOOM)

By James Rowley

Bloomberg, September 14, 2006

Sept. 13 (Bloomberg) -- A Senate panel approved legislation on a party-line vote authorizing President George W. Bush's domestic eavesdropping program with court review.

The measure, approved by a 10-8 vote in the Republican- controlled Senate Judiciary Committee, now goes to the full Senate, where Republican leaders plan to hold a vote before lawmakers leave next month to campaign for the November elections.

The measure would authorize a secret court to rule on the legality of the National Security Agency's program to listen to the international calls between al-Qaeda operatives overseas and their suspected confederates in the U.S. without court warrants.

``There has been no one who has asked for the National Security Agency to stop the surveillance of the international terrorists," said Texas Senator John Cornyn, one of 10 Republicans who supported the legislation.

Bush agreed to the measure's wording in negotiations with Senator Arlen Specter, the Pennsylvania Republican who chairs the panel. By a series of 10-8 votes, the Republican-controlled committee defeated efforts by Democrats to change it.

The panel did approve a competing proposal, backed by Democrats, that would streamline existing law to allow the eavesdropping with warrants. Specter, who voted to send the Democratic proposal to the Senate, predicted that the Republican-backed version he negotiated with the president would win final approval.

Separately, the House Judiciary Committee postponed a vote on a measure sponsored by Representative Heather Wilson, a New Mexico Republican, that would be in conflict with the Senate legislation.

Secret Court

Specter's legislation wouldn't require Bush to submit the NSA program to a secret court for review. Still, the president agreed to do so if Congress passes the measure in the form approved today in the committee. The president wouldn't have to stop the eavesdropping program even if the court objects.

The measure would also provide for appeals of the secret court's ruling to the Supreme Court.

Democrats such as Wisconsin Senator Russell Feingold voted against the measure, arguing it would legalize Bush's flouting of the Foreign Intelligence Surveillance Act, which requires the president to seek court approved warrants to wiretap suspected spies and terrorists.

``We are confronted by a president who is breaking the law," Feingold said. ``What we would be doing by this legislation is institutionalizing and legislating the putting into law of the land the president walking all over us," he said.

Democrats also complained that Bush has refused to give lawmakers sufficient information about the program. Bush's refusal forces Congress to legislate ``almost in complete darkness" on the issue, Feingold said.

Inherent Authority

The Bush administration contends that the Constitution gives the president inherent authority as commander of the armed forces to conduct the eavesdropping program without judicial review.

Bush's surveillance program, ordered after the Sept. 11, 2001, terrorist attacks, is merely an exercise of military power to ``conduct intelligence activities and surveillance that has existed in the country since George Washington," Cornyn said.

Specter called his legislation an effort ``to find a way to have judicial review" of the program.

He and South Carolina Republican Lindsey Graham joined the panel's eight Democrats in voting to send to the Senate the competing measure that would require the president to seek individual warrants for the surveillance.

Emergency Wiretaps

The measure, sponsored by Senator Dianne Feinstein, would allow the president to conduct emergency wiretaps without warrants for up to seven days before seeking court permission. Current law allows the attorney general to order emergency wiretapping for up to three days.

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Feinstein, who has been briefed on the NSA program as a member of the Senate Intelligence Committee, argued that the eavesdropping could be conducted within the legal structure Congress set up in 1978 to authorize wiretapping to gather information on enemy agents and spies.

Her measure would streamline the procedures by giving the attorney general authority to empower intelligence officials to initiate emergency wiretapping without warrants. Current law requires the attorney general or his designate to order such eavesdropping.

Preserve

It would also preserve a clause of the 1978 Foreign Intelligence Surveillance Act stating that that law is the exclusive authority for such wiretapping.

Congress enacted the law to correct abuses of wiretapping in the 1960s and 1970s uncovered by congressional investigations that found the Federal Bureau of Investigation spied on activists protesting the Vietnam War and other political dissidents who posed no threat to security.

Feinstein said her measure was designed to protect the privacy of Americans' phone calls and e-mails. ``We don't want to see Americans rights abused for the next 50 to 60 years," Feinstein said.

The language Specter negotiated with Bush would repeal that provision and legalize any warrantless wiretapping ordered by a president since Congress enacted the surveillance law 28 years ago.

The committee also approved a measure sponsored by Ohio Republican Mike DeWine that would require the president to explain to Congress why he was continuing to wiretap suspected terrorists without warrants.

DeWine described his measure as ``complementary, not contradictory" to the language Bush negotiated with Specter. Under the measure, the president would be allowed to conduct the surveillance before obtaining evidence sufficient to get warrants.

Trial For 2 Men In Terror Case Begins (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, September 14, 2006

ALBANY, N.Y. -- A defense attorney attacked the credibility of an FBI informant who posed as an arms dealer in a fictitious plot to kill a Pakistani diplomat, as the trial of two men accused of supporting terrorism began Wednesday.

Mohammed Hossain, a pizzeria owner, and Yassin Aref, imam at an Albany mosque where Hossain is a member, are accused of supporting terrorism through a series of financial transactions from 2003-04.

The informant told the suspects he was an arms dealer and asked Hossain to launder money from the sale of a shoulder-fired missile that would be used to kill the diplomat in New York City, according to the federal complaint.

"He's a convicted felon. He's a con man. He's a failed businessman himself," attorney Kevin Luibrand said of the informant. "They got somebody that lied to the FBI completely and continuously about what was happening."

Specific information on the informant's background was not immediately available to The Associated Press.

Luibrand said the secretly taped meetings will show that his client Hossain, a 51-year-old naturalized U.S. citizen from Bangladesh, was shown a missile in November 2003 by the informant, and that the loan transactions began two months later.

But another tape, which the prosecution didn't mention, will show the informant assured Hossain in the interim that he wasn't dealing in weapons or doing anything illegal, Luibrand said.

Attorney Kent Sprotbery said Aref, 36, imam at Masjid as-Salam, was asked by Hossain to witness the loan. Islam prohibits charging or receiving interest, so Muslims often loan money to each other, and clerics serve as witnesses, he said.

Both defendants insisted on writing receipts, showing they had nothing to hide, defense lawyers said.

Aref was never shown any shoulder-fired missile, and testimony will show all three men thought the talk about attacking the diplomat was "a joke," Sprotbery said.

Assistant U.S. Attorney William Pericek said the audiotapes and videotapes will show the informant impersonated an arms dealer in conversations with both Hossain and later Aref, that he told them the $50,000 came from the sale of the missile.

The informant gave them cash, got checks back in return, and those transactions constitute most of the charges.

"A sting is simply a crime of opportunity, where the opportunity was provided by the government," Pericek said.

Prosecutors Weave Tale Of Zeal Gone Wrong (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 14, 2006

Federal trial of former Albany imam and pizza shop owner opens

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ALBANY -- Federal prosecutors began laying out their case Wednesday against two Albany men ensnared in an FBI counterterrorism sting as their attorneys portrayed them as deeply religious Muslims who fell victim to an overzealous government informant.

The first day of testimony was at times disjointed and, in one instance, confusing as prosecutors called a Bangladeshi immigrant to the stand whose English was so poor, numerous court observers said they could not understand what he was saying.

Assistant U.S. Attorney William C. Pericak, who gave the first of three opening statements, outlined an investigation that began in early 2003. It culminated more than a year later with the indictment of an Albany imam and his friend, a pizza shop owner, on charges they took part in a fictitious plot to make money off the sale of shoulder-fired missiles to terrorists.

"A sting is simply a crime of opportunity, where the opportunity is presented by the government," Pericak told the panel. "Belief and intent are critically important ... and turn it into a very, very serious crime."

Yassin M. Aref, 36, the jailed spiritual leader of a Central Avenue mosque, and Mohammed M. Hossain, 51, a city pizza shop owner, face the possibility of life in prison if convicted. Both men have denied knowingly taking part in anything illegal and contend the FBI's informant, former Loudonville businessman Shahed "Malik" Hussain, misled them about the legality of his business dealings.

"We're here to talk to you about a sequence of events that can be viewed in different ways," said Kent B. Sprotbery, who is Aref's co-counsel along with attorney Terence L. Kindlon. "You need to keep in mind that language plays a very important part in this case."

Hossain's attorney, Kevin A. Luibrand, assailed the FBI's informant as a "convict" and "con man" whom he contends misled FBI agents about the context of secretly recorded conversations the men had in Arabic and Urdu.

"He's called an informant," Luibrand said. "I have a few other words for him. ... Malik was giving a different message back to his (FBI) handlers than what was taking place in the room."

Luibrand said one of the most important conversations between his client and the informant took place in early December 2003, when the informant allegedly told Hossain that his business dealings were legal.

Prosecutors had not intended to play that taped conversation for the jury. The defense does, and Luibrand said it shows Hossain believed the money he was getting came from lawful transactions.

But prosecutors wasted no time showing jurors what was at the heart of the scheme.

Their first witness, a Department of Defense official from Alabama, gave the panel a crash course on the destructive capabilities of a 5-foot long, Russian-made missile launcher that he hoisted atop his shoulder.

The weapon was the same device the informant pulled out during a meeting with Hossain on Nov. 20, 2003, after they had met more than seven times. The informant said he'd been importing the weapons from China for about five years and that it was "for destroying airplanes."

Aref was never shown the weapon, although he did see its metal triggering device at a later meeting.

Prosecutors contend the missile launcher shown to Hossain bolsters their allegation that he knew what they were doing was illegal and involved terrorism.

Over several months, Hossain and Aref allegedly accepted $50,000 in cash transactions from the informant. Hossain then wrote checks through his business to the informant, keeping small amounts for himself, according to the charges.

"The process goes on again and again," Pericak said in his opening statement. "It's the checks that come back that are the money laundering ... they complete the washing cycle."

Aref was brought in as a witness to the transactions, under Muslim tradition, and is not accused of profiting from the scheme.

His attorneys contend Aref never knew the money came from the sale of missile launchers, and that Hossain believed the informant was dealing arms legally.

To counter those claims, prosecutors said they intend to play a series of taped conversations in which the informant allegedly warned the pair in January 2004 that the missile launcher was going to be used in a planned terrorist attack in New York City against the visiting Pakistani president.

Five witnesses testified Wednesday, including Abul Kashem, a Bangladeshi immigrant who runs a restaurant next door to Hossain's Central Avenue pizza shop.

Kashem recounted talking to Hossain about Osama bin Laden several years ago, but his account of the conversation was garbled and difficult to understand. At one point, the court reporter put her hands on her head in apparent frustration as Kashem spoke, and several jurors appeared confused by the testimony.

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HOMELAND RESPONSE:

House Battles Over 9/11 Resolution (AP-Y)

By Mary Dalrymple

AP, September 13, 2006

House Republicans and Democrats traded accusations of improper politicking Wednesday as they sparred over a resolution commemorating the Sept. 11 terrorist attacks.

Democrats criticized the GOP-drafted resolution for praising controversial legislation, including the USA Patriot Act and a border security bill. Some faulted it for stating "the nation is safer than it was on Sept. 11, 2001."

House Democratic leader Nancy Pelosi, D-Calif., called the resolution "self-congratulatory."

"It praises Congress for some reason. Instead of having the focus on the innocent victims of 9/11, it talked about the accomplishments of this Congress. I can't even imagine why they thought that was a good idea," she said.

The bill's sponsor, Rep. Peter King, R-N.Y., called the criticism "cheap demagoguery."

Republicans defended the inclusion of the GOP-crafted security laws and bills. Without them, said Rep. David Dreier, R-Calif., "we would not be here today without having suffered another attack on our soil."

House Speaker Dennis Hastert, R-Ill., disputed the idea that terrorism dangers had grown. "Five years after 9/11, America is safer and much more alert to the dangers that lurk in the darker corners of our world," he said.

Despite the rhetorical battle, the resolution commemorating the fifth anniversary of the Sept. 11 attacks passed 395-22.

The intensifying quarrel between Republicans and Democrats over national security comes weeks before this fall's midterm elections, which will determine which party controls the House and Senate.

Democrats, flanked by foreign policy experts from Democratic administrations past, argued that President Bush's failures call for a change in congressional leadership. They outlined plans to withdraw some troops from Iraq by the end of this year and improve the security of trains, ports, subways and planes.

Rep. John Murtha, D-Pa., who supports an immediate withdrawal of troops from Iraq, said officials sitting on their "fat backsides in the Oval Office" and elsewhere in Washington should stop making excuses for poor planning in Iraq. He called for the resignation of Defense Secretary Donald H. Rumsfeld, while acknowledging a resolution to remove him would probably never get a vote.

Rep. David Obey, D-Wis., said House Majority Leader John Boehner, R-Ohio, owed Democrats an apology for questioning Tuesday whether Democrats "are more interested in protecting the terrorists than protecting the American people."

Sen. John Kerry, D-Mass., called on Senate Republicans to distance themselves from the statement.

Republicans took issue with something Pelosi told reporters last week about al-Qaida leader Osama bin Laden. "He has done more damage the longer he has been out there. But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer," she said.

A Pelosi spokesman said her words were no different from those made by some Republicans, who have said that if bin Laden were captured or killed, it wouldn't remove the threat posed by the al-Qaida terrorist network.

Rep. Joe Wilson, R-S.C., said the statements are different. "That quote clearly indicates a misunderstanding of how important and what a symbol Osama bin Laden is," he said.

"I actually thought that the Democrats would pursue a policy of national security almost identical to what the president's proposing of taking the war to the enemy," he said. "But now I understand ... that indeed they would, I believe, cut and run. I believe that they would appease."

House Approves Praise Of 9/11 Measures (WT)

By Christina Bellantoni

The Washington Times, September 14, 2006

The House of Representatives, despite objections by Democrats, yesterday approved a resolution recognizing those killed in the September 11 terrorist attacks and praising the USA Patriot Act and other Republican-crafted security measures implemented since.

A sharp debate, which raged on most of the day, highlighted the contrast between the two parties over the war on terrorism less than two months before elections that will decide congressional control. Still, the resolution passed 395-22, with just 21 Democrats and Republican Rep. Ron Paul of Texas dissenting.

"To me, and I think to most Americans, after five years of security and success, a lapse in our resolve is unthinkable," said House Speaker J. Dennis Hastert. "Victory is not yet assured, and victory without resolve is impossible."

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The Illinois Republican said the resolution sends a signal to America's enemies: "We will never forget, and we will never surrender."

Democratic leaders complained that references to the Patriot Act and the tough 2005 border-security bill did not belong in such a resolution.

Democrats supported previous resolutions since September 11 that affirm Congress will "take whatever actions necessary to identify, intercept and disrupt terrorists and their activities." Those resolutions, passed overwhelmingly in 2002, 2003, 2004 and 2005, and didn't mention any of the nine measures included in this election-year version.

Minority Leader Nancy Pelosi of California urged her Democratic colleagues to vote for the measure in spite of the objections. In her floor speech, she asked Mr. Hastert to bring legislation to the floor that would fully implement the recommendations of the 9/11 commission, and criticized the resolution, saying "instead of having the focus on the innocent victims of 9/11," it "praises Congress for some reason."

Mr. Hastert said the measures demonstrate swift congressional action to protect the American people.

"Five years after 9/11, America is safer and much more alert to the dangers that lurk in the darker corners of our world," Mr. Hastert said.

While many Democrats characterized the Patriot Act as a violation of civil liberties, Republicans said it has broken up terrorist cells.

"It is absolutely essential that those keeping us safe have every tool necessary to do so," said Rep. David Dreier, California Republican. "Our homeland has not been attacked again. That seems to be so often forgotten."

Democrats argued the war in Iraq has shifted the focus from terrorists in Afghanistan and has emboldened U.S. enemies.

"Five years later, we are still making promises and America is still not as safe as it should be," said Rep. Bennie Thompson of Mississippi, the ranking Democrat on the Homeland Security Committee.

Mr. Thompson said Republicans only support "security on the cheap" and said the resolution suggests Congress wants to "pat itself on the back about a few past deeds when we've left the bulk of the work of homeland security unfinished."

"Shame on you for using the memory of 9/11 during a charged political season as a cover-up for Congress' do-nothing approach to homeland security," Mr. Thompson said.

The Democrats said the Republicans should have written something in the spirit of the Senate resolution -- adopted unanimously Monday -- which praises September 11 heroes and "condemns in the strongest possible terms the attacks, the terrorists who perpetrated them and their sponsors."

Both parties agree that terrorists should be the common enemy. The previous resolutions identify al Qaeda as responsible for September 11 and condemn terrorist attacks in Bali, Madrid and London.

The objectionable clauses in yesterday's resolution included a port-security bill, which passed 421-2 and the creation of the Homeland Security department, which passed by a large margin.

Rep. Peter T. King, New York Republican who is chairman of the Homeland Security Committee, noted that Republicans could have included praise of the Bush administration's surveillance program or the CIA program that examines financial records to track terrorist activities.

Rep. Jim McGovern, Massachusetts Democrat, criticized the resolution's mentioning the House border-security bill, which he called "a bill that couldn't even pass the Republican Senate and a bill that President Bush doesn't even support."

Rep. Jane Harman of California, the ranking Democrat on the House intelligence panel, said the measure is disingenuous.

"The sad, unalterable fact is that five years after 9/11, we have not made as much progress as this resolution claims," she said. "We have not plugged some gaping holes in our homeland defense."

In 2002, lawmakers unanimously passed a resolution lauding "numerous laws providing additional resources for the overseas effort against terrorism, as well as additional tools," and in 2004, the House voted 406-16 to pass a resolution that championed "innovative programs" that have secured the nation and applauded the capture of Saddam Hussein.

Democrats Rebut Soft-on-terror Rap (WT)

By Charles Hurt And Christina Bellantoni

The Washington Times, September 14, 2006

Capitol Hill Democrats said yesterday they will not be "swift-boated" by Republicans who accuse them of being soft on national security and coddling terrorists.

"Democrats stand ready to protect and defend the American people," House Minority Leader Nancy Pelosi, California Democrat, said. "We will not be swift-boated on the issue of security, and that is what the Republicans are trying to do."

Mrs. Pelosi was referring to the group Swift Boat Veterans for Truth, which was highly critical of John Kerry's presidential candidacy in 2004.

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Part of national security, said the House's top Democrat, is protecting the environment.

"We are advancing tough and smart national security policies to keep the American people safe," said Mrs. Pelosi, adding that Democrats' national security agenda aims "to fight terrorism and defeat it, stop the proliferation of weapons of mass destruction, to stop global warming and any other threats to the safety and security of the American people."

Kevin Madden, spokesman for House Majority Leader John A. Boehner, said the remark reflects a broader national security weakness by Democrats.

"The American people want a strong posture against the global scourge of terrorism and all Democrats can offer is Nancy Pelosi's babble putting that fight on par with global warming," he said.

Republicans continued their assault on Mrs. Pelosi and her fellow Democrats for opposing the efforts they say are crucial to winning the war against terrorism.

Democrats on the Senate Judiciary Committee, for instance, opposed legislation yesterday that would authorize President Bush's warrantless wiretapping program aimed at collecting communications by foreign terrorists. Democrats, along with a handful of Senate Republicans, also have urged that suspected terrorists held at Guantanamo Bay be granted greater civil rights in their trials.

Such positions prompted Mr. Boehner earlier this week to wonder whether Democrats "are more interested in protecting the terrorists than protecting the American people."

This brought Mr. Kerry, Massachusetts Democrat, to the Senate floor yesterday to scold Mr. Boehner.

"His statement was very clear and equally despicable," Mr. Kerry said.

Rep. David R. Obey, Wisconsin Democrat, also condemned Mr. Boehner's remarks.

"I come from the state of Joe McCarthy," he said of the infamous anti-Communist. "I know a first-rate McCarthy when I see one and I also know a third-rate McCarthy when I see one, and we saw one yesterday."

Also yesterday, Rep. John P. Murtha introduced a bill formally calling for Defense Secretary Donald H. Rumsfeld to be fired "for the good of the country." He said Mr. Rumsfeld has harmed military readiness and was wrong in his estimates about the cost and length of the Iraq war.

Mr. Murtha said he is sure Republicans won't allow a floor vote on the measure. But he will introduce it anyway, "just for the effect it might have on the secretary leaving."

Republicans Seek To Sow Seeds Of Doubt On Security (FT)

By Holly Yeager And Edward Luce

Financial Times, September 14, 2006

John Boehner, the Republican majority leader in the House of Representatives, may have given the game away this week when he said, “I wonder if they’re [the Democrats] more interested in protecting the terrorists than protecting the American people.”

America’s mid-term congressional elections, which take place on 7 November, are shaping up as one of the most bitter campaigns in recent US history. Although George W. Bush is not expected to play a prominent role on the campaign trail over the next seven weeks, the president has given a series of speeches in the past 10 days that have helped crystalise his party’s att-empts to paint the Democrats as weak on national security.

In a broadcast interview last Sunday, Dick Cheney, the vice-president, was more blunt in suggesting a connection between Democratic criticism of the Iraq war and being soft on terrorism. “Suggestions, for example, that we should withdraw US forces from Iraq, simply feed into that whole notion [and] validate the strategy of the terrorists,” he said.

While viewed by many as below-the-belt, such pugilism could be a small foretaste of what is to come. Opinion polls suggest that the Democrats are on course to regain the House of Representatives in November for the first time since 1994, which could severely complicate life for Mr Bush in the two remaining years of his second term. The opposition needs to add just 15 seats to its tally in the 435-seat house to regain control. There is also an outside chance the Democrats could recapture the Senate, where 33 seats are being contested: they need to boost their seats by six.

“The national mood remains bleak for Republicans,” said Stuart Rothenberg, the publisher of the Rothenberg political report. “President George W. Bush’s job performance ratings are terrible and the public still gives Congress low marks. A majority of Americans continue to tell pollsters that the country is headed in the wrong direction.

“There is no reason to believe that things will change dramatically between now and election day to improve Republican prospects.”

However, it remains far from clear whether the Democrats can translate widespread voter dissatisfaction into significant gains on the ground. In addition to focusing on national security, the Republicans have sought to reduce the November elections

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to a series of local contests by focusing on the record of their incumbents or the perceived foibles of their opponents. Even stalwart Republican allies of Mr Bush have asked him to keep a low profile.

The Democrats, meanwhile, are trying to build a unified national campaign that will tap voter disaffection with Mr Bush.

"Essentially, the Republicans are trying to localise this election and the Democrats are trying to nationalise it," said John Green, a political scientist at the Bliss Institute of Applied Politics in Ohio. "History suggests that the Democrats will find it an uphill struggle to turn 435 local races into a national wave."

The Democrats, whose leadership is bitterly divided between Howard Dean, the former presidential hopeful and chairman of the Democratic National Committee, and party leaders in Congress over electoral strategy, also face tough questions on their continuing inability to produce coherent policies. That is particularly difficult over Iraq and the economy.

On the unpopular war in Iraq, the Democrats continue to be divided on whether and how quickly to recommend a US military withdrawal. And on the economy, where there is broad-based voter anxiety, the Dem-ocratic platform amounts to little more than proposing an increase in the minimum wage, stuck at $5.15 (€4.05, £2.74) an hour since 1997, and a reversal of some of the tax cuts Mr Bush has pushed through in the past six years.

The opinion poll gap has begun to narrow sharply. Last month Gallup showed the Democrats' lead over Republicans narrowing to just two percentage points, down from a 15-point lead in April. Although voters remain deeply dissatisfied with the performance of a Republican Congress, their views change when it comes to assessing their local representative.

In what is a frequent peculiarity of American politics, more than half of voters approve of their local representative while fewer than a quarter approve of Congress's performance as a whole.

"The bottom line is that there is still everything to play for," said Mr Green. "The national mood favours the Democrats. But winning the election is still going to prove very tough for them."

Senate Rejects Democratic Plan For Ports (AP)

The AP, September 13, 2006

Senate Republicans on Wednesday rejected a Democratic attempt to attach dozens of national security programs to legislation intended to protect seaports.

The Democrats' proposal had threatened the overall ports security bill, which would install monitors at the 22 largest ports. These devices would screen for materials used to make radiological bombs or nuclear weapons.

The ports bill could come to a final vote on Thursday.

The plan by Democratic leader Harry Reid would have put Republicans in the awkward position of opposing security measures that many people in the United States believe are long overdue. Examples include improving safeguards on trains and buses and at chemical plants.

"Politics won't protect the American people," Reid, D-Nev., said after the GOP-controlled Senate defeated his plan.

Democratic Sens. Bill Nelson of Florida, Ben Nelson of Nebraska and Mark Pryor of Arkansas voted against Reid's proposal.

"It is an interesting hodgepodge of provisions that are irrelevant to the underlying bill," said Sen. Susan Collins, R-Maine. "What it does not include are provisions that have to do with port security."

Port Security Won't Bankrupt Us (NYT)

The New York Times, September 14, 2006

Michael Chertoff, the secretary of Homeland Security, seems determined to outdo his commander in chief in ratcheting up fears of Al Qaeda whenever he wants to score political points. This week, he raised the specter that if the government starts too many expensive antiterrorism programs it could further a plot by Osama bin Laden to "drive us crazy, into bankruptcy" through overspending on homeland defense.

It was particularly ironic that Mr. Chertoff spun this theory while he was fighting off a measure, up for a vote today, that would help protect our ports against the threat that he himself deems most worrisome — a nuclear explosion within our borders — without government spending.

In testifying before a Senate committee on Tuesday, Mr. Chertoff flailed away at straw men of his own concoction. He warned darkly about the dangers of trying to protect the country from "every conceivable threat" — an idea no one has ever espoused. The issue has always been the need to set priorities, and in that respect, Mr. Chertoff's department has become a laughingstock. It compiled one list of possible targets that included a petting zoo and a popcorn factory while the government provided only a pittance for our vulnerable subways.

The White House has been warning that Osama bin Laden enunciated a policy in 2004 of "bleeding America to the point of bankruptcy." But there's no reason to think the terrorist was hatching a plot to force his enemies to buy too many metal detectors

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or bomb-sniffing dogs. He actually seemed to be gloating about the economic harm wrought by attacks like the one on the World Trade Center, and the costs imposed on America by military adventures. So far, we have not heard anyone from the administration warning that the invasion of Iraq is going to drive us crazy, into bankruptcy.

When it comes to prioritizing our antiterrorism spending, it's hard to understand what Mr. Chertoff dislikes about a measure, introduced by Senator Charles Schumer, Democrat of New York, that would require that all cargo containers headed for the United States be scanned at foreign ports to search for a possible nuclear weapon. Mr. Chertoff, after all, put a nuclear bomb at the top of his list of things to worry about, followed by a biological or serious radiological attack. He also agreed that eventually, every container should be screened abroad for radioactive material before it can be loaded into a ship headed for this country.

But he balked at doing it now on the flimsy grounds that some ports might not have enough room to install scanning devices without slowing the flow of traffic and that some foreign governments might not cooperate.

Those sound like the rationalizations of a bureaucrat unwilling to push hard or buck a strong lobbying effort by shippers who don't want any additional hassles or costs. Terminal operators in Hong Kong have been using such scanners effectively and inexpensively without disrupting traffic. The cost of such scanning might reach $20 a container, a small surcharge on shipping costs measured in hundreds if not thousands of dollars.

When it comes to homeland security, the Bush administration has repeatedly allowed corporate profits to trump safety. That seems to be the problem here, just as it has been when it came to the chemical industry's resistance to reforms that would help protect against toxic disasters if terrorists ever attacked their plants. Right now, a port security bill is pending in the Senate that would establish three pilot programs overseas to test the feasibility of scanning all containers. But Mr. Schumer is surely right that delay is dangerous and unnecessary. Virtually all containers destined for the United States should be scanned for nuclear or radiological weapons within the next four years. It is not enough to scan the containers after their arrival here, the current administration policy. That could be too late.

Terror Informant Seeks Sen. Clinton Help (AP-Y)

By Tom Hays

AP, September 13, 2006

An unusual exchange of letters between an undercover informant and Sen. Hillary Rodham Clinton's office has apparently angered authorities and may have complicated the case of a man convicted of plotting to bomb a busy subway station.

Osama Eldawoody — a paid New York Police Department informant who was instrumental in exposing the 2004 subway scheme — told The Associated Press that he wrote to Clinton last month, complaining that his law enforcement handlers misled him with false promises of a better life and asking her to intervene on his behalf.

A written response from Clinton, shared with the AP by Eldawoody, said she had "requested a review of this matter and a written response" from federal prosecutors in Brooklyn. The letter also suggests Eldawoody seek help from Sens. Arlen Specter and Rick Santorum of Pennsylvania, where he now lives.

Clinton spokesman Philippe Reines confirmed that her office had received the letter from Eldawoody, but said the senator was not personally involved in the written exchange and was unaware of the issue. He said caseworkers "simply forwarded it to the U.S. Attorney's office, which we informed him of with a standard letter, as we routinely do with any constituent casework."

Eldawoody said in a telephone interview last week that he was summoned to a meeting with investigators and a federal prosecutor and was reprimanded for contacting Clinton and told not to do it again.

"Everybody was mad at me," he said.

Eldawoody, 50, was a key prosecution witness in the federal government's case against Shahawar Matin Siraj, who was convicted in May of plotting to blow up the Herald Square subway station in Manhattan. Authorities have touted the case as a success story for the NYPD's heightened counterterrorism effort.

U.S. attorney's office spokesman Robert Nardoza would not discuss Eldawoody, but Police Commissioner Raymond Kelly praised his work as an informant.

"He's a hero who did a great service for the people of New York," Kelly said in statement. "We will continue our dedicated efforts to assure the safety and well being of him and his family."

Attorneys for Siraj, arguing for a new trial in court papers filed last week, said prosecutors had turned over a letter "from a witness addressed to a high public official." The letter was not made public but the defense papers said it contained information that could undermine the government's case.

"It's a piece of new evidence we didn't know about," said Martin Stolar, an attorney for Siraj. He would not elaborate.

The NYPD recruited Eldawoody, a naturalized U.S. citizen from Egypt, to monitor radical Muslims at mosques and elsewhere following the Sept. 11, 2001, terrorist attacks. He testified that he met Siraj at an Islamic bookstore and secretly recorded conversations over the next several months as his anti-American rants evolved into a plot to bomb the subway station.

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Since Siraj's trial, Eldawoody and his family have struggled to get by on a government stipend of $3,200 a month while living in seclusion in rural Pennsylvania, he said.

He said he complained to Clinton in his letter that police promised him "the best quality of life and security ... and all their promises were gone after the arrest" of Siraj.

Eldawoody claimed that authorities also broke a promise to protect his identity. Once his name came out at the trial and was published in news accounts, he was told by friends that he was marked man in some Muslim communities.

Red Tape Undermines State Disaster Preparedness (LAT)

By Evan Halper

The Los Angeles Times, September 14, 2006

SACRAMENTO — A new state audit warns that California's efforts to prepare for a terrorist attack or natural disaster are being undermined by a morass of red tape.

State Auditor Elaine M. Howle said in the report that the administration of Gov. Arnold Schwarzenegger has let tens of millions of dollars in federal emergency preparedness grants languish unspent and has not adequately tested the ability of California's medical facilities to handle mass casualties.

"We believe the state's organizational structure for ensuring emergency preparedness is not streamlined or well-defined," Howle wrote in a study released Tuesday for the nonpartisan watchdog agency. "If it remains unchanged, this labyrinthine structure could adversely affect emergency response."

By the end of June, the state had spent less than half of the $954 million of federal homeland security grants it had been awarded since 2001, the report said.

That money is supposed to be used to reimburse local governments for equipment purchases, training and other expenses related to disaster preparedness. The state can be so slow in reimbursing these expenses, according to the report, that some cities cannot afford to continue participating in the plan.

"A commander with the city of Santa Ana's Police Department told us the city often runs a deficit from $1.5 million to $4 million because it has not received reimbursements for its homeland security purchases," the report said. "The commander said that, at a certain point, the city will no longer allow the deficits to increase, preventing additional purchases."

Chris Bertelli, a spokesman for the state Office of Homeland Security, said the administration is working with local governments to speed up the process and during the last year has significantly reduced the time it takes to cut checks.

Howle's report further cautions that exercises simulating various threats "have not exerted sufficient stress on medical and health systems to determine how well they can respond to emergencies."

Though there would be as many as 10,000 casualties in a moderate emergency, the report said the exercise the state conducted last year simulated only 550 casualties "and lacked sufficient realism."

Bertelli said the administration would work on improving the exercises. Although officials agree that there are problems with some drills, he said the report overlooks many other "comprehensive and robust" preparedness exercises held in California each year.

Traveler Charged In Disrupting Flight To Va. (WP)

By Jerry Markon And Candace Rondeaux

The Washington Post, September 14, 2006

A professional jujitsu fighter from Brazil sat in a Loudoun County jail yesterday on a felony charge that he tried to open the cabin door of a Dulles-bound airliner as it cruised at 30,000 feet over Tennessee.

Carlos Alberto de Oliveira, 43, missed his appearance in court yesterday morning because he fought with sheriff's deputies who came to escort him, Loudoun authorities said. He is expected to be arraigned today on a state charge of interfering with an aircraft's operations.

Federal and state authorities outlined a potentially terrifying scenario in which de Oliveira walked up and down the aisle of United Airlines Flight 890 from Los Angeles on Tuesday night. He then allegedly yanked the handle of the cabin door before passengers swarmed him and federal air marshals took him into custody. The flight landed at Dulles International Airport at 8:30 p.m.

Although de Oliveira's motivations were unclear, federal officials have ruled out terrorism and concluded after interviewing him that he did not intend any harm.

"He didn't threaten anyone, he didn't hurt anyone. He wasn't intending to open the door, he didn't kick it," said Debbie Weierman, a spokeswoman for the FBI's Washington field office. "He just pulled a stupid stunt."

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A lawyer had not been appointed for de Oliveira, who was being held at the Loudoun County Adult Detention Center. If convicted, he would face up to five years in prison.

Weierman said de Oliveira is a professional jujitsu competitor, and he listed his occupation on his booking sheet as "professional fighter." Brazilian jujitsu is a form of the ancient martial art that has been gaining popularity in Northern Virginia in recent years.

The United flight took off with 138 passengers and six crew members, said Megan McCarthy, a United spokeswoman. About 3 1/2 hours into the flight, she said, "a passenger, for whatever reason, did attempt to open an exit door" at the rear of the aircraft.

Passenger Ken Wolfenbarger said he noticed a man fiddling with gadgets stashed in his pocket while he stood in the aisle. He then whipped out a long black belt with two metal hooks on either end and wrapped them around his fists, Wolfenbarger said.

Wolfenbarger said the man was dressed in a heavy camouflage jacket, fatigues and dark wraparound glasses, but FBI officials said de Oliveira was not wearing camouflage when he was interviewed.

Suddenly, Wolfenbarger said, the man turned down the aisle toward the plane's rear galley. "I heard a ruckus, and then the airline stewardess started yelling, 'Please help us! Help us! Help us!' " said Wolfenbarger, 44, of Whittier, Calif. "As soon as I heard that, I climbed over the other seat to the aisle. I knew the plane was in trouble, and I said, 'I am not going to die on this flight.' "

Weierman said the door would not open because the cabin is pressurized. Officials concurred that de Oliveira had been acting in an odd manner before the incident, walking up and down the aisle.

"He was strutting his stuff, just sort of checking everyone out," said one law enforcement official, who spoke on condition of anonymity because the case is ongoing.

Law enforcement officials said de Oliveira at one point walked toward the beverage cart, which was in front of the cockpit door when the door was briefly opened. A flight attendant told him to return to his seat, and he did, law enforcement officials said.

Weierman said de Oliveira "did not mean to harm anyone, and there was no nexis to terrorism. It was just a mindless act with not a lot of thought behind it."

She declined to say whether the FBI supported the passengers' actions but added that "heightened awareness on the part of passengers" during the week of the five-year anniversary of the Sept. 11 attacks may have played a role.

"It's a sign of the times that we live in," she said.

De Oliveira was arrested by the Metropolitan Washington Airports Authority Police Department, whose officers met the plane at Dulles.

Loudoun Commonwealth's Attorney James E. Plowman's office took over the case after the U.S. attorney's office in Alexandria declined to prosecute. Officials said state charges were more appropriate because federal law requires proving that someone interfered with the flight crew, which did not occur in this case.

The state charge, authorities said, is broader because it requires proving only that someone interfered with the overall operations of an aircraft.

Cost May Kill Travel Program (USAT)

By Thomas Frank

USA Today, September 14, 2006

WASHINGTON — A government proposal that would force air travelers to pay up to $200 a year for a fast pass through airport security could kill the program, advocates and lawmakers said Wednesday.

That price — double what was expected — would “severely threaten” the long-delayed Registered Traveler program, said Steven Brill, a Manhattan entrepreneur planning to launch the idea at four airports this year.

Eagerly awaited by travelers and recently touted by Homeland Security Secretary Michael Chertoff, Registered Traveler offers fee-paying fliers expedited airport screening. Travelers in the program would have to pass a background check to rule out ties to terrorism and would get an ID card to speed them through checkpoints.

The Transportation Security Administration said last year that it expected to charge about $30 for a terrorism check. Now it wants to charge another $70 to pay for TSA screeners at Registered Traveler checkpoints, TSA spokeswoman Ellen Howe said. It also may charge an additional $20 for a criminal background check. Those costs are in addition to yearly fees of up to $80 that fliers would pay to companies operating the program.

Rep. Bennie Thompson, D-Miss., whose committee oversees Registered Traveler, said $200 “far exceeds anything that's ever been entertained. …You don't know if it's going to succeed now.”

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Larry Zmuda, head of homeland security for Pennsylvania-based Unisys, which also wants to run Registered Traveler, said the heftier price tag "would be a huge blow." It could deter millions from signing up and make Registered Traveler unprofitable at some airports, he said.

The program would operate only at airports that choose to apply and are approved by TSA. About 20 have applied so far.

The TSA says it wants to avoid spending taxpayer dollars on Registered Traveler. "It's a private-sector program, and it's designed to have Registered Traveler customers pay for use of the lane," Howe said.

The agency revealed the $100 fee on its website Monday with no publicity. The fee is based on "preliminary calculations" that could change later, the TSA says.

Rep. Dan Lungren, R-Calif., chairman of a subcommittee overseeing TSA, said the agency "is certainly going to have to justify that ($100) to me."

Registered Traveler advocates are lobbying the TSA against the $70 charge for screeners. Brill said the TSA doesn't have to hire extra screeners to run Registered Traveler checkpoints.

Brill's company, Verified Identity Pass, has said that charging more than $80 creates "significant barriers" to getting enough people to join and make the program a success.

Thompson, the congressman, said a $200 fee might deter travelers who already get shorter security lines through elite flier clubs.

Frequent travelers had mixed views.

Cleveland businessman Mark Taft said $200 is "on the outer edge of what I would pay."

Charlie Massoglia said paying $200 "doesn't make a difference to anyone who travels frequently."

Democrats Ask For Investigation Of Former EPA Director On 9/11 Health Issues (AP)

By Donna De La Cruz, Associated Press

AP, September 14, 2006

WASHINGTON – Democrats from New York and New Jersey asked on Wednesday for an investigation that could lead to criminal charges against former Environmental Protection Agency administrator Christie Whitman for breathing problems suffered by thousands after the Sept. 11 attacks.

Whitman told The Associated Press that she and the EPA "agreed then and I reiterate now that the air on the WTC site was not clean – the consequence of millions of tons of burned debris from the most horrific attack in our nation's history.

"We were emphatic that workers needed to wear respirators, a message I repeated frequently."

At hearings last week in New York, Whitman was the most frequent target of lawmakers who charged that ground zero workers were not protected as they worked to clear the pile of toxic debris.

Whitman, a former Republican governor of New Jersey, declared in the days after Sept. 11 that the air in lower Manhattan was safe for workers and residents. But she has said she and the EPA always differentiated between the air quality in lower Manhattan and at ground zero.

Former Sept. 11 Commission chairman Thomas Kean, also a former Republican governor of New Jersey, said it was troubling that the Democratic congressmen "would misuse the heroic service of thousands for their political gain in an election season."

The congressmen – New York Reps. Jerrold Nadler and Anthony Weiner and New Jersey Rep. Bill Pascrell Jr. – said the health of their constituents, and not politics, was their concern.

In a letter to Attorney General Alberto Gonzales, the trio accused Whitman of "endangering the lives of thousands of people."

Weiner said, "Only with the appointment of a special prosecutor with subpoena power can an independent investigation occur and, if necessary, criminal charges be brought against those responsible."

Pascrell said it was "morally incumbent" upon Gonzales to appoint a special counsel. The Democrats want the investigation to look at other government officials as well, but did not specify anyone other than Whitman.

Justice Department spokeswoman Kathleen Blomquist said the agency had not yet received the letter.

Separately, Whitman and the EPA are being sued by residents, workers and others over health issues. Last week, Mount Sinai Medical Center released the results of a study showing nearly seven of every 10 ground zero responders suffered lung problems.

Law Enforcement, American Style (NYT)

By John Miller

The New York Times, September 14, 2006

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Washington

WITH the fifth anniversary of the 9/11 attacks coming shortly after British authorities disrupted the plot to bomb airliners over the Atlantic, we are seeing another round of calls to break up the F.B.I. or to create a domestic intelligence agency separate from the F.B.I. with no police powers, similar to Britain's MI5.

But these critics, who have been joined by the prominent federal appeals court judge Richard Posner, seem to be unaware of two critical things. One is how far the F.B.I. has come in transforming itself into an intelligence-driven organization in the last five years; the other is how many attacks we have prevented in that span.

Using intelligence and technology — and our authority to make arrests — the F.B.I. has stopped five terrorist plots in progress in roughly the last year alone:

· On Aug. 31, 2005, in Los Angeles, we arrested four members of a group of radicals that had grown out of the prison system and was planning to attack military recruiting centers and synagogues.

· In February, in Toledo, Ohio, we arrested three men who had conspired to travel to Iraq and attack American forces there.

· In a case out of Atlanta, indictments were handed down in March and July against two men who had traveled to Washington to videotape possible targets near the Capitol and then met with other extremists in Canada to compare notes.

· In Miami in June, seven extremists were arrested after being recorded on F.B.I. surveillance tapes swearing allegiance to Al Qaeda and making plans to attack targets in Miami and Chicago, including the Sears Tower.

· In July a plot to attack subways in New York was disrupted with the arrest of the mastermind in Lebanon.

In addition, we worked closely with our law enforcement partners in Canada and Britain to help uncover plots in those countries that made headlines worldwide this summer. This recent record suggests two things: that the operational tempo of Al Qaeda's followers is still high, and that the F.B.I. is doing a good job.

So why tear apart the bureau now and start a new agency? How long would it take this new agency to get rolling? A year? Two? What would it use for a database? How would it address privacy and civil liberties? How long would it take the officers of this new agency to develop trusting relationships with America's 18,000 local law enforcement agencies?

There is a more fundamental question for the "domestic intelligence agency" proponents: Who says the other system is better? When we visit our colleagues at domestic intelligence agencies abroad to compare systems, those without police powers tell us they wish they could make arrests.

Israel and Britain have domestic intelligence agencies staffed by some of the finest operators in the world. Since 9/11, both countries have suffered terrorist attacks on home soil while we have not. That doesn't mean their systems don't work best for them; it simply proves that the domestic-intelligence model is not a magic bullet against our enemies.

The proponents of creating a new agency assume the F.B.I. always makes arrests at the first opportunity, scooping up the little fish while the masterminds get away. They seem unaware of the existence of our intelligence directorate, or the 56 field intelligence groups spread throughout the nation. The critics don't understand how intelligence is leveraged in each investigation.

At any moment, we are involved in joint operations with American and foreign intelligence agencies that go on for months or even years, gathering intelligence and disrupting plots by means other than high-profile arrests. These operations allow the F.B.I. and our partners to continue to follow the thread of intelligence until we have learned the identities of all the players or found the last safe house. In those cases no one takes a bow or holds a press conference, but the work gets done quietly and effectively. When we do make arrests, it is because making arrests was the most effective way to disrupt a plot.

The bureau's director, Robert Mueller, has made a priority of merging our longtime strength of being a premier investigative agency with the new goal of being an intelligence-led agency. We have started a national security branch, with special agents and talented analysts, to control our counterterrorism, intelligence and counterespionage efforts. This branch is now home to about 40 percent of the bureau's employees.

We have added a directorate that handles investigations involving weapons of mass destruction and also conducts research to stay on the cutting edge of terrorist capacities.

We have expanded our partnerships with local law enforcement by increasing the number of joint terrorist task forces to 101 today from 33 before 9/11.

In those squads in cities across the country, local police detectives, our agents and analysts and investigators from other federal agencies work side by side, sharing information and running down leads.

We have also developed a database, called the Investigative Data Warehouse, that can search more than 700 million records from more than a dozen agencies and match them against our own investigative records.

As we break down the structure of Al Qaeda, we see the very shape of the terrorist threat changing and adapting. Our approach has to continually evolve to keep up. Starting over from scratch will only set us back and make America less safe.

Insure CIA Agents Against A Reckless Administration (WSJ)

Wall Street Journal, September 14, 2006

Your Sept. 12 editorial "Jack Bauer Insurance" was a disservice not to me or to fictional characters like Jack Bauer, but to the very real CIA agents whose commitment to the truth didn't fit the administration's neoconservative agenda on Iraq, and to agents endangered by reckless administration policies.

It's been reported that CIA officers refused to be trained in the administration's controversial interrogation techniques, and in at least one instance these techniques yielded questionable information aimed at pleasing the interrogators. The Supreme Court, not Democrats, ruled administration detainee policies out of bounds, and it was the outrage of Republican senators that forced the administration to apply the Geneva Convention to enemy prisoners in order to best protect captured Americans.

Iraq has been an endless abuse of the CIA. CIA operative Tyler Drumheller said top White House officials simply brushed off the warning that "reliable intelligence" suggested Saddam Hussein had no weapons of mass destruction, saying they were "no longer interested" in intelligence. Former CIA operative Paul Pillar wrote that "intelligence was misused publicly to justify decisions already made."

Former CIA case officer Jim Marcinkowski argued the Valerie Plame leak hurt "the credibility of our case officers when they try to convince an overseas contact that their safety is of primary importance." Former CIA agent Larry Johnson, a registered Republican, said it "speaks volumes" that President Bush held no one accountable for the leak of an agent's identity. Forgotten is President George H.W. Bush's admonition that those who expose our agents are "the most insidious of traitors." CIA officers don't need Jack Bauer insurance -- they need insurance against the recklessness of this administration.

Sen. John Kerry (D., Mass.)

Boston

"These People Want To Kill Us" (WT)

By Guy Taylor

The Washington Times, September 14, 2006

The Washington Times, in a special section commemorating the first anniversary of September 11, profiled three men and two women who survived the attack on the Pentagon. They agreed to update their stories for a series, After the Fire, this week marking the fifth anniversary.

Fourth of five parts

A small white box tucked neatly in the cubbyhole of Pentagon police Officer George E. Clodfelter III's desk contains a dozen or so photographs of things that happened that day.

They look like snapshots from a nightmare.

There's one of a melted telephone. Another shows a clock with brown burn marks, the hands frozen at 9:37, the exact time a hijacked airplane slammed into the Pentagon on September 11, 2001.

The next shot shows Master Patrol Officer Clodfelter standing in the sun giving orders to two persons whose backs are to the camera. There's a dark red splotch on his white uniform shirt.

"That blood," he begins to say, but then stops as if someone has punched him in the throat.

A moment later, he adds: "She died in my arms, and that's her blood."

Five years have passed since Officer Clodfelter and 13 fellow members of the Pentagon Force Protection Agency plunged into the black smoke and flaming debris to save dozens -- some burned beyond recognition -- from the rubble in the moments after the attack.

Four years ago, when The Washington Times first profiled him on the first anniversary of September 11, Officer Clodfelter spoke graphically of pulling bloodied victims from the wreckage where 184 died.

He spoke of the many hours he spent with his wife of 33 years, Linda, at their kitchen table in the aftermath -- talking, crying and trying to cope with the misery of what he and others endured that day.

"I call it the tape," Officer Clodfelter said in 2002. "It runs in my mind. I don't consciously run it."

He described going through phases of fear, remorse and denial, and said at the time -- one year after the attacks -- that he was "in the anger phase."

During follow-up interviews with The Times over the past month, Officer Clodfelter, 52, reflected on his remarks, saying those were phases he went through "in the beginning."

"It levels out over time," he says. "Time heals all wounds to a certain degree."

While the passage of five years brought perspective, Officer Clodfelter says, certain things trigger a rush of painful emotions and memories.

"It's like it happened yesterday when I go toward that side of the building. I can still smell it and the tape runs," he says. "It smells like death."

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When asked to elaborate, Officer Clodfelter becomes quiet, then adds: "Those people that have smelled death know what it smells like. Leave it at that."

Seeking peace

The biggest change for the Clodfelters since September 11 was their move in 2002 from their town house in the Washington suburb of Lake Ridge, Va., to a quaint gated community about 60 miles south in Ruther Glen, Va.

The bucolic road leading to their modest two-story home is manned by uniformed security guards who check every vehicle coming in to the subdivision.

"Our decision to move here was a direct response to 9/11," Officer Clodfelter says. "I resigned myself to the fact that I didn't want [Linda] to get caught up in it if there was another catastrophe up there."

Despite the relative peace they have found in their new home, Mrs. Clodfelter says that she and her husband still keep a "bug-out bag" packed with items such as canned goods and gas masks in case a catastrophe should occur.

Memories of September 11 line the underbelly of other aspects of their lives. A wall inside the home carries mementos that Officer Clodfelter neatly arranged during the past few years: A framed Medal for Valor from the Defense Department. A Cu Chullian award for dedication and valor, presented by the Irish Center of Washington, D.C. A limited-edition commemorative September 11 rifle.

But more personal and more graphic mementos, such as his box of photographs, remain hidden away.

"I've got a lot of it around here in boxes, and I just haven't gotten around to sorting most of it because it's still so painful," Officer Clodfelter says.

He keeps another memento closer to his heart.

With memories fresh on the first anniversary of the attacks, he got a tattoo on his chest bearing the numerals 09-11-01 and depicting a bald eagle, wings spread as an American flag.

"It's right above my heart," Officer Clodfelter says, explaining that September 11 "is my Pearl Harbor" and the tattoo "is my devotion to the memory."

His wife interjects: "I'd say it's your own personal memorial."

Passion, politics

A line from a speech by President Bush, written in elaborate calligraphy, is framed and mounted on a wall in the Clodfelters' basement. The quote, from Oct. 7, 2001, when the president announced U.S. air strikes on Afghanistan, reads: "We will not waver; we will not tire; we will not falter; and we will not fail. Peace and freedom will prevail."

Conversations with Officer Clodfelter four years ago centered on pain and memories; they now veer more easily toward politics.

"I'm very bitter about this," he says, lighting a cigarette -- a pack-a-day habit that hasn't gone away since September 11.

"We're in a time of war and the liberals are not supporting the nation and the troops," Officer Clodfelter says. "George W. Bush has maintained his focus and he's taken the fight to the enemy. What would the non-supporters and liberals be saying now if they're going to their corner cafe to get their lattes and the corner blows up? Or the bus? Or the train? Or the Metro?

"These people want to kill us," he says. "It's not happening here because our people are doing their job."

Pausing to stub out the cigarette in a small ashtray, Officer Clodfelter adds that he's "very bitter about people like Hillary Clinton and this extreme left that has emerged with people like Cindy Sheehan," the anti-war activist whose son was killed in Iraq.

"George W. Bush was gracious enough to meet with her and yet she kept on pounding on it after the left got ahold of her," he says. "I understand a parent grieving and all, the pain of that, but her son signed on the dotted line. He volunteered to go into the military."

'Short memory'

Officer Clodfelter says his own two sons not only served in the military but were deployed to the Persian Gulf.

Navy Chief Petty Officer Michael Clodfelter, 34, served in the first Gulf war. In the aftermath of September 11, he was deployed to Iraq as a Seabee.

"I wouldn't say I was worried," Officer Clodfelter says. "But I was concerned. Any parent would be with their child going to a combat zone."

His younger son, Alec, is a retired Army staff sergeant now working as a military contractor at Fort Bliss in El Paso, Texas.

Officer Clodfelter says he is more politically conservative today than he was four years ago, partially because "that just happens when you get older."

He also becomes more frustrated with the public -- conservatives and liberals alike -- for not taking civic responsibilities seriously.

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"We, as an American people, have a short memory," Officer Clodfelter says. "Half the people don't even know who their state senator is."

He voiced similar sentiments four years ago, when he said "they should run that tape of the Pentagon and the World Trade Center on television channels every day before they go off the air."

He says that view hasn't changed.

"It should be six times a day now, because it's going to happen again. You should put that in bold letters," he says. "I blame the failed foreign policy of appeasement. This is why we're here today. I also blame the terrorists."

Closer to God

When asked whether he forgives the September 11 terrorists, Officer Clodfelter thinks for a long moment before responding: "I forgive them all, but that doesn't mean I like it.

"I have pity for these people. Outright, unadulterated pity because they could be so blind to commit these acts and fall into their Islamic fascist rhetoric," he says. "If you knew anything about the Koran, it says you shall not kill."

During the past four years, Officer Clodfelter adds, he has thought more about religion and a relationship with God. While he doesn't belong to a church, he speaks of an increased sense of faith.

"I don't go to any organized religious environment," Officer Clodfelter says. "I'm in touch with God in my own way. I pray and talk with God every day."

Before September 11, he prayed irregularly. "I was lukewarm," he says.

The years since have brought what Officer Clodfelter describes as intense reflection on morality and the afterlife.

"I think God tailor-makes heaven for each individual," he says. "Now I talk to God every day for an hour on the drive to work. It is my belief that the only thing you need to follow is the Ten Commandments, and that all religions are on the right path."

WAR NEWS:

Discovery Of 65 Bodies In Baghdad Is A Setback For Security Efforts (MCT)

By Mark Brunswick, Huda Ahmed

McClatchy Newspapers, September 14, 2006

BAGHDAD, Iraq - Authorities found at least 65 bodies dumped throughout Baghdad on Wednesday, and at least 25 people died in other violence in a setback to the U.S. military's efforts to reduce sectarian violence in Iraq's capital city.

The hands of most of the dumped victims were bound, and they were blindfolded. Most of the dead appeared to have been shot to death, and many showed signs of having been tortured.

The apparent resurgence in execution-style murders, which are often associated with sectarian violence and death squads, came as U.S. and Iraqi patrols have been sweeping Baghdad neighborhoods in search of insurgents and sectarian militiamen.

Since Operation Forward Together began on Aug. 7, U.S. officials have boasted that such killings in Baghdad declined by more than 50 percent in August, compared with July. U.S. officials wouldn't provide specific numbers, however, and have said that their comparison doesn't include victims of car bombings, mortar attacks and other so-called mass-casualty violence.

Statistics released by the Baghdad morgue suggest that the decline in violence from July to August was less than 18 percent, with 1,529 violent deaths in August and 1,855 in July.

Wednesday's deaths, however, clearly fall into the category that the U.S. military is tracking.

The daily total was the highest since the security sweeps began and the second highest so far this year. The most executions - 80 - occurred on Feb. 23, the day after a Shiite mosque was bombed in Samarra, setting off the current round of violence.

The bodies were dumped throughout the city. Ten were found in the Shula neighborhood in western Baghdad and another 10 were found in Sadr City in the east, both Shiite Muslim strongholds of anti-American cleric Muqtada al Sadr. Forty-five of the victims were discovered in predominantly Sunni Arab parts of western Baghdad, including five in the Dora neighborhood, which had already been swept by U.S. and Iraqi forces, police said. Most of the victims were found in groups of four or five.

U.S. officials said they hadn't been able to verify the reports of the bodies.

Police said they'd been unable to determine a pattern in where the bodies were dropped. None was near police or military checkpoints, police said. Shiite Muslim militias have been accused of infiltrating Iraqi police and army units.

An officer from the police station in the Amel neighborhood in north central Baghdad, speaking on the condition that he not be named, said that many of the incidents appeared to involve day laborers, drivers or police officers who may have been abducted as they began their workdays and then were killed shortly afterward. In most cases, police found no identification on the bodies, which were photographed and taken to the morgue.

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Such execution-style killings have become more frequent since the Samarra mosque bombing, although bodies bearing signs of torture have turned up almost daily since 2005.

But the spike in executions may signal that U.S. and Iraqi troops have been unable to quell the activities of death squads as operations begin to slow in anticipation of Ramadan, the month that Muslims devote to fasting. Ramadan begins Sept. 24.

Other violence in Baghdad on Wednesday targeted police convoys or stations. At least 14 people were killed and 67 wounded after a car bomb and an improvised explosive device went off near Al Shaab Stadium in east Baghdad at around 10 a.m. The blast appeared to be targeting a police convoy.

Two hours later, a bomb in a parked car exploded near a police patrol from the Zayona police station in east Baghdad. Eight police officers were killed and 19 civilians were wounded.

Two mortar shells landed on al Rashad police station in southeastern Baghdad, killing a policeman and wounding two others, police said. Two more policemen were killed when two mortar rounds landed near their station in Baghdad's eastern neighborhood of Mashtal. Three others were injured.

Nearly 100 Killed In Baghdad Over 24 Brutal Hours (WP)

By Amit R. Paley, K.I. Ibrahim

The Washington Post, September 14, 2006

BAGHDAD, Sept. 13 -- Nearly 100 people were killed or found dead in the Iraqi capital over the past 24 hours, authorities said Wednesday, continuing a wave of sectarian violence that has defied American efforts to thwart the carnage.

Sixty-two bullet-riddled corpses -- some of them beheaded and all bearing signs of torture -- had been found dumped in streets throughout the city since Tuesday night, said Brig. Gen. Abdullah Mahmood of the Interior Ministry. Bombings and mortar attacks targeting Iraqi police killed an additional 26 people Wednesday morning.

In the deadliest attack, a car bomb exploded at 9 a.m. near an indoor stadium in Baghdad, killing 12 traffic policemen and wounding 13, Mahmood said. As a crowd swarmed the scene to aid the wounded, another bomb went off, killing seven civilians and injuring 47.

Mortar shells slammed into a police station in the Mashtal area of eastern Baghdad and a security forces recruiting center near an airfield in the central part of the capital, the Interior Ministry said. Seven people were killed, and 19 were wounded.

The U.S. military, meanwhile, announced the deaths of two soldiers, one killed south of Baghdad on Tuesday night when his vehicle was struck by a bomb and the other on Monday during combat in Anbar province.

As the violence flared, leaders of the country's main political parties met to seek agreement on a politically explosive plan to carve the country into a federation of three autonomous regions. The federalism plan would create a Shiite Muslim region in southern Iraq much like the autonomous zone in the north controlled by the Kurds. Sunni Arabs would be left with vast swaths of desert in the middle of the country, an area that lacks the oil reserves in the other regions.

Khalaf Olayan, leader of the Iraqi National Dialogue Front, a Sunni group, said the meeting "focused on the question of time limitations and how we could delay the matter for the time being."

"We believe that a majority of our people do not understand federalism and some believe that if approved, it would lead to the division of the country," he said. "Besides, people now need services first and want things that will help them in their daily lives."

The leaders of all the political blocs will meet again on Saturday to try to resolve the issue, he said.

In Tehran, Prime Minister Nouri al-Maliki continued his first state visit to Iran by meeting with the country's supreme leader, Ayatollah Ali Khamenei, who called on the American military to withdraw from Iraq.

"Once the foreign forces leave Iraq, many of its problems will be solved," Khamenei said, according to the official Islamic Republic News Agency.

At the United Nations, Secretary General Kofi Annan said Wednesday that Middle East leaders told him during a recent tour of the region that the U.S. invasion of Iraq has "been a real disaster for them. They believe that it has destabilized the region."

Annan said there were sharp divisions over an extended U.S. military presence in Iraq. He said that while regional leaders want American troops to remain until security improves, Iran has pressed for a swift U.S. withdrawal.

"The U.S. has found itself in the position where it cannot stay and it cannot leave," he said. "I believe that if it has to leave, the timing has to be optimum, and it has to be arranged in such a way that it does not lead to even greater disruption or violence in the region."

Meanwhile, prosecutors demanded that the chief judge in Saddam Hussein's genocide trial step down, saying he has shown too much sympathy for the defendants in the case. Chief prosecutor Minqith al-Faroon said the judge, Abdullah al-Amiri, had "allowed the defendants to treat the chamber as a political forum."

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Hussein, charged with trying to annihilate the country's Kurdish minority during the 1980s Anfal campaign, has sprinkled the court hearings with outbursts accusing various people of being "Zionists" and "agents of Iran." But although the prosecutors criticized the judge, the defendants praised him.

"I swear by Allah, I saw that you were very patient today and listened to what we had to say," one of Hussein's co-defendants, Ali Hassan al-Majeed, known as "Chemical Ali," told the judge Wednesday. "I was pleased that you represent this court."

Kurdish witnesses testified Wednesday about horrific suffering in their villages during the Anfal campaign, in which prosecutors said 182,000 people were killed. The witnesses described an almost visceral urge to tell of the suffering their families and friends endured.

"I am sitting here in this court, with the blind eyes and the burned body, to provide it with scientific and medical evidence," said Omer Othman Mohammed, 42, a former guerrilla fighter from Sulaymaniyah. At one point, he brusquely brushed off a question from the judge and said he needed to tell his story without interruption.

Salah Gader Mohammad Ameen, a 31-year-old Kurd, said his mother, father and two brothers disappeared during the Anfal campaign. He testified that they were discovered only two years ago, when their bodies were found in a mass grave.

"May God have revenge on you!" Ameen shouted at Hussein. "Because of you, I have been deprived of my father."

Death Toll Soars In Baghdad (LAT)

By Patrick J. Mcdonnell And Julian E. Barnes

The Los Angeles Times, September 14, 2006

BAGHDAD — On a day in which nearly 100 bodies attested to Iraq's unbridled violence, Democrats stepped up their response to President Bush's policies, with former national security advisor Zbigniew Brzezinski calling the war "unwinnable."

Iraqi officials announced they had found the bodies of 60 men, some of whom had been shot in the head after being tortured, over the previous 24 hours. They said there was no single massacre or mass execution. Rather, the slaughter in two Baghdad neighborhoods was probably the result of multiple roving assassination teams, they said.

In addition to the apparent executions, a pair of car bombs and other violence took at least 35 lives and left scores injured Wednesday, officials said. U.S. authorities reported the deaths of two more American soldiers, one killed by a roadside bomb south of Baghdad and the other killed in action in Al Anbar province, the hotbed of the Sunni Arab insurgency in western Iraq.

In his televised speech to the nation Monday, Bush said that U.S. security "depends on the outcome of the battle in the streets of Baghdad," setting a theme that Republicans hope will sustain support for the war and their candidates between now and November's elections.

Democrats, who have been divided in their own policy toward the war, offered a two-pronged response Wednesday. Brzezinski, the national security advisor under President Carter, accused the administration of committing the country to an unachievable goal. The Bush administration's aim of creating "a secular, stable, democratic Iraq" is "simply unreal," Brzezinski said during an appearance on Capitol Hill with retired Gen. Wesley Clark, the commander of the North Atlantic Treaty Organization under President Clinton.

Meantime, Rep. John P. Murtha of Pennsylvania, a conservative Democrat and former Marine who has become an outspoken critic of the war, said that Iraq had become a crushing burden on the U.S. Army. The war has created equipment shortages and badly strained soldiers as well as Marines, Murtha said.

Army officials responded in a statement that "we are an Army at war and there is a cost to war."

U.N. Secretary-General Kofi Annan seemed to join the debate, saying at a news conference in New York that many leaders he had met with on a recent trip to the Middle East felt that the invasion of Iraq "has been a real disaster" that has destabilized the region. But they were divided on whether a departure of U.S. forces would make matters better or worse, he said.

"In a way, the U.S. has found itself in the position where it cannot stay, and it cannot leave," Annan said.

With the war shaping up as the dominant issue in the fall election, the administration and its critics have sought to shape public perception of what the U.S. ambassador here, Zalmay Khalilzad, has labeled the Battle of Baghdad.

The administration's efforts were notable Wednesday, as U.S. and Iraqi authorities disputed each other's accounts of the day's high death toll.

A U.S. military spokesman said the body count for the 24-hour period in question was actually about half of that reported by Iraqi officials. The dispute underscored how statistics on killings here have become hotly contested, particularly since the U.S. military launched a highly publicized security effort earlier in the summer. The security plan included the deployment of 8,000 additional U.S. troops to patrol with Iraqi forces in an effort to bring order to the capital.

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"We remain confident that these joint operations continue to be effective in reducing the violence in Baghdad," said Lt. Col. Barry Johnson, a military spokesman here.

On the Iraqi side, Muayed Matrood, an official at the besieged Baghdad morgue, said Wednesday's body count showed that "the phenomenon of a large number of unidentified and tortured corpses has returned back to Baghdad."

The morgue is due to receive two new refrigeration facilities to help handle the onslaught of corpses. "This is the first time in weeks that a number as large as this has been found within a day," Matrood said.

The Baghdad morgue had reported receiving about 17% fewer bodies in August than in July. That figure had created expectations that a downward trend could continue into this month. But violence increased markedly in the last few days of August and has continued unabated since then, sapping hope that the wanton killings would abate.

The large toll caused hardly a ripple in a capital that seems anesthetized to grim tidings. People went about their business, the government convened meetings, and the discovered corpses didn't amount to major news.

The 60 bodies were found scattered in two separate neighborhoods, Karkh, a mostly Sunni Muslim area in western Baghdad, where 43 were discovered, and Rusafa, a mostly Shiite Muslim area in eastern Baghdad, where 17 were found.

Most of the victims had gunshot wounds to the head. Some of the bodies were handcuffed and blindfolded and showed signs of torture.

Death squads stalk the streets of this once-tolerant capital, authorities say, targeting victims because of their sect. Many Iraqis fear leaving their neighborhoods, which are increasingly guarded by sectarian militias.

Shiite militiamen are widely regarded as the capital's principal executioners, evoking deep fear among terrorized Sunni Arabs. Other groups, mostly Sunni, have continued their campaign of bombings and other attacks on government officials, most of whom are Shiite.

On Wednesday, a pair of car bombs apparently targeting police killed at least 19 people and wounded 76 in Baghdad, authorities said. One car bomb detonated in a large square near the main headquarters of Baghdad's traffic police department, and the other exploded near a police patrol in the Zayona district.

More than a dozen other people were reported killed by small-arms fire and mortar rounds in Baghdad and its environs.

Among those killed was Safaa Ismael Enad, 31, a freelance photographer who was accosted by two gunmen in a photo studio. The gunmen asked for him by name, a colleague said, before they opened fire.

In all, 79 journalists and 28 media support workers have been killed in Iraq since the war began, according to the Committee to Protect Journalists, a New York-based advocacy group.

On Another Grim Day, Bodies Lie Everywhere In Baghdad (NYT)

By Richard A. Oppel Jr.

The New York Times, September 14, 2006

BAGHDAD, Sept. 13 — Nearly 90 Iraqis were killed or found dead here on Tuesday and Wednesday, an Interior Ministry official said, making for a particularly grim day even amid the intense sectarian violence.

At least 60 bodies were found throughout Baghdad between 6 a.m. Tuesday and 6 a.m. Wednesday, the ministry official said. Forty victims were unknown; 20 were identified.

Nearly all were shot in the head, had clear signs of torture, or were blindfolded, bound or gagged, and most were discovered in neighborhoods of western Baghdad with heavy Sunni Arab populations, he said. The other deaths reported by the ministry were in bombings and other attacks on Wednesday.

American military officials, who have been more aggressive in challenging body counts if they consider them inaccurate, disputed the number found, saying the actual number was roughly half what the ministry had reported.

According to the Baghdad morgue, whose statistics often prove to be higher than figures reported by news services or the Interior Ministry, the bodies of 1,535 victims of violent deaths, an average of 50 a day, were received in August. In July, the average was 60 a day. A recent study of civilian deaths by the United Nations found that by June, Iraqis across the country were being killed at a rate of more than 100 a day.

As the Iraqi police gathered up the bodies, several car bombs rocked Baghdad, killing or wounding dozens more. Among the attacks was a bomb that detonated shortly after 9 a.m. in southern Baghdad, killing 15 people, including 7 Iraqi police officers, and wounding 25 police officers and civilians, an American military spokeswoman said.

The Interior Ministry also said a bomb planted in an unattended car near a police station in eastern Baghdad exploded about 11:30 a.m., killing eight policemen and wounding 19 civilians.

The United States military also said two American soldiers had been killed. One died Monday from wounds sustained in fighting in Anbar Province, the largely insurgent-controlled region west of Baghdad. Another was killed Tuesday south of Baghdad when his vehicle was hit by a roadside bomb.

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In the capital's heavily fortified Green Zone, a prosecutor in the genocide trial of Saddam Hussein demanded Wednesday that the judge be removed for showing bias toward the former dictator and for letting him harangue witnesses.

Mr. Hussein is on trial for his role in the so-called Anfal military campaign in 1988 against Kurdish villages in northeastern Iraq. He and his co-defendants are accused of genocide in the killing at least 50,000 Kurds, including many in chemical weapon strikes.

He was tried earlier this year in the killing of 148 men and boys in 1982 in a Shiite village, Dujail, but that verdict is not expected for another month or two.

During the court session on Tuesday, Mr. Hussein called the Kurdish witnesses who had described atrocities at the hands of Mr. Hussein's military "agents of Iran and Zionism." And he warned witnesses that he would "crush your heads," according to an account by The Associated Press.

As the trial resumed Wednesday morning, a prosecutor, Munqith al-Faroon, accused the judge of letting "the defendants to go too far, with unacceptable expressions and words," according to a pool report filed by a reporter for The Daily Telegraph of London. Mr. Faroon said the judge had allowed defendants to "treat the chamber as a political forum."

The judge, Abdullah al-Amiri, who was a judge during Mr. Hussein's rule, responded coolly, not raising his voice. "The judge coordinates and makes peace among the people in his presence," he said.

The court heard a powerful and graphic account from Omer Othman Mohammed, who said he was a member of the Kurdish pesh merga militia who was caught in a chemical-weapon strike by Iraqi jets in April 1988 that left him badly burned from his chest to his legs.

"It was so fast, we were shocked," Mr. Mohammed testified, according to The Daily Telegraph's pool report. "The rockets did not explode, but they just broke. One hit close to me. When it broke, the chemical inside, it covered me. It was a liquid, not a gas. I was shocked. I was in pain.

"There was severe pain as if there was a high pressure on me or as if I was touching an electric current, or as if boiling water was being poured on my body. There are feelings you cannot describe to the people around you, even your loved ones."

Mr. Mohammed said he got up after the attack and saw that pieces of the rockets had sliced through some of his comrades.

"I saw people without their heads, I saw legs and arms," he said. "I saw parts of the body of my beloved friends. I called to a friend of mine and he came to me. I asked him for a mirror and asked him to bring me a first aid kit. I looked at my eyes and they were terribly red. I was suffering from terrible pain."

65 Tortured Bodies Found Around Baghdad (AP)

By Patrick Quinn

AP, September 13, 2006

The leader of Iraq's biggest Sunni Arab group demanded Wednesday that the beleaguered Shiite-led government take steps to disarm militias after police said the bodies of 65 tortured men were dumped in and around Baghdad.

On a violent day even by the standards of Baghdad, car bombs, mortars and other attacks also killed at least 39 people and wounded dozens. Two U.S. soldiers also were killed, one in enemy action in restive Anbar province on Monday and the other in a roadside bombing south of Baghdad on Tuesday, the U.S. military command said.

The attacks have been unrelenting despite a security crackdown around the capital by 12,000 U.S. and Iraqi troops. The more than 1,500 violent deaths last month at the height of the joint operation speak to the difficulties in restoring any semblance of security to this sprawling city of 6 million people.

Although Sunni Arabs operate some death squads, the vast majority are run by Shiite militias and gangs.

Shiite political groups, including those in power, claim that armed militias have nothing to do with them and that their own military wings were disarmed months ago and turned into social and humanitarian groups. They claim that armed groups and militias are "rogue" elements beyond their control, but many Sunni Arabs contend that they are in fact controlled by Shiite politicians and clerics.

Adnan al-Dulaimi, a Sunni who heads the Iraqi Accordance Front political party, called on Prime Minister Nouri al-Maliki, a Shiite, to take a first step by honoring a pledge to disband militias.

"We hope the government carries out what it pledged and disbands militias and considers them terrorist organizations," al-Dulaimi told The Associated Press. His party is Iraq's largest Sunni Arab political bloc and holds 44 seats in the 275-member parliament.

"Their presence is deteriorating the situation and bringing more troubles to the political atmosphere," al-Dulaimi said of militias. "We call upon all religious authorities to raise their voices and demand militias be disarmed."

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Police said 60 of the bodies were found overnight around Baghdad, with the majority dumped in predominantly Sunni Arab neighborhoods.

All the bodies were bound, bore signs of torture and had been shot, police said. Such killings are usually the work of death squads who kidnap people and usually torture them with power drills, or beat them, before shooting them execution-style with a bullet to the head.

The U.S. military said it could not confirm all the executions and that their body count so far was lower than that reported by police.

"It is looking like about a 50 percent discrepancy on execution-style killings so far," said Maj. Josslyn Aberle, chief of the media relations division for the Multi-National Corps-Iraq.

The reason for the difference was not immediately clear. The confusion over numbers underscores the difficulty of obtaining accurate death tolls in Iraq, which lacks the reporting and tracking systems of most modern nations. Also, counts by the U.S. military often lag behind those of the police.

According to Iraqi police, 45 of the bodies were discovered in predominantly Sunni Arab parts of western Baghdad. Fifteen were found in predominantly Shiite areas of eastern Baghdad. And five were found floating down the Tigris river in Suwayrah, just south of Baghdad.

In the two bloodiest attacks in the capital, a car bombing killed at least 19 people and wounded more than 62 in a large square used mostly as a parking lot near the main headquarters of Baghdad's traffic police department.

In eastern Baghdad, a parked car bomb exploded next to an Iraqi police patrol in the Zayona neighborhood, killing at least 12 people and wounding 34.

It is believed that some Shiite parties with militias accused of involvement in sectarian killings have support from neighboring Iran. Those parties are also allied with Prime Minister Nouri al-Maliki's government.

Al-Maliki, on a visit to Iran on Wednesday, pressed Tehran to stop interference that is having a "negative" impact on his country's security, his spokesman said in an unusual criticism of an ally with which Baghdad's ties are getting closer.

As al-Maliki met with Iranian leaders for a second day, no public mention was made on the issue of interference. Instead, the Iraqi prime minister and Iranian officials exchanged warm vows of growing friendship.

In Baghdad, government spokesman Ali al-Dabbagh said al-Maliki underlined that "we want the best of relations with Iran and we don't want interference in our internal affairs."

Al-Dabbagh suggested that funding was coming from Iran to groups in Iraq, which he did not identify.

"There is interference coming from neighboring countries and it has negative implications for the situation in Iraq," he told the AP in a telephone interview. "We want to bar financing for certain parties."

"Iran has shown it will help, and we want to see implementation of that," he said.

Sunni Arabs fear more sectarian violence will break out if the largest Shiite political bloc in parliament moves to establish autonomous regions as part of a federal Iraq.

Iraq's parliament speaker, Mahmoud al-Mashhadani, urged that a bill drafted by the dominant Shiite United Iraqi Alliance not be submitted until parliament amends the country's new constitution, a process that could drag on for months.

American, British and U.N. officials were also said to be urging a postponement.

Sunni Arabs vehemently oppose the bill, saying it could split the country into three distinct sectarian and ethnic regions that would deprive them of the country's oil wealth.

Federalism is already part of Iraq's new constitution and there is an autonomous Kurdish region in the north. However, special legislation and a referendum would be needed to turn Iraq into a full federation.

Shiite leaders of the United Iraqi Alliance were sending delegations to Najaf to meet with radical cleric Muqtada al-Sadr and other prominent Shiites who do not fully support the legislation — but for different reasons than the Sunnis'. Al-Sadr, for example, wants the issue to be discussed only after U.S. troops leave Iraq.

Iran Says U.S. Departure Would Calm Iraq (AP)

By Ali Akbar Dareini

AP, September 13, 2006

Supreme Iranian leader Ayatollah Ali Khamenei told the visiting Iraqi prime minister Wednesday that the way to end instability in Iraq is for U.S. forces to withdraw.

Prime Minister Nouri al-Maliki was on the second day of his first visit to Iran since he taking office in May, looking to a close ally of his Shiite-led government for help in calming the violence tearing apart Iraq and in developing Iraq's troubled oil industry.

He told Khamenei the Iranian governments must stop outside influences that are having a "negative" impact on Iraq's security, the Iraqi leader's spokesman said.

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With Iraq torn by sectarian violence between Shiite and Sunni Muslims, as well as a Sunni-led insurgency, the United States has frequently accused the Iranian regime of interfering in Iraqi politics and allowing insurgents to cross the border. Tehran denies that.

Khamenei told al-Maliki that Iran "considers it an obligation to support the Iraqi government in practical ways," Iran's state news agency said.

But Khamenei — who holds the final word in all political matters in Iran — made clear Iran wants to see the withdrawal of U.S. troops, which he blamed in part for the turmoil plaguing Iraq.

"Part of (Iraq's) sufferings have been due to the actions of the former regime and part is due to the presence of occupiers in Iraq," Khamenei told al-Maliki, according to the Iranian state news agency and state television.

"We hope a day will come when the Iraqi people reach the stage they deserve and that, by cutting the hands of the foreigners, its wealth will come to serve the Iraqi people," Khamenei said.

State TV quoted al-Maliki as saying instability was Iraq's biggest challenge and he blamed the violence mainly on supporters of Saddam's old regime.

No public mention was made of outside meddling in Iraqi affairs. In Baghdad, however, government spokesman Ali al-Dabbagh said al-Maliki underlined that Iraq wants good relations with Iran, but also that "we don't want interference in our internal affairs."

Al-Dabbagh suggested money was flowing from elements in Iran to groups in Iraq, which he did not identify.

It is believed some Shiite parties with militias accused of involvement in sectarian killings have support from groups in Iran, a predominantly Shiite nation. Those parties are also allied to al-Maliki's government, which has struggled to rein in the militias.

"There is interference coming from neighboring countries and it has negative implications for the situation in Iraq," al-Dabbagh told The Associated Press in a telephone interview from Baghdad. "We want to bar financing for certain parties."

"Iran has shown it will help, and we want to see implementation of that," he added.

The comments reflect the complex relationship between Iran and Iraq, which is backed by the United States — Tehran's top enemy. Al-Maliki's Dawa Party is closely allied with Iran as are other Shiite parties in his government, and al-Maliki lived in Iran for part of his long exile during Saddam's rule.

In a meeting with Ali Larijani, Iran's top nuclear negotiator, al-Maliki thanked Iran for giving haven to Iraqi leaders opposed to Saddam's rule.

"Iraq is Iran's natural ally," state TV quoted Larijani as telling al-Maliki.

In the latest sign of increasing cooperation, the two countries reached a deal for jointly developing oil fields straddling their border, and eventually Iraq will send crude oil to refineries in Iran for processing, Iraq's Oil Ministry said Wednesday.

Iran is also helping Iraq in its chronic shortages of petroleum products. Under a deal reached last month, Iraq will sell crude oil to its neighbor, which will sell back kerosene, and an Iranian-Turkish company will deliver gasoline, Iraqi Oil Ministry spokesman Assem Jihad told AP.

Middle East Riven Over U.S., Annan Says (WT)

By Betsy Pisik

The Washington Times, September 14, 2006

NEW YORK -- Washington's options in Iraq are constrained by competing pressures from countries in the region for the U.S. to stay or to leave quickly, U.N. Secretary-General Kofi Annan said yesterday.

"The U.S. has found itself in a position where it cannot stay and it cannot leave," he said at a press conference. "And if it has to leave, the timing has to be optimum and it has to be arranged in such a way that it does not lead to even greater disruption or violence."

Pressed by reporters, he declined to offer suggestions. But in his first extended remarks since returning from a two-week, 11-country trip through the Middle East, Mr. Annan said most regional leaders felt the U.S. occupation of Iraq had harmed their countries.

"Honestly, most of the leaders I spoke to felt invasion of Iraq and its aftermath has been a real disaster for them. They feel it has destabilized the region," Mr. Annan said.

"Actually, there were two schools," he added. "Many leaders who felt the Americans should stay until the situation improves, and that having created the problem, [they] cannot walk away.

"Then you have another school, particularly in Iran, [where authorities believe] the presence of the U.S. is a problem and the U.S. should leave."

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The secretary-general said officials in Tehran told him that "if the U.S. were to decide to leave, they would help them leave." The Iranians did not explain the comment, he said, "but they made it quite clear that the U.S. presence is a problem that must be withdrawn."

The stay-or-go argument has been gathering steam in Washington, where lawmakers are grappling with whether or how to extricate more than 130,000 U.S. troops from an increasingly unpopular war. With November elections looming, politicians from both sides of the aisle are staking out positions for and against a withdrawal.

Iraqi authorities discovered 65 bodies in and around Baghdad yesterday, most of which had been bound and tortured. It was the latest evidence that organized death squads continue to operate in the capital, despite the redeployment of large numbers of American troops to the city.

Also yesterday, car bombings and mortar fire killed 32 persons and wounded 76, according to the Associated Press.

The United Nations has been asked by Iraqi and U.S. officials to take a larger role in the stabilization and rehabilitation of Iraq, a country that sits atop the second-largest oil reserve in the world.

At his press conference, Mr. Annan also praised donor nations and the often-divided U.N. Security Council for acting together to help bring peace and stability to Lebanon after Israel's July invasion, which was prompted by the abduction by Hezbollah militants of two Israeli soldiers.

He also acknowledged frustration with Sudan's refusal to permit an effective international peacekeeping force to enter the western Darfur region and stressed that Iran and the West must work quickly to restore some confidence before negotiations on nuclear uranium enrichment can go forward.

House Dems Review Call For Rumsfeld Resignation (HILL)

By Roxana Tiron

The Hill, September 14, 2006

Echoing moves in the Senate, Rep. John Murtha (D-Pa.) is calling for the immediate resignation of Defense Secretary Donald Rumsfeld.

Murtha's call comes just as he and Rep. David Obey (D-Wis.), ranking member of the House Appropriations Committee, released a new report on the state of U.S. Army readiness.

In his resolution Murtha lists a litany of reasons for Rumsfeld's immediate resignation, ranging from the secretary's insistence that there were weapons of mass in destruction in Iraq to his failure to anticipate the number of troops needed to secure Iraq and to address the flagging readiness of U.S ground troops.

In recent weeks Democrats have intensified their criticism the GOP and Bush administration policies in Iraq and have stepped up their calls for Rumsfeld's resignation.

"The Defense Secretary should return to the private sector," Obey said at a press conference yesterday.

The newly released readiness report, which served in part as a basis for Murtha's resolution, said that the Army's preparedness has eroded to levels not seen since the Vietnam war, and that the service's readiness will continue to decline as troops continue to fight in Iraq and Afghanistan. The reduction in readiness levels will undermine the Pentagon's ability to respond to future conflicts, the report said.

Roughly one-half of the entire U.S. Army is reported to be at the lowest level of military readiness. The situation in the Army National Guard and Reserves is even worse, the report said.

The vast majority of the 16 active-duty, non-deployed combat brigades in the United States managed by the Army's Forces Command are rated at the lowest readiness ratings because of severe equipment shortages, according to the report.

"The lack of national attention paid to the Army's plight is unconscionable," Murtha told reporters yesterday.

The low readiness rates become a concern for the units scheduled for deployment later this year, particularly for the 1st Cavalry Division, which faces equipment shortfalls.

The new report emphasizes that the Army's major short-term challenge is repairing its battle-worn equipment.

The Army needs an additional $17.1 billion in 2007 to spruce up its equipment. The Senate has approved an additional $13.1 billion to the $50 billion emergency bridge fund in the 2007 defense appropriations bill to deal with both Army and Marine Corps equipment repair. House and Senate conferees on the spending bill will decide the final amount that will be added to that bridge fund.

Meanwhile, the chairmen of the House and Senate Armed Services committees agreed to authorize an additional $20 billion for equipment repair.

Why We Can't Send More Troops (WP)

By Lawrence J. Korb And Peter Ogden

DOJ_NMG_0063024

The Washington Post, September 14, 2006

In "Reinforce Baghdad" [op-ed, Sept. 12], William Kristol and Rich Lowry argue that the United States needs to deploy "substantially" more troops to Iraq to stabilize the country. Aside from the strategic dubiousness of their proposal -- Kristol and Lowry's piece might alternatively have been titled "Reinforcing Failure" -- there is a practical obstacle to it that they overlook: Sending more troops to Iraq would, at the moment, threaten to break our nation's all-volunteer Army and undermine our national security. This is not a risk our country can afford to take.

In their search for additional troops and equipment for Iraq, the first place that Kristol and Lowry would have to look is the active Army. But even at existing deployment levels, the signs of strain on the active Army are evident. In July an official report revealed that two-thirds of the active U.S. Army was classified as "not ready for combat." When one combines this news with the fact that roughly one-third of the active Army is deployed (and thus presumably ready for combat), the math is simple but the answer alarming: The active Army has close to zero combat-ready brigades in reserve.

The second place to seek new troops and equipment is the Army National Guard and Reserve. But the news here is, if anything, worse. When asked by reporters to comment on the strain that the active Army was under, the head of the National Guard said that his military branch was "in an even more dire situation than the active Army. We both have the same symptoms; I just have a higher fever."

Already, the stress of Iraq and Afghanistan on our soldiers has been significant: Every available active-duty combat brigade has served at least one tour in Iraq or Afghanistan, and many have served two or three. Likewise, the vast majority of Army National Guardsmen and Reservists have been mobilized since Sept. 11, 2001, some more than once.

Thus the simple fact is that the only way for Kristol and Lowry to put their new plan into action anytime soon without resorting to a draft -- and thereby dismantling the all-volunteer Army, which, as the authors themselves would certainly admit, could be strategically disastrous -- is by demanding even more from our soldiers by accelerating their training and rotation schedules. While there is no question that the soldiers would respond to more frequent calls to duty, it is doubtful that they would be supplied with proper equipment and training for their mission in the near term. Moreover, the long-term toll on the cost and quality of our troops would be threatened by the added strain.

First, the equipment shortage that the U.S. Army faces at the moment is making it difficult to train troops even at current levels. The service has been compensating for this $50 billion equipment shortfall by shipping to Iraq some of the equipment that it needs to train nondeployed and reserve units. Increasing the number of deployed troops would compound this readiness problem and leave the Army with little spare capacity to respond to other conflicts around the globe that might demand immediate and urgent action.

Second, the long-term costs of leaning even more heavily on our ground troops to fight what is an unpopular war will take its toll on the quality of our Army. At present the Army is compelled to offer promotions to an unprecedented number of its personnel to retain them. Some 98 percent of captains were promoted to major this year, and the quality of the next generation of military leaders will suffer if this process is not made more selective once again.

In addition, even the quadrupling of recruitment bonuses since 2003 has not been enough to attract adequate numbers of talented men and women to meet the Army's personnel goals. Although the Army has accepted more troops with lower aptitude scores and raised its maximum enlistment age, it still must grant waivers to about 1 out of 5 new recruits and has had to cut in half the number who "wash out" in basic training.

While we disagree with Kristol and Lowry's contention that sending more troops to Iraq would bring peace and stability to the country, the U.S. Army and National Guard and Reserve should nevertheless possess the capacity to respond to such a plan or other deployments without undue strain and long-term costs. The solution is to do two things that the Bush administration has not: permanently increase the number of troops in the active Army and fully fund its equipment needs. Let this, not the expenditure of more blood and treasure in Iraq, be the "courageous act of presidential leadership" that Kristol and Lowry desire.

Lawrence J. Korb was assistant secretary of defense for manpower, installations and logistics during the Reagan administration. He and Peter Ogden work on national security issues at the Center for American Progress.

50 Killed In Widespread Afghan Violence (AP)

By Paul Garwood

AP, September 13, 2006

NATO nations failed to agree on calls by military commanders for 2,500 extra troops to help crush the growing Taliban-led insurgency in Afghanistan, where at least 50 people were killed Wednesday in widespread violence.

NATO announced that 173 people — including 151 Afghan civilians — have been killed in suicide bombings across the country since the start of the year. The remaining victims include NATO and U.S.-led coalition forces and Afghan authorities.

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It was the first time NATO released such figures and they indicate the dangerous change in tactics by militants, who have been following the lead of insurgent attacks in Iraq.

The ferocity of the Taliban resurgence since their 2001 ouster has taken U.S. and NATO commanders by surprise, particularly in southern provinces where NATO forces have been clashing daily with militants since taking control of the region on Aug. 1.

"Such blatant disregard for human life and potential undertaken by insurgents who callously ask to be called mujahedeen (holy warriors) cannot be more clear," NATO spokesman Maj. Luke Knittig said.

U.S. officials announced after a Kabul car bombing Friday that killed 16 — including two American troops — that a suicide bombing cell was hunting foreign troops in the capital.

Meanwhile, thousands of Canadian troops reclaimed more contested territory from Taliban fighters in the southern Kandahar province insurgent hotbeds of Panjwayi and Zhari. NATO forces claim to have killed at least 517 militants in both districts since launching a large-scale campaign on Sept. 2 dubbed Operation Medusa.

Purported Taliban spokesmen dispute the death toll and claim in videotapes that they are pushing NATO forces to the limit across the vast deserts and mountain ranges of Helmand and Kandahar provinces.

Some 8,000 Canadian, British and Dutch soldiers — almost half of the 20,000-strong NATO force — are leading the anti-Taliban push in the south. But military chiefs say another 2,500 troops, plus greater air support, would help them crush the Taliban threat more quickly.

In Brussels, Belgium, allied military experts failed Wednesday to commit more troops, planes and helicopters to the NATO mission, despite a plea by the alliance's American commander, Gen. James L. Jones.

"No formal offers were made at the table," said NATO spokesman James Appathurai. He told a news conference some allies had given "positive indications" on the reinforcements, but suggested final decisions may have to wait until a Sept. 28-29 meeting of NATO defense ministers in Slovenia.

In Kabul, another NATO spokesman, Mark Laity, said NATO forces were only at "85 percent of the capabilities we were told we would have" to fight between 4,000 to 7,000 insurgents believed active in the country.

"These extra forces are needed because we are in a particularly intense environment," Laity told The Associated Press. "But Operation Medusa proves that we have considerable capabilities that we can do a considerable amount with."

British Prime Minister Tony Blair said all NATO members had a responsibility to back the alliance's Afghan cause.

"NATO is looking at what further requirements there are and NATO and NATO countries have got a duty to respond," he told reporters in London.

In southern Helmand province, police killed 16 Taliban in a mountainous area outside the town of Garmser, which militants recently took over for the second time in two months, before Afghan and NATO forces claimed it again on Monday.

Garmser police chief Ghulam Rassoul said the militants were killed in a four-hour battle that began late Tuesday and continued into Wednesday.

Afghan and U.S.-led coalition forces also killed between 20 and 30 Taliban on Wednesday in raids on three villages in central Ghazni province, Afghan officials said.

In western Farah province, four police and four insurgents were killed after militants ambushed a police convoy, said Farah provincial chief of police, Gen. Sayed Agha Saqeb.

In other violence around Afghanistan:

· A U.N. aid worker was killed Tuesday when militants fired on his car in a remote Farah village.

· A suicide attacker was the sole victim when his bomb exploded inside a Sunni Muslim mosque in Kandahar, police said. The motive for the blast was unclear.

· A roadside bomb killed a border police guard chief and three other officers in eastern Kunar province Wednesday, police said.

· In the eastern Nangarhar province, where al-Qaida militants have long been active, two rockets were fired into the provincial capital of Jalalabad several hours before Afghan President Hamid Karzai and the Pakistani premier opened a new road. No casualties were reported.

NATO Allies Ignore Call For Troops (WT)

By Nicholas Kralev

The Washington Times, September 14, 2006

NATO allies failed to answer Washington's call to commit more troops to the escalating battle with Taliban and al Qaeda fighters in Afghanistan yesterday, prompting the Bush administration to rethink its diplomatic strategy ahead of two meetings of alliance ministers later this month.

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U.S. officials said they still hoped that countries would come forward, noting that some interest in providing forces was expressed at the Brussels session, but they also indicated that they would target specific NATO members with capabilities to step up to the task.

"We have some thoughts in mind of countries that might contribute additional forces," said State Department spokesman Sean McCormack. "We are going to be having those conversations, obviously, in coordination with the NATO leadership."

Yesterday's urgent meeting at the alliance's headquarters in the Belgian capital was called after NATO commanders issued an appeal last week for up to 2,500 extra troops in southern Afghanistan in the face of surprisingly strong Taliban resistance.

However, "no formal offers were made at the table," said NATO spokesman James Appathurai, even though there were some "positive indications" from several members, which he did not name.

Victoria Nuland, the U.S. ambassador to NATO, told the British Broadcasting Corp. that Washington wants "to have more punch" in the Afghan mission "no later than the beginning of October, because this is an essential season before the cold comes in Afghanistan."

But NATO officials said it is not likely that a decision about an expanded force will be made before the end of September, when alliance defense ministers are scheduled to meet in Slovenia, one of the newest members.

Secretary of State Condoleezza Rice is expected to host a meeting of fellow foreign ministers in New York during the opening of the U.N. General Assembly session next week, and U.S. officials said they plan to use the occasion for aggressive diplomacy.

There are about 18,500 NATO troops currently in Afghanistan, but most of them operate in the capital, Kabul, and other regions, rather than in the troublesome south. The force there is led by Britain, which has about 4,500 troops in the entire country. The United States, Canada and the Netherlands have about 2,000 each, while Romania, Denmark and others have smaller contingents.

About 30 NATO soldiers have been killed since the alliance took over the force in Afghanistan earlier this summer.

"It is important that the whole of NATO regards this as their responsibility," British Prime Minister Tony Blair said yesterday. "NATO is looking at what further requirements there are, and NATO and NATO countries have got a duty to respond to that."

But many European governments have said that their forces are stretched too thin with their current deployments in Afghanistan, Iraq, Lebanon, Ivory Coast, Congo and the Balkans.

The German Defense Ministry on Tuesday ruled out sending troops to southern Afghanistan, saying that its existing deployment of 2,900 troops in the country's north has taken it close to a limit of 3,000 set by parliament.

Spain, France and Italy already have contingents in western Afghanistan and in Kabul, and recently committed troops to the expanded U.N. peacekeeping force in Lebanon. Turkey has ruled out sending any reinforcements.

NATO said yesterday that 173 persons, including 151 Afghan civilians, have been killed in suicide bombings across the country so far this year. At least 50 persons were killed yesterday in widespread violence.

Poland Is Best Hope For Afghan Force (FT)

By Daniel Dombey, Stephen Fidler, And Jan Cienski

Financial Times, September 14, 2006

Poland emerged on Wednesday as Nato's best hope of more troops for Afghanistan, after a formal meeting of the alliance failed to meet an urgent military request for hundreds of extra soldiers.

The Polish defence ministry said Warsaw, which has announced plans to withdraw its 900 soldiers from Iraq, was in talks with its Nato allies about where and when they would be deployed in Afghanistan. Poland, which has about 100 troops in Afghanistan, has already announced it will send about 900 extra soldiers to the country from 2007.

Diplomats said it might be possible to speed up the Polish deployment. One Nato official said: "We are close to getting substantial contributions from at least two European countries not currently in the south [of Afghanistan]." He declined to name them. At present, the fight in the south is being led by troops from Canada, Britain and the Netherlands.

The push for reinforcements, preferably to arrive before the hard Afghan winter sets in, has put the spotlight both on Nato's struggle to help establish a stable government in Afghanistan and on its long-term prospects as a military alliance.

At an emergency meeting yesterday, Nato's 26 member countries came up with no commitments for any new soldiers – in spite of a call last week by General James Jones, Nato's supreme commander, for up to 2,500 troops. But officials believe that the likely offers from the two European countries should meet Gen Jones' most important demand – for a 800-1,000 strong reserve battalion to aid Nato's fight against the Taliban-led insurgency in south Afghanistan.

Nato said: "We have had indications in terms of force generation to fill the outstanding requirement . . . the operation commanders, including Gen Jones, are confident that they have sufficient forces in the theatre to be able to complete the

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operation successfully." The alliance said it had managed to clear Taliban insurgents from 55 per cent of the area surrounding their former stronghold of Kandahar.

Lord Garden, a former senior air force officer who acts as a defence spokesman for Britain's Liberal Democratic party, said: "Part of the problem . . . is Nato funding. If you volunteer, not only do you provide the troops, you have to provide the money to fund them."

Diplomats sought to emphasise that the Nato mission was a long way from failure. Victoria Nuland, US ambassador to Nato, said: "One of the things that is getting lost here is that the operation against the Taliban is a huge success. The extra troops will allow us to win faster and more decisively and to continue reconstruction at the same time."

However, casualties taken by British troops in the southern province of Helmand have increased controversy over the mission.

Military Will Meet '06 Recruiting Goals (WT)

By Rowan Scarborough

The Washington Times, September 14, 2006

The U.S. Armed Forces will meet wartime recruiting goals for the fiscal year that ends in two weeks, military officials said yesterday.

Despite Washington's heated political debate on the worthiness of the Iraq war, frequent overseas war deployments and daily casualties, officials say a sufficient number of young men and women are signing up with the Army, Air Force, Navy and Marine Corps in fiscal 2006 to maintain an active-duty force of about 1.4 million.

The Army, which has suffered the largest death toll as the chief provider of troops in Afghanistan and Iraq, reports that it has exceeded a goal of 70,200 recruits by signing up 72,997 as of August. Officials say they expect to meet a Sept. 30 goal of 80,000 for the fiscal year.

The Army missed its goal two years ago for the first time since 1999, sparking fears that the stress of the global war on terrorism and daily reports of soldier deaths were discouraging high school graduates from joining.

Hitting the mark in a time of war has cost the Army more money -- and style. In June, it raised the maximum age for recruits from 38 to 42, and says it has attracted scores of veterans. And it relaxed tattoo rules. Now, body art can extend above the neck.

"We learned more and more teenagers have tattoos, so we relaxed the tattoo policy," said Maj. Nathan Banks, an Army spokesman at the Pentagon.

The Army also is offering increased college tuition reimbursement and sign-up bonuses up to $40,000.

Of exceeding the recruiting goal, Maj. Banks said, "It's always better to have more than less. We don't stop."

The Marine Corps, which has troops in the restive and deadly Anbar province in Iraq, also will meet its goal this fiscal year of 32,701 active-duty recruits and 5,930 reservists, said Maj. Wes Hayes, a spokesman for Marine Corps Recruiting Command. He said the Corps has not increased incentives.

"Our success is all attributed to those 2,650 Marine Corps recruiters, their tireless efforts, their professionalism at informing and educating young men and women about the Marine Corps," he said.

The Pentagon reports that the Navy and Air Force also are meeting recruitment goals.

The Army is still encountering shortfalls in Reserve recruiting. It stands at 94 percent of a targeted 33,124 by the end of August. The Army National Guard is a few tenths of a percent below its goal.

Gay Groups Renew Drive Against "Don't Ask, Don't Tell" (NYT)

By Lizette Alvarez

The New York Times, September 14, 2006

MADISON, Wis. —The three young men who tried to enlist at an Army recruiting station here appeared to be first-rate military material.

Two were college students, and the other was a college graduate. They had no criminal records. They were fit and eager to serve at a time when wars on two fronts have put a strain on American troops and the need for qualified recruits is great.

But the recruiter was forced to turn them away, for one reason: they are gay and unwilling to conceal it.

"Don't judge me because of my sexuality," said one of the three, Justin Hager, 20, a self-described Republican from a military family who has "a driving desire to join" the armed forces. "Judge me because of my character and drive."

As the Pentagon's search for soldiers grows more urgent, gay rights groups are making the biggest push in nearly a decade to win repeal of a compromise policy, encoded in a 1993 law and dubbed "don't ask, don't tell," that bars openly gay people from serving in the military.

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The policy, grounded in a belief that open homosexuality is damaging to unit morale and cohesion, stipulates that gay men and lesbians must serve in silence and refrain from homosexual activity, and that recruiters and commanders may not ask them about their sexual orientation in the absence of compelling evidence that homosexual acts have occurred.

The push for repeal follows years of legal setbacks, as well as discord among gay rights groups about how, or even whether, to address the issue. Now, rather than rely on the courts, advocates are focusing on drumming up support in towns across the nation, spotlighting the personal stories of gay former service members and pushing a Democratic bill in the House that would do away with the policy.

In August the gay rights group Soulforce opened a national campaign by recruiting openly gay people, including the three young men in Madison, who would have enlisted in the military if not for "don't ask, don't tell." [As part of that campaign, two young people who were rejected as applicants on Tuesday at a recruitment center in Chicago returned there on Wednesday and engaged in a sit-in. They were arrested but later released without charges.]

The move to change the policy faces stiff resistance from the Pentagon and Republicans in Congress, who, in a time of war during a tough election year, have no longing for another contentious debate about gay troops. The House bill, introduced last year by Representative Martin T. Meehan, Democrat of Massachusetts, has picked up 119 supporters, but only five of them Republicans.

"In the near term, it has zero chance," said Daniel Gouré, a vice president at the centrist Lexington Institute. "It's hard to see how anyone would want to give potential opponents any ammunition to knock them off."

A 2004 report by the Urban Institute concluded that at least 60,000 gay people were serving in the armed forces, including the Reserves and the National Guard. But since 1993, at least 11,000 members have been discharged for being openly gay, among them 800 in highly crucial jobs, according to the Government Accountability Office, Congress's investigative arm.

For all of that, gay rights groups, gay veterans and some analysts say much has changed since the policy was adopted. A Gallup poll in 2004 found that 63 percent of respondents favored allowing gay troops to serve openly, and a similar survey, by the Pew Research Center this year, put the number at 60 percent; those majorities did not exist in 1993. Young people in particular now have more tolerant views about homosexuality.

In addition, 24 foreign armies, most notably those of Britain and Israel, have integrated openly gay people into their ranks with little impact on effectiveness and recruitment. In Britain, where the military was initially forced to accept gay troops by the European Court of Human Rights, gay partners are now afforded full benefits, and the Royal Navy has called on a gay rights group to help recruit gay sailors.

The new debate on "don't ask, don't tell" also coincides with multiple deployments that are being required of many American troops by a military that has lowered its standards to allow more high school dropouts and some convicted criminals to enlist.

"Would you rather have a felon than a gay soldier?" said Capt. Scott Stanford, a heterosexual National Guard commander of a headquarters company who returned from Iraq in June. "I wouldn't."

Lt. Gen. Daniel W. Christman, retired, former superintendent at West Point and onetime assistant to the chairman of the Joint Chiefs of Staff, said both the British experience and the shifts in attitudes at home would cause the American armed forces to change, though slowly.

"It is clear that national attitudes toward this issue have evolved considerably in the last decade," said General Christman, now a senior vice president at the United States Chamber of Commerce. "This has been led by a new generation of service members who take a more relaxed and tolerant view toward homosexuality."

In fact, a growing number of gay service members have told advocacy groups that fewer heterosexual troops are making homosexuality an issue. In some cases, they say, commanders look the other way when someone is suspected of being gay or even avows it, especially if that service member is valuable. Since the war in Afghanistan began in 2001, discharges of openly gay members have fallen by 40 percent.

"People are really blasé about the issue," said Tim Smith, 24, a former marine who was discharged last year after a civilian chaplain, told of Mr. Smith's homosexuality by congregants, alerted his commander.

Mr. Smith, who was married when he entered the Marine Corps in 2001, hopes to dispel a stereotype of the "promiscuous, night-going, street-dancing" gay man by telling his story and sharing the reaction that disclosure of his orientation elicited. That reaction was largely favorable. At the end, he said, his commander even told the commanding general in a letter that Mr. Smith would be impossible to replace.

On the other side of the divide, Elaine Donnelly, president of the conservative Center for Military Readiness, said permitting gay men and lesbians to serve openly would prompt recruitment rates to drop and disrupt unit cohesion, a linchpin in the decision to allow gay troops to serve only in silence.

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"People in the military live in conditions of little or no privacy," said Ms. Donnelly, who advocates a full ban on gay troops. "In conditions of forced intimacy, people should not have to expose themselves to other persons who are sexually attracted to them."

Further, the policy lets unhappy troops, straight or gay, ditch the military service to which they have committed. About 85 percent of those discharged under the policy had declared a homosexual orientation, according to the Servicemembers Legal Defense Network, a gay rights watchdog; roughly half that number had volunteered the information simply to get out of the military.

"It lets people kind of get out of jail free," said Aaron Belkin, director of the Center for the Study of Sexual Minorities in the Military, a research group at the University of California, Santa Barbara, that has sided with the effort to eliminate "don't ask, don't tell."

Mr. Hager, the young man rejected at the recruiting center here in August along with John Alaniz, 25, and Derek House, 19, had expected that outcome. Joining the Soulforce campaign, he said, was about making a point.

He had tried to enlist in the Navy in high school, when his sexual orientation was still hidden, and had scored high in his aptitude test. His father had served in Vietnam, and his grandfather, a concentration camp survivor, had instilled in him a drive to safeguard America. But a broken ankle dashed his plans then.

This time it was his own words that sidelined him.

"I am openly homosexual," he said, "and that opportunity won't be there for me."

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The President's Lawyer And Paradigm Change (SCRIPPS)

By Jose De La Isla

Scripps Howard, September 14, 2006

Commentary By JOSE DE LA ISLA

President Bush has finally announced that 14 terrorist suspects will go on trial. He has acknowledged the detainees have been in CIA hands and are now in military custody. Congress still has to authorize court procedures for the trials. This is a pivotal moment. It is a "paradigm change," a time when one conceptual way of understanding could give way to another.

Alberto Gonzales, as Bush's legal counselor in the White House before becoming U.S. attorney general, will continue as a central character. He is without peer in putting the policies together.

Not since Robert F. Kennedy was working for his brother JFK have the White House and Justice Department driven such fundamental change. The enigmatic, secretive Gonzales will have a lasting effect on future presidencies.

Before going to the White House, Gonzales had been Gov. George W. Bush's legal advisor, Texas' secretary of state, and then chief justice on the state Supreme Court.

He was from the beginning a close, trusted member of the Bush team. Although Washington hands did not immediately peg him as intimately associated as Karl Rove, Karen Hughes and Harriet Miers, he was.

According to a new book by Bill Minutaglio, "The President's Counselor: The Rise to Power of Alberto Gonzales" (Rayo Books, 2006), he was the closest, the keeper of family secrets, and the one who understood what Bush wanted to accomplish. Minutaglio's tome is strongest in summarizing mountains of news accounts, providing context and connecting the dots, showing how decisions were made. The account is weakest when he tries to interpret Gonzales' Hispanic and family background. What emerges is Gonzales and Bush virtually joined at the hip.

What Karl Rove has been to Bush's political planning, Gonzales has been to legal strategy. Before 9/11, Gonzales had assembled a group of lawyers, mainly members of the Federalist Society, in the White House's Office of Legal Counsel. The conservative organization holds that the Constitution has a fixed and knowable meaning and they oppose interpretations that cast it as having an evolving significance.

He and his group were leaders on legal policy issues, even over the Justice Department, national security advisor Condoleezza Rice and Colin Powell at the State Department, mostly because Gonzales had the president's ear.

From the White House, Timothy Flanigan, Bradford Berenson and Brett Kavanaugh, among others, sought to fast-track, streamline and broaden presidential authority.

The attacks of 9/11 only accelerated that approach, called "forward leaning," to anticipate, detect, detain and prosecute suspects and those who maintained ties to or supported suspected terrorist activities.

These White House lawyers understood that in order for the United States to have the upper hand on the enemy, it needed an ability to get information and take preemptive measures.

Much of what happened next is widely known. The definition of torture was tweaked to make it not torture. The Geneva Convention was considered confining, "quaint," and ignored. Suspects have been held and transported to secret prisons, called "extraordinary rendition." Domestic wiretapping occurred without court authorization and it circumvented oversight.

The fast-tracking, streamlining, and broadening of presidential powers rolled over Congress, which granted broad authority in its resolution of Sept. 14 and the Patriot Act. Otherwise, Congress was not a full partner in granting and overseeing war powers. Now it has to decide whether to go along with the Bush administration's proposal for trying terrorists.

Through it all, Gonzales was there, in the middle of the legal justifications for the hallmarks of this administration. He had a hand in or he could have intervened before ideas reached the president on paper. But to the legal team that worked for him, the assumption all along was Alberto Gonzales represented the direction the president wanted.

(Jose de la Isla writes a weekly commentary for Hispanic Link News Service. He may be contacted by e-mail at joseisla3(at)yahoo.com.)

CORPORATE SCANDALS:

AG Office Says Criminal Charges Possible Within Week As HP Reshuffles Board (FINDLAW/AP)

By Jordan Robertson, Associated Press Writer

AP, September 14, 2006

(AP) - SAN JOSE, California-Criminal charges could come within a week in the boardroom spying scandal at Hewlett-Packard Co., the state Attorney General's Office said Wednesday.

Spokesman Tom Dresslar did not say who would be charged or what the charges would be. He also emphasized that it may take longer for the detailed investigation to produce charges.

"We're not going to confine ourselves to any particular timetable," Dresslar said. "We'll go when we're ready to go, and not a minute before that."

On Tuesday, Attorney General Bill Lockyer said he already had enough evidence to charge HP insiders and the private investigators who impersonated board members and journalists in order to access logs of their personal phone calls.

"We currently have sufficient evidence to indict people both within Hewlett-Packard as well as contractors on the outside," Lockyer told PBS' "NewsHour with Jim Lehrer."

He has said HP's internal probe of media leaks violated two California laws governing identity theft and illegal access to computer records.

The FBI and the U.S. attorney for Northern California are also investigating HP for illegal computer intrusion and wiretapping. The company also faces inquiries by the Securities and Exchange Commission, the Federal Communications Commission and the U.S. House Energy and Commerce Committee.

On Tuesday, the company announced that Chairwoman Patricia Dunn would step down in January and be replaced by chief executive Mark Hurd.

Dunn has admitted authorizing the investigation into who was leaking boardroom secrets to reporters, but said she was appalled that private investigators hired by the company used Social Security numbers to impersonate HP directors and reporters, then persuaded phone companies to turn over detailed logs of their home phone calls.

The ruse - known as "pretexting" - is commonly used by private investigators but is against the law, according to Lockyer.

Dunn would appear to be the most likely HP insider to be charged in the criminal probe, but legal experts said investigators must prove that she knew the investigators would be engaging in illegal activity.

"If she had no idea that anyone was going to be involved in this type of conduct, then under our system of justice she shouldn't be prosecuted," said Ken Sukhia, a former U.S. attorney in Tallahassee, Florida.

It's unclear who did know that personal phone records were being compromised by the investigators.

One of the firms HP hired to conduct the probe is Security Outsourcing Solutions Inc., according to The New York Times and The Wall Street Journal, citing people familiar with authorities' probes.

That business' address and phone number match those of a law firm with an office in downtown Boston, Bonner Kiernan Trebach & Crociata. One staff member who would not identify herself Wednesday told The Associated Press she had never heard of Security Outsourcing Solutions. Another woman referred inquiries to partner John Kiernan, who was not immediately available for comment.

Two other board members who became ensnared in the leaks investigation are unlikely to be charged.

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At a board meeting in May, Dunn identified director George Keyworth III as the source of a January article on CNET Networks Inc.'s News.com. The board asked Keyworth, 66, to resign, but he refused. HP then barred him from seeking re-election.

Keyworth, HP's longest serving board members, resigned Tuesday. He acknowledged speaking to reporters but said he did so with the company's approval.

The attempt to oust Keyworth last spring riled another board member, longtime Silicon Valley venture capitalist Tom Perkins, 74, who stormed out of the May 18 meeting. His lawyer later pressed HP to reveal the reason for his resignation, which led to the SEC filing last week in which the company revealed its leaks investigation.

Two lawyers also were allegedly involved in the pretexting scandal.

Larry Sonsini, a noted Silicon Valley legal mind, served as an outside adviser to the HP board during the investigation. In an e-mail exchange with Perkins in June, obtained by The Wall Street Journal, Sonsini said he was not involved in "the design or conduct of the investigation," but that it appeared to be legal.

Sonsini also warned Perkins not to talk to outsiders about confidential board processes and deliberations because that would be a breach of his responsibilities as an HP board member.

In his e-mail, Sonsini says Ann Baskins, HP's general counsel, vetted the leak investigation and believed it to be legal.

AP Technology Writer Brian Bergstein in Boston contributed to this report.

California Attorney General Takes H-P Spotlight (WSJ)

By Jim Carlton And John R. Emshwiller

The Wall Street Journal, September 14, 2006

Now that Hewlett-Packard Co.'s board has taken steps to address its investigation of boardroom leaks, attention is firmly fixed on Bill Lockyer, the California attorney general who has made high-profile pledges to bring any lawbreakers to justice.

On Tuesday, Mr. Lockyer said he had enough evidence to indict people inside and outside H-P on charges related to obtaining personal phone records of directors and journalists without authorization. A spokesman for the attorney general said the first criminal charges could be filed within a week.

In an interview yesterday, Mr. Lockyer added that he is looking beyond a Boston-area investigation firm linked to the H-P probe to a "complicated chain" of parties in multiple states that may have taken part in a practice called "pretexting," in which private phone records were obtained under false pretenses. (See related article1.) He said he has spoken about the case with Massachusetts Attorney General Tom Reilly, whose office is cooperating.

Mr. Lockyer's remarks indicate that his investigation has expanded well beyond the borders of California. They also raise the profile of a man who many people outside the state have never heard of, a veteran brawler who has shown little hesitation in going after legal scofflaws and political foes.

Since first elected as California's top law-enforcement officer in 1998, Mr. Lockyer has taken on energy companies for price-gouging in California, turned up the heat on sex offenders and launched a high-profile crackdown on abusive nursing homes.

At the same time, he has sued the Bush administration repeatedly to try to block a range of initiatives he considers detrimental to the environment, including increased logging. In 2003, the Democratic Mr. Lockyer locked horns with California's Republican governor, Arnold Schwarzenegger, when he suggested the Hollywood action hero submit to a third-party investigation into allegations he had groped a series of women. Mr. Schwarzenegger's staff angrily criticized the attorney general for making public a private conversation with the then governor-elect.

Now, the 65-year-old Mr. Lockyer has thrust himself into once-private matters at H-P that have suddenly become very public.

H-P Chairman Patricia Dunn, who pushed for the investigation of board leaks, this week agreed to relinquish her chairmanship to Chief Executive Mark Hurd. George Keyworth, a director whose phone records were improperly obtained and was accused of leaking information, agreed to resign.

New details of the probe continue to emerge. In addition to scrutinizing phone records, people familiar with the matter say human and possibly video surveillance was involved; private investigators attended speeches by at least one of the company's directors and followed this person to see if the board member met any journalists, they say. Ms. Dunn, in an e-mail to employees Tuesday, disclosed that two H-P employees had been investigated, as well as certain directors and "a number of individuals outside the company, including journalists." An H-P spokesman declined to comment on the possible use of human and video surveillance, or to identify any people cited in Ms. Dunn's email.

In May, H-P director Thomas Perkins resigned in anger after the board was presented with results of the investigation. He subsequently complained to Mr. Lockyer's office as well as the Justice Department. The Federal Bureau of Investigation confirmed this week that it is investigating the matter.

Mr. Lockyer said yesterday that three state criminal statutes were involved in the investigation: illegally accessing and using computer data; accessing personal-identification information and using it for illegal purposes; and using deceit to obtain records from a utility, such as a phone company. Any of those crimes could be charged as a misdemeanor or a felony, he said. A misdemeanor would carry a one-year maximum prison sentence, and a felony a three-year maximum term.

Making charges in the case stick could prove fairly straightforward, some lawyers say. Erwin Shustak, managing partner of Shustak & Partners in San Diego, said prosecutors can prove a felony by showing a defendant deliberately obtained someone's phone records or other personal information, used it for an unlawful purpose and did so without the owner's permission.

Such a charge most likely would be filed against the contractor who actually did the pretexting, Mr. Shustak added. Any charges filed against anyone inside H-P more likely would involve the state felonies of aiding and abetting or conspiracy, he said.

"Prosecutors would have to show H-P knew or should have known the contractor acted with malicious intent to get what they wanted," he said.

The company's probe was overseen by the office of H-P General Counsel Ann Baskins, which relied on outside private investigators. Ms. Baskins hasn't been available to comment, and H-P spokesmen have declined to comment on her role in the affair.

Few prosecutors routinely make public comments about charges before they are filed. FBI officials, by contrast, have declined to comment beyond confirming their inquiry. But Mr. Lockyer, in the interview, said he doesn't expect conflicts with federal investigators.

"We try to cooperate and work together," he said. "Sometimes that's effective and sometimes not."

Politics are one reason to keep a high profile: Forced to give up his attorney general's job because he has served a two-term maximum in the post, Mr. Lockyer is running for election in November to be California treasurer. Polls show Mr. Lockyer holding a double-digit lead over his Republican opponent.

But Mr. Lockyer's supporters say he is motivated more by passion for a job they say he is leaving only because he has no choice. "Bill Lockyer is not afraid of taking on a sacred cow, it's in his nature," said Jim Brulte, a political consultant who until 2004 was head of the California Senate's Republican minority.

During the 2000-01 California electricity crisis, Mr. Lockyer sparked a controversy when he told The Wall Street Journal that "I would love to personally escort [Enron Corp. Chairman Kenneth Lay] to an 8x10 cell that he could share with a tattooed dude who says 'Hi my name is Spike, honey.'" Earlier this year, Mr. Lay was convicted on federal fraud and conspiracy charges arising from the energy giant's collapse. He subsequently died of heart problems.

Calif. Attorney General May Be HP's Biggest Scandal Hurdle (USAT)

By Michelle Kessler

USA Today, September 14, 2006

SAN FRANCISCO — Hewlett-Packard's attempt to quell its boardroom scandal may be stymied by an unexpected source: California Attorney General Bill Lockyer.

Lockyer is gathering evidence against employees of Hewlett-Packard and its contractors, his office confirmed Wednesday. His office is being helped by Massachusetts Attorney General Tom Reilly.

Lockyer has repeatedly said HP committed a crime when it used subterfuge to obtain the phone records of nine journalists and at least two board members. His office says it's too soon to say when indictments might be handed out.

The Department of Justice, FBI, House Energy and Commerce Committee, and Securities and Exchange Commission also have launched inquiries.

But outspoken Lockyer may be HP's biggest threat. The life-long politician is often “greatly underestimated,” says Los Angeles defense attorney Mark Geragos, who is both Lockyer's friend and rival.

Lockyer has held state office since 1973 without ever losing an election. He earned his law degree while simultaneously serving as a state senator. As attorney general, he has taken on energy giants and the Bush administration. He once left his own wedding reception to appear on television about the Laci Peterson murder trial.

But the HP case will be a challenge, legal experts say. In an attempt to stop leaks to the press, HP hired a detective firm, which hired a subcontractor. Employees of the subcontractor pretended to be HP board members and journalists to get their phone records.

There's no one California law against the practice, called “pretexting.” But Lockyer's staff is considering prosecuting under fraud laws, including those that prohibit identity theft and unauthorized use of computer data.

To do so, they will have to prove that HP staffers knew about the lies, says law professor Jill Fisch at the Fordham University School of Law. That can be difficult, but Fisch says Lockyer wouldn't have been so vocal about the case if he didn't have strong evidence.

Lockyer began examining pretexting long ago. In March, he filed a lawsuit against Data Trace, a company accused of stealing cellphone records and selling the data. The case is pending.

But independent tech analyst Rob Enderle says Lockyer may be going after HP mainly for publicity in an election year.

Lockyer is being forced out of his job by term limits. He considered a run for governor, and raised $10 million. But, in the face of stiff opposition in the form of incumbent Arnold Schwarzenegger, he decided to run for treasurer instead.

Robert Stern, head of the Center for Governmental Studies, says family may be one reason Lockyer changed his mind. (Lockyer, 65, is married to 35-year-old attorney Nadia Davis Lockyer, and has a young son in addition to an adult daughter.)

But Stern says Lockyer still has plenty to prove. "He's very bright, and very ambitious," he says.

Tiny Firm's H.P. Link Scrutinized (NYT)

By Matt Richtel And Damon Darlin

The New York Times, September 14, 2006

SAN FRANCISCO, Sept. 13 — California prosecutors looking into the Hewlett-Packard spying case are focusing in part on a small private investigation firm in suburban Boston, operating out of a yellow house with black shutters in a quiet neighborhood.

How such a tiny firm ended up handling work for H.P., one of the largest technology companies in the world, as it tried to find out who had leaked company secrets is not clear. But other private investigators said on Wednesday that the situation was not surprising, because corporations in need of such services often end up relying on a chain of subcontractors.

Prosecutors will have to follow that chain as they pursue those responsible for gaining access to the phone records of journalists and company board members.

It is common practice for a company's head of security, its general counsel or its outside law firm to hire a security consulting firm, which often hires smaller firms, like the one prosecutors say was involved in this case, Security Outsourcing Solutions in Needham, Mass.

Those firms then hire freelance investigators to do work like surveillance or the acquisition of phone records.

The H.P. investigation involved the use of a technique known as pretexting — in this case, pretending to be a customer to obtain that customer's records from the phone company.

The small firms provide skills that larger firms may not have, but they also offer another benefit. Using middlemen can insulate the company that has ordered the investigation from any shadowy activities, private investigators said.

"I'd be dumfounded if you could find a corporation the size of H.P. that turned directly to the pretexter," said Rob Douglas, an information security consultant who has testified to Congress about illicit tactics used to obtain telephone records. He added that these investigations "have middlemen and are layered."

Mr. Douglas said it was not clear whether the layering in this case was intended as a way to shield company executives, or was just the way the process worked, with one step leading to another until a specialist in obtaining phone records was needed.

Federal and state prosecutors are continuing to investigate what laws, if any, were broken in Hewlett-Packard's hunt for directors who leaked information to the news media.

Hewlett-Packard has said the investigators it hired, whom it refuses to identify, did succeed in identifying a director as a source of leaks. That director, George A. Keyworth II, resigned Tuesday after the company accused him of giving details of a management meeting to a reporter.

The investigation into the leak resulted earlier this year in the resignation of another director, Thomas J. Perkins, an ally of Mr. Keyworth, over a dispute with Patricia C. Dunn, the board chairwoman who ordered the investigation. The company said on Tuesday that Ms. Dunn would give up her position in January.

"It's a remarkable story because it is such an obvious inappropriate thing to do," said Daniel E. Karson, an executive managing director and counsel at Kroll, the nation's largest investigation and security firm.

People who were briefed on details of the company's internal investigation have said that Security Outsourcing Solutions, which is run by Ronald R. DeLia, was one company involved.

But others who are investigating the company's actions said Wednesday that there were most likely other firms involved. Security Outsourcing acts as a kind of temporary employment agency and rounds up people who can do a particular job, so it is likely that those who got access to the phone records were subcontractors. Legal filings in the California attorney general's investigation show that one of the pretexters gained access to a phone company Web site using Internet service from Cox Communications, a cable company that does not operate in Boston.

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State investigators have not said if there were any other middlemen involved. Several private investigators said one reason to think Security Outsourcing had help was that whoever did the actual work of obtaining the phone records of the H.P. board members and journalists had their Social Security numbers.

Attempts to contact Security Outsourcing on Wednesday by phone and e-mail and in person failed. No one answered the door at Mr. DeLia's residence in Needham, a large home on a tree-lined street.

In addition to listing the Needham home as an address, Security Outsourcing Solutions shares a Boston phone number and address with the law firm of Bonner Kiernan Trebach & Crociata, although its name does not appear on a lobby directory. Calls to the firm were referred to a partner, John A. Kiernan, who said he had "a relationship that involves attorney-client privilege" with Mr. DeLia and could not talk about the matter.

Mr. DeLia, 56, is a licensed private detective in Massachusetts who, according to state police, has had no disciplinary actions against him. James Atkinson, a Boston-area private detective who specializes in preventing electronic surveillance and has worked with Mr. DeLia, described him as a "stand-up guy," adding: "I'd be astonished if this involved Ron. This is not the kind of work he does."

At the top of the hierarchy in the corporate investigations industry are firms like Kroll or Deloitte Touche Tohmatsu that work with large corporations. Firms like Secure Source, specializing in security risk assessments, or SafirRosetti, which focuses on financial fraud and computer breaches, offer narrower services. Both are units of the GlobalOptions Group, which has been consolidating a number of small firms to gain influence with corporations.

At the very bottom, investigators say, are the shadowy information brokers, the so-called pretexters, who promote their ability to get phone and credit records.

"There is a huge subdivision of investigative skills," said James Cawood, who runs a corporate investigations firm called Factor One in Oakland, Calif.

Terry Lenzner, the head of the Investigative Group International, a well-known Washington investigations firm, said that for a large company like Hewlett-Packard to contact a small firm directly would be unusual. "I would think it would be unheard-of," he said.

Mr. Lenzner said he had never heard of Security Outsourcing.

Mr. Karson said a company's decision on whom to hire for an internal investigation could sometimes be as casual as the head of security saying, "I know a guy." He added: "That's how a large company can end up working with a small firm."

Mass. Security Firm Part Of Probe Of HP (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, September 14, 2006

A small security company in suburban Boston has emerged as a subject in the investigation of Hewlett-Packard Co.'s boardroom spying scandal, according to a source familiar with the matter.

Security Outsourcing Solutions Inc. was hired as part of a Hewlett-Packard investigation of its board of directors to discover who was leaking information to the news media, the source said on the condition of anonymity because of the sensitivity of the investigation.

Hewlett-Packard has come under fire for the methods used to identify the board member who was leaking information. Since the scandal surfaced last week, the director behind the leak has resigned and the board chairman has agreed to step down early next year. Another director resigned in May.

HP's investigation involved people posing as directors and journalists in order to gain access to private phone records. It also appeared to include surveillance of directors and review of videotapes to see if any directors were meeting with reporters, the source said.

California Attorney General Bill Lockyer opened a criminal investigation of HP, which is based in Palo Alto, outside San Francisco. Massachusetts Attorney General Thomas F. Reilly is assisting Lockyer, Meredith Baumann, a spokeswoman for Reilly, said yesterday.

According to the Web site for Security Outsourcing Solutions, it provides support services to in-house security departments and evaluates and addresses corporate security risks.

It caters to small- and medium-size companies and those that do not have full-time security departments. The Web site says the company has a "global network of over 40 affiliated professional investigative firms."

The firm, founded in 1998, has 10 employees and reports annual sales of $990,000, according to Dun & Bradstreet Inc.

Calls to the number listed as the firm's Needham, Mass., office were not answered yesterday. Managing Director Ronald R. DeLia could not be reached for comment.

Staff researcher Richard Drezen contributed to this report.

HP Faces Criminal Investigations With Help Of Morgan, Lewis & Bockius (LAW)

By Justin Scheck, The Recorder

California Recorder, September 14, 2006

It only looks like Larry Sonsini is doing all of Hewlett-Packard's legal work.

In fact, the troubled tech company has hired Morgan, Lewis & Bockius as it tries to fend off various criminal investigations into whether its board of directors broke the law by having an investigator lie to gain access to board member phone records.

On Monday, Morgan Lewis lawyers sat down with San Francisco federal prosecutors in hopes of forestalling federal criminal charges.

The Monday meeting involved a "proffer" -- a normal step these days in white-collar investigations, in which a company under scrutiny offers up information to the government with certain conditions, as a means of showing good-faith cooperation with investigators.

John Hemann, a Morgan Lewis partner who was at the meeting -- and who was until last year a white-collar prosecutor with the San Francisco U.S. Attorney's office -- didn't want to talk about HP on Tuesday.

"I have no comment," he said.

Assistant U.S. Attorney Mark Krotoski, the chief of the office's criminal division, is the lead prosecutor handling the investigation. He referred questions to a spokesman, Luke Macaulay, who confirmed the investigation but would not discuss its details.

On Tuesday afternoon, meanwhile, California Attorney General Bill Lockyer told PBS' "NewsHour" anchor Jim Lehrer that "we currently have sufficient evidence to indict people both within Hewlett-Packard as well as outside."

According to a search warrant, Lockyer's office has been looking into the matter since at least Aug. 16, when a state prosecutor met with investigators for AT&T, the phone company that was duped into handing phone records over to the board's investigator. Sources familiar with the federal investigation said the San Francisco U.S. Attorney's office has known for at least as long about the allegations that board members' phone records were accessed through suspect means.

On Tuesday, a spokesman for AT&T had little to say. "We really can't talk about it," said Walt Sharp.

However, he did point to a suit that the company filed in August in San Francisco federal court seeking to find out the identities of several people who improperly accessed phone records, but would not say whether it was directly related to the HP case.

The focus of the federal query remains unclear, but the fast-multiplying probes into the matter have Silicon Valley lawyers abuzz with the possibility that attorneys, either at HP or at Wilson Sonsini Goodrich & Rosati, could be ensnared.

Spokespersons for the firm and HP did not return calls by press time. On Tuesday, the Wall Street Journal reported that Sonsini, who played a role in both the board's initial leak investigation and its attempt to contain the crisis, ran emergency meetings of HP's board this week. The firm has denied it was involved in the portion of the investigation that involved pretexting.

On Tuesday, HP announced that director Patricia Dunn, who had initiated the leak investigation, would step down as chair at the end of the year.

A week ago, it was publicly revealed that ex-director Thomas Perkins had quit the board in May to protest the leak investigation. Since then, what started as a boardroom disagreement has careened into chaos.

It isn't clear when, or how, the various investigations will culminate. Lockyer spokesman Tom Dresslar wouldn't comment on when the state might file charges, or whether it is working with the U.S. attorney's office.

"We are focused on completing our investigation into crimes we believe were committed," he said.

Silicon Valley's Golden Past Tarnished By Latest Probes (WP)

By Carrie Johnson

The Washington Post, September 14, 2006

Silicon Valley has long been the stuff of dreams, a place where gawky entrepreneurs create billion-dollar companies in their garages, their innovations sometimes bending the rules but forever changing the way we listen to music or chat with friends.

But lately, it seems, the valley has shifted from a shiny beacon of capitalism's promise into a shadowy target for investigators.

Last week Securities and Exchange Commission officials told Congress that they were investigating 100 companies for possibly rigging their compensation systems to guarantee lucrative payments to executives and favored employees. That figure includes many technology firms whose volatile stock prices sweetened the incentive to engage in improprieties.

Even Hewlett-Packard Co., the standard bearer for ethics among Silicon Valley's home-grown technology community, is hustling to move forward after the resignation Monday of its chairman, Patricia C. Dunn, amid investigations by prosecutors and

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federal lawmakers over whether directors' phone records were illegally accessed. Prompted by concerns that a board member leaked information to the press, the HP debacle is shedding light on the valley's insular culture, where secrets are prized and key players have multiple and sometimes conflicting obligations.

No industry has been immune to executive greed or governance lapses in recent years. The era's most disastrous collapses, of Enron Corp. and WorldCom Inc., occurred far from Silicon Valley. But the same mind-set that inspired so many technology entrepreneurs probably contributed to a breakdown in sound business practices, regulators said.

"You have industries where their whole thought process is to think outside the box," said Charles D. Niemeier, a former top accountant in the SEC's enforcement division who now oversees the accounting industry. "That works really well -- except when it comes to compliance with the securities laws."

A generation ago, Silicon Valley was a backwater, thousands of miles from the nation's financial center on Wall Street and serviced by a few investment banks, law firms and private investors with enough cash to fuel start-up ventures. But the technology boom of the 1990s changed everything. It drew billions of dollars west and made millionaires of young inventors and salespeople, many of whom had virtually no experience running a business.

Regulators later uncovered financial improprieties from that period, including "round-trip" deals where technology firms entered into agreements with each other to give investors the appearance that they were winning customers and gaining traction in the market. What mattered at the time was not reality, but the illusion of success, which often triggered a rise in the stock price, Niemeier said.

This year, investigators have focused anew on the technology sector and the apparently common practice of backdating stock options. A popular method of attracting employees, options give workers the chance to buy stock at a set price and within a specific time frame. Employees profit from the difference between the share price at the time of the grant and the price on the day the stock is sold. In backdating cases, executives have selected award dates after the fact that marked low points in the company's stock price, increasing the likelihood of a windfall. Backdating violates the law if it is not properly disclosed to investors and tax authorities, prosecutors and securities regulators have said.

Cnet Networks Inc., VeriSign Inc. and Macrovision Corp. are among the Silicon Valley businesses that have announced that they received subpoenas from Kevin V. Ryan, the U.S. attorney for the Northern District of California, over their options practices, according to securities filings. Apple Computer Inc. also has disclosed irregularities in its option grants.

"I don't think greed has any special place in Silicon Valley," said Bill Burnham, a former investment analyst who founded Inductive Capital L.P. in Menlo Park, Calif. "There're greedy people everywhere. . . . I've seen a lot of people take very principled stands here where a lot of money is at stake."

Yet the latest round of investigations underscores how Silicon Valley's freewheeling culture is, sometimes painfully, making way for a more mature and formal system, where companies now public are required to abide by their obligations to investors, business and legal analysts said.

"Ten years ago, a lot of these companies were private," Burnham said. "That kind of culture and ethos remains. Some people may have lost sight of, hey, you're public, you have to change the rules now."

Moreover, the rapidly growing businesses often lacked in-house accounting and legal expertise, said Matthew J. Jacobs, a former prosecutor who leads the white collar defense practice at McDermott Will & Emery LLP in Northern California. "You're dealing with young companies that . . . do not necessarily have a long tradition of corporate governance," he said, "and part of it is learning on the job."

For advice and financing, companies often turned to the same core group of professionals, including lawyer Larry W. Sonsini and investment banker Frank P. Quattrone, who guided them at the beginning of the era. Sonsini and Quattrone spent years cultivating important relationships and achieved unusual prominence in a subculture that makes celebrities out of businessmen.

After Quattrone struck a deal last month with federal prosecutors, who agreed to dismiss criminal obstruction of justice charges against him after an appeals court threw out his conviction, Silicon Valley executives warmly applauded his return. During the technology boom, Quattrone earned $100 million in a single year and spread more wealth to his friends and associates, who through a program known as "Friends of Frank" got the opportunity to buy stock at low prices before hotly anticipated public offerings.

Sonsini founded a Palo Alto law firm, Wilson Sonsini Goodrich & Rosati, and has advised numerous chief executives, shepherded such companies as Google Inc. and Netscape Communications through lucrative stock offerings, and often persuaded clients to pay their bills not in cash but by giving up even more valuable stock in their companies. Ethics experts say the practice is acceptable but can raise questions about a lawyer's incentive to protect management interests.

In a nod to its ubiquity in Silicon Valley, Sonsini's firm has advised both HP and its former board member Thomas J. Perkins, a venture capitalist who pushed the company to disclose questionable methods used by a subcontractor to monitor

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directors' phone calls. Sonsini, who did not employ or supervise the subcontractor, apparently contacted HP lawyers and ultimately assured Perkins that it appeared that the process was "well done and within legal limits" in a June 28 e-mail message. Yesterday a spokesman for California Attorney General Bill Lockyer told reporters that the office might bring criminal charges over the call monitoring within a week, but the spokesman declined to name targets of the probe.

The HP board again turned to Sonsini to lead a Sunday conference call to discuss the fate of Dunn, the board's chairman, even though, legal analysts said, Sonsini will be an important witness in federal and state investigations.

"Boy, this turns into a mess," said Wayne State University law professor Peter J. Henning, who co-founded a popular Internet blog on white-collar crime issues, as he contemplated Sonsini's role at HP and how it affected the issue of attorney-client privilege.

Stephen Gillers, a professor of legal ethics at New York University, said that he lacked enough information about Sonsini's role to determine whether he may have run afoul of conflict of interest rules. But Gillers said that simultaneously comforting a former board member and protecting HP's interests do not in and of themselves sound alarms. State ethics boards rarely police conflict violations and clients themselves have the power to waive conflicts, he said.

Lockyer's 'Crimes' (WSJ)

The Wall Street Journal, September 14, 2006

Let's stipulate that Hewlett-Packard's wild leaker chase was one of the dumber corporate decisions of recent times. But that hardly justifies California Attorney General Bill Lockyer's decision to go on national TV and publicly allege that crimes were committed before any charges have been filed. Mr. Lockyer went on PBS's "NewsHour" Tuesday to claim that "crimes have been committed" and that his office has "sufficient evidence to indict people both within Hewlett-Packard, as well as contractors on the outside."

Even assuming crimes were committed, it is irresponsible for any prosecutor to make such bald criminal assertions in public before he makes them in court. Mr. Lockyer is taking a page from Eliot Spitzer's method here, using the airwaves to poison public opinion against future defendants and make it easier to intimidate them into settling. Along the way, he also gets more headlines that make him look like a prosecutor willing to take down the rich and famous. Even rich corporate defendants deserve due process, however, and someone at the California bar should call Mr. Lockyer on his prosecutorial misconduct.

Hurd Instinct (WSJ)

By Michael S. Malone

The Wall Street Journal, September 14, 2006

When the story broke about the crisis in the boardroom at Hewlett-Packard last week, the almost universal reaction here in Silicon Valley was: What would Bill and Dave have done?

The answer is: What Mark Hurd just did.

The spirit of Bill Hewlett and Dave Packard still haunts high tech, especially the Valley. A quarter-century after the two men stepped down from the day-to-day management of the company they founded, their business philosophy still stands as the ultimate example of enlightened management -- and as a perpetual rebuke to executives who fall short of their lofty standards.

Nowhere is this more true than at Hewlett-Packard itself. It's one thing to run some semiconductor company on paranoia, or an enterprise software firm on fear. You can always rationalize your abusive management as necessary to succeed in a uniquely competitive market. But violate the precepts of the HP Way -- management by objective, pushing decision-making down through the organization, deep trust in your employees -- at HP and you have to convince the world that your results will outperform what was perhaps the most successful corporate stewardship in U.S. business history.

That's what Carly Fiorina learned during her controversial tenure at HP. Had she tried her superstar CEO/top-down management/big merger style most anywhere else, she might have succeeded. But at Hewlett-Packard all she managed to do was set off an employee mutiny. The company that had once rewritten every known measure of employee loyalty, still found within itself the capacity to pull itself together and repudiate its new leader. By violating the trust of HPers, Ms. Fiorina utterly lost the proxy vote with her own employees and was saved only by institutional investors. In the end, she lost her job when she couldn't put up HP-like numbers to match her radical plans, and Wall Street abandoned her.

This is the clever time bomb that Bill and Dave left as their legacy to high tech, and to HP in particular. It isn't enough to be enlightened, innovative or successful -- you have to be all three, or you will fail by comparison. From beyond the grave, H and P are always saying: Go ahead and break the social contract with your employees, indulge in mass lay-offs and stick with aging but profitable products . . . but if you can't maintain three decades of continuous growth, enjoy the highest employee morale in the industry and create a half-dozen major new industries, don't even think about leaving a legacy as a great manager.

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From the beginning, Ms. Fiorina's successor, Mark Hurd, has seemed to understand this. Word from inside the company is that he is low-key, self-effacing and a bread-and-butter business guy. Best of all, he listens. In other words, he is a classic HP kind of manager. He may not have the culture of trust all the way down, but he is close enough. And the results have been apparent: HP profits and stock are up, its products are improving in quality, and employee morale is the strongest in years. The company is even beginning to win again the old-fashioned way: by remaining consistently strong and waiting for competitors -- in this case Dell Computer -- to stumble.

And then, just when it seemed that the dark days at Hewlett-Packard were finally in the past, along came this body blow of a scandal at the very top of the company.

In case you haven't been following the story closely, it goes like this: In early 2005, troubled by leaks in the media that appeared to have come from the boardroom itself, HP Chairman Patricia Dunn set out to trace and expose their source. She hired private investigators, who then proceeded to contract another company to help with the investigation. This second company gathered phone records not only from HP board members, but also from nine reporters from The Wall Street Journal, CNet, Business Week and the New York Times, among others -- all without the subjects' knowledge. To do so, these investigators engaged in "pretexting": representing themselves as those directors and reporters in order to obtain personal information.

Ms. Dunn claimed that she didn't understand the concept of pretexting until this June. Moreover, she seems to have been supported in this dangerous project by Valley uber-lawyer Larry Sonsini. What is certain is that at the May 13 meeting, Ms. Dunn announced the results of her investigation and "outed" retiring director and former Reagan science adviser George Keyworth II as the leaker. And that was just the beginning. Fellow director Tom Perkins, a legendary venture capitalist and one of the Valley's most powerful people, resigned from the HP board in disgust at Ms. Dunn's tactics.

It was downhill from there. Mr. Perkins publicly stated that he and the rest of the board were kept in the dark about the precise nature of Ms. Dunn's investigation, while she all-but accused him of lying about his involvement. Mr. Hurd, who may or may not have known about the investigation, went before HP's employees last Friday to underscore his support for the search for leakers, but also to promise to investigate the investigation. On Monday, both Congress and the Justice Department announced that they were also looking into the matter. California State California State Attorney General Bill Lockyer stated on Tuesday that there was "sufficient evidence to bring criminal charges against individuals inside Hewlett-Packard as well as outside."

Meanwhile, HP's stock was falling, reversing the gains of the previous months. And HPers everywhere were appalled, disgusted and once more feeling betrayed.

Almost lost in the coverage is that this all began during the tumultuous last days of Ms. Fiorina at HP, when the board was deeply divided over the future of the company and the fate of its high-profile CEO. Indeed, it was a board member, Walter Hewlett, Bill's son, who led the shareholder revolt. He lost his directorship as a result (but not the admiration of HPers). That proxy battle fractured HP's board, creating a schism that apparently never fully healed, and which re-opened over the leak matter.

Tuesday, after two days of emergency board meetings, HP announced that Ms. Dunn would step down, to be replaced by Mr. Hurd, though she herself would remain on the board. "I am taking action to ensure that inappropriate investigative techniques will not be employed again," Mr. Hurd announced. "They have no place in HP."

Is this what Bill and Dave would have done?

Hewlett and Packard are no longer in a position to answer for themselves. But we do know that the two men always operated on trust and openness, but also with a strong hand. They would never have allowed the board to sink into civil war. We can also assume that they would have skipped the skullduggery and presented the leak problem to the assembled board at the beginning, and requested a full buy-in on any investigation. That alone would likely have plugged the leak. Given that HP under their leadership was never allowed to speak ill of a competitor to the media, we can also guess that Bill and Dave never, ever would have approved any investigation against reporters. And as men who had grown a company from a garage to a billion-dollar multinational corporation, they were wise enough to know that you can't buy the cloak without getting the dagger.

Finally, Hewlett and Packard firmly believed that you don't fire loyal employees for being beyond their competence; rather, you move them to where they can make the best contribution. In demoting Ms. Dunn, but still keeping her on the board, Mr. Hurd did the right thing. He did what Bill and Dave would have done.

Look next for deep and sincere apologies to everyone involved. That's the HP Way. Mark Hurd is learning fast.

Mr. Malone, a columnist for ABCNews.com, is author of "Bill and Dave: How Hewlett and Packard Built the World's Greatest Company," to be published in Spring 2007.

DOJ Reviewing Guidelines For Corporate Investigations (LAW)

By Marcia Coyle, The National Law Journal

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National Law Journal, September 14, 2006

During a Senate Judiciary Committee hearing on Tuesday, a top U.S. Department of Justice official acknowledged that the so-called Thompson Memo on the attorney-client privilege in corporate investigations has ignited complaints across the legal and business landscapes, but he vigorously defended the current policy as a sound one.

"I've got the [Senate Judiciary] chairman and ranking chairman upset; former department attorneys general and other officials complaining. Everyone is complaining," said Deputy Attorney General Paul McNulty. "But I believe the perception of how this works is different from the reality.

"I really don't see this as the kind of coercive practice that is being described by groups."

Senate Judiciary Chairman Arlen Specter, R-Pa., and ranking minority leader Patrick Leahy, D-Vt., both former prosecutors, questioned McNulty and a panel of critics of the Thompson Memo on how that memorandum -- the department's internal policy guideline on charging corporations -- affects the Sixth Amendment right to counsel in corporate investigations.

The Thompson Memo tells a prosecutor to consider nine factors in determining whether to charge a corporation for criminal wrongdoing. One of those factors is whether the corporation has cooperated in the investigation. In assessing cooperation, the memo says, one consideration is whether the corporation waived attorney-client and work-product protections.

A 'CULTURE OF WAIVER'

A coalition of business and legal organizations, including the U.S. Chamber of Commerce, American Bar Association, Association of Corporate Counsel and National Association of Criminal Defense Lawyers, contends that the memo has created a "culture of waiver" in which federal prosecutors now routinely demand waiver of attorney-client and work-product protections even where there are less intrusive means of getting information.

"It's just one part of one factor," insisted McNulty. "It's not an investigative issue; it's a charging issue. If [the corporation] has cooperated, which they almost always do, that's when the issue -- do you have an internal investigation report? -- comes up. The text of the memo itself says this is one factor to be considered. We're giving [prosecutors] the option to consider it."

But Specter countered, "As I read this policy, I think it is coercive and may even rise to the level of being a bludgeon. I would ask you to reconsider the policy."

Former Reagan Attorney General Edwin Meese III told the senators that the Thompson Memo should be amended to eliminate any reference to waiver of attorney-client privilege and work-product protections in a charging decision.

"In the same manner and same context, all references in the memorandum to a company's payment of its employee's legal fees should be eliminated," he said.

Meese also recommended that the department's written policies should explicitly state that requests for waiver will only be approved in exceptional circumstances. These requests should be approved only at the national level, and the department should publish its procedures on waivers, as well as collect and publish statistics on how often waivers are requested, how often businesses agree to such requests and how often businesses waive even without a request from prosecutors.

ENRON PROSECUTOR SPEAKS

Former Enron Corp. prosecutor Andrew Weissmann, now a partner at Chicago's Jenner & Block, also urged the committee to consider revising the standard for indictment of a corporation for the acts of its employees. He suggested a more stringent criminal standard tying the acts of the employee more closely to the corporation than is currently used.

Specter said that his committee has the several options before it: making a recommendation for changes in the Thompson Memo to the Justice Department, waiting for the outcome of litigation over the waiver/attorney fees issue in the 2nd U.S. Circuit Court of Appeals in the KPMG prosecution or enacting legislation to address concerns with the department's policy. He asked Meese what would be his preference.

"I would hope this hearing would have a salutary effect on the department, including, perhaps, a recommendation from the committee," said Meese. "I would hope legislation would be a last resort."

Ex-SEC Head To Run Adelphia Victims Comp (AP-YBIZ)

By Chad Bray, Dow Jones Newswires

AP, September 14, 2006

Ex-SEC Head to Oversee Adelphia Victims Compensation

NEW YORK (AP) -- Former Securities and Exchange Commission Chairman Richard C. Breeden will administer the compensation process for victims of a massive accounting scandal at Adelphia Communications Corp., prosecutors said Wednesday.

The U.S. Attorney's Office in Manhattan said Breeden, chairman of Richard C. Breeden & Co., has been retained to serve as a special master overseeing the compensation process.

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Last year, Adelphia agreed to pay $715 million in cash and stock to settle Justice Department and SEC charges stemming from an accounting scandal that plunged it into bankruptcy. Prosecutors have called it one of the most extensive financial frauds on record.

In 2004, Adelphia founder John Rigas and his son Timothy Rigas, the company's one-time chief financial officer, were convicted of pocketing more than $2 billion from Adelphia for their own personal use and misleading investors about the company's finances and performance.

Last year, John Rigas was sentenced to 15 years in prison, while Timothy Rigas was sentenced to 20 years. Both men, who remain free on bail, have appealed their sentences.

In March, Michael Rigas, another son and former Adelphia executive, was sentenced to 10 months of home confinement after admitting last November that he filed a Form 13D with the SEC that falsely stated he had conducted an inquiry into the source of funds used for a purchase of Adelphia shares in late 1999. The certification was kept in Adelphia's records.

Michael Rigas was acquitted in 2004 of conspiracy and wire fraud charges, but the jury deadlocked on charges of bank fraud and securities fraud. The bank fraud charges against him were later dismissed by prosecutors.

The Rigas family also has agreed to forfeit assets totaling more than $720 million for victims' compensation.

Adelphia, which is under bankruptcy protection, completed the sale of its cable properties to Time Warner Inc. and Comcast Corp. for cash and stock in July.

Breeden previously has served as a corporate monitor for WorldCom Inc. following an $11 billion accounting fraud at the one-time telecommunications giant.

Individuals Involved In Enron Trial Receive Top Award (LAWWC)

Law Week Colorado, September 14, 2006

WASHINGTON – More than 230 Justice Department employees – along with 42 other individuals, many of whom are federal employees and law enforcement officers – were honored today at the Department's 54th Annual Awards Ceremony at Constitution Hall in Washington, D.C. The Attorney General's Annual Awards Ceremony provides an opportunity to recognize the extraordinary accomplishments of a number of U.S. Department of Justice employees as well as individuals from outside the Department.

Deputy Attorney General Paul J. McNulty joined the Attorney General in presenting the Department's highest award, the Attorney General's Award for Exceptional Service, to the outstanding members of the investigative and trial team of the Enron Task Force, who were recognized for their exceptional service to the American public and the Department in the investigation and successful prosecution of the individuals who were most responsible for the Enron fraud. This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions. The team's unparalleled dedication and teamwork over a period of years has made a significant contribution to restoring confidence in the nation's securities markets.

"Today's award recipients make me proud to be their colleague. They make me proud to be an American," said Attorney General Alberto R. Gonzales. "Their dedication and achievements remind me why it is an honor to serve at the Department of Justice."

The recipients of the Attorney General's Award for Exceptional Service from this team include:

From the Northern District of Illinois, Sean M. Berkowitz, Assistant U.S. Attorney; from the District of Columbia, Kathryn H. Ruemmler and Lisa O. Monaco, Assistant U.S. Attorneys; from the Central District of California, John C. Hueston, Supervisory Assistant U.S. Attorney, Robb C. Adkins and Andrew D. Stolper, Assistant U.S. Attorneys; from Northern District of California, J. Douglas Wilson, Assistant U.S. Attorney and Leslie R. Caldwell, Former Supervisory Assistant U.S. Attorney; from the Northern District of Texas, Clifford B. Stricklin, Special Assistant U.S. Attorney; from the Eastern District of New York, Benton J. Campbell and Linda A. Lacewell, Assistant U.S. Attorneys, and Andrew Weissmann, former Assistant U.S. Attorney; from the District of Massachusetts, David H. Hennessy, Assistant U.S. Attorney and Samuel W. Buell, Former Assistant U.S. Attorney.

Also part of the team were members of the Criminal Division, including John A. Drennan, Trial Attorney for the Appellate Section; Leo J. Wise, Trial Attorney, and Linda B. Walls, Lead Paralegal Specialist for the Fraud Section; and Matthew W. Friedrich, Principal Deputy Assistant Attorney General and Chief of Staff, Office of the Assistant Attorney General. The remaining team members are part of the Federal Bureau of Investigation. Those being honored from the FBI's Houston Division include Supervisory Special Agent Michael E. Anderson; Special Agents Raju S. Bhatia, David Michael Hays, Kendall L. Hopper, Jeffrey D. Jenson, Jill Odom, and Chad J. Nunez; Financial Analysts Loren P. Feast, Susan K. Ridley, and Tonja K. Rose; and Paralegal Specialist Pamela Joan Jerding. Recipients from the FBI's Washington Field Office include Supervisory Special Agent

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David F. Reign and Special Agents Paul E. Holdeman, Paula L. Schanzle, Marc R. Diehl, Brian L. Crews, Jeffrey C. Dutton, and Gregory H. Bristol. Supervisory Special Agent for the FBI's Security Division Anne Hopkins was also honored.

The Attorney General's Award for Exceptional Heroism is given to recognize an extraordinary act of courage and voluntary risk of life during the performance of official duties. William "Buddy"A. Sentner, Special Agent of the Office of Inspector General's Miami Field Office is honored posthumously for the exceptional courage he displayed by saving the lives of several fellow officers. Special Agent Sentner, 44, was shot and killed in the line of duty on June 21, 2006, as he was working as part of a team executing arrest warrants on six correctional officers at the Federal Correctional Institution in Tallahassee, Florida. These correctional officers were indicted the previous day on charges of conspiracy to sexually abuse female inmates and introduction of contraband into the correctional facility. During the execution of the arrest warrant, one of the correctional officers, who was a subject of the warrant, opened fire on the arrest team. Acting with extraordinary courage, Special Agent Sentner rushed to aid his fellow agents and returned fire, killing the correctional officer. Tragically, Mr. Sentner was killed and a Federal Bureau of Prisons lieutenant was wounded. Special Agent Sentner's brave actions and quick response under fire saved the lives of others while sacrificing his own life.

The Mary C. Lawton Lifetime Service Award recognizes employees who have served at least 20 years in the Department and have demonstrated high standards of excellence and dedication throughout their careers. This year's Mary C. Lawton Lifetime Service Award went to David Margolis, Associate Deputy Attorney General in the Office of the Deputy Attorney General. Mr. Margolis has been a federal prosecutor for over 40 years and has brought decades of experience in the Department to the wide array of responsibilities in the Office of the Deputy Attorney General. The contributions that Mr. Margolis has made to the Department are not simply characterized by length of service. His impact on the Department's policy and practices, his integrity and reliability and his dedication to the cause of justice are hallmarks of his character.

The Attorney General's Award for Meritorious Public Service recognizes the most significant contributions of citizens who have assisted the Department in the accomplishment of its mission and objectives. Phillip Nicholas Chapman, Christopher M. Donlan, Amber Marie Deahn, and Linda C. Olson were honored today for their heroic and selfless efforts which led to the rescue of Shasta Groene and the arrest of her abductor, Joseph Edward Duncan, III, in Coeur d'Alene, Idaho on July 2, 2005. At approximately 1:53 A.M. PT, Joseph Duncan and Shasta Groene walked into a Denny's restaurant in Coeur d'Alene, Idaho. Duncan had brutally killed members of Groene's family a few months before. Working for Denny's at the time were manager Linda C. Olson and waitress Amber M. Deahn. Ms. Deahn identified the girl from the extensive media coverage the case had received and directed her manager to call 911. Ms. Deahn offered Ms. Groene a milkshake as a delaying tactic. At the same time, Phillip N. Chapman and Christopher M. Donlan, who were patrons seated nearby, also recognized Ms. Groene from media reports and walked outside the restaurant to observe Duncan, who had gone outside to smoke. They identified his vehicle and recorded the license plate number. Responding officers soon arrived and arrested Duncan. As a result of their efforts, a violent killer and child sexual predator was arrested and an abducted child was recovered.

The William French Smith Award for Outstanding Contributions to Cooperative Law Enforcement is an honorary award granted to recognize State and local law enforcement officials who have made significant contributions to cooperative law enforcement endeavors. The Williams French Smith Award is presented this year to the following individuals: Battalion Chief Robert M. Luckett, Fire and Explosives Investigation Unit, Alexandria, Va; Captain William B. Harlowe, Fire and Explosives Investigation Unit, Fairfax County, Va.; Battalion Chief Scott K. Hoglander, Investigator Brian S. Radinsky, and Retired Investigator Tony R. Exline, all of the Fire and Explosives Investigation Unit, Prince George's County, Md.; Sergeant Hank E. Anderson and Detective Brian L. Padgett of the Prince George's County Police Department; Deputy State Fire Marshal Derrick A. Chapman and Corporal Steve W. Dulski of the Maryland State Police; and Detective Todd O. Gray and Investigative Analyst Emanuel U. Ross, Jr. of the Metropolitan Police Department for the District of Columbia

The Attorney General's Award for Distinguished Service is the Department's second highest award for employee performance. The recipients of this award exemplify the highest commitment to the Department's mission. Twelve Distinguished Service Awards were presented this year.

In the aftermath of Hurricane Katrina, many Department employees responded to assist those most impacted. The Award for Distinguished Service was presented to following employees who prioritized the needs of others and service to the public above their personal needs. Recipients include, from the Drug Enforcement Administration, Kevin C. Harrison, Assistant Special Agent in Charge; Joseph Ruggerio, Retired Group Supervisor, New Orleans Field Division; Jack H. Schumacher, Group Supervisor, Houston Field Division; Benjamin F. Hafer, Special Agent Pilot, Aviation Division, South Central Aviation Office; Daniel R. Salter, Assistant Special Agent in Charge, Dallas Field Division. From the U.S. Marshals Service, Roxanna L. Irwin, Chief Deputy U.S. Marshal, Eastern District of Louisiana. From the Federal Bureau of Investigation, Michael J. Wolf, Special Agent in Charge and Todd B. Cox, Supervisory Special Agent, New Orleans Field Office. Also honored at today's ceremony was

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Division Counsel Elizabeth D. Chatelain from the Bureau of Alcohol, Tobacco, Firearms, and Explosives, New Orleans Field Division. Rosemary A. Hart, Special Counsel from the Department's Office of Legal Counsel was also recognized.

U.S. Attorneys James B. Letten and David R. Dugas, both of Louisiana, were also awarded the Attorney General's Medallion for their leadership in support of response and recovery efforts in the aftermath of the storm.

The Distinguished Service Award was also presented to Brain R. Beckwith, Chief, U.S. Marshals Service Training Academy. His career contributions include assistance in the investigations of the first World Trade Center bombing and the Branch Davidians. Chief Beckwith was also called upon to lead a deployment in the aftermath of the September 11th terrorist attacks to secure La Guardia and Kennedy airports. Four days after Hurricane Katrina struck, Chief Beckwith led a team to the Gulf Coast and relieved beleaguered police forces, identified and located registered sex offenders and rounded-up fugitives responsible for the spike in crimes after the storm.

The Distinguished Service Award was also presented to the members of the Southeast Bomb Task Force, who pursued domestic terrorist Eric Rudolph for nine years after he attempted to disrupt the 1996 Summer Olympic Games in Atlanta by detonating one of the largest pipe bombs ever in the United States. The explosion resulted in the death of one individual and the injury of over 100 others. Recipients of the award included: from the Federal Bureau of Investigation, John D. Behnke, John H. Cronier, James W. Cross, Jr., Daniel P. Sindall, and Darin C. Werking, Special Agents, Atlanta Division; Velda L. North, Support Services Technician, Atlanta Division; Linda R. Urheim, Intelligence Analyst, Atlanta Division; Alexander Borzym II, Special Agent, Detroit Field Office; H. Joseph Ronisisvalle, Special Agent, Birmingham Field Office; Todd P. Letcher and Tracey A. North, Special Assistants to the Deputy Director, Office of the Deputy Director; and Thomas J. Mohnal, Supervisory Special Agent, Laboratory Division. Also awarded, from the Federal Bureau of Alcohol Tobacco, Firearms, and Explosives, was Joseph R. Kennedy, Supervisory Special Agent, Chattanooga Field Office.

Distinguished Service Awards were presented to John J. Connors, Senior Attorney, Office of Intelligence Policy and Review, for his exceptional dedication and efforts involving the Foreign Intelligence Surveillance court; Nora R. Dannehy, Supervisory Assistant U.S. Attorney, District of Connecticut, for her prosecution of significant public corruption matters, including Connecticut Governor John Rowland and Treasurer Paul Silvester; and Blane K. Dessy, Director, Library Staff, Justice Management Division for advancing the Department's library system.

Additional Awards for Distinguished Service went to Assistant U.S. Trustees: John P. Fitzgerald, Region 1; Henry G. Hobbs, Jr., Region 7; Mark A. Neal, Region 4; Cynthia A. Burnette, Region 21; and Patricia D. Fahey, Region 13. All five successfully and swiftly implemented, on a national basis, the new credit counseling and financial education requirements contained in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

Other Distinguished Service Awards were received by employees that spearheaded the Department's efforts in the appellate courts and Supreme Court in successfully defending the constitutionality of the Solomon Amendment, Rumsfeld v. FAIR. Award recipients from the Solicitor General's Office include Edwin S. Kneedler, Deputy Solicitor General, and Irving L. Gornstein, Assistant to the Solicitor General. Award recipients from the Civil Division include Douglas N. Letter, Appellate Litigation Counsel; Scott R. McIntosh, Special Counsel, Appellate Staff; Joseph H. Hunt, Director, Federal Programs Branch; Vincent M. Garvey, Deputy Director, Federal Programs Branch; and Gregory G. Katsas, Deputy Assistant Attorney General. Also awarded was Mark T. Quinlivan, Assistant U.S. Attorney, District of Massachusetts.

Three trial attorneys from the San Francisco Field Office of the Antitrust Division were also presented with Distinguished Service Awards. Niall E. Lynch, Assistant Chief; Nathanael M. Cousins and May Y. Lee, Trial Attorneys. These recipients, through their leadership, dedication, and exceptional investigation and negotiation efforts, are responsible for significant criminal antitrust cartel prosecutions. These cases have broken up an international price-fixing cartel involving a crucial component, dynamic random access memory–DRAM–in a huge, critically important, U.S. high-technology industry.

From the Justice Management Division's Finance Staff, Melinda B. Morgan, Director, and Marcia K. Paul, Deputy Director, were awarded for providing effective leadership and direction to the Department's financial audit community.

Award recipient Barbara Rowland, Assistant U.S. Attorney for the Eastern District of Pennsylvania, resolved two significant civil fraud cases in the pharmaceutical arena, recapturing $261.5 million for federal health care programs.

Another honored recipient, Bryan Sierra, Public Affairs Specialist for the Office of Public Affairs, has expertly managed media relations for complex and high profile cases, including the Padilla case, Enron and the Moussaoui trial. His extraordinary efforts to explain to the public the important work of the Department go beyond the call of duty, even accepting the dangerous mission of traveling with the Attorney General to Iraq in July 2005.

In recognition of outstanding professional achievements by law enforcement officers, four Excellence in Law Enforcement Awards were presented this year. Special Agents David P. Biddiscombe and James Langtry, New York Division, Federal Bureau of Investigation and Detective Robert J. Brzeski, Nassau County Police Department, New York, were honored for dismantling the Velt Gangsta Lanes set of the Bloods gang in Roosevelt, New York, as part of the joint federal and local Operation

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Streetsweeper. Their efforts resulted in the apprehension and conviction of 22 Bloods gang members on racketeering charges involving narcotics trafficking, assaults with firearms and incendiary devices, murder and attempted murder.

The Award for Excellence in Law Enforcement was also presented to Christopher M. Garay, an emergency medical technician from the Federal Correctional Complex in Tucson, Az., of the Federal Bureau of Prisons, who fought his way out of a housing unit overtaken by inmates. Mr. Garay was assaulted with homemade weapons, receiving numerous puncture wounds, scrapes, contusions and a laceration to his head. Immediately upon being released from the hospital, Mr. Garay returned to the prison to assist with the investigation and prosecution of the inmates involved.

Another distinguished group was awarded for their contributions in the investigation of former New York City Police Department detectives Louis Eppolito and Stephen Caracappa, who exploited their law enforcement positions to perpetrate a broad range of racketeering acts on behalf of the Luchese organized crime family. Honorees include, from the Drug Enforcement Administration's New York Field Division, Assistant Special Agent in Charge John M. Peluso and Special Agents Mark Z. Manko, John E. Perfetti, John P. Francolla. Recipients from the FBI's New York Field Division include Special Agents Geraldine A. Hart and David J. Wolf.

The Award for Excellence in Law Enforcement was also presented to members of an agency task force who conducted a 22 month investigation to catch a serial arsonist. The arsonist was responsible for the deaths of two people within the Washington Metropolitan Area. Individuals honored who serve in the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives' Baltimore Field Division include: Theresa R. Stoop, Special Agent in Charge; David L. McCain, Assistant Special Agent in Charge; William J. Stringer, Group Supervisor; and Thomas R. Daley, Scott R. Fulkerson, Tijuana N. Patty, Special Agents. Joseph M. Riehl, Chief of the Arson and Explosives Programs Division, was also awarded.

The Attorney General's Award for Excellence in Furthering the Interests of U.S. National Security was presented to the trial team involved with the Moussaoui case. Members of the team overcame numerous obstacles in what was an extremely complex and extended national security case. Ultimately, they were able to uphold the Department's goal–the prevention of terrorist attacks and the protection of national security–by securing the guilty plea of an avowed al Qaeda terrorist, and seeing that he spends the rest of his days in prison.

Members of the Moussaoui trial team include, from the Criminal Division, John W. Van Lonkhuyzen, Trial Attorney; Gregory A. Miller, Counterterrorism Support Specialist and Security Officer; Suzette R. Buttram, Former Paralegal Specialist, Counterterrorism Section. Recipients from the Eastern District of Virginia include David J. Novak, Senior Litigation Counsel; Karen M. Spinks, Victim Witness Coordinator; Aaron M. Zebley, Assistant U.S. Attorney; Nancy J. Kramp, Lynn H. Johnson and Sheila A. Lee, Paralegal Specialists; Debra C. Vainio, Lead Legal Assistant; Pamela A. Benson and Michael J. Tesar, Intelligence Research Specialists; Crystal A. Griego, Victim Witness Specialist; and Robert A. Spencer, Former Supervisory Assistant U.S. Attorney. Those honored from the Southern District of New York include David A. Raskin, Assistant U.S. Attorney; Harry J. Brady, Jr., Intelligence Research Specialist; Gerard C. Francisco, Legal Administration Specialist; and Wendy Olsen Clancy, Victim Witness Specialist. Members of the team from the Civil Rights Division include Kevin Gingras, Trial Attorney, Criminal Section. Members from the FBI include Special Agents James M. Fitzgerald, Brian L. Getson, Lisa M. Rich, and Matthew M. Gutierrez, Supervisory Special Agent Joan-Marie Turchiano, and Technical Information Specialist Brenda Holley, all of the New York Division; Special Agents Jacqueline Maguire and Matthew G. Walsh of the Washington Field Office; and Special Agent Lisa B. Eie of the San Diego Field Office. From the Justice Management Division, the team included Christine E. Gunning, Security Specialist, Security and Emergency Planning Staff. Also awarded was Raymond A. Guidetti, Detective Sergeant First Class, New Jersey State Police, along with agents from the Central Intelligence Agency Jonathan H. Ferry and John L. McPherson.

The Edward H. Levi Award for Outstanding Professionalism and Exemplary Integrity is presented to pay tribute to the memory and achievements of former Attorney General Edward H. Levi, whose career as an attorney, law professor and dean, and public servant exemplified these qualities in the best traditions of the Department. John C. Keeney, Deputy Assistant Attorney General of the Criminal Division, is the recipient this year. Mr. Keeney has been a leader and mainstay of the Department for more than 50 years. He is recognized for his legal expertise, resourcefulness, and decisive measures on organized crime and racketeering, public corruption, and the federal government's use of electronic surveillance and witness security protection programs, among other matters.

The Attorney General's Award for Excellence in Management recognizes outstanding administrative or managerial achievements which have significantly improved operations, productivity, or reduced costs. This year's recipient is Frank V. Hall, Director of Administration for the U.S. Attorney's Office in the Middle District of Florida.

The Attorney General's Award for Excellence in Information Technology recognizes outstanding achievements in applying information technology to improve operations and productivity, reduce or avoid costs, and solve problems. This year's recipients from the Drug Enforcement Administration include: Catherine M. Harnett, Chief of Demand Reduction Programs; Maureen C.

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Bory, Demand Reduction Coordinator; Deborah S. Augustine, Victim Witness Specialist; Michael J. Turner, Special Agent/Staff Coordinator for the Demand Reduction Section; and Public Affairs Specialists Tammy L. Bowman, Amy L. Warren, and Barbara L. Wetherell of the

Office of Congressional and Public Affairs. Also awarded were Electronics Engineer Greg D. Kesner for the Operational Technology Division of the FBI and Information Technology Specialist Wayne E. Towson with the U.S. National Central Bureau of Interpol.

The Attorney General's Award for Equal Employment Opportunity is the Department's highest award for performance in support of the Equal Employment Opportunity program. This year's recipient is Mail Supervisor Alice H. Roberson of the Facilities and Logistics Services Division at the FBI.

The Attorney General's Award for Excellence in Legal Support recognizes outstanding achievements in the field of legal support to attorneys by paralegal specialists and other legal assistants. This year's paralegal recipients include Supervisory Paralegal Specialist Lee Cox in the Criminal Division's Office of International Affairs; Paralegal Specialist Deidre Williams in the General Counsels Office at the Federal Bureau of Prisons. The following individuals from the FBI's Criminal Justice Information Services Division also received an award for their outstanding legal support: Legal Administrative Specialists Brian Allen Barker, Kathleen L. Crowl, Richard H. Dean, Roberta A. Hatcher, Charles R. Mays, Sarah E. Phillips, Dorothy L. Riddle, and M. Jeanne Zickefoose; Supervisory NICS Liaison Specialist Todd D. Mullenax; and NICS Liaison Specialist R. Marc Chamberlain.

The Attorney General's Award for Excellence in Administrative Support recognizes outstanding performance in administrative or managerial support by an administrative employee or secretary. The recipients include Special Deputation Specialist Eva M. Gilbert of the U.S. Marshals Service; Special Investigative Support Technician Diane M. Raney of the Federal Bureau of Prisons in Phoenix; Staff Assistant and Office Manager Karen A. Hanson of the Torts Branch of the Civil Division; and Cameo D. Hoey, Secretary in the Disability Rights Section of the Civil Rights Division.

The John Marshall Awards are the Department's highest awards presented to attorneys for contributions and excellence in legal performance. Twelve awards in eight categories are presented this year.

Todd J. Cochran, Kevin B. Crawford, Scott R. Damelin, John C. Ekman, Stephen P. Finn, Joshua E. Gardner, Heide L. Herrmann, Sonia M. Orfield, Russell A. Shultis, Sharon A. Snyder, Marian E. Sullivan, Elizabeth A. Thomas, Trial Attorneys and Harold D. Lester Jr., Assistant Director and Alan J. Lo Re, Senior Trial Counsel from the Civil Division's National Courts Section received the John Marshall Award for Trial of Litigation. The Spent Nuclear Fuel Litigation Team is recognized for outstanding work in defending claims in 66 separate cases pending before 18 different trial court judges.

Amy Jeffress and Matthew G. Olsen, Assistant U.S. Attorneys for the District of Columbia, also received the John Marshall Award for Trial of Litigation. The team was honored for the successful prosecution of one of the most violent criminal organizations in United States v. Kevin Gray, et al, a RICO conspiracy case charging 16 defendants with terrorizing neighborhoods in parts of the District of Columbia for more than 10 years.

The John Marshall Award for Participation in Litigation was presented to David H. Laufman and Stephen M. Campbell, Assistant U.S. Attorneys for the Eastern District of Virginia and Marla B. Tusk, Trial Attorney and Jerry R. DeMaio, former Trial Attorney of the Criminal Division's Counterterrorism Section. The team is recognized for their outstanding performance in the investigation, prosecution and conviction of Al Qaeda conspirator Ahmed Omar Abu Ali.

The John Marshall Award for Participation in Litigation was also presented to Sally Quinn Yates, First Assistant U.S. Attorney and R. Joseph Burby Jr. and John Horn, Assistant U.S. Attorneys and Phyllis B. Sumner, former Assistant U.S. Attorney for the Northern District of Georgia, as well as William R. Chambers Jr. and Michael W. Whisonant, Assistant U.S. Attorneys and Robert J. McLean, former Assistant U.S. Attorney for the Northern District of Alabama. The team is recognized for their outstanding partnership in successfully investigating and prosecuting Eric Robert Rudolph for the deadly bombings in Atlanta and Birmingham, Alabama.

The John Marshall Award for Support of Litigation is presented to attorneys from the Environment and Natural Resources Division's Environmental Crimes Section Kevin M. Cassidy, Noreen E. McCarthy and Andrea T. Steward, Trial Attorneys and Christopher J. Costantini, Daniel W. Dooher, Deborah L. Harris, Richard A. Poole, Senior Trial Attorneys and Assistant Section Chief Andrew D. Goldsmith and Senior Counsel H. Claire Whitney. Attorneys from several U.S. Attorneys offices were also recognized: from the District of New Jersey--Ralph J. Marra Jr., First Assistant U.S. Attorney and Norv McAndrew, Assistant U.S. Attorney; from the Northern District of Alabama, Robert O. Posey, Assistant U.S. Attorney; from the Eastern District of Texas, Arnold A. Spencer, Supervisory Assistant U.S. Attorney; and from the District of Utah, Leshia M. Lee-Dixon, Assistant U.S. Attorney. The team is honored for their hard work on a nationally coordinated series of prosecutions that served to bring to justice one of the nation's most egregious violators of environmental and worker safety laws--McWane Inc.

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Scott J. Glick, Deputy Counsel for Criminal Matters of the Office of Intelligence Policy and Review (OIPR) received the John Marshall Award for Support of Litigation for his exceptional dedication and effort on behalf of OIPR in supporting nationwide litigation involving the Foreign Intelligence Surveillance Act.

Alisa B. Klein, Attorney in the Civil Division's Appellate Staff, received the John Marshall Award for the Handling of Appeals for her efforts during the past decade in some of the Division's most important cases involving the Family and Medical Leave Act, Controlled Substances Act, Telecommunications Act and the Driver's Privacy Protection Act.

David B. Salmons, Assistant to the Solicitor General in the Office of the Solicitor General also received the John Marshall Award for the Handling of Appeals for his exemplary legal skills and the major role he has played in some of the most pressing issues facing the country in the area of appellate litigation and the ongoing war on terror.

Michael J. Elston, Chief of Staff and Counselor in the Office of the Deputy Attorney General, received the John Marshall Award for Providing Legal Advice for his outstanding legal advice, leadership and excellence related to the appellate work of the Eastern District of Virginia.

Sharon Cohen Levin, Raymond J. Lohier and Kevin R. Puvalowski, Assistant U.S. Attorneys for the Southern District of New York, received the John Marshall Award for Asset Forfeiture for their outstanding dedication, diligence and professional skill in connection with a case that is a paradigm of how asset forfeiture can be used to recover assets abroad–in this instance, $200 million for crime victims.

The John Marshall Award for Alternative Dispute Resolution was given to attorneys from the Civil Rights Division's Disability Rights Section. Elizabeth L. Bacon, Josh C. Mendelsohn, Naomi H. Milton and Mellie H. Nelson, Supervisory Trial Attorneys and Beth A. Esposito, Dov Lutzker and Sunny Pietrafesa, Trial Attorneys and Mary Lou Mobley, former Trial Attorney, and Hilary L. Martinson, Attorney Advisor and Jeanine M. Worden, Deputy Chief were honored. The recipients used alternative dispute resolution to successfully negotiate a series of formal settlement agreements with some of the largest cities and counties in the United States.

Brian R. Howe, Assistant U.S. Attorney for the District of New Jersey and Stuart Rabner, Chief Counsel to the Governor of the State of New Jersey, were given the John Marshall Award for Interagency Cooperation in Support of Litigation for their outstanding performance in investigating and prosecution the case against Hemant Lakhani, who was convicted of attempting to provide material support to terrorists by offering to sell shoulder fired missiles for the purpose of shooting down commercial airlines in the United States.

The Attorney General's Award for Outstanding Service in Freedom of Information Act Administration recognizes exceptional dedication and effort to the implementation of the Freedom of Information Act. This year's recipient is J. Brian Ferrel, Senior Division Counsel for FOIA and Privacy Act Matters, Civil Trial Section of the Tax Division.

The Attorney General's Award for Fraud Prevention recognizes exceptional dedication and effort to prevent, investigation, and prosecute fraud and white collar crimes. The recipients include: Salvador R. Perricone, Assistant U.S. Attorney,

Eastern District of Louisiana; Nicola Mrazek, Trial Attorney, Criminal Division; Jonathan J. Rusch, Senior Counsel, Criminal Division; Paul E. Pelletier, Acting Chief of the Fraud Section, Criminal Division; Monique P. Roth, Special Counsel, Criminal Division; and Robert E. Coughlin II, Deputy Chief of Staff, Criminal Division. Additional recipients from the FBI's New Orleans Division include: Supervisory Special Agents Lewis M. Chapman and Howard Schwartz; Special Agents Donald L. Bostic, Jr., William M. Carter, John Brady Casey, Dewayne J. Horner, Jennifer L. Orona,

Edward W. Reed, Peter G. Smith, and Dennis Swikert; and Rebecca Lynn Giddens,

Support Services Technician. Recipients from the FBI's Jackson Division include Supervisory Special Agent Keith B. Moses and Special Agents Henry S. Huntsberry,

Robert E. Pine, Jr., and Joseph A. Skarda.

The Attorney General's Award for Outstanding Contributions to Community Public Safety recognizes outstanding achievement in the development and support of community partnerships designed to address public safety within a community. This year's award recipients include: Peter J. Elliott, U.S. Marshal, Northern District of Ohio; Gregory A. White, U.S. Attorney, Northern District of Ohio; C. Jay Matthews, Senior Pastor, Mt. Sinai Baptist Church; Dick Russ, Managing Editor, WKYC Television; Darren B. Toms, Assistant News Director, Clear Channel WTAM; Michael C. McGraph, Chief of Police, Cleveland, Ohio; Charles R. See, Director, Lutheran Ministries Community Re-Entry, Cleveland, Ohio; Douglas S. Weiner D.C. Strategic Group, Aurora, Ohio; Robert L. Tobik, Public Defender; William D. Mason, Prosecutor; Thomas J. Pokorny, Court Administrator; Gerald T. McFaul, Sheriff, Cuyahoga County; Richard J. McMonagle, Administrative Judge; and John E. Monce, Director, Ohio Bureau of Criminal Investigation.

The Cubby Dorsey Award for Outstanding Contributions by a Wage Grade System Employee recognizes extraordinary performance and contributions by wage grade system employees, including laborers, mechanics, and skilled craft workers. This

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year's recipient is Joseph Lewis Sawyer, Motor Vehicle Operator Supervisor, Facilities and Logistics Services Division, Federal Bureau of Investigation.

The Attorney General's Award for Outstanding Contributions by a New Employee recognizes exceptional performance and notable accomplishments towards the Department's mission by an employee with fewer than five years of Federal career service. This year's award is presented to four employees, including: Mark R. Freeman, Appellate Staff Attorney for the Civil Division; Allison P. Gioia Assistant U.S. Attorney for the Western District of New York; Monsita Lecaroz-Arribas, Assistant U.S. Trustee for Region 21; and Jeffrey M. Tapick, Trial Attorney for the Land Acquisition Section of the Environment and Natural Resources Division.

Feds May Sue Former Fannie Mae Execs (AP)

AP, September 14, 2006

Federal Regulator Says Litigation Likely Against Former Fannie Mae Executives

WASHINGTON (AP) -- The two executives who led Fannie Mae to an $11 billion accounting scandal can expect federal regulators to file lawsuits against them, the head of the Office of Federal Housing Enterprise Oversight said Wednesday.

"We will more than likely be filing litigation against them," OFHEO director James Lockhart said during a speech at the American Enterprise Institute.

When later asked by reporters if legal action was likely against Fannie Mae's former chief financial officer Timothy Howard and the mortgage finance giant's former chairman and chief executive Franklin Raines -- who was White House budget director under President Clinton -- Lockhart did not name names but did say "they are the top two."

Last month Fannie Mae announced -- and the Justice Department confirmed -- that the criminal investigation against it had ended after two years. Fannie Mae, whose accounting scandal came to light in September 2004, has been ordered by the Securities and Exchange Commission to restate its earnings back to 2001 -- a correction expected to reach around $11 billion.

Fannie Mae reached a civil settlement in May with the SEC and the OFHEO, agreeing to pay a record $400 million fine after OFHEO found serious accounting problems and earnings manipulation by the company.

Earlier this week, Freddie Mac -- Fannie Mae's smaller sibling in the $8 trillion home-mortgage market -- said it would not face criminal charges in connection with its own multibillion-dollar accounting scandal.

The Justice Department began investigating the accounting of Freddie Mac, which is the second-largest financer of home loans in the country, after it disclosed in June 2003 that it had misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002.

Freddie Mac and Fannie Mae were created by Congress to pump money into the home-mortgage market by buying home loans from banks and other lenders, to keep interest rates low and make home ownership affordable for low- and moderate-income people. They bundle the mortgages into securities for sale on Wall Street.

Shares of Fannie Mae added 20 cents to close at $53, while Freddie Mac gained 20 cents to end at $64.10, both on the New York Stock Exchange.

Regulator Says Civil Suit Likely For Raines (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, September 14, 2006

Fannie Mae's top regulator yesterday said it is "more than likely" the federal government will sue former chief executive Franklin D. Raines and other former company officers, seeking to recover bonuses and salary and perhaps impose fines for the mortgage finance company's accounting debacle.

While Fannie Mae paid a $400 million government fine in May for violating myriad accounting rules and overstating its profit by more than $10 billion from 2000 to 2004, as yet no action has been taken against Raines and his former chief financial officer, J. Timothy Howard.

"We will more than likely be filing litigation against them," Office of Federal Housing Enterprise Oversight Director James Lockhart told reporters after delivering a speech at the American Enterprise Institute. It was the strongest statement yet of the regulatory agency's intent to seek financial penalties against former Fannie Mae officials or try to claw back tens of millions of dollars in bonuses paid to the two men on the basis of what turned out to be inaccurate information about company earnings.

When asked if action was likely against Raines or Howard, Lockhart said, "They are the top two," according to an account by the Associated Press.

Lockhart declined to comment on his remarks, though a spokesman yesterday confirmed their accuracy.

Lawyers for Raines and Howard yesterday declined to comment. In past statements, lawyers for the two men have said they did nothing improper.

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Lockhart's agency has power to lodge only civil or administrative complaints. The Securities and Exchange Commission is also weighing civil action against former Fannie Mae executives. The Justice Department last month said it had closed its criminal investigation of the company's accounting scandal, though it is looking at whether Raines and Howard committed perjury in congressional testimony about Fannie's accounting practices.

One lawyer with knowledge of the case, who spoke on condition of anonymity because he didn't want to publicly speculate on OFHEO's intentions, said the agency could file a lawsuit before the end of the year. One thing OFHEO may be waiting on: the completion of a mandatory investigation by Fannie's independent directors to determine whether the company itself should sue Raines, Howard or others. The results of that investigation are due at the end of next month.

Such strong statements from Lockhart are not new. In May, after his agency and the announced the $400 million fine against Fannie Mae, Lockhart took aim at the $52.8 million in bonuses Raines received during the six years the company used improper accounting.

In addition, since neither Raines nor Howard were technically fired by the company when the accounting improprieties came to light in 2004, both men took home millions of dollars in severance payments, and Raines received retirement pay of $114,000 a month for the rest of his life.

Fannie Mae, based in the District, is a congressionally chartered private company that provides ready cash to the home mortgage market by purchasing mortgages from lenders. Fannie Mae keeps some loans on its own books but sells most to investors in the form of securities. It is one of the country's biggest financial institutions.

Grasso Asks Presiding Judge To Recuse Himself In Compensation Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 14, 2006

The battle over former New York Stock Exchange Chairman Richard A. Grasso's multi-million dollar compensation package continues to heat up.

Grasso's attorneys have filed a motion asking Justice Charles Edward Ramos, the presiding judge in the case, to reassign the matter to a different judge.

"Throughout this lengthy case, the Court has steadfastly expressed its desire that this significant case be handled in a way that engenders public confidence in the justice system," attorneys for Grasso said in papers filed with the court last week. "At this time, reassignment of the case would best serve that important goal."

Attorney General Eliot Spitzer has challenged Grasso's total compensation under New York's not-for-profit laws.

Gerson A. Zweifach of Williams & Connolly who represents Grasso, laid out three grounds for recusal in the motion. The first stems from ex parte settlement talks with Ramos, which Grasso entered into based on the court's "advance agreement not to serve as trial judge should Mr. Grasso object."

After the judge decided to conduct a bench trial to address the separate issue of whether Grasso's compensation of more than $139 million was reasonable, Grasso sent a letter to Ramos expressing concerns over his continued involvement with the case.

"Having obtained Mr. Grasso's and his counsel's consent to participate in an ex parte conference based on this commitment, it would be improper, to say the least, for the Court now to try the case over Mr. Grasso's objection."

The second grounds for recusal, Zweifach said, were that Ramos, during the course of the settlement discussions, expressed views on "factual and legal issues that lie at the heart of any upcoming trial."

"The Court's statements could reasonably be interpreted as impairing Mr. Grasso's right to have his case resolved in a fair and impartial manner," Zweifach said.

The attorney claims that Ramos "candidly" expressed his views regarding whether Grasso ought to return some portion of his compensation to the stock exchange; whether Grasso played an improper role in receiving compensation; whether Kenneth Langone, a co-defendant in the case, acted improperly in his duties as chairman of the NYSE's compensation committee; whether Grasso was properly advised to accept the contractual payout from the stock exchange; and whether Grasso's compensation was too high.

The third ground for recusal involved the claim that Ramos twice sought a position, unsuccessfully, as a member of the board of the directors of the New York Stock Exchange.

In October 2002, an executive search firm working on Ramos' behalf approached Grasso about the judge's possible employment at the stock exchange. Grasso later leaned that in October 2003, Ramos also sent a letter to John S. Reed, Grasso's successor as chairman.

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This letter, Grasso's attorneys say, specifically cited a tobacco class action settlement with the state of New York in which Ramos had objected to the reasonableness of certain attorney fees. Spitzer did not oppose those fees. The judge's objection was subsequently reversed by Appellate Division, First Department in New York v. Phillip Morris Inc., 30 A.D.2d 57.

Zweifach said the development was "deeply troubling" because Ramos had failed to disclose that he had again sought a position on the stock exchange board weeks after Grasso's termination and seven months before the filing of the government's suit, and because the second letter, addressed to Reed, "specifically focused on the Court's willingness, sua sponte, to set aside agreed-upon compensation where the Court questioned its reasonableness."

The fact that Ramos had specifically called attention to his decision in the tobacco case is seen as evidence by Grasso and his attorneys that Ramos is "offended by high levels of compensation."

Zweifach said the fact that Ramos is set to decide in a bench trial the issue of whether Grasso's pay was reasonable raises "substantial public questions about the fairness of such a proceeding" giving his endorsement of his opinion in the tobacco case.

In addition to Zweifach, Grasso is represented by Mark C. Zauderer, a partner at Flemming Zulack Williamson Zauderer. Zauderer declined to comment.

A spokesperson for Spitzer's office said the government expected to file a response later today to Grasso's motion.

CRIMINAL LAW:

Gonzales Says Year-old Task Force Is Deterring Katrina Fraud (AP)

By Mary Foster, Associated Press Writer

AP, September 14, 2006

NEW ORLEANS - Attorney General Alberto Gonzales credited a task force he established a year ago with deterring fraud in the Hurricane Katrina relief effort, citing as evidence money returned to the Red Cross and the Federal Emergency Management Agency.

Gonzales addressed members of the Hurricane Katrina Task Force Wednesday, the first anniversary of its creation, during an appearance in New Orleans, where the hurricane flooded 80 percent of the city on Aug. 29, 2005.

"People need to know that they will not get away with these crimes," Gonzales said.

The report released at the meeting said that by Oct. 17, 2005, the task force had charged 36 people in 17 cases with hurricane-related fraud. By Sept. 6, 2006, Gonzales said that number had grown to more than 400 people charged in more than 30 federal judicial districts around the nation.

Most task force prosecutions in the past year involved fraud in obtaining individual assistance benefits from FEMA and the Red Cross, the report said.

Between them, the agencies had more than $18.2 million returned by recipients individual aid, the report said, calling it a "sign that our prosecutions are deterring fraud."

The report identified trends in post-disasters, including charity-fraud schemes and emergency-assistance schemes that begin as soon as the public is informed of assistance available for disaster victims.

Criminals learn to exploit systemic weaknesses in oversight or internal controls of disaster relief programs, the report said.

"In short, when these criminals find a weak spot - a short cut to the money - they tend to return to it," Gonzales said.

Gonzales promised a crackdown on individuals who use their positions with governmental agencies and disaster relief programs to line their pockets.

"Our goal is that every dollar be used in the affected counties to rebuild, not to pat the bank accounts of criminals," Gonzales said.

Fraud cases have been made in 16 states ranging from Louisiana, Mississippi, Alabama and Florida to California and Oregon, the report said.

New Katrina Fraud Squad Following Money To New Orleans (WGNO)

By Paul Murphy, ABC26 News,

WGNO, ABC 26, New Orleans, September 14, 2006

Attorney General Gonzales Promises "Zero Tolerance"

NEW ORLEANS, LA — U.S. Attorney General Alberto Gonzales spent Wednesday in New Orleans getting a one-year report from his National Katrina Fraud Task force.

He predicts fraud cases will rise as more and more federal recovery dollars reach the Gulf Region.

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"Billions of dollars are headed to the Gulf Coast region for the rebuilding effort," said Gonzales. "We know that fraud, sadly follows dollars."

Gonzales a group of prosecutors and law enforcers meeting at the Downtown Sheraton, so far his Katrina Fraud Task force is responsible for 400 arrests nationwide, half of them in Louisiana and Mississippi.

"It is disturbing to see not only the volume of fraud, but the lengths to which people will go to take advantage of others sufferings," said Gonzales.

The cases include two FEMA workers who pleaded guilty to soliciting bribes at a disaster recovery center in the Algiers neighborhood of New Orleans.

The task force also accused St. Tammany Parish Council Member Joe Impastato of trying to get money from a debris removal contractor.

That case is expected to go to trial early next year.

"I will tell you we have a lot of important investigation that are going on right now, some very significant, involving various public officials of course I can't go into the details," said New Orleans U.S. Attorney Jim Letten.

The Attorney General is also sending re-enforcements to protect the new round of federal dollars.

"We have petitioned Washington and Washington is sending down another squad of investigators which will be devoted solely to Katrina fraud," said FBI Special Agent in Charge Jim Bernazanni.

"I think as long as you have that kind of money, going into an effected area, there are going to be people who want to take advantage of it," said Attorney General Gonzales. "I think it's important to send a very clear message that we're watching this very closely and we're not going to tolerate fraud."

Fraud Deterred, Gonzales Says (NOTP)

By Susan Finch

New Orleans Times-Picayune, September 14, 2006

Victories chalked up, warnings renewed

Thanks to a federal fraud task force created within days after Hurricane Katrina, more than 400 people around the nation have been prosecuted for helping themselves to government and charity money meant for storm victims, U.S. Attorney General Alberto Gonzales said Wednesday in New Orleans.

"People need to know that they won't get away with these crimes, and that message is getting out there," said Gonzales, giving some examples cited in a year-to-date report on the task force's work.

There was an Illinois woman who told the Federal Emergency Management Agency that she was displaced by Katrina and had seen her two daughters drown in floodwaters and float away.

She sought FEMA aid to bury the daughters, once their bodies were recovered, and to reimburse her for counseling she got to cope with the loss.

"This woman had no daughters," Gonzales said. The woman was indicted by a federal grand jury in June, according to the report.

Gonzales pointed to another example, a man who got financial help from FEMA by falsely claming it was needed by individuals left homeless and without food or clothing by Katrina.

The man was indicted by a Nevada grand jury last spring after the task force found out he had used the FEMA money to rent seven Las Vegas hotel rooms, which he rerented to other people for purposes investigators think included drug dealing and prostitution.

In Louisiana, a total of 126 individuals -- 23 of them in the New Orleans area -- have been prosecuted on Katrina fraud charges, according to the report Gonzales cited.

Gonzales made his comments to task force members gathered at the Sheraton New Orleans Hotel for a daylong symposium to take stock of their accomplishments in the past year and make plans for future work.

Prosecutions prompted by task force efforts also have caused some would-be lawbreakers to think twice, Gonzales said. More than $15.8 million in FEMA benefits was sent back, while $2.4 million was returned to the American Red Cross.

Despite the task force's success in making Katrina-related fraud cases for everything from public corruption to identity theft, it faces an enormous job ahead: keeping tabs on the billions of dollars of government money now in the pipeline to help rebuild the storm-ravaged Gulf Coast region.

"When the criminals find an easy route for money, they tend to return for more, giving law enforcement an opportunity to stop it," Gonzales said.

He devoted his first remarks at the podium to New Orleans' struggle to recover from the hurricane at the same time it is contending with a rising tide of crime.

"This great city cannot return to its former glory if it's being held hostage by criminals," he said, adding that the federal government is doing all it can to help the city's struggling criminal justice system.

Susan Finch can be reached at sfinch@timespicayune.com or (504) 826-3340.

Task Force Flooded With Katrina Fraud (CNN)

By Terry Frieden

CNN.com, September 14, 2006

WASHINGTON (CNN) -- More than 400 people -- including government and charity workers -- have been charged so far with illegally benefiting from Hurricane Katrina and the ensuing flooding, according to a Justice Department report released Wednesday.

However, the Katrina Fraud Task Force hasn't even begun to skim the waters, and the number could climb into the thousands, the report stated on the first anniversary of the task force.

"Disaster relief agencies have reported to law enforcement that they have identified thousands of questionable or possibly fraudulent payments to purported hurricane victims," the report said.

To date, the multi-agency command center in Baton Rouge, Louisiana, has received more than 6,800 complaints or tips for investigators to pursue.

The prosecutions of negligible fraud schemes has had a deterrent effect, as ineligible recipients of aid have voluntarily returned $18.2 million to the Federal Emergency Management Agency and the American Red Cross, the report says.

Most of the cases have involved people trying to obtain assistance from FEMA or the Red Cross, though cases of identity theft, procurement fraud and public corruption are emerging, the report states.

It adds that the task force found a "particularly distressing pattern of criminal activity" involving government and charity insiders. Among those being prosecuted are employees or contractors with FEMA, the Army Corps of Engineers, the Louisiana Department of Labor and the Red Cross.

The report came as Attorney General Alberto Gonzales met with about 170 police and prosecutors investigating and litigating fraud cases surrounding hurricanes Katrina, Rita and Wilma.

"We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed," Gonzales said.

Of the federal prosecutions thus far, 115 were in Louisiana, 79 in California, 50 in Texas, 48 in Mississippi and 31 in Florida.

Judge Drops Two Charges In Gotti Racketeering Case (NYT)

By Timothy Williams

The New York Times, September 14, 2006

A federal district court judge dropped two counts against John A. Gotti yesterday involving two of his businesses that prosecutors claimed had been set up and operated with illicit funds.

The charges had been added by the government for Mr. Gotti's third racketeering trial, but Judge Shira A. Scheindlin said prosecutors had not offered sufficient proof to support the charges.

"The facts do not prove that Gotti invested the proceeds from loan sharking and construction industry extortion into" the companies, she said. "No reasonable juror could find Gotti guilty beyond a reasonable doubt" on the charges, she said.

The companies in question are JAG Brokerage and the 216-02 Hempstead Avenue Corporation, which mainly collect rents on property owned by Mr. Gotti in Queens.

Mr. Gotti, known as Junior, still faces five charges related to witness tampering and racketeering, including extorting construction companies, loan sharking, money laundering and ordering the 1992 kidnapping and beating of Curtis Sliwa, founder of the Guardian Angels and a radio talk show host. Mr. Gotti has twice been tried on similar charges, and in each case a jury was unable to reach a verdict. Also yesterday, in what could prove to be a critical development, Mr. Gotti's lawyers questioned whether Mr. Gotti could be heard saying on a secretly recorded F.B.I. tape that he was angry about being demoted from the top echelon of the Gambino crime family to a captain.

The recordings, made when Mr. Gotti was in Ray Brook federal penitentiary on unrelated racketeering charges from 1999 to 2004, are the centerpiece of the government's case against Mr. Gotti. The tape, which records a conversation between Mr. Gotti and his sister Angel in August 2003, is critical because it appears to show that Mr. Gotti retained a leadership role in the Gambino family as late as 2003.

Mr. Gotti's primary defense against the racketeering counts is that he left the Mafia some time before mid-1999, and is therefore protected from prosecution by the five-year statute of limitation on racketeering charges.

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While the words on the tape are difficult to make out, the F.B.I. transcription of the recording reads: "'I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him."

But Steven Dobies, who prosecutors say is an associate of the Gambino crime family, testified that he was present during the conversation and never heard the word "captain" used.

"What did you hear?" Mr. Gotti's lead lawyer, Charles Carnesi, asked Mr. Dobies.

"John says, 'Honestly, well, what happened?'" Mr. Dobies said.

"Did you ever hear the word 'captain'?" Mr. Carnesi asked.

"Never," responded Mr. Dobies.

2 Charges Against Gotti Tossed (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 14, 2006

The case against John A. Gotti, son of the late Gambino crime boss, got a little lighter when a federal judge threw out two of the charges he faced in his racketeering trial.

Despite the dismissal of the counts by Manhattan federal judge Shira Scheindlin yesterday, "Junior" Gotti still faces serious racketeering conspiracy and related charges, including allegations he was involved in extortion, loan-sharking and the 1992 beating of radio talk show host and Guardian Angels founder Curtis Sliwa.

Though she didn't issue a written opinion, Scheindlin essentially agreed with the defense that prosecutors had failed to prove Gotti used a company known as 216-02 Hempstead Avenue to invest funds from construction industry, extortion and loan-sharking activity. Scheindlin also formally dismissed a similar charge related to an inactive brokerage company Gotti ran until 1999, court records show.

James Cohen, a professor at Fordham University Law School, said in a telephone interview that Scheindlin's ruling indicated the evidence on those charges was quite weak.

The judge's action came the day before federal prosecutors were scheduled to begin summations in the trial, the third time Gotti, 42, has had to face a jury on the racketeering charges. Defense summations were expected to begin Friday and jury deliberations could start at that time.

Through his defense attorneys, Gotti maintains that he turned his back on life as a mobster before July 21, 1999, a date that would put the 2004 indictment outside the statute of limitations. Much of the defense case this week was aimed at proving that Gotti not only negated his life in the mob, but also wanted to leave New York and his old gangster cronies for a more peaceful life, possibly in Canada.

Yesterday Gotti's old friend, Steve Dobies, continued on the witness stand. Dobies, a 6-foot-8-inch-tall man dressed in blue jeans and sweatshirt, told the jury Tuesday about Gotti's plans to start a hip-hop magazine while he was in federal prison in 2003. The defense had called Dobies to rebut prosecution claims that he allegedly visited Gotti in prison to relay messages to mobsters on the street.

Under cross examination by assistant U.S. attorney Victor Hou, Dobies insisted that he never passed messages of a criminal nature for Gotti. Dobies also said that Gotti stated a number of times in 2002 and 2003 that he wanted nothing to do with his former mob associates, wanted out of the mob life and wanted to get away from New York.

Questioned about Gotti's anger that his uncle Peter and others had allegedly stolen his father's money, Dobies said that Gotti believed it was money that was due his mother and sisters.

JUDGE WHACKS TWO CHARGES AGAINST GOTTI (NYPOST)

By Kati Cornell

The New York Post, September 14, 2006

A federal judge dealt a blow to prosecutors in the John "Junior" Gotti case yesterday, tossing two new racketeering charges after the feds failed to show enough evidence at trial.

It was the second time Manhattan federal Judge Shira Scheindlin tossed the charges, which accused Gotti of trying to hide illegal cash from loan-sharking and construction-industry extortion in two businesses.

Prosecutors hoped to show that Gotti continued to live off criminal proceeds right through this year - part of a strategy to combat his claim that he quit the Mafia in 1999.

Scheindlin initially threw out the pair of racketeering counts on the eve of trial, only to flip-flop and immediately reinstate them after prosecutors argued that they would present fresh evidence.

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Yesterday, the judge ruled there was not enough proof to link the illegal cash invested in the businesses to a specific crime - or that additional dirty cash came in during the five-year statute of limitation period beginning in May 2001. This is Gotti's third trial after two previous juries failed to reach a verdict.

He stands accused of several racketeering charges, including the 1992 kidnapping of Curtis Sliwa, the Guardian Angels founder and radio host allegedly targeted for bad-mouthing Gotti's father, John "Dapper Don" Gotti, on the air.

A towering reputed Gambino associate who was Junior's "gofer" during his imprisonment from 1999 to 2004 testified that he collected up to $5,000 in rental income every month, but denied ever collecting criminal proceeds for Gotti.

Steven Dobies, a 6-foot-8 defense witness, said he was Gotti's most frequent visitor at the upstate Ray Brook prison and used some unusual tactics in helping the former Gambino leader prepare his defense.

During cross-examination by prosecutors, Dobies admitted he planned to wage a smear campaign against Sliwa through a Web site to be called "He's no angel.com"

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Judge Throws Out New Racketeering Charges For Gotti, Saying Prosecutors Did Not Prove Claims (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 14, 2006

(AP) - NEW YORK-For the second time, a judge on Wednesday tossed out new racketeering charges filed against John "Junior" Gotti, finding the evidence introduced at his trial insufficient to support a conviction.

U.S. District Judge Shira Scheindlin decided the government had not proven its claims that money invested in several of Gotti's properties stemmed from alleged loansharking or construction industry extortion.

The government filed the new charges several months ago in a bid to boost its case against Gotti, the son of late mobster John Gotti, after two juries in the last year deadlocked on racketeering charges against him. Closing arguments in his retrial could begin as early as Thursday.

A spokeswoman for prosecutors, Lauren McDonough, said the government had no comment on Scheindlin's ruling.

Scheindlin had thrown out the new charges last month before Gotti's retrial started but changed her mind and reinstated them days later.

With the new charges, the government had tried to prove that Gotti continued to benefit from Gambino crime family money even after he said he quit the mob when he pleaded guilty to charges in another racketeering case in 1999.

The government's new strategy did have some benefits because the judge decided that jurors could consider new evidence about Gotti's finances even though they could not use that evidence to convict him on the new racketeering charges.

Gotti is still charged with racketeering related to other alleged crimes, including an allegation that he ordered two 1992 attacks on radio show host and Guardian Angels founder Curtis Sliwa in retaliation for Sliwa's on-air rants against his father.

The elder Gotti died in prison in 2002, 10 years after he was sentenced to life for racketeering.

Last Gambino Holdout Caves, Pleads Guilty To Numbers Charges (WPJN)

By TIMOTHY O'CONNOR, THE JOURNAL NEWS

White Plains Journal News, September 14, 2006

The last defendant in the massive roundup of the reputed leaders of the Gambino crime family has joined the ranks of his convicted compatriots.

Louis "Little Louie" Natrella, 33, of Yonkers pleaded guilty yesterday in U.S. District Court in Manhattan to all charges against him. Natrella admitted to conspiring to defraud the United States, conspiring to operate an illegal numbers business, illegal gambling and operating an illegal numbers business.

Natrella was one of 32 reputed leaders, members and associates of the notorious organized-crime family charged in March 2005 in a racketeering indictment.

"We are very pleased with the efforts of the investigative team," said David Velazquez, the senior supervisory resident agent in charge of the FBI's White Plains office, "and the resulting clean sweep of 32 convictions for 32 defendants."

Natrella pleaded guilty after the lunch break yesterday during the first full day of testimony in his trial before U.S. Judge Alvin Hellerstein. Natrella's lawyer, Robert Soloway, could not be reached for comment.

Natrella was accused of operating a thriving Gambino numbers operation in the Bronx that was handed down to him by longtime Gambino associate Leonard Minuto Sr. from Dobbs Ferry.

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Minuto was one of the 32 defendants originally named in the racketeering indictment, but he struck a plea deal with federal prosecutors. In part, Minuto said he turned on the mob after finding out that Natrella and Scarsdale capo Gregory DePalma conspired to steal $20,000 from him.

Minuto said he found out about the plot in government papers turned over to him in preparation for his trial.

Minuto testified during DePalma's trial that Natrella told him that the money was seized by the FBI from a wall safe in his house during a raid on his Yonkers home.

Natrella's guilty plea marks the 31st in the case. DePalma, the sole defendant to place his fate in the hands of a jury, was found guilty in June of racketeering after a trial in U.S. District Court in Manhattan. COMMENT ON THIS STORY IN OUR FORUMS

The Mafia: A 21st-century Cosa Nostra (USNEWS)

U.S. News and World Report, September 14, 2006

"Anybody who thinks that the Mafia is breathing its last breath is just wrong," says Matt Heron. Heron oughta know--he's just finished running the FBI's Organized Crime Section in New York and is moving down to FBI headquarters in Washington this month to oversee its anti-mob operations nationwide. The Mafia, Heron says, has "had over 100 years in this country, but we didn't start successfully dinging them until the last 20 years. We've still got a lot of work cut out for us."

There's good reason to think the Mafia is down and out. At its height, the American mob wielded influence from labor unions to presidential elections, with big interests in longshoring, trucking, gambling, construction, waste disposal, and garment making. But the wiseguys have been reeling since the 1980s, with one set of indictments after another. Once boasting 26 families nationwide, the mob is down to 11, half of those confined to the New York area. And in recent years, every top boss of those five New York families--the heads of the Bonanno, Colombo, Gambino, Genovese, and Lucchese gangs--has been indicted or imprisoned or has passed away. So scarce are the godfathers that the Commission, the Mafia's ruling council, hasn't met for a decade, investigators say. And, though far from the front pages, the arrests go on. Since 2004, more than 70 members and associates of just the Bonanno family have been prosecuted in New York.

Those kinds of facts make it tempting to ignore the mob in this age of terrorism. But the cases also suggest just how active the Mafia remains. "We've hit them very hard, but they keep adapting and regenerating," says Tom Metz, acting chief of the FBI's Organized Crime Section. There's also a new generation of smarter, more educated mobsters. "They're not like their fathers and grandfathers and uncles," adds Heron. "Some of these people have law degrees, business degrees." Call it the New Mafia--their members tend to avoid thuggish acts like extortion and murder in favor of white-collar crimes, like Internet and stock market frauds. In January, a Gambino Family soldier was sentenced for running sophisticated telephone and Internet porn frauds that investigators say raked in an extraordinary $650 million. "Just when you think you've seen it all, they come up with another scheme," says Metz.

Moreover, the Mafia's influence still extends far beyond New York. There remain active families in Chicago, Detroit, New England, New Jersey, Philadelphia, and Miami. Last year, the feds arrested reputed mob figures in Illinois, Florida, and Arizona for 18 unsolved murders spanning four decades, including that of notorious Las Vegas hitman Tony "the Ant" Spilotro. As part of the indictment, prosecutors offered a fascinating history and description of the entire "Chicago Outfit"--Al Capone's old gang--for the first time formally charging it as a criminal "enterprise" under U.S. antiracketeering laws. The names of those indicted read like an episode of The Sopranos. There's Joey "the Clown" Lombardo, Paul "the Indian" Schiro, and Frank "Gumba" Saladino. (Gumba didn't make it--when the cops arrived to arrest him, they found Saladino dead in a hotel room, with tens of thousands of dollars in checks and cash beside his body.)

The wiseguys may be down, folks, but don't count them out just yet. There's too much money to be made. "It's an organization that's wounded but not dead," says Heron, who's worked Mafia cases for 20 years. "It will never be dead."

Malone Agrees To Plead Guilty On Eve Of His Trial In Las Vegas (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, September 14, 2006

Deal likely involves 50 months in prison

Lance Malone, a strip club mogul's bagman who was convicted in a San Diego corruption scandal last year, has agreed to plead guilty in the parallel Las Vegas case on the eve of his trial.

Malone pleaded guilty in exchange for a sentence of about 50 months in prison that would run concurrently with a sentence in the San Diego case, said a source close to the defense. The plea agreement is likely to include the requirement that Malone abandon his appeal of the San Diego conviction, the source said.

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Malone is accused of bribing Las Vegas politicians with cash, lap dances and ski-school tuition in exchange for votes that would benefit strip clubs owned by his boss, Michael Galardi.

If a judge approves the agreement, it would avert the trial in Las Vegas, which is set to begin Monday. The specific crime to which Malone would plead guilty could not be confirmed Wednesday.

In San Diego, Malone was convicted July 18, 2005, along with former San Diego Councilmen Michael Zucchet and Ralph Inzunza, of extortion, wire fraud and wire-fraud conspiracy in a scheme to trade campaign contributions for political favors.

Malone worked for Galardi, who wanted the law that prohibits touching between strippers and patrons repealed so the club would make more money. Galardi made a deal with the government and testified against the others.

In November, U.S. District Judge Jeffrey T. Miller threw out a jury's guilty verdicts against Zucchet, acquitting him of seven corruption counts and granting a new trial on the remaining two counts.

During the same hearing, Miller also sentenced Inzunza to 21 months in prison and Malone to 36 months in prison. Inzunza and Malone are free on bond pending a decision on their appeals.

The government has not decided whether it will appeal Zucchet's acquittal. A decision is due by year's end.

In Las Vegas, Malone's trial was severed from that of politicians Dario Herrera and Mary Kincaid-Chauncey, who were convicted in May and sentenced last month to 50 months and 2½ years in prison, respectively.

Galardi, who at the time owned Cheetahs in San Diego and Cheetahs and Jaguars in Las Vegas, pleaded guilty to wire fraud in the San Diego case in September 2003 and to a count of racketeering in the Las Vegas case a month later. He testified in the San Diego and Las Vegas trials and was scheduled to do so at Malone's trial. Galardi has yet to be sentenced.

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Former Clark County Commission Member's Trial Set To Begin Monday (LVRJ)

By Adrienne Packer, REVIEW-JOURNAL

Las Vegas Review-Journal, September 14, 2006

Former Clark County Commissioner Lance Malone is negotiating with federal prosecutors in a last-ditch effort to avert trial on political corruption charges, a source close to the case said Wednesday.

The government offered Malone an agreement that, in exchange for a guilty plea, would allow him to serve a prison term that will run concurrently with the three-year sentence levied last summer in San Diego in a similar political corruption case. Malone also would agree to abandon the appeal he filed after the San Diego conviction.

Malone is the last of five defendants to go to trial, culminating the 3-year-old public corruption case that centered around Michael Galardi, who admitted bribing politicians to protect the financial viability of his strip clubs in Las Vegas and San Diego.

Galardi and Malone were accused of providing cash bribes to three San Diego councilmen and former Clark County commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey. In exchange for the cash, the commissioners voted favorably on Galardi-related matters.

Galardi, the money source, and Kenny pleaded guilty in 2003. Herrera and Kincaid-Chauncey, recipients of the bribes, were convicted in May. Malone, the middle-man who is accused of delivering the cash to politicians, had vowed to fight the charges in Las Vegas. But negotiations between Malone's attorney, Dominic Gentile, and federal prosecutors, intensified in the last week, the source said.

Gentile did not return telephone messages Wednesday, but confirmed Tuesday that he was in negotiations with the government.

Natalie Collins, spokeswoman for the U.S. attorney's office, said Wednesday, "Plea negotiations are under way, but we're still scheduled to go to trial beginning Monday."

Malone was charged with conspiracy to commit wire fraud, wire fraud and conspiracy under the Racketeer Influenced and Corrupt Organizations Act.

"He was really in a very, very difficult situation," said Douglas McNabb, a Houston defense attorney who specializes in federal criminal cases and has followed the Galardi case closely.

"When you have so many cooperating people and you have those who actually did go to trial and lost, you run the risk of having your sentence stacked. There's a huge amount of pressure to try to work something out."

Although the plea agreement had not been signed as of Wednesday evening, there were several indications that the trial will not proceed Monday.

For example, in the week leading up to the trial of Kincaid-Chauncey and Herrera, defense attorneys and prosecutors filed a flurry of motions, submitted proposed questions for jurors and attended a status conference, according to court documents.

Only one motion on behalf of Malone has been filed this month.

Herrera's legal team made repeated visits to the Clark County Government Center to speak with potential witnesses who were later subpoenaed. Clark County Deputy District Attorney Mary-Anne Miller said Gentile has subpoenaed no county employees.

Additionally, Assistant U.S. Attorney Daniel Schiess has not met or briefed Galardi, the government's star witness who testified against Malone in San Diego, according to the source familiar with the case.

Schiess had not subpoenaed Tony Montagna, an undercover informant and head of security for Galardi, whose wiretaps and testimony played a key role in Malone's conviction in San Diego, the source said.

Also, according to another source, FBI Special Agent Chris Byers is out of the country. Byers testified for the prosecution in the trial of Kincaid-Chauncey and Herrera and was expected to do so again in Malone's trial.

If Malone lost at trial, he could face a five or six-year sentence on top of the three years he received in San Diego, one source said.

In San Diego last year, Malone was found guilty of paying off San Diego councilmen Michael Zucchet, Charles Lewis and Ralph Inzunza.

Malone, working as Galardi's lobbyist, attempted to reverse an ordinance prohibiting dancers from touching customers at Galardi's club in the San Diego suburb of Kearney Mesa.

In May, jurors in Las Vegas returned a guilty verdict against Herrera and Kincaid-Chauncey. During the eight-week trial, the jury heard hours of recorded telephone conversations between Malone and the defendants setting up meetings.

They also heard conversations in which Malone and Galardi use language that prosecutors said should be interpreted as code phrases for payoffs.

Malone's trial was severed from that of his two co-defendants because his two former colleagues on the commission planned to -- and did -- attack his credibility.

Herrera's attorneys suggested that Malone pocketed bribes Galardi intended to be delivered to the elected officials.

"I have never received a payment from Mr. Galardi or Mr. Malone, anywhere," Herrera testified on April 20.

Malone was captured on a recording of an intercepted telephone call telling Kincaid-Chauncey he planned to "supply" her.

But Kincaid-Chauncey testified she often ignored Malone's ramblings, saying, "Lance would talk a lot and not always say a lot."

Kincaid-Chauncey testified she often found herself concerned for her friend, who was floundering as Galardi's lobbyist. Kincaid-Chauncey said she bowed to Malone's requests to call Galardi and thank him. She explained that Malone wanted to prove to his boss he had a close relationship with commissioners.

Jurors didn't buy it.

During the San Diego trial, Gentile attempted to convince jurors that Malone was simply fulfilling his duties as a lobbyist when he kept in close touch with the council members and flushed them with campaign contributions.

Malone was convicted of one count of conspiracy to commit wire fraud, 33 counts of wire fraud and three counts of extortion.

In all, Malone delivered between $35,000 and $40,000 to the councilmen. Most of the payments were bundled. Malone solicited individuals to make contributions, then reimbursed them. The limit on donations in San Diego is $250.

The amount of money changing hands in Las Vegas was far greater, according to testimony during Herrera and Kincaid-Chauncey's trial.

Galardi, a government witness expected to take the stand in Malone's trial, testified against his two co-defendants. Galardi said he paid Herrera between $150,000 and $200,000 and Kincaid-Chauncey about $80,000. Galardi told FBI agents all the payments were delivered by Malone.

ETHICS INQUIRY: FBI Investigation Involves KC Councilwoman (KCS)

The Kansas City Star, September 14, 2006

An attorney representing Saundra McFadden-Weaver acknowledged Tuesday that there was an ongoing FBI investigation involving the Kansas City councilwoman.

Attorney Ron Partee confirmed the FBI investigation the same day the city's ethics commission launched its own investigation into her involvement in $400,000 in mortgages for a Lee's Summit home.

Members of the Municipal Officials Ethics Commission — which had not met in this decade — asked McFadden-Weaver to answer questions before she testified next month before the panel. They also want her to produce loan and purchase documents, and a list of addresses where she has lived since taking office.

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McFadden-Weaver asked for the ethics investigation after The Kansas City Star reported in August that she obtained the loans, apparently with no money down. Loan documents stated she would occupy the home outside the 3rd District, which she represents. The councilwoman maintains she always has lived in Kansas City.

FBI Joins Police To Arrest 22 Reputed Crips Members (NSL)

By Jonathan Schuppe, Star-Ledger Staff

Newark Star-Ledger, September 14, 2006

Nearly two-dozen reputed members of the Crips gang have been arrested on federal gun and drug charges in what U.S. Attorney Christopher Christie promised would be the start of a lengthy multi-agency campaign against street gangs and other violent criminals in Essex County.

"Federal law enforcement is getting into the business with our partners in local law enforcement to take on the street gangs who are victimizing the citizens of Essex County," Christie said. "Over the next three years I'm in office, I will be focusing on taking on street thugs like those we're taking on today."

The 22 reputed Crips members -- including the leader of a chapter called 98 Main Street Mafia and ranking members of three other factions -- were arrested by FBI agents and local police in roundups that started Tuesday and continued yesterday morning in East Orange, Irvington and Newark.

Although the gang members claimed allegiance to different chapters, or sets, many of them worked together, authorities said.

In Irvington, for example, members of the Grape Street and Rolling 60s sets plotted to sell crack cocaine in a Crescent Lane public housing complex this summer, according to law enforcement authorities and complaints filed by the U.S. Attorney's Office in Newark.

Several of the gang members were caught on videotape selling crack to an undercover informant, authorities said.

In East Orange, members of the Hoover 5-2 and Grape Street sets held a meeting in March in which they discussed selling crack, heroin and Ecstasy, according to the complaints. Over the next few months, they were caught selling the drugs to undercover informants on Park Avenue and surrounding streets.

The sale of illegal firearms took place in Newark and Irvington, where gang members allegedly took thousands of dollars for handguns, assault rifles and a shotgun, authorities said.

"These are the weapons of their trade, and they're using them not only on each other but also on innocent people trying to live their lives in their communities," Christie said.

None of the charges filed yesterday mentioned any violence related to guns sold by the gang. That part of the probe, along with an examination of how the guns got into Essex County, is continuing, authorities said.

Feds Arrest 22 High-level Crips Members (NSDY/AP)

Long Island Newsday, September 14, 2006

NEWARK, N.J. (AP) _ Capping a year-long investigation into drug and weapons dealing in Essex County, federal authorities arrested 22 members of the Crips street gang Wednesday morning, and said many of them were high-level members.

"These are upper-echelon guys, not just street dealers," said Steven Siegel, a spokesman for the FBI's Newark office.

The suspects were arrested in Newark, Irvington and East Orange, and face charges including possession with intent to distribute heroin, crack cocaine and ecstasy. Several also were charged with illegal sales of weapons, including assault rifles.

Siegel said the arrests were unrelated to raids carried out in Britain and New Jersey Wednesday morning that broke up an arms trafficking operation supplying guns to criminals in London.

More than 100 federal and local agents, including an FBI SWAT team, participated in the early morning street gang arrests.

Federal Jury Convicts KC Gang Member (KMBC-TV)

KMBC-TV, September 14, 2006

Wright Could Face Life In Prison

KANSAS CITY, Mo. -- A federal jury convicted the former leader of the 51st Street Crips gang Thursday of three homicides, drug trafficking and firearms violations.

Steve L. "Moody" Wright, 23, of Kansas City, was found guilty on 15 counts contained in a 2004 federal indictment.

Federal authorities said that Wright and other members of the street gang were repeatedly involved in illegal drug trafficking and had guns that they used to protect their drug supplies and drug profits.

"Wright's modus operandi was to rob other drug dealers, often shooting to kill, steal their supply of drugs, then sell them for profit," U.S. Attorney Bradley J. Schlozman said a news release.

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Wright could be subject to sentence of life in prison without parole. A sentencing hearing has not been set.

'Dangerous Gangster' Convicted In 3 Murders (KCS)

By Tony Rizzo

The Kansas City Star, September 14, 2006

It took more than a month of testimony in federal court to chronicle the alleged criminal exploits of Steve L. Wright Jr.

And it took a jury about 15 hours of deliberation over three days to sort through it before finding the 23-year-old Kansas City man guilty of three drug-related killings and other crimes.

Prosecutors portrayed Wright as a key member of a Kansas City street gang involved in drug dealing and fatal and nonfatal shootings during 2000 and 2001, when Wright was a teenager.

The jury convicted him of 15 counts, including two murders related to drug trafficking and one to prevent a witness from cooperating with police. He also was found guilty of conspiracy to distribute drugs, and other drug and firearms counts.

"Wright is a vicious and dangerous gangster, therefore we are asking the court to protect the public by sending him to prison for the rest of his life," U.S. Attorney Bradley Schlozman said after the jury verdicts in Kansas City.

In closing arguments Tuesday in U.S. District Court, Assistant U.S. Attorney Charles Ambrose described one incident after another in which police found drugs and weapons after arresting Wright or persons with him.

Ambrose described the pattern that was established when Wright was still a teen: "Vehicle speeding away from police with weapons and drugs on board and Mr. Wright on board."

The defense argued that weapons and drugs that were found in houses, cars or on other persons associated with Wright were not enough to convict him.

Defense attorney William Shull said that every witness who testified about Wright's involvement in murders was facing legal problems and worked out deals with prosecutors. Shull said none was "credible and worthy of belief."

He also noted that none of the wounded persons identified Wright as the triggerman, and that none of the weapons Wright actually possessed was linked to any crime of violence.

But Ambrose said that Wright was part of a conspiracy to distribute drugs and that he was responsible for criminal acts committed by other members of the conspiracy.

Several homicides the jury heard about involved Wright and his associates stealing drugs and shooting the one who was selling them.

"They, like so many others in this case, were paid in lead instead of cash," Ambrose told jurors in closing arguments.

After one of those rip-offs in 2001, one of Wright's associates, Michael L. Birks, was killed because he showed weakness by taking one of the victims to the hospital, Ambrose said. Wright was concerned Birks might also cooperate with police. Birks was on his knees begging for his life when he was killed by another man with a gun Wright provided, according to testimony.

Wright also was convicted for the June 2000 killing of Hector Santos and the June 2001 murder of Alex Clark.

Map Dealer Deserves Stiffer Term, British Say (NYT)

By Alison Leigh Cowan

The New York Times, September 14, 2006

STAMFORD, Conn., Sept. 13 — The 486-year-old map, bound for most of its life in a book that helped shape Britain's view of the world, survived the burning at the stake of the archbishop of Canterbury, who owned it, civil war, royal intrigue and the Nazi bombing of London.

Everything, it appears, but the arrival in London in 2005 of Edward Forbes Smiley III, an American dealer in antiquities who specialized in obtaining hard-to-find trophies for his customers.

In June, Mr. Smiley, 50, pleaded guilty in federal court in New Haven to having stolen 97 rare maps from some of the world's leading universities and libraries, a staggering haul estimated at about $3 million.

Targets of his seven-year crime spree included Harvard, Yale and the New York Public Library. Also on the list of items taken was the centuries-old map by Peter Apian that was ripped from a book Mr. Smiley found at the British national library.

Because of that $100,000 map, and three more missing maps that the British Library believes Mr. Smiley may have snatched, the library is arguing that he deserves more than the 57 to 71 months in prison that prosecutors and Mr. Smiley's lawyers backed at the time of the guilty plea.

In a legal brief dated Wednesday, the library's lawyer, Robert E. Goldman, urged Judge Janet Bond Arterton of Federal District Court to impose a harsher sentence — of at least 78 to 97 months — when she revisits the case on Sept. 27. By law, the judge can impose up to 10 years, or 120 months, because the case involves the theft of a major artwork, although sentencing guidelines suggest a lower range.

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So far as the British Library is concerned, Mr. Smiley is no ordinary thief, and what he systematically stole transcends monetary loss. It complains in its brief that the sentencing guidelines “substantially understate the seriousness of the offense,’’ and it quotes liberally from Theodore Roosevelt, Robert F. Scott, the Antarctic explorer, and Samuel A. Alito Jr. to bolster its case.

“The case of United States v. Smiley has made painfully clear that Smiley created his marketplace and built his inventory through the systematic looting of the world’s great libraries,’’ the brief says.

As the brief put it, “The Apian world map stolen from the British Library by Smiley tells but one tale of the 97 maps stolen,’’ adding that it was torn from a volume once owned by Thomas Cranmer, the archbishop of Canterbury, who was a key adviser to Henry VIII and was burned at the stake for his beliefs by Mary I in 1556.

The book, which was confiscated, became part of the Royal Library and was eventually given to the British Library at its inception in 1973, according to the brief, where “the volume remained intact until visited by Smiley.’’

But Mr. Smiley’s lawyer, Richard A. Reeve, said: "It’s all very interesting, but the reality is that map has been recovered. It’s going back to the British Library.’’

Mr. Reeve added that Mr. Goldman’s memo “ignores a central part of this case, which is that the libraries are getting back maps that they would never have gotten were it not for Mr. Smiley’s cooperation.’’

Of the 97 maps that Mr. Smiley acknowledged stealing, federal agents have recovered 88 so far, said Thomas Carson, a spokesman for the United States attorney’s office in New Haven.

Map-stealing Collector Robbed Future Generations, Library Says (AP)

AP, September 14, 2006

NEW HAVEN, Conn. -- A renowned dealer who admitted stealing nearly 100 rare antique maps should be severely punished because he systemically looted treasures that told the story of the new world and had survived catastrophic events over the centuries, the British Library argued Wednesday.

The maps that E. Forbes Smiley III stole far transcended their estimated value of $3 million, the British Library said in documents filed Wednesday in U.S. District Court.

"The maps stolen by Smiley created the dreams of the explorer, merchant and powerful," the library wrote. "They charted the paths of national expansion and empire building. They marked the rise of British dominance, the origins of a new nation and the demise of a native population. The maps drew the lines between where knowledge ended and imagination began."

Some of the maps have not been recovered, while others were damaged, the library noted.

"Smiley's actions ripped at the heart of our public institutions which stored, protected and made available to the public over centuries maps which provided a bridge between past and future generations," the library wrote.

One of the stolen maps had survived civil war, royal intrigue, economic depression and the Nazi bombing of London.

"They had been cared for and preserved for centuries until Smiley ripped them from their volumes and slid them into his coat," the library wrote.

Smiley, a 50-year-old resident of Martha's Vineyard, faces up to six years in prison under federal guidelines and restitution when he is sentenced on Sept. 27. The British Library is urging the court to impose a higher sentence, citing similar cases in which courts imposed stiff sentences.

Smiley admitted in June that he stole 97 maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard University library and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, terrorities and discoveries in America, experts say.

With Smiley's help, prosecutors said most of the maps have been recovered from dealers and galleries. Prosecutors said four maps have not been returned by those who have them and five others are lost.

Smiley's attorney, Richard Reeve, called the British Library's arguments "factually and legally flawed." He said authorities could only prove Smiley stole 18 maps, but his client cooperated with the additional thefts.

"In effect, the libraries are getting back 80 maps that they never would have been able to prove Smiley had taken," Reeve said. "He could have sat back and said, 'Prove it.'"

But that tactic would have exposed Smiley to more prosecutions in other jurisdictions, said Robert Goldman, attorney for the British Library.

Smiley was arrested after a Yale librarian found a razor blade on the floor. Yale and other top map libraries reviewed their security procedures after Smiley's arrest.

The British Library has raised suspicions that Smiley stole additional maps and accused him of "selective cooperation" with authorities. They said prosecutors denied their request to look at Smiley's statements to them, while Smiley has refused to let them examine whatever records the government may have obtained from him.

Prosecutors said they disagreed with some of the arguments by the British Library, but declined to elaborate.

Reeve said the British Library lacked proof of additional thefts.

The British Library said one of the stolen maps was torn from a volume owned by Thomas Cranmer, archbishop of Canterbury who precipitated England's break with Rome by marrying King Henry VIII to Anne Boleyn in 1533. The map, which has been recovered but the library says was altered, shows Cranmer believed America was a separate continent and not part of Asia as many believed at the time.

"Like a drop of oil on a still pond, the number of his victims spreads with time," the library wrote. "Smiley's victims include students, scholars, academics, the general public and individuals yet to be born who will not have the opportunity to sit at a desk, open a leather bound volume and see the world as Archbishop Cranmer and others saw it in the 16th century."

Moroccan Court Jails Two Men For Internet Worm Last Year (WSJ)

By Cassell Bryan-low

The Wall Street Journal, September 14, 2006

Authorities in Morocco sentenced two individuals for their role in unleashing an Internet worm dubbed Zotob that infected computer networks at hundreds of companies last year.

A court in the Moroccan capital of Rabat on Tuesday sentenced Farid Essebar, a 19-year-old student and a Moroccan national born in Russia, to two years in prison. Another student, Achraf Bahloul, 21, received a one-year prison sentence. Both men were convicted of charges relating to virus-writing, illegal access to computers and conspiracy to commit credit-card fraud.

The Zotob worm affected machines at a number of media companies, including Time Warner Inc.'s CNN unit, New York Times Co. and ABC, a unit of Walt Disney Co. Among other companies that suffered from infected computers were Kraft Foods Inc. and DaimlerChrysler AG's Chrysler Group. The virus, which took advantage of a flaw in the "plug-and-play" feature of Microsoft Corp.'s Windows 2000 software, emerged just days after Microsoft warned of a security flaw and released a software fix for it. That left customers little time to patch their systems.

The case, which U.S. and Moroccan authorities say they believe is connected to a credit-card theft group in Turkey, illustrates how geographically dispersed cybercriminals have become. Traditionally, much of the online criminal activity has come out of the U.S., Eastern Europe and parts of Asia, security experts say. "It's a global problem now," says Graham Cluley, a technology consultant at antivirus-software company Sophos in the U.K.

Lawyers for Messrs. Essebar and Bahloul plan to appeal the ruling, according to a court official cited by the Associated Press.

Mr. Essebar, who goes by the online moniker "Diabl0," also was connected with a man in Turkey named Atilla Ekici, says the U.S. Federal Bureau of Investigation, which aided the probes in Morocco and Turkey. The case against Mr. Ekici, whom Turkish officials charged with unauthorized access to computers and disseminating a virus, is pending.

Write to Cassell Bryan-Low at cassell.bryan-low@wsj.com1

Virus Authors Sentenced (AP)

AP, September 14, 2006

Two Moroccan men have been sentenced to prison terms for helping write the Zotob computer virus that attacked major U.S. networks last year, a court official said Wednesday. Science student Farid Essebar, 19, and his friend Achraf Bahloul were sentenced Tuesday at the court in Sale, Morocco, near the capital Rabat, a court official said. Essebar was sentenced to two years and Bahloul to one year, the official MAP news agency reported. The Zotob worm and its variations, first unleashed in August 2005, targeted computers that run Microsoft Corp. operating systems, with Windows 2000 users most seriously affected.

California DNA Program Suffers From Lack Of Funding (LAT)

By Henry Weinstein

The Los Angeles Times, September 14, 2006

Two years after California set out to create a vast DNA database to help unravel tens of thousands unsolved crimes, the program is being severely hampered by a lack of resources, officials across the state say.

The state crime lab has a backlog of more than a quarter-million DNA samples it is unable to process because of a funding shortfall and a lack of manpower, directors acknowledge. At its current rate of progress, the lab would have to spend 2 1/2 years to clear the backlog -- if it received no more samples, which is hardly likely, since it is currently taking in about 20,000 samples a month, officials said.

State officials, Los Angeles police officers and the director of the Santa Monica Rape Treatment Center say the backlog means that crimes are going unsolved and that criminals who could be nabbed may still be walking the streets.

DOJ_NMG_0063060

"There will come a time when we will be sitting on a case where we have the offender profile and we are waiting for a match in (the database) who is among the 300,000 unprocessed samples and this offender will strike again," said Tim Marcia, a veteran detective in the LAPD's cold-case unit who has used DNA to solve rapes and murders.

The problems stem from overly optimistic funding projections when California voters in November 2004 resoundingly passed Proposition 69, designed to make the state the nation's leader in the use of DNA technology as a crime-solving tool.

Prop. 69 requires all convicted felons, certain misdemeanor offenders and those arrested for rape or murder to give up DNA samples. Prison officials swab offenders' mouths with an object called a buccal which looks like a tongue depressor. The samples are subjected to genetic testing, and the results are uploaded into the FBI laboratory's Combined DNA Index System, known as CODIS. The database can be run against evidence from crime scenes for DNA matches that will help identify new suspects.

More than 285,652 DNA samples have been uploaded into the data base and the program has yielded 2,670 "hits" in some long-languishing cases. But despite those successes, the funding problems have resulted in a backlog of 287,294 unprocessed DNA samples.

"Proposition 69 is the gold standard model for the world, but full and robust implementation is currently hamstrung," said Bruce Harrington, the Newport Beach, Calif., home developer who financed the ballot measure in 2004.

Harrington said the primary reason for the backlog is that the state crime lab in Richmond pays dramatically lower salaries than local crime labs, making it difficult to hire young scientists and hang onto more experienced ones.

Lance Gima, director of Forensic Services for the state attorney General, said the starting salary at the Richmond lab is $3,100, compared to $4,600 a month at the Los Angeles Police Department laboratory and $4,200 a month at the Los Angeles County Sheriff's Department. Local labs in large Northern California cities also pay more than the state, Gima said.

Although the program was supposed to pay for itself, it has not been fully funded. Under the law, the counties were to turn over $1 of every $10 in misdemeanor fines to a "penalty pot," amassing $25 million a year for the project. Instead, for reasons that are unclear, not all the counties are contributing, and the penalty pot stands at only $7.5 million.

The state legislature just enacted a measure to allocate another $1 for each additional $10 in fines. Harrington and Gima called that a positive step but said that will not ensure that the fines are collected and the money sent to the state.

The problem is likely to get worse at the start of 2009 when officials will start taking samples from all persons arrested as well as convicted of felonies. In 2004, the latest year for which figures were available, there were 522,781 felony arrests in California.

For Gail Abarbanel, director of the Rape Treatment Center at Santa Monica-UCLA Medical Center, the program has been a source of both exhilaration -- some rape cases have been solved very rapidly -- and enormous frustration.

"We have the law, the technology and the voice of public behind Prop. 69, but we also have a lot of valuable DNA evidence waiting to be processed," Abarbanel said.

Prominent criminal defense lawyers also are alarmed by the program's failings.

"It is a loss for prosecutors who want to expeditiously solve crimes before the perpetrators can commit more acts of violence and a loss for innocent suspects who do not want to be wrongly arrested an prosecuted," said Peter Neufeld, co-founder of the Innocence Project at Benjamin Cardozo Law School in New York, which has used DNA evidence to exonerate more than 180 wrongly convicted persons over the past 15 years.

Currently, the state lab, located in a modest office park, has 34 vacant employee spots. At the same time, it faces an onslaught of new work.

Gima complimented state Corrections officials for doing an efficient job of collecting samples . But the Richmond lab simply has been unable to keep up -- even with many staffers working overtime and weekends.

"We are very proud of what we have accomplished but we are not happy with that backlog," Gima emphasized.

The new law provides that if the state lab is unable to process a sample within six months it should be outsourced to a private laboratory. So far, the state has sent 166,000 samples to three private labs. However, the state lab staff has to verify every DNA profile the private lab processes, adding to their workload. Earlier this year, the state had to stop sending out samples because it couldn't pay the private labs, Gima said.

"DNA testing has really outstanding potential in terms of not only helping the police to investigate crimes, and also exonerate people who are innocent. But there are a lot of gaps to get DNA where it needs to go," said Barry Fisher, long time director of the Los Angeles County Sheriff's crime laboratory.

Slaying Suspect Free By Mistake (WP)

By Theresa Vargas

The Washington Post, September 14, 2006

Prince William County officials accidentally released a man charged with murder and didn't notice the mistake until five days later, authorities said yesterday.

Authorities said that they have no idea where Christopher T. Broady is and that he is dangerous.

"He is on trial for murder so that should give you an indication of the seriousness of this, of how hard we are trying to get him back," Manassas Detective Christine Perry said. "This is a priority. . . . It is number one."

Broady, 19, is charged with shooting a D.C. man in the head in an apparent drug dispute. He walked out of jail Friday, and the mistake was not noticed until Tuesday.

"He could be anywhere. He could be in Arizona, Mexico, South America," Prince William Commonwealth's Attorney Paul B. Ebert (D) said.

Jail officials and prosecutors said Broady was released in a period of confusion after murder charges against him had been dropped in Prince William Circuit Court but were pending in General District Court.

"I think the breakdown was in the overall process," Jail Superintendent Charles "Skip" Land said. "I think we took the steps to protect the public and verify it and, unfortunately, the jail released him when the courts wanted him held."

Broady is charged with killing Bernard S. Matthews, 22, on Feb. 1. Matthews was shot and left lying near Bruckner Road in the Georgetown South community of Prince William. The slaying made headlines because another man robbed Matthews before police could take him to the hospital. He died the next day.

A week later, authorities found Broady in Danville and charged him with murder in Matthews's slaying and possession of a firearm in the commission of a felony. He told his girlfriend's father that the shooting was over drugs, according to court testimony by the father, James Holmes.

The path to Broady's release began when Holmes did not show up to testify at an Aug. 21 hearing in Circuit Court. That prompted authorities to drop the charges in that court. But simultaneously, prosecutors charged Broady in General District Court. He should have been held pending a preliminary hearing in that court.

Prosecutors also mistakenly sought a second indictment against Broady. When that indictment was returned Sept. 5, prosecutors later dropped it because the case was pending in the lower court.

That's when jail officials saw the paperwork saying Broady should be released. Land said officials called court clerks to check that the charges were dismissed and were told they were.

Broady was allowed to walk out at 11:16 a.m. Friday.

The jail had been facing scrutiny after officials held a Manassas man in custody two months after he should have been released. Court and jail officials blamed a combination of human error and cultural differences on the incident, but the problem also came down to a miscommunication between two branches of the criminal justice system. The courts had listed him as Fernando Antonio Antonio Cruz and the jail had him as Fernando Antonio Cruz.

Cruz was supposed to be released Dec. 12 but wasn't let out until Feb. 15.

"I think of course this is again an unfortunate case," Land said. "We are crowded, but I feel we run a safe agency, and I think the community is safe. I apologize for this happening.

"I just hope we can get Mr. Broady back without incident," he said. "The quicker the better."

Police have launched a nationwide search for Broady. They have interviewed Broady's family, friends and associates and said they have no leads. They are asking anyone with information to call 703-330-0330 and are offering a $1,000 reward if it leads to his arrest.

Ebert called the incident "very unfortunate" and said his office made a mistake by indicting Broady a second time. He said he takes responsibility for what happened.

"Occasionally a mistake happens, and this is one of those times," Ebert said. "They should have never released him. We should have never indicted him. It was just combination of things that happened that will probably never happen again."

Anthony Kostelecky, Broady's court-appointed attorney, said he got a call Tuesday from police telling him his client was released. "I was dumbfounded," he said. "I can see how a mistake might be made, but at the same time it's a big mistake."

4th Animal-welfare Activist Sent To Prison (NSDY/AP)

Long Island Newsday, September 14, 2006

TRENTON, N.J. (AP) _ A fourth animal rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced Wednesday to prison.

Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years in prison and was ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize.

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On Tuesday, three other members of the group were sentenced to prison for terms ranging from four to six years. Two other members of the group still await sentencing: Andrew Stepanian, SHAC's New York coordinator, and Darius Fullmer, an organizer who researched the group's targets. They were scheduled to be sentenced Tuesday.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a Britain-based company that tests drugs and household products on animals.

The government charged that the group waged a five-year campaign against the company, posting the names, addresses and phone numbers of Huntingdon employees and those who do business with the company, and personal information such as where they go to church and where their children attend school.

Many of those people saw their homes vandalized and received threatening e-mails, faxes and phone calls.

The group, based in Philadelphia, maintained its actions were protected under the First Amendment.

The defendants, all in their late 20s or early 30s, were not accused of directly making threats or carrying out vandalism.

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On the Net:

SHAC: http://www.shac.net

Huntingdon Life Sciences: http://www.huntingdon.co

Trenton: Activist Sentenced (NYT/AP)

By The Associated Press

The New York Times, September 14, 2006

An animal rights activist who was part of a group convicted of helping to incite threats and harassment against a company that tests products on animals was sentenced to prison yesterday in Federal District Court. The activist, Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years and ordered to help pay $1 million in restitution. On Tuesday, three other members of the group were sentenced to terms ranging from four to six years. In March, they were convicted of using a Web site to incite harassment against Huntingdon Life Sciences, a British company with a lab in East Millstone that tests products on animals.

A Fourth Animal-rights Activist Sentenced To Prison (PHI)

The Philadelphia Inquirer, September 14, 2006

A fourth animal-rights activist who helped incite threats and harassment against a company that tests products on animals was sentenced to prison yesterday in Trenton. Joshua Harper, a West Coast coordinator for Stop Huntingdon Animal Cruelty, was sentenced to three years and ordered to help pay a total of $1 million in restitution to the company and people he helped terrorize.

On Tuesday, three other members of the group were sentenced to prison for terms ranging from four to six years. Two other members of the group, formerly based in Philadelphia, still await sentencing.

Along with the organization itself, the six activists were convicted in March of using a Web site to incite threats, harassment and vandalism against Huntingdon Life Sciences, a Britain-based company that tests drugs and household products on animals. - AP

Matheson Concurs With Reid On The Thorny Issue (SLT)

By Thomas Burr, The Salt Lake Tribune

Salt Lake Tribune, September 14, 2006

WASHINGTON - At least one Utah congressman says the federal government should be more involved in prosecuting polygamy crimes, while others say the matter is largely a concern of state and local law enforcement.

"Crimes against children cannot be tolerated," Rep. Jim Matheson said in a statement Wednesday. "I would support additional federal assistance to help prosecute these crimes."

The state's lone Democrat in Congress was responding to Senate Minority Leader Harry Reid's call a day earlier for a federal task force to investigate polygamist activity in the West.

The Justice Department said Wednesday it is reviewing a letter from Reid to Attorney General Alberto Gonzales asking him to appoint a team to probe, and prosecute, if necessary, accusations of "systemic child abuse" in "this modern day polygamy movement."

"For too long, this outrageous activity has been masked in the guise of religious freedom," wrote Nevada's Reid, who is LDS. "But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated. Individuals who force minors into adult relationships and marriage must be brought to justice."

DOJ_NMG_0063063

Matheson's district includes the polygamist enclave of Hildale, which, along with Colorado City, Ariz., is the base for the Fundamentalist Church of Jesus Christ of Latter Day Saints, led by Warren Jeffs. Jeffs was captured late last month after being among the FBI's most wanted list on charges of being an accomplice to rape in arranging marriages of young girls to adult members of the church.

Sen. Orrin Hatch, R-Utah, said polygamy "is against the law," and prosecuting it is largely the job of local and state law enforcement.

"But the federal government should definitely back them up, especially when these activities cross state lines," Hatch said in a statement, adding, "As for an investigation, any attention to this issue is helpful, that's for sure."

GOP Rep. Chris Cannon's spokesman Charles Isom said his boss has "full faith in" the states' abilities to prosecute polygamy.

"Congressman Cannon has every confidence that the attorney generals in the Western states, working with law enforcement, are well-qualified to take on this issue," Isom said.

The offices of Rep. Rob Bishop and Sen. Bob Bennett did not answer a request Wednesday for comment on Reid's letter.

The anti-polygamy group Tapestry Against Polygamy praised Reid's call for an investigation, saying "it's about time this has happened."

These "civil rights violations have gone on for over 50 years and finally an outsider is coming in and has to do our housecleaning for us," said Vicki Prunty, executive director of the group. "That should be an embarrassment to the state of Utah and Arizona, but we need this to happen and if we couldn't do it ourselves, let someone else take the initiative to get the job done."

Prunty, a former polygamist wife, added that polygamy is not just a Utah problem and the federal government and states are going to have to work together to address the problems.

"Some of that's already happening," Utah's chief deputy attorney general, Kirk Torgensen, said of Reid's call for more federal assistance.

"We have had several meetings with our federal counterparts on several issues. I hate it to sound like this is some new idea and we haven't been working collectively on things, because we really have."

Torgensen, though, says he welcomes more federal involvement, especially if the Internal Revenue Service could provide help in investigating purported tax fraud in polygamist havens.

"It's ripe for someone to give a serious look," he said.

Polygamy Proposal Called 'witch Hunt' (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 14, 2006

Polygamous groups are upset over a Nevada senator's call for a Justice Department probe into their lives and activities.

"It is disconcerting to have a senator take a real strong position on that," said one Utah polygamist, who asked the Deseret Morning News not to use his name. He said all of his wives are consenting adults. "It appears to be a reaction to (Warren) Jeffs and the FLDS culture."

In a letter sent Tuesday to U.S. Attorney General Alberto Gonzales, Senate Minority leader Harry Reid, D-Nev., reacted to the capture of Fundamentalist LDS Church leader Warren Jeffs and suggested creating a federal task force to look into polygamous communities in Western states.

"For too long, this outrageous activity has been masked in the guise of religious freedom. But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated," Reid wrote. "Individuals who force minors into adult relationships and marriage must be brought to justice."

Members of the polygamous community of Centennial Park, Ariz., called Reid's request a "modern-day witch hunt."

"Polygamy is not a federal offense but is to be regulated under the prerogative of state's rights," said Joyce Steed of the Centennial Park Action Committee. "Therefore, one could question what his justification is for asking the federal government to target their efforts on an unpopular minority. We can be sure polygamy does not represent a personal moral issue for the senator, coming out of the state that has legalized prostitution."

Reid's letter tries to distance the fundamentalist sects from The Church of Jesus Christ of Latter-day Saints, of which he is a member.

But the pro-polygamy group Principle Voices feared a task force could be too invasive.

"I would like to know why he feels that's necessary," said Anne Wilde. "I thought the attorney generals in Utah and Arizona both were doing a good job separating the crime from the culture."

Tapestry Against Polygamy, a Utah-based group that opposes polygamy, hailed Reid's call for a task force, saying abuses in polygamy are prevalent throughout the West.

"This is no longer a Utah problem. It will take federal intervention," said Tapestry director Vicky Prunty.

But some in the Utah Attorney General's Office said a task force was unnecessary.

"We have been working for several years with our federal partners," Chief Deputy Attorney General Kirk Torgensen said Wednesday. "They have been fantastic."

The FBI has been investigating Jeffs and had put him on its Ten Most Wanted list. Jeffs was arrested last month during a traffic stop outside Las Vegas. He is currently being held in Hurricane's Purgatory Jail without bail pending a Sept. 27 court appearance.

The U.S. Attorney's Office has filed an unlawful flight to avoid prosecution warrant against him, but would not say if it was conducting its own investigations.

Jeffs, 50, is facing rape as an accomplice charges in 5th District Court in St. George. He is accused of forcing a teenage girl into a polygamous marriage with an older man. In Mohave County, Ariz., Jeffs is charged with sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

In his letter, Reid asked the Justice Department to assist prosecutors in Utah and Arizona in their cases, including filing federal charges should Jeffs be acquitted.

Mohave County Attorney Matt Smith indicated he would be willing to take the help.

"If there could be a charge of moving these minors across state lines for sexual purposes, that would be a great assistance to what we are trying to do," he said, "which is to stop these underage, so-called marriages and to stop the men up there from having sex with girls before they reach their 18th birthday."

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Texas Court To Reconsider DeLay Charge (AP-Y)

By April Castro

AP, September 13, 2006

Texas' highest criminal appeals court agreed Wednesday to consider reinstating a conspiracy charge against former House Majority Leader Tom DeLay, a move that could delay his trial until next year.

DeLay is facing felony money laundering and conspiracy counts that stem from Republican fundraising in the 2002 legislative races. He stepped down as majority leader after the charges were filed and announced his resignation from Congress a few months later.

"It's just another bump in the road," DeLay attorney Dick DeGuerin said.

A state district judge threw out one of two conspiracy charges in December and let the money laundering charge stand. Prosecutors asked the appeals court to reinstate the dropped conspiracy charge, a move that has postponed trial proceedings on the other charges.

DeGuerin argues that the dropped charge accuses DeLay of conspiring to violate the election code as it stood in 2003, and that the transaction was legal at the time it was made. The second conspiracy charge accuses DeLay of conspiring to launder money.

Early on, DeLay had hoped to have the case resolved quickly so he could regain his leadership position in Congress. But with his resignation behind him, he is working on a book that he says will address how his career "furthered the conservative cause" and helped change the culture of Washington.

"The time crush is not there anymore," DeGuerin said. "Of course he'd like to get it over with as quickly as possible, but he's gone on in his life and has got other things to do."

DeLay and other Texas Republicans have accused prosecutor Ronnie Earle, a Democrat, of conducting a political vendetta. Earle's office did not comment Wednesday.

Prosecutors accuse Delay and two political consultants of funneling $190,000 in illegal corporate money to the Republican National Committee, which then donated the same amount to Texas candidates. Under Texas law, corporate money can't be directly used for political campaigns.

DeLay and the consultants, Jim Ellis and John Colyandro, say the transaction was legal.

3 Bilked Medicaid Of Millions Using Fake Billings, U.S. Says (NYT)

By Richard Pérez-Peña

The New York Times, September 14, 2006

DOJ_NMG_0063065

Two brothers, a doctor in Brooklyn and an owner of pharmacies in Brooklyn and Queens, led a conspiracy that defrauded Medicaid of millions of dollars by billing the program for H.I.V. drugs and other medicines that were never given to patients, federal prosecutors say.

The United States attorney's office announced the arrest yesterday of the brothers, Dr. Muhammad Ejaz Ahmad and Muhammad Nawaz Ahmad, and a third man, Mohammad Tanveer, a pharmacy employee, on charges of conspiracy to defraud the government, punishable by up to five years in prison. The complaint against them points to a larger conspiracy, involving "others known and unknown."

Two law enforcement officers posing as H.I.V. patients took secret audio and video recordings at the doctor's office and the pharmacies, according to a statement filed with United States District Court in Manhattan by an F.B.I. agent, Shawn R. Mullen. He said that the undercover officers, like real patients, were given some drugs, but that the conspirators billed Medicaid for many more prescriptions than were ever dispensed.

The defendants paid the patients $40 for each trip to the doctor's office or pharmacy, the agent said — which prosecutors noted is more than the $30 Medicaid paid the doctor for the visit. They described those payments as illegal kickbacks to the patients, suggesting that at least some patients were aware of the scheme.

The United States Attorney's Office would not put an overall dollar amount on the cost of the fraud against Medicaid, the joint federal and state health plan for the poor. But the complaint states that for just three antiviral drugs — among many medicines used to treat H.I.V. infection and its side effects — the three pharmacies billed Medicaid for $2.5 million for drugs that they never received from their distributors.

"My guy says he's absolutely innocent of anything, that he's a legitimate businessman," said Patrick Bruno, the lawyer for Mr. Ahmad, the pharmacy owner. The other defendants have not yet hired lawyers, he said.

Dr. Ahmad, 49, practiced internal medicine at an office at 1121 Coney Island Avenue, in central Brooklyn, and lives in Albertson, in Nassau County.

Doctors are supposed to make information about themselves available to the public — things like medical education, malpractice judgments and hospital affiliations — through a State Department of Health Web site. Dr. Ahmad does not appear on that Web site.

The complaint says that Dr. Ahmad's wife and his brother, who is 38, were co-owners of the three pharmacies involved in the Medicaid scheme. The wife is not named, and is not charged with a crime. Mr. Bruno said the younger Mr. Ahmad, who lives in Floral Park, in Nassau County, also has a medical degree but has never practiced medicine.

Mr. Tanveer, 49, also lives in Floral Park.

All three men are from Pakistan but are longtime United States residents, according to federal officials and Mr. Bruno. They said the Ahmad brothers are citizens, but Mr. Tanveer is not.

At an arraignment late yesterday, bail was set at $300,000 for each of the Ahmad brothers, Mr. Bruno said, and "we hope to make bail within a day." Both he and a spokeswoman for the prosecutors said they did not know the bail set for Mr. Tanveer.

The allegations in the complaint cover about two and a half years, but federal officials say they are looking at earlier years as well, to determine how far back the fraud goes.

The complaint says that patients with H.I.V. who visited Dr. Ahmad were steered to the pharmacies owned by his brother and wife: Stay Slim Pharmacy, less than a block away from Dr. Ahmad's office, at 1166 Coney Island Avenue; Script Depot, at 99-06 63rd Road in Rego Park, Queens; and Nash Pharmacy, at 47-07 Francis Lewis Boulevard in Bayside, Queens, where Mr. Tanveer works. In other cases, the doctor got the drugs from the pharmacies, and patients picked them up from him.

One undercover officer got three months' worth of drugs, but Nash Pharmacy billed Medicaid for eight months' worth, and tried to bill for more, the complaint says. Though Nash lies in another borough, prescriptions from Dr. Ahmad accounted for three-fourths of the pharmacy's Medicaid billing last year.

The complaint also says that a real patient of Dr. Ahmad's received H.I.V. drugs, but Medicaid records for that patient also show that over 22 months, the doctor prescribed $58,000 worth of other medications that the patient says he never took.

One of the stranger elements of the case is the complaint's description of what it calls kickbacks to the patients. It says that each time an undercover officer met any of the three defendants, the other man would hand him $40, without being asked for money, and without any explanation of what it was for.

CIVIL LAW:

Outed CIA Spy Sues Former State Department Official Over Leak, No Conspiracy Accusation (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, September 14, 2006

(AP) - WASHINGTON-One-time covert CIA officer Valerie Plame sued the former No. 2 official at the State Department on Wednesday for violating her privacy rights.

The suit does not accuse Richard Armitage, who was deputy secretary of state in the Bush administration, of participating in an administration conspiracy to blow her cover.

Plame added Armitage's name to a civil suit in U.S. District Court against Vice President Dick Cheney, his former chief of staff I. Lewis Libby and White House adviser Karl Rove.

Plame and her husband, former Ambassador Joseph Wilson, say the White House leaked Plame's identity as retribution for Wilson's criticisms of prewar intelligence on Iraq.

Armitage admitted last week that he told two reporters in 2003 that Plame worked for the CIA, but he said the disclosure was inadvertent. Armitage said he knew of no plan to leak Plame's identity; some people said the admission disproved the conspiracy theory.

By adding Armitage's name to the suit, Plame's lawyers set up a different scenario. They contend a White House conspiracy existed, but that Armitage's leak was independent of it.

Armitage is accused of violating Plame's privacy rights. He is not accused of violating the Wilsons' constitutional rights to equal protection and freedom of speech, but those allegations remain against the White House officials.

Wilson discounted reports that then-Iraqi President Saddam Hussein had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Such a claim wound up in President George W. Bush's 2003 State of the Union address.

Special Prosecutor Patrick Fitzgerald has investigated the leak for years and has not charged anyone with intentionally leaking Plame's identity. Libby is under indictment for lying to authorities about his conversations with reporters.

Novak Accuses Plame Source Of Distortion (WP)

By R. Jeffrey Smith

The Washington Post, September 14, 2006

Columnist Robert D. Novak, who first revealed Valerie Plame's employment by the CIA and touched off a lengthy federal leak investigation, is accusing his primary source of misrepresenting their conversation to make the source's role in the disclosure seem more casual than it was.

In an unusual column that appears today, Novak says his initial source, former deputy secretary of state Richard L. Armitage, was more sure of Plame's ties to the CIA than the source has indicated. Novak adds that Armitage linked her directly to her husband's CIA-sponsored trip to Niger and suggested the disclosure would be a good item for Novak's column.

This differs from Armitage's assertions last week that his disclosure was made in an offhand manner and that he did not know why Plame's husband was sent to Niger.

Armitage, in an interview yesterday, said he stood by his account and disputed Novak's.

The disagreement between Novak and Armitage now covers even the length of their conversation in Armitage's office at the State Department on July 8, 2003. The fallout from that meeting eventually became a consuming political topic in Washington and led to Special Counsel Patrick J. Fitzgerald's indictment last October of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, on charges of lying to investigators.

The leak of Plame's name touched off a major political controversy because of media reports at the time that the White House was attempting to discredit Plame's husband, former ambassador Joseph C. Wilson IV. Wilson was sent by the CIA to Niger in 2002 to investigate whether Iraq was trying to buy nuclear weapons material there, and on July 6, 2003, he wrote a column accusing the White House of deliberately twisting intelligence about the Iraqi program to justify the U.S. invasion.

Wilson's accusations infuriated the White House, and Fitzgerald has said in court documents that some administration officials wanted to undermine Wilson by suggesting that his assignment resulted from nepotism.

Plame sued Armitage yesterday, accusing him of violating her privacy rights.

Fitzgerald has not declared his probe of the leak finished, 2 1/2 years after it began, although he told Armitage in a Feb. 24 letter that "absent unexpected developments, I do not anticipate seeking any criminal charges against you."

In his initial July 14, 2003, column, Novak wrote that Wilson "never worked for the CIA, but his wife, Valerie Plame, is an agency operative on weapons of mass destruction." Novak also wrote that "two senior administration officials told me his wife suggested sending Wilson to Niger to investigate."

Novak did not identify his sources, but Armitage admitted publicly for the first time last week that he was one. White House political adviser Karl Rove earlier confirmed he was the other.

In confirming his role, Armitage said his disclosure to Novak was done in an offhand way. At the end of their conversation, "Novak asked me, 'Hey, why did the CIA send Mr. Wilson to Niger?' I said, 'I don't know, but I think his wife worked out there,' " Armitage said.

Novak criticized Armitage for not revealing his involvement before now. Armitage said he remained silent because Fitzgerald warned him it might jeopardize the investigation. He said he cooperated fully with Fitzgerald's investigation since realizing on Oct. 1, 2003, that he was a source for that Novak column.

But Novak says in today's column that Armitage's statements "obscured what he really did" and that "Armitage did not, as he now indicates, merely pass on something he had heard and that he 'thought' might be so. Rather, he identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson."

Novak said further that "Armitage did not slip me this information as idle chitchat. . . . He made clear that he considered it especially suited for my column." In an interview, Novak said that Armitage effectively described it as stock, Washington-insider information of the sort that often appeared in the column.

Armitage, in reply, said his disclosure to Novak was inadvertent and noted that Novak himself described it as "offhand" in an Oct. 1, 2003, column. Armitage said he could not recall whether he identified the CIA division where Wilson's wife worked. He added that he rejects any suggestion he was deliberately trying to plant the information, explaining that "I had no reason to wish him [Wilson] any ill" and that Wilson "was simply verifying what had already been reported [about Iraq] through State channels."

Lobbyist Ken Duberstein, a friend of Armitage who helped arrange Novak's meeting with him, said yesterday that Armitage's account precisely matches what Armitage told him in October 2003.

Armitage's Leak (WP)

By Robert D. Novak

The Washington Post, September 14, 2006

When Richard Armitage finally acknowledged last week that he was my source three years ago in revealing Valerie Plame Wilson as a CIA employee, the former deputy secretary of state's interviews obscured what he really did. I want to set the record straight based on firsthand knowledge.

First, Armitage did not, as he now indicates, merely pass on something he had heard and that he "thought" might be so. Rather, he identified to me the CIA division where Mrs. Wilson worked and said flatly that she recommended the mission to Niger by her husband, former ambassador Joseph Wilson. Second, Armitage did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column.

An accurate depiction of what Armitage actually said deepens the irony of his being my source. He was a foremost internal skeptic of the administration's war policy, and I had long opposed military intervention in Iraq. Zealous foes of George W. Bush transformed me, improbably, into the president's lapdog. But they cannot fit Armitage into the left-wing fantasy of a well-crafted White House conspiracy to destroy Joe and Valerie Wilson. The news that he, and not Karl Rove, was the leaker was devastating for the left.

A peculiar convergence had joined Armitage and me on the same historic path. During his quarter of a century in Washington, I had had no contact with Armitage before our fateful interview. I tried to see him in the first 2 1/2 years of the Bush administration, but he rebuffed me -- summarily and with disdain, I thought.

Then, without explanation, in June 2003, Armitage's office said the deputy secretary would see me. This was two weeks before Joe Wilson outed himself as author of a 2002 report for the CIA debunking Iraqi interest in buying uranium in Africa.

I sat down with Armitage in his State Department office the afternoon of July 8 with tacit rather than explicit ground rules: deep background with nothing said attributed to Armitage or even to an anonymous State Department official. Consequently, I refused to identify Armitage as my leaker until his admission was forced by "Hubris," a new book by reporters Michael Isikoff and David Corn that absolutely identified him.

Late in my hour-long interview with Armitage, I asked why the CIA had sent Wilson -- who lacked intelligence experience, nuclear policy expertise or recent contact with Niger -- on the African mission. He told The Post last week that his answer was: "I don't know, but I think his wife worked out there."

Neither of us took notes, and nobody else was present. But I recalled our conversation that week in writing a column, while Armitage reconstructed it months later for federal prosecutors. He had told me unequivocally that Mrs. Wilson worked in the CIA's Counterproliferation Division and that she had suggested her husband's mission. As for his current implication that he never expected this to be published, he noted that the story of Mrs. Wilson's role fit the style of the old Evans-Novak column -- implying to me that it continued reporting Washington inside information.

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Valerie Plame Wilson's name appeared in my column July 14, 2003, but it was not until Oct. 1 that I was contacted about it by Armitage, indirectly. Washington lobbyist Kenneth Duberstein, Armitage's close friend and political adviser, called me to say that the deputy secretary feared he had "inadvertently" (the word Armitage used in last week's interviews) disclosed Mrs. Wilson's identity to me in July and was considering resignation. (Duberstein's phone call was disclosed in the Isikoff-Corn book, which used Duberstein as a source. They reported that Duberstein was responsible for arranging my unexpected interview with Armitage.)

Duberstein told me Armitage wanted to know whether he was my source. I did not reply because I was sure that Armitage knew he was the source. I believed he contacted me Oct. 1 because of news the weekend of Sept. 27-28 that the Justice Department was investigating the leak. I cannot credit Armitage's current claim that he realized he was the source only when my Oct. 1 column revealed that the official who gave me the information was "no partisan gunslinger."

Armitage's silence for the next 2 1/2 years caused intense pain for his colleagues in government and enabled partisan Democrats in Congress to falsely accuse Rove of being my primary source. When Armitage now says he was mute because of special prosecutor Patrick Fitzgerald's request, that does not explain his silent three months between his claimed first realization that he was the source and Fitzgerald's appointment on Dec. 30, 2003. Armitage's tardy self-disclosure is tainted because it is deceptive.

Anthrax Victim's Widow Says Government May Know Who Killed Husband (PALMBEACHP)

By Eliot Kleinberg, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 14, 2006

WEST PALM BEACH — Maureen Stevens says the federal government probably knows who killed her husband.

She believes they're not telling because that might reveal things the government doesn't want revealed.

Nearly five years after Bob Stevens' death, the first in the anthrax attacks that terrified a nation, "I want to know what happened," his widow, who's sued the government, said Wednesday from her lawyer's office. "I want to go into court and find out what happened. What information's obviously there. The truth is there."

Bob Stevens of Lantana, a photo editor for Boca Raton-based tabloid The Sun, died in October 2001, after he apparently opened mail laced with the deadly substance.

The government said in February of 2002 that it had a "short list" of 18 to 20 people who had the knowledge, equipment, access, and motive to obtain and "weaponize" anthrax. Richard Schuler, Stevens' attorney, said Wednesday it might be fewer than a dozen.

Stevens filed suit in December 2003, alleging security lapses at the U.S. Army Medical Research Institute for Infectious Diseases in Fort Detrick, Md., led to her husband's death. A federal judge refused to dismiss the case and it has been in front of a federal appeals court for nearly a year. The government has argued proceeding with the suit would jeopardize the ongoing search for the killer.

In Washington, Justice Department spokesman Charles Miller said he could not comment because the suit is still active.

Stevens said she's had only two contacts with the FBI since shortly after her husband's death. Agents talked with her in West Palm Beach in July 2003.

And she and families of the other four people confirmed killed by anthrax met with the agency in Washington in November of last year.

Stevens said the agents told the families they were getting close to solving the case and that she felt positive after that meeting. But, she said Wednesday, "it was just lip service. I don't want to say things like this, but I do feel that."

And Schuler said, "To only get with families once in five years, and to give what's only window dressing, I believe is a disgrace."

Stevens said she still believes the case will be solved.

"I have to be patient," Stevens said.

But, she said of her suit, "What else do I have?" she said. "Do I stand on a street corner and ask everybody to ask the government for answers? It's not going to happen."

Federal Judge Questions Data Used By Smokers To Define Class (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 14, 2006

A federal judge Wednesday expressed skepticism over a proposed class action lawsuit that would seek as much as $200 billion in damages against the tobacco industry for its allegedly deceptive marketing of light cigarettes.

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In a daylong hearing, Eastern District of New York Judge Jack B. Weinstein wondered how the plaintiffs could define a viable class -- and accurately assess damages -- when the tens of millions of people who have smoked light cigarettes might have chosen to do so for any number of reasons.

While the plaintiffs in part rely on a study that shows 90 percent of light-cigarette smokers were attracted by perceived health benefits that experts now claim do not exist, Weinstein said consumers could have relied on those perceived benefits to varying degrees, or even known that those health benefits were illusory.

"How many people deep down knew they were getting something dangerous, but were willing to pay for the illusion it wasn't?" Weinstein said.

He added: "You can't get away from the contention of the defendants that every smoker is somewhat different."

Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., a firm for the plaintiffs, said the tobacco industry's marketing had the goal of shifting its buyers to light cigarettes, beginning in 1971, because of growing health concerns about smoking. If they had not, he said, smokers would have "quit in droves" -- a comment that was greeted with chuckles from the audience.

"The tobacco industry foisted a huge deception on the consuming public," Hausfeld said. A Brooklyn jury, he said, would have no trouble understanding what it means to be "cheated."

Hausfeld said light-cigarette smokers had essentially overpaid -- by as much as 50 percent to 80 percent per pack of cigarettes -- for a product that promised something it could not deliver. He said the plaintiffs were eligible for treble damages, which could amount to $600 billion.

Theodore M. Grossman of Jones Day in Cleveland, which represents defendant R.J. Reynolds Tobacco Company, called the 90 percent figure a "nonsense statistic" and said the plaintiffs had "no clue what the numbers are" in terms of how many people relied on the word "light" when choosing their brand of cigarettes.

Grossman said the plaintiffs arrived at the 90 percent figure by asking smokers what they would do if presented with the opportunity to buy one of two cigarettes, both with the same taste but one with fewer health risks.

"[It's] a question that only a suicidal person could answer in the negative," Grossman said.

He said that an expert for the plaintiffs had also found that 90 percent of light-cigarette smokers liked the taste of their cigarettes, and would continue to smoke them if they were told that they had the same health risks as other cigarettes.

Murray R. Garnick of Arnold & Porter in Washington, D.C., which represents defendant Philip Morris USA Inc., said that for the plaintiffs to succeed on a civil claim under the Racketeer Influenced and Corrupt Organizations Act, they would have to establish a reasonable reliance on an alleged misrepresentation.

"The bottom line is the plaintiffs have to figure out what percentage of class members believed light cigarettes were safer," Garnick said.

Grossman said, "We have a class of virtually no one."

Weinstein pointed out that tobacco companies sold light and regular cigarettes at the same price, further complicating how the plaintiffs could identify damages to the class.

"You just can't allow a jury to grab a number out of thin air," the judge said. "There has to be some basis in reality."

The defendants asked the court to grant their motion for summary judgment. Weinstein reserved decision.

The case, McLaughlin v. Philip Morris USA, Inc., 04-CV-1945, was filed in 2004 and rivals, in terms of lawyers and paperwork, some of the largest cases Weinstein, 84, has handled in his career, including mass torts involving firearms, asbestos and Agent Orange.

About 40 attorneys took seats in the well and jury box Wednesday, and the judge's bench was piled high with boxes and bound documents (the judge sat at a table closer to the parties).

Another voluminous document -- a 1,742-page opinion by Judge Gladys Kessler of U.S. District Court for the District of Columbia -- may also play a role in the case.

Last month, Kessler, ruling in a racketeering suit brought by the U.S. Justice Department, said the tobacco industry had defrauded consumers through false marketing and promotion of light cigarettes as less harmful than regular cigarettes.

The day after the ruling was released, Weinstein asked both parties in his case to brief the issue of collateral estoppel. The tobacco companies have claimed that Kessler's ruling should not prevent them from relitigating issues that she decided in her case.

Judge Weighs New Trial Against Tobacco Companies (NYT)

By Melanie Warner And Colin Moynihan

The New York Times, September 14, 2006

DOJ_NMG_0063070

A federal judge is considering whether tobacco companies should be tried on the question of whether they deceived smokers for years about the safety of light cigarettes.

After hearing a day of arguments yesterday, Judge Jack B. Weinstein, of Federal District Court in downtown Brooklyn, did not indicate whether he would grant class-action status to the closely watched case. But he did ask lawyers for the plaintiffs how they were determining the number of smokers potentially affected and possible damages.

In the case, known as Schwab after the lead plaintiff, Barbara Schwab, lawyers asserted that cigarette makers had deceived smokers into thinking that light cigarettes, representing 45 percent of the market, were safer or less addicting.

Lawyers are seeking a national class action of tens of millions of smokers and are proposing that tobacco companies pay damages of $20 billion to $200 billion. The case was filed under the federal Racketeer Influenced Corrupt Organizations Act, which entitles plaintiffs to triple damages.

Judge Weinstein is expected to decide within several weeks whether to grant class-action status.

The case, filed in 2004, is part of the latest legal assault against tobacco companies. After successfully warding off litigation by people claiming to have been injured by smoking, plaintiffs' lawyers have turned their attention to attacking cigarette companies for defrauding consumers by selling light cigarettes.

While many of these so-called light cases have been unsuccessful, the Schwab case follows an opinion last month by a federal judge in the District of Columbia, who found that cigarette companies engaged in decades of fraud and racketeering, including misleading smokers and concealing information about the health risks of light cigarettes.

That ruling, by Judge Gladys Kessler in a case brought by the Justice Department, was a victory for tobacco companies in the sense that they did not have to pay a possible $10 billion in damages. But the 1,600-page opinion was a searing indictment of conduct by tobacco companies over the last 40 years.

Plaintiffs' lawyers in the Schwab case want to rely on those findings. "The tobacco industry has foisted a huge deception on the public and the public health community," Michael D. Hausfeld, a partner at Cohen, Milstein, Hausfeld & Toll, said at yesterday's hearing. "They understood they were selling death but they had to disguise it."

Attorneys for tobacco companies argued that the Schwab case should not be certified as a class action because differences in the way people smoked cigarettes could affect the amount of tar and nicotine taken in. They also argued that people smoked cigarettes for a variety of reasons and that many people smoked light cigarettes because they liked the taste, not for health reasons or as part of an attempt to quit smoking.

"This is a tiny class of people," said Theodore Grossman, an attorney for R. J. Reynolds, the country's second-largest tobacco company. He also said the plaintiffs had failed to show which people were relying on light cigarettes for health reasons.

Tobacco analysts on Wall Street have been expecting Judge Weinstein, who is 84 and has earned a reputation as a champion of consumer rights, to certify the case as a class action.

In a research note last year, Robert Campagnino, a tobacco analyst for Prudential Financial, called Judge Weinstein a "thorn in the side of the tobacco industry."

But at the conclusion of the hearing yesterday, Judge Weinstein asked pointed questions to the plaintiffs' attorneys to explain how they would determine how many people might have been defrauded by the marketing of light cigarettes and how they would calculate damages.

Workforce Central Florida Settles $3.5M Justice Department Claim (ORLANDOBIZ)

Orlando Business Journal, September 14, 2006

Workforce Central Florida and the Workforce Central Florida Foundation Inc. have paid nearly $3.5 million to settle claims by the U.S. Department of Justice that they defrauded the government by misusing federal grant funds to improve their privately owned offices and One-Stop Center in Lake Mary.

However, no individuals involved in the case have been either charged with a crime or dismissed from their job because it was considered an unintentional violation of federal rules concerning allowable charges, one described by Workforce officials as an "accounting dispute."

Still, it is believed to be the largest settlement ever levied against one of Florida's 24 nonprofit workforce agencies, which are locally chartered organizations designed to provide services such as job placement and training. The organizations are overseen by the state Agency for Workforce Innovation.

"We analyzed every aspect of this transaction and voted at the end (in public session) to do it this way," WCF board member and past Chairman Atlee Mercer says. "Later, in hindsight, the government decided we should have done it differently. We don't agree. We thought we followed the letter of the law."

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The settlement has been paid by the foundation through a refinancing of the building that houses Workforce Central Florida, which handles One-Stop centers for Orange, Lake, Osceola, Seminole and Sumter counties. It will not have any impact on the services WCF currently offers, its officials emphasize.

The Workforce Central Florida Foundation is a separate organization set up several years ago to find alternative funding sources to the $26 million in federal funds WCF currently receives annually.

CIVIL RIGHTS:

Putting Off Sentencing Is Urged (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino (CA) Sun, September 14, 2006

Members of Congress seek probe of agents' convictions

Sentencing should be delayed for two Border Patrol agents facing 20 years apiece in prison for shooting a drug smuggler and violating his civil rights, 22 congressmen told the Department of Justice on Wednesday.

In a letter, the congressmen asked U.S. Attorney General Alberto Gonzales to postpone sentencing and review the case against Border Patrol agents Ignacio Ramos and Jose Alonso Compean.

"Due to significant concerns over the circumstances surrounding the prosecution of agents Ramos and Compean, the House Judiciary Committee has already recognized the need for a thorough review of this case by calling for congressional hearings and an investigation of the Department of Homeland Security, Office of the Inspector General, U.S. Customs and Border Patrol and the U.S. Attorney's Office," the letter stated.

In a separate letter to the Justice Department, Rep. Louie Gohmert, R-Texas, echoed his colleagues' concerns.

"If the facts I have laid out are accurate, then this prosecution puts the rights of illegal alien drug smugglers ahead of our homeland security and undermines the critical mission of better enforcing current immigration laws," Gohmert wrote.

Justice Department spokeswoman Kathleen Blomquist said the department had received the letters and is planning a response to the request. She said any comment specifically about the agents' case had to come from the U.S. Attorney's Office in Texas that prosecuted the agents.

Ramos and Compean are facing prison for their roles in the nonfatal shooting of Mexican national Osbaldo Aldrete-Davila, who ran away from the agents after entering the United States from Mexico with a van filled with nearly 800 pounds of marijuana. Ramos shot at the smuggler, who he believed pointed a gun at him during a foot chase along the Rio Grande.

The agents were convicted earlier this year by an El Paso jury.

Aldrete-Davila is suing the Border Patrol for $5 million for civil-rights violations.

U.S. Attorney Johnny Sutton defended the successful prosecution of the agents by Assistant U.S. Attorney Deborah Kanof.

"These agents shot an unarmed suspect as he was running away," Sutton said in a news release Wednesday. "If they honestly believed the shootings were justified, then they had no reason to lie about it and destroy the evidence.

"Mr. Compean and Mr. Ramos both told their stories at trial, as did the victim and numerous other witnesses. Texas juries are very well aware of the tough job Border Patrol agents have in this state and give them the benefit of the doubt. In this case, after hearing all the evidence from both sides, the jury didn't buy the defendants' stories."

Rep. Walter Jones, R-N.C., who helped draft the congressional letter, said that after reviewing the agents' case, he and his colleagues noted a number of serious problems with the prosecution.

At a news conference last week, House members, along with Sheriff Terry Crawford of Uvalde County, Texas; TJ Bonner, president of the National Border Patrol Council, a union for agents; and Andy Ramirez, chairman of Chino-based Friends of the Border Patrol, discussed evidence they believe needs further review by the Justice Department.

The contingent said they were concerned that past assaults and violence against Border Patrol agents was not admissible in the court and questioned the Border Patrol's official "no pursuit" policy, which prevents agents from pursuing fleeing suspects unless authorized by a supervisor.

Kanof told The Sun's sister paper, the Ontario-based Inland Valley Daily Bulletin, last month that the agents violated their own pursuit policy and should never have attempted to apprehend Aldrete-Davila in the first place.

Ramos broke an 18-month silence about his altercation with Aldrete-Davila in an exclusive interview published in The Sun and Daily Bulletin on Aug. 6. Compean has been asked by his attorney not to speak to the media while the men's Oct. 18 sentencing hearing is pending.

Group Will Demonstrate In Waters Off Cuba During Summit (AP)

DOJ_NMG_0063072

AP, September 14, 2006

MIAMI - Cuban exile protesters plan to hold a symbolic, pro-democracy demonstration on a boat in international waters off the communist nation this weekend during a Nonaligned Movement summit, an exile leader said Wednesday.

Ramon Saul Sanchez of the Miami-based exile group Democracy Movement said the "maritime demonstration" is scheduled to take place Saturday. The weeklong summit began Monday.

Current plans call for about 20 demonstrators to leave a Key West marina onboard the 39-foot Democracia after midnight Friday and arrive in international waters off Cuba early Saturday, Sanchez said.

The group will carry symbolic electoral ballots printed with the choice of "dictatorship" or "democracy," fly a large white flag, display posters of Cuba's political prisoners and drop white roses on the water, Sanchez said.

They are demanding free elections and the release of all political prisoners among other things, Sanchez said. The group also hopes to fly a blimp from the ship with the word "Democracia" on it and mirrors that will reflect light and be seen on the island.

Sanchez said he met with representatives of the community relations board of the U.S. Justice Department Wednesday night to discuss plans for the demonstration. The department had no immediate comment.

Coast Guard officials have been notified of the group's plan, Sanchez said.

"They have a right to go out there. Unless they violate territorial waters there's nothing we can do. We can stop the voyage if it's unsafe, but there is no indication of that," Coast Guard Petty Officer Jennifer Johnson said. She confirmed the office had been notified of the group's plans.

The Nonaligned Movement, which includes about two-thirds of the world's nations, was developed during the Cold War as a Third World alternative to the United States and Soviet Union.

The summit in Cuba comes almost two months after President Fidel Castro, 80, announced he was stepping down from power - for the first time in 47 years - to recover from intestinal surgery. He has made no public appearances since. Castro's younger brother, Defense Minister Raul Castro, is Cuba's acting president.

Election Glitches 'could Get Ugly' (USAT)

By Richard Wolf

USA Today, September 14, 2006

WASHINGTON — Eight weeks before elections that will decide control of Congress, a rush by state and local governments to prepare new voting machines and train poll workers is raising the possibility of trouble reminiscent of the 2000 presidential election standoff.

Problems range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems, voting experts say.

Already this year, glitches have occurred in Arkansas, California, Florida, Illinois, Indiana, Ohio, Pennsylvania, Texas and West Virginia. Maryland became the latest on Tuesday, when technical problems, human errors and staff shortages led officials to keep some polls open an extra hour.

The fall elections shape up as the most technologically perilous since 2000, election officials say, because 30% of the nation's voting jurisdictions will be using new equipment. They include large parts of Missouri, Ohio, Pennsylvania and Virginia, scenes of key Senate races. "If you're ever going to have a problem, it's going to be that first election," says Kimball Brace, president of Election Data Services.

Since 2000, nearly half of U.S. counties have switched from punch cards, lever machines and paper ballots to electronic voting or optical-scan ballots read by a computer. They continue to rely on poll workers who are on average 72 years old and lack computer experience.

Since 2002, the federal government has given states $3 billion to upgrade registration and voting systems. Some states, however, still don't have statewide voter registration databases or equipment that people with disabilities can use independently.

Among the other concerns:

·Demand for new equipment, produced largely by four manufacturers, has delayed deliveries.

·States, counties and manufacturers don't have enough technical support staff. Spokesmen for Diebold and Election Systems & Software, two major vendors, say they're continuously seeking people. States such as Maryland, Mississippi and Pennsylvania have advertised for help on the jobs website Monster.com.

"The vendors have done a much better job of selling the machines than they have of servicing them," says Doug Chapin, director of Electionline.org, which monitors voting changes.

·Touch-screen machines with a paper backup for recounts have caused problems in primaries. Twenty-seven states require a paper trail, up from one in 2004.

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"There are so many potential failure points this year that some of it could get ugly," says R. Doug Lewis, executive director of the Election Center, which represents state and local election officials.

Balloting Breakdown (WP)

The Washington Post, September 14, 2006

Statewide problems in voting demand bipartisan attention.

IN BALTIMORE, many people who tried to vote early Tuesday found polling places shut because election judges hadn't shown up for work. In Prince George's County, the Board of Elections inexplicably went home early yesterday morning without counting all the primary ballots. And Montgomery County endured not only the morning fiasco with inoperable machines but also chaos at night as election officials ran out of paper ballots for extended voting.

Clearly, there is something wrong with the way elections are run in Maryland, and there are plenty of people to share the blame. Let's start at the top with Gov. Robert L. Ehrlich Jr. (R), who bears ultimate responsibility since it is largely his nominees on local boards who run elections county by county. Then there is Linda H. Lamone, chairman of the State Board of Elections and an appointee of Mr. Ehrlich's Democratic predecessor, whose office is charged with the administration of elections across Maryland but who maddeningly said that "there's nothing we can do" about ineptitude on the local level. It is regrettable that these two officials have spent so much time fighting with each other rather than working to guarantee smooth elections.

Partisan bickering over the election process -- on issues ranging from which machines to purchase to whether there should be early voting -- can't have helped the local boards as they prepared for the primary. We are sympathetic to the complaints of hardworking officials about having to deal with new technology and last-minute changes to the ballot. But that cannot be an excuse for the incompetence that led to the breakdowns in Tuesday's voting. As more than one politician has observed, boards of elections do one thing -- run elections -- and they are given plenty of time to get ready.

Disarray on Election Day does more than inconvenience voters. In Baltimore, it has led to conspiracy theories about Republican judges in cahoots. In Prince George's, it has left people wondering why a close county executive race was left undecided for many hours. And in Montgomery, the outcomes of several races were affected.

Montgomery County Executive Douglas M. Duncan (D) is right to call for the removal from office of Board of Elections President Nancy H. Dacek and Election Director Margaret Jurgensen as the first step in restoring integrity to the voting process. It is encouraging that a spokesman said Mr. Ehrlich, in a departure from the stance he took Tuesday, will work with both parties as well as the state board to ensure a better job is done in November. After all, with his name on the ballot, he too has a stake in the outcome.

Calif. Judge Slashes $61 Million FedEx Verdict (LAW)

By Matthew Hirsch, The Recorder

California Recorder, September 14, 2006

Calling an initial $61 million verdict "excessive," last week Alameda County Superior Court Judge Stephen Dombrink whittled down a jury award against national shipping company Federal Express and one of its managers to a modest $12.4 million.

In his written decision, Dombrink stated concern that the evidence failed to support the initial verdict in an employment discrimination case.

"The harassment was mostly just offensive name-calling," Dombrink noted in his Sept. 5 ruling.

In June, the jury handed the $61 million award to two Lebanese-American FedEx drivers who accused a manager of racial discrimination and harassment. The verdict was thought to be the largest single civil rights judgment under California's Fair Employment and Housing Act and the fourth-largest verdict of any kind in Alameda County history.

Plaintiffs attorney Christopher Dolan said last week that he was still reviewing the decision and had not yet decided whether to seek a new trial. Though clearly disappointed by the outcome, Dolan said Dombrink's handling of the issue was "deliberate and thoughtful. I think Judge Dombrink has exercised what he thought to be in the best interest of justice."

Whatever happens on appeal, Dolan said he hopes the initial award continues to send a message to the business community that Arab-Americans will not tolerate harassment in the workplace.

"While this verdict was reduced to $12 million, the next one may not [be]. We hope the clear message isn't diluted by the reduction, and I don't think it should be," he said.

Darin Snyder, head of O'Melveny & Myers' San Francisco office, returned a call for FedEx attorney Debra Belaga and said the firm is proud of its attorneys. Seyfarth Shaw also represented FedEx at trial.

In addition to reducing the award against the shipping company, Dombrink slashed the damages against FedEx manager Stacy Shoun from $1 million to $400,000.

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"We look forward to having it reduced even further by the Court of Appeal," said Howard, Rice, Nemerovski, Canady, Falk & Rabkin attorney Bobbie Wilson.

Why Race-based 'Survivor' Makes Us Squirm (USAT)

By Jonathan Turley

USA Today, September 14, 2006

Millions of Americans tonight will watch different races fight for supremacy over a patch of land. No, this is not the latest installment of an Adolf Eichmann production. It is this season's CBS Survivor: Cook Islands.

With a ratings fall from a high of 29.8 million in 2001 to 16.6 million last year, the show's producers are clearly looking for something to captivate more viewers. To do so, they decided to try a TV version of divide and conquer: Fuel the racial identification of viewers, pit them against other races and reap the benefits of racial pride — or racial animus.

Not surprisingly, this year's reality-show theme produced an orgy of condemnations — and, for the producers, a steady stream of free publicity. Of course, denouncing TV producers as craven, ratings-seeking deviates is hardly news. Most executives would make the Rape of Nanking into a reality program if they could avoid Federal Communications Commission fines, throw in bikinis, and capture an additional share of the critical 25-54 demographic age group.

The problem is that this is a reality program that is far too real for our sensibilities. Despite decades of affirmative action, we remain a highly race-conscious society with highly segregated neighborhoods, schools, prisons and — yes — entertainment. More important, the 6-year-old show reflects a growing return to segregationist policies across the country.

Survivor's producers insist that the use of racially segregated teams is designed to boost minority participation and possible success in the show. Moreover, Mark Burnett, executive producer of the show, has said, "I've learned that the social time you spend is predominantly in your own ethnic group."

That rationale is being used in public schools. Arguing that segregation helps minorities perform, states have introduced schools segregated by race, gender and even sexual orientation.

Survivor is embracing a "separate but equal" policy that was the scourge of the civil rights movement, ultimately rejected by the Supreme Court in Brown v. Board of Education. It is now the solution to everything from low school scores to low self-esteem — and apparently low ratings.

Just as producers feel comfortable with segregation, so do legislators. Congress effectively embraced the doctrine in a 2004 law that allows gender-segregated schools to receive federal funds so long as equal opportunities are made available at other schools. The Nebraska Legislature created three school districts in Omaha designed along racial lines with whites, Hispanics and blacks receiving their own districts.

Other states are experimenting with micro-segregation on the individual school or class levels. Recently, Chicago created the Urban Prep Charter Academy for Young Men, a school described as an "all-boys high school to primarily serve black youths."

In addition to racially segregated schools, there are also more than 200 single-sex educational programs, according to the National Association for Single Sex Public Education. New York has five all-girl and three all-boy public schools. Many states, such as Wisconsin, will soon offer not only a segregated high school for girls but also segregated classes in co-ed schools.

The new segregation extends beyond matters of race and gender. New York created the Harvey Milk High School for gay, lesbian, bisexual and transgender students. The courts prevented the city from creating a special school for the Jewish Hasidic community after parents said the children, who were also disabled, experienced "panic, fear and trauma" in public schools because of their different appearance and beliefs.

These schools are sometimes defended as purely voluntary and open to all students — though their purpose and de facto segregation is undeniable. The fact is that these schools affect relatively few students, but they offer appealing images for systems that have failed to address low scores, homophobia and crime.

There is no evidence such segregation leads to significantly higher scores. Any benefit is more likely because of increased money and smaller classes afforded to the students — not some comfort zone created through racial or gender segregation. The research used to support these programs has been challenged as stereotypes dressed up as science. Segregation at the Young Women's Leadership Charter School in Chicago was defended on the basis that it fosters "sisterhood" and that girls can "roll out of bed without worrying about makeup (and) hair," among other benefits.

Given these growing programs, the segregation of Cook Islands is hardly a surprise. We are voting gay students, girls and other groups "off the island" to leave the appearance of tranquility and progress.

Yet, our schools are often the last opportunity for society to monitor and shape future citizens. They were once viewed as ideal forums to reinforce our values of pluralism and tolerance — a managed microcosm of society where students learn to interact with the other races and gender.

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Integration themes, however, are not drawing much of a crowd on TV or in society. ABC recently scrapped the reality show Welcome to the Neighborhood, in which various minority groups competed for a house in a conservative white neighborhood.

Ironically, while shows such as The Simple Life appear tediously manufactured, CBS found a theme that resonates with our most base, racist tendencies. The fact is that Cook Islands is repellant not because it looks too little, but too much, like our society. It is a reality that many are likely to watch, but few want to recognize.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

ANTITRUST:

Antitrust Chief Takes Hands-off Approach To Apple (MRKTWTCH)

Market Watch, September 14, 2006

WASHINGTON (MarketWatch) -- The Justice Department's antitrust chief on Wednesday made a case for taking a hands-off approach to Apple Inc.'s (AAPL) iTunes music service and iPod music device, which are dominant in the online music business.

He also offered an implicit criticism of European governments that want the iPod player and iTunes music to be compatible with rival products. In June, French lawmakers approved government-backed legislation aimed at forcing Apple to make its online music and its iPod "interoperable" with other products. Regulators in Norway and Sweden have threatened to impose fines if interoperability isn't made possible.

"Apple provides a useful illustration of how an attack on intellectual-property rights can threaten dynamic innovation," Thomas O. Barnett, who heads the Justice Department's antitrust division, said in the text of a speech in which he also noted that he's not investigating Apple's activities.

The music industry has in recent years been hit hard by the illegal downloading of music from the Internet, but the success of Apple's iTunes has boosted the sale of legal downloads and led to forecasts from the International Federation of the Phonographic Industry, a trade body, that recorded-music sales will grow in 2006. The concern across Europe is that Apple's products have too much dominance.

"While it is true that Apple's digital-rights-management software ensures that the first recording of a song downloaded from iTunes can only play on an Apple device, consumers can re-record an iTunes song in an MP3 format and play it on other devices; in sum, it is hardly clear that they are locked in," Barnett said.

His remarks came as European regulators traveled to the U.S. to address audiences here, providing U.S. politicians with an opportunity to push back. Rep. Robert Wexler, D-Fla., who co-chairs an intellectual property caucus, in prepared remarks cited "grave concern" about European regulatory tactics, and he complained that forcing Apple to "hand over" its intellectual property would damp future innovation.

Barnett rejected complaints that Apple harmed consumers by selling expensive iPods that lock them in to buying the same costly devices in the future.

"This type of business model has been criticized in the past because the cheap product was the one that was sold first - think cheap razors and expensive replacement blades or cheap printers and expensive replacement ink," Barnett said. "Apple's model is the opposite: consumers buy the expensive iPod device first, then have the option - not the obligation - to use the free iTunes software and buy the cheap iTunes songs."

He also batted down criticisms that Apple is hurting competitors. "Antitrust law protects competition, not competitors," Barnett said. "There are real costs to using antitrust law to protect competitors rather than competition. There is the problem of deterring innovation by the target of the 'dominance' attack: if a firm knows it will have to share its intellectual property or be managed by a committee of government regulators, it may not innovate in the first instance."

Barnett's remarks come as the Justice Department and the Federal Trade Commission hold a series of hearings dealing with control of the markets by individual firms. He has said that while individual firms with monopoly power can harm consumers, "mere size" doesn't demonstrate harm.

Barnett was confirmed earlier this year after serving as acting head of the antitrust division since June 2005. His confirmation had reportedly been blocked for months by two Republican senators concerned that he would be too tough on mergers.

Airlines Disclose Settlements In Lawsuit (AP)

AP, September 14, 2006

DOJ_NMG_0063076

CHICAGO (AP) — United Airlines and American Airlines disclosed settlements Wednesday in a class-action lawsuit stemming from an investigation into alleged price collusion among carriers in the air cargo industry.

Unlike Lufthansa AG, which said Monday it would pay $85 million to settle pending lawsuits in the case, both U.S. carriers said they are not required to make any payments.

The settlements could close the books on their obligations in the case barring further findings. Officials at both American and United, the largest two U.S. airlines, said that if the Justice Department later brings charges against them as a result of its investigation, the settlements would be off.

More than a dozen airlines have been the subject of an investigation initiated by U.S. and European Union officials into suspected price-fixing in the air cargo industry on surcharges for fuel, security and insurance.

Investigators were quoted earlier this year as saying the surcharges apparently originated among European carriers, with U.S. companies then setting their own charges in line with competitors. For carriers to be hit with criminal charges, prosecutors would have to show they were actively conspiring, not just following others' price increases.

A Justice Department spokesman did not immediately respond to a request for comment.

Tim Smith, a spokesman for Fort Worth, Texas-based American, a unit of AMR Corp., said the carrier had been swept into an investigation that appeared centered on European airlines.

"We do have a settlement with some of the plaintiffs, subject to court approval," he said. "It requires no payment at all by American, and we have been told we are not a target of the investigation."

American would not be forced to change its cargo-pricing policies, Smith said.

Neither American nor United, a unit of UAL Corp., disclosed details of the settlements.

"We are pleased to have reached an agreement with a majority of plaintiffs that will see us dismissed from the civil litigation, pending court approval," said spokesman Brandon Borrman of Elk Grove Village, Ill.-based United, the No. 2 U.S. carrier.

The Financial Times reported Wednesday that Virgin Atlantic Airways also had reached a settlement in the case. The London-based carrier did not respond to a telephone message.

The overall settlement could cost the involved airlines more than $1 billion, according to the newspaper, citing attorneys for the plaintiffs.

AP Business Writer David Koenig in Dallas contributed to this report

House Panel Deals Wright Bill A Setback (DMN)

By Sudeep Reddy And Emily Ramshaw, The Dallas Morning News

The Dallas Morning News, September 14, 2006

Committee removes antitrust safeguards; backers discuss ways to protect measure from court disputes

Following a setback in a House committee, North Texas lawmakers were plotting Wednesday evening to reinstate language to protect their Wright amendment legislation from potentially crippling court challenges.

The House Judiciary Committee dealt the latest challenge to the effort to lift flight restrictions at Dallas Love Field, removing a phrase that would have immunized the agreement from antitrust claims.

Supporters of the deal remained hopeful they could recover through legislative maneuvers in coming weeks. But given a short legislative calendar and sustained Senate opposition, the outcome remains uncertain.

"I don't think it's a death knell for it," said Rep. Kenny Marchant, R-Coppell. "It's certainly going to make for a lot of discussion between Dallas and Fort Worth and the other parties. Now they're going to have to decide what's really important and what they can live with."

Proponents of the legislation characterized Wednesday's actions as progress even though they opposed the change.

"The process is moving forward," said Tim Wagner, a spokesman for American Airlines. "There are still several steps to determine which version of the bill ultimately gets voted on."

The Wright legislation can now proceed down other avenues after sitting under the control of the Judiciary Committee since late July.

The panel's chairman, Rep. James Sensenbrenner, R-Wis., and its top Democrat, Rep. John Conyers of Michigan, pushed through an amendment removing language that would have effectively exempted the measure from antitrust challenges in court.

Several lawmakers had objected to the language, saying it skirted century-old laws protecting consumers from anticompetitive practices.

Mr. Sensenbrenner said the deal "raises serious competitive concerns" by reducing the number of available gates at Love Field and discouraging Southwest Airlines from using Dallas/Fort Worth International Airport.

He said the antitrust issues should be litigated in court rather than be sidestepped by Congress in a private agreement.

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The amendment, which passed by a voice vote, drew objections from a handful of lawmakers who warned that the amendment would effectively kill the bill.

"As a practical matter, it's the Wright amendment that's anti-consumer and anti-competition," said Rep. Spencer Bachus, R-Ala. "If we adopt this amendment, we will litigate this thing for the next 10 or 15 years."

The legislation would implement a June agreement by Dallas and Fort Worth, D/FW Airport, American and Southwest to repeal the 27-year-old Wright law in 2014. It would immediately allow one-stop flights anywhere in the U.S. as long as they stopped in the nine-state Wright perimeter.

The agreement also would cut the number of gates available at Love from 32 to 20, a move intended to compensate for an expected increase in traffic, noise and pollution at the inner-city airport. Nineteen gates are now operational.

How the debate started

The antitrust debate – stemming in part from the gate reduction – was sparked by lobbyists representing Love Terminal Partners L.P., owner of the former Legend Airlines terminal. The six-gate facility, which has been largely unused for six years, would be demolished under the agreement.

The group has already sued the parties in federal court under antitrust laws, saying it lost out on a $100 million deal for its terminal because of the agreement.

It remains to be seen whether the five parties to the North Texas compromise would be willing to accept legislation without some kind of antitrust protection.

The groups agreed last week to remove the explicit exemption from competition laws – the words that the judiciary committee removed Wednesday – if other protective language could be added. But no other protections were placed in the legislation. In fact, the committee's change Wednesday said nothing in the legislation "shall modify, impair, or supersede the operation of the antitrust laws."

What's next for bill

Fort Worth Mayor Mike Moncrief said the setback, while anticipated, is frustrating after working so long and hard to "delicately forge the agreement."

He's waiting to hear from the other North Texas parties before he decides how to proceed. "I think we can still get this ball over the goal line," he said.

The legislation next needs to clear a rules committee that decides how amendments can be introduced on the House floor.

The change by the House Judiciary Committee also puts the House version at odds with the Senate version, which has slowed due to concerns from leaders of the Senate Judiciary Committee.

Lawmakers ultimately could focus on a Senate version of the bill that has passed its originating committee there but hasn't been amended further. The goal would be to secure passage in the full Senate, allowing the bill to then move to the full House.

Legislation that passes the House and Senate separately with different language generally goes through a joint conference committee to reconcile changes. The step can be time-consuming for legislation that isn't a top priority by the leaders of each chamber.

On Capitol Hill late Wednesday, lawmakers and other proponents of the agreement discussed whether the House bill would need the original antitrust protection reinstated or new language, or whether it could be accepted with the judiciary committee's changes.

D/FW chief operating officer Kevin Cox said the original language would protect the parties from "any and all frivolous claims thinly veiled under the guise of an antitrust claim."

Dallas Mayor Laura Miller said the five North Texas parties have "checked in with each other" at every step along the way to make sure they're comfortable with the language of the agreement.

"Right now, we're still fine," she said. "But if we get to a point where anyone says 'We can't live with that,' then there's no agreement."

She said she's confident that won't happen because the North Texas delegation is so aligned.

Southwest spokeswoman Beth Harbin said Wednesday's action was "good news for consumers" because the judiciary committee approved repealing Wright without altering key provisions of the local agreement.

"Those who feel the local solution is anticompetitive should consider the alternative, which is continuing to live under the Wright amendment where no one benefits," she said.

The Wright agreement faces a tight legislative window, complicating passage by the Dec. 31 deadline outlined in the compromise.

House members plan to return home by early next month to campaign for the November elections. The measure could resurface during a lame-duck session after the election, but then it would face more procedural hurdles. Sens. John Cornyn and

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Kay Bailey Hutchison met Wednesday evening with the ranking member of the Senate Judiciary Committee, Sen. Patrick Leahy, D-Vt., to address concerns about the antitrust issue.

Sudeep Reddy reported from Washington and Emily Ramshaw from Dallas. Robert Dodge in Washington contributed to this report.

House Strips Antitrust Immunity From Wright Agreement (AP)

By Suzanne Gamboa, Associated Press Writer

AP, September 14, 2006

WASHINGTON — A U.S. House panel stripped antitrust protections before moving forward Wednesday with legislation that would lift restrictions on long-haul flights from Dallas Love Field after eight years.

The House Judiciary Committee, after brief debate, pushed through a bill modeled after an agreement that would eventually repeal the Wright Amendment and eliminate some gates at Dallas Love Field.

The agreement was forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth. American, based in Fort Worth, has a major hub at DFW.

The bill endorsed Wednesday no longer includes wording that stated the agreement complies with anti-competition laws and gave the Department of Transportation sole authority to decide claims against the arrangement.

Those provisions were opposed by Rep. James Sensenbrenner, chairman of the House Judiciary Committee. He said the claims should be decided by the courts.

"The antitrust laws are there for a purpose," Sensenbrenner said. "They are working, and there should not be legislative determination about what is or is not anticompetitive. The standard antitrust standards that have been applied to commercial arrangements for over 100 years should be applied to this one as well."

An unsigned memo from the Justice Department's antitrust division and made public last month said the bill would violate antitrust laws, although the department has not taken an official position.

The agreement calls for shrinking the number of gates at Love Field from 32 to 20, which some argue could block other airlines from competing with incumbents American, Southwest and Houston-based Continental Airlines Inc. Only 19 of the 32 gates are currently being used.

Last month, another House committee approved the agreement with the antitrust immunity provision included. House leaders and the Rules Committee will decide which version goes to the floor and whether to allow amendments.

California Rep. Zoe Lofgren, D-Calif., surprised Democratic colleagues in opposing Sensenbrenner's amendment because of her pro-consumer record. Lofgren said the existing arrangement is worse on consumers. Under the Wright Amendment, Southwest can only fly from Love Field to eight nearby states.

If it isn't passed into law, the agreement expires at the end of the year. It was reached after Southwest Airlines launched a fierce lobbying effort to repeal the 1979 Wright Amendment, named for its author former House Speaker Jim Wright.

The issue split Texas Republicans in the House, although most now support the agreement.

Sen. Kay Bailey Hutchison, R-Texas, has taken the lead in trying to pass the legislation. She is sponsoring the bill in the Senate, where the agreement also has raised concerns over whether it violates anticompetition laws.

She had anticipated the House action Tuesday and said she would continue to try to move her bill in the Senate. She also has attached the bill to the transportation spending bill.

Love Field Agreement May Lose Antitrust Protection (BLOOM)

By John Hughesand Mary Schlangenstein, BLOOMBERG NEWS

Bloomberg, September 14, 2006

An agreement between South-west Airlines Co. and American Airlines on service at Love Field in Dallas may face antitrust challenges, possibly scuttling the deal, under a bill approved on Wednesday by a House committee.

The House Judiciary Committee proposal would eliminate antitrust immunity for the carriers under the agreement and let the Justice Department bring any actions it deems necessary.

The committee, which met in Washington, approved the bill after striking the immunity. American is the world's largest airline, while Southwest is the biggest U.S. discount carrier.

The agreement may be ineffective without the immunity, said Rep. Spencer Bachus, R-Ala. "We will litigate this thing for the next 10 to 15 years," he told colleagues on the panel. "It will be tied up in court."

Southwest, based in Dallas, has 96 percent of passengers at Love Field. A 1979 federal law known as the Wright Amendment limits nonstop flights from the airport to Texas and eight nearby states.

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AMR Corp.'s American and Southwest reached the agreement in June to remove that restriction in eight years and let Southwest immediately connect passengers from Love Field to airports throughout the U.S.

The House committee's proposal "doesn't appear to be a deal breaker," Ed Stewart, a Southwest spokesman, said in an interview. "The important thing is that this is another step toward what we were wanting in the first place, giving customers more choice."

Tim Wagner, a spokesman for American, declined to comment on whether the version approved by the House committee would sink the agreement. The airline is based in Fort Worth, Texas.

"There are more steps to go before we know what's ultimately going to happen," Wagner said. Differences in versions approved by the House Judiciary Committee and the House transportation panel will have to be ironed out, he said.

Rivals, including JetBlue Airways Corp. and Northwest Airlines Corp., raised concerns about the agreement, which cuts the number of available gates at Love Field to 20 from 32.

House Judiciary Chairman James Sensenbrenner, R-Wis., citing the competitive concerns, asserted his committee's right to review the legislation after it cleared the House Transportation and Infrastructure Committee on July 19. Sensenbrenner was one of the sponsors of the proposal to strike the antitrust immunity. That change was approved by a voice vote of his committee.

"Antitrust principles are necessary to preserve competition," said Rep. John Conyers, D-Mich., who co-sponsored the change. Northwest has a major flight hub at Detroit Metro Airport, near Conyers' district.

The Consumer Federation of America and the Consumers Union said in a letter to the House Judiciary Committee that the carriers' agreement is "designed to protect market share for Ameri-can and Southwest Airlines."

The Love Field agreement came after a two-year battle in Congress between Southwest, seeking to scrap the Wright Amendment, and American, trying to preserve it. The compromise was crafted by the two carriers, the cities of Dallas and Fort Worth, and Dallas-Fort Worth International Airport, where American has its main flight base.

The Wright Amendment was intended to protect the Dallas-Fort Worth airport as the major airfield in northern Texas, while allowing Southwest to remain at Love Field.

Before the bill could become law, it would need to pass in the full House and Senate, then be reconciled in a House-Senate conference committee and sent to the president for his signature.

Wright Bill Advances (DALBIZ)

Dallas Business Journal, September 14, 2006

A U.S. House panel on Wednesday moved forward a bill modeled after the local Wright compromise, but not before stripping the document of antitrust protections, The Associated Press reported.

The House Judiciary Committee removed wording that protected the bill from antitrust legal challenges, The AP said.

The bill is based on an agreement forged by the cities of Dallas and Fort Worth, American Airlines (NYSE: AMR), Southwest Airlines (NYSE: LUV) and the Dallas/Fort Worth International Airport that calls for a repeal of Wright Amendment restrictions in eight years.

In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there from 32 to 20. Fort Worth-based American and Dallas-based Southwest both accepted that compromise, which is being debated in Congress.

The Wright Amendment is a 1979 federal law that limits trips from Dallas Love Field to short-haul flights to a few surrounding or nearby states.

An unsigned memo purportedly from the Justice Department's antitrust division began circulating shortly after the bill was introduced. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

Last month a group of antitrust professors from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

Tuesday, D/FW Airport put out a letter written by antitrust law experts that refuted the professors' statements by saying an outright repeal of the Wright Amendment has never happened and would face too many challenges.

House Strips Antitrust Immunity From Wright Agreement (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 14, 2006

WASHINGTON -- The House Judiciary Committee quickly and decisively removed antitrust protections from the Wright Amendment legislation on a voice vote this morning.

Judiciary Chairman James Sensenbrenner, R-Wis., joined by the ranking Democrat, Rep. John Conyers, D-Mich., proposed an amendment that removes the antitrust immunity in the bill and inserts additional language reinforcing that nothing in the law governing Dallas Love Field "shall modify, impair, or supersede the operation of the antitrust laws."

"What this amendment does is state that the antitrust aspects will be litigated," Sensenbrenner said. "What we're saying is that the antitrust laws are there for a purpose."

Conyers, joining the chairman in an unusual show of bipartisanship, said, "I'm not here to say the agreement is pro-competitive or anti-competitive."

Rather, he said, he was also supporting the antitrust laws as the protector of consumers. "For more than a century, the antitrust laws have been the cornerstone of preserving our free-market economy."

Rep. Spencer Bachus, R-Ala., warned that if the amendment remained in the bill, "We'll litigate this thing for the next 10 to 15 years."

Bachus, who said he sympathized philosophically with the chairman, said he thought Congress ought to support the local agreement reached by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. "This amendment is going to put it in the courts and do away with an agreement that I didn't think could ever be made," he said.

But Rep. Howard Berman, D-Calif., countered that the agreement in force during litigation would be the one reached by the cities – allowing immediate through-ticketing, reducing the gates to 20 from 32 and eliminating the restrictions in eight years – giving consumers benefits of lower airfares.

An unexpected supporter of the Wright Amendment agreement was Rep. Zoe Lofgren, D-Calif., who said Congress refusing to support the deal as written "may fail opening the market at all."

The vote is a victory for Love Terminal Partners, which has waged a campaign against the antitrust language after filing a $100 million suit for the loss of gates at Love Field.

But the fight for the Wright Amendment is far from over. It will now shift to the House leadership and the House Rules Committee, which will have to mediate between the bill approved by the House Transportation and Infrastructure Committee and the one modified by the House Judiciary Committee.

Wright Amendment supporters are in key spots: Rep. Pete Sessions, R-Dallas, is a member of the rules committee; House Energy and Commerce Committee Chairman Joe Barton, R-Arlington, is influential with the leadership and Rep. Kay Granger, R-Fort Worth, is close to House Speaker Dennis Hastert, R-Ill.

Hedge Fund Gets Antitrust OK For McDonald's Investment (FWST)

The Fort Worth Star-Telegram, September 14, 2006

WASHINGTON - An activist hedge fund has received antitrust clearance from the Federal Trade Commission for a previously announced plan to buy nearly $794 million of McDonald's Corp. stock.

In a Sept. 1 filing with the Securities and Exchange Commission, the Oak Brook, Ill., fast-food chain said New York-based Pershing Square Capital Management LP had informed the company of plans to acquire more than $793.8 million of McDonald's stock, through three investment funds.

The FTC said Wednesday that it granted early termination on Tuesday of the waiting period required under the Hart-Scott-Rodino antitrust law.

The purchase would amount to less than a 2 percent stake but would still make Pershing one of McDonald's top institutional shareholders.

Last year, Pershing controlled 4.9 percent of McDonald's shares. It publicly pressured the company to spin off about 65 percent of its company-owned restaurants as part of an effort to boost its stock price. McDonald's met with William Ackman, Pershing's manager partner, but resisted.

Pershing Square sold all of its remaining McDonald's shares in the second quarter.

Shares of McDonald's closed Wednesday down 36 cents, or 0.9 percent, at $37.84 on the New York Stock Exchange.

EU Fines 14 Companies For Price Fixing Road Bitumen (MRKTWTCH)

Market Watch, September 14, 2006

BRUSSELS (MarketWatch) -- The European Commission Wednesday fined 14 companies EUR266.717 million for fixing prices of bitumen, a tar used in road construction.

Regulators found that eight suppliers and six purchasers participated in a cartel in the Netherlands from 1994 to 2002.

The commission granted BP PLC (BP) full immunity for cooperating in the investigation. In contrast, it doubled Royal Dutch Shell NV's (RDSA) fine to EUR108 million as a repeat offender.

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"We should not have attended these meetings and we regret our involvement in this case," President-Director Rein Willems of Shell Nederland BV said in a statement.

The cartel fines represent the seventh largest ever levied by EU regulators and underline their determination to fight cartels. Companies are liable to up to 10% of their worldwide turnover if they participate, but they can appeal all decisions to the European Court of First Instance in Luxembourg.

In 2001, the commission imposed fines of EUR790 million on a vitamin cartel. Last year, it imposed fines of EUR388 million on a hydrogen peroxide cartel and EUR344 million on an acrylic glass cartel.

"The result of the cartel was the price of bitumen was higher than it otherwise would have been," said E.U. antitrust spokesman Jonathan Todd. Although bitumen is a "small market" Todd said the "fine is very high comparatively, because "very large companies were involved, the cartel lasted for a time and that it was a very serious infringement." In addition, some companies were "repeat offenders" and some "obstructed our investigation."

He said similar probes were ongoing in both the Belgian and Spanish bitumen markets.

BP was granted full immunity from a fine, which would otherwise have been EUR30.78 million, while Kuwait Petroleum Corp. had its fine reduced by 30% to EUR16.6 million. Shell, Total SA (TOT) and Nynas, also claimed a reduction of the fine, but failed to qualify. Shell's fine was upped by 50% because it had participated in other similar cartels, the commission said. Total was fined EUR20.25 million and Nynas EUR13.5 million.

None of the construction companies applied for leniency. Ballast Nedam, which was fined EUR4.65 million, first joined the cartel in 1996, when it became a major road builder in the Netherlands. Wintershall AG, fined EUR11.6 million, sold its bitumen business to BP at the end of 1999.

Others bitumen suppliers fined were Esha, EUR11.5 million and Kockner & Co. AG (KCO.XE), EUR10 million. Bitumen buyers fined include Ballast Nedam NV (33654.AE), EUR4.65 million, Dura Vermeer NV, EUR5.4 million, Heijmans NV (34193.AE), EUR17.1 million, Holladsche Beton Groep NV, EUR7.2 million, Koninklijke Groep BAM NV (33731.AE), EUR13.5 million and Koninklijke Volker Wessels Stevin NV, EUR27.36 million.

In its statement, the commission said Volker Wessels Stevin had obstructed its probe, refusing commission investigators access to its facilities.

Europe had a long history of tolerating price-fixing, dating back to medieval guilds, analysts say. In the Netherlands, cartels were legal until 1996.

But that tolerance is fast disappearing. The EU's antitrust commissioner Neelie Kroes has vowed to be a "whistle blower" and to show "zero tolerance" toward cartels.

Ironically, though, she served on the supervisory board of Ballast Nedam during the period in which the offense took place. In a statement, she said she had recused herself from the investigation and that the company's supervisory board learned about the investigation only in 2004, shortly before she left to become competition commissioner. She refrained from voting on the fines at Wednesday's commission meeting.

Bitumen, a by-product of fuel production, is mainly used to make asphalt, binding other road surfacing materials together. This cartel covered all bitumen used for road construction in the Netherlands, a market valued around EUR62 million in 2002.

In June 2002, BP applied to the commission for immunity from fines. In October 2002, the commission carried out inspections of various bitumen suppliers and road constructors. It sent statements of objections in October 2004. A hearing was held in June 2005.

The evidence showed that from at least 1994 to 2002, a delegation of the bitumen suppliers met with the six biggest road construction companies in the Netherlands in a series of meetings, called the "bitumen consultation" or "bitumenoverleg," the commission said. These meetings were usually preceded by preparatory meetings of the suppliers and separate preparatory meetings of the six biggest road construction companies.

In the joint meetings, participants fixed the gross price of road bitumen to be invoiced to the asphalt production plants and two rebates for the construction companies that own these asphalt production plants. A uniform minimum rebate for the road construction companies that were part of the cartel and a lower maximum rebate for other road construction companies that weren't part of the cartel. The latter therefore had to pay higher prices.

The construction companies participating in the cartel appeared not to be particularly concerned about the absolute level of the price of bitumen, as long as they received larger discounts than their smaller competitors, the commission said. This caused the price level of bitumen in the Netherlands, even after the discounts granted to the large road builders, to gradually rise above that in neighboring countries, the commission added.

ImClone Goes Up Against Patent Dispute (USAT)

By Julie Schmit

USA Today, September 14, 2006

More bad news could be looming for ImClone Systems, the biotech maker at the heart of the Martha Stewart stock scandal.

A federal judge is expected to rule, possibly within weeks, on a bitter patent dispute affecting ImClone's sole product, cancer drug Erbitux.

One Wall Street biotech analyst, Citigroup's Yaron Werber, has predicted defendants ImClone and Aventis Pharmaceuticals will lose the dispute. That could cost ImClone tens of millions of dollars a year, delivering an 8% to 24% hit to net income.

The patent dispute — argued over a 10-day trial that ended in July in an often-packed Manhattan courtroom — pits former colleagues, friends and two giants of science against each other: Michael Sela, 82, a co-developer of multiple sclerosis drug Copaxone, and Joseph Schlessinger, 61, who testified he had been nominated for a Nobel Prize and that, for the last decade, he's been among the top 20 most-cited scientists in the world.

The patent dispute goes back 20 years and centers on who invented the idea of using a certain antibody, such as Erbitux, in combination with a chemotherapy drug to slow the growth of cancer tumors: Schlessinger and his colleagues or Sela and his colleagues.

Aventis owns the patent, which lists Schlessinger as its first named inventor. ImClone licensed the exclusive rights to the patent in 1994 even before it was approved.

The plaintiff, Israel's Yeda Research and Development, alleges that three scientists, including Sela, from Israel's famed Weizmann Institute of Science are the true inventors. Yeda, which commercializes inventions of Weizmann scientists, alleges Schlessinger — during a chance conversation with one of Sela's colleagues — volunteered to supply them with an ingredient to do the experiments.

ImClone and Aventis say Schlessinger and his colleagues had already conceived of the patent claims before that conversation and that he simply asked the Sela colleague to test the idea in routine experiments.

After the experiments, Yeda says, Schlessinger submitted a paper about them to a corporate predecessor of Aventis, where he worked while on sabbatical from Weizmann. The company started to pursue the patent. Schlessinger was listed as one of six paper authors; Sela was the primary.

“I was in a state of shock,” Sela testified, when he first saw the patent in 2002. Sela said he had thought of Schlessinger as a friend and protégé until “the bad moment,” according to a transcript of the trial. In an interview, Sela described Schlessinger as an excellent scientist but added, “I have trouble with his ethics.”

Schlessinger testified that he would never have asked the Weizmann scientists to do the experiments had he suspected they would seek co-inventorship.

“This is a clear example of greed,” Schlessinger said in an interview. “They woke up after many years when they realized all the money involved.”

Schlessinger, chair of the department of pharmacology at the Yale University School of Medicine, says he receives no payment for the so-called 866 patent (the name comes from the last three numbers of the seven-numeral patent number). He described the work around the patent as “Stone Age” vs. what he's doing now.

ImClone, in a court filing, said that three of the seven authors on the 866 patent should be deleted because they had nothing to do with its claims. Yeda says the other four, including Schlessinger, should be deleted, too.

“This is a case about a mistake,” plaintiff's attorney Nicholas Groombridge of Weil Gotshal & Manges said in court. “The question before the court is not whether the inventorship is wrong, but how wrong is the inventorship.”

Like Schlessinger, ImClone and Aventis claim Yeda is challenging the patent now because Erbitux is hitting big money. It is one of the few cancer therapies that attack cancer cells but not healthy cells as does chemotherapy.

The Food and Drug Administration approved Erbitux in 2004 to treat colorectal cancers and later for head and neck cancer.

If Yeda gets partial or sole patent ownership, it could demand a “king's ransom” from ImClone, the defendants said in a post-trial brief.

Citigroup analyst Werber estimates ImClone pays Aventis royalties of 2% to 3%, based on Erbitux sales, for the patent license.

Werber says the most likely outcome is that Yeda emerges as a co-owner of the patent and ImClone pays an extra 1% to 2% royalty. If Erbitux's sales were $1.3 billion in 2008, Werber says, that would cut ImClone's net income by $10 million to $20 million, or 8% to 16%.

It is less likely that Yeda will win the patent outright, Werber says. If so, the defendants say it could try to forbid ImClone from marketing Erbitux in combination with a chemotherapy drug, which is most often the case for colorectal cancer.

Whatever the outcome, ImClone says, shipments of Erbitux won't be affected. Any decision by the U.S. District Court judge is likely to be tied up in appeals for years, says ImClone spokesman David Pitts.

What's more, it's in the financial interests of Yeda, if named to the patent, to keep Erbitux sales growing, says Werber.

The Weizmann scientists say money isn't the issue — honor is. "I'm not keen on a patent unless it is stolen from me," Sela said.

Schlessinger says he is offended by such accusations.

Yeda alleges the Weizmann scientists didn't learn that a patent application may have been filed until 2000 when Sela received a request from ImClone for notebooks related to the work. The patent was issued in 2001. When Yeda and Sela sought more information, they say, ImClone cut off communication. In her ruling dismissing ImClone's request for summary judgment, Judge Naomi Buchwald characterized ImClone as stonewalling Yeda.

The case marks ImClone's second high-drama courtroom appearance. In 2003, its founder, Sam Waksal, was sentenced to prison in a scandal in which he was accused of trying to sell ImClone shares knowing the FDA was about to reject ImClone's Erbitux application.

By the time Erbitux received FDA approval, Waksal was in jail and Stewart was soon to be sentenced.

The patent case isn't the only cloud over ImClone. In August, it said it would remain independent after failing to find a suitable buyer.

In a report after that announcement, WR Hambrecht biotech analyst Patrick Flanigan said the lack of compelling bids for the company suggests ImClone's fundamentals are deteriorating.

Among other things, he forecast declining Erbitux sales growth in the USA throughout 2007, in part because of new competition expected from rival Amgen.

Flanigan advised investors to "remain on the sidelines."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Assails Agency For Ethics Slide (NYT)

By Edmund L. Andrews

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — The Interior Department's chief official responsible for investigating abuses and overseeing operations accused the top officials at the agency on Wednesday of tolerating widespread ethical failures, from cronyism to cover-ups of incompetence.

"Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior," charged Earl E. Devaney, the Interior Department's inspector general, at a hearing of the House Government Reform subcommittee on energy.

"I have observed one instance after another when the good work of my office has been disregarded by the department," he continued. "Ethics failures on the part of senior department officials — taking the form of appearances of impropriety, favoritism and bias — have been routinely dismissed with a promise 'not to do it again.' "

The blistering attack was part of Mr. Devaney's report on what he called the Interior Department's "bureaucratic bungling" of oil and gas leases signed in the late 1990's, mistakes that are now expected to cost the government billions of dollars but were covered up for six years.

While these leases were the specific focus of the hearing, Mr. Devaney directed most of his criticism at what he called a broader organizational culture at the Interior Department of denial and "defending the indefensible."

He expressed particular fury at the willingness to dismiss two dozen potential ethical lapses by J. Steven Griles, a former industry lobbyist who served as deputy secretary of the interior during President Bush's first term.

Mr. Griles resigned after allegations surfaced that he pushed policy decisions that favored some of his former oil and gas industry clients and that he tried to steer a $2 million contract to a technology firm that had also been one of his clients.

In a 145-page report in 2004, the inspector general described Mr. Griles as a "train wreck waiting to happen." But on Wednesday, Mr. Devaney said he was appalled that the Interior Department's office of ethics dismissed 23 out of 25 potential ethical breaches against Mr. Griles and that Gale A. Norton, then secretary of the interior, decided not to act on the two remaining allegations.

Mr. Griles is once again a lobbyist in Washington. Efforts to reach Mr. Griles on Wednesday evening at his lobbying firm, Lundquist, Nethercutt & Griles, were unsuccessful.

Mr. Devaney said that case was typical of a much broader "culture of managerial irresponsibility and lack of accountability" in the top reaches of the Interior Department.

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"I have unfortunately watched a number of high-level Interior officials leave the department under the cloud of O.I.G. investigations," Mr. Devaney said, referring to the Office of Inspector General.

"Absent criminal charges, however, they are sent off in the usual fashion, with a party paying tribute to their good service and the secretary wishing them well, to spend more time with their family or seek new opportunities."

That was almost exactly what happened to Mr. Griles, who was never charged with any wrongdoing, though he admitted to using bad judgment in some cases.

Dirk Kempthorne, who succeeded Ms. Norton as interior secretary earlier this year, said Wednesday that he took the inspector general's allegations "very seriously" and had sent a letter to all employees on his first day at the department on the need to follow ethical guidelines.

Mr. Kempthorne declined to say what additional actions he might take until he saw Mr. Devaney's final report.

Mr. Devaney, a burly man who began his career as a police officer in Massachusetts, is no stranger to combative investigations or confrontations with top officials.

He spent more than 20 years as a special agent in the Secret Service, specializing in white-collar crime, eventually being put in charge of the service's fraud division. In the 1990's, he became director of criminal enforcement at the Environmental Protection Agency.

He was named inspector general at the Interior Department in 1999, just as whistle-blowers outside the government were pressing huge lawsuits alleging that oil companies were fraudulently underpaying royalties.

Three years ago, Mr. Devaney scathingly criticized the Interior Department's auditing program for oil and gas royalties.

Beyond finding that investigators had missed millions of dollars in underpayments, his office uncovered evidence that agency auditors had lost key files, then tried to fool investigators by forging and backdating the missing documents. In an acid rebuke of the agency, Mr. Devaney noted that the agency gave a bonus to the official who came up with the false papers.

Mr. Devaney's broadside against the Interior Department's culture dovetailed with his tentative conclusions in his most recent investigation, into how the department had managed to sign 1,100 leases for offshore drilling that inadvertently let energy companies escape billions of dollars in royalties on gas and oil produced in the Gulf of Mexico.

The leases, signed in 1998 and 1999 during the Clinton administration, allow companies to escape normal federal royalties — usually 12.5 percent of sales — on the tens of millions of barrels of oil on each lease.

The royalty break was intended as an incentive for deepwater drilling, but it was also supposed to end if oil prices climbed above a "threshold" level of about $34 a barrel. The leases at issue omitted that restriction, and department officials kept quiet about their mistake for six years after they discovered it.

The problem was first disclosed by The New York Times in March. Government officials now estimate that the mistake could cost the Treasury as much as $10 billion over the next decade.

"The Interior Department holds our natural resources in trust for the American people,'' said Representative Darrell Issa, Republican of California and chairman of the House Government Reform subcommittee on energy and resources. "It squandered billions instead."

Mr. Devaney said the error, a result of compartmentalized thinking within the department, might have remained buried if senior officials had had their way.

"We do not have a 'smoking gun,' " Mr. Devaney said. "We do, however, have a very costly mistake which might never have been aired publicly absent The New York Times, the interest of this committee, the Senate Committee on Energy and Natural Resources and several other interested members of Congress."

River's Renewal A Step Closer (FRESNOB)

By Michael Doyle And Mark Grossi, The Fresno Bee

Fresno Bee, September 14, 2006

Deal to be filed today would begin restoration around '09.

WASHINGTON — More water should start flowing down the San Joaquin River by around 2009 under a long-awaited settlement scheduled to be filed in Sacramento today.

By around 2013, salmon should be reintroduced to the river, which once teemed with them. Hundreds of millions of dollars would be spent on channel improvements and more, and a new "San Joaquin River restoration" administrator would oversee the complicated work.

The river restoration details, and myriad others that will change life in the San Joaquin Valley, have been worked out by farmers and environmentalists during months of negotiations. They are to be presented to a federal judge this morning in hopes of settling an 18-year-old lawsuit.

"To be able to come up with an agreement that parties on both sides can agree to is a monumental step to a healthy river," said Grant Davis, executive director of the San Francisco-based Bay Institute, one of the plaintiffs in the lawsuit. "Failure would not only harm the river, it would harm the San Joaquin Valley."

Davis declined to offer details of the settlement, which was described by others who had been briefed about the pending deal. The Justice Department only signed off on the agreement Monday night, participants said, and details were changing up until the last moment.

But even as environmental groups and their negotiating partners embrace the new deal, it's attracting flak on Capitol Hill and among some water users. Part of the agreement includes an apparent deadline for Congress to approve San Joaquin River restoration legislation: Dec. 31.

If the legislation substantively differs from what negotiators agreed to, at least one lawmaker said, the whole deal could fall apart.

"It's the other branches of government telling Congress, 'You're going to do this or else,'" said Rep. Devin Nunes, R-Visalia. "It's putting a gun to our head."

Nunes represents many of the farmers on the east side of the San Joaquin Valley who are served by water stored behind Friant Dam.

Farmers downstream on the west side of the Valley did not get enough protection in the settlement, said Steve Chedester, executive director of the San Joaquin River Exchange Contractors Water Authority. The authority represents farmers downstream of Firebaugh, near Los Banos.

Chedester said the restoration may put water down the old channel where valuable crops now grow. He said the route should be further studied, and a lot of funding will be needed if the old river is the preferred route.

"Our area will be the most expensive reach to restore," Chedester said.

Construction of Friant Dam in the 1940s helped fuel the Valley's agricultural growth but also dried up portions of the San Joaquin River in western Merced and Fresno counties.

Environmentalists filed suit in 1988 when Friant contracts came up for renewal. The case quickly turned to restoration of the salmon run in the early 1990s. The case swung toward environmentalists, and the two sides attempted — unsuccessfully — to negotiate a settlement.

With the long-running lawsuit unresolved, Rep. George Radanovich, R-Mariposa, and Democratic Sen. Dianne Feinstein last year began urging farmers and environmentalists led by the Natural Resources Defense Council and Bay Institute to strike a deal. Feinstein has agreed to introduce the legislation — dubbed by some the San Joaquin River Restoration Settlement Act — to authorize the various river fixes.

A draft of the proposed legislation authorizes the federal government to buy land from "willing sellers." All environmental laws must be complied with — a blow to some water agencies that were hoping for exemptions. Outside parties — such as the Merced Irrigation District — would not be allowed to sue if they're unhappy with how the settlement works.

The proposed legislation establishes a "San Joaquin River Restoration Fund," which would include California state bond money and federal funds. Friant water users would not pay any more than they already do, but a portion of payments they make under existing water contracts would be devoted to the new restoration fund.

As a member of the Senate Appropriations Committee, Feinstein could attempt to attach the river bill to another, must-pass funding bill.

Radanovich, next week, plans to hold a hearing on the settlement, which would set a foundation for a House bill.

"I think if all the water districts in Friant support it, then so do I," Radanovich said.

The agreement would not automatically dissolve if the legislation misses the Dec. 31 deadline, said Friant Water Users Authority lawyer Dan Dooley. The Friant authority negotiates for 15,000 farmers who get water from Millerton Lake.

"It's more of a poison pill that offers the parties in the litigation the opportunity to void the agreement if the deadline is missed," Dooley said. "But both sides are aware that there is not a lot of time left this year." Michael Doyle reports from The Bee's Washington Bureau. The reporters can be reached at mdoyle@mcclatchydc.comor (202) 383-0006, ormgrossi@fresnobee.com or(559) 441-6316.

Accord Reached On Diverting Water From Farms To Restore San Joaquin River (NYT)

By Jesse McKinley

The New York Times, September 14, 2006

SAN FRANCISCO, Sept. 13 — For most of the last 60 years, much of the San Joaquin River has not really been a river. Dammed and drained for agricultural purposes in the arid Central Valley, the San Joaquin is dry for mile after mile, a symbol of the cost of progress and the miracles of modern irrigation.

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It has also been the subject of extensive litigation.

On Wednesday, a coalition of environmental and fishing groups announced the settlement of an 18-year-old suit against the Interior Department and a group of California water users, ending one of the longest-running environmental skirmishes.

The proposal, which Congress will vote on, would create a multimillion-dollar project to restore more than 150 miles of the San Joaquin to the lush riverbed it once was.

"This is one of the most important and historic restoration efforts in the West," said Hal Candee, a senior lawyer for the Natural Resources Defense Council, which filed the suit in the Reagan administration. "This is really bringing a dead river back to life."

Under the plan, announced in Sacramento, billions of gallons of water would eventually be released from Friant Dam, just north of Fresno, spilling into the historic river channels. The new flow, environmentalists and fishermen hope, will create a healthy environment for Chinook salmon, which once spawned — and thrived — in the San Joaquin.

In exchange for losing 15 percent to 20 percent of their yearly water, depending on rainfall, farmers and other long-term water users would be assured of a supply.

"For the next 20 years, we know what the water commitment is going to be, and that was important to us," said Ron Jacobsma, consulting general manager of the Friant Water Users Authority, which represents 22 water districts that span five counties.

Fed by downstream tributaries, the San Joaquin, the second-longest river in California, flows as it meets the Sacramento River east of San Francisco, forming an enormous delta that provides water to 22 million Californians. Since the 1940's, the upper reaches of the river, from Friant Dam to its convergence with the Merced River, have been siphoned off to water a million acres of crops through a vast irrigation project that has helped turn the Central Valley into one of the most prosperous agricultural regions.

The proposed restoration would carry a hefty price, with estimates from $250 million to $800 million, a cost that the federal government and state would probably share.

Some support seems to have been mustered. Mike Chrisman, secretary for state resources, signed off on the accord on Wednesday, as did Senator Dianne Feinstein, a Democrat, and Representative George P. Radanovich, a Republican. Mr. Radanovich, who represents the Fresno region, said he would hold a hearing on the plan on Sept. 21.

After years of machinations and stalled negotiations, legal pressure on the government intensified in 2004, when a federal district judge in Sacramento, Lawrence K. Karlton, ruled in the environmentalists' favor, saying the California Fish and Game Code, which guarantees water to fisheries, could be applied to the federally owned Friant Dam.

Judge Karlton had set a trial date for earlier this year to consider remedies. But as that date approached, the two sides returned to the table to find a more nuanced middle ground.

"The judge had made statements along the lines of all he had was a meat cleaver," Mr. Jacobsma of the water users' authority said. "And what we needed was a scalpel."

Kirk Rodgers, a regional director for the Federal Bureau of Reclamation, said the project would "probably be unprecedented in terms of its magnitude and challenges."

"In some cases,'' Mr. Rodgers said, "you're going to have to define a channel through mechanical means. In some cases, you're going to have to build structures to put the water that's being diverted back in the channel. It's a very complicated and very ambitious project." Some water spilled into the riverbed would also be recirculated to farmers, he said.

A tentative timetable calls for water to be diverted to the river by 2009 or 2010. Fish would be introduced two or three years later, with most construction and physical restoration finished by 2016. The project, if approved, would run through 2026.

Decline In Winter Arctic Ice Linked To Greenhouse Gases (WP)

By Marc Kaufman

The Washington Post, September 14, 2006

The amount of ice being formed in the Arctic winter has declined sharply in the past two years, a finding that NASA climate researchers say significantly increases their confidence that greenhouse gases created by autos and industry are warming the Arctic and the globe.

For years, scientists have reported a steady decrease in summertime Arctic ice, but they had never before found a similar reduction in the amount of ice being created during the frigid and dark Arctic winter. This lack of effect on the Arctic winter was one flaw in the scientific models of global warming, which predicted a steady decrease in ice formation.

But a new paper by Josefino Comiso, a senior research scientist at NASA's Goddard Space Flight Center in Greenbelt, found precisely the reduction in wintertime ice over the past two years that the model had predicted. The past two winters each produced 6 percent less ice than the average amount measured for almost three decades.

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"This amount of Arctic sea ice reduction the past two consecutive winters has not taken place before during the 27 years satellite data has been available," Comiso said. "In the past, sea ice reduction in winter was significantly lower per decade compared to summer sea ice retreat. What's remarkable is that we've witnessed sea ice reduction at 6 percent per year over just the last two winters, most likely a result of warming due to greenhouse gases."

Comiso yesterday called the new data from satellite imaging of ice formation and temperatures "the strongest evidence of global warming in the Arctic so far."

The drop in wintertime ice tracks a similar drop in sea ice detected in the warmer months. According to Mark Serreze, senior research analyst with the National Snow and Ice Data Center, the amount of ice in the Arctic at the end of the 2005 summer was the smallest seen in 27 years of satellite imaging, and probably the smallest in 100 years. He said this year's summer ice cover started out even smaller but is not another record.

Serreze, in a teleconference with Comiso yesterday, said the new information on wintertime ice increases his confidence that greenhouse gases, and not other variables of weather and climate, are causing the warming.

"There a growing consistency here, with our observations in line with what our models project," said Serreze, whose group is part of the University of Colorado and does contract work for NASA.

Comiso said that researchers had been puzzled that wintertime ice creation remained robust in the Arctic while summertime melt was increasing, since the greenhouse effect would have potentially greater impact on wintertime ice.

In a paper that will appear in the journal Geophysical Research Letters, Comiso describes a "remarkable turn of events, with the observation of record low ice extent and area during the winters of 2005 and 2006." He adds: "The abnormally low winter ice maximum extent and area and enhanced surface temperatures in 2005 and 2006 . . . may just be the beginning of these trends which have been more apparent in other seasons."

Comiso said the wintertime polar warming may be caused by increases and changes in long-wave radiation from the sun, which is associated with the greenhouse effect. He also said the fact that there is so much less ice visible during the summer suggests that the ice cover is not getting as thick in the winter as it used to.

NASA also announced yesterday a study of the effects of shrinking Arctic ice formation on polar bears. The paper, to be published in the journal Arctic, found a marked decrease in the time that polar bears can spend on sea ice, their preferred platform for hunting seals and other sea mammals. As the coastal ice melts, said Claire Parkinson, a senior scientist at the Goddard facility, the animals have been forced to spend more time on land -- resulting in more encounters with people and a decline in the bears' average body weight.

The paper reports that the average weight of adult female polar bears in western Hudson Bay was 650 pounds in 1980. Their average weight in 2004 was 507 pounds -- a 143-pound drop.

"A key result of our research is its strong suggestion that climate warming is having a significant and negative effect on a primary species reliant on the sea ice cover for survival," Parkinson said.

She said that while the Antarctic experienced a sharp decline in ice cover during the 1970s but then recovered, there were no signs that the Arctic will now recover its ice in the same way.

House Rejects Attempt To Curb Indian Gaming (USAT)

By Ana Radelat, Gannett New Service

USA Today, September 14, 2006

WASHINGTON — Indian tribes hoping to establish casinos away from tribal lands dodged a potential setback Wednesday when the House rejected a bill barring off-reservation gambling.

California Rep. Richard Pombo, head of the House Committee on Resources, said "reservation shopping" by tribes has "perverted" the intent of the 1988 Indian Gaming Regulatory Act, which opened the door for tribes to establish casinos.

But Pombo, who introduced the bill, was unable to secure the two-thirds vote needed for it to pass, under special House rules barring amendments. The vote was 247-171 for the bill, with 278 votes needed for approval.

All of Louisiana's House members, except Reps. William Jefferson, R-New Orleans, and Charlie Melancon, D-Napoleonville, voted for Pombo's bill.

As Indian gaming revenues have grown — they reached nearly $22.7 billion in 2005 — so has opposition in Congress to the industry's expansion.

Only four tribes have off-reservation casinos. But at least 44 others, many landless and newly recognized by the federal government, like the Jena Band of Choctaw Indians, have applications pending at the Interior Department.

Pombo's bill would have prohibited the Jena Band and other tribes from establishing casinos off tribal land or land not contiguous to their reservations. It also would have required tribes to compensate local communities for a new casino's impact on roads, water and sewer systems and other services, including law enforcement.

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The National Indian Gaming Association, which represents more than 180 tribes, strongly opposed the bill, saying it would violate tribal sovereignty.

"Before they could use their lands, these tribes would have to jump through many new hoops," an NIGA statement said. "Indian tribes are recognized as sovereign in the Constitution and under existing law. Sovereign tribes negotiate with sovereign states, not town councils."

The defeat of Pombo's bill is expected to end the congressional debate over Indian gaming this year.

In the Senate, lawmakers from two opposing camps have stalled a less restrictive bill sponsored by John McCain, R-Ariz.

Some senators, including Sen. David Vitter, R-Metarie, have blocked McCain's bill because they say it's not tough enough. Others oppose it because they say it attempts to curb Indian gaming violate tribal sovereignty.

FBI/DEA/ATF/USMS:

Agents Say Oregon Schoolmates Developed Drug Ring Over 3 Decades (AP)

By Joseph B. Frazier, Associated Press

AP, September 14, 2006

PORTLAND, Ore. – The U.S. Justice Department said Wednesday it has shattered a drug operation that started among high school buddies in Roseburg, Ore., 30 years ago and grew over the years to become an international operation that took in more than $20 million.

Eleven of the 12 people named in a federal indictment are in custody after arrests Wednesday in Oregon, Washington, Colorado and Idaho. Most are from Oregon.

U.S. Attorney Tom Moss of Boise, Idaho, said the arrests followed a classic strategy of “follow the money.”

The 194-page indictment, handed up in Boise in June but kept sealed until Wednesday's arrests, said the operation began by growing and selling marijuana. But, the indictment said, the operation expanded to smuggling of drugs from Mexico and South America, growing large quantities of marijuana indoors and on public lands, and manufacturing methamphetamines.

The government seeks forfeiture of more than $24 million in assets including boats, planes, business interests and real estate in five states.

U.S. attorney spokeswoman Jean McNeil said more arrests could follow, and those in custody likely would be sent to Idaho after court appearances where they were arrested.

The case is handled in Idaho because it stemmed from the case of a convicted Clearwater, Idaho, drug trafficker, Leland Lang, who was allegedly supplied with large amounts of drugs by the operation.

In addition to drug distribution and money-laundering charges, six of the defendants are charged with operating a continuing criminal enterprise, which carries a mandatory minimum 20-year sentence.

“Lee Lang was a major distributor, and he was getting his drugs from somewhere,” Moss said. “We wanted to find out where, and now, thanks to the hard work and dedication of more than a dozen law enforcement agencies, I think we have.”

Police Count 54 Drug Dealers In Arrest Sweep (MANUL)

By Pat Grossmith, Union Leader Staff

Manchester (NH) Union Leader, September 14, 2006

Manchester – An eight-month undercover drug investigation in the state's largest city has resulted in 54 drug dealers being arrested and the confiscation of more than 10 pounds of drugs with a street value of $450,000, authorities said yesterday.

The arrests began on April 1, but since Monday, police have arrested 28 people on charges they sold crack, cocaine or heroin to undercover officers or possessed drugs.

Manchester Police Chief John Jaskolka, at a news conference yesterday afternoon, said he "fully expects more arrests as the operation continues over the next few days and weeks."

Manchester Mayor Frank Guinta commended all the agencies involved -- Manchester police, state police, Hillsborough County Sheriff's Department, the U.S. Marshal's Office, ATF, state Probation and Parole Department, and the New Hampshire Attorney General's Drug Task Force.

He said the arrests show there is a "renewed commitment to eradicate the criminal element in our city."

The undercover drug investigation so far as involved the execution of 13 search warrants and the seizure or purchase of 7.9 pounds of cocaine, 2.4 pounds of crack cocaine, and 2.5 ounces of heroin by agents. Police also removed nine firearms -- eight handguns and one shotgun -- from city streets and seized $130,979 in cash.

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The probe was funded with a federal grant under the Operation Streetsweeper program and involved seven different state, local, county and federal agencies.

U.S. Attorney Thomas Colantuono said nine of those arrested will be prosecuted on federal charges in U.S. District Court in Concord.

Those charged in federal court include Joseph Anderson, 36, of 326 Amherst St., Apt. 9; Lucien Arsenault, 37, 8 Ruby Way, Merrimack; Cotisha Blake, 37, of 22 Concord St., Apt. 13; Andrew Eaton, 38, 3951 Brown Ave.; Anthony Frith, 32, 3951 Brown Ave.; Kim Paul, 41, 478 Beech St., Apt. 6; Kyshawn Ross, 28, 509 Beech St.; Michelle Sarazin, 34, currently being detained at the Valley Street jail; Eugene Williams, 45, 281 Auburn St., Apt. 2.

Anderson was in Manchester District Court yesterday on state charges of possessing marijuana and resisting detention. His bail was set at $5,000 cash or surety, with a trial set for Nov. 13.

Those arrested are mostly street-level dealers, selling drugs in Manchester and the surrounding area, although there were a few mid- to high-level drug traffickers among them, according to police.

Two alleged mid-level crack cocaine dealers arrested Monday night were Jerrel T. Cryer, 25, of 9 Wheelock St., and Christopher Hoggard, 19, of 501 Somerville St., first-floor. Cryer is charged with three counts of selling crack cocaine and one count possessing cocaine with the intent to sell it. Hoggard is charged with four counts of selling crack cocaine.

Each is being held on $40,000 cash or surety bail, with probable cause hearings in Manchester District Court set for Sept. 25.

Brothers Nathaniel Kitchen, 19, of 100 Lincoln St., and Isaiah Kitchen, 21, of 283 Bridge St., were also arrested Monday night. Nathaniel Kitchen was arrested on an electronic bench warrant for operating a motor vehicle after his license was suspended.

When he arrived yesterday morning in District Court for his arraignment, police promptly arrested him on a drug charge. He was handcuffed and taken to the police station for processing.

He is to be arraigned this morning on both the motor vehicle complaint and the drug charge.

His brother, Isaiah, pleaded innocent yesterday to possessing marijuana. He is free on $1,000 personal recognizance bail with a trial slated for Nov. 9.

Also arraigned yesterday were:

Kasha Carmody, 20, of 86 Batchelder Ave., one count of selling cocaine. Bail is $5,000 cash/surety. Jason Coelho, 26, 285 Concord St., Apt. 5, three counts of selling cocaine. Bail is $10,000 cash/surety.

Edward Davender, 32, 455 Pine St., Apt. 220, three counts of selling crack cocaine. Bail is $30,000 cash/surety.

Their probable cause hearings are Sept. 25.

Irvin Donlagic, 20, 373 Beech St., first floor, was charged with three counts of selling cocaine. His bail is $30,000 cash/surety, although police prosecuting officer Kristen Taylor wanted it set at $50,000 because, she told the judge, he was a flight risk.

Donlagic said he planned to leave for an out-of-country vacation on Sunday. Should he make bail, however, he is not to travel outside of New Hampshire.

"I guess that will cancel any vacation plans you have," Judge Norman Champagne told him. He is to return to court Sept. 25 for a probable cause hearing.

Also arraigned yesterday were Scott Gauthier, 37, 22 Concord St., Apt. 13, one count sale of crack cocaine. Bail is $5,000 cash/surety, and a probable cause hearing, Sept. 26.

Katon Lang, 21, 211 Pine St., third floor, was arraigned on four counts of selling cocaine and three charges of selling heroin.

His bail is $30,000 cash/surety with a probable cause hearing, Sept. 25.

Fritz Lemite, 28, 22 Beech Hill Ave., was arraigned on three counts of sale of cocaine. His bail is $20,000 cash/ surety with a probable cause hearing, Sept. 26.

Norman Moore, 32, last known address of 6 Hold St., Concord, was charged with one count of selling the drug cyclobenzaprine, a muscle relaxer. Bail is $10,000 cash/surety with a trial Sept. 26.

Topsham Crack Dealer Sentenced (BTR)

Brunswick Times Record, September 14, 2006

PORTLAND - A New Haven, Conn., man was sentenced Tuesday in U.S. District Court to more than 15 years in prison in connection with his role in trafficking crack cocaine.

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Phillip Whitworth, 33, pleaded guilty in May to charges of possessing with intent to distribute more than 50 grams of crack cocaine. The joint investigation between the U.S. Drug Enforcement Agency and the Topsham Police Department began in Topsham and lasted 13 months, said Detective Mark Gilliam of the Topsham Police Department.

Whitworth was arrested in March 2006 in the Topsham Fair Mall area after attempting to sell the drugs to an undercover informant working with the U.S. Drug Enforcement Agency. Whitworth went to the New York state-Connecticut area to purchase crack cocaine at a lower cost, then distributed it in central Maine and the Mid-coast region, Gilliam said. "This was a career criminal and that's why his punishment was so bad," he said.

Whitworth had lived in Topsham and Brunswick while he was selling drugs in Maine. He also maintained a residence in Connecticut, where he was on probation. Previously, he had been convicted on drug and weapons charges, Gilliam said.

While living in Maine, Whitworth drove a sport utility vehicle and had a house with a large plasma television, which Gilliam believes were bought through profits from drug sales. At the time of his arrest, Whitworth had arranged to have approximately $10,000 worth of electronic equipment installed in his SUV, Gilliam said.

Gilliam said it is becoming common for people to move to rural areas to sell drugs. A new area means less competition, allowing drug dealers to sell at higher prices, he said.

U.S. Attorney Paula D. Silsby praised the DEA and the Topsham Police Department for their work in the investigation. Gilliam also praised the DEA for the agency's help with the investigation. Top of Story

Spain, US Boost Joint Efforts To Combat Drug Trafficking (AFP)

AFP, September 14, 2006

Spain and the United States announced they were increasing cooperation to stop drug trafficking, following talks between Interior Minister Alfredo Perez Rubalcaba and visiting US Drug Enforcement Administration (DEA) administrator Karen Tandy.

Both announced the strengthening of "common instruments to combat the laundering of money proceeding from drug trafficking".

The interior ministry said in a statement that Rubalcaba and Tandy had underlined the need for a "joint and coordinated" effort to stem drug-related crime, via the creation of specialized anti-narcotics teams from both countries

Also present at the meeting were Spanish Secretary of State for Security Antonio Camacho, who held talks with US counterparts in Washington in July, and US ambassador Eduardo Aguirre.

Spain is at the frontline of the anti-narcotics fight in Europe since it is the main European port of entry for Latin American cocaine.

Last year, seizures of cocaine in Spain reached a record 46.6 tonnes.

Spain will in April, under the co-chairmanship of Tandy, host the 25th International Drug Enforcement Conference (IDEC) in Madrid.

The IDEC was established in 1983 for law enforcement officials in the Western hemisphere to share information related to drug crime and draw up a coordinated approach to combat trafficking.

Drug-trade Violence Grips Acapulco (CSM)

By Sara Miller Llana

The Christian Science Monitor, September 14, 2006

ACAPULCO, MEXICO

He took office as a charismatic, ballad-singing maverick who promised to contain crime in this coastal resort town.

But during his term, Acapulco, once known as the "Pearl of the Pacific," has seen its reputation - and its mayor, Félix Salgado - battered by the worst drug violence in the town's history. Mr. Salgado has lost 33 pounds in nine months and, when asked what his major accomplishment has been so far, answers deprecatingly: "that I'm alive."

"I've been dealt a very complicated situation, very hard," says Salgado, turning serious. In July he mourned the death of his city's security chief found suffocated in the back of a car.

Salgado's survival during a siege of violence mirrors the impact on Acapulco and beyond, as the drug war between two cartels has spread from the northern ganglands along the US-Mexican border toward the south - both startling, and horrifying, the nation.

Some 1,500 have been killed in drug violence this year, double the number in previous years. But it's the recent, and growing, viciousness of the acts that has been most unsettling. Acapulco has seen grenade attacks and decapitations haunt its front pages. Bodies have been wrapped in garbage bags, heads hung on the fence outside government offices.

Salgado and other city officials say that a national plan of stepped-up police enforcement has helped stem the violence. But just last week, in the neighboring state of Michoacan, five heads were hurled onto a dance floor while the disco was in full

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swing, showing how volatile the situation is becoming. It will be one of the most vexing problems for incoming president Felipe Calderón.

"I never expected this war would last so long, and it is bad news for Mexican society," says Jorge Chabat, a criminal justice expert in Mexico City. "One of the challenges Calderón has to face is he has to reach an agreement with other parties to make long-term reform." Long ties to drug trade

Acapulco has old ties to drugs, with coves along the Pacific Coast where speedboats have long picked up cocaine from South America. But growing domestic consumption and the battle for key entry points into the US has fueled unprecedented violence, with over 65 execution-style killings this year alone.

"In the last 50 years, we have never seen anything like this," says Jorge Valdez Reycen, a spokesperson for the local police. "This is a police force not trained for war, it is trained for tourism."

The escalating violence is believed to be the fallout between the Sinaloa cartel, which had dominated Acapulco, and the Gulf cartel, which has been moving into its territory. "It has gotten really personal too, which is why it is spiraling out of control," says Laurie Freeman, who authored a report this summer on Mexico's drug trade for the Washington Office on Latin America think tank. "The trafficking is nothing new, the level of violence is."

In the past six years, President Vicente Fox has made the war on drugs a top priority, making high-profile arrests. The arrest last month by US officials of suspected drug cartel kingpin Francisco Javier Arellano Félix was lauded a major cross-border success.

The top-level arrests have created opportunities for smaller players to vie for control of principal traffic routes. The result: Battles once contained in border towns have spread to tourist hot spots.

"In some sense, as the country is more democratic, so is the drug trade," says Bruce Bagley, a drug-trade expert at the University of Miami. "There are a lot more players in it, and crime has risen because Mexican authorities don't have the personnel [to tackle it]."

In Acapulco, the results have been devastating. The bay town was once a playground of Hollywood stars. On a recent day, as Mr. Valdez Reycen from the police department went through photos chronicling events over the last few months, it seemed more like the backdrop to a horror film.

In January, a daytime shootout a mile from the beach left four suspected traffickers dead. Three months later, two heads were hung outside the state Finance and Administration headquarters, where the shootout had been, with a note: "So that you learn to respect." Image problem

Teresa de Jesús Rivas, the city's tourism director, says that vacationers have not been scared away in recent years. The number of visitors increased from 5.3 million in 2004 to 5.7 million in 2005, and she expects this year to keep pace with, or exceed, the last.

Still, drug violence does image damage. "When people are looking for a destination for vacation and they see there are heads in Acapulco, it's not going to be as attractive," she says outside her office, next to a huge photo of the bay when foreign tourism dominated the market. These days, only about 15 percent of tourists hail from other countries.

These are among the challenges for Salgado, who says security is his top priority. He led a peace march in July. And he says that random street patrols, which include 400 federal, state, and local police have started to tranquilize the town. "The people were afraid, terrorized, horrified, but it's improved," Salgado says.

Fernando Tenopala, the president of a local business group, agrees that the situation is better. "When the extreme violence began [this year], suddenly we felt very alone ... and protested for peace," he says. Since then the police have received training in using arms, as well as 250 additional HK-36 rifles. "Things have improved, though we have to continue fighting."

President-elect Calderón has already outlined plans to create a national crime database and sweep the police of corruption.

Local residents remain doubtful. Mari Acosta, a cook in a local eatery, says she is tired of the line that the drug wars are between enemies - especially since she says no one knows who the enemy is. "It's hurting the rest of us too, but the government does nothing about it, probably because they are involved, otherwise they wouldn't get killed," she says in a low voice so customers don't hear.

Just last month she saw in the newspaper that a regular customer was gunned down outside town. She didn't know his name but recognized his face. Says Ms. Acosta: "I don't know what's going to happen with us here in Acapulco."

Witness Held In Wales Slaying Pleads Not Guilty To Gun Charge (AP)

By Gene Johnson, AP LEGAL AFFAIRS WRITER

AP, September 14, 2006

DOJ_NMG_0063092

SEATTLE -- A Bellevue gun collector who was arrested as a material witness in the 2001 assassination of a federal prosecutor pleaded not guilty Wednesday to an unrelated charge of machine-gun possession.

Albert K. Kwan was arrested Friday on one count of possessing an M-14 machine gun in January 2005. His attorneys said they found the charge curious, because Kwan owns more than 100 machine guns legally, and the one that resulted in his indictment required serious modification by federal agents before it could be fired automatically.

Kwan was arrested in early 2005 and held for 23 days as a material witness in the October 2001 slaying of Assistant U.S. Attorney Thomas Crane Wales, an 18-year federal prosecutor and president of a Washington gun-control organization. Wales was shot through a window as he worked in the basement of his home on Seattle's Queen Anne Hill. The FBI has designated his assasssination a "major case" and is offering $1 million for information that helps solve it.

Kwan, who has not been identified as a suspect, was held because federal investigators believed he had purchased two replacement barrels for a Makarov pistol, and ballistics evidence indicated the bullets that killed Wales had traveled through such a barrel. The investigators wanted to know if Kwan had the barrels or if he had provided them to someone else.

Kwan, who has testified four or five times before a grand jury investigating Wales' death, gave authorities one barrel which did not match the bullets, said his lawyers, Joseph Conte and Eric Stahlfeld.

"He told them he believes he never had a second barrel," Stahlfeld said after the hearing Wednesday.

The grand jury "has asked him about everything. He knows nothing," Conte added.

Conte, of Washington, D.C., and Stahlfeld, of Seattle, also said Kwan does not know a Bellevue airline pilot who is the only publicly identified suspect in the Wales killing. That pilot had feuded with Wales in court. Through his attorney, he has declined several interview requests.

"From everything we know, he's never had anything even close to contact" with the pilot, Stahlfeld said of Kwan.

Assistant U.S. Attorney William Redkey argued Wednesday that Kwan should be detained because he posed a danger to the community and was not forthcoming with the court regarding his assets. He also failed to disclose a passport that had been issued to him in Hong Kong.

Kwan once imported 50 firearms from Canada without proper documentation, Redkey said, and in 1996 he was caught trying to cross the border with two guns wrapped in bubblewrap under the hood of his car.

Customs agents also seized a van from Kwan in 2002 when they discovered it had a hidden compartment. Kwan unsuccessfully sued for damages. He also sued in 2003 when the Bureau of Alcohol, Tobacco and Firearms to refused to renew his four federal firearms licenses. The agency said it based its decision partly on his refusal to cooperate with agents seeking to inspect his home, the licensed premises. Kwan lost that case and has filed an appeal.

Conte said the lengths to which Kwan went to ensure that his other machine guns were legally owned and properly documented, and that the M-14 at issue could not readily be fired automatically, indicate that he did not intend to do anything illegal.

"It didn't operate as a machine gun when the government seized it," he told U.S. Magistrate Judge Monica Benton.

Conte also questioned why Kwan was only arrested last week, when agents seized the gun during a January 2005 search of his home. Redkey said he had only recently received information about the case from the ATF.

Benton said she would likely release Kwan pending trial, possibly on home detention, as long as all weapons were removed from the home. The detention hearing was put off until Friday to give Kwan's lawyers time to find storage for his collection of firearms.

London Firearms Crackdown Includes Raids In NJ (WABC)

WABC-TV, New York City, September 13, 2006

British police seized hundreds of firearms in a dawn raid overseas

(New Jersey-WABC, Sept. 13, 2006) - British police seized hundreds of firearms, including automatic weapons and shotguns, in a dawn raid involving gun-smuggling between New Jersey and London.

Eyewitness News has learned a 55-year-old man, who answered the door wearing his boxer shorts, was arrested at a home in Dartford, England Hundreds of guns, including shotguns, semiautomatic guns and automatic weapons, were found at his house.

Officials say an accomplice of that man was taken into custody in New Jersey this morning, questioned and released. The raids were a joint operation between U.S. and U.K. authorities.

The ATF, the Alcohol Tobacco and Firearms agency was the lead agency on the U.S. Side of the case, called "Operation Trident" and which British officials say has been in operation for six years.

"For eight months, the ATF has worked with the UK in this case, and we are conducting follow up work in the United States today," said Richard Marianos, an ATF official.

Marianos stressed that British authorities are the lead agencies in the case and they will make any extensive comments. There have been no US arrests in the case so far.

"This is the biggest firearms haul we have ever had. The premises raided were used to store hundreds and hundreds of weapons, Det. Chief Superintendent Kevin Davis said.

"I've never seen anything like it. Guns are mounted on every available wall space in the property and live ammunition was found lying on the floor. There are guns everywhere."

"It will take us at least three days to log it all and bag up the evidence.

The international arms operation has been in progress for more than eight months, and one of the persons arrested in the UK today -- a 55-year-old man -- is believed to be a "major player" in the arms case.

Michigan Fugitive Caught In Tennessee After 30 Years (AP)

By Associated Press

AP, September 14, 2006

NASHVILLE, Tenn. (AP) -- A convicted murderer who escaped from a Michigan psychiatric facility in 1976 was arrested Wednesday in Nashville, where he assumed a new identity and got married.

Thomas Ball, 76, was arrested at his Nashville home Wednesday morning by U.S. marshals, WSMV-TV reported.

Ball was convicted in 1964 of second-degree murder and was sent to what is now called the Southern Michigan Correction Facility in Jackson, Mich.

He escaped from the Center for Forensic Psychiatry in Ypsilanti, Mich., after being transferred there for treatment in 1976.

Ball was living under the name of Thomas Fry and had remarried during him time in Tennessee, although his wife died in the past year.

Justice Department officials said they believe Ball came to Tennessee shortly after his escape.

U.S. marshals in Nashville tracked down Ball while acting on a tip from their counterparts in Michigan.

Ball and his wife ran a storage facility in Franklin, south of Nashville, for several years, the television station reported.

Ball was being held in the Metro Jail pending extradition.

IMMIGRATION:

Son Of Ex-Liberian President To Plead Guilty To Passport Charge (AP)

By Curt Anderson

AP, September 14, 2006

MIAMI - Charles McArthur Emmanuel, the son of former Liberian President Charles Taylor, told a federal judge Wednesday that he will plead guilty to charges of lying about his father's true identity on a passport used to enter the United States.

Emmanuel, who is also known as "Chuckie" Taylor, said "Yes sir, judge" when asked by U.S. District Judge Donald Graham whether he was ready to change his plea to guilty. A second hearing was scheduled for Friday for Emmanuel to formally enter the plea.

Emmanuel, who headed an elite paramilitary unit for his father in Liberia, was arrested March 30 at Miami International Airport shortly after arriving on a flight from Trinidad. His arrest came the day after his father was apprehended in Africa on United Nations charges of alleged atrocities during neighboring Sierra Leone's civil war.

On his application for a U.S. passport, Emmanuel identified his father as "Steven Daniel Smith" rather than Taylor or his stepfather, Roy Belfast. The passport fraud charge carries a maximum penalty of 15 years in prison.

Emmanuel's court-appointed attorney, Miguel Caridad, declined comment after Wednesday's hearing. Karen Rochlin, the assistant U.S. attorney handling the case, also declined comment.

Left unresolved by the planned guilty plea on the passport charge is whether Emmanuel might yet face war crimes and torture charges based on his role in Taylor's regime.

Emmanuel headed the Anti-Terrorist Unit in Liberia during his father's tenure, which has been described by Human Rights Watch as a force created by Taylor after he became president in 1997 that was involved in murders, extortion, abuse of civilians, recruitment of child soldiers, torture and looting.

Some human rights activists and Liberians have called for U.S. prosecutors to charge Emmanuel under laws making it a crime for U.S. citizens to commit torture or war crimes overseas. Emmanuel, 29, was born in Boston in 1977 while Taylor was an economics student at Bentley College.

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Elise Keppler, counsel for Human Rights Watch's International Justice Program, said the guilty plea should have no direct bearing on whether Emmanuel might face more serious charges. But, she said, once a passport fraud sentence is imposed "the clock is ticking" for the Justice Department to make a decision.

"This is not at all the end of the story when it comes to Chuckie Taylor," Keppler said.

Emmanuel also has been placed on a U.N. restricted travel list and a U.S. Treasury Department list prohibiting him from doing business with U.S. citizens and whose assets in the United States could be frozen by the government.

House Republicans Will Push For 700 Miles Of Fencing On Mexico Border (NYT)

By Rachel L. Swarns

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — House Republicans announced Wednesday that they would move swiftly to pass legislation requiring the Bush administration to build 700 miles of fencing along the Mexican border to help stem the flow of illegal immigrants and drugs into the United States.

The legislation, which is expected to go to the House floor for a vote on Thursday, would require construction of two layers of reinforced fencing along stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the border.

It would also require officials of the Department of Homeland Security to establish “operational control” over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles.

The bill is the first in a series of border security measures House Republicans have promised to pass before the midterm elections in November.

The House majority leader, Representative John A. Boehner, Republican of Ohio, hailed the legislation as “a critical step towards shutting down the flow of illegal immigration into the United States.”

Democrats promptly criticized the plan as political grandstanding intended to energize conservative voters before the elections.

The House passed a nearly identical fencing provision as part of a border security bill in December. Michael Chertoff, the homeland security secretary, has publicly raised doubt about the effectiveness of border fencing, particularly in remote desert areas.

While the Senate easily approved 370 miles of border fencing in its own immigration bill in May, it is unclear whether the two chambers will be able to reach agreement on the issue before Congress recesses this month. House leaders have said they will not support the Senate bill, which would create a guest worker plan and put millions of illegal immigrants on a path to citizenship in addition to toughening border security.

Jennifer Crider, a spokeswoman for the House Democratic leader, Representative Nancy Pelosi of California, dismissed the fence bill as partisan politicking. “Republicans have a record of failure on border security,’’ Ms. Pelosi said, “and this is their attempt to cover up that record.’’

House Republicans countered that immigration hearings held across the nation in August showed that Americans expected Congress to toughen border security, particularly while the country remained under threat of terrorist attacks.

Congressional staff members predicted that some House Democrats, especially those from border states, would support the fencing bill.

The barriers, which are to be accompanied by additional lighting, cameras and ground sensors, would be built near Tecate and Calexico on the California border; Columbus, N.M.; and El Paso, Del Rio, Eagle Pass, Laredo and Brownsville in Texas.

House Republicans have also proposed counterfeit-proof Social Security cards for citizens and immigrants searching for work, measures that would require the deportation of immigrants linked to Central American gangs and an increase in the number of Border Patrol agents as part of their border security agenda.

“The first priority of the American people is secure borders,’’ said Representative Peter T. King, Republican of New York, who is the chairman of the House Homeland Security Committee.

House Republicans said they were encouraged by what they called the success of a 14-mile fence at San Diego that was mandated by Congress in 1996. Crime rates have dropped by 47 percent since the fence was constructed, they said, and the number of illegal immigrants captured dropped to about 9,000 in 2005 from about 200,000 in 1992.

Amy Call, a spokeswoman for the Senate majority leader, Bill Frist of Tennessee, said Senate Republicans would consider the legislation.

“The leader believes very strongly that we need to secure the border,’’ Ms. Call said. “We’ll look at all options to do that.’’

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Senator Jeff Sessions, the Alabama Republican who championed the fencing provision in the Senate, praised House Republicans for pushing ahead with the legislation. Mr. Sessions said he was concerned that the Senate proposal, which had been attached to the military appropriations bill, might not receive adequate financing.

"They've put forth a strong barrier bill,'' Mr. Sessions said of House Republicans. "It's time for us to complete the job.''

Republicans Resurrect Plan For Fences Along U.S.-Mexico Border (MCT)

By Dave Montgomery

McClatchy Newspapers, September 14, 2006

WASHINGTON - House Republicans are renewing their push to construct nearly 700 miles of two-layered reinforced fences along the U.S.-Mexico border as the first installment in a series of border security initiatives they hope to send to President Bush in the closing weeks of Congress.

The fence proposal is identical to one that was included in an immigration enforcement bill passed by the House of Representatives in December 2005. But with that measure sidelined in a stalemate with the Senate, House leaders plan to resurrect the $2.2 billion barrier in a single-shot bill that House members are expected to pass on Thursday.

House Majority Leader John Boehner, R-Ohio, and Homeland Security Committee Chairman Peter King, R-N.Y., said the Secure Fence Act represents the opening salvo in an end-of-session flurry of initiatives designed to stem the flow of illegal immigration along the Southwest border.

House leaders have refused to consider a more comprehensive Senate-passed bill that would create a foreign guest-worker program and put millions of illegal immigrants on a path toward permanent legal status and U.S. citizenship. Leading supporters of the Senate plan acknowledge that it appears dead for the year.

But President Bush isn't giving up on his push for an overhaul of the nation's immigration laws and wants the House and Senate to "work together to come up with comprehensive reform," White House press secretary Tony Snow said Wednesday.

Asked if the White House supports the proposed fence, Snow responded, "What the administration wants is comprehensive reform."

The other House proposals will be announced on Thursday, Boehner and King said, and are expected to include more Border Patrol agents and the expanded use of unmanned aerial vehicles, sensors and other high-tech hardware along the border.

House members approved the five-section fence as an amendment to its immigration bill by a vote of 260-159.

The largest sections include a 361-mile stretch from Calexico, Calif., to Douglas, Ariz., and 176 miles in Texas, from Laredo to Brownsville.

Two other sections of fencing also would be built in Texas - 51 miles from Del Rio to Eagle Pass, and 88 miles from El Paso to Columbus, New Mexico. A 22-mile section would be built near a port entry in Tecate, Calif., in eastern San Diego County.

House leaders moved forward with the border security package after a series of summertime field hearings that reinforced their opposition to the Senate-passed immigration bill. Democrats have denounced the initiatives as political posturing by Republicans to appease voters demanding congressional action on illegal immigration.

With less than two weeks left before Congress quits work to campaign for the Nov. 7 election, the outlook for Senate passage of the border security package is uncertain at best. But two leading architects of the Senate bill, Republicans John McCain of Arizona and Mel Martinez of Florida, said they would be willing to consider the initiatives.

Senators included 370 miles of fencing in their bill.

House Set To OK Border-fence Bill (WT)

By Charles Hurt

The Washington Times, September 14, 2006

The House is expected to approve nearly 700 miles of new fencing along the U.S.-Mexico border today as part of a final effort by House Republicans to place major border-security legislation on President Bush's desk before the November elections.

The Secure Fence Act, which is nearly identical to an amendment the House easily approved last year, would deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

In addition, it would change current policy to give Border Patrol agents the authority to forcibly disable fleeing vehicles along the border.

"House Republicans believe we must address the immediate need to secure our borders," said Rep. Peter T. King, the New York Republican who chairs the Homeland Security Committee and will introduce the bill today.

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"The field hearings held by House Republicans over August demonstrated that the first priority of the American people is secure borders, whether it is providing additional fencing and infrastructure or more state-of-the-art technology and surveillance to strengthen border security."

House Democrats dismissed the legislation as election-year politics.

"The Republicans are covering up for their failed record on border security," said Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi.

"They're passing legislation that has already passed the House and has an uncertain future in the Senate."

Indeed, the Senate has steadfastly opposed such border-security legislation unless it is twinned with provisions to grant a path to citizenship rights to some 10 million illegal aliens already in the country and a guest-worker program to admit more foreign laborers.

Two Senate Republicans yesterday wrote Majority Leader Bill Frist and urged him to abandon the wide-ranging Senate legislation. Sens. Jeff Sessions of Alabama and Wayne Allard of Colorado advised Mr. Frist to instead take up the border -ecurity measures proposed by the House "that a clear majority in both houses favor."

Asked if administration officials would work to pass the House's new border-fence bill, White House press secretary Tony Snow said they are still fighting for a broad bill.

"We are urging the House of Representatives and the United States Senate to work together to come up with comprehensive reform," said Mr. Snow, referring to the guest-worker plan and citizenship rights that Mr. Bush supports.

Asked if Mr. Bush held out hope for an immigration bill, Mr. Snow said, "You know, we've got a very limited amount of time. You draw your own conclusions."

House Republicans also plan to announce a slate of additional border-security proposals they plan to introduce in the coming days.

"Tomorrow's vote represents the first step in that process, and a critical step towards shutting down the flow of illegal immigration into the United States," Majority Leader John A. Boehner, Ohio Republican, said yesterday.

On Eve Of A Vote, GOP On Both Sides Of Fence (LAT)

By Nicole Gaouette

The Los Angeles Times, September 14, 2006

WASHINGTON — House Republicans on Wednesday launched a renewed bid to stiffen border security and rally voters, unveiling a bill that would mandate construction of 700 miles of fencing in highly populated areas along the U.S. border with Mexico.

The House is to vote today on the "Secure Fence Act," which requires the Department of Homeland Security to prevent "all unlawful entries" into the United States, pushes for border agents to use greater force, and calls for more border surveillance using cameras, ground sensors and satellites.

The new bill is the first of several tightly focused border-security measures House leaders say they will introduce in coming weeks. It represents the latest effort by House Republicans to build momentum for an enforcement-only approach, which they say — despite objections from the Senate and President Bush — is the best way to repair the nation's immigration policies.

"House Republicans believe we must address the immediate need to secure our borders," said Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee and author of the new bill.

The bill would require at least two layers of reinforced fencing, along with vehicle barriers, roads, lighting, cameras and sensors, around the California towns of Tecate and Calexico and in border areas of Texas, Arizona and New Mexico. Surveillance cameras in those areas would have to be in place by May 31, 2007; fence construction would have to be completed a year later.

The bill also calls for a study on constructing a state-of-the-art barrier system along the northern border with Canada.

The House is expected to approve the legislation. When it goes to the Senate, though, it will present a challenge for the bipartisan group that backs the chamber's broader approach to immigration.

Senate legislation approved in May calls for allowing illegal immigrants to gain legal status and creating a guest worker program in addition to increasing enforcement, in part by building a 370-mile fence along the border.

Senators will have to decide whether to support the new House bill and risk losing any leverage they have to get the House to support other measures, such as the guest worker program. If they vote against the House bill, they risk being tarred as weak on security in an election year.

Some conservative Republicans have long supported the get-tough approach. One of them, Sen. Jeff Sessions (R-Ala.), responded to the new House measure by calling on Senate Majority Leader Bill Frist (R-Tenn.) to embrace the House approach and declare the Senate bill dead.

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Referring to the congressional deadlock over immigration, Sessions wrote to Frist on Wednesday, declaring: "We are not close to … a consensus now. The best solution is to go forward with strong immigration enforcement."

Democrats noted that House Republicans were introducing their bill at a time when the GOP, vulnerable in several election campaigns, needed an issue to rally voters.

"It's so transparent," said Senate Minority Leader Harry Reid (D-Nev.), adding that he hoped Latino voters would see through the Republican gambit and help the Democrats on election day.

"We believe in comprehensive immigration reform," Reid said. "We believe there should be a program to bring 12 million people out of the shadows."

Los Angeles Mayor Antonio Villaraigosa, who met with Reid on Wednesday, said he too was disappointed in the House proposal. "I think a bill that only addresses security and does in the punitive way that the House does is absolutely unacceptable," he said, adding: "It's un-American."

Most provisions in the new bill — including the fencing and camera requirements — were taken from the get-tough immigration legislation the House passed in December. That bill bolstered enforcement at the border, in the workplace and inside the country. It also made it a felony to be in the country illegally or to help someone who is — provisions that helped trigger massive demonstrations in the spring.

The new bill "is just a rehashing of legislation that's already been passed," said Rep. Bennie Thompson of Mississippi, the top Democrat on the House Homeland Security Committee. In the next few weeks, he said, he expects House Republicans to offer anti-gang legislation as part of the border security package.

The one new section would give Customs and Border Protection agents working on the ground and in the air division greater authority to stop smugglers' cars when they enter the U.S. illegally or attempt to flee authorities. Now, the most agents can do is lay down spike strips to puncture the tires of fleeing vehicles.

The new House bill would require Customs and Border Protection to consider other technologies, including rubber bullets, to stop smugglers who are trying to escape or who pose a threat to the community, a Republican aide said.

Drafting several smaller measures allows the House to advertise multiple achievements to voters in November, but it will also allow them to discreetly omit the felony provisions, which many in the Senate vehemently opposed.

House leaders say the new fence bill and the measures that will follow are products of the immigration field hearings they held across the country this summer. Though the hearings were described as an effort to find out what the public thought about immigration and border security, they did not allow for public participation, and the witness lists leaned heavily toward experts who supported the enforcement-only view.

Hispanic Lawmakers Question Absence Of Immigration In New Dem Agenda (HILL)

By Alexander Bolton

The Hill, September 14, 2006

House Democratic leaders passed around to colleagues Tuesday a plan they would focus on if their party wins control of the lower chamber on Election Day, but although the document was drafted to achieve consensus, it has already angered Democratic Hispanic leaders.

The cause of the consternation is not something the Democrats included in the agenda. Instead, it's something lacking: any mention of immigration. While Republican candidates around the country are trying to make immigration one of the biggest issues of this fall's elections, Democrats appear to be tiptoeing around it.

Some Democrats fear that the issue will hurt them in conservative-leaning districts such as in Ohio, Indiana and Kentucky that they must win in order to capture majority control this November.

At a closed-door meeting of the Democratic Steering & Policy Committee on Tuesday, New York Rep. José Serrano, the panel's vice chairman, challenged Minority Leader Nancy Pelosi (Calif.) over the lack of any mention of immigration reform in the caucus's new 25-page agenda document for 2007. The confrontation created a tense moment in the room, said one participant.

Other Democrats agree with Serrano that their party should make known its position on an issue important to Hispanic voters, whom many political strategists believe will be a crucial voting bloc in the future because of their surging numbers.

"I think immigration is a big issue," said Rep. Loretta Sanchez (D-Calif.), a member of the Congressional Hispanic Caucus. "It's a big issue to the Hispanic community. They deserve some sort of answer on where the Democrats are on immigration."

"Mr. Serrano believes the book reflects a plan for the Democrats of the future," said Sanchez, referring to the agenda document "A New Direction for America," which leaders distributed at Tuesday's meeting. The document resembles the Contract with America that Republicans used to define their priorities before going on to win the House in 1994.

"[Serrano] wanted a plan about immigration in there, [or] maybe just a note that immigrants are important to the country," she added.

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Sanchez, a member of the steering and policy committee said she missed the meeting but heard about it from other members.

Serrano said that while many of the immigrants who would benefit from reform cannot vote, Hispanic citizens who do vote perceive attacks on immigrants as attacks on their heritage. Serrano said it is important that Democrats show they care about immigrants.

"We have to let people like me who are citizens know that we're not ignoring the others," he said, adding that any token of recognition would be important.

The new Democratic agenda addresses border security — which House Republicans made the focus of their controversial immigration reform bill — but it makes no mention of immigration policy.

Instead, space is devoted to other issues such as homeland security, energy independence, a "GI Bill of Rights," global warming, biofuels, broadband access for all Americans and lobbying reform. While homeland security has been a hot topic this election season, broadband access has not received much attention on the campaign trail.

"I'm very sad and disappointed that comprehensive immigration reform is not a key and pivotal point for the Democrats," said Rep. Luis Gutierrez (D-Ill.), who heads the Hispanic caucus's immigration reform task force.

Rep. Grace Napolitano (D-Calif.), the Hispanic caucus chairwoman, said she was not familiar with the new agenda document but that she would follow up on the concern expressed by Gutierrez and others. She said that the Hispanic caucus was "100 percent" unified behind the view that there needs to be comprehensive immigration reform.

"I can't give you a reason for why they have not been inclusive," said Napolitano of Democratic leaders' elevation of other issues. "I think they know it's a big issue. It will continue to be a big issue."

Several Democratic members of the steering and policy panel said that immigration was not included in the agenda because it was intended to be a "consensus document."

"What's in that document are things that there is absolute agreement on," said Rep. Dennis Cardoza (D-Calif.), another member of the Hispanic caucus.

But the agenda includes a statement on the Iraq war, an issue that has divided Democrats since Congress voted to authorize the use of force in 2002.

Cardoza countered that Democrats all agree on the statement in the agenda, which promises that Democrats will "ensure 2006 is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces."

Rep. George Miller (D-Calif.), a top lieutenant to Pelosi who serves as the policy co-chairman of the steering and policy committee, said there are important issues that were not included in the agenda. But Miller acknowledged that he could not quickly think of one that rises to the same level as immigration.

Jen Crider, Pelosi's spokeswoman, noted that there will be a large summit of Hispanic leaders in Washington later this month and that Democrats would unveil an agenda for it entitled, "A New Direction for Hispanic Families."

"A New Direction for America is where the Democrats will begin next Congress," said Crider, who described the agenda as a starting point, not an exhaustive list of what they will tackle.

Simon Rosenberg, president of the New Democrat Network, a political advocacy organization that has spent millions on drawing Hispanic voters into the Democratic Party fold, defended the Democratic record on immigration. Still, he chided leaders for their omission.

"Given how much energy and time Democrats have put into trying to pass comprehensive immigration reform, it's unfortunate that immigration hasn't made it into the document, because the party has made it a priority," said Rosenberg.

Rosenberg urged Democrats not to run away from the issue of immigration, vowing that it's a debate they will win over Republicans, many of whom are focusing exclusively on a tough law-and-order approach to illegal immigration.

Rosenberg predicted that some Democrats would spend a lot of money highlighting immigration this fall.

"We're going to see a lot of back-and-forth in paid media on immigration," he said. "We have nothing to fear. We have a plan to solve the problem and [the Republicans] don't."

Immigrants Prepare For Next Step (WP)

By Darryl Fears

The Washington Post, September 14, 2006

Advocates working on behalf of illegal immigrants said they learned a lesson from the immigrant rights marches that fizzled over the Labor Day holiday: It's time to start driving.

During the recently concluded National Latino Congreso in Los Angeles, organizers decided to focus on voter registration drives for documented immigrants and citizenship drives for immigrants who qualify.

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Antonio GonzÃ¡lez, president of the Los Angeles-based Southwest Voter Registration Project, said 50 voter registration drives will be launched in California, Texas, New Mexico and Colorado, states with large Latino populations. In addition, 100 voter registration and get-out-the-vote drives will kick off in October, he said.

"The message from the community was to switch gears," GonzÃ¡lez said. "Now is not the time for mass mobilization of immigrants who don't have the right to vote. There has been a massive amount of intimidation, and immigrants aren't stupid. They're trying to protect themselves as best they can. It's time to get the vote out."

But opponents of illegal immigration said voter and citizenship registration drives will not reignite a movement that has stalled.

Labor Day week demonstrations that were supposed to draw hundreds of thousands of marchers in six cities drew fewer than 25,000 total. The number paled in comparison with the millions of illegal immigrants and supporters who came out in the spring for huge protests in Los Angeles, Dallas, Chicago, Phoenix and Washington.

With little political follow-up in the months after the big marches, immigrant organizers could only watch as legislation stalled in Congress to give illegal immigrants a chance to work legally and start on a path to citizenship. Meanwhile, state and city governments enacted laws targeting illegal immigrants.

Organizations working to stop illegal immigration said the big marches succeeded only in reminding U.S. citizens that the situation is out of control.

"The momentum is on the enforcement side," said Rosemary Jenks, director of government relations for NumbersUSA, a group that wants to decrease immigration. "I don't think the marches generated the spirit they were meant to generate. I think they scared Americans. It was an in-your-face reminder that we have a problem with illegal immigration. In my view, the marches were great."

At the Latino Congreso, or congress, GonzÃ¡lez and other leaders said the marches touched off the largest Latin movement in decades. In May, applications for citizenship were up by 42 percent from that time last year, and approvals rose by 21 percent, according to the Web site of U.S. Citizenship and Immigration Services.

But the leaders acknowledged that they failed to dissuade Congress from pushing forward with proposals that would make life harder for illegal immigrants. They also said the Labor Day marches fared poorly because potential marchers felt intimidated because of a government and law enforcement backlash against illegal immigrants.

The timing of the marches -- several of which happened in the middle of the week at a time when families were returning from vacation, children were back at school and the nation was remembering the Sept. 11, 2001, terrorist attacks -- was poor, several organizers acknowledged.

"The plan of action is to play strong defense and adamantly oppose with a variety of tactics the proposals that are coming out of Congress through November," Gonzalez said. "We will take our chances with a new Congress."

GonzÃ¡lez said activists hope to increase the number of registered Latino voters from about 8 million to 10 million.

Baldemar Velasquez, founder and president of the Farm Labor Organizing Committee, who once worked beside farmworker organizer Cesar Chavez, said Latino representatives in Washington are failing to tell Americans the story of why there are so many undocumented Mexican immigrants.

"The North American Free Trade Agreement opened up the market and put 1.3 million Mexican corn farmers out of work," he said. "Where do you think those corn farmers are now? Some of them are in Mexican slums, but a lot of them are in the United States."

The president of the Migration Policy Institute, an organization that studies immigration patterns, disagreed.

"The first part of the statement is true: Mexican farmers have lost their farms," Demetrios Papademetriou said. "But to say that those people are releasing into the United States, I think it's a gigantic leap. I certainly would not make that suggestion."

TAX:

Offshore Tax Shelters Not Just For The Rich (USAT)

By Kevin McCoy

USA Today, September 14, 2006

Type the words “offshore assets” into an Internet search engine and the electronic sales pitches of a growing mini-industry appear on the computer screen.

“At last, the kind of offshore asset protection previously available only to the extremely wealthy! Make one phone call and sleep better tonight,” says website Asset Protection Plus (assetprotec tion.ws).

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"I am going to show you how to protect your money and all you own so nobody not even the government can get at it," says U of Money.com (uofmoney.com).

"Once your assets have been transferred to an offshore entity … they are safe," says website Carib Offshore (carib-offshore.com). "You can't be taxed on them."

A network of brokers, accountants, attorneys and other providers is increasingly promoting offshore trusts and accounts as a way to avoid lawsuits, creditors and, in some cases, federal and local taxes in the USA. Riding the rapid expansion of the Internet, some parts of the mini-industry are making tax-avoidance techniques — once mainly offered to high-net-worth individuals in private conferences — available online to average Americans.

"This growing access to people who aren't wealthy and are willing to pay a $3,000 fee … to someone to help hide their assets offshore is getting to be a huge problem," says Sen. Carl Levin, D-Mich., ranking minority member of the Senate Permanent Subcommittee on Investigations, which in August released the latest in a series of reports on potential offshore abuses. "Honest taxpayers get socked with the bill" as tax avoiders transfer assets offshore, Levin said.

That cost is high.

Although no precise estimates are possible, as much as $1.6 trillion in North American wealth is likely held in offshore accounts, according to a 2005 report by the Tax Justice Network, an international group opposed to tax avoidance.

Americans with assets offshore probably avoid about $50 billion in taxes annually, according to an estimate by Reuven Avi-Yonah, head of the International Tax Master of Law Program at the University of Michigan Law School.

Hundreds of companies and promoters now use the Internet to guide Americans and others who transfer assets to offshore banks or trusts, according to the Senate subcommittee report. Money moves from domestic accounts to offshore tax havens such as Belize or the Bahamas, at times without any meetings between promoter and client.

Although placing assets in international trusts and banks is not illegal, using such transfers to avoid federal, state and local taxes while retaining control of the assets is considered a possible tax violation, one that the IRS pursues.

"With the increased use of the Internet, these types of tax strategies are more easily spread," said Selva Ozelli, an international tax lawyer and accountant in New York. "It has trickled down to the middle-income level."

Among the Internet guides to offshore companies is Equity Development Group, a Dallas-based firm run by Samuel Congdon. His company has worked for about 900 clients since its founding in 1999, according to a review by the Senate subcommittee. That review, federal court records and interviews with government officials and tax experts provide an inside look at one small cog in the mini-industry.

The IRS recently completed a tax examination of Congdon and his companies and may launch a similar examination of his clients, IRS documents and federal court records in Texas show. Additionally, the Senate subcommittee subpoenaed Congdon's client list and plans to give it to federal investigators.

In a written report released in August, the subcommittee said its review of Congdon showed that he "willfully remained ignorant of his clients' motives for moving money offshore." That stance, the committee concluded, enabled him to operate "in apparent compliance with federal law while facilitating potentially illegal activity."

Congdon's attorney, A. James Lynn, described the conclusion as unfair innuendo about an honest businessman who has had no involvement with tax avoidance.

"There has been no showing that any of his clients have violated the law. And he has not violated the law," said Lynn. "He's being penalized because he's here in the United States, making a living in the United States, paying taxes in the United States, and there are some people who want to run him out of business."

Congdon founded Equity Development Group in 1999 after earning an undergraduate degree at Hillsdale College in Michigan and an MBA at Southern Methodist University. He sought a marketing edge by paying Internet search engine Google "for a top position on certain searches … to direct greater traffic to his site," the subcommittee said. Google would not comment but said many firms pay for the sponsored links that accompany search results.

"Why go offshore?" the Equity Development Group website asks. "Protection from lawsuits. Financial privacy. Regulatory advantages."

Warning that thousands of lawsuits are filed in the USA each week and citing disclosure laws, the website says, "Placing bank and brokerage accounts offshore will keep them off the asset collector's radar screen. Credit agencies and government agencies don't have access to foreign account records or transactions."

For $2,500, Equity Development Group offers a package that includes an offshore corporation formed in Belize, an offshore trust formed in the Bahamas, two offshore bank or brokerage accounts and mail forwarding for one year. Using several locations "weaves a network of anonymity which translates into rock-solid privacy and protection," the website says.

For additional security, the company also offers previously formed "shelf companies" — firms for those who want to show "that their offshore company has been in existence for several months or years" — for as much as $6,200.

In theory, use of a longstanding firm could avoid challenges that would arise if assets were shifted to a newly created offshore firm after a divorce or lawsuit notice.

Congdon told the subcommittee that most of Equity Development Group's clients come from the USA and Canada. Most contacts come via the website, which stated that the firm "has formed hundreds of offshore companies and trusts and opened hundreds of offshore bank and brokerage accounts worldwide representing millions of dollars."

That clientele enabled Congdon's firm to gross several hundred thousand dollars in 2003 and 2004 from markups on offshore packages and referrals from some international businesses, the subcommittee reported. Separately, a federal court record showed that another Congdon firm reported nearly $75,000 in taxable income for 2002.

Although Equity Development Group's website advertises that "there are no surprises or guesswork," some company details are not immediately apparent.

Although the firm identifies Congdon as its founder, the subcommittee said he is also its sole employee.

Although the firm lists offices in Dallas and the Bahamas, the subcommittee said Congdon conceded the second location is "a mailbox."

A federal court filing states that Congdon's firms neither provide nor advertise tax advice. But the Senate subcommittee found that during Congdon's first years in business, he used a presentation that said: "President Clinton vetoed the tax cut bill. Who cares? Offshore investors don't!"

The subcommittee also reported that an earlier version of the website featured an "offshore calculator" that contrasted the growth of an investment account in the USA with the higher gains that account would earn offshore. The calculator came with a disclaimer that warned, "You may be liable for taxes on foreign investments depending on your country of citizenship and/or residency."

The company's current website tells prospective clients that no matter what name is on offshore accounts formed through Equity Development Group, there's no question who controls the assets. "You do. The client is in complete and total control of all accounts at all times," the website states.

"Control is the key," said Ozelli, the tax lawyer. "If you control the assets, they're subject to taxation."

The Senate subcommittee concluded: "It is clear that Mr. Congdon knew that many of his clients moved their assets offshore to avoid U.S. taxation."

"I have no knowledge, none, that any of those clients were guilty of anything so much as a parking ticket," Lynn said.

Proving ownership and collecting taxes owed from those who have moved assets offshore isn't easy. In August testimony for the Senate subcommittee, IRS Commissioner Mark Everson wrote that the agency investigates alleged offshore tax abuses. But, wrote Everson, this "is an area where we still have a long way to go."

"The accounts are constructed in a way to make it almost impossible to prove who controls them," said James Kindler, chief assistant to Manhattan District Attorney Robert Morgenthau, who has filed numerous offshore-abuse cases.

When the IRS issued summonses for the names and addresses of Congdon's clients, Lynn filed a federal court motion to quash the demand on grounds of harassment.

If the IRS could show any clients were involved "in a tax avoidance scheme or some other violation of law" or "were committing crimes," Congdon "would promptly provide the information," the motion said.

"However, there has been no such showing."

Federal Magistrate Judge Irma Carrillo Ramirez denied the motion in a May 3 ruling that said client data were relevant to the tax examinations of Congdon and his firms. Lynn gave USA TODAY copies of IRS letters that said the exams had been completed with no new taxes levied. The IRS would not comment. A federal court brief filed in April stated that the IRS was not examining Congdon's clients at that time. But the brief said "that if the IRS had the names of the clients participating in offshore trusts it may (or may not) in the future investigate the client's tax liability."

Levin said the Senate subcommittee hopes to facilitate such an investigation by giving the subpoenaed client list to the Justice Department. He added that he and Sen. Norm Coleman, R-Minn., the subcommittee chairman, may introduce a bill to make it easier for the IRS to pursue offshore abuses.

Current law requires the federal government to prove that U.S. citizens control assets in offshore accounts before filing tax charges. Levin said the legislation he plans would reverse the legal burden.

"The presumption is that all the income is yours, and you've got to prove otherwise," Levin said.

Tyco Owes IRS $50 Million In Federal Income Taxes (WSJ)

By Jennifer Levitz

The Wall Street Journal, September 14, 2006

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Tyco International Ltd. still hasn't paid millions of dollars in federal income taxes from an allegedly false tax return filed by its chief tax adviser in 1999, the Internal Revenue Service said.

The potential $50 million tax bill potentially looming over the giant manufacturing-and-services conglomerate came to light this week as Tyco's former vice president in charge of taxation, Raymond Scott Stevenson, was charged with filing a false tax return that failed to report more than $170 million in capital gains on Tyco's 1999 corporate tax return. Mr. Stevenson pleaded not guilty to a felony fraud charge before a federal magistrate in Fort Pierce, Fla.

According to the IRS, the capital gains would have added about $50 million to Tyco's tax bill. Those taxes have not yet been paid by Tyco, said Ellie Michaud, a spokeswoman for the agency's criminal division.

Ms. Michaud said that after Mr. Stevenson's expected criminal trial, the government may attempt to collect the taxes. Ms. Michaud declined to say whether the company is contesting the tax bill.

Tyco, which is registered in Bermuda and operated from West Windsor, N.J., is in the midst of executing a plan to split the sprawling conglomerate into three stand-alone companies by the first quarter of 2007.

According to the U.S. Attorney Attorney's Office for the Southern District of Florida, Mr. Stevenson, who was Tyco's vice president in charge of taxation until 2003, directed a "series of transactions" designed to reduce Tyco's state liability, and in doing so triggered $170 million in federal capital gains under federal tax code. On Tyco's 1999 corporate tax return, Mr. Stevenson left off the $170 million, said Ms. Michaud, adding that the investigation is continuing.

Tyco spokeswoman Stacey Lafond declined to say whether it has already taken a charge for the 1999 taxes, or plans to do so. Ms. Lafond said the company has been cooperating with an IRS audit since 2003.

Mr. Stevenson couldn't be reached for comment, and his lawyer in the criminal proceedings didn't return several phone calls.

Mr. Stevenson, of Delray Beach, Fla., was hired under Tyco management led by former chief executive L. Dennis Kozlowski, who left Tyco in June of 2002 and last year was convicted along with former finance chief Mark Swartz of looting more than $150 million from the giant company. Both men are in prison and have said they plan to appeal.

CONGRESS-ADMINISTRATION:

White House Seeks A Way To Keep Bolton At The U.N. (WP)

By Peter Baker And Dafna Linzer

The Washington Post, September 14, 2006

President Bush's nomination of John R. Bolton as ambassador to the United Nations appears increasingly endangered in the Senate, prompting the administration to explore other ways to keep him in the job after his temporary appointment expires in January, officials said yesterday.

The situation represents a sharp turnaround from two weeks ago, when the White House was confident it could finally push through Bolton's long-stalled nomination. But last week's surprise move by Sen. Lincoln D. Chafee (R-R.I.) to delay a vote convinced Republicans on Capitol Hill that the nomination may be doomed, prompting a search for alternatives.

Administration officials said they have not given up. Secretary of State Condoleezza Rice called Chafee yesterday to kick off a lobbying campaign that will continue today when he returns to Washington after his hard-fought Republican primary victory in Rhode Island on Tuesday.

Bush and national Republicans pulled out the stops to help Chafee win the primary, and they expect a payback. But with Chafee now preparing to face a strong Democratic challenger in a Democratic state in November, many Republicans said he has less incentive to support a firebrand figure such as Bolton.

"It's dead as far as the Senate is concerned," said one Republican official at the Senate Foreign Relations Committee, where Chafee holds the decisive vote. "Chafee made it a 9 to 9 vote, and that's not going to change." A Senate Republican leadership aide added: "Chafee holds Bolton's future in his hands, and people are very worried he's going to squeeze and never let go."

White House officials said that assessment is premature. "John Bolton's been a tireless advocate for the United States at the U.N.," said White House spokeswoman Dana Perino. "We continue to be confident he'll get the up-or-down vote he deserves, and it remains our goal that the vote would happen before the recess."

Another failed nomination would be a stinging defeat for Bush, who defied Senate opposition last year and installed Bolton at the United Nations on an interim basis with a recess appointment. That appointment will end in January unless the Senate votes to confirm him before adjourning for the year.

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The battle over Bolton has been a defining struggle that has put the Bush administration's often brash style of foreign policy to the test. Bolton, who served as undersecretary of state in Bush's first term, has been a lightning rod among diplomats, Democrats and some Republicans because of his outspoken, tough-minded approach to issues such as Iran, the Middle East and the United Nations itself.

But in the 13 months since he was sent to New York, Bolton has surprised some critics with a more consensus-building style than they expected. Sen. George V. Voinovich (R-Ohio), who played a central role in blocking the nomination last year, reversed course this summer, declaring himself impressed by Bolton's performance -- seemingly clearing the way to confirmation.

Chafee put a halt to that last week by saying he would not vote for Bolton until after the administration addresses questions on Middle East policy that he had sent in a letter to Rice. Taken aback, White House officials hoped that it was merely a tactic to put off a controversial vote until after the primary, while preparing contingencies in case it was not.

Even with a "no" vote from Chafee, the Foreign Relations Committee could send the nomination to the floor on a tie vote, but Republicans would probably face a Democratic filibuster.

Bush has the power to give Bolton a second recess appointment, but under the common interpretation of federal law, Bolton could not be paid. Even if Bolton were willing to serve as a volunteer ambassador, officials said, the move could run afoul of another federal law that bans full-time employees from working without compensation.

Another possible option might be an appointment as "acting" ambassador. When the confirmation of President Bill Clinton's nominee for civil rights chief at the Justice Department, Bill Lann Lee, was blocked, Clinton appointed him deputy assistant attorney general, a posting that does not require Senate approval, and then had Lee fill in as "acting assistant attorney general." Lee spent 2 1/2 years in the post that way, although current law limits acting tenures to 210 days.

Such a move could anger a Senate that zealously guards its prerogatives.

"I don't think John Bolton has too many options but to go home," said Paul C. Light, a governance scholar at the Brookings Institution. "At some point, he has to decide whether he has to go."

Chafee's office said he has not decided how to vote. But an adviser outlined the difficult choice: "Politically it's a no-win for the senator. He votes against it, and he hurts the Republicans who just helped him in a primary in a very, very tight race. . . . And he votes for it, he hurts himself with the Democrats that he needs in November."

Earmark Showdown Set To Hit The Floor (RC)

By Susan Davis

Roll Call, September 14, 2006

With Republican leaders and House appropriators deadlocked over the scope of earmark reform, the leadership is on course for a showdown with the spending panel as the resolution is scheduled for a potentially close floor vote today.

John Scofield, a spokesman for the Appropriations Committee, said that another meeting of the panel on Wednesday again failed to result in an agreement on how reforms are applied to spending, tax and authorizing bills.

In particular, appropriators do not believe that the current proposal fairly applies the leadership-backed reforms to bills generated from the Ways and Means Committee as it does to appropriations bills. “Our members are fairly unanimous,” Scofield said.

“Whatever we do should apply to all committees,” added Rep. Bill Young (R-Fla.), a former Appropriations chairman, noting that he did not object to the principal of disclosure for earmarks.

Even though the House is set to vote on the GOP leadership’s proposal today, Appropriations Chairman Jerry Lewis (R-Calif.) is planning to hold a full-committee mark-up next week for the panel to institute its own set of internal committee rule changes that would similarly require the sponsors of earmarks to be disclosed in committee reports.

The mark-up announcement suggests that appropriators are prepared to vote against the rule — potentially endangering GOP leaders ability to pass the reforms.

At press time Wednesday, House Majority Leader John Boehner’s (R-Ohio) office had not wavered, and the resolution remained on the schedule for today.

A spokeswoman for Majority Whip Roy Blunt (R-Mo.) said there would be no formal whip effort on earmark reform. Similarly, a spokeswoman for Minority Whip Steny Hoyer (D-Md.) said Democrats would not formally whip against the rule.

However, a Democratic leadership aide suggested that they may put pressure on their members to vote against the measure if it becomes clear that Democratic votes are necessary to pass it.

“If they want to bring political bills to the floor, then we will vote politically,” the aide said, noting that Democrats support earmark reform but argued that the GOP bill is only a fig leaf to appease the conservative base.

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Appropriators have not objected to disclosing earmarks included in their spending bills, but believe that the panel has been unfairly targeted on the issue.

The panel sent a counterproposal to leadership that would, among other things, increase disclosure requirements for the Ways and Means Committee, which appropriators believe "got a pass" in the reform debate, according to an aide sympathetic with the committee.

However, a GOP aide familiar with the appropriators' counterproposal said several of the suggested reforms were impractical. For instance, one proposal would expand earmark reform to potentially affect trade agreements, creating a point of order the aide deemed "unworkable" and unlikely to muster any support among the tax-writing panel.

"There is just a fundamental disagreement on what an earmark is," the aide said, arguing that Lewis' decision to hold a mark-up next week contradicts his past commitment to reform. "It undermines their contention that it needs to be comprehensive if they are just going to change their internal rules," the aide said.

The impact of earmark reform would disproportionately affect the Appropriations Committee, but advocates of reform are quick to note that most earmarks are generated from spending bills.

Failure to pass the rule today would not only be an embarrassment for Boehner and Speaker Dennis Hastert (R-Ill.) — who committed the House to enacting this rules change in late July — but it would likely agitate fiscal conservatives in the Conference and outside reform advocates who have supported reining in the earmark process.

Despite Pledges, Congress Clings To Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — Nine months after Congressional leaders vowed to respond to several bribery scandals with comprehensive reforms, their pledges have come to next to nothing.

On Wednesday, leaders of the House prepared to take up a rule requiring individual lawmakers to sign their names to some of the pet projects they tuck into major tax and spending bills. As an internal House rule, the requirement would be in effect only until the end of the session, just a few weeks away.

While reform advocates denounced the proposal as nearly toothless, its bite was still too sharp for many in Congress. By Wednesday night the resolution appeared to be bogged down in a three-way squabble among Republicans, Democrats and the powerful members of the House Appropriations Committee.

"It has been a very pathetic showing," said Mary Boyle, a spokeswoman for the reform group Common Cause. Even with one congressman in jail, a well-known lobbyist on the way and several other members and staff members still under investigation, she said: "The response to this has been nothing. It has been silence."

The resolution was a chance for House Republican leaders to make good on at least some element of their pledges in January, when Representative John A. Boehner of Ohio, the majority leader, declared his party's agenda at risk "because of a growing perception that Congress is for sale" and Speaker J. Dennis Hastert of Illinois declared that "now is the time for action."

The Republican lobbyist Jack Abramoff had recently pleaded guilty to paying bribes to members of Congress, including treating some to a lavish golf trip to Scotland. Former Representative Randy Cunningham, Republican of California, had pleaded guilty to accepting bribes from a military contractor. Both scandals involved lobbyists paying bribes for "earmarks" — the special interest projects inserted into major spending bills by individual lawmakers, often anonymously and with little scrutiny. House Republican attempts at new rules have been dismissed as paltry by both reform advocates and Democrats. Mr. Hastert initially called for a ban on all Congressional travel at private expense and tightening the limits on lobbyists' gifts to lawmakers and staff (the current limit is $50, or $250 if the recipient is considered a friend). Others pushed for doubling the one-year waiting period before departing lawmakers and staff members can lobby their former colleagues.

But the lobbying reform bill that passed the House this year was scaled back to drop all these ideas. Instead, it focused on requiring lobbyists to disclose more of their dealings with members and staffs. The Senate passed a very different bill, and aides in both chambers say they are not expected to be reconciled into a final bill this year.

The final thrust of the House reform agenda was a measure to address earmarks — a favorite idea of Mr. Boehner. He initially called for substantive restrictions on their insertion in spending bills but eventually settled for a measure to at least illuminate the murky practice by requiring the public identification of the member who sought each earmark.

But the Republican leaders' draft resolution defined earmarks only as funds for organizations outside the federal government, like cities, universities, museums or nonprofit groups. It would not apply to earmarks directing money to the Defense Department or other federal agencies to execute projects, which account for the vast majority of the federal money spent on earmarks.

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Some called the proposed rule almost pointless since members are often eager to boast of the earmarks they secure for constituents. "There is an element you can't legislate, and that is shame," said Representative Jeff Flake, Republican of Arizona and a frequent critic of earmarks. "You have got to have some embarrassment when you bring to the floor an earmark for the Rock and Roll Hall of Fame."

But the members of the House Appropriations Committee found even that too onerous. The appropriators, who have authority over all federal discretionary spending, objected from the start that the Republican leaders were unfairly singling out their favored projects without imposing the same level of scrutiny on the special interest provisions that other committees tuck into tax bills or other laws.

On Wednesday afternoon, Representative Jerry Lewis, Republican of California, who is chairman of the Appropriations Committee, convened a meeting of the 64-member committee to consider a draft of the proposed rule. Although the Republican leaders had added some new requirements for disclosure by tax committees and others, the appropriators deemed them inadequate. (Mr. Lewis's ties to a lobbyist who procured earmarks are currently under scrutiny by federal investigators; he has said he did nothing wrong.)

After the meeting, the appropriators demanded changes and threatened to oppose the resolution, said John Scofield, a spokesman for the committee. "We delivered a message to the leaders that we are not there yet," Mr. Scofield said, adding that the committee plans to consider earmark disclosure requirements of its own next week.

House Democrats, meanwhile, submitted a proposed amendment to the Republican resolution that was so comprehensive it would upend much of the way Washington does business — and thus was all but certain to fail.

The Democratic proposal would block members of Congress from sponsoring earmarks that would benefit any former staff members or family members. Many Congressional staff members and lawmakers' relatives eventually work as lobbyists, and the proposal would limit their ability to make money for seeking earmarks for their clients.

Jo Maney, a spokeswoman for the Republican-controlled House rules committee, said the committee rejected the proposal as too broadly worded and "poorly thought out."

Although it is unlikely that such a far-reaching proposal could pass a vote of the Democratic caucus, its rejection by the Republicans could give the Democrats a pretext for opposing the Republicans' milder reform proposal as too weak.

"Transparency is not enough," said Representative Chris Van Hollen, Democrat of Maryland, who was a sponsor of the proposal. "You can't be pushing for earmarks that are a clear conflict of interest." Asked if he believed most Democrats would support his measure, Mr. Van Hollen challenged Republicans to put it to a vote.

If Democrats and the Republican appropriators are opposed to the resolution, it would stand little chance of passing.

Late Wednesday night, Ms. Maney of the Rules committee said the panel was meeting to work out technical changes.

But Fred Wertheimer, president of the reform advocacy group Democracy 21, called the dispute over the scaled-back earmark rule "absurd."

"They have had months to reach an agreement even among House Republicans about what this fig leaf should look like," he said, "and they still haven't been able to do it."

Lewis Balks At Earmark Legislation (HILL)

By Elana Schor And Patrick O'Connor

The Hill, September 14, 2006

House Republican appropriators remained unwilling yesterday to publicly endorse their leadership's resolution requiring disclosure of earmark sponsors, setting up a possible rebellion by committee members that could bring down the resolution.

Appropriations Chairman Jerry Lewis (R-Calif.) huddled with his panel yesterday afternoon but emerged with no firm panel-wide plan to oppose the earmark-reform resolution. Many GOP appropriators believe the resolution singles out their committee's product while applying a narrow definition of tax and authorizing earmarks.

"We are attempting to communicate with leadership that this committee feels very strongly that earmark reform is a priority, but it should apply to everybody," Lewis said after the meeting. "We feel very strongly that... the broad-based membership should be involved in it, not just the Appropriations Committee."

Lewis and other appropriators stressed that the panel would stay unified even as today's slated floor vote looms and the pressure mounts to give leadership a win heading into the midterm elections. Reps. John Sweeney (R-N.Y.) and Don Sherwood (R-Pa.), who are members of the panel, said appropriators were of one mind on the resolution.

"We're still having concerns that it doesn't apply to all committees," Rep. Jack Kingston (R-Ga.) said. The pension bill that passed the House in July, he added, "had a number of very positive provisions in it for different companies" that would not be deemed an earmark according to the reform resolution, drafted by House Rules Chairman David Dreier (R-Calif.)

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That resolution would allow the Joint Committee on Taxation to determine tax earmarks because of scoring demands. A Rules Committee summary defines a tax earmark as "any revenue-losing provision that provides a Federal tax deduction, credit, exclusion, or preference to only one beneficiary."

Authorizing earmarks are defined similarly to appropriations earmarks in the summary, as provisions that "permit funds to be allocated outside of the normal formula-driven or competitive bidding process and to be targeted to a specific entity, State, or Congressional district."

Republican Appropriations staff distributed a paper last week explaining loopholes in the language that would allow members of the tax and authorizing committees to avoid the restrictions that would hamstring appropriators.

Particularly galling was a section that, they argue, allows tax writers ostensibly to define what is and what is not an earmark.

Ways and Means Committee Chairman Bill Thomas (R-Calif.) dismissed that concern yesterday following a lunch with members of his committee.

To ease passage, Republican leaders have coupled the rule for the bill with the language of the resolution itself. This prevents opponents from bringing down the earmark changes on a procedural vote and, in essence, dares them to vote against legislation to stem government spending.

This showdown comes two months before the November election and puts GOP leaders in the awkward position of angering the Appropriations chairman as those same leaders roll out a series of measures to beef up security on the border that are supposed to be included in the annual spending bills.

The fight also endangers party unity on the brink of the midterms. As appropriators held their meeting, Republican Study Committee (RSC) leaders held a rally on the Cannon Terrace to tout the resolution as a first step toward more comprehensive reform.

RSC Chairman Mike Pence (R-Ind.) tied the resolution into the GOP's election message of fiscal responsibility: "The answer is not more big-spending liberals, the answer is more conservative Republicans."

Rep. Jeff Flake (R-Ariz.), who has forced numerous floor votes to kill individual member earmarks, recalled the RSC's attention-grabbing "Operation Offset" plan to cut federal spending, which help push through last year's $47 billion budget-cutting reconciliation bill.

"You can do all that and have one Bridge to Nowhere that in the public mind trumps everything," Flake said, warning that "the public recognizes [earmarks] as a Congress out of control."

Republican appropriators have not universally supported the position of Lewis and committee staff.

During a meeting last week, committee members, including Reps. John Carter (R-Texas) and Denny Rehberg (R-Mont.), recommended that their colleagues pass an internal committee rule to deal with the earmark issue, said one member present. That move might preempt leaders from bringing a broader bill to the floor.

At the same meeting, Rep. Mark Kirk (R-Ill.) told members they should support the leadership language, the same member said. Others stood with Lewis in objecting to the changes.

"It's not what they told us they were going to do," said Rep. Ray LaHood (R-Ill.), who has been a vocal critic of the conservative members who are leading this fight. "[The leaders] told us all the committees would be treated the same," he added, referring to a deal struck with appropriators in May to secure their votes for a lobbying-reform package now stalled in conference.

LaHood doubted the rules change would have any resonance with voters this campaign season.

"I think the elections will be about the war in Iraq and the war on terror," LaHood said after emerging from the meeting. "I don't think we're going to rise or fall on this."

Rep. John Doolittle (R-Calif.), an appropriator who serves in the leadership, has been the chief negotiator between the committee and the House leaders during the last two weeks, members said.

At least one Republican legislator yesterday questioned the wisdom of Lewis waging a battle on earmark reform given the ongoing federal investigation on whether or not he used his influence illegally to insert earmarks on spending bills that would benefit the clients of his friends and/or former staff.

"I have never seen a member more unaware of his own personal situation," one Republican said yesterday.

Lewis has denied any wrongdoing and the Justice Department has not charged any members, staff or lobbyists with illegal activity on the issue.

Leadership may be hoping to peel off enough Democrats to compensate for the loss of appropriators' votes on the earmark-reform plan. One senior House Democratic aide, however, said little whipping is expected on the earmark resolution despite Republican assumptions that most members of the minority will oppose it.

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The June vote on a line-item veto bill from RSC member Rep. Paul Ryan (R-Wis.) saw 35 Democrats voting with the GOP, including 16 members of the conservative Blue Dog Coalition. Eight appropriators, including Lewis, were among the 15 Republicans voting against the line-item veto.

"This legislation is not what we would hope for," said Drew Hammill, spokesman for Minority Leader Nancy Pelosi (D-Calif.). "It doesn't save a single dollar, doesn't cut a single earmark, doesn't give full disclosure."

Congress Lifts Blinds On Its Spending (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 14, 2006

WASHINGTON

Coming soon to a laptop near you: how government is spending your federal tax dollars - contracts, grants, and special projects sought by lawmakers.

From wartime contracts for Halliburton to earmarks for the Punxsutawney Weather Discovery Center (think "famous groundhog") in Pennsylvania, all will be listed on a searchable database.

It's the least controversial of all the reforms Congress has considered since last year's bribery and corruption scandals, and its passage will provide an effective new tool for anyone wanting to look over lawmakers' shoulders soon after they clear spending bills.

"This is an extraordinary step for Congress to take, because it will put government information into the hands of millions of citizens who use the Internet as a source of information," says Ellen Miller of the Sunlight Foundation, a public-interest group that promotes transparency in government. "The notion of government information on the Internet in the 21st-century ought to be a no-brainer."

It took a mobilization of bloggers and citizen groups to break secret holds placed on the bill in the Senate, where the bill passed unanimously Sept. 7. It was expected to clear the House after press time Thursday with broad bipartisan support.

The bill, sponsored by Sens. Tom Coburn (R) of Oklahoma and Barack Obama (D) of Illinois, requires the White House Office of Management & Budget to maintain a database on some $1 trillion in US spending. New entries will be logged within 30 days of funds being disbursed. Senate majority leader Bill Frist last week credited the "blogosphere" for saving the bill.

"This can be a very powerful tool in the hands of citizens," says Stephen Ellis, vice president of programs for Taxpayers for Common Sense, a nonpartisan budget watchdog group in Washington. "It will be the gold standard of information for debates over whether this is worthwhile spending or not."

Since last March, when former Rep. Randy "Duke" Cunningham (R) of California was convicted of taking bribes, Congress has struggled to find agreement on how to reform ethics and lobbying rules, without success. The big lobby-reform bills remain deadlocked between the House and Senate.

The next battle, expected in the House Thursday, is over how much members of Congress and the public will know about the earmarks tacked onto spending bills before they come up for a vote. Sensing rising public objection to earmarks, appropriators in the House and Senate have instituted their own procedural reforms for fiscal year 2007 spending bills.

For example, appropriators are limiting the number of projects members can propose, as well as making the projects more visible to the public earlier in the process. In the House, member requests for projects this year declined 37 percent, or about $7.5 billion, from last year. House appropriators are also often requiring a local spending match for some economic-development earmarks, a move they say will discourage frivolous projects.

"We were getting about 25 requests per member. Now it's an average of 10," says John Scofield, a spokesman for the House Appropriations Committee. "It helps us to do better oversight and weed out the bad ones." In addition, House appropriators say they will avoid adding earmarks when House and Senate conferees reconcile two versions of a spending bill - a source of abuse in the past.

While Appropriations Committee members have borne much of the criticism for earmarking, the practice exists in other committees as well. Congress included 6,373 earmarks in the last highway bill, amounting to $24.2 billion. The recent Water Research Development Act included 250 earmarks at a cost of $11 billion. As of press time, the House version of earmark reform still applied mainly to the Appropriations Committee.

"There ought to be a blanket provision with respect to earmarks - whether on taxes, healthcare, defense, or appropriations," says Ms. Miller.

Still, reformers say the searchable database is a key first step. "We see this like the battle in the Pacific in World War II: You take one island at a time," says John Hart, spokesman for Senator Coburn.

Critics, though, note that even the Coburn transparency reform doesn't get to the root of the problem. "The information comes 30 days after the funds are spent. That's about 60 days too late," says Winslow Wheeler, director of the Straus Military

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Reform Project at the Center for Defense Information here. "We still lack an objective assessment of the spending." Spending accountability: a work in progress

A done deal

The Federal Funding Accountability and Transparency Act, already approved by the Senate, was expected to clear the House on Wednesday. It does the following:

· Creates a database that names recipients and dollar amounts of most federal grants, contracts, and loans. These will be searchable online and available to the public.

· Identifies so-called pork-barrel projects, or earmarks, in the searchable database. The database will not necessarily name lawmakers who added an earmark, but it will reveal the congressional district where the federal money will go.

· Gives the White House Office of Management & Budget the job of managing the online database.

Onworking

The House is wrangling over a rule change that would do the following:

· Identify lawmakers adding earmarks to bills - in advance of a vote on the bill. In dispute is whether the rule change applies just to Appropriations Committee members or to other committees.

FEMA Overhaul Debate Stalls Funds For Interoperable Radios (WP)

By Spencer S. Hsu

The Washington Post, September 14, 2006

House Republicans are blocking an attempt to spend $3.1 billion to help the nation's police and fire agencies communicate in emergencies as Congress debates a proposed overhaul of the Federal Emergency Management Agency.

As both parties intensified the election-season rhetoric over national security, Democrats accused GOP leaders of shortchanging the well-documented need to improve communication among first responders. Republicans acknowledged that they do not want to spend billions prematurely, saying more planning and coordination are needed.

"It is just so unfair for the White House not to support the full funding of solving the interoperability problem," said Rep. Bennie Thompson (Miss.), ranking Democrat on the House Homeland Security Committee.

Homeland Security Secretary Michael Chertoff rebuffed calls for dedicated federal grants to upgrade equipment, coordinate plans, train emergency workers and adapt common technology standards. Instead, he said, state and local leaders must first agree on radio codes and protocols.

"This is not, frankly, a technology issue," Chertoff told the Senate Committee on Homeland Security and Governmental Affairs on Tuesday. "This is an issue of having community leaders come to an agreement."

The inability of police and firefighters to talk by radio was a critical factor after the 2001 World Trade Center and Pentagon attacks, according to the Sept. 11 commission.

The U.S. Conference of Mayors reports that 23 percent of the nation's 60,000 police and fire departments cannot communicate with each other over the radio, one-third cannot talk to county sheriffs, and most cannot talk to state or federal agencies. Governors and state homeland security advisers say the issue is their top priority, according to the National Governors Association.

At the end of this year, the federal government was supposed to make available to first responders a slice of the broadcast spectrum now held by television broadcasters. Congress has changed the deadline to June 2009 and set aside $1 billion for gear.

The Department of Homeland Security has provided $2.1 billion to states and localities since 2003. But congressional analysts say that annual grants are not enough and that "several billions" will be needed to upgrade the nation's $100 billion infrastructure for public safety communications.

The federal government has been slow to set gear and technology standards, which private companies also resist for proprietary reasons. Local governments often fail to plan or train together or to coordinate major equipment purchases.

For now, the Department of Homeland Security has provided equipment to the nation's 10 highest-threat cities that enables commanders to patch into each other's radio systems. The department is surveying the 50 states and the 75 largest urban areas before taking the next steps.

"I would hesitate to dedicate a huge amount of money upfront without the input of the localities themselves to make a determination of what they feel they need and how far they've come," Chertoff said.

Earlier this year, a bipartisan Senate bill to overhaul FEMA after Hurricane Katrina proposed $3.3 billion over five years in interoperable communications grants. The bill was approved in committee, but the money was dropped when GOP leaders decided to include the FEMA overhaul in a must-pass $33 billion Homeland Security spending bill. Thompson said his efforts to revive the proposal have been rebuffed.

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Yesterday, state emergency management officials and congressional aides said talks have bogged down over funding and jurisdictional fights, including whether to rename FEMA and whether to bring the nation's disaster laws in line with recommendations made in post-Katrina government reports.

Obama And Coburn Revive Effort To Stop No-bid FEMA Contracts (HILL)

By Elana Schor

The Hill, September 14, 2006

Having scored a high-profile victory on their bill to set up an online federal spending database, the unlikely freshman duo of Sens. Barack Obama (D-Ill.) and Tom Coburn (R-Okla.) are hoping their fourth bid to crack down on no-bid contracting at the Federal Emergency Management Agency (FEMA) will finally make it to the president's desk.

The Senate has passed four versions this year of Obama and Coburn's language requiring FEMA to accept competitive bids for hurricane reconstruction contracts valued above $500,000, but both chambers have yet to give their plan the force of law. As conferees near agreement on the defense authorization bill amid election-year pressures to appear tough on wasteful spending, the freshmen are pushing for their block on no-bids to emerge in the conference report.

"Everything we have seen about the Katrina rebuilding effort shows this is something that should have been initiated right away," Coburn spokesman John Hart said. "The closer you get to the election, the more members of Congress will want to demonstrate to the public that they are fiscally responsible."

Few senators have as much political capital on fiscal responsibility as Coburn, who riled some of his more seasoned colleagues by attempting to force votes on individual earmarks in the spring emergency supplemental. Perhaps unsurprisingly, an Obama and Coburn amendment enforcing competitive bidding at FEMA that passed the Senate unanimously was later left off of the conference report on that emergency supplemental.

But the landscape has shifted in recent weeks since Obama and Coburn's plan for an Internet listing of federal grants and contracts sparked an avalanche of blogger publicity and won public support from Senate Majority Leader Bill Frist (R-Tenn.). The House was poised to approve the Senate version of that bill yesterday, giving the senators new political capital at a crucial moment.

"Call it 'Groundhog Day' legislating if you want, but it's something that is very important to both of them," Obama spokesman Tommy Vietor said, riffing on the popular film about living through the same day repeatedly. "If it's not [included in the conference report], we will be frustrated and we will offer it again."

Obama and Coburn wrote to FEMA director David Paulison last month after viewing reports that the four main no-bid contracts awarded for emergency housing of residents displaced by Hurricane Katrina had bloated from $400 million to $3.4 billion. Paulison had echoed the senators' qualms about no-bid abuse during private meetings in December and May, but the four contracts — given to Bechtel Corp., Fluor, the Shaw Group and CH2M Hill — were not reopened for bidding despite the agency's initial promises to that effect.

"While FEMA cannot comment on pending legislation, FEMA director Paulison has reiterated in public and in front of the Senate Homeland Committee that he is 'no fan of no-bid contracts,'" FEMA national spokesman Aaron Walker said. "We would welcome any dialogue to increase the competitive nature of our contracting and procurement policies."

More momentum for Obama and Coburn's amendment could come from a report on Katrina no-bid contracts released by a team of House Democrats a to coincide with the one-year anniversary of the disaster last month. That investigation, led by Government Reform Committee ranking Democrat Henry Waxman (Calif.), found that 70 percent of FEMA's Katrina contracts affected by the Obama-Coburn amendment were awarded with incompletely open competition.

The four businesses receiving the largest Katrina no-bids recently won new contracts for Katrina housing that were competitively bid, and the FEMA amendment was not discussed publicly following the most recent defense authorization conference meeting. But Obama and Coburn, who are also continuing to push their proposal for a chief financial officer to monitor spending on the Gulf Coast, plan to keep leveraging their lack of seniority for more public attention on their cause.

"Sometimes freshmen can be more in touch with what people are thinking," Hart said. "There is plenty of evidence that the longer people are in Washington, the less responsive they become."

NIH Punishments Criticized (WP)

By Rick Weiss

The Washington Post, September 14, 2006

Angry members of Congress took federal health officials to task yesterday for what they said was a pattern of being "soft" on government scientists found to have violated ethics rules.

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One National Institutes of Health scientist is still on the job a year after the agency determined he had improperly accepted more than $700,000 in consulting fees -- and has taken recent trips to Switzerland and Hawaii on the government's tab -- lawmakers said at a hearing.

Another researcher is still at NIH after investigators found he had improperly accepted about $100,000 from more than 25 companies, members complained.

And although six NIH scientists deemed to have broken ethics rules left their jobs in the past year or so before disciplinary action could be taken, not one of the remaining 36 violators identified in an NIH-wide investigation was fired -- and most have endured punishment no more severe than a "letter of caution."

"I do recognize that NIH has taken needed steps to improve its ethics program," said Rep. Edward Whitfield (R-Ky.), chairman of the subcommittee on oversight and investigations, which for years has been dogging NIH over alleged ethics violations. "But more action is needed."

Agency officials denied that they have been less than rigorous in meting out punishment to those who broke the rules that once governed such arrangements. NIH banned all outside consulting with drug and biotech companies more than a year ago, when it became clear that a few dozen had not reported their arrangements as required.

NIH Deputy Director Raynard Kington said that at the conclusion of its investigation, NIH began administrative actions against 34 scientists and referred 10 others to the Office of Inspector General for possible prosecution. That office decided to pursue only two -- Alzheimer's disease researcher Trey Sunderland and cancer researcher Thomas Walsh.

But while NIH officials long ago expressed a desire to fire those two, neither the inspector general nor NIH has the power to do so because both scientists are members of the Public Health Service's Commissioned Corps. The corps' disciplinary rules -- including the right to a formal corps hearing -- trump NIH's.

Sunderland's corps hearing has been delayed indefinitely at the request of the Justice Department, which is considering criminal charges, according to testimony yesterday by John O. Agwunobi, assistant secretary for health. Walsh's hearing has been delayed because it was awaiting completion of Sunderland's. Last week the corps decided to bump Walsh's case ahead of Sunderland's and began to organize a hearing for him, Agwunobi said.

Meanwhile, both researchers have continued to work at NIH, with travel and other job restrictions imposed only recently in the wake of fresh congressional inquiries. So lax has oversight of Sunderland's activities been, legislators said, that NIH did not stop him from recently shipping -- at government expense -- personal belongings to a New York hospital where he had hoped to continue his research. Those belongings were returned to Bethesda after the lapse was detected, an NIH spokesman said, again at government expense.

Several members complained that the punishments doled out to violators were not tough enough. Rep. Bart Stupak (D-Mich.) pointed to one case in which a researcher was found to have received nearly $475,000 without proper approval or disclosure and received a penalty of a 45-day suspension without pay.

"So where is the deterrent?" Stupak asked, calculating aloud to show that the scientist still came out ahead financially. "What does it take to get an NIH scientist terminated?"

NIH officials responded that in some cases, including that one, punishment was less than might seem appropriate because although the researcher did not report the income properly, the outside work was found to have posed no conflict of interest and would have been approved under the rules in place then.

Undaunted, Stupak asked why federal scientists cannot maintain the same ethical standards as members of Congress. Often, he said, legislators get letters in the mail with a dollar bill inside to encourage them to reply. "Do you know what would happen to any of us," Stupak asked, "if we kept that dollar?"

Panel Challenges NIH Handling Of Rules Violations (LAT)

By David Willman

The Los Angeles Times, September 14, 2006

WASHINGTON — A congressional subcommittee chairman and a top administrator of the National Institutes of Health agreed on at least one point Wednesday: Private financial deals between drug companies and NIH scientists that have come to light in recent years have posed the worst scandal in the agency's history.

"This is the largest scandal in all of the NIH's existence," said Rep. Edward Whitfield (R-Ky.), chairman of the House Energy and Commerce subcommittee on investigations. To which NIH Deputy Director Raynard S. Kington nodded and replied, "We certainly hope it will be the last."

Citing internal ethics investigations over the last three years, Kington said the agency had disciplined 34 NIH scientists who had violated conflict-of-interest rules. Six scientists were suspended or placed on probation and the others were admonished orally or by letter, according to NIH documents.

NIH officials also assured the panel that they had recommended the termination of two other senior scientists who accepted drug company money without obtaining required advance approval.

"When violations were found, NIH implemented sanctions ranging from oral admonishments to letters of reprimand to suspensions," Kington told the subcommittee. "In all cases where individual scientists failed to take [personal] leave to conduct outside activities, they were directed to pay back that leave to the government."

But Kington's assurances were challenged by Republicans and Democrats on the subcommittee. They noted that despite previous statements of concern and outrage from senior NIH officials, no employee had been fired, and they said most of the disciplinary actions had been tepid.

The session marked the sixth congressional hearing since January 2004 that centered on NIH conflicts of interest.

"This is really an ethical Potemkin village, where a hollow system appears to provide the illusion of integrity, but transgressors never leave," said Rep. Joe L. Barton (R-Texas), chairman of the Energy and Commerce Committee.

Much of the contentious afternoon session focused on two researchers: Dr. P. Trey Sunderland III, a geriatric psychiatrist who has researched Alzheimer's disease, and Dr. Thomas J. Walsh, who has researched fungal diseases in cancer patients.

Their cases are pending before an administrator at the U.S. Public Health Service Commissioned Corps, a uniformed branch of the service. A resolution of Sunderland's case has been delayed because of a separate investigation by the U.S. Justice Department, Bush administration officials said.

Panel members pointed out that Sunderland had been allowed until last month to retain most of his NIH privileges and that he had taken several trips at the expense of the government, visiting Hawaii and Geneva.

At a congressional hearing in June, Sunderland's boss, Dr. Thomas R. Insel, director of the National Institute of Mental Health, said Sunderland's receipt of more than $600,000 in fees from Pfizer Inc. was unacceptable.

Yet Barton said Wednesday that several months earlier, Insel had "recommended a $15,000 retention bonus" for Sunderland.

Barton and other subcommittee members also said that Sunderland had shipped samples of spinal fluid drawn from patients at the NIH to a New York hospital, where he had intended to take a new position. Those samples were returned in recent months after the shipments came under fire from the congressional panel. Officials said the samples should not have been transferred out of NIH custody.

Barton chided Dr. John O. Agwunobi, the Bush administration's assistant secretary for health, for not demanding swift resolution of the Sunderland case. "You're sittin' on your bottom, and you're not doing anything about it," Barton said, adding that Sunderland had been allowed to flout rules with impunity. "It's a farce."

In Walsh's case, the researcher accepted about $100,000 in fees from drug companies without required advance permission. On Wednesday, Barton criticized the director of the National Cancer Institute, Dr. John Niederhuber, as doing little to address Walsh's conduct except to recommend termination by the Commissioned Corps.

Niederhuber confirmed that he had recommended in December that Walsh be fired. But Niederhuber also lauded Walsh as "probably the world's expert on antifungal agents."

Documents distributed at Wednesday's hearing suggested that Walsh was paid $12,000 by Pfizer to help prepare the company for an October 2001 meeting held by a Food and Drug Administration advisory committee. Walsh had collaborated with the company in leading a major study of its antifungal drug, Vfend.

The NIH recently opened a separate internal review of Walsh's appearances with pharmaceutical companies at public and private FDA meetings. Merck & Co. identified Walsh as a consultant when he appeared at a January 2001 FDA advisory committee meeting that focused on the company's new antifungal drug. Walsh vouched for the effectiveness of Merck's drug, and the committee voted unanimously to recommend its approval.

Kington told the subcommittee on Wednesday that the NIH was now "clarifying its policies regarding the presentation of scientific information" to FDA advisory committees.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency. Walsh and his attorneys have said he did not make any appearance before the FDA as a representative of any company.

In addition to all of the internal reviews, Kington noted that a policy enacted last year prohibits all NIH employees from accepting consulting fees, stock or stock options from drug companies. The previous rules allowed agency scientists to accept unlimited sums of compensation from industry.

A July 2005 report by the U.S. Office of Government Ethics concluded that the NIH was infused with a "permissive culture." Kington said Wednesday that agency officials were confident that the problems were a thing of the past, "with new restrictions in place and a more efficient and rigorous ethics program underway."

The subcommittee members appeared unconvinced.

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"I believe that the tentacles of the drug companies influence the research at NIH, much to the consternation of the American people," said Rep. Bart Stupak (D-Mich.).

Head Of Broadcasts Board Survives Effort To Oust Him (NYT)

By Stephen Labaton

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — Kenneth Y. Tomlinson, the embattled chairman of the federal board that oversees most government broadcasts to foreign countries, narrowly survived an effort to oust him on Wednesday.

After a recent report by the inspector general at the State Department that Mr. Tomlinson had used his office to run a horse-racing operation and that he had improperly put a friend on the payroll, the three Democratic members of the seven-member Broadcasting Board of Governors offered two resolutions.

One resolution called for his resignation as chairman during a continuing inquiry; the other sought to curtail his authority sharply. The Justice Department has declined to pursue a criminal investigation but is conducting a related civil inquiry.

Both resolutions failed 3 to 3 on party-line votes. Mr. Tomlinson did not participate in the votes, people involved in the closed-door session said.

Mr. Tomlinson has denied doing anything improper and had said the investigation "was inspired by partisan divisions inside the Broadcasting Board of Governors." Mr. Tomlinson, whose term has expired, has been nominated for a second term and continues to have the support of the White House.

Republicans in the Senate said that in light of the continuing inquiry, they would not bring his nomination to the floor this year. Under federal law, board members may continue to serve past the expiration of their appointments until successors are named.

The board oversees a group of broadcasting operations to more than 100 million listeners abroad. The operations include Voice of America, Radio Free Europe and Radio Martí.

Last year, Mr. Tomlinson was ousted from the board of the Corporation for Public Broadcasting after a report by that agency's inspector general. In that report, the inspector general said he had found evidence that Mr. Tomlinson violated rules intended to insulate public television and radio from political influence.

The three Democrats who voted Wednesday in favor of the resolutions — Joaquin F. Blaya, D. Jeffrey Hirschberg and Edward E. Kaufman — said in a statement that the "independent report of the inspector general," rather than partisanship, had prompted the resolutions.

There was no statement from the three Republicans who supported Mr. Tomlinson. They are Karen P. Hughes, the under secretary of state for public diplomacy, who serves as the representative for Secretary of State Condoleezza Rice; Steven J. Simmons; and Blanquita Walsh Cullum.

All of the governors were appointed by President Bush and confirmed by the Senate.

In a statement issued by a board spokesman, Mr. Tomlinson said, "Surely reasonable people should conclude that it is time to move on."

Broadcast Board Refuses To Oust Bush Nominee (WT)

By Eric Pfeiffer

The Washington Times, September 14, 2006

Democratic members of the federal Broadcasting Board of Governors yesterday failed in a bid to remove Chairman Kenneth Y. Tomlinson, who has been accused of improperly using his office to benefit himself and a friend.

In two party-line votes, the BBG's three Republicans and three Democrats first split over forcing Mr. Tomlinson to resign and then over revoking his authority to run the agency that oversees Voice of America and other government broadcasting operations.

"This was clearly a partisan effort," said board member Blanquita Cullum, who supports Mr. Tomlinson, a conservative stalwart who was appointed to the post by President Bush. "The move was planned to usurp the authority of President Bush and the Senate."

Republicans said Democratic board member Jeffrey Hirschberg, who called for the votes, is engaging in a partisan attack, citing his financial ties to liberal figures such as former President Bill Clinton.

Since 1999, Mr. Hirschberg has given nearly $100,000 to Democratic candidates and organizations, including the Democratic Senatorial Campaign Committee and Sen. Hillary Rodham Clinton of New York, according to public campaign-finance records.

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Mr. Hirschberg's brother, Judd Blair Hirschberg, who was convicted of mail fraud in 1991, was one of 59 persons pardoned by Mr. Clinton in December 2000, shortly before he left office.

"It is incorrect for Ken Tomlinson to characterize his problems as caused by 'partisan divisions inside the BBG,' " read a statement released by Mr. Hirschberg and fellow board members Joaquin F. Blaya and Edward E. Kaufman.

"It is the independent report of the Inspector General, which is the cause of his problems."

A State Department inspector-general investigation, called for by Democratic legislators, accuses Mr. Tomlinson of running a "horse-racing operation" from his BBG office and said he "improperly put a friend on the payroll." Mr. Tomlinson runs a stable of thoroughbred racehorses on his private farm in Virginia.

The results of the investigation were turned over to the Justice Department, which has declined to press charges against Mr. Tomlinson. According to the IG report, Mr. Tomlinson spent fewer than three minutes and sent one e-mail per day on his horse-racing ventures.

Mr. Tomlinson was in BBG meetings yesterday and was not available for comment.

Neither Mr. Tomlinson nor members of the BBG received a copy of the IG's report, which has been leaked to the press, before yesterday's vote.

Mr. Tomlinson, who has close ties to White House adviser Karl Rove, was nominated by Mr. Bush in August 2002. His term expired in 2004, and he was re-nominated, but the Senate has refused to act on it. Mr. Tomlinson can remain as chairman until the Senate approves a new nominee.

The IG investigation was requested by Sen. Christopher J. Dodd, Connecticut Democrat, and Reps. Howard L. Berman and Tom Lantos, California Democrats.

"Congressman Berman believes that surely the president will now send a new nominee to the Hill," with "an ethical cloud" still surrounding Mr. Tomlinson, said Berman spokeswoman Gene Smith.

Last year, Mr. Tomlinson resigned from the board of the Corporation for Public Broadcasting, which he had chaired. The CPB's inspector general had accused him of political favoritism in hiring employees.

Clyburn V. Rahm For Whip (HILL)

By Josephine Hearn And Alexander Bolton

The Hill, September 14, 2006

With political pundits predicting that Democrats will recapture the House this fall, Democratic lawmakers are debating who would become the majority whip: Rep. Jim Clyburn (D-S.C.), moving up one step from caucus chairman, or Rep. Rahm Emanuel (D-Ill.), the campaign wizard who would have orchestrated the victory.

Although only Clyburn has declared his interest in the position, the escalating rivalry between the two was on display this week when news broke that the Democratic National Committee (DNC) would funnel $60,000 into each of 40 House districts, breaking a stalemate between the DNC and the Democratic Congressional Campaign Committee.

Several Democratic officials credited Clyburn with brokering the deal. He invited DNC chief Howard Dean to his hideaway office in the Capitol July 21 in the hopes of convincing him to dip into the DNC's coffers and fund turnout efforts for House Democrats.

Allies of Emanuel, however, dispute Clyburn's influence, arguing that the agreement was engineered solely between staff.

Clyburn and Emanuel themselves declined to answer questions about how this week's deal with the DNC came to be.

The differing accounts of a relatively minor issue underscore a growing tension in the Democratic caucus: Clyburn is angling to be whip if Democrats control the House, and many see Emanuel as his chief competition.

Although neither is openly campaigning for the post, Clyburn, the current caucus chair, is clearly interested.

"If the opportunity is there, I plan to run for whip," he said last week, "I'm hoping that the way I conduct myself as caucus chair would make me worthy of moving to the next level, should the opportunity present itself."

Clyburn called it premature to start campaigning for the job.

"Whatever happens, Rahm and I will sit down and talk as gentlemen. On the morning of Nov. 8, I suspect we'll have a discussion of where we are going forward," he said.

As an African-American and a well-liked caucus chairman, Clyburn could mount a strong candidacy. He ran unopposed for his current post.

"Most people feel Clyburn has earned the respect of being caucus whip," said Rep. Jim Moran (D-Va.) last week. "That's the consensus of opinion I hear. The fact is the African American community has been a mainstay of the Democratic party. To have someone who is qualified for the job and also African American is an important opportunity."

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"Jim is the odds-on favorite," said Rep. Barney Frank (D-Mass.) two weeks ago. "My sense is Clyburn has the whip job locked up. There hasn't been an African-American whip since [former Rep.] Bill Gray [D-Pa.]. There's also geography, sending the message that Democrats aren't writing off the South."

But many House Democrats believe the caucus will have to find a place in the leadership for Emanuel, the DCCC chair who will have engineered their victory.

Rep. Hilda Solis (D-Calif.), who has worked with Emanuel to help recruit Democratic candidates this cycle, said that she has heard his name floated as a whip candidate by her colleagues.

"Specifically by one of the Blue Dogs, who said we should reward him – if we win back the majority," she said, referring to a member of the Blue Dog Coalition, a group of conservative Democrats.

But Solis added that she had heard nothing directly from Emanuel about his ambitions.

Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said he would back Clyburn in a whip race and that he has also heard colleagues mention Emanuel as a contender for the post.

While Democratic lawmakers have said little publicly about the whip contest – in contrast to the behind-the-scenes race for Democratic majority leader, which has drawn much press attention – Thompson said there is widespread speculation among his colleagues about next year's leadership.

"Everybody's talking," said Thompson, who declined to name names.

"If we win the House back, Rahm deserves credit and he deserves a place in leadership," said one Democratic lawmaker allied with Emanuel. Some see the whip as the ideal post to showcase Emanuel's effectiveness.

With strong ties to the centrist Democratic Leadership Council (DLC), he appeals to many moderates. He would also have considerable cachet among newly elected members, many of whom he would have personally recruited and funded.

"He's done a helluva job," said Rep. John Tanner (D-Tenn.), a founder of the Blue Dog Coalition. "I'd be disposed to vote for him if he does want to run. He's not ideologically hide-bound; He's not in an ideological straight-jacket."

"He has a lot of chits to pull in," conceded a Democratic member who supports Clyburn's bid.

The DCCC post has served as a stepping stone to whip in the past. Former Rep. Tony Coelho (D-Calif.) became whip in 1987 after serving as DCCC chairman from 1981 to 1986.

But Emanuel carries some personal baggage with him. His penchant for profanity and bluntness provokes strong emotions in many quarters, especially with the Congressional Black Caucus and the Congressional Hispanic Caucus.

Emanuel himself has long refused to entertain questions about his future, stating that his singular focus is on winning in November.

"Rahm is focused solely on his responsibilities to his Democratic candidates, and to his caucus," said a DCCC aide, "He doesn't have the luxury or the time to focus on anything but the midterm elections."

A Democratic lawmaker allied with Emanuel suggested that Clyburn may be too hard to beat.

"There's this innate desire of the caucus to be representative of all races and genders," said the lawmaker. "It's one of the all-powerful characteristics of the caucus and it's hard to go against." The lawmaker suggested that Democrats might instead opt to create a new leadership position, such as assistant speaker, to accommodate Emanuel. A group of 40 House Democrats are currently rewriting their caucus's rules and have discussed the idea of adding that post to their roster of elected leaders.

Elsewhere on the leadership ticket, full-fledged races have broken out. Reps. Steny Hoyer (D-Md.) and John Murtha (D-Pa.) are vying for majority leader. Rep. Xavier Becerra (D-Calif.) has declared for caucus vice-chair.

Washington Wire (WSJ)

Wall Street Journal, September 14, 2006

September 13, 2006, 7:00 pm Bush's Iraq Push Yields Small Gains in Poll

President Bush's latest communications offensive on Iraq appears to be yielding small initial dividends, increasing Republican and independent support as the mid-term election campaign enters its homestretch.

A new Wall Street Journal/NBC News poll shows that Mr. Bush's overall approval rating, as well as his rating on handling Iraq, rose modestly after a series of speeches imploring Americans to remain patient despite repeated setbacks in the war.

It remains "a modest uptick" in "a very difficult national environment" for the president's party in mid-term elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though improved from 38% in June. (See full story) – John Harwood

Read more: Global, Foreign Policy, Iraq, White House, Campaign Journal

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September 13, 2006, 4:55 pm Shadegg Donation Stirs Talk of Leadership Run

After losing his race for House majority leader earlier this year, Arizona Republican Rep. John Shadegg today showed his colleagues that he may be planning another run for the Republican leadership. At a closed-door meeting today of all House Republicans, Shadegg announced he had raised $625,000 for the House Republicans' campaign arm. The sum far surpassed amount he and other Republican lawmakers were asked to raise for the National Republican Congressional Committee.

More importantly, it sparked talk that Shadegg may be interested in another campaign for the House leadership. His donations went to a special party committee that will be used for getting voters to the polls on Election Day. Republicans, who will elect their party leaders before the next session of Congress, give considerable weight to fund-raising ability.

Ironically, Shadegg's attempt to become a party leader would be helped if Republicans lose enough seats in the November election to hand control of the House to Democrats. A Democratic takeover could lead rank-and-file Republicans to reassess their party's leadership.

House Republicans hope to raise $17.5 million for the get-out-the-vote fund. The man who beat Shadegg earlier this year, Majority Leader John Boehner of Ohio, has contributed $550,000 to the fund, and he kicked in $210,000 total to cover the obligations of three vulnerable Republicans so they can focus on raising money for themselves. Others to top the $550,000 mark include Speaker Dennis Hastert of Illinois, Majority Whip Roy Blunt of Missouri, Rep. Eric Cantor of Virginia and Rep. Jim McCrery of Louisiana. –Brody Mullins

Read more: Global, Campaign 2006, Congress

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September 13, 2006, 3:43 pm Cole Turns to Voter Turnout

Oklahoma Congressman Tom Cole could now hold the inside line to succeed Rep. Tom Reynolds of New York as head of the National Republican Congressional Committee.

Reynolds, who will step down after the November election following two terms heading the House Republicans' campaign apparatus, tapped Cole to head up the committee's get-out-the-vote effort. With Republican Chairman Ken Mehlman leading the Republican National Committee's mammoth effort and the Oklahoman directing the congressional side, Reynolds said Republicans had created a "voter turnout dream team." They'll need it. Republicans' worst nightmare right now is that disillusioned conservatives will avoid voting Nov. 7.

Cole was chief of staff at the RNC during the 2000 election cycle and executive director of the NRCC during the 1992 election. A Reynolds associate tells The Wall Street Journal that the Cole posting doesn't suggest an endorsement. His rivals for the job — Texan Pete Sessions and Pennsylvanian Phil English — already have substantial roles in the NRCC's campaign and have been raising lots of dough for colleagues and candidates. –Amy Schatz

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September 13, 2006, 1:36 pm Paulson's Coming Out Party

Paulson As part of his ongoing effort to resurrect the stature of the Treasury and set the tone for his coming trip to Singapore and China, new Treasury Secretary Henry Paulson invited a host of academics, business representatives and ambassadors to attend his first speech on the international economy this morning.

Among those seated for the 40-minute speech in the Treasury's historic Cash Room — designed in the 19th Century as a roofed version of an Italian palazzo, a traditional bank design throughout Europe — were Jim Sasser, the former Tennessee Democratic senator and ambassador to China under President Clinton; Charlene Barshefsky, the former U.S. Trade Representative in the Clinton years; John Engler, head of the National Manufacturers Association and a former Republican governor of Michigan; and heads of Council on Foreign Relations, the Securities Industry Association and the Financial Services Forum.

After the speech, Paulson invited guests to a reception in his office, where he personally greeted each one as they munched on cheese and crackers and sipped soft drinks. The speech was Paulson's second, but his first in Washington. The first was delivered at Columbia University's Graduate School of Business in New York.

Mr. Paulson spent the morning reaching out to members of Congress in advance of his speech, talking to folks on both sides of the aisle including Iowa Sen. Charles Grassley, Montana Democrat Sen. Max Baucus, Washington Democrat Sen. Patty Murray and several House members such as California Republican Bill Thomas and New York Democrat Charles Rangel. The night before the speech Mr. Paulson talked with two vocal critics of the China's currency policy — Sens. Charles Schumer (D., N.Y) and Lindsay Graham (R., SC). –Deborah Solomon

Page One: How Paulson Will Press Beijing, but Also Reject China-Bashing

Read more: Economy

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September 13, 2006, 12:50 pm Targeting Sen. Allen

Virginia Sen. George Allen hasn't exactly had the best month. There was the "macaca" gaffe. And then there were the dropping poll numbers, likely a result of the macaca gaffe. And let's not forget the "ethnic rally" slideshow, which is still up on his campaign site despite wide mocking from bloggers.

Allen

Today brought more fun for Allen campaign strategists, as a scathing ad debuted this morning attacking the Republican senator for voting against a measure that might have helped provide lifesaving body armor for U.S. troops in Iraq and Afghanistan.

"We believe the voice of the troops is sorely lacking in Washington and we're trying to change that," said Jon Soltz, chairman of VoteVets political action committee, which sponsored the ad. It will air on some broadcast stations and cable operators in Virginia, although the group wouldn't say where or how much the ad buy would be.

The group dubs itself as nonpartisan and notes it has given contributions to both Democrat and Republican vets, including Republican Sam Schultz, who received $2,100 in April for an unsuccessful primary bid to oust incumbent Rep. Mike Sodrel in Indiana's 9th congressional district. It's not endorsing Allen's opponent, James Webb, or any other candidates who haven't served in Iraq or Afghanistan, Soltz said.

The VoteVets board includes several prominent Democrats, including former Sen. Bob Kerrey, former Democratic presidential candidate Gen. Wesley Clark and Clinton administration official Elaine Kamarck, who has a son who served in Iraq, according to the site. The PAC's last campaign finance report in June showed it received $118,517 in contributions so far this year (including $5,000 from Christopher Heinz).

It's not clear how much money this group has, but if they get more contributions as a result of the Allen ad, other senators better watch out: "There are plenty of senators who deserve to be targets of this ad and they may be," Soltz said. "We have it ready to go in other states." –Amy Schatz

Read more: Campaign 2006

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September 13, 2006, 11:13 am Primaries Produce Some Upsetting Results

The Republican rumble in the Rhode Island yesterday between Cranston Mayor Steve Laffey and incumbent Sen. Lincoln Chafee (who won last night) attracted the most attention, but other races around the country also produced some intriguing results.

Could seven-term Democratic Congressman Albert Wynn be on the verge of losing a primary race in Maryland? Wynn represents the 4th District in suburban Washington and has been battling attorney Donna Edwards. Earlier this morning, with 75% of precincts reporting, she had about a 200 vote advantage, although Wynn has since made up some ground. At last check, he had a 938 vote advantage with 81% of precincts reporting. Edwards was a former employee of the congressman earlier in her career, but she seemed to gain some major momentum after attacking his vote in favor of the war in Iraq.

While the Chafee win was a huge relief for the Republican Party leaders, who fretted Laffey was too conservative to win in November, other races around the country produced something of a mixed blessing for both parties, which had taken sides in several races in hope of producing the strongest candidates for November. In Arizona's 8th congressional district, conservative Randy Graf defeated the National Republican Congressional Committee-backed candidate Steve Huffman, a moderate who was the personal choice of Republican Jim Kolbe, a moderate who is retiring.

In New Hampshire, however, Democrat Jim Craig was upset by Carol Shea-Porter, another Iraq-war critic, in a low-turnout primary race for the 1st District seat. Craig's campaign received some support from the Democratic Congressional Campaign Committee, although it's probably a stretch for the NRCC to call the $24,500 national Dems contributed to Craig's campaign "significant financial backing." Nevertheless, congressional Republicans were chortling over the DCCC's loss this morning: "The DCCC has now seen five of their hand-picked candidates lose during the 2006 primary season (Steve Filson in CA-11, Andrew Horne in KY-03, Craig, (Judy) Aydelott (in NY-19), and Joe Sulzer in OH-18.)" Shea-Porter will now try to capture the seat held by Republican Jeb Bradley.

Meanwhile, in Wisconsin, Republican state Assembly Speaker John Gard easily won the nomination for the 8th District and will go up against Democrat Steve Kagen in November. Gard was the national Republican's choice for the seat and was already being targeted by ads from the DCCC in the primary. Now the fun really begins as both well-funded candidates begin battling for this open seat, which both parties are prepared to spend handsomely to win. "Make no mistake about it, John Gard will keep Wisconsin's 8th in the GOP column come November," the NRCC said this morning. –Amy Schatz

Read more: Campaign 2006

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September 13, 2006, 6:10 am Survival Instinct

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By helping moderate incumbent Sen. Lincoln Chafee of Rhode Island across the finish line in Tuesday's Republican primary, President Bush's party signaled its pragmatism and determination to hold power in the face of a strong midterm election challenge from Democratic adversaries.

Chafee's victory hardly guarantees that Republicans hold the Rhode Island seat; some polls have shown him behind Democratic opponent Sheldon Whitehouse in a "blue" state John Kerry won handily in the 2004 presidential race. But he had displayed a far more formidable ability to compete than conservative primary challenger Steve Laffey.

The seat is critical to Democrats' uphill fight for the six-seat gain needed to recapture control of the Senate. That's why the national Republican Party poured resources into boosting turnout for Chafee and attacking Laffey in ads and mailings.

Those maneuvers were all the more striking given the party's Bush-era reputation for catering above all to its conservative base. Chafee has opposed Bush on the most important foreign and domestic initiatives of his presidency – the Iraq war and tax cuts. He has even mused publicly about the possibility of becoming a Democrat.

Yet Bush's reduced standing and the war's unpopularity have diminished the president's leverage and left many Republican candidates seeking distance from the administration. In the wake of last night's results, Republican Party Chairman Ken Mehlman swallowed any misgivings about Chafee's iconoclasm and hailed him as a "principled voice" for Rhode Island; the Republican Senate committee chair, Sen. Elizabeth Dole of North Carolina, praised his "independent, honest leadership."

Chafee's victory complicates Democratic strategy for the Rhode Island general election. Instead of hitting Chafee on policy as they would have attacked Laffey, Democratic strategists say they'll instead tie the moderate incumbent to a single vote – the one to elect a Republican leader for the Senate when the new Congress convenes. By facilitating Republican control of the Senate, they plan to argue, Chafee would empower Bush for the last two years of his presidency even if he defies the White House on key policy choices.

Republican voters displayed less of a pragmatic streak in Arizona Eighth district primary election to succeed retiring moderate Republican Rep. Jim Kolbe. Kolbe had endorsed moderate Steve Huffman as his successor, and Republican Party leaders backed Huffman as the most electable candidate. Yet primary voters bucked those signals and instead nominated Randy Graf, who took a more conservative line on immigration and other issues in the border district.

That outcome cheered Democrats who consider the race critical to their hopes of picking up the 15 seats needed to win control of the House. Democrats nominated the candidate the national party considered most competitive, Gabrielle Giffords, over former TV anchor Patty Weiss.

After a comparatively mild primary battle, Democrats are counting on achieving greater unity in the fall campaign. The Republican contest between Graf and Huffman had a harsher edge, complicating the challenge of rallying the party faithful in November. — John Harwood

Read more: Campaign 2006

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September 13, 2006, 6:00 am Fuel for Republicans?

Republicans could get a boost heading into the midterms from gasoline prices. Prices have fallen more than 35 cents from their $3 a gallon peak in early August and could fall another 35 cents in the weeks ahead because of the recent plunge in oil prices.

High gasoline prices have been a key factor behind the low approval ratings voters give President Bush and the Republican Congress on the economy. Democrats have also used high oil prices to paint the Republicans as the friends of Big Oil.

The price of gasoline is "one leg of a three-legged stool that is upside down and jabbing Republicans in the butt," says Glen Bolger, a partner at Republican polling firm Public Opinion Strategies. The other two are health care costs and stagnant wages. The drop in gas prices is "certainly happening at the right time. There's 56 days left [before the election]. If it continues to drop, that can only redound to our favor."

Administration officials have already started touting the turnaround. Edward Lazear, chairman of Bush's Council of Economic Advisers, said in a speech Tuesday that wages, unadjusted for inflation, have started to pickup recently in a lagged response to big gains in worker output per hour (productivity). But workers haven't enjoyed the benefits, he said, because "recent large and unanticipated increases in energy prices have consumed much of this strong nominal wage growth." Then he noted: "With recent declines in gasoline prices, however, there is the prospect of substantial real wage growth in the rest of 2006."

Inflation data aren't getting the attention now that jobs stats did in 2004. Nonetheless, the GOP could benefit from fortuitous timing on inflation data. The bulk of the recent decline in gasoline prices will show up in the September inflation report. In the same month, the 12-month inflation rate will no longer contain the huge increase in gasoline prices that followed Hurricane Katrina in September 2005. Based on some calculations from Goldman Sachs, that could show the inflation rate plummeting to 2.4%, the lowest in over two years, from 4.3% as recently as June. That report is to be released on Oct. 18, three weeks before

the election. A few months after the election, the inflation rate will probably jump back up, because it will no longer be held down by a big drop in gasoline prices in November, 2005.

Still, Democrats maintain the decline will be too little, too late to make a difference. Geoffrey Garin, president of Hart Research Associates, notes that prices have moved sharply up and down for the last year without dislodging gasoline prices as an issue from voters' minds. "The public's been pretty badly scarred over the course of the last year and it will take longer than the two months left in this election cycle for the scars to go away." — Greg Ip

Page One: Falling Oil Prices May Spell Relief for Consumers

Read more: Campaign 2006, Congress, Economy

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Democrats Plan To Reduce Need For Abortions (CHIT)

By Mike Dorning

Chicago Tribune, September 14, 2006

WASHINGTON -- Reaching out to more moderate, church-going voters with misgivings about abortion, House Democrats plan to unveil legislation on Thursday that sets a public policy goal of reducing abortions in America.

The proposal, to be announced at a news conference attended by House Democrats' national campaign chairman, Rep. Rahm Emanuel (D-Ill.), would not restrict access to abortion. Instead, it promotes such preventive measures as funding for contraceptives and expanded sex education geared toward avoiding pregnancy as well as support for adoption and services to new mothers, according to several people familiar with the legislation.

The legislation targets voters who have concerns about abortion but who are not absolutely opposed to the procedure. Its introduction follows extended discussion in Democratic political circles about improving the party's image with traditionalist voters and public efforts by prominent Democrats to fashion an approach to abortion with broader appeal.

In January, Sen. Hillary Clinton (D-N.Y.) urged the party to find "common ground" with abortion opponents. Sen. Barack Obama (D-Ill.) this summer chastised fellow Democrats for giving insufficient regard to "the power of faith."

The issue is delicate as the party seeks to address the ambivalence much of the American public feels toward abortion without offending a Democratic base that includes many passionate believers in abortion rights who are wary of any sign of a weakening in resolve to protect those rights.

The legislation will be announced less than eight weeks before the Nov. 7 mid-term election in which Democratic hopes of wresting control of Congress depend in part on competing in a number of socially conservative districts in places like Ohio and Pennsylvania. The Democratic Senate nominee in Pennsylvania, Bob Casey, opposes abortion rights.

Republicans in recent years have appealed to the unease over abortion felt by many moderates with such legislation as parental notification laws and the ban on certain late-term abortions that detractors labeled "partial-birth abortions."

But Democrats hope the new legislative package will allow candidates to demonstrate that their party acknowledges the moral reservations that many Americans feel about abortion and has a plan to take positive steps to cut use of the procedure.

"From our perspective, it shows Democrats are changing the debate and making it a priority to reduce abortions in America while leaving personal liberties intact," said Rachel Laser, a policy analyst with the center-left group Third Way who was involved with preparation of the legislation.

The House legislation, which is to be co-sponsored by anti-abortion Rep. Tim Ryan (D-Ohio) and abortion rights supporter Rep. Rosa DeLauro (D-Conn.), avoids some of the divisive issues that have been in Democratic legislative packages introduced earlier in the year.

In contrast to a package introduced by anti-abortion Democrats this spring, the legislation does not include a provision to ban adults from transporting minors across state lines to avoid parental notification laws.

The legislation being introduced Thursday also leaves out some of the more controversial provisions on contraception included in another package proposed this year by Senate Democratic Leader Harry Reid of Nevada. The Reid legislation would require private group health plans to include contraceptive coverage in prescription drug benefits.

But the House Democrats' bill would considerably expand access to contraceptive services for low-income women. It calls for expanded funding to federal family planning programs and mandates that states provide contraceptive coverage to women with incomes up to twice the federal poverty level.

A congressional aide familiar with the legislation said the sponsors do not yet have a cost estimate for the measure.

According to descriptions from people who have seen the measure, the package also would provide grants for sex education with an "abstinence focus" but would also require that the programs include complete instruction on contraceptives.

Abortion providers would be required to notify patients of the risks of abortion procedures. In the past, abortion rights groups have often fought such patient notification proposals because they considered the wording to be overly alarmist. But the

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abortion providers would fashion the notifications through guidance from medical groups, such as the American College of Obstetricians and Gynecologists, which does not oppose abortion rights.

There are also provisions for adoption tax credits, funding for nurses to make home visits for teenage and new mothers, funding for day-care programs and expanded funding for health care for low-income mothers and children.

Social Security Lays Out The Funding Consequences (WP)

By Stephen Barr

The Washington Post, September 14, 2006

The Social Security Administration would be forced to send employees home without pay and shut offices 10 days next year if Congress does not increase its funding in fiscal 2007, the agency has told Congress.

"Fewer resources mean fewer people to serve the public in all areas of SSA's operations," Jo Anne B. Barnhart , the Social Security commissioner, said in a letter to the Senate Appropriations Committee. "Because these budget reductions will affect all employees, they will result in major service disruptions across all workloads."

If the agency resorts to furloughs, the Social Security network of 1,300 field offices would close, probably a day at a time over a five- to six-month period. On those days, the public would not be able to apply for Social Security numbers, replace Social Security cards, file for retirement or disability benefits or obtain decisions on pending disability claims and appeals.

In 2006, nearly 49 million Americans will receive approximately $539 billion in Social Security benefits.

"For an agency like ours, it is kind of a shock," said Richard Warsinskey , president of the National Council of Social Security Management Associations.

Warsinskey said he understands that companies lay off and furlough employees in bad economic times, "but this is a public service issue." He said, "We don't want to take a well-run agency and make it mediocre because we don't get enough money."

Mark Lassiter , the Social Security press officer, said no decisions on furloughs have been made. The House and Senate have not finished work on the agency's budget and Barnhart "remains hopeful that the president's budget request will be approved by Congress," he said.

The Senate bill would provide about $9 billion for the agency -- about $400 million less than the president's request and about $54 million less than what the agency received for this year's budget. The House proposal would leave Social Security about $200 million short of what the White House is seeking.

The agency's budget may not be resolved until after the November elections, congressional aides said. A spokeswoman for the Senate Appropriations Committee said House and Senate negotiators would review the agency's funding and staffing levels later this year. Many agencies are likely to face budget squeezes next year, in part because Congress faces tough decisions on financing the Iraq war and homeland security.

Social Security, headquartered in Baltimore, has about 65,000 employees, and officials estimate that more than 40 percent of its workforce will retire by 2014. It appears that not all departing employees will be replaced because of budget pressures. Only one employee is being hired for every three that depart, according to 2006 and 2007 budget plans.

Darryl Perkinson , president of the Federal Managers Association, said reduced appropriations for Social Security will probably worsen the backlog of cases in the agency's Office of Disability and Adjudication Review. The association estimates the backlog has grown to 730,000 cases with an average processing time of 481 days. The group is urging Congress to pass the president's budget request and support adequate staffing levels in the disability review office.

Witold Skwierczynski , president of the American Federation of Government Employees' national council for Social Security field operations, testified before Congress in May and warned that the nation's demographics and baby-boomer retirements would require increases in skilled field staff in coming years.

In her letter, Barnhart indicated that the Senate's proposal to provide $400 million less than in the president's budget would require a hiring freeze, overtime reductions and other overhead cuts in addition to a 10-day furlough of staff.

Warsinskey said the agency is scouring its budget for ways to save money. "SSA has never been faced with this before," he said, referring to the prospect of a furlough.Electronic Health Records

The House federal workforce subcommittee approved a bill yesterday that would require insurance companies in the Federal Employees Health Benefits Program to make an electronic health record available to enrollees upon request.

The bill goes to the House Government Reform Committee for consideration. Rep. Jon Porter (R-Nev.), the subcommittee chairman and bill's sponsor, said electronic records will improve health-care delivery and help reduce medical errors. Companies would not be allowed to pass along costs of providing the records in premium increases, according to the bill.

Dueling Ex-Party Bosses (RC)

DOJ_NMG_0063120

By Mary Ann Akers

Roll Call, September 14, 2006

It was Ed Gillespie's book party, but it was his friendly political rival, Terry McAuliffe, who walked around touting his own new book and bragging how he's going to land on the best-seller list.

"He's incorrigible," Gillespie laughed.

Gillespie and McAuliffe really hit it off in 2004 when the two Irish Catholics ran their respective party operations, Gillespie at the helm of the Republican National Committee and McAuliffe overseeing the Democratic National Committee.

After working on it for 53 weeks, McAuliffe on Tuesday put the final touches on his 170,000-word book "What A Party" and shipped it off to the publisher. It's due out on Jan. 9.

Ironically, and in typical grandstanding style, McAuliffe finished his book on the very day that Gillespie chose to celebrate his new tome, "Winning Right: Campaign Politics and Conservative Policies," published by Simon and Schuster.

McAuliffe was among the fabulous turnout of a who's who of politicos, though no one, not even a single Republican, seemed to linger at the party quite as long as he did. And his favorite topic of conservation was, you guessed it, his book, which includes his inside perspective on the Democratic Party as a close confidant of former President Bill Clinton.

"Get your seatbelts on, it's gonna be a great book," he told HOH on the telephone Wednesday. "I think it'll keep you laughing through the whole book ... I think people will learn a lot from it, too."

Gillespie, a partner at Quinn Gillespie & Associates, said that, obviously, the two books will be at odds "on a number of different fronts." But he joked that he couldn't really promise it would be as sexy or explosive as his buddy's.

"He has a little bit of an edge, because he has Clinton stories in his," Gillespie said.

Burns Flies First Class, Wife Coach. A salivating Democratic informant sent HOH an e-mail with the most disturbing news: Sen. Conrad Burns (R-Mont.) flew first class to Washington, D.C., on Monday while his wife was stuck back in coach.

The Burnses flew back on a Northwest Airlines flight from Minneapolis to Ronald Reagan Washington National Airport. The informant sent the information with an accompanying nasty editorial note that said, "Guess women really are second class to him."

The gratuitous little jab was a reference, ironically, to an incident in which two Northwest Airlines flight attendants accused the Senator of sexism after he reportedly suggested to one of them that she could stay at home and be a mother if she lost her job to outsourcing.

Burns denied sexism in that case or in the case of taking the first-class seat while his wife, Phyllis, rode coach on Monday. And we must point out that Mrs. Burns has not accused her husband of sexism. In fact, HOH tends to believe that Sen. Burns wasn't playing the big man card taking the first-class seat while making his little woman ride in the stuffy coach seat.

For one, she had the roomiest coach seat available: the exit row. Burns' spokesman, James Pendleton, swears the Senator chivalrously offered to take that seat and give Phyllis the only first class seat they could get. But she wouldn't hear of such nonsense.

"She declined, as she felt there was more room for him to work with his laptop, etc., in First Class," Pendleton told us via e-mail.

He wrote that it's "no surprise" that Burns has "well over a million miles on Northwest, and gets upgrades to First Class when available, just like any other super-frequent flyer."

On Monday, both he and Mrs. Burns had purchased coach tickets and at the time they upgraded, there wasn't room for both of them to go first class, Pendleton said.

For those of you still feeling sorry for Mrs. Burns, look on the bright side — maybe she can hold this one over her husband's head and get an upgrade on something else she might like.

Mad Max's Milestone. Hurray for Sen. Max Baucus! The Montana Democrat cast his 10,000th Senate vote on Wednesday, becoming one of just 27 in the history of the Senate who have cast 10,000 or more votes.

Baucus' chief of staff, Jim Messina, could hardly believe it himself when he heard the news. "Ten thousand votes? Well, I can still remember the first, and disco was still popular."

Yep, everybody was dancing to "Disco Inferno" and "Stayin' Alive" the year Baucus was elected to the Senate, 1978.

Ends Without Means (NYT)

By David Brooks

The New York Times, September 14, 2006

A leader's first job is to project authority, and George Bush certainly does that. In a 90-minute interview with a few columnists in the Oval Office on Tuesday, Bush swallowed up the room, crouching forward to energetically make a point or spreading his arms wide to illustrate the scope of his ideas — always projecting confidence and intensity.

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He opened the session by declaring, "Let me just first tell you that I've never been more convinced that the decisions I made are the right decisions," and he grew more self-assured from there. I interview politicians for a living, and every time I brush against Bush I'm reminded that this guy is different. There's none of that hunger for approval that is common to the breed. This is the most inner-directed man on the globe.

The other striking feature of his conversation is that he possesses an unusual perception of time. Washington, and modern life in general, encourages people to think in the short term. But Bush, who stands aloof, thinks in long durations.

"I got into politics initially because I wanted to help change a culture," he says, referring to his campaign against the instant gratifications of the 1960's counterculture. And he sees his efforts today as a series of long, gradual cultural transformations. Like many executives, he believes that the higher you go, the further into the future you should see, and so his conversation is filled with speculations about the long-term effects of deep social trends — the current religious awakening or the politics of volunteer armies.

All of which prepares him to think about the war on terror as a generations-long struggle. He asked us to think about what the world could look like 50 years from now, with Islamic radicals either controlling the world's oil supply or not. "I firmly believe that some day American presidents will be looking back at this period in time, saying, 'Thank goodness they saw the vision,' " he said.

Sitting between busts of Lincoln and Churchill, he continued, "My hope is to leave behind something — foundations and institutions that will enable future presidents to be able to more likely make the tough decisions that they're going to have to make."

"Ideological struggles take time," he said, explaining the turmoil in Iraq and elsewhere. He said the events of weeks or months were just a nanosecond compared with the long course of this conflict. He was passionate on the need for patience and steadfastness. He talked about "inviolate" principles written upon his heart: "People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift."

He was less personal and less assertive when talking about those tactical decisions made day to day.

We are now at a moment when many of the people who support his long-term goals, and who have stuck with him as the situation in Iraq has deteriorated, fear the war is irreparably lost. The general view among many Republicans is that Bush set out grand goals, but never committed resources commensurate with the task.

Bush was pressed about Iraqi troop levels repeatedly during our interview. His general response was that during Vietnam, tactical decisions were made in the White House. "I thought it was a mistake then, and I think it's a mistake now."

So on troop levels and other tactical issues, Bush defers to Gen. George Casey, who is in Iraq. He asks questions but does not contradict the experts. If Casey asked for two more divisions tomorrow, Bush would deliver, regardless of the political consequences. But Casey does not ask (and maybe none are available).

What if Casey is wrong?

"Then I picked the wrong general," Bush says bluntly. "If he's wrong, I'm wrong."

When asked if he should have expanded the military back in 2003, to give the current commanders more manpower, Bush used words that were uncharacteristically jargon-ridden: "The notion of warfare has changed, and therefore, we're modulizing the army so that it becomes more operational and easier to move." That sounds more like a transformation briefing paper than the president.

In other words, when Bush is strategizing goals, he is assertiveness on stilts. When he is contemplating means, he defers to authority.

And the sad truth is, there has been a gap between Bush's visions and the means his administration has devoted to realize them. And when tactics do not adjust to fit the strategy, then the strategy eventually gets diminished to fit the tactics.

Or worse.

The Medicare Monster (WP)

By Robert J. Samuelson

The Washington Post, September 14, 2006

Unless you're a news junkie, you probably missed Mark McClellan's announcement that he'll resign in early October, after two grueling years as head of CMS.

What's CMS? Well, it's the Centers for Medicare and Medicaid Services, which spent $515 billion in 2005 -- 21 percent of the federal budget and about $21 billion more than all defense spending. Leaving government presents McClellan with a golden opportunity: He can tell us what to do about Medicare. It's the monster in our future -- and no one knows it better than McClellan, who is a medical doctor, a Ph.D. economist and, since 2004, Medicare's chief bureaucrat. Moreover, he's not a rabid partisan. He also worked for Bill Clinton.

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If monster seems like rhetorical overkill, then recall what the aging baby boom does to government. Federal spending on the elderly is plausibly projected to double from 2000 to 2030 as a share of national income. About three-quarters of that increase will be health spending -- mostly Medicare but also Medicaid (70 percent of Medicaid spending goes to the old and disabled). The projected increase in health spending exceeds all of today's discretionary domestic spending on schools, the FBI, the environment and much more. If the "aging problem" involved only higher Social Security spending, we could handle it easily.

We all know that runaway health spending is already driving up the number of uninsured (latest count: 46.6 million), because insurance is increasingly too expensive for employers to cover low-skilled workers. Now uncontrolled health spending will dominate the federal budget and pose ugly choices: (a) raise taxes sharply, (b) gut other programs and (c) run ever-larger -- and more dangerous -- deficits.

Some economists believe that we've gotten our money's worth from higher health spending. Since 1960 life expectancy at birth has risen from about 70 to over 77. Harvard health economist David Cutler attributes about half the increase to medical advances -- new drugs, surgeries and therapies. (Candidates for the other half: less smoking, less-punishing jobs, fewer accidents.) Academic studies suggest that people value an extra year of life at about $100,000, says Cutler. That's how much they'd pay -- in theory -- to live a year longer. Since 1960 the average extra health spending at all ages needed to increase life expectancy one year has been less than $100,000 per person. Therefore we've gotten value for money.

By this logic, higher health spending is nonthreatening. In a recent paper, economists Robert Hall of Stanford and Charles Jones of the University of California at Berkeley suggest that health spending may reach 30 percent of national income by 2050, up from 16 percent today and 5 percent in 1950. But they are unperturbed, because as Americans get richer, they prefer more health spending -- longer and better lives -- to a "third car [or] yet another television."

I'm not in this camp. Yes, much health spending has been beneficial and cost-effective. In the future, biotechnology or stem cells may produce large gains against Alzheimer's disease, Parkinson's and cancer at reasonable costs. But the present explosion in health spending is increasingly wasteful and socially corrosive. It may ultimately lower economic growth -- a side effect of the high taxes needed to pay for Medicare and Medicaid -- and already depresses take-home pay, squeezes other public services and redistributes income from the young to the old. Meanwhile, the extra health benefits are dwindling.

Today's waste transcends excess paperwork (an easy rhetorical target) and mainly involves unnecessary or harmful care. Using Medicare records, John Wennberg and colleagues at Dartmouth Medical School have documented huge variations in care -- with few, if any, benefits. One study examined 4.7 million Medicare patients with any of 12 chronic illnesses who died from 2000 to 2003. In New York, some hospitalization rates were twice as high as at the Mayo Clinic. (Indeed, Cutler's latest calculation just for the elderly sends the same message; by the 1990s, it cost about $145,000 to increase an average life one year for those over 65.)

We should overhaul Medicare, but just how is unclear. To know, we need to answer three questions: (1) How much health spending can the economy absorb without having higher taxes or depressed wages reduce economic growth? (2) Who should pay for Medicare -- that is, should older people pay more (lessening the burden on the young)? (3) How can we pay physicians and hospitals for better outcomes and not just for more tests, hospitalizations and visits? These questions apply to any system we might adopt -- from a government-run "single payer" system to more "consumer-driven" health care.

Carrying out President Bush's agenda -- including the new drug benefit -- McClellan couldn't pose these basic questions. Now he says he plans to settle at a think tank or university, where he can. He has a huge chance to help define the needed debate. Most studies of Medicare have had a narrow and technical focus, evading the truly central issue. It isn't "What's good for Medicare beneficiaries?" Rather, it's "What's good for America?"

OTHER NEWS:

Another Strong Session For The Dow Puts It Within 180 Points Of A Record (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 14, 2006

Oil prices broke their losing streak, but stocks continued their winning ways.

The Dow Jones Industrial Average jumped 45.23 points, or 0.39%, to a four-month high of 11543.32. It was the average's 10th-highest close and only the 13th time it ended the day above 11500. The Dow sits 180 points from its all-time peak on Jan. 14, 2000, the record close of 11722.98.

Blue-chip stocks gained despite crude oil's finish 21 cents a barrel higher on the New York Mercantile Exchange, the first gain for crude in the past eight trading sessions. At $63.97 a barrel, the price is still more than 8% below its level at the start of the month and 17% below its July peak.

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The broad Standard & Poor's 500-stock index gained 0.38%, or 4.96 points, to 1318.07, while the tech-heavy Nasdaq Composite index rose 0.53%, or 11.85, to 2227.67. Smaller stocks, often more volatile than their bigger brethren, gained 0.86%, or 6.22 points, to 730.70 on the Russell 2000 index.

Energy and commodity stocks showed strength in a day when economically sensitive stocks trumped defensive plays. Exxon Mobil rose 1%, and Alcoa added 2%. Financial stocks benefited from better-than-expected earnings at investment bank Lehman Brothers Holdings Inc. Lehman, which also reported strong revenue and a strong outlook for investment-banking deals, rose 3%. Goldman Sachs Group, which reported earnings Tuesday, tacked on 1.6%.

Commodity prices continue to be in the spotlight, as investors consider whether consumer spending will carry the economy. Tomorrow, investors will get the latest reading on inflation when the latest Consumer Price Index is released.

"The big debate that's raging" is whether falling gasoline and oil prices help the consumer enough to offset the weakening housing market, says Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage firm. "The consumer still seems to be spending," he says, in part because falling oil prices act as an immediate "tax cut" that encourages spending.

Mr. Harrington points to Best Buy, which reported this week that quarterly profit rose 22% on higher sales of flat-panel televisions and notebook computers. But should the economy reheat enough, commodity prices may jump higher. And the factors pushing oil prices down -- a mild hurricane season, OPEC sticking to production schedules and a seasonally slow period for demand -- could easily turn around in coming months.

In major U.S. market action:

Stocks rose. Trading volume for stocks listed on the Big Board was 2.625 billion shares, with 2,277 stocks rising and 1,053 falling.

Bond prices advanced. The 10-year Treasury note rose 2/32, or 62.5 cents for each $1,000 invested, pushing the yield down to 4.767%. The 30-year bond rose 3/32, to yield 4.898%.

The dollar was down. It traded at 117.58 yen, down from 117.95, while the euro rose against the dollar to $1.2697 from $1.2691.

Oil Prices Poised To Drop Sharply, Energy Consultant Says (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 14, 2006

WASHINGTON - The recent sharp drop in the global price of crude oil could mark the start of a massive sell-off that returns gasoline prices to lows not seen since the late 1990s - perhaps as low as $1.15 a gallon.

"All the hurricane flags are flying" in oil markets, said Philip K. Verleger, a noted energy consultant who was a lone voice several years ago in warning that oil prices would soar. Now, he tells McClatchy Newspapers, they appear to be poised for a dramatic plunge.

Crude oil prices have fallen about $14, or roughly 17 percent, from their July 14 peak of $78.40. After falling seven straight days, they rose slightly Wednesday in trading on the New York Mercantile Exchange, to $63.97, partly in reaction to a government report showing fuel inventories a bit lower than expected. But the overall price drop is expected to continue, and prices could fall much more in the weeks and months ahead.

Here's why.

For most of the past two years, oil prices have risen because the world's oil producers have struggled to keep pace with growing demand, particularly from China and India. Spare oil production capacity grew so tight that market players feared that any disruption to oil production could create shortages.

Fear of disruption focused on fighting in Nigeria, escalating tensions over Iran's nuclear program, violence between Israel and Lebanon that might spread to oil-producing neighbors, and the prospect that hurricanes might topple oil facilities in the Gulf of Mexico.

Oil traders bet that such worrisome developments would drive up the future price of oil. Oil is traded in contracts for future delivery, and companies that take physical delivery of oil are just a small part of total trading. Financial players, such as large pension and commodities funds, are the big traders and they're seeking profits. They've sunk $105 billion or more into oil futures in recent years, according to Verleger. Their bets that oil prices would rise in the future bid up the price of oil.

That, in turn, led users of oil to create stockpiles as cushions against supply disruptions and even higher future prices. Now inventories of oil are approaching 1990 levels.

But many of the conditions that drove investors to bid up oil prices are ebbing. Tensions over Israel, Lebanon and Nigeria are easing. The hurricane season has presented no threat so far to the Gulf of Mexico. The U.S. peak summer driving season is over, so gasoline demand is falling.

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With fear of supply disruptions ebbing, oil prices began sliding. With oil inventories high, refiners that turn oil into gasoline are expected to cut production. As refiners cut production, oil companies increasingly risk getting stuck with excess oil supplies. There's already anecdotal evidence of oil companies chartering tankers to store excess oil.

All this is turning financial markets increasingly bearish on oil.

"If we continue to build inventories, and if we have a warm winter like we had last winter, you could see a large fall in the price of oil," said Gary Pokoik, who manages Hedge Ventures Energy in Los Angeles, an energy hedge fund. "I think there is still a lot of risk in the market."

As it stands now, the recent oil-price slump has brought the national average for a gallon of unleaded gasoline down to $2.59, according to the AAA motor club.

Should oil traders fear that this downward price spiral will get worse and run for the exits by selling off their futures contracts, said Verleger, it's not unthinkable that oil prices could return to $15 or less a barrel, at least temporarily. That could mean gasoline prices as low as $1.15 per gallon.

Other experts won't guess at a floor price, but they agree that a race to the bottom could break out.

"The market may test levels here that are too low to be sustained," said Clay Seigle, an analyst at Cambridge Energy Research Associates, a consultancy in Boston.

On Monday, the oil-producing cartel OPEC hinted that if prices fall precipitously, OPEC members would cut production to lift them. But that would take time.

"That takes six to nine months. If we don't have a really cold winter here (creating a demand for oil), prices will fall. Literally, you don't know where the floor is," said Verleger. "In a market like this, if things start falling ... prices could take you back to the 1999 levels. It has nothing to do with production."

Producers Move To Debunk Gloomy 'Peak Oil' Forecasts (WSJ)

By Bhushan Bahree And Jeffrey Ball

The Wall Street Journal, September 14, 2006

Leading players in the petroleum industry, including Saudi Arabia and Exxon Mobil Corp., are aggressively arguing that plenty of crude oil remains for world consumption, in an effort to counter critics who contend crude output is about to plateau.

That argument, known as peak-oil theory, has provided intellectual backing for the boom in crude prices and sowed doubts among some policy makers about crude's long-term reliability as an energy source. Such doubts, coupled with concern over sky-high prices, have added impetus to the search for oil substitutes -- including in Washington, where President Bush this year declared the U.S. "addicted to oil" and sparked a boom in interest in ethanol.

Some in the industry are keen to fight the threat posed by such fears.

Yesterday, Abdallah S. Jum'ah, chief executive of Saudi Arabian state-owned Saudi Aramco, the world's largest oil company by production, argued during a speech in Vienna that the world has more than a century's worth of crude left at current production rates. His talk followed similar remarks by a senior Exxon executive this week. Spokesmen for Exxon and Aramco said they aren't coordinating their remarks.

The belief that the Earth is running dry of oil is just one factor supporting crude prices. Oil supplies -- constrained by underinvestment when crude prices were lower -- have increased more slowly than demand, leading to a thin margin of spare pumping capacity and higher prices.

Demand has shown signs of slowing and prices have fallen from a nominal all-time high of more than $78 a barrel in July, though, adjusted for inflation, oil reached as high as $99.21 in April 1980. In New York yesterday, crude-oil futures rose 21 cents to settle at $63.97.

In a sign that oil-supply concerns are gaining currency, the Department of Energy has asked the National Petroleum Council, an oil-and-gas-industry research group, to investigate peak-oil claims. The council launched a study that includes different industries and environmental groups and appointed Lee Raymond, retired Exxon chief executive, as the study's chairman. It will survey existing studies and examine why they differ on how much oil and gas the world holds and what the response should be.

At an OPEC seminar yesterday, Mr. Jum'ah of Aramco said the world had produced only about one trillion barrels, or about 18%, of the earth's producible potential of 5.7 trillion barrels of oil. "That fact alone should discredit the argument that peak oil is imminent, and put our minds at ease concerning future petroleum supplies," he said. The remaining 4.7 trillion barrels should be enough to last more than 140 years at current output rates, he said.

Saudi Arabia, with a quarter of the world's proven crude reserves, has an interest in countering developments that would reduce demand. "If you are sitting on the world's biggest oil deposits, you would want to prevent the premature development of alternatives to oil," said Herman Franssen, president of International Energy Associates, a consulting firm in Bethesda, Md.

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In an interview, Mr. Jum'ah said the Saudis "don't mind the development of alternatives to oil," because increasing energy demand means the world needs supplemental energy sources. But he objected to government subsidies and other supports that lead people to believe that alternatives like ethanol are a "panacea" that is "around the corner," he said.

Still, 3.5 trillion of the roughly 4.7 trillion barrels of oil Mr. Jum'ah is counting on will depend on the development of new technologies. "I believe we will eventually tally about one trillion barrels each from yet-to-be-discovered fields and higher recovery rates" from existing fields, he said in the speech. He also factored in 1.5 trillion barrels from nonconventional sources, such as Canadian tar sands.

Mr. Jum'ah's speech came two days after Exxon's Australia chief, Mark Nolan, told an industry conference in Adelaide, Australia, that "the end of oil is nowhere in sight." Mr. Nolan cited a U.S. Geological Survey estimate of more than three trillion barrels of conventional recoverable oil resources, of which one trillion barrels has been produced. Conservative estimates of heavy-oil and shale-oil resources push the total to four trillion barrels, while a 10% increase in recoverability will deliver an extra 800 billion barrels, Mr. Nolan said.

An Exxon spokesman said the company has long been making a similar argument.

Even mainstream analysts see a practical limit to supply. "The international petroleum system will be hard-pressed to produce more than 100 million barrels a day, given current technology," said J. Robinson West, chairman of consulting firm PFC Energy. Demand, expected to reach 84.8 million barrels a day this year, could rise to that level by about 2015, based on estimates for a different period by the International Energy Agency.

The industry says that while oil is finite, the known pool of obtainable oil grows as technology improves.

"I think there's a lot of misconceptions of what peak oil is," Mr. Raymond, who is leading the U.S. oil study, said in an interview last week. "The resource base is continually changing, driven by economics and technology." But he said his views won't dictate the study's results. "I may learn something."

Republicans Gain From Bush Focus On War On Terror (WT)

By Stephen Dinan

The Washington Times, September 14, 2006

President Bush's series of speeches on the war on terror has boosted the issue's profile and helped recapture Republicans' lead when voters are surveyed on whom they trust to handle terrorism.

Republicans now lead Democrats by 48 percent to 41 percent among registered voters in a new ABC News poll, a flip from a seven-point Democrat advantage in the same poll last month, and 16 percent now choose terrorism as their top voting issue -- a gain of five percentage points.

Analyzing the poll on ABC's Web site, its polling director, Gary Langer, said Republicans' edge on handling terrorism is far less than the 35-point lead they had in 2002, when they won control of the Senate by bashing Democrats for blocking creation of the Department of Homeland Security over union rules.

But he said Republicans have made gains among independents, who are now split on which party they trust more on the issue.

And though it's just a trickle, the president's approval numbers also are ticking higher.

An NBC News-Wall Street Journal poll released yesterday put Mr. Bush's job-approval rating at 42 percent -- an increase of five percentage points since June, though still below a comfortable level for a president heading into a midterm election.

Both polls still showed Democrats with a sizable advantage when people are asked which party they want to control Congress -- nine percentage points in the NBC-Journal survey and eight points in the ABC poll.

The ABC poll was taken Sept. 5-7 of 1,003 adults, including 863 registered voters, and had a margin of error of 3.5 percentage points among registered voters. The NBC-Journal survey of 1,009 Americans was taken Sept. 8-11 and has a margin of error of 3.1 percentage points.

The polls come as Mr. Bush delivers a series of speeches trying to lay out his goals in the war on terror. He has tried to put a face on the terrorists, has released new information about attacks that have been thwarted by good intelligence, and has called for Congress to give official approval to military trials for terror detainees and to the National Security Agency's terrorist-surveillance program.

Mr. Bush's speeches have also stiffened the spines of Republicans in Congress, and top Republicans have said the details of thwarted plots have given them something concrete they can take home to tell constituents.

"There's been extraordinary successes in this war and a lot of them have occurred outside of plain public view," said White House press secretary Tony Snow.

"It's useful and important to provide an update, and obviously, on an issue that continues to be right at the top of everybody's concerns."

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He said the president's speeches have been able to give another view to balance out the repeated images of bombings and killings in Iraq and elsewhere.

"We feel confident that when people get a full picture, they're not only going to have confidence in the president, but they're going to want to support him and give him the tools to fight the war on terror," Mr. Snow said.

The ABC poll found that Iraq is still a weak point for Republicans -- those voters who put it as a top concern clearly favor Democrats.

But the poll showed Mr. Bush is still winning some key arguments, such as the 57 percent who agreed with his position that Iraq is part of the war on terror.

Republicans' Strategy May Backfire (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 14, 2006

WASHINGTON -- The Republican Party leadership won the primary battle in Rhode Island, getting their preferred candidate, incumbent Sen. Lincoln Chafee, past a conservative challenger. But at what cost?

To boost prospects of holding the Republican seat, the party backed the moderate Mr. Chafee and spent nearly a million dollars on direct-mail and television advertising against Cranston Mayor Steve Laffey, who ran as the kind of conservative the White House usually likes and who pledged to support the very Bush tax cuts Mr. Chafee opposed. That tactic angered Laffey supporters and could deter them from voting in November when Mr. Chafee squares off with Democrat Sheldon Whitehouse, a former attorney general whose campaign is flush with cash.

"When you aggressively attack a candidate who stands for the ideas shared by the vast majority of Republicans, that's demoralizing," says Pat Toomey, a former congressman who heads Club for Growth, an antitax group that backed Mr. Laffey.

Just as trends may be turning slightly more favorable for Republicans, Tuesday's back-to-back clashes between the Republican Party machine and its base in Rhode Island as well as in Arizona could diminish turnout among conservative voters in November. Turnout by that voting bloc carried the president in 2000 and 2004.

But frustration among those voters has been mounting for years and covers issues such as government spending, the Iraq war and illegal immigration. "Conservatism traditionally was a philosophy of smaller government. In the Bush years, it appears it isn't," says David Boaz, executive vice president of the Cato Institute, a libertarian think tank.

Washington Monthly this month published a collection of essays, titled "Time For Us To Go," by conservatives on the theme that Republicans have so lost their way they would be better off losing their majorities as well.

In his essay, former congressman and now television talk-show host Joe Scarborough recalls the moment a magazine representative called and "meekly" asked if he would consider writing an article about why "Republicans should get their brains beaten in this fall. 'Count me in!' was my chipper response," he says.

On the political battleground, conservative groups have been trying to change the party profile in primaries.

In California this spring, they backed Howard Kaloogian, who lost to moderate Brian Bilbray, in a race to fill the San Diego seat vacated by Republican Rep. Randy "Duke" Cunningham. The party backed Mr. Bilbray and used $5 million to win the primary and special election against Democrat Francine Busby.

In Michigan, Mr. Toomey's Club for Growth and the National Right to Life Committee rallied behind evangelical minister and former state Rep. Tim Walberg to defeat moderate incumbent Rep. Joe Schwarz, who was endorsed by President Bush.

In Rhode Island, party officials backed Mr. Chafee, who voted against many of the president's tax cuts and the Iraq war, because they thought Mr. Laffey was too conservative to hold on to the Senate seat in the heavily Democratic state.

Laffey activists expected that move, says the Heritage Foundation's Michael Franc, adding: "Incumbent survival instinct trumps all else." What stunned them was a string of last-minute attack ads paid for by the National Republican Senatorial Committee and Republican National Committee that blasted Mr. Laffey's record and his character.

"They really hit low," says Don Devine, editor of the American Conservative Union's newsletter. In Arizona, the battle was for the seat of retiring Republican Rep. Jim Kolbe. Conservatives supported state Rep. Randy Graf, whose get-tough immigration platform fit with a House bill passed earlier this year. Pro-Graf forces were startled when, in the final weeks of the campaign, Speaker Dennis Hastert and other House leaders poured cash into the race of moderate Steve Huffman, who embraced a Senate immigration bill that would have created a path to citizenship for illegal immigrants already in the U.S.

Mr. Graf beat Mr. Huffman by six points, but conservatives yesterday were still fuming about House leaders' decision to interfere in a race where they had no incumbent to protect. "It's outrageous," says the Cato Institute's Mr. Boaz.

Party strategists are working to reconnect and reinvigorate their base and believe they have enough time to do that.

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"At this point, conservatives are fairly lethargic, if not discouraged. But the prospect of [House Democratic Leader] Nancy Pelosi and [Democratic National Committee Chairman] Howard Dean running the country can be a great motivator," says Whit Ayres, a Republican polling expert.

Bush Gets A Lift From Emphasis On Terror, Iraq (WSJ)

By John Harwood

The Wall Street Journal, September 14, 2006

WASHINGTON -- President Bush's efforts to explain and win support for his policies on Iraq and terrorism appear to be paying some initial dividends as midterm congressional campaigns heat up.

A new Wall Street Journal/NBC News poll1 shows that Mr. Bush's overall approval rating, as well as his marks on handling Iraq, rose modestly after a series of speeches imploring Americans to remain patient despite repeated setbacks in Iraq. Voters also expressed slightly increased willingness to maintain U.S. troop strength there as commanders struggle to tamp down a continued insurgency and sectarian violence.

It remains "a modest uptick" in "a very difficult national environment" for the president's party in midterm elections, cautions Republican pollster Bill McInturff. The president's approval rating remains weak at 42%, though it is improved from 38% in June. A 54% majority of voters continues to say the U.S. is headed in the wrong direction.

Yet the poll results suggest Mr. Bush retains some ability to shape the context of the election to his party's benefit. Whether that can last beyond the anniversary of the Sept. 11, 2001, attacks through to Election Day on Nov. 7 remains an open question. If so, the president could lighten what has been a period of persistent gloom for Republicans. Along with the roiling Iraq issue, factors that have cost the party range from the federal government's initial response to Hurricane Katrina to the administration's fizzled Social Security privatization to rising gasoline prices.

The unpopular war and the historic pattern of midterm losses for the party holding the White House have strategists in both parties maintaining forecasts of Republican losses in Congress. Still, it remains unclear whether those losses will flip control of the House or the Senate or both. Republicans have held the House since 1994 and the Senate since 2002.

"In meteorological terms, it's going to be a hurricane -- what has yet to be determined is whether it's Category 1 or Category 3 or Category 5," says Peter Hart, the Democratic pollster who conducts the Journal/NBC survey with Mr. McInturff. "If [Mr. Bush] has the ability to dominate the dialogue, he can push this election toward the Republicans even as he remains unpopular with the voters."

Mr. Bush used the 9/11 anniversary to buttress his assertion that Iraq is the "central front" in the antiterror campaign, an argument that might help Republicans limit their losses and hold control of at least one chamber of Congress for the final two years of Mr. Bush's presidency.

And officials of the Republican Party and at the White House yesterday were celebrating the Tuesday night primary victory of a Republican who opposed the war, moderate Sen. Lincoln Chafee of Rhode Island. Though Mr. Chafee had opposed Mr. Bush on tax cuts and the war, party strategists concluded he has a far better chance of holding the seat against Democrat Sheldon Whitehouse in November than his conservative challenger did. Mr. Chafee's re-election would increase the odds against the Democrats' gaining the six seats it needs to capture Senate control. (Please see related article8.)

Strategists in both parties believe Democrats have a stronger chance of picking up the 15 seats necessary to win control of the House. Yet economic developments have the potential to brighten voters' mood after months in which Mr. Bush and Republicans received scant credit for continued growth and low unemployment.

Crude-oil prices have fallen from $77 a barrel in early August to $63.97 yesterday, sending gasoline prices well below previous highs of more than $3 a gallon at the pump. And stock prices continued their climb from a slump in July: The Dow Jones Industrial Average rose 45.23 points yesterday to close at 11543.32 -- just 1.6% short of the record.

So far, all of this is providing only mixed benefits for Republican candidates. Approval of Congress actually fell to 20% in this month's survey from 24% in July, and Democrats maintained a 48%-39% edge on voters' preference of which party should control Capitol Hill.

At the same time, the Journal/NBC poll shows voters split on whether their incumbent House member deserves re-election. In July, voters said it was time to "give a new person a chance" by a 10-percentage-point margin. Voters also say by 42% to 37% that they are more concerned Democrats have offered "no specific plans" than that Republicans have offered "no changes" to deal with the country's problems. The telephone survey of 1,009 registered voters, conducted Sept. 8-11, carries a margin for error of 3.1 percentage points.

In part, those results show the impact of Republican candidates' advertising attacks on their Democratic foes at an earlier point in the campaign season than in past elections. Democrats acknowledge that Mr. Bush's party has been quicker this year than President Clinton's allies were in 1994 to gauge the depth of political trouble they face and adjust tactics accordingly.

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The adjustments have been reflected on Capitol Hill in Republican leaders' decision, made in conjunction with White House officials, to spend September debating the surveillance and prosecution of terror suspects in the wake of court decisions rejecting Mr. Bush's initial approach to both. Some Republican lawmakers are dissenting from Mr. Bush's approach, but the Journal/NBC survey shows voters prefer Republicans to Democrats on handling terrorism by a 14-percentage-point margin. (Please see related article9.)

Another such step was Republican leaders' decision to shelve Mr. Bush's request for a comprehensive overhaul of immigration laws in the face of conservative opposition to a guest-worker program embracing some who already have crossed the border illegally. Instead, House Republicans spent much of the summer courting conservatives by emphasizing border security.

Whatever the cause, the Journal/NBC poll shows Republicans have taken initial steps toward narrowing the gap in voter interest that has favored the Democratic faithful for months. In July, 57% of Democratic voters expressed the highest possible level of interest in the election, compared with 46% of Republicans.

Now, that "interest gap" has narrowed to 51%-46% in the Democrats' favor. Hispanic voters, the constituency Republicans have feared alienating with an emphasis on border security, evince significantly less interest in the election than either whites or African-Americans.

Democrats hold the upper hand on some key issues in the survey, including a 23-percentage-point edge on handling Social Security and a 12-percentage-point advantage on handling the economy. Voters citing jobs, Social Security or health care as their top priority -- a group that accounts for nearly half the electorate -- want Democrats to win control of Congress, 60% to 25%.

Yet the slightly smaller group naming terrorism, moral values or immigration as top priorities favors Republican control by a similarly lopsided margin. That means control of the campaign dialogue will be a critical factor in battleground House and Senate races.

The Iraq war, now in its fourth year and with more than 2,500 U.S. troop deaths, remains the Republicans' most daunting political problem because it has depressed the overall public mood and fueled demand for change. Still, the poll shows how Republican candidates may best be able to limit the political fallout.

When offered a choice between a Republican who wants to maintain troop levels and a Democrat who wants to reduce them, voters choose the Democrat by a 53%-40% margin. If offered a choice between a Republican who wants to maintain troop levels and a Democrat seeking "immediate and orderly withdrawal," voters prefer the Republican by 48%-41%.

"There's a reason that Republicans and the president are trying to make this a choice for stability [in Iraq] versus 'cut-and-run,'" says Mr. McInturff, the Republican pollster. "If you're a Republican candidate, you'd better make this election on a narrow range of issues."

The Journal/NBC survey shows Mr. Bush's approval rating on the economy has risen to 43% from 39% in June. That may in part reflect an easing of energy costs; 26% cite "gas prices and energy costs" as the biggest economic trouble spot, down from 41% in July.

Rising stock-market values haven't yet translated into increasing optimism about the economy. Just one in five voters surveyed says the economy has improved in the past year, unchanged since June.

An Anti-Incumbent Election? This Year? Of Course Not (RC)

By Stuart Rothenberg

Roll Call, September 14, 2006

Over the past year or so, I've heard more than a few people talking about 2006 as an anti-incumbent election. Well, those people are wrong. We are not going to have an anti-incumbent election in November. We are going to have an anti-Bush election.

First, let's get our terms straight. If "anti-incumbent election" means anything, it is that voters are so dissatisfied with the status quo that they vote against all incumbents, regardless of party. The term highlights one, and only one, quality of embattled candidates: their incumbency.

This kind of election is not about party or ideology or how Members voted on a particular piece of legislation. If it were about any of those things, it wouldn't simply be an "anti-incumbent" election. An anti-incumbent election is a referendum on the "ins," and voters, for whatever reasons, are so unhappy with the performance of those "ins" — all the "ins" — that they throw them out. All of them.

I'm sure 2006 won't be an anti-incumbent election, for two very different reasons.

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First, history strongly suggests — and "suggests" actually is far too mild a word — that we don't have anti-incumbent elections in this country. I'm not saying that we've never had one or that we never will have one, but I'm hard-pressed to identify one during the past 50 years.

Over the past 26 Congressional elections, going back to 1954, there have been only three elections when at least a half-dozen incumbents of both parties were defeated — 1956, 1990 and 1992, according to "Vital Statistics on Congress, 2001-02," edited by Norman Ornstein, Thomas Mann and Michael Malbin.

By contrast, we have had eight elections in which one party knocked off at least 20 of the opponent's incumbents and lost fewer than a half-dozen of its own.

Virtually all midterm elections are a referendum on the party of the president, so it isn't surprising that when a political wave hits, it damages one party much more heavily than it does the other.

The worst bipartisan election since the mid-1950s was in 1992, when a total of 24 sitting House Members — 16 Republicans and eight Democrats — were defeated. While there was a strong anti-Washington, D.C., mood developing in this country at that time, that year also was a redistricting election in which some incumbents didn't possess the normal advantages of incumbency. That fact undoubtedly explains so many incumbent losses.

Otherwise, over the past 50 years, the closest we've come to an anti-incumbent election was in 1990, when six Democrats and nine Republicans lost in the general election, and in 1978, when 14 Democrats and five Republicans were defeated that November.

Second, there is very little evidence that the environment in the current cycle is heavily stacked against incumbents in general, even though a handful have been defeated for renomination.

Looking toward November, there is no indication that the two major parties both are facing significant incumbent losses. I suppose Democrats could lose an incumbent or two if things go poorly for them, but right now there isn't a single Democratic seat that ranks in the 25 most vulnerable House seats in the country.

Not one. Not a single one. The vulnerability is entirely on one side of the partisan aisle.

How could we possibly be having an anti-incumbent election if one party loses 10, 15 or even 20 incumbents and the other party loses none, or one or two?

Instead, what is developing is a classic political wave of voter dissatisfaction about the direction of the nation and the performance of the president. Congressional candidates from the president's party are about to bear the brunt of voter dissatisfaction, because President Bush isn't on the ballot.

Republican incumbents are in trouble not because they are incumbents, but because they are Republicans.

This election isn't really about agendas. Sure, Democrats have something called their "New Direction," but most voters aren't regarding November primarily as a choice between two visions or two ideologies. No, it's about sending a message to the president and to Congress that they aren't happy — specifically with the Iraq War, but more generally as well.

Republican National Committee Chairman Ken Mehlman is quite correct when he says Republicans will do better when the election is a choice rather than a referendum. Unfortunately for him, that's not likely to happen until 2008.

So what about the defeats of Sen. Joe Lieberman (D-Conn.), Reps. Cynthia McKinney (D-Ga.) and Joe Schwarz (R-Mich.), and even Alaska Gov. Frank Murkowski (R)? The answer is simple. Each lost for specific reasons, not because of a trend. It isn't their incumbency that unites them. They lost because of their own voting records and style.

While it is true that voters are not particularly impressed with Congress in general or either of the two major parties, the midterm elections have developed into a referendum on the president. Republicans may well succeed in minimizing the damage in November by localizing elections and re-electing incumbents, but there is no indication that voters will send a message of dissatisfaction with all incumbents in the fall.

That means that all but a handful of Democratic House incumbents can rest easy.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Analysis: Party Convictions Sidelined (AP-Y)

By David Espo

AP, September 13, 2006

All politics is national in the 2006 midterm elections, with both parties willing to put aside deeply held views over war, taxes and more in the surpassing struggle for control of the House and Senate.

Which explains why a conservative Republican Party rejoiced Wednesday at the primary victory of Rhode Island's incorrigibly independent GOP Sen. Lincoln Chafee, and struggled with the defeat of the more moderate of two leading contenders for a House seat in Arizona.

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Or why Democrats, whose leaders call daily for a timetable for a troop withdrawal from Iraq, were less than thrilled to find vigorously anti-war contenders winning nominations for House seats in New Hampshire and New York.

Nowhere was the phenomenon more obvious than Rhode Island, where Republicans placed an abundance of money and manpower into an effort to save their most liberal senator from defeat at the hands of a conservative primary challenger.

"We appreciate him. We know that he fits Rhode Island and he's got a record that's effective for the concerns of the people of Rhode Island," Sen. Elizabeth Dole, head of the GOP senatorial campaign committee, said in praise of Chafee. The Rhode Islander opposes the war in Iraq and President Bush's tax cuts, while supporting abortion rights.

In case anyone missed the point, she recast it in more overtly political terms. "This race would've immediately fallen into the hands of the Democrats if, in fact, Linc Chafee had lost this race" to Stephen Laffey.

Nationally, Democrats must gain six seats to capture control of the Senate.

"That would have been one down, right there," Dole said. She felt strongly about it, having approved a barrage of television commercials that depicted Laffey as weak on immigration and prone to raising taxes.

Not that Rhode Island is safe for Chafee or the Republicans in the fall.

The state's former attorney general, Sheldon Whitehouse, drew more votes in an essentially uncontested Democratic primary than Chafee and Laffey combined in their heated race, and the most recent pre-primary polls point toward a close race in November.

Chafee presented his credentials as he returned to campaigning.

"Rhode Islanders are going to know I'm independent, over and over again," he said.

But Whitehouse had already served notice he would try to undercut the claim. Speaking to supporters Tuesday night, he noted that the first vote cast when the new Congress convenes will determine which party controls the Senate.

"I can tell you this: I will never cast that vote to empower the Bush agenda," he said, a slap at Chafee.

Republican Party officials applied the same logic in Arizona, where Randy Graf ran on a tough-on-immigration platform for the GOP nomination in a district that runs to the Mexican border.

Strategists in Washington deemed him too conservative to hold the seat, and ran television commercials praising one of his rivals, Steven Huffman.

Graf won anyway, and immediately ran into difficulties. Rep. Jim Kolbe, the Republican who has held the seat for more than 20 years, issued a statement that said, "There are such profound and fundamental differences between his views and mine on several key issues that I would not be true to my own principles were I to endorse him now for the general election in November."

Democrats must gain 15 seats to win control of the House, and like Republicans, looked past their policy views — then conceded they had run afoul of voters who preferred a nominee with a sharper position on the war.

Judith Aydelott was the early choice of the Democratic establishment to run in the Hudson Valley of New York. The voters weren't as impressed, giving her little more than one-fourth of the votes cast.

Singer-songwriter John Hall carries the nomination into the fall campaign against Republican Sue Kelly.

For months, party officials had touted Jim Craig as the type of challenger who could make a New Hampshire congressional seat competitive. A leader in the New Hampshire legislature, he had the support of party officials in Washington as well as at the state capital in Concord, N.H.

He lost, in a rout, to Carol Shea-Porter, who raised a mere $40,000.

Of the war, she said recently, "We need to get out. We don't have to tell insurgents over there the exact date, but we better tell ourselves what the date is and better start planning to leave."

That sounds like something any one of dozens of congressional Democrats could say with pride.

Now, they'll find out whether their calculation was correct — that it might have been preferable to mute opposition to the war in districts like the one around the New Hampshire seacoast or the military academy at West Point.

What Primaries Say About US Voter Mood (CSM)

By Linda Feldmann

The Christian Science Monitor, September 14, 2006

WASHINGTON

In the end, the most-watched race of the Sept. 12 primaries became the dog that didn't bark. Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, beat back a fierce challenge by a populist conservative supported by the antitax Club for Growth.

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A loss by Senator Chafee would have been nearly without precedent in modern times - the second senator to lose in the primaries, following Democratic Sen. Joe Lieberman's defeat in Connecticut last month. Headlines would have screamed about voters clamoring for change, and about ideological purges in both parties.

The outcome - a 54-to-46 Chafee victory over Cranston Mayor Stephen Laffey, relatively close for an incumbent in a primary - suggests that the national Republican Party did indeed need to pull out all the stops, as it did, to ensure that the conservative was not the nominee and a near-certain loser in November. Rhode Island is one of the most liberal states in the country. Before the primary race heated up, sparking a flurry of Republican registration by independents and even some Democrats to help save Chafee, only about 11 percent of voters were registered Republican.

But the dynamic in Rhode Island was completely different from that of Connecticut. In the Lieberman race, no viable Republican is running, so the Demo- crats could afford to hold a primary centered on a major issue - US policy in Iraq. The Republicans could not afford to let the Senate primary be all about taxes and pork-barrel spending and the Iraq war. It needed to be about electability.

"In Rhode Island, had Chafee lost, the Democrats would have picked up that seat," says Larry Sabato, a political scientist at the University of Virginia in Charlottesville. Renominating Chafee is "a matter of pure pragmatism on the part of Republicans in Rhode Island."

Thus Chafee, the only Republican senator to vote against authorizing US military action in Iraq in 2002 - and who did not even vote to reelect President Bush in 2004 - was treated to lots of national Republican money in his quest for renomination. Dr. Sabato surmises that if just the true Republicans had voted in the primary, Laffey probably would have won 60 percent to 40 percent or better.

"It was the independents and even Democrats who switched registration who saved Chafee," he says, noting that small-state, personal loyalty to the patrician senator among non-Republicans likely played a role. Chafee is one of Rhode Island's political brand names; Lincoln's father, John, was a longtime, beloved senator from the state.

Still, the Chafee name and record may not be enough to save the current senator in November. He faces a tough challenge from former state Attorney General Sheldon Whitehouse (D). Mr. Whitehouse's father roomed with John Chafee at Yale University, a sign of just how small Rhode Island is.

By keeping that race competitive for the GOP, Chafee's primary victory makes it that much more difficult for the Democrats to retake control of the Senate in November. The party needs to make a net gain of six seats to win control.

In other Sept. 12 primaries:

· In Arizona's eighth congressional district, Randy Graf, a conservative running against illegal immigration, defeated the moderate Republican, handing a major opportunity to the Democrats to take over a seat currently held by retiring Rep. Jim Kolbe (R). State Sen. Gabrielle Giffords won the Democratic primary.

· In Maryland, Rep. Ben Cardin defeated former Rep. Kweisi Mfume for the Democratic Senate nomination. Mr. Cardin will face Lt. Gov. Michael Steele (R), one of the handful of African-Americans running for high-level office this November.

· In Washington, D.C., city council member Adrian Fenty handily won the Democratic primary for mayor, and will almost certainly coast to victory in November. At age 35, he would be the youngest mayor in city history, and also the first native Washingtonian to win that position. Washington has had elected mayors since it gained home rule in 1973. Mr. Fenty defeated D.C. council chair and veteran politician Linda Cropp, a sign of voter hunger for change.

· In Michigan, state Rep. Keith Ellison is now in position to become the first Muslim elected to Congress, as well as the first African-American to the House from Minnesota. He won the Democratic primary, in a highly Democratic district, to replace retiring Rep. Martin Sabo (D).

· In New Hampshire's first congressional district, antiwar Democrat Carol Shea-Porter won a primary upset, defeating the party's favored candidate, state House minority leader Jim Craig. Ms. Shea-Porter will face Rep. Jeb Bradley (R) in November. The Bradley seat appears on most lists of competitive House races, and the Iraq war is likely to be a central issue in the general election. Shea-Porter favors a deadline for withdrawal, while Bradley favors withdrawal only after Iraq is stable.

· In New York, Sen. Hillary Rodham Clinton (D) cruised to renomination, with 83 percent of the vote, over antiwar candidate Jonathan Tasini. Senator Clinton is expected to win reelection easily in November, thus paving the way for her to address the biggest question of her political career: Will she run for president in 2008?

Primaries Sharpen Focus In The Battle For Congress (NYT)

By Carl Hulse

The New York Times, September 14, 2006

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WASHINGTON, Sept. 12 — The battle for control of Congress came into sharper focus Wednesday after Tuesday's primaries gave House Republicans an edge in a New Hampshire race, Democrats got a leg up on an open House seat in Arizona and the two parties settled in for a Senate showdown in Rhode Island.

In a display of Republican ability to get voters to the polls, Senator Lincoln Chafee of Rhode Island rode a record Republican primary turnout to a victory over Mayor Stephen Laffey of Cranston, saving Republicans from prematurely surrendering a seat to Democrats, who need a net gain of six to take over the Senate.

"That would have been one down right there,'' said Senator Elizabeth Dole of North Carolina, chairwoman of the National Republican Senatorial Committee. "There was no way that Mayor Laffey could have won the general election.''

Despite Mr. Chafee's penchant for crossing party lines on big issues, national Republicans poured in money and workers in a push to hold the seat, displaying anew why Democrats are worried about the deep pockets and get-out-the-vote operations of their rivals.

But Democrats said the level of support for their candidate in Rhode Island, former Attorney General Sheldon Whitehouse — who received more votes than the two Republican candidates combined — left them confident they could unseat Mr. Chafee in November. They also said that Mr. Chafee had been bolstered by his opposition to the war in Iraq and other Bush policies and that Mr. Whitehouse could trump him there.

"Yesterday's election showed that when you're anti-Bush, you win,'' said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, who said Democrats had showed strong enthusiasm even without a contested race.

"This is going to be an uphill fight for them in November,'' Mr. Schumer said of Republicans.

Mrs. Dole and other Republicans said they believed that Mr. Chafee, whose father was a popular Rhode Island senator, would attract substantial Democratic and independent support in November. "He has shown the ability to win with cross-over voters,'' said Senator George Allen of Virginia, who ran the Senate Republican campaign organization two years ago.

In Arizona, Democrats said they believed their chances for winning the House seat in the Tucson area being vacated by Representative Jim Kolbe, a Republican, were enhanced by the primary victory of Randy Graf, a conservative Republican.

The National Republican Congressional Committee had backed Mr. Graf's more moderate opponent, Steve Huffman, as the better candidate for the general election. Mr. Kolbe said Wednesday that he would not endorse Mr. Graf, citing "profound and fundamental differences between his views and mine on several key issues.''

Carl Forti, a spokesman for the House Republican campaign arm, said the party would rally behind Mr. Graf, including showcasing him on Thursday before potential party donors. In addition, Mr. Forti said, Representative Thomas M. Reynolds of New York, chairman of the House Republican campaign committee, would be contributing $5,000 from his own campaign to Mr. Graf.

Democrats said they were confident that the division within the Republican Party would open the door to their candidate, Gabrielle Giffords, a former state legislator, capturing the seat held for two decades by Mr. Kolbe.

In New Hampshire, Jim Craig, a moderate Democrat who had been backed by his party in the primary to take on Representative Jeb Bradley in the Manchester area, lost to the antiwar candidate Carol Shea-Porter.

"Obviously, that is embarrassing for Democrats,'' said Representative Charles Bass, the Republican who represents New Hampshire's other House district, predicting that Mr. Bradley would now be re-elected.

The Democratic Party's choice in the 19th Congressional District of New York, represented by Sue W. Kelly, a Republican, also lost on Tuesday. Ms. Kelly will now face the singer-songwriter John Hall, who has attracted celebrity backing from the music community.

In a highly publicized primary to succeed Representative Martin Olav Sabo of Minnesota, a Democrat who is retiring, Keith Ellison, a state legislator, won a tough race in the Minneapolis-area district. That puts Mr. Ellison in line to become the first Muslim member of Congress.

Primary Colors (WSJ)

The Wall Street Journal, September 14, 2006

Hillary Clinton and Eliot Spitzer barely broke a sweat in winning their primaries Tuesday, but that doesn't mean the day lacked drama. Just ask Rhode Island Senator Lincoln Chafee, who staved off a spirited challenge from tax-cutting conservative Stephen Laffey, thanks largely to the national GOP he belongs to but regularly undermines.

Mr. Chafee has caused nothing but headaches for his caucus on everything from tax cuts to Social Security to the war on terror, but he was backed by a White House concerned with keeping the seat nominally Republican and worried that Mr. Laffey was too conservative to win in November. The national party poured millions into attack ads against Mr. Laffey and more or less told GOP voters the party would abandon the seat if he won.

The White House used a similar strategy in 2004, when it backed Senator Arlen Specter of Pennsylvania against a conservative challenge by Pat Toomey. At least Mr. Specter has returned the favor by helping to confirm President Bush's Supreme Court nominees. Now we'll see if Mr. Chafee -- who famously didn't vote to confirm Justice Samuel Alito -- is similarly grateful. The first test will be if he votes to confirm John Bolton as U.N. Ambassador.

Meanwhile, the national GOP was on the losing side Tuesday in Arizona, where a primary for an open House seat went to anti-immigration hard-liner Randy Graf. Immigration was the dominant issue in the Tucson district that borders Mexico. Yet Mr. Graf managed a plurality of just 43%, the same amount he received in a primary two years ago in a loss to Jim Kolbe, the 11-term pro-immigration incumbent retiring this year. GOP restrictionists are cheering Mr. Graf's victory, but he is now expected to lose the seat in November. Restrictionists also took a blow as their Arizona candidate for governor, Don Goldwater -- who campaigned at the border, yelling "Mr. Bush, build this wall now!" -- lost handily to a conservative who favors comprehensive immigration reform.

Back East, Maryland Democrats chose Representative Ben Cardin over former NAACP chief Kweisi Mfume in a Senate primary, which means GOP candidate and current Lieutenant Governor Michael Steele has his work cut out. It also means there won't be two black candidates for a Senate seat, although it will be interesting to see what inroads Mr. Steele can make with black Democrats. If he wins the general election, the Senate will have two black Members for the first time in history.

Antiwar Democrats also made themselves heard again. They won in New Hampshire, lifting Carol Shea-Porter, who called for withdrawal from Iraq, over Jim Craig, who heavily outspent her and was backed by the party establishment. They lost in Maryland, but not before putting a scare into Representative Al Wynn, who voted for the war and has voted with the GOP on campaign finance issues and some tax cuts. He won 50%-46%.

Both were electoral surprises likely to push the Congressional Democrats further left on the war. Whether that will help them in November is another story, since Ned Lamont's victory last month over Connecticut Senator Joe Lieberman seems to be helping the GOP retain its three vulnerable House seats in that state. You know it's a volatile political year when the GOP is counting on victories by a pro-war Democrat and an antiwar Republican (Mr. Chafee) to keep control of Congress.

Prudence At The Polls (WP)

By David S. Broder

The Washington Post, September 14, 2006

The lesson from Tuesday's round of primaries in nine states and the District of Columbia was simple and reassuring. Credentials count. Experience counts. And so does the willingness to engage some serious issues.

For the most part, the candidates nominated for Congress and governor come from the mainstream establishments of their parties. Despite the widespread voter discontent with the political status quo, few mavericks, rebels or true outsiders won places on the November ballot.

In the day's headline event, Sen. Lincoln Chafee of Rhode Island, the most liberal Republican in the Senate, turned back the challenge of Cranston Mayor Stephen Laffey, a conservative populist.

The margin was not great -- 5,000 votes in a turnout of some 63,000. Chafee probably owes his victory as much to the financial and organizational support supplied by the Republicans' national campaign committees as to his own diffident campaigning. The White House and GOP Senate leaders decided to overlook Chafee's frequent disagreements with the president in hopes of keeping a Senate seat that Democrats have to win to have any chance of capturing a Senate majority.

The Chafee name is honored in Rhode Island, thanks to the legacy of the incumbent's father, the late John Chafee, who served as governor and senator for years. Chafee still faces a serious challenge from the Democratic nominee, former state attorney general Sheldon Whitehouse, in the heavily Democratic state. But the Republicans' chances are far better with Chafee than with anyone else.

In another Rhode Island contest, Brown University professor Jennifer Lawless challenged Rep. Jim Langevin in the Democratic primary, arguing that his support of bills to finance the war in Iraq and his opposition to abortion rights put him outside the mainstream of the party. But this effort failed, as did most other tries inside Democratic primaries to repeat Ned Lamont's upset of Connecticut Sen. Joseph Lieberman. With Lieberman now out front in the race, running as an independent, the idea that Lamont represented the new model for the party looks suspect.

One exception was in New Hampshire, where an antiwar activist, Carol Shea-Porter, who mobilized student and liberal support, beat the party-endorsed legislative leader, Jim Craig, for a House nomination. But she is a long shot against Republican Rep. Jeb Bradley.

The antiwar maverick who tried to upset Sen. Hillary Rodham Clinton in New York predictably was swamped, as was the estimable Long Island Democratic official, Thomas Suozzi, who challenged Attorney General Eliot Spitzer for governor. Spitzer now becomes a heavy favorite in November.

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In another New York race, a seeming outsider, musician and pop composer John Hall, won the Democratic nomination to oppose Republican Rep. Sue Kelly. Hall, who played with the rock band Orleans and co-wrote "Still the One," had to overcome the early favorite, Judy Aydelott, who switched from the GOP in disagreement with President Bush's policies and attracted support from feminist groups and Hollywood types. Hall had stronger ties to the district's Democrats, and the backing of organized labor, so he was really the insiders' choice.

But out in Arizona, the power of another issue -- immigration -- was displayed when Randy Graf, an outspoken advocate of closing the border, won a close victory over party-endorsed moderate state Rep. Steve Huffman, for the Republican nomination to succeed retiring Rep. Jim Kolbe. The Kolbe-backed Huffman might have won, except that another moderate candidate took 12 percent of the vote -- twice Graf's margin. The district now becomes even more of a pickup target for the Democrats.

In Maryland, quiet competence prevailed when Rep. Ben Cardin, a 10-term veteran of the House and one of its most skilled but unflamboyant legislators, won in a large field to pick a successor to retiring Democratic Sen. Paul Sarbanes. Having defeated Kweisi Mfume, the former head of the NAACP, in the primary, Cardin now faces another attractive African American, Republican Lt. Gov. Michael Steele. Maryland usually elects Democrats, but Steele could change the dynamics of the race.

The Sarbanes legacy continues, as the senator's son, attorney John Sarbanes, won the Democratic nomination to succeed Cardin in the House. His dad appeared in the novice candidate's commercials.

Another notable likely Democratic winner is state Rep. Keith Ellison of Minneapolis, the nominee for the seat of retiring Rep. Martin Olav Sabo in a heavily Democratic district. Ellison would be the first Muslim elected to Congress.

All together, the day's results showed commendable discernment on the part of the voters. It augurs well for November.

The GOP's Borderline Politics In Arizona (LAT)

The Los Angeles Times, September 14, 2006

REPUBLICAN LAWMAKERS' internecine battles over immigration policy have already prevented them from acting on one of President Bush's top second-term priorities: comprehensive immigration reform. Now the GOP border split is threatening to cost Republicans at least one seat in the House of Representatives.

On Tuesday, Republican primary voters in Arizona's 8th Congressional District chose former state legislator and pro golfer Randy Graf — who wants to militarize the southern border and who received $40,000 from the vigilante Minuteman Project — over four opponents, most of whom took a more sensible approach on immigration.

Graf may be further to the right than the national GOP, but on issues such as taxes, same-sex marriage and abortion, he's right in line with the Bush administration. Nevertheless, the National Republican Congressional Committee was so worried about his ability to win this marginally Republican district in November that it threw more than $250,000 worth of advertising behind one of Graf's primary opponents, Steve Huffman.

The money and national support may have helped Huffman, but not enough. He wound up with 37% of the vote to Graf's 43%; the remaining 20% was divided among the other three candidates. Democrats, meanwhile, threw their support behind former Republican Gabrielle Giffords, who served five years in the state Legislature as a Democrat. Early polls show Giffords leading Graf in the race to succeed retiring Republican Jim Kolbe, who handily defeated Graf in the GOP primary two years ago.

Like Southern Californians, Arizonans experience firsthand the effects of illegal immigration, both bad and good. The labor supply and entrepreneurial energy have become vital to some industries even as schools, hospitals and other public institutions have strained to meet the burdens imposed. These experiences have divided voters and elected representatives. Three Arizona Republicans, including Kolbe, are leading sponsors of comprehensive reform bills that would create a guest-worker program as well as increase border security; four others are members of Colorado Rep. Tom Tancredo's Immigration Reform Caucus, which seeks to seal the borders, deny citizenship to American-born children of illegal immigrant parents and slow legal immigration to a trickle.

Though he won, Graf drew fewer votes this year than he did in 2004 against Kolbe. Meanwhile, in the GOP primary for Arizona governor, an immigration restrictionist candidate, Don Goldwater (Barry's nephew), was outpolled, 49% to 41%, by Len Munsil, who took a less aggressive stance on illegal immigrants. So it's hard to argue that either side of the debate is gathering steam. The intriguing question remains whether the tough talk that wins primaries in September will do as well in general elections this November.

In R.I., A Model For Voter Turnout (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 14, 2006

The turnout campaign that Republican operatives used to help pull Sen. Lincoln D. Chafee to victory in the Rhode Island primary was a potent demonstration of how money and manpower can transform a race even in an unfavorable political

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environment -- and a preview of the strategy that national party officials say they plan to replicate in the most competitive House and Senate races over the next 55 days.

In the past two national elections, in 2002 and 2004, Republicans outperformed Democrats in bringing their backers to the polls, but many Democrats and independent analysts have suggested that the competition may be different this year, in part because of slumping morale among GOP activists. But Chafee's performance -- combined with reports of late-starting organization and internal bickering on the Democratic side -- suggest that the Republican advantage on turnout may remain intact even as many other trends are favoring the opposition.

The Republican National Committee, convinced that Chafee is the party's only chance of keeping a seat in a Democratic-leaning state, spent $400,000 to ship 86 out-of-state volunteers and several paid staff members to Rhode Island. They targeted not just Republicans but also independent voters during the final days of the campaign, following a blueprint developed months ago by the National Republican Senatorial Committee and the Chafee campaign.

The effort helped Chafee survive a spirited challenge from Cranston Mayor Stephen Laffey by boosting primary turnout to an all-time high. In June, GOP leaders used a similar turnout program to help lobbyist Brian Bilbray win a special California election for the House seat vacated by indicted GOP Rep. Randy "Duke" Cunningham.

There were several factors behind Chafee's 54 percent to 46 percent win, including his popularity among independents and his decision to attack Laffey in television ads during the final weeks of the campaign. But it was the repeat success of the GOP voter-mobilization program that had Democrats anxiously examining returns.

"Their turnout operation is exquisite," a senior Democratic strategist said. "We are not going to match them."

While Democrats are confident they are on track to capture the House and possibly the Senate, top party leaders are privately expressing concerns about the RNC's $30 million financial advantage over the Democratic National Committee and how the money will be used to maximize turnout in pivotal races.

Events this week put the GOP edge in sharp relief. While the RNC was fine-tuning its "microtargeting" program in Rhode Island, Democrats were announcing they had finally resolved a months-long dispute between Democratic National Committee Chairman Howard Dean and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) over a budget for mobilizing voters.

The DNC will spend $12 million to help Democrats up and down the ballot this fall. Some party leaders privately acknowledge that House Democrats in particular are only beginning to put in place an operation to turn out voters and that Republicans are many months ahead in planning.

Democratic leaders, who agreed to speak about the matter on the condition of anonymity, said their turnout strategy will be sufficient even if it is not equal. Senate Democrats have already put $10 million into turnout for contested races and began a detailed voter-identification effort months ago, while the Democratic Congressional Campaign Committee has brought on grass-roots organizing expert Michael Whouley to head up its turnout efforts. Democrats said they have one advantage this year that Republicans cannot match: voter intensity. Numerous polls show that Democrats, disdainful of President Bush and the Iraq war, are motivated to vote on Nov. 7, while Republicans do not have similar enthusiasm.

Still, Republicans said the combination of the Chafee win and new polling data showing renewed voter confidence in GOP anti-terrorism policies suggest their election plan could limit losses and protect their congressional majorities. An ABC News poll released yesterday found that Bush's relentless focus on terrorism in the run-up to the fifth anniversary of the Sept. 11 attacks benefited the White House and the GOP. Republicans held an edge of seven percentage points when respondents were asked which party they trust to handle terrorism, a 14-point change from last month.

Fred Yang, a Democratic pollster involved in competitive races this fall, said he was not surprised by Republicans' improving numbers on the fight against terrorism but added: "If this blip holds, it should be something that concerns us."

Chafee, who often clashes with the White House and congressional leaders over policy and political tactics, said the Rhode Island primary shows that the GOP strategy can work. "The proof is in the pudding," he said. He noted that the state saw a record turnout for a Republican primary and said that the turnout operation "made the difference." The RNC lacks the resources to replicate its efforts in Rhode Island in every competitive congressional race. But GOP officials said that the $30 million they plan to spend on turnout will allow them to run aggressive programs in most of them. Already, for example, they have more than 40 paid field experts in Missouri, Ohio and Tennessee and nine in Connecticut for the three competitive House races, according to a person familiar with RNC operations.

Near Election Day, they will decide where to deploy thousands of volunteers, some paid, for reinforcements.

Recent history underscores the importance of superior voter-mobilization plans. In 2004, Senate Minority Leader Thomas A. Daschle (D-S.D.) thought that if he received 190,000 votes it would be impossible for former congressman John Thune (R) to beat him. Daschle won 193,340 votes; Thune got 197,848. In Ohio -- the central battleground in the race between Bush and Sen. John F. Kerry (Mass.) -- Democrats met all of their projected vote totals but came up more than 100,000 short.

The Rhode Island effort offered a window into how a mobilization program unfolds.

About six months ago, the National Republican Senatorial Committee sat down with the Chafee campaign to construct a voter-turnout program. Weekly phone calls followed and a number of NRSC senior staffers -- including political director Blaise Hazelwood -- made regular trips to the state to ensure the structure was being built. They identified potential Chafee voters and pressed Democrats to change their party identification to "unaffiliated," a move that would allow them to vote in the Republican primary.

As the campaign wore on, Republicans began another slew of phone calls to unaffiliated voters to tell them that they could vote for Chafee and then immediately change their registration back to unaffiliated or Democrat. The RNC road-tested a new technology in the race that officials said is making their targeting program faster and more precise. It is based on a program that allows volunteers to call potential voters, note their political views and preferences on sheet of paper and immediately scan the results into a huge database known as the Voter Vault. Experts in the political practice known as microtargeting can then instantly analyze the results to determine which issues are moving voters and adjust their pitch.

All told, the Chafee campaign spent $500,000 on the effort, while the Republican National Committee chipped in an additional $400,000. The NRSC spent $1.2 million on the race -- primarily on an extended television campaign that attacked Laffey. Heading into the final day, Chafee said he had "deep apprehensions" about his ability to win.

Bill Lynch, chairman of the Rhode Island Democratic Party, said the turnout numbers are worrisome. "It will make for an interesting couple of months," he said.

Democrats Form New Group For Fund-Raising And Ads (NYT)

By John M. Broder

The New York Times, September 14, 2006

WASHINGTON, Sept. 12 — Sensing both political danger and opportunity, a top Democratic operative and a group of major party donors have banded together to deliver a barrage of late advertising and on-the-ground action to secure Democratic victories in November.

The operative, Harold M. Ickes, a top aide to former President Bill Clinton and informal adviser to Senator Hillary Rodham Clinton, and a group of allies are soliciting money for a new organization called the September Fund.

They hope to raise and spend as much as $25 million to influence not only crucial Congressional races but also other campaigns and ballot initiatives at the federal and state level.

Mr. Ickes was among the chief organizers of several groups that raised more than $200 million from wealthy liberals and labor unions in 2004 to try to defeat President Bush.

After months in which Democrats have fretted about how much support they would get from those sources this time around, Mr. Ickes is turning to many of the same donors in hopes that a surge of spending in the fall campaign's final weeks will cement Democratic gains against a president and a Republican-led Congress whose approval ratings are sagging.

Mr. Ickes has already contacted George Soros, the billionaire financier who gave Democratic committees more than $25 million in 2004. Among others on the fund's list of potential donors are Steve Bing, a Hollywood producer; Linda Pritzker, a member of the family that owns Hyatt hotels; Herb and Marion Sandler, owners of a California savings and loan; and Ted Waitt, founder of the computer company Gateway. All gave multimillion-dollar gifts to the funds Mr. Ickes directed in 2004.

The September Fund, like the groups Mr. Ickes helped organize in 2004, is set up under a loophole in campaign finance law that allows political groups to escape federal donation limits that apply to party committees and candidates. Such groups, called 527 groups for the relevant section of the Internal Revenue Code, cannot advocate the election or defeat of any candidate but can engage in issue advertising that draws distinctions between the two parties.

Federal law bars such groups from coordinating their activities with candidates or party committees, although many of the people running them, like Mr. Ickes, have longstanding ties to top party figures.

Groups formed under Section 527 of the code were major players on both sides of the 2004 campaign. The best-known 527's allied with the Republicans were Swift Vets and P.O.W.'s for Truth (formerly known as Swift Boat Veterans for Truth) and Progress for America.

The Democrats were even more aggressive in 2004 in exploiting the 527 loophole. In addition to the Ickes groups — America Coming Together, the Media Fund and Joint Victory Campaign — major unions, environmental groups and MoveOn.org spent nearly $100 million.

The September Fund is Mr. Ickes's second venture this year to conduct political operations outside the formal structure of the Democratic Party and its chairman, Howard Dean. Earlier this year, he established a database of potential Democratic voters, partly financed by Mr. Soros, that some officials complained diverted resources from the party and could be used to assist a presidential bid by Senator Clinton.

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The September Fund's president is Erik Smith, a longtime Democratic operative who directed the Media Fund. The treasurer is Albert J. Dwoskin, a Virginia developer and major party donor.

Mr. Smith said the group began soliciting money less than a week ago and had already secured pledges for several million dollars from individuals and labor unions. He would not name them.

Michael Vachon, a spokesman for Mr. Soros, said Mr. Soros had received a memorandum from the group and was considering a donation. Mr. Soros has already pledged about $3 million to other Democratic groups active in the fall campaign, Mr. Vachon said.

Leaders of the fund include Karen Ackerman, the political director of the A.F.L.-C.I.O., and Anna Burger, chairwoman of the Change to Win labor federation. Others involved are Gen. Wesley K. Clark, retired, the 2004 Democratic presidential candidate; Nick Baldick, who managed the presidential campaign of former Senator John Edwards and the New York mayoral campaign of Fernando Ferrer; and Bill Lynch, a New York lobbyist and strategist.

America Coming Together and the Media Fund evaporated after the 2004 election, with many of their donors dispirited and apparently unwilling to participate in this year's election. But Mr. Ickes, an aide said, became alarmed in late August about what he saw as a growing Republican financial advantage and feared a late salvo of negative advertising that could overwhelm Democrats in close races.

In a memorandum to potential donors, Mr. Ickes and the other organizers of the fund warned that while Democrats appeared united in their political goals, Republicans had $80 million more than Democrats to spend on fall races.

If the September Fund achieves its financial goals, it will be one of the largest 527's operating at the federal level this fall, but there are several others in the field.

MoveOn.org, the Internet-based progressive group, plans to spend as much as $25 million on advertising and voter mobilization, particularly in races focusing on the war in Iraq. Majority Action, a project of two former Democratic Party chairmen, Joe Andrew and Don Fowler, is planning to spend $8 million to $10 million on advertisements in several Congressional districts. The Senate Majority Project is setting up a group to help Democrats in close races.

On the Republican side, Club for Growth has supported conservatives in primaries against moderate incumbents in Michigan and Rhode Island. Progress for America is running advertisements on national cable television and in Missouri praising Republican strength in combating terrorism.

Va. Senate Race Goes Negative On 1979 Essay (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 14, 2006

RICHMOND, Sept. 13 -- Virginia's U.S. Senate race turned nasty Wednesday as Republican Sen. George Allen launched a character attack on his Democratic opponent's past views toward women in combat, signaling the start of a two-month barrage of negative campaigning in what has become a close race.

Allen, who is fighting for a second term, organized a news conference with five female U.S. Naval Academy graduates who said an article written 27 years ago by Allen's opponent, James Webb, prompted harassment by male midshipmen at the academy.

In the Washingtonian magazine article, "Women Can't Fight," the ex-Marine Webb wrote of the brutal conditions during the Vietnam War and argued against letting women into combat. Allen's campaign zeroed in on passages in which Webb described one of the academy's coed dorms as "a horny woman's dream" and said that he had never met a woman he "would trust to provide . . . combat leadership."

Linda G. Postenrieder, a 1982 Naval Academy graduate and a registered Democrat from California, said the article "infected the brigade with hate and divisive anger." Lisa Stolle, an academy graduate from Virginia Beach, said that for women, Webb's article "was like throwing gasoline" on a fire.

Webb, a Naval Academy graduate who was Navy secretary under President Ronald Reagan, issued a statement saying he was sorry "to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship."

But his campaign also responded aggressively, accusing Allen of opposing the admission of women to the Virginia Military Institute and of once having accepted membership into an exclusive club while he was governor.

The rapid-fire charges from both sides offered clues to the days leading up to the Nov. 7 election. A campaign in which both sides had been trading disagreements about energy policy and the Iraq war is quickly becoming a personal spat between a decorated war hero and a football-loving senator and former governor.

"It's probably a good time to break out the Disney tapes for the kids, because the TV ads aren't going to be pretty," said Charlie Cook, an independent political analyst who edits the Cook Political Report. "Both these guys will do whatever it takes to win. Nobody's going to hold anything back."

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Already Wednesday, an independent veterans group began airing a TV commercial in some parts of Virginia accusing Allen of voting against a $1 billion amendment for high-quality body armor for troops in Iraq. In the ad, as bullets pierce a Vietnam-era flak jacket, an announcer urges voters to oust Allen. Jon Soltz, an Iraq war veteran from Pittsburgh, said his group is targeting Allen because "he let the troops down."

Allen's campaign manager, Dick Wadhams, said the amendment, which Allen and other GOP senators opposed, was not specifically for body armor. He called the attack "so off the charts, unfair and completely false."

In response to Webb's other charges, Allen aides pointed out that Allen declined membership in Richmond's Commonwealth Club, which admitted no women and few blacks, a few days after he initially accepted it. They also said that Democrats and Republicans had opposed coeducation at VMI before courts ordered the school to admit women. Later, aides said, Allen insisted that female cadets be treated well.

"The difference is that Jim Webb used his position to demean women who wanted to serve their country," said Chris LaCivita, a senior consultant to the Allen campaign, which set up cameras to record the news conference for a possible campaign ad.

Allen has been on the defensive for a month, responding to criticism after calling a young Webb volunteer "Macaca" and fighting old charges of racial insensitivity. In a speech Tuesday to a black educational foundation, Allen again apologized for the comment and attempted to explain his youthful admiration of the Confederate flag.

"What I was slow to appreciate -- and wish I had understood much sooner -- is that this symbol, which for me simply stood for rebellion against authority, and for others stood for regional pride in heritage, is, for black Americans, an emblem of hate and terror, an emblem of intolerance and intimidation," Allen said.

On Wednesday, Allen's campaign went on the offensive. The five women said they were among the first to attend the Naval Academy, which began admitting women in 1976. In Webb's article, he argued women cannot physically endure combat training and military-style hazing. He also raised concerns about fraternization. "Men fight better without women around," Webb said.

"This article was brandished repeatedly. [Men] quoted and used it as an excuse to mistreat us," said Kathleen Murray, a 1984 academy graduate who rose to commander in the Navy and retired to Norfolk.

Murray said she contacted other women and urged them to discuss Webb's article after learning that he was running for the Senate. She described the group as "not partisan," though she acknowledged that Allen's campaign helped to "facilitate" their news conference.

Interviewed later, Dan Proulx, a member of the academy's Class of 1982, said that early classes of women were harassed but that he didn't think Webb's article fueled the problem: "I would say it reflected more the time and spirit of times and the debate than it caused anything."

In his statement, Webb said that his article was written "during a time of great emotional debate . . . in this country." He said he is "completely comfortable" with the role of women in the military today, which he helped achieve by increasing opportunities for women while he was Navy secretary.

Webb spokeswoman Kristian Denny Todd said Allen was trying to smear Webb because the Democrat has been gaining in recent polls. "This is all they have, this kind of thing," she said. "It makes sense they would go in this direction."

Female Naval Academy Grads Say Webb Column Caused Harassment (AP)

By Bob Lewis

AP, September 14, 2006

RICHMOND — Five female U.S. Naval Academy graduates today said Democratic Senate candidate Jim Webb fostered an air of hostility and harassment for them with a magazine article he wrote in 1979.

The women, who attended the academy in the late 1970s and early '80s, said the column in Washingtonian magazine emboldened male midshipmen to humiliate them continuously, and some even wore "Jim Webb Fan Club" T-shirts.

"I was devastated to be told by a war hero that the academy should be shut down rather than accept me and that my very presence was responsible for the degradation of the military," said Jennifer Brooks, a 1982 graduate now retired after 20 years in the Navy.

In a statement released by Webb's campaign, he said he did not anticipate the widespread reaction to his article, "and to the extent that my writing subjected women at the Academy or the active Armed Forces to undue hardship, I remain profoundly sorry."

Webb said in the statement he wrote the article "during a time of great emotional debate over a wide array of social issues in this country, and the tone of this article was no exception." He said he is "completely comfortable" with women's roles in today's military.

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The women spoke at a news conference organized and paid for by Webb's Republican opponent, Sen. George Allen, on a day that marked a sharp negative turn in a race that polls show is about even.

An independent political action committee of Iraq war veterans announced the first television attack ad of the race, accusing Allen of voting in the Senate not to fund lifesaving modern body armor for combat troops. VoteVets.org is not endorsing Webb, just opposing Allen.

The women said Webb's article in Washingtonian magazine, "Women Can't Fight," made almost intolerable the already edgy relationship between male midshipmen and females, first admitted to the military service academies in 1976.

Excerpts from the article, in large bold print, hung against a black drape behind a podium theatrically lit for a camera crew of Scott Howell & Co., the Republican media firm producing Allen's campaign ads.

In the article, Webb describes the horror of combat in Vietnam for himself and the Marine infantry company he commanded and explains why he believes it was no place for a woman. He wrote that he'd never met a woman, including those at the academy who would become Navy officers, "whom I would trust to provide those men with combat leadership."

The article also described an academy residence hall that housed 4,000 men and 300 women as "a horny woman's dream."

"There was no way, ... no method to getting away from the intense, almost palpable resentment," Brooks said. "It was unbelievably demoralizing to be painted as a pampered slut who was just taking up classroom space and predestined to endanger the lives of the brave young men around me."

One of the women, 1982 graduate Linda Postenreider, said she had a telephone conversation with Webb on Tuesday night.

"He seemed willing to consider an apology or at least an acknowledgment to the brigade, especially those who served in the classes of '80 through '89, for his article that caused such grief and destruction," said Postenreider, who now lives in California and said she is a registered Democrat.

None of the women said they filed a complaint over the harassment they say Webb enabled.

Webb's Democratic primary opponent, Harris Miller, also made an issue of Webb's attitude toward military women. During the primary campaign, retired Army Gen. Claudia Kennedy accused Webb of discrimination against women in the military and endorsed Miller.

Cardin, Steele Start General Election Drive (BSUN)

By Matthew Hay Brown

The Baltimore Sun, September 14, 2006

With the primary races finally decided Wednesday, Rep. Benjamin L. Cardin and Lt. Gov. Michael S. Steele launched their general election campaigns for Maryland's open seat in the U.S. Senate, a contest that already is drawing national attention -- and money.

Cardin, who defeated friend and former congressional colleague Kweisi Mfume for the Democratic nomination to the seat held by Sen. Paul S. Sarbanes, came out firing Wednesday, linking Steele with President Bush while invoking what he described as government failures in Iraq and the Gulf Coast.

"There is a big difference between Michael Steele and me as to the agendas that we will bring to Washington," the 10-term congressman told supporters at a Democratic rally Wednesday in Northwest Baltimore.

"We need the United States Senate to stand up and hold President Bush accountable," Cardin said. "We need the U.S. Senate to stop the blockage of stem cells based upon an ideological wall to be available for research. We need the U.S. Senate to hold President Bush accountable for his efforts to privatize and dismantle Social Security. We need the U.S. Senate to hold President Bush accountable for the mess he's made in Iraq."

Steele, speaking later in the day, rejected attempts to link him to the president.

"If Congressman Cardin wants to run against George Bush, then he should have run for president," he told WBAL Radio. "But the reality of it is, no amount of demonizing of the president, no amount of scaring people about the war, is going to change the reality that we have kids in failing public schools. We have entrepreneurs who are weighted down by heavy tax burdens and regulatory burdens, unable to free up capital to hire people and to expand businesses. We've got a health care crisis staring us in the face. We're living an energy crisis at the moment, and it's going to take leadership that's going to be focused on the realities of everyday life."

The tone of the exchange differed markedly from that of the primary races, when Cardin and Mfume had presided over an amicable contest for the Democratic nomination, and Steele faced no serious opposition for the Republican nomination.

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Early Wednesday, state Republicans issued a release titled "Meet Congressman Ben Cardin," in which they sought to portray him as a career politician beholden to the special interests -- the oil, gas, pharmaceutical and health care industries among them -- that they said had contributed more than $4.5 million to his campaigns since he entered Congress in 1986.

"A lifetime spent as a politician and Washington, D.C., insider has made Congressman Cardin totally out-of-touch with Marylanders and a totally unlikely advocate for change," the Maryland Republican Party said in a statement.

Cardin spokesman Oren Shur accused Republicans of attempting to distract voters.

"Once again we're seeing Michael Steele and his allies launch attacks instead of talking about issues important to Maryland families," he said. "Ben Cardin and Michael Steele have sharp differences on the Bush agenda. Michael Steele supports the president's plan to privatize Social Security. Ben Cardin opposes it. Michael Steele supports the war in Iraq. Ben Cardin voted against it. The Republicans are hoping to distract voters from the clear differences between the candidates in this race."

Such language reflects the stakes in the contest, seen as one of the few opportunities nationwide that the Republicans have this year to take a Senate seat from the Democrats. Both parties are expected to target the state with money and visits from national leaders.

"For Republicans, I can't think of a more important race in the country," said Zach Messitte, director of the Center for the Study of Democracy at St. Mary's College of Maryland. "Here's a chance to pick up a seat that's been in Democratic hands for 30 years."

Sen. John Kerry, the Massachusetts Democrat who was the party's nominee for president in 2004, planned to attend a fundraiser for Cardin and other Maryland Democrats Wednesday night in Clarksville. Steele has received fundraising help from Bush, Vice President Dick Cheney, White House political adviser Karl Rove and other prominent Republicans.

Steele launched what he called the "Steele Wheels for Change Bus Tour" Wednesday, making stops at the Park Heights Barbershop in Baltimore, Main Street in Parkville and the Anne Arundel County Fair in Crownsville.

Kevin Zeese, who has won the backing of the Green, Libertarian and Populist parties for the Senate, opened what he described as a "three-way race" Wednesday with a speech in Washington at the Palestine Center on reforming Middle East policy.

"The security of Americans demands that we get Middle East policy right," Zeese, the director of the anti-war group DemocracyRising.US, said in a statement. "But too many elected officials refuse to discuss the mistakes the U.S. Government is making in the region."

Messitte said Cardin's and Steele's strategies are now apparent.

"Steele's message has been that it's time for a change," he said. "Cardin doesn't have skeletons in his closet and doesn't have a lot of very controversial votes. So they've positioned themselves as, 'Do you want old, or do you want new?'

"Cardin, on the other hand, his strategy is probably pretty clear, which is, 'This guy is a Republican, and he's a conservative Republican. He may tell you that he's a different kind of politician, but here's where he stood on the stem-cell debate, here's where he stood on abortion.' I'm sure they've got quotes on him talking about Iraq before Iraq became uncool."

In an election between a white Democrat and a black Republican, the African-American community has been seen as a crucial constituency for both sides. Cardin and Steele have worked to woo black voters, many of whom traditionally vote Democratic but could be open to supporting Steele.

"One of the things that the Democrats had better start thinking about carefully is appeals to African-American voters because they have four white males nominated for four statewide offices, and one of them defeated a black candidate," said Matthew A. Crenson, a political scientist at the Johns Hopkins University. "They're going to have to work to get the black vote this time."

Cardin Ready To Face Steele (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 14, 2006

Rep. Benjamin L. Cardin yesterday claimed the Democratic nomination for a U.S. Senate seat from Maryland, pitting himself against the Republican nominee -- Lt. Gov. Michael S. Steele -- in a general election showdown that will hinge on racial issues and draw attention from across the country.

Just after 2 a.m. yesterday at the Wyndham Baltimore Hotel, Mr. Cardin delivered a victory speech aimed, in part, at shoring up support among black Democrats who may defect to Mr. Steele, the first black elected to statewide office in Maryland.

Mr. Cardin, who is white, appeared to have defeated Kweisi Mfume, past president of the National Association for the Advancement of Colored People, in large part with help from party leaders such as House Minority Whip Steny H. Hoyer and state Senate President Thomas V. Mike Miller Jr.

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With 96 percent of the state's precincts reporting, Mr. Cardin had 229,835 votes, or 45 percent, and Mr. Mfume had 206,450 votes, or 40 percent. The Mfume campaign said the candidate would not contest the election results.

As Sly & the Family Stone's "Everyday People" blasted over the hotel's sound system, Mr. Cardin, 62, took the stage and invoked the tragedy of Hurricane Katrina, which critics of President Bush say demonstrated the Republican Party's indifference to poor, black communities.

"Katrina was not the disaster caused by nature. It was the disaster of government's failure to help our most vulnerable people," he said. "I am running for the United States Senate to change the priorities in Washington, to take on the moral challenges of our time and to never ever leave Americans behind."

Later in the day, Mr. Steele, 47, began a statewide bus tour in the mostly black and downtrodden West Baltimore neighborhood of Park Heights, which borders a more affluent Jewish community with the same name in Baltimore County.

"I am no stranger to this neighborhood," Mr. Steele said. "When I go to the United States Senate, I will represent both sides of Park Heights. ... You're going with me to Washington. You will have a seat in the halls of Congress. Your voice will be heard."

Mr. Cardin, who is Jewish, has represented the Park Heights area in the U.S. House for 20 years.

Mr. Steele also delivered a message of economic empowerment and the establishment of legacy wealth in poor communities, which has become a central plank in his campaign.

"If you are not about ownership, then you are not about communities like this," he said. Martin Luther "King made it very clear that we had to have a seat at the lunch counter. Our generation will be the generation that will own the diner. That's what it is about for us in neighborhoods like this."

Henry Wilkerson, a black barber in the neighborhood, said he would cross party lines to vote for Mr. Steele.

"I'm a Democrat, but if the right man says the right thing, I'll be a Republican," said Mr. Wilkerson, 55, who is also a pastor at a nearby Baptist church. "I believe he has moral standards, and I believe he has the spiritual standards that will govern is decision-making."

Old allegiances, however, die hard.

"He's a Republican. I don't mess with Republicans," a woman told her husband over the speaker of his cell phone as he stood in the crowd to see Mr. Steele.

Mr. Cardin is actively cultivating support among black voters, who make up as much as 40 percent of Democratic voters in Maryland.

He has made Baltimore City Council member Kenneth N. Harris Sr., a black Democrat, a central figure in his Senate campaign and has enlisted the support of black clergy in Baltimore and Prince George's County.

The Rev. Marvis May, pastor of the Macedonia Baptist Church in Baltimore and a strong Cardin supporter in the city's black faith community, said black voters would remain loyal to the Democratic Party and Mr. Cardin despite Mr. Steele's racial appeal.

"It's a done deal," he said. "This is a Democratic state, and we are tired of President Bush. We are tired of Republicans."

Still, Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties.

Late last month, Mr. Steele had $3.1 million in his campaign war chest, compared with Mr. Cardin's $1.6 million. Those totals are likely to be eclipsed by the dollars that will pour into Maryland from the national fundraising wings of the Republican and Democratic parties.

Are Black Voters In Maryland Up For Grabs? (RC)

By Josh Kurtz And Emily Yehle

Roll Call, September 14, 2006

BALTIMORE — Right after declaring victory in Tuesday night's Republican Senate primary — in which he bested his nearest opponent by 84 points — Maryland Lt. Gov. Michael Steele headed to the election-night celebration of Prince George's County Executive Jack Johnson, a black Democrat. Then, he drove to the celebration of Johnson's challenger, former state Del. Rushern Baker, another black Democrat.

On Wednesday, the first day of the general-election fight he has been eagerly awaiting, Steele kicked off a statewide bus tour. His first stop: a barber shop in a heavily black West Baltimore neighborhood that ex-Rep. Kweisi Mfume (D-Md.) once represented in Congress.

Now that Mfume has lost to white Rep. Benjamin Cardin in Tuesday's Democratic Senate primary, Steele's strategy for victory is hardly subtle. Even before the primary, Steele began airing a statewide ad aimed at black voters — an ad that his campaign spokesman said is scheduled to run indefinitely.

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"I think Michael Steele has a real ability to win over voters who don't usually vote Republican," said Republican National Committee Chairman Ken Mehlman, a Baltimore native.

Several Republican operatives had been open about their desire to run against Mfume rather than Cardin this fall. Mfume, while a talented politician with a magnetic personality, has been unable to escape personal or political controversy throughout his career, and Republicans figured that Steele, a former seminarian, would be able to appeal to a slice of moderates as a safe alternative to Mfume, despite Maryland's Democratic tilt.

But with Cardin as their Senate nominee, the Democrats now have the "safe" candidate. Despite his liberal voting record, Cardin is a proven entity — a soft-spoken, scholarly Congressman with 40 years of public service under his belt who had the overwhelming majority of the state's Democratic establishment supporting him.

Cardin starts out as the favorite over Steele. So in a state that is so strongly Democratic, Steele's only path to victory may be doubling — or even tripling — the 10 percent to 12 percent of the black vote that Maryland Republicans generally attract in statewide elections.

At Mfume's primary night party at the Hippodrome Theater in downtown Baltimore, the potential of Steele's gambit was in abundant evidence. Several black supporters of Mfume's said they were going to vote for Steele in the general election.

"A lot of black professionals will vote for Michael Steele because the Democratic Party totally says to blacks, 'Vote for us, but don't sit at the head of the table,'" said Baltimore attorney Gary Stern.

In Maryland, the resentment among some black voters is particularly acute after the Democratic gubernatorial nominee in 2002, Kathleen Kennedy Townsend, bypassed several potentially strong black officials when filling her lieutenant governor slot, choosing instead a white Republican.

Also on Tuesday, a black candidate for state attorney general lost to a white candidate in the Democratic primary by 12 points. Other than the appointed candidate for lieutenant governor, all of the Democratic nominees for statewide office in Maryland are white males.

However, some of Mfume's supporters saw the problem as more than just a racial question. Cardin represents the status quo at a time when voters are clamoring for change, said Walt Mallette, a business developer in Washington, D.C.

Party leaders are "backing [Sen. John] Kerry [D-Mass.] and Cardin instead of [Democratic National Committee Chairman Howard] Dean and Mfume," he said, referring to how establishment support lined up during the 2004 presidential primaries.

That lack of spine is driving black voters away from the party, Mallette said.

"Young black people who were raised as Democrats are increasingly voting as Republicans," he said. "They need a new start. Mfume gives them a new start."

But shortly before 2 a.m. Wednesday, Mfume was ready to call it quits. Although Cardin wasn't officially declared the winner until several hours later, Mfume signaled that he knew how the primary would end up and offered Cardin his support.

"Although I wanted to be Ben's Senator, he might just have to be mine, and he'll be a damn good one," he told the crowd.

Whether Mfume supporters follow his lead remains an open question.

"I'd have to do some really deep soul-searching," said Danielle Mitchell, a second-grade teacher.

And that's why Steele keeps working the black vote. "He's going to campaign aggressively and at unprecedented levels for African-American voters," said Doug Heye, Steele's campaign spokesman.

Cardin has a long record of support for civil rights, and most black Democratic officeholders are expected to join his camp quickly. In fact, just days before the primary, Cardin held an endorsement event in populous Prince George's County — Steele's home turf — featuring several black elected officials.

"Ben Cardin is a man of family and faith," said the highest-ranking Democrat there, Ulysses Currie, chairman of the state Senate budget committee. "He spends a lot of time in our community, understands our needs and has a record of getting results."

The event seemed as much about the general election to come as the primary Cardin had not yet won.

Muslim's Win In Minn. Seen As Step For Community (USAT)

By Andrea Stone

USA Today, September 14, 2006

WASHINGTON — The Minnesota Democrat who is likely to become the first Muslim elected to Congress says he wants to "promote the idea that America needs friends around the world, not more enemies."

Keith Ellison, an African-American state legislator from Minneapolis, won Tuesday's Democratic primary to replace Rep. Martin Olav Sabo. The son of Norwegian immigrants is retiring after 28 years in the House of Representatives. Ellison beat three other Democrats, including Sabo's former chief of staff and ex-party chairman, Mike Erlandson.

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Although Ellison will face Republican business consultant Alan Fine in November, his election is all but guaranteed, says University of Minnesota political scientist Larry Jacobs. In 2004, 71% of the district's voters backed Democratic presidential candidate John Kerry. Minnesota's most ethnically diverse district is home to veiled Somali women, Russian Jewish immigrants and Hmong refugees, belying the state's image as a homogeneous Scandinavian enclave.

Ellison's victory marks a turning point for American Muslims, according to community leaders such as Ali Khan of the American Muslim Council.

"It says, 'Look, you are part of America,' " says Khan, who notes that until recently the diverse community was "not very organized" or interested in electoral politics.

Estimates of the number of U.S. Muslims vary between 2 million and 6 million. The Council on American-Islamic Relations says about a third are black and another third are from South Asia. One in four are of Arab descent and the rest from Africa and elsewhere.

Ellison, 43, was raised Catholic in Detroit and converted to Islam as a 19-year-old student at Wayne State University before moving to Minnesota for law school.

Islam "makes a lot of sense to me. It works for me," Ellison said in a phone interview Wednesday.

A criminal defense lawyer, he called for an immediate troop withdrawal from Iraq, universal health care and the impeachment of President Bush. Such stands and his passionate oratory recall Paul Wellstone, the Minnesota senator killed in a plane crash in 2002, says Jacobs, although he calls Ellison "pragmatic and someone who can work with others. He won't be what people expect."

Ellison says he never brought up his religion or his race — he would be Minnesota's first black member of Congress — during the campaign. Voters did, however, ask about his position, as a Muslim, on Israel, the separation of church and state, abortion rights and gay rights. He says he supports them all.

Ellison had a tougher time explaining revelations about late campaign-finance reports, unpaid parking tickets and a suspended driver's license. More controversial were his ties to Nation of Islam leader Louis Farrakhan. Ellison worked with his group as an organizer of 1995's Million Man March.

Ellison is "a uniquely polarizing figure the likes of which we've never seen in this state," Minnesota GOP spokesman Mark Drake says.

Jacobs says the Democrat ran an effective grass-roots effort of direct mail and door-knocking, but at times, "It had the smell of a campaign about to collapse."

Ellison, a married father of four, responded by visiting synagogues and apologizing for past statements. He said he never met Farrakhan and repudiated his own defense of the Muslim leader, who has been accused of anti-Semitism by the Anti-Defamation League.

"I take responsibility for the mistakes I made," Ellison says.

The Democrat's apology convinced a Minneapolis Jewish newspaper, which endorsed him.

Pollster John Zogby, a Lebanese-American, says Ellison's victory is a win for an eclectic group that ranges from Pakistani immigrants to native-born blacks.

"American Muslims are now a political constituency," he says, "not just simply a growing group."

Former Texas Gov. Ann Richards Dies At 73 (HC)

By R.G. Ratcliffe And Anne Marie Kilday

Houston Chronicle, September 14, 2006

AUSTIN — Ann Richards, who shed the role of homemaker to rise through Texas politics to become the state's 45th governor and a national celebrity, died today after a six-month battle with cancer. She was 73.

Richards was diagnosed with esophageal cancer in March.

Richards was the quintessential Texas woman, with a sassy homespun charm, sharp wit and tough pioneer spirit. With bright silver hair, a weathered face and an affinity for cobalt blue suits and pearls, Richards was instantly recognizable to national television audiences.

As a Democratic politician, Richards' 1990 race for governor against Republican cowboy oilman Clayton Williams became a battle of the sexes. Her victory symbolically broke down gender barriers for a generation of Texas women who were seeking professional careers.

Richards labeled her administration the "New Texas," appointing more Hispanics, blacks and women to state boards and commissions than any previous governor. She pushed for increases in public education funding and promoted business expansion in the state.

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A recovering alcoholic, Richards also pressed lawmakers to increase funding for drug and alcohol abuse treatment programs.

Polls showed Richards was the most personally popular governor in 30 years. But a liberal image kept her job approval rating beneath 50 percent, and she lost her 1994 re-election bid to Republican George W. Bush, the future president.

Late in her term as governor, the Houston Chronicle asked Richards how she viewed her gubernatorial legacy.

"How about, 'She changed the economic future of Texas,'" Richards replied. "And that really beats what I feared my tombstone was going to say, and that was: 'She kept a really clean house.'"

Richards was born Dorothy Ann Willis in the front bedroom of a white frame house in what is now Lacy-Lakeview, a Waco suburb. Her father, Cecil Willis, was a pharmaceutical salesman. Her mother, Ona, was a homemaker.

After earning a bachelor's degree at Baylor University in 1954, Richards did additional course work at the University of Texas to earn a teaching certificate. For a year she taught social studies and history at Fulmore Junior High School in Austin.

Richards married her high school sweetheart, David Richards, while still at Baylor. They had four children: Cecile, Clark, Ellen and Dan. As David Richards praticed law in Dallas, Ann Richards was a full-time mother and homemaker and a part-time political volunteer.

"I was mostly involved with my babies. We did everything by Dr. Spock; if you did not have a Dr. Spock book, you could not raise a child," Richards said in her autobiography, Straight from the Heart.

The Richards family moved to Austin in 1969. Three years later, Ann Richards took her first big step toward becoming a politician, agreeing to help run a legislative campaign for Sarah Weddington.

Weddington was the 25-year-old lawyer who had won the Roe v. Wade case in the Supreme Court legalizing abortion. Weddington wanted to win a seat in the Texas House to push for laws giving women equal rights with men, such as giving a woman a right to credit in her own name and not her husband's.

Weddington won, and in her second term she hired Richards as her legislative director.

The political transformation began in 1975, when a group of Austin activists approached David Richards and asked him to run for county commissioner. When he declined, she decided to run for the seat, defeating an incumbent.

But while Richards' political career was blossoming as a Travis County commissioner, her personal life was deteriorating. Her marriage was failing as they grew apart, and she began drinking heavily in Austin's political bars after work every day.

On Sept. 27, 1980, her family and friends cornered her in the living room of a friend's house and told her she was an alcoholic who needed treatment. Richards received treatment at the St. Mary's Chemical Dependency Center in Minnesota.

Afterward, she became a lifetime advocate for people suffering from alcohol and susbstance abuse problems. She helped pass laws requiring insurance companies to pay for treatment and she convinced legislators to fund expanded substance abuse programs for state prison inmates.

While the alcoholism treatment saved Richards, she said in her autobiography, the change of lifestyle that went along with being sober finished her marriage. She and David Richards split in December 1980 and ultimately divorced in 1984.

She plunged into statewide politics in 1982 after discovering that state Treasurer Warren G. Harding was under investigation by Travis County District Attorney Ronnie Earle for possible misuse of office.

Friends convinced Richards to challenge Harding in the Democratic primary, and she ended up in a runoff with him. But Harding was indicted on charges that he used state employees to send out political mail. He pleaded guilty to a misdemeanor and dropped out of the race, effectively giving Richards her first statewide victory.

As state treasurer, Richards was a little-noticed public official. She managed state investments and the sale of bonds and cash management notes. She was best known on the "rubber chicken" circuit, making humorous speechs to civic organizations, women's groups and Democratic clubs.

Her profile changed dramatically in 1988 when Democratic National Chairman Paul Kirk asked her to be the keynote speaker at the party's national convention that summer. Her speech was to draw differences between the parties and take aim at a fellow Texan: Vice President George Bush, the GOP nominee for president.

Richards thrilled her national audience with some of her feminist humor on the ability of women to equal men: "Ginger Rogers did everything Fred Astaire did. She just did it backwards and in high heels."

What became memorable, though, was a line she delivered to show Bush was out of touch with the economic and family issues that were important to poor and middle class Americans.

"Poor George, he can't help it — he was born with a silver foot in his mouth," Richards said.

Bush dismissed Richards' statement, accurately predicting he would carry Texas that fall.

"If you just go nasty, go ugly, that isn't an effective way to do business," Bush said.

That speech set the stage for Richards to run for governor in 1990. She defeated former Gov. Mark White in the primary and then Attorney General Jim Mattox in the runoff.

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The runoff became nasty as Mattox accused Richards of illegally using cocaine and seeing treatment for a cocaine addiction. Richards declined to answer any questions about possible past drug use.

The general election race against Williams became a classic Texas political battle. She was the image of the modern Texas woman, while Williams projected the cowboy aura of the state's heritage.

Williams was a cowboy who had become a millionaire oilman and had expanded his empire into telecommunications and banking.

Richards played off his mistakes. Williams once compared bad weather to rape, saying there is nothing to be done about it, so "relax and enjoy it." He also refused to shake Richards' hand after she had criticized some of his business practices.

The state's male vote gave Williams the edge, but women voted overwhelmingly for Richards.

Richards became the first woman to win the Texas governor's office in her own right. Miriam "Ma" Ferguson had won the office in 1924 as a surrogate for her husband, former Gov. James Ferguson.

During her first year in office, Richards signed a $2.7 billion tax bill to balance the state's budget. The state also adopted the lottery under her.

Her most notable achievement was opening the doors of government to people other than Anglos and men. About 44 percent of her appointees were female; 20 percent Hispanic; and 14 percent black. Her two predecessors in office had given more than 77 percent of their appointments to Anglo men.

The biggest problem that faced Richards was overhauling the state's public school finance system under orders from the Texas Supreme Court.

Voters soundly defeated a proposed constitutional amendment she supported to redistribute wealth from rich school districts to poor ones. Opponents labeled it a "Robin Hood" system.

Richards then urged the Legislature to come up with just about any school finance plan that would save Texas — and her — the embarrassment of forced school closures. Lawmakers responded with a plan that gave wealthier districts five options for sharing their property wealth. That plan also became known as "Robin Hood."

During her tenure, Richards' popularity continued to expand to a national audience. She was featured in Vogue, Glamour, Cosmopolitan, Ladies Home Journal and The New York Times Magazine. Superstar photographer Annie Leibovitz took a portrait of her for Vanity Fair. Richards traded one-liners with late-night talk show hosts Jay Leno and David Letterman.

Richards' personal charm probably played best in the area of economic development. She once described herself as a "two-headed cow," a curiosity that corporate leaders allow through the door just so they can see her.

She could brag about getting General Motors to keep its Arlington plant open, as the company was partly motivated by a package of state incentives. She persuaded Southwestern Bell to move its corporate headquarters from St. Louis to San Antonio. She convinced computer giant Apple to consolidate its customer service operations in Williamson County.

Richards went into her 1994 re-election campaign against the younger Bush with the highest personal popularity ratings of any governor in 30 years, but her job approval ratings rarely topped 45 percent in public opinion polls.

"The polls show the people of Texas want to see Ann Richards on Leno, not in the Governor's Mansion," one of her campaign insiders lamented at the time.

Richards' frustration erupted at one point when she questioned Bush's experience to serve as Texas governor and his criticism of her record. She called him "some jerk who's running for public office."

Bush studiously avoided engaging Richards in a personality contest. Focused on issues and aided by a national tide toward Republicans, Bush defeated Richards.

After leaving office, Richards became a client recruiter and lobbyist from the firms of Verner, Liipfert, Bernhard, McPherson and Hand of Washington, D.C., and then later Public Strategies of Austin. She also was a frequent guest on CNN talk shows, particularly Larry King Live.

In her farewell news conference as governor, Richards said she was ready to move to the next phase of her life. The homemaker-turned-politician wanted to earn the money that would make her secure in retirement.

"Life is like a layer cake," Richards said. "You put one layer on top of the other, and whether you frost it or not is up to you. I'm looking forward now to a little frosting."

In addition to politics, Richards loved her family, Lady Longhorns basketball, and attending the movies. Every week, she would brief reporters on the latest movie she had seen.

Evan Smith, the editor of Texas Monthly magazine, had become close friends with Richards through her love of the movies. Smith is the co-founder of the Texas Film Hall of Fame, and Richards emceed four of the five ceremonies sponsored by that group.

``As a personality, if you think about the nature of politics today, they don't make them like Ann Richards," Smith said. ``Ann Richards was one of the truly funniest people God ever put on this earth."

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``Ann was obligated, chemically and biologically, to say what was on her mind, even if the truth was uncomfortable. Ann's honesty and candor is one of the great things about her that will be missed," Smith said.

``God bless her, there were times when Ann Richards was a divider, not a uniter," Smith said. ``And God bless her for that."

Former Texas Governor Ann Richards Dies At 73 (NYT/AP)

By The Associated Press

The New York Times, September 14, 2006

AUSTIN, Texas (AP) -- Former Gov. Ann Richards, the witty and flamboyant Democrat who went from homemaker to national political celebrity, died Wednesday night after a battle with cancer, a family spokeswoman said. She was 73.

She died at home surrounded by her family, the spokeswoman said. Richards was found to have esophageal cancer in March and underwent chemotherapy treatments.

The silver-haired, silver-tongued Richards said she entered politics to help others -- especially women and minorities who were often ignored by Texas' male-dominated establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,'" Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her re-election bid to Republican George W. Bush.

Her four adult children spent Wednesday with her, said family spokeswoman Cathy Bonner, a longtime family friend.

"They're a strong group of people but they're broken-hearted, of course," Bonner said.

Her family said as governor she was most proud of two actions that probably cost her re-election. She vetoed legislation that would allow people to carry concealed handguns, automatic weapons and "cop-killer bullets." She also vetoed a bill that would have allowed the destruction of the environment over the Edwards Aquifer.

She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention when she was the Texas state treasurer. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

Richards sealed her partisan reputation with a blast at George H. Bush, a fellow Texan who was vice president at the time: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a half-century male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state Capitol and read: "A woman's place is in the dome."

In four years as governor, Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors.

She appointed the first black University of Texas regent; the first crime victim to join the state Criminal Justice Board; the first disabled person to serve on the human services board; and the first teacher to lead the State Board of Education. Under Richards, the fabled Texas Rangers pinned stars on their first black and female officers.

She polished Texas' image, courted movie producers, championed the North American Free Trade Agreement, oversaw an expansion of the state prison system, and presided over rising student achievement scores and plunging dropout rates.

She took time out to celebrate her 60th birthday by earning her motorcycle driver's license.

Throughout her years in office, her personal popularity remained high. One poll put it at more than 60 percent the year she lost to Bush.

"I may have lost the race," Richards said after the defeat. "But I don't think I lost the good feelings that people have about me in this state. That's tremendously reassuring to me."

Richards went on to give speeches, work as a commentator for CNN and serve as a senior adviser in the New York office of Public Strategies Inc., an Austin-based consulting firm.

In her last 10 years, Richards worked for many social causes and helped develop the Ann Richards School for Young Women Leaders, scheduled to open in Austin in 2007.

Born in Lakeview, Texas, in 1933, Richards grew up near Waco, married civil rights lawyer David Richards and spent her early adulthood volunteering in campaigns and raising four children. She often said the hardest job she ever had was as a public school teacher at Fulmore Junior High School in Austin.

Richards served on the Travis County Commissioners Court in Austin for six years before jumping to a bigger arena in 1982. Her election as state treasurer made her the first woman elected statewide in nearly 50 years.

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But politics took a toll. It helped break up her marriage. And public life forced her to be remarkably candid about her 1980 treatment for alcoholism.

"I had seen the very bottom of life," she once recalled. "I was so afraid I wouldn't be funny anymore. I just knew that I would lose my zaniness and my sense of humor. But I didn't. Recovery turned out to be a wonderful thing."

The 1990 election was rough. Her Democratic primary opponent, then-Attorney General Jim Mattox, accused her of using illegal drugs. Williams, an oilman, banker and rancher, spent millions of his own money on the race she narrowly won.

After her unsuccessful re-election campaign against Bush, Richards said she never missed being in public office.

Asked once what she might have done differently had she known she was going to be a one-term governor, Richards grinned.

"Oh, I would probably have raised more hell."

Survivors include her children, Cecile Richards, Daniel Richards, Clark Richards and Ellen Richards; their spouses; and eight grandchildren.

Former Texas Governor, Activist Ann Richards, 73 (WP/AP)

By Associated Press

The Washington Post, September 14, 2006

Former Texas governor Ann Richards, the witty and flamboyant Democrat who went from homemaker to national political celebrity, died Sept. 13 after cancer was diagnosed this year, a family spokeswoman said. She was 73.

Ms. Richards died at home in Austin surrounded by her family, the spokeswoman said. She was found to have esophageal cancer in March and underwent chemotherapy treatments.

The silver-haired, silver-tongued Ms. Richards said she entered politics to help others -- especially women and minorities, who were often ignored by the male-dominated Texas establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,' " Ms. Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her reelection bid to Republican George W. Bush.

She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention, when she was the Texas state treasurer. Ms. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

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Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Ms. Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a decades-long male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state capitol and read: "A woman's place is in the dome."

In four years as governor, Ms. Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors had.

She appointed the first black University of Texas regent; the first crime victim to join the state Criminal Justice Board; the first person with a disability to serve on the human services board and the first teacher to lead the State Board of Education. Under Ms. Richards, the Texas Rangers pinned stars on their first black and female officers.

She polished Texas's image, courted movie producers, championed the North American Free Trade Agreement, oversaw an expansion of the state prison system and presided over rising student achievement scores and plunging dropout rates.

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Throughout her years in office, her popularity remained high. One poll put it at more than 60 percent the year she lost to Bush.

"I may have lost the race," Ms. Richards said after the defeat. "But I don't think I lost the good feelings that people have about me in this state. That's tremendously reassuring to me."

She went on to give speeches, work as a commentator for CNN and work at a consulting firm.

Ms. Richards grew up near Waco, Tex., married civil rights lawyer David Richards, volunteered in campaigns and raised four children. She and her husband later divorced.

In the early 1960s, she helped form North Dallas Democratic Women, "basically to allow us to have something substantive to do; the regular Democratic Party and its organization was run by men who looked on women as little more than machine parts."

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Ms. Richards served on the Travis County Commissioners Court in Austin for six years before jumping to a bigger arena in 1982. Her election as state treasurer made her the first woman elected statewide in nearly 50 years.

But politics took a toll. It helped break up her marriage. And public life forced her to be remarkably candid about her 1980 treatment for alcoholism.

"I had seen the very bottom of life," she once recalled. "I was so afraid I wouldn't be funny anymore. I just knew that I would lose my zaniness and my sense of humor. But I didn't. Recovery turned out to be a wonderful thing."

The 1990 election was rough. Her Democratic primary opponent, then-Attorney General Jim Mattox, accused her of using illegal drugs. Williams, an oilman, banker and rancher, spent millions of his money on the race Ms. Richards narrowly won.

After her unsuccessful reelection campaign against Bush, Ms. Richards said she never missed being in public office.

Asked once what she might have done differently had she known she was going to be a one-term governor, Ms. Richards grinned.

"Oh, I would probably have raised more hell."

Texas Ex-Gov. Richards Dies At 73 (WT/AP)

By Associated Press

The Washington Times, September 14, 2006

AUSTIN, Texas (AP) -- Former Gov. Ann Richards, the flamboyant Democrat who went from homemaker to national political celebrity, died last night after a battle with cancer, a family spokeswoman said. She was 73.

She died at home surrounded by her family, the spokeswoman said. Mrs. Richards was found to have esophageal cancer in March and underwent chemotherapy treatments.

She said she entered politics to help others -- especially women and minorities who she said were often ignored by Texas' male-dominated establishment.

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone,'" Mrs. Richards said shortly before leaving office in January 1995.

She was governor for one term, losing her re-election bid to Republican George W. Bush.

She grabbed the national spotlight with her keynote address at the 1988 Democratic National Convention when she was the Texas state treasurer. Mrs. Richards won cheers from delegates when she reminded them that Ginger Rogers did everything Fred Astaire did, "only backwards and in high heels."

Mrs. Richards sealed her partisan reputation with a blast at the elder George Bush, a fellow Texan who was vice president at the time: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Four years later, she was chairwoman of the Democratic convention that nominated Bill Clinton for president.

Mrs. Richards rose to the governorship with a come-from-behind victory over millionaire cowboy Clayton Williams in 1990. She cracked a half-century male grip on the governor's mansion and celebrated by holding up a T-shirt that showed the state Capitol and read: "A woman's place is in the dome."

In four years as governor, Mrs. Richards championed what she called the "New Texas," appointing more women and more minorities to state posts than any of her predecessors.

Ann Richards, Former Governor Of Texas, Dies (LAT)

By J. Michael Kennedy And Stuart Silverstein

The Los Angeles Times, September 14, 2006

Former Texas Gov. Ann Richards, a Democrat known for her freewheeling oratory who famously branded the first President George Bush as being "born with a silver foot in his mouth," died Wednesday night after a battle with cancer. She was 73.

A family representative said Richards died at home in Austin, Texas, surrounded by her family. She had been undergoing chemotherapy treatment after being diagnosed in March with cancer of the esophagus.

The silver-haired, charismatic Richards became a well-known national political figure with her keynote address at the 1988 Democratic National Convention. Richards, at the time Texas' state treasurer, took aim at the elder Bush, vice president at the time and the presumptive Republican candidate for president.

In the address that July night at the Omni in Atlanta, she zinged Bush, declaring: "Poor George, he can't help it. He was born with a silver foot in his mouth."

Bush went on to win the election that November. But Richards also advanced politically, winning a come-from-behind battle for governor two years later over Republican millionaire rancher Clayton Williams and serving two years after that as chairwoman of the Democratic convention that nominated Bill Clinton for the presidency.

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Still, her political comeuppance came two years later when she ran for a second term and was defeated by George W. Bush, putting him on the political trajectory that took him to the White House.

Richards, instantly recognizable with her white hairdo, was still a political question mark to most of her listeners when she delivered her 1988 keynote address. But she went on to become one of the most prominent women politicians in the United States.

"I wanted Ann to be more than she was, but for her generation she was something special," said Garry Mauro, a longtime friend of Richards who ran and lost against Bush in the 1998 Texas gubernatorial campaign. "When a young girl heard Ann Richards speak, she became a believer in her own ability to succeed in America. She was the icon for women with any doubts about their own self-image."

Her victory in the 1990 governor's contest against Williams was one of the most brutal, dirty campaigns in Texas history.

Despite winning, she was bruised politically and was reluctant after that to pursue national office.

During her term as governor, Richards developed a reputation for fighting for expanded rights for women and minorities. She also worked to streamline government and reform the education system, while establishing the Texas state lottery as a means to fund the public schools.

She also sought to change the Texas prison system by creating inmate substance abuse programs and by releasing fewer violent criminals.

Richards always emphasized her country roots, often expressing criticism with the phrase "that dog won't hunt."

Richards grew up in Lakeview, a small town outside Waco in central Texas, the daughter of a pharmaceuticals salesman. In those days, she went by Dorothy Ann Willis and in her autobiography, "Straight From the Heart," she said her parents put more stock in personality than scholarship.

"I learned early on that people liked you if you told stories, if you made them laugh," she wrote.

Richards' family moved to Waco for her high school education and she had only to go across town to enroll in Baylor University, the nation's largest Southern Baptist institution, where she won a debating scholarship.

At 19, Richards married David Richards, whom she had dated since high school. For the next two decades, she was a wife and mother of four who taught high school to put her husband through law school.

In 1975, while the family was living in Austin, a group asked David Richards to run for county commissioner. Her husband wasn't interested, but Ann Richards was.

She won the election with ease in 1976 and remained in public office until she was defeated by Bush.

Richards' marriage of almost 30 years ended in divorce in 1984, prompted in part by her longtime struggle with alcoholism. She underwent a monthlong treatment at St. Mary's Hospital in Minneapolis and had remained sober afterward.

In 1982, Richards was drafted to run for state treasurer and won handily, becoming the first woman to hold a statewide office in Texas in 50 years. Her reelection four years later was even more resounding, which set the stage for the 1988 speech in Atlanta and her gubernatorial victory in 1990.

Survivors include her children, Cecile Richards, Daniel Richards, Clark Richards and Ellen Richards; their spouses; and eight grandchildren.

Overhauls Proposed In Benefits For Jobless (NYT)

By Erik Eckholm

The New York Times, September 14, 2006

The nation's unemployment insurance system, which has hardly changed since its inception in 1935, should be revamped to aid more workers displaced by a transforming economy, economists said this week as they released overhaul proposals.

Currently, because of tight state eligibility requirements and because a growing number of workers do not have long-term, full-time jobs, unemployment insurance is paid to just over a third of those who are laid off, government data show, and coverage is less likely among the lower-income workers who most need it.

"The nation's unemployment insurance program is seriously out of date, given the changes over the last 70 years in the U.S. labor market," said Lori G. Kletzer, an economist at the University of California, Santa Cruz. Dr. Kletzer and Howard Rosen of the Institute for International Economics in Washington are the authors of one of two proposals for revamping the system that were released on Tuesday by the Brookings Institution in Washington.

The system was intended to provide workers with half their former wages during temporary periods between jobs, though it seldom reaches that level today. In 2004, some 8.8 million workers who qualified received an average weekly benefit of $262, often for up to 26 weeks, though benefits varied by state. The costs, which totaled $41 billion that year, are paid by federal and state payroll taxes paid mainly by employers.

Benefits are seldom available to the self-employed, to those working intermittently or to many of the lowest-paid workers.

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At the same time, Dr. Kletzer and Dr. Rosen said, the nature of unemployment is changing. In the last six years, despite lower overall rates of unemployment, the average period of joblessness for laid-off workers was 16 weeks, compared with 12 weeks in the 1970's.

Because of globalization and changes in the economic structure, more workers are forced to change industries and a significant minority take jobs paying less than before, indicating a trend "from temporary layoff to permanent displacement," according to the paper by Dr. Kletzer and Dr. Rosen.

They propose stronger federal guidelines to end the wide disparities in eligibility and benefit rules among the states and to extend coverage to a broader group of workers.

They call for a new system of personal accounts for self-employed workers, allowing them to contribute pretax money, with matching grants from the federal government up to $200 a year, to help cushion income drops or pay for job training and searches.

They also propose a wage insurance program to help offset declines in income for a period of years when workers switch to jobs paying less than they had been making. This would apply only to workers making $15 an hour or less.

To help pay some $13 billion in added costs for these programs, Dr. Kletzer and Dr. Rosen suggest raising the federal unemployment tax, which for 22 years has been levied on only the first $7,000 of each worker's income. After tax credits are counted, employers now pay a maximum of $56 a year for each covered worker, the scholars said.

In the second paper, Jeffrey R. Kling, an economist at the Brookings Institution, proposed a more radical overhaul. Dr. Kling would scrap the existing unemployment insurance system and replace it with personal accounts and loans to help people through short-term joblessness and a large program of wage-loss insurance to help low- and moderate-income workers when they are forced to take new jobs at lower salaries.

By curbing government payments to those who experience only short-term joblessness, he said, this new plan could operate with the same total money as the current system but would provide more help to the neediest.

States Give Tax Breaks To College Savers (USAT)

By Kathy Chu

USA Today, September 14, 2006

Giving another boost to 529 college-savings plans, a growing number of states are allowing their residents to take state-tax deductions for contributions they make to other states' 529 plans.

Pennsylvania, Maine and Kansas have approved such tax breaks, and a handful of other states are considering similar measures. Previously, these states offered either no tax deduction or a deduction only if a resident contributed to the state's own 529 plan.

The states' move toward tax parity for all 529 contributions is likely to make it simpler and more appealing for residents to save for their children's college educations. A new law that makes permanent the 529s' federal tax benefits has also helped spark more interest in these plans.

The 529 plans — named for a section of the federal tax code — have gained popularity by allowing parents and grandparents to put away money for college and pay no federal tax on withdrawals if the money goes for tuition and books. In many cases, the money can be used for any college or university, not just a school in the state that sponsors the 529.

More than half of states provide deductions — generally ranging from $2,000 to $12,000 — on state income-tax returns for 529 contributions.

Over the past four years, 529 assets have more than quadrupled, to about $93 billion as of June 2006, compared with about $22 billion at the same time in 2002, according to the College Savings Plans Network, an organization of states that sponsor 529s.

In Kansas, Treasurer Lynn Jenkins says the move to expand the state-tax deduction for Kansans starting in 2007 to all 529 contributions, rather than just those to the in-state plan, means the "playing field is entirely level" for investors.

The change "may make our plan even better," Jenkins says. "It forces me to make sure that happens."

College-financing experts recommend that investors compare investment options and expenses — in addition to state tax benefits — before socking away money in any one 529 plan.

The trend isn't likely to catch on in every state. After all, states will see less tax revenue if they extend deductions to contributions to out-of-state 529 plans. Pennsylvania estimates a loss of $25 million a year in tax revenue from the state's 529 tax change, which took effect this year.

"There's no question that in any instance, a tax break is going to reduce revenue," says Pennsylvania Treasurer Robert Casey. Still, "I think that when you're providing an incentive to save for college now, it's an exchange many people think is a good strategy."

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There may also be a downside for some investors. Should many residents of a state decide to bypass its 529 plan in favor of out-of-state plans, that state plan's investment management fees could rise to compensate for fewer assets in the plan, says Joseph Hurley, founder of Savingforcollege.com, a website that compares states' 529 plans.

Same Mission, New Look For Islamic Group (WP)

The Washington Post, September 14, 2006

With too many Americans viewing their Muslim fellow citizens with suspicion because of the 9/11 attacks and other terrorist acts, the Council on American-Islamic Relations, a civil rights and advocacy group, decided to launch "a new brand identity and logo."

In a letter to the American Muslim community, CAIR board Chairman Parvez Ahmed said the group after 12 years of service is "reaffirming our core values and recommitting ourselves to three central aspects of CAIR's mission -- enhancing understanding of Islam, protecting civil liberties and empowering American Muslims." Those values include promoting pluralism for a better America, justice and dialogue.

The new logo, Ahmed wrote, "affirms that we are one human family, created by God into different nations and tribes so that we may come to know each other and not despise each other."

Ahmed said in an interview that the timing of the new branding effort was "not particularly interesting." But he said that "a handful of extremists are distorting the image of Islam."

"We needed to think of new ways of becoming more effective, a much better way of communicating how [we are] part of the American mainstream," Ahmed said. "It is important that they [other Americans] have a clear understanding of us."Coalition to Market America

Also in the Getting-to-Know-You-Better category: A coalition of high-powered business executives has formed the Discover America Partnership, a multimillion-dollar advocacy campaign designed to boost the number of visitors -- by 10 million a year -- to the United States.

Their aim is to help improve America's image abroad and bolster national security by introducing more people from other countries to us. "In the effort to win hearts and minds, we have a unique card to play," Jay Rasulo , chairman of Walt Disney Parks and Resorts, said in a statement. "That card is an invitation . . . to visit America, meet our people and experience our values."

Geoff Freeman , executive director of Discover America, said the campaign intends to educate lawmakers and other policymakers about the need to attract foreign visitors, and it will work to smooth out visa and airport policies that may discourage travel. But he said the group "by no means" wants to lessen security standards. "It makes good business sense. It makes good policy sense. There's no shame in it," Freeman said.

Among the coalition's leaders: Rasulo; Steven C. Anderson of the National Restaurant Association; August A. Busch III of Anheuser-Busch Companies Inc.; Roger Dow of the Travel Industry Association of America; Michael D. Gehrisch of Destination Marketing Association International; J.W. Marriott of Marriott International Inc.; Joseph A. McInerney of the American Hotel & Lodging Association; Bud Nocera of Visit Florida; Howard C. Nusbaum of American Resort Development Association; Stevan D. Porter of the InterContinental Hotel Group; Andrew C. Taylor of Enterprise Rent-a-Car; and Jonathan M. Tisch of Loews Hotels Inc.

Also working on the campaign: Fleishman-Hillard , a PR company; Charles L. Merin of BKSH & Associates , who specializes in travel and tourism clients; and C. Stewart Verdery Jr. of Monument Policy Group LLC , who represents the Travel Industry Association and served as assistant secretary of homeland security.And Meridian Hill Makes Three

The Tiber Creek lobby shops have added a third: a new company named Meridian Hill Strategies Inc. , formed by Alix Burns , former vice president of TechNet. Burns was finance director for major states for Vice President Al Gore's presidential bid in 2000.

Tiber Creek was started in 2003 as a partnership of Johnson, Madigan, Peck, Boland & Stewart Inc. and Ickes & Enright Group.

Jeffrey Peck said Burns was instrumental in developing ties between high-tech firms and House Democrats. Johnson Madigan, a bipartisan shop, has strong ties to the Senate; Harold Ickes and Janice Enright were Clinton White House aides.

"As we look to the November elections, she'll be essential," Peck said, referring to an expected increased presence of Democrats in the House, if not a Democratic takeover.Here and There

Moving about town . . . Christopher Staszak , a former assistant counsel to New York Gov. George E. Pataki (R), has joined the D.C. office of Bracewell & Giuliani .

Mary-Lacey Reuther , special assistant to Mark McClellan, head of the Centers for Medicare and Medicaid Services, has joined the GOP lobby shop of Barbour Griffith & Rogers as a vice president.

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Former diplomat Terry Snell has joined King & Spalding as a senior international government relations adviser. Most recently, he was political adviser to the U.S. European Command, and earlier he was deputy chief of mission at the U.S. Embassy in Berlin. Also at the law firm: former senator Daniel R. Coats (R-Ind.), who was ambassador to Germany.

Democrats Vs. Wal-Mart (WP)

By George F. Will

The Washington Post, September 14, 2006

EVERGREEN PARK, Ill. -- This suburb, contiguous with Chicago's western edge, is 88 percent white. A large majority of the customers of the Wal-Mart that sits here, less than a block outside Chicago, are from the city, and more than 90 percent of the store's customers are African American.

One of whom, a woman pushing a shopping cart with a stoical 3-year-old along for the ride, has a chip on her shoulder about the size of this 141,000-square-foot Wal-Mart. She applied for a job when the store opened in January and was turned down because, she said, the person doing the hiring "had an attitude." So why is the woman shopping here anyway? She looks at the questioner as though he is dimwitted and directs his attention to the low prices of the DVDs on the rack next to her.

Sensibly, she compartmentalizes her moods and her money. Besides, she should not brood. She had lots of company in not being hired: More than 25,000 people applied for the 325 openings.

Which vexes liberals such as John Kerry. (He and his helpmeet last shopped at Wal-Mart when?) In 2004 he tested what has become one of the Democrats' 2006 themes: Wal-Mart is, he said, "disgraceful" and symbolic of "what's wrong with America." By now Democrats have succeeded, to their embarrassment (if they are susceptible to that), in making the basic numbers familiar:

The median household income of Wal-Mart shoppers is under $40,000. Wal-Mart, the most prodigious job-creator in the history of the private sector in this galaxy, has almost as many employees (1.3 million) as the U.S. military has uniformed personnel. A McKinsey company study concluded that Wal-Mart accounted for 13 percent of the nation's productivity gains in the second half of the 1990s, which probably made Wal-Mart about as important as the Federal Reserve in holding down inflation. By lowering consumer prices, Wal-Mart costs about 50 retail jobs among competitors for every 100 jobs Wal-Mart creates . Wal-Mart and its effects save shoppers more than $200 billion a year, dwarfing such government programs as food stamps ($28.6 billion) and the earned-income tax credit ($34.6 billion).

People who buy their groceries from Wal-Mart -- it has one-fifth of the nation's grocery business -- save at least 17 percent. But because unions are strong in many grocery stores trying to compete with Wal-Mart, unions are yanking on the Democratic Party's leash, demanding laws to force Wal-Mart to pay wages and benefits higher than those that already are high enough to attract 77 times as many applicants than there were jobs at this store.

The big-hearted progressives on Chicago's City Council, evidently unconcerned that the city gets zero sales tax revenue from a half-billion dollars that Chicago residents spend in the 42 suburban Wal-Marts, have passed a bill that, by dictating wages and benefits, would keep Wal-Marts from locating in the city. Richard Daley, a bread-and-butter Democrat, used his first veto in 17 years as mayor to swat it away.

Liberals think their campaign against Wal-Mart is a way of introducing the subject of class into America's political argument, and they are more correct than they understand. Their campaign is liberalism as condescension. It is a philosophic repugnance toward markets, because consumer sovereignty results in the masses making messes. Liberals, aghast, see the choices Americans make with their dollars and their ballots and announce -- yes, announce -- that Americans are sorely in need of more supervision by . . . liberals.

Before they went on their bender of indignation about Wal-Mart (customers per week: 127 million), liberals had drummed McDonald's (customers per week: 175 million) out of civilized society because it is making us fat, or something. So, what next? Which preferences of ordinary Americans will liberals, in their role as national scolds, next disapprove? Baseball, hot dogs, apple pie and Chevrolet?

No. The current issue of the American Prospect, an impeccably progressive magazine, carries a full-page advertisement denouncing something responsible for "lies, deception, immorality, corruption, and widespread labor, human rights and environmental abuses" and for having brought "great hardship and despair to people and communities throughout the world."

What is this focus of evil in the modern world? North Korea? The Bush administration? Fox News Channel? No, it is Coca-Cola (number of servings to Americans of the company's products each week: 2.5 billion).

When liberals' presidential nominees consistently fail to carry Kansas, liberals do not rush to read a book titled "What's the Matter With Liberals' Nominees?" No, the book they turned into a bestseller is titled "What's the Matter With Kansas?" Notice a pattern here?

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Extreme Tuberculosis (NYT)

The New York Times, September 14, 2006

Tuberculosis is outrunning us. In the last few months, 53 patients in the South African province of KwaZulu-Natal were found to have a form of the disease resistant to enough existing drugs that it is virtually incurable. All but one of those patients have died. Airborne and deadly, extensively drug-resistant TB is a nightmare disease. It has been found worldwide, including in the United States.

The accelerated pace of resistance comes from the world's neglect of tuberculosis, which is best cured with a cocktail of four drugs, with medicines taken daily for six to nine months. But most patients who start this difficult regime fail to complete it, leading to resistance. Of the 9.5 million new TB cases globally every year, about 425,000 of them are resistant to the standard medicines.

While a course of these drugs costs as little as $11, the medicines needed to cure resistant TB can cost up to a thousand times as much, can have harmful side effects, and must be taken for as much as two years. The really bad news, however, is that even these backup drugs are starting to fail, as they have in KwaZulu-Natal. Globally, about 6 percent of resistant TB cases are also resistant to second-line drugs — 15 percent in the former Soviet Union.

The development of antibiotics had allowed wealthy nations to dismiss TB as a disease of the past. But H.I.V. and AIDS have changed that calculus. In Africa, active TB cases are rising by 4 percent a year, largely because H.I.V. activates latent TB infection. TB is the leading cause of AIDS-related deaths. Every patient tested in the KwaZulu-Natal study was H.I.V.-positive — and more than a quarter of those who died were taking antiretroviral therapy.

African health officials gathered in South Africa last week to discuss extreme tuberculosis, but they are hobbled by the world's indifference. It is crucial, for example, to find out quickly where else extremely resistant TB lurks. But surveillance in Africa is poor, there have been no new diagnostic tests invented in the past 50 years, and the tests in use can take months. Efforts to make sure patients complete their treatment reach less than a third of TB victims. New drugs are needed to replace current ones, which are all at least 40 years old. But TB drug research had dried up until a few years ago.

A group called the Global Alliance for TB Drug Development has six compounds in the pipeline, but a treatment for extremely resistant TB is not likely before 2012. Money for clinical trials would speed things. But donors have always slighted tuberculosis. According to a new report by Results International, an advocacy group, the World Bank spent only $3.5 million directly on TB in Africa in 2005. The Global Fund to Fight AIDS, Tuberculosis and Malaria and the Bill and Melinda Gates Foundation are big donors, but much more is needed. Stinginess created this problem. Generosity is needed to fix it.

Bush, Roh To Meet Amid Tension Over North Korea (MCT)

By William Douglas

McClatchy Newspapers, September 14, 2006

WASHINGTON - South Korean President Roh Moo-hyun and President Bush will try to downplay the strains between their countries over how to deal with the North Korean nuclear standoff when they meet Thursday at the White House.

The White House is pushing a hard line in trying to get the strident North Korean government to return to six-party talks designed to halt its nuclear program. South Korea, which has sought to engage North Korea since 1998, is seeking a softer diplomatic approach toward its reclusive communist neighbor.

The United Nations Security Council has approved a resolution condemning North Korea for conducting ballistic missile tests in July that bans any deals with the Pyongyang government that might help its arms trade. The Bush administration wants that policy applied firmly, while South Korea is wary of being too confrontational.

To complicate Thursday's meeting further, it comes amid reports that North Korea is preparing for an underground nuclear test, which some U.S. intelligence officials think may come before the end of the year.

"The expectations of a significant breakthrough between the U.S. and ROK (Republic of Korea) are not there," said Michael Green, an analyst at the Center for Strategic and International Studies, a center-right research center. He was Bush's senior adviser on Asia until last December. "In general, the South Koreans would like the U.S. to be more accommodating to the North."

North Korea walked away last November from talks with the United States, Japan, China, Russia and the European Union, partially citing American restrictions imposed on a Macau-based bank accused of laundering money, counterfeiting and other illicit activities for Pyongyang.

Worried that the restrictions could prompt North Korean President Kim Jong Il to take desperate measures, South Korean officials would like the Bush administration to talk to the North Koreans about the counterfeiting issue as a prelude to resuming the six-party talks, according to Donald G. Gross, a State Department adviser during the Clinton administration.

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Not wanting to be seen as rewarding bad behavior, White House officials said Wednesday that they had no intention of lifting the restrictions.

"Look, the United States has worked with its allies and made clear to the North Koreans that they have obligations," White House press secretary Tony Snow said. "We have said, `You need to get back to the table.' There are incentives awaiting the government if it behaves well. That remains the proper approach, and it also remains a proper approach to say to those in the neighborhood, `You're closest; you have the most influence. You need to step up as well.'"

That was a veiled reference to China primarily.

Bush and Roh are also likely to touch on a proposal, controversial in South Korea, whereby Seoul would take over wartime command of its troops from the United States. It surrendered command of its troops to U.S.-led U.N. forces during the Korean War. It regained peacetime control of its troops in 1994.

Roh has pushed for the move, saying the time has come for South Korea to defend itself. But his nation's political conservatives, veterans and Christian activists oppose the proposal, saying it would erode American-South Korean relations and weaken the country's defense capabilities as tensions with North Korea escalate.

Roh calls for transferring military authority by 2012. U.S. officials said the handoff could be done by 2009, a counterproposal that some analysts construed as another sign of strain between Washington and Seoul.

Gross and other Asia analysts predict that Bush and Roh will attempt to gloss over their differences. For example, American and South Korean officials agreed not to issue a joint statement after Thursday's meeting. Such statements are common practice after two leaders meet to discuss a wide range of issues.

White House officials said a joint statement would be redundant because Bush and Roh issued one that covered the North Korea nuclear issue after they met in South Korea last November during the Asia-Pacific Economic Cooperative forum.

"A lack of a joint statement shows they want to work around hard issues and focus on areas of agreement," Gross said. "If they had a joint statement, they'd have to talk about North Korea."

U.S. To Roll Out Tepid Welcome For President Of South Korea (NYT)

By David E. Sanger

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — As President Roh Moo-hyun of South Korea prepares to visit President Bush on Thursday morning, the two men have rarely been further apart on the central issue that long ago turned their relationship so frosty.

Mr. Bush is determined to squeeze North Korea with every financial sanction possible until it gives up its nuclear capacity and other illicit activities, or, some believe, until it collapses. Mr. Roh insists the only course is to coax the country out of its isolation.

In the weeks leading to the visit here, Mr. Bush's aides have been using a new United Nations Security Council resolution, passed after North Korea's missile tests in July, to prepare a list of banks it can press to cut ties with North Korea.

Mr. Roh has been playing down the missile launching as a meaningless, attention-grabbing temper tantrum by the North Koreans, and he has resumed South Korean aid and investment to the country, in hopes of preventing what his country fears would turn into collapse or confrontation.

In past meetings, Mr. Bush has done his best to paper over the differences. But his aides acknowledge that the gap has grown so much in recent months — "as wide as the Sea of Japan" one senior official said Wednesday — that it will be almost impossible to hide.

Mr. Roh will receive treatment that contrasts sharply with the warm embrace extended in June to Japan's prime minister, Junichiro Koizumi. Mr. Koizumi got long meetings, a glittering dinner and a trip to Graceland; Mr. Roh, leader of the other major United States ally in Asia, is getting an hour in the Oval Office and a quick lunch.

It is a symbol of the enormous strains in the alliance, strains so great that Mitchell B. Reiss, the director of policy planning at the State Department during part of Mr. Bush's first term, wrote in an op-ed column in The Los Angeles Times on Wednesday that the two leaders "should agree to disagree on North Korea and move onward."

Asked how they could avoid the security issue that has been the cement of their alliance since 1950, Mr. Reiss, now a vice provost at the College of William and Mary, said in an interview, "They don't have a choice, because you can't let it erode the foundations of the alliance."

Mr. Bush has a polite but distant relationship with Mr. Roh, whom current and former White House aides say Mr. Bush believes is wedded to a doomed policy of appeasement toward a country that runs prison camps and regularly threatens its neighbors by expanding both its nuclear capacity and the range of its missiles.

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The missile defense system that the administration has deployed in rudimentary form in Alaska and aboard ships is geared toward deterring a North Korean attack, though White House officials say their bigger fear is that the country, perpetually broke, might sell a weapon to a terrorist group.

Mr. Roh, however, appears to view Mr. Bush's approach as a dangerous failure, more likely to prompt North Korea's leader, Kim Jong-il, to lash out than disarm. Ahead of this trip, South Korean officials said in interviews that they believed Mr. Bush's policies prompted Mr. Kim to produce the fuel for six or eight new nuclear weapons; American officials say North Korea would have done so anyway.

Speaking on Wednesday at the United States Chamber of Commerce, Mr. Roh said he was "quite aware" of concerns about the state of American-South Korean relations.

Mr. Roh authorized 3,000 troops for Iraq. But he was widely criticized for the decision at home, where polls show that the country is almost as distrustful of Washington as it is worried about the North Koreans.

What further complicates Thursday's meetings, however, is growing speculation that North Korea may be preparing for another test: this time, an underground nuclear test, which it has never before conducted.

"For the North Koreans, it would be the next logical step in managed escalation," said Richard L. Armitage, the former deputy secretary of state. "The irony of the situation is that the farther away you are from the peril, the more concerned you are about it."

Roh Says U.S.-S.Korea Alliance Changing (AP-Y)

By Foster Klug

AP, September 13, 2006

South Korean President Roh Moo-hyun said Wednesday that while his country's five-decade alliance with the United States is changing, Seoul will continue to support the U.S.-led fight against terrorism.

The South Korea-U.S. "alliance will in part change according to the times," Roh said through an interpreter. "But the very fundamental basis of this alliance will not change."

Roh noted he will meet with President Bush Thursday to discuss the state of the alliance and ways to settle a tense nuclear standoff with North Korea.

Both Roh and Bush want the North to return to stalled negotiations aimed at persuading Pyongyang to scrap its self-proclaimed nuclear bomb production program. But bickering has flared occasionally on just how to achieve that.

Roh told business leaders at the U.S. Chamber of Commerce that he was "quite aware that in Korea and the United States, we have many people who are quite concerned about the state" of the U.S.-South Korea relationship.

But "in all areas where the United States has been fighting to establish order and freedom, Korea has always been at the United States' side," he said.

South Korea deployed nearly 3,600 troops in Iraq in 2004, making it the second-largest U.S. coalition partner after Britain. It plans to withdraw about 1,000 of its 3,200-member contingent by the end of the year.

Roh met Wednesday with Secretary of State Condoleezza Rice, with both leaders underlining that U.S.-South Korean cooperation was needed to resume stalled nuclear disarmament talks, according to South Korean officials. Roh was scheduled later Wednesday to visit the Korean War Memorial and to meet with U.S. lawmakers.

How the two allies handle the North Korean nuclear crisis matters because some believe mixed messages from Washington and Seoul have allowed the reclusive North to boost its nuclear arsenal while falling into deeper isolation.

Efforts to restart the disarmament talks have gained greater urgency in recent weeks as leaders worry about a potential North Korean nuclear weapons test, and after the North decided in July to test launch seven missiles. But so far, no resumption of the negotiations by the Koreas, the United States, Russia, Japan and China is in sight.

"The most important thing is that they can get along, and project that to the world," Michael O'Hanlon, a senior fellow of foreign policy studies at the Brookings Institution, said in looking ahead to Roh's meeting with Bush.

"They just totally see the world differently," O'Hanlon said, calling the Roh-Bush relationship perhaps "the single rockiest" of Bush's tenure and "probably the one with the greatest consequences."

Roh's time in Washington will be a low-key affair, in marked contrast to a June trip by the leader of another major U.S. ally in Asia, Japan. Prime Minister Junichiro Koizumi spoke publicly of his "heart-to-heart" friendship with Bush during that visit, and Bush treated Koizumi to a rare presidential tour of the home of the prime minister's musical hero, Elvis Presley, in Memphis, Tennessee.

During their meeting, Roh and Bush will discuss an ambitious U.S.-South Korean free trade proposal and Seoul's desire to retake wartime command of its troops from the United States. The focus, however, will be on North Korea.

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Bush favors a hard-line approach, refusing to talk to the North outside of the six-nation talks, which Pyongyang has boycotted since November. Roh has tried to engage Kim Jong Il's communist government.

"North Korean policy has been foundering, in part because North Korea sees the huge gap between Seoul and Washington and drives right through it," O'Hanlon said.

Separately, U.S. lawmakers were expected to consider on Wednesday a North Korean nonproliferation measure and a resolution asking Japan to accept responsibility for the sexual exploitation of women in Korea and other Asian countries during World War II.

Michael Green, Bush's senior adviser on Asia until December, said that Roh and Bush have a good working relationship, but he noted that there will be intense pressure on Roh from some in Seoul to emphasize differences with Washington about North Korea.

In the past, Roh has lobbied Bush to change the tone of U.S. policy on North Korea, an attempt to cater to South Koreans who favor expanding ties with the North, said Green, now an analyst at the Center for Strategic and International Studies.

Seoul Backs Censure Of North (WT)

By David R. Sands

The Washington Times, September 14, 2006

South Korean Foreign Minister Ban Ki-moon yesterday said Seoul strongly supports the United Nations' condemnation of North Korea for its recent missile tests, and denied that South Korean President Roh Moo-hyun was trying to play down the missile tests when he described them recently as tests carried out by the communist North for political, not military effect.

"I do not know if the United States and others have fully made up their positions, but the South Korea government will faithfully implement the U.N. Security Council resolution [1695]. We fully supported it," Mr. Ban said.

Mr. Ban spoke with reporters from The Washington Times on the eve of an Oval Office summit today between President Bush and Mr. Roh.

Mr. Ban acknowledged there was a "perception gap" between the two allies on North Korea and other issues, a gap often exaggerated by South Korea's domestic press.

He said the alliance remained fundamentally healthy and that public opinion in South Korea toward the United States had improved in recent years.

On other issues, the South Korean offered the following thoughts:

·The South Korean government is "firmly committed" to a new bilateral free-trade agreement with the United States. He said Seoul hoped to have a deal by spring, despite strong opposition in South Korea from farmers and other groups.

·He said Mr. Bush and Mr. Roh would not nail down at today's meeting an accord to transfer operational control of South Korean forces in wartime. Details of such an accord would be left to military officials meeting next month.

But he said South Korea should assume responsibility as a sovereign country.

"When you are making fundamental changes, it's better that they be done as soon as possible and not to leave a long period of uncertainty," he said.

Mr. Roh, who last met Mr. Bush 10 months ago on the sidelines of a summit of Asia-Pacific leaders, will hold a one-hour Oval Office meeting and have an hourlong working lunch with Mr. Bush today. He met with Secretary of State Condoleezza Rice yesterday and will also visit San Francisco before returning home.

The short, low-key summit is in sharp contrast to the warm welcome Mr. Bush recently extended to Japanese Prime Minister Junichiro Koizumi, one of the U.S. administration's closest allies in the region.

That visit included a trip by the two leaders to Memphis, Tenn., to tour Graceland, home of Mr. Junichiro's musical idol, Elvis Presley.

U.S. and South Korean officials have dismissed the idea of fundamental problems with the alliance, despite clear tactical differences in recent months over how to deal with North Korea.

But Mr. Roh, in a speech yesterday to the U.S. Chamber of Commerce, acknowledged there was considerable talk in both capitals about strains in the alliance forged in the early days of the Cold War.

"I am quite aware that in Korea and the United States, we have many people who are quite concerned" about the state of bilateral ties, Mr. Roh said, speaking through an interpreter.

But "in all areas where the United States has been fighting to establish order and freedom, Korea has always been at the United States' side," he added.

Among the delicate issues on the bilateral agenda: how tough a line to take with North Korea; a proposed U.S.-South Korea free-trade agreement; and Seoul's efforts to reclaim operational control of its military forces in wartime from U.S. command.

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Mr. Ban, in an interview with South Korean journalists last month, conceded there were "a number of perception gaps" between Seoul and Washington.

"The upcoming summit is important," he said then. "Once a perception is formed, it is difficult to remove it."

Mr. Roh's government, beset by scandals and worries over North Korea policy, has hit historic lows in recent South Korean polls.

The South Korean president's five-year term ends in December 2007, but Mr. Ban, minister of foreign affairs and trade since January 2004, may be in line to move to a bigger stage.

The 62-year-old career diplomat and government minister announced in February his candidacy to succeed U.N. Secretary-General Kofi Annan, whose term ends Dec. 31. Mr. Ban topped an unofficial Security Council straw poll held in July.

Just Say No (To Roh) (WSJ)

By Jin Ha Hwang

The Wall Street Journal, September 14, 2006

North Korea is no longer a threat to South Korea. The wartime operational control (OP-CON) of 680,000 Korean troops will be transferred back to South Korea by 2009, and the U.S.-Republic of Korea Combined Forces Command (CFC) will be consequently dismantled.

At least that is what the presidents of the U.S. and South Korea think will happen in the next three years. But they would be making a grave mistake.

It may seem natural for a sovereign nation like South Korea to exercise wartime control over its military. It is also natural, however, for a sovereign nation to work with other countries to increase its ability for deterrence against an unpredictable and ever-present adversary, especially when other countries share common goals. Such is the rationale behind the 1978 establishment of the CFC, and it has served most successfully over the years in deterring military aggression by North Korea. In its inception, the presidents of the U.S. and South Korea, under an understanding of mutual benefit and operational efficiency, agreed to delegate power to the commander of the CFC to exercise wartime control.

Given its history and prime importance to the survival of South Korea, not to mention the benefits of peace in Northeast Asia, both Koreans and Americans must be aware of what risks the transfer of wartime OP-CON would bring to the U.S.-South Korea combined defense posture, and whether this would spell further uncertainty for Northeast Asia's future. That the current uproar in South Korean society over this issue was fuelled by a few pro-North Korean politicians makes the issue doubly concerning.

While certain leaders wish to make this issue a national priority, the Korean people themselves have not called for the transfer of wartime operational control, nor do most desire dismantlement of the robust and effective U.S.-ROK Combined Forces Command. We must also find out what the Korean and U.S. military field commanders think about the issue.

Transfer of the wartime OP-CON, and the consequent dismantlement of the CFC, is a dangerous move that would not only increase chances of instability, but could may well benefit North Korea in the long run. Here's why:

· First, the security situation on the Korean peninsula is more fragile than ever. It was only March of this year when the commanding general of the U.S. Forces Korea, Gen. Burwell B. Bell, testified at the U.S. Senate Armed Services Committee that "North Korea poses a variety of threats to regional and global stability." His testimony tells us that we need a strong alliance with a well-coordinated combined defense posture, and most Koreans, military or civilian, agree. Furthermore, North Korea is still trying to develop ICBM missiles and nuclear weapons.

· Second, a transfer might encourage North Korea to step up its rogue tactics. For the past half-century, North Korean leaders have persistently called for the withdrawal of American troops and dismantlement of the Combined Forces Command. Pyongyang has also continuously insisted that it would not discuss any military issues with a Seoul that does not even have wartime control over its military. The North's regime would undoubtedly see the transfer as a victory, and use it to strengthen their otherwise dissipating domestic legitimacy, perhaps even emboldening them to make further demands.

· Third, the concept of "independent operation" is no longer applicable for 21st-century wars. All the militaries of the world are cooperating and delegating responsibilities and commands to one other. This is seen clearly in the North Atlantic Treaty Organization. Operations of the NATO Allied Command are controlled by the commander of the U.S.-European Command. The U.S. and Japan have two separate commands, but this is because Japan's Constitution prohibits its Self-Defense Forces from being a part of any combined war operations. The Korean peninsula is the most fortified and politically complex region in the world, and an alliance with two separate military commands would lose cohesion during a major crisis.

Even as politics may have changed on the Korean peninsula, the security situation, in terms of the need for deterrence, has not changed one bit. North Korea's asymmetric threats still pose a grave danger to South Korea's security, as well as to

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countless U.S. economic and political interests. What about the possibility of a major crisis like the North's sudden collapse? Now is the time to keep the alliance intact and strengthen its combined defense capabilities.

The wartime OP-CON is a delegated power granted with consent of the commanders in chief of the two countries, for the purpose of fulfilling a nonpolitical but essential technical need. No national pride is lost because of it. Yet South Korean President Roh Moo Hyun wishes to politicize the issue by linking it with words such as "sovereignty" or "destiny." He is also playing a dangerous game of dangling the OP-CON transfer issue in front of North Korea to open up a channel for communication, since the dismantlement of the CFC was one of the three preconditions North Korea suggested to the South for any serious inter-Korean talks. The results of this year's local elections say most South Koreans do not support Mr. Roh's stance. So for whose interests is he pushing forward the transfer?

The U.S.-ROK Combined Forces Command is a mechanism designed to deter war, and also to fight and win a war should deterrence fail. It is a military structure that has functioned admirably for the benefit of both South Korea and the United States. Should we let it go because of domestic political interests? Who has the last laugh then?

Mr. Hwang chairs the International Relations Committee of the Grand National Party, South Korea's largest opposition party.

Iran And European Union Postpone Talks (AP)

By George Jahn, Associated Press Writer

AP, September 14, 2006

The European Union's foreign policy chief and Iran's top nuclear negotiator on Wednesday abruptly postponed talks on easing tensions over the refusal of the Tehran regime to suspend uranium enrichment.

Cristina Gallach, spokeswoman for EU foreign policy official Javier Solana, did not say what prompted the decision to downgrade Thursday's meeting in Paris to the level of aides to Solana and Ali Larijani, Iran's senior nuclear negotiator.

But the decision of the two principals to stay away from what would have been their third meeting in a week suggested snags had developed from their direct contacts over the weekend.

The absence of Solana and Larijani was bound to dampen high expectations for the meeting. Their two sessions in Vienna had been described by both men as making progress toward solving the impasse over Tehran's defiance of a U.N. Security Council that it freeze enrichment.

Members of delegations familiar with the outcome of the talks Saturday and Sunday had said Iran suggested it was ready to consider suspending enrichment for up to two months.

But the officials also told The Associated Press that Iran continued to refuse pressure to stop enrichment before talks with a six-nation alliance meant to resolve the nuclear standoff, even though those nations conditioned starting negotiations on a freeze.

In Dakar Senegal, Iranian President Mahmoud Ahmadinejad said Thursday that his country's nuclear standoff with the West can be solved through dialogue, and called for unspecified "new conditions" in negotiations.

Ahmedinejad, on an hours-long stopover in Senegal en route to Cuba for a summit of the Nonaligned Movement, said the debate over Iranian nuclear enrichment could be solved peacefully.

"We're partisans of dialogue and negotiation. We believe that we can resolve our problems in a space of dialogue and justice — together," he told reporters.

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity. Enrichment can also create material for atomic bombs, however, and the United States and other nations suspect that is Tehran's real goal.

Gallach, the EU spokeswoman, said the results of the meeting Thursday would be reported to Iran's capital and EU headquarters before a decision on scheduling further talks between Solana and Larijani.

In a telephone call from the EU offices in Brussels, Belgium, Gallach said the two aides meeting Thursday — EU negotiator Robert Cooper and Javad Vaeidi, deputy head of Iran's powerful National Security Council — had also held talks in Vienna on Tuesday.

Different interpretations of what was achieved at the weekend talks were reflected earlier in the day.

In moderate language, Britain, France and Germany only alluded to the threat of Security Council sanctions if Iran continues to enrich uranium and called on the Tehran regime to negotiate the dispute with the international community.

The United States, in contrast, said it was time for the council "to back international diplomacy with sanctions."

The relatively soft tone of the European statement at a meeting of the 35-nation board of the International Atomic Energy Agency appeared focused on keeping confrontation low a day ahead of what then was still thought to be a Solana-Larijani meeting.

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Diplomats accredited to the IAEA meeting, who agreed to discuss the matter only if granted anonymity, said that while France and Britain favored a tougher approach, Germany wanted a more toned-down text.

The need for bargaining among the Europeans — and the sharper tone of the U.S. statement — reflected uncertainties about Iranian intentions after Tehran suggested during the talks Sunday that it was ready to consider a short-term enrichment freeze.

"We continue to extend an open hand to Iran," the European statement said. It added that if Iran met the demand on enrichment, "we will ask to suspend action in the Security Council."

The three said the Solana-Larijani meetings had "helped clarify some misunderstandings."

But the chief U.S. delegate, Gregory L. Schulte, accused Iran of "a history of deception, lack of transparency, provocative behavior and disregard for its international obligations."

"The time has come for the Security Council to back international diplomacy with international sanctions," he said.

In Washington, State Department deputy spokesman Tom Casey said Secretary of State Condoleezza Rice will take up the sanctions issue with other diplomats when the U.N. General Assembly meets next week in New York.

The five permanent members of the Security Council — the U.S., Britain, France, Russia and China — along with Germany have offered Iran economic and political rewards if it agrees to consider a long-term moratorium on enrichment and commits to an enrichment freeze before talks to discuss details of their package.

Reflecting differences over how to deal with Tehran, they gave up an attempt to jointly criticize Iran's defiance Tuesday, after China and Russia refused to endorse U.S.-backed tough language, diplomats said.

Those two countries have resisted U.S.-led efforts to move to sanctions quickly, despite the passing of the Security Council's Aug. 31 deadline for Iran to freeze work on developing enrichment technology. They favor continued negotiations.

Associated Press writer Palma Benczenleitner contributed to this report.

Foreign Ministers To Meet In New York On Iranian Sanctions: Rice (AFP)

AFP, September 14, 2006

Foreign ministers from the six major powers involved in the nuclear standoff with Iran will meet soon in New York to discuss imposing sanctions against Tehran, US Secretary of State Condoleezza Rice said.

Rice will travel to New York next week for talks on the sidelines of the United Nations General Assembly meeting and she said this would be the opportunity to press ahead with the sanctions if Iran continues to reject demands it freeze its suspected nuclear weapons program.

"There will be a meeting in New York of the ministers of the P5-plus-1," she said, referring to the five permanent members of the UN Security Council, Britain, China, France, Russia and the United States, plus Germany -- the coalition that has led efforts to halt Iran's nuclear program.

"I think that is a natural time to assess where we are and make some movement forward," she said following a meeting at the State Department with Israeli Foreign Minister Tzipi Livni.

The UN Security Council adopted a resolution in July giving Iran a month to suspend its uranium enrichment and reprocessing program or face sanctions.

Washington and some other governments believe the enrichment is aimed at producing material for nuclear weapons.

Iran insists the work is only to make fuel for electricity generation and has rejected the UN demand, although negotiations have continued between Iran and European Union officials acting as intermediaries in the dispute.

Rice said the way forward for Iran was clear, it can either suspend its uranium enrichment as a prelude to broader negotiations on improving economic and diplomatic ties with the international community, or face new UN Security Council resolutions imposing sanctions.

"We have always believed that the path was very clear: suspend and go down the path of negotiations or the international community will go down the path of the Security Council," she said.

"We are working on that track," she said, noting that senior diplomats of the P5-plus-1 governments have been holding discussions in recent days on specific sanctions measures.

"If the Iranians wish to suspend, and begin negotiations, obviously that would be a good thing," Rice said.

But she said that in light of a decision by Iran to cancel without explanation a planned meeting Thursday between Tehran's lead negotiator, Ari Larijani, and EU foreign policy chief Javier Solana, "I don't really know that that option is still available".

Earlier Wednesday the State Department spokesman brushed aside new indications that key allies in the P5-plus-one group were wavering on the issue of imposing sanctions.

"We have full confidence" the six will back sanctions, spokesman Sean McCormack said.

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He was speaking after the six failed to agree Tuesday on a joint statement on Iran at a meeting in Vienna because "the United States was too tough" and Russia and China did not want the word "sanctions" mentioned, a Western diplomat told AFP.

Livni, speaking alongside Rice, also referred to the danger of a split in the coalition confronting the Islamic government in Iran, which refuses to recognize Israel's right to exist.

"The United States shows its determination (for sanctions), but there's a need to get more states on board and there are some hesitations, unfortunately, from other parts of the world," she said after a closed door meeting with Rice.

"But our expectation is that the international community will show more determination on this issue on the understanding that this is not a threat to Israel but a threat to the entire free world."

U.N. Inspectors Dispute Iran Report By House Panel (WP)

By Dafna Linzer

The Washington Post, September 14, 2006

U.N. inspectors investigating Iran's nuclear program angrily complained to the Bush administration and to a Republican congressman yesterday about a recent House committee report on Iran's capabilities, calling parts of the document "outrageous and dishonest" and offering evidence to refute its central claims.

Officials of the United Nations' International Atomic Energy Agency said in a letter that the report contained some "erroneous, misleading and unsubstantiated statements." The letter, signed by a senior director at the agency, was addressed to Rep. Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, which issued the report. A copy was hand-delivered to Gregory L. Schulte, the U.S. ambassador to the IAEA in Vienna.

The IAEA openly clashed with the Bush administration on pre-war assessments of weapons of mass destruction in Iraq. Relations all but collapsed when the agency revealed that the White House had based some allegations about an Iraqi nuclear program on forged documents.

After no such weapons were found in Iraq, the IAEA came under additional criticism for taking a cautious approach on Iran, which the White House says is trying to building nuclear weapons in secret. At one point, the administration orchestrated a campaign to remove the IAEA's director general, Mohamed ElBaradei. It failed, and he won the Nobel Peace Prize last year.

Yesterday's letter, a copy of which was provided to The Washington Post, was the first time the IAEA has publicly disputed U.S. allegations about its Iran investigation. The agency noted five major errors in the committee's 29-page report, which said Iran's nuclear capabilities are more advanced than either the IAEA or U.S. intelligence has shown.

Among the committee's assertions is that Iran is producing weapons-grade uranium at its facility in the town of Natanz. The IAEA called that "incorrect," noting that weapons-grade uranium is enriched to a level of 90 percent or more. Iran has enriched uranium to 3.5 percent under IAEA monitoring.

When the congressional report was released last month, Hoekstra said his intent was "to help increase the American public's understanding of Iran as a threat." Spokesman Jamal Ware said yesterday that Hoekstra will respond to the IAEA letter.

Rep. Rush D. Holt (D-N.J.), a committee members, said the report was "clearly not prepared in a manner that we can rely on." He agreed to send it to the full committee for review, but the Republicans decided to make it public before then, he said in an interview.

The report was never voted on or discussed by the full committee. Rep. Jane Harman (Calif.), the vice chairman, told Democratic colleagues in a private e-mail that the report "took a number of analytical shortcuts that present the Iran threat as more dire -- and the Intelligence Community's assessments as more certain -- than they are."

Privately, several intelligence officials said the committee report included at least a dozen claims that were either demonstrably wrong or impossible to substantiate. Hoekstra's office said the report was reviewed by the office of John D. Negroponte, the director of national intelligence.

Negroponte's spokesman, John Callahan, said in a statement that his office "reviewed the report and provided its response to the committee on July 24, '06." He did not say whether it had approved or challenged any of the claims about Iran's capabilities.

"This is like prewar Iraq all over again," said David Albright, a former nuclear inspector who is president of the Washington-based Institute for Science and International Security. "You have an Iranian nuclear threat that is spun up, using bad information that's cherry-picked and a report that trashes the inspectors."

The committee report, written by a single Republican staffer with a hard-line position on Iran, chastised the CIA and other agencies for not providing evidence to back assertions that Iran is building nuclear weapons.

It concluded that the lack of intelligence made it impossible to support talks with Tehran. Democrats on the committee saw it as an attempt from within conservative Republican circles to undermine Secretary of State Condoleezza Rice, who has agreed to talk with the Iranians under certain conditions.

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The report's author, Fredrick Fleitz, is a onetime CIA officer and special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton, who is now ambassador to the United Nations, had been highly influential during President Bush's first term in drawing up a tough policy that rejected talks with Tehran.

Among the allegations in Fleitz's Iran report is that ElBaradei removed a senior inspector from the Iran investigation because he raised "concerns about Iranian deception regarding its nuclear program." The agency said the inspector has not been removed.

A suggestion that ElBaradei had an "unstated" policy that prevented inspectors from telling the truth about Iran's program was particularly "outrageous and dishonest," according to the IAEA letter, which was signed by Vilmos Cserveny, the IAEA's director for external affairs and a former Hungarian ambassador.

Hoekstra's committee is working on a separate report about North Korea that is also being written principally by Fleitz. A draft of the report, provided to The Post, includes several assertions about North Korea's weapons program that the intelligence officials said they cannot substantiate, including one that Pyongyang is already enriching uranium.

The intelligence community believes North Korea is trying to acquire an enrichment capability but has no proof that an enrichment facility has been built, the officials said.

Political, Tech Hurdles Muddle Iran Oil Industry (USAT)

By David J. Lynch

USA Today, September 14, 2006

TEHRAN, Iran — Nobody worries about spilling a little as they fill 'er up here at the gas station on Vali Asr Avenue. Why should they? With gas costing less than 40 cents — that's right, cents — a gallon, leaving a little on the pavement is no big deal.

“It's very cheap,” says Feridoun Mansouri, 52, with a laugh. The retired government worker tops off the tank of his silver sedan for 12,000 rials, or about $1.35.

Perhaps it's no surprise that a country sitting on 132 billion barrels of oil, the world's third-largest total, enjoys cheap gasoline. But the scene at this urban filling station suggests an abundance that couldn't be further removed from the grinding reality of Iran's oil industry.

From wellhead to gas pump, Iran's fabulously endowed petroleum industry confronts debilitating political and technological headwinds. Aging oil fields are starved of the most advanced technology because U.S. sanctions and pervasive political uncertainty limit investment by major oil companies. A shortage of domestic refining capacity means oil-rich Iran must import 40% of its gasoline. That dependence is one of the country's chief vulnerabilities as it faces the potential imposition of new sanctions over its controversial nuclear research program.

Yet, Iran remains defiant. Supreme Leader Ayatollah Khamenei has threatened to halt his country's oil exports if the U.S. slaps sanctions on Iran because of its uranium enrichment efforts, which the Bush administration suspects are intended to produce nuclear weapons. Europe, Japan and China purchase two-thirds of Iran's exports. Though the U.S. buys no Iranian oil, a cutoff of Iranian shipments, or a broader clamp-down on oil tankers leaving the Persian Gulf, could be a catastrophe for the global economy.

Secretary of State Condoleezza Rice has dismissed the danger, arguing that Iran depends almost entirely on oil export revenue to keep its economy and government afloat. And Wednesday in Vienna, Iran oil minister Kazem Vaziri-Hamaneh reaffirmed Tehran's commitment to supplying global crude markets despite the standoff over its nuclear program, the Associated Press reported.

Others aren't so sanguine. “The Iranians would have no difficulty starving themselves to prove a point. They are terribly cognizant of image, face and respect,” says Kent Moors, chief executive of Asida Group, a Pittsburgh-based oil industry consultant.

Domestic political jockeying has further complicated Iran's oil field management. President Mahmoud Ahmadinejad took office one year ago vowing to root out a corrupt “oil mafia” he accused of stealing the nation's patrimony. But parliament balked at his first three oil minister nominees, regarding each as long on Islamic fervor and short on petroleum expertise.

Only after a three-month showdown did Ahmadinejad tap veteran oil man Vaziri-Hamaneh for the job. Few posts are more vital: Oil sales account for 85% of Iran's export earnings and more than 40% of government revenue.

Vaziri-Hamaneh and other Iranian oil officials responsible for holding the industry together are well regarded by global oil pros. Massaging ancient fields to squeeze out every last drop of oil is no easy task given that the best technology and expertise in the global industry remains off-limits.

But Ahmadinejad's continuing bid to exert political influence over the oil ministry is raising alarms in some industry circles. Amid continued infighting, the pace of activity has slowed. “The management is not so quick in their decisions. … It takes longer,” says Hamid Zaheri, general manager of United Arab Emirates-based Crescent Petroleum's Tehran office.

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The oil ministry denied a request to interview Vaziri-Hamaneh or other senior ministry officials.

Ahmadinejad also has stirred concern among oil professionals by awarding several billion dollars in oil and gas industry contracts to companies affiliated with Iran's Revolutionary Guards, the paramilitary force charged with safeguarding the Islamic revolution. More awards are likely.

The Revolutionary Guards' preferential access to state financing allows them to underbid private firms, says Bijan Khajehpour, chairman of Tehran-based Atieh Group, which advises foreign firms on the Iranian market.

The Revolutionary Guards, which number the president among its veterans, developed significant experience managing large infrastructure projects after the 1980-88 Iran-Iraq war. But Khajehpour says that the organization lacks specific oil business know-how, and they fear "that some technologically difficult projects would not be efficiently managed by such companies."

Still, it's not all bad news. Thanks to high oil prices, government coffers are bulging: Oil export revenue for the 12 months ending in March is expected to total $49.7 billion vs. $19.4 billion four years ago.

That enables Iran to afford an estimated $5.8 billion bill for imported gasoline this year, plus additional subsidies to keep prices low on food and fertilizer, according to the International Monetary Fund.

So far, rising revenue has outpaced mushrooming public expenditures. But government spending, which has doubled in three years, appears certain to continue rising under the populist Ahmadinejad.

For Iran, remaining sufficiently flush to continue affording the presidential spending spree may depend upon reaching unrealistically ambitious oil production goals. In its current five-year development plan, the government calls for boosting output from 4.1 million barrels a day to 5 million a day by 2009 and 7 million by 2024.

That won't be easy. A $2 billion project for a Japanese consortium to develop Iran's largest new discovery since the late 1960s, the massive Azadegan field, remains in limbo two years after the contract was signed. A Japanese consortium headed by Inpex has refused to start work on the field, saying that landmines left over from the Iran-Iraq war remain in the area.

Some Iranian officials, believing the Japanese actually are waiting for a resolution of the nuclear controversy, have set a deadline for action. If work doesn't begin by Friday, they say, they will solicit new bids, giving preference to domestic companies.

Output at Iran's aging fields, most of which are in the southwestern province of Khuzestan, is declining each year by about 300,000 barrels a day. And Iran is drilling few new exploration wells. "Iranian oil field output is dropping very seriously, not because the government is mismanaging them, but because the fields are old. The Iranians have to struggle to keep things where they are," says Fereidun Fesharaki, an Iranian oil official in the 1970s who is now an industry consultant.

To reverse the decline, Iran must attract an enormous surge of foreign investment. A critical need is outside cash and expertise to boost recovery rates — the percentage of a field's total reserves brought to the surface — from Iran's 24%-27% to the 35% global average, according to the U.S. Energy Information Administration.

Since 1995, U.S. sanctions have barred American oil companies from major investments in Iran. Additional sanctions enacted one year later were intended to extend the prohibition to bar foreign energy firms from helping Iran upgrade its oil and gas industry.

But amid howls from European allies, the United States granted waivers for foreign firms such as France's Total. Since 1997, foreign firms have plowed $15 billion into Iranian oil and gas projects.

That's a fraction of the $162 billion the International Energy Agency estimates Iran will need by 2030. Securing that much foreign capital is unlikely given unfavorable Iranian contract terms and political uncertainty surrounding Iran's controversial nuclear program.

"The issue is not that the industry came to a halt because of U.S. sanctions. It hasn't. The industry's potential with no sanctions is the issue. … The potential of Iran has not been met," says Narsi Ghorban, a prominent local energy expert and managing director of NarKangan Gas-to-Liquid International.

Iranian officials late last month acknowledged they likely will fall short of their production goals, perhaps increasing crude oil production to only 4.5 million barrels a day by 2010.

"We are not close to the 5 million (barrels per day) target. … More than 80% of the current total oil output is being provided from aged oil fields that need serious investment to increase production," said Hossein Nozari, managing director of National Iranian Oil, the BBC reported.

Barring an additional oil price spike, the failure to significantly increase production means Iran likely will face a tough choice between painful cuts in spending and allowing already high inflation to spike, says Djavad Salehi-Isfahani, an Iranian-born economist at Virginia Tech University.

"(Ahmadinejad) may be able to manage this year … but the chickens will come home to roost in the fall of '08," he says.

Meanwhile, back at the gas station, absent-minded motorists pay no attention as gas sloshes onto the pavement and trickles away into the gutter. For now, government efforts to reduce the bill for Iran's gasoline imports are limited to colorful

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billboards urging motorists to stop pumping before gas spills onto the pavement. (Pump nozzles here lack the automatic shut-off features common in the USA and Europe.)

Proposals to discourage consumption by trimming costly subsidies, thus raising pump prices, have foundered amid politicians' well-founded fears of popular unrest.

"If they lift the subsidy, the price will go higher (and) we will have higher inflation," says motorist Mansouri, turning grim. "The people will be very upset."

U.S., Israel Cool To Proposal For Palestinian Unity Government (WP)

By Glenn Kessler

The Washington Post, September 14, 2006

Secretary of State Condoleezza Rice and Israeli Foreign Minister Tzipi Livni reacted skeptically yesterday to a proposed unity Palestinian government that would include Hamas, saying the militant group must first renounce terrorism and accept Israel's right to exist before restrictions on international aid can be lifted.

The Palestinian Authority has teetered near collapse since foreign governments largely cut off aid after the radical Islamic Resistance Movement, or Hamas, unexpectedly won legislative elections in January. President Mahmoud Abbas, of the more moderate Fatah faction that lost the elections, this week reached a deal with Hamas to form a government that would empower him to negotiate with Israel -- in effect sidestepping Hamas's pledge to destroy the Jewish state. The Palestinian cabinet resigned yesterday to clear the way for a new unity government.

Some European officials have greeted the announcement as a possible breakthrough, potentially allowing for increased aid. The Palestinian Authority has been unable to pay civil salaries, which about 1 million Palestinians rely on for their livelihood.

But Rice and Livni, speaking to reporters after a meeting at the State Department, reiterated that the new government must meet conditions that were set by the United States and its allies after the Hamas victory.

"The outcome of the process is not clear," Rice said. "It goes without saying that it's hard to have a partner for peace if you don't accept the right of the other partner to exist. It goes without saying that it's hard to have a process for peace if you do not renounce violence."

Livni, who is also deputy prime minister, said that Israel is still committed to helping create a Palestinian state on territory occupied by Israel. "Stagnation is not the Israeli government policy," she said. But she added that it is up to the Palestinians "to meet these requirements fully and completely, and we believe that these requirements are not negotiable."

Abbas plans to meet President Bush on the sidelines of the U.N. General Assembly meeting next week, and Livni put the onus on Abbas to produce results. "Now is a moment in time in which Mahmoud Abbas has to decide whether the Palestinian Authority will operate on his terms or on the terrorists' terms," she said.

Livni's visit to Washington is the first by a senior Israeli official since a U.S.-brokered cease-fire helped end a month-long war between Israel and the radical Shiite group Hezbollah in southern Lebanon. The war was sparked by the capture of two Israeli soldiers by Hezbollah as Israel was battling militants in the Gaza Strip. The soldiers have not been released.

Despite complaints from other nations that Israel's response was disproportionate, the Bush administration firmly backed Israel in its fight with Hezbollah. Livni praised Rice's "determination not to come back to the dangerous status quo that we faced before the unprovoked attack on Israel." But she said it is unclear whether "the window of opportunity" could be seized to fully implement a U.N. resolution that calls for the disarmament of Hezbollah.

Assistant Secretary of State C. David Welch yesterday gave the Senate Foreign Relations Committee a relatively upbeat assessment of the situation in Lebanon, saying Hezbollah has difficulty obtaining new weapons and 4,000 foreign troops have begun peacekeeping missions. He noted that, for the first time in four decades, the Lebanese army has moved into southern Lebanon, which has long been firmly under the control of Hezbollah.

Earlier this week, however, the House International Relations Committee put a hold on tens of millions of dollars in announced assistance to Lebanon, arguing that the Lebanese government was not adhering to the "spirit of the relevant resolutions" of the U.N. Security Council. The move was initiated by Rep. Tom Lantos (Calif.), the panel's ranking Democrat, after he returned from Lebanon two weeks ago. Lantos said he told the Lebanese prime minister and defense minister that they can have their money as soon as they request that the international force be deployed on the Syrian border.

A State Department official said the administration will work to address the committee's concerns, adding that there is "shared interest in both the Congress and the administration to ensure that Lebanon's borders are secure."

Palestinian Cabinet Makes Room For Planned Unity Government (NYT)

By Greg Myre

The New York Times, September 14, 2006

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JERUSALEM, Sept. 13 — Palestinian cabinet members submitted their resignations Wednesday night to allow for the creation of a national unity government that is expected to include a broad range of factions, Palestinian officials said.

The new government may not be in place for weeks, and it is not clear whether Western countries will be prepared to restore assistance that was halted when the militant Islamic movement Hamas came to power earlier this year.

Isolated by the West, starved of funding and squeezed by Israel, Hamas has not been able to govern and agreed this week to the unity government. Mushir al-Masri, a Hamas legislator, said Wednesday night that cabinet ministers had offered their resignations to Prime Minister Ismail Haniya of Hamas.

The president of the Palestinian Authority, Mahmoud Abbas, of the rival Fatah faction, says he plans to dismiss the government formally in the coming days, though he intends to ask Mr. Haniya to form the new government.

"As I said in the beginning of the week, the government will be formed soon," Mr. Abbas said.

While the departing cabinet was dominated by Hamas, which won the Palestinian elections in January, the unity government is expected to include members of Fatah. Smaller factions, independents and technocrats are also considered likely to be part of the new cabinet.

Mr. Abbas said Wednesday that he would send a delegation to the United Nations General Assembly next week in an effort to restart a dialogue with Israel.

Prime Minister Ehud Olmert of Israel says that he is willing to meet with Mr. Abbas, but that the Palestinians must release a captured Israeli soldier, Cpl. Gilad Shalit, before there can be progress.

Hamas says that it does not object to Mr. Abbas's holding talks with Israel, but the group remains committed to its positions, including a refusal to recognize Israel.

Mr. Haniya said that he saw little point in any Palestinian politician meeting with Israeli officials. "We do not want to relive the experience of past negotiations," he said. "Before talking about negotiations, we should ask ourselves: Do the Israelis recognize the rights of Palestinians? Will the refugees return? Will the prisoners be released? Will Israeli occupation and aggression end?"

Local Conflicts Cloud Palestinian Pact (WSJ)

By Michael Corkery

The Wall Street Journal, September 14, 2006

Tensions Boil Over in Teachers' Strike Even as Top Leaders Prepare to Share Power

TULKAREM, West Bank -- The two rival factions vying for control of the Palestinian government appear headed for a shotgun wedding that has the potential to breathe life back into a peace process.

But tensions being played out in towns and neighborhoods continue to smolder. Among the most high-profile is a teachers' strike, now in its second week, that has closed schools for hundreds of thousands of Palestinian children. How local conflicts such as these are resolved could determine whether the new unity government succeeds or fails, with major implications for Israel and the West.

The announcement this week by Palestinian Authority President Mahmoud Abbas that his Fatah organization and rival Hamas had agreed to form a unity government was the first glimmer of progress in the Palestinian situation in months.

Hamas, which came to power in elections in January and whose leader Ismail Haniya is the Palestinian Authority prime minister, has agreed to share power with Fatah. The agreement doesn't explicitly say whether Hamas will meet the demands of Western powers that it renounce terrorism and recognize Israel, but its rapprochement with Fatah could mark the beginning of the end of the international boycott of financial assistance to the Palestinian Authority that was imposed after Hamas came to power in January and has contributed to seething tensions in the West Bank and Gaza.

Among those tensions, since Sept. 2, tens of thousands of teachers, whose salaries haven't been paid in months, have been on strike in the West Bank and Gaza Strip. Many here say the strike was orchestrated by Mr. Abbas's Fatah faction to pressure Hamas to yield control of the government. That in turn may have ended crippling economic sanctions, which were imposed on the Palestinian government because the U.S. and others have designated Hamas a terrorist organization and which have kept it from receiving hundreds of millions of dollars of international aid and tens of millions in tax revenue withheld by Israel since Hamas swept the January elections.

The strike hasn't held easily. In Tulkarem, a city located on the western edge of the West Bank, one family said their children showed up for school during the first week of the strike and found masked gunmen chasing away teachers -- believed to be Hamas loyalists who showed up for work to break the strike. There have been other reports of similar confrontations across the territories over the past two weeks.

Ayman Khalil, a 42-year-old father of six, says that during the first week of classes in early September, he rushed to their neighborhood school to find people he knew to be Fatah militiamen firing their guns and intimidating teachers and children.

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Mr. Khalil fears the violence at the schools foreshadows an inevitable showdown between Hamas and Fatah over how to divide the newly proclaimed unity government. "Their differences will be resolved by the gun," he says.

The strike continued yesterday, according to the Palestinian teachers union, and will continue until the workers receive their salaries.

But local residents say a small number of Hamas teachers are still showing up to teach. Mr. Khalil's 17-year-old daughter attends a public school where classes are being taught by Hamas loyalists. She says on some mornings, teachers use wire cutters to break into the classrooms that have been locked down by Fatah supporters.

Hamas also supports, through its charities, private schools that continue to operate during the strike and are taking in new students who are shut out from the public schools.

While these private schools are relatively small in number -- less than 10% of the roughly 3,000 schools in the West Bank and Gaza -- they have become a powerful symbol among Palestinians of Hamas's ability to provide services to its people even in dire economic conditions.

To be sure, Hamas's political leadership has been hurt by the arrest of several of its lawmakers by the Israeli military, and Fatah officials cite local polls showing many Palestinians growing frustrated with the Hamas government. But whether the militant Islamist group's long-term popularity has eroded is less clear.

Mr. Abbas hasn't yet detailed how the new coalition government's ministries will be divided between the factions, and taking control of the public-school system could be one way for Hamas to shore up its base of support and continue to exert its Islamic influence on Palestinian society. Hamas might insist on controlling the social institutions, such as schools and health care, while the ministries of finance and foreign affairs, which would interface with Israel and Western nations, could go to Fatah.

But leaving educational duties to Hamas poses the risk that under the religious group's guidance, the Palestinian population could become even more extreme, which is something Fatah, which wants to see a secular Palestinian society, could find hard to swallow. "Education will be one thing they will fight over," says Ron Pundak, director general of The Peres Center for Peace in Tel Aviv. "Education is where you influence the future. This is at the heart of what kind of Palestinian society that we will see for generations to come. But I don't think this will be a hurdle too high for the government."

At one private school in Tulkarem, which local residents say is supported by Hamas, the airy classrooms have fresh coats of paint and there is a swimming pool, and a computer lab wired to the Internet. At the entrance, there is a small carpeted room where the children come to pray. They are building a language lab to help the students learn English and beefing up the science lab. Children's poems and riddles adorn the walls. One small sign, decorated with hearts, reads: "If you want peace, be prepared for war."

The headmaster says the school isn't run by Hamas or any other political party. "Our main target is quality education," said headmaster Munir Abu-Safia. He says funding for the school comes from tuition, and that about 20 additional students have joined the school during the strike at the public schools.

Security analysts say these private schools are more of a political gift to Hamas loyalists, rather than a breeding ground for suicide bombers and militants. For that, they say, Hamas relies on recruits drawn mostly from mosques and refugee camps.

The broad appeal of Hamas, and its schools, may lie less in its religious nature and more in the overall quality of its institutions. Many people say they want to send their children there because they say the academics are strong.

Even some Fatah loyalists, like Mr. Khalil, sent their children there. But then the school started raising tuition beyond what he could afford. He had to send his children to the public school, until it was shot up by the Fatah gunmen. He says the militia went too far. "Even the Israelis don't shoot in our school yards," he says.

U.S., Israel Warn Palestinian Factions (AP-Y)

By Anne Gearan

AP, September 13, 2006

U.S. and Israeli diplomats warned on Wednesday that Palestinian leaders cannot assume their proposed unity government will gain international acceptance unless they renounce terrorism and accept Israel's right to exist.

Secretary of State Condoleezza Rice and Israeli Foreign Minister Tzipi Livni responded cautiously to Palestinian efforts to resolve an eight-month political standoff that has frozen foreign aid vital to the Palestinians.

"We will see what the outcome is here," Rice said, referring to efforts by the radical Hamas group and the moderate Fatah Party to form a coalition Palestinian government.

On Iran, Rice was skeptical about Tehran's suggestion it temporarily might suspend uranium enrichment as a condition for beginning talks about its nuclear program with the U.S. and Europe.

"They canceled the meeting for tomorrow and that should tell us something," Rice said. A session had been scheduled between the European Union's foreign policy chief and Iran's top nuclear negotiator.

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Rice said the U.N. General Assembly meeting next week would be a "natural time to assess where we are" regarding possible penalties if Iran does not suspend its nuclear activity.

Focusing on the Mideast, Rice said the moderate Palestinian president, Mahmoud Abbas, "is someone with whom we can work and with whom we are working." But, she added, a Palestinian coalition must recognize Israel, renounce violence and accept previous agreements between Palestinians and the Israelis.

Those internally accepted principles are the "very essential elements" of a solution, Rice said. "It's hard to have a partner for peace if you don't accept the right of the other partner to exist."

Rice and Livni indicated their governments could continue to deal with Abbas as part of a coalition, but it is not clear whether that arrangement would prove more workable than the current impasse.

The U.S., Israel and the EU consider Hamas a terrorist organization; the U.S. and Israel have sworn off any dealings with Hamas.

Livni offered assurances that Israel wants to make headway on the stalled plan to make peace with an eventual independent Palestinian state, despite the disarray in the Palestinian territories since Hamas won parliamentary elections in January.

"Stagnation is not the Israeli government policy," she said.

Livni said it was Abbas' responsibility to make progress.

"Now is a moment in time in which Mahmoud Abbas has to decide whether the Palestinian Authority will operate on his terms or on the terrorists' terms," she said.

President Bush is expected to meet with Abbas when the leaders attend the U.N. session in New York.

Livni saw Bush and other administration officials Wednesday as attention in the Middle East shifted to Palestinian humanitarian and political crises following Israel's summer war with Hezbollah militants in Lebanon.

The president joined Livni's meeting with the White House national security adviser, Stephen Hadley. Bush reiterated his strong support for Israel's security and discussed with Livni "the threat posed by the Iranian and Syrian regimes," said Hadley's spokesman, Frederick Jones.

Livni is the most senior Israeli to visit Washington since a month of battles against Hezbollah ended in August with a U.N.-brokered cease-fire but without a decisive victory for Israel.

The U.S., Israel's closest ally, was its firmest defender during the cross-border war. U.S. allies and U.N. Secretary-General Kofi Annan wanted a cease-fire much earlier in the fighting that killed 159 Israelis and at least 854 Lebanese, most of them civilians.

The Palestinian aid cutoff and Israel's refusal to transfer taxes it collects on behalf of the Palestinian Authority have to a severe financial crisis in Palestinian towns and left the government unable to pay full salaries to its 165,000 workers for the past six months.

Palestinians agreed on Monday to form a national unity government to revive peace talks and end their international isolation.

The Palestinian Authority is effectively broke, with a monthly deficit in the tens of millions of dollars. Palestinians are the biggest per capita recipients of foreign aid in the world. In 2005, the first year the authority was not headed by Yasser Arafat, overseas donors contributed about $1 billion of the authority's approximately $1.9 billion budget.

U.S. direct aid was a small part of that — $70 million last year. Separately, the U.S. spent $225 million for humanitarian projects through the U.S. Agency for International Development last year, and gave $88 million for refugee assistance.

Gazans Go Unpaid, And Children Go Hungry (NYT)

By Steven Erlanger

The New York Times, September 14, 2006

KHAN YUNIS, Gaza Strip, Sept. 12 — For the last week, Zidan Abu Reziq has been sleeping outside, next to his plantings on a small square of sand he expropriated.

The Abu Reziqs, like many of the large, destitute refugee families in this shrapneled, tumbledown slum, need to plant to eat. They took the land and planted it with vegetables, an investment of about $50, most of the money that the United Nations Relief and Works Agency gave them to buy school uniforms for the children.

Zidan's wife, Tamam, admits her 51-year-old husband sleeps with his plants because he needs to protect their investment in the lawless chaos of Gaza, where his own small theft of land, 20 square yards that belongs to the government, is dwarfed by the huge expropriations by gangs and families and militia groups that have taken over much of the best land left behind when the Israelis pulled out their settlers a year ago.

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It is difficult to exaggerate the economic collapse of Gaza, with the Palestinian Authority cut off from funds by Israel, the United States and the European Union after Hamas won the legislative elections on Jan. 25.

Since then, the authority has paid most of its 73,000 employees here, nearly 40 percent of Gaza's work force, only 1.5 months' salary, resulting in a severe economic depression and growing signs of malnutrition, especially among the poorest children.

Few here are using the United Nations grants for school. The Abu Reziqs are carefully investing the rest of their relief money. More than $20 went straight to the local grocer, Tamam said, as a down payment on the credit extended to the family, which still owes more than $200. About $11 went to buy the ingredients, including two chickens, for the couscous dish that Tamam and her daughter, Fatma, 29, are making early this morning, kneading relief agency flour in big aluminum bowls, pouring in relief agency oil, rubbing the flour over a screen to get the right consistency.

The result will serve 15 people, Tamam said. "We want to feed the people who helped us with the land," she said, and some of their neighbors, even worse off than they.

Gaza's situation has worsened since Palestinian gunmen, including those from Hamas, killed two Israeli soldiers and captured a third on June 25. Israel reinvaded Gaza, and has since killed more than 240 Palestinians, many of them in gun battles.

An Israeli airstrike on Gaza's only electrical power plant means that most Gazans now get only 7 to 12 hours a day of electricity, at unpredictable hours, with running water largely dependent on electric pumps.

Fishermen, now prevented from going more than a few hundred yards from shore by the Israeli Navy, are using hand-thrown nets from the beach to catch a few sprats and sardines.

Jan Egeland, the United Nations under secretary for humanitarian affairs, said that Gaza was "a ticking time bomb." The United Nations Conference on Trade and Development warned Tuesday that the economy could shrink next year to the level of 15 years ago, and unemployment could rise to over 50 percent. The World Bank expects gross domestic product to decline by 27 percent this year.

These pressures have forced Hamas to agree to a proposal by the Palestinian president, Mahmoud Abbas of Fatah, for a national unity government, led by the Hamas prime minister, Ismail Haniya, which could allow Israel and the West to resume transferring funds and aid.

The Abu Reziqs are hopeful, like many Palestinians, that a new government will be better, but they are reluctant to blame Hamas, which, Zidan said, "was never given a chance to succeed." Still, it is unclear whether the new government, when there is one, will be seen to meet Western demands that it recognize Israel, forswear violence and accept previous Israeli-Palestinian agreements.

Hamas promised security in its victorious election campaign. But it has failed at that, said Hamdi Shaqqura of the Palestinian Center for Human Rights. "There is security chaos and no respect for law," he said, and a prime reason is the involvement of the police and security forces, many of them from Fatah, in the lawlessness, and the constant clashes with militia and gunmen affiliated with Hamas.

"People who are supposed to protect the law are the people who break it," he said, "and no one is brought to justice." For this chaos, he said, "I must blame the Palestinian Authority," not Israel.

Tamam, 49, recalls a near riot here when cooking gas was in short supply and there was a delivery of canisters. The police were called, she said. "They took canisters for themselves and then left," she said, shrugging.

Zidan used to work in the nearby Israeli settlement of Neve Dekalim. But after the outbreak of the second intifada in 2000, he was not allowed to enter the settlement. Now, Zidan is lucky to get three days a month of casual construction work.

His son Muhammad is a Palestinian Authority policeman who is supposed to make $340 a month, but who has been paid only $500 since Feb. 1. Now, Fatma says, "he spends little time at home, because he hasn't a shekel in his pocket, and he's ashamed."

The small welfare check Fatma, a divorced mother, used to get has stopped coming, and the women's group for which she used to do embroidery has collapsed with the death of its leader.

Tamam's son Suleiman, 20, watches television, until the electricity suddenly dies. "I'd like to have any job," he said simply. "Any job at all."

The United Nations is now helping to feed 830,000 people in Gaza, an increase of 100,000 since March, but to receive the relief agency's aid they have to be classified as refugees, who make up 70 percent of Gaza's 1.4 million people. The increase is largely refugees who work for the government and did not need assistance before.

The World Food Program helps to feed the poorest of the nonrefugees and now has 220,000 beneficiaries, an increase of 25 percent since March, which includes 136,000 people considered to be the "chronic poor," who are not getting previous welfare benefits from the Authority.

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"We have a complete deterioration of the economic situation in Gaza," said Kirstie Campbell of the agency. "People can't afford the basic things." Seventy percent of Gazans now depend on the United Nations for food aid.

In northern Gaza, in Beit Lahiya, where Israeli troops fought Palestinian gunmen during July, Atemad Abu Leilah, 33, lives in a hovel with her 11 children and her handicapped husband. He used to get $68 a month from the welfare ministry, but has received nothing for four months, she said.

She is a not a refugee, so is ineligible for refugee aid and like many here, gets by on casual work and the charity of neighbors.

She taps into wires in the street to take electricity illegally, and she has not bought her children school uniforms for the new school year. "I can't afford to buy them notebooks," she said.

She feeds her children greens, herbs, lentils and eggplant, and sometimes gets flour given by the World Food Program. "Forget about meat," she said. "The last time we had chicken was a month ago.''

Her relative, Ghalia Abu Leilah, 60, came by with a pot of yogurt she bought for her husband, who is dying of cancer, with money from a neighbor, she said.

A year ago, when the Israelis left, "We were very happy," Atemad Abu Leilah said. "I voted for Hamas, for reform and change and improvement. But now I look at my kids and I regret my vote."

Nearby, stalls sell flour and sunflower oil given as aid by the refugee agency and the World Food Program, most of it earmarked as gifts of the European Union and the United States, and labeled "not for sale." Iyad Baaker, who works at one stall, said that people needed cash, so sold the aid.

In Khan Yunis, Fatma Abu Reziq seemed distracted and sad, and brushed away a question about her daughter, Aya, 9. Later, she explained.

A week ago, her former husband took Aya away. He said it was easier to feed Aya himself than find the cash for child support.

Israeli Military Studies Hezbollah's Resilience (USAT)

By Yaakov Katz

USA Today, September 14, 2006

JERUSALEM — Israel's military has ordered a series of investigations to examine why its armed forces were unable to crush Hezbollah militants during a month of fighting in Lebanon.

Hezbollah guerrillas proved a resilient foe for Israel's vaunted military, inflicting casualties and firing missiles into Israel despite a punishing air campaign. Even after Israel sent thousands of troops into Lebanon, Israeli military commanders were still surprised by Hezbollah's capabilities.

"This is by far the greatest guerrilla group in the world," said Brig. Gen. Guy Zur, commander of Division 162. His division lost 12 soldiers during an effort by Israel to gain ground days before a United Nations-brokered cease-fire went into effect Aug. 14.

Israel's forces — better armed, better trained and more numerous than Hezbollah fighters — inflicted more casualties than Hezbollah, according to Israel's military. By Israel's tally, the military killed 500 to 700 militants, while losing 118 of its soldiers.

Throughout the 34 days of fighting, Hezbollah was able to continue firing missiles into Israel.

Hezbollah, a Shiite militia backed by Iran and Syria, achieved a strategic victory by appearing to stand up to Israel, says Ephraim Kam of the Jaffee Center for Strategic Studies in Tel Aviv and a former colonel in military intelligence.

Hezbollah's leader, Hassan Nasrallah, emerged as a hero in the Arab world. "Israel underestimated the enemy," Kam said. "As a result, Hezbollah achieved a victory and appears by its survival to have emerged victorious."

The Israeli Defense Force is studying the conduct of its air force, navy and ground forces to learn from possible mistakes.

At the top of Israel's concerns is the success Hezbollah militants had in fighting Israel's armored forces. Brig. Gen. Halutsi Rudoy, head of Israel's armored forces, said Hezbollah laid ambushes throughout southern Lebanon's hilly terrain, hitting Israel's tanks with some of the world's most advanced anti-tank missiles.

The military had 400 tanks in Lebanon at the peak of the offensive. More than 50 were hit by Hezbollah-fired anti-tank missiles, killing 30 tank crewmen and disabling 22 tanks. Israel uses the Merkava tank, among the world's best-protected armored vehicles.

"We knew they had the best anti-tank missiles in the world," Rudoy said. "But we were surprised by the amounts, which at times seemed endless."

Militants were equipped with Kornet and Metis anti-tank missiles supplied by Iran and Syria. The weapons don't produce a large dust ball — or "signature" — when fired, making it hard for tank crews to see who is firing at them.

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Israel's military has asked the government for $2.5 billion to purchase a system capable of detecting and tracking anti-tank missiles and countering them with a launched projectile.

"We need this system for the next war," said Brig. Gen. Moshe Lipel, the top financial adviser to Israel's chief of staff.

The Israeli offensive was triggered by a cross-border attack July 12 during which militants abducted two Israeli reservists.

Israeli attacks began with a massive air campaign, which knocked out Hezbollah's long-range missiles: None was fired at Israel during the 34 days of fighting.

Israeli warplanes were unable to deal with Hezbollah's short-range Katyusha rockets. The Shiite militia was able to fire up to 200 Katyusha rockets a day into Israel.

In response, Prime Minister Ehud Olmert ordered ground forces into Lebanon to locate and destroy guerrilla strongholds. According to some military experts, Olmert's decision to send the ground troops into Lebanon came too late into the war.

"It was a mistake from the beginning to use the air force to hunt and destroy the short-range rockets," said retired major general Uri Saguy, a former head of Israeli military intelligence. He said a ground operation was needed from the outset to hunt and destroy the Katyushas.

Some of the Hezbollah rockets were fired from civilian homes and underground bunkers, he said. "There were thousands of them, and it was impossible to find all of them from the air," he said.

Boaz Ganor, director of the Institute for Counter-Terrorism in Israel, said Hezbollah began the war with nearly 15,000 short-range Katyusha rockets and several hundred long-range Iranian-made Zelzals and Fajrs.

Ganor estimates Hezbollah still had 10,000 short-range rockets at the end of the conflict.

The orders the forces received from their commanders in Israel were confusing, Saguy said, and were sometimes changed on an hourly basis. In some cases, brigades on the ground in Lebanon were told to begin advancing and then as they did they received orders telling them to stop.

Israel, Ganor said, should have waited and prepared its forces before invading Lebanon. A planning period of several months, he claimed, could have limited the confusion and lack of clarity in the orders. He said there was no reason to react immediately to the cross-border raid by Hezbollah militants.

"Israel was dragged not ready into this war by the initial military response," Ganor said.

Israel withdrew from Lebanon in 2000 after an 18-year occupation in the south. Hezbollah used the past six years to build a complex network of tunnels and other fortifications in southern Lebanon. Some of these bunkers were found a couple hundred yards from the border with Israel.

Israeli troops, Saguy said, walked into traps Hezbollah had been preparing for six years.

Hezbollah is rearming after Israel lifted the sea and air blockade of Lebanon, allowing the group to get smuggled weapons, some experts say.

"Hezbollah is working to recover its arsenal and will be in several months where it was before the war," Ganor said.

Survivor Of Attack On U.S. Embassy Dies In Syria (NYT)

By Craig S. Smith

The New York Times, September 14, 2006

DAMASCUS, Sept. 13 — The sole survivor of the four-man team that attacked the American embassy here Tuesday died of his wounds without being questioned, Syria's official news agency reported.

The assailant's death left Syrian authorities with only the physical evidence to piece together the origins and motivations of the attack. The country said all four men were Syrian citizens. It gave no other details and both the Syrian government and the United States embassy here declined to comment on the investigation.

No group has yet claimed responsibility for the attack, in which the four men apparently planned to strike both the front and the rear of the embassy compound simultaneously. As three of the men stormed an employee entrance at the rear of the compound, the fourth left a pickup truck laden with improvised explosives at the embassy's front gate. He was wounded while running to the aid of the other attackers, and the explosives in the truck failed to detonate. One Syrian security official died and 13 people were injured in the ensuing gun battle.

Syria's news agency said that the fourth assailant was critically injured and did not respond to any questions before he died. That information appeared to contradict comments from the State Department late Tuesday, which said that the man was cooperating with Syrian authorities.

Syrian officials said Tuesday that they believed Islamic extremists were to blame for the attack.

Syria was quick to emphasize its security forces' role in foiling the assault before the attackers could break into the embassy compound. The country appeared eager to use the incident as an opening for improving Syria's already poor relations

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with the United States, which have worsened in recent weeks as a result of the Israeli-Lebanese war. Syria is a staunch supporter of Hezbollah, the Shiite militant group whose militia set off the war with a cross-border attack on Israeli soldiers.

Syria's ambassador to Washington, Imad Mostafa, said his government was ready to talk.

"There is a chance to improve these relations because Syria has always believed in dialogue as a means to solving all problems and pending issues," Mr. Mostafa told the official Ath-Thawra newspaper. "The ball is in the American court."

A political analyst in Damascus said today that Washington's past efforts to isolate Syria diplomatically had only hardened the country's resolve. "As long as the Syrian regime feels that its head is on the block, it will play the nasty guy," said the analyst, who asked not to be quoted by name because of the sensitivity of the subject in the country.

He said that Washington had more to gain from political engagement with Damascus.

Meanwhile, the United States embassy remained closed today, an embassy spokesman said. He said it would reopen with all normal services on Thursday. Washington withdrew its ambassador to Syria in early 2005 after the assassination of the former Lebanese prime minister, Rafik Hariri. The United States believes Syria was behind the killing, and preliminary results of a United Nations investigation have suggested as much.

Many people in Syria say that they expect the United Nations investigator, Serge Brammertz, to conclude that Islamic extremists linked to Al Qaeda were responsible for the assassination. His final report is due by the end of the month.

Syrian Dies Of Wounds After Embassy Raid (AP)

By Bassem Mroue

AP, September 13, 2006

The bold attack on the U.S. Embassy has thrown new light on what President Bashar Assad calls the growing threat in Syria from Islamic extremists. But some critics say the regime is exaggerating the problem for its own political gain.

With questions still unanswered about the assault, the only attacker captured in the gunbattle died from his wounds before police could question him, officials said Wednesday, leaving the investigation's future unclear.

The state-run Syrian Arab News Agency said the dead man and three other gunmen killed during Tuesday's attempt to storm the embassy compound were all Syrian citizens.

Only a few years ago, such attacks were almost unthinkable in Syria, whose secular regime led a tough crackdown on Muslim fundamentalists in 1982 that killed thousands of people in the city of Hama. For that reason, Sunni Muslim extremist groups like al-Qaida despise Assad's regime.

Syrian officials often say they long ago recognized the danger of Muslim radicals and dealt with them — a reference to the assault on Hama.

Syria's four strong security agencies keep a firm grip on the country, with the power to detain suspects without warrants under emergency laws in place since the Baath Party took power in 1963. Membership in the Muslim Brotherhood, which was targeted in Hama, can be punished by execution.

Still, attacks by Muslim extremists and clashes with security forces have become more common the past three years. One of the most serious battles came in June, when anti-terrorism police fought militants near the Defense Ministry in central Damascus in a clash that killed five people.

There was no claim of responsibility for the embassy attack, but suspicion immediately fell on an al-Qaida offshoot called Jund al-Sham, Arabic for Soldiers of Syria, which has been suspected in previous violence.

Syrian officials say the 2003 U.S.-led invasion of Iraq turned many Arabs into hard-liners who want to fight America and fueled Islamic extremists who have turned their weapons on the government in Damascus.

"Fanatical groups are present now, in great part thanks to America, which turned Iraq into a reservoir for international terrorism," said Mohammed Habash, head of the Islamic Studies Center in Damascus and a Syrian legislator.

"Now that authorities have crushed the attackers (at the embassy) we might find that an extremist group will hit a government institution in retaliation," he said.

But some critics say the real threat from extremism is hard to judge since Syrian security agencies rarely give information — and suspect the government may be playing up the danger for political reasons.

Human rights activist Haitham Maleh said Syria is a country "with no transparency."

"The government might say that we are being subjected to terrorism and for that reason persecute some groups," said al-Maleh, former head of the Human Rights Association in Syria, the country's oldest non-governmental rights organization.

Dissidents in exile contend Assad's regime exaggerates militant activity in hopes of easing pressure from the United States or providing a pretext to try to reassert influence in neighboring Lebanon.

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Assad warned earlier this year that al-Qaida militants were finding refuge in Lebanon, suggesting they were taking advantage of the absence of Syrian troops, which withdrew last year under international and Lebanese pressure after a nearly three-decade occupation.

Washington accuses Syria of supporting terrorism because of its backing for the Lebanese Shiite guerrilla group Hezbollah and Palestinian militants, including Hamas.

The United States and the Iraqi government have also accused Syria of not doing enough to stop insurgents crossing its border into Iraq to fight U.S. troops. Syria denies that, saying it is impossible to fully control the long desert border.

Habash said that because of Syria's anti-U.S. stance, al-Qaida and other extremists may not focus as much on Syria.

"It is impossible for any group to defeat the government through violence. Still there might be attacks on Western interests or Syrian security interests," Habash said.

On Wednesday, traffic was normal near the U.S. Embassy, but plainclothes security agents were seen around the compound as well as in the streets leading to it. The street was cleaned but two slightly damaged four-wheel-drive vehicles were still there.

A closed bulletproof door to the embassy and the wall around it were riddled with bullet holes.

Rebels Say They May Abandon Darfur Pact (WP)

By Craig Timberg

The Washington Post, September 14, 2006

GRAI Commanders from the only rebel group that signed a peace accord in May for Sudan's Darfur region are prepared to resume fighting if African Union peacekeeping troops leave as scheduled at month's end and are not replaced by a United Nations force, according to more than a dozen senior rebel officials interviewed Wednesday.

Rebel commanders predicted that such a resumption of combat would spell the end of Darfur's tattered peace agreement and quickly escalate fighting to an intensity not seen since the early days of the conflict in 2003 and 2004.

Their comments came as the African Union force of 7,000 is preparing to depart and as Sudanese President Omar Hassan al-Bashir is vigorously resisting pressure to allow a U.N. peacekeeping force of up to 22,500 to enter the country, threatening to attack them if they try. At a meeting scheduled for Sept. 18, officials of the 53-country African Union are to reconsider their decision to withdraw their soldiers

Abdulrahaman Abdallah, a commander of the rebel group's military police, said that without a strong international force here, "the government will go back to its strategy, which is genocide, and inevitably we will go back to the bush."

Since the fighting began in 2003, war and disease have killed as many as 450,000 people in Darfur and driven more than 2 million from their homes. Sudan's impoverished western flank has become a patchwork of military positions and ragged camps for families displaced by war.

The peace deal, brokered in part by U.S. officials in the Nigerian capital, Abuja, was supposed to end the fighting between the Sudanese government and the three rebel groups active here. But only one group, led by Minni Minnawi, signed. Those that did not complained that the government provided insufficient restitution and that the agreement did not provide a reliable means to enforce its terms.

The government vowed to end the conflict through the use of nearly 30,000 soldiers and police officers, who are gradually augmenting the government-backed militias known as the Janjaweed that have been terrorizing civilians in Darfur.

Since the peace accord was signed, rebel forces allied with Minnawi have been assisting in some government military operations, often providing crucial on-the-ground intelligence, but his commanders are increasingly reluctant to help.

The commanders interviewed Wednesday said they were so angry about recent attacks on civilians, including the bombing of villages by Antonov planes and rocket attacks by Mi-24 helicopter gunships, that they were prepared to abandon the peace deal. They said they would not be swayed even if Minnawi decided to keep his senior job with the government in the Sudanese capital, Khartoum.

His group, while having less political support than the most popular rebel group in Darfur, was widely regarded as the most potent fighting force among the rebels. It remains strong in Darfur's southern and western areas.

"It's not our desire to go back to the bush, but if there is no choice, we will go," said rebel Gen. Ali Marmar, speaking in Graida, a rebel stronghold in South Darfur. Marmar said Minnawi would be replaced if he broke with the will of his commanders: "We have thousands like Minni."

The conflict began with attacks on police and military outposts by mostly non-Arab rebels who claimed discrimination by the Arab-dominated government. At issue are ancient disputes over grazing rights and land claims but, more broadly, the political and economic dispossession of a poor and nearly roadless region the size of Texas.

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The ferocity of the government response provoked an international outcry. The U.S. government and many other observers have labeled it genocide.

Combat has escalated sharply in recent days, with heavy bombing and clashes near the North Darfur town of Kutum and in an area north of El Fasher where, according to African Union reports, government forces sustained heavy losses this week.

The African Union mission has been widely criticized by rebels, civilians and analysts as lethargic. The Janjaweed and government forces have repeatedly broken the cease-fire with impunity, even waving their guns at A.U. troops.

This week, the government seized a tanker full of African Union jet fuel in El Fasher and used it to fill its own military aircraft, African Union sources said, speaking on condition their names not be published.

Investigations of major breaches of the cease-fire, meanwhile, have been stymied. That includes an incident Saturday in which villagers who had been attacked by Janjaweed militiamen two weeks earlier gathered near the ruins of their homes in South Darfur to speak to A.U. investigators set to arrive by helicopter.

But the helicopter turned back because of severe rain, and the Janjaweed attacked again, killing 18 of the survivors of the earlier assault and dispersing as many as 25,000 into a remote southern region far from humanitarian assistance or military protection, rebel leaders here said.

Minnawi complained to top African Union officials about the incident, and the group's cease-fire commission twice scheduled investigative trips to the site of the atrocities, only to cancel them as commission members quarreled over the importance of the journey.

"The African Union is too weak to act," Abdallah said.

Adoma Ahmed Haggar, a rebel field commander based here, said, "There are no signs of peace on the ground. The A.U. is not able. Our only hope is pinned on the United Nations."

The U.N. Security Council approved the peacekeeping force for Darfur on Aug. 31, and intensive diplomatic pressure continues from the United States and other governments to persuade the Sudanese government to allow the force to enter the region.

Sudanese officials have called the U.N. proposal a violation of national sovereignty and an impediment to peace. Many outside analysts contend that the government wants to remove all outside observers from Darfur so it can pursue a military solution, including stepped-up attacks on civilians in areas where the rebels have popular support.

The government has also issued new restrictions against aid groups and journalists. Many humanitarian organizations have curbed their operations in the face of rising violence that has led to the deaths of 12 aid workers since the peace deal was signed. The U.N. World Food Program has reported that 355,000 residents of Darfur are going without food because it is not safe to reach them.

Rebel commanders say they will not tolerate such attacks and deprivations much longer. Minnawi's group has about 50 senior commanders. Asked how many would resume fighting if an effective international force did not arrive soon, Marmar said, "All of them."

California Vs. Sudan (LAT)

The Los Angeles Times, September 14, 2006

THE GOONS WHO RUN SUDAN have proved deaf to appeals from the Western world that they stop slaughtering tribespeople in Darfur. The only change in attitude produced by years of diplomacy has been a shift from sullen foot-dragging to open defiance. The best response, short of intervention, is to hit them harder in a place that will really hurt: their wallets. The state of California is poised to do just that.

On Gov. Arnold Schwarzenegger's desk is a bill patterned on a divestment program approved this year by the University of California. It directs the boards of the two large state retirement funds to identify companies in their investment portfolios that do significant business with the government of Sudan or sell it the weapons used to cut a bloody swath through Darfur. The boards then must notify these companies that they have 90 days to end their involvement with Sudan. If they don't, or fail to respond, the pension funds must divest.

Five states have passed similar divestment plans, two more have nonbinding resolutions and about 15 others have legislation pending. Not all have handled the matter well. First off the divestment block was Illinois, which passed an absurdly broad law forbidding state investment in any company with ties to Sudan, no matter how remote. The law is so all-encompassing that it applies to U.S. companies such as Coca-Cola and Xerox, which have no direct business with Sudan. (In fact, Americans have been forbidden to do business directly with Sudan since 1997.)

California's AB 2941 avoids the Illinois law's pitfalls. It applies only to those companies identified as the worst offenders, all of which are foreign — mainly Chinese — and are well known to have deep financial ties to Khartoum while bringing little benefit to the Sudanese people.

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The United Nations has been powerless to halt a government-sponsored program of murder and rape in Darfur that President Bush has rightly labeled genocide. Although the Security Council on Aug. 31 approved a resolution calling for a U.N. peacekeeping force for Darfur, it can't be deployed without permission from the Sudanese government, which refuses to grant it. The crisis is coming to a head because the only peacekeeping force now in the country — 7,000 troops from the African Union — will see its mandate expire at the end of this month.

It's unknown how much money California stands to divest under AB 2941, but it's thought to be in the hundreds of millions of dollars. That might be enough to make Khartoum, and the Chinese interests that do business there, stand up and take notice.

Paulson Calls On China To Reform Economy (AP-Y)

By Martin Crutsinger

AP, September 13, 2006

Treasury Secretary Henry Paulson urged China to undertake a broad range of economic reforms and said the country's failure to overhaul its currency system could raise the threat of a protectionist backlash.

But Paulson let it be known that the Bush administration would firmly oppose any efforts by Congress to erect trade barriers in response to America's large and growing trade deficit with China, which last year hit a record $202 billion.

"Protectionist policies do not work and the collateral damage from these policies is high," he said Wednesday in a speech in Treasury's ornate Cash Room. "We will not heed the siren songs of protectionism and isolationism."

Paulson sought to lower expectations that he will achieve any major breakthroughs when he visits Beijing for two days of talks with Chinese officials next week.

While former Treasury Secretary John Snow, Paulson's predecessor, pursued an increasingly tough line that China needed to move more quickly on the currency issue, Paulson, who took over from Snow in July, adopted a less confrontational approach.

He mentioned the currency issue as one of a number of economic reforms that China needed to pursue along with modernizing its farm economy, opening up its financial system and pursuing domestic-led growth rather than relying so much on exports.

"These changes will help create the millions of jobs that China needs to generate annually and will help create markets for U.S. exports of goods and services," Paulson said.

Analysts said they believed Paulson, who gained his expertise on China from the 70 trips he made to the country as head of investment giant Goldman Sachs, was dialing down the rhetoric in hopes of achieving better results.

"The Chinese never want to be in a position where they are seen as moving in response to external pressure," said Nicholas Lardy, a China expert at the Institute for International Economics.

Paulson sought to put the need for a more flexible currency in the context of a move that would help the Chinese government prevent a "boom and bust" economic cycle in its own country as well as dampening protectionist pressures around the world.

"To be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition," Paulson said.

Democratic critics have charged the administration has not done enough to deal with the soaring trade deficits, which they blame as a major contributing factor in the loss of nearly 3 million manufacturing jobs since President Bush took office.

One bill being pushed by Sen. Charles Schumer, D-N.Y., would impose 27.5 percent tariffs on all Chinese imports unless China does more to allow its currency to rise in value against the dollar as a way of boosting U.S. exports to China and reducing Chinese imports to this country.

Schumer said that he was not concerned by Paulson's apparent change of tone, saying he had been effective at Goldman Sachs in dealing with the Chinese.

"But if he comes up empty-handed, we will be disappointed," Schumer said, saying he still intended to push for a vote on his legislation by the end of this month if there is not more movement on the currency issue.

American manufacturers contend that China's currency is undervalued by as much as 40 percent against the dollar, making Chinese goods cheaper in the United States and American products more expensive in China.

Frank Vargo, vice president for international affairs at the National Association of Manufacturers, said he was not worried that Paulson was downgrading the currency issue.

"Paulson is putting his own style on this," Vargo said. "His way is not to get out a big baseball bat and start beating them."

To underscore the importance of the Beijing talks, Paulson will be accompanied by Allan Hubbard, chairman of President Bush's National Economic Council.

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Treasury officials said that Paulson spent the past several weeks working on the speech, including receiving briefings from China experts from both parties and holding a number of staff meetings at his home.

Paulson said the United States has nothing to fear from China's emergence as a global economic power, one that is expected to overtake the United States as the world's largest economy at some point in the coming decades.

He said the message he will deliver next week will be, "We want you to succeed."

He will travel to Beijing for talks on Thursday and Friday after first attending the annual meetings of the 184-nation International Monetary Fund and the World Bank in Singapore.

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Paulson Says China Hurts Itself With Economic Policies (NYT)

By Steven R. Weisman

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — In the administration's toughest warning yet to China on economic issues, Treasury Secretary Henry M. Paulson Jr. said on Wednesday that Chinese leaders were imperiling their nation's future by engaging in policies that Americans and others see as unfair.

Speaking as he prepared for his first trip to Beijing since taking office this summer, and one day after China's monthly trade surplus set another record, Mr. Paulson said that the United States had "a huge stake in a prosperous, stable China" and that "we are not afraid of Chinese competition."

But he used forceful language in saying that China had kept the value of its currency artificially low in relation to the dollar, which a growing number of economic analysts say is making China's exports cheaper and its imports more expensive.

Mr. Paulson also repeated longstanding administration demands for China to loosen regulations and controls on foreign investment and the activities of its banks.

"Maintaining and relying on an overly rigid exchange rate and outdated administrative controls increases the risk of boom and bust cycles," Mr. Paulson said. Also, he added, China's "currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

Mr. Paulson did not say so, but aides said he was referring to legislation that would place tariffs on imports from China if its government did not act to let the yuan rise in relation to the dollar.

The sponsors of the measure, Senators Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, have held back pending Mr. Paulson's trip. But they vow to press for its passage this fall if Mr. Paulson fails to get action from the Chinese.

Treasury officials say that in his few months as secretary, Mr. Paulson, a former chief executive of Goldman Sachs who made scores of trips to China as a business executive, has been surprised by the growing protectionist sentiment in Congress toward China, abetted by anti-Chinese sentiment on several issues.

Leaders of both political parties accuse China of not cooperating on American efforts to prevent North Korea and Iran from amassing nuclear weapons and to stop the civil war in Darfur. The administration has also deplored China's military buildup.

Mr. Paulson's speech was unusual for a Treasury secretary in that it embodied an extensive analysis of China's economic policies and structure. He repeatedly praised China for liberalizing its economy even as he implored its leadership to do more.

Mr. Paulson said he learned in 32 years at Goldman Sachs that "those nations that reform their economies and open themselves to competition benefit their citizens greatly" and "have better jobs, improved living standards and greater opportunity."

But he said that protectionist sentiment was preventing China from doing more to open itself up to competition, and was in turn breeding protectionist sentiment in America.

"Ironically," he said, "this protectionist sentiment comes from many quarters in those nations — including in the United States and China — which have benefited the most from the economic growth generated by global competition."

Mr. Paulson said the United States would not "heed the siren songs of protectionism and isolationism," but that China had to do its part by changing its heavily subsidized industries and farms, allowing capital to flow freely and guiding Chinese to spend more and save less — a step that economists say would increase imports.

Before going to China, Mr. Paulson plans a stop in Singapore to meet with the world's finance ministers and to press for giving China more of a voice in the international agency that oversees the global economy and rescues countries whose economies collapse.

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The administration's proposal to expand the role of China and other developing countries at the agency, the International Monetary Fund, has run into some difficulties. Brazil, India, Indonesia and some other countries oppose the change out of fear of being left out.

The administration needs 85 percent of the votes, which are assigned in a complex quota system to 184 countries, to have the change enacted at the fund. Treasury officials say there are some "rumbles" of protest but they predict success.

Although Mr. Paulson was in Vietnam last weekend for a meeting of Asia-Pacific nations, the trip to Singapore and China represents what some officials call his debut on the international scene. Accordingly, it was notable that he began the trip with a warning.

"I believe that if China doesn't move quickly to continue reforming its economy," he said, "it will face a backlash from other economic stakeholders. This backlash would not benefit any of us."

In an interview after his 35-minute speech, Mr. Paulson cautioned against expectations that his trip to China would produce immediate results.

The best policy in advance of this trip, he said, was to "diminish expectations" for any quick move by China to allow the value of its currency to appreciate.

"I believe that most things that are worthwhile take a period of time," Mr. Paulson said.

It's Showtime For Paulson In Meetings With Chinese (WP)

By Paul Blustein

The Washington Post, September 14, 2006

Can the Bush administration's new Treasury secretary pull off a feat in China that eluded his predecessor -- and save American jobs in the process?

Henry M. Paulson Jr., leaves today on a trip to Asia that is to include his first visit to China since taking the helm in July. Hopes are high, in Congress and in the business world, that the former Wall Street titan can use his powers of persuasion to secure changes in Chinese policies that critics view as unfair.

U.S.-China economic relations is an area where Paulson seeks to make an impact, based on his long experience doing business with the Chinese when he headed the investment banking firm Goldman Sachs.

His predecessor, John W. Snow, tried and largely failed to get China to adjust the value of its currency enough to help American manufacturers. Many members of Congress, U.S. business executives and economists have long complained that the Chinese yuan is kept at an artificially low level -- about 8 per dollar -- that makes the nation's exports too cheap, to the detriment of American workers in competing industries.

The first big rollout of Paulson's message to the Chinese came yesterday in a speech he delivered amid much pomp in the Treasury's ornate Cash Room.

In substantive terms, his remarks echoed the themes that Snow used to stress. While vowing to resist protectionism, he exhorted China to embrace market-oriented policies, an approach he said was in China's interest as well as that of the United States and the global economy.

"When I visit China in coming days I will discuss these issues with the Chinese leadership, and I will use a Chinese saying indicating that it is for the good of both of our economies that they undertake these changes," he said. "I will say . . . 'We want you to succeed,' " attempting the phrase in Chinese.

Specifically, he said, Beijing must take steps to combat piracy of patented products, shift its economy away from dependence on exports and toward greater consumer spending, and open its financial system to foreign competition. As for the currency issue, he called it one of "several critical, immediate challenges" that China faces.

"Maintaining and relying on an overly rigid exchange rate and outdated administrative controls increases the risk of boom-and-bust cycles," he said. "Also to be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

None of that was a departure from Snow's arguments, Treasury officials acknowledged. But they cited one difference: The speaker was Paulson, who boasts close ties with Chinese leaders and deep knowledge of the country's financial system, not Snow, the former railroad executive reputed to have had little clout at the White House.

"You're right, we have said in the past that these reforms are in China's interest," a senior Treasury official said at a briefing for reporters. "But that may be interpreted one way when it comes from someone who is relatively unfamiliar to them. Having Hank Paulson say to them, 'These things are in your interest' carries a different level of meaning to the Chinese." The official spoke on condition of anonymity because of concern for keeping the focus on Paulson's comments.

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Asked whether this meant the Chinese would be more likely to act, another senior official said: "Relationships matter, and he matters. I don't think tomorrow the situation is going to change. But to have someone of his experience and stature make the case -- it will make a difference."

The Chinese are known for brushing off demands for change from outsiders and viewing themselves as the best judges of their own interests. Few experts believe China will change its currency policy during Paulson's trip or even soon after, for fear of appearing to cave to foreign pressure. But even some of the most prominent agitators for a higher yuan said they were pleased with the Treasury chief's approach.

"I can't second-guess him. He knows everybody in China; they trust him," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "He has an inside track that his predecessors did not."

Rep. Charles B. Rangel (D-N.Y.), the ranking minority member on the House Ways and Means Committee, issued a laudatory press release on the speech with the headline, "Past experience leaves Paulson well-positioned for results on currency reform."

Paulson also drew encouraging words from Sen. Charles E. Schumer (D-N.Y.), who has co-sponsored legislation that would impose punitive tariffs on Chinese goods if Beijing fails to let the yuan rise significantly. The Treasury chief has maintained the department's staunch opposition to Schumer's bill. But the threat of congressional passage has helped prod the Chinese toward concessions, some analysts assert.

"When I spoke to Hank Paulson last night, we discussed how important his trip is in the fight to get China to play fair," Schumer said in a statement. "Today in his speech, he said if China does not move, it does so at its own peril. No truer words were spoken. I hope the Chinese were listening."

Paulson Urges Beijing To Reform (USAT)

By David J. Lynch

USA Today, September 14, 2006

WASHINGTON — Treasury Secretary Henry Paulson gave a forceful defense of the benefits of trade even as he issued a tough warning to China, the nation's most controversial trading partner, that it faced “peril” unless it enacted further economic reforms.

Paulson, who visited China more than 70 times while at the helm of Goldman Sachs, is making that country a major focus of his Treasury Department tenure. He praised China for more than a quarter century of ambitious reform, saying it “deserved recognition for what it has become.”

But in a passage that won quick praise from China's critics, he warned Beijing that keeping its currency virtually fixed in value against the U.S. dollar invites a political backlash. “To be underestimated only at China's own peril is the fact that their currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition,” he said.

Sen. Charles Schumer, D-N.Y., one of the authors of legislation that would slap punitive tariffs on Chinese imports unless the yuan is revalued, applauded Paulson's remarks. “That's pretty strong stuff. That made us feel good,” he said in a brief telephone interview.

Paulson spoke before his departure for a week-long Asia sojourn. He will stop first in Singapore for meetings with finance ministers from the G-7 nations and the annual meeting of the International Monetary Fund and the World Bank. Then, on Tuesday, he is scheduled to fly to China for three days of talks with Chinese leaders.

Much of Paulson's address Wednesday could only have been welcomed by the Chinese, who explain their failure to more quickly adjust currency policy by citing the danger of undermining job growth.

“The tasks faced by Beijing are so daunting that the biggest risk we face is not that China will overtake the U.S., but that China won't move ahead with the reforms necessary to sustain its growth and to address the very serious problems facing the nation,” Paulson said.

Paulson rejected the idea that China, now growing at an annual rate of more than 10%, can speed ahead indefinitely. The Chinese economy, stuck midway between central planning and the market, is “becoming increasingly difficult to manage,” he said.

But, Paulson said, further economic reform is in China's interest because it would encourage more sustainable growth and defuse protectionist sentiment in the United States. Modernizing the financial sector would let the market, not government officials, steer capital to its most productive use. And spurring domestic consumption would increase Chinese consumers' appetite for imports, helping whittle the politically combustible U.S. trade deficit.

Paulson Sets Out New China Strategy (FT)

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By Krishna Guha

Financial Times, September 14, 2006

Hank Paulson, the US Treasury secretary, on Wednesday laid out the framework for a comprehensive new strategy towards China, emphasising the need to take a "generational" view of the US-China relationship.

In an interview, Mr Paulson told the Financial Times he wanted to "strike a balance" between tackling pressing short-term issues while maintaining a strategic perspective on China's emergence as a leading player in the global economy. "We have a common interest," he said, arguing that many of the steps the US wanted China to take were in its own best interest.

The interview followed a landmark speech by the former Goldman Sachs chairman ahead of his first trip to China as Treasury secretary, in which he said he would tell his counterparts in Beijing: "We want you to succeed."

Mr Paulson said: "The United States has a huge stake in a prosperous, stable China – a China able and willing to play its part as a global economic leader." He said the US and China shared areas of economic interest, highlighting energy and the environment as two specific areas where the two nations should work together.

He added that the US looked to China to be its "co-operative partner" in reviving the Doha trade talks. Officials said Mr Paulson would push hard on Doha in meetings with world finance ministers in Singapore later this week.

"The biggest risk we face is not that China will overtake the US but that China will not move ahead with the reforms necessary to sustain its growth," Mr Paulson declared. The Treasury secretary told the FT: "I wanted to put the relationship and these economic issues in a longer-term focus. But I also needed to emphasise how important certain steps were going to be in the short term."

For example, he said, on the currency front "the intermediate-term viewpoint is that it is very, very important to open up their capital markets, to have healthy competition within the domestic financial system, so they can have a currency that is freely tradeable".

But he added: "They also need to show more flexibility in the short term."

His speech did not dwell on the currency as a standalone issue, framing it as part of a necessary shift towards more market-based management of China's economy. But Mr Paulson warned the Beijing authorities that they underestimated "at China's own peril" the extent to which the currency was "viewed by their critics as a symbol of unfair competition".

He called on China to press ahead with liberalisation across a broad front, including financial sector reform, fiscal and regulatory policies to reduce excess savings, market-based macroeconomic management and intellectual property rights. "We are taking a comprehensive approach," he said. "We are collectively pulling it together." Mr Paulson said China had become a lightning rod for fears about globalisation, but insisted: "This is manageable."

In his speech, Mr Paulson praised China's record of economic reform, and said China already "deserves to be recognised as a leader". This, he said, was why the US backed plans to give China and other emerging markets a much bigger say in the International Monetary Fund.

But Mr Paulson said: "With leadership comes responsibility." He urged China to abide by the "spirit and letter" of the rules of the IMF and promote free trade. And he suggested these responsibilities "go beyond the economic arena" to include human rights and non-proliferation. The speech positions Mr Paulson in the role of honest broker between China and its critics in Congress. He characterised the fundamental division as not one between the US and China, but between liberalisers in both the US and China, and their protectionist opponents.

He defended open markets, saying: "Globalisation and interdependence are here to stay. No nation can turn back the clock." But he warned: "If China does not move quickly to continue reforming its economy it will face a backlash from other international economic stakeholders."

Mr Paulson will stop en route to Beijing in Hangzhou to meet Zhejiang provincial party secretary Xi Jingping. US officials said Mr Paulson regarded Mr Xi as a rising star of Chinese politics.

Paulson Takes China To Task Over Its Energy Use, Green Record (WSJ)

By Deborah Solomon

The Wall Street Journal, September 14, 2006

WASHINGTON -- Treasury Secretary Henry Paulson's speech on the global economy yesterday drew notice for its breadth as well as the explicit concern Mr. Paulson expressed about China's energy consumption and its environmental record.

Mr. Paulson, an environmentalist and bird-watcher, focused much of his 40-minute speech on the benefits of globalization and the need for Chinese economic reforms, but devoted several minutes to China's "severe environmental hazards" and the need for that country, along with the U.S., to reduce dependence on foreign oil from unstable regions.

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"China's severe environmental hazards not only are harming the health of its people and ecosystems, they are also harming China's long-term economic potential," he said, a week before heading to China. "Economic development without regard for environmental protection is not sustainable."

While those comments drew praise, some observers noted that Mr. Paulson didn't offer any suggestions for what the U.S. should be doing to bolster environmental protection. "He talked about what China needs to do for the environment, which is certainly a horrendous problem, but he was silent on what the U.S. needs to do," said Kenneth Rogoff, an international economist at Harvard University and occasional economic adviser to Republicans. "A problem that the U.S. has had in its dealings with China is this position of 'We're doing everything perfectly, and you need to be more like us,' and that's true in many ways. But maybe the Chinese don't see it that way."

Fred Krupp, president of the advocacy group Environmental Defense, added: "Until the U.S. agrees to cap its own greenhouse-gas emissions, it's hard to imagine that we have much equity to lecture the Chinese." Although China's air-pollution problems are legendary, Mr. Krupp noted that in some areas -- such as energy-efficiency requirements for cars -- China has tougher standards than the U.S. "If the United States would adopt energy-efficiency standards like China, that would be a big advance for us."

Still, the fact that Mr. Paulson spent several minutes talking about the environment -- and that he brought it up even before delving into China's currency -- suggested that he plans to take an active role in international issues beyond finance and economics narrowly defined. "This makes it clear that he's taking lead on a broader agenda," said Daniel Rosen, of China Strategic Advisory, a consulting firm. "He has a longtime personal commitment to the topic of environmental stewardship that he is not going to be shy about bringing to the table."

The speech, delivered in the Treasury Department's historic Cash Room to academics, ambassadors, politicians and business representatives, didn't have much effect on financial markets -- and that almost certainly was what Mr. Paulson and his aides had hoped. While Mr. Paulson didn't talk specifically about the U.S. dollar, he reiterated the administration's position that China needs a more flexible currency and said China's "currency exchange rate is increasingly being viewed by their critics as a symbol of unfair competition."

One of the strongest critics of China's currency, Sen. Charles Schumer (D., N.Y.), said Mr. Paulson needs to achieve tangible results on the yuan. "If he comes back empty-handed, we'll be deeply disappointed," said Mr. Schumer, who has proposed a tariff on Chinese imports in response to what he believes is a deliberate attempt by China to increase exports by keeping its currency low. "It's good to care about the Chinese economy as a whole.... It's equally important that they understand their responsibility."

Democratic Rep. Sander Levin of Michigan, a state that has been hard hit by manufacturing-job losses, added that while Mr. Paulson is correct in wanting a stronger U.S. relationship with China, "he also needs to make clear that the inflexible currency has created unfair competition."

Separately, Mr. Paulson has tapped Deborah Lehr, president of China consulting firm Stonebridge Capital, to join him at Treasury where she will personally advise him on China issues. Ms. Lehr is an economist who served as a director of Asian affairs at the National Security Council.

Bombs Fail To Incite As Indian Imams Urge Calm (CSM)

By Mark Sappenfield

The Christian Science Monitor, September 14, 2006

NEW DELHI

The smell of explosives was still lingering in the air when the discussion began. Malegaon's streets had just been seared by three bombs that killed at least 30 people, and as the crowds began to seethe with anger, the city's most revered Muslim leaders gathered to decide what to do.

There was little question about the purpose of last week's attack: Malegaon is one of India's few Muslim-majority cities, and the bombs were planted near a mosque on a holy day when thousands of worshipers would come to pray.

Yet even before police arrived, the imams had made a choice. They used the loudspeakers of their mosques to spread a blanket of audible calm over the frayed city, imploring patience and forbearance. And for the second time in two months, a bombing apparently designed to ignite Hindu-Muslim riots failed.

For a nation whose past has lurched from one riot to another, the response to this summer's bombings in Malegaon and Mumbai (Bombay) is no small shift, suggesting that - at least for the moment - the forces of calm are eclipsing those that would sow chaos.

The balance is a tenuous one at best, and experts do not suggest that India has put its violent past behind it. Even Wednesday, police found an unexploded bomb in Malegaon, though it was not yet clear whether the device was new or had

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simply failed to go off in the initial attack. But some say that an array of factors - from imams voicing reason in Malegaon to a less divisive political discourse nationwide - has helped India break its cycle of revenge violence in recent years.

"With all these things, the timing has to be right," says Dipankar Gupta, a sociologist at Jawaharlal Nehru University in New Delhi. For anger to kindle into a riot, he adds, "all the pieces have to fit."

Those pieces have not fallen into place since the Gujarat riots of 2002, when more than 1,000 Muslims were killed in response to an attack on a trainload of Hindu religious campaigners. The nationwide revulsion at the atrocities committed there has partly laid the groundwork for today's more inclusive political tone, some say. An improved political climate

Though the extremist elements of the Hindu right are still a potent force in India, "the political climate is much more conducive to tolerance," says Teesta Setalvad, editor of the magazine Communalism Combat.

In the past year alone, terrorists aiming to weaken and divide India have bombed a Hindu temple in Varanasi and preparations for a Hindu festival in New Delhi. The lack of riots points to the fact that, for the time being, the political calculus has changed.

"As much as people like to make out that riots are spontaneous, they are rarely spontaneous," says Ms. Setalvad, agreeing with several other experts. "The parties responsible for hatemongering are on a downward slide." Riots throughout Indian history

In the past, riots have been common enough to become waymarks of Indian history. The birth of India in 1947 brought its separation from Pakistan - and the related riots that killed at least 2 million Indians and Pakistanis. After former Prime Minister Indira Gandhi was assassinated by her Sikh bodyguards in 1984, more than 3,000 Sikhs were killed in Delhi alone, according to a government inquiry.

More recently, Mumbai descended into riots in 1992 after the destruction of a Muslim mosque. In 1993, bombs rocked the city, killing 257 people, in an attack that some say was tied to the rioting. An Indian court is expected to deliver sentences Thursday on the first four people to be convicted in the bombing.

Riots also broke out in Malegaon in 2001 after anti-US protests got out of hand.

Now, these two cities in the state of Maharashtra are again linked, with law-enforcement officials hinting that the same terrorists responsible for the Mumbai bombing in July have simply changed their tactics: Now they are targeting Muslims to see if they can provoke a response.

If true, the claim suggests that Muslim terrorists are now willing to attack fellow Muslims in an attempt to destabilize India. With an estimated 145 million Muslims, India is home to the world's third-largest Muslim population.

For his part, Abdul Rehman simply wants those responsible caught - whether Hindu or Muslim.

His father, Maulana Abdul Bari, is the imam of the Hamidiya Mosque that was attacked last weekend in Malegaon. Mr. Rehman watched as the throngs outside seemed to be spiraling toward anarchy. "The situation was out of control," he says. "The people wanted to know ... what the police was doing. This is why they were angry." Tense situation calmed

Indeed, immediately after the bombing, there were several reports of attacks against policemen. Malegaon, it seemed, needed only the smallest spark to ignite. Says Rehman: "If the police had done something [aggressive], then the crowds would have been provoked."

That was when his father took to the mosque's loudspeaker.

"The Ulema [Muslim elders] said, 'The police are conducting their investigation,' " Rehman recalls.

" 'Let the ... investigating team do their job, and after they do their work, we'll certainly put pressure on them to give their report."

It was a decisive moment, and Malegaon's religious leaders - including Mufti Mohammed Ismail, the president of the Ulema council of Malegaon - have won praise for their part in keeping the peace so far, though the situation is still tense.

"The religious leaders in Malegaon played a moderating role," says Maj. Gen. Dipankar Banerjee (ret.), director of the Institute of Peace and Conflict Studies in New Delhi. Indians seeing through the tactic

Yet he also suggests that the Indian people have grown wise to the terrorists' aims. "Because we see this again and again, people begin to see through it," says General Banerjee. "If we respond in a manner that the terrorists are trying to encourage, then we are playing into their hands."

Like many others, Banerjee is wary of making too much of the recent calm. "One cannot take it as a trend," he says. "One must be careful."

But perhaps it is an opportunity for all Indians to examine the thinking that often divides them. "What this gives us is a moment toforge ahead on many issues," says Setalvad. "It is a moment of deep introspection."

Blair Blasts Anti-American 'Madness' (AFP)

AFP, September 13, 2006

DOJ_NMG_0063180

British Prime Minister Tony Blair blasted his fellow European politicians for their anti-American "madness" in dangerous times as he urged a complete strategy rethink to defeat extremism.

None of the world's most pressing problems could be fixed "or even contemplated" without US involvement, he wrote in a 37-page document spelling out the challenges facing the world and his answers for dealing with them.

He urged the international community to unite around a shared set of values, tackling climate change and trade justice as well as extremist terrorism in the pamphlet "A Global Alliance For Global Values" for the Foreign Policy Centre, a Blairite think tank.

"The strain of, frankly, anti-American feeling in parts of European politics is madness when set against the long-term interests of the world we believe in," Blair wrote.

"The danger with America today is not that they are too much involved. The danger is if they decide to pull up the drawbridge and disengage.

"We need them involved. We want them engaged. The reality is that none of the problems that press in on us can be resolved or even contemplated without them."

Calling for a global policy overhaul, Blair appealed for an alliance of moderates from all religions in order to defeat extremists and build a future where different societies could live in harmony.

"The situation we face is indeed war, but of a completely unconventional kind. And it can't be won in a conventional way. We will not win the battle against global extremism unless we win it at the level of values as much as force.

"Doing this requires us to change dramatically the focus of our policy. We must commit ourselves to a complete renaissance of our strategy to defeat those that threaten us.

"A great danger is that global politics divides into 'hard' and 'soft': the 'hard' get after the terrorists; the 'soft' campaign against poverty. That divide is dangerous because interdependence makes all these issues just that: interdependent," Blair wrote.

"The answer to terrorism is the universal application of global values. The answer to poverty is the same. That is why the struggle for global values has to be applied not selectively, but to the whole global agenda."

On resolving the Israeli-Palestinian conflict, Blair said: "Nothing else is more important to the success of our foreign policy."

Moderates are not succeeding in conquering the challenges facing them because they are not being bold, consistent and thorough enough in fighting for their values, Blair argued.

He wrote: "This is the moment for reconciliation in the international community around this agenda. It needs passion as well as policy. We are engaged in a struggle which will determine our collective future.

"It is one which, together, we can and must win."

Honoring The 'Iron Lady' (WT)

By Ileana Ros-Lehtinen

The Washington Times, September 14, 2006

On Sept. 12 the "Iron Lady," Margaret Thatcher was honored in the U.S. as she announced the establishment of the Margaret Thatcher Center for Freedom, to be administered in the United States by the Heritage Foundation.

During her administration, then-Prime Minister Thatcher and President Ronald Reagan led the free world to vanquish the tyranny of our Cold War enemies. Establishment of the Thatcher Center in the U.S. is an outstanding occasion to reflect on how together the United States, Britain and our freedom-loving allies defeated a common enemy -- an evil empire that threatened our nation's safety and global security and sought to replace freedom and democracy with tyranny and oppression.

In doing so, we can gain a better understanding of the nature of the threat we face today and the commitment that is necessary in our current struggle against Islamic fascism.

It is difficult to derive anything positive from the destruction wreaked on New York and Washington five years ago by adherents of radical Islam. But past experiences often give wisdom for meeting future challenges.

The thwarting of another unspeakable plot last month by British antiterrorism officials in collaboration with our own U.S. intelligence is evidence that allied forces have the capacity to connect the dots to distill some of the important lessons of the September 11 tragedy.

Assimilating seemingly disparate chains of events, wherever they occur, is our best defense against the transnational enemy against whom we fight. This process, both in Britain and in the United States, was driven by the events of September 11, and the July 7 bombings in London. Just as both nations faced and defeated common enemies in the global conflicts of the last century, so too will we prevail together in the fight against extremism.

So, what are these lessons learned for the United States, for Britain, and for all of those who stand with us against Islamofascism? First, the victory over terrorism that resulted in the foiling of last month's plot to blow up commercial airliners

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between the United Kingdom and the United States is the supreme example of connecting the dots. Joint intelligence resulting from the synthesis of multi-sourced data and intelligence sharing on both sides of the Atlantic, along with the exemplary skill of British officials, impeded agents of extremism from carrying out a subsequent catastrophic mission.

Second, certainly in the United States and Britain, and with hope that eventually continental Europe will follow suit, there is a realization that threats do not come exclusively from abroad, but that, in the implementation of the jihadist agenda, the threats can come from within and are home grown.

The tentacles of Islamic extremism have slithered unnoticed into our own communities where apprentice suicide bombers train domestically to fly planes and make explosives. At the same time, carnage was being spread by extremists in far-away places in East Asia and Africa, but we did not feel its impact directly. Horrific and regrettable, the September 11 attacks on our nation were a necessary wake-up call alerting us to the nature and reach of the enemy that seeks our destruction and world domination. The response required an intertwining of foreign and domestic policies here in the United States and a similar response in the U.K. that are proving effective in making us safer.

Third, we are now better informed about the true components of our borderless enemy: extremist Muslim fanaticism and its national and organizational components: These include, among others, Iran, Syria, the Taliban, Hezbollah and Hamas. Those who say this is a war between the Arab world and the West get it wrong, for they ignore the many Muslims and moderate Middle East nations who abhor Islamist extremism as much as the United States, Britain and our other Western allies.

As such, our approach has not focused on short-term goals of removing the immediate threat but fomenting freedom and promoting democracy over despotism.

Critics will say we are trying to impose our way of life where it is not welcome. These naysayers should reflect for a moment that no human being, no matter what system he has grown up under, prefers autocracy to liberty. Misguidedly, many in Britain, who are quick to blame Prime Minister Tony Blair, join their voices with the anti-U.S.-apologist crowd.

What will it take for the world to believe that one cannot appease or negotiate with these Islamist extremists or their state sponsors, those fanatics who scream "Death to America" and "Bomb the U.K.", who threaten to wipe entire countries off the map and who incite others to jihad against all those who refuse to bow to their ideology of hatred?

What will it take for all freedom-loving nations to undertake the necessary sacrifices, to join forces and to focus on defeating this enemy? Lady Thatcher recently said in a statement released during her visit accompanying President Bush and the first lady at the September 11 remembrance ceremony: "That heinous attack on America was an attack on us all." Indeed, we are bound together by the extremists' hate of our noble values.

We must be encouraged by and continue to learn from the successes with which we have collaboratively thwarted events like the foiled air plot, and must not waiver in our collective mission to overcome the fanatics. Our very survival depends on it.

Rep. Ileana Ros-Lehtinen, Florida Republican, serves as co-chair of the Congressional United Kingdom Caucus and as chair of the Subcommittee on the Middle East and Central Asia.

Wolfowitz Corruption Drive Rattles World Bank (NYT)

By Steven R. Weisman

The New York Times, September 14, 2006

WASHINGTON, Sept. 13 — In his first 15 months as president of the World Bank, Paul D. Wolfowitz has made the fight against corruption in poor countries a hallmark issue, waging an aggressive campaign that has led to the suspension of hundreds of millions of dollars in loans and contracts to nations including India, Chad, Kenya, Congo, Ethiopia and Bangladesh.

It is a new incarnation for Mr. Wolfowitz, a neoconservative intellectual who was a primary architect of the Iraq war during four years as deputy secretary of defense.

At the World Bank, Mr. Wolfowitz, 62, has maintained an assertive but soft-spoken style, saying recently that the bank's mission was "to send children to school, to help mothers be healthier, to provide jobs for poor people — not to have resources siphoned off into the hands of the corrupt and greedy."

In recent months, however, his campaign has run into a host of critics, both at the bank and among financial officials outside the United States, who say that developing countries are being threatened with arbitrary punishment in a way that jeopardizes the bank's longtime mission to reduce poverty.

Few here at the World Bank dispute the idea that corruption is a serious problem, but the rift over Mr. Wolfowitz's approach has grown deep and bitter, according to more than a dozen bank officials interviewed recently.

The backlash at the bank against Mr. Wolfowitz's approach centers not on his intentions or goals, but on a widespread fear that countries will be categorized in the future as corrupt or not corrupt, and that lending will be shut off in a selective way.

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"Anticorruption efforts are an essential part of development finance," said Roberto Dañino, a senior vice president of the bank until early this year. "But getting rid of corruption is not a silver bullet. The bank should not overemphasize its anticorruption agenda at the expense of other policies required for development."

Mr. Wolfowitz acknowledges that his decisions to suspend or delay loans, contracts and debt relief funds for many countries have provoked outcries, but he says that in almost every case, the funds were restored after safeguards were set up.

He has begun firing back at the critics at internal meetings and in public statements. He notes, for example, that the bank's lending under his leadership actually rose slightly last year, to nearly $23 billion.

Mr. Wolfowitz says he has tried to rebut what he calls the myth that combating fraud is "somehow at odds with development or becomes an excuse not to provide assistance."

While no one knows how much of the bank's resources have been improperly diverted, informal estimates range from 10 percent to the 25 percent that Mr. Wolfowitz says went to corrupt cronies and family members of Indonesia's leadership in the 1990's.

During the Reagan administration, Mr. Wolfowitz served as assistant secretary of state for East Asia, and, in the Clinton years, as dean of the Johns Hopkins University School of Advanced International Studies.

Some bank officials say that the widespread concern about Mr. Wolfowitz's approach reflects lingering doubts among many international aid specialists about his selection for the bank post by President Bush.

The doubts center on Mr. Wolfowitz's role as a leading advocate of the American invasion of Iraq, with many critics contending that his zeal on corruption reminds them of what they say was his messianic but unrealistic faith that installing democracy by force in Iraq, and by other means through the Middle East, would bring stability to the region.

The criticism has been especially sharp among Europeans at the bank, where many officials say that judgments about what constitutes "good governance" could rupture the bank's delicate relationships with aid recipients, especially if the judgments are based on information gathered from dissidents and other critics in those countries.

"We must not use corruption as an excuse for a massive withdrawal of our help," a senior French finance official involved in discussions with the bank said. The official was among many who agreed to discuss the internal debate only on condition of anonymity.

In recent months, Mr. Wolfowitz and his aides have been negotiating with skeptical members of the bank's board of 24 executive directors from around the world on guidelines for handling corruption issues. Several of the meetings have been contentious, participants say.

This week, the board forwarded a draft of the guidelines and policies for approval by the world's finance ministers at the annual meeting of the World Bank and the International Monetary Fund, which begins Thursday in Singapore. But many officials said they expected the arguments to continue there and into the future.

Several longtime bank officials say they cannot remember when board members wrangled over the wording of a policy paper with a bank president. At recent meetings, directors demanded that Mr. Wolfowitz agree to a greater role for the board in any future decisions on cutting off aid.

In addition, members forced the deletion of language suggesting that the United Nations' goal of reducing world poverty 50 percent by 2015 would have to take second place to the bank's drive against corruption.

Still, Britain and other European and developing countries remain skeptical on what may happen when the document is approved, bank officials said.

"The bank," a board member said, "should not become a world policeman pointing its moral finger and conditioning everything on whether or not a country is believed to be corrupt. The more the bank goes beyond its old mandate of reducing poverty, the more problems will come up."

In an interview, Mr. Wolfowitz acknowledged that the idea of drafting a paper on bank corruption policies had been urged on him out of fear that he would punish countries without consulting the board. He said he did not take the criticism as personally directed at him or his record on Iraq.

"I think some of the board members," Mr. Wolfowitz said, "are legitimately afraid that as soon as you start criticizing, the next thing you're going to do is wag your finger and say, 'You're not going to get money unless you behave.' That's not our objective. Our objective is to make the lending go up."

Past actions taken on behalf of the bank have involved a variety of presumed improprieties. For example, aides to Mr. Wolfowitz said he suspended debt relief talks with Congo because he was dissatisfied with audits of its state oil company. They said he expressed indignation over news reports about extravagant hotel bills incurred by Congo's president during United Nations General Assembly meetings in New York last September.

The bank has looked at, among other things, accusations of corrupt bidding practices for road projects in Bangladesh, kickbacks to politicians in Argentina and the resignation of high officials in Kenya linked to projects there.

By all accounts, a pivotal moment in Mr. Wolfowitz's campaign came last year when the bank suspended $800 million in loans for maternal and children's health in India in response to assertions that illicit payments had been going to officials.

Nancy Boswell, president of Transparency International USA, a nongovernmental monitoring group that strongly supports Mr. Wolfowitz's efforts on corruption, said, "It sent a tremor through the bank that Wolfowitz was serious, that he was going to ask hard questions, look at the track record of countries and make some changes."

But many at the bank complained that the action had been taken without consultation, and protests were lodged by top aides to Prime Minister Tony Blair of Britain, bank officials said.

Few would characterize the bank's 10,000 employees, 70 percent of whom work in Washington, as enthusiastic supporters of the Bush administration. Since taking office, Mr. Wolfowitz has told staff members that he wants to listen to them. He has impressed many with his trips to Africa and advocacy of debt relief for the poorest countries.

But distrust of Mr. Wolfowitz remains high, in part because, according to some, he has not given enough credit to his predecessor, James D. Wolfensohn, who spoke out against corruption and set up the bank's first investigative unit in the late 1990's.

When Mr. Wolfowitz arrived, he acknowledged Mr. Wolfensohn's efforts, but also complained that the fraud unit had more than 300 unresolved cases. He increased its budget nearly 50 percent and appointed a new director. He has also set up a program for companies to disclose bribes they paid in order to avoid sanctions.

Currently, about 330 companies accused of corruption have been barred from bank-financed business or been otherwise penalized. The bank is trying to get nations and other international aid agencies to take similar action.

Mr. Wolfowitz's management style also grates on some bank officials, with a number of them complaining that he has relied on a small coterie of loyal aides. "He presumes," said Mr. Dañino, the former bank senior vice president and once prime minister of Peru, "that anyone who opposes him is either incompetent or corrupt."

But supporters say Mr. Wolfowitz is determined to shake up the bank and was inspired to move on corruption by staff members, especially those posted outside Washington and Europe. They say he has had to battle a mentality that emphasizes loan programs, not crackdowns on corrupt individuals.

"Let's face it, promotion at the World Bank comes from spending money,'' said John Githongo, a onetime campaigner against corruption in Kenya who has fled to safety in Britain and is now an adviser to Mr. Wolfowitz. "If you're in the field, and too many complaints about corruption interrupt the spending, it has an impact on your career trajectory.''

Can Karen Hughes Change America's Image? She's Trying (RC)

By Morton M. Kondracke, Roll Call Executive Editor

Roll Call, September 14, 2006

Charlie Wick, the ex-Hollywood agent and producer, took no end of guff when then-President Ronald Reagan appointed him to head the U.S. Information Agency. But Wick proved his critics wrong.

He had Reagan's ear, he had energy, and he understood the importance of communications in Reagan's ideological struggle against communism's "evil empire."

Wick won huge increases in USIA's budget, expanded exchange programs, launched a global satellite television network and founded RadioMarti, which broadcasts to Cuba. Even jaded government bureaucrats ended up cheering his achievements.

Unfortunately, when the Cold War was won and it looked as though ideological struggle was passé, the Clinton administration helped right-wing Sen. Jesse Helms (R-N.C.) kill the USIA by folding it into the State Department, where public diplomacy was a backwater.

But now, the Charlie Wick spirit is back in the person of Karen Hughes, President Bush's former White House communications director, who last year became undersecretary of State for public diplomacy.

Critics, as they did with Wick, are laughing at the idea of a presidential crony, an alleged foreign policy naïf, trying to combat an international adversary with images — in this case, fighting terrorists by visiting with Muslim women and getting the president to talk respectfully about Islam.

But, like Wick, Hughes has the president's ear. She has energy. She understands that what people overseas think is a vital part of foreign policy. She's TV-savvy, and she's launched a stream of initiatives designed to improve America's position in what Bush calls "the great ideological struggle of the 21st century."

The initiatives include, for the first time, giving American ambassadors and military commanders overseas a daily, one-page Rapid Response set of talking points on hot topics in the world, encouraging U.S. diplomats to get on television and organizing a top-level interagency committee to combat terrorist ideology.

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She also got Bush's former White House personnel chief, Dina Powell, an Egyptian-American, to head up an expanding international exchange program aimed at inviting strategic personalities, such as clerics, teachers and journalists, to visit the United States.

Hughes is planning to launch a large-scale program to foster the teaching of English to children around the world, giving them both a key economic tool and means to access American messaging.

She's in the process of improving U.S. Internet communications, including participation on foreign chat rooms, and has set up three message "hubs" in London, Dubai and Brussels. She's also sending Muslim-Americans on speaking trips abroad.

In a controversial move within the administration, Hughes and Secretary of State Condoleezza Rice seem to have persuaded Bush — temporarily, at least — to drop the label "Islamic-fascism" from his speeches; diplomats say that Muslims hear it as an attack on their religion, thereby validating the extremists' false charge that the U.S. is at war with Islam.

Unfortunately, unlike Wick, Hughes is serving as the nation's top propagandist at a time when enemy ideology is ascendant in the world. In Wick's day, communism was headed for the ash heap of history, even if only Reagan recognized the fact at the time.

"I like her and respect her a lot," said one Member of Congress who oversees Hughes' activities. "But what she's doing is like fighting an apartment fire with one hose. In fact, the whole world is on fire."

Bush himself told NBC's Brian Williams last month, "Of course, I worry about America's image. We're great at TV, and yet we are getting crushed on the PR front."

The latest Pew Global Attitudes survey showed that only 21 percent of Jordanians have a favorable attitude toward the U.S., as do 23 percent in Turkey and Pakistan.

A top official at America's two leading broadcasting channels to the Arab world, Radio Sawa and Alhurra television, told me he thinks the U.S. definitely is "losing" the ideological struggle with radical Islam.

For one thing, the U.S. broadcasts no TV to much of the non-Arab Islamic world, relying on radio broadcasts by the Voice of America.

And, even though Sawa and Alhurra are gaining audiences in the Arab world, they are far outdistanced by Al Jazeera and Al Arabiya, which broadcast nonstop anti-U.S. propaganda, much of it almost pornographically drenched in blood and body parts.

A defense contractor, the Braddock Road Group, has given a briefing to various Washington, D.C., officials — the Pentagon says it's classified — showing what jihadist groups broadcast on Arab TV, Islamic Web sites and DVDs.

The message, delivered with continuous scenes of violence, is that the U.S. wants to control Middle East oil, wants to humiliate Muslims and is conducting a "crusade" against Islam.

When I asked Hughes whether she thought the U.S. was losing the ideological war, she said, "I'm an optimistic person. I think we have a long way to go. We have a lot more to do."

Hughes commissioned a huge, 18,000-person poll in 14 countries, which showed high rates of disapproval of the U.S. — but a willingness almost everywhere to change their mind if the U.S. showed respect for their views and values and partnered with them in solving joint problems. Respect for other countries was not a hallmark of Bush's first term. It is becoming more so in the second, thanks in no small part to Rice and Hughes.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senate Armed Services Republicans Block Bush Terror Detainee Legislation. The AP (9/15, Flaherty) reports, "A rebellious Senate committee defied President Bush on Thursday and approved terror-detainee legislation he has vowed to block, deepening Republican conflict over terrorism and national security in the middle of the election season." Republican Sen. John Warner, "normally a Bush supporter, pushed the measure through his Armed Services Committee by a 15-9 vote." Backing Warner were GOP Sens. Lindsey Graham and John McCain. The committee vote "set the stage for a showdown on the Senate floor as early as next week." The AP adds, "In an embarrassment to the White House, Colin Powell…announced his opposition to his old boss' plan, saying it would hurt the country. Powell's successor, Secretary of State Condoleezza Rice, jumped to the president's defense in a letter of her own." CNN's The Situation Room (9/14, Blitzer) noted Powell wrote that "America's own troops would be put at risk if the US redefines the Geneva Convention and authorizes harsh interrogations of terror suspects. NBC Nightly News (9/14, story 4, 1:10, P. Williams, 9.87M) said that in addition to former Secretary Powell, "about three dozen retired military officers say they believe the Bush bill would limit the protections of the Geneva conventions and put Americans at risk if they are captured overseas in future wars. Their experience in harsh interrogation techniques do not work very well."

USA Today (9/15, Jackson, Kiely, 2.27M) says Bush "is facing a Republican rebellion." White House spokeswoman Dana Perino "acknowledged that the president's bill may fall short in the Senate. She said House and Senate negotiators may have to resolve the differences between the two bills."

The Washington Times (9/15, Fagan, Dinan, 88K) reports, "A Capitol Hill source said that after two weeks of fruitless negotiations with Mr. McCain, the White House has decided to instead have the fight in public and make its case directly. "

Much of the media coverage describes the GOP senators' action as a sign of a GOP split on the terror issue, one that could benefit Democrats in the midterm elections. The New York Times (9/15, Hulse, 1.21M) reports "Bush and

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Congressional Republicans spent the last 10 days laying the foundation for a titanic pre-election struggle over national security, and now they have one. But the fight playing out this week on Capitol Hill is not what they had in mind. Instead of drawing contrasts with Democrats, the president's call for creating military tribunals to try terror suspects…has erupted into a remarkably intense clash pitting some of the best-known warriors in the Republican Party against Mr. Bush and the Congressional leadership." As NBC Nightly News (9/14, story 3, 2:35, Gregory, 9.87M) reported, "All of this is headed for a real showdown in the senate where Democrats are happy to stand back and watch the Republicans fight among themselves."

The Los Angeles Times (9/15, Schmitt, Havemann, 918K) reports "the rejection of Bush's plan could create a dramatic clash, particularly among Republicans campaigning for reelection as being strong on security issues, when the full Senate votes next week." Republicans "view national security as their greatest political strength in their battle to keep control of Congress in the November midterm elections." On Wednesday, the House Armed Services Committee "approved a tribunal measure that closely tracked the administration's proposal." AFP (9/15, Griffith) notes Bush yesterday "praised the House Armed Services Committee for having passed his bill, which he called 'a very important piece of legislation in a bipartisan fashion that will give us the tools and wherewithal to protect this country.'" Bush also "dismissed Powell's remarks, saying 'there's all kinds of letters coming out,' and pointed out that a group of military lawyers sent a letter to the House and Senate Armed Services panels supporting the administration plan."

McClatchy (9/15, Hutcheson, Talev) reports Bush "brushed off Powell's opposition, but White House spokesman Tony Snow didn't conceal the annoyance that his defection caused within the president's inner circle." Snow "said Powell was 'confused' about Bush's goals and suggested that the former secretary of state should have contacted the White House for clarification before writing his letter."

ABC World News (9/14, lead story, 2:40, Stephanopoulos) reported that "only hours before" the Senate committee vote, "the President made a rare trip to Capitol Hill to lobby for his bill. And he pressured the Senate from the Oval Office." Bush: "It is very important for the American people to understand that in order to protect this country; we must be able to interrogate people who have information about future attacks." Three GOP Senators, continued ABC, "oppose the Administration's attempt to interpret Article Three of the Geneva conventions, which outlaws inhumane treatment of enemy prisoners. Here's the basic debate -- the Administration worries Article Three could expose CIA interrogators to prosecution and lawsuits."

CBS Evening News (9/13, lead story, 2:40, Attikisson, 7.66M) reported, "After he left Capitol Hill, the President warned that a law that ties the hands of CIA interrogators too much would threaten the very existence of the high value detainee program, a program he says has saved countless lives." Bush: "If there's any doubt in our professionals mind that they can conduct their operations in a legal way with support of the Congress, the program won't go forward and the American people will be endangered."

The Wall Street Journal (9/15, Lueck, 2.03M) reports "in the House, some Republicans are concerned about the White House approach, just as some have objected to another administration priority -- getting broader authority to conduct warrantless surveillance." Yesterday, "during the closed-door meeting, Rep. Steve Buyer of Indiana, a former military lawyer, cited an issue top uniformed lawyers raised: Mr. Bush's plan would permit the use of classified evidence, but doesn't require it be shared with the accused."

Letter Released By White House Generates Controversy. The Washington Post (9/15, A1, Babington, Weisman, 748K) says "the dispute has fractured the GOP establishment." White House officials "released a letter from senior Pentagon uniformed lawyers, who said they 'do not object' to two key sections of the administration-backed bill that would reinterpret US obligations under the Geneva Conventions and protect US intelligence agents from war crimes prosecutions." They "then summoned senators from the Armed Services and intelligence committees to an afternoon meeting with Rice and national security adviser Stephen J. Hadley. Seven attended, sources said." The Pentagon letter "immediately generated controversy. Senior judge advocates general had publicly questioned many aspects of the administration's position, especially any reinterpreting of the Geneva Conventions. The White House and GOP lawmakers seized on what appeared to be a change of heart to say that they now have military lawyers on their side." But "the letter was signed only after an extraordinary round of negotiations Wednesday between the judge advocates and William J. Haynes II, the Defense Department's general counsel, according to Republican

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opponents of Bush's proposal. The military lawyers refused to sign a letter of endorsement. But after hours of cajoling, they assented to write that they 'do not object,' according to three Senate GOP sources who spoke on the condition of anonymity because they were divulging private negotiations."

The New York Times (9/15, Zernike, 1.21M) reports McCain, Warner and Graha "dismissed the letter from the military lawyers, saying they had questions about whether it amounted to an authentic endorsement of the White House proposal. They said they put more weight on extensive public testimony in which the lawyers raised doubts about the Bush plan." The Times adds, "Some military officials briefed on the military lawyers' position also disputed the notion that the lawyers had reversed course. They said the lawyers agreed to sign a letter at a meeting on Wednesday after discussing the language over several hours."

Gonazles Defends Detainee Interrogation Tactics. McClatchy Newspapers (9/15, Canon) reports, "As Congress dealt a rebuke Thursday to President Bush's national security agenda, his attorney general defended the administration's efforts to deal with captured terror suspects." McClatchy continues, "Of critics concerned about international treaties or freedoms protected by the U.S. Constitution, Attorney General Alberto Gonzales said they misunderstand the legalities - some never clearly defined - of dealing with an unconventional foe that plays by no rules. … Judicial rejections of some administration policies have muddied the legal landscape and made it unclear how the government can detain, interrogate and prosecute terror suspects, he said. … 'We do need some clarity,' Gonzales told the editorial board of The Kansas City Star." McClatchy adds, "Gonzales said the U.S. courts and Congress have yet to interpret the Common Article 3 of the Geneva Conventions, which sets a standard of treatment for prisoners of war. He voiced concern that that an adverse ruling could damage efforts to interrogate 'terrorists who do not fight by the standards of war.' And he suggested that rejection of an administration bill sponsored by Sen. Arlen Specter, a Pennsylvania Republican, giving interrogators more leeway might hurt efforts to fight terrorism. … 'Congress may decide we don't want to gather any more evidence,' the attorney general said. … He said that 'just like in every other war,' the American people will have to trust the government to protect the rights of those in custody while pursuing justice in secret. Pressed on how long extraordinary measures - for instance, the imprisonment of suspects without the filing of charges - might continue, he said they would last at least until the pursuit of al-Qaida and its accomplices has come to an end. … 'First of all this is a real war,' he said, drawing a distinction between the war on terror and 'the war on drugs or the war on poverty or something like that. It's like the Cold War. . . . At some point this conflict is going to be over. But today it is not over.'"

McCain Defends Stance In TV Interviews. McCain granted interviews to ABC, CBS and CNN yesterday. ABC World News (9/14, story 2, 1:45, Gibson) reported "one of the most powerful Republican senators opposing the President is John McCain, who, himself was once a prisoner of the Vietnamese for more than five years." McCain told ABC, "I'm hearing from military leaders all over the country, retired people, including General Colin Powell, who say if we take the Administration's measure, we'll put our young Americans' lives at-risk. That's very serious. … Suppose that a Special Forces person, not in uniform, were captured. And the attorney general of the nation who captured it decides to interpret the Geneva conventions to their liking and turns that person over to their secret police. That's what really worries us."

On the CBS Evening News (9/13, story 2, 1:35, Couric, 7.66M), McCain was asked it he thought "the President's proposal would stand up if it were reviewed again by the Supreme Court." The senator said, "I am not a constitutional expert, but people that are tell me there's a great risk of the President's proposal being overturned by the United States Supreme Court. But that's not the major reason why I'm involved in changing it. I want to preserve the Geneva Conventions which is provided protections for our men and women in uniform and out of uniform."

McCain said on CNN's The Situation Room (9/14), "I think we see a compromise there, so that we could prevent national security from being compromised, but yet still allow the defendant to be able to see some of the evidence against him. It's just not a normal procedure that someone who is subject to the death penalty is not allowed to see the evidence that's presented against him."

Frist May Bring Both Versions Of Tribunal Legislation To The Floor. Senate Majority Leader Bill Frist was asked on PBS' Newshour with Jim Lehrer (9/14) if the President will get the military tribunal legislation from the Senate that he wants. Frist said, "We'll wait and see. We had the product that came out of the Armed Services Committee today. There are several very contentious issues in that bill that clearly the President will not agree with, and I think the

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majority of Republican senators, anyway, will not agree with. So not until we get to the floor will we know what the final product will be coming out of the United States Senate." Asked about the possibility that he might take the version that Bush wants directly to the floor in competition with the Warner-McCain-Graham alternative, Frist said, "That is correct, and a decision has not been made. We'll wait and look at both bills. But either way, senators will have the opportunity to express themselves."

Snow Denies Administration Is Trying To Change Geneva Conventions. CNN's The Situation Room (9/14, Koch) reported that during his press briefing Thursday, White House press secretary Tony Snow "tried to clarify the White House's position, saying we are not trying to change or amend the Geneva Conventions, we're trying to bring them substance, bring them clarity. He said that the problem with the Geneva Conventions, as they exist now, is that there are no standards and that nations can basically do what they want. And he insisted the White House is really trying to get rid of lawlessness and let people know exactly what they can and can't do."

Retired Judges Oppose Bush's Position On Detainees. The AP (9/14) reports, "Nine retired federal judges accused the Bush administration and Congress of trying to deprive detainees at Guantanamo Bay, Cuba, of the most basic legal right. Legislation under debate on Capitol Hill would strip federal courts of the power to hear detainees' challenges of their treatment and indefinite detention at the Guantanamo Bay." The nine retirees who signed the letter are "appeals court judges John Gibbons, Shirley Hufstedler, Nathaniel Jones, Timothy Lewis, William Norris, George Pratt, Lee Sarokin, Patricia Wald and US District Judge William Sessions."

54% Say Bush Administration Following "Right Course" On Detainees. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with 'the right course,' while only 34% say administration has 'gone too far.'" According to the same Wall Street Journal/NBC News poll, "by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence."

NYTimes, WPost Blast Bush On Military Detentions Bill. The Washington Post (9/15, A18, 748K) says in an editorial, "It was a measure of his painfully skewed priorities that Mr. Bush made the unaccustomed trip yesterday to seek legislative permission for the CIA to make people disappear into secret prisons and have information extracted from them by means he dare not describe publicly." There is "no question that the United States is facing a dangerous foe that uses the foulest of methods. But a wide array of generals and others who should know argue that it is neither prudent nor useful for the United States to compromise its own values in response."

The New York Times (9/15, 1.21M) says in an editorial, "We'll find out in November how well the White House's be-very-afraid campaign has been working with voters. We already know how it's working in Congress. Stampeded by the fear of looking weak on terrorism, lawmakers are rushing to pass a bill demanded by the president that would have minimal impact on antiterrorist operations but could cause profound damage to justice and the American way." Bush "himself went to Capitol Hill to lobby for his bill, which would give Congressional approval to the same sort of ad hoc military commissions that Mr. Bush created on his own authority after 9/11 and that the Supreme Court has already ruled unconstitutional. It would permit the use of coerced evidence, secret hearings and other horrific violations of American justice." The "idea that the nation's chief executive is pressing so hard to undermine basic standards of justice is shocking. And any argument that these extreme methods would be used only against the most dangerous of international terrorists has been destroyed by the handling of hundreds of prisoners at Guantánamo Bay, many of whom appear to have been scooped up in Afghanistan years ago with little attempt to verify any connection to terrorism, and now are in danger of lingering behind bars forever without a day in court."

Henninger Says Disunity Over Detainee Treatment Could Aid Terrorists. Daniel Henninger writes in the Wall Street Journal (9/15, 2.03M), "Read through the 14 Guantanamo detainee biographies posted on the White House Web site, and one gets a rare feel for the events that distinguish the lives of these individuals from the daily goals of everyone else in the world -- lives simply dedicated to the mass murder of innocents, and not just in lower Manhattan. … Read all 14 of these histories devoted to 'sacrificing life' to put in context the denunciations of warrantless wiretaps and the Swift financial monitoring program." Republicans "are "arguing among themselves over the degree of access to classified intelligence this group should receive at trial. Democrats, other than saying they'll support the more liberal

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version, are contributing almost nothing to the new system. If a Democrat wins the White House in 2008, we may assume she or he will receive, as payback, a similar level of limp support from the GOP in the same war on terror. Say this for the Guantanamo 14: They have unity of purpose. Long term, our disunity could prove to be a big advantage to them."

Judge Refuses To Reinstate Key Terrorism Charge Against Padilla. In a widely-distributed story, the AP (9/15, Anderson) reports US District Judge Marcia Cooke "refused Thursday to reinstate a key terrorism charge in the case against alleged al-Qaida operative Jose Padilla and two other defendants, raising the possibility of delays in their trial if prosecutors appeal the ruling." Cooke "ruled in August that a charge of conspiracy to 'murder, kidnap and maim' people overseas must be dismissed because it duplicated other charges in the same indictment. … The dismissed charge is important because it is the only one in the indictment that carries a potential life sentence." The AP notes that among other rulings yesterday, Cooke "refused a defense request for a list of people who attended an al-Qaida camp at the same time Padilla allegedly did in 2000" and "rejected…a defense request for identities of others who filled out al-Qaida applications that were found along with one prosecutors say was Padilla's in a binder in Afghanistan." She also "allowed Hassoun's wife to testify via video hookup from Beirut, Lebanon, about the actions FBI agents took before searching their home in suburban Sunrise in 2002. … Hassoun, who is allegedly Padilla's recruiter, claims the FBI search was illegal and that evidence seized should be thrown out."

Cooke Orders Prosecutors To Turn Over Padilla Medical Records. In a story distributed by McClatchy, the South Florida Sun-Sentinel (9/15, Blum, 265K) reports Cooke "ordered prosecutors Thursday to turn over medical records for…Padilla, a move that could reveal details of his treatment during 31/2 years in military custody." Cooke "included in her ruling all records relating to physical and mental evaluations of Padilla or medication taken by or administered to Padilla while held as an enemy combatant in a South Carolina Navy brig. Defense attorneys said they intend to use the records to argue the government engaged in unconstitutional conduct by interrogating" Padilla "and imprisoning him for years without giving him access to some legal rights."

Padilla Case Seen As Test Of Aggressive Interrogation Techniques. The Christian Science Monitor (9/15, Richey, 58K) reports that the federal agents who arrested Padilla obtained the arrest warrant by telling "a federal judge that two weeks earlier a confidential source had revealed that Mr. Padilla was plotting to build and detonate a radiological 'dirty' bomb in the United States. What the agents did not tell the judge is that their 'confidential source'" had revealed the information during "controversial interrogation sessions at a secret Central Intelligence Agency prison overseas." The Padilla "case is emerging as a major test of whether such intelligence information is admissible in US courts. And it highlights the difficult debate over military commissions currently under way in Congress, which is wrestling with how best to protect national security while also preserving America's tradition of due process and fair trials.

Pentagon Lists "Ten Facts About Guantanamo." In his Washington Post (9/15, A17, 748K) "In The Loop" column, Al Kamen discusses the Pentagon's "Ten Facts About Guantanamo" list, intended "to highlight what a nice place it is." The list notes that "'more money is spent on meals for detainees than' on U.S. troops stationed there," that the "Muslim call to prayer sounds five times a day," that prisoners "receive free medical, dental and psychiatric care," and more. Kamen adds, "Fact No. 8, probably one of the most important, notes that, contrary to what you might have heard, the prisoners actually really want to be in Guantanamo. 'The mother of a detainee stated: "Of course they wanted to stay there. … They had human rights and good living standards there. They had dentists and good meals -- everything they wanted."' Turns out, this quote from a March 2004 edition of the London Times was a Russian mother comparing Guantanamo with Russian jails."

Two Gitmo Detainees Returned To Kuwait. Two Kuwaitis released from the US military prison at Guantanmo Bay Cuba have been returned to Kuwait, where they will face trails on terrorism-related charges, according to their lawyer. The AP (9/14) reported that the US military said "an administrative review board had recommended the two men be transferred back to Kuwait from the prison in southeastern Cuba. … Two men, Omar Rajab Amin, 41, and Abdullah Kamel al-Kundari, 32, who had been held at Guantanamo for four years, arrived at an airport in Kuwait early Friday, said Khaled al-Odah, who heads the Kuwaiti Family Committee, an advocacy group for men held at the prison."

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Albany Terrorism Trial Jurors See Video Of Alleged Missile Deal. Capital News 9 Albany (9/14, Ference) reported that on Thursday at the Albany trial of Yassin Aref and Mohammed Hossain, accused of providing material support for terrorism, "jurors saw lengthy video clips showing…Hossain speaking with an FBI informant named Malik posing as a Pakistani businessman. In the video, Malik showed Hossain a surface-to-air missile and began discussing how Malik would pay Hossain to launder $50,000 to import the fake missile to a terrorist group. But the question is, did Hossain fully understand the transaction and the situation he was put in?" At a later meeting, "Malik asked, 'Have you heard of [a particular terrorist group]?' Hossain said yes, although it turns out he thought that was a music group, not a terrorist group. Later that year, Hossain told Malik, 'Non-believers will gradually convert to Islam, sir. There is no need for us to kill.'"

Terror Informant Says US Government Betrayed Him. CBS Evening News (9/13, story 8, 3:45, Couric, 7.66M) reported, on an Arab-American "who was recruited to infiltrate a terror cell and wound up blowing the lid off a plot in New York City. But he now fears that what's happened to him since then will discourage other Arab-Americans from doing what he did." Here's our chief investigative correspondent Armen Keteyian." CBS (Keteyian) added that two years ago, the NYPD broke up a plot by two men who were planning "to bomb the subway beneath the world's biggest department store." Eldawoody "sees himself now as abandoned by the government, the country he served, blaming the NYPD and Federal prosecutors for betraying what he says were two conditions of his cooperation. Not disclosing his identity at trial. … And afterwards helping him find a new job."

HOMELAND RESPONSE:

Senate Approves Port Security Bill 98-0. USA Today (9/15, 2.27M) and the Washington Post (9/15, 748K), among other sources, run an AP story this morning reporting, "The Senate voted without dissent Thursday to tighten security at U.S. seaports by scanning nearly all incoming cargo for nuclear weapons or 'dirty bombs.'" The bill, approved 98-0 "in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships." The legislation "does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports."

McClatchy (9/15, Blumenthal) reports, "Senate passage of the bill comes more than two years after the 9-11 commission concluded that the nation's ports could be more vulnerable to attack than commercial aviation." The measure "picked up more steam over the past few weeks as congressional Republicans have ratcheted up their national security agenda." Democrats "said Republicans were scrambling to shore up their national security credentials for political reasons before the elections. 'Five years after 9-11, repeated failures by Bush Republicans have left our ports vulnerable and open to terrorist attack,' Senate Minority Leader Harry Reid, D-Nev., said in a statement."

Hill Battle Brewing Over Chemical Plant Security. A battle is brewing in Congress over how to secure US chemical plants from attack. The Christian Science Monitor (9/15, Marks, 58K) reports, "At issue is whether the Department of Homeland Security (DHS) should have the authority to require chemical plants to implement specific security measures, such as switching to safer chemicals or using armed guards. The chemical industry and House Republican leaders believe it should not. Instead, they favor allowing companies to come up with their own security proposals that can then be reviewed and approved by DHS. On the other side are environmentalists, some security experts, moderate Republicans, and Democrats. They believe DHS should have the ability to require companies to make security improvements, as long as companies have an opportunity to appeal requirements to which they object."

Muslim-American Security Expert Sues DHS Over Job Suspension. In a widely-distributed story, the AP (9/15, Parry) reports, "An Egyptian-born aviation security expert is suing the U.S. government, claiming he was wrongly suspended from his Transportation Security Administration job based on a classified FBI file the government won't let him see. Wagih H. Makky filed the lawsuit Thursday in federal court in Newark, alleging he was harassed and discriminated against at work after the Sept. 11 terror attacks based on his nationality and his Muslim religion." The AP notes, "The lawsuit names the Department of Homeland Security among others as defendants. The lawsuit did not specify damages."

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Chertoff Announces Mandatory Screening Of More Air Cargo. In an article appearing on at least 68 news websites, the AP (9/14, Lavoie) reported in a news conference at Boston's Logan International Airport Thursday, DHS Secretary Michael Chertoff announced that cargo brought "to airline ticket counters for shipment on passenger planes will have to go through the same security screening as checked baggage." Screening of such packages had been going on "for the past several months at most airports around the country," but it will now "be mandatory for 100 percent of those packages, Chertoff said." The AP added, however, that "most of the cargo on passenger planes, which comes from larger freight shippers, remains subjected only to random checks."

Chertoff Says Cost Of Registered Traveler Under Consideration. After running an article Thursday titled "Cost May Kill Travel Program," USA Today (9/15, Frank, 2.27M) reports DHS Secretary Michael Chertoff told reporters Thursday "that he is 'still looking at' how much to charge air travelers for a program that would speed them through airport security. Chertoff said he supports the idea of making people in the Registered Traveler program 'pay their own weight,' which could cost up to $200 a year." However, he said "exactly what the right amount of money is going to be and how that's going to work, I think, is something we're still looking at." The secretary's "comments come days after the Transportation Security Administration (TSA) disclosed that it plans to charge travelers $100 to $120 to enroll in Registered Traveler and at least $70 a year for every year after their first in the program."

The Wall Street Journal (9/15, A8, 2.03M) reports the TSA's announcement this week that "it plans to charge an annual fee of $100 per person to cover background checks and the full cost of airport screening" prompted a "battle" with private companies who "expected a fee of about $30." The fee would "'stunt, if not eliminate RT programs, thus undermining the promise of better aviation security and much needed customer service improvements,' the Voluntary Credentialing Industry Coalition, which represents private companies that want to provide the service, said in a statement."

Insurers Seek Renewal Of Post-9/11 Terrorism Insurance Program. Some in the business and insurance communities want the federal government to create a long-term or permanent terrorism insurance program similar to the one established by the White House and Congress after the 9/11 attacks to backstop the insurance industry in the event of another attack. The Wall Street Journal (9/15, Mullins, Pleven, 2.03M) reports, "Under the program set up by the Terrorism Risk Insurance Act, the government steps in to help make an insurer's payouts if the losses from a foreign terrorist attack exceed that insurer's deductible. With more than a year remaining before the program expires, a politically savvy group -- including insurance companies, real-estate owners, financial services firms and former American International Group Chief Executive Maurice Greenberg -- is working to press the issue. … At a speech in New York today, Mr. Greenberg is expected to say that the government must help the industry if terrorists strike with a weapon of mass destruction. The insurance industry should be able to cover claims from a less catastrophic attack, according to his prepared remarks."

Mississippi Overspent On "Sewer Hog" After Katrina. The Washington Post (9/15, A19, Williamson, 748K) reports a recent audit from the Transportation Department's inspector general found "that the state of Mississippi had overspent by $772 an hour on the Sewer Hog, a high-speed swiller used to clear flooded storm drains. Desperate to reopen US 90 along the Gulf Coast, Mississippi transportation officials turned to Texas-based Garner Environmental Services Inc., exclusive operators of the Sewer Hog." The machine was used to suck "slop and sand from about 200 miles of three-foot sewer lines. But it also hogged the budget. State highway officials -- and the feds -- paid $1.7 million for services that the report said ought to have cost $294,000." The Post adds that "like a homeowner with an overflowing toilet, Mississippi highway officials opted to mop first and ask questions later."

WAR NEWS:

Bush To Hold Separate White House Meetings With Musharraf, Karzai. The AP (9/14) reports President Bush will meet with Pakistani President Pervez Musharraf at the White House on September 22, and with Afghan President Hamid Karzai four days later. The AP says the neighboring countries' "relations have sometimes been strained by terrorist hideouts along their border."

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Kerry Accuses Bush Administration Of "Cut And Run" In Afghanistan. An AP (9/14, Miga) report carried by about 65 newspapers and websites says Sen. John Kerry said in a Howard University speech, "The Administration's Afghanistan policy defines cut and run. Cut and run while the Taliban-led insurgency is running amok across entire regions of the country. Cut and run while Osama bin Laden and his henchmen hide and plot in a lawless no-man's land." Republican National Committee spokesman Danny Diaz replied, "John Kerry lacks the credibility on the war on terror to be taken seriously."

Taliban Regroups In Western Afghanistan. USA Today (9/15, 8A, 2.27M) reports Taliban militants "have regrouped in western provinces" of Afghanistan and "ignited violence that has killed a dozen people in two days, officials said. Up to 200 Taliban fighters poured into Bakwa in Farah province. They surrounded a police compound and fired rocket-propelled grenades at policemen before being driven out," according to the regional police chief.

Poland To Send 1,000 More Troops To Afghanistan. The Financial Times (9/15, Dombey, Fidler, Cienski) reports that as expected, Poland has committed 1,000 new troops for NATO's Afghanistan force. They will "join the 100 already on the ground in Afghanistan but are unlikely to arrive until February 2007."

WPost Says European NATO Members Must Send More Troops. The Washington Post (9/15, A18, 748K) editorializes, "There's no question that placing soldiers in harm's way is one of the hardest steps for a democracy, and rightly so. But European governments that say they are committed to NATO and its mission in Afghanistan cannot continue to watch from a distance as American, British and Canadian soldiers do the lion's share of the fighting -- and dying. If NATO is to be an enduring military alliance, its other members must step forward."

Neuharth Says Troops Should Be Redeployed From Iraq To Afghanistan. Al Neuharth writes in USA Today (9/15, 2.27M), "Currently, we have about 147,000 troops in Iraq, about 21,000 in Afghanistan. We actually "cut and ran" from the hunt for bin Laden in Afghanistan to carry out our Iraq misadventure. … Bush says we must 'stay the course' and not 'cut and run.' Since we cut and ran from Afghanistan during our Osama hunt years ago, maybe we should reverse that course now. Redeploying our troops to fulfill our pledge to get bin Laden could make for a worldwide celebration by freedom lovers. Letting him stay on the loose is the biggest boost for terrorists, in Iraq and around the world."

CIA Was Told There Were No Iraq-Al Qaeda Ties In 2002, But Did Not Inform White House. The Washington Post (9/15, A14, Pincus, 748K) reports a recent Senate Intelligence Committee report says the CIA "learned in late September 2002 from a high-level member of Saddam Hussein's inner circle that Iraq had no past or present contact with Osama bin Laden" and that Hussein "considered bin Laden an enemy of the Baghdad regime." The Post says that while "President Bush and other senior administration officials were at that time regularly linking Hussein to al-Qaeda, the CIA's highly sensitive intelligence supporting the contrary view was apparently not passed on to the White House or senior Bush policymakers."

Two US Troops Killed, Others Wounded, In Baghdad Truck Bombing. ABC World News (9/14, story 3, 1:40, Gibson) reported on "an especially alarming attack against US forces" in Iraq. A "suicide truck bomb wounded 27 troops and killed two others. Military outposts are supposed to be secure against such bombs." ABC (Sciutto) added, "The military is crediting a rapid medical response with saving lives. Military officials say the bomber was able to get past a security checkpoint and inside the outpost because the bomb was apparently hidden under dirt in the dump truck, and not discovered on inspection." CBS Evening News (9/13, story 5, 0:15, Couric, 7.66M) ran a very brief item on the bombing, putting the number of wounded at 25, and added, "Most of the injuries, though, were not serious. Five US troops have been killed in the past two days."

Sectarian Violence Continues. An AP (9/14, Quinn) story carried by about 50 newspapers and websites reports sectarian killings "have surged in parts of Baghdad not yet included in a security offensive." Bombings and "other insurgent attacks killed four American soldiers and wounded 25 in the capital region," and police "reported finding 20 bodies dumped on streets." The Los Angeles Times (9/15, 918K) says Army spokesman Maj. Gen. William B. Caldwell IV "acknowledged that despite a major operation to combat death squads and curb sectarian violence between Shiite and Sunni Arab paramilitary fighters in Baghdad, violence had increased."

Petraeus Says Samarra Mosque Bombing "'Took The Gloves Off." In a brief item headlined "A General's

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Candor On Iraq," the Washington Post (9/15, A17, Tyson, 748K) reports Lt. Gen. David Petraeus, speaking at the Brookings Institution Thursday, said the "February bombing of the gold-domed mosque in Samarra was 'hugely harmful' and a 'very, very devastating blow' to security efforts." He said it "'took the gloves off the…Shia militia,' starting 'a downward spiral that is very hard to arrest. … It's had a horrific effect on the security situation.'"

Iraqi Official Says Syria Must Curtail Terrorist Border Crossings. An AP (9/14, Jelinek) story carried by about 35 newspapers and websites reports Iraqi Deputy Prime Minister Barham Saleh met with Defense Secretary Donald Rumsfeld at the Pentagon Thursday and said that while Iraq "will spend more on jobs and reconstruction to battle the insurgency in the restive west," Syria "must clamp down on terrorists crossing the border." Saleh "told a Pentagon news conference he did not request more American troops for Anbar province because that would be a military decision."

Green Berets, Army Battalion At Odds In Anbar. The Washington Post (9/15, Tyson, 748K) runs a front-page story on US strategy in Anbar, and tensions between elite Green Berets and the Army battalion "that oversees the region." The "conflict in the Anbar camp, while extreme, is not an isolated phenomenon in Iraq, U.S. officers say. It highlights two clashing approaches to the war: the heavy focus of many regular U.S. military units on sweeping combat operations; and the more fine-grained, patient work Special Forces teams put into building rapport with local leaders, security forces and the people -- work that experts consider vital in a counterinsurgency."

Iraq's Poor Economy Yet Another Factor In Instability. The Christian Science Monitor (9/15, Murphy, Al-Taiee, 58K) reports that while USMC Maj. Gen. Richard Zilmer recently said the US "appeared to be losing the political, if not the military, fight in Anbar," he said "success rests as much on restoring a measure of economic stability and basic services as it does on ending Iraq's sectarian bloodshed." But Iraq's economy "is weaker than at any point since the US invasion. Some estimate joblessness at 60 percent (the CIA shows a 30 percent rate for 2005), and prices for foodstuffs and basic goods have doubled -- and in some cases tripled -- since 2003."

Judge Tells Saddam He Was "Not A Dictator." The New York Times (9/15, Von Zielbauer, 1.21M) reports Abdullah al-Amiri, the chief judge in Saddam Hussein's genocide trial, "assured the defendant on Thursday that he was 'not a dictator,'" which seemed to please Hussein. A Kurdish farmer testified that in 1988, he "had pleaded with Mr. Hussein for the life of his wife and seven young children. He said a furious Mr. Hussein shouted, 'Shut up and get out.'" In court, Hussein "jumped up to defend himself. 'Why did he try to see Saddam Hussein?' he asked the judge, referring to himself in the third person, as is his habit in court. 'Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?'" Amiri "replied: 'I will answer you: you are not a dictator. Not a dictator,' he repeated. 'You were not a dictator.' Mr. Hussein, smiling, replied, 'Thank you.'" The Washington Post (9/15, A14, Raghavan, 748K) reports the episode came a day after "prosecutors called for Amiri's resignation, saying he had allowed 'defendants to go too far, with unacceptable expressions and words' and had 'allowed the defendants to treat the chamber as a political forum.'" The Los Angeles Times (9/15, McDonnell, 918K) also has a report.

Obama Says Iraq Policy "Has Failed," Afghanistan "Getting Worse." Sen. Barack Obama was asked on CNN's The Situation Room (9/14) about Republican efforts to paint Democrats as weak on terrorism and security. Obama said, "This is the usual routine that the Republicans have trotted out before every election. And the question is, is it going to work a third time despite the irrefutable evidence that the policy in Iraq that they pursued has failed, that Afghanistan is getting worse, that every intelligence officer that you talk to and every objective observer that you talk to would indicate that we actually have more active terrorists around the world than we did at the time of 9/11?"

Marine Iraq Veteran Sees Two Problems With Military Transfer Strategy. In a New York Times (9/15, 1.21M) op-ed, Seth Moulton, a "Marine infantry officer in Iraq from March to September 2003 and from July 2004 to October 2005," writes, "In the long term, we must withdraw American troops" from Iraq, and "replacing them with capable Iraqi forces is the right way to do it. But there are two serious problems with how we are putting this strategy into effect. First, despite all rhetoric in Washington to the

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contrary, American commanders are being pressured to meet timelines rather than encouraged to wait until Iraqi forces are ready. … Second, our strategy is based on consolidating American forces in huge megabases as a means to reduce numbers and, as advocated by several members of Congress, to 'move to the periphery.' This is exactly the opposite of what has been prescribed for decades to fight a counterinsurgency, or to squelch a fomenting civil war."

World Bank Warns 26 "Fragile" States May Breed Terrorists. The Washington Post (9/15, A13, DeYoung, 748K) reports a new World Bank report concludes the "number of weak and poorly governed nations that can provide a breeding ground for global terrorism has grown sharply over the past three years, despite increased Western efforts to improve conditions in such states." So-called "fragile" countries "have jumped to 26 from 17 since the report was last issued in 2003. Five states graduated off the list, but 14 made new appearances."

According to the World Bank website, the 26 nations or territories are Afghanistan, Angola, Burundi, Cambodia, the Central African Republic, Comoros, Congo, Cote d'Ivoire (Ivory Coast), the Democratic Republic of the Congo, Eritrea, Guinea, Guinea-Bissau, Haiti, Kosovo, Laos, Liberia, Myanmar (Burma), Nigeria, the Solomon Islands, Somalia, Sudan, Timor-Leste (East Timor), Togo, Vanuatu, West Bank and Gaza, and Zimbabwe.

WSJournal Says Increased Attacks Force Arab Regimes To Confront Terrorism. The Wall Street Journal (9/15, A12, 2.03M) editorializes, "In the current issue of Foreign Policy, Kim Cragin and Andrew Curiel of the Rand Corporation compare the incidence of terrorism world-wide in the four years preceding and following 9/11. Between 1998 and the end of 2001, there were 2,991 fatalities from terrorism in North America, almost all of them on 9/11. Since then, there have been only three. By contrast, terrorist fatalities are up nearly everywhere else, more than tenfold in the Middle East. … It's a tragic fact that so many Muslims have been murdered in terrorist atrocities. But it is also the case that Arab regimes such as Saudi Arabia that once tolerated or funded terrorism have belatedly come to recognize its dangers. That's progress for them -- and safety for Americans."

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DOJ Whistleblower Named To DC Ethics Committee. The National Law Journal (9/15, Geier) reports, "'Poetic justice' is what a former U.S. Department of Justice ethics attorney calls her appointment to the District of Columbia Bar's legal ethics committee while a disciplinary complaint has been pending against her with the D.C. bar. … And some poetic justice may go a long way for whistleblower Jesselyn A. Radack, who was the subject of a Justice Department complaint before the D.C. Bar's Office of Bar Counsel when she was named in June, 2005 to the committee that advises the bar on the rules of professional conduct." The Journal continues, "Radack is the former Justice Department ethics advisor in the case of 'American Taliban' John Walker Lindh who quit her government job, lost a private-sector position and was the subject of a criminal investigation, all involving the Lindh case. Saying that she leaked information to the press, the Justice Department referred Radack to the state bars where she is licensed-and was even put on the federal 'no-fly' list. … 'Because of this episode, I am dedicating my life to whistleblowers,' said Radack, who started work last May at Grayson & Kubli, a private practice in McLean, Va., that handles government contracts, telecommunications and whistleblower law. … She also decided not to pursue the action she filed against DOJ that a federal judge in Washington recently dismissed. [NLJ, Aug. 28]. … 'I'm in a new job and ready to let go of it,' Radack said. 'It was empowering to put them on the defensive for once and finally get my version of the events down in a public forum.'" The Journa notes, "Radack claims that she was pushed out of her job as general counsel to DOJ's Office of Professional Responsibility for not playing along with her superiors after federal law enforcement officials disregarded her advice on handling Lindh, dubbed the 'American Taliban' when he was captured in Afghanistan. … U.S. District Judge Henry H. Kennedy Jr. recently found that DOJ did not violate its own policy when it sent referral letters to the Maryland and D.C. bars. Radack v. U.S. DOJ, No. 04-1881 (D.D.C.). … Charles S. Miller, spokesman for DOJ, said that the department would say with regard to Radack only that 'We're pleased with the court's decision.'"

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CORPORATE SCANDALS:

US Seeks Reinstatement Of Merrill Lynch Enron-Linked Convictions. The AP (9/15, Hays) reports, "Federal Enron prosecutors today asked the entire U.S. 5th Circuit Court of Appeals to hear arguments about reinstating fraud and conspiracy convictions against four former Merrill Lynch & Co. executives that a three-judge panel threw out in a split decision last month." The AP continues, "The 2-1 decision slapped the Justice Department by overturning most convictions against the four men, who were found guilty in 2004 of participating in a sham 1999 deal that allowed Enron to post bogus profits." The AP adds, "The three-judge panel ruled that evidence was insufficient to support convictions against one of the Merrill defendants. Regarding the other three, the opinion said prosecutors employed a flawed theory that they deprived Enron of its right to their honest services because, even though the deal was a sham, it was consistent with corporate goals and did not rob the company or shareholders of money or property. … The panel affirmed convictions of perjury and obstruction against one of the three who lied to a grand jury about the deal." The AP notes, "In today's filing, prosecutors said the reversal 'threatens to insulate from punishment proven criminal conduct by corporate employees as long as their fraudulent goals are shared by senior executives, without regard to the obvious interest of a legitimate business entity and its stockholders in the honest services of all corporate employees.' … Prosecutors said a rehearing before all 14 5th Circuit judges is warranted to correct the panel's 'cramped and unworkable' interpretation of the honest services theory."

Ex-Willbros Official Pleads Guilty To Bribery. The AP (9/15) reports, "A former executive of a subsidiary of Willbros Group Inc. pleaded guilty Thursday to violating a federal law by conspiring to bribe government officials in Nigeria and Ecuador to obtain gas pipeline work in the two countries, the Justice Department said." The AP continues, "Jim Bob Brown, 44, is to be sentenced Nov. 30 for violating the Foreign Corrupt Practices Act. … Brown, who worked for Willbros International Inc. in Nigeria and South America, admitted that he and another Willbros International executive arranged for the payment of about $1.5 million in cash in Nigeria in 2005 as part of a conspiracy to obtain gas pipeline construction business there." The AP adds, "Brown also said he and other Willbros International executives approved of a scheme from at least 1996 to early 2005 in which fictitious invoices were submitted from the company's Nigerian operations. The money was used to make payments to officials with Nigerian revenue agencies and courts to get lower taxes and to influence litigation. … The Justice Department said Brown also admitted that in 2004 he conspired to pay at least $300,000 to officials of the Ecuadorean government oil company to obtain a gas pipeline rehabilitation contract."

Leak Scandal Has Not Hurt H-P's Stock Price. The San Francisco Chronicle (9/15, Page D - 1, Pimentel) reports, "Four years ago, Hewlett-Packard's bid to buy Compaq Computer turned into a bitter boardroom battle, jangling nerves on Wall Street and sending the company's stock plunging to as low as $14." The Chronicle continues, "One would think that the current scandal at HP -- with shocking revelations of corporate spying that could possibly lead to criminal charges -- would also rattle investors' confidence in the technology giant. … But that hasn't happened. … Instead, the Palo Alto company, which is considered one of the big comeback stories of the past two years in the tech industry, has managed to remain a favorite of investors. The boardroom scandal has not turned into a material event for the company, at least in Wall Street's eyes." The Chronicle adds, "For proof of that indifference, look no further than HP's stock, which has remained steady over the past two weeks, trading above $36, up nearly 50 percent from a year ago. It dipped slightly last week at the height of the scandal but steadily bounced back this week. … The stock closed at $36.25, down 12 cents, Thursday. That's just 13 cents below where it was the day the scandal broke last week. … The lack of reaction on Wall Street also speaks to the financial industry's focus on the bottom line. Some analysts say disputes involving ethics and morals appear to hold little sway when compared with returns."

Lerach Sues H-P Directors, Counsel Over Scandal. The California Recorder (9/15, Scheck) reports, "It was Thursday afternoon and the press was sweating: For three days no one new had decided to go after Hewlett-Packard's board of directors for their recent descent into public ignominy. … Not to fear, though: At about 4 p.m., plaintiffs lawyer William Lerach joined Congress, the California attorney general, the San Francisco U.S. Attorney, and federal regulators. Representing an HP shareholder, Lerach filed a suit accusing board members and executives of breaching

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their fiduciary duty for a litany of reasons, including their ongoing use of top Silicon Valley lawyer Larry Sonsini." The Recorder continues, "Lerach's complaint is the latest result of a mess that began early this year when HP board Chairwoman Patricia Dunn initiated a probe in which an investigator lied to access private phone records of other directors and several journalists. … And while it's not yet clear how state Attorney General Bill Lockyer or U.S. Attorney Kevin Ryan will proceed -- Lockyer has said he has enough evidence to bring state charges, while Ryan's office met with HP lawyers on Monday -- Lerach's claims are quite explicit in the derivative suit he filed in Santa Clara County Superior Court in California." The Recorder adds, "The lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins argues in the suit that 10 HP board members and executives -- including Dunn and General Counsel Ann Baskins -- should be forced to pay damages to the company. … Lerach wrote that the defendants 'breached their fiduciary duties to HP, committed gross mismanagement, abused their control of HP, and have engaged in a gross dereliction of their duties, as well as corporate waste and attempted enrichment' by seeking to solidify their positions within the company by investigating board members Thomas Perkins and George Keyworth."

New York AG Objects To Grasso' Request For New Judge. The New York Law Journal (9/15, Bar) reports, "The New York attorney general's office Wednesday filed an objection to former New York Stock Exchange Chairman Richard A. Grasso's request that Manhattan Supreme Court Justice Charles Edward Ramos recuse himself from presiding over the government's excessive pay lawsuit against Grasso. … 'Grasso may have been permitted to treat the New York Stock Exchange as a fiefdom for his personal enrichment, picking the members of the Board and placing those over whom he had the most significant regulatory authority on the compensation committee, but he cannot be permitted to pick and choose the judge who will preside over his trial,' the government said in its affidavit." The Journal continues, "Grasso's attorneys argued in a motion filed last week that Ramos should recuse himself after he participated in ex parte settlement discussions in the case. … They also argued that the judge made factual and legal comments on the case during settlement discussions that would make it difficult for him to preside over the case. … Finally, Grasso said last week that he was unaware that the judge had applied twice for a position at the Stock Exchange and that in his second application Ramos had cited to a case he decided in which he had addressed the issue of excessive compensation."

Fed Official Concerned About Hedge Fund Margins. The Wall Street Journal (9/15, lp) reports, "A top Federal Reserve official believes regulators need to examine whether banks and securities dealers are imposing adequate margin requirements on hedge funds." The Journal continues, "Timothy Geithner, president of the Federal Reserve Bank of New York, believes margin requirements that are sensible in normal times may prove too thin in stressful market conditions and could actually aggravate violent market moves. … While he doesn't assert that margin rules are too low or say what regulators should do, his remarks suggest regulators may soon turn their attention to margin practices after pressing Wall Street to improve how they handle complex and fast-growing credit and equity derivatives." The Journal adds, "Mr. Geithner, in remarks to be delivered in a speech in Hong Kong this morning, noted regulators are overhauling rules on how much capital banks must maintain to guard against loan and trading losses. 'It is critical,' he said, that that effort 'be reinforced with more attention by supervisors to margin practice ... within the major financial institutions.'"

Mexican Tycoon Settles SOX Case With SEC. The New York Times (9/15, Malkin) reports, "The billionaire tycoon Ricardo Salinas Pliego and the Securities and Exchange Commission of the United States reached a settlement on Thursday in the first lawsuit against a foreign company under the corporate governance rules of the Sarbanes-Oxley Act." The Times continues, "Mr. Salinas Pliego, who owns Mexico's second-largest broadcaster, TV Azteca, agreed to pay $7.5 million in penalties and compensation to settle accusations of fraud involving a scheme to conceal a deal between a TV Azteca subsidiary and a company secretly owned by Mr. Salinas." The Times adds, "In the settlement, Mr. Salinas Pliego neither admitted or denied wrongdoing. One of his executives, Pedro Padilla Longoria, agreed to pay $1 million. … TV Azteca, which was also a defendant in the case, said in a statement that the settlement 'does not entail economic consequences' for the company. … Under the agreement, Mr. Salinas Pliego and Mr. Padilla are forbidden to serve as executives or directors of

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any publicly listed American company. Mr. Salinas Pliego delisted his companies from the New York Stock Exchange last year, arguing that 'excessive regulation' was a burden. … The S.E.C. charged Mr. Salinas Pliego with fraud in January 2005 in connection with a debt deal involving what was then the cellphone unit of TV Azteca. A company called Codisco, secretly owned by Mr. Salinas Pliego and a partner, bought discounted debt owed by the cellphone unit."

SEC Urged To Give Shareholders Tools To Hold Boards Accountable. Ira Millstein, senior associate dean for corporate governance at the Yale School of Management, and Harvey Goldschmid, the Dwight Professor of Law at Columbia, write in the Wall Street Journal (9/15, 2.03M), "Shareholder access is officially back on the agenda at the SEC, forced there by a recent court decision. And this time around the SEC should seize the opportunity to craft a solution that opens up the proxy to shareholders in a sensible way, a solution that ensures board accountability to shareholders. … We urge the SEC to balance the system and give shareholders the tools to hold boards accountable -- and, in the process, restore public confidence in the fairness and economic rationality of the governance system."

CRIMINAL LAW:

Gonzales Warns Of Online Sexual Predators. The Kansas City Star (9/15, Rizzo) reports, "U.S. Attorney General Alberto Gonzales told an audience in Kansas City on Thursday that the battle against Internet predators is 'a fight for our future.'" The Star continues, "Gonzales called on all levels of law enforcement as well as parents, educators and private advocacy groups to work together to defeat the 'vast and frightening network' of criminals who every day seek to harm children. … 'It is brutal. It is heinous, and it is criminal,' he said." The Star adds, "The attorney general spoke to several hundred federal, state and local law enforcement officials from across the Midwest attending the annual Protect Our Children conference. … He told them that the proliferation of child pornography and sexual predators should be seen as 'a call to arms' to those dedicated to fighting it. … Halting those crimes is a top priority of the Justice Department. Gonzales promoted an initiative started earlier this year called Project Safe Childhood, which seeks to coordinate law enforcement efforts with endeavors to educate children and parents about the problem and how they fight a 'determined and desperate brand of criminal.'" The Star notes, "He cited a recent study that found half of Internet users between the ages of 10 and 17 reported being exposed to pornographic material over the Web. And one in seven reported that they were sexually solicited online. … While that was an improvement from five years earlier, when a study found one in five reporting solicitations, Gonzalez said, 'One in seven getting solicited is one in seven too many.'"

The AP (9/15, Twiddy) reports, "Joint federal and local task forces arrested more than 1,600 people nationwide last year who were accused of exploiting children over the Internet, a fivefold increase over 2000. … But Attorney General Alberto Gonzales said Thursday the problem only continues to grow as the Internet has given child pornographers and people seeking trysts with minors unparalleled access to young users and made it easier to hide from law enforcement. … 'The only way to respond to their horrific ambitions is to respond with greater perseverance,' said Gonzales, speaking at the Protect Our Children Conference, a three-day event bringing law enforcement from Missouri, Kansas, Illinois and Nebraska together with child advocates and abuse treatment organizations." The AP continues, "In particular, Gonzales said states need to re-evaluate their laws against child exploitation and make them stronger, if necessary. … Missouri, for example, enacted legislation this year that boosts the penalties for many child sex crimes, such as a mandatory minimum sentence of 10 years for someone convicted of trying to entice a child into meeting to have sex." The AP adds, "Gonzales said federal, state and local law enforcement are doing a better job of coordinating their efforts and teaming up with community organizations that teach parents and children how to avoid online predators and deal with the aftermath when children are abused. … He added that his office and the National Center for Missing and Exploited Children will begin airing new public service messages early next year to call attention to the online dangers." The AP notes, "U.S. Attorney Bradley Schlozman's office in Kansas City has been among the leaders in the country in attacking online predators, filing 42 child exploitation cases last year, the sixth-highest in the nation. So far this year, the office has filed 23 cases, spokesman Don Ledford said."

WDAF-TV, Fox 4, Kansas City (9/15) reports, "They are out there and they are preying on our young. On Thursday, one group of criminals was the focus of a visit to the Metro by

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the U.S. Attorney General, Alberto Gonzales." WDAF-TV continues, "A national study said that one out of every seven children who go online will be solicited sexually. That statistic was so disturbing that the US Justice Department pledged a crackdown on Internet predators. That's what brought Gonzales to Kansas City. .. . 'It's a wrenching reality that every day children are sexually solicited online,' Gonzales said." WDAF-TV adds, "In many ways Gonzales was preaching to the choir. He spoke to state, local and federal officials at a conference on child protection. Gonzales' message? The Federal government will lead the fight against Internet predators. … 'Everyday we must talk to our kids about what they are seeing, what they are hearing and who they are communicating with online,' Gonzales said."

Ney Expected To Plead Guilty To One Criminal Charge. USA Today (9/15, 2.27M) reports, "Rep. Bob Ney, the Ohio Republican charged with taking gifts, trips and campaign donations from lobbyist Jack Abramoff, is expected to plead guilty to at least one criminal corruption charge possibly as early as today, Republicans officials told the Associated Press." Ney "has consistently denied any wrongdoing but agreed last month to give up his re-election bid for the upcoming election. It is not clear from the Republican officials, who spoke on condition of anonymity because of pending legal proceedings, if Ney will resign his House seat." The officials "did not say what charge Ney would plead guilty to."

The New York Times (9/15, Shenon, 1.21M) reports "a guilty plea would make Mr. Ney, a six-term congressman, the first member of Congress to admit to criminal charges in the Abramoff investigation, which has focused on the actions of several current and former Republican lawmakers who had been close to the former lobbyist." The Times adds, "People with detailed knowledge of the investigation said Mr. Ney had entered an in-patient rehabilitation center in recent days for treatment of alcoholism, making it uncertain whether he would appear at a court hearing to announce the plea. Lawyers and others would speak only anonymously because of concern that they would anger prosecutors."

The Washington Post (9/15, Weisman, 748K) reports, "Ney's Washington attorney, Mark H. Tuohey, said from London yesterday that he expected no immediate developments in the case. … Aides in his office did not return calls, and Justice officials would not comment."

The AP (9/15, Weisman) reports that "the Justice Department is expected to announce a plea agreement or an agreement to reach a plea bargain as early as Saturday." The AP adds, "Ney, a soft-spoken, popular Republican, became known as the mayor of the House for the largesse he showed to fellow members from his post as chairman of the House Administration Committee. His entanglements with Abramoff became his undoing. … Guilty pleas from Abramoff, two former aides to retired Rep. Tom DeLay, R-Texas, and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients."

Novak Disputes Claims Made By Armitage. The New York Times (9/15, Johnston, 1.21M) reports columnist Robert Novak "has disputed statements by his primary source" in the Plame leak case, former Deputy Secretary of State Richard L. Armitage, "who said his mention of her identity was inadvertent." Novak said in his column that Armitage "had 'obscured' the details of their conversation on July 8, 2003, in a way that made Mr. Armitage's disclosure of the identity of the Central Intelligence Agency officer, Valerie Wilson, seem less deliberate." Novak "wrote that Mr. Armitage 'did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column,' the writer said." Armitage "said he stood by his account of the meeting. He said that his comments about Ms. Wilson in the conversation came at the end of the interview, were brief and made in response to a question posed by Mr. Novak."

CNN's The Situation Room (9/14, Franken) reported Novak "is proving one of the immutable laws of Washington, a controversy is never really over." Novak "now says the contention by Armitage that it was a passing reference that propelled the writer to identify Valerie Plame in July 2003 wasn't so off-hand after all. Novak writes, 'He identified to me the CIA division where Ms. Wilson worked. Armitage did not slip me this information as idle chitchat, as he now suggests. He made it clear he considered it especially suited for my column.' … Novak's column set off a multi-million dollar special counsel's investigation into whether the law had been broken by a White House trying to get retribution."

Armitage Criticized For Not Acknowledging Role In Leak Earlier. In a Wall Street Journal op-ed (9/15), Victoria Toensing discusses the controversy under the headline, "What A Load Of Armitage!" Toensing says Armitage has "finally emerged from the cover-my-backside closet,

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'apologizing' on CBS for keeping quiet for almost three years about being" Novak's original source. He "disingenuously blames his silence on Special Counsel Patrick Fitzgerald's non-legally based request -- any witness is free to talk about his or her testimony -- not to discuss the matter." Toensing adds, "Put aside hundreds of thousands of dollars of taxpayer funds squandered on the investigation, New York Times reporter Judith Miller's 85 days in jail, the angst and legal fees of scores of witnesses, the White House held siege to a criminal investigation while fighting the war on terror, Karl Rove's reputation maligned, and 'Scooter' Libby's resignation and indictment. By his silence, Mr. Armitage is responsible for one of the most factually distorted investigations in history."

Las Vegas Bribery Bagman To Plead Guilty To RICO Charge Monday. In a widely-distributed story, the AP (9/15) reports, "A former politician and lobbyist accused of ferrying bribes for a strip club owner reached a plea deal Thursday, just days before the start of his trial, authorities said." Lance Malone "has agreed to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act, U.S. Attorney Daniel Bogden said. … Authorities in turn have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a San Diego jury levied against him last summer for similar charges." The AP notes, "Malone's trial was to cap off a three-year FBI probe into corruption and bribery on the Clark County commission."

Wife Of Convicted Alabama Mayor To Plead Guilty To Obstructing Probe. The Mobile Press-Register (9/14, Dezember, Kirby) reported, "Crystal Russo, the wife of former Orange Beach Mayor Steve Russo, will plead guilty in Mobile's federal court next week to obstruction of justice as part of an agreement with prosecutors, according to a Wednesday court filing. Crystal Russo, 25, was scheduled to be tried next month for allegedly trying to help her husband hide money that was sought for forfeiture by prosecutors this summer in their corruption case against the now-convicted former mayor." The Press-Register noted, "On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a Mobile federal jury on numerous counts related to plots by Wall and fellow developer Jim Brown to enrich the mayor in an effort to curry favor in City Hall." The AP (9/15) also briefly reports on the plea agreement.

FBI Arrests Oakland Haberdasher In City Contract Fraud Probe. The San Francisco Chronicle (9/15, Zamora, Heredia, Lee, 405K) reports, "A well-connected Oakland businessman has been arrested on federal charges of extorting bribe money in exchange for using his influence to help a contract applicant win a deal with the city." Maurice Himy "was arrested Wednesday by FBI agents on a federal complaint accusing him of interference of commerce by threats or violence. Until March, he owned Spaccio, an Italian men's clothing store…just steps from Oakland City Hall." US Magistrate Wayne Brazil yesterday "ordered Himy to turn over his passport and released him on his own recognizance." The Chronicle notes, "Himy's arrest followed a 17-month investigation by the FBI over the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property."

The AP (9/15) reports, "The one-count complaint alleges Himy, in exchange for more than $10,000, steered the contract the businessman's way with the help of a City Hall insider. The businessman was not named…but he contacted the FBI after Himy allegedly told him the only way he could obtain the contract was through payoffs to Himy. … Erica Harrold, a spokeswoman for City Attorney John Russo, said, 'We haven't been contacted by the FBI and if there are any problems, obviously, we want to see those addressed and remedied.'" Bay City News Wires (9/15) notes, "The complaint alleges numerous discussions between Himy, a cooperating witness, and an Oakland city official, named only as 'City Official A,' involving the payment of thousands of dollars to Himy in return for help in obtaining the auctioneering city contract that was eventually approved for the cooperating witness. Prosecutors said Himy's arrest is the result of a 17-month investigation by the FBI."

Boston Police Officers Caught In FBI Sting Indicted On Drug Charges. The AP (9/15) reports Boston police officers Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo "were indicted Thursday on charges of conspiring to possess heroin and cocaine with intent to distribute, the U.S attorney's office announced." The officers "had gone to Florida, authorities said, to collect a $35,000 payment for protecting a Massachusetts shipment of cocaine

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that was part of an undercover FBI sting operation. At the meeting, prosecutors said, agents recorded the men agreeing to protect two more cocaine shipments totaling 100 kilograms and also to protect 5 kilograms of heroin." The Boston Herald (9/15, Sweet, Johnson, 203K) adds that the "alleged crooked cops were suspended without pay…yesterday and two of them freed on bail after their indictments by a federal grand jury on drug conspiracy charges." US District Court Magistrate Judge Joyce London Alexander, "unconvinced Pizarro and Carrasquillo are a flight risk or a threat to the public, set them free pending trial." The Boston Globe (9/15, 425K) also reports on the indictments in "New England in Brief."

Former Daley Patronage Chief Again Testifies Before Grand Jury. The AP (9/15, Robinson) reports former Daley patronage chief Robert Sorich "made his second appearance before a federal grand jury in three weeks Thursday as prosecutors pushed ahead with an investigation of City Hall. … Sorich was one of three former officials convicted by a federal court jury July 6 in what prosecutors called a scheme to use fraud to cover up the fact that they were loading the city payroll with campaign workers." The AP notes, "U.S. attorney's office spokesman Randall Samborn declined to comment on Sorich's latest grand jury appearance."

Prosecutor Makes Closing Arguments At Gotti Retrial. The New York Times (9/15, Williams, 1.21M) reports, "Closing arguments began yesterday in Federal District Court in the racketeering trial of John A. Gotti, with prosecutors saying that Mr. Gotti's claim that he quit the Gambino crime family in 1999 was no more than a scheme to avoid a long prison sentence. … Mr. Gotti's defense is that he retired from the Mafia before mid-July 1999, a time frame that would protect him from prosecution because of the five-year statute of limitations on the racketeering charges." Newsday (9/15, DeStefano) adds that Assistant US Attorney Miriam Rocah said Gotti "spent a lifetime rising to the top of the Gambino crime family and the proof was 'overwhelming' that he reaped millions of dollars through a murderous racketeering conspiracy that pillaged city businesses." She "tried to belittle the withdrawal defense, saying Gotti was deeply involved in some of the crimes. 'Proof of John Gotti Junior's participation in the charged crimes is overwhelming,' said Rocah," recalling that "mob turncoats like Michael DiLeonardo told of how he personally paid millions of dollars to Gotti in construction payoffs."

The AP (9/15, Neumeister) reports, "Rocah dismissed statements Gotti made in prison conversations in which he claimed he had quit the mob and wanted to move to Canada to start a new life. She said it was part of 'a charade contrived by Gotti to get himself off the hook.'" Rocah said that Gotti "was careful not to get too close to most crimes, relying on associates and soldiers to carry them out. … In fact, Rocah said, Gotti operated like the chief executive officer of a corporation, 'raking in millions of dollars in the 1990s.' She added: 'Throughout the 1990s, John Gotti's business was crime, and business was good.'" The New York Post (9/15, Cornell, 608K) also reports on the closing arguments, under the headline "Junior's Retirement 'Charade.'"

Genovese Capo Tied To Indicted Garbage Hauler Pleads Guilty To RICO Charge. In a widely-distributed story, the AP (9/15) reports, "Matthew 'Matty the Horse' Ianniello, an ailing 86-year-old longtime capo in the Genovese crime family who had ties to Danbury garbage kingpin James Galante, pleaded guilty Thursday to a racketeering charge, admitting he helped infiltrate a union and interfere with a federal grand jury probe. … A plea agreement…called for Ianniello to be sentenced to between 1½ and two years in prison. Without the deal, Ianniello would have faced up to 20 years in prison. … He also agreed to forfeit up to $1 million to the government."

Jurors Deadlocked On Death Penalty For Aryan Brotherhood Figures. The AP (9/15, Flaccus) reports, "A federal jury has failed to reach a verdict in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted in July of murder, racketeering and conspiracy, the jurors announced Thursday in a note to the judge. The same jurors convicted Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham in July. … After jurors indicated they were deadlocked, defense attorneys asked U.S. District Judge David O. Carter to declare a mistrial, which would result in Mills and Bingham serving life sentences without parole. Prosecutors asked that the judge consider ordering the jurors to resume deliberations and try to break the deadlock. Carter did not immediately issue a ruling."

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Philadelphia Bank Vice President Charged With Embezzlement. The Philadelphia Inquirer (9/15, Shiffman, 399K) reports, "A former vice president of National Penn Bank was charged yesterday with embezzling $6.1 million from bank clients." Edward G. Mawhinney of Sewell "allegedly opened lines of credit under customers' names while working at the Philadelphia branch. He was charged by information instead of grand jury indictment." The Inquirer notes, "In a statement, the bank said: 'We appreciate and look forward to justice prevailing through the courts and applaud the U.S. attorney and the FBI for their diligent work in this matter.'" The Philadelphia Daily News (9/15, Hinkelman, 109K) adds, "Mawhinney stole money from these lines of credit to pay his own debts and buy his home, prosecutors said. He also gave money to benefit third parties without the bank's knowledge or approval. The third parties either got loans that had not been approved by the bank or had delinquent loans paid down or paid off completely."

Former eContent Executive Pleads Guilty To Stock Fraud. The AP (9/8) reported, "The former president of eContent Inc. pleaded guilty" to charges "that he and other officers and directors misused company funds for personal expenses. John P. Sgarlat is the second person to plead guilty in connection with wrongdoing at the company, and the investigation is continuing, said Assistant U.S. Attorney Eric M. Schweiker." Sgarlat "also admitted to several schemes, including one in which he improperly issued stock. Under his plea deal, Sgarlat agreed to pay restitution, in amounts to be determined. He also agreed to forfeit to the government at least $320,000, as well as a vehicle, certain artwork and an autographed Tiger Woods caddie coverall from the 2001 Masters golf tournament. The vehicle, artwork and coverall have all been seized by the FBI."

Sportingbet Chairman Resigns, Free To Return To UK. In a widely-distributed story, the AP (9/15) reports Sportingbet Chairman Peter Dicks, "who was arrested last week after New York customs officials discovered his name on a Louisiana warrant charging him with illegal online gambling, resigned on Thursday, the company said. … Dicks appeared in state Criminal Court in Queens on Thursday, when Judge Gene Lopez adjourned his case until Sept. 28." During the hearing, "Dicks was informed that the governor had withdrawn the warrant" from Louisiana seeking extradition, as the Dicks' lawyer had requested Wednesday. "Restrictions on Dicks' $50,000 bail that barred him from leaving New York also were lifted." Defense lawyer Barry Slotnick that "Dicks was now free to travel back to London, where he lives." The AP notes Gov. Pataki's spokeswoman, Jessica Scaperotti, "said the governor's decision was made in consultation with prosecutors in Louisiana and New York." Bloomberg (9/15) also reports on the story.

Former Michigan Prosecutor Goes On Trial For Bribery. The AP (9/15, Karush) reports, "A lawyer for a former chief prosecutor accused of helping a convicted rapist get a new trial in exchange for campaign contributions tried to cast him as an ethical man as his trial began Wednesday. … But prosecutors said Carl Marlinga let his political ambitions interfere with the pursuit of justice." The AP continues, "Marlinga's duty 'was overcome by a desperate need for money - not to line his own pockets, but to fuel his political ambitions,' Assistant U.S. Attorney Robert Cares said in his opening statement to the jury." The AP adds, "Marlinga, the former Macomb County chief prosecutor, is charged with bribery, wire fraud, making false statements to the Federal Election Commission and violating federal campaign finance laws. The charges stem from the 59-year-old's failed 2002 bid for Congress. … If convicted, he could face up to 10 years in prison and a $250,000 fine. … Prosecutors say that Marlinga filed a motion with the Michigan Supreme Court that led to a new trial for Jeffrey Moldowan, who had been convicted in 1991 of kidnapping and raping his ex-girlfriend. Moldowan was acquitted at his new trial after spending more than 10 years behind bars. … They say he also accepted contributions in exchange for helping St. Clair Shores businessman James Hulet, accused of drugging and raping a teenage girl." The AP notes, "Marlinga was not personally involved in the prosecution of Moldowan, which was handled by an assistant prosecutor. But he took an interest after being contacted by Ralph Roberts, a prominent businessman who employed Moldowan's sister, Cares said. … Marlinga filed his motion with the Supreme Court as he was approaching an important fundraising deadline in his congressional campaign. Around the same time, Roberts contributed the maximum $2,000 allowed. Later, Roberts gave another $1,600 in his wife's name, and Marlinga also expected Roberts to host fundraisers for him, Cares said."

Florida Prison Guard Pleads Guilty In Contraband Case. The AP (9/15, Kaczor) reports,

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"One of five prison guards charged in a sex-for-contraband scandal that ended in a deadly shootout with federal agents pleaded guilty Thursday to conspiracy to commit mail fraud." The AP continues, "Alfred Barnes, 42, of Thomasville, Ga., agreed to cooperate in the prosecution of other defendants. In exchange, the government dropped charges including witness tampering, bribery and mail fraud." The AP adds, "The five men are accused of taking part in an alleged scheme in which guards reportedly paid female inmates for sex with alcohol, food, money and marijuana over a two-year period. The guards also were accused of intimidating inmates and witnesses to ensure their silence. .. . Authorities said prison guard Ralph Hill smuggled a gun into the Tallahassee Federal Correctional Institution on June 21 and opened fire when FBI and Justice Department agents arrived to arrest him and the other defendants. … Hill and Justice Department special agent William 'Buddy' Sentner were killed. A prison employee assisting in the arrests was wounded. None of the surviving guards were charged in connection with the shooting."

US Warns Consumers About "Liberty Dollar" Coins. USA Today (9/15, Hagenbaugh) reports, "The government Thursday warned consumers and businesses that it is illegal to use alternative money known as 'Liberty Dollar' coins, which organizers promote as a competitor to the almighty dollar. … 'We don't want consumers to be fooled,' U.S. Mint spokeswoman Becky Bailey says, noting U.S. Attorneys offices across the USA have noticed a marked increase in inquiries about the coins. … The coins' producers vowed to fight the government's decision." USA continues, "Evansville, Ind.-based National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code, otherwise known as NORFED, has been making the Liberty Dollar coins for eight years and claims $20 million is in circulation. The group says the money, unlike official U.S. cash, has a hedge against inflation because it is made almost entirely of silver and is backed by stocks of silver and gold in a vault in Idaho. … The coins are then spent by the group's 2,500 Liberty Associates in stores run by fellow supporters or are accepted unknowingly by clerks who are unaware they are not receiving real money." USA adds, "The Justice Department has determined that use of Liberty Dollars, which come in varying denominations, 'is a crime,' according to the Mint, which issued a rare public warning Thursday. … 'The United States Mint is the only entity that can produce coins,' Bailey says." USA notes, "The Mint notes the coins share some resemblances to real money, such as the term 'Trust in God' instead of 'In God We Trust' and use of a torch in the design. Such similarities may confuse people into thinking the money is real, the Mint says. … But NORFED says it will challenge the government, arguing it has never claimed Liberty Dollars were official money and that it has a right to offer an alternative."

Judge Denies Bond For Illinois Man Charged With Producing Child Pornography. The AP (9/15) reports, "A federal judge (in Springfield, IL) denied bond Thursday for a 65-year-old man accused of creating sexual images of children in a photo studio above a hair salon." The AP continues, "Paul Kincaid, who is charged with possessing child pornography and producing it near his home in Litchfield, will remain in the custody of U.S. marshals pending trail, said Sharon Paul, a spokeswoman for the U.S. attorney's office in Springfield. … 'The judge found that he presented a danger to the community,' Paul said." The AP adds, "Prosecutors accuse Kincaid of using a Polaroid camera to create sexual images of minors in a makeshift photo studio above a hair salon near his home. … Kincaid's attorney, Jon Gray Noll, said after the judge's ruling that it's too early to say how his client might eventually plea. … 'We have to see the pretrial discovery, we have to see how the evidence was obtained,' he said. 'I've had a lot tougher cases that we've won.' … Authorities said they seized hundred of images of child pornography, including photo albums, from Kincaid's home, which is located about 50 miles south of Springfield."

Elderly Women Plead Not Guilty In California Hit-And-Run Deaths. The AP (9/15, Glazer) reports, "A pair of elderly women charged with murdering two transient men and illegally collecting millions from their life insurance policies have pleaded not guilty." The AP continues, "Helen Golay, 75, and Hungarian-born Olga Rutterschmidt, 73, each face two counts of murder and two counts of conspiracy to commit murder for financial gain in the deaths of Paul Vados, 73, a Hungarian native, in November 1999, and Kenneth McDavid, 51, in June 2005. The women are being held without bail as long as prosecutors consider a death sentence for them." The AP adds, "Authorities alleged that Golay and Rutterschmidt befriended the two transients, convinced the men to sign

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them on to their life insurance policies and then collected some $2.3 million after running them over in secluded alleys. … Superior Court Commissioner James Bianco on Wednesday denied Golay's request to be allowed to have mascara and tweezers to pluck her eyebrows, to wear her own clothes and to be awakened no earlier than 7 a.m. on court days. … Rutterschmidt's attorney, Michael Sklar, challenged the legality of conspiracy charges against her, but Bianco ruled that the charges could stand. Sklar also said he had not yet received evidence from the state."

Karr To Fight Child Pornography Charges In California. USA Today (9/15, Ritter) reports from Los Angeles, "John Mark Karr, briefly a suspect in JonBenét Ramsey's murder, was back in court here Thursday for the first time since he jumped bail five years ago to avoid child pornography charges." USA continues, "Karr's chief lawyer, Robert Amparan, said the 41-year-old former teacher will fight the misdemeanor charges and has no plans to cut a deal with prosecutors involving a guilty plea in exchange for a sentence of time served and probation." USA adds, "Karr, unshackled in a blue jailhouse jumpsuit, sat passively as lawyers debated whether cameras should be allowed at his trial on five counts of possessing pornography, brought when investigators allegedly found illicit images on his computer. … Defense lawyer Gayle Gutekunst argued that a simple misdemeanor case had 'exploded into a media event' that could make it hard to find impartial jurors. … 'The court can put the skids on this and help return the case to what it was in 2001,' Gutekunst said." USA notes, "Judge Cerena Wong rejected TV cameras but said she'd permit one still photography camera. Wong said Karr's trial would begin Oct. 2 but scheduled a hearing to resolve a dispute over whether prosecutors can seek a delay. Karr will get a bail hearing Tuesday. … Authorities here regained custody of Karr this week after the Boulder, Colo., district attorney said Karr no longer was a suspect in Ramsey's December 1996 death because DNA tests failed to put him at the crime scene."

CIVIL RIGHTS:

DOJ Closes Probe Of Maryland Teen's Death. The AP (9/15) reports, "The Justice Department has ended an investigation into the death of a black teenager at a party in Anne Arundel County." The AP continues, "Seventeen-year-old Noah Jamahl Jones was killed in the summer of 2004 in an altercation that involved six white men in Pasadena." The AP adds, "The Justice Department began its investigation after allegations were made that Jones' death might have resulted from a racially motivated attack. But it said Thursday that there is insufficient evidence to pursue criminal civil rights charges. … One of the men was acquitted in state court last year of voluntary manslaughter."

Missouri Judge Strikes Down New Voter ID Law. The New York Times/AP (9/15, Press) reports a Missouri judge "struck down the state's new voter identification law as an unconstitutional infringement on the right to vote. The law required voters to show a federal or Missouri-issued photo ID at the polls." Judge Richard Callahan "of Cole County Circuit Court, said that was an unconstitutional burden on voters because the paperwork required to get those ID's was not free."

The AP (9/15, Wiese) reports Gov. Matt Blunt, "a Republican who backed the law, decried the decision. 'This is a constitutionally sound law that will help improve Missourians' confidence in the elections process and help combat those who attempt to manipulate the system,' he said in a written statement."

Newdow Sues Web Commentator For Defamation. The California Recorder (9/15, Mckee) reports, "Sacramento, Calif., atheist Michael Newdow took plenty of grief from conservative commentators two years ago when he tried unsuccessfully to get the words 'under God' taken out of the Pledge of Allegiance. … But being called a liar in an online column was more than he could stand -- and a Northern California minister could pay the price." The Recorder continues, "This Monday, Newdow -- who's both a lawyer and an emergency room physician -- is scheduled to appear in San Francisco's 1st District Court of Appeal to argue that his libel suit against the Rev. Austin Miles should be allowed to proceed. … Newdow claims that Miles -- a self-described 'interdenominational chaplain' who writes conservative columns posted on the Internet -- defamed him by accusing him of committing perjury before the 9th U.S. Circuit Court of Appeals during the pledge case. Specifically, Newdow claims Miles accused him, in posts on two news service sites, of telling the court his young daughter suffered emotional distress as the result of being forced to recite the pledge in her classroom. Newdow insists he never said that. … Instead, he says, he only argued that children, including

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his daughter, are unduly influenced when a state-run school leads them in a ritual proclaiming the existence of God. … 'Had Miles done as any reasonable person would have done -- i.e., simply read the 9th Circuit's panel decision before writing his article,' Newdow wrote in court papers, 'he would have quickly appreciated that his "view" ... was 100 percent wrong.'" The Recorder notes, "The 9th Circuit in 2002 agreed with Newdow's claim that the pledge, as recited in public schools, violated the First Amendment's establishment clause. But two years later, the U.S. Supreme Court tossed Newdow's suit, voting 5-3 that he didn't have standing to bring it in the first place. … Since then, Newdow has pursued the merits of his arguments by representing an unnamed 'Roe' client in challenging the pledge again. That case is now pending before the 9th Circuit, as is a separate case of Newdow's challenging the inclusion of the words 'In God We Trust' on American money. … In his case against Miles, Newdow won a $1 million default judgment in Superior Court in June 2004 after Miles failed to respond to the initial complaint. That judgment was later set aside, though, after the trial court found that Miles, through no fault of his own, had no actual notice of the suit."

Navy Court Finds Chaplain Guilty Of Disobeying An Order. The Washington Post (9/15, A3, Cooperman, 748K) reports a Navy court found Protestant chaplain Lt. Gordon Klingenschmitt guilty of "disobeying an order by appearing in uniform at a political protest in front of the White House in March," and will reprimand him and dock his pay. Klingenschmitt, who "has been a vocal critic of the Navy's policies on prayer in ceremonial settings," said he "intends to 'appeal by all means possible all the way to the Supreme Court.'"

The AP (9/15, Barisic) reports, "Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic Region, must decide whether to approve the recommendation. … The jury of five officers at Klingenschmitt's special court-martial determined Wednesday that he had disobeyed a superior officer's order prohibiting him from wearing his uniform during media appearances without prior permission." The AP notes, "The charge centered on a March 30 news conference protesting a Navy policy that requires nondenominational prayers outside of religious services. … Klingenschmitt had argued that he was allowed to wear his uniform if conducting a 'bona fide worship service.' He said he believes he was punished for making a political speech in uniform because he prayed in Jesus' name."

Religious Conservatives Say Gay Marriage Debate Prompts Attacks On Religion. The AP (9/15, Kuhnhenn) reports conservative religious leaders, "sensing declining alarm over same-sex marriage, are warning that the debate over homosexuality has prompted attacks on religious freedom." By "expanding the discussion from marriage to religious expression, social conservatives say they will reconnect with religious voters and religious leaders who don't necessarily view same-sex unions as a threat." Tony Perkins of the Family Research Council said, "There are a number of pastors that said, 'Look, we don't get involved in politics, I'm not going to get involved in this issue, I just want to preach the gospel.' When they realize their ability to preach the gospel may very well be at stake, they may reconsider their involvement." The AP adds Perkins "and others are building a case file of anecdotes where they say religious people have spoken out against gay marriage only to be punished."

ANTITRUST:

Exelon, PSEG Abandon Merger Plans Over New Jersey Problems. The Wall Street Journal (9/15, Smith) reports, "Prospects for big utility mergers dimmed with Exelon Corp.'s announcement yesterday that it has abandoned its acquisition of Public Service Enterprise Group Inc., a deal valued at about $17.7 billion that would have created the nation's largest utility company by serving 18 million people." The Journal continues, "Exelon blamed its decision, which was expected, on 'insurmountable' obstacles, chiefly rate concessions and power-plant divestitures sought by public officials and consumer advocates in New Jersey, where PSEG is based. Exelon, of Chicago, spent more than $100 million pursuing PSEG in a deal announced in December 2004." The Journal adds, "The longer the approval process became, the more costly the transaction was for Exelon shareholders. What started out as a $12 billion deal became a $17.7 billion transaction as Exelon's stock price appreciated. … Many industry economists say such combinations can make companies more skillful operators and reduce geographic risk caused by weather. New Jersey officials feared the loss of local

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oversight. Exelon sought to allay fears by promising to keep PSEG's headquarters in Newark, N.J."

Market Watch (9/15, Dalton) reports, "A driving force behind the merger was the hope that Exelon, a highly regarded operator of nuclear power plants, could improve the performance of PSEG's two troubled nuclear plants, Hope Creek and Salem. The plants have improved dramatically since Exelon began operating them following the announcement of the merger in December 2004. Some investors have been concerned that the plants' performance might regress if the deal fell apart." Market Watch adds, "The U.S. Federal Energy Regulatory Commission, the U.S. Justice Department, and Illinois and Pennsylvania regulators had approved the merger. But New Jersey consumer advocates and large industrial firms raised concerns that the combined company would own so many power plants in the state that it could effectively corner the electricity market and raise prices without fear of competition."

Bloomberg (9/15, Polson, Lonkevich) reports, "The companies had offered to sell power plants and place output from nuclear plants under long-term contracts to win approval from the U.S. Department of Justice and the Federal Energy Regulatory Commission. … New Jersey 'apparently feels that the commitments we had to make to FERC and DOJ, those divestiture obligations, were not enough,' Public Service Enterprise Group Chief Executive E. James Ferland said in an interview today. 'We don't agree with that.' … The regulators demanded further plant divestitures and constraints on sales from generators the companies would keep, he said."

Barnett Critical Of EU Action Against Apple. The IDG News Service (9/15, Gohring) reports, "A U.S. Department of Justice official has joined the debate surrounding Apple Computer's proprietary digital music technology by criticizing European antitrust activities, but groups attacking Apple are defending their actions." IDG continues, "Speaking in Washington, D.C., on Wednesday, Thomas Barnett, assistant attorney general at the DOJ's antitrust division, warned that forcing companies to reveal their intellectual property stifles innovation. He used Apple as an example, in a nod to growing discontent in Europe regarding the way that music purchased from iTunes is tied to the iPod." IDG adds, "Architects of complaints against Apple in Europe say he's got it wrong. 'We're not attacking intellectual property rights but saying they should be implemented in a way which doesn't dictate which player you use,' said Torgeir Waterhouse, a senior advisor with the Norwegian Consumer Council. … His organization filed a complaint to Norway's consumer representative, or ombudsman, arguing that it's illegal for Apple to limit iTunes customers to playing music from the store exclusively on iPods. Along with similar representatives in Denmark and Sweden, the Norwegian ombudsman asked Apple to defend its policy. In a written reply, Apple said it won't budge on the issue but the company plans to meet representatives from the countries later this month to further discuss the issue. If Apple won't open up, the ombudsman will take the company to court." IDG notes, "Barnett's criticisms of European antitrust policy, including comments that the policy is aimed at helping competitors instead of consumers, are generally in line with comments from U.S. officials since the Bush administration came to power, said Scott Megregian, a partner and head of the European competition group in the law firm McDermott Will & Emery UK."

Rent-A-Center Gets Antitrust Nod To Acquire Rent-Way. The AP (9/15) reports, "Rent-A-Center Inc., the largest U.S. furniture rental chain, and Rent-Way Inc., a rent-to-own chain operator, said Thursday that Rent-A-Center's planned acquisition of Rent-Way has gotten government antitrust clearance." The AP continues, "The waiting period for the deal, required under the Hart-Scott-Rodino Antitrust improvement Act of 1976, expired Sept. 13. … The acquisition is expected to be completed in the fourth quarter." The AP adds, "Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa., in a deal announced in August. … The acquisition marks an end to Rent-Way's six-year turnaround after a scandal. … Rent-Way, founded in 1981, was rocked by an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s. … A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004."

Texas Lawmakers Plot Legislative Strategy For Airfield Pact. The Dallas Morning News (9/15, Reddy) reports, "Facing a delicate negotiation over their Wright bill, Texas lawmakers said Thursday that they were

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moving ahead to get the North Texas compromise through the full House as early as next week." The News continues, "Some indicated they were unwilling to accept a revision to the House bill removing antitrust immunity as the final word for the legislation to lift flight restrictions at Dallas Love Field. … 'It's just a bump in the road,' said Rep. Kay Granger, R-Fort Worth." The News adds, "Getting the Wright bill passed in time depends largely on how successful members are in quickly reconciling competing versions of the legislation that have passed two House committees. … House members have only nine more voting days before they're scheduled to return home to campaign for the November elections. … Lawmakers also must find a way to steer the legislation through obstacles in the Senate. … 'We're trying every creative way to get to the goal of preserving the balance of the agreement, protecting the interests of all the parties and getting it through the Congress,' said Sen. Kay Bailey Hutchison, R-Texas, who is leading the effort in the upper chamber." The News notes, "The House Judiciary Committee on Wednesday removed an antitrust exemption sought by Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport in the legislation to lift the 1979 Wright law. … The five parties fear a long court battle, if the deal isn't given protections by Congress. … The bill would implement a June agreement by the five North Texas parties to lift limits on long-haul flights at Love in 2014. It would allow immediate one-stop flights across the U.S., as long as passengers first stopped in one of the nine states in the Wright perimeter."

FCC Accused Of Ordering Destruction Of Media Ownership Study. The AP (9/15, Dunbar) reports, "The Federal Communications Commission ordered its staff to destroy all copies of a draft study that suggested greater concentration of media ownership would hurt local TV news coverage, a former lawyer at the agency says. The report, written in 2004, came to light during the Senate confirmation hearing for FCC Chairman Kevin Martin." Sen. Barbara Boxer "received a copy of the report 'indirectly from someone within the FCC who believed the information should be made public,' according to Boxer spokeswoman Natalie Ravitz." Adam Candeub, now a law professor at Michigan State University, "said senior managers at the agency ordered that 'every last piece' of the report be destroyed. 'The whole project was just stopped -- end of discussion,' he said."

EU To Probe Microsoft Office. The AP (9/15) reports, "The European Union's antitrust commission plans to investigate complaints regarding Microsoft Office, said EU Competition Commissioner Neelie Kroes Thursday." The AP continues, "Kroes, speaking at the Fordham Annual Conference on International Antitrust Law & Policy, did not elaborate on the investigation. … Microsoft Corp. has said its Office 2007 software will not include a way to save data in the popular Portable Document Format. Microsoft claimed it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the ability to save Office documents in either the popular Portable Document Format or Microsoft's new, competing XPS format." The AP adds, "The EU has a long-running antitrust action against Microsoft, which dates to a 2004 EU antitrust ruling that came with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July. … Kroes said the Commission's actions on Microsoft 'will result in benefits in terms of industrial competitiveness and will result in more innovation and lower prices for consumers.' … European Union officials warned Microsoft on Tuesday not to shut out rivals in the security software market as the company plans to launch its Windows Vista operating system with built-in protection from hackers and malicious programs."

EU Eyes US-Style Private Damage Suits. Dow Jones (9/15) reports, "European Union antitrust chief Neelie Kroes said Thursday that she plans to devise a way to encourage private damage suits by early next year." Dow Jones continues, "Speaking at the Council of Foreign Relations in New York, Kroes said the U.S. 'has traveled much further down this road than we have in Europe' and that the E.U. needed to catch up. 'Watch this space because we'll try to draw some conclusions from the debate early next year,' she said." Dow Jones adds, "Kroes has long said private action, including lawsuits, can increase competition without adding to regulators' workload. … The European antitrust chief said regulators were now considering how to draft regulations that would 'make sure that private cases are actually brought to court, in other words, that the benefits of bringing proceedings outweigh the costs.' She also said any new regulation must ensure 'that our public and private enforcement systems are complementary.'" Dow Jones notes, "Kroes said regulators on both sides of the Atlantic were working well together to crack down on cartels. … She said she had created a dedicated cartel-busting office with 60 officials, with powers to levy

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increased fines, and had implemented a U.S.-style 'carrot and stick approach' by letting informers escape fines."

GE Sells Unit To Apollo For $3.8 Billion. The Financial Times (9/15, Guerrera) reports, "General Electric has sold its low-margin materials unit to the private equity firm Apollo Management for $3.8bn in cash and shares. It marks the latest attempt by the conglomerate to focus on high-growth businesses and revive its share price." The Times adds, "The deal – announced on Thursday – is part of GE's strategy of exiting low-growth markets and underlines the appetite of buy-out groups for industrial businesses that require substantial investment and restructuring."

The Wall Street Journal (9/15, Kranhold) reports, "GE also has been weighing the future of its plastics business, where former Chairman Jack Welch cut his teeth and where Mr. Immelt once worked, according to people familiar with the matter. It isn't clear whether GE is considering selling the unit, which generates annual sales of $6.6 billion." The Journal adds, "The unit it agreed to sell yesterday makes silicone used in adhesives and sealants and quartz used in semiconductor manufacturing and in tubing for fiber-optics and lamps. The unit, with annual sales of roughly $2.5 billion and 5,000 employees, has its headquarters in Wilton, Conn. GE doesn't disclose its earnings. … GE, Fairfield, Conn., said it would retain a 10% stake in the operation, which it called its advanced-materials group. It will also hold $400 million in debt obligations that yield interest payments."

Iamgold To Purchase Cambior For $1.2 Billion. The Wall Street Journal (9/15) reports, "Iamgold Corp. has agreed to acquire Cambior Inc. for US$1.2 billion in stock, a premium of nearly a third to Cambior's market capitalization." The Journal continues, "The companies said the new Iamgold will be the 10th largest publicly traded primary gold producer in the world, with 1.1 million ounces of gold production annually, reserves totaling 9.7 million ounces and a market capitalization of US$3 billion." The Journal adds, "Under the transaction, shareholders of Cambior will receive 0.42 of an Iamgold share for each share held, worth about C$4.83, a 31% premium to Cambior's shares at Wednesday's close in Toronto. Cambior's U.S.-listed shares jumped 24% in premarket trading Thursday on Inet. Iamgold's shares were unchanged."

ENVIRONMENT/INDIAN AFFAIRS:

California Seen As Taking Risk With Global Warming Plan. The New York Times (9/15, Barringer, 1.21M) reports that in "the Rocky Mountain States and the fast-growing desert Southwest, more than 20 power plants, designed to burn coal that is plentiful and cheap, are on the drawing boards. Much of the power, their owners expected, would be destined for the people of California." But California "has just delivered a new message to these energy suppliers: If you cannot produce power with the lowest possible emissions of these greenhouse gases, we are not interested." California's decision to "impose stringent demands on suppliers even outside its borders, broadened by the Legislature on Aug. 31 and awaiting the governor's signature, is but one example of the state's wide-ranging effort to remake its energy future." The Democratic-controlled legislature "and the Republican governor also agreed at that time on legislation to reduce industrial carbon dioxide emissions by 25 percent by 2020, a measure that affects not only power plants but also other large producers of carbon dioxide, including oil refineries and cement plants." The state's aim "is to reduce emissions of climate-changing gases produced by burning coal, oil and gas. Other states, particularly New York, are moving in some of the same directions, but no state is moving as aggressively on as many fronts. No state has been at it longer. No state is putting more at risk."

DOE Seeks To Eliminate Funding For Hydropower, Geothermal Research. The Christian Science Monitor (9/15, Clayton, 58K) reports the "Department of Energy (DOE) is quitting the hydropower and geothermal power research business - if Congress will let it." The "Bush administration in its FY 2007 budget request eliminates hydropower and geothermal research, venerable programs with roots in the energy crises of the 1970s. 'What we do well is research and funding of new, novel technologies,' says Craig Stevens, chief spokesman for the DOE. 'From a policy perspective, geothermal and hydro are mature technologies. We believe the market can take the lead on this at this point.'" However, "'zeroing out' such research could end up being a penny-wise, pound-foolish move, some energy advocates say. Any savings from the cuts would be nil since all of the nearly $24 million ($1 million

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from hydropower and $23 million from geothermal) research funding would go to other programs such as biofuels."

Interior Department Near Royalties Agreement With Shell, BP-Amoco. The New York Times (9/15, Andrews, 1.21M) reports, "The Interior Department, struggling to prevent the government from losing billions of dollars in royalties for oil and gas produced in publicly owned waters, said Thursday that it was close to agreement with 2 of the 56 companies that hold lucrative drilling leases in the Gulf of Mexico. The two companies, Royal Dutch Shell and BP-Amoco, are among the biggest producers along the outer continental shelf." Ten companies, including Chevron and Exxon, have begun negotiations over their contracts. However, "even as Republican and Democratic lawmakers expressed outrage that the government could lose more than $10 billion over the next decade, the Bush administration said it flatly opposed House bills that would pressure oil companies into renegotiating flawed leases that the government signed in the late 1990's. The 56 companies hold leases that allow them to extract billions of dollars in oil and gas from the Gulf of Mexico without paying any royalties, regardless of how high energy prices or the industry's profits might climb."

Arizona Border Tribe Gets Squeezed By Illegal Immigration, Crackdown. The Washington Post (9/15, A1, Pomfret, 748K) reports as the United States "ramps up its law enforcement presence on the border with Mexico, places like Alir Jegk, a village of 50 families in south-central Arizona, are enduring heightened danger, as they are squeezed between increasingly aggressive bands of immigrant and drug smugglers and increasingly numerous federal agents who, critics say, often ignore regulations as they seek to enforce the law." Alir Jegk's experience "is complicated by the fact that it is on the second-biggest Indian reservation in the United States, belonging to the Tohono O'odham, or Desert People, who hunted deer and boar and harvested wild spinach and prickly pear in this region before an international border was etched through their land in 1853. Now, the Tohono O'odham Nation occupies the front line of the fight against drug and immigrant smuggling -- costing the poverty-stricken tribe millions of dollars a year and threatening what remains of its traditions." About "11,000 Tohono O'odham live on a 2.8 million-acre reservation, the size of Connecticut, with a 75-mile-long border with Mexico."

FBI/DEA/ATF/USMS:

US Charges Four In New York Drug Conspiracy. The AP (9/15) reports, "A federal grand jury (in Binghamton, NY) on Thursday indicted one man on a murder charge and three others for racketeering and narcotics conspiracy." The AP continues, "The men were part of a drug-trafficking ring that operated in the Ithaca area, New York City, Pennsylvania and North Carolina, said U.S. Attorney Glenn Suddaby." The AP adds, "Guillermo Payano, 30, of Ithaca, was charged with the murder of Alexander Miller, 24. … Miller was discovered in May 2000 on a partially overgrown service road leading into Buttermilk Falls State Park. He had been shot in the head. … Benoni Bryant, 29, Darnell Shepherd, 29, and Pablo Lopez, 25, all of Ithaca, were charged with conspiracy and racketeering. … Payano, Bryant and Shepherd are in custody. Lopez is still at large. … The U.S. Justice Department has not yet determined whether it will seek the death penalty for Payano, Suddaby said."

Suspects In Massive Drug Ring Appear In Court. The AP (9/15, McCall) reports, "Five of the dozen suspects in what federal prosecutors say is a $20 million international drug ring started by high school friends made their initial appearance in court Thursday in the first step toward an expected trial in Idaho." The fiver "were among the 11 men arrested Wednesday by federal agents in Oregon, Washington, Idaho and Colorado. One man, from California, remained a fugitive." U.S. Magistrate Janice Stewart "delayed reading of the charges in the 196-page indictment until attorneys could be appointed or retained for the five men." When the requested lawyers, she "warned them they would have to reimburse the government if it was determined they could afford their own attorneys, rather than having a defender appointed by the court."

DEA Raid Nets 23 Arrests For Cocaine Dealing In Chicago. The Chicago Tribune (9/15, Yang) reports, "Police today announced charges against 23 people after raiding a suspected drug house on Chicago's South Side Wednesday morning," and "Undercover officers from the Chicago Police Department and members of the U.S. Drug Enforcement Administration worked on their investigation, dubbed 'Operation Sith,' for 2 ½ months before raiding the home." According to authorities, "the suspects are all members of the Gangster Disciples street gang and they

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pedaled small packages of crack cocaine worth $5 each, earning $10,000 to $15,000 a day in drug sales," although "the DEA is currently analyzing the drugs confiscated during the raid, and has not yet estimated their total worth."

US Takes Up Case Of Iowa Abortion Clinic Crash. The Quad-City (IA) Times (9/15, Baker) reports, "Federal officials decided late Wednesday to take up the case against David Robert McMenemy, the Michigan man who is accused of crashing his car into a Davenport medical center Monday because he thought it was an abortion clinic." The Times continues, "The case will be pursued through the U.S. Attorney's office for the Southern District of Iowa, Davenport, and the Rock Island office of the federal Bureau of Alcohol, Tobacco and Firearms, or ATF." The Times adds, "Police say McMenemy, 45, came to Davenport from the suburbs of Detroit, and drove his compact car into the Edgerton Women's Health Center, 1510 E. Rusholme St., early Monday morning. … The facility was founded in 1972 to provide prenatal care and medical services to low-income and underprivileged women. It does not perform abortions, nor does it make abortion referrals, Center President Tom Fedje said." The Times notes, "After the car came to rest in the lobby area, Davenport police said McMenemy exited the vehicle and scattered gasoline over the car's interior before lighting it. He left the building and surrendered to Davenport firefighters, Fire Marshal Mike Hayman said. … Federal charges are appropriate in the case because McMenemy traveled across three states to commit the act of violence, Scott County Attorney Bill Davis said."

Celebrity Bounty Hunter Arrested In Hawaii. The AP (9/15, Niesse) reports, "TV reality star Duane 'Dog' Chapman and two co-stars on his show were arrested Thursday in Hawaii on charges of illegal detention and conspiracy in the bounty hunters' capture three years ago of a cosmetics company heir." The AP continues, "Chapman, son Leland Chapman and associate Timothy Chapman -- who is not related to the other Chapmans -- were taken into custody and did not resist arrest, said Mark Hanohano, U.S. Marshal for the district of Hawaii. 'It went down without incident,' Hanohano said." The AP adds, "Mona K. Wood, a publicist for the star of the popular cable series Dog The Bounty Hunter, said Chapman would be vindicated. 'He arrests the bad guys -- and he is definitely not one of them,' she said." The AP notes, "The charges stem from Chapman's capture of Max Factor heir Andrew Luster on June 18, 2003, in Puerto Vallarta, Mexico, said Marshals spokeswoman Nikki Credic in Washington. … Chapman's capture of Luster, who had fled the country while on trial on charges he raped three women, catapulted the 53-year-old bounty hunter to fame and led to the reality series on A&E."

The New York Times (9/15, Carr) reports, "In a twist that will not be lost on fans of Mr. Chapman's program, 'Dog the Bounty Hunter,' on the A&E cable network, Mexico is seeking to extradite him for posting bail and then failing to appear to answer criminal charges in July 2003. … His wife, Beth Chapman, also a star in the series, said Mr. Chapman left Mexico on the advice of his lawyers, who feared for his safety in the Mexican prison system."

IMMIGRATION:

Employers Concerned About Hiring Practices After Immigration Raids. The Miami Daily Business Review (9/15, Riddick) reports, "Federal immigration officials recently arrested 55 undocumented workers in a raid in Tallahassee. The workers from Mexico, Honduras and Guatemala, were employed by General Building Maintenance, which had a contract to clean state government buildings. They face deportation." The Review continues, "Federal officials declined to say how U.S. Immigration and Customs Enforcement (ICE) found out about the illegal immigrants, or whether any company executives would face criminal charges." The Review adds, "Some South Florida labor and employment lawyers warn that such federal raids signal that companies here must take serious steps to ensure that they are not employing undocumented workers -- either directly or through subcontractors. That could have a major impact on Florida's economy, which quietly has depended on illegal workers. … Many employers in the state's large agricultural, tourism and construction industries are nervous. And so are immigrant workers." The Review notes, "Congress has hit an impasse in its debate over whether and how to crack down on illegal immigration. But ICE and its parent agency, the U.S. Department of Homeland Security, have decided not to wait for new legislation. Relying on existing law, ICE has engaged in high-profile raids of worksites employing undocumented workers."

Two Polish Nationals Plead Guilty To "Leasing" Illegal Workers. The AP (9/15) reports,

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"Two Polish nationals have pleaded guilty to leasing out illegal immigrants from eastern Europe to work on U.S. farms, dairies and factories, prosecutors said. A third was sentenced to prison a year after pleading guilty to similar federal charges." The AP continues, "Jaroslaw Sawczuk, 39, and Jozef Bronislaw Bogacki, 43, pleaded guilty Wednesday before U.S. District Judge Kenneth Marra to federal charges of fraud and conspiracy to transport, house and otherwise encourage illegal immigrants to remain in the United States." The AP adds, "Pavel Preus, 39, pleaded guilty to similar charges in September 2005. Marra sentenced him to 37 months in prison, followed by three years of supervised release. Preus was also ordered to pay $950,000 for unpaid payroll taxes. … Sentencing for Bogacki and Sawczuk was scheduled Dec. 15. Both face a maximum of 20 years in prison and fines up to $500,000. The U.S. government is also seeking the forfeiture of Bogacki's assets. … The three men were arrested in April 2005. Three citizens of the Slovak Republic also named in the original 26-count indictment are believed to be overseas, prosecutors said."

House Votes To Build New Fencing Along Mexican Border. CNN's The Situation Room (9/14, Blitzer) reported, "House Republicans voted 283-138 to build new fencing along the border with Mexico. The House approved that provision last year as well, but just weeks before congressional elections, Republican members are eager to show they're tough on border security."

The New York Times (9/15, Lipton, 1.21M) says "the fence proposal represents a last-minute push by Republicans for at least part of their border security agenda. … More than 60 Democrats joined with Republican House members" to vote for it," but "other Democrats in the House and Senate ridiculed it, saying that the fence alone would not solve the border problem and that the bill did not provide the more that $2 billion that it would cost to build." Republican leaders "are hoping to insert language into the larger budget bill for domestic security that is in a conference committee to address chemical plant security, FEMA restructuring and, perhaps, additional provisions."

The Washington Times (9/15, Hurt, 88K) reports, "When the House last year approved its border-security legislation, it included almost exactly the same fencing. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants." But "by yesterday, more than 20 Democrats had switched their position to support the border fence -- including several who face tough elections this fall. Rep. Harold E. Ford Jr., the Tennessee Democrat who is running for the Senate, said, 'For the country to be secure, we have to have control over who gets in and who's allowed to stay.'"

The AP (9/15, Gamboa) reports, "Supporters of the new House bill said the new fencing would let Border Patrol agents focus more on apprehending illegal immigrants crossing from Mexico rather than having to man the entire border." The bill passed yesterday "doesn't pay for the fence. Republicans, estimating the cost at more than $2 billion, said that will be covered in a later spending bill." Democrats "estimated the fence would cost $7 billion, based on information from the Department of Homeland Security on costs per mile of a double-layer fence." The bill also "directs the Homeland Security Department to take control of the border in 18 months and gives border agents new authority to stop fleeing vehicles. It also calls for a study of the need for a fence on the US-Canadian border."

The Los Angeles Times (9/15, Gaouette, 918K) reports the vote "demonstrated that even as Capitol Hill remained deadlocked over what to do about the millions of illegal immigrants already in this country, bipartisan support existed for significantly toughening border security, especially as the November election neared." The Wall Street Journal (9/15, Rogers, 2.03M) says "the leadership's primary concern" yesterday was "to try to help its vulnerable members shore up support among conservatives ahead of the Nov. 7 elections."

McClatchy (9/15, Montgomery) notes House leaders "have refused to consider a comprehensive Senate-passed bill that would put millions of illegal immigrants on a path toward permanent legal status and US citizenship. The measure also includes a version of the president's guest-worker plan, as well as stiffer border-enforcement measures." President Bush, "who met Thursday morning on Capitol Hill with Republican House members, this week renewed his call for a comprehensive overhaul of the nation's immigration laws. His administration has embraced limited fencing as a partial solution to strengthening the border, but not to the extent proposed by the House."

Critics Said To Be Making Incorrect Claims About Cost Of Senate Bill. Robert Greenstein, executive director of the Center on Budget and Policy Priorities, and James Horney, senior fellow at the center and former chief of the budget projections unit at the Congressional Budget Office,

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write in the Washington Post (9/15, A19, 748K), "Would offering undocumented immigrants a path to legalization bust the federal budget? Critics of the Senate immigration bill, which seeks to crack down on illegal immigration while giving many currently undocumented workers a chance to work legally in this country, tout a Congressional Budget Office study that they say shows the bill would cost a whopping $126 billion over 10 years. A fair reading of that study, however, suggests that the bill's actual impact on the deficit would be close to zero and that it could even be beneficial. … So how did critics of the Senate bill arrive at the sensational $126 billion figure, which appears nowhere in the CBO report? First, they counted all of the bill's spending increases while ignoring all of its increases in revenue. … They also incorrectly assumed that the Senate bill requires $78 billion in added discretionary spending." Greeinsyein and Horney conclude, "As Congress searches for agreement on immigration legislation, mistaken claims that the Senate bill would bust the budget only make this already difficult job harder."

Immigration Creating "Mini-Melting Pot" In Utah. USA Today (9/15, El Nasser, 2.27M) reports that as immigration "sweeps through Utah, traditionally one of the least diverse and most conservative states in the nation, its impact is particularly dramatic. About 98% white until 1970, Utah is becoming a mini-melting pot." While conservative Republicans in the House "are pushing to tighten borders and make illegal immigrants felons, factors unique to Utah are attracting Hispanics to this reddest of red states. Among them: the Mormon Church's philosophy of outreach and its embrace of large families." These influences "have helped give the state a reputation of being warm and welcoming to immigrants. Utah allows the undocumented to drive legally with a "driving privilege card." They can attend public colleges and universities and pay in-state tuition. Minorities — mostly Hispanics — make up 16.5% of the population, up from 8.8% in 1990. They could reach 20% by 2010."

TAX:

IRS Revokes Anti-Abortion Group's Tax Exemption. The New York Times (9/15, Strom, 1.21M) reports the Internal Revenue Service "this week revoked the tax exemption of an anti-abortion group, Operation Rescue West, after receiving a complaint that it had violated prohibitions on electioneering by nonprofits in 2004." The group had "promised tax deductions for contributions to help defeat the Democratic presidential candidate, Senator John Kerry. The organization said the agency's ruling would have little impact on its operations."

GOP May Add Estate Tax Cut To Government Funding Resolution. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning."

CONGRESS-ADMINISTRATION:

SCOTUS To Provide Same-Day Transcripts Online. The Legal Times (9/15, Mauro) reports, "Starting in October you won't have to be inside the marble chamber of the Supreme Court to gain a same-day understanding of the thrust and parry of a particular oral argument." The Times continues, "The Court announced Thursday that it will be posting on its Web site the transcripts of oral arguments on the same day they occur -- far faster than the previous practice of releasing them up to two weeks afterward. … The announcement may seem like a small step that falls well short of opening the Court to television or radio broadcasting. But at an institution that still hands out quill pens to lawyers who argue before it, the change is significant. And access advocates hope it signals a new climate of openness under new Chief Justice John Roberts Jr. " The Times adds, "Roberts' predecessor, the late William Rehnquist, experimented with same-day release of the audio of oral arguments to accommodate the public interest in the Florida presidential election cases of 2000. Similar releases have occurred sporadically ever since, and all the justices who have spoken publicly about the practice have said they approve. … But oral-argument transcripts have posed different issues, including the Court's relationship with the Alderson Reporting Co., which has long provided transcripts to the Court for free -- but at a more leisurely pace, usually a week or more after the argument. For a fee, Alderson would also provide transcripts late in the same day or overnight to interested lawyers and other parties, including the press. Alderson officials on Thursday declined to comment on the

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new arrangement and how it may affect the company's sales of Court transcripts to private parties."

The Washington Post (9/15, A8, Lane) reports, "There is no sign that the court is about to yield to calls for live television coverage, which the justices have steadfastly refused. But, in the quiet, tradition-bound world of the Supreme Court, yesterday's decision was almost revolutionary, court analysts said. … 'It's a tremendous opening to the outside world,' said Richard Lazarus, a professor of law at Georgetown University and co-director of the school's Supreme Court Institute." The Post adds, "Coupled with another recent innovation, the identification in the transcripts of which justice is asking a particular question, the court's new policy 'creates the potential for more intelligent speculation by more people than just those who were in the courtroom about how a particular case is going to come out,' Lazarus said."

House Changes Rules To Curtail Anonymous Earmarking. The AP (9/15, Abrams) reports, "The House changed its rules Thursday to require lawmakers to identify the special projects they slip into legislation, a modest step toward restoring the reputation of Congress in a year of ethical lapses and scandals involving relations with lobbyists." The change, "in effect only through year's end, is aimed at curtailing a practice whereby lawmakers anonymously insert 'earmarks' -- narrowly tailored spending that often helps a specific company or project in their district -- into bills." President Bush "said in a statement the bill make sure 'lawmakers and the public are better informed before Congress votes to spend the taxpayers' money.'" Democrats "disparaged the measure, citing the failure of the Republican-led Congress to pass more comprehensive legislation to clean up lawmaker relations with lobbyists." The New York Times (9/15, Kirkpatrick, 1.21M) notes "the resolution passed 245 to 171, with 24 Republicans and 147 Democrats voting against it."

The Washington Post (9/15, A1, Birnbaum, 748K) reports, "The rule change shelves a wider ethics bill…at least until next year. … 'This bill represents the death of lobby reform,' said Rep. David R. Obey (D-Wis.), a former chairman of the House Appropriations Committee." The Senate "is working on its own change in earmarks rules, which its leaders also hope to approve in lieu of broad ethics legislation this year, top staffers said. The staffers added that subjecting earmarks to more sunshine will allow lawmakers to tell their constituents that they addressed their ethics concerns even though the broad overhaul bill failed."

The Washington Times (9/15, Bellantoni, 88K) reports, "Watchdog groups estimate the nearly 10,000 earmarks submitted this year cost taxpayers $29 billion." GOP Rep. Jeff Flake, "one of the biggest critics of earmarking, called the bill a 'little dose' of accountability and transparency, but said he doubts earmarking will cease." The Los Angeles Times (9/15, Levey, Simon, 918K) also reports the story under the headline "House Takes a Cautious Step on Ethics."

Vitter, DeMint Will Block Von Eschenbach Nomination. The New York Times (9/15, Harris, 1.21M) reports, "Two Republican senators have promised to block the nomination of Dr. Andrew C. von Eschenbach to become commissioner of the Food and Drug Administration, illustrating just how difficult filling the top job at the agency has become." Sen. David Vitter "said Thursday in an interview that the Bush administration must legalize imports of some prescription drugs before he would allow the nomination to proceed." Also, Sen. Jim DeMint "will block Dr. von Eschenbach's nomination unless the F.D.A. takes steps to remove the abortion drug RU-486 from the market, said Wesley M. Denton, Mr. DeMint's press secretary."

Government Announces It Has Recovered Lost VA Computer. The AP (9/15) reports, "The government said Thursday it had recovered a Veterans Affairs Department subcontractor's lost desktop computer containing personal data for 16,000 veterans." The FBI and Veterans Affairs Office of Inspector General "said Khalil Abdullah-Raheem was charged Wednesday on theft charges after the Unisys Corp. computer went missing in July. The computer, which was taken from Unisys' offices in Reston, Va., contained personal data for veterans who received care at VA medical centers in Philadelphia and Pittsburgh."

Paulson Seeks To Restore Treasury's Role In Policy Process. The Wall Street Journal (9/15, Solomon, 2.03M) reports, "Two months into his new job, Treasury Secretary Henry Paulson is moving to restore clout and stature to the department, tapping top-level experts to fill senior positions, seeking alliances with influential White House officials and insisting on holding key meetings at the Treasury Building." Paulson is "trying to put into practice assurances he received from the White House before

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agreeing to take the secretary job -- that he would be the president's main driver of economic policy." He has "held daily phone calls with the influential Allan Hubbard, chairman of the White House National Economic Council and a longtime friend of President Bush, and invited Mr. Hubbard to accompany him to China next week. He also talks frequently with Secretary of State Condoleezza Rice, hosts cabinet-level economic meetings at Treasury and is trying to reach out regularly to brief both Democrats and Republicans on Capitol Hill on Treasury happenings." Still, whether "Paulson's efforts succeed -- and help him shape economic policy -- remains to be seen."

Senate Proposal Would Make Retirement Benefits A Factor In Contract Bidding. The Washington Post (9/15, D4, Barr, 748K) reports in its "Federal Diary" column, "In a move that has roiled federal contractors, the Senate has proposed making retirement benefits a factor when the Defense Department puts certain federal jobs up for bid. The proposal would prevent contractors from obtaining an advantage if they provided less generous retirement benefits than the government does to its employees. Contractors said that would drive up the cost of bids by 24 percent." The Post adds, "Contractor associations argue that the Senate's move, if agreed to by the House, would stop the Defense Department from trying to outsource work through a process set up by the Office of Management and Budget as part of President Bush's federal management agenda."

Lawmakers Argue For Relaxed Standards For Commercial Real Estate Lending. Arguing that proposed tougher standards for commercial real estate lending could hurt community banks and the overall economy, lawmakers and banking executives are urging federal regulators to relax them. USA Today (9/15, Kirchhoff, 2.27M) reports that Rep. Barney Frank "said the standards could force banks to pull back on lending to revitalize downtown areas or build affordable, multifamily housing. While Frank is a Democrat, there was bipartisan concern. Regulators, including the Federal Reserve and Federal Deposit Insurance Corp., generally defended their proposals. But John Reich, director of the Office of Thrift Supervision, said the guidance may go too far in some areas." USA adds, "Congress has not intervened on the legislative side, but lawmakers made it clear they want changes before a final version of the standards is issued."

Laura Bush To Keynote Clinton Foundation Event. The AP (9/15, Loven) reports, "Another member of the Bush family is getting cozy with former President Clinton. First lady Laura Bush joins the former president as a keynote speaker opening his three-day Clinton Global Initiative in New York next week." Clinton "also sparked curiosity when he was spotted at the White House last month. It turns out that he and the current president were having lunch, something White House aides said they do occasionally." Anita McBride, the First Lady's chief of staff, said Clinton, "aware of Laura Bush's involvement in issues that his foundation addresses…called several months ago to solicit her participation in the conference." Laura Bush "agreed, hoping to tell people about the good that their tax dollars are doing and to persuade other nations of the United States' good intentions."

Pelosi Introduces New Agenda For Democrats. In the Washington Post's "Washington Sketch" column (9/15, A2), Dana Milbank says House Minority Leader Nancy Pelosi "began her weekly news conference yesterday holding up a red-white-and-blue brochure," titled "A New Direction for America." Pelosi "called the manifesto 'a compilation of many of the initiatives taken by our House Democratic Caucus that encompasses our new direction for all Americans.'" It was "a handsome booklet, full of homey photographs and popular proposals, but there was a problem. Democrats have had more 'New Directions' recently than MapQuest." Among the party's "campaign slogans this year: 'Culture of Corruption,' 'Culture of Cronyism,' 'Do-Nothing Congress,' 'Rubber-Stamp Congress,' 'Together, We Can Do Better,' 'Together, America Can Do Better' and, most recently, 'Six for '06.'" For those "keeping score at home, Democrats arrived at 'New Direction' yesterday by downgrading one of the 'Six for '06' issues (health care) and upgrading three others (honesty, civility and fiscal discipline), for a total of eight items on the contents page." Milbank adds, "By contrast, Republicans have settled on a single, unofficial slogan, which essentially says: Vote Democrat and Die. And in politics, scary and scurrilous usually trumps elaborate and earnest -- something Pelosi has experienced firsthand in recent days."

CQ (9/14, Kady) reports Pelosi "has been touting the agenda Democrats would pursue if they win back control of the House. So it was no surprise Thursday when she unveiled a red, white and blue brochure titled 'A New Direction for America.'" Though it "doesn't quite rise to the

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level of the specific promises House Republicans made in their 1994 'Contract With America,' but it details Democratic ideas on everything from homeland security to global warming." Yet when asked "how Democrats would change House procedures and caucus rules governing seniority, Pelosi clammed up. 'I'm not counting any chickens before they're hatched,' she said. 'Any changes would be considered after the election.'" CQ added another "reason for her reticence might be that Democrats aren't yet in agreement about what kinds of changes need to be made, especially in the area of seniority rules that would govern who gets which chairmanship in a Democratic majority. An internal document recommending a long list of changes has been circulating, but it has not been approved by party leaders."

Fox Poll Finds Bush Approval Rating At 40%. Fox News' Special Report (9/14, Hume) reported, "A new Fox News/Opinion Dynamics poll finds 40% approve of President Bush's job performance."

Case Made Against Means Testing Medicare Part B Premiums. In a USA Today (9/15, 2.27M) op-ed, Shannon Benton, executive director of the Senior Citizens League, argues against Means testing Medicare Part B premiums, arguing that as "healthier and wealthier seniors see their monthly premiums rise…many are expected to abandon Medicare for private insurance. … Left behind will be the poorest and sickest -- and most expensive to treat -- who will be forced to pay higher premiums and deductibles, something they cannot afford." Benton adds, "The most vulnerable members of our society…should be protected. Means testing might inadvertently lead to poorer health care and increased expenses for those least able to afford the consequences of this costly mistake."

WSJournal Praises Effort To Eliminate Secret Holds In Senate. An editorial in the Wall Street Journal (9/15, 2.03M) says credit is due to "a group of Senators who have launched a campaign to get rid of one of the last bastions of government unaccountability, namely the Senate tradition of 'secret' holds. … This practice…has been around since at least the 1960s, though it has become a greater source of political harm with each passing year." The Journal adds, "The holds don't help the credibility of the Senate, either, since many are used precisely so that Senators don't have to go public and acknowledge opposition to a piece of legislation."

OTHER NEWS:

Retail Sales Post 0.2% Growth. The Financial Times (9/15, Pimlott) reports, "US retail sales unexpectedly grew in August, as sales of automobiles were better than feared and lower petrol prices encouraged consumers to spend. Economists had expected sales to fall by 0.1 per cent month-on-month, but in fact they rose by 0.2 per cent, after 1.4 per cent jump in July, a report from the Commerce Department said." The Times adds, "Observers were generally upbeat about the figures. "Consumers are sort of trucking along, although there is gradual slowdown under way," said Mike Englund, an analyst at Action Economics."

The Wall Street Journal (9/15, Whitehouse, 2.03M), meanwhile, says "American consumers tempered their shopping in August as the price of gasoline peaked at more than $3 a gallon, but a subsequent easing in fuel prices has led some economists to expect a rebound in coming months. … The moderate pace of August sales could suggest that, aside from the effect of the summer spike in gasoline prices, a sagging housing market has begun to take a toll on consumers by reducing their ability to extract cash from their homes."

Stocks Mixed. USA Today/Bloomberg News (9/15) reports, "Stocks snapped a four-day rally Thursday after the government said retail sales excluding autos rose less than economists forecast and an increase in import prices revived inflation concern. … The Standard & Poor's 500 index dropped 1.79 points, or 0.1%, to 1316.28. The Dow Jones industrial average lost 15.93 points, or 0.1%, to 11,527.39. The Nasdaq composite index rose 1.06 points, or 0.1%, to 2228.73." The Financial Times (9/15, O'Doherty) also says "US stocks dipped slightly on Thursday after retail sales data rekindled inflationary fears and pulled the main indices away from four-month highs." The Wall Street Journal (9/15, Ng, 2.03M) reports on the stock numbers in a story headlined "Stocks Slip As Natural Gas Hits Two-Year Low."

New Jersey Attorney Rankings Rankle Some. The New York Times (9/15, Donovan) reports, "Word of mouth is one crucial marketing tool for a lawyer. Getting your name on a list of top lawyers can be another, unless the list is distributed to consumers in New Jersey." The

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Times continues, "In an opinion that has set off a nationwide discussion, an ethics committee appointed by the New Jersey Supreme Court concluded this summer that a magazine advertising supplement listing the state's top lawyers violated rules of professional conduct. … The focus of the opinion by the Committee on Attorney Advertising was an insert to New Jersey Monthly magazine called New Jersey Super Lawyers, which listed the top 5 percent of the state's lawyers (1,658 of 35,441) and then offered an opportunity to advertise." The Times adds, "The panel questioned the process used to compile the list, but it was also clearly troubled that the supplement was 'designed for mass consumption' by New Jersey residents who may have been misled by what they read. … 'These self-aggrandizing titles have the potential to lead an unwary consumer to believe that the lawyers so described are, by virtue of the manufactured title, superior to their colleagues who practice in the same area of law,' the committee wrote of New Jersey Super Lawyers. … With that, New Jersey became the latest battleground in the long debate over how far lawyers can go to promote themselves. The New Jersey situation offers a snapshot of an issue that has divided lawyers since a 1977 United States Supreme Court ruling that allowed advertising. In this case, the concern is not so much the list as who reads it."

Pennsylvania Judges Give Themselves Controversial Pay Raise. The New York Times (9/15, Urbina) reports, "The Pennsylvania Supreme Court partly reinstated a controversial raise yesterday that state legislators repealed last year after a popular outcry. … But the ruling said that only judges should receive the raise, not the legislators or other government workers who originally qualified." The Times continues, "The raise, which was passed at 2 in the morning on July 7, 2005, just before the General Assembly adjourned for the summer, was viewed by critics as sneaky and self-serving. It produced a reaction across the state that led to a Supreme Court justice's being voted out of office in November and the defeat of 17 legislators the following May. … In response to the public outcry, legislators repealed the raise in November." The Times adds, "The Supreme Court ruled that the Pennsylvania Constitution prohibited reducing the salaries of judges unless 'all salaried officers of the commonwealth' were also affected. The court said the legislation repealing the raise did not do that because it excluded many state employees. … As a result, the Supreme Court justices will receive the raise, which amounts to more than 10 percent of their current salary, while the rest of the state officials will not. … The court also said the raise for legislators was unconstitutional because legislators are not permitted to receive raises that they draft in the middle of a term before having to face voters again."

GOP Fundraising Advantage Ebbs. CQ Politics (9/15, Benenson) reports if "any prediction is safe in this turbulent and closely contested election, it is that Republican candidates and their affiliated national party committees will raise more money than their Democratic counterparts." But the "fundraising advantages enjoyed by the current GOP congressional majorities over the challenging Democrats are closer than in recent election cycles, according to data presented by campaign finance experts at The Brookings Institution in Washington." Their findings "seem to indicate that Democrats — who are benefiting from President Bush's unpopularity and strong public disapproval of Congress — have enough campaign dollars to seriously compete for control of the House and the Senate." In the "first 18 months of the 2005-06 campaign cycle, the six major national party campaign committees reported raising a combined $574 million, of which $334 million, or 58 percent, was collected by the GOP organizations: the Republican National Committee (RNC), the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC)." Their Democratic counterparts — "the Democratic National Committee (DNC), the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) — raised $240 million, or 42 percent, of the two-party total." While the GOP advantage "is substantial, it is actually smaller than the Republicans' edge at a similar point in the competitive 2004 campaign." CQ Politics (9/15, Benenson) also lists the fundraising figures in a historical context in a separate story.

"Swift Boat" Donor Gives $5 Million To New GOP-Leaning 527 Group. The AP (9/15, Evans) reports Bob J. Perry, the "Republican donor who helped bankroll the Swift Boat attacks on Democratic Sen. John Kerry's war record has given $5 million to a new group targeting Democratic candidates." Perry, a Texas homebuilder "with close ties to White House advisor Karl Rove and former House Majority Leader Tom DeLay, recently

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made the hefty donations to the Economic Freedom Fund, a newly created California group." The 527 group, "which lists Perry as its sole donor — has spent slightly more than $500,000 on television ads and mailings criticizing Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia, according to a disclosure form filed last week with the Federal Election Commission." The group "also is distributing mailing supporting Republican Georgia Gov. Sonny Perdue's re-election campaign and Jim Nussle of Iowa, a Republican congressman running for governor." The West Virginia and Georgia races "are considered among the GOP's best shots at picking up seats in an election year where some experts believe the party is in danger of losing its majority in Congress."

Davis Taps Former Black Legislator As Running Mate In Florida. The AP (9/15, Skoloff) reports Democratic gubernatorial candidate Jim Davis "named a former state senator to be his running mate Thursday, a choice that could lead to Florida's first black lieutenant governor." Daryl Jones, 51, "was the first black candidate to make a serious run for Florida governor, coming in third in the 2002 primary." Jones, "a former Air Force fighter pilot, served six of his 12 years in the Legislature with Davis before Davis was elected to Congress in 1996. Jones was considered an intelligent, independent lawmaker and won respect among colleagues in both parties."

Casey Discusses "Life Issues" At Catholic University. The Washington Post (9/15, A3, Cooperman, 748K) reports Robert P. Casey Jr., "the Democratic candidate seeking to unseat Sen. Rick Santorum (R-Pa.) in one of the country's hottest election campaigns, told a largely Roman Catholic audience yesterday that in his view, 'neither party has gotten it right when it comes to life issues.'" Casey, "a lifelong Catholic who opposes abortion, is the second high-profile Democrat who has recently given a major address defending the place of religion in politics." Casey's candidacy "is viewed by Democratic strategists not only as one of the party's best opportunities to pick up a Senate seat, but also as an illustration of its growing inclusion of politicians who oppose abortion and of its desire to reach out to religiously motivated voters." In his 45-minute lecture "at Catholic University's Columbus School of Law, his alma mater, Casey said that America 'must be a country dedicated to the common good' and that 'my understanding of our common good comes from my family and my faith.'" On abortion, he "called for Democrats and Republicans to 'unite . . . behind the understanding that the common good requires us to value all life.' As an example, he cited legislation proposed by House Democrats that would target 'the underlying factors that often lead women to choose abortion.'" Some of the "sharpest language in Casey's speech was aimed at his party. In 1992, the Democratic National Committee did not let Casey's father, then-Gov. Robert P. Casey Sr., speak at its national convention because of his antiabortion views. Referring to that 'dark night,' the younger Casey said the party 'insulted the most courageous pro-life Democrat in the land, who asked that those who believed in the right to life be accorded the right to speak.'"

Webb Apologizes For Remarks On Women In Combat. CNN's The Situation Room (9/14, Blitzer) reported, "In Virginia, Democratic Senate candidate Jim Webb is apologizing today for a long-ago claim that women are not fit for combat. It's the latest controversy over words in one of the hottest and increasingly nastiest Senate races in the country."

WPost Says Webb's Use Of Reagan Speech In His Ad Is Fair Game. An editorial in the Washington Post (9/15, A18, 748K) says President Ronald Reagan "seems to have admired" Sen. George Allen's Democratic opponent James Webb. So it "is easily within the bounds of fairness that the Webb campaign is airing an advertisement that includes 10 seconds or so of Mr. Reagan paying tribute that day to Mr. Webb's 'gallantry as a Marine officer in Vietnam.' The Allen camp has cried foul, and an official at the Reagan Presidential Library in California, acting on Nancy Reagan's behalf, has asked that the ad be pulled. Neither protest has merit. The late president's public utterances are not the private property of his library or family." Webb "has neither distorted Mr. Reagan's words nor taken them out of context; nor did Mr. Reagan ever repudiate them."

Cardin Highlights Steele's Ties To Bush. Democratic Maryland US Senate candidate Ben Cardin was asked on MSNBC's Hardball (9/14) if he can "possibly lose to Michael Steele in this election" since Maryland "is almost endemically a Democratic state." Cardin said, "I plan to take my record in Congress and the state legislature, former speaker of the Maryland legislature, my ability to get things done in this campaign. And I believe we're going to stick to

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issues. When we stick to issues, the voters of Maryland are going to send me as their next United States senator to Maryland." Cardin noted that Steele "was selected by the President, by Bush, to run as the United States senator. He was recruited by Karl Rove. He's the former chairman of the Maryland Republican Party. He supports the President on stem cell research. He supports the President's economic policies. He supports the President's Iraq policy. I think the people of Maryland are going to understand that they have a choice and their choice is to vote for someone who will be independent and stand up to President Bush."

Connecticut Is "Eye Of Storm" In Democratic Effort To Retake House. ABC World News (9/14, story 8, 2:35, Tapper) reported on the challenges faced by Connecticut Republican Reps. Christopher Shays, Rob Simmons, and Nancy Johnson. The story begins with a focus on Shays, who this week "was late to his own fundraiser, with Barbara Bush. Late because he was attending a funeral, for a 19-year-old Army private killed in Iraq. The war and Shays' support for it is the primary reason he might lose in November." Diane Farrell, Democratic candidate: "Friends of Chris have said to me, I can't do it this year. We cannot continue with the status quo." Tapper: "Forty-four House races are considered competitive. The vast majority are GOP incumbents playing defense. And here in Connecticut, it's the eye of the storm where Shays is one of three vulnerable Republicans. Shays, Rob Simmons and Nancy Johnson, are all in the fights of their political lives, as the northeast becomes increasingly Democratic terrain, just as the South became largely Republican a decade ago." Iraq, "at the moment, appears to be the defining issue. Shays knows that but still supports the war." Rep. Chris Shays: "One of the reasons I have big arguments with my own staff, congressional and campaign staff, about the war in Iraq, is they say that's not a winner. And I say that's not the point." Tapper: "Shays moderated his strong support for the war. This week, he's chairing hearings, calling for a timetable for US troop withdraw. For voters at the oyster festival is not good enough."

Dionne Says US Is Seeing Nationalization Of Politics. E.J. Dionne writes in the Washington Post (9/15, A19, 748K), "The United States is witnessing a centralization and nationalization of politics unprecedented in our history. This trend is rooted in the rise of the political consulting industry, vast changes in the technology of campaigning, and the intense competition between the two major parties for control of Congress. There is, as well, the concentration of political money at the national level as Washington-based interest groups, associations and lobbyists not only raise large amounts in political contributions within the capital but also mobilize campaign money from their allies around the country. … So in 2006 the local is not really local, everything is about controlling Washington, and 'independence' is a product being franchised by a national party apparatus."

Anne Richards' Passing Noted. The networks last night each eulogized former Texas Gov. Anne Richards. CBS Evening News (9/13, story 11, 2:25, Couric, 7.66M) reported, "They were fierce political rivals, but on the death of Anne Richards, President Bush said today, 'Texas has lost one of its great daughters.' Richards, the former governor and Democratic firebrand, died yesterday of cancer of the esophagus. She was 73." CBS (Safer) added, "Anne Richards' leap from obscurity took place at the 1988 Democratic convention when she lit into George Bush, the Republican presidential candidate." Anne Richards: "Poor George, he can't help it. He was born with a silver foot in his mouth."

ABC World News (9/14, story 9, 1:00, Gibson) reported, "With her Texas twang and sharp tongue, she became an instant celebrity at the 1988 convention. With a speech that poked fun of the first President Bush. And also celebrated women." NBC Nightly News (9/14, story 10, 1:40, Williams, 9.87M) reported, "Tonight Texans are mourning a former governor and one of the most colorful figures in modern American politics has tonight left the scene."

Ford Offers Buyouts To Union Workers. The Ford Motor Company has offered its 75,000 union workers a buyout incentive package. ABC World News (9/14, story 4, 2:50, Gibson) reported, "Last January, Ford announced it wanted to trim 30,000 jobs and close more than a dozen plants over the next six years. Then, in July, Ford said it was accelerating that plan. But it wasn't enough. Because now, Ford and the United Auto Workers have agreed on this new, one-time offer, to buy out all 75,000 UAW workers who worked there." Ford is "expected to announce massive job cuts among its salaried, nonunion workers. And possibly more plant closings."

CBS Evening News (9/13, story 3, 1:20, Mason, 7.66M) reported, "Employees will be offered anywhere from $35,000

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to $140,000 to leave the company." NBC Nightly News (9/14, lead story, 2:45, Thompson, 9.87M) reported, "It's been a difficult year for the nation's number two automaker. $1.5 billion lost so far. Its share of the market shrink to under 18% as Americans stop buying Fords trucks and SUV's. As a result it's slashing production by 21%."

Krugman Says Technological, Economic Progress Has Done Little For Most Americans. Paul Krugman writes in the New York Times (9/15, 1.21M) that "the debate over whether the middle class is a bit better off or a bit worse off now than a generation ago misses the point. What we should be debating is why technological and economic progress has done so little for most Americans, and what changes in government policies would spread the benefits of progress more widely. An effort to shore up middle-class health insurance, paid for by a rollback of recent tax cuts for the wealthiest Americans -- something like the plan proposed by John Kerry two years ago, but more ambitious -- would be a good place to start. Instead, the people running our government are fixated on cutting tax rates for the wealthy even further. And their solution to Americans' justified economic anxiety is a public relations campaign, an effort to convince middle-class families that their problems are a figment of their imagination."

NYTimes Says Living Wage Proponents Have Moral High Ground. The New York Times (9/15, 1.21M) editorializes that Chicago Mayor Richard M. Daley's veto of the "living wage" measure passed by the city council because "mandating higher compensation would do more harm than good," assumes a false choice between no jobs or low-wage jobs. The Times says "Wage gains do not automatically lead to higher prices. … Given Wal-Mart's profits, the company could improve its wage structure and still beat the competition." The Times adds, "The Chicago ordinance raised legal and technical questions. If Mr. Daley had not wielded the veto, it would surely have faced a court challenge. But proponents of living wages have the moral high ground, and are increasingly finding a political voice. Chicago hasn't heard the last of them, and Washington hasn't either."

WSJournal Decries "Big Boss Cronyism" Of New Jersey Government. The Wall Street Journal (9/15, 2.03M) editorializes, "Last week federal investigators launched a probe into whether US Senator Robert Menendez illegally benefited to the tune of more than $300,000 from a rental-income deal he had with a nonprofit agency that received millions of dollars in federal contracts. … The allegations have sparked a mini-panic among state Democratic operatives, who not so long ago thought Mr. Menendez…had the November election in the bag. Now they see Republican Tom Kean Jr. surging into a lead." The Journal adds, "The more serious issue here is whether Garden State voters are growing weary of the culture of big boss cronyism that has contaminated their government from city hall to the US Senate."

Bush, Roh Avoid Contentious Issues But Agree To Press For Talks. The Washington Post (9/15, A4, Baker, 748K) reports President Bush and South Korean President Roh Moo-hyun "agreed yesterday to work together to restart stalled six-party nuclear talks with North Korea, but they skated over their deep differences in how to deal with the isolated Stalinist government in Pyongyang." Bush "stressed the potential benefits to North Korean leader Kim Jong-il if he returns to the negotiating table and ultimately gives up his nuclear weapons." He "avoided the sort of hard-edged tone that in the past has irritated the South Koreans, who want to take a less confrontational approach." The Post says the two leaders "made no concrete progress on the North Korean stalemate" and did not "reach a breakthrough on various other issues that divide them," including a FTA and a reorientation of the military command structure within South Korea. The Post describes relations as "increasingly strained" largely because of the North Korean issue.

The Wall Street Journal/AP (9/15) reports, "The Bush administration favors a hard-line approach, refusing to talk to the North outside six-nation talks." Roh "has tried to engage the North. Mr. Roh's low-key trip to Washington had many wondering whether there are cracks in an alliance forged five decades ago during the Korean War."

The Washington Times (9/15, Curl, 88K) reports Bush "said North Korea's refusal to return to negotiations had 'strengthened' the alliance of five countries trying to persuade the communist nation to abandon its nuclear program. " Bush, "in his first meeting with the South Korean leader since North Korea conducted missile tests in July, said the stalled talks should help convince President Kim Jong-il that 'there is a better way to improve the lives of his people than being isolated.'"

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Ahmadinejad Says Tehran Amenable To "New Conditions" On Nuclear Program. The Financial Times (9/15, Dombey) notes Iranian President Mahmoud Ahmadinejad "said on Thursday that Tehran was open to compromise on the dispute over the country's nuclear programme, as talks continued between the Islamic republic and the European Union." He "said that Iran was open to 'new conditions' on the subject," and is quoted saying, "I am announcing that we are available, we are ready for new conditions." Ahmadinejad "declined to say whether Iran was prepared to suspend uranium enrichment," however, Tehran earlier "floated the idea of suspending enrichment for an initial period of up to two months once negotiations began." The Times says the "State Department has denied any knowledge of a new Iranian proposal." Secretary Rice "emphasises that Washington is continuing work on UN sanctions against Iran – although earlier in the week she appeared to react more positively to reports of Tehran's new stance." The Times also notes "discussions this week at the [IAEA] suggest a divergence between France and Germany, which appear to be more enthusiastic about negotiations, and the UK, which is particularly keen to keep the US on board."

AFP (9/15) adds Assistant Secretary McCormack "acknowledged that [the US] will face tough resistance from some of its key allies as it presses for UN sanctions against Iran over its suspect nuclear program." He further "admitted Thursday that the upcoming negotiations would be 'hard-fought. The reality of it is that there are going to be intense negotiations on this." McCormack "predicted the process of trying to hammer out a sanctions package with the other Security Council members 'would take weeks,' a far less ambitious timetable than put forward earlier by" Undersecretary Burns, "who said a deal would be reached in September. But McCormack continued to express confidence Washington's allies would ultimately back the sanctions foreshadowed in their earlier resolution."

IAEA Criticizes House Report. The New York Times (9/15, Sanger, 1.21M) reports, "The International Atomic Energy Agency has complained about a staff report from the House Intelligence Committee, saying that it 'contains erroneous, misleading and unsubstantiated information' about Iran's nuclear program. Agency officials said Thursday that their concerns had echoes of their arguments with the Bush administration over Iraq three years ago." The charges "were contained in a letter dated Sept. 12 and sent to Rep. Peter Hoekstra, the Michigan Republican who is chairman of the committee." The AP (9/15, Jahn) says the letter also called the report "outrageous and dishonest."

Opposition Figure Says Iran Has Revived Laser Enrichment. The AP (9/15, Lederer) reports, "Iran has secretly revived a program to enrich uranium using laser technology, reportedly with favorable results, an Iranian opposition figure said Thursday citing information from members of the resistance inside the country." Alireza Jafarzadeh "said information about the laser enrichment program at Lashkar Ab'ad, about 15 miles northwest of Tehran, came from the same sources that led to his revelation in May 2003 that Iran had a clandestine nuclear program. There was no independent confirmation of the latest information and Iran's UN Mission called the allegation 'baseless and unfounded.'"

Chavez Says Venezuela Will Aid Iran If Militarily Attacked. The AP (9/15) reports, "Venezuelan President Hugo Chavez pledged Thursday that Venezuela will support Iran if it is invaded as a result of the Middle Eastern nation's high-stakes nuclear standoff with the United Nations Security Council. 'Iran is under threat; there are plans to invade Iran, hopefully it won't happen, but we are with you,' Chavez told Iranian President Mahmoud Ahmadinejad at a meeting of the Group of 15 developing nations."

54% In US Say Back Military Strike To Stop Iran From Acquiring Nuclear Weapons. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "In new Wall Street Journal/NBC News poll, 54% say US should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if US joins international coalition."

Ignatius Believes Bush "Serious About Finding A Peaceful Solution." David Ignatius writes in the Washington Post (9/15, 748K), "What would President Bush say to the Iranian people if he had a chance to communicate directly with them? I was able to put that question to Bush in a one-on-one interview in the Oval Office on Wednesday. His answer made clear that the administration wants a diplomatic solution to the confrontation over Iran's nuclear program -- one that is premised on an American recognition of Iran's role as an important nation in the Middle East." Bush, "answering quickly and without notes," said, "I would say to the Iranian people: We respect your history. We respect your culture. We admire the entrepreneurial skills of your people. I would say to the Iranian people that I recognize the importance of your

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sovereignty -- that you're a proud nation, and you want to have a positive future for your citizens. In terms of the nuclear issue…I understand that you believe it is in your interest -- your sovereign interest, and your sovereign right -- to have nuclear power. I understand that. But I would also say to the Iranian people, there are deep concerns about the intentions of some in your government who would use knowledge gained from a civilian nuclear power industry to develop a weapon that can then fulfill the stated objectives of some of the leadership [to attack Israel and threaten the United States]. And I would say to the Iranian people that I would want to work for a solution to meeting your rightful desires to have civilian nuclear power." Ignatius concludes, "I came away with a sense that Bush is serious about finding a peaceful solution to the nuclear crisis, and that he is looking hard for ways to make connections between America and Iran."

Krauthammer Suggests Deterrence "A Mere Wish." Charles Krauthammer writes in the Washington Post (9/15, A19, 748K) about "the larger danger of permitting nuclear weapons to be acquired by religious fanatics seized with an eschatological belief in the imminent apocalypse and in their own divine duty to hasten the End of Days. The mullahs are infinitely more likely to use these weapons than anyone in the history of the nuclear age. … Against millenarian fanaticism glorying in a cult of death, deterrence is a mere wish. Is the West prepared to wager its cities with their millions of inhabitants on that feeble gamble? These are the questions. These are the calculations. The decision is no more than a year away."

Haniyeh Says US "Undermining" Palestinian Unity Government. The AP (9/14, Hadid) reports Palestinian Prime Minister Ismail Haniyeh yesterday "accused the United States of undermining efforts to form a new coalition government and he called on Europe to take the lead in lifting international sanctions against the Palestinians." He is quoted saying Washington "does not want the Palestinians to be unified. It puts obstacles in the way of this political coming together. It wants to extort the Palestinian people and the Palestinian government." On President Mahmoud Abbas' plan to create a Hamas-Fatah government, the AP says, "While refusing to give up its calls for Israel's destruction, Hamas has said it will support Abbas' efforts to seek peace. The joint government…is to be based on a document that calls for a Palestinian state alongside Israel — effectively recognizing the Jewish state." Abbas "added conditions to the timetable" yesterday, saying "the issue of an Israeli soldier captured by Hamas-linked militants in June, as well as Palestinian prisoners held by Israel, must be resolved."

Amnesty International Criticizes Hamas. The Washington Post (9/15, A15, Sullivan, 748K) reports, "Amnesty International on Thursday accused Hezbollah of 'indiscriminate' and deliberate killings of Israeli civilians during the recent armed conflict in Lebanon, three weeks after accusing Israel of violating international law with 'disproportionate' attacks on Lebanese civilians." The group "said its investigations showed that during the 33-day conflict, Hezbollah fired nearly 4,000 rockets into northern Israel, killing 43 civilians, seriously injuring 33 others and displacing hundreds of thousands. It said that about a quarter of the rockets were fired into urban areas and that many were packed with thousands of ball bearings 'designed to inflict maximum death and injury.'"

Israel Blames UNIFIL Outpost Attack On Faulty Maps. A short piece in the New York Times/AP (9/15) notes Tel Aviv announced yesterday that "the airstrike that killed four United Nations observers in July was the result of the Israeli military's reliance on inaccurate maps." Foreign Ministry spokesman Mark Regev "said the report [of the findings] was given to diplomats from Canada, China, Finland and Austria, which each had an unarmed observer killed in the July 25 airstrike in the Lebanese town of Khiam, near Israel's border." He "said that fresh Israeli forces had just been deployed then in the area, where there was intense Hezbollah activity. The change in personnel prompted a need to duplicate maps and charts." The AP says the UN "is expected to issue its own report" on the attack.

US Criticizes China's Weapons Sales. The AP (9/15, Klug) reports, "Top US officials on Thursday criticized what they called China's indiscriminate sale of weapons to rogue countries, suggesting that Beijing's policies had made the world a more dangerous place." Peter Rodman, assistant secretary of defense for international security, "urged China to reevaluate its relationship with Iran and North Korea, two countries with which the United States is locked in standoffs over nuclear weapons development. 'China's actions seem to us dangerously shortsighted,' Rodman told the US-China Economic and Security Review Commission, an advisory panel created by Congress. China's proliferation behavior,

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past and present, can come back to haunt it, even placing its own political interests in jeopardy.'"

Ukraine Puts NATO Entry Aspirations On Hold. In what the Wall Street Journal (9/15, A8, Cullison, 2.03M) calls "another sign of the cooling of the Orange Revolution's pro-Western zeal," Ukraine PM Viktor Yanukovych "told NATO that his country is putting efforts to join the alliance on hold because of lack of public support for the move." The Journal says Ukraine's "backtracking" is a "defeat" to the Bush Administration, "which had hoped a quick entrance of Ukraine into the alliance would tug the former Soviet state decisively closer to the West," and it is "likely to also spell problems" for Georgia's entry into NATO. While "public opinion in Georgia is strongly in favor of joining the alliance, NATO members in Europe are wary of admitting Georgia without Ukraine coming first." The Journal adds that Moscow "has lobbied hard against Ukraine's entrance" into NATO. The Washington Post (9/15, A15, Finn, 748K) reports NATO entry "is a cherished goal of Yanukovych's rival, President Viktor Yushchenko," who defeated Yanukovych for the presidency in 2004.

López Obrador Backers Abandon Blockade Of Mexico City. Supporters of Mexico's leftist presidential candidate Andrés Manuel López Obrador are abandoning their blockade of Mexico City's central avenues. The New York Times (9/15, McKinley, 1.21M) reports that the move "signaled a shift" by Obrador, who says he was robbed of an election victory. Obrador "is now striving to find a way to remain a political force over the coming six years, while Felipe Calderón, a conservative, serves as president. Mr. López Obrador and his aides have organized a mass rally for Saturday, grandly calling it the 'National Democratic Convention,' where supporters are expected to anoint Mr. López Obrador head of a movement still ill defined that will, among other things, press for a new Mexican constitution."

USA Today (9/15, Llana, 2.27M) reports, "López Obrador and his followers, who have rejected the results of a partial recount, say democracy here is in danger if what the former Mexico City mayor calls a 'new republic' is not created to address the gap between rich and poor." USA adds, "The purpose of the national convention, which López Obrador spokesman Cesar Yañez claims will draw at least 1 million 'delegates,' is to decide where the movement should go now that the electoral court has rejected a full recount, threw out claims of widespread fraud and certified Calderón the winner. They will vote on whether to name a shadow government and parallel president (López Obrador), complete with a Cabinet, though they have not said how they would govern."

Policymakers Hope IMF Will Play A Role In Combating Trade Imbalances. The Washington Post (9/15, D1, Blustein, 748K) reports, "Less than a decade ago, economists at the International Monetary Fund were jetting into the capitals of countries stricken by financial crises, patching together rescue plans aimed at staving off global economic chaos. … This weekend, as top economic policymakers gather in Singapore for the annual meetings of the IMF and World Bank, the global environment is dramatically different. The fund's era of crisis-fighting, which lasted until 2002, is a fading memory that staffers swap stories about like war veterans." The Post adds, "The hope of some of the policymakers gathering in Singapore, including those from the Bush administration, is that the IMF will start playing an active role in helping to combat another threat to the world economy -- huge imbalances in trade, specifically the $700-billion-plus US trade deficit and the corresponding surpluses in Asia and oil-producing countries."

O'Grady Says Latin America Needs "Sensible Guidance" From Financial Institutions. Mary Anastasia O'Grady writes in the Wall Street Journal (9/15, 2.03M) that the 2007 edition of the report "Doing Business" finds that "poor countries could be much better off if only they would stop discouraging legal, tax-paying business activity. When governments make it expensive to operate in the legal sector, small and medium-sized businesses go underground, giving up economies of scale, the benefits of technology and productivity gains. … Serious leaders have taken steps to free animal spirits. Much of Latin America has not. In this year's report…the region largely finishes in the cellar." O'Grady adds, "Latin America has taken lots of money from international financial institutions over the years, along with lots of dreadful advice. Now it's time to take note of some sensible guidance, even if that would be bad for those who earn a living shoveling money out the door from Washington."

Russian Bank Official's Killing Draws Calls For Harsh Response. The assassination of Andrei Kozlov, first deputy chairman of Russia's Central Bank, is drawing calls for a severe response from the government. The Washington Post (9/15, A12, Finn, 748K) reports that

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Kozlov led "a campaign to clean up the country's banks." He "was shot Wednesday evening outside a sports complex after attending a soccer match between bank employees. He died early Thursday of his wounds. His driver was killed instantly in the attack, which politicians said was probably a contract killing."

Ugandan Peace Dependent On Amnesty For Rebel Leaders. The New York Times (9/15, Gettleman, 1.21M) reports that the question of whether the cease-fire agreement in Uganda holds depends largely on whether rebel leader Joseph Kony and his top deputies are given amnesty for the killings committed by their "army of abducted children" who were forced "to burn down huts, slice off lips and pound newborn babies to death in wooden mortars, as though they were grinding grain." Whether amnesty will be granted "is uncertain, because they have been charged with crimes against humanity by the International Criminal Court in The Hague. Still, this is the furthest any peace deal has come, fueling hopes that one of Africa's most grotesque and bizarre wars, which cost tens of thousands of lives, may finally be over."

Anti-US Leaders Meeting In Cuba. NBC Nightly News (9/14, story 5, 1:15, Williams, 9.87M) reported, "There is a worldwide gathering underway tonight in Cuba with more than 50 heads of state arriving in Havana for a summit meeting. Some of the names on the guest list read like an enemy's list of the United States." NBC (Mitchell) added, "At times this looks like a reunion of the axis of evil, George Bush's worst nightmare. Already the summit has indicated it will support Iran's position against the West in its showdown over nuclear research."

OfficeMax Opposes Families' Efforts To Collect From Cuba. The Wall Street Journal (9/15, Perez, 2.03M) reports, "In February, nearly 45 years after two American men were executed by Fidel Castro's government, their families were on the verge of collecting $88.5 million in damages from Cuba's long-frozen U.S. accounts. Then the relatives of Howard Anderson and Thomas 'Pete' Ray ran up against an unexpected obstacle: OfficeMax Inc." The company is owned by Boise Cascade Corp., which "controls the largest single US claim against the Cuban government for property confiscated after the 1959 revolution." Antiterrorism laws passed in 1996 and 2002, allowed the Anderson and Ray families "to seek, and ultimately win, wrongful-death judgments in Florida state courts, with a federal judge in January clearing the way to tap into the frozen Cuban funds. OfficeMax wasn't pleased with the news. In March, the company filed court papers in New York U.S. District Court, Southern District, seeking to block the Ray and Anderson relatives from collecting."

Municipalities Booming Despite China's Effort To Rein In Economy. A front page story in the Wall Street Journal (9/15, Browne, 2.03M) reports that local governments in China "are encouraging a frenzy of construction to boost their economies -- even as China's central government seeks to throttle back investment that is producing runaway economic growth. The economy expanded 11.3% in the second quarter of this year from the same period a year earlier, far outstripping the government's target of 8% for the whole year. … Concerns are mounting that the boom could cause property bubbles that weigh down banks with bad debt when they burst. It also could clog railway lines and ports and trigger brown-outs as overloaded power grids collapse. Already, it is generating outsize demand for energy and raw materials, pushing up the cost around the world."

Rabbis Ordained In Germany For First Time Since World War II. CBS Evening News (9/13, story 7, 0:10, Couric, 7.66M) reported, "In Germany today, a major step toward healing the wounds of the holocaust. Three men were ordained as rabbis, the first time that has happened in Germany since World War II when Hitler destroyed the college of Jewish studies."

Gerson Calls For "Muscular Multilateralism" In Darfur. On the CBS Evening News (9/13, story 9, 2:15, Couric, 7.66M) former Bush speechwriter Michael Gerson commented on the "genocide" in Darfur, Sudan, saying that the US "has worked with just about every international group from the United Nations to the African union. And visiting Darfur, I've seen the result. The burnt-out villages, the victims of systematic rape, the vast and hopeless camps. Everyone knows what is needed to stop the bleeding, a UN peacekeeping force with the firepower and authority to protect civilians from attack. What might be called a muscular multilateralism. The UN Security Council has agreed to a force. America's called for its deployment by October 1, but that deadline seems to be slipping."

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Friedman Says US Should Follow Brazil's Lead On Ethanol. In his New York Times (9/15, 1.21M) column, Thomas L. Friedman writes, "I came to Brazil to try to better grasp what is real and what is not in the ethanol story, because no country has done more to pioneer sugar ethanol than Brazil. My impression, after talking to a range of Brazilian experts, is that not only is ethanol for real, but we have not even begun to tap its full potential. With just a few technological breakthroughs, Brazil really could be the Saudi Arabia of sugar and we could actually achieve that energy dream of getting 'barrels from bushels.'" In Brazil, 34,000 gas stations "offer both gasoline and ethanol (compared with around 700 in the U.S.) and...70 percent of new cars sold here can run on either gasoline or sugar ethanol. As a result, Brazil has replaced about 40 percent of its gasoline consumption with sugar ethanol." Friedman "asked Brazilian experts what they'd do if they were the U.S. president. The consensus answer: Require U.S. oil companies to provide ethanol fuel pumps at all their gas stations, require U.S. auto companies to make all their new cars flex-fuel and improve mileage standards, and get rid of the crazy 54-cent tariff we've imposed on imported sugar ethanol (to protect our farmers). And then let the market work."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate Panel Rebuffs Bush On Detainees."
"Princess Finds The Shoe Fits."
"Is OC's Defining Structure A Hall, Mall Or Matterhorn?."
"FDA Issues Spinach Warning."
"Writing On Olmec Slab Is Hemisphere's Oldest."
"Gov. To Sign Hang-Up-And-Drive Bill."
"Muslims Lash Out At Pope's Remarks."

USA Today:
"Immigrants Turn Utah Into Mini-Melting Pot."
"Strategy On Terror Suspects Splits GOP."
"The Rival Plans."
"Some New Cities Outsource City Hall."
"Profiles Of The Privately Managed Cities."

New York Times:
"Rebuff for Bush On Terror Trials In A Senate Test."
"Ford Offering 75,000 Employees Buyout Packages."
"Uganda Peace Hinges On Amnesty For Brutality."
"Pataki Appointments Leave a Lasting Stamp."
"Debate Grows As Colleges Slip In Graduations."
"In Gamble, Calif. Tries To Curb Greenhouse Gases."
"Fund-Raising Teamwork Saves A Football Rivalry."

Washington Post:
"Senators Defy Bush On Terror Measure."
"Ford Set To Offer Buyout Packages."
"House Votes To Disclose Earmarks."
"In a Volatile Region Of Iraq, U.S. Military Takes Two Paths."
"Bureaucrat Takes Blame In Vote Fiasco."
"As Border Crackdown Intensifies, A Tribe Is Caught In The Crossfire."

Washington Times:
"Republicans Defy Bush Over Detainees."
"D.C. Delinquent In EMS Oversight task force Reveals."
"House Passes Border Fence."
"Muslim Critic Tells Pope To Apologize."
"New York Ave. Plans Include 2 New Hotels."

Detroit Free Press:
"Ford Buyouts To Cut UAW Ranks In Half."
"Schoolkids Romp Back In Detroit."
"They've Seen bad Times Before."

Atlanta Journal-Constitution:
"Detainee Set Back For Bush."
"It Could Have Been You."
"Massey To Leave Morehouse In 'Very good Shape.'"
"Dancing In Stands Steals Show From Braves' Field."

Houston Chronicle:
"Vote On terror Rules Defies Bush."
"A Legacy Of Inspiration For The Next Generation."
"Richards' leadership Strongest Outside The Capitol."
"At Summit, Nations See Oil As Path To Prosperity."

Story Lineup From Last Night's Network News:
ABC: Detainees Debate; John McCain Interview; Iraq-Sectarian Violence; Ford Buyout-UAW; Canada-College Shooting; Canada-Shooting Analysis; Heating Bills Lower; Connecticut House Campaign; Anne Richards Obit; Adoption Story.
CBS: Detainee Debate; John McCain Interview; Ford Buy Out-UAW; Global Warming; Iraq-Sectarian Violence; Canada-College Shooting; Germany Healing Wounds-Jews; Terrorism Informant Betrayed; Michael Gerson Opinion; Medical Breakthrough In Robotics; Segways Recalled; Microsoft's Zune; Anne Richards Obit.

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NBC: Ford Buy Out-UAW; Ford Buy Out Analysis; Detainee Debate; Detainee Debate Analysis; Havana Summit Meeting; Canada-College Shooting; Medical Breakthrough-Robotics; Wal-Mart Ends Lay Away Service; Payday Loans Controversy; Anne Richards Obit; Getting Pregnant.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: E-Coli Outbreak; WI-School Attack Plot Thwarted; Canada-College Shooting; Senate-Detainee Treatment.

CBS: E-Coli Outbreak; WI-School Attack Plot Thwarted; Canada-College Shooting; Ford-Employee Buyouts; Space Shuttle.

NPR: Senate-Detainee Treatment; House-US Border Fence; OH18 GOP Primary; Space Shuttle; Wall Street; E-Coli Outbreak; NHTSA-Electronic Vehicle Stability Control Requirement; Ford-Employee Buyouts.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Speaks at a reception for the Republican Governors Association, private residence, Los Angeles. speaks at a reception for the Republican National Committee, Sequoia Capital, Menlo Park, Calif.

US Senate: FLOOR SCHEDULE _ Meets at 10 a.m. for morning business.

US House: FLOOR SCHEDULE _ 11 a.m. House meets for pro forma session.

9:30 a.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on contact lens sales. Maureen Ohlhausen, Director, Office of Policy Planning, FTC; Utah Attorney General Mark Shurtleff; Jonathan C. Coon, Chairman & CEO, 1-800 Contacts, Inc., Draper, Utah; Gregory A. Fryling, Chief Operating Officer, CooperVision, Inc., Lake Forest, Calif.; Dr. Oliver D. Schein, Johns Hopkins University; Dr. Wiley Curtis, Alexandria, Va. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats and International Relations. Third in three-part series on ``Iraq: Democracy or Civil War?" Today's topic: ``What are the Consequences of Leaving Iraq?" Fouad Ajami, Johns Hopkins University's School of Advanced International Studies; James Fearon, Stanford University; and Peter Galbraith, National War College. Location: 2154 Rayburn.

Other: LATINO EDUCATION-CONFERENCE _ Latino elected officials representing 14 states gather for 2nd Annual National Summit on the State of Latino Education. Location: Hamilton Crowne Plaza, 1001 14th St. NW.

FOOD POLICY _ The Consumer Federation of America holds its 29th annual National Food Policy Conference. Highlights: 9 a.m. Panel discussion on U.S. agriculture policy, with representatives of the food industry, farming and international arena. 10:30 a.m. Acting FDA Commissioner Andrew von Eschenbach discusses nutrition priorities and challenges. 1 p.m. Agriculture Undersecretary Richard Raymond discusses efforts to improve food safety. Location: National Press Club.

IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Peter Chiarelli, commander of the Multinational Corps-Iraq, briefs live from Iraq. Location: DoD Briefing Studio.

KOSOVO _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing with Nicholas Whyte of the International Crisis Group on the final Kosovo settlement. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

YOUTUBE/MYSPACE _ 9 a.m. - 12 p.m. Panel discussion on the MySpace and YouTube phenomenon. Forum will also cover release of ``Person-to-Person-Person: Harnessing the Political Power of Social Networks" publication. Location: Morton Audit., 805 21st NW, George Washington University. Notes: Participants include MySpace executive Jeff Berman, Chuck DeFeo of Townhall.com, blogger and syndicated columnist Michelle Malkin, others.

HOMELAND SECURITY _ 10 a.m. Homeland Security Civil Rights and Civil Liberties Officer Daniel Sutherland holds a meeting with American Arab, Muslim and South Asian communities and law enforcement regarding America's security. Location: National Press Club.

POW/MIAS _ 11 a.m. Deputy Secretary of Defense Gordon England and Chairman of the Joint Chiefs of Staff Gen. Peter Pace host the ceremony for National POW/MIA Recognition Day. Rep. Rob Simmons will be the speaker. Location: Mall Entrance Parade Field, Pentagon.

JONATHAN ALTER _ 12 p.m. Jonathan Alter, senior editor, Newsweek Magazine, and author of ``The Defining Moment: FDR's 100 Days and the Triumph of Hope" addresses National Press Club Newsmaker. Location: National Press Club, 14th and F Sts. NW.

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BRAZIL _ 12:30 p.m. The Wilson Center for Scholars holds an afternoon conference on the upcoming presidential election in Brazil. Location: 6th floor Flom Auditorium, Reagan Trade Building.

RICE TRIP _ 12:45 p.m. Assistant Secretary of State Kristin Silverberg holds an on-the-record briefing on Secretary Rice's schedule and next week's UN General Assembly session. Location: State Department Briefing Room.

DETAINEES-TRIBUNALS _ 1 p.m. American Constitution Society forum on ``National Security, Civil Liberties and Tribunals for Detainees." With Eugene R. Fidell, President, National Institute of Military Justice; Deborah Pearlstein, Director, U.S. Law and Security Program, Human Rights First; others. Location: Room 226, Dirksen.

ECONOMIC SECURITY _ 1 p.m. The Brookings Institution and The New Republic hold a forum on economic security in a changing world. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senate Armed Services Republicans Block Bush Terror Detainee Legislation. The AP (9/15, Flaherty) reports, "A rebellious Senate committee defied President Bush on Thursday and approved terror-detainee legislation he has vowed to block, deepening Republican conflict over terrorism and national security in the middle of the election season." Republican Sen. John Warner, "normally a Bush supporter, pushed the measure through his Armed Services Committee by a 15-9 vote." Backing Warner were GOP Sens. Lindsey Graham and John McCain. The committee vote "set the stage for a showdown on the Senate floor as early as next week." The AP adds, "In an embarrassment to the White House, Colin Powell…announced his opposition to his old boss' plan, saying it would hurt the country. Powell's successor, Secretary of State Condoleezza Rice, jumped to the president's defense in a letter of her own." CNN's The Situation Room (9/14, Blitzer) noted Powell wrote that "America's own troops would be put at risk if the US redefines the Geneva Convention and authorizes harsh interrogations of terror suspects. NBC Nightly News (9/14, story 4, 1:10, P. Williams, 9.87M) said that in addition to former Secretary Powell, "about three dozen retired military officers say they believe the Bush bill would limit the protections of the Geneva conventions and put Americans at risk if they are captured overseas in future wars. Their experience in harsh interrogation techniques do not work very well."

USA Today (9/15, Jackson, Kiely, 2.27M) says Bush "is facing a Republican rebellion." White House spokeswoman Dana Perino "acknowledged that the president's bill may fall short in the Senate. She said House and Senate negotiators may have to resolve the differences between the two bills."

The Washington Times (9/15, Fagan, Dinan, 88K) reports, "A Capitol Hill source said that after two weeks of fruitless negotiations with Mr. McCain, the White House has decided to instead have the fight in public and make its case directly. "

Much of the media coverage describes the GOP senators' action as a sign of a GOP split on the terror issue, one that could benefit Democrats in the midterm elections. The New York Times (9/15, Hulse, 1.21M) reports "Bush and Congressional Republicans spent the last 10 days laying the foundation for a titanic pre-election struggle over national security, and now they have one. But the fight playing out this week on Capitol Hill is not what they had in mind. Instead of drawing contrasts with Democrats, the president's call for creating military tribunals to try terror suspects…has erupted into a remarkably intense clash pitting some of the best-known warriors in the Republican Party against Mr. Bush and the Congressional leadership." As NBC Nightly News (9/14, story 3, 2:35, Gregory, 9.87M) reported, "All of this is headed for a real showdown in the senate where Democrats are happy to stand back and watch the Republicans fight among themselves."

The Los Angeles Times (9/15, Schmitt, Havemann, 918K) reports "the rejection of Bush's plan could create a dramatic clash, particularly among Republicans campaigning for reelection as being strong on security issues, when the full Senate votes next week." Republicans "view national security as their greatest political strength in their battle to keep control of Congress in the November midterm elections." On Wednesday, the House Armed Services Committee "approved a tribunal measure that closely tracked the administration's proposal." AFP (9/15, Griffith) notes Bush yesterday "praised the House Armed Services Committee for having passed his bill, which he called 'a very important piece of legislation in a bipartisan fashion that will give us the tools and wherewithal to protect this country.'" Bush also "dismissed Powell's remarks, saying 'there's all kinds of letters coming out,' and pointed out that a group of military lawyers sent a letter to the House and Senate Armed Services panels supporting the administration plan."

McClatchy (9/15, Hutcheson, Talev) reports Bush "brushed off Powell's opposition, but White House spokesman Tony Snow didn't conceal the annoyance that his defection caused within the president's inner circle." Snow "said Powell was 'confused' about Bush's goals and suggested that the former secretary of state should have contacted the White House for clarification before writing his letter."

ABC World News (9/14, lead story, 2:40, Stephanopoulos) reported that "only hours before" the Senate committee vote, "the President made a rare trip to Capitol Hill to lobby for his bill. And he pressured the Senate from the Oval Office." Bush: "It is very important for the American people to understand that in order to protect this country; we must be able to interrogate people who have information about future attacks." Three GOP Senators, continued ABC, "oppose the Administration's attempt to interpret Article Three of the Geneva conventions, which outlaws inhumane treatment of enemy prisoners. Here's the basic debate -- the Administration worries Article Three could expose CIA interrogators to prosecution and lawsuits."

CBS Evening News (9/13, lead story, 2:40, Attikisson, 7.66M) reported, "After he left Capitol Hill, the President warned that a law that ties the hands of CIA interrogators too much would threaten the very existence of the high value detainee program, a program he says has saved countless lives." Bush: "If there's any doubt in our professionals mind

that they can conduct their operations in a legal way with support of the Congress, the program won't go forward and the American people will be endangered."

The Wall Street Journal (9/15, Lueck, 2.03M) reports "in the House, some Republicans are concerned about the White House approach, just as some have objected to another administration priority -- getting broader authority to conduct warrantless surveillance." Yesterday, "during the closed-door meeting, Rep. Steve Buyer of Indiana, a former military lawyer, cited an issue top uniformed lawyers raised: Mr. Bush's plan would permit the use of classified evidence, but doesn't require it be shared with the accused."

Letter Released By White House Generates Controversy. The Washington Post (9/15, A1, Babington, Weisman, 748K) says "the dispute has fractured the GOP establishment." White House officials "released a letter from senior Pentagon uniformed lawyers, who said they 'do not object' to two key sections of the administration-backed bill that would reinterpret US obligations under the Geneva Conventions and protect US intelligence agents from war crimes prosecutions." They "then summoned senators from the Armed Services and intelligence committees to an afternoon meeting with Rice and national security adviser Stephen J. Hadley. Seven attended, sources said." The Pentagon letter "immediately generated controversy. Senior judge advocates general had publicly questioned many aspects of the administration's position, especially any reinterpreting of the Geneva Conventions. The White House and GOP lawmakers seized on what appeared to be a change of heart to say that they now have military lawyers on their side." But "the letter was signed only after an extraordinary round of negotiations Wednesday between the judge advocates and William J. Haynes II, the Defense Department's general counsel, according to Republican opponents of Bush's proposal. The military lawyers refused to sign a letter of endorsement. But after hours of cajoling, they assented to write that they 'do not object,' according to three Senate GOP sources who spoke on the condition of anonymity because they were divulging private negotiations."

The New York Times (9/15, Zernike, 1.21M) reports McCain, Warner and Graha "dismissed the letter from the military lawyers, saying they had questions about whether it amounted to an authentic endorsement of the White House proposal. They said they put more weight on extensive public testimony in which the lawyers raised doubts about the Bush plan." The Times adds, "Some military officials briefed on the military lawyers' position also disputed the notion that the lawyers had reversed course. They said the lawyers agreed to sign a letter at a meeting on Wednesday after discussing the language over several hours."

Gonazles Defends Detainee Interrogation Tactics. McClatchy Newspapers (9/15, Canon) reports, "As Congress dealt a rebuke Thursday to President Bush's national security agenda, his attorney general defended the administration's efforts to deal with captured terror suspects." McClatchy continues, "Of critics concerned about international treaties or freedoms protected by the U.S. Constitution, Attorney General Alberto Gonzales said they misunderstand the legalities - some never clearly defined - of dealing with an unconventional foe that plays by no rules. … Judicial rejections of some administration policies have muddied the legal landscape and made it unclear how the government can detain, interrogate and prosecute terror suspects, he said. … 'We do need some clarity,' Gonzales told the editorial board of The Kansas City Star." McClatchy adds, "Gonzales said the U.S. courts and Congress have yet to interpret the Common Article 3 of the Geneva Conventions, which sets a standard of treatment for prisoners of war. He voiced concern that that an adverse ruling could damage efforts to interrogate 'terrorists who do not fight by the standards of war.' And he suggested that rejection of an administration bill sponsored by Sen. Arlen Specter, a Pennsylvania Republican, giving interrogators more leeway might hurt efforts to fight terrorism. … 'Congress may decide we don't want to gather any more evidence,' the attorney general said. … He said that 'just like in every other war,' the American people will have to trust the government to protect the rights of those in custody while pursuing justice in secret. Pressed on how long extraordinary measures - for instance, the imprisonment of suspects without the filing of charges - might continue, he said they would last at least until the pursuit of al-Qaida and its accomplices has come to an end. … 'First of all this is a real war,' he said, drawing a distinction between the war on terror and 'the war on drugs or the war on poverty or something like that. It's like the Cold War. . . . At some point this conflict is going to be over. But today it is not over.'"

McCain Defends Stance In TV Interviews. McCain granted interviews to ABC, CBS and CNN yesterday. ABC World News (9/14, story 2, 1:45, Gibson) reported "one of the most powerful Republican senators opposing the President is John McCain, who, himself was once a prisoner of the Vietnamese for more than five years." McCain told ABC, "I'm hearing from military leaders all over the country, retired people, including General Colin Powell, who say if we take the Administration's measure, we'll put our young Americans' lives at-risk. That's very serious. … Suppose that a Special Forces person, not in uniform, were captured. And the attorney general of the nation who captured it decides to interpret the Geneva conventions to their liking and turns that person over to their secret police. That's what really worries us."

On the CBS Evening News (9/13, story 2, 1:35, Couric, 7.66M), McCain was asked it he thought "the President's proposal would stand up if it were reviewed again by the Supreme Court." The senator said, "I am not a constitutional expert, but people that are tell me there's a great risk of the

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President's proposal being overturned by the United States Supreme Court. But that's not the major reason why I'm involved in changing it. I want to preserve the Geneva Conventions which is provided protections for our men and women in uniform and out of uniform."

McCain said on CNN's The Situation Room (9/14), "I think we see a compromise there, so that we could prevent national security from being compromised, but yet still allow the defendant to be able to see some of the evidence against him. It's just not a normal procedure that someone who is subject to the death penalty is not allowed to see the evidence that's presented against him."

Frist May Bring Both Versions Of Tribunal Legislation To The Floor. Senate Majority Leader Bill Frist was asked on PBS' Newshour with Jim Lehrer (9/14) if the President will get the military tribunal legislation from the Senate that he wants. Frist said, "We'll wait and see. We had the product that came out of the Armed Services Committee today. There are several very contentious issues in that bill that clearly the President will not agree with, and I think the majority of Republican senators, anyway, will not agree with. So not until we get to the floor will we know what the final product will be coming out of the United States Senate." Asked about the possibility that he might take the version that Bush wants directly to the floor in competition with the Warner-McCain-Graham alternative, Frist said, "That is correct, and a decision has not been made. We'll wait and look at both bills. But either way, senators will have the opportunity to express themselves."

Snow Denies Administration Is Trying To Change Geneva Conventions. CNN's The Situation Room (9/14, Koch) reported that during his press briefing Thursday, White House press secretary Tony Snow "tried to clarify the White House's position, saying we are not trying to change or amend the Geneva Conventions, we're trying to bring them substance, bring them clarity. He said that the problem with the Geneva Conventions, as they exist now, is that there are no standards and that nations can basically do what they want. And he insisted the White House is really trying to get rid of lawlessness and let people know exactly what they can and can't do."

Retired Judges Oppose Bush's Position On Detainees. The AP (9/14) reports, "Nine retired federal judges accused the Bush administration and Congress of trying to deprive detainees at Guantanamo Bay, Cuba, of the most basic legal right. Legislation under debate on Capitol Hill would strip federal courts of the power to hear detainees' challenges of their treatment and indefinite detention at the Guantanamo Bay." The nine retirees who signed the letter are "appeals court judges John Gibbons, Shirley Hufstedler, Nathaniel Jones, Timothy Lewis, William Norris, George Pratt, Lee Sarokin, Patricia Wald and US District Judge William Sessions."

54% Say Bush Administration Following "Right Course" On Detainees. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with 'the right course,' while only 34% say administration has 'gone too far.'" According to the same Wall Street Journal/NBC News poll, "by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence."

NYTimes, WPost Blast Bush On Military Detentions Bill. The Washington Post (9/15, A18, 748K) says in an editorial, "It was a measure of his painfully skewed priorities that Mr. Bush made the unaccustomed trip yesterday to seek legislative permission for the CIA to make people disappear into secret prisons and have information extracted from them by means he dare not describe publicly." There is "no question that the United States is facing a dangerous foe that uses the foulest of methods. But a wide array of generals and others who should know argue that it is neither prudent nor useful for the United States to compromise its own values in response."

The New York Times (9/15, 1.21M) says in an editorial, "We'll find out in November how well the White House's be-very-afraid campaign has been working with voters. We already know how it's working in Congress. Stampeded by the fear of looking weak on terrorism, lawmakers are rushing to pass a bill demanded by the president that would have minimal impact on antiterrorist operations but could cause profound damage to justice and the American way." Bush "himself went to Capitol Hill to lobby for his bill, which would give Congressional approval to the same sort of ad hoc military commissions that Mr. Bush created on his own authority after 9/11 and that the Supreme Court has already ruled unconstitutional. It would permit the use of coerced evidence, secret hearings and other horrific violations of American justice." The "idea that the nation's chief executive is pressing so hard to undermine basic standards of justice is shocking. And any argument that these extreme methods would be used only against the most dangerous of international terrorists has been destroyed by the handling of hundreds of prisoners at Guantánamo Bay, many of whom appear to have been scooped up in Afghanistan years ago with little attempt to verify any connection to terrorism, and now are in danger of lingering behind bars forever without a day in court."

Henninger Says Disunity Over Detainee Treatment Could Aid Terrorists. Daniel Henninger writes in the Wall Street Journal (9/15, 2.03M), "Read through the 14 Guantanamo detainee biographies posted on the White House Web site, and one gets a rare feel for the events that distinguish the lives of these individuals from the daily goals of everyone else in the world -- lives simply dedicated to the mass murder of innocents, and not just in lower Manhattan.

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… Read all 14 of these histories devoted to 'sacrificing life' to put in context the denunciations of warrantless wiretaps and the Swift financial monitoring program." Republicans "are "arguing among themselves over the degree of access to classified intelligence this group should receive at trial. Democrats, other than saying they'll support the more liberal version, are contributing almost nothing to the new system. If a Democrat wins the White House in 2008, we may assume she or he will receive, as payback, a similar level of limp support from the GOP in the same war on terror. Say this for the Guantanamo 14: They have unity of purpose. Long term, our disunity could prove to be a big advantage to them."

Judge Refuses To Reinstate Key Terrorism Charge Against Padilla. In a widely-distributed story, the AP (9/15, Anderson) reports US District Judge Marcia Cooke "refused Thursday to reinstate a key terrorism charge in the case against alleged al-Qaida operative Jose Padilla and two other defendants, raising the possibility of delays in their trial if prosecutors appeal the ruling." Cooke "ruled in August that a charge of conspiracy to 'murder, kidnap and maim' people overseas must be dismissed because it duplicated other charges in the same indictment. … The dismissed charge is important because it is the only one in the indictment that carries a potential life sentence." The AP notes that among other rulings yesterday, Cooke "refused a defense request for a list of people who attended an al-Qaida camp at the same time Padilla allegedly did in 2000" and "rejected…a defense request for identities of others who filled out al-Qaida applications that were found along with one prosecutors say was Padilla's in a binder in Afghanistan." She also "allowed Hassoun's wife to testify via video hookup from Beirut, Lebanon, about the actions FBI agents took before searching their home in suburban Sunrise in 2002. … Hassoun, who is allegedly Padilla's recruiter, claims the FBI search was illegal and that evidence seized should be thrown out."

Cooke Orders Prosecutors To Turn Over Padilla Medical Records. In a story distributed by McClatchy, the South Florida Sun-Sentinel (9/15, Blum, 265K) reports Cooke "ordered prosecutors Thursday to turn over medical records for…Padilla, a move that could reveal details of his treatment during 31/2 years in military custody." Cooke "included in her ruling all records relating to physical and mental evaluations of Padilla or medication taken by or administered to Padilla while held as an enemy combatant in a South Carolina Navy brig. Defense attorneys said they intend to use the records to argue the government engaged in unconstitutional conduct by interrogating" Padilla "and imprisoning him for years without giving him access to some legal rights."

Padilla Case Seen As Test Of Aggressive Interrogation Techniques. The Christian Science Monitor (9/15, Richey, 58K) reports that the federal agents who arrested Padilla obtained the arrest warrant by telling "a federal judge that two weeks earlier a confidential source had revealed that Mr. Padilla was plotting to build and detonate a radiological 'dirty' bomb in the United States. What the agents did not tell the judge is that their 'confidential source'" had revealed the information during "controversial interrogation sessions at a secret Central Intelligence Agency prison overseas." The Padilla "case is emerging as a major test of whether such intelligence information is admissible in US courts. And it highlights the difficult debate over military commissions currently under way in Congress, which is wrestling with how best to protect national security while also preserving America's tradition of due process and fair trials.

Pentagon Lists "Ten Facts About Guantanamo." In his Washington Post (9/15, A17, 748K) "In The Loop" column, Al Kamen discusses the Pentagon's "Ten Facts About Guantanamo" list, intended "to highlight what a nice place it is." The list notes that "'more money is spent on meals for detainees than' on U.S. troops stationed there," that the "Muslim call to prayer sounds five times a day," that prisoners "receive free medical, dental and psychiatric care," and more. Kamen adds, "Fact No. 8, probably one of the most important, notes that, contrary to what you might have heard, the prisoners actually really want to be in Guantanamo. 'The mother of a detainee stated: "Of course they wanted to stay there. … They had human rights and good living standards there. They had dentists and good meals -- everything they wanted."' Turns out, this quote from a March 2004 edition of the London Times was a Russian mother comparing Guantanamo with Russian jails."

Two Gitmo Detainees Returned To Kuwait. Two Kuwaitis released from the US military prison at Guantanmo Bay Cuba have been returned to Kuwait, where they will face trails on terrorism-related charges, according to their lawyer. The AP (9/14) reported that the US military said "an administrative review board had recommended the two men be transferred back to Kuwait from the prison in southeastern Cuba. … Two men, Omar Rajab Amin, 41, and Abdullah Kamel al-Kundari, 32, who had been held at Guantanamo for four years, arrived at an airport in Kuwait early Friday, said Khaled al-Odah, who heads the Kuwaiti Family Committee, an advocacy group for men held at the prison."

Albany Terrorism Trial Jurors See Video Of Alleged Missile Deal. Capital News 9 Albany (9/14, Ference) reported that on Thursday at the Albany trial of Yassin Aref and Mohammed Hossain, accused of providing material support for terrorism, "jurors saw lengthy video clips showing…Hossain speaking with an FBI informant named Malik posing as a Pakistani businessman. In the video, Malik showed Hossain a surface-to-air missile and began

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discussing how Malik would pay Hossain to launder $50,000 to import the fake missile to a terrorist group. But the question is, did Hossain fully understand the transaction and the situation he was put in?" At a later meeting, "Malik asked, 'Have you heard of [a particular terrorist group]?' Hossain said yes, although it turns out he thought that was a music group, not a terrorist group. Later that year, Hossain told Malik, 'Non-believers will gradually convert to Islam, sir. There is no need for us to kill.'"

Terror Informant Says US Government Betrayed Him. CBS Evening News (9/13, story 8, 3:45, Couric, 7.66M) reported, on an Arab-American "who was recruited to infiltrate a terror cell and wound up blowing the lid off a plot in New York City. But he now fears that what's happened to him since then will discourage other Arab-Americans from doing what he did." Here's our chief investigative correspondent Armen Keteyian." CBS (Keteyian) added that two years ago, the NYPD broke up a plot by two men who were planning "to bomb the subway beneath the world's biggest department store." Eldawoody "sees himself now as abandoned by the government, the country he served, blaming the NYPD and Federal prosecutors for betraying what he says were two conditions of his cooperation. Not disclosing his identity at trial. … And afterwards helping him find a new job."

HOMELAND RESPONSE:

Senate Approves Port Security Bill 98-0. USA Today (9/15, 2.27M) and the Washington Post (9/15, 748K), among other sources, run an AP story this morning reporting, "The Senate voted without dissent Thursday to tighten security at U.S. seaports by scanning nearly all incoming cargo for nuclear weapons or 'dirty bombs.'" The bill, approved 98-0 "in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships." The legislation "does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports."

McClatchy (9/15, Blumenthal) reports, "Senate passage of the bill comes more than two years after the 9-11 commission concluded that the nation's ports could be more vulnerable to attack than commercial aviation." The measure "picked up more steam over the past few weeks as congressional Republicans have ratcheted up their national security agenda." Democrats "said Republicans were scrambling to shore up their national security credentials for political reasons before the elections. 'Five years after 9-11, repeated failures by Bush Republicans have left our ports vulnerable and open to terrorist attack,' Senate Minority Leader Harry Reid, D-Nev., said in a statement."

Hill Battle Brewing Over Chemical Plant Security. A battle is brewing in Congress over how to secure US chemical plants from attack. The Christian Science Monitor (9/15, Marks, 58K) reports, "At issue is whether the Department of Homeland Security (DHS) should have the authority to require chemical plants to implement specific security measures, such as switching to safer chemicals or using armed guards. The chemical industry and House Republican leaders believe it should not. Instead, they favor allowing companies to come up with their own security proposals that can then be reviewed and approved by DHS. On the other side are environmentalists, some security experts, moderate Republicans, and Democrats. They believe DHS should have the ability to require companies to make security improvements, as long as companies have an opportunity to appeal requirements to which they object."

Muslim-American Security Expert Sues DHS Over Job Suspension. In a widely-distributed story, the AP (9/15, Parry) reports, "An Egyptian-born aviation security expert is suing the U.S. government, claiming he was wrongly suspended from his Transportation Security Administration job based on a classified FBI file the government won't let him see. Wagih H. Makky filed the lawsuit Thursday in federal court in Newark, alleging he was harassed and discriminated against at work after the Sept. 11 terror attacks based on his nationality and his Muslim religion." The AP notes, "The lawsuit names the Department of Homeland Security among others as defendants. The lawsuit did not specify damages."

Chertoff Announces Mandatory Screening Of More Air Cargo. In an article appearing on at least 68 news websites, the AP (9/14, Lavoie) reported in a news conference at Boston's Logan International Airport Thursday, DHS Secretary Michael Chertoff announced that cargo brought "to airline ticket counters for shipment on passenger planes will have to go through the same security screening as checked baggage." Screening of such packages had been going on "for the past several months at most airports around the country," but it will now "be mandatory for 100 percent of those packages, Chertoff said." The AP added, however, that "most of the cargo on passenger planes, which comes from larger freight shippers, remains subjected only to random checks."

Chertoff Says Cost Of Registered Traveler Under Consideration. After running an article Thursday titled "Cost May Kill Travel Program," USA Today (9/15, Frank, 2.27M) reports DHS Secretary Michael Chertoff told

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reporters Thursday "that he is 'still looking at' how much to charge air travelers for a program that would speed them through airport security. Chertoff said he supports the idea of making people in the Registered Traveler program 'pay their own weight,' which could cost up to $200 a year." However, he said "exactly what the right amount of money is going to be and how that's going to work, I think, is something we're still looking at." The secretary's "comments come days after the Transportation Security Administration (TSA) disclosed that it plans to charge travelers $100 to $120 to enroll in Registered Traveler and at least $70 a year for every year after their first in the program."

The Wall Street Journal (9/15, A8, 2.03M) reports the TSA's announcement this week that "it plans to charge an annual fee of $100 per person to cover background checks and the full cost of airport screening" prompted a "battle" with private companies who "expected a fee of about $30." The fee would "'stunt, if not eliminate RT programs, thus undermining the promise of better aviation security and much needed customer service improvements,' the Voluntary Credentialing Industry Coalition, which represents private companies that want to provide the service, said in a statement."

Insurers Seek Renewal Of Post-9/11 Terrorism Insurance Program. Some in the business and insurance communities want the federal government to create a long-term or permanent terrorism insurance program similar to the one established by the White House and Congress after the 9/11 attacks to backstop the insurance industry in the event of another attack. The Wall Street Journal (9/15, Mullins, Pleven, 2.03M) reports, "Under the program set up by the Terrorism Risk Insurance Act, the government steps in to help make an insurer's payouts if the losses from a foreign terrorist attack exceed that insurer's deductible. With more than a year remaining before the program expires, a politically savvy group -- including insurance companies, real-estate owners, financial services firms and former American International Group Chief Executive Maurice Greenberg -- is working to press the issue. … At a speech in New York today, Mr. Greenberg is expected to say that the government must help the industry if terrorists strike with a weapon of mass destruction. The insurance industry should be able to cover claims from a less catastrophic attack, according to his prepared remarks."

Mississippi Overspent On "Sewer Hog" After Katrina. The Washington Post (9/15, A19, Williamson, 748K) reports a recent audit from the Transportation Department's inspector general found "that the state of Mississippi had overspent by $772 an hour on the Sewer Hog, a high-speed swiller used to clear flooded storm drains. Desperate to reopen US 90 along the Gulf Coast, Mississippi transportation officials turned to Texas-based Garner Environmental Services Inc., exclusive operators of the Sewer Hog." The machine was used to suck "slop and sand from about 200 miles of three-foot sewer lines. But it also hogged the budget. State highway officials -- and the feds -- paid $1.7 million for services that the report said ought to have cost $294,000." The Post adds that "like a homeowner with an overflowing toilet, Mississippi highway officials opted to mop first and ask questions later."

WAR NEWS:

Bush To Hold Separate White House Meetings With Musharraf, Karzai. The AP (9/14) reports President Bush will meet with Pakistani President Pervez Musharraf at the White House on September 22, and with Afghan President Hamid Karzai four days later. The AP says the neighboring countries' "relations have sometimes been strained by terrorist hideouts along their border."

Kerry Accuses Bush Administration Of "Cut And Run" In Afghanistan. An AP (9/14, Miga) report carried by about 65 newspapers and websites says Sen. John Kerry said in a Howard University speech, "The Administration's Afghanistan policy defines cut and run. Cut and run while the Taliban-led insurgency is running amok across entire regions of the country. Cut and run while Osama bin Laden and his henchmen hide and plot in a lawless no-man's land." Republican National Committee spokesman Danny Diaz replied, "John Kerry lacks the credibility on the war on terror to be taken seriously."

Taliban Regroups In Western Afghanistan. USA Today (9/15, 8A, 2.27M) reports Taliban militants "have regrouped in western provinces" of Afghanistan and "ignited violence that has killed a dozen people in two days, officials said. Up to 200 Taliban fighters poured into Bakwa in Farah province. They surrounded a police compound and fired rocket-propelled grenades at policemen before being driven out," according to the regional police chief.

Poland To Send 1,000 More Troops To Afghanistan. The Financial Times (9/15, Dombey, Fidler, Cienski) reports that as expected, Poland has committed 1,000 new troops for NATO's Afghanistan force. They will "join the 100 already on the ground in Afghanistan but are unlikely to arrive until February 2007."

WPost Says European NATO Members Must Send More Troops. The Washington Post (9/15, A18, 748K) editorializes, "There's no question that placing soldiers in harm's way is one of the hardest steps for a democracy, and rightly so. But European governments that say they are committed to NATO and its mission in Afghanistan cannot continue to watch from a distance as American, British and

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Canadian soldiers do the lion's share of the fighting -- and dying. If NATO is to be an enduring military alliance, its other members must step forward."

Neuharth Says Troops Should Be Redeployed From Iraq To Afghanistan. Al Neuharth writes in USA Today (9/15, 2.27M), "Currently, we have about 147,000 troops in Iraq, about 21,000 in Afghanistan. We actually "cut and ran" from the hunt for bin Laden in Afghanistan to carry out our Iraq misadventure. … Bush says we must 'stay the course' and not 'cut and run.' Since we cut and ran from Afghanistan during our Osama hunt years ago, maybe we should reverse that course now. Redeploying our troops to fulfill our pledge to get bin Laden could make for a worldwide celebration by freedom lovers. Letting him stay on the loose is the biggest boost for terrorists, in Iraq and around the world."

CIA Was Told There Were No Iraq-Al Qaeda Ties In 2002, But Did Not Inform White House. The Washington Post (9/15, A14, Pincus, 748K) reports a recent Senate Intelligence Committee report says the CIA "learned in late September 2002 from a high-level member of Saddam Hussein's inner circle that Iraq had no past or present contact with Osama bin Laden" and that Hussein "considered bin Laden an enemy of the Baghdad regime." The Post says that while "President Bush and other senior administration officials were at that time regularly linking Hussein to al-Qaeda, the CIA's highly sensitive intelligence supporting the contrary view was apparently not passed on to the White House or senior Bush policymakers."

Two US Troops Killed, Others Wounded, In Baghdad Truck Bombing. ABC World News (9/14, story 3, 1:40, Gibson) reported on "an especially alarming attack against US forces" in Iraq. A "suicide truck bomb wounded 27 troops and killed two others. Military outposts are supposed to be secure against such bombs." ABC (Sciutto) added, "The military is crediting a rapid medical response with saving lives. Military officials say the bomber was able to get past a security checkpoint and inside the outpost because the bomb was apparently hidden under dirt in the dump truck, and not discovered on inspection." CBS Evening News (9/13, story 5, 0:15, Couric, 7.66M) ran a very brief item on the bombing, putting the number of wounded at 25, and added, "Most of the injuries, though, were not serious. Five US troops have been killed in the past two days."

Sectarian Violence Continues. An AP (9/14, Quinn) story carried by about 50 newspapers and websites reports sectarian killings "have surged in parts of Baghdad not yet included in a security offensive." Bombings and "other insurgent attacks killed four American soldiers and wounded 25 in the capital region," and police "reported finding 20 bodies dumped on streets." The Los Angeles Times (9/15, 918K) says Army spokesman Maj. Gen. William B. Caldwell IV "acknowledged that despite a major operation to combat death squads and curb sectarian violence between Shiite and Sunni Arab paramilitary fighters in Baghdad, violence had increased."

Petraeus Says Samarra Mosque Bombing "'Took The Gloves Off." In a brief item headlined "A General's Candor On Iraq," the Washington Post (9/15, A17, Tyson, 748K) reports Lt. Gen. David Petraeus, speaking at the Brookings Institution Thursday, said the "February bombing of the gold-domed mosque in Samarra was 'hugely harmful' and a 'very, very devastating blow' to security efforts." He said it "'took the gloves off the…Shia militia,' starting 'a downward spiral that is very hard to arrest. … It's had a horrific effect on the security situation.'"

Iraqi Official Says Syria Must Curtail Terrorist Border Crossings. An AP (9/14, Jelinek) story carried by about 35 newspapers and websites reports Iraqi Deputy Prime Minister Barham Saleh met with Defense Secretary Donald Rumsfeld at the Pentagon Thursday and said that while Iraq "will spend more on jobs and reconstruction to battle the insurgency in the restive west," Syria "must clamp down on terrorists crossing the border." Saleh "told a Pentagon news conference he did not request more American troops for Anbar province because that would be a military decision."

Green Berets, Army Battalion At Odds In Anbar. The Washington Post (9/15, Tyson, 748K) runs a front-page story on US strategy in Anbar, and tensions between elite Green Berets and the Army battalion "that oversees the region." The "conflict in the Anbar camp, while extreme, is not an isolated phenomenon in Iraq, U.S. officers say. It highlights two clashing approaches to the war: the heavy focus of many regular U.S. military units on sweeping combat operations; and the more fine-grained, patient work Special Forces teams put into building rapport with local leaders, security forces and the people -- work that experts consider vital in a counterinsurgency."

Iraq's Poor Economy Yet Another Factor In Instability. The Christian Science Monitor (9/15, Murphy, Al-Taiee, 58K) reports that while USMC Maj. Gen. Richard Zilmer recently said the US "appeared to be losing the political, if not the military, fight in Anbar," he said "success rests as much on restoring a measure of economic stability and basic services as it does on ending Iraq's sectarian bloodshed." But Iraq's economy "is weaker than at any point since the US invasion. Some estimate joblessness at 60 percent (the CIA shows a 30 percent rate for 2005), and

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prices for foodstuffs and basic goods have doubled -- and in some cases tripled -- since 2003."

Judge Tells Saddam He Was "Not A Dictator." The New York Times (9/15, Von Zielbauer, 1.21M) reports Abdullah al-Amiri, the chief judge in Saddam Hussein's genocide trial, "assured the defendant on Thursday that he was 'not a dictator,'" which seemed to please Hussein. A Kurdish farmer testified that in 1988, he "had pleaded with Mr. Hussein for the life of his wife and seven young children. He said a furious Mr. Hussein shouted, 'Shut up and get out.'" In court, Hussein "jumped up to defend himself. 'Why did he try to see Saddam Hussein?' he asked the judge, referring to himself in the third person, as is his habit in court. 'Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?'" Amiri "replied: 'I will answer you: you are not a dictator. Not a dictator,' he repeated. 'You were not a dictator.' Mr. Hussein, smiling, replied, 'Thank you.'" The Washington Post (9/15, A14, Raghavan, 748K) reports the episode came a day after "prosecutors called for Amiri's resignation, saying he had allowed 'defendants to go too far, with unacceptable expressions and words' and had 'allowed the defendants to treat the chamber as a political forum.'" The Los Angeles Times (9/15, McDonnell, 918K) also has a report.

Obama Says Iraq Policy "Has Failed," Afghanistan "Getting Worse." Sen. Barack Obama was asked on CNN's The Situation Room (9/14) about Republican efforts to paint Democrats as weak on terrorism and security. Obama said, "This is the usual routine that the Republicans have trotted out before every election. And the question is, is it going to work a third time despite the irrefutable evidence that the policy in Iraq that they pursued has failed, that Afghanistan is getting worse, that every intelligence officer that you talk to and every objective observer that you talk to would indicate that we actually have more active terrorists around the world than we did at the time of 9/11?"

Marine Iraq Veteran Sees Two Problems With Military Transfer Strategy. In a New York Times (9/15, 1.21M) op-ed, Seth Moulton, a "Marine infantry officer in Iraq from March to September 2003 and from July 2004 to October 2005," writes, "In the long term, we must withdraw American troops" from Iraq, and "replacing them with capable Iraqi forces is the right way to do it. But there are two serious problems with how we are putting this strategy into effect. First, despite all rhetoric in Washington to the contrary, American commanders are being pressured to meet timelines rather than encouraged to wait until Iraqi forces are ready. … Second, our strategy is based on consolidating American forces in huge megabases as a means to reduce numbers and, as advocated by several members of Congress, to 'move to the periphery.' This is exactly the opposite of what has been prescribed for decades to fight a counterinsurgency, or to squelch a fomenting civil war."

World Bank Warns 26 "Fragile" States May Breed Terrorists. The Washington Post (9/15, A13, DeYoung, 748K) reports a new World Bank report concludes the "number of weak and poorly governed nations that can provide a breeding ground for global terrorism has grown sharply over the past three years, despite increased Western efforts to improve conditions in such states." So-called "fragile" countries "have jumped to 26 from 17 since the report was last issued in 2003. Five states graduated off the list, but 14 made new appearances."

According to the World Bank website, the 26 nations or territories are Afghanistan, Angola, Burundi, Cambodia, the Central African Republic, Comoros, Congo, Cote d'Ivoire (Ivory Coast), the Democratic Republic of the Congo, Eritrea, Guinea, Guinea-Bissau, Haiti, Kosovo, Laos, Liberia, Myanmar (Burma), Nigeria, the Solomon Islands, Somalia, Sudan, Timor-Leste (East Timor), Togo, Vanuatu, West Bank and Gaza, and Zimbabwe.

WSJournal Says Increased Attacks Force Arab Regimes To Confront Terrorism. The Wall Street Journal (9/15, A12, 2.03M) editorializes, "In the current issue of Foreign Policy, Kim Cragin and Andrew Curiel of the Rand Corporation compare the incidence of terrorism world-wide in the four years preceding and following 9/11. Between 1998 and the end of 2001, there were 2,991 fatalities from terrorism in North America, almost all of them on 9/11. Since then, there have been only three. By contrast, terrorist fatalities are up nearly everywhere else, more than tenfold in the Middle East. … It's a tragic fact that so many Muslims have been murdered in terrorist atrocities. But it is also the case that Arab regimes such as Saudi Arabia that once tolerated or funded terrorism have belatedly come to recognize its dangers. That's progress for them -- and safety for Americans."

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DOJ Whistleblower Named To DC Ethics Committee. The National Law Journal (9/15, Geier) reports, "'Poetic justice' is what a former U.S. Department of Justice ethics attorney calls her appointment to the District of Columbia Bar's legal ethics committee while a disciplinary complaint has been pending against her with the D.C. bar. … And some poetic justice may go a long way for whistleblower Jesselyn A. Radack, who was the subject of a Justice

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Department complaint before the D.C. Bar's Office of Bar Counsel when she was named in June, 2005 to the committee that advises the bar on the rules of professional conduct." The Journal continues, "Radack is the former Justice Department ethics advisor in the case of 'American Taliban' John Walker Lindh who quit her government job, lost a private-sector position and was the subject of a criminal investigation, all involving the Lindh case. Saying that she leaked information to the press, the Justice Department referred Radack to the state bars where she is licensed-and was even put on the federal 'no-fly' list. … 'Because of this episode, I am dedicating my life to whistleblowers,' said Radack, who started work last May at Grayson & Kubli, a private practice in McLean, Va., that handles government contracts, telecommunications and whistleblower law. … She also decided not to pursue the action she filed against DOJ that a federal judge in Washington recently dismissed. [NLJ, Aug. 28]. … 'I'm in a new job and ready to let go of it,' Radack said. 'It was empowering to put them on the defensive for once and finally get my version of the events down in a public forum.'" The Journa notes, "Radack claims that she was pushed out of her job as general counsel to DOJ's Office of Professional Responsibility for not playing along with her superiors after federal law enforcement officials disregarded her advice on handling Lindh, dubbed the 'American Taliban' when he was captured in Afghanistan. … U.S. District Judge Henry H. Kennedy Jr. recently found that DOJ did not violate its own policy when it sent referral letters to the Maryland and D.C. bars. Radack v. U.S. DOJ, No. 04-1881 (D.D.C.). … Charles S. Miller, spokesman for DOJ, said that the department would say with regard to Radack only that 'We're pleased with the court's decision.'"

CORPORATE SCANDALS:

US Seeks Reinstatement Of Merrill Lynch Enron-Linked Convictions. The AP (9/15, Hays) reports, "Federal Enron prosecutors today asked the entire U.S. 5th Circuit Court of Appeals to hear arguments about reinstating fraud and conspiracy convictions against four former Merrill Lynch & Co. executives that a three-judge panel threw out in a split decision last month." The AP continues, "The 2-1 decision slapped the Justice Department by overturning most convictions against the four men, who were found guilty in 2004 of participating in a sham 1999 deal that allowed Enron to post bogus profits." The AP adds, "The three-judge panel ruled that evidence was insufficient to support convictions against one of the Merrill defendants. Regarding the other three, the opinion said prosecutors employed a flawed theory that they deprived Enron of its right to their honest services because, even though the deal was a sham, it was consistent with corporate goals and did not rob the company or shareholders of money or property. … The panel affirmed convictions of perjury and obstruction against one of the three who lied to a grand jury about the deal." The AP notes, "In today's filing, prosecutors said the reversal 'threatens to insulate from punishment proven criminal conduct by corporate employees as long as their fraudulent goals are shared by senior executives, without regard to the obvious interest of a legitimate business entity and its stockholders in the honest services of all corporate employees.' … Prosecutors said a rehearing before all 14 5th Circuit judges is warranted to correct the panel's 'cramped and unworkable' interpretation of the honest services theory."

Ex-Willbros Official Pleads Guilty To Bribery. The AP (9/15) reports, "A former executive of a subsidiary of Willbros Group Inc. pleaded guilty Thursday to violating a federal law by conspiring to bribe government officials in Nigeria and Ecuador to obtain gas pipeline work in the two countries, the Justice Department said." The AP continues, "Jim Bob Brown, 44, is to be sentenced Nov. 30 for violating the Foreign Corrupt Practices Act. … Brown, who worked for Willbros International Inc. in Nigeria and South America, admitted that he and another Willbros International executive arranged for the payment of about $1.5 million in cash in Nigeria in 2005 as part of a conspiracy to obtain gas pipeline construction business there." The AP adds, "Brown also said he and other Willbros International executives approved of a scheme from at least 1996 to early 2005 in which fictitious invoices were submitted from the company's Nigerian operations. The money was used to make payments to officials with Nigerian revenue agencies and courts to get lower taxes and to influence litigation. … The Justice Department said Brown also admitted that in 2004 he conspired to pay at least $300,000 to officials of the Ecuadorean government oil company to obtain a gas pipeline rehabilitation contract."

Leak Scandal Has Not Hurt H-P's Stock Price. The San Francisco Chronicle (9/15, Page D - 1, Pimentel) reports, "Four years ago, Hewlett-Packard's bid to buy Compaq Computer turned into a bitter boardroom battle, jangling nerves on Wall Street and sending the company's stock plunging to as low as $14." The Chronicle continues, "One would think that the current scandal at HP -- with shocking revelations of corporate spying that could possibly lead to criminal charges -- would also rattle investors' confidence in the technology giant. … But that hasn't happened. … Instead, the Palo Alto company, which is considered one of the big comeback stories of the past two years in the tech industry, has managed to remain a favorite of investors. The boardroom scandal has not turned into a material event for the company, at least in Wall Street's eyes." The Chronicle adds, "For proof of that indifference,

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look no further than HP's stock, which has remained steady over the past two weeks, trading above $36, up nearly 50 percent from a year ago. It dipped slightly last week at the height of the scandal but steadily bounced back this week. … The stock closed at $36.25, down 12 cents, Thursday. That's just 13 cents below where it was the day the scandal broke last week. … The lack of reaction on Wall Street also speaks to the financial industry's focus on the bottom line. Some analysts say disputes involving ethics and morals appear to hold little sway when compared with returns."

Lerach Sues H-P Directors, Counsel Over Scandal. The California Recorder (9/15, Scheck) reports, "It was Thursday afternoon and the press was sweating: For three days no one new had decided to go after Hewlett-Packard's board of directors for their recent descent into public ignominy. … Not to fear, though: At about 4 p.m., plaintiffs lawyer William Lerach joined Congress, the California attorney general, the San Francisco U.S. Attorney, and federal regulators. Representing an HP shareholder, Lerach filed a suit accusing board members and executives of breaching their fiduciary duty for a litany of reasons, including their ongoing use of top Silicon Valley lawyer Larry Sonsini." The Recorder continues, "Lerach's complaint is the latest result of a mess that began early this year when HP board Chairwoman Patricia Dunn initiated a probe in which an investigator lied to access private phone records of other directors and several journalists. … And while it's not yet clear how state Attorney General Bill Lockyer or U.S. Attorney Kevin Ryan will proceed -- Lockyer has said he has enough evidence to bring state charges, while Ryan's office met with HP lawyers on Monday -- Lerach's claims are quite explicit in the derivative suit he filed in Santa Clara County Superior Court in California." The Recorder adds, "The lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins argues in the suit that 10 HP board members and executives -- including Dunn and General Counsel Ann Baskins -- should be forced to pay damages to the company. … Lerach wrote that the defendants 'breached their fiduciary duties to HP, committed gross mismanagement, abused their control of HP, and have engaged in a gross dereliction of their duties, as well as corporate waste and attempted enrichment' by seeking to solidify their positions within the company by investigating board members Thomas Perkins and George Keyworth."

New York AG Objects To Grasso' Request For New Judge. The New York Law Journal (9/15, Bar) reports, "The New York attorney general's office Wednesday filed an objection to former New York Stock Exchange Chairman Richard A. Grasso's request that Manhattan Supreme Court Justice Charles Edward Ramos recuse himself from presiding over the government's excessive pay lawsuit against Grasso. … 'Grasso may have been permitted to treat the New York Stock Exchange as a fiefdom for his personal enrichment, picking the members of the Board and placing those over whom he had the most significant regulatory authority on the compensation committee, but he cannot be permitted to pick and choose the judge who will preside over his trial,' the government said in its affidavit." The Journal continues, "Grasso's attorneys argued in a motion filed last week that Ramos should recuse himself after he participated in ex parte settlement discussions in the case. … They also argued that the judge made factual and legal comments on the case during settlement discussions that would make it difficult for him to preside over the case. … Finally, Grasso said last week that he was unaware that the judge had applied twice for a position at the Stock Exchange and that in his second application Ramos had cited to a case he decided in which he had addressed the issue of excessive compensation."

Fed Official Concerned About Hedge Fund Margins. The Wall Street Journal (9/15, Ip) reports, "A top Federal Reserve official believes regulators need to examine whether banks and securities dealers are imposing adequate margin requirements on hedge funds." The Journal continues, "Timothy Geithner, president of the Federal Reserve Bank of New York, believes margin requirements that are sensible in normal times may prove too thin in stressful market conditions and could actually aggravate violent market moves. … While he doesn't assert that margin rules are too low or say what regulators should do, his remarks suggest regulators may soon turn their attention to margin practices after pressing Wall Street to improve how they handle complex and fast-growing credit and equity derivatives." The Journal adds, "Mr. Geithner, in remarks to be delivered in a speech in Hong Kong this morning, noted regulators are overhauling rules on how much capital banks must maintain to guard against loan and trading losses. 'It is critical,' he said, that that effort 'be reinforced with more attention by supervisors to margin practice ... within the major financial institutions.'"

Mexican Tycoon Settles SOX Case With SEC. The New York Times (9/15, Malkin) reports, "The billionaire tycoon Ricardo Salinas Pliego and the Securities and Exchange Commission of the United States reached a settlement on Thursday in the first lawsuit against a foreign company under the corporate governance rules of the Sarbanes-Oxley Act." The Times continues, "Mr. Salinas Pliego, who owns Mexico's second-largest broadcaster, TV Azteca, agreed to pay $7.5 million in penalties and compensation to settle accusations of fraud involving a scheme to conceal a deal between a TV Azteca subsidiary and a company secretly owned by Mr. Salinas." The Times

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adds, "In the settlement, Mr. Salinas Pliego neither admitted or denied wrongdoing. One of his executives, Pedro Padilla Longoria, agreed to pay $1 million. … TV Azteca, which was also a defendant in the case, said in a statement that the settlement 'does not entail economic consequences' for the company. … Under the agreement, Mr. Salinas Pliego and Mr. Padilla are forbidden to serve as executives or directors of any publicly listed American company. Mr. Salinas Pliego delisted his companies from the New York Stock Exchange last year, arguing that 'excessive regulation' was a burden. … The S.E.C. charged Mr. Salinas Pliego with fraud in January 2005 in connection with a debt deal involving what was then the cellphone unit of TV Azteca. A company called Codisco, secretly owned by Mr. Salinas Pliego and a partner, bought discounted debt owed by the cellphone unit."

SEC Urged To Give Shareholders Tools To Hold Boards Accountable. Ira Millstein, senior associate dean for corporate governance at the Yale School of Management, and Harvey Goldschmid, the Dwight Professor of Law at Columbia, write in the Wall Street Journal (9/15, 2.03M), "Shareholder access is officially back on the agenda at the SEC, forced there by a recent court decision. And this time around the SEC should seize the opportunity to craft a solution that opens up the proxy to shareholders in a sensible way, a solution that ensures board accountability to shareholders. … We urge the SEC to balance the system and give shareholders the tools to hold boards accountable -- and, in the process, restore public confidence in the fairness and economic rationality of the governance system."

CRIMINAL LAW:

Gonzales Warns Of Online Sexual Predators. The Kansas City Star (9/15, Rizzo) reports, "U.S. Attorney General Alberto Gonzales told an audience in Kansas City on Thursday that the battle against Internet predators is 'a fight for our future.'" The Star continues, "Gonzales called on all levels of law enforcement as well as parents, educators and private advocacy groups to work together to defeat the 'vast and frightening network' of criminals who every day seek to harm children. … 'It is brutal. It is heinous, and it is criminal,' he said." The Star adds, "The attorney general spoke to several hundred federal, state and local law enforcement officials from across the Midwest attending the annual Protect Our Children conference. … He told them that the proliferation of child pornography and sexual predators should be seen as 'a call to arms' to those dedicated to fighting it. … Halting those crimes is a top priority of the Justice Department. Gonzales promoted an initiative started earlier this year called Project Safe Childhood, which seeks to coordinate law enforcement efforts with endeavors to educate children and parents about the problem and how they fight a 'determined and desperate brand of criminal.'" The Star notes, "He cited a recent study that found half of Internet users between the ages of 10 and 17 reported being exposed to pornographic material over the Web. And one in seven reported that they were sexually solicited online. … While that was an improvement from five years earlier, when a study found one in five reporting solicitations, Gonzalez said, 'One in seven getting solicited is one in seven too many.'"

The AP (9/15, Twiddy) reports, "Joint federal and local task forces arrested more than 1,600 people nationwide last year who were accused of exploiting children over the Internet, a fivefold increase over 2000. … But Attorney General Alberto Gonzales said Thursday the problem only continues to grow as the Internet has given child pornographers and people seeking trysts with minors unparalleled access to young users and made it easier to hide from law enforcement. … 'The only way to respond to their horrific ambitions is to respond with greater perseverance,' said Gonzales, speaking at the Protect Our Children Conference, a three-day event bringing law enforcement from Missouri, Kansas, Illinois and Nebraska together with child advocates and abuse treatment organizations." The AP continues, "In particular, Gonzales said states need to re-evaluate their laws against child exploitation and make them stronger, if necessary. … Missouri, for example, enacted legislation this year that boosts the penalties for many child sex crimes, such as a mandatory minimum sentence of 10 years for someone convicted of trying to entice a child into meeting to have sex." The AP adds, "Gonzales said federal, state and local law enforcement are doing a better job of coordinating their efforts and teaming up with community organizations that teach parents and children how to avoid online predators and deal with the aftermath when children are abused. … He added that his office and the National Center for Missing and Exploited Children will begin airing new public service messages early next year to call attention to the online dangers." The AP notes, "U.S. Attorney Bradley Schlozman's office in Kansas City has been among the leaders in the country in attacking online predators, filing 42 child exploitation cases last year, the sixth-highest in the nation. So far this year, the office has filed 23 cases, spokesman Don Ledford said."

WDAF-TV, Fox 4, Kansas City (9/15) reports, "They are out there and they are preying on our young. On Thursday, one group of criminals was the focus of a visit to the Metro by the U.S. Attorney General, Alberto Gonzales." WDAF-TV continues, "A national study said that one out of every seven children who go online will be solicited sexually. That statistic was so disturbing that the US Justice Department pledged a crackdown on Internet predators. That's what brought Gonzales to Kansas City. .. . 'It's a wrenching reality that

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every day children are sexually solicited online,' Gonzales said." WDAF-TV adds, "In many ways Gonzales was preaching to the choir. He spoke to state, local and federal officials at a conference on child protection. Gonzales' message? The Federal government will lead the fight against Internet predators. … 'Everyday we must talk to our kids about what they are seeing, what they are hearing and who they are communicating with online,' Gonzales said."

Ney Expected To Plead Guilty To One Criminal Charge. USA Today (9/15, 2.27M) reports, "Rep. Bob Ney, the Ohio Republican charged with taking gifts, trips and campaign donations from lobbyist Jack Abramoff, is expected to plead guilty to at least one criminal corruption charge possibly as early as today, Republicans officials told the Associated Press." Ney "has consistently denied any wrongdoing but agreed last month to give up his re-election bid for the upcoming election. It is not clear from the Republican officials, who spoke on condition of anonymity because of pending legal proceedings, if Ney will resign his House seat." The officials "did not say what charge Ney would plead guilty to."

The New York Times (9/15, Shenon, 1.21M) reports "a guilty plea would make Mr. Ney, a six-term congressman, the first member of Congress to admit to criminal charges in the Abramoff investigation, which has focused on the actions of several current and former Republican lawmakers who had been close to the former lobbyist." The Times adds, "People with detailed knowledge of the investigation said Mr. Ney had entered an in-patient rehabilitation center in recent days for treatment of alcoholism, making it uncertain whether he would appear at a court hearing to announce the plea. Lawyers and others would speak only anonymously because of concern that they would anger prosecutors."

The Washington Post (9/15, Weisman, 748K) reports, "Ney's Washington attorney, Mark H. Tuohey, said from London yesterday that he expected no immediate developments in the case. … Aides in his office did not return calls, and Justice officials would not comment."

The AP (9/15, Weisman) reports that "the Justice Department is expected to announce a plea agreement or an agreement to reach a plea bargain as early as Saturday." The AP adds, "Ney, a soft-spoken, popular Republican, became known as the mayor of the House for the largesse he showed to fellow members from his post as chairman of the House Administration Committee. His entanglements with Abramoff became his undoing. … Guilty pleas from Abramoff, two former aides to retired Rep. Tom DeLay, R-Texas, and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients."

Novak Disputes Claims Made By Armitage. The New York Times (9/15, Johnston, 1.21M) reports columnist Robert Novak "has disputed statements by his primary source" in the Plame leak case, former Deputy Secretary of State Richard L. Armitage, "who said his mention of her identity was inadvertent." Novak said in his column that Armitage "had 'obscured' the details of their conversation on July 8, 2003, in a way that made Mr. Armitage's disclosure of the identity of the Central Intelligence Agency officer, Valerie Wilson, seem less deliberate." Novak "wrote that Mr. Armitage 'did not slip me this information as idle chitchat, as he now suggests. He made clear that he considered it especially suited for my column,' the writer said." Armitage "said he stood by his account of the meeting. He said that his comments about Ms. Wilson in the conversation came at the end of the interview, were brief and made in response to a question posed by Mr. Novak."

CNN's The Situation Room (9/14, Franken) reported Novak "is proving one of the immutable laws of Washington, a controversy is never really over." Novak "now says the contention by Armitage that it was a passing reference that propelled the writer to identify Valerie Plame in July 2003 wasn't so off-hand after all. Novak writes, 'He identified to me the CIA division where Ms. Wilson worked. Armitage did not slip me this information as idle chitchat, as he now suggests. He made it clear he considered it especially suited for my column.' … Novak's column set off a multi-million dollar special counsel's investigation into whether the law had been broken by a White House trying to get retribution."

Armitage Criticized For Not Acknowledging Role In Leak Earlier. In a Wall Street Journal op-ed (9/15), Victoria Toensing discusses the controversy under the headline, "What A Load Of Armitage!" Toensing says Armitage has "finally emerged from the cover-my-backside closet, 'apologizing' on CBS for keeping quiet for almost three years about being" Novak's original source. He "disingenuously blames his silence on Special Counsel Patrick Fitzgerald's non-legally based request -- any witness is free to talk about his or her testimony -- not to discuss the matter." Toensing adds, "Put aside hundreds of thousands of dollars of taxpayer funds squandered on the investigation, New York Times reporter Judith Miller's 85 days in jail, the angst and legal fees of scores of witnesses, the White House held siege to a criminal investigation while fighting the war on terror, Karl Rove's reputation maligned, and 'Scooter' Libby's resignation and indictment. By his silence, Mr. Armitage is responsible for one of the most factually distorted investigations in history."

Las Vegas Bribery Bagman To Plead Guilty To RICO Charge Monday. In a widely-distributed story, the AP (9/15) reports, "A former politician and lobbyist accused of ferrying bribes for a strip club owner reached a plea deal Thursday, just days before the start of his trial, authorities

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said." Lance Malone "has agreed to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act, U.S. Attorney Daniel Bogden said. … Authorities in turn have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a San Diego jury levied against him last summer for similar charges." The AP notes, "Malone's trial was to cap off a three-year FBI probe into corruption and bribery on the Clark County commission."

Wife Of Convicted Alabama Mayor To Plead Guilty To Obstructing Probe. The Mobile Press-Register (9/14, Dezember, Kirby) reported, "Crystal Russo, the wife of former Orange Beach Mayor Steve Russo, will plead guilty in Mobile's federal court next week to obstruction of justice as part of an agreement with prosecutors, according to a Wednesday court filing. Crystal Russo, 25, was scheduled to be tried next month for allegedly trying to help her husband hide money that was sought for forfeiture by prosecutors this summer in their corruption case against the now-convicted former mayor." The Press-Register noted, "On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a Mobile federal jury on numerous counts related to plots by Wall and fellow developer Jim Brown to enrich the mayor in an effort to curry favor in City Hall." The AP (9/15) also briefly reports on the plea agreement.

FBI Arrests Oakland Haberdasher In City Contract Fraud Probe. The San Francisco Chronicle (9/15, Zamora, Heredia, Lee, 405K) reports, "A well-connected Oakland businessman has been arrested on federal charges of extorting bribe money in exchange for using his influence to help a contract applicant win a deal with the city." Maurice Himy "was arrested Wednesday by FBI agents on a federal complaint accusing him of interference of commerce by threats or violence. Until March, he owned Spaccio, an Italian men's clothing store…just steps from Oakland City Hall." US Magistrate Wayne Brazil yesterday "ordered Himy to turn over his passport and released him on his own recognizance." The Chronicle notes, "Himy's arrest followed a 17-month investigation by the FBI over the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property."

The AP (9/15) reports, "The one-count complaint alleges Himy, in exchange for more than $10,000, steered the contract the businessman's way with the help of a City Hall insider. The businessman was not named…but he contacted the FBI after Himy allegedly told him the only way he could obtain the contract was through payoffs to Himy. … Erica Harrold, a spokeswoman for City Attorney John Russo, said, 'We haven't been contacted by the FBI and if there are any problems, obviously, we want to see those addressed and remedied.'" Bay City News Wires (9/15) notes, "The complaint alleges numerous discussions between Himy, a cooperating witness, and an Oakland city official, named only as 'City Official A,' involving the payment of thousands of dollars to Himy in return for help in obtaining the auctioneering city contract that was eventually approved for the cooperating witness. Prosecutors said Himy's arrest is the result of a 17-month investigation by the FBI."

Boston Police Officers Caught In FBI Sting Indicted On Drug Charges. The AP (9/15) reports Boston police officers Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo "were indicted Thursday on charges of conspiring to possess heroin and cocaine with intent to distribute, the U.S attorney's office announced." The officers "had gone to Florida, authorities said, to collect a $35,000 payment for protecting a Massachusetts shipment of cocaine that was part of an undercover FBI sting operation. At the meeting, prosecutors said, agents recorded the men agreeing to protect two more cocaine shipments totaling 100 kilograms and also to protect 5 kilograms of heroin." The Boston Herald (9/15, Sweet, Johnson, 203K) adds that the "alleged crooked cops were suspended without pay…yesterday and two of them freed on bail after their indictments by a federal grand jury on drug conspiracy charges." US District Court Magistrate Judge Joyce London Alexander, "unconvinced Pizarro and Carrasquillo are a flight risk or a threat to the public, set them free pending trial." The Boston Globe (9/15, 425K) also reports on the indictments in "New England in Brief."

Former Daley Patronage Chief Again Testifies Before Grand Jury. The AP (9/15, Robinson) reports former Daley patronage chief Robert Sorich "made his second appearance before a federal grand jury in three weeks Thursday as prosecutors pushed ahead with an investigation of City Hall. … Sorich was one of three former officials convicted by a federal court jury July 6 in what prosecutors called a scheme to use fraud to cover up the fact that they were loading the city payroll with campaign workers." The AP notes, "U.S. attorney's office spokesman Randall Samborn declined to comment on Sorich's latest grand jury appearance."

Prosecutor Makes Closing Arguments At Gotti Retrial. The New York Times (9/15, Williams, 1.21M) reports, "Closing arguments began yesterday in Federal District Court in the racketeering trial of John A. Gotti, with prosecutors saying that Mr. Gotti's claim that he quit the

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Gambino crime family in 1999 was no more than a scheme to avoid a long prison sentence. … Mr. Gotti's defense is that he retired from the Mafia before mid-July 1999, a time frame that would protect him from prosecution because of the five-year statute of limitations on the racketeering charges." Newsday (9/15, DeStefano) adds that Assistant US Attorney Miriam Rocah said Gotti "spent a lifetime rising to the top of the Gambino crime family and the proof was 'overwhelming' that he reaped millions of dollars through a murderous racketeering conspiracy that pillaged city businesses." She "tried to belittle the withdrawal defense, saying Gotti was deeply involved in some of the crimes. 'Proof of John Gotti Junior's participation in the charged crimes is overwhelming,' said Rocah," recalling that "mob turncoats like Michael DiLeonardo told of how he personally paid millions of dollars to Gotti in construction payoffs."

The AP (9/15, Neumeister) reports, "Rocah dismissed statements Gotti made in prison conversations in which he claimed he had quit the mob and wanted to move to Canada to start a new life. She said it was part of 'a charade contrived by Gotti to get himself off the hook.'" Rocah said that Gotti "was careful not to get too close to most crimes, relying on associates and soldiers to carry them out. … In fact, Rocah said, Gotti operated like the chief executive officer of a corporation, 'raking in millions of dollars in the 1990s.' She added: 'Throughout the 1990s, John Gotti's business was crime, and business was good.'" The New York Post (9/15, Cornell, 608K) also reports on the closing arguments, under the headline "Junior's Retirement 'Charade.'"

Genovese Capo Tied To Indicted Garbage Hauler Pleads Guilty To RICO Charge. In a widely-distributed story, the AP (9/15) reports, "Matthew 'Matty the Horse' Ianniello, an ailing 86-year-old longtime capo in the Genovese crime family who had ties to Danbury garbage kingpin James Galante, pleaded guilty Thursday to a racketeering charge, admitting he helped infiltrate a union and interfere with a federal grand jury probe. … A plea agreement…called for Ianniello to be sentenced to between 1½ and two years in prison. Without the deal, Ianniello would have faced up to 20 years in prison. … He also agreed to forfeit up to $1 million to the government."

Jurors Deadlocked On Death Penalty For Aryan Brotherhood Figures. The AP (9/15, Flaccus) reports, "A federal jury has failed to reach a verdict in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted in July of murder, racketeering and conspiracy, the jurors announced Thursday in a note to the judge. The same jurors convicted Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham in July. … After jurors indicated they were deadlocked, defense attorneys asked U.S. District Judge David O. Carter to declare a mistrial, which would result in Mills and Bingham serving life sentences without parole. Prosecutors asked that the judge consider ordering the jurors to resume deliberations and try to break the deadlock. Carter did not immediately issue a ruling."

Philadelphia Bank Vice President Charged With Embezzlement. The Philadelphia Inquirer (9/15, Shiffman, 399K) reports, "A former vice president of National Penn Bank was charged yesterday with embezzling $6.1 million from bank clients." Edward G. Mawhinney of Sewell "allegedly opened lines of credit under customers' names while working at the Philadelphia branch. He was charged by information instead of grand jury indictment." The Inquirer notes, "In a statement, the bank said: 'We appreciate and look forward to justice prevailing through the courts and applaud the U.S. attorney and the FBI for their diligent work in this matter.'" The Philadelphia Daily News (9/15, Hinkelman, 109K) adds, "Mawhinney stole money from these lines of credit to pay his own debts and buy his home, prosecutors said. He also gave money to benefit third parties without the bank's knowledge or approval. The third parties either got loans that had not been approved by the bank or had delinquent loans paid down or paid off completely."

Former eContent Executive Pleads Guilty To Stock Fraud. The AP (9/8) reported, "The former president of eContent Inc. pleaded guilty" to charges "that he and other officers and directors misused company funds for personal expenses. John P. Sgarlat is the second person to plead guilty in connection with wrongdoing at the company, and the investigation is continuing, said Assistant U.S. Attorney Eric M. Schweiker." Sgarlat "also admitted to several schemes, including one in which he improperly issued stock. Under his plea deal, Sgarlat agreed to pay restitution, in amounts to be determined. He also agreed to forfeit to the government at least $320,000, as well as a vehicle, certain artwork and an autographed Tiger Woods caddie coverall from the 2001 Masters golf tournament. The vehicle, artwork and coverall have all been seized by the FBI."

Sportingbet Chairman Resigns, Free To Return To UK. In a widely-distributed story, the AP (9/15) reports Sportingbet Chairman Peter Dicks, "who was arrested last week after New York customs officials discovered his name on a Louisiana warrant charging him with illegal online gambling, resigned on Thursday, the company said. … Dicks appeared in state Criminal Court in Queens on Thursday, when Judge Gene Lopez adjourned his case until Sept. 28." During the hearing, "Dicks was informed that the governor

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had withdrawn the warrant" from Louisiana seeking extradition, as the Dicks' lawyer had requested Wednesday. "Restrictions on Dicks' $50,000 bail that barred him from leaving New York also were lifted." Defense lawyer Barry Slotnick that "Dicks was now free to travel back to London, where he lives." The AP notes Gov. Pataki's spokeswoman, Jessica Scaperotti, "said the governor's decision was made in consultation with prosecutors in Louisiana and New York." Bloomberg (9/15) also reports on the story.

Former Michigan Prosecutor Goes On Trial For Bribery. The AP (9/15, Karush) reports, "A lawyer for a former chief prosecutor accused of helping a convicted rapist get a new trial in exchange for campaign contributions tried to cast him as an ethical man as his trial began Wednesday. … But prosecutors said Carl Marlinga let his political ambitions interfere with the pursuit of justice." The AP continues, "Marlinga's duty 'was overcome by a desperate need for money - not to line his own pockets, but to fuel his political ambitions,' Assistant U.S. Attorney Robert Cares said in his opening statement to the jury." The AP adds, "Marlinga, the former Macomb County chief prosecutor, is charged with bribery, wire fraud, making false statements to the Federal Election Commission and violating federal campaign finance laws. The charges stem from the 59-year-old's failed 2002 bid for Congress. … If convicted, he could face up to 10 years in prison and a $250,000 fine. … Prosecutors say that Marlinga filed a motion with the Michigan Supreme Court that led to a new trial for Jeffrey Moldowan, who had been convicted in 1991 of kidnapping and raping his ex-girlfriend. Moldowan was acquitted at his new trial after spending more than 10 years behind bars. … They say he also accepted contributions in exchange for helping St. Clair Shores businessman James Hulet, accused of drugging and raping a teenage girl." The AP notes, "Marlinga was not personally involved in the prosecution of Moldowan, which was handled by an assistant prosecutor. But he took an interest after being contacted by Ralph Roberts, a prominent businessman who employed Moldowan's sister, Cares said. … Marlinga filed his motion with the Supreme Court as he was approaching an important fundraising deadline in his congressional campaign. Around the same time, Roberts contributed the maximum $2,000 allowed. Later, Roberts gave another $1,600 in his wife's name, and Marlinga also expected Roberts to host fundraisers for him, Cares said."

Florida Prison Guard Pleads Guilty In Contraband Case. The AP (9/15, Kaczor) reports, "One of five prison guards charged in a sex-for-contraband scandal that ended in a deadly shootout with federal agents pleaded guilty Thursday to conspiracy to commit mail fraud." The AP continues, "Alfred Barnes, 42, of Thomasville, Ga., agreed to cooperate in the prosecution of other defendants. In exchange, the government dropped charges including witness tampering, bribery and mail fraud." The AP adds, "The five men are accused of taking part in an alleged scheme in which guards reportedly paid female inmates for sex with alcohol, food, money and marijuana over a two-year period. The guards also were accused of intimidating inmates and witnesses to ensure their silence. .. . Authorities said prison guard Ralph Hill smuggled a gun into the Tallahassee Federal Correctional Institution on June 21 and opened fire when FBI and Justice Department agents arrived to arrest him and the other defendants. … Hill and Justice Department special agent William 'Buddy' Sentner were killed. A prison employee assisting in the arrests was wounded. None of the surviving guards were charged in connection with the shooting."

US Warns Consumers About "Liberty Dollar" Coins. USA Today (9/15, Hagenbaugh) reports, "The government Thursday warned consumers and businesses that it is illegal to use alternative money known as 'Liberty Dollar' coins, which organizers promote as a competitor to the almighty dollar. … 'We don't want consumers to be fooled,' U.S. Mint spokeswoman Becky Bailey says, noting U.S. Attorneys offices across the USA have noticed a marked increase in inquiries about the coins. … The coins' producers vowed to fight the government's decision." USA continues, "Evansville, Ind.-based National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code, otherwise known as NORFED, has been making the Liberty Dollar coins for eight years and claims $20 million is in circulation. The group says the money, unlike official U.S. cash, has a hedge against inflation because it is made almost entirely of silver and is backed by stocks of silver and gold in a vault in Idaho. … The coins are then spent by the group's 2,500 Liberty Associates in stores run by fellow supporters or are accepted unknowingly by clerks who are unaware they are not receiving real money." USA adds, "The Justice Department has determined that use of Liberty Dollars, which come in varying denominations, 'is a crime,' according to the Mint, which issued a rare public warning Thursday. … 'The United States Mint is the only entity that can produce coins,' Bailey says." USA notes, "The Mint notes the coins share some resemblances to real money, such as the term 'Trust in God' instead of 'In God We Trust' and use of a torch in the design. Such similarities may confuse people into thinking the money is real, the Mint says. … But NORFED says it will challenge the government, arguing it has never claimed Liberty Dollars were official money and that it has a right to offer an alternative."

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Judge Denies Bond For Illinois Man Charged With Producing Child Pornography. The AP (9/15) reports, "A federal judge (in Springfield, IL) denied bond Thursday for a 65-year-old man accused of creating sexual images of children in a photo studio above a hair salon." The AP continues, "Paul Kincaid, who is charged with possessing child pornography and producing it near his home in Litchfield, will remain in the custody of U.S. marshals pending trail, said Sharon Paul, a spokeswoman for the U.S. attorney's office in Springfield. … 'The judge found that he presented a danger to the community,' Paul said." The AP adds, "Prosecutors accuse Kincaid of using a Polaroid camera to create sexual images of minors in a makeshift photo studio above a hair salon near his home. … Kincaid's attorney, Jon Gray Noll, said after the judge's ruling that it's too early to say how his client might eventually plea. … 'We have to see the pretrial discovery, we have to see how the evidence was obtained,' he said. 'I've had a lot tougher cases that we've won.' … Authorities said they seized hundred of images of child pornography, including photo albums, from Kincaid's home, which is located about 50 miles south of Springfield."

Elderly Women Plead Not Guilty In California Hit-And-Run Deaths. The AP (9/15, Glazer) reports, "A pair of elderly women charged with murdering two transient men and illegally collecting millions from their life insurance policies have pleaded not guilty." The AP continues, "Helen Golay, 75, and Hungarian-born Olga Rutterschmidt, 73, each face two counts of murder and two counts of conspiracy to commit murder for financial gain in the deaths of Paul Vados, 73, a Hungarian native, in November 1999, and Kenneth McDavid, 51, in June 2005. The women are being held without bail as long as prosecutors consider a death sentence for them." The AP adds, "Authorities alleged that Golay and Rutterschmidt befriended the two transients, convinced the men to sign them on to their life insurance policies and then collected some $2.3 million after running them over in secluded alleys. … Superior Court Commissioner James Bianco on Wednesday denied Golay's request to be allowed to have mascara and tweezers to pluck her eyebrows, to wear her own clothes and to be awakened no earlier than 7 a.m. on court days. … Rutterschmidt's attorney, Michael Sklar, challenged the legality of conspiracy charges against her, but Bianco ruled that the charges could stand. Sklar also said he had not yet received evidence from the state."

Karr To Fight Child Pornography Charges In California. USA Today (9/15, Ritter) reports from Los Angeles, "John Mark Karr, briefly a suspect in JonBenét Ramsey's murder, was back in court here Thursday for the first time since he jumped bail five years ago to avoid child pornography charges." USA continues, "Karr's chief lawyer, Robert Amparan, said the 41-year-old former teacher will fight the misdemeanor charges and has no plans to cut a deal with prosecutors involving a guilty plea in exchange for a sentence of time served and probation." USA adds, "Karr, unshackled in a blue jailhouse jumpsuit, sat passively as lawyers debated whether cameras should be allowed at his trial on five counts of possessing pornography, brought when investigators allegedly found illicit images on his computer. … Defense lawyer Gayle Gutekunst argued that a simple misdemeanor case had 'exploded into a media event' that could make it hard to find impartial jurors. … 'The court can put the skids on this and help return the case to what it was in 2001,' Gutekunst said." USA notes, "Judge Cerena Wong rejected TV cameras but said she'd permit one still photography camera. Wong said Karr's trial would begin Oct. 2 but scheduled a hearing to resolve a dispute over whether prosecutors can seek a delay. Karr will get a bail hearing Tuesday. … Authorities here regained custody of Karr this week after the Boulder, Colo., district attorney said Karr no longer was a suspect in Ramsey's December 1996 death because DNA tests failed to put him at the crime scene."

CIVIL RIGHTS:

DOJ Closes Probe Of Maryland Teen's Death. The AP (9/15) reports, "The Justice Department has ended an investigation into the death of a black teenager at a party in Anne Arundel County." The AP continues, "Seventeen-year-old Noah Jamahl Jones was killed in the summer of 2004 in an altercation that involved six white men in Pasadena." The AP adds, "The Justice Department began its investigation after allegations were made that Jones' death might have resulted from a racially motivated attack. But it said Thursday that there is insufficient evidence to pursue criminal civil rights charges. … One of the men was acquitted in state court last year of voluntary manslaughter."

Missouri Judge Strikes Down New Voter ID Law. The New York Times/AP (9/15, Press) reports a Missouri judge "struck down the state's new voter identification law as an unconstitutional infringement on the right to vote. The law required voters to show a federal or Missouri-issued photo ID at the polls." Judge Richard Callahan "of Cole County Circuit Court, said that was an unconstitutional burden on voters because the paperwork required to get those ID's was not free."

The AP (9/15, Wiese) reports Gov. Matt Blunt, "a Republican who backed the law, decried the decision. 'This is a constitutionally sound law that will help improve Missourians' confidence in the elections process and help

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combat those who attempt to manipulate the system,' he said in a written statement."

Newdow Sues Web Commentator For Defamation. The California Recorder (9/15, Mckee) reports, "Sacramento, Calif., atheist Michael Newdow took plenty of grief from conservative commentators two years ago when he tried unsuccessfully to get the words 'under God' taken out of the Pledge of Allegiance. … But being called a liar in an online column was more than he could stand -- and a Northern California minister could pay the price." The Recorder continues, "This Monday, Newdow -- who's both a lawyer and an emergency room physician -- is scheduled to appear in San Francisco's 1st District Court of Appeal to argue that his libel suit against the Rev. Austin Miles should be allowed to proceed. … Newdow claims that Miles -- a self-described 'interdenominational chaplain' who writes conservative columns posted on the Internet -- defamed him by accusing him of committing perjury before the 9th U.S. Circuit Court of Appeals during the pledge case. Specifically, Newdow claims Miles accused him, in posts on two news service sites, of telling the court his young daughter suffered emotional distress as the result of being forced to recite the pledge in her classroom. Newdow insists he never said that. … Instead, he says, he only argued that children, including his daughter, are unduly influenced when a state-run school leads them in a ritual proclaiming the existence of God. … 'Had Miles done as any reasonable person would have done -- i.e., simply read the 9th Circuit's panel decision before writing his article,' Newdow wrote in court papers, 'he would have quickly appreciated that his "view" ... was 100 percent wrong.'" The Recorder notes, "The 9th Circuit in 2002 agreed with Newdow's claim that the pledge, as recited in public schools, violated the First Amendment's establishment clause. But two years later, the U.S. Supreme Court tossed Newdow's suit, voting 5-3 that he didn't have standing to bring it in the first place. … Since then, Newdow has pursued the merits of his arguments by representing an unnamed 'Roe' client in challenging the pledge again. That case is now pending before the 9th Circuit, as is a separate case of Newdow's challenging the inclusion of the words 'In God We Trust' on American money. … In his case against Miles, Newdow won a $1 million default judgment in Superior Court in June 2004 after Miles failed to respond to the initial complaint. That judgment was later set aside, though, after the trial court found that Miles, through no fault of his own, had no actual notice of the suit."

Navy Court Finds Chaplain Guilty Of Disobeying An Order. The Washington Post (9/15, A3, Cooperman, 748K) reports a Navy court found Protestant chaplain Lt. Gordon Klingenschmitt guilty of "disobeying an order by appearing in uniform at a political protest in front of the White House in March," and will reprimand him and dock his pay. Klingenschmitt, who "has been a vocal critic of the Navy's policies on prayer in ceremonial settings," said he "intends to 'appeal by all means possible all the way to the Supreme Court.'"

The AP (9/15, Barisic) reports, "Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic Region, must decide whether to approve the recommendation. … The jury of five officers at Klingenschmitt's special court-martial determined Wednesday that he had disobeyed a superior officer's order prohibiting him from wearing his uniform during media appearances without prior permission." The AP notes, "The charge centered on a March 30 news conference protesting a Navy policy that requires nondenominational prayers outside of religious services. … Klingenschmitt had argued that he was allowed to wear his uniform if conducting a 'bona fide worship service.' He said he believes he was punished for making a political speech in uniform because he prayed in Jesus' name."

Religious Conservatives Say Gay Marriage Debate Prompts Attacks On Religion. The AP (9/15, Kuhnhenn) reports conservative religious leaders, "sensing declining alarm over same-sex marriage, are warning that the debate over homosexuality has prompted attacks on religious freedom." By "expanding the discussion from marriage to religious expression, social conservatives say they will reconnect with religious voters and religious leaders who don't necessarily view same-sex unions as a threat." Tony Perkins of the Family Research Council said, "There are a number of pastors that said, 'Look, we don't get involved in politics, I'm not going to get involved in this issue, I just want to preach the gospel.' When they realize their ability to preach the gospel may very well be at stake, they may reconsider their involvement." The AP adds Perkins "and others are building a case file of anecdotes where they say religious people have spoken out against gay marriage only to be punished."

ANTITRUST:

Exelon, PSEG Abandon Merger Plans Over New Jersey Problems. The Wall Street Journal (9/15, Smith) reports, "Prospects for big utility mergers dimmed with Exelon Corp.'s announcement yesterday that it has abandoned its acquisition of Public Service Enterprise Group Inc., a deal valued at about $17.7 billion that would have created the nation's largest utility company by serving 18 million people." The Journal continues, "Exelon blamed its decision, which was expected, on 'insurmountable' obstacles, chiefly rate concessions and power-plant divestitures sought

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by public officials and consumer advocates in New Jersey, where PSEG is based. Exelon, of Chicago, spent more than $100 million pursuing PSEG in a deal announced in December 2004." The Journal adds, "The longer the approval process became, the more costly the transaction was for Exelon shareholders. What started out as a $12 billion deal became a $17.7 billion transaction as Exelon's stock price appreciated. … Many industry economists say such combinations can make companies more skillful operators and reduce geographic risk caused by weather. New Jersey officials feared the loss of local oversight. Exelon sought to allay fears by promising to keep PSEG's headquarters in Newark, N.J."

Market Watch (9/15, Dalton) reports, "A driving force behind the merger was the hope that Exelon, a highly regarded operator of nuclear power plants, could improve the performance of PSEG's two troubled nuclear plants, Hope Creek and Salem. The plants have improved dramatically since Exelon began operating them following the announcement of the merger in December 2004. Some investors have been concerned that the plants' performance might regress if the deal fell apart." Market Watch adds, "The U.S. Federal Energy Regulatory Commission, the U.S. Justice Department, and Illinois and Pennsylvania regulators had approved the merger. But New Jersey consumer advocates and large industrial firms raised concerns that the combined company would own so many power plants in the state that it could effectively corner the electricity market and raise prices without fear of competition."

Bloomberg (9/15, Polson, Lonkevich) reports, "The companies had offered to sell power plants and place output from nuclear plants under long-term contracts to win approval from the U.S. Department of Justice and the Federal Energy Regulatory Commission. … New Jersey 'apparently feels that the commitments we had to make to FERC and DOJ, those divestiture obligations, were not enough,' Public Service Enterprise Group Chief Executive E. James Ferland said in an interview today. 'We don't agree with that.' … The regulators demanded further plant divestitures and constraints on sales from generators the companies would keep, he said."

Barnett Critical Of EU Action Against Apple. The IDG News Service (9/15, Gohring) reports, "A U.S. Department of Justice official has joined the debate surrounding Apple Computer's proprietary digital music technology by criticizing European antitrust activities, but groups attacking Apple are defending their actions." IDG continues, "Speaking in Washington, D.C., on Wednesday, Thomas Barnett, assistant attorney general at the DOJ's antitrust division, warned that forcing companies to reveal their intellectual property stifles innovation. He used Apple as an example, in a nod to growing discontent in Europe regarding the way that music purchased from iTunes is tied to the iPod." IDG adds, "Architects of complaints against Apple in Europe say he's got it wrong. 'We're not attacking intellectual property rights but saying they should be implemented in a way which doesn't dictate which player you use,' said Torgeir Waterhouse, a senior advisor with the Norwegian Consumer Council. … His organization filed a complaint to Norway's consumer representative, or ombudsman, arguing that it's illegal for Apple to limit iTunes customers to playing music from the store exclusively on iPods. Along with similar representatives in Denmark and Sweden, the Norwegian ombudsman asked Apple to defend its policy. In a written reply, Apple said it won't budge on the issue but the company plans to meet representatives from the countries later this month to further discuss the issue. If Apple won't open up, the ombudsman will take the company to court." IDG notes, "Barnett's criticisms of European antitrust policy, including comments that the policy is aimed at helping competitors instead of consumers, are generally in line with comments from U.S. officials since the Bush administration came to power, said Scott Megregian, a partner and head of the European competition group in the law firm McDermott Will & Emery UK."

Rent-A-Center Gets Antitrust Nod To Acquire Rent-Way. The AP (9/15) reports, "Rent-A-Center Inc., the largest U.S. furniture rental chain, and Rent-Way Inc., a rent-to-own chain operator, said Thursday that Rent-A-Center's planned acquisition of Rent-Way has gotten government antitrust clearance." The AP continues, "The waiting period for the deal, required under the Hart-Scott-Rodino Antitrust improvement Act of 1976, expired Sept. 13. … The acquisition is expected to be completed in the fourth quarter." The AP adds, "Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa., in a deal announced in August. … The acquisition marks an end to Rent-Way's six-year turnaround after a scandal. … Rent-Way, founded in 1981, was rocked by an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s. … A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004."

Texas Lawmakers Plot Legislative Strategy For Airfield Pact. The Dallas Morning News (9/15, Reddy) reports, "Facing a delicate negotiation over their Wright bill, Texas lawmakers said Thursday that they were moving ahead to get the North Texas compromise through the full House as early as next week." The News continues, "Some

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indicated they were unwilling to accept a revision to the House bill removing antitrust immunity as the final word for the legislation to lift flight restrictions at Dallas Love Field. … 'It's just a bump in the road,' said Rep. Kay Granger, R-Fort Worth." The News adds, "Getting the Wright bill passed in time depends largely on how successful members are in quickly reconciling competing versions of the legislation that have passed two House committees. … House members have only nine more voting days before they're scheduled to return home to campaign for the November elections. … Lawmakers also must find a way to steer the legislation through obstacles in the Senate. … 'We're trying every creative way to get to the goal of preserving the balance of the agreement, protecting the interests of all the parties and getting it through the Congress,' said Sen. Kay Bailey Hutchison, R-Texas, who is leading the effort in the upper chamber." The News notes, "The House Judiciary Committee on Wednesday removed an antitrust exemption sought by Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport in the legislation to lift the 1979 Wright law. … The five parties fear a long court battle, if the deal isn't given protections by Congress. … The bill would implement a June agreement by the five North Texas parties to lift limits on long-haul flights at Love in 2014. It would allow immediate one-stop flights across the U.S., as long as passengers first stopped in one of the nine states in the Wright perimeter."

FCC Accused Of Ordering Destruction Of Media Ownership Study. The AP (9/15, Dunbar) reports, "The Federal Communications Commission ordered its staff to destroy all copies of a draft study that suggested greater concentration of media ownership would hurt local TV news coverage, a former lawyer at the agency says. The report, written in 2004, came to light during the Senate confirmation hearing for FCC Chairman Kevin Martin." Sen. Barbara Boxer "received a copy of the report 'indirectly from someone within the FCC who believed the information should be made public,' according to Boxer spokeswoman Natalie Ravitz." Adam Candeub, now a law professor at Michigan State University, "said senior managers at the agency ordered that 'every last piece' of the report be destroyed. 'The whole project was just stopped -- end of discussion,' he said."

EU To Probe Microsoft Office. The AP (9/15) reports, "The European Union's antitrust commission plans to investigate complaints regarding Microsoft Office, said EU Competition Commissioner Neelie Kroes Thursday." The AP continues, "Kroes, speaking at the Fordham Annual Conference on International Antitrust Law & Policy, did not elaborate on the investigation. … Microsoft Corp. has said its Office 2007 software will not include a way to save data in the popular Portable Document Format. Microsoft claimed it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the ability to save Office documents in either the popular Portable Document Format or Microsoft's new, competing XPS format." The AP adds, "The EU has a long-running antitrust action against Microsoft, which dates to a 2004 EU antitrust ruling that came with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July. … Kroes said the Commission's actions on Microsoft 'will result in benefits in terms of industrial competitiveness and will result in more innovation and lower prices for consumers.' … European Union officials warned Microsoft on Tuesday not to shut out rivals in the security software market as the company plans to launch its Windows Vista operating system with built-in protection from hackers and malicious programs."

EU Eyes US-Style Private Damage Suits. Dow Jones (9/15) reports, "European Union antitrust chief Neelie Kroes said Thursday that she plans to devise a way to encourage private damage suits by early next year." Dow Jones continues, "Speaking at the Council of Foreign Relations in New York, Kroes said the U.S. 'has traveled much further down this road than we have in Europe' and that the E.U. needed to catch up. 'Watch this space because we'll try to draw some conclusions from the debate early next year,' she said." Dow Jones adds, "Kroes has long said private action, including lawsuits, can increase competition without adding to regulators' workload. … The European antitrust chief said regulators were now considering how to draft regulations that would 'make sure that private cases are actually brought to court, in other words, that the benefits of bringing proceedings outweigh the costs.' She also said any new regulation must ensure 'that our public and private enforcement systems are complementary.'" Dow Jones notes, "Kroes said regulators on both sides of the Atlantic were working well together to crack down on cartels. … She said she had created a dedicated cartel-busting office with 60 officials, with powers to levy increased fines, and had implemented a U.S.-style 'carrot and stick approach' by letting informers escape fines."

GE Sells Unit To Apollo For $3.8 Billion. The Financial Times (9/15, Guerrera) reports, "General Electric has sold its low-margin materials unit to the private equity firm Apollo Management for $3.8bn in cash and shares. It marks the latest attempt by the conglomerate to focus on high-growth businesses and revive its share price." The Times adds, "The deal – announced on Thursday – is part of GE's strategy of exiting low-growth markets and underlines the appetite of buy-out groups for industrial businesses that require substantial investment and restructuring."

The Wall Street Journal (9/15, Kranhold) reports, "GE also has been weighing the future of its plastics business,

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where former Chairman Jack Welch cut his teeth and where Mr. Immelt once worked, according to people familiar with the matter. It isn't clear whether GE is considering selling the unit, which generates annual sales of $6.6 billion." The Journal adds, "The unit it agreed to sell yesterday makes silicone used in adhesives and sealants and quartz used in semiconductor manufacturing and in tubing for fiber-optics and lamps. The unit, with annual sales of roughly $2.5 billion and 5,000 employees, has its headquarters in Wilton, Conn. GE doesn't disclose its earnings. … GE, Fairfield, Conn., said it would retain a 10% stake in the operation, which it called its advanced-materials group. It will also hold $400 million in debt obligations that yield interest payments."

Iamgold To Purchase Cambior For $1.2 Billion. The Wall Street Journal (9/15) reports, "Iamgold Corp. has agreed to acquire Cambior Inc. for US$1.2 billion in stock, a premium of nearly a third to Cambior's market capitalization." The Journal continues, "The companies said the new Iamgold will be the 10th largest publicly traded primary gold producer in the world, with 1.1 million ounces of gold production annually, reserves totaling 9.7 million ounces and a market capitalization of US$3 billion." The Journal adds, "Under the transaction, shareholders of Cambior will receive 0.42 of an Iamgold share for each share held, worth about C$4.83, a 31% premium to Cambior's shares at Wednesday's close in Toronto. Cambior's U.S.-listed shares jumped 24% in premarket trading Thursday on Inet. Iamgold's shares were unchanged."

ENVIRONMENT/INDIAN AFFAIRS:

California Seen As Taking Risk With Global Warming Plan. The New York Times (9/15, Barringer, 1.21M) reports that in "the Rocky Mountain States and the fast-growing desert Southwest, more than 20 power plants, designed to burn coal that is plentiful and cheap, are on the drawing boards. Much of the power, their owners expected, would be destined for the people of California." But California "has just delivered a new message to these energy suppliers: If you cannot produce power with the lowest possible emissions of these greenhouse gases, we are not interested." California's decision to "impose stringent demands on suppliers even outside its borders, broadened by the Legislature on Aug. 31 and awaiting the governor's signature, is but one example of the state's wide-ranging effort to remake its energy future." The Democratic-controlled legislature "and the Republican governor also agreed at that time on legislation to reduce industrial carbon dioxide emissions by 25 percent by 2020, a measure that affects not only power plants but also other large producers of carbon dioxide, including oil refineries and cement plants." The state's aim "is to reduce emissions of climate-changing gases produced by burning coal, oil and gas. Other states, particularly New York, are moving in some of the same directions, but no state is moving as aggressively on as many fronts. No state has been at it longer. No state is putting more at risk."

DOE Seeks To Eliminate Funding For Hydropower, Geothermal Research. The Christian Science Monitor (9/15, Clayton, 58K) reports the "Department of Energy (DOE) is quitting the hydropower and geothermal power research business - if Congress will let it." The "Bush administration in its FY 2007 budget request eliminates hydropower and geothermal research, venerable programs with roots in the energy crises of the 1970s. 'What we do well is research and funding of new, novel technologies,' says Craig Stevens, chief spokesman for the DOE. 'From a policy perspective, geothermal and hydro are mature technologies. We believe the market can take the lead on this at this point.'" However, "'zeroing out' such research could end up being a penny-wise, pound-foolish move, some energy advocates say. Any savings from the cuts would be nil since all of the nearly $24 million ($1 million from hydropower and $23 million from geothermal) research funding would go to other programs such as biofuels."

Interior Department Near Royalties Agreement With Shell, BP-Amoco. The New York Times (9/15, Andrews, 1.21M) reports, "The Interior Department, struggling to prevent the government from losing billions of dollars in royalties for oil and gas produced in publicly owned waters, said Thursday that it was close to agreement with 2 of the 56 companies that hold lucrative drilling leases in the Gulf of Mexico. The two companies, Royal Dutch Shell and BP-Amoco, are among the biggest producers along the outer continental shelf." Ten companies, including Chevron and Exxon, have begun negotiations over their contracts. However, "even as Republican and Democratic lawmakers expressed outrage that the government could lose more than $10 billion over the next decade, the Bush administration said it flatly opposed House bills that would pressure oil companies into renegotiating flawed leases that the government signed in the late 1990's. The 56 companies hold leases that allow them to extract billions of dollars in oil and gas from the Gulf of Mexico without paying any royalties, regardless of how high energy prices or the industry's profits might climb."

Arizona Border Tribe Gets Squeezed By Illegal Immigration, Crackdown. The Washington Post (9/15, A1, Pomfret, 748K) reports as the United States "ramps up its law enforcement presence on the border with

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Mexico, places like Alir Jegk, a village of 50 families in south-central Arizona, are enduring heightened danger, as they are squeezed between increasingly aggressive bands of immigrant and drug smugglers and increasingly numerous federal agents who, critics say, often ignore regulations as they seek to enforce the law." Alir Jegk's experience "is complicated by the fact that it is on the second-biggest Indian reservation in the United States, belonging to the Tohono O'odham, or Desert People, who hunted deer and boar and harvested wild spinach and prickly pear in this region before an international border was etched through their land in 1853. Now, the Tohono O'odham Nation occupies the front line of the fight against drug and immigrant smuggling -- costing the poverty-stricken tribe millions of dollars a year and threatening what remains of its traditions." About "11,000 Tohono O'odham live on a 2.8 million-acre reservation, the size of Connecticut, with a 75-mile-long border with Mexico."

FBI/DEA/ATF/USMS:

US Charges Four In New York Drug Conspiracy. The AP (9/15) reports, "A federal grand jury (in Binghamton, NY) on Thursday indicted one man on a murder charge and three others for racketeering and narcotics conspiracy." The AP continues, "The men were part of a drug-trafficking ring that operated in the Ithaca area, New York City, Pennsylvania and North Carolina, said U.S. Attorney Glenn Suddaby." The AP adds, "Guillermo Payano, 30, of Ithaca, was charged with the murder of Alexander Miller, 24. … Miller was discovered in May 2000 on a partially overgrown service road leading into Buttermilk Falls State Park. He had been shot in the head. … Benoni Bryant, 29, Darnell Shepherd, 29, and Pablo Lopez, 25, all of Ithaca, were charged with conspiracy and racketeering. … Payano, Bryant and Shepherd are in custody. Lopez is still at large. … The U.S. Justice Department has not yet determined whether it will seek the death penalty for Payano, Suddaby said."

Suspects In Massive Drug Ring Appear In Court. The AP (9/15, McCall) reports, "Five of the dozen suspects in what federal prosecutors say is a $20 million international drug ring started by high school friends made their initial appearance in court Thursday in the first step toward an expected trial in Idaho." The fiver "were among the 11 men arrested Wednesday by federal agents in Oregon, Washington, Idaho and Colorado. One man, from California, remained a fugitive." U.S. Magistrate Janice Stewart "delayed reading of the charges in the 196-page indictment until attorneys could be appointed or retained for the five men." When the requested lawyers, she "warned them they would have to reimburse the government if it was determined they could afford their own attorneys, rather than having a defender appointed by the court."

DEA Raid Nets 23 Arrests For Cocaine Dealing In Chicago. The Chicago Tribune (9/15, Yang) reports, "Police today announced charges against 23 people after raiding a suspected drug house on Chicago's South Side Wednesday morning," and "Undercover officers from the Chicago Police Department and members of the U.S. Drug Enforcement Administration worked on their investigation, dubbed 'Operation Sith,' for 2 ½ months before raiding the home." According to authorities, "the suspects are all members of the Gangster Disciples street gang and they pedaled small packages of crack cocaine worth $5 each, earning $10,000 to $15,000 a day in drug sales," although "the DEA is currently analyzing the drugs confiscated during the raid, and has not yet estimated their total worth."

US Takes Up Case Of Iowa Abortion Clinic Crash. The Quad-City (IA) Times (9/15, Baker) reports, "Federal officials decided late Wednesday to take up the case against David Robert McMenemy, the Michigan man who is accused of crashing his car into a Davenport medical center Monday because he thought it was an abortion clinic." The Times continues, "The case will be pursued through the U.S. Attorney's office for the Southern District of Iowa, Davenport, and the Rock Island office of the federal Bureau of Alcohol, Tobacco and Firearms, or ATF." The Times adds, "Police say McMenemy, 45, came to Davenport from the suburbs of Detroit, and drove his compact car into the Edgerton Women's Health Center, 1510 E. Rusholme St., early Monday morning. … The facility was founded in 1972 to provide prenatal care and medical services to low-income and underprivileged women. It does not perform abortions, nor does it make abortion referrals, Center President Tom Fedje said." The Times notes, "After the car came to rest in the lobby area, Davenport police said McMenemy exited the vehicle and scattered gasoline over the car's interior before lighting it. He left the building and surrendered to Davenport firefighters, Fire Marshal Mike Hayman said. … Federal charges are appropriate in the case because McMenemy traveled across three states to commit the act of violence, Scott County Attorney Bill Davis said."

Celebrity Bounty Hunter Arrested In Hawaii. The AP (9/15, Niesse) reports, "TV reality star Duane 'Dog' Chapman and two co-stars on his show were arrested Thursday in Hawaii on charges of illegal detention and conspiracy in the bounty hunters' capture three years ago of a cosmetics company heir." The AP continues, "Chapman, son Leland Chapman and associate Timothy Chapman -- who is not related to the other Chapmans -- were taken into custody and did not resist arrest, said Mark Hanohano, U.S.

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Marshal for the district of Hawaii. 'It went down without incident,' Hanohano said." The AP adds, "Mona K. Wood, a publicist for the star of the popular cable series Dog The Bounty Hunter, said Chapman would be vindicated. 'He arrests the bad guys -- and he is definitely not one of them,' she said." The AP notes, "The charges stem from Chapman's capture of Max Factor heir Andrew Luster on June 18, 2003, in Puerto Vallarta, Mexico, said Marshals spokeswoman Nikki Credic in Washington. … Chapman's capture of Luster, who had fled the country while on trial on charges he raped three women, catapulted the 53-year-old bounty hunter to fame and led to the reality series on A&E."

The New York Times (9/15, Carr) reports, "In a twist that will not be lost on fans of Mr. Chapman's program, 'Dog the Bounty Hunter,' on the A&E cable network, Mexico is seeking to extradite him for posting bail and then failing to appear to answer criminal charges in July 2003. … His wife, Beth Chapman, also a star in the series, said Mr. Chapman left Mexico on the advice of his lawyers, who feared for his safety in the Mexican prison system."

IMMIGRATION:

Employers Concerned About Hiring Practices After Immigration Raids. The Miami Daily Business Review (9/15, Riddick) reports, "Federal immigration officials recently arrested 55 undocumented workers in a raid in Tallahassee. The workers from Mexico, Honduras and Guatemala, were employed by General Building Maintenance, which had a contract to clean state government buildings. They face deportation." The Review continues, "Federal officials declined to say how U.S. Immigration and Customs Enforcement (ICE) found out about the illegal immigrants, or whether any company executives would face criminal charges." The Review adds, "Some South Florida labor and employment lawyers warn that such federal raids signal that companies here must take serious steps to ensure that they are not employing undocumented workers -- either directly or through subcontractors. That could have a major impact on Florida's economy, which quietly has depended on illegal workers. … Many employers in the state's large agricultural, tourism and construction industries are nervous. And so are immigrant workers." The Review notes, "Congress has hit an impasse in its debate over whether and how to crack down on illegal immigration. But ICE and its parent agency, the U.S. Department of Homeland Security, have decided not to wait for new legislation. Relying on existing law, ICE has engaged in high-profile raids of worksites employing undocumented workers."

Two Polish Nationals Plead Guilty To "Leasing" Illegal Workers. The AP (9/15) reports, "Two Polish nationals have pleaded guilty to leasing out illegal immigrants from eastern Europe to work on U.S. farms, dairies and factories, prosecutors said. A third was sentenced to prison a year after pleading guilty to similar federal charges." The AP continues, "Jaroslaw Sawczuk, 39, and Jozef Bronislaw Bogacki, 43, pleaded guilty Wednesday before U.S. District Judge Kenneth Marra to federal charges of fraud and conspiracy to transport, house and otherwise encourage illegal immigrants to remain in the United States." The AP adds, "Pavel Preus, 39, pleaded guilty to similar charges in September 2005. Marra sentenced him to 37 months in prison, followed by three years of supervised release. Preus was also ordered to pay $950,000 for unpaid payroll taxes. … Sentencing for Bogacki and Sawczuk was scheduled Dec. 15. Both face a maximum of 20 years in prison and fines up to $500,000. The U.S. government is also seeking the forfeiture of Bogacki's assets. … The three men were arrested in April 2005. Three citizens of the Slovak Republic also named in the original 26-count indictment are believed to be overseas, prosecutors said."

House Votes To Build New Fencing Along Mexican Border. CNN's The Situation Room (9/14, Blitzer) reported, "House Republicans voted 283-138 to build new fencing along the border with Mexico. The House approved that provision last year as well, but just weeks before congressional elections, Republican members are eager to show they're tough on border security."

The New York Times (9/15, Lipton, 1.21M) says "the fence proposal represents a last-minute push by Republicans for at least part of their border security agenda. … More than 60 Democrats joined with Republican House members" to vote for it," but "other Democrats in the House and Senate ridiculed it, saying that the fence alone would not solve the border problem and that the bill did not provide the more that $2 billion that it would cost to build." Republican leaders "are hoping to insert language into the larger budget bill for domestic security that is in a conference committee to address chemical plant security, FEMA restructuring and, perhaps, additional provisions."

The Washington Times (9/15, Hurt, 88K) reports, "When the House last year approved its border-security legislation, it included almost exactly the same fencing. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants." But "by yesterday, more than 20 Democrats had switched their position to support the border fence -- including several who face tough elections this fall. Rep. Harold E. Ford Jr., the Tennessee Democrat who is running for the Senate, said, 'For the country to be secure, we have to have control over who gets in and who's allowed to stay.'"

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The AP (9/15, Gamboa) reports, "Supporters of the new House bill said the new fencing would let Border Patrol agents focus more on apprehending illegal immigrants crossing from Mexico rather than having to man the entire border." The bill passed yesterday "doesn't pay for the fence. Republicans, estimating the cost at more than $2 billion, said that will be covered in a later spending bill." Democrats "estimated the fence would cost $7 billion, based on information from the Department of Homeland Security on costs per mile of a double-layer fence." The bill also "directs the Homeland Security Department to take control of the border in 18 months and gives border agents new authority to stop fleeing vehicles. It also calls for a study of the need for a fence on the US-Canadian border."

The Los Angeles Times (9/15, Gaouette, 918K) reports the vote "demonstrated that even as Capitol Hill remained deadlocked over what to do about the millions of illegal immigrants already in this country, bipartisan support existed for significantly toughening border security, especially as the November election neared." The Wall Street Journal (9/15, Rogers, 2.03M) says "the leadership's primary concern" yesterday was "to try to help its vulnerable members shore up support among conservatives ahead of the Nov. 7 elections."

McClatchy (9/15, Montgomery) notes House leaders "have refused to consider a comprehensive Senate-passed bill that would put millions of illegal immigrants on a path toward permanent legal status and US citizenship. The measure also includes a version of the president's guest-worker plan, as well as stiffer border-enforcement measures." President Bush, "who met Thursday morning on Capitol Hill with Republican House members, this week renewed his call for a comprehensive overhaul of the nation's immigration laws. His administration has embraced limited fencing as a partial solution to strengthening the border, but not to the extent proposed by the House."

Critics Said To Be Making Incorrect Claims About Cost Of Senate Bill. Robert Greenstein, executive director of the Center on Budget and Policy Priorities, and James Horney, senior fellow at the center and former chief of the budget projections unit at the Congressional Budget Office, write in the Washington Post (9/15, A19, 748K), "Would offering undocumented immigrants a path to legalization bust the federal budget? Critics of the Senate immigration bill, which seeks to crack down on illegal immigration while giving many currently undocumented workers a chance to work legally in this country, tout a Congressional Budget Office study that they say shows the bill would cost a whopping $126 billion over 10 years. A fair reading of that study, however, suggests that the bill's actual impact on the deficit would be close to zero and that it could even be beneficial. … So how did critics of the Senate bill arrive at the sensational $126 billion figure, which appears nowhere in the CBO report? First, they counted all of the bill's spending increases while ignoring all of its increases in revenue. … They also incorrectly assumed that the Senate bill requires $78 billion in added discretionary spending." Greeinsyein and Horney conclude, "As Congress searches for agreement on immigration legislation, mistaken claims that the Senate bill would bust the budget only make this already difficult job harder."

Immigration Creating "Mini-Melting Pot" In Utah. USA Today (9/15, El Nasser, 2.27M) reports that as immigration "sweeps through Utah, traditionally one of the least diverse and most conservative states in the nation, its impact is particularly dramatic. About 98% white until 1970, Utah is becoming a mini-melting pot." While conservative Republicans in the House "are pushing to tighten borders and make illegal immigrants felons, factors unique to Utah are attracting Hispanics to this reddest of red states. Among them: the Mormon Church's philosophy of outreach and its embrace of large families." These influences "have helped give the state a reputation of being warm and welcoming to immigrants. Utah allows the undocumented to drive legally with a "driving privilege card." They can attend public colleges and universities and pay in-state tuition. Minorities — mostly Hispanics — make up 16.5% of the population, up from 8.8% in 1990. They could reach 20% by 2010."

TAX:

IRS Revokes Anti-Abortion Group's Tax Exemption. The New York Times (9/15, Strom, 1.21M) reports the Internal Revenue Service "this week revoked the tax exemption of an anti-abortion group, Operation Rescue West, after receiving a complaint that it had violated prohibitions on electioneering by nonprofits in 2004." The group had "promised tax deductions for contributions to help defeat the Democratic presidential candidate, Senator John Kerry. The organization said the agency's ruling would have little impact on its operations."

GOP May Add Estate Tax Cut To Government Funding Resolution. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning."

CONGRESS-ADMINISTRATION:

SCOTUS To Provide Same-Day Transcripts Online. The Legal Times (9/15, Mauro) reports, "Starting in October you won't have to be inside the marble chamber of

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the Supreme Court to gain a same-day understanding of the thrust and parry of a particular oral argument." The Times continues, "The Court announced Thursday that it will be posting on its Web site the transcripts of oral arguments on the same day they occur -- far faster than the previous practice of releasing them up to two weeks afterward. … The announcement may seem like a small step that falls well short of opening the Court to television or radio broadcasting. But at an institution that still hands out quill pens to lawyers who argue before it, the change is significant. And access advocates hope it signals a new climate of openness under new Chief Justice John Roberts Jr. " The Times adds, "Roberts' predecessor, the late William Rehnquist, experimented with same-day release of the audio of oral arguments to accommodate the public interest in the Florida presidential election cases of 2000. Similar releases have occurred sporadically ever since, and all the justices who have spoken publicly about the practice have said they approve. … But oral-argument transcripts have posed different issues, including the Court's relationship with the Alderson Reporting Co., which has long provided transcripts to the Court for free -- but at a more leisurely pace, usually a week or more after the argument. For a fee, Alderson would also provide transcripts late in the same day or overnight to interested lawyers and other parties, including the press. Alderson officials on Thursday declined to comment on the new arrangement and how it may affect the company's sales of Court transcripts to private parties."

The Washington Post (9/15, A8, Lane) reports, "There is no sign that the court is about to yield to calls for live television coverage, which the justices have steadfastly refused. But, in the quiet, tradition-bound world of the Supreme Court, yesterday's decision was almost revolutionary, court analysts said. … 'It's a tremendous opening to the outside world,' said Richard Lazarus, a professor of law at Georgetown University and co-director of the school's Supreme Court Institute." The Post adds, "Coupled with another recent innovation, the identification in the transcripts of which justice is asking a particular question, the court's new policy 'creates the potential for more intelligent speculation by more people than just those who were in the courtroom about how a particular case is going to come out,' Lazarus said."

House Changes Rules To Curtail Anonymous Earmarking. The AP (9/15, Abrams) reports, "The House changed its rules Thursday to require lawmakers to identify the special projects they slip into legislation, a modest step toward restoring the reputation of Congress in a year of ethical lapses and scandals involving relations with lobbyists." The change, "in effect only through year's end, is aimed at curtailing a practice whereby lawmakers anonymously insert 'earmarks' -- narrowly tailored spending that often helps a specific company or project in their district -- into bills." President Bush "said in a statement the bill make sure 'lawmakers and the public are better informed before Congress votes to spend the taxpayers' money.'" Democrats "disparaged the measure, citing the failure of the Republican-led Congress to pass more comprehensive legislation to clean up lawmaker relations with lobbyists." The New York Times (9/15, Kirkpatrick, 1.21M) notes "the resolution passed 245 to 171, with 24 Republicans and 147 Democrats voting against it."

The Washington Post (9/15, A1, Birnbaum, 748K) reports, "The rule change shelves a wider ethics bill…at least until next year. … 'This bill represents the death of lobby reform,' said Rep. David R. Obey (D-Wis.), a former chairman of the House Appropriations Committee." The Senate "is working on its own change in earmarks rules, which its leaders also hope to approve in lieu of broad ethics legislation this year, top staffers said. The staffers added that subjecting earmarks to more sunshine will allow lawmakers to tell their constituents that they addressed their ethics concerns even though the broad overhaul bill failed."

The Washington Times (9/15, Bellantoni, 88K) reports, "Watchdog groups estimate the nearly 10,000 earmarks submitted this year cost taxpayers $29 billion." GOP Rep. Jeff Flake, "one of the biggest critics of earmarking, called the bill a 'little dose' of accountability and transparency, but said he doubts earmarking will cease." The Los Angeles Times (9/15, Levey, Simon, 918K) also reports the story under the headline "House Takes a Cautious Step on Ethics."

Vitter, DeMint Will Block Von Eschenbach Nomination. The New York Times (9/15, Harris, 1.21M) reports, "Two Republican senators have promised to block the nomination of Dr. Andrew C. von Eschenbach to become commissioner of the Food and Drug Administration, illustrating just how difficult filling the top job at the agency has become." Sen. David Vitter "said Thursday in an interview that the Bush administration must legalize imports of some prescription drugs before he would allow the nomination to proceed." Also, Sen. Jim DeMint "will block Dr. von Eschenbach's nomination unless the F.D.A. takes steps to remove the abortion drug RU-486 from the market, said Wesley M. Denton, Mr. DeMint's press secretary."

Government Announces It Has Recovered Lost VA Computer. The AP (9/15) reports, "The government said Thursday it had recovered a Veterans Affairs Department subcontractor's lost desktop computer containing personal data for 16,000 veterans." The FBI and Veterans Affairs Office of Inspector General "said Khalil Abdullah-Raheem was charged Wednesday on theft charges after the

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Unisys Corp. computer went missing in July. The computer, which was taken from Unisys' offices in Reston, Va., contained personal data for veterans who received care at VA medical centers in Philadelphia and Pittsburgh."

Paulson Seeks To Restore Treasury's Role In Policy Process. The Wall Street Journal (9/15, Solomon, 2.03M) reports, "Two months into his new job, Treasury Secretary Henry Paulson is moving to restore clout and stature to the department, tapping top-level experts to fill senior positions, seeking alliances with influential White House officials and insisting on holding key meetings at the Treasury Building." Paulson is "trying to put into practice assurances he received from the White House before agreeing to take the secretary job -- that he would be the president's main driver of economic policy." He has "held daily phone calls with the influential Allan Hubbard, chairman of the White House National Economic Council and a longtime friend of President Bush, and invited Mr. Hubbard to accompany him to China next week. He also talks frequently with Secretary of State Condoleezza Rice, hosts cabinet-level economic meetings at Treasury and is trying to reach out regularly to brief both Democrats and Republicans on Capitol Hill on Treasury happenings." Still, whether "Paulson's efforts succeed -- and help him shape economic policy -- remains to be seen."

Senate Proposal Would Make Retirement Benefits A Factor In Contract Bidding. The Washington Post (9/15, D4, Barr, 748K) reports in its "Federal Diary" column, "In a move that has roiled federal contractors, the Senate has proposed making retirement benefits a factor when the Defense Department puts certain federal jobs up for bid. The proposal would prevent contractors from obtaining an advantage if they provided less generous retirement benefits than the government does to its employees. Contractors said that would drive up the cost of bids by 24 percent." The Post adds, "Contractor associations argue that the Senate's move, if agreed to by the House, would stop the Defense Department from trying to outsource work through a process set up by the Office of Management and Budget as part of President Bush's federal management agenda."

Lawmakers Argue For Relaxed Standards For Commercial Real Estate Lending. Arguing that proposed tougher standards for commercial real estate lending could hurt community banks and the overall economy, lawmakers and banking executives are urging federal regulators to relax them. USA Today (9/15, Kirchhoff, 2.27M) reports that Rep. Barney Frank "said the standards could force banks to pull back on lending to revitalize downtown areas or build affordable, multifamily housing. While Frank is a Democrat, there was bipartisan concern. Regulators, including the Federal Reserve and Federal Deposit Insurance Corp., generally defended their proposals. But John Reich, director of the Office of Thrift Supervision, said the guidance may go too far in some areas." USA adds, "Congress has not intervened on the legislative side, but lawmakers made it clear they want changes before a final version of the standards is issued."

Laura Bush To Keynote Clinton Foundation Event. The AP (9/15, Loven) reports, "Another member of the Bush family is getting cozy with former President Clinton. First lady Laura Bush joins the former president as a keynote speaker opening his three-day Clinton Global Initiative in New York next week." Clinton "also sparked curiosity when he was spotted at the White House last month. It turns out that he and the current president were having lunch, something White House aides said they do occasionally." Anita McBride, the First Lady's chief of staff, said Clinton, "aware of Laura Bush's involvement in issues that his foundation addresses…called several months ago to solicit her participation in the conference." Laura Bush "agreed, hoping to tell people about the good that their tax dollars are doing and to persuade other nations of the United States' good intentions."

Pelosi Introduces New Agenda For Democrats. In the Washington Post's "Washington Sketch" column (9/15, A2), Dana Milbank says House Minority Leader Nancy Pelosi "began her weekly news conference yesterday holding up a red-white-and-blue brochure," titled "A New Direction for America." Pelosi "called the manifesto 'a compilation of many of the initiatives taken by our House Democratic Caucus that encompasses our new direction for all Americans.'" It was "a handsome booklet, full of homey photographs and popular proposals, but there was a problem. Democrats have had more 'New Directions' recently than MapQuest." Among the party's "campaign slogans this year: 'Culture of Corruption,' 'Culture of Cronyism,' 'Do-Nothing Congress,' 'Rubber-Stamp Congress,' 'Together, We Can Do Better,' 'Together, America Can Do Better' and, most recently, 'Six for '06.'" For those "keeping score at home, Democrats arrived at 'New Direction' yesterday by downgrading one of the 'Six for '06' issues (health care) and upgrading three others (honesty, civility and fiscal discipline), for a total of eight items on the contents page." Milbank adds, "By contrast, Republicans have settled on a single, unofficial slogan, which essentially says: Vote Democrat and Die. And in politics, scary and scurrilous usually trumps elaborate and earnest -- something Pelosi has experienced firsthand in recent days."

CQ (9/14, Kady) reports Pelosi "has been touting the agenda Democrats would pursue if they win back control of the House. So it was no surprise Thursday when she

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unveiled a red, white and blue brochure titled 'A New Direction for America.'" Though it "doesn't quite rise to the level of the specific promises House Republicans made in their 1994 'Contract With America,' but it details Democratic ideas on everything from homeland security to global warming." Yet when asked "how Democrats would change House procedures and caucus rules governing seniority, Pelosi clammed up. 'I'm not counting any chickens before they're hatched,' she said. 'Any changes would be considered after the election.'" CQ added another "reason for her reticence might be that Democrats aren't yet in agreement about what kinds of changes need to be made, especially in the area of seniority rules that would govern who gets which chairmanship in a Democratic majority. An internal document recommending a long list of changes has been circulating, but it has not been approved by party leaders."

Fox Poll Finds Bush Approval Rating At 40%. Fox News' Special Report (9/14, Hume) reported, "A new Fox News/Opinion Dynamics poll finds 40% approve of President Bush's job performance."

Case Made Against Means Testing Medicare Part B Premiums. In a USA Today (9/15, 2.27M) op-ed, Shannon Benton, executive director of the Senior Citizens League, argues against Means testing Medicare Part B premiums, arguing that as "healthier and wealthier seniors see their monthly premiums rise…many are expected to abandon Medicare for private insurance. … Left behind will be the poorest and sickest -- and most expensive to treat -- who will be forced to pay higher premiums and deductibles, something they cannot afford." Benton adds, "The most vulnerable members of our society…should be protected. Means testing might inadvertently lead to poorer health care and increased expenses for those least able to afford the consequences of this costly mistake."

WSJournal Praises Effort To Eliminate Secret Holds In Senate. An editorial in the Wall Street Journal (9/15, 2.03M) says credit is due to "a group of Senators who have launched a campaign to get rid of one of the last bastions of government unaccountability, namely the Senate tradition of 'secret' holds. … This practice…has been around since at least the 1960s, though it has become a greater source of political harm with each passing year." The Journal adds, "The holds don't help the credibility of the Senate, either, since many are used precisely so that Senators don't have to go public and acknowledge opposition to a piece of legislation."

OTHER NEWS:

Retail Sales Post 0.2% Growth. The Financial Times (9/15, Pimlott) reports, "US retail sales unexpectedly grew in August, as sales of automobiles were better than feared and lower petrol prices encouraged consumers to spend. Economists had expected sales to fall by 0.1 per cent month-on-month, but in fact they rose by 0.2 per cent, after 1.4 per cent jump in July, a report from the Commerce Department said." The Times adds, "Observers were generally upbeat about the figures. "Consumers are sort of trucking along, although there is gradual slowdown under way," said Mike Englund, an analyst at Action Economics."

The Wall Street Journal (9/15, Whitehouse, 2.03M), meanwhile, says "American consumers tempered their shopping in August as the price of gasoline peaked at more than $3 a gallon, but a subsequent easing in fuel prices has led some economists to expect a rebound in coming months. … The moderate pace of August sales could suggest that, aside from the effect of the summer spike in gasoline prices, a sagging housing market has begun to take a toll on consumers by reducing their ability to extract cash from their homes."

Stocks Mixed. USA Today/Bloomberg News (9/15) reports, "Stocks snapped a four-day rally Thursday after the government said retail sales excluding autos rose less than economists forecast and an increase in import prices revived inflation concern. … The Standard & Poor's 500 index dropped 1.79 points, or 0.1%, to 1316.28. The Dow Jones industrial average lost 15.93 points, or 0.1%, to 11,527.39. The Nasdaq composite index rose 1.06 points, or 0.1%, to 2228.73." The Financial Times (9/15, O'Doherty) also says "US stocks dipped slightly on Thursday after retail sales data rekindled inflationary fears and pulled the main indices away from four-month highs." The Wall Street Journal (9/15, Ng, 2.03M) reports on the stock numbers in a story headlined "Stocks Slip As Natural Gas Hits Two-Year Low."

New Jersey Attorney Rankings Rankle Some. The New York Times (9/15, Donovan) reports, "Word of mouth is one crucial marketing tool for a lawyer. Getting your name on a list of top lawyers can be another, unless the list is distributed to consumers in New Jersey." The Times continues, "In an opinion that has set off a nationwide discussion, an ethics committee appointed by the New Jersey Supreme Court concluded this summer that a magazine advertising supplement listing the state's top lawyers violated rules of professional conduct. … The focus of the opinion by the Committee on Attorney Advertising was an insert to New Jersey Monthly magazine called New Jersey Super Lawyers, which listed the top 5 percent of the state's lawyers (1,658 of 35,441) and then offered an opportunity to advertise." The

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Times adds, "The panel questioned the process used to compile the list, but it was also clearly troubled that the supplement was 'designed for mass consumption' by New Jersey residents who may have been misled by what they read. … 'These self-aggrandizing titles have the potential to lead an unwary consumer to believe that the lawyers so described are, by virtue of the manufactured title, superior to their colleagues who practice in the same area of law,' the committee wrote of New Jersey Super Lawyers. … With that, New Jersey became the latest battleground in the long debate over how far lawyers can go to promote themselves. The New Jersey situation offers a snapshot of an issue that has divided lawyers since a 1977 United States Supreme Court ruling that allowed advertising. In this case, the concern is not so much the list as who reads it."

Pennsylvania Judges Give Themselves Controversial Pay Raise. The New York Times (9/15, Urbina) reports, "The Pennsylvania Supreme Court partly reinstated a controversial raise yesterday that state legislators repealed last year after a popular outcry. … But the ruling said that only judges should receive the raise, not the legislators or other government workers who originally qualified." The Times continues, "The raise, which was passed at 2 in the morning on July 7, 2005, just before the General Assembly adjourned for the summer, was viewed by critics as sneaky and self-serving. It produced a reaction across the state that led to a Supreme Court justice's being voted out of office in November and the defeat of 17 legislators the following May. … In response to the public outcry, legislators repealed the raise in November." The Times adds, "The Supreme Court ruled that the Pennsylvania Constitution prohibited reducing the salaries of judges unless 'all salaried officers of the commonwealth' were also affected. The court said the legislation repealing the raise did not do that because it excluded many state employees. … As a result, the Supreme Court justices will receive the raise, which amounts to more than 10 percent of their current salary, while the rest of the state officials will not. … The court also said the raise for legislators was unconstitutional because legislators are not permitted to receive raises that they draft in the middle of a term before having to face voters again."

GOP Fundraising Advantage Ebbs. CQ Politics (9/15, Benenson) reports if "any prediction is safe in this turbulent and closely contested election, it is that Republican candidates and their affiliated national party committees will raise more money than their Democratic counterparts." But the "fundraising advantages enjoyed by the current GOP congressional majorities over the challenging Democrats are closer than in recent election cycles, according to data presented by campaign finance experts at The Brookings Institution in Washington." Their findings "seem to indicate that Democrats — who are benefiting from President Bush's unpopularity and strong public disapproval of Congress — have enough campaign dollars to seriously compete for control of the House and the Senate." In the "first 18 months of the 2005-06 campaign cycle, the six major national party campaign committees reported raising a combined $574 million, of which $334 million, or 58 percent, was collected by the GOP organizations: the Republican National Committee (RNC), the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC)." Their Democratic counterparts — "the Democratic National Committee (DNC), the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) — raised $240 million, or 42 percent, of the two-party total." While the GOP advantage "is substantial, it is actually smaller than the Republicans' edge at a similar point in the competitive 2004 campaign." CQ Politics (9/15, Benenson) also lists the fundraising figures in a historical context in a separate story.

"Swift Boat" Donor Gives $5 Million To New GOP-Leaning 527 Group. The AP (9/15, Evans) reports Bob J. Perry, the "Republican donor who helped bankroll the Swift Boat attacks on Democratic Sen. John Kerry's war record has given $5 million to a new group targeting Democratic candidates." Perry, a Texas homebuilder "with close ties to White House advisor Karl Rove and former House Majority Leader Tom DeLay, recently made the hefty donations to the Economic Freedom Fund, a newly created California group." The 527 group, "which lists Perry as its sole donor — has spent slightly more than $500,000 on television ads and mailings criticizing Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia, according to a disclosure form filed last week with the Federal Election Commission." The group "also is distributing mailing supporting Republican Georgia Gov. Sonny Perdue's re-election campaign and Jim Nussle of Iowa, a Republican congressman running for governor." The West Virginia and Georgia races "are considered among the GOP's best shots at picking up seats in an election year where some experts believe the party is in danger of losing its majority in Congress."

Davis Taps Former Black Legislator As Running Mate In Florida. The AP (9/15, Skoloff) reports Democratic gubernatorial candidate Jim Davis "named a former state senator to be his running mate Thursday, a choice that could lead to Florida's first black lieutenant governor." Daryl Jones, 51, "was the first black candidate to make a serious run for Florida governor, coming in third in the 2002 primary." Jones, "a former Air Force

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fighter pilot, served six of his 12 years in the Legislature with Davis before Davis was elected to Congress in 1996. Jones was considered an intelligent, independent lawmaker and won respect among colleagues in both parties."

Casey Discusses "Life Issues" At Catholic University. The Washington Post (9/15, A3, Cooperman, 748K) reports Robert P. Casey Jr., "the Democratic candidate seeking to unseat Sen. Rick Santorum (R-Pa.) in one of the country's hottest election campaigns, told a largely Roman Catholic audience yesterday that in his view, 'neither party has gotten it right when it comes to life issues.'" Casey, "a lifelong Catholic who opposes abortion, is the second high-profile Democrat who has recently given a major address defending the place of religion in politics." Casey's candidacy "is viewed by Democratic strategists not only as one of the party's best opportunities to pick up a Senate seat, but also as an illustration of its growing inclusion of politicians who oppose abortion and of its desire to reach out to religiously motivated voters." In his 45-minute lecture "at Catholic University's Columbus School of Law, his alma mater, Casey said that America 'must be a country dedicated to the common good' and that 'my understanding of our common good comes from my family and my faith.'" On abortion, he "called for Democrats and Republicans to 'unite . . . behind the understanding that the common good requires us to value all life.' As an example, he cited legislation proposed by House Democrats that would target 'the underlying factors that often lead women to choose abortion.'" Some of the "sharpest language in Casey's speech was aimed at his party. In 1992, the Democratic National Committee did not let Casey's father, then-Gov. Robert P. Casey Sr., speak at its national convention because of his antiabortion views. Referring to that 'dark night,' the younger Casey said the party 'insulted the most courageous pro-life Democrat in the land, who asked that those who believed in the right to life be accorded the right to speak.'"

Webb Apologizes For Remarks On Women In Combat. CNN's The Situation Room (9/14, Blitzer) reported, "In Virginia, Democratic Senate candidate Jim Webb is apologizing today for a long-ago claim that women are not fit for combat. It's the latest controversy over words in one of the hottest and increasingly nastiest Senate races in the country."

WPost Says Webb's Use Of Reagan Speech In His Ad Is Fair Game. An editorial in the Washington Post (9/15, A18, 748K) says President Ronald Reagan "seems to have admired" Sen. George Allen's Democratic opponent James Webb. So it "is easily within the bounds of fairness that the Webb campaign is airing an advertisement that includes 10 seconds or so of Mr. Reagan paying tribute that day to Mr. Webb's 'gallantry as a Marine officer in Vietnam.' The Allen camp has cried foul, and an official at the Reagan Presidential Library in California, acting on Nancy Reagan's behalf, has asked that the ad be pulled. Neither protest has merit. The late president's public utterances are not the private property of his library or family." Webb "has neither distorted Mr. Reagan's words nor taken them out of context; nor did Mr. Reagan ever repudiate them."

Cardin Highlights Steele's Ties To Bush. Democratic Maryland US Senate candidate Ben Cardin was asked on MSNBC's Hardball (9/14) if he can "possibly lose to Michael Steele in this election" since Maryland "is almost endemically a Democratic state." Cardin said, "I plan to take my record in Congress and the state legislature, former speaker of the Maryland legislature, my ability to get things done in this campaign. And I believe we're going to stick to issues. When we stick to issues, the voters of Maryland are going to send me as their next United States senator to Maryland." Cardin noted that Steele "was selected by the President, by Bush, to run as the United States senator. He was recruited by Karl Rove. He's the former chairman of the Maryland Republican Party. He supports the President on stem cell research. He supports the President's economic policies. He supports the President's Iraq policy. I think the people of Maryland are going to understand that they have a choice and their choice is to vote for someone who will be independent and stand up to President Bush."

Connecticut Is "Eye Of Storm" In Democratic Effort To Retake House. ABC World News (9/14, story 8, 2:35, Tapper) reported on the challenges faced by Connecticut Republican Reps. Christopher Shays, Rob Simmons, and Nancy Johnson. The story begins with a focus on Shays, who this week "was late to his own fundraiser, with Barbara Bush. Late because he was attending a funeral, for a 19-year-old Army private killed in Iraq. The war and Shays' support for it is the primary reason he might lose in November." Diane Farrell, Democratic candidate: "Friends of Chris have said to me, I can't do it this year. We cannot continue with the status quo." Tapper: "Forty-four House races are considered competitive. The vast majority are GOP incumbents playing defense. And here in Connecticut, it's the eye of the storm where Shays is one of three vulnerable Republicans. Shays, Rob Simmons and Nancy Johnson, are all in the fights of their political lives, as the northeast becomes increasingly Democratic terrain, just as the South became largely Republican a decade ago." Iraq, "at the moment, appears to be the defining issue. Shays knows that but still supports the war." Rep. Chris Shays: "One of the reasons I have big arguments with my own staff, congressional and campaign staff, about the war in Iraq, is they say that's not a winner. And I say that's not the point."

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Tapper: "Shays moderated his strong support for the war. This week, he's chairing hearings, calling for a timetable for US troop withdraw. For voters at the oyster festival is not good enough."

Dionne Says US Is Seeing Nationalization Of Politics. E.J. Dionne writes in the Washington Post (9/15, A19, 748K), "The United States is witnessing a centralization and nationalization of politics unprecedented in our history. This trend is rooted in the rise of the political consulting industry, vast changes in the technology of campaigning, and the intense competition between the two major parties for control of Congress. There is, as well, the concentration of political money at the national level as Washington-based interest groups, associations and lobbyists not only raise large amounts in political contributions within the capital but also mobilize campaign money from their allies around the country. … So in 2006 the local is not really local, everything is about controlling Washington, and 'independence' is a product being franchised by a national party apparatus."

Anne Richards' Passing Noted. The networks last night each eulogized former Texas Gov. Anne Richards. CBS Evening News (9/13, story 11, 2:25, Couric, 7.66M) reported, "They were fierce political rivals, but on the death of Anne Richards, President Bush said today, 'Texas has lost one of its great daughters.' Richards, the former governor and Democratic firebrand, died yesterday of cancer of the esophagus. She was 73." CBS (Safer) added, "Anne Richards' leap from obscurity took place at the 1988 Democratic convention when she lit into George Bush, the Republican presidential candidate." Anne Richards: "Poor George, he can't help it. He was born with a silver foot in his mouth."

ABC World News (9/14, story 9, 1:00, Gibson) reported, "With her Texas twang and sharp tongue, she became an instant celebrity at the 1988 convention. With a speech that poked fun of the first President Bush. And also celebrated women." NBC Nightly News (9/14, story 10, 1:40, Williams, 9.87M) reported, "Tonight Texans are mourning a former governor and one of the most colorful figures in modern American politics has tonight left the scene."

Ford Offers Buyouts To Union Workers. The Ford Motor Company has offered its 75,000 union workers a buyout incentive package. ABC World News (9/14, story 4, 2:50, Gibson) reported, "Last January, Ford announced it wanted to trim 30,000 jobs and close more than a dozen plants over the next six years. Then, in July, Ford said it was accelerating that plan. But it wasn't enough. Because now, Ford and the United Auto Workers have agreed on this new, one-time offer, to buy out all 75,000 UAW workers who worked there." Ford is "expected to announce massive job cuts among its salaried, nonunion workers. And possibly more plant closings."

CBS Evening News (9/13, story 3, 1:20, Mason, 7.66M) reported, "Employees will be offered anywhere from $35,000 to $140,000 to leave the company." NBC Nightly News (9/14, lead story, 2:45, Thompson, 9.87M) reported, "It's been a difficult year for the nation's number two automaker. $1.5 billion lost so far. Its share of the market shrink to under 18% as Americans stop buying Fords trucks and SUV's. As a result it's slashing production by 21%."

Krugman Says Technological, Economic Progress Has Done Little For Most Americans. Paul Krugman writes in the New York Times (9/15, 1.21M) that "the debate over whether the middle class is a bit better off or a bit worse off now than a generation ago misses the point. What we should be debating is why technological and economic progress has done so little for most Americans, and what changes in government policies would spread the benefits of progress more widely. An effort to shore up middle-class health insurance, paid for by a rollback of recent tax cuts for the wealthiest Americans -- something like the plan proposed by John Kerry two years ago, but more ambitious -- would be a good place to start. Instead, the people running our government are fixated on cutting tax rates for the wealthy even further. And their solution to Americans' justified economic anxiety is a public relations campaign, an effort to convince middle-class families that their problems are a figment of their imagination."

NYTimes Says Living Wage Proponents Have Moral High Ground. The New York Times (9/15, 1.21M) editorializes that Chicago Mayor Richard M. Daley's veto of the "living wage" measure passed by the city council because "mandating higher compensation would do more harm than good," assumes a false choice between no jobs or low-wage jobs. The Times says "Wage gains do not automatically lead to higher prices. … Given Wal-Mart's profits, the company could improve its wage structure and still beat the competition." The Times adds, "The Chicago ordinance raised legal and technical questions. If Mr. Daley had not wielded the veto, it would surely have faced a court challenge. But proponents of living wages have the moral high ground, and are increasingly finding a political voice. Chicago hasn't heard the last of them, and Washington hasn't either."

WSJournal Decries "Big Boss Cronyism" Of New Jersey Government. The Wall Street Journal (9/15, 2.03M) editorializes, "Last week federal investigators launched a probe into whether US Senator Robert Menendez illegally benefited to the tune of more than $300,000 from a

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rental-income deal he had with a nonprofit agency that received millions of dollars in federal contracts. … The allegations have sparked a mini-panic among state Democratic operatives, who not so long ago thought Mr. Menendez…had the November election in the bag. Now they see Republican Tom Kean Jr. surging into a lead." The Journal adds, "The more serious issue here is whether Garden State voters are growing weary of the culture of big boss cronyism that has contaminated their government from city hall to the US Senate."

Bush, Roh Avoid Contentious Issues But Agree To Press For Talks. The Washington Post (9/15, A4, Baker, 748K) reports President Bush and South Korean President Roh Moo-hyun "agreed yesterday to work together to restart stalled six-party nuclear talks with North Korea, but they skated over their deep differences in how to deal with the isolated Stalinist government in Pyongyang." Bush "stressed the potential benefits to North Korean leader Kim Jong-il if he returns to the negotiating table and ultimately gives up his nuclear weapons." He "avoided the sort of hard-edged tone that in the past has irritated the South Koreans, who want to take a less confrontational approach." The Post says the two leaders "made no concrete progress on the North Korean stalemate" and did not "reach a breakthrough on various other issues that divide them," including a FTA and a reorientation of the military command structure within South Korea. The Post describes relations as "increasingly strained" largely because of the North Korean issue.

The Wall Street Journal/AP (9/15) reports, "The Bush administration favors a hard-line approach, refusing to talk to the North outside six-nation talks." Roh "has tried to engage the North. Mr. Roh's low-key trip to Washington had many wondering whether there are cracks in an alliance forged five decades ago during the Korean War."

The Washington Times (9/15, Curl, 88K) reports Bush "said North Korea's refusal to return to negotiations had 'strengthened' the alliance of five countries trying to persuade the communist nation to abandon its nuclear program. " Bush, "in his first meeting with the South Korean leader since North Korea conducted missile tests in July, said the stalled talks should help convince President Kim Jong-il that 'there is a better way to improve the lives of his people than being isolated.'"

Ahmadinejad Says Tehran Amenable To "New Conditions" On Nuclear Program. The Financial Times (9/15, Dombey) notes Iranian President Mahmoud Ahmadinejad "said on Thursday that Tehran was open to compromise on the dispute over the country's nuclear programme, as talks continued between the Islamic republic and the European Union." He "said that Iran was open to 'new conditions' on the subject," and is quoted saying, "I am announcing that we are available, we are ready for new conditions." Ahmadinejad "declined to say whether Iran was prepared to suspend uranium enrichment," however, Tehran earlier "floated the idea of suspending enrichment for an initial period of up to two months once negotiations began." The Times says the "State Department has denied any knowledge of a new Iranian proposal." Secretary Rice "emphasises that Washington is continuing work on UN sanctions against Iran – although earlier in the week she appeared to react more positively to reports of Tehran's new stance." The Times also notes "discussions this week at the [IAEA] suggest a divergence between France and Germany, which appear to be more enthusiastic about negotiations, and the UK, which is particularly keen to keep the US on board."

AFP (9/15) adds Assistant Secretary McCormack "acknowledged that [the US] will face tough resistance from some of its key allies as it presses for UN sanctions against Iran over its suspect nuclear program." He further "admitted Thursday that the upcoming negotiations would be 'hard-fought. The reality of it is that there are going to be intense negotiations on this." McCormack "predicted the process of trying to hammer out a sanctions package with the other Security Council members 'would take weeks,' a far less ambitious timetable than put forward earlier by" Undersecretary Burns, "who said a deal would be reached in September. But McCormack continued to express confidence Washington's allies would ultimately back the sanctions foreshadowed in their earlier resolution."

IAEA Criticizes House Report. The New York Times (9/15, Sanger, 1.21M) reports, "The International Atomic Energy Agency has complained about a staff report from the House Intelligence Committee, saying that it 'contains erroneous, misleading and unsubstantiated information' about Iran's nuclear program. Agency officials said Thursday that their concerns had echoes of their arguments with the Bush administration over Iraq three years ago." The charges "were contained in a letter dated Sept. 12 and sent to Rep. Peter Hoekstra, the Michigan Republican who is chairman of the committee." The AP (9/15, Jahn) says the letter also called the report "outrageous and dishonest."

Opposition Figure Says Iran Has Revived Laser Enrichment. The AP (9/15, Lederer) reports, "Iran has secretly revived a program to enrich uranium using laser technology, reportedly with favorable results, an Iranian opposition figure said Thursday citing information from members of the resistance inside the country." Alireza Jafarzadeh "said information about the laser enrichment program at Lashkar Ab'ad, about 15 miles northwest of Tehran, came from the same sources that led to his revelation in May 2003 that Iran had a clandestine nuclear program. There was no independent confirmation of the

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latest information and Iran's UN Mission called the allegation 'baseless and unfounded.'"

Chavez Says Venezuela Will Aid Iran If Militarily Attacked. The AP (9/15) reports, "Venezuelan President Hugo Chavez pledged Thursday that Venezuela will support Iran if it is invaded as a result of the Middle Eastern nation's high-stakes nuclear standoff with the United Nations Security Council. 'Iran is under threat; there are plans to invade Iran, hopefully it won't happen, but we are with you,' Chavez told Iranian President Mahmoud Ahmadinejad at a meeting of the Group of 15 developing nations."

54% In US Say Back Military Strike To Stop Iran From Acquiring Nuclear Weapons. The Wall Street Journal (9/15, Harwood, 2.03M) reports in its "Washington Wire" column, "In new Wall Street Journal/NBC News poll, 54% say US should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if US joins international coalition."

Ignatius Believes Bush "Serious About Finding A Peaceful Solution." David Ignatius writes in the Washington Post (9/15, 748K), "What would President Bush say to the Iranian people if he had a chance to communicate directly with them? I was able to put that question to Bush in a one-on-one interview in the Oval Office on Wednesday. His answer made clear that the administration wants a diplomatic solution to the confrontation over Iran's nuclear program -- one that is premised on an American recognition of Iran's role as an important nation in the Middle East." Bush, "answering quickly and without notes," said, "I would say to the Iranian people: We respect your history. We respect your culture. We admire the entrepreneurial skills of your people. I would say to the Iranian people that I recognize the importance of your sovereignty -- that you're a proud nation, and you want to have a positive future for your citizens. In terms of the nuclear issue…I understand that you believe it is in your interest -- your sovereign interest, and your sovereign right -- to have nuclear power. I understand that. But I would also say to the Iranian people, there are deep concerns about the intentions of some in your government who would use knowledge gained from a civilian nuclear power industry to develop a weapon that can then fulfill the stated objectives of some of the leadership [to attack Israel and threaten the United States]. And I would say to the Iranian people that I would want to work for a solution to meeting your rightful desires to have civilian nuclear power." Ignatius concludes, "I came away with a sense that Bush is serious about finding a peaceful solution to the nuclear crisis, and that he is looking hard for ways to make connections between America and Iran."

Krauthammer Suggests Deterrence "A Mere Wish." Charles Krauthammer writes in the Washington Post (9/15, A19, 748K) about "the larger danger of permitting nuclear weapons to be acquired by religious fanatics seized with an eschatological belief in the imminent apocalypse and in their own divine duty to hasten the End of Days. The mullahs are infinitely more likely to use these weapons than anyone in the history of the nuclear age. … Against millenarian fanaticism glorying in a cult of death, deterrence is a mere wish. Is the West prepared to wager its cities with their millions of inhabitants on that feeble gamble? These are the questions. These are the calculations. The decision is no more than a year away."

Haniyeh Says US "Undermining" Palestinian Unity Government. The AP (9/14, Hadid) reports Palestinian Prime Minister Ismail Haniyeh yesterday "accused the United States of undermining efforts to form a new coalition government and he called on Europe to take the lead in lifting international sanctions against the Palestinians." He is quoted saying Washington "does not want the Palestinians to be unified. It puts obstacles in the way of this political coming together. It wants to extort the Palestinian people and the Palestinian government." On President Mahmoud Abbas' plan to create a Hamas-Fatah government, the AP says, "While refusing to give up its calls for Israel's destruction, Hamas has said it will support Abbas' efforts to seek peace. The joint government…is to be based on a document that calls for a Palestinian state alongside Israel — effectively recognizing the Jewish state." Abbas "added conditions to the timetable" yesterday, saying "the issue of an Israeli soldier captured by Hamas-linked militants in June, as well as Palestinian prisoners held by Israel, must be resolved."

Amnesty International Criticizes Hamas. The Washington Post (9/15, A15, Sullivan, 748K) reports, "Amnesty International on Thursday accused Hezbollah of 'indiscriminate' and deliberate killings of Israeli civilians during the recent armed conflict in Lebanon, three weeks after accusing Israel of violating international law with 'disproportionate' attacks on Lebanese civilians." The group "said its investigations showed that during the 33-day conflict, Hezbollah fired nearly 4,000 rockets into northern Israel, killing 43 civilians, seriously injuring 33 others and displacing hundreds of thousands. It said that about a quarter of the rockets were fired into urban areas and that many were packed with thousands of ball bearings 'designed to inflict maximum death and injury.'"

Israel Blames UNIFIL Outpost Attack On Faulty Maps. A short piece in the New York Times/AP (9/15) notes Tel Aviv announced yesterday that "the airstrike that killed four United Nations observers in July was the result of the Israeli military's reliance on inaccurate maps." Foreign Ministry spokesman Mark Regev "said the report [of the findings] was given to diplomats from Canada, China, Finland and Austria, which each had an unarmed observer killed in

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the July 25 airstrike in the Lebanese town of Khiam, near Israel's border." He "said that fresh Israeli forces had just been deployed then in the area, where there was intense Hezbollah activity. The change in personnel prompted a need to duplicate maps and charts." The AP says the UN "is expected to issue its own report" on the attack.

US Criticizes China's Weapons Sales. The AP (9/15, Klug) reports, "Top US officials on Thursday criticized what they called China's indiscriminate sale of weapons to rogue countries, suggesting that Beijing's policies had made the world a more dangerous place." Peter Rodman, assistant secretary of defense for international security, "urged China to reevaluate its relationship with Iran and North Korea, two countries with which the United States is locked in standoffs over nuclear weapons development. 'China's actions seem to us dangerously shortsighted,' Rodman told the US-China Economic and Security Review Commission, an advisory panel created by Congress. China's proliferation behavior, past and present, can come back to haunt it, even placing its own political interests in jeopardy.'"

Ukraine Puts NATO Entry Aspirations On Hold. In what the Wall Street Journal (9/15, A8, Cullison, 2.03M) calls "another sign of the cooling of the Orange Revolution's pro-Western zeal," Ukraine PM Viktor Yanukovych "told NATO that his country is putting efforts to join the alliance on hold because of lack of public support for the move." The Journal says Ukraine's "backtracking" is a "defeat" to the Bush Administration, "which had hoped a quick entrance of Ukraine into the alliance would tug the former Soviet state decisively closer to the West," and it is "likely to also spell problems" for Georgia's entry into NATO. While "public opinion in Georgia is strongly in favor of joining the alliance, NATO members in Europe are wary of admitting Georgia without Ukraine coming first." The Journal adds that Moscow "has lobbied hard against Ukraine's entrance" into NATO. The Washington Post (9/15, A15, Finn, 748K) reports NATO entry "is a cherished goal of Yanukovych's rival, President Viktor Yushchenko," who defeated Yanukovych for the presidency in 2004.

López Obrador Backers Abandon Blockade Of Mexico City. Supporters of Mexico's leftist presidential candidate Andrés Manuel López Obrador are abandoning their blockade of Mexico City's central avenues. The New York Times (9/15, McKinley, 1.21M) reports that the move "signaled a shift" by Obrador, who says he was robbed of an election victory. Obrador "is now striving to find a way to remain a political force over the coming six years, while Felipe Calderón, a conservative, serves as president. Mr. López Obrador and his aides have organized a mass rally for Saturday, grandly calling it the 'National Democratic Convention,' where supporters are expected to anoint Mr. López Obrador head of a movement still ill defined that will, among other things, press for a new Mexican constitution."

USA Today (9/15, Llana, 2.27M) reports, "López Obrador and his followers, who have rejected the results of a partial recount, say democracy here is in danger if what the former Mexico City mayor calls a 'new republic' is not created to address the gap between rich and poor." USA adds, "The purpose of the national convention, which López Obrador spokesman Cesar Yañez claims will draw at least 1 million 'delegates,' is to decide where the movement should go now that the electoral court has rejected a full recount, threw out claims of widespread fraud and certified Calderón the winner. They will vote on whether to name a shadow government and parallel president (López Obrador), complete with a Cabinet, though they have not said how they would govern."

Policymakers Hope IMF Will Play A Role In Combating Trade Imbalances. The Washington Post (9/15, D1, Blustein, 748K) reports, "Less than a decade ago, economists at the International Monetary Fund were jetting into the capitals of countries stricken by financial crises, patching together rescue plans aimed at staving off global economic chaos. … This weekend, as top economic policymakers gather in Singapore for the annual meetings of the IMF and World Bank, the global environment is dramatically different. The fund's era of crisis-fighting, which lasted until 2002, is a fading memory that staffers swap stories about like war veterans." The Post adds, "The hope of some of the policymakers gathering in Singapore, including those from the Bush administration, is that the IMF will start playing an active role in helping to combat another threat to the world economy -- huge imbalances in trade, specifically the $700-billion-plus US trade deficit and the corresponding surpluses in Asia and oil-producing countries."

O'Grady Says Latin America Needs "Sensible Guidance" From Financial Institutions. Mary Anastasia O'Grady writes in the Wall Street Journal (9/15, 2.03M) that the 2007 edition of the report "Doing Business" finds that "poor countries could be much better off if only they would stop discouraging legal, tax-paying business activity. When governments make it expensive to operate in the legal sector, small and medium-sized businesses go underground, giving up economies of scale, the benefits of technology and productivity gains. … Serious leaders have taken steps to free animal spirits. Much of Latin America has not. In this year's report…the region largely finishes in the cellar." O'Grady adds, "Latin America has taken lots of money from international financial institutions over the years, along with lots of dreadful advice. Now it's time to take note of some sensible guidance, even if that would be bad for those who earn a living shoveling money out the door from Washington."

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Russian Bank Official's Killing Draws Calls For Harsh Response. The assassination of Andrei Kozlov, first deputy chairman of Russia's Central Bank, is drawing calls for a severe response from the government. The Washington Post (9/15, A12, Finn, 748K) reports that Kozlov led "a campaign to clean up the country's banks." He "was shot Wednesday evening outside a sports complex after attending a soccer match between bank employees. He died early Thursday of his wounds. His driver was killed instantly in the attack, which politicians said was probably a contract killing."

Ugandan Peace Dependent On Amnesty For Rebel Leaders. The New York Times (9/15, Gettleman, 1.21M) reports that the question of whether the cease-fire agreement in Uganda holds depends largely on whether rebel leader Joseph Kony and his top deputies are given amnesty for the killings committed by their "army of abducted children" who were forced "to burn down huts, slice off lips and pound newborn babies to death in wooden mortars, as though they were grinding grain." Whether amnesty will be granted "is uncertain, because they have been charged with crimes against humanity by the International Criminal Court in The Hague. Still, this is the furthest any peace deal has come, fueling hopes that one of Africa's most grotesque and bizarre wars, which cost tens of thousands of lives, may finally be over."

Anti-US Leaders Meeting In Cuba. NBC Nightly News (9/14, story 5, 1:15, Williams, 9.87M) reported, "There is a worldwide gathering underway tonight in Cuba with more than 50 heads of state arriving in Havana for a summit meeting. Some of the names on the guest list read like an enemy's list of the United States." NBC (Mitchell) added, "At times this looks like a reunion of the axis of evil, George Bush's worst nightmare. Already the summit has indicated it will support Iran's position against the West in its showdown over nuclear research."

OfficeMax Opposes Families' Efforts To Collect From Cuba. The Wall Street Journal (9/15, Perez, 2.03M) reports, "In February, nearly 45 years after two American men were executed by Fidel Castro's government, their families were on the verge of collecting $88.5 million in damages from Cuba's long-frozen U.S. accounts. Then the relatives of Howard Anderson and Thomas 'Pete' Ray ran up against an unexpected obstacle: OfficeMax Inc." The company is owned by Boise Cascade Corp., which "controls the largest single US claim against the Cuban government for property confiscated after the 1959 revolution." Antiterrorism laws passed in 1996 and 2002, allowed the Anderson and Ray families "to seek, and ultimately win, wrongful-death judgments in Florida state courts, with a federal judge in January clearing the way to tap into the frozen Cuban funds. OfficeMax wasn't pleased with the news. In March, the company filed court papers in New York U.S. District Court, Southern District, seeking to block the Ray and Anderson relatives from collecting."

Municipalities Booming Despite China's Effort To Rein In Economy. A front page story in the Wall Street Journal (9/15, Browne, 2.03M) reports that local governments in China "are encouraging a frenzy of construction to boost their economies -- even as China's central government seeks to throttle back investment that is producing runaway economic growth. The economy expanded 11.3% in the second quarter of this year from the same period a year earlier, far outstripping the government's target of 8% for the whole year. … Concerns are mounting that the boom could cause property bubbles that weigh down banks with bad debt when they burst. It also could clog railway lines and ports and trigger brown-outs as overloaded power grids collapse. Already, it is generating outsize demand for energy and raw materials, pushing up the cost around the world."

Rabbis Ordained In Germany For First Time Since World War II. CBS Evening News (9/13, story 7, 0:10, Couric, 7.66M) reported, "In Germany today, a major step toward healing the wounds of the holocaust. Three men were ordained as rabbis, the first time that has happened in Germany since World War II when Hitler destroyed the college of Jewish studies."

Gerson Calls For "Muscular Multilateralism" In Darfur. On the CBS Evening News (9/13, story 9, 2:15, Couric, 7.66M) former Bush speechwriter Michael Gerson commented on the "genocide" in Darfur, Sudan, saying that the US "has worked with just about every international group from the United Nations to the African union. And visiting Darfur, I've seen the result. The burnt-out villages, the victims of systematic rape, the vast and hopeless camps. Everyone knows what is needed to stop the bleeding, a UN peacekeeping force with the firepower and authority to protect civilians from attack. What might be called a muscular multilateralism. The UN Security Council has agreed to a force. America's called for its deployment by October 1, but that deadline seems to be slipping."

Friedman Says US Should Follow Brazil's Lead On Ethanol. In his New York Times (9/15, 1.21M) column, Thomas L. Friedman writes, "I came to Brazil to try to better grasp what is real and what is not in the ethanol story, because no country has done more to pioneer sugar ethanol than Brazil. My impression, after talking to a range of

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Brazilian experts, is that not only is ethanol for real, but we have not even begun to tap its full potential. With just a few technological breakthroughs, Brazil really could be the Saudi Arabia of sugar and we could actually achieve that energy dream of getting 'barrels from bushels.'" In Brazil, 34,000 gas stations "offer both gasoline and ethanol (compared with around 700 in the U.S.) and...70 percent of new cars sold here can run on either gasoline or sugar ethanol. As a result, Brazil has replaced about 40 percent of its gasoline consumption with sugar ethanol." Friedman "asked Brazilian experts what they'd do if they were the U.S. president. The consensus answer: Require U.S. oil companies to provide ethanol fuel pumps at all their gas stations, require U.S. auto companies to make all their new cars flex-fuel and improve mileage standards, and get rid of the crazy 54-cent tariff we've imposed on imported sugar ethanol (to protect our farmers). And then let the market work."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate Panel Rebuffs Bush On Detainees."
"Princess Finds The Shoe Fits."
"Is OC's Defining Structure A Hall, Mall Or Matterhorn?."
"FDA Issues Spinach Warning."
"Writing On Olmec Slab Is Hemisphere's Oldest."
"Gov. To Sign Hang-Up-And-Drive Bill."
"Muslims Lash Out At Pope's Remarks."

USA Today:
"Immigrants Turn Utah Into Mini-Melting Pot."
"Strategy On Terror Suspects Splits GOP."
"The Rival Plans."
"Some New Cities Outsource City Hall."
"Profiles Of The Privately Managed Cities."

New York Times:
"Rebuff for Bush On Terror Trials In A Senate Test."
"Ford Offering 75,000 Employees Buyout Packages."
"Uganda Peace Hinges On Amnesty For Brutality."
"Pataki Appointments Leave a Lasting Stamp."
"Debate Grows As Colleges Slip In Graduations."
"In Gamble, Calif. Tries To Curb Greenhouse Gases."
"Fund-Raising Teamwork Saves A Football Rivalry."

Washington Post:
"Senators Defy Bush On Terror Measure."
"Ford Set To Offer Buyout Packages."
"House Votes To Disclose Earmarks."
"In a Volatile Region Of Iraq, U.S. Military Takes Two Paths."
"Bureaucrat Takes Blame In Vote Fiasco."
"As Border Crackdown Intensifies, A Tribe Is Caught In The Crossfire."

Washington Times:
"Republicans Defy Bush Over Detainees."
"D.C. Delinquent In EMS Oversight task force Reveals."
"House Passes Border Fence."
"Muslim Critic Tells Pope To Apologize."
"New York Ave. Plans Include 2 New Hotels."

Detroit Free Press:
"Ford Buyouts To Cut UAW Ranks In Half."
"Schoolkids Romp Back In Detroit."
"They've Seen bad Times Before."

Atlanta Journal-Constitution:
"Detainee Set Back For Bush."
"It Could Have Been You."
"Massey To Leave Morehouse In 'Very good Shape.'"
"Dancing In Stands Steals Show From Braves' Field."

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"Vote On terror Rules Defies Bush."
"A Legacy Of Inspiration For The Next Generation."
"Richards' leadership Strongest Outside The Capitol."
"At Summit, Nations See Oil As Path To Prosperity."

Story Lineup From Last Night's Network News:
ABC: Detainees Debate; John McCain Interview; Iraq-Sectarian Violence; Ford Buyout-UAW; Canada-College Shooting; Canada-Shooting Analysis; Heating Bills Lower; Connecticut House Campaign; Anne Richards Obit; Adoption Story.
CBS: Detainee Debate; John McCain Interview; Ford Buy Out-UAW; Global Warming; Iraq-Sectarian Violence; Canada-College Shooting; Germany Healing Wounds-Jews; Terrorism Informant Betrayed; Michael Gerson Opinion; Medical Breakthrough In Robotics; Segways Recalled; Microsoft's Zune; Anne Richards Obit.
NBC: Ford Buy Out-UAW; Ford Buy Out Analysis; Detainee Debate; Detainee Debate Analysis; Havana Summit Meeting; Canada-College Shooting; Medical Breakthrough-Robotics; Wal-Mart Ends Lay Away Service; Payday Loans Controversy; Anne Richards Obit; Getting Pregnant.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: E-Coli Outbreak; WI-School Attack Plot Thwarted; Canada-College Shooting; Senate-Detainee Treatment.
CBS: E-Coli Outbreak; WI-School Attack Plot Thwarted; Canada-College Shooting; Ford-Employee Buyouts; Space Shuttle.
NPR: Senate-Detainee Treatment; House-US Border Fence; OH18 GOP Primary; Space Shuttle; Wall Street; E-Coli Outbreak; NHTSA-Electronic Vehicle Stability Control Requirement; Ford-Employee Buyouts.

DOJ_NMG_0063265

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Speaks at a reception for the Republican Governors Association, private residence, Los Angeles. speaks at a reception for the Republican National Committee, Sequoia Capital, Menlo Park, Calif.

US Senate: FLOOR SCHEDULE _ Meets at 10 a.m. for morning business.

US House: FLOOR SCHEDULE _ 11 a.m. House meets for pro forma session.

9:30 a.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on contact lens sales. Maureen Ohlhausen, Director, Office of Policy Planning, FTC; Utah Attorney General Mark Shurtleff; Jonathan C. Coon, Chairman & CEO, 1-800 Contacts, Inc., Draper, Utah; Gregory A. Fryling, Chief Operating Officer, CooperVision, Inc., Lake Forest, Calif.; Dr. Oliver D. Schein, Johns Hopkins University; Dr. Wiley Curtis, Alexandria, Va. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats and International Relations. Third in three-part series on ``Iraq: Democracy or Civil War?'' Today's topic: ``What are the Consequences of Leaving Iraq?'' Fouad Ajami, Johns Hopkins University's School of Advanced International Studies; James Fearon, Stanford University; and Peter Galbraith, National War College. Location: 2154 Rayburn.

Other: LATINO EDUCATION-CONFERENCE _ Latino elected officials representing 14 states gather for 2nd Annual National Summit on the State of Latino Education. Location: Hamilton Crowne Plaza, 1001 14th St. NW.

FOOD POLICY _ The Consumer Federation of America holds its 29th annual National Food Policy Conference. Highlights: 9 a.m. Panel discussion on U.S. agriculture policy, with representatives of the food industry, farming and international arena. 10:30 a.m. Acting FDA Commissioner Andrew von Eschenbach discusses nutrition priorities and challenges. 1 p.m. Agriculture Undersecretary Richard Raymond discusses efforts to improve food safety. Location: National Press Club.

IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Peter Chiarelli, commander of the Multinational Corps-Iraq, briefs live from Iraq. Location: DoD Briefing Studio.

KOSOVO _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing with Nicholas Whyte of the International Crisis Group on the final Kosovo settlement. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

YOUTUBE/MYSPACE _ 9 a.m. - 12 p.m. Panel discussion on the MySpace and YouTube phenomenon. Forum will also cover release of ``Person-to-Person-Person: Harnessing the Political Power of Social Networks'' publication. Location: Morton Audit., 805 21st NW, George Washington University. Notes: Participants include MySpace executive Jeff Berman, Chuck DeFeo of Townhall.com, blogger and syndicated columnist Michelle Malkin, others.

HOMELAND SECURITY _ 10 a.m. Homeland Security Civil Rights and Civil Liberties Officer Daniel Sutherland holds a meeting with American Arab, Muslim and South Asian communities and law enforcement regarding America's security. Location: National Press Club.

POW/MIAS _ 11 a.m. Deputy Secretary of Defense Gordon England and Chairman of the Joint Chiefs of Staff Gen. Peter Pace host the ceremony for National POW/MIA Recognition Day. Rep. Rob Simmons will be the speaker. Location: Mall Entrance Parade Field, Pentagon.

JONATHAN ALTER _ 12 p.m. Jonathan Alter, senior editor, Newsweek Magazine, and author of ``The Defining Moment: FDR's 100 Days and the Triumph of Hope'' addresses National Press Club Newsmaker. Location: National Press Club, 14th and F Sts. NW.

BRAZIL _ 12:30 p.m. The Wilson Center for Scholars holds an afternoon conference on the upcoming presidential election in Brazil. Location: 6th floor Flom Auditorium, Reagan Trade Building.

RICE TRIP _ 12:45 p.m. Assistant Secretary of State Kristin Silverberg holds an on-the-record briefing on Secretary Rice's schedule and next week's UN General Assembly session. Location: State Department Briefing Room.

DETAINEES-TRIBUNALS _ 1 p.m. American Constitution Society forum on ``National Security, Civil Liberties and Tribunals for Detainees.'' With Eugene R. Fidell, President, National Institute of Military Justice; Deborah Pearlstein, Director, U.S. Law and Security Program, Human Rights First; others. Location: Room 226, Dirksen.

ECONOMIC SECURITY _ 1 p.m. The Brookings Institution and The New Republic hold a forum on economic security in a changing world. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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Subject: Department of Justice News Clips for Friday, September 15, 2006

This morning's Department of Justice News Clips is attached.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senate Panel Defies Bush On Terror (AP)

By Anne Plummer Flaherty

The Associated Press, September 15, 2006

A rebellious Senate committee defied President Bush on Thursday and approved terror-detainee legislation he has vowed to block, deepening Republican conflict over terrorism and national security in the middle of the election season.

Republican Sen. John Warner of Virginia, normally a Bush supporter, pushed the measure through his Armed Services Committee by a 15-9 vote, with Warner and three other GOP lawmakers joining Democrats. The vote set the stage for a showdown on the Senate floor as early as next week.

In an embarrassment to the White House, Colin Powell — Bush's first secretary of state — announced his opposition to his old boss' plan, saying it would hurt the country. Powell's successor, Secretary of State Condoleezza Rice, jumped to the president's defense in a letter of her own.

All this played out after Bush started his day by journeying to the Capitol to try nailing down support for his own version of the legislation — and by issuing a threat to the maverick Republicans.

"I will resist any bill that does not enable this program to go forward with legal clarity," Bush said at the White House.

The president's measure would go further than the Senate package in allowing classified evidence to be withheld from defendants in terror trials, using coerced testimony and protecting CIA and other U.S. interrogators against prosecution for using methods that may violate the Geneva Conventions.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell, a retired general who is also a former chairman of the Joint Chiefs of Staff, wrote in his letter.

Powell said Bush's bill, by redefining the kind of treatment the Geneva Conventions allow, "would add to those doubts. Furthermore, it would put our own troops at risk."

Firing back, White House spokesman Tony Snow said Powell was "confused" about the White House plan. Later, Snow said he probably shouldn't have used that word.

"I know that Colin Powell wants to beat the terrorists, too," he said.

The administration also produced its own letter from Rice. She wrote that narrowing the standards for detainee treatment as Bush has proposed "would add meaningful definition and clarification to vague terms in the treaties."

In addition, CIA Director Michael Hayden wrote a letter to his employees saying he has asked Congress "to help define our responsibilities so that we and the Department of Justice can judge the appropriateness of any procedures we would propose to use" while questioning terrorism suspects. He said Bush's bill did that.

In the committee vote, Warner was supported by GOP Sens. McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine. Warner, McCain and Graham had been the most active senators opposing Bush's plan. The vote by the moderate Collins underscored that there might be broad enough GOP support to successfully take on Bush on the floor of the Republican-run Senate.

As the battle mushrooms, it threatens to undermine campaign season assertions by the administration that it has shown a steady hand on security matters and that Republicans should be trusted over Democrats on such issues.

Bush still has many congressional allies, including House and Senate leaders and conservatives, who want to align themselves with the president's tough stance on interrogation and prosecution. The House Armed Services Committee on Wednesday passed a bill that supports the administration's position by 52-8.

But that support is not universal. Rep. Steve Buyer, R-Ind., said he told Bush during the president's visit that he should heed the military's top uniformed lawyers, who have previously opposed some provisions of the president's plan.

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Buyer and other Republicans are expected to align themselves with McCain, who spent more than five years as a prisoner of war during Vietnam. Last year, he overcame Bush's objections to pass legislation banning cruel, inhuman or degrading treatment of detainees.

Leaving his closed-door meeting with the House GOP caucus, Bush said he would "continue to work with members of the Congress to get good legislation." He complimented a House bill but did not mention the Senate version.

"I reminded them that the most important job of government is to protect the homeland," he said. Bush was accompanied by Vice President Dick Cheney and White House political adviser Karl Rove.

The White House also released a letter to lawmakers signed by the military's top uniformed lawyers. Saying they wanted to clarify past testimony on Capitol Hill in which they opposed the administration's plan, the lawyers wrote that they "do not object" to sections of Bush's proposal for the treatment of detainees.

Two congressional aides who favor McCain's plan said the military lawyers signed that letter after refusing to endorse an earlier one offered by the Pentagon's general counsel, William Haynes, that expressed more forceful support for Bush's plan.

The aides spoke on condition of anonymity because they were not authorized to discuss the matter publicly. Asked if Haynes had encouraged them to write the letter, Pentagon spokesman Bryan Whitman said, "Not that I'm aware of."

Another Bush bill would give legal status to the administration's warrantless wiretapping program. The Senate Judiciary Committee approved the bill on a party-line vote Wednesday, but it is stalled in the House amid opposition from Democrats and some Republicans concerned that the program violates civil liberties.

Strategy On Terror Suspects Splits GOP (USAT)

By David Jackson And Kathy Kiely

USA Today, September 15, 2006

WASHINGTON — President Bush is facing a Republican rebellion over a policy he says is crucial to the war on terrorism, as key members of his party lead the opposition to a White House plan for interrogating and prosecuting terrorism suspects.

Sen. John Cornyn, a Texas Republican who supports the administration proposal, said Bush faces “an uphill battle” in the Senate. On Thursday, the Senate Armed Services Committee approved Chairman John Warner's rival plan on a bipartisan 15-9 vote. Among those speaking out against the Bush measure: the president's former secretary of State, Colin Powell.

Critics of the Bush proposal, including Warner, R-Va., and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., contend that Bush's plan jeopardizes the nation's reputation by failing to guarantee fair trials for terror suspects. They also say captured U.S. troops could be subject to retaliation.

The White House says Warner's bill could effectively shut down important CIA interrogations. “In order to protect this country, we must be able to interrogate people who have information about future attacks,” Bush said at the White House. “I will resist any bill that does not enable this program to go forward.”

A showdown looms next week. Republican House leaders have scheduled a vote on Bush's plan, which they support. White House spokeswoman Dana Perino acknowledged that the president's bill may fall short in the Senate. She said House and Senate negotiators may have to resolve the differences between the two bills.

McCain has been a strong supporter of Bush's anti-terrorism strategy. But he said the administration's proposed rules for interrogating suspects would essentially rewrite the 1949 Geneva Conventions and invite other countries to weaken the treaty's ban on humiliating, cruel and degrading treatment of prisoners.

In a letter released by McCain, Powell backed the GOP senators. “The world is beginning to doubt the moral basis of our fight against terrorism,” wrote Powell, a retired general who also served as chairman of the Joint Chiefs of Staff.

McCain accused CIA Director Michael Hayden of pushing a policy designed to forgive possible agency abuses. “He's trying to protect his reputation at the risk of America's reputation,” he said.

CIA spokesman Mark Mansfield released a letter Hayden wrote to agency employees that argued otherwise. Hayden denied asking lawmakers to water down the Geneva Conventions. “I did not ask them to create a CIA (exception),” he wrote. “I am simply asking Congress to help define our responsibilities.”

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The Senate Armed Services vote came hours after Bush made a rare trip to Capitol Hill to tout his military tribunal plan before a friendly audience of House Republicans. Even there, he faced a challenge.

Rep. Steve Buyer, R-Ind., was a colonel in the Army Reserve who wrote legal guidelines for interrogators in the Persian Gulf War. Buyer said he challenged Bush to "listen to your legal commanders" during the closed-door session.

The White House must find a way to share classified evidence, at least with defense lawyers, that will be used against alleged terrorists, Buyer said. "There has to be a procedure by which we can have a proceeding that reflects our values and is viewed by the world as fair and just," he said.

Republicans Defy Bush Over Detainees (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, September 15, 2006

Defiant Republicans on the Senate Armed Services Committee bucked President Bush yesterday and approved a bill for detention and trial of foreign terrorism suspects that Mr. Bush says would compromise the war on terrorism.

The president insisted that he will not accept a bill that ties the CIA's hands or puts classified information at risk, and urged Congress to pass a proposal similar to what he submitted instead.

Led by Sen. John McCain of Arizona and committee Chairman John W. Warner of Virginia, four Republicans joined the panel's 11 Democrats to support a bill that gives terrorism detainees broader civil rights than Mr. Bush has proposed.

But most Senate Republicans, including the rest of the committee's members, support the administration's view that Mr. Warner's bill would limit intelligence gathering and expose classified information to terrorists. They have vowed to fight it out on the Senate floor.

Mr. Warner said he crafted the measure carefully to meet the concerns of the Supreme Court. The high court earlier this year struck down Mr. Bush's current setup for trying detainees held at the U.S. Naval Base Guantanamo Bay, Cuba.

"It would be a very serious blow to the credibility of the United States ... if legislation passed by the Congress and signed by the president failed to meet a second Supreme Court review," Mr. Warner said yesterday.

But Sen. John Cornyn, a Texas Republican and committee member, called that argument a "boogeyman" and insisted he would try to amend the bill to be more in line with the White House approach.

The administration last week publicly acknowledged a classified CIA interrogation program, which, officials said, has produced information that helped thwart at least eight terrorist plots since 2001. But the Supreme Court ruling leaves that program on tenuous ground, and Mr. Bush says it would have to end if Congress doesn't approve new rules.

A Capitol Hill source said that after two weeks of fruitless negotiations with Mr. McCain, the White House has decided to instead have the fight in public and make its case directly.

The effort has kicked into high gear this week with CIA Director Gen. Michael V. Hayden saying that without specific guidance, he would have to close down the interrogation program. The administration also released a letter from the military's top lawyers saying guidance would be welcome, and a letter from Secretary of State Condoleezza Rice saying what the U.S. is doing makes sense.

The administration argues that Common Article 3 of the Geneva Conventions has never been tested by the U.S. before, and provisions banning harsh treatment are vague. Mr. Bush wants a bill that lists exactly what is out of bounds.

Mr. Warner's bill allows accused terrorists more access to classified evidence against them during military tribunals, and also rejects Mr. Bush's definition of treatment of detainees.

The president visited with House Republicans yesterday to urge them to approve his approach, and House Republican leaders indicated they would. The House Armed Services Committee on Wednesday passed a version acceptable to the White House in a bipartisan 52-8 vote.

Later, Mr. Bush said he "will resist" any bill that the CIA says would tie its hands.

"If there's ambiguity, if there's any doubt in our professionals' minds that they can conduct their operations in a legal way, with support of the Congress, the program won't go forward and the American people will be in danger," he said.

White House press secretary Tony Snow said both sides want the same thing.

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"They got to figure out how to achieve it," he said.

Mr. Cornyn said the two camps probably can resolve the issue of how to handle classified information, but the sticking point is the Geneva Conventions issue.

Mr. McCain said the White House wants to redefine the conventions, and doing so would invite international criticism.

"If you change the interpretation of it, you are changing a treaty," he said, arguing that such a move could hurt U.S. agents by opening the door for other countries to interpret the treaty however they see fit.

"I believe then people would be turned over to the secret police," he said.

Former Secretary of State Colin L. Powell, also a former chairman of the Joint Chiefs of Staff, wrote a letter this week saying that in trying to "redefine" part of the Geneva Conventions the administration was risking the "moral basis of our fight against terrorism."

But Mr. Snow said Mr. Powell was confused about what the administration is trying to achieve.

"The whole purpose of this is to make sure that we place our troops out of harm's way, and also the people who are doing the interrogations, by making clear what the standards are," he said.

An Unexpected Collision Over Detainees (NYT)

By Carl Hulse

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — President Bush and Congressional Republicans spent the last 10 days laying the foundation for a titanic pre-election struggle over national security, and now they have one. But the fight playing out this week on Capitol Hill is not what they had in mind.

Instead of drawing contrasts with Democrats, the president's call for creating military tribunals to try terror suspects — a key substantive and political component of his fall agenda — has erupted into a remarkably intense clash pitting some of the best-known warriors in the Republican Party against Mr. Bush and the Congressional leadership.

At issue are definitions of what is permissible in trials and interrogations that both sides view as central to the character of the nation, the way the United States is perceived abroad and the rules of the game for what Mr. Bush has said will be a multigenerational battle against Islamic terrorists.

Democrats have so far remained on the sidelines, sidestepping Republican efforts to draw them into a fight over Mr. Bush's leadership on national security heading toward the midterm election. Democrats are rapt spectators, however, shielded by the stern opposition to the president being expressed by three Republicans with impeccable credentials on military matters: Senators John McCain of Arizona, John W. Warner of Virginia and Lindsey Graham of South Carolina. The three were joined on Thursday by Colin L. Powell, formerly the secretary of state and the chairman of the Joint Chiefs of Staff, in challenging the administration's approach.

It is one of those rare Congressional moments when the policy is as monumental as the politics.

On one side are the Republican veterans of the uniformed services, arguing that the president's proposal would effectively gut the nearly 60-year-old Geneva Conventions, sending a dark signal to the rest of the world and leaving United States military without adequate protection against torture and mistreatment.

On the other are the Bush administration and Republican leaders of both the House and Senate who say new tools are urgently needed to pursue and interrogate terror suspects and to protect the covert operatives who play an increasingly important role in chasing them.

Republicans concede that the fight among themselves is a major political distraction, particularly given the credentials of the Republican opposition, led by Mr. McCain, the former prisoner of war in Vietnam who was tortured in captivity.

"It is a big problem," said Representative Ray LaHood of Illinois, a senior House Republican. "These guys have a lot of weight and a lot of standing. McCain is a tough guy to beat on this."

But Mr. Bush, who visited the Capitol on Thursday to rally House Republicans behind his approach, is also tough. He will no doubt do everything possible to get a deal, if not on the floor of the Senate then in conference between the House and the

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Senate. But the immediate result in political terms has been to create a battle among Republicans about core principles less than eight weeks before Election Day.

"This whole issue is going to send a signal about who America is in 2006," Mr. Graham said.

Brushing aside the objections of Mr. Bush and most of his Republican colleagues in Congress, Mr. Warner led the Senate Armed Services Committee to produce legislation on Thursday that would provide detainees with protections beyond those sought by Mr. Bush, setting up a collision with the House, where a measure approved by the administration is advancing.

House Republicans say the Senate plan is misguided and will hobble the American military. Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee, said it would lead to "the lawyer brigade" being attached to combat troops to counsel detainees.

Representative Peter T. King, Republican of New York and chairman of the Homeland Security Committee, said: "I just think John McCain is wrong on this. If we capture bin Laden tomorrow and we have to hold his head under water to find out when the next attack is going to happen, we ought to be able to do it."

Mr. McCain's opponents acknowledge that, given his experiences, he is a powerful advocate on this subject, but that the shadow war against terrorists has new legal complexities.

"I have never led in combat, but I do have some experience with the law," said Senator John Cornyn, Republican of Texas and a former State Supreme Court justice who has jousted with Mr. McCain over the legislation.

There is no doubt that Mr. Cornyn and his fellow Republicans would much rather be dueling with the Democrats over this issue, which they see as their chief election-year advantage.

After their meeting with the president, House Republicans sought to play up their differences with House Democrats on the detainee legislation although the bill passed the Armed Services Committee on an overwhelmingly bipartisan vote.

Republicans will also continue try to continue to pound Democrats on other security measures, like legislation to authorize the administration's eavesdropping program. But the political power of that issue gets muddied as well because some House and Senate Republicans want to impose more restrictions on the program than the administration finds acceptable.

Recent polls continue to show Republicans with an advantage on security issues, but they are mixed as to whether the president's most recent push is raising his popularity. In addition, widespread public dissatisfaction with the war in Iraq is clouding election prospects for Republicans.

But with the focus on the treatment of detainees there is a potential benefit for Republicans since it does at least temporarily change the subject from Iraq.

Democrats say that no matter how bipartisan the opposition to the administration's tribunal plan, they expect that Republicans will try to blame Democrats for any delay. They note that House Republicans have taken to referring to bipartisan Senate legislation on immigration, a measure most House Republicans abhor, as the Reid-Kennedy bill, named for the Democrats Harry Reid of Nevada and Edward M. Kennedy of Massachusetts, despite the substantial participation of Mr. McCain.

"At the end of the day, they will forget John McCain, Lindsey Graham and John Warner and say it is all about the Democrats holding up President Bush's plan to make American safer," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate.

But Mr. Durbin said, "We are not going to take it sitting down."

Senate Panel Rebuffs Bush On Anti-Terror Legislation (LAT)

By Richard B. Schmitt And Joel Havemann

The Los Angeles Times, September 15, 2006

WASHINGTON — President Bush's campaign for tougher legislation on terrorists suffered another blow today when Senate Republicans supported efforts to block his plan to reinterpret Geneva Convention restrictions on the interrogation of prisoners.

By a 15-9 vote, Sen. John Warner (R-Va.), chairman of the Armed Services Committee, and three other Republicans joined Democrats in opposing the change.

The rejection of Bush's plan could create a dramatic clash, particularly among Republicans campaigning for reelection as being strong on security issues, when the full Senate votes next week.

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Today's vote came several hours after Colin Powell, the secretary of State in Bush's first term, spelled out his position in a letter to Sen. John McCain of Arizona.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell said. "To redefine [a portion of the Geneva Convention] would add to those doubts."

More than that, he said, it could lead to the mistreatment of American troops captured in Iraq and elsewhere during the war on terrorism.

Powell's letter came as the Senate Armed Services Committee met in closed session to consider Bush's proposal. Sens. Lindsey Graham (R-S.C.) and Susan Collins (R-Me.) joined Warner and McCain and all the Democrats on the committee in voting against the proposal.

Bush wants the authorization before the trials begin for 14 high-profile terrorists who have been taken to the detention center at Guantanamo Bay, Cuba, from CIA prisons worldwide.

The U.S. Supreme Court has ruled that the military tribunals that were set up for prosecuting terror suspects needed congressional authorization. Bush does not want the new tribunals to be hamstrung by what the administration describes as the vague protections that the Geneva Convention, adopted shortly after World War II, offers to prisoners of war.

Before the Armed Services Committee deliberated, Bush paid a rare visit to Capitol Hill to try to shore up support for two foundering anti-terrorism measures and the Geneva Convention proposal. He also made another trip to allow the continuation of the program of eavesdropping on Americans' international phone calls without warrants.

On Wednesday, a divided Senate Judiciary Committee muddied the outlook for an issue that Republicans consider key to the midterm elections when it approved widely divergent bills aimed at overhauling domestic eavesdropping laws.

The committee endorsed a White House-backed measure that would give President Bush broad authority for his warrantless wiretapping program. It also approved legislation by Sen. Dianne Feinstein (D-Calif.) that would largely preserve a 1978 law governing domestic spying while making few provisions for new executive powers.

While one lawmaker decried the Senate approach as "totally contradictory," the House Judiciary Committee abruptly canceled a vote on its own version of the surveillance reform law amid signs of dissension among Republicans there.

The White House said it was confident that lawmakers ultimately would enact the measures Bush was promoting. But the growing disharmony over the president's tribunal plan drew warning shots Wednesday from some administration officials.

In a conference call with reporters, John D. Negroponte, director of national intelligence, warned that if an alternate version of the tribunal bill proposed by McCain passed, the CIA would be forced to shut down its interrogation program.

"If it goes forward as proposed, this will not allow for the CIA high-value terrorist detention program to go forward," Negroponte said.

The Judiciary Committee's eavesdropping vote was a rare rebuke for an administration that has tested the limits of executive power since Sept. 11.

The panel's eight Democrats were joined by two Republicans — Graham and the committee's chairman, Sen. Arlen Specter of Pennsylvania — in approving the Feinstein measure.

Specter has been the driving force behind the White House surveillance bill, which he brokered with Vice President Dick Cheney over the summer. But he said he voted for both bills — he had previously been a sponsor of the Feinstein legislation — because each had important attributes.

Some members of the panel, however, said the committee was passing the buck by sending multiple and conflicting legislation to the floor. A central premise of the Feinstein legislation was "totally contradictory to legislation we just passed," said Sen. Jon Kyl (R-Ariz.). "What kind of message does that send to our colleagues?"

Others said that the panel's action showed a lack of understanding of the issues at hand.

By moving along bills "that are flatly contradictory, they are saying that they don't really understand what they are doing," said James X. Dempsey, policy director of the Center for Democracy and Technology, a Washington-based advocacy group. "Throwing the issue open to floor debate in a partisan atmosphere is probably the worst possible way of resolving complex issues at the intersection of technology, national security and constitutional doctrine."

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Under the domestic surveillance program, the National Security Agency has intercepted communications between suspected terrorists abroad and people in the United States. It The program has been a flashpoint in the post-Sept. 11 debate over liberty and security since being divulged in media reports in December.

The administration has acknowledged that in conducting the program, it did not obtain warrants from the court established by Congress under the Foreign Intelligence Surveillance Act, or FISA, in 1978 to monitor all domestic surveillance in terrorism and espionage cases. The president, the administration said, had the power to order the monitoring without going through those channels.

The Specter bill incorporates that view.

But Feinstein's bill affirms what she and others say was the original intent of the 1978 law, and makes it clear that the FISA court is the exclusive authority for approving such requests.

Whereas the administration has expressed concern that the FISA court process is too cumbersome in an age of cell phones and Internet-savvy terrorists, Feinstein's solution would focus on expanding current emergency provisions in the law.

The legislation would extend — from the current 72 hours to seven days — the time allowed for emergency surveillance before a warrant application must be submitted to the FISA court. It also would augment the 15-day wartime exception for wiretapping without court approval to include incidents of congressional authorization for the use of force or a national emergency created by a terrorist attack.

"I am a happy camper, at this point," Feinstein told reporters after the vote. "I think we can get Republicans. We'll see."

Republicans view national security as their greatest political strength in their battle to keep control of Congress in the November midterm elections. And on Wednesday, the House Armed Services Committee approved a tribunal measure that closely tracked the administration's proposal.

"I can think of no better way to honor the fifth anniversary of Sept. 11 than by establishing a system to prosecute the terrorists who, on that day, murdered thousands of innocent civilians, and who continue to seek to kill Americans both on and off the battlefield," said Rep. Duncan Hunter (R-El Cajon), the committee's chairman.

The administration's proposal considered by the Armed Services Committee would, among other things, redefine Common Article 3 of the Geneva Convention, which establishes a baseline level of treatment for all combatants. Administration officials have said the changes are necessary to protect interrogators from prosecution or civil suits.

"This is an attempt not to alter Geneva, nor to avoid the purposes of Geneva, but rather to give it the kind of clarity we felt [was] required," Negroponte said Wednesday. "We feel there are parts of Common Article 3 under Geneva that are vague."

That vagueness, Negroponte said, meant that CIA interrogators could not be certain they were behaving in a lawful manner.

But McCain and others have said that the changes also could have the effect of putting U.S. troops at risk.

"The overwhelming majority of retired military people are weighing in on this issue and saying, 'Don't amend Common Article 3,'" the Arizona lawmaker said Wednesday.

"How we interpret Common Article 3, and any effort to undercut its meaning, will be taken into account by our enemies in future conflicts," McCain added. "We are concerned about the plight of American servicemen and women who may be captured in future conflicts."

Senate Panel Thwarts Bush Plan On 'War On Terror' Detainees (AFP-Y)

By Stephanie Griffith

AFP, September 15, 2006

A US Senate panel rejected President George W. Bush's plan to relax standards on the treatment of "war on terror" suspects, instead backing a substitute bill offering greater rights protections to foreign detainees.

In a stinging rebuke to the US president, the Senate Armed Services Committee voted 15 to nine in favor of a bill drafted by Republican chairman John Warner.

The outlines of the president's plan, which would allow tougher questioning of detainees while protecting US interrogators from being prosecuted for war crimes, were approved Wednesday by a US House of Representatives panel.

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Bush came to Capitol Hill Thursday to drum up additional support for his legislation, which he said would "give us the tools and wherewithal to protect this country."

But his appeals failed to sway Democrats and a handful of key Republicans in the Senate Armed Services Committee, who instead were convinced by Warner's arguments that the president's bill could endanger future US prisoners of war and hurt America's standing in the world.

The Senate vote sets up difficult negotiations with House lawmakers and Bush administration officials over their differing versions, but McCain said an accord is within reach.

"I think we see a compromise there so that we could prevent national security from being compromised, but yet still allow the defendant to be able to see some of the evidence against him," he said, speaking on CNN.

"What we are seeking is to make sure that the Geneva Conventions covering these circumstances are not changed, because if we amend the Geneva Conventions, then other nations will to their liking," which he said "could put American lives at risk."

The administration plan would redefine which acts constitute war crimes, after the Supreme Court ruled in June that his existing court system established to prosecute terrorism suspects was illegal and violated the international Geneva Conventions.

Bush praised the House Armed Services Committee for having passed his bill, which he called "a very important piece of legislation in a bipartisan fashion that will give us the tools and wherewithal to protect this country," he said.

"We have proposed legislation that will enable the Central Intelligence Agency to be able to conduct a program to get information from high-value detainees in a lawful way," Bush said at a joint news conference later Thursday with South Korean President Roh Moo-Hyun.

"It is very important for the American people to understand that in order to protect this country we must be able to interrogate people who have information about future attacks," Bush said.

"I will resist any bill that does not enable this program to go forward with legal clarity."

Asked later for White House reaction to the Senate defeat, Bush spokesman Tony Snow said the remarks from the news conference with Roh "remain valid."

US Secretary of State Condoleezza Rice, in a letter delivered to Warner's committee Thursday, called the administration bill a "reasonable, good faith interpretation" that does attempt to take human rights concerns into account.

But the president's proposals have been strongly opposed by three powerful Republican senators -- Warner, Lindsey Graham and John McCain-- who insist there must be no erosion in US compliance with international law governing the treatment of war detainees.

At a press conference Wednesday, Graham -- who in addition to being a US senator is also a military lawyer -- denounced the White House proposal.

"It started with Abu Ghraib," he said, referring to the notorious Iraqi prison where US abuses were found.

"Are we going to start being the first country in the world that changes the Geneva Conventions so the secret police programs of those nations will be OK?"

The trio got the support of an influential ally, former US secretary of state Colin Powell.

Powell sent a letter to McCain on Wednesday condemning the administration's plan to change rules governing detainee treatment, which are covered under Article Three of the Geneva Conventions.

"I do not support such a step and believe it would be inconsistent with the McCain amendment on torture, which I supported last year," Powell wrote, in a letter made public by McCain Thursday.

"The world is beginning to doubt the moral basis of our fight against terrorism. To redefine Common Article Three would add to those doubts," wrote Powell, who is also ex-chairman of the Joint Chiefs of Staff.

But Bush dismissed Powell's remarks, saying "there's all kinds of letters coming out," and pointed out that a group of military lawyers sent a letter to the House and Senate Armed Services panels supporting the administration plan.

Senate Panel Defies Bush On Detainees (MCT)

By Ron Hutcheson And Margaret Talev

DOJ_NMG_0063279

McClatchy Newspapers, September 15, 2006

WASHINGTON - Ignoring threats and warnings from President Bush, a defiant Senate committee approved legislation Thursday that would ban abusive CIA interrogations and make it easier for terrorist suspects to defend themselves at trial.

The Republican-led Senate Armed Services Committee voted 15-9 to send the legislation to the full Senate. Four Republicans, including Sen. John Warner of Virginia, the committee's chairman, backed the bill over Bush's objections, as did the panel's 11 Democrats.

The split in Republican ranks widened as former Secretary of State Colin Powell joined the dissidents against his former boss.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell wrote in a letter to Sen. John McCain, R-Ariz., who has teamed up with Warner and Sen. Lindsey Graham, R-S.C., in opposing Bush. Powell is former chairman of the Joint Chiefs of Staff. McCain was a prisoner of war in Vietnam. Warner is a former secretary of the Navy. Graham is a judge in the Air Force reserves.

Bush made a rare visit to the Capitol to lobby House Republicans for his approach and declared that "the American people will be in danger" if lawmakers continue to defy him.

Bush said CIA interrogators should have wide latitude when questioning terrorists, as long as they don't engage in torture. The Senate bill would ban abusive techniques that the Bush administration doesn't consider torture, such as "water-boarding," which simulates drowning.

"In order to protect this country, we must be able to interrogate people who have information about terrorist attacks," Bush told reporters after his closed-door visit with House Republicans. "I will resist any bill that does not enable this program to go forward with legal clarity."

Powell endorsed efforts by three Senate Republicans to make sure that suspected terrorists receive basic protections provided by the Geneva Conventions, an international agreement governing the treatment of prisoners of war. The basic protections, spelled out in a provision known as Common Article 3, prohibit "outrages upon personal dignity," including "humiliating and degrading treatment."

Powell agreed with other retired senior military officers who wrote Warner contending that Bush's approach undermines support for the war on terrorism and encourages abusive treatment against captured Americans.

The legislation under debate would revamp the ground rules for dealing with terrorist suspects, from interrogation to detention to trial before military tribunals. Some of the most controversial issues involve the treatment of detainees in secret CIA prisons.

The legislation also would change the rules of evidence for suspected terrorists facing trial before military tribunals. The Senate committee bill would make it easier for defendants to see the evidence against them and would tighten restrictions on the use of hearsay evidence.

Terrorist suspects would have fewer legal rights than Americans in civilian courts, but would have more than what Bush wants to give them.

Although the military has banned a long list of abusive interrogation tactics, the prohibitions don't apply to the CIA. Bush wants Congress to give CIA interrogators wide latitude while protecting them from possible later prosecution for actions that might be considered war crimes.

The issue took on new urgency last June when the Supreme Court ruled that terrorist suspects are entitled to basic protections under the Geneva Conventions.

"If there's not clarity, if there's ambiguity, if there's any doubt in our professionals' minds that they can conduct their operations in a legal way, with support of the Congress, the program won't go forward and the American people will be in danger," Bush said.

Bush brushed off Powell's opposition, but White House spokesman Tony Snow didn't conceal the annoyance that his defection caused within the president's inner circle. Snow said Powell was "confused" about Bush's goals and suggested that the former secretary of state should have contacted the White House for clarification before writing his letter.

Snow insisted that Bush merely wants to clarify the standards of conduct under the Geneva Conventions, not water down the basic protections provided to captives.

McCain, who was tortured as a war prisoner in Vietnam, took issue with Snow's interpretation.

"Clarify, modify, I mean please," he said with exasperation. "You are changing a treaty which no other nation on Earth has changed for the first time in 57 years."

The Arizona Republican also accused CIA Director Michael Hayden of trying to shield his agency from scrutiny under the guise of national security.

"General Hayden wants to change the Geneva Conventions not to protect his people," McCain said after the committee vote. "He wants to protect his reputation at the risk of America's reputation."

The White House sought to counter Powell's opposition by producing a letter from Secretary of State Condoleezza Rice supporting Bush. The White House also released another letter of support from five top military lawyers representing the armed services.

Republicans on the Senate Armed Services Committee reacted skeptically to the military lawyers' letter, suggesting that it didn't fully reflect the views of the lawyers who signed it.

"There's more to it," said Graham, who contacted the military lawyers after reading their joint letter. "The concerns I've been expressing for weeks, they share. ...That needs to come out, too. You can't use the letter in a vacuum."

A person close to the military lawyers, who insisted on anonymity because he was unauthorized to challenge the White House, confirmed Graham's account.

"It (the lawyers' letter) doesn't say they are recommending that the president's legislation pass," this person said. "It's just saying they don't object. I believe that if we were asked our preference, we would say we prefer the bill that Senators McCain, Warner and Graham have put forward."

Senate Majority Leader Bill Frist, R-Tenn., said he would decide next week whether he would permit a vote on the dissidents' bill or substitute a White House-backed alternative. Lawmakers are under pressure to finish the legislation before their planned Oct. 6 recess for the fall election season. The Republican infighting is undermining Bush's effort to portray Democrats as soft on national security heading into the elections.

Tribunals Bill Advances, Sets Stage For Battle Among Republicans (WSJ)

By Sarah Lueck

The Wall Street Journal, September 15, 2006

WASHINGTON -- Over President Bush's opposition, a plan to prosecute enemy combatants advanced in the Senate with bipartisan support, raising the prospect of a messy floor battle among Republicans heading into the midterm elections.

The Senate Armed Services Committee approved the proposal on a 15-9 vote, with all the panel's Democrats and four of its Republicans in support. Most Republicans on the committee voted against it, however, saying they preferred Mr. Bush's approach. The debate likely will continue on the Senate floor next week.

Republicans had hoped the vote would be a chance to point out differences with Democrats over national-security issues, but, in fact, it won't be so clear-cut. Democrats spoke little, but tried to counter Republican attempts to paint them as obstructionists. "We must adopt a bill. That's something that should be all our goals," said Sen. Carl Levin of Michigan, the panel's senior Democrat.

Unlike Mr. Bush's plan, the Senate bill allows accused combatants to see classified evidence being used against them and permits evidence obtained using coercion only if a judge determines it illuminates the facts of the case. Both bills prohibit cruel treatment, such as torture. The administration plan bars the accused from invoking the Geneva Conventions as a source of rights in court, while the Senate bill limits the use of the treaty only in civil actions, such as lawsuits for damages against an interrogator.

Yesterday, Mr. Bush visited House Republicans to rally their support for his national-security priorities and to thank them for making strides on his military-tribunals plan, which a House panel approved Wednesday.

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White House spokesman Tony Snow said Mr. Bush won't support the Senate plan, which the administration contends would end the Central Intelligence Agency's program to collect information from captured al Qaeda leaders. "The president will not accept something that shuts the program down," Mr. Snow said.

In the House, some Republicans are concerned about the White House approach, just as some have objected to another administration priority -- getting broader authority to conduct warrantless surveillance. During the closed-door meeting, Rep. Steve Buyer of Indiana, a former military lawyer, cited an issue top uniformed lawyers raised: Mr. Bush's plan would permit the use of classified evidence, but doesn't require it be shared with the accused. "I said, 'You listen to your commanders in the field. Please listen to your legal commanders,'" Mr. Buyer said in an interview.

The Senate bill wouldn't allow use of classified evidence unless it can be shared with the accused. But for the Senate bill's sponsors -- Sens. John Warner (R., Va.), chairman of the Armed Services Committee, John McCain (R., Ariz.) and Sen. Lindsey Graham (R., S.C.) -- the most intractable difference has been the administration's proposal to redefine U.S. obligations under the Geneva Conventions. The sponsors said they worry the U.S. would lose credibility when trying to argue for the safety or release of troops taken prisoner in future conflicts.

CIA Director Michael Hayden wrote in a memo to his staff that in meetings with Congress, "I did not ask them to back away from our nation's commitment to Geneva." But Common Article Three, the relevant provision, is "general and vague," he said. Mr. Hayden said Congress should "help define our responsibilities" so the CIA "can judge the appropriateness of any procedures" it might use.

Former Secretary of State Colin Powell wrote to Mr. McCain Wednesday, supporting the senator's position. Supporters of the administration's position circulated their own letter, sent to Congress by top military lawyers. The letter said they "do not object" to Mr. Bush's proposal on the Geneva Conventions.

Senators Defy Bush On Terror Measure (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 15, 2006

A Senate committee rebuffed the personal entreaties of President Bush yesterday, rejecting his proposed strategies for interrogating and trying enemy combatants and approving alternative legislation that he has strenuously opposed.

The bipartisan vote sets up a legislative showdown on an issue that GOP strategists had hoped would unite their party and serve as a cudgel against Democrats in the Nov. 7 elections. Instead, Bush and congressional Republican leaders are at loggerheads with a dissident group led by Sen. John McCain (R), who says the president's approach would jeopardize the safety of U.S. troops and intelligence operatives.

Despite heavy lobbying by Bush, who visited the Capitol yesterday, and Vice President Cheney, who was there Tuesday, McCain and his allies held fast. Even former secretary of state Colin L. Powell weighed in on McCain's side.

Moments after the Armed Services Committee voted 15 to 9 to endorse McCain's alternative bill, the Arizona senator lashed out at CIA Director Michael V. Hayden, who had also lobbied lawmakers personally.

McCain told reporters that Hayden wants Congress to give the CIA a virtually free hand to treat detainees as it wishes so that he and his agents will be immunized against accusations of unlawful conduct. "He's trying to protect his reputation at the risk of America's reputation," McCain said. The senator noted that other nations would be more likely to abuse U.S. captives if Americans appeared to sanction such conduct.

A CIA spokesman said Hayden "wants to protect the people who work for him" and who take risks to "help keep all Americans safe."

The committee action puts McCain and his allies on a collision course with the administration, whose supporters hope to change the bill in the full Senate, and with the House, which is expected to approve the president's bill next week.

With virtually all Senate Democrats likely to back McCain, he appears to have enough Republican support -- for now, at least -- to fend off amendments on the Senate floor and to block passage of the House version if it emerges from a conference committee.

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Congress is scheduled to adjourn in two weeks, and lawmakers said they will be hard pressed to resolve the matter before the elections.

The disagreement centers mainly on how to square the CIA's techniques with the Geneva Conventions, which say wartime detainees must be "treated humanely." The administration bill says the United States complies with the conventions as long as interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives.

McCain and his chief Republican allies on the Senate committee, Chairman John W. Warner (Va.) and Lindsey O. Graham (S.C.), say that this requirement is too narrow and that the United States should not try to limit its obligations under the Geneva Conventions. Instead, they want CIA officers to abide by the common understanding of the treaty's meaning, including a ban on "outrages upon personal dignity."

Bush's bill would also allow alleged enemy combatants to be convicted by military commissions relying on classified information not shared with the suspects. The McCain-backed measure would make the exclusion of classified information more difficult, and it states in general terms that defendants have the right to examine and respond to any evidence directly related to guilt or innocence.

Joining McCain, Warner and Graham in voting for their bill yesterday were Republican Sen. Susan Collins of Maine and all of the committee's Democrats.

The dispute has fractured the GOP establishment. Powell and numerous retired military officers wrote letters supporting McCain's position, while Secretary of State Condoleezza Rice and other administration officials weighed in on Bush's behalf. The president made a rare visit to Capitol Hill yesterday to rally House Republicans and thank the House Armed Services Committee for overwhelmingly approving legislation that mirrored his position.

"The most important job of government is to protect the homeland, and yesterday they advanced an important piece of legislation to do just that," Bush told reporters. "I'll continue to work with members of the Congress to get good legislation so we can do our duty."

White House officials released a letter from senior Pentagon uniformed lawyers, who said they "do not object" to two key sections of the administration-backed bill that would reinterpret U.S. obligations under the Geneva Conventions and protect U.S. intelligence agents from war crimes prosecutions. They then summoned senators from the Armed Services and intelligence committees to an afternoon meeting with Rice and national security adviser Stephen J. Hadley. Seven attended, sources said.

The Pentagon letter immediately generated controversy. Senior judge advocates general had publicly questioned many aspects of the administration's position, especially any reinterpreting of the Geneva Conventions. The White House and GOP lawmakers seized on what appeared to be a change of heart to say that they now have military lawyers on their side.

But the letter was signed only after an extraordinary round of negotiations Wednesday between the judge advocates and William J. Haynes II, the Defense Department's general counsel, according to Republican opponents of Bush's proposal. The military lawyers refused to sign a letter of endorsement. But after hours of cajoling, they assented to write that they "do not object," according to three Senate GOP sources who spoke on the condition of anonymity because they were divulging private negotiations.

Graham, a former Air Force judge advocate general, promised to summon the lawyers to a committee hearing and to ask for an explanation of the circumstances surrounding the letter.

One of the military lawyers, Air Force Maj. Gen. Charles J. Dunlap Jr., reiterated yesterday that he still has reservations about the administration's proposal, just not in the areas discussed in the letter. He said he was not forced to sign.

"I made my several personal objections to the administration's proposal clear in my [House] testimony," Dunlap said. "This matter was not among them."

White House press secretary Tony Snow told reporters yesterday that Bush "will not accept something that prevents the [CIA detention] program from going forward." At a feisty briefing, Snow said critics have misconstrued the administration's intent, which he said is to define the Geneva Conventions' ban on cruel and inhumane treatment, not to undermine it.

"Somehow I think there's this construct in people's minds that we want to restore the rack and start getting people screaming, having their bones crunching," Snow said. "And that's not at all what this is about."

He said Powell did not discuss the issue with the White House before releasing his letter.

"They don't understand what we're trying to do here," he said of Powell and retired Army Gen. John W. Vessey Jr., who wrote a similar letter. Asked if Powell is "confused," Snow said, "Yes."

McCain, who was tortured as a Vietnam War prisoner, dismissed similar comments in the committee session, saying Powell knew exactly what he was doing.

Rebuff For Bush On Terror Trials In A Senate Test (NYT)

By Kate Zernike

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The Senate Armed Services Committee defied President Bush on Thursday, with four Republicans joining Democrats in approving a plan for the trial and interrogation of terrorism suspects that the White House has rejected as unacceptable.

The Republican rebellion was led by Senator John W. Warner of Virginia, the committee chairman, with backing from Senators John McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine.

The White House had said their legislation would leave the United States no option but to shut down a C.I.A. program to interrogate high-level terrorism suspects.

The vote came on a frantic day of Republican infighting and despite an all-out effort by the White House to win support for its own approach, which provides far fewer protections for detainees.

Mr. Bush traveled to Capitol Hill with Vice President Dick Cheney on Thursday morning. The administration also released a brief letter in which the top lawyers for the military branches said they found no legal objection to the White House proposal to redefine a key provision of the Geneva Conventions.

But Colin L. Powell, Mr. Bush's former secretary of state, sided with the senators, saying in a letter that the president's plan to redefine the Geneva Conventions would encourage the world to "doubt the moral basis of our fight against terrorism," and "put our own troops at risk."

Mr. Powell's statement amounted to a rare public breach with the White House he served, but reflected his strong opposition while in office to the administration's assertions, beginning shortly after the Sept. 11 attacks, that the war against Al Qaeda should not be bound by the Geneva Conventions.

The White House made clear that it would fight on despite the Republican rebellion, with Mr. Bush saying he would "resist any bill'' that did not provide a legal basis for the C.I.A. to continue to employ what he has called "alternative interrogation practices'' for terrorism suspects.

The main dispute between the White House and the Senate Republicans revolves around a provision known as Common Article 3, which prohibits inhumane treatment of combatants seized in wartime. Gen. Michael V. Hayden, the C.I.A. director, has argued that the article's prohibition against "outrages upon personal dignity" must be clarified so that troops and C.I.A. personnel know what is permissible in the interrogation of terrorism suspects.

But Senators Warner, McCain and Graham say the Bush proposal would send a signal that the United States has abandoned its commitment to human rights, and invite other nations to reinterpret the Geneva Conventions as they see fit, eliminating protections for American troops seized in future conflicts.

The senators also dismissed the letter from the military lawyers, saying they had questions about whether it amounted to an authentic endorsement of the White House proposal. They said they put more weight on extensive public testimony in which the lawyers raised doubts about the Bush plan.

Some military officials briefed on the military lawyers' position also disputed the notion that the lawyers had reversed course. They said the lawyers agreed to sign a letter at a meeting on Wednesday after discussing the language over several hours.

The lawyers would agree only to say that they could not find anything illegal about the specific issue of amending Common Article 3, the defense officials said, but still do not endorse several points in the administration's approach.

The senators say their bill will protect the C.I.A. by refining the war crimes act, which criminalizes violations of Common Article 3, to specifically enumerate what violations constitute war crimes.

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"What General Hayden wants us to do is immunize him not from liability but from criticism," Mr. McCain said after the vote, "because if one of his techniques is made public and he gets criticized, then he can say, 'Well, Congress told me to do it.' He's trying to protect his reputation at the risk of America's reputation."

The other chief dispute concerns the evidence admitted at trial. The Bush plan would allow hearsay and evidence obtained by coercion if it is considered reliable, while the Senate proposal would exclude any testimony obtained by "cruel inhuman, or degrading treatment."

The White House would bar the suspect from seeing classified evidence shown to the jury weighing his case; the senators say that this amounts to a secret trial, and that the suspect must be allowed to see anything the jury sees. They offered a compromise under which a judge would substitute a declassified summary of the evidence.

The committee vote was 15 to 9, with all Democrats joining the four Republicans. The measure now goes to the Senate floor, where Senators Warner, Graham and McCain believe they have a majority made up of Democrats and as many as a half-dozen other Republicans.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, warned the administration against taking on Mr. McCain, a former prisoner of war.

"They're trying to reinterpret the Geneva Conventions,'' Mr. Levin said, "but the best expert on that is somebody who has very personal experience with those who violate Geneva, and that's Senator McCain."

The situation in the House is very different, with that chamber on track to approve the measure backed by the White House.

"We'll do what the president wants," said Representative Duncan Hunter of California, the Republican who is chairman of the House Armed Services Committee.

The White House and Republicans on either side of the issue maneuvered furiously for advantage all day.

As the Senate Armed Services Committee met to vote on its alternative to the president's legislation, an anonymous Republican invoked a Senate rule to stop it from meeting, forcing Mr. Warner to go to the Senate floor to ask that the hold be lifted. He then praised the Democrats for being "totally cooperative" on the issue, a pointed rebuke to members of his own party who have been pushing the White House view. And he prevailed upon Senator Bill Frist of Tennessee, the Republican leader, to persuade the senator calling for the hold to lift it.

The White House must now decide whether to press its allies in the Senate to amend the bill on the floor, or to step back and wait until the bill passes and the House and Senate work out differences in conference.

The bill may face amendment in any case. Some Democrats object to a provision that would block detainees from challenging their detention in court. More than two dozen retired federal judges sent a letter to Congress arguing that such a provision would lead to unlawful permanent detention, and defy Supreme Court precedent.

Gonzales Backs Detainee Interrogation Tactics (MCT)

By Scott Canon, McClatchy Newspapers

McClatchy Newspapers, September 15, 2006

KANSAS CITY, Mo. - As Congress dealt a rebuke Thursday to President Bush's national security agenda, his attorney general defended the administration's efforts to deal with captured terror suspects.

Of critics concerned about international treaties or freedoms protected by the U.S. Constitution, Attorney General Alberto Gonzales said they misunderstand the legalities - some never clearly defined - of dealing with an unconventional foe that plays by no rules.

Judicial rejections of some administration policies have muddied the legal landscape and made it unclear how the government can detain, interrogate and prosecute terror suspects, he said.

"We do need some clarity," Gonzales told the editorial board of The Kansas City Star.

A U.S. Supreme Court ruling in June held that the Bush administration's military tribunals to try terror detainees violated U.S. law and the Geneva Conventions. Gonzales said that that decision and continuing legal challenges have created confusion about what the government can and can't do. The court said that using military tribunals were illegal because they don't provide safeguards that civilian or military courts require.

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Now Congress is considering competing measures. A proposal put forward by Republican Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina would set some standards governing treatment of detainees that would be consistent with international law. That bill was approved Thursday in committee. Bush's proposal is expected to emerge from the House next week.

Gonzales said the U.S. courts and Congress have yet to interpret the Common Article 3 of the Geneva Conventions, which sets a standard of treatment for prisoners of war. He voiced concern that that an adverse ruling could damage efforts to interrogate "terrorists who do not fight by the standards of war." And he suggested that rejection of an administration bill sponsored by Sen. Arlen Specter, a Pennsylvania Republican, giving interrogators more leeway might hurt efforts to fight terrorism.

"Congress may decide we don't want to gather any more evidence," the attorney general said.

He said that "just like in every other war," the American people will have to trust the government to protect the rights of those in custody while pursuing justice in secret. Pressed on how long extraordinary measures - for instance, the imprisonment of suspects without the filing of charges_might continue, he said they would last at least until the pursuit of al-Qaida and its accomplices has come to an end.

"First of all this is a real war," he said, drawing a distinction between the war on terror and "the war on drugs or the war on poverty or something like that. It's like the Cold War. . . . At some point this conflict is going to be over. But today it is not over."

Pressed about interrogation techniques that have brought the administration criticism from human-rights groups - like waterboarding, which simulates drowning - Gonzales would neither confirm nor deny the use of such methods, which some people call torture.

"I don't talk about specific methods of questioning" because doing so would prepare suspects to resist them, he said.

He said protections are in place for enemy combatants held at the U.S. naval base at Guantanamo Bay, Cuba.

Retired Federal Judges Oppose Bush (AP-Y)

AP, September 14, 2006

Nine retired federal judges accused the Bush administration and Congress of trying to deprive detainees at Guantanamo Bay, Cuba, of the most basic legal right.

Legislation under debate on Capitol Hill would strip federal courts of the power to hear detainees' challenges of their treatment and indefinite detention at the Guantanamo Bay.

"Depriving the courts of habeas jurisdiction will jeopardize the judiciary's ability to ensure that executive detentions are not grounded on torture or other abuse," the nine wrote Thursday in a letter to Congress.

Congress and the Bush administration would be skating "on thin constitutional ice" in depriving courts of their power to hear Guantanamo detainees, the letter added.

The retired judges said federal courts have long balanced the rights of defendants against the need to protect classified information vital to the nation's security.

Most of the attention in the debate over detainee rights at Guantanamo Bay has focused on how to conduct military commission trials that meet constitutional standards. Plans call for trying a few detainees, while the remainder, more than 450 in all, remain in indefinite detention.

By focusing on military commissions, the White House and Congress "have chosen to address the tail rather than the dog, and the result is that the Constitution is getting bitten," Eric M. Freedman said in an interview. He is a Hofstra University professor of constitutional law and a consultant to the legal team representing the Guantanamo detainees.

The nine retirees who signed the letter are appeals court judges John Gibbons, Shirley Hufstedler, Nathaniel Jones, Timothy Lewis, William Norris, George Pratt, Lee Sarokin, Patricia Wald and U.S. District Judge William Sessions.

Poll Finds Support For Iran Strike (WSJ)

By John Harwood

The Wall Street Journal, September 15, 2006

Voters talk tough on Iran's nuclear program.

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In new Wall Street Journal/NBC News poll1, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

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Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues.

A Defining Moment For America (WP)

The Washington Post, September 15, 2006

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PRESIDENT BUSH rarely visits Congress. So it was a measure of his painfully skewed priorities that Mr. Bush made the unaccustomed trip yesterday to seek legislative permission for the CIA to make people disappear into secret prisons and have information extracted from them by means he dare not describe publicly.

Of course, Mr. Bush didn't come out and say he's lobbying for torture. Instead he refers to "an alternative set of procedures" for interrogation. But the administration no longer conceals what it wants. It wants authorization for the CIA to hide detainees in overseas prisons where even the International Committee of the Red Cross won't have access. It wants permission to interrogate those detainees with abusive practices that in the past have included induced hypothermia and "waterboarding," or simulated drowning. And it wants the right to try such detainees, and perhaps sentence them to death, on the basis of evidence that the defendants cannot see and that may have been extracted during those abusive interrogation sessions.

There's no question that the United States is facing a dangerous foe that uses the foulest of methods. But a wide array of generals and others who should know argue that it is neither prudent nor useful for the United States to compromise its own values in response. "I continue to read and hear that we are facing a 'different enemy' in the war on terror," retired Gen. John W. Vessey Jr., a former chairman of the Joint Chiefs of Staff, wrote in a letter to Sen. John McCain (R-Ariz.) this week. "No matter how true that may be, inhumanity and cruelty are not new to warfare nor to enemies we have faced in the past. . . . Through those years, we held to our own values. We should continue to do so."

Another former chairman of the Joint Chiefs, and one more intimately familiar with the war on terrorism, also weighed in this week: "The world is beginning to doubt the moral basis of our fight against terrorism," former general and secretary of state Colin L. Powell wrote to McCain. "To redefine Common Article 3 would add to those doubts."

Mr. Powell was referring to an article of the Geneva Conventions that prohibits cruel and degrading treatment of detainees. Mr. Bush, with support from most Republican congressional leaders, wants to redefine American obligations under the treaty. Three Republican senators -- John W. Warner of Virginia, chairman of the Armed Services Committee; Lindsey O. Graham of South Carolina; and Mr. McCain -- are bravely promoting an alternative measure that would allow terrorists to be questioned and tried without breaking faith with traditional U.S. values. The Armed Services Committee approved their bill yesterday and sent it to the Senate floor.

The doubts of which Mr. Powell spoke are impeding the U.S. war effort. A president who lobbies for torture feeds those doubts even if, as we hope, Congress denies him his request.

Stampeding Congress (NYT)

The New York Times, September 15, 2006

We'll find out in November how well the White House's be-very-afraid campaign has been working with voters. We already know how it's working in Congress. Stampeded by the fear of looking weak on terrorism, lawmakers are rushing to pass a bill demanded by the president that would have minimal impact on antiterrorist operations but could cause profound damage to justice and the American way.

Yesterday, the president himself went to Capitol Hill to lobby for his bill, which would give Congressional approval to the same sort of ad hoc military commissions that Mr. Bush created on his own authority after 9/11 and that the Supreme Court has already ruled unconstitutional. It would permit the use of coerced evidence, secret hearings and other horrific violations of American justice.

Legal experts within the military have been deeply opposed to the president's plan from the beginning, and have formed one of the most influential bulwarks against the administration's attempt to rewrite the rules to make its recent behavior retroactively legal. This week, the White House sank so low as to strong-arm the chief prosecutors for the four armed services into writing a letter to the House that seemed to endorse the president's position on two key issues. Congressional officials say those officers later told lawmakers that they did not want to sign the letter, which contradicts everything the prosecutors, dozens of their colleagues, former top commanders of the military and a series of federal judges have said in public.

The idea that the nation's chief executive is pressing so hard to undermine basic standards of justice is shocking. And any argument that these extreme methods would be used only against the most dangerous of international terrorists has been destroyed by the handling of hundreds of prisoners at Guantánamo Bay, many of whom appear to have been scooped up in

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Afghanistan years ago with little attempt to verify any connection to terrorism, and now are in danger of lingering behind bars forever without a day in court.

To lend his lobbying an utterly false sense of urgency, President Bush announced last week that he had taken 14 dangerous terrorists from the secret Central Intelligence Agency prisons where he had been holding them for years and sent them to Guantánamo to stand trial. But none of the prisoners is going anywhere, and the current high-pressure timetable is related only to the election calendar.

The Geneva Conventions

One section of the administration bill would put American soldiers in grave jeopardy by rewriting the Geneva Conventions, condoning the practice of hiding prisoners in secret cells, and permitting the continued use of interrogation methods that violate the Geneva Conventions at the C.I.A. prisons.

Mr. Bush has made it clear that he plans to continue operating the C.I.A. camps. And he wants Congress to collaborate by exempting the United States from a provision in the Geneva Conventions that prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment." Mr. Bush says this wording is too vague, but that's a dodge. What he really wants is Congressional authority to go on doing things to prisoners in C.I.A. jails that are clear violations of international rules.

He also wants Congress to rewrite the War Crimes Act, which makes it a crime to violate the Geneva Conventions. The administration's goal here is to avoid having C.I.A. interrogators, private contractors or the men who gave them their orders called to account for the immoral way the administration has run its terrorist detention centers.

The opposition to these provisions by legal scholars, military lawyers and a host of former top commanders of the armed forces has been overwhelming. In recent days, two former chairmen of the joint chiefs of staff, Colin L. Powell, and John W. Vessey, wrote to Senator John McCain urging him to go on fighting the White House. "The world is beginning to doubt the moral basis of our fight against terrorism," General Powell wrote.

More than two dozen former military leaders and top Pentagon officials, from both parties, wrote to Senator John Warner, chairman of the Armed Services Committee, expressing "profound concern" about undermining the Geneva Conventions. Their objections involve a simple equation: The Conventions protect captured American soldiers. If America mistreats its prisoners, American soldiers are in danger of the same, or worse.

Defining the Enemy

Senators Warner, McCain and Lindsey Graham have formed a principled spine of resistance against their party's attempt to steamroller the White House legislation through Congress. But their own bill — the only competing proposal to emerge so far — shares some big problems with the president's. One is its scope. Both bills draw the definition of "unlawful enemy combatant" so broadly that it could cover almost anyone that a particular administration decides is a threat, remove him from the judicial system and subject him to a military trial.

The law should cover actual terrorists and those who engage in hostilities against American forces outside an army or organized resistance group. But the White House bill also includes anyone who gives "material support" to a terrorist group or anyone affiliated with a terrorist group. Legal experts fear this definition could cover people who, for example, contribute to charities without knowing they support terrorist groups, or that are not identified as terrorist fronts until later. It could be used to arrest a legal resident of the United States and put him before a military commission.

It also could be used to capture foreign citizens in their native countries, or anywhere else, a concern that America's allies have raised repeatedly. This is not just a theoretical problem. This sort of thing has already happened.

Stripping the Courts of Power

The White House wants to strip the federal courts of any power to review the detentions of the prisoners in Guantánamo Bay. This provision has no real bearing on the handful of genuine terrorists who were recently shipped there from abroad. Their cases are likely to be brought before military commissions, whose judgments could be appealed to higher courts, including the Supreme Court. But it has a profound impact on the hundreds of others at Guantánamo Bay. Many of them, perhaps the majority, committed minor offenses, if any. The administration has no intention of trying them, and wants to prevent them from appealing for help in court.

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This week, nine current and former federal judges, including a former F.B.I. director appointed by Ronald Reagan, begged Congress not to give in to White House pressure on this point. “For 200 years, the federal judiciary has maintained Chief Justice Marshall’s solemn admonition that ours is a government of laws, and not of men,” their letter said. “The proposed legislation imperils this proud history.”

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The nation is in this hideous mess because Mr. Bush ignored the advice of people like this when he tried to set up prison camps beyond the reach of the law. It’s hard to believe their warnings will be ignored again, but the signs are ominous. Last week, the military’s top lawyers told the House Armed Services Committee that they strongly opposed the rules of evidence and other due-process clauses in the White House’s bill. The committee just went ahead and passed it anyway. Only eight of the 28 Democratic members had the courage to vote “no.”

Bill Frist, the majority leader, has already introduced the horrible White House bill on the Senate floor. Senators Warner, McCain and Graham have come up with a serious alternative, and they deserve enormous credit for standing up to Mr. Bush’s fearmongering — something many Democrats seem too frightened to do. (It was good to see the Senate Armed Services Committee Democrats join them in rejecting the president’s bill yesterday.)

But their bill still has serious shortcomings, and should not be rushed through Congress in the current atmosphere, which has very little to do with stopping terrorists and everything to do with winning seats in November.

There is no urgency. Mr. Bush could have tried the 14 new inmates of Guantánamo Bay at any time if he had just done it legally. It’s hard to imagine that anyone in the White House is really worried about a swift resolution of their cases. Many members of Congress who succumb to the strong-arming will know, in their hearts, that they were doing the wrong thing out of fear for their political futures. Perhaps the voters will not judge them harshly this fall. But history will.

No Wonder Some Seek Terrorism At The Movies (WSJ)

By Daniel Henninger

The Wall Street Journal, September 15, 2006

"An event of this consequence is very hard to understand." The event former Congressman Lee Hamilton was describing earlier this week is September 11, 2001. But of course September 11 itself is not hard to understand. They came, they killed.

For many people this is sufficient understanding of 9/11. They believe the job now is simple: Resist and stop more of their killing. However, unlike the proponents of apocalyptic Islam, most normal people in time seek a degree of understanding, even of an enemy who fights by the rules of pre-civilization. Mr. Hamilton, the vice chairman of the 9/11 Commission, was commenting on ABC's now-controversial movie, "The Path to 9/11." The hard-to-understand path to which Mr. Hamilton alluded is obviously not a single event but the origins and organization of the Islamic terrorist movement that began years back and besets the U.S. and the world today.

One can only agree with Mr. Hamilton. The war on terror is more complex, nuanced and indeed more interesting than the general public has been given to believe.

For instance, one oft-cited benchmark of its progress is the status of Osama bin Laden. That he is presumably still alive and at large is taken to mean that President Bush's offensive against the post-9/11 terrorists has "failed," as John Kerry noted this week on the eve of September 11. The Bush administration, Mr. Kerry told CNN, "failed to capture and kill Osama bin Laden when they had him in the mountains of Tora Bora. And that's why we are more threatened today with an al Qaeda that has reconstituted itself in some 65 countries."

This is the Alien vs. Predator model of fighting terror. Bin Laden himself has picked up on the tendency of our political culture to reduce complexity to melodrama. For 9/11, al Qaeda released a propaganda documentary on al-Jazeera this week, depicting masked men training, while Bin Laden walks among them. The New York Times described bin Laden in the 9/11 tape as "looking almost regal."

As to the war in Iraq, daily readers of first-line Internet news services such as Yahoo News know that this event has been reduced simply to body-count headlines. Yahoo News's homepage at mid-day Wednesday: "Bombings, mortar attacks kill 39 in Iraq."

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If this is the available public context, then serious people have to assemble an understanding of terror as best they can. It isn't easy. In his comment on the ABC movie, Lee Hamilton said that "news and entertainment are getting dangerously intertwined." But given the alternative, it makes sense to me if people seek a better sense of the obsessions and compulsions inside Islamic terrorism in movies such as "United 93" or ABC's remarkable "The Path to 9/11."

The narcissistic whining of the Clinton coterie over how they're reflected in "The Path to 9/11" was an irrelevant diversion from its real value. The word "Clinton" isn't heard in the film's first 90 minutes, which recreates with startling realism the thunderous basement bombing of the World Trade Center in 1993, an explosion stunning to many of us seated at our desks at the Journal's offices across the street that day.

Screenwriter Cyrus Nowrasteh and director David L. Cunningham deserve thanks not obloquy for trying to give us a palpable feel for the terrorist's terrain -- Pakistan, Afghanistan, Brooklyn -- the world of Ramzi Yousef, the 1993 bomber, and his uncle Khalid Sheikh Mohammed, or "KSM," identified in the 9/11 Commission Report as the main architect of September 11 and some 3,000 deaths.

KSM is one of the 14 al Qaeda captives whom President Bush revealed last week had been transferred from secret CIA prisons to Guantanamo to await trial. Congress, in the wake of the Hamdan decision, is now arguing over which panoply of legal rights given to accused U.S. soldiers at court martial will be extended to these prisoners if tried by a military commission.

Read through the 14 Guantanamo detainee biographies posted on the White House Web site, and one gets a rare feel for the events that distinguish the lives of these individuals from the daily goals of everyone else in the world -- lives simply dedicated to the mass murder of innocents, and not just in lower Manhattan. Indeed, the narrator of Bin Laden's 9/11 tape conveys their milieu: "Planning for September 11 did not take place behind computer monitors or radar screens . . . but was surrounded with divine protection in an atmosphere brimming with brotherliness . . . and love for sacrificing life."

Here are some of the brothers, now at Guantanamo. Hambali: Indonesian. Learned radical Islam in Malaysia. Co-planned Bali resort bombing (200 killed); financed Jakarta Marriott bombing; tried to assassinate Philippine ambassador; involved in bombing 30 Indonesian churches on Christmas eve. Ahmed Khalfan Ghailani: Tanzanian-born forger. Complicit in 1998 East Africa embassy bombings (well-depicted in "The Path to 9/11"). He was also Osama's cook. Mohammed Nazir Bin Lep, aka, Lillie: Architecture degree, Polytechnic University Malaysia; later studied bombmaking with Dr. Azahari bin Husin (deceased). Hoped to achieve martyrdom in post-9/11 attack on Los Angeles. Abd al-Rahim al-Nashiri. Planned 2002 bombing of USS Cole. Involved in planned attacks in Saudi Arabia, Morocco, Qatar, the Strait of Hormuz, the Strait of Gibraltar and Port of Dubai.

Read all 14 of these histories devoted to "sacrificing life" to put in context the denunciations of warrantless wiretaps and the Swift financial monitoring program.

These and the others await the divine protections of American law that Senators Warner and Graham wish to give them. Republicans are also arguing among themselves over the degree of access to classified intelligence this group should receive at trial. Democrats, other than saying they'll support the more liberal version, are contributing almost nothing to the new system. If a Democrat wins the White House in 2008, we may assume she or he will receive, as payback, a similar level of limp support from the GOP in the same war on terror.

Say this for the Guantanamo 14: They have unity of purpose. Long term, our disunity could prove to be a big advantage to them.

Federal Judge Refuses To Reinstate Key Padilla Terrorism Charge (FLSUNSEN/AP)

By Curt Anderson, The Associated Press

South Florida Sun-Sentinel, September 15, 2006

MIAMI -- A federal judge refused Thursday to reinstate a key terrorism charge in the case against alleged al-Qaida operative Jose Padilla and two other defendants, raising the possibility of delays in their trial if prosecutors appeal the ruling.

U.S. District Judge Marcia Cooke ruled in August that a charge of conspiracy to ``murder, kidnap and maim" people overseas must be dismissed because it duplicated other charges in the same indictment. Cooke said at a hearing Thursday that she stands by that decision.

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``I do not think I am in error in this case," Cooke said. ``These are so similar that a reasonable jury could be confused." The dismissed charge is important because it is the only one in the indictment that carries a potential life sentence.

Padilla and the others remain charged with two terrorism material support counts, but a life sentence is only possible if prosecutors can prove that support conspiracy led directly to someone's death.

Prosecutors are likely to ask the 11th U.S. Circuit Court of Appeals to review Cooke's decision, which could delay the planned Jan. 22 trial date. Cooke asked prosecutors to expedite any appeal in an effort to stay on schedule.

Padilla, a 35-year-old former Chicago gang member and convert to Islam, is charged along with his co-defendants with being part of a North American support cell for violent Muslim extremists worldwide. Padilla was arrested in 2002 and held for 3½ years as an enemy combatant, initially for what U.S. officials called a plot to detonate a radioactive ``dirty bomb" inside the United States.

He was added late last year to an existing Miami terrorism case amid a high-level legal battle over whether President Bush had constitutional authority to hold him without charge during wartime. The Miami indictment does not mention the ``dirty bomb" allegations, claiming only charging that Padilla was an al-Qaida recruit and attended a training camp in Afghanistan.

On the dismissed conspiracy charge, prosecutors argued that it did not duplicate a second, material-support conspiracy charge in the indictment against Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi. Even if it did, prosecutors said the time to deal with that issue was at sentencing, if they are convicted.

``All the court has to do is not punish the defendants twice," assistant U.S. attorney Brian Frazier said.

But defense lawyers disagreed, saying that multiple charges have psychological impact on jurors by making a defendant appear more guilty. And, they said, jurors presented with long indictments sometimes will choose to compromise by acquitting on some charges and convicting on others.

``That creates, in the minds of the jury, a bias," said Jeanne Baker, one of Hassoun's attorneys.

In siding with the defense, Cooke found that prosecuting all three terrorism charges would violate the Constitution's ban against double jeopardy, or forcing a defendant to face the same charges twice.

In other rulings, Cooke:

--Ordered the government to turn over medical records from Padilla's military custody. Defense lawyers want to see if Padilla was given any drugs that might raise questions about his competency or whether there was any misconduct committed by interrogators.

--Refused a defense request for a list of people who attended an al-Qaida camp at the same time Padilla allegedly did in 2000. The judge said that information was exempt from disclosure because it was internal investigative material.

--Rejected for similar reasons a defense request for identities of others who filled out al-Qaida applications that were found along with one prosecutors say was Padilla's in a binder in Afghanistan. Prosecutors intend to call as a witness a member of the so-called ``Lackawanna Six" cell in upstate New York to testify that he filled out a similar form.

--Allowed Hassoun's wife to testify via video hookup from Beirut, Lebanon, about the actions FBI agents took before searching their home in suburban Sunrise in 2002. Defense lawyers say she fears arrest if she and her three children return to the U.S. Hassoun, who is allegedly Padilla's recruiter, claims the FBI search was illegal and that evidence seized should be thrown out.

Judge Orders Government To Share Medical Records Of Terror Suspect Jose Padilla (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 15, 2006

A federal judge in Miami ordered prosecutors Thursday to turn over medical records for accused al-Qaida operative Jose Padilla, a move that could reveal details of his treatment during 31/2 years in military custody.

U.S. District Judge Marcia Cooke included in her ruling all records relating to physical and mental evaluations of Padilla or medication taken by or administered to Padilla while held as an enemy combatant in a South Carolina Navy brig.

Defense attorneys said they intend to use the records to argue the government engaged in unconstitutional conduct by interrogating the former Broward County resident and imprisoning him for years without giving him access to some legal rights.

"The government's interrogation strategies and isolation techniques with regard to Mr. Padilla during his incarceration at the Brig are at the outer limits of civilized propriety," the attorneys stated in a court brief. "The government should not be able to shield themselves from disclosure."

After a brief but feisty exchange, Cooke rejected government arguments that the sensitive records have no relevance to the criminal charges against Padilla. She also dismissed admonitions in the government's legal briefs that the matter should be left to the discretion of the executive branch because of profound national security concerns related to Padilla's detention.

"These are his records," she said.

"No, these are the government's records, your honor," retorted attorney John Drennan of the U.S. Department of Justice.

Padilla, 35, was arrested in May 2002 at O'Hare International Airport and later transferred to military custody on suspicion he intended to carry out a terror attack on U.S. soil.

His treatment sparked one of the biggest controversies in the Bush administration's war on terror. Critics charged the president had abused his power by locking up Padilla, who is a U.S. citizen, without charges.

In 2005, as the U.S. Supreme Court considered taking up a case challenging Padilla's detention, the government switched course, adding him to an ongoing criminal case in Miami. He is charged with participating in a North American terror cell and traveling to the Middle East to receive military training.

It is not clear precisely what the medical records could reveal about Padilla's treatment or whether their contents will be made public.

Padilla's attorneys said they would look for information related to "whether the government engaged in outrageous misconduct," including evidence related to "the government's employment of psychological pressure through conditions of confinement and interrogation."

Prosecutors called Padilla's request "a thinly veiled fishing expedition" for records that "have nothing to say about whether Padilla committed the offenses charged in the indictment."

Miami criminal defense lawyer David O. Markus said the government's position "doesn't pass the smell test."

"The real question is not why Padilla would want his own records, but what is the government afraid of?" Markus said.

Cooke denied a separate request from defense attorneys Thursday for evidence related to accusations that Padilla attended an al-Qaida training camp in Afghanistan. She also stood by her August ruling dismissing one of the main charges against Padilla and his co-defendants because it duplicated allegations in other counts.

The U.S. Attorney's Office declined to comment on whether the rulings would be appealed.

'Alternative' CIA Tactics Complicate Padilla Case (CSM)

By Warren Richey

The Christian Science Monitor, September 15, 2006

When alleged Al Qaeda sympathizer Jose Padilla landed in Chicago in May 2002, he was met by federal agents armed with a warrant authorizing them to take him into custody.

To obtain their warrant, the agents told a federal judge that two weeks earlier a confidential source had revealed that Mr. Padilla was plotting to build and detonate a radiological "dirty" bomb in the United States.

What the agents did not tell the judge is that their "confidential source" was not speaking voluntarily. His information had been obtained in controversial interrogation sessions at a secret Central Intelligence Agency prison overseas.

The confidential source was a man named Zayn Abu Zubaydah, the same individual identified last week by President Bush as the first Al Qaeda suspect subjected to harsh interrogation tactics by US officials.

"We knew that Zubaydah had more information that could save innocent lives, but he stopped talking," the president said in a speech on Sept. 6. "So the CIA used an alternative set of procedures."

In 2002, the agency's pressing goal was intelligence-gathering to disrupt possible terror attacks rather than a law-enforcement operation to gather evidence that might be used against American citizens in American courts. But now, four years

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later, the information from those harsh interrogation sessions conducted by or at the behest of the CIA is playing an important role in government efforts to convict Padilla in a terror conspiracy case in Miami.

The case is emerging as a major test of whether such intelligence information is admissible in US courts. And it highlights the difficult debate over military commissions currently under way in Congress, which is wrestling with how best to protect national security while also preserving America's tradition of due process and fair trials.

In a series of pretrial motions, Padilla's lawyers argue that information from Mr. Abu Zubaydah and another confidential source used to justify the May 2002 warrant was the product of torture. They say information obtained through torture cannot be used in court and that any evidence seized from Padilla during his Chicago arrest must be excluded from use at his trial. Padilla fails in bid to exclude evidence

Last week, one day before Mr. Bush publicly acknowledged the secret CIA prisons and interrogations, a federal magistrate judge in Miami rejected Padilla's arguments.

US Magistrate Judge Stephen Brown ruled that defense attorneys had failed to offer enough proof concerning the identity and treatment of the confidential sources the government used to justify the warrant.

In addition, Judge Brown ruled that even if the information the confidential sources provided was the product of torture, defense lawyers had presented no evidence that the FBI agent who prepared the warrant application was aware that they had been tortured. Short of a deliberate effort by that agent to intentionally mislead the court, the defense motion must be denied, the magistrate judge ruled.

Padilla's lawyer, Andrew Patel, says the decision is being appealed to US District Judge Marcia Cooke, the trial judge in the Padilla case. He declined any further comment on the case.

In an earlier brief, Mr. Patel wrote: "The government's claim of ignorance appears either to be incredible or the product of conscious avoidance."

In his speech, Bush justified the harsh tactics as essential to prevent terror attacks. But he also asked Congress to formulate special rules so that Abu Zubaydah and 13 other individuals could be tried by military commissions at Guantánamo Bay, Cuba, despite their harsh treatment while in CIA custody.

The special provisions are necessary, in part, because the US criminal justice system excludes coerced statements as too unreliable to present in court. There is also a blanket ban on information obtained through torture.

Bush insists that torture was not used in the CIA operations. But he declined to identify the specific interrogation practices.

Legal experts say that procedures such as simulated drowning, induced hypothermia, and noise bombardment are highly coercive and can lead subjects to say whatever they think will help stop the harsh treatment. Human rights experts say these kinds of techniques can amount to torture. Congress debates coercive tactics

The president's public disclosure has prompted a debate in Congress over whether to endorse the CIA's "alternative" interrogation tactics. But Bush is also asking lawmakers to grant retroactive legal immunity to US interrogators who engaged in or were present during these practices. The request is being made despite the president's assurance that they are legal and do not amount to torture.

The government has never acknowledged the identities of the two sources used for the 2002 warrant. Defense lawyers and other analysts identified them by cross-referencing the unique information the sources provided to the government with public sources and documents that matched the same information. In addition to Abu Zubaydah, defense lawyers say the second source used to obtain the Padilla warrant was an Ethiopian named Binyam Mohammed.

Mr. Mohammed is one of 10 individuals being held at Guantánamo Bay who had been facing war-crimes conspiracy charges before the military commission process was struck down by the Supreme Court. Because of those charges, he has been afforded access to a lawyer.

According to an affidavit signed by Patel, Mohammed was being held in Pakistan at the time the Padilla warrant application was prepared. US agents wanted incriminating information about Padilla. The affidavit says Mohammed was hung on a wall with a leather strap around his wrists for a week by his Pakistani jailers. He was beaten with a leather strap, and was questioned with a loaded gun pressing into his chest, the affidavit says.

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It says he was questioned by four individuals who identified themselves as agents of the FBI. The affidavit adds that Mohammed says he is sure that if he sees them again or sees their photos he will be able to identify them.

Mohammed has told lawyers that US agents were not happy with his level of cooperation against Padilla and sent him from Pakistan to Morocco. There, according to an Amnesty International report, Moroccan interrogators used a razor blade to make 20 to 30 small cuts on his genitals. This was done once a month for 18 months, the report says. Eventually, Mohammed was sent to Afghanistan and then Guantánamo.

The specific issue in the Padilla case is whether federal prosecutors in Miami can use evidence seized from Padilla at the Chicago airport and use statements Padilla made during nearly eight hours of questioning by customs, immigration, and FBI agents before he was given Miranda warnings and placed under arrest.

After arresting Padilla, agents found the names and telephone numbers of individuals the government says were Padilla's Al Qaeda recruiter and his sponsor. They found the e-mail address of Ammar al-Baluchi, a key aide to Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 terror attacks. And they discovered a cellphone that had allegedly been provided to Padilla by Al Qaeda officials.

In addition, they confiscated $10,526 in cash, most of which they allege had been provided to Padilla by Al Qaeda leaders in Pakistan a month earlier. During questioning, agents say Padilla told them that he received the money in an envelope from an individual in Pakistan, but then said it was money he had earned.

Such evidence could play a critical role in Padilla's terror conspiracy trial, set to begin in January. Judge Cooke has already criticized the government's case as being "very light on facts." She has dismissed the most serious conspiracy count in the indictment. Evidence: 220 tapped conversations

The bulk of the evidence against Padilla's alleged coconspirators is 220 intercepted conversations. But there are only 28 instances where Padilla speaks or is allegedly mentioned, according to court documents. And none of the 28 conversations directly implicates Padilla in any acts of violence, his lawyers say.

In contrast to the skimpy evidence in the Miami criminal case, the government has assembled a mountain of intelligence information about Padilla's alleged actions and cooperation with Al Qaeda. But virtually all of it was obtained from interrogations during his 3-1/2 years in military detention as a presidentially designated enemy combatant, or through the harsh interrogation of other enemy combatants overseas. As such, it is generally ineligible for use in the criminal court system.

The 2002 warrant issue is important, legal analysts say, because it could lead to wider use in American courts of the fruits of harsh interrogations overseas. And it highlights the difficulty of blending proactive intelligence operations with law-enforcement efforts, these analysts say. Zayn Abu Zubaydah

He's a Palestinian, born in Saudi Arabia, and the first significant member of Al Qaeda captured - in March 2002 in Pakistan. Intelligence officials say he:

• Headed the reorganization of Al Qaeda in Pakistan, as well as planned attacks on US interests.

• Had connections to a plan to blow up the US Embassy in Sarajevo, the capital of Bosnia-Herzegovina, as well as a planned attack on the American embassy in Paris.

• Is thought to have briefed Richard Reid, the so-called shoe bomber, who was arrested on board a flight from Paris to Miami in December 2001

• Is a master of disguise who used at least 37 aliases

• Is the first Al Qaeda suspect subjected to harsh interrogation, according to President Bush in a speech Sept. 6. He was interrogated in Thailand and initially questioned by the FBI, which gave him some humanitarian aid. A CIA team was later sent in. It apparently forced him to strip and stand in a cold room and subjected him to loud music.

Source: Various news reports

10 Things To Know About Guantanamo (WP)

By Al Kamen

The Washington Post, September 15, 2006

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The Pentagon successfully avoided being on David Letterman's Top Ten list for many years. So this week Secretary Donald Rumsfeld 's speechwriters tried to help, sending out "Ten Facts About Guantanamo" to highlight what a nice place it is.

The first fact notes that the inmates include some truly nasty terrorist trainers and bombmakers. The second says "More money is spent on meals for detainees than" on U.S. troops stationed there. "The average weight gain per detainee is 20 pounds."

"The Muslim call to prayer sounds five times a day," we are told, and arrows point "toward the holy city of Mecca."

The prisoners receive free medical, dental and psychiatric care, and in 2005 "there were 35 teeth cleanings." The other 400 or so housed there will have to wait awhile.

Fact No. 5 notes that the Red Cross visits "every few months" and that there's regular contact between the terrorism suspects and their families.

"Recreation activities include basketball, volleyball, soccer, ping-pong and board games," according to Fact No. 6. "High-top sneakers are provided."

We are told that upon release, everyone gets "a Koran, a jean jacket, a white T-shirt, a pair of blue jeans, high-top sneakers" -- a second pair -- "a gym bag of toiletries" (remember not to try to take the liquids onboard), and "a pillow and blanket for the flight home."

Fact No. 8, probably one of the most important, notes that, contrary to what you might have heard, the prisoners actually really want to be in Guantanamo. "The mother of a detainee stated: 'Of course they wanted to stay there. . . . They had human rights and good living standards there. They had dentists and good meals -- everything they wanted.' " Turns out, this quote from a March 2004 edition of the London Times was a Russian mother comparing Guantanamo with Russian jails.

There was "Arabic language TV," a large library with books in 13 languages. "The most requested book is 'Harry Potter,' " we're told.

And Fact No. 10. "In 2005, Amnesty International stated that 'the detention facility at Guantanamo Bay has become the gulag of our times.' "

This last fact was intended as a shot at Amnesty for comparing a veritable five-star hotel with the infamous Soviet labor camps. After all, the commies never gave away high-tops.

We're told some Pentagon folks balked at putting the list up on the Pentagon Web site, but an updated version -- minus the Russian mother quote -- is up there now at http://www.defenselink.mil/home/dodupdate .

Matt Latimer , director of the Pentagon writers group, who put together the list, said, "We welcome the chance to let people know there's more than one side to the story in Guantanamo." Latimer said, "We've gotten a lot of kudos from people who are glad we are at last . . . defending the facility."In the Scary Old Land of Oz

Most books on the Iraq war tend to be grim reads -- unrelenting, head-shaking, disastrous military decisions, one page after another.

But a new book by our colleague and former Post Baghdad bureau chief Rajiv Chandrasekaran offers tales of U.S. ineptitude in Iraq that are so wondrously mind-boggling that some sections are laugh-out-loud funny.

Of course it's gallows humor, since the book, "Imperial Life in the Emerald City," chronicles life inside the heavily fortified U.S. enclave, the Green Zone, during the first year of the oft-chaotic U.S. reconstruction program.

It's an account of how clueless but politically connected munchkins end up in important positions in the Coalition Provisional Authority while knowledgeable veterans are frozen out. As a handwritten sign in a British housing compound bar admonished: "Yee-haw is not a foreign policy."

There are scenes of visiting U.S. officials who invariably find extraordinary progress amid obvious disaster.

Thus Tommy Thompson , former secretary of health and human services, pops in to visit a Green Zone hospital and says the military-run facility -- which served mostly Americans -- shows how the United States had begun to "reestablish Iraq as a center of excellence for medical protection and medical care."

But, Chandrasekaran notes, "none of that excellence was evident outside the Emerald City." It was only a five-minute drive from the make-believe land of Oz to the huge Yarmouk Hospital. "It was, quite simply, a disaster," he writes as he describes the horrific conditions there.Oh, You Know, One of Those Middle States

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Outgoing D.C. Mayor Tony Williams , at his weekly news briefing Wednesday, talked about meeting with House Judiciary Committee Chairman James Sensenbrenner to talk about getting voting representation in Congress.

Williams went on about how Sensenbrenner is from Illinois, and how that's a great state, always supportive of civil rights, home of Abraham Lincoln , our greatest president and so on.

At the end, one reporter asked: But isn't Sensenbrenner from Wisconsin?

Well, whatever, Williams said, it's a "core American value" were talking about.

U.S. Sends 2 Gitmo Detainees To Kuwait (AP)

AP, September 15, 2006

Two Kuwaitis released from the U.S. military prison at Guantanamo Bay returned on Friday to their homeland, where their lawyer said they would face trials on terrorism-related charges.

The U.S. military said an administrative review board had recommended the two men be transferred back to Kuwait from the prison in southeastern Cuba, where the U.S. now holds about 455 men on suspicion of links to al-Qaida or the Taliban.

Two two men, Omar Rajab Amin, 41, and Abdullah Kamel al-Kundari, 32, who had been held at Guantanamo for four years, arrived at an airport in Kuwait early Friday, said Khaled al-Odah, who heads the Kuwaiti Family Committee, an advocacy group for men held at the prison.

They were taken to a hospital for a medical examination and to meet with their families.

"They are very skinny and exhausted, but they looked OK," al-Odah said. "They are very happy, but worried at the same time."

Both men had been held at Guantanamo since January 2002, but had not been charged with any crimes. The military said that they had ties to charities with links to terror groups and that their names had been found on the hard drive of a computer seized from a suspected al-Qaida member, according to their attorney, David Cynamon, and military documents.

Cynamon said the two men had only traveled to Afghanistan to help refugees from the country's civil war and have no connection to any terror groups.

The lawyer predicted they would be cleared by the courts in their country — as were five other Kuwaitis previously released from Guantanamo.

Another Kuwaiti released from Guantanamo was acquitted of terror-related charges, but an appeals tribunal overturned the acquittal and sentenced him to five years in prison.

Al-Kundari was a former member of Kuwait's national volleyball team who before his arrest worked as an engineer for the Ministry of Water and Electricity, according to U.S. documents previously released to The Associated Press.

He told a military panel that he considered al-Qaida a "vicious" terrorist group, according to transcripts.

Amin, who attended college in Nebraska, was accused by the military of being a terrorist financier, which he denied. He told the panel he had never fought against U.S. forces and only wanted to return home to be with his family, according to the transcripts.

The U.S. said authorities have determined that about 130 of the remaining prisoners at Guantanamo are eligible for release or transfer but the timing will depend on negotiations with their home countries.

Mosque Leaders' Trial Continues (CAPN9)

By By: Steve Ference

Capital News 9, September 15, 2006

The trial of two Albany men accused of supporting terrorism continued on Thursday. Yassin Aref and Mohammed Hossain are accused of being involved in a plot to buy a surface-to-air missile. They were arrested in an FBI sting in 2004.

On Thursday, jurors saw lengthy video clips showing Mohammed Hossain speaking with an FBI informant named Malik posing as a Pakistani businessman. In the video, Malik showed Hossain a surface-to-air missile and began discussing how Malik would pay Hossain to launder $50,000 to import the fake missile to a terrorist group. But the question is, did Hossain fully understand the transaction and the situation he was put in?

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Federal prosecutors didn't waste time getting to the crux of their case against two suspected terrorists. Mohammed Hossain and Yassin Aref are on trial for supporting terrorism, stemming from a 2004 sting operation. They were back in court Thursday, as was our Steve Ference.

In a 2001 meeting, Malik showed Hossain the missile system and asked, "Do you know what this is?" Hossain said, "No." Malik said, "This is for destroying airplanes. This is sensor heat, you know?" He added, "We get $50,000 for these." Hossain said, "Hmm, good money can be made from this."

Later, in February 2003, Malik asked, "Have you heard of [a particular terrorist group]?" Hossain said yes, although it turns out he thought that was a music group, not a terrorist group.

Later that year, Hossain told Malik, "Non-believers will gradually convert to Islam, sir. There is no need for us to kill."

Later, a Kurd who had survived a gas attack in Saddam Hussein's Iraq testified that he was familiar with an organization called the IMK, a political group in Iraq that he pointed out Aref had once been a member of.

This could be problematic for Aref because one of the charges is that he lied on an immigration document by writing "none" instead of indicating he had ties to the group. But the defense is expected to argue it wasn't Aref's handwriting so he shouldn't be found guilty of this lesser charge.

There was also some drama in the courtroom Thursday. Aref jumped up out of his seat smiling and waving hello to the witness who identified him as being part of that political group -- an obvious cultural divide between those who are conducting the trial and the defendants.

HOMELAND RESPONSE:

Senate OKs Legislation To Tighten Security At Seaports (USAT/AP)

By The Associated Press

USA Today, September 15, 2006

WASHINGTON — The Senate voted without dissent Thursday to tighten security at U.S. seaports by scanning nearly all incoming cargo for nuclear weapons or "dirty bombs."

The bill, approved 98-0 in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships.

The legislation does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports. Almost 11 million containers are shipped annually to the USA.

The Senate plan, which authorizes spending $835 million next year, "works toward a goal of getting to 100% screening" of cargo leaving foreign ports, said Sen. Patty Murray, D-Wash., one of the authors of the bill.

Sen. Ted Stevens, R-Alaska, said the measure, similar to one the House approved in May, was "the most comprehensive approach to border security we have taken."

The Senate bill requires inspections of suspicious high-risk cargo at foreign ports. It also sets up a pilot program to scan for nuclear or "dirty bomb" materials in all U.S.-bound containers at three to-be-determined foreign ports. The trial would help determine whether mandatory inspections would bottle up commerce and drive up costs.

Sen. Charles Schumer, D-N.Y., said that could be too late to prevent massive explosions at U.S. ports or in harbors outside large cities.

"We don't want to be in a situation where we say, 'What if? What if we had done more?' " Schumer said.

Sen. Norm Coleman, R-Minn., responded, "This is about the practicality of making sure that we have something that works."

Noting the politics of the issue, Coleman added: "The election season is upon us. It's getting very close. … Let us step away from the sloganeering."

Michael Chertoff, the secretary of the Homeland Security Department, has said that nuclear weapons are a grave threat. Such weapons create gigantic fireballs fed by nuclear chain reactions.

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"Dirty bombs," in contrast, would use conventional explosives to scatter radioactive material. This kind of blast probably would not cause many deaths, but the fear of contamination could cause panic while any land or buildings hit with radioactive particles might be unusable for years.

James Jay Carafano, homeland security fellow at the conservative Heritage Foundation, said the Senate plan largely ignores security gaps such as the threat from small boats that could detonate explosives next to larger ships, as happened in the 2000 attack on the USS Cole in Yemen that killed 17 Americans.

The legislation would make available $400 million for security grants and expedite incoming cargo from previously approved manufacturers and other business partners.

The White House said it largely supports the Senate plan.

The administration has spent about $10 billion on port security since the Sept. 11 attacks. About 65% of cargo is already screened for nuclear or radiological materials. The Homeland Security Department aims to increase that number to 80% by the end of the year and to almost 100% by the end of 2007.

Senate Unanimously Votes To Tighten Security Measures At Ports (WP/AP)

By Associated Press

The Washington Post, September 15, 2006

The Senate voted without dissent yesterday to tighten security at U.S. seaports by scanning nearly all incoming cargo for "dirty bombs" and other nuclear weapons.

The bill, approved 98 to 0 in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships. But the legislation does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports. Almost 11 million containers a year are shipped to the United States.

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The Senate bill requires inspections of suspicious high-risk cargo at foreign ports. It also sets up a pilot program to scan for nuclear or "dirty bomb" materials in all U.S.-bound containers at three to-be-determined foreign ports. The trial would help determine if mandatory inspections would bottle up commerce and drive up costs, as Republicans fear.

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The bill would make available $400 million for security grants and would expedite incoming cargo from previously approved manufacturers and other business partners. It also included special items for landlocked states, including $40 million for northern border air patrols over Great Falls, Mont., requested by Sen. Max Baucus (D-Mont.), and extending the daily hours at a New Mexico border crossing, sought by Sen. Jeff Bingaman (D-N.M.).

The White House said it largely supports the Senate plan. The administration has spent about $10 billion on ports security since the attacks of Sept. 11, 2001. About 65 percent of cargo is already screened for nuclear or radiological materials. The Department of Homeland Security aims to increase that number to 80 percent by the end of the year and to almost 100 percent by the end of 2007.

Senate Approves Bill To Tighten Port Security (MCT)

By Les Blumenthal

McClatchy Newspapers, September 15, 2006

DOJ_NMG_0063299

WASHINGTON - The Senate approved a port-security bill Thursday that its sponsors said would make the nation safer from terrorist attack, after it rejected a plan to inspect every inbound cargo container for nuclear weapons.

The measure, approved 98-0, would require installing radiation monitors at the country's 22 largest ports and would authorize a pilot program involving three foreign ports to scan all cargo containers headed to the United States.

It also would establish a new office within the Department of Homeland Security to coordinate port security and would order the department to prepare a plan for getting cargo moving again after an attack. One study estimated that a 12-day shutdown of the ports could cost the U.S. economy $58 billion.

"We have done a lot to secure our ports, but they are still too porous," said Senate Majority Leader Bill Frist, R-Tenn. "This bill represents a multipronged approach to plug the holes in our port security."

Sen. Patty Murray, D-Wash., the bill's lead author, who has been pushing for tougher port security since the terrorist attacks of Sept. 11, 2001, said Senate approval cleared the way for possible final action before the end of the year.

"A big hurdle has been passed," Murray said. "It's a huge step in a very positive direction."

The House of Representatives has approved its own version of the bill, and a compromise will have to be negotiated. Congress is scheduled to recess in early October but could come back after the November elections to finish pending legislation.

Senate passage of the bill comes more than two years after the 9-11 commission concluded that the nation's ports could be more vulnerable to attack than commercial aviation. More than 95 percent of the nation's trade - worth nearly $1 trillion - flows through more than 360 U.S. ports every year. Virtually all of it is carried on 8,500 foreign-flagged vessels that make 55,000 calls at American ports annually.

About 5 percent of the nearly 11 million cargo containers that arrive in the United States annually is opened and inspected. Some are scanned for nuclear material.

Congress' Government Accountability Office has raised questions about the effectiveness of the program that identifies which "high-risk" containers are inspected and has expressed concern about the effectiveness of the radiation monitors now being used.

Efforts to pass a port-security bill had languished until an uproar last February over the disclosure that a Dubai company had been approved to operate a handful of U.S. ports.

The measure picked up more steam over the past few weeks as congressional Republicans have ratcheted up their national security agenda. Democrats said Republicans were scrambling to shore up their national security credentials for political reasons before the elections.

"Five years after 9-11, repeated failures by Bush Republicans have left our ports vulnerable and open to terrorist attack," Senate Minority Leader Harry Reid, D-Nev., said in a statement.

Republicans dismissed such allegations.

"This is an important bill for our homeland security," said Maine Sen. Susan Collins, the lead Republican sponsor of the measure.

Murray said any political motivations for moving the bill weren't important.

"To me it doesn't matter," she said. "Getting it done is the right thing to do."

The Senate tabled, 61-37, an amendment offered by Sen. Charles Schumer, D-N.Y., that would have required that 100 percent of the cargo containers headed for the United States be scanned within four years. Shippers would have picked up the cost.

"What are we waiting for?" Schumer said. "This mandates we inspect all cargo - no pilot programs, no tests, all containers - for nuclear weapons."

Schumer said the Homeland Security Department had been "derelict" by not requiring 100 percent inspections, that the technology existed to do it and that the cost would be $8 per container, not much when considering that it cost $2,000 to ship a container from Hong Kong to the West Coast.

Collins said the bill would move toward 100 percent inspections when it was "proved and feasible." Doing it prematurely could create a massive backlog of containers waiting on the docks to be inspected, she said.

The 22 large ports that would receive radiation scanners handle about 98 percent of the containers that come into the United States. Schumer's amendment would have required that the scanning take place overseas, before the containers are shipped.

The bill would authorize almost $3.3 billion in port-security funding over the next six years and another $400 million in grants to individual ports. Since 9-11, seaports have sought more than $4.3 billion in federal aid for security. The Department of Homeland Security has provided about 20 percent of the amount requested, about $876 million.

Chemical-plant Security Vexes Congress (CSM)

By Alexandra Marks

The Christian Science Monitor, September 15, 2006

NEW YORK

A toxic battle is brewing on Capitol Hill over how to secure the nation's chemical plants from terrorist attack.

At issue is whether the Department of Homeland Security (DHS) should have the authority to require chemical plants to implement specific security measures, such as switching to safer chemicals or using armed guards. The chemical industry and House Republican leaders believe it should not. Instead, they favor allowing companies to come up with their own security proposals that can then be reviewed and approved by DHS.

On the other side are environmentalists, some security experts, moderate Republicans, and Democrats. They believe DHS should have the ability to require companies to make security improvements, as long as companies have an opportunity to appeal requirements to which they object.

But all sides agree on one thing: It's way past time for the government to come up with some kind of legislation requiring improved security at the nation's chemical plants.

"It's unacceptable we don't have a piece of legislation on such a significant critical infrastructure that, if attacked, could have potentially catastrophic consequences," says Frank Cilluffo, director of George Washington University's Homeland Security Policy Institute in Washington.

Several factors are responsible for the lack of legislation five years after 9/11. In the first few years after the attacks, the chemical industry convinced congressional leaders they could self-regulate. The American Chemistry Council (ACC), which represents 133 chemical manufacturers, set up standards and guidelines to help companies identify their vulnerabilities and create security plans to address them. The ACC says its members have spent $3 billion enhancing security in the past five years.

But investigations done by the media, the Government Accountability Office, and environmental groups made it clear that while some industry players have done a good job in "raising the bar" for security, as Mr. Cilluffo puts it, not all have. Significant vulnerabilities remained, some in densely populated urban areas. Eventually, even the ACC conceded that some kind of legislation was needed to bring uniformity to security in the industry.

"We've been very clear that we want legislation passed this year and what it would look like," says Scott Jensen, a spokesman for the ACC. "It would be risk-based, performance oriented, and it would not include [inherently safer technologies]."

Known as IST in the industry, this essentially means switching from some of the most deadly chemicals to less harmful ones whenever it's technologically and economically feasible.

This summer, the House Committee on Homeland Security unanimously approved a compromise bill that would give DHS the authority to require some high-risk facilities to use safer chemicals when feasible. If a company disagreed with DHS, the bill set up an interagency appeal process.

It was a hard-fought compromise. But now, its advocates contend that the chemical industry, in conjunction with the White House and the Republican leadership, is reneging on the deal. Instead of bringing it to the floor for a vote, House Republican leaders are amending the Homeland Security appropriations bill: It would give DHS the authority to require chemical plants to develop vulnerability assessments and security plans, but it would specifically forbid DHS from requiring any specific security measure. It reads, "Nothing in this section authorizes the Secretary directly or indirectly to require any particular security measure." Environmental advocates say that line is aimed at ensuring that DHS cannot require companies to switch to safer chemicals when feasible.

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"The industry didn't like what was passed in committee, and now they're using the appropriations process to craft a drastically weak, completely industry-friendly version and present it as a fait accompli," says Andy Igrejas of the National Environmental Trust, a nonprofit environmental advocacy group based in Washington. "A congressman can oppose it, but to do so, he or she'd have to vote against Homeland Security appropriations just six weeks before an election."

Mr. Igrejas adds, "There was an open process where competing proposals led to something that was a deal [Republican leadership] agreed to honor, and now instead, under industry pressure" it's going back on its word, he says.

But Mr. Jensen of the ACC disagrees. He says the industry is simply using the legislative process to advocate what it believes is right.

"We're not against IST. The chemical industry developed and created it," he says. "However, what we are against is banning chemicals under the guise of security. We think the legislation should work toward securing those chemicals, rather than banning them."

Some security experts say they're not surprised the sides remain so polarized, but contend it's crucial to get legislation passed soon.

"I'd at least like to see some kind of starting point so we can pull together more and better information so we can figure out how to proceed in the long run," says Jack Riley, a security expert at the RAND Corp. in Arlington, Va.

The House appropriations bill for Homeland Security is still being negotiated, but is expected to be voted on before Congress recesses for the November elections.

Suspended Muslim Safety Expert Sues DHS (AP)

By Wayne Parry, Associated Press Writer

AP, September 15, 2006

NEWARK, N.J. -- An Egyptian-born aviation security expert is suing the U.S. government, claiming he was wrongly suspended from his Transportation Security Administration job based on a classified FBI file the government won't let him see.

Wagih H. Makky filed the lawsuit Thursday in federal court in Newark, alleging he was harassed and discriminated against at work after the Sept. 11 terror attacks based on his nationality and his Muslim religion.

The lawsuit claims Makky is one of the world's leading experts in designing and evaluating technology to prevent explosives from being smuggled onto airplanes and rail cars. Makky, 55, a U.S. citizen, most recently worked at the TSA aviation center outside Atlantic City.

Following the Pan Am jet bombing over Lockerbie, Scotland, in 1988, Makky was chosen to create a Federal Aviation Administration unit to focus government efforts to prevent terrorist attacks on American airliners.

According to the lawsuit, a new supervisor in 2002 asked Makky during their first meeting about his ethnic background. When the U.S. invasion of Iraq began in March 2003, the supervisor placed him on administrative leave, based on the classified file, according to the lawsuit.

In August 2005, Makky was suspended without pay, and remains suspended.

The lawsuit names the Department of Homeland Security among others as defendants. The lawsuit did not specify damages. A Homeland Security spokesman did not return a call seeking comment Thursday.

Makky could not be reached for comment Thursday.

Air Cargo Faces Tighter Screening (AP)

By Denise Lavoie

The AP, September 14, 2006

BOSTON -- Packages taken to airline ticket counters for shipment on passenger planes will have to go through the same security screening as checked baggage, Homeland Security Secretary Michael Chertoff announced Thursday.

Such packages _ brought to an airline's counter by individuals looking to get a package to another destination or by courier services _ already were being screened for the past several months at most airports around the country.

But the screening now will be mandatory for 100 percent of those packages, Chertoff said at a news conference at Boston's Logan International Airport.

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"We closed that gap earlier this year, but we're now making this a legal requirement," Chertoff said, announcing that a formal directive was signed Thursday.

Chertoff said the move was in response to concerns that the packages were not being screened for explosives.

Chertoff cited Logan as being the first airport in the country to begin screening 100 percent of its passengers' checked baggage for explosives. Logan had begun the package screening four months ago, using X-ray and explosive sensors that are used to screen baggage on a system of conveyor belts.

Despite the new requirement, most of the cargo on passenger planes, which comes from larger freight shippers, remains subjected only to random checks. Freight forwarders who accept bulk packages and arrange shipment are required to have government-approved security plans and attend TSA training. Air cargo companies must register with the government and be approved by the TSA before they're allowed to send cargo on passenger airliners.

U.S. Rep. Edward Markey, D-Mass., a senior member of the House Homeland Security Committee who has criticized the lax screening procedures for counter packages, said he was pleased that the TSA had closed the loophole _ but wanted more done.

"Until the Bush Administration physically screens all cargo on passenger planes for explosives and requires all cargo to arrive at the airport in a form that is screenable using existing screening technology, passenger planes are vulnerable to terrorist attack by people who don't even fly on the planes they seek to bring down," he said in a statement.

In May the TSA announced new air cargo security requirements, including criminal background checks for airline and freight workers and additional screeners to check the packages delivered to ticket counters. It also announced plans to use more bomb-sniffing dogs to screen air freight and to hire more air cargo inspectors.

Meanwhile, cargo pilots have complained about the vulnerability of cargo planes as the government focused on protecting passenger airliners.

The visit by Chertoff and Hawley comes three days after the fifth anniversary of the Sept. 11, 2001, terrorist attacks, which were launched from Logan when hijackers boarded planes at the airport and crashed them into New York's World Trade Center.

Chertoff: Fee Up In Air For Registered Traveler (USAT)

By Thomas Frank

USA Today, September 15, 2006

BOSTON — With opposition mounting, Homeland Security Secretary Michael Chertoff said Thursday that he is "still looking at" how much to charge air travelers for a program that would speed them through airport security.

Chertoff said he supports the idea of making people in the Registered Traveler program "pay their own weight," which could cost up to $200 a year.

"We shouldn't necessarily have the taxpayer pay to subsidize people who want to go through the Registered Traveler program," Chertoff told reporters at Boston's Logan International Airport. "We want to be fair. … Now exactly what the right amount of money is going to be and how that's going to work, I think, is something we're still looking at."

Chertoff's comments come days after the Transportation Security Administration (TSA) disclosed that it plans to charge travelers $100 to $120 to enroll in Registered Traveler and at least $70 a year for every year after their first in the program. The Homeland Security Department oversees the TSA.

The government costs are in addition to roughly $80 annually that program participants would have to pay to companies operating the program.

Under Registered Traveler, people who pass a voluntary background check would receive a fingerprint-embedded ID card that would give them access to special security lanes with expedited screening.

The heftier charge stunned some TSA advocates. On Thursday, a coalition of 10 companies seeking to provide services for Registered Traveler called on the TSA to reduce the fee, saying it will "stunt, if not eliminate" the program.

The group, called the Voluntary Credentialing Industry Coalition, also questioned whether the TSA can charge fees to recoup costs of TSA screeners at Registered Traveler checkpoints. Of the $100 the TSA proposes charging, $70 would pay for screener salaries.

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TSA chief Kip Hawley defended the proposed fee after a news conference here with Chertoff and said that $100 is "a reasonable estimate" of the cost for each Registered Traveler.

TSA To Review Proposed Registered Traveler Fee (WSJ)

The Wall Street Journal, September 15, 2006

WASHINGTON -- The Transportation Security Administration is reviewing plans to charge a hefty fee to travelers who want to sign up for a program that aims to expedite trips through airport security.

This week the agency sparked a battle with the private companies that want to offer Registered Traveler when it said it plans to charge an annual fee of $100 per person to cover background checks and the full cost of airport screening. The companies, which expected a fee of about $30, say too few people will sign up if fees are too high. Any fees charged by TSA would be in addition to the charges levied by the companies that provide the service, which run about $80 a person.

Yesterday, a TSA official said the fee amount is now under review.

"The proposed fee will stunt, if not eliminate RT programs, thus undermining the promise of better aviation security and much needed customer service improvements," the Voluntary Credentialing Industry Coalition, which represents private companies that want to provide the service, said in a statement.

Insurers Press For Terror-Backstop Renewal (WSJ)

By Brody Mullins And Liam Pleven

The Wall Street Journal, September 15, 2006

WASHINGTON -- After the 9/11 terrorist attacks, the White House and many in Congress reluctantly agreed to create a temporary government program to backstop the insurance industry in the event of another attack. Officials feared making the government a force in the insurance industry, but they knew the private sector would need time to establish a market for coverage against acts of terrorism.

Now, some in the business and insurance community want to create a long-term or permanent terrorism insurance program. Under the program set up by the Terrorism Risk Insurance Act, the government steps in to help make an insurer's payouts if the losses from a foreign terrorist attack exceed that insurer's deductible.

With more than a year remaining before the program expires, a politically savvy group -- including insurance companies, real-estate owners, financial services firms and former American International Group Chief Executive Maurice Greenberg -- is working to press the issue.

Industry representatives aren't coordinating efforts and haven't agreed on a plan. For example, the plan offered by the real-estate industry conflicts with one from the insurance lobby. But early efforts show that creating a permanent terrorism insurance system will be a priority next year for the financial-services industry.

At a speech in New York today, Mr. Greenberg is expected to say that the government must help the industry if terrorists strike with a weapon of mass destruction. The insurance industry should be able to cover claims from a less catastrophic attack, according to his prepared remarks.

"The industry can handle the impact of another 9/11, what it can't is the aftermath of a dirty bomb or a poisoned water supply in a major city," Mr. Greenberg will tell the Barbon Institute for Risk Management and Insurance, an industry think tank.

He also will propose a group of industry leaders and government officials to develop a long-term terrorism insurance plan. Mr. Greenberg says Washington should allow insurance companies to create tax-free accounts to build reserves to cover claims from terrorism.

The response from his industry colleagues and Washington lawmakers to Mr. Greenberg's proposal will be a test of his political sway. Mr. Greenberg was once seen as the voice of the insurance business in Washington, at times to the chagrin of the insurance lobby. He was ousted in March 2005 amid regulatory investigations into AIG's accounting. Mr. Greenberg controls C.V. Starr & Co., a global insurance and investment firm.

Meanwhile, other industry players are lobbying. Earlier this week, lobbyists for large U.S. real-estate owners traveled to Washington to pitch their solution. Owners of shopping malls, hotels and office buildings say insurers can't offer the level of terrorism insurance they need, and they worry that there would be no coverage if the government exits the market. They propose

a $30 billion fund paid for by insurance companies that can be tapped to cover terrorism claims. Under the plan, the government would keep serving as an insurance backstop for five to seven years until the fund is operational.

Before 9/11, losses caused by terrorism were included in standard insurance policies. But insurers paid out $32.5 billion as a result of the attacks, according to the Insurance Information Institute, a trade group. Some insurance companies balked at providing the coverage at all. Many insurance companies considered terrorism, by its nature, too unpredictable to insure. Businesses, meanwhile, were confronting the prospect of having no insurance to protect against terrorism. Pressed by several sectors, the Bush administration reluctantly stepped in.

The American Insurance Association wants to extend the basic structure of the current program. The group suggests having the government largely take over paying for attacks involving nuclear, biological, chemical and radiological weapons. Attacks involving conventional weapons would be covered by insurers up to the point where a traditional federal backstop would kick in.

The Bush administration is opposed to a permanent reinsurance program. The backstop "was intended to provide temporary assistance as the industry adapted to a post-9/11 world, but the ... continued presence of a government-provided subsidy could crowd out the chances for a private market to develop," a Treasury Department spokeswoman said.

But other political forces may increase chances that the industry will succeed. The chief sponsor of the bill that created the program, Sen. Chris Dodd (D., Conn.), will be the senior Democrat on the Senate Banking Committee next year.

Amazing Device Sucks Up Sludge -- And Tax Dollars (WP)

By Elizabeth Williamson

The Washington Post, September 15, 2006

Sure, it was a national emergency, but the Transportation Department's inspector general finds $935 an hour for a Sewer Hog a tad piggish.

In a new post-Katrina audit, the inspector general's office told the Federal Highway Administration that the state of Mississippi had overspent by $772 an hour on the Sewer Hog, a high-speed swiller used to clear flooded storm drains.

Desperate to reopen U.S. 90 along the Gulf Coast, Mississippi transportation officials turned to Texas-based Garner Environmental Services Inc., exclusive operators of the Sewer Hog. Together with its partner the Grit Gator, the mobile-home-size contraption sucked slop and sand from about 200 miles of three-foot sewer lines.

But it also hogged the budget. State highway officials -- and the feds -- paid $1.7 million for services that the report said ought to have cost $294,000.

It is not easy to estimate what a rare breed like the Sewer Hog should cost, and like a homeowner with an overflowing toilet, Mississippi highway officials opted to mop first and ask questions later. They were overcharged, the report's authors say, partly because they failed to run the Sewer Hog through a formula designed for pricing specialized equipment and negotiate in advance.

Using that formula, "the rental rate for this specialized equipment would have been $163 per hour," the report read. "In our opinion a rental rate of $935 per hour for the Sewer Hog was higher than what may be considered reasonable, even under the catastrophic conditions that were created by Hurricane Katrina."

The inspector general's office recommends that the Mississippi Department of Transportation consider taking Garner Environmental Services to court to recover part of the bill. Company representatives did not respond to repeated requests for a comment.

The Sewer Hog "was a big thing," said Todd J. Zinser, the acting inspector general, referring to the overcharge.

But it should not, pointed out IG spokesman David Barnes, be confused with a Smart Pig. Smart Pigs root through pipelines looking for leaks -- and they will star in an upcoming report on pipeline safety, he said.

WAR NEWS:

Bush To Meet With Musharraf And Karzai (AP)

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AP, September 15, 2006

President Bush has scheduled separate White House meetings later this month with the leaders of Afghanistan and Pakistan, neighboring countries whose relations have sometimes been strained by terrorist hideouts along their border.

Pakistani President Pervez Musharraf is meeting with Bush on Sept. 22. Days later, on Sept. 26, Afghan President Hamid Karzai is due in the Oval Office. The meetings were announced amid a growing Taliban-led insurgency in Afghanistan.

"The visit will be an opportunity for the president to congratulate President Karzai on the progress Afghanistan has made over the last five years and to reaffirm America's commitment to stability and reconstruction in Afghanistan," White House press secretary Tony Snow said of the Karzai visit.

The resurgent Taliban, trying to topple the U.S.-backed Karzai government in Kabul, has adopted a dangerous change in tactics, copying the lead of insurgent attacks in Iraq. Since the start of the year, 173 people — including 151 Afghan civilians — have been killed in suicide bombings across the country, NATO announced Wednesday.

Military commanders have called for 2,500 extra troops to help the NATO force, which took control of the coalition in the south on Aug. 1. But NATO nations have failed to agree.

Snow said that in addition to strategizing about countering the threat of militant extremists, Bush and Karzai will talk about Afghanistan's drug trade, need for good governance and faltering economy.

Pakistan was once a key Taliban supporter, but switched sides to become an ally of the U.S. in its campaign against terrorism following the Sept. 11, 2001, attacks.

Still, relations between Pakistan and Afghanistan have been strained for years, mainly over allegations by Afghan officials that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border. Pakistan has rejected such charges.

Recently, cross-border relations have improved, and Karzai and Musharraf pledged in meetings in Kabul earlier this month to jointly fight militants.

The Musharraf-Bush sessions follow their meetings in March, when the president traveled to Pakistan. He also visited Afghanistan and India on that trip.

Kerry Faults Bush's Afghanistan Strategy (AP)

By Andrew Miga

AP, September 15, 2006

Democratic Sen. John Kerry, the party's 2004 presidential nominee, accused the Bush administration of pursuing a "cut and run" strategy in Afghanistan that has emboldened terrorists and made the U.S. less safe.

"The administration's Afghanistan policy defines cut and run," Kerry said in remarks at Howard University on Thursday. "Cut and run while the Taliban-led insurgency is running amok across entire regions of the country. Cut and run while Osama bin Laden and his henchmen hide and plot in a lawless no-man's land."

Kerry's "cut and run" accusation echoes criticism Republicans have leveled at Democrats who have challenged Bush's handling of the Iraq war.

A potential 2008 presidential candidate, Kerry lashed out at the administration on the same day the White House announced meetings later this month with the leaders of Afghanistan and Pakistan.

"John Kerry lacks the credibility on the war on terror to be taken seriously," said Republican National Committee spokesman Danny Diaz. "The junior senator from Massachusetts would be well served by not using his own agenda's mantra to falsely attack this administration's foreign policy."

Afghanistan has been plagued by an upsurge in violence by the Taliban, which is trying to topple the U.S.-backed government in Kabul. Military commanders have called for an extra 2,500 troops to help the NATO force in Afghanistan.

Kerry wants at least 5,000 additional troops sent there, contending that the Bush administration has focused on Iraq while failing to respond forcefully to threats in Afghanistan and Iran.

"The central front in the war on terror is still in Afghanistan, but this administration treats it like a sideshow," said Kerry, adding there are seven times more troops in Iraq than Afghanistan.

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"When did denying al-Qaida a terrorist stronghold in Afghanistan stop being an urgent American priority?" Kerry said. "How is it possible that we keep sending thousands of additional U.S. troops into the middle of a civil war in Iraq but we can't find any more troops to send to Afghanistan?"

The Republican National Committee dismissed Kerry's criticism.

"John Kerry lacks the credibility on the war on terror to be taken seriously," said spokesman Danny Diaz of the four-term senator, a longtime member of the Foreign Relations Committee. "The junior senator from Massachusetts would be well-served by not using his own agenda's mantra to falsely attack this administration's foreign policy."

Militants Regroup In Western Afghanistan (USAT)

USA Today, September 15, 2006

As NATO troops exert pressure on Taliban forces in southern Afghanistan, militants have regrouped in western provinces and ignited violence that has killed a dozen people in two days, officials said. Up to 200 Taliban fighters poured into Bakwa in Farah province. They surrounded a police compound and fired rocket-propelled grenades at policemen before being driven out, said Maj. Gen. Sayed Agha Saqeb, the police chief.

NATO commanders have asked for reinforcements to the 20,000-strong force in Afghanistan. Poland pledged to add a 1,000-strong mechanized force but said the troops would not be deployed until February.

Spain says no law broken with CIA flights

Spain may have been a stopover for secret CIA flights, but there is no evidence any laws were violated, Foreign Minister Miguel Angel Moratinos said. He said Spain did not help transfer terror suspects to U.S. agents. U.S. officials have told the Spanish government they were not aware of any secret passengers aboard CIA planes that stopped on the way to such places as Kabul, Afghanistan, or the U.S. military base at Guantanamo Bay in Cuba, Moratinos said.

Moratinos was the first government minister to testify to a European Parliament committee in Brussels investigating alleged CIA secret flights and detention centers in Europe used for interrogations.

Giovanni Fava of the European Union assembly said in a report this year that 125 CIA-related flights landed at 10 Spanish airports from 2003 through 2005.

Castro recovering well, a friend says

Cuban President Fidel Castro made an appearance of sorts on the sidelines of the Non-aligned Movement summit in Havana when state television showed photos of him chatting with an old friend, Argentine congressman Miguel Bonasso, in Castro's home. Bonasso said the Cuban leader claimed to have regained nearly half the 41 pounds he said he lost since intestinal surgery in July. “Fidel was as lucid and penetrating as ever,” Bonasso wrote in a first-person article about their encounter in the Pagina/12 newspaper. Castro, 80, has not appeared in public since the surgery. He temporarily ceded power to his brother, Raul, the defense chief.

Poland Commits New Troops To Nato Force (FT)

By Daniel Dombey, Stephen Fidler And Jan Cienski

Financial Times, September 15, 2006

Poland on Thursday committed 1,000 new troops for Nato’s force in Afghanistan, after a formal meeting of the alliance on Wednesday failed to meet an urgent military request for hundreds of extra soldiers.

The Polish troops will join the 100 already on the ground in Afghanistan but are unlikely to arrive until February 2007.

The push for reinforcements put the spotlight on Nato’s struggle to help establish a stable government in Afghanistan and on its long-term prospects as a military alliance.

At an emergency meeting on Wednesday, Nato’s 26 member countries came up with no commitments for any new soldiers – in spite of a call last week by General James Jones, Nato’s supreme commander, for up to 2,500 troops.

Nato said: “We have had indications in terms of force generation to fill the outstanding requirement...the operation commanders, including Gen Jones, are confident that they have sufficient forces in the theatre to be able to complete the operation successfully.” The alliance said it had managed to clear Taliban insurgents from 55 per cent of the area surrounding their former stronghold of Kandahar.

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Lord Garden, a former senior air force officer who acts as a defence spokesman for Britain's Liberal Democratic party, said: "Part of the problem... is Nato funding. If you volunteer, not only do you provide the troops, you have to provide the money to fund them."

Diplomats sought to emphasise that the Nato mission was a long way from failure. Victoria Nuland, US ambassador to Nato, said: "One of the things that is getting lost here is that the operation against the Taliban is a huge success. The extra troops will allow us to win faster and more decisively and to continue reconstruction at the same time."

However, casualties taken by British troops in the southern province of Helmand have increased controversy over the mission.

NATO's Afghan Test (WP)

The Washington Post, September 15, 2006

IN AFGHANISTAN, the NATO alliance is engaged in the bloodiest and most important land battle in its 57-year history. Some 6,000 British and Canadian troops have been fighting near-daily engagements with the resurgent Taliban militia in the southern provinces of Kandahar and Helmand, killing more than 500 of the enemy in the past month while suffering three dozen deaths of their own soldiers. The campaign is fateful in several respects: It could prove a turning point both for Afghanistan and for NATO, which hopes to demonstrate that an alliance forged for the Cold War in Europe can tackle the West's 21st-century challenges.

For that reason, it's been encouraging to see the courage and apparent effectiveness of the British and Canadian troops, who are supported by U.S. and Afghan forces; it's been equally disheartening to witness the response of other NATO governments to an urgent request for more soldiers and aircraft to ensure the Taliban's defeat. At a special pledging conference at NATO headquarters in Brussels on Wednesday, the alliance's 26 governments failed to make any new commitments of troops.

NATO's top commander, U.S. Gen. James L. Jones, wasn't asking for anything exceptional when he urged the alliance last week to provide an additional 1,000 soldiers to serve as a reserve battalion as well as 1,500 more air support personnel and a squadron of helicopters. In fact, those forces were supposed to be part of NATO's commitment to southern Afghanistan; only 85 percent of the planned force was provided. The NATO force, which totals 8,000, including Dutch troops in a third province, is barely adequate for its principal planned mission, which was to help extend the authority of the Afghan government to southern Afghanistan and support aid and development projects.

As it has turned out, the NATO troops have encountered fierce resistance from thousands of Taliban fighters who have infiltrated the region since last spring and are staging large-scale assaults. The unexpected intensity of the combat has raised domestic pressure on the Canadian and British governments, though both are so far standing firm. But other NATO governments are failing to commit their own soldiers as reinforcements; even worse, governments that already have troops in Afghanistan, such as Germany, are refusing to consider transferring some of them to the south from the relatively peaceful bases they occupy.

There's no question that placing soldiers in harm's way is one of the hardest steps for a democracy, and rightly so. But European governments that say they are committed to NATO and its mission in Afghanistan cannot continue to watch from a distance as American, British and Canadian soldiers do the lion's share of the fighting -- and dying. If NATO is to be an enduring military alliance, its other members must step forward.

9/11, Osama Reflection: Reverse Cut And Run? (USAT)

By Al Neuharth

USA Today, September 15, 2006

Memories, views and reviews of 9/11 on the fifth anniversary this week should make us reflect on what we've done right and wrong since then. The scorecard:

• President Bush united us with his immediate pledge to get Osama bin Laden "dead or alive" for plotting and executing the 9/11 attacks.

•When that hunt went bad, Bush's preoccupation with going after Iraq's Saddam Hussein, who had nothing to do with Sept. 11, divided us.

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Because Bush and his buddies misled us about weapons of mass destruction, there was public and political support for the Iraq war in the beginning. But now a big majority of you say invading Iraq was a mistake.

In this column back on Oct. 4, 2002, I wrote:

"Congress is 'debating' but President Bush and his cohorts are demanding a virtual blank check to wage war in Iraq. They'll probably get it. That's a mistake."

Currently, we have about 147,000 troops in Iraq, about 21,000 in Afghanistan. We actually "cut and ran" from the hunt for bin Laden in Afghanistan to carry out our Iraq misadventure.

In this column, I've often suggested we should take our troops out of Iraq "sooner rather than later." We're viewed with disdain by many there and by most around the world as an "occupation" force.

Bush says we must "stay the course" and not "cut and run." Since we cut and ran from Afghanistan during our Osama hunt years ago, maybe we should reverse that course now.

Redeploying our troops to fulfill our pledge to get bin Laden could make for a worldwide celebration by freedom lovers. Letting him stay on the loose is the biggest boost for terrorists, in Iraq and around the world.

CIA Learned In '02 That Bin Laden Had No Iraq Ties, Report Says (WP)

By Walter Pincus

The Washington Post, September 15, 2006

The CIA learned in late September 2002 from a high-level member of Saddam Hussein's inner circle that Iraq had no past or present contact with Osama bin Laden and that the Iraqi leader considered bin Laden an enemy of the Baghdad regime, according to a recent Senate Intelligence Committee report.

Although President Bush and other senior administration officials were at that time regularly linking Hussein to al-Qaeda, the CIA's highly sensitive intelligence supporting the contrary view was apparently not passed on to the White House or senior Bush policymakers.

Sen. Pat Roberts (R-Kan.) and two GOP colleagues on the committee disclosed this information for the first time in the panel's report on Iraq released last week. They wrote in the "additional views" section of the report that the Cabinet-level Iraqi official "said that Iraq has no past, current, or anticipated future contact with Osama bin Laden and al Qaeda" and that the official "added that bin Laden was in fact a longtime enemy of Iraq."

On Sept. 25, 2002, just days after the CIA received the source's information, President Bush told reporters: "Al-Qaeda hides. Saddam doesn't, but the danger is, is that they work in concert. The danger is, is that al-Qaeda becomes an extension of Saddam's madness and his hatred and his capacity to extend weapons of mass destruction around the world. . . . [Y]ou can't distinguish between al-Qaeda and Saddam when you talk about the war on terror."

According to the three Republicans, the CIA said it did not disseminate the intelligence about the lack of a Hussein-bin Laden connection because "it did not provide anything new."

But other information obtained at the same time from the same source that paralleled what administration officials were saying was immediately passed on to "alert" the president and other senior policymakers, the three Republicans said. A "highly restricted intelligence report" conveyed the source's claim that although Iraq had no nuclear weapon, Hussein was covertly developing one and had stockpiled chemical weapons, according to the committee members.

CIA spokesman Paul Gimigliano said he could not provide additional information about the situation beyond what is in the Senate report, but he added that "the agency's decisions to disseminate intelligence are not guided by political considerations."

Committee staff members would not expand on the report's language other than to say the Hussein-bin Laden material was maintained within the CIA at a high level with limited access.

Former senior CIA officials said it was unclear what happened to the Hussein-bin Laden information, although two former aides to then-CIA Director George J. Tenet said they could not remember if they received the original information. "Nothing was withheld from the White House," one former aide said, although there was "a lot of debate inside the agency about the Saddam-al-Qaeda relationship" because it was the focus of repeated questions from administration officials, including Vice President Cheney and his then-chief of staff, I. Lewis "Scooter" Libby.

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The high-level Iraqi official, who was not identified in the Senate report, was Naji Sabri, then foreign minister. A senior CIA officer, after months of trying, was able to question him through a trusted agency intermediary when Sabri was in New York City around Sept. 19, 2002.

According to former intelligence officials, the CIA case officer filed two separate reports describing his questioning of Sabri. One, involving the Iraq weapons program, would go to analysts interested in that subject, the officer believed; the second, about Hussein and bin Laden, would go to the CIA counterterrorism center. The officer, however, passed his material on to senior agency officials in New York and was not aware of how it was eventually distributed.

Sabri's role as an intelligence source for the CIA has already been publicly reported. New details, including a payment of $200,000 to the intermediary and a secret signal system to assure the CIA officer that Sabri was cooperating, are contained in the recently released book "Hubris," by Michael Isikoff of Newsweek and David Corn, Washington correspondent for the magazine the Nation.

U.S. Says Sectarian Killings Up In Iraq (AP)

By Patrick Quinn

AP, September 14, 2006

Sectarian killings have surged in parts of Baghdad not yet included in a security offensive, the U.S. military said Thursday, while bombings and other insurgent attacks killed four American soldiers and wounded 25 in the capital region.

Police reported finding 20 bodies dumped on streets, many of them victims of reprisal killings in the escalating conflict between Shiite and Sunni Arabs. Six people died when a car bomb exploded at a soccer field in Fallujah, raising the death toll across Iraq to at least 28.

One of the few positive developments for the U.S.-led coalition and the national unity government was the reported killing of a senior member of al-Qaida in Iraq and the capture of another.

Shiite politicians, meanwhile, said they had made progress in trying to break a deadlock over legislation to establish autonomous regions as part of a federated Iraq. Sunni Arabs oppose the bill, fearing it could split Iraq into three sectarian and ethnic cantons.

The worst violence in Baghdad came at midday when a suicide car bomber attacked U.S. troops on the western outskirts of the city, killing two Americans and wounding 25, the U.S. command said. It said six of the wounded had returned to duty and 15 were not seriously injured.

Two more U.S. soldiers also were killed in the Baghdad area, one when his patrol was hit by small-arms fire and the other when a roadside bomb exploded. The command also announced the killing of a soldier Wednesday near the northern city of Mosul, raising to at least 2,676 the number of U.S. military personnel killed since the war began, according to an Associated Press count.

Violence has intensified over the past two days, with more than 140 people either killed by attacks or their bodies found dumped in the streets of Baghdad.

"There was a spike in violence in Baghdad over the past 24 hours from murder-executions," said Maj. Gen. William B. Caldwell, the U.S. command's spokesman. "Most of those are associated with sectarian violence, not all necessarily, but a large portion."

He said the violence had intensified in areas that have not been reached by Operation Together Forward, a security campaign launched Aug. 7 with 12,000 U.S. and Iraqi soldiers.

"The terrorists and death squads are clearly targeting civilians outside of the focus areas," Caldwell said.

In areas that have been part of the operation, U.S. and Iraqi forces have cleared more than 52,000 buildings, found 32 weapon caches, detained 91 people and seized more than 1,200 weapons, Caldwell said.

"Overall, as part of the Baghdad security plan, we have seen a sustained reduction of level in the violence of attacks and murders in the focus areas," he asserted.

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In Washington, State Department spokesman Sean McCormack said that "there is a lot of progress being made" to stabilize the Baghdad area and toward the U.S. goal of turning over security in much of the country to Iraqi forces by the end of the year.

As for the continuing bloodshed, McCormack said, "Al-Qaida clearly has an interest in fomenting sectarian violence in Iraq."

Iraq's Interior Ministry reported that Abu Jaafar al-Liby, who it described as either the second or third most important figure in al-Qaida in Iraq, was killed by police earlier this week.

Four other insurgents were killed and two were arrested in the raid, a ministry spokesman, Brig. Abdul-Karim Khalaf, told The Associated Press.

Al-Liby was in charge of the Baghdad sector of al-Qaida in Iraq, Khalaf said. He said two letters were found on his body — one addressed to Osama bin Laden and the other to Abu Ayyoub al-Masri, who is thought to be al-Qaida in Iraq's leader. Both letters pledged loyalty and promised more attacks, Khalaf said.

Caldwell said U.S. military forces also had captured a senior al-Qaida figure and personal associate of the group's new leader. He was arrested along with 70 others Tuesday in a series of 12 raids, the U.S. spokesman said.

The man, who was not identified, led assassination, kidnapping and bomb-making cells in Baghdad, and played a key role in al-Qaida's activities in Fallujah before it was attacked by U.S. troops in November 2004, Caldwell said.

Another U.S. officer, Lt. Col. Barry Johnson, said the man was adept at making car bombs and roadside bombs and liked to set off explosives himself. "This terrorist's capture is a significant blow to al-Qaida, and another step toward defeating terrorism in Iraq," Johnson said.

On the federalism issue, members of the major Shiite political coalition, the United Iraqi Alliance, said they had made some headway in persuading leaders of other parties to support the proposed legislation, which could be introduced next week.

Alliance leaders sent delegations to the Shiite holy city of Najaf to meet with radical Shiite cleric Muqtada al-Sadr and Grand Ayatollah Mohammed al-Yaqoubi, spiritual leader of the Fadhila party.

Iraq Violence Continues (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 15, 2006

Five American soldiers and 22 bodies found in Baghdad are among 41 deaths reported. A U.S. general acknowledges a rise in killings in the city.

BAGHDAD — Death squads continued to sweep through the Iraqi capital, leaving behind a grisly trail of at least 22 bodies Thursday, some of them handcuffed and decapitated. At least 19 people were killed or found dead in other violence throughout the country, including five U.S. soldiers whose deaths were reported Thursday.

A U.S. military spokesman acknowledged that despite a major operation to combat death squads and curb sectarian violence between Shiite and Sunni Arab paramilitary fighters in Baghdad, violence had increased.

"There was a spike in violence that did occur in the city over the last 24 hours," Army Maj. Gen. William B. Caldwell IV told reporters. "And a large portion of those … are from murder, execution-style-type activity."

The grim toll came one day after the discovery of 60 bodies in Baghdad's streets and dozens of other slayings in and around the capital.

Caldwell, however, said that areas such as the troubled Dora district in south Baghdad had seen major improvements in security. "If you go down to the Dora area … where they've focused the operations and continue to operate today, you can walk very freely through that area," he said.

But nearly half of the corpses found in Baghdad on Thursday had been dumped on Dora's outskirts. All of those victims wore handcuffs and had torture marks and bullet holes where they had been shot at close range, Iraqi police Capt. Mohammed Hanoon said.

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In other violence, a suicide bomber detonated an explosives-laden truck near an electrical substation on Baghdad's western outskirts, killing two U.S. soldiers. The concussion and shrapnel from the blast injured 25 other soldiers even though the explosion occurred outside thick concrete blast walls, U.S. Army spokesman Lt. Col. Barry Johnson said.

It wasn't immediately clear why the soldiers were at the substation, or whether the bombing had any effect on the power supply in Baghdad.

The military reported that two other soldiers had died in the capital on Thursday; one was shot to death in southeast Baghdad and another was killed by a roadside bomb.

And a U.S. soldier in the northern city of Mosul was shot Wednesday and died after being taken to a military hospital, a military statement said.

Also Thursday, a car bomb in southeast Baghdad killed nine people, including two Iraqi policemen, and injured 29 other people. Interior Ministry officials also reported that two worshipers were killed when gunmen attacked a mosque with AK-47s and rocket-propelled grenades.

In the northern city of Tall Afar, about 40 miles west of Mosul, a man detonated an explosives vest near a checkpoint, killing one man and injuring three other people.

In the northern oil hub of Kirkuk, gunmen killed a tribal sheik and local councilman named Abdullah Khalaf Azzawi and his son as they were driving home.

The U.S. military also announced a flurry of anti-guerrilla activity in the western province of Al Anbar, a haven for foreign insurgent fighters. Caldwell said U.S. and Iraqi forces had killed 66 suspected insurgents and arrested 830 others this month.

Witnesses said U.S. Marines raided a funeral 20 miles west of Ramadi, where Sunni Arab-led insurgents and U.S. troops have battled for months. After the burial ceremony, U.S. forces arrested at least 60 men at the gathering.

Caldwell also announced that U.S. and Iraqi troops had conducted 25 raids in and around Baghdad, capturing 70 suspected insurgents, including an associate of Al Qaeda in Iraq leader Abu Ayyub Masri.

Caldwell did not release the name of the detainee.

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A General's Candor On Iraq (WP)

By Ann Scott Tyson

The Washington Post, September 15, 2006

Lt. Gen. David H. Petraeus led the 101st Airborne Division during the 2003 invasion of Iraq and the first year of the occupation. Then, for 15 months, he took charge of training and equipping Iraqi security forces, and he returned to the United States last year. Army insiders have said they believe he may return to Iraq next year, perhaps as the replacement for the senior general there, Gen. George W. Casey Jr. Yesterday Petraeus had this to say about sectarian tensions in Iraq, in response to questions at the Brookings Institution:

The February bombing of the gold-domed mosque in Samarra was "hugely harmful" and a "very, very devastating blow" to security efforts, he said. "It took the gloves off the . . . Shia militia," starting "a downward spiral that is very hard to arrest. . . . It's had a horrific effect on the security situation," he said, evidenced by the violence in Baghdad that is "played out sadly day after day."

One of the most serious effects of the upswing in sectarian fighting is that it is "tearing at the efforts to restore the rule of law," he said, adding that it is vital to ensure that Iraqi army units are not "infected" by sectarianism.

Iraq Official Says Syrian Help Needed (AP)

By Pauline Jelinek

The Associated Press, September 15, 2006

Iraq will spend more on jobs and reconstruction to battle the insurgency in the restive west, but neighboring Syria must clamp down on terrorists crossing the border, Deputy Prime Minister Barham Saleh said Thursday.

Saleh met with Defense Secretary Donald H. Rumsfeld and told a Pentagon news conference he did not request more American troops for Anbar province because that would be a military decision.

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A senior American commander in Iraq, Marine Maj. Gen. Richard C. Zilmer, said this week the military can't defeat insurgents in Anbar with current troops levels — and that political and reconstruction progress is needed to win over people in the region.

Saleh said it is important to "get our Syrian neighbors to behave more responsibly ... and to clamp down on the presence and activity of some of the former regime leaders who are presently in Syria, as well as some of the terrorists that are going across the borders."

The U.S. and Iraqi governments have long accused Syria of not doing enough to stop insurgents crossing into Iraq to fight U.S. troops. Syria denies that, saying it is impossible to fully control the long desert border.

For his government's part, Saleh said, officials are working to build up Iraqi security forces and are working with tribal chiefs in Anbar to make the "environment ... less permissible for these terrorists and extremists to act."

"And we need to move in fast with economic reconstruction," said Saleh, who was meeting later Thursday with Vice President Dick Cheney.

"I personally met with the governor of Anbar 10 days ago or so. And we have agreed to release a lot of funds," he said. "We need to do a lot more to make sure that people will see benefit with security, as well. It's not just a matter of security operations. People need to see reconstruction and they need jobs being made and so on."

Saleh laid out a timetable for legislation over the next six months that he said also will move Iraq forward, saying for instance that by the end the year it will pass a law that will distribute oil wealth to all sectors of Iraqi society.

Kurds in the north and some Shiite Muslims in southern Iraq — Iraq's two chief oil regions — want regional control over oil production and revenues. But Iraq's Sunni Muslims and much of the Baghdad government want to maintain national control over Iraq's petroleum resources.

Other legislation will focus on investment law, disarming and demobilizing private militias blamed for much of the violence in Iraq and reforming the de-Baathification commission. That body worked on purging members of Saddam Hussein's ousted Baath Party from the military and government, a move some believe helps fuel the insurgency.

In A Volatile Region Of Iraq, U.S. Military Takes Two Paths (WP)

By Ann Scott Tyson

The Washington Post, September 15, 2006

AL-FURAT, Iraq -- With a biker's bandanna tied under his helmet, the Special Forces team sergeant gunned a Humvee down a desert road in Iraq's volatile Anbar province. Skirting the restive town of Hit, the team of a dozen soldiers crossed the Euphrates River into an oasis of relative calm: the rural heartland of the powerful Albu Nimr tribe.

Green Berets skilled in working closely with indigenous forces have enlisted one of the largest and most influential tribes in Iraq to launch a regional police force -- a rarity in this Sunni insurgent stronghold. Working deals and favors over endless cups of spiced tea, they built up their wasta -- or pull -- with the ancient tribe, which boasts more than 300,000 members. They then began empowering the tribe to safeguard its territory and help interdict desert routes for insurgents and weapons. The goal, they say, is to spread security outward to envelop urban trouble spots such as Hit.

But the initial progress has been tempered by friction between the team of elite troops and the U.S. Army's battalion that oversees the region. At one point this year, the battalion's commander, uncomfortable with his lack of control over a team he saw as dangerously undisciplined, sought to expel it from his turf, officers on both sides acknowledged.

The conflict in the Anbar camp, while extreme, is not an isolated phenomenon in Iraq, U.S. officers say. It highlights two clashing approaches to the war: the heavy focus of many regular U.S. military units on sweeping combat operations; and the more fine-grained, patient work Special Forces teams put into building rapport with local leaders, security forces and the people -- work that experts consider vital in a counterinsurgency.

"This war was fought with a conventional mind-set. The conventional units are bogged down in cities doing the same old thing," said the Special Forces team's 44-year-old sergeant, who like all the Green Berets interviewed was not allowed to be quoted by name for security reasons. "It's not about bulldozing Hit, driving through with a tank, with all the kids running away. . . . These insurgencies are defeated by personal relationships."

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The real battles, he said, are unfolding "in a sheik's house, squatting in the desert eating with my right hand and smoking Turkish cigarettes and trying to influence tribes to rise up against an insurgency."Cutting Deals

Under the glittering chandeliers of his newly remodeled salon, Sheik Jubair adjusted his fine, white cotton dishdasha , or traditional robe, and lit a cigarette.

As if on cue, the American team sergeant leaned over and handed him an ashtray.

The 63-year-old sheik is the de facto ruler of the Albu Nimr, a wealthy tribe whose influence stretches from Anbar's violent capital of Ramadi up the Euphrates to Haditha. Jubair knows the U.S. military needs his tribe as much as it needs the military. Shunned in the 1990s for plotting against Saddam Hussein, the tribe backed the U.S.-led overthrow of Hussein in 2003. But Jubair now faces threats from Anbar's entrenched Sunni Arab insurgency, which he said put a $5 million bounty on his head.

Week after week, the team has spent long hours cultivating Jubair -- funding his projects, buying his son a PlayStation, even holding his hand during treatment at a U.S. military hospital for an infected toe. In return, Jubair has supplied hundreds of police and army recruits, as well as intelligence targeting insurgents in the region.

During a recent visit at his home in al-Furat, Jubair pressed the team sergeant for a hospital, a gas station, a school, payment for a damaged car and a mosque. "We don't do mosques," the sergeant replied.

One minute the tough and temperamental Jubair was unbuttoning his shirt to show off a wound acquired in the Iran-Iraq war. The next, he was pouting because the American team dared visit his nephew and rival, Sheik Hatem, a.k.a. the "boy king," who officially heads the tribe and lives in the same compound.

"He's young and doesn't know anything," Jubair scolded the team sergeant. "If you give him projects, I will close the city council and come here!"

For the Americans, such engagement is as vital as it can be maddening. "Sometimes I feel like I'm dealing with teenagers," the sergeant said. "They even do the 'mom' and 'dad' thing with me" and the team captain.

It's also work that involves keen judgment and knowing when to cut deals. After the team arrived in January, it captured a former police colonel accused of stealing cars and $60,000 in pay and killing another police officer. But when the colonel was detained and sent to Abu Ghraib prison, sheiks Jubair and Hatem pleaded for his release. "They said you will increase your wasta and all that," the team sergeant said, "so we secured his release, a controlled release."

The compromise helped win the tribe's backing for a local police force. But it also heightened frictions with the U.S. Army battalion, whose convoy transporting the detainee had hit a roadside bomb.A Clash of Cultures

Every night like clockwork at the U.S. military camp -- known as a forward operating base, or FOB -- outside Hit, a loudspeaker atop the Special Forces team house blasts an alert that the Army battalion is about to shoot off flares.

"Attention on the FOB! Attention on the FOB!" a male voice boomed one recent night. "There will be an illumination mission in 10 minutes. Go Cowboys!"

"I've tried to figure out a way to cut that wire," the team sergeant muttered as he stood on the roof, bemoaning the battalion's predictable tactics.

The clash of military cultures was apparent from the start in late January, when the Special Forces team captain, scruffy after days in the desert, arrived at the Hit camp and introduced his team's mission to Lt. Col. Thomas Graves, commander of the 1st Battalion, 36th Infantry Regiment. Graves, a close-shaven West Point graduate from Texas, said nothing and walked away, according to team members.

"We grow our hair a little longer," the team sergeant said. "We wear mustaches, and the conventional Army doesn't want to deal with you because they look at you as undisciplined. We're the most disciplined force in the Army!"

To Graves, the problem boiled down to communication and his battalion's limited, or "tactical," control over the Special Forces. "It's not that they have long hair. I don't care if they're frickin' from Mars," said Graves in the camp's chow hall. "They have a responsibility to tell us what they were doing, but they refuse to do it."

Graves said the Green Berets and their Iraqi army scout platoon once shot at his tanks; he said he never investigated the incident but declined to explain why. Concern over his troops' safety led him to initiate steps to remove the team, he said, adding, "I don't care if you're frickin' naked, just don't shoot at my tanks!"Training Iraqi Forces

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At a desert firing range outside Hit, a squad of Iraqi army scouts attacked a line of silhouetted targets, emptying their AK-47 assault rifles and then switching effortlessly to pistols. Next, they practiced sweeping a room, pivoting through the doorway and shouting bursts of Arabic.

Training foreign military forces is a core Special Forces mission -- and the top priority of the U.S. command in Iraq. The Iraqi scout platoon, recruited from the Albu Nimr tribe and coached by the team in Hit, displayed an agility and confidence unusual among Iraqi soldiers. And the Americans fostered loyalty in the platoon.

"We've been to their homes, we've treated their children. They are our partners," said the team captain, an energetic officer from Los Angeles.

"We walk with them as brothers," said Mokles Ali Muklif, the Iraqi platoon leader.

But last spring, when the scouts spotted a roadside bomb during a solo mission and warned U.S. forces about it, they were detained by Graves's battalion, blindfolded and forced to sit in bitter cold for seven hours before the team could secure their release. "I was livid," the team sergeant said.

Later, when the Special Forces team offered to give advanced training to the entire Iraqi army battalion, Graves rejected the idea. Morale continued to drop in the Iraqi battalion, its manpower down to 60 percent after hundreds of soldiers quit over lack of pay, poor food and duty far from home. "We could have had the battalion conducting unilateral ops, and 1-36 could be sitting back at the firm base," the team captain said.

Instead, the team threw all its energy into mobilizing the Albu Nimr tribe behind a police force -- first in its territory of al-Furat, then in the broader region including the contested town of Hit.A Recruiting Drive

Col. Falah Salah Shimra, 41, a portly tribesman with an imposing demeanor, examined the charred shell of a police station destroyed by a bomb planted on the roof.

Chief of al-Furat's growing tribal police contingent of several hundred men, Shimra minimized the attack on his fledgling force. "Basically, within our area we have no threat at all," he said. "The threat is from outside."

Nearby, tribal police manned a checkpoint, wearing blue shirts as uniforms. None had body armor. Most used their own rifles and ammunition and patrolled in their own vehicles. Many had gone for months without wages until the Special Forces team helped cut through red tape and graft to secure their full pay in July.

Once they get more equipment, Shimra said, he plans "to extend our security all around Hit and get rid of the insurgents."

Indeed in July, backing from tribal leaders led to Hit's first successful police recruiting drive.

"We knew there would be no people in Hit, so to facilitate success we put out word in al-Furat," the team sergeant said.

But a dispute emerged when Graves decided to "lock down" Hit with tanks and hold the recruiting drive at a frequently mortared U.S. combat outpost inside the town rather than in a safer tribal area across the Euphrates. "It's the most dialed-in place!" said the team sergeant, whose men narrowly missed being struck by a mortar shell during the drive.

In the end, only three Hit residents volunteered. But about 150 tribesmen crossed the river to sign up. Graves said he considered the police recruitment to be one of the U.S. military's biggest achievements in his area, and he acknowledged the Special Forces team's help in enlisting the tribesmen. "They deserve credit for that," he said of the team, whose tour ended last month.

The Special Forces soldiers realize there are drawbacks to relying on the tribe, which is focused on protecting its own territory and interests and which imposes tribal law that can undercut civil authority. Every decision, from firing a policeman to averting revenge killings, requires the sanction of tribal leaders such as Jubair. But the reality in Anbar, the team captain said, is either to "engage the tribes . . . or leave them to the will of the insurgency."

Iraqis Feel Weight Of High Prices, Few Jobs (CSM)

By Dan Murphy And Awadh al-taiee

The Christian Science Monitor, September 15, 2006

CAIRO AND BAGHDAD

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When the top Marine commander in Iraq addressed criticism that US forces appeared to be losing the political, if not the military, fight in Anbar Province recently, he said that success rests as much on restoring a measure of economic stability and basic services as it does on ending Iraq's sectarian bloodshed.

"Economic development and the establishment of social order and public services ... are the conditions which must be set that will result in the support of the local people, and ultimately cause the defeat of this terrorist-backed insurgency," Maj. Gen. Richard Zilmer said earlier this week.

But Iraq's economy is weaker than at any point since the US invasion. Some estimate joblessness at 60 percent (the CIA shows a 30 percent rate for 2005), and prices for foodstuffs and basic goods have doubled - and in some cases tripled - since 2003.

Earlier this month, Iraq's planning minister, Ali Baban, said the rise in the consumer price index (CPI) - the basket of goods and services used to measure inflation - increased by nearly 70 percent in July compared with 12 months earlier. In July 2005, the CPI rose by 30 percent.

While the daily death toll frightens Iraqis - it topped 100 in the past two days alone - the country's economic grind is eroding the standards of living of millions of Iraqis and leading to mounting frustration in a country where the average monthly wage is less than $200.

Take Ahmed Obeidi, who saw an improvement in his life immediately following the war but now says he goes to sleep at night terrified about his family's prospects. Until 2003, he was a mason whose tiny daily wage - about $2 - nevertheless was enough to keep his wife and three children clothed and fed.

After the war, he picked up construction work on US-funded projects. Prices rose that first year, but his daily wages had soared to $10, allowing him to save small amounts for the first time in his life. But as security in Baghdad collapsed starting in early 2004, opportunities to work dried up.

Soaring prices reflected the lack of security. Oil smugglers took advantage of rising corruption and distracted security services, and the cost of hauling goods rose to reflect the risks of ambush. Significant US reconstruction spending was deflected to security: Of more than $12 billion spent through the middle of this year, at least $4 billion went to security.

That doesn't take into account informal security arrangements. Long-haul truckers in Baghdad, food wholesalers, and even local retail shops say small weekly protection payments to corrupt cops and militias have become standard.

Now, Mr. Obeidi is happy to find five days of work a month. "I don't know what we'll do if the five days ... run out," he says. "The only jobs are [with] the police or the Army, but I can't join because of my age. I don't have a degree, so a government job isn't an option. I feel like my whole life is collapsing gradually with the country."

Yet, as Baghdad residents, the Obeidis are fortunate. While the price of bread has almost tripled, the price of meat has doubled, and prices for gas and electricity increased nearly four-fold, those in major cities are eating better than their rural counterparts.

A report sponsored by the UN's World Food Program late last year found that nationwide, 1 in 4 Iraqi children under age 5 suffered from either "acute or chronic malnutrition." The number was 1 in 3 in rural areas in the south.

Iraq's economic problems pose a great conundrum for policymakers. Usually when wages are flat and unemployment high, prices are stable, because consumption also stays flat. In developed economies like the US, inflation walks hand-in-hand with economic growth and job creation. But in Iraq, violence is driving the price increases, destroying jobs and testing a social net that was already weak before the fall of Saddam Hussein's regime. Economic despair, in turn, generates new recruits for the sectarian militias most responsible for the economic decline.

Falah Hassan works in a small grocery store in western Baghdad for about 7,000 dinars, or $5, a day. He says he asked his boss for higher wages to compensate for higher prices, but understood why he said no. "Our customers are dwindling, and they buy less when they do come in."

Trained as a butcher, he says he was recently offered $10 a day to work in a meat market near Baghdad's Adhamiyah neighborhood, a stronghold for Sunni Arab insurgents, but says the dangers of traveling the four miles to his new place of work outweighed any potential benefit.

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"I'd love the money, but what are the chances I'll get killed if I travel those roads to work? Then my family would have nothing," he says. "If this continues, soon we'll be like ants, eating what we can find by the side of the road."

Like many Baghdadis, he blames the economic situation on the government's security failures. Prime Minister Nouri al-Maliki came to office this year promising to flood Baghdad's streets with Iraqi and local troops, and restore safety. But July was the second-deadliest month on record - belying US and Iraqi government claims that their efforts were making progress.

"We're a country rich with oil and yet we have children who are starving," says Mr. Hassan. "I don't know of a better measure of a government's failure than when it's people don't get enough to eat."

Judge Tells Hussein, 'You Are Not A Dictator' (NYT)

By Paul Von Zielbauer

The New York Times, September 15, 2006

BAGHDAD, Sept. 14 — The chief judge in the genocide trial of Saddam Hussein assured the defendant on Thursday that he was "not a dictator," a day after a court prosecutor demanded the judge be removed for showing bias toward Mr. Hussein and letting him harangue witnesses.

One witness, a Kurdish farmer, testified that in 1988 he had pleaded with Mr. Hussein for the life of his wife and seven young children. He said a furious Mr. Hussein shouted, "Shut up and get out."

In court, Mr. Hussein jumped up to defend himself.

"Why did he try to see Saddam Hussein?" he asked the judge, referring to himself in the third person, as is his habit in court. "Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?"

The judge replied: "I will answer you: you are not a dictator. Not a dictator," he repeated. "You were not a dictator."

Mr. Hussein, smiling, replied, "Thank you."

The judge said: "The people or those who are around the official make him a dictator, and it is not just you. This is the case all over the world." The judge, Abdullah al-Amiri, is a Shiite who had served as a judge in Mr. Hussein's government.

Mr. Hussein and six other former high-ranking officials are charged in connection with the killing of at least 50,000 Kurds, including many in chemical weapon strikes in a 1988 military campaign to eliminate them from the mountainous parts of Iraq's far northeast.

The courtroom exchange happened on a day in which 49 bodies were found, apparently killed, around Baghdad, an Interior Ministry official said.

Five American soldiers also died in fighting on the outskirts of Baghdad and in northern Iraq, the military said.

Also Thursday, an Iraqi deputy prime minister, Barham Salih, said officials here would introduce legislation in Parliament next month to disarm Shiite militias that have stoked an ongoing cycle of sectarian violence in Baghdad and throughout Iraq.

Mr. Salih, speaking to reporters in Washington, cast the legislation as an advanced step in a process that is already under way to urge militia leaders, foremost among them Moktada al-Sadr, the anti-American Shiite cleric who controls the Mahdi Army, to give up their weapons.

"There are discussions with Moktada Sadr and other political leaders in the country that they all have to make a choice," Mr. Salih said. "Either they are part of the political process and renounce arms and integrate into the country's political system and governing institutions, or the present situation will not be acceptable."

Mr. Sadr's militia is estimated to include up to 20,000 fighters, drawn mostly from poor Shiite neighborhoods in Baghdad and larger cities in Iraq's south. A competing Shiite militia created and trained in Iran, the Badr Organization, has about 5,000 men, American officials have said.

On Thursday, though, American military units and Iraqi Army and police forces began "clearing operations" in the Shaab and Ur neighborhoods, two districts controlled by the Mahdi Army.

South of Baghdad, elements of Mr. Sadr's militia clashed Thursday with Iraqi troops and the police, injuring a number of police officers and civilians, police and army officers said.

In Diwaniya, about 150 miles south of Baghdad, a joint Iraqi and American patrol raided a Sadr office around 2 a.m., said Brig. Abdul Khaliq Badir Lafta, commander of the Diwaniya police.

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The raid ultimately led to a three-hour exchange of gunfire between militia forces and Iraqi police commandos, he said. At one point, armed Mahdi Army fighters tried to storm the governor's building and were repelled by police commandos, said Maj. Gen. Othman al-Ghanimi, commander of the Eighth Iraqi Army Division in Diwaniya.

'You Were Not A Dictator,' Judge Tells Hussein During Genocide Trial (WP)

By Sudarsan Raghavan

The Washington Post, September 15, 2006

BAGHDAD, Sept. 14 -- The judge in Saddam Hussein's genocide trial told the toppled Iraqi leader on Thursday that he wasn't "a dictator," one day after prosecutors accused the judge of bias and demanded his resignation.

Judge Abdullah al-Amiri made the comment shortly after the court heard emotional testimony from a Kurdish farmer who said Hussein told him to "shut up and get out" when he begged the Iraqi president to spare the lives of his wife and seven young children, who were taken into custody in 1988.

Hussein challenged the farmer's testimony, asking, "Why did he try to see Saddam Hussein [if] Saddam Hussein was a dictator and was against the Kurdish people?" according to the Associated Press.

Amiri said from the bench: "You are not a dictator. You were not a dictator. However, the people or the individuals and officials surrounding you created a dictator. It was not you in particular. It happens all over the world."

"Thank you," Hussein replied.

On Wednesday, prosecutors called for Amiri's resignation, saying he had allowed "defendants to go too far, with unacceptable expressions and words" and had "allowed the defendants to treat the chamber as a political forum," according to a pool report.

In a news conference Thursday, Iraqi High Tribunal spokesman Raed Juhi sought to control any damage that the judge's comments might have inflicted on the tribunal's ability to impartially try Hussein.

"The court will continue with its neutrality and its course. The judge is only human," Juhi said. "At the end, the judge will decide guilty or not guilty based on the evidence. This has no effect on the case."

Hussein, Ali Hassan al-Majeed, also known here as "Chemical Ali," and other co-defendants are facing charges of perpetrating atrocities against Kurdish villagers in northeastern Iraq during the so-called Anfal campaign in 1987 and 1988. They stand accused of killing 50,000 to 100,000 Kurds, many of them with poison gas.

Meanwhile, in the southern town of Diwaniyah, U.S. and Iraqi troops stormed the office of radical anti-American cleric Moqtada al-Sadr in a pre-dawn raid. Sahib al-Amiri, a Sadr aide, said the soldiers took computers from the office and some weapons from office guards but did not take anyone into custody. A U.S. military spokesman confirmed that the raid occurred but did not provide details.

Later Thursday morning, Sadr loyalists headed to the governor's office in Diwaniyah to protest the raid, but guards shot at the people and into the air to drive them away, Amiri said. Several protesters, he said, were wounded.

Elsewhere, a car bomb exploded Thursday morning near a Shiite mosque in northwest Baghdad's Hurriyah neighborhood, killing three people and wounding 15 and causing damage to the mosque, according to Col. Abdulrahman Awaiyed of the Interior Ministry.

A second car bomb detonated near the passport office in central Baghdad, killing three guards and wounding 17 civilians, he added.

Officials in Basra, Iraq's second-largest city, announced plans to start a security operation modeled after the one being carried out in some of Baghdad's most volatile neighborhoods to tame sectarian violence. The campaign in Basra, where British forces have responsibility for security, is expected to pull British troops from across the theater and send them from neighborhood to neighborhood. Basra is plagued by rising crime and power struggles between Shiite political parties backed by militias.

British and U.S. officials said the effort will also concentrate on reforming police stations in targeted neighborhoods by weeding out police who are loyal to Shiite militias or involved in crime. "We have to dare to say an institution is corrupted," said Abdal al-Jhabar, a deputy interior minister for southern Iraq. "We have to clean this up."

'You Were Not A Dictator,' Judge Tells Hussein At Trial (LAT)

DOJ_NMG_0063318

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, September 15, 2006

The comment is likely to renew the prosecution's call that the jurist step down from the case.

BAGHDAD — The chief judge in Saddam Hussein's trial for genocide against Iraq's Kurdish population said in court Thursday that the deposed Iraqi president had not been a dictator.

The comment seemed sure to raise anew prosecution objections about the judge, Abdullah Amiri, a veteran Iraqi jurist who has drawn praise in court from Hussein this week.

On Wednesday, the chief prosecutor, Munqith Faroon, asked that the judge step down because, Faroon said, he had allowed Hussein to turn the proceeding into a political forum.

The exchange Thursday came during the testimony of a Kurdish villager, Abdullah Mohammed Hussein, 49, the latest in a series of witnesses to describe Iraqi military abuses during the Anfal military campaign in the late 1980s.

The campaign left as many as 100,000 Kurds dead and is the origin of the charges against Hussein and six codefendants.

As he faced Hussein in court, Mohammed Hussein said he had once met with the former Iraqi president when he made his way to Baghdad to ask about the fate of his missing wife and children.

Mohammed Hussein's unusual testimony prompted Hussein to question how it was possible that a supposed "dictator" like himself would have agreed to an audience with a humble Kurd like Mohammed Hussein.

"You were not a dictator," said the judge, who also served as a jurist during Hussein's rule.

Hussein went silent for a moment, as if he himself could not believe what he had heard, prompting the judge to repeat, "You weren't a dictator."

The judge did not make clear exactly what he meant, and he and Hussein soon moved on to other topics.

The Kurd said the Iraqi army offensive had caused him to lose track of his wife, Aysha, and seven of his children, the youngest being a baby girl, Shleer, just over 3 months old. He said Iraqi forces who invaded his village, Sedir, took all eight into custody.

"I did not know what had happened to my wife and children," said Mohammed Hussein, who testified that he escaped into Iran with son Ali, 9.

Six months later, after an amnesty was issued for Kurds, Mohammed Hussein said, he returned to Iraq and enlisted in the army. But he said doubt haunted him about the fate of his family, and he seized upon the idea of going to Baghdad to see Hussein.

Once in the capital, Mohammed Hussein said, he made his way to the presidential office and asked for an interview with Hussein, who would occasionally see ordinary petitioners in an effort to project a magnanimous image.

The Kurd said he was told to write a formal request and, three days later, was ushered into an office to meet with Hussein.

"I prayed to Allah to put mercy in Saddam's heart, so that he would release my loved ones," Mohammed Hussein testified.

However, Mohammed Hussein said, Hussein became agitated once he told him that his family had been detained during the offensive in Kurdistan.

" 'They were just lost within the Anfal wave!' " Mohammed Hussein quoted Hussein as telling him.

Mohammed Hussein said he pressed the president on the point.

" 'Do not talk!' " the witness said Hussein then told him. " 'Get out of here!' "

Mohammed Hussein said he saluted the Iraqi leader and left, but had a feeling Hussein would release his relatives. It never happened.

Several years later, Mohammed Hussein said, he was informed that Kurdish authorities had discovered three identity cards while excavating a mass grave. Among them, he said, were the documents of his wife and sons Nasir and Jamal.

Hussein seemed suspicious of the Kurd's account and asked if the witness had kept a copy of the interview request submitted to the office of the presidency.

Mohammed Hussein said no: "Saddam took it from me."

patrick.mcdonnell@latimes.com

Times staff writer Suhail Ahmed contributed to this report.

DOJ_NMG_0063319

The Right Troops In The Right Places (NYT)

By Seth Moulton

The New York Times, September 15, 2006

APPROACHING the city of Karbala last year for a meeting with a local Iraqi Army commander, my convoy of four Army Humvees came across hundreds of bearded men in green camouflage uniforms lining the road. They were directing traffic and searching vehicles for bombs — good things — and they waved us through, just as Iraqi security forces should.

But we don't issue green uniforms to Iraqi troops.

After the meeting, I sent an e-mail message to my headquarters in Baghdad, asking whether an entire Iraqi battalion, usually 700 to 1,000 soldiers, had been newly authorized for this relatively peaceful province.

Of course, it hadn't. This was another new militia. And even though the militia had already been approved by Iraqi officials, and recruited, outfitted and deployed in daily operations, no senior American commander in Baghdad knew about it.

Still, it wasn't hard to explain how this could happen in Karbala, a major city just two hours from Baghdad. There were hardly any Americans there.

The last American base in Karbala was closed in the summer of 2005. Ostensibly our departure was a victory — an area turned over to Iraqi control. The American troops weren't sent home, though; they were simply shifted north to a town near Falluja, where they were needed more.

For most of 2005, I worked for the American commander in charge of training Iraqi security forces. My job was to keep tabs on Iraqi troops in several provinces south of Baghdad that were mostly Iraqi-controlled. As a young Marine lieutenant, I was honored to have the responsibility, but it was a sign of how thinly our forces are stretched. My team of two marines could have used about 50 more.

Time and again I watched as American forces drew down, and militias blossomed in the resulting power vacuum. The first provinces we are handing over to our Iraqi counterparts are in the heart of the Shiite south, an area where anti-American violence is minimal but ethnic hatred is brewing.

Sunni insurgents started attacking Shiites, who make up about 60 percent of all Iraqis, to destabilize the new Iraqi government. The Shiites' ethnic-based response, however, carried out by their militias, is what ignited the deeply sectarian violence that now threatens outright civil war. The premature departure of American troops from the places where the militias were born only feeds their growth. A good Iraqi friend from the area told me recently that Iraqis now call this time "the militia era."

In the long term, we must withdraw American troops, and replacing them with capable Iraqi forces is the right way to do it. But there are two serious problems with how we are putting this strategy into effect.

First, despite all rhetoric in Washington to the contrary, American commanders are being pressured to meet timelines rather than encouraged to wait until Iraqi forces are ready. "Standing up" Iraqi troops is not enough; they must be well-trained.

Second, our strategy is based on consolidating American forces in huge megabases as a means to reduce numbers and, as advocated by several members of Congress, to "move to the periphery." This is exactly the opposite of what has been prescribed for decades to fight a counterinsurgency, or to squelch a fomenting civil war.

American military advisers, and the Green Berets they take after, are our greatest assets in Iraq because they are a model for how to fight insurgents and build indigenous forces. Our advisers teach the Iraqi troops everything from physical fitness to urban warfare tactics, and mentor their officers in leadership and mission planning.

I once visited an Iraqi base where a combination of officer corruption and insurgent activity had led to a severe water shortage. An entire battalion was ready to quit, but the Green Berets embedded with the Iraqis encouraged them to stay while they pressed for a solution — and endured the shortage alongside the Iraqi soldiers. The battalion remained intact, and we discovered new problems with the Iraqi supply system and new tactics of local insurgents.

Our advisers can also thwart militia attempts to infiltrate the Iraqi units, and are better able to judge when the Iraqis are competent to take over. Most important, while sharing intelligence and conducting joint operations, these small groups of American soldiers and marines develop the trust of their Iraqi soldiers and the local populace. Our growing megabases do anything but.

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So, what should we do? The obvious prescription to stop the rising violence is more troops, but the wrong kinds of soldiers and tactics only alienate the Iraqi people, strengthening the insurgency. On top of that, the Army and Marine Corps don't have any extra troops to send. President Bush recently sent more American forces back into Baghdad, another place where militias took over after United States troops were withdrawn too quickly. But they too have to come from somewhere, and in turn we should expect those areas to become more violent.

This makes it all the more important to use the troops we have as effectively as possible.

We need more military advisers, including both Special Forces teams and specially trained conventional units. Our precious few Special Forces troops must focus on mentoring Iraqi troops, rather than on the more exciting diversion of unilateral raids. Some of our best Special Forces units were devoted to hunting down the Qaeda leader Abu Musab al-Zarqawi, but violence has only increased in the three months since his death. Had that same manpower and money been devoted to training Iraqi troops and stemming the growth of militias, we would have another Iraqi battalion or two ready to take our places.

While consolidating bases is a short-term way to reduce troop requirements, fielding more adviser teams will eventually allow more Americans to come home. American troops embedded with the Iraqis they train usually require less support than conventional units; many rely on the Iraqis for food, shelter and basic defenses. Green Berets in 12-man teams have already replaced entire battalions of conventional forces in some Iraqi cities.

Yet despite the success of advisers, the Army and Marine Corps still have a habit of sending their least capable troops to fill these positions. Many teams have trouble getting essential supplies like weapons and ammunition, even as the Army finds the resources to man speed traps on its ever-growing bases. Only 1 in 30 Americans deployed to Iraq serves as an embedded adviser. We can't win this war from the Burger Kings and rec centers of our largest bases, nor can we afford the thousands of non-combat troops needed to support them.

Iraq's militia problems are likely to get worse before they get better, and only a legitimate Iraqi government can rid the country of them completely. But we must be sure we are fighting the war we say we are. Both problems with our current strategy — not waiting for Iraqi forces to be ready, and consolidating our bases at the expense of classic counterinsurgency tactics like small adviser teams — emanate from the overriding concern for bringing the troops home.

Pushing for withdrawal timelines is not helping the struggle in Iraq; encouraging the military to better fight the insurgency will. After all, winning the war would be the best reason to leave.

Seth Moulton was a Marine infantry officer in Iraq from March toSeptember 2003 and from July 2004 toOctober 2005. He is writing a book about his service.

World Bank Lists Failing Nations That Can Breed Global Terrorism (WP)

By Karen DeYoung

The Washington Post, September 15, 2006

The number of weak and poorly governed nations that can provide a breeding ground for global terrorism has grown sharply over the past three years, despite increased Western efforts to improve conditions in such states, according to a new World Bank report.

"Fragile" countries, whose deepening poverty puts them at risk from terrorism, armed conflict and epidemic disease, have jumped to 26 from 17 since the report was last issued in 2003. Five states graduated off the list, but 14 made new appearances, including Nigeria and seven other African countries, Kosovo, Cambodia, East Timor, and the West Bank and Gaza. Twelve states, including Afghanistan, Somalia and Sudan, made both lists.

"Past international engagement with these countries has failed to yield significant improvements," said the assessment released by the World Bank's Independent Evaluation Group, which reports on the bank's programs to the board of directors. It was timed to coincide with the annual meeting of the bank and the International Monetary Fund this month in Singapore.

Hurdles facing the countries at risk, often referred to as "failed" or "failing" states, include "weak security, fractured societal relations, corruption, breakdown in the rule of law, lack of mechanisms for generating legitimate power and authority" and limited investment resources to meet basic needs, the report said.

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To avoid "adverse spillover effects -- such as conflict, terrorism and epidemic diseases -- the international community and the Bank need to find more effective ways" of assisting them, it said.

The Bush administration has described failing states as a major threat to U.S. security. "The danger they pose is now unparalleled," Secretary of State Condoleezza Rice wrote in a column that appeared late last year in The Washington Post. "Absent responsible state authority, threats that would and should be contained within a country's borders can now melt into the world and wreak untold havoc.

"Weak and failing states," Rice said, "serve as global pathways that facilitate the spread of pandemics, the movement of criminals and terrorists, and the proliferation of the world's most dangerous weapons."

The administration's updated counterterrorism strategy, published earlier this month, set economic development in "failing states or states emerging from conflict" as a key objective.

Official U.S. foreign assistance to the least developed countries topped $27 billion in 2005, according to the Organization for Economic Cooperation and Development, more than twice the level when Bush took office. That amount places the United States first among international donor nations in terms of absolute dollars, although Washington remains at the bottom when aid is tallied as a percentage of gross national product. The United States also scores higher than many other countries in the percentage of its aid that is spent on security, trade and food supplies rather than on more traditional forms of development efforts.

In a major restructuring, the administration is increasingly directing assistance toward those countries whose governments are judged as heading in a positive direction in terms of institutional and economic development and U.S. security interests.

In 2002, the World Bank launched its own initiative to expand assistance to fragile states and increased its lending to them by 67 percent, to $4.1 billion, between 2003 and 2005. Its report cited a number of lessons learned in the process.

In several countries, there was either too much aid or too little. Assistance from all international donors, the report said, varied from nearly $200 per capita for East Timor to $15 per capita for the Central African Republic. In a number of cases, an influx of aid was not matched by a domestic reform agenda that would allow the country to adequately utilize it.

In other countries, donors demanded too many reforms, too quickly. In Afghanistan, the report said, "donor reforms have not been selective enough and have led to 120 pieces of legislation."

Donors sometimes disagreed about the goals of overlapping aid programs, making it "difficult to achieve policy coherence" in recipient countries, the report said. "In Afghanistan, for example, the Ministry of Finance receives technical assistance for customs modernization from the Bank, USAID, the European Union" and Britain's development aid program.

Terrorism, Here And There (WSJ)

The Wall Street Journal, September 15, 2006

For five years, the Bush Administration has repeatedly made the case that the best reason to take the war on terror abroad is so that it need not be waged at home. And for five years, the claim has been ridiculed by those who argue that "the use of heavy military force to transform Muslim societies over there, if you would, is only likely to increase the number of suicide terrorists coming at us," as the University of Chicago's Robert Pape put it last year.

Reality is otherwise. In the current issue of Foreign Policy, Kim Cragin and Andrew Curiel of the Rand Corporation compare the incidence of terrorism world-wide in the four years preceding and following 9/11. Between 1998 and the end of 2001, there were 2,991 fatalities from terrorism in North America, almost all of them on 9/11. Since then, there have been only three.

By contrast, terrorist fatalities are up nearly everywhere else, more than tenfold in the Middle East. The authors of the study say this means that "the rest of the world is paying with their lives" for the U.S. war on terror. But that's an odd way of damning a policy that aims to keep America safe. Even stranger is the suggestion that the U.S. is to blame for al Qaeda's explicit policy of targeting fellow Muslims. Such targeting has long been part of Osama bin Laden's explicit strategy, and his deputy, Ayman al Zawahiri, recently made it clear again when he warned the Gulf States that terror was coming their way.

It's a tragic fact that so many Muslims have been murdered in terrorist atrocities. But it is also the case that Arab regimes such as Saudi Arabia that once tolerated or funded terrorism have belatedly come to recognize its dangers. That's progress for them -- and safety for Americans.

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Poetic Justice: DOJ Whistleblower On D.C. Ethics Committee (NLJ)

By Peter Geier, Staff reporter

National Law Journal, September 15, 2006

"Poetic justice" is what a former U.S. Department of Justice ethics attorney calls her appointment to the District of Columbia Bar's legal ethics committee while a disciplinary complaint has been pending against her with the D.C. bar.

And some poetic justice may go a long way for whistleblower Jesselyn A. Radack, who was the subject of a Justice Department complaint before the D.C. Bar's Office of Bar Counsel when she was named in June, 2005 to the committee that advises the bar on the rules of professional conduct.

Radack is the former Justice Department ethics advisor in the case of "American Taliban" John Walker Lindh who quit her government job, lost a private-sector position and was the subject of a criminal investigation, all involving the Lindh case. Saying that she leaked information to the press, the Justice Department referred Radack to the state bars where she is licensed-and was even put on the federal "no-fly" list.

"Because of this episode, I am dedicating my life to whistleblowers," said Radack, who started work last May at Grayson & Kubli, a private practice in McLean, Va., that handles government contracts, telecommunications and whistleblower law.

She also decided not to pursue the action she filed against DOJ that a federal judge in Washington recently dismissed. [NLJ, Aug. 28].

"I'm in a new job and ready to let go of it," Radack said. "It was empowering to put them on the defensive for once and finally get my version of the events down in a public forum."

Radack claims that she was pushed out of her job as general counsel to DOJ's Office of Professional Responsibility for not playing along with her superiors after federal law enforcement officials disregarded her advice on handling Lindh, dubbed the "American Taliban" when he was captured in Afghanistan.

U.S. District Judge Henry H. Kennedy Jr. recently found that DOJ did not violate its own policy when it sent referral letters to the Maryland and D.C. bars. Radack v. U.S. DOJ, No. 04-1881 (D.D.C.).

Actions 'really scary'

But Radack quoted a footnote in Kennedy's opinion in which he wrote: "It is clear, though, that she has sustained injury in the form of a damaged reputation and reduced employment prospects."

"The scope and breadth of what they are doing is really scary," she said, adding that the outcome of her lawsuit implies that the government "can go after you if it can show that something you did in the private sector that it didn't like relates back to something you did when you were working for them."

Charles S. Miller, spokesman for DOJ, said that the department would say with regard to Radack only that "We're pleased with the court's decision."

Radack lost her civilian job in the Washington office of New York's Hawkins Delafield & Wood after she gave a Newsweek reporter copies of legal memoranda that she had written on the Lindh matter once she suspected that they had disappeared from the file.

U.S. District Judge T.S. Ellis III, presiding over the Lindh case, ordered a three-week investigation into how Newsweek got material that had been filed with the court under seal.

Radack claims that the DOJ used Ellis' order as a pretext to get her fired from Hawkins Delafield, place her under criminal investigation, help Hawkins Delafield contest the unemployment compensation she sought, refer her to the state bars where she is licensed and put her on the "no-fly" list.

The "no fly list" identifies people suspected of posing "a risk of air piracy or terrorism or a threat to airline or passenger safety." It is maintained by the Transportation Security Administration, part of the Department of Homeland Security, which the Justice Department oversees.

But time-and Radack-have moved on. The criminal matter was closed without charges being brought, the Maryland bar complaint was dismissed and she is working again.

While her ethics committee appointment will have no bearing on the Office of Bar Counsel's handling of her case, she is nonetheless pleased for the vote of confidence.

"I have lived to fight another day, but it will be other people's fights," she said.

CORPORATE SCANDALS:

Prosecutors Want Enron-linked Convictions Reinstated (AP)

By Kristen Hays

AP, September 15, 2006

Federal Enron prosecutors today asked the entire U.S. 5th Circuit Court of Appeals to hear arguments about reinstating fraud and conspiracy convictions against four former Merrill Lynch & Co. executives that a three-judge panel threw out in a split decision last month.

The 2-1 decision slapped the Justice Department by overturning most convictions against the four men, who were found guilty in 2004 of participating in a sham 1999 deal that allowed Enron to post bogus profits.

The three-judge panel ruled that evidence was insufficient to support convictions against one of the Merrill defendants. Regarding the other three, the opinion said prosecutors employed a flawed theory that they deprived Enron of its right to their honest services because, even though the deal was a sham, it was consistent with corporate goals and did not rob the company or shareholders of money or property.

The panel affirmed convictions of perjury and obstruction against one of the three who lied to a grand jury about the deal.

In today's filing, prosecutors said the reversal "threatens to insulate from punishment proven criminal conduct by corporate employees as long as their fraudulent goals are shared by senior executives, without regard to the obvious interest of a legitimate business entity and its stockholders in the honest services of all corporate employees."

Prosecutors said a rehearing before all 14 5th Circuit judges is warranted to correct the panel's "cramped and unworkable" interpretation of the honest services theory.

Thomas Hagemann, who represents Daniel Bayly, one of the three who was head of investment banking for Merrill, said he wasn't worried that a re-hearing before all 14 5th Circuit judges would make a difference.

"With all due respect to the Justice Department, we remain convinced of the justice and the correctness of the majority opinion's decision on honest services," Hagemann said.

Ellen Podgor, a professor at Stetson University College of Law, said appellate courts, including the 5th Circuit, have examined the honest services issue before with differing opinions. That may prompt the entire 5th Circuit to take another look, she said.

"When courts have trouble deciding whether conduct is within or outside the 'honest services' language of the statute, then how can we expect lay people to know if what they are doing is criminal?" she said. "What really needs to happen here is for Congress to rewrite the law so that it is clear and people know what is legal and what will be considered criminal."

Bayly and James A. Brown, both of Darien, Conn.; Robert Furst, of Dallas; and William Fuhs, of Denver, were each convicted of conspiracy and fraud for helping push through a loan from the brokerage disguised as a purchase of three Enron-owned power plants on barges in Nigeria so the energy company could appear to have met quarterly earnings targets. Brown also was convicted of perjury and obstruction.

The four were sentenced in 2005 to prison terms ranging from 2.5 years to nearly four years.

Fuhs, Bayly and Furst were released from prison on appeal bonds earlier this year, but Brown was not.

A fifth defendant convicted of fraud and conspiracy for helping push through the deal, former mid-level Enron finance executive Dan Boyle, did not appeal and is in prison. A sixth defendant, former in-house Enron accountant Sheila Kahanek, was acquitted.

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Former Willbros Exec Pleads Guilty To Bribery (AP)

AP, September 15, 2006

HOUSTON — A former executive of a subsidiary of Willbros Group Inc. pleaded guilty Thursday to violating a federal law by conspiring to bribe government officials in Nigeria and Ecuador to obtain gas pipeline work in the two countries, the Justice Department said.

Jim Bob Brown, 44, is to be sentenced Nov. 30 for violating the Foreign Corrupt Practices Act.

Brown, who worked for Willbros International Inc. in Nigeria and South America, admitted that he and another Willbros International executive arranged for the payment of about $1.5 million in cash in Nigeria in 2005 as part of a conspiracy to obtain gas pipeline construction business there.

Brown also said he and other Willbros International executives approved of a scheme from at least 1996 to early 2005 in which fictitious invoices were submitted from the company's Nigerian operations. The money was used to make payments to officials with Nigerian revenue agencies and courts to get lower taxes and to influence litigation.

The Justice Department said Brown also admitted that in 2004 he conspired to pay at least $300,000 to officials of the Ecuadorean government oil company to obtain a gas pipeline rehabilitation contract.

HP's Shares Rising Above The Fray (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, September 15, 2006

Despite scandal, company steadily bounces back

Four years ago, Hewlett-Packard's bid to buy Compaq Computer turned into a bitter boardroom battle, jangling nerves on Wall Street and sending the company's stock plunging to as low as $14.

One would think that the current scandal at HP -- with shocking revelations of corporate spying that could possibly lead to criminal charges -- would also rattle investors' confidence in the technology giant.

But that hasn't happened.

Instead, the Palo Alto company, which is considered one of the big comeback stories of the past two years in the tech industry, has managed to remain a favorite of investors. The boardroom scandal has not turned into a material event for the company, at least in Wall Street's eyes.

For proof of that indifference, look no further than HP's stock, which has remained steady over the past two weeks, trading above $36, up nearly 50 percent from a year ago. It dipped slightly last week at the height of the scandal but steadily bounced back this week.

The stock closed at $36.25, down 12 cents, Thursday. That's just 13 cents below where it was the day the scandal broke last week.

"I personally think this is a big soap opera," analyst Eric Ross of ThinkEquity Partners said of the uproar over the HP board's use of questionable tactics in its probe of directors, journalists and employees involved in suspected media leaks. "Realistically, I just don't think anybody cares."

The lack of reaction on Wall Street also speaks to the financial industry's focus on the bottom line. Some analysts say disputes involving ethics and morals appear to hold little sway when compared with returns.

"That's really what shareholders are looking at -- the financial performance," said Michael Cohen, director of research at Pacific American Securities.

Mark Lanyon of Morningstar portrayed the controversy as "lots of sound and fury" that ultimately will not have a serious impact on financial performance.

Cindy Shaw, an independent financial analyst and former HP employee, said it could be "a bit of a distraction as HP comes down the homestretch of its fiscal year," which ends in October.

"Sales productivity could be impacted if clients want to talk about it, so some business could slip into the following quarter," she said in an e-mail. "I also see minor potential for this to swing buyers that are on the fence between two vendors to decide against HP."

But even such distractions would hurt HP's earnings by only a penny or two this quarter.

"Then, I would expect HP to be off to the races again," she added.

Cohen of Pacific American Securities said he doesn't think the time HP sales representatives spend chatting with customers about the scandal would be a big deal.

"Everyone is going to want to talk about it," he said. "If I was in the field and I'm a buyer and here comes the HP guy, I'm going to see him as a source for 'Let's talk about what's going on.' But even if they spend time shooting the breeze, they usually do that on other topics to keep the networking alive."

He said HP's stock was seriously affected during the battle over the Compaq merger because it involved a transaction that had long-term implications for the company's direction.

"It was a question of the future of the company with two alternate paths, with or without Compaq," he said.

The current scandal "is just board intrigue" that will probably not affect HP's operations.

However, he said, investors could become concerned if charges are filed against HP executives or board members.

The company faces several state and federal investigations, including probes by California Attorney General Bill Lockyer, the Justice Department and Congress.

Lockyer has said he has enough evidence to indict people within the company and outside.

"If you start seeing board members being indicted, that could lead to a depression in the stock a little," Cohen said. "But even with indictments, I still think that the financial results of the company will likely remain mostly unaffected."

Ross of ThinkEquity Partners echoed this point, saying the penalties HP could face will likely be insignificant.

"We're talking about probably a drop in the bucket," he said.

Referring to other companies embroiled in recent major scandals, he added: "This is serious stuff, but this isn't Enron or WorldCom."

Another reason for continued investor confidence in HP is that while the scandal has hurt Chairwoman Patricia Dunn, it has left CEO Mark Hurd virtually unscathed.

Dunn spearheaded the disastrous investigation into the media leaks. She will step down from her post in January and will be replaced by Hurd.

Ross noted that a company board's role is to pick members of the management team and define the company's long-term direction -- a role the HP board accomplished with Hurd's hiring.

"Now that Mark Hurd is there, Patricia Dunn has done her job," Ross said. "She brought Mark Hurd in -- she's not needed."

Lerach Sues HP Directors, GC Over Records Scandal (LAW)

By Justin Scheck, The Recorder

California Recorder, September 15, 2006

It was Thursday afternoon and the press was sweating: For three days no one new had decided to go after Hewlett-Packard's board of directors for their recent descent into public ignominy.

Not to fear, though: At about 4 p.m., plaintiffs lawyer William Lerach joined Congress, the California attorney general, the San Francisco U.S. Attorney, and federal regulators. Representing an HP shareholder, Lerach filed a suit accusing board members and executives of breaching their fiduciary duty for a litany of reasons, including their ongoing use of top Silicon Valley lawyer Larry Sonsini.

Lerach's complaint is the latest result of a mess that began early this year when HP board Chairwoman Patricia Dunn initiated a probe in which an investigator lied to access private phone records of other directors and several journalists.

And while it's not yet clear how state Attorney General Bill Lockyer or U.S. Attorney Kevin Ryan will proceed -- Lockyer has said he has enough evidence to bring state charges, while Ryan's office met with HP lawyers on Monday -- Lerach's claims are quite explicit in the derivative suit he filed in Santa Clara County Superior Court in California.

The lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins argues in the suit that 10 HP board members and executives -- including Dunn and General Counsel Ann Baskins -- should be forced to pay damages to the company.

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Lerach wrote that the defendants "breached their fiduciary duties to HP, committed gross mismanagement, abused their control of HP, and have engaged in a gross dereliction of their duties, as well as corporate waste and attempted enrichment" by seeking to solidify their positions within the company by investigating board members Thomas Perkins and George Keyworth.

The scandal first became public last week when The Wall Street Journal reported on Perkins' ongoing attempt to get HP to admit that he left the company in protest of the investigation.

In that probe, a contractor -- Boston-based Ronald DeLia, according to the Journal and Lerach's complaint -- used pretexts to access the board members' phone records to find out who was leaking information to reporters.

HP spokesman Ryan Donovan wouldn't comment on the suit Thursday. "We normally don't comment on any kind of pending suits," he said. Lawyers at Morgan, Lewis & Bockius representing HP in the federal investigation couldn't be reached by press time.

But Lerach had plenty to say. "It looks like a case of internal board warfare a little bit, and you don't necessarily think of that as a derivative suit," he said. But since the matter blew up publicly, he added, it's become very expensive for the company to handle.

Lerach said that, like most derivative cases, his suit is largely focused on getting better corporate governance protections in place. "But money should not be deemed insignificant," he said. "There's going to be a great cost to this scandal. It ought to be borne by the individuals responsible."

One part of the mess Lerach says is particularly troubling is the board's ongoing reliance on GC Baskins and Sonsini, who Lerach says advised the firm on the leak probe, the subsequent investigation of that probe, and recent board meetings discussing how to deal with the aftermath.

"Throughout the investigation, the controversy surrounding this investigation, HP's SEC disclosures regarding this investigation and its aftermath, the HP board has continued to rely upon the advice and counsel of Baskins, the in-house general counsel of HP, despite the fact that she was personally involved in structuring and implementing the investigation which utilized illegal tactics," the complaint says.

Lerach also wrote that "Wilson Sonsini and Sonsini are conflicted and would be key witnesses and possible defendants in any ultimate legal action," so the board should have sought independent counsel.

A Wilson Sonsini spokeswoman did not return a call for comment by press time.

Lerach said Thursday that state derivative cases tend to move slowly, and he's not yet sure who is representing HP in the case.

"I bet you it won't be Wilson Sonsini," he said.

N.Y. AG's Office Objects To Grasso's Request For New Judge (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 15, 2006

The New York attorney general's office Wednesday filed an objection to former New York Stock Exchange Chairman Richard A. Grasso's request that Manhattan Supreme Court Justice Charles Edward Ramos recuse himself from presiding over the government's excessive pay lawsuit against Grasso.

"Grasso may have been permitted to treat the New York Stock Exchange as a fiefdom for his personal enrichment, picking the members of the Board and placing those over whom he had the most significant regulatory authority on the compensation committee, but he cannot be permitted to pick and choose the judge who will preside over his trial," the government said in its affidavit.

Grasso's attorneys argued in a motion filed last week that Ramos should recuse himself after he participated in ex parte settlement discussions in the case.

They also argued that the judge made factual and legal comments on the case during settlement discussions that would make it difficult for him to preside over the case.

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Finally, Grasso said last week that he was unaware that the judge had applied twice for a position at the Stock Exchange and that in his second application Ramos had cited to a case he decided in which he had addressed the issue of excessive compensation.

The government called Grasso's arguments baseless, deceitful and disingenuous. It said Grasso and his attorneys were in fact aware that Justice Ramos had applied twice for a board position at the Exchange.

Hedge Margins Draw The Focus Of Fed Official (WSJ)

By Greg Ip

The Wall Street Journal, September 15, 2006

A top Federal Reserve official believes regulators need to examine whether banks and securities dealers are imposing adequate margin requirements on hedge funds.

Timothy Geithner, president of the Federal Reserve Bank of New York, believes margin requirements that are sensible in normal times may prove too thin in stressful market conditions and could actually aggravate violent market moves.

While he doesn't assert that margin rules are too low or say what regulators should do, his remarks suggest regulators may soon turn their attention to margin practices after pressing Wall Street to improve how they handle complex and fast-growing credit and equity derivatives.

Mr. Geithner, in remarks to be delivered in a speech in Hong Kong this morning, noted regulators are overhauling rules on how much capital banks must maintain to guard against loan and trading losses. "It is critical," he said, that that effort "be reinforced with more attention by supervisors to margin practice ... within the major financial institutions." An advance copy of Mr. Geithner's remarks was made available yesterday in New York.

Margin requirement refers to the amount of collateral a bank or dealer requires from a client, such as a hedge fund. In the event the client loses money on its position and isn't able to meet its obligations, the bank or dealer can sell the collateral to protect against loss. For example, the initial margin requirement for individual stock investors is 50%, meaning they must put at least half the value of their stock purchase up as cash or some other form of collateral. Big institutional customers typically enjoy far lower margin requirements -- zero in the case of some reputable hedge funds. Once their position turns unprofitable, they are subject to a "margin call," meaning they must post additional collateral.

"Collateral plays an increasingly important role in counterparty credit risk management," Mr. Geithner noted, "particularly for highly leveraged counterparties" such as hedge funds, which are investment pools for wealthy investors that use borrowed money to make big bets on stocks, interest rates, currencies, and other markets. Banks and dealers limit their risks by varying collateral as trading positions move for or against their clients. But he noted that while this makes sense for each individual firm, collectively it can aggravate big moves in the market.

"As financial firms demand more collateral, funds are forced to liquidate positions, adding to volatility and pushing down asset prices, leading to more margin calls and efforts by the major firms to reduce their exposure to future losses," his remarks said.

Mr. Geithner's remarks were part of a broader speech in which he was set to praise the role of hedge funds in making the overall financial system safer and more stable by providing "improved liquidity," or adding to the pool of buyers and sellers in a particular market, making pricing more efficient, and creating a diversity of opinion and new opportunities for investors.

He also was set to note that banks today have capital equal to 8.5% of their assets, a larger cushion against losses than the 6.5% level of the early 1990s. These developments, he said, indicate the financial system is better protected against financial shocks than it was in 1998, when it was rocked by Russia's debt default and the near-failure of hedge fund Long-Term Capital Management.

Still, Mr. Geithner has in the past year increasingly warned of potential weak spots in the financial system and has played a key role in several continuing efforts to fix specific problems. The New York Fed, the Securities and Exchange Commission, Britain's Financial Services Authority and a group of large banks and securities dealers have in recent months worked to clean up extensive back-office problems in the fast-growing market for credit derivatives, which are in essence insurance policies

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protecting the holder against a corporate default. Those participants will meet Sept. 27 at the New York Fed to assess progress on cleaning up credit derivatives and to tackle similar problems in equity derivatives.

The New York Fed, SEC and FSA also are already jointly assessing large financial institutions' "stress testing," a routine internal test used to see how much money might be lost under stressful market conditions.

Billionaire In Mexico Settles Case With S.E.C. (NYT)

By Elisabeth Malkin

The New York Times, September 15, 2006

MEXICO CITY, Sept. 14 — The billionaire tycoon Ricardo Salinas Pliego and the Securities and Exchange Commission of the United States reached a settlement on Thursday in the first lawsuit against a foreign company under the corporate governance rules of the Sarbanes-Oxley Act.

Mr. Salinas Pliego, who owns Mexico's second-largest broadcaster, TV Azteca, agreed to pay $7.5 million in penalties and compensation to settle accusations of fraud involving a scheme to conceal a deal between a TV Azteca subsidiary and a company secretly owned by Mr. Salinas.

In the settlement, Mr. Salinas Pliego neither admitted or denied wrongdoing. One of his executives, Pedro Padilla Longoria, agreed to pay $1 million.

TV Azteca, which was also a defendant in the case, said in a statement that the settlement "does not entail economic consequences" for the company. Mr. Salinas Pliego had no comment.

Under the agreement, Mr. Salinas Pliego and Mr. Padilla are forbidden to serve as executives or directors of any publicly listed American company. Mr. Salinas Pliego delisted his companies from the New York Stock Exchange last year, arguing that "excessive regulation" was a burden.

The S.E.C. charged Mr. Salinas Pliego with fraud in January 2005 in connection with a debt deal involving what was then the cellphone unit of TV Azteca. A company called Codisco, secretly owned by Mr. Salinas Pliego and a partner, bought discounted debt owed by the cellphone unit.

The cellphone unit later paid back the debt at full price to Codisco. Mr. Salinas Pliego and his partner each made a profit of $109 million.

Mr. Salinas Pliego did not reveal his involvement in Codisco to his board and to regulators until TV Azteca's lawyer in New York resigned at the end for 2003. That led to investigations by the S.E.C. and the National Banking and Securities Commission of Mexico.

The S.E.C. also accused Mr. Salinas Pliego and his executives of engaging "in an elaborate scheme to conceal Salinas's role," and said that Mr. Salinas Pliego sold TV Azteca stock while his involvement in the debt deal remained undisclosed.

Another executive, Luis Echarte, settled earlier with the S.E.C.

Mr. Salinas Pliego has argued that the debt deal was legal and that his actions helped save the cellphone unit.

The executive, who is not related to former President Carlos Salinas, has a reputation for using his successful companies — which include a national chain of furniture and appliance stores and a bank — to finance unrelated projects.

Through local affiliates, Mr. Salinas Pliego is building a Spanish-language television network in the United States.

Last year, Mr. Salinas Pliego paid $2.3 million in fines to Mexican regulators. Corporate governance advocates in Mexico saw the case as a test of Mexico's new securities laws, which include criminal penalties. Mr. Salinas Pliego was never prosecuted.

The SEC-Saw (WSJ)

By Ira M. Millstein And Harvey J. Goldschmid

The Wall Street Journal, September 15, 2006

Shareholder access is officially back on the agenda at the SEC, forced there by a recent court decision. And this time around the SEC should seize the opportunity to craft a solution that opens up the proxy to shareholders in a sensible way, a solution that ensures board accountability to shareholders.

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The decision last week by the Court of Appeals for the Second Circuit paved the way for shareholders to propose bylaw amendments allowing shareholders to nominate directors and for those nominations to be included on the company's proxy. The decision turned on the court's analysis of an SEC rule allowing exclusion of any proposal that "relates to an election" and the various interpretations given to that rule by the SEC over the years. The SEC has since announced that it will develop a proposed amendment to that rule and will hold an open meeting on Oct. 18, 2006, to consider the proposal.

This isn't the first time the SEC has considered this issue. Most recently, in October 2003, it proposed new rules for shareholder access to company proxy material. Those rules were designed to shift the balance of power between corporate managements and shareholders, by giving dissatisfied majorities of shareholders a meaningful role in the election process without the need to embark on an expensive proxy contest. Under the process then and now in effect, there are virtually no contested elections for the boards of large public corporations in the U.S. The analogy is to elections in the Soviet Union.

The SEC's proposed rules in 2003 generated an enormous amount of vigorous debate. It even led indirectly to reform in the area of majority voting through the urgings of institutional investors and governance thought-leaders. But the proposed rules themselves never progressed to "final." This occurred for a variety of reasons, including concerns about complexity and potential for abuse by obstructionists, to pure management self-interest in ensuring that director elections remained under company lock and key.

The October 2003 proposed rules may have stalled, but the reasons they were proposed in the first place are all around us still. Shareholders are still the providers of capital in our economy. They are still responsible for electing directors who will improve performance. And they still lack a meaningful avenue of bringing about mid-course corrections when management is ineffective or wrongheaded and the board is compliant. They still need an avenue to making themselves felt.

The court's decision has opened the door for the SEC to think again about shareholder access and its importance for corporate efficiency, honesty, productivity and profitability. The SEC should strive for a solution that gives shareholders a voice in the director election process. Its recommendation should include safeguards such as minimum holding requirements that may be necessary to ensure that access opportunities are not abused by shareholders with non-efficiency or obstructionist motivations. A uniform approach to shareholder access is key to achieving a balanced result and avoiding the confusion and delay that can reign when ad hoc development by too many cooks is permitted to occur (as with majority voting reform, for example).

We urge the SEC to balance the system and give shareholders the tools to hold boards accountable -- and, in the process, restore public confidence in the fairness and economic rationality of the governance system.

Mr. Millstein is senior associate dean for corporate governance at the Yale School of Management. Mr. Goldschmid is the Dwight Professor of Law at Columbia and a former SEC Commissioner. Both are at Weil, Gotshal & Manges LLP.

CRIMINAL LAW:

Gonzales Deplores Web Predators (KCS)

By Tony Rizzo

The Kansas City Star, September 15, 2006

U.S. Attorney General Alberto Gonzales told an audience in Kansas City on Thursday that the battle against Internet predators is “a fight for our future.”

Gonzales called on all levels of law enforcement as well as parents, educators and private advocacy groups to work together to defeat the “vast and frightening network” of criminals who every day seek to harm children.

“It is brutal. It is heinous, and it is criminal,” he said.

The attorney general spoke to several hundred federal, state and local law enforcement officials from across the Midwest attending the annual Protect Our Children conference.

He told them that the proliferation of child pornography and sexual predators should be seen as “a call to arms” to those dedicated to fighting it.

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Halting those crimes is a top priority of the Justice Department. Gonzales promoted an initiative started earlier this year called Project Safe Childhood, which seeks to coordinate law enforcement efforts with endeavors to educate children and parents about the problem and how they fight a "determined and desperate brand of criminal."

He cited a recent study that found half of Internet users between the ages of 10 and 17 reported being exposed to pornographic material over the Web. And one in seven reported that they were sexually solicited online.

While that was an improvement from five years earlier, when a study found one in five reporting solicitations, Gonzalez said, "One in seven getting solicited is one in seven too many."

Federal prosecutors in the Western District of Missouri filed 42 child exploitation cases last year and have filed 23 this year, according to a spokesman. Nationwide, federal prosecutors last year charged more than 1,503 defendants in child exploitation cases, according to the Department of Justice.

Gonzales also told the audience Thursday that a new series of public service announcements will begin airing early next year to raise public awareness about the problem's scope.

Gonzales Asks For Stronger Penalties Against Online Sex Predators (AP)

By David Twiddy

AP, September 15, 2006

KANSAS CITY, Mo. - Joint federal and local task forces arrested more than 1,600 people nationwide last year who were accused of exploiting children over the Internet, a fivefold increase over 2000.

But Attorney General Alberto Gonzales said Thursday the problem only continues to grow as the Internet has given child pornographers and people seeking trysts with minors unparalleled access to young users and made it easier to hide from law enforcement.

"The only way to respond to their horrific ambitions is to respond with greater perseverance," said Gonzales, speaking at the Protect Our Children Conference, a three-day event bringing law enforcement from Missouri, Kansas, Illinois and Nebraska together with child advocates and abuse treatment organizations.

In particular, Gonzales said states need to re-evaluate their laws against child exploitation and make them stronger, if necessary.

Missouri, for example, enacted legislation this year that boosts the penalties for many child sex crimes, such as a mandatory minimum sentence of 10 years for someone convicted of trying to entice a child into meeting to have sex.

President Bush this summer signed into law legislation that effectively doubles many federal sentences for pedophiles, as well as requires offenders to place their names and locations on Internet databases and be charged with a felony for not providing regular updates.

Gonzales said federal, state and local law enforcement are doing a better job of coordinating their efforts and teaming up with community organizations that teach parents and children how to avoid online predators and deal with the aftermath when children are abused.

He added that his office and the National Center for Missing and Exploited Children will begin airing new public service messages early next year to call attention to the online dangers.

"We need to get the public as well as government officials to start thinking about it in the right terms; it is brutal, it is heinous and it is criminal," he said, adding that the pornographic material is increasingly graphic and involving children as young as toddlers and even infants. "Our ultimate goal is prevention because a child who is molested bears a scar that never quite heals."

He added that federal authorities are increasingly reaching out to other countries, where much of the child pornography now traded among pedophiles is made and distributed, to stiffen their own child sex laws.

U.S. Attorney Bradley Schlozman's office in Kansas City has been among the leaders in the country in attacking online predators, filing 42 child exploitation cases last year, the sixth-highest in the nation. So far this year, the office has filed 23 cases, spokesman Don Ledford said.

Schlozman said the Internet's reach means he's dealing with offenders around the world, so he could be barely making a dent in rooting out local pedophiles.

"Sometimes you don't know exactly if that predator is operating from Overland Park (Kan.) or Bangkok," he said. "We certainly see a ton of it here. So I know it's a huge problem but, 'Is it getting better?' That's really hard for me to say."

US Attorney General Visits KC (WDAF)

WDAF-TV, Fox 4, Kansas City, September 15, 2006

KANSAS CITY, MO. - They are out there and they are preying on our young. On Thursday, one group of criminals was the focus of a visit to the Metro by the U.S. Attorney General, Alberto Gonzales.

A national study said that one out of every seven children who go online will be solicited sexually. That statistic was so disturbing that the US Justice Department pledged a crackdown on Internet predators. That's what brought Gonzales to Kansas City.

"It's a wrenching reality that every day children are sexually solicited online," Gonzales said.

In many ways Gonzales was preaching to the choir. He spoke to state, local and federal officials at a conference on child protection. Gonzales' message? The Federal government will lead the fight against Internet predators.

"Everyday we must talk to our kids about what they are seeing, what they are hearing and who they are communicating with online," Gonzales said.

It was a message that rang true to those listening. US Attorney for Western Missouri Brad Schlozman said last year his office prosecuted more than 40 sexual predator cases.

"These predators are acting under a veil of anonymity on the Internet," Schlozman said. "They feel emboldened and they traffic on the Internet."

Captain Paul Carrill heads up the cyber-crimes unit for the Platte County Sheriff's department. He said that what initially surprised him is who the predators are.

"They range from the guy who does nothing and lives at home with his parents and has to take a taxi cab to the meet location, to the other end of the spectrum. You have a very well education, upper-class, well-paid individual," Carrill said.

What many in local law enforcement wanted to know was who will pay for all the tough new programs the federal government wanted to see.

"This is an important issue and I think we will have support in Congress for additional funding," Gonzales said. "But we'll work on that."

He said that it's an issue that can't be ignored and every year it gets worse.

Email Linda Wagar at linda.wagar@foxtv.com

GOP Officials Say Ney Will Offer Guilty Plea (USAT)

USA Today, September 15, 2006

Rep. Bob Ney, the Ohio Republican charged with taking gifts, trips and campaign donations from lobbyist Jack Abramoff, is expected to plead guilty to at least one criminal corruption charge possibly as early as today, Republicans officials told the Associated Press.

Ney has consistently denied any wrongdoing but agreed last month to give up his re-election bid for the upcoming election. It is not clear from the Republican officials, who spoke on condition of anonymity because of pending legal proceedings, if Ney will resign his House seat. The officials did not say what charge Ney would plead guilty to, or whether he would plead guilty to more than one charge. Calls to his congressional office were not immediately returned. Abramoff has been convicted of conspiracy and fraud.

Congress could limit payday-loan interest

A Pentagon official urged Congress on Thursday to limit interest rates on so-called payday loans to military servicemembers because some personnel face debt problems so severe that they have been reassigned and have lost their security clearances. David Chu, undersecretary of Defense, testified that a ceiling is needed “to prevent any lenders from imposing usurious rates” on the estimated 225,000 servicemembers — 17% of the military — who use payday loans.

The annual interest rate would be capped at 36% under the Senate version of a defense bill. The ceiling was not included in a version that passed in the House.

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Payday loans are short-term cash advances made by storefront businesses, often clustered around military bases. Borrowers can face huge debt if they don't repay quickly because interest rates can exceed 900%.

House changes rules on 'earmarks'

The House took a step toward curbing "earmarks," the practice of lawmakers anonymously inserting into legislation targeted spending that often helps a specific company or project in their district. A rule change, which passed 245-171, requires lawmakers to identify the special projects they slip into bills.

"This doesn't get rid of earmarks, but it makes everyone know who's getting them," said Rep. Jeff Flake, R-Ariz., a critic of special-interest spending.

Ohio Congressman Is Said To Agree To Plead Guilty (NYT)

By Philip Shenon

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Representative Bob Ney, Republican of Ohio, has agreed to plead guilty to federal criminal charges related to his dealings with the corrupt lobbyist Jack Abramoff, lawyers and others with knowledge of the investigation said Thursday.

A guilty plea would make Mr. Ney, a six-term congressman, the first member of Congress to admit to criminal charges in the Abramoff investigation, which has focused on the actions of several current and former Republican lawmakers who had been close to the former lobbyist.

People with detailed knowledge of the investigation said Mr. Ney had entered an in-patient rehabilitation center in recent days for treatment of alcoholism, making it uncertain whether he would appear at a court hearing to announce the plea. Lawyers and others would speak only anonymously because of concern that they would anger prosecutors.

They said the agreement with the Justice Department — and the exact criminal charges, which are expected to include conspiracy and false statement — would be disclosed in Washington as soon as Friday and would probably require Mr. Ney to serve at least some time in prison.

Mr. Abramoff pleaded guilty in January to conspiring to corrupt members of Congress and other public officials. The scandal was among the factors that led Representative Tom DeLay of Texas, the former House Republican leader, who had been close to Mr. Abramoff, to resign in June, his aides said at the time.

Democratic lawmakers and political strategists have seized on the Abramoff case — and a separate bribery investigation involving military contractors that led to a guilty plea last year by Representative Randy Cunningham, Republican of California — in arguing for voters to return Democrats to power in the House and Senate in the November elections.

Mr. Ney has been under scrutiny by the Justice Department for more than a year over gifts he received from Mr. Abramoff that included a lavish golf trip to Scotland in 2002 by chartered private jet.

The congressman has said in the past the gifts had nothing to do with several official actions he took in support of Mr. Abramoff and his clients, including placing statements in the official Congressional Record on their behalf.

Mr. Ney announced last month that he would not seek re-election, citing stress on his family because of what he called the "ordeal" of the scrutiny over his ties to Mr. Abramoff.

In May, Mr. Ney's former chief of staff, Neil G. Volz, who left the House to join Mr. Abramoff's lobbying firm, pleaded guilty to trying to corrupt Mr. Ney with illegal gifts, including the Scotland trip.

Mr. Ney's lawyers in Washington, Mark H. Tuohey and William E. Lawler, did not return phone calls on Thursday. Nor did Justice Department officials.

Another person familiar with the department's investigation said at least one of the criminal charges in Mr. Ney's guilty plea would involve the accuracy of his claim in a House financial disclosure statement that he won $34,000 in a private London casino during a trip in 2003.

Those winnings were also under scrutiny by the Justice Department, in part because the amount of the winnings coincided to a surprising degree with the amount of debt outstanding on Mr. Ney's credit cards. Mr. Ney's host on that trip was a Cyprus-based aviation company that was seeking Congressional support for sales of airplane parts to Iran.

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Before the Abramoff scandal, Mr. Ney was seen by colleagues as positioning himself to rise in the House Republican leadership.

Affable and loyal to the Republican agenda in Congress, he got as far as chairman of the House Administration Committee, a post in which he controlled the allotment of office space on Capitol Hill and management of the House cafeteria and other services.

But in January, he was pressured to give up the committee post; Republican leaders said they feared that the assignment had brought undue scrutiny to the corruption accusations facing Mr. Ney and other Republicans.

Apart from the notoriety he received from the Abramoff scandal, Mr. Ney may be best remembered in Washington for his decision to label French-fried potatoes sold in the House cafeteria as "Freedom Fries" as a protest over the French government's refusal to support the American invasion of Iraq.

G.O.P. Picks Replacement

COLUMBUS, Ohio, Sept. 14 (AP) — Republicans picked a party-backed state senator Thursday in a special primary to replace Representative Ney.

The winner, State Senator Joy Padgett, defeated four other candidates, winning 66 percent of the vote.

Ms. Padgett will face Zack Space, the Democratic nominee, on Nov. 7 for the 18th District race. She said she was not concerned that she could be tied to Mr. Ney and said she would have to work to separate herself from him.

Ney To Plead Guilty In Scandal (WP)

By Jonathan Weisman

The Washington Post, September 15, 2006

Rep. Robert W. Ney (R-Ohio) is expected to plead guilty in the coming days to charges stemming from his association with convicted lobbyist Jack Abramoff, and he will blame a long-standing problem with alcohol for behavior that spiraled down to illegality, sources close to the congressman said last night.

Ney, known in Abramoff-related court documents as "Representative No. 1," checked into a rehabilitation clinic for alcoholism yesterday, a senior House official and personal friend said yesterday. Under pressure from Republican leaders worried about losing his seat, Ney announced this summer that he would retire from Congress at the end of the year.

Now, three House sources said, the Justice Department is expected to announce a plea agreement or an agreement to reach a plea bargain as early as tomorrow. The sources spoke on the condition of anonymity because they did not want to preempt a legal announcement.

But Ney's Washington attorney, Mark H. Tuohey, said from London yesterday that he expected no immediate developments in the case.

Ney, a popular, soft-spoken Republican, became known as the mayor of the House for the largess he showed to fellow members from his post as chairman of the House Administration Committee. His entanglements with Abramoff, however, became his undoing.

Guilty pleas from Abramoff, two former aides to retired representative Tom DeLay (R-Tex.) and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients. Tickets to events and expense-paid golf vacations helped win Ney's support for legislation, his insertion of comments into the congressional record and his pulling strings to secure government contracts for Abramoff's clients, according to Abramoff, former DeLay spokesman Michael Scanlon, former DeLay deputy chief of staff Tony C. Rudy and former Ney chief of staff Neil G. Volz.

For months, Ney has maintained his innocence. Aides in his office did not return calls, and Justice officials would not comment.

Voters in a special primary election in Ohio yesterday selected state Sen. Joy Padgett as the Republican nominee to succeed Ney.

Ohio Congressman To Plead Guilty To Criminal Charge In Corruption Probe, GOP Sources Say (AP)

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By Jonathan Weisman

AP, September 15, 2006

WASHINGTON – Rep. Robert Ney, R-Ohio, is expected to plead guilty in coming days to charges stemming from his association with convicted lobbyist Jack Abramoff, and he will blame a long-standing problem with alcohol for behavior that spiraled down to illegality, sources close to the congressman said Thursday night.

Ney, known in Abramoff-related court documents as "Representative No. 1," checked into a rehabilitation clinic for alcoholism Thursday, a senior House official and personal friend said Thursday. Under pressure from Republican leaders worried about losing his seat, Ney announced this summer he would retire from Congress at the end of the year.

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Guilty pleas from Abramoff, two former aides to retired Rep. Tom DeLay, R-Texas, and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients.

Tickets to football games, box seats at concerts, and all-expense-paid, lavish golf vacations helped win Ney's support for legislation, his insertion of comments into the Congressional Record and his pulling strings to secure government contracts for Abramoff's clients, according to Abramoff, former DeLay spokesman Michael Scanlon, former DeLay deputy chief of staff Tony C. Rudy and former Ney chief of staff Neil Volz.

For months, Ney has steadfastly maintained his innocence. Aides in his office did not return phone calls Thursday, and Justice Department officials would not comment.

Voters in a special primary election in Ohio on Thursday selected state Sen. Joy Padgett as the Republican nominee to succeed Ney in the largely rural district. Ney personally tapped Padgett to run before he announced his retirement.

Columnist Contradicts Leak Source (NYT)

By David Johnston

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Robert D. Novak, the columnist who first disclosed the identity of the intelligence officer in the C.I.A. leak case, has disputed statements by his primary source, Richard L. Armitage, who said his mention of her identity was inadvertent.

In his syndicated column published on Thursday, Mr. Novak said that Mr. Armitage, a former deputy secretary of state, had "obscured" the details of their conversation on July 8, 2003, in a way that made Mr. Armitage's disclosure of the identity of the Central Intelligence Agency officer, Valerie Wilson, seem less deliberate.

Mr. Novak wrote that Mr. Armitage "did not slip me this information as idle chitchat, as he now suggests.''

"He made clear that he considered it especially suited for my column," the writer said.

Mr. Novak added, "He told me unequivocally that Ms. Wilson had worked in the C.I.A.'s Counterproliferation Division and that she had suggested her husband's mission."

Ms. Wilson's husband is Joseph C. Wilson IV, a former ambassador who criticized the Bush administration Iraq policy on July 6, 2003, in an Op-Ed article in The New York Times. Mr. Wilson traveled to Niger in 2002 to examine reports that Iraq tried buy uranium ore and wrote in his article that he found such purchases highly unlikely.

The conversation between Mr. Armitage and Mr. Novak became significant because it led to a criminal referral by the C.I.A. to the Justice Department. A preliminary inquiry was followed by an investigation by Patrick J. Fitzgerald, a special counsel.

Mr. Fitzgerald has not prosecuted anyone for talking to Mr. Novak. He cleared Mr. Armitage of wrongdoing in a letter last February, but he has brought charges against one official, a perjury and obstruction indictment in October 2005 against I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. Mr. Libby has pleaded not guilty.

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Mr. Armitage, who confirmed last week that he was Mr. Novak's main source, disclosed the conversation to the Justice Department in October 2003.

On Thursday, Mr. Armitage said he stood by his account of the meeting. He said that his comments about Ms. Wilson in the conversation came at the end of the interview, were brief and made in response to a question posed by Mr. Novak.

Mr. Novak's new column offered a conflicting account of other aspects of the interview. He said he was offered the chance to meet Mr. Armitage "without explanation" after trying for more than two years to arrange an interview.

Mr. Armitage said he agreed to the interview only after Mr. Novak had interceded with a mutual friend. In addition, Mr. Novak criticized Mr. Armitage for waiting nearly three years before disclosing that he was Mr. Novak's source, writing that it caused "intense pain for his colleagues in government."

Mr. Armitage has said he did not publicly discuss his role because Justice Department prosecutors cautioned against that.

What A Load Of Armitage! (WSJ)

By Victoria Toensing

The Wall Street Journal, September 15, 2006

Richard Armitage has finally emerged from the cover-my-backside closet, "apologizing" on CBS for keeping quiet for almost three years about being the original source for Robert Novak's July 14, 2003 column stating that Joe Wilson's wife, Valerie Plame, worked for the CIA and had suggested him for a mission to Niger. He disingenuously blames his silence on Special Counsel Patrick Fitzgerald's non-legally based request -- any witness is free to talk about his or her testimony -- not to discuss the matter.

Put aside hundreds of thousands of dollars of taxpayer funds squandered on the investigation, New York Times reporter Judith Miller's 85 days in jail, the angst and legal fees of scores of witnesses, the White House held siege to a criminal investigation while fighting the war on terror, Karl Rove's reputation maligned, and "Scooter" Libby's resignation and indictment. By his silence, Mr. Armitage is responsible for one of the most factually distorted investigations in history.

There is a reason the old Watergate question -- What did he know and when did he know it? -- has become part of our investigative culture. It provides a paradigm for parsing a complicated factual scenario.

• Joseph Wilson: In July 2003, when he demanded an investigation of a White House cabal for violating the Intelligence Identities Protection Act by "outing" his wife, Mr. Wilson knew Ms. Plame did not meet the factual requirements for covert status under the Act. She was neither covert at the time of publication nor had a covert foreign assignment within five years. He acknowledged so in his book: "My move back to Washington [in June 1997] coincided with the return to D.C. of a woman named Valerie Plame." As the Senate negotiator for this 1982 Act, I know a trip or two by Ms. Plame to a foreign country while assigned to Langley, where she worked in July 2003, is not considered a foreign assignment. I also know covert officers are not assigned to Langley.

• Richard Armitage: Mr. Armitage now claims he only knew on Oct. 1, 2003 that he was Mr. Novak's source. We should question that claim in light of Mr. Novak's account this week that Mr. Armitage "made clear he considered [the information about Ms. Plame] especially suited for my column."

Mr. Armitage also knew he had met with Bob Woodward on June 13, 2003, telling him about Mr. Wilson's wife's CIA employment and her role in her husband's trip to Niger. But when the FBI interviewed Mr. Armitage on Oct. 2, he admitted to the Novak conversation only, notably forgetting meeting with one of our country's premier investigative reporters. By attributing his longtime silence to Mr. Fitzgerald's request, Mr. Armitage must have forgotten Mr. Fitzgerald was not appointed until Dec. 30, 2003. If Mr. Armitage had come forward during those three months, there might never have been a special counsel.

• Patrick Fitzgerald: What Mr. Fitzgerald knew, and chose to ignore, is troublesome. Despite what some CIA good ol' boys might have told Mr. Fitzgerald, he knew from the day he took office that the facts did not support a violation of the Act; therefore, there was no crime to investigate. Although he claimed in Mr. Libby's indictment that Ms. Plame's employment status was "classified," Mr. Fitzgerald refuses to provide the basis for that fact and, even if true, can point to no law that would be violated by revealing a "classified" (not covert) employment. It was this gap in the law that created the need to pass the Act in the first place.

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Mr. Armitage intimated on CBS that, although his "chitchat" was careless, there was perhaps "a conspiracy" in the White House to retaliate against Mr. Wilson. However, Mr. Fitzgerald knew (prior to indicting Mr. Libby) that Mr. Armitage was Mr. Novak's original source, Mr. Libby never spoke to Mr. Novak, and Messrs. Rove and Libby had merely responded to reporters' questions. Hardly acts of initiating a criminal conspiracy. Mr. Fitzgerald knows it is not criminal to discredit a mendacious attack on the president. There was a crime only if Ms. Plame were covert and the person revealed that fact with knowledge of her status. Mr. Fitzgerald learned during the investigation that not one person had any basis to think she was covert. Just ask Mr. Armitage, who asserted in his apologia, "I had never seen a covered agent's name in any memo . . . in 28 years of government."

During the investigation Mr. Fitzgerald learned that a former New York Times reporter, Cliff May, twice told the FBI that, prior to Mr. Novak's column, he had heard in an offhand way from a nongovernment employee that Mr. Wilson's wife worked for the CIA, a clear indication that her employment was known on the street. Ditto columnist Hugh Sidey, who wrote that Ms. Plame's name was "knocking around in the sub rosa world. . . for a long time."

Mr. Armitage, who came forward after Mr. Libby was indicted, was told in February 2006, after two grand jury appearances, he would not be indicted. Mr. Rove, however, after five grand jury appearances, was not informed until July 2006 he would not be charged. Mr. Fitzgerald made the Rove decision appear strained, a close call. Yet of the two men's conduct, Mr. Armitage's deserved more scrutiny. And Mr. Fitzgerald knew it. Each had testified before the grand jury about a conversation with Mr. Novak. Each had forgotten about a conversation with an additional reporter: Mr. Armitage with Mr. Woodward, Mr. Rove with Time's Matt Cooper. However, Mr. Rove came forward pre-indictment, immediately, when reminded of the second conversation. When Mr. Woodward attempted to ask Mr. Armitage about the matter, on two separate occasions pre-indictment, Mr. Armitage refused to discuss it and abruptly cut him off. To be charitable, assume he did not independently recall his conversation with Mr. Woodward. Would not two phone calls requesting to talk about the matter refresh his recollection? Now we also know Messrs. Armitage and Novak have vastly different recollections of their conversation. Isn't that what Mr. Libby was indicted for?

What Mr. Fitzgerald chose not to know is even more troublesome than what he chose to ignore. When Mr. Armitage came forth in October 2003, why did Mr. Fitzgerald not request his appointment calendar from early May, the time the first story appeared in the national press about an unnamed former ambassador's trip to Niger? Mr. Fitzgerald demanded this type of information from White House personnel. Just think, if he had done so of Mr. Armitage, he would have learned prior to indictment about Mr. Woodward's appointment.

By the time he indicted Mr. Libby on Oct. 28, 2005, Mr. Fitzgerald knew two conflicting facts about the classified nature of the Niger trip: since at least early May 2003, Mr. Wilson was discussing his Niger trip with the press (Nicholas Kristof, the New York Times) and claimed in his July 2003 NYT op-ed that his mission was "discreet, but by no means secret." Yet, the indictment states that around June 9, 2003, the CIA sent "classified" documents to the vice president's office discussing "Wilson and his trip to Niger." If the trip was classified for the vice president, why was it declassified for Mr. Wilson? Did Mr. Wilson violate any law by revealing his trip or did Mr. Fitzgerald choose not to know?

Did Mr. Fitzgerald subpoena Ms. Plame? He could have asked her why, if she were truly covert, was she attending an Eastern Shore meeting in May 2003 with Democratic senators. The first journalist to reveal Ms. Plame was "covert" was David Corn on July 16, 2003, two days after Mr. Novak's column. The latter never wrote, because he did not know and it was not so, that Ms. Plame was covert. However, Mr. Corn claimed Mr. Novak "outed" her as an "undercover CIA officer," querying whether Bush officials blew "the cover of a U.S. intelligence officer working covertly in . . . national security." Was Mr. Corn subpoenaed? Did Mr. Fitzgerald subpoena Mr. Wilson to attest he had never revealed his wife's employment to anyone? If he had done so, he might have learned Mr. Corn's source.

It is not just Mr. Armitage who should apologize. So should Joe Wilson and Pat Fitzgerald.

Ms. Toensing was chief counsel for the Senate Intelligence Committee and deputy assistant attorney general in the Reagan administration.

Former Nev. Politician Pleads Guilty (WP/AP)

The Associated Press

The Washington Post, September 15, 2006

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LAS VEGAS -- A former politician and lobbyist accused of ferrying bribes for a strip club owner reached a plea deal Thursday, just days before the start of his trial, authorities said.

Lance Malone, a former Clark County commissioner, has agreed to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act, U.S. Attorney Daniel Bogden said. Malone is scheduled to enter his plea Monday.

Authorities in turn have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a San Diego jury levied against him last summer for similar charges.

Malone's trial was to cap off a three-year FBI probe into corruption and bribery on the Clark County commission. At the center of the probe was Michael Galardi, the former owner of three strip clubs who claimed to have paid off dozens of politicians in Nevada and Southern California with cash and favors.

Authorities said Malone, who was hired as Galardi's lobbyist after losing a bid for re-election, acted as Galardi's bagman, delivering wads of cash to his former colleagues. In return, Galardi said he sought favorable votes on the commission, which was reviewing plans to expand one of his clubs.

Galardi, 44, pleaded guilty in 2003 and testified in Las Vegas and in a related San Diego federal bribery case.

Malone's lawyer did not return a call for comment.

Russo's Wife To Plead Guilty (MR)

By Ryan Dezember And Brendan Kirby, Staff Reporters

Mobile Press-Register (AL), September 15, 2006

Crystal Russo, the wife of former Orange Beach Mayor Steve Russo, will plead guilty in Mobile's federal court next week to obstruction of justice as part of an agreement with prosecutors, according to a Wednesday court filing.

Crystal Russo, 25, was scheduled to be tried next month for allegedly trying to help her husband hide money that was sought for forfeiture by prosecutors this summer in their corruption case against the now-convicted former mayor.

Specifically, she is accused of helping her husband move nearly $96,000 from one bank account to another account that had been hastily created in her maiden name, Crystal R. McDonald, in order to hide the money from federal agents seeking to seize it as part of a March 31 indictment.

Three days after the new account was created at Vision Bank, Crystal Russo tried to withdraw much of the money to pay off the couple's debts, according to the indictment. She was informed that the government had already frozen the account.

On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a Mobile federal jury on numerous counts related to plots by Wall and fellow developer Jim Brown to enrich the mayor in an effort to curry favor in City Hall. Brown pleaded guilty in his own agreement with prosecutors and became the government's star witness in the two-week case against the others.

Steve Russo, 44, was convicted of 22 counts that included those related to his role in moving the money targeted for forfeiture.

Russo, Sutley and Wall are scheduled for sentencing in January. Brown's sentencing is set for November.

Crystal Russo's plea agreement has not yet been released. But a Wednesday filing that followed a Tuesday meeting between prosecutors and her Mobile lawyer, Gordon Armstrong III, says that she will plead guilty to one of the three charges brought against her in June by a federal grand jury.

That charge -- obstruction of justice -- carries a maximum penalty of 20 years in prison, although prosecutors typically agree to recommend a sentence at the low end of advisory sentencing guidelines in exchange for a guilty plea. Under preliminary calculations by the U.S. Probation Office, such a sentence would be 10 months in prison.

Any sentence less than a year would make Crystal Russo eligible for probation rather than serving prison time. U.S. District Judge Kristi DuBose will make the final determination of her sentencing range -- as well as decide whether to follow it -- at a hearing that would be set once Crystal Russo pleads guilty. She is scheduled to plead guilty next Thursday, according to court records.

Besides the obstruction charge, Crystal Russo was charged in June with conspiracy to defraud the U.S. government and the destruction or removal of property to prevent seizure. As part of the plea bargain, prosecutors likely would recommend that the other two charges be dropped.

Neither Armstrong nor federal prosecutors responded to telephone calls seeking comment late Wednesday.

Prosecutors Have Plea Deal With Former Orange Beach Mayor's Wife (AP)

AP, September 15, 2006

MOBILE, Ala. (AP) — Prosecutors in the Orange Beach corruption probe have reached a plea deal on charges against Crystal Russo, the wife of former Mayor Steve Russo.

She will plead guilty in U.S. District Court in Mobile next Thursday to obstruction of justice, according to a court filing Wednesday. She could be given probation.

Crystal Russo, 25, was facing trial next month for allegedly trying to help her 44-year-old husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor.

On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a federal court jury in Mobile of fraud and related charges in a real estate scheme in the Gulf Coast resort.

Businessman Arrested On Extortion Charges (SFC)

By Jim Herron Zamora, Christopher Heredia And Henry K. Lee, Chronicle Staff Writers

San Francisco Chronicle, September 15, 2006

(09-14) 17:07 PDT OAKLAND -- A well-connected Oakland businessman has been arrested on federal charges of extorting bribe money in exchange for using his influence to help a contract applicant win a deal with the city, authorities said today.

Maurice Himy, 59, of San Rafael was arrested Wednesday by FBI agents on a federal complaint accusing him of interference of commerce by threats or violence. Until March, he owned Spaccio, an Italian men's clothing store on Frank Ogawa Plaza, just steps from Oakland City Hall.

Himy appeared before U.S. Magistrate Wayne Brazil in Oakland today. The magistrate ordered Himy to turn over his passport and released him on his own recognizance. Himy will return to court Sept. 21, authorities said.

Himy's leased silver 2005 Mini Cooper was parked today outside his San Rafael home, where the shades were drawn. No one answered the door, and he did not immediately return a call for comment.

Himy's arrest followed a 17-month investigation by the FBI over the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property.

According to the complaint, Himy, a person described as a "cooperating witness" and an unnamed city of Oakland official -- identified only as "City Official A" -- began discussing in September 2004 "the payment of thousands of dollars to Himy" in exchange for help in securing the contract for the witness.

Himy has sold suits to Oakland Mayor Jerry Brown and Jacques Barzhagi, the mayor's former senior advisor who was ousted from his post last year after details of a domestic dispute with his wife became public.

The complaint does not name any city officials and Brown's spokesman, Gil Duran, said today, "This has nothing to do with Jerry Brown or the mayor's office."

Duran confirmed that Brown and Himy had traveled together to Agadir, Morocco, in 2004 when Oakland was seeking to establish a sister-city relationship with a city in a Muslim country. Himy is a native of Morocco, Duran said.

Under the deal outlined in the complaint, Himy would receive 8 percent of the commissions if he agreed to help obtain the contract, authorities said.

"Pay me or I will kill the contract," Himy told the witness in a phone call, FBI Special Agent Marlo McGuire wrote in an affidavit.

In April 2005, the witness, wired with a recording device, met with Himy at Spaccio, authorities said. During the recorded conversation, Himy repeatedly demanded money from the cooperating witness, at one point demanding $65,000 in return for help in obtaining the auctioneering contract, the complaint said.

Himy warned the witness, "You try to f -- me up, then I, I'll kill the deal," the complaint said. "I'll let the other guy have it."

In February, the witness learned that his application for the auctioneering contract had been approved.

"Based upon the evidence uncovered during the investigation, there is probable cause to believe that Himy has extorted one or more local business owners seeking to do business with the city of Oakland," McGuire wrote.

"It is probable that the criminal acts of Himy affected commerce or the movement of any article or commodity in commerce since the contract impacted included the sales of used automobiles," McGuire wrote.

Chronicle staff writers Demian Bulwa and Peter Fimrite contributed to this report.

Oakland Clothier Accused Of City Hall Extortion (MERCN/AP)

The San Jose Mercury News, September 15, 2006

OAKLAND, Calif. (AP) - A former Oakland clothier with alleged connections to City Hall was charged with one federal count of extortion today on accusations that he received money to help an FBI informant obtain a lucrative city contract.

Maurice Himy, who operated Himco Apparel Inc. in Oakland until March, is accused of greasing the wheels of City Hall to help the informant win the contract to auction surplus city property in February that Himy estimated could generate $1 million in income.

Himy, 59, who remained free after his Wednesday arrest, was to appear in federal court Sept. 21. He faces a maximum 20-year sentence if convicted, authorities said.

The one-count complaint alleges Himy, in exchange for more than $10,000, steered the contract the businessman's way with the help of a City Hall insider. The businessman was not named in an affidavit released today, but he contacted the FBI after Himy allegedly told him the only way he could obtain the contract was through payoffs to Himy.

The informant, who recorded some of his conversations with Himy, initially was rejected for the contract because it was submitted too late but was awarded it in February after Himy intervened, according to court documents. During one taped conversation, Himy allegedly told the informant, ``Pay me or I will kill the contract."

Himy, 59, of San Rafael, did not have a listed phone number and could not immediately be reached for comment.

The affidavit from FBI agent Marlo McGuire of the Oakland branch did not name the City Hall employee, referenced in the affidavit as ``City Employee A," who was associated with Himy to seal the deal.

Erica Harrold, a spokeswoman for City Attorney John Russo, said, ``We haven't been contacted by the FBI and if there are any problems, obviously, we want to see those addressed and remedied."

A spokesman for U.S. Attorney Kevin Ryan of San Francisco said the investigation is ongoing.

Oakland Clothier Arrested In Corruption Probe (BCNW)

Bay City News Wires, September 15, 2006

(BCN) OAKLAND Federal prosecutors said today that 59-year-old Maurice Himy of San Rafael has been arrested by the FBI on a complaint charging interference of commerce by threats or violence in connection with a public corruption probe in Oakland.

U.S. Attorney Kevin Ryan said the complaint alleges that Himy was involved in extortion and public corruption involving the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property.

The complaint alleges numerous discussions between Himy, a cooperating witness, and an Oakland city official, named only as “City Official A,” involving the payment of thousands of dollars to Himy in return for help in obtaining the auctioneering city contract that was eventually approved for the cooperating witness.

Prosecutors said Himy’s arrest is the result of a 17-month investigation by the FBI.

U.S. attorney’s spokesman Luke Macaulay said the investigation is continuing but declined to elaborate further.

Himy was the owner of Spaccio, a men’s clothing store located at 140 Frank Ogawa Plaza, adjacent to Oakland City Hall. The store closed in March.

Prosecutors said Himy was arrested Wednesday afternoon in Oakland and made his initial appearance in U.S. District Court this morning before Magistrate Judge Brazil. He was released on his own recognizance, with the condition that he turn in his passport to the U.S. Marshals Service.

Himy is scheduled to return to court on Sept. 21 for identification of counsel.

According to the complaint, discussions began in September 2004 between the cooperating witness and Himy about the Oakland auctioneering contract.

Prosecutors say Himy allegedly provided terms of a contract between the witness and Himy in which Himy would receive 8 percent of the commissions generated by the auctioneering contract in return for help in obtaining the auctioneering contract.

According to the complaint, Himy said, "pay me or I will kill the contract."

The complaint alleges that Himy repeatedly demanded money from the cooperating witness and at one point demanded $65,000 in return for help in obtaining the auctioneering contract.

In February, according to the complaint, the witness received notification that his application for the auctioneering contract had been approved.

The maximum sentence for each count of interfering with commerce by threats or violence is 20 years and a fine of $250,000, plus three years of supervised release.

Three Boston Police Officers Indicted As Result Of FBI Probe (AP)

AP, September 15, 2006

BOSTON— Three Boston police officers arrested in Miami in July on federal drug charges were indicted Thursday on charges of conspiring to possess heroin and cocaine with intent to distribute, the U.S attorney's office announced.

Roberto Pulido, 41; Carlos Pizarro, 36; and Nelson Carrasquillo, 35, had gone to Florida, authorities said, to collect a $35,000 payment for protecting a Massachusetts shipment of cocaine that was part of an undercover FBI sting operation. At the meeting, prosecutors said, agents recorded the men agreeing to protect two more cocaine shipments totaling 100 kilograms and also to protect 5 kilograms of heroin.

The new indictment charges all three with one count of conspiring to possess with intent to distribute more than 5 kilograms of cocaine and more than 1 kilogram of heroine, and it charges all three with a count of attempting to aid and abet the possession of cocaine with intent to distribute. Pulido and Carrasquillo also were named in a second count on the attempting to aid and abet charge.

Pizarro and Carrasquillo have been ordered to home detention with electronic monitoring. Pulido was ordered held until trial. Authorities have identified him as the ringleader, allegedly also involved in a wide range of illegal activities from identity theft to trafficking in stolen goods.

Pulido's lawyer, Rudy Miller, has said that prosecutors have based much of their case against his client on the word of a witness he characterized as a "major drug dealer and a suspected murderer." He did not immediately return a message for comment Thursday.

Jeffrey A. Denner, a lawyer for Pizzaro, said Thursday night that he was pleased with the decision to allow his client to return home.

"We believe that Mr. Pizzaro deserves to be out on conditions as the judge ruled. We expect to now effectively defend him against the charges," Denner said.

Stephen Neyman, an attorney for Carrasquillo, had said his client should be released pending trial because of his good record as an officer and his ties to the community. He did not immediately return a message for comment Thursday night.

Pulido and Pizarro have been Boston police officers since 1996 and Carrasquillo since 1999.

The three each face a minimum sentence of 4 years and a maximum sentence of life in prison, and a $4 million fine on each charge.

2 Of 3 Indicted Cops Freed By Magistrate In Drug Smuggle Case (BOSH)

By Laurel J. Sweet And O'Ryan Johnson

Boston Herald, September 15, 2006

Three alleged crooked cops were suspended without pay by the Boston Police Department yesterday and two of them freed on bail after their indictments by a federal grand jury on drug conspiracy charges.

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Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, have been in custody since their arrests in Miami in July on charges they agreed to be hired muscle for a shipment of cocaine that turned out to be the bait in an undercover sting. But yesterday, U.S. District Court Magistrate Judge Joyce London Alexander, unconvinced Pizarro and Carrasquillo are a flight risk or a threat to the public, set them free pending trial.

The two men return in disgrace to city streets where they once patrolled as respected cops.

Though the judge ruled they posed no threat to the public, the suspended officers' own safety is in question with the Boston Fire Department investigating two alleged fire bombings of Nelson Carrasquillo's Dorchester home.

Pulido, the alleged ringleader, was detained, in part, due to comments he made during the FBI's 2 -year investigation when - as first reported in the Herald - he said he would kill the children of anyone who betrayed him.

The three men were on paid leave until yesterday when the indictments were handed down.

"As soon as the Police Department learned they were indicted, the commissioner moved to change their status to suspended without pay immediately," police spokeswoman Elaine Driscoll said of acting Police Commissioner Al Goslin's actions.

US Grand Jury Indicts 3 Boston Officers (BOS)

The Boston Globe, September 15, 2006

BOSTON

A federal grand jury yesterday indicted three Boston police officers arrested on drug-trafficking charges. Roberto Pulido, 41; Carlos A. Pizarro, 36; and Nelson Carrasquillo, 35, all of Boston, were each indicted on one count of conspiring to possess with intent to distribute more than 5 kilograms of cocaine and more than 1 kilogram of heroin. Pulido and Carrasquillo were each indicted on a second count of attempting to aid and abet the possession of cocaine with intent to distribute. All three officers were indicted on a third count of attempting to aid and abet the possession of cocaine with intent to distribute. The officers, arrested in Miami in July, are accused of protecting large shipments of drugs into Boston. If convicted, each faces a maximum sentence of life in prison and a $4 million fine on each count. Already on administrative leave, they will be taken off the police payroll. US Magistrate Judge Joyce London Alexander ordered Pulido jailed without bail until the case is resolved and set conditions of release for the other two officers.

Appeals court backs transit station ruling The US Court of Appeals upheld yesterday a lower court's ruling that the Massachusetts Bay Transportation Authority and the Federal Transit Administration did not act unlawfully when attempting to make Copley station accessible to the disabled. The ruling could be the final blow to the Back Bay preservationists who had sued both agencies, alleging that they violated historical preservation laws in planning changes around the station. Copley station is adjacent to the Boston Public Library and Old South Church, both of which are on the National Register of Historic Places. The two groups' only appeal is to the US Supreme Court.

Hyde Park man sought in fatal stabbing Police said yesterday they were seeking a Hyde Park man in the fatal stabbing in June of a father of two from Dorchester. They accused Michael Scott, 21, of killing James Green, 28, on June 12 on Washington Street near Melville Avenue in Dorchester. They described Scott as black, about 5 foot 5, and 135 pounds. Green's relatives could not be reached last night. Police asked anyone with information about Scott's location to call 617-343-4470 or 800-494-TIPS.

CAMBRIDGE

Jury selection started in shaken-baby case Jury selection began yesterday in the murder trial of a Framingham man charged in the 2004 shaken-baby death of his infant son, the Middlesex district attorney's office said. On Feb. 19, 2004, police responded to a call of an unresponsive baby, 2-month-old William Christian III. He was rushed to MetroWest Medical Center in Framingham, where doctors found multiple fractures and brain swelling. The next day, William Christian Jr., 23, was arrested and charged. The medical examiner attributed the death to shaken-baby syndrome and ruled it a homicide.

BOSTON

MBTA police unions protest TSA patrols Three unions representing MBTA Transit Police protested yesterday about federal Transportation Security Administration teams monitoring key T hubs to Logan International Airport, stating in a press release that

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they oppose working with TSA employees ``because of safety, supervisory and legal issues." This month, a TSA team has been monitoring passengers at South Station, the Silver Line, and the Blue Line's Airport station. The unions said the program ``deceives the public" by insinuating that TSA employees are police officers. TSA spokeswoman Ann Davis said TSA personnel are not purporting to be law enforcement officers.

Man found dead on North Station stairs MBTA Transit Police are investigating the death of a 40-year-old man found yesterday morning on an exit-only stairway at North Station, officials said. Police said there were no signs of foul play. The medical examiner will determine the cause of death.

Mass. to grant $38m to health facilities Hospitals and community health centers across Massachusetts will share $38 million in grants next month, state Health and Human Services Secretary Timothy R. Murphy announced yesterday. Acute-care hospitals will receive $28.8 million, and community health centers will share $8.2 million. The biggest grants include $4 million for Carney Hospital in Boston, $2 million for New England Medical Center in Boston, and $1.7 million for Brockton Hospital. The Franciscan Hospital for Children in Brighton will get $1 million for a psychiatric and rehabilitation unit and for dental services.

Former Chicago Patronage Chief Returns To Federal Grand Jury (AP)

By Mike Robinson

AP, September 15, 2006

CHICAGO - Mayor Richard M. Daley's former patronage chief made his second appearance before a federal grand jury in three weeks Thursday as prosecutors pushed ahead with an investigation of City Hall.

Robert Sorich, the former No. 2 man in the mayor's office of intergovernmental affairs, first appeared before the grand jury Aug. 24.

Sorich, 43, returned for another session Thursday, said his attorney, Thomas Anthony Durkin.

"He will appear every time he is subpoenaed and he will answer all of the questions put to him and that is all I'm going to say," Durkin said.

Sorich was one of three former officials convicted by a federal court jury July 6 in what prosecutors called a scheme to use fraud to cover up the fact that they were loading the city payroll with campaign workers.

Sentencing is set for Nov. 15.

U.S. attorney's office spokesman Randall Samborn declined to comment on Sorich's latest grand jury appearance.

At Sorich's trial before U.S. District Judge David H. Coar, witnesses portrayed the office of intergovernmental affairs as the nerve center that ran Daley's political operation. The mayor has been accused of no wrongdoing.

Witnesses said Sorich decided who got city jobs and regularly favored members of "political armies" based in city departments and available for deployment throughout the community to get out the vote on Election Day.

They testified that Sorich, himself, assigned precinct workers to various sections of the city to help Daley and other candidates whose campaigns had the mayor's blessing.

While Sorich had the title of deputy director of the office of intergovernmental relations, he was known as the mayor's patronage chief.

Political patronage is an old Chicago tradition in which the election winners - often stalwarts of the fabled Chicago Democratic Machine - get the city jobs. It was largely prohibited by court order in 1973, but various investigators have found compliance has been spotty at best.

Most recently, U.S. District Judge Wayne R. Andersen appointed a monitor to assure that the order, known as the Shakman Decree, is obeyed.

In appearing before the grand jury, Sorich had immunity from prosecution for anything he might admit, as long as it was the truth.

It is not unusual for prosecutors to call those convicted in corruption cases before the grand jury to "compel" their testimony by granting them immunity and questioning them on pain of perjury for lying.

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Former Gov. George Ryan's former inspector general, Dean Bauer, was called before a grand jury after pleading guilty to obstruction of justice and admitting he covered up seven years of Statehouse scandals while he was supposed to be uncovering them. But it was not clear that anything came of Bauer's testimony.

The City Hall investigation was launched as an inquiry into payoffs to officials from the operators of trucking companies in exchange for work in Chicago's scandal-plagued Hired Truck Program.

It evolved into an investigation of hiring fraud, focusing on the office of intergovernmental affairs.

Manhattan: Closing Arguments In Gotti Trial (NYT)

By Timothy Williams

The New York Times, September 15, 2006

Closing arguments began yesterday in Federal District Court in the racketeering trial of John A. Gotti, with prosecutors saying that Mr. Gotti's claim that he quit the Gambino crime family in 1999 was no more than a scheme to avoid a long prison sentence. Miriam E. Rocah, a federal prosecutor, said that Mr. Gotti, left, devised the plan while in federal prison from 1999 to 2004 on unrelated racketeering charges. Mr. Gotti's defense is that he retired from the Mafia before mid-July 1999, a time frame that would protect him from prosecution because of the five-year statute of limitations on the racketeering charges. But the government contends that Mr. Gotti had known that his prison conversations with visitors at Ray Brook federal penitentiary were being recorded, and that was why Mr. Gotti told people that he wanted to leave "the life" behind him.

Gotti's Defense Attacked (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 15, 2006

John A. Gotti spent a lifetime rising to the top of the Gambino crime family and the proof was "overwhelming" that he reaped millions of dollars through a murderous racketeering conspiracy that pillaged city businesses, a federal prosecutor said yesterday.

In her closing argument to a Manhattan federal court jury, Assistant U.S. Attorney Miriam Rocah said Gotti, the son of the late Gambino boss John Gotti and known as "Junior," had raised a disingenuous defense that he had withdrawn from a life of crime that had paid him so well.

"It just doesn't make any sense and you should reject it," Rocah said of Gotti's withdrawal defense.

The 42-year-old Gotti is on trial for the third time on racketeering charges stemming from his role in the Gambino crime family. The first two trials ended in mistrials. In the current case, prosecutors contend that Gotti, of Oyster Bay, took part in loan-sharking, money laundering and extortion.

The indictment also accused him of plotting the 1992 abduction of radio talk-show host and Guardian Angels founder Curtis Sliwa, an incident that led to Sliwa being seriously wounded by gunfire.

Though Gotti isn't charged with murders, Rocah said that the underlying Gambino crime family enterprise policed its rackets with killings. She reminded the jury that one witness had stated that Gotti had plotted to kill two crime family members he believed were stealing construction money kickbacks. That murder plot was shelved when the intended victims showed up with longtime Gambino associate Joseph Watts, who told Gotti his father wanted the two men to keep the cash, Rocah said.

Gotti's main defense is that he had withdrawn from a role in the Gambino crime family by July 21, 1999, five years before he was indicted in July 2004. That date is crucial because it could put the case beyond the statute of limitations.

Rocah tried to belittle the withdrawal defense, saying Gotti was deeply involved in some of the crimes.

"Proof of John Gotti Junior's participation in the charged crimes is overwhelming," said Rocah, as she delivered her summation facing the jury from a lectern.

Rocah said mob turncoats like Michael DiLeonardo told of how he personally paid millions of dollars to Gotti in construction payoffs. Gotti lived a life of luxury with a big home in Long Island that required lots of cash, Rocah observed.

"How does someone who hasn't held a 9-to-5 job in his life get all this money?" Rocah asked rhetorically.

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The answer, she said, was through a life of crime. While to many people a cash-flow problem means not having enough money, in Gotti's case it meant trying to find ways to legitimize the illicit cash he had, she said. The prosecution summation continues today.

Prosecutor Tells Jurors Not To Fall For Gotti's `charade' (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 15, 2006

NEW YORK -- John "Junior" Gotti made millions of dollars leading the Gambino crime family for nearly a decade before claiming he'd quit the mob so he could keep the money and dodge prison, a prosecutor said in her closing argument Thursday at his racketeering trial.

"Before he had ever been charged with a crime, Gotti was planting the lies that would one day be used in a courtroom like this one," Assistant U.S. Attorney Miriam E. Rocah told jurors at Gotti's third trial on the charge in U.S. District Court in Manhattan.

Two earlier trials in the last year ended with deadlocked juries.

Rocah dismissed statements Gotti made in prison conversations in which he claimed he had quit the mob and wanted to move to Canada to start a new life. She said it was part of "a charade contrived by Gotti to get himself off the hook."

The statements at the start of closing arguments, which were to continue Friday, illustrated the government's strategy to prove Gotti continued to benefit from Gambino family crimes well after he claimed to have quit the mob before July 1999.

Defense lawyers convinced a majority of jurors at a trial that ended with a hung jury in the spring that Gotti had quit the mob and could not be held accountable for crimes that came to light more than five years after he left his old life.

The government countered that argument at the retrial that began last month by producing new evidence about the actions and statements by Gotti after he pleaded guilty to racketeering charges in 1999 and served a six-year prison sentence.

Rocah said Gotti in the 1999 plea admitted only a few isolated crimes before his best friend began cooperating with the government three years later, detailing a long history of Gotti's supervision of extortion, loansharking, gambling and fraud.

She said Gotti also ordered two 1992 attacks on radio show host and Guardian Angels crimefighting group founder Curtis Sliwa in retaliation for Sliwa's on-air criticisms of his father, John Gotti, who was sentenced to life in prison in 1992 for a racketeering conviction.

The elder Gotti died in prison a decade later. Sliwa recovered from gunshot wounds to resume his radio attacks against the mob.

The prosecutor said the younger Gotti, who has denied ordering the Sliwa attacks, was careful not to get too close to most crimes, relying on associates and soldiers to carry them out.

"He never got his hands too dirty," she said.

In fact, Rocah said, Gotti operated like the chief executive officer of a corporation, "raking in millions of dollars in the 1990s."

She added: "Throughout the 1990s, John Gotti's business was crime, and business was good."

Rocah said Gotti developed a strategy to claim he had quit the mob after an uncle told him in prison that he was being demoted from his leadership role in the Gambino crime family and after he learned that his best friend was cooperating with the government.

"The proof of this defendant's guilt is overwhelming," she said.

The closings began a day after Judge Shira Scheindlin tossed out two new racketeering charges the government brought to try to prove Gotti continued committing crimes after he claimed to have quit the mob.

Gotti's lawyers were scheduled to present their closing argument Friday.

If convicted, Gotti, 42, could face up to 30 years in prison.

JUNIOR'S RETIREMENT 'CHARADE' (NYPOST)

By Kati Cornell

The New York Post, September 15, 2006

DOJ_NMG_0063345

Federal prosecutors yesterday took aim at John "Junior" Gotti's claims that he left the Mafia - arguing that prison tapes expose the mob scion's retirement as an elaborately contrived charade.

"Gotti hatched a plan to . . . plant the seed that [he] was out of the mob life," Assistant U.S. Attorney Miriam Rocah told a Manhattan federal jury in closing arguments.

"Before he was even charged with a crime, Gotti was planting the lies that would some day be used in a courtroom like this one."

Gotti claims he left the mob in 1999 and can't be prosecuted for racketeering because the five-year statute of limitations has expired.

In wrapping up the defense case, attorney Charles Carnesi tried to cast doubt on the feds' interpretation of a key videotape in the case.

Prosecutors had claimed that Junior's "Dapper Don" dad, John Gotti Sr., was captured on tape a year before his death announcing he was passing the crime-family reins to his brother Peter and three others, including Junior.

The defense insisted the tape simply referred to Junior and two other mobsters copping guilty pleas.

Alleged Galante Ally Pleads Guilty In New York Case (AP)

AP, September 15, 2006

'Matty the Horse' admits he helped infiltrate labor union

NEW YORK (AP) – Matthew "Matty the Horse" Ianniello, an ailing 86-year-old longtime capo in the Genovese crime family who had ties to Danbury garbage kingpin James Galante, pleaded guilty Thursday to a racketeering charge, admitting he helped infiltrate a union and interfere with a federal grand jury probe.

Ianniello, his wooden cane hanging on a chair beside him, entered the plea before U.S Magistrate Judge Ronald L. Ellis in Manhattan.

A plea agreement signed with the government called for Ianniello to be sentenced to between 1½ and two years in prison. Without the deal, Ianniello would have faced up to 20 years in prison. Sentencing was set for Dec. 14.

He also agreed to forfeit up to $1 million to the government.

Ianniello was indicted in June along with Galante and 27 others in a broad federal racketeering case that involved the garbage industry.

He was a longtime capo who allegedly became one of the family's acting bosses following the 1997 racketeering conviction of Vincent "The Chin" Gigante.

Gigante died in prison at age 77 last December. Long before that, he was dubbed the "Oddfather" for his bizarre behavior, including wandering the streets of Greenwich Village in nightclothes, muttering incoherently.

Ianniello, who lives on Long Island, is free on bail.

In court, Ianniello was difficult to understand as he read a statement admitting his role in efforts to corrupt a union and to prevent the union's leaders and employees from being honest with the government during a federal grand jury probe of mob activities.

Ianniello's lawyer said his client's voice was affected by a stroke.

Ianniello entered his plea to a single count of racketeering, admitting that he received unlawful payments from a labor union and that he conspired to obstruct justice.

Ianniello said he committed the crimes between 1990 and 2005.

Assistant U.S. Attorney Timothy J. Treanor told Ellis that Ianniello participated in a conspiracy in which some union officers lied to federal investigators about various things, including the involvement of organized crime in union business.

Aryan Brotherhood Jury Deadlocks On Death Penalty Verdict (AP)

By Gillian Flaccus, Associated Press Writer

AP, September 15, 2006

DOJ_NMG_0063346

Santa Ana, Calif. (AP) -- A federal jury has failed to reach a verdict in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted in July of murder, racketeering and conspiracy, the jurors announced Thursday in a note to the judge.

The same jurors convicted Barry "The Baron" Mills and Tyler "The Hulk" Bingham in July. Jurors were then asked, in a separate proceeding, to determine whether Mills, 58, and Bingham, 59 should be sentenced to death or life in prison without possibility of parole.

After jurors indicated they were deadlocked, defense attorneys asked U.S. District Judge David O. Carter to declare a mistrial, which would result in Mills and Bingham serving life sentences without parole. Prosecutors asked that the judge consider ordering the jurors to resume deliberations and try to break the deadlock.

Carter did not immediately issue a ruling.

Jurors had deliberated for five days in the death penalty phase of the trial.

The case against Mills and Bingham was part of a larger indictment that federal prosecutors hope will dismantle the violent white supremacist which is accused of running powerful gambling operations and drug rings from inside some of the nation's most notorious prisons.

Experts say the full indictment, which lists 32 murders and attempted murders, makes up one of the largest federal capital punishment cases in U.S. history, with more than a dozen people potentially facing execution. More defendants go on trial in Los Angeles later this year.

Mills and Bingham were convicted under the Racketeer Influenced and Corrupt Organizations law, and of offenses known as Violent Crime in Aid of Racketeering — laws originally passed to target the Mafia. The so-called VICAR verdicts, which involved the killings of two black inmates in 1997, made Mills and Bingham eligible for the death penalty.

The two were convicted of inciting a race riot at a prison in Lewisburg, Pa., by conspiring to send a secret message to Aryan Brotherhood members. Frank Joyner and Abdul Salaam, alleged members of the DC Blacks prison gang, were killed during the riot.

Government witnesses testified about a secret note, written in invisible ink made from urine, that was passed from Bingham's high-security cell in Florence, Colo., to Lewisburg. The note read: "War with DC Blacks, TD."

While prosecutors argued at trial that it was an order to incite a race war at the Pennsylvania facility, defense attorneys said the note was merely a warning to other gang members after tensions flared between the brotherhood and the D.C. Blacks at a prison in Marion, Ill.

The guilt phase of the trial exposed some of the brotherhood's long-kept secrets, including how members communicate from behind bars and between prisons that are thousands of miles apart.

Some witnesses testified about a plot to kill an inmate who had assaulted the late mob leader John Gotti in prison. Testimony indicated that Gotti, head of the Gambino crime family, had paid the brotherhood for protection.

One witness said Gotti offered to pay $500,000 for the hit; another testified that he had been passed bullets to hide until the gang could fashion a zip gun with which to shoot Gotti's attacker. The hit never occurred, and Gotti died of cancer in prison in 2002.

Mills and Bingham were also convicted of a count of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989. They also were convicted of counts of racketeering that included acts of murder and attempted murder.

Mills is currently serving two life terms for murder after nearly decapitating an inmate in 1979. Bingham is behind bars on robbery and drug charges and would have been released in 2010.

The two other men who went on trial with Mills and Bingham — Edgar "The Snail" Hevle and Christopher Overton Gibson — will be sentenced to life in prison.

Banker Is Charged With Taking $6.1 Million (PHI)

By John Shiffman

The Philadelphia Inquirer, September 15, 2006

DOJ_NMG_0063347

A former vice president of National Penn Bank was charged yesterday with embezzling $6.1 million from bank clients.

Edward G. Mawhinney, 36, of Sewell, allegedly opened lines of credit under customers' names while working at the Philadelphia branch. He was charged by information instead of grand jury indictment. An information is usually a precursor to a guilty plea.

According to the U.S. Attorney's Office, Mawhinney created fake documents and forged signatures and information on loan applications, loan agreements and tax returns.

"This was a planned, calculated, and well-executed violation of customer trust," U.S. Attorney Patrick L. Meehan said.

Mawhinney could not be reached for comment. The bank made the case public last year. In a statement, the bank said: "We appreciate and look forward to justice prevailing through the courts and applaud the U.S. attorney and the FBI for their diligent work in this matter."

The company said its parent, National Penn Bancshares, has $5.23 billion in assets and operates 80 branches of National Penn Bank, FirstService Bank, HomeTowne Heritage Bank, and Nittany Bank.

N.J. Banker Charged With Stealing $6.2M (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 15, 2006

A former vice president of private banking at National Penn Bank was charged yesterday by federal prosecutors with stealing and diverting almost $6.2 million of bank funds from 1998 to 2004.

Prosecutors filed the charges against Edward G. Mawhinney, 36, through a criminal information, a process indicating that Mawhinney will plead guilty.

According to prosecutors, Mawhinney, of Sewell, N.J., was responsible for opening loans and lines of credit for customers and managing the accounts.

The charging papers said Mawhinney fraudulently opened lines of credit under the names of existing bank customers without their knowledge and consent.

He did it by forging customer signatures and information on loan applications and federal tax returns. Authorities charged that he also created bogus documents to make the lines of credit appear legitimate.

Then, Mawhinney stole money from these lines of credit to pay his own debts and buy his home, prosecutors said.

He also gave money to benefit third parties without the bank's knowledge or approval. The third parties either got loans that had not been approved by the bank or had delinquent loans paid down or paid off completely.

Mawhinney is also charged with embezzling almost $699,000 from 2001 to December 2004 that was entrusted to the safe-keeping of the bank.

"This was a planned, calculated and well-executed violation of customer trust," said U.S. Attorney Patrick Meehan. "He forged signatures, created phony documents and took $6 million of the bank's money for himself and others."

A spokeswoman for National Penn Bank's holding company said Maw-hinney no longer works at the bank.

National Penn Bancshares has more than $5.2 billion in assets and operates 80 branch offices in Pennsylvania, most of them in the Philadelphia region.

The bank issued a statement yesterday saying they had reached a settlement in November in which some individuals involved in the fraud paid $3.5 million to National Penn.

National Penn said its insurer would put up more than $2.7 million to settle a claim the bank filed regarding the loan fraud. About half that sum already has been paid with the remainder due next month.

Thomas Bergstrom, Mawhinney's attorney, was unavailable for comment yesterday.

Former Company President Admits Stock Fraud Plot (NSDY)

Long Island Newsday, September 15, 2006

CAMDEN, N.J. -- The former president of eContent Inc. pleaded guilty Friday, admitting that he and other officers and directors misused company funds for personal expenses.

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John P. Sgarlat is the second person to plead guilty in connection with wrongdoing at the company, and the investigation is continuing, said Assistant U.S. Attorney Eric M. Schweiker.

Sgarlat, 55, of Harvey's Lake, Pa., and Wellington, Fla., also admitted to several schemes, including one in which he improperly issued stock.

Under his plea deal, Sgarlat agreed to pay restitution, in amounts to be determined. He also agreed to forfeit to the government at least $320,000, as well as a vehicle, certain artwork and an autographed Tiger Woods caddie coverall from the 2001 Masters golf tournament. The vehicle, artwork and coverall have all been seized by the FBI.

Sgarlat remains under house arrest pending sentencing next year. He has been under house arrest since his arrest by FBI and Internal Revenue Service agents in February, federal prosecutors said.

The company had been based in Florida while Sgarlat was president in the late 1990s and early 2000s. He was president until April 2001.

He pleaded guilty to two charges: conspiring to commit securities and wire fraud, which carries up to five years in prison and a fine of up to $250,000, or twice the gain from the scheme; and a count of money laundering, which carries up to 20 years in prison and a fine up to $500,000 or twice the value of the transactions.

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On the Net:

U.S. Attorney's Office: http://www.usdoj.gov/usao/nj/press/

British Gambling Exec Resigns, Judge Rules He's Free To Leave NY (AP)

AP, September 15, 2006

NEW YORK (AP) - The chairman of British online gambling company Sportingbet PLC, who was arrested last week after New York customs officials discovered his name on a Louisiana warrant charging him with illegal online gambling, resigned on Thursday, the company said.

"Further to its recent announcements regarding Mr. Peter Dicks, Sportingbet confirms that, with great reluctance ... the Board accepted the resignation of Mr. Dicks as Independent Non-executive Chairman of Sportingbet with immediate effect," the company said in a statement posted on its Web site.

Dicks appeared in state Criminal Court in Queens on Thursday, when Judge Gene Lopez adjourned his case until Sept. 28.

The court appearance came a day after New York Gov. George Pataki received a formal request from Dicks and his attorney, Barry Slotnick, to withdraw a warrant the governor had signed that would allow Dicks' extradition to Louisiana.

Slotnick said he and his client argued that Louisiana's request for extradition "is inappropriate and that Peter Dicks has not committed any crimes there or anywhere. He hasn't been in Louisiana for 20 years."

On Thursday in court, Dicks was informed that the governor had withdrawn the warrant. Restrictions on Dicks' $50,000 bail that barred him from leaving New York also were lifted.

"There is nothing pending in terms of any accusations against Dicks in the state of New York," Slotnick told The Associated Press, adding that Dicks was now free to travel back to London, where he lives.

A Pataki spokeswoman, Jessica Scaperotti, said the governor's decision was made in consultation with prosecutors in Louisiana and New York. "The decision was made to withdraw the extra warrant pending legal review of the arguments raised by Mr. Dick's attorneys," she said.

When he's back in court later this month, Slotnick said, "it's our hope that the (Louisiana) warrant at that time will be totally withdrawn."

Slotnick said Dicks is appearing in court New York on Sept. 28 only "because Louisiana is requesting his presence. But the only one who can order him to Louisiana is Gov. Pataki."

Dicks was arrested at New York's Kennedy International Airport on Sept. 6 following his arrival on a flight from England. Customs, performing a routine name check, discovered he had an outstanding warrant issued by the Louisiana State Police Gaming Enforcement Division.

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Last Friday, after his New York arrest, acting Justice John Latella released him on $50,000 bail but ordered him to surrender his passport and stay in the New York metropolitan area during the extradition process.

The Louisiana warrant was issued in May, charging Dicks with gambling by computer, a felony punishable by up to five years in prison and a $25,000 fine.

Louisiana authorities want to bring Dicks back to stand trial in St. Landry Parish, where the warrant for his arrest was signed.

Dicks, 64, is the second executive of a British Internet sports-betting company to be held in the U.S.

David Carruthers, former chief executive officer of BetOnSports PLC, was arrested in July. The company fired Carruthers, who remains under house arrest in the St. Louis area awaiting trial, and closed its U.S. Web sites.

The founder of Abingdon PLC, a private equity firm, Dicks is also a director at Nasdaq-listed Polar Technology Trust PLC and Standard Microsystems Corp. He has been non-executive director at Sportingbet since 2000.

Sportingbet shares soared more than 25 percent to close at 192 pence ($3.60) on the London Stock Exchange. The stock had fallen sharply after Dicks was detained.

Sportingbet Chairman Dicks Resigns After Detention (Update4) (BLOOM)

Bloomberg, September 15, 2006

By Dan Weeks

Sept. 14 (Bloomberg) -- Peter Dicks, arrested in New York last week on charges of illegal computer gambling, resigned as chairman of the Internet bookmaker Sportingbet Plc.

Sportingbet's shares surged 25 percent today, the most in four years, on speculation that the resignation makes the London-based company more likely to stay in business.

Dicks was the second manager of a U.K. Web gaming company to be ensnared in a government crackdown after the July arrest of David Carruthers, at the time the chief executive officer of Betonsports Plc. Betonsports was barred from doing business in the U.S., where officials say online wagering sites may launder money and lack safeguards for minors and gambling addicts.

``This is hot money betting that this issue has bottomed out," said Mark Reed, managing director of Teather & Greenwood, a London-based brokerage.

Shares of Sportingbet closed 39 pence higher at 192 pence in London. The stock is still 20 percent below its last closing price before Dicks' detention was announced, and about 40 percent below its close on July 14, the last session before Betonsports said Carruthers had been held.

Separately, a New York state judge postponed consideration of a request by Louisiana state police to extradite Dicks to that state on illegal computer gambling charges.

`Great Reluctance'

New York Governor George Pataki's warrant for Dicks' extradition was ``withdrawn for further investigation," said Nicole Navas, a spokeswoman for Queens District Attorney Richard Brown. The original Louisiana warrant for Dicks remains in effect.

The resignation was accepted with ``great reluctance," the company said in a Regulatory News Service statement. Sportingbet said it will replace Dicks in ``due course."

His departure ``helps the company, as it may find a replacement with a new strategy and fewer personal problems," said Ian Murrell, a trader at Wills & Co. in London.

Dicks, a 64-year-old Briton who also is chairman of London- based Daniel Stewart Securities Plc, was arrested Sept. 6 at New York's John F. Kennedy International airport after getting off a flight from London.

He was released on bail two days later and returned to Queens Criminal Court today for an extradition hearing in Kew Gardens, New York. Judge Gene Lopez set a new hearing date of Sept. 28 and gave Dicks permission to leave the country in the meantime.

Dicks, who received his passport and driver's license back from New York authorities, declined to comment on his charges or extradition. His lawyers, Peter Neiman and Barry Slotnick, also declined to comment.

888 Resignation

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``He's appeared, he will appear," Slotnick told the judge at the hearing before Lopez ruled, referring to his client.

The chief executive officer of 888 Holdings Plc, another U.K. online-gaming company, also said he will step down today. John Anderson will be replaced by Gigi Levy, 888's chief operating officer, at the end of the year.

``We are closely monitoring the progress of the recent enforcement actions in the U.S.," 888 said today in a statement. ``888 has no involvement" in sports betting, it said.

Shares of 888, the world's largest online casino, added 2.4 percent to 150 pence in London. PartyGaming Plc, the world's biggest Internet-poker company, advanced 4.3 percent to 110.25 pence, its biggest percentage gain in almost a month.

``These stocks have gotten destroyed and they are still huge cash flow businesses," said Darren Chervitz, research director at New York-based Jacob Asset Management, which invests in Internet companies. ``Someone may be saying this is the time to take a chance."

Venture Capitalist

Sportingbet, which first sold shares to investors in January 2001, accepted almost 150 million sports and gaming wagers in the fiscal third quarter that ended April 30. About four-fifths of clients are American.

Dicks joined Sportingbet as non-executive chairman in 2000, according to the company's Web site. He co-founded venture- capital firm Abingworth Plc and is a director of companies in the U.S. and U.K., including Polar Capital Technology Trust. He also is chairman of Private Equity Investor Plc, a London company that invests in computer and Internet companies.

To contact the reporter on this story: Dan Weeks in London at dweeks1@bloomberg.net

Ex-Prosecutor's Bribery Trial Begins (FINDLAW/AP)

By Sarah Karush, Associated Press Writer

AP, September 15, 2006

(AP) - DETROIT-A lawyer for a former chief prosecutor accused of helping a convicted rapist get a new trial in exchange for campaign contributions tried to cast him as an ethical man as his trial began Wednesday.

But prosecutors said Carl Marlinga let his political ambitions interfere with the pursuit of justice.

Marlinga's duty "was overcome by a desperate need for money - not to line his own pockets, but to fuel his political ambitions," Assistant U.S. Attorney Robert Cares said in his opening statement to the jury.

Marlinga, the former Macomb County chief prosecutor, is charged with bribery, wire fraud, making false statements to the Federal Election Commission and violating federal campaign finance laws. The charges stem from the 59-year-old's failed 2002 bid for Congress.

If convicted, he could face up to 10 years in prison and a $250,000 fine.

Prosecutors say that Marlinga filed a motion with the Michigan Supreme Court that led to a new trial for Jeffrey Moldowan, who had been convicted in 1991 of kidnapping and raping his ex-girlfriend. Moldowan was acquitted at his new trial after spending more than 10 years behind bars.

They say he also accepted contributions in exchange for helping St. Clair Shores businessman James Hulet, accused of drugging and raping a teenage girl.

Hulet eventually pleaded guilty to assault with intent to commit criminal sexual conduct, a drug charge and a firearm charge, and was sentenced to two years in prison in January 2004.

Marlinga was not personally involved in the prosecution of Moldowan, which was handled by an assistant prosecutor. But he took an interest after being contacted by Ralph Roberts, a prominent businessman who employed Moldowan's sister, Cares said.

Marlinga filed his motion with the Supreme Court as he was approaching an important fundraising deadline in his congressional campaign. Around the same time, Roberts contributed the maximum $2,000 allowed. Later, Roberts gave another $1,600 in his wife's name, and Marlinga also expected Roberts to host fundraisers for him, Cares said.

Charges against Roberts were dropped last year.

Defense attorney Mark Kriger said Marlinga's interventions in the Moldowan case began before he decided to run for Congress and were motivated by a commitment to justice.

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"What he did in the Moldowan case, we as citizens should be very proud of," Kriger said.

The federal court trial is expected to last about two weeks. Marlinga spent two decades as chief law enforcement official of Michigan's third-largest county. Before his election to the post, he worked for a time as an assistant U.S. attorney in Detroit - part of the same office prosecuting him now.

Guard Pleads Guilty In Contraband Case (AP-Y)

By Bill Kaczor, Associated Press Writer

AP, September 15, 2006

One of five prison guards charged in a sex-for-contraband scandal that ended in a deadly shootout with federal agents pleaded guilty Thursday to conspiracy to commit mail fraud.

Alfred Barnes, 42, of Thomasville, Ga., agreed to cooperate in the prosecution of other defendants. In exchange, the government dropped charges including witness tampering, bribery and mail fraud.

The five men are accused of taking part in an alleged scheme in which guards reportedly paid female inmates for sex with alcohol, food, money and marijuana over a two-year period. The guards also were accused of intimidating inmates and witnesses to ensure their silence.

Authorities said prison guard Ralph Hill smuggled a gun into the Tallahassee Federal Correctional Institution on June 21 and opened fire when FBI and Justice Department agents arrived to arrest him and the other defendants.

Hill and Justice Department special agent William "Buddy" Sentner were killed. A prison employee assisting in the arrests was wounded. None of the surviving guards were charged in connection with the shooting.

Barnes testified that families of three female inmates mailed money orders to him and he provided them with cosmetics, jewelry, cigarettes and other tobacco products that he smuggled into the prison. He said he had sexual relationships with two of the women, and "basically just a money relationship" with the third.

Another guard, Vincent Johnson, also pleaded guilty Sept. 6 to conspiring to commit mail fraud in a similar deal with prosecutors. Johnson was not accused of having sex with inmates. Instead, coerced inmates to keep quiet about the scheme and to not cooperate with investigators, according to a statement of fact he signed.

Barnes and Johnson each could face a maximum sentence of 20 years in prison and $250,000 fine. Johnson's sentencing is set for Nov. 17 and Barnes' for Dec. 14.

Trial is scheduled to begin Oct. 30 for the other three guards, Gregory Dixon, Alan Moore and E. Lavon Spence.

Feds Lower Boom On Alternative Money (USAT)

By Barbara Hagenbaugh, Usa Today

USA Today, September 15, 2006

WASHINGTON — The government Thursday warned consumers and businesses that it is illegal to use alternative money known as "Liberty Dollar" coins, which organizers promote as a competitor to the almighty dollar.

"We don't want consumers to be fooled," U.S. Mint spokeswoman Becky Bailey says, noting U.S. Attorneys offices across the USA have noticed a marked increase in inquiries about the coins.

The coins' producers vowed to fight the government's decision.

Evansville, Ind.-based National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code, otherwise known as NORFED, has been making the Liberty Dollar coins for eight years and claims $20 million is in circulation. The group says the money, unlike official U.S. cash, has a hedge against inflation because it is made almost entirely of silver and is backed by stocks of silver and gold in a vault in Idaho.

The coins are then spent by the group's 2,500 Liberty Associates in stores run by fellow supporters or are accepted unknowingly by clerks who are unaware they are not receiving real money.

The Justice Department has determined that use of Liberty Dollars, which come in varying denominations, "is a crime," according to the Mint, which issued a rare public warning Thursday.

"The United States Mint is the only entity that can produce coins," Bailey says.

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The Mint notes the coins share some resemblances to real money, such as the term "Trust in God" instead of "In God We Trust" and use of a torch in the design. Such similarities may confuse people into thinking the money is real, the Mint says.

But NORFED says it will challenge the government, arguing it has never claimed Liberty Dollars were official money and that it has a right to offer an alternative.

"The designs and verbiage ... are original and are not copies of any U.S. Mint currency," NORFED Executive Director Michael Johnson said in a statement.

It's unclear how many people or businesses are unknowingly holding Liberty Dollars, which cannot be exchanged for real money at banks.

In a case in Buffalo, a man and his son are set to go on trial next month after they knowingly tried to buy beer at a Buffalo Sabres hockey game with Liberty Dollars.

The Mint did not say if government officials will seek to prosecute individuals or NORFED after its warning.

Reed Runk, part-owner of Kendall Funk & Bismark Jewelers in Chambersburg, Pa., says the store has been accepting Liberty Dollars for about a year and has sold a few as well. Runk says the store will continue to accept and sell the coins.

"We just feel that they are something that educates people as to what the monetary systems are like in the world, that they are a fiat system, that if people lose faith in them, they will collapse," he says. Besides, "They are a good-looking coin."

Bond Denied For Litchfield Man Accused Of Producing Child Porn (AP)

AP, September 15, 2006

SPRINGFIELD, Ill. - A federal judge denied bond Thursday for a 65-year-old man accused of creating sexual images of children in a photo studio above a hair salon.

Paul Kincaid, who is charged with possessing child pornography and producing it near his home in Litchfield, will remain in the custody of U.S. marshals pending trail, said Sharon Paul, a spokeswoman for the U.S. attorney's office in Springfield.

"The judge found that he presented a danger to the community," Paul said.

Prosecutors accuse Kincaid of using a Polaroid camera to create sexual images of minors in a makeshift photo studio above a hair salon near his home.

Kincaid's attorney, Jon Gray Noll, said after the judge's ruling that it's too early to say how his client might eventually plea.

"We have to see the pretrial discovery, we have to see how the evidence was obtained," he said. "I've had a lot tougher cases that we've won."

Authorities said they seized hundred of images of child pornography, including photo albums, from Kincaid's home, which is located about 50 miles south of Springfield.

A criminal complaint charges Kincaid with possession and production of child pornography on or about September 2004. Authorities did not release the ages or otherwise identify the alleged victims.

Kincaid was arrested at his home Sept. 6.

A conviction on a charge of producing child pornography carries a maximum penalty of 30 years in prison. The possession charge carries a penalty of up to 10 years, authorities said.

Elderly Women Plead Not Guilty In Los Angeles Hit-run Transient Deaths (FINDLAW/AP)

By Andrew Glazer, Associated Press Writer

AP, September 15, 2006

(AP) - LOS ANGELES-A pair of elderly women charged with murdering two transient men and illegally collecting millions from their life insurance policies have pleaded not guilty.

Helen Golay, 75, and Hungarian-born Olga Rutterschmidt, 73, each face two counts of murder and two counts of conspiracy to commit murder for financial gain in the deaths of Paul Vados, 73, a Hungarian native, in November 1999, and Kenneth McDavid, 51, in June 2005. The women are being held without bail as long as prosecutors consider a death sentence for them.

Authorities alleged that Golay and Rutterschmidt befriended the two transients, convinced the men to sign them on to their life insurance policies and then collected some $2.3 million (â,¬1.8 million) after running them over in secluded alleys.

Superior Court Commissioner James Bianco on Wednesday denied Golay's request to be allowed to have mascara and tweezers to pluck her eyebrows, to wear her own clothes and to be awakened no earlier than 7 a.m. on court days.

"I certainly understand the difficulties of confinement," but sheriffs need time to bring her from her jail in surburan Lynwood to the downtown Los Angles courtroom, Bianco said.

Rutterschmidt's attorney, Michael Sklar, challenged the legality of conspiracy charges against her, but Bianco ruled that the charges could stand. Sklar also said he had not yet received evidence from the state.

Bianco ordered the district attorney's office to provide him with discovery by Sept. 22. Bianco also scheduled a next court hearing for Oct. 5, when a date for preliminary hearings would be set.

Federal authorities arrested the two women in May and charged them with mail fraud in connection with the insurance scheme while the murder investigation progressed.

Former Ramsey Suspect Appears In California Court (USAT)

By John Ritter

USA Today, September 15, 2006

SANTA ROSA, Calif. — John Mark Karr, briefly a suspect in JonBenét Ramsey's murder, was back in court here Thursday for the first time since he jumped bail five years ago to avoid child pornography charges.

Karr's chief lawyer, Robert Amparan, said the 41-year-old former teacher will fight the misdemeanor charges and has no plans to cut a deal with prosecutors involving a guilty plea in exchange for a sentence of time served and probation.

Karr, unshackled in a blue jailhouse jumpsuit, sat passively as lawyers debated whether cameras should be allowed at his trial on five counts of possessing pornography, brought when investigators allegedly found illicit images on his computer.

Defense lawyer Gayle Gutekunst argued that a simple misdemeanor case had “exploded into a media event” that could make it hard to find impartial jurors.

“The court can put the skids on this and help return the case to what it was in 2001,” Gutekunst said.

Judge Cerena Wong rejected TV cameras but said she'd permit one still photography camera. Wong said Karr's trial would begin Oct. 2 but scheduled a hearing to resolve a dispute over whether prosecutors can seek a delay. Karr will get a bail hearing Tuesday.

Authorities here regained custody of Karr this week after the Boulder, Colo., district attorney said Karr no longer was a suspect in Ramsey's December 1996 death because DNA tests failed to put him at the crime scene.

Karr was arrested in Thailand on Aug. 16 after he made phone calls and wrote e-mails claiming to have killed the 6-year-old child beauty queen.

He was brought to Colorado, even though his ex-wife, the mother of his three sons, said he couldn't have killed Ramsey because he was in Georgia that Christmas with his family.

If convicted of the child pornography charges here, Karr could face a maximum of a year in jail on each count, although first-time offenders rarely get a sentence that severe, says David LaBahn, executive director of the California District Attorneys Association. A typical sentence in a case like Karr's is six months, LaBahn says.

Karr already has been in custody seven months — six months in 2001 before he made bail and a month since his Thailand arrest. California defendants get an additional day for every three days of jail time, so he has more than nine months to his credit now.

Once free after a conviction, he would be in a statewide law-enforcement database of sex offenders but not on the public registry created under California's Megan's Law. Only felony offenders appear on that list.

Asked why Karr fled, Amparan noted that he had lost his job and his family after his wife filed for divorce and obtained a restraining order prohibiting contact with her or their children.

CIVIL RIGHTS:

Justice Department Closes Investigation Into Teenager's Death (AP)

AP, September 15, 2006

Annapolis (AP) - The Justice Department has ended an investigation into the death of a black teenager at a party in Anne Arundel County.

Seventeen-year-old Noah Jamahl Jones was killed in the summer of 2004 in an altercation that involved six white men in Pasadena.

The Justice Department began its investigation after allegations were made that Jones' death might have resulted from a racially motivated attack. But it said Thursday that there is insufficient evidence to pursue criminal civil rights charges.

One of the men was acquitted in state court last year of voluntary manslaughter.

Missouri: Voter ID Law Is Struck Down (NYT/AP)

By The Associated Press

The New York Times, September 15, 2006

A judge struck down the state's new voter identification law as an unconstitutional infringement on the right to vote. The law required voters to show a federal or Missouri-issued photo ID at the polls. The judge, Richard Callahan of Cole County Circuit Court, said that was an unconstitutional burden on voters because the paperwork required to get those ID's was not free. In Georgia, a federal judge blocked that state from enforcing its voter identification law during local special elections next week. Georgia's law requires voters show a valid form of government-issued identification.

Judge Strikes Down Mo. Voter ID Law (AP-Y)

By Kelly Wiese

AP, September 15, 2006

A judge struck down Missouri's new voter identification law Thursday as an unconstitutional infringement on the right to vote.

The law required voters to show a federal or Missouri-issued photo ID at the polls, which Cole County Circuit Judge Richard Callahan said was an unconstitutional burden on voters because the paperwork required to get those IDs is not free.

The right to vote is "a right and not a license," the judge wrote.

Callahan said the requirement is a particular burden to women, the poor, the undereducated and the elderly. Missouri law requires those getting or renewing a driver's license to show they are lawfully in the country, generally with a birth certificate or passport.

Those whose name has changed, such as some married women, also must provide documents showing those changes. And some people may not have the knowledge of how to navigate bureaucracy to obtain a license, he said.

Supporters of voter ID laws say they are needed to protect against voter fraud.

Gov. Matt Blunt, a Republican who backed the law, decried the decision.

"This is a constitutionally sound law that will help improve Missourians' confidence in the elections process and help combat those who attempt to manipulate the system," he said in a written statement.

Secretary of State Robin Carnahan, a Democrat who has been critical of the law, praised the decision.

"This ruling affirms my concern that the law clearly jeopardizes the constitutional voting rights of many Missourians," she said.

Also Thursday, a federal judge in Georgia blocked the state from enforcing its voter identification law during local special elections next week. Georgia's law requires voters show a valid form of government-issued identification, such as a passport or driver's license. If they don't have those, voters can also obtain a free voter ID card.

U.S. District Judge Harold Murphy said that few have obtained identification cards, even though officials know thousands don't have them.

He did not block use of the law during November's general election, explaining that he would hear arguments on that issue later.

Pledge Challenger Newdow Claims Web Scribe Defamed Him (LAW)

DOJ_NMG_0063355

By Mike Mckee, The Recorder

California Recorder, September 15, 2006

Sacramento, Calif., atheist Michael Newdow took plenty of grief from conservative commentators two years ago when he tried unsuccessfully to get the words "under God" taken out of the Pledge of Allegiance.

But being called a liar in an online column was more than he could stand -- and a Northern California minister could pay the price.

This Monday, Newdow -- who's both a lawyer and an emergency room physician -- is scheduled to appear in San Francisco's 1st District Court of Appeal to argue that his libel suit against the Rev. Austin Miles should be allowed to proc eed.

Newdow claims that Miles -- a self-described "interdenominational chaplain" who writes conservative columns posted on the Internet -- defamed him by accusing him of committing perjury before the 9th U.S. Circuit Court of Appeals during the pledge case. Specifically, Newdow claims Miles accused him, in posts on two news service sites, of telling the court his young daughter suffered emotional distress as the result of being forced to recite the pledge in her classroom. Newdow insists he never said that.

Instead, he says, he only argued that children, including his daughter, are unduly influenced when a state-run school leads them in a ritual proclaiming the existence of God.

"Had Miles done as any reasonable person would have done -- i.e., simply read the 9th Circuit's panel decision before writing his article," Newdow wrote in court papers, "he would have quickly appreciated that his 'view' ... was 100 percent wrong."

The 9th Circuit in 2002 agreed with Newdow's claim that the pledge, as recited in public schools, violated the First Amendment's establishment clause. But two years later, the U.S. Supreme Court tossed Newdow's suit, voting 5-3 that he didn't have standing to bring it in the first place.

Since then, Newdow has pursued the merits of his arguments by representing an unnamed "Roe" c lient in challenging the pledge again. That case is now pending before the 9th Circuit, as is a separate case of Newdow's challenging the inclusion of the words "In God We Trust" on American money.

In his case against Miles, Newdow won a $1 million default judgment in Superior Court in June 2004 after Miles failed to respond to the initial complaint. That judgment was later set aside, though, after the trial court found that Miles, through no fault of his own, had no actual notice of the suit.

Immediately thereafter, Miles filed a motion to strike Newdow's libel suit as an attempt to block free speech. Contra Costa County Superior Court Judge Steven Austin denied that motion last year.

On appeal, Miles' lawyers -- Edward White III, associate counsel at the Thomas More Law Center in Ann Arbor, Mich., and Stockton, Calif., attorney Mark Thiel -- contend their client has shown his online comments were protected speech involving an issue of public interest.

To overcome that presumption, they argue in court papers, Newdow -- as an admitted public figure -- would have to show by clear and convincing evidence that Miles acted with actual malice. White and Thiel contend Miles' comments were based on information from other sources that he believed were accurate.

"When all is said and done," the two argued, "the dispute here is one of semantics and not of malicious falsehood."

That's not what Newdow believes. He even accuses Miles of making up quotes purported to be Newdow's own words.

"This man has no compunction whatsoever about disseminating falsehoods and persisting in flouting the law," Newdow, who is representing himself, wrote in court documents. "His meaningless claim that Newdow must have said something, somewhere -- 'on an Internet site ... or during television interviews' -- that could be used to support his fabrication is nothing but drivel."

Newdow also argues his default judgment should be reinstated, contending Miles actively hid to avoid being served the suit. Newdow says he tried service by mail, made two attempts through a professional service company and hired a licensed private investigator, all to no avail.

"The court will see," he wrote, "that the only inference that can be drawn from the evidence in this case is that Miles sneered at our judicial system and intentionally avoided service."

Miles' lead lawyer, White, couldn't be reached for comment.

Newdow, contacted in his Sacramento office, said Monday he mainly wants to clear his name.

"I think many people think that what he wrote was true," he said. "I'd like to restore my reputation."

The case is Newdow v. Miles, A109660.

Navy Chaplain Guilty Of Disobeying An Order (WP)

By Alan Cooperman

The Washington Post, September 15, 2006

A Navy court decided yesterday to reprimand and dock the pay of an evangelical Protestant chaplain after finding him guilty of disobeying an order by appearing in uniform at a political protest in front of the White House in March.

The chaplain, Lt. Gordon J. Klingenschmitt, said he intends to "appeal by all means possible all the way to the Supreme Court."

Klingenschmitt, 38, who belongs to a small evangelical offshoot of the Episcopal Church, has been a vocal critic of the Navy's policies on prayer in ceremonial settings. He has accused his superiors of pressuring chaplains to offer generic, nonsectarian prayers, and he has gained wide attention and sympathy among religious conservatives.

Over the past year, Klingenschmitt worked closely with Rep. Walter B. Jones Jr. (R-N.C.) and other members of Congress to push the Bush administration to issue an executive order guaranteeing the right of chaplains to pray "in the name of Jesus." So far, the White House has rebuffed the request.

On March 30, Klingenschmitt wore his uniform at a news conference in Lafayette Square in which former Alabama chief justice Roy S. Moore and others decried President Bush's lack of action on the chaplain's complaints. Klingenschmitt maintained that his only participation in the event was to offer public prayers and that he had prior written permission to wear his uniform when conducting "a bona fide worship service or observance."

During court-martial proceedings this week at the naval base in Norfolk, a military prosecutor, Cmdr. Rex A. Guinn, said Klingenschmitt had received clear orders from his superiors not to wear his uniform at media events or political protests. The event in Lafayette Square, he contended, was not a true worship service or observance.

On Wednesday, a jury of five Navy officers found Klingenschmitt guilty of one misdemeanor count of disobeying a lawful order. Yesterday, the same jury determined his punishment: a formal reprimand and forfeiture of pay at the rate of $250 a month for the next 12 months.

That would amount to $3,000, or about 5 percent of his pay. But Klingenschmitt is unlikely to incur the full fine, for two reasons: The jury recommended that Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic region, suspend the financial penalty, and Klingenschmitt doubts he will remain in the Navy for 12 more months.

"The letter of reprimand is actually the worst punishment because it will be used in a couple of months to kick me out of the Navy in a separate process called an administrative separation board," the chaplain predicted.

Kevin Copeland, a Navy spokesman, said that Klingenschmitt's prediction was "strictly hypothesis at this time" because "the ink isn't even dry on the court-martial yet."

But among the documents that Klingenschmitt introduced in his defense during the court-martial was a March 22 e-mail from Vice Adm. John C. Harvey Jr., the Navy's head of personnel, to Adm. Michael G. Mullen, the chief of naval operations, recommending Klingenschmitt's "involuntarily release" from the Navy "due to lack of career potential."

The e-mail noted: "This officer is the individual who conducted a hunger strike in front of the White House several months ago and has engaged in other actions concerning [Defense Department] and Navy Religious Ministry policies."

Klingenschmitt served as an Air Force officer for 11 years before becoming a chaplain four years ago. He said he believes the e-mail, which was sent eight days before he wore his uniform at the Lafayette Square protest, "proves this is a reprisal against me for my whistle-blower complaints to Congress and the press."

Jury Recommends Reprimand For Navy Chaplain Who Disobeyed Order By Appearing In Uniform (FINDLAW/AP)

By Sonja Barisic, Associated Press Writer

AP, September 15, 2006

DOJ_NMG_0063357

(AP) - NORFOLK, Virginia-A jury on Thursday recommended that a Navy chaplain receive a letter of reprimand for disobeying an order by appearing in uniform at a political news conference at the White House.

The jury also recommended that Lt. Gordon Klingenschmitt forfeit $250 (â‚¬197) pay per month for a year but suggested that the monetary punishment be suspended.

Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic Region, must decide whether to approve the recommendation.

The jury of five officers at Klingenschmitt's special court-martial determined Wednesday that he had disobeyed a superior officer's order prohibiting him from wearing his uniform during media appearances without prior permission.

The charge centered on a March 30 news conference protesting a Navy policy that requires nondenominational prayers outside of religious services.

Klingenschmitt had argued that he was allowed to wear his uniform if conducting a "bona fide worship service." He said he believes he was punished for making a political speech in uniform because he prayed in Jesus' name.

"Jesus was crucified, Peter and John were flogged and I got a minor reprimand," Klingenschmitt said in a telephone interview after court. "I have not yet become a martyr for the faith."

He said he would appeal the conviction and fight to remain a chaplain if the Navy tries to oust him. He said senior naval officials had already decided to fire him before the event.

Last December, the chaplain went on an 18-day hunger strike in front of the White House over the right to invoke Jesus' name outside such services.

Klingenschmitt had faced a maximum punishment of a reprimand and fines of $41,916 (â‚¬32,945), or two-thirds of his annual salary. He also could have been restricted to base for up to two months.

Military prosecutor Cmdr. Rex Guinn said the government had proved its case.

"Justice was done," Guinn told reporters.

Conservatives Say Religion Under Attack (AP-Y)

By Jim Kuhnhenn

AP, September 14, 2006

Religious conservative leaders, sensing declining alarm over same-sex marriage, are warning that the debate over homosexuality has prompted attacks on religious freedom.

By expanding the discussion from marriage to religious expression, social conservatives say they will reconnect with religious voters and religious leaders who don't necessarily view same-sex unions as a threat.

"There are a number of pastors that said, 'Look, we don't get involved in politics, I'm not going to get involved in this issue, I just want to preach the gospel,'" said Tony Perkins, president of the Family Research Council. "When they realize their ability to preach the gospel may very well be at stake, they may reconsider their involvement."

Perkins and others are building a case file of anecdotes where they say religious people have spoken out against gay marriage only to be punished. Perkins specifically cited the decision by Maryland Gov. Robert Ehrlich in June to fire his appointee to the Washington area transit board after the board member referred to homosexuals as "persons of sexual deviancy."

The board member, Robert J. Smith, said he was expressing his personal beliefs as a Roman Catholic.

The subject of religious expression will be the main theme of an Oct. 15 gathering in Boston of conservative religious and political leaders that will be broadcast to churches nationally.

Many social conservatives credit the furor in 2004 over gay marriage for mobilizing voters in key states who voted for President Bush. Since then, however, 16 states have passed initiatives or legislation banning same-sex marriage and several court decisions have upheld those bans.

"As the immediate threat has diminished so has the awareness," Perkins said.

Eight states have ballot initiatives in November to prohibit gay marriage, including some states with closely contested congressional races. Perkins said religious conservative groups planned to use direct mail and the Internet to alert voters about the stands candidates have taken on the marriage issue.

DOJ_NMG_0063358

ANTITRUST:

Exelon Abandons PSEG Acquisition, Faults New Jersey (WSJ)

By Rebecca Smith

The Wall Street Journal, September 15, 2006

Prospects for big utility mergers dimmed with Exelon Corp.'s announcement yesterday that it has abandoned its acquisition of Public Service Enterprise Group Inc., a deal valued at about $17.7 billion that would have created the nation's largest utility company by serving 18 million people.

Exelon blamed its decision, which was expected, on "insurmountable" obstacles, chiefly rate concessions and power-plant divestitures sought by public officials and consumer advocates in New Jersey, where PSEG is based. Exelon, of Chicago, spent more than $100 million pursuing PSEG in a deal announced in December 2004.

The longer the approval process became, the more costly the transaction was for Exelon shareholders. What started out as a $12 billion deal became a $17.7 billion transaction as Exelon's stock price appreciated. Yesterday, Exelon closed down 50 cents at $57.77 in 4 p.m. New York Stock Exchange composite trading, up from $43.05 when the deal was announced. PSEG's shares rose one cent to $66.15. In after-hours trading, PSEG's shares dropped $5.85, or 8.8%, to $60.30, while Exelon stock rose $1.73, or 3%, to $59.50.

Many industry economists say such combinations can make companies more skillful operators and reduce geographic risk caused by weather. New Jersey officials feared the loss of local oversight. Exelon sought to allay fears by promising to keep PSEG's headquarters in Newark, N.J.

The combination moved forward smoothly. It won approvals from the Federal Energy Regulatory Commission, Pennsylvania state regulators and the Justice Department, which weighs potential anticompetitive issues. The approval process bogged down at the New Jersey Board of Public Utilities. Many participants argued that the combined company would have unacceptable leverage over wholesale-power markets in the Midwest and mid-Atlantic area and that power-plant divestitures ordered by the federal government were insufficient to fully protect consumers against unfair prices. The companies offered $600 million in rate concessions.

Jeanne Fox, president of the New Jersey Board of Public Utilities, said the relationship between state regulators and PSEG would be constructive despite the failed merger.

The termination will cost PSEG "strategic benefits and the ability to spread risk geographically, but the impact on our earnings is not that significant," spokesman Paul Rosengren said. He said PSEG's earnings next year should go up about 30% from a range of $3.45 to $3.75 a share in 2006 to a 2007 range of $4.60 to $5 a share.

Exelon, PSEG End Merger Over Differences With NJ (MRKTWTCH)

By Matthew Dalton

Market Watch, September 15, 2006

NEW YORK (MarketWatch) -- Exelon Corp. (EXC) and Public Service Enterprise Group (PEG) announced late Thursday they were breaking off their merger due to insurmountable differences between the two utilities and with New Jersey regulators.

After 19 months of negotiations between the utilities and New Jersey, Exelon and PSEG said the state's conditions for approving the $17 billion deal were too costly. The New Jersey Board of Utilities' approval was the last obstacle to the deal.

The companies said they could not reach an agreement on how many power plants the combined company would be allowed to own and how much New Jersey residents would pay for their electricity and natural gas.

"We are very disappointed that the merger cannot be completed," said John W. Rowe, Exelon's chief executive.

"We simply could not achieve agreement on issues ranging from market power mitigation to electric and gas rate concessions," said E. James Ferland, chairman and chief executive of PSEG.

PSEG's shares dropped 8.9% in after-hours trading to $60.25, while Exelon stock rose 3% to $59.50.

A driving force behind the merger was the hope that Exelon, a highly regarded operator of nuclear power plants, could improve the performance of PSEG's two troubled nuclear plants, Hope Creek and Salem. The plants have improved dramatically

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since Exelon began operating them following the announcement of the merger in December 2004. Some investors have been concerned that the plants' performance might regress if the deal fell apart.

PSEG has an option to continue Exelon's operation of the plants for another three years starting in 2007. PSEG said Thursday it would still be a strong company without Exelon and reaffirmed its 2006 earnings guidance of $3.45-$3.75 per share.

"The company took strong steps over the last two years to improve our financial stability and reduce our international exposure," Ferland said.

The U.S. Federal Energy Regulatory Commission, the U.S. Justice Department, and Illinois and Pennsylvania regulators had approved the merger. But New Jersey consumer advocates and large industrial firms raised concerns that the combined company would own so many power plants in the state that it could effectively corner the electricity market and raise prices without fear of competition.

In early August, the two companies offered to give PSEG customers $600 million in cash through 2008 and credits against future rate increases for natural gas delivery. Staff of the New Jersey board responded with a counter-offer seeking $820 million through 2011 and the sale of two additional fossil-fueled power plants beyond what the companies said they would sell as part of an agreement with the Justice Department, which approved the deal in June.

The two utilities attempted the merger at a time of record electricity prices, an environment that many believe ultimately derailed the deal.

"One wonders whether the negotiation process would have been as contentious if wholesale power prices weren't so high," Paul Patterson, an analyst at Glenrock Associates.

-Contact: 201-938-5400

Exelon, Public Service Cancel Sale Over State Hurdles (Update4) (BLOOM)

By Jim Polson And Dan Lonkevich

Bloomberg, September 15, 2006

Sept. 14 (Bloomberg) -- Exelon Corp. abandoned its $17.8 billion purchase of New Jersey's Public Service Enterprise Group because of an impasse with state regulators over the plan to create the largest U.S. utility company.

The companies faced ``insurmountable gaps" with the New Jersey Board of Public Utilities, Chicago-based Exelon and Newark, New Jersey-based Public Service said today in a statement. The board was the last regulatory hurdle for the deal.

Exelon agreed to buy Public Service in December 2004. The company said Aug. 30 that completing the transaction was no longer ``more likely than not" as they tried to allay concern among the regulators that the combined company would be capable of inflating power prices.

``Most observers did feel the odds were getting longer as it took more time," said Tom Burnett, director of research at Wall Street Access in New York and a specialist in tracking acquisitions. ``The companies and the folks in the New Jersey regulatory office were just too far apart."

Exelon Chief Executive Officer John W. Rowe had argued that his company would run Public Service's plants, particularly their nuclear units, more efficiently. He said that would increase the electricity supplied to New Jersey's competitive wholesale market, benefiting customers.

Public Service stock fell $6.18, or 9.3 percent, to $60 in after-hours trading on the New York Stock Exchange. Shares of Exelon rose as much as $1.73, or 3.1 percent, to $59.50 in after- hours trading.

``The deal was enormous and it scared a lot of people," said Daniele Seitz, an analyst for Dahlman Rose & Co. in New York, who rates Exelon shares ``buy" and doesn't own them. ``For the regulators it was a bit much."

No Agreement

Exelon on July 31 offered $600 million in cash, with additional rate concessions, if New Jersey would agree to approve the acquisition. New Jersey's board made an undisclosed counter proposal on Aug. 17.

The companies had offered to sell power plants and place output from nuclear plants under long-term contracts to win approval from the U.S. Department of Justice and the Federal Energy Regulatory Commission.

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New Jersey ``apparently feels that the commitments we had to make to FERC and DOJ, those divestiture obligations, were not enough," Public Service Enterprise Group Chief Executive E. James Ferland said in an interview today. ``We don't agree with that."

The regulators demanded further plant divestitures and constraints on sales from generators the companies would keep, he said.

Not Enough

``We did not believe the companies offered enough direct and real rate relief," Ronald K. Chen, New Jersey Public Advocate said in a separate statement. ``The companies also would not agree to measures that our experts, and the Board of Public Utilities staff, believed were necessary to ensure that the merged company could not manipulate regional energy markets."

To win federal approval for the acquisition, Exelon previously agreed to sell six power plants in Pennsylvania and New Jersey, as well as place 2,600 megawatts of nuclear-power capacity under contract for as long as 15 years.

The Justice Department on June 22 gave antitrust approval to the deal, provided Exelon sell 5,600 megawatts of power plants. FERC had given approval a year earlier, based on a smaller divestiture and long-term nuclear-output sales.

Blocked Deals

Four of the nine largest U.S. utility takeovers announced in the past three years have been blocked by state officials. The largest deal pending, FPL Group Inc.'s $11 billion purchase of Constellation Energy Group Inc., stalled May 31 amid a rate dispute in Maryland that prompted a new state law on utility mergers.

Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms.

Oregon's Public Utility Commission blocked the $1.4 billion sale of Portland General Electric Co. in March 2005, declaring its acquisition by Texas Pacific Group from Enron didn't benefit customers.

Kohlberg Kravis Roberts & Co., JPMorgan Chase & Co. and Wachovia Corp. in 2004 abandoned an $800 million bid for Tucson utility owner UniSource Energy Corp. after the Arizona Corporation Commission demanded the buyers put up more money, reducing the planned borrowing to finance the transaction.

Duke Energy Corp. closed on the $9 billion acquisition of Cincinnati-based utility owner Cinergy Corp. on April 3, less than 11 months after announcing the deal, after winning regulatory approval by five states as well as federal officials.

``If you can fly below the radar screen, you're fine," Seitz said. ``Look at the Duke-Cinergy merger. It went like a letter in the mailbox. Nobody cared."

To contact the reporter on this story: Jim Polson in New York at jpolson@bloomberg.net ; Dan Lonkevich in New York at dlonkevich@bloomberg.net

US Urges European Regulators To Lay Off Apple DRM (IDG)

By Nancy Gohring, IDG News Service

IDG News Service, September 15, 2006

DOJ official argues European policy is aimed at helping competitors instead of consumers

A U.S. Department of Justice (DOJ) official has joined the debate surrounding Apple Computer's proprietary digital music technology by criticizing European antitrust activities, but groups attacking Apple are defending their actions.

Speaking in Washington, D.C., on Wednesday, Thomas Barnett, assistant attorney general at the DOJ's antitrust division, warned that forcing companies to reveal their intellectual property stifles innovation. He used Apple as an example, in a nod to growing discontent in Europe regarding the way that music purchased from iTunes is tied to the iPod.

Architects of complaints against Apple in Europe say he's got it wrong. "We're not attacking intellectual property rights but saying they should be implemented in a way which doesn't dictate which player you use," said Torgeir Waterhouse, a senior advisor with the Norwegian Consumer Council.

His organization filed a complaint to Norway's consumer representative, or ombudsman, arguing that it's illegal for Apple to limit iTunes customers to playing music from the store exclusively on iPods. Along with similar representatives in Denmark and

Sweden, the Norwegian ombudsman asked Apple to defend its policy. In a written reply, Apple said it won't budge on the issue but the company plans to meet representatives from the countries later this month to further discuss the issue. If Apple won't open up, the ombudsman will take the company to court.

Waterhouse suggests that Apple could solve the problem by licensing its digital rights management technology to other device makers so that iTunes customers could choose among devices or opt for an open standard that would be compatible with more devices.

Barnett's criticisms of European antitrust policy, including comments that the policy is aimed at helping competitors instead of consumers, are generally in line with comments from U.S. officials since the Bush administration came to power, said Scott Megregian, a partner and head of the European competition group in the law firm McDermott Will & Emery UK.

He disagrees with the argument that requiring companies to open up some of their technology stifles innovation. "That's an argument without support," he said. "Microsoft hasn't stopped innovating that I can tell despite regulations and attack by the E.U."

So far, the European Commission has likely communicated with the countries that are pursuing Apple and has probably expressed an opinion on the matter, he said. While no official complaints have been filed with the Commission, if one is, the result will have the makings of a historical battle. "This has the potential to be the next big high-profile dispute," Megregian said.

Rent-A-Center Deal Gets Antitrust OK (AP)

AP, September 15, 2006

PLANO, Texas --Rent-A-Center Inc., the largest U.S. furniture rental chain, and Rent-Way Inc., a rent-to-own chain operator, said Thursday that Rent-A-Center's planned acquisition of Rent-Way has gotten government antitrust clearance.

The waiting period for the deal, required under the Hart-Scott-Rodino Antitrust improvement Act of 1976, expired Sept. 13.

The acquisition is expected to be completed in the fourth quarter.

Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa., in a deal announced in August.

The acquisition marks an end to Rent-Way's six-year turnaround after a scandal.

Rent-Way, founded in 1981, was rocked by an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s.

A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004.

Wright Strategy Plotted (DMN)

By Sudeep Reddy, The Dallas Morning News

Dallas Morning News, September 15, 2006

Antitrust provision is 'just a bump in the road,' Granger says

WASHINGTON – Facing a delicate negotiation over their Wright bill, Texas lawmakers said Thursday that they were moving ahead to get the North Texas compromise through the full House as early as next week.

Some indicated they were unwilling to accept a revision to the House bill removing antitrust immunity as the final word for the legislation to lift flight restrictions at Dallas Love Field.

"It's just a bump in the road," said Rep. Kay Granger, R-Fort Worth.

Getting the Wright bill passed in time depends largely on how successful members are in quickly reconciling competing versions of the legislation that have passed two House committees.

House members have only nine more voting days before they're scheduled to return home to campaign for the November elections.

Lawmakers also must find a way to steer the legislation through obstacles in the Senate.

"We're trying every creative way to get to the goal of preserving the balance of the agreement, protecting the interests of all the parties and getting it through the Congress," said Sen. Kay Bailey Hutchison, R-Texas, who is leading the effort in the upper chamber.

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The House Judiciary Committee on Wednesday removed an antitrust exemption sought by Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport in the legislation to lift the 1979 Wright law.

The five parties fear a long court battle, if the deal isn't given protections by Congress.

"What we're trying to do is stop the lawsuits that have gone on for 20-plus years and work this out so we move ahead," Ms. Granger said.

The bill would implement a June agreement by the five North Texas parties to lift limits on long-haul flights at Love in 2014. It would allow immediate one-stop flights across the U.S., as long as passengers first stopped in one of the nine states in the Wright perimeter.

The legislation would cut the number of available gates at Love Field to 20 from 32, a move that has sparked complaints that competition would be diminished. Nineteen gates at the airport are now operational.

The bill passed the House Transportation & Infrastructure Committee in July and appeared to be on a fast track to passage before the antitrust concerns surfaced.

Getting the Transportation Committee's version as the final vehicle on the House floor will require careful maneuvering with the chamber's leadership to overcome the changes implemented by the Judiciary Committee chairman, Rep. James Sensenbrenner, R-Wis.

Rep. Joe Barton, R-Ennis, a senior House member who chairs another committee, said that "it's not unique" to sidestep another committee's changes in legislation moving through the chamber.

The original legislation was sponsored by Rep. Don Young, R-Alaska, another powerful member and chairman of the Transportation Committee.

"You have one bill that's totally supported – the transportation bill – and another bill which the stakeholders totally oppose," Mr. Barton said. "So which bill would you try to get through the rules committee?

"If we need to reach an accommodation with Chairman Sensenbrenner, we're certainly open to that," he said.

Several members said they were deferring to Rep. Pete Sessions, R-Dallas, the only Texan on the 13-member House Rules Committee. The small but powerful panel negotiates changes in legislation from House committees and decides how bills will be handled on the House floor.

"I'm confident that we are going to find a way to move the language that was contained in the transportation bill," Mr. Sessions said.

Even if House members get their version through next week, the legislation would face a significant obstacle in the Senate.

The leaders of the Senate Judiciary Committee have objected to the same antitrust exemption that slowed the bill in the House.

The House Judiciary Committee's version of the legislation – without the antitrust exemption – would satisfy the Senate detractors as well. But the parties to the North Texas agreement don't appear willing to give up the protection yet.

Sen. Patrick Leahy, D-Vt., who met with Ms. Hutchison this week to discuss the issue, said he thought the Texas interests could be accommodated but declined to detail how that would happen.

"I think we're getting closer," Mr. Leahy said. "My biggest concern and only concern is that we not interfere with or rewrite the antitrust laws."

Ms. Hutchison said she's constantly trying to find new language to get the legislation through Congress.

"We're trying to work different words and different approaches that satisfy the balance of the agreement and will take the antitrust issue out of it," she said.

Lawyer Says FCC Ordered Study Destroyed (AP-Y)

By John Dunbar

AP, September 14, 2006

The Federal Communications Commission ordered its staff to destroy all copies of a draft study that suggested greater concentration of media ownership would hurt local TV news coverage, a former lawyer at the agency says.

The report, written in 2004, came to light during the Senate confirmation hearing for FCC Chairman Kevin Martin.

Sen. Barbara Boxer, D-Calif. received a copy of the report "indirectly from someone within the FCC who believed the information should be made public," according to Boxer spokeswoman Natalie Ravitz.

Adam Candeub, now a law professor at Michigan State University, said senior managers at the agency ordered that "every last piece" of the report be destroyed. "The whole project was just stopped — end of discussion," he said. Candeub was a lawyer in the FCC's Media Bureau at the time the report was written and communicated frequently with its authors, he said.

In a letter sent to Martin Wednesday, Boxer said she was "dismayed that this report, which was done at taxpayer expense more than two years ago, and which concluded that localism is beneficial to the public, was shoved in a drawer."

Martin said he was not aware of the existence of the report, nor was his staff. His office indicated it had not received Boxer's letter as of midafternoon Thursday.

In the letter, Boxer asked whether any other commissioners "past or present" knew of the report's existence and why it was never made public. She also asked whether it was "shelved because the outcome was not to the liking of some of the commissioners and/or any outside powerful interests?"

The report, written by two economists in the FCC's Media Bureau, analyzed a database of 4,078 individual news stories broadcast in 1998. The broadcasts were obtained from Danilo Yanich, a professor and researcher at the University of Delaware, and were originally gathered by the Pew Foundation's Project for Excellence in Journalism.

The analysis showed local ownership of television stations adds almost five and one-half minutes of total news to broadcasts and more than three minutes of "on-location" news. The conclusion is at odds with FCC arguments made when it voted in 2003 to increase the number of television stations a company could own in a single market. It was part of a broader decision liberalizing ownership rules.

At that time, the agency pointed to evidence that "commonly owned television stations are more likely to carry local news than other stations."

When considering whether to loosen rules on media ownership, the agency is required to examine the impact on localism, competition and diversity. The FCC generally defines localism as the level of responsiveness of a station to the needs of its community.

The 2003 action sparked a backlash among the public and within Congress. In June 2004, a federal appeals court rejected the agency's reasoning on most of the rules and ordered it to try again. The debate has since been reopened, and the FCC has scheduled a public hearing on the matter in Los Angeles on Oct. 3.

The report was begun after then-Chairman Michael Powell ordered the creation of a task force to study localism in broadcasting in August of 2003. Powell stepped down from the commission and was replaced by Martin in March 2005. Powell did not return a call seeking comment.

The authors of the report, Keith Brown and Peter Alexander, both declined to comment. Brown has left public service while Alexander is still at the FCC. Yanich confirmed the two men were the authors. Both have written extensively on media and telecommunications policy.

Yanich said the report was "extremely well done. It should have helped to inform policy."

Boxer's office said if she does not receive adequate answers to her questions, she will push for an investigation by the FCC inspector general.

EU Antitrust Chief Says Her Commission Is Investigating Microsoft Office (AP)

AP, September 15, 2006

NEW YORK (AP) -- The European Union's antitrust commission plans to investigate complaints regarding Microsoft Office, said EU Competition Commissioner Neelie Kroes Thursday.

Kroes, speaking at the Fordham Annual Conference on International Antitrust Law & Policy, did not elaborate on the investigation.

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Microsoft Corp. has said its Office 2007 software will not include a way to save data in the popular Portable Document Format. Microsoft claimed it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the ability to save Office documents in either the popular Portable Document Format or Microsoft's new, competing XPS format.

The EU has a long-running antitrust action against Microsoft, which dates to a 2004 EU antitrust ruling that came with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July.

Kroes said the Commission's actions on Microsoft "will result in benefits in terms of industrial competitiveness and will result in more innovation and lower prices for consumers."

European Union officials warned Microsoft on Tuesday not to shut out rivals in the security software market as the company plans to launch its Windows Vista operating system with built-in protection from hackers and malicious programs.

EU spokesman Jonathan Todd said that the European Commission is "ready to give guidance to Microsoft" concerning Vista but added that it was up to the U.S. software maker "to accept and implement its responsibilities as a near monopolist to ensure full compliance" with EU competition rules.

EU Antitrust Chief Eyes US-Style Private Damage Lawsuits (DOW)

Dow Jones, September 15, 2006

BRUSSELS -(Dow Jones)- European Union antitrust chief Neelie Kroes said Thursday that she plans to devise a way to encourage private damage suits by early next year.

Speaking at the Council of Foreign Relations in New York, Kroes said the U.S. "has traveled much further down this road than we have in Europe" and that the E.U. needed to catch up. "Watch this space because we'll try to draw some conclusions from the debate early next year," she said.

Kroes has long said private action, including lawsuits, can increase competition without adding to regulators' workload.

The European antitrust chief said regulators were now considering how to draft regulations that would "make sure that private cases are actually brought to court, in other words, that the benefits of bringing proceedings outweigh the costs." She also said any new regulation must ensure "that our public and private enforcement systems are complementary."

Kroes said regulators on both sides of the Atlantic were working well together to crack down on cartels.

She said she had created a dedicated cartel-busting office with 60 officials, with powers to levy increased fines, and had implemented a U.S.-style "carrot and stick approach" by letting informers escape fines.

On Wednesday, her office fined 14 companies, including Royal Shell PLC (RSDA), a total of EUR266.7 million for fixing prices in the Netherlands of a material used in road construction.

One large difference in U.S. and E.U. antitrust enforcement that remains is how to reign in dominant companies. U.S. practice says only monopolies should be constrained, while E.U. law insists on "dominance."

"It's true, of course, that dominance requires a lower market share than a monopoly and some people like to make much of this difference," she said. "But let's not overstate things. Our respective enforcement approaches are rather convergent."

-By William Echikson, Dow Jones Newswires; 32-2-285-0134; william.echikson@ dowjones.com

Apollo Buys GE Unit For $3.8bn (FT)

By Francesco Guerrera

Financial Times, September 15, 2006

General Electric has sold its low-margin materials unit to the private equity firm Apollo Management for $3.8bn in cash and shares. It marks the latest attempt by the conglomerate to focus on high-growth businesses and revive its share price.

The deal – announced on Thursday – is part of GE's strategy of exiting low-growth markets and underlines the appetite of buy-out groups for industrial businesses that require substantial investment and restructuring.

People familiar with the deal said the boom in leveraged buyouts by cash-rich private equity groups was key to GE's decision to sell a business that was being squeezed by tough markets and increased competition.

"We negotiated an attractive price for the deal, and we will use the proceeds to fund growth and restructuring in our industrial businesses," said Lloyd Trotter, recently appointed chief executive of GE's industrial unit.

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The deal gives Apollo, the New York-based fund run by the former investment banker Leon Black, a unit with more than 5,000 employees and $2.5bn in sales, and adds to Apollo's collection of industrial businesses.

The disposal of the unit, which makes silicones and quartzes for adhesives and sealants, was praised by Wall Street analysts as further evidence that GE was moving away from the slower-growing parts of its portfolio.

"We believe this is an attractive transaction," commented Jeffrey Sprague at Citigroup. "GE is selling a non-core business with low margins . . . at an attractive valuation."

Since taking over from Jack Welch in 2001, Jeffrey Immelt has tried to reshape GE to achieve double-digit earnings growth and high margins. But in spite of several disposals and acquisitions and a string of positive financial results, the share price has underperformed, partly because of concerns over GE's structure.

To complete the deal, GE had to buy out two joint venture partners; Germany's Bayer and Japan's Toshiba. Those purchases means GE will receive net proceeds of $2bn, which will largely go to pay for the shake-up of its other industrial businesses.

However, GE will retain a 10 per cent stake in the advanced materials business as well as $400m in notes – an arrangement that will give it a share of profits if Apollo sells or lists the business over the next few years.

JPMorgan and UBS advised GE and JPMorgan will lead the financing of the acquisition, which is likely to be made up of high-yield debt and loans.

Reshaping GE, Immelt Sells Unit (WSJ)

By Kathryn Kranhold

The Wall Street Journal, September 15, 2006

General Electric Co. continued its transformation under Chairman Jeffrey Immelt, agreeing to sell its silicone and quartz business for $3.4 billion to private-equity firm Apollo Management LP.

GE also has been weighing the future of its plastics business, where former Chairman Jack Welch cut his teeth and where Mr. Immelt once worked, according to people familiar with the matter. It isn't clear whether GE is considering selling the unit, which generates annual sales of $6.6 billion.

The unit it agreed to sell yesterday makes silicone used in adhesives and sealants and quartz used in semiconductor manufacturing and in tubing for fiber-optics and lamps. The unit, with annual sales of roughly $2.5 billion and 5,000 employees, has its headquarters in Wilton, Conn. GE doesn't disclose its earnings.

GE, Fairfield, Conn., said it would retain a 10% stake in the operation, which it called its advanced-materials group. It will also hold $400 million in debt obligations that yield interest payments.

GE said it would buy out minority partners in two joint ventures, GE Toshiba Silicones and GE Bayer Silicones, as part of the sale to Apollo. GE said it would receive about $2 billion in net proceeds from the deals.

The sale highlights the continuing changes to GE's portfolio since Mr. Immelt took over in September 2001. Since then, GE has completed transactions valued at more than $100 billion to buy and sell various units. Among other moves, GE sold most of its insurance businesses and several other industrial units.

Apollo, a large private-equity firm founded by financier Leon Black, has invested more than $16 billion in companies around the world. Over the past year, Apollo has been investing in the special-materials industry, including BPC Holding Corp., the parent of Berry Plastics Corp., and the plastics and adhesive business of Tyco International Ltd.

The sale is expected to close by the end of the year. Wayne Hewett will remain as president and chief executive, GE said.

With respect to the plastics unit, people familiar with the matter say Mr. Immelt has stated in company meetings that the business is ripe for review. The unit has been struggling with raw-material inflation while combating stiff competition for many of its offerings. In the quarter ended June 30, sales at the plastics unit increased 3% to $1.68 billion, while operating profit dropped 12% to $183 million.

Analysts and investors have also speculated about the unit's future. In a note yesterday, Credit Suisse analyst Nicole Parent wrote that GE "could be exploring strategic alternatives for its plastics unit."

GE spokesman Russell Wilkerson declined to comment.

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Also yesterday, another analyst, David Bleustein of UBS Investment Research, downgraded GE to neutral from buy in a move unrelated to the divestiture. Mr. Bleustein said in a report that GE's earnings next year "may be challenged" by a number of factors, including higher tax rates, continued problems at its NBC television network and slowing services business at its aircraft-engine unit. Mr. Bleustein also wrote that GE may need to increase reserves at GE Capital, the funding arm for its financial-services businesses, after "bottoming out of reserves" there over the past few years. UBS has done investment banking with GE.

Mr. Wilkerson declined to comment on the downgrade, saying, "we expect to have a strong second half of the year and into 2007."

At 4 p.m. in New York Stock Exchange composite trading, GE shares were down six cents at $34.78 apiece.

Iamgold To Buy Cambior For $1.2 Billion In Stock (WSJ/DJN)

By Dow Jones Newswires

The Wall Street Journal, September 15, 2006

Iamgold Corp. has agreed to acquire Cambior Inc. for US$1.2 billion in stock, a premium of nearly a third to Cambior's market capitalization.

The companies said the new Iamgold will be the 10th largest publicly traded primary gold producer in the world, with 1.1 million ounces of gold production annually, reserves totaling 9.7 million ounces and a market capitalization of US$3 billion.

Under the transaction, shareholders of Cambior will receive 0.42 of an Iamgold share for each share held, worth about C$4.83, a 31% premium to Cambior's shares at Wednesday's close in Toronto. Cambior's U.S.-listed shares jumped 24% in premarket trading Thursday on Inet. Iamgold's shares were unchanged.

Current Iamgold shareholders will own about 57% of the merged company, while current Cambior shareholders will own about 43%. Shareholders are expected to vote on the arrangement, which has been approved by the boards of both companies, no later than early November.

Cambior has agreed to pay a break-up fee of C$45 million to Iamgold under certain circumstances if the transaction isn't completed.

ENVIRONMENT/INDIAN AFFAIRS:

In Gamble, Calif. Tries To Curb Greenhouse Gases (NYT)

By Felicity Barringer

The New York Times, September 15, 2006

SACRAMENTO — In the Rocky Mountain States and the fast-growing desert Southwest, more than 20 power plants, designed to burn coal that is plentiful and cheap, are on the drawing boards. Much of the power, their owners expected, would be destined for the people of California.

But such plants would also be among the country's most potent producers of carbon dioxide, the king of gases linked to global warming. So California has just delivered a new message to these energy suppliers: If you cannot produce power with the lowest possible emissions of these greenhouse gases, we are not interested.

"When your biggest customer says, 'I ain't buying,' you rethink," said Hal Harvey, the environment program director at the William and Flora Hewlett Foundation, in Menlo Park, Calif. "When you have 38 million customers you don't have access to, you rethink. Selling to Phoenix is nice. Las Vegas is nice. But they aren't California."

California's decision to impose stringent demands on suppliers even outside its borders, broadened by the Legislature on Aug. 31 and awaiting the governor's signature, is but one example of the state's wide-ranging effort to remake its energy future.

The Democratic-controlled legislature and the Republican governor also agreed at that time on legislation to reduce industrial carbon dioxide emissions by 25 percent by 2020, a measure that affects not only power plants but also other large producers of carbon dioxide, including oil refineries and cement plants.

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The state's aim is to reduce emissions of climate-changing gases produced by burning coal, oil and gas. Other states, particularly New York, are moving in some of the same directions, but no state is moving as aggressively on as many fronts. No state has been at it longer. No state is putting more at risk.

Whether all this is visionary or deluded depends on one's perspective. This is the state that in the early 1970's jump-started the worldwide adoption of catalytic converters, the devices that neutralize most smog-forming chemicals emitted by tailpipes. This is the state whose per capita energy consumption has been almost flat for 30 years, even as per capita consumption has risen 50 percent nationally.

Taking on global warming is a tougher challenge. Though California was second in the nation only to Texas in emissions of carbon dioxide in 2001, and 12th in the world, it produced just 2.5 percent of the world's total. At best, business leaders asked in a legislative hearing, what difference could California's cuts make? And at what cost?

California, in fact, is making a huge bet: that it can reduce emissions without wrecking its economy, and therefore inspire other states — and countries — to follow its example on slowing climate change.

Initiatives addressing climate change are everywhere in California, pushed by legislators, by regulators, by cities, by foundations, by businesses and by investors.

Four years ago, California became the first state to seek to regulate emissions of carbon dioxide from automobile tailpipes. Car dealers and carmakers are challenging the law in federal court.

In late August, Gov. Arnold Schwarzenegger signed a measure requiring builders to offer home buyers roofs with tiles that convert sunlight into electricity. Homeowners in some communities are already choosing them to reduce their electric bills.

California, which has for decades required that refrigerators, air conditioners, water heaters and other appliances become more energy efficient, just added to the list: first, chargers for cellphones or computers; second, set-top boxes and other remote-controlled devices. Those categories consume up to 10 percent of a home's power.

Last fall, California regulators barred major investor-owned electrical utilities from signing long-term contracts to buy energy unless the seller's greenhouse-gas emissions meet a stringent standard.

"We are dealing with it across the board," said Michael R. Peevey, the president of the Public Utilities Commission. By contrast, the Bush administration has been averse to any legislative assault on climate change.

Opponents say California may hurt its own residents with its clean-energy mandate. Scott Segal, a lawyer for Bracewell & Giuliani who represents electric utilities, summarized California's policy as: "All electrons are not created equal. We're going to discriminate against some of them, and create artificial barriers in the marketplace for electricity." California consumers could end up paying more for their energy and struggling to find enough, Mr. Segal said.

Is California dreaming? Can its multifaceted approach become a toolkit for other states? Will investors make the state the incubator for clean-energy technologies that will reduce its energy bills and buoy its economy? Or will all this turn California into a stagnating economic island of ever-rising electricity prices and ever-rolling blackouts?

One thing is certain: The issue will not go away. This summer, a brutal California heat wave killed roughly 140 people. A 2004 National Academy of Sciences report predicted that, at the current growth rate of emissions, there would be at least five times as many heat waves in Los Angeles by 2100 compared with the current historical average, and twice as many heat-related deaths.

The study predicted that at least half the state's alpine forests would disappear by century's end, and that the Sierra snowpack — crucial to California's water supply — would decline by at least 29 percent and as much as 70 percent.

There seems to be political support, in California and nationally, for action on climate change. Statewide, a July 26 poll from the Public Policy Institute of California showed that 79 percent of 2,051 people surveyed said that global warming was a "very serious" or a "somewhat serious" threat to the state's economy and quality of life. The findings mirrored those of a national poll of 1,206 people conducted in mid-August by The New York Times and CBS News.

But polling organizations have asked little about the potentially painful sacrifices that may be required.

The Car Culture

Back in the 1950's, when the movie director George Lucas was growing up, cars rocked around the clock in Modesto, and they were so enshrined in his 1973 hit, "American Graffiti." The movie reaffirmed what much of the nation knew — there was no

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car culture like California's. Sleek convertibles? Muscle cars? Sport utility vehicles? Many were hatched in the design studios of Detroit, but popularized by Hollywood movies and celebrities, and by plain old California consumers.

Fast forward to August. In the middle of the sales lot at Modesto Toyota sat a long row of sport utility vehicles the dealership had acquired as trade-ins in previous weeks. Leaning on a 2006 Ford Expedition, George S. Ismail, a sales manager, said, "We're getting a lot of people trading in their sport utility vehicles for smaller cars." Even heavily discounted, the used S.U.V.'s sit for weeks.

Yet Modesto Toyota is breaking records, Mr. Ismail said, selling about 400 vehicles a month, up from 260 a year ago. Most are small cars — Camrys and Corollas. Some are hybrid vehicles that use even less fuel, like the Prius. One-quarter of 200,000 new hybrid vehicles registered nationwide in 2005 belonged to Californians, according to the automotive analyst R. L. Polk.

With smaller cars increasingly popular, California now burns less gasoline per capita than all but six states. Burning less gasoline cuts carbon dioxide. Tailpipes account for more than half the state's carbon dioxide emissions, federal figures show.

Much of this change in driver taste is attributable to the higher price of gasoline. But what if gasoline prices fall again and bigger, less efficient vehicles become more popular? California has an answer.

It came from Assemblywoman Fran Pavley, a Democrat and former schoolteacher who drives a Prius and whose South Coast district has a bird's-eye view of the smoggy Los Angeles basin. Four years ago Ms. Pavley wrote the first state law regulating carbon dioxide emissions from cars and trucks. It requires vehicle makers to eventually reduce the average emissions of carbon dioxide of the mix of cars it sells in California by 30 percent, beginning with the 2009 model year. Light trucks, including sport utility vehicles, must meet the same standard by the 2016 model year.

Ten states, including New York, New Jersey and Connecticut, have followed suit. Canada instituted voluntary emissions reductions at similar levels, which major automobile manufacturers have agreed they can meet. "We think that, coupled with Canada, we're now over one-third of the market," Ms. Pavley said in an interview.

But automobile manufacturers and some dealerships have vowed to wipe her law from the books. Their lawsuit's central assertion is that, by regulating carbon dioxide emissions, California is using a backdoor means to control fuel efficiency, which, under the federal Energy Policy and Conservation Act, is the exclusive preserve of the federal Transportation Department. To produce less carbon dioxide, cars would have to be more fuel efficient.

On Sept. 15, Judge Anthony W. Ishii of Federal District Court in Fresno will hear arguments on California's request to dismiss the case. If the lawsuit survives, the first hearing is set for January. This schedule overlaps with that of another case with direct bearing on this issue. The Supreme Court, petitioned by a dozen states, led by Massachusetts, and three cities, including New York, will decide whether the law requires the Environmental Protection Agency to declare carbon dioxide a pollutant and to regulate it. The Bush administration contends it has no authority to do either.

If the Supreme Court accepts the administration's arguments, it will not help California in its legal fight against Detroit, because a key to the state's case is the contention that carbon dioxide is in fact a pollutant under the Clean Air Act.

Hungry Electronics

Imagine all the small electronic devices in a modern home — iPods and handheld organizers, cellphones and laptops — charging at a power strip.

Arthur H. Rosenfeld, a member of the California Energy Commission, knows how much electricity is wasted when people unplug the devices but leave the charger plugged in. Dr. Rosenfeld estimates that such chargers — along with appliances like televisions that draw power even when they are off because they are designed to respond to remote controls — use up to 10 percent of an average home's power.

He calls them "vampires" — things with teeth that suck power at night.

Recently, Dr. Rosenfeld proudly held up a small green cellular phone charger that consumes less than half a watt of electricity — a fifth as much as its predecessors — when left plugged into an outlet. It meets state standards that take effect in 2007. The same standards will require sharp power cutbacks from audio and video equipment, both when the devices are in use and when they are standing by for a remote signal.

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Since the 1970's, California's energy-efficiency standards have reduced electricity consumption by the equivalent of the output of more than 20 average power plants, Dr. Rosenfeld said. And the standards have become templates for other states and Washington. Nationally, Dr. Rosenfeld added, energy-efficiency policies have saved the economy $700 billion since the 1970's.

But why would utilities, which sell electricity, have any interest in seeing sales diminish? In 1982, the Public Utilities Commission decoupled utilities' sales and their profits by allowing rate increases for utilities that helped customers cut energy use.

The logic was that for every dollar the consumer did not spend on energy, the utility would get real income — say 15 cents, which would exceed the profit the utility could have made on that dollar. For consumers, efficiency savings more than offset the rate increases. "Even though rates go up, bills go down," said Mr. Harvey of the Hewlett Foundation.

Ralph Cavanagh, the co-director of the energy program at the Natural Resources Defense Counsel, said: "Every other state in the country rewards utilities for selling more energy. It's a perfectly perverse incentive."

Mr. Peevey, of the utilities commission, said he expected new efficiencies to absorb half the increase in demand as the state grows to 40 million people, from 38 million.

Mr. Peevey's commission has also been a prime mover in increasing state support for residential solar power. Solar energy remains four times as expensive as electricity produced by conventional fuels. But, he said, "the idea is to make the solar industry a self-sustaining, economically viable industry," and to make the cost come down.

California businesses and investors, public and private, are getting into the act. The state's huge pension fund, Calpers, is committing just under $1 billion to renewable-energy investments. Among the early incentive-driven ventures in solar power are the homes in the Carsten Crossings subdivision in Rocklin, a Sacramento suburb. In August, Mr. Schwarzenegger signed legislation making solar panels a standard option for new-home buyers by 2012 and ensuring that utilities reduce homeowners' bills based on the electricity returned to the grid.

Some of those incentives were available when construction started. Now four families have moved in. They see themselves as pragmatists, not crusaders. "This is the next logical step" in construction, said one of the homeowners, Lt. Col. Thomas Sebens, a specialist in drone aircraft at Beale Air Force Base.

Their roofs show how public and private decisions, markets and government, have meshed. T. J. Rodgers, a fiercely anti-regulatory entrepreneur, underwrote the solar cells' production. The PowerLight Corporation, based near San Francisco, bought the cells from Mr. Rodgers's company, the SunPower Corporation, and turned them into roof tiles. The tiles ended up on houses built by Grupe Homes, based in Stockton, because state utility regulators established a $5,500 state-financed rebate for builders who install similar systems, which cost $20,000. Federal law gives home buyers a $2,000 tax credit; state law guarantees lower electric bills as utilities buy back power homeowners do not need.

The July utility bills, the new homeowners' first, were the talk of the neighborhood.

Larry Brittain, an office products salesman with a four-bedroom, 2,400-square-foot home, was the winner at $73.27 for electricity in the month ending July 25 — the hottest July on record. For the last 10 June days in a similar house nearby, his bill was $103.

"This is a bet with a winning hand," Mr. Brittain said. "You can't lose."

Pressure on Suppliers

In Gerlach, Nev., 100 miles north of Reno, a high desert butte was made ready two years ago for its wedding to the Granite Fox Power Project, a plant designed to burn pulverized Western coal. Electrical transmission lines were close by.

But, like Miss Havisham in Dickens's "Great Expectations," Gerlach waits for a groom that may never arrive. The plant was a certain source of significant new carbon dioxide emissions. Mr. Cavanagh predicted that it "would wipe out all the carbon dioxide savings from California's spectacularly successful efforts to save electricity during 2001 and 2002."

Southern Californians would likely be the eventual customers. But last fall, the California Public Utilities Commission barred the investor-owned utilities it regulates from signing long-term contracts for electricity if the emissions exceeded those of the cleanest gas-driven plants. The only technology that could accomplish that with coal is expensive and has not been perfected.

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Said Mr. Peevey of the commission, "All we're saying is, Fine, you send it here, but it has to be, in terms of air quality and greenhouse gas emissions, it has to be comparable to the newest combined-cycle gas turbine." One fifth of California's electricity comes from coal, the vast majority of it from outside the state.

This past winter, Sempra Energy, the parent of San Diego Gas & Electric and Sempra Generation and the developer of Granite Fox, put the project up for sale. Neal E. Schmale, Sempra's president, said the ruling had had a negligible impact on the decision. High natural gas prices prompted the company to invest in gas storage and terminals instead, Mr. Schmale said.

Among California environmentalists, however, the "for sale" sign on Granite Fox was taken as a victory for a pioneering policy that reaches beyond the state's borders. V. John White, an environmental lobbyist in Sacramento, compares building a Southwestern power plant to building a mall: California is a desirable anchor tenant.

But California is also the state where electricity deregulation foundered in 2000; bills soared and an economic crisis ensued. Even without a crisis, Californians' electricity rates are about 40 percent above the national average.

Robert McIlvaine, a coal industry consultant from Northfield, Ill., said, "If you are going to generate electricity from gas, the cost of doing so is going to be considerably greater than coal — 50 percent more or 100 percent more."

But, Mr. Harvey said: "People don't pay rates. They pay bills. You can have twice the rate and half the consumption and be just as happy."

On Aug. 31, legislators enacted the bill sponsored by the State Senate president, Don Perata, Democrat of Oakland, and extended the commission's rule to all power providers.

Business people ask if this could provoke another crisis. Power-plant siting experts, like Thomas A. Johns, the vice president of development at Sithe Global Power, a New York company, say that, in the short term, the loss of California business may not matter much to the merchants of power in the Southwest. Fast-growing cities like Phoenix and Las Vegas are ready markets.

In the long run, however, "California is a big piece" of the total consumption in the West — 40 percent, Mr. Johns said. "If 40 percent of the Western load will not buy coal, you will have less coal."

The risk, both Mr. Johns and Mr. Schmale said, is in increasing the state's reliance on natural gas, whose price has been extremely volatile in recent years. (California law bars construction of nuclear plants until the questions of waste disposal are resolved.)

"When you exclude coal and nuclear from your base load," Mr. Johns said, "you've only got one option, and that's natural gas." Another measure awaiting the governor's signature toughens standards by requiring that by 2010, 20 percent of the energy sold in California comes from a portfolio of renewable sources, like geothermal and wind. Last year, 10.7 percent of California's power came from renewable sources.

New renewable energy sources could make prices less volatile, but Mr. Schmale of Sempra said California's policy makers need to muster "the political will" to build transmission lines and "all those other things that would be necessary to make the environmental things work."

Caps, Costs and Credits

Perhaps the most ambitious measure California has undertaken is the newly mandated 25 percent reduction in carbon dioxide emissions. "If we do it right," Mr. Schwarzenegger said at a news conference, "it can be an example for the rest of the world and the rest of the country to see." If not, the concept could be discredited.

The law, sponsored by Ms. Pavley and the Assembly speaker, Fabian Núñez, Democrat of Los Angeles, gives the California Air Resources Board authority to set industry-specific targets for emissions reductions, effective in 2012, and to establish mechanisms — including the creation of emissions allowances that companies might trade or bank — to facilitate compliance. These targets would be adjusted from 2012 to 2020 to meet the 25 percent goal.

Those who have studied the question agree that the new system will cost consumers more. "A cap-and-trade system will raise the cost of electricity to consumers to some degree," said Lawrence H. Goulder, a professor of environmental and resource economics at Stanford University.

As the European Union found after the 1997 Kyoto Protocol, figuring out how to assign emissions credits is not easy.

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Whatever the decisions, chances are that they will be met by a lawsuit. Margo Thorning, the chief economist at the American Council for Capital Formation, a group supporting business interests, argues in a study that "sharp cutbacks in California's energy use would be necessary to close the 41 percent gap in 2020 between projected emissions" and the cuts the law requires. Dr. Thorning added in an interview, "The technologies that will enable us to move quickly in a cost-effective way away from fossil fuel just aren't there yet."

Allan Zaremberg, president of the state Chamber of Commerce, predicted that businesses would flee to unregulated areas and continue to emit climate-changing gases.

Dr. Thorning's study was countered in mid-August with a study by David Roland-Holst, an adjunct professor of agricultural and resource economics at the University of California, Berkeley. Professor Roland-Holst argued that the new law would add $60 billion and 17,000 jobs — in fields like alternative energy — to the California economy by 2020 by attracting new investment.

James D. Marston, the head of state global warming programs for Environmental Defense, the New York group that helped lead the fight for California's new carbon cap, said, "We'll look back in 10 years and say this was the final breakthrough and the final political consensus that we have to do something meaningful on global warming."

US To Cut Funds For Two Renewable Energy Sources (CSM)

By Mark Clayton

The Christian Science Monitor, September 15, 2006

Out at the Wanapum Dam on the Columbia River, a new turbine is being tested that generates more electricity, but won't kill so many fish - thanks to research dollars from Uncle Sam.

Down in California's Long Valley, on the Sierra Nevada range, federal researchers are working to boost efficiency of geothermal energy, which uses the earth's natural heat to generate power.

But renewable energy advocates may have to kiss goodbye those and other research projects. The US Department of Energy (DOE) is quitting the hydropower and geothermal power research business - if Congress will let it.

Declaring them "mature technologies" that need no further funding, the Bush administration in its FY 2007 budget request eliminates hydropower and geothermal research, venerable programs with roots in the energy crises of the 1970s.

"What we do well is research and funding of new, novel technologies," says Craig Stevens, chief spokesman for the DOE. "From a policy perspective, geothermal and hydro are mature technologies. We believe the market can take the lead on this at this point."

Still, "zeroing out" such research could end up being a penny-wise, pound-foolish move, some energy advocates say. Any savings from the cuts would be nil since all of the nearly $24 million ($1 million from hydropower and $23 million from geothermal) research funding would go to other programs such as biofuels.

"I'm just astonished the department would zero out these very small existing budgets for geothermal and hydro - it makes no sense at all," says V. John White, executive director of the Center for Energy Efficiency and Renewable Technologies, an environmental group based in Sacramento, Calif. "These are very important resources for our energy future that could replace the need for a lot of coal-fired power plants."

Indeed, the costs of lost opportunities from dropping such research could be enormous in the long run, recent federal studies suggest.

Geothermal is a case in point. Its power plants need water, heat, and permeable rocks no deeper than about three miles beneath the surface to generate affordable electricity, says Karl Gawell, executive director of the Geothermal Energy Association, a Washington trade group.

Today more than 60 geothermal plants with the capacity of about three big coal-fired power plants produce less than 1 percent of the nation's electricity.

Yet geothermal holds vast potential - at least 30,000 megawatts of identified resources developable by 2050 and more unidentified resources, much of it in Western states, the National Renewable Energy Laboratory reported in May.

Research aims at new technologies that can use underground zones with good heat but little water and those with lower temperature rocks deeper in the earth.

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"The idea that geothermal is a mature technology that doesn't need further research doesn't even pass the laugh test," says Mr. Gawell. "What they're saying is that if your program doesn't have to do with biofuels, wind, or solar, you won't have a program."

Meanwhile, the more than 5,400 potential "small hydro" power projects could produce about 20,000 megawatts of power, a DOE study in January found. And most would require no new dams at all, shunting a portion of a small river's flow to one side to make electricity. Others would add turbines to dams that don't have them yet.

Together, high-tech hydropower and geothermal resources could contribute at least enough power to replace more than 100 medium-size coal-fired power plants with emissions-free electricity - about the number now on the drawing board.

There have been moves in the Senate to restore DOE funding for geothermal, but far less support in the House, leaving uncertainty about the outcome, Gawell says. For hydropower, matters are worse. Though $4 million in funding has been proposed in the Senate, nothing has emerged from the House, observers say.

"There's this view that hydropower is a technology that's been around a long time, and there's not much more we can do to improve it - but we've got the next generation of hydropower - ocean, tidal, wave and conduit energy coming on," says Linda Church Ciocci, executive director of the National Hydropower Association, a Washington trade group.

Even those focused on environmental damage from dams worry about lost funding. "We'd like to see federal funding continue for new research on hydrokinetic systems and damless hydro," says Robbin Marks, director of the hydropower reform campaign at American Rivers, a Washington environmental group. "We're interested in understanding more about the environmental impact of those systems."

Power from tidal flows, waves, and irrigation canals are expanding the definition of hydropower - none of which are likely to get DOE research funding if the hydropower budget gets whacked, some observers say.

Others remain skeptical. "I find myself agreeing with the DOE argument that hydropower is a mature technology," says Jerry Taylor, the Cato Institute's director of Natural Resource Studies. "If there's economic merit to this area, then venture capitalists will put their money into it."

But that kind of waiting game would be a shame, says Trey Taylor, cofounder and president of Verdant Power in Arlington, Va. Two weeks ago his company received venture capital funding for its program. Next month, Verdant will deploy its first two underwater turbines in New York City's East River, the first step in an experimental technology that attempts to harness the tidal currents to create power.

But more firms would be competing to get into tidal power today - if the government shouldered more of the environmental research costs, Mr. Taylor says.

The current high cost of researching areas such as a technology's environmental impact makes it likely that a company will fail. He and his partners remortgaged their homes and begged friends for funds.

"I can understand the tight situation DOE is in," he says. "But what they're not seeing is that a whole new breed of technology has come on right now. The push for sustainable power is sweeping the globe."

Interior Near 2 New Pacts In Oil Leases (NYT)

By Edmund L. Andrews

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The Interior Department, struggling to prevent the government from losing billions of dollars in royalties for oil and gas produced in publicly owned waters, said Thursday that it was close to agreement with 2 of the 56 companies that hold lucrative drilling leases in the Gulf of Mexico.

The two companies, Royal Dutch Shell and BP-Amoco, are among the biggest producers along the outer continental shelf.

But even as Republican and Democratic lawmakers expressed outrage that the government could lose more than $10 billion over the next decade, the Bush administration said it flatly opposed House bills that would pressure oil companies into renegotiating flawed leases that the government signed in the late 1990's.

The 56 companies hold leases that allow them to extract billions of dollars in oil and gas from the Gulf of Mexico without paying any royalties, regardless of how high energy prices or the industry's profits might climb.

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Of those 56 companies, Interior officials told lawmakers on Thursday, 20 have responded in some way to pleas from the administration to voluntarily give up the incentives in times of high prices. But only 10 companies, including Chevron and Exxon Mobil, have actually begun negotiating and only 2 are near a pact.

At a rancorous House hearing, administration officials insisted they had to respect the "sanctity of contracts'' and should not do anything to force companies into a renegotiation.

"The administration believes that the federal government must be a reliable business partner and must honor its contractual obligations, even when, in retrospect, the terms of those contracts appear unfavorable,'' said Lynn Scarlett, deputy secretary of the Interior, at a hearing of the House Committee on Government Reform.

Ms. Scarlett opposed a bill that the House passed last May. That legislation would give the Interior Department more bargaining power by prohibiting the government from giving additional leases to companies that refuse to trim back benefits.

She also opposed an alternative bill, sponsored by House Republicans, that would impose a stiff "conservation fee'' on companies that refuse to give up some of the incentives.

That prompted a furious attack from Democratic lawmakers, who argued that the House bill would do nothing to breach valid contracts and simply gave the government more bargaining power with the oil companies.

"From the taxpayers' point of view, I think it is irresponsible to refuse to support additional leverage that would encourage these companies to come to table,'' said Representative Edward J. Markey, Democrat of Massachusetts and a co-author of the House bill.

"What you're telling us is that, right now, you've got only 20 percent of the oil companies renegotiating their leases,'' Mr. Markey continued. "One out of five isn't bad in some areas, but when you're talking about potentially billions of dollars in taxpayer dollars, one in five isn't very high."

In what has now become a major scandal, the Interior Department inadvertently signed 1,100 drilling leases in the late 1990's that offered lucrative incentives to deepwater drillers, regardless of how high energy prices might climb.

Officials then covered up the mistake for nearly six years. In that time, the prices for oil and gas soared and the magnitude of the potential loss to taxpayers escalated to more than $10 billion.

But Interior officials are under fire for more than just the botched leases and the cover-up that followed. On Wednesday, the Interior Department's independent investigator for examining possible misconduct scathingly accused senior officials of repeatedly tolerating cronyism, ethical violations and cover-ups of incompetence.

"Simply stated, short of crime, anything goes at the highest levels of the Department of the Interior," Earl E. Devaney, the Interior Department's inspector general, charged at a subcommittee hearing of the House Government Reform Committee.

Mr. Devaney said the problems had preceded the Bush administration, but he bluntly criticized Mr. Bush's first Secretary of the Interior, Gale A. Norton, of perpetuating a culture of "denial, defense of the indefensible and delay."

On Thursday, Ms. Scarlett told lawmakers that "the department disagrees" with Mr. Devaney's critique and said he had made "broad and serious, yet vague allegations."

Ms. Scarlett said that the Bush administration had corrected scores of "material weaknesses" that it had inherited from the Clinton era; that its ethics office had "grown in stature" and that Dirk Kempthorne, who took over as Secretary of the Interior in May, had imposed a new emphasis on ethics as soon as he arrived.

But few lawmakers seemed convinced. Representative Darrell Issa, a California Republican who has held four hearings on the leasing disaster, complained that Interior Department had done little or nothing to improve the solicitor's office, which gave final approval to the leases but provided almost no documentation to explain why crucial restrictions were missing.

"There are no e-mails, nothing in writing, no paper trail," Mr. Issa said.

Democrats were far harsher. "This looks like an agency that has been captured by the industry it is supposed to oversee, with American taxpayers picking up the bill," said Representative Henry A. Waxman, Democrat of California.

Representative Carolyn B. Maloney, Democrat of New York, noted that the Interior Department was recovering less than $50 million a year on average as a result of auditing and enforcement of oil and gas leases. By contrast, she said, the government recovered about $176 million a year from 1989 through 1998.

"We're missing billions and billions of dollars owed to American taxpayers," Ms. Maloney said. "It is inexcusable."

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As Border Crackdown Intensifies, A Tribe Is Caught In The Crossfire (WP)

By John Pomfret

The Washington Post, September 15, 2006

ALIR JEGK, Ariz. -- Elsie Salsido was breast-feeding her baby when Border Patrol agents walked into her house unannounced this summer. "Are you Mexicans?" they demanded.

Salsido's four other children cowered on the bed of her eldest, a girl in second grade. Night had fallen on this village on Arizona's border with Mexico, nestled in a scrubland valley of stickman cactuses hemmed in by mountains that look like busted teeth. The agents explained their warrantless entry into Salsido's house as "hot pursuit." They said they were chasing footprints, she recalled, of illegal immigrants sneaking in from Mexico, just 1,000 feet away. But the footprints belonged to Salsido's children -- all Americans.

As the United States ramps up its law enforcement presence on the border with Mexico, places like Alir Jegk, a village of 50 families in south-central Arizona, are enduring heightened danger, as they are squeezed between increasingly aggressive bands of immigrant and drug smugglers and increasingly numerous federal agents who, critics say, often ignore regulations as they seek to enforce the law.

Alir Jegk's experience is complicated by the fact that it is on the second-biggest Indian reservation in the United States, belonging to the Tohono O'odham, or Desert People, who hunted deer and boar and harvested wild spinach and prickly pear in this region before an international border was etched through their land in 1853. Now, the Tohono O'odham Nation occupies the front line of the fight against drug and immigrant smuggling -- costing the poverty-stricken tribe millions of dollars a year and threatening what remains of its traditions.

"We have the undocumented and drug smugglers heading north and law enforcement heading south. We're smack in the middle," Vivian Juan-Saunders, chairwoman of the tribe, said in an interview at the tribal headquarters in Sells, Ariz. "We are being squeezed."

In testimony to the U.S. Senate, the tribe's vice chairman, Ned Norris Jr., described a "border security crisis that has caused shocking devastation of our land and resources."

About 11,000 Tohono O'odham live on a 2.8 million-acre reservation, the size of Connecticut, with a 75-mile-long border with Mexico. A rickety four-foot-tall, three-strand barbed-wire fence delineates the border, which is punctuated by 160 trails and four cattle crossings. For decades the nation saw little or no illegal traffic from Mexico. The main movement was members of the Tohono O'odham who live in the Mexican part of the reservation trickling into the United States for health services in Sells.

In the mid-1990s, however, the Clinton administration cracked down on illegal crossings in San Diego and El Paso. Instead of stopping illegal immigration and drug running, however, the operations simply rerouted traffic through the deserts of the Southwest. And in Arizona, Tohono O'odham land, bisected by State Highway 86 -- an easy link to Phoenix to the north and California to the west -- became ground zero.

The flow of drugs and undocumented immigrants through the reservation has caused a host of problems. Juan-Saunders estimated that about 1,500 illegal immigrants cross reservation land each day, depositing on average six tons of trash. Some well-traveled knolls have been renamed "Million Backpack Hill" because of the refuse.

The tribe routinely devotes more than 10 percent of its budget to coping with the crisis. Annually, Juan-Saunders said, the 71-member Tohono O'odham Police Department spends $3 million on problems related to illegal immigrants and drug traffickers. The reservation pays an additional $2 million each year to provide emergency health services for undocumented travelers. Since 2002, 315 crossers have died on the reservation's land, including, this year, a 3-year-old boy and an 11-year-old girl.

The Tohono O'odham are a poor nation, with an average per capita income of $8,000 a year, well below the U.S. average of $23,000 and the Indian average of $13,000. Forty percent of the families on the reservation live below the federal poverty line, and unemployment is at 42 percent. Juan-Saunders said an increasing number of nation members are sucked into the drug- and immigrant-smuggling business.

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Two of Juan-Saunders's relatives have been arrested on drug-related charges, tribal officials said. And in Alir Jegk, drug smugglers have plied Elsie Salsido's sister with so many narcotics over the years in their attempts to turn her into a mule that the woman has never been the same, residents say.

"The pressures have dramatically increased on the tribe over the last five years," said Robert A. Williams, a law professor at the University of Arizona who works as a judge in the tribe's courts. "The community is fairly well isolated, so they are very vulnerable to coyotes [immigrant smugglers] and drug runners. We've seen signs of gang activity coming from L.A. and Mexican gangs coming up."

Fifteen years ago, the nation, invoking its limited sovereignty, barred the Border Patrol from the reservation because its agents harassed the population, said Eileen M. Luna-Firebaugh, an expert on American Indian policy at the University of Arizona. But that policy changed after drug and immigrant smuggling skyrocketed, although the tribe was always more focused on narcotics, she said.

The tribe is home to the Shadow Wolves, a storied, largely Indian unit of U.S. Customs and Border Protection that uses ancient tracking techniques to chase down drug smugglers. But after the creation of the Department of Homeland Security, the Border Patrol has run the Shadow Wolves and has shifted their focus away from drugs and toward immigrant smuggling, prompting several senior officers to quit.

Nonetheless, under Juan-Saunders's leadership, which began in 2003, the tribal council has welcomed more federal law enforcement. It has allowed the Border Patrol to establish two permanent facilities on its land. It recently agreed to the construction of a 75-mile vehicle barrier, costing more than $1 million a mile, to replace the wobbly fence.

The tribe has complied with Border Patrol wishes to close one traditional gate connecting the American side of its land to the Mexican side. It has also recently consented to allow the National Guard to operate on the border, on the condition that the Guard repairs roads and "respects the people and the laws of this land," Juan-Saunders said.

Winning that respect, however, has not been easy. Tribal members are routinely harassed by federal agents, Juan-Saunders said. "They cross property without asking. They enter homes without knocking," she said.

In March, Juan-Saunders was driving her 8-year-old son in her Jeep, going 45 mph in a 55 zone, when she was ordered to pull over by a Border Patrol officer. She stopped by the side of the road, and the officer leapt out of his vehicle and pointed his gun at her. "Now I know what my constituents are experiencing," she said.

Juan-Saunders acknowledged having mixed feelings about ceding more of her nation's sovereignty to federal agencies. "But we are in dire straits here," she said.

Chuy Rodriguez, a spokesman for the Border Patrol in Tucson, said relations between the Border Patrol and the tribe are "getting better and better over time."

"There's a lot more dialogue with folks in positions of power," he said. He said that Border Patrol community relations officers make regular visits to the reservation and that his agency has established a process for complaints. Tribal representatives instruct Border Patrol agents about the tribe and its traditions.

"We can't go into anyone's property," he said. "We have to get someone from the Tohono O'odham police to come. However, if it's hot pursuit, it's a different story."

Back in Alir Jegk, Margaret Garcia, 68, and an older neighbor, Francisco Garcia, sum up the pressures facing the tribe.

Margaret Garcia, who lives in a two-room shack with, at last count, 19 cats and six dogs, said she awoke late one night to discover that Border Patrol agents, with shotguns and night-vision goggles, had established an observation post in her yard.

Francisco Garcia, on the other hand, used to live in Mexico. He was kicked out of his village by drug dealers, so he moved to the American side of the line. "I didn't want to die," he said.

"A long time ago there was no one but us," Margaret said. "It was peaceful. When the cactus was ripe, my daughters would go out with a stick to harvest the fruit. Now if we go out, the Border Patrol follows us. Everyone is a suspect."

FBI/DEA/ATF/USMS:

Feds Bring Charges Against Four (AP)

AP, September 15, 2006

BINGHAMTON, N.Y. (AP) — A federal grand jury on Thursday indicted one man on a murder charge and three others for racketeering and narcotics conspiracy.

The men were part of a drug-trafficking ring that operated in the Ithaca area, New York City, Pennsylvania and North Carolina, said U.S. Attorney Glenn Suddaby.

Guillermo Payano, 30, of Ithaca, was charged with the murder of Alexander Miller, 24.

Miller was discovered in May 2000 on a partially overgrown service road leading into Buttermilk Falls State Park. He had been shot in the head.

Benoni Bryant, 29, Darnell Shepherd, 29, and Pablo Lopez, 25, all of Ithaca, were charged with conspiracy and racketeering.

Payano, Bryant and Shepherd are in custody. Lopez is still at large.

If convicted of the charges in the indictment, each defendant faces a possible sentence of life imprisonment and a $4 million fine.

The U.S. Justice Department has not yet determined whether it will seek the death penalty for Payano, Suddaby said.

5 Of 12 Suspects In Massive Drug Ring Appear In Court (AP)

By WILLIAM McCALL

AP, September 15, 2006

PORTLAND, Ore. (AP) — Five of the dozen suspects in what federal prosecutors say is a $20 million international drug ring started by high school friends made their initial appearance in court Thursday in the first step toward an expected trial in Idaho.

U.S. Magistrate Janice Stewart delayed reading of the charges in the 196-page indictment until attorneys could be appointed or retained for the five men.

They were among the 11 men arrested Wednesday by federal agents in Oregon, Washington, Idaho and Colorado. One man, from California, remained a fugitive.

The five who appeared Thursday in federal court were: Mark Daniel Kitzman, 49, Lake Oswego; Damon John Marsh, 37, Portland; Mark M. Alders, 54, Lakeside; and Mark William Pursley, 32, and Kent Allen Jones, 51, Vancouver, Wash.

All wore blue prison clothing as they appeared separately to request lawyers through Ruben Iniguez, an attorney for the Federal Public Defender's office in Portland. Marsh was represented at the appearance by Mark Cross, an attorney who said he had known Marsh for years.

Stewart told each man they would face trial in U.S. District Court in Idaho and warned them they would have to reimburse the government if it was determined they could afford their own attorneys, rather than having a defender appointed by the court.

Prosecutors say the drug operation involved smuggling cocaine, marijuana and chemicals to make methamphetamine from Mexico and South America. They estimated that hundreds, and perhaps thousands, of tons of drugs were brought into the country over 30 years.

The indictment was issued by a federal grand jury in Boise last June and sealed until the arrests began on Wednesday.

The case began with the arrest of a suspected drug dealer, Lee Lang, and led to the indictment during what U.S. Attorney Tom Moss in Boise called "a classic case of 'follow the money.' "

The indictment seeks $24 million in cash and real estate forfeitures, including property in Oregon, Washington, Idaho, Colorado, Hawaii and California.

23 Charged In Drug Raid (CHIT)

By Tony C. Yang

Chicago Tribune, September 15, 2006

Police today announced charges against 23 people after raiding a suspected drug house on Chicago's South Side Wednesday morning.

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During the raid, a police SWAT team used a power saw to cut through wrought iron and chain link fences barricading the home in the 5100 block of Honore Street in Chicago's Englewood neighborhood. The suspects threw bags of crack cocaine out the windows as officers closed in, police said today at a news conference.

Investigators said they targeted the house because it is located within 1,000 feet of several churches and schools.

Authorities said the suspects are all members of the Gangster Disciples street gang and they pedaled small packages of crack cocaine worth $5 each, earning $10,000 to $15,000 a day in drug sales. Also known as "nicks," the knotted plastic bags were often hidden inside and distributed from drug dealers' mouths, police said in a news release.

Several houses in the neighborhood were used as stash houses, where larger amounts of drugs were stored, according to the release.

Investigators said the gang had a counter-surveillance system to keep police at bay. Members with binoculars were posted to watch for police, and they would block the street by playing a card game so that only their customers could get by, police said.

Undercover officers from the Chicago Police Department and members of the U.S. Drug Enforcement Administration worked on their investigation, dubbed "Operation Sith," for 2 ½ months before raiding the home, police said. During that time, investigators made 38 undercover purchases and five covert seizures of both narcotics and cash, according to the release.

Seven individuals have been arrested on federal drug conspiracy charges, and arrest warrants were issued for three others who also face federal charges.

In addition, nine suspects are charged with delivery of a controlled substance and four are charged with possession of a controlled substance, police said.

The DEA is currently analyzing the drugs confiscated during the raid, and has not yet estimated their total worth, police said.

Edgerton Case Gets Attention Of Feds (QCT)

By Deirdre Cox Baker

Quad-City (IA) Times, September 15, 2006

Federal officials decided late Wednesday to take up the case against David Robert McMenemy, the Michigan man who is accused of crashing his car into a Davenport medical center Monday because he thought it was an abortion clinic.

The case will be pursued through the U.S. Attorney's office for the Southern District of Iowa, Davenport, and the Rock Island office of the federal Bureau of Alcohol, Tobacco and Firearms, or ATF.

Police say McMenemy, 45, came to Davenport from the suburbs of Detroit, and drove his compact car into the Edgerton Women's Health Center, 1510 E. Rusholme St., early Monday morning.

The facility was founded in 1972 to provide prenatal care and medical services to low-income and underprivileged women. It does not perform abortions, nor does it make abortion referrals, Center President Tom Fedje said.

After the car came to rest in the lobby area, Davenport police said McMenemy exited the vehicle and scattered gasoline over the car's interior before lighting it. He left the building and surrendered to Davenport firefighters, Fire Marshal Mike Hayman said.

Federal charges are appropriate in the case because McMenemy traveled across three states to commit the act of violence, Scott County Attorney Bill Davis said.

Local authorities have leveled a charge of second-degree arson against McMenemy. It's a Class C felony punishable by a maximum prison term of 10 years and a fine not exceeding $10,000. He is scheduled to be arraigned on that charge Oct. 5 in Scott County District Court, Davenport.

Deirdre Cox Baker can be contacted at (563) 383-2492 or dbaker@qctimes.com

'Dog The Bounty Hunter' Arrested (AP)

By Mark Niesse

AP, September 15, 2006

HONOLULU - TV reality star Duane "Dog" Chapman and two co-stars on his show were arrested Thursday in Hawaii on charges of illegal detention and conspiracy in the bounty hunters' capture three years ago of a cosmetics company heir.

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Chapman, son Leland Chapman and associate Timothy Chapman -- who is not related to the other Chapmans -- were taken into custody and did not resist arrest, said Mark Hanohano, U.S. Marshal for the district of Hawaii. "It went down without incident," Hanohano said.

Mona K. Wood, a publicist for the star of the popular cable series Dog The Bounty Hunter, said Chapman would be vindicated. "He arrests the bad guys -- and he is definitely not one of them," she said.

The charges stem from Chapman's capture of Max Factor heir Andrew Luster on June 18, 2003, in Puerto Vallarta, Mexico, said Marshals spokeswoman Nikki Credic in Washington.

Chapman's capture of Luster, who had fled the country while on trial on charges he raped three women, catapulted the 53-year-old bounty hunter to fame and led to the reality series on A&E.

Chapman, shackled at his ankles and wearing a blue muscle T-shirt at his first court appearance Thursday, said the government was jealous of his success in hunting down criminals.

"You see what the American government is doing to us? They throw us in jail," Chapman said in a federal courtroom. ``I'm so upset about this."

The three are being held in Honolulu. Bail has not been set. They will face an extradition hearing to Mexico under terms of treaties between the U.S. and Mexico, Credic said.

Chapman's son Leland, 29, and Timothy Chapman, 41, assist Chapman in exploits chronicled for the TV show around the Hawaiian Islands. The show focuses on Chapman's family as much as the bounty hunting, which generally involves tracking down bail jumpers, often creating emotional scenes with repentant captives.

Charges have been pending against the three since local police in Mexico arrested them shortly after they roped in Luster. They posted bail but never returned to Puerto Vallarta for their court hearing on July 15, 2003, Credic said.

Mexican authorities demanded that the Chapmans transfer Luster to Mexican police. Their refusal to do so led to their initial arrest.

A U.S. warrant for their arrest was signed by a federal judge in Honolulu on Wednesday.

Chapman's wife, Beth, said he didn't do anything wrong.

"If Duane has to return to Mexico to take care of any misunderstanding, then that's what he will do," she said outside the courthouse.

Bounty Hunter Arrested In ’03 Case (NYT)

By David Carr

The New York Times, September 15, 2006

Duane Chapman, a bounty hunter and the star of a reality television series, was arrested by federal marshals yesterday morning on charges stemming from a capture three years ago in Mexico.

Mr. Chapman captured Andrew Luster, the Max Factor heir who was convicted of raping three women.

Mr. Chapman, 53, was arrested at his house in Hawaii along with his son Leland Chapman, 29, and Timothy Chapman, 41, no relation.

The charges have been pending since they were arrested in Mexico after the capture.

In a twist that will not be lost on fans of Mr. Chapman’s program, “Dog the Bounty Hunter,” on the A&E cable network, Mexico is seeking to extradite him for posting bail and then failing to appear to answer criminal charges in July 2003.

He was held at the federal detention center in Honolulu.

His wife, Beth Chapman, also a star in the series, said Mr. Chapman left Mexico on the advice of his lawyers, who feared for his safety in the Mexican prison system.

Mexico is requesting extradition under treaties with the United States that allow one country to remand prisoners to the other.

Bounty hunting is illegal in Mexico, and the authorities there had demanded that Mr. Chapman transfer Mr. Luster to the local authorities, which he refused to do.

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IMMIGRATION:

Nervous Employers Re-Examine Practices In Wake Of Immigration Raids (LAW)

By Rebecca Riddick, Daily Business Review

Miami Daily Business Review, September 15, 2006

Federal immigration officials recently arrested 55 undocumented workers in a raid in Tallahassee. The workers from Mexico, Honduras and Guatemala, were employed by General Building Maintenance, which had a contract to clean state government buildings. They face deportation.

Federal officials declined to say how U.S. Immigration and Customs Enforcement (ICE) found out about the illegal immigrants, or whether any company executives would face criminal charges.

Some South Florida labor and employment lawyers warn that such federal raids signal that companies here must take serious steps to ensure that they are not employing undocumented workers -- either directly or through subcontractors. That could have a major impact on Florida's economy, which quietly has depended on illegal workers.

Many employers in the state's large agricultural, tourism and construction industries are nervous. And so are immigrant workers.

Congress has hit an impasse in its debate over whether and how to crack down on illegal immigration. But ICE and its parent agency, the U.S. Department of Homeland Security, have decided not to wait for new legislation. Relying on existing law, ICE has engaged in high-profile raids of worksites employing undocumented workers.

ICE also has proposed a plan to take action against employers based on their failure to respond to letters notifying them that their employees' Social Security numbers don't match information in government data bases.

Homeland Security Secretary Michael Chertoff has asked Congress for greater leeway in accessing and using evidence against employers. Under current law, ICE does not have access to information possessed by the Social Security Administration. Chertoff wants to allow data sharing so immigration agents can use nonmatching Social Security information as a lead to find illegals -- not just as evidence once illegals are found.

Unlike in the past, ICE isn't just seeking to assess civil monetary fines against companies found to have employed illegal aliens. It's also seeking criminal sanctions against executives for failing to follow a 1986 federal law making it illegal to hire undocumented workers.

These moves have caused many South Florida employers to change business practices, experts say. Employment lawyers say they're working closely with employers to set up more rigorous vetting of employees to ensure that there are no illegals on the payroll.

Attorney Sarah Tobocman, the Miami-based immigration practice chair for Gunster Yoakley & Stewart, said that in the past, the worst penalty an employer could expect for hiring an illegal immigrant was a civil monetary fine. Many companies built such fines into the cost of doing business. But the prospect of criminal charges against executives will cause companies to take serious precautions, she said.

Some Florida employer groups, particularly agricultural growers and builders, are looking to expand their reliance on immigrant workers brought into the United States on guest worker visas. They would like Congress to increase the number of such visas and ease the federal requirements on wages and benefits.

With the tougher enforcement by ICE, employers increasingly find themselves facing a Catch-22 situation. That's because while ICE is enforcing immigration laws, the U.S. Equal Employment Opportunity Commission is enforcing anti-discrimination laws. Employers cannot discriminate in hiring based on the possibility that an applicant is an illegal alien.

Legal experts say the situation is dicey. In Florida, tourism, agriculture and construction -- three of the biggest industries -- all use lots of immigrant labor. Some employers in these industries long have employed workers without looking too carefully at their legal status. It's estimated that hundreds of thousands of illegal immigrants are working in this state, including for large companies.

TEPID PUBLIC SUPPORT

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On the other hand, there's tepid public support in this state, particularly in South Florida, for a federal crackdown. Even many Florida Republican leaders favor a moderate approach, including a path toward legal residency for illegal immigrants currently living in the United States.

A recent Zogby International poll for the Miami Herald found that 65 percent of South Florida Republicans surveyed favor establishing a path to legalization for immigrants currently living illegally in the United States. The survey found that 77 percent of South Florida Democrats supported that approach.

Despite Floridians' relatively lenient views on immigration, some lawyers warn that South Florida employers soon may have to give up using undocumented workers.

Keil Hackley, the former deputy chief counsel of the Immigration and Naturalization Service and now a Weston-based immigration attorney with Hackley Serrone, said it's just a matter of time before Florida employers are targeted for stricter enforcement. ICE and DHS "are putting their warnings out there," Hackley said. "They are absolutely going after employers who are profiting from illegal aliens."

Others, however, dispute that the Bush administration's current efforts are sincere or will last for long. Gregory Schell, a Lake Worth employment attorney with the farmworker rights group Florida Legal Services, argued that the recent raids and enforcement actions are driven by the White House's election-year efforts to appease conservative, anti-immigration Republican voters. He said all will be forgotten after Nov. 8 -- election day.

Indeed, federal officials so far have gone easy in South Florida, considering the large population of illegal immigrants here. The state's citrus groves and tomato fields would be a rich harvest for ICE agents if the agency chose to conduct raids there.

Schell estimated that more than 95 percent of workers on citrus groves in Florida are undocumented. Ray Gilmer, of the Florida Fruit and Vegetable Association, a growers' trade group, said the industry did not have any estimates on the number of illegal workers employed by the industry.

So far there have been no reported raids on the growers. "It would be an easy target," said Anis Nouhad Saleh of Saleh & Associates in Miami, who serves as president of the South Florida chapter of the American Immigration Lawyers Association.

Barbara Gonzalez, a Miami-based ICE spokeswoman, said she could not discuss how companies are chosen for raids because that's "law enforcement-sensitive information."

LEGISLATION STALLED

Based on the most recent U.S. Census numbers, the Washington, D.C.-based Pew Hispanic Center estimates that there are more than 11 million illegal immigrants living in the United States. With between 800,000 and 950,000 illegal immigrants estimated to live in Florida, the state ranks third behind California and Texas in the number of illegals.

These immigrants fill jobs in citrus groves and tomato fields, on construction and roofing sites, in the hospitality and restaurant industries, and in janitorial and landscaping services.

Since Congress passed the Immigration Reform and Control Act in 1986, it has been illegal for employers to hire undocumented workers. The act prescribes civil and criminal penalties for employers convicted of knowingly hiring unauthorized workers. Those with a pattern and practice of violating the law are subject to criminal sanctions.

The 1986 law made the I-9 form a key enforcement document. Employers must fill out the I-9 and verify an employee's employment status within three days of the person starting work.

For most of the past 20 years, however, these rules have not been rigorously enforced. The Immigration and Naturalization Service -- the predecessor of ICE -- sometimes would slap civil fines on noncompliant employers. But for the most part, the rules were dead letters.

"Years ago, things could slide," Saleh said.

Then, over the past year, President Bush and conservative Republican leaders spearheaded a national debate over how to address illegal immigration.

Last December, the Republican-controlled House of Representatives passed a hard-line immigration bill that would make it a felony to be in the country illegally, substantially increase border patrols, order the construction of a fence along the U.S.-Mexico border, and boost civil and criminal penalties against employers for violations.

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The House bill would require employers to shoulder more of the enforcement burden. The bill would set up a telephone- or electronic media-based employment verification system. That system would allow employers to verify the immigration status of new hires within three days.

In contrast, in May, the GOP-controlled Senate passed its own immigration bill. That bill, which has President Bush's support, would set up an amnesty program for undocumented immigrants already living in the United States and establish a path to legal residency. Like the House bill, the Senate measure also would require employers to take greater steps to ensure their workers are legal.

Even though there's broad agreement that something needs to be done about illegal immigration, the House and Senate have been unable to reach a compromise.

NO-MATCH LETTERS

In the absence of legislation, the Department of Homeland Security and ICE have charged ahead with their own enforcement policies.

Over the past six months, ICE has conducted raids on industrial pallet producer IFCO Systems North America and Midwest Airport Services, among others.

The raid on IFCO followed a yearlong probe that found more than half of the company's employees in 2005 had Social Security numbers that did not match identifying information in the Social Security Administration data base. The raid apprehended 1,187 illegal alien employees at 40 worksites around the country.

Seven current and former IFCO managers have been charged in Albany, N.Y., with harboring illegal aliens for financial gain. In addition, two managers at Midwest Airport have been sentenced to nine and 15 months in federal prison and fined a total of $750,000.

Under current agency rules, ICE cannot use no-match letters from the Social Security Administration to go after employers for hiring undocumented workers.

A no-match letter informs an employer that an employee's recorded Social Security number, which the employee submitted on an I-9 form, does not match the name listed for that number in the Social Security Administration database.

But in June, ICE proposed a new rule that would put employers on constructive notice from the time they received a no-match letter.

Homeland Security estimates that as many as 10 percent of the 250 million W-2s the Social Security Administration receives each year belong to workers whose names do not match their Social Security numbers.

Experts caution that there are many causes for no-matches, including typographical errors and name changes. But no-matches also result from illegal immigrants falsely using other people's Social Security numbers or providing bogus federal work permits to employers.

The proposed rules would allow ICE officials to use no-match letters as proof that employers "knowingly" employed illegal immigrants. It would require the employer to take certain actions within a set period of time.

The proposal also would close the subcontractor loophole. Currently, employers can hide behind subcontractors who hire undocumented workers for their projects. Employers could claim that they did not know that their subcontractors were employing illegal labor. Without proof of actual knowledge on the part of the employer, the government couldn't charge the employer with a crime.

Under the proposed rule, once an employer receives a no-match letter for employees -- even if they are hired through a subcontractor -- ICE would consider the employer on notice that it employed an illegal immigrant.

Lani Kahn Drody, president of the Builders Association of South Florida and Lowell Homes, said her organization considers it unreasonable to expect employers to check the legal status of all their subcontractors' employees.

Ray Gilmer, of the Florida Fruit & Vegetable Association, said it's not unusual for Florida growers to receive no-match letters. Farmers cannot turn away potential employees who submit legitimate looking documents. Gilmer said his industry's initial reaction to the new no-match safe-harbor proposal was not all positive.

It will "require a lot of the [employer's] time to hold the hand of the employees in question," he said. "But if they have to do it, they have to do it."

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WORKER INSECURITY

Bruce Nissen, director of research at the Center for Labor Research and Statistics at Florida International University, said the national immigration debate has created a strong feeling of insecurity among immigrant workers.

Gilmer said even the rumor of an immigration raid will cause immigrant workers, both legal and illegal, to scatter and not go to work. This leads to major worker shortages for growers.

Homeland Security officials said they did not know when the agency would issue a final regulation.

"One thing [ICE and the DHS] could do is sit on it until after the Nov. 7 election and then rule," he said. "Then [they can] water it down or come down hard. But people's ballots have already been cast."

In the past, employers often were advised by their attorneys not to worry about receiving a no-match letter, because there are many reasons a no-match can occur.

But now, South Florida employment attorneys say local employers are taking no-match letters more seriously.

Hackley said she advises employers that receive no-match letters to determine the true immigration status of the employee while at the same time not jumping to any conclusion.

When the no-match letters first started going out in 2002, she said, thousands of workers resigned or were fired because employers were unsure of their employees' immigration status. If ICE steps up enforcement based on no-match letters, she cautioned, that problem could be major in South Florida because of its large population of immigrant workers.

"This use of the no-match letter is premature and a potentially dangerous enforcement tool," Hackley said. The Social Security Administration database is "notoriously error-prone and will undoubtedly result in wrongful terminations."

In addition, some employment lawyers complain that the 63-day time frame proposed in the new ICE regulation for resolving discrepancies in Social Security information is unreasonable. Tobocman said that would leave employers little choice but to fire the worker.

Tobocman said she is working with clients to set up internal training programs for the proper completion of employment verification forms and for detecting fraudulent green cards, work permits and Social Security cards.

"Now more than ever, it's essential that employers have written policies in place" for when they receive a no-match letter, she said. She advises her clients that they also should have policies in place for employee compliance and what to do in case of a government audit or document request.

LOOKING FOR ALTERNATIVES

Drody, of the Builders Association of South Florida, contended that most builders and developers don't know how many illegal workers they employ. She said builders and developers need to make sure they work with reputable subcontractors to reduce the number of illegal workers.

Edie Ousley, a spokeswoman for the Florida Home Builders Association in Tallahassee, said many employers don't know how to detect fraudulent documents.

Both of their groups favor an expanded guest worker program that would allow skilled workers who already are in the United States illegally to continue working in the construction industry. Undocumented workers "want to pay their taxes and be a part of the system instead of hiding in the crevices," Drody said.

In the agricultural industry, Fritz Roka, a University of Florida agricultural economist, said stepped-up enforcement against illegal workers and employers that hire them may push growers to further explore mechanized farming techniques.

Roka said there also is increasing interest among growers in guest worker programs.

Through the federal H-2A guest worker visa program, Los Angeles-based agricultural staffing company Global Horizons provides farm workers for growers. Gregory Schell said he has heard that growers in the South Florida area have used the company to bring in workers under the H-2A program.

Merle Dautrey, a spokesman for Global Horizons, estimated that between 2 percent and 4 percent of farmworkers nationwide are in the United States on H-2A visas. As immigration enforcement tightens, that percentage is likely to increase, he said.

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The United Farm Workers union has supported the guest worker visa program, said union spokesman Marc Grossman. The UFW has signed a contract with Global Horizons requiring that all guest workers brought in by the company will become members of the union.

But workers don't come cheap under guest workers' visa program. Under the H-2A visa, temporary guest workers can come into the country for a specified maximum period of time, and employers are obligated to provide housing and pay at least the Adverse Effect Wage Rate for the state. For 2006, the AEWR in Florida was $8.56 an hour. There is no cap on the number of workers who come in under the H-2A program.

Gilmer said the agricultural industry is working to modify the H-2A program to make it a more attractive choice for farmers and growers by allowing growers to provide housing vouchers instead of actual housing for workers. Growers also seek to speed up the approval process for bringing in guest workers.

Grossman said that if farmers cannot find legal workers at affordable wages, farming will move overseas.

'MASSIVE IMPACT'

Employment and immigration experts are split on whether the Bush administration's recent moves signal that employers need to seriously change how they do business.

That uncertainty arises because the country is split on how to handle the immigration issue.

Miami pollster Sergio Bendixen of Bendixen & Associates wrote in March that "an overwhelming majority of legal immigrants think that the undocumented 'take jobs that legal residents and citizens do not want to do.' These legal immigrants also feel that the undocumented have a positive impact on the quality of life of Americans and 'help the economy by providing low-cost labor.' "

FIU's Nissen said that if federal officials were serious about cracking down on South Florida employers and their illegal workers, "it would have a massive and very serious impact." But he predicted that the administration will engage in "a selective, showy, sporadic set of arrests to create fear, but not to the point of harming farming or industry."

Sarah Tobocman disagrees. It's no secret that South Florida businesses have a high percentage of undocumented workers, she said. Businesses should expect to see greater federal enforcement of immigration laws. "Employers need to be prepared for a change," she warned.

2 Polish Nationals Plead Guilty In US To 'Leasing' Illegal Workers (FINDLAW/AP)

AP, September 15, 2006

(AP) - FORT LAUDERDALE, Florida-Two Polish nationals have pleaded guilty to leasing out illegal immigrants from eastern Europe to work on U.S. farms, dairies and factories, prosecutors said. A third was sentenced to prison a year after pleading guilty to similar federal charges.

Jaroslaw Sawczuk, 39, and Jozef Bronislaw Bogacki, 43, pleaded guilty Wednesday before U.S. District Judge Kenneth Marra to federal charges of fraud and conspiracy to transport, house and otherwise encourage illegal immigrants to remain in the United States.

Pavel Preus, 39, pleaded guilty to similar charges in September 2005. Marra sentenced him to 37 months in prison, followed by three years of supervised release. Preus was also ordered to pay $950,000 for unpaid payroll taxes.

Sentencing for Bogacki and Sawczuk was scheduled Dec. 15. Both face a maximum of 20 years in prison and fines up to $500,000. The U.S. government is also seeking the forfeiture of Bogacki's assets.

E-mails sent to the individual attorneys representing Sawczuk and Preus were not immediately returned. The after-hours recording for Bogacki's federal public defender in Tampa would not accept an incoming message, the phone at the office of Sawczuk's attorney rang unanswered late Wednesday and Preus' attorney did not immediately return a message left at his office.

Sawczuk is a Polish citizen and lived in Coral Springs. Bogacki was born in Poland but became a naturalized U.S. citizen and lived in Clearwater. Preus is a Polish citizen and lived in Pompano Beach.

The three men were arrested in April 2005. Three citizens of the Slovak Republic also named in the original 26-count indictment are believed to be overseas, prosecutors said.

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The indictment alleged that the employee-leasing ring, beginning in 1995 provided American companies in the Midwest and Southeast with more than 550 unauthorized workers from Hungary, Czech Republic and Poland, among other countries. The workers entered the U.S. on tourist visas.

The six defendants named in the indictment failed to pay $6 million in payroll taxes and laundered more than $20 million, prosecutors said.

Congress Passes Major Security Measures (NYT)

By Eric Lipton

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Congress is scrambling to pass long-delayed domestic and border security bills, as Republicans and the Democrats try to control the issues ahead of the midterm elections — and to blame each other for blocking progress.

The most far-reaching action on Thursday was in the Senate, which voted, 98 to 0, to approve a six-year port security package costing more than $5 billion that includes deadlines to install radiation detectors at the largest ports and encourages shippers and ports worldwide to improve guarding containers against stowaway weapons.

Earlier, the House approved, 283 to 138, a bill that calls for a two-layer fence along 700 miles of the border with Mexico, a measure advertised as an immigration enforcement and antiterror initiative.

Negotiations were under way on measures to tighten security at chemical plants and revamp the Federal Emergency Management Agency.

The Senate port bill included language for mass transit and rail security programs, including random passenger and baggage screening at certain stations and fire-safety improvements for Amtrak tunnels in the Northeast corridor.

With just two weeks before Congress plans to begin its election recess, the debate has been intensely partisan. Democrats have tried to force Republicans to consider expansions that could add billions of dollars in costs in the port security bill by adopting, for example, all the outstanding recommendations of the Sept. 11 Commission.

"Let's see if they vote against this," Senator Henry Reid, Democrat of Nevada, the minority leader, said this week.

Republicans have generally succeeded in blocking such last-minute amendments, after condemning them as not-so-subtle efforts to kill or delay the bills.

"This is politics at its very worst," Senator Jim DeMint, Republican of South Carolina, said on the floor Thursday. "If Democrats spend half as much time fighting terrorists as they do this administration, America would win this war a lot faster."

Democrats say it is the Republicans who are to blame for the delay.

"It is not about us,'' Representative Nancy Pelosi of California, the House minority leader, said. "It is about the president of the United States and this Republican Congress, and is our country as safe as it could be. Republicans are in charge of everything."

The Senate port bill, which the Bush administration supports and which is similar to a measure that the House has passed, would require installing radiation detection equipment by the end of 2007 at 22 ports that receive 98 percent of the incoming cargo, a goal that the Homeland Security Department has set.

It also writes into law two programs to give accelerated clearance to cargo from ports that pre-screen containers for weapons or containers shipped on behalf of companies that have agreed to assure their security from the factory until they being loaded onto ships.

The bill would authorize $5.5 billion for port security over six years, including adding 1,000 customs and border officers and $400 million in port security grants. It would also authorize $1.2 billion for rail security and $2.4 billion in grants for security on mass transit.

The bill would extend some port user fees to pay some of the costs, but it remains unclear whether Congress will appropriate enough money to finance the rest or whether the fees will be set aside for security.

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The fence proposal represents a last-minute push by Republicans for at least part of their border security agenda. A similar requirement was included in December in broader immigration measures in the House. That bill stalled after a dispute with the Senate over a temporary-worker program to let some illegal immigrants remain here.

House Republicans also promised on Thursday to increase the number of Border Patrol agents, increase prosecutions of smugglers of immigrants and criminalize the building of tunnels under the border.

More than 60 Democrats joined with Republican House members to vote for the fence bill. Other Democrats in the House and Senate ridiculed it, saying that the fence alone would not solve the border problem and that the bill did not provide the more that $2 billion that it would cost to build.

Republican leaders are hoping to insert language into the larger budget bill for domestic security that is in a conference committee to address chemical plant security, FEMA restructuring and, perhaps, additional provisions.

The rules on chemical plants have support of the administration as well as Democrats and Republicans in Congress. The negotiations are trying to compromise on how demanding they should be.

A proposal backed by Republicans and opposed by environmentalists would let the owners of chemical plants decide what safety measures to adopt. It would prohibit the federal government from mandating that they consider using inherently safer chemicals.

House Passes Border Fence (WT)

By Charles Hurt

The Washington Times, September 15, 2006

The House yesterday easily approved building 700 miles of fencing along the U.S.-Mexico border in an effort to get major border-security legislation on President Bush's desk before November's elections.

"The time to address the border-security emergency is now, before Congress leaves for the November election," said House Speaker J. Dennis Hastert, applauding the Republican-backed measure and introducing a slate of new border-security measures that he hopes to pass this month.

Yesterday's border-fence bill was approved on a 283-138 vote. The vast majority of House Republicans were joined by 64 Democrats to support the measure. Six Republicans voted against it.

In addition to building double-layered fences along 700 miles of the southern border, the Secure Fence Act also changes Border Patrol policy to allow agents to forcibly disable fleeing vehicles along the border. The measure would also deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

Democrats dismissed the vote as "another political gimmick" by House Republicans who passed a tough border-security bill last year but have since been unable to persuade the Republican Senate to take it up. The Senate remains intent on its own bill that tightens border security but at the same time grants citizenship rights to some 10 million illegal aliens and creates a guest-worker program that will usher hundreds of thousands more foreign laborers into the U.S.

Yesterday, House Democrats called the 700-mile fence a new "Berlin wall" and expressed concern that it would drive illegal crossers deep into the dangerous desert in search of an unimpeded crossing. Rep. Loretta Sanchez, California Democrat, added, "It does nothing to secure our northern border."

Rep. Virgil H. Goode Jr., Virginia Republican, strongly supported the measure. "It's about a thousand miles short of where it ought to be," he said, "but I'll take 700 miles."

When the House last year approved its border-security legislation, it included almost exactly the same fencing. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants.

But by yesterday, more than 20 Democrats had switched their position to support the border fence -- including several who face tough elections this fall.

Rep. Harold E. Ford Jr., the Tennessee Democrat who is running for the Senate, said, "For the country to be secure, we have to have control over who gets in and who's allowed to stay."

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Asked why he opposed the fence last year, he said the current proposal was "more comprehensive." Mr. Ford bristled at the question of whether his change of heart had anything to do with his upcoming statewide election in a state that polls show supports tough immigration policies.

After the vote yesterday, Rep. Alan B. Mollohan, a West Virginia Democrat who also switched his vote, was waiting in an out-of-the-way hallway beside a bank of elevators.

When asked by a reporter why he switched his vote, Mr. Mollohan first responded, "How did you find me?"

After gathering his thoughts for a moment, he said he supported yesterday's fence bill because it "makes a statement for consideration" of increased funding and even tougher illegal-immigration enforcement measures. Mr. Mollohan, who faces a challenge from the right this fall, not only voted against the fence last year but also voted against the entire House border-security bill.

Asked if his election in two months had anything to do with his position switch, Mr. Mollohan replied: "The election two months away has something to do with everything we do up here."

Rep. James P. Moran, Virginia Democrat, also supported yesterday's bill after opposing the fence and the border-security bill last year.

During the August recess, he said he attended four town-hall meetings where the issue of illegal immigration dominated voter concerns. "The people who spoke up were almost unanimously opposed to illegal immigration."

Still, he said, the upcoming elections had nothing to do with his change of heart on the issue.

"Voting against the fences would have helped me more politically," Mr. Moran said.

After yesterday's House vote, Senate Republicans remain uncommitted to bringing the measure to the floor for a final vote, where many think it would be approved. Republican leaders said they are considering attaching the bill to other must-pass legislation to get it through the Senate.

House Approves U.S.-Mexican Border Fence (AP-Y)

By Suzanne Gamboa

AP, September 15, 2006

The House voted for the second time in a year to erect a fence along a third of the U.S.-Mexican border, part of a Republican effort to keep illegal immigration an issue before voters.

A new 700 miles of double-layered fencing won approval on a 283-138 vote, a bigger margin than last December when the House passed it as part of a broader bill that also would have made being an illegal immigrant a felony. The nearly 2,000-mile border now has about 75 miles of fencing.

Rep. Peter King, R-N.Y., said the separate fence bill was needed to show Americans "we can take meaningful action to secure the border."

The House's bill last December and one passed by the Senate last May are so far apart on issues that Republican leaders haven't even tried to negotiate a compromise.

The main difference is that the Senate bill would provide legal status to millions of illegal immigrants already in the U.S., a concept supported by President Bush but opposed by most House Republicans. The Senate bill calls for 370 miles of fencing along the Mexican border.

Supporters of the new House bill said the new fencing would let Border Patrol agents focus more on apprehending illegal immigrants crossing from Mexico rather than having to man the entire border.

"We have to come to grips with the fact that our Border Patrol agents need a border fence on our southern border ... where we're now facing infiltration by members of terrorist organizations like Hezbollah," said Rep. Ed Royce, R-Calif.

The bill passed Thursday doesn't pay for the fence. Republicans, estimating the cost at more than $2 billion, said that will be covered in a later spending bill. Democrats estimated the fence would cost $7 billion, based on information from the Department of Homeland Security on costs per mile of a double-layer fence.

"This is nothing more than political gamesmanship in the run-up to the midterm elections. Sounds good. Does nothing," said Rep. Alcee Hastings, D-Fla.

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Democrats accused Republicans of playing upon voters' fears to score political points. Rep. Lloyd Doggett, D-Texas, said Republicans were trying to confuse Americans into thinking "Osama bin Laden is heading north in a sombrero."

The bill also directs the Homeland Security Department to take control of the border in 18 months and gives border agents new authority to stop fleeing vehicles. It also calls for a study of the need for a fence on the U.S.-Canadian border.

Meanwhile, the House Administration Committee approved a bill to require states to ask for photo identification from voters by November 2008 and proof of citizenship by 2010. The full House could vote on it as early as next week.

House leaders unveiled other border security bills addressing immigrant gangs, speedier deportations and other issues they plan to consider.

Senate Republicans said its unlikely the fence proposal would pass in that chamber as a single bill, but might win approval if attached to spending bills.

The House fence bill is HR 6061; the voter ID bill is HR 4844.

On the Net:

Congress: http://thomas.loc.gov

House Votes To Boost Border Security; Broader Immigration Issues Remain (LAT)

By Nicole Gaouette

The Los Angeles Times, September 15, 2006

WASHINGTON — The House on Thursday easily passed a bill calling for construction of lengthy sections of double-layered fencing along the U.S. border with Mexico, sending the legislation to a Senate that appeared inclined to approve that and other security measures.

The 283-138 vote demonstrated that even as Capitol Hill remained deadlocked over what to do about the millions of illegal immigrants already in this country, bipartisan support existed for significantly toughening border security, especially as the November election neared.

And though House Republicans emphasized that enforcement should come first, they gave no indication of when — or even whether — they'd support broader immigration measures, such as a guest worker program, that are supported by the Senate, President Bush and farmers and other businesspeople.

House Republicans promoted the fence bill as the first phase of a larger border-security package they unveiled Thursday. It includes a measure that would make it a crime to dig border tunnels and another that would end a provision in immigration law that protects Salvadorans from deportation.

In the Los Angeles area, and increasingly in other parts of the nation, gangs with roots in El Salvador are a significant crime problem.

The fence bill mandates the construction of 700 miles of fencing along several sections of the 2,000-mile border: around Tecate and Calexico, Calif., along most of the Arizona stretch, and in heavily populated areas of Texas and New Mexico.

The bill requires the Department of Homeland Security to prevent "all unlawful entries into the United States" within 18 months after the bill is enacted; urges the department to allow Border Patrol agents to use greater force against smuggler vehicles; and orders a study on security at the northern border with Canada.

The California delegation split mostly along party lines; only two Democrats, Dennis Cardoza of Atwater and Jim Costa of Fresno, joined all 20 Republicans in supporting the bill.

House leaders said they were working with the Senate to determine how to get the measures to Bush as quickly as possible. House Majority Leader John A. Boehner (R-Ohio) said Congress should finish considering all of them by the end of September.

"Republicans believe we can have a no-penetration border," said House Speaker J. Dennis Hastert (R-Ill.). Of the fence proposal, he said: "If we build it, they will no longer come illegally."

Asked when the House might back a guest-worker program or other nonenforcement measures, Hastert said: "If we get a virtual no-penetration program on the border, then we can look at a lot of things."

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Debate on overhauling immigration laws has been deadlocked for months.

Enforcement is a priority for the Senate, but many senators believe it cannot work effectively unless it is accompanied by a guest worker program to help meet the labor needs of the agricultural and hospitality industries, and a program to draw the estimated 12 million illegal immigrants in the U.S. into the legal system — a position favored by Bush. Those provisions were in a bill approved by the Senate in May.

Many senators in both parties argue that if this year's Congress ignores these issues and focuses only on border security, it will have shirked its responsibilities and ultimately failed to adequately address the complexity of the immigration problem.

Even so, some senators expressed cautious support for the House border security package, even as they pointed to elements they thought it lacked.

"I'm not going to take a position against it," said Sen. Mel Martinez (R-Fla.), who helped write the Senate-passed bill. But, he added, the House bill is "not comprehensive immigration reform … it's just security."

Sen. Dianne Feinstein (D-Calif.), who wrote a bill criminalizing the construction of tunnels under the border, said she was delighted to see a similar measure in the House border security package. But she expressed disappointment that there was no provision to help California farmers get access to workers.

With California in the middle of its peak harvest season and Florida's orange harvest set to begin next month, agriculture is a concern for lawmakers of all political stripes. Rep. Adam H. Putnam (R-Fla.), who chaired the all-Republican meeting that led to the border security package, appeared Wednesday at a rally organized by farmers, restaurant owners and other businesses dependent on immigrant labor.

With the administration increasing crackdowns on employers who hire illegal workers and an emphasis in Congress on enforcement, growers are getting nervous, lawmakers said.

"The status quo is killing farmers," said Sen. Barbara Boxer (D-Calif.). "They are desperate. I've never seen anything like it."

On Thursday, Putnam said the House wanted to restore confidence in the government's ability to secure the border before addressing labor needs. But with oranges left unpicked because of labor shortages last year and the new harvest season approaching, he said he didn't "see any way to get this resolved before the fall harvest."

Democrats in both chambers dismissed the border measures as a political ploy, particularly considering that the House had already passed many of their provisions, including the fencing requirement.

"I think it's sad when House leadership has sought to take an important issue and turn it into a political platform," said Rep. Sheila Jackson-Lee (D-Texas), who noted that thorny issues such as Medicare, Iraq and the Gulf Coast hurricane recovery were getting little attention from the GOP.

Rep. Lloyd Doggett (D-Texas) accused House Republicans of using immigration as a scare tactic, conflating terrorists with immigrants looking for work so that Americans would think that "Osama bin Laden is heading north in a sombrero."

House Passes Border-Fence Bill, Changes To Rules On Earmarks (WSJ)

By David Rogers

The Wall Street Journal, September 15, 2006

WASHINGTON -- Wrapping big bows on small packages, House Republicans advanced two modest pre-election initiatives hoping to blunt public anger at Congress's failure to address illegal immigration and lobbying abuses.

Back-to-back bills yesterday would add hundreds of miles of fence along the U.S.-Mexico border and establish new House procedures to try to fence in lawmakers' appetites for adding pork-barrel projects to annual appropriations bills.

In both cases, the leadership's primary concern was to try to help its vulnerable members shore up support among conservatives ahead of the Nov. 7 elections. But the gap between the two bills' provisions and what had been promised months ago is so great that the exercise could bolster Democrats' call for more change in Washington.

"We've been awash in talk of reform," said Rep. David Obey (D., Wis.) "But now seven weeks before the election, we see the majority has labored long and produced a mouse."

The so-called "Secure Fence Act" sailed through on a 283-138 vote, even though it was introduced only 24 hours earlier and provides no money to actually build the 700 miles of double-layered reinforced fencing along five stretches in California,

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Texas, Arizona and New Mexico. At a cost of $9 million to $10 million a mile, the total federal investment would run $6 billion to $7 billion altogether, but Republicans are betting the political dividends will be immediate in November.

"It is essential to do this today to tell the American people we have got the message," said Rep. Peter King (R., N.Y.), chairman of the Homeland Security Committee. "A fence is not the only answer, but an essential part of the answer."

Democrats denounced the measure as more "pontification" than legislation, yet the sharpest criticism came from departing Rep. James Kolbe (R., Ariz.), who has tried unsuccessfully to convince the House to take a more comprehensive approach -- akin to the Senate's -- to overhauling immigration policy.

"What we need to do is...walk 100 yards across the Capitol to the other side and negotiate" with the Senate, Mr. Kolbe said.

President Bush, at a meeting with House Republicans, also restated his support for a broader bill that will address the millions of undocumented workers in the U.S. But the House leadership believes the safer political course is to focus before the elections only on border-security measures such as the proposed fence, which is popular with conservative voters.

The second measure adopted yesterday -- by a 245-171 vote -- is also tailored to appease conservatives, who have complained about the growth of government spending under Republican rule and the explosion in the number of special-interest spending "earmarks" added by both parties to annual appropriations bills.

In many instances this reflects traditional pork-barrel politics to win votes at home. But amid the lobbying scandals of the past year, earmarks also have been exposed as almost a new political currency in which members steer money to projects and are rewarded with favors and campaign contributions financed by the lobbyists involved.

The rules changes do more to promote transparency rather than guarantee an end to the practice. As a practical matter, the real impact won't be felt until after the election. "The politics of earmark reform is a lot bigger than the substance of earmark reform," said Rep, Jack Kingston (R., Ga.).

House Rules Committee Chairman David Dreier (R., Calif.) urged support even as he admitted that his party hadn't reached "the goal line" of what is needed to address abuses.

Fred Wertheimer, a longtime activist for tighter ethics rules in Congress, offered a scathing critique. "The earmark rules changes are an illusionary trick being offered up in the hopes that the public will ignore the miserable failure by the House to address the worst congressional corruption scandals in decades," he said.

House Votes To Build 700 Miles Of Fence Along The U.S.-Mexico Border (MCT)

By Dave Montgomery

McClatchy Newspapers, September 15, 2006

WASHINGTON - The House voted 283-138 on Thursday to construct more than 700 miles of two-layered fencing along the porous Southwest border, but most Democrats denounced the plan as blatant political posturing in advance of the Nov. 7 congressional elections.

Afterward, House GOP leaders unveiled a package of other relatively non-controversial border-security initiatives, expressing confidence that they could win passage in the Senate and advance to the president's desk before lawmakers quit work at the end of the month to campaign for re-election.

But the Senate outlook remained quite uncertain, as senators of both parties and President Bush have insisted that tough border security measures should be passed only if part of more-comprehensive legislation.

House Speaker Dennis Hastert, R-Ill., hinted that House leaders might be willing to consider more-contentious elements of immigration legislation - including Bush's proposed guest-worker program - if they are satisfied that Congress first has moved aggressively to secure U.S. borders.

"If we get a virtual no-penetration program on the border, then we can look at a lot of different things," Hastert said.

But other lawmakers said that, with time running out, it appears virtually impossible for the House and Senate to find common ground on divisive immigration issues that have kept them deadlocked for months.

House leaders have refused to consider a comprehensive Senate-passed bill that would put millions of illegal immigrants on a path toward permanent legal status and U.S. citizenship. The measure also includes a version of the president's guest-worker plan, as well as stiffer border-enforcement measures.

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Bush, who met Thursday morning on Capitol Hill with Republican House members, this week renewed his call for a comprehensive overhaul of the nation's immigration laws. His administration has embraced limited fencing as a partial solution to strengthening the border, but not to the extent proposed by the House.

The fence proposal is identical to one that was included in an immigration enforcement bill that the House passed last December. With that measure sidelined in the stalemate with the Senate, House leaders resurrected the proposed $2.2 billion barrier as the first element of their latest border security package.

The "Border Security Now" agenda recycles several provisions from the stalled House and Senate bills, including $2.3 billion for 1,200 new Border Patrol agents next year, a crackdown on smugglers and criminal aliens and stiff penalties for the construction of border tunnels.

Sixty-four Democrats joined 219 Republicans in voting for the fence; 131 Democrats and six Republicans voted against it.

Sen. Dianne Feinstein, D-Calif., who sponsored a similar tunnel provision in the Senate, said she welcomed the House version of her proposal but withheld judgment on other provisions until she takes a closer look. Sen. John McCain, R-Ariz., a leading architect of the Senate bill, said he would support proposals to strengthen the border but also said he wants to study the House initiatives before taking a position.

The largest section of fencing in the House bill would reach 361 miles from Calexico, Calif., to Douglas, Ariz. A 22-mile section would be built near a port entry in Tecate, Calif., in east San Diego County. Three sections would be in Texas - a 51-mile stretch from Del Rio to Eagle Pass; 176 miles from Laredo to Brownsville and 88 miles stretching from El Paso westward to Columbus, N.M.

The bill also urges the Department of Homeland Security (DHS) to study the feasibility of erecting similar barriers along the country's northern border with Canada.

It also requires the DHS to achieve operational control over both borders through a "virtual fence" that includes cameras, ground sensors, unmanned aerial vehicles and integrated surveillance technology. Five industry teams are competing for a multibillion-dollar contract to assemble the virtual fence, and the DHS expects to announce a winner by Sept. 30.

Republican leaders said the proposed barriers would have support in the Senate, which already has endorsed 370 miles of fencing and authorized $1.8 billion to fund it.

But Democrats said Republicans are trying to show conservative constituents that they are getting tough on immigration to bolster support in the elections.

"This is the same bill they passed before - the same monstrous bill," said Senate Democratic Leader Harry Reid, D-Nev. "We're not going to play their silly little games."

Republicans argued that the fence, when coupled with their other initiatives, would answer public demands for urgently need safeguards to shore up the borders against illegal immigration and potential terrorism. Rep. Jeb Hensarling, R-Texas, called it "the first long step" in a comprehensive border security plan.

"The American people expect us to secure the border," said House Majority Leader John Boehner, R-Ohio.

Overstating Border Reform's Price (WP)

By Robert Greenstein And James Horney

The Washington Post, September 15, 2006

Would offering undocumented immigrants a path to legalization bust the federal budget? Critics of the Senate immigration bill, which seeks to crack down on illegal immigration while giving many currently undocumented workers a chance to work legally in this country, tout a Congressional Budget Office study that they say shows the bill would cost a whopping $126 billion over 10 years. A fair reading of that study, however, suggests that the bill's actual impact on the deficit would be close to zero and that it could even be beneficial.

Critics add up the bill's increased tax-credit and entitlement costs while ignoring the increased tax revenue it would produce. They also substantially inflate the increased discretionary government spending that would result and overlook the bill's expected positive effects on the economy.

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Let's start with revenue. The CBO found that the Senate bill would boost tax revenue by $44 billion over 10 years by increasing the size of the workforce and the number of immigrants working "above ground" and paying taxes. This would roughly offset the $48 billion in increased entitlement costs that the CBO projects under the bill. Indeed, it estimated that after the first few years, new tax collections actually would exceed new entitlement spending.

The CBO also predicts that this increase in the size of the workforce would produce benefits for the economy. Both the Congressional Budget Office and the Office of Management and Budget expect a slowdown in economic growth in coming decades as the population ages and growth in the supply of workers grinds nearly to a halt. The CBO estimates the Senate bill -- because it would expand the workforce -- would boost the economy, possibly by enough to produce an additional $100 billion or more in revenue over 10 years.

This means that the Senate bill would probably reduce long-term deficits, not enlarge them. Similarly, the Social Security actuaries have found that the Senate bill would reduce the Social Security trust fund's long-term deficit and extend the program's solvency by two years.

So how did critics of the Senate bill arrive at the sensational $126 billion figure, which appears nowhere in the CBO report? First, they counted all of the bill's spending increases while ignoring all of its increases in revenue. For example, they counted the increased costs of Social Security and Medicare benefits for those additional immigrants who would qualify for them, while ignoring the increased Social Security and Medicare payroll taxes the immigrants would pay to qualify for those benefits.

They also incorrectly assumed that the Senate bill requires $78 billion in added discretionary spending. To be sure, the bill would authorize future appropriations of roughly that amount over 10 years. But none of these funds would actually be spent unless Congress provided them in future appropriations bills. The federal budget contains hundreds of programs that Congress funds below -- often far below -- the authorized amounts.

In addition, each year Congress must fit appropriations within an overall appropriations limit, as set in the congressional budget resolution. Funding increases for one set of programs often must be offset by reductions in other programs. Consequently, any increase in discretionary spending arising from the Senate bill is likely to be offset, at least in part, by cuts in other areas. For each of the past four years Congress has made across-the-board cuts in discretionary programs to accommodate new priorities while remaining within the prescribed limits. The CBO itself did not include the $78 billion figure in its estimate of how much new spending the Senate bill actually provides.

Finally, whatever portion of the $78 billion ultimately shows up in future appropriations will probably be provided whether Congress passes the Senate bill or not. That is because more than 90 percent of the authorized discretionary spending would go toward the kind of enforcement measures the bill's critics strongly support, such as expanded border security and stronger measures to identify immigrants illegally seeking employment. Republican congressional leaders have made clear their intention to increase funding for enforcement activities by billions of dollars in appropriation bills that they will consider this month. Indeed, Rep. Harold Rogers, a key Appropriations subcommittee chairman, declared this week that the leadership will provide "tons of money" for this.

Because it is a subject that stirs strong emotions, debates over immigration policy demand fact and solid analysis. As Congress searches for agreement on immigration legislation, mistaken claims that the Senate bill would bust the budget only make this already difficult job harder.

Robert Greenstein is executive director of the Center on Budget and Policy Priorities. James Horney is a senior fellow at the center and former chief of the budget projections unit at the Congressional Budget Office.

Immigrants Turn Utah Into Mini-melting Pot (USAT)

By Haya El Nasser

USA Today, September 15, 2006

SALT LAKE CITY — In the shadow of the Mormon faith's majestic headquarters, the fountain at the center of the Gateway Plaza outdoor mall is a popular backdrop for weddings. On a scorching day, Hispanic and Anglo children run side by side through the pulsating sprays of water.

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Marriage and kids: They're the pillars of the Church of Jesus Christ of Latter-day Saints (LDS), which dominates many facets of life in Utah. But diversity?

Immigration is changing the complexion of communities across the USA. As it sweeps through Utah, traditionally one of the least diverse and most conservative states in the nation, its impact is particularly dramatic. About 98% white until 1970, Utah is becoming a mini-melting pot.

While conservative Republicans in the U.S. House of Representatives are pushing to tighten borders and make illegal immigrants felons, factors unique to Utah are attracting Hispanics to this reddest of red states. Among them: the Mormon Church's philosophy of outreach and its embrace of large families.

These influences have helped give the state a reputation of being warm and welcoming to immigrants. Utah allows the undocumented to drive legally with a "driving privilege card." They can attend public colleges and universities and pay in-state tuition. Minorities — mostly Hispanics — make up 16.5% of the population, up from 8.8% in 1990. They could reach 20% by 2010. Hispanics are driving the growth among minorities here. The state's black and Asian populations also are growing but more slowly.

The changes are visible — and audible. Sounds of up to 70 languages reverberate in school hallways, cantinas are sprouting in the suburbs, and Spanish-speaking religious congregations are multiplying — scenes that are more Los Angeles and Miami than Salt Lake City.

"Word has gotten out that it's a place where immigrants are welcome," five-term Utah Republican Rep. Chris Cannon says.

Utahans in 2004 gave President Bush his biggest margin over Democrat John Kerry in any state — 72% to 26%. How can one of America's most conservative places be so receptive to immigrants?

"The LDS faith believes you can be conservative and yet be compassionate," says Marco Diaz, past chairman of the Utah Republican Hispanic Assembly, which tries to attract more Hispanics to the party. "Help thy neighbor and love thy neighbor and still try to be fiscal conservatives."

How long Utah will embrace this philosophy remains to be seen. Frustrations are mounting over rising dropout rates and classrooms crammed with non-English speakers. Pressure to cut benefits to undocumented residents and crack down on employers who hire them is growing. About 100,000 of Utah's foreign-born residents — about half — are here illegally, says Pamela Perlich, senior research economist at the University of Utah.

Diaz says time may be running out on the state's welcome mat.

"Never have we seen so much uproar on immigration," Diaz says. "A lot of Utahans want some change. … There's a feeling from constituents that something needs to be done."

Utah has been overwhelmingly Mormon since Brigham Young and thousands of followers settled in the Great Salt Lake Valley in the mid-1800s after fleeing persecution 1,300 miles away in Illinois. Utah remains mostly Mormon — about 62% — but that share of the population is declining.

The state ranks 34th in population at 2.5 million. It's insular, yet cosmopolitan.

Utah boasts one of the highest rates of adult residents who have passports and speak more than one language. Brigham Young University teaches more advanced foreign-language courses than any other U.S. university. About 85% of its seniors speak a second language.

That's the Mormon influence.

"This is a missionizing church," says Jan Shipps, a scholar of Mormonism at Indiana University-Purdue University Indianapolis. At age 18 or 19, Mormons "receive a call to go on a mission and spend two years at their own expense making converts." They learn a foreign language and go abroad. "They experience another culture," she says. "That tends to make Utah … a very cosmopolitan place."

Two forces at play are causing some tension in Utah and within the church, says Kathryn Daynes, a BYU assistant professor of history. "Latter-day Saints … want to reach out on an individual level, but politically, they're very conservative."

Family values and the church's worldwide proselytizing and mission work in Latin America have attracted immigrants and potential converts to Utah. The church offers English classes throughout the state. It has held dinners for Hispanic leaders and has 114 Spanish-speaking congregations in Utah.

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Church leaders generally have avoided commenting on the immigration debate and declined to be interviewed for this story.

They reacted in May, however, to comments by CNN commentator Lou Dobbs, an outspoken advocate of strict enforcement of immigration laws, on the eve of Mexico President Vicente Fox's visit to Utah and other states.

Dobbs said the Mormon church "has a vigorous enthusiasm for as many of Mexico's citizens as they possibly could attract to the state of Utah, irrespective of the cost to taxpayers."

The church's website called Dobbs' statement unfounded. It said the church has more than 1 million members in Mexico and owns nearly 1,000 buildings there but "does not encourage them to move to Utah or anywhere else."

Immigration has struck a nerve this year in Utah. When up to 25,000 people marched in a pro-immigration rally here in April, "I think it frightened people," says Maria Garciaz, executive director of Salt Lake Neighborhood Housing Services, a non-profit group that finances and builds affordable housing on the increasingly diverse west side of Salt Lake City.

Incumbent congressman Cannon, who narrowly won the Republican primary in June, says, "The whole race was about immigration." His opponent was political newcomer and millionaire real estate developer John Jacob, who favored sending illegal immigrants home before giving them a chance at citizenship and punishing employers who hire them.

Cannon is far from liberal on the issue. He voted for a bill that would make helping illegal immigrants a crime and illegal residency a felony. But he supports President Bush's proposed guest-worker program. Cannon and Jacob are Mormon.

"It's better for America to be proud of America and not take harsh views of the world," Cannon says. "I hope Utah is one of these places where we dampen the harshness."

Frustration is rising, however. The Utah Minuteman Project, whose mission is "to secure our homeland" from immigrants here illegally, is pushing to repeal driving privilege cards and in-state tuition for undocumented immigrants.

"Schools are an issue, highway crowding is an issue and the crime rate has gone way up," says Alexander Segura, Utah Minuteman board chairman. "It's issues like that that people are just fed up with."

Immigrants didn't flock here until the late 1990s as the state began preparing to host the 2002 Winter Olympics. Through much of the 1990s, non-agricultural jobs in Utah grew twice as fast as in the nation as a whole. A housing boom feeds the surge. Construction jobs grew 12.4% in 2005 and are expected to jump 15.3% this year.

About two-thirds of Utah's new immigrants came from abroad and the rest from other states, mainly California. The state's Hispanic population soared to about 270,000 in 2005, up 33.1% since 2000. Hispanics contributed about a quarter of the state's growth in the 1990s.

Utah has long had unusual demographics. It has the highest share of married households of any state, the youngest marrying age, the highest birth rate, the largest average household size and the youngest median age. The state is on its third post-World War II baby boom and is bracing for another one because of immigrants.

Hispanic fertility rates in Utah not only exceed those of non-Hispanic whites here but also those of Hispanics nationally and even of women in Mexico, says Perlich, the University of Utah demographer.

Many Utah immigrants are recent arrivals who come from rural Latin America where birth-control education is non-existent. They're now in a state where large families are the norm and birth control is not part of the public discussion.

Immigrants come first for jobs. Many are lured by the lifestyle.

Rosalia Gutierrez, 32, came from Mexico 15 years ago. She is not a Mormon but enjoys the serenity the family-friendly church instills across the state. "It's a nice place," says Gutierrez, a mother of three who works for a container manufacturer. "It's calm and peaceful."

Immigration has created new challenges for the state, from multilingual classrooms to more unwed teenage mothers.

Public school enrollment increased by 30,000 in the 1990s and another 30,000 in the past two years, says state demographer Robert Spendlove. "We're projecting increases of 150,000 in school-age population in the next 10 years."

Minorities account for about 75% of the school enrollment growth since 2000 and Hispanics for 58%.

The Utah State Office of Education has formed an English-language learning task force. The first "newcomer school" will open in Ogden this year to help children adapt while they learn English.

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"It gives the child a fighting chance to do well," says Patti Harrington, state superintendent of public instruction. She says there's no political support to fund programs to help immigrants, such as teaching non-English speakers.

Centro de la Familia, a 30-year-old agency here, changed its focus from mental health and runaway youths to education to help counter high Hispanic dropout rates.

Immigration also is reshaping Midvale, a working-class Salt Lake City suburb with downtown signs in Spanish from the Tortas and Tacos stand to Comunidades Unidas, a community center.

Inside, men, women and children mill about brightly decorated rooms. They're here for prenatal care, diabetes education and other health and social services. The volunteers are friends and neighbors. Peer education works best when up to 80% of the people the center serves are undocumented, says Sabrina Morales, executive director and a native of Guatemala.

Claudia Gonzalez, mother of two, came to Utah in 1999 from San Diego. She cleaned houses, got referrals from the center and eventually volunteered. Now, she's the program director.

Midvale Mayor JoAnn Seghini created the Community Building Community program that brings volunteers and local agencies together to help immigrants. "Immigration is always going to be part of America," Seghini says. "Once they're here, they're us. And once they're us, we're in it together."

TAX:

Anti-Abortion Group Loses Tax Exemption (NYT)

By Stephanie Strom

The New York Times, September 15, 2006

The Internal Revenue Service this week revoked the tax exemption of an anti-abortion group, Operation Rescue West, after receiving a complaint that it had violated prohibitions on electioneering by nonprofits in 2004.

The group had promised tax deductions for contributions to help defeat the Democratic presidential candidate, Senator John Kerry.

The organization said the agency's ruling would have little impact on its operations.

"We have reorganized as simply Operation Rescue," said Cheryl Sullenger, the group's outreach coordinator. "Losing our tax exemption doesn't have much of an effect on us, one way or the other. We have learned some lessons through this whole thing, and I think we're in a better place now than we were before the I.R.S. investigation."

The role of churches, religious organizations and charities in elections drew attention in the 2004 presidential campaign and has already become an issue as the midterm elections approach. Charities and churches are generally prohibited from campaigning for candidates but may take stands on issues and hand out voter guides, among other things.

Politicians across the political spectrum are courting churches this year as never before. The latest example is Attorney General Phill Kline of Kansas, a Republican who recently sent a memorandum to his campaign staff directing them to get him in front of as many congregations as possible at receptions and church services and to get ministers to introduce him to their wealthy congregants.

In a four-page memorandum dated Aug. 8, which was first reported by The Lawrence Journal-World, in Lawrence, Kan., Mr. Kline lists several churches that have agreed to distribute campaign literature. He also mentions the need to create lay campaign committees in each church and to collect church members' e-mail addresses.

"Please try to get literature into everyone's hands," he wrote. "Check and work with pastor to see what is comfortable. In most instances, we should be able to place materials under the windshields of cars."

Mr. Kline's memorandum ends with a directive to give churches "I.R.S. rules guidance regarding what they can and cannot do (this should not take long — no use of church assets — can show in church as long as they do not deny opposition of showing their own video — no need to invite the other, just cannot deny — etc.) sign up sheets, show to give money contributions, etc."

Marcus S. Owens, a lawyer who formerly headed the I.R.S. division that oversees charities, said some of the suggestions in the memorandum would cause churches to violate the law.

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"Assume you're a pastor who doesn't know a lot about the law, and here's the attorney general of the state coming to you and telling you it's O.K.," said Mr. Owens, who represents several nonprofits that the I.R.S. is investigating for possible political infractions. "Who's going to be in a position to refute the attorney general?"

Sherriene Jones, Mr. Kline's communications director, said the attorney general was well aware of laws proscribing the political activity of churches. Ms. Jones said that although the memorandum listed churches participating in political activities that might be seen as prohibited, Mr. Kline was referring only to the churches' pastors, and to recruiting volunteers for his receptions, not for his campaign.

"The attorney general would never ask a church to do anything illegal," she said.

In February, the I.R.S. said it had noticed a sharp increase in prohibited activities by charities and warned that it planned to reverse the trend. At the time, it said it was seeking to revoke the exemption of three organizations but did not name them, pending an appeals process.

Whether Operation Rescue West, which was also known as Youth Ministries Inc., was one of those charities is unclear. The I.R.S. does not comment on its reasons for revoking tax exemption, a step that Commissioner Mark Everson has characterized as "the nuclear option" to be used only as a last resort.

Catholics for a Free Choice, a nonprofit group that advocates on behalf of a woman's right to choose abortion, filed a complaint against Operation Rescue West in 2004, citing its activities during the Democratic National Convention in Boston.

It noted an advertisement Operation Rescue West placed in the July 15, 2004, edition of The Wanderer, a Roman Catholic weekly, seeking tax deductible contributions to help "defeat'' Mr. Kerry, thus enabling President Bush to appoint Supreme Court justices who would overturn the Roe v. Wade decision legalizing abortion.

At the Democratic convention, members of Operation Rescue West drove around a truck featuring a large photo of a late-stage aborted fetus and the words "Kerry's Choice."

"It could not have been a more clear or blatant violation of the I.R.S. rules," said Frances Kissling, president of Catholics for a Free Choice.

Ms. Kissling said she had no way of knowing whether her group's complaint had prompted the I.R.S. investigation of Operation Rescue West. Catholics for a Free Choice has also filed complaints alleging prohibited political activity against Priests for Life, a religious order on Staten Island, and Catholic Answers, a lay Catholic evangelical group.

Jerry Horn, media director of Priests for Life, declined to comment "because this a common tactic of Catholics for a Free Choice to try to intimidate people into not exercising their rights under the federal laws."

Catholic Answers responded to the complaint against it by forming a separate organization, Catholic Answers Action, under a different section of the tax code. Catholic Answers Action is tax exempt but cannot offer its donors tax deductions for their gifts.

Troy Newman, Operation Rescue's president, said he did not know what structure the new organization, which was created a year ago, had been organized under.

"Whatever structure we have,'' Mr. Newman said, "we are going to speak out, we're not going to be intimidated, we're not going to be muzzled and we're not going to be gagged."

CONGRESS-ADMINISTRATION:

High Court To Provide Same-Day Argument Transcripts Online (LAW)

By Tony Mauro, Legal Times

Legal Times, September 15, 2006

Starting in October you won't have to be inside the marble chamber of the Supreme Court to gain a same-day understanding of the thrust and parry of a particular oral argument.

The Court announced Thursday that it will be posting on its Web site the transcripts of oral arguments on the same day they occur -- far faster than the previous practice of releasing them up to two weeks afterward.

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The announcement may seem like a small step that falls well short of opening the Court to television or radio broadcasting. But at an institution that still hands out quill pens to lawyers who argue before it, the change is significant. And access advocates hope it signals a new climate of openness under new Chief Justice John Roberts Jr.

"I am pleased to see that the Supreme Court has moved into the 1990s with its same-day release of oral-argument transcripts," says Northwestern University political science professor Jerry Goldman, who posts the audio of oral arguments on his online Oyez Project. "But reading a transcript is like reading a libretto. It's a poor substitute for the real performance. Surely better than nothing, but still inadequate for a pillar of American government."

Roberts' predecessor, the late William Rehnquist, experimented with same-day release of the audio of oral arguments to accommodate the public interest in the Florida presidential election cases of 2000. Similar releases have occurred sporadically ever since, and all the justices who have spoken publicly about the practice have said they approve.

But oral-argument transcripts have posed different issues, including the Court's relationship with the Alderson Reporting Co., which has long provided transcripts to the Court for free -- but at a more leisurely pace, usually a week or more after the argument. For a fee, Alderson would also provide transcripts late in the same day or overnight to interested lawyers and other parties, including the press. Alderson officials on Thursday declined to comment on the new arrangement and how it may affect the company's sales of Court transcripts to private parties.

News media organizations have pressed the Court for years to accelerate the release of transcripts to aid in reporting on the often fast-paced arguments. They noted that at the White House, transcripts of remarks by the president and other top officials are made available almost immediately.

To aid the transcribing process, officials said, high-speed technology will be used, and a court reporter will be stationed in the court chamber for the first time. Previously, transcripts were made off site from audiotapes; the Court has audiotaped oral arguments since the 1950s.

High Court To Post Same-Day Transcripts (WP)

By Charles Lane

The Washington Post, September 15, 2006

The Supreme Court announced yesterday that it will make same-day transcripts of its oral arguments available free on its Web site, the quickest and most complete public access to its proceedings the court has ever offered.

There is no sign that the court is about to yield to calls for live television coverage, which the justices have steadfastly refused. But, in the quiet, tradition-bound world of the Supreme Court, yesterday's decision was almost revolutionary, court analysts said.

"It's a tremendous opening to the outside world," said Richard Lazarus, a professor of law at Georgetown University and co-director of the school's Supreme Court Institute.

It was the biggest step the court has taken in the direction of greater public access since John G. Roberts Jr., himself a former Supreme Court oral advocate, took over as chief justice almost a year ago.

Coupled with another recent innovation, the identification in the transcripts of which justice is asking a particular question, the court's new policy "creates the potential for more intelligent speculation by more people than just those who were in the courtroom about how a particular case is going to come out," Lazarus said.

Previously, free transcripts were not posted on the court's site, http://www.supremecourtus.gov , until two weeks after oral argument. The only exceptions were certain recent high-profile cases, such as the 2000 presidential election cases, in which the court released same-day audiotapes of oral argument. There were just three such occasions in the 2005-2006 term.

Anyone who wanted a same-day transcript had to pay hundreds of dollars to the court's transcription service, Washington-based Alderson Reporting. That effectively limited access to a handful of law firms.

But recent progress in digital technology and a new arrangement with Alderson made it possible for the justices to adopt the new policy, which law professors, lawyers and reporters have been urging for years.

Formerly, Alderson provided services to the court free and recovered its costs by selling the transcripts. Now, the court will pay Alderson and give away the transcripts on its Web site, court spokeswoman Kathy L. Arberg said.

DOJ_NMG_0063397

House Passes New Ethics Rule (AP-Y)

By Jim Abrams

AP, September 15, 2006

The House changed its rules Thursday to require lawmakers to identify the special projects they slip into legislation, a modest step toward restoring the reputation of Congress in a year of ethical lapses and scandals involving relations with lobbyists.

"We are making a commitment to changing the culture of this institution," said House Rules Committee Chairman David Dreier, R-Calif.

The change, in effect only through year's end, is aimed at curtailing a practice whereby lawmakers anonymously insert "earmarks" — narrowly tailored spending that often helps a specific company or project in their district — into bills.

President Bush said in a statement the bill make sure "lawmakers and the public are better informed before Congress votes to spend the taxpayers' money."

Democrats disparaged the measure, citing the failure of the Republican-led Congress to pass more comprehensive legislation to clean up lawmaker relations with lobbyists.

The rules change "will do little more than to get Republicans through the November elections," said Rep. Louise Slaughter of New York, top Democrat on the House Rules Committee.

GOP Rep. Jeff Flake of Arizona, a leading critic of special interest spending, said, "I'm under no illusion that this legislation, which deals only with the issue of transparency, will solve the problem of earmarking. But this bill does represent an important first step."

Citizens Against Government Waste, a taxpayer watchdog group, said there were 9,963 such projects in the spending bills for the 2006 budget year, costing $29 billion.

The 245-171 vote on the rule change came a day after Congress sent to President Bush a bill intended to make government spending more open to public scrutiny.

Under that bill, the government will set up by 2008 a Google-like search engine so people can track hundreds of billions of dollars in grants and contracts that the government awards every year.

But there is currently no prospect for progress on more comprehensive lobbying and ethics overhaul. That had been highlighted as an urgent task at the beginning of the year after several lawmakers were tied to illegal or unsavory actions, particularly with disgraced lobbyist Jack Abramoff.

The House and Senate last spring passed bills that would have required lobbyists to be more open about their activities; put limits on gifts and meals from lobbyists and travel involving lobbyists; slowed the movement of lawmakers leaving office for lobbying jobs; provided ethics training to staff and members; and ended anonymous earmarks.

The effort at a compromise stalled over a House provision to limit donations to independent political groups known as 527s for the section of tax law under which they are registered. Such groups tend to be more helpful to Democrats; Senate Democrats objected to a lobbying bill that also takes up campaign finance limits.

Democrats and clean government groups were quick to point out that earmark rules were no substitute for a larger ethics overhaul.

"It is tragic that Congress is failing to address in any meaningful way the corruption sweeping Capitol Hill in recent years," said Laura MacCleery, director of Public Citizen's Congress Watch division.

Even getting the earmarks rule through the House was a struggle for GOP leaders. Republican members of the House Appropriations Committee complained their spending bills unfairly have been targeted, and that the disclosure rules should apply equally to bills from other committees.

House Speaker Dennis Hastert, R-Ill., and Majority Leader John Boehner, R-Ohio, told Republican appropriators that they had listened to their concerns and "we believe we have fulfilled our commitment" to equal treatment. House Republicans, they said, made it clear they wanted such. "It is now time to put this reform into our rules."

To meet objections, the final rules change stipulates that earmarks must be listed not only for bills from committees but also when such projects are added to House-Senate conference reports or included in amendments in the full House.

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The measure defines an earmark as "a provision that allocates funds outside of the normal formula-driven or competitive bidding process and targets those funds to a specific entity, state or congressional district."

Appropriators objected to language that would limit tax earmarks to a tax deduction, credit, exclusion or preference to only one beneficiary. Of the 24 Republicans who voted against the rules change, 22 were members of the Appropriations Committee.

Rep. David Obey, D-Wis., top Democrat on the Appropriations Committee, said that this rule would not cover a huge tax break for two multinational oil companies.

Steve Ellis of Taxpayers for Common Sense said the disclosure requirement leaves out thousands of earmarks directed toward a federal agency such as the Pentagon, the Army Corps of Engineers or national laboratories.

In the Senate, Majority Leader Bill Frist, R-Tenn., has directed the top Republican and Democrat on the Rules and Administration Committee to develop similar rules changes.

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On the Net:

Information on the bill, H.Res. 1000, can be found at http://thomas.loc.gov/

House To Require Names On Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The House of Representatives took a modest step on Thursday to illuminate the practice of inserting special-interest provisions into major tax and spending bills by passing an internal rule that would require lawmakers to sign their names to some of the items they sponsor.

The resolution would address only a small fraction of such provisions and, as an internal rule, would expire at the end of the current session in just a few weeks.

Despite its limited reach, the passage of the resolution was in doubt until the last minute. Democrats called it meaningless. Members of the powerful House Appropriations Committee complained that it unfairly required more disclosure of their pet projects — known as earmarks — than it did of special-interest tax loopholes.

The resolution passed 245 to 171, with 24 Republicans and 147 Democrats voting against it.

House Republican leaders pushed ahead with the rule change because it was the last element of an all-but-abandoned package of lobbying and ethics reforms that they announced at the beginning of the year, pledging to cleanse the House of the scandals surrounding the lobbyist Jack Abramoff and former Representative Randy Cunningham.

“Everybody complains about it, but when it ultimately gets to the floor, how can you vote against it?” said Ron Bonjean, a spokesman for Speaker J. Dennis Hastert, Republican of Illinois.

House Votes To Disclose Earmarks (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 15, 2006

The House voted yesterday to shed more light on narrow-interest tax and spending legislation called earmarks, an incremental step toward openness that ended the prospect for a more sweeping overhaul of federal lobbying laws this year.

With a 245 to 171 vote, the House reacted to a year of congressional scandals by requiring its members to own up to the thousands of earmarks they sponsor each year.

Earmarks have been at the center of corruption investigations involving several lawmakers and lobbyists, and a public outcry against them helped spur a high-priority effort this year to devise ethics legislation that would have restricted contacts between lobbyists and members of Congress.

Instead, the House simply changed its internal rules to require that these targeted programs and their sponsors be disclosed in every type of bill, a procedure that does not currently exist. The measure, like any such rule change, could expire at the end of the year, but it is likely to be re-adopted along with the House's many other rules, Republican leaders said.

"We are blowing away the fog of anonymity," said Rep. David Dreier (R-Calif.), chairman of the House Rules Committee. "The goal is to pull back the curtain on earmarks to the public."

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The rule change shelves a wider ethics bill, however, at least until next year. That bill became bogged down amid disagreements between the House and the Senate, and the reluctance of lawmakers from both parties to limit their interactions with lobbyists. The earmarks measure was brought up as a passable way to address voter unrest over the scandals, aides said.

"This bill represents the death of lobby reform," said Rep. David R. Obey (D-Wis.), a former chairman of the House Appropriations Committee.

The Senate is working on its own change in earmarks rules, which its leaders also hope to approve in lieu of broad ethics legislation this year, top staffers said. The staffers added that subjecting earmarks to more sunshine will allow lawmakers to tell their constituents that they addressed their ethics concerns even though the broad overhaul bill failed.

The larger ethics effort began with fanfare in January, prompted by a series of congressional scandals that started with the guilty plea of former lobbyist Jack Abramoff on fraud and conspiracy charges.

The ethics bill faltered, however, after being gradually diluted, at least compared with the initial promises made by congressional leaders. House Speaker J. Dennis Hastert (R-Ill.), for example, advanced a plan that would have prohibited lawmakers from accepting privately funded travel. But lawmakers rejected that provision along with many others that would have restricted lobbyists or would have done more than improve disclosure about lobbyists' encounters with Congress.

The House and the Senate did endorse separate lobbying-overhaul bills this spring, but efforts to reconcile them stalled over a disagreement about a House-passed provision that would restrict independent campaign organizations called 527s. Senate Democrats and a handful of Republicans refused to accept the provision, but the House insisted that it be included in the final bill.

Lawmakers from both parties and both chambers also lost their enthusiasm for the bill as lobbying groups pressured them to water down the legislation and voters remained silent about its diminishing prospects.

Democratic leaders complained about the earmarks change yesterday. Rep. Louise M. Slaughter (D-N.Y.) called it "shameful" and "a sham." She said that the measure would not end the abuse of the earmarking process and was filled with loopholes that would still permit anonymous projects to be inserted into law without public scrutiny.

Obey called the measure a "trivial pursuit," saying it would do little to alter federal spending while blocking a serious updating of federal ethics laws. "The majority has labored long and produced a mouse," Obey added, "or a fig leaf at best."

Not all Republicans are fans of the proposal. The rule change was opposed by several Republican members of the House Appropriations Committee, who have said they resent that the change would affect them more than it would members of other committees. Rep. Jerry Lewis (R-Calif.), the Appropriations Committee chairman, and some of his most senior Republican members voted no.

This defiance of GOP leaders came despite a letter written by Hastert and House Majority Leader John A. Boehner (R-Ohio) urging the appropriators to relent and to vote in favor of the earmarks change. The earmark bill, Boehner said on the House floor, will bring the process "out of the shadows."

House OKs Measure To Curb Pork Spending (WT)

By Christina Bellantoni

The Washington Times, September 15, 2006

Members of Congress wanting to secure taxpayer cash for pet projects back home would no longer be able to do it secretly under a measure passed by the House yesterday, a reform effort leaders hope will severely curtail a practice known as earmarking.

The election-year change to House rules passed 245-171, with many calling it a step in the right direction to ultimately curbing earmarking, also known as pork-barrel spending. Members also said it would shine more light on the process to prevent bribery scandals like those that rocked Washington in the past year.

"If you aren't willing to put your name on the project, you shouldn't expect the American people to pay for it," said Majority Leader John A. Boehner, Ohio Republican.

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"We are blowing away the fog of anonymity so the public can have a clear picture of what the projects are, how much they cost and who is sponsoring them," agreed House Rules Chairman David Dreier, California Republican who authored the change.

Many yesterday evoked the $223 million "bridge to nowhere," nicknamed for a bridge in a sparsely populated area in Alaska. It was stripped from the highway-spending bill last year after its exposure prompted public outcry. That and other earmarks such as $90,000 for the Cowgirl Hall of Fame in Fort Worth, Texas, are examples of pork projects often tucked away in lengthy legislation. Before yesterday's change, the authors of such earmarks did not have to be disclosed.

Watchdog groups estimate the nearly 10,000 earmarks submitted this year cost taxpayers $29 billion.

Rep. Jeff Flake, one of the biggest critics of earmarking, called the bill a "little dose" of accountability and transparency, but said he doubts earmarking will cease.

"You kind of have to have a third element, and that's shame, and we have too little of it here," the Arizona Republican said. "As long as you can stand up with a straight face and say, 'I just got an earmark for the Rock 'n' Roll Hall of Fame,' then it's tough to say we're going to change anything with this bill."

House Minority Leader Nancy Pelosi, California Democrat, dismissed the earmarks bill as a "political gimmick to make it look as if something is happening."

The change to House rules would require all earmarks in a committee-passed bill to be clearly listed with the requesting member's name attached. The rule, which does not apply to the Senate, is subject to renewal when a new Congress is inaugurated in January.

Democrats said because the rule does not apply to "manager's amendments" that leaders usually push to the floor or to bills that bypass committee, the changes wouldn't prevent the "bridge to nowhere" or some of the more objectionable pork projects.

"This is a joke, it is a fraud ... it focuses on the minutiae instead of the big problems," said Rep. David R. Obey, Wisconsin Democrat.

Members of the House Appropriations Committee also opposed the change because they think it unfairly targets them.

Republican leaders boast a 37 percent decline in earmarks in the past year, but critics note earmarks have skyrocketed since the 2,000 approved in 1994 when Republicans took over.

"A smaller government is less susceptible to influence peddling and corruption, and as Republicans we should champion that cause," said Rep. John Shadegg of Arizona, who ran for majority leader earlier this year on an earmark-reform platform.

Lawmakers yesterday also hailed the Wednesday passage of a bill creating a Web-accessible database of the billions awarded in government contracts and grants. President Bush has said he will sign the bill, and lawmakers said yesterday it is a good first step to let taxpayers see how their money is spent.

House Takes A Cautious Step On Ethics (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, September 15, 2006

WASHINGTON — Nine months after House Republican leaders pledged to enact sweeping ethics reform in the wake of a series of scandals, a divided House on Thursday approved what critics described as a modest change in the system that lets members slip special "earmarks" into spending bills.

Earmarking, the largely secret process by which powerful members of Congress insert spending provisions into legislation without going through the normal budget process, has been widely used to do favors for business and other interests in exchange for political support, especially campaign contributions. It has also been at the center of several scandals, including the case of lobbyist Jack Abramoff.

On Thursday, the Republican-controlled chamber voted 245 to 171 to require that the authors of earmarks be identified in spending bills, a rule that proponents said would help curb the practice.

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"We have seen a challenge here … and we've stepped up to the plate," said House Rules Committee Chairman David Dreier (R-San Dimas), who was tapped in January to help lead his party's push for what he said then would be "bold, strong reform initiatives."

Thursday's more limited measure was backed by 199 Republicans and 45 Democrats. Twenty-seven California representatives, including all but one Republican, supported the measure; 24 opposed it. Two did not vote.

After the vote, President Bush praised the bill, which he said would "shine a brighter light on earmarks."

But critics charged that the House bill left gaping holes. For one thing, it will not apply across the board to all legislation. Authors of some earmarks added to tax bills may still go unidentified. Indeed, Rep. Jerry Lewis (R-Redlands), chairman of the Appropriations Committee and the lone California Republican to vote against the bill, had said it unfairly singled out appropriations bills for the disclosure requirement.

Thursday's action also did not impose any new rules on the Senate, which still allows its members to insert spending provisions and tax breaks into legislation without identifying themselves.

And critics noted that the House vote did not advance broader ethics measures — such as limits on the free meals and travel that many members receive from lobbyists — that have been stalled in the House and Senate.

One reason adding greater transparency to the earmark process may not restrain the practice is that — though they have not been required to identify themselves in the past — many members have publicly boasted of the money they steered into their districts.

In North Carolina, for example, where Republican Rep. Charles H. Taylor is locked in a tough reelection campaign, he is highlighting his position as a senior member of the Appropriations Committee and inviting voters to check a map on his campaign website to "see how many of your taxpayer dollars Congressman Taylor has returned to your county."

Because of the limited nature of the House action, reform advocates dismissed it as little more than window dressing.

"There are major problems with this earmark reform," said Stephen Ellis of Taxpayers for Common Sense. "It doesn't capture every earmark. It doesn't make it easier to strip wasteful earmarks. It won't reduce the number of earmarks."

"The earmark rules changes will not fool the American people into ignoring the irresponsible failure by the House to address the worst House corruption scandals in decades," said Democracy 21 President Fred Wertheimer, a longtime champion of ethics reform.

With less than two months before the November elections, House Republican leaders have been under increasing pressure to produce some kind of reform. They have also been under pressure from conservatives to rein in "pork barrel" spending.

Democrats have hammered Republicans all year over ethics, repeatedly accusing the majority of presiding over a "culture of corruption."

Republican promises of reform in January followed scandals involving Abramoff and former Rep. Randy "Duke" Cunningham, the Rancho Santa Fe Republican who pleaded guilty last year to accepting bribes from defense contractors in return for steering their way federal projects worth millions of dollars.

Abramoff once referred to the Appropriations Committee as a "favor factory."

An investigation is also underway into ties between appropriations chairman Lewis and a lobbying firm whose clients have received millions of dollars in earmarks. Lewis has denied any wrongdoing, saying that earmarks he sought benefited his district.

Democrats have had to contend with their own scandals this year, with Reps. Alan B. Mollohan (D-W.Va.) and William J. Jefferson (D-La.) both forced from committees amid allegations of wrongdoing.

In a sign of how closely action on Capitol Hill is tied to this year's battle for control of Congress, Rep. Rahm Emanuel (D-Ill.), who chairs the Democratic Congressional Campaign Committee, invoked his party's campaign call for a "new direction" in his floor speech opposing the bill.

2 Republicans In Senate Vow To Block F.D.A. Pick (NYT)

By Gardiner Harris

The New York Times, September 15, 2006

DOJ_NMG_0063402

Two Republican senators have promised to block the nomination of Dr. Andrew C. von Eschenbach to become commissioner of the Food and Drug Administration, illustrating just how difficult filling the top job at the agency has become.

Senator David Vitter, Republican of Louisiana, said Thursday in an interview that the Bush administration must legalize imports of some prescription drugs before he would allow the nomination to proceed.

"It could be from Canada only, or for personal use only, or a pilot or limited program," Mr. Vitter said. "But it has to be meaningful."

Senator Jim DeMint, Republican of South Carolina, will block Dr. von Eschenbach's nomination unless the F.D.A. takes steps to remove the abortion drug RU-486 from the market, said Wesley M. Denton, Mr. DeMint's press secretary.

"Senator DeMint believes that a qualified F.D.A. nominee would publicly discourage RU-486's use and take immediate steps to remove it from the market," he said. "We've reached a breaking point here, and the senator's not going to budge until they wake up over at F.D.A."

The F.D.A. is unlikely to make any substantive moves in the coming weeks to fulfill either senator's condition, imperiling the nomination of Dr. von Eschenbach, the acting commissioner. Mr. Vitter predicted that the nomination would not be acted upon this year.

"We're running out of time," Mr. Vitter said.

Susan Bro, a senior communications adviser at the F.D. A., said, "We're certain both the Senate and F.D.A. are in mutual agreement that what's critical to ensuring the best interest of all Americans is permanent leadership at the F.D.A." She said the agency looked forward to seeing the nominee confirmed.

For the past year, a vote on Dr. von Eschenbach's nomination has been stymied by Senators Hillary Rodham Clinton, Democrat of New York, and Patty Murray, Democrat of Washington State, who insisted that the F.D.A. must make a decision on a three-year-old application to allow over-the-counter sales of Plan B, an emergency contraceptive.

The Democratic senators' objections were so firm that Senator Michael B. Enzi, Republican of Wyoming, the chairman of the Senate Health, Education, Labor and Pensions Committee, refused even to schedule a committee vote on the nomination until it was resolved.

After prodding from Dr. von Eschenbach, the F.D.A. approved the Plan B application last month.

Mr. Enzi then scheduled a vote on the nomination for next Wednesday. The committee was widely expected to vote to send the nomination to the full Senate. But after the committee votes, any senator can issue a "hold" that blocks the Senate from considering a nomination approved by committee.

So little time is left before Congress adjourns that any holds, even brief ones, could scuttle Dr. von Eschenbach's nomination until next year. President Bush could renominate Dr. von Eschenbach next year, or he could decide to give him a recess appointment.

Recess appointments tend to generate ill will in Congress and may undermine authority within the agency, said Paul Quinn, a Washington lawyer.

If President Bush were to make a recess appointment this year, he would have to reappoint Dr. von Eschenbach next year. Either way, Dr. von Eschenbach could continue to lead the agency in the interim.

Drug companies and others who have business before the F.D.A. generally prefer that the agency have a confirmed commissioner because they say that acting leaders do not have the power to make difficult but needed decisions and changes.

Uncertain leadership can also affect employee morale, Mr. Quinn said.

The job of F.D.A. commissioner has been subject to Senate confirmation since only the 1990's, and it has become increasingly difficult to get the Senate to agree on a candidate.

The Bush administration has had a confirmed F.D.A. commissioner for less than two of nearly six years in office.

"The job is important enough that it should be subject to Senate confirmation, but unfortunately it's become so politicized that it's become a hard job to fill," said Dan Troy, a former F.D.A. general counsel. "You can and are attacked by both sides of the political spectrum."

Government Recovers Stolen Computer (AP-Y)

DOJ_NMG_0063403

AP, September 14, 2006

The government said Thursday it had recovered a Veterans Affairs Department subcontractor's lost desktop computer containing personal data for 16,000 veterans.

The FBI and Veterans Affairs Office of Inspector General said Khalil Abdullah-Raheem was charged Wednesday on theft charges after the Unisys Corp. computer went missing in July.

The computer, which was taken from Unisys' offices in Reston, Va., contained personal data for veterans who received care at VA medical centers in Philadelphia and Pittsburgh.

Abdullah-Raheem, 21, of Washington, was employed by a company that provides temporary labor to Unisys. Investigators believe he did not target the data, and forensics experts were determining if the VA data had been compromised.

VA Secretary Jim Nicholson on Thursday praised investigators' work in locating the missing computer.

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On the Net:

Department of Veterans Affairs: http://www.va.gov/

Paulson Positions Treasury As Policy Quarterback (WSJ)

By Deborah Solomon

The Wall Street Journal, September 15, 2006

Two months into his new job, Treasury Secretary Henry Paulson is moving to restore clout and stature to the department, tapping top-level experts to fill senior positions, seeking alliances with influential White House officials and insisting on holding key meetings at the Treasury Building.

Mr. Paulson is trying to put into practice assurances he received from the White House before agreeing to take the secretary job -- that he would be the president's main driver of economic policy. Since coming to Washington, Mr. Paulson has held daily phone calls with the influential Allan Hubbard, chairman of the White House National Economic Council and a longtime friend of President Bush, and invited Mr. Hubbard to accompany him to China next week. He also talks frequently with Secretary of State Condoleezza Rice, hosts cabinet-level economic meetings at Treasury and is trying to reach out regularly to brief both Democrats and Republicans on Capitol Hill on Treasury happenings.

Mr. Paulson has been keeping longer hours than many in the government are accustomed to and is expecting his staff to do the same. Each day at 8:15 a.m., he and Deputy Secretary Robert Kimmitt, hold senior staff meetings. Mr. Paulson often invites staff to his house for weekend meetings. His first speechwriter, Matt Rees, has announced he is leaving to spend more time with his family.

Whether Mr. Paulson's efforts succeed -- and help him shape economic policy -- remains to be seen. No major policy initiatives are expected before the 2006 midterm elections. Future efforts could depend on who controls Congress after November.

But Mr. Paulson already commands high-level audiences, in good part because of his previous life as the chief executive of Goldman Sachs Group Inc. During his first official trip to China next week, he is expected to meet with Chinese President Hu Jintao and other senior Chinese officials.

While in Asia he will also hold private meetings to discuss Iran and terrorism financing, along with Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence.

So far, much of Mr. Paulson's efforts to bolster Treasury have been aimed at bringing in key staff from outside. Yesterday, the day after he gave a speech on the international economy, his choice for the top communications spot, Michele A. Davis, was endorsed by President Bush. Ms. Davis played a similar role during the tumultuous tenure of Mr. Bush's first Treasury Secretary, Paul O'Neill, and is expected to serve as a senior strategist under Mr. Paulson.

He also has tapped former Goldman Sachs vice chairman Robert Steel for the top domestic-finance post -- his Senate confirmation hearing could be as early as next week -- and is hiring China expert Deborah Lehr, of consulting firm Stonebridge International, as a senior adviser. Jim Wilkinson, a former senior adviser to Ms. Rice, is Mr. Paulson's chief of staff and another former State Department aide, Taiya Smith, is now deputy chief of staff.

DOJ_NMG_0063404

Proposal Would Make Retirement Benefits A Factor In Bidding (WP)

By Stephen Barr

The Washington Post, September 15, 2006

The Bush administration continues to have a hard time selling its plan to turn more federal work over to the private sector.

In a move that has roiled federal contractors, the Senate has proposed making retirement benefits a factor when the Defense Department puts certain federal jobs up for bid.

The proposal would prevent contractors from obtaining an advantage if they provided less generous retirement benefits than the government does to its employees. Contractors said that would drive up the cost of bids by 24 percent.

This comes two years after Congress stipulated that private-sector bids include an amount for employee health benefits at least equal to the amount paid by agencies. Contractor associations said that drove up the cost of bids by 5.5 percent.

Federal unions, especially the American Federation of Government Employees, have lobbied Congress to curb job competitions with the private sector, contending that they lower morale in the workplace and often do not deliver the promised budget savings.

Contractor associations argue that the Senate's move, if agreed to by the House, would stop the Defense Department from trying to outsource work through a process set up by the Office of Management and Budget as part of President Bush's federal management agenda. That effort -- competitive sourcing -- is also known as A-76, after the name of the OMB directive that lays out the rules for the competitions.

Contractors find the health-care comparison and the proposed retirement benefit comparison especially onerous because the standard rules used in competitions require the contractor to save the government $10 million or 10 percent of agency personnel costs (whichever is less) or the work will be retained within the agency.

Although many agencies conduct studies to see whether federal work can be turned over to the private sector, the Defense Department has been the most active over the years in contracting out and has drawn the most attention from unions. The agency said in 2004 that job competitions that year were on track to produce about $740 million in savings.

Under the job competitions, agencies try to determine if the government's commercial work can be done more efficiently by a contractor. For decades, the government has followed a policy of buying goods and services in the marketplace rather than setting up operations that compete with business.

Where that line gets drawn, however, can be difficult. For example, Congress has debated whether airport passenger screening, collection of delinquent taxes and air traffic control operations should be performed by government employees or by contractors.

Projected cost savings are a key factor in job competitions, prompting congressional supporters of federal employees to back legislation, usually as a part of spending bills, aimed at creating what they call a level playing field.

Stan Soloway , president of the Professional Services Council, an industry group, called the Senate proposal "sound-bite legislation" aimed at discouraging the Pentagon from conducting job competitions. "The intent here is to put that nail in the coffin," Soloway said.

Sens. Edward M. Kennedy (D-Mass.) and Orrin G. Hatch (R-Utah) proposed the amendment to make retirement benefits a factor in contracting out decisions. Their provision was accepted on a voice vote shortly after Congress returned from the Labor Day recess. The fate of the provision will be decided by congressional negotiators later this year because the House did not include a similar provision in its Defense appropriations bill for fiscal 2007.

In introducing the amendment, Kennedy said more than 10,000 civil service employees at the Defense Department could be "at risk of unfair termination" through competitive sourcing. "This skewed privatization policy is fundamentally unfair to federal workers who lose contracts simply because they receive decent benefits," he said.Talk Shows

Michael Johnson , founder of Brightline Compliance and a former Justice Department lawyer, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Lisa Schlosser , chief information officer at the Housing and Urban Development Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

DOJ_NMG_0063405

Lawmakers Seek To Loosen Up Banking Proposal (USAT)

By Sue Kirchhoff

USA Today, September 15, 2006

WASHINGTON — Lawmakers and banking executives Thursday pushed federal regulators to relax proposed tougher standards for commercial real estate lending, saying they could hurt community banks and the overall economy.

"I understand there is an increase in lending, but by your own figures there is no increase in risky lending," Rep. Barney Frank, D-Mass, said at a House Financial Services subcommittee hearing.

Frank said the standards could force banks to pull back on lending to revitalize downtown areas or build affordable, multifamily housing. While Frank is a Democrat, there was bipartisan concern.

Regulators, including the Federal Reserve and Federal Deposit Insurance Corp., generally defended their proposals. But John Reich, director of the Office of Thrift Supervision, said the guidance may go too far in some areas.

Other regulators said midsize banks are now carrying a higher concentration of commercial real estate loans on their books than during the boom years of the 1980s, when a number went bust.

"Although circumstances are different today … we know from the painful experience of just 20 years ago that commercial real estate lending has a real potential to fail banks," said John Dugan, comptroller of the currency.

Congress has not intervened on the legislative side, but lawmakers made it clear they want changes before a final version of the standards is issued. Regulators have gotten more than 1,000 letters since the proposal was unveiled in January.

The proposed standards generally call for bank examiners to perform a more strenuous appraisal of banks' commercial real estate loan portfolios when the concentration of such loans reaches certain thresholds. Banks could be required to make management changes and increase capital reserves. Commercial real estate is defined as housing as well as office buildings, malls and other commercial-type structures.

While regulators say the thresholds are merely guidelines, lenders and lawmakers feared they would turn into caps on lending. Community banks, which can't compete with big national banks in many areas, depend on real estate loans.

Banks said the proposal was overly broad, expensive to implement and that housing should not be lumped in with other real estate.

"The proposed guidance is seriously flawed and we have strongly urged the banking agencies not to go forward … in its current form," said James McKillop, CEO of the Independent Bankers' Bank of Florida.

Fed Gov. Susan Schmidt Bies testified that banks may be doing a good job evaluating individual loans, but better portfolio management is needed. Carefully run banks can be hurt if other lenders are allowed to make bad loans, depressing real estate prices, she said.

Laura Bush Aiding Clinton Conference (AP-Y)

By Jennifer Loven

AP, September 15, 2006

Another member of the Bush family is getting cozy with former President Clinton. First lady Laura Bush joins the former president as a keynote speaker opening his three-day Clinton Global Initiative in New York next week.

Clinton has famously formed a close friendship with the current president's dad. Clinton has been a repeat guest at the Kennebunkport, Maine, home of George H.W. Bush and his wife, Barbara.

Clinton also sparked curiosity when he was spotted at the White House last month. It turns out that he and the current president were having lunch, something White House aides said they do occasionally.

Now, aware of Laura Bush's involvement in issues that his foundation addresses, Clinton called several months ago to solicit her participation in the conference, said Anita McBride, her chief of staff.

Laura Bush agreed, hoping to tell people about the good that their tax dollars are doing and to persuade other nations of the United States' good intentions.

"We've got a good story to tell. We've got something to say," McBride said. "We've got something to show that we are not only as Americans a compassionate and generous country and she wants Americans to know that they're making a difference."

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This year's Clinton Global Initiative is a follow-up to the 2005 event that brought $2.5 billion in pledges to help solve challenges such as the HIV infection in Africa.

The first lady's speech next Wednesday will cover topics such as literacy and education, AIDS and women's rights that she has highlighted in her travels. They include 11 solo trips to 27 countries in the nearly six years of her husband's presidency.

She also is bringing a pledge of her own: the announcement of a partnership between the Bush administration and an American foundation to help provide clean drinking water in Africa — a key component to improving health on the poverty-stricken continent.

McBride would say only that the project involves providing water-cleansing equipment for some of sub-Saharan Africa's most problem-ridden areas. She would not disclose details such as the dollar amount or the foundation partner.

While accompanying her husband to New York for the U.N. General Assembly next week, Laura Bush is hosting her own conference, on global literacy. She is the United Nations' honorary ambassador for the Decade of Literacy.

In addition, the first lady is doing her part to promote the administration's agenda on Myanmar.

She is holding a discussion with U.S., U.N. and nongovernmental organization representatives on the situation in the Southeast Asian nation that the administration has criticized for its repressive policies and detention of a pro-democracy leader, Aung San Suu Kyi.

The country, also known as Burma, is known for violence against the ethnic Karen minority and a growing refugee problem.

U.S. officials, pessimistic about the prospects for Security Council action against Myanmar's military junta, hope Laura Bush's involvement can help.

Democrats Meander In A New New Direction (WP)

By Dana Milbank

The Washington Post, September 15, 2006

House Minority Leader Nancy Pelosi, the woman who will become speaker of the House if Democrats get lucky in November, began her weekly news conference yesterday holding up a red-white-and-blue brochure.

"I hope you all received 'A New Direction for America,' " she said, standing at a lectern that bore the same slogan. She called the manifesto "a compilation of many of the initiatives taken by our House Democratic Caucus that encompasses our new direction for all Americans."

It was a handsome booklet, full of homey photographs and popular proposals, but there was a problem. Democrats have had more "New Directions" recently than MapQuest.

Among the party's campaign slogans this year: "Culture of Corruption," "Culture of Cronyism," "Do-Nothing Congress," "Rubber-Stamp Congress," "Together, We Can Do Better," "Together, America Can Do Better" and, most recently, "Six for '06."

For those keeping score at home, Democrats arrived at "New Direction" yesterday by downgrading one of the "Six for '06" issues (health care) and upgrading three others (honesty, civility and fiscal discipline), for a total of eight items on the contents page.

By contrast, Republicans have settled on a single, unofficial slogan, which essentially says: Vote Democrat and Die. And in politics, scary and scurrilous usually trumps elaborate and earnest -- something Pelosi has experienced firsthand in recent days.

The California Democrat has been the focus of the GOP attack since her remark last week that capturing Osama bin Laden wouldn't make us safer. It was similar to sentiments uttered previously by President Bush ("He's not the issue") and Defense Secretary Donald Rumsfeld ("If he were gone tomorrow, the same problem would exist"). But it set off a flurry of Benedict Arnold charges from Republicans directed at Pelosi and her colleagues.

Majority Leader John Boehner (R-Ohio) wondered whether Democrats are "more interested in protecting terrorists than in protecting the American people." Rep. Marsha Blackburn (R-Tenn.) stood next to a poster of Pelosi and her words about bin Laden and demanded: "Where do your loyalties lie?" House Speaker Dennis Hastert (R-Ill.) said Democrats "are confused about who the enemy actually is."

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Pelosi, sitting on the sofa in her Capitol office yesterday, took the treason talk in stride. "I've been a traitor for five years," she quipped, pointing out that Republicans said much the same thing when she proposed a 9/11 commission. By now, she added, Democrats have neutralized the issue.

That's mostly true. Polls show a shrunken GOP advantage on terrorism. But the Republican attacks have shifted the debate to the one issue that benefits them -- as Pelosi witnessed in her news conference yesterday morning.

Her opening statement covered a full range of Democratic issues: fiscal responsibility. The minimum wage. The trade deficit. Student loans. Health care. Energy independence. Social Security. Medicare.

Then came the questions. "This is now the third election in a row in which they've raised security issues just before the election," the first questioner said of the Republicans. "Why won't it work for them a third time?"

"We won't be Swift-boated on the national security issue," the minority leader maintained.

"As you know," came the follow-up, Republicans "are citing past votes by you and other Democrats."

Pelosi was defensive. "I have five children," she said. "Five grandchildren, going on six. And I consider myself the ultimate security mom." By way of clarification, she felt compelled to add: "Democrats are committed to hunting down Osama bin Laden."

A third questioner pointed out that Republicans have regained the lead on national security. "This is what, I guess, campaigns will be about," Pelosi conceded with some reluctance. "It shouldn't be about national security."

It's not clear what more Pelosi could do to shift the debate back to friendly terrain. Ninety minutes after her "New Direction" news conference, she was in a teleconference with reporters to talk about Social Security. "We have serious concerns about the safety and security of Social Security," she warned.

But the journalists weren't nibbling; of the 15 people on the call, only one asked a question.

At about the time Pelosi was unveiling the "New Direction" brochures, Sen. John Ensign (R-Nev.) was out on the Senate floor, accusing Democrats of aiding the terrorists. "Al-Qaeda," he said, sees "the lack of resolve in some of our leaders, and they seek to exploit it."

The charge enraged Sen. Mary Landrieu (D-La.), who had come to the floor to talk about education.

"America is not tired of fighting terrorism," she retorted. "America is tired of the wrongheaded and boneheaded leadership of the Republican Party that has sent $6.5 billion a month to Iraq when the front line was Afghanistan and Saudi Arabia, that led this country to attack Saddam Hussein when we were attacked by Osama bin Laden."

She continued: "And Americans are most certainly tired of leadership that, despite documented mistake after mistake after mistake . . . never admit that they ever do anything wrong."

It was angry and raw. But it was a new direction.

Costs Will Outstrip Savings (USAT)

By Shannon Benton

USA Today, September 15, 2006

Next year, for the first time, Medicare Part B premiums will be “means tested,” or based on income. Some proponents claim this will save the government money and perhaps even the ailing Medicare system itself.

Though their arguments might seem credible, they lack foresight. According to the non-partisan Congressional Budget Office, means testing will cut barely three-tenths of 1% from Medicare's total budget over the next 10 years.

But it will cost much more than it saves.

As healthier and wealthier seniors see their monthly premiums rise — in some cases from $88.50 today to, by our estimate, as much as $395 by 2009 for the top bracket — many are expected to abandon Medicare for private insurance. The Centers for Medicare and Medicaid Services estimates that as many as 30,000 seniors will drop Part B in the next three years. That number will likely grow exponentially in future years.

Left behind will be the poorest and sickest — and most expensive to treat — who will be forced to pay higher premiums and deductibles, something they cannot afford. Worse, they might find themselves without a viable health coverage system, exactly what Medicare was created to prevent.

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No law prevents Congress from redefining "wealthy," now starting at $80,000 a year for individuals. With looming deficits, there is already talk in Congress about lowering the threshold to $60,000. Next could be $40,000.

Finally, the argument that CEOs should pay more than blue-collar workers is a red herring. The wealthy have been paying more all along. Workers and their employers pay a tax of $2.90 on every $100 they earn into the Medicare trust fund. So, a senior earning $200,000 contributes $5,800 into the fund annually, five times the $1,160 a senior making $40,000 annually contributes.

The most vulnerable members of our society — the poorest and sickest seniors, whose numbers are in the millions — should be protected. Means testing might inadvertently lead to poorer health care and increased expenses for those least able to afford the consequences of this costly mistake.

Shannon Benton is executive director of the Senior Citizens League, an advocacy group based in Alexandria, Va.

Sinking Secret Holds (WSJ)

The Wall Street Journal, September 15, 2006

Americans are rightly proud of their transparent government, one in which almost everything save vital national security information is open to scrutiny. So all credit to a group of Senators who have launched a campaign to get rid of one of the last bastions of government unaccountability, namely the Senate tradition of "secret" holds.

Republicans Chuck Grassley and Trent Lott and Democrats Ron Wyden and Chris Dodd this week announced their intention to force some of their more cloak-and-dagger colleagues to agree to legislation to eliminate secret holds. This practice -- which allows any Senator to block a nominee or legislation without revealing his or her identity -- has been around since at least the 1960s, though it has become a greater source of political harm with each passing year.

The most common Senate holds in recent years have been placed on presidential nominees, usually with the aim of winning some parochial policy battle. A few of the Bush appointees who have been held hostage (some with secret holds, some with open holds and some by members of the President's own party) include former U.S. Trade Representative Rob Portman, former FDA Commissioner Lester Crawford, EPA head Stephen Johnson, and Deputy Secretary of Defense Gordon England. All were ultimately confirmed, though only after endless guessing games and delays.

Left hanging is the President, who is unable to have his appointees get on with the actual job of running the government. The holds don't help the credibility of the Senate, either, since many are used precisely so that Senators don't have to go public and acknowledge opposition to a piece of legislation. Ask Ted Stevens, who this summer put a secret hold on a bill to promote more transparency in public spending -- thus making it harder for Mr. Stevens to haul pork back home to Alaska. More often than not, secret holds are levied at the behest of outside special interest groups, the public never the wiser.

The four reformers are now pushing an amendment that would require any Senator who places a hold to make it public within three days. As Senator Grassley said yesterday, this is the right thing to do not only because a hold is "the public's business," but because "if you're a member of the Senate you ought to be man or woman enough to stand up and say what you're for and against, and why." Americans should expect nothing less.

OTHER NEWS:

US Retail Sales Post Unexpected Rise (FT)

By Daniel Pimlott

Financial Times, September 15, 2006

US retail sales unexpectedly grew in August, as sales of automobiles were better than feared and lower petrol prices encouraged consumers to spend.

Economists had expected sales to fall by 0.1 per cent month-on-month, but in fact they rose by 0.2 per cent, after 1.4 per cent jump in July, a report from the Commerce Department said.

Observers were generally upbeat about the figures. "Consumers are sort of trucking along, although there is gradual slowdown under way," said Mike Englund, an analyst at Action Economics.

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The sales data, combined with reports that jobless claims had fallen and business inventories are growing more slowly, suggest that the anticipated economic slowdown will be more modest than some fear, Action Economics said.

Automobiles and parts sales were largely responsible for the positive retail numbers, posting a small 0.4 per cent rise, rather than slipping sharply as had been expected.

Outside of automobile sales, however, the picture was murkier, as sales rose 0.2 per cent, slightly less than the 0.3 per cent analysts predicted, while July and June figures for non-auto sales were revised down. Clothing sales, furniture and electronic goods all fell.

Some were sceptical of the numbers after earlier reports showed that vehicle sales slowed in August.

"The headline is flattered by an inexplicable 0.4 per cent increase in auto sales, which cannot be squared with the 6.3 per cent drop in unit sales reported by the automakers," said Ian Shepherdson, chief US economist with High Frequency Economics. "Expect a downward revision."

But the figures do offer some comfort to the economy, which has been showing signs of strain particularly in the housing market.

"If the consumer keeps spending and the savings rate stays low, it's going to be hard for the economy to slow much," said Mr Englund.

Sales of petrol at gasoline outlets fell by 1 per cent from July, when oil prices reached a record high, keeping extra cash in consumers' pockets.

Falling gas prices may provide an explanation for the resilient levels of spending and a clue to the economy's outlook.

"Over the last month, gasoline prices have fallen ... significantly below September 2005 levels," said Peter Morici of the University of Maryland School of Business. "If sustained, lower gas prices will free up enough disposable income to ... give the economy a needed jolt."

Yields on benchmark 10 year treasurys rose before the data's release, before falling back.

Retail-Sales Growth Eases To 0.2% (WSJ)

By Mark Whitehouse

The Wall Street Journal, September 15, 2006

American consumers tempered their shopping in August as the price of gasoline peaked at more than $3 a gallon, but a subsequent easing in fuel prices has led some economists to expect a rebound in coming months.

Sales at stores and food establishments in August rose 0.2% from July, after jumping 1.4% in July from June, the Commerce Department said. Excluding auto dealers -- whose sales in dollar terms rose slightly even though they sold fewer vehicles -- the August increase was also 0.2%, slightly below economists' expectations.

Further excluding gasoline stations, where a sharp price decline from the early August peak precipitated a drop in the dollar value of sales, retail sales rose 0.4%.

The August report contrasted with July's surprisingly strong data, which had cast doubt on the idea that slowing consumer spending would cool the economy and relieve inflationary pressures. "This shows that the July surge was not a true indication of what is happening," said Joshua Shapiro, chief U.S. economist at consulting firm MFR Inc. "The consumer has ratcheted back."

The moderate pace of August sales could suggest that, aside from the effect of the summer spike in gasoline prices, a sagging housing market has begun to take a toll on consumers by reducing their ability to extract cash from their homes.

Spending at building-material and garden stores, which tends to track housing-market activity, rose a meager 0.1% in August. July's increase, initially reported at 1.8%, was revised down to 0.3%.

Sales at electronics and appliance stores rose 0.1% in August. Furniture and home-furnishings sales fell 0.3%. Clothing fell 0.3%.

Still, consumer spending overall remains on the rise, and some economists see grounds for a resurgence. Taken together, the retail-sales figures for July and August are consistent with inflation-adjusted consumer-spending growth of about 3.5% in the third quarter, up from 2.6% in the second quarter. Beyond that, gasoline prices have already fallen about 40 cents a gallon from their August peak.

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Each one-cent decline in the price of gasoline, if sustained for a year, frees up about $1 billion in extra spending money -- a direct boost to disposable income that could provide a powerful offset to declines in housing wealth.

"I think sales could come ripping right back," said Brian Jones, senior economist at Citigroup Inc. "Any talk about us having a soft holiday season is way premature."

Much of the benefit of lower gasoline prices would go to lower-income consumers, for whom gasoline bills make up a larger share of total spending. That, said Ira Kalish, director of consumer business at Deloitte Research, could bring about a shift in consumer behavior: While falling house prices could make more-affluent consumers turn frugal, relief on the gasoline-price front could open up the wallets of the poorer majority.

"It's bad for the department-store industry, it's bad for the home-related retailers, but it could be good for discounters," said Mr. Kalish.

Separately, the Labor Department said jobless claims fell in the week ended Sept. 9, putting the four-week average at 314,250. The Labor Department also reported that import prices rose 0.8% in August from July. Excluding a jump in the price of imported fuels, import prices were up 0.2%.

Retail Sales Take Wind Out Of Stocks' Sails (USAT/BLOOM)

By Bloomberg News

USA Today, September 15, 2006

Stocks snapped a four-day rally Thursday after the government said retail sales excluding autos rose less than economists forecast and an increase in import prices revived inflation concern.

ExxonMobil, the largest publicly traded oil producer, lost 65 cents to $64.71 and led energy shares lower as oil fell 75 cents to $63.22 a barrel. A 0.8% rise in import prices in August caused speculation that today's consumer prices report will show that inflation remains a threat.

“The market is counting on a fairly precise path: growth that is not (so) strong (as) to be inflationary, but not so weak (as) to cause earnings misses,” says Vadim Zlotnikov, chief equity strategist at Sanford C. Bernstein. “That could happen, but it's a low probability.”

The Standard & Poor's 500 index dropped 1.79 points, or 0.1%, to 1316.28. The Dow Jones industrial average lost 15.93 points, or 0.1%, to 11,527.39. The Nasdaq composite index rose 1.06 points, or 0.1%, to 2228.73.

Stocks have risen this month: The S&P is up 1% and the Dow on Wednesday came within 180 points of a new high. Falling oil and signs that the Fed will keep interest rates unchanged drove the advance. The drop in commodity prices helped eclipse concern a housing slump will curb consumer spending.

Retail sales rose 0.2% in August, the Commerce Department said (story, 8B). Sales excluding automobiles were up 0.2%. Economists in a Bloomberg News survey forecast a 0.3% increase. The rise in import prices was led by increases in oil, natural gas and metals. Economists had forecast a 0.3% gain. Excluding oil, prices advanced 0.5%.

The data helped reignite concern that inflation may pick up, leading the Fed to resume raising borrowing costs after pausing at its last meeting on Aug. 8. Policymakers next meet on Wednesday. Futures contracts that allow investors to bet on the direction of interest rates signaled a 22% chance the Fed will boost its benchmark rate to 5.5% by year's end. The futures showed 19% Wednesday.

Today, the Labor Department will likely say consumer prices rose 0.2% in August excluding food and energy, a Bloomberg survey of economists shows. That would be half of July's pace.

“If (the) data show that inflation is not tamed and the economy isn't growing as investors hoped and we're in a stagflation environment, the markets will turn lower,” says Peter Boockvar, equity strategist at Miller Tabak & Co.

Wall Street Dips On Fears Over Inflation (FT)

By John O'Doherty

Financial Times, September 15, 2006

US stocks dipped slightly on Thursday after retail sales data rekindled inflationary fears and pulled the main indices away from four-month highs.

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Commodities also resumed their slide, with oil, copper and gold all slipping after a minor rally on Wednesday.

The 10 worst performing stocks in the S&P 500 were all oil or mining groups.

Hess sank 2.6 per cent to $40.30 and oil services group BJ Services slid 4.2 per cent to $30.48. Gold miner Newmont Mining fell 3.5 per cent to $44.14, while copper producer Freeport McMoran slumped 4.3 per cent to $52.00.

Microsoft announced that its Zune digital music player – a rival to Apple's iPod – would be available for purchase at Christmas, which helped push its shares up 1.4 per cent to $26.33.

Sovereign Bancorp jumped 3.2 per cent to $21.21 after the company's chief executive said at a conference that he expected to sell the bank.

At the close, the S&P 500 was down 0.1 per cent, or 1.79 points, at 1,316.28, while the Nasdaq Composite was flat, up 1.06 points, at 2,228.73. The Dow Jones Industrial Average was 0.1 per cent, or 15.93 points, lower at 11,527.39.

Stocks turned lower after the latest economic data from the Commerce Department. Retail sales unexpectedly rose 0.2 per cent in August, compared with most analysts' expectation of a 0.1 per cent decline in sales.

Hugh Johnson, chairman and chief investment officer at Johnson Illington Advisors, said the retail sales news was still not enough to change investors' mindsets.

"Today, I don't think we had news that was surprising enough to get the fence-sitters off the fence," he said. "That big question of whether we are heading towards a hard or soft landing is still very much unanswered. What is needed is news that is going to get investors committed to the bull case or the bear case."

Bear Stearns beat analyst expectations when it reported a 16 per cent rise in quarterly earnings.

Its shares rose 2.5 per cent to $139.68. Bear Stearns is the third investment bank this week – after Goldman Sachs and Lehman Brothers to report better-than-expected results.

Defence and aerospacegroup General Dynamics rose 2.4 per cent to $70.88, after it said it would increase aircraft production by 15 per cent next year due to rising international orders.

The lower fuel costs were a boon to industrial chemical makers, and DuPont gained 2.3 per cent to $41.43.

Genzyme gained 2.7 per cent to $68.35 after it said interim results from a drug trial showed that its multiple sclerosis drug performed better than Serono's Rebif.

XM Satellite Radio leapt 9.4 per cent to $13.69 after Credit Suisse raised its rating on the stock from "neutral" to "outperform".

Shares in chipmaker Xilinx fell 4 per cent to $22.41.

Stocks Slip As Natural Gas Hits Two-Year Low (WSJ)

By Serena Ng

The Wall Street Journal, September 15, 2006

Stocks took a breather after a four-day winning streak, as oil prices fell again and investors digested data showing higher-than-expected growth in consumer spending and import prices.

The Dow Jones Industrial Average slipped 15.93 points, or 0.14%, to 11527.39. It is up 7.6% from the start of the year, and 196 points short of its record close of 11722.98 in January 2000.

Crude-oil futures rose early on, then fell in tandem with natural gas, which slid to a two-year low on reports of strong inventories. The October contract for natural gas plunged 10.2%, or 56 cents, to $4.89 per million British Thermal Units. That's down 68% from the closing high of $15.38 in December 2005.

Crude futures slipped 75 cents to $63.22 a barrel on the New York Mercantile Exchange.

The broad Standard & Poor's 500-stock index slipped 0.14%, or 1.79 points, to 1316.28, while the tech-heavy Nasdaq Composite Index inched 1.06 points higher to 2228.73. Small stocks declined, with the Russell 2000 index falling 0.42% to 727.60.

The Commerce Department said retail sales grew 0.2% on a seasonally adjusted basis in August, mainly because of increased auto sales. Economists had forecast a decline of 0.2%. Import prices, meanwhile, rose 0.8% in August, exceeding expectations of a 0.2% rise.

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Analysts said there were concerns that the stronger-than-expected data might affect the Federal Reserve's views on interest rates, which it has left unchanged since June.

"There's still a debate as to whether the Fed is done, especially if we are not seeing a real slowdown," says Jim Paulsen, chief investment strategist at Wells Capital Management. "The important numbers are still suggesting some inflation."

Bond yields edged up, pushing prices down, as investors awaited today's reading on another key measure of inflation, the Consumer Price Index.

Brokerage stocks extended their gains after Bear Stearns followed Goldman Sachs Group and Lehman Brothers Holdings by beating estimates for its quarterly earnings. In 4 p.m. New York Stock Exchange composite trading, Bear Stearns shares were up $3.46, or 2.5%, at $139.68.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.343 billion shares traded, 1,325 stocks rose and 1,952 fell.

Bonds fell. The 10-year Treasury note fell 7/32, or $2.19 for each $1,000 invested, pushing the yield up to 4.795%. The 30-year bond fell 10/32 to yield 4.918%.

The dollar weakened. Late in New York, it traded at 117.52 yen, down from 117.58, while the euro rose against the dollar to $1.2730 from $1.2697.

Some Lawyers Ranked 'Super' Are Not The Least Bit Flattered (NYT)

By Karen Donovan

The New York Times, September 15, 2006

Word of mouth is one crucial marketing tool for a lawyer. Getting your name on a list of top lawyers can be another, unless the list is distributed to consumers in New Jersey.

In an opinion that has set off a nationwide discussion, an ethics committee appointed by the New Jersey Supreme Court concluded this summer that a magazine advertising supplement listing the state's top lawyers violated rules of professional conduct.

The focus of the opinion by the Committee on Attorney Advertising was an insert to New Jersey Monthly magazine called New Jersey Super Lawyers, which listed the top 5 percent of the state's lawyers (1,658 of 35,441) and then offered an opportunity to advertise.

The panel questioned the process used to compile the list, but it was also clearly troubled that the supplement was "designed for mass consumption" by New Jersey residents who may have been misled by what they read.

"These self-aggrandizing titles have the potential to lead an unwary consumer to believe that the lawyers so described are, by virtue of the manufactured title, superior to their colleagues who practice in the same area of law," the committee wrote of New Jersey Super Lawyers.

With that, New Jersey became the latest battleground in the long debate over how far lawyers can go to promote themselves. The New Jersey situation offers a snapshot of an issue that has divided lawyers since a 1977 United States Supreme Court ruling that allowed advertising. In this case, the concern is not so much the list as who reads it.

"It's a question of whether the kind of puffing and self-promotion that is everyday fare in mass advertising is absolutely forbidden for lawyers," said Rodney Smolla, dean of the University of Richmond School of Law. "The counterargument is that American consumers are very sophisticated and don't need this kind of protectionism from the government."

This spring, Mr. Smolla represented two personal-injury lawyers from Fort Lauderdale, Fla., who had appealed to the Supreme Court after being disciplined by the Florida bar for running a TV commercial urging accident victims to call 1-800-PIT-BULL; the ad featured the firm's logo — the head of a pit bull with a spiked collar. Justices rejected the petition.

Super Lawyers is not alone in offering lists said to include the top practitioners in an area of law. But unlike most of its rivals, which send their lists to law firms or corporations, Super Lawyers distributes its lists through supplements to mass media publications.

In its opinion, the ethics panel pointed out, for example, that ratings of lawyers in the Martindale-Hubbell legal directory are directed at other lawyers and are "likely to have minimal recognition to the public."

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While consumers are bombarded by ads from lawyers seeking clients for an endless list of possibilities, most complaints about the practice come from lawyers; the New Jersey case was no exception. In a letter to the ethics committee, Lloyd Levenson, who was selected as a New Jersey Super Lawyer in 2005, wrote that he was offended when the company told him of his selection and then informed him he could buy a full-page ad for up to $15,000.

"What the general public takes from that," Mr. Levenson said in an interview, "is that the people who have paid grand sums of money to buy full pages are somehow better than those who are named in the back pages who refused to shell out the dough. And furthermore, if you don't make the small print, you are not worth hiring at all."

William White, publisher of Law & Politics, which prints Super Lawyers, disagreed. "It's pretty clear," he said, that the profiles in the supplement are advertising because the contact information and logos of the law firms are included.

Editions of Super Lawyers appear in 21 states. Law & Politics, based in Minneapolis, is a division of Key Professional Media.

New Jersey is the first state to raise questions about its distribution. Its opinion came out as Super Lawyers: Manhattan Edition arrived in a glossy advertising supplement distributed with The New York Times on July 18.

Such lists have become so numerous that American Lawyer Media, a large legal publisher, offers Web conferences to coach law firms and their marketing staffs on how to manage them.

Large corporate firms view "Chambers USA,'' published by Chambers & Partners of London and distributed to 30,000 companies, as the gold standard.

The doyenne is "The Best Lawyers in America,'' a book distributed to law firms since 1981 to assist them in finding lawyers in distant locales. "Best Lawyers'' chooses its lists mainly by the voting of lawyers chosen in previous editions.

The New Jersey ethics committee faulted "Best Lawyers" in a passing reference for "trending towards" the Super Lawyers business plan. The publisher of Best Lawyers, Steven Naifeh, said his company had distributed its lists free to local publications, including New Jersey Monthly magazine, for many years.

In a footnote, the New Jersey committee also faulted the selection method used by Super Lawyers, calling it unclear, arbitrary and "lacking in empirical" or legally sanctioned support for the results.

Mr. White said the ethics committee never asked about the selection methods.

In New Jersey, the company sent ballots to 30,000 lawyers. To participate, Mr. White said, a lawyer must have practiced for five years or more. The company received responses from 4.8 percent of the ballots in New Jersey and 2.1 percent in Manhattan. After the balloting, Mr. White said, the company's research and a review by a panel produces the final list.

Super Lawyers is challenging the ethics committee's decision at the New Jersey Supreme Court, which granted a stay of the ruling during the appeal.

Across the river in New York, proposed changes would make it illegal for a lawyer to use a "nickname, moniker, motto or trade name that implies an ability to obtain results." Comments on the changes are due today. If the changes go into effect, they would clip the capes of Manhattan's Super Lawyers.

For now, the list continues.

"It's not an exclusive list, I can tell you that," Peter Bicks, managing partner of Orrick, Herrington & Suttcliffe's New York office, said of his Super Lawyers ranking.

Pennsylvania Judges Decide They, Alone, Will Get Raises (NYT)

By Ian Urbina

The New York Times, September 15, 2006

The Pennsylvania Supreme Court partly reinstated a controversial raise yesterday that state legislators repealed last year after a popular outcry.

But the ruling said that only judges should receive the raise, not the legislators or other government workers who originally qualified.

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The raise, which was passed at 2 in the morning on July 7, 2005, just before the General Assembly adjourned for the summer, was viewed by critics as sneaky and self-serving. It produced a reaction across the state that led to a Supreme Court justice's being voted out of office in November and the defeat of 17 legislators the following May.

In response to the public outcry, legislators repealed the raise in November.

The Supreme Court ruled that the Pennsylvania Constitution prohibited reducing the salaries of judges unless "all salaried officers of the commonwealth" were also affected. The court said the legislation repealing the raise did not do that because it excluded many state employees.

As a result, the Supreme Court justices will receive the raise, which amounts to more than 10 percent of their current salary, while the rest of the state officials will not.

The court also said the raise for legislators was unconstitutional because legislators are not permitted to receive raises that they draft in the middle of a term before having to face voters again.

"This is a cynical judicial swindle," said Bruce Ledewitz, a professor of constitutional law at Dusquesne University in Pittsburgh and a frequent critic of the Supreme Court. "It's blatantly self-serving, and they don't have the authority to do it."

When legislators drafted the raise, Professor Ledewitz pointed out, they included a "nonseverability" clause, which meant that the raises for one branch of government could not be revoked without canceling the raises for all three branches. The justices rejected that clause, he said, allowing their own raise to be restored.

Russ Diamond, a founder of PACleanSweep, a defunct organization that emerged during the backlash against the raises, said he was not surprised by the ruling.

"To me, it looks like further indication that we do not have an independent judiciary," Mr. Diamond said.

Tim Potts, co-founder of Democracy Rising PA, a good-government advocacy group based in Carlisle, said: "Things were settling down during the summer hiatus, but this decision is definitely going to heat them up again for us. I think those politicians who took the raise before facing the voters have something to worry about."

While the State Supreme Court ruling cannot be appealed, Mr. Potts said he had a lawsuit pending in federal court arguing that the justices could not decide on the salary legislation because they had a financial conflict of interest. He lost the initial ruling, but is appealing.

Study Shows GOP Fundraising Edge Is Slipping (CQPOL)

By Greg Giroux

CQ Politics.com, September 14, 2006

If any prediction is safe in this turbulent and closely contested election, it is that Republican candidates and their affiliated national party committees will raise more money than their Democratic counterparts.

But the fundraising advantages enjoyed by the current GOP congressional majorities over the challenging Democrats are closer than in recent election cycles, according to data presented by campaign finance experts at The Brookings Institution in Washington.

Their findings, released at a Tuesday event, seem to indicate that Democrats — who are benefiting from President Bush's unpopularity and strong public disapproval of Congress — have enough campaign dollars to seriously compete for control of the House and the Senate.

"While, in general, it's true that the candidate who spends the most money wins, in a "national tide" election you always have a substantial number of candidates who spend less than their opponents and win, who are taking advantage of the broader national conditions," said Thomas E. Mann, a senior fellow in governance studies at Brookings. "And I guarantee you, there will be such candidates this time."

In the first 18 months of the 2005-06 campaign cycle, the six major national party campaign committees reported raising a combined $574 million, of which $334 million, or 58 percent, was collected by the GOP organizations: the Republican National Committee (RNC), the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC).

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Their Democratic counterparts — the Democratic National Committee (DNC), the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) — raised $240 million, or 42 percent, of the two-party total.

While the GOP advantage is substantial, it is actually smaller than the Republicans' edge at a similar point in the competitive 2004 campaign. At the 18-month mark of that campaign cycle, the party's three committees collected $385 million and the Democrats took in $230.6 million (63 percent to 37 percent). The GOP committees, through June in this cycle, raised about $51 million less than in 2004, while the Democrats raised about $9 million more.

In the first 18 months of the 2002 cycle — the last midterm election campaign and the last campaign of any sort in which party committees were allowed to raise unlimited "soft money" dollars — the Republican advantage was even more lopsided: the three GOP committees raised $404.8 million (64 percent of the total) and the Democratic committees raised $228 million (36 percent).

"What these figures suggest is that both parties are continuing to demonstrate financial strength in the midterm cycle, and that both parties are continuing to benefit from this highly partisan and polarized environment, which is conducive to party fundraising — but that the Democrats are doing much better on a relative basis than has been the case in other recent midterm elections," said Anthony Corrado, a government professor and campaign finance expert at Maine's Colby College.

The narrowing of the GOP's financial advantage also is evident in the partisan breakdown of individual donations to House and Senate candidates running this year.

In the first 18 months of the 2005-06 campaign cycle, individual donors gave $154.8 million to House Republican candidates and $146.7 million to House Democratic candidates — a small advantage for the GOP, especially when compared to past elections. At a similar point two years ago, House GOP candidates raised $150.1 million from individual donors, compared to $116.5 million raised by House Democratic candidates from individuals.

The shift was even more pronounced in the Senate committees' fundraising, with the Democrats emerging with a substantial advantage. In the first 18 months of the 2005-06 election cycle, individuals donors gave $145.1 million to Democratic Senate candidates and $102.3 million to Republican Senate candidates — a bigger edge for the Democrats than in 2004, when the parties' Senate candidates were much closer to parity in such contributions.

"A big part of the story to date in 2006 is individuals are back and contributing more, and especially contributing more to Senate and House Democratic candidates," said David B. Magleby, a political scientist at Brigham Young University in Utah.

The data also show that the parties have been able to fill most of the void created by the elimination of soft money under provisions of a campaign finance law overhaul enacted in 2002 and implemented prior to the 2004 elections.

The $574 million in receipts by the six party committees is not substantially less than the $633 million the organizations raised during the first 18 months of the 2001-02 cycle, when the committees were permitted to complement their heavily regulated and limited "hard money" receipts with unlimited soft-money contributions.

Corrado attributed the parties' success in boosting their hard-money numbers to enhanced small-donor bases, improved technology and the widespread expectation of a highly competitive 2006 midterm election.

Flush with cash, the party committees are preparing to unload the millions they banked for independent expenditure campaigns to promote their preferred candidates and attack the opposition — though the law bars direct coordination with candidates concerning these efforts. In some cases, these party-sponsored independent expenditures will exceed the campaign expenses of the candidates themselves.

"We are going to see more party support for candidates than ever before," Corrado said.

Other major players in the financing of the 2006 elections are the "527" political committees that organize under Section 527 of the Internal Revenue Code and are allowed to accept unlimited contributions to influence elections. Wealthy donors who formerly gave soft money to the political parties have been shifting these large outlays to 527 committees, which already are spending money on television advertisements.

Magleby said "there will be even more substantial outside money" spent by 527 groups and 501(c) nonprofit organizations in congressional contests than in 2004, when such groups concentrated heavily on the close presidential election.

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One Democratic-affliated 527 called Majority Action has recently reported spending $114,000 on television ads criticizing Republican Reps. James T. Walsh of New York and Deborah Pryce of Ohio. Majority Action is headed by Mark Longabaugh, a former campaign aide to the League of Conservation Voters and to the 2000 presidential campaign of former New Jersey Sen. Bill Bradley, and himself a Democratic House candidate in Ohio's 1st District in 1996.

The same filing revealed that Majority Action recently received contributions of $120,000 from George Soros, the liberal billionaire financier who also heavily backed liberal 527 groups in the 2004 presidential election, and $100,000 from Linda Pritzker, an heir to the Hyatt Hotel fortune who is also a generous Democratic Party donor.

One busy Republican-aligned 527 is the Economic Freedom Fund, which has aired television ads attacking Reps. Alan B. Mollohan of West Virginia and Jim Marshall of Georgia in their home districts.

A recent filing by the Economic Freedom Fund said it received a $5 million contribution from Houston homebuilder Bob J. Perry, a prominent Republican donor who also helped fund the Swift Boat Veterans for Truth, a 527 organization that was influential in aiding President Bush's defeat of Massachusetts Democratic Sen. John Kerry in the 2004 presidential race.

"This looks like it's going to be a very financially competitive midterm election . . . None of these races are going to lack for funding," Corrado said.

A rundown of campaign fundraising figures cited in the report can be found here.

Fundraising Totals By The Numbers (CQPOL)

By Greg Giroux

CQ Politics.com, September 14, 2006

The following is a summary of recent campaign fundraising activity by the six major national party committees, comparing their efforts in the current 2005-06 election cycle with those in other recent cycles. The data was prepared by the Center for the Study of Elections and Democracy at Brigham Young University, and were presented Tuesday by a panel of experts on campaign finance.

A story on that event, which was hosted by The Brookings Institution, can be found here.

The figures show that Republican committees continue to enjoy a decided advantage over their Democratic counterparts, but that the Democrats have narrowed the fundraising gap as they attempt to win control of one or both chambers of Congress this November.

All figures are as of the 18-month point in a two-year campaign cycle, or through June 30 of the election year. So receipts for the current cycle reflect how much a committee raised from Jan. 1, 2005 through June 30 of this year.

The parties have filed subsequent reports for July, and the reports for August are due next week. A month-by-month chart of receipts, expenditures and cash-on-hand can be found here.

Receipts for the 2001-02 cycle include "soft money" contributions that the national party committees were allowed to accept through that campaign year. These unlimited contributions were barred by a campaign finance law overhaul that was enacted in 2002 and took effect for the 2004 elections.

Receipts are higher for the DNC and the RNC in the 2004 cycle than for the current cycle, because they were active in that year's presidential race.

Democratic National Committee (DNC)

2005-06 receipts: $90.4 million

2003-04 receipts: $125.4 million

2001-02 receipts: $99 million

2005-06 vs. 2003-04: Down $35 million (28 percent drop)

2005-06 vs. 2001-02: Down $8.6 million (9 percent drop)

Republican National Committee (RNC)

2005-06 receipts: $168.2 million

2003-04 receipts: $219.4 million

2001-2002 receipts: $200.9 million

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2005-06 vs. 2003-04: Down $51.2 million (23 percent drop)
2005-06 vs. 2001-02: Down $32.7 million (16 percent drop)
Democratic Senatorial Campaign Committee (DSCC)
2005-06 receipts: $73 million
2003-04 receipts: $49.3 million
2001-2002 receipts: $70.3 million
2005-06 vs. 2003-04: Up $23.7 million (48 percent gain)
2005-06 vs. 2001-02: Up $2.7 million (4 percent gain)
National Republican Senatorial Committee (NRSC)
2005-06 receipts: $62.6 million
2003-04 receipts: $50.4 million
2001-2002 receipts: $86.2 million
2005-06 vs. 2003-04: Up $12.2 million (24 percent gain)
2005-06 vs. 2001-02: Down $23.6 million (27 percent drop)
Democratic Congressional Campaign Committee (DCCC - House campaigns)
2005-06 receipts: $76.6 million
2003-04 receipts: $56 million
2001-2002 receipts: $58.7 million
2005-06 vs. 2003-04: Up $20.6 million (37 percent gain)
2005-06 vs. 2001-02: Up $17.9 million (30 percent gain)
National Republican Congressional Committee (NRCC - House campaigns)
2005-06 receipts: $102.9 million
2003-04 receipts: $115.2 million
2001-2002 receipts: $117.7 million
2005-06 vs. 2003-04: Down $12.3 million (11 percent drop)
2005-06 vs. 2001-02: Down $14.8 million (13 percent drop)
Democratic Party committees (DNC, DSCC, DCCC) combined
2005-06 receipts: $240 million
2003-04 receipts: $230.7 million
2001-2002 receipts: $228 million
2005-06 vs. 2003-04: Up $9.3 million (4 percent gain)
2005-06 vs. 2001-02: Up $12 million (5 percent gain)
Republican Party committees (RNC, NRSC, NRCC) combined
2005-06 receipts: $333.7 million
2003-04 receipts: $385 million
2001-2002 receipts: $404.8 million
2005-06 vs. 2003-04: Down $51.3 million (13 percent drop)
2005-06 vs. 2001-02: Down $71.1 million (18 percent drop)

Swift Boat Ads Backer Funds New Group (AP-Y)

By Ben Evans

AP, September 14, 2006

The Republican donor who helped bankroll the Swift Boat attacks on Democratic Sen. John Kerry's war record has given $5 million to a new group targeting Democratic candidates.

Bob J. Perry, a Texas homebuilder with close ties to White House advisor Karl Rove and former House Majority Leader Tom DeLay, recently made the hefty donations to the Economic Freedom Fund, a newly created California group.

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The group is a so-called 527 that is not subject to conventional campaign finance restrictions and can spend unlimited amounts on election advocacy, similar to the Swift Boat Veterans for Truth. In the 2004 presidential race, the group of Vietnam veterans made unsubstantiated allegations challenging Kerry's record of wartime heroism.

So far, the new group — which lists Perry as its sole donor — has spent slightly more than $500,000 on television ads and mailings criticizing Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia, according to a disclosure form filed last week with the Federal Election Commission.

According to its Web site, the group also is distributing mailing supporting Republican Georgia Gov. Sonny Perdue's re-election campaign and Jim Nussle of Iowa, a Republican congressman running for governor.

Anthony Holm, a spokesman for Perry, declined to comment. Charles H. Bell Jr., a Sacramento attorney listed as the fund's contact, did not return repeated phone calls. On its FEC filings, the group lists as its address the same Sacramento office as Bell's law firm, Bell, McAndrews & Hiltachk.

The West Virginia and Georgia races are considered among the GOP's best shots at picking up seats in an election year where some experts believe the party is in danger of losing its majority in Congress.

Perry's $5 million donation, made in two payments on Aug. 18 and Sept. 5, is among the largest individual donation to any 527 group this year, although contribution records are still being filed. It exceeds the nearly $4.5 million that Perry gave the Swift Boat Veterans for Truth in 2004.

By comparison, billionaire Democratic donor George Soros has given about $2.3 million this year to several outside groups.

According to its Sept. 8 disclosure, the Economic Freedom Fund has spent $337,753 on the West Virginia race, where Mollohan, a 12-term Democrat, faces Republican state delegate Chris Wakim. The group has spent $163,599 in Georgia, where two-term incumbent Marshall is being challenged by former Republican congressman Mac Collins.

The West Virginia ads address recent allegations regarding Mollohan's ethics, citing news reports that he is the subject of a federal investigation into whether he steered government money to nonprofit groups that donated to his campaigns.

The Georgia ads portray Marshall, a conservative Democrat, as a liberal linking him to Democratic Sens. Hillary Rodham Clinton and Ted Kennedy and Rep. Cynthia McKinney, who lost her seat in a Democratic primary after a highly publicized scuffle with a Capitol Hill police officer.

Marshall spokesman Doug Moore said voters in the district are familiar enough with Marshall's record to know the ads are off base.

"Getting out there and calling Jim Marshall a liberal in the Macon media market isn't going to be effective," Moore said. "Everybody here knows Jim, and they know he's conservative."

Unlike with Kerry and the Swift Boat group, the Economic Freedom Fund has not questioned Marshall's Vietnam War service. A former Army Ranger platoon sergeant and recent inductee into the Army Ranger Hall of Fame, Marshall was awarded two Bronze Stars and a Purple Heart for his service in Vietnam.

"Jim Marshall has a great military record, and I hope they bring that up because we would love to make that an issue in this campaign," Moore said.

The group also made automated phone calls supporting Republican Rep. Mike Sodrel and criticizing his Indiana rival, but the effort may have done more harm than good. A spokeswoman for the Indiana Attorney General's office said Thursday it will investigate a complaint that the calls violate the state's law against automated phone calls.

According to its filing, the Economic Freedom Fund was formed to "promote policies and issues favoring economic freedom, growth and prosperity of the economy."

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On The Net

Economic Freedom Fund: http://www.economicfreedomfund.com

Fla. Gov Candidate Names Running Mate (AP-Y)

By Brian Skoloff

DOJ_NMG_0063419

AP, September 15, 2006

Democratic gubernatorial candidate Jim Davis named a former state senator to be his running mate Thursday, a choice that could lead to Florida's first black lieutenant governor.

Daryl Jones, 51, was the first black candidate to make a serious run for Florida governor, coming in third in the 2002 primary.

"We need a leader with a proven record of standing up for what he believes in and in bringing people together and Daryl Jones is that leader," Davis said. "People are hungry for change."

Jones, a former Air Force fighter pilot, served six of his 12 years in the Legislature with Davis before Davis was elected to Congress in 1996. Jones was considered an intelligent, independent lawmaker and won respect among colleagues in both parties.

Jones is also a lawyer, but said he stopped practicing several years ago.

In November, the pair will face Republican nominee Charlie Crist, who on Wednesday named state Rep. Jeff Kottkamp to be his running mate.

Jones was in the national spotlight in 1998, when President Clinton nominated him to be the first black Air Force secretary. He was rejected in a bitter Senate confirmation process. Witnesses testified that as a reserve pilot, he almost ran out of fuel once and flew the wrong way another time.

Additional testimony raised questions about his background and character. His former squadron commander said he had to be grounded and given a desk job, an account Jones denied.

Jones said Thursday the Senate decision was "partisan politics" and noted that "the Air Force promoted me since then so they think I'm all right."

In 2002, he said he had no interest in becoming lieutenant governor, calling the position largely ceremonial and quipping that if elected he "would wind up being so good at golf I'd become good enough for the senior tour."

Asked about his previous remark, Jones said Thursday that the difference now is "the timing."

"In this case, Jim Davis is somebody that I have known who has tremendous experience both state and federal," Jones said. "He knows exactly what he's doing."

Senate Candidate Speaks Of Life, Faith (WP)

By Alan Cooperman

The Washington Post, September 15, 2006

Robert P. Casey Jr., the Democratic candidate seeking to unseat Sen. Rick Santorum (R-Pa.) in one of the country's hottest election campaigns, told a largely Roman Catholic audience yesterday that in his view, "neither party has gotten it right when it comes to life issues."

Casey, a lifelong Catholic who opposes abortion, is the second high-profile Democrat who has recently given a major address defending the place of religion in politics. In June, Sen. Barack Obama (D-Ill.) criticized "liberals who dismiss religion in the public square as inherently irrational or intolerant."

Since the 2004 presidential election, in which voters who attend church weekly voted 2 to 1 for President Bush over Sen. John F. Kerry (D-Mass.), Democrats have sought to close what some call the "God gap" in U.S. politics.

Casey's candidacy is viewed by Democratic strategists not only as one of the party's best opportunities to pick up a Senate seat, but also as an illustration of its growing inclusion of politicians who oppose abortion and of its desire to reach out to religiously motivated voters.

In a 45-minute lecture at Catholic University's Columbus School of Law, his alma mater, Casey said that America "must be a country dedicated to the common good" and that "my understanding of our common good comes from my family and my faith."

He described a year that he spent teaching at the Gesu School, an inner-city parochial school in north Philadelphia, after graduating from Holy Cross and before going to law school. "My short year as a Jesuit volunteer had a profound impact on my life, and the struggles of those I met in the inner city continue to inspire me," he said.

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Casey said the common good is built on a foundation of social justice. "Justice demands our understanding that the hungry, the impoverished and the uninsured in this country are not statistics; they are children of God," he said.

Turning to abortion, he called for Democrats and Republicans to "unite . . . behind the understanding that the common good requires us to value all life." As an example, he cited legislation proposed by House Democrats that would target "the underlying factors that often lead women to choose abortion."

Some of the sharpest language in Casey's speech was aimed at his party. In 1992, the Democratic National Committee did not let Casey's father, then-Gov. Robert P. Casey Sr., speak at its national convention because of his antiabortion views. Referring to that "dark night," the younger Casey said the party "insulted the most courageous pro-life Democrat in the land, who asked that those who believed in the right to life be accorded the right to speak."

But he also had some sharp words for conservatives who focus primarily on the rights of the unborn. "If we are going to be pro-life, we cannot say we are against abortion . . . and then let our children suffer in broken schools," he said. "We can't claim to be pro-life at the same time we are cutting support for Medicaid, Head Start or the Women, Infants and Children's Program."

Some conservative Catholic groups objected to the university's invitation to Casey because he supports the widespread availability of the emergency contraceptive known as Plan B and has backed civil unions for same-sex couples.

"It is ironic Casey's speech topic is 'Restoring America's Moral Compass' when his own compass on moral issues is misguided," said Joseph Cella, leader of the group Fidelis.

But Tom Perriello, an adviser to the liberal group Catholics United for the Common Good, said the speech was "exciting, because as Catholics we've so often had to choose between the pro-life and the pro-social-justice sides of Catholic teaching. Now we get to have a debate about what authentic Catholic teaching is all about."

Let Reagan Be Reagan (WP)

The Washington Post, September 15, 2006

IT IS A TICKLISH thing for Sen. George Allen, a Republican running for reelection in Virginia, that his Democratic opponent, James Webb, once worked for President Ronald Reagan. And it is especially awkward for Mr. Allen that the Gipper seems to have admired Mr. Webb, a highly decorated Vietnam veteran, and said so. But the fact remains that Mr. Webb did serve Mr. Reagan, both as Navy secretary and as assistant secretary of defense, and that the late president once lauded him publicly before a large crowd at the U.S. Naval Academy in Annapolis. So it is easily within the bounds of fairness that the Webb campaign is airing an advertisement that includes 10 seconds or so of Mr. Reagan paying tribute that day to Mr. Webb's "gallantry as a Marine officer in Vietnam."

The Allen camp has cried foul, and an official at the Reagan Presidential Library in California, acting on Nancy Reagan's behalf, has asked that the ad be pulled. Neither protest has merit. The late president's public utterances are not the private property of his library or family. As for Mr. Allen, his campaign complains that the clip misleadingly implies the former president's support for Mr. Webb's candidacy. By that tortuous line of reasoning, the photograph on the Allen campaign's Web site, showing a young Mr. Allen shaking Mr. Reagan's hand, is also an implied endorsement -- which it isn't.

The president is a public official, paid by the taxpayers. His speeches are in the public domain; they belong to all Americans, and to history. His words may fairly be the subject of bitter debate and divergent interpretation for decades or centuries to come, but they should not be censored posthumously. In this instance, Mr. Webb has neither distorted Mr. Reagan's words nor taken them out of context; nor did Mr. Reagan ever repudiate them. The clip in question is a testimonial to Mr. Webb's service to his country in government and the military, not to a senatorial campaign that Mr. Reagan obviously never observed. It's a good bet that Virginians are clued in to the fact that Mr. Reagan, being dead, has taken no position on the Allen-Webb race. As for the partisans, they should let Reagan be Reagan.

Nationalizing Politics (WP)

By E. J. Dionne Jr.

The Washington Post, September 15, 2006

BALTIMORE -- This year's elections may turn the Tip O'Neill adage "All politics is local" not so much upside down as sideways: In 2006 all local politics is national, and all national politics is individual.

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The United States is witnessing a centralization and nationalization of politics unprecedented in our history. This trend is rooted in the rise of the political consulting industry, vast changes in the technology of campaigning, and the intense competition between the two major parties for control of Congress.

There is, as well, the concentration of political money at the national level as Washington-based interest groups, associations and lobbyists not only raise large amounts in political contributions within the capital but also mobilize campaign money from their allies around the country.

The blogosphere has created central repositories of political information -- including news of very local developments that would otherwise go unnoticed on the national level -- that can speed the flow of intelligence to activists across the nation. And the recruitment of candidates is ever more the job of national party committees, not local officials or organizations.

The result is that the conventional debate about whether congressional elections are primarily local or national in character is both irrelevant and misleading. Even apparently local developments are often orchestrated from afar, and even personal attacks on individual candidates are largely the work of a cadre of Washington-based researchers.

Developments over the past week, including those in Tuesday's primaries, show how important national party machines are to the fate of individual candidates.

The most ironic national intervention was in Rhode Island, where Sen. Lincoln Chafee, the most liberal Republican in the Senate, who has often voted against President Bush, was powered to renomination over conservative Stephen Laffey by the voter identification and message apparatus created by Bush; his top political aide, Karl Rove; and pollster Matthew Dowd.

Here was the president's own political operation trying to identify and bring anti-Bush voters to the polls to renominate an anti-Bush senator who is his party's only hope for holding a Senate seat in a very anti-Bush state. Ideology and loyalty are far less important than control over Washington's levers of power. Chafee, who prides himself on independence, was in fact hugely dependent on a national party he often opposes.

Days before Chafee won his primary, The Post's Jim VandeHei and Chris Cillizza reported that the National Republican Congressional Committee, using research by its own operatives, plans to run tough, negative ads against Democratic challengers this fall on "personal issues and local controversies."

These ads will be classic instances of seemingly individual and local factors invoked as part of a national, centrally directed effort. Such attack ads are likely to be used most in districts in the Northeast and Midwest where Republican candidates will be trying not to talk much about national Republican issues.

Even turning away from your party can be a national partisan strategy, and Republicans are hoping to hold Congress by electing a herd of "independent fighters." At least five Republican candidates describe themselves with that phrase. New Jersey Senate candidate Tom Kean Jr. calls himself an "independent fighter," and so do Sen. Mike DeWine of Ohio and Reps. Curt Weldon of Pennsylvania, Heather Wilson of New Mexico and Vito Fossella of New York.

In Maryland, Republicans hope to use local conflicts in the Democratic Party along racial lines to help Lt. Gov. Michael Steele, whose compelling personal story led the national party to recruit him, against Rep. Ben Cardin, the winner of this week's Democratic U.S. Senate primary.

Cardin defeated former representative Kweisi Mfume, who, like Steele, is black. Mark Clack, Mfume's campaign manager, said here that Steele could "play off" African American resentment "against the Maryland Democratic establishment" over the lack of black representation at the top of the Democratic ticket.

Clack said that for Cardin to win, "the frustration level in the African American community will have to be doused." But he thinks Cardin will succeed, because African American voters have not forgotten the Republicans' use of racial "wedge issues" in past elections and because Steele's need to mobilize the GOP's conservative base will run counter to his effort to appeal to the black community. The Washington Republicans, on the other hand, hope Steele can be a success story in their well-coordinated national effort to blur national issues.

So in 2006 the local is not really local, everything is about controlling Washington, and "independence" is a product being franchised by a national party apparatus.

Progress Or Regress? (NYT)

DOJ_NMG_0063422

By Paul Krugman

The New York Times, September 15, 2006

Is the typical American family better off than it was a generation ago? That's the subject of an intense debate these days, as commentators try to understand the sour mood of the American public.

But it's the wrong debate. For one thing, there probably isn't a right answer. Most Americans are better off in some ways, worse off in others, than they were in the early 1970's. It's a subjective judgment whether the good outweighs the bad. And as I'll explain, that ambiguity is actually the real message.

Here's what the numbers say. From the end of World War II until 1973, when the first oil crisis brought an end to the postwar boom, the U.S. economy delivered a huge, broad-based rise in living standards: family income adjusted for inflation roughly doubled for the poor, the middle class, and the elite alike. Nobody debated whether families were better off than they had been a generation ago; it was obvious that they were, by any measure.

Since 1973, however, the picture has been mixed. Real median household income — the income of the household in the middle of the income distribution, adjusted for inflation — rose a modest 16 percent between 1973 and 2005. But even this small rise didn't reflect clear gains across the board. The typical full-time male worker saw his wages, adjusted for inflation, actually fall; the typical household's real income was up only because women's wages rose (although by far less than everyone's wages rose during the postwar boom) and because more women were working.

The debate over the state of the middle class, for the most part, is about whether these numbers understate or overstate the true progress achieved by typical families. The optimists point to technological advances that, they argue, don't get reflected in official estimates of the standard of living. In 1973, you couldn't chat on a cellphone, watch a video or surf the Internet; many medical conditions that are now easily managed with drugs were untreatable; and so on.

The pessimists point to ways in which life has deteriorated, things that also aren't counted by the official statistics. Traffic has gotten far worse, and commutes have gotten longer. The economic riskiness of life has increased: year-to-year fluctuations in family income have grown much larger. The rat race has intensified, as families, no longer confident in the quality of public education, stretch to buy houses in good school districts — and often go bankrupt when misfortune strikes in the form of a layoff for either spouse or high medical bills.

Does the good outweigh the bad? Never mind. As I said, the ambiguity is the message.

Consider this: The United States economy is far richer and more productive than it was a generation ago. Statistics on economic growth aside, think of all the technological advances that have made workers more productive over the past generation. In 1973, there were no personal computers, let alone the Internet. Even fax machines were rare, expensive items, and there were no bar-code scanners at checkout counters. Freight containerization was still uncommon. The list goes on and on.

Yet in spite of all this technological progress, which has allowed the average American worker to produce much more, we're not sure whether there was any rise in the typical worker's pay. Only those at the upper end of the income distribution saw clear gains — gains that were enormous for the lucky few at the very top.

That's why the debate over whether the middle class is a bit better off or a bit worse off now than a generation ago misses the point. What we should be debating is why technological and economic progress has done so little for most Americans, and what changes in government policies would spread the benefits of progress more widely. An effort to shore up middle-class health insurance, paid for by a rollback of recent tax cuts for the wealthiest Americans — something like the plan proposed by John Kerry two years ago, but more ambitious — would be a good place to start.

Instead, the people running our government are fixated on cutting tax rates for the wealthy even further. And their solution to Americans' justified economic anxiety is a public relations campaign, an effort to convince middle-class families that their problems are a figment of their imagination.

Everyday Low Wages (NYT)

The New York Times, September 15, 2006

DOJ_NMG_0063423

Mayor Richard M. Daley of Chicago wielded the first veto of his 17-year tenure this week — and the City Council supported him — striking down Chicago's short-lived plan to force behemoth retailers like Wal-Mart to pay higher wages and benefits.

In this round, Mr. Daley, the retailers and local Wal-Mart suppliers argued that mandating higher compensation would do more harm than good by driving business and employment opportunities away from low-income neighborhoods.

But the choice — between no jobs or low-wage jobs — is probably a false one. Wal-Mart and other mega-retailers, like Target and Home Depot, need market share. With suburban areas saturated, cities are the logical places to grow. Wal-Mart especially needs more American consumers, having recently pulled the plug on unsuccessful attempts to expand in Germany and South Korea. It is currently planning to expand in Santa Fe, N.M., where local laws require higher wages than the company normally pays.

Another argument propounded by Wal-Mart is that paying higher wages would compel the company to raise its prices, hurting low-income consumers. Wage gains do not automatically lead to higher prices. They could be absorbed by higher productivity or by a narrowing of profit margins. Given Wal-Mart's profits, the company could improve its wage structure and still beat the competition.

The Chicago ordinance raised legal and technical questions. If Mr. Daley had not wielded the veto, it would surely have faced a court challenge. But proponents of living wages have the moral high ground, and are increasingly finding a political voice. Chicago hasn't heard the last of them, and Washington hasn't either.

New Jersey Switcheroo (WSJ)

The Wall Street Journal, September 15, 2006

For pure entertainment value, not much can compete with the blood sport of New Jersey politics. Last week federal investigators launched a probe into whether U.S. Senator Robert Menendez illegally benefited to the tune of more than $300,000 from a rental-income deal he had with a nonprofit agency that received millions of dollars in federal contracts. Even liberal good government groups agree that the relationship may have violated congressional conflict-of-interest rules.

The allegations have sparked a mini-panic among state Democratic operatives, who not so long ago thought Mr. Menendez -- who was appointed by Jon Corzine to complete his Senate term after being elected Governor in 2005 -- had the November election in the bag. Now they see Republican Tom Kean Jr. surging into a lead. If Republicans were to pick up a seat in this deep blue state, Democrats' chances of winning control of the Senate would be all but slammed shut.

That's why, as reported by the Newark Star-Ledger, there's now widespread speculation that the party brass may decide to throw Mr. Menendez overboard and replace him with an alternative -- nine-term Rep. Rob Andrews, perhaps -- who is regarded as more electable. This has become a familiar practice in the Garden State and has become known derisively as the New Jersey Switcheroo.

The details of the case are as follows. In 1998, while Mr. Menendez was a member of the House, he helped a nonprofit housing and health-care agency known as the North Hudson Community Action Group win designation as a federally qualified health-care center. This designation allowed the nonprofit group to obtain $9.6 million in federal grants. The nonprofit's employees have contributed some $30,000 to Menendez campaigns over the years, including $9,000 from the agency's director. The alleged conflict of interest arises from the fact that the Hudson County nonprofit paid Mr. Menendez a total of $329,353 starting in 1994 to rent a building he owned.

The Senator responds that his efforts on behalf of the Hudson County Action Group are no different than interventions he has made on behalf of dozens of similar nonprofit groups seeking federal funds. He also says that he received verbal authorization from a House Ethics Committee staffer on this deal. But strangely enough, as reported by Roll Call, the staffer didn't work for the committee at the time Mr. Menendez says he received the approval, and that person has subsequently died. It is also considered standard practice to get written approval from the committee when an ethical issue like this arises.

If this story seems like déjà vu all over again, it should. This isn't the first time New Jersey Democrats have nominated ethically challenged candidates for high office. Last year Jim McGreevey resigned the governorship after he hired his gay lover as the state's national security director. In 2002, Senator Robert Torricelli was implicated in a bribery and campaign finance scandal, prompting the party oligarchs to throw him off the ballot and handpick Frank Lautenberg as his replacement on the

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ticket. Never mind that the deadline for ballot changes had passed. Senator Lautenberg kept the Senate seat from falling into Republican hands.

Republicans haven't won a statewide race in New Jersey since the election of Governor Christie Whitman back in the mid-1990s, in part because the Democratic machine reserves the imperial right to replace elected candidates on the general election ballot. Nowhere in the country do party leaders so cavalierly disenfranchise their primary voters when they fear their nominee is going to lose. For the New Jersey GOP, it's like trying to win at poker when your opponent can call for a redeal every time he doesn't like his cards.

Senator Menendez has vowed to stay in the race to the bitter end. Democrat leaders publicly insist they will stick with the Senator, but they sound about as sincere as a sports franchise owner who gives the head coach a public vote of confidence after a third straight last-place finish. At the next press conference, the coach invariably is gone.

The more serious issue here is whether Garden State voters are growing weary of the culture of big boss cronyism that has contaminated their government from city hall to the U.S. Senate. This is a state with a steeply rising cost of living and a property-tax burden that is both the highest in the nation and twice the national average. The state has some of the worst schools and most expensive municipal services in the country.

We don't know whether Mr. Menendez is guilty of violating federal conflict-of-interest laws. But it's worth noting that a Senate ethics complaint has been filed against him. The last major Senate ethics investigation was the one launched four years ago against New Jersey's Torricelli.

U.S. And S. Korea To Push To Restart Nuclear Talks (WP)

By Peter Baker

The Washington Post, September 15, 2006

President Bush and South Korean President Roh Moo Hyun agreed yesterday to work together to restart stalled six-party nuclear talks with North Korea, but they skated over their deep differences in how to deal with the isolated Stalinist government in Pyongyang.

Emerging from an Oval Office meeting, Bush stressed the potential benefits to North Korean leader Kim Jong Il if he returns to the negotiating table and ultimately gives up his nuclear weapons. Bush avoided the sort of hard-edged tone that in the past has irritated the South Koreans, who want to take a less confrontational approach.

"First and foremost," Bush said, "the incentive is for Kim Jong Il to understand there is a better way to improve the lives of his people than being isolated -- that stability in the region is in his interests."

But Bush and Roh made no concrete progress on the North Korean stalemate, U.S. officials said, nor did they reach a breakthrough on various other issues that divide them. The two sides have been trying to negotiate a free-trade pact that would be the largest for the United States since the North American Free Trade Agreement a decade ago. They have also been discussing a plan for U.S. commanders to relinquish operational command of South Korean troops during wartime.

U.S.-South Korean ties have grown increasingly strained as Bush and Roh split over the North Korean nuclear issue.

The last time Bush and Roh met, 10 months ago in South Korea, Roh privately grilled Bush on whether the administration was trying to sabotage the six-party North Korea process and his government publicly embarrassed the Americans by leaking plans to withdraw 1,000 troops from Iraq. North Korea has refused since November to return to the talks, which also involve Japan, China and Russia.

In recent weeks, U.S. and South Korean officials have sparred over how to respond to North Korea's summertime missile tests, with Washington pressing for tougher actions and Seoul dismissing the political importance of the episode. Wary of a public spat, the White House decided to minimize the chance of discord at yesterday's meeting by scrapping any joint news statement and limiting the encounter to an hour-long session in the Oval Office followed by a lunch focused on human rights abuses in North Korea.

An administration official said the two leaders came up with "no more specific proposals" on North Korea during the meeting but said the spirit was congenial and constructive. Bush aides were pleased that Roh pledged to enforce U.N. sanctions against North Korea stemming from the missile tests and the South Koreans were pleased that Bush committed to further

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consultation on the question of wartime military command. At a brief session with reporters, Bush called the relationship "strong and vital."

"Some meetings have been less jovial than others, but this looked like it was better than others and did what they needed to do," said Michael J. Green, a former Asia adviser to Bush now at Georgetown University and the Center for Strategic and International Studies.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the lack of fireworks by itself made it a successful meeting but added that he remains worried about the rift. "Nothing went awry, and that is positive," he said. "There are ups and downs and today is on the more positive side than a year ago. But this is a very serious dilemma."

Bush, Roh Hope To Restart Talks With Pyongyang (WSJ/AP)

By Associated Press

The Wall Street Journal, September 15, 2006

WASHINGTON -- U.S. President George W. Bush and South Korean President Roh Moo Hyun said their nations are committed to bringing North Korea back to stalled negotiations over its nuclear-weapons program, ignoring differences about the best way to do that.

Mr. Bush said the decision of North Korean leader Kim Jong Il to boycott the talks "has really strengthened the alliance" of the U.S., South Korea, China, Japan and Russia. Mr. Roh echoed that, saying the countries would work together to restart negotiations.

Since North Korea began boycotting the disarmament talks in November, the country has sparked concerns around the world as reports circulate that it may be preparing for a nuclear-bomb test. North Korea also defied international warnings and tested seven missiles in July.

Some observers have suggested that mixed messages from Washington and Seoul on how to solve the crisis have allowed Pyongyang to augment its nuclear arsenal as the country falls into deeper isolation.

The Bush administration favors a hard-line approach, refusing to talk to the North outside six-nation talks. Mr. Roh has tried to engage the North. Mr. Roh's low-key trip to Washington had many wondering whether there are cracks in an alliance forged five decades ago during the Korean War.

N. Korea's Refusal To Talk Bolstered Allies, Bush Says (WT)

By Joseph Curl

The Washington Times, September 15, 2006

President Bush, meeting yesterday with South Korean President Roh Moo-hyun in the Oval Office, said North Korea's refusal to return to negotiations had "strengthened" the alliance of five countries trying to persuade the communist nation to abandon its nuclear program.

Mr. Bush, in his first meeting with the South Korean leader since North Korea conducted missile tests in July, said the stalled talks should help convince President Kim Jong-il that "there is a better way to improve the lives of his people than being isolated."

"His refusal to come back to the six-party talks has really strengthened an alliance of five nations that are determined to solve this issue peacefully but recognize a threat posed by a country in the region armed with a nuclear weapon," the president said.

Mr. Roh said his nation, along with the United States, China, Japan and Russia, should continue to press North Korea to resume talks.

"What is important to remember is that the fact that we are consulting closely on the North Korean nuclear issue and we are consulting on ways to restart the six-party process, and I believe this is the important point," he said through a translator.

Still, neither leader offered specific measures to prompt North Korea to return to the bargaining table.

The on-again, off-again talks stalled last November, when North Korea began a boycott, in part because Pyongyang wants the United States to end financial restrictions prompted by accusations that the nation counterfeits U.S. money and trades in illegal drugs. Mr. Kim also wants to engage in bilateral talks with the United States, an idea Mr. Bush has rejected.

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Although worldwide fears that the country would conduct nuclear tests have not yet been realized, North Korea, which nuclear specialists say has several atomic weapons, defied international warnings by test-launching seven missiles, including one that is capable of reaching the United States.

While the Bush administration advocates tougher U.N. sanctions against North Korea, Mr. Roh prefers to continue negotiations. After an hourlong meeting at the White House, Mr. Bush sounded a softer tone about the standoff, saying the United States is "determined to resolve this issue peacefully but recognizes a threat posed by a country in the region armed with a nuclear weapon."

Mr. Roh said it is not yet "the appropriate time to think about the possibility of a failure of the six-party process."

"There is a concern in Korea that the United States will take further sanctions against North Korea and whether this will jeopardize the chance of a successful six-party process, my answer is that we are working very hard on restarting the six-party talks," he said.

Mr. Roh has criticized the Bush administration for seeking to isolate the already reclusive North Korean leader, saying in July that the North's test-firing was more likely for political rather than military purposes.

But Mr. Roh also stood firm against North Korea. "My government has taken certain measures, and ... we are, in fact, taking measures tantamount to sanctions after the North Korean missile launches," he said.

Iran President Softens Nuclear Tone (FT)

By Daniel Dombey

Financial Times, September 15, 2006

Mahmoud Ahmadi-Nejad, Iran's president, said on Thursday that Tehran was open to compromise on the dispute over the country's nuclear programme, as talks continued between the Islamic republic and the European Union.

Speaking in Senegal on his way to a non-aligned summit in Cuba and then the annual gathering of the United Nations, Mr Ahmadi-Nejad said that Iran was open to "new conditions" on the subject.

"I am announcing that we are available, we are ready for new conditions," he said. He declined to say whether Iran was prepared to suspend uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

But at a meeting last weekend between Ali Larijani, Iran's top nuclear security official, and Javier Solana, the EU's foreign policy chief, Iran floated the idea of suspending enrichment for an initial period of up to two months once negotiations began.

Mr Larijani and Mr Solana had been scheduled to see each other again on Thursday, but the two men's deputies met instead in Geneva.

European officials said the meeting might have been downgraded because of the work needed to reach any agreement to begin formal negotiations. The EU is watering down its previous insistence that enrichment should be halted as a precondition for negotiations.

But discussions this week at the International Atomic Energy Agency (IAEA), the UN's nuclear watchdog, suggest a divergence between France and Germany, which appear to be more enthusiastic about negotiations, and the UK, which is particularly keen to keep the US on board.

Earlier this year Washington announced that it would join the negotiations with Tehran if Iran suspended uranium enrichment. But the US's reaction to the Iranian initiative this week has been highly cautious.

The US State Department has denied any knowledge of a new Iranian proposal. Condoleezza Rice, secretary of state, emphasises that Washington is continuing work on UN sanctions against Iran – although earlier in the week she appeared to react more positively to reports of Tehran's new stance.

Any suggestion that the US should give further concessions to Iran is likely to be deeply controversial within the Bush administration. The extremely sensitive nature of the issue was highlighted further on Thursday by a letter of complaint by the IAEA sent to the US House of Representatives and reported by the Washington Post newspaper.

In an echo of the clash between UN weapons inspectors and the US administration in the run-up to the Iraq war, the letter, signed by the IAEA's director of external relations, criticises a congressional report on Iran for "erroneous, misleading and unsubstantiated information".

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In particular, it takes the report to task for alleging that Iran was enriching uranium to weapons grade, when at present the levels of enrichment are much less.

US: Fight For Sanctions On Iran Will Be Tough, Take Weeks (AFP)

AFP, September 15, 2006

The United States acknowledged that it will face tough resistance from some of its key allies as it presses for UN sanctions against Iran over its suspect nuclear program.

Iran's refusal to comply with UN demands that it suspend uranium enrichment activities some fear could produce nuclear weapons is set to feature high on the agenda when world leaders gather in New York next week for the UN General Assembly.

US officials have for weeks been expressing strong confidence that the permanent Security Council members -- Britain, China, France, Russia and the United States -- will swiftly reach agreement on political and economic sanctions designed to force Tehran to abandon its enrichment program.

Such sanctions were called for in a Security Council resolution adopted in July, which gave Iran until August 31 to freeze its enrichment activity -- a demand Tehran ignored.

But with some Security Council partners increasingly reticent to go down the path of sanctions, State Department spokesman Sean McCormack admitted Thursday that the upcoming negotiations would be "hard-fought."

"The reality of it is that there are going to be intense negotiations on this," he said.

McCormack predicted the process of trying to hammer out a sanctions package with the other Security Council members "would take weeks," a far less ambitious timetable than put forward earlier by Undersecretary of State Nicholas Burns, who said a deal would be reached in September.

But McCormack continued to express confidence Washington's allies would ultimately back the sanctions foreshadowed in their earlier resolution.

"Our diplomatic interactions indicate that while this will be complex, sometimes hard-fought diplomacy, that we will, in fact, end up with a Security Council resolution that includes sanctions," he said.

Earlier Thursday, French Foreign Minister Philippe Douste-Blazy issued a thinly veiled warning to Washington and Britain -- the other staunch advocate of sanctions -- that pressing too hard for sanctions could fracture the coalition confronting Iran.

"If one or two of the permanent members of the Security Council fail to uphold this dialogue, and there is a growing drive -- on either side -- towards confrontation, the international community would split," he said.

Chinese Premier Wen Jiabao also warned on Thursday that imposing sanctions on Iran could have the "opposite effect" of hardening Iran's stance in the showdown.

US Secretary of State Condoleezza Rice has said Washington wants the sanctions to be imposed in a graduated manner to build pressure on Iran to give up its enrichment program and accept international offers to help it develop a monitored civilian nuclear power industry.

Rice confirmed Wednesday that she will meet her fellow foreign ministers from the permanent Security Council members plus Germany on the sidelines of the General Assembly meeting in New York to discuss the sanctions.

Nuclear Agency For U.N. Faults Report On Iran By U.S. House (NYT)

By David E. Sanger

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The International Atomic Energy Agency has complained about a staff report from the House Intelligence Committee, saying that it “contains erroneous, misleading and unsubstantiated information’’ about Iran’s nuclear program. Agency officials said Thursday that their concerns had echoes of their arguments with the Bush administration over Iraq three years ago.

The charges were contained in a letter dated Sept. 12 and sent to Rep. Peter Hoekstra, the Michigan Republican who is chairman of the committee. Its unclassified staff report, released in mid-August, was widely seen as an effort to prod American intelligence agencies to be more aggressive in their examination of Iran’s nuclear program, amid charges from some conservatives that the mistakes made in assessing Iraq’s programs four years ago had bred an overly cautious atmosphere.

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But the staff report immediately came under criticism, especially from Democrats on the committee, who said it overstated aspects of the threat posed by Iran's nuclear program. The committee's vice chairman, Representative Jane Harman of California, accused the staff of taking shortcuts that inflated the Iranian threat.

The report was overseen by Fredrick Fleitz, a former C.I.A. officer who worked for John R. Bolton, the ambassador to the United Nations, when he was the State Department's leading hawk on Iran.

The letter from the atomic energy agency, the United Nations' nuclear monitoring agency, was first disclosed in The Washington Post on Thursday. It charges that a caption under a picture of Iran's main nuclear site at Natanz falsely states that Tehran is "enriching uranium to weapons grade'' with a small collection of centrifuges, the high-speed machines that are used to turn uranium into a fuel usable in nuclear power plants — or bombs. The letter says the uranium was enriched only to 3.6 percent — a level suitable for producing power, but far short of the 90 percent or so commonly associated with fuel for weapons.

A spokesman for the committee, Jamal Ware, said that while "there may be an issue with the caption, the substance of the report is clear, that Iran is working toward the ability to produce weapons grade uranium, but they are not there yet.'' He said the report was intended to begin a discussion on Iran intelligence.

A senior European diplomat, speaking on the condition of routine diplomatic anonymity, said, "The view at the I.A.E.A. was that this House report exaggerated the evidence, and people had to put a marker down fast.''

"No one wants a repeat of 2003,'' the official said, a reference to the open dispute between the Bush administration and the director general of the atomic energy agency, Mohamed ElBaradei, over whether there was evidence of nuclear activity in Iraq.

Dr. ElBaradei was ridiculed by administration officials at the time; in recent months, though, the administration has cited his reports in pressing their case against Iran.

IAEA: U.S. Report On Iran 'Dishonest' (AP)

By George Jahn

AP, September 15, 2006

A recent House of Representatives committee report on Iran's nuclear capability is "outrageous and dishonest" in trying to make a case that Tehran's program is geared toward making weapons, a senior official of the U.N. nuclear watchdog has said.

The letter, obtained by The Associated Press on Thursday outside a 35-nation board meeting of the International Atomic Energy Agency, says the report is false in saying Iran is making weapons-grade uranium at an experimental enrichment site, when it has in fact produced material only in small quantities that is far below the level that can be used in nuclear arms.

The letter, which was first reported on by The Washington Post, also says the report erroneously says that IAEA chief Mohamed ElBaradei removed a senior nuclear inspector from the team investigating Iran's nuclear program "for concluding that the purpose of Iran's nuclear program is to construct weapons."

In fact, the inspector was sidelined on Tehran's request, and the Islamic republic had a right to ask for a replacement under agreements that govern all states relationships with the agency, said the letter, calling the report's version "incorrect and misleading."

"In addition," says the letter, "the report contains an outrageous and dishonest suggestion that such removal might have been for 'not having adhered to an unstated IAEA policy barring IAEA officials from telling the whole truth about the Iranian nuclear program.'"

Dated Aug. 12, the letter was addressed to Rep. Peter Hoekstra, chairman of the House Permanent Select Committee on Intelligence. It was signed by Vilmos Cserveny, a senior director of the Vienna-based agency.

An IAEA official, who spoke on condition of anonymity because he was not authorized to comment on the letter, said it was written "to set the record straight."

Jamal Ware, a spokesman for the House committee, confirmed they had received the letter and said the chairman had referred it to Rep. Mike Rogers, R-Mich., and Rep. Rush Hold, D-N.J. They will review it and issue a formal response if necessary, he said.

"All IAEA complains about is a photo caption. If you read the report, it's very clear that what it is saying is that Iran is working to develop the capability to enrich uranium to weapons grade, not that they have done so," Ware said. "They use a string of

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adjectives, while not pointing to any substantive criticism of the report. There are areas where we would disagree with them. A disagreement does not make what we say erroneous."

The dispute was reminiscent of the clashes between the IAEA and Washington over whether Saddam Hussein was trying to make weapons of mass destruction, including nuclear arms. American arguments that Saddam had such covert arms programs were given as the chief reason for invading Iraq and toppling Saddam.

ElBaradei's criticism of the U.S. standpoint on Iraq and subsequent perceptions that he was soft on Iran in his staff's investigation of suspicions Tehran's nuclear activities may be a cover for a weapons program led to a failed attempt last year by Washington to prevent his re-election.

Opposition: Iran Using Laser Enrichment (AP)

By Edith M. Lederer

AP, September 15, 2006

Iran has secretly revived a program to enrich uranium using laser technology, reportedly with favorable results, an Iranian opposition figure said Thursday citing information from members of the resistance inside the country.

Alireza Jafarzadeh said information about the laser enrichment program at Lashkar Ab'ad, about 15 miles northwest of Tehran, came from the same sources that led to his revelation in May 2003 that Iran had a clandestine nuclear program.

There was no independent confirmation of the latest information and Iran's U.N. Mission called the allegation "baseless and unfounded."

Jafarzadeh, who heads the Washington-based Strategic Policy Consulting think tank, is credited with having aired Iranian military secrets in the past. But U.S. officials considered some of his past assertions inaccurate.

Jafarzadeh urged the International Atomic Energy Agency to immediately send U.N. nuclear inspectors to Lashkar Ab'ad and demand access to all areas, including a new 5,000-square foot hall in a large garden where he said secret laser enrichment activities are being conducted.

"We've only now been sent a copy of this report," said IAEA spokeswoman Melissa Fleming, "and like all information that we receive, we must take the time to check it against all our information in order to decide whether it is worth following up."

The U.N. has demanded Iran halt uranium enrichment.

Jafarzadeh said there are two ways to separate uranium isotopes and isolate U235 which can be enriched. The most common way is using centrifuges while laser technology is an experimental method, he said.

Jafarzadeh said Iran's decision to revive its laser enrichment program, which is still at experimental levels, shows Iran wants "to use every possibility that is available to them to rush to the bomb."

The laser enrichment is being conducted under the guise of a front company called Paya Partov whose board is chaired by Reza Aqazadeh, head of the Atomic Energy Organization of Iran, Jafarzadeh said. Its advisers include Iran's leading experts on laser enrichment, he said.

Contrary to Iran's claim that it is complying with its obligations under the Nuclear Nonproliferation Treaty, Jafarzadeh said, "once again the information indicates that this is absolutely not the case."

"The information I've gotten from my sources today suggests that Iran is heavily involved in laser enrichment program, something Iran has told the IAEA that they have abandoned," he told a news conference.

Jafarzadeh has worked for the political wing of the Mujahedin Khalq, an Iranian opposition group that Washington and the European Union list as a terrorist organization.

Iran's U.N. Mission countered in a statement, saying: "It is also a well-known fact that at any stage that the international community is witnessing a step forward in the Iranian peaceful nuclear program, this terrorist group and collaborator of Saddam Hussein tries its best to hamper the progress."

The reference to the deposed Iraqi leader stems from Saddam allowing the Mujahedin Khalq to operate bases in Iraq.

Jafarzadeh said laser technology is an experimental method of separating uranium that can be enriched from that which cannot, a process that normally is done using centrifuges.

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Jafarzadeh said Iran's decision to revive its laser enrichment program, which is still "at experimental levels shows that Iran want "to use every possibility that is available to them to rush to the bomb."

Chavez Vows Aid For Iran Against Attack (AP)

AP, September 14, 2006

Venezuelan President Hugo Chavez pledged Thursday that Venezuela will support Iran if it is invaded as a result of the Middle Eastern nation's high-stakes nuclear standoff with the United Nations Security Council.

"Iran is under threat; there are plans to invade Iran, hopefully it won't happen, but we are with you," Chavez told Iranian President Mahmoud Ahmadinejad at a meeting of the Group of 15 developing nations.

The U.N. has demanded that Iran suspend uranium enrichment amid concerns by some nations that it could be used for nuclear weapons. Iran insists that its enrichment efforts are peaceful, aimed solely at producing electrical energy.

Chavez said Venezuela stands with Iran in this time of crisis, just as it has with Cuba, where Fidel Castro handed over power to Raul while recovering from intestinal surgery. If they don't defend each other, no one else will, Chavez said.

"Under any scenario we are with you just like we are with Cuba," Chavez said. "If the United States invades Cuba, blood will run... We will not have our arms crossed while bombs are falling in Havana or they carry Raul off in a plane."

Bush's Message To Iran (WP)

By David Ignatius

The Washington Post, September 15, 2006

What would President Bush say to the Iranian people if he had a chance to communicate directly with them? I was able to put that question to Bush in a one-on-one interview in the Oval Office on Wednesday. His answer made clear that the administration wants a diplomatic solution to the confrontation over Iran's nuclear program -- one that is premised on an American recognition of Iran's role as an important nation in the Middle East.

"I would say to the Iranian people: We respect your history. We respect your culture. We admire the entrepreneurial skills of your people. I would say to the Iranian people that I recognize the importance of your sovereignty -- that you're a proud nation, and you want to have a positive future for your citizens," Bush said, answering quickly and without notes.

"In terms of the nuclear issue," he continued, "I understand that you believe it is in your interest -- your sovereign interest, and your sovereign right -- to have nuclear power. I understand that. But I would also say to the Iranian people, there are deep concerns about the intentions of some in your government who would use knowledge gained from a civilian nuclear power industry to develop a weapon that can then fulfill the stated objectives of some of the leadership [to attack Israel and threaten the United States]. And I would say to the Iranian people that I would want to work for a solution to meeting your rightful desires to have civilian nuclear power."

"I would tell the Iranian people that we have no desire for conflict," Bush added.

He expressed hope that Iran would help stabilize Iraq, but he said the best channel for this dialogue would be through Iraq's new prime minister, Nouri al-Maliki, who has been in Tehran this week. And he called for a new program of cultural and educational exchanges between the United States and Iran as a way of encouraging greater contact and trust.

Bush's comments were a clear public signal of the administration's strategy in the confrontation over Iran's nuclear program. In recent days, the Washington rumor mill has been bubbling with talk that the administration is planning military options for dealing with the crisis, perhaps in the near term. But Bush's remarks went in a different direction. His stress was on reassuring Iran that the United States recognizes its ambitions to be an advanced nation, with a robust civilian nuclear power program and a role in shaping the Middle East commensurate with its size and power. The red lines for America involve nuclear weapons, military threats to Israel or the United States, and Iran's links to terrorist groups.

Bush's comments tracked the offer the United States and its allies have made to Iran if it agrees to suspend its enrichment of uranium. He proposed that the West supply enriched uranium to Iran and other countries, and collect the nuclear waste. He argued that this global program "would be a solution that would answer a deep desire from the Iranian people to have a nuclear power industry."

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On Iraq, Bush said Maliki's visit to Tehran was "aimed at convincing the Iranians that a stable Iraq is in their interest. They have said so many times, and I think Prime Minister Maliki is now attempting to find out what that means, and how the Iraqi government can work with the Iranians to create a sense of stability."

Bush said he had read commentary criticizing Maliki's trip. "I disagree. Prime Minister Maliki should go to Iran. It is in Iraq's national interest that relations with Iran be such that there are secure borders and no cross-border issues, including the exportation of equipment that can harm Iraqi citizens as well as coalition troops, and the exportation of extremism that can prevent this young [Iraqi] democracy from flourishing."

Our discussion followed the 12-day visit to the United States by former Iranian president Mohammad Khatami. I asked Bush why he had approved this visit by a high-level Iranian and what he thought it had accomplished.

"One of the dilemmas facing [American] policymakers is to understand the nature, the complex nature of the Iranian regime," he said. "And I thought it would be beneficial for our country to receive the former leader, Khatami, to hear what he had to say. And as importantly for him, to hear what Americans had to say."

He wanted Khatami to understand that on the nuclear issue and Hezbollah's attacks on Israel, "It's not just George W. Bush speaking."

The Khatami visit "said that the United States is willing to listen to voices," Bush explained. "And I hope that sends a message to the Iranian people that we're an open society, and that we respect the people of Iran." Clearly, the White House wants to reach out to segments of Iranian opinion beyond the hard-line president, Mahmoud Ahmadinejad.

I asked Bush what next steps he would favor in opening dialogue with Iran. "I would like to see more cultural exchanges," he said. "I would like to see university exchanges. I would like to see more people-to-people exchanges."

"I know that the more we can show the Iranian people the true intention of the American government," Bush concluded, "the more likely it is that we will be able to reach a diplomatic solution to a difficult problem."

I came away with a sense that Bush is serious about finding a peaceful solution to the nuclear crisis, and that he is looking hard for ways to make connections between America and Iran.

The Tehran Calculus (WP)

By Charles Krauthammer

The Washington Post, September 15, 2006

In his televised Sept. 11 address, President Bush said that we must not "leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons." There's only one such current candidate: Iran.

The next day, he responded thus (as reported by Rich Lowry and Kate O'Beirne of National Review) to a question on Iran: "It's very important for the American people to see the president try to solve problems diplomatically before resorting to military force."

"Before" implies that the one follows the other. The signal is unmistakable. An aerial attack on Iran's nuclear facilities lies just beyond the horizon of diplomacy. With the crisis advancing and the moment of truth approaching, it is important to begin looking now with unflinching honesty at the military option.

The costs will be terrible:

Â· Economic . An attack on Iran is likely to send oil prices overnight to $100 or even to $150 a barrel. That will cause a worldwide recession perhaps as deep as the one triggered by the Iranian revolution of 1979.

Iran might suspend its own 2.5 million barrels a day of oil exports and might even be joined by Venezuela's Hugo Chavez, asserting primacy as the world's leading anti-imperialist. But even more effectively, Iran will shock the oil markets by closing the Strait of Hormuz, through which 40 percent of the world's exports flow every day.

Iran could do this by attacking ships in the Strait, scuttling its own ships, laying mines or just threatening to launch Silkworm anti-ship missiles at any passing tanker.

The U.S. Navy will be forced to break the blockade. We will succeed, but at considerable cost. And it will take time -- during which the world economy will be in a deep spiral.

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Â· Military. Iran will activate its proxies in Iraq, most notably, Moqtada al-Sadr's Mahdi Army. Sadr is already wreaking havoc with sectarian attacks on Sunni civilians. Iran could order the Mahdi Army and its other agents within the police and armed forces to take up arms against the institutions of the central government itself, threatening the very anchor of the new Iraq. Many Mahdi will die, but they live to die. Many Iraqis and coalition soldiers are likely to die as well.

Among the lesser military dangers, Iran might activate terrorist cells around the world, although without nuclear capability that threat is hardly strategic. It will also be very difficult to unleash its proxy Hezbollah, now chastened by the destruction it brought upon Lebanon in the latest round with Israel and deterred by the presence of Europeans in the south Lebanon buffer zone.

Â· Diplomatic. There will be massive criticism of America from around the world. Much of it is to be discounted. The Muslim street will come out again for a few days, having replenished its supply of flammable American flags, most recently exhausted during the cartoon riots. Their governments will express solidarity with a fellow Muslim state, but this will be entirely hypocritical. The Arabs are terrified about the rise of a nuclear Iran and would privately rejoice in its defanging.

The Europeans will be less hypocritical because their visceral anti-Americanism trumps rational calculation. We will have done them an enormous favor by sparing them the threat of Iranian nukes, but they will vilify us nonetheless.

These are the costs. There is no denying them. However, equally undeniable is the cost of doing nothing.

In the region, Persian Iran will immediately become the hegemonic power in the Arab Middle East. Today it is deterred from overt aggression against its neighbors by the threat of conventional retaliation. Against a nuclear Iran, such deterrence becomes far less credible. As its weak, nonnuclear Persian Gulf neighbors accommodate to it, jihadist Iran will gain control of the most strategic region on the globe.

Then there is the larger danger of permitting nuclear weapons to be acquired by religious fanatics seized with an eschatological belief in the imminent apocalypse and in their own divine duty to hasten the End of Days. The mullahs are infinitely more likely to use these weapons than anyone in the history of the nuclear age. Every city in the civilized world will live under the specter of instant annihilation delivered either by missile or by terrorist. This from a country that has an official Death to America Day and has declared since Ayatollah Khomeini's ascension that Israel must be wiped off the map.

Against millenarian fanaticism glorying in a cult of death, deterrence is a mere wish. Is the West prepared to wager its cities with their millions of inhabitants on that feeble gamble?

These are the questions. These are the calculations. The decision is no more than a year away.

Palestinian PM Accuses U.S. Of Meddling (AP)

By Diaa Hadid, Associated Press Writer

AP, September 15, 2006

Prime Minister Ismail Haniyeh of Hamas on Thursday accused the United States of undermining efforts to form a new coalition government and he called on Europe to take the lead in lifting international sanctions against the Palestinians.

European diplomats visiting the West Bank indicated formation of a unity government with Palestinian moderates could lead to restoration of vital foreign aid.

Haniyeh spoke a day after Secretary of State Condoleezza Rice said the new Palestinian government would have to accept international demands to renounce violence and recognize Israel.

"The U.S. administration does not want the Palestinians to be unified. It puts obstacles in the way of this political coming together," Haniyeh told reporters. "It wants to extort the Palestinian people and the Palestinian government."

Hamas, which has controlled the Palestinian government since March, caved in to the intense international pressure this week and agreed to share power with moderate President Mahmoud Abbas' Fatah Party.

While refusing to give up its calls for Israel's destruction, Hamas has said it will support Abbas' efforts to seek peace. The joint government, which is expected to take several weeks to form, is to be based on a document that calls for a Palestinian state alongside Israel — effectively recognizing the Jewish state.

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Abbas added conditions to the timetable late Thursday. He said that before formation of a new government, the issue of an Israeli soldier captured by Hamas-linked militants in June, as well as Palestinian prisoners held by Israel, must be resolved. Also, he said, there must be "complete calm in the Palestinian territories."

Palestinian leaders hope the compromise arrangement will be enough for donor nations to resume much-needed aid, which was cut off after Hamas took power. The aid halt has caused widespread hardship in the Gaza Strip and West Bank.

With the U.S. maintaining a tough line, the Palestinians are increasingly hopeful that the European Union will be the first to ease the economic siege. A stream of European dignitaries have visited the region this week for talks with Israel and Abbas.

After meeting Abbas in the West Bank city of Ramallah, French Foreign Minister Philippe Douste-Blazy indicated formation of such a government could lead to resumption of assistance. He welcomed the document implicitly recognizing Israel and said if the new government accepts international demands, "the international community should re-evaluate and revisit its position toward political contacts and aid."

The French minister added, "It is obvious that we remain attached to the three principles of the Quartet" of Mideast peace mediators — recognition of Israel, renunciation of violence and acceptance of previous peace accords.

Abbas also received a boost Thursday from Luxembourg's foreign minister, Jean Asselborn.

"Israel has all the interest to support this initiative and the Americans have all the interest to support it, but first, it is the responsibility of the European Union," Asselborn said after meeting with Abbas. He said he will do everything he can do to support the Palestinians at a meeting of EU ministers in Austria on Friday.

The "Quartet" of Mideast peacemakers — the U.S., EU, Russia and the United Nations — is expected to discuss the Middle East at a meeting in New York next week. The Quartet so far has shown given no indication that it will ease its demands of the Palestinians.

Haniyeh urged Europe to break with the United States. "We expect from the international community, and especially the European Union, to be more balanced and fairer in dealing with the Palestinians," he said.

But in Brussels, EU officials said it was unlikely any major policy changes will take place until the new Palestinian government is formed.

In other developments, the Palestinians said they are sending a senior envoy to Syria to brief President Bashar Assad on the coalition talks. "We listen to them, they listen to us," said the envoy, former Prime Minister Ahmed Qureia.

Syria hosts a number of Palestinian militant groups, including Hamas, and could exert considerable influence over the Islamic group.

Israeli police, meanwhile, said they opened an investigation into three Israeli Arab lawmakers who recently traveled to Syria. The visit came after the end of the recent war with Lebanon, infuriating many Israelis. Syria is a key ally of Hezbollah, the Lebanese guerrilla group that fought Israel.

In Gaza, a 30-year-old unarmed Palestinian was killed by Israeli troops near the border with Egypt, Palestinian security and medical officials said. The Israeli military said soldiers opened fire at a "suspicious" figure who approached troops.

Rights Group Accuses Hezbollah Of 'Indiscriminate' Killing (WP)

By Kevin Sullivan

The Washington Post, September 15, 2006

LONDON, Sept. 14 -- Amnesty International on Thursday accused Hezbollah of "indiscriminate" and deliberate killings of Israeli civilians during the recent armed conflict in Lebanon, three weeks after accusing Israel of violating international law with "disproportionate" attacks on Lebanese civilians.

The London-based human rights group said its investigations showed that during the 33-day conflict, Hezbollah fired nearly 4,000 rockets into northern Israel, killing 43 civilians, seriously injuring 33 others and displacing hundreds of thousands. It said that about a quarter of the rockets were fired into urban areas and that many were packed with thousands of ball bearings "designed to inflict maximum death and injury."

"The scale of Hezbollah's attacks on Israeli cities, towns and villages, the indiscriminate nature of the weapons used, and statements from the leadership confirming their intent to target civilians, make it all too clear that Hezbollah violated the laws of

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war," Amnesty International's secretary general, Irene Khan, said in a statement. "The fact that Israel has also committed serious violations in no way justifies violations by Hezbollah. Civilians must not be made to pay the price for unlawful conduct on either side."

The fighting between Hezbollah and Israel began after the militia group crossed into Israel and seized two Israeli soldiers on July 12. The Israeli bombing raids and artillery strikes that followed killed as many as 1,200 people in Lebanon, most of them civilians, while Hezbollah's missile attacks and other operations killed 158 Israelis, most of whom were soldiers. The fighting, the most explosive in years in the Middle East, ended Aug. 14 with a U.N.-brokered cease-fire.

In an Aug. 23 report, Amnesty accused Israel of deliberately killing civilians and destroying Lebanese infrastructure as part of a deliberate military strategy that violated international law.

Israeli officials have repeatedly said that their actions were legal and that their bombing of targets in Lebanon was as precise as possible to minimize civilian casualties.

Israel has accused Hezbollah of intentionally establishing its military bases and conducting operations in areas with large civilian populations to use innocents as human shields to deter attacks. Amnesty said it would investigate those allegations in later reports.

Khan said evidence of violations of international law by both sides creates an "urgent need" for the United Nations to investigate.

"In the conflict between Hezbollah and Israel, the suffering of civilians on both sides has been repeatedly ignored with those responsible escaping all accountability," she said. "Justice is urgently needed if respect for the rules of war is ever to be taken seriously -- and that means accountability for the perpetrators of war crimes and reparations for the victims."

Amnesty said that in meetings with its investigators, Hezbollah officials argued that the militia's rocket attacks on Israel were in response to Israeli attacks on civilians in Lebanon.

"We do not deny that we have bombarded Israeli cities, settlements and infrastructure. But this was always a reaction," Hezbollah legislator Hassan Fadlallah told al-Jazeera television, according to the Associated Press. "It was a natural reaction. When a state is invaded, it must defend itself."

Inaccurate Map Led To Fatal Strike On U.N. Post, Israel Says (NYT/AP)

The New York Times, September 15, 2006

JERUSALEM, Sept. 14 — The airstrike that killed four United Nations observers in July was the result of the Israeli military's reliance on inaccurate maps, Israel said in a report released on Thursday.

Mark Regev, a Foreign Ministry spokesman, said the report was given to diplomats from Canada, China, Finland and Austria, which each had an unarmed observer killed in the July 25 airstrike in the Lebanese town of Khiam, near Israel's border.

"The findings of the inquiry are that at the time the ordnance was launched, the target we perceived that we were hitting was a Hezbollah military position," Mr. Regev said. "That was a mistake because what was targeted was the U.N. post."

Mr. Regev said that fresh Israeli forces had just been deployed then in the area, where there was intense Hezbollah activity. The change in personnel prompted a need to duplicate maps and charts.

"In that process, unfortunately, the U.N. post was not accurately mapped," he said. "When our aircraft launched its ordnance it believed it was targeting Hezbollah. This was a mistake; it shouldn't have happened."

He said the report detailed Israeli standing orders at the time, which "said unequivocally that it is totally prohibited to target U.N. personnel and U.N. positions."

The United Nations has said that before the airstrike, its observers in Lebanon had telephoned the Israeli military 10 times in six hours to ask it to stop shelling near their position. The strike set off international anger at Israel.

United Nations officials said the observation position was well marked. A picture it released a day after the attack showed the three-story building was painted white and had the letters "U.N." emblazoned in large black letters on all sides.

The United Nations is expected to issue its own report.

U.S. Criticizes China Weapons Sales (AP-Y)

By Foster Klug

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AP, September 14, 2006

Top U.S. officials on Thursday criticized what they called China's indiscriminate sale of weapons to rogue countries, suggesting that Beijing's policies had made the world a more dangerous place.

Peter Rodman, assistant secretary of defense for international security, urged China to reevaluate its relationship with Iran and North Korea, two countries with which the United States is locked in standoffs over nuclear weapons development.

"China's actions seem to us dangerously shortsighted," Rodman told the U.S.-China Economic and Security Review Commission, an advisory panel created by Congress. "China's proliferation behavior, past and present, can come back to haunt it, even placing its own political interests in jeopardy."

The United States, Rodman said, sees "in China a general willingness to transfer a wide variety of technologies to customers around the world."

He mentioned Iran, Sudan, Myanmar, Zimbabwe, Cuba and Venezuela, and also linked China to North Korea's July missile test launch of seven missiles and to Hezbollah's use of Chinese-designed cruise missiles on an Israeli naval vessel, also in July.

Rodman said the United States worries that Chinese companies have helped Iran as it tries to establish a self-sufficient ballistic missile production program. China wants to build relations with Iran, Rodman said, to secure access to oil and gas and, potentially, to find ways to control China's restive Muslim population.

China says it opposes the spread of weapons technology and materials and that it forbids Chinese companies from transferring such material. And Rodman said that Beijing has strengthened its nonproliferation efforts by promoting export control laws and its oversight of those laws, but hasn't done enough.

Ukraine Stalls NATO Bid To Build Public Support (WSJ)

By Alan Cullison

The Wall Street Journal, September 15, 2006

MOSCOW -- In another sign of the cooling of the Orange Revolution's pro-Western zeal, Ukraine's new prime minister told NATO that his country is putting efforts to join the alliance on hold because of lack of public support for the move.

"We have to take a pause," said Prime Minister Viktor Yanukovych, Thursday after meeting with the North Atlantic Treaty Organization's chief in Brussels. He said Ukraine would formally launch its bid to join the alliance, but only after a referendum on the issue. "We have to convince society."

Ukraine's backtracking on its aspirations to join NATO is a defeat to the administration of U.S. President George W. Bush, which had hoped a quick entrance of Ukraine into the alliance would tug the former Soviet state decisively closer to the West.

Ukraine's own slow movement on NATO is likely to also spell problems for the entrance of another former Soviet state, Georgia, into the alliance. Though public opinion in Georgia is strongly in favor of joining the alliance, NATO members in Europe are wary of admitting Georgia without Ukraine coming first.

The Kremlin has lobbied hard against Ukraine's entrance into the alliance. The Kremlin said that Ukraine as a NATO member would be a threat to Russian security and warned Kiev that any movements toward membership would worsen relations.

Mr. Yanukovych was named prime minister last month, after a pro-Western coalition of politicians came to pieces over how to divide positions in the government. Mr. Yanukovych has been advocating closer relations to Moscow, which backed him in 2004 presidential elections that were tainted by vote fraud and reversed by the mass public demonstrations of the Orange Revolution.

Thursday was Mr. Yanukovych's first visit to Brussels since he was named prime minister. After meeting with NATO Secretary-General Jaap de Hoop Scheffer, Mr. Yanukovych said that few Ukrainians -- maybe 12% to 25% -- supported the idea of joining NATO. He said that Ukraine shouldn't be forced to make a choice between steering the country to either a pro-Russian or pro-Western course. "We should build a reliable bridge between Russia and the European Union," he said.

Mr. Yanukovych also met with EU External Relations Commissioner Benita Ferrero-Waldner and repeated that Ukraine was interested in joining the union. But Ms. Ferrero-Waldner said this wasn't a prospect for the moment.

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Besides numerous trade ties with Russia, Ukraine also must worry about its heavy dependence on Russian natural-gas deliveries. Ukraine is in the midst of negotiations with Russia for next year's shipments, and officials have said that a sharp increase in prices by Russia could be ruinous to the Ukrainian economy.

While Mr. Yanukovych has advocated a public campaign to drum up support for NATO within Ukraine, analysts are skeptical that he would ever do such a thing. Ivan Presniakov, an analyst with the International Centre for Policy Studies in Kiev, said that Mr. Yanukovych's government appears to want to delay any serious moves toward NATO membership for at least two or three years, so that it can buy enough time for Ukrainian industry to retool and cope with higher energy prices.

"I don't think that they really want to increase the support for NATO right now," he said. "They want to do is calm the fears of Russia."

Mr. Yanukovych's political party made a strong showing in parliamentary elections earlier this year, after campaigning strongly against NATO membership. This summer his party orchestrated anti-NATO protests that hounded U.S. soldiers out of a southern Ukrainian province.

Ukraine's Yanukovych Halts NATO Entry Talks (WP)

By Peter Finn

The Washington Post, September 15, 2006

MOSCOW, Sept. 14 -- Prime Minister Viktor Yanukovych of Ukraine said Thursday that his government would suspend negotiations on membership in the NATO alliance, his first major step toward reversing his country's drift away from Russia and toward the West.

"Because of the political situation in Ukraine, we will have to take a pause," Yanukovych told reporters in Brussels after talks with NATO Secretary General Jaap de Hoop Scheffer and NATO ambassadors. "We have to convince society."

The prime minister, who has said he personally opposes NATO membership, cited insufficient popular support for the step. A recent survey found that 60 percent of Ukrainians are against membership in the alliance, significantly more than support the prime minister and his coalition partners.

Making Ukraine, a former Soviet republic, part of the alliance is a cherished goal of Yanukovych's rival, President Viktor Yushchenko.

In late 2004, the two men competed in a presidential election. Yanukovych, Russia's favored candidate, was initially declared the winner, triggering a street revolt and a new vote that swept Yushchenko into office.

Yushchenko set the country on a firmly pro-Western course, setting off alarm bells in Moscow and the Russian-speaking parts of his own country with a promise to quickly push for Ukraine's membership in the Western military alliance.

Yushchenko had expressed hope that the country could join as soon as 2008, and the issue was scheduled to be discussed at a NATO summit in November.

But the coalition that backed him disintegrated last September, and after parliamentary elections earlier this year, Yanukovych, whose party won a plurality of votes, resurrected himself on the back of his rivals' infighting. He became prime minister in July.

American officials have been enthusiastic about Ukraine's potential membership in NATO. But they have become increasingly worried about the anemic support for the move within the country, Western diplomats said in recent interviews. The prospect of Ukraine joining the alliance is also anathema to the Kremlin and the vast majority of Russians, who regard it as an attempt to encircle and isolate their country.

Yanukovych stressed Thursday that he was not turning his back on the West. "For the time being, we are looking at enlargement of our cooperation with NATO," rather than membership, he said. "We should be a reliable bridge between the European Union and Russia."

Yanukovych promised to continue supporting internal reforms that "will bring us in the long term to accession of the European Union."

E.U. officials, facing growing skepticism in the bloc's 25 member nations about any further expansion, were reserved, if not cold, to Ukrainian membership but said a free-trade zone could be negotiated.

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E.U. External Relations Commissioner Benita Ferrero-Waldner said the union had no plans to offer Ukraine membership "at this moment."

Leftist's Backers End Blockade In Mexico City (NYT)

By James C. McKinley Jr.

The New York Times, September 15, 2006

MEXICO CITY, Sept. 14 — Supporters of a leftist candidate who narrowly lost the presidential election this summer were tearing down five miles of tents on Thursday that have blockaded this capital's central avenues for six weeks.

"It's an emotional situation," Juan Gutiérrez Calva, 45, a street vendor, said as he packed up his tent. "I'm calm. I'm not sad or happy. It was always clear that we were not going to advance much toward a real democracy in this country."

The move signaled a shift by their leader, Andrés Manuel López Obrador, the former mayor of Mexico City, who says he was robbed of an election victory.

Having lost a legal battle for a full recount, and facing a steady defection of supporters, Mr. López Obrador is now striving to find a way to remain a political force over the coming six years, while Felipe Calderón, a conservative, serves as president.

Mr. López Obrador and his aides have organized a mass rally for Saturday, grandly calling it the "National Democratic Convention," where supporters are expected to anoint Mr. López Obrador head of a movement still ill defined that will, among other things, press for a new Mexican constitution.

"This political regime no longer works," Mr. López Obrador said earlier this week. "It's rotten and we must construct something new, and that is what we are going to do at the National Democratic Convention."

In recent days, Mr. López Obrador has decided to lift his blockade in the heart of the capital, which has caused weeks of chaos and tension, and avoid a conflict with the military during its annual parade on Saturday.

The softening of strategy comes as cracks are beginning to appear in Mr. López Obrador's coalition, with the court's decision last week to support Mr. Calderón's election victory.

Now even Mr. López Obrador's aides acknowledge that he is losing some support among middle-class liberals and influential leftist politicians and intellectuals, as Mexicans seem prepared to move on from the election dispute, even if Mr. López Obrador is not.

The founder of his party, Cuauhtémoc Cárdenas, for instance, published a letter on Thursday accusing Mr. López Obrador and his inner circle of being intolerant of dissent.

"It worries me profoundly, the intolerance and demonization, the dogmatic attitude that prevails around Andrés Manuel for those of us who do not accept unconditionally his proposals and who question his points of view and decisions," he wrote.

And Carlos Fuentes, the giant of Mexican letters, also assailed Mr. López Obrador this week for continuing to insist there was widespread fraud in the election, while he never challenged the elections of his party's members to the Legislature.

"There could have been fraud in the Chamber of Deputies, there could have been fraud in the Senate, but there wasn't," he said. "There was only fraud for the presidency of the republic. How strange, no? I don't believe it."

There have been other signs of weakening support. Mr. López Obrador's party voted down a slate of his closest allies for leadership positions in Congress, choosing the leaders of other factions. Two prominent governors from his party have also recognized Mr. Calderón's victory.

The questioning extends to the voters. Several said in interviews that the prolonged blockade of the city's central avenues and main square, as well as Mr. López Obrador's refusal to concede defeat, only confirmed the accusations of his political enemies that he was autocratic and had little regard for courts or the law.

"It left me with a bad taste in my mouth," said Berenice Malagón, a 27-year-old employee of a cosmetics company. "I know he has a right to protest, but what is not right is to close the avenues and sources of work and generate instability."

Despite the loss of some support, the leftist leader still has enough loyal supporters to make trouble for the government. Politicians in Mr. López Obrador's camp are scrambling to find a way to wield their power in Congress while still supporting him.

On Thursday morning, three former campaign aides and several leaders of his Party of the Democratic Revolution, along with the Workers' Party and the Convergence Party, announced the formation of the "Wide Progressive National Front."

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The politicians said their goal was to help Mr. López Obrador and his supporters in the street achieve their goals in the Congress. The lawmakers must walk a fine line, however.

Mr. López Obrador still maintains the election was fraudulent, but his party has also gained enough seats to become the second largest faction in Congress. Few of those newly elected lawmakers are willing to follow their leader into the political wilderness.

Mr. López Obrador's closest advisers hope the national convention on Saturday, coupled with the formation of the "progressive front" in Congress, is the solution. The scheme allows him to become the leader of what amounts to a shadow government or a permanent protest movement. It gives him a way to criticize Mr. Calderón, push for constitutional change, oppose the sale of state oil reserves and remain in the limelight.

Manuel Camacho, a close adviser, said the idea was to remake Mr. López Obrador, 53, into a civil rights leader, a "symbolic figure on the model of Martin Luther King."

"I see him as a moral leader in this scheme, someone who promotes the interests of the poor, strengthens their rights and will promote a change in political institutions," Mr. Camacho said.

Mexican Leftist Refuses To Back Down (USAT)

By Sara Miller Llana

USA Today, September 15, 2006

MEXICO CITY — Opposition presidential candidate Andrés Manuel López Obrador, responding to his loss to Felipe Calderón in Mexico's closely contested July 2 presidential election, has asked his supporters to attend a political convention on Saturday to decide whether to set up a parallel government.

López Obrador and his followers, who have rejected the results of a partial recount, say democracy here is in danger if what the former Mexico City mayor calls a "new republic" is not created to address the gap between rich and poor.

Critics such as Enrique Krauze, a Mexico City-based historian, say such ideas threaten Mexico's stability and the democratic progress achieved after the country emerged from seven decades of one-party rule six years ago.

"It's a very delicate moment. It still has a lot of uncertainties, because you can never know the possibilities of one charismatic leader leading the masses," says Krauze, who also is an editor of Letras Libres magazine. "You don't need huge majorities to create really serious social strife."

For more than a month, López Obrador and his supporters have occupied Mexico City's main plaza, the Zocalo, and major thoroughfares. Initially, the sit-in was launched to force a recount of all ballots in the election, in which Calderón's final victory margin was just 0.56 of a percentage point.

The protest has strangled traffic and eroded public support for López Obrador. In an Aug. 13 opinion piece in the daily newspaper Reforma, political writer Homero Aridjis described a post-electoral "drunkenness" that has left Mexicans "on the verge of a nervous breakdown."

The purpose of the national convention, which López Obrador spokesman Cesar Yañez claims will draw at least 1 million "delegates," is to decide where the movement should go now that the electoral court has rejected a full recount, threw out claims of widespread fraud and certified Calderón the winner.

They will vote on whether to name a shadow government and parallel president (López Obrador), complete with a Cabinet, though they have not said how they would govern. Yañez says it's unlikely the protesters will continue blocking the streets in the capital.

The convention will test the president-elect, whose narrow margin of victory means most voters backed either López Obrador of the Democratic Revolution Party (PRD), the candidate of the former ruling Institutional Revolutionary Party or two other minor candidates.

Calderón, a member of outgoing President Vicente Fox's National Action Party, received much of the vote from the industrial, richer north, which has benefited from Fox's free-trade policies. Most voters in the rural south and in Mexico City chose López Obrador.

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Despite the electoral court's finding that the election was fair, a poll at the end of August released by Mexican research institute GEA-ISA showed 37% of voters believe Calderón won by fraud.

"We are not looking for problems," says Mario Ramirez, 58, of Mexico City. He has been sleeping along Reforma Avenue most nights for more than a month. He says he would be willing to protest for the next six years. "Calderón will never be my president," he says.

Apparently in response to these sentiments, Calderón is turning his attention to Mexico's poor. "If something demands urgent action … it is taking care of millions of families who still live in poverty," Calderón said in a speech after the court affirmed his victory.

Dan Lund, a pollster for Mund Americas in Mexico City, says the shadow government proposed by López Obrador could keep the issue of income inequality at the forefront of the national debate and energize the political scene. "It's the most exciting and hopeful period I've seen," he says.

Calderón also faces opposition within Congress. Three governors — members of López Obrador's PRD from the states of Zacatecas, Michoacan and Guerrero — chose not to appear in a snapshot taken with the president-elect this week at a governors conference. On Sept. 1, Fox was unable to give his state of the union address after PRD legislators blocked the podium. The president was forced to give his last annual address on TV later that night.

"Calderón will have to do some extraordinary things to convince people who believe in what the PRD has said," Krauze says.

López Obrador's movement could become more powerful depending on other factors, including economic performance. "If oil prices go down, or a semi-catastrophe happens, this appeal from the left in hard times is likely to be much more potent," says Federico Estevez, a political scientist at the Autonomous Technological Institute of Mexico.

López Obrador has indicated he wants his supporters to work peacefully. He decided to pull protesters from their encampments in the capital to let the military march in its annual Independence Day parade on Saturday.

To avoid further conflict with López Obrador, Fox won't open Independence Day festivities tonight in the Zocalo. For nearly 200 years, Mexican presidents on Sept. 15 have performed the ritual grito, or cry, to kick off Independence Day celebrations.

Interior Secretary Carlos Abascal said Thursday that Fox will move his ceremony to the small town of Dolores Hidalgo, 170 miles northwest of Mexico City, where Roman Catholic priest Miguel Hidalgo launched the first call for independence from Spain in 1810.

Fox's final grito should have been robust and harmonic: His victory in 2000 heralded a new era in Mexico's transition to democracy.

Instead, his shout could turn into a screaming match. López Obrador has promised to stage a parallel grito that could propel Mexico into a period of discord and even unrest.

IMF Has No Crisis To Manage (WP)

By Paul Blustein

The Washington Post, September 15, 2006

Less than a decade ago, economists at the International Monetary Fund were jetting into the capitals of countries stricken by financial crises, patching together rescue plans aimed at staving off global economic chaos.

That, after all, was the IMF's chief mission: preserving financial stability. So as currencies plunged, foreign investors fled and defaults loomed in South Korea, Russia, Brazil, Argentina, Turkey and elsewhere, the fund responded with zeal. In tense negotiations, the IMF offered billions of dollars in emergency loans if the governments would make drastic changes in their economic policies.

This weekend, as top economic policymakers gather in Singapore for the annual meetings of the IMF and World Bank, the global environment is dramatically different. The fund's era of crisis-fighting, which lasted until 2002, is a fading memory that staffers swap stories about like war veterans.

Financial markets are buoyant. There's nary a crumbling currency in sight. And middle-income countries in Asia, Eastern Europe and Latin America have accumulated stockpiles of dollars that in some cases exceed the IMF's $227 billion.

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The hope of some of the policymakers gathering in Singapore, including those from the Bush administration, is that the IMF will start playing an active role in helping to combat another threat to the world economy -- huge imbalances in trade, specifically the $700-billion-plus U.S. trade deficit and the corresponding surpluses in Asia and oil-producing countries. The fund's experts are also trying to improve their ability to figure out how future crises may arise and encourage countries to take preventive measures.

Doubts abound about whether the IMF can exert much influence over countries that don't need its money; the fund's eat-your-peas advice has often gone unheeded in such cases. And extolling the virtues of pea-eating, important as it may be, leaves some on the fund's staff of 2,700 with a sense of ennui.

"Firefighters don't like to sit in the firehouse," said Mohsin S. Khan, director of the IMF's Middle East and Central Asia department. "If you're in this organization and you've been caught up in the excitement of rushing around to countries helping them fight crises -- well, if there are no crises, you're sitting around wondering what to do."

In his department, Khan said, wars and high oil prices have created some fascinating challenges. "People are interested in working on Lebanon, Iraq, the West Bank-Gaza -- those are the Brazils and Argentinas of today," he said. But for many others on the staff, "it's the old story about Napoleon. Remember, he said it's tough for an army to sit on its bayonets."

The disappearance of crises is obviously welcome news, Khan and others hastened to add. But in a possible sign of malaise, resignations of IMF economists in 2005 increased about 45 percent over the average of the previous three years. Departures this year are running ahead of last year's pace. IMF spokesmen stressed that turnover is still relatively low, and reasons for quitting may include frustration with the lack of promotion opportunities at an institution that almost never fires senior employees. But several of the recent departees confided that they found their jobs less interesting than before, according to one senior IMF official who spoke to them.

None of this means that the IMF staff is idle. One group of economists trying to anticipate where the next crisis might arise describes its work as highly stimulating; future crises, the economists think, will almost surely be different from the turmoil of the late 1990s and stem from some murky area, probably new and exotic financial instruments for which little data are available.

"This is a moment of investment, when we are trying to strengthen the fire-prevention department," said Carlo Cottarelli, deputy director of the Policy Development and Review Department. "Firefighting is one function, but the main goal of the fund is fire prevention.

"In terms of work intensity, my wife is complaining more than when I was mission chief for Turkey. . . . It's clear, the level of adrenaline is different from a crisis. Thank God. In a crisis, the level of adrenaline can get too high."

If there is one area in which the IMF may soon return to center stage, it is "multilateral surveillance" -- the term the experts use for the fund's role in addressing global imbalances. Echoing many other economic experts, IMF Managing Director Rodrigo de Rato has been warning for some time that as foreigners accumulate vast amounts of dollars from U.S. spending on imports, the risk increases of a sudden, wide sell-off of U.S. currency that could throw the world financial system into damaging disorder.

The tricky question is how the IMF -- with its limited leverage -- can help steer the big players toward steps that are politically painful but are widely viewed as necessary to reduce the imbalances, without triggering a recession. Those measures include a shift in the U.S. economy toward more saving instead of continuing the consumption binge of recent years, and a rise in the exchange rates of Asian countries, especially China, that have become too dependent on exports based on cheap currencies. They also include changes in European regulations that restrain growth, and more spending by Middle Eastern nations of their petrodollars on foreign goods and services.

"It's not that the IMF needs to stand astride all of us wielding a stick," said Timothy D. Adams, U.S. undersecretary of the treasury for international affairs, who has been particularly aggressive in spurring the fund to get involved. "What they need to do is facilitate a conversation and provide general expertise."

Many of the countries with surpluses, Adams said, "will feel more comfortable meeting under the heading of an IMF-sponsored endeavor," responding to the recommendations of international technocrats rather than the hectoring of the U.S. government.

Adams also wants the IMF to tighten its rules on the types of currency systems that member nations can have. That is obviously aimed in large part at the relatively fixed exchange rate of China's yuan, which critics say gives Chinese manufacturers

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an unfair pricing advantage. In a quid pro quo of sorts, Washington is strongly backing a plan in Singapore to adjust voting power among the IMF's 184 member countries so that fast-growing nations -- including China -- can gain representation on the fund's board that is more commensurate with their economic size.

All that will take time, Adams said, "but this institution is too critical to let it become stale."

Doing Business In Latin America (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 15, 2006

When the International Monetary Fund and the World Bank convene their annual meetings in Singapore in the next few days, they will be eager to discuss a common problem: how to justify their existence in a world that no longer wants or needs them.

The more elegant term for this discussion is "reform" of the international financial institutions, which were born at Bretton Woods more than 60 years ago under the gold standard. In a world of floating exchange rates and open capital markets, the IMF's raison d'être no longer exists. Its "clients" are rapidly repaying their outstanding loans. Macroeconomic accountability has improved world-wide, not because the fund mandates it but because without the guarantee of IMF rescues, investors now impose their own discipline. If hazards remain it is because, with the IMF still hanging around looking for work, future bail outs cannot be ruled out.

The IMF's sister, the World Bank, is also facing an existential crisis on its lending side. The bankers at the International Finance Corporation, which is dedicated to the private sector, now busy themselves financing big business, a job that ought to be left to the market. The bank's main business of lending to governments in middle-income countries -- that neither seek nor require bank loans -- is drying up. More broadly, foreign aid as a tool for development has increasingly come under scrutiny as wasteful and even counterproductive.

If only the bank would pay more attention to its own research, specifically the annual report titled "Doing Business," which looks at the regulatory policies and tax climate of 175 countries. The 2007 edition was released last week and, not surprisingly, finds that poor countries could be much better off if only they would stop discouraging legal, tax-paying business activity.

When governments make it expensive to operate in the legal sector, small and medium-sized businesses go underground, giving up economies of scale, the benefits of technology and productivity gains. Governments have to rely more and more on large companies for tax revenues and high tax burdens take a toll on competitiveness. Growth rates suffer. Joblessness and poverty persist.

Serious leaders have taken steps to free animal spirits. Much of Latin America has not. In this year's report, as the nearby table shows, the region largely finishes in the cellar. Even Africa outperformed Latin America in its pace of reform this year.

Lest we lose hope, there are a few positive developments to note. Three Latin American countries made the top 10 list of most improved business climates. Mexico is the world's third best reformer (after Georgia and Romania). The report praises Mexico's new securities law that protects minority investors, a streamlined process for business start-ups and a graduated cut in the corporate tax rate to 29% this year from 33% in 2004.

Yet Mexico's corporate tax rate is still too high relative to Eastern European competitors. And even though the country jumped 19 places in its overall rank, it lost ground in important areas such as registering property, international trade and enforcing contracts.

Guatemala and Peru also made the top 10 list of most reformed. But both are still far from exhibiting respect for their entrepreneurial populations. In Guatemala, for example, the bank says that to complete the process of licensing a business takes 23 steps, 390 days and costs 496.47% of income per capita. In the category of "trading across borders," researchers found that importing a container costs $1,985 versus an OECD average of $883. It takes 1,459 days and 36 steps to enforce a contract.

Peru moved up 13 places, but it still ranks a lowly 158th in the regulatory burden of "employing workers" and 135th in "paying taxes." For a medium-sized business to be tax compliant in Peru requires 53 payments, taking 424 hours and costing 40.80% of gross profit. Like its neighbors, Peru doesn't need foreign aid. It needs a leader to take a machete to its red tape.

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These countries constitute the good news in the region. The rest of the hemisphere has an even grimmer profile. Costa Rica and Ecuador made zero net reforms over the past 12 months while Venezuela and Bolivia both lost ground. Venezuela dropped 20 places and now has the honor of ranking below Zimbabwe (153). In the "paying taxes" category the survey finds that Venezuelan "entrepreneurs must make 68 payments, spend 864 hours and pay 51.92% of gross profit." To enforce a contract it takes 41 steps and 435 days.

Most troubling for the region is the performance of the South American giant, Brazil. As a middle-income democracy with a young, talented, eager population and a world-class industrial sector, Brazil ought to "get it" by now. But its rankings on paying taxes, starting a business, getting credit and registering property are all worse this year and its overall rank moves up only one place. No wonder the government is always broke and poverty in the favelas is booming.

The World Bank researchers understand that the problem here is politics. They even have some wisdom for would-be poverty-fighters: "In the top reforming economies in the past three years, nearly 85% of reforms took place in the first 15 months of a new government," the report notes. "The message: for a government recently elected (as in Benin) or re-elected (as in Colombia and Mexico), the time to push through ambitious reforms is at the start of its term."

There are at least 10 new governments in Latin America this year and that means there is plenty of opportunity for change. Latin America has taken lots of money from international financial institutions over the years, along with lots of dreadful advice. Now it's time to take note of some sensible guidance, even if that would be bad for those who earn a living shoveling money out the door from Washington.

Russia Shaken By Killing Of Bank Official (WP)

By Peter Finn

The Washington Post, September 15, 2006

MOSCOW, Sept. 14 -- The assassination of a senior civil servant who led a campaign to clean up the country's banks drew calls Thursday for a merciless response from the government, as well as hand-wringing over whether Russia is outgrowing the bloody business tactics common in the 1990s.

Andrei Kozlov, 41, first deputy chairman of Russia's Central Bank, was shot Wednesday evening outside a sports complex after attending a soccer match between bank employees. He died early Thursday of his wounds. His driver was killed instantly in the attack, which politicians said was probably a contract killing.

Kozlov was respected in financial circles for his drive to shut down banks that engaged in money laundering and put the deposits of customers at risk through illegal practices. Since January, his department at the Central Bank had revoked the licenses of 44 of the country's roughly 1,200 banks, the Russian news agency Interfax reported.

The confidence of ordinary Russians in the country's banking sector, which plummeted after a financial crisis in 1998, has been growing steadily, and deposits have jumped sixfold in the last four years.

"He was at the cutting edge of the battle against financial crime," said Finance Minister Alexei Kudrin. "He was a very brave and honest man, and through his activity he repeatedly encroached on the interests of unprincipled financiers."

Boris Gryzlov, speaker of the lower house of parliament, said business disputes may have prompted the killing. "A series of banks had their licenses taken away, and it's entirely possible that criminals connected with those structures could have ordered the murder," he said.

Police said they were exploring all possible motives for the killing and reported finding two weapons thrown into tall grass about 200 yards from the scene of the killing. Russian Prosecutor General Yuri Chaika said he would personally supervise the investigation.

The assassination was the first killing of a senior federal official since President Vladimir Putin came to power in 2000. Among other recent assassinations, a regional governor was shot dead in Moscow in 2002, and American journalist Paul Klebnikov was slain in 2004.

As recently as last week at a conference in the resort city of Sochi, Kozlov warned some people in the banking sector that he would continue to target them.

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"There is still a large share of suspicious operations in the banking system," he said. "You take part in money laundering, then there might be a ban on your professional activities for the rest of your life. There's no place for this in the banking sector. It disgraces the banking system."

The former head of the Russian Central Bank, Sergei Dubinin, said the killing was a direct assault on the state and on Putin's claim that he has stabilized the country after the chaos of the 1990s.

"The authorities should prove that today's stability is not a mere name," said Dubinin, whose office was fired on in 1996. "This is a challenge to the state's policy in the banking area. The authorities should solve the crime and find not only the actual murderers but also those who ordered Kozlov's assassination." The Kremlin had no immediate comment on the killing.

Former prime minister Anatoly Chubais, who now heads the country's electric utility, said the killing was "a barefaced challenge to all Russian authorities."

"Andrei Kozlov was an unquestionably honest, principled and absolutely noncommercial person," said Chubais, who survived an assassination attempt last year. "This is a case when the authorities must respond in a tough manner, promptly and mercilessly."

Kozlov was married and had three children. He began working at what was then the Soviet Union's Central Bank when he was 24 and spent most of his career, except for short stints in the private sector, in central banking. He had been in charge of banking supervision since 1997 and made the assault on money laundering the centerpiece of his work.

Uganda Peace Hinges On Amnesty For Brutality (NYT)

By Jeffrey Gettleman

The New York Times, September 15, 2006

GULU, Uganda — In the beginning, it was simply called the Acholi war, and despite its brutality, few people outside Uganda paid attention.

The Lord's Resistance Army, a messianic rebel group, was exploring a new dimension of violence by building an army of abducted children and forcing them to burn down huts, slice off lips and pound newborn babies to death in wooden mortars, as though they were grinding grain.

"I killed and killed and killed," said Christopher Oyet, an 18-year-old former rebel who was kidnapped at age 9. "Now, I am scared of myself."

But, for the first time in 20 years, the killing has stopped. The rebel leaders, boxed in and with dwindling support, signed a cease-fire agreement on Aug. 26. Whether it lasts depends on whether Joseph Kony, the phantom rebel commander who is said to live deep in the jungle with 60 child brides, and his top deputies are given amnesty.

That is uncertain, because they have been charged with crimes against humanity by the International Criminal Court in The Hague. Still, this is the furthest any peace deal has come, fueling hopes that one of Africa's most grotesque and bizarre wars, which cost tens of thousands of lives, may finally be over.

White flags are already fluttering in Gulu, the hub of Acholiland, even from the antennas of government trucks. People are no longer night commuting, the signature north Ugandan exodus from villages to towns every evening for safety's sake. Instead, they are returning to the carpeted green hillsides to plant cassava, corn and beans, and this time their hoes and machetes are being swung to make things grow, not to destroy them.

The victims of this war are so desperate to put the nightmarish days behind them that they want to forgive, just as much as they want to forget. Typical is Christa Labol, whose ears and lips were cut off by bayonet-wielding prepubescent soldiers she now says she would welcome home.

"Only God can judge," Mrs. Labol said through a mouth that is always open.

Of course, the rebels are not out of the bush yet. Many still hide in a remote, lawless corner of northern Congo. Some people wonder if Mr. Kony, who has told his troops he is possessed by spirits, will ever give up.

Mr. Kony has said he will but only if he is not prosecuted.

The International Criminal Court has issued arrest warrants for Mr. Kony and four of his commanders. Ugandan government officials have said they will ensure that the rebels get amnesty if they surrender. But the rebels have said the amnesty

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must come first. It is an impasse that possibly only the international court can break, but the court, established in 1998, has not indicated what it will do.

"We've never had such a situation," said Claudia Perdomo, a court spokeswoman.

The Acholi people have their own solution. It is the mataput — the word means drinking a bitter root from a common cup — and it is a traditional reconciliation ceremony. Peace is more important than punishment, Acholi elders say, and they would rather have Mr. Kony return to Gulu for a mataput than rot in some European prison. Although the fighting may be over, it seems a new battle has begun: tradition versus modernity.

"In our culture, we don't like to punish people," said Collins Opoka, an Acholi chief. "It doesn't really get you anywhere."

The Acholis know something about punishment. For decades, it was customary for members of southern tribes to get the prized university spots and good office jobs, while northerners like the Acholis were stuck in the fields. The Acholis were known as superstitious — and tough — and filled the ranks of the national army. They fought rebel forces led by Yoweri Museveni, and after Mr. Museveni seized power in 1986 — he has been president since — the Acholis were marginalized and persecuted.

Enter Mr. Kony, a former Catholic altar boy revered in his village near Gulu as a prophet since he was 12. He smeared himself with shea butter, said his body and those of his Acholi followers were impervious to bullets and vowed to overthrow the government.

"We saw him as our savior," said Mary Olanya, who knew Mr. Kony growing up.

Mr. Kony claimed to be guided by the Ten Commandments but soon his army was violating each and every one.

From about 1988 on, the rebels terrorized their own people, raping, robbing and killing across Acholiland. According to former rebels, Mr. Kony communed with spirits and his rules became stranger by the minute — anyone caught bicycling had to have his feet chopped off; all white chickens were to be destroyed; no farming on Fridays.

Few adults wanted to join his cultish, bloodthirsty movement, and soon the only recruits were children, most against their will.

Mr. Oyet said he was snatched one night nine years ago from his hut near Gulu and forced to march miles into the bush. The boys whose feet swelled and could no longer walk were clubbed to death — by other boys. All new recruits had to help with the killing. It was called registration. The population responded to the rebel violence by seeking safety in numbers. Nearly two million people abandoned their villages and crowded into government camps. "It was a desperate time,'' said Quinto Otika, a Gulu elder.

And it continued for years, nourished by the Arab-led government of Sudan, which gave the rebels arms and sanctuary as payback for Ugandan support for the Christian rebellion in southern Sudan.

But by 2002, the Sudanese government was making peace with southern separatists and no longer supporting the Lord's Resistance Army.

Mr. Kony — and his bodyguards and harem — fled to Congo, where, according to Ugandan military sources, they set up a slave kingdom, living off the land and slaughtering wildlife. By then, the elusive rebel army had shrunk to a shadow of a shadow, with fewer than 2,000 fighters left. The West mostly ignored this war, more focused on Rwanda, Somalia, and Darfur, Sudan. But in 2005, the Ugandan government persuaded the international court to issue arrest warrants against rebel leaders, despite pleas from Acholi elders.

In Acholi culture, killers are accepted back into the community after they have paid compensation, admitted to their misdeeds and shared a meal, usually a roasted sheep, with the relatives of their victim. This is the mataput ceremony, and it comes from the days when clans were tightly intertwined by marriage and trade and could not afford to alienate one another.

The Ugandan government eventually warmed to the idea and signed a cease-fire with the rebels that took effect on Aug. 29. Since then, some rebel soldiers have emerged from hiding. They plan to assemble at collection points in southern Sudan, where they will wait until a full peace agreement is reached.

Though some United Nations officials have bristled at the idea of granting immunity to Mr. Kony and his top commanders, Ugandan officials say they are confident a deal can be reached.

"We can go to the judges and say there are new circumstances and that the indictments are no longer needed," said a Ugandan government spokesman, Robert Kabushenga.

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People are already beginning to wonder what Mr. Kony will do if he comes home a free man.

"He never aspired to be a politician," said Florence Adokorach, now in her early 20's, who was kidnapped at age 14 and forced to be one of Mr. Kony's brides. Instead, he told his young wife, he just wanted to return to spreading God's word.

Property Deeds OfficeMax Thwarts Families' Attempts To Tap Cuba Funds (WSJ)

By Evan Perez

The Wall Street Journal, September 15, 2006

In February, nearly 45 years after two American men were executed by Fidel Castro's government, their families were on the verge of collecting $88.5 million in damages from Cuba's long-frozen U.S. accounts.

Then the relatives of Howard Anderson and Thomas "Pete" Ray ran up against an unexpected obstacle: OfficeMax Inc.

The office-products giant, founded in 1988, didn't exist at the time of the Cuban revolution. But in 2003 the company was purchased by Boise Cascade Corp., a paper-products company that adopted the OfficeMax name. Through a 1960s acquisition, Boise Cascade took a majority stake in Cuban Electric Co., which owned most of Cuba's pre-Castro electricity systems. As a result, OfficeMax today controls the largest single U.S. claim against the Cuban government for property confiscated after the 1959 revolution.

The U.S. Foreign Claims Settlement Commission, an arm of the Justice Department, has certified nearly 6,000 U.S. claims for property seized by Cuba. Claimants hope that after the reign of Fidel Castro ends they can recover their homes, factories, beachfront land and sugar plantations believed to be valued at $6.7 billion today. To settle some claims, they also expect to gain access to more than $268 million in Cuban assets -- largely held in U.S. banks -- that were frozen under the Kennedy administration's Cuban embargo.

Most citizens and businesses will likely have to wait years to recoup any losses. In the mid-1990s, a coalition of U.S. companies, including OfficeMax's future parent, put pressure on the Clinton administration to settle its members' numerous claims with Cuba -- with no luck.

But thanks to special antiterrorism laws passed in 1996 and 2002, a few families have been able to leapfrog to the head of the line. The legislation helped permit relatives of Messrs. Anderson and Ray to seek, and ultimately win, wrongful-death judgments in Florida state courts, with a federal judge in January clearing the way to tap into the frozen Cuban funds.

OfficeMax wasn't pleased with the news. In March, the company filed court papers in New York U.S. District Court, Southern District, seeking to block the Ray and Anderson relatives from collecting.

Robert Muse, a Washington, D.C., lawyer who represents Cuban Electric and OfficeMax, says the dead men's families shouldn't be given first dibs on the accounts. "I'm not trying to be provocative," Mr. Muse says. "That money was sequestered for the purpose of paying [restitution] claims."

Janet Weininger, a daughter of Mr. Ray, says she is outraged at the latest roadblock to gaining justice for her father's execution. "I don't understand why a company like OfficeMax would act like this," she says.

An OfficeMax spokesman said the company doesn't comment on litigation. The Cuban Interests Section, the country's de facto embassy in Washington, didn't respond to requests for comment on the cases.

Renewed Interest

Fidel Castro's recent health troubles have sparked renewed interest in the property seized after Cuba's communist revolution. The battle between OfficeMax and the two families offers a taste of much larger struggles likely to come.

Mr. Castro's government has floated the idea of Americans returning and kicking residents out of their homes -- many of which were taken over to shelter multiple families. The issue is so sensitive that many Cuban-American community leaders and the White House say it is best left for a future democratic government in Cuba to resolve.

President George Bush's Commission for Assistance to a Free Cuba said in a report this year that the U.S. government "can reassure the Cuban people that the U.S. government will not support any arbitrary effort to evict them from their homes."

The Cuba claims case is unusual. Historically, the U.S. government has blocked access to frozen foreign funds -- including cases against Saddam Hussein-era Iraq. But a powerful Cuban-American voting block in Florida has managed to win preferential treatment under both the Clinton and Bush administrations.

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In 1996, Congress swiftly passed the special law allowing U.S. citizens to file domestic lawsuits against foreign countries that commit terror attacks. The measure was introduced to benefit the families of three men who died that same year when Cuban military jets shot down civilian planes operated by a group called Brothers to the Rescue. Relatives of a fourth man who died couldn't benefit because he wasn't a U.S. citizen. Based in Miami, the activists were known for flying missions over the Florida Straits to spot refugees for rescue at sea.

After suing the Cuban government, the Brothers to the Rescue families won a federal court judgment to unlock some of the Cuban funds. From there, the group's attorneys subpoenaed various banks around the country in search of the dozens of frozen Cuban accounts. In 2001, they collected a total of about $97 million. Most of that sum was drawn from accounts at J.P. Morgan Chase & Co.

That successful outcome prompted lawyers for the Anderson and Ray families to seek to qualify under the same narrow provisions of the U.S. antiterrorism laws.

Mr. Anderson was on trial in April 1961 -- accused by the Castro government of smuggling guns to anti-Communist rebels -- when U.S.-backed expatriates launched the Bay of Pigs invasion. During the attack, Cuban antiaircraft guns brought down a bomber piloted by Mr. Ray, a 30-year-old Central Intelligence Agency contractor. Both men eventually were executed: a firing squad for Mr. Anderson; a single shot to the temple for Mr. Ray.

For years after Mr. Ray's execution, U.S. and Cuban authorities revealed little about what had happened to him. Beginning at age 15, in 1970, Ms. Weininger says she wrote monthly letters to Mr. Castro seeking information about her father's body. She says she wrote repeatedly for nine years without receiving a response.

Mr. Ray's family later found out that his corpse was being kept frozen at a Havana morgue and, according to the family, periodically exhibited as a war trophy. It wasn't until 1979, after some diplomatic wrangling, that a black wooden coffin containing Mr. Ray's remains were returned for burial in Alabama.

Dorothy Anderson McCarthy, Mr. Anderson's 84-year-old widow who later remarried, wishes to see the Cuban government pay for her husband's death before she dies.

Tall and athletic, Mr. Anderson was stationed in Havana during World War II, where he met and married Dorothy, the 20-year-old daughter of American parents who lived in Cuba. The couple led a well-to-do life, raising four children. In the aftermath of the 1959 revolution, Mr. Anderson evacuated his family, along with his mother, to Miami. Mrs. McCarthy says she left Cuba "with a $5 bill, one suitcase and one watch."

The family acknowledges that Mr. Anderson, 41 at the time of his death, carried CIA messages to anti-Castro groups in Havana. He wasn't a paid American intelligence agent, they say, but he did take radios to the island to help support an underground anti-Castro movement. His family further asserts that at the time of his arrest, he was in Cuba only to attempt to prevent the expropriation of his family's small chain of gas stations and other businesses.

In his last letter to his wife from a jail cell in Cuba's Pinar del Rio province, Mr. Anderson said his fate was sealed. As his trial began, air-raid sirens could be heard outside the courtroom -- the opening salvos of the 1961 Bay of Pigs invasion during which 1,500 CIA-trained Cuban exiles unsuccessfully tried to foment rebellion against Mr. Castro's government.

"It is unfortunate that this invasion took place, as under normal circumstances I am sure that the tribunal would not have been ruled by passion but by their own revolutionary laws," Mr. Anderson wrote in neat, square letters. "I hope and pray that you and mother will forgive me for the troubles that I have caused...especially this present big one." He was executed four hours later.

Now living in a retirement apartment complex in Florida, Mrs. McCarthy can recite from memory the transcribed words of the prosecutor who tried her husband in April 1961: "This American will die for everything that he has done. He doesn't deserve the death penalty, but he will receive it because perhaps from his blood something better will grow."

Mrs. McCarthy sued Mr. Castro's government in 2001, and Ms. Weininger followed in 2003, both in Florida state courts in Miami. Lawyers for the families argued that the Cuban government was liable for the torture and wrongful deaths of their relatives.

Emotional Testimony

In emotional testimony, family members described brutal executions suffered by their loved ones. Across the courtroom, the table typically reserved for defendants -- in this case the Cuban government -- sat empty. As has been its practice in recent years, the Cuban government ignored the lawsuits.

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State courts in Miami issued compensatory default judgments of $67 million for Mrs. McCarthy in 2003, and a year later $21.5 million for Ms. Weininger. Ms. Weininger won an additional $65 million in punitive damages, which under current laws are much more difficult to collect.

With judgments in hand, lawyers for the families filed claims in federal courts to access Cuban government funds anywhere in the U.S. They ended up in U.S. District Court in New York, where accounts at J.P. Morgan Chase still hold the bulk of the Cuban funds. The bank asked the court to rule that it wouldn't have any liability if it complied with court orders to pay the claims. A spokesman for J.P. Morgan Chase, which is named in the suit, declined to comment on the case.

This year, federal Judge Victor Marrero joined the two cases and asked for any final objections from the Cuban and U.S. governments, as well as from any claimants believing they had rights to the blocked funds. The Cuban government didn't respond and the U.S. government declined to intervene -- effectively signaling no objection to the payments.

That is when OfficeMax entered the picture. Cuban Electric, the corporate name by which OfficeMax identifies itself in court papers, argued that at the time of the executions of Messrs. Anderson and Ray, Cuba wasn't on the U.S. government's list of state sponsors of terrorism. The State Department added Cuba to the terror list in 1982, after the U.S. accused the Castro government of aiding Colombian guerrillas.

In his "friend of the court" brief filed in March, the attorney Mr. Muse argued that the relatives of Messrs. Anderson and Ray "were never entitled to the Florida state court judgments" they won.

Joseph DeMaria, Mrs. McCarthy's attorney in Miami, says only the Cuban government -- not OfficeMax -- can challenge the judgments in the case. He disputes OfficeMax's assertion that the frozen Cuban assets were intended to settle expropriation claims. Leon Patricios, attorney for Ms. Weininger, says the company "should have properly intervened in this case when it was filed."

A ruling from the federal judge in New York assigned to the families' case is expected soon.

When news broke in August of Mr. Castro's illness, Gary Anderson, the eldest son of Howard Anderson, was worried Mr. Castro might die.

"I honestly hope Fidel is OK, because I would like our case to come to some sort of conclusion while he is still alive," says Mr. Anderson, who owns an industrial supply company in Houston. "I would like Fidel to know that he's paying."

Growing Pains Booming Municipalities Defy China's Effort To Cool Economy (WSJ)

By Andrew Browne

The Wall Street Journal, September 15, 2006

ZHENGZHOU, China -- The new musical fountain in this drab provincial capital in central China demonstrates why authorities in Beijing are having so much trouble controlling the world's fourth-largest economy.

Jets of water dance to the patriotic anthem "Love My China," while laser beams shoot into the sky. Soon, the fountain will be overshadowed by a hotel styled after a classical Chinese pagoda, which, at 918 feet, will be nearly three-quarters as tall as the Empire State Building. A waterfront arts complex, almost completed at a cost of $100 million, looks like a clutch of enormous duck eggs. Nearby, a newly opened conference center resembles an unfurled umbrella. An exhibition hall boasts the biggest stretch of free-standing roof in Asia.

Mayor Zhao Jiancai says his vision is to transform backward Zhengzhou into the "Chicago of the East" -- a gateway between the booming coast and the vast interior -- by more than tripling the city's size. Total investment in the area around the business district could hit $35 billion. It is a huge amount of money for the capital of Henan province, one of China's poorest.

"We can only make achievements with scale," says the mayor, a former tractor factory engineer.

A similar dynamic is at work across China. Local governments are encouraging a frenzy of construction to boost their economies -- even as China's central government seeks to throttle back investment that is producing runaway economic growth. The economy expanded 11.3% in the second quarter of this year from the same period a year earlier, far outstripping the government's target of 8% for the whole year.

Many developing countries would gladly trade places with China: Most suffer from too little investment, not too much. And they worry more about spreading slums than expanding skylines.

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Nevertheless, hyper-investment keeps roiling the world's fastest-growing major economy. Concerns are mounting that the boom could cause property bubbles that weigh down banks with bad debt when they burst. It also could clog railway lines and ports and trigger brown-outs as overloaded power grids collapse. Already, it is generating outsize demand for energy and raw materials, pushing up the cost around the world.

The International Monetary Fund, which is meeting Tuesday and Wednesday in Singapore, this week urged China to rein in credit to avoid "tipping off a boom-bust cycle."

Though inflation remains low at 1.3%, China's top leaders are worried. Almost every day, they issue edicts to slow economic growth -- with little effect. Leaders can't even be sure how much municipalities are spending because local finances have become so murky. According to official figures that many economists believe understate the true total, fixed-asset investment rose 21.5% in August from a year earlier. While that growth rate was slower than the 27.4% of July, total annual investment as a percentage of gross domestic product, the total value of all goods and services produced in a nation, still is much higher than Japan, South Korea or Taiwan managed to sustain even during their giddy years.

If inflation takes hold, as some economists expect, the effects would be felt globally. Since China is the world's third-largest trading nation, inflation could ripple to the U.S. and other countries through rising prices for its exports. That would complicate the efforts of the U.S. Federal Reserve and other major central banks trying to head off rising inflationary pressures.

More than a quarter century of economic overhauls has produced a striking contrast in China: Politically, the Communist central government maintains a tight grip over the entire country; economically, it is losing control.

Caught in a Trap

China's leaders are caught in a trap as they cast around for ways to rein in investment. The old administrative methods -- ordering state banks to stop lending, restricting land sales, halting government approvals for major projects -- aren't working as well as before, partly because local governments are defying Beijing.

Trying to enforce investment curbs in a vast country is a tough challenge: Beijing has resorted to using satellite images to spot bulldozers working on illegal construction projects in far-flung provinces. The economy, says Andy Xie, an economist in Hong Kong with Morgan Stanley, is too big and complicated to manage through fiat.

On the other hand, market-oriented measures to slow economic growth, such as raising interest rates, aren't likely to be as effective in China as in more sophisticated economies. One reason is that local bankers still are susceptible to political pressure to extend loans. Also, state-run companies make a habit of not repaying loans, so the cost of funds often is irrelevant. Much of the corporate investment is funded out of company savings.

Already, the big state banks have ignored Beijing and dished out almost all the loans they were targeted to extend for the whole year. The Ministry of Land Resources announced recently that in some cities as many as 90% of all government land acquisitions are illegal.

To be sure, an economy expanding at double-digit rates sooner or later will likely find uses for much of the infrastructure -- highways, bridges and power plants -- that local governments are installing. But when the latest investment boom unwinds, there are concerns that Chinese cities will be littered with white elephant industrial projects that will stand empty for years.

"It's mindless," says Wang Lina, a researcher at the Chinese Academy of Social Sciences, a leading think tank, who says local governments are generating large amounts of wasteful investment.

About 10% to 20% of all investment in China is made by local governments, according to World Bank economist Louis Kuijs, who is based in Beijing. That figure understates their influence. For instance, it doesn't include investment by real-estate developers that are nominally private but often act as agents for local authorities.

Under China's former socialist economy, central planners in Beijing doled out investment funds under an annual quota program -- so much for the railroads, for the power industry, for steelmakers. China's central government grabbed local revenue and redistributed the cash around the country to pay for further investment as well as government services.

This started changing in 1978, when Deng Xiaoping launched economic overhauls that made local governments responsible for delivering growth to their own communities. Economic growth has become the path to career glory for city mayors, like Zhengzhou's Mr. Zhao, who now are driving the national economy to an unprecedented extent. Hong Liang, an

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economist in Hong Kong with Goldman Sachs, compares modern Chinese cities to corporations, and their mayors to chief executive officers, all competing with each other to expand their business empires.

There are good reasons why China's cities need to expand. Each year, they have to accommodate at least 10 million peasants flooding in from the countryside. Increasingly, cities also have been forced to fund their own health, education and social-welfare programs.

These financial pressures all feed into higher rates of investment, which is the quickest way for cities to expand their economies and increase their revenue.

Economic Giants

Cities in China have ballooned into economic giants. If Shanghai were a country, it would be among the 40 largest economies in the world. Its economic output last year of $114 billion was bigger than the Philippines or the Czech Republic. Shenzhen, in southern China, has an economy much larger than Vietnam's.

Still, many question whether local spending has become excessive. Zhengzhou's new conference hall, for instance, boasts a theater with seats that can be individually climate-controlled. Its vast foyer is clad in shimmering Italian marble.

Zhengzhou's drastic makeover is typical of those under way in cities around China. Shanghai led the way in the early 1990s by setting out to build a national financial and commercial hub on a stretch of rice paddy in an area called Pudong.

Over the years, Shanghai's urban plans have become ever more fanciful. It now is building a series of satellite cities -- each themed after a European country -- to relieve pressure on the city center. Anting, which aspires to be a car-making hub, is re-creating the pastel-colored apartment blocks and Bauhaus offices found in the German city of Weimar. It has even splurged on a Formula 1 race track.

Nearby, the emerging college city of Songjiang turned to a British engineering consultancy to construct an English-style community called Thames Town. There, residents can choose to live in Victorian terraced houses, drink in pubs and marry in a church whose spire rises over cobblestone lanes.

In March, Premier Wen Jiabao unveiled a five-year economic blueprint to steer China in a new direction. Instead of go-for-broke growth that has blighted the environment and widened social divisions, China would pursue more-balanced development. Still, growth is running at its fastest pace in 12 years.

China's leaders sought to curb credit by pushing through two interest-rate increases. They have taken funds out of the banking system by raising reserve requirements -- money that commercial banks must deposit with the central bank rather than lend out -- and slapped new taxes on real-estate transactions.

The two interest-rate increases this year have been too incremental -- each only 0.27 percentage point -- to have a real impact, economists say. Lending rates still are only around 6%, low for an economy expanding 14% in nominal terms, not taking into account inflation. By contrast, U.S. rates are at 5.25% -- up from 1% more than two years ago -- in an economy now expanding around 3%.

Compounding the problem is the way local governments are forced to fund their investments. China's central government doesn't allow them to raise local taxes or issue debt. Instead, they are cashing in their most valuable asset -- land. The sale of land now accounts for 40% to 60% of all local government revenue, according to Ms. Wang of the Chinese Academy of Social Sciences.

This dynamic adds momentum to the geographical expansion of cities. To acquire more land that they can sell, cities simply redraw their boundaries to engulf the surrounding farms. The compensation they pay to farmers for the land is far less than its value to developers. When the city flips the land, the revenue isn't part of regular budgets that can be audited by Beijing.

Zhengzhou, an ancient city on the Yellow River plains of central China, has long been an underachiever. Its 1950s-era textile mills are laying off workers. It has shuttered some of its grimy aluminum works on Beijing's orders to cut back on overcapacity. One of its few claims to fame is that it makes a third of all the frozen dumplings sold in China.

With a population of just two million, it considered itself too small to drive the economy of China's most populous province, with roughly 100 million people, let alone make a national impact.

So in 2001, city authorities hired the acclaimed Japanese architect Kisho Kurokawa to draw up blueprints for the new urban area after an international competition. Zhengdong New District covers 58 square miles -- somewhat bigger than San

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Francisco. The plan will double the size of the city and add 1.5 million people to the existing population. It received the blessing of the State Council -- China's cabinet -- in 1995.

By 2020, Mr. Zhao says, additional enlargement will turn Zhengzhou into a city of five million covering 193 square miles.

Most of the investments will be made by companies rather than the government, says Mr. Zhao, 50, who sports red ties and slicks back his hair. Bank loans will pay for some infrastructure as well.

The skyline of the central business district eventually will be populated by 60-odd commercial and residential towers. The first are already in place and waiting for tenants to move in.

Radiating outward will be arrayed the industries and services of Zhengzhou's future: banking and finance, insurance, logistics, high-technology manufacturing and higher education. "It's the most advanced urban concept in the world," says Vice Mayor Wang Qinghai, who is directly responsible for the construction of the Zhengdong New District. Land prices have quadrupled in two years.

Mr. Wang says Beijing has given the go-ahead to projects covering only about 20% of the planned new area. That is holding up plans for a man-made island on a lake to house dozens of luxury apartments.

Elsewhere, there are few signs building momentum is slowing. The city's own glossy publicity materials boast that Zhengzhou has one of the highest densities of construction cranes operating in China.

Does Zhengzhou have a shot at becoming the "Chicago of China"? True, it sits at a railway crossroads between the main north-south and east-west lines, a major asset in a country where most goods still are moved by train. But there is plenty of competition from other central cities, including Wuhan farther south, as well as Nanchang, the fast rising capital of Jiangxi province.

Mayor Zhao says he is untroubled by the competition. "We all have our strengths," he says. "We'll fly together wing-to-wing."

The Energy Harvest (NYT)

By Thomas L. Friedman

The New York Times, September 15, 2006

São Paulo, Brazil

Any time that OPEC got a little too overzealous in pushing up oil prices back in the 1970's, the legendary Saudi oil minister Sheik Ahmed Zaki Yamani was fond of telling his colleagues: Remember, the Stone Age didn't end because we ran out of stones.

What he meant was that the Stone Age ended because people invented alternative tools. The oil age is also not going to end because we run out of oil. It will end because the price of oil goes so high that people invent alternatives. Mr. Yamani was warning his colleagues not to get too greedy and stimulate those alternatives.

Too late — oil at $70 a barrel has done just that. One of the most promising of those alternatives is ethanol, an alcohol fuel made from corn, sugar cane or any biomass. I came to Brazil to try to better grasp what is real and what is not in the ethanol story, because no country has done more to pioneer sugar ethanol than Brazil.

My impression, after talking to a range of Brazilian experts, is that not only is ethanol for real, but we have not even begun to tap its full potential. With just a few technological breakthroughs, Brazil really could be the Saudi Arabia of sugar and we could actually achieve that energy dream of getting "barrels from bushels."

Since the 1970's oil shocks, Brazil has, with lots of trial and error, made ethanol part of its daily life. It hits you the minute you drive into a gas station in São Paulo, where you need two things: a credit card and a calculator. In rough numbers, sugar ethanol now sells here at a little over $2 a gallon and gasoline at a little more than $4 a gallon. Because sugar ethanol gets only about 70 percent of the mileage of gasoline, drivers here do the math each day and figure out if ethanol is at least 30 percent less than the price of gasoline. If it is, many will fill 'er up with sugar cane.

Brazilians have that luxury because there are 34,000 gas stations here that offer both gasoline and ethanol (compared with around 700 in the U.S.) and because 70 percent of new cars sold here can run on either gasoline or sugar ethanol. As a result, Brazil has replaced about 40 percent of its gasoline consumption with sugar ethanol.

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I visited the Cosan sugar mill northwest of São Paulo, Brazil's largest, where you fly in over an ocean of green sugar cane. The cane is harvested onto big lorries and trucked to the Cosan distillery. There, the juice is extracted and converted to either crystal sugar or ethanol. The remaining cane waste — called bagasse — is used to fuel huge steam boilers that produce enough electricity to both power the refining process and leave a surplus to be sold back to the grid.

It's important to understand this process to appreciate just how "much more energy we could get from sugar cane" with just a few more breakthroughs, explained Plinio Mario Nastari, one of Brazil's top ethanol consults.

Think of each stalk of sugar cane as containing three sources of energy. First, the juice extracted from the cane is already giving us ethanol and sugar. Second, the bagasse is already heating very low-technology, low-pressure boilers, giving us electricity. But if Brazil's refiners converted to new high-pressure boilers, you could get three times as much electricity.

Finally, when the cane is harvested the tops and leaves are often just left in the field. But this biomass is rich in cellulose, the carbohydrate that makes up the walls of plant cells. If the sugar locked away in cellulose also could be unlocked — cheaply and easily by a chemical process — this biomass could also produce tons of sugar ethanol. There is now a race on to find that process.

A breakthrough is expected within five years, and when that happens it will be possible to extract "more than double" the amount of ethanol from each sugar stalk, said José Luiz Oliverio, a senior V.P. at Dedini, the Brazilian industrial giant, which has a pilot cellulosic ethanol project.

I asked Brazilian experts what they'd do if they were the U.S. president. The consensus answer: Require U.S. oil companies to provide ethanol fuel pumps at all their gas stations, require U.S. auto companies to make all their new cars flex-fuel and improve mileage standards, and get rid of the crazy 54-cent tariff we've imposed on imported sugar ethanol (to protect our farmers). And then let the market work.

Demand for ethanol would soar. This would push us faster down the innovation curve, so we'd solve the cellulosic ethanol problem quicker, and that would strengthen the democrats in our hemisphere and weaken the petrocrats in the Middle East. If only we were as smart as Brazil ...

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Senate Panel Defies Bush On Terror (AP)

By Anne Plummer Flaherty

The Associated Press, September 15, 2006

A rebellious Senate committee defied President Bush on Thursday and approved terror-detainee legislation he has vowed to block, deepening Republican conflict over terrorism and national security in the middle of the election season.

Republican Sen. John Warner of Virginia, normally a Bush supporter, pushed the measure through his Armed Services Committee by a 15-9 vote, with Warner and three other GOP lawmakers joining Democrats. The vote set the stage for a showdown on the Senate floor as early as next week.

In an embarrassment to the White House, Colin Powell — Bush's first secretary of state — announced his opposition to his old boss' plan, saying it would hurt the country. Powell's successor, Secretary of State Condoleezza Rice, jumped to the president's defense in a letter of her own.

All this played out after Bush started his day by journeying to the Capitol to try nailing down support for his own version of the legislation — and by issuing a threat to the maverick Republicans.

"I will resist any bill that does not enable this program to go forward with legal clarity," Bush said at the White House.

The president's measure would go further than the Senate package in allowing classified evidence to be withheld from defendants in terror trials, using coerced testimony and protecting CIA and other U.S. interrogators against prosecution for using methods that may violate the Geneva Conventions.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell, a retired general who is also a former chairman of the Joint Chiefs of Staff, wrote in his letter.

Powell said Bush's bill, by redefining the kind of treatment the Geneva Conventions allow, "would add to those doubts. Furthermore, it would put our own troops at risk."

Firing back, White House spokesman Tony Snow said Powell was "confused" about the White House plan. Later, Snow said he probably shouldn't have used that word.

"I know that Colin Powell wants to beat the terrorists, too," he said.

The administration also produced its own letter from Rice. She wrote that narrowing the standards for detainee treatment as Bush has proposed "would add meaningful definition and clarification to vague terms in the treaties."

In addition, CIA Director Michael Hayden wrote a letter to his employees saying he has asked Congress "to help define our responsibilities so that we and the Department of Justice can judge the appropriateness of any procedures we would propose to use" while questioning terrorism suspects. He said Bush's bill did that.

In the committee vote, Warner was supported by GOP Sens. McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine. Warner, McCain and Graham had been the most active senators opposing Bush's plan. The vote by the moderate Collins underscored that there might be broad enough GOP support to successfully take on Bush on the floor of the Republican-run Senate.

As the battle mushrooms, it threatens to undermine campaign season assertions by the administration that it has shown a steady hand on security matters and that Republicans should be trusted over Democrats on such issues.

Bush still has many congressional allies, including House and Senate leaders and conservatives, who want to align themselves with the president's tough stance on interrogation and prosecution. The House Armed Services Committee on Wednesday passed a bill that supports the administration's position by 52-8.

But that support is not universal. Rep. Steve Buyer, R-Ind., said he told Bush during the president's visit that he should heed the military's top uniformed lawyers, who have previously opposed some provisions of the president's plan.

Buyer and other Republicans are expected to align themselves with McCain, who spent more than five years as a prisoner of war during Vietnam. Last year, he overcame Bush's objections to pass legislation banning cruel, inhuman or degrading treatment of detainees.

Leaving his closed-door meeting with the House GOP caucus, Bush said he would "continue to work with members of the Congress to get good legislation." He complimented a House bill but did not mention the Senate version.

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"I reminded them that the most important job of government is to protect the homeland," he said. Bush was accompanied by Vice President Dick Cheney and White House political adviser Karl Rove.

The White House also released a letter to lawmakers signed by the military's top uniformed lawyers. Saying they wanted to clarify past testimony on Capitol Hill in which they opposed the administration's plan, the lawyers wrote that they "do not object" to sections of Bush's proposal for the treatment of detainees.

Two congressional aides who favor McCain's plan said the military lawyers signed that letter after refusing to endorse an earlier one offered by the Pentagon's general counsel, William Haynes, that expressed more forceful support for Bush's plan.

The aides spoke on condition of anonymity because they were not authorized to discuss the matter publicly. Asked if Haynes had encouraged them to write the letter, Pentagon spokesman Bryan Whitman said, "Not that I'm aware of."

Another Bush bill would give legal status to the administration's warrantless wiretapping program. The Senate Judiciary Committee approved the bill on a party-line vote Wednesday, but it is stalled in the House amid opposition from Democrats and some Republicans concerned that the program violates civil liberties.

Strategy On Terror Suspects Splits GOP (USAT)

By David Jackson And Kathy Kiely

USA Today, September 15, 2006

WASHINGTON — President Bush is facing a Republican rebellion over a policy he says is crucial to the war on terrorism, as key members of his party lead the opposition to a White House plan for interrogating and prosecuting terrorism suspects.

Sen. John Cornyn, a Texas Republican who supports the administration proposal, said Bush faces “an uphill battle” in the Senate. On Thursday, the Senate Armed Services Committee approved Chairman John Warner's rival plan on a bipartisan 15-9 vote. Among those speaking out against the Bush measure: the president's former secretary of State, Colin Powell.

Critics of the Bush proposal, including Warner, R-Va., and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., contend that Bush's plan jeopardizes the nation's reputation by failing to guarantee fair trials for terror suspects. They also say captured U.S. troops could be subject to retaliation.

The White House says Warner's bill could effectively shut down important CIA interrogations. “In order to protect this country, we must be able to interrogate people who have information about future attacks,” Bush said at the White House. “I will resist any bill that does not enable this program to go forward.”

A showdown looms next week. Republican House leaders have scheduled a vote on Bush's plan, which they support. White House spokeswoman Dana Perino acknowledged that the president's bill may fall short in the Senate. She said House and Senate negotiators may have to resolve the differences between the two bills.

McCain has been a strong supporter of Bush's anti-terrorism strategy. But he said the administration's proposed rules for interrogating suspects would essentially rewrite the 1949 Geneva Conventions and invite other countries to weaken the treaty's ban on humiliating, cruel and degrading treatment of prisoners.

In a letter released by McCain, Powell backed the GOP senators. “The world is beginning to doubt the moral basis of our fight against terrorism,” wrote Powell, a retired general who also served as chairman of the Joint Chiefs of Staff.

McCain accused CIA Director Michael Hayden of pushing a policy designed to forgive possible agency abuses. “He's trying to protect his reputation at the risk of America's reputation,” he said.

CIA spokesman Mark Mansfield released a letter Hayden wrote to agency employees that argued otherwise. Hayden denied asking lawmakers to water down the Geneva Conventions. “I did not ask them to create a CIA (exception),” he wrote. “I am simply asking Congress to help define our responsibilities.”

The Senate Armed Services vote came hours after Bush made a rare trip to Capitol Hill to tout his military tribunal plan before a friendly audience of House Republicans. Even there, he faced a challenge.

Rep. Steve Buyer, R-Ind., was a colonel in the Army Reserve who wrote legal guidelines for interrogators in the Persian Gulf War. Buyer said he challenged Bush to “listen to your legal commanders” during the closed-door session.

The White House must find a way to share classified evidence, at least with defense lawyers, that will be used against alleged terrorists, Buyer said. “There has to be a procedure by which we can have a proceeding that reflects our values and is viewed by the world as fair and just,” he said.

Republicans Defy Bush Over Detainees (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, September 15, 2006

Defiant Republicans on the Senate Armed Services Committee bucked President Bush yesterday and approved a bill for detention and trial of foreign terrorism suspects that Mr. Bush says would compromise the war on terrorism.

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The president insisted that he will not accept a bill that ties the CIA's hands or puts classified information at risk, and urged Congress to pass a proposal similar to what he submitted instead.

Led by Sen. John McCain of Arizona and committee Chairman John W. Warner of Virginia, four Republicans joined the panel's 11 Democrats to support a bill that gives terrorism detainees broader civil rights than Mr. Bush has proposed.

But most Senate Republicans, including the rest of the committee's members, support the administration's view that Mr. Warner's bill would limit intelligence gathering and expose classified information to terrorists. They have vowed to fight it out on the Senate floor.

Mr. Warner said he crafted the measure carefully to meet the concerns of the Supreme Court. The high court earlier this year struck down Mr. Bush's current setup for trying detainees held at the U.S. Naval Base Guantanamo Bay, Cuba.

"It would be a very serious blow to the credibility of the United States ... if legislation passed by the Congress and signed by the president failed to meet a second Supreme Court review," Mr. Warner said yesterday.

But Sen. John Cornyn, a Texas Republican and committee member, called that argument a "boogeyman" and insisted he would try to amend the bill to be more in line with the White House approach.

The administration last week publicly acknowledged a classified CIA interrogation program, which, officials said, has produced information that helped thwart at least eight terrorist plots since 2001. But the Supreme Court ruling leaves that program on tenuous ground, and Mr. Bush says it would have to end if Congress doesn't approve new rules.

A Capitol Hill source said that after two weeks of fruitless negotiations with Mr. McCain, the White House has decided to instead have the fight in public and make its case directly.

The effort has kicked into high gear this week with CIA Director Gen. Michael V. Hayden saying that without specific guidance, he would have to close down the interrogation program. The administration also released a letter from the military's top lawyers saying guidance would be welcome, and a letter from Secretary of State Condoleezza Rice saying what the U.S. is doing makes sense.

The administration argues that Common Article 3 of the Geneva Conventions has never been tested by the U.S. before, and provisions banning harsh treatment are vague. Mr. Bush wants a bill that lists exactly what is out of bounds.

Mr. Warner's bill allows accused terrorists more access to classified evidence against them during military tribunals, and also rejects Mr. Bush's definition of treatment of detainees.

The president visited with House Republicans yesterday to urge them to approve his approach, and House Republican leaders indicated they would. The House Armed Services Committee on Wednesday passed a version acceptable to the White House in a bipartisan 52-8 vote.

Later, Mr. Bush said he "will resist" any bill that the CIA says would tie its hands.

"If there's ambiguity, if there's any doubt in our professionals' minds that they can conduct their operations in a legal way, with support of the Congress, the program won't go forward and the American people will be in danger," he said.

White House press secretary Tony Snow said both sides want the same thing.

"They got to figure out how to achieve it," he said.

Mr. Cornyn said the two camps probably can resolve the issue of how to handle classified information, but the sticking point is the Geneva Conventions issue.

Mr. McCain said the White House wants to redefine the conventions, and doing so would invite international criticism.

"If you change the interpretation of it, you are changing a treaty," he said, arguing that such a move could hurt U.S. agents by opening the door for other countries to interpret the treaty however they see fit.

"I believe then people would be turned over to the secret police," he said.

Former Secretary of State Colin L. Powell, also a former chairman of the Joint Chiefs of Staff, wrote a letter this week saying that in trying to "redefine" part of the Geneva Conventions the administration was risking the "moral basis of our fight against terrorism."

But Mr. Snow said Mr. Powell was confused about what the administration is trying to achieve.

"The whole purpose of this is to make sure that we place our troops out of harm's way, and also the people who are doing the interrogations, by making clear what the standards are," he said.

An Unexpected Collision Over Detainees (NYT)

By Carl Hulse

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — President Bush and Congressional Republicans spent the last 10 days laying the foundation for a titanic pre-election struggle over national security, and now they have one. But the fight playing out this week on Capitol Hill is not what they had in mind.

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Instead of drawing contrasts with Democrats, the president's call for creating military tribunals to try terror suspects — a key substantive and political component of his fall agenda — has erupted into a remarkably intense clash pitting some of the best-known warriors in the Republican Party against Mr. Bush and the Congressional leadership.

At issue are definitions of what is permissible in trials and interrogations that both sides view as central to the character of the nation, the way the United States is perceived abroad and the rules of the game for what Mr. Bush has said will be a multigenerational battle against Islamic terrorists.

Democrats have so far remained on the sidelines, sidestepping Republican efforts to draw them into a fight over Mr. Bush's leadership on national security heading toward the midterm election. Democrats are rapt spectators, however, shielded by the stern opposition to the president being expressed by three Republicans with impeccable credentials on military matters: Senators John McCain of Arizona, John W. Warner of Virginia and Lindsey Graham of South Carolina. The three were joined on Thursday by Colin L. Powell, formerly the secretary of state and the chairman of the Joint Chiefs of Staff, in challenging the administration's approach.

It is one of those rare Congressional moments when the policy is as monumental as the politics.

On one side are the Republican veterans of the uniformed services, arguing that the president's proposal would effectively gut the nearly 60-year-old Geneva Conventions, sending a dark signal to the rest of the world and leaving United States military without adequate protection against torture and mistreatment.

On the other are the Bush administration and Republican leaders of both the House and Senate who say new tools are urgently needed to pursue and interrogate terror suspects and to protect the covert operatives who play an increasingly important role in chasing them.

Republicans concede that the fight among themselves is a major political distraction, particularly given the credentials of the Republican opposition, led by Mr. McCain, the former prisoner of war in Vietnam who was tortured in captivity.

"It is a big problem," said Representative Ray LaHood of Illinois, a senior House Republican. "These guys have a lot of weight and a lot of standing. McCain is a tough guy to beat on this."

But Mr. Bush, who visited the Capitol on Thursday to rally House Republicans behind his approach, is also tough. He will no doubt do everything possible to get a deal, if not on the floor of the Senate then in conference between the House and the Senate. But the immediate result in political terms has been to create a battle among Republicans about core principles less than eight weeks before Election Day.

"This whole issue is going to send a signal about who America is in 2006," Mr. Graham said.

Brushing aside the objections of Mr. Bush and most of his Republican colleagues in Congress, Mr. Warner led the Senate Armed Services Committee to produce legislation on Thursday that would provide detainees with protections beyond those sought by Mr. Bush, setting up a collision with the House, where a measure approved by the administration is advancing.

House Republicans say the Senate plan is misguided and will hobble the American military. Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee, said it would lead to "the lawyer brigade" being attached to combat troops to counsel detainees.

Representative Peter T. King, Republican of New York and chairman of the Homeland Security Committee, said: "I just think John McCain is wrong on this. If we capture bin Laden tomorrow and we have to hold his head under water to find out when the next attack is going to happen, we ought to be able to do it."

Mr. McCain's opponents acknowledge that, given his experiences, he is a powerful advocate on this subject, but that the shadow war against terrorists has new legal complexities.

"I have never led in combat, but I do have some experience with the law," said Senator John Cornyn, Republican of Texas and a former State Supreme Court justice who has jousted with Mr. McCain over the legislation.

There is no doubt that Mr. Cornyn and his fellow Republicans would much rather be dueling with the Democrats over this issue, which they see as their chief election-year advantage.

After their meeting with the president, House Republicans sought to play up their differences with House Democrats on the detainee legislation although the bill passed the Armed Services Committee on an overwhelmingly bipartisan vote.

Republicans will also continue try to continue to pound Democrats on other security measures, like legislation to authorize the administration's eavesdropping program. But the political power of that issue gets muddied as well because some House and Senate Republicans want to impose more restrictions on the program than the administration finds acceptable.

Recent polls continue to show Republicans with an advantage on security issues, but they are mixed as to whether the president's most recent push is raising his popularity. In addition, widespread public dissatisfaction with the war in Iraq is clouding election prospects for Republicans.

But with the focus on the treatment of detainees there is a potential benefit for Republicans since it does at least temporarily change the subject from Iraq.

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Democrats say that no matter how bipartisan the opposition to the administration's tribunal plan, they expect that Republicans will try to blame Democrats for any delay. They note that House Republicans have taken to referring to bipartisan Senate legislation on immigration, a measure most House Republicans abhor, as the Reid-Kennedy bill, named for the Democrats Harry Reid of Nevada and Edward M. Kennedy of Massachusetts, despite the substantial participation of Mr. McCain.

"At the end of the day, they will forget John McCain, Lindsey Graham and John Warner and say it is all about the Democrats holding up President Bush's plan to make American safer," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate.

But Mr. Durbin said, "We are not going to take it sitting down."

Senate Panel Rebuffs Bush On Anti-Terror Legislation (LAT)

By Richard B. Schmitt And Joel Havemann

The Los Angeles Times, September 15, 2006

WASHINGTON — President Bush's campaign for tougher legislation on terrorists suffered another blow today when Senate Republicans supported efforts to block his plan to reinterpret Geneva Convention restrictions on the interrogation of prisoners.

By a 15-9 vote, Sen. John Warner (R-Va.), chairman of the Armed Services Committee, and three other Republicans joined Democrats in opposing the change.

The rejection of Bush's plan could create a dramatic clash, particularly among Republicans campaigning for reelection as being strong on security issues, when the full Senate votes next week.

Today's vote came several hours after Colin Powell, the secretary of State in Bush's first term, spelled out his position in a letter to Sen. John McCain of Arizona.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell said. "To redefine [a portion of the Geneva Convention] would add to those doubts."

More than that, he said, it could lead to the mistreatment of American troops captured in Iraq and elsewhere during the war on terrorism.

Powell's letter came as the Senate Armed Services Committee met in closed session to consider Bush's proposal. Sens. Lindsey Graham (R-S.C.) and Susan Collins (R-Me.) joined Warner and McCain and all the Democrats on the committee in voting against the proposal.

Bush wants the authorization before the trials begin for 14 high-profile terrorists who have been taken to the detention center at Guantanamo Bay, Cuba, from CIA prisons worldwide.

The U.S. Supreme Court has ruled that the military tribunals that were set up for prosecuting terror suspects needed congressional authorization. Bush does not want the new tribunals to be hamstrung by what the administration describes as the vague protections that the Geneva Convention, adopted shortly after World War II, offers to prisoners of war.

Before the Armed Services Committee deliberated, Bush paid a rare visit to Capitol Hill to try to shore up support for two foundering anti-terrorism measures and the Geneva Convention proposal. He also made another trip to allow the continuation of the program of eavesdropping on Americans' international phone calls without warrants.

On Wednesday, a divided Senate Judiciary Committee muddied the outlook for an issue that Republicans consider key to the midterm elections when it approved widely divergent bills aimed at overhauling domestic eavesdropping laws.

The committee endorsed a White House-backed measure that would give President Bush broad authority for his warrantless wiretapping program. It also approved legislation by Sen. Dianne Feinstein (D-Calif.) that would largely preserve a 1978 law governing domestic spying while making few provisions for new executive powers.

While one lawmaker decried the Senate approach as "totally contradictory," the House Judiciary Committee abruptly canceled a vote on its own version of the surveillance reform law amid signs of dissension among Republicans there.

The White House said it was confident that lawmakers ultimately would enact the measures Bush was promoting. But the growing disharmony over the president's tribunal plan drew warning shots Wednesday from some administration officials.

In a conference call with reporters, John D. Negroponte, director of national intelligence, warned that if an alternate version of the tribunal bill proposed by McCain passed, the CIA would be forced to shut down its interrogation program.

"If it goes forward as proposed, this will not allow for the CIA high-value terrorist detention program to go forward," Negroponte said.

The Judiciary Committee's eavesdropping vote was a rare rebuke for an administration that has tested the limits of executive power since Sept. 11.

The panel's eight Democrats were joined by two Republicans — Graham and the committee's chairman, Sen. Arlen Specter of Pennsylvania — in approving the Feinstein measure.

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Specter has been the driving force behind the White House surveillance bill, which he brokered with Vice President Dick Cheney over the summer. But he said he voted for both bills — he had previously been a sponsor of the Feinstein legislation — because each had important attributes.

Some members of the panel, however, said the committee was passing the buck by sending multiple and conflicting legislation to the floor. A central premise of the Feinstein legislation was "totally contradictory to legislation we just passed," said Sen. Jon Kyl (R-Ariz.). "What kind of message does that send to our colleagues?"

Others said that the panel's action showed a lack of understanding of the issues at hand.

By moving along bills "that are flatly contradictory, they are saying that they don't really understand what they are doing," said James X. Dempsey, policy director of the Center for Democracy and Technology, a Washington-based advocacy group. "Throwing the issue open to floor debate in a partisan atmosphere is probably the worst possible way of resolving complex issues at the intersection of technology, national security and constitutional doctrine."

Under the domestic surveillance program, the National Security Agency has intercepted communications between suspected terrorists abroad and people in the United States. It The program has been a flashpoint in the post-Sept. 11 debate over liberty and security since being divulged in media reports in December.

The administration has acknowledged that in conducting the program, it did not obtain warrants from the court established by Congress under the Foreign Intelligence Surveillance Act, or FISA, in 1978 to monitor all domestic surveillance in terrorism and espionage cases. The president, the administration said, had the power to order the monitoring without going through those channels.

The Specter bill incorporates that view.

But Feinstein's bill affirms what she and others say was the original intent of the 1978 law, and makes it clear that the FISA court is the exclusive authority for approving such requests.

Whereas the administration has expressed concern that the FISA court process is too cumbersome in an age of cell phones and Internet-savvy terrorists, Feinstein's solution would focus on expanding current emergency provisions in the law.

The legislation would extend — from the current 72 hours to seven days — the time allowed for emergency surveillance before a warrant application must be submitted to the FISA court. It also would augment the 15-day wartime exception for wiretapping without court approval to include incidents of congressional authorization for the use of force or a national emergency created by a terrorist attack.

"I am a happy camper, at this point," Feinstein told reporters after the vote. "I think we can get Republicans. We'll see."

Republicans view national security as their greatest political strength in their battle to keep control of Congress in the November midterm elections. And on Wednesday, the House Armed Services Committee approved a tribunal measure that closely tracked the administration's proposal.

"I can think of no better way to honor the fifth anniversary of Sept. 11 than by establishing a system to prosecute the terrorists who, on that day, murdered thousands of innocent civilians, and who continue to seek to kill Americans both on and off the battlefield," said Rep. Duncan Hunter (R-El Cajon), the committee's chairman.

The administration's proposal considered by the Armed Services Committee would, among other things, redefine Common Article 3 of the Geneva Convention, which establishes a baseline level of treatment for all combatants. Administration officials have said the changes are necessary to protect interrogators from prosecution or civil suits.

"This is an attempt not to alter Geneva, nor to avoid the purposes of Geneva, but rather to give it the kind of clarity we felt [was] required," Negroponte said Wednesday. "We feel there are parts of Common Article 3 under Geneva that are vague."

That vagueness, Negroponte said, meant that CIA interrogators could not be certain they were behaving in a lawful manner.

But McCain and others have said that the changes also could have the effect of putting U.S. troops at risk.

"The overwhelming majority of retired military people are weighing in on this issue and saying, 'Don't amend Common Article 3,'" the Arizona lawmaker said Wednesday.

"How we interpret Common Article 3, and any effort to undercut its meaning, will be taken into account by our enemies in future conflicts," McCain added. "We are concerned about the plight of American servicemen and women who may be captured in future conflicts."

Senate Panel Thwarts Bush Plan On 'War On Terror' Detainees (AFP-Y)

By Stephanie Griffith

AFP, September 15, 2006

A US Senate panel rejected President George W. Bush's plan to relax standards on the treatment of "war on terror" suspects, instead backing a substitute bill offering greater rights protections to foreign detainees.

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In a stinging rebuke to the US president, the Senate Armed Services Committee voted 15 to nine in favor of a bill drafted by Republican chairman John Warner.

The outlines of the president's plan, which would allow tougher questioning of detainees while protecting US interrogators from being prosecuted for war crimes, were approved Wednesday by a US House of Representatives panel.

Bush came to Capitol Hill Thursday to drum up additional support for his legislation, which he said would "give us the tools and wherewithal to protect this country."

But his appeals failed to sway Democrats and a handful of key Republicans in the Senate Armed Services Committee, who instead were convinced by Warner's arguments that the president's bill could endanger future US prisoners of war and hurt America's standing in the world.

The Senate vote sets up difficult negotiations with House lawmakers and Bush administration officials over their differing versions, but McCain said an accord is within reach.

"I think we see a compromise there so that we could prevent national security from being compromised, but yet still allow the defendant to be able to see some of the evidence against him," he said, speaking on CNN.

"What we are seeking is to make sure that the Geneva Conventions covering these circumstances are not changed, because if we amend the Geneva Conventions, then other nations will to their liking," which he said "could put American lives at risk."

The administration plan would redefine which acts constitute war crimes, after the Supreme Court ruled in June that his existing court system established to prosecute terrorism suspects was illegal and violated the international Geneva Conventions.

Bush praised the House Armed Services Committee for having passed his bill, which he called "a very important piece of legislation in a bipartisan fashion that will give us the tools and wherewithal to protect this country," he said.

"We have proposed legislation that will enable the Central Intelligence Agency to be able to conduct a program to get information from high-value detainees in a lawful way," Bush said at a joint news conference later Thursday with South Korean President Roh Moo-Hyun.

"It is very important for the American people to understand that in order to protect this country we must be able to interrogate people who have information about future attacks," Bush said.

"I will resist any bill that does not enable this program to go forward with legal clarity."

Asked later for White House reaction to the Senate defeat, Bush spokesman Tony Snow said the remarks from the news conference with Roh "remain valid."

US Secretary of State Condoleezza Rice, in a letter delivered to Warner's committee Thursday, called the administration bill a "reasonable, good faith interpretation" that does attempt to take human rights concerns into account.

But the president's proposals have been strongly opposed by three powerful Republican senators -- Warner, Lindsey Graham and John McCain-- who insist there must be no erosion in US compliance with international law governing the treatment of war detainees.

At a press conference Wednesday, Graham -- who in addition to being a US senator is also a military lawyer -- denounced the White House proposal.

"It started with Abu Ghraib," he said, referring to the notorious Iraqi prison where US abuses were found.

"Are we going to start being the first country in the world that changes the Geneva Conventions so the secret police programs of those nations will be OK?"

The trio got the support of an influential ally, former US secretary of state Colin Powell.

Powell sent a letter to McCain on Wednesday condemning the administration's plan to change rules governing detainee treatment, which are covered under Article Three of the Geneva Conventions.

"I do not support such a step and believe it would be inconsistent with the McCain amendment on torture, which I supported last year," Powell wrote, in a letter made public by McCain Thursday.

"The world is beginning to doubt the moral basis of our fight against terrorism. To redefine Common Article Three would add to those doubts," wrote Powell, who is also ex-chairman of the Joint Chiefs of Staff.

But Bush dismissed Powell's remarks, saying "there's all kinds of letters coming out," and pointed out that a group of military lawyers sent a letter to the House and Senate Armed Services panels supporting the administration plan.

Senate Panel Defies Bush On Detainees (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, September 15, 2006

WASHINGTON - Ignoring threats and warnings from President Bush, a defiant Senate committee approved legislation Thursday that would ban abusive CIA interrogations and make it easier for terrorist suspects to defend themselves at trial.

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The Republican-led Senate Armed Services Committee voted 15-9 to send the legislation to the full Senate. Four Republicans, including Sen. John Warner of Virginia, the committee's chairman, backed the bill over Bush's objections, as did the panel's 11 Democrats.

The split in Republican ranks widened as former Secretary of State Colin Powell joined the dissidents against his former boss.

"The world is beginning to doubt the moral basis of our fight against terrorism," Powell wrote in a letter to Sen. John McCain, R-Ariz., who has teamed up with Warner and Sen. Lindsey Graham, R-S.C., in opposing Bush. Powell is former chairman of the Joint Chiefs of Staff. McCain was a prisoner of war in Vietnam. Warner is a former secretary of the Navy. Graham is a judge in the Air Force reserves.

Bush made a rare visit to the Capitol to lobby House Republicans for his approach and declared that "the American people will be in danger" if lawmakers continue to defy him.

Bush said CIA interrogators should have wide latitude when questioning terrorists, as long as they don't engage in torture. The Senate bill would ban abusive techniques that the Bush administration doesn't consider torture, such as "water-boarding," which simulates drowning.

"In order to protect this country, we must be able to interrogate people who have information about terrorist attacks," Bush told reporters after his closed-door visit with House Republicans. "I will resist any bill that does not enable this program to go forward with legal clarity."

Powell endorsed efforts by three Senate Republicans to make sure that suspected terrorists receive basic protections provided by the Geneva Conventions, an international agreement governing the treatment of prisoners of war. The basic protections, spelled out in a provision known as Common Article 3, prohibit "outrages upon personal dignity," including "humiliating and degrading treatment."

Powell agreed with other retired senior military officers who wrote Warner contending that Bush's approach undermines support for the war on terrorism and encourages abusive treatment against captured Americans.

The legislation under debate would revamp the ground rules for dealing with terrorist suspects, from interrogation to detention to trial before military tribunals. Some of the most controversial issues involve the treatment of detainees in secret CIA prisons.

The legislation also would change the rules of evidence for suspected terrorists facing trial before military tribunals. The Senate committee bill would make it easier for defendants to see the evidence against them and would tighten restrictions on the use of hearsay evidence.

Terrorist suspects would have fewer legal rights than Americans in civilian courts, but would have more than what Bush wants to give them.

Although the military has banned a long list of abusive interrogation tactics, the prohibitions don't apply to the CIA. Bush wants Congress to give CIA interrogators wide latitude while protecting them from possible later prosecution for actions that might be considered war crimes.

The issue took on new urgency last June when the Supreme Court ruled that terrorist suspects are entitled to basic protections under the Geneva Conventions.

"If there's not clarity, if there's ambiguity, if there's any doubt in our professionals' minds that they can conduct their operations in a legal way, with support of the Congress, the program won't go forward and the American people will be in danger," Bush said.

Bush brushed off Powell's opposition, but White House spokesman Tony Snow didn't conceal the annoyance that his defection caused within the president's inner circle. Snow said Powell was "confused" about Bush's goals and suggested that the former secretary of state should have contacted the White House for clarification before writing his letter.

Snow insisted that Bush merely wants to clarify the standards of conduct under the Geneva Conventions, not water down the basic protections provided to captives.

McCain, who was tortured as a war prisoner in Vietnam, took issue with Snow's interpretation.

"Clarify, modify, I mean please," he said with exasperation. "You are changing a treaty which no other nation on Earth has changed for the first time in 57 years."

The Arizona Republican also accused CIA Director Michael Hayden of trying to shield his agency from scrutiny under the guise of national security.

"General Hayden wants to change the Geneva Conventions not to protect his people," McCain said after the committee vote. "He wants to protect his reputation at the risk of America's reputation."

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The White House sought to counter Powell's opposition by producing a letter from Secretary of State Condoleezza Rice supporting Bush. The White House also released another letter of support from five top military lawyers representing the armed services.

Republicans on the Senate Armed Services Committee reacted skeptically to the military lawyers' letter, suggesting that it didn't fully reflect the views of the lawyers who signed it.

"There's more to it," said Graham, who contacted the military lawyers after reading their joint letter. "The concerns I've been expressing for weeks, they share. ...That needs to come out, too. You can't use the letter in a vacuum."

A person close to the military lawyers, who insisted on anonymity because he was unauthorized to challenge the White House, confirmed Graham's account.

"It (the lawyers' letter) doesn't say they are recommending that the president's legislation pass," this person said. "It's just saying they don't object. I believe that if we were asked our preference, we would say we prefer the bill that Senators McCain, Warner and Graham have put forward."

Senate Majority Leader Bill Frist, R-Tenn., said he would decide next week whether he would permit a vote on the dissidents' bill or substitute a White House-backed alternative. Lawmakers are under pressure to finish the legislation before their planned Oct. 6 recess for the fall election season. The Republican infighting is undermining Bush's effort to portray Democrats as soft on national security heading into the elections.

Tribunals Bill Advances, Sets Stage For Battle Among Republicans (WSJ)

By Sarah Lueck

The Wall Street Journal, September 15, 2006

WASHINGTON -- Over President Bush's opposition, a plan to prosecute enemy combatants advanced in the Senate with bipartisan support, raising the prospect of a messy floor battle among Republicans heading into the midterm elections.

The Senate Armed Services Committee approved the proposal on a 15-9 vote, with all the panel's Democrats and four of its Republicans in support. Most Republicans on the committee voted against it, however, saying they preferred Mr. Bush's approach. The debate likely will continue on the Senate floor next week.

Republicans had hoped the vote would be a chance to point out differences with Democrats over national-security issues, but, in fact, it won't be so clear-cut. Democrats spoke little, but tried to counter Republican attempts to paint them as obstructionists. "We must adopt a bill. That's something that should be all our goals," said Sen. Carl Levin of Michigan, the panel's senior Democrat.

Unlike Mr. Bush's plan, the Senate bill allows accused combatants to see classified evidence being used against them and permits evidence obtained using coercion only if a judge determines it illuminates the facts of the case. Both bills prohibit cruel treatment, such as torture. The administration plan bars the accused from invoking the Geneva Conventions as a source of rights in court, while the Senate bill limits the use of the treaty only in civil actions, such as lawsuits for damages against an interrogator.

Yesterday, Mr. Bush visited House Republicans to rally their support for his national-security priorities and to thank them for making strides on his military-tribunals plan, which a House panel approved Wednesday.

White House spokesman Tony Snow said Mr. Bush won't support the Senate plan, which the administration contends would end the Central Intelligence Agency's program to collect information from captured al Qaeda leaders. "The president will not accept something that shuts the program down," Mr. Snow said.

In the House, some Republicans are concerned about the White House approach, just as some have objected to another administration priority -- getting broader authority to conduct warrantless surveillance. During the closed-door meeting, Rep. Steve Buyer of Indiana, a former military lawyer, cited an issue top uniformed lawyers raised: Mr. Bush's plan would permit the use of classified evidence, but doesn't require it be shared with the accused. "I said, 'You listen to your commanders in the field. Please listen to your legal commanders,'" Mr. Buyer said in an interview.

The Senate bill wouldn't allow use of classified evidence unless it can be shared with the accused. But for the Senate bill's sponsors -- Sens. John Warner (R., Va.), chairman of the Armed Services Committee, John McCain (R., Ariz.) and Sen. Lindsey Graham (R., S.C.) -- the most intractable difference has been the administration's proposal to redefine U.S. obligations under the Geneva Conventions. The sponsors said they worry the U.S. would lose credibility when trying to argue for the safety or release of troops taken prisoner in future conflicts.

CIA Director Michael Hayden wrote in a memo to his staff that in meetings with Congress, "I did not ask them to back away from our nation's commitment to Geneva." But Common Article Three, the relevant provision, is "general and vague," he said. Mr. Hayden said Congress should "help define our responsibilities" so the CIA "can judge the appropriateness of any procedures" it might use.

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Former Secretary of State Colin Powell wrote to Mr. McCain Wednesday, supporting the senator's position. Supporters of the administration's position circulated their own letter, sent to Congress by top military lawyers. The letter said they "do not object" to Mr. Bush's proposal on the Geneva Conventions.

Senators Defy Bush On Terror Measure (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 15, 2006

A Senate committee rebuffed the personal entreaties of President Bush yesterday, rejecting his proposed strategies for interrogating and trying enemy combatants and approving alternative legislation that he has strenuously opposed.

The bipartisan vote sets up a legislative showdown on an issue that GOP strategists had hoped would unite their party and serve as a cudgel against Democrats in the Nov. 7 elections. Instead, Bush and congressional Republican leaders are at loggerheads with a dissident group led by Sen. John McCain (R), who says the president's approach would jeopardize the safety of U.S. troops and intelligence operatives.

Despite heavy lobbying by Bush, who visited the Capitol yesterday, and Vice President Cheney, who was there Tuesday, McCain and his allies held fast. Even former secretary of state Colin L. Powell weighed in on McCain's side.

Moments after the Armed Services Committee voted 15 to 9 to endorse McCain's alternative bill, the Arizona senator lashed out at CIA Director Michael V. Hayden, who had also lobbied lawmakers personally.

McCain told reporters that Hayden wants Congress to give the CIA a virtually free hand to treat detainees as it wishes so that he and his agents will be immunized against accusations of unlawful conduct. "He's trying to protect his reputation at the risk of America's reputation," McCain said. The senator noted that other nations would be more likely to abuse U.S. captives if Americans appeared to sanction such conduct.

A CIA spokesman said Hayden "wants to protect the people who work for him" and who take risks to "help keep all Americans safe."

The committee action puts McCain and his allies on a collision course with the administration, whose supporters hope to change the bill in the full Senate, and with the House, which is expected to approve the president's bill next week.

With virtually all Senate Democrats likely to back McCain, he appears to have enough Republican support -- for now, at least -- to fend off amendments on the Senate floor and to block passage of the House version if it emerges from a conference committee.

Congress is scheduled to adjourn in two weeks, and lawmakers said they will be hard pressed to resolve the matter before the elections.

The disagreement centers mainly on how to square the CIA's techniques with the Geneva Conventions, which say wartime detainees must be "treated humanely." The administration bill says the United States complies with the conventions as long as interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives.

McCain and his chief Republican allies on the Senate committee, Chairman John W. Warner (Va.) and Lindsey O. Graham (S.C.), say that this requirement is too narrow and that the United States should not try to limit its obligations under the Geneva Conventions. Instead, they want CIA officers to abide by the common understanding of the treaty's meaning, including a ban on "outrages upon personal dignity."

Bush's bill would also allow alleged enemy combatants to be convicted by military commissions relying on classified information not shared with the suspects. The McCain-backed measure would make the exclusion of classified information more difficult, and it states in general terms that defendants have the right to examine and respond to any evidence directly related to guilt or innocence.

Joining McCain, Warner and Graham in voting for their bill yesterday were Republican Sen. Susan Collins of Maine and all of the committee's Democrats.

The dispute has fractured the GOP establishment. Powell and numerous retired military officers wrote letters supporting McCain's position, while Secretary of State Condoleezza Rice and other administration officials weighed in on Bush's behalf. The president made a rare visit to Capitol Hill yesterday to rally House Republicans and thank the House Armed Services Committee for overwhelmingly approving legislation that mirrored his position.

"The most important job of government is to protect the homeland, and yesterday they advanced an important piece of legislation to do just that," Bush told reporters. "I'll continue to work with members of the Congress to get good legislation so we can do our duty."

White House officials released a letter from senior Pentagon uniformed lawyers, who said they "do not object" to two key sections of the administration-backed bill that would reinterpret U.S. obligations under the Geneva Conventions and protect U.S.

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intelligence agents from war crimes prosecutions. They then summoned senators from the Armed Services and intelligence committees to an afternoon meeting with Rice and national security adviser Stephen J. Hadley. Seven attended, sources said.

The Pentagon letter immediately generated controversy. Senior judge advocates general had publicly questioned many aspects of the administration's position, especially any reinterpreting of the Geneva Conventions. The White House and GOP lawmakers seized on what appeared to be a change of heart to say that they now have military lawyers on their side.

But the letter was signed only after an extraordinary round of negotiations Wednesday between the judge advocates and William J. Haynes II, the Defense Department's general counsel, according to Republican opponents of Bush's proposal. The military lawyers refused to sign a letter of endorsement. But after hours of cajoling, they assented to write that they "do not object," according to three Senate GOP sources who spoke on the condition of anonymity because they were divulging private negotiations.

Graham, a former Air Force judge advocate general, promised to summon the lawyers to a committee hearing and to ask for an explanation of the circumstances surrounding the letter.

One of the military lawyers, Air Force Maj. Gen. Charles J. Dunlap Jr., reiterated yesterday that he still has reservations about the administration's proposal, just not in the areas discussed in the letter. He said he was not forced to sign.

"I made my several personal objections to the administration's proposal clear in my [House] testimony," Dunlap said. "This matter was not among them."

White House press secretary Tony Snow told reporters yesterday that Bush "will not accept something that prevents the [CIA detention] program from going forward." At a feisty briefing, Snow said critics have misconstrued the administration's intent, which he said is to define the Geneva Conventions' ban on cruel and inhumane treatment, not to undermine it.

"Somehow I think there's this construct in people's minds that we want to restore the rack and start getting people screaming, having their bones crunching," Snow said. "And that's not at all what this is about."

He said Powell did not discuss the issue with the White House before releasing his letter.

"They don't understand what we're trying to do here," he said of Powell and retired Army Gen. John W. Vessey Jr., who wrote a similar letter. Asked if Powell is "confused," Snow said, "Yes."

McCain, who was tortured as a Vietnam War prisoner, dismissed similar comments in the committee session, saying Powell knew exactly what he was doing.

Rebuff For Bush On Terror Trials In A Senate Test (NYT)

By Kate Zernike

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The Senate Armed Services Committee defied President Bush on Thursday, with four Republicans joining Democrats in approving a plan for the trial and interrogation of terrorism suspects that the White House has rejected as unacceptable.

The Republican rebellion was led by Senator John W. Warner of Virginia, the committee chairman, with backing from Senators John McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine.

The White House had said their legislation would leave the United States no option but to shut down a C.I.A. program to interrogate high-level terrorism suspects.

The vote came on a frantic day of Republican infighting and despite an all-out effort by the White House to win support for its own approach, which provides far fewer protections for detainees.

Mr. Bush traveled to Capitol Hill with Vice President Dick Cheney on Thursday morning. The administration also released a brief letter in which the top lawyers for the military branches said they found no legal objection to the White House proposal to redefine a key provision of the Geneva Conventions.

But Colin L. Powell, Mr. Bush's former secretary of state, sided with the senators, saying in a letter that the president's plan to redefine the Geneva Conventions would encourage the world to "doubt the moral basis of our fight against terrorism," and "put our own troops at risk."

Mr. Powell's statement amounted to a rare public breach with the White House he served, but reflected his strong opposition while in office to the administration's assertions, beginning shortly after the Sept. 11 attacks, that the war against Al Qaeda should not be bound by the Geneva Conventions.

The White House made clear that it would fight on despite the Republican rebellion, with Mr. Bush saying he would "resist any bill'' that did not provide a legal basis for the C.I.A. to continue to employ what he has called "alternative interrogation practices'' for terrorism suspects.

The main dispute between the White House and the Senate Republicans revolves around a provision known as Common Article 3, which prohibits inhumane treatment of combatants seized in wartime. Gen. Michael V. Hayden, the C.I.A. director, has

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argued that the article's prohibition against "outrages upon personal dignity" must be clarified so that troops and C.I.A. personnel know what is permissible in the interrogation of terrorism suspects.

But Senators Warner, McCain and Graham say the Bush proposal would send a signal that the United States has abandoned its commitment to human rights, and invite other nations to reinterpret the Geneva Conventions as they see fit, eliminating protections for American troops seized in future conflicts.

The senators also dismissed the letter from the military lawyers, saying they had questions about whether it amounted to an authentic endorsement of the White House proposal. They said they put more weight on extensive public testimony in which the lawyers raised doubts about the Bush plan.

Some military officials briefed on the military lawyers' position also disputed the notion that the lawyers had reversed course. They said the lawyers agreed to sign a letter at a meeting on Wednesday after discussing the language over several hours.

The lawyers would agree only to say that they could not find anything illegal about the specific issue of amending Common Article 3, the defense officials said, but still do not endorse several points in the administration's approach.

The senators say their bill will protect the C.I.A. by refining the war crimes act, which criminalizes violations of Common Article 3, to specifically enumerate what violations constitute war crimes.

"What General Hayden wants us to do is immunize him not from liability but from criticism," Mr. McCain said after the vote, "because if one of his techniques is made public and he gets criticized, then he can say, 'Well, Congress told me to do it.' He's trying to protect his reputation at the risk of America's reputation."

The other chief dispute concerns the evidence admitted at trial. The Bush plan would allow hearsay and evidence obtained by coercion if it is considered reliable, while the Senate proposal would exclude any testimony obtained by "cruel inhuman, or degrading treatment."

The White House would bar the suspect from seeing classified evidence shown to the jury weighing his case; the senators say that this amounts to a secret trial, and that the suspect must be allowed to see anything the jury sees. They offered a compromise under which a judge would substitute a declassified summary of the evidence.

The committee vote was 15 to 9, with all Democrats joining the four Republicans. The measure now goes to the Senate floor, where Senators Warner, Graham and McCain believe they have a majority made up of Democrats and as many as a half-dozen other Republicans.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, warned the administration against taking on Mr. McCain, a former prisoner of war.

"They're trying to reinterpret the Geneva Conventions,'' Mr. Levin said, "but the best expert on that is somebody who has very personal experience with those who violate Geneva, and that's Senator McCain."

The situation in the House is very different, with that chamber on track to approve the measure backed by the White House.

"We'll do what the president wants," said Representative Duncan Hunter of California, the Republican who is chairman of the House Armed Services Committee.

The White House and Republicans on either side of the issue maneuvered furiously for advantage all day.

As the Senate Armed Services Committee met to vote on its alternative to the president's legislation, an anonymous Republican invoked a Senate rule to stop it from meeting, forcing Mr. Warner to go to the Senate floor to ask that the hold be lifted. He then praised the Democrats for being "totally cooperative" on the issue, a pointed rebuke to members of his own party who have been pushing the White House view. And he prevailed upon Senator Bill Frist of Tennessee, the Republican leader, to persuade the senator calling for the hold to lift it.

The White House must now decide whether to press its allies in the Senate to amend the bill on the floor, or to step back and wait until the bill passes and the House and Senate work out differences in conference.

The bill may face amendment in any case. Some Democrats object to a provision that would block detainees from challenging their detention in court. More than two dozen retired federal judges sent a letter to Congress arguing that such a provision would lead to unlawful permanent detention, and defy Supreme Court precedent.

Gonzales Backs Detainee Interrogation Tactics (MCT)

By Scott Canon, McClatchy Newspapers

McClatchy Newspapers, September 15, 2006

KANSAS CITY, Mo. - As Congress dealt a rebuke Thursday to President Bush's national security agenda, his attorney general defended the administration's efforts to deal with captured terror suspects.

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Of critics concerned about international treaties or freedoms protected by the U.S. Constitution, Attorney General Alberto Gonzales said they misunderstand the legalities - some never clearly defined - of dealing with an unconventional foe that plays by no rules.

Judicial rejections of some administration policies have muddied the legal landscape and made it unclear how the government can detain, interrogate and prosecute terror suspects, he said.

"We do need some clarity," Gonzales told the editorial board of The Kansas City Star.

A U.S. Supreme Court ruling in June held that the Bush administration's military tribunals to try terror detainees violated U.S. law and the Geneva Conventions. Gonzales said that that decision and continuing legal challenges have created confusion about what the government can and can't do. The court said that using military tribunals were illegal because they don't provide safeguards that civilian or military courts require.

Now Congress is considering competing measures. A proposal put forward by Republican Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina would set some standards governing treatment of detainees that would be consistent with international law. That bill was approved Thursday in committee. Bush's proposal is expected to emerge from the House next week.

Gonzales said the U.S. courts and Congress have yet to interpret the Common Article 3 of the Geneva Conventions, which sets a standard of treatment for prisoners of war. He voiced concern that that an adverse ruling could damage efforts to interrogate "terrorists who do not fight by the standards of war." And he suggested that rejection of an administration bill sponsored by Sen. Arlen Specter, a Pennsylvania Republican, giving interrogators more leeway might hurt efforts to fight terrorism.

"Congress may decide we don't want to gather any more evidence," the attorney general said.

He said that "just like in every other war," the American people will have to trust the government to protect the rights of those in custody while pursuing justice in secret. Pressed on how long extraordinary measures - for instance, the imprisonment of suspects without the filing of charges_might continue, he said they would last at least until the pursuit of al-Qaida and its accomplices has come to an end.

"First of all this is a real war," he said, drawing a distinction between the war on terror and "the war on drugs or the war on poverty or something like that. It's like the Cold War. . . . At some point this conflict is going to be over. But today it is not over."

Pressed about interrogation techniques that have brought the administration criticism from human-rights groups - like waterboarding, which simulates drowning - Gonzales would neither confirm nor deny the use of such methods, which some people call torture.

"I don't talk about specific methods of questioning" because doing so would prepare suspects to resist them, he said.

He said protections are in place for enemy combatants held at the U.S. naval base at Guantanamo Bay, Cuba.

Retired Federal Judges Oppose Bush (AP-Y)

AP, September 14, 2006

Nine retired federal judges accused the Bush administration and Congress of trying to deprive detainees at Guantanamo Bay, Cuba, of the most basic legal right.

Legislation under debate on Capitol Hill would strip federal courts of the power to hear detainees' challenges of their treatment and indefinite detention at the Guantanamo Bay.

"Depriving the courts of habeas jurisdiction will jeopardize the judiciary's ability to ensure that executive detentions are not grounded on torture or other abuse," the nine wrote Thursday in a letter to Congress.

Congress and the Bush administration would be skating "on thin constitutional ice" in depriving courts of their power to hear Guantanamo detainees, the letter added.

The retired judges said federal courts have long balanced the rights of defendants against the need to protect classified information vital to the nation's security.

Most of the attention in the debate over detainee rights at Guantanamo Bay has focused on how to conduct military commission trials that meet constitutional standards. Plans call for trying a few detainees, while the remainder, more than 450 in all, remain in indefinite detention.

By focusing on military commissions, the White House and Congress "have chosen to address the tail rather than the dog, and the result is that the Constitution is getting bitten," Eric M. Freedman said in an interview. He is a Hofstra University professor of constitutional law and a consultant to the legal team representing the Guantanamo detainees.

The nine retirees who signed the letter are appeals court judges John Gibbons, Shirley Hufstedler, Nathaniel Jones, Timothy Lewis, William Norris, George Pratt, Lee Sarokin, Patricia Wald and U.S. District Judge William Sessions.

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Poll Finds Support For Iran Strike (WSJ)

By John Harwood

The Wall Street Journal, September 15, 2006

Voters talk tough on Iran's nuclear program.

In new Wall Street Journal/NBC News poll1, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

IN THE POLLS

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· Bush's approval ratings4

Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues.

A Defining Moment For America (WP)

The Washington Post, September 15, 2006

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PRESIDENT BUSH rarely visits Congress. So it was a measure of his painfully skewed priorities that Mr. Bush made the unaccustomed trip yesterday to seek legislative permission for the CIA to make people disappear into secret prisons and have information extracted from them by means he dare not describe publicly.

Of course, Mr. Bush didn't come out and say he's lobbying for torture. Instead he refers to "an alternative set of procedures" for interrogation. But the administration no longer conceals what it wants. It wants authorization for the CIA to hide detainees in overseas prisons where even the International Committee of the Red Cross won't have access. It wants permission to interrogate those detainees with abusive practices that in the past have included induced hypothermia and "waterboarding," or simulated drowning. And it wants the right to try such detainees, and perhaps sentence them to death, on the basis of evidence that the defendants cannot see and that may have been extracted during those abusive interrogation sessions.

There's no question that the United States is facing a dangerous foe that uses the foulest of methods. But a wide array of generals and others who should know argue that it is neither prudent nor useful for the United States to compromise its own values in response. "I continue to read and hear that we are facing a 'different enemy' in the war on terror," retired Gen. John W. Vessey Jr., a former chairman of the Joint Chiefs of Staff, wrote in a letter to Sen. John McCain (R-Ariz.) this week. "No matter how true that may be, inhumanity and cruelty are not new to warfare nor to enemies we have faced in the past. . . . Through those years, we held to our own values. We should continue to do so."

Another former chairman of the Joint Chiefs, and one more intimately familiar with the war on terrorism, also weighed in this week: "The world is beginning to doubt the moral basis of our fight against terrorism," former general and secretary of state Colin L. Powell wrote to McCain. "To redefine Common Article 3 would add to those doubts."

Mr. Powell was referring to an article of the Geneva Conventions that prohibits cruel and degrading treatment of detainees. Mr. Bush, with support from most Republican congressional leaders, wants to redefine American obligations under the treaty. Three Republican senators -- John W. Warner of Virginia, chairman of the Armed Services Committee; Lindsey O. Graham of South Carolina; and Mr. McCain -- are bravely promoting an alternative measure that would allow terrorists to be questioned and tried without breaking faith with traditional U.S. values. The Armed Services Committee approved their bill yesterday and sent it to the Senate floor.

The doubts of which Mr. Powell spoke are impeding the U.S. war effort. A president who lobbies for torture feeds those doubts even if, as we hope, Congress denies him his request.

Stampeding Congress (NYT)

The New York Times, September 15, 2006

We'll find out in November how well the White House's be-very-afraid campaign has been working with voters. We already know how it's working in Congress. Stampeded by the fear of looking weak on terrorism, lawmakers are rushing to pass a bill demanded by the president that would have minimal impact on antiterrorist operations but could cause profound damage to justice and the American way.

Yesterday, the president himself went to Capitol Hill to lobby for his bill, which would give Congressional approval to the same sort of ad hoc military commissions that Mr. Bush created on his own authority after 9/11 and that the Supreme Court has already ruled unconstitutional. It would permit the use of coerced evidence, secret hearings and other horrific violations of American justice.

Legal experts within the military have been deeply opposed to the president's plan from the beginning, and have formed one of the most influential bulwarks against the administration's attempt to rewrite the rules to make its recent behavior retroactively legal. This week, the White House sank so low as to strong-arm the chief prosecutors for the four armed services into writing a letter to the House that seemed to endorse the president's position on two key issues. Congressional officials say those officers later told lawmakers that they did not want to sign the letter, which contradicts everything the prosecutors, dozens of their colleagues, former top commanders of the military and a series of federal judges have said in public.

The idea that the nation's chief executive is pressing so hard to undermine basic standards of justice is shocking. And any argument that these extreme methods would be used only against the most dangerous of international terrorists has been destroyed by the handling of hundreds of prisoners at Guantánamo Bay, many of whom appear to have been scooped up in Afghanistan years ago with little attempt to verify any connection to terrorism, and now are in danger of lingering behind bars forever without a day in court.

To lend his lobbying an utterly false sense of urgency, President Bush announced last week that he had taken 14 dangerous terrorists from the secret Central Intelligence Agency prisons where he had been holding them for years and sent them to Guantánamo to stand trial. But none of the prisoners is going anywhere, and the current high-pressure timetable is related only to the election calendar.

The Geneva Conventions

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One section of the administration bill would put American soldiers in grave jeopardy by rewriting the Geneva Conventions, condoning the practice of hiding prisoners in secret cells, and permitting the continued use of interrogation methods that violate the Geneva Conventions at the C.I.A. prisons.

Mr. Bush has made it clear that he plans to continue operating the C.I.A. camps. And he wants Congress to collaborate by exempting the United States from a provision in the Geneva Conventions that prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment." Mr. Bush says this wording is too vague, but that's a dodge. What he really wants is Congressional authority to go on doing things to prisoners in C.I.A. jails that are clear violations of international rules.

He also wants Congress to rewrite the War Crimes Act, which makes it a crime to violate the Geneva Conventions. The administration's goal here is to avoid having C.I.A. interrogators, private contractors or the men who gave them their orders called to account for the immoral way the administration has run its terrorist detention centers.

The opposition to these provisions by legal scholars, military lawyers and a host of former top commanders of the armed forces has been overwhelming. In recent days, two former chairmen of the joint chiefs of staff, Colin L. Powell, and John W. Vessey, wrote to Senator John McCain urging him to go on fighting the White House. "The world is beginning to doubt the moral basis of our fight against terrorism," General Powell wrote.

More than two dozen former military leaders and top Pentagon officials, from both parties, wrote to Senator John Warner, chairman of the Armed Services Committee, expressing "profound concern" about undermining the Geneva Conventions. Their objections involve a simple equation: The Conventions protect captured American soldiers. If America mistreats its prisoners, American soldiers are in danger of the same, or worse.

Defining the Enemy

Senators Warner, McCain and Lindsey Graham have formed a principled spine of resistance against their party's attempt to steamroller the White House legislation through Congress. But their own bill — the only competing proposal to emerge so far — shares some big problems with the president's. One is its scope. Both bills draw the definition of "unlawful enemy combatant" so broadly that it could cover almost anyone that a particular administration decides is a threat, remove him from the judicial system and subject him to a military trial.

The law should cover actual terrorists and those who engage in hostilities against American forces outside an army or organized resistance group. But the White House bill also includes anyone who gives "material support" to a terrorist group or anyone affiliated with a terrorist group. Legal experts fear this definition could cover people who, for example, contribute to charities without knowing they support terrorist groups, or that are not identified as terrorist fronts until later. It could be used to arrest a legal resident of the United States and put him before a military commission.

It also could be used to capture foreign citizens in their native countries, or anywhere else, a concern that America's allies have raised repeatedly. This is not just a theoretical problem. This sort of thing has already happened.

Stripping the Courts of Power

The White House wants to strip the federal courts of any power to review the detentions of the prisoners in Guantánamo Bay. This provision has no real bearing on the handful of genuine terrorists who were recently shipped there from abroad. Their cases are likely to be brought before military commissions, whose judgments could be appealed to higher courts, including the Supreme Court. But it has a profound impact on the hundreds of others at Guantánamo Bay. Many of them, perhaps the majority, committed minor offenses, if any. The administration has no intention of trying them, and wants to prevent them from appealing for help in court.

This week, nine current and former federal judges, including a former F.B.I. director appointed by Ronald Reagan, begged Congress not to give in to White House pressure on this point. "For 200 years, the federal judiciary has maintained Chief Justice Marshall's solemn admonition that ours is a government of laws, and not of men," their letter said. "The proposed legislation imperils this proud history."

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The nation is in this hideous mess because Mr. Bush ignored the advice of people like this when he tried to set up prison camps beyond the reach of the law. It's hard to believe their warnings will be ignored again, but the signs are ominous. Last week, the military's top lawyers told the House Armed Services Committee that they strongly opposed the rules of evidence and other due-process clauses in the White House's bill. The committee just went ahead and passed it anyway. Only eight of the 28 Democratic members had the courage to vote "no."

Bill Frist, the majority leader, has already introduced the horrible White House bill on the Senate floor. Senators Warner, McCain and Graham have come up with a serious alternative, and they deserve enormous credit for standing up to Mr. Bush's fearmongering — something many Democrats seem too frightened to do. (It was good to see the Senate Armed Services Committee Democrats join them in rejecting the president's bill yesterday.)

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But their bill still has serious shortcomings, and should not be rushed through Congress in the current atmosphere, which has very little to do with stopping terrorists and everything to do with winning seats in November.

There is no urgency. Mr. Bush could have tried the 14 new inmates of Guantánamo Bay at any time if he had just done it legally. It's hard to imagine that anyone in the White House is really worried about a swift resolution of their cases. Many members of Congress who succumb to the strong-arming will know, in their hearts, that they were doing the wrong thing out of fear for their political futures. Perhaps the voters will not judge them harshly this fall. But history will.

No Wonder Some Seek Terrorism At The Movies (WSJ)

By Daniel Henninger

The Wall Street Journal, September 15, 2006

"An event of this consequence is very hard to understand." The event former Congressman Lee Hamilton was describing earlier this week is September 11, 2001. But of course September 11 itself is not hard to understand. They came, they killed.

For many people this is sufficient understanding of 9/11. They believe the job now is simple: Resist and stop more of their killing. However, unlike the proponents of apocalyptic Islam, most normal people in time seek a degree of understanding, even of an enemy who fights by the rules of pre-civilization. Mr. Hamilton, the vice chairman of the 9/11 Commission, was commenting on ABC's now-controversial movie, "The Path to 9/11." The hard-to-understand path to which Mr. Hamilton alluded is obviously not a single event but the origins and organization of the Islamic terrorist movement that began years back and besets the U.S. and the world today.

One can only agree with Mr. Hamilton. The war on terror is more complex, nuanced and indeed more interesting than the general public has been given to believe.

For instance, one oft-cited benchmark of its progress is the status of Osama bin Laden. That he is presumably still alive and at large is taken to mean that President Bush's offensive against the post-9/11 terrorists has "failed," as John Kerry noted this week on the eve of September 11. The Bush administration, Mr. Kerry told CNN, "failed to capture and kill Osama bin Laden when they had him in the mountains of Tora Bora. And that's why we are more threatened today with an al Qaeda that has reconstituted itself in some 65 countries."

This is the Alien vs. Predator model of fighting terror. Bin Laden himself has picked up on the tendency of our political culture to reduce complexity to melodrama. For 9/11, al Qaeda released a propaganda documentary on al-Jazeera this week, depicting masked men training, while Bin Laden walks among them. The New York Times described bin Laden in the 9/11 tape as "looking almost regal."

As to the war in Iraq, daily readers of first-line Internet news services such as Yahoo News know that this event has been reduced simply to body-count headlines. Yahoo News's homepage at mid-day Wednesday: "Bombings, mortar attacks kill 39 in Iraq."

If this is the available public context, then serious people have to assemble an understanding of terror as best they can. It isn't easy. In his comment on the ABC movie, Lee Hamilton said that "news and entertainment are getting dangerously intertwined." But given the alternative, it makes sense to me if people seek a better sense of the obsessions and compulsions inside Islamic terrorism in movies such as "United 93" or ABC's remarkable "The Path to 9/11."

The narcissistic whining of the Clinton coterie over how they're reflected in "The Path to 9/11" was an irrelevant diversion from its real value. The word "Clinton" isn't heard in the film's first 90 minutes, which recreates with startling realism the thunderous basement bombing of the World Trade Center in 1993, an explosion stunning to many of us seated at our desks at the Journal's offices across the street that day.

Screenwriter Cyrus Nowrasteh and director David L. Cunningham deserve thanks not obloquy for trying to give us a palpable feel for the terrorist's terrain -- Pakistan, Afghanistan, Brooklyn -- the world of Ramzi Yousef, the 1993 bomber, and his uncle Khalid Sheikh Mohammed, or "KSM," identified in the 9/11 Commission Report as the main architect of September 11 and some 3,000 deaths.

KSM is one of the 14 al Qaeda captives whom President Bush revealed last week had been transferred from secret CIA prisons to Guantanamo to await trial. Congress, in the wake of the Hamdan decision, is now arguing over which panoply of legal rights given to accused U.S. soldiers at court martial will be extended to these prisoners if tried by a military commission.

Read through the 14 Guantanamo detainee biographies posted on the White House Web site, and one gets a rare feel for the events that distinguish the lives of these individuals from the daily goals of everyone else in the world -- lives simply dedicated to the mass murder of innocents, and not just in lower Manhattan. Indeed, the narrator of Bin Laden's 9/11 tape conveys their milieu: "Planning for September 11 did not take place behind computer monitors or radar screens . . . but was surrounded with divine protection in an atmosphere brimming with brotherliness . . . and love for sacrificing life."

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Here are some of the brothers, now at Guantanamo. Hambali: Indonesian. Learned radical Islam in Malaysia. Co-planned Bali resort bombing (200 killed); financed Jakarta Marriott bombing; tried to assassinate Philippine ambassador; involved in bombing 30 Indonesian churches on Christmas eve. Ahmed Khalfan Ghailani: Tanzanian-born forger. Complicit in 1998 East Africa embassy bombings (well-depicted in "The Path to 9/11"). He was also Osama's cook. Mohammed Nazir Bin Lep, aka, Lillie: Architecture degree, Polytechnic University Malaysia; later studied bombmaking with Dr. Azahari bin Husin (deceased). Hoped to achieve martyrdom in post-9/11 attack on Los Angeles. Abd al-Rahim al-Nashiri. Planned 2002 bombing of USS Cole. Involved in planned attacks in Saudi Arabia, Morocco, Qatar, the Strait of Hormuz, the Strait of Gibraltar and Port of Dubai.

Read all 14 of these histories devoted to "sacrificing life" to put in context the denunciations of warrantless wiretaps and the Swift financial monitoring program.

These and the others await the divine protections of American law that Senators Warner and Graham wish to give them. Republicans are also arguing among themselves over the degree of access to classified intelligence this group should receive at trial. Democrats, other than saying they'll support the more liberal version, are contributing almost nothing to the new system. If a Democrat wins the White House in 2008, we may assume she or he will receive, as payback, a similar level of limp support from the GOP in the same war on terror.

Say this for the Guantanamo 14: They have unity of purpose. Long term, our disunity could prove to be a big advantage to them.

Federal Judge Refuses To Reinstate Key Padilla Terrorism Charge (FLSUNSEN/AP)

By Curt Anderson, The Associated Press

South Florida Sun-Sentinel, September 15, 2006

MIAMI -- A federal judge refused Thursday to reinstate a key terrorism charge in the case against alleged al-Qaida operative Jose Padilla and two other defendants, raising the possibility of delays in their trial if prosecutors appeal the ruling.

U.S. District Judge Marcia Cooke ruled in August that a charge of conspiracy to ``murder, kidnap and maim" people overseas must be dismissed because it duplicated other charges in the same indictment. Cooke said at a hearing Thursday that she stands by that decision.

``I do not think I am in error in this case," Cooke said. ``These are so similar that a reasonable jury could be confused." The dismissed charge is important because it is the only one in the indictment that carries a potential life sentence.

Padilla and the others remain charged with two terrorism material support counts, but a life sentence is only possible if prosecutors can prove that support conspiracy led directly to someone's death.

Prosecutors are likely to ask the 11th U.S. Circuit Court of Appeals to review Cooke's decision, which could delay the planned Jan. 22 trial date. Cooke asked prosecutors to expedite any appeal in an effort to stay on schedule.

Padilla, a 35-year-old former Chicago gang member and convert to Islam, is charged along with his co-defendants with being part of a North American support cell for violent Muslim extremists worldwide. Padilla was arrested in 2002 and held for 3½ years as an enemy combatant, initially for what U.S. officials called a plot to detonate a radioactive ``dirty bomb" inside the United States.

He was added late last year to an existing Miami terrorism case amid a high-level legal battle over whether President Bush had constitutional authority to hold him without charge during wartime. The Miami indictment does not mention the ``dirty bomb" allegations, claiming only charging that Padilla was an al-Qaida recruit and attended a training camp in Afghanistan.

On the dismissed conspiracy charge, prosecutors argued that it did not duplicate a second, material-support conspiracy charge in the indictment against Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi. Even if it did, prosecutors said the time to deal with that issue was at sentencing, if they are convicted.

``All the court has to do is not punish the defendants twice," assistant U.S. attorney Brian Frazier said.

But defense lawyers disagreed, saying that multiple charges have psychological impact on jurors by making a defendant appear more guilty. And, they said, jurors presented with long indictments sometimes will choose to compromise by acquitting on some charges and convicting on others.

``That creates, in the minds of the jury, a bias," said Jeanne Baker, one of Hassoun's attorneys.

In siding with the defense, Cooke found that prosecuting all three terrorism charges would violate the Constitution's ban against double jeopardy, or forcing a defendant to face the same charges twice.

In other rulings, Cooke:

--Ordered the government to turn over medical records from Padilla's military custody. Defense lawyers want to see if Padilla was given any drugs that might raise questions about his competency or whether there was any misconduct committed by interrogators.

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--Refused a defense request for a list of people who attended an al-Qaida camp at the same time Padilla allegedly did in 2000. The judge said that information was exempt from disclosure because it was internal investigative material.

--Rejected for similar reasons a defense request for identities of others who filled out al-Qaida applications that were found along with one prosecutors say was Padilla's in a binder in Afghanistan. Prosecutors intend to call as a witness a member of the so-called ``Lackawanna Six'' cell in upstate New York to testify that he filled out a similar form.

--Allowed Hassoun's wife to testify via video hookup from Beirut, Lebanon, about the actions FBI agents took before searching their home in suburban Sunrise in 2002. Defense lawyers say she fears arrest if she and her three children return to the U.S. Hassoun, who is allegedly Padilla's recruiter, claims the FBI search was illegal and that evidence seized should be thrown out.

Judge Orders Government To Share Medical Records Of Terror Suspect Jose Padilla (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, September 15, 2006

A federal judge in Miami ordered prosecutors Thursday to turn over medical records for accused al-Qaida operative Jose Padilla, a move that could reveal details of his treatment during 31/2 years in military custody.

U.S. District Judge Marcia Cooke included in her ruling all records relating to physical and mental evaluations of Padilla or medication taken by or administered to Padilla while held as an enemy combatant in a South Carolina Navy brig.

Defense attorneys said they intend to use the records to argue the government engaged in unconstitutional conduct by interrogating the former Broward County resident and imprisoning him for years without giving him access to some legal rights.

"The government's interrogation strategies and isolation techniques with regard to Mr. Padilla during his incarceration at the Brig are at the outer limits of civilized propriety," the attorneys stated in a court brief. "The government should not be able to shield themselves from disclosure."

After a brief but feisty exchange, Cooke rejected government arguments that the sensitive records have no relevance to the criminal charges against Padilla. She also dismissed admonitions in the government's legal briefs that the matter should be left to the discretion of the executive branch because of profound national security concerns related to Padilla's detention.

"These are his records," she said.

"No, these are the government's records, your honor," retorted attorney John Drennan of the U.S. Department of Justice.

Padilla, 35, was arrested in May 2002 at O'Hare International Airport and later transferred to military custody on suspicion he intended to carry out a terror attack on U.S. soil.

His treatment sparked one of the biggest controversies in the Bush administration's war on terror. Critics charged the president had abused his power by locking up Padilla, who is a U.S. citizen, without charges.

In 2005, as the U.S. Supreme Court considered taking up a case challenging Padilla's detention, the government switched course, adding him to an ongoing criminal case in Miami. He is charged with participating in a North American terror cell and traveling to the Middle East to receive military training.

It is not clear precisely what the medical records could reveal about Padilla's treatment or whether their contents will be made public.

Padilla's attorneys said they would look for information related to "whether the government engaged in outrageous misconduct," including evidence related to "the government's employment of psychological pressure through conditions of confinement and interrogation."

Prosecutors called Padilla's request "a thinly veiled fishing expedition" for records that "have nothing to say about whether Padilla committed the offenses charged in the indictment."

Miami criminal defense lawyer David O. Markus said the government's position "doesn't pass the smell test."

"The real question is not why Padilla would want his own records, but what is the government afraid of?" Markus said.

Cooke denied a separate request from defense attorneys Thursday for evidence related to accusations that Padilla attended an al-Qaida training camp in Afghanistan. She also stood by her August ruling dismissing one of the main charges against Padilla and his co-defendants because it duplicated allegations in other counts.

The U.S. Attorney's Office declined to comment on whether the rulings would be appealed.

'Alternative' CIA Tactics Complicate Padilla Case (CSM)

By Warren Richey

The Christian Science Monitor, September 15, 2006

When alleged Al Qaeda sympathizer Jose Padilla landed in Chicago in May 2002, he was met by federal agents armed with a warrant authorizing them to take him into custody.

To obtain their warrant, the agents told a federal judge that two weeks earlier a confidential source had revealed that Mr. Padilla was plotting to build and detonate a radiological "dirty" bomb in the United States.

What the agents did not tell the judge is that their "confidential source" was not speaking voluntarily. His information had been obtained in controversial interrogation sessions at a secret Central Intelligence Agency prison overseas.

The confidential source was a man named Zayn Abu Zubaydah, the same individual identified last week by President Bush as the first Al Qaeda suspect subjected to harsh interrogation tactics by US officials.

"We knew that Zubaydah had more information that could save innocent lives, but he stopped talking," the president said in a speech on Sept. 6. "So the CIA used an alternative set of procedures."

In 2002, the agency's pressing goal was intelligence-gathering to disrupt possible terror attacks rather than a law-enforcement operation to gather evidence that might be used against American citizens in American courts. But now, four years later, the information from those harsh interrogation sessions conducted by or at the behest of the CIA is playing an important role in government efforts to convict Padilla in a terror conspiracy case in Miami.

The case is emerging as a major test of whether such intelligence information is admissible in US courts. And it highlights the difficult debate over military commissions currently under way in Congress, which is wrestling with how best to protect national security while also preserving America's tradition of due process and fair trials.

In a series of pretrial motions, Padilla's lawyers argue that information from Mr. Abu Zubaydah and another confidential source used to justify the May 2002 warrant was the product of torture. They say information obtained through torture cannot be used in court and that any evidence seized from Padilla during his Chicago arrest must be excluded from use at his trial. Padilla fails in bid to exclude evidence

Last week, one day before Mr. Bush publicly acknowledged the secret CIA prisons and interrogations, a federal magistrate judge in Miami rejected Padilla's arguments.

US Magistrate Judge Stephen Brown ruled that defense attorneys had failed to offer enough proof concerning the identity and treatment of the confidential sources the government used to justify the warrant.

In addition, Judge Brown ruled that even if the information the confidential sources provided was the product of torture, defense lawyers had presented no evidence that the FBI agent who prepared the warrant application was aware that they had been tortured. Short of a deliberate effort by that agent to intentionally mislead the court, the defense motion must be denied, the magistrate judge ruled.

Padilla's lawyer, Andrew Patel, says the decision is being appealed to US District Judge Marcia Cooke, the trial judge in the Padilla case. He declined any further comment on the case.

In an earlier brief, Mr. Patel wrote: "The government's claim of ignorance appears either to be incredible or the product of conscious avoidance."

In his speech, Bush justified the harsh tactics as essential to prevent terror attacks. But he also asked Congress to formulate special rules so that Abu Zubaydah and 13 other individuals could be tried by military commissions at Guantánamo Bay, Cuba, despite their harsh treatment while in CIA custody.

The special provisions are necessary, in part, because the US criminal justice system excludes coerced statements as too unreliable to present in court. There is also a blanket ban on information obtained through torture.

Bush insists that torture was not used in the CIA operations. But he declined to identify the specific interrogation practices.

Legal experts say that procedures such as simulated drowning, induced hypothermia, and noise bombardment are highly coercive and can lead subjects to say whatever they think will help stop the harsh treatment. Human rights experts say these kinds of techniques can amount to torture. Congress debates coercive tactics

The president's public disclosure has prompted a debate in Congress over whether to endorse the CIA's "alternative" interrogation tactics. But Bush is also asking lawmakers to grant retroactive legal immunity to US interrogators who engaged in or were present during these practices. The request is being made despite the president's assurance that they are legal and do not amount to torture.

The government has never acknowledged the identities of the two sources used for the 2002 warrant. Defense lawyers and other analysts identified them by cross-referencing the unique information the sources provided to the government with public sources and documents that matched the same information. In addition to Abu Zubaydah, defense lawyers say the second source used to obtain the Padilla warrant was an Ethiopian named Binyam Mohammed.

Mr. Mohammed is one of 10 individuals being held at Guantánamo Bay who had been facing war-crimes conspiracy charges before the military commission process was struck down by the Supreme Court. Because of those charges, he has been afforded access to a lawyer.

According to an affidavit signed by Patel, Mohammed was being held in Pakistan at the time the Padilla warrant application was prepared. US agents wanted incriminating information about Padilla. The affidavit says Mohammed was hung on a wall with

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a leather strap around his wrists for a week by his Pakistani jailers. He was beaten with a leather strap, and was questioned with a loaded gun pressing into his chest, the affidavit says.

It says he was questioned by four individuals who identified themselves as agents of the FBI. The affidavit adds that Mohammed says he is sure that if he sees them again or sees their photos he will be able to identify them.

Mohammed has told lawyers that US agents were not happy with his level of cooperation against Padilla and sent him from Pakistan to Morocco. There, according to an Amnesty International report, Moroccan interrogators used a razor blade to make 20 to 30 small cuts on his genitals. This was done once a month for 18 months, the report says. Eventually, Mohammed was sent to Afghanistan and then Guantánamo.

The specific issue in the Padilla case is whether federal prosecutors in Miami can use evidence seized from Padilla at the Chicago airport and use statements Padilla made during nearly eight hours of questioning by customs, immigration, and FBI agents before he was given Miranda warnings and placed under arrest.

After arresting Padilla, agents found the names and telephone numbers of individuals the government says were Padilla's Al Qaeda recruiter and his sponsor. They found the e-mail address of Ammar al-Baluchi, a key aide to Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 terror attacks. And they discovered a cellphone that had allegedly been provided to Padilla by Al Qaeda officials.

In addition, they confiscated $10,526 in cash, most of which they allege had been provided to Padilla by Al Qaeda leaders in Pakistan a month earlier. During questioning, agents say Padilla told them that he received the money in an envelope from an individual in Pakistan, but then said it was money he had earned.

Such evidence could play a critical role in Padilla's terror conspiracy trial, set to begin in January. Judge Cooke has already criticized the government's case as being "very light on facts." She has dismissed the most serious conspiracy count in the indictment. Evidence: 220 tapped conversations

The bulk of the evidence against Padilla's alleged coconspirators is 220 intercepted conversations. But there are only 28 instances where Padilla speaks or is allegedly mentioned, according to court documents. And none of the 28 conversations directly implicates Padilla in any acts of violence, his lawyers say.

In contrast to the skimpy evidence in the Miami criminal case, the government has assembled a mountain of intelligence information about Padilla's alleged actions and cooperation with Al Qaeda. But virtually all of it was obtained from interrogations during his 3-1/2 years in military detention as a presidentially designated enemy combatant, or through the harsh interrogation of other enemy combatants overseas. As such, it is generally ineligible for use in the criminal court system.

The 2002 warrant issue is important, legal analysts say, because it could lead to wider use in American courts of the fruits of harsh interrogations overseas. And it highlights the difficulty of blending proactive intelligence operations with law-enforcement efforts, these analysts say. Zayn Abu Zubaydah

He's a Palestinian, born in Saudi Arabia, and the first significant member of Al Qaeda captured - in March 2002 in Pakistan. Intelligence officials say he:

· Headed the reorganization of Al Qaeda in Pakistan, as well as planned attacks on US interests.

· Had connections to a plan to blow up the US Embassy in Sarajevo, the capital of Bosnia-Herzegovina, as well as a planned attack on the American embassy in Paris.

· Is thought to have briefed Richard Reid, the so-called shoe bomber, who was arrested on board a flight from Paris to Miami in December 2001

· Is a master of disguise who used at least 37 aliases

· Is the first Al Qaeda suspect subjected to harsh interrogation, according to President Bush in a speech Sept. 6. He was interrogated in Thailand and initially questioned by the FBI, which gave him some humanitarian aid. A CIA team was later sent in. It apparently forced him to strip and stand in a cold room and subjected him to loud music.

Source: Various news reports

10 Things To Know About Guantanamo (WP)

By Al Kamen

The Washington Post, September 15, 2006

The Pentagon successfully avoided being on David Letterman's Top Ten list for many years. So this week Secretary Donald Rumsfeld 's speechwriters tried to help, sending out "Ten Facts About Guantanamo" to highlight what a nice place it is.

The first fact notes that the inmates include some truly nasty terrorist trainers and bombmakers. The second says "More money is spent on meals for detainees than" on U.S. troops stationed there. "The average weight gain per detainee is 20 pounds."

"The Muslim call to prayer sounds five times a day," we are told, and arrows point "toward the holy city of Mecca."

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The prisoners receive free medical, dental and psychiatric care, and in 2005 "there were 35 teeth cleanings." The other 400 or so housed there will have to wait awhile.

Fact No. 5 notes that the Red Cross visits "every few months" and that there's regular contact between the terrorism suspects and their families.

"Recreation activities include basketball, volleyball, soccer, ping-pong and board games," according to Fact No. 6. "High-top sneakers are provided."

We are told that upon release, everyone gets "a Koran, a jean jacket, a white T-shirt, a pair of blue jeans, high-top sneakers" -- a second pair -- "a gym bag of toiletries" (remember not to try to take the liquids onboard), and "a pillow and blanket for the flight home."

Fact No. 8, probably one of the most important, notes that, contrary to what you might have heard, the prisoners actually really want to be in Guantanamo. "The mother of a detainee stated: 'Of course they wanted to stay there. . . . They had human rights and good living standards there. They had dentists and good meals -- everything they wanted.' " Turns out, this quote from a March 2004 edition of the London Times was a Russian mother comparing Guantanamo with Russian jails.

There was "Arabic language TV," a large library with books in 13 languages. "The most requested book is 'Harry Potter,' " we're told.

And Fact No. 10. "In 2005, Amnesty International stated that 'the detention facility at Guantanamo Bay has become the gulag of our times.' "

This last fact was intended as a shot at Amnesty for comparing a veritable five-star hotel with the infamous Soviet labor camps. After all, the commies never gave away high-tops.

We're told some Pentagon folks balked at putting the list up on the Pentagon Web site, but an updated version -- minus the Russian mother quote -- is up there now at http://www.defenselink.mil/home/dodupdate .

Matt Latimer , director of the Pentagon writers group, who put together the list, said, "We welcome the chance to let people know there's more than one side to the story in Guantanamo." Latimer said, "We've gotten a lot of kudos from people who are glad we are at last . . . defending the facility."In the Scary Old Land of Oz

Most books on the Iraq war tend to be grim reads -- unrelenting, head-shaking, disastrous military decisions, one page after another.

But a new book by our colleague and former Post Baghdad bureau chief Rajiv Chandrasekaran offers tales of U.S. ineptitude in Iraq that are so wondrously mind-boggling that some sections are laugh-out-loud funny.

Of course it's gallows humor, since the book, "Imperial Life in the Emerald City," chronicles life inside the heavily fortified U.S. enclave, the Green Zone, during the first year of the oft-chaotic U.S. reconstruction program.

It's an account of how clueless but politically connected munchkins end up in important positions in the Coalition Provisional Authority while knowledgeable veterans are frozen out. As a handwritten sign in a British housing compound bar admonished: "Yee-haw is not a foreign policy."

There are scenes of visiting U.S. officials who invariably find extraordinary progress amid obvious disaster.

Thus Tommy Thompson , former secretary of health and human services, pops in to visit a Green Zone hospital and says the military-run facility -- which served mostly Americans -- shows how the United States had begun to "reestablish Iraq as a center of excellence for medical protection and medical care."

But, Chandrasekaran notes, "none of that excellence was evident outside the Emerald City." It was only a five-minute drive from the make-believe land of Oz to the huge Yarmouk Hospital. "It was, quite simply, a disaster," he writes as he describes the horrific conditions there.Oh, You Know, One of Those Middle States

Outgoing D.C. Mayor Tony Williams , at his weekly news briefing Wednesday, talked about meeting with House Judiciary Committee Chairman James Sensenbrenner to talk about getting voting representation in Congress.

Williams went on about how Sensenbrenner is from Illinois, and how that's a great state, always supportive of civil rights, home of Abraham Lincoln , our greatest president and so on.

At the end, one reporter asked: But isn't Sensenbrenner from Wisconsin?

Well, whatever, Williams said, it's a "core American value" were talking about.

U.S. Sends 2 Gitmo Detainees To Kuwait (AP)

AP, September 15, 2006

Two Kuwaitis released from the U.S. military prison at Guantanamo Bay returned on Friday to their homeland, where their lawyer said they would face trials on terrorism-related charges.

The U.S. military said an administrative review board had recommended the two men be transferred back to Kuwait from the prison in southeastern Cuba, where the U.S. now holds about 455 men on suspicion of links to al-Qaida or the Taliban.

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Two two men, Omar Rajab Amin, 41, and Abdullah Kamel al-Kundari, 32, who had been held at Guantanamo for four years, arrived at an airport in Kuwait early Friday, said Khaled al-Odah, who heads the Kuwaiti Family Committee, an advocacy group for men held at the prison.

They were taken to a hospital for a medical examination and to meet with their families.

"They are very skinny and exhausted, but they looked OK," al-Odah said. "They are very happy, but worried at the same time."

Both men had been held at Guantanamo since January 2002, but had not been charged with any crimes. The military said that they had ties to charities with links to terror groups and that their names had been found on the hard drive of a computer seized from a suspected al-Qaida member, according to their attorney, David Cynamon, and military documents.

Cynamon said the two men had only traveled to Afghanistan to help refugees from the country's civil war and have no connection to any terror groups.

The lawyer predicted they would be cleared by the courts in their country — as were five other Kuwaitis previously released from Guantanamo.

Another Kuwaiti released from Guantanamo was acquitted of terror-related charges, but an appeals tribunal overturned the acquittal and sentenced him to five years in prison.

Al-Kundari was a former member of Kuwait's national volleyball team who before his arrest worked as an engineer for the Ministry of Water and Electricity, according to U.S. documents previously released to The Associated Press.

He told a military panel that he considered al-Qaida a "vicious" terrorist group, according to transcripts.

Amin, who attended college in Nebraska, was accused by the military of being a terrorist financier, which he denied. He told the panel he had never fought against U.S. forces and only wanted to return home to be with his family, according to the transcripts.

The U.S. said authorities have determined that about 130 of the remaining prisoners at Guantanamo are eligible for release or transfer but the timing will depend on negotiations with their home countries.

Mosque Leaders' Trial Continues (CAPN9)

By By: Steve Ference

Capital News 9, September 15, 2006

The trial of two Albany men accused of supporting terrorism continued on Thursday. Yassin Aref and Mohammed Hossain are accused of being involved in a plot to buy a surface-to-air missile. They were arrested in an FBI sting in 2004.

On Thursday, jurors saw lengthy video clips showing Mohammed Hossain speaking with an FBI informant named Malik posing as a Pakistani businessman. In the video, Malik showed Hossain a surface-to-air missile and began discussing how Malik would pay Hossain to launder $50,000 to import the fake missile to a terrorist group. But the question is, did Hossain fully understand the transaction and the situation he was put in?

Federal prosecutors didn't waste time getting to the crux of their case against two suspected terrorists. Mohammed Hossain and Yassin Aref are on trial for supporting terrorism, stemming from a 2004 sting operation. They were back in court Thursday, as was our Steve Ference.

In a 2001 meeting, Malik showed Hossain the missile system and asked, "Do you know what this is?" Hossain said, "No." Malik said, "This is for destroying airplanes. This is sensor heat, you know?" He added, "We get $50,000 for these." Hossain said, "Hmm, good money can be made from this."

Later, in February 2003, Malik asked, "Have you heard of [a particular terrorist group]?" Hossain said yes, although it turns out he thought that was a music group, not a terrorist group.

Later that year, Hossain told Malik, "Non-believers will gradually convert to Islam, sir. There is no need for us to kill."

Later, a Kurd who had survived a gas attack in Saddam Hussein's Iraq testified that he was familiar with an organization called the IMK, a political group in Iraq that he pointed out Aref had once been a member of.

This could be problematic for Aref because one of the charges is that he lied on an immigration document by writing "none" instead of indicating he had ties to the group. But the defense is expected to argue it wasn't Aref's handwriting so he shouldn't be found guilty of this lesser charge.

There was also some drama in the courtroom Thursday. Aref jumped up out of his seat smiling and waving hello to the witness who identified him as being part of that political group -- an obvious cultural divide between those who are conducting the trial and the defendants.

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HOMELAND RESPONSE:

Senate OKs Legislation To Tighten Security At Seaports (USAT/AP)

By The Associated Press

USA Today, September 15, 2006

WASHINGTON — The Senate voted without dissent Thursday to tighten security at U.S. seaports by scanning nearly all incoming cargo for nuclear weapons or "dirty bombs."

The bill, approved 98-0 in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships.

The legislation does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports. Almost 11 million containers are shipped annually to the USA.

The Senate plan, which authorizes spending $835 million next year, "works toward a goal of getting to 100% screening" of cargo leaving foreign ports, said Sen. Patty Murray, D-Wash., one of the authors of the bill.

Sen. Ted Stevens, R-Alaska, said the measure, similar to one the House approved in May, was "the most comprehensive approach to border security we have taken."

The Senate bill requires inspections of suspicious high-risk cargo at foreign ports. It also sets up a pilot program to scan for nuclear or "dirty bomb" materials in all U.S.-bound containers at three to-be-determined foreign ports. The trial would help determine whether mandatory inspections would bottle up commerce and drive up costs.

Sen. Charles Schumer, D-N.Y., said that could be too late to prevent massive explosions at U.S. ports or in harbors outside large cities.

"We don't want to be in a situation where we say, 'What if? What if we had done more?' " Schumer said.

Sen. Norm Coleman, R-Minn., responded, "This is about the practicality of making sure that we have something that works."

Noting the politics of the issue, Coleman added: "The election season is upon us. It's getting very close. … Let us step away from the sloganeering."

Michael Chertoff, the secretary of the Homeland Security Department, has said that nuclear weapons are a grave threat. Such weapons create gigantic fireballs fed by nuclear chain reactions.

"Dirty bombs," in contrast, would use conventional explosives to scatter radioactive material. This kind of blast probably would not cause many deaths, but the fear of contamination could cause panic while any land or buildings hit with radioactive particles might be unusable for years.

James Jay Carafano, homeland security fellow at the conservative Heritage Foundation, said the Senate plan largely ignores security gaps such as the threat from small boats that could detonate explosives next to larger ships, as happened in the 2000 attack on the USS Cole in Yemen that killed 17 Americans.

The legislation would make available $400 million for security grants and expedite incoming cargo from previously approved manufacturers and other business partners.

The White House said it largely supports the Senate plan.

The administration has spent about $10 billion on port security since the Sept. 11 attacks. About 65% of cargo is already screened for nuclear or radiological materials. The Homeland Security Department aims to increase that number to 80% by the end of the year and to almost 100% by the end of 2007.

Senate Unanimously Votes To Tighten Security Measures At Ports (WP/AP)

By Associated Press

The Washington Post, September 15, 2006

The Senate voted without dissent yesterday to tighten security at U.S. seaports by scanning nearly all incoming cargo for "dirty bombs" and other nuclear weapons.

The bill, approved 98 to 0 in a pre-election push on national defense, would increase safeguards on the rail systems that pick up cargo from ports and authorize 1,000 new agents to screen containers coming off ships. But the legislation does not go as far as some Democrats demanded in requiring inspections for all U.S.-bound cargo before it leaves foreign ports. Almost 11 million containers a year are shipped to the United States.

The plan, which authorizes spending $835 million next year, "works toward a goal of getting to 100 percent screening" of cargo leaving foreign ports, said Sen. Patty Murray (D-Wash.), one of the bill's authors. Sen. Ted Stevens (R-Alaska) said the

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measure, similar to one the House approved in May, was "the most comprehensive approach to border security we have taken to date."

The Senate bill requires inspections of suspicious high-risk cargo at foreign ports. It also sets up a pilot program to scan for nuclear or "dirty bomb" materials in all U.S.-bound containers at three to-be-determined foreign ports. The trial would help determine if mandatory inspections would bottle up commerce and drive up costs, as Republicans fear.

Sen. Charles E. Schumer (D-N.Y.) said that could be too late to prevent massive explosions at U.S. ports or in harbors outside large cities.

James Jay Carafano, homeland security fellow at the Heritage Foundation, said the Senate plan largely ignores security gaps such as the threat from small boats that could detonate explosives next to larger ships, as happened in the 2000 attack on the USS Cole in Yemen that killed 17 Americans.

The bill would make available $400 million for security grants and would expedite incoming cargo from previously approved manufacturers and other business partners. It also included special items for landlocked states, including $40 million for northern border air patrols over Great Falls, Mont., requested by Sen. Max Baucus (D-Mont.), and extending the daily hours at a New Mexico border crossing, sought by Sen. Jeff Bingaman (D-N.M.).

The White House said it largely supports the Senate plan. The administration has spent about $10 billion on ports security since the attacks of Sept. 11, 2001. About 65 percent of cargo is already screened for nuclear or radiological materials. The Department of Homeland Security aims to increase that number to 80 percent by the end of the year and to almost 100 percent by the end of 2007.

Senate Approves Bill To Tighten Port Security (MCT)

By Les Blumenthal

McClatchy Newspapers, September 15, 2006

WASHINGTON - The Senate approved a port-security bill Thursday that its sponsors said would make the nation safer from terrorist attack, after it rejected a plan to inspect every inbound cargo container for nuclear weapons.

The measure, approved 98-0, would require installing radiation monitors at the country's 22 largest ports and would authorize a pilot program involving three foreign ports to scan all cargo containers headed to the United States.

It also would establish a new office within the Department of Homeland Security to coordinate port security and would order the department to prepare a plan for getting cargo moving again after an attack. One study estimated that a 12-day shutdown of the ports could cost the U.S. economy $58 billion.

"We have done a lot to secure our ports, but they are still too porous," said Senate Majority Leader Bill Frist, R-Tenn. "This bill represents a multipronged approach to plug the holes in our port security."

Sen. Patty Murray, D-Wash., the bill's lead author, who has been pushing for tougher port security since the terrorist attacks of Sept. 11, 2001, said Senate approval cleared the way for possible final action before the end of the year.

"A big hurdle has been passed," Murray said. "It's a huge step in a very positive direction."

The House of Representatives has approved its own version of the bill, and a compromise will have to be negotiated. Congress is scheduled to recess in early October but could come back after the November elections to finish pending legislation.

Senate passage of the bill comes more than two years after the 9-11 commission concluded that the nation's ports could be more vulnerable to attack than commercial aviation. More than 95 percent of the nation's trade - worth nearly $1 trillion - flows through more than 360 U.S. ports every year. Virtually all of it is carried on 8,500 foreign-flagged vessels that make 55,000 calls at American ports annually.

About 5 percent of the nearly 11 million cargo containers that arrive in the United States annually is opened and inspected. Some are scanned for nuclear material.

Congress' Government Accountability Office has raised questions about the effectiveness of the program that identifies which "high-risk" containers are inspected and has expressed concern about the effectiveness of the radiation monitors now being used.

Efforts to pass a port-security bill had languished until an uproar last February over the disclosure that a Dubai company had been approved to operate a handful of U.S. ports.

The measure picked up more steam over the past few weeks as congressional Republicans have ratcheted up their national security agenda. Democrats said Republicans were scrambling to shore up their national security credentials for political reasons before the elections.

"Five years after 9-11, repeated failures by Bush Republicans have left our ports vulnerable and open to terrorist attack," Senate Minority Leader Harry Reid, D-Nev., said in a statement.

Republicans dismissed such allegations.

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"This is an important bill for our homeland security," said Maine Sen. Susan Collins, the lead Republican sponsor of the measure.

Murray said any political motivations for moving the bill weren't important.

"To me it doesn't matter," she said. "Getting it done is the right thing to do."

The Senate tabled, 61-37, an amendment offered by Sen. Charles Schumer, D-N.Y., that would have required that 100 percent of the cargo containers headed for the United States be scanned within four years. Shippers would have picked up the cost.

"What are we waiting for?" Schumer said. "This mandates we inspect all cargo - no pilot programs, no tests, all containers - for nuclear weapons."

Schumer said the Homeland Security Department had been "derelict" by not requiring 100 percent inspections, that the technology existed to do it and that the cost would be $8 per container, not much when considering that it cost $2,000 to ship a container from Hong Kong to the West Coast.

Collins said the bill would move toward 100 percent inspections when it was "proved and feasible." Doing it prematurely could create a massive backlog of containers waiting on the docks to be inspected, she said.

The 22 large ports that would receive radiation scanners handle about 98 percent of the containers that come into the United States. Schumer's amendment would have required that the scanning take place overseas, before the containers are shipped.

The bill would authorize almost $3.3 billion in port-security funding over the next six years and another $400 million in grants to individual ports. Since 9-11, seaports have sought more than $4.3 billion in federal aid for security. The Department of Homeland Security has provided about 20 percent of the amount requested, about $876 million.

Chemical-plant Security Vexes Congress (CSM)

By Alexandra Marks

The Christian Science Monitor, September 15, 2006

NEW YORK

A toxic battle is brewing on Capitol Hill over how to secure the nation's chemical plants from terrorist attack.

At issue is whether the Department of Homeland Security (DHS) should have the authority to require chemical plants to implement specific security measures, such as switching to safer chemicals or using armed guards. The chemical industry and House Republican leaders believe it should not. Instead, they favor allowing companies to come up with their own security proposals that can then be reviewed and approved by DHS.

On the other side are environmentalists, some security experts, moderate Republicans, and Democrats. They believe DHS should have the ability to require companies to make security improvements, as long as companies have an opportunity to appeal requirements to which they object.

But all sides agree on one thing: It's way past time for the government to come up with some kind of legislation requiring improved security at the nation's chemical plants.

"It's unacceptable we don't have a piece of legislation on such a significant critical infrastructure that, if attacked, could have potentially catastrophic consequences," says Frank Cilluffo, director of George Washington University's Homeland Security Policy Institute in Washington.

Several factors are responsible for the lack of legislation five years after 9/11. In the first few years after the attacks, the chemical industry convinced congressional leaders they could self-regulate. The American Chemistry Council (ACC), which represents 133 chemical manufacturers, set up standards and guidelines to help companies identify their vulnerabilities and create security plans to address them. The ACC says its members have spent $3 billion enhancing security in the past five years.

But investigations done by the media, the Government Accountability Office, and environmental groups made it clear that while some industry players have done a good job in "raising the bar" for security, as Mr. Cilluffo puts it, not all have. Significant vulnerabilities remained, some in densely populated urban areas. Eventually, even the ACC conceded that some kind of legislation was needed to bring uniformity to security in the industry.

"We've been very clear that we want legislation passed this year and what it would look like," says Scott Jensen, a spokesman for the ACC. "It would be risk-based, performance oriented, and it would not include [inherently safer technologies]."

Known as IST in the industry, this essentially means switching from some of the most deadly chemicals to less harmful ones whenever it's technologically and economically feasible.

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This summer, the House Committee on Homeland Security unanimously approved a compromise bill that would give DHS the authority to require some high-risk facilities to use safer chemicals when feasible. If a company disagreed with DHS, the bill set up an interagency appeal process.

It was a hard-fought compromise. But now, its advocates contend that the chemical industry, in conjunction with the White House and the Republican leadership, is reneging on the deal. Instead of bringing it to the floor for a vote, House Republican leaders are amending the Homeland Security appropriations bill: It would give DHS the authority to require chemical plants to develop vulnerability assessments and security plans, but it would specifically forbid DHS from requiring any specific security measure. It reads, "Nothing in this section authorizes the Secretary directly or indirectly to require any particular security measure." Environmental advocates say that line is aimed at ensuring that DHS cannot require companies to switch to safer chemicals when feasible.

"The industry didn't like what was passed in committee, and now they're using the appropriations process to craft a drastically weak, completely industry-friendly version and present it as a fait accompli," says Andy Igrejas of the National Environmental Trust, a nonprofit environmental advocacy group based in Washington. "A congressman can oppose it, but to do so, he or she'd have to vote against Homeland Security appropriations just six weeks before an election."

Mr. Igrejas adds, "There was an open process where competing proposals led to something that was a deal [Republican leadership] agreed to honor, and now instead, under industry pressure" it's going back on its word, he says.

But Mr. Jensen of the ACC disagrees. He says the industry is simply using the legislative process to advocate what it believes is right.

"We're not against IST. The chemical industry developed and created it," he says. "However, what we are against is banning chemicals under the guise of security. We think the legislation should work toward securing those chemicals, rather than banning them."

Some security experts say they're not surprised the sides remain so polarized, but contend it's crucial to get legislation passed soon.

"I'd at least like to see some kind of starting point so we can pull together more and better information so we can figure out how to proceed in the long run," says Jack Riley, a security expert at the RAND Corp. in Arlington, Va.

The House appropriations bill for Homeland Security is still being negotiated, but is expected to be voted on before Congress recesses for the November elections.

Suspended Muslim Safety Expert Sues DHS (AP)

By Wayne Parry, Associated Press Writer

AP, September 15, 2006

NEWARK, N.J. -- An Egyptian-born aviation security expert is suing the U.S. government, claiming he was wrongly suspended from his Transportation Security Administration job based on a classified FBI file the government won't let him see.

Wagih H. Makky filed the lawsuit Thursday in federal court in Newark, alleging he was harassed and discriminated against at work after the Sept. 11 terror attacks based on his nationality and his Muslim religion.

The lawsuit claims Makky is one of the world's leading experts in designing and evaluating technology to prevent explosives from being smuggled onto airplanes and rail cars. Makky, 55, a U.S. citizen, most recently worked at the TSA aviation center outside Atlantic City.

Following the Pan Am jet bombing over Lockerbie, Scotland, in 1988, Makky was chosen to create a Federal Aviation Administration unit to focus government efforts to prevent terrorist attacks on American airliners.

According to the lawsuit, a new supervisor in 2002 asked Makky during their first meeting about his ethnic background. When the U.S. invasion of Iraq began in March 2003, the supervisor placed him on administrative leave, based on the classified file, according to the lawsuit.

In August 2005, Makky was suspended without pay, and remains suspended.

The lawsuit names the Department of Homeland Security among others as defendants. The lawsuit did not specify damages. A Homeland Security spokesman did not return a call seeking comment Thursday.

Makky could not be reached for comment Thursday.

Air Cargo Faces Tighter Screening (AP)

By Denise Lavoie

The AP, September 14, 2006

BOSTON -- Packages taken to airline ticket counters for shipment on passenger planes will have to go through the same security screening as checked baggage, Homeland Security Secretary Michael Chertoff announced Thursday.

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Such packages _ brought to an airline's counter by individuals looking to get a package to another destination or by courier services _ already were being screened for the past several months at most airports around the country.

But the screening now will be mandatory for 100 percent of those packages, Chertoff said at a news conference at Boston's Logan International Airport.

"We closed that gap earlier this year, but we're now making this a legal requirement," Chertoff said, announcing that a formal directive was signed Thursday.

Chertoff said the move was in response to concerns that the packages were not being screened for explosives.

Chertoff cited Logan as being the first airport in the country to begin screening 100 percent of its passengers' checked baggage for explosives. Logan had begun the package screening four months ago, using X-ray and explosive sensors that are used to screen baggage on a system of conveyor belts.

Despite the new requirement, most of the cargo on passenger planes, which comes from larger freight shippers, remains subjected only to random checks. Freight forwarders who accept bulk packages and arrange shipment are required to have government-approved security plans and attend TSA training. Air cargo companies must register with the government and be approved by the TSA before they're allowed to send cargo on passenger airliners.

U.S. Rep. Edward Markey, D-Mass., a senior member of the House Homeland Security Committee who has criticized the lax screening procedures for counter packages, said he was pleased that the TSA had closed the loophole _ but wanted more done.

"Until the Bush Administration physically screens all cargo on passenger planes for explosives and requires all cargo to arrive at the airport in a form that is screenable using existing screening technology, passenger planes are vulnerable to terrorist attack by people who don't even fly on the planes they seek to bring down," he said in a statement.

In May the TSA announced new air cargo security requirements, including criminal background checks for airline and freight workers and additional screeners to check the packages delivered to ticket counters. It also announced plans to use more bomb-sniffing dogs to screen air freight and to hire more air cargo inspectors.

Meanwhile, cargo pilots have complained about the vulnerability of cargo planes as the government focused on protecting passenger airliners.

The visit by Chertoff and Hawley comes three days after the fifth anniversary of the Sept. 11, 2001, terrorist attacks, which were launched from Logan when hijackers boarded planes at the airport and crashed them into New York's World Trade Center.

Chertoff: Fee Up In Air For Registered Traveler (USAT)

By Thomas Frank

USA Today, September 15, 2006

BOSTON — With opposition mounting, Homeland Security Secretary Michael Chertoff said Thursday that he is “still looking at” how much to charge air travelers for a program that would speed them through airport security.

Chertoff said he supports the idea of making people in the Registered Traveler program “pay their own weight,” which could cost up to $200 a year.

“We shouldn't necessarily have the taxpayer pay to subsidize people who want to go through the Registered Traveler program,” Chertoff told reporters at Boston's Logan International Airport. “We want to be fair. … Now exactly what the right amount of money is going to be and how that's going to work, I think, is something we're still looking at.”

Chertoff's comments come days after the Transportation Security Administration (TSA) disclosed that it plans to charge travelers $100 to $120 to enroll in Registered Traveler and at least $70 a year for every year after their first in the program. The Homeland Security Department oversees the TSA.

The government costs are in addition to roughly $80 annually that program participants would have to pay to companies operating the program.

Under Registered Traveler, people who pass a voluntary background check would receive a fingerprint-embedded ID card that would give them access to special security lanes with expedited screening.

The heftier charge stunned some TSA advocates. On Thursday, a coalition of 10 companies seeking to provide services for Registered Traveler called on the TSA to reduce the fee, saying it will “stunt, if not eliminate” the program.

The group, called the Voluntary Credentialing Industry Coalition, also questioned whether the TSA can charge fees to recoup costs of TSA screeners at Registered Traveler checkpoints. Of the $100 the TSA proposes charging, $70 would pay for screener salaries.

TSA chief Kip Hawley defended the proposed fee after a news conference here with Chertoff and said that $100 is “a reasonable estimate” of the cost for each Registered Traveler.

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TSA To Review Proposed Registered Traveler Fee (WSJ)

The Wall Street Journal, September 15, 2006

WASHINGTON -- The Transportation Security Administration is reviewing plans to charge a hefty fee to travelers who want to sign up for a program that aims to expedite trips through airport security.

This week the agency sparked a battle with the private companies that want to offer Registered Traveler when it said it plans to charge an annual fee of $100 per person to cover background checks and the full cost of airport screening. The companies, which expected a fee of about $30, say too few people will sign up if fees are too high. Any fees charged by TSA would be in addition to the charges levied by the companies that provide the service, which run about $80 a person.

Yesterday, a TSA official said the fee amount is now under review.

"The proposed fee will stunt, if not eliminate RT programs, thus undermining the promise of better aviation security and much needed customer service improvements," the Voluntary Credentialing Industry Coalition, which represents private companies that want to provide the service, said in a statement.

Insurers Press For Terror-Backstop Renewal (WSJ)

By Brody Mullins And Liam Pleven

The Wall Street Journal, September 15, 2006

WASHINGTON -- After the 9/11 terrorist attacks, the White House and many in Congress reluctantly agreed to create a temporary government program to backstop the insurance industry in the event of another attack. Officials feared making the government a force in the insurance industry, but they knew the private sector would need time to establish a market for coverage against acts of terrorism.

Now, some in the business and insurance community want to create a long-term or permanent terrorism insurance program. Under the program set up by the Terrorism Risk Insurance Act, the government steps in to help make an insurer's payouts if the losses from a foreign terrorist attack exceed that insurer's deductible.

With more than a year remaining before the program expires, a politically savvy group -- including insurance companies, real-estate owners, financial services firms and former American International Group Chief Executive Maurice Greenberg -- is working to press the issue.

Industry representatives aren't coordinating efforts and haven't agreed on a plan. For example, the plan offered by the real-estate industry conflicts with one from the insurance lobby. But early efforts show that creating a permanent terrorism insurance system will be a priority next year for the financial-services industry.

At a speech in New York today, Mr. Greenberg is expected to say that the government must help the industry if terrorists strike with a weapon of mass destruction. The insurance industry should be able to cover claims from a less catastrophic attack, according to his prepared remarks.

"The industry can handle the impact of another 9/11, what it can't is the aftermath of a dirty bomb or a poisoned water supply in a major city," Mr. Greenberg will tell the Barbon Institute for Risk Management and Insurance, an industry think tank.

He also will propose a group of industry leaders and government officials to develop a long-term terrorism insurance plan. Mr. Greenberg says Washington should allow insurance companies to create tax-free accounts to build reserves to cover claims from terrorism.

The response from his industry colleagues and Washington lawmakers to Mr. Greenberg's proposal will be a test of his political sway. Mr. Greenberg was once seen as the voice of the insurance business in Washington, at times to the chagrin of the insurance lobby. He was ousted in March 2005 amid regulatory investigations into AIG's accounting. Mr. Greenberg controls C.V. Starr & Co., a global insurance and investment firm.

Meanwhile, other industry players are lobbying. Earlier this week, lobbyists for large U.S. real-estate owners traveled to Washington to pitch their solution. Owners of shopping malls, hotels and office buildings say insurers can't offer the level of terrorism insurance they need, and they worry that there would be no coverage if the government exits the market. They propose a $30 billion fund paid for by insurance companies that can be tapped to cover terrorism claims. Under the plan, the government would keep serving as an insurance backstop for five to seven years until the fund is operational.

Before 9/11, losses caused by terrorism were included in standard insurance policies. But insurers paid out $32.5 billion as a result of the attacks, according to the Insurance Information Institute, a trade group. Some insurance companies balked at providing the coverage at all. Many insurance companies considered terrorism, by its nature, too unpredictable to insure. Businesses, meanwhile, were confronting the prospect of having no insurance to protect against terrorism. Pressed by several sectors, the Bush administration reluctantly stepped in.

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The American Insurance Association wants to extend the basic structure of the current program. The group suggests having the government largely take over paying for attacks involving nuclear, biological, chemical and radiological weapons. Attacks involving conventional weapons would be covered by insurers up to the point where a traditional federal backstop would kick in.

The Bush administration is opposed to a permanent reinsurance program. The backstop "was intended to provide temporary assistance as the industry adapted to a post-9/11 world, but the ... continued presence of a government-provided subsidy could crowd out the chances for a private market to develop," a Treasury Department spokeswoman said.

But other political forces may increase chances that the industry will succeed. The chief sponsor of the bill that created the program, Sen. Chris Dodd (D., Conn.), will be the senior Democrat on the Senate Banking Committee next year.

Amazing Device Sucks Up Sludge -- And Tax Dollars (WP)

By Elizabeth Williamson

The Washington Post, September 15, 2006

Sure, it was a national emergency, but the Transportation Department's inspector general finds $935 an hour for a Sewer Hog a tad piggish.

In a new post-Katrina audit, the inspector general's office told the Federal Highway Administration that the state of Mississippi had overspent by $772 an hour on the Sewer Hog, a high-speed swiller used to clear flooded storm drains.

Desperate to reopen U.S. 90 along the Gulf Coast, Mississippi transportation officials turned to Texas-based Garner Environmental Services Inc., exclusive operators of the Sewer Hog. Together with its partner the Grit Gator, the mobile-home-size contraption sucked slop and sand from about 200 miles of three-foot sewer lines.

But it also hogged the budget. State highway officials -- and the feds -- paid $1.7 million for services that the report said ought to have cost $294,000.

It is not easy to estimate what a rare breed like the Sewer Hog should cost, and like a homeowner with an overflowing toilet, Mississippi highway officials opted to mop first and ask questions later. They were overcharged, the report's authors say, partly because they failed to run the Sewer Hog through a formula designed for pricing specialized equipment and negotiate in advance.

Using that formula, "the rental rate for this specialized equipment would have been $163 per hour," the report read. "In our opinion a rental rate of $935 per hour for the Sewer Hog was higher than what may be considered reasonable, even under the catastrophic conditions that were created by Hurricane Katrina."

The inspector general's office recommends that the Mississippi Department of Transportation consider taking Garner Environmental Services to court to recover part of the bill. Company representatives did not respond to repeated requests for a comment.

The Sewer Hog "was a big thing," said Todd J. Zinser, the acting inspector general, referring to the overcharge.

But it should not, pointed out IG spokesman David Barnes, be confused with a Smart Pig. Smart Pigs root through pipelines looking for leaks -- and they will star in an upcoming report on pipeline safety, he said.

WAR NEWS:

Bush To Meet With Musharraf And Karzai (AP)

AP, September 15, 2006

President Bush has scheduled separate White House meetings later this month with the leaders of Afghanistan and Pakistan, neighboring countries whose relations have sometimes been strained by terrorist hideouts along their border.

Pakistani President Pervez Musharraf is meeting with Bush on Sept. 22. Days later, on Sept. 26, Afghan President Hamid Karzai is due in the Oval Office. The meetings were announced amid a growing Taliban-led insurgency in Afghanistan.

"The visit will be an opportunity for the president to congratulate President Karzai on the progress Afghanistan has made over the last five years and to reaffirm America's commitment to stability and reconstruction in Afghanistan," White House press secretary Tony Snow said of the Karzai visit.

The resurgent Taliban, trying to topple the U.S.-backed Karzai government in Kabul, has adopted a dangerous change in tactics, copying the lead of insurgent attacks in Iraq. Since the start of the year, 173 people — including 151 Afghan civilians — have been killed in suicide bombings across the country, NATO announced Wednesday.

Military commanders have called for 2,500 extra troops to help the NATO force, which took control of the coalition in the south on Aug. 1. But NATO nations have failed to agree.

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Snow said that in addition to strategizing about countering the threat of militant extremists, Bush and Karzai will talk about Afghanistan's drug trade, need for good governance and faltering economy.

Pakistan was once a key Taliban supporter, but switched sides to become an ally of the U.S. in its campaign against terrorism following the Sept. 11, 2001, attacks.

Still, relations between Pakistan and Afghanistan have been strained for years, mainly over allegations by Afghan officials that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border. Pakistan has rejected such charges.

Recently, cross-border relations have improved, and Karzai and Musharraf pledged in meetings in Kabul earlier this month to jointly fight militants.

The Musharraf-Bush sessions follow their meetings in March, when the president traveled to Pakistan. He also visited Afghanistan and India on that trip.

Kerry Faults Bush's Afghanistan Strategy (AP)

By Andrew Miga

AP, September 15, 2006

Democratic Sen. John Kerry, the party's 2004 presidential nominee, accused the Bush administration of pursuing a "cut and run" strategy in Afghanistan that has emboldened terrorists and made the U.S. less safe.

"The administration's Afghanistan policy defines cut and run," Kerry said in remarks at Howard University on Thursday. "Cut and run while the Taliban-led insurgency is running amok across entire regions of the country. Cut and run while Osama bin Laden and his henchmen hide and plot in a lawless no-man's land."

Kerry's "cut and run" accusation echoes criticism Republicans have leveled at Democrats who have challenged Bush's handling of the Iraq war.

A potential 2008 presidential candidate, Kerry lashed out at the administration on the same day the White House announced meetings later this month with the leaders of Afghanistan and Pakistan.

"John Kerry lacks the credibility on the war on terror to be taken seriously," said Republican National Committee spokesman Danny Diaz. "The junior senator from Massachusetts would be well served by not using his own agenda's mantra to falsely attack this administration's foreign policy."

Afghanistan has been plagued by an upsurge in violence by the Taliban, which is trying to topple the U.S.-backed government in Kabul. Military commanders have called for an extra 2,500 troops to help the NATO force in Afghanistan.

Kerry wants at least 5,000 additional troops sent there, contending that the Bush administration has focused on Iraq while failing to respond forcefully to threats in Afghanistan and Iran.

"The central front in the war on terror is still in Afghanistan, but this administration treats it like a sideshow," said Kerry, adding there are seven times more troops in Iraq than Afghanistan.

"When did denying al-Qaida a terrorist stronghold in Afghanistan stop being an urgent American priority?" Kerry said. "How is it possible that we keep sending thousands of additional U.S. troops into the middle of a civil war in Iraq but we can't find any more troops to send to Afghanistan?"

The Republican National Committee dismissed Kerry's criticism.

"John Kerry lacks the credibility on the war on terror to be taken seriously," said spokesman Danny Diaz of the four-term senator, a longtime member of the Foreign Relations Committee. "The junior senator from Massachusetts would be well-served by not using his own agenda's mantra to falsely attack this administration's foreign policy."

Militants Regroup In Western Afghanistan (USAT)

USA Today, September 15, 2006

As NATO troops exert pressure on Taliban forces in southern Afghanistan, militants have regrouped in western provinces and ignited violence that has killed a dozen people in two days, officials said. Up to 200 Taliban fighters poured into Bakwa in Farah province. They surrounded a police compound and fired rocket-propelled grenades at policemen before being driven out, said Maj. Gen. Sayed Agha Saqeb, the police chief.

NATO commanders have asked for reinforcements to the 20,000-strong force in Afghanistan. Poland pledged to add a 1,000-strong mechanized force but said the troops would not be deployed until February.

Spain says no law broken with CIA flights

Spain may have been a stopover for secret CIA flights, but there is no evidence any laws were violated, Foreign Minister Miguel Angel Moratinos said. He said Spain did not help transfer terror suspects to U.S. agents. U.S. officials have told the

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Spanish government they were not aware of any secret passengers aboard CIA planes that stopped on the way to such places as Kabul, Afghanistan, or the U.S. military base at Guantanamo Bay in Cuba, Moratinos said.

Moratinos was the first government minister to testify to a European Parliament committee in Brussels investigating alleged CIA secret flights and detention centers in Europe used for interrogations.

Giovanni Fava of the European Union assembly said in a report this year that 125 CIA-related flights landed at 10 Spanish airports from 2003 through 2005.

Castro recovering well, a friend says

Cuban President Fidel Castro made an appearance of sorts on the sidelines of the Non-aligned Movement summit in Havana when state television showed photos of him chatting with an old friend, Argentine congressman Miguel Bonasso, in Castro's home. Bonasso said the Cuban leader claimed to have regained nearly half the 41 pounds he said he lost since intestinal surgery in July. "Fidel was as lucid and penetrating as ever," Bonasso wrote in a first-person article about their encounter in the Pagina/12 newspaper. Castro, 80, has not appeared in public since the surgery. He temporarily ceded power to his brother, Raul, the defense chief.

Poland Commits New Troops To Nato Force (FT)

By Daniel Dombey, Stephen Fidler And Jan Cienski

Financial Times, September 15, 2006

Poland on Thursday committed 1,000 new troops for Nato's force in Afghanistan, after a formal meeting of the alliance on Wednesday failed to meet an urgent military request for hundreds of extra soldiers.

The Polish troops will join the 100 already on the ground in Afghanistan but are unlikely to arrive until February 2007.

The push for reinforcements put the spotlight on Nato's struggle to help establish a stable government in Afghanistan and on its long-term prospects as a military alliance.

At an emergency meeting on Wednesday, Nato's 26 member countries came up with no commitments for any new soldiers – in spite of a call last week by General James Jones, Nato's supreme commander, for up to 2,500 troops.

Nato said: "We have had indications in terms of force generation to fill the outstanding requirement...the operation commanders, including Gen Jones, are confident that they have sufficient forces in the theatre to be able to complete the operation successfully." The alliance said it had managed to clear Taliban insurgents from 55 per cent of the area surrounding their former stronghold of Kandahar.

Lord Garden, a former senior air force officer who acts as a defence spokesman for Britain's Liberal Democratic party, said: "Part of the problem... is Nato funding. If you volunteer, not only do you provide the troops, you have to provide the money to fund them."

Diplomats sought to emphasise that the Nato mission was a long way from failure. Victoria Nuland, US ambassador to Nato, said: "One of the things that is getting lost here is that the operation against the Taliban is a huge success. The extra troops will allow us to win faster and more decisively and to continue reconstruction at the same time."

However, casualties taken by British troops in the southern province of Helmand have increased controversy over the mission.

NATO's Afghan Test (WP)

The Washington Post, September 15, 2006

IN AFGHANISTAN, the NATO alliance is engaged in the bloodiest and most important land battle in its 57-year history. Some 6,000 British and Canadian troops have been fighting near-daily engagements with the resurgent Taliban militia in the southern provinces of Kandahar and Helmand, killing more than 500 of the enemy in the past month while suffering three dozen deaths of their own soldiers. The campaign is fateful in several respects: It could prove a turning point both for Afghanistan and for NATO, which hopes to demonstrate that an alliance forged for the Cold War in Europe can tackle the West's 21st-century challenges.

For that reason, it's been encouraging to see the courage and apparent effectiveness of the British and Canadian troops, who are supported by U.S. and Afghan forces; it's been equally disheartening to witness the response of other NATO governments to an urgent request for more soldiers and aircraft to ensure the Taliban's defeat. At a special pledging conference at NATO headquarters in Brussels on Wednesday, the alliance's 26 governments failed to make any new commitments of troops.

NATO's top commander, U.S. Gen. James L. Jones, wasn't asking for anything exceptional when he urged the alliance last week to provide an additional 1,000 soldiers to serve as a reserve battalion as well as 1,500 more air support personnel and a squadron of helicopters. In fact, those forces were supposed to be part of NATO's commitment to southern Afghanistan; only 85

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percent of the planned force was provided. The NATO force, which totals 8,000, including Dutch troops in a third province, is barely adequate for its principal planned mission, which was to help extend the authority of the Afghan government to southern Afghanistan and support aid and development projects.

As it has turned out, the NATO troops have encountered fierce resistance from thousands of Taliban fighters who have infiltrated the region since last spring and are staging large-scale assaults. The unexpected intensity of the combat has raised domestic pressure on the Canadian and British governments, though both are so far standing firm. But other NATO governments are failing to commit their own soldiers as reinforcements; even worse, governments that already have troops in Afghanistan, such as Germany, are refusing to consider transferring some of them to the south from the relatively peaceful bases they occupy.

There's no question that placing soldiers in harm's way is one of the hardest steps for a democracy, and rightly so. But European governments that say they are committed to NATO and its mission in Afghanistan cannot continue to watch from a distance as American, British and Canadian soldiers do the lion's share of the fighting -- and dying. If NATO is to be an enduring military alliance, its other members must step forward.

9/11, Osama Reflection: Reverse Cut And Run? (USAT)

By Al Neuharth

USA Today, September 15, 2006

Memories, views and reviews of 9/11 on the fifth anniversary this week should make us reflect on what we've done right and wrong since then. The scorecard:

· President Bush united us with his immediate pledge to get Osama bin Laden “dead or alive” for plotting and executing the 9/11 attacks.

·When that hunt went bad, Bush's preoccupation with going after Iraq's Saddam Hussein, who had nothing to do with Sept. 11, divided us.

Because Bush and his buddies misled us about weapons of mass destruction, there was public and political support for the Iraq war in the beginning. But now a big majority of you say invading Iraq was a mistake.

In this column back on Oct. 4, 2002, I wrote:

“Congress is ‘debating' but President Bush and his cohorts are demanding a virtual blank check to wage war in Iraq. They'll probably get it. That's a mistake.”

Currently, we have about 147,000 troops in Iraq, about 21,000 in Afghanistan. We actually “cut and ran” from the hunt for bin Laden in Afghanistan to carry out our Iraq misadventure.

In this column, I've often suggested we should take our troops out of Iraq “sooner rather than later.” We're viewed with disdain by many there and by most around the world as an “occupation” force.

Bush says we must “stay the course” and not “cut and run.” Since we cut and ran from Afghanistan during our Osama hunt years ago, maybe we should reverse that course now.

Redeploying our troops to fulfill our pledge to get bin Laden could make for a worldwide celebration by freedom lovers. Letting him stay on the loose is the biggest boost for terrorists, in Iraq and around the world.

CIA Learned In '02 That Bin Laden Had No Iraq Ties, Report Says (WP)

By Walter Pincus

The Washington Post, September 15, 2006

The CIA learned in late September 2002 from a high-level member of Saddam Hussein's inner circle that Iraq had no past or present contact with Osama bin Laden and that the Iraqi leader considered bin Laden an enemy of the Baghdad regime, according to a recent Senate Intelligence Committee report.

Although President Bush and other senior administration officials were at that time regularly linking Hussein to al-Qaeda, the CIA's highly sensitive intelligence supporting the contrary view was apparently not passed on to the White House or senior Bush policymakers.

Sen. Pat Roberts (R-Kan.) and two GOP colleagues on the committee disclosed this information for the first time in the panel's report on Iraq released last week. They wrote in the "additional views" section of the report that the Cabinet-level Iraqi official "said that Iraq has no past, current, or anticipated future contact with Osama bin Laden and al Qaeda" and that the official "added that bin Laden was in fact a longtime enemy of Iraq."

On Sept. 25, 2002, just days after the CIA received the source's information, President Bush told reporters: "Al-Qaeda hides. Saddam doesn't, but the danger is, is that they work in concert. The danger is, is that al-Qaeda becomes an extension of

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Saddam's madness and his hatred and his capacity to extend weapons of mass destruction around the world. . . . [Y]ou can't distinguish between al-Qaeda and Saddam when you talk about the war on terror."

According to the three Republicans, the CIA said it did not disseminate the intelligence about the lack of a Hussein-bin Laden connection because "it did not provide anything new."

But other information obtained at the same time from the same source that paralleled what administration officials were saying was immediately passed on to "alert" the president and other senior policymakers, the three Republicans said. A "highly restricted intelligence report" conveyed the source's claim that although Iraq had no nuclear weapon, Hussein was covertly developing one and had stockpiled chemical weapons, according to the committee members.

CIA spokesman Paul Gimigliano said he could not provide additional information about the situation beyond what is in the Senate report, but he added that "the agency's decisions to disseminate intelligence are not guided by political considerations."

Committee staff members would not expand on the report's language other than to say the Hussein-bin Laden material was maintained within the CIA at a high level with limited access.

Former senior CIA officials said it was unclear what happened to the Hussein-bin Laden information, although two former aides to then-CIA Director George J. Tenet said they could not remember if they received the original information. "Nothing was withheld from the White House," one former aide said, although there was "a lot of debate inside the agency about the Saddam-al-Qaeda relationship" because it was the focus of repeated questions from administration officials, including Vice President Cheney and his then-chief of staff, I. Lewis "Scooter" Libby.

The high-level Iraqi official, who was not identified in the Senate report, was Naji Sabri, then foreign minister. A senior CIA officer, after months of trying, was able to question him through a trusted agency intermediary when Sabri was in New York City around Sept. 19, 2002.

According to former intelligence officials, the CIA case officer filed two separate reports describing his questioning of Sabri. One, involving the Iraq weapons program, would go to analysts interested in that subject, the officer believed; the second, about Hussein and bin Laden, would go to the CIA counterterrorism center. The officer, however, passed his material on to senior agency officials in New York and was not aware of how it was eventually distributed.

Sabri's role as an intelligence source for the CIA has already been publicly reported. New details, including a payment of $200,000 to the intermediary and a secret signal system to assure the CIA officer that Sabri was cooperating, are contained in the recently released book "Hubris," by Michael Isikoff of Newsweek and David Corn, Washington correspondent for the magazine the Nation.

U.S. Says Sectarian Killings Up In Iraq (AP)

By Patrick Quinn

AP, September 14, 2006

Sectarian killings have surged in parts of Baghdad not yet included in a security offensive, the U.S. military said Thursday, while bombings and other insurgent attacks killed four American soldiers and wounded 25 in the capital region.

Police reported finding 20 bodies dumped on streets, many of them victims of reprisal killings in the escalating conflict between Shiite and Sunni Arabs. Six people died when a car bomb exploded at a soccer field in Fallujah, raising the death toll across Iraq to at least 28.

One of the few positive developments for the U.S.-led coalition and the national unity government was the reported killing of a senior member of al-Qaida in Iraq and the capture of another.

Shiite politicians, meanwhile, said they had made progress in trying to break a deadlock over legislation to establish autonomous regions as part of a federated Iraq. Sunni Arabs oppose the bill, fearing it could split Iraq into three sectarian and ethnic cantons.

The worst violence in Baghdad came at midday when a suicide car bomber attacked U.S. troops on the western outskirts of the city, killing two Americans and wounding 25, the U.S. command said. It said six of the wounded had returned to duty and 15 were not seriously injured.

Two more U.S. soldiers also were killed in the Baghdad area, one when his patrol was hit by small-arms fire and the other when a roadside bomb exploded. The command also announced the killing of a soldier Wednesday near the northern city of Mosul, raising to at least 2,676 the number of U.S. military personnel killed since the war began, according to an Associated Press count.

Violence has intensified over the past two days, with more than 140 people either killed by attacks or their bodies found dumped in the streets of Baghdad.

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"There was a spike in violence in Baghdad over the past 24 hours from murder-executions," said Maj. Gen. William B. Caldwell, the U.S. command's spokesman. "Most of those are associated with sectarian violence, not all necessarily, but a large portion."

He said the violence had intensified in areas that have not been reached by Operation Together Forward, a security campaign launched Aug. 7 with 12,000 U.S. and Iraqi soldiers.

"The terrorists and death squads are clearly targeting civilians outside of the focus areas," Caldwell said.

In areas that have been part of the operation, U.S. and Iraqi forces have cleared more than 52,000 buildings, found 32 weapon caches, detained 91 people and seized more than 1,200 weapons, Caldwell said.

"Overall, as part of the Baghdad security plan, we have seen a sustained reduction of level in the violence of attacks and murders in the focus areas," he asserted.

In Washington, State Department spokesman Sean McCormack said that "there is a lot of progress being made" to stabilize the Baghdad area and toward the U.S. goal of turning over security in much of the country to Iraqi forces by the end of the year.

As for the continuing bloodshed, McCormack said, "Al-Qaida clearly has an interest in fomenting sectarian violence in Iraq."

Iraq's Interior Ministry reported that Abu Jaafar al-Liby, who it described as either the second or third most important figure in al-Qaida in Iraq, was killed by police earlier this week.

Four other insurgents were killed and two were arrested in the raid, a ministry spokesman, Brig. Abdul-Karim Khalaf, told The Associated Press.

Al-Liby was in charge of the Baghdad sector of al-Qaida in Iraq, Khalaf said. He said two letters were found on his body — one addressed to Osama bin Laden and the other to Abu Ayyoub al-Masri, who is thought to be al-Qaida in Iraq's leader. Both letters pledged loyalty and promised more attacks, Khalaf said.

Caldwell said U.S. military forces also had captured a senior al-Qaida figure and personal associate of the group's new leader. He was arrested along with 70 others Tuesday in a series of 12 raids, the U.S. spokesman said.

The man, who was not identified, led assassination, kidnapping and bomb-making cells in Baghdad, and played a key role in al-Qaida's activities in Fallujah before it was attacked by U.S. troops in November 2004, Caldwell said.

Another U.S. officer, Lt. Col. Barry Johnson, said the man was adept at making car bombs and roadside bombs and liked to set off explosives himself. "This terrorist's capture is a significant blow to al-Qaida, and another step toward defeating terrorism in Iraq," Johnson said.

On the federalism issue, members of the major Shiite political coalition, the United Iraqi Alliance, said they had made some headway in persuading leaders of other parties to support the proposed legislation, which could be introduced next week.

Alliance leaders sent delegations to the Shiite holy city of Najaf to meet with radical Shiite cleric Muqtada al-Sadr and Grand Ayatollah Mohammed al-Yaqoubi, spiritual leader of the Fadhila party.

Iraq Violence Continues (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 15, 2006

Five American soldiers and 22 bodies found in Baghdad are among 41 deaths reported. A U.S. general acknowledges a rise in killings in the city.

BAGHDAD — Death squads continued to sweep through the Iraqi capital, leaving behind a grisly trail of at least 22 bodies Thursday, some of them handcuffed and decapitated. At least 19 people were killed or found dead in other violence throughout the country, including five U.S. soldiers whose deaths were reported Thursday.

A U.S. military spokesman acknowledged that despite a major operation to combat death squads and curb sectarian violence between Shiite and Sunni Arab paramilitary fighters in Baghdad, violence had increased.

"There was a spike in violence that did occur in the city over the last 24 hours," Army Maj. Gen. William B. Caldwell IV told reporters. "And a large portion of those … are from murder, execution-style-type activity."

The grim toll came one day after the discovery of 60 bodies in Baghdad's streets and dozens of other slayings in and around the capital.

Caldwell, however, said that areas such as the troubled Dora district in south Baghdad had seen major improvements in security. "If you go down to the Dora area … where they've focused the operations and continue to operate today, you can walk very freely through that area," he said.

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But nearly half of the corpses found in Baghdad on Thursday had been dumped on Dora's outskirts. All of those victims wore handcuffs and had torture marks and bullet holes where they had been shot at close range, Iraqi police Capt. Mohammed Hanoon said.

In other violence, a suicide bomber detonated an explosives-laden truck near an electrical substation on Baghdad's western outskirts, killing two U.S. soldiers. The concussion and shrapnel from the blast injured 25 other soldiers even though the explosion occurred outside thick concrete blast walls, U.S. Army spokesman Lt. Col. Barry Johnson said.

It wasn't immediately clear why the soldiers were at the substation, or whether the bombing had any effect on the power supply in Baghdad.

The military reported that two other soldiers had died in the capital on Thursday; one was shot to death in southeast Baghdad and another was killed by a roadside bomb.

And a U.S. soldier in the northern city of Mosul was shot Wednesday and died after being taken to a military hospital, a military statement said.

Also Thursday, a car bomb in southeast Baghdad killed nine people, including two Iraqi policemen, and injured 29 other people. Interior Ministry officials also reported that two worshipers were killed when gunmen attacked a mosque with AK-47s and rocket-propelled grenades.

In the northern city of Tall Afar, about 40 miles west of Mosul, a man detonated an explosives vest near a checkpoint, killing one man and injuring three other people.

In the northern oil hub of Kirkuk, gunmen killed a tribal sheik and local councilman named Abdullah Khalaf Azzawi and his son as they were driving home.

The U.S. military also announced a flurry of anti-guerrilla activity in the western province of Al Anbar, a haven for foreign insurgent fighters. Caldwell said U.S. and Iraqi forces had killed 66 suspected insurgents and arrested 830 others this month.

Witnesses said U.S. Marines raided a funeral 20 miles west of Ramadi, where Sunni Arab-led insurgents and U.S. troops have battled for months. After the burial ceremony, U.S. forces arrested at least 60 men at the gathering.

Caldwell also announced that U.S. and Iraqi troops had conducted 25 raids in and around Baghdad, capturing 70 suspected insurgents, including an associate of Al Qaeda in Iraq leader Abu Ayyub Masri.

Caldwell did not release the name of the detainee.

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A General's Candor On Iraq (WP)

By Ann Scott Tyson

The Washington Post, September 15, 2006

Lt. Gen. David H. Petraeus led the 101st Airborne Division during the 2003 invasion of Iraq and the first year of the occupation. Then, for 15 months, he took charge of training and equipping Iraqi security forces, and he returned to the United States last year. Army insiders have said they believe he may return to Iraq next year, perhaps as the replacement for the senior general there, Gen. George W. Casey Jr. Yesterday Petraeus had this to say about sectarian tensions in Iraq, in response to questions at the Brookings Institution:

The February bombing of the gold-domed mosque in Samarra was "hugely harmful" and a "very, very devastating blow" to security efforts, he said. "It took the gloves off the . . . Shia militia," starting "a downward spiral that is very hard to arrest. . . . It's had a horrific effect on the security situation," he said, evidenced by the violence in Baghdad that is "played out sadly day after day."

One of the most serious effects of the upswing in sectarian fighting is that it is "tearing at the efforts to restore the rule of law," he said, adding that it is vital to ensure that Iraqi army units are not "infected" by sectarianism.

Iraq Official Says Syrian Help Needed (AP)

By Pauline Jelinek

The Associated Press, September 15, 2006

Iraq will spend more on jobs and reconstruction to battle the insurgency in the restive west, but neighboring Syria must clamp down on terrorists crossing the border, Deputy Prime Minister Barham Saleh said Thursday.

Saleh met with Defense Secretary Donald H. Rumsfeld and told a Pentagon news conference he did not request more American troops for Anbar province because that would be a military decision.

A senior American commander in Iraq, Marine Maj. Gen. Richard C. Zilmer, said this week the military can't defeat insurgents in Anbar with current troops levels — and that political and reconstruction progress is needed to win over people in the region.

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Saleh said it is important to "get our Syrian neighbors to behave more responsibly ... and to clamp down on the presence and activity of some of the former regime leaders who are presently in Syria, as well as some of the terrorists that are going across the borders."

The U.S. and Iraqi governments have long accused Syria of not doing enough to stop insurgents crossing into Iraq to fight U.S. troops. Syria denies that, saying it is impossible to fully control the long desert border.

For his government's part, Saleh said, officials are working to build up Iraqi security forces and are working with tribal chiefs in Anbar to make the "environment ... less permissible for these terrorists and extremists to act."

"And we need to move in fast with economic reconstruction," said Saleh, who was meeting later Thursday with Vice President Dick Cheney.

"I personally met with the governor of Anbar 10 days ago or so. And we have agreed to release a lot of funds," he said. "We need to do a lot more to make sure that people will see benefit with security, as well. It's not just a matter of security operations. People need to see reconstruction and they need jobs being made and so on."

Saleh laid out a timetable for legislation over the next six months that he said also will move Iraq forward, saying for instance that by the end the year it will pass a law that will distribute oil wealth to all sectors of Iraqi society.

Kurds in the north and some Shiite Muslims in southern Iraq — Iraq's two chief oil regions — want regional control over oil production and revenues. But Iraq's Sunni Muslims and much of the Baghdad government want to maintain national control over Iraq's petroleum resources.

Other legislation will focus on investment law, disarming and demobilizing private militias blamed for much of the violence in Iraq and reforming the de-Baathification commission. That body worked on purging members of Saddam Hussein's ousted Baath Party from the military and government, a move some believe helps fuel the insurgency.

In A Volatile Region Of Iraq, U.S. Military Takes Two Paths (WP)

By Ann Scott Tyson

The Washington Post, September 15, 2006

AL-FURAT, Iraq -- With a biker's bandanna tied under his helmet, the Special Forces team sergeant gunned a Humvee down a desert road in Iraq's volatile Anbar province. Skirting the restive town of Hit, the team of a dozen soldiers crossed the Euphrates River into an oasis of relative calm: the rural heartland of the powerful Albu Nimr tribe.

Green Berets skilled in working closely with indigenous forces have enlisted one of the largest and most influential tribes in Iraq to launch a regional police force -- a rarity in this Sunni insurgent stronghold. Working deals and favors over endless cups of spiced tea, they built up their wasta -- or pull -- with the ancient tribe, which boasts more than 300,000 members. They then began empowering the tribe to safeguard its territory and help interdict desert routes for insurgents and weapons. The goal, they say, is to spread security outward to envelop urban trouble spots such as Hit.

But the initial progress has been tempered by friction between the team of elite troops and the U.S. Army's battalion that oversees the region. At one point this year, the battalion's commander, uncomfortable with his lack of control over a team he saw as dangerously undisciplined, sought to expel it from his turf, officers on both sides acknowledged.

The conflict in the Anbar camp, while extreme, is not an isolated phenomenon in Iraq, U.S. officers say. It highlights two clashing approaches to the war: the heavy focus of many regular U.S. military units on sweeping combat operations; and the more fine-grained, patient work Special Forces teams put into building rapport with local leaders, security forces and the people -- work that experts consider vital in a counterinsurgency.

"This war was fought with a conventional mind-set. The conventional units are bogged down in cities doing the same old thing," said the Special Forces team's 44-year-old sergeant, who like all the Green Berets interviewed was not allowed to be quoted by name for security reasons. "It's not about bulldozing Hit, driving through with a tank, with all the kids running away. . . . These insurgencies are defeated by personal relationships."

The real battles, he said, are unfolding "in a sheik's house, squatting in the desert eating with my right hand and smoking Turkish cigarettes and trying to influence tribes to rise up against an insurgency."Cutting Deals

Under the glittering chandeliers of his newly remodeled salon, Sheik Jubair adjusted his fine, white cotton dishdasha , or traditional robe, and lit a cigarette.

As if on cue, the American team sergeant leaned over and handed him an ashtray.

The 63-year-old sheik is the de facto ruler of the Albu Nimr, a wealthy tribe whose influence stretches from Anbar's violent capital of Ramadi up the Euphrates to Haditha. Jubair knows the U.S. military needs his tribe as much as it needs the military. Shunned in the 1990s for plotting against Saddam Hussein, the tribe backed the U.S.-led overthrow of Hussein in 2003. But Jubair now faces threats from Anbar's entrenched Sunni Arab insurgency, which he said put a $5 million bounty on his head.

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Week after week, the team has spent long hours cultivating Jubair -- funding his projects, buying his son a PlayStation, even holding his hand during treatment at a U.S. military hospital for an infected toe. In return, Jubair has supplied hundreds of police and army recruits, as well as intelligence targeting insurgents in the region.

During a recent visit at his home in al-Furat, Jubair pressed the team sergeant for a hospital, a gas station, a school, payment for a damaged car and a mosque. "We don't do mosques," the sergeant replied.

One minute the tough and temperamental Jubair was unbuttoning his shirt to show off a wound acquired in the Iran-Iraq war. The next, he was pouting because the American team dared visit his nephew and rival, Sheik Hatem, a.k.a. the "boy king," who officially heads the tribe and lives in the same compound.

"He's young and doesn't know anything," Jubair scolded the team sergeant. "If you give him projects, I will close the city council and come here!"

For the Americans, such engagement is as vital as it can be maddening. "Sometimes I feel like I'm dealing with teenagers," the sergeant said. "They even do the 'mom' and 'dad' thing with me" and the team captain.

It's also work that involves keen judgment and knowing when to cut deals. After the team arrived in January, it captured a former police colonel accused of stealing cars and $60,000 in pay and killing another police officer. But when the colonel was detained and sent to Abu Ghraib prison, sheiks Jubair and Hatem pleaded for his release. "They said you will increase your wasta and all that," the team sergeant said, "so we secured his release, a controlled release."

The compromise helped win the tribe's backing for a local police force. But it also heightened frictions with the U.S. Army battalion, whose convoy transporting the detainee had hit a roadside bomb.A Clash of Cultures

Every night like clockwork at the U.S. military camp -- known as a forward operating base, or FOB -- outside Hit, a loudspeaker atop the Special Forces team house blasts an alert that the Army battalion is about to shoot off flares.

"Attention on the FOB! Attention on the FOB!" a male voice boomed one recent night. "There will be an illumination mission in 10 minutes. Go Cowboys!"

"I've tried to figure out a way to cut that wire," the team sergeant muttered as he stood on the roof, bemoaning the battalion's predictable tactics.

The clash of military cultures was apparent from the start in late January, when the Special Forces team captain, scruffy after days in the desert, arrived at the Hit camp and introduced his team's mission to Lt. Col. Thomas Graves, commander of the 1st Battalion, 36th Infantry Regiment. Graves, a close-shaven West Point graduate from Texas, said nothing and walked away, according to team members.

"We grow our hair a little longer," the team sergeant said. "We wear mustaches, and the conventional Army doesn't want to deal with you because they look at you as undisciplined. We're the most disciplined force in the Army!"

To Graves, the problem boiled down to communication and his battalion's limited, or "tactical," control over the Special Forces. "It's not that they have long hair. I don't care if they're frickin' from Mars," said Graves in the camp's chow hall. "They have a responsibility to tell us what they were doing, but they refuse to do it."

Graves said the Green Berets and their Iraqi army scout platoon once shot at his tanks; he said he never investigated the incident but declined to explain why. Concern over his troops' safety led him to initiate steps to remove the team, he said, adding, "I don't care if you're frickin' naked, just don't shoot at my tanks!"Training Iraqi Forces

At a desert firing range outside Hit, a squad of Iraqi army scouts attacked a line of silhouetted targets, emptying their AK-47 assault rifles and then switching effortlessly to pistols. Next, they practiced sweeping a room, pivoting through the doorway and shouting bursts of Arabic.

Training foreign military forces is a core Special Forces mission -- and the top priority of the U.S. command in Iraq. The Iraqi scout platoon, recruited from the Albu Nimr tribe and coached by the team in Hit, displayed an agility and confidence unusual among Iraqi soldiers. And the Americans fostered loyalty in the platoon.

"We've been to their homes, we've treated their children. They are our partners," said the team captain, an energetic officer from Los Angeles.

"We walk with them as brothers," said Mokles Ali Muklif, the Iraqi platoon leader.

But last spring, when the scouts spotted a roadside bomb during a solo mission and warned U.S. forces about it, they were detained by Graves's battalion, blindfolded and forced to sit in bitter cold for seven hours before the team could secure their release. "I was livid," the team sergeant said.

Later, when the Special Forces team offered to give advanced training to the entire Iraqi army battalion, Graves rejected the idea. Morale continued to drop in the Iraqi battalion, its manpower down to 60 percent after hundreds of soldiers quit over lack of pay, poor food and duty far from home. "We could have had the battalion conducting unilateral ops, and 1-36 could be sitting back at the firm base," the team captain said.

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Instead, the team threw all its energy into mobilizing the Albu Nimr tribe behind a police force -- first in its territory of al-Furat, then in the broader region including the contested town of Hit.A Recruiting Drive

Col. Falah Salah Shimra, 41, a portly tribesman with an imposing demeanor, examined the charred shell of a police station destroyed by a bomb planted on the roof.

Chief of al-Furat's growing tribal police contingent of several hundred men, Shimra minimized the attack on his fledgling force. "Basically, within our area we have no threat at all," he said. "The threat is from outside."

Nearby, tribal police manned a checkpoint, wearing blue shirts as uniforms. None had body armor. Most used their own rifles and ammunition and patrolled in their own vehicles. Many had gone for months without wages until the Special Forces team helped cut through red tape and graft to secure their full pay in July.

Once they get more equipment, Shimra said, he plans "to extend our security all around Hit and get rid of the insurgents."

Indeed in July, backing from tribal leaders led to Hit's first successful police recruiting drive.

"We knew there would be no people in Hit, so to facilitate success we put out word in al-Furat," the team sergeant said.

But a dispute emerged when Graves decided to "lock down" Hit with tanks and hold the recruiting drive at a frequently mortared U.S. combat outpost inside the town rather than in a safer tribal area across the Euphrates. "It's the most dialed-in place!" said the team sergeant, whose men narrowly missed being struck by a mortar shell during the drive.

In the end, only three Hit residents volunteered. But about 150 tribesmen crossed the river to sign up. Graves said he considered the police recruitment to be one of the U.S. military's biggest achievements in his area, and he acknowledged the Special Forces team's help in enlisting the tribesmen. "They deserve credit for that," he said of the team, whose tour ended last month.

The Special Forces soldiers realize there are drawbacks to relying on the tribe, which is focused on protecting its own territory and interests and which imposes tribal law that can undercut civil authority. Every decision, from firing a policeman to averting revenge killings, requires the sanction of tribal leaders such as Jubair. But the reality in Anbar, the team captain said, is either to "engage the tribes . . . or leave them to the will of the insurgency."

Iraqis Feel Weight Of High Prices, Few Jobs (CSM)

By Dan Murphy And Awadh al-taiee

The Christian Science Monitor, September 15, 2006

CAIRO AND BAGHDAD

When the top Marine commander in Iraq addressed criticism that US forces appeared to be losing the political, if not the military, fight in Anbar Province recently, he said that success rests as much on restoring a measure of economic stability and basic services as it does on ending Iraq's sectarian bloodshed.

"Economic development and the establishment of social order and public services ... are the conditions which must be set that will result in the support of the local people, and ultimately cause the defeat of this terrorist-backed insurgency," Maj. Gen. Richard Zilmer said earlier this week.

But Iraq's economy is weaker than at any point since the US invasion. Some estimate joblessness at 60 percent (the CIA shows a 30 percent rate for 2005), and prices for foodstuffs and basic goods have doubled - and in some cases tripled - since 2003.

Earlier this month, Iraq's planning minister, Ali Baban, said the rise in the consumer price index (CPI) - the basket of goods and services used to measure inflation - increased by nearly 70 percent in July compared with 12 months earlier. In July 2005, the CPI rose by 30 percent.

While the daily death toll frightens Iraqis - it topped 100 in the past two days alone - the country's economic grind is eroding the standards of living of millions of Iraqis and leading to mounting frustration in a country where the average monthly wage is less than $200.

Take Ahmed Obeidi, who saw an improvement in his life immediately following the war but now says he goes to sleep at night terrified about his family's prospects. Until 2003, he was a mason whose tiny daily wage - about $2 - nevertheless was enough to keep his wife and three children clothed and fed.

After the war, he picked up construction work on US-funded projects. Prices rose that first year, but his daily wages had soared to $10, allowing him to save small amounts for the first time in his life. But as security in Baghdad collapsed starting in early 2004, opportunities to work dried up.

Soaring prices reflected the lack of security. Oil smugglers took advantage of rising corruption and distracted security services, and the cost of hauling goods rose to reflect the risks of ambush. Significant US reconstruction spending was deflected to security: Of more than $12 billion spent through the middle of this year, at least $4 billion went to security.

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That doesn't take into account informal security arrangements. Long-haul truckers in Baghdad, food wholesalers, and even local retail shops say small weekly protection payments to corrupt cops and militias have become standard.

Now, Mr. Obeidi is happy to find five days of work a month. "I don't know what we'll do if the five days ... run out," he says. "The only jobs are [with] the police or the Army, but I can't join because of my age. I don't have a degree, so a government job isn't an option. I feel like my whole life is collapsing gradually with the country."

Yet, as Baghdad residents, the Obeidis are fortunate. While the price of bread has almost tripled, the price of meat has doubled, and prices for gas and electricity increased nearly four-fold, those in major cities are eating better than their rural counterparts.

A report sponsored by the UN's World Food Program late last year found that nationwide, 1 in 4 Iraqi children under age 5 suffered from either "acute or chronic malnutrition." The number was 1 in 3 in rural areas in the south.

Iraq's economic problems pose a great conundrum for policymakers. Usually when wages are flat and unemployment high, prices are stable, because consumption also stays flat. In developed economies like the US, inflation walks hand-in-hand with economic growth and job creation. But in Iraq, violence is driving the price increases, destroying jobs and testing a social net that was already weak before the fall of Saddam Hussein's regime. Economic despair, in turn, generates new recruits for the sectarian militias most responsible for the economic decline.

Falah Hassan works in a small grocery store in western Baghdad for about 7,000 dinars, or $5, a day. He says he asked his boss for higher wages to compensate for higher prices, but understood why he said no. "Our customers are dwindling, and they buy less when they do come in."

Trained as a butcher, he says he was recently offered $10 a day to work in a meat market near Baghdad's Adhamiyah neighborhood, a stronghold for Sunni Arab insurgents, but says the dangers of traveling the four miles to his new place of work outweighed any potential benefit.

"I'd love the money, but what are the chances I'll get killed if I travel those roads to work? Then my family would have nothing," he says. "If this continues, soon we'll be like ants, eating what we can find by the side of the road."

Like many Baghdadis, he blames the economic situation on the government's security failures. Prime Minister Nouri al-Maliki came to office this year promising to flood Baghdad's streets with Iraqi and local troops, and restore safety. But July was the second-deadliest month on record - belying US and Iraqi government claims that their efforts were making progress.

"We're a country rich with oil and yet we have children who are starving," says Mr. Hassan. "I don't know of a better measure of a government's failure than when it's people don't get enough to eat."

Judge Tells Hussein, 'You Are Not A Dictator' (NYT)

By Paul Von Zielbauer

The New York Times, September 15, 2006

BAGHDAD, Sept. 14 — The chief judge in the genocide trial of Saddam Hussein assured the defendant on Thursday that he was "not a dictator," a day after a court prosecutor demanded the judge be removed for showing bias toward Mr. Hussein and letting him harangue witnesses.

One witness, a Kurdish farmer, testified that in 1988 he had pleaded with Mr. Hussein for the life of his wife and seven young children. He said a furious Mr. Hussein shouted, "Shut up and get out."

In court, Mr. Hussein jumped up to defend himself.

"Why did he try to see Saddam Hussein?" he asked the judge, referring to himself in the third person, as is his habit in court. "Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?"

The judge replied: "I will answer you: you are not a dictator. Not a dictator," he repeated. "You were not a dictator."

Mr. Hussein, smiling, replied, "Thank you."

The judge said: "The people or those who are around the official make him a dictator, and it is not just you. This is the case all over the world." The judge, Abdullah al-Amiri, is a Shiite who had served as a judge in Mr. Hussein's government.

Mr. Hussein and six other former high-ranking officials are charged in connection with the killing of at least 50,000 Kurds, including many in chemical weapon strikes in a 1988 military campaign to eliminate them from the mountainous parts of Iraq's far northeast.

The courtroom exchange happened on a day in which 49 bodies were found, apparently killed, around Baghdad, an Interior Ministry official said.

Five American soldiers also died in fighting on the outskirts of Baghdad and in northern Iraq, the military said.

Also Thursday, an Iraqi deputy prime minister, Barham Salih, said officials here would introduce legislation in Parliament next month to disarm Shiite militias that have stoked an ongoing cycle of sectarian violence in Baghdad and throughout Iraq.

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Mr. Salih, speaking to reporters in Washington, cast the legislation as an advanced step in a process that is already under way to urge militia leaders, foremost among them Moktada al-Sadr, the anti-American Shiite cleric who controls the Mahdi Army, to give up their weapons.

"There are discussions with Moktada Sadr and other political leaders in the country that they all have to make a choice," Mr. Salih said. "Either they are part of the political process and renounce arms and integrate into the country's political system and governing institutions, or the present situation will not be acceptable."

Mr. Sadr's militia is estimated to include up to 20,000 fighters, drawn mostly from poor Shiite neighborhoods in Baghdad and larger cities in Iraq's south. A competing Shiite militia created and trained in Iran, the Badr Organization, has about 5,000 men, American officials have said.

On Thursday, though, American military units and Iraqi Army and police forces began "clearing operations" in the Shaab and Ur neighborhoods, two districts controlled by the Mahdi Army.

South of Baghdad, elements of Mr. Sadr's militia clashed Thursday with Iraqi troops and the police, injuring a number of police officers and civilians, police and army officers said.

In Diwaniya, about 150 miles south of Baghdad, a joint Iraqi and American patrol raided a Sadr office around 2 a.m., said Brig. Abdul Khaliq Badir Lafta, commander of the Diwaniya police.

The raid ultimately led to a three-hour exchange of gunfire between militia forces and Iraqi police commandos, he said. At one point, armed Mahdi Army fighters tried to storm the governor's building and were repelled by police commandos, said Maj. Gen. Othman al-Ghanimi, commander of the Eighth Iraqi Army Division in Diwaniya.

'You Were Not A Dictator,' Judge Tells Hussein During Genocide Trial (WP)

By Sudarsan Raghavan

The Washington Post, September 15, 2006

BAGHDAD, Sept. 14 -- The judge in Saddam Hussein's genocide trial told the toppled Iraqi leader on Thursday that he wasn't "a dictator," one day after prosecutors accused the judge of bias and demanded his resignation.

Judge Abdullah al-Amiri made the comment shortly after the court heard emotional testimony from a Kurdish farmer who said Hussein told him to "shut up and get out" when he begged the Iraqi president to spare the lives of his wife and seven young children, who were taken into custody in 1988.

Hussein challenged the farmer's testimony, asking, "Why did he try to see Saddam Hussein [if] Saddam Hussein was a dictator and was against the Kurdish people?" according to the Associated Press.

Amiri said from the bench: "You are not a dictator. You were not a dictator. However, the people or the individuals and officials surrounding you created a dictator. It was not you in particular. It happens all over the world."

"Thank you," Hussein replied.

On Wednesday, prosecutors called for Amiri's resignation, saying he had allowed "defendants to go too far, with unacceptable expressions and words" and had "allowed the defendants to treat the chamber as a political forum," according to a pool report.

In a news conference Thursday, Iraqi High Tribunal spokesman Raed Juhi sought to control any damage that the judge's comments might have inflicted on the tribunal's ability to impartially try Hussein.

"The court will continue with its neutrality and its course. The judge is only human," Juhi said. "At the end, the judge will decide guilty or not guilty based on the evidence. This has no effect on the case."

Hussein, Ali Hassan al-Majeed, also known here as "Chemical Ali," and other co-defendants are facing charges of perpetrating atrocities against Kurdish villagers in northeastern Iraq during the so-called Anfal campaign in 1987 and 1988. They stand accused of killing 50,000 to 100,000 Kurds, many of them with poison gas.

Meanwhile, in the southern town of Diwaniyah, U.S. and Iraqi troops stormed the office of radical anti-American cleric Moqtada al-Sadr in a pre-dawn raid. Sahib al-Amiri, a Sadr aide, said the soldiers took computers from the office and some weapons from office guards but did not take anyone into custody. A U.S. military spokesman confirmed that the raid occurred but did not provide details.

Later Thursday morning, Sadr loyalists headed to the governor's office in Diwaniyah to protest the raid, but guards shot at the people and into the air to drive them away, Amiri said. Several protesters, he said, were wounded.

Elsewhere, a car bomb exploded Thursday morning near a Shiite mosque in northwest Baghdad's Hurriyah neighborhood, killing three people and wounding 15 and causing damage to the mosque, according to Col. Abdulrahman Awaiyed of the Interior Ministry.

A second car bomb detonated near the passport office in central Baghdad, killing three guards and wounding 17 civilians, he added.

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Officials in Basra, Iraq's second-largest city, announced plans to start a security operation modeled after the one being carried out in some of Baghdad's most volatile neighborhoods to tame sectarian violence. The campaign in Basra, where British forces have responsibility for security, is expected to pull British troops from across the theater and send them from neighborhood to neighborhood. Basra is plagued by rising crime and power struggles between Shiite political parties backed by militias.

British and U.S. officials said the effort will also concentrate on reforming police stations in targeted neighborhoods by weeding out police who are loyal to Shiite militias or involved in crime. "We have to dare to say an institution is corrupted," said Abdal al-Jhabar, a deputy interior minister for southern Iraq. "We have to clean this up."

'You Were Not A Dictator,' Judge Tells Hussein At Trial (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, September 15, 2006

The comment is likely to renew the prosecution's call that the jurist step down from the case.

BAGHDAD — The chief judge in Saddam Hussein's trial for genocide against Iraq's Kurdish population said in court Thursday that the deposed Iraqi president had not been a dictator.

The comment seemed sure to raise anew prosecution objections about the judge, Abdullah Amiri, a veteran Iraqi jurist who has drawn praise in court from Hussein this week.

On Wednesday, the chief prosecutor, Munqith Faroon, asked that the judge step down because, Faroon said, he had allowed Hussein to turn the proceeding into a political forum.

The exchange Thursday came during the testimony of a Kurdish villager, Abdullah Mohammed Hussein, 49, the latest in a series of witnesses to describe Iraqi military abuses during the Anfal military campaign in the late 1980s.

The campaign left as many as 100,000 Kurds dead and is the origin of the charges against Hussein and six codefendants.

As he faced Hussein in court, Mohammed Hussein said he had once met with the former Iraqi president when he made his way to Baghdad to ask about the fate of his missing wife and children.

Mohammed Hussein's unusual testimony prompted Hussein to question how it was possible that a supposed "dictator" like himself would have agreed to an audience with a humble Kurd like Mohammed Hussein.

"You were not a dictator," said the judge, who also served as a jurist during Hussein's rule.

Hussein went silent for a moment, as if he himself could not believe what he had heard, prompting the judge to repeat, "You weren't a dictator."

The judge did not make clear exactly what he meant, and he and Hussein soon moved on to other topics.

The Kurd said the Iraqi army offensive had caused him to lose track of his wife, Aysha, and seven of his children, the youngest being a baby girl, Shleer, just over 3 months old. He said Iraqi forces who invaded his village, Sedir, took all eight into custody.

"I did not know what had happened to my wife and children," said Mohammed Hussein, who testified that he escaped into Iran with son Ali, 9.

Six months later, after an amnesty was issued for Kurds, Mohammed Hussein said, he returned to Iraq and enlisted in the army. But he said doubt haunted him about the fate of his family, and he seized upon the idea of going to Baghdad to see Hussein.

Once in the capital, Mohammed Hussein said, he made his way to the presidential office and asked for an interview with Hussein, who would occasionally see ordinary petitioners in an effort to project a magnanimous image.

The Kurd said he was told to write a formal request and, three days later, was ushered into an office to meet with Hussein.

"I prayed to Allah to put mercy in Saddam's heart, so that he would release my loved ones," Mohammed Hussein testified.

However, Mohammed Hussein said, Hussein became agitated once he told him that his family had been detained during the offensive in Kurdistan.

" 'They were just lost within the Anfal wave!' " Mohammed Hussein quoted Hussein as telling him.

Mohammed Hussein said he pressed the president on the point.

" 'Do not talk!' " the witness said Hussein then told him. " 'Get out of here!' "

Mohammed Hussein said he saluted the Iraqi leader and left, but had a feeling Hussein would release his relatives. It never happened.

Several years later, Mohammed Hussein said, he was informed that Kurdish authorities had discovered three identity cards while excavating a mass grave. Among them, he said, were the documents of his wife and sons Nasir and Jamal.

Hussein seemed suspicious of the Kurd's account and asked if the witness had kept a copy of the interview request submitted to the office of the presidency.

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Mohammed Hussein said no: "Saddam took it from me."
patrick.mcdonnell@ latimes.com
Times staff writer Suhail Ahmed contributed to this report.

The Right Troops In The Right Places (NYT)

By Seth Moulton
The New York Times, September 15, 2006

APPROACHING the city of Karbala last year for a meeting with a local Iraqi Army commander, my convoy of four Army Humvees came across hundreds of bearded men in green camouflage uniforms lining the road. They were directing traffic and searching vehicles for bombs — good things — and they waved us through, just as Iraqi security forces should.

But we don't issue green uniforms to Iraqi troops.

After the meeting, I sent an e-mail message to my headquarters in Baghdad, asking whether an entire Iraqi battalion, usually 700 to 1,000 soldiers, had been newly authorized for this relatively peaceful province.

Of course, it hadn't. This was another new militia. And even though the militia had already been approved by Iraqi officials, and recruited, outfitted and deployed in daily operations, no senior American commander in Baghdad knew about it.

Still, it wasn't hard to explain how this could happen in Karbala, a major city just two hours from Baghdad. There were hardly any Americans there.

The last American base in Karbala was closed in the summer of 2005. Ostensibly our departure was a victory — an area turned over to Iraqi control. The American troops weren't sent home, though; they were simply shifted north to a town near Falluja, where they were needed more.

For most of 2005, I worked for the American commander in charge of training Iraqi security forces. My job was to keep tabs on Iraqi troops in several provinces south of Baghdad that were mostly Iraqi-controlled. As a young Marine lieutenant, I was honored to have the responsibility, but it was a sign of how thinly our forces are stretched. My team of two marines could have used about 50 more.

Time and again I watched as American forces drew down, and militias blossomed in the resulting power vacuum. The first provinces we are handing over to our Iraqi counterparts are in the heart of the Shiite south, an area where anti-American violence is minimal but ethnic hatred is brewing.

Sunni insurgents started attacking Shiites, who make up about 60 percent of all Iraqis, to destabilize the new Iraqi government. The Shiites' ethnic-based response, however, carried out by their militias, is what ignited the deeply sectarian violence that now threatens outright civil war. The premature departure of American troops from the places where the militias were born only feeds their growth. A good Iraqi friend from the area told me recently that Iraqis now call this time "the militia era."

In the long term, we must withdraw American troops, and replacing them with capable Iraqi forces is the right way to do it. But there are two serious problems with how we are putting this strategy into effect.

First, despite all rhetoric in Washington to the contrary, American commanders are being pressured to meet timelines rather than encouraged to wait until Iraqi forces are ready. "Standing up" Iraqi troops is not enough; they must be well-trained.

Second, our strategy is based on consolidating American forces in huge megabases as a means to reduce numbers and, as advocated by several members of Congress, to "move to the periphery." This is exactly the opposite of what has been prescribed for decades to fight a counterinsurgency, or to squelch a fomenting civil war.

American military advisers, and the Green Berets they take after, are our greatest assets in Iraq because they are a model for how to fight insurgents and build indigenous forces. Our advisers teach the Iraqi troops everything from physical fitness to urban warfare tactics, and mentor their officers in leadership and mission planning.

I once visited an Iraqi base where a combination of officer corruption and insurgent activity had led to a severe water shortage. An entire battalion was ready to quit, but the Green Berets embedded with the Iraqis encouraged them to stay while they pressed for a solution — and endured the shortage alongside the Iraqi soldiers. The battalion remained intact, and we discovered new problems with the Iraqi supply system and new tactics of local insurgents.

Our advisers can also thwart militia attempts to infiltrate the Iraqi units, and are better able to judge when the Iraqis are competent to take over. Most important, while sharing intelligence and conducting joint operations, these small groups of American soldiers and marines develop the trust of their Iraqi soldiers and the local populace. Our growing megabases do anything but.

So, what should we do? The obvious prescription to stop the rising violence is more troops, but the wrong kinds of soldiers and tactics only alienate the Iraqi people, strengthening the insurgency. On top of that, the Army and Marine Corps don't have any extra troops to send. President Bush recently sent more American forces back into Baghdad, another place where militias

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took over after United States troops were withdrawn too quickly. But they too have to come from somewhere, and in turn we should expect those areas to become more violent.

This makes it all the more important to use the troops we have as effectively as possible.

We need more military advisers, including both Special Forces teams and specially trained conventional units. Our precious few Special Forces troops must focus on mentoring Iraqi troops, rather than on the more exciting diversion of unilateral raids. Some of our best Special Forces units were devoted to hunting down the Qaeda leader Abu Musab al-Zarqawi, but violence has only increased in the three months since his death. Had that same manpower and money been devoted to training Iraqi troops and stemming the growth of militias, we would have another Iraqi battalion or two ready to take our places.

While consolidating bases is a short-term way to reduce troop requirements, fielding more adviser teams will eventually allow more Americans to come home. American troops embedded with the Iraqis they train usually require less support than conventional units; many rely on the Iraqis for food, shelter and basic defenses. Green Berets in 12-man teams have already replaced entire battalions of conventional forces in some Iraqi cities.

Yet despite the success of advisers, the Army and Marine Corps still have a habit of sending their least capable troops to fill these positions. Many teams have trouble getting essential supplies like weapons and ammunition, even as the Army finds the resources to man speed traps on its ever-growing bases. Only 1 in 30 Americans deployed to Iraq serves as an embedded adviser. We can't win this war from the Burger Kings and rec centers of our largest bases, nor can we afford the thousands of non-combat troops needed to support them.

Iraq's militia problems are likely to get worse before they get better, and only a legitimate Iraqi government can rid the country of them completely. But we must be sure we are fighting the war we say we are. Both problems with our current strategy — not waiting for Iraqi forces to be ready, and consolidating our bases at the expense of classic counterinsurgency tactics like small adviser teams — emanate from the overriding concern for bringing the troops home.

Pushing for withdrawal timelines is not helping the struggle in Iraq; encouraging the military to better fight the insurgency will. After all, winning the war would be the best reason to leave.

Seth Moulton was a Marine infantry officer in Iraq from March toSeptember 2003 and from July 2004 toOctober 2005. He is writing a book about his service.

World Bank Lists Failing Nations That Can Breed Global Terrorism (WP)

By Karen DeYoung

The Washington Post, September 15, 2006

The number of weak and poorly governed nations that can provide a breeding ground for global terrorism has grown sharply over the past three years, despite increased Western efforts to improve conditions in such states, according to a new World Bank report.

"Fragile" countries, whose deepening poverty puts them at risk from terrorism, armed conflict and epidemic disease, have jumped to 26 from 17 since the report was last issued in 2003. Five states graduated off the list, but 14 made new appearances, including Nigeria and seven other African countries, Kosovo, Cambodia, East Timor, and the West Bank and Gaza. Twelve states, including Afghanistan, Somalia and Sudan, made both lists.

"Past international engagement with these countries has failed to yield significant improvements," said the assessment released by the World Bank's Independent Evaluation Group, which reports on the bank's programs to the board of directors. It was timed to coincide with the annual meeting of the bank and the International Monetary Fund this month in Singapore.

Hurdles facing the countries at risk, often referred to as "failed" or "failing" states, include "weak security, fractured societal relations, corruption, breakdown in the rule of law, lack of mechanisms for generating legitimate power and authority" and limited investment resources to meet basic needs, the report said.

To avoid "adverse spillover effects -- such as conflict, terrorism and epidemic diseases -- the international community and the Bank need to find more effective ways" of assisting them, it said.

The Bush administration has described failing states as a major threat to U.S. security. "The danger they pose is now unparalleled," Secretary of State Condoleezza Rice wrote in a column that appeared late last year in The Washington Post. "Absent responsible state authority, threats that would and should be contained within a country's borders can now melt into the world and wreak untold havoc.

"Weak and failing states," Rice said, "serve as global pathways that facilitate the spread of pandemics, the movement of criminals and terrorists, and the proliferation of the world's most dangerous weapons."

The administration's updated counterterrorism strategy, published earlier this month, set economic development in "failing states or states emerging from conflict" as a key objective.

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Official U.S. foreign assistance to the least developed countries topped $27 billion in 2005, according to the Organization for Economic Cooperation and Development, more than twice the level when Bush took office. That amount places the United States first among international donor nations in terms of absolute dollars, although Washington remains at the bottom when aid is tallied as a percentage of gross national product. The United States also scores higher than many other countries in the percentage of its aid that is spent on security, trade and food supplies rather than on more traditional forms of development efforts.

In a major restructuring, the administration is increasingly directing assistance toward those countries whose governments are judged as heading in a positive direction in terms of institutional and economic development and U.S. security interests.

In 2002, the World Bank launched its own initiative to expand assistance to fragile states and increased its lending to them by 67 percent, to $4.1 billion, between 2003 and 2005. Its report cited a number of lessons learned in the process.

In several countries, there was either too much aid or too little. Assistance from all international donors, the report said, varied from nearly $200 per capita for East Timor to $15 per capita for the Central African Republic. In a number of cases, an influx of aid was not matched by a domestic reform agenda that would allow the country to adequately utilize it.

In other countries, donors demanded too many reforms, too quickly. In Afghanistan, the report said, "donor reforms have not been selective enough and have led to 120 pieces of legislation."

Donors sometimes disagreed about the goals of overlapping aid programs, making it "difficult to achieve policy coherence" in recipient countries, the report said. "In Afghanistan, for example, the Ministry of Finance receives technical assistance for customs modernization from the Bank, USAID, the European Union" and Britain's development aid program.

Terrorism, Here And There (WSJ)

The Wall Street Journal, September 15, 2006

For five years, the Bush Administration has repeatedly made the case that the best reason to take the war on terror abroad is so that it need not be waged at home. And for five years, the claim has been ridiculed by those who argue that "the use of heavy military force to transform Muslim societies over there, if you would, is only likely to increase the number of suicide terrorists coming at us," as the University of Chicago's Robert Pape put it last year.

Reality is otherwise. In the current issue of Foreign Policy, Kim Cragin and Andrew Curiel of the Rand Corporation compare the incidence of terrorism world-wide in the four years preceding and following 9/11. Between 1998 and the end of 2001, there were 2,991 fatalities from terrorism in North America, almost all of them on 9/11. Since then, there have been only three.

By contrast, terrorist fatalities are up nearly everywhere else, more than tenfold in the Middle East. The authors of the study say this means that "the rest of the world is paying with their lives" for the U.S. war on terror. But that's an odd way of damning a policy that aims to keep America safe. Even stranger is the suggestion that the U.S. is to blame for al Qaeda's explicit policy of targeting fellow Muslims. Such targeting has long been part of Osama bin Laden's explicit strategy, and his deputy, Ayman al Zawahiri, recently made it clear again when he warned the Gulf States that terror was coming their way.

It's a tragic fact that so many Muslims have been murdered in terrorist atrocities. But it is also the case that Arab regimes such as Saudi Arabia that once tolerated or funded terrorism have belatedly come to recognize its dangers. That's progress for them -- and safety for Americans.

DOJ:

Poetic Justice: DOJ Whistleblower On D.C. Ethics Committee (NLJ)

By Peter Geier, Staff reporter

National Law Journal, September 15, 2006

"Poetic justice" is what a former U.S. Department of Justice ethics attorney calls her appointment to the District of Columbia Bar's legal ethics committee while a disciplinary complaint has been pending against her with the D.C. bar.

And some poetic justice may go a long way for whistleblower Jesselyn A. Radack, who was the subject of a Justice Department complaint before the D.C. Bar's Office of Bar Counsel when she was named in June, 2005 to the committee that advises the bar on the rules of professional conduct.

Radack is the former Justice Department ethics advisor in the case of "American Taliban" John Walker Lindh who quit her government job, lost a private-sector position and was the subject of a criminal investigation, all involving the Lindh case. Saying that she leaked information to the press, the Justice Department referred Radack to the state bars where she is licensed-and was even put on the federal "no-fly" list.

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"Because of this episode, I am dedicating my life to whistleblowers," said Radack, who started work last May at Grayson & Kubli, a private practice in McLean, Va., that handles government contracts, telecommunications and whistleblower law.

She also decided not to pursue the action she filed against DOJ that a federal judge in Washington recently dismissed. [NLJ, Aug. 28].

"I'm in a new job and ready to let go of it," Radack said. "It was empowering to put them on the defensive for once and finally get my version of the events down in a public forum."

Radack claims that she was pushed out of her job as general counsel to DOJ's Office of Professional Responsibility for not playing along with her superiors after federal law enforcement officials disregarded her advice on handling Lindh, dubbed the "American Taliban" when he was captured in Afghanistan.

U.S. District Judge Henry H. Kennedy Jr. recently found that DOJ did not violate its own policy when it sent referral letters to the Maryland and D.C. bars. Radack v. U.S. DOJ, No. 04-1881 (D.D.C.).

Actions 'really scary'

But Radack quoted a footnote in Kennedy's opinion in which he wrote: "It is clear, though, that she has sustained injury in the form of a damaged reputation and reduced employment prospects."

"The scope and breadth of what they are doing is really scary," she said, adding that the outcome of her lawsuit implies that the government "can go after you if it can show that something you did in the private sector that it didn't like relates back to something you did when you were working for them."

Charles S. Miller, spokesman for DOJ, said that the department would say with regard to Radack only that "We're pleased with the court's decision."

Radack lost her civilian job in the Washington office of New York's Hawkins Delafield & Wood after she gave a Newsweek reporter copies of legal memoranda that she had written on the Lindh matter once she suspected that they had disappeared from the file.

U.S. District Judge T.S. Ellis III, presiding over the Lindh case, ordered a three-week investigation into how Newsweek got material that had been filed with the court under seal.

Radack claims that the DOJ used Ellis' order as a pretext to get her fired from Hawkins Delafield, place her under criminal investigation, help Hawkins Delafield contest the unemployment compensation she sought, refer her to the state bars where she is licensed and put her on the "no-fly" list.

The "no fly list" identifies people suspected of posing "a risk of air piracy or terrorism or a threat to airline or passenger safety." It is maintained by the Transportation Security Administration, part of the Department of Homeland Security, which the Justice Department oversees.

But time-and Radack-have moved on. The criminal matter was closed without charges being brought, the Maryland bar complaint was dismissed and she is working again.

While her ethics committee appointment will have no bearing on the Office of Bar Counsel's handling of her case, she is nonetheless pleased for the vote of confidence.

"I have lived to fight another day, but it will be other people's fights," she said.

CORPORATE SCANDALS:

Prosecutors Want Enron-linked Convictions Reinstated (AP)

By Kristen Hays

AP, September 15, 2006

Federal Enron prosecutors today asked the entire U.S. 5th Circuit Court of Appeals to hear arguments about reinstating fraud and conspiracy convictions against four former Merrill Lynch & Co. executives that a three-judge panel threw out in a split decision last month.

The 2-1 decision slapped the Justice Department by overturning most convictions against the four men, who were found guilty in 2004 of participating in a sham 1999 deal that allowed Enron to post bogus profits.

The three-judge panel ruled that evidence was insufficient to support convictions against one of the Merrill defendants. Regarding the other three, the opinion said prosecutors employed a flawed theory that they deprived Enron of its right to their honest services because, even though the deal was a sham, it was consistent with corporate goals and did not rob the company or shareholders of money or property.

The panel affirmed convictions of perjury and obstruction against one of the three who lied to a grand jury about the deal.

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In today's filing, prosecutors said the reversal "threatens to insulate from punishment proven criminal conduct by corporate employees as long as their fraudulent goals are shared by senior executives, without regard to the obvious interest of a legitimate business entity and its stockholders in the honest services of all corporate employees."

Prosecutors said a rehearing before all 14 5th Circuit judges is warranted to correct the panel's "cramped and unworkable" interpretation of the honest services theory.

Thomas Hagemann, who represents Daniel Bayly, one of the three who was head of investment banking for Merrill, said he wasn't worried that a re-hearing before all 14 5th Circuit judges would make a difference.

"With all due respect to the Justice Department, we remain convinced of the justice and the correctness of the majority opinion's decision on honest services," Hagemann said.

Ellen Podgor, a professor at Stetson University College of Law, said appellate courts, including the 5th Circuit, have examined the honest services issue before with differing opinions. That may prompt the entire 5th Circuit to take another look, she said.

"When courts have trouble deciding whether conduct is within or outside the 'honest services' language of the statute, then how can we expect lay people to know if what they are doing is criminal?" she said. "What really needs to happen here is for Congress to rewrite the law so that it is clear and people know what is legal and what will be considered criminal."

Bayly and James A. Brown, both of Darien, Conn.; Robert Furst, of Dallas; and William Fuhs, of Denver, were each convicted of conspiracy and fraud for helping push through a loan from the brokerage disguised as a purchase of three Enron-owned power plants on barges in Nigeria so the energy company could appear to have met quarterly earnings targets. Brown also was convicted of perjury and obstruction.

The four were sentenced in 2005 to prison terms ranging from 2.5 years to nearly four years.

Fuhs, Bayly and Furst were released from prison on appeal bonds earlier this year, but Brown was not.

A fifth defendant convicted of fraud and conspiracy for helping push through the deal, former mid-level Enron finance executive Dan Boyle, did not appeal and is in prison. A sixth defendant, former in-house Enron accountant Sheila Kahanek, was acquitted.

Former Willbros Exec Pleads Guilty To Bribery (AP)

AP, September 15, 2006

HOUSTON — A former executive of a subsidiary of Willbros Group Inc. pleaded guilty Thursday to violating a federal law by conspiring to bribe government officials in Nigeria and Ecuador to obtain gas pipeline work in the two countries, the Justice Department said.

Jim Bob Brown, 44, is to be sentenced Nov. 30 for violating the Foreign Corrupt Practices Act.

Brown, who worked for Willbros International Inc. in Nigeria and South America, admitted that he and another Willbros International executive arranged for the payment of about $1.5 million in cash in Nigeria in 2005 as part of a conspiracy to obtain gas pipeline construction business there.

Brown also said he and other Willbros International executives approved of a scheme from at least 1996 to early 2005 in which fictitious invoices were submitted from the company's Nigerian operations. The money was used to make payments to officials with Nigerian revenue agencies and courts to get lower taxes and to influence litigation.

The Justice Department said Brown also admitted that in 2004 he conspired to pay at least $300,000 to officials of the Ecuadorean government oil company to obtain a gas pipeline rehabilitation contract.

HP's Shares Rising Above The Fray (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, September 15, 2006

Despite scandal, company steadily bounces back

Four years ago, Hewlett-Packard's bid to buy Compaq Computer turned into a bitter boardroom battle, jangling nerves on Wall Street and sending the company's stock plunging to as low as $14.

One would think that the current scandal at HP -- with shocking revelations of corporate spying that could possibly lead to criminal charges -- would also rattle investors' confidence in the technology giant.

But that hasn't happened.

Instead, the Palo Alto company, which is considered one of the big comeback stories of the past two years in the tech industry, has managed to remain a favorite of investors. The boardroom scandal has not turned into a material event for the company, at least in Wall Street's eyes.

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For proof of that indifference, look no further than HP's stock, which has remained steady over the past two weeks, trading above $36, up nearly 50 percent from a year ago. It dipped slightly last week at the height of the scandal but steadily bounced back this week.

The stock closed at $36.25, down 12 cents, Thursday. That's just 13 cents below where it was the day the scandal broke last week.

"I personally think this is a big soap opera," analyst Eric Ross of ThinkEquity Partners said of the uproar over the HP board's use of questionable tactics in its probe of directors, journalists and employees involved in suspected media leaks. "Realistically, I just don't think anybody cares."

The lack of reaction on Wall Street also speaks to the financial industry's focus on the bottom line. Some analysts say disputes involving ethics and morals appear to hold little sway when compared with returns.

"That's really what shareholders are looking at -- the financial performance," said Michael Cohen, director of research at Pacific American Securities.

Mark Lanyon of Morningstar portrayed the controversy as "lots of sound and fury" that ultimately will not have a serious impact on financial performance.

Cindy Shaw, an independent financial analyst and former HP employee, said it could be "a bit of a distraction as HP comes down the homestretch of its fiscal year," which ends in October.

"Sales productivity could be impacted if clients want to talk about it, so some business could slip into the following quarter," she said in an e-mail. "I also see minor potential for this to swing buyers that are on the fence between two vendors to decide against HP."

But even such distractions would hurt HP's earnings by only a penny or two this quarter.

"Then, I would expect HP to be off to the races again," she added.

Cohen of Pacific American Securities said he doesn't think the time HP sales representatives spend chatting with customers about the scandal would be a big deal.

"Everyone is going to want to talk about it," he said. "If I was in the field and I'm a buyer and here comes the HP guy, I'm going to see him as a source for 'Let's talk about what's going on.' But even if they spend time shooting the breeze, they usually do that on other topics to keep the networking alive."

He said HP's stock was seriously affected during the battle over the Compaq merger because it involved a transaction that had long-term implications for the company's direction.

"It was a question of the future of the company with two alternate paths, with or without Compaq," he said.

The current scandal "is just board intrigue" that will probably not affect HP's operations.

However, he said, investors could become concerned if charges are filed against HP executives or board members.

The company faces several state and federal investigations, including probes by California Attorney General Bill Lockyer, the Justice Department and Congress.

Lockyer has said he has enough evidence to indict people within the company and outside.

"If you start seeing board members being indicted, that could lead to a depression in the stock a little," Cohen said. "But even with indictments, I still think that the financial results of the company will likely remain mostly unaffected."

Ross of ThinkEquity Partners echoed this point, saying the penalties HP could face will likely be insignificant.

"We're talking about probably a drop in the bucket," he said.

Referring to other companies embroiled in recent major scandals, he added: "This is serious stuff, but this isn't Enron or WorldCom."

Another reason for continued investor confidence in HP is that while the scandal has hurt Chairwoman Patricia Dunn, it has left CEO Mark Hurd virtually unscathed.

Dunn spearheaded the disastrous investigation into the media leaks. She will step down from her post in January and will be replaced by Hurd.

Ross noted that a company board's role is to pick members of the management team and define the company's long-term direction -- a role the HP board accomplished with Hurd's hiring.

"Now that Mark Hurd is there, Patricia Dunn has done her job," Ross said. "She brought Mark Hurd in -- she's not needed."

Lerach Sues HP Directors, GC Over Records Scandal (LAW)

By Justin Scheck, The Recorder

California Recorder, September 15, 2006

It was Thursday afternoon and the press was sweating: For three days no one new had decided to go after Hewlett-Packard's board of directors for their recent descent into public ignominy.

Not to fear, though: At about 4 p.m., plaintiffs lawyer William Lerach joined Congress, the California attorney general, the San Francisco U.S. Attorney, and federal regulators. Representing an HP shareholder, Lerach filed a suit accusing board members and executives of breaching their fiduciary duty for a litany of reasons, including their ongoing use of top Silicon Valley lawyer Larry Sonsini.

Lerach's complaint is the latest result of a mess that began early this year when HP board Chairwoman Patricia Dunn initiated a probe in which an investigator lied to access private phone records of other directors and several journalists.

And while it's not yet clear how state Attorney General Bill Lockyer or U.S. Attorney Kevin Ryan will proceed -- Lockyer has said he has enough evidence to bring state charges, while Ryan's office met with HP lawyers on Monday -- Lerach's claims are quite explicit in the derivative suit he filed in Santa Clara County Superior Court in California.

The lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins argues in the suit that 10 HP board members and executives -- including Dunn and General Counsel Ann Baskins -- should be forced to pay damages to the company.

Lerach wrote that the defendants "breached their fiduciary duties to HP, committed gross mismanagement, abused their control of HP, and have engaged in a gross dereliction of their duties, as well as corporate waste and attempted enrichment" by seeking to solidify their positions within the company by investigating board members Thomas Perkins and George Keyworth.

The scandal first became public last week when The Wall Street Journal reported on Perkins' ongoing attempt to get HP to admit that he left the company in protest of the investigation.

In that probe, a contractor -- Boston-based Ronald DeLia, according to the Journal and Lerach's complaint -- used pretexts to access the board members' phone records to find out who was leaking information to reporters.

HP spokesman Ryan Donovan wouldn't comment on the suit Thursday. "We normally don't comment on any kind of pending suits," he said. Lawyers at Morgan, Lewis & Bockius representing HP in the federal investigation couldn't be reached by press time.

But Lerach had plenty to say. "It looks like a case of internal board warfare a little bit, and you don't necessarily think of that as a derivative suit," he said. But since the matter blew up publicly, he added, it's become very expensive for the company to handle.

Lerach said that, like most derivative cases, his suit is largely focused on getting better corporate governance protections in place. "But money should not be deemed insignificant," he said. "There's going to be a great cost to this scandal. It ought to be borne by the individuals responsible."

One part of the mess Lerach says is particularly troubling is the board's ongoing reliance on GC Baskins and Sonsini, who Lerach says advised the firm on the leak probe, the subsequent investigation of that probe, and recent board meetings discussing how to deal with the aftermath.

"Throughout the investigation, the controversy surrounding this investigation, HP's SEC disclosures regarding this investigation and its aftermath, the HP board has continued to rely upon the advice and counsel of Baskins, the in-house general counsel of HP, despite the fact that she was personally involved in structuring and implementing the investigation which utilized illegal tactics," the complaint says.

Lerach also wrote that "Wilson Sonsini and Sonsini are conflicted and would be key witnesses and possible defendants in any ultimate legal action," so the board should have sought independent counsel.

A Wilson Sonsini spokeswoman did not return a call for comment by press time.

Lerach said Thursday that state derivative cases tend to move slowly, and he's not yet sure who is representing HP in the case.

"I bet you it won't be Wilson Sonsini," he said.

N.Y. AG's Office Objects To Grasso's Request For New Judge (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 15, 2006

The New York attorney general's office Wednesday filed an objection to former New York Stock Exchange Chairman Richard A. Grasso's request that Manhattan Supreme Court Justice Charles Edward Ramos recuse himself from presiding over the government's excessive pay lawsuit against Grasso.

"Grasso may have been permitted to treat the New York Stock Exchange as a fiefdom for his personal enrichment, picking the members of the Board and placing those over whom he had the most significant regulatory authority on the compensation committee, but he cannot be permitted to pick and choose the judge who will preside over his trial," the government said in its affidavit.

Grasso's attorneys argued in a motion filed last week that Ramos should recuse himself after he participated in ex parte settlement discussions in the case.

They also argued that the judge made factual and legal comments on the case during settlement discussions that would make it difficult for him to preside over the case.

Finally, Grasso said last week that he was unaware that the judge had applied twice for a position at the Stock Exchange and that in his second application Ramos had cited to a case he decided in which he had addressed the issue of excessive compensation.

The government called Grasso's arguments baseless, deceitful and disingenuous. It said Grasso and his attorneys were in fact aware that Justice Ramos had applied twice for a board position at the Exchange.

Hedge Margins Draw The Focus Of Fed Official (WSJ)

By Greg Ip

The Wall Street Journal, September 15, 2006

A top Federal Reserve official believes regulators need to examine whether banks and securities dealers are imposing adequate margin requirements on hedge funds.

Timothy Geithner, president of the Federal Reserve Bank of New York, believes margin requirements that are sensible in normal times may prove too thin in stressful market conditions and could actually aggravate violent market moves.

While he doesn't assert that margin rules are too low or say what regulators should do, his remarks suggest regulators may soon turn their attention to margin practices after pressing Wall Street to improve how they handle complex and fast-growing credit and equity derivatives.

Mr. Geithner, in remarks to be delivered in a speech in Hong Kong this morning, noted regulators are overhauling rules on how much capital banks must maintain to guard against loan and trading losses. "It is critical," he said, that that effort "be reinforced with more attention by supervisors to margin practice ... within the major financial institutions." An advance copy of Mr. Geithner's remarks was made available yesterday in New York.

Margin requirement refers to the amount of collateral a bank or dealer requires from a client, such as a hedge fund. In the event the client loses money on its position and isn't able to meet its obligations, the bank or dealer can sell the collateral to protect against loss. For example, the initial margin requirement for individual stock investors is 50%, meaning they must put at least half the value of their stock purchase up as cash or some other form of collateral. Big institutional customers typically enjoy far lower margin requirements -- zero in the case of some reputable hedge funds. Once their position turns unprofitable, they are subject to a "margin call," meaning they must post additional collateral.

"Collateral plays an increasingly important role in counterparty credit risk management," Mr. Geithner noted, "particularly for highly leveraged counterparties" such as hedge funds, which are investment pools for wealthy investors that use borrowed money to make big bets on stocks, interest rates, currencies, and other markets. Banks and dealers limit their risks by varying collateral as trading positions move for or against their clients. But he noted that while this makes sense for each individual firm, collectively it can aggravate big moves in the market.

"As financial firms demand more collateral, funds are forced to liquidate positions, adding to volatility and pushing down asset prices, leading to more margin calls and efforts by the major firms to reduce their exposure to future losses," his remarks said.

Mr. Geithner's remarks were part of a broader speech in which he was set to praise the role of hedge funds in making the overall financial system safer and more stable by providing "improved liquidity," or adding to the pool of buyers and sellers in a particular market, making pricing more efficient, and creating a diversity of opinion and new opportunities for investors.

He also was set to note that banks today have capital equal to 8.5% of their assets, a larger cushion against losses than the 6.5% level of the early 1990s. These developments, he said, indicate the financial system is better protected against financial shocks than it was in 1998, when it was rocked by Russia's debt default and the near-failure of hedge fund Long-Term Capital Management.

Still, Mr. Geithner has in the past year increasingly warned of potential weak spots in the financial system and has played a key role in several continuing efforts to fix specific problems. The New York Fed, the Securities and Exchange Commission, Britain's Financial Services Authority and a group of large banks and securities dealers have in recent months worked to clean up extensive back-office problems in the fast-growing market for credit derivatives, which are in essence insurance policies protecting the holder against a corporate default. Those participants will meet Sept. 27 at the New York Fed to assess progress on cleaning up credit derivatives and to tackle similar problems in equity derivatives.

The New York Fed, SEC and FSA also are already jointly assessing large financial institutions' "stress testing," a routine internal test used to see how much money might be lost under stressful market conditions.

Billionaire In Mexico Settles Case With S.E.C. (NYT)

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By Elisabeth Malkin

The New York Times, September 15, 2006

MEXICO CITY, Sept. 14 — The billionaire tycoon Ricardo Salinas Pliego and the Securities and Exchange Commission of the United States reached a settlement on Thursday in the first lawsuit against a foreign company under the corporate governance rules of the Sarbanes-Oxley Act.

Mr. Salinas Pliego, who owns Mexico's second-largest broadcaster, TV Azteca, agreed to pay $7.5 million in penalties and compensation to settle accusations of fraud involving a scheme to conceal a deal between a TV Azteca subsidiary and a company secretly owned by Mr. Salinas.

In the settlement, Mr. Salinas Pliego neither admitted or denied wrongdoing. One of his executives, Pedro Padilla Longoria, agreed to pay $1 million.

TV Azteca, which was also a defendant in the case, said in a statement that the settlement "does not entail economic consequences" for the company. Mr. Salinas Pliego had no comment.

Under the agreement, Mr. Salinas Pliego and Mr. Padilla are forbidden to serve as executives or directors of any publicly listed American company. Mr. Salinas Pliego delisted his companies from the New York Stock Exchange last year, arguing that "excessive regulation" was a burden.

The S.E.C. charged Mr. Salinas Pliego with fraud in January 2005 in connection with a debt deal involving what was then the cellphone unit of TV Azteca. A company called Codisco, secretly owned by Mr. Salinas Pliego and a partner, bought discounted debt owed by the cellphone unit.

The cellphone unit later paid back the debt at full price to Codisco. Mr. Salinas Pliego and his partner each made a profit of $109 million.

Mr. Salinas Pliego did not reveal his involvement in Codisco to his board and to regulators until TV Azteca's lawyer in New York resigned at the end for 2003. That led to investigations by the S.E.C. and the National Banking and Securities Commission of Mexico.

The S.E.C. also accused Mr. Salinas Pliego and his executives of engaging "in an elaborate scheme to conceal Salinas's role," and said that Mr. Salinas Pliego sold TV Azteca stock while his involvement in the debt deal remained undisclosed.

Another executive, Luis Echarte, settled earlier with the S.E.C.

Mr. Salinas Pliego has argued that the debt deal was legal and that his actions helped save the cellphone unit.

The executive, who is not related to former President Carlos Salinas, has a reputation for using his successful companies — which include a national chain of furniture and appliance stores and a bank — to finance unrelated projects.

Through local affiliates, Mr. Salinas Pliego is building a Spanish-language television network in the United States.

Last year, Mr. Salinas Pliego paid $2.3 million in fines to Mexican regulators. Corporate governance advocates in Mexico saw the case as a test of Mexico's new securities laws, which include criminal penalties. Mr. Salinas Pliego was never prosecuted.

The SEC-Saw (WSJ)

By Ira M. Millstein And Harvey J. Goldschmid

The Wall Street Journal, September 15, 2006

Shareholder access is officially back on the agenda at the SEC, forced there by a recent court decision. And this time around the SEC should seize the opportunity to craft a solution that opens up the proxy to shareholders in a sensible way, a solution that ensures board accountability to shareholders.

The decision last week by the Court of Appeals for the Second Circuit paved the way for shareholders to propose bylaw amendments allowing shareholders to nominate directors and for those nominations to be included on the company's proxy. The decision turned on the court's analysis of an SEC rule allowing exclusion of any proposal that "relates to an election" and the various interpretations given to that rule by the SEC over the years. The SEC has since announced that it will develop a proposed amendment to that rule and will hold an open meeting on Oct. 18, 2006, to consider the proposal.

This isn't the first time the SEC has considered this issue. Most recently, in October 2003, it proposed new rules for shareholder access to company proxy material. Those rules were designed to shift the balance of power between corporate managements and shareholders, by giving dissatisfied majorities of shareholders a meaningful role in the election process without the need to embark on an expensive proxy contest. Under the process then and now in effect, there are virtually no contested elections for the boards of large public corporations in the U.S. The analogy is to elections in the Soviet Union.

The SEC's proposed rules in 2003 generated an enormous amount of vigorous debate. It even led indirectly to reform in the area of majority voting through the urgings of institutional investors and governance thought-leaders. But the proposed rules themselves never progressed to "final." This occurred for a variety of reasons, including concerns about complexity and potential

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for abuse by obstructionists, to pure management self-interest in ensuring that director elections remained under company lock and key.

The October 2003 proposed rules may have stalled, but the reasons they were proposed in the first place are all around us still. Shareholders are still the providers of capital in our economy. They are still responsible for electing directors who will improve performance. And they still lack a meaningful avenue of bringing about mid-course corrections when management is ineffective or wrongheaded and the board is compliant. They still need an avenue to making themselves felt.

The court's decision has opened the door for the SEC to think again about shareholder access and its importance for corporate efficiency, honesty, productivity and profitability. The SEC should strive for a solution that gives shareholders a voice in the director election process. Its recommendation should include safeguards such as minimum holding requirements that may be necessary to ensure that access opportunities are not abused by shareholders with non-efficiency or obstructionist motivations. A uniform approach to shareholder access is key to achieving a balanced result and avoiding the confusion and delay that can reign when ad hoc development by too many cooks is permitted to occur (as with majority voting reform, for example).

We urge the SEC to balance the system and give shareholders the tools to hold boards accountable -- and, in the process, restore public confidence in the fairness and economic rationality of the governance system.

Mr. Millstein is senior associate dean for corporate governance at the Yale School of Management. Mr. Goldschmid is the Dwight Professor of Law at Columbia and a former SEC Commissioner. Both are at Weil, Gotshal & Manges LLP.

CRIMINAL LAW:

Gonzales Deplores Web Predators (KCS)

By Tony Rizzo

The Kansas City Star, September 15, 2006

U.S. Attorney General Alberto Gonzales told an audience in Kansas City on Thursday that the battle against Internet predators is “a fight for our future.”

Gonzales called on all levels of law enforcement as well as parents, educators and private advocacy groups to work together to defeat the “vast and frightening network” of criminals who every day seek to harm children.

“It is brutal. It is heinous, and it is criminal,” he said.

The attorney general spoke to several hundred federal, state and local law enforcement officials from across the Midwest attending the annual Protect Our Children conference.

He told them that the proliferation of child pornography and sexual predators should be seen as “a call to arms” to those dedicated to fighting it.

Halting those crimes is a top priority of the Justice Department. Gonzales promoted an initiative started earlier this year called Project Safe Childhood, which seeks to coordinate law enforcement efforts with endeavors to educate children and parents about the problem and how they fight a “determined and desperate brand of criminal.”

He cited a recent study that found half of Internet users between the ages of 10 and 17 reported being exposed to pornographic material over the Web. And one in seven reported that they were sexually solicited online.

While that was an improvement from five years earlier, when a study found one in five reporting solicitations, Gonzalez said, “One in seven getting solicited is one in seven too many.”

Federal prosecutors in the Western District of Missouri filed 42 child exploitation cases last year and have filed 23 this year, according to a spokesman. Nationwide, federal prosecutors last year charged more than 1,503 defendants in child exploitation cases, according to the Department of Justice.

Gonzales also told the audience Thursday that a new series of public service announcements will begin airing early next year to raise public awareness about the problem’s scope.

Gonzales Asks For Stronger Penalties Against Online Sex Predators (AP)

By David Twiddy

AP, September 15, 2006

KANSAS CITY, Mo. - Joint federal and local task forces arrested more than 1,600 people nationwide last year who were accused of exploiting children over the Internet, a fivefold increase over 2000.

But Attorney General Alberto Gonzales said Thursday the problem only continues to grow as the Internet has given child pornographers and people seeking trysts with minors unparalleled access to young users and made it easier to hide from law enforcement.

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"The only way to respond to their horrific ambitions is to respond with greater perseverance," said Gonzales, speaking at the Protect Our Children Conference, a three-day event bringing law enforcement from Missouri, Kansas, Illinois and Nebraska together with child advocates and abuse treatment organizations.

In particular, Gonzales said states need to re-evaluate their laws against child exploitation and make them stronger, if necessary.

Missouri, for example, enacted legislation this year that boosts the penalties for many child sex crimes, such as a mandatory minimum sentence of 10 years for someone convicted of trying to entice a child into meeting to have sex.

President Bush this summer signed into law legislation that effectively doubles many federal sentences for pedophiles, as well as requires offenders to place their names and locations on Internet databases and be charged with a felony for not providing regular updates.

Gonzales said federal, state and local law enforcement are doing a better job of coordinating their efforts and teaming up with community organizations that teach parents and children how to avoid online predators and deal with the aftermath when children are abused.

He added that his office and the National Center for Missing and Exploited Children will begin airing new public service messages early next year to call attention to the online dangers.

"We need to get the public as well as government officials to start thinking about it in the right terms; it is brutal, it is heinous and it is criminal," he said, adding that the pornographic material is increasingly graphic and involving children as young as toddlers and even infants. "Our ultimate goal is prevention because a child who is molested bears a scar that never quite heals."

He added that federal authorities are increasingly reaching out to other countries, where much of the child pornography now traded among pedophiles is made and distributed, to stiffen their own child sex laws.

U.S. Attorney Bradley Schlozman's office in Kansas City has been among the leaders in the country in attacking online predators, filing 42 child exploitation cases last year, the sixth-highest in the nation. So far this year, the office has filed 23 cases, spokesman Don Ledford said.

Schlozman said the Internet's reach means he's dealing with offenders around the world, so he could be barely making a dent in rooting out local pedophiles.

"Sometimes you don't know exactly if that predator is operating from Overland Park (Kan.) or Bangkok," he said. "We certainly see a ton of it here. So I know it's a huge problem but, 'Is it getting better?' That's really hard for me to say."

US Attorney General Visits KC (WDAF)

WDAF-TV, Fox 4, Kansas City, September 15, 2006

KANSAS CITY, MO. - They are out there and they are preying on our young. On Thursday, one group of criminals was the focus of a visit to the Metro by the U.S. Attorney General, Alberto Gonzales.

A national study said that one out of every seven children who go online will be solicited sexually. That statistic was so disturbing that the US Justice Department pledged a crackdown on Internet predators. That's what brought Gonzales to Kansas City.

"It's a wrenching reality that every day children are sexually solicited online," Gonzales said.

In many ways Gonzales was preaching to the choir. He spoke to state, local and federal officials at a conference on child protection. Gonzales' message? The Federal government will lead the fight against Internet predators.

"Everyday we must talk to our kids about what they are seeing, what they are hearing and who they are communicating with online," Gonzales said.

It was a message that rang true to those listening. US Attorney for Western Missouri Brad Schlozman said last year his office prosecuted more than 40 sexual predator cases.

"These predators are acting under a veil of anonymity on the Internet," Schlozman said. "They feel emboldened and they traffic on the Internet."

Captain Paul Carrill heads up the cyber-crimes unit for the Platte County Sheriff's department. He said that what initially surprised him is who the predators are.

"They range from the guy who does nothing and lives at home with his parents and has to take a taxi cab to the meet location, to the other end of the spectrum. You have a very well education, upper-class, well-paid individual," Carrill said.

What many in local law enforcement wanted to know was who will pay for all the tough new programs the federal government wanted to see.

"This is an important issue and I think we will have support in Congress for additional funding," Gonzales said. "But we'll work on that."

He said that it's an issue that can't be ignored and every year it gets worse.

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GOP Officials Say Ney Will Offer Guilty Plea (USAT)

USA Today, September 15, 2006

Rep. Bob Ney, the Ohio Republican charged with taking gifts, trips and campaign donations from lobbyist Jack Abramoff, is expected to plead guilty to at least one criminal corruption charge possibly as early as today, Republicans officials told the Associated Press.

Ney has consistently denied any wrongdoing but agreed last month to give up his re-election bid for the upcoming election. It is not clear from the Republican officials, who spoke on condition of anonymity because of pending legal proceedings, if Ney will resign his House seat. The officials did not say what charge Ney would plead guilty to, or whether he would plead guilty to more than one charge. Calls to his congressional office were not immediately returned. Abramoff has been convicted of conspiracy and fraud.

Congress could limit payday-loan interest

A Pentagon official urged Congress on Thursday to limit interest rates on so-called payday loans to military servicemembers because some personnel face debt problems so severe that they have been reassigned and have lost their security clearances. David Chu, undersecretary of Defense, testified that a ceiling is needed "to prevent any lenders from imposing usurious rates" on the estimated 225,000 servicemembers — 17% of the military — who use payday loans.

The annual interest rate would be capped at 36% under the Senate version of a defense bill. The ceiling was not included in a version that passed in the House.

Payday loans are short-term cash advances made by storefront businesses, often clustered around military bases. Borrowers can face huge debt if they don't repay quickly because interest rates can exceed 900%.

House changes rules on 'earmarks'

The House took a step toward curbing "earmarks," the practice of lawmakers anonymously inserting into legislation targeted spending that often helps a specific company or project in their district. A rule change, which passed 245-171, requires lawmakers to identify the special projects they slip into bills.

"This doesn't get rid of earmarks, but it makes everyone know who's getting them," said Rep. Jeff Flake, R-Ariz., a critic of special-interest spending.

Ohio Congressman Is Said To Agree To Plead Guilty (NYT)

By Philip Shenon

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Representative Bob Ney, Republican of Ohio, has agreed to plead guilty to federal criminal charges related to his dealings with the corrupt lobbyist Jack Abramoff, lawyers and others with knowledge of the investigation said Thursday.

A guilty plea would make Mr. Ney, a six-term congressman, the first member of Congress to admit to criminal charges in the Abramoff investigation, which has focused on the actions of several current and former Republican lawmakers who had been close to the former lobbyist.

People with detailed knowledge of the investigation said Mr. Ney had entered an in-patient rehabilitation center in recent days for treatment of alcoholism, making it uncertain whether he would appear at a court hearing to announce the plea. Lawyers and others would speak only anonymously because of concern that they would anger prosecutors.

They said the agreement with the Justice Department — and the exact criminal charges, which are expected to include conspiracy and false statement — would be disclosed in Washington as soon as Friday and would probably require Mr. Ney to serve at least some time in prison.

Mr. Abramoff pleaded guilty in January to conspiring to corrupt members of Congress and other public officials. The scandal was among the factors that led Representative Tom DeLay of Texas, the former House Republican leader, who had been close to Mr. Abramoff, to resign in June, his aides said at the time.

Democratic lawmakers and political strategists have seized on the Abramoff case — and a separate bribery investigation involving military contractors that led to a guilty plea last year by Representative Randy Cunningham, Republican of California — in arguing for voters to return Democrats to power in the House and Senate in the November elections.

Mr. Ney has been under scrutiny by the Justice Department for more than a year over gifts he received from Mr. Abramoff that included a lavish golf trip to Scotland in 2002 by chartered private jet.

The congressman has said in the past the gifts had nothing to do with several official actions he took in support of Mr. Abramoff and his clients, including placing statements in the official Congressional Record on their behalf.

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Mr. Ney announced last month that he would not seek re-election, citing stress on his family because of what he called the "ordeal" of the scrutiny over his ties to Mr. Abramoff.

In May, Mr. Ney's former chief of staff, Neil G. Volz, who left the House to join Mr. Abramoff's lobbying firm, pleaded guilty to trying to corrupt Mr. Ney with illegal gifts, including the Scotland trip.

Mr. Ney's lawyers in Washington, Mark H. Tuohey and William E. Lawler, did not return phone calls on Thursday. Nor did Justice Department officials.

Another person familiar with the department's investigation said at least one of the criminal charges in Mr. Ney's guilty plea would involve the accuracy of his claim in a House financial disclosure statement that he won $34,000 in a private London casino during a trip in 2003.

Those winnings were also under scrutiny by the Justice Department, in part because the amount of the winnings coincided to a surprising degree with the amount of debt outstanding on Mr. Ney's credit cards. Mr. Ney's host on that trip was a Cyprus-based aviation company that was seeking Congressional support for sales of airplane parts to Iran.

Before the Abramoff scandal, Mr. Ney was seen by colleagues as positioning himself to rise in the House Republican leadership.

Affable and loyal to the Republican agenda in Congress, he got as far as chairman of the House Administration Committee, a post in which he controlled the allotment of office space on Capitol Hill and management of the House cafeteria and other services.

But in January, he was pressured to give up the committee post; Republican leaders said they feared that the assignment had brought undue scrutiny to the corruption accusations facing Mr. Ney and other Republicans.

Apart from the notoriety he received from the Abramoff scandal, Mr. Ney may be best remembered in Washington for his decision to label French-fried potatoes sold in the House cafeteria as "Freedom Fries" as a protest over the French government's refusal to support the American invasion of Iraq.

G.O.P. Picks Replacement

COLUMBUS, Ohio, Sept. 14 (AP) — Republicans picked a party-backed state senator Thursday in a special primary to replace Representative Ney.

The winner, State Senator Joy Padgett, defeated four other candidates, winning 66 percent of the vote.

Ms. Padgett will face Zack Space, the Democratic nominee, on Nov. 7 for the 18th District race. She said she was not concerned that she could be tied to Mr. Ney and said she would have to work to separate herself from him.

Ney To Plead Guilty In Scandal (WP)

By Jonathan Weisman

The Washington Post, September 15, 2006

Rep. Robert W. Ney (R-Ohio) is expected to plead guilty in the coming days to charges stemming from his association with convicted lobbyist Jack Abramoff, and he will blame a long-standing problem with alcohol for behavior that spiraled down to illegality, sources close to the congressman said last night.

Ney, known in Abramoff-related court documents as "Representative No. 1," checked into a rehabilitation clinic for alcoholism yesterday, a senior House official and personal friend said yesterday. Under pressure from Republican leaders worried about losing his seat, Ney announced this summer that he would retire from Congress at the end of the year.

Now, three House sources said, the Justice Department is expected to announce a plea agreement or an agreement to reach a plea bargain as early as tomorrow. The sources spoke on the condition of anonymity because they did not want to preempt a legal announcement.

But Ney's Washington attorney, Mark H. Tuohey, said from London yesterday that he expected no immediate developments in the case.

Ney, a popular, soft-spoken Republican, became known as the mayor of the House for the largess he showed to fellow members from his post as chairman of the House Administration Committee. His entanglements with Abramoff, however, became his undoing.

Guilty pleas from Abramoff, two former aides to retired representative Tom DeLay (R-Tex.) and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients. Tickets to events and expense-paid golf vacations helped win Ney's support for legislation, his insertion of comments into the congressional record and his pulling strings to secure government contracts for Abramoff's clients, according to Abramoff, former DeLay spokesman Michael Scanlon, former DeLay deputy chief of staff Tony C. Rudy and former Ney chief of staff Neil G. Volz.

For months, Ney has maintained his innocence. Aides in his office did not return calls, and Justice officials would not comment.

Voters in a special primary election in Ohio yesterday selected state Sen. Joy Padgett as the Republican nominee to succeed Ney.

Ohio Congressman To Plead Guilty To Criminal Charge In Corruption Probe, GOP Sources Say (AP)

By Jonathan Weisman

AP, September 15, 2006

WASHINGTON – Rep. Robert Ney, R-Ohio, is expected to plead guilty in coming days to charges stemming from his association with convicted lobbyist Jack Abramoff, and he will blame a long-standing problem with alcohol for behavior that spiraled down to illegality, sources close to the congressman said Thursday night.

Ney, known in Abramoff-related court documents as "Representative No. 1," checked into a rehabilitation clinic for alcoholism Thursday, a senior House official and personal friend said Thursday. Under pressure from Republican leaders worried about losing his seat, Ney announced this summer he would retire from Congress at the end of the year.

Now, three House sources said, the Justice Department is expected to announce a plea agreement or an agreement to reach a plea bargain as early as Saturday. The sources spoke on condition of anonymity because they did not want to pre-empt a legal announcement.

Ney, a soft-spoken, popular Republican, became known as the mayor of the House for the largesse he showed to fellow members from his post as chairman of the House Administration Committee. His entanglements with Abramoff became his undoing.

Guilty pleas from Abramoff, two former aides to retired Rep. Tom DeLay, R-Texas, and Ney's former chief of staff all said Ney accepted gifts and favors in exchange for official actions on behalf of Abramoff's clients.

Tickets to football games, box seats at concerts, and all-expense-paid, lavish golf vacations helped win Ney's support for legislation, his insertion of comments into the Congressional Record and his pulling strings to secure government contracts for Abramoff's clients, according to Abramoff, former DeLay spokesman Michael Scanlon, former DeLay deputy chief of staff Tony C. Rudy and former Ney chief of staff Neil Volz.

For months, Ney has steadfastly maintained his innocence. Aides in his office did not return phone calls Thursday, and Justice Department officials would not comment.

Voters in a special primary election in Ohio on Thursday selected state Sen. Joy Padgett as the Republican nominee to succeed Ney in the largely rural district. Ney personally tapped Padgett to run before he announced his retirement.

Columnist Contradicts Leak Source (NYT)

By David Johnston

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Robert D. Novak, the columnist who first disclosed the identity of the intelligence officer in the C.I.A. leak case, has disputed statements by his primary source, Richard L. Armitage, who said his mention of her identity was inadvertent.

In his syndicated column published on Thursday, Mr. Novak said that Mr. Armitage, a former deputy secretary of state, had "obscured" the details of their conversation on July 8, 2003, in a way that made Mr. Armitage's disclosure of the identity of the Central Intelligence Agency officer, Valerie Wilson, seem less deliberate.

Mr. Novak wrote that Mr. Armitage "did not slip me this information as idle chitchat, as he now suggests.''

"He made clear that he considered it especially suited for my column," the writer said.

Mr. Novak added, "He told me unequivocally that Ms. Wilson had worked in the C.I.A.'s Counterproliferation Division and that she had suggested her husband's mission."

Ms. Wilson's husband is Joseph C. Wilson IV, a former ambassador who criticized the Bush administration Iraq policy on July 6, 2003, in an Op-Ed article in The New York Times. Mr. Wilson traveled to Niger in 2002 to examine reports that Iraq tried buy uranium ore and wrote in his article that he found such purchases highly unlikely.

The conversation between Mr. Armitage and Mr. Novak became significant because it led to a criminal referral by the C.I.A. to the Justice Department. A preliminary inquiry was followed by an investigation by Patrick J. Fitzgerald, a special counsel.

Mr. Fitzgerald has not prosecuted anyone for talking to Mr. Novak. He cleared Mr. Armitage of wrongdoing in a letter last February, but he has brought charges against one official, a perjury and obstruction indictment in October 2005 against I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. Mr. Libby has pleaded not guilty.

Mr. Armitage, who confirmed last week that he was Mr. Novak's main source, disclosed the conversation to the Justice Department in October 2003.

On Thursday, Mr. Armitage said he stood by his account of the meeting. He said that his comments about Ms. Wilson in the conversation came at the end of the interview, were brief and made in response to a question posed by Mr. Novak.

Mr. Novak's new column offered a conflicting account of other aspects of the interview. He said he was offered the chance to meet Mr. Armitage "without explanation" after trying for more than two years to arrange an interview.

Mr. Armitage said he agreed to the interview only after Mr. Novak had interceded with a mutual friend. In addition, Mr. Novak criticized Mr. Armitage for waiting nearly three years before disclosing that he was Mr. Novak's source, writing that it caused "intense pain for his colleagues in government."

Mr. Armitage has said he did not publicly discuss his role because Justice Department prosecutors cautioned against that.

What A Load Of Armitage! (WSJ)

By Victoria Toensing

The Wall Street Journal, September 15, 2006

Richard Armitage has finally emerged from the cover-my-backside closet, "apologizing" on CBS for keeping quiet for almost three years about being the original source for Robert Novak's July 14, 2003 column stating that Joe Wilson's wife, Valerie Plame, worked for the CIA and had suggested him for a mission to Niger. He disingenuously blames his silence on Special Counsel Patrick Fitzgerald's non-legally based request -- any witness is free to talk about his or her testimony -- not to discuss the matter.

Put aside hundreds of thousands of dollars of taxpayer funds squandered on the investigation, New York Times reporter Judith Miller's 85 days in jail, the angst and legal fees of scores of witnesses, the White House held siege to a criminal investigation while fighting the war on terror, Karl Rove's reputation maligned, and "Scooter" Libby's resignation and indictment. By his silence, Mr. Armitage is responsible for one of the most factually distorted investigations in history.

There is a reason the old Watergate question -- What did he know and when did he know it? -- has become part of our investigative culture. It provides a paradigm for parsing a complicated factual scenario.

· Joseph Wilson: In July 2003, when he demanded an investigation of a White House cabal for violating the Intelligence Identities Protection Act by "outing" his wife, Mr. Wilson knew Ms. Plame did not meet the factual requirements for covert status under the Act. She was neither covert at the time of publication nor had a covert foreign assignment within five years. He acknowledged so in his book: "My move back to Washington [in June 1997] coincided with the return to D.C. of a woman named Valerie Plame." As the Senate negotiator for this 1982 Act, I know a trip or two by Ms. Plame to a foreign country while assigned to Langley, where she worked in July 2003, is not considered a foreign assignment. I also know covert officers are not assigned to Langley.

· Richard Armitage: Mr. Armitage now claims he only knew on Oct. 1, 2003 that he was Mr. Novak's source. We should question that claim in light of Mr. Novak's account this week that Mr. Armitage "made clear he considered [the information about Ms. Plame] especially suited for my column."

Mr. Armitage also knew he had met with Bob Woodward on June 13, 2003, telling him about Mr. Wilson's wife's CIA employment and her role in her husband's trip to Niger. But when the FBI interviewed Mr. Armitage on Oct. 2, he admitted to the Novak conversation only, notably forgetting meeting with one of our country's premier investigative reporters. By attributing his longtime silence to Mr. Fitzgerald's request, Mr. Armitage must have forgotten Mr. Fitzgerald was not appointed until Dec. 30, 2003. If Mr. Armitage had come forward during those three months, there might never have been a special counsel.

· Patrick Fitzgerald: What Mr. Fitzgerald knew, and chose to ignore, is troublesome. Despite what some CIA good ol' boys might have told Mr. Fitzgerald, he knew from the day he took office that the facts did not support a violation of the Act; therefore, there was no crime to investigate. Although he claimed in Mr. Libby's indictment that Ms. Plame's employment status was "classified," Mr. Fitzgerald refuses to provide the basis for that fact and, even if true, can point to no law that would be violated by revealing a "classified" (not covert) employment. It was this gap in the law that created the need to pass the Act in the first place.

Mr. Armitage intimated on CBS that, although his "chitchat" was careless, there was perhaps "a conspiracy" in the White House to retaliate against Mr. Wilson. However, Mr. Fitzgerald knew (prior to indicting Mr. Libby) that Mr. Armitage was Mr. Novak's original source, Mr. Libby never spoke to Mr. Novak, and Messrs. Rove and Libby had merely responded to reporters' questions. Hardly acts of initiating a criminal conspiracy. Mr. Fitzgerald knows it is not criminal to discredit a mendacious attack on the president. There was a crime only if Ms. Plame were covert and the person revealed that fact with knowledge of her status. Mr. Fitzgerald learned during the investigation that not one person had any basis to think she was covert. Just ask Mr. Armitage, who asserted in his apologia, "I had never seen a covered agent's name in any memo . . . in 28 years of government."

During the investigation Mr. Fitzgerald learned that a former New York Times reporter, Cliff May, twice told the FBI that, prior to Mr. Novak's column, he had heard in an offhand way from a nongovernment employee that Mr. Wilson's wife worked for

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the CIA, a clear indication that her employment was known on the street. Ditto columnist Hugh Sidey, who wrote that Ms. Plame's name was "knocking around in the sub rosa world. . . for a long time."

Mr. Armitage, who came forward after Mr. Libby was indicted, was told in February 2006, after two grand jury appearances, he would not be indicted. Mr. Rove, however, after five grand jury appearances, was not informed until July 2006 he would not be charged. Mr. Fitzgerald made the Rove decision appear strained, a close call. Yet of the two men's conduct, Mr. Armitage's deserved more scrutiny. And Mr. Fitzgerald knew it. Each had testified before the grand jury about a conversation with Mr. Novak. Each had forgotten about a conversation with an additional reporter: Mr. Armitage with Mr. Woodward, Mr. Rove with Time's Matt Cooper. However, Mr. Rove came forward pre-indictment, immediately, when reminded of the second conversation. When Mr. Woodward attempted to ask Mr. Armitage about the matter, on two separate occasions pre-indictment, Mr. Armitage refused to discuss it and abruptly cut him off. To be charitable, assume he did not independently recall his conversation with Mr. Woodward. Would not two phone calls requesting to talk about the matter refresh his recollection? Now we also know Messrs. Armitage and Novak have vastly different recollections of their conversation. Isn't that what Mr. Libby was indicted for?

What Mr. Fitzgerald chose not to know is even more troublesome than what he chose to ignore. When Mr. Armitage came forth in October 2003, why did Mr. Fitzgerald not request his appointment calendar from early May, the time the first story appeared in the national press about an unnamed former ambassador's trip to Niger? Mr. Fitzgerald demanded this type of information from White House personnel. Just think, if he had done so of Mr. Armitage, he would have learned prior to indictment about Mr. Woodward's appointment.

By the time he indicted Mr. Libby on Oct. 28, 2005, Mr. Fitzgerald knew two conflicting facts about the classified nature of the Niger trip: since at least early May 2003, Mr. Wilson was discussing his Niger trip with the press (Nicholas Kristof, the New York Times) and claimed in his July 2003 NYT op-ed that his mission was "discreet, but by no means secret." Yet, the indictment states that around June 9, 2003, the CIA sent "classified" documents to the vice president's office discussing "Wilson and his trip to Niger." If the trip was classified for the vice president, why was it declassified for Mr. Wilson? Did Mr. Wilson violate any law by revealing his trip or did Mr. Fitzgerald choose not to know?

Did Mr. Fitzgerald subpoena Ms. Plame? He could have asked her why, if she were truly covert, was she attending an Eastern Shore meeting in May 2003 with Democratic senators. The first journalist to reveal Ms. Plame was "covert" was David Corn on July 16, 2003, two days after Mr. Novak's column. The latter never wrote, because he did not know and it was not so, that Ms. Plame was covert. However, Mr. Corn claimed Mr. Novak "outed" her as an "undercover CIA officer," querying whether Bush officials blew "the cover of a U.S. intelligence officer working covertly in . . . national security." Was Mr. Corn subpoenaed? Did Mr. Fitzgerald subpoena Mr. Wilson to attest he had never revealed his wife's employment to anyone? If he had done so, he might have learned Mr. Corn's source.

It is not just Mr. Armitage who should apologize. So should Joe Wilson and Pat Fitzgerald.

Ms. Toensing was chief counsel for the Senate Intelligence Committee and deputy assistant attorney general in the Reagan administration.

Former Nev. Politician Pleads Guilty (WP/AP)

The Associated Press

The Washington Post, September 15, 2006

LAS VEGAS -- A former politician and lobbyist accused of ferrying bribes for a strip club owner reached a plea deal Thursday, just days before the start of his trial, authorities said.

Lance Malone, a former Clark County commissioner, has agreed to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act, U.S. Attorney Daniel Bogden said. Malone is scheduled to enter his plea Monday.

Authorities in turn have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a San Diego jury levied against him last summer for similar charges.

Malone's trial was to cap off a three-year FBI probe into corruption and bribery on the Clark County commission. At the center of the probe was Michael Galardi, the former owner of three strip clubs who claimed to have paid off dozens of politicians in Nevada and Southern California with cash and favors.

Authorities said Malone, who was hired as Galardi's lobbyist after losing a bid for re-election, acted as Galardi's bagman, delivering wads of cash to his former colleagues. In return, Galardi said he sought favorable votes on the commission, which was reviewing plans to expand one of his clubs.

Galardi, 44, pleaded guilty in 2003 and testified in Las Vegas and in a related San Diego federal bribery case.

Malone's lawyer did not return a call for comment.

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Russo's Wife To Plead Guilty (MR)

By Ryan Dezember And Brendan Kirby, Staff Reporters

Mobile Press-Register (AL), September 15, 2006

Crystal Russo, the wife of former Orange Beach Mayor Steve Russo, will plead guilty in Mobile's federal court next week to obstruction of justice as part of an agreement with prosecutors, according to a Wednesday court filing.

Crystal Russo, 25, was scheduled to be tried next month for allegedly trying to help her husband hide money that was sought for forfeiture by prosecutors this summer in their corruption case against the now-convicted former mayor.

Specifically, she is accused of helping her husband move nearly $96,000 from one bank account to another account that had been hastily created in her maiden name, Crystal R. McDonald, in order to hide the money from federal agents seeking to seize it as part of a March 31 indictment.

Three days after the new account was created at Vision Bank, Crystal Russo tried to withdraw much of the money to pay off the couple's debts, according to the indictment. She was informed that the government had already frozen the account.

On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a Mobile federal jury on numerous counts related to plots by Wall and fellow developer Jim Brown to enrich the mayor in an effort to curry favor in City Hall. Brown pleaded guilty in his own agreement with prosecutors and became the government's star witness in the two-week case against the others.

Steve Russo, 44, was convicted of 22 counts that included those related to his role in moving the money targeted for forfeiture.

Russo, Sutley and Wall are scheduled for sentencing in January. Brown's sentencing is set for November.

Crystal Russo's plea agreement has not yet been released. But a Wednesday filing that followed a Tuesday meeting between prosecutors and her Mobile lawyer, Gordon Armstrong III, says that she will plead guilty to one of the three charges brought against her in June by a federal grand jury.

That charge -- obstruction of justice -- carries a maximum penalty of 20 years in prison, although prosecutors typically agree to recommend a sentence at the low end of advisory sentencing guidelines in exchange for a guilty plea. Under preliminary calculations by the U.S. Probation Office, such a sentence would be 10 months in prison.

Any sentence less than a year would make Crystal Russo eligible for probation rather than serving prison time. U.S. District Judge Kristi DuBose will make the final determination of her sentencing range -- as well as decide whether to follow it -- at a hearing that would be set once Crystal Russo pleads guilty. She is scheduled to plead guilty next Thursday, according to court records.

Besides the obstruction charge, Crystal Russo was charged in June with conspiracy to defraud the U.S. government and the destruction or removal of property to prevent seizure. As part of the plea bargain, prosecutors likely would recommend that the other two charges be dropped.

Neither Armstrong nor federal prosecutors responded to telephone calls seeking comment late Wednesday.

Prosecutors Have Plea Deal With Former Orange Beach Mayor's Wife (AP)

AP, September 15, 2006

MOBILE, Ala. (AP) — Prosecutors in the Orange Beach corruption probe have reached a plea deal on charges against Crystal Russo, the wife of former Mayor Steve Russo.

She will plead guilty in U.S. District Court in Mobile next Thursday to obstruction of justice, according to a court filing Wednesday. She could be given probation.

Crystal Russo, 25, was facing trial next month for allegedly trying to help her 44-year-old husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor.

On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a federal court jury in Mobile of fraud and related charges in a real estate scheme in the Gulf Coast resort.

Businessman Arrested On Extortion Charges (SFC)

By Jim Herron Zamora, Christopher Heredia And Henry K. Lee, Chronicle Staff Writers

San Francisco Chronicle, September 15, 2006

(09-14) 17:07 PDT OAKLAND -- A well-connected Oakland businessman has been arrested on federal charges of extorting bribe money in exchange for using his influence to help a contract applicant win a deal with the city, authorities said today.

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Maurice Himy, 59, of San Rafael was arrested Wednesday by FBI agents on a federal complaint accusing him of interference of commerce by threats or violence. Until March, he owned Spaccio, an Italian men's clothing store on Frank Ogawa Plaza, just steps from Oakland City Hall.

Himy appeared before U.S. Magistrate Wayne Brazil in Oakland today. The magistrate ordered Himy to turn over his passport and released him on his own recognizance. Himy will return to court Sept. 21, authorities said.

Himy's leased silver 2005 Mini Cooper was parked today outside his San Rafael home, where the shades were drawn. No one answered the door, and he did not immediately return a call for comment.

Himy's arrest followed a 17-month investigation by the FBI over the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property.

According to the complaint, Himy, a person described as a "cooperating witness" and an unnamed city of Oakland official -- identified only as "City Official A" -- began discussing in September 2004 "the payment of thousands of dollars to Himy" in exchange for help in securing the contract for the witness.

Himy has sold suits to Oakland Mayor Jerry Brown and Jacques Barzhagi, the mayor's former senior advisor who was ousted from his post last year after details of a domestic dispute with his wife became public.

The complaint does not name any city officials and Brown's spokesman, Gil Duran, said today, "This has nothing to do with Jerry Brown or the mayor's office."

Duran confirmed that Brown and Himy had traveled together to Agadir, Morocco, in 2004 when Oakland was seeking to establish a sister-city relationship with a city in a Muslim country. Himy is a native of Morocco, Duran said.

Under the deal outlined in the complaint, Himy would receive 8 percent of the commissions if he agreed to help obtain the contract, authorities said.

"Pay me or I will kill the contract," Himy told the witness in a phone call, FBI Special Agent Marlo McGuire wrote in an affidavit.

In April 2005, the witness, wired with a recording device, met with Himy at Spaccio, authorities said. During the recorded conversation, Himy repeatedly demanded money from the cooperating witness, at one point demanding $65,000 in return for help in obtaining the auctioneering contract, the complaint said.

Himy warned the witness, "You try to f -- me up, then I, I'll kill the deal," the complaint said. "I'll let the other guy have it."

In February, the witness learned that his application for the auctioneering contract had been approved.

"Based upon the evidence uncovered during the investigation, there is probable cause to believe that Himy has extorted one or more local business owners seeking to do business with the city of Oakland," McGuire wrote.

"It is probable that the criminal acts of Himy affected commerce or the movement of any article or commodity in commerce since the contract impacted included the sales of used automobiles," McGuire wrote.

Chronicle staff writers Demian Bulwa and Peter Fimrite contributed to this report.

Oakland Clothier Accused Of City Hall Extortion (MERCN/AP)

The San Jose Mercury News, September 15, 2006

OAKLAND, Calif. (AP) - A former Oakland clothier with alleged connections to City Hall was charged with one federal count of extortion today on accusations that he received money to help an FBI informant obtain a lucrative city contract.

Maurice Himy, who operated Himco Apparel Inc. in Oakland until March, is accused of greasing the wheels of City Hall to help the informant win the contract to auction surplus city property in February that Himy estimated could generate $1 million in income.

Himy, 59, who remained free after his Wednesday arrest, was to appear in federal court Sept. 21. He faces a maximum 20-year sentence if convicted, authorities said.

The one-count complaint alleges Himy, in exchange for more than $10,000, steered the contract the businessman's way with the help of a City Hall insider. The businessman was not named in an affidavit released today, but he contacted the FBI after Himy allegedly told him the only way he could obtain the contract was through payoffs to Himy.

The informant, who recorded some of his conversations with Himy, initially was rejected for the contract because it was submitted too late but was awarded it in February after Himy intervened, according to court documents. During one taped conversation, Himy allegedly told the informant, ``Pay me or I will kill the contract."

Himy, 59, of San Rafael, did not have a listed phone number and could not immediately be reached for comment.

The affidavit from FBI agent Marlo McGuire of the Oakland branch did not name the City Hall employee, referenced in the affidavit as ``City Employee A," who was associated with Himy to seal the deal.

Erica Harrold, a spokeswoman for City Attorney John Russo, said, ``We haven't been contacted by the FBI and if there are any problems, obviously, we want to see those addressed and remedied."

A spokesman for U.S. Attorney Kevin Ryan of San Francisco said the investigation is ongoing.

Oakland Clothier Arrested In Corruption Probe (BCNW)

Bay City News Wires, September 15, 2006

(BCN) OAKLAND Federal prosecutors said today that 59-year-old Maurice Himy of San Rafael has been arrested by the FBI on a complaint charging interference of commerce by threats or violence in connection with a public corruption probe in Oakland.

U.S. Attorney Kevin Ryan said the complaint alleges that Himy was involved in extortion and public corruption involving the awarding of a city of Oakland contract to provide auctioneering services for city-owned vehicles and surplus property.

The complaint alleges numerous discussions between Himy, a cooperating witness, and an Oakland city official, named only as "City Official A," involving the payment of thousands of dollars to Himy in return for help in obtaining the auctioneering city contract that was eventually approved for the cooperating witness.

Prosecutors said Himy's arrest is the result of a 17-month investigation by the FBI.

U.S. attorney's spokesman Luke Macaulay said the investigation is continuing but declined to elaborate further.

Himy was the owner of Spaccio, a men's clothing store located at 140 Frank Ogawa Plaza, adjacent to Oakland City Hall. The store closed in March.

Prosecutors said Himy was arrested Wednesday afternoon in Oakland and made his initial appearance in U.S. District Court this morning before Magistrate Judge Brazil. He was released on his own recognizance, with the condition that he turn in his passport to the U.S. Marshals Service.

Himy is scheduled to return to court on Sept. 21 for identification of counsel.

According to the complaint, discussions began in September 2004 between the cooperating witness and Himy about the Oakland auctioneering contract.

Prosecutors say Himy allegedly provided terms of a contract between the witness and Himy in which Himy would receive 8 percent of the commissions generated by the auctioneering contract in return for help in obtaining the auctioneering contract.

According to the complaint, Himy said, "pay me or I will kill the contract."

The complaint alleges that Himy repeatedly demanded money from the cooperating witness and at one point demanded $65,000 in return for help in obtaining the auctioneering contract.

In February, according to the complaint, the witness received notification that his application for the auctioneering contract had been approved.

The maximum sentence for each count of interfering with commerce by threats or violence is 20 years and a fine of $250,000, plus three years of supervised release.

Three Boston Police Officers Indicted As Result Of FBI Probe (AP)

AP, September 15, 2006

BOSTON— Three Boston police officers arrested in Miami in July on federal drug charges were indicted Thursday on charges of conspiring to possess heroin and cocaine with intent to distribute, the U.S attorney's office announced.

Roberto Pulido, 41; Carlos Pizarro, 36; and Nelson Carrasquillo, 35, had gone to Florida, authorities said, to collect a $35,000 payment for protecting a Massachusetts shipment of cocaine that was part of an undercover FBI sting operation. At the meeting, prosecutors said, agents recorded the men agreeing to protect two more cocaine shipments totaling 100 kilograms and also to protect 5 kilograms of heroin.

The new indictment charges all three with one count of conspiring to possess with intent to distribute more than 5 kilograms of cocaine and more than 1 kilogram of heroine, and it charges all three with a count of attempting to aid and abet the possession of cocaine with intent to distribute. Pulido and Carrasquillo also were named in a second count on the attempting to aid and abet charge.

Pizarro and Carrasquillo have been ordered to home detention with electronic monitoring. Pulido was ordered held until trial. Authorities have identified him as the ringleader, allegedly also involved in a wide range of illegal activities from identity theft to trafficking in stolen goods.

Pulido's lawyer, Rudy Miller, has said that prosecutors have based much of their case against his client on the word of a witness he characterized as a "major drug dealer and a suspected murderer." He did not immediately return a message for comment Thursday.

Jeffrey A. Denner, a lawyer for Pizzaro, said Thursday night that he was pleased with the decision to allow his client to return home.

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"We believe that Mr. Pizzaro deserves to be out on conditions as the judge ruled. We expect to now effectively defend him against the charges," Denner said.

Stephen Neyman, an attorney for Carrasquillo, had said his client should be released pending trial because of his good record as an officer and his ties to the community. He did not immediately return a message for comment Thursday night.

Pulido and Pizarro have been Boston police officers since 1996 and Carrasquillo since 1999.

The three each face a minimum sentence of 4 years and a maximum sentence of life in prison, and a $4 million fine on each charge.

2 Of 3 Indicted Cops Freed By Magistrate In Drug Smuggle Case (BOSH)

By Laurel J. Sweet And O'Ryan Johnson

Boston Herald, September 15, 2006

Three alleged crooked cops were suspended without pay by the Boston Police Department yesterday and two of them freed on bail after their indictments by a federal grand jury on drug conspiracy charges.

Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, have been in custody since their arrests in Miami in July on charges they agreed to be hired muscle for a shipment of cocaine that turned out to be the bait in an undercover sting. But yesterday, U.S. District Court Magistrate Judge Joyce London Alexander, unconvinced Pizarro and Carrasquillo are a flight risk or a threat to the public, set them free pending trial.

The two men return in disgrace to city streets where they once patrolled as respected cops.

Though the judge ruled they posed no threat to the public, the suspended officers' own safety is in question with the Boston Fire Department investigating two alleged fire bombings of Nelson Carrasquillo's Dorchester home.

Pulido, the alleged ringleader, was detained, in part, due to comments he made during the FBI's 2 -year investigation when - as first reported in the Herald - he said he would kill the children of anyone who betrayed him.

The three men were on paid leave until yesterday when the indictments were handed down.

"As soon as the Police Department learned they were indicted, the commissioner moved to change their status to suspended without pay immediately," police spokeswoman Elaine Driscoll said of acting Police Commissioner Al Goslin's actions.

US Grand Jury Indicts 3 Boston Officers (BOS)

The Boston Globe, September 15, 2006

BOSTON

A federal grand jury yesterday indicted three Boston police officers arrested on drug-trafficking charges. Roberto Pulido, 41; Carlos A. Pizarro, 36; and Nelson Carrasquillo, 35, all of Boston, were each indicted on one count of conspiring to possess with intent to distribute more than 5 kilograms of cocaine and more than 1 kilogram of heroin. Pulido and Carrasquillo were each indicted on a second count of attempting to aid and abet the possession of cocaine with intent to distribute. All three officers were indicted on a third count of attempting to aid and abet the possession of cocaine with intent to distribute. The officers, arrested in Miami in July, are accused of protecting large shipments of drugs into Boston. If convicted, each faces a maximum sentence of life in prison and a $4 million fine on each count. Already on administrative leave, they will be taken off the police payroll. US Magistrate Judge Joyce London Alexander ordered Pulido jailed without bail until the case is resolved and set conditions of release for the other two officers.

Appeals court backs transit station ruling The US Court of Appeals upheld yesterday a lower court's ruling that the Massachusetts Bay Transportation Authority and the Federal Transit Administration did not act unlawfully when attempting to make Copley station accessible to the disabled. The ruling could be the final blow to the Back Bay preservationists who had sued both agencies, alleging that they violated historical preservation laws in planning changes around the station. Copley station is adjacent to the Boston Public Library and Old South Church, both of which are on the National Register of Historic Places. The two groups' only appeal is to the US Supreme Court.

Hyde Park man sought in fatal stabbing Police said yesterday they were seeking a Hyde Park man in the fatal stabbing in June of a father of two from Dorchester. They accused Michael Scott, 21, of killing James Green, 28, on June 12 on Washington Street near Melville Avenue in Dorchester. They described Scott as black, about 5 foot 5, and 135 pounds. Green's relatives could not be reached last night. Police asked anyone with information about Scott's location to call 617-343-4470 or 800-494-TIPS.

CAMBRIDGE

Jury selection started in shaken-baby case Jury selection began yesterday in the murder trial of a Framingham man charged in the 2004 shaken-baby death of his infant son, the Middlesex district attorney's office said. On Feb. 19, 2004, police

responded to a call of an unresponsive baby, 2-month-old William Christian III. He was rushed to MetroWest Medical Center in Framingham, where doctors found multiple fractures and brain swelling. The next day, William Christian Jr., 23, was arrested and charged. The medical examiner attributed the death to shaken-baby syndrome and ruled it a homicide.

BOSTON

MBTA police unions protest TSA patrols Three unions representing MBTA Transit Police protested yesterday about federal Transportation Security Administration teams monitoring key T hubs to Logan International Airport, stating in a press release that they oppose working with TSA employees ``because of safety, supervisory and legal issues.'' This month, a TSA team has been monitoring passengers at South Station, the Silver Line, and the Blue Line's Airport station. The unions said the program ``deceives the public'' by insinuating that TSA employees are police officers. TSA spokeswoman Ann Davis said TSA personnel are not purporting to be law enforcement officers.

Man found dead on North Station stairs MBTA Transit Police are investigating the death of a 40-year-old man found yesterday morning on an exit-only stairway at North Station, officials said. Police said there were no signs of foul play. The medical examiner will determine the cause of death.

Mass. to grant $38m to health facilities Hospitals and community health centers across Massachusetts will share $38 million in grants next month, state Health and Human Services Secretary Timothy R. Murphy announced yesterday. Acute-care hospitals will receive $28.8 million, and community health centers will share $8.2 million. The biggest grants include $4 million for Carney Hospital in Boston, $2 million for New England Medical Center in Boston, and $1.7 million for Brockton Hospital. The Franciscan Hospital for Children in Brighton will get $1 million for a psychiatric and rehabilitation unit and for dental services.

Former Chicago Patronage Chief Returns To Federal Grand Jury (AP)

By Mike Robinson

AP, September 15, 2006

CHICAGO - Mayor Richard M. Daley's former patronage chief made his second appearance before a federal grand jury in three weeks Thursday as prosecutors pushed ahead with an investigation of City Hall.

Robert Sorich, the former No. 2 man in the mayor's office of intergovernmental affairs, first appeared before the grand jury Aug. 24.

Sorich, 43, returned for another session Thursday, said his attorney, Thomas Anthony Durkin.

"He will appear every time he is subpoenaed and he will answer all of the questions put to him and that is all I'm going to say," Durkin said.

Sorich was one of three former officials convicted by a federal court jury July 6 in what prosecutors called a scheme to use fraud to cover up the fact that they were loading the city payroll with campaign workers.

Sentencing is set for Nov. 15.

U.S. attorney's office spokesman Randall Samborn declined to comment on Sorich's latest grand jury appearance.

At Sorich's trial before U.S. District Judge David H. Coar, witnesses portrayed the office of intergovernmental affairs as the nerve center that ran Daley's political operation. The mayor has been accused of no wrongdoing.

Witnesses said Sorich decided who got city jobs and regularly favored members of "political armies" based in city departments and available for deployment throughout the community to get out the vote on Election Day.

They testified that Sorich, himself, assigned precinct workers to various sections of the city to help Daley and other candidates whose campaigns had the mayor's blessing.

While Sorich had the title of deputy director of the office of intergovernmental relations, he was known as the mayor's patronage chief.

Political patronage is an old Chicago tradition in which the election winners - often stalwarts of the fabled Chicago Democratic Machine - get the city jobs. It was largely prohibited by court order in 1973, but various investigators have found compliance has been spotty at best.

Most recently, U.S. District Judge Wayne R. Andersen appointed a monitor to assure that the order, known as the Shakman Decree, is obeyed.

In appearing before the grand jury, Sorich had immunity from prosecution for anything he might admit, as long as it was the truth.

It is not unusual for prosecutors to call those convicted in corruption cases before the grand jury to "compel" their testimony by granting them immunity and questioning them on pain of perjury for lying.

Former Gov. George Ryan's former inspector general, Dean Bauer, was called before a grand jury after pleading guilty to obstruction of justice and admitting he covered up seven years of Statehouse scandals while he was supposed to be uncovering them. But it was not clear that anything came of Bauer's testimony.

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The City Hall investigation was launched as an inquiry into payoffs to officials from the operators of trucking companies in exchange for work in Chicago's scandal-plagued Hired Truck Program.

It evolved into an investigation of hiring fraud, focusing on the office of intergovernmental affairs.

Manhattan: Closing Arguments In Gotti Trial (NYT)

By Timothy Williams

The New York Times, September 15, 2006

Closing arguments began yesterday in Federal District Court in the racketeering trial of John A. Gotti, with prosecutors saying that Mr. Gotti's claim that he quit the Gambino crime family in 1999 was no more than a scheme to avoid a long prison sentence. Miriam E. Rocah, a federal prosecutor, said that Mr. Gotti, left, devised the plan while in federal prison from 1999 to 2004 on unrelated racketeering charges. Mr. Gotti's defense is that he retired from the Mafia before mid-July 1999, a time frame that would protect him from prosecution because of the five-year statute of limitations on the racketeering charges. But the government contends that Mr. Gotti had known that his prison conversations with visitors at Ray Brook federal penitentiary were being recorded, and that was why Mr. Gotti told people that he wanted to leave "the life" behind him.

Gotti's Defense Attacked (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 15, 2006

John A. Gotti spent a lifetime rising to the top of the Gambino crime family and the proof was "overwhelming" that he reaped millions of dollars through a murderous racketeering conspiracy that pillaged city businesses, a federal prosecutor said yesterday.

In her closing argument to a Manhattan federal court jury, Assistant U.S. Attorney Miriam Rocah said Gotti, the son of the late Gambino boss John Gotti and known as "Junior," had raised a disingenuous defense that he had withdrawn from a life of crime that had paid him so well.

"It just doesn't make any sense and you should reject it," Rocah said of Gotti's withdrawal defense.

The 42-year-old Gotti is on trial for the third time on racketeering charges stemming from his role in the Gambino crime family. The first two trials ended in mistrials. In the current case, prosecutors contend that Gotti, of Oyster Bay, took part in loan-sharking, money laundering and extortion.

The indictment also accused him of plotting the 1992 abduction of radio talk-show host and Guardian Angels founder Curtis Sliwa, an incident that led to Sliwa being seriously wounded by gunfire.

Though Gotti isn't charged with murders, Rocah said that the underlying Gambino crime family enterprise policed its rackets with killings. She reminded the jury that one witness had stated that Gotti had plotted to kill two crime family members he believed were stealing construction money kickbacks. That murder plot was shelved when the intended victims showed up with longtime Gambino associate Joseph Watts, who told Gotti his father wanted the two men to keep the cash, Rocah said.

Gotti's main defense is that he had withdrawn from a role in the Gambino crime family by July 21, 1999, five years before he was indicted in July 2004. That date is crucial because it could put the case beyond the statute of limitations.

Rocah tried to belittle the withdrawal defense, saying Gotti was deeply involved in some of the crimes.

"Proof of John Gotti Junior's participation in the charged crimes is overwhelming," said Rocah, as she delivered her summation facing the jury from a lectern.

Rocah said mob turncoats like Michael DiLeonardo told of how he personally paid millions of dollars to Gotti in construction payoffs. Gotti lived a life of luxury with a big home in Long Island that required lots of cash, Rocah observed.

"How does someone who hasn't held a 9-to-5 job in his life get all this money?" Rocah asked rhetorically.

The answer, she said, was through a life of crime. While to many people a cash-flow problem means not having enough money, in Gotti's case it meant trying to find ways to legitimize the illicit cash he had, she said. The prosecution summation continues today.

Prosecutor Tells Jurors Not To Fall For Gotti's `charade' (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 15, 2006

NEW YORK -- John "Junior" Gotti made millions of dollars leading the Gambino crime family for nearly a decade before claiming he'd quit the mob so he could keep the money and dodge prison, a prosecutor said in her closing argument Thursday at his racketeering trial.

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"Before he had ever been charged with a crime, Gotti was planting the lies that would one day be used in a courtroom like this one," Assistant U.S. Attorney Miriam E. Rocah told jurors at Gotti's third trial on the charge in U.S. District Court in Manhattan.

Two earlier trials in the last year ended with deadlocked juries.

Rocah dismissed statements Gotti made in prison conversations in which he claimed he had quit the mob and wanted to move to Canada to start a new life. She said it was part of "a charade contrived by Gotti to get himself off the hook."

The statements at the start of closing arguments, which were to continue Friday, illustrated the government's strategy to prove Gotti continued to benefit from Gambino family crimes well after he claimed to have quit the mob before July 1999.

Defense lawyers convinced a majority of jurors at a trial that ended with a hung jury in the spring that Gotti had quit the mob and could not be held accountable for crimes that came to light more than five years after he left his old life.

The government countered that argument at the retrial that began last month by producing new evidence about the actions and statements by Gotti after he pleaded guilty to racketeering charges in 1999 and served a six-year prison sentence.

Rocah said Gotti in the 1999 plea admitted only a few isolated crimes before his best friend began cooperating with the government three years later, detailing a long history of Gotti's supervision of extortion, loansharking, gambling and fraud.

She said Gotti also ordered two 1992 attacks on radio show host and Guardian Angels crimefighting group founder Curtis Sliwa in retaliation for Sliwa's on-air criticisms of his father, John Gotti, who was sentenced to life in prison in 1992 for a racketeering conviction.

The elder Gotti died in prison a decade later. Sliwa recovered from gunshot wounds to resume his radio attacks against the mob.

The prosecutor said the younger Gotti, who has denied ordering the Sliwa attacks, was careful not to get too close to most crimes, relying on associates and soldiers to carry them out.

"He never got his hands too dirty," she said.

In fact, Rocah said, Gotti operated like the chief executive officer of a corporation, "raking in millions of dollars in the 1990s."

She added: "Throughout the 1990s, John Gotti's business was crime, and business was good."

Rocah said Gotti developed a strategy to claim he had quit the mob after an uncle told him in prison that he was being demoted from his leadership role in the Gambino crime family and after he learned that his best friend was cooperating with the government.

"The proof of this defendant's guilt is overwhelming," she said.

The closings began a day after Judge Shira Scheindlin tossed out two new racketeering charges the government brought to try to prove Gotti continued committing crimes after he claimed to have quit the mob.

Gotti's lawyers were scheduled to present their closing argument Friday.

If convicted, Gotti, 42, could face up to 30 years in prison.

JUNIOR'S RETIREMENT 'CHARADE' (NYPOST)

By Kati Cornell

The New York Post, September 15, 2006

Federal prosecutors yesterday took aim at John "Junior" Gotti's claims that he left the Mafia - arguing that prison tapes expose the mob scion's retirement as an elaborately contrived charade.

"Gotti hatched a plan to . . . plant the seed that [he] was out of the mob life," Assistant U.S. Attorney Miriam Rocah told a Manhattan federal jury in closing arguments.

"Before he was even charged with a crime, Gotti was planting the lies that would some day be used in a courtroom like this one."

Gotti claims he left the mob in 1999 and can't be prosecuted for racketeering because the five-year statute of limitations has expired.

In wrapping up the defense case, attorney Charles Carnesi tried to cast doubt on the feds' interpretation of a key videotape in the case.

Prosecutors had claimed that Junior's "Dapper Don" dad, John Gotti Sr., was captured on tape a year before his death announcing he was passing the crime-family reins to his brother Peter and three others, including Junior.

The defense insisted the tape simply referred to Junior and two other mobsters copping guilty pleas.

Alleged Galante Ally Pleads Guilty In New York Case (AP)

AP, September 15, 2006

DOJ_NMG_0063520

'Matty the Horse' admits he helped infiltrate labor union

NEW YORK (AP) – Matthew "Matty the Horse" Ianniello, an ailing 86-year-old longtime capo in the Genovese crime family who had ties to Danbury garbage kingpin James Galante, pleaded guilty Thursday to a racketeering charge, admitting he helped infiltrate a union and interfere with a federal grand jury probe.

Ianniello, his wooden cane hanging on a chair beside him, entered the plea before U.S Magistrate Judge Ronald L. Ellis in Manhattan.

A plea agreement signed with the government called for Ianniello to be sentenced to between 1½ and two years in prison. Without the deal, Ianniello would have faced up to 20 years in prison. Sentencing was set for Dec. 14.

He also agreed to forfeit up to $1 million to the government.

Ianniello was indicted in June along with Galante and 27 others in a broad federal racketeering case that involved the garbage industry.

He was a longtime capo who allegedly became one of the family's acting bosses following the 1997 racketeering conviction of Vincent "The Chin" Gigante.

Gigante died in prison at age 77 last December. Long before that, he was dubbed the "Oddfather" for his bizarre behavior, including wandering the streets of Greenwich Village in nightclothes, muttering incoherently.

Ianniello, who lives on Long Island, is free on bail.

In court, Ianniello was difficult to understand as he read a statement admitting his role in efforts to corrupt a union and to prevent the union's leaders and employees from being honest with the government during a federal grand jury probe of mob activities.

Ianniello's lawyer said his client's voice was affected by a stroke.

Ianniello entered his plea to a single count of racketeering, admitting that he received unlawful payments from a labor union and that he conspired to obstruct justice.

Ianniello said he committed the crimes between 1990 and 2005.

Assistant U.S. Attorney Timothy J. Treanor told Ellis that Ianniello participated in a conspiracy in which some union officers lied to federal investigators about various things, including the involvement of organized crime in union business.

Aryan Brotherhood Jury Deadlocks On Death Penalty Verdict (AP)

By Gillian Flaccus, Associated Press Writer

AP, September 15, 2006

Santa Ana, Calif. (AP) -- A federal jury has failed to reach a verdict in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted in July of murder, racketeering and conspiracy, the jurors announced Thursday in a note to the judge.

The same jurors convicted Barry "The Baron" Mills and Tyler "The Hulk" Bingham in July. Jurors were then asked, in a separate proceeding, to determine whether Mills, 58, and Bingham, 59 should be sentenced to death or life in prison without possibility of parole.

After jurors indicated they were deadlocked, defense attorneys asked U.S. District Judge David O. Carter to declare a mistrial, which would result in Mills and Bingham serving life sentences without parole. Prosecutors asked that the judge consider ordering the jurors to resume deliberations and try to break the deadlock.

Carter did not immediately issue a ruling.

Jurors had deliberated for five days in the death penalty phase of the trial.

The case against Mills and Bingham was part of a larger indictment that federal prosecutors hope will dismantle the violent white supremacist which is accused of running powerful gambling operations and drug rings from inside some of the nation's most notorious prisons.

Experts say the full indictment, which lists 32 murders and attempted murders, makes up one of the largest federal capital punishment cases in U.S. history, with more than a dozen people potentially facing execution. More defendants go on trial in Los Angeles later this year.

Mills and Bingham were convicted under the Racketeer Influenced and Corrupt Organizations law, and of offenses known as Violent Crime in Aid of Racketeering — laws originally passed to target the Mafia. The so-called VICAR verdicts, which involved the killings of two black inmates in 1997, made Mills and Bingham eligible for the death penalty.

The two were convicted of inciting a race riot at a prison in Lewisburg, Pa., by conspiring to send a secret message to Aryan Brotherhood members. Frank Joyner and Abdul Salaam, alleged members of the DC Blacks prison gang, were killed during the riot.

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Government witnesses testified about a secret note, written in invisible ink made from urine, that was passed from Bingham's high-security cell in Florence, Colo., to Lewisburg. The note read: "War with DC Blacks, TD."

While prosecutors argued at trial that it was an order to incite a race war at the Pennsylvania facility, defense attorneys said the note was merely a warning to other gang members after tensions flared between the brotherhood and the D.C. Blacks at a prison in Marion, Ill.

The guilt phase of the trial exposed some of the brotherhood's long-kept secrets, including how members communicate from behind bars and between prisons that are thousands of miles apart.

Some witnesses testified about a plot to kill an inmate who had assaulted the late mob leader John Gotti in prison. Testimony indicated that Gotti, head of the Gambino crime family, had paid the brotherhood for protection.

One witness said Gotti offered to pay $500,000 for the hit; another testified that he had been passed bullets to hide until the gang could fashion a zip gun with which to shoot Gotti's attacker. The hit never occurred, and Gotti died of cancer in prison in 2002.

Mills and Bingham were also convicted of a count of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989. They also were convicted of counts of racketeering that included acts of murder and attempted murder.

Mills is currently serving two life terms for murder after nearly decapitating an inmate in 1979. Bingham is behind bars on robbery and drug charges and would have been released in 2010.

The two other men who went on trial with Mills and Bingham — Edgar "The Snail" Hevle and Christopher Overton Gibson — will be sentenced to life in prison.

Banker Is Charged With Taking $6.1 Million (PHI)

By John Shiffman

The Philadelphia Inquirer, September 15, 2006

A former vice president of National Penn Bank was charged yesterday with embezzling $6.1 million from bank clients.

Edward G. Mawhinney, 36, of Sewell, allegedly opened lines of credit under customers' names while working at the Philadelphia branch. He was charged by information instead of grand jury indictment. An information is usually a precursor to a guilty plea.

According to the U.S. Attorney's Office, Mawhinney created fake documents and forged signatures and information on loan applications, loan agreements and tax returns.

"This was a planned, calculated, and well-executed violation of customer trust," U.S. Attorney Patrick L. Meehan said.

Mawhinney could not be reached for comment. The bank made the case public last year. In a statement, the bank said: "We appreciate and look forward to justice prevailing through the courts and applaud the U.S. attorney and the FBI for their diligent work in this matter."

The company said its parent, National Penn Bancshares, has $5.23 billion in assets and operates 80 branches of National Penn Bank, FirstService Bank, HomeTowne Heritage Bank, and Nittany Bank.

N.J. Banker Charged With Stealing $6.2M (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 15, 2006

A former vice president of private banking at National Penn Bank was charged yesterday by federal prosecutors with stealing and diverting almost $6.2 million of bank funds from 1998 to 2004.

Prosecutors filed the charges against Edward G. Mawhinney, 36, through a criminal information, a process indicating that Mawhinney will plead guilty.

According to prosecutors, Mawhinney, of Sewell, N.J., was responsible for opening loans and lines of credit for customers and managing the accounts.

The charging papers said Mawhinney fraudulently opened lines of credit under the names of existing bank customers without their knowledge and consent.

He did it by forging customer signatures and information on loan applications and federal tax returns. Authorities charged that he also created bogus documents to make the lines of credit appear legitimate.

Then, Mawhinney stole money from these lines of credit to pay his own debts and buy his home, prosecutors said.

He also gave money to benefit third parties without the bank's knowledge or approval. The third parties either got loans that had not been approved by the bank or had delinquent loans paid down or paid off completely.

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Mawhinney is also charged with embezzling almost $699,000 from 2001 to December 2004 that was entrusted to the safe-keeping of the bank.

"This was a planned, calculated and well-executed violation of customer trust," said U.S. Attorney Patrick Meehan. "He forged signatures, created phony documents and took $6 million of the bank's money for himself and others."

A spokeswoman for National Penn Bank's holding company said Maw-hinney no longer works at the bank.

National Penn Bancshares has more than $5.2 billion in assets and operates 80 branch offices in Pennsylvania, most of them in the Philadelphia region.

The bank issued a statement yesterday saying they had reached a settlement in November in which some individuals involved in the fraud paid $3.5 million to National Penn.

National Penn said its insurer would put up more than $2.7 million to settle a claim the bank filed regarding the loan fraud. About half that sum already has been paid with the remainder due next month.

Thomas Bergstrom, Mawhinney's attorney, was unavailable for comment yesterday.

Former Company President Admits Stock Fraud Plot (NSDY)

Long Island Newsday, September 15, 2006

CAMDEN, N.J. -- The former president of eContent Inc. pleaded guilty Friday, admitting that he and other officers and directors misused company funds for personal expenses.

John P. Sgarlat is the second person to plead guilty in connection with wrongdoing at the company, and the investigation is continuing, said Assistant U.S. Attorney Eric M. Schweiker.

Sgarlat, 55, of Harvey's Lake, Pa., and Wellington, Fla., also admitted to several schemes, including one in which he improperly issued stock.

Under his plea deal, Sgarlat agreed to pay restitution, in amounts to be determined. He also agreed to forfeit to the government at least $320,000, as well as a vehicle, certain artwork and an autographed Tiger Woods caddie coverall from the 2001 Masters golf tournament. The vehicle, artwork and coverall have all been seized by the FBI.

Sgarlat remains under house arrest pending sentencing next year. He has been under house arrest since his arrest by FBI and Internal Revenue Service agents in February, federal prosecutors said.

The company had been based in Florida while Sgarlat was president in the late 1990s and early 2000s. He was president until April 2001.

He pleaded guilty to two charges: conspiring to commit securities and wire fraud, which carries up to five years in prison and a fine of up to $250,000, or twice the gain from the scheme; and a count of money laundering, which carries up to 20 years in prison and a fine up to $500,000 or twice the value of the transactions.

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On the Net:

U.S. Attorney's Office: http://www.usdoj.gov/usao/nj/press/

British Gambling Exec Resigns, Judge Rules He's Free To Leave NY (AP)

AP, September 15, 2006

NEW YORK (AP) - The chairman of British online gambling company Sportingbet PLC, who was arrested last week after New York customs officials discovered his name on a Louisiana warrant charging him with illegal online gambling, resigned on Thursday, the company said.

"Further to its recent announcements regarding Mr. Peter Dicks, Sportingbet confirms that, with great reluctance ... the Board accepted the resignation of Mr. Dicks as Independent Non-executive Chairman of Sportingbet with immediate effect," the company said in a statement posted on its Web site.

Dicks appeared in state Criminal Court in Queens on Thursday, when Judge Gene Lopez adjourned his case until Sept. 28.

The court appearance came a day after New York Gov. George Pataki received a formal request from Dicks and his attorney, Barry Slotnick, to withdraw a warrant the governor had signed that would allow Dicks' extradition to Louisiana.

Slotnick said he and his client argued that Louisiana's request for extradition "is inappropriate and that Peter Dicks has not committed any crimes there or anywhere. He hasn't been in Louisiana for 20 years."

On Thursday in court, Dicks was informed that the governor had withdrawn the warrant. Restrictions on Dicks' $50,000 bail that barred him from leaving New York also were lifted.

"There is nothing pending in terms of any accusations against Dicks in the state of New York," Slotnick told The Associated Press, adding that Dicks was now free to travel back to London, where he lives.

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A Pataki spokeswoman, Jessica Scaperotti, said the governor's decision was made in consultation with prosecutors in Louisiana and New York. "The decision was made to withdraw the extra warrant pending legal review of the arguments raised by Mr. Dick's attorneys," she said.

When he's back in court later this month, Slotnick said, "it's our hope that the (Louisiana) warrant at that time will be totally withdrawn."

Slotnick said Dicks is appearing in court New York on Sept. 28 only "because Louisiana is requesting his presence. But the only one who can order him to Louisiana is Gov. Pataki."

Dicks was arrested at New York's Kennedy International Airport on Sept. 6 following his arrival on a flight from England. Customs, performing a routine name check, discovered he had an outstanding warrant issued by the Louisiana State Police Gaming Enforcement Division.

Last Friday, after his New York arrest, acting Justice John Latella released him on $50,000 bail but ordered him to surrender his passport and stay in the New York metropolitan area during the extradition process.

The Louisiana warrant was issued in May, charging Dicks with gambling by computer, a felony punishable by up to five years in prison and a $25,000 fine.

Louisiana authorities want to bring Dicks back to stand trial in St. Landry Parish, where the warrant for his arrest was signed.

Dicks, 64, is the second executive of a British Internet sports-betting company to be held in the U.S.

David Carruthers, former chief executive officer of BetOnSports PLC, was arrested in July. The company fired Carruthers, who remains under house arrest in the St. Louis area awaiting trial, and closed its U.S. Web sites.

The founder of Abingdon PLC, a private equity firm, Dicks is also a director at Nasdaq-listed Polar Technology Trust PLC and Standard Microsystems Corp. He has been non-executive director at Sportingbet since 2000.

Sportingbet shares soared more than 25 percent to close at 192 pence ($3.60) on the London Stock Exchange. The stock had fallen sharply after Dicks was detained.

Sportingbet Chairman Dicks Resigns After Detention (Update4) (BLOOM)

Bloomberg, September 15, 2006

By Dan Weeks

Sept. 14 (Bloomberg) -- Peter Dicks, arrested in New York last week on charges of illegal computer gambling, resigned as chairman of the Internet bookmaker Sportingbet Plc.

Sportingbet's shares surged 25 percent today, the most in four years, on speculation that the resignation makes the London-based company more likely to stay in business.

Dicks was the second manager of a U.K. Web gaming company to be ensnared in a government crackdown after the July arrest of David Carruthers, at the time the chief executive officer of Betonsports Plc. Betonsports was barred from doing business in the U.S., where officials say online wagering sites may launder money and lack safeguards for minors and gambling addicts.

``This is hot money betting that this issue has bottomed out," said Mark Reed, managing director of Teather & Greenwood, a London-based brokerage.

Shares of Sportingbet closed 39 pence higher at 192 pence in London. The stock is still 20 percent below its last closing price before Dicks' detention was announced, and about 40 percent below its close on July 14, the last session before Betonsports said Carruthers had been held.

Separately, a New York state judge postponed consideration of a request by Louisiana state police to extradite Dicks to that state on illegal computer gambling charges.

`Great Reluctance'

New York Governor George Pataki's warrant for Dicks' extradition was ``withdrawn for further investigation," said Nicole Navas, a spokeswoman for Queens District Attorney Richard Brown. The original Louisiana warrant for Dicks remains in effect.

The resignation was accepted with ``great reluctance," the company said in a Regulatory News Service statement. Sportingbet said it will replace Dicks in ``due course."

His departure ``helps the company, as it may find a replacement with a new strategy and fewer personal problems," said Ian Murrell, a trader at Wills & Co. in London.

Dicks, a 64-year-old Briton who also is chairman of London- based Daniel Stewart Securities Plc, was arrested Sept. 6 at New York's John F. Kennedy International airport after getting off a flight from London.

He was released on bail two days later and returned to Queens Criminal Court today for an extradition hearing in Kew Gardens, New York. Judge Gene Lopez set a new hearing date of Sept. 28 and gave Dicks permission to leave the country in the meantime.

Dicks, who received his passport and driver's license back from New York authorities, declined to comment on his charges or extradition. His lawyers, Peter Neiman and Barry Slotnick, also declined to comment.

888 Resignation

``He's appeared, he will appear," Slotnick told the judge at the hearing before Lopez ruled, referring to his client.

The chief executive officer of 888 Holdings Plc, another U.K. online-gaming company, also said he will step down today. John Anderson will be replaced by Gigi Levy, 888's chief operating officer, at the end of the year.

``We are closely monitoring the progress of the recent enforcement actions in the U.S.," 888 said today in a statement. ``888 has no involvement" in sports betting, it said.

Shares of 888, the world's largest online casino, added 2.4 percent to 150 pence in London. PartyGaming Plc, the world's biggest Internet-poker company, advanced 4.3 percent to 110.25 pence, its biggest percentage gain in almost a month.

``These stocks have gotten destroyed and they are still huge cash flow businesses," said Darren Chervitz, research director at New York-based Jacob Asset Management, which invests in Internet companies. ``Someone may be saying this is the time to take a chance."

Venture Capitalist

Sportingbet, which first sold shares to investors in January 2001, accepted almost 150 million sports and gaming wagers in the fiscal third quarter that ended April 30. About four-fifths of clients are American.

Dicks joined Sportingbet as non-executive chairman in 2000, according to the company's Web site. He co-founded venture- capital firm Abingworth Plc and is a director of companies in the U.S. and U.K., including Polar Capital Technology Trust. He also is chairman of Private Equity Investor Plc, a London company that invests in computer and Internet companies.

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Ex-Prosecutor's Bribery Trial Begins (FINDLAW/AP)

By Sarah Karush, Associated Press Writer

AP, September 15, 2006

(AP) - DETROIT-A lawyer for a former chief prosecutor accused of helping a convicted rapist get a new trial in exchange for campaign contributions tried to cast him as an ethical man as his trial began Wednesday.

But prosecutors said Carl Marlinga let his political ambitions interfere with the pursuit of justice.

Marlinga's duty "was overcome by a desperate need for money - not to line his own pockets, but to fuel his political ambitions," Assistant U.S. Attorney Robert Cares said in his opening statement to the jury.

Marlinga, the former Macomb County chief prosecutor, is charged with bribery, wire fraud, making false statements to the Federal Election Commission and violating federal campaign finance laws. The charges stem from the 59-year-old's failed 2002 bid for Congress.

If convicted, he could face up to 10 years in prison and a $250,000 fine.

Prosecutors say that Marlinga filed a motion with the Michigan Supreme Court that led to a new trial for Jeffrey Moldowan, who had been convicted in 1991 of kidnapping and raping his ex-girlfriend. Moldowan was acquitted at his new trial after spending more than 10 years behind bars.

They say he also accepted contributions in exchange for helping St. Clair Shores businessman James Hulet, accused of drugging and raping a teenage girl.

Hulet eventually pleaded guilty to assault with intent to commit criminal sexual conduct, a drug charge and a firearm charge, and was sentenced to two years in prison in January 2004.

Marlinga was not personally involved in the prosecution of Moldowan, which was handled by an assistant prosecutor. But he took an interest after being contacted by Ralph Roberts, a prominent businessman who employed Moldowan's sister, Cares said.

Marlinga filed his motion with the Supreme Court as he was approaching an important fundraising deadline in his congressional campaign. Around the same time, Roberts contributed the maximum $2,000 allowed. Later, Roberts gave another $1,600 in his wife's name, and Marlinga also expected Roberts to host fundraisers for him, Cares said.

Charges against Roberts were dropped last year.

Defense attorney Mark Kriger said Marlinga's interventions in the Moldowan case began before he decided to run for Congress and were motivated by a commitment to justice.

"What he did in the Moldowan case, we as citizens should be very proud of," Kriger said.

The federal court trial is expected to last about two weeks. Marlinga spent two decades as chief law enforcement official of Michigan's third-largest county. Before his election to the post, he worked for a time as an assistant U.S. attorney in Detroit - part of the same office prosecuting him now.

Guard Pleads Guilty In Contraband Case (AP-Y)

By Bill Kaczor, Associated Press Writer

AP, September 15, 2006

One of five prison guards charged in a sex-for-contraband scandal that ended in a deadly shootout with federal agents pleaded guilty Thursday to conspiracy to commit mail fraud.

Alfred Barnes, 42, of Thomasville, Ga., agreed to cooperate in the prosecution of other defendants. In exchange, the government dropped charges including witness tampering, bribery and mail fraud.

The five men are accused of taking part in an alleged scheme in which guards reportedly paid female inmates for sex with alcohol, food, money and marijuana over a two-year period. The guards also were accused of intimidating inmates and witnesses to ensure their silence.

Authorities said prison guard Ralph Hill smuggled a gun into the Tallahassee Federal Correctional Institution on June 21 and opened fire when FBI and Justice Department agents arrived to arrest him and the other defendants.

Hill and Justice Department special agent William "Buddy" Sentner were killed. A prison employee assisting in the arrests was wounded. None of the surviving guards were charged in connection with the shooting.

Barnes testified that families of three female inmates mailed money orders to him and he provided them with cosmetics, jewelry, cigarettes and other tobacco products that he smuggled into the prison. He said he had sexual relationships with two of the women, and "basically just a money relationship" with the third.

Another guard, Vincent Johnson, also pleaded guilty Sept. 6 to conspiring to commit mail fraud in a similar deal with prosecutors. Johnson was not accused of having sex with inmates. Instead, coerced inmates to keep quiet about the scheme and to not cooperate with investigators, according to a statement of fact he signed.

Barnes and Johnson each could face a maximum sentence of 20 years in prison and $250,000 fine. Johnson's sentencing is set for Nov. 17 and Barnes' for Dec. 14.

Trial is scheduled to begin Oct. 30 for the other three guards, Gregory Dixon, Alan Moore and E. Lavon Spence.

Feds Lower Boom On Alternative Money (USAT)

By Barbara Hagenbaugh, Usa Today

USA Today, September 15, 2006

WASHINGTON — The government Thursday warned consumers and businesses that it is illegal to use alternative money known as "Liberty Dollar" coins, which organizers promote as a competitor to the almighty dollar.

"We don't want consumers to be fooled," U.S. Mint spokeswoman Becky Bailey says, noting U.S. Attorneys offices across the USA have noticed a marked increase in inquiries about the coins.

The coins' producers vowed to fight the government's decision.

Evansville, Ind.-based National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code, otherwise known as NORFED, has been making the Liberty Dollar coins for eight years and claims $20 million is in circulation. The group says the money, unlike official U.S. cash, has a hedge against inflation because it is made almost entirely of silver and is backed by stocks of silver and gold in a vault in Idaho.

The coins are then spent by the group's 2,500 Liberty Associates in stores run by fellow supporters or are accepted unknowingly by clerks who are unaware they are not receiving real money.

The Justice Department has determined that use of Liberty Dollars, which come in varying denominations, "is a crime," according to the Mint, which issued a rare public warning Thursday.

"The United States Mint is the only entity that can produce coins," Bailey says.

The Mint notes the coins share some resemblances to real money, such as the term "Trust in God" instead of "In God We Trust" and use of a torch in the design. Such similarities may confuse people into thinking the money is real, the Mint says.

But NORFED says it will challenge the government, arguing it has never claimed Liberty Dollars were official money and that it has a right to offer an alternative.

"The designs and verbiage ... are original and are not copies of any U.S. Mint currency," NORFED Executive Director Michael Johnson said in a statement.

It's unclear how many people or businesses are unknowingly holding Liberty Dollars, which cannot be exchanged for real money at banks.

In a case in Buffalo, a man and his son are set to go on trial next month after they knowingly tried to buy beer at a Buffalo Sabres hockey game with Liberty Dollars.

The Mint did not say if government officials will seek to prosecute individuals or NORFED after its warning.

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Reed Runk, part-owner of Kendall Funk & Bismark Jewelers in Chambersburg, Pa., says the store has been accepting Liberty Dollars for about a year and has sold a few as well. Runk says the store will continue to accept and sell the coins.

"We just feel that they are something that educates people as to what the monetary systems are like in the world, that they are a fiat system, that if people lose faith in them, they will collapse," he says. Besides, "They are a good-looking coin."

Bond Denied For Litchfield Man Accused Of Producing Child Porn (AP)

AP, September 15, 2006

SPRINGFIELD, Ill. - A federal judge denied bond Thursday for a 65-year-old man accused of creating sexual images of children in a photo studio above a hair salon.

Paul Kincaid, who is charged with possessing child pornography and producing it near his home in Litchfield, will remain in the custody of U.S. marshals pending trail, said Sharon Paul, a spokeswoman for the U.S. attorney's office in Springfield.

"The judge found that he presented a danger to the community," Paul said.

Prosecutors accuse Kincaid of using a Polaroid camera to create sexual images of minors in a makeshift photo studio above a hair salon near his home.

Kincaid's attorney, Jon Gray Noll, said after the judge's ruling that it's too early to say how his client might eventually plea.

"We have to see the pretrial discovery, we have to see how the evidence was obtained," he said. "I've had a lot tougher cases that we've won."

Authorities said they seized hundred of images of child pornography, including photo albums, from Kincaid's home, which is located about 50 miles south of Springfield.

A criminal complaint charges Kincaid with possession and production of child pornography on or about September 2004. Authorities did not release the ages or otherwise identify the alleged victims.

Kincaid was arrested at his home Sept. 6.

A conviction on a charge of producing child pornography carries a maximum penalty of 30 years in prison. The possession charge carries a penalty of up to 10 years, authorities said.

Elderly Women Plead Not Guilty In Los Angeles Hit-run Transient Deaths (FINDLAW/AP)

By Andrew Glazer, Associated Press Writer

AP, September 15, 2006

(AP) - LOS ANGELES-A pair of elderly women charged with murdering two transient men and illegally collecting millions from their life insurance policies have pleaded not guilty.

Helen Golay, 75, and Hungarian-born Olga Rutterschmidt, 73, each face two counts of murder and two counts of conspiracy to commit murder for financial gain in the deaths of Paul Vados, 73, a Hungarian native, in November 1999, and Kenneth McDavid, 51, in June 2005. The women are being held without bail as long as prosecutors consider a death sentence for them.

Authorities alleged that Golay and Rutterschmidt befriended the two transients, convinced the men to sign them on to their life insurance policies and then collected some $2.3 million (â,¬1.8 million) after running them over in secluded alleys.

Superior Court Commissioner James Bianco on Wednesday denied Golay's request to be allowed to have mascara and tweezers to pluck her eyebrows, to wear her own clothes and to be awakened no earlier than 7 a.m. on court days.

"I certainly understand the difficulties of confinement," but sheriffs need time to bring her from her jail in surburan Lynwood to the downtown Los Angles courtroom, Bianco said.

Rutterschmidt's attorney, Michael Sklar, challenged the legality of conspiracy charges against her, but Bianco ruled that the charges could stand. Sklar also said he had not yet received evidence from the state.

Bianco ordered the district attorney's office to provide him with discovery by Sept. 22. Bianco also scheduled a next court hearing for Oct. 5, when a date for preliminary hearings would be set.

Federal authorities arrested the two women in May and charged them with mail fraud in connection with the insurance scheme while the murder investigation progressed.

Former Ramsey Suspect Appears In California Court (USAT)

By John Ritter

USA Today, September 15, 2006

SANTA ROSA, Calif. — John Mark Karr, briefly a suspect in JonBenét Ramsey's murder, was back in court here Thursday for the first time since he jumped bail five years ago to avoid child pornography charges.

Karr's chief lawyer, Robert Amparan, said the 41-year-old former teacher will fight the misdemeanor charges and has no plans to cut a deal with prosecutors involving a guilty plea in exchange for a sentence of time served and probation.

Karr, unshackled in a blue jailhouse jumpsuit, sat passively as lawyers debated whether cameras should be allowed at his trial on five counts of possessing pornography, brought when investigators allegedly found illicit images on his computer.

Defense lawyer Gayle Gutekunst argued that a simple misdemeanor case had "exploded into a media event" that could make it hard to find impartial jurors.

"The court can put the skids on this and help return the case to what it was in 2001," Gutekunst said.

Judge Cerena Wong rejected TV cameras but said she'd permit one still photography camera. Wong said Karr's trial would begin Oct. 2 but scheduled a hearing to resolve a dispute over whether prosecutors can seek a delay. Karr will get a bail hearing Tuesday.

Authorities here regained custody of Karr this week after the Boulder, Colo., district attorney said Karr no longer was a suspect in Ramsey's December 1996 death because DNA tests failed to put him at the crime scene.

Karr was arrested in Thailand on Aug. 16 after he made phone calls and wrote e-mails claiming to have killed the 6-year-old child beauty queen.

He was brought to Colorado, even though his ex-wife, the mother of his three sons, said he couldn't have killed Ramsey because he was in Georgia that Christmas with his family.

If convicted of the child pornography charges here, Karr could face a maximum of a year in jail on each count, although first-time offenders rarely get a sentence that severe, says David LaBahn, executive director of the California District Attorneys Association. A typical sentence in a case like Karr's is six months, LaBahn says.

Karr already has been in custody seven months — six months in 2001 before he made bail and a month since his Thailand arrest. California defendants get an additional day for every three days of jail time, so he has more than nine months to his credit now.

Once free after a conviction, he would be in a statewide law-enforcement database of sex offenders but not on the public registry created under California's Megan's Law. Only felony offenders appear on that list.

Asked why Karr fled, Amparan noted that he had lost his job and his family after his wife filed for divorce and obtained a restraining order prohibiting contact with her or their children.

CIVIL RIGHTS:

Justice Department Closes Investigation Into Teenager's Death (AP)

AP, September 15, 2006

Annapolis (AP) - The Justice Department has ended an investigation into the death of a black teenager at a party in Anne Arundel County.

Seventeen-year-old Noah Jamahl Jones was killed in the summer of 2004 in an altercation that involved six white men in Pasadena.

The Justice Department began its investigation after allegations were made that Jones' death might have resulted from a racially motivated attack. But it said Thursday that there is insufficient evidence to pursue criminal civil rights charges.

One of the men was acquitted in state court last year of voluntary manslaughter.

Missouri: Voter ID Law Is Struck Down (NYT/AP)

By The Associated Press

The New York Times, September 15, 2006

A judge struck down the state's new voter identification law as an unconstitutional infringement on the right to vote. The law required voters to show a federal or Missouri-issued photo ID at the polls. The judge, Richard Callahan of Cole County Circuit Court, said that was an unconstitutional burden on voters because the paperwork required to get those ID's was not free. In Georgia, a federal judge blocked that state from enforcing its voter identification law during local special elections next week. Georgia's law requires voters show a valid form of government-issued identification.

Judge Strikes Down Mo. Voter ID Law (AP-Y)

By Kelly Wiese

AP, September 15, 2006

DOJ_NMG_0063528

A judge struck down Missouri's new voter identification law Thursday as an unconstitutional infringement on the right to vote.

The law required voters to show a federal or Missouri-issued photo ID at the polls, which Cole County Circuit Judge Richard Callahan said was an unconstitutional burden on voters because the paperwork required to get those IDs is not free.

The right to vote is "a right and not a license," the judge wrote.

Callahan said the requirement is a particular burden to women, the poor, the undereducated and the elderly. Missouri law requires those getting or renewing a driver's license to show they are lawfully in the country, generally with a birth certificate or passport.

Those whose name has changed, such as some married women, also must provide documents showing those changes. And some people may not have the knowledge of how to navigate bureaucracy to obtain a license, he said.

Supporters of voter ID laws say they are needed to protect against voter fraud.

Gov. Matt Blunt, a Republican who backed the law, decried the decision.

"This is a constitutionally sound law that will help improve Missourians' confidence in the elections process and help combat those who attempt to manipulate the system," he said in a written statement.

Secretary of State Robin Carnahan, a Democrat who has been critical of the law, praised the decision.

"This ruling affirms my concern that the law clearly jeopardizes the constitutional voting rights of many Missourians," she said.

Also Thursday, a federal judge in Georgia blocked the state from enforcing its voter identification law during local special elections next week. Georgia's law requires voters show a valid form of government-issued identification, such as a passport or driver's license. If they don't have those, voters can also obtain a free voter ID card.

U.S. District Judge Harold Murphy said that few have obtained identification cards, even though officials know thousands don't have them.

He did not block use of the law during November's general election, explaining that he would hear arguments on that issue later.

Pledge Challenger Newdow Claims Web Scribe Defamed Him (LAW)

By Mike Mckee, The Recorder

California Recorder, September 15, 2006

Sacramento, Calif., atheist Michael Newdow took plenty of grief from conservative commentators two years ago when he tried unsuccessfully to get the words "under God" taken out of the Pledge of Allegiance.

But being called a liar in an online column was more than he could stand -- and a Northern California minister could pay the price.

This Monday, Newdow -- who's both a lawyer and an emergency room physician -- is scheduled to appear in San Francisco's 1st District Court of Appeal to argue that his libel suit against the Rev. Austin Miles should be allowed to proceed.

Newdow claims that Miles -- a self-described "interdenominational chaplain" who writes conservative columns posted on the Internet -- defamed him by accusing him of committing perjury before the 9th U.S. Circuit Court of Appeals during the pledge case. Specifically, Newdow claims Miles accused him, in posts on two news service sites, of telling the court his young daughter suffered emotional distress as the result of being forced to recite the pledge in her classroom. Newdow insists he never said that.

Instead, he says, he only argued that children, including his daughter, are unduly influenced when a state-run school leads them in a ritual proclaiming the existence of God.

"Had Miles done as any reasonable person would have done -- i.e., simply read the 9th Circuit's panel decision before writing his article," Newdow wrote in court papers, "he would have quickly appreciated that his 'view' ... was 100 percent wrong."

The 9th Circuit in 2002 agreed with Newdow's claim that the pledge, as recited in public schools, violated the First Amendment's establishment clause. But two years later, the U.S. Supreme Court tossed Newdow's suit, voting 5-3 that he didn't have standing to bring it in the first place.

Since then, Newdow has pursued the merits of his arguments by representing an unnamed "Roe" client in challenging the pledge again. That case is now pending before the 9th Circuit, as is a separate case of Newdow's challenging the inclusion of the words "In God We Trust" on American money.

In his case against Miles, Newdow won a $1 million default judgment in Superior Court in June 2004 after Miles failed to respond to the initial complaint. That judgment was later set aside, though, after the trial court found that Miles, through no fault of his own, had no actual notice of the suit.

Immediately thereafter, Miles filed a motion to strike Newdow's libel suit as an attempt to block free speech. Contra Costa County Superior Court Judge Steven Austin denied that motion last year.

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On appeal, Miles' lawyers -- Edward White III, associate counsel at the Thomas More Law Center in Ann Arbor, Mich., and Stockton, Calif., attorney Mark Thiel -- contend their client has shown his online comments were protected speech involving an issue of public interest.

To overcome that presumption, they argue in court papers, Newdow -- as an admitted public figure -- would have to show by clear and convincing evidence that Miles acted with actual malice. White and Thiel contend Miles' comments were based on information from other sources that he believed were accurate.

"When all is said and done," the two argued, "the dispute here is one of semantics and not of malicious falsehood."

That's not what Newdow believes. He even accuses Miles of making up quotes purported to be Newdow's own words.

"This man has no compunction whatsoever about disseminating falsehoods and persisting in flouting the law," Newdow, who is representing himself, wrote in court documents. "His meaningless claim that Newdow must have said something, somewhere -- 'on an Internet site ... or during television interviews' -- that could be used to support his fabrication is nothing but drivel."

Newdow also argues his default judgment should be reinstated, contending Miles actively hid to avoid being served the suit. Newdow says he tried service by mail, made two attempts through a professional service company and hired a licensed private investigator, all to no avail.

"The court will see," he wrote, "that the only inference that can be drawn from the evidence in this case is that Miles sneered at our judicial system and intentionally avoided service."

Miles' lead lawyer, White, couldn't be reached for comment.

Newdow, contacted in his Sacramento office, said Monday he mainly wants to clear his name.

"I think many people think that what he wrote was true," he said. "I'd like to restore my reputation."

The case is Newdow v. Miles, A109660.

Navy Chaplain Guilty Of Disobeying An Order (WP)

By Alan Cooperman

The Washington Post, September 15, 2006

A Navy court decided yesterday to reprimand and dock the pay of an evangelical Protestant chaplain after finding him guilty of disobeying an order by appearing in uniform at a political protest in front of the White House in March.

The chaplain, Lt. Gordon J. Klingenschmitt, said he intends to "appeal by all means possible all the way to the Supreme Court."

Klingenschmitt, 38, who belongs to a small evangelical offshoot of the Episcopal Church, has been a vocal critic of the Navy's policies on prayer in ceremonial settings. He has accused his superiors of pressuring chaplains to offer generic, nonsectarian prayers, and he has gained wide attention and sympathy among religious conservatives.

Over the past year, Klingenschmitt worked closely with Rep. Walter B. Jones Jr. (R-N.C.) and other members of Congress to push the Bush administration to issue an executive order guaranteeing the right of chaplains to pray "in the name of Jesus." So far, the White House has rebuffed the request.

On March 30, Klingenschmitt wore his uniform at a news conference in Lafayette Square in which former Alabama chief justice Roy S. Moore and others decried President Bush's lack of action on the chaplain's complaints. Klingenschmitt maintained that his only participation in the event was to offer public prayers and that he had prior written permission to wear his uniform when conducting "a bona fide worship service or observance."

During court-martial proceedings this week at the naval base in Norfolk, a military prosecutor, Cmdr. Rex A. Guinn, said Klingenschmitt had received clear orders from his superiors not to wear his uniform at media events or political protests. The event in Lafayette Square, he contended, was not a true worship service or observance.

On Wednesday, a jury of five Navy officers found Klingenschmitt guilty of one misdemeanor count of disobeying a lawful order. Yesterday, the same jury determined his punishment: a formal reprimand and forfeiture of pay at the rate of $250 a month for the next 12 months.

That would amount to $3,000, or about 5 percent of his pay. But Klingenschmitt is unlikely to incur the full fine, for two reasons: The jury recommended that Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic region, suspend the financial penalty, and Klingenschmitt doubts he will remain in the Navy for 12 more months.

"The letter of reprimand is actually the worst punishment because it will be used in a couple of months to kick me out of the Navy in a separate process called an administrative separation board," the chaplain predicted.

Kevin Copeland, a Navy spokesman, said that Klingenschmitt's prediction was "strictly hypothesis at this time" because "the ink isn't even dry on the court-martial yet."

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But among the documents that Klingenschmitt introduced in his defense during the court-martial was a March 22 e-mail from Vice Adm. John C. Harvey Jr., the Navy's head of personnel, to Adm. Michael G. Mullen, the chief of naval operations, recommending Klingenschmitt's "involuntarily release" from the Navy "due to lack of career potential."

The e-mail noted: "This officer is the individual who conducted a hunger strike in front of the White House several months ago and has engaged in other actions concerning [Defense Department] and Navy Religious Ministry policies."

Klingenschmitt served as an Air Force officer for 11 years before becoming a chaplain four years ago. He said he believes the e-mail, which was sent eight days before he wore his uniform at the Lafayette Square protest, "proves this is a reprisal against me for my whistle-blower complaints to Congress and the press."

Jury Recommends Reprimand For Navy Chaplain Who Disobeyed Order By Appearing In Uniform (FINDLAW/AP)

By Sonja Barisic, Associated Press Writer

AP, September 15, 2006

(AP) - NORFOLK, Virginia-A jury on Thursday recommended that a Navy chaplain receive a letter of reprimand for disobeying an order by appearing in uniform at a political news conference at the White House.

The jury also recommended that Lt. Gordon Klingenschmitt forfeit $250 (â‚¬197) pay per month for a year but suggested that the monetary punishment be suspended.

Rear Adm. Frederic Ruehe, commander of the Navy's Mid-Atlantic Region, must decide whether to approve the recommendation.

The jury of five officers at Klingenschmitt's special court-martial determined Wednesday that he had disobeyed a superior officer's order prohibiting him from wearing his uniform during media appearances without prior permission.

The charge centered on a March 30 news conference protesting a Navy policy that requires nondenominational prayers outside of religious services.

Klingenschmitt had argued that he was allowed to wear his uniform if conducting a "bona fide worship service." He said he believes he was punished for making a political speech in uniform because he prayed in Jesus' name.

"Jesus was crucified, Peter and John were flogged and I got a minor reprimand," Klingenschmitt said in a telephone interview after court. "I have not yet become a martyr for the faith."

He said he would appeal the conviction and fight to remain a chaplain if the Navy tries to oust him. He said senior naval officials had already decided to fire him before the event.

Last December, the chaplain went on an 18-day hunger strike in front of the White House over the right to invoke Jesus' name outside such services.

Klingenschmitt had faced a maximum punishment of a reprimand and fines of $41,916 (â‚¬32,945), or two-thirds of his annual salary. He also could have been restricted to base for up to two months.

Military prosecutor Cmdr. Rex Guinn said the government had proved its case.

"Justice was done," Guinn told reporters.

Conservatives Say Religion Under Attack (AP-Y)

By Jim Kuhnhenn

AP, September 14, 2006

Religious conservative leaders, sensing declining alarm over same-sex marriage, are warning that the debate over homosexuality has prompted attacks on religious freedom.

By expanding the discussion from marriage to religious expression, social conservatives say they will reconnect with religious voters and religious leaders who don't necessarily view same-sex unions as a threat.

"There are a number of pastors that said, 'Look, we don't get involved in politics, I'm not going to get involved in this issue, I just want to preach the gospel,'" said Tony Perkins, president of the Family Research Council. "When they realize their ability to preach the gospel may very well be at stake, they may reconsider their involvement."

Perkins and others are building a case file of anecdotes where they say religious people have spoken out against gay marriage only to be punished. Perkins specifically cited the decision by Maryland Gov. Robert Ehrlich in June to fire his appointee to the Washington area transit board after the board member referred to homosexuals as "persons of sexual deviancy."

The board member, Robert J. Smith, said he was expressing his personal beliefs as a Roman Catholic.

The subject of religious expression will be the main theme of an Oct. 15 gathering in Boston of conservative religious and political leaders that will be broadcast to churches nationally.

Many social conservatives credit the furor in 2004 over gay marriage for mobilizing voters in key states who voted for President Bush. Since then, however, 16 states have passed initiatives or legislation banning same-sex marriage and several court decisions have upheld those bans.

"As the immediate threat has diminished so has the awareness," Perkins said.

Eight states have ballot initiatives in November to prohibit gay marriage, including some states with closely contested congressional races. Perkins said religious conservative groups planned to use direct mail and the Internet to alert voters about the stands candidates have taken on the marriage issue.

ANTITRUST:

Exelon Abandons PSEG Acquisition, Faults New Jersey (WSJ)

By Rebecca Smith

The Wall Street Journal, September 15, 2006

Prospects for big utility mergers dimmed with Exelon Corp.'s announcement yesterday that it has abandoned its acquisition of Public Service Enterprise Group Inc., a deal valued at about $17.7 billion that would have created the nation's largest utility company by serving 18 million people.

Exelon blamed its decision, which was expected, on "insurmountable" obstacles, chiefly rate concessions and power-plant divestitures sought by public officials and consumer advocates in New Jersey, where PSEG is based. Exelon, of Chicago, spent more than $100 million pursuing PSEG in a deal announced in December 2004.

The longer the approval process became, the more costly the transaction was for Exelon shareholders. What started out as a $12 billion deal became a $17.7 billion transaction as Exelon's stock price appreciated. Yesterday, Exelon closed down 50 cents at $57.77 in 4 p.m. New York Stock Exchange composite trading, up from $43.05 when the deal was announced. PSEG's shares rose one cent to $66.15. In after-hours trading, PSEG's shares dropped $5.85, or 8.8%, to $60.30, while Exelon stock rose $1.73, or 3%, to $59.50.

Many industry economists say such combinations can make companies more skillful operators and reduce geographic risk caused by weather. New Jersey officials feared the loss of local oversight. Exelon sought to allay fears by promising to keep PSEG's headquarters in Newark, N.J.

The combination moved forward smoothly. It won approvals from the Federal Energy Regulatory Commission, Pennsylvania state regulators and the Justice Department, which weighs potential anticompetitive issues. The approval process bogged down at the New Jersey Board of Public Utilities. Many participants argued that the combined company would have unacceptable leverage over wholesale-power markets in the Midwest and mid-Atlantic area and that power-plant divestitures ordered by the federal government were insufficient to fully protect consumers against unfair prices. The companies offered $600 million in rate concessions.

Jeanne Fox, president of the New Jersey Board of Public Utilities, said the relationship between state regulators and PSEG would be constructive despite the failed merger.

The termination will cost PSEG "strategic benefits and the ability to spread risk geographically, but the impact on our earnings is not that significant," spokesman Paul Rosengren said. He said PSEG's earnings next year should go up about 30% from a range of $3.45 to $3.75 a share in 2006 to a 2007 range of $4.60 to $5 a share.

Exelon, PSEG End Merger Over Differences With NJ (MRKTWTCH)

By Matthew Dalton

Market Watch, September 15, 2006

NEW YORK (MarketWatch) -- Exelon Corp. (EXC) and Public Service Enterprise Group (PEG) announced late Thursday they were breaking off their merger due to insurmountable differences between the two utilities and with New Jersey regulators.

After 19 months of negotiations between the utilities and New Jersey, Exelon and PSEG said the state's conditions for approving the $17 billion deal were too costly. The New Jersey Board of Utilities' approval was the last obstacle to the deal.

The companies said they could not reach an agreement on how many power plants the combined company would be allowed to own and how much New Jersey residents would pay for their electricity and natural gas.

"We are very disappointed that the merger cannot be completed," said John W. Rowe, Exelon's chief executive.

"We simply could not achieve agreement on issues ranging from market power mitigation to electric and gas rate concessions," said E. James Ferland, chairman and chief executive of PSEG.

PSEG's shares dropped 8.9% in after-hours trading to $60.25, while Exelon stock rose 3% to $59.50.

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A driving force behind the merger was the hope that Exelon, a highly regarded operator of nuclear power plants, could improve the performance of PSEG's two troubled nuclear plants, Hope Creek and Salem. The plants have improved dramatically since Exelon began operating them following the announcement of the merger in December 2004. Some investors have been concerned that the plants' performance might regress if the deal fell apart.

PSEG has an option to continue Exelon's operation of the plants for another three years starting in 2007. PSEG said Thursday it would still be a strong company without Exelon and reaffirmed its 2006 earnings guidance of $3.45-$3.75 per share.

"The company took strong steps over the last two years to improve our financial stability and reduce our international exposure," Ferland said.

The U.S. Federal Energy Regulatory Commission, the U.S. Justice Department, and Illinois and Pennsylvania regulators had approved the merger. But New Jersey consumer advocates and large industrial firms raised concerns that the combined company would own so many power plants in the state that it could effectively corner the electricity market and raise prices without fear of competition.

In early August, the two companies offered to give PSEG customers $600 million in cash through 2008 and credits against future rate increases for natural gas delivery. Staff of the New Jersey board responded with a counter-offer seeking $820 million through 2011 and the sale of two additional fossil-fueled power plants beyond what the companies said they would sell as part of an agreement with the Justice Department, which approved the deal in June.

The two utilities attempted the merger at a time of record electricity prices, an environment that many believe ultimately derailed the deal.

"One wonders whether the negotiation process would have been as contentious if wholesale power prices weren't so high," Paul Patterson, an analyst at Glenrock Associates.

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Exelon, Public Service Cancel Sale Over State Hurdles (Update4) (BLOOM)

By Jim Polson And Dan Lonkevich

Bloomberg, September 15, 2006

Sept. 14 (Bloomberg) -- Exelon Corp. abandoned its $17.8 billion purchase of New Jersey's Public Service Enterprise Group because of an impasse with state regulators over the plan to create the largest U.S. utility company.

The companies faced ``insurmountable gaps'' with the New Jersey Board of Public Utilities, Chicago-based Exelon and Newark, New Jersey-based Public Service said today in a statement. The board was the last regulatory hurdle for the deal.

Exelon agreed to buy Public Service in December 2004. The company said Aug. 30 that completing the transaction was no longer ``more likely than not'' as they tried to allay concern among the regulators that the combined company would be capable of inflating power prices.

``Most observers did feel the odds were getting longer as it took more time,'' said Tom Burnett, director of research at Wall Street Access in New York and a specialist in tracking acquisitions. ``The companies and the folks in the New Jersey regulatory office were just too far apart.''

Exelon Chief Executive Officer John W. Rowe had argued that his company would run Public Service's plants, particularly their nuclear units, more efficiently. He said that would increase the electricity supplied to New Jersey's competitive wholesale market, benefiting customers.

Public Service stock fell $6.18, or 9.3 percent, to $60 in after-hours trading on the New York Stock Exchange. Shares of Exelon rose as much as $1.73, or 3.1 percent, to $59.50 in after- hours trading.

``The deal was enormous and it scared a lot of people,'' said Daniele Seitz, an analyst for Dahlman Rose & Co. in New York, who rates Exelon shares ``buy'' and doesn't own them. ``For the regulators it was a bit much.''

No Agreement

Exelon on July 31 offered $600 million in cash, with additional rate concessions, if New Jersey would agree to approve the acquisition. New Jersey's board made an undisclosed counter proposal on Aug. 17.

The companies had offered to sell power plants and place output from nuclear plants under long-term contracts to win approval from the U.S. Department of Justice and the Federal Energy Regulatory Commission.

New Jersey ``apparently feels that the commitments we had to make to FERC and DOJ, those divestiture obligations, were not enough,'' Public Service Enterprise Group Chief Executive E. James Ferland said in an interview today. ``We don't agree with that.''

The regulators demanded further plant divestitures and constraints on sales from generators the companies would keep, he said.

Not Enough

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``We did not believe the companies offered enough direct and real rate relief," Ronald K. Chen, New Jersey Public Advocate said in a separate statement. ``The companies also would not agree to measures that our experts, and the Board of Public Utilities staff, believed were necessary to ensure that the merged company could not manipulate regional energy markets."

To win federal approval for the acquisition, Exelon previously agreed to sell six power plants in Pennsylvania and New Jersey, as well as place 2,600 megawatts of nuclear-power capacity under contract for as long as 15 years.

The Justice Department on June 22 gave antitrust approval to the deal, provided Exelon sell 5,600 megawatts of power plants. FERC had given approval a year earlier, based on a smaller divestiture and long-term nuclear-output sales.

Blocked Deals

Four of the nine largest U.S. utility takeovers announced in the past three years have been blocked by state officials. The largest deal pending, FPL Group Inc.'s $11 billion purchase of Constellation Energy Group Inc., stalled May 31 amid a rate dispute in Maryland that prompted a new state law on utility mergers.

Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms.

Oregon's Public Utility Commission blocked the $1.4 billion sale of Portland General Electric Co. in March 2005, declaring its acquisition by Texas Pacific Group from Enron didn't benefit customers.

Kohlberg Kravis Roberts & Co., JPMorgan Chase & Co. and Wachovia Corp. in 2004 abandoned an $800 million bid for Tucson utility owner UniSource Energy Corp. after the Arizona Corporation Commission demanded the buyers put up more money, reducing the planned borrowing to finance the transaction.

Duke Energy Corp. closed on the $9 billion acquisition of Cincinnati-based utility owner Cinergy Corp. on April 3, less than 11 months after announcing the deal, after winning regulatory approval by five states as well as federal officials.

``If you can fly below the radar screen, you're fine," Seitz said. ``Look at the Duke-Cinergy merger. It went like a letter in the mailbox. Nobody cared."

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US Urges European Regulators To Lay Off Apple DRM (IDG)

By Nancy Gohring, IDG News Service

IDG News Service, September 15, 2006

DOJ official argues European policy is aimed at helping competitors instead of consumers

A U.S. Department of Justice (DOJ) official has joined the debate surrounding Apple Computer's proprietary digital music technology by criticizing European antitrust activities, but groups attacking Apple are defending their actions.

Speaking in Washington, D.C., on Wednesday, Thomas Barnett, assistant attorney general at the DOJ's antitrust division, warned that forcing companies to reveal their intellectual property stifles innovation. He used Apple as an example, in a nod to growing discontent in Europe regarding the way that music purchased from iTunes is tied to the iPod.

Architects of complaints against Apple in Europe say he's got it wrong. "We're not attacking intellectual property rights but saying they should be implemented in a way which doesn't dictate which player you use," said Torgeir Waterhouse, a senior advisor with the Norwegian Consumer Council.

His organization filed a complaint to Norway's consumer representative, or ombudsman, arguing that it's illegal for Apple to limit iTunes customers to playing music from the store exclusively on iPods. Along with similar representatives in Denmark and Sweden, the Norwegian ombudsman asked Apple to defend its policy. In a written reply, Apple said it won't budge on the issue but the company plans to meet representatives from the countries later this month to further discuss the issue. If Apple won't open up, the ombudsman will take the company to court.

Waterhouse suggests that Apple could solve the problem by licensing its digital rights management technology to other device makers so that iTunes customers could choose among devices or opt for an open standard that would be compatible with more devices.

Barnett's criticisms of European antitrust policy, including comments that the policy is aimed at helping competitors instead of consumers, are generally in line with comments from U.S. officials since the Bush administration came to power, said Scott Megregian, a partner and head of the European competition group in the law firm McDermott Will & Emery UK.

He disagrees with the argument that requiring companies to open up some of their technology stifles innovation. "That's an argument without support," he said. "Microsoft hasn't stopped innovating that I can tell despite regulations and attack by the E.U."

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So far, the European Commission has likely communicated with the countries that are pursuing Apple and has probably expressed an opinion on the matter, he said. While no official complaints have been filed with the Commission, if one is, the result will have the makings of a historical battle. "This has the potential to be the next big high-profile dispute," Megregian said.

Rent-A-Center Deal Gets Antitrust OK (AP)

AP, September 15, 2006

PLANO, Texas --Rent-A-Center Inc., the largest U.S. furniture rental chain, and Rent-Way Inc., a rent-to-own chain operator, said Thursday that Rent-A-Center's planned acquisition of Rent-Way has gotten government antitrust clearance.

The waiting period for the deal, required under the Hart-Scott-Rodino Antitrust improvement Act of 1976, expired Sept. 13.

The acquisition is expected to be completed in the fourth quarter.

Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa., in a deal announced in August.

The acquisition marks an end to Rent-Way's six-year turnaround after a scandal.

Rent-Way, founded in 1981, was rocked by an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s.

A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004.

Wright Strategy Plotted (DMN)

By Sudeep Reddy, The Dallas Morning News

Dallas Morning News, September 15, 2006

Antitrust provision is 'just a bump in the road,' Granger says

WASHINGTON – Facing a delicate negotiation over their Wright bill, Texas lawmakers said Thursday that they were moving ahead to get the North Texas compromise through the full House as early as next week.

Some indicated they were unwilling to accept a revision to the House bill removing antitrust immunity as the final word for the legislation to lift flight restrictions at Dallas Love Field.

"It's just a bump in the road," said Rep. Kay Granger, R-Fort Worth.

Getting the Wright bill passed in time depends largely on how successful members are in quickly reconciling competing versions of the legislation that have passed two House committees.

House members have only nine more voting days before they're scheduled to return home to campaign for the November elections.

Lawmakers also must find a way to steer the legislation through obstacles in the Senate.

"We're trying every creative way to get to the goal of preserving the balance of the agreement, protecting the interests of all the parties and getting it through the Congress," said Sen. Kay Bailey Hutchison, R-Texas, who is leading the effort in the upper chamber.

The House Judiciary Committee on Wednesday removed an antitrust exemption sought by Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport in the legislation to lift the 1979 Wright law.

The five parties fear a long court battle, if the deal isn't given protections by Congress.

"What we're trying to do is stop the lawsuits that have gone on for 20-plus years and work this out so we move ahead," Ms. Granger said.

The bill would implement a June agreement by the five North Texas parties to lift limits on long-haul flights at Love in 2014. It would allow immediate one-stop flights across the U.S., as long as passengers first stopped in one of the nine states in the Wright perimeter.

The legislation would cut the number of available gates at Love Field to 20 from 32, a move that has sparked complaints that competition would be diminished. Nineteen gates at the airport are now operational.

The bill passed the House Transportation & Infrastructure Committee in July and appeared to be on a fast track to passage before the antitrust concerns surfaced.

Getting the Transportation Committee's version as the final vehicle on the House floor will require careful maneuvering with the chamber's leadership to overcome the changes implemented by the Judiciary Committee chairman, Rep. James Sensenbrenner, R-Wis.

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Rep. Joe Barton, R-Ennis, a senior House member who chairs another committee, said that "it's not unique" to sidestep another committee's changes in legislation moving through the chamber.

The original legislation was sponsored by Rep. Don Young, R-Alaska, another powerful member and chairman of the Transportation Committee.

"You have one bill that's totally supported – the transportation bill – and another bill which the stakeholders totally oppose," Mr. Barton said. "So which bill would you try to get through the rules committee?

"If we need to reach an accommodation with Chairman Sensenbrenner, we're certainly open to that," he said.

Several members said they were deferring to Rep. Pete Sessions, R-Dallas, the only Texan on the 13-member House Rules Committee. The small but powerful panel negotiates changes in legislation from House committees and decides how bills will be handled on the House floor.

"I'm confident that we are going to find a way to move the language that was contained in the transportation bill," Mr. Sessions said.

Even if House members get their version through next week, the legislation would face a significant obstacle in the Senate.

The leaders of the Senate Judiciary Committee have objected to the same antitrust exemption that slowed the bill in the House.

The House Judiciary Committee's version of the legislation – without the antitrust exemption – would satisfy the Senate detractors as well. But the parties to the North Texas agreement don't appear willing to give up the protection yet.

Sen. Patrick Leahy, D-Vt., who met with Ms. Hutchison this week to discuss the issue, said he thought the Texas interests could be accommodated but declined to detail how that would happen.

"I think we're getting closer," Mr. Leahy said. "My biggest concern and only concern is that we not interfere with or rewrite the antitrust laws."

Ms. Hutchison said she's constantly trying to find new language to get the legislation through Congress.

"We're trying to work different words and different approaches that satisfy the balance of the agreement and will take the antitrust issue out of it," she said.

Lawyer Says FCC Ordered Study Destroyed (AP-Y)

By John Dunbar

AP, September 14, 2006

The Federal Communications Commission ordered its staff to destroy all copies of a draft study that suggested greater concentration of media ownership would hurt local TV news coverage, a former lawyer at the agency says.

The report, written in 2004, came to light during the Senate confirmation hearing for FCC Chairman Kevin Martin.

Sen. Barbara Boxer, D-Calif. received a copy of the report "indirectly from someone within the FCC who believed the information should be made public," according to Boxer spokeswoman Natalie Ravitz.

Adam Candeub, now a law professor at Michigan State University, said senior managers at the agency ordered that "every last piece" of the report be destroyed. "The whole project was just stopped — end of discussion," he said. Candeub was a lawyer in the FCC's Media Bureau at the time the report was written and communicated frequently with its authors, he said.

In a letter sent to Martin Wednesday, Boxer said she was "dismayed that this report, which was done at taxpayer expense more than two years ago, and which concluded that localism is beneficial to the public, was shoved in a drawer."

Martin said he was not aware of the existence of the report, nor was his staff. His office indicated it had not received Boxer's letter as of midafternoon Thursday.

In the letter, Boxer asked whether any other commissioners "past or present" knew of the report's existence and why it was never made public. She also asked whether it was "shelved because the outcome was not to the liking of some of the commissioners and/or any outside powerful interests?"

The report, written by two economists in the FCC's Media Bureau, analyzed a database of 4,078 individual news stories broadcast in 1998. The broadcasts were obtained from Danilo Yanich, a professor and researcher at the University of Delaware, and were originally gathered by the Pew Foundation's Project for Excellence in Journalism.

The analysis showed local ownership of television stations adds almost five and one-half minutes of total news to broadcasts and more than three minutes of "on-location" news. The conclusion is at odds with FCC arguments made when it voted in 2003 to increase the number of television stations a company could own in a single market. It was part of a broader decision liberalizing ownership rules.

At that time, the agency pointed to evidence that "commonly owned television stations are more likely to carry local news than other stations."

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When considering whether to loosen rules on media ownership, the agency is required to examine the impact on localism, competition and diversity. The FCC generally defines localism as the level of responsiveness of a station to the needs of its community.

The 2003 action sparked a backlash among the public and within Congress. In June 2004, a federal appeals court rejected the agency's reasoning on most of the rules and ordered it to try again. The debate has since been reopened, and the FCC has scheduled a public hearing on the matter in Los Angeles on Oct. 3.

The report was begun after then-Chairman Michael Powell ordered the creation of a task force to study localism in broadcasting in August of 2003. Powell stepped down from the commission and was replaced by Martin in March 2005. Powell did not return a call seeking comment.

The authors of the report, Keith Brown and Peter Alexander, both declined to comment. Brown has left public service while Alexander is still at the FCC. Yanich confirmed the two men were the authors. Both have written extensively on media and telecommunications policy.

Yanich said the report was "extremely well done. It should have helped to inform policy."

Boxer's office said if she does not receive adequate answers to her questions, she will push for an investigation by the FCC inspector general.

EU Antitrust Chief Says Her Commission Is Investigating Microsoft Office (AP)

AP, September 15, 2006

NEW YORK (AP) -- The European Union's antitrust commission plans to investigate complaints regarding Microsoft Office, said EU Competition Commissioner Neelie Kroes Thursday.

Kroes, speaking at the Fordham Annual Conference on International Antitrust Law & Policy, did not elaborate on the investigation.

Microsoft Corp. has said its Office 2007 software will not include a way to save data in the popular Portable Document Format. Microsoft claimed it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the ability to save Office documents in either the popular Portable Document Format or Microsoft's new, competing XPS format.

The EU has a long-running antitrust action against Microsoft, which dates to a 2004 EU antitrust ruling that came with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July.

Kroes said the Commission's actions on Microsoft "will result in benefits in terms of industrial competitiveness and will result in more innovation and lower prices for consumers."

European Union officials warned Microsoft on Tuesday not to shut out rivals in the security software market as the company plans to launch its Windows Vista operating system with built-in protection from hackers and malicious programs.

EU spokesman Jonathan Todd said that the European Commission is "ready to give guidance to Microsoft" concerning Vista but added that it was up to the U.S. software maker "to accept and implement its responsibilities as a near monopolist to ensure full compliance" with EU competition rules.

EU Antitrust Chief Eyes US-Style Private Damage Lawsuits (DOW)

Dow Jones, September 15, 2006

BRUSSELS -(Dow Jones)- European Union antitrust chief Neelie Kroes said Thursday that she plans to devise a way to encourage private damage suits by early next year.

Speaking at the Council of Foreign Relations in New York, Kroes said the U.S. "has traveled much further down this road than we have in Europe" and that the E.U. needed to catch up. "Watch this space because we'll try to draw some conclusions from the debate early next year," she said.

Kroes has long said private action, including lawsuits, can increase competition without adding to regulators' workload.

The European antitrust chief said regulators were now considering how to draft regulations that would "make sure that private cases are actually brought to court, in other words, that the benefits of bringing proceedings outweigh the costs." She also said any new regulation must ensure "that our public and private enforcement systems are complementary."

Kroes said regulators on both sides of the Atlantic were working well together to crack down on cartels.

She said she had created a dedicated cartel-busting office with 60 officials, with powers to levy increased fines, and had implemented a U.S.-style "carrot and stick approach" by letting informers escape fines.

On Wednesday, her office fined 14 companies, including Royal Shell PLC (RSDA), a total of EUR266.7 million for fixing prices in the Netherlands of a material used in road construction.

One large difference in U.S. and E.U. antitrust enforcement that remains is how to reign in dominant companies. U.S. practice says only monopolies should be constrained, while E.U. law insists on "dominance."

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"It's true, of course, that dominance requires a lower market share than a monopoly and some people like to make much of this difference," she said. "But let's not overstate things. Our respective enforcement approaches are rather convergent."

-By William Echikson, Dow Jones Newswires; 32-2-285-0134; william.echikson@ dowjones.com

Apollo Buys GE Unit For $3.8bn (FT)

By Francesco Guerrera

Financial Times, September 15, 2006

General Electric has sold its low-margin materials unit to the private equity firm Apollo Management for $3.8bn in cash and shares. It marks the latest attempt by the conglomerate to focus on high-growth businesses and revive its share price.

The deal – announced on Thursday – is part of GE's strategy of exiting low-growth markets and underlines the appetite of buy-out groups for industrial businesses that require substantial investment and restructuring.

People familiar with the deal said the boom in leveraged buyouts by cash-rich private equity groups was key to GE's decision to sell a business that was being squeezed by tough markets and increased competition.

"We negotiated an attractive price for the deal, and we will use the proceeds to fund growth and restructuring in our industrial businesses," said Lloyd Trotter, recently appointed chief executive of GE's industrial unit.

The deal gives Apollo, the New York-based fund run by the former investment banker Leon Black, a unit with more than 5,000 employees and $2.5bn in sales, and adds to Apollo's collection of industrial businesses.

The disposal of the unit, which makes silicones and quartzes for adhesives and sealants, was praised by Wall Street analysts as further evidence that GE was moving away from the slower-growing parts of its portfolio.

"We believe this is an attractive transaction," commented Jeffrey Sprague at Citigroup. "GE is selling a non-core business with low margins . . . at an attractive valuation."

Since taking over from Jack Welch in 2001, Jeffrey Immelt has tried to reshape GE to achieve double-digit earnings growth and high margins. But in spite of several disposals and acquisitions and a string of positive financial results, the share price has underperformed, partly because of concerns over GE's structure.

To complete the deal, GE had to buy out two joint venture partners; Germany's Bayer and Japan's Toshiba. Those purchases means GE will receive net proceeds of $2bn, which will largely go to pay for the shake-up of its other industrial businesses.

However, GE will retain a 10 per cent stake in the advanced materials business as well as $400m in notes – an arrangement that will give it a share of profits if Apollo sells or lists the business over the next few years.

JPMorgan and UBS advised GE and JPMorgan will lead the financing of the acquisition, which is likely to be made up of high-yield debt and loans.

Reshaping GE, Immelt Sells Unit (WSJ)

By Kathryn Kranhold

The Wall Street Journal, September 15, 2006

General Electric Co. continued its transformation under Chairman Jeffrey Immelt, agreeing to sell its silicone and quartz business for $3.4 billion to private-equity firm Apollo Management LP.

GE also has been weighing the future of its plastics business, where former Chairman Jack Welch cut his teeth and where Mr. Immelt once worked, according to people familiar with the matter. It isn't clear whether GE is considering selling the unit, which generates annual sales of $6.6 billion.

The unit it agreed to sell yesterday makes silicone used in adhesives and sealants and quartz used in semiconductor manufacturing and in tubing for fiber-optics and lamps. The unit, with annual sales of roughly $2.5 billion and 5,000 employees, has its headquarters in Wilton, Conn. GE doesn't disclose its earnings.

GE, Fairfield, Conn., said it would retain a 10% stake in the operation, which it called its advanced-materials group. It will also hold $400 million in debt obligations that yield interest payments.

GE said it would buy out minority partners in two joint ventures, GE Toshiba Silicones and GE Bayer Silicones, as part of the sale to Apollo. GE said it would receive about $2 billion in net proceeds from the deals.

The sale highlights the continuing changes to GE's portfolio since Mr. Immelt took over in September 2001. Since then, GE has completed transactions valued at more than $100 billion to buy and sell various units. Among other moves, GE sold most of its insurance businesses and several other industrial units.

Apollo, a large private-equity firm founded by financier Leon Black, has invested more than $16 billion in companies around the world. Over the past year, Apollo has been investing in the special-materials industry, including BPC Holding Corp., the parent of Berry Plastics Corp., and the plastics and adhesive business of Tyco International Ltd.

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The sale is expected to close by the end of the year. Wayne Hewett will remain as president and chief executive, GE said.

With respect to the plastics unit, people familiar with the matter say Mr. Immelt has stated in company meetings that the business is ripe for review. The unit has been struggling with raw-material inflation while combating stiff competition for many of its offerings. In the quarter ended June 30, sales at the plastics unit increased 3% to $1.68 billion, while operating profit dropped 12% to $183 million.

Analysts and investors have also speculated about the unit's future. In a note yesterday, Credit Suisse analyst Nicole Parent wrote that GE "could be exploring strategic alternatives for its plastics unit."

GE spokesman Russell Wilkerson declined to comment.

Also yesterday, another analyst, David Bleustein of UBS Investment Research, downgraded GE to neutral from buy in a move unrelated to the divestiture. Mr. Bleustein said in a report that GE's earnings next year "may be challenged" by a number of factors, including higher tax rates, continued problems at its NBC television network and slowing services business at its aircraft-engine unit. Mr. Bleustein also wrote that GE may need to increase reserves at GE Capital, the funding arm for its financial-services businesses, after "bottoming out of reserves" there over the past few years. UBS has done investment banking with GE.

Mr. Wilkerson declined to comment on the downgrade, saying, "we expect to have a strong second half of the year and into 2007."

At 4 p.m. in New York Stock Exchange composite trading, GE shares were down six cents at $34.78 apiece.

Iamgold To Buy Cambior For $1.2 Billion In Stock (WSJ/DJN)

By Dow Jones Newswires

The Wall Street Journal, September 15, 2006

Iamgold Corp. has agreed to acquire Cambior Inc. for US$1.2 billion in stock, a premium of nearly a third to Cambior's market capitalization.

The companies said the new Iamgold will be the 10th largest publicly traded primary gold producer in the world, with 1.1 million ounces of gold production annually, reserves totaling 9.7 million ounces and a market capitalization of US$3 billion.

Under the transaction, shareholders of Cambior will receive 0.42 of an Iamgold share for each share held, worth about C$4.83, a 31% premium to Cambior's shares at Wednesday's close in Toronto. Cambior's U.S.-listed shares jumped 24% in premarket trading Thursday on Inet. Iamgold's shares were unchanged.

Current Iamgold shareholders will own about 57% of the merged company, while current Cambior shareholders will own about 43%. Shareholders are expected to vote on the arrangement, which has been approved by the boards of both companies, no later than early November.

Cambior has agreed to pay a break-up fee of C$45 million to Iamgold under certain circumstances if the transaction isn't completed.

ENVIRONMENT/INDIAN AFFAIRS:

In Gamble, Calif. Tries To Curb Greenhouse Gases (NYT)

By Felicity Barringer

The New York Times, September 15, 2006

SACRAMENTO — In the Rocky Mountain States and the fast-growing desert Southwest, more than 20 power plants, designed to burn coal that is plentiful and cheap, are on the drawing boards. Much of the power, their owners expected, would be destined for the people of California.

But such plants would also be among the country's most potent producers of carbon dioxide, the king of gases linked to global warming. So California has just delivered a new message to these energy suppliers: If you cannot produce power with the lowest possible emissions of these greenhouse gases, we are not interested.

"When your biggest customer says, 'I ain't buying,' you rethink," said Hal Harvey, the environment program director at the William and Flora Hewlett Foundation, in Menlo Park, Calif. "When you have 38 million customers you don't have access to, you rethink. Selling to Phoenix is nice. Las Vegas is nice. But they aren't California."

California's decision to impose stringent demands on suppliers even outside its borders, broadened by the Legislature on Aug. 31 and awaiting the governor's signature, is but one example of the state's wide-ranging effort to remake its energy future.

The Democratic-controlled legislature and the Republican governor also agreed at that time on legislation to reduce industrial carbon dioxide emissions by 25 percent by 2020, a measure that affects not only power plants but also other large producers of carbon dioxide, including oil refineries and cement plants.

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The state's aim is to reduce emissions of climate-changing gases produced by burning coal, oil and gas. Other states, particularly New York, are moving in some of the same directions, but no state is moving as aggressively on as many fronts. No state has been at it longer. No state is putting more at risk.

Whether all this is visionary or deluded depends on one's perspective. This is the state that in the early 1970's jump-started the worldwide adoption of catalytic converters, the devices that neutralize most smog-forming chemicals emitted by tailpipes. This is the state whose per capita energy consumption has been almost flat for 30 years, even as per capita consumption has risen 50 percent nationally.

Taking on global warming is a tougher challenge. Though California was second in the nation only to Texas in emissions of carbon dioxide in 2001, and 12th in the world, it produced just 2.5 percent of the world's total. At best, business leaders asked in a legislative hearing, what difference could California's cuts make? And at what cost?

California, in fact, is making a huge bet: that it can reduce emissions without wrecking its economy, and therefore inspire other states — and countries — to follow its example on slowing climate change.

Initiatives addressing climate change are everywhere in California, pushed by legislators, by regulators, by cities, by foundations, by businesses and by investors.

Four years ago, California became the first state to seek to regulate emissions of carbon dioxide from automobile tailpipes. Car dealers and carmakers are challenging the law in federal court.

In late August, Gov. Arnold Schwarzenegger signed a measure requiring builders to offer home buyers roofs with tiles that convert sunlight into electricity. Homeowners in some communities are already choosing them to reduce their electric bills.

California, which has for decades required that refrigerators, air conditioners, water heaters and other appliances become more energy efficient, just added to the list: first, chargers for cellphones or computers; second, set-top boxes and other remote-controlled devices. Those categories consume up to 10 percent of a home's power.

Last fall, California regulators barred major investor-owned electrical utilities from signing long-term contracts to buy energy unless the seller's greenhouse-gas emissions meet a stringent standard.

"We are dealing with it across the board," said Michael R. Peevey, the president of the Public Utilities Commission. By contrast, the Bush administration has been averse to any legislative assault on climate change.

Opponents say California may hurt its own residents with its clean-energy mandate. Scott Segal, a lawyer for Bracewell & Giuliani who represents electric utilities, summarized California's policy as: "All electrons are not created equal. We're going to discriminate against some of them, and create artificial barriers in the marketplace for electricity." California consumers could end up paying more for their energy and struggling to find enough, Mr. Segal said.

Is California dreaming? Can its multifaceted approach become a toolkit for other states? Will investors make the state the incubator for clean-energy technologies that will reduce its energy bills and buoy its economy? Or will all this turn California into a stagnating economic island of ever-rising electricity prices and ever-rolling blackouts?

One thing is certain: The issue will not go away. This summer, a brutal California heat wave killed roughly 140 people. A 2004 National Academy of Sciences report predicted that, at the current growth rate of emissions, there would be at least five times as many heat waves in Los Angeles by 2100 compared with the current historical average, and twice as many heat-related deaths.

The study predicted that at least half the state's alpine forests would disappear by century's end, and that the Sierra snowpack — crucial to California's water supply — would decline by at least 29 percent and as much as 70 percent.

There seems to be political support, in California and nationally, for action on climate change. Statewide, a July 26 poll from the Public Policy Institute of California showed that 79 percent of 2,051 people surveyed said that global warming was a "very serious" or a "somewhat serious" threat to the state's economy and quality of life. The findings mirrored those of a national poll of 1,206 people conducted in mid-August by The New York Times and CBS News.

But polling organizations have asked little about the potentially painful sacrifices that may be required.

The Car Culture

Back in the 1950's, when the movie director George Lucas was growing up, cars rocked around the clock in Modesto, and they were so enshrined in his 1973 hit, "American Graffiti." The movie reaffirmed what much of the nation knew — there was no car culture like California's. Sleek convertibles? Muscle cars? Sport utility vehicles? Many were hatched in the design studios of Detroit, but popularized by Hollywood movies and celebrities, and by plain old California consumers.

Fast forward to August. In the middle of the sales lot at Modesto Toyota sat a long row of sport utility vehicles the dealership had acquired as trade-ins in previous weeks. Leaning on a 2006 Ford Expedition, George S. Ismail, a sales manager, said, "We're getting a lot of people trading in their sport utility vehicles for smaller cars." Even heavily discounted, the used S.U.V.'s sit for weeks.

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Yet Modesto Toyota is breaking records, Mr. Ismail said, selling about 400 vehicles a month, up from 260 a year ago. Most are small cars — Camrys and Corollas. Some are hybrid vehicles that use even less fuel, like the Prius. One-quarter of 200,000 new hybrid vehicles registered nationwide in 2005 belonged to Californians, according to the automotive analyst R. L. Polk.

With smaller cars increasingly popular, California now burns less gasoline per capita than all but six states. Burning less gasoline cuts carbon dioxide. Tailpipes account for more than half the state's carbon dioxide emissions, federal figures show.

Much of this change in driver taste is attributable to the higher price of gasoline. But what if gasoline prices fall again and bigger, less efficient vehicles become more popular? California has an answer.

It came from Assemblywoman Fran Pavley, a Democrat and former schoolteacher who drives a Prius and whose South Coast district has a bird's-eye view of the smoggy Los Angeles basin. Four years ago Ms. Pavley wrote the first state law regulating carbon dioxide emissions from cars and trucks. It requires vehicle makers to eventually reduce the average emissions of carbon dioxide of the mix of cars it sells in California by 30 percent, beginning with the 2009 model year. Light trucks, including sport utility vehicles, must meet the same standard by the 2016 model year.

Ten states, including New York, New Jersey and Connecticut, have followed suit. Canada instituted voluntary emissions reductions at similar levels, which major automobile manufacturers have agreed they can meet. "We think that, coupled with Canada, we're now over one-third of the market," Ms. Pavley said in an interview.

But automobile manufacturers and some dealerships have vowed to wipe her law from the books. Their lawsuit's central assertion is that, by regulating carbon dioxide emissions, California is using a backdoor means to control fuel efficiency, which, under the federal Energy Policy and Conservation Act, is the exclusive preserve of the federal Transportation Department. To produce less carbon dioxide, cars would have to be more fuel efficient.

On Sept. 15, Judge Anthony W. Ishii of Federal District Court in Fresno will hear arguments on California's request to dismiss the case. If the lawsuit survives, the first hearing is set for January. This schedule overlaps with that of another case with direct bearing on this issue. The Supreme Court, petitioned by a dozen states, led by Massachusetts, and three cities, including New York, will decide whether the law requires the Environmental Protection Agency to declare carbon dioxide a pollutant and to regulate it. The Bush administration contends it has no authority to do either.

If the Supreme Court accepts the administration's arguments, it will not help California in its legal fight against Detroit, because a key to the state's case is the contention that carbon dioxide is in fact a pollutant under the Clean Air Act.

Hungry Electronics

Imagine all the small electronic devices in a modern home — iPods and handheld organizers, cellphones and laptops — charging at a power strip.

Arthur H. Rosenfeld, a member of the California Energy Commission, knows how much electricity is wasted when people unplug the devices but leave the charger plugged in. Dr. Rosenfeld estimates that such chargers — along with appliances like televisions that draw power even when they are off because they are designed to respond to remote controls — use up to 10 percent of an average home's power.

He calls them "vampires" — things with teeth that suck power at night.

Recently, Dr. Rosenfeld proudly held up a small green cellular phone charger that consumes less than half a watt of electricity — a fifth as much as its predecessors — when left plugged into an outlet. It meets state standards that take effect in 2007. The same standards will require sharp power cutbacks from audio and video equipment, both when the devices are in use and when they are standing by for a remote signal.

Since the 1970's, California's energy-efficiency standards have reduced electricity consumption by the equivalent of the output of more than 20 average power plants, Dr. Rosenfeld said. And the standards have become templates for other states and Washington. Nationally, Dr. Rosenfeld added, energy-efficiency policies have saved the economy $700 billion since the 1970's.

But why would utilities, which sell electricity, have any interest in seeing sales diminish? In 1982, the Public Utilities Commission decoupled utilities' sales and their profits by allowing rate increases for utilities that helped customers cut energy use.

The logic was that for every dollar the consumer did not spend on energy, the utility would get real income — say 15 cents, which would exceed the profit the utility could have made on that dollar. For consumers, efficiency savings more than offset the rate increases. "Even though rates go up, bills go down," said Mr. Harvey of the Hewlett Foundation.

Ralph Cavanagh, the co-director of the energy program at the Natural Resources Defense Counsel, said: "Every other state in the country rewards utilities for selling more energy. It's a perfectly perverse incentive."

Mr. Peevey, of the utilities commission, said he expected new efficiencies to absorb half the increase in demand as the state grows to 40 million people, from 38 million.

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Mr. Peevey's commission has also been a prime mover in increasing state support for residential solar power. Solar energy remains four times as expensive as electricity produced by conventional fuels. But, he said, "the idea is to make the solar industry a self-sustaining, economically viable industry," and to make the cost come down.

California businesses and investors, public and private, are getting into the act. The state's huge pension fund, Calpers, is committing just under $1 billion to renewable-energy investments. Among the early incentive-driven ventures in solar power are the homes in the Carsten Crossings subdivision in Rocklin, a Sacramento suburb. In August, Mr. Schwarzenegger signed legislation making solar panels a standard option for new-home buyers by 2012 and ensuring that utilities reduce homeowners' bills based on the electricity returned to the grid.

Some of those incentives were available when construction started. Now four families have moved in. They see themselves as pragmatists, not crusaders. "This is the next logical step" in construction, said one of the homeowners, Lt. Col. Thomas Sebens, a specialist in drone aircraft at Beale Air Force Base.

Their roofs show how public and private decisions, markets and government, have meshed. T. J. Rodgers, a fiercely anti-regulatory entrepreneur, underwrote the solar cells' production. The PowerLight Corporation, based near San Francisco, bought the cells from Mr. Rodgers's company, the SunPower Corporation, and turned them into roof tiles. The tiles ended up on houses built by Grupe Homes, based in Stockton, because state utility regulators established a $5,500 state-financed rebate for builders who install similar systems, which cost $20,000. Federal law gives home buyers a $2,000 tax credit; state law guarantees lower electric bills as utilities buy back power homeowners do not need.

The July utility bills, the new homeowners' first, were the talk of the neighborhood.

Larry Brittain, an office products salesman with a four-bedroom, 2,400-square-foot home, was the winner at $73.27 for electricity in the month ending July 25 — the hottest July on record. For the last 10 June days in a similar house nearby, his bill was $103.

"This is a bet with a winning hand," Mr. Brittain said. "You can't lose."

Pressure on Suppliers

In Gerlach, Nev., 100 miles north of Reno, a high desert butte was made ready two years ago for its wedding to the Granite Fox Power Project, a plant designed to burn pulverized Western coal. Electrical transmission lines were close by.

But, like Miss Havisham in Dickens's "Great Expectations," Gerlach waits for a groom that may never arrive. The plant was a certain source of significant new carbon dioxide emissions. Mr. Cavanagh predicted that it "would wipe out all the carbon dioxide savings from California's spectacularly successful efforts to save electricity during 2001 and 2002."

Southern Californians would likely be the eventual customers. But last fall, the California Public Utilities Commission barred the investor-owned utilities it regulates from signing long-term contracts for electricity if the emissions exceeded those of the cleanest gas-driven plants. The only technology that could accomplish that with coal is expensive and has not been perfected.

Said Mr. Peevey of the commission, "All we're saying is, Fine, you send it here, but it has to be, in terms of air quality and greenhouse gas emissions, it has to be comparable to the newest combined-cycle gas turbine." One fifth of California's electricity comes from coal, the vast majority of it from outside the state.

This past winter, Sempra Energy, the parent of San Diego Gas & Electric and Sempra Generation and the developer of Granite Fox, put the project up for sale. Neal E. Schmale, Sempra's president, said the ruling had had a negligible impact on the decision. High natural gas prices prompted the company to invest in gas storage and terminals instead, Mr. Schmale said.

Among California environmentalists, however, the "for sale" sign on Granite Fox was taken as a victory for a pioneering policy that reaches beyond the state's borders. V. John White, an environmental lobbyist in Sacramento, compares building a Southwestern power plant to building a mall: California is a desirable anchor tenant.

But California is also the state where electricity deregulation foundered in 2000; bills soared and an economic crisis ensued. Even without a crisis, Californians' electricity rates are about 40 percent above the national average.

Robert McIlvaine, a coal industry consultant from Northfield, Ill., said, "If you are going to generate electricity from gas, the cost of doing so is going to be considerably greater than coal — 50 percent more or 100 percent more."

But, Mr. Harvey said: "People don't pay rates. They pay bills. You can have twice the rate and half the consumption and be just as happy."

On Aug. 31, legislators enacted the bill sponsored by the State Senate president, Don Perata, Democrat of Oakland, and extended the commission's rule to all power providers.

Business people ask if this could provoke another crisis. Power-plant siting experts, like Thomas A. Johns, the vice president of development at Sithe Global Power, a New York company, say that, in the short term, the loss of California business may not matter much to the merchants of power in the Southwest. Fast-growing cities like Phoenix and Las Vegas are ready markets.

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In the long run, however, "California is a big piece" of the total consumption in the West — 40 percent, Mr. Johns said. "If 40 percent of the Western load will not buy coal, you will have less coal."

The risk, both Mr. Johns and Mr. Schmale said, is in increasing the state's reliance on natural gas, whose price has been extremely volatile in recent years. (California law bars construction of nuclear plants until the questions of waste disposal are resolved.)

"When you exclude coal and nuclear from your base load," Mr. Johns said, "you've only got one option, and that's natural gas." Another measure awaiting the governor's signature toughens standards by requiring that by 2010, 20 percent of the energy sold in California comes from a portfolio of renewable sources, like geothermal and wind. Last year, 10.7 percent of California's power came from renewable sources.

New renewable energy sources could make prices less volatile, but Mr. Schmale of Sempra said California's policy makers need to muster "the political will" to build transmission lines and "all those other things that would be necessary to make the environmental things work."

Caps, Costs and Credits

Perhaps the most ambitious measure California has undertaken is the newly mandated 25 percent reduction in carbon dioxide emissions. "If we do it right," Mr. Schwarzenegger said at a news conference, "it can be an example for the rest of the world and the rest of the country to see." If not, the concept could be discredited.

The law, sponsored by Ms. Pavley and the Assembly speaker, Fabian Núñez, Democrat of Los Angeles, gives the California Air Resources Board authority to set industry-specific targets for emissions reductions, effective in 2012, and to establish mechanisms — including the creation of emissions allowances that companies might trade or bank — to facilitate compliance. These targets would be adjusted from 2012 to 2020 to meet the 25 percent goal.

Those who have studied the question agree that the new system will cost consumers more. "A cap-and-trade system will raise the cost of electricity to consumers to some degree," said Lawrence H. Goulder, a professor of environmental and resource economics at Stanford University.

As the European Union found after the 1997 Kyoto Protocol, figuring out how to assign emissions credits is not easy.

Whatever the decisions, chances are that they will be met by a lawsuit. Margo Thorning, the chief economist at the American Council for Capital Formation, a group supporting business interests, argues in a study that "sharp cutbacks in California's energy use would be necessary to close the 41 percent gap in 2020 between projected emissions" and the cuts the law requires. Dr. Thorning added in an interview, "The technologies that will enable us to move quickly in a cost-effective way away from fossil fuel just aren't there yet."

Allan Zaremberg, president of the state Chamber of Commerce, predicted that businesses would flee to unregulated areas and continue to emit climate-changing gases.

Dr. Thorning's study was countered in mid-August with a study by David Roland-Holst, an adjunct professor of agricultural and resource economics at the University of California, Berkeley. Professor Roland-Holst argued that the new law would add $60 billion and 17,000 jobs — in fields like alternative energy — to the California economy by 2020 by attracting new investment.

James D. Marston, the head of state global warming programs for Environmental Defense, the New York group that helped lead the fight for California's new carbon cap, said, "We'll look back in 10 years and say this was the final breakthrough and the final political consensus that we have to do something meaningful on global warming."

US To Cut Funds For Two Renewable Energy Sources (CSM)

By Mark Clayton

The Christian Science Monitor, September 15, 2006

Out at the Wanapum Dam on the Columbia River, a new turbine is being tested that generates more electricity, but won't kill so many fish - thanks to research dollars from Uncle Sam.

Down in California's Long Valley, on the Sierra Nevada range, federal researchers are working to boost efficiency of geothermal energy, which uses the earth's natural heat to generate power.

But renewable energy advocates may have to kiss goodbye those and other research projects. The US Department of Energy (DOE) is quitting the hydropower and geothermal power research business - if Congress will let it.

Declaring them "mature technologies" that need no further funding, the Bush administration in its FY 2007 budget request eliminates hydropower and geothermal research, venerable programs with roots in the energy crises of the 1970s.

"What we do well is research and funding of new, novel technologies," says Craig Stevens, chief spokesman for the DOE. "From a policy perspective, geothermal and hydro are mature technologies. We believe the market can take the lead on this at this point."

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Still, "zeroing out" such research could end up being a penny-wise, pound-foolish move, some energy advocates say. Any savings from the cuts would be nil since all of the nearly $24 million ($1 million from hydropower and $23 million from geothermal) research funding would go to other programs such as biofuels.

"I'm just astonished the department would zero out these very small existing budgets for geothermal and hydro - it makes no sense at all," says V. John White, executive director of the Center for Energy Efficiency and Renewable Technologies, an environmental group based in Sacramento, Calif. "These are very important resources for our energy future that could replace the need for a lot of coal-fired power plants."

Indeed, the costs of lost opportunities from dropping such research could be enormous in the long run, recent federal studies suggest.

Geothermal is a case in point. Its power plants need water, heat, and permeable rocks no deeper than about three miles beneath the surface to generate affordable electricity, says Karl Gawell, executive director of the Geothermal Energy Association, a Washington trade group.

Today more than 60 geothermal plants with the capacity of about three big coal-fired power plants produce less than 1 percent of the nation's electricity.

Yet geothermal holds vast potential - at least 30,000 megawatts of identified resources developable by 2050 and more unidentified resources, much of it in Western states, the National Renewable Energy Laboratory reported in May.

Research aims at new technologies that can use underground zones with good heat but little water and those with lower temperature rocks deeper in the earth.

"The idea that geothermal is a mature technology that doesn't need further research doesn't even pass the laugh test," says Mr. Gawell. "What they're saying is that if your program doesn't have to do with biofuels, wind, or solar, you won't have a program."

Meanwhile, the more than 5,400 potential "small hydro" power projects could produce about 20,000 megawatts of power, a DOE study in January found. And most would require no new dams at all, shunting a portion of a small river's flow to one side to make electricity. Others would add turbines to dams that don't have them yet.

Together, high-tech hydropower and geothermal resources could contribute at least enough power to replace more than 100 medium-size coal-fired power plants with emissions-free electricity - about the number now on the drawing board.

There have been moves in the Senate to restore DOE funding for geothermal, but far less support in the House, leaving uncertainty about the outcome, Gawell says. For hydropower, matters are worse. Though $4 million in funding has been proposed in the Senate, nothing has emerged from the House, observers say.

"There's this view that hydropower is a technology that's been around a long time, and there's not much more we can do to improve it - but we've got the next generation of hydropower - ocean, tidal, wave and conduit energy coming on," says Linda Church Ciocci, executive director of the National Hydropower Association, a Washington trade group.

Even those focused on environmental damage from dams worry about lost funding. "We'd like to see federal funding continue for new research on hydrokinetic systems and damless hydro," says Robbin Marks, director of the hydropower reform campaign at American Rivers, a Washington environmental group. "We're interested in understanding more about the environmental impact of those systems."

Power from tidal flows, waves, and irrigation canals are expanding the definition of hydropower - none of which are likely to get DOE research funding if the hydropower budget gets whacked, some observers say.

Others remain skeptical. "I find myself agreeing with the DOE argument that hydropower is a mature technology," says Jerry Taylor, the Cato Institute's director of Natural Resource Studies. "If there's economic merit to this area, then venture capitalists will put their money into it."

But that kind of waiting game would be a shame, says Trey Taylor, cofounder and president of Verdant Power in Arlington, Va. Two weeks ago his company received venture capital funding for its program. Next month, Verdant will deploy its first two underwater turbines in New York City's East River, the first step in an experimental technology that attempts to harness the tidal currents to create power.

But more firms would be competing to get into tidal power today - if the government shouldered more of the environmental research costs, Mr. Taylor says.

The current high cost of researching areas such as a technology's environmental impact makes it likely that a company will fail. He and his partners remortgaged their homes and begged friends for funds.

"I can understand the tight situation DOE is in," he says. "But what they're not seeing is that a whole new breed of technology has come on right now. The push for sustainable power is sweeping the globe."

Interior Near 2 New Pacts In Oil Leases (NYT)

By Edmund L. Andrews

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The Interior Department, struggling to prevent the government from losing billions of dollars in royalties for oil and gas produced in publicly owned waters, said Thursday that it was close to agreement with 2 of the 56 companies that hold lucrative drilling leases in the Gulf of Mexico.

The two companies, Royal Dutch Shell and BP-Amoco, are among the biggest producers along the outer continental shelf.

But even as Republican and Democratic lawmakers expressed outrage that the government could lose more than $10 billion over the next decade, the Bush administration said it flatly opposed House bills that would pressure oil companies into renegotiating flawed leases that the government signed in the late 1990's.

The 56 companies hold leases that allow them to extract billions of dollars in oil and gas from the Gulf of Mexico without paying any royalties, regardless of how high energy prices or the industry's profits might climb.

Of those 56 companies, Interior officials told lawmakers on Thursday, 20 have responded in some way to pleas from the administration to voluntarily give up the incentives in times of high prices. But only 10 companies, including Chevron and Exxon Mobil, have actually begun negotiating and only 2 are near a pact.

At a rancorous House hearing, administration officials insisted they had to respect the "sanctity of contracts'' and should not do anything to force companies into a renegotiation.

"The administration believes that the federal government must be a reliable business partner and must honor its contractual obligations, even when, in retrospect, the terms of those contracts appear unfavorable,'' said Lynn Scarlett, deputy secretary of the Interior, at a hearing of the House Committee on Government Reform.

Ms. Scarlett opposed a bill that the House passed last May. That legislation would give the Interior Department more bargaining power by prohibiting the government from giving additional leases to companies that refuse to trim back benefits.

She also opposed an alternative bill, sponsored by House Republicans, that would impose a stiff "conservation fee'' on companies that refuse to give up some of the incentives.

That prompted a furious attack from Democratic lawmakers, who argued that the House bill would do nothing to breach valid contracts and simply gave the government more bargaining power with the oil companies.

"From the taxpayers' point of view, I think it is irresponsible to refuse to support additional leverage that would encourage these companies to come to table,'' said Representative Edward J. Markey, Democrat of Massachusetts and a co-author of the House bill.

"What you're telling us is that, right now, you've got only 20 percent of the oil companies renegotiating their leases,'' Mr. Markey continued. "One out of five isn't bad in some areas, but when you're talking about potentially billions of dollars in taxpayer dollars, one in five isn't very high."

In what has now become a major scandal, the Interior Department inadvertently signed 1,100 drilling leases in the late 1990's that offered lucrative incentives to deepwater drillers, regardless of how high energy prices might climb.

Officials then covered up the mistake for nearly six years. In that time, the prices for oil and gas soared and the magnitude of the potential loss to taxpayers escalated to more than $10 billion.

But Interior officials are under fire for more than just the botched leases and the cover-up that followed. On Wednesday, the Interior Department's independent investigator for examining possible misconduct scathingly accused senior officials of repeatedly tolerating cronyism, ethical violations and cover-ups of incompetence.

"Simply stated, short of crime, anything goes at the highest levels of the Department of the Interior," Earl E. Devaney, the Interior Department's inspector general, charged at a subcommittee hearing of the House Government Reform Committee.

Mr. Devaney said the problems had preceded the Bush administration, but he bluntly criticized Mr. Bush's first Secretary of the Interior, Gale A. Norton, of perpetuating a culture of "denial, defense of the indefensible and delay."

On Thursday, Ms. Scarlett told lawmakers that "the department disagrees" with Mr. Devaney's critique and said he had made "broad and serious, yet vague allegations."

Ms. Scarlett said that the Bush administration had corrected scores of "material weaknesses" that it had inherited from the Clinton era; that its ethics office had "grown in stature" and that Dirk Kempthorne, who took over as Secretary of the Interior in May, had imposed a new emphasis on ethics as soon as he arrived.

But few lawmakers seemed convinced. Representative Darrell Issa, a California Republican who has held four hearings on the leasing disaster, complained that Interior Department had done little or nothing to improve the solicitor's office, which gave final approval to the leases but provided almost no documentation to explain why crucial restrictions were missing.

"There are no e-mails, nothing in writing, no paper trail," Mr. Issa said.

Democrats were far harsher. "This looks like an agency that has been captured by the industry it is supposed to oversee, with American taxpayers picking up the bill," said Representative Henry A. Waxman, Democrat of California.

Representative Carolyn B. Maloney, Democrat of New York, noted that the Interior Department was recovering less than $50 million a year on average as a result of auditing and enforcement of oil and gas leases. By contrast, she said, the government recovered about $176 million a year from 1989 through 1998.

"We're missing billions and billions of dollars owed to American taxpayers," Ms. Maloney said. "It is inexcusable."

As Border Crackdown Intensifies, A Tribe Is Caught In The Crossfire (WP)

By John Pomfret

The Washington Post, September 15, 2006

ALIR JEGK, Ariz. -- Elsie Salsido was breast-feeding her baby when Border Patrol agents walked into her house unannounced this summer. "Are you Mexicans?" they demanded.

Salsido's four other children cowered on the bed of her eldest, a girl in second grade. Night had fallen on this village on Arizona's border with Mexico, nestled in a scrubland valley of stickman cactuses hemmed in by mountains that look like busted teeth. The agents explained their warrantless entry into Salsido's house as "hot pursuit." They said they were chasing footprints, she recalled, of illegal immigrants sneaking in from Mexico, just 1,000 feet away. But the footprints belonged to Salsido's children -- all Americans.

As the United States ramps up its law enforcement presence on the border with Mexico, places like Alir Jegk, a village of 50 families in south-central Arizona, are enduring heightened danger, as they are squeezed between increasingly aggressive bands of immigrant and drug smugglers and increasingly numerous federal agents who, critics say, often ignore regulations as they seek to enforce the law.

Alir Jegk's experience is complicated by the fact that it is on the second-biggest Indian reservation in the United States, belonging to the Tohono O'odham, or Desert People, who hunted deer and boar and harvested wild spinach and prickly pear in this region before an international border was etched through their land in 1853. Now, the Tohono O'odham Nation occupies the front line of the fight against drug and immigrant smuggling -- costing the poverty-stricken tribe millions of dollars a year and threatening what remains of its traditions.

"We have the undocumented and drug smugglers heading north and law enforcement heading south. We're smack in the middle," Vivian Juan-Saunders, chairwoman of the tribe, said in an interview at the tribal headquarters in Sells, Ariz. "We are being squeezed."

In testimony to the U.S. Senate, the tribe's vice chairman, Ned Norris Jr., described a "border security crisis that has caused shocking devastation of our land and resources."

About 11,000 Tohono O'odham live on a 2.8 million-acre reservation, the size of Connecticut, with a 75-mile-long border with Mexico. A rickety four-foot-tall, three-strand barbed-wire fence delineates the border, which is punctuated by 160 trails and four cattle crossings. For decades the nation saw little or no illegal traffic from Mexico. The main movement was members of the Tohono O'odham who live in the Mexican part of the reservation trickling into the United States for health services in Sells.

In the mid-1990s, however, the Clinton administration cracked down on illegal crossings in San Diego and El Paso. Instead of stopping illegal immigration and drug running, however, the operations simply rerouted traffic through the deserts of the Southwest. And in Arizona, Tohono O'odham land, bisected by State Highway 86 -- an easy link to Phoenix to the north and California to the west -- became ground zero.

The flow of drugs and undocumented immigrants through the reservation has caused a host of problems. Juan-Saunders estimated that about 1,500 illegal immigrants cross reservation land each day, depositing on average six tons of trash. Some well-traveled knolls have been renamed "Million Backpack Hill" because of the refuse.

The tribe routinely devotes more than 10 percent of its budget to coping with the crisis. Annually, Juan-Saunders said, the 71-member Tohono O'odham Police Department spends $3 million on problems related to illegal immigrants and drug traffickers. The reservation pays an additional $2 million each year to provide emergency health services for undocumented travelers. Since 2002, 315 crossers have died on the reservation's land, including, this year, a 3-year-old boy and an 11-year-old girl.

The Tohono O'odham are a poor nation, with an average per capita income of $8,000 a year, well below the U.S. average of $23,000 and the Indian average of $13,000. Forty percent of the families on the reservation live below the federal poverty line, and unemployment is at 42 percent. Juan-Saunders said an increasing number of nation members are sucked into the drug- and immigrant-smuggling business.

Two of Juan-Saunders's relatives have been arrested on drug-related charges, tribal officials said. And in Alir Jegk, drug smugglers have plied Elsie Salsido's sister with so many narcotics over the years in their attempts to turn her into a mule that the woman has never been the same, residents say.

"The pressures have dramatically increased on the tribe over the last five years," said Robert A. Williams, a law professor at the University of Arizona who works as a judge in the tribe's courts. "The community is fairly well isolated, so they are very

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vulnerable to coyotes [immigrant smugglers] and drug runners. We've seen signs of gang activity coming from L.A. and Mexican gangs coming up."

Fifteen years ago, the nation, invoking its limited sovereignty, barred the Border Patrol from the reservation because its agents harassed the population, said Eileen M. Luna-Firebaugh, an expert on American Indian policy at the University of Arizona. But that policy changed after drug and immigrant smuggling skyrocketed, although the tribe was always more focused on narcotics, she said.

The tribe is home to the Shadow Wolves, a storied, largely Indian unit of U.S. Customs and Border Protection that uses ancient tracking techniques to chase down drug smugglers. But after the creation of the Department of Homeland Security, the Border Patrol has run the Shadow Wolves and has shifted their focus away from drugs and toward immigrant smuggling, prompting several senior officers to quit.

Nonetheless, under Juan-Saunders's leadership, which began in 2003, the tribal council has welcomed more federal law enforcement. It has allowed the Border Patrol to establish two permanent facilities on its land. It recently agreed to the construction of a 75-mile vehicle barrier, costing more than $1 million a mile, to replace the wobbly fence.

The tribe has complied with Border Patrol wishes to close one traditional gate connecting the American side of its land to the Mexican side. It has also recently consented to allow the National Guard to operate on the border, on the condition that the Guard repairs roads and "respects the people and the laws of this land," Juan-Saunders said.

Winning that respect, however, has not been easy. Tribal members are routinely harassed by federal agents, Juan-Saunders said. "They cross property without asking. They enter homes without knocking," she said.

In March, Juan-Saunders was driving her 8-year-old son in her Jeep, going 45 mph in a 55 zone, when she was ordered to pull over by a Border Patrol officer. She stopped by the side of the road, and the officer leapt out of his vehicle and pointed his gun at her. "Now I know what my constituents are experiencing," she said.

Juan-Saunders acknowledged having mixed feelings about ceding more of her nation's sovereignty to federal agencies. "But we are in dire straits here," she said.

Chuy Rodriguez, a spokesman for the Border Patrol in Tucson, said relations between the Border Patrol and the tribe are "getting better and better over time."

"There's a lot more dialogue with folks in positions of power," he said. He said that Border Patrol community relations officers make regular visits to the reservation and that his agency has established a process for complaints. Tribal representatives instruct Border Patrol agents about the tribe and its traditions.

"We can't go into anyone's property," he said. "We have to get someone from the Tohono O'odham police to come. However, if it's hot pursuit, it's a different story."

Back in Alir Jegk, Margaret Garcia, 68, and an older neighbor, Francisco Garcia, sum up the pressures facing the tribe.

Margaret Garcia, who lives in a two-room shack with, at last count, 19 cats and six dogs, said she awoke late one night to discover that Border Patrol agents, with shotguns and night-vision goggles, had established an observation post in her yard.

Francisco Garcia, on the other hand, used to live in Mexico. He was kicked out of his village by drug dealers, so he moved to the American side of the line. "I didn't want to die," he said.

"A long time ago there was no one but us," Margaret said. "It was peaceful. When the cactus was ripe, my daughters would go out with a stick to harvest the fruit. Now if we go out, the Border Patrol follows us. Everyone is a suspect."

FBI/DEA/ATF/USMS:

Feds Bring Charges Against Four (AP)

AP, September 15, 2006

BINGHAMTON, N.Y. (AP) — A federal grand jury on Thursday indicted one man on a murder charge and three others for racketeering and narcotics conspiracy.

The men were part of a drug-trafficking ring that operated in the Ithaca area, New York City, Pennsylvania and North Carolina, said U.S. Attorney Glenn Suddaby.

Guillermo Payano, 30, of Ithaca, was charged with the murder of Alexander Miller, 24.

Miller was discovered in May 2000 on a partially overgrown service road leading into Buttermilk Falls State Park. He had been shot in the head.

Benoni Bryant, 29, Darnell Shepherd, 29, and Pablo Lopez, 25, all of Ithaca, were charged with conspiracy and racketeering.

Payano, Bryant and Shepherd are in custody. Lopez is still at large.

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If convicted of the charges in the indictment, each defendant faces a possible sentence of life imprisonment and a $4 million fine.

The U.S. Justice Department has not yet determined whether it will seek the death penalty for Payano, Suddaby said.

5 Of 12 Suspects In Massive Drug Ring Appear In Court (AP)

By WILLIAM McCALL

AP, September 15, 2006

PORTLAND, Ore. (AP) — Five of the dozen suspects in what federal prosecutors say is a $20 million international drug ring started by high school friends made their initial appearance in court Thursday in the first step toward an expected trial in Idaho.

U.S. Magistrate Janice Stewart delayed reading of the charges in the 196-page indictment until attorneys could be appointed or retained for the five men.

They were among the 11 men arrested Wednesday by federal agents in Oregon, Washington, Idaho and Colorado. One man, from California, remained a fugitive.

The five who appeared Thursday in federal court were: Mark Daniel Kitzman, 49, Lake Oswego; Damon John Marsh, 37, Portland; Mark M. Alders, 54, Lakeside; and Mark William Pursley, 32, and Kent Allen Jones, 51, Vancouver, Wash.

All wore blue prison clothing as they appeared separately to request lawyers through Ruben Iniguez, an attorney for the Federal Public Defender's office in Portland. Marsh was represented at the appearance by Mark Cross, an attorney who said he had known Marsh for years.

Stewart told each man they would face trial in U.S. District Court in Idaho and warned them they would have to reimburse the government if it was determined they could afford their own attorneys, rather than having a defender appointed by the court.

Prosecutors say the drug operation involved smuggling cocaine, marijuana and chemicals to make methamphetamine from Mexico and South America. They estimated that hundreds, and perhaps thousands, of tons of drugs were brought into the country over 30 years.

The indictment was issued by a federal grand jury in Boise last June and sealed until the arrests began on Wednesday.

The case began with the arrest of a suspected drug dealer, Lee Lang, and led to the indictment during what U.S. Attorney Tom Moss in Boise called "a classic case of 'follow the money.' "

The indictment seeks $24 million in cash and real estate forfeitures, including property in Oregon, Washington, Idaho, Colorado, Hawaii and California.

23 Charged In Drug Raid (CHIT)

By Tony C. Yang

Chicago Tribune, September 15, 2006

Police today announced charges against 23 people after raiding a suspected drug house on Chicago's South Side Wednesday morning.

During the raid, a police SWAT team used a power saw to cut through wrought iron and chain link fences barricading the home in the 5100 block of Honore Street in Chicago's Englewood neighborhood. The suspects threw bags of crack cocaine out the windows as officers closed in, police said today at a news conference.

Investigators said they targeted the house because it is located within 1,000 feet of several churches and schools.

Authorities said the suspects are all members of the Gangster Disciples street gang and they pedaled small packages of crack cocaine worth $5 each, earning $10,000 to $15,000 a day in drug sales. Also known as "nicks," the knotted plastic bags were often hidden inside and distributed from drug dealers' mouths, police said in a news release.

Several houses in the neighborhood were used as stash houses, where larger amounts of drugs were stored, according to the release.

Investigators said the gang had a counter-surveillance system to keep police at bay. Members with binoculars were posted to watch for police, and they would block the street by playing a card game so that only their customers could get by, police said.

Undercover officers from the Chicago Police Department and members of the U.S. Drug Enforcement Administration worked on their investigation, dubbed "Operation Sith," for 2 ½ months before raiding the home, police said. During that time, investigators made 38 undercover purchases and five covert seizures of both narcotics and cash, according to the release.

Seven individuals have been arrested on federal drug conspiracy charges, and arrest warrants were issued for three others who also face federal charges.

In addition, nine suspects are charged with delivery of a controlled substance and four are charged with possession of a controlled substance, police said.

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The DEA is currently analyzing the drugs confiscated during the raid, and has not yet estimated their total worth, police said.

Edgerton Case Gets Attention Of Feds (QCT)

By Deirdre Cox Baker

Quad-City (IA) Times, September 15, 2006

Federal officials decided late Wednesday to take up the case against David Robert McMenemy, the Michigan man who is accused of crashing his car into a Davenport medical center Monday because he thought it was an abortion clinic.

The case will be pursued through the U.S. Attorney's office for the Southern District of Iowa, Davenport, and the Rock Island office of the federal Bureau of Alcohol, Tobacco and Firearms, or ATF.

Police say McMenemy, 45, came to Davenport from the suburbs of Detroit, and drove his compact car into the Edgerton Women's Health Center, 1510 E. Rusholme St., early Monday morning.

The facility was founded in 1972 to provide prenatal care and medical services to low-income and underprivileged women. It does not perform abortions, nor does it make abortion referrals, Center President Tom Fedje said.

After the car came to rest in the lobby area, Davenport police said McMenemy exited the vehicle and scattered gasoline over the car's interior before lighting it. He left the building and surrendered to Davenport firefighters, Fire Marshal Mike Hayman said.

Federal charges are appropriate in the case because McMenemy traveled across three states to commit the act of violence, Scott County Attorney Bill Davis said.

Local authorities have leveled a charge of second-degree arson against McMenemy. It's a Class C felony punishable by a maximum prison term of 10 years and a fine not exceeding $10,000. He is scheduled to be arraigned on that charge Oct. 5 in Scott County District Court, Davenport.

Deirdre Cox Baker can be contacted at (563) 383-2492 or dbaker@qctimes.com

'Dog The Bounty Hunter' Arrested (AP)

By Mark Niesse

AP, September 15, 2006

HONOLULU - TV reality star Duane "Dog" Chapman and two co-stars on his show were arrested Thursday in Hawaii on charges of illegal detention and conspiracy in the bounty hunters' capture three years ago of a cosmetics company heir.

Chapman, son Leland Chapman and associate Timothy Chapman -- who is not related to the other Chapmans -- were taken into custody and did not resist arrest, said Mark Hanohano, U.S. Marshal for the district of Hawaii. "It went down without incident," Hanohano said.

Mona K. Wood, a publicist for the star of the popular cable series Dog The Bounty Hunter, said Chapman would be vindicated. "He arrests the bad guys -- and he is definitely not one of them," she said.

The charges stem from Chapman's capture of Max Factor heir Andrew Luster on June 18, 2003, in Puerto Vallarta, Mexico, said Marshals spokeswoman Nikki Credic in Washington.

Chapman's capture of Luster, who had fled the country while on trial on charges he raped three women, catapulted the 53-year-old bounty hunter to fame and led to the reality series on A&E.

Chapman, shackled at his ankles and wearing a blue muscle T-shirt at his first court appearance Thursday, said the government was jealous of his success in hunting down criminals.

"You see what the American government is doing to us? They throw us in jail," Chapman said in a federal courtroom. ``I'm so upset about this."

The three are being held in Honolulu. Bail has not been set. They will face an extradition hearing to Mexico under terms of treaties between the U.S. and Mexico, Credic said.

Chapman's son Leland, 29, and Timothy Chapman, 41, assist Chapman in exploits chronicled for the TV show around the Hawaiian Islands. The show focuses on Chapman's family as much as the bounty hunting, which generally involves tracking down bail jumpers, often creating emotional scenes with repentant captives.

Charges have been pending against the three since local police in Mexico arrested them shortly after they roped in Luster. They posted bail but never returned to Puerto Vallarta for their court hearing on July 15, 2003, Credic said.

Mexican authorities demanded that the Chapmans transfer Luster to Mexican police. Their refusal to do so led to their initial arrest.

A U.S. warrant for their arrest was signed by a federal judge in Honolulu on Wednesday.

Chapman's wife, Beth, said he didn't do anything wrong.

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"If Duane has to return to Mexico to take care of any misunderstanding, then that's what he will do," she said outside the courthouse.

Bounty Hunter Arrested In '03 Case (NYT)

By David Carr

The New York Times, September 15, 2006

Duane Chapman, a bounty hunter and the star of a reality television series, was arrested by federal marshals yesterday morning on charges stemming from a capture three years ago in Mexico.

Mr. Chapman captured Andrew Luster, the Max Factor heir who was convicted of raping three women.

Mr. Chapman, 53, was arrested at his house in Hawaii along with his son Leland Chapman, 29, and Timothy Chapman, 41, no relation.

The charges have been pending since they were arrested in Mexico after the capture.

In a twist that will not be lost on fans of Mr. Chapman's program, "Dog the Bounty Hunter," on the A&E cable network, Mexico is seeking to extradite him for posting bail and then failing to appear to answer criminal charges in July 2003.

He was held at the federal detention center in Honolulu.

His wife, Beth Chapman, also a star in the series, said Mr. Chapman left Mexico on the advice of his lawyers, who feared for his safety in the Mexican prison system.

Mexico is requesting extradition under treaties with the United States that allow one country to remand prisoners to the other.

Bounty hunting is illegal in Mexico, and the authorities there had demanded that Mr. Chapman transfer Mr. Luster to the local authorities, which he refused to do.

IMMIGRATION:

Nervous Employers Re-Examine Practices In Wake Of Immigration Raids (LAW)

By Rebecca Riddick, Daily Business Review

Miami Daily Business Review, September 15, 2006

Federal immigration officials recently arrested 55 undocumented workers in a raid in Tallahassee. The workers from Mexico, Honduras and Guatemala, were employed by General Building Maintenance, which had a contract to clean state government buildings. They face deportation.

Federal officials declined to say how U.S. Immigration and Customs Enforcement (ICE) found out about the illegal immigrants, or whether any company executives would face criminal charges.

Some South Florida labor and employment lawyers warn that such federal raids signal that companies here must take serious steps to ensure that they are not employing undocumented workers -- either directly or through subcontractors. That could have a major impact on Florida's economy, which quietly has depended on illegal workers.

Many employers in the state's large agricultural, tourism and construction industries are nervous. And so are immigrant workers.

Congress has hit an impasse in its debate over whether and how to crack down on illegal immigration. But ICE and its parent agency, the U.S. Department of Homeland Security, have decided not to wait for new legislation. Relying on existing law, ICE has engaged in high-profile raids of worksites employing undocumented workers.

ICE also has proposed a plan to take action against employers based on their failure to respond to letters notifying them that their employees' Social Security numbers don't match information in government data bases.

Homeland Security Secretary Michael Chertoff has asked Congress for greater leeway in accessing and using evidence against employers. Under current law, ICE does not have access to information possessed by the Social Security Administration. Chertoff wants to allow data sharing so immigration agents can use nonmatching Social Security information as a lead to find illegals -- not just as evidence once illegals are found.

Unlike in the past, ICE isn't just seeking to assess civil monetary fines against companies found to have employed illegal aliens. It's also seeking criminal sanctions against executives for failing to follow a 1986 federal law making it illegal to hire undocumented workers.

These moves have caused many South Florida employers to change business practices, experts say. Employment lawyers say they're working closely with employers to set up more rigorous vetting of employees to ensure that there are no illegals on the payroll.

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Attorney Sarah Tobocman, the Miami-based immigration practice chair for Gunster Yoakley & Stewart, said that in the past, the worst penalty an employer could expect for hiring an illegal immigrant was a civil monetary fine. Many companies built such fines into the cost of doing business. But the prospect of criminal charges against executives will cause companies to take serious precautions, she said.

Some Florida employer groups, particularly agricultural growers and builders, are looking to expand their reliance on immigrant workers brought into the United States on guest worker visas. They would like Congress to increase the number of such visas and ease the federal requirements on wages and benefits.

With the tougher enforcement by ICE, employers increasingly find themselves facing a Catch-22 situation. That's because while ICE is enforcing immigration laws, the U.S. Equal Employment Opportunity Commission is enforcing anti-discrimination laws. Employers cannot discriminate in hiring based on the possibility that an applicant is an illegal alien.

Legal experts say the situation is dicey. In Florida, tourism, agriculture and construction -- three of the biggest industries -- all use lots of immigrant labor. Some employers in these industries long have employed workers without looking too carefully at their legal status. It's estimated that hundreds of thousands of illegal immigrants are working in this state, including for large companies.

TEPID PUBLIC SUPPORT

On the other hand, there's tepid public support in this state, particularly in South Florida, for a federal crackdown. Even many Florida Republican leaders favor a moderate approach, including a path toward legal residency for illegal immigrants currently living in the United States.

A recent Zogby International poll for the Miami Herald found that 65 percent of South Florida Republicans surveyed favor establishing a path to legalization for immigrants currently living illegally in the United States. The survey found that 77 percent of South Florida Democrats supported that approach.

Despite Floridians' relatively lenient views on immigration, some lawyers warn that South Florida employers soon may have to give up using undocumented workers.

Keil Hackley, the former deputy chief counsel of the Immigration and Naturalization Service and now a Weston-based immigration attorney with Hackley Serrone, said it's just a matter of time before Florida employers are targeted for stricter enforcement. ICE and DHS "are putting their warnings out there," Hackley said. "They are absolutely going after employers who are profiting from illegal aliens."

Others, however, dispute that the Bush administration's current efforts are sincere or will last for long. Gregory Schell, a Lake Worth employment attorney with the farmworker rights group Florida Legal Services, argued that the recent raids and enforcement actions are driven by the White House's election-year efforts to appease conservative, anti-immigration Republican voters. He said all will be forgotten after Nov. 8 -- election day.

Indeed, federal officials so far have gone easy in South Florida, considering the large population of illegal immigrants here. The state's citrus groves and tomato fields would be a rich harvest for ICE agents if the agency chose to conduct raids there.

Schell estimated that more than 95 percent of workers on citrus groves in Florida are undocumented. Ray Gilmer, of the Florida Fruit and Vegetable Association, a growers' trade group, said the industry did not have any estimates on the number of illegal workers employed by the industry.

So far there have been no reported raids on the growers. "It would be an easy target," said Anis Nouhad Saleh of Saleh & Associates in Miami, who serves as president of the South Florida chapter of the American Immigration Lawyers Association.

Barbara Gonzalez, a Miami-based ICE spokeswoman, said she could not discuss how companies are chosen for raids because that's "law enforcement-sensitive information."

LEGISLATION STALLED

Based on the most recent U.S. Census numbers, the Washington, D.C.-based Pew Hispanic Center estimates that there are more than 11 million illegal immigrants living in the United States. With between 800,000 and 950,000 illegal immigrants estimated to live in Florida, the state ranks third behind California and Texas in the number of illegals.

These immigrants fill jobs in citrus groves and tomato fields, on construction and roofing sites, in the hospitality and restaurant industries, and in janitorial and landscaping services.

Since Congress passed the Immigration Reform and Control Act in 1986, it has been illegal for employers to hire undocumented workers. The act prescribes civil and criminal penalties for employers convicted of knowingly hiring unauthorized workers. Those with a pattern and practice of violating the law are subject to criminal sanctions.

The 1986 law made the I-9 form a key enforcement document. Employers must fill out the I-9 and verify an employee's employment status within three days of the person starting work.

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For most of the past 20 years, however, these rules have not been rigorously enforced. The Immigration and Naturalization Service -- the predecessor of ICE -- sometimes would slap civil fines on noncompliant employers. But for the most part, the rules were dead letters.

"Years ago, things could slide," Saleh said.

Then, over the past year, President Bush and conservative Republican leaders spearheaded a national debate over how to address illegal immigration.

Last December, the Republican-controlled House of Representatives passed a hard-line immigration bill that would make it a felony to be in the country illegally, substantially increase border patrols, order the construction of a fence along the U.S.-Mexico border, and boost civil and criminal penalties against employers for violations.

The House bill would require employers to shoulder more of the enforcement burden. The bill would set up a telephone- or electronic media-based employment verification system. That system would allow employers to verify the immigration status of new hires within three days.

In contrast, in May, the GOP-controlled Senate passed its own immigration bill. That bill, which has President Bush's support, would set up an amnesty program for undocumented immigrants already living in the United States and establish a path to legal residency. Like the House bill, the Senate measure also would require employers to take greater steps to ensure their workers are legal.

Even though there's broad agreement that something needs to be done about illegal immigration, the House and Senate have been unable to reach a compromise.

NO-MATCH LETTERS

In the absence of legislation, the Department of Homeland Security and ICE have charged ahead with their own enforcement policies.

Over the past six months, ICE has conducted raids on industrial pallet producer IFCO Systems North America and Midwest Airport Services, among others.

The raid on IFCO followed a yearlong probe that found more than half of the company's employees in 2005 had Social Security numbers that did not match identifying information in the Social Security Administration data base. The raid apprehended 1,187 illegal alien employees at 40 worksites around the country.

Seven current and former IFCO managers have been charged in Albany, N.Y., with harboring illegal aliens for financial gain. In addition, two managers at Midwest Airport have been sentenced to nine and 15 months in federal prison and fined a total of $750,000.

Under current agency rules, ICE cannot use no-match letters from the Social Security Administration to go after employers for hiring undocumented workers.

A no-match letter informs an employer that an employee's recorded Social Security number, which the employee submitted on an I-9 form, does not match the name listed for that number in the Social Security Administration database.

But in June, ICE proposed a new rule that would put employers on constructive notice from the time they received a no-match letter.

Homeland Security estimates that as many as 10 percent of the 250 million W-2s the Social Security Administration receives each year belong to workers whose names do not match their Social Security numbers.

Experts caution that there are many causes for no-matches, including typographical errors and name changes. But no-matches also result from illegal immigrants falsely using other people's Social Security numbers or providing bogus federal work permits to employers.

The proposed rules would allow ICE officials to use no-match letters as proof that employers "knowingly" employed illegal immigrants. It would require the employer to take certain actions within a set period of time.

The proposal also would close the subcontractor loophole. Currently, employers can hide behind subcontractors who hire undocumented workers for their projects. Employers could claim that they did not know that their subcontractors were employing illegal labor. Without proof of actual knowledge on the part of the employer, the government couldn't charge the employer with a crime.

Under the proposed rule, once an employer receives a no-match letter for employees -- even if they are hired through a subcontractor -- ICE would consider the employer on notice that it employed an illegal immigrant.

Lani Kahn Drody, president of the Builders Association of South Florida and Lowell Homes, said her organization considers it unreasonable to expect employers to check the legal status of all their subcontractors' employees.

Ray Gilmer, of the Florida Fruit & Vegetable Association, said it's not unusual for Florida growers to receive no-match letters. Farmers cannot turn away potential employees who submit legitimate looking documents. Gilmer said his industry's initial reaction to the new no-match safe-harbor proposal was not all positive.

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It will "require a lot of the [employer's] time to hold the hand of the employees in question," he said. "But if they have to do it, they have to do it."

WORKER INSECURITY

Bruce Nissen, director of research at the Center for Labor Research and Statistics at Florida International University, said the national immigration debate has created a strong feeling of insecurity among immigrant workers.

Gilmer said even the rumor of an immigration raid will cause immigrant workers, both legal and illegal, to scatter and not go to work. This leads to major worker shortages for growers.

Homeland Security officials said they did not know when the agency would issue a final regulation.

"One thing [ICE and the DHS] could do is sit on it until after the Nov. 7 election and then rule," he said. "Then [they can] water it down or come down hard. But people's ballots have already been cast."

In the past, employers often were advised by their attorneys not to worry about receiving a no-match letter, because there are many reasons a no-match can occur.

But now, South Florida employment attorneys say local employers are taking no-match letters more seriously.

Hackley said she advises employers that receive no-match letters to determine the true immigration status of the employee while at the same time not jumping to any conclusion.

When the no-match letters first started going out in 2002, she said, thousands of workers resigned or were fired because employers were unsure of their employees' immigration status. If ICE steps up enforcement based on no-match letters, she cautioned, that problem could be major in South Florida because of its large population of immigrant workers.

"This use of the no-match letter is premature and a potentially dangerous enforcement tool," Hackley said. The Social Security Administration database is "notoriously error-prone and will undoubtedly result in wrongful terminations."

In addition, some employment lawyers complain that the 63-day time frame proposed in the new ICE regulation for resolving discrepancies in Social Security information is unreasonable. Tobocman said that would leave employers little choice but to fire the worker.

Tobocman said she is working with clients to set up internal training programs for the proper completion of employment verification forms and for detecting fraudulent green cards, work permits and Social Security cards.

"Now more than ever, it's essential that employers have written policies in place" for when they receive a no-match letter, she said. She advises her clients that they also should have policies in place for employee compliance and what to do in case of a government audit or document request.

LOOKING FOR ALTERNATIVES

Drody, of the Builders Association of South Florida, contended that most builders and developers don't know how many illegal workers they employ. She said builders and developers need to make sure they work with reputable subcontractors to reduce the number of illegal workers.

Edie Ousley, a spokeswoman for the Florida Home Builders Association in Tallahassee, said many employers don't know how to detect fraudulent documents.

Both of their groups favor an expanded guest worker program that would allow skilled workers who already are in the United States illegally to continue working in the construction industry. Undocumented workers "want to pay their taxes and be a part of the system instead of hiding in the crevices," Drody said.

In the agricultural industry, Fritz Roka, a University of Florida agricultural economist, said stepped-up enforcement against illegal workers and employers that hire them may push growers to further explore mechanized farming techniques.

Roka said there also is increasing interest among growers in guest worker programs.

Through the federal H-2A guest worker visa program, Los Angeles-based agricultural staffing company Global Horizons provides farm workers for growers. Gregory Schell said he has heard that growers in the South Florida area have used the company to bring in workers under the H-2A program.

Merle Dautrey, a spokesman for Global Horizons, estimated that between 2 percent and 4 percent of farmworkers nationwide are in the United States on H-2A visas. As immigration enforcement tightens, that percentage is likely to increase, he said.

The United Farm Workers union has supported the guest worker visa program, said union spokesman Marc Grossman. The UFW has signed a contract with Global Horizons requiring that all guest workers brought in by the company will become members of the union.

But workers don't come cheap under guest workers' visa program. Under the H-2A visa, temporary guest workers can come into the country for a specified maximum period of time, and employers are obligated to provide housing and pay at least the Adverse Effect Wage Rate for the state. For 2006, the AEWR in Florida was $8.56 an hour. There is no cap on the number of workers who come in under the H-2A program.

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Gilmer said the agricultural industry is working to modify the H-2A program to make it a more attractive choice for farmers and growers by allowing growers to provide housing vouchers instead of actual housing for workers. Growers also seek to speed up the approval process for bringing in guest workers.

Grossman said that if farmers cannot find legal workers at affordable wages, farming will move overseas.

'MASSIVE IMPACT'

Employment and immigration experts are split on whether the Bush administration's recent moves signal that employers need to seriously change how they do business.

That uncertainty arises because the country is split on how to handle the immigration issue.

Miami pollster Sergio Bendixen of Bendixen & Associates wrote in March that "an overwhelming majority of legal immigrants think that the undocumented 'take jobs that legal residents and citizens do not want to do.' These legal immigrants also feel that the undocumented have a positive impact on the quality of life of Americans and 'help the economy by providing low-cost labor.' "

FIU's Nissen said that if federal officials were serious about cracking down on South Florida employers and their illegal workers, "it would have a massive and very serious impact." But he predicted that the administration will engage in "a selective, showy, sporadic set of arrests to create fear, but not to the point of harming farming or industry."

Sarah Tobocman disagrees. It's no secret that South Florida businesses have a high percentage of undocumented workers, she said. Businesses should expect to see greater federal enforcement of immigration laws. "Employers need to be prepared for a change," she warned.

2 Polish Nationals Plead Guilty In US To 'Leasing' Illegal Workers (FINDLAW/AP)

AP, September 15, 2006

(AP) - FORT LAUDERDALE, Florida-Two Polish nationals have pleaded guilty to leasing out illegal immigrants from eastern Europe to work on U.S. farms, dairies and factories, prosecutors said. A third was sentenced to prison a year after pleading guilty to similar federal charges.

Jaroslaw Sawczuk, 39, and Jozef Bronislaw Bogacki, 43, pleaded guilty Wednesday before U.S. District Judge Kenneth Marra to federal charges of fraud and conspiracy to transport, house and otherwise encourage illegal immigrants to remain in the United States.

Pavel Preus, 39, pleaded guilty to similar charges in September 2005. Marra sentenced him to 37 months in prison, followed by three years of supervised release. Preus was also ordered to pay $950,000 for unpaid payroll taxes.

Sentencing for Bogacki and Sawczuk was scheduled Dec. 15. Both face a maximum of 20 years in prison and fines up to $500,000. The U.S. government is also seeking the forfeiture of Bogacki's assets.

E-mails sent to the individual attorneys representing Sawczuk and Preus were not immediately returned. The after-hours recording for Bogacki's federal public defender in Tampa would not accept an incoming message, the phone at the office of Sawczuk's attorney rang unanswered late Wednesday and Preus' attorney did not immediately return a message left at his office.

Sawczuk is a Polish citizen and lived in Coral Springs. Bogacki was born in Poland but became a naturalized U.S. citizen and lived in Clearwater. Preus is a Polish citizen and lived in Pompano Beach.

The three men were arrested in April 2005. Three citizens of the Slovak Republic also named in the original 26-count indictment are believed to be overseas, prosecutors said.

The indictment alleged that the employee-leasing ring, beginning in 1995 provided American companies in the Midwest and Southeast with more than 550 unauthorized workers from Hungary, Czech Republic and Poland, among other countries. The workers entered the U.S. on tourist visas.

The six defendants named in the indictment failed to pay $6 million in payroll taxes and laundered more than $20 million, prosecutors said.

Congress Passes Major Security Measures (NYT)

By Eric Lipton

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — Congress is scrambling to pass long-delayed domestic and border security bills, as Republicans and the Democrats try to control the issues ahead of the midterm elections — and to blame each other for blocking progress.

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The most far-reaching action on Thursday was in the Senate, which voted, 98 to 0, to approve a six-year port security package costing more than $5 billion that includes deadlines to install radiation detectors at the largest ports and encourages shippers and ports worldwide to improve guarding containers against stowaway weapons.

Earlier, the House approved, 283 to 138, a bill that calls for a two-layer fence along 700 miles of the border with Mexico, a measure advertised as an immigration enforcement and antiterror initiative.

Negotiations were under way on measures to tighten security at chemical plants and revamp the Federal Emergency Management Agency.

The Senate port bill included language for mass transit and rail security programs, including random passenger and baggage screening at certain stations and fire-safety improvements for Amtrak tunnels in the Northeast corridor.

With just two weeks before Congress plans to begin its election recess, the debate has been intensely partisan. Democrats have tried to force Republicans to consider expansions that could add billions of dollars in costs in the port security bill by adopting, for example, all the outstanding recommendations of the Sept. 11 Commission.

"Let's see if they vote against this," Senator Henry Reid, Democrat of Nevada, the minority leader, said this week.

Republicans have generally succeeded in blocking such last-minute amendments, after condemning them as not-so-subtle efforts to kill or delay the bills.

"This is politics at its very worst," Senator Jim DeMint, Republican of South Carolina, said on the floor Thursday. "If Democrats spend half as much time fighting terrorists as they do this administration, America would win this war a lot faster."

Democrats say it is the Republicans who are to blame for the delay.

"It is not about us,'' Representative Nancy Pelosi of California, the House minority leader, said. "It is about the president of the United States and this Republican Congress, and is our country as safe as it could be. Republicans are in charge of everything."

The Senate port bill, which the Bush administration supports and which is similar to a measure that the House has passed, would require installing radiation detection equipment by the end of 2007 at 22 ports that receive 98 percent of the incoming cargo, a goal that the Homeland Security Department has set.

It also writes into law two programs to give accelerated clearance to cargo from ports that pre-screen containers for weapons or containers shipped on behalf of companies that have agreed to assure their security from the factory until they being loaded onto ships.

The bill would authorize $5.5 billion for port security over six years, including adding 1,000 customs and border officers and $400 million in port security grants. It would also authorize $1.2 billion for rail security and $2.4 billion in grants for security on mass transit.

The bill would extend some port user fees to pay some of the costs, but it remains unclear whether Congress will appropriate enough money to finance the rest or whether the fees will be set aside for security.

The fence proposal represents a last-minute push by Republicans for at least part of their border security agenda. A similar requirement was included in December in broader immigration measures in the House. That bill stalled after a dispute with the Senate over a temporary-worker program to let some illegal immigrants remain here.

House Republicans also promised on Thursday to increase the number of Border Patrol agents, increase prosecutions of smugglers of immigrants and criminalize the building of tunnels under the border.

More than 60 Democrats joined with Republican House members to vote for the fence bill. Other Democrats in the House and Senate ridiculed it, saying that the fence alone would not solve the border problem and that the bill did not provide the more that $2 billion that it would cost to build.

Republican leaders are hoping to insert language into the larger budget bill for domestic security that is in a conference committee to address chemical plant security, FEMA restructuring and, perhaps, additional provisions.

The rules on chemical plants have support of the administration as well as Democrats and Republicans in Congress. The negotiations are trying to compromise on how demanding they should be.

A proposal backed by Republicans and opposed by environmentalists would let the owners of chemical plants decide what safety measures to adopt. It would prohibit the federal government from mandating that they consider using inherently safer chemicals.

House Passes Border Fence (WT)

By Charles Hurt

The Washington Times, September 15, 2006

The House yesterday easily approved building 700 miles of fencing along the U.S.-Mexico border in an effort to get major border-security legislation on President Bush's desk before November's elections.

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"The time to address the border-security emergency is now, before Congress leaves for the November election," said House Speaker J. Dennis Hastert, applauding the Republican-backed measure and introducing a slate of new border-security measures that he hopes to pass this month.

Yesterday's border-fence bill was approved on a 283-138 vote. The vast majority of House Republicans were joined by 64 Democrats to support the measure. Six Republicans voted against it.

In addition to building double-layered fences along 700 miles of the southern border, the Secure Fence Act also changes Border Patrol policy to allow agents to forcibly disable fleeing vehicles along the border. The measure would also deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

Democrats dismissed the vote as "another political gimmick" by House Republicans who passed a tough border-security bill last year but have since been unable to persuade the Republican Senate to take it up. The Senate remains intent on its own bill that tightens border security but at the same time grants citizenship rights to some 10 million illegal aliens and creates a guest-worker program that will usher hundreds of thousands more foreign laborers into the U.S.

Yesterday, House Democrats called the 700-mile fence a new "Berlin wall" and expressed concern that it would drive illegal crossers deep into the dangerous desert in search of an unimpeded crossing. Rep. Loretta Sanchez, California Democrat, added, "It does nothing to secure our northern border."

Rep. Virgil H. Goode Jr., Virginia Republican, strongly supported the measure. "It's about a thousand miles short of where it ought to be," he said, "but I'll take 700 miles."

When the House last year approved its border-security legislation, it included almost exactly the same fencing. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants.

But by yesterday, more than 20 Democrats had switched their position to support the border fence -- including several who face tough elections this fall.

Rep. Harold E. Ford Jr., the Tennessee Democrat who is running for the Senate, said, "For the country to be secure, we have to have control over who gets in and who's allowed to stay."

Asked why he opposed the fence last year, he said the current proposal was "more comprehensive." Mr. Ford bristled at the question of whether his change of heart had anything to do with his upcoming statewide election in a state that polls show supports tough immigration policies.

After the vote yesterday, Rep. Alan B. Mollohan, a West Virginia Democrat who also switched his vote, was waiting in an out-of-the-way hallway beside a bank of elevators.

When asked by a reporter why he switched his vote, Mr. Mollohan first responded, "How did you find me?"

After gathering his thoughts for a moment, he said he supported yesterday's fence bill because it "makes a statement for consideration" of increased funding and even tougher illegal-immigration enforcement measures. Mr. Mollohan, who faces a challenge from the right this fall, not only voted against the fence last year but also voted against the entire House border-security bill.

Asked if his election in two months had anything to do with his position switch, Mr. Mollohan replied: "The election two months away has something to do with everything we do up here."

Rep. James P. Moran, Virginia Democrat, also supported yesterday's bill after opposing the fence and the border-security bill last year.

During the August recess, he said he attended four town-hall meetings where the issue of illegal immigration dominated voter concerns. "The people who spoke up were almost unanimously opposed to illegal immigration."

Still, he said, the upcoming elections had nothing to do with his change of heart on the issue.

"Voting against the fences would have helped me more politically," Mr. Moran said.

After yesterday's House vote, Senate Republicans remain uncommitted to bringing the measure to the floor for a final vote, where many think it would be approved. Republican leaders said they are considering attaching the bill to other must-pass legislation to get it through the Senate.

House Approves U.S.-Mexican Border Fence (AP-Y)

By Suzanne Gamboa

AP, September 15, 2006

The House voted for the second time in a year to erect a fence along a third of the U.S.-Mexican border, part of a Republican effort to keep illegal immigration an issue before voters.

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A new 700 miles of double-layered fencing won approval on a 283-138 vote, a bigger margin than last December when the House passed it as part of a broader bill that also would have made being an illegal immigrant a felony. The nearly 2,000-mile border now has about 75 miles of fencing.

Rep. Peter King, R-N.Y., said the separate fence bill was needed to show Americans "we can take meaningful action to secure the border."

The House's bill last December and one passed by the Senate last May are so far apart on issues that Republican leaders haven't even tried to negotiate a compromise.

The main difference is that the Senate bill would provide legal status to millions of illegal immigrants already in the U.S., a concept supported by President Bush but opposed by most House Republicans. The Senate bill calls for 370 miles of fencing along the Mexican border.

Supporters of the new House bill said the new fencing would let Border Patrol agents focus more on apprehending illegal immigrants crossing from Mexico rather than having to man the entire border.

"We have to come to grips with the fact that our Border Patrol agents need a border fence on our southern border ... where we're now facing infiltration by members of terrorist organizations like Hezbollah," said Rep. Ed Royce, R-Calif.

The bill passed Thursday doesn't pay for the fence. Republicans, estimating the cost at more than $2 billion, said that will be covered in a later spending bill. Democrats estimated the fence would cost $7 billion, based on information from the Department of Homeland Security on costs per mile of a double-layer fence.

"This is nothing more than political gamesmanship in the run-up to the midterm elections. Sounds good. Does nothing," said Rep. Alcee Hastings, D-Fla.

Democrats accused Republicans of playing upon voters' fears to score political points. Rep. Lloyd Doggett, D-Texas, said Republicans were trying to confuse Americans into thinking "Osama bin Laden is heading north in a sombrero."

The bill also directs the Homeland Security Department to take control of the border in 18 months and gives border agents new authority to stop fleeing vehicles. It also calls for a study of the need for a fence on the U.S.-Canadian border.

Meanwhile, the House Administration Committee approved a bill to require states to ask for photo identification from voters by November 2008 and proof of citizenship by 2010. The full House could vote on it as early as next week.

House leaders unveiled other border security bills addressing immigrant gangs, speedier deportations and other issues they plan to consider.

Senate Republicans said its unlikely the fence proposal would pass in that chamber as a single bill, but might win approval if attached to spending bills.

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The House fence bill is HR 6061; the voter ID bill is HR 4844.

On the Net:

Congress: http://thomas.loc.gov

House Votes To Boost Border Security; Broader Immigration Issues Remain (LAT)

By Nicole Gaouette

The Los Angeles Times, September 15, 2006

WASHINGTON — The House on Thursday easily passed a bill calling for construction of lengthy sections of double-layered fencing along the U.S. border with Mexico, sending the legislation to a Senate that appeared inclined to approve that and other security measures.

The 283-138 vote demonstrated that even as Capitol Hill remained deadlocked over what to do about the millions of illegal immigrants already in this country, bipartisan support existed for significantly toughening border security, especially as the November election neared.

And though House Republicans emphasized that enforcement should come first, they gave no indication of when — or even whether — they'd support broader immigration measures, such as a guest worker program, that are supported by the Senate, President Bush and farmers and other businesspeople.

House Republicans promoted the fence bill as the first phase of a larger border-security package they unveiled Thursday. It includes a measure that would make it a crime to dig border tunnels and another that would end a provision in immigration law that protects Salvadorans from deportation.

In the Los Angeles area, and increasingly in other parts of the nation, gangs with roots in El Salvador are a significant crime problem.

The fence bill mandates the construction of 700 miles of fencing along several sections of the 2,000-mile border: around Tecate and Calexico, Calif., along most of the Arizona stretch, and in heavily populated areas of Texas and New Mexico.

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The bill requires the Department of Homeland Security to prevent "all unlawful entries into the United States" within 18 months after the bill is enacted; urges the department to allow Border Patrol agents to use greater force against smuggler vehicles; and orders a study on security at the northern border with Canada.

The California delegation split mostly along party lines; only two Democrats, Dennis Cardoza of Atwater and Jim Costa of Fresno, joined all 20 Republicans in supporting the bill.

House leaders said they were working with the Senate to determine how to get the measures to Bush as quickly as possible. House Majority Leader John A. Boehner (R-Ohio) said Congress should finish considering all of them by the end of September.

"Republicans believe we can have a no-penetration border," said House Speaker J. Dennis Hastert (R-Ill.). Of the fence proposal, he said: "If we build it, they will no longer come illegally."

Asked when the House might back a guest-worker program or other nonenforcement measures, Hastert said: "If we get a virtual no-penetration program on the border, then we can look at a lot of things."

Debate on overhauling immigration laws has been deadlocked for months.

Enforcement is a priority for the Senate, but many senators believe it cannot work effectively unless it is accompanied by a guest worker program to help meet the labor needs of the agricultural and hospitality industries, and a program to draw the estimated 12 million illegal immigrants in the U.S. into the legal system — a position favored by Bush. Those provisions were in a bill approved by the Senate in May.

Many senators in both parties argue that if this year's Congress ignores these issues and focuses only on border security, it will have shirked its responsibilities and ultimately failed to adequately address the complexity of the immigration problem.

Even so, some senators expressed cautious support for the House border security package, even as they pointed to elements they thought it lacked.

"I'm not going to take a position against it," said Sen. Mel Martinez (R-Fla.), who helped write the Senate-passed bill. But, he added, the House bill is "not comprehensive immigration reform … it's just security."

Sen. Dianne Feinstein (D-Calif.), who wrote a bill criminalizing the construction of tunnels under the border, said she was delighted to see a similar measure in the House border security package. But she expressed disappointment that there was no provision to help California farmers get access to workers.

With California in the middle of its peak harvest season and Florida's orange harvest set to begin next month, agriculture is a concern for lawmakers of all political stripes. Rep. Adam H. Putnam (R-Fla.), who chaired the all-Republican meeting that led to the border security package, appeared Wednesday at a rally organized by farmers, restaurant owners and other businesses dependent on immigrant labor.

With the administration increasing crackdowns on employers who hire illegal workers and an emphasis in Congress on enforcement, growers are getting nervous, lawmakers said.

"The status quo is killing farmers," said Sen. Barbara Boxer (D-Calif.). "They are desperate. I've never seen anything like it."

On Thursday, Putnam said the House wanted to restore confidence in the government's ability to secure the border before addressing labor needs. But with oranges left unpicked because of labor shortages last year and the new harvest season approaching, he said he didn't "see any way to get this resolved before the fall harvest."

Democrats in both chambers dismissed the border measures as a political ploy, particularly considering that the House had already passed many of their provisions, including the fencing requirement.

"I think it's sad when House leadership has sought to take an important issue and turn it into a political platform," said Rep. Sheila Jackson-Lee (D-Texas), who noted that thorny issues such as Medicare, Iraq and the Gulf Coast hurricane recovery were getting little attention from the GOP.

Rep. Lloyd Doggett (D-Texas) accused House Republicans of using immigration as a scare tactic, conflating terrorists with immigrants looking for work so that Americans would think that "Osama bin Laden is heading north in a sombrero."

House Passes Border-Fence Bill, Changes To Rules On Earmarks (WSJ)

By David Rogers

The Wall Street Journal, September 15, 2006

WASHINGTON -- Wrapping big bows on small packages, House Republicans advanced two modest pre-election initiatives hoping to blunt public anger at Congress's failure to address illegal immigration and lobbying abuses.

Back-to-back bills yesterday would add hundreds of miles of fence along the U.S.-Mexico border and establish new House procedures to try to fence in lawmakers' appetites for adding pork-barrel projects to annual appropriations bills.

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In both cases, the leadership's primary concern was to try to help its vulnerable members shore up support among conservatives ahead of the Nov. 7 elections. But the gap between the two bills' provisions and what had been promised months ago is so great that the exercise could bolster Democrats' call for more change in Washington.

"We've been awash in talk of reform," said Rep. David Obey (D., Wis.) "But now seven weeks before the election, we see the majority has labored long and produced a mouse."

The so-called "Secure Fence Act" sailed through on a 283-138 vote, even though it was introduced only 24 hours earlier and provides no money to actually build the 700 miles of double-layered reinforced fencing along five stretches in California, Texas, Arizona and New Mexico. At a cost of $9 million to $10 million a mile, the total federal investment would run $6 billion to $7 billion altogether, but Republicans are betting the political dividends will be immediate in November.

"It is essential to do this today to tell the American people we have got the message," said Rep. Peter King (R., N.Y.), chairman of the Homeland Security Committee. "A fence is not the only answer, but an essential part of the answer."

Democrats denounced the measure as more "pontification" than legislation, yet the sharpest criticism came from departing Rep. James Kolbe (R., Ariz.), who has tried unsuccessfully to convince the House to take a more comprehensive approach -- akin to the Senate's -- to overhauling immigration policy.

"What we need to do is...walk 100 yards across the Capitol to the other side and negotiate" with the Senate, Mr. Kolbe said.

President Bush, at a meeting with House Republicans, also restated his support for a broader bill that will address the millions of undocumented workers in the U.S. But the House leadership believes the safer political course is to focus before the elections only on border-security measures such as the proposed fence, which is popular with conservative voters.

The second measure adopted yesterday -- by a 245-171 vote -- is also tailored to appease conservatives, who have complained about the growth of government spending under Republican rule and the explosion in the number of special-interest spending "earmarks" added by both parties to annual appropriations bills.

In many instances this reflects traditional pork-barrel politics to win votes at home. But amid the lobbying scandals of the past year, earmarks also have been exposed as almost a new political currency in which members steer money to projects and are rewarded with favors and campaign contributions financed by the lobbyists involved.

The rules changes do more to promote transparency rather than guarantee an end to the practice. As a practical matter, the real impact won't be felt until after the election. "The politics of earmark reform is a lot bigger than the substance of earmark reform," said Rep, Jack Kingston (R., Ga.).

House Rules Committee Chairman David Dreier (R., Calif.) urged support even as he admitted that his party hadn't reached "the goal line" of what is needed to address abuses.

Fred Wertheimer, a longtime activist for tighter ethics rules in Congress, offered a scathing critique. "The earmark rules changes are an illusionary trick being offered up in the hopes that the public will ignore the miserable failure by the House to address the worst congressional corruption scandals in decades," he said.

House Votes To Build 700 Miles Of Fence Along The U.S.-Mexico Border (MCT)

By Dave Montgomery

McClatchy Newspapers, September 15, 2006

WASHINGTON - The House voted 283-138 on Thursday to construct more than 700 miles of two-layered fencing along the porous Southwest border, but most Democrats denounced the plan as blatant political posturing in advance of the Nov. 7 congressional elections.

Afterward, House GOP leaders unveiled a package of other relatively non-controversial border-security initiatives, expressing confidence that they could win passage in the Senate and advance to the president's desk before lawmakers quit work at the end of the month to campaign for re-election.

But the Senate outlook remained quite uncertain, as senators of both parties and President Bush have insisted that tough border security measures should be passed only if part of more-comprehensive legislation.

House Speaker Dennis Hastert, R-Ill., hinted that House leaders might be willing to consider more-contentious elements of immigration legislation - including Bush's proposed guest-worker program - if they are satisfied that Congress first has moved aggressively to secure U.S. borders.

"If we get a virtual no-penetration program on the border, then we can look at a lot of different things," Hastert said.

But other lawmakers said that, with time running out, it appears virtually impossible for the House and Senate to find common ground on divisive immigration issues that have kept them deadlocked for months.

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House leaders have refused to consider a comprehensive Senate-passed bill that would put millions of illegal immigrants on a path toward permanent legal status and U.S. citizenship. The measure also includes a version of the president's guest-worker plan, as well as stiffer border-enforcement measures.

Bush, who met Thursday morning on Capitol Hill with Republican House members, this week renewed his call for a comprehensive overhaul of the nation's immigration laws. His administration has embraced limited fencing as a partial solution to strengthening the border, but not to the extent proposed by the House.

The fence proposal is identical to one that was included in an immigration enforcement bill that the House passed last December. With that measure sidelined in the stalemate with the Senate, House leaders resurrected the proposed $2.2 billion barrier as the first element of their latest border security package.

The "Border Security Now" agenda recycles several provisions from the stalled House and Senate bills, including $2.3 billion for 1,200 new Border Patrol agents next year, a crackdown on smugglers and criminal aliens and stiff penalties for the construction of border tunnels.

Sixty-four Democrats joined 219 Republicans in voting for the fence; 131 Democrats and six Republicans voted against it.

Sen. Dianne Feinstein, D-Calif., who sponsored a similar tunnel provision in the Senate, said she welcomed the House version of her proposal but withheld judgment on other provisions until she takes a closer look. Sen. John McCain, R-Ariz., a leading architect of the Senate bill, said he would support proposals to strengthen the border but also said he wants to study the House initiatives before taking a position.

The largest section of fencing in the House bill would reach 361 miles from Calexico, Calif., to Douglas, Ariz. A 22-mile section would be built near a port entry in Tecate, Calif., in east San Diego County. Three sections would be in Texas - a 51-mile stretch from Del Rio to Eagle Pass; 176 miles from Laredo to Brownsville and 88 miles stretching from El Paso westward to Columbus, N.M.

The bill also urges the Department of Homeland Security (DHS) to study the feasibility of erecting similar barriers along the country's northern border with Canada.

It also requires the DHS to achieve operational control over both borders through a "virtual fence" that includes cameras, ground sensors, unmanned aerial vehicles and integrated surveillance technology. Five industry teams are competing for a multibillion-dollar contract to assemble the virtual fence, and the DHS expects to announce a winner by Sept. 30.

Republican leaders said the proposed barriers would have support in the Senate, which already has endorsed 370 miles of fencing and authorized $1.8 billion to fund it.

But Democrats said Republicans are trying to show conservative constituents that they are getting tough on immigration to bolster support in the elections.

"This is the same bill they passed before - the same monstrous bill," said Senate Democratic Leader Harry Reid, D-Nev. "We're not going to play their silly little games."

Republicans argued that the fence, when coupled with their other initiatives, would answer public demands for urgently need safeguards to shore up the borders against illegal immigration and potential terrorism. Rep. Jeb Hensarling, R-Texas, called it "the first long step" in a comprehensive border security plan.

"The American people expect us to secure the border," said House Majority Leader John Boehner, R-Ohio.

Overstating Border Reform's Price (WP)

By Robert Greenstein And James Horney

The Washington Post, September 15, 2006

Would offering undocumented immigrants a path to legalization bust the federal budget? Critics of the Senate immigration bill, which seeks to crack down on illegal immigration while giving many currently undocumented workers a chance to work legally in this country, tout a Congressional Budget Office study that they say shows the bill would cost a whopping $126 billion over 10 years. A fair reading of that study, however, suggests that the bill's actual impact on the deficit would be close to zero and that it could even be beneficial.

Critics add up the bill's increased tax-credit and entitlement costs while ignoring the increased tax revenue it would produce. They also substantially inflate the increased discretionary government spending that would result and overlook the bill's expected positive effects on the economy.

Let's start with revenue. The CBO found that the Senate bill would boost tax revenue by $44 billion over 10 years by increasing the size of the workforce and the number of immigrants working "above ground" and paying taxes. This would roughly offset the $48 billion in increased entitlement costs that the CBO projects under the bill. Indeed, it estimated that after the first few years, new tax collections actually would exceed new entitlement spending.

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The CBO also predicts that this increase in the size of the workforce would produce benefits for the economy. Both the Congressional Budget Office and the Office of Management and Budget expect a slowdown in economic growth in coming decades as the population ages and growth in the supply of workers grinds nearly to a halt. The CBO estimates the Senate bill -- because it would expand the workforce -- would boost the economy, possibly by enough to produce an additional $100 billion or more in revenue over 10 years.

This means that the Senate bill would probably reduce long-term deficits, not enlarge them. Similarly, the Social Security actuaries have found that the Senate bill would reduce the Social Security trust fund's long-term deficit and extend the program's solvency by two years.

So how did critics of the Senate bill arrive at the sensational $126 billion figure, which appears nowhere in the CBO report? First, they counted all of the bill's spending increases while ignoring all of its increases in revenue. For example, they counted the increased costs of Social Security and Medicare benefits for those additional immigrants who would qualify for them, while ignoring the increased Social Security and Medicare payroll taxes the immigrants would pay to qualify for those benefits.

They also incorrectly assumed that the Senate bill requires $78 billion in added discretionary spending. To be sure, the bill would authorize future appropriations of roughly that amount over 10 years. But none of these funds would actually be spent unless Congress provided them in future appropriations bills. The federal budget contains hundreds of programs that Congress funds below -- often far below -- the authorized amounts.

In addition, each year Congress must fit appropriations within an overall appropriations limit, as set in the congressional budget resolution. Funding increases for one set of programs often must be offset by reductions in other programs. Consequently, any increase in discretionary spending arising from the Senate bill is likely to be offset, at least in part, by cuts in other areas. For each of the past four years Congress has made across-the-board cuts in discretionary programs to accommodate new priorities while remaining within the prescribed limits. The CBO itself did not include the $78 billion figure in its estimate of how much new spending the Senate bill actually provides.

Finally, whatever portion of the $78 billion ultimately shows up in future appropriations will probably be provided whether Congress passes the Senate bill or not. That is because more than 90 percent of the authorized discretionary spending would go toward the kind of enforcement measures the bill's critics strongly support, such as expanded border security and stronger measures to identify immigrants illegally seeking employment. Republican congressional leaders have made clear their intention to increase funding for enforcement activities by billions of dollars in appropriation bills that they will consider this month. Indeed, Rep. Harold Rogers, a key Appropriations subcommittee chairman, declared this week that the leadership will provide "tons of money" for this.

Because it is a subject that stirs strong emotions, debates over immigration policy demand fact and solid analysis. As Congress searches for agreement on immigration legislation, mistaken claims that the Senate bill would bust the budget only make this already difficult job harder.

Robert Greenstein is executive director of the Center on Budget and Policy Priorities. James Horney is a senior fellow at the center and former chief of the budget projections unit at the Congressional Budget Office.

Immigrants Turn Utah Into Mini-melting Pot (USAT)

By Haya El Nasser

USA Today, September 15, 2006

SALT LAKE CITY — In the shadow of the Mormon faith's majestic headquarters, the fountain at the center of the Gateway Plaza outdoor mall is a popular backdrop for weddings. On a scorching day, Hispanic and Anglo children run side by side through the pulsating sprays of water.

Marriage and kids: They're the pillars of the Church of Jesus Christ of Latter-day Saints (LDS), which dominates many facets of life in Utah. But diversity?

Immigration is changing the complexion of communities across the USA. As it sweeps through Utah, traditionally one of the least diverse and most conservative states in the nation, its impact is particularly dramatic. About 98% white until 1970, Utah is becoming a mini-melting pot.

While conservative Republicans in the U.S. House of Representatives are pushing to tighten borders and make illegal immigrants felons, factors unique to Utah are attracting Hispanics to this reddest of red states. Among them: the Mormon Church's philosophy of outreach and its embrace of large families.

These influences have helped give the state a reputation of being warm and welcoming to immigrants. Utah allows the undocumented to drive legally with a “driving privilege card.” They can attend public colleges and universities and pay in-state tuition. Minorities — mostly Hispanics — make up 16.5% of the population, up from 8.8% in 1990. They could reach 20% by

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2010. Hispanics are driving the growth among minorities here. The state's black and Asian populations also are growing but more slowly.

The changes are visible — and audible. Sounds of up to 70 languages reverberate in school hallways, cantinas are sprouting in the suburbs, and Spanish-speaking religious congregations are multiplying — scenes that are more Los Angeles and Miami than Salt Lake City.

"Word has gotten out that it's a place where immigrants are welcome," five-term Utah Republican Rep. Chris Cannon says.

Utahans in 2004 gave President Bush his biggest margin over Democrat John Kerry in any state — 72% to 26%. How can one of America's most conservative places be so receptive to immigrants?

"The LDS faith believes you can be conservative and yet be compassionate," says Marco Diaz, past chairman of the Utah Republican Hispanic Assembly, which tries to attract more Hispanics to the party. "Help thy neighbor and love thy neighbor and still try to be fiscal conservatives."

How long Utah will embrace this philosophy remains to be seen. Frustrations are mounting over rising dropout rates and classrooms crammed with non-English speakers. Pressure to cut benefits to undocumented residents and crack down on employers who hire them is growing. About 100,000 of Utah's foreign-born residents — about half — are here illegally, says Pamela Perlich, senior research economist at the University of Utah.

Diaz says time may be running out on the state's welcome mat.

"Never have we seen so much uproar on immigration," Diaz says. "A lot of Utahans want some change. … There's a feeling from constituents that something needs to be done."

Utah has been overwhelmingly Mormon since Brigham Young and thousands of followers settled in the Great Salt Lake Valley in the mid-1800s after fleeing persecution 1,300 miles away in Illinois. Utah remains mostly Mormon — about 62% — but that share of the population is declining.

The state ranks 34th in population at 2.5 million. It's insular, yet cosmopolitan.

Utah boasts one of the highest rates of adult residents who have passports and speak more than one language. Brigham Young University teaches more advanced foreign-language courses than any other U.S. university. About 85% of its seniors speak a second language.

That's the Mormon influence.

"This is a missionizing church," says Jan Shipps, a scholar of Mormonism at Indiana University-Purdue University Indianapolis. At age 18 or 19, Mormons "receive a call to go on a mission and spend two years at their own expense making converts." They learn a foreign language and go abroad. "They experience another culture," she says. "That tends to make Utah … a very cosmopolitan place."

Two forces at play are causing some tension in Utah and within the church, says Kathryn Daynes, a BYU assistant professor of history. "Latter-day Saints … want to reach out on an individual level, but politically, they're very conservative."

Family values and the church's worldwide proselytizing and mission work in Latin America have attracted immigrants and potential converts to Utah. The church offers English classes throughout the state. It has held dinners for Hispanic leaders and has 114 Spanish-speaking congregations in Utah.

Church leaders generally have avoided commenting on the immigration debate and declined to be interviewed for this story.

They reacted in May, however, to comments by CNN commentator Lou Dobbs, an outspoken advocate of strict enforcement of immigration laws, on the eve of Mexico President Vicente Fox's visit to Utah and other states.

Dobbs said the Mormon church "has a vigorous enthusiasm for as many of Mexico's citizens as they possibly could attract to the state of Utah, irrespective of the cost to taxpayers."

The church's website called Dobbs' statement unfounded. It said the church has more than 1 million members in Mexico and owns nearly 1,000 buildings there but "does not encourage them to move to Utah or anywhere else."

Immigration has struck a nerve this year in Utah. When up to 25,000 people marched in a pro-immigration rally here in April, "I think it frightened people," says Maria Garciaz, executive director of Salt Lake Neighborhood Housing Services, a non-profit group that finances and builds affordable housing on the increasingly diverse west side of Salt Lake City.

Incumbent congressman Cannon, who narrowly won the Republican primary in June, says, "The whole race was about immigration." His opponent was political newcomer and millionaire real estate developer John Jacob, who favored sending illegal immigrants home before giving them a chance at citizenship and punishing employers who hire them.

Cannon is far from liberal on the issue. He voted for a bill that would make helping illegal immigrants a crime and illegal residency a felony. But he supports President Bush's proposed guest-worker program. Cannon and Jacob are Mormon.

"It's better for America to be proud of America and not take harsh views of the world," Cannon says. "I hope Utah is one of these places where we dampen the harshness."

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Frustration is rising, however. The Utah Minuteman Project, whose mission is "to secure our homeland" from immigrants here illegally, is pushing to repeal driving privilege cards and in-state tuition for undocumented immigrants.

"Schools are an issue, highway crowding is an issue and the crime rate has gone way up," says Alexander Segura, Utah Minuteman board chairman. "It's issues like that that people are just fed up with."

Immigrants didn't flock here until the late 1990s as the state began preparing to host the 2002 Winter Olympics. Through much of the 1990s, non-agricultural jobs in Utah grew twice as fast as in the nation as a whole. A housing boom feeds the surge. Construction jobs grew 12.4% in 2005 and are expected to jump 15.3% this year.

About two-thirds of Utah's new immigrants came from abroad and the rest from other states, mainly California. The state's Hispanic population soared to about 270,000 in 2005, up 33.1% since 2000. Hispanics contributed about a quarter of the state's growth in the 1990s.

Utah has long had unusual demographics. It has the highest share of married households of any state, the youngest marrying age, the highest birth rate, the largest average household size and the youngest median age. The state is on its third post-World War II baby boom and is bracing for another one because of immigrants.

Hispanic fertility rates in Utah not only exceed those of non-Hispanic whites here but also those of Hispanics nationally and even of women in Mexico, says Perlich, the University of Utah demographer.

Many Utah immigrants are recent arrivals who come from rural Latin America where birth-control education is non-existent. They're now in a state where large families are the norm and birth control is not part of the public discussion.

Immigrants come first for jobs. Many are lured by the lifestyle.

Rosalia Gutierrez, 32, came from Mexico 15 years ago. She is not a Mormon but enjoys the serenity the family-friendly church instills across the state. "It's a nice place," says Gutierrez, a mother of three who works for a container manufacturer. "It's calm and peaceful."

Immigration has created new challenges for the state, from multilingual classrooms to more unwed teenage mothers.

Public school enrollment increased by 30,000 in the 1990s and another 30,000 in the past two years, says state demographer Robert Spendlove. "We're projecting increases of 150,000 in school-age population in the next 10 years."

Minorities account for about 75% of the school enrollment growth since 2000 and Hispanics for 58%.

The Utah State Office of Education has formed an English-language learning task force. The first "newcomer school" will open in Ogden this year to help children adapt while they learn English.

"It gives the child a fighting chance to do well," says Patti Harrington, state superintendent of public instruction. She says there's no political support to fund programs to help immigrants, such as teaching non-English speakers.

Centro de la Familia, a 30-year-old agency here, changed its focus from mental health and runaway youths to education to help counter high Hispanic dropout rates.

Immigration also is reshaping Midvale, a working-class Salt Lake City suburb with downtown signs in Spanish from the Tortas and Tacos stand to Comunidades Unidas, a community center.

Inside, men, women and children mill about brightly decorated rooms. They're here for prenatal care, diabetes education and other health and social services. The volunteers are friends and neighbors. Peer education works best when up to 80% of the people the center serves are undocumented, says Sabrina Morales, executive director and a native of Guatemala.

Claudia Gonzalez, mother of two, came to Utah in 1999 from San Diego. She cleaned houses, got referrals from the center and eventually volunteered. Now, she's the program director.

Midvale Mayor JoAnn Seghini created the Community Building Community program that brings volunteers and local agencies together to help immigrants. "Immigration is always going to be part of America," Seghini says. "Once they're here, they're us. And once they're us, we're in it together."

TAX:

Anti-Abortion Group Loses Tax Exemption (NYT)

By Stephanie Strom

The New York Times, September 15, 2006

The Internal Revenue Service this week revoked the tax exemption of an anti-abortion group, Operation Rescue West, after receiving a complaint that it had violated prohibitions on electioneering by nonprofits in 2004.

The group had promised tax deductions for contributions to help defeat the Democratic presidential candidate, Senator John Kerry.

The organization said the agency's ruling would have little impact on its operations.

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"We have reorganized as simply Operation Rescue," said Cheryl Sullenger, the group's outreach coordinator. "Losing our tax exemption doesn't have much of an effect on us, one way or the other. We have learned some lessons through this whole thing, and I think we're in a better place now than we were before the I.R.S. investigation."

The role of churches, religious organizations and charities in elections drew attention in the 2004 presidential campaign and has already become an issue as the midterm elections approach. Charities and churches are generally prohibited from campaigning for candidates but may take stands on issues and hand out voter guides, among other things.

Politicians across the political spectrum are courting churches this year as never before. The latest example is Attorney General Phill Kline of Kansas, a Republican who recently sent a memorandum to his campaign staff directing them to get him in front of as many congregations as possible at receptions and church services and to get ministers to introduce him to their wealthy congregants.

In a four-page memorandum dated Aug. 8, which was first reported by The Lawrence Journal-World, in Lawrence, Kan., Mr. Kline lists several churches that have agreed to distribute campaign literature. He also mentions the need to create lay campaign committees in each church and to collect church members' e-mail addresses.

"Please try to get literature into everyone's hands," he wrote. "Check and work with pastor to see what is comfortable. In most instances, we should be able to place materials under the windshields of cars."

Mr. Kline's memorandum ends with a directive to give churches "I.R.S. rules guidance regarding what they can and cannot do (this should not take long — no use of church assets — can show in church as long as they do not deny opposition of showing their own video — no need to invite the other, just cannot deny — etc.) sign up sheets, show to give money contributions, etc."

Marcus S. Owens, a lawyer who formerly headed the I.R.S. division that oversees charities, said some of the suggestions in the memorandum would cause churches to violate the law.

"Assume you're a pastor who doesn't know a lot about the law, and here's the attorney general of the state coming to you and telling you it's O.K.," said Mr. Owens, who represents several nonprofits that the I.R.S. is investigating for possible political infractions. "Who's going to be in a position to refute the attorney general?"

Sherriene Jones, Mr. Kline's communications director, said the attorney general was well aware of laws proscribing the political activity of churches. Ms. Jones said that although the memorandum listed churches participating in political activities that might be seen as prohibited, Mr. Kline was referring only to the churches' pastors, and to recruiting volunteers for his receptions, not for his campaign.

"The attorney general would never ask a church to do anything illegal," she said.

In February, the I.R.S. said it had noticed a sharp increase in prohibited activities by charities and warned that it planned to reverse the trend. At the time, it said it was seeking to revoke the exemption of three organizations but did not name them, pending an appeals process.

Whether Operation Rescue West, which was also known as Youth Ministries Inc., was one of those charities is unclear. The I.R.S. does not comment on its reasons for revoking tax exemption, a step that Commissioner Mark Everson has characterized as "the nuclear option" to be used only as a last resort.

Catholics for a Free Choice, a nonprofit group that advocates on behalf of a woman's right to choose abortion, filed a complaint against Operation Rescue West in 2004, citing its activities during the Democratic National Convention in Boston.

It noted an advertisement Operation Rescue West placed in the July 15, 2004, edition of The Wanderer, a Roman Catholic weekly, seeking tax deductible contributions to help "defeat'' Mr. Kerry, thus enabling President Bush to appoint Supreme Court justices who would overturn the Roe v. Wade decision legalizing abortion.

At the Democratic convention, members of Operation Rescue West drove around a truck featuring a large photo of a late-stage aborted fetus and the words "Kerry's Choice."

"It could not have been a more clear or blatant violation of the I.R.S. rules," said Frances Kissling, president of Catholics for a Free Choice.

Ms. Kissling said she had no way of knowing whether her group's complaint had prompted the I.R.S. investigation of Operation Rescue West. Catholics for a Free Choice has also filed complaints alleging prohibited political activity against Priests for Life, a religious order on Staten Island, and Catholic Answers, a lay Catholic evangelical group.

Jerry Horn, media director of Priests for Life, declined to comment "because this a common tactic of Catholics for a Free Choice to try to intimidate people into not exercising their rights under the federal laws."

Catholic Answers responded to the complaint against it by forming a separate organization, Catholic Answers Action, under a different section of the tax code. Catholic Answers Action is tax exempt but cannot offer its donors tax deductions for their gifts.

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Troy Newman, Operation Rescue's president, said he did not know what structure the new organization, which was created a year ago, had been organized under.

"Whatever structure we have," Mr. Newman said, "we are going to speak out, we're not going to be intimidated, we're not going to be muzzled and we're not going to be gagged."

CONGRESS-ADMINISTRATION:

High Court To Provide Same-Day Argument Transcripts Online (LAW)

By Tony Mauro, Legal Times

Legal Times, September 15, 2006

Starting in October you won't have to be inside the marble chamber of the Supreme Court to gain a same-day understanding of the thrust and parry of a particular oral argument.

The Court announced Thursday that it will be posting on its Web site the transcripts of oral arguments on the same day they occur -- far faster than the previous practice of releasing them up to two weeks afterward.

The announcement may seem like a small step that falls well short of opening the Court to television or radio broadcasting. But at an institution that still hands out quill pens to lawyers who argue before it, the change is significant. And access advocates hope it signals a new climate of openness under new Chief Justice John Roberts Jr.

"I am pleased to see that the Supreme Court has moved into the 1990s with its same-day release of oral-argument transcripts," says Northwestern University political science professor Jerry Goldman, who posts the audio of oral arguments on his online Oyez Project. "But reading a transcript is like reading a libretto. It's a poor substitute for the real performance. Surely better than nothing, but still inadequate for a pillar of American government."

Roberts' predecessor, the late William Rehnquist, experimented with same-day release of the audio of oral arguments to accommodate the public interest in the Florida presidential election cases of 2000. Similar releases have occurred sporadically ever since, and all the justices who have spoken publicly about the practice have said they approve.

But oral-argument transcripts have posed different issues, including the Court's relationship with the Alderson Reporting Co., which has long provided transcripts to the Court for free -- but at a more leisurely pace, usually a week or more after the argument. For a fee, Alderson would also provide transcripts late in the same day or overnight to interested lawyers and other parties, including the press. Alderson officials on Thursday declined to comment on the new arrangement and how it may affect the company's sales of Court transcripts to private parties.

News media organizations have pressed the Court for years to accelerate the release of transcripts to aid in reporting on the often fast-paced arguments. They noted that at the White House, transcripts of remarks by the president and other top officials are made available almost immediately.

To aid the transcribing process, officials said, high-speed technology will be used, and a court reporter will be stationed in the court chamber for the first time. Previously, transcripts were made off site from audiotapes; the Court has audiotaped oral arguments since the 1950s.

High Court To Post Same-Day Transcripts (WP)

By Charles Lane

The Washington Post, September 15, 2006

The Supreme Court announced yesterday that it will make same-day transcripts of its oral arguments available free on its Web site, the quickest and most complete public access to its proceedings the court has ever offered.

There is no sign that the court is about to yield to calls for live television coverage, which the justices have steadfastly refused. But, in the quiet, tradition-bound world of the Supreme Court, yesterday's decision was almost revolutionary, court analysts said.

"It's a tremendous opening to the outside world," said Richard Lazarus, a professor of law at Georgetown University and co-director of the school's Supreme Court Institute.

It was the biggest step the court has taken in the direction of greater public access since John G. Roberts Jr., himself a former Supreme Court oral advocate, took over as chief justice almost a year ago.

Coupled with another recent innovation, the identification in the transcripts of which justice is asking a particular question, the court's new policy "creates the potential for more intelligent speculation by more people than just those who were in the courtroom about how a particular case is going to come out," Lazarus said.

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Previously, free transcripts were not posted on the court's site, http://www.supremecourtus.gov , until two weeks after oral argument. The only exceptions were certain recent high-profile cases, such as the 2000 presidential election cases, in which the court released same-day audiotapes of oral argument. There were just three such occasions in the 2005-2006 term.

Anyone who wanted a same-day transcript had to pay hundreds of dollars to the court's transcription service, Washington-based Alderson Reporting. That effectively limited access to a handful of law firms.

But recent progress in digital technology and a new arrangement with Alderson made it possible for the justices to adopt the new policy, which law professors, lawyers and reporters have been urging for years.

Formerly, Alderson provided services to the court free and recovered its costs by selling the transcripts. Now, the court will pay Alderson and give away the transcripts on its Web site, court spokeswoman Kathy L. Arberg said.

House Passes New Ethics Rule (AP-Y)

By Jim Abrams

AP, September 15, 2006

The House changed its rules Thursday to require lawmakers to identify the special projects they slip into legislation, a modest step toward restoring the reputation of Congress in a year of ethical lapses and scandals involving relations with lobbyists.

"We are making a commitment to changing the culture of this institution," said House Rules Committee Chairman David Dreier, R-Calif.

The change, in effect only through year's end, is aimed at curtailing a practice whereby lawmakers anonymously insert "earmarks" — narrowly tailored spending that often helps a specific company or project in their district — into bills.

President Bush said in a statement the bill make sure "lawmakers and the public are better informed before Congress votes to spend the taxpayers' money."

Democrats disparaged the measure, citing the failure of the Republican-led Congress to pass more comprehensive legislation to clean up lawmaker relations with lobbyists.

The rules change "will do little more than to get Republicans through the November elections," said Rep. Louise Slaughter of New York, top Democrat on the House Rules Committee.

GOP Rep. Jeff Flake of Arizona, a leading critic of special interest spending, said, "I'm under no illusion that this legislation, which deals only with the issue of transparency, will solve the problem of earmarking. But this bill does represent an important first step."

Citizens Against Government Waste, a taxpayer watchdog group, said there were 9,963 such projects in the spending bills for the 2006 budget year, costing $29 billion.

The 245-171 vote on the rule change came a day after Congress sent to President Bush a bill intended to make government spending more open to public scrutiny.

Under that bill, the government will set up by 2008 a Google-like search engine so people can track hundreds of billions of dollars in grants and contracts that the government awards every year.

But there is currently no prospect for progress on more comprehensive lobbying and ethics overhaul. That had been highlighted as an urgent task at the beginning of the year after several lawmakers were tied to illegal or unsavory actions, particularly with disgraced lobbyist Jack Abramoff.

The House and Senate last spring passed bills that would have required lobbyists to be more open about their activities; put limits on gifts and meals from lobbyists and travel involving lobbyists; slowed the movement of lawmakers leaving office for lobbying jobs; provided ethics training to staff and members; and ended anonymous earmarks.

The effort at a compromise stalled over a House provision to limit donations to independent political groups known as 527s for the section of tax law under which they are registered. Such groups tend to be more helpful to Democrats; Senate Democrats objected to a lobbying bill that also takes up campaign finance limits.

Democrats and clean government groups were quick to point out that earmark rules were no substitute for a larger ethics overhaul.

"It is tragic that Congress is failing to address in any meaningful way the corruption sweeping Capitol Hill in recent years," said Laura MacCleery, director of Public Citizen's Congress Watch division.

Even getting the earmarks rule through the House was a struggle for GOP leaders. Republican members of the House Appropriations Committee complained their spending bills unfairly have been targeted, and that the disclosure rules should apply equally to bills from other committees.

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House Speaker Dennis Hastert, R-Ill., and Majority Leader John Boehner, R-Ohio, told Republican appropriators that they had listened to their concerns and "we believe we have fulfilled our commitment" to equal treatment. House Republicans, they said, made it clear they wanted such. "It is now time to put this reform into our rules."

To meet objections, the final rules change stipulates that earmarks must be listed not only for bills from committees but also when such projects are added to House-Senate conference reports or included in amendments in the full House.

The measure defines an earmark as "a provision that allocates funds outside of the normal formula-driven or competitive bidding process and targets those funds to a specific entity, state or congressional district."

Appropriators objected to language that would limit tax earmarks to a tax deduction, credit, exclusion or preference to only one beneficiary. Of the 24 Republicans who voted against the rules change, 22 were members of the Appropriations Committee.

Rep. David Obey, D-Wis., top Democrat on the Appropriations Committee, said that this rule would not cover a huge tax break for two multinational oil companies.

Steve Ellis of Taxpayers for Common Sense said the disclosure requirement leaves out thousands of earmarks directed toward a federal agency such as the Pentagon, the Army Corps of Engineers or national laboratories.

In the Senate, Majority Leader Bill Frist, R-Tenn., has directed the top Republican and Democrat on the Rules and Administration Committee to develop similar rules changes.

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On the Net:

Information on the bill, H.Res. 1000, can be found at http://thomas.loc.gov/

House To Require Names On Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The House of Representatives took a modest step on Thursday to illuminate the practice of inserting special-interest provisions into major tax and spending bills by passing an internal rule that would require lawmakers to sign their names to some of the items they sponsor.

The resolution would address only a small fraction of such provisions and, as an internal rule, would expire at the end of the current session in just a few weeks.

Despite its limited reach, the passage of the resolution was in doubt until the last minute. Democrats called it meaningless. Members of the powerful House Appropriations Committee complained that it unfairly required more disclosure of their pet projects — known as earmarks — than it did of special-interest tax loopholes.

The resolution passed 245 to 171, with 24 Republicans and 147 Democrats voting against it.

House Republican leaders pushed ahead with the rule change because it was the last element of an all-but-abandoned package of lobbying and ethics reforms that they announced at the beginning of the year, pledging to cleanse the House of the scandals surrounding the lobbyist Jack Abramoff and former Representative Randy Cunningham.

“Everybody complains about it, but when it ultimately gets to the floor, how can you vote against it?” said Ron Bonjean, a spokesman for Speaker J. Dennis Hastert, Republican of Illinois.

House Votes To Disclose Earmarks (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 15, 2006

The House voted yesterday to shed more light on narrow-interest tax and spending legislation called earmarks, an incremental step toward openness that ended the prospect for a more sweeping overhaul of federal lobbying laws this year.

With a 245 to 171 vote, the House reacted to a year of congressional scandals by requiring its members to own up to the thousands of earmarks they sponsor each year.

Earmarks have been at the center of corruption investigations involving several lawmakers and lobbyists, and a public outcry against them helped spur a high-priority effort this year to devise ethics legislation that would have restricted contacts between lobbyists and members of Congress.

Instead, the House simply changed its internal rules to require that these targeted programs and their sponsors be disclosed in every type of bill, a procedure that does not currently exist. The measure, like any such rule change, could expire at the end of the year, but it is likely to be re-adopted along with the House's many other rules, Republican leaders said.

"We are blowing away the fog of anonymity," said Rep. David Dreier (R-Calif.), chairman of the House Rules Committee. "The goal is to pull back the curtain on earmarks to the public."

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The rule change shelves a wider ethics bill, however, at least until next year. That bill became bogged down amid disagreements between the House and the Senate, and the reluctance of lawmakers from both parties to limit their interactions with lobbyists. The earmarks measure was brought up as a passable way to address voter unrest over the scandals, aides said.

"This bill represents the death of lobby reform," said Rep. David R. Obey (D-Wis.), a former chairman of the House Appropriations Committee.

The Senate is working on its own change in earmarks rules, which its leaders also hope to approve in lieu of broad ethics legislation this year, top staffers said. The staffers added that subjecting earmarks to more sunshine will allow lawmakers to tell their constituents that they addressed their ethics concerns even though the broad overhaul bill failed.

The larger ethics effort began with fanfare in January, prompted by a series of congressional scandals that started with the guilty plea of former lobbyist Jack Abramoff on fraud and conspiracy charges.

The ethics bill faltered, however, after being gradually diluted, at least compared with the initial promises made by congressional leaders. House Speaker J. Dennis Hastert (R-Ill.), for example, advanced a plan that would have prohibited lawmakers from accepting privately funded travel. But lawmakers rejected that provision along with many others that would have restricted lobbyists or would have done more than improve disclosure about lobbyists' encounters with Congress.

The House and the Senate did endorse separate lobbying-overhaul bills this spring, but efforts to reconcile them stalled over a disagreement about a House-passed provision that would restrict independent campaign organizations called 527s. Senate Democrats and a handful of Republicans refused to accept the provision, but the House insisted that it be included in the final bill.

Lawmakers from both parties and both chambers also lost their enthusiasm for the bill as lobbying groups pressured them to water down the legislation and voters remained silent about its diminishing prospects.

Democratic leaders complained about the earmarks change yesterday. Rep. Louise M. Slaughter (D-N.Y.) called it "shameful" and "a sham." She said that the measure would not end the abuse of the earmarking process and was filled with loopholes that would still permit anonymous projects to be inserted into law without public scrutiny.

Obey called the measure a "trivial pursuit," saying it would do little to alter federal spending while blocking a serious updating of federal ethics laws. "The majority has labored long and produced a mouse," Obey added, "or a fig leaf at best."

Not all Republicans are fans of the proposal. The rule change was opposed by several Republican members of the House Appropriations Committee, who have said they resent that the change would affect them more than it would members of other committees. Rep. Jerry Lewis (R-Calif.), the Appropriations Committee chairman, and some of his most senior Republican members voted no.

This defiance of GOP leaders came despite a letter written by Hastert and House Majority Leader John A. Boehner (R-Ohio) urging the appropriators to relent and to vote in favor of the earmarks change. The earmark bill, Boehner said on the House floor, will bring the process "out of the shadows."

House OKs Measure To Curb Pork Spending (WT)

By Christina Bellantoni

The Washington Times, September 15, 2006

Members of Congress wanting to secure taxpayer cash for pet projects back home would no longer be able to do it secretly under a measure passed by the House yesterday, a reform effort leaders hope will severely curtail a practice known as earmarking.

The election-year change to House rules passed 245-171, with many calling it a step in the right direction to ultimately curbing earmarking, also known as pork-barrel spending. Members also said it would shine more light on the process to prevent bribery scandals like those that rocked Washington in the past year.

"If you aren't willing to put your name on the project, you shouldn't expect the American people to pay for it," said Majority Leader John A. Boehner, Ohio Republican.

"We are blowing away the fog of anonymity so the public can have a clear picture of what the projects are, how much they cost and who is sponsoring them," agreed House Rules Chairman David Dreier, California Republican who authored the change.

Many yesterday evoked the $223 million "bridge to nowhere," nicknamed for a bridge in a sparsely populated area in Alaska. It was stripped from the highway-spending bill last year after its exposure prompted public outcry. That and other earmarks such as $90,000 for the Cowgirl Hall of Fame in Fort Worth, Texas, are examples of pork projects often tucked away in lengthy legislation. Before yesterday's change, the authors of such earmarks did not have to be disclosed.

Watchdog groups estimate the nearly 10,000 earmarks submitted this year cost taxpayers $29 billion.

Rep. Jeff Flake, one of the biggest critics of earmarking, called the bill a "little dose" of accountability and transparency, but said he doubts earmarking will cease.

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"You kind of have to have a third element, and that's shame, and we have too little of it here," the Arizona Republican said. "As long as you can stand up with a straight face and say, 'I just got an earmark for the Rock 'n' Roll Hall of Fame,' then it's tough to say we're going to change anything with this bill."

House Minority Leader Nancy Pelosi, California Democrat, dismissed the earmarks bill as a "political gimmick to make it look as if something is happening."

The change to House rules would require all earmarks in a committee-passed bill to be clearly listed with the requesting member's name attached. The rule, which does not apply to the Senate, is subject to renewal when a new Congress is inaugurated in January.

Democrats said because the rule does not apply to "manager's amendments" that leaders usually push to the floor or to bills that bypass committee, the changes wouldn't prevent the "bridge to nowhere" or some of the more objectionable pork projects.

"This is a joke, it is a fraud ... it focuses on the minutiae instead of the big problems," said Rep. David R. Obey, Wisconsin Democrat.

Members of the House Appropriations Committee also opposed the change because they think it unfairly targets them.

Republican leaders boast a 37 percent decline in earmarks in the past year, but critics note earmarks have skyrocketed since the 2,000 approved in 1994 when Republicans took over.

"A smaller government is less susceptible to influence peddling and corruption, and as Republicans we should champion that cause," said Rep. John Shadegg of Arizona, who ran for majority leader earlier this year on an earmark-reform platform.

Lawmakers yesterday also hailed the Wednesday passage of a bill creating a Web-accessible database of the billions awarded in government contracts and grants. President Bush has said he will sign the bill, and lawmakers said yesterday it is a good first step to let taxpayers see how their money is spent.

House Takes A Cautious Step On Ethics (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, September 15, 2006

WASHINGTON — Nine months after House Republican leaders pledged to enact sweeping ethics reform in the wake of a series of scandals, a divided House on Thursday approved what critics described as a modest change in the system that lets members slip special "earmarks" into spending bills.

Earmarking, the largely secret process by which powerful members of Congress insert spending provisions into legislation without going through the normal budget process, has been widely used to do favors for business and other interests in exchange for political support, especially campaign contributions. It has also been at the center of several scandals, including the case of lobbyist Jack Abramoff.

On Thursday, the Republican-controlled chamber voted 245 to 171 to require that the authors of earmarks be identified in spending bills, a rule that proponents said would help curb the practice.

"We have seen a challenge here … and we've stepped up to the plate," said House Rules Committee Chairman David Dreier (R-San Dimas), who was tapped in January to help lead his party's push for what he said then would be "bold, strong reform initiatives."

Thursday's more limited measure was backed by 199 Republicans and 45 Democrats. Twenty-seven California representatives, including all but one Republican, supported the measure; 24 opposed it. Two did not vote.

After the vote, President Bush praised the bill, which he said would "shine a brighter light on earmarks."

But critics charged that the House bill left gaping holes. For one thing, it will not apply across the board to all legislation. Authors of some earmarks added to tax bills may still go unidentified. Indeed, Rep. Jerry Lewis (R-Redlands), chairman of the Appropriations Committee and the lone California Republican to vote against the bill, had said it unfairly singled out appropriations bills for the disclosure requirement.

Thursday's action also did not impose any new rules on the Senate, which still allows its members to insert spending provisions and tax breaks into legislation without identifying themselves.

And critics noted that the House vote did not advance broader ethics measures — such as limits on the free meals and travel that many members receive from lobbyists — that have been stalled in the House and Senate.

One reason adding greater transparency to the earmark process may not restrain the practice is that — though they have not been required to identify themselves in the past — many members have publicly boasted of the money they steered into their districts.

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In North Carolina, for example, where Republican Rep. Charles H. Taylor is locked in a tough reelection campaign, he is highlighting his position as a senior member of the Appropriations Committee and inviting voters to check a map on his campaign website to "see how many of your taxpayer dollars Congressman Taylor has returned to your county."

Because of the limited nature of the House action, reform advocates dismissed it as little more than window dressing.

"There are major problems with this earmark reform," said Stephen Ellis of Taxpayers for Common Sense. "It doesn't capture every earmark. It doesn't make it easier to strip wasteful earmarks. It won't reduce the number of earmarks."

"The earmark rules changes will not fool the American people into ignoring the irresponsible failure by the House to address the worst House corruption scandals in decades," said Democracy 21 President Fred Wertheimer, a longtime champion of ethics reform.

With less than two months before the November elections, House Republican leaders have been under increasing pressure to produce some kind of reform. They have also been under pressure from conservatives to rein in "pork barrel" spending.

Democrats have hammered Republicans all year over ethics, repeatedly accusing the majority of presiding over a "culture of corruption."

Republican promises of reform in January followed scandals involving Abramoff and former Rep. Randy "Duke" Cunningham, the Rancho Santa Fe Republican who pleaded guilty last year to accepting bribes from defense contractors in return for steering their way federal projects worth millions of dollars.

Abramoff once referred to the Appropriations Committee as a "favor factory."

An investigation is also underway into ties between appropriations chairman Lewis and a lobbying firm whose clients have received millions of dollars in earmarks. Lewis has denied any wrongdoing, saying that earmarks he sought benefited his district.

Democrats have had to contend with their own scandals this year, with Reps. Alan B. Mollohan (D-W.Va.) and William J. Jefferson (D-La.) both forced from committees amid allegations of wrongdoing.

In a sign of how closely action on Capitol Hill is tied to this year's battle for control of Congress, Rep. Rahm Emanuel (D-Ill.), who chairs the Democratic Congressional Campaign Committee, invoked his party's campaign call for a "new direction" in his floor speech opposing the bill.

2 Republicans In Senate Vow To Block F.D.A. Pick (NYT)

By Gardiner Harris

The New York Times, September 15, 2006

Two Republican senators have promised to block the nomination of Dr. Andrew C. von Eschenbach to become commissioner of the Food and Drug Administration, illustrating just how difficult filling the top job at the agency has become.

Senator David Vitter, Republican of Louisiana, said Thursday in an interview that the Bush administration must legalize imports of some prescription drugs before he would allow the nomination to proceed.

“It could be from Canada only, or for personal use only, or a pilot or limited program,” Mr. Vitter said. “But it has to be meaningful.”

Senator Jim DeMint, Republican of South Carolina, will block Dr. von Eschenbach’s nomination unless the F.D.A. takes steps to remove the abortion drug RU-486 from the market, said Wesley M. Denton, Mr. DeMint’s press secretary.

“Senator DeMint believes that a qualified F.D.A. nominee would publicly discourage RU-486’s use and take immediate steps to remove it from the market,” he said. “We’ve reached a breaking point here, and the senator’s not going to budge until they wake up over at F.D.A.”

The F.D.A. is unlikely to make any substantive moves in the coming weeks to fulfill either senator’s condition, imperiling the nomination of Dr. von Eschenbach, the acting commissioner. Mr. Vitter predicted that the nomination would not be acted upon this year.

“We’re running out of time,” Mr. Vitter said.

Susan Bro, a senior communications adviser at the F.D. A., said, “We’re certain both the Senate and F.D.A. are in mutual agreement that what’s critical to ensuring the best interest of all Americans is permanent leadership at the F.D.A.” She said the agency looked forward to seeing the nominee confirmed.

For the past year, a vote on Dr. von Eschenbach’s nomination has been stymied by Senators Hillary Rodham Clinton, Democrat of New York, and Patty Murray, Democrat of Washington State, who insisted that the F.D.A. must make a decision on a three-year-old application to allow over-the-counter sales of Plan B, an emergency contraceptive.

The Democratic senators’ objections were so firm that Senator Michael B. Enzi, Republican of Wyoming, the chairman of the Senate Health, Education, Labor and Pensions Committee, refused even to schedule a committee vote on the nomination until it was resolved.

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After prodding from Dr. von Eschenbach, the F.D.A. approved the Plan B application last month.

Mr. Enzi then scheduled a vote on the nomination for next Wednesday. The committee was widely expected to vote to send the nomination to the full Senate. But after the committee votes, any senator can issue a "hold" that blocks the Senate from considering a nomination approved by committee.

So little time is left before Congress adjourns that any holds, even brief ones, could scuttle Dr. von Eschenbach's nomination until next year. President Bush could renominate Dr. von Eschenbach next year, or he could decide to give him a recess appointment.

Recess appointments tend to generate ill will in Congress and may undermine authority within the agency, said Paul Quinn, a Washington lawyer.

If President Bush were to make a recess appointment this year, he would have to reappoint Dr. von Eschenbach next year. Either way, Dr. von Eschenbach could continue to lead the agency in the interim.

Drug companies and others who have business before the F.D.A. generally prefer that the agency have a confirmed commissioner because they say that acting leaders do not have the power to make difficult but needed decisions and changes.

Uncertain leadership can also affect employee morale, Mr. Quinn said.

The job of F.D.A. commissioner has been subject to Senate confirmation since only the 1990's, and it has become increasingly difficult to get the Senate to agree on a candidate.

The Bush administration has had a confirmed F.D.A. commissioner for less than two of nearly six years in office.

"The job is important enough that it should be subject to Senate confirmation, but unfortunately it's become so politicized that it's become a hard job to fill," said Dan Troy, a former F.D.A. general counsel. "You can and are attacked by both sides of the political spectrum."

Government Recovers Stolen Computer (AP-Y)

AP, September 14, 2006

The government said Thursday it had recovered a Veterans Affairs Department subcontractor's lost desktop computer containing personal data for 16,000 veterans.

The FBI and Veterans Affairs Office of Inspector General said Khalil Abdullah-Raheem was charged Wednesday on theft charges after the Unisys Corp. computer went missing in July.

The computer, which was taken from Unisys' offices in Reston, Va., contained personal data for veterans who received care at VA medical centers in Philadelphia and Pittsburgh.

Abdullah-Raheem, 21, of Washington, was employed by a company that provides temporary labor to Unisys. Investigators believe he did not target the data, and forensics experts were determining if the VA data had been compromised.

VA Secretary Jim Nicholson on Thursday praised investigators' work in locating the missing computer.

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On the Net:

Department of Veterans Affairs: http://www.va.gov/

Paulson Positions Treasury As Policy Quarterback (WSJ)

By Deborah Solomon

The Wall Street Journal, September 15, 2006

Two months into his new job, Treasury Secretary Henry Paulson is moving to restore clout and stature to the department, tapping top-level experts to fill senior positions, seeking alliances with influential White House officials and insisting on holding key meetings at the Treasury Building.

Mr. Paulson is trying to put into practice assurances he received from the White House before agreeing to take the secretary job -- that he would be the president's main driver of economic policy. Since coming to Washington, Mr. Paulson has held daily phone calls with the influential Allan Hubbard, chairman of the White House National Economic Council and a longtime friend of President Bush, and invited Mr. Hubbard to accompany him to China next week. He also talks frequently with Secretary of State Condoleezza Rice, hosts cabinet-level economic meetings at Treasury and is trying to reach out regularly to brief both Democrats and Republicans on Capitol Hill on Treasury happenings.

Mr. Paulson has been keeping longer hours than many in the government are accustomed to and is expecting his staff to do the same. Each day at 8:15 a.m., he and Deputy Secretary Robert Kimmitt, hold senior staff meetings. Mr. Paulson often invites staff to his house for weekend meetings. His first speechwriter, Matt Rees, has announced he is leaving to spend more time with his family.

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Whether Mr. Paulson's efforts succeed -- and help him shape economic policy -- remains to be seen. No major policy initiatives are expected before the 2006 midterm elections. Future efforts could depend on who controls Congress after November.

But Mr. Paulson already commands high-level audiences, in good part because of his previous life as the chief executive of Goldman Sachs Group Inc. During his first official trip to China next week, he is expected to meet with Chinese President Hu Jintao and other senior Chinese officials.

While in Asia he will also hold private meetings to discuss Iran and terrorism financing, along with Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence.

So far, much of Mr. Paulson's efforts to bolster Treasury have been aimed at bringing in key staff from outside. Yesterday, the day after he gave a speech on the international economy, his choice for the top communications spot, Michele A. Davis, was endorsed by President Bush. Ms. Davis played a similar role during the tumultuous tenure of Mr. Bush's first Treasury Secretary, Paul O'Neill, and is expected to serve as a senior strategist under Mr. Paulson.

He also has tapped former Goldman Sachs vice chairman Robert Steel for the top domestic-finance post -- his Senate confirmation hearing could be as early as next week -- and is hiring China expert Deborah Lehr, of consulting firm Stonebridge International, as a senior adviser. Jim Wilkinson, a former senior adviser to Ms. Rice, is Mr. Paulson's chief of staff and another former State Department aide, Taiya Smith, is now deputy chief of staff.

Proposal Would Make Retirement Benefits A Factor In Bidding (WP)

By Stephen Barr

The Washington Post, September 15, 2006

The Bush administration continues to have a hard time selling its plan to turn more federal work over to the private sector.

In a move that has roiled federal contractors, the Senate has proposed making retirement benefits a factor when the Defense Department puts certain federal jobs up for bid.

The proposal would prevent contractors from obtaining an advantage if they provided less generous retirement benefits than the government does to its employees. Contractors said that would drive up the cost of bids by 24 percent.

This comes two years after Congress stipulated that private-sector bids include an amount for employee health benefits at least equal to the amount paid by agencies. Contractor associations said that drove up the cost of bids by 5.5 percent.

Federal unions, especially the American Federation of Government Employees, have lobbied Congress to curb job competitions with the private sector, contending that they lower morale in the workplace and often do not deliver the promised budget savings.

Contractor associations argue that the Senate's move, if agreed to by the House, would stop the Defense Department from trying to outsource work through a process set up by the Office of Management and Budget as part of President Bush's federal management agenda. That effort -- competitive sourcing -- is also known as A-76, after the name of the OMB directive that lays out the rules for the competitions.

Contractors find the health-care comparison and the proposed retirement benefit comparison especially onerous because the standard rules used in competitions require the contractor to save the government $10 million or 10 percent of agency personnel costs (whichever is less) or the work will be retained within the agency.

Although many agencies conduct studies to see whether federal work can be turned over to the private sector, the Defense Department has been the most active over the years in contracting out and has drawn the most attention from unions. The agency said in 2004 that job competitions that year were on track to produce about $740 million in savings.

Under the job competitions, agencies try to determine if the government's commercial work can be done more efficiently by a contractor. For decades, the government has followed a policy of buying goods and services in the marketplace rather than setting up operations that compete with business.

Where that line gets drawn, however, can be difficult. For example, Congress has debated whether airport passenger screening, collection of delinquent taxes and air traffic control operations should be performed by government employees or by contractors.

Projected cost savings are a key factor in job competitions, prompting congressional supporters of federal employees to back legislation, usually as a part of spending bills, aimed at creating what they call a level playing field.

Stan Soloway , president of the Professional Services Council, an industry group, called the Senate proposal "sound-bite legislation" aimed at discouraging the Pentagon from conducting job competitions. "The intent here is to put that nail in the coffin," Soloway said.

Sens. Edward M. Kennedy (D-Mass.) and Orrin G. Hatch (R-Utah) proposed the amendment to make retirement benefits a factor in contracting out decisions. Their provision was accepted on a voice vote shortly after Congress returned from the Labor

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Day recess. The fate of the provision will be decided by congressional negotiators later this year because the House did not include a similar provision in its Defense appropriations bill for fiscal 2007.

In introducing the amendment, Kennedy said more than 10,000 civil service employees at the Defense Department could be "at risk of unfair termination" through competitive sourcing. "This skewed privatization policy is fundamentally unfair to federal workers who lose contracts simply because they receive decent benefits," he said.Talk Shows

Michael Johnson , founder of Brightline Compliance and a former Justice Department lawyer, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Lisa Schlosser , chief information officer at the Housing and Urban Development Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Lawmakers Seek To Loosen Up Banking Proposal (USAT)

By Sue Kirchhoff

USA Today, September 15, 2006

WASHINGTON — Lawmakers and banking executives Thursday pushed federal regulators to relax proposed tougher standards for commercial real estate lending, saying they could hurt community banks and the overall economy.

“I understand there is an increase in lending, but by your own figures there is no increase in risky lending,” Rep. Barney Frank, D-Mass, said at a House Financial Services subcommittee hearing.

Frank said the standards could force banks to pull back on lending to revitalize downtown areas or build affordable, multifamily housing. While Frank is a Democrat, there was bipartisan concern.

Regulators, including the Federal Reserve and Federal Deposit Insurance Corp., generally defended their proposals. But John Reich, director of the Office of Thrift Supervision, said the guidance may go too far in some areas.

Other regulators said midsize banks are now carrying a higher concentration of commercial real estate loans on their books than during the boom years of the 1980s, when a number went bust.

“Although circumstances are different today … we know from the painful experience of just 20 years ago that commercial real estate lending has a real potential to fail banks,” said John Dugan, comptroller of the currency.

Congress has not intervened on the legislative side, but lawmakers made it clear they want changes before a final version of the standards is issued. Regulators have gotten more than 1,000 letters since the proposal was unveiled in January.

The proposed standards generally call for bank examiners to perform a more strenuous appraisal of banks' commercial real estate loan portfolios when the concentration of such loans reaches certain thresholds. Banks could be required to make management changes and increase capital reserves. Commercial real estate is defined as housing as well as office buildings, malls and other commercial-type structures.

While regulators say the thresholds are merely guidelines, lenders and lawmakers feared they would turn into caps on lending. Community banks, which can't compete with big national banks in many areas, depend on real estate loans.

Banks said the proposal was overly broad, expensive to implement and that housing should not be lumped in with other real estate.

“The proposed guidance is seriously flawed and we have strongly urged the banking agencies not to go forward … in its current form,” said James McKillop, CEO of the Independent Bankers' Bank of Florida.

Fed Gov. Susan Schmidt Bies testified that banks may be doing a good job evaluating individual loans, but better portfolio management is needed. Carefully run banks can be hurt if other lenders are allowed to make bad loans, depressing real estate prices, she said.

Laura Bush Aiding Clinton Conference (AP-Y)

By Jennifer Loven

AP, September 15, 2006

Another member of the Bush family is getting cozy with former President Clinton. First lady Laura Bush joins the former president as a keynote speaker opening his three-day Clinton Global Initiative in New York next week.

Clinton has famously formed a close friendship with the current president's dad. Clinton has been a repeat guest at the Kennebunkport, Maine, home of George H.W. Bush and his wife, Barbara.

Clinton also sparked curiosity when he was spotted at the White House last month. It turns out that he and the current president were having lunch, something White House aides said they do occasionally.

Now, aware of Laura Bush's involvement in issues that his foundation addresses, Clinton called several months ago to solicit her participation in the conference, said Anita McBride, her chief of staff.

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Laura Bush agreed, hoping to tell people about the good that their tax dollars are doing and to persuade other nations of the United States' good intentions.

"We've got a good story to tell. We've got something to say," McBride said. "We've got something to show that we are not only as Americans a compassionate and generous country and she wants Americans to know that they're making a difference."

This year's Clinton Global Initiative is a follow-up to the 2005 event that brought $2.5 billion in pledges to help solve challenges such as the HIV infection in Africa.

The first lady's speech next Wednesday will cover topics such as literacy and education, AIDS and women's rights that she has highlighted in her travels. They include 11 solo trips to 27 countries in the nearly six years of her husband's presidency.

She also is bringing a pledge of her own: the announcement of a partnership between the Bush administration and an American foundation to help provide clean drinking water in Africa — a key component to improving health on the poverty-stricken continent.

McBride would say only that the project involves providing water-cleansing equipment for some of sub-Saharan Africa's most problem-ridden areas. She would not disclose details such as the dollar amount or the foundation partner.

While accompanying her husband to New York for the U.N. General Assembly next week, Laura Bush is hosting her own conference, on global literacy. She is the United Nations' honorary ambassador for the Decade of Literacy.

In addition, the first lady is doing her part to promote the administration's agenda on Myanmar.

She is holding a discussion with U.S., U.N. and nongovernmental organization representatives on the situation in the Southeast Asian nation that the administration has criticized for its repressive policies and detention of a pro-democracy leader, Aung San Suu Kyi.

The country, also known as Burma, is known for violence against the ethnic Karen minority and a growing refugee problem.

U.S. officials, pessimistic about the prospects for Security Council action against Myanmar's military junta, hope Laura Bush's involvement can help.

Democrats Meander In A New New Direction (WP)

By Dana Milbank

The Washington Post, September 15, 2006

House Minority Leader Nancy Pelosi, the woman who will become speaker of the House if Democrats get lucky in November, began her weekly news conference yesterday holding up a red-white-and-blue brochure.

"I hope you all received 'A New Direction for America,' " she said, standing at a lectern that bore the same slogan. She called the manifesto "a compilation of many of the initiatives taken by our House Democratic Caucus that encompasses our new direction for all Americans."

It was a handsome booklet, full of homey photographs and popular proposals, but there was a problem. Democrats have had more "New Directions" recently than MapQuest.

Among the party's campaign slogans this year: "Culture of Corruption," "Culture of Cronyism," "Do-Nothing Congress," "Rubber-Stamp Congress," "Together, We Can Do Better," "Together, America Can Do Better" and, most recently, "Six for '06."

For those keeping score at home, Democrats arrived at "New Direction" yesterday by downgrading one of the "Six for '06" issues (health care) and upgrading three others (honesty, civility and fiscal discipline), for a total of eight items on the contents page.

By contrast, Republicans have settled on a single, unofficial slogan, which essentially says: Vote Democrat and Die. And in politics, scary and scurrilous usually trumps elaborate and earnest -- something Pelosi has experienced firsthand in recent days.

The California Democrat has been the focus of the GOP attack since her remark last week that capturing Osama bin Laden wouldn't make us safer. It was similar to sentiments uttered previously by President Bush ("He's not the issue") and Defense Secretary Donald Rumsfeld ("If he were gone tomorrow, the same problem would exist"). But it set off a flurry of Benedict Arnold charges from Republicans directed at Pelosi and her colleagues.

Majority Leader John Boehner (R-Ohio) wondered whether Democrats are "more interested in protecting terrorists than in protecting the American people." Rep. Marsha Blackburn (R-Tenn.) stood next to a poster of Pelosi and her words about bin Laden and demanded: "Where do your loyalties lie?" House Speaker Dennis Hastert (R-Ill.) said Democrats "are confused about who the enemy actually is."

Pelosi, sitting on the sofa in her Capitol office yesterday, took the treason talk in stride. "I've been a traitor for five years," she quipped, pointing out that Republicans said much the same thing when she proposed a 9/11 commission. By now, she added, Democrats have neutralized the issue.

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That's mostly true. Polls show a shrunken GOP advantage on terrorism. But the Republican attacks have shifted the debate to the one issue that benefits them -- as Pelosi witnessed in her news conference yesterday morning.

Her opening statement covered a full range of Democratic issues: fiscal responsibility. The minimum wage. The trade deficit. Student loans. Health care. Energy independence. Social Security. Medicare.

Then came the questions. "This is now the third election in a row in which they've raised security issues just before the election," the first questioner said of the Republicans. "Why won't it work for them a third time?"

"We won't be Swift-boated on the national security issue," the minority leader maintained.

"As you know," came the follow-up, Republicans "are citing past votes by you and other Democrats."

Pelosi was defensive. "I have five children," she said. "Five grandchildren, going on six. And I consider myself the ultimate security mom." By way of clarification, she felt compelled to add: "Democrats are committed to hunting down Osama bin Laden."

A third questioner pointed out that Republicans have regained the lead on national security. "This is what, I guess, campaigns will be about," Pelosi conceded with some reluctance. "It shouldn't be about national security."

It's not clear what more Pelosi could do to shift the debate back to friendly terrain. Ninety minutes after her "New Direction" news conference, she was in a teleconference with reporters to talk about Social Security. "We have serious concerns about the safety and security of Social Security," she warned.

But the journalists weren't nibbling; of the 15 people on the call, only one asked a question.

At about the time Pelosi was unveiling the "New Direction" brochures, Sen. John Ensign (R-Nev.) was out on the Senate floor, accusing Democrats of aiding the terrorists. "Al-Qaeda," he said, sees "the lack of resolve in some of our leaders, and they seek to exploit it."

The charge enraged Sen. Mary Landrieu (D-La.), who had come to the floor to talk about education.

"America is not tired of fighting terrorism," she retorted. "America is tired of the wrongheaded and boneheaded leadership of the Republican Party that has sent $6.5 billion a month to Iraq when the front line was Afghanistan and Saudi Arabia, that led this country to attack Saddam Hussein when we were attacked by Osama bin Laden."

She continued: "And Americans are most certainly tired of leadership that, despite documented mistake after mistake after mistake . . . never admit that they ever do anything wrong."

It was angry and raw. But it was a new direction.

Costs Will Outstrip Savings (USAT)

By Shannon Benton

USA Today, September 15, 2006

Next year, for the first time, Medicare Part B premiums will be “means tested,” or based on income. Some proponents claim this will save the government money and perhaps even the ailing Medicare system itself.

Though their arguments might seem credible, they lack foresight. According to the non-partisan Congressional Budget Office, means testing will cut barely three-tenths of 1% from Medicare's total budget over the next 10 years.

But it will cost much more than it saves.

As healthier and wealthier seniors see their monthly premiums rise — in some cases from $88.50 today to, by our estimate, as much as $395 by 2009 for the top bracket — many are expected to abandon Medicare for private insurance. The Centers for Medicare and Medicaid Services estimates that as many as 30,000 seniors will drop Part B in the next three years. That number will likely grow exponentially in future years.

Left behind will be the poorest and sickest — and most expensive to treat — who will be forced to pay higher premiums and deductibles, something they cannot afford. Worse, they might find themselves without a viable health coverage system, exactly what Medicare was created to prevent.

No law prevents Congress from redefining “wealthy,” now starting at $80,000 a year for individuals. With looming deficits, there is already talk in Congress about lowering the threshold to $60,000. Next could be $40,000.

Finally, the argument that CEOs should pay more than blue-collar workers is a red herring. The wealthy have been paying more all along. Workers and their employers pay a tax of $2.90 on every $100 they earn into the Medicare trust fund. So, a senior earning $200,000 contributes $5,800 into the fund annually, five times the $1,160 a senior making $40,000 annually contributes.

The most vulnerable members of our society — the poorest and sickest seniors, whose numbers are in the millions — should be protected. Means testing might inadvertently lead to poorer health care and increased expenses for those least able to afford the consequences of this costly mistake.

Shannon Benton is executive director of the Senior Citizens League, an advocacy group based in Alexandria, Va.

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Sinking Secret Holds (WSJ)

The Wall Street Journal, September 15, 2006

Americans are rightly proud of their transparent government, one in which almost everything save vital national security information is open to scrutiny. So all credit to a group of Senators who have launched a campaign to get rid of one of the last bastions of government unaccountability, namely the Senate tradition of "secret" holds.

Republicans Chuck Grassley and Trent Lott and Democrats Ron Wyden and Chris Dodd this week announced their intention to force some of their more cloak-and-dagger colleagues to agree to legislation to eliminate secret holds. This practice -- which allows any Senator to block a nominee or legislation without revealing his or her identity -- has been around since at least the 1960s, though it has become a greater source of political harm with each passing year.

The most common Senate holds in recent years have been placed on presidential nominees, usually with the aim of winning some parochial policy battle. A few of the Bush appointees who have been held hostage (some with secret holds, some with open holds and some by members of the President's own party) include former U.S. Trade Representative Rob Portman, former FDA Commissioner Lester Crawford, EPA head Stephen Johnson, and Deputy Secretary of Defense Gordon England. All were ultimately confirmed, though only after endless guessing games and delays.

Left hanging is the President, who is unable to have his appointees get on with the actual job of running the government. The holds don't help the credibility of the Senate, either, since many are used precisely so that Senators don't have to go public and acknowledge opposition to a piece of legislation. Ask Ted Stevens, who this summer put a secret hold on a bill to promote more transparency in public spending -- thus making it harder for Mr. Stevens to haul pork back home to Alaska. More often than not, secret holds are levied at the behest of outside special interest groups, the public never the wiser.

The four reformers are now pushing an amendment that would require any Senator who places a hold to make it public within three days. As Senator Grassley said yesterday, this is the right thing to do not only because a hold is "the public's business," but because "if you're a member of the Senate you ought to be man or woman enough to stand up and say what you're for and against, and why." Americans should expect nothing less.

OTHER NEWS:

US Retail Sales Post Unexpected Rise (FT)

By Daniel Pimlott

Financial Times, September 15, 2006

US retail sales unexpectedly grew in August, as sales of automobiles were better than feared and lower petrol prices encouraged consumers to spend.

Economists had expected sales to fall by 0.1 per cent month-on-month, but in fact they rose by 0.2 per cent, after 1.4 per cent jump in July, a report from the Commerce Department said.

Observers were generally upbeat about the figures. “Consumers are sort of trucking along, although there is gradual slowdown under way,” said Mike Englund, an analyst at Action Economics.

The sales data, combined with reports that jobless claims had fallen and business inventories are growing more slowly, suggest that the anticipated economic slowdown will be more modest than some fear, Action Economics said.

Automobiles and parts sales were largely responsible for the positive retail numbers, posting a small 0.4 per cent rise, rather than slipping sharply as had been expected.

Outside of automobile sales, however, the picture was murkier, as sales rose 0.2 per cent, slightly less than the 0.3 per cent analysts predicted, while July and June figures for non-auto sales were revised down. Clothing sales, furniture and electronic goods all fell.

Some were sceptical of the numbers after earlier reports showed that vehicle sales slowed in August.

“The headline is flattered by an inexplicable 0.4 per cent increase in auto sales, which cannot be squared with the 6.3 per cent drop in unit sales reported by the automakers,” said Ian Shepherdson, chief US economist with High Frequency Economics. “Expect a downward revision.”

But the figures do offer some comfort to the economy, which has been showing signs of strain particularly in the housing market.

“If the consumer keeps spending and the savings rate stays low, it’s going to be hard for the economy to slow much,” said Mr Englund.

Sales of petrol at gasoline outlets fell by 1 per cent from July, when oil prices reached a record high, keeping extra cash in consumers’ pockets.

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Falling gas prices may provide an explanation for the resilient levels of spending and a clue to the economy's outlook.

"Over the last month, gasoline prices have fallen ... significantly below September 2005 levels," said Peter Morici of the University of Maryland School of Business. "If sustained, lower gas prices will free up enough disposable income to ... give the economy a needed jolt."

Yields on benchmark 10 year treasurys rose before the data's release, before falling back.

Retail-Sales Growth Eases To 0.2% (WSJ)

By Mark Whitehouse

The Wall Street Journal, September 15, 2006

American consumers tempered their shopping in August as the price of gasoline peaked at more than $3 a gallon, but a subsequent easing in fuel prices has led some economists to expect a rebound in coming months.

Sales at stores and food establishments in August rose 0.2% from July, after jumping 1.4% in July from June, the Commerce Department said. Excluding auto dealers -- whose sales in dollar terms rose slightly even though they sold fewer vehicles -- the August increase was also 0.2%, slightly below economists' expectations.

Further excluding gasoline stations, where a sharp price decline from the early August peak precipitated a drop in the dollar value of sales, retail sales rose 0.4%.

The August report contrasted with July's surprisingly strong data, which had cast doubt on the idea that slowing consumer spending would cool the economy and relieve inflationary pressures. "This shows that the July surge was not a true indication of what is happening," said Joshua Shapiro, chief U.S. economist at consulting firm MFR Inc. "The consumer has ratcheted back."

The moderate pace of August sales could suggest that, aside from the effect of the summer spike in gasoline prices, a sagging housing market has begun to take a toll on consumers by reducing their ability to extract cash from their homes.

Spending at building-material and garden stores, which tends to track housing-market activity, rose a meager 0.1% in August. July's increase, initially reported at 1.8%, was revised down to 0.3%.

Sales at electronics and appliance stores rose 0.1% in August. Furniture and home-furnishings sales fell 0.3%. Clothing fell 0.3%.

Still, consumer spending overall remains on the rise, and some economists see grounds for a resurgence. Taken together, the retail-sales figures for July and August are consistent with inflation-adjusted consumer-spending growth of about 3.5% in the third quarter, up from 2.6% in the second quarter. Beyond that, gasoline prices have already fallen about 40 cents a gallon from their August peak.

Each one-cent decline in the price of gasoline, if sustained for a year, frees up about $1 billion in extra spending money -- a direct boost to disposable income that could provide a powerful offset to declines in housing wealth.

"I think sales could come ripping right back," said Brian Jones, senior economist at Citigroup Inc. "Any talk about us having a soft holiday season is way premature."

Much of the benefit of lower gasoline prices would go to lower-income consumers, for whom gasoline bills make up a larger share of total spending. That, said Ira Kalish, director of consumer business at Deloitte Research, could bring about a shift in consumer behavior: While falling house prices could make more-affluent consumers turn frugal, relief on the gasoline-price front could open up the wallets of the poorer majority.

"It's bad for the department-store industry, it's bad for the home-related retailers, but it could be good for discounters," said Mr. Kalish.

Separately, the Labor Department said jobless claims fell in the week ended Sept. 9, putting the four-week average at 314,250. The Labor Department also reported that import prices rose 0.8% in August from July. Excluding a jump in the price of imported fuels, import prices were up 0.2%.

Retail Sales Take Wind Out Of Stocks' Sails (USAT/BLOOM)

By Bloomberg News

USA Today, September 15, 2006

Stocks snapped a four-day rally Thursday after the government said retail sales excluding autos rose less than economists forecast and an increase in import prices revived inflation concern.

ExxonMobil, the largest publicly traded oil producer, lost 65 cents to $64.71 and led energy shares lower as oil fell 75 cents to $63.22 a barrel. A 0.8% rise in import prices in August caused speculation that today's consumer prices report will show that inflation remains a threat.

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"The market is counting on a fairly precise path: growth that is not (so) strong (as) to be inflationary, but not so weak (as) to cause earnings misses," says Vadim Zlotnikov, chief equity strategist at Sanford C. Bernstein. "That could happen, but it's a low probability."

The Standard & Poor's 500 index dropped 1.79 points, or 0.1%, to 1316.28. The Dow Jones industrial average lost 15.93 points, or 0.1%, to 11,527.39. The Nasdaq composite index rose 1.06 points, or 0.1%, to 2228.73.

Stocks have risen this month: The S&P is up 1% and the Dow on Wednesday came within 180 points of a new high. Falling oil and signs that the Fed will keep interest rates unchanged drove the advance. The drop in commodity prices helped eclipse concern a housing slump will curb consumer spending.

Retail sales rose 0.2% in August, the Commerce Department said (story, 8B). Sales excluding automobiles were up 0.2%. Economists in a Bloomberg News survey forecast a 0.3% increase. The rise in import prices was led by increases in oil, natural gas and metals. Economists had forecast a 0.3% gain. Excluding oil, prices advanced 0.5%.

The data helped reignite concern that inflation may pick up, leading the Fed to resume raising borrowing costs after pausing at its last meeting on Aug. 8. Policymakers next meet on Wednesday. Futures contracts that allow investors to bet on the direction of interest rates signaled a 22% chance the Fed will boost its benchmark rate to 5.5% by year's end. The futures showed 19% Wednesday.

Today, the Labor Department will likely say consumer prices rose 0.2% in August excluding food and energy, a Bloomberg survey of economists shows. That would be half of July's pace.

"If (the) data show that inflation is not tamed and the economy isn't growing as investors hoped and we're in a stagflation environment, the markets will turn lower," says Peter Boockvar, equity strategist at Miller Tabak & Co.

Wall Street Dips On Fears Over Inflation (FT)

By John O'Doherty

Financial Times, September 15, 2006

US stocks dipped slightly on Thursday after retail sales data rekindled inflationary fears and pulled the main indices away from four-month highs.

Commodities also resumed their slide, with oil, copper and gold all slipping after a minor rally on Wednesday.

The 10 worst performing stocks in the S&P 500 were all oil or mining groups.

Hess sank 2.6 per cent to $40.30 and oil services group BJ Services slid 4.2 per cent to $30.48. Gold miner Newmont Mining fell 3.5 per cent to $44.14, while copper producer Freeport McMoran slumped 4.3 per cent to $52.00.

Microsoft announced that its Zune digital music player – a rival to Apple's iPod – would be available for purchase at Christmas, which helped push its shares up 1.4 per cent to $26.33.

Sovereign Bancorp jumped 3.2 per cent to $21.21 after the company's chief executive said at a conference that he expected to sell the bank.

At the close, the S&P 500 was down 0.1 per cent, or 1.79 points, at 1,316.28, while the Nasdaq Composite was flat, up 1.06 points, at 2,228.73. The Dow Jones Industrial Average was 0.1 per cent, or 15.93 points, lower at 11,527.39.

Stocks turned lower after the latest economic data from the Commerce Department. Retail sales unexpectedly rose 0.2 per cent in August, compared with most analysts' expectation of a 0.1 per cent decline in sales.

Hugh Johnson, chairman and chief investment officer at Johnson Illington Advisors, said the retail sales news was still not enough to change investors' mindsets.

"Today, I don't think we had news that was surprising enough to get the fence-sitters off the fence," he said. "That big question of whether we are heading towards a hard or soft landing is still very much unanswered. What is needed is news that is going to get investors committed to the bull case or the bear case."

Bear Stearns beat analyst expectations when it reported a 16 per cent rise in quarterly earnings.

Its shares rose 2.5 per cent to $139.68. Bear Stearns is the third investment bank this week – after Goldman Sachs and Lehman Brothers to report better-than-expected results.

Defence and aerospacegroup General Dynamics rose 2.4 per cent to $70.88, after it said it would increase aircraft production by 15 per cent next year due to rising international orders.

The lower fuel costs were a boon to industrial chemical makers, and DuPont gained 2.3 per cent to $41.43.

Genzyme gained 2.7 per cent to $68.35 after it said interim results from a drug trial showed that its multiple sclerosis drug performed better than Serono's Rebif.

XM Satellite Radio leapt 9.4 per cent to $13.69 after Credit Suisse raised its rating on the stock from "neutral" to "outperform".

Shares in chipmaker Xilinx fell 4 per cent to $22.41.

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Stocks Slip As Natural Gas Hits Two-Year Low (WSJ)

By Serena Ng

The Wall Street Journal, September 15, 2006

Stocks took a breather after a four-day winning streak, as oil prices fell again and investors digested data showing higher-than-expected growth in consumer spending and import prices.

The Dow Jones Industrial Average slipped 15.93 points, or 0.14%, to 11527.39. It is up 7.6% from the start of the year, and 196 points short of its record close of 11722.98 in January 2000.

Crude-oil futures rose early on, then fell in tandem with natural gas, which slid to a two-year low on reports of strong inventories. The October contract for natural gas plunged 10.2%, or 56 cents, to $4.89 per million British Thermal Units. That's down 68% from the closing high of $15.38 in December 2005.

Crude futures slipped 75 cents to $63.22 a barrel on the New York Mercantile Exchange.

The broad Standard & Poor's 500-stock index slipped 0.14%, or 1.79 points, to 1316.28, while the tech-heavy Nasdaq Composite Index inched 1.06 points higher to 2228.73. Small stocks declined, with the Russell 2000 index falling 0.42% to 727.60.

The Commerce Department said retail sales grew 0.2% on a seasonally adjusted basis in August, mainly because of increased auto sales. Economists had forecast a decline of 0.2%. Import prices, meanwhile, rose 0.8% in August, exceeding expectations of a 0.2% rise.

Analysts said there were concerns that the stronger-than-expected data might affect the Federal Reserve's views on interest rates, which it has left unchanged since June.

"There's still a debate as to whether the Fed is done, especially if we are not seeing a real slowdown," says Jim Paulsen, chief investment strategist at Wells Capital Management. "The important numbers are still suggesting some inflation."

Bond yields edged up, pushing prices down, as investors awaited today's reading on another key measure of inflation, the Consumer Price Index.

Brokerage stocks extended their gains after Bear Stearns followed Goldman Sachs Group and Lehman Brothers Holdings by beating estimates for its quarterly earnings. In 4 p.m. New York Stock Exchange composite trading, Bear Stearns shares were up $3.46, or 2.5%, at $139.68.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.343 billion shares traded, 1,325 stocks rose and 1,952 fell.

Bonds fell. The 10-year Treasury note fell 7/32, or $2.19 for each $1,000 invested, pushing the yield up to 4.795%. The 30-year bond fell 10/32 to yield 4.918%.

The dollar weakened. Late in New York, it traded at 117.52 yen, down from 117.58, while the euro rose against the dollar to $1.2730 from $1.2697.

Some Lawyers Ranked 'Super' Are Not The Least Bit Flattered (NYT)

By Karen Donovan

The New York Times, September 15, 2006

Word of mouth is one crucial marketing tool for a lawyer. Getting your name on a list of top lawyers can be another, unless the list is distributed to consumers in New Jersey.

In an opinion that has set off a nationwide discussion, an ethics committee appointed by the New Jersey Supreme Court concluded this summer that a magazine advertising supplement listing the state's top lawyers violated rules of professional conduct.

The focus of the opinion by the Committee on Attorney Advertising was an insert to New Jersey Monthly magazine called New Jersey Super Lawyers, which listed the top 5 percent of the state's lawyers (1,658 of 35,441) and then offered an opportunity to advertise.

The panel questioned the process used to compile the list, but it was also clearly troubled that the supplement was "designed for mass consumption" by New Jersey residents who may have been misled by what they read.

"These self-aggrandizing titles have the potential to lead an unwary consumer to believe that the lawyers so described are, by virtue of the manufactured title, superior to their colleagues who practice in the same area of law," the committee wrote of New Jersey Super Lawyers.

With that, New Jersey became the latest battleground in the long debate over how far lawyers can go to promote themselves. The New Jersey situation offers a snapshot of an issue that has divided lawyers since a 1977 United States Supreme Court ruling that allowed advertising. In this case, the concern is not so much the list as who reads it.

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"It's a question of whether the kind of puffing and self-promotion that is everyday fare in mass advertising is absolutely forbidden for lawyers," said Rodney Smolla, dean of the University of Richmond School of Law. "The counterargument is that American consumers are very sophisticated and don't need this kind of protectionism from the government."

This spring, Mr. Smolla represented two personal-injury lawyers from Fort Lauderdale, Fla., who had appealed to the Supreme Court after being disciplined by the Florida bar for running a TV commercial urging accident victims to call 1-800-PIT-BULL; the ad featured the firm's logo — the head of a pit bull with a spiked collar. Justices rejected the petition.

Super Lawyers is not alone in offering lists said to include the top practitioners in an area of law. But unlike most of its rivals, which send their lists to law firms or corporations, Super Lawyers distributes its lists through supplements to mass media publications.

In its opinion, the ethics panel pointed out, for example, that ratings of lawyers in the Martindale-Hubbell legal directory are directed at other lawyers and are "likely to have minimal recognition to the public."

While consumers are bombarded by ads from lawyers seeking clients for an endless list of possibilities, most complaints about the practice come from lawyers; the New Jersey case was no exception. In a letter to the ethics committee, Lloyd Levenson, who was selected as a New Jersey Super Lawyer in 2005, wrote that he was offended when the company told him of his selection and then informed him he could buy a full-page ad for up to $15,000.

"What the general public takes from that," Mr. Levenson said in an interview, "is that the people who have paid grand sums of money to buy full pages are somehow better than those who are named in the back pages who refused to shell out the dough. And furthermore, if you don't make the small print, you are not worth hiring at all."

William White, publisher of Law & Politics, which prints Super Lawyers, disagreed. "It's pretty clear," he said, that the profiles in the supplement are advertising because the contact information and logos of the law firms are included.

Editions of Super Lawyers appear in 21 states. Law & Politics, based in Minneapolis, is a division of Key Professional Media.

New Jersey is the first state to raise questions about its distribution. Its opinion came out as Super Lawyers: Manhattan Edition arrived in a glossy advertising supplement distributed with The New York Times on July 18.

Such lists have become so numerous that American Lawyer Media, a large legal publisher, offers Web conferences to coach law firms and their marketing staffs on how to manage them.

Large corporate firms view "Chambers USA,'' published by Chambers & Partners of London and distributed to 30,000 companies, as the gold standard.

The doyenne is "The Best Lawyers in America,'' a book distributed to law firms since 1981 to assist them in finding lawyers in distant locales. "Best Lawyers'' chooses its lists mainly by the voting of lawyers chosen in previous editions.

The New Jersey ethics committee faulted "Best Lawyers" in a passing reference for "trending towards" the Super Lawyers business plan. The publisher of Best Lawyers, Steven Naifeh, said his company had distributed its lists free to local publications, including New Jersey Monthly magazine, for many years.

In a footnote, the New Jersey committee also faulted the selection method used by Super Lawyers, calling it unclear, arbitrary and "lacking in empirical" or legally sanctioned support for the results.

Mr. White said the ethics committee never asked about the selection methods.

In New Jersey, the company sent ballots to 30,000 lawyers. To participate, Mr. White said, a lawyer must have practiced for five years or more. The company received responses from 4.8 percent of the ballots in New Jersey and 2.1 percent in Manhattan. After the balloting, Mr. White said, the company's research and a review by a panel produces the final list.

Super Lawyers is challenging the ethics committee's decision at the New Jersey Supreme Court, which granted a stay of the ruling during the appeal.

Across the river in New York, proposed changes would make it illegal for a lawyer to use a "nickname, moniker, motto or trade name that implies an ability to obtain results." Comments on the changes are due today. If the changes go into effect, they would clip the capes of Manhattan's Super Lawyers.

For now, the list continues.

"It's not an exclusive list, I can tell you that," Peter Bicks, managing partner of Orrick, Herrington & Suttcliffe's New York office, said of his Super Lawyers ranking.

Pennsylvania Judges Decide They, Alone, Will Get Raises (NYT)

By Ian Urbina

The New York Times, September 15, 2006

The Pennsylvania Supreme Court partly reinstated a controversial raise yesterday that state legislators repealed last year after a popular outcry.

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But the ruling said that only judges should receive the raise, not the legislators or other government workers who originally qualified.

The raise, which was passed at 2 in the morning on July 7, 2005, just before the General Assembly adjourned for the summer, was viewed by critics as sneaky and self-serving. It produced a reaction across the state that led to a Supreme Court justice's being voted out of office in November and the defeat of 17 legislators the following May.

In response to the public outcry, legislators repealed the raise in November.

The Supreme Court ruled that the Pennsylvania Constitution prohibited reducing the salaries of judges unless "all salaried officers of the commonwealth" were also affected. The court said the legislation repealing the raise did not do that because it excluded many state employees.

As a result, the Supreme Court justices will receive the raise, which amounts to more than 10 percent of their current salary, while the rest of the state officials will not.

The court also said the raise for legislators was unconstitutional because legislators are not permitted to receive raises that they draft in the middle of a term before having to face voters again.

"This is a cynical judicial swindle," said Bruce Ledewitz, a professor of constitutional law at Dusquesne University in Pittsburgh and a frequent critic of the Supreme Court. "It's blatantly self-serving, and they don't have the authority to do it."

When legislators drafted the raise, Professor Ledewitz pointed out, they included a "nonseverability" clause, which meant that the raises for one branch of government could not be revoked without canceling the raises for all three branches. The justices rejected that clause, he said, allowing their own raise to be restored.

Russ Diamond, a founder of PACleanSweep, a defunct organization that emerged during the backlash against the raises, said he was not surprised by the ruling.

"To me, it looks like further indication that we do not have an independent judiciary," Mr. Diamond said.

Tim Potts, co-founder of Democracy Rising PA, a good-government advocacy group based in Carlisle, said: "Things were settling down during the summer hiatus, but this decision is definitely going to heat them up again for us. I think those politicians who took the raise before facing the voters have something to worry about."

While the State Supreme Court ruling cannot be appealed, Mr. Potts said he had a lawsuit pending in federal court arguing that the justices could not decide on the salary legislation because they had a financial conflict of interest. He lost the initial ruling, but is appealing.

Study Shows GOP Fundraising Edge Is Slipping (CQPOL)

By Greg Giroux

CQ Politics.com, September 14, 2006

If any prediction is safe in this turbulent and closely contested election, it is that Republican candidates and their affiliated national party committees will raise more money than their Democratic counterparts.

But the fundraising advantages enjoyed by the current GOP congressional majorities over the challenging Democrats are closer than in recent election cycles, according to data presented by campaign finance experts at The Brookings Institution in Washington.

Their findings, released at a Tuesday event, seem to indicate that Democrats — who are benefiting from President Bush's unpopularity and strong public disapproval of Congress — have enough campaign dollars to seriously compete for control of the House and the Senate.

"While, in general, it's true that the candidate who spends the most money wins, in a "national tide" election you always have a substantial number of candidates who spend less than their opponents and win, who are taking advantage of the broader national conditions," said Thomas E. Mann, a senior fellow in governance studies at Brookings. "And I guarantee you, there will be such candidates this time."

In the first 18 months of the 2005-06 campaign cycle, the six major national party campaign committees reported raising a combined $574 million, of which $334 million, or 58 percent, was collected by the GOP organizations: the Republican National Committee (RNC), the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC).

Their Democratic counterparts — the Democratic National Committee (DNC), the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) — raised $240 million, or 42 percent, of the two-party total.

While the GOP advantage is substantial, it is actually smaller than the Republicans' edge at a similar point in the competitive 2004 campaign. At the 18-month mark of that campaign cycle, the party's three committees collected $385 million

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and the Democrats took in $230.6 million (63 percent to 37 percent). The GOP committees, through June in this cycle, raised about $51 million less than in 2004, while the Democrats raised about $9 million more.

In the first 18 months of the 2002 cycle — the last midterm election campaign and the last campaign of any sort in which party committees were allowed to raise unlimited "soft money" dollars — the Republican advantage was even more lopsided: the three GOP committees raised $404.8 million (64 percent of the total) and the Democratic committees raised $228 million (36 percent).

"What these figures suggest is that both parties are continuing to demonstrate financial strength in the midterm cycle, and that both parties are continuing to benefit from this highly partisan and polarized environment, which is conducive to party fundraising — but that the Democrats are doing much better on a relative basis than has been the case in other recent midterm elections," said Anthony Corrado, a government professor and campaign finance expert at Maine's Colby College.

The narrowing of the GOP's financial advantage also is evident in the partisan breakdown of individual donations to House and Senate candidates running this year.

In the first 18 months of the 2005-06 campaign cycle, individual donors gave $154.8 million to House Republican candidates and $146.7 million to House Democratic candidates — a small advantage for the GOP, especially when compared to past elections. At a similar point two years ago, House GOP candidates raised $150.1 million from individual donors, compared to $116.5 million raised by House Democratic candidates from individuals.

The shift was even more pronounced in the Senate committees' fundraising, with the Democrats emerging with a substantial advantage. In the first 18 months of the 2005-06 election cycle, individuals donors gave $145.1 million to Democratic Senate candidates and $102.3 million to Republican Senate candidates — a bigger edge for the Democrats than in 2004, when the parties' Senate candidates were much closer to parity in such contributions.

"A big part of the story to date in 2006 is individuals are back and contributing more, and especially contributing more to Senate and House Democratic candidates," said David B. Magleby, a political scientist at Brigham Young University in Utah.

The data also show that the parties have been able to fill most of the void created by the elimination of soft money under provisions of a campaign finance law overhaul enacted in 2002 and implemented prior to the 2004 elections.

The $574 million in receipts by the six party committees is not substantially less than the $633 million the organizations raised during the first 18 months of the 2001-02 cycle, when the committees were permitted to complement their heavily regulated and limited "hard money" receipts with unlimited soft-money contributions.

Corrado attributed the parties' success in boosting their hard-money numbers to enhanced small-donor bases, improved technology and the widespread expectation of a highly competitive 2006 midterm election.

Flush with cash, the party committees are preparing to unload the millions they banked for independent expenditure campaigns to promote their preferred candidates and attack the opposition — though the law bars direct coordination with candidates concerning these efforts. In some cases, these party-sponsored independent expenditures will exceed the campaign expenses of the candidates themselves.

"We are going to see more party support for candidates than ever before," Corrado said.

Other major players in the financing of the 2006 elections are the "527" political committees that organize under Section 527 of the Internal Revenue Code and are allowed to accept unlimited contributions to influence elections. Wealthy donors who formerly gave soft money to the political parties have been shifting these large outlays to 527 committees, which already are spending money on television advertisements.

Magleby said "there will be even more substantial outside money" spent by 527 groups and 501(c) nonprofit organizations in congressional contests than in 2004, when such groups concentrated heavily on the close presidential election.

One Democratic-affliated 527 called Majority Action has recently reported spending $114,000 on television ads criticizing Republican Reps. James T. Walsh of New York and Deborah Pryce of Ohio. Majority Action is headed by Mark Longabaugh, a former campaign aide to the League of Conservation Voters and to the 2000 presidential campaign of former New Jersey Sen. Bill Bradley, and himself a Democratic House candidate in Ohio's 1st District in 1996.

The same filing revealed that Majority Action recently received contributions of $120,000 from George Soros, the liberal billionaire financier who also heavily backed liberal 527 groups in the 2004 presidential election, and $100,000 from Linda Pritzker, an heir to the Hyatt Hotel fortune who is also a generous Democratic Party donor.

One busy Republican-aligned 527 is the Economic Freedom Fund, which has aired television ads attacking Reps. Alan B. Mollohan of West Virginia and Jim Marshall of Georgia in their home districts.

A recent filing by the Economic Freedom Fund said it received a $5 million contribution from Houston homebuilder Bob J. Perry, a prominent Republican donor who also helped fund the Swift Boat Veterans for Truth, a 527 organization that was influential in aiding President Bush's defeat of Massachusetts Democratic Sen. John Kerry in the 2004 presidential race.

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"This looks like it's going to be a very financially competitive midterm election . . . None of these races are going to lack for funding," Corrado said.

A rundown of campaign fundraising figures cited in the report can be found here.

Fundraising Totals By The Numbers (CQPOL)

By Greg Giroux

CQ Politics.com, September 14, 2006

The following is a summary of recent campaign fundraising activity by the six major national party committees, comparing their efforts in the current 2005-06 election cycle with those in other recent cycles. The data was prepared by the Center for the Study of Elections and Democracy at Brigham Young University, and were presented Tuesday by a panel of experts on campaign finance.

A story on that event, which was hosted by The Brookings Institution, can be found here.

The figures show that Republican committees continue to enjoy a decided advantage over their Democratic counterparts, but that the Democrats have narrowed the fundraising gap as they attempt to win control of one or both chambers of Congress this November.

All figures are as of the 18-month point in a two-year campaign cycle, or through June 30 of the election year. So receipts for the current cycle reflect how much a committee raised from Jan. 1, 2005 through June 30 of this year.

The parties have filed subsequent reports for July, and the reports for August are due next week. A month-by-month chart of receipts, expenditures and cash-on-hand can be found here.

Receipts for the 2001-02 cycle include "soft money" contributions that the national party committees were allowed to accept through that campaign year. These unlimited contributions were barred by a campaign finance law overhaul that was enacted in 2002 and took effect for the 2004 elections.

Receipts are higher for the DNC and the RNC in the 2004 cycle than for the current cycle, because they were active in that year's presidential race.

Democratic National Committee (DNC)
2005-06 receipts: $90.4 million
2003-04 receipts: $125.4 million
2001-02 receipts: $99 million
2005-06 vs. 2003-04: Down $35 million (28 percent drop)
2005-06 vs. 2001-02: Down $8.6 million (9 percent drop)
Republican National Committee (RNC)
2005-06 receipts: $168.2 million
2003-04 receipts: $219.4 million
2001-2002 receipts: $200.9 million
2005-06 vs. 2003-04: Down $51.2 million (23 percent drop)
2005-06 vs. 2001-02: Down $32.7 million (16 percent drop)
Democratic Senatorial Campaign Committee (DSCC)
2005-06 receipts: $73 million
2003-04 receipts: $49.3 million
2001-2002 receipts: $70.3 million
2005-06 vs. 2003-04: Up $23.7 million (48 percent gain)
2005-06 vs. 2001-02: Up $2.7 million (4 percent gain)
National Republican Senatorial Committee (NRSC)
2005-06 receipts: $62.6 million
2003-04 receipts: $50.4 million
2001-2002 receipts: $86.2 million
2005-06 vs. 2003-04: Up $12.2 million (24 percent gain)
2005-06 vs. 2001-02: Down $23.6 million (27 percent drop)
Democratic Congressional Campaign Committee (DCCC - House campaigns)
2005-06 receipts: $76.6 million
2003-04 receipts: $56 million
2001-2002 receipts: $58.7 million
2005-06 vs. 2003-04: Up $20.6 million (37 percent gain)

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2005-06 vs. 2001-02: Up $17.9 million (30 percent gain)
National Republican Congressional Committee (NRCC - House campaigns)
2005-06 receipts: $102.9 million
2003-04 receipts: $115.2 million
2001-2002 receipts: $117.7 million
2005-06 vs. 2003-04: Down $12.3 million (11 percent drop)
2005-06 vs. 2001-02: Down $14.8 million (13 percent drop)
Democratic Party committees (DNC, DSCC, DCCC) combined
2005-06 receipts: $240 million
2003-04 receipts: $230.7 million
2001-2002 receipts: $228 million
2005-06 vs. 2003-04: Up $9.3 million (4 percent gain)
2005-06 vs. 2001-02: Up $12 million (5 percent gain)
Republican Party committees (RNC, NRSC, NRCC) combined
2005-06 receipts: $333.7 million
2003-04 receipts: $385 million
2001-2002 receipts: $404.8 million
2005-06 vs. 2003-04: Down $51.3 million (13 percent drop)
2005-06 vs. 2001-02: Down $71.1 million (18 percent drop)

Swift Boat Ads Backer Funds New Group (AP-Y)

By Ben Evans
AP, September 14, 2006

The Republican donor who helped bankroll the Swift Boat attacks on Democratic Sen. John Kerry's war record has given $5 million to a new group targeting Democratic candidates.

Bob J. Perry, a Texas homebuilder with close ties to White House advisor Karl Rove and former House Majority Leader Tom DeLay, recently made the hefty donations to the Economic Freedom Fund, a newly created California group.

The group is a so-called 527 that is not subject to conventional campaign finance restrictions and can spend unlimited amounts on election advocacy, similar to the Swift Boat Veterans for Truth. In the 2004 presidential race, the group of Vietnam veterans made unsubstantiated allegations challenging Kerry's record of wartime heroism.

So far, the new group — which lists Perry as its sole donor — has spent slightly more than $500,000 on television ads and mailings criticizing Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia, according to a disclosure form filed last week with the Federal Election Commission.

According to its Web site, the group also is distributing mailing supporting Republican Georgia Gov. Sonny Perdue's re-election campaign and Jim Nussle of Iowa, a Republican congressman running for governor.

Anthony Holm, a spokesman for Perry, declined to comment. Charles H. Bell Jr., a Sacramento attorney listed as the fund's contact, did not return repeated phone calls. On its FEC filings, the group lists as its address the same Sacramento office as Bell's law firm, Bell, McAndrews & Hiltachk.

The West Virginia and Georgia races are considered among the GOP's best shots at picking up seats in an election year where some experts believe the party is in danger of losing its majority in Congress.

Perry's $5 million donation, made in two payments on Aug. 18 and Sept. 5, is among the largest individual donation to any 527 group this year, although contribution records are still being filed. It exceeds the nearly $4.5 million that Perry gave the Swift Boat Veterans for Truth in 2004.

By comparison, billionaire Democratic donor George Soros has given about $2.3 million this year to several outside groups.

According to its Sept. 8 disclosure, the Economic Freedom Fund has spent $337,753 on the West Virginia race, where Mollohan, a 12-term Democrat, faces Republican state delegate Chris Wakim. The group has spent $163,599 in Georgia, where two-term incumbent Marshall is being challenged by former Republican congressman Mac Collins.

The West Virginia ads address recent allegations regarding Mollohan's ethics, citing news reports that he is the subject of a federal investigation into whether he steered government money to nonprofit groups that donated to his campaigns.

The Georgia ads portray Marshall, a conservative Democrat, as a liberal linking him to Democratic Sens. Hillary Rodham Clinton and Ted Kennedy and Rep. Cynthia McKinney, who lost her seat in a Democratic primary after a highly publicized scuffle with a Capitol Hill police officer.

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Marshall spokesman Doug Moore said voters in the district are familiar enough with Marshall's record to know the ads are off base.

"Getting out there and calling Jim Marshall a liberal in the Macon media market isn't going to be effective," Moore said. "Everybody here knows Jim, and they know he's conservative."

Unlike with Kerry and the Swift Boat group, the Economic Freedom Fund has not questioned Marshall's Vietnam War service. A former Army Ranger platoon sergeant and recent inductee into the Army Ranger Hall of Fame, Marshall was awarded two Bronze Stars and a Purple Heart for his service in Vietnam.

"Jim Marshall has a great military record, and I hope they bring that up because we would love to make that an issue in this campaign," Moore said.

The group also made automated phone calls supporting Republican Rep. Mike Sodrel and criticizing his Indiana rival, but the effort may have done more harm than good. A spokeswoman for the Indiana Attorney General's office said Thursday it will investigate a complaint that the calls violate the state's law against automated phone calls.

According to its filing, the Economic Freedom Fund was formed to "promote policies and issues favoring economic freedom, growth and prosperity of the economy."

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On The Net

Economic Freedom Fund: http://www.economicfreedomfund.com

Fla. Gov Candidate Names Running Mate (AP-Y)

By Brian Skoloff

AP, September 15, 2006

Democratic gubernatorial candidate Jim Davis named a former state senator to be his running mate Thursday, a choice that could lead to Florida's first black lieutenant governor.

Daryl Jones, 51, was the first black candidate to make a serious run for Florida governor, coming in third in the 2002 primary.

"We need a leader with a proven record of standing up for what he believes in and in bringing people together and Daryl Jones is that leader," Davis said. "People are hungry for change."

Jones, a former Air Force fighter pilot, served six of his 12 years in the Legislature with Davis before Davis was elected to Congress in 1996. Jones was considered an intelligent, independent lawmaker and won respect among colleagues in both parties.

Jones is also a lawyer, but said he stopped practicing several years ago.

In November, the pair will face Republican nominee Charlie Crist, who on Wednesday named state Rep. Jeff Kottkamp to be his running mate.

Jones was in the national spotlight in 1998, when President Clinton nominated him to be the first black Air Force secretary. He was rejected in a bitter Senate confirmation process. Witnesses testified that as a reserve pilot, he almost ran out of fuel once and flew the wrong way another time.

Additional testimony raised questions about his background and character. His former squadron commander said he had to be grounded and given a desk job, an account Jones denied.

Jones said Thursday the Senate decision was "partisan politics" and noted that "the Air Force promoted me since then so they think I'm all right."

In 2002, he said he had no interest in becoming lieutenant governor, calling the position largely ceremonial and quipping that if elected he "would wind up being so good at golf I'd become good enough for the senior tour."

Asked about his previous remark, Jones said Thursday that the difference now is "the timing."

"In this case, Jim Davis is somebody that I have known who has tremendous experience both state and federal," Jones said. "He knows exactly what he's doing."

Senate Candidate Speaks Of Life, Faith (WP)

By Alan Cooperman

The Washington Post, September 15, 2006

Robert P. Casey Jr., the Democratic candidate seeking to unseat Sen. Rick Santorum (R-Pa.) in one of the country's hottest election campaigns, told a largely Roman Catholic audience yesterday that in his view, "neither party has gotten it right when it comes to life issues."

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Casey, a lifelong Catholic who opposes abortion, is the second high-profile Democrat who has recently given a major address defending the place of religion in politics. In June, Sen. Barack Obama (D-Ill.) criticized "liberals who dismiss religion in the public square as inherently irrational or intolerant."

Since the 2004 presidential election, in which voters who attend church weekly voted 2 to 1 for President Bush over Sen. John F. Kerry (D-Mass.), Democrats have sought to close what some call the "God gap" in U.S. politics.

Casey's candidacy is viewed by Democratic strategists not only as one of the party's best opportunities to pick up a Senate seat, but also as an illustration of its growing inclusion of politicians who oppose abortion and of its desire to reach out to religiously motivated voters.

In a 45-minute lecture at Catholic University's Columbus School of Law, his alma mater, Casey said that America "must be a country dedicated to the common good" and that "my understanding of our common good comes from my family and my faith."

He described a year that he spent teaching at the Gesu School, an inner-city parochial school in north Philadelphia, after graduating from Holy Cross and before going to law school. "My short year as a Jesuit volunteer had a profound impact on my life, and the struggles of those I met in the inner city continue to inspire me," he said.

Casey said the common good is built on a foundation of social justice. "Justice demands our understanding that the hungry, the impoverished and the uninsured in this country are not statistics; they are children of God," he said.

Turning to abortion, he called for Democrats and Republicans to "unite . . . behind the understanding that the common good requires us to value all life." As an example, he cited legislation proposed by House Democrats that would target "the underlying factors that often lead women to choose abortion."

Some of the sharpest language in Casey's speech was aimed at his party. In 1992, the Democratic National Committee did not let Casey's father, then-Gov. Robert P. Casey Sr., speak at its national convention because of his antiabortion views. Referring to that "dark night," the younger Casey said the party "insulted the most courageous pro-life Democrat in the land, who asked that those who believed in the right to life be accorded the right to speak."

But he also had some sharp words for conservatives who focus primarily on the rights of the unborn. "If we are going to be pro-life, we cannot say we are against abortion . . . and then let our children suffer in broken schools," he said. "We can't claim to be pro-life at the same time we are cutting support for Medicaid, Head Start or the Women, Infants and Children's Program."

Some conservative Catholic groups objected to the university's invitation to Casey because he supports the widespread availability of the emergency contraceptive known as Plan B and has backed civil unions for same-sex couples.

"It is ironic Casey's speech topic is 'Restoring America's Moral Compass' when his own compass on moral issues is misguided," said Joseph Cella, leader of the group Fidelis.

But Tom Perriello, an adviser to the liberal group Catholics United for the Common Good, said the speech was "exciting, because as Catholics we've so often had to choose between the pro-life and the pro-social-justice sides of Catholic teaching. Now we get to have a debate about what authentic Catholic teaching is all about."

Let Reagan Be Reagan (WP)

The Washington Post, September 15, 2006

IT IS A TICKLISH thing for Sen. George Allen, a Republican running for reelection in Virginia, that his Democratic opponent, James Webb, once worked for President Ronald Reagan. And it is especially awkward for Mr. Allen that the Gipper seems to have admired Mr. Webb, a highly decorated Vietnam veteran, and said so. But the fact remains that Mr. Webb did serve Mr. Reagan, both as Navy secretary and as assistant secretary of defense, and that the late president once lauded him publicly before a large crowd at the U.S. Naval Academy in Annapolis. So it is easily within the bounds of fairness that the Webb campaign is airing an advertisement that includes 10 seconds or so of Mr. Reagan paying tribute that day to Mr. Webb's "gallantry as a Marine officer in Vietnam."

The Allen camp has cried foul, and an official at the Reagan Presidential Library in California, acting on Nancy Reagan's behalf, has asked that the ad be pulled. Neither protest has merit. The late president's public utterances are not the private property of his library or family. As for Mr. Allen, his campaign complains that the clip misleadingly implies the former president's support for Mr. Webb's candidacy. By that tortuous line of reasoning, the photograph on the Allen campaign's Web site, showing a young Mr. Allen shaking Mr. Reagan's hand, is also an implied endorsement -- which it isn't.

The president is a public official, paid by the taxpayers. His speeches are in the public domain; they belong to all Americans, and to history. His words may fairly be the subject of bitter debate and divergent interpretation for decades or centuries to come, but they should not be censored posthumously. In this instance, Mr. Webb has neither distorted Mr. Reagan's words nor taken them out of context; nor did Mr. Reagan ever repudiate them. The clip in question is a testimonial to Mr. Webb's service to his country in government and the military, not to a senatorial campaign that Mr. Reagan obviously never observed. It's

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a good bet that Virginians are clued in to the fact that Mr. Reagan, being dead, has taken no position on the Allen-Webb race. As for the partisans, they should let Reagan be Reagan.

Nationalizing Politics (WP)

By E. J. Dionne Jr.

The Washington Post, September 15, 2006

BALTIMORE -- This year's elections may turn the Tip O'Neill adage "All politics is local" not so much upside down as sideways: In 2006 all local politics is national, and all national politics is individual.

The United States is witnessing a centralization and nationalization of politics unprecedented in our history. This trend is rooted in the rise of the political consulting industry, vast changes in the technology of campaigning, and the intense competition between the two major parties for control of Congress.

There is, as well, the concentration of political money at the national level as Washington-based interest groups, associations and lobbyists not only raise large amounts in political contributions within the capital but also mobilize campaign money from their allies around the country.

The blogosphere has created central repositories of political information -- including news of very local developments that would otherwise go unnoticed on the national level -- that can speed the flow of intelligence to activists across the nation. And the recruitment of candidates is ever more the job of national party committees, not local officials or organizations.

The result is that the conventional debate about whether congressional elections are primarily local or national in character is both irrelevant and misleading. Even apparently local developments are often orchestrated from afar, and even personal attacks on individual candidates are largely the work of a cadre of Washington-based researchers.

Developments over the past week, including those in Tuesday's primaries, show how important national party machines are to the fate of individual candidates.

The most ironic national intervention was in Rhode Island, where Sen. Lincoln Chafee, the most liberal Republican in the Senate, who has often voted against President Bush, was powered to renomination over conservative Stephen Laffey by the voter identification and message apparatus created by Bush; his top political aide, Karl Rove; and pollster Matthew Dowd.

Here was the president's own political operation trying to identify and bring anti-Bush voters to the polls to renominate an anti-Bush senator who is his party's only hope for holding a Senate seat in a very anti-Bush state. Ideology and loyalty are far less important than control over Washington's levers of power. Chafee, who prides himself on independence, was in fact hugely dependent on a national party he often opposes.

Days before Chafee won his primary, The Post's Jim VandeHei and Chris Cillizza reported that the National Republican Congressional Committee, using research by its own operatives, plans to run tough, negative ads against Democratic challengers this fall on "personal issues and local controversies."

These ads will be classic instances of seemingly individual and local factors invoked as part of a national, centrally directed effort. Such attack ads are likely to be used most in districts in the Northeast and Midwest where Republican candidates will be trying not to talk much about national Republican issues.

Even turning away from your party can be a national partisan strategy, and Republicans are hoping to hold Congress by electing a herd of "independent fighters." At least five Republican candidates describe themselves with that phrase. New Jersey Senate candidate Tom Kean Jr. calls himself an "independent fighter," and so do Sen. Mike DeWine of Ohio and Reps. Curt Weldon of Pennsylvania, Heather Wilson of New Mexico and Vito Fossella of New York.

In Maryland, Republicans hope to use local conflicts in the Democratic Party along racial lines to help Lt. Gov. Michael Steele, whose compelling personal story led the national party to recruit him, against Rep. Ben Cardin, the winner of this week's Democratic U.S. Senate primary.

Cardin defeated former representative Kweisi Mfume, who, like Steele, is black. Mark Clack, Mfume's campaign manager, said here that Steele could "play off" African American resentment "against the Maryland Democratic establishment" over the lack of black representation at the top of the Democratic ticket.

Clack said that for Cardin to win, "the frustration level in the African American community will have to be doused." But he thinks Cardin will succeed, because African American voters have not forgotten the Republicans' use of racial "wedge issues" in past elections and because Steele's need to mobilize the GOP's conservative base will run counter to his effort to appeal to the black community. The Washington Republicans, on the other hand, hope Steele can be a success story in their well-coordinated national effort to blur national issues.

So in 2006 the local is not really local, everything is about controlling Washington, and "independence" is a product being franchised by a national party apparatus.

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Progress Or Regress? (NYT)

By Paul Krugman

The New York Times, September 15, 2006

Is the typical American family better off than it was a generation ago? That's the subject of an intense debate these days, as commentators try to understand the sour mood of the American public.

But it's the wrong debate. For one thing, there probably isn't a right answer. Most Americans are better off in some ways, worse off in others, than they were in the early 1970's. It's a subjective judgment whether the good outweighs the bad. And as I'll explain, that ambiguity is actually the real message.

Here's what the numbers say. From the end of World War II until 1973, when the first oil crisis brought an end to the postwar boom, the U.S. economy delivered a huge, broad-based rise in living standards: family income adjusted for inflation roughly doubled for the poor, the middle class, and the elite alike. Nobody debated whether families were better off than they had been a generation ago; it was obvious that they were, by any measure.

Since 1973, however, the picture has been mixed. Real median household income — the income of the household in the middle of the income distribution, adjusted for inflation — rose a modest 16 percent between 1973 and 2005. But even this small rise didn't reflect clear gains across the board. The typical full-time male worker saw his wages, adjusted for inflation, actually fall; the typical household's real income was up only because women's wages rose (although by far less than everyone's wages rose during the postwar boom) and because more women were working.

The debate over the state of the middle class, for the most part, is about whether these numbers understate or overstate the true progress achieved by typical families. The optimists point to technological advances that, they argue, don't get reflected in official estimates of the standard of living. In 1973, you couldn't chat on a cellphone, watch a video or surf the Internet; many medical conditions that are now easily managed with drugs were untreatable; and so on.

The pessimists point to ways in which life has deteriorated, things that also aren't counted by the official statistics. Traffic has gotten far worse, and commutes have gotten longer. The economic riskiness of life has increased: year-to-year fluctuations in family income have grown much larger. The rat race has intensified, as families, no longer confident in the quality of public education, stretch to buy houses in good school districts — and often go bankrupt when misfortune strikes in the form of a layoff for either spouse or high medical bills.

Does the good outweigh the bad? Never mind. As I said, the ambiguity is the message.

Consider this: The United States economy is far richer and more productive than it was a generation ago. Statistics on economic growth aside, think of all the technological advances that have made workers more productive over the past generation. In 1973, there were no personal computers, let alone the Internet. Even fax machines were rare, expensive items, and there were no bar-code scanners at checkout counters. Freight containerization was still uncommon. The list goes on and on.

Yet in spite of all this technological progress, which has allowed the average American worker to produce much more, we're not sure whether there was any rise in the typical worker's pay. Only those at the upper end of the income distribution saw clear gains — gains that were enormous for the lucky few at the very top.

That's why the debate over whether the middle class is a bit better off or a bit worse off now than a generation ago misses the point. What we should be debating is why technological and economic progress has done so little for most Americans, and what changes in government policies would spread the benefits of progress more widely. An effort to shore up middle-class health insurance, paid for by a rollback of recent tax cuts for the wealthiest Americans — something like the plan proposed by John Kerry two years ago, but more ambitious — would be a good place to start.

Instead, the people running our government are fixated on cutting tax rates for the wealthy even further. And their solution to Americans' justified economic anxiety is a public relations campaign, an effort to convince middle-class families that their problems are a figment of their imagination.

Everyday Low Wages (NYT)

The New York Times, September 15, 2006

Mayor Richard M. Daley of Chicago wielded the first veto of his 17-year tenure this week — and the City Council supported him — striking down Chicago's short-lived plan to force behemoth retailers like Wal-Mart to pay higher wages and benefits.

In this round, Mr. Daley, the retailers and local Wal-Mart suppliers argued that mandating higher compensation would do more harm than good by driving business and employment opportunities away from low-income neighborhoods.

But the choice — between no jobs or low-wage jobs — is probably a false one. Wal-Mart and other mega-retailers, like Target and Home Depot, need market share. With suburban areas saturated, cities are the logical places to grow. Wal-Mart

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especially needs more American consumers, having recently pulled the plug on unsuccessful attempts to expand in Germany and South Korea. It is currently planning to expand in Santa Fe, N.M., where local laws require higher wages than the company normally pays.

Another argument propounded by Wal-Mart is that paying higher wages would compel the company to raise its prices, hurting low-income consumers. Wage gains do not automatically lead to higher prices. They could be absorbed by higher productivity or by a narrowing of profit margins. Given Wal-Mart's profits, the company could improve its wage structure and still beat the competition.

The Chicago ordinance raised legal and technical questions. If Mr. Daley had not wielded the veto, it would surely have faced a court challenge. But proponents of living wages have the moral high ground, and are increasingly finding a political voice. Chicago hasn't heard the last of them, and Washington hasn't either.

New Jersey Switcheroo (WSJ)

The Wall Street Journal, September 15, 2006

For pure entertainment value, not much can compete with the blood sport of New Jersey politics. Last week federal investigators launched a probe into whether U.S. Senator Robert Menendez illegally benefited to the tune of more than $300,000 from a rental-income deal he had with a nonprofit agency that received millions of dollars in federal contracts. Even liberal good government groups agree that the relationship may have violated congressional conflict-of-interest rules.

The allegations have sparked a mini-panic among state Democratic operatives, who not so long ago thought Mr. Menendez -- who was appointed by Jon Corzine to complete his Senate term after being elected Governor in 2005 -- had the November election in the bag. Now they see Republican Tom Kean Jr. surging into a lead. If Republicans were to pick up a seat in this deep blue state, Democrats' chances of winning control of the Senate would be all but slammed shut.

That's why, as reported by the Newark Star-Ledger, there's now widespread speculation that the party brass may decide to throw Mr. Menendez overboard and replace him with an alternative -- nine-term Rep. Rob Andrews, perhaps -- who is regarded as more electable. This has become a familiar practice in the Garden State and has become known derisively as the New Jersey Switcheroo.

The details of the case are as follows. In 1998, while Mr. Menendez was a member of the House, he helped a nonprofit housing and health-care agency known as the North Hudson Community Action Group win designation as a federally qualified health-care center. This designation allowed the nonprofit group to obtain $9.6 million in federal grants. The nonprofit's employees have contributed some $30,000 to Menendez campaigns over the years, including $9,000 from the agency's director. The alleged conflict of interest arises from the fact that the Hudson County nonprofit paid Mr. Menendez a total of $329,353 starting in 1994 to rent a building he owned.

The Senator responds that his efforts on behalf of the Hudson County Action Group are no different than interventions he has made on behalf of dozens of similar nonprofit groups seeking federal funds. He also says that he received verbal authorization from a House Ethics Committee staffer on this deal. But strangely enough, as reported by Roll Call, the staffer didn't work for the committee at the time Mr. Menendez says he received the approval, and that person has subsequently died. It is also considered standard practice to get written approval from the committee when an ethical issue like this arises.

If this story seems like déjà vu all over again, it should. This isn't the first time New Jersey Democrats have nominated ethically challenged candidates for high office. Last year Jim McGreevey resigned the governorship after he hired his gay lover as the state's national security director. In 2002, Senator Robert Torricelli was implicated in a bribery and campaign finance scandal, prompting the party oligarchs to throw him off the ballot and handpick Frank Lautenberg as his replacement on the ticket. Never mind that the deadline for ballot changes had passed. Senator Lautenberg kept the Senate seat from falling into Republican hands.

Republicans haven't won a statewide race in New Jersey since the election of Governor Christie Whitman back in the mid-1990s, in part because the Democratic machine reserves the imperial right to replace elected candidates on the general election ballot. Nowhere in the country do party leaders so cavalierly disenfranchise their primary voters when they fear their nominee is going to lose. For the New Jersey GOP, it's like trying to win at poker when your opponent can call for a redeal every time he doesn't like his cards.

Senator Menendez has vowed to stay in the race to the bitter end. Democrat leaders publicly insist they will stick with the Senator, but they sound about as sincere as a sports franchise owner who gives the head coach a public vote of confidence after a third straight last-place finish. At the next press conference, the coach invariably is gone.

The more serious issue here is whether Garden State voters are growing weary of the culture of big boss cronyism that has contaminated their government from city hall to the U.S. Senate. This is a state with a steeply rising cost of living and a property-

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tax burden that is both the highest in the nation and twice the national average. The state has some of the worst schools and most expensive municipal services in the country.

We don't know whether Mr. Menendez is guilty of violating federal conflict-of-interest laws. But it's worth noting that a Senate ethics complaint has been filed against him. The last major Senate ethics investigation was the one launched four years ago against New Jersey's Torricelli.

U.S. And S. Korea To Push To Restart Nuclear Talks (WP)

By Peter Baker

The Washington Post, September 15, 2006

President Bush and South Korean President Roh Moo Hyun agreed yesterday to work together to restart stalled six-party nuclear talks with North Korea, but they skated over their deep differences in how to deal with the isolated Stalinist government in Pyongyang.

Emerging from an Oval Office meeting, Bush stressed the potential benefits to North Korean leader Kim Jong Il if he returns to the negotiating table and ultimately gives up his nuclear weapons. Bush avoided the sort of hard-edged tone that in the past has irritated the South Koreans, who want to take a less confrontational approach.

"First and foremost," Bush said, "the incentive is for Kim Jong Il to understand there is a better way to improve the lives of his people than being isolated -- that stability in the region is in his interests."

But Bush and Roh made no concrete progress on the North Korean stalemate, U.S. officials said, nor did they reach a breakthrough on various other issues that divide them. The two sides have been trying to negotiate a free-trade pact that would be the largest for the United States since the North American Free Trade Agreement a decade ago. They have also been discussing a plan for U.S. commanders to relinquish operational command of South Korean troops during wartime.

U.S.-South Korean ties have grown increasingly strained as Bush and Roh split over the North Korean nuclear issue.

The last time Bush and Roh met, 10 months ago in South Korea, Roh privately grilled Bush on whether the administration was trying to sabotage the six-party North Korea process and his government publicly embarrassed the Americans by leaking plans to withdraw 1,000 troops from Iraq. North Korea has refused since November to return to the talks, which also involve Japan, China and Russia.

In recent weeks, U.S. and South Korean officials have sparred over how to respond to North Korea's summertime missile tests, with Washington pressing for tougher actions and Seoul dismissing the political importance of the episode. Wary of a public spat, the White House decided to minimize the chance of discord at yesterday's meeting by scrapping any joint news statement and limiting the encounter to an hour-long session in the Oval Office followed by a lunch focused on human rights abuses in North Korea.

An administration official said the two leaders came up with "no more specific proposals" on North Korea during the meeting but said the spirit was congenial and constructive. Bush aides were pleased that Roh pledged to enforce U.N. sanctions against North Korea stemming from the missile tests and the South Koreans were pleased that Bush committed to further consultation on the question of wartime military command. At a brief session with reporters, Bush called the relationship "strong and vital."

"Some meetings have been less jovial than others, but this looked like it was better than others and did what they needed to do," said Michael J. Green, a former Asia adviser to Bush now at Georgetown University and the Center for Strategic and International Studies.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the lack of fireworks by itself made it a successful meeting but added that he remains worried about the rift. "Nothing went awry, and that is positive," he said. "There are ups and downs and today is on the more positive side than a year ago. But this is a very serious dilemma."

Bush, Roh Hope To Restart Talks With Pyongyang (WSJ/AP)

By Associated Press

The Wall Street Journal, September 15, 2006

WASHINGTON -- U.S. President George W. Bush and South Korean President Roh Moo Hyun said their nations are committed to bringing North Korea back to stalled negotiations over its nuclear-weapons program, ignoring differences about the best way to do that.

Mr. Bush said the decision of North Korean leader Kim Jong Il to boycott the talks "has really strengthened the alliance" of the U.S., South Korea, China, Japan and Russia. Mr. Roh echoed that, saying the countries would work together to restart negotiations.

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Since North Korea began boycotting the disarmament talks in November, the country has sparked concerns around the world as reports circulate that it may be preparing for a nuclear-bomb test. North Korea also defied international warnings and tested seven missiles in July.

Some observers have suggested that mixed messages from Washington and Seoul on how to solve the crisis have allowed Pyongyang to augment its nuclear arsenal as the country falls into deeper isolation.

The Bush administration favors a hard-line approach, refusing to talk to the North outside six-nation talks. Mr. Roh has tried to engage the North. Mr. Roh's low-key trip to Washington had many wondering whether there are cracks in an alliance forged five decades ago during the Korean War.

N. Korea's Refusal To Talk Bolstered Allies, Bush Says (WT)

By Joseph Curl

The Washington Times, September 15, 2006

President Bush, meeting yesterday with South Korean President Roh Moo-hyun in the Oval Office, said North Korea's refusal to return to negotiations had "strengthened" the alliance of five countries trying to persuade the communist nation to abandon its nuclear program.

Mr. Bush, in his first meeting with the South Korean leader since North Korea conducted missile tests in July, said the stalled talks should help convince President Kim Jong-il that "there is a better way to improve the lives of his people than being isolated."

"His refusal to come back to the six-party talks has really strengthened an alliance of five nations that are determined to solve this issue peacefully but recognize a threat posed by a country in the region armed with a nuclear weapon," the president said.

Mr. Roh said his nation, along with the United States, China, Japan and Russia, should continue to press North Korea to resume talks.

"What is important to remember is that the fact that we are consulting closely on the North Korean nuclear issue and we are consulting on ways to restart the six-party process, and I believe this is the important point," he said through a translator.

Still, neither leader offered specific measures to prompt North Korea to return to the bargaining table.

The on-again, off-again talks stalled last November, when North Korea began a boycott, in part because Pyongyang wants the United States to end financial restrictions prompted by accusations that the nation counterfeits U.S. money and trades in illegal drugs. Mr. Kim also wants to engage in bilateral talks with the United States, an idea Mr. Bush has rejected.

Although worldwide fears that the country would conduct nuclear tests have not yet been realized, North Korea, which nuclear specialists say has several atomic weapons, defied international warnings by test-launching seven missiles, including one that is capable of reaching the United States.

While the Bush administration advocates tougher U.N. sanctions against North Korea, Mr. Roh prefers to continue negotiations. After an hourlong meeting at the White House, Mr. Bush sounded a softer tone about the standoff, saying the United States is "determined to resolve this issue peacefully but recognizes a threat posed by a country in the region armed with a nuclear weapon."

Mr. Roh said it is not yet "the appropriate time to think about the possibility of a failure of the six-party process."

"There is a concern in Korea that the United States will take further sanctions against North Korea and whether this will jeopardize the chance of a successful six-party process, my answer is that we are working very hard on restarting the six-party talks," he said.

Mr. Roh has criticized the Bush administration for seeking to isolate the already reclusive North Korean leader, saying in July that the North's test-firing was more likely for political rather than military purposes.

But Mr. Roh also stood firm against North Korea. "My government has taken certain measures, and ... we are, in fact, taking measures tantamount to sanctions after the North Korean missile launches," he said.

Iran President Softens Nuclear Tone (FT)

By Daniel Dombey

Financial Times, September 15, 2006

Mahmoud Ahmadi-Nejad, Iran's president, said on Thursday that Tehran was open to compromise on the dispute over the country's nuclear programme, as talks continued between the Islamic republic and the European Union.

Speaking in Senegal on his way to a non-aligned summit in Cuba and then the annual gathering of the United Nations, Mr Ahmadi-Nejad said that Iran was open to "new conditions" on the subject.

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"I am announcing that we are available, we are ready for new conditions," he said. He declined to say whether Iran was prepared to suspend uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

But at a meeting last weekend between Ali Larijani, Iran's top nuclear security official, and Javier Solana, the EU's foreign policy chief, Iran floated the idea of suspending enrichment for an initial period of up to two months once negotiations began.

Mr Larijani and Mr Solana had been scheduled to see each other again on Thursday, but the two men's deputies met instead in Geneva.

European officials said the meeting might have been downgraded because of the work needed to reach any agreement to begin formal negotiations. The EU is watering down its previous insistence that enrichment should be halted as a precondition for negotiations.

But discussions this week at the International Atomic Energy Agency (IAEA), the UN's nuclear watchdog, suggest a divergence between France and Germany, which appear to be more enthusiastic about negotiations, and the UK, which is particularly keen to keep the US on board.

Earlier this year Washington announced that it would join the negotiations with Tehran if Iran suspended uranium enrichment. But the US's reaction to the Iranian initiative this week has been highly cautious.

The US State Department has denied any knowledge of a new Iranian proposal. Condoleezza Rice, secretary of state, emphasises that Washington is continuing work on UN sanctions against Iran – although earlier in the week she appeared to react more positively to reports of Tehran's new stance.

Any suggestion that the US should give further concessions to Iran is likely to be deeply controversial within the Bush administration. The extremely sensitive nature of the issue was highlighted further on Thursday by a letter of complaint by the IAEA sent to the US House of Representatives and reported by the Washington Post newspaper.

In an echo of the clash between UN weapons inspectors and the US administration in the run-up to the Iraq war, the letter, signed by the IAEA's director of external relations, criticises a congressional report on Iran for "erroneous, misleading and unsubstantiated information".

In particular, it takes the report to task for alleging that Iran was enriching uranium to weapons grade, when at present the levels of enrichment are much less.

US: Fight For Sanctions On Iran Will Be Tough, Take Weeks (AFP)

AFP, September 15, 2006

The United States acknowledged that it will face tough resistance from some of its key allies as it presses for UN sanctions against Iran over its suspect nuclear program.

Iran's refusal to comply with UN demands that it suspend uranium enrichment activities some fear could produce nuclear weapons is set to feature high on the agenda when world leaders gather in New York next week for the UN General Assembly.

US officials have for weeks been expressing strong confidence that the permanent Security Council members -- Britain, China, France, Russia and the United States -- will swiftly reach agreement on political and economic sanctions designed to force Tehran to abandon its enrichment program.

Such sanctions were called for in a Security Council resolution adopted in July, which gave Iran until August 31 to freeze its enrichment activity -- a demand Tehran ignored.

But with some Security Council partners increasingly reticent to go down the path of sanctions, State Department spokesman Sean McCormack admitted Thursday that the upcoming negotiations would be "hard-fought."

"The reality of it is that there are going to be intense negotiations on this," he said.

McCormack predicted the process of trying to hammer out a sanctions package with the other Security Council members "would take weeks," a far less ambitious timetable than put forward earlier by Undersecretary of State Nicholas Burns, who said a deal would be reached in September.

But McCormack continued to express confidence Washington's allies would ultimately back the sanctions foreshadowed in their earlier resolution.

"Our diplomatic interactions indicate that while this will be complex, sometimes hard-fought diplomacy, that we will, in fact, end up with a Security Council resolution that includes sanctions," he said.

Earlier Thursday, French Foreign Minister Philippe Douste-Blazy issued a thinly veiled warning to Washington and Britain -- the other staunch advocate of sanctions -- that pressing too hard for sanctions could fracture the coalition confronting Iran.

"If one or two of the permanent members of the Security Council fail to uphold this dialogue, and there is a growing drive -- on either side -- towards confrontation, the international community would split," he said.

Chinese Premier Wen Jiabao also warned on Thursday that imposing sanctions on Iran could have the "opposite effect" of hardening Iran's stance in the showdown.

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US Secretary of State Condoleezza Rice has said Washington wants the sanctions to be imposed in a graduated manner to build pressure on Iran to give up its enrichment program and accept international offers to help it develop a monitored civilian nuclear power industry.

Rice confirmed Wednesday that she will meet her fellow foreign ministers from the permanent Security Council members plus Germany on the sidelines of the General Assembly meeting in New York to discuss the sanctions.

Nuclear Agency For U.N. Faults Report On Iran By U.S. House (NYT)

By David E. Sanger

The New York Times, September 15, 2006

WASHINGTON, Sept. 14 — The International Atomic Energy Agency has complained about a staff report from the House Intelligence Committee, saying that it "contains erroneous, misleading and unsubstantiated information" about Iran's nuclear program. Agency officials said Thursday that their concerns had echoes of their arguments with the Bush administration over Iraq three years ago.

The charges were contained in a letter dated Sept. 12 and sent to Rep. Peter Hoekstra, the Michigan Republican who is chairman of the committee. Its unclassified staff report, released in mid-August, was widely seen as an effort to prod American intelligence agencies to be more aggressive in their examination of Iran's nuclear program, amid charges from some conservatives that the mistakes made in assessing Iraq's programs four years ago had bred an overly cautious atmosphere.

But the staff report immediately came under criticism, especially from Democrats on the committee, who said it overstated aspects of the threat posed by Iran's nuclear program. The committee's vice chairman, Representative Jane Harman of California, accused the staff of taking shortcuts that inflated the Iranian threat.

The report was overseen by Fredrick Fleitz, a former C.I.A. officer who worked for John R. Bolton, the ambassador to the United Nations, when he was the State Department's leading hawk on Iran.

The letter from the atomic energy agency, the United Nations' nuclear monitoring agency, was first disclosed in The Washington Post on Thursday. It charges that a caption under a picture of Iran's main nuclear site at Natanz falsely states that Tehran is "enriching uranium to weapons grade" with a small collection of centrifuges, the high-speed machines that are used to turn uranium into a fuel usable in nuclear power plants — or bombs. The letter says the uranium was enriched only to 3.6 percent — a level suitable for producing power, but far short of the 90 percent or so commonly associated with fuel for weapons.

A spokesman for the committee, Jamal Ware, said that while "there may be an issue with the caption, the substance of the report is clear, that Iran is working toward the ability to produce weapons grade uranium, but they are not there yet." He said the report was intended to begin a discussion on Iran intelligence.

A senior European diplomat, speaking on the condition of routine diplomatic anonymity, said, "The view at the I.A.E.A. was that this House report exaggerated the evidence, and people had to put a marker down fast."

"No one wants a repeat of 2003," the official said, a reference to the open dispute between the Bush administration and the director general of the atomic energy agency, Mohamed ElBaradei, over whether there was evidence of nuclear activity in Iraq.

Dr. ElBaradei was ridiculed by administration officials at the time; in recent months, though, the administration has cited his reports in pressing their case against Iran.

IAEA: U.S. Report On Iran 'Dishonest' (AP)

By George Jahn

AP, September 15, 2006

A recent House of Representatives committee report on Iran's nuclear capability is "outrageous and dishonest" in trying to make a case that Tehran's program is geared toward making weapons, a senior official of the U.N. nuclear watchdog has said.

The letter, obtained by The Associated Press on Thursday outside a 35-nation board meeting of the International Atomic Energy Agency, says the report is false in saying Iran is making weapons-grade uranium at an experimental enrichment site, when it has in fact produced material only in small quantities that is far below the level that can be used in nuclear arms.

The letter, which was first reported on by The Washington Post, also says the report erroneously says that IAEA chief Mohamed ElBaradei removed a senior nuclear inspector from the team investigating Iran's nuclear program "for concluding that the purpose of Iran's nuclear program is to construct weapons."

In fact, the inspector was sidelined on Tehran's request, and the Islamic republic had a right to ask for a replacement under agreements that govern all states relationships with the agency, said the letter, calling the report's version "incorrect and misleading."

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"In addition," says the letter, "the report contains an outrageous and dishonest suggestion that such removal might have been for 'not having adhered to an unstated IAEA policy barring IAEA officials from telling the whole truth about the Iranian nuclear program.'"

Dated Aug. 12, the letter was addressed to Rep. Peter Hoekstra, chairman of the House Permanent Select Committee on Intelligence. It was signed by Vilmos Cserveny, a senior director of the Vienna-based agency.

An IAEA official, who spoke on condition of anonymity because he was not authorized to comment on the letter, said it was written "to set the record straight."

Jamal Ware, a spokesman for the House committee, confirmed they had received the letter and said the chairman had referred it to Rep. Mike Rogers, R-Mich., and Rep. Rush Hold, D-N.J. They will review it and issue a formal response if necessary, he said.

"All IAEA complains about is a photo caption. If you read the report, it's very clear that what it is saying is that Iran is working to develop the capability to enrich uranium to weapons grade, not that they have done so," Ware said. "They use a string of adjectives, while not pointing to any substantive criticism of the report. There are areas where we would disagree with them. A disagreement does not make what we say erroneous."

The dispute was reminiscent of the clashes between the IAEA and Washington over whether Saddam Hussein was trying to make weapons of mass destruction, including nuclear arms. American arguments that Saddam had such covert arms programs were given as the chief reason for invading Iraq and toppling Saddam.

ElBaradei's criticism of the U.S. standpoint on Iraq and subsequent perceptions that he was soft on Iran in his staff's investigation of suspicions Tehran's nuclear activities may be a cover for a weapons program led to a failed attempt last year by Washington to prevent his re-election.

Opposition: Iran Using Laser Enrichment (AP)

By Edith M. Lederer

AP, September 15, 2006

Iran has secretly revived a program to enrich uranium using laser technology, reportedly with favorable results, an Iranian opposition figure said Thursday citing information from members of the resistance inside the country.

Alireza Jafarzadeh said information about the laser enrichment program at Lashkar Ab'ad, about 15 miles northwest of Tehran, came from the same sources that led to his revelation in May 2003 that Iran had a clandestine nuclear program.

There was no independent confirmation of the latest information and Iran's U.N. Mission called the allegation "baseless and unfounded."

Jafarzadeh, who heads the Washington-based Strategic Policy Consulting think tank, is credited with having aired Iranian military secrets in the past. But U.S. officials considered some of his past assertions inaccurate.

Jafarzadeh urged the International Atomic Energy Agency to immediately send U.N. nuclear inspectors to Lashkar Ab'ad and demand access to all areas, including a new 5,000-square foot hall in a large garden where he said secret laser enrichment activities are being conducted.

"We've only now been sent a copy of this report," said IAEA spokeswoman Melissa Fleming, "and like all information that we receive, we must take the time to check it against all our information in order to decide whether it is worth following up."

The U.N. has demanded Iran halt uranium enrichment.

Jafarzadeh said there are two ways to separate uranium isotopes and isolate U235 which can be enriched. The most common way is using centrifuges while laser technology is an experimental method, he said.

Jafarzadeh said Iran's decision to revive its laser enrichment program, which is still at experimental levels, shows Iran wants "to use every possibility that is available to them to rush to the bomb."

The laser enrichment is being conducted under the guise of a front company called Paya Partov whose board is chaired by Reza Aqazadeh, head of the Atomic Energy Organization of Iran, Jafarzadeh said. Its advisers include Iran's leading experts on laser enrichment, he said.

Contrary to Iran's claim that it is complying with its obligations under the Nuclear Nonproliferation Treaty, Jafarzadeh said, "once again the information indicates that this is absolutely not the case."

"The information I've gotten from my sources today suggests that Iran is heavily involved in laser enrichment program, something Iran has told the IAEA that they have abandoned," he told a news conference.

Jafarzadeh has worked for the political wing of the Mujahedin Khalq, an Iranian opposition group that Washington and the European Union list as a terrorist organization.

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Iran's U.N. Mission countered in a statement, saying: "It is also a well-known fact that at any stage that the international community is witnessing a step forward in the Iranian peaceful nuclear program, this terrorist group and collaborator of Saddam Hussein tries its best to hamper the progress."

The reference to the deposed Iraqi leader stems from Saddam allowing the Mujahedin Khalq to operate bases in Iraq.

Jafarzadeh said laser technology is an experimental method of separating uranium that can be enriched from that which cannot, a process that normally is done using centrifuges.

Jafarzadeh said Iran's decision to revive its laser enrichment program, which is still "at experimental levels shows that Iran want "to use every possibility that is available to them to rush to the bomb."

Chavez Vows Aid For Iran Against Attack (AP)

AP, September 14, 2006

Venezuelan President Hugo Chavez pledged Thursday that Venezuela will support Iran if it is invaded as a result of the Middle Eastern nation's high-stakes nuclear standoff with the United Nations Security Council.

"Iran is under threat; there are plans to invade Iran, hopefully it won't happen, but we are with you," Chavez told Iranian President Mahmoud Ahmadinejad at a meeting of the Group of 15 developing nations.

The U.N. has demanded that Iran suspend uranium enrichment amid concerns by some nations that it could be used for nuclear weapons. Iran insists that its enrichment efforts are peaceful, aimed solely at producing electrical energy.

Chavez said Venezuela stands with Iran in this time of crisis, just as it has with Cuba, where Fidel Castro handed over power to Raul while recovering from intestinal surgery. If they don't defend each other, no one else will, Chavez said.

"Under any scenario we are with you just like we are with Cuba," Chavez said. "If the United States invades Cuba, blood will run... We will not have our arms crossed while bombs are falling in Havana or they carry Raul off in a plane."

Bush's Message To Iran (WP)

By David Ignatius

The Washington Post, September 15, 2006

What would President Bush say to the Iranian people if he had a chance to communicate directly with them? I was able to put that question to Bush in a one-on-one interview in the Oval Office on Wednesday. His answer made clear that the administration wants a diplomatic solution to the confrontation over Iran's nuclear program -- one that is premised on an American recognition of Iran's role as an important nation in the Middle East.

"I would say to the Iranian people: We respect your history. We respect your culture. We admire the entrepreneurial skills of your people. I would say to the Iranian people that I recognize the importance of your sovereignty -- that you're a proud nation, and you want to have a positive future for your citizens," Bush said, answering quickly and without notes.

"In terms of the nuclear issue," he continued, "I understand that you believe it is in your interest -- your sovereign interest, and your sovereign right -- to have nuclear power. I understand that. But I would also say to the Iranian people, there are deep concerns about the intentions of some in your government who would use knowledge gained from a civilian nuclear power industry to develop a weapon that can then fulfill the stated objectives of some of the leadership [to attack Israel and threaten the United States]. And I would say to the Iranian people that I would want to work for a solution to meeting your rightful desires to have civilian nuclear power."

"I would tell the Iranian people that we have no desire for conflict," Bush added.

He expressed hope that Iran would help stabilize Iraq, but he said the best channel for this dialogue would be through Iraq's new prime minister, Nouri al-Maliki, who has been in Tehran this week. And he called for a new program of cultural and educational exchanges between the United States and Iran as a way of encouraging greater contact and trust.

Bush's comments were a clear public signal of the administration's strategy in the confrontation over Iran's nuclear program. In recent days, the Washington rumor mill has been bubbling with talk that the administration is planning military options for dealing with the crisis, perhaps in the near term. But Bush's remarks went in a different direction. His stress was on reassuring Iran that the United States recognizes its ambitions to be an advanced nation, with a robust civilian nuclear power program and a role in shaping the Middle East commensurate with its size and power. The red lines for America involve nuclear weapons, military threats to Israel or the United States, and Iran's links to terrorist groups.

Bush's comments tracked the offer the United States and its allies have made to Iran if it agrees to suspend its enrichment of uranium. He proposed that the West supply enriched uranium to Iran and other countries, and collect the nuclear waste. He argued that this global program "would be a solution that would answer a deep desire from the Iranian people to have a nuclear power industry."

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On Iraq, Bush said Maliki's visit to Tehran was "aimed at convincing the Iranians that a stable Iraq is in their interest. They have said so many times, and I think Prime Minister Maliki is now attempting to find out what that means, and how the Iraqi government can work with the Iranians to create a sense of stability."

Bush said he had read commentary criticizing Maliki's trip. "I disagree. Prime Minister Maliki should go to Iran. It is in Iraq's national interest that relations with Iran be such that there are secure borders and no cross-border issues, including the exportation of equipment that can harm Iraqi citizens as well as coalition troops, and the exportation of extremism that can prevent this young [Iraqi] democracy from flourishing."

Our discussion followed the 12-day visit to the United States by former Iranian president Mohammad Khatami. I asked Bush why he had approved this visit by a high-level Iranian and what he thought it had accomplished.

"One of the dilemmas facing [American] policymakers is to understand the nature, the complex nature of the Iranian regime," he said. "And I thought it would be beneficial for our country to receive the former leader, Khatami, to hear what he had to say. And as importantly for him, to hear what Americans had to say."

He wanted Khatami to understand that on the nuclear issue and Hezbollah's attacks on Israel, "It's not just George W. Bush speaking."

The Khatami visit "said that the United States is willing to listen to voices," Bush explained. "And I hope that sends a message to the Iranian people that we're an open society, and that we respect the people of Iran." Clearly, the White House wants to reach out to segments of Iranian opinion beyond the hard-line president, Mahmoud Ahmadinejad.

I asked Bush what next steps he would favor in opening dialogue with Iran. "I would like to see more cultural exchanges," he said. "I would like to see university exchanges. I would like to see more people-to-people exchanges."

"I know that the more we can show the Iranian people the true intention of the American government," Bush concluded, "the more likely it is that we will be able to reach a diplomatic solution to a difficult problem."

I came away with a sense that Bush is serious about finding a peaceful solution to the nuclear crisis, and that he is looking hard for ways to make connections between America and Iran.

The Tehran Calculus (WP)

By Charles Krauthammer

The Washington Post, September 15, 2006

In his televised Sept. 11 address, President Bush said that we must not "leave our children to face a Middle East overrun by terrorist states and radical dictators armed with nuclear weapons." There's only one such current candidate: Iran.

The next day, he responded thus (as reported by Rich Lowry and Kate O'Beirne of National Review) to a question on Iran: "It's very important for the American people to see the president try to solve problems diplomatically before resorting to military force."

"Before" implies that the one follows the other. The signal is unmistakable. An aerial attack on Iran's nuclear facilities lies just beyond the horizon of diplomacy. With the crisis advancing and the moment of truth approaching, it is important to begin looking now with unflinching honesty at the military option.

The costs will be terrible:

Â· Economic . An attack on Iran is likely to send oil prices overnight to $100 or even to $150 a barrel. That will cause a worldwide recession perhaps as deep as the one triggered by the Iranian revolution of 1979.

Iran might suspend its own 2.5 million barrels a day of oil exports and might even be joined by Venezuela's Hugo Chavez, asserting primacy as the world's leading anti-imperialist. But even more effectively, Iran will shock the oil markets by closing the Strait of Hormuz, through which 40 percent of the world's exports flow every day.

Iran could do this by attacking ships in the Strait, scuttling its own ships, laying mines or just threatening to launch Silkworm anti-ship missiles at any passing tanker.

The U.S. Navy will be forced to break the blockade. We will succeed, but at considerable cost. And it will take time -- during which the world economy will be in a deep spiral.

Â· Military . Iran will activate its proxies in Iraq, most notably, Moqtada al-Sadr's Mahdi Army. Sadr is already wreaking havoc with sectarian attacks on Sunni civilians. Iran could order the Mahdi Army and its other agents within the police and armed forces to take up arms against the institutions of the central government itself, threatening the very anchor of the new Iraq. Many Mahdi will die, but they live to die. Many Iraqis and coalition soldiers are likely to die as well.

Among the lesser military dangers, Iran might activate terrorist cells around the world, although without nuclear capability that threat is hardly strategic. It will also be very difficult to unleash its proxy Hezbollah, now chastened by the destruction it brought upon Lebanon in the latest round with Israel and deterred by the presence of Europeans in the south Lebanon buffer zone.

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Â· Diplomatic. There will be massive criticism of America from around the world. Much of it is to be discounted. The Muslim street will come out again for a few days, having replenished its supply of flammable American flags, most recently exhausted during the cartoon riots. Their governments will express solidarity with a fellow Muslim state, but this will be entirely hypocritical. The Arabs are terrified about the rise of a nuclear Iran and would privately rejoice in its defanging.

The Europeans will be less hypocritical because their visceral anti-Americanism trumps rational calculation. We will have done them an enormous favor by sparing them the threat of Iranian nukes, but they will vilify us nonetheless.

These are the costs. There is no denying them. However, equally undeniable is the cost of doing nothing.

In the region, Persian Iran will immediately become the hegemonic power in the Arab Middle East. Today it is deterred from overt aggression against its neighbors by the threat of conventional retaliation. Against a nuclear Iran, such deterrence becomes far less credible. As its weak, nonnuclear Persian Gulf neighbors accommodate to it, jihadist Iran will gain control of the most strategic region on the globe.

Then there is the larger danger of permitting nuclear weapons to be acquired by religious fanatics seized with an eschatological belief in the imminent apocalypse and in their own divine duty to hasten the End of Days. The mullahs are infinitely more likely to use these weapons than anyone in the history of the nuclear age. Every city in the civilized world will live under the specter of instant annihilation delivered either by missile or by terrorist. This from a country that has an official Death to America Day and has declared since Ayatollah Khomeini's ascension that Israel must be wiped off the map.

Against millenarian fanaticism glorying in a cult of death, deterrence is a mere wish. Is the West prepared to wager its cities with their millions of inhabitants on that feeble gamble?

These are the questions. These are the calculations. The decision is no more than a year away.

Palestinian PM Accuses U.S. Of Meddling (AP)

By Diaa Hadid, Associated Press Writer

AP, September 15, 2006

Prime Minister Ismail Haniyeh of Hamas on Thursday accused the United States of undermining efforts to form a new coalition government and he called on Europe to take the lead in lifting international sanctions against the Palestinians.

European diplomats visiting the West Bank indicated formation of a unity government with Palestinian moderates could lead to restoration of vital foreign aid.

Haniyeh spoke a day after Secretary of State Condoleezza Rice said the new Palestinian government would have to accept international demands to renounce violence and recognize Israel.

"The U.S. administration does not want the Palestinians to be unified. It puts obstacles in the way of this political coming together," Haniyeh told reporters. "It wants to extort the Palestinian people and the Palestinian government."

Hamas, which has controlled the Palestinian government since March, caved in to the intense international pressure this week and agreed to share power with moderate President Mahmoud Abbas' Fatah Party.

While refusing to give up its calls for Israel's destruction, Hamas has said it will support Abbas' efforts to seek peace. The joint government, which is expected to take several weeks to form, is to be based on a document that calls for a Palestinian state alongside Israel — effectively recognizing the Jewish state.

Abbas added conditions to the timetable late Thursday. He said that before formation of a new government, the issue of an Israeli soldier captured by Hamas-linked militants in June, as well as Palestinian prisoners held by Israel, must be resolved. Also, he said, there must be "complete calm in the Palestinian territories."

Palestinian leaders hope the compromise arrangement will be enough for donor nations to resume much-needed aid, which was cut off after Hamas took power. The aid halt has caused widespread hardship in the Gaza Strip and West Bank.

With the U.S. maintaining a tough line, the Palestinians are increasingly hopeful that the European Union will be the first to ease the economic siege. A stream of European dignitaries have visited the region this week for talks with Israel and Abbas.

After meeting Abbas in the West Bank city of Ramallah, French Foreign Minister Philippe Douste-Blazy indicated formation of such a government could lead to resumption of assistance. He welcomed the document implicitly recognizing Israel and said if the new government accepts international demands, "the international community should re-evaluate and revisit its position toward political contacts and aid."

The French minister added, "It is obvious that we remain attached to the three principles of the Quartet" of Mideast peace mediators — recognition of Israel, renunciation of violence and acceptance of previous peace accords.

Abbas also received a boost Thursday from Luxembourg's foreign minister, Jean Asselborn.

"Israel has all the interest to support this initiative and the Americans have all the interest to support it, but first, it is the responsibility of the European Union," Asselborn said after meeting with Abbas. He said he will do everything he can do to support the Palestinians at a meeting of EU ministers in Austria on Friday.

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The "Quartet" of Mideast peacemakers — the U.S., EU, Russia and the United Nations — is expected to discuss the Middle East at a meeting in New York next week. The Quartet so far has shown given no indication that it will ease its demands of the Palestinians.

Haniyeh urged Europe to break with the United States. "We expect from the international community, and especially the European Union, to be more balanced and fairer in dealing with the Palestinians," he said.

But in Brussels, EU officials said it was unlikely any major policy changes will take place until the new Palestinian government is formed.

In other developments, the Palestinians said they are sending a senior envoy to Syria to brief President Bashar Assad on the coalition talks. "We listen to them, they listen to us," said the envoy, former Prime Minister Ahmed Qureia.

Syria hosts a number of Palestinian militant groups, including Hamas, and could exert considerable influence over the Islamic group.

Israeli police, meanwhile, said they opened an investigation into three Israeli Arab lawmakers who recently traveled to Syria. The visit came after the end of the recent war with Lebanon, infuriating many Israelis. Syria is a key ally of Hezbollah, the Lebanese guerrilla group that fought Israel.

In Gaza, a 30-year-old unarmed Palestinian was killed by Israeli troops near the border with Egypt, Palestinian security and medical officials said. The Israeli military said soldiers opened fire at a "suspicious" figure who approached troops.

Rights Group Accuses Hezbollah Of 'Indiscriminate' Killing (WP)

By Kevin Sullivan

The Washington Post, September 15, 2006

LONDON, Sept. 14 -- Amnesty International on Thursday accused Hezbollah of "indiscriminate" and deliberate killings of Israeli civilians during the recent armed conflict in Lebanon, three weeks after accusing Israel of violating international law with "disproportionate" attacks on Lebanese civilians.

The London-based human rights group said its investigations showed that during the 33-day conflict, Hezbollah fired nearly 4,000 rockets into northern Israel, killing 43 civilians, seriously injuring 33 others and displacing hundreds of thousands. It said that about a quarter of the rockets were fired into urban areas and that many were packed with thousands of ball bearings "designed to inflict maximum death and injury."

"The scale of Hezbollah's attacks on Israeli cities, towns and villages, the indiscriminate nature of the weapons used, and statements from the leadership confirming their intent to target civilians, make it all too clear that Hezbollah violated the laws of war," Amnesty International's secretary general, Irene Khan, said in a statement. "The fact that Israel has also committed serious violations in no way justifies violations by Hezbollah. Civilians must not be made to pay the price for unlawful conduct on either side."

The fighting between Hezbollah and Israel began after the militia group crossed into Israel and seized two Israeli soldiers on July 12. The Israeli bombing raids and artillery strikes that followed killed as many as 1,200 people in Lebanon, most of them civilians, while Hezbollah's missile attacks and other operations killed 158 Israelis, most of whom were soldiers. The fighting, the most explosive in years in the Middle East, ended Aug. 14 with a U.N.-brokered cease-fire.

In an Aug. 23 report, Amnesty accused Israel of deliberately killing civilians and destroying Lebanese infrastructure as part of a deliberate military strategy that violated international law.

Israeli officials have repeatedly said that their actions were legal and that their bombing of targets in Lebanon was as precise as possible to minimize civilian casualties.

Israel has accused Hezbollah of intentionally establishing its military bases and conducting operations in areas with large civilian populations to use innocents as human shields to deter attacks. Amnesty said it would investigate those allegations in later reports.

Khan said evidence of violations of international law by both sides creates an "urgent need" for the United Nations to investigate.

"In the conflict between Hezbollah and Israel, the suffering of civilians on both sides has been repeatedly ignored with those responsible escaping all accountability," she said. "Justice is urgently needed if respect for the rules of war is ever to be taken seriously -- and that means accountability for the perpetrators of war crimes and reparations for the victims."

Amnesty said that in meetings with its investigators, Hezbollah officials argued that the militia's rocket attacks on Israel were in response to Israeli attacks on civilians in Lebanon.

"We do not deny that we have bombarded Israeli cities, settlements and infrastructure. But this was always a reaction," Hezbollah legislator Hassan Fadlallah told al-Jazeera television, according to the Associated Press. "It was a natural reaction. When a state is invaded, it must defend itself."

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Inaccurate Map Led To Fatal Strike On U.N. Post, Israel Says (NYT/AP)

The New York Times, September 15, 2006

JERUSALEM, Sept. 14 — The airstrike that killed four United Nations observers in July was the result of the Israeli military's reliance on inaccurate maps, Israel said in a report released on Thursday.

Mark Regev, a Foreign Ministry spokesman, said the report was given to diplomats from Canada, China, Finland and Austria, which each had an unarmed observer killed in the July 25 airstrike in the Lebanese town of Khiam, near Israel's border.

"The findings of the inquiry are that at the time the ordnance was launched, the target we perceived that we were hitting was a Hezbollah military position," Mr. Regev said. "That was a mistake because what was targeted was the U.N. post."

Mr. Regev said that fresh Israeli forces had just been deployed then in the area, where there was intense Hezbollah activity. The change in personnel prompted a need to duplicate maps and charts.

"In that process, unfortunately, the U.N. post was not accurately mapped," he said. "When our aircraft launched its ordnance it believed it was targeting Hezbollah. This was a mistake; it shouldn't have happened."

He said the report detailed Israeli standing orders at the time, which "said unequivocally that it is totally prohibited to target U.N. personnel and U.N. positions."

The United Nations has said that before the airstrike, its observers in Lebanon had telephoned the Israeli military 10 times in six hours to ask it to stop shelling near their position. The strike set off international anger at Israel.

United Nations officials said the observation position was well marked. A picture it released a day after the attack showed the three-story building was painted white and had the letters "U.N." emblazoned in large black letters on all sides.

The United Nations is expected to issue its own report.

U.S. Criticizes China Weapons Sales (AP-Y)

By Foster Klug

AP, September 14, 2006

Top U.S. officials on Thursday criticized what they called China's indiscriminate sale of weapons to rogue countries, suggesting that Beijing's policies had made the world a more dangerous place.

Peter Rodman, assistant secretary of defense for international security, urged China to reevaluate its relationship with Iran and North Korea, two countries with which the United States is locked in standoffs over nuclear weapons development.

"China's actions seem to us dangerously shortsighted," Rodman told the U.S.-China Economic and Security Review Commission, an advisory panel created by Congress. "China's proliferation behavior, past and present, can come back to haunt it, even placing its own political interests in jeopardy."

The United States, Rodman said, sees "in China a general willingness to transfer a wide variety of technologies to customers around the world."

He mentioned Iran, Sudan, Myanmar, Zimbabwe, Cuba and Venezuela, and also linked China to North Korea's July missile test launch of seven missiles and to Hezbollah's use of Chinese-designed cruise missiles on an Israeli naval vessel, also in July.

Rodman said the United States worries that Chinese companies have helped Iran as it tries to establish a self-sufficient ballistic missile production program. China wants to build relations with Iran, Rodman said, to secure access to oil and gas and, potentially, to find ways to control China's restive Muslim population.

China says it opposes the spread of weapons technology and materials and that it forbids Chinese companies from transferring such material. And Rodman said that Beijing has strengthened its nonproliferation efforts by promoting export control laws and its oversight of those laws, but hasn't done enough.

Ukraine Stalls NATO Bid To Build Public Support (WSJ)

By Alan Cullison

The Wall Street Journal, September 15, 2006

MOSCOW -- In another sign of the cooling of the Orange Revolution's pro-Western zeal, Ukraine's new prime minister told NATO that his country is putting efforts to join the alliance on hold because of lack of public support for the move.

"We have to take a pause," said Prime Minister Viktor Yanukovych, Thursday after meeting with the North Atlantic Treaty Organization's chief in Brussels. He said Ukraine would formally launch its bid to join the alliance, but only after a referendum on the issue. "We have to convince society."

Ukraine's backtracking on its aspirations to join NATO is a defeat to the administration of U.S. President George W. Bush, which had hoped a quick entrance of Ukraine into the alliance would tug the former Soviet state decisively closer to the West.

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Ukraine's own slow movement on NATO is likely to also spell problems for the entrance of another former Soviet state, Georgia, into the alliance. Though public opinion in Georgia is strongly in favor of joining the alliance, NATO members in Europe are wary of admitting Georgia without Ukraine coming first.

The Kremlin has lobbied hard against Ukraine's entrance into the alliance. The Kremlin said that Ukraine as a NATO member would be a threat to Russian security and warned Kiev that any movements toward membership would worsen relations.

Mr. Yanukovych was named prime minister last month, after a pro-Western coalition of politicians came to pieces over how to divide positions in the government. Mr. Yanukovych has been advocating closer relations to Moscow, which backed him in 2004 presidential elections that were tainted by vote fraud and reversed by the mass public demonstrations of the Orange Revolution.

Thursday was Mr. Yanukovych's first visit to Brussels since he was named prime minister. After meeting with NATO Secretary-General Jaap de Hoop Scheffer, Mr. Yanukovych said that few Ukrainians -- maybe 12% to 25% -- supported the idea of joining NATO. He said that Ukraine shouldn't be forced to make a choice between steering the country to either a pro-Russian or pro-Western course. "We should build a reliable bridge between Russia and the European Union," he said.

Mr. Yanukovych also met with EU External Relations Commissioner Benita Ferrero-Waldner and repeated that Ukraine was interested in joining the union. But Ms. Ferrero-Waldner said this wasn't a prospect for the moment.

Besides numerous trade ties with Russia, Ukraine also must worry about its heavy dependence on Russian natural-gas deliveries. Ukraine is in the midst of negotiations with Russia for next year's shipments, and officials have said that a sharp increase in prices by Russia could be ruinous to the Ukrainian economy.

While Mr. Yanukovych has advocated a public campaign to drum up support for NATO within Ukraine, analysts are skeptical that he would ever do such a thing. Ivan Presniakov, an analyst with the International Centre for Policy Studies in Kiev, said that Mr. Yanukovych's government appears to want to delay any serious moves toward NATO membership for at least two or three years, so that it can buy enough time for Ukrainian industry to retool and cope with higher energy prices.

"I don't think that they really want to increase the support for NATO right now," he said. "They want to do is calm the fears of Russia."

Mr. Yanukovych's political party made a strong showing in parliamentary elections earlier this year, after campaigning strongly against NATO membership. This summer his party orchestrated anti-NATO protests that hounded U.S. soldiers out of a southern Ukrainian province.

Ukraine's Yanukovych Halts NATO Entry Talks (WP)

By Peter Finn

The Washington Post, September 15, 2006

MOSCOW, Sept. 14 -- Prime Minister Viktor Yanukovych of Ukraine said Thursday that his government would suspend negotiations on membership in the NATO alliance, his first major step toward reversing his country's drift away from Russia and toward the West.

"Because of the political situation in Ukraine, we will have to take a pause," Yanukovych told reporters in Brussels after talks with NATO Secretary General Jaap de Hoop Scheffer and NATO ambassadors. "We have to convince society."

The prime minister, who has said he personally opposes NATO membership, cited insufficient popular support for the step. A recent survey found that 60 percent of Ukrainians are against membership in the alliance, significantly more than support the prime minister and his coalition partners.

Making Ukraine, a former Soviet republic, part of the alliance is a cherished goal of Yanukovych's rival, President Viktor Yushchenko.

In late 2004, the two men competed in a presidential election. Yanukovych, Russia's favored candidate, was initially declared the winner, triggering a street revolt and a new vote that swept Yushchenko into office.

Yushchenko set the country on a firmly pro-Western course, setting off alarm bells in Moscow and the Russian-speaking parts of his own country with a promise to quickly push for Ukraine's membership in the Western military alliance.

Yushchenko had expressed hope that the country could join as soon as 2008, and the issue was scheduled to be discussed at a NATO summit in November.

But the coalition that backed him disintegrated last September, and after parliamentary elections earlier this year, Yanukovych, whose party won a plurality of votes, resurrected himself on the back of his rivals' infighting. He became prime minister in July.

American officials have been enthusiastic about Ukraine's potential membership in NATO. But they have become increasingly worried about the anemic support for the move within the country, Western diplomats said in recent interviews. The

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prospect of Ukraine joining the alliance is also anathema to the Kremlin and the vast majority of Russians, who regard it as an attempt to encircle and isolate their country.

Yanukovych stressed Thursday that he was not turning his back on the West. "For the time being, we are looking at enlargement of our cooperation with NATO," rather than membership, he said. "We should be a reliable bridge between the European Union and Russia."

Yanukovych promised to continue supporting internal reforms that "will bring us in the long term to accession of the European Union."

E.U. officials, facing growing skepticism in the bloc's 25 member nations about any further expansion, were reserved, if not cold, to Ukrainian membership but said a free-trade zone could be negotiated.

E.U. External Relations Commissioner Benita Ferrero-Waldner said the union had no plans to offer Ukraine membership "at this moment."

Leftist's Backers End Blockade In Mexico City (NYT)

By James C. McKinley Jr.

The New York Times, September 15, 2006

MEXICO CITY, Sept. 14 — Supporters of a leftist candidate who narrowly lost the presidential election this summer were tearing down five miles of tents on Thursday that have blockaded this capital's central avenues for six weeks.

"It's an emotional situation," Juan Gutiérrez Calva, 45, a street vendor, said as he packed up his tent. "I'm calm. I'm not sad or happy. It was always clear that we were not going to advance much toward a real democracy in this country."

The move signaled a shift by their leader, Andrés Manuel López Obrador, the former mayor of Mexico City, who says he was robbed of an election victory.

Having lost a legal battle for a full recount, and facing a steady defection of supporters, Mr. López Obrador is now striving to find a way to remain a political force over the coming six years, while Felipe Calderón, a conservative, serves as president.

Mr. López Obrador and his aides have organized a mass rally for Saturday, grandly calling it the "National Democratic Convention," where supporters are expected to anoint Mr. López Obrador head of a movement still ill defined that will, among other things, press for a new Mexican constitution.

"This political regime no longer works," Mr. López Obrador said earlier this week. "It's rotten and we must construct something new, and that is what we are going to do at the National Democratic Convention."

In recent days, Mr. López Obrador has decided to lift his blockade in the heart of the capital, which has caused weeks of chaos and tension, and avoid a conflict with the military during its annual parade on Saturday.

The softening of strategy comes as cracks are beginning to appear in Mr. López Obrador's coalition, with the court's decision last week to support Mr. Calderón's election victory.

Now even Mr. López Obrador's aides acknowledge that he is losing some support among middle-class liberals and influential leftist politicians and intellectuals, as Mexicans seem prepared to move on from the election dispute, even if Mr. López Obrador is not.

The founder of his party, Cuauhtémoc Cárdenas, for instance, published a letter on Thursday accusing Mr. López Obrador and his inner circle of being intolerant of dissent.

"It worries me profoundly, the intolerance and demonization, the dogmatic attitude that prevails around Andrés Manuel for those of us who do not accept unconditionally his proposals and who question his points of view and decisions," he wrote.

And Carlos Fuentes, the giant of Mexican letters, also assailed Mr. López Obrador this week for continuing to insist there was widespread fraud in the election, while he never challenged the elections of his party's members to the Legislature.

"There could have been fraud in the Chamber of Deputies, there could have been fraud in the Senate, but there wasn't," he said. "There was only fraud for the presidency of the republic. How strange, no? I don't believe it."

There have been other signs of weakening support. Mr. López Obrador's party voted down a slate of his closest allies for leadership positions in Congress, choosing the leaders of other factions. Two prominent governors from his party have also recognized Mr. Calderón's victory.

The questioning extends to the voters. Several said in interviews that the prolonged blockade of the city's central avenues and main square, as well as Mr. López Obrador's refusal to concede defeat, only confirmed the accusations of his political enemies that he was autocratic and had little regard for courts or the law.

"It left me with a bad taste in my mouth," said Berenice Malagón, a 27-year-old employee of a cosmetics company. "I know he has a right to protest, but what is not right is to close the avenues and sources of work and generate instability."

Despite the loss of some support, the leftist leader still has enough loyal supporters to make trouble for the government. Politicians in Mr. López Obrador's camp are scrambling to find a way to wield their power in Congress while still supporting him.

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On Thursday morning, three former campaign aides and several leaders of his Party of the Democratic Revolution, along with the Workers' Party and the Convergence Party, announced the formation of the "Wide Progressive National Front."

The politicians said their goal was to help Mr. López Obrador and his supporters in the street achieve their goals in the Congress. The lawmakers must walk a fine line, however.

Mr. López Obrador still maintains the election was fraudulent, but his party has also gained enough seats to become the second largest faction in Congress. Few of those newly elected lawmakers are willing to follow their leader into the political wilderness.

Mr. López Obrador's closest advisers hope the national convention on Saturday, coupled with the formation of the "progressive front" in Congress, is the solution. The scheme allows him to become the leader of what amounts to a shadow government or a permanent protest movement. It gives him a way to criticize Mr. Calderón, push for constitutional change, oppose the sale of state oil reserves and remain in the limelight.

Manuel Camacho, a close adviser, said the idea was to remake Mr. López Obrador, 53, into a civil rights leader, a "symbolic figure on the model of Martin Luther King."

"I see him as a moral leader in this scheme, someone who promotes the interests of the poor, strengthens their rights and will promote a change in political institutions," Mr. Camacho said.

Mexican Leftist Refuses To Back Down (USAT)

By Sara Miller Llana

USA Today, September 15, 2006

MEXICO CITY — Opposition presidential candidate Andrés Manuel López Obrador, responding to his loss to Felipe Calderón in Mexico's closely contested July 2 presidential election, has asked his supporters to attend a political convention on Saturday to decide whether to set up a parallel government.

López Obrador and his followers, who have rejected the results of a partial recount, say democracy here is in danger if what the former Mexico City mayor calls a "new republic" is not created to address the gap between rich and poor.

Critics such as Enrique Krauze, a Mexico City-based historian, say such ideas threaten Mexico's stability and the democratic progress achieved after the country emerged from seven decades of one-party rule six years ago.

"It's a very delicate moment. It still has a lot of uncertainties, because you can never know the possibilities of one charismatic leader leading the masses," says Krauze, who also is an editor of Letras Libres magazine. "You don't need huge majorities to create really serious social strife."

For more than a month, López Obrador and his supporters have occupied Mexico City's main plaza, the Zocalo, and major thoroughfares. Initially, the sit-in was launched to force a recount of all ballots in the election, in which Calderón's final victory margin was just 0.56 of a percentage point.

The protest has strangled traffic and eroded public support for López Obrador. In an Aug. 13 opinion piece in the daily newspaper Reforma, political writer Homero Aridjis described a post-electoral "drunkenness" that has left Mexicans "on the verge of a nervous breakdown."

The purpose of the national convention, which López Obrador spokesman Cesar Yañez claims will draw at least 1 million "delegates," is to decide where the movement should go now that the electoral court has rejected a full recount, threw out claims of widespread fraud and certified Calderón the winner.

They will vote on whether to name a shadow government and parallel president (López Obrador), complete with a Cabinet, though they have not said how they would govern. Yañez says it's unlikely the protesters will continue blocking the streets in the capital.

The convention will test the president-elect, whose narrow margin of victory means most voters backed either López Obrador of the Democratic Revolution Party (PRD), the candidate of the former ruling Institutional Revolutionary Party or two other minor candidates.

Calderón, a member of outgoing President Vicente Fox's National Action Party, received much of the vote from the industrial, richer north, which has benefited from Fox's free-trade policies. Most voters in the rural south and in Mexico City chose López Obrador.

Despite the electoral court's finding that the election was fair, a poll at the end of August released by Mexican research institute GEA-ISA showed 37% of voters believe Calderón won by fraud.

"We are not looking for problems," says Mario Ramirez, 58, of Mexico City. He has been sleeping along Reforma Avenue most nights for more than a month. He says he would be willing to protest for the next six years. "Calderón will never be my president," he says.

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Apparently in response to these sentiments, Calderón is turning his attention to Mexico's poor. “If something demands urgent action … it is taking care of millions of families who still live in poverty,” Calderón said in a speech after the court affirmed his victory.

Dan Lund, a pollster for Mund Americas in Mexico City, says the shadow government proposed by López Obrador could keep the issue of income inequality at the forefront of the national debate and energize the political scene. “It's the most exciting and hopeful period I've seen,” he says.

Calderón also faces opposition within Congress. Three governors — members of López Obrador's PRD from the states of Zacatecas, Michoacan and Guerrero — chose not to appear in a snapshot taken with the president-elect this week at a governors conference. On Sept. 1, Fox was unable to give his state of the union address after PRD legislators blocked the podium. The president was forced to give his last annual address on TV later that night.

“Calderón will have to do some extraordinary things to convince people who believe in what the PRD has said,” Krauze says.

López Obrador's movement could become more powerful depending on other factors, including economic performance. “If oil prices go down, or a semi-catastrophe happens, this appeal from the left in hard times is likely to be much more potent,” says Federico Estevez, a political scientist at the Autonomous Technological Institute of Mexico.

López Obrador has indicated he wants his supporters to work peacefully. He decided to pull protesters from their encampments in the capital to let the military march in its annual Independence Day parade on Saturday.

To avoid further conflict with López Obrador, Fox won't open Independence Day festivities tonight in the Zocalo. For nearly 200 years, Mexican presidents on Sept. 15 have performed the ritual grito, or cry, to kick off Independence Day celebrations.

Interior Secretary Carlos Abascal said Thursday that Fox will move his ceremony to the small town of Dolores Hidalgo, 170 miles northwest of Mexico City, where Roman Catholic priest Miguel Hidalgo launched the first call for independence from Spain in 1810.

Fox's final grito should have been robust and harmonic: His victory in 2000 heralded a new era in Mexico's transition to democracy.

Instead, his shout could turn into a screaming match. López Obrador has promised to stage a parallel grito that could propel Mexico into a period of discord and even unrest.

IMF Has No Crisis To Manage (WP)

By Paul Blustein

The Washington Post, September 15, 2006

Less than a decade ago, economists at the International Monetary Fund were jetting into the capitals of countries stricken by financial crises, patching together rescue plans aimed at staving off global economic chaos.

That, after all, was the IMF's chief mission: preserving financial stability. So as currencies plunged, foreign investors fled and defaults loomed in South Korea, Russia, Brazil, Argentina, Turkey and elsewhere, the fund responded with zeal. In tense negotiations, the IMF offered billions of dollars in emergency loans if the governments would make drastic changes in their economic policies.

This weekend, as top economic policymakers gather in Singapore for the annual meetings of the IMF and World Bank, the global environment is dramatically different. The fund's era of crisis-fighting, which lasted until 2002, is a fading memory that staffers swap stories about like war veterans.

Financial markets are buoyant. There's nary a crumbling currency in sight. And middle-income countries in Asia, Eastern Europe and Latin America have accumulated stockpiles of dollars that in some cases exceed the IMF's $227 billion.

The hope of some of the policymakers gathering in Singapore, including those from the Bush administration, is that the IMF will start playing an active role in helping to combat another threat to the world economy -- huge imbalances in trade, specifically the $700-billion-plus U.S. trade deficit and the corresponding surpluses in Asia and oil-producing countries. The fund's experts are also trying to improve their ability to figure out how future crises may arise and encourage countries to take preventive measures.

Doubts abound about whether the IMF can exert much influence over countries that don't need its money; the fund's eat-your-peas advice has often gone unheeded in such cases. And extolling the virtues of pea-eating, important as it may be, leaves some on the fund's staff of 2,700 with a sense of ennui.

"Firefighters don't like to sit in the firehouse," said Mohsin S. Khan, director of the IMF's Middle East and Central Asia department. "If you're in this organization and you've been caught up in the excitement of rushing around to countries helping them fight crises -- well, if there are no crises, you're sitting around wondering what to do."

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In his department, Khan said, wars and high oil prices have created some fascinating challenges. "People are interested in working on Lebanon, Iraq, the West Bank-Gaza -- those are the Brazils and Argentinas of today," he said. But for many others on the staff, "it's the old story about Napoleon. Remember, he said it's tough for an army to sit on its bayonets."

The disappearance of crises is obviously welcome news, Khan and others hastened to add. But in a possible sign of malaise, resignations of IMF economists in 2005 increased about 45 percent over the average of the previous three years. Departures this year are running ahead of last year's pace. IMF spokesmen stressed that turnover is still relatively low, and reasons for quitting may include frustration with the lack of promotion opportunities at an institution that almost never fires senior employees. But several of the recent departees confided that they found their jobs less interesting than before, according to one senior IMF official who spoke to them.

None of this means that the IMF staff is idle. One group of economists trying to anticipate where the next crisis might arise describes its work as highly stimulating; future crises, the economists think, will almost surely be different from the turmoil of the late 1990s and stem from some murky area, probably new and exotic financial instruments for which little data are available.

"This is a moment of investment, when we are trying to strengthen the fire-prevention department," said Carlo Cottarelli, deputy director of the Policy Development and Review Department. "Firefighting is one function, but the main goal of the fund is fire prevention.

"In terms of work intensity, my wife is complaining more than when I was mission chief for Turkey. . . . It's clear, the level of adrenaline is different from a crisis. Thank God. In a crisis, the level of adrenaline can get too high."

If there is one area in which the IMF may soon return to center stage, it is "multilateral surveillance" -- the term the experts use for the fund's role in addressing global imbalances. Echoing many other economic experts, IMF Managing Director Rodrigo de Rato has been warning for some time that as foreigners accumulate vast amounts of dollars from U.S. spending on imports, the risk increases of a sudden, wide sell-off of U.S. currency that could throw the world financial system into damaging disorder.

The tricky question is how the IMF -- with its limited leverage -- can help steer the big players toward steps that are politically painful but are widely viewed as necessary to reduce the imbalances, without triggering a recession. Those measures include a shift in the U.S. economy toward more saving instead of continuing the consumption binge of recent years, and a rise in the exchange rates of Asian countries, especially China, that have become too dependent on exports based on cheap currencies. They also include changes in European regulations that restrain growth, and more spending by Middle Eastern nations of their petrodollars on foreign goods and services.

"It's not that the IMF needs to stand astride all of us wielding a stick," said Timothy D. Adams, U.S. undersecretary of the treasury for international affairs, who has been particularly aggressive in spurring the fund to get involved. "What they need to do is facilitate a conversation and provide general expertise."

Many of the countries with surpluses, Adams said, "will feel more comfortable meeting under the heading of an IMF-sponsored endeavor," responding to the recommendations of international technocrats rather than the hectoring of the U.S. government.

Adams also wants the IMF to tighten its rules on the types of currency systems that member nations can have. That is obviously aimed in large part at the relatively fixed exchange rate of China's yuan, which critics say gives Chinese manufacturers an unfair pricing advantage. In a quid pro quo of sorts, Washington is strongly backing a plan in Singapore to adjust voting power among the IMF's 184 member countries so that fast-growing nations -- including China -- can gain representation on the fund's board that is more commensurate with their economic size.

All that will take time, Adams said, "but this institution is too critical to let it become stale."

Doing Business In Latin America (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 15, 2006

When the International Monetary Fund and the World Bank convene their annual meetings in Singapore in the next few days, they will be eager to discuss a common problem: how to justify their existence in a world that no longer wants or needs them.

The more elegant term for this discussion is "reform" of the international financial institutions, which were born at Bretton Woods more than 60 years ago under the gold standard. In a world of floating exchange rates and open capital markets, the IMF's raison d'être no longer exists. Its "clients" are rapidly repaying their outstanding loans. Macroeconomic accountability has improved world-wide, not because the fund mandates it but because without the guarantee of IMF rescues, investors now impose their own discipline. If hazards remain it is because, with the IMF still hanging around looking for work, future bailouts cannot be ruled out.

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The IMF's sister, the World Bank, is also facing an existential crisis on its lending side. The bankers at the International Finance Corporation, which is dedicated to the private sector, now busy themselves financing big business, a job that ought to be left to the market. The bank's main business of lending to governments in middle-income countries -- that neither seek nor require bank loans -- is drying up. More broadly, foreign aid as a tool for development has increasingly come under scrutiny as wasteful and even counterproductive.

If only the bank would pay more attention to its own research, specifically the annual report titled "Doing Business," which looks at the regulatory policies and tax climate of 175 countries. The 2007 edition was released last week and, not surprisingly, finds that poor countries could be much better off if only they would stop discouraging legal, tax-paying business activity.

When governments make it expensive to operate in the legal sector, small and medium-sized businesses go underground, giving up economies of scale, the benefits of technology and productivity gains. Governments have to rely more and more on large companies for tax revenues and high tax burdens take a toll on competitiveness. Growth rates suffer. Joblessness and poverty persist.

Serious leaders have taken steps to free animal spirits. Much of Latin America has not. In this year's report, as the nearby table shows, the region largely finishes in the cellar. Even Africa outperformed Latin America in its pace of reform this year.

Lest we lose hope, there are a few positive developments to note. Three Latin American countries made the top 10 list of most improved business climates. Mexico is the world's third best reformer (after Georgia and Romania). The report praises Mexico's new securities law that protects minority investors, a streamlined process for business start-ups and a graduated cut in the corporate tax rate to 29% this year from 33% in 2004.

Yet Mexico's corporate tax rate is still too high relative to Eastern European competitors. And even though the country jumped 19 places in its overall rank, it lost ground in important areas such as registering property, international trade and enforcing contracts.

Guatemala and Peru also made the top 10 list of most reformed. But both are still far from exhibiting respect for their entrepreneurial populations. In Guatemala, for example, the bank says that to complete the process of licensing a business takes 23 steps, 390 days and costs 496.47% of income per capita. In the category of "trading across borders," researchers found that importing a container costs $1,985 versus an OECD average of $883. It takes 1,459 days and 36 steps to enforce a contract.

Peru moved up 13 places, but it still ranks a lowly 158th in the regulatory burden of "employing workers" and 135th in "paying taxes." For a medium-sized business to be tax compliant in Peru requires 53 payments, taking 424 hours and costing 40.80% of gross profit. Like its neighbors, Peru doesn't need foreign aid. It needs a leader to take a machete to its red tape.

These countries constitute the good news in the region. The rest of the hemisphere has an even grimmer profile. Costa Rica and Ecuador made zero net reforms over the past 12 months while Venezuela and Bolivia both lost ground. Venezuela dropped 20 places and now has the honor of ranking below Zimbabwe (153). In the "paying taxes" category the survey finds that Venezuelan "entrepreneurs must make 68 payments, spend 864 hours and pay 51.92% of gross profit." To enforce a contract it takes 41 steps and 435 days.

Most troubling for the region is the performance of the South American giant, Brazil. As a middle-income democracy with a young, talented, eager population and a world-class industrial sector, Brazil ought to "get it" by now. But its rankings on paying taxes, starting a business, getting credit and registering property are all worse this year and its overall rank moves up only one place. No wonder the government is always broke and poverty in the favelas is booming.

The World Bank researchers understand that the problem here is politics. They even have some wisdom for would-be poverty-fighters: "In the top reforming economies in the past three years, nearly 85% of reforms took place in the first 15 months of a new government," the report notes. "The message: for a government recently elected (as in Benin) or re-elected (as in Colombia and Mexico), the time to push through ambitious reforms is at the start of its term."

There are at least 10 new governments in Latin America this year and that means there is plenty of opportunity for change. Latin America has taken lots of money from international financial institutions over the years, along with lots of dreadful advice. Now it's time to take note of some sensible guidance, even if that would be bad for those who earn a living shoveling money out the door from Washington.

Russia Shaken By Killing Of Bank Official (WP)

By Peter Finn

The Washington Post, September 15, 2006

MOSCOW, Sept. 14 -- The assassination of a senior civil servant who led a campaign to clean up the country's banks drew calls Thursday for a merciless response from the government, as well as hand-wringing over whether Russia is outgrowing the bloody business tactics common in the 1990s.

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Andrei Kozlov, 41, first deputy chairman of Russia's Central Bank, was shot Wednesday evening outside a sports complex after attending a soccer match between bank employees. He died early Thursday of his wounds. His driver was killed instantly in the attack, which politicians said was probably a contract killing.

Kozlov was respected in financial circles for his drive to shut down banks that engaged in money laundering and put the deposits of customers at risk through illegal practices. Since January, his department at the Central Bank had revoked the licenses of 44 of the country's roughly 1,200 banks, the Russian news agency Interfax reported.

The confidence of ordinary Russians in the country's banking sector, which plummeted after a financial crisis in 1998, has been growing steadily, and deposits have jumped sixfold in the last four years.

"He was at the cutting edge of the battle against financial crime," said Finance Minister Alexei Kudrin. "He was a very brave and honest man, and through his activity he repeatedly encroached on the interests of unprincipled financiers."

Boris Gryzlov, speaker of the lower house of parliament, said business disputes may have prompted the killing. "A series of banks had their licenses taken away, and it's entirely possible that criminals connected with those structures could have ordered the murder," he said.

Police said they were exploring all possible motives for the killing and reported finding two weapons thrown into tall grass about 200 yards from the scene of the killing. Russian Prosecutor General Yuri Chaika said he would personally supervise the investigation.

The assassination was the first killing of a senior federal official since President Vladimir Putin came to power in 2000. Among other recent assassinations, a regional governor was shot dead in Moscow in 2002, and American journalist Paul Klebnikov was slain in 2004.

As recently as last week at a conference in the resort city of Sochi, Kozlov warned some people in the banking sector that he would continue to target them.

"There is still a large share of suspicious operations in the banking system," he said. "You take part in money laundering, then there might be a ban on your professional activities for the rest of your life. There's no place for this in the banking sector. It disgraces the banking system."

The former head of the Russian Central Bank, Sergei Dubinin, said the killing was a direct assault on the state and on Putin's claim that he has stabilized the country after the chaos of the 1990s.

"The authorities should prove that today's stability is not a mere name," said Dubinin, whose office was fired on in 1996. "This is a challenge to the state's policy in the banking area. The authorities should solve the crime and find not only the actual murderers but also those who ordered Kozlov's assassination." The Kremlin had no immediate comment on the killing.

Former prime minister Anatoly Chubais, who now heads the country's electric utility, said the killing was "a barefaced challenge to all Russian authorities."

"Andrei Kozlov was an unquestionably honest, principled and absolutely noncommercial person," said Chubais, who survived an assassination attempt last year. "This is a case when the authorities must respond in a tough manner, promptly and mercilessly."

Kozlov was married and had three children. He began working at what was then the Soviet Union's Central Bank when he was 24 and spent most of his career, except for short stints in the private sector, in central banking. He had been in charge of banking supervision since 1997 and made the assault on money laundering the centerpiece of his work.

Uganda Peace Hinges On Amnesty For Brutality (NYT)

By Jeffrey Gettleman

The New York Times, September 15, 2006

GULU, Uganda — In the beginning, it was simply called the Acholi war, and despite its brutality, few people outside Uganda paid attention.

The Lord's Resistance Army, a messianic rebel group, was exploring a new dimension of violence by building an army of abducted children and forcing them to burn down huts, slice off lips and pound newborn babies to death in wooden mortars, as though they were grinding grain.

"I killed and killed and killed," said Christopher Oyet, an 18-year-old former rebel who was kidnapped at age 9. "Now, I am scared of myself."

But, for the first time in 20 years, the killing has stopped. The rebel leaders, boxed in and with dwindling support, signed a cease-fire agreement on Aug. 26. Whether it lasts depends on whether Joseph Kony, the phantom rebel commander who is said to live deep in the jungle with 60 child brides, and his top deputies are given amnesty.

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That is uncertain, because they have been charged with crimes against humanity by the International Criminal Court in The Hague. Still, this is the furthest any peace deal has come, fueling hopes that one of Africa's most grotesque and bizarre wars, which cost tens of thousands of lives, may finally be over.

White flags are already fluttering in Gulu, the hub of Acholiland, even from the antennas of government trucks. People are no longer night commuting, the signature north Ugandan exodus from villages to towns every evening for safety's sake. Instead, they are returning to the carpeted green hillsides to plant cassava, corn and beans, and this time their hoes and machetes are being swung to make things grow, not to destroy them.

The victims of this war are so desperate to put the nightmarish days behind them that they want to forgive, just as much as they want to forget. Typical is Christa Labol, whose ears and lips were cut off by bayonet-wielding prepubescent soldiers she now says she would welcome home.

"Only God can judge," Mrs. Labol said through a mouth that is always open.

Of course, the rebels are not out of the bush yet. Many still hide in a remote, lawless corner of northern Congo. Some people wonder if Mr. Kony, who has told his troops he is possessed by spirits, will ever give up.

Mr. Kony has said he will but only if he is not prosecuted.

The International Criminal Court has issued arrest warrants for Mr. Kony and four of his commanders. Ugandan government officials have said they will ensure that the rebels get amnesty if they surrender. But the rebels have said the amnesty must come first. It is an impasse that possibly only the international court can break, but the court, established in 1998, has not indicated what it will do.

"We've never had such a situation," said Claudia Perdomo, a court spokeswoman.

The Acholi people have their own solution. It is the mataput — the word means drinking a bitter root from a common cup — and it is a traditional reconciliation ceremony. Peace is more important than punishment, Acholi elders say, and they would rather have Mr. Kony return to Gulu for a mataput than rot in some European prison. Although the fighting may be over, it seems a new battle has begun: tradition versus modernity.

"In our culture, we don't like to punish people," said Collins Opoka, an Acholi chief. "It doesn't really get you anywhere."

The Acholis know something about punishment. For decades, it was customary for members of southern tribes to get the prized university spots and good office jobs, while northerners like the Acholis were stuck in the fields. The Acholis were known as superstitious — and tough — and filled the ranks of the national army. They fought rebel forces led by Yoweri Museveni, and after Mr. Museveni seized power in 1986 — he has been president since — the Acholis were marginalized and persecuted.

Enter Mr. Kony, a former Catholic altar boy revered in his village near Gulu as a prophet since he was 12. He smeared himself with shea butter, said his body and those of his Acholi followers were impervious to bullets and vowed to overthrow the government.

"We saw him as our savior," said Mary Olanya, who knew Mr. Kony growing up.

Mr. Kony claimed to be guided by the Ten Commandments but soon his army was violating each and every one.

From about 1988 on, the rebels terrorized their own people, raping, robbing and killing across Acholiland. According to former rebels, Mr. Kony communed with spirits and his rules became stranger by the minute — anyone caught bicycling had to have his feet chopped off; all white chickens were to be destroyed; no farming on Fridays.

Few adults wanted to join his cultish, bloodthirsty movement, and soon the only recruits were children, most against their will.

Mr. Oyet said he was snatched one night nine years ago from his hut near Gulu and forced to march miles into the bush. The boys whose feet swelled and could no longer walk were clubbed to death — by other boys. All new recruits had to help with the killing. It was called registration. The population responded to the rebel violence by seeking safety in numbers. Nearly two million people abandoned their villages and crowded into government camps. "It was a desperate time,'' said Quinto Otika, a Gulu elder.

And it continued for years, nourished by the Arab-led government of Sudan, which gave the rebels arms and sanctuary as payback for Ugandan support for the Christian rebellion in southern Sudan.

But by 2002, the Sudanese government was making peace with southern separatists and no longer supporting the Lord's Resistance Army.

Mr. Kony — and his bodyguards and harem — fled to Congo, where, according to Ugandan military sources, they set up a slave kingdom, living off the land and slaughtering wildlife. By then, the elusive rebel army had shrunk to a shadow of a shadow, with fewer than 2,000 fighters left. The West mostly ignored this war, more focused on Rwanda, Somalia, and Darfur, Sudan. But in 2005, the Ugandan government persuaded the international court to issue arrest warrants against rebel leaders, despite pleas from Acholi elders.

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In Acholi culture, killers are accepted back into the community after they have paid compensation, admitted to their misdeeds and shared a meal, usually a roasted sheep, with the relatives of their victim. This is the mataput ceremony, and it comes from the days when clans were tightly intertwined by marriage and trade and could not afford to alienate one another.

The Ugandan government eventually warmed to the idea and signed a cease-fire with the rebels that took effect on Aug. 29. Since then, some rebel soldiers have emerged from hiding. They plan to assemble at collection points in southern Sudan, where they will wait until a full peace agreement is reached.

Though some United Nations officials have bristled at the idea of granting immunity to Mr. Kony and his top commanders, Ugandan officials say they are confident a deal can be reached.

"We can go to the judges and say there are new circumstances and that the indictments are no longer needed," said a Ugandan government spokesman, Robert Kabushenga.

People are already beginning to wonder what Mr. Kony will do if he comes home a free man.

"He never aspired to be a politician," said Florence Adokorach, now in her early 20's, who was kidnapped at age 14 and forced to be one of Mr. Kony's brides. Instead, he told his young wife, he just wanted to return to spreading God's word.

Property Deeds OfficeMax Thwarts Families' Attempts To Tap Cuba Funds (WSJ)

By Evan Perez

The Wall Street Journal, September 15, 2006

In February, nearly 45 years after two American men were executed by Fidel Castro's government, their families were on the verge of collecting $88.5 million in damages from Cuba's long-frozen U.S. accounts.

Then the relatives of Howard Anderson and Thomas "Pete" Ray ran up against an unexpected obstacle: OfficeMax Inc.

The office-products giant, founded in 1988, didn't exist at the time of the Cuban revolution. But in 2003 the company was purchased by Boise Cascade Corp., a paper-products company that adopted the OfficeMax name. Through a 1960s acquisition, Boise Cascade took a majority stake in Cuban Electric Co., which owned most of Cuba's pre-Castro electricity systems. As a result, OfficeMax today controls the largest single U.S. claim against the Cuban government for property confiscated after the 1959 revolution.

The U.S. Foreign Claims Settlement Commission, an arm of the Justice Department, has certified nearly 6,000 U.S. claims for property seized by Cuba. Claimants hope that after the reign of Fidel Castro ends they can recover their homes, factories, beachfront land and sugar plantations believed to be valued at $6.7 billion today. To settle some claims, they also expect to gain access to more than $268 million in Cuban assets -- largely held in U.S. banks -- that were frozen under the Kennedy administration's Cuban embargo.

Most citizens and businesses will likely have to wait years to recoup any losses. In the mid-1990s, a coalition of U.S. companies, including OfficeMax's future parent, put pressure on the Clinton administration to settle its members' numerous claims with Cuba -- with no luck.

But thanks to special antiterrorism laws passed in 1996 and 2002, a few families have been able to leapfrog to the head of the line. The legislation helped permit relatives of Messrs. Anderson and Ray to seek, and ultimately win, wrongful-death judgments in Florida state courts, with a federal judge in January clearing the way to tap into the frozen Cuban funds.

OfficeMax wasn't pleased with the news. In March, the company filed court papers in New York U.S. District Court, Southern District, seeking to block the Ray and Anderson relatives from collecting.

Robert Muse, a Washington, D.C., lawyer who represents Cuban Electric and OfficeMax, says the dead men's families shouldn't be given first dibs on the accounts. "I'm not trying to be provocative," Mr. Muse says. "That money was sequestered for the purpose of paying [restitution] claims."

Janet Weininger, a daughter of Mr. Ray, says she is outraged at the latest roadblock to gaining justice for her father's execution. "I don't understand why a company like OfficeMax would act like this," she says.

An OfficeMax spokesman said the company doesn't comment on litigation. The Cuban Interests Section, the country's de facto embassy in Washington, didn't respond to requests for comment on the cases.

Renewed Interest

Fidel Castro's recent health troubles have sparked renewed interest in the property seized after Cuba's communist revolution. The battle between OfficeMax and the two families offers a taste of much larger struggles likely to come.

Mr. Castro's government has floated the idea of Americans returning and kicking residents out of their homes -- many of which were taken over to shelter multiple families. The issue is so sensitive that many Cuban-American community leaders and the White House say it is best left for a future democratic government in Cuba to resolve.

President George Bush's Commission for Assistance to a Free Cuba said in a report this year that the U.S. government "can reassure the Cuban people that the U.S. government will not support any arbitrary effort to evict them from their homes."

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The Cuba claims case is unusual. Historically, the U.S. government has blocked access to frozen foreign funds -- including cases against Saddam Hussein-era Iraq. But a powerful Cuban-American voting block in Florida has managed to win preferential treatment under both the Clinton and Bush administrations.

In 1996, Congress swiftly passed the special law allowing U.S. citizens to file domestic lawsuits against foreign countries that commit terror attacks. The measure was introduced to benefit the families of three men who died that same year when Cuban military jets shot down civilian planes operated by a group called Brothers to the Rescue. Relatives of a fourth man who died couldn't benefit because he wasn't a U.S. citizen. Based in Miami, the activists were known for flying missions over the Florida Straits to spot refugees for rescue at sea.

After suing the Cuban government, the Brothers to the Rescue families won a federal court judgment to unlock some of the Cuban funds. From there, the group's attorneys subpoenaed various banks around the country in search of the dozens of frozen Cuban accounts. In 2001, they collected a total of about $97 million. Most of that sum was drawn from accounts at J.P. Morgan Chase & Co.

That successful outcome prompted lawyers for the Anderson and Ray families to seek to qualify under the same narrow provisions of the U.S. antiterrorism laws.

Mr. Anderson was on trial in April 1961 -- accused by the Castro government of smuggling guns to anti-Communist rebels -- when U.S.-backed expatriates launched the Bay of Pigs invasion. During the attack, Cuban antiaircraft guns brought down a bomber piloted by Mr. Ray, a 30-year-old Central Intelligence Agency contractor. Both men eventually were executed: a firing squad for Mr. Anderson; a single shot to the temple for Mr. Ray.

For years after Mr. Ray's execution, U.S. and Cuban authorities revealed little about what had happened to him. Beginning at age 15, in 1970, Ms. Weininger says she wrote monthly letters to Mr. Castro seeking information about her father's body. She says she wrote repeatedly for nine years without receiving a response.

Mr. Ray's family later found out that his corpse was being kept frozen at a Havana morgue and, according to the family, periodically exhibited as a war trophy. It wasn't until 1979, after some diplomatic wrangling, that a black wooden coffin containing Mr. Ray's remains were returned for burial in Alabama.

Dorothy Anderson McCarthy, Mr. Anderson's 84-year-old widow who later remarried, wishes to see the Cuban government pay for her husband's death before she dies.

Tall and athletic, Mr. Anderson was stationed in Havana during World War II, where he met and married Dorothy, the 20-year-old daughter of American parents who lived in Cuba. The couple led a well-to-do life, raising four children. In the aftermath of the 1959 revolution, Mr. Anderson evacuated his family, along with his mother, to Miami. Mrs. McCarthy says she left Cuba "with a $5 bill, one suitcase and one watch."

The family acknowledges that Mr. Anderson, 41 at the time of his death, carried CIA messages to anti-Castro groups in Havana. He wasn't a paid American intelligence agent, they say, but he did take radios to the island to help support an underground anti-Castro movement. His family further asserts that at the time of his arrest, he was in Cuba only to attempt to prevent the expropriation of his family's small chain of gas stations and other businesses.

In his last letter to his wife from a jail cell in Cuba's Pinar del Rio province, Mr. Anderson said his fate was sealed. As his trial began, air-raid sirens could be heard outside the courtroom -- the opening salvos of the 1961 Bay of Pigs invasion during which 1,500 CIA-trained Cuban exiles unsuccessfully tried to foment rebellion against Mr. Castro's government.

"It is unfortunate that this invasion took place, as under normal circumstances I am sure that the tribunal would not have been ruled by passion but by their own revolutionary laws," Mr. Anderson wrote in neat, square letters. "I hope and pray that you and mother will forgive me for the troubles that I have caused...especially this present big one." He was executed four hours later.

Now living in a retirement apartment complex in Florida, Mrs. McCarthy can recite from memory the transcribed words of the prosecutor who tried her husband in April 1961: "This American will die for everything that he has done. He doesn't deserve the death penalty, but he will receive it because perhaps from his blood something better will grow."

Mrs. McCarthy sued Mr. Castro's government in 2001, and Ms. Weininger followed in 2003, both in Florida state courts in Miami. Lawyers for the families argued that the Cuban government was liable for the torture and wrongful deaths of their relatives.

Emotional Testimony

In emotional testimony, family members described brutal executions suffered by their loved ones. Across the courtroom, the table typically reserved for defendants -- in this case the Cuban government -- sat empty. As has been its practice in recent years, the Cuban government ignored the lawsuits.

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State courts in Miami issued compensatory default judgments of $67 million for Mrs. McCarthy in 2003, and a year later $21.5 million for Ms. Weininger. Ms. Weininger won an additional $65 million in punitive damages, which under current laws are much more difficult to collect.

With judgments in hand, lawyers for the families filed claims in federal courts to access Cuban government funds anywhere in the U.S. They ended up in U.S. District Court in New York, where accounts at J.P. Morgan Chase still hold the bulk of the Cuban funds. The bank asked the court to rule that it wouldn't have any liability if it complied with court orders to pay the claims. A spokesman for J.P. Morgan Chase, which is named in the suit, declined to comment on the case.

This year, federal Judge Victor Marrero joined the two cases and asked for any final objections from the Cuban and U.S. governments, as well as from any claimants believing they had rights to the blocked funds. The Cuban government didn't respond and the U.S. government declined to intervene -- effectively signaling no objection to the payments.

That is when OfficeMax entered the picture. Cuban Electric, the corporate name by which OfficeMax identifies itself in court papers, argued that at the time of the executions of Messrs. Anderson and Ray, Cuba wasn't on the U.S. government's list of state sponsors of terrorism. The State Department added Cuba to the terror list in 1982, after the U.S. accused the Castro government of aiding Colombian guerrillas.

In his "friend of the court" brief filed in March, the attorney Mr. Muse argued that the relatives of Messrs. Anderson and Ray "were never entitled to the Florida state court judgments" they won.

Joseph DeMaria, Mrs. McCarthy's attorney in Miami, says only the Cuban government -- not OfficeMax -- can challenge the judgments in the case. He disputes OfficeMax's assertion that the frozen Cuban assets were intended to settle expropriation claims. Leon Patricios, attorney for Ms. Weininger, says the company "should have properly intervened in this case when it was filed."

A ruling from the federal judge in New York assigned to the families' case is expected soon.

When news broke in August of Mr. Castro's illness, Gary Anderson, the eldest son of Howard Anderson, was worried Mr. Castro might die.

"I honestly hope Fidel is OK, because I would like our case to come to some sort of conclusion while he is still alive," says Mr. Anderson, who owns an industrial supply company in Houston. "I would like Fidel to know that he's paying."

Growing Pains Booming Municipalities Defy China's Effort To Cool Economy (WSJ)

By Andrew Browne

The Wall Street Journal, September 15, 2006

ZHENGZHOU, China -- The new musical fountain in this drab provincial capital in central China demonstrates why authorities in Beijing are having so much trouble controlling the world's fourth-largest economy.

Jets of water dance to the patriotic anthem "Love My China," while laser beams shoot into the sky. Soon, the fountain will be overshadowed by a hotel styled after a classical Chinese pagoda, which, at 918 feet, will be nearly three-quarters as tall as the Empire State Building. A waterfront arts complex, almost completed at a cost of $100 million, looks like a clutch of enormous duck eggs. Nearby, a newly opened conference center resembles an unfurled umbrella. An exhibition hall boasts the biggest stretch of free-standing roof in Asia.

Mayor Zhao Jiancai says his vision is to transform backward Zhengzhou into the "Chicago of the East" -- a gateway between the booming coast and the vast interior -- by more than tripling the city's size. Total investment in the area around the business district could hit $35 billion. It is a huge amount of money for the capital of Henan province, one of China's poorest.

"We can only make achievements with scale," says the mayor, a former tractor factory engineer.

A similar dynamic is at work across China. Local governments are encouraging a frenzy of construction to boost their economies -- even as China's central government seeks to throttle back investment that is producing runaway economic growth. The economy expanded 11.3% in the second quarter of this year from the same period a year earlier, far outstripping the government's target of 8% for the whole year.

Many developing countries would gladly trade places with China: Most suffer from too little investment, not too much. And they worry more about spreading slums than expanding skylines.

Nevertheless, hyper-investment keeps roiling the world's fastest-growing major economy. Concerns are mounting that the boom could cause property bubbles that weigh down banks with bad debt when they burst. It also could clog railway lines and ports and trigger brown-outs as overloaded power grids collapse. Already, it is generating outsize demand for energy and raw materials, pushing up the cost around the world.

The International Monetary Fund, which is meeting Tuesday and Wednesday in Singapore, this week urged China to rein in credit to avoid "tipping off a boom-bust cycle."

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Though inflation remains low at 1.3%, China's top leaders are worried. Almost every day, they issue edicts to slow economic growth -- with little effect. Leaders can't even be sure how much municipalities are spending because local finances have become so murky. According to official figures that many economists believe understate the true total, fixed-asset investment rose 21.5% in August from a year earlier. While that growth rate was slower than the 27.4% of July, total annual investment as a percentage of gross domestic product, the total value of all goods and services produced in a nation, still is much higher than Japan, South Korea or Taiwan managed to sustain even during their giddy years.

If inflation takes hold, as some economists expect, the effects would be felt globally. Since China is the world's third-largest trading nation, inflation could ripple to the U.S. and other countries through rising prices for its exports. That would complicate the efforts of the U.S. Federal Reserve and other major central banks trying to head off rising inflationary pressures.

More than a quarter century of economic overhauls has produced a striking contrast in China: Politically, the Communist central government maintains a tight grip over the entire country; economically, it is losing control.

Caught in a Trap

China's leaders are caught in a trap as they cast around for ways to rein in investment. The old administrative methods -- ordering state banks to stop lending, restricting land sales, halting government approvals for major projects -- aren't working as well as before, partly because local governments are defying Beijing.

Trying to enforce investment curbs in a vast country is a tough challenge: Beijing has resorted to using satellite images to spot bulldozers working on illegal construction projects in far-flung provinces. The economy, says Andy Xie, an economist in Hong Kong with Morgan Stanley, is too big and complicated to manage through fiat.

On the other hand, market-oriented measures to slow economic growth, such as raising interest rates, aren't likely to be as effective in China as in more sophisticated economies. One reason is that local bankers still are susceptible to political pressure to extend loans. Also, state-run companies make a habit of not repaying loans, so the cost of funds often is irrelevant. Much of the corporate investment is funded out of company savings.

Already, the big state banks have ignored Beijing and dished out almost all the loans they were targeted to extend for the whole year. The Ministry of Land Resources announced recently that in some cities as many as 90% of all government land acquisitions are illegal.

To be sure, an economy expanding at double-digit rates sooner or later will likely find uses for much of the infrastructure -- highways, bridges and power plants -- that local governments are installing. But when the latest investment boom unwinds, there are concerns that Chinese cities will be littered with white elephant industrial projects that will stand empty for years.

"It's mindless," says Wang Lina, a researcher at the Chinese Academy of Social Sciences, a leading think tank, who says local governments are generating large amounts of wasteful investment.

About 10% to 20% of all investment in China is made by local governments, according to World Bank economist Louis Kuijs, who is based in Beijing. That figure understates their influence. For instance, it doesn't include investment by real-estate developers that are nominally private but often act as agents for local authorities.

Under China's former socialist economy, central planners in Beijing doled out investment funds under an annual quota program -- so much for the railroads, for the power industry, for steelmakers. China's central government grabbed local revenue and redistributed the cash around the country to pay for further investment as well as government services.

This started changing in 1978, when Deng Xiaoping launched economic overhauls that made local governments responsible for delivering growth to their own communities. Economic growth has become the path to career glory for city mayors, like Zhengzhou's Mr. Zhao, who now are driving the national economy to an unprecedented extent. Hong Liang, an economist in Hong Kong with Goldman Sachs, compares modern Chinese cities to corporations, and their mayors to chief executive officers, all competing with each other to expand their business empires.

There are good reasons why China's cities need to expand. Each year, they have to accommodate at least 10 million peasants flooding in from the countryside. Increasingly, cities also have been forced to fund their own health, education and social-welfare programs.

These financial pressures all feed into higher rates of investment, which is the quickest way for cities to expand their economies and increase their revenue.

Economic Giants

Cities in China have ballooned into economic giants. If Shanghai were a country, it would be among the 40 largest economies in the world. Its economic output last year of $114 billion was bigger than the Philippines or the Czech Republic. Shenzhen, in southern China, has an economy much larger than Vietnam's.

Still, many question whether local spending has become excessive. Zhengzhou's new conference hall, for instance, boasts a theater with seats that can be individually climate-controlled. Its vast foyer is clad in shimmering Italian marble.

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Zhengzhou's drastic makeover is typical of those under way in cities around China. Shanghai led the way in the early 1990s by setting out to build a national financial and commercial hub on a stretch of rice paddy in an area called Pudong.

Over the years, Shanghai's urban plans have become ever more fanciful. It now is building a series of satellite cities -- each themed after a European country -- to relieve pressure on the city center. Anting, which aspires to be a car-making hub, is re-creating the pastel-colored apartment blocks and Bauhaus offices found in the German city of Weimar. It has even splurged on a Formula 1 race track.

Nearby, the emerging college city of Songjiang turned to a British engineering consultancy to construct an English-style community called Thames Town. There, residents can choose to live in Victorian terraced houses, drink in pubs and marry in a church whose spire rises over cobblestone lanes.

In March, Premier Wen Jiabao unveiled a five-year economic blueprint to steer China in a new direction. Instead of go-for-broke growth that has blighted the environment and widened social divisions, China would pursue more-balanced development. Still, growth is running at its fastest pace in 12 years.

China's leaders sought to curb credit by pushing through two interest-rate increases. They have taken funds out of the banking system by raising reserve requirements -- money that commercial banks must deposit with the central bank rather than lend out -- and slapped new taxes on real-estate transactions.

The two interest-rate increases this year have been too incremental -- each only 0.27 percentage point -- to have a real impact, economists say. Lending rates still are only around 6%, low for an economy expanding 14% in nominal terms, not taking into account inflation. By contrast, U.S. rates are at 5.25% -- up from 1% more than two years ago -- in an economy now expanding around 3%.

Compounding the problem is the way local governments are forced to fund their investments. China's central government doesn't allow them to raise local taxes or issue debt. Instead, they are cashing in their most valuable asset -- land. The sale of land now accounts for 40% to 60% of all local government revenue, according to Ms. Wang of the Chinese Academy of Social Sciences.

This dynamic adds momentum to the geographical expansion of cities. To acquire more land that they can sell, cities simply redraw their boundaries to engulf the surrounding farms. The compensation they pay to farmers for the land is far less than its value to developers. When the city flips the land, the revenue isn't part of regular budgets that can be audited by Beijing.

Zhengzhou, an ancient city on the Yellow River plains of central China, has long been an underachiever. Its 1950s-era textile mills are laying off workers. It has shuttered some of its grimy aluminum works on Beijing's orders to cut back on overcapacity. One of its few claims to fame is that it makes a third of all the frozen dumplings sold in China.

With a population of just two million, it considered itself too small to drive the economy of China's most populous province, with roughly 100 million people, let alone make a national impact.

So in 2001, city authorities hired the acclaimed Japanese architect Kisho Kurokawa to draw up blueprints for the new urban area after an international competition. Zhengdong New District covers 58 square miles -- somewhat bigger than San Francisco. The plan will double the size of the city and add 1.5 million people to the existing population. It received the blessing of the State Council -- China's cabinet -- in 1995.

By 2020, Mr. Zhao says, additional enlargement will turn Zhengzhou into a city of five million covering 193 square miles.

Most of the investments will be made by companies rather than the government, says Mr. Zhao, 50, who sports red ties and slicks back his hair. Bank loans will pay for some infrastructure as well.

The skyline of the central business district eventually will be populated by 60-odd commercial and residential towers. The first are already in place and waiting for tenants to move in.

Radiating outward will be arrayed the industries and services of Zhengzhou's future: banking and finance, insurance, logistics, high-technology manufacturing and higher education. "It's the most advanced urban concept in the world," says Vice Mayor Wang Qinghai, who is directly responsible for the construction of the Zhengdong New District. Land prices have quadrupled in two years.

Mr. Wang says Beijing has given the go-ahead to projects covering only about 20% of the planned new area. That is holding up plans for a man-made island on a lake to house dozens of luxury apartments.

Elsewhere, there are few signs building momentum is slowing. The city's own glossy publicity materials boast that Zhengzhou has one of the highest densities of construction cranes operating in China.

Does Zhengzhou have a shot at becoming the "Chicago of China"? True, it sits at a railway crossroads between the main north-south and east-west lines, a major asset in a country where most goods still are moved by train. But there is plenty of competition from other central cities, including Wuhan farther south, as well as Nanchang, the fast rising capital of Jiangxi province.

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Mayor Zhao says he is untroubled by the competition. "We all have our strengths," he says. "We'll fly together wing-to-wing."

The Energy Harvest (NYT)

By Thomas L. Friedman

The New York Times, September 15, 2006

São Paulo, Brazil

Any time that OPEC got a little too overzealous in pushing up oil prices back in the 1970's, the legendary Saudi oil minister Sheik Ahmed Zaki Yamani was fond of telling his colleagues: Remember, the Stone Age didn't end because we ran out of stones.

What he meant was that the Stone Age ended because people invented alternative tools. The oil age is also not going to end because we run out of oil. It will end because the price of oil goes so high that people invent alternatives. Mr. Yamani was warning his colleagues not to get too greedy and stimulate those alternatives.

Too late — oil at $70 a barrel has done just that. One of the most promising of those alternatives is ethanol, an alcohol fuel made from corn, sugar cane or any biomass. I came to Brazil to try to better grasp what is real and what is not in the ethanol story, because no country has done more to pioneer sugar ethanol than Brazil.

My impression, after talking to a range of Brazilian experts, is that not only is ethanol for real, but we have not even begun to tap its full potential. With just a few technological breakthroughs, Brazil really could be the Saudi Arabia of sugar and we could actually achieve that energy dream of getting "barrels from bushels."

Since the 1970's oil shocks, Brazil has, with lots of trial and error, made ethanol part of its daily life. It hits you the minute you drive into a gas station in São Paulo, where you need two things: a credit card and a calculator. In rough numbers, sugar ethanol now sells here at a little over $2 a gallon and gasoline at a little more than $4 a gallon. Because sugar ethanol gets only about 70 percent of the mileage of gasoline, drivers here do the math each day and figure out if ethanol is at least 30 percent less than the price of gasoline. If it is, many will fill 'er up with sugar cane.

Brazilians have that luxury because there are 34,000 gas stations here that offer both gasoline and ethanol (compared with around 700 in the U.S.) and because 70 percent of new cars sold here can run on either gasoline or sugar ethanol. As a result, Brazil has replaced about 40 percent of its gasoline consumption with sugar ethanol.

I visited the Cosan sugar mill northwest of São Paulo, Brazil's largest, where you fly in over an ocean of green sugar cane. The cane is harvested onto big lorries and trucked to the Cosan distillery. There, the juice is extracted and converted to either crystal sugar or ethanol. The remaining cane waste — called bagasse — is used to fuel huge steam boilers that produce enough electricity to both power the refining process and leave a surplus to be sold back to the grid.

It's important to understand this process to appreciate just how "much more energy we could get from sugar cane" with just a few more breakthroughs, explained Plinio Mario Nastari, one of Brazil's top ethanol consults.

Think of each stalk of sugar cane as containing three sources of energy. First, the juice extracted from the cane is already giving us ethanol and sugar. Second, the bagasse is already heating very low-technology, low-pressure boilers, giving us electricity. But if Brazil's refiners converted to new high-pressure boilers, you could get three times as much electricity.

Finally, when the cane is harvested the tops and leaves are often just left in the field. But this biomass is rich in cellulose, the carbohydrate that makes up the walls of plant cells. If the sugar locked away in cellulose also could be unlocked — cheaply and easily by a chemical process — this biomass could also produce tons of sugar ethanol. There is now a race on to find that process.

A breakthrough is expected within five years, and when that happens it will be possible to extract "more than double" the amount of ethanol from each sugar stalk, said José Luiz Oliverio, a senior V.P. at Dedini, the Brazilian industrial giant, which has a pilot cellulosic ethanol project.

I asked Brazilian experts what they'd do if they were the U.S. president. The consensus answer: Require U.S. oil companies to provide ethanol fuel pumps at all their gas stations, require U.S. auto companies to make all their new cars flex-fuel and improve mileage standards, and get rid of the crazy 54-cent tariff we've imposed on imported sugar ethanol (to protect our farmers). And then let the market work.

Demand for ethanol would soar. This would push us faster down the innovation curve, so we'd solve the cellulosic ethanol problem quicker, and that would strengthen the democrats in our hemisphere and weaken the petrocrats in the Middle East. If only we were as smart as Brazil ...

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, September 15, 2006 10:42 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
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AP

September 14, 2006

Muslim air safety expert sues government over suspension

By WAYNE PARRY

Associated Press Writer

NEWARK, New Jersey_An Egyptian-born aviation security pioneer is suing the U.S. government, claiming he was wrongly suspended from his job at a Transportation Security Administration technical center based on a classified FBI file the government will not let him see.

Wagih H. Makky, who lives in Maryland, filed a lawsuit Thursday in U.S. District Court in Newark, claiming he was harassed and discriminated against at work after the Sept. 11 terror attacks based on his nationality and his Muslim religion.

The lawsuit claims Makky is one of the world's leading experts in designing and evaluating technology to prevent explosives from being smuggled onto airplanes and rail cars.

"In many instances, the dangers of the post-Sept. 11 world require a careful balance between two compelling but competing interests: American values and the security of the American people," his lawyers wrote in the lawsuit. "In this case, these interests are perfectly aligned. Dr. Makky has devoted his career as a TSA engineer to protecting the American people from terrorist attacks.

"Dr. Makky's suspension not only betrays the core American values of equal treatment and fair process, but also compromises the security of the American people by depriving them of the expertise of one of their ablest security technicians," they wrote.

The lawsuit names the U.S. Department of Homeland Security, Secretary Michael Chertoff, and other government agencies and individuals as defendants.

A Homeland Security spokesman did not immediately return a call seeking comment Thursday.

Makky, 55, came to the United States 30 years ago and has since become a U.S. citizen. Following the bombing of a Pan Am jet over Lockerbie, Scotland, that killed 270 people in 1988, Makky was chosen to create a special technical unit within the Federal Aviation Administration to focus government efforts on preventing terrorist attacks on American airliners.

He has written numerous books on aviation security, and has lectured at conferences around the world on the topic. He could not be reached for comment Thursday.

He most recently worked as an electronics engineer at the TSA aviation center outside Atlantic City.

According to the lawsuit, when a new supervisor took over in 2002, the first question he asked Makky upon meeting him was about his ethnic background. On the day in March 2003 that the U.S. began its invasion of Iraq, the supervisor placed him on administrative leave and told him not to come to work.

The action was based on a classified FBI file that the supervisor kept locked in a safe, and would not show to Makky, according to the lawsuit. Although Makky had held security clearance for 15 years, including "top secret" clearance for 10 years, he was informed in January 2005 that his clearance was being revoked.

In August 2005, Makky was suspended without pay, and remains suspended.

Makky asked for the entire FBI file under the Freedom of Information Act, but only received limited portions of it, according to the lawsuit. He does not know what derogatory information could be included in it, but noted that he had participated in peaceful demonstrations against the U.S. invasion of Iraq.

Although the Egyptian government refuses to recognize renunciation of citizenship by its nationals who become citizens of another nation, Makky considers himself solely an American, according to the lawsuit.

The lawsuit alleges several instances of bias against Makky.

"Dr. Makky was later told by the very person who hired him that it was a mistake to hire someone of Arab descent," his lawyers wrote. "Another supervisor, speaking with several employees, including Dr. Makky, about the possibility of a terrorist attack by Islamic fundamentalists, opined that 'Muslims have no brains.'"

END

AGENCE FRANCE PRESSE ENGLISH WIRE

September 15, 2006

Two Kuwaiti prisoners return from Guantanamo

KUWAIT CITY, Sept 15, 2006 (AFP) - Two Kuwaiti nationals released from the US prison at Guantanamo Bay on Cuba returned home Friday after being held for almost five years, the head of a detainee group said.

The men were brought back aboard a special Kuwaiti plane and were immediately hospitalised for a checkup, Khalid al-Oudah, head of the society of families of Kuwaiti prisoners in Guantanamo, told AFP.

"The two appeared tired after the long journey. One of them seems to be suffering from minor health problems, but generally they were better than the previous inmates" released, Oudah said.

The two were allowed to meet with their families soon after arriving at the military hospital, he said. It was not immediately known for how long they will remain there.

Oudah named the two former Guantanamo inmates as Omar Rajab Amin and Abdullah Kamel al-Kundari.

The Pentagon announced Wednesday that the two men, who were held at the prison since early 2002, had been transferred to Kuwait.

It said they were among about 130 detainees recommended for transfer or release by a review board.

Kuwait said Sunday Amin and Kundari would be tried in the emirate under an agreement reached during a visit to Washington last week by Emir Sheikh Sabah al-Ahmad al-Sabah.

Of a dozen Kuwaitis held at Guantanamo since early 2002, eight have now been transferred or released.

Oudah said the US and Kuwait are currently negotiating at foreign minister level to secure the release of the remaining four captives, who include his son Fawzi.

Five of the six former inmates who returned to the emirate were cleared by Kuwait's appeals court while a sixth was sentenced to five years in jail. The verdicts must be approved by the supreme court to become final.

About 455 people are currently held at Guantanamo Bay, a naval base on Cuba where the US has detained and interrogated 750 prisoners since early 2002 in its "war on terror" after the attacks on New York and Washington the previous September 11.

END

The Monitor (McAllen, TX)

Sept. 15, 2006

Management changing at hospital

Kyle Arnold
Monitor Staff Writer

EDINBURG — A rehabilitation hospital tied to a federal Medicare fraud lawsuit has closed down and set to be replaced by another hospital group.

Cornerstone Rehabilitation Hospital is partially owned by Dr. Raul Marquez, the orthopedic surgeon federal prosecutors say defrauded the federal government by making false Medicare reimbursement claims.

Now, Cornerstone Rehabilitation Hospital is gone and phone calls to the facility are answered by another group, Solara Hospitals McAllen.

Marquez, who holds ownership interest in the Cornerstone medical facilities and owns his own clinic, did not return repeated telephone calls for comment Thursday. And a spokeswoman for Cornerstone Regional Hospital would not comment on the rehabilitation facility.

Solara Hospitals is an Oklahoma-based group with operations at McAllen Medical Center. Its rehabilitation hospital is a separate company that Solara officials say will now take over the space on North McColl Road.

Cornerstone Rehab had been used for orthopedic care but now will be used for general long-term care, said Rick Knowland, CEO for Solara Hospitals McAllen.

He said the change had been in the works for a few months after new Medicare rules stopped payments for long-term orthopedic care.

"We took over on September 1st," Knowland said.

Knowland said "a handful" of Cornerstone's employees will stay on with Solara.

In a lawsuit filed earlier this month in the U.S. District Court for the Southern District of Texas, prosecutors said Marquez used Cornerstone Rehabilitation Hospital and Cornerstone Regional Hospital to commit the frauds.

The U.S. Attorney's Office in Houston alleged Marquez billed Medicare for procedures he never performed, as well as for procedures more expensive than those actually conducted.

The lawsuit against Marquez alleges he sent patients home from his practice, the Orthopedic Surgery Center, when they were in fact sent to one of the Cornerstone facilities. That would insure Marquez a higher reimbursement than sending them to another hospital.

In May 2004, FBI agents raided Marquez's office in connection with a Medicare fraud investigation. But it is unclear if that raid was connected to this lawsuit because the court documents are sealed.

END

Andrews Publications

Sept. 14, 2006

Nursing Home Chain Will Pay $20 Million to Settle Fraud Case

By ROBERT WOODMAN MCSHERRY, Andrews Publications Staff Writer

National nursing home chain Beverly Enterprises Inc. has agreed to pay the federal government and the state of California $20 million to settle an investigation into a former subsidiary's billing practices.

A pre-suit settlement agreement released by the U.S. Department of Justice Aug. 18 says subsidiary MK Medical submitted false claims for unspecified durable medical equipment to Medicare and to California's Medi-Cal insurance program from October 1998 until August 2002. MK Medical is no longer in business.

Medicare is America's national health program for the elderly and disabled, while Medi-Cal provides health and nursing home coverage to low-income Californians.

The investigation was conducted by the FBI, the Department of Justice and the U.S. Attorney's Office for the Northern District of California in San Francisco.

"Health care fraud is one of the priorities of this office," San Francisco U.S. Attorney Kevin V. Ryan said in a statement. "We are committed to pursuing allegations of fraud against federal health care programs and to safeguarding federal funds against false claims."

According to the statement, MK Medical billed Medicare and Medi-Cal for durable medical equipment without first obtaining certificates of medical necessity as required by the government health programs. The certificates must be signed by a doctor.

"The United States alleges that, in numerous instances, the certificates of medical necessity in MK Medical's files were incomplete, had been altered or had been filled in by MK Medical personnel in areas reserved for physicians," Ryan said.

According to the settlement agreement, Beverly will pay the federal government nearly $14.5 million; Medi-Cal will receive an additional payment of about $5.5 million.

"This agreement reflects the government's determination to prevent fraud and abuse by ensuring that health care providers comply with program safeguards regarding critical documentation," Assistant Attorney General Peter D. Keisler said in the statement.

END

The Associated Press
09-15-2006

Judge Nixes Wellbutrin Suit Against FDA

By Matthew Perrone

A U.S. District Court judge has opened the door for generic drug companies to market competing versions of Wellbutrin, a popular anti-depressant drug, made by Biovail Corp. The company had been asking the Food and Drug Administration not to approve generic versions of the drug.

The Canadian drug maker's request for a temporary restraining order and preliminary injunction against the FDA to prevent it from granting market approval of generic versions of Wellbutrin was characterized by analysts as a last-ditch effort. The judge's decision, filed last week in U.S. District Court in Washington, D.C., clears the way for Irvine, Calif.-based Anchen Pharmaceuticals to release the first competing version of the drug.

"Every day means additional revenue for Biovail, so they'll try anything to keep generics off the market," BMO Capital Markets-Canada analyst Christine Charette said. In fiscal 2005, Biovail recorded $354.2 million of revenue from Wellbutrin.

Anchen received "tentative approval" from the FDA in November 2005 but was barred from launching the drug until the resolution of a patent-infringement case between the company and Biovail. That case was resolved last month when a U.S. District Court judge in California ruled that Anchen had not infringed the Biovail patent.

Biovail's suit against the FDA argued that the agency had not adequately addressed concerns raised in a filing to the agency last December. In that filing, Biovail said generic Wellbutrin might contain chemicals known to cause seizures, which would threaten patients and hurt Biovail's reputation.

The FDA responded in June, saying it would need additional time to consider the petition because it raised "complex issues requiring extensive review." U.S. District Court judge Ricardo Urbina ruled that this "tentative response" adequately fulfilled the agency's legal obligations. He concluded that Biovail did not show how the marketing of generic Wellbutrin would cause the "irreparable injury" needed to justify a restraining order.

Anchen and Biovail representatives declined comment.

Shares of Biovail rose 22 cents to close earlier at $14.95 on the New York Stock Exchange.

END

AP

September 14, 2006

N.H. one of states getting money from GlaxoSmithKline

CONCORD, N.H._New Hampshire is one of several states that have finalized a settlement with pharmaceutical manufacturer GlaxoSmithKline to resolve allegations that the company improperly inflated the average wholesale price for certain drugs, the attorney general's office said Thursday.

Glaxo has agreed to pay states $23 million in damages resulting from the allegedly improper pricing data. New Hampshire's share is more than $85,000.

The issue concerned Glaxo's reporting of wholesale price data fro two of its drugs, Kytril and Zofran, which are injectable anti-nausea drugs used in connection with chemotherapy.

Glaxo allegedly increased the reported prices for the two products to create a "spread" between what purchasers paid and what federal and state health programs would pay. The "spread" could then be marketed as an inducement to physicians or other drug purchases to choose Glaxo products.

END

The Recorder
09-15-2006

Pledge Challenger Newdow Claims Web Scribe Defamed Him

Mike McKee

Sacramento, Calif., atheist Michael Newdow took plenty of grief from conservative commentators two years ago when he tried unsuccessfully to get the words "under God" taken out of the Pledge of Allegiance.

But being called a liar in an online column was more than he could stand -- and a Northern California minister could pay the price.

This Monday, Newdow -- who's both a lawyer and an emergency room physician -- is scheduled to appear in San Francisco's 1st District Court of Appeal to argue that his libel suit against the Rev. Austin Miles should be allowed to proceed.

Newdow claims that Miles -- a self-described "interdenominational chaplain" who writes conservative columns posted on the Internet -- defamed him by accusing him of committing perjury before the 9th U.S. Circuit Court of Appeals during the pledge case. Specifically, Newdow claims Miles accused him, in posts on two news service sites, of telling the court his young daughter suffered emotional distress as the result of being forced to recite the pledge in her classroom. Newdow insists he never said that.

Instead, he says, he only argued that children, including his daughter, are unduly influenced when a state-run school leads them in a ritual proclaiming the existence of God.

"Had Miles done as any reasonable person would have done -- i.e., simply read the 9th Circuit's panel decision before writing his article," Newdow wrote in court papers, "he would have quickly appreciated that his 'view' ... was 100 percent wrong."

The 9th Circuit in 2002 agreed with Newdow's claim that the pledge, as recited in public schools, violated the First Amendment's establishment clause. But two years later, the U.S. Supreme Court tossed Newdow's suit, voting 5-3 that he didn't have standing to bring it in the first place.

Since then, Newdow has pursued the merits of his arguments by representing an unnamed "Roe" client in challenging the pledge again. That case is now pending before the 9th Circuit, as is a separate case of Newdow's challenging the inclusion of the words "In God We Trust" on American money.

In his case against Miles, Newdow won a $1 million default judgment in Superior Court in June 2004 after Miles failed to respond to the initial complaint. That judgment was later set aside, though, after the trial court found that Miles, through no fault of his own, had no actual notice of the suit.

Immediately thereafter, Miles filed a motion to strike Newdow's libel suit as an attempt to block free speech. Contra Costa County Superior Court Judge Steven Austin denied that motion last year.

On appeal, Miles' lawyers -- Edward White III, associate counsel at the Thomas More Law Center in Ann Arbor, Mich., and Stockton, Calif., attorney Mark Thiel -- contend their client has shown his online comments were protected speech involving an issue of public interest.

To overcome that presumption, they argue in court papers, Newdow -- as an admitted public figure -- would have to show by clear and convincing evidence that Miles acted with actual malice. White and Thiel contend Miles' comments were based on information from other sources that he believed were accurate.

"When all is said and done," the two argued, "the dispute here is one of semantics and not of malicious falsehood."

That's not what Newdow believes. He even accuses Miles of making up quotes purported to be Newdow's own words.

"This man has no compunction whatsoever about disseminating falsehoods and persisting in flouting the law," Newdow, who is representing himself, wrote in court documents. "His meaningless claim that Newdow must have said something, somewhere -- 'on an Internet site ... or during television interviews' -- that could be used to support his fabrication is nothing but drivel."

Newdow also argues his default judgment should be reinstated, contending Miles actively hid to avoid being served the suit. Newdow says he tried service by mail, made two attempts through a professional service company and hired a licensed private investigator, all to no avail.

"The court will see," he wrote, "that the only inference that can be drawn from the evidence in this case is that Miles sneered at our judicial system and intentionally avoided service."

Miles' lead lawyer, White, couldn't be reached for comment.

Newdow, contacted in his Sacramento office, said Monday he mainly wants to clear his name.

"I think many people think that what he wrote was true," he said. "I'd like to restore my reputation."

The case is *Newdow v. Miles*, A109660.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, September 18, 2006 8:12 AM
Subject:	Attorney General's News Briefing for Monday, September 18, 2006
Attachments:	agnb060918.pdf; agnb060918.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 18, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

White House, Senate Holdouts Say Compromise Possible On Detainee Bill. CBS News Radio (9/18) reports this morning, "There is a change in the battle between the Bush White House and three respected Republicans over the war on terror. The senators who want no retreat from the Geneva Conventions are signaling a willingness to compromise. Among them John McCain on ABC's This Week." McCain: "Absolutely the talks are continuing. I have supported this President in the war on terror. I have supported him in the war in Iraq. I think he is a friend, I hope he considers me a friend. I believe we can sit down, we can work this out." CBS added, "The White House insists it is not looking to redefine the Geneva Convention rules on prisoner detention and interrogations nor does it want to legalize torture." National Security Adviser Stephen Hadley: "The President is very clear, this not about torture. This is about a program that is going to be professionally run by people who have been highly trained."

ABC World News (9/17, story 5, 0:25, Harris) reported last night that "there are hopeful noises about ending a rather extraordinary showdown between President Bush and some powerful senators from his own party. … Today, both sides say they are confident they can reach some sort of compromise."

NBC Nightly News (9/17, story 4, Jordan, 9.87M) reported, "On the Sunday talk shows, talk of compromise on the issue that's loudly split the Bush Administration and several key Senate Republicans." Stephen Hadley, National Security Advisor: "We need to find a way through that obstacle course. I think we can." Sen. John McCain: "I believe we will be able to work this out to the satisfaction of everybody concerned." NBC added, "Another sign Senate Republicans are trying to find a solution tomorrow staffers from Chairman of the Judiciary Committee will be meeting with Senator McCain staffers."

The New York Times (9/18, Sanger, 1.21M) runs a story titled "Compromise Called Possible On Interrogations," in which it says Hadley "is negotiating with…McCain…and other Senate leaders over the administration's proposal, which would give the C.I.A. permission to use "alternative" techniques when interrogating terrorism suspects. … Asked if he believed compromise was possible, Mr. Hadley said, 'I do.' He said it was essential that 'we continue to have this terribly important program for protecting the country, as the president requires, that gives the men and women who carry out this program clear guidance and clear Congressional support, and also achieves Senator McCain's requirement that we don't amend or change Common Article 3,' referring to the Geneva Conventions." The Times adds, "Other administration officials said it became clear over the weekend that the administration was going to have to give ground. 'I don't think anyone anticipated the avalanche of opinion that would be assembled on the other side of what seemed like a pretty abstruse legal issue,' one official said, speaking on condition of anonymity as he was not authorized to discuss the issue with a reporter." USA Today (9/18, Diamond, 2.27M) runs a similar story under the headline "Compromise On CIA Interrogations Possible," while the AP (9/18, Pickler) reports, "The Bush administration and holdout GOP senators expressed confidence on Sunday they could reach a compromise on rules for CIA interrogations of suspected terrorists."

The Washington Times (9/18, Pfeiffer, 88K) reports Sen. Lindsey Graham "agrees with Mr. McCain on the issue and said the administration and Congress are closer than some observers think. 'I think we can get there from here,' Mr. Graham said." The Times adds, "'Fox News Sunday' moderator Chris Wallace noted that many of those opposed to the administration's plan, including Mr. Graham, Mr. McCain and former Secretary of State Colin L. Powell, all have military combat experience. In contrast, many of the plan's supporters, including Mr. Bush, do not."

The Christian Science Monitor (9/18, Chaddock, 58K) says that "for now, the GOP revolt in the Armed Services Committee is giving cover to Senate Democrats, who don't want to head into another midterm election tagged with being weak in the war on terror." Yesterday, Sen. Mitch McConnell "said it would be awkward for Democrats to 'go home and explain a vote...to shut down an intelligence program that we know has helped save lives.'"

USA Today (9/18, Kiely, Johnson, 2.27M) runs a "Question and Answer" background report on the legislation, in which it says "the House of Representatives has scheduled a vote on the president's plan for this week and is likely to approve it. The Senate is more likely to approve the

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competing Armed Services Committee bill. If that happens, House and Senate negotiators would have to work out the differences." The Wall Street Journal (9/18, 2.03M), in an editorial, makes a similar point, "The good news is the Senate is not the last word on this debate. The House is likely to endorse the Administration's preferred language this week, and a bill that emerges from conference may be a compromise the CIA can live with. The government's ability to protect Americans using the vital tool of interrogation depends on it."

Newsweek (9/25, Hirsh, Hosenball, 3.12M) reports that "recently Bush administration officials, in private negotiations with the Senate, have agreed to drop waterboarding from a list of approved CIA interrogation techniques, according to a Senate source involved in the dispute. … The Bush administration wants to maintain seven other approved CIA interrogation methods, however, for use against suspected high-level terrorists, according to one congressional source and a lawyer involved in the negotiations." Newsweek also reports, "Scott Horton, a New York City Bar Association lawyer who has advised the Senate on the legislation, says Capitol Hill aides have told him that the CIA has sought to use the following techniques: (1) induced hypothermia; (2) long periods of forced standing; (3) sleep deprivation; (4) the 'attention grab' (the forceful seizing of a suspect's shirt); (5) the 'attention slap'; (6) the 'belly slap'; and (7) sound and light manipulation." Time (9/25, Calabresi, 4.03M) provides a brief description of the terrorism bills being considered by lawmakers.

Graham Says A Compromise Is Still Possible. Time (9/25, Tumulty, Bacon, 4.03M) reports, "White House and congressional leaders had hoped that focusing on terrorism in the final months before a tight midterm election would give their party an advantage over the Democrats. But they didn't count on a rebellion in their own ranks, made worse by the fact that it is led by [Sen. Lindsay] Graham and two more senior members of the Armed Services Committee who also have impressive military credentials: chairman John Warner, a former Secretary of the Navy who was a Marine ground officer in the Korean War, four years before Graham was born; and John McCain, a former Navy pilot whose father and grandfather were admirals and who still suffers from what he endured during 5 1/2 years in a North Vietnamese POW camp." Time adds, "The showdown on the Senate floor, where majority leader Bill Frist is expected to introduce the President's proposal, is not likely to be pretty." Graham "insists that there are still ways to work out a compromise, although both sides appear to be digging in. 'I share the President's goal of pursuing a CIA program that would protect us and operate within the rule of law,' he told TIME. 'And I will work with him to achieve that.'"

Negroponte Says Legal Uncertainty Has Diminished Use Of Interrogations. Director of National Intelligence John Negroponte was asked on Fox News Sunday (9/17, Wallace) if the CIA is currently unable to interrogate detainees "because intelligence officers are unwilling to risk being charged with war crimes." Negroponte answered, "There's been precious little activity of that kind for a number of months now and certainly since the Supreme Court decision." Negroponte noted that a terrorism suspect "may be questioned, but using the kinds of aggressive techniques, the tough techniques that the president was referring to the other day may be problematic because of the uncertainty that has been introduced by the current situation. So all these patriotic, professional agents are looking for is the kind of clarity to ensure that they will not be violating the law when they carry out these interrogations." Asked if the legislation, "as passed by the Senate Armed Services Committee and drafted by Warner and McCain and Graham, is unacceptable," Negroponte replied, "the director of the CIA tells me that, if it were passed in that form, he does not believe it would be possible for the program to go forward. And I accept his judgment on that." The Los Angeles Times (9/18, Miller, 918K) runs a story on the detainee bill in which it focuses on Negroponte's TV appearance, which it says "was part of a campaign by the Bush administration to defend a CIA program in which high-ranking Al Qaeda operatives had been held in secret prisons abroad and subjected to interrogation methods that critics contend are tantamount to torture."

Hadley, Senators Outline Their Stance. National Security Adviser Stephen Hadley, also on ABC's This Week (9/17, Stephanopoulos), said, "What we're talking, in terms of Common Article 3, is a minimum set of standards that would apply to what's called unlawful combatants, people like Al Qaida terrorists. And let's be clear who these people are. These are people who don't wear uniforms, who hide among civilian populations and, quite frankly, use war crimes, killing innocent civilians as a tactic. So let's be clear what we're talking about here. Nonetheless, notwithstanding the fact these are people who don't detain Americans on the battlefield; they kill them, we have said that we are going to provide the kinds of standards of treatment that are in the

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Detainee Treatment Act, sponsored by Senator McCain, approved by the Congress in December of last year. … It's interesting that the Department of Defense, the Joint Chiefs of Staff, the director of Central Intelligence, the agencies whose men and women are on the front lines on the war on terror and are at risk every day, support this legislative approach we have proposed."

On CBS' Face the Nation (9/17, Schieffer), Hadley added, "The most important thing here, and the question before the Congress and the American people is -- do we want a program run by the Central Intelligence Agency that questions these Al Qaida terrorists? … If so, we need to give clear guidance to the men and women who run it. And if you don't want the program, then you explain why you're willing to give up a tool which really has gotten more information about Al Qaida and made more of a contribution in preventing attacks on this country and our troops abroad than almost any other country."

Appearing on CNN's Late Edition (9/17, Blitzer), Hadley singled out a provision barring "humiliating treatment," saying, "I'm saying that nobody knows what humiliating treatment is. What does it mean? And the concern is that these people are being asked to take on very tough assignments. They want to be clear as to what is required, and they want it to be interpreted by U.S. law, not by opinions of European courts or other courts."

McCain, asked on ABC's This Week (9/17, Stephanopoulos) to respond to Secretary of State Condoleezza Rice's contention that "interpreting" the Geneva Conventions "is accepted practice in international law," said, "Of course it's not -- when we ratify a treaty…that was the time to, quote, 'interpret,' or make reservations. … The Vietnamese treated us rather badly for quite a period of time. That didn't mean that the United States of America wanted to interpret the Geneva Conventions any other way. In fact, they insisted that the Vietnamese treat us under those, and indeed for reasons that are still not clear to me, it was improved." McCain added, "We have to hold the moral high ground. We're the nation that people look up to. We can't lower our standards because others do. … There is a war that we are losing in some ways, as General Powell pointed out, and that's our standing in the world because of our treatment at Abu Ghraib, Guantanamo, et cetera. We have to keep the moral high ground."

On CBS' Face the Nation (9/17, Schieffer), Graham said, "What I would like to do is give our president the tools that we need to defend ourselves, an effective CIA program, where our agents can't be prosecuted for war crimes ill-defined; they can't be sued and lose their houses because they're doing their job; they can defend themselves in court if they're ever accused of doing something, by saying, 'I was following orders.' … If it's seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police? It would be a disaster."

Sen. Arlen Specter, also on CBS' Face the Nation (9/17, Schieffer), added, "I agree with senators Graham, Warner and McCain that you cannot have classified information which is not shown to the defendant. I agree with them that you cannot use coerced confessions because they're unfair and unreliable. I disagree with senator McCain, Graham and Warner and the president trying to eliminate habeas corpus. That is, judicial review, because we have so many complicated matters. When you come to the Geneva Convention, we have to follow the Geneva Convention. But what I'm looking for is a way to accommodate both interests, and I think that is possible."

During his appearance on CBS' Face the Nation (9/17, Schieffer), Democratic Sen. Carl Levin commented, "We cannot claim that we are abiding by international treaties such as the protections in Geneva that protect our troops if we decide unilaterally that we're going to modify Geneva. And the problem with this administration is that it's had this unilateral approach to law and to many other things in this world, and it's coming back to haunt us. And if we modify Geneva unilaterally, it's going to come back to haunt us, because other countries are going say, 'you people don't live up to obligations. What we saw at Abu Ghraib is what the CIA is all about, and don't complain when we treat your people the way you treat detainees.'"

On CNN's Late Edition (9/17, Blitzer), Sen. Evan Bayh said, "We can be true to the Geneva Convention, but we can do it by amending the War Crimes Act to give clarity to our agents so they can conduct these intelligence interrogations, get the information we need to protect our country but protect our own people and be true to our own values in the process."

Responding to Bayh's comment, Sen. John Cornyn, also on CNN's Late Edition (9/17, Blitzer), said, "I'm glad to hear what he said. … But I do think it's going to take more than amending the War Crimes Act because when the Department of Justice passes judgment on whether an

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interrogation technique is lawful or unlawful, they're going to look at the whole range of laws, not just the War Crimes Act, to determine that. That's why we need the clarity that would be provided by the Detainee Treatment Act."

McCain Said To Be Risking His 2008 GOP Frontrunner Status. Fox News' Brit Hume, appearing on Fox News Sunday (9/17, Wallace), said, "I might add this about McCain, that he is seeking the Republican nomination for president of the United States. It's pretty clear. He's supposedly the frontrunner. Another week of this, he won't be the frontrunner. In fact, I would say if this ends in some kind of a confrontation in which he, quote, 'wins,' I think his chances of becoming the nominee of the Republican Party are basically out the window."

The Weekly Standard's Bill Kristol, also on Fox News Sunday (9/17, Wallace), asked, "Do we think if we polled the soldiers in Iraq, they would be with McCain on this, not with Bush? I rather doubt it. This is an issue of how tough we can be on the very few high- value terrorists whom we choose to have the CIA interrogate. It has nothing to do with the military treatment of other military prisoners. And on this issue, I think the country is with Bush. I think the enlisted men in the military are with Bush. And Bush is going to win."

The New York Times (9/18, Nagourney, 1.21M) reports McCain "on Sunday flew to New Hampshire -- and right into a blistering editorial from the conservative Manchester Union-Leader that assailed him for standing up to President Bush on the issue." McCain "responded with a spirited defense, invoking his experience as a prisoner of war as he vowed to block the White House effort." McCain said, "The United States has always been better than our enemies. I'll tell you right now: one of the things in prison, in North Vietnam, that kept us strong was that we knew we were not like our enemies. That we came from a better nation, with better values, with better standards." The Times adds that after "months of orchestrated peace, the battle with Mr. Bush over the administration's effort to reinterpret the Geneva Conventions has put Mr. McCain back into a familiar position: bucking the White House and at odds again with some conservatives, who had already been wary of his ideological views." The dispute is "shaping up as an early chapter in a shift of influence in the Republican Party away from Mr. Bush as he approaches the final two years of his administration, and toward its presidential nominee of 2008. And it is spotlighting divisions in the party as prospective presidential candidates jockey for support from the conservative wing." Governor Mitt Romney of Massachusetts "said in an interview that he disagreed with Mr. McCain, and offered a forceful endorsement of Mr. Bush."

Relatives Of 9/11 Victims Urge Senate To Reject Bush Bill. The AP (9/18, Pickler) reports "34 relatives of Sept. 11 victims released the text of a letter they had sent to senators asking them to fight Bush's proposal. The family members said they do not believe 'that it is in the interest of the United States to create a system of military courts that violate basic notions of due process and lack truly independent judicial oversight. Not only does this violate our most cherished values and send the wrong message to the world, it also runs the risk that the system will again be struck down, resulting in even more delay' in prosecuting terrorists, the relatives wrote.

Krugman Claims Torture "Appeals To The President And The Vice President." Paul Krugman, in a column titled "King Of Pain," writes in the New York Times (9/18, 1.21M), "I haven't seen much discussion of the underlying question: why is Mr. Bush so determined to engage in torture? … So why is the Bush administration so determined to torture people? To show that it can. The central drive of the Bush administration -- more fundamental than any particular policy -- has been the effort to eliminate all limits on the president's power. Torture, I believe, appeals to the president and the vice president precisely because it's a violation of both law and tradition."

More Commentary. Bob Herbert writes in the New York Times (9/18, 1.21M), "Bush, Cheney & Co. are desperately trying to hold together a house of cards that is ready to collapse because their strategy and tactics for fighting terrorism were slapped together with no real regard for the rule of law. What we've seen over the past few years has been a nightmare version of the United States. Torture? Secret prisons? Capital trials in which key evidence is kept from the accused? That's the stuff of Kafka, not Madison and Jefferson."

Tom Malinowski, Washington advocacy director for Human Rights Watch, writes in the Washington Post (9/18, A17, 748K), "The Soviets understood that these methods were cruel. They were also honest with themselves about the purpose of such cruelty -- to brutalize their enemies and to extract false confessions, rather than truthful intelligence. By denying this, President Bush is not just misleading us. He appears to be deceiving himself."

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US Said To Hold 14,000 Detainees In Overseas Prisons. In a 2,230-word analysis piece, the AP (9/18, Quinn) reports, "In the few short years since the first shackled Afghan shuffled off to Guantanamo, the U.S. military has created a global network of overseas prisons, its islands of high security keeping 14,000 detainees beyond the reach of established law." The AP continues, "Captured on battlefields, pulled from beds at midnight, grabbed off streets as suspected insurgents, tens of thousands now have passed through U.S. detention, the vast majority in Iraq. Many say they were caught up in U.S. military sweeps, often interrogated around the clock, then released months or years later without apology, compensation or any word on why they were taken." Many experts told the AP "the detention system often is unjust and hurts the war on terror by inflaming anti-Americanism in Iraq and elsewhere." Some practices have been curtailed, and "living conditions for detainees may be improving as well," but the AP adds, "Whatever the progress, small or significant, grim realities persist."

Chambliss' Comparison Of Civil War, War On Terror Draws Fire. Roll Call (9/18, Akers) reports in its "Heard on the Hill" column that Sen. Saxby Chambliss "argued last week that the South could have won the war between the states if the Confederates had just had better intelligence. During Thursday's closed-door Senate Armed Services Committee hearing on trials, interrogation and detention of foreign terrorism suspects, Chambliss made an analogy between the current war on terror and the Civil War. He made the point that history would have been altered dramatically if only the South had had better intel. Democratic sources expressed outrage that he compared the Civil War to the Bush administration's war on terror."

HOMELAND RESPONSE:

BioShield Setbacks Threaten Deal To Produce Anthrax Vaccine. The New York Times (9/18, Lipton, 1.21M) reports on "Project BioShield, a $5.6 billion effort" to build a national stockpile of new drugs and vaccines that critics say "has largely failed to deliver." The "most acute" problems have come with the project's "$900 million push to add a new anthrax vaccine to the stockpile. What had begun as an effort to test and manufacture a safer, faster-acting vaccine has turned into an ugly battle between two biotech businesses. Each has hired Washington lobbyists to attack its rival's product and try to win over lawmakers and administration officials. Delivery of the new vaccine is far behind schedule, and a dispute between the Department of Health and Human Services and VaxGen, the company chosen to make the vaccine, could even end the deal."

Fish Used To Monitor Water Supplies. The Washington Post (9/18, A8, Lee, 748K) reports on the bluegill's new task of "keeping vigil over the Washington region's water supplies, where it might be able to save millions of lives in the event of a terrorist attack." The fish "are a key component of the IAC 1090 Intelligent Aquatic Biomonitoring System, a new water-monitoring device that electronically analyzes the behavior of eight captive bluegills to detect the presence of chemical toxins or other contaminants." The system, also in use in New York City and San Francisco, "automatically trips an alarm, takes samples, and summons authorities by e-mail and pager" if it detects signs of stress in the fish.

"Path To 9/11" Writer Says He Has Received Death Threats. Cyrus Nowrasteh, who wrote the screenplay for "The Path to 9/11," writes in the Wall Street Journal (9/18, 2.03M), "I am neither an activist, politician or partisan, nor an ideologue of any stripe. What I am is a writer who takes his job very seriously, as do most of my colleagues: Also, one who recently took on the most distressing and important story it will ever fall to me to tell. I considered it a privilege when asked to write the script for 'The Path to 9/11.' I felt duty-bound from the outset to focus on a single goal -- to represent our recent pre-9/11 history as the evidence revealed it to be." Nowrasteh adds, "In July a reporter asked if I had ever been ethnically profiled. I happily replied, 'No.' I can no longer say that. The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. … The hysteria engendered by the series found more than one target. In addition to the death threats and hate mail directed at me, and my grotesque portrayal as a maddened right-winger, there developed an impassioned search for incriminating evidence on everyone else connected to the film."

Freedom Tower Project Makes "Progress." While "several hurdles remain," the Wall Street Journal (9/18,

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Frangos, 2.03M) reports on "progress" made with the $2 billion, "iconic" Freedom Tower, as the state and federal governments reiterated their leasing commitments. New York's Office of General Services, the state government's property manager, signed a "nonbinding 'term sheet'" that is the basis of their deal to acquire "415,000 square feet" at "$59 a square foot" for "15 years," with the option to expand to "1 million square feet over 50 years." Meanwhile, the federal government's property manager, the General Services Administration, signed their "third" nonbinding memorandum of agreement that takes "600,000 square feet" at "$59 a square foot." This latter commitment will require congressional approval, one "hurdle" challenging the Freedom Tower's "financial viability." Another is a meeting this week to finalize the rebuilding framework for the WTC complex, and the last "hurdle" is whether the Freedom Tower can attract private business, since the only government agencies are the only ones to sign tentative lease agreements. If the federal and state governments actually sign the leases, the Freedom Tower would be on a "stronger financial footing" because the agreements could be "used as collateral to back construction bonds." And, the project will be financed from insurance proceeds and revenue the Port Authority collects at bridge and tunnel tolls. Also, the project appears to be gaining "political support," since Democratic gubernatorial nominee Eliot Spitzer, who once called the tower a "white elephant," said the lease agreements are a "crucial step in ensuring the financial viability of the Freedom Tower."

WAR NEWS:

US Working To Establish Secure Perimeter Around Baghdad. NBC Nightly News (9/17, story 3, Seigenthaler, 9.87M) reported that the US military's "immediate focus is to establish a security corridor around the capital to protect it from insurgent car bombers but one analyst doesn't believe the strategy is workable." General Barry McCaffrey, military analyst: "I am skeptical in the short run anything will tune back this level of violence." NBC continued, "The plan within two weeks to dig ditches and erect sand barriers, the aim to funnel inbound traffic through 28 checkpoints, the purpose stop suicide bombers trying to infiltrate the city. This has been tried in other smaller Iraqi towns and has been successful but Baghdad is a sprawling city. This is a major security undertaking on short notice."

US, Iraqi Officials Claim Security Belt Will Not Include Trenches. USA Today (9/18, Sabah, 2.27M) reports, "Iraq's Defense Ministry said Sunday that plans to fortify the 28 entrances to Baghdad do not include encircling the city with trenches, as has been reported. Col. Qassim Atta, a ministry spokesman, denied that Iraqi and U.S. forces planned to set up a perimeter of new trenches and berms to try to staunch one of the bloodiest periods in the capital since the U.S.-led invasion in 2003. 'The 28 entrances to Baghdad will be tightly controlled by the Iraqi police,' Atta said. 'But to besiege Baghdad with trenches is total exaggeration.'" U.S. military spokesman Lt. Col. Barry Johnson "said the plan had been 'mischaracterized' in the media. 'There are plans for a security belt around Baghdad in order to constrict movement through authorized checkpoints. … This has been mischaracterized by some media as a giant trench around the city. This is not what's happening.'"

Sunni Politician Assassinated; Dozens Of Bodies Recovered. The Washington Post (9/18, A11, Paley, 748K) reports police in Baghdad "reported the discovery of 24 bullet-riddled corpses that had been dumped in various parts of the capital. Armed men also assassinated Muhammad Shihab al-Dulaimi, an official with the Iraqi Accordance Front, the largest Sunni political bloc in parliament, while he was driving his car in the capital's Mansoor district, said Brig. Gen. Fadhil Abdul Muhsin of the Interior Ministry."

The New York Times (9/18, Al-Ansary, Adeeb, 1.21M) reports, "The police in Baghdad reported finding 36 bodies in several neighborhoods, an Interior Ministry official said. Eight were discovered in one area with gunshot wounds to the head and bearing marks of torture. But an American military spokesman said her office was aware of only 11 bodies found."

Sectarian Death Squads Said To Choose Victims Seemingly At Random. The Los Angeles Times (9/18, McDonnell, 918K) reports, "Evidence enough in the cold calculation of life and death in this capital of fear. A wrong turn, a detour, an untoward stare, a pointed finger, an anonymous denunciation, a nod of the head — these can, and do, lead regularly to death. Sectarian death squads snatch victims off the street or from their cars, from their homes or their offices, from mosques or hospitals. The killers come at night or day. They come in uniforms or civilian garb." The Times goes on to report, "Some bodies are never found,

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perhaps tossed in a clandestine grave, or decomposed beyond recognition, or dumped in the Tigris River or an irrigation canal from which they never emerge. So many corpses were clogging the capital's main sewer plant last spring that authorities launched an inquiry, with U.S. technical assistance. Investigators discovered a macabre pattern: Manholes from as far as several miles away had been used as disposal sites, allowing the remains to course underground through broad concrete pipes along with the city's subterranean effluvia."

Very Few Of Baghdad's Booksellers Remain. The Washington Post (9/18, A1, Raghavan, 748K) reports on the remnants of the booksellers on Mutanabi Street in Baghdad "the intellectual ground zero of Baghdad, they are the guardians of a literary tradition that has survived empire and colonialism, monarchy and dictatorship. In the heady days after the U.S.-led invasion, Mutanabi Street pulsed with the promise of freedom. Now, in the fourth year of war, it is a shadow of its revered past. Many of the original booksellers have been forced to shut down. Others have been arrested, kidnapped or killed, or have fled Iraq. … Under former Iraqi president Saddam Hussein, Mutanabi Street was the nexus for resistance and freewheeling debates, where underground writers published illegal books that denounced Hussein."

Anbar Tribes Reportedly Have Formed Coalition To Fight Al Qaeda. The New York Times (9/18, Al-Ansary, Adeeb, 1.21M) reports, "Nearly all the tribes from Iraq's volatile Sunni-dominated Anbar Province have agreed to join forces and fight Al Qaeda insurgents and other foreign-backed 'terrorists,' an influential tribal leader said Sunday. … Twenty-five of about 31 tribes in Anbar…have united against insurgents and gangs that are 'killing people for no reason,' said the tribal leader, Sheik Abdul Sattar Buzaigh al-Rishawi." The Times notes, "It is unclear how quickly or forcefully the tribal fighters will confront Al Qaeda and other insurgents, who mostly operate in and around the provincial capital, Ramadi, despite recurrent American military efforts to stop them." Rishawi "said the 25 tribes counted 30,000 young men armed with assault rifles who were willing to confront and kill the insurgents and criminal gangs that he blamed for damaging tribal life in Anbar, dividing members by religious sect and driving a wave of violent crime in Ramadi. 'We are in battle with the terrorists who kill Sunnis and Shiites, and we do not respect anyone between us who talks in a sectarian sense,' said Mr. Rishawi, the leader of the Rishawi tribe, a subset of the Dulaimi tribe, the largest in Anbar. Half the Rishawi are Shiite Arabs and half are Sunni, he said."

Reports Of Tribal Agreement Disputed. The Washington Post (9/18, A11, Paley, 748K) reports "on Sunday, tribal leaders in Anbar province denied news reports that local chieftains had gathered recently and agreed to join forces to fight al-Qaeda. 'All the talk and rumors that you may hear about alliances or new initiatives to wipe out al-Qaeda by the tribes in Anbar is all pure nonsense,' Sheik Faraj Khalid Essawi said. 'We wish that we could build a strong tribal alliance against al-Qaeda to defeat them and reestablish security in our area and rebuild the dignity and the stature of the tribal sheiks. But frankly, we are unable to stand up to or to confront al-Qaeda because even the American army itself has not succeed in defeating it.'"

Iraqi Insurgents Described As "Only Loosely Related" To Bin Laden's Al Qaeda. The Christian Science Monitor's Peter Grier (9/18) writes, "The war in Iraq constitutes a perimeter defense of the United States. Simply put, the US is fighting Al Qaeda and other extremists there, so it doesn't have to fight them on American soil. That's the way President Bush sees the situation, anyway. In his speech to the nation on Sept. 11, he said that terrorists wouldn't quit fighting if the US pulled out of Iraq. Instead, they'd pursue their target, in essence pouring through a gap in US lines. … Is that really the case? Many critics of the administration think Iraq is not the foremost trench in a global war on terrorism. The enemy there, they say, is only loosely related to the one that struck at the American heartland five years ago. Most insurgents in Iraq are natives, not wandering members of a terrorist international. It's unlikely they'd look for further ways to target the US if it left, say some terrorism experts."

Sailor Dies From Wounds Sustained In Anbar. The Washington Post (9/18, A11, Paley, 748K) reports "the U.S. military announced that a sailor assigned to the 1st Marine Logistics Group died Saturday from combat injuries in Anbar province."

Casey Says Iraq Needs 12 To 18 Months Before It Can Take Over Its Own Security. Gen. George Casey, the senior US military officer in Iraq, took Newsweek (9/25, Nordland, 3.12M) on a tour of Adhamiya, "a place that has been known for years as the worst neighborhood in Baghdad." Casey "says he's pleased with the progress he's seeing. 'It has worked,' Casey says. 'You

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see the reactions of the people on the streets.' Even so, the general acknowledges, 'there's a long way to go.' He says Iraq will need 12 to 18 months more before it's ready to take charge of its own security."

Bush Case That America Is Safer From Terror Because Of War Seen As Not Catching On. U.S. News and World Report (9/25, Mulrine, 2.03M) reports, "Polls show that a majority believes that the country is, in fact, now less safe from terrorism because of the war in Iraq. At every opportunity, Bush is pressing his case that things in Iraq are headed in the right direction-and that the war must be won. But with elections just weeks away, some vulnerable lawmakers may have shuddered after opening the Washington Post last week to see a column by influential conservatives William Kristol and Rich Lowry calling for the president to send 'substantially more' troops to Iraq to 'improve the chances of winning a decisive battle at a decisive moment.'" US News adds, "The op-ed column by Kristol and Lowry didn't create much of a stir in military circles, where talk about needing more troops in Iraq is hardly new. … But that's not what President Bush says he's hearing from his top commander in Iraq, Gen. George Casey."

Deadly Bombings Kill Twenty-Four In Kirkuk. ABC World News (9/17, story 3, 0:15, Harris) reported, "One note from Iraq, now, where a series of deadly bombings today in the northern city of Kirkuk. 6 bombs killed 24 people and kill wounded 84 more. This was the worst of the suicide attacks in a long time."

NBC Nightly News (9/17, story 3, Seigenthaler, 9.87M) reported, back-to-back bombings today that took a heavy toll leaving nearly two dozen Iraqis dead and the death of an American. Fears of increasing violence are leading up to the start of the Muslim holy month Ramadan. NBC (Boettcher) added, "It was a wave of bombings, the likes not seen in the oil rich city north of Baghdad. … This is what coalition forces fear could be in Baghdad's future as the holy month of Ramadan approaches." NBC noted, "more than 200 victims have been delivered to the Baghdad morgue in the past few days."

The USA Today/AP (9/18, 4A, Barzanji) reports, "There was no indication who was behind the bombings." According to the AP, "the worst assault involved a suicide truck bomb. The explosion in the city center killed 18 and wounded 55, police Brig. Sarhat Qadir said. A few hours later, a car bomb was rammed by a suicide attacker into a joint U.S.-Iraqi army patrol in the south of the city. At least three bystanders died and eight people were injured. Two roadside bombs and two parked car bombs went off in other parts of the city, killing three civilians and wounding 21 people, including two policemen and four soldiers, police told the Associated Press."

The Washington Post (9/18, A11, Paley, 748K) reports, "The restive northern city -- considered a likely flash point for sectarian violence because of its combustible mix of Kurds, Arabs and Turkmens -- declared a state of emergency and hastily put up dozens of checkpoints to thwart further attacks, police Maj. Jalal Mahmood Aras said. The attacks were the most recent bloodshed in a bitter struggle between Arabs and Kurds to take control of Kirkuk, the country's third-largest city. Iraq's new constitution calls for a referendum to determine whether the Kirkuk region will become a part of the Kurdish north.

The Los Angeles Times (9/18, Roug, 918K) reports, "There has been an upsurge in attacks during recent weeks in Kirkuk, where Kurds and Sunni Arabs have struggled for control of the city's oil wealth. Late Friday night, a bomb exploded in the Tiseen neighborhood, injuring three people. Sunday's attacks, however, were unusual in their scale and toll."

Suicide Bombers Kill Three Iraqi Police Outside US Base In Fallujah. The Washington Post (9/18, A11, Paley, 748K) reports that in Fallujah "two suicide car bombs exploded within minutes as the drivers tried to ram into a U.S. military base, killing at least three Iraqi police officers and wounding five others, police Capt. Ammar Yasser Halbousy said."

Iraqi Police Uncover Large Munitions Cache Near Basra. The AP (9/18) reports Iraqi police "have uncovered a large munitions cache in southern Iraq, near the area where a roadside bomb killed two British soldiers earlier this month, a spokesman said Sunday. Police received a tip that munitions were being stored in the town of Ad Dayr, near the southern city of Basra, Maj. Charlie Burbridge said. A raid early Saturday uncovered dozens of artillery and mortar rounds, as well as 100 rounds of high explosive shells of various caliber, Burbridge said.

US Has Held Iraqi AP Photographer Since April Without Charging Him. The AP (9/18,

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Tanner) report the U.S. military "has imprisoned an Associated Press photographer for five months, accusing him of being a security threat but never filing charges or permitting a public hearing. Military officials said Bilal Hussein, an Iraqi citizen, was being held for 'imperative reasons of security' under United Nations resolutions. AP executives said the news cooperative's review of Hussein's work did not find anything to indicate inappropriate contact with insurgents, and any evidence against him should be brought to the Iraqi criminal justice system." Hussein "is a native of Fallujah who began work for the AP in September 2004. He photographed events in Fallujah and Ramadi until he was detained on April 12 of this year. 'We want the rule of law to prevail. He either needs to be charged or released. Indefinite detention is not acceptable,' said Tom Curley, AP's president and chief executive officer."

Kimmitt Optimistic About Iraq's Economic Recovery Plan. In an op-ed for the Wall Street Journal (9/18, 2.03M) Robert Kimmitt, deputy Treasury secretary and presidential emissary for the Iraq compact, writes, "Ministers from around the world will meet today to discuss the International Compact for Iraq, an Iraqi government-led initiative to transform Iraq's economy and achieve financial independence within five years. If the Iraqis map out a credible and promising plan, the international community will support it, investing in Iraq's future. Additional assistance will be expressly conditional on Iraq achieving the benchmarks it has set out. A most important issue to be covered is how to develop Iraq's oil sector and immense oil reserves in a manner that benefits all the Iraqi people and serves as a unifying force across sectarian lines." According to Kimmitt, Iraqi leaders "will commit to pass a law developed through a consensus-building process that will share oil revenue among all Iraqi regions, enable development and delineate significant opportunities for private investors."

Minister Analyzes US Christians' Response To War In Iraq. In an op-ed for the USA Today (9/18, 2.27M) Oliver 'Buzz' Thomas, a minister in Tennessee, writes, "Three-quarters of the U.S. population consider themselves Christian. That translates into about 224 million Americans. So why are so few of us taking the teachings of Jesus seriously when it comes to this latest war? Out here in the heartland, only a handful of churches are even talking about it."

NATO Hails Afghan Offensive, But Violence Continues. The AP (9/17, Abrashi) reports, "NATO said Sunday that its two-week offensive in south Afghanistan was a 'significant success' that had driven Taliban insurgents from their positions and opened the way for development. But violence was unabated, with suicide bombers killing three civilians and wounding six soldiers." In another development, "some 400 heavily armed Taliban crossed into the western Farah province, taking control of its Gulistan district after chasing away the police and burning the district headquarters and a local clinic, provincial police chief Gen. Sayed Aqa Saqib said." Lt. Gen. David Richards said that NATO would not "dance to the Taliban's tune" by pursuing Taliban fighters who sought to thus distract NATO.

USA Today (9/18, 2.27M) reports that Lt. Gen. David Richards called the two-week offensive in southern Afghanistan a "significant success." He adds in the brief article, "This time, we're not leaving." The Taliban's seizure of the Gulistan district HQ is noted.

NATO Call For Troops To Afghanistan Falls Short. The Washington Post (9/18, Moore, Anderson, 748K) reports, "More than a week after NATO's top leaders publicly demanded reinforcements for their embattled mission in southern Afghanistan, only one member of the 26-nation alliance [Poland] has offered more troops, raising questions about NATO's largest military operation ever outside of Europe and the goal of expanding its global reach." Commanders resorted to the "highly unusual" act of publicizing their need for more forces "after 18 months of fruitless private pleas with alliance members."

The pessimistic article observes, "The North Atlantic Treaty Organization's forces are suffering the highest casualty rates of the nearly five-year-long conflict in Afghanistan, and as European governments are feeling stretched by the demands for troops there and in Iraq, Lebanon, the Balkans and in several African countries." In addition, public opinion in Europe "is also tainted by the war in Iraq, and a general frustration that President Bush's fight against terrorism has led to a deteriorating global security situation, according to public officials and analysts."

Afghans Express Anger At Government. The New York Times (9/18, Gall, 1.21M) reports that American and Afghan troops moving into Andar district found "anger and frustration" among the locals. The bulk of the article describes a meeting with "elders and townspeople" who

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complain to US forces about the government's inaction and the police's "preying" on the population.

DOJ:

DOJ's "Institutional Memory" Profiled. The Legal Times (9/18, McLure) runs a lengthy profile of David Margolis, "an assistant deputy attorney general and the Justice Department's most powerful career lawyer. … Margolis is widely described as the 'institutional knowledge' of the Justice Department. A notorious straight shooter known more for his love of country music and outlaw garb than his politics, he's managed to navigate the shifting sands of Washington to retain a powerful voice under Attorney Generals Janet Reno, John Ashcroft, and now Alberto Gonzales. Though Margolis is technically outranked by more than a dozen political appointees at DOJ headquarters and all 94 U.S. attorneys scattered throughout the country, his influence on the department extends far beyond his title, say both current and former Justice officials." The Times adds, "Margolis' bulletproof reputation and lack of partisan stripes also mean that the presidentially appointed attorneys general and deputy attorneys general at the top often turn to Margolis when Justice Department investigations venture into the swirl of national politics. From the investigation after former White House lawyer Vincent Foster's suicide to the ethics of Kenneth Starr's Lewinsky probe to the leak of Valerie Plame's identity, Margolis has played a major role in the DOJ's attempts to show that its law enforcement actions aren't motivated by political concerns." The Times notes, "Margolis serves as the Justice Department's chief disciplinarian of its federal prosecutors, helps choose U.S. attorneys and U.S. marshals, vets top FBI officials, advises prosecutors on when to recuse themselves from investigations, authorizes travel requests for the director of the FBI and the administrator of the Drug Enforcement Administration, and approves requests by political appointees to attend campaign events. In addition, on the rare occasion when a nominee for a presidential appointment is part of a criminal investigation, it falls to Margolis to decide how much of the investigation's information should be shared with the White House and the Senate."

CORPORATE SCANDALS:

Sentencing Of Several Enron Officials Slated For This Month. The Houston Chronicle (9/18, Hays) reports, "Open season for the Enron era's criminal sentencings is about to get into full swing. .. A few former executives-turned-felons have already received their punishments for crimes they committed within the disgraced energy company's walls, and two have lived in a prison cell. … But this month launches a string of sentencings for those who helped prosecutors as well as those who fought them and lost since Enron cratered nearly five years ago." The Chronicle continues, "The most high-profile sentencing comes next month for former Enron CEO Jeff Skilling, barring any last-minute delays. Andrew Fastow, the former finance chief who is among the most notorious felons to emerge from the Enron rubble, also is expected to garner attention when he is sentenced later this month. … A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its sprawling Enron investigation. He aims to appeal." The Chronicle adds, "Skilling's potential punishment of 20 to 30 years in prison is comparable to the 25 years awaiting WorldCom founder Bernard Ebbers, who was convicted last year of engineering an $11 billion fraud that undercut the company. … Another Enron defendant convicted by a jury this year, former broadband unit finance chief Kevin Howard, is slated to be sentenced a week after Skilling. He faces a maximum of 30 years, but likely will serve half that or less, for one count of conspiracy, three counts of wire fraud and a count of falsifying books and records. … And a slew of Skilling's former underlings whose cooperation helped prosecutors win his conviction face punishments for their own crimes, ranging from probation to 15 years behind bars, depending on the offense and whether prosecutors recommend leniency."

Hewlett-Packard Faces Deadline To Turn Over Documents Related To Snooping Scandal. USA Today (9/18, 3B, Kessler) reports, "Hewlett-Packard has until today to turn over a massive stack of documents related to its snooping scandal to Congress, which has also asked four key players to testify. The House Committee on Energy and Commerce is investigating whether HP illegally obtained the home phone records of

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nine journalists and at least two board members. It wants the computer giant to voluntarily hand over nearly all related documents. Friday, the panel also requested testimony from HP Chairman Patricia Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini, who works for prominent Silicon Valley law firm Wilson Sonsini Goodrich & Rosati. Additionally, it summoned Ronald DeLia, a private investigator. HP has admitted hiring detectives who pretended to be reporters and board members to access their phone records, a trick that may be illegal under fraud laws." USA notes, "Other agencies are interested in HP. California Attorney General Bill Lockyer has said he has enough evidence to charge employees of HP and its subcontractors. The Department of Justice, Securities and Exchange Commission and FBI have also launched inquiries."

HP Leak Investigation Reveals "Rare Glimpse" Of Boardroom Turmoil. The New York Times (9/18, Darlin) interviews anonymous sources who offer details of Hewlett Packard's investigation of news leaks there, reporting that the "secret investigation" was "more elaborate than previously reported." The Times reports, "Those briefed on the company's review of the operation say detectives tried to plant software on at least one journalist's computer that would enable messages to be traced, and also followed directors and possibly a journalist in an attempt to identify a leaker on the board. The revelations at Hewlett-Packard, the computer and printer maker that helped define Silicon Valley, have provided a rare glimpse of boardroom turmoil — resulting in Ms. Dunn's agreement to step down as chairwoman in January, and two resignations from the board. But they have also cast a harsh light on the questionable and possibly illegal techniques used in the episode, raising the possibility of criminal charges." The Times adds, "Those briefed on the internal review said that at various times, questions were raised about the legality of the methods used. They did not identify who raised the questions, when, or to whom they were addressed. But a crucial legal opinion, its origins previously undisclosed, was supplied by a Boston firm that shares an address and phone number with a detective firm on the case."

CRIMINAL LAW:

Ney Pleads Guilty To Charges Linked To Abramoff Scandal. U.S. News and World Report (9/25, Pound, 2.03M) reports that Rep. Robert Ney last week "agreed to plead guilty to criminal charges linked to disgraced lobbyist Jack Abramoff. Ney acknowledged his guilt on charges of conspiring to defraud the public of his 'honest services' and making false statements. According to prosecutors, Ney accepted trips worth more than $170,000 from Abramoff, his lobbyists, and their clients. The Abramoff team showered him with campaign gifts, meals, and sports and concert tickets; Ney gave them legislative help."

The Legal Times (9/18, Palmer, Schwartz) reports, "In the two-count plea, filed in the U.S. District Court for the D.C. Circuit, Ney, 52, admitted to making false statements and to being part of a conspiracy to violate congressional gift bans by accepting handouts and free trips from Abramoff and his clients in exchange for pushing their legislative agenda beginning in 2000 until April 2004." The Times adds, "Ney is the first member of Congress to face charges in a lobbying scandal that has already ensnared six other lobbyists and government officials. Abramoff and his associates Michael Scanlon, former Ney Chief of Staff Neil Volz, Adam Kidan and Tony Rudy all pleaded guilty to bribery charges. David Safavian, former chief procurement officer for the Office of Management and Budget, was convicted in June of making false statements and obstructing justice in connection with his work with Abramoff. (Judge Paul Friedman denied Safavian's motion for a new trial this week.) … Lawyers familiar with the investigation say the government is likely to bring charges against other government officials, former Hill staffers and lobbyists in the coming months."

Former New Jersey State Senator Pleads Guilty To Taking Bribes. The Newark Star-Ledger (9/16, Martin) reported and powerful New Jersey Democratic Party leader and former state Sen. John Lynch on Friday "admitted secretly taking tens of thousands of dollars from a contractor while lobbying to help him develop state parkland, a stunning acknowledgment of corruption by one of New Jersey's most influential politicians." Lynch "pleaded guilty to defrauding the state's citizens and to tax evasion," and Jack Westlake, "a developer and longtime member of the Monmouth County Board of Taxation, pleaded guilty to a separate tax evasion charge. Their pleas marked a sudden end to a four-year investigation that began with an inquiry into billboard sales by two high-level aides to former Gov. James E. McGreevey," and "U.S. Attorney Christopher Christie called it possibly 'the most significant' case in his office during a four-year barrage of corruption prosecutions that has sent

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dozens of elected officials, public employees and contractors to prison. … He praised the case prosecutors, Assistant U.S. Attorneys Jeffrey Chiesa and Ricardo Solano, and lead investigators, Special Agents William Grace of the FBI and William Frederick of the IRS."

The Philadelphia Inquirer (9/16, Graham, Moroz, 399K) reported, "Christie said investigations spawned by the billboards case would continue, and FBI Special Agent in Charge Leslie Wiser warned, 'our team is not done.' 'Put this on the billboard: 97-0 and counting,' he said. … Christie called Lynch's plea 'a sad moment,' and acknowledged that the conviction might not change the way politics work in New Jersey. 'The problem is that you get rid of one set of corrupt bosses and another set seems to come in to replace them,' he said. 'It's up to the people of this state and the leaders of this state... to decide if they want to continue on this path.'" The New York Times (9/16, Kocieniewski, 1.21M) noted, "In a written statement distributed by his lawyer, Jack Arsenault, Mr. Lynch said he was deeply sorry for betraying the public trust and embarrassing his family, political colleagues and constituents." Christie "hailed the guilty pleas as the end of an era of political bosses that had led to what he called 'the corrupt McGreevey administration.'"

The Asbury Park Press (9/17, Malwitz) noted, "When the FBI exercised a search warrant at the office Westlake and Lynch shared in Tinton Falls, Lynch claimed he was innocent," but "with Friday's guilty plea, the bang of a judge's gavel in federal court forever tainted his name." The Bergen Record (9/16, Sampson, Maddux) reported that Lynch "is by far the most prominent of dozens of New Jersey public officials convicted in a series of federal corruption probes during the past several years. State Republican Party chief Tom Wilson was quick to make political hay of the news. 'John Lynch isn't just symbolic of the Democratic Party in New Jersey: He was the literal hub of the Democratic Party in New Jersey,' Wilson said. … Democratic State Committee Chairman Joe Cryan fired back: 'These types of things happen in both parties, whether it's Republican mayors in Monmouth County or Republican congressmen around the country. Tom should know better than to make these kinds of allegations.'"

Former McGreevey Aide Disputes Claim Of Sexual Relationship. The New York Times (9/18, Jacobs, 1.21M) reports, "There were no fireworks, no swooning — and no sex, for that matter, says the man at the center of the political maelstrom that led to the resignation of Gov. James E. McGreevey." Golan Cipel "said in an interview from Israel yesterday that he wanted to set the record straight and dispute Mr. McGreevey's memoir, 'The Confession,' which is to be released tomorrow. He said the book was simply an attempt to rehabilitate Mr. McGreevey's public image." The Times notes, "At the time of Mr. McGreevey's resignation, lawyers for the governor said Mr. Cipel was threatening to file a sexual harassment lawsuit," but Cipel yesterday "said he wanted only that Mr. McGreevey stop harassing him. The F.B.I. investigated extortion accusations but declined to take action." The AP (9/18) notes that "Cipel said FBI investigators came to Israel and concluded he didn't try to blackmail McGreevey. 'I was just the only one with the courage to speak out,' Cipel said."

Aryan Brotherhood Leaders Avoid Death Penalty. The Los Angeles Times (9/16, Goffard, 918K) reported that jurors on Friday "deadlocked…on whether to execute two kingpins of the Aryan Brotherhood prison gang who orchestrated a decades-long reign of murder from their cellblocks. As a result, Barry 'The Baron' Mills, 58, and Tyler 'The Hulk' Bingham, 59, will live out their years where they have spent most of their adult lives — and where their names already carry near-mythic weight: behind bars." The Orange County Register (9/16, Welborn) noted, "Assistant U.S. Attorney Terri K. Flynn said that even though the jury did not vote for death for Bingham and Mills, the trial was a success. She said the convictions in July should send a message to Aryan Brotherhood members and other prison gangs that the government will go after violent prison inmates. 'These two defendants have effectively been gutted,' she said. 'They will spend the rest of their lives hidden away in isolation in some prison.'"

The New York Times (9/16, 1.21M) added, "The judge is scheduled to sentence the two men to life terms on Nov. 13. Under the law, the prosecutors cannot ask for a new penalty phase." The AP (9/16, Flaccus) also reported on the deadlock, in a widely-distributed story.

Miami Seniors Press For Federal Action On Rising Medicare Fraud. The Miami Herald (9/17, Dorschner, 310K) reported, "When Muriel Sherman, 81, decided to go to war against Medicare fraud, she found a lot of seniors who wanted to join her. Her story, reported in The Miami Herald last month, has sparked a wave of responses from seniors with similar stories about their identities being

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used for widespread fraud that FBI officials estimates runs $1 billion a year in South Florida alone." The Herald noted, "Timothy J. Delaney, assistant special agent in charge of the FBI's Miami Division, warned seniors not to do investigations on their own. 'I would leave that up to the professionals.' Delaney, who previously was the FBI's national case manager for healthcare fraud cases, acknowledged that healthcare fraud is a huge issue here, particularly in durable medical equipment, a long-standing concern, and in expensive HIV/AIDS infusion treatments, which was first revealed as a massive problem in a Miami Herald report last year. 'It is a huge problem, but there are many people trying to do something about it,' Delaney said. Thirty of the Miami division's 390 case agents are dedicated to healthcare fraud."

Miami Federal Prosecutors Cracking Down On "Street-Level" Scams. The AP (9/18, Anderson) reports, "Borrowing a tactic used successfully against drug traffickers, federal prosecutors in Miami are attacking the problem by focusing on both the 'street-level' scams that typically involve between $1 million and $5 million in [Medicare] fraud as well as the high-dollar cases involving large health providers. Since last October, the effort has result in criminal charges against more than 100 people in 63 separate cases and civil lawsuits against another 38 defendants. All told, the cases over this one-year period involved more than $100 million in Medicare fraud, Miami U.S. Attorney R. Alexander Acosta said. In past years, Acosta said, criminals widely thought that investigators wouldn't waste much time on relatively small-dollar fraud amounts of $1 million or $2 million." The AP notes, "The crackdown involves several federal, state and local agencies."

FBI Documents Detail Disgraced Philly Consultant's Fund-Raising Prowess. The Philadelphia Inquirer (9/17, Budoff, 399K) reported, "When Democrat Bob Casey Jr. needed money for his gubernatorial race, there was one man he couldn't do without: fund-raiser extraordinaire Robert M. Feldman." He "also raised millions for other politicians, such as Gov. Rendell, Mayor Street, and former New Jersey Gov. Jim McGreevey," but "ever since Feldman got entangled in an FBI investigation into Philadelphia corruption and another in Puerto Rico, he has lived in exile from the political world he once walked as a king." The Inquirer added that "a remarkably candid portrait of Feldman's dealings has emerged from a court case and FBI wiretaps of conversations with the late dealmaker Ronald White. The documents had not been previously made public."

Gotti Lawyer Makes Closing Arguments. The New York Times (9/16, Williams, 1.21M) reported that during his closing arguments Friday, "John A. Gotti's lawyer acknowledged for the first time yesterday that his client had once been the boss of the Gambino organized crime family. But when Mr. Gotti gave up the Mafia life in 1999, the lawyer said, his withdrawal was heartfelt and true. … A federal prosecutor, in her closing arguments, said Mr. Gotti's claim to have quit the Mafia was a ruse to avoid prosecution," but Charles Carnesi "said his client had soured on the mob life. 'The message is: "I went to the very top of this life and it's no good. It destroys you and your family. It's not worth the toll,"' Mr. Carnesi said." The Times adds that "Carnesi attacked the F.B.I. tapes that are at the center of the government's case, particularly a recording from 2003 in which prosecutors say Mr. Gotti can be heard complaining about a demotion to 'captain' in the Gambino family. Mr. Carnesi said that the word 'captain' had never been uttered, though he did not say what the conversation had been about."

Newsday (9/16, DeStefano) reported "Carnesi said that as a young man, his client was intoxicated with the respect his late father…received. … But after a few years, the younger Gotti…became disillusioned with mob life, the lawyer said. 'There is a point where the boy becomes a man; a man learns it is not like that,' said Carnesi, referring to the romanticized notion of La Cosa Nostra. Instead, Gotti saw the death of men he knew and days filled with 'treachery and deceit,' the lawyer said." The New York Daily News (9/16, Zambito, 729K) noted, "The jury of seven women and five men is expected to start deliberating Monday in the federal government's third attempt at convicting Gotti." The New York Post (9/16, Cornell, 608K) also reported on Carnesi's closing, under the headline "'Junior': My Father 'Freed' Me."

Gotti Lamented What He Saw As Decline Of Traditional Mob Culture. In a widely-distributed story, the AP (9/16, Caruso) reported, "As he languished in a federal prison in 2003…Gotti had plenty to worry about. … But at the root of his troubles was this: The modern mob, he lamented, was losing its manliness. 'Now are we men? Or are we punks or rats or weasels? You tell me,' he angrily asked one friend while serving a racketeering sentence. Gotti's conversations were routinely recorded before his release from prison last year, and the tapes have played a central role

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in his current racketeering trial." The AP noted that "the tapes provide an inside look at the gangster's code, particularly its obsession with 'being a man' at all costs."

High Court To Consider Murder Conviction Overturned By 9th Circuit. The Los Angeles Times (9/18, Savage, 918K) reports that for Jim Studer, "wearing a button with a photo of his brother, Tom, was a simple way of bearing witness for him at the trial of Tom's accused killer, Mathew Musladin." Little did he "think the buttons he and his parents wore to the trial in San Jose would nearly free the man convicted of Tom's murder — or put the killer's case before the Supreme Court. But he had not considered that Musladin would someday have a chance to bring his case before the U.S. 9th Circuit Court of Appeals." The Supreme Court has long "cast a critical eye on the liberal-leaning 9th Circuit, particularly in cases involving crime and the death penalty. The justices will consider two of those cases soon after they return next month." The jury convicted Musladin "of first-degree murder and attempted murder, and he was sentenced to 32 years to life in prison." But Musladin's case "came before two" of the 9th Circuit's "decidedly liberal judges," Stephen Reinhardt of Los Angeles and Marsha S. Berzon of San Francisco. In a 2-1 decision, the judges reversed Musladin's conviction, saying that the buttons worn by Studer's family deprived Musladin of a fair trial." Judge Reinhardt said "the photo buttons — described by the prosecutor as 2 inches in diameter and by Musladin's lawyer as 3 to 4 inches — conveyed a 'specific message.' 'The buttons essentially 'argue' that Studer was the innocent party and that the defendant was necessarily guilty,' Reinhardt said."

Review Reveals Flaws In National Security Contracting Procedures. U.S. News and World Report's (9/25, Ragavan) cover story reports on the scandal involving defense contractor Mitchell Wade, noting that it would ultimately lead him and one lawmaker, former Rep. Randall Cunningham, to jail and "still more criminal charges" are expected "in the next few days or weeks, against some of the most influential insiders in the nation's capital." US News adds, "A two-month US News investigation, based on a review of hundreds of pages of court documents, private internal MZM records, and detailed interviews with a dozen key officials, shows how Wade used his connections on Capitol Hill and inside the Pentagon to gather inside information and turn his company into a moneymaking juggernaut. … The magazine's review also revealed fundamental flaws in the government's national-security contracting procedures and showed how Wade risked compromising sensitive government secrets."

FEC Looking Into MZM Contributions To Lawmakers. In its cover story, U.S. News and World Report (9/25, Ragavan, 2.03M) reports in its cover story, "According to US Attorney Kenneth Wainstein in Washington, who is leading the MZM investigation, Wade admitted pressuring MZM executives to make campaign contributions. He also got 19 MZM employees or their spouses to make 39 different contributions in their names, which he then reimbursed-in violation of federal election laws. Virginia Rep. Virgil Goode, a Republican, received $46,000 in such 'straw contributions,' and Florida Rep. Katherine Harris, also a Republican, got $32,000. … Wade had other Republican lawmakers in his sights, as well. He tried to cultivate Mississippi's Trent Lott, then the Senate majority leader, by sending him expensive seven-fold ties, and North Carolina's Elizabeth Dole, by proffering a marble bust. Both declined the gifts. In all, Wade gave nearly $305,000 in campaign contributions-98 percent of it to Republicans." US News adds, "According to knowledgeable sources, the Federal Election Commission is investigating a number of MZM-related campaign contributions, including $12,000 that King and his wife made to Representative Goode."

MZM May Have Had A Role In Getting US Troops To Iraq. In a separate story in its cover package, U.S. News and World Report (9/25, Ragavan, 2.03M) reports that MZM "may have played a role in getting troops to Iraq, according to a national commission that investigated the intelligence failures that led to the war. The commission blamed the Pentagon's National Ground Intelligence Center (where Wade had analysts on contract through earmarks) that handled much of the military's prewar analysis of whether Saddam Hussein had developed nuclear precursor capabilities. The report didn't single out the MZM analysts but said that NGIC had 'in particular displayed a disturbing lack of diligence and technical expertise.'"

Hoekstra Seeks Probe Of Cunningham's Awarding Of Intel Contracts. In its cover story, U.S. News and World Report (9/25, Ragavan, 2.03M) reports in its cover story, "The chairman of the House Select Committee on Intelligence, Republican Peter Hoekstra of Michigan, has also asked an independent investigator, Michael Stern, to conduct a

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separate inquiry into Cunningham's activities while he served on the intelligence committee. Stern, congressional sources say, has found that Cunningham corrupted the awarding of intelligence contracts, much the same way he did military contracts. The leaders of the intelligence committee are now debating whether to subpoena Cunningham to testify."

Armitage Revelation Has Reconfigured Plame Leak Case. Time (9/25, 4.03M) reports in its "Notebook" column that the Valerie Plame leak case "received a radical reconfiguring when former State Department bigwig Richard Armitage confirmed that he was the original source for columnist Robert Novak's revelation. Novak weighed in last week, calling Armitage's contrition bogus and the leak deliberate." Time examines the major players in the case including Armitage, Novak, Vice President Dick Cheney's former Chief of Staff Lewis "Scooter" Libby, The Nation reporter David Corn who "still sees scandal in Bush aides' efforts to tarnish Wilson."

Few Police Departments Require Four-Year Degrees. USA Today (9/18, Johnson) reports, "Since 1963, when the Multnomah County, Ore., Sheriff's Department became one of the first police agencies to impose a four-year degree requirement on recruits, only a few other local departments have followed. Less than 5% of local police departments with more than 100 officers require four-year degrees, says Louis Mayo, executive director of the Police Association for College Education. Most departments give higher pay to recruits with four-year degrees, he says, but have avoided requiring recruits to have them for several reasons. Among them: concerns about recruiting enough minority officers in increasingly diverse urban areas, and fears that not enough college graduates would be attracted by police salaries."

Kidnapping Victim Found After Sending Text Message. ABC World News (9/17, story 7, 2:15, Harris) reported, "A suspect is under arrest in South Carolina tonight, charged with kidnapping a teenage girl and holding her in a booby-trapped bunker, 15 feet under ground. And police say they were able to rescue this girl and capture the suspect, all because she managed to send a text message from a cell phone." ABC (Osunasami) added, "When her family finally received that text message, it was nothing short of a miracle. The 14-year-old girl had been held in what authorities describe as a booby-trapped bunker, underneath leaves and branches, 15 feet in the ground. The girl got a hold of a cell phone, left behind by the accused kidnapper, and was able to send a text message. Police were able to pinpoint the cell phone signal and were able to rescue her yesterday."

Police Seek Gunman After University Shooting. NBC Nightly News (9/17, story 5, , Seigenthaler) reported, "Authorities are searching for a gunman" in Pittsburgh who "shot five basketball players after they left a party on campus. Two of the players remain in critical condition." NBC (Okwu) added, "Police say the shooter, believed to be a non-student had been disruptive inside the party, encountered two of the players outside after leaving and opened fire. All but one of the students are new recruits brought on to help a struggling team."

National Guard Joins Search For Kidnapped Baby. NBC Nightly News (9/17, story 6, , Seigenthaler) reported, "In Missouri, the National Guard as well as state and local police are involved in a search for a nine-day-old baby girl. The mother said she was stabbed by a kidnapper. It happened in Union, Missouri." NBC (Shamlian) added, "The family's nightmare started Friday night when a woman interested the home of the new mother with a gun and a knife. The intruder cut her throat and snatched the new born. The 21-year-old mom survived. Her one-year-old son was not hurt. The FBI and the Missouri National Guard are combing the area for evidence. A bloody knife was found in the woods near the home. He says the kidnapper likely wanted a baby of her own."

CIVIL RIGHTS:

Key Witness Says FBI Ignored Exculpatory Comments In Boston Police Brutality Case. The Boston Globe (9/17, Lehr, 425K) reported, "It was the most notorious Boston police brutality case of the last 10 years, and, in the end, the federal investigation hinged on what Officer Kenny Conley saw -- and what he wouldn't say. Conley was convicted of perjury and obstruction of justice after he testified that he never saw a drug-unit officer, dressed in plainclothes, who had been pummeled by other officers who mistook him for a fleeing slaying suspect," but "a Globe reexamination of the case has found an apparent and perhaps devastating defect in the eyewitness case against

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Conley, one which, for some court observers, raises the possibility of government misconduct." Key prosecution witness Robert "Smut" Brown, "a drug dealer whom Conley and other officers were pursuing on the night of the beating," said in a jailhouse interview with the Globe that "Conley wasn't the officer he saw, and that he tried, unsuccessfully, to alert federal authorities during the trial that they had the wrong man. … Indeed, he says, minutes before testifying, he spotted in the courthouse hallway the officer he had seen standing near the scene of the beating that night and pointed him out to Kimberly McAllister, the FBI agent in charge of the probe. 'She's like, "No, no, no, no, no, that's not the guy,"' Brown said. … McAllister, through an FBI spokesperson, said she does not recall Brown pointing out the officer in court that day. What she does remember is that Brown, fearful of police retaliation, didn't want to take the stand. Had Brown provided new evidence, McAllister would have immediately told prosecutors, said FBI spokeswoman Gail A. Marcinkiewicz."

ANTITRUST:

MAN AG Embarks On Bid For Scania AB. The Wall Street Journal (9/18, Singer) reports, "MAN AG of Germany launched a cash-and-stock takeover bid for Swedish rival Scania AB that values the maker of trucks and buses at about €9.6 billion ($12.15 billion) and would potentially form Europe's largest commercial-vehicle maker. The supervisory board of Munich-based MAN met yesterday to approve the move. Scania, of Södertälje, Sweden, hasn't approved the bid, but the German company is hopeful of the deal ultimately being friendly, said people familiar with the matter." The Journal adds, "A combination would bring together two of the larger makers of trucks, including 18-wheelers and light-duty commercial vehicles and buses. … Together, they would rank as the largest truck maker in Europe by market share, ahead of Volvo AB, of Göteborg, Sweden, and DaimlerChrysler AG, of Stuttgart, Germany, and third in global market share, behind Volvo and DaimlerChrysler."

AOL Agrees To Sell German Internet-Access Unit. The Wall Street Journal (9/18, Karnitschnig, Vascellaro) reports, "In the first step of a broader plan to reorganize AOL's international operations, Time Warner Inc. agreed to sell the unit's Internet-access business in Germany for €675 million ($854.7 million) to Telecom Italia. In coming weeks, AOL is expected to also complete negotiations for the sale of its Internet-access businesses in the United Kingdom and France. Proceeds from the sale of all three businesses are expected to total about $2 billion, according to people familiar with the talks." The Journal adds, "Though its European operations are profitable, AOL never managed to establish itself as a major player in the European Internet-access market, and Time Warner has since written off most of AOL Europe's value. The move to sell the access business, which is the core of the operation, comes as Time Warner has been paring its large portfolio of assets. It recently sold a regional cable channel for $375 million and has been negotiating to sell the Atlanta Braves baseball team, which is valued at about $460 million."

ENVIRONMENT:

Investigators Search For Source Of E. Coli Outbreak. ABC World News (9/17, story 4, 2:40, Yang) reported, "Teams of investigators from two agencies here at the Department of Health and Human Services have been working throughout the weekend to try to track down this deadly outbreak of E. Coli. In California's Central Valley today, the investigators are hunting for the source of the contamination. Food and Drug Administration officials tell ABC News the plant where the suspect spinach was packed shows no signs of the bacteria." ABC World News adds, "So far, they haven't identified the cause. In recent years, more people have reported getting sick from eating bad produce has been rising.

NBC Nightly News (9/17, story 7, Allen) reported, "Food safety officials do not know where the tainted spinach came from or how the E. Coli got into it, reasons why the warnings now include all fresh spinach. The source of the contamination could be anything from the water used to irrigation to a worker that did not wash their hands. … Ultimately food specialists say one of the biggest issues is that we lived in a fast paced, eat on the run society."

Second Company Linked To Contaminated Spinach. The New York Times (9/18, Wald) reports that River Ranch Fresh Foods is the second company to be "\implicated in the E. coli outbreak linked to spinach, the Food and Drug Administration said late Sunday, and the number of identified victims is still rising. … The spinach that passed through River Ranch was sold under the brand names Farmers Market, Hy-Vee, and Fresh and Easy." The

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Times adds, "The federal health authorities are advising consumers not to eat fresh spinach. They said frozen spinach had not been implicated. The number of reported cases of E. coli infection rose by seven on Sunday, to 109, but officials said that the real number was probably higher and that reporting was probably delayed because some health departments were not staffed on weekends."

The USA Today (9/18, Vergano) reports, "Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with salads, with "best if used by dates" from Aug. 17 to Oct. 1, 2006. A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought spinach from Natural Selection, is expected to issue a recall of three packaged salad mixes, Acheson said."

The Washington Post/AP (9/18, A4) reports, "Natural Selection Foods, the world's largest producer of organic produce, has been linked to the infected greens, prompting a recall of 34 brands. They include the company's labels and those of companies contracting with Natural Selection, based in San Juan Bautista, Calif., to produce or package its spinach. On Sunday, River Ranch Fresh Foods of Salinas, Calif., added to its recall spring mixes containing spinach sold under the labels Hy Vee, Fresh and Easy, and Farmers Market, FDA officials said."

Associates Offer "Complex" Portrait Of Alleged Long Island Polluter. Newsday (9/18, Bernstein) reports, "Gerald Cohen could express concern for his employees: He would give them time off to take care of personal problems, send flowers to those who were ill, and show up at funerals for workers or their family members. But he also had a way of making employees feel insecure. Cohen bounced paychecks, never granted a raise or a bonus, withheld pension money and was unable to develop any friendly relationships, even with those who worked for him for years. … Most describe Cohen as complex," but "the U.S. attorney's office in Brooklyn says it has no doubt who the 72-year-old Cohen is: one of the nation's worst polluters. Earlier this month, Cohen was arrested by FBI agents and charged with failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the company's 125-acre property along Sheep Pasture Road, not far from Long Island Sound.

Boehlert Calls For Increase In CAFE Standards. In a Washington Post (9/18, 748K) op-ed, House Science Committee Chairman Sherwood Boehlert (R) writes, "politicians have handled U.S. energy policy the way BP apparently handled its pipeline: We've talked about it, we've taken some superficial actions, but we've failed to examine it closely, secure in our belief that everything seemed pretty much okay." Boehlert says, "The House repeatedly passed legislation to open the Arctic National Wildlife Refuge to oil drilling, with proponents arguing that pollution from drilling is a thing of the past -- presumably a harder argument to make in the wake of this summer's revelations from BP." Boehlert writes, "The most important, realistic and feasible step the government could take would be to require automakers to make more fuel-efficient cars by raising corporate average fuel economy (CAFE) standards."

FBI/DEA/ATF/USMS:

Mexico Extradites Drug Cartel Suspect To US. There are more than 200 media references to the Mexican government's decision to extradite an Arellano Félix drug cartel suspect. For example, Copley News Service (9/17, Walker) reports the oldest of four brothers "accused of heading the ruthless Arellano Félix drug cartel in Tijuana was extradited by the Mexican government to the United States…to face drug charges in San Diego. Francisco Rafael Arellano Félix, 56, was escorted off a commercial fight at Lindbergh Field…after being handed over earlier in the day to U.S. authorities in the Texas border town of Brownsville. … Flanked by agents from the Drug Enforcement Administration and the U.S. Marshals Service, the balding, bespectacled Arellano Félix was rushed to a vehicle waiting to take him to federal prison, authorities said. … The decision to extradite Arellano Félix came the same day that U.S. Ambassador Tony Garza sharply criticized the Mexican government, saying, 'Drug cartels, aided by corrupt officials, reign unchecked on many towns along our common border.'" The San Diego Union-Tribune used the Copley News Service story.

The AP (9/17) reports the U.S. ambassador "praised the 'courage and conviction' of Mexico's President Vicente Fox on Sunday after Mexico extradited alleged drug kingpin Francisco Rafael Arellano Felix to the United States. Francisco Rafael Arellano Felix was loaded into a helicopter

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Saturday in the Mexican city of Matamoros, then flown across the border and handed over to Texas officials in Brownsville after serving a 10-year sentence in Mexico. … U.S. officials have been pushing Mexico to overcome reluctance to extradite its citizens. When Mexico officials have tried to extradite major trafficking suspects, courts have blocked them."

In a separate story, the AP (9/16) writes that Mexico extradited drug kingpin Arellano Felix on Saturday, "making him the first major Mexican drug lord to be sent north to face drug charges. The extradition was a victory for U.S. officials who have been pushing Mexico to send them more drug lords. … Most of the seven Arellano Felix brothers have been arrested or killed, weakening the group. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego." A version of the AP story was used by ABC News, the Washington Post, Wall Street Journal, USA Today, Newsweek, Miami Herald, San Francisco Chronicle, Dallas Morning News, and Houston Chronicle.

Suspected Drug-Smuggling Tunnel Found Along US-Mexico Border. The San Diego Union-Tribune (9/16) reports the DEA announced it has "discovered a tunnel under the U.S.-Mexico border in Imperial County that apparently was used for smuggling drugs. The 400-foot tunnel reaches between a residence in Calexico and a residence in Mexicali, Mexico, said John S. Fernandes, DEA special agent in charge. It is about 20 feet underground, equipped with lighting and bolstered with wooden beams every few feet."

San Diego County Challenges California's Medical Marijuana Law. The AP (9/16) reports San Diego County "is challenging California's medical marijuana law in state court, saying it should not be required to comply with a state law directing counties to issue ID cards to users. At the same time, local police, working with federal agents, have shuttered all of the nearly 30 marijuana dispensaries in the county. … San Diego prosecutors said neighbors complained about one store in the summer of 2005, prompting an investigation that culminated in joint Drug Enforcement Administration and local police raids in July. Fifteen operators were charged with illegally selling the drug for recreational use to people who are not ill -- including one undercover agent who prosecutors said he got a doctor to give him a medical marijuana recommendation for his dog." The San Diego Union-Tribune, San Jose Mercury News, San Luis Obispo Tribune, Contra Costa Times, and Arizona Republic are among the newspapers that used the AP story.

In Michigan, Federal Law Credited For Drop In Gun Crimes. The Lansing (MI) State Journal (9/16) reports authorities say gun crimes in Lansing "are on the decline because of a federal initiative that gives longer prison sentences to people convicted of them. … Authorities on Friday highlighted the conviction of a 31-year-old Lansing Township man involved in a multi-state drug operation. Benjamin Preston Foreman was sentenced this month to 25 years in prison; he had received five additional years because of federal gun charges."

IMMIGRATION:

DHS Set To Designate Contractors For Secure Border Initiative. The Washington Post (9/18, A1, Witte, 748K) reports the Department of Homeland Security "is expected within days to name a winner in a competition that could permanently change the way the United States conducts surveillance, apprehension and detention operations along its northern and southern boundaries. The choice promises to lend significant insight into how the government sees the future of border security, with firms offering rival visions of how that future looks. All year, the nation's largest military contractors have been locked in intense competition to team with the government on a program that gives the private sector unusually wide sway over a critical national security issue. … The resulting proposals are the latest incarnation of decades' worth of attempts to use technology to create a virtual fence along the border. So far, none have been successful. Recent initiatives have ended with cameras that failed to work in extreme temperatures and millions of dollars wasted. But with immigration legislation stalled in Congress, Homeland Security officials are gambling that this new effort -- known as the Secure Border Initiative -- will be their best hope of cutting the flow of illegal immigrants into the country."

Mexicans With Green Cards Provide Preview Of Guest Worker Program. The Wall Street Journal (9/18, A1, Millman, 2.03M) reports on "an estimated tens of thousands of Mexicans with an unusual place in the bitter debate over

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immigration. Thanks to quirks in the law, they have green cards enabling them to come to the U.S. for work stints. Many…call themselves 'subidos' from the Spanish verb for 'to rise,' because they do the grueling jobs of pouring concrete for tall structures such as grain silos for the ethanol plants increasingly rising across the Great Plains." The Journal notes, "The experience of the…Mexicans who use green cards to hop across the border provides some intriguing clues about how an official guest-worker system might play out. By quickly filling jobs and providing needed skills, such workers are a boon to employers. They rarely put a burden on social services, because they leave their school-age children and elderly relatives at home. Nonetheless, there is some evidence that the Mexicans drive down wages in the industries where they work."

US Farmers Forced To Make Emergency Requests For Foreign Laborers. The Los Angeles Times (9/18, Romney, 918K) reports, "As border enforcement shrinks the labor force of undocumented field hands and immigration reform looms in Congress, growers have focused with renewed vigor on the need for a simplified federal guest worker program. For Harry Singh & Sons, which imported nearly half the agricultural visa holders in California last year, the federal program became a necessity in the aftermath of Sept. 11, 2001. With half its fields on the Camp Pendleton Marine Corps base, the company suddenly came under scrutiny by immigration officials. In a mid-harvest panic, having lost three-quarters of its workers, the company turned to the federal government. Singh & Sons' experience since then offers a close look at a program that growers and worker advocates alike agree is deeply flawed, yet crucial to comprehensive immigration reform." The Times adds, "Growers must generally ask the U.S. Department of Labor to certify the existence of a labor shortage 90 days before foreign workers are needed. But the harvest was in full swing, so" Singh & Sons' "filed an emergency request. … If all had gone well, those workers would have been vetted and approved by the State Department and then bused to Oceanside. But the Department of Labor kicked the application back for revisions, and by mid-December…$2.5 million in tomatoes had rotted in the fields."

Mass Emigration Seen As Third World's Best Hope For Economic Development. The Washington Post's Sebastian Mallaby (9/18, A17) writes, "In ' Let Their People Come ,' a new book published by the Center for Global Development, Lant Pritchett reports that if rich countries permitted extra immigration equivalent to 3 percent of their labor force, the citizens of poor countries would gain about $300 billion a year. That's three times more than the direct gains from abolishing all remaining trade barriers, four times more than the foreign aid given by governments and 100 times more than the value of debt relief."

TAX:

IRS Cracking Down On Partisan Activity By Religious Groups. The New York Times (9/18, Goodstein, 1.21M) reports that with midterm elections "less than two months away, Christian conservatives are enlisting churches in eight battleground states to register voters, gather crowds for rallies and distribute voters' guides comparing the candidates' stands on issues that conservatives consider 'family values.'" But the religious conservatives "are facing resistance from newly invigorated religious liberals and moderates who are creating their own voters' guides and are organizing events designed to challenge the conservatives' definition of 'values.'" Meanwhile, both "religious flanks are looking nervously over their shoulders at the Internal Revenue Service, which this year announced a renewed effort to enforce laws that limit churches and charities from involvement in partisan political campaigns." The IRS "issued a report in February that said nearly half of the 110 tax-exempt organizations it investigated after the 2004 elections for improper political activity were churches. Of the 40 churches that the I.R.S. had finished investigating, 37 were found to have violated the law. These churches were given warnings or penalized with excise taxes and, although none lost their tax exemptions, the I.R.S. is still investigating seven more cases against churches." Capitalizing on "the crackdown, the advocacy group Americans United for Separation of Church and State plans to begin mailing letters today to 117,000 clergy members in 11 states warning them to avoid 'any activity designed to influence the outcome of a partisan election,' by either supporting or opposing a particular candidate."

Targeted Liberal California Church May Defy IRS Investigation. The Los Angeles Times (9/18, Glover, Sahagun, 918K) reports, "A liberal Pasadena church facing an IRS investigation over alleged politicking sounded a defiant note Sunday, with its leaders and many congregants saying the probe amounted to an assault on their constitutional rights and that they were inclined to defy the

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agency's request for documents." After "delivering an impassioned sermon about the investigation to a standing-room-only crowd of about 900," the Rev. Ed Bacon, rector of All Saints Episcopal Church, said, "These people are offended. Freedom of speech and freedom of religion have been assaulted by this act of the IRS, and I think my people want to be heard in court." The Times adds Bacon said "he would consult with attorneys and church officials before deciding a course of action but that the vast majority of parishioners with whom he spoke Sunday felt the church should resist a summons demanding copies of newsletters, e-mails and other records."

Refund-Anticipation Loan Practices Facing Legal, Regulatory Challenges. USA Today (9/18, 1B, McCoy) reports, "Each year, an estimated 10 million Americans, frustrated by weeks-long waits for their IRS refunds, turn to tax preparers who provide checks within days. Those checks are usually refund-anticipation loans, payments that are secured by and repaid from a pending federal tax refund." Due to being short-term loans, "the annualized interest rates often soar to 100% or higher. More than half of those who received the loans in 2004, or more than 5 million taxpayers, were recipients of the earned income tax credit, a major federal anti-poverty program, IRS data show." USA notes that there are several "recent actions posing legal and regulatory challenges to refund-anticipation loans: •In February, California Attorney General Bill Lockyer sued H&R Block for allegedly misleading clients about the cost of the loans." That case "is proceeding even as H&R Block and its lending partners recently agreed to pay $101.5 million to settle other class-action cases filed over refund-anticipation loans. •Jackson Hewitt, the nation's second-largest tax preparer, disclosed to investors in July that it is nearing a $5 million consent judgment with Lockyer's office to settle an inquiry launched in 2003 over the firm's refund-loan marketing." USA adds, "IRS Commissioner Mark Everson called the loans 'predatory' in a USA TODAY interview. However, he said, 'What you have is a real demand on the part of approximately 10 million people who, when they come in and file their tax returns, they want their money, and they want it right away.' 'And if the IRS were to step in and say, 'You can't do it,' I think there would be an uproar on this,' said Everson."

CONGRESS-ADMINISTRATION:

New High Court Term To Feature Controversial Cases. The National Law Journal (9/18, Coyle) reports, "The U.S. Supreme Court's new term, which already offers controversial challenges involving abortion, affirmative action, punitive damages and global warming, promises to add significantly to the emerging portrait of the newly constituted Roberts court." The Journal continues, "The justices will open the 2006-2007 term on the traditional first Monday in October -- Oct. 2 -- but in an untraditional way. There will be no oral arguments because of the Jewish holy day, Yom Kippur. … But on that day, or as has become more routine in recent years, on the Friday before the first Monday, the Court will announce new grants of review -- as well as denials -- of cases gleaned from the thousands that came into the Court throughout the summer." The Journal adds, 'The justices approach the opening day with a relatively spare argument docket, having agreed to hear arguments in 31 cases, fewer than the number granted review at this time a year ago. But there is none of the uncertainty that surrounded them last fall as they awaited the arrival of a new chief justice and dealt with the impending departure of Justice Sandra Day O'Connor. … But even if the high court only decided the 31 cases currently on the docket, there is plenty of potential drama and legal significance in that group, say scholars and court watchers. … 'There are some stand-out cases and each of them will test whether this is a "restrained" Court,' said constitutional law scholar Douglas Kmiec of Pepperdine University School of Law, referring to the abortion, affirmative action and punitive damages challenges. … Each of those 'headline' cases, he added, also reflects the influence of Justice Anthony M. Kennedy, who has played a major role or has cast the decisive vote in the precedents or doctrines underlying those challenges."

Hardiman Tapped For 3rd Circuit Vacancy. The Legal Intelligencer (9/18, Duffy) reports, "Two of the vacancies on the 3rd U.S. Circuit Court of Appeals could soon be filled now that President Bush has nominated Thomas Hardiman, a 41-year-old federal judge who has been on the bench in federal court in Pittsburgh for less than three years." The Intelligencer continues, "If confirmed, Hardiman, a former partner at Reed Smith, will fill the vacancy created in July 2005 when Judge Richard L. Nygaard took senior status.

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… Likewise, the second nominee, Judge Kent Jordan, 49, had served less than four years on the District of Delaware federal bench when he was chosen in June to replace Senior Judge Jane R. Roth." The Intelligencer adds, "No nominee has yet been named to replace Justice Samuel A. Alito Jr., who was elevated to the U.S. Supreme Court in January. … Hardiman is the former treasurer of the Republican Committee of Allegheny County, but also has strong ties to the Democratic Party by marriage. His wife is the former Lori Zappala, the niece of former Pennsylvania Supreme Court Chief Justice Stephen A. Zappala and cousin of Allegheny County District Attorney Stephen A. Zappala Jr. … Appointed to the Western District bench at age 38, Hardiman is one of the youngest 3rd Circuit nominees in recent memory -- but not the youngest."

Paulson Said To Be Returning Treasury To "Top Tier" Status. The Washington Post (9/18, A15, Kamen, 748K) reports in its "In the Loop" column, "There was some chatter last week in the press about how new Treasury Secretary Henry Paulson is restoring his department to its traditional top-tier status after six years of downward drift under largely ignored predecessors John Snow and Paul O'Neill. Yes, we're hearing about how heavy-hitters have been filling top positions at Treasury and how Paulson talks regularly with the White House and President Bush 's innermost circle, including Secretary of State Condoleezza Rice. Some White House and State Department reporters say they detect the hand of veteran Bush spinmeister Jim Wilkinson at work in all this scuttlebutt. After all, Wilkinson worked at the White House and more recently at State before becoming Paulson's chief of staff just a couple months ago."

Earmark Reform Languishing In Senate. Roll Call (9/18, Newmyer, Ackley) reports a senior Senate leadership aide said the "two Senators taking the lead on reforming their chamber's earmark rules need to come up with a measure that can sail through the Senate before GOP leaders approve it." The Senate is "struggling to match the reform enacted last week by their House colleagues, and with the clock ticking down to adjournment, it is unclear whether Senators will be able to produce any workable rules changes." Senate Republican leaders are "deferring to Rules and Administration Chairman Trent Lott (R-Miss.) and ranking member Chris Dodd (D-Conn.), a GOP leadership aide said." In addition, "similarly imperiled is a plan that Lott and Dodd want to push to eliminate the long-standing Senate tradition of secret holds, in which Senators can block legislation without identifying themselves. Republican leadership in the chamber remains opposed to the proposal."

Bilbray Says Earmark Reform A First Step In Budget Overhaul. In a USA Today op-ed (9/18), Rep. Brian Bilbray says, "With the public demanding reform, the House adopted rule changes to the practice of earmarking that will bring more transparency to the legislative and appropriations process. For the first time, earmarks will be put in the public light where everybody will be able to see how their tax dollars are being spent. This is the first step of many in what must be an ongoing commitment from this Congress to blow away the fog of anonymity that surrounds our governing process." Bilbray goes on to call "on Congress to adopt a two-year budget cycle, so that election-year politics wouldn't influence budget and appropriations decisions. I believe that decisions about the budget process should be made after elections, not before them."

GOP Fiscal Policies Seen As Contributing To Possible Loss Of Majorities. In his Wall Street Journal column (9/18), John Fund says if Republicans "lose big in November, one reason will be their tardy response to public outrage over profligate spending. The guilty pleas of former GOP Rep. Duke Cunningham and lobbyist Jack Abramoff prompted demands for reform of the earmarks -- pork projects members often secure in secret -- that were prominent in both scandals." The Federal Government is "now an astounding 185 times as big in real terms as it was a century ago. A general sense that Republicans have forgotten why they were sent to Washington is a big reason why only 43% of Republicans approve of Congress in this month's Fox News poll. If Republicans can't better explain how they plan to get a grip on spending, many voters will conclude they both deserve and need a time-out from power."

NYTimes Criticizes Congress For Failing To Overhaul Lobbying Rules. The New York Times (9/18, 1.21M) says in an editorial, "One of the shabbiest shell games under way in Congress is the attempt to convince voters that lawmakers are curbing their corrupt relations with power lobbyists. The cravenness was never clearer as G.O.P. House leaders passed a placebo rules change in place of honest reform — and on the very day when one of their own, Representative Bob Ney of Ohio, was plea bargaining in the corruption investigation of his old friend Jack Abramoff, the disgraced überlobbyist and influence peddler." The "political

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ghosts of Mr. Ney and Tom DeLay, the former House majority leader, should haunt this Congress and its Republican bosses for their disgraceful refusal to end the Capitol's embrace of the lobbying industry. In the first burst of the Abramoff scandal last spring, both houses made all manner of reform vows, then cynically hung two hollow bills out to die on the vine."

Boehner Clarifies Comments On Democrats' Commitment To War On Terror. House majority leader John Boehner was asked on Fox News Sunday (9/17, Wallace) if he would like to "take back" his claim that Democrats are "more interested in protecting the terrorists than protecting the American people." Boehner replied, "the point I was trying to make is that there's a very big difference between the two parties in terms of how best to protect the American people from terrorists. I could have articulated this much better, but the fact is, is that, if you look at the USA Patriot Act, we're trying to give the president tools to protect Americans; they fought against us. You look at the Hamdan decision that came down from the Supreme Court. Democrats were jubilant that the court was taking away the president's ability to do these military tribunals. And then when the leak came out on the terrorist surveillance program over at NSA, the Democrats were jubilant that this had been exposed and began to press the administration."

WPost Urges Boehner To Apologize. The Washington Post (9/18, A16, 748K), in an editorial, writes that Boehner "should apologize. … Whether one disagrees with Democrats on any particular issue, it is offensive to try to paint opponents, as Mr. Boehner did, as uninterested in 'protecting the American people' -- and to dodge the implications of that statement by claiming, as Mr. Boehner did, that he was simply wondering. As the election season heats up, this is a line of argument that Republicans would do well to drop."

USPS Granted Official Two Month Vacation Despite Allegations Of Improprieties. The Washington Post (9/18, A15, Williamson, 748K) reports, "All summer, federal-dom has been abuzz over a steamy U.S. Postal Service Inspector General's report accusing the agency's former public affairs chief of heavy drinking, expense account chicanery and sexual harassment. But who knew that the subject of the report, Azeezaly S. Jaffer, has spent the season on vacation, courtesy of the Postal Service? Jaffer's taxpayers' holiday bears witness, a Postal Service spokesman said, 'to how hardworking he is.' The June IG report accuses Jaffer, who managed a staff of 160 and a $20 million budget, of, among other things: drinking at a work function until he passed out; running up $8,000 in extra hotel room charges so he could qualify for a suite with a bathtub for two; and following a female colleague into her hotel room, propositioning her, then passing out."

Transportation Department Official Charged With Using Stolen Funds For Escort Services. The Washington Times (9/18, McElhatton, 88K) reports, "As a specialist on fuel cell technology in the US Department of Transportation, Shang Hsiung traveled the country for years to attend trade conferences to discuss alternative fuel and other agency initiatives." But Federal authorities "say the 54-year-old Takoma Park man had another agenda during his out-of-town trips. Since 2001, prosecutors say, Mr. Hsiung used counterfeit checks and stolen credit-card information -- including co-workers' card numbers -- to pay for escort services while on government travel." Charging documents "do not state how much money investigators think was stolen over the years. A spokesman for the US attorney's office in the District said the amount is not yet part of the public record but 'is in the thousands of dollars.'"

Report Lists Six Key Trends For Overhauling Government Operations. The Washington Post (9/18, D4, Barr, 748K) reports in its "Federal Diary" column that a report to be released today lists "six trends that are keys to overhauling government operations and improving federal performance. The trends were identified by three senior staff members at the IBM Center for the Business of Government with an eye to helping federal agencies prepare for an era in which incremental change may not be enough to meet public expectations or to address such megaproblems as terrorism. … The trends, according to IBM, are: Changing the rules. The traditional personnel, procurement and financial management systems are being replaced. … Using performance management. … Providing competition, choice and incentives. … Performing on demand. … Engaging citizens. … Using networks and partnerships."

First Lady To Headline Opening Of Clinton Global Initiative. U.S. News and World Report (9/25,

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Bedard, 2.03M) reports in its "Washington Whispers" column that First Lady Laura Bush "headlines the opening of the second annual Bill Clinton Global Initiative. That's Bubba's big effort to fix the world's problems. Rules are that every headliner must pledge action in a major problem area; the first lady will call for a special clean water program in sub-Saharan Africa."

Colleagues Praise Hyde's Accomplishment As International Relations Chair. The Washington Post (9/18, A15, Kamen, 748K) reports in its "In the Loop" column, "The plaudits have already begun for House International Relations Committee Chairman Henry Hyde (R-Ill.), who's leaving Congress at the end of this term. At the end of a committee meeting Tuesday, likely one of the last Hyde will chair, his good buddy Rep. Tom Lantos (Calif.), the panel's ranking Democrat, praised Hyde's accomplishments and asked everyone to give him a round of applause for his service."

Senate Urged To Approve General Officer Promotions. In the Washington Times (9/18, 88K), DOD insider Stephen Herbits writes that "Gen. John Craddock and Vice Adm. James Stavridis" will be facing the Senate Armed Services Committee for their General Officer nominations. Herbits warns that "it will be tempting for some senators to use the occasion to play 'let's beat up on Rumsfeld' instead of truly considering the merits of the officers before them." Given the growing reluctance of potential officeholders to endure the Senate confirmation process, Herbits counsels, "But the Senate has no place pillorying them for decisions they don't make or policies they don't construct. And as difficult as it may be for some, it wouldn't hurt if diligent questioning was also relevant and respectful."

NYTimes Urges Census Bureau To Change The Way It Counts Inmates. The New York Times (9/18, 1.21M)editorializes, "The Census Bureau has stubbornly rebuffed critics who argue that the nation's prison inmates should be counted at their homes instead of where they are serving time. But a persuasive new report from the National Research Council makes the current method difficult to defend. The Census Bureau commissioned the report, which deals with residency rules in general. In one of its most important findings, the report says that the practice of counting inmates at prisons sometimes distorts the political process and 'raises legitimate concerns'' about 'equity and fairness in the census.'"

OTHER NEWS:

Dow Nears Record High Set In 2000. USA Today (9/18, Shell, 2.27M) reports, "Six years, eight months and three days after etching a record close of 11,722.98 into the history books, the Dow Jones industrial average starts the week just 162 points shy of topping that. If it succeeds, it will erase all of the 37.8% loss it suffered during the 2000-2002 bear market, a painful period on Wall Street that shook investors' faith in stocks." USA Today notes, "The mood shift on Wall Street is being driven by a few key trends, including…a belief that the Fed chairman's forecast is playing out. When the Fed decided not to raise its target for short-term rates in August after 17 boosts, Fed chief Ben Bernanke based that decision on the belief that a slowing economy would relieve inflationary pressures. He also noted that if energy prices retreated, it would also help abate price pressures. He's been right."

The Wall Street Journal (9/18, McKay, 2.03M) reports that in May the DJIA "pulled within about 80 points of its record high, only to tumble. It was off more than 936 points, or 8%, by the time it bottomed a month later. Many shareholders took the spring peak as a chance to book profits rather than stick around for even heftier gains to top the Dow's all-time high reached in January 2000."

Inflation, Weak Housing Market Said To Imperil Recovery. The Christian Science Monitor (9/18, Trumbull, 58K) reports, "Some economists worry about a possible recession, especially if the housing market stumbles badly. Others fear that inflation will persist. But the stock market is riding on hope of a more moderate outcome: that the economy can continue growing, if perhaps more slowly, as a housing boom fades and inflationary forces diminish."

Fed Expected To Leave Rates Unchanged. USA Today (9/18, Kirchhoff, 2.27M) reports, "The Federal Reserve is expected to leave short-term interest rates unchanged when it meets Wednesday, given recent signs of moderating inflation and growth. A market that bets on future Fed moves was pricing a 90% chance that the central bank will stand pat this week for the second straight meeting. But there is less agreement about the Fed's long-term strategy. … Though core inflation, which doesn't include food and energy prices, has been running above the Fed's informal comfort zone of

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1% to 2%...Bernanke and other officials have said in speeches and statements they expect a slowing economy to reduce price pressures."

Surprising Earnings Data Attributed To Stock Options. The Wall Street Journal (9/18, lp, 2.03M) reports, "Scorekeepers at the Commerce Department last month discovered that American workers were earning far more than previously estimated -- and that created an economic puzzle. The new data were out of step with other measures showing sluggish wage growth, a factor in widespread worker dissatisfaction turning up in the polls. … The answer appears to be stock options, a growing part of compensation for top-end workers. Accounting for them properly has been a major source of controversy for companies. Now it is complicating the government's economic accounting, as well. The Commerce Department's Bureau of Economic Analysis, which keeps the nation's GDP books, treats profits from the exercise of options as labor income. But options aren't counted in most other measures of wages. So the BEA reports -- which are important both to markets and the Federal Reserve -- may be overstating the extent of wage pressure, and, for related reasons, at least temporarily understating profits."

Democrats Plan To Attack GOP On Economic Issues. Roll Call (9/18, Billings) reports, "Forced to play defense on national security for the third election year in a row, Congressional Democrats have been huddling in recent days to try to sharpen their attacks on the one issue they believe puts Republicans on the run: the economy." While the economy "has long been a central focus of both the Democratic and Republican election-year platforms, Democrats in both the House and Senate have been working behind the scenes to redouble their efforts to draw attention to the issue." Democrats "in both chambers say they cannot sideline their economic message, even as they attempt to battle a powerful GOP political machine that's trying to paint them as weak on terrorism. Privately, Democrats say they believe they can tap into voters's anxieties about economic security just as effectively as the Republicans play into Americans' fears about their safety at home." House Minority Whip Steny Hoyer said, "Yes, they have the bully pulpit to talk about security, but that's the only issue they have. In all other areas, they have essentially been failures." Roll Call adds Democratic lawmakers "and aides say they believe the 2006 elections will turn on several factors, but in many of the top competitive races across the country — including contests in states such as Michigan, Ohio, New York, Indiana and Kentucky — the economy is likely to be the driving issue."

Polls Show GOP Closing Gap, Bush's Approval Rating Higher. The Washington Times (9/18, Lambro, 88K) reports Republicans "appear to be gaining on the Democrats in the 2006 midterm campaign because of growing confidence in the economy, falling gas prices and President Bush's sustained political offensive on the terrorist threat, according to pollsters and campaign strategists." National preference polls "on the so-called 'generic ballot' question -- which party's candidate voters say they would choose -- show Republicans have narrowed the once-substantial lead Democrats held and are now trailing them by three percentage points, independent pollster John Zogby said Friday." Zogby "credited the Republican Party's sudden political turnaround to 'the president's focus on the war on terrorism, a rebound among his own base,' and the Democrats' failure to lay out a clear plan of their own on 'how are we're going to get out of Iraq and what they would do about terrorism that's better than the Republicans.'" Zogby said Democrats "are not giving their Democratic base what it needs to hear on those issues. Republicans are severely wounded. The Democrats should be crushing them, and they are not." While "top election forecasters have pointed to an anti-Bush and anti-Republican 'wave' that they predict will return the Democrats to majority power in the House," Zogby said, "I don't see the landslide that others are seeing. That doesn't mean it can't materialize, but as of today, it's not happening and this is mid-September."

The Washington Times (9/18, Harper, 88K) reports in its "Inside Politics" column, "'President Bush is receiving his highest job-performance numbers in a few months,' according to a Harris poll of 1,004 adults surveyed between Sept. 8 and 11 that was released yesterday. According to the respondents, 12 percent said Mr. Bush's job performance was 'excellent,' 27 percent felt it was 'pretty good' and 22 percent deemed it 'fair.' Thirty-eight percent said it was 'poor.'"

ABC World News (9/17, story 6, 2:35, Harris) reported, "With less than a month and a half to go before crucial congressional elections, Republicans and Democrats are fighting, now, over who is better protecting America from terrorism." ABC (Marlantes) added, "Republicans are turning

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up the volume on what they see as their strongest issue," and "polls show its working. The Democrats' lead in the battle to take control of Congress is shrinking. For months, momentum has been on Democrats' side. Liberal activists are especially energized. Democrats are working hard to separate the war on terror from the war in Iraq, which polls show is increasingly unpopular."

Rothenberg Downplays Reports Of GOP "Surge." In his Roll Call column (9/18), Stuart Rothenberg says it is "a good idea to try to anticipate the ups and downs of this election cycle's stretch run, so when the inevitable stories about a Republican 'surge' hit the newspapers, you won't be taken completely by surprise." First, this "is the kind of cycle when long-shot challengers suddenly appear, even as late as mid-October. If the national environment doesn't change, Republican seats previously taken for granted could show up as vulnerable in late polling, as the Democrats experienced with then-Rep. Dan Rostenkowski's Illinois district in 1994." But since polling "across the country shows that Democratic voters already have rallied to Democratic candidates, some of these surprisingly close polls simply may reflect the Democratic generic vote in the district rather than a Democratic challenger's strength." Rothenberg cites the example of California's 4th CD, where Democratic challenger Charlie Brown's polling shows "him running virtually even" with Republican Rep. John Doolittle, but Brown "has the warmth of a second-degree frostbite. And that's before you get to the contradictory and confusing way he talks about issues and his personal philosophy." Second, Rothenberg adds, "beware of all national surges. And remember: Journalists always want a horse race, not a blowout." Third, "and this doesn't contradict my last warning -- don't be surprised if there is some normal 'firming' of the GOP base in the next six weeks that helps GOP candidates in Republican-leaning districts. In fact, I'm expecting it."

Republicans Seen As Likely To Retain Majorities. In a Los Angeles Times column (9/18), Niall Ferguson says, "For the Republican candidate in '08, it might actually be better if the Democrats did well in the midterms, because a brief return to power on the Hill would expose their chronic incoherence, making the case for a Republican comeback two years down the line. That scenario, however, is not on the cards. The leaves may be falling in George Bush's America, but the Republicans look like they're hanging on."

Senate Control Said To Be Within Democrats' Reach. In a sidebar story, U.S. News and World Report (9/25, 2.03M) reports that roughly a dozen of this year's US Senate races are "hotly contested. Most of the tightest races are for seats now held by Republicans, putting control of Congress's upper chamber within reach for Democrats, if everything goes their way." US News lists the Maryland contest between Democratic Rep. Ben Cardin and GOP nominee Michael Steele, the race between GOP Sen. George Allen and Democratic challenger Jim Webb and the Pennsylvania race between GOP Sen. Rick Santorum and Democrat Bob Casey among the most interesting.,

Bush Said To Be "All Adrenaline And Testosterone" Going Into 2006 Elections. Time (9/25, Allen, 4.03M) reports that "as he stares down one last campaign, the President suddenly seems to be all adrenaline and testosterone. It shows in his frenetic schedule and in his assertive choice of words but perhaps most especially in his body language as he tries to win over midterm voters by looking and sounding commanding -- he's practically shaking voters by their lapels." Bush "has been on just about every imaginable stage lately. He went to Capitol Hill; gave a prime-time address; held the Rose Garden news conference; invited an anchorman into his limo, an editorialist onto Air Force One and a columnist into the Oval; held an off-the-record session for conservative radio hosts; and sat down chummily with a clutch of conservative opinion writers who had favored the war in Iraq but now think more troops are needed. That was all in nine days. He's so determined to be everywhere that he even did a White House interview with CBS's Katie Couric, despite his rough history with the network and the view among many Republican operatives that she's too liberal."

Republicans Hope 2000 Redistricting "Firewall" Will Protect Some Endangered Seats. The Washington Times (9/18, Lambro, 88K) reports one of the "last lines of defense that Republicans hope will repel the Democrats' attempts to win back the House are the thicker 'fire walls' they installed in their congressional districts under reapportionment." Three "top Democratic takeover opportunities are in Republican-leaning Ohio, where a gloomy political climate has raised Democratic hopes of a major comeback in the state." In the 1st CD, Rep. Steve Chabot faces Democrat John Cranley; in the 15th, Rep. Democrat Pryce faces Democrat Mary Jo Kilroy; and in the 18th, the seat of Rep. Bob Ney, Republican state Sen. Joy Padgett faces Democrat Zack Space. The races "are on

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elections analyst Stuart Rothenberg's list of 'pure tossups,' but Republican officials said the districts have been redrawn to withstand just the kind of aggressive Democratic offensive they expect in November." Ohio Republican state Chairman Bob Bennett said, "Both the 15th and 18th district lines were changed and strengthened after the 2000 census, as was the 1st district. I feel good about where we are and feel we've turned the corner, though it doesn't mean we don't have a battleground here. We do."

At Iowa Event, Obama Says Democrats Need Tougher Line On National Security. The AP (9/18, Glover) reports Democratic Sen. Barack Obama "warned Democratic activists Sunday that the party must take a tougher stance on national security if it wants to succeed in the November elections." Obama, the keynote speaker at Iowa Sen. Tom Harkin's 29th annual steak fry, said, "What Democrats have to do is to close the deal. We have got to show we have a serious agenda for change." The AP adds Obama's "appearance in Iowa, where precinct caucuses launch the presidential season, has raised a number of eyebrows about his intentions for a presidential run in 2008. Though only a first-term senator, Obama has burst onto the national scene." But he "wouldn't say Sunday whether he was considering a run at the White House." Obama said, "My only attentions right now are focused on '06. Whoever is looking toward 2008 without focusing on 2006 makes a mistake." The AP adds former Virginia Gov. Mark Warner "also spent Sunday afternoon at the steak fry, and left little doubt that he is looking ahead to 2008." Warner said, "You know and I know that it all starts in Iowa. Do your part. We're going to take back the Congress this year and then we're going to take back our nation."

The New York Times (9/18, Kornblut, 1.21M) reports Obama "insists, as always, that he is not running for president. But there are compelling clues that he is not exactly not running, either." The "most obvious was his keynote appearance here on Sunday at Senator Tom Harkin's legendary steak fry, a popular Democratic ritual in Iowa — and a prominent staging ground in this first presidential caucus state. The crowd rushed Mr. Obama when he arrived, then mobbed him for hours as other politicians wandered the fairgrounds introducing themselves and shaking hands." But "beyond his first trip to Iowa — a visit that was guaranteed to set off new speculation about his presidential ambitions — Mr. Obama is in the midst of an unconventional publicity tour of sorts. Fresh off a closely watched journey through Africa, including a stop at the home of his Kenyan-born father, Mr. Obama is about to publish a second book that supporters believe will outpace his best-seller from 1995." Obama's "40-minute speech was punctuated by applause and standing ovations but also, at its most serious moments, brought the audience to a silence hushed enough for rustling trees to be heard. It focused on the importance of a Democratic victory in the 2006 midterm elections." The trip, "which had been hyped for weeks, took on greater significance when news leaked that Mr. Obama had invited along Steve Hildebrand, a political strategist who ran Vice President Al Gore's campaign in Iowa in 2000."

Allen And Webb Clash Over War In Iraq. Tim Russert of NBC's Meet the Press (9/17) hosted a debate between Sen. George Allen and his Democratic challenger, former Navy Secretary Jim Webb. Most of the hour-long debate focused on the war in Iraq and the candidates' views on the continued presence of US troops. Webb advocated the gradual removal of American soldiers to bases outside of Iraq, while Allen said he supports "staying the course…meaning that we don't tuck tail and run, that we don't retreat, that we don't surrender." Asked if more troops were needed in Iraq, Allen did not respond directly but said, "We're going to need to do what it takes to succeed." Webb was also asked if President Bush ought to increase American troop levels in Iraq, Webb responded that the US doesn't have enough troops to do so "when you've got people now in the Army and the Marine Corps pulling their third and sometimes their fourth tours into Iraq. We're burning out our people. It's one of the things I was warning about early on." Later, Webb added, "One of the great problems we have right now in discussing this war is that very few people who have brought us this war have served, and very, very few of the children of these people who have brought us this war have served. And if you have to wake up every morning wondering about a loved one, you will look at wars like this much differently." Webb also encouraged the US to open diplomatic talks with Iran and Syria, saying, "Eventually, this is going to have to move into a diplomatic environment. Now, that's where this Administration seems to have blinders. They're not talking to Syria. They're not talking to Iran. And there are ways that we can do this, move this forward. If you look at what we did after Afghanistan, in the invasion of Afghanistan, we actually brought the countries around Afghanistan to the table,

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including Iran, by the way. Iran was cooperating at that time, before President Bush made his axis of evil speech and they stopped cooperating."

The Richmond Times-Dispatch (9/18, Hardin) reports Webb and Allen "went to the mat over Iraq today as the increasingly unpopular war dominated their national TV debate." Webb said, "If we had the right people in the Senate there would have been more questions asked and a better policy in place in order to defeat international terrorism. … We didn't go into Iraq because of terrorism, we have terrorists in Iraq because we went in there." The Times-Dispatch adds Allen defended "his vote in favor of authorizing the use of military force in Iraq," saying, "I think the world's better off with Saddam Hussein not in power." But Allen "tried to deflect, or sidestepped, a number of pointed questions from moderator Tim Russert on the war. They included whether Allen would have voted the same way if the Senate had known Saddam did not have weapons of mass destruction."

The AP (9/18, Lewis) reports Webb said President Bush's "terror-detainee legislation would weaken the Geneva Conventions and potentially subject captured U.S. soldiers to torture." Webb said, "We have to stay on the moral high ground." The AP adds Allen said "he has not decided whether to back Bush's plan to detain, question and prosecute suspected terrorists or another measure supported by Republican Sen. John Warner, Virginia's senior senator."

ABC World News (9/17, story 6, 2:35, Marlantes) reported, "Like many vulnerable Republicans," Sen. George Allen "admits the Iraq war has not been easy. But he says retreat would be a mistake." Sen. George Allen: "This is a central battlefront in the war on terror. And it's not just the President or the Vice President or me saying that. That's what al Qaeda says." Marlantis: "Allen's opponent, Jim Webb, campaigning in the rain, holds no illusions about his own party's difficulties on the national security front." Jim Webb: "What's happened is the Republicans have positioned these issues so that the other side is on the defensive."

The Washington Post (9/18, A1, Shear, Craig, 748K) reports in a front page story that the debate offered "the sharpest contrast yet in a campaign that has become central to the partisan struggle for control of Congress this fall." The joint appearance "also confronted issues of race and gender and debated the use of torture in the war on terror. But the exchange largely centered on a controversial war that has become the defining issue of the Nov. 7 midterm elections." Webb "called the Iraq war an 'incredible strategic blunder of historic proportions' and said he has lost confidence in Bush's foreign policy. He repeatedly reminded viewers that neither Bush nor Allen, a former governor, had served in combat." Allen "steadfastly defended Bush's Middle East policies, telling moderator Tim Russert that 'staying the course' in Iraq means 'that we don't tuck tail and run, that we don't retreat, that we don't surrender.'"

The Washington Times (9/18, McLaughlin, 88K) reports Allen "said he has not decided whether to support President Bush's push to revise Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of military prisoners." But Webb "agreed with Republican Sens. John W. Warner of Virginia and John McCain of Arizona, two former Marines who are concerned that the president's plan to redefine the provision to deal with terror suspects would open the door to torture of U.S. troops." Webb said, "What you're seeing is a split between the theorists who have controlled so much of the policy in this administration, theorists who have never been on a battlefield, who have never put a uniform on, and who are looking at this thing in a totally different way from people who have had to worry about their troops and themselves possibly coming under enemy hands."

Webb Claims Affirmative Action Programs Have Evolved Into "State-Sponsored Racism." Also On NBC's Meet the Press (9/17, Russert) Webb was asked to clarify a quote in which he equated affirmative action with "state-sponsored racism," Webb responded, "African-Americans are the only ethnic group in this country that have suffered from deliberate discrimination and exclusion by the government over generations. When this program expanded to the present-day diversity programs, where essentially every ethnic group other than Caucasians are included, then that becomes state-sponsored racism. And we should either move this program back to its original intent, which I support, or we should open up diversity programs to the point where poor white cultures --and they are cultures, as in southwest Virginia -- have some opportunity."

Webb Seen As Giving Allen "Truly Competitive" Race. Under the headline, "As Senator Falters, A Democrat Rises In Virginia," the New York Times (9/18, Toner, 1.21M) reports, "This race has become more than an intriguing clash of symbols; according to the polls, it is now truly competitive. Increasingly, Democratic strategists see Virginia as a prime target for one of the six seats they need to regain a majority. Perhaps most important for Mr. Webb, whose late-starting

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campaign has lagged far behind Mr. Allen's in fund-raising, the Democrat's contributions have begun to climb, advisers say."

Burns Facing The "Toughest Test Of His Career." U.S. News and World Report (9/25, Knight, 2.03M) reports on the Montana Senate race between incumbent GOP Sen. Conrad Burns and Democratic challenger John Tester. According to US News, Tester's "down-home attitude is clearly appealing to many Big Sky Country voters and has Burns facing the toughest test of his career. Burns's job is also one the national Democratic Party is eyeing hungrily in its quest to gain six seats and win back the Senate. The most recent polling put Tester, president of the Montana state Senate, slightly ahead -- a shocking turnabout for the incumbent." Burns's strategy "is to appeal to those who voted for Bush and paint Tester as too liberal for Montana."

Abramoff Scandal Not A "Decisive Issue" In Burns Reelection Campaign. The Washington Post (9/18, A1, Harden, 748K) reports in a front page story that in the Montana Senate race, Republican Sen. Conrad Burns "may be carrying" convicted former lobbyist Jack Abramoff "on his back, but in this thinly populated, Republican-leaning state, he continues to run neck and neck with his Democratic challenger, Jon Tester, president of the Montana Senate. Poll numbers have not moved much in months." For all "the influence-peddling that has been exposed in the run-up to the midterm election, corruption on Capitol Hill has not become a decisive issue -- here or in much of the country. The Abramoff scandal, having ended the careers of a few lawmakers and stained the reputations of several others, can certainly rile up ardent Democrats, as the debate here demonstrated. But it is not making fundamental changes in the nation's partisan landscape, especially in races, as with Burns in Montana, in which candidates are facing only unsavory stories rather than indictments or guilty pleas." Burns said his "polling shows that most voters regard the 'Abramoff deal' as merely a political liability and not a damning verdict on his character. Several pollsters and observers of politics in this state agreed with that assessment." The controversy is "almost certainly the main reason Burns is in a competitive race this year, but by no means is it a guaranteed career-ender." The Post adds that despite "some early goners" such as Rep. Tom DeLay, Rep. Robert Ney, and Ralph Reed, in "strongly Republican areas, scandal-driven change is far from a sure thing."

Republicans Still Hopeful That McGavick Can Unseat Cantwell. The Washington Times (9/18, Bellantoni, 88K) reports Washington state voters today "formally choose their nominees for the U.S. Senate, setting the stage for a West Coast showdown that Republicans hope will help them capture a Democratic seat." Democratic Sen. Maria Cantwell "faces anti-war candidate Hong Tran in a primary that serves as the opening act for a race with Republican Mike McGavick, who is expected to easily win his own primary contest today." Republicans and "some pollsters think Mr. McGavick, a business executive who casts himself as an independent, has a good shot at ousting the freshman senator this fall." Cantwell is "not considered in danger of losing tomorrow's primary as did her Democratic colleague Sen. Joe Lieberman of Connecticut."

Senate Candidates Not Required To Submit Electronic Campaign Finance Reports. In his Washington Post column (9/18, D1), Jeffrey Birnbaum says that in "one of the most controversial quirks in election law, candidates for Senate are not required to file their campaign-finance reports electronically. That means voters can't effectively find out how much and from whom their would-be senators have collected money until long after the election -- too late for them to act." A "growing number of senators and public-interest groups have been working for years to change this rule. They contend that it's only reasonable that senators should be required to file their disclosures electronically -- just as candidates for the House and the presidency do. In that way voters can easily see within 24 hours via the Internet what the candidates are spending and from whom they are getting their funds." Senators have "insolated themselves from criticism that stems from their very important, end-of-campaign donations because they have denied voters accessible information when it would be most useful."

Opponent Tries To Capitalize On Reichert Fundraiser With Rove. The Los Angeles Times (9/18, Verhovek, 918K) reports a "funny thing happened Friday when Karl Rove, the White House advisor, came to the Seattle suburbs to headline a fundraiser for freshman Republican Rep. Dave Reichert: The congressman did nothing to publicize the visit, and his challenger drew every bit of

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attention to it she could." On the day Rove "was in town, Darcy Burner, a former Microsoft Corp. executive who is Reichert's Democratic opponent, issued her fifth news release of the week casting the visit in a negative light, and while Rove and Reichert were attending a round-table briefing for Republican donors, about 60 Burner supporters mugged for cameras outside." But both of Rove's appearances — "at the fundraiser and at the round table — were private and closed to the media, so there were no news photographs of Reichert, 56, with campaign mastermind Rove."

Graf Win Raises Questions About GOP's Immigration Strategy. U.S. News and World Report (9/25, Marek, 2.03M) reports that in Arizona's 8th congressional district, a founding member of the Minutemen border group won the GOP nomination despite the fact that opponents "attacked him as extreme, and the national Republican Party went so far as to buy at least $122,000 worth of ads for Graf's most formidable moderate challenger, state Rep. Steve Huffman." Graf's victory has raised questions "about the wisdom of the party's floundering immigration strategy. It has also put in jeopardy a precious House seat" in the mostly moderate district. US News adds that many experts say "if Republicans want to keep the seat, they'll have to unite behind Graf and convince Arizonan swing voters to do so too as well."

Mehlman's RNC Said To Be Outperforming DNC. The Christian Science Monitor (9/18, Cook, 58K) reports even Democrats "acknowledge the prowess of the political machine Ken Mehlman oversees as chairman of the Republican National Committee (RNC). When Mehlman came to a Monitor-sponsored breakfast with national reporters on Friday, the policy-oriented National Journal magazine had just released a poll of political insiders ranking the performance of the RNC and the Democratic National Committee (DNC)." National Journal reporter Jim Barnes noted it is "no surprise that 94 percent of Republican insiders think the RNC is doing a better job than the Democratic National Committee in the run-up to the midterm elections. The surprise is that 68 percent of the Democratic insiders agree that the RNC is out-performing the DNC." Mehlman "downplayed the role of organization in elections." Mehlman said, "The reason I am confident we are going to keep our majority is not because of our operations. It is because of the candidates on the ballot. We won in '04 because of George W. Bush, not because we had a smart turnout operation. 80 percent of politics is motivating voters based on ideas, based on ideology, and based on the candidate that expresses ideas and ideology. I think what has hurt Democrats is the fact that for so long you've had uncertain trumpets leading the party. And that makes it very hard to do the rest." The Monitor adds Mehlman "attributes a bump in the president's job approval numbers to 'a combination of speeches and realities in the world that have reminded people that a lot of what he is saying makes sense.'" However, he "did not want to make a specific numerical forecast for the Congressional elections."

Democrats Lead Fundraising In Most Competitive House Races. Newsweek (9/25, Fineman, Bailey, 3.12M) reports on the DCCC's Red to Blue Program, which will have aid about 40 Democratic congressional candidates this year. According to Newsweek, "If you are a member…donations from strangers across the country will blow through your campaign mail slot like letters from Hogwarts. All you have to do is convince Rep. Rahm Emanuel of Chicago that you are worthy and that you can win." Emanuel says the program "is a Good Housekeeping Seal." Newsweek adds that "there is evidence that the Red to Blue Program is working: Democratic candidates are even or ahead in fund-raising in most of the races that neutral observers regard as competitive."

Emanuel's Brother Becoming A Political Networking Force In Los Angeles. Newsweek (9/25, Fineman, Bailey, 3.12M) reports that DCCC Chair Rahm Emanuel's brother, Hollywood agent Ari Emanuel "is fast becoming a political networking force in Los Angeles, issuing his clients and partners invitations to fund-raising events, including one for Rahm himself and for his House campaign committee."

Wesley Clark To Take Position At UCLA. The Los Angeles Times (9/18, Trounson, 918K) reports Wesley K. Clark, a former NATO commander and 2004 Democratic presidential candidate, "will join the University of California, Los Angeles, this fall as a senior fellow, university officials are set to announce Monday. Clark, who is expected to arrive on campus about the first of October, will teach occasional seminars, publish policy papers and organize and hold an annual conference on national security, officials said. He will

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be affiliated with the university's Ronald W. Burkle Center for International Relations."

WPost Urges Universities To Eliminate Early Admissions. The Washington Post (9/18, A16, 748K) writes in an editorial "Harvard University's much-applauded decision no longer to allow the early acceptance of students should help ensure a more equitable admissions process and attract a more diverse group of students." But while Harvard "risks little" the University of Delaware "took a bigger chance last spring when it eliminated early admissions." So "as other schools ponder whether they can afford to follow the example…they would do well to note the widespread reaction of parents, teachers and guidance counselors who see the decision as a step toward easing the anxiety, tension and premature pressure that has come to permeate the process for too many students."

US Showdown With Iran Seen As Increasingly Likely. In its cover story, Time (9/25, Duffy, 4.03M) reports on "What War with Iran Would Look Like." Time says that from the State Department to the White House to the highest reaches of the military command, "there is a growing sense that a showdown with Iran…may be impossible to avoid. … So what would it look like? Interviews with dozens of experts and government officials in Washington, Tehran and elsewhere in the Middle East paint a sobering picture: military action against Iran's nuclear facilities would have a decent chance of succeeding, but at a staggering cost. … A Pentagon official says that among the known sites there are 1,500 different 'aim points,' which means the campaign could well require the involvement of almost every type of aircraft in the US arsenal: Stealth bombers and fighters, B-1s and B-2s, as well as F-15s and F-16s operating from land and F-18s from aircraft carriers. … Many sites are in highly populated areas, so civilian casualties would be a certainty."

Rice To Push New Iran Sanctions Resolution. In its cover story, Time (9/25, Duffy, 4.03M) reports that Secretary of State Condoleezza Rice this week "will push her partners to get behind a new sanctions resolution that would ban Iranian imports of dual-use technologies, like parts for its centrifuge cascades for uranium enrichment, and bar travel overseas by certain government officials. The next step would be restrictions on government purchases of computer software and hardware, office supplies, tires and auto parts -- steps Russia and China have signaled some reluctance to endorse. But even Rice's advisers don't believe that Iran can be persuaded to completely abandon its ambitions. Instead, they hope to tie Iran up in a series of suspensions, delays and negotiations until a more pragmatic faction of leadership in Tehran gains the upper hand."

Iran May Be Years Away From Producing A Nuclear Bomb. Newsweek (9/25, 3.12M) reports in its "Periscope" column that last week the House intelligence committee's assessment of Iran's nuclear program "was slammed by UN nuclear experts, who pointed out that there's little evidence Iran is anywhere near producing weapons-grade uranium. And three US officials familiar with recent intel reporting on Iran, who asked for anonymity due to the sensitive subject matter, said that US agencies have not altered assessments that Iran is years away from producing a nuclear bomb. … David Albright, a former UN WMD inspector and independent expert, told NEWSWEEK: 'Iran's gas-centrifuge program is moving unexpectedly slowly. The program was expected to be much further along by this point.'" Another of US official "said intel reports show Iran was experiencing significant problems with gyroscopes it has been trying to install on missiles that could deliver Iranian bombs to targets in the region and even further."

Iranian President Says US, Iran Are Not Fated To Be In Conflict. As part of its cover package, Time (9/25, MacLeod, 4.03M) interviews Iranian President Mahmoud Ahmadinejad. Asked what he would say to President Bush if he could sit down with him, Ahmadinejad said, "The issues which are of interest to us are the international issues and how to manage them. I gave some recommendations to President Bush in my personal letter, and I hope that he will take note of them. I would ask him, Are rationalism, spirituality and humanitarianism and logic are they bad things for human beings? Why more conflict? Why should we go for hostilities? Why should we develop weapons of mass destruction? Everybody can love one another." Asked why his supporters chant "Death to America," Ahmadinejad said, "When they chanted that slogan, it means they hate aggression, and they hate bullying tactics, and they hate violations of the rights of nations and discrimination. I recommended to President Bush that he can change his behavior, then everything will change." Ahmadinejad was also asked if the US and Iran are fated to be in conflict. He said, "No, this is not fate. And this can come to an end. I have said we can run the world through logic. We are living our own lives. The US government should

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not interfere in our affairs. They should live their own lives. They should serve the interests of the US people. They should not interfere in our affairs. Then there would be no problems with that."

Bush, Ahmadinejad To Address UN General Assembly. USA Today (9/18, Slavin, 2.27M) reports, "President Bush and Iranian President Mahmoud Ahmadinejad deliver dueling speeches at the United Nations this week in what could become a dramatic showdown over Iran's nuclear program." Bush "has pledged to use his UN talk to send Iran a clear warning that it must heed a UN Security Council resolution calling on it to suspend its program to make nuclear fuel. Iran says its program is for peaceful purposes, while Bush says Iran is trying to develop nuclear weapons." The two leaders "are scheduled to speak hours apart Tuesday at the annual meeting of heads of state of the General Assembly."

The Christian Science Monitor (9/18, LaFranchi, 58K) says Bush "will studiously avoid… Amadinejad. And Mr. Bush probably won't take up the controversial leader's challenge to the American president to face him in a 'civilizational debate.'" But "Bush does plan to lay out his vision for the world, including an elaboration of his "freedom agenda" and the role of democracy in building global security, when he addresses the 192-country assembly Tuesday."

Under the headline, "Europeans Trying to Grease Wheels for US Talks With Iran," the Washington Post (9/18, A14, Linzer, 748K) reports, "European efforts to get Iran and the United States around the same negotiating table are at an advanced yet sensitive stage, with a small number of remaining differences to be tackled this week when world leaders gather at the United Nations." In his UN speech tomorrow, President Bush will detail "why he regards the Tehran government as a grave threat yet is willing to support negotiations to ease those concerns." The Post adds that since 2002, Bush "has sought, without success, to roll back" Iran's nuclear program, however, many allies have "been wary of supporting a U.S. president who has invaded two countries in the past five years and who has said that 'all options are on the table' for Iran." Bush and Secretary Rice "will meet with allies" in New York "to discuss prospects for talks as well as options if those do not materialize." Rice had dinner last night with EU foreign policy head Javier Solana, who is said to be "waiting for [Ali] Larijani to deliver a firm commitment from his government to halt its uranium enrichment program." Administration "officials expressed skepticism, however, that Larijani would be able to secure that commitment. They said the administration has not made preparations for talks, such as formalizing a negotiating team or outlining guiding principles for discussion." The Post adds, "Through Solana and other mediators, [Tehran has] said it would be hard for them to sit down with a U.S. administration that is seen as threatening the Iranian leadership." Tomorrow night, Rice is slated to have dinner with her counterparts from France, Britain, Germany, Russia, China and Italy "to discuss Iran."

The Financial Times (9/18, Guha, Giles, Dombey) follows Treasury Secretary Hank Paulson's work on Iran at the IMF and World Bank meetings in Singapore. Washington "is seeking to increase economic pressure on Iran, even as its partners in the European Union talk to the Islamic Republic about beginning formal negotiations on Tehran's nuclear programme." Paulson "is personally lobbying finance ministers and central bank governors to ensure their national financial systems are not used by Iranian entities involved in proliferation or terrorism finance. But his efforts have irritated some European officials, who have objected to what they see as Washington's moves to impose sanctions on Iran through the back door." The EU continues a "diplomatic push to open negotiations as an alternative to sanctions – which, in any case, face serious obstacles at the UN."

Chirac Calls For Negotiations With Iran, Delay In Action On Sanctions. The Australia Daily Telegraph (9/18) reports this morning, "French President Jacques Chirac has urged world powers not to refer Iran to the UN Security Council over its nuclear program, at the same time calling on Tehran to give up uranium enrichment. 'First we have to find an agenda for negotiation, then engage the negotiation and during that negotiation I propose that on the one hand the six refrain from referring the issue to the Security Council and that Iran renounce during the negotiation the enrichment of uranium,' he said." The Daily Telegraph adds, "Mr Chirac said that he was 'never a supporter of sanctions' and had 'never noticed that sanctions are effective'. However he added that he 'did not mean that we must not have sanctions -- which if it comes to it must be moderate and well-adapted'."

Bush's Attitude Toward UN Said To Have Changed. The Washington Times (9/18, Curl, 88K) reports, "Bush, who once said the United Nations was teetering on the brink of irrelevancy and demanded it show some backbone, has increasingly turned to the organization for international problem-solving, even as most Americans think the body has

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outlived its usefulness." On issues "from North Korea to Iran to Sudan, the president….has deferred to the United Nations to drive action." The Times adds, "Critics say Mr. Bush has been forced to become more multilateral after bucking the world body by invading Iraq, but administration officials assert that the United Nations remains a useful tool to spur foreign leaders to step in on major issues."

USA Today (9/18, Jackson, 2.27M) reports Bush and United Nations Secretary-General Kofi Annan "say they get along fine on a personal level. It's the issues, from the Iraq war to nuclear programs in Iran and North Korea, that divide them." Noting those "lingering US-UN tensions," USA Today reports Bush said Fridsay that "the UN has been slow to address growing violence in the Darfur region of the Sudan and again questioned the institution's stewardship of its finances." Annan, "at a news conference of his own last week, cited the biggest conflict of them all: Iraq. Asked about a recent visit to the Middle East, Annan said, 'Most of the leaders I spoke to felt that the invasion of Iraq and its aftermath has been a real disaster for them.'" Annan "said his overall relations with the Bush administration 'are very good,' including with the president himself. For his part, Bush said of Annan: 'I like him. And we've got a good relationship, personal relationship.'"

Hezbollah Leader Plans Celebration Of "Victory" Over Israel. The AP (9/18) reports, "Hezbollah's leader called Sunday for a massive rally in Beirut's bombed out southern suburbs to mark the militant group's 'victory' over Israel during the monthlong fighting this summer." Sheik Hassan Nasrallah "said the rally, to be held Friday evening, would show Hezbollah's 'absolute commitment to our right to recover our land and prisoners and defend our nation, its dignity, freedom, sovereignty and real and full independence in the face of (Israeli) occupation.'"

Israeli Panel To Investigate Conduct Of Lebanon War. The New York Times (9/18, Myre, 1.21M) reports, "The Israeli government established a committee on Sunday to investigate the political and military leadership's handling of the recent war in Lebanon, which has come under intense public criticism in the month since the fighting ended." In Israel, "many citizens say that the military campaign in Lebanon was poorly planned and executed, and that leaders should be held accountable." The committee "will examine the political leadership and the security echelon regarding all aspects of the campaign in Lebanon," Prime Minister Ehud Olmert told his cabinet. The Los Angeles Times (9/18, Ellingwood, 918K), among other newspapers, also reports the story.

Pope Expresses Regret That His Comments Sparked Violence In Muslim World. ABC World News (9/17, lead story, 2:40, Harris) reported Pope Benedict "is facing the worst crisis since he was elected last year. Today, he said he's sorry that remarks he made recently about Islam touched off protests and violence, from Pakistan to Palestine and beyond. But the Pope did not issue a retraction. And many Muslims are saying they want a full apology. Tonight, there are real concerns about continuing violence." ABC (Wright) added, "When the Pope took on the Prophet, he clearly did not foresee this -- angry mobs of true believers across the Muslim world. Not exactly the sort of interfaith dialogue he had hoped to spark. Today, amid heavy rains and heavy security, at his summer retreat, Benedict tried to calm to storm. 'I am deeply sorry,' he said, 'for the reactions in some countries to a few passages of my speech.' He explained that the offending remarks, made last week at Regansburg University in Germany, were quotations from a medieval text, not his own views. He was quoting a 14th century Christian emperor sharply critical of the prophet Mohammad; the Pope had tacitly criticized spreading religion through the point of a sword. Benedict then said 'Jihad, or holy war' is 'incompatible with the nature of God.' Some Muslim leaders called that the start of a new crusade."

NBC Nightly News (9/17, lead story, Colt, 9.87M) reported, "In Iran today about one thousand theology students protested. Students in Egypt marched as well. In Palestinian areas 2 churches were vandalized this morning. They are not clear that a shooting of a nun today was directly related to the Pope statements."

NBC Nightly News (9/17, story 2, , Seigenthaler, 9.87M) interviewed Izam Demebi, the director of London's Institute of Islamic Political Thought. Izam Demebi: "His lecture had come at a time of high tension. There is a war on terrorism that the military sees as a war on Islam. Where George Bush recently associated fascism with Islam. Where all sorts of things are happening sending all sorts of images and messages."

Rise Of Islamists Said To Be Destabilizing Mideast Governments. The New York Times (9/18,

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Slackman, 1.21M) reports, "From Cairo, to Rabat, Morocco, to Riyadh, Saudi Arabia, the order that emerged after World War II -- long accustomed to encouraging domestic anger against Israel -- has seen its influence and grip on power challenged in the wave of instability washing across the Middle East. That has roughly coincided with the rise of the insurgency in Iraq." This region "has long been defined by conflict, and leaders are unafraid to use force to crush opposition." But "the current level of instability has unnerved them. They are not about to be toppled, not as long as they retain firm control over their security operations. But they find themselves fighting to maintain stability and credibility, political analysts said." The Post also reports, "The empowerment of the Islamists has been propelled by events large and small -- the occupation of Iraq, Israel's war with Hezbollah, the United States' support for Israel in that war, Danish cartoons lampooning the Prophet Muhammad, and most recently comments about Islam made by Pope Benedict XVI."

Writer Says Islamic World Is Not Monolithic. Writer Melik Kaylan writes in the Wall Street Journal (9/18, 2.03M) that in the wake of Pope Benedict XVI's recent comments citing a Byzantine-era critique of Islam, the "usual hubbub of outrage ensued. Various self-appointed and official Islamic spokesmen…responded sharply in the name of their faith." One might "intone gravely that the West continues to mishandle its relations with the umma -- the sphere of active Muslim believers -- with the implied assumption that there is such a unified entity of tens of millions, and that they all feel outrage in the same way at the same time." Kaylan adds, "As many Muslim apologists contend, though often for disingenuous purposes, the Islamic world is indeed not monolithic. It remains highly fissiparous and regional, inmixed with a myriad of localized customs, superstitions and hagiologies. … The spread of fundamentalist Islam was itself fostered by the West via the Arabian peninsula for political reasons. It has become the ultimate, invasively colonial force and aims to subjugate the entire umma to its tenets."

Abbas, Hamas Suspend Unity Government Talks. The Washington Times/AP (9/18, El Deeb) reports, "Coalition talks between Palestinian President Mahmoud Abbas and the militant group Hamas have stalled over U.S. demands that a national unity government recognize Israel, Palestinian officials said Sunday." The shutdown of coalition talks "underscores the difficulty Abbas is having in trying to get Hamas to soften its anti-Israel ideology, a move that would pave the way to ending international sanctions that are crippling the Palestinian economy." When Abbas meets President Bush on the margins of the UNGA, he will "try to win U.S. support for a coalition that doesn't fully meet international demands for a changed stance on Israel." Abbas aides "said he would warn that failure to work out a unity government could lead to a Palestinian civil war." Despite Abbas' efforts, the AP says, "some Palestinians officials wondered whether Abbas and Hamas can bridge their differences."

NYTimes Criticizes Bush Team's "Inaction." The New York Times (9/18, 1.21M) editorializes, "After six months of crippling sanctions, Hamas's leaders are trying to figure out the very minimum they need to say -- and the even less they plan to do -- to end their isolation and salvage their government. Skepticism is more than warranted." But "Hamas's admission of weakness could provide at least a chance to quell the violence and resuscitate peace talks. The Bush administration should not squander the opportunity. … Skepticism is a basic requirement for dealing in the Middle East. But that cannot be an excuse for nearly six years of White House inaction. It's time that Mr. Bush and his secretary of state, Condoleezza Rice, try the hard work of diplomacy."

More Commentary. Jackson Diehl writes in the Washington Post (9/18, A17, 748K), "The Palestinian leadership knows that the still-evolving unity pact isn't likely to impress either Olmert or Bush, since it almost certainly won't commit Hamas or the new government to formal recognition of Israel or an unqualified renunciation of violence." But "if it goes forward it will be a fresh initiative," and "Western governments and Israel would be reduced to arguing with each other, rather than pressing for a Palestinian government that could make peace." Diehl adds, "The US-Israeli strategy to counter this maneuver amounts to a series of small tactical steps. Once an Israeli soldier still held captive in Gaza is released, Olmert will meet with Abbas and release hundreds or thousands of Palestinian prisoners. An Israeli chokehold over movement in and out of Gaza will be eased. If all goes well, Olmert might even discuss transferring security responsibility in several West Bank towns from the Israeli army to Palestinian security forces controlled by Abbas."

Administration, Business Groups Said To Stymie Darfur Divestment Bill. The Financial Times (9/18, Dinmore) reports, "Moves in Congress to put

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financial pressure on Sudan to stop the killings in Darfur have been stymied by a combination of big business interests and the Bush administration." The Times adds, "While giving rhetorical backing to anti-genocide protests staged around the world on Sunday, Democrats and Republicans admitted that a new watered down draft of the Darfur Peace and Accountability Act was further evidence of US unwillingness as well as inability to take decisive action." Of the bill, the Times says, "It is not clear whether [SFRC Chairman Richard] Lugar's draft will get through the committee, though there is a sense that so much time has been wasted that something is better than nothing. The sudden arrival of the draft caught many by surprise and it is still being studied." The State Department "declined to make an official comment on the issue."

As AU Ponders Withdrawal, Both Sides Press To Renew Fighting. The Washington Post (9/18, A12, Timberg, 748K) reports, "As the African Union prepares to abandon its troubled peace mission to Darfur, the region is descending ever more steeply into war." The "intensity of the combat" throughout Darfur "has forced a new flood of civilians to flee their burned and bombed-out villages for sprawling camps on the outskirts of [many] cities." The Post adds, "With its current mandate and resources, African Union officers express despair about their ability to keep peace when both the government and rebel forces are determined to return to war." When interviewed, AU officers "muttered angrily about their failure to enforce calm while expressing greater fears. They used the words 'genocide' and 'Rwanda' to describe what they expect will follow their departure." Many experts say the AU, "while ineffective at peacekeeping, is serving as vital eyes and ears for the outside world at a time when the Sudanese government is making it more difficult for aid groups and journalists to operate here. With the African Union gone, they say, the last buffer will be lost against a bloodier assault in Darfur."

Far-Right Party Wins Representation In East German State. The New York Times (9/18, Landler, 1.21M) reports, "A far-right party made further inroads in Germany's economically fragile east on Sunday, winning seats in a state election in Mecklenburg-West Pomerania, a lonely land of farms and fishing villages that is the home constituency of Chancellor Angela Merkel." The National Democratic Party, "which openly espouses xenophobic and neo-Nazi views, was projected to win slightly more than 7 percent of the vote, according to preliminary results. That was less than analysts here had feared, but enough to clear the threshold of 5 percent for seats in the state legislature." The Times adds, "Extreme-right parties will now be represented in three of Germany's six eastern states -- a trend that worries officials and underlines the divide between the country's eastern and western halves. Far-right parties have negligible support in more-prosperous western Germany." The result "is a rebuke for Mrs. Merkel and her conservative party, the Christian Democratic Union, which lost votes in Mecklenburg and fared even worse in the second of the two state legislative elections on Sunday, in Berlin."

Conservatives Win Swedish Elections. The New York Times (9/18, Lyall, Ekman, 1.21M) reports, "Sweden swept away 12 years of center-left government on Sunday, voting to reject its longtime prime minister, Goran Persson, in favor of a conservative candidate who has pledged to revise the Swedish welfare state." Fredrik Reinfeldt's Alliance for Sweden finished almost two percentage points ahead of the "left-of-center" coalition, whose key component, the Social Democrats, "received just 35.2 percent, their worst showing since universal suffrage began in Sweden in 1921. Mr. Persson, 57, who has been prime minister since 1996, said he would step down as party leader in March." The Times calls the Social Democrats "one of the world's most consistently successful political parties," and notes their defeat "reflects a feeling not only that Mr. Persson has become complacent in office, but also that Sweden's celebrated social welfare model, with its high tax rate and generous benefits, has encouraged too many people to stay out of work for too long." Reinfeldt "successfully made unemployment a major issue in the campaign. By most measures, Sweden is thriving economically," however Reinfeldt believes "it has encouraged a vast swath of people to fall out of the labor market, a particularly acute problem with an aging population."

The Financial Times (9/18, Ibison) calls Reinfeldt's election "a stunning rebuke for prime minister Göran Persson and his party that has led Sweden for 65 of the last 74 years, overseeing the creation of its world-famous welfare state." Sweden "is set for an historic change of direction as it moves away from being a welfare state towards encouraging more market-based activity." The AP (9/18, Kratovac) says Reinfeldt "once wrote a book criticizing the country's vaunted cradle-to-grave welfare state. Now he will have the chance to

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tweak the model." In addition, he "is decidedly more pro-American than" Persson.

López Obrador Proclaims Himself President-Elect, Will Lead "Parallel" Government. The Financial Times (9/18, Thomson) reports, "Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential election last July, proclaimed himself president-elect at the weekend and vowed to set about transforming the country's institutions to establish 'a new republic.'" Speaking "before tens of thousands of cheering supporters, he said he would not recognise the government of Felipe Calderón, the official winner, and promised to continue his 'civil resistance' movement."

The Wall Street Journal (9/18, 2.03M) reports "hundreds of thousands of supporters of…López Obrador elected him the leader Saturday of a 'parallel government' opposed." The "symbolic 'vote' -- a show of hands in the packed Zocalo plaza -- was the latest development in Mexico's nearly three-month electoral dispute."

The AP (9/18, Adams) reports Lopez Obrador said "the parallel government will work on proposals to rewrite Mexico's constitution to guarantee the right to food, work, health care, education and housing while overhauling 'corrupt' public institutions."

IAEA Concerned About Terrorists' Access To Serbian Nuclear Site. The UN's nuclear watchdog says that more than two tons of radioactive material stored in a research facility in Serbia are an easy target for terrorists seeking to build a "dirty bomb." The Washington Times (9/18, 88K) reprints a London Daily Telegraph (Pancevski) story which reported that nuclear inspectors have dubbed the rundown, lightly guarded storage facility at the Institute of Nuclear Sciences in Vinca "the world's most dangerous disused nuclear site" because of "the potency of the material and the risk of leakage." Michael Durst, the special program manager at the IAEA "said the Vinca site topped the global priority list of unsecured uranium sources because it combined the threats of nuclear proliferation and environmental disaster." The IAEA fears that the nuclear material "could be packaged with conventional explosives to spread radioactive material over a large area -- a so-called dirty bomb."

US Officials Said To Have Bungled Chinese Spy Ring Case. The Washington Times (9/18, Gertz, 88K) reports on a yearlong investigation into "one of the most damaging losses of defense technology in American history." US intelligence knew that Chinese Center for Asia Pacific Studies at Zhongshan University, known to US intelligence officials as CAPS, "received funding from the People's Liberation Army and conducted operational research for the Chinese military. … The fact that the spy ring went undetected for two decades was a major counterintelligence failure. Worse, the US government would go on to bungle the case." Investigators believe Chi Mak "gave China schematics and design information on the latest generation of Aegis weapons systems, which L-3 helped to develop. Aegis -- meaning shield -- is being upgraded to become America's most advanced and mobile anti-missile system for use on guided-missile cruisers, guided-missile destroyers, Sea Wolf-class submarines and aircraft carriers."

US, Europe Seek To Push Up Exchange Values Of Asian Currencies. Amid concerns that their nations companies are being undercut by their Asian competitors, the US and its European allies are pressing to push up the exchange values of Asian currencies. The Wall Street Journal (9/18, Phillips, 2.03M) reports, "In statements at top-level financial meetings during the weekend, European officials suggested they expect the yen to rise, in an apparent effort to jawbone financial markets to drive the Japanese currency up against the euro. At the same time, finance officials from the Group of Seven major industrial powers, including the US, renewed their long campaign to persuade China to allow the yuan to appreciate against the dollar and euro." At the annual meeting of the International Monetary Fund's steering committee yesterday, Treasury Secretary hank Paulson "called for 'greater exchange-rate flexibility in Asian emerging economies.' He also called on finance ministers to clamp down on Iran's finances. He said Tehran uses front companies to finance its nuclear ambitions and to fund terrorist organizations such as Hezbollah and Hamas."

China Competes With West To Aid Asian Neighbors. China has been making loans to countries that were once the "sole preserve of the World Bank, the Asian Development, the United States and Japan," the New York Times (9/18, Perlez, 1.21M) reports. According to the Times, "For poor countries like Cambodia, Laos and Myanmar, and

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somewhat better-off countries like the Philippines, China's loans are often more attractive than the complicated loans from the West. The Chinese money usually comes unencumbered with conditions for environmental standards or community resettlement that can hold up major projects. The aid does not carry penalties for corruption that are being increasingly used by the World Bank president, Paul D. Wolfowitz. … For its part, China benefits from the added infrastructure -- roads, ports and bridges -- in the underdeveloped but growing region around it, to help increase trade and to move natural resources from China's periphery to its heartland."

Afghan Finance Minister Expected To Enter Race To Replace Annan. Former Afghan Finance Minister Ashraf Ghani is expected to join the race to succeed Kofi Annan as UN Secretary General. The Financial Times (9/18, Johnson) reports that Ghani "will declare his candidacy this afternoon in a meeting with Hamid Karzai, the Afghan president, who is visiting the US." Observers say Ghani "had a strong track record as an administrator but suffered from his reputation for impatience." The Times adds, "In a second round of straw polls in the Security Council last week, Ban Ki-moon, South Korea's foreign minister, consolidated his lead. It also emerged that Vaira Vike-Freiberga, the Latvian president, would run."

Foreign Service Officers Say DSS Abuses Security Clearance Process. Dozens of Foreign Service officers say their careers have been ruined because the State Department's Diplomatic Security Service suspended their security clearances based on suspicious or unsubstantiated accusations. The Washington Times (9/18, Kralev, 88K) reports several officers accused the DSS of "abusing the security clearance process" by punishing "whistleblowing, dissenting viewpoints or minor acts of possible misfeasance unrelated to national security." DSS "declined to comment for this article, saying only that it does everything according to the law and administrative regulations. A spokeswoman said there are up to 30 suspensions every year from among the up to 40,000 State Department employees and contractors who hold security clearances at any given time."

IMF Expected To Approve Overhaul Today. The IMF today is expected to approve an overhaul that would give four fast-growing countries more of a say in the IMF's operations. USA Today (9/18, Lynch, 2.27M) reports that while the US is backing the overhaul, key economic powers including Brazil and India oppose it and "intense skirmishing" is expected "about the new formula the IMF eventually will adopt to complete its internal realignment. Poor countries, in particular, fear their already weak representation could ebb further. … Nations enjoying a greater say than their economic punch warrants, such as Belgium and the Netherlands, worry that any new approach will cost them. (The U.S., which has 17% of the IMF votes but accounts for 30% of the global economy, says it won't seek a larger say.)" USA adds, "First to benefit: China, Turkey, South Korea and Mexico, the countries suffering the biggest gap between their share of IMF votes and the size of their economies. The measure, expected to be approved today, will trigger only modest changes immediately. China, for example, will see its share of IMF votes rise to 3.7% from 2.98%."

Colombian "Peace Communities" Disavow Any Contact With Armed Groups. The Los Angeles Times (9/18, Kraul, 918K) reports on the Colombian "peace community" of San Jose de Apartado, where "a group of 1,200 peasant pacifists is taking a brave stand against the country's civil conflict. The community of three villages…was formed in 1997 after a Catholic archbishop named Isaias Duarte -- who would be assassinated five years later -- encouraged the farmers to say no to war. It is one of 10 such peace communities, or 'humanitarian zones,' in Colombia, according to Justice and Peace, a human rights advocacy organization in Bogota, the capital." Members of the community "disavow any contact or collaboration with armed groups, and agree to work as a collective on crops, livestock and community projects and to share what they produce. … But the community's profession of neutrality has not shielded it from horrendous violence. Of San Jose's nearly 1,400 original members, 178 have been killed since 1997 by armed groups looking to clear the zone of suspected collaborators, appropriate valuable land for themselves or claim transit routes for arms and drugs traffic in and out of nearby Pacific and Caribbean ports."

US' Human Rights Efforts In Equatorial Guinea Called "Low Key." U.S. News and World Report (9/25, Cue, 2.03M) that in April Secretary of State Condoleezza Rice praised President Teodoro Obiang Nguema of Equatorial Guinea as a "good friend" of the United

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States. Obiang "may head a corrupt and repressive regime, according to the State Department's own human-rights reports, but Equatorial Guinea is a growing oil producer -- now No. 3 in sub-Saharan Africa after Nigeria and Angola -- and an oil-needy America can't afford to be too picky about choosing its petro pals." The Bush Administration "says it is pressing Obiang and his government for progress on issues such as political reform, anticorruption measures, and human-rights protections. … The Bush administration has kept its human-rights efforts low key, and has somewhat successfully exercised its influence on Obiang to release political prisoners and improve jail conditions."

NATO Official Praises Unified Missile Defense. In the Wall Street Journal (9/18, 2.03M), NATO assistant secretary general Marshall Billingslea writes, "Today NATO crosses a major milestone in its theater missile defense efforts. The Alliance is announcing, in London, the selection of a trans-Atlantic consortium of companies with whom we will begin working on the first of our major missile defense contracts." Given the "growing threats" from sources like North Korea and Iran, Billingslea recommends, "We can choose to address the whole range of threats together, and develop a common defense for the entire Alliance."

WSJournal Says WHO Has "Come To Its Senses" On DDT. An editorial in the Wall Street Journal (9/18, 2.03M) says that WHO has announced that it will begin promoting the use of DDT to combat malaria in developing nations. It has "long been known that DDT is the cheapest and most effective way to contain the disease, which is spread by infected mosquitoes. But United Nations health agencies and others have for decades resisted employing DDT under pressure from anti-pesticide environmentalists. After tens of millions of preventable malarial deaths in these poor countries, it's nice to see WHO finally come to its senses." The Journal adds, "One insecticide won't end malaria, and DDT's proponents don't claim it will. But by keeping more people alive and healthy, DDT can help create the conditions for the only lasting solution, which is economic growth and development. It's encouraging that even a UN health agency seems to have figured that out."

WPost Praises Rockefeller, Gates Foundation Efforts In Africa. An editorial in the Washington Post (9/18, A16, 748K) praises the Rockefeller Foundation and the Bill & Melinda Gates Foundation for their pledge of $150 million over five years to combat hunger in Africa. The Post notes that despite many problems, "the two charities are right to be trying. … The Rockefeller Foundation already has a presence in East Africa, and its grants have resulted in some progress: 20 new seed varieties and a fix for the broken licensing program that had prevented the dissemination of seeds in Kenya. The partnership with the Gates Foundation will add money and ambition to these efforts."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Immigration Reform Efforts Reinvigorate Support For Guest Worker Program."
"Did Victim's Photo Prejudice A Jury?"
"Village's Unarmed Rebellion."
"Death Squads Target The Iraqi Next Door."
"Pope Issues A Rare 'Sorry.'"
"Pasadena Church May Fight IRS Summons."

USA Today:

"Spinach Probe, Recalls Expand."
"Safety Tips."
"States Hit By E. Coli Cases."
"On The Road."
"School Buses In 11 States Tune In To Radio Programming Aimed At Kids."
"Hundreds Of Unapproved Drugs Sold By Prescription."

New York Times:

"Bid to Stockpile Bioterror Drugs Stymied By Setbacks."
"Hewlett Review Is Said to Detail Deeper Spying."
"In a Rare Step, Pope Expresses Personal Regret."
"As Senator Falters, A Democrat Rises In Virginia."
"China Competes With West In Aid To Its Neighbors?"
"Unearthing A Town Pool, And Not For Whites Only."

Washington Post:

"Allen, Webb Quarrel Over War In Iraq, Bush Policies."
"Pope 'Sorry' About Reaction To Islam Remark."
"Firms Vie For Rights To Border Security."
"Corruption Isn't Rattling Elections."
"Violence Changes Storied Baghdad Street."

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Washington Times:
"Fumbled China Spy Probe An Intelligence Failure."
"Pope 'Deeply Sorry' About Muslim Reply."
"Security Probes Hold Up Diplomats."
"Rumsfeld Advisor Resigns As Pentagon Shake-Up Looms."
"President Relenting On Value Of U.N."
"U.S. Airlines Sing The Blues Over Virginia Startup."

Detroit Free Press:
"Football Mom, Dads Prepare For Voting Game."
"Inside Ford."
"Murder Trial To Start With Finger Pointing."
"Welcome To Ann Arbor, Google."

Atlanta Journal-Constitution:
"CIA Awaits Terror Policy."
"Electives Round Out Education."
"Lost Ship Holds Key To Colony Mystery."

Houston Chronicle:
"U.S. Wartime Prison System Holds 14,000 In Legal Limbo."
"Language Barriers."
"The ESlate May Not Be So Clean."
"Tiny Houston oil Company At The Center Of Global Drama."

Story Lineup From Last Night's Network News:
ABC: Pope Benedict Apologizes; Pope Benedict Apologizes Analysis; Iraq-Sectarian Violence; E. Coli Outbreak; Detainee Debate; Campaign 2006; Kidnap Victim Found; Evangelical Youth Movement; Football Story.
CBS: Preempted By Football.
NBC: Pope Benedict Apologizes; Pope Benedict Apologizes Analysis; Iraq-Sectarian Violence; Detainee Debate; Duquesne University Basketball Shooting; Kidnapped Baby; E. Coli Outbreak; Space Shuttle; Amazing Medical Recovery; New Orleans Football Dreams.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: SC-Kidnapped Girl Freed; PA-Duquesne Basketball Players Shot; CA-Wildfire; Female Space Tourist; Space Shuttle.
CBS: Detainee Debate; E-Coli Outbreak Investigation; CA-Wildfire; Pope-Islam Comments.
NPR: Pope-Islam Comments; Iraq-Kirkuk Bombings; Afghanistan-Taliban Driven Out Of Safe Havens In South; Tropical Storm Helene; Sweden-Parliamentary Elections; Ahmedinejad-Chavez Meeting; Sudan Protests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Makes remarks at the White House Conference on Global Literacy, New York Public Library; meets with the Prime Minister of Malaysia, Waldorf-Astoria Hotel, New York; meets with the President of El Salvador, Waldorf-Astoria Hotel, New York; meets with the President of Honduras, Waldorf-Astoria Hotel, New York; meets with the President of Tanzania, Waldorf-Astoria Hotel, New York; attends a Republican National Committee reception, private residence, New York. Closed press.

VICE PRESIDENT CHENEY — Delivers remarks, Maine Victory 2006 luncheon, private residence, Cape Elizabeth, Maine (closed press); remarks, Congressman Don Sherwood reception, private residence, Dallas, Penn. (closed press).

LYNNE CHENEY — Hosts Constitution Day 2006, Bigelow Hall, University of Louisville, Louisville, Ky.

LAURA BUSH — Hosts the White House Conference on Global Literacy, New York Public Library; rings closing bell, New York Stock Exchange, with Women entrepreneurs, NYSE.

US Senate: FLOOR SCHEDULE _ Meets at 2 p.m. for a period of morning business, then begin considering the Oman free trade agreement at a time TBA.

US House: No Scheduled Events.

Other: INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Highlights: 8:45 a.m. Former SEC Chair Harvey Pitt, now CEO of Kalorama Partners. 9:30 a.m. Carter Burgess, managing director of the Directorship Search Group. 11:15 a.m. Beverly Aisenbrey, managing director of Frederic W. Cook and Co. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Morning-long general session, with Larry Sabato, University of Virginia's Center for Politics, and NCUA's JoAnn Johnson and Gigi Hyland. Location: Grand Hyatt Hotel, 1000 H St. NW.

CLIMATE SUMMIT _ Washington Summit on Climate Stabilization. Participants include Iceland President Olafur Ragnar Grimsson; Robert Corell, Arctic Climate Impact

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Assessment and American Meteorological Society. Highlights: 1 p.m. - 5 p.m. Workshop on ``Communicating Climate Science Evidence to the Public." Participantss: Susan Joy Hassol, writer of HBO film, ``Too Hot Not to Handle." Karen Coshof, with Stonehaven Productions film ``The Great Warming," others. At Climate Institute, 1785 Massachusetts Ave., Suite 100. Location: L'Enfant Plaza Hotel.

CONGRESSIONAL OVERSIGHT _ 10 a.m. - 3 p.m. American University forum on ``The Current State of Congressional Oversight," with Rep. Henry Waxman, D-Calif.; GAO Comptroller General David Walker; others. Location: Room 2154, Rayburn.

MEANING OF CITIZENSHIP _ 10 a.m. - 3 p.m. National Conference on Citizenship's annual conference, aimed at strengthening citizenship in three areas: American history and civics education; community and public service; civic and political participation. Highlights: 10:05 a.m. Plenary address: Attorney General Alberto Gonzalez. 10:35 a.m. John Bridgeland, Advisory Board Chair, National Conference on Citizenship, speaks on ``The State of Our Civic Union." 12:20 p.m. Keynote, Robert Portman, director, Office of Management and Budget, on ``Fostering Citizenship: Our Federal Efforts." 12:50 p.m. Forum with Joseph Torsella, National Constitution Center; Thomas Davidson, principal, Constitution High School; students from Constitution High School; Harris Wofford, Case Foundation. 1:20 p.m. Afternoon Plenary Address: Senator Robert Byrd, who will administer the Citizens Oath to students at NCC. 2 p.m. Service to America, with USA Freedom Corps; Corporation for National and Community Service; Peace Corps; Citizen Corps; United Way of America; Hands On Network; Partnership for Public Service; Chavez Schools. 2:55 p.m. Presentation of Citizen of the Year Award to Irasema Salcido, founder and CEO, Chavez Schools. With remarks by Craig Turk, chairman, National Conference on Citizenship. Location: Marriott-Metro Center, 775 12th St. NW.

ENERGY SECURITY-REPORT _ 9 a.m. Sen. Jeff Bingaman, D-NM, John Podesta, CEO, Center for American Progress, and Christopher Flavin, chairman, Worldwatch Institute, release report on ``American Energy: The Renewable Path to Energy Security." Location: S-211, US Capitol.

AL-QAEDA _ 9 a.m. - 10:30 a.m. New America Foundation discussion on ``Al Qaeda Past, Present and Future," with Lawrence Wright, The New Yorker; Peter Bergen, New America Foundation. Location: 1630 Connecticut Ave. NW.

CHURCHES-POLITICS _ 10 a.m. Americans United for Separation of Church and State holds a news conference to announce a national campaign to oppose illegal partisan politicking by churches. Speaker - Rev. Barry Lynn. Location: National Press Club.

FEDERAL PAY-SURVEY _ 10 a.m. Briefing to release survey of Senior Executive Service members on impact of government's pay-for-performance management system. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

TEACHER EDUCATION _ 10 a.m. The Woodrow Wilson National Fellowship Foundation, others, release a report showing teacher education is out of step with classroom realities. It also finds a majority of U.S. teachers prepared in lower quality programs. Location: National Press Club.

WOMEN IN ACADEMIA-REPORT _ 10 a.m. National Academies of Science release report on women in academic science and engineering, ``Beyond Bias and Barriers." With Donna Shalala, president, University of Miami, and former HHS secretary; others. Location: Kaiser Family Foundation, 1330 G St., N.W.

FUEL-EFFICIENT CARS _ 10:30 a.m. Sens. Bob Bennett and Ron Wyden unveil bipartisan plan to provide tax credits to consumers who buy more fuel efficient cars, trucks and SUVs. Location: Senate Swamp site.

IRAQ FOR SALE _ 11 a.m. Sen. Byron Dorgan (D-ND) holds news briefing with filmmaker Robert Greenwald and former KBR/Halliburton Iraq truck drivers. They'll discuss war profiteering in Iraq, and Greenwald's new movie ``Iraq for Sale." Location: Room 124, Dirksen.

HUFFINGTON SPEECH _ 11:30 a.m. Columnist Arianna Huffington speaks at Women of Washington's ``Hope is a Woman" luncheon. Her topic: ``On Becoming Fearless." Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

CONSTITUTION DAY-JUDGES _ 12 p.m. American University's College of Law marks National Constitution Day with law professors examining ``Judicial Independence." Location: Room 603, Washington College of Law, AU.

MUSLIMS-CIVIL RIGHTS REPORT _ 12 p.m. Council on American-Islamic Relations releases 11th annual report, titled ``The Struggle for Equality," on the status of Muslim civil rights in the United States. Location: CAIR, 453 New Jersey Ave. SE.

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IRAQ-CONTRACTORS _ 2 p.m. The Senate Democratic Policy Committee holds a hearing on efforts to seek accountability for contracting abuses in Iraq. Julie McBride a former Halliburton employee at Camp Fallujah in Iraq; Edward Sanchez and Sean Larvenz, former Halliburton truck drivers in Iraq; Scott Allen, an attorney who represents survivors of the April 2004 convoy attack; Alan Grayson, an attorney who represents Ms. McBride in a False Claims Act. Location: Room 538, Dirksen.

GULF COAST RECOVERY-FEMA _ 3 p.m. Department of Homeland Securitys Federal Emergency Management Agency holds tele-conference to discuss the Alternative Housing Pilot Project for the Gulf Coast states. Participants include Gil Jamieson, Deputy Director for Gulf Coast Recovery. Contacts: FEMA, 504-762-2477. Notes: Call 800-320-4330, pin number 051397, press ``.

KASHMIR FORUM _ 3 p.m. Indo-American Kashmir Forum on ``The Rise of Counter-Insurgency in Kashmir and the Myth of the Separatist Kashmiri Muslim," with Captain SK Tikoo, Hindu leader of a Muslim political party comprised of former Kashmiri militants. Location: CSIS, 1800 K St. NW.

RUSSIA-TRADE _ 6 p.m. - 8 p.m. Embassy of the Russian Federation holds launch for updated edition of ``The Russia: All Regions; Trade and Investment Guide." Location: Embassy, 2650 Wisconsin Ave. NW.

AMERICA'S ENERGY ``ADDICTION" _ 6 p.m. - 8:30 p.m. DOD's offices of acquisition and technology, as well as Force Transformation, hold forum on ``Energy: A Conversation about our National Addiction." Topics include used fuel policy and the 103 commercial reactors in the US. Location: Doubletree Hotel, 300 Army Navy Dr., Crystal City, Va.

MACPHERSON-I.F. STONE _ 6:30 p.m. Myra MacPherson discusses her new book ``All Governments Lie!: The Life and Times of Rebel Journalist I.F. Stone." Location: National Press Club, 14th and F Sts. NW.

DEBATING THE CONSTITUTION _ 7 p.m. National Archives presents debate between Judge Richard Posner and Geoffrey R. Stone titled ``The Constitution in a Time of National Emergency." Issues include balancing personal liberty against public safety. Location: Burke Theater, United States Navy Memorial.

ALBRIGHT-RELIGION _ 7:30 p.m. Former Sec. of State Madeleine Albright gives Snowdon lecture on ``Reflections on America, God and World Affairs." Location: Gaston Hall, Georgetown Univ.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 18, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House, Senate Holdouts Say Compromise Possible On Detainee Bill. CBS News Radio (9/18) reports this morning, "There is a change in the battle between the Bush White House and three respected Republicans over the war on terror. The senators who want no retreat from the Geneva Conventions are signaling a willingness to compromise. Among them John McCain on ABC's This Week." McCain: "Absolutely the talks are continuing. I have supported this President in the war on terror. I have supported him in the war in Iraq. I think he is a friend, I hope he considers me a friend. I believe we can sit down, we can work this out." CBS added, "The White House insists it is not looking to redefine the Geneva Convention rules on prisoner detention and interrogations nor does it want to legalize torture." National Security Adviser Stephen Hadley: "The President is very clear, this not about torture. This is about a program that is going to be professionally run by people who have been highly trained."

ABC World News (9/17, story 5, 0:25, Harris) reported last night that "there are hopeful noises about ending a rather extraordinary showdown between President Bush and some powerful senators from his own party. … Today, both sides say they are confident they can reach some sort of compromise."

NBC Nightly News (9/17, story 4, Jordan, 9.87M) reported, "On the Sunday talk shows, talk of compromise on the issue that's loudly split the Bush Administration and several key Senate Republicans." Stephen Hadley, National Security Advisor: "We need to find a way through that obstacle course. I think we can." Sen. John McCain: "I believe we will be able to work this out to the satisfaction of everybody concerned." NBC added, "Another sign Senate Republicans are trying to find a solution tomorrow staffers from Chairman of the Judiciary Committee will be meeting with Senator McCain staffers."

The New York Times (9/18, Sanger, 1.21M) runs a story titled "Compromise Called Possible On Interrogations," in which it says Hadley "is negotiating with…McCain…and other Senate leaders over the administration's proposal, which would give the C.I.A. permission to use "alternative" techniques when interrogating terrorism suspects. … Asked if he believed compromise was possible, Mr. Hadley said, 'I do.' He said it was essential that 'we continue to have this terribly important program for protecting the country, as the president requires, that gives the men and women who carry out this program clear guidance and clear Congressional support, and also achieves Senator McCain's requirement that we don't amend or change Common Article 3,' referring to the Geneva Conventions." The Times adds, "Other administration officials said it became clear over the weekend that the administration was going to have to give ground. 'I don't think anyone anticipated the avalanche of opinion that would be assembled on the other side of what seemed like a pretty abstruse legal issue,' one official said, speaking on condition of anonymity as he was not authorized to discuss the issue with a reporter." USA Today (9/18, Diamond, 2.27M) runs a similar story under the headline "Compromise On CIA Interrogations Possible," while the AP (9/18, Pickler) reports, "The Bush administration and holdout GOP senators expressed confidence on Sunday they could reach a compromise on rules for CIA interrogations of suspected terrorists."

The Washington Times (9/18, Pfeiffer, 88K) reports Sen. Lindsey Graham "agrees with Mr. McCain on the issue and said the administration and Congress are closer than some observers think. 'I think we can get there from here,' Mr. Graham said." The Times adds, "'Fox News Sunday' moderator Chris Wallace noted that many of those opposed to the administration's plan, including Mr. Graham, Mr. McCain and former Secretary of State Colin L. Powell, all have military combat experience. In contrast, many of the plan's supporters, including Mr. Bush, do not."

The Christian Science Monitor (9/18, Chaddock, 58K) says that "for now, the GOP revolt in the Armed Services Committee is giving cover to Senate Democrats, who don't want to head into another midterm election tagged with being weak in the war on terror." Yesterday, Sen. Mitch McConnell "said it would be awkward for Democrats to 'go home and explain a vote...to shut down an intelligence program that we know has helped save lives.'"

USA Today (9/18, Kiely, Johnson, 2.27M) runs a "Question and Answer" background report on the legislation, in which it says "the House of Representatives has scheduled a vote on the president's plan for this week and is likely to approve it. The Senate is more likely to approve the competing Armed Services Committee bill. If that happens, House and Senate negotiators would have to work out the differences." The Wall Street Journal (9/18, 2.03M), in an editorial, makes a similar point, "The good news is the Senate is not the last word on this debate. The House is likely to endorse the Administration's preferred language this week, and a bill that emerges from conference may be a compromise the CIA can live with. The government's ability to protect Americans using the vital tool of interrogation depends on it."

Newsweek (9/25, Hirsh, Hosenball, 3.12M) reports that "recently Bush administration officials, in private negotiations with the Senate, have agreed to drop waterboarding from a

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list of approved CIA interrogation techniques, according to a Senate source involved in the dispute. … The Bush administration wants to maintain seven other approved CIA interrogation methods, however, for use against suspected high-level terrorists, according to one congressional source and a lawyer involved in the negotiations." Newsweek also reports, "Scott Horton, a New York City Bar Association lawyer who has advised the Senate on the legislation, says Capitol Hill aides have told him that the CIA has sought to use the following techniques: (1) induced hypothermia; (2) long periods of forced standing; (3) sleep deprivation; (4) the 'attention grab' (the forceful seizing of a suspect's shirt); (5) the 'attention slap'; (6) the 'belly slap'; and (7) sound and light manipulation." Time (9/25, Calabresi, 4.03M) provides a brief description of the terrorism bills being considered by lawmakers.

Graham Says A Compromise Is Still Possible. Time (9/25, Tumulty, Bacon, 4.03M) reports, "White House and congressional leaders had hoped that focusing on terrorism in the final months before a tight midterm election would give their party an advantage over the Democrats. But they didn't count on a rebellion in their own ranks, made worse by the fact that it is led by [Sen. Lindsay] Graham and two more senior members of the Armed Services Committee who also have impressive military credentials: chairman John Warner, a former Secretary of the Navy who was a Marine ground officer in the Korean War, four years before Graham was born; and John McCain, a former Navy pilot whose father and grandfather were admirals and who still suffers from what he endured during 5 1/2 years in a North Vietnamese POW camp." Time adds, "The showdown on the Senate floor, where majority leader Bill Frist is expected to introduce the President's proposal, is not likely to be pretty." Graham "insists that there are still ways to work out a compromise, although both sides appear to be digging in. 'I share the President's goal of pursuing a CIA program that would protect us and operate within the rule of law,' he told TIME. 'And I will work with him to achieve that.'"

Negroponte Says Legal Uncertainty Has Diminished Use Of Interrogations. Director of National Intelligence John Negroponte was asked on Fox News Sunday (9/17, Wallace) if the CIA is currently unable to interrogate detainees "because intelligence officers are unwilling to risk being charged with war crimes." Negroponte answered, "There's been precious little activity of that kind for a number of months now and certainly since the Supreme Court decision." Negroponte noted that a terrorism suspect "may be questioned, but using the kinds of aggressive techniques, the tough techniques that the president was referring to the other day may be problematic because of the uncertainty that has been introduced by the current situation. So all these patriotic, professional agents are looking for is the kind of clarity to ensure that they will not be violating the law when they carry out these interrogations." Asked if the legislation, "as passed by the Senate Armed Services Committee and drafted by Warner and McCain and Graham, is unacceptable," Negroponte replied, "the director of the CIA tells me that, if it were passed in that form, he does not believe it would be possible for the program to go forward. And I accept his judgment on that." The Los Angeles Times (9/18, Miller, 918K) runs a story on the detainee bill in which it focuses on Negroponte's TV appearance, which it says "was part of a campaign by the Bush administration to defend a CIA program in which high-ranking Al Qaeda operatives had been held in secret prisons abroad and subjected to interrogation methods that critics contend are tantamount to torture."

Hadley, Senators Outline Their Stance. National Security Adviser Stephen Hadley, also on ABC's This Week (9/17, Stephanopoulos), said, "What we're talking, in terms of Common Article 3, is a minimum set of standards that would apply to what's called unlawful combatants, people like Al Qaida terrorists. And let's be clear who these people are. These are people who don't wear uniforms, who hide among civilian populations and, quite frankly, use war crimes, killing innocent civilians as a tactic. So let's be clear what we're talking about here. Nonetheless, notwithstanding the fact these are people who don't detain Americans on the battlefield; they kill them, we have said that we are going to provide the kinds of standards of treatment that are in the Detainee Treatment Act, sponsored by Senator McCain, approved by the Congress in December of last year. … It's interesting that the Department of Defense, the Joint Chiefs of Staff, the director of Central Intelligence, the agencies whose men and women are on the front lines on the war on terror and are at risk every day, support this legislative approach we have proposed."

On CBS' Face the Nation (9/17, Schieffer), Hadley added, "The most important thing here, and the question before the Congress and the American people is -- do we want a program run by the Central Intelligence Agency that questions these Al Qaida terrorists? … If so, we need to give clear guidance to the men and women who run it. And if you don't want the program, then you explain why you're willing to give up a tool which really has gotten more information about Al Qaida and made more of a contribution in preventing attacks on this country and our troops abroad than almost any other country."

Appearing on CNN's Late Edition (9/17, Blitzer), Hadley singled out a provision barring "humiliating treatment," saying, "I'm saying that nobody knows what humiliating treatment is. What does it mean? And the concern is that these people are being asked to take on very tough assignments. They want to be clear as to what is required, and they want it to be interpreted by U.S. law, not by opinions of European courts or other courts."

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McCain, asked on ABC's This Week (9/17, Stephanopoulos) to respond to Secretary of State Condoleezza Rice's contention that "interpreting" the Geneva Conventions "is accepted practice in international law," said, "Of course it's not -- when we ratify a treaty…that was the time to, quote, 'interpret,' or make reservations. … The Vietnamese treated us rather badly for quite a period of time. That didn't mean that the United States of America wanted to interpret the Geneva Conventions any other way. In fact, they insisted that the Vietnamese treat us under those, and indeed for reasons that are still not clear to me, it was improved." McCain added, "We have to hold the moral high ground. We're the nation that people look up to. We can't lower our standards because others do. … There is a war that we are losing in some ways, as General Powell pointed out, and that's our standing in the world because of our treatment at Abu Ghraib, Guantanamo, et cetera. We have to keep the moral high ground."

On CBS' Face the Nation (9/17, Schieffer), Graham said, "What I would like to do is give our president the tools that we need to defend ourselves, an effective CIA program, where our agents can't be prosecuted for war crimes ill-defined; they can't be sued and lose their houses because they're doing their job; they can defend themselves in court if they're ever accused of doing something, by saying, 'I was following orders.' … If it's seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police? It would be a disaster."

Sen. Arlen Specter, also on CBS' Face the Nation (9/17, Schieffer), added, "I agree with senators Graham, Warner and McCain that you cannot have classified information which is not shown to the defendant. I agree with them that you cannot use coerced confessions because they're unfair and unreliable. I disagree with senator McCain, Graham and Warner and the president trying to eliminate habeas corpus. That is, judicial review, because we have so many complicated matters. When you come to the Geneva Convention, we have to follow the Geneva Convention. But what I'm looking for is a way to accommodate both interests, and I think that is possible."

During his appearance on CBS' Face the Nation (9/17, Schieffer), Democratic Sen. Carl Levin commented, "We cannot claim that we are abiding by international treaties such as the protections in Geneva that protect our troops if we decide unilaterally that we're going to modify Geneva. And the problem with this administration is that it's had this unilateral approach to law and to many other things in this world, and it's coming back to haunt us. And if we modify Geneva unilaterally, it's going to come back to haunt us, because other countries are going say, 'you people don't live up to obligations. What we saw at Abu Ghraib is what the CIA is all about, and don't complain when we treat your people the way you treat detainees.'"

On CNN's Late Edition (9/17, Blitzer), Sen. Evan Bayh said, "We can be true to the Geneva Convention, but we can do it by amending the War Crimes Act to give clarity to our agents so they can conduct these intelligence interrogations, get the information we need to protect our country but protect our own people and be true to our own values in the process."

Responding to Bayh's comment, Sen. John Cornyn, also on CNN's Late Edition (9/17, Blitzer), said, "I'm glad to hear what he said. … But I do think it's going to take more than amending the War Crimes Act because when the Department of Justice passes judgment on whether an interrogation technique is lawful or unlawful, they're going to look at the whole range of laws, not just the War Crimes Act, to determine that. That's why we need the clarity that would be provided by the Detainee Treatment Act."

McCain Said To Be Risking His 2008 GOP Frontrunner Status. Fox News' Brit Hume, appearing on Fox News Sunday (9/17, Wallace), said, "I might add this about McCain, that he is seeking the Republican nomination for president of the United States. It's pretty clear. He's supposedly the frontrunner. Another week of this, he won't be the frontrunner. In fact, I would say if this ends in some kind of a confrontation in which he, quote, 'wins,' I think his chances of becoming the nominee of the Republican Party are basically out the window."

The Weekly Standard's Bill Kristol, also on Fox News Sunday (9/17, Wallace), asked, "Do we think if we polled the soldiers in Iraq, they would be with McCain on this, not with Bush? I rather doubt it. This is an issue of how tough we can be on the very few high- value terrorists whom we choose to have the CIA interrogate. It has nothing to do with the military treatment of other military prisoners. And on this issue, I think the country is with Bush. I think the enlisted men in the military are with Bush. And Bush is going to win."

The New York Times (9/18, Nagourney, 1.21M) reports McCain "on Sunday flew to New Hampshire -- and right into a blistering editorial from the conservative Manchester Union-Leader that assailed him for standing up to President Bush on the issue." McCain "responded with a spirited defense, invoking his experience as a prisoner of war as he vowed to block the White House effort." McCain said, "The United States has always been better than our enemies. I'll tell you right now: one of the things in prison, in North Vietnam, that kept us strong was that we knew we were not like our enemies. That we came from a better nation, with better values, with better standards." The Times adds that after "months of orchestrated peace, the battle with Mr. Bush over the administration's effort to reinterpret the Geneva Conventions has put Mr. McCain back into a familiar position: bucking the White House and at odds again with some

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conservatives, who had already been wary of his ideological views." The dispute is "shaping up as an early chapter in a shift of influence in the Republican Party away from Mr. Bush as he approaches the final two years of his administration, and toward its presidential nominee of 2008. And it is spotlighting divisions in the party as prospective presidential candidates jockey for support from the conservative wing." Governor Mitt Romney of Massachusetts "said in an interview that he disagreed with Mr. McCain, and offered a forceful endorsement of Mr. Bush."

Relatives Of 9/11 Victims Urge Senate To Reject Bush Bill. The AP (9/18, Pickler) reports "34 relatives of Sept. 11 victims released the text of a letter they had sent to senators asking them to fight Bush's proposal. The family members said they do not believe 'that it is in the interest of the United States to create a system of military courts that violate basic notions of due process and lack truly independent judicial oversight. Not only does this violate our most cherished values and send the wrong message to the world, it also runs the risk that the system will again be struck down, resulting in even more delay' in prosecuting terrorists, the relatives wrote.

Krugman Claims Torture "Appeals To The President And The Vice President." Paul Krugman, in a column titled "King Of Pain," writes in the New York Times (9/18, 1.21M), "I haven't seen much discussion of the underlying question: why is Mr. Bush so determined to engage in torture? … So why is the Bush administration so determined to torture people? To show that it can. The central drive of the Bush administration -- more fundamental than any particular policy -- has been the effort to eliminate all limits on the president's power. Torture, I believe, appeals to the president and the vice president precisely because it's a violation of both law and tradition."

More Commentary. Bob Herbert writes in the New York Times (9/18, 1.21M), "Bush, Cheney & Co. are desperately trying to hold together a house of cards that is ready to collapse because their strategy and tactics for fighting terrorism were slapped together with no real regard for the rule of law. What we've seen over the past few years has been a nightmare version of the United States. Torture? Secret prisons? Capital trials in which key evidence is kept from the accused? That's the stuff of Kafka, not Madison and Jefferson."

Tom Malinowski, Washington advocacy director for Human Rights Watch, writes in the Washington Post (9/18, A17, 748K), "The Soviets understood that these methods were cruel. They were also honest with themselves about the purpose of such cruelty -- to brutalize their enemies and to extract false confessions, rather than truthful intelligence. By denying this, President Bush is not just misleading us. He appears to be deceiving himself."

US Said To Hold 14,000 Detainees In Overseas Prisons. In a 2,230-word analysis piece, the AP (9/18, Quinn) reports, "In the few short years since the first shackled Afghan shuffled off to Guantanamo, the U.S. military has created a global network of overseas prisons, its islands of high security keeping 14,000 detainees beyond the reach of established law." The AP continues, "Captured on battlefields, pulled from beds at midnight, grabbed off streets as suspected insurgents, tens of thousands now have passed through U.S. detention, the vast majority in Iraq. Many say they were caught up in U.S. military sweeps, often interrogated around the clock, then released months or years later without apology, compensation or any word on why they were taken." Many experts told the AP "the detention system often is unjust and hurts the war on terror by inflaming anti-Americanism in Iraq and elsewhere." Some practices have been curtailed, and "living conditions for detainees may be improving as well," but the AP adds, "Whatever the progress, small or significant, grim realities persist."

Chambliss' Comparison Of Civil War, War On Terror Draws Fire. Roll Call (9/18, Akers) reports in its "Heard on the Hill" column that Sen. Saxby Chambliss "argued last week that the South could have won the war between the states if the Confederates had just had better intelligence. During Thursday's closed-door Senate Armed Services Committee hearing on trials, interrogation and detention of foreign terrorism suspects, Chambliss made an analogy between the current war on terror and the Civil War. He made the point that history would have been altered dramatically if only the South had had better intel. Democratic sources expressed outrage that he compared the Civil War to the Bush administration's war on terror."

HOMELAND RESPONSE:

BioShield Setbacks Threaten Deal To Produce Anthrax Vaccine. The New York Times (9/18, Lipton, 1.21M) reports on "Project BioShield, a $5.6 billion effort" to build a national stockpile of new drugs and vaccines that critics say "has largely failed to deliver." The "most acute" problems have come with the project's "$900 million push to add a new anthrax vaccine to the stockpile. What had begun as an effort to test and manufacture a safer, faster-acting vaccine has turned into an ugly battle between two biotech businesses. Each has hired Washington lobbyists to attack its rival's product and try to win over lawmakers and administration officials. Delivery of the new vaccine is far behind schedule, and a dispute between the Department of Health and Human Services and VaxGen, the company chosen to make the vaccine, could even end the deal."

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Fish Used To Monitor Water Supplies. The Washington Post (9/18, A8, Lee, 748K) reports on the bluegill's new task of "keeping vigil over the Washington region's water supplies, where it might be able to save millions of lives in the event of a terrorist attack." The fish "are a key component of the IAC 1090 Intelligent Aquatic Biomonitoring System, a new water-monitoring device that electronically analyzes the behavior of eight captive bluegills to detect the presence of chemical toxins or other contaminants." The system, also in use in New York City and San Francisco, "automatically trips an alarm, takes samples, and summons authorities by e-mail and pager" if it detects signs of stress in the fish.

"Path To 9/11" Writer Says He Has Received Death Threats. Cyrus Nowrasteh, who wrote the screenplay for "The Path to 9/11," writes in the Wall Street Journal (9/18, 2.03M), "I am neither an activist, politician or partisan, nor an ideologue of any stripe. What I am is a writer who takes his job very seriously, as do most of my colleagues: Also, one who recently took on the most distressing and important story it will ever fall to me to tell. I considered it a privilege when asked to write the script for 'The Path to 9/11.' I felt duty-bound from the outset to focus on a single goal -- to represent our recent pre-9/11 history as the evidence revealed it to be." Nowrasteh adds, "In July a reporter asked if I had ever been ethnically profiled. I happily replied, 'No.' I can no longer say that. The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. … The hysteria engendered by the series found more than one target. In addition to the death threats and hate mail directed at me, and my grotesque portrayal as a maddened right-winger, there developed an impassioned search for incriminating evidence on everyone else connected to the film."

Freedom Tower Project Makes "Progress." While "several hurdles remain," the Wall Street Journal (9/18, Frangos, 2.03M) reports on "progress" made with the $2 billion, "iconic" Freedom Tower, as the state and federal governments reiterated their leasing commitments. New York's Office of General Services, the state government's property manager, signed a "nonbinding 'term sheet'" that is the basis of their deal to acquire "415,000 square feet" at "$59 a square foot" for "15 years," with the option to expand to "1 million square feet over 50 years." Meanwhile, the federal government's property manager, the General Services Administration, signed their "third" nonbinding memorandum of agreement that takes "600,000 square feet" at "$59 a square foot." This latter commitment will require congressional approval, one "hurdle" challenging the Freedom Tower's "financial viability." Another is a meeting this week to finalize the rebuilding framework for the WTC complex, and the last "hurdle" is whether the Freedom Tower can attract private business, since the only government agencies are the only ones to sign tentative lease agreements. If the federal and state governments actually sign the leases, the Freedom Tower would be on a "stronger financial footing" because the agreements could be "used as collateral to back construction bonds." And, the project will be financed from insurance proceeds and revenue the Port Authority collects at bridge and tunnel tolls. Also, the project appears to be gaining "political support," since Democratic gubernatorial nominee Eliot Spitzer, who once called the tower a "white elephant," said the lease agreements are a "crucial step in ensuring the financial viability of the Freedom Tower."

WAR NEWS:

US Working To Establish Secure Perimeter Around Baghdad. NBC Nightly News (9/17, story 3, Seigenthaler, 9.87M) reported that the US military's "immediate focus is to establish a security corridor around the capital to protect it from insurgent car bombers but one analyst doesn't believe the strategy is workable." General Barry McCaffrey, military analyst: "I am skeptical in the short run anything will tune back this level of violence." NBC continued, "The plan within two weeks to dig ditches and erect sand barriers, the aim to funnel inbound traffic through 28 checkpoints, the purpose stop suicide bombers trying to infiltrate the city. This has been tried in other smaller Iraqi towns and has been successful but Baghdad is a sprawling city. This is a major security undertaking on short notice."

US, Iraqi Officials Claim Security Belt Will Not Include Trenches. USA Today (9/18, Sabah, 2.27M) reports, "Iraq's Defense Ministry said Sunday that plans to fortify the 28 entrances to Baghdad do not include encircling the city with trenches, as has been reported. Col. Qassim Atta, a ministry spokesman, denied that Iraqi and U.S. forces planned to set up a perimeter of new trenches and berms to try to staunch one of the bloodiest periods in the capital since the U.S.-led invasion in 2003. 'The 28 entrances to Baghdad will be tightly controlled by the Iraqi police,' Atta said. 'But to besiege Baghdad with trenches is total exaggeration.'" U.S. military spokesman Lt. Col. Barry Johnson "said the plan had been 'mischaracterized' in the media. 'There are plans for a security belt around Baghdad in order to constrict movement through authorized checkpoints. … This has been mischaracterized by some media as a giant trench around the city. This is not what's happening.'"

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Sunni Politician Assassinated; Dozens Of Bodies Recovered. The Washington Post (9/18, A11, Paley, 748K) reports police in Baghdad "reported the discovery of 24 bullet-riddled corpses that had been dumped in various parts of the capital. Armed men also assassinated Muhammad Shihab al-Dulaimi, an official with the Iraqi Accordance Front, the largest Sunni political bloc in parliament, while he was driving his car in the capital's Mansoor district, said Brig. Gen. Fadhil Abdul Muhsin of the Interior Ministry."

The New York Times (9/18, Al-Ansary, Adeeb, 1.21M) reports, "The police in Baghdad reported finding 36 bodies in several neighborhoods, an Interior Ministry official said. Eight were discovered in one area with gunshot wounds to the head and bearing marks of torture. But an American military spokesman said her office was aware of only 11 bodies found."

Sectarian Death Squads Said To Choose Victims Seemingly At Random. The Los Angeles Times (9/18, McDonnell, 918K) reports, "Evidence enough in the cold calculation of life and death in this capital of fear. A wrong turn, a detour, an untoward stare, a pointed finger, an anonymous denunciation, a nod of the head — these can, and do, lead regularly to death. Sectarian death squads snatch victims off the street or from their cars, from their homes or their offices, from mosques or hospitals. The killers come at night or day. They come in uniforms or civilian garb." The Times goes on to report, "Some bodies are never found, perhaps tossed in a clandestine grave, or decomposed beyond recognition, or dumped in the Tigris River or an irrigation canal from which they never emerge. So many corpses were clogging the capital's main sewer plant last spring that authorities launched an inquiry, with U.S. technical assistance. Investigators discovered a macabre pattern: Manholes from as far as several miles away had been used as disposal sites, allowing the remains to course underground through broad concrete pipes along with the city's subterranean effluvia."

Very Few Of Baghdad's Booksellers Remain. The Washington Post (9/18, A1, Raghavan, 748K) reports on the remnants of the booksellers on Mutanabi Street in Baghdad "the intellectual ground zero of Baghdad, they are the guardians of a literary tradition that has survived empire and colonialism, monarchy and dictatorship. In the heady days after the U.S.-led invasion, Mutanabi Street pulsed with the promise of freedom. Now, in the fourth year of war, it is a shadow of its revered past. Many of the original booksellers have been forced to shut down. Others have been arrested, kidnapped or killed, or have fled Iraq. … Under former Iraqi president Saddam Hussein, Mutanabi Street was the nexus for resistance and freewheeling debates, where underground writers published illegal books that denounced Hussein."

Anbar Tribes Reportedly Have Formed Coalition To Fight Al Qaeda. The New York Times (9/18, Al-Ansary, Adeeb, 1.21M) reports, "Nearly all the tribes from Iraq's volatile Sunni-dominated Anbar Province have agreed to join forces and fight Al Qaeda insurgents and other foreign-backed 'terrorists,' an influential tribal leader said Sunday. … Twenty-five of about 31 tribes in Anbar…have united against insurgents and gangs that are 'killing people for no reason,' said the tribal leader, Sheik Abdul Sattar Buzaigh al-Rishawi." The Times notes, "It is unclear how quickly or forcefully the tribal fighters will confront Al Qaeda and other insurgents, who mostly operate in and around the provincial capital, Ramadi, despite recurrent American military efforts to stop them." Rishawi "said the 25 tribes counted 30,000 young men armed with assault rifles who were willing to confront and kill the insurgents and criminal gangs that he blamed for damaging tribal life in Anbar, dividing members by religious sect and driving a wave of violent crime in Ramadi. 'We are in battle with the terrorists who kill Sunnis and Shiites, and we do not respect anyone between us who talks in a sectarian sense,' said Mr. Rishawi, the leader of the Rishawi tribe, a subset of the Dulaimi tribe, the largest in Anbar. Half the Rishawi are Shiite Arabs and half are Sunni, he said."

Reports Of Tribal Agreement Disputed. The Washington Post (9/18, A11, Paley, 748K) reports "on Sunday, tribal leaders in Anbar province denied news reports that local chieftains had gathered recently and agreed to join forces to fight al-Qaeda. 'All the talk and rumors that you may hear about alliances or new initiatives to wipe out al-Qaeda by the tribes in Anbar is all pure nonsense,' Sheik Faraj Khalid Essawi said. 'We wish that we could build a strong tribal alliance against al-Qaeda to defeat them and reestablish security in our area and rebuild the dignity and the stature of the tribal sheiks. But frankly, we are unable to stand up to or to confront al-Qaeda because even the American army itself has not succeed in defeating it.'"

Iraqi Insurgents Described As "Only Loosely Related" To Bin Laden's Al Qaeda. The Christian Science Monitor's Peter Grier (9/18) writes, "The war in Iraq constitutes a perimeter defense of the United States. Simply put, the US is fighting Al Qaeda and other extremists there, so it doesn't have to fight them on American soil. That's the way President Bush sees the situation, anyway. In his speech to the nation on Sept. 11, he said that terrorists wouldn't quit fighting if the US pulled out of Iraq. Instead, they'd pursue their target, in essence pouring through a gap in US lines. … Is that really the case? Many critics of the administration think Iraq is not the foremost trench in a global war on terrorism. The enemy there, they say, is only loosely related to the one that struck at the American heartland five years ago. Most insurgents in Iraq are natives, not wandering members of a

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terrorist international. It's unlikely they'd look for further ways to target the US if it left, say some terrorism experts."

Sailor Dies From Wounds Sustained In Anbar. The Washington Post (9/18, A11, Paley, 748K) reports "the U.S. military announced that a sailor assigned to the 1st Marine Logistics Group died Saturday from combat injuries in Anbar province."

Casey Says Iraq Needs 12 To 18 Months Before It Can Take Over Its Own Security. Gen. George Casey, the senior US military officer in Iraq, took Newsweek (9/25, Nordland, 3.12M) on a tour of Adhamiya, "a place that has been known for years as the worst neighborhood in Baghdad." Casey "says he's pleased with the progress he's seeing. 'It has worked,' Casey says. 'You see the reactions of the people on the streets.' Even so, the general acknowledges, 'there's a long way to go.' He says Iraq will need 12 to 18 months more before it's ready to take charge of its own security."

Bush Case That America Is Safer From Terror Because Of War Seen As Not Catching On. U.S. News and World Report (9/25, Mulrine, 2.03M) reports, "Polls show that a majority believes that the country is, in fact, now less safe from terrorism because of the war in Iraq. At every opportunity, Bush is pressing his case that things in Iraq are headed in the right direction-and that the war must be won. But with elections just weeks away, some vulnerable lawmakers may have shuddered after opening the Washington Post last week to see a column by influential conservatives William Kristol and Rich Lowry calling for the president to send 'substantially more' troops to Iraq to 'improve the chances of winning a decisive battle at a decisive moment.'" US News adds, "The op-ed column by Kristol and Lowry didn't create much of a stir in military circles, where talk about needing more troops in Iraq is hardly new. … But that's not what President Bush says he's hearing from his top commander in Iraq, Gen. George Casey."

Deadly Bombings Kill Twenty-Four In Kirkuk. ABC World News (9/17, story 3, 0:15, Harris) reported, "One note from Iraq, now, where a series of deadly bombings today in the northern city of Kirkuk. 6 bombs killed 24 people and kill wounded 84 more. This was the worst of the suicide attacks in a long time."

NBC Nightly News (9/17, story 3, Seigenthaler, 9.87M) reported, back-to-back bombings today that took a heavy toll leaving nearly two dozen Iraqis dead and the death of an American. Fears of increasing violence are leading up to the start of the Muslim holy month Ramadan. NBC (Boettcher) added, "It was a wave of bombings, the likes not seen in the oil rich city north of Baghdad. … This is what coalition forces fear could be in Baghdad's future as the holy month of Ramadan approaches." NBC noted, "more than 200 victims have been delivered to the Baghdad morgue in the past few days."

The USA Today/AP (9/18, 4A, Barzanji) reports, "There was no indication who was behind the bombings." According to the AP, "the worst assault involved a suicide truck bomb. The explosion in the city center killed 18 and wounded 55, police Brig. Sarhat Qadir said. A few hours later, a car bomb was rammed by a suicide attacker into a joint U.S.-Iraqi army patrol in the south of the city. At least three bystanders died and eight people were injured. Two roadside bombs and two parked car bombs went off in other parts of the city, killing three civilians and wounding 21 people, including two policemen and four soldiers, police told the Associated Press."

The Washington Post (9/18, A11, Paley, 748K) reports, "The restive northern city -- considered a likely flash point for sectarian violence because of its combustible mix of Kurds, Arabs and Turkmens -- declared a state of emergency and hastily put up dozens of checkpoints to thwart further attacks, police Maj. Jalal Mahmood Aras said. The attacks were the most recent bloodshed in a bitter struggle between Arabs and Kurds to take control of Kirkuk, the country's third-largest city. Iraq's new constitution calls for a referendum to determine whether the Kirkuk region will become a part of the Kurdish north.

The Los Angeles Times (9/18, Roug, 918K) reports, "There has been an upsurge in attacks during recent weeks in Kirkuk, where Kurds and Sunni Arabs have struggled for control of the city's oil wealth. Late Friday night, a bomb exploded in the Tiseen neighborhood, injuring three people. Sunday's attacks, however, were unusual in their scale and toll."

Suicide Bombers Kill Three Iraqi Police Outside US Base In Fallujah. The Washington Post (9/18, A11, Paley, 748K) reports that in Fallujah "two suicide car bombs exploded within minutes as the drivers tried to ram into a U.S. military base, killing at least three Iraqi police officers and wounding five others, police Capt. Ammar Yasser Halbousy said."

Iraqi Police Uncover Large Munitions Cache Near Basra. The AP (9/18) reports Iraqi police "have uncovered a large munitions cache in southern Iraq, near the area where a roadside bomb killed two British soldiers earlier this month, a spokesman said Sunday. Police received a tip that munitions were being stored in the town of Ad Dayr, near the southern city of Basra, Maj. Charlie Burbridge said. A raid early Saturday uncovered dozens of artillery and mortar rounds, as well as 100 rounds of high explosive shells of various caliber, Burbridge said.

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US Has Held Iraqi AP Photographer Since April Without Charging Him. The AP (9/18, Tanner) report the U.S. military "has imprisoned an Associated Press photographer for five months, accusing him of being a security threat but never filing charges or permitting a public hearing. Military officials said Bilal Hussein, an Iraqi citizen, was being held for 'imperative reasons of security' under United Nations resolutions. AP executives said the news cooperative's review of Hussein's work did not find anything to indicate inappropriate contact with insurgents, and any evidence against him should be brought to the Iraqi criminal justice system." Hussein "is a native of Fallujah who began work for the AP in September 2004. He photographed events in Fallujah and Ramadi until he was detained on April 12 of this year. 'We want the rule of law to prevail. He either needs to be charged or released. Indefinite detention is not acceptable,' said Tom Curley, AP's president and chief executive officer."

Kimmitt Optimistic About Iraq's Economic Recovery Plan. In an op-ed for the Wall Street Journal (9/18, 2.03M) Robert Kimmitt, deputy Treasury secretary and presidential emissary for the Iraq compact, writes, "Ministers from around the world will meet today to discuss the International Compact for Iraq, an Iraqi government-led initiative to transform Iraq's economy and achieve financial independence within five years. If the Iraqis map out a credible and promising plan, the international community will support it, investing in Iraq's future. Additional assistance will be expressly conditional on Iraq achieving the benchmarks it has set out. A most important issue to be covered is how to develop Iraq's oil sector and immense oil reserves in a manner that benefits all the Iraqi people and serves as a unifying force across sectarian lines." According to Kimmitt, Iraqi leaders "will commit to pass a law developed through a consensus-building process that will share oil revenue among all Iraqi regions, enable development and delineate significant opportunities for private investors."

Minister Analyzes US Christians' Response To War In Iraq. In an op-ed for the USA Today (9/18, 2.27M) Oliver 'Buzz' Thomas, a minister in Tennessee, writes, "Three-quarters of the U.S. population consider themselves Christian. That translates into about 224 million Americans. So why are so few of us taking the teachings of Jesus seriously when it comes to this latest war? Out here in the heartland, only a handful of churches are even talking about it."

NATO Hails Afghan Offensive, But Violence Continues. The AP (9/17, Abrashi) reports, "NATO said Sunday that its two-week offensive in south Afghanistan was a 'significant success' that had driven Taliban insurgents from their positions and opened the way for development. But violence was unabated, with suicide bombers killing three civilians and wounding six soldiers." In another development, "some 400 heavily armed Taliban crossed into the western Farah province, taking control of its Gulistan district after chasing away the police and burning the district headquarters and a local clinic, provincial police chief Gen. Sayed Aqa Saqib said." Lt. Gen. David Richards said that NATO would not "dance to the Taliban's tune" by pursuing Taliban fighters who sought to thus distract NATO.

USA Today (9/18, 2.27M) reports that Lt. Gen. David Richards called the two-week offensive in southern Afghanistan a "significant success." He adds in the brief article, "This time, we're not leaving." The Taliban's seizure of the Gulistan district HQ is noted.

NATO Call For Troops To Afghanistan Falls Short. The Washington Post (9/18, Moore, Anderson, 748K) reports, "More than a week after NATO's top leaders publicly demanded reinforcements for their embattled mission in southern Afghanistan, only one member of the 26-nation alliance [Poland] has offered more troops, raising questions about NATO's largest military operation ever outside of Europe and the goal of expanding its global reach." Commanders resorted to the "highly unusual" act of publicizing their need for more forces "after 18 months of fruitless private pleas with alliance members."

The pessimistic article observes, "The North Atlantic Treaty Organization's forces are suffering the highest casualty rates of the nearly five-year-long conflict in Afghanistan, and as European governments are feeling stretched by the demands for troops there and in Iraq, Lebanon, the Balkans and in several African countries." In addition, public opinion in Europe "is also tainted by the war in Iraq, and a general frustration that President Bush's fight against terrorism has led to a deteriorating global security situation, according to public officials and analysts."

Afghans Express Anger At Government. The New York Times (9/18, Gall, 1.21M) reports that American and Afghan troops moving into Andar district found "anger and frustration" among the locals. The bulk of the article describes a meeting with "elders and townspeople" who complain to US forces about the government's inaction and the police's "preying" on the population.

DOJ:

DOJ's "Institutional Memory" Profiled. The Legal Times (9/18, McLure) runs a lengthy profile of David Margolis, "an assistant deputy attorney general and the Justice Department's most powerful career lawyer. … Margolis is widely described as the 'institutional knowledge' of the Justice

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Department. A notorious straight shooter known more for his love of country music and outlaw garb than his politics, he's managed to navigate the shifting sands of Washington to retain a powerful voice under Attorney Generals Janet Reno, John Ashcroft, and now Alberto Gonzales. Though Margolis is technically outranked by more than a dozen political appointees at DOJ headquarters and all 94 U.S. attorneys scattered throughout the country, his influence on the department extends far beyond his title, say both current and former Justice officials." The Times adds, "Margolis' bulletproof reputation and lack of partisan stripes also mean that the presidentially appointed attorneys general and deputy attorneys general at the top often turn to Margolis when Justice Department investigations venture into the swirl of national politics. From the investigation after former White House lawyer Vincent Foster's suicide to the ethics of Kenneth Starr's Lewinsky probe to the leak of Valerie Plame's identity, Margolis has played a major role in the DOJ's attempts to show that its law enforcement actions aren't motivated by political concerns." The Times notes, "Margolis serves as the Justice Department's chief disciplinarian of its federal prosecutors, helps choose U.S. attorneys and U.S. marshals, vets top FBI officials, advises prosecutors on when to recuse themselves from investigations, authorizes travel requests for the director of the FBI and the administrator of the Drug Enforcement Administration, and approves requests by political appointees to attend campaign events. In addition, on the rare occasion when a nominee for a presidential appointment is part of a criminal investigation, it falls to Margolis to decide how much of the investigation's information should be shared with the White House and the Senate."

CORPORATE SCANDALS:

Sentencing Of Several Enron Officials Slated For This Month. The Houston Chronicle (9/18, Hays) reports, "Open season for the Enron era's criminal sentencings is about to get into full swing. .. A few former executives-turned-felons have already received their punishments for crimes they committed within the disgraced energy company's walls, and two have lived in a prison cell. … But this month launches a string of sentencings for those who helped prosecutors as well as those who fought them and lost since Enron cratered nearly five years ago." The Chronicle continues, "The most high-profile sentencing comes next month for former Enron CEO Jeff Skilling, barring any last-minute delays. Andrew Fastow, the former finance chief who is among the most notorious felons to emerge from the Enron rubble, also is expected to garner attention when he is sentenced later this month. … A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its sprawling Enron investigation. He aims to appeal." The Chronicle adds, "Skilling's potential punishment of 20 to 30 years in prison is comparable to the 25 years awaiting WorldCom founder Bernard Ebbers, who was convicted last year of engineering an $11 billion fraud that undercut the company. … Another Enron defendant convicted by a jury this year, former broadband unit finance chief Kevin Howard, is slated to be sentenced a week after Skilling. He faces a maximum of 30 years, but likely will serve half that or less, for one count of conspiracy, three counts of wire fraud and a count of falsifying books and records. … And a slew of Skilling's former underlings whose cooperation helped prosecutors win his conviction face punishments for their own crimes, ranging from probation to 15 years behind bars, depending on the offense and whether prosecutors recommend leniency."

Hewlett-Packard Faces Deadline To Turn Over Documents Related To Snooping Scandal. USA Today (9/18, 3B, Kessler) reports, "Hewlett-Packard has until today to turn over a massive stack of documents related to its snooping scandal to Congress, which has also asked four key players to testify. The House Committee on Energy and Commerce is investigating whether HP illegally obtained the home phone records of nine journalists and at least two board members. It wants the computer giant to voluntarily hand over nearly all related documents. Friday, the panel also requested testimony from HP Chairman Patricia Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini, who works for prominent Silicon Valley law firm Wilson Sonsini Goodrich & Rosati. Additionally, it summoned Ronald DeLia, a private investigator. HP has admitted hiring detectives who pretended to be reporters and board members to access their phone records, a trick that may be illegal under fraud laws." USA notes, "Other agencies are interested in HP. California Attorney General Bill Lockyer has said he has enough evidence to charge employees of HP and its subcontractors. The Department of Justice, Securities and Exchange Commission and FBI have also launched inquiries."

HP Leak Investigation Reveals "Rare Glimpse" Of Boardroom Turmoil. The New York Times (9/18, Darlin) interviews anonymous sources who offer details of Hewlett Packard's investigation of news leaks there, reporting that the "secret investigation" was "more elaborate than previously reported." The Times reports, "Those briefed on the company's review of the operation say detectives tried to plant software on at least one journalist's computer that would enable messages to be traced, and also followed directors and possibly a journalist in an attempt to identify a leaker on the board. The revelations at Hewlett-Packard, the computer

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and printer maker that helped define Silicon Valley, have provided a rare glimpse of boardroom turmoil — resulting in Ms. Dunn's agreement to step down as chairwoman in January, and two resignations from the board. But they have also cast a harsh light on the questionable and possibly illegal techniques used in the episode, raising the possibility of criminal charges." The Times adds, "Those briefed on the internal review said that at various times, questions were raised about the legality of the methods used. They did not identify who raised the questions, when, or to whom they were addressed. But a crucial legal opinion, its origins previously undisclosed, was supplied by a Boston firm that shares an address and phone number with a detective firm on the case."

CRIMINAL LAW:

Ney Pleads Guilty To Charges Linked To Abramoff Scandal. U.S. News and World Report (9/25, Pound, 2.03M) reports that Rep. Robert Ney last week "agreed to plead guilty to criminal charges linked to disgraced lobbyist Jack Abramoff. Ney acknowledged his guilt on charges of conspiring to defraud the public of his 'honest services' and making false statements. According to prosecutors, Ney accepted trips worth more than $170,000 from Abramoff, his lobbyists, and their clients. The Abramoff team showered him with campaign gifts, meals, and sports and concert tickets; Ney gave them legislative help."

The Legal Times (9/18, Palmer, Schwartz) reports, "In the two-count plea, filed in the U.S. District Court for the D.C. Circuit, Ney, 52, admitted to making false statements and to being part of a conspiracy to violate congressional gift bans by accepting handouts and free trips from Abramoff and his clients in exchange for pushing their legislative agenda beginning in 2000 until April 2004." The Times adds, "Ney is the first member of Congress to face charges in a lobbying scandal that has already ensnared six other lobbyists and government officials. Abramoff and his associates Michael Scanlon, former Ney Chief of Staff Neil Volz, Adam Kidan and Tony Rudy all pleaded guilty to bribery charges. David Safavian, former chief procurement officer for the Office of Management and Budget, was convicted in June of making false statements and obstructing justice in connection with his work with Abramoff. (Judge Paul Friedman denied Safavian's motion for a new trial this week.) … Lawyers familiar with the investigation say the government is likely to bring charges against other government officials, former Hill staffers and lobbyists in the coming months."

Former New Jersey State Senator Pleads Guilty To Taking Bribes. The Newark Star-Ledger (9/16, Martin) reported and powerful New Jersey Democratic Party leader and former state Sen. John Lynch on Friday "admitted secretly taking tens of thousands of dollars from a contractor while lobbying to help him develop state parkland, a stunning acknowledgment of corruption by one of New Jersey's most influential politicians." Lynch "pleaded guilty to defrauding the state's citizens and to tax evasion," and Jack Westlake, "a developer and longtime member of the Monmouth County Board of Taxation, pleaded guilty to a separate tax evasion charge. Their pleas marked a sudden end to a four-year investigation that began with an inquiry into billboard sales by two high-level aides to former Gov. James E. McGreevey," and "U.S. Attorney Christopher Christie called it possibly 'the most significant' case in his office during a four-year barrage of corruption prosecutions that has sent dozens of elected officials, public employees and contractors to prison. … He praised the case prosecutors, Assistant U.S. Attorneys Jeffrey Chiesa and Ricardo Solano, and lead investigators, Special Agents William Grace of the FBI and William Frederick of the IRS."

The Philadelphia Inquirer (9/16, Graham, Moroz, 399K) reported, "Christie said investigations spawned by the billboards case would continue, and FBI Special Agent in Charge Leslie Wiser warned, 'our team is not done.' 'Put this on the billboard: 97-0 and counting,' he said. … Christie called Lynch's plea 'a sad moment,' and acknowledged that the conviction might not change the way politics work in New Jersey. 'The problem is that you get rid of one set of corrupt bosses and another set seems to come in to replace them,' he said. 'It's up to the people of this state and the leaders of this state... to decide if they want to continue on this path.'" The New York Times (9/16, Kocieniewski, 1.21M) noted, "In a written statement distributed by his lawyer, Jack Arsenault, Mr. Lynch said he was deeply sorry for betraying the public trust and embarrassing his family, political colleagues and constituents." Christie "hailed the guilty pleas as the end of an era of political bosses that had led to what he called 'the corrupt McGreevey administration.'"

The Asbury Park Press (9/17, Malwitz) noted, "When the FBI exercised a search warrant at the office Westlake and Lynch shared in Tinton Falls, Lynch claimed he was innocent," but "with Friday's guilty plea, the bang of a judge's gavel in federal court forever tainted his name." The Bergen Record (9/16, Sampson, Maddux) reported that Lynch "is by far the most prominent of dozens of New Jersey public officials convicted in a series of federal corruption probes during the past several years. State Republican Party chief Tom Wilson was quick to make political hay of the news. 'John Lynch isn't just symbolic of the Democratic Party in New Jersey: He was the literal hub of the Democratic Party in New Jersey,' Wilson said. … Democratic State Committee Chairman Joe Cryan fired back: 'These types of things happen in both parties, whether it's Republican mayors in Monmouth County or Republican congressmen around the

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country. Tom should know better than to make these kinds of allegations.'"

Former McGreevey Aide Disputes Claim Of Sexual Relationship. The New York Times (9/18, Jacobs, 1.21M) reports, "There were no fireworks, no swooning — and no sex, for that matter, says the man at the center of the political maelstrom that led to the resignation of Gov. James E. McGreevey." Golan Cipel "said in an interview from Israel yesterday that he wanted to set the record straight and dispute Mr. McGreevey's memoir, 'The Confession,' which is to be released tomorrow. He said the book was simply an attempt to rehabilitate Mr. McGreevey's public image." The Times notes, "At the time of Mr. McGreevey's resignation, lawyers for the governor said Mr. Cipel was threatening to file a sexual harassment lawsuit," but Cipel yesterday "said he wanted only that Mr. McGreevey stop harassing him. The F.B.I. investigated extortion accusations but declined to take action." The AP (9/18) notes that "Cipel said FBI investigators came to Israel and concluded he didn't try to blackmail McGreevey. 'I was just the only one with the courage to speak out,' Cipel said."

Aryan Brotherhood Leaders Avoid Death Penalty. The Los Angeles Times (9/16, Goffard, 918K) reported that jurors on Friday "deadlocked…on whether to execute two kingpins of the Aryan Brotherhood prison gang who orchestrated a decades-long reign of murder from their cellblocks. As a result, Barry 'The Baron' Mills, 58, and Tyler 'The Hulk' Bingham, 59, will live out their years where they have spent most of their adult lives — and where their names already carry near-mythic weight: behind bars." The Orange County Register (9/16, Welborn) noted, "Assistant U.S. Attorney Terri K. Flynn said that even though the jury did not vote for death for Bingham and Mills, the trial was a success. She said the convictions in July should send a message to Aryan Brotherhood members and other prison gangs that the government will go after violent prison inmates. 'These two defendants have effectively been gutted,' she said. 'They will spend the rest of their lives hidden away in isolation in some prison.'"

The New York Times (9/16, 1.21M) added, "The judge is scheduled to sentence the two men to life terms on Nov. 13. Under the law, the prosecutors cannot ask for a new penalty phase." The AP (9/16, Flaccus) also reported on the deadlock, in a widely-distributed story.

Miami Seniors Press For Federal Action On Rising Medicare Fraud. The Miami Herald (9/17, Dorschner, 310K) reported, "When Muriel Sherman, 81, decided to go to war against Medicare fraud, she found a lot of seniors who wanted to join her. Her story, reported in The Miami Herald last month, has sparked a wave of responses from seniors with similar stories about their identities being used for widespread fraud that FBI officials estimates runs $1 billion a year in South Florida alone." The Herald noted, "Timothy J. Delaney, assistant special agent in charge of the FBI's Miami Division, warned seniors not to do investigations on their own. 'I would leave that up to the professionals.' Delaney, who previously was the FBI's national case manager for healthcare fraud cases, acknowledged that healthcare fraud is a huge issue here, particularly in durable medical equipment, a long-standing concern, and in expensive HIV/AIDS infusion treatments, which was first revealed as a massive problem in a Miami Herald report last year. 'It is a huge problem, but there are many people trying to do something about it,' Delaney said. Thirty of the Miami division's 390 case agents are dedicated to healthcare fraud."

Miami Federal Prosecutors Cracking Down On "Street-Level" Scams. The AP (9/18, Anderson) reports, "Borrowing a tactic used successfully against drug traffickers, federal prosecutors in Miami are attacking the problem by focusing on both the 'street-level' scams that typically involve between $1 million and $5 million in [Medicare] fraud as well as the high-dollar cases involving large health providers. Since last October, the effort has result in criminal charges against more than 100 people in 63 separate cases and civil lawsuits against another 38 defendants. All told, the cases over this one-year period involved more than $100 million in Medicare fraud, Miami U.S. Attorney R. Alexander Acosta said. In past years, Acosta said, criminals widely thought that investigators wouldn't waste much time on relatively small-dollar fraud amounts of $1 million or $2 million." The AP notes, "The crackdown involves several federal, state and local agencies."

FBI Documents Detail Disgraced Philly Consultant's Fund-Raising Prowess. The Philadelphia Inquirer (9/17, Budoff, 399K) reported, "When Democrat Bob Casey Jr. needed money for his gubernatorial race, there was one man he couldn't do without: fund-raiser extraordinaire Robert M. Feldman." He "also raised millions for other politicians, such as Gov. Rendell, Mayor Street, and former New Jersey Gov. Jim McGreevey," but "ever since Feldman got entangled in an FBI investigation into Philadelphia corruption and another in Puerto Rico, he has lived in exile from the political world he once walked as a king." The Inquirer added that "a remarkably candid portrait of Feldman's dealings has emerged from a court case and FBI wiretaps of conversations with the late dealmaker Ronald White. The documents had not been previously made public."

Gotti Lawyer Makes Closing Arguments. The New York Times (9/16, Williams, 1.21M) reported that during his closing arguments Friday, "John A. Gotti's lawyer

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acknowledged for the first time yesterday that his client had once been the boss of the Gambino organized crime family. But when Mr. Gotti gave up the Mafia life in 1999, the lawyer said, his withdrawal was heartfelt and true. … A federal prosecutor, in her closing arguments, said Mr. Gotti's claim to have quit the Mafia was a ruse to avoid prosecution," but Charles Carnesi "said his client had soured on the mob life. 'The message is: "I went to the very top of this life and it's no good. It destroys you and your family. It's not worth the toll,"' Mr. Carnesi said." The Times adds that "Carnesi attacked the F.B.I. tapes that are at the center of the government's case, particularly a recording from 2003 in which prosecutors say Mr. Gotti can be heard complaining about a demotion to 'captain' in the Gambino family. Mr. Carnesi said that the word 'captain' had never been uttered, though he did not say what the conversation had been about."

Newsday (9/16, DeStefano) reported "Carnesi said that as a young man, his client was intoxicated with the respect his late father…received. … But after a few years, the younger Gotti…became disillusioned with mob life, the lawyer said. 'There is a point where the boy becomes a man; a man learns it is not like that,' said Carnesi, referring to the romanticized notion of La Cosa Nostra. Instead, Gotti saw the death of men he knew and days filled with 'treachery and deceit,' the lawyer said." The New York Daily News (9/16, Zambito, 729K) noted, "The jury of seven women and five men is expected to start deliberating Monday in the federal government's third attempt at convicting Gotti." The New York Post (9/16, Cornell, 608K) also reported on Carnesi's closing, under the headline "'Junior': My Father 'Freed' Me."

Gotti Lamented What He Saw As Decline Of Traditional Mob Culture. In a widely-distributed story, the AP (9/16, Caruso) reported, "As he languished in a federal prison in 2003…Gotti had plenty to worry about. … But at the root of his troubles was this: The modern mob, he lamented, was losing its manliness. 'Now are we men? Or are we punks or rats or weasels? You tell me,' he angrily asked one friend while serving a racketeering sentence. Gotti's conversations were routinely recorded before his release from prison last year, and the tapes have played a central role in his current racketeering trial." The AP noted that "the tapes provide an inside look at the gangster's code, particularly its obsession with 'being a man' at all costs."

High Court To Consider Murder Conviction Overturned By 9th Circuit. The Los Angeles Times (9/18, Savage, 918K) reports that for Jim Studer, "wearing a button with a photo of his brother, Tom, was a simple way of bearing witness for him at the trial of Tom's accused killer, Mathew Musladin." Little did he "think the buttons he and his parents wore to the trial in San Jose would nearly free the man convicted of Tom's murder — or put the killer's case before the Supreme Court. But he had not considered that Musladin would someday have a chance to bring his case before the U.S. 9th Circuit Court of Appeals." The Supreme Court has long "cast a critical eye on the liberal-leaning 9th Circuit, particularly in cases involving crime and the death penalty. The justices will consider two of those cases soon after they return next month." The jury convicted Musladin "of first-degree murder and attempted murder, and he was sentenced to 32 years to life in prison." But Musladin's case "came before two" of the 9th Circuit's "decidedly liberal judges," Stephen Reinhardt of Los Angeles and Marsha S. Berzon of San Francisco. In a 2-1 decision, the judges reversed Musladin's conviction, saying that the buttons worn by Studer's family deprived Musladin of a fair trial." Judge Reinhardt said "the photo buttons — described by the prosecutor as 2 inches in diameter and by Musladin's lawyer as 3 to 4 inches — conveyed a 'specific message.' 'The buttons essentially 'argue' that Studer was the innocent party and that the defendant was necessarily guilty,' Reinhardt said."

Review Reveals Flaws In National Security Contracting Procedures. U.S. News and World Report's (9/25, Ragavan) cover story reports on the scandal involving defense contractor Mitchell Wade, noting that it would ultimately lead him and one lawmaker, former Rep. Randall Cunningham, to jail and "still more criminal charges" are expected "in the next few days or weeks, against some of the most influential insiders in the nation's capital." US News adds, "A two-month US News investigation, based on a review of hundreds of pages of court documents, private internal MZM records, and detailed interviews with a dozen key officials, shows how Wade used his connections on Capitol Hill and inside the Pentagon to gather inside information and turn his company into a moneymaking juggernaut. … The magazine's review also revealed fundamental flaws in the government's national-security contracting procedures and showed how Wade risked compromising sensitive government secrets."

FEC Looking Into MZM Contributions To Lawmakers. In its cover story, U.S. News and World Report (9/25, Ragavan, 2.03M) reports in its cover story, "According to US Attorney Kenneth Wainstein in Washington, who is leading the MZM investigation, Wade admitted pressuring MZM executives to make campaign contributions. He also got 19 MZM employees or their spouses to make 39 different contributions in their names, which he then reimbursed-in violation of federal election laws. Virginia Rep. Virgil Goode, a Republican, received $46,000 in such 'straw contributions,' and Florida Rep. Katherine Harris, also a Republican, got $32,000. … Wade had other Republican lawmakers in his sights, as well. He tried to cultivate Mississippi's Trent Lott,

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then the Senate majority leader, by sending him expensive seven-fold ties, and North Carolina's Elizabeth Dole, by proffering a marble bust. Both declined the gifts. In all, Wade gave nearly $305,000 in campaign contributions-98 percent of it to Republicans." US News adds, "According to knowledgeable sources, the Federal Election Commission is investigating a number of MZM-related campaign contributions, including $12,000 that King and his wife made to Representative Goode."

MZM May Have Had A Role In Getting US Troops To Iraq. In a separate story in its cover package, U.S. News and World Report (9/25, Ragavan, 2.03M) reports that MZM "may have played a role in getting troops to Iraq, according to a national commission that investigated the intelligence failures that led to the war. The commission blamed the Pentagon's National Ground Intelligence Center (where Wade had analysts on contract through earmarks) that handled much of the military's prewar analysis of whether Saddam Hussein had developed nuclear precursor capabilities. The report didn't single out the MZM analysts but said that NGIC had 'in particular displayed a disturbing lack of diligence and technical expertise.'"

Hoekstra Seeks Probe Of Cunningham's Awarding Of Intel Contracts. In its cover story, U.S. News and World Report (9/25, Ragavan, 2.03M) reports in its cover story, "The chairman of the House Select Committee on Intelligence, Republican Peter Hoekstra of Michigan, has also asked an independent investigator, Michael Stern, to conduct a separate inquiry into Cunningham's activities while he served on the intelligence committee. Stern, congressional sources say, has found that Cunningham corrupted the awarding of intelligence contracts, much the same way he did military contracts. The leaders of the intelligence committee are now debating whether to subpoena Cunningham to testify."

Armitage Revelation Has Reconfigured Plame Leak Case. Time (9/25, 4.03M) reports in its "Notebook" column that the Valerie Plame leak case "received a radical reconfiguring when former State Department bigwig Richard Armitage confirmed that he was the original source for columnist Robert Novak's revelation. Novak weighed in last week, calling Armitage's contrition bogus and the leak deliberate." Time examines the major players in the case including Armitage, Novak, Vice President Dick Cheney's former Chief of Staff Lewis "Scooter" Libby, The Nation reporter David Corn who "still sees scandal in Bush aides' efforts to tarnish Wilson."

Few Police Departments Require Four-Year Degrees. USA Today (9/18, Johnson) reports, "Since 1963, when the Multnomah County, Ore., Sheriff's Department became one of the first police agencies to impose a four-year degree requirement on recruits, only a few other local departments have followed. Less than 5% of local police departments with more than 100 officers require four-year degrees, says Louis Mayo, executive director of the Police Association for College Education. Most departments give higher pay to recruits with four-year degrees, he says, but have avoided requiring recruits to have them for several reasons. Among them: concerns about recruiting enough minority officers in increasingly diverse urban areas, and fears that not enough college graduates would be attracted by police salaries."

Kidnapping Victim Found After Sending Text Message. ABC World News (9/17, story 7, 2:15, Harris) reported, "A suspect is under arrest in South Carolina tonight, charged with kidnapping a teenage girl and holding her in a booby-trapped bunker, 15 feet under ground. And police say they were able to rescue this girl and capture the suspect, all because she managed to send a text message from a cell phone." ABC (Osunasami) added, "When her family finally received that text message, it was nothing short of a miracle. The 14-year-old girl had been held in what authorities describe as a booby-trapped bunker, underneath leaves and branches, 15 feet in the ground. The girl got a hold of a cell phone, left behind by the accused kidnapper, and was able to send a text message. Police were able to pinpoint the cell phone signal and were able to rescue her yesterday."

Police Seek Gunman After University Shooting. NBC Nightly News (9/17, story 5, , Seigenthaler) reported, "Authorities are searching for a gunman" in Pittsburgh who "shot five basketball players after they left a party on campus. Two of the players remain in critical condition." NBC (Okwu) added, "Police say the shooter, believed to be a non-student had been disruptive inside the party, encountered two of the players outside after leaving and opened fire. All but one of the students are new recruits brought on to help a struggling team."

National Guard Joins Search For Kidnapped Baby. NBC Nightly News (9/17, story 6, , Seigenthaler) reported, "In Missouri, the National Guard as well as state and local police are involved in a search for a nine-day-old baby girl. The mother said she was stabbed by a kidnapper. It happened in Union, Missouri." NBC (Shamlian) added, "The family's nightmare started Friday night when a woman interested the home of the new mother with a gun and a knife. The intruder cut her throat and snatched the new born. The 21-year-old mom survived. Her one-year-old son was not hurt. The FBI and the Missouri National Guard are combing the area for evidence. A bloody knife was found in the woods near the home. He says the kidnapper likely wanted a baby of her own."

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CIVIL RIGHTS:

Key Witness Says FBI Ignored Exculpatory Comments In Boston Police Brutality Case. The Boston Globe (9/17, Lehr, 425K) reported, "It was the most notorious Boston police brutality case of the last 10 years, and, in the end, the federal investigation hinged on what Officer Kenny Conley saw -- and what he wouldn't say. Conley was convicted of perjury and obstruction of justice after he testified that he never saw a drug-unit officer, dressed in plainclothes, who had been pummeled by other officers who mistook him for a fleeing slaying suspect," but "a Globe reexamination of the case has found an apparent and perhaps devastating defect in the eyewitness case against Conley, one which, for some court observers, raises the possibility of government misconduct." Key prosecution witness Robert "Smut" Brown, "a drug dealer whom Conley and other officers were pursuing on the night of the beating," said in a jailhouse interview with the Globe that "Conley wasn't the officer he saw, and that he tried, unsuccessfully, to alert federal authorities during the trial that they had the wrong man. … Indeed, he says, minutes before testifying, he spotted in the courthouse hallway the officer he had seen standing near the scene of the beating that night and pointed him out to Kimberly McAllister, the FBI agent in charge of the probe. 'She's like, "No, no, no, no, no, that's not the guy,"' Brown said. … McAllister, through an FBI spokesperson, said she does not recall Brown pointing out the officer in court that day. What she does remember is that Brown, fearful of police retaliation, didn't want to take the stand. Had Brown provided new evidence, McAllister would have immediately told prosecutors, said FBI spokeswoman Gail A. Marcinkiewicz."

ANTITRUST:

MAN AG Embarks On Bid For Scania AB. The Wall Street Journal (9/18, Singer) reports, "MAN AG of Germany launched a cash-and-stock takeover bid for Swedish rival Scania AB that values the maker of trucks and buses at about €9.6 billion ($12.15 billion) and would potentially form Europe's largest commercial-vehicle maker. The supervisory board of Munich-based MAN met yesterday to approve the move. Scania, of Södertälje, Sweden, hasn't approved the bid, but the German company is hopeful of the deal ultimately being friendly, said people familiar with the matter." The Journal adds, "A combination would bring together two of the larger makers of trucks, including 18-wheelers and light-duty commercial vehicles and buses. … Together, they would rank as the largest truck maker in Europe by market share, ahead of Volvo AB, of Göteborg, Sweden, and DaimlerChrysler AG, of Stuttgart, Germany, and third in global market share, behind Volvo and DaimlerChrysler."

AOL Agrees To Sell German Internet-Access Unit. The Wall Street Journal (9/18, Karnitschnig, Vascellaro) reports, "In the first step of a broader plan to reorganize AOL's international operations, Time Warner Inc. agreed to sell the unit's Internet-access business in Germany for €675 million ($854.7 million) to Telecom Italia. In coming weeks, AOL is expected to also complete negotiations for the sale of its Internet-access businesses in the United Kingdom and France. Proceeds from the sale of all three businesses are expected to total about $2 billion, according to people familiar with the talks." The Journal adds, "Though its European operations are profitable, AOL never managed to establish itself as a major player in the European Internet-access market, and Time Warner has since written off most of AOL Europe's value. The move to sell the access business, which is the core of the operation, comes as Time Warner has been paring its large portfolio of assets. It recently sold a regional cable channel for $375 million and has been negotiating to sell the Atlanta Braves baseball team, which is valued at about $460 million."

ENVIRONMENT:

Investigators Search For Source Of E. Coli Outbreak. ABC World News (9/17, story 4, 2:40, Yang) reported, "Teams of investigators from two agencies here at the Department of Health and Human Services have been working throughout the weekend to try to track down this deadly outbreak of E. Coli. In California's Central Valley today, the investigators are hunting for the source of the contamination. Food and Drug Administration officials tell ABC News the plant where the suspect spinach was packed shows no signs of the bacteria." ABC World News adds, "So far, they haven't identified the cause. In recent years, more people have reported getting sick from eating bad produce has been rising.

NBC Nightly News (9/17, story 7, Allen) reported, "Food safety officials do not know where the tainted spinach came from or how the E. Coli got into it, reasons why the warnings now include all fresh spinach. The source of the contamination could be anything from the water used to irrigation to a worker that did not wash their hands. … Ultimately food specialists say one of the biggest issues is that we lived in a fast paced, eat on the run society."

Second Company Linked To Contaminated Spinach. The New York Times (9/18, Wald) reports that River Ranch Fresh Foods is the second company to be "\implicated in the E. coli outbreak linked to spinach, the Food

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and Drug Administration said late Sunday, and the number of identified victims is still rising. … The spinach that passed through River Ranch was sold under the brand names Farmers Market, Hy-Vee, and Fresh and Easy." The Times adds, "The federal health authorities are advising consumers not to eat fresh spinach. They said frozen spinach had not been implicated. The number of reported cases of E. coli infection rose by seven on Sunday, to 109, but officials said that the real number was probably higher and that reporting was probably delayed because some health departments were not staffed on weekends."

The USA Today (9/18, Vergano) reports, "Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with salads, with "best if used by dates" from Aug. 17 to Oct. 1, 2006. A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought spinach from Natural Selection, is expected to issue a recall of three packaged salad mixes, Acheson said."

The Washington Post/AP (9/18, A4) reports, "Natural Selection Foods, the world's largest producer of organic produce, has been linked to the infected greens, prompting a recall of 34 brands. They include the company's labels and those of companies contracting with Natural Selection, based in San Juan Bautista, Calif., to produce or package its spinach. On Sunday, River Ranch Fresh Foods of Salinas, Calif., added to its recall spring mixes containing spinach sold under the labels Hy Vee, Fresh and Easy, and Farmers Market, FDA officials said."

Associates Offer "Complex" Portrait Of Alleged Long Island Polluter. Newsday (9/18, Bernstein) reports, "Gerald Cohen could express concern for his employees: He would give them time off to take care of personal problems, send flowers to those who were ill, and show up at funerals for workers or their family members. But he also had a way of making employees feel insecure. Cohen bounced paychecks, never granted a raise or a bonus, withheld pension money and was unable to develop any friendly relationships, even with those who worked for him for years. … Most describe Cohen as complex," but "the U.S. attorney's office in Brooklyn says it has no doubt who the 72-year-old Cohen is: one of the nation's worst polluters. Earlier this month, Cohen was arrested by FBI agents and charged with failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the company's 125-acre property along Sheep Pasture Road, not far from Long Island Sound.

Boehlert Calls For Increase In CAFE Standards. In a Washington Post (9/18, 748K) op-ed, House Science Committee Chairman Sherwood Boehlert (R) writes, "politicians have handled U.S. energy policy the way BP apparently handled its pipeline: We've talked about it, we've taken some superficial actions, but we've failed to examine it closely, secure in our belief that everything seemed pretty much okay." Boehlert says, "The House repeatedly passed legislation to open the Arctic National Wildlife Refuge to oil drilling, with proponents arguing that pollution from drilling is a thing of the past -- presumably a harder argument to make in the wake of this summer's revelations from BP." Boehlert writes, "The most important, realistic and feasible step the government could take would be to require automakers to make more fuel-efficient cars by raising corporate average fuel economy (CAFE) standards."

FBI/DEA/ATF/USMS:

Mexico Extradites Drug Cartel Suspect To US. There are more than 200 media references to the Mexican government's decision to extradite an Arellano Félix drug cartel suspect. For example, Copley News Service (9/17, Walker) reports the oldest of four brothers "accused of heading the ruthless Arellano Félix drug cartel in Tijuana was extradited by the Mexican government to the United States…to face drug charges in San Diego. Francisco Rafael Arellano Félix, 56, was escorted off a commercial fight at Lindbergh Field…after being handed over earlier in the day to U.S. authorities in the Texas border town of Brownsville. … Flanked by agents from the Drug Enforcement Administration and the U.S. Marshals Service, the balding, bespectacled Arellano Félix was rushed to a vehicle waiting to take him to federal prison, authorities said. … The decision to extradite Arellano Félix came the same day that U.S. Ambassador Tony Garza sharply criticized the Mexican government, saying, 'Drug cartels, aided by corrupt officials, reign unchecked on many towns along our common border.'" The San Diego Union-Tribune used the Copley News Service story.

The AP (9/17) reports the U.S. ambassador "praised the 'courage and conviction' of Mexico's President Vicente Fox on Sunday after Mexico extradited alleged drug kingpin Francisco Rafael Arellano Felix to the United States. Francisco Rafael Arellano Felix was loaded into a helicopter Saturday in the Mexican city of Matamoros, then flown across the border and handed over to Texas officials in Brownsville after serving a 10-year sentence in Mexico. … U.S. officials have been pushing Mexico to overcome reluctance to extradite its citizens. When Mexico officials have tried to extradite major trafficking suspects, courts have blocked them."

In a separate story, the AP (9/16) writes that Mexico extradited drug kingpin Arellano Felix on Saturday, "making him the first major Mexican drug lord to be sent north to face

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drug charges. The extradition was a victory for U.S. officials who have been pushing Mexico to send them more drug lords. … Most of the seven Arellano Felix brothers have been arrested or killed, weakening the group. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego." A version of the AP story was used by ABC News, the Washington Post, Wall Street Journal, USA Today, Newsweek, Miami Herald, San Francisco Chronicle, Dallas Morning News, and Houston Chronicle.

Suspected Drug-Smuggling Tunnel Found Along US-Mexico Border. The San Diego Union-Tribune (9/16) reports the DEA announced it has "discovered a tunnel under the U.S.-Mexico border in Imperial County that apparently was used for smuggling drugs. The 400-foot tunnel reaches between a residence in Calexico and a residence in Mexicali, Mexico, said John S. Fernandes, DEA special agent in charge. It is about 20 feet underground, equipped with lighting and bolstered with wooden beams every few feet."

San Diego County Challenges California's Medical Marijuana Law. The AP (9/16) reports San Diego County "is challenging California's medical marijuana law in state court, saying it should not be required to comply with a state law directing counties to issue ID cards to users. At the same time, local police, working with federal agents, have shuttered all of the nearly 30 marijuana dispensaries in the county. … San Diego prosecutors said neighbors complained about one store in the summer of 2005, prompting an investigation that culminated in joint Drug Enforcement Administration and local police raids in July. Fifteen operators were charged with illegally selling the drug for recreational use to people who are not ill -- including one undercover agent who prosecutors said he got a doctor to give him a medical marijuana recommendation for his dog." The San Diego Union-Tribune, San Jose Mercury News, San Luis Obispo Tribune, Contra Costa Times, and Arizona Republic are among the newspapers that used the AP story.

In Michigan, Federal Law Credited For Drop In Gun Crimes. The Lansing (MI) State Journal (9/16) reports authorities say gun crimes in Lansing "are on the decline because of a federal initiative that gives longer prison sentences to people convicted of them. … Authorities on Friday highlighted the conviction of a 31-year-old Lansing Township man involved in a multi-state drug operation. Benjamin Preston Foreman was sentenced this month to 25 years in prison; he had received five additional years because of federal gun charges."

IMMIGRATION:

DHS Set To Designate Contractors For Secure Border Initiative. The Washington Post (9/18, A1, Witte, 748K) reports the Department of Homeland Security "is expected within days to name a winner in a competition that could permanently change the way the United States conducts surveillance, apprehension and detention operations along its northern and southern boundaries. The choice promises to lend significant insight into how the government sees the future of border security, with firms offering rival visions of how that future looks. All year, the nation's largest military contractors have been locked in intense competition to team with the government on a program that gives the private sector unusually wide sway over a critical national security issue. … The resulting proposals are the latest incarnation of decades' worth of attempts to use technology to create a virtual fence along the border. So far, none have been successful. Recent initiatives have ended with cameras that failed to work in extreme temperatures and millions of dollars wasted. But with immigration legislation stalled in Congress, Homeland Security officials are gambling that this new effort -- known as the Secure Border Initiative -- will be their best hope of cutting the flow of illegal immigrants into the country."

Mexicans With Green Cards Provide Preview Of Guest Worker Program. The Wall Street Journal (9/18, A1, Millman, 2.03M) reports on "an estimated tens of thousands of Mexicans with an unusual place in the bitter debate over immigration. Thanks to quirks in the law, they have green cards enabling them to come to the U.S. for work stints. Many…call themselves 'subidos' from the Spanish verb for 'to rise,' because they do the grueling jobs of pouring concrete for tall structures such as grain silos for the ethanol plants increasingly rising across the Great Plains." The Journal notes, "The experience of the…Mexicans who use green cards to hop across the border provides some intriguing clues about how an official guest-worker system might play out. By quickly filling jobs and providing needed skills, such workers are a boon to employers. They rarely put a burden on social services, because they leave their school-age children and elderly relatives at home. Nonetheless, there is some evidence that the Mexicans drive down wages in the industries where they work."

US Farmers Forced To Make Emergency Requests For Foreign Laborers. The Los Angeles Times (9/18, Romney, 918K) reports, "As border enforcement shrinks the labor force of undocumented field hands and immigration reform looms in Congress, growers have focused with renewed vigor on the need for a simplified federal guest worker program. For Harry Singh & Sons, which imported

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nearly half the agricultural visa holders in California last year, the federal program became a necessity in the aftermath of Sept. 11, 2001. With half its fields on the Camp Pendleton Marine Corps base, the company suddenly came under scrutiny by immigration officials. In a mid-harvest panic, having lost three-quarters of its workers, the company turned to the federal government. Singh & Sons' experience since then offers a close look at a program that growers and worker advocates alike agree is deeply flawed, yet crucial to comprehensive immigration reform." The Times adds, "Growers must generally ask the U.S. Department of Labor to certify the existence of a labor shortage 90 days before foreign workers are needed. But the harvest was in full swing, so" Singh & Sons' "filed an emergency request. … If all had gone well, those workers would have been vetted and approved by the State Department and then bused to Oceanside. But the Department of Labor kicked the application back for revisions, and by mid-December…$2.5 million in tomatoes had rotted in the fields."

Mass Emigration Seen As Third World's Best Hope For Economic Development. The Washington Post's Sebastian Mallaby (9/18, A17) writes, "In ' Let Their People Come ,' a new book published by the Center for Global Development, Lant Pritchett reports that if rich countries permitted extra immigration equivalent to 3 percent of their labor force, the citizens of poor countries would gain about $300 billion a year. That's three times more than the direct gains from abolishing all remaining trade barriers, four times more than the foreign aid given by governments and 100 times more than the value of debt relief."

TAX:

IRS Cracking Down On Partisan Activity By Religious Groups. The New York Times (9/18, Goodstein, 1.21M) reports that with midterm elections "less than two months away, Christian conservatives are enlisting churches in eight battleground states to register voters, gather crowds for rallies and distribute voters' guides comparing the candidates' stands on issues that conservatives consider 'family values.'" But the religious conservatives "are facing resistance from newly invigorated religious liberals and moderates who are creating their own voters' guides and are organizing events designed to challenge the conservatives' definition of 'values.'" Meanwhile, both "religious flanks are looking nervously over their shoulders at the Internal Revenue Service, which this year announced a renewed effort to enforce laws that limit churches and charities from involvement in partisan political campaigns." The IRS "issued a report in February that said nearly half of the 110 tax-exempt organizations it investigated after the 2004 elections for improper political activity were churches. Of the 40 churches that the I.R.S. had finished investigating, 37 were found to have violated the law. These churches were given warnings or penalized with excise taxes and, although none lost their tax exemptions, the I.R.S. is still investigating seven more cases against churches." Capitalizing on "the crackdown, the advocacy group Americans United for Separation of Church and State plans to begin mailing letters today to 117,000 clergy members in 11 states warning them to avoid 'any activity designed to influence the outcome of a partisan election,' by either supporting or opposing a particular candidate."

Targeted Liberal California Church May Defy IRS Investigation. The Los Angeles Times (9/18, Glover, Sahagun, 918K) reports, "A liberal Pasadena church facing an IRS investigation over alleged politicking sounded a defiant note Sunday, with its leaders and many congregants saying the probe amounted to an assault on their constitutional rights and that they were inclined to defy the agency's request for documents." After "delivering an impassioned sermon about the investigation to a standing-room-only crowd of about 900," the Rev. Ed Bacon, rector of All Saints Episcopal Church, said, "These people are offended. Freedom of speech and freedom of religion have been assaulted by this act of the IRS, and I think my people want to be heard in court." The Times adds Bacon said "he would consult with attorneys and church officials before deciding a course of action but that the vast majority of parishioners with whom he spoke Sunday felt the church should resist a summons demanding copies of newsletters, e-mails and other records."

Refund-Anticipation Loan Practices Facing Legal, Regulatory Challenges. USA Today (9/18, 1B, McCoy) reports, "Each year, an estimated 10 million Americans, frustrated by weeks-long waits for their IRS refunds, turn to tax preparers who provide checks within days. Those checks are usually refund-anticipation loans, payments that are secured by and repaid from a pending federal tax refund." Due to being short-term loans, "the annualized interest rates often soar to 100% or higher. More than half of those who received the loans in 2004, or more than 5 million taxpayers, were recipients of the earned income tax credit, a major federal anti-poverty program, IRS data show." USA notes that there are several "recent actions posing legal and regulatory challenges to refund-anticipation loans: ·In February, California Attorney General Bill Lockyer sued H&R Block for allegedly misleading clients about the cost of the loans." That case "is proceeding even as H&R Block and its lending partners recently agreed to pay $101.5 million to settle other class-action cases filed over refund-anticipation loans. ·Jackson Hewitt, the nation's second-largest tax preparer, disclosed to investors in July that it is

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nearing a $5 million consent judgment with Lockyer's office to settle an inquiry launched in 2003 over the firm's refund-loan marketing." USA adds, "IRS Commissioner Mark Everson called the loans 'predatory' in a USA TODAY interview. However, he said, 'What you have is a real demand on the part of approximately 10 million people who, when they come in and file their tax returns, they want their money, and they want it right away.' 'And if the IRS were to step in and say, 'You can't do it,' I think there would be an uproar on this,' said Everson."

CONGRESS-ADMINISTRATION:

New High Court Term To Feature Controversial Cases. The National Law Journal (9/18, Coyle) reports, "The U.S. Supreme Court's new term, which already offers controversial challenges involving abortion, affirmative action, punitive damages and global warming, promises to add significantly to the emerging portrait of the newly constituted Roberts court." The Journal continues, "The justices will open the 2006-2007 term on the traditional first Monday in October -- Oct. 2 -- but in an untraditional way. There will be no oral arguments because of the Jewish holy day, Yom Kippur. … But on that day, or as has become more routine in recent years, on the Friday before the first Monday, the Court will announce new grants of review -- as well as denials -- of cases gleaned from the thousands that came into the Court throughout the summer." The Journal adds, 'The justices approach the opening day with a relatively spare argument docket, having agreed to hear arguments in 31 cases, fewer than the number granted review at this time a year ago. But there is none of the uncertainty that surrounded them last fall as they awaited the arrival of a new chief justice and dealt with the impending departure of Justice Sandra Day O'Connor. … But even if the high court only decided the 31 cases currently on the docket, there is plenty of potential drama and legal significance in that group, say scholars and court watchers. … 'There are some stand-out cases and each of them will test whether this is a "restrained" Court,' said constitutional law scholar Douglas Kmiec of Pepperdine University School of Law, referring to the abortion, affirmative action and punitive damages challenges. … Each of those 'headline' cases, he added, also reflects the influence of Justice Anthony M. Kennedy, who has played a major role or has cast the decisive vote in the precedents or doctrines underlying those challenges."

Hardiman Tapped For 3rd Circuit Vacancy. The Legal Intelligencer (9/18, Duffy) reports, "Two of the vacancies on the 3rd U.S. Circuit Court of Appeals could soon be filled now that President Bush has nominated Thomas Hardiman, a 41-year-old federal judge who has been on the bench in federal court in Pittsburgh for less than three years." The Intelligencer continues, "If confirmed, Hardiman, a former partner at Reed Smith, will fill the vacancy created in July 2005 when Judge Richard L. Nygaard took senior status. … Likewise, the second nominee, Judge Kent Jordan, 49, had served less than four years on the District of Delaware federal bench when he was chosen in June to replace Senior Judge Jane R. Roth." The Intelligencer adds, "No nominee has yet been named to replace Justice Samuel A. Alito Jr., who was elevated to the U.S. Supreme Court in January. … Hardiman is the former treasurer of the Republican Committee of Allegheny County, but also has strong ties to the Democratic Party by marriage. His wife is the former Lori Zappala, the niece of former Pennsylvania Supreme Court Chief Justice Stephen A. Zappala and cousin of Allegheny County District Attorney Stephen A. Zappala Jr. … Appointed to the Western District bench at age 38, Hardiman is one of the youngest 3rd Circuit nominees in recent memory -- but not the youngest."

Paulson Said To Be Returning Treasury To "Top Tier" Status. The Washington Post (9/18, A15, Kamen, 748K) reports in its "In the Loop" column, "There was some chatter last week in the press about how new Treasury Secretary Henry Paulson is restoring his department to its traditional top-tier status after six years of downward drift under largely ignored predecessors John Snow and Paul O'Neill. Yes, we're hearing about how heavy-hitters have been filling top positions at Treasury and how Paulson talks regularly with the White House and President Bush 's innermost circle, including Secretary of State Condoleezza Rice. Some White House and State Department reporters say they detect the hand of veteran Bush spinmeister Jim Wilkinson at work in all this scuttlebutt. After all, Wilkinson worked at the White House and more recently at State before becoming Paulson's chief of staff just a couple months ago."

Earmark Reform Languishing In Senate. Roll Call (9/18, Newmyer, Ackley) reports a senior Senate leadership aide said the "two Senators taking the lead on reforming their chamber's earmark rules need to come up with a measure that can sail through the Senate before GOP leaders approve it." The Senate is "struggling to match the reform enacted last week by their House colleagues, and with the clock ticking down to adjournment, it is unclear whether Senators will be able to produce any workable rules changes." Senate Republican leaders are "deferring to Rules and Administration Chairman Trent Lott (R-Miss.) and ranking member Chris Dodd (D-Conn.), a GOP leadership aide said." In addition, "similarly imperiled is a plan that Lott and Dodd want to push to eliminate the long-standing Senate tradition of secret holds, in which Senators can block legislation without

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identifying themselves. Republican leadership in the chamber remains opposed to the proposal."

Bilbray Says Earmark Reform A First Step In Budget Overhaul. In a USA Today op-ed (9/18), Rep. Brian Bilbray says, "With the public demanding reform, the House adopted rule changes to the practice of earmarking that will bring more transparency to the legislative and appropriations process. For the first time, earmarks will be put in the public light where everybody will be able to see how their tax dollars are being spent. This is the first step of many in what must be an ongoing commitment from this Congress to blow away the fog of anonymity that surrounds our governing process." Bilbray goes on to call "on Congress to adopt a two-year budget cycle, so that election-year politics wouldn't influence budget and appropriations decisions. I believe that decisions about the budget process should be made after elections, not before them."

GOP Fiscal Policies Seen As Contributing To Possible Loss Of Majorities. In his Wall Street Journal column (9/18), John Fund says if Republicans "lose big in November, one reason will be their tardy response to public outrage over profligate spending. The guilty pleas of former GOP Rep. Duke Cunningham and lobbyist Jack Abramoff prompted demands for reform of the earmarks -- pork projects members often secure in secret -- that were prominent in both scandals." The Federal Government is "now an astounding 185 times as big in real terms as it was a century ago. A general sense that Republicans have forgotten why they were sent to Washington is a big reason why only 43% of Republicans approve of Congress in this month's Fox News poll. If Republicans can't better explain how they plan to get a grip on spending, many voters will conclude they both deserve and need a time-out from power."

NYTimes Criticizes Congress For Failing To Overhaul Lobbying Rules. The New York Times (9/18, 1.21M) says in an editorial, "One of the shabbiest shell games under way in Congress is the attempt to convince voters that lawmakers are curbing their corrupt relations with power lobbyists. The cravenness was never clearer as G.O.P. House leaders passed a placebo rules change in place of honest reform — and on the very day when one of their own, Representative Bob Ney of Ohio, was plea bargaining in the corruption investigation of his old friend Jack Abramoff, the disgraced überlobbyist and influence peddler." The "political ghosts of Mr. Ney and Tom DeLay, the former House majority leader, should haunt this Congress and its Republican bosses for their disgraceful refusal to end the Capitol's embrace of the lobbying industry. In the first burst of the Abramoff scandal last spring, both houses made all manner of reform vows, then cynically hung two hollow bills out to die on the vine."

Boehner Clarifies Comments On Democrats' Commitment To War On Terror. House majority leader John Boehner was asked on Fox News Sunday (9/17, Wallace) if he would like to "take back" his claim that Democrats are "more interested in protecting the terrorists than protecting the American people." Boehner replied, "the point I was trying to make is that there's a very big difference between the two parties in terms of how best to protect the American people from terrorists. I could have articulated this much better, but the fact is, is that, if you look at the USA Patriot Act, we're trying to give the president tools to protect Americans; they fought against us. You look at the Hamdan decision that came down from the Supreme Court. Democrats were jubilant that the court was taking away the president's ability to do these military tribunals. And then when the leak came out on the terrorist surveillance program over at NSA, the Democrats were jubilant that this had been exposed and began to press the administration."

WPost Urges Boehner To Apologize. The Washington Post (9/18, A16, 748K), in an editorial, writes that Boehner "should apologize. … Whether one disagrees with Democrats on any particular issue, it is offensive to try to paint opponents, as Mr. Boehner did, as uninterested in 'protecting the American people' -- and to dodge the implications of that statement by claiming, as Mr. Boehner did, that he was simply wondering. As the election season heats up, this is a line of argument that Republicans would do well to drop."

USPS Granted Official Two Month Vacation Despite Allegations Of Improprieties. The Washington Post (9/18, A15, Williamson, 748K) reports, "All summer, federal-dom has been abuzz over a steamy U.S. Postal Service Inspector General's report accusing the agency's former public affairs chief of heavy drinking, expense account chicanery and sexual harassment. But who knew that the subject of the report, Azeezaly S. Jaffer, has spent the season on vacation, courtesy of the Postal Service? Jaffer's taxpayers' holiday bears witness, a Postal Service spokesman said, 'to how hardworking he is.' The June IG report accuses Jaffer, who managed a staff of 160 and a $20 million budget, of, among other things: drinking at a work function until he passed out; running up $8,000 in extra hotel room charges so he could qualify for a suite with a bathtub for two; and following a female colleague into her hotel room, propositioning her, then passing out."

Transportation Department Official Charged With Using Stolen Funds For Escort Services. The Washington Times (9/18, McElhatton, 88K) reports, "As a specialist on fuel cell technology in the US Department of Transportation, Shang Hsiung traveled the country for years

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to attend trade conferences to discuss alternative fuel and other agency initiatives." But Federal authorities "say the 54-year-old Takoma Park man had another agenda during his out-of-town trips. Since 2001, prosecutors say, Mr. Hsiung used counterfeit checks and stolen credit-card information -- including co-workers' card numbers -- to pay for escort services while on government travel." Charging documents "do not state how much money investigators think was stolen over the years. A spokesman for the US attorney's office in the District said the amount is not yet part of the public record but 'is in the thousands of dollars.'"

Report Lists Six Key Trends For Overhauling Government Operations. The Washington Post (9/18, D4, Barr, 748K) reports in its "Federal Diary" column that a report to be released today lists "six trends that are keys to overhauling government operations and improving federal performance. The trends were identified by three senior staff members at the IBM Center for the Business of Government with an eye to helping federal agencies prepare for an era in which incremental change may not be enough to meet public expectations or to address such megaproblems as terrorism. … The trends, according to IBM, are: Changing the rules. The traditional personnel, procurement and financial management systems are being replaced. … Using performance management. … Providing competition, choice and incentives. … Performing on demand. … Engaging citizens. … Using networks and partnerships."

First Lady To Headline Opening Of Clinton Global Initiative. U.S. News and World Report (9/25, Bedard, 2.03M) reports in its "Washington Whispers" column that First Lady Laura Bush "headlines the opening of the second annual Bill Clinton Global Initiative. That's Bubba's big effort to fix the world's problems. Rules are that every headliner must pledge action in a major problem area; the first lady will call for a special clean water program in sub-Saharan Africa."

Colleagues Praise Hyde's Accomplishment As International Relations Chair. The Washington Post (9/18, A15, Kamen, 748K) reports in its "In the Loop" column, "The plaudits have already begun for House International Relations Committee Chairman Henry Hyde (R-Ill.), who's leaving Congress at the end of this term. At the end of a committee meeting Tuesday, likely one of the last Hyde will chair, his good buddy Rep. Tom Lantos (Calif.), the panel's ranking Democrat, praised Hyde's accomplishments and asked everyone to give him a round of applause for his service."

Senate Urged To Approve General Officer Promotions. In the Washington Times (9/18, 88K), DOD insider Stephen Herbits writes that "Gen. John Craddock and Vice Adm. James Stavridis" will be facing the Senate Armed Services Committee for their General Officer nominations. Herbits warns that "it will be tempting for some senators to use the occasion to play 'let's beat up on Rumsfeld' instead of truly considering the merits of the officers before them." Given the growing reluctance of potential officeholders to endure the Senate confirmation process, Herbits counsels, "But the Senate has no place pillorying them for decisions they don't make or policies they don't construct. And as difficult as it may be for some, it wouldn't hurt if diligent questioning was also relevant and respectful."

NYTimes Urges Census Bureau To Change The Way It Counts Inmates. The New York Times (9/18, 1.21M)editorializes, "The Census Bureau has stubbornly rebuffed critics who argue that the nation's prison inmates should be counted at their homes instead of where they are serving time. But a persuasive new report from the National Research Council makes the current method difficult to defend. The Census Bureau commissioned the report, which deals with residency rules in general. In one of its most important findings, the report says that the practice of counting inmates at prisons sometimes distorts the political process and 'raises legitimate concerns'' about 'equity and fairness in the census.'"

OTHER NEWS:

Dow Nears Record High Set In 2000. USA Today (9/18, Shell, 2.27M) reports, "Six years, eight months and three days after etching a record close of 11,722.98 into the history books, the Dow Jones industrial average starts the week just 162 points shy of topping that. If it succeeds, it will erase all of the 37.8% loss it suffered during the 2000-2002 bear market, a painful period on Wall Street that shook investors' faith in stocks." USA Today notes, "The mood shift on Wall Street is being driven by a few key trends, including…a belief that the Fed chairman's forecast is playing out. When the Fed decided not to raise its target for short-term rates in August after 17 boosts, Fed chief Ben Bernanke based that decision on the belief that a slowing economy would relieve inflationary pressures. He also noted that if energy prices retreated, it would also help abate price pressures. He's been right."

The Wall Street Journal (9/18, McKay, 2.03M) reports that in May the DJIA "pulled within about 80 points of its record high, only to tumble. It was off more than 936 points, or 8%, by the time it bottomed a month later. Many

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shareholders took the spring peak as a chance to book profits rather than stick around for even heftier gains to top the Dow's all-time high reached in January 2000."

Inflation, Weak Housing Market Said To Imperil Recovery. The Christian Science Monitor (9/18, Trumbull, 58K) reports, "Some economists worry about a possible recession, especially if the housing market stumbles badly. Others fear that inflation will persist. But the stock market is riding on hope of a more moderate outcome: that the economy can continue growing, if perhaps more slowly, as a housing boom fades and inflationary forces diminish."

Fed Expected To Leave Rates Unchanged. USA Today (9/18, Kirchhoff, 2.27M) reports, "The Federal Reserve is expected to leave short-term interest rates unchanged when it meets Wednesday, given recent signs of moderating inflation and growth. A market that bets on future Fed moves was pricing a 90% chance that the central bank will stand pat this week for the second straight meeting. But there is less agreement about the Fed's long-term strategy. … Though core inflation, which doesn't include food and energy prices, has been running above the Fed's informal comfort zone of 1% to 2%...Bernanke and other officials have said in speeches and statements they expect a slowing economy to reduce price pressures."

Surprising Earnings Data Attributed To Stock Options. The Wall Street Journal (9/18, Ip, 2.03M) reports, "Scorekeepers at the Commerce Department last month discovered that American workers were earning far more than previously estimated -- and that created an economic puzzle. The new data were out of step with other measures showing sluggish wage growth, a factor in widespread worker dissatisfaction turning up in the polls. … The answer appears to be stock options, a growing part of compensation for top-end workers. Accounting for them properly has been a major source of controversy for companies. Now it is complicating the government's economic accounting, as well. The Commerce Department's Bureau of Economic Analysis, which keeps the nation's GDP books, treats profits from the exercise of options as labor income. But options aren't counted in most other measures of wages. So the BEA reports -- which are important both to markets and the Federal Reserve -- may be overstating the extent of wage pressure, and, for related reasons, at least temporarily understating profits."

Democrats Plan To Attack GOP On Economic Issues. Roll Call (9/18, Billings) reports, "Forced to play defense on national security for the third election year in a row, Congressional Democrats have been huddling in recent days to try to sharpen their attacks on the one issue they believe puts Republicans on the run: the economy." While the economy "has long been a central focus of both the Democratic and Republican election-year platforms, Democrats in both the House and Senate have been working behind the scenes to redouble their efforts to draw attention to the issue." Democrats "in both chambers say they cannot sideline their economic message, even as they attempt to battle a powerful GOP political machine that's trying to paint them as weak on terrorism. Privately, Democrats say they believe they can tap into voters's anxieties about economic security just as effectively as the Republicans play into Americans' fears about their safety at home." House Minority Whip Steny Hoyer said, "Yes, they have the bully pulpit to talk about security, but that's the only issue they have. In all other areas, they have essentially been failures." Roll Call adds Democratic lawmakers "and aides say they believe the 2006 elections will turn on several factors, but in many of the top competitive races across the country — including contests in states such as Michigan, Ohio, New York, Indiana and Kentucky — the economy is likely to be the driving issue."

Polls Show GOP Closing Gap, Bush's Approval Rating Higher. The Washington Times (9/18, Lambro, 88K) reports Republicans "appear to be gaining on the Democrats in the 2006 midterm campaign because of growing confidence in the economy, falling gas prices and President Bush's sustained political offensive on the terrorist threat, according to pollsters and campaign strategists." National preference polls "on the so-called 'generic ballot' question -- which party's candidate voters say they would choose -- show Republicans have narrowed the once-substantial lead Democrats held and are now trailing them by three percentage points, independent pollster John Zogby said Friday." Zogby "credited the Republican Party's sudden political turnaround to 'the president's focus on the war on terrorism, a rebound among his own base,' and the Democrats' failure to lay out a clear plan of their own on 'how are we're going to get out of Iraq and what they would do about terrorism that's better than the Republicans.'" Zogby said Democrats "are not giving their Democratic base what it needs to hear on those issues. Republicans are severely wounded. The Democrats should be crushing them, and they are not." While "top election forecasters have pointed to an anti-Bush and anti-Republican 'wave' that they predict will return the Democrats to majority power in the House," Zogby said, "I don't see the landslide that others are seeing. That doesn't mean it can't materialize, but as of today, it's not happening and this is mid-September."

The Washington Times (9/18, Harper, 88K) reports in its "Inside Politics" column, "'President Bush is receiving his highest job-performance numbers in a few months,' according to a Harris poll of 1,004 adults surveyed between Sept. 8 and 11 that was released yesterday. According to the respondents, 12 percent said Mr. Bush's job performance was 'excellent,' 27 percent felt it was 'pretty good' and 22

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percent deemed it 'fair.' Thirty-eight percent said it was 'poor.'"

ABC World News (9/17, story 6, 2:35, Harris) reported, "With less than a month and a half to go before crucial congressional elections, Republicans and Democrats are fighting, now, over who is better protecting America from terrorism." ABC (Marlantes) added, "Republicans are turning up the volume on what they see as their strongest issue," and "polls show its working. The Democrats' lead in the battle to take control of Congress is shrinking. For months, momentum has been on Democrats' side. Liberal activists are especially energized. Democrats are working hard to separate the war on terror from the war in Iraq, which polls show is increasingly unpopular."

Rothenberg Downplays Reports Of GOP "Surge." In his Roll Call column (9/18), Stuart Rothenberg says it is "a good idea to try to anticipate the ups and downs of this election cycle's stretch run, so when the inevitable stories about a Republican 'surge' hit the newspapers, you won't be taken completely by surprise." First, this "is the kind of cycle when long-shot challengers suddenly appear, even as late as mid-October. If the national environment doesn't change, Republican seats previously taken for granted could show up as vulnerable in late polling, as the Democrats experienced with then-Rep. Dan Rostenkowski's Illinois district in 1994." But since polling "across the country shows that Democratic voters already have rallied to Democratic candidates, some of these surprisingly close polls simply may reflect the Democratic generic vote in the district rather than a Democratic challenger's strength." Rothenberg cites the example of California's 4th CD, where Democratic challenger Charlie Brown's polling shows "him running virtually even" with Republican Rep. John Doolittle, but Brown "has the warmth of a second-degree frostbite. And that's before you get to the contradictory and confusing way he talks about issues and his personal philosophy." Second, Rothenberg adds, "beware of all national surges. And remember: Journalists always want a horse race, not a blowout." Third, "and this doesn't contradict my last warning -- don't be surprised if there is some normal 'firming' of the GOP base in the next six weeks that helps GOP candidates in Republican-leaning districts. In fact, I'm expecting it."

Republicans Seen As Likely To Retain Majorities. In a Los Angeles Times column (9/18), Niall Ferguson says, "For the Republican candidate in '08, it might actually be better if the Democrats did well in the midterms, because a brief return to power on the Hill would expose their chronic incoherence, making the case for a Republican comeback two years down the line. That scenario, however, is not on the cards. The leaves may be falling in George Bush's America, but the Republicans look like they're hanging on."

Senate Control Said To Be Within Democrats' Reach. In a sidebar story, U.S. News and World Report (9/25, 2.03M) reports that roughly a dozen of this year's US Senate races are "hotly contested. Most of the tightest races are for seats now held by Republicans, putting control of Congress's upper chamber within reach for Democrats, if everything goes their way." US News lists the Maryland contest between Democratic Rep. Ben Cardin and GOP nominee Michael Steele, the race between GOP Sen. George Allen and Democratic challenger Jim Webb and the Pennsylvania race between GOP Sen. Rick Santorum and Democrat Bob Casey among the most interesting.,

Bush Said To Be "All Adrenaline And Testosterone" Going Into 2006 Elections. Time (9/25, Allen, 4.03M) reports that "as he stares down one last campaign, the President suddenly seems to be all adrenaline and testosterone. It shows in his frenetic schedule and in his assertive choice of words but perhaps most especially in his body language as he tries to win over midterm voters by looking and sounding commanding -- he's practically shaking voters by their lapels." Bush "has been on just about every imaginable stage lately. He went to Capitol Hill; gave a prime-time address; held the Rose Garden news conference; invited an anchorman into his limo, an editorialist onto Air Force One and a columnist into the Oval; held an off-the-record session for conservative radio hosts; and sat down chummily with a clutch of conservative opinion writers who had favored the war in Iraq but now think more troops are needed. That was all in nine days. He's so determined to be everywhere that he even did a White House interview with CBS's Katie Couric, despite his rough history with the network and the view among many Republican operatives that she's too liberal."

Republicans Hope 2000 Redistricting "Firewall" Will Protect Some Endangered Seats. The Washington Times (9/18, Lambro, 88K) reports one of the "last lines of defense that Republicans hope will repel the Democrats' attempts to win back the House are the thicker 'fire walls' they installed in their congressional districts under reapportionment." Three "top Democratic takeover opportunities are in Republican-leaning Ohio, where a gloomy political climate has raised Democratic hopes of a major comeback in the state." In the 1st CD, Rep. Steve Chabot faces Democrat John Cranley; in the 15th, Rep. Democrat Pryce faces Democrat Mary Jo Kilroy; and in the 18th, the seat of Rep. Bob Ney, Republican state Sen. Joy Padgett faces Democrat Zack Space. The races "are on elections analyst Stuart Rothenberg's list of 'pure tossups,' but Republican officials said the districts have been redrawn to withstand just the kind of aggressive Democratic offensive they expect in November." Ohio Republican state Chairman Bob Bennett said, "Both the 15th and 18th district lines were changed and strengthened after the 2000 census, as was the

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1st district. I feel good about where we are and feel we've turned the corner, though it doesn't mean we don't have a battleground here. We do."

At Iowa Event, Obama Says Democrats Need Tougher Line On National Security. The AP (9/18, Glover) reports Democratic Sen. Barack Obama "warned Democratic activists Sunday that the party must take a tougher stance on national security if it wants to succeed in the November elections." Obama, the keynote speaker at Iowa Sen. Tom Harkin's 29th annual steak fry, said, "What Democrats have to do is to close the deal. We have got to show we have a serious agenda for change." The AP adds Obama's "appearance in Iowa, where precinct caucuses launch the presidential season, has raised a number of eyebrows about his intentions for a presidential run in 2008. Though only a first-term senator, Obama has burst onto the national scene." But he "wouldn't say Sunday whether he was considering a run at the White House." Obama said, "My only attentions right now are focused on '06. Whoever is looking toward 2008 without focusing on 2006 makes a mistake." The AP adds former Virginia Gov. Mark Warner "also spent Sunday afternoon at the steak fry, and left little doubt that he is looking ahead to 2008." Warner said, "You know and I know that it all starts in Iowa. Do your part. We're going to take back the Congress this year and then we're going to take back our nation."

The New York Times (9/18, Kornblut, 1.21M) reports Obama "insists, as always, that he is not running for president. But there are compelling clues that he is not exactly not running, either." The "most obvious was his keynote appearance here on Sunday at Senator Tom Harkin's legendary steak fry, a popular Democratic ritual in Iowa — and a prominent staging ground in this first presidential caucus state. The crowd rushed Mr. Obama when he arrived, then mobbed him for hours as other politicians wandered the fairgrounds introducing themselves and shaking hands." But "beyond his first trip to Iowa — a visit that was guaranteed to set off new speculation about his presidential ambitions — Mr. Obama is in the midst of an unconventional publicity tour of sorts. Fresh off a closely watched journey through Africa, including a stop at the home of his Kenyan-born father, Mr. Obama is about to publish a second book that supporters believe will outpace his best-seller from 1995." Obama's "40-minute speech was punctuated by applause and standing ovations but also, at its most serious moments, brought the audience to a silence hushed enough for rustling trees to be heard. It focused on the importance of a Democratic victory in the 2006 midterm elections." The trip, "which had been hyped for weeks, took on greater significance when news leaked that Mr. Obama had invited along Steve Hildebrand, a political strategist who ran Vice President Al Gore's campaign in Iowa in 2000."

Allen And Webb Clash Over War In Iraq. Tim Russert of NBC's Meet the Press (9/17) hosted a debate between Sen. George Allen and his Democratic challenger, former Navy Secretary Jim Webb. Most of the hour-long debate focused on the war in Iraq and the candidates' views on the continued presence of US troops. Webb advocated the gradual removal of American soldiers to bases outside of Iraq, while Allen said he supports "staying the course…meaning that we don't tuck tail and run, that we don't retreat, that we don't surrender." Asked if more troops were needed in Iraq, Allen did not respond directly but said, "We're going to need to do what it takes to succeed." Webb was also asked if President Bush ought to increase American troop levels in Iraq, Webb responded that the US doesn't have enough troops to do so "when you've got people now in the Army and the Marine Corps pulling their third and sometimes their fourth tours into Iraq. We're burning out our people. It's one of the things I was warning about early on." Later, Webb added, "One of the great problems we have right now in discussing this war is that very few people who have brought us this war have served, and very, very few of the children of these people who have brought us this war have served. And if you have to wake up every morning wondering about a loved one, you will look at wars like this much differently." Webb also encouraged the US to open diplomatic talks with Iran and Syria, saying, "Eventually, this is going to have to move into a diplomatic environment. Now, that's where this Administration seems to have blinders. They're not talking to Syria. They're not talking to Iran. And there are ways that we can do this, move this forward. If you look at what we did after Afghanistan, in the invasion of Afghanistan, we actually brought the countries around Afghanistan to the table, including Iran, by the way. Iran was cooperating at that time, before President Bush made his axis of evil speech and they stopped cooperating."

The Richmond Times-Dispatch (9/18, Hardin) reports Webb and Allen "went to the mat over Iraq today as the increasingly unpopular war dominated their national TV debate." Webb said, "If we had the right people in the Senate there would have been more questions asked and a better policy in place in order to defeat international terrorism. … We didn't go into Iraq because of terrorism, we have terrorists in Iraq because we went in there." The Times-Dispatch adds Allen defended "his vote in favor of authorizing the use of military force in Iraq," saying, "I think the world's better off with Saddam Hussein not in power." But Allen "tried to deflect, or sidestepped, a number of pointed questions from moderator Tim Russert on the war. They included whether Allen would have voted the same way if the Senate had known Saddam did not have weapons of mass destruction."

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The AP (9/18, Lewis) reports Webb said President Bush's "terror-detainee legislation would weaken the Geneva Conventions and potentially subject captured U.S. soldiers to torture." Webb said, "We have to stay on the moral high ground." The AP adds Allen said "he has not decided whether to back Bush's plan to detain, question and prosecute suspected terrorists or another measure supported by Republican Sen. John Warner, Virginia's senior senator."

ABC World News (9/17, story 6, 2:35, Marlantes) reported, "Like many vulnerable Republicans," Sen. George Allen "admits the Iraq war has not been easy. But he says retreat would be a mistake." Sen. George Allen: "This is a central battlefront in the war on terror. And it's not just the President or the Vice President or me saying that. That's what al Qaeda says." Marlantis: "Allen's opponent, Jim Webb, campaigning in the rain, holds no illusions about his own party's difficulties on the national security front." Jim Webb: "What's happened is the Republicans have positioned these issues so that the other side is on the defensive."

The Washington Post (9/18, A1, Shear, Craig, 748K) reports in a front page story that the debate offered "the sharpest contrast yet in a campaign that has become central to the partisan struggle for control of Congress this fall." The joint appearance "also confronted issues of race and gender and debated the use of torture in the war on terror. But the exchange largely centered on a controversial war that has become the defining issue of the Nov. 7 midterm elections." Webb "called the Iraq war an 'incredible strategic blunder of historic proportions' and said he has lost confidence in Bush's foreign policy. He repeatedly reminded viewers that neither Bush nor Allen, a former governor, had served in combat." Allen "steadfastly defended Bush's Middle East policies, telling moderator Tim Russert that 'staying the course' in Iraq means 'that we don't tuck tail and run, that we don't retreat, that we don't surrender.'"

The Washington Times (9/18, McLaughlin, 88K) reports Allen "said he has not decided whether to support President Bush's push to revise Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of military prisoners." But Webb "agreed with Republican Sens. John W. Warner of Virginia and John McCain of Arizona, two former Marines who are concerned that the president's plan to redefine the provision to deal with terror suspects would open the door to torture of U.S. troops." Webb said, "What you're seeing is a split between the theorists who have controlled so much of the policy in this administration, theorists who have never been on a battlefield, who have never put a uniform on, and who are looking at this thing in a totally different way from people who have had to worry about their troops and themselves possibly coming under enemy hands."

Webb Claims Affirmative Action Programs Have Evolved Into "State-Sponsored Racism." Also On NBC's Meet the Press (9/17, Russert) Webb was asked to clarify a quote in which he equated affirmative action with "state-sponsored racism," Webb responded, "African-Americans are the only ethnic group in this country that have suffered from deliberate discrimination and exclusion by the government over generations. When this program expanded to the present-day diversity programs, where essentially every ethnic group other than Caucasians are included, then that becomes state-sponsored racism. And we should either move this program back to its original intent, which I support, or we should open up diversity programs to the point where poor white cultures --and they are cultures, as in southwest Virginia -- have some opportunity."

Webb Seen As Giving Allen "Truly Competitive" Race. Under the headline, "As Senator Falters, A Democrat Rises In Virginia," the New York Times (9/18, Toner, 1.21M) reports, "This race has become more than an intriguing clash of symbols; according to the polls, it is now truly competitive. Increasingly, Democratic strategists see Virginia as a prime target for one of the six seats they need to regain a majority. Perhaps most important for Mr. Webb, whose late-starting campaign has lagged far behind Mr. Allen's in fund-raising, the Democrat's contributions have begun to climb, advisers say."

Burns Facing The "Toughest Test Of His Career." U.S. News and World Report (9/25, Knight, 2.03M) reports on the Montana Senate race between incumbent GOP Sen. Conrad Burns and Democratic challenger John Tester. According to US News, Tester's "down-home attitude is clearly appealing to many Big Sky Country voters and has Burns facing the toughest test of his career. Burns's job is also one the national Democratic Party is eyeing hungrily in its quest to gain six seats and win back the Senate. The most recent polling put Tester, president of the Montana state Senate, slightly ahead -- a shocking turnabout for the incumbent." Burns's strategy "is to appeal to those who voted for Bush and paint Tester as too liberal for Montana."

Abramoff Scandal Not A "Decisive Issue" In Burns Reelection Campaign. The Washington Post (9/18, A1, Harden, 748K) reports in a front page story that in the Montana Senate race, Republican Sen. Conrad Burns "may be carrying" convicted former lobbyist Jack Abramoff "on his back, but in this thinly populated, Republican-leaning state, he continues to run neck and neck with his Democratic challenger, Jon Tester, president of the Montana Senate. Poll numbers have not moved much in months." For all "the influence-peddling that has been exposed in the run-up to the midterm election, corruption on Capitol Hill has not become a decisive issue -- here or in much of the country. The Abramoff scandal, having ended the careers of a few lawmakers and stained the reputations of several others, can

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certainly rile up ardent Democrats, as the debate here demonstrated. But it is not making fundamental changes in the nation's partisan landscape, especially in races, as with Burns in Montana, in which candidates are facing only unsavory stories rather than indictments or guilty pleas." Burns said his "polling shows that most voters regard the 'Abramoff deal' as merely a political liability and not a damning verdict on his character. Several pollsters and observers of politics in this state agreed with that assessment." The controversy is "almost certainly the main reason Burns is in a competitive race this year, but by no means is it a guaranteed career-ender." The Post adds that despite "some early goners" such as Rep. Tom DeLay, Rep. Robert Ney, and Ralph Reed, in "strongly Republican areas, scandal-driven change is far from a sure thing."

Republicans Still Hopeful That McGavick Can Unseat Cantwell. The Washington Times (9/18, Bellantoni, 88K) reports Washington state voters today "formally choose their nominees for the U.S. Senate, setting the stage for a West Coast showdown that Republicans hope will help them capture a Democratic seat." Democratic Sen. Maria Cantwell "faces anti-war candidate Hong Tran in a primary that serves as the opening act for a race with Republican Mike McGavick, who is expected to easily win his own primary contest today." Republicans and "some pollsters think Mr. McGavick, a business executive who casts himself as an independent, has a good shot at ousting the freshman senator this fall." Cantwell is "not considered in danger of losing tomorrow's primary as did her Democratic colleague Sen. Joe Lieberman of Connecticut."

Senate Candidates Not Required To Submit Electronic Campaign Finance Reports. In his Washington Post column (9/18, D1), Jeffrey Birnbaum says that in "one of the most controversial quirks in election law, candidates for Senate are not required to file their campaign-finance reports electronically. That means voters can't effectively find out how much and from whom their would-be senators have collected money until long after the election -- too late for them to act." A "growing number of senators and public-interest groups have been working for years to change this rule. They contend that it's only reasonable that senators should be required to file their disclosures electronically -- just as candidates for the House and the presidency do. In that way voters can easily see within 24 hours via the Internet what the candidates are spending and from whom they are getting their funds." Senators have "insolated themselves from criticism that stems from their very important, end-of-campaign donations because they have denied voters accessible information when it would be most useful."

Opponent Tries To Capitalize On Reichert Fundraiser With Rove. The Los Angeles Times (9/18, Verhovek, 918K) reports a "funny thing happened Friday when Karl Rove, the White House advisor, came to the Seattle suburbs to headline a fundraiser for freshman Republican Rep. Dave Reichert: The congressman did nothing to publicize the visit, and his challenger drew every bit of attention to it she could." On the day Rove "was in town, Darcy Burner, a former Microsoft Corp. executive who is Reichert's Democratic opponent, issued her fifth news release of the week casting the visit in a negative light, and while Rove and Reichert were attending a round-table briefing for Republican donors, about 60 Burner supporters mugged for cameras outside." But both of Rove's appearances — "at the fundraiser and at the round table — were private and closed to the media, so there were no news photographs of Reichert, 56, with campaign mastermind Rove."

Graf Win Raises Questions About GOP's Immigration Strategy. U.S. News and World Report (9/25, Marek, 2.03M) reports that in Arizona's 8th congressional district, a founding member of the Minutemen border group won the GOP nomination despite the fact that opponents "attacked him as extreme, and the national Republican Party went so far as to buy at least $122,000 worth of ads for Graf's most formidable moderate challenger, state Rep. Steve Huffman." Graf's victory has raised questions "about the wisdom of the party's floundering immigration strategy. It has also put in jeopardy a precious House seat" in the mostly moderate district. US News adds that many experts say "if Republicans want to keep the seat, they'll have to unite behind Graf and convince Arizonan swing voters to do so too as well."

Mehlman's RNC Said To Be Outperforming DNC. The Christian Science Monitor (9/18, Cook, 58K) reports even Democrats "acknowledge the prowess of the political machine Ken Mehlman oversees as chairman of the Republican National Committee (RNC). When Mehlman came to a Monitor-sponsored breakfast with national reporters on Friday, the policy-oriented National Journal magazine had just released a poll of political insiders ranking the performance of the RNC and the Democratic National Committee (DNC)." National Journal reporter Jim Barnes noted it is "no surprise that 94 percent of Republican insiders think the RNC is doing a better job than the Democratic National Committee in the run-up to the midterm elections. The surprise is that 68 percent of the Democratic insiders agree that the RNC is out-performing the DNC." Mehlman "downplayed the role of organization in elections." Mehlman said, "The reason I am confident we are going to keep our

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majority is not because of our operations. It is because of the candidates on the ballot. We won in '04 because of George W. Bush, not because we had a smart turnout operation. 80 percent of politics is motivating voters based on ideas, based on ideology, and based on the candidate that expresses ideas and ideology. I think what has hurt Democrats is the fact that for so long you've had uncertain trumpets leading the party. And that makes it very hard to do the rest." The Monitor adds Mehlman "attributes a bump in the president's job approval numbers to 'a combination of speeches and realities in the world that have reminded people that a lot of what he is saying makes sense.'" However, he "did not want to make a specific numerical forecast for the Congressional elections."

Democrats Lead Fundraising In Most Competitive House Races. Newsweek (9/25, Fineman, Bailey, 3.12M) reports on the DCCC's Red to Blue Program, which will have aid about 40 Democratic congressional candidates this year. According to Newsweek, "If you are a member…donations from strangers across the country will blow through your campaign mail slot like letters from Hogwarts. All you have to do is convince Rep. Rahm Emanuel of Chicago that you are worthy and that you can win." Emanuel says the program "is a Good Housekeeping Seal." Newsweek adds that "there is evidence that the Red to Blue Program is working: Democratic candidates are even or ahead in fund-raising in most of the races that neutral observers regard as competitive."

Emanuel's Brother Becoming A Political Networking Force In Los Angeles. Newsweek (9/25, Fineman, Bailey, 3.12M) reports that DCCC Chair Rahm Emanuel's brother, Hollywood agent Ari Emanuel "is fast becoming a political networking force in Los Angeles, issuing his clients and partners invitations to fund-raising events, including one for Rahm himself and for his House campaign committee."

Wesley Clark To Take Position At UCLA. The Los Angeles Times (9/18, Trounson, 918K) reports Wesley K. Clark, a former NATO commander and 2004 Democratic presidential candidate, "will join the University of California, Los Angeles, this fall as a senior fellow, university officials are set to announce Monday. Clark, who is expected to arrive on campus about the first of October, will teach occasional seminars, publish policy papers and organize and hold an annual conference on national security, officials said. He will be affiliated with the university's Ronald W. Burkle Center for International Relations."

WPost Urges Universities To Eliminate Early Admissions. The Washington Post (9/18, A16, 748K) writes in an editorial "Harvard University's much-applauded decision no longer to allow the early acceptance of students should help ensure a more equitable admissions process and attract a more diverse group of students." But while Harvard "risks little" the University of Delaware "took a bigger chance last spring when it eliminated early admissions." So "as other schools ponder whether they can afford to follow the example…they would do well to note the widespread reaction of parents, teachers and guidance counselors who see the decision as a step toward easing the anxiety, tension and premature pressure that has come to permeate the process for too many students."

US Showdown With Iran Seen As Increasingly Likely. In its cover story, Time (9/25, Duffy, 4.03M) reports on "What War with Iran Would Look Like." Time says that from the State Department to the White House to the highest reaches of the military command, "there is a growing sense that a showdown with Iran…may be impossible to avoid. … So what would it look like? Interviews with dozens of experts and government officials in Washington, Tehran and elsewhere in the Middle East paint a sobering picture: military action against Iran's nuclear facilities would have a decent chance of succeeding, but at a staggering cost. … A Pentagon official says that among the known sites there are 1,500 different 'aim points,' which means the campaign could well require the involvement of almost every type of aircraft in the US arsenal: Stealth bombers and fighters, B-1s and B-2s, as well as F-15s and F-16s operating from land and F-18s from aircraft carriers. … Many sites are in highly populated areas, so civilian casualties would be a certainty."

Rice To Push New Iran Sanctions Resolution. In its cover story, Time (9/25, Duffy, 4.03M) reports that Secretary of State Condoleezza Rice this week "will push her partners to get behind a new sanctions resolution that would ban Iranian imports of dual-use technologies, like parts for its centrifuge cascades for uranium enrichment, and bar travel overseas by certain government officials. The next step would be restrictions on government purchases of computer software and hardware, office supplies, tires and auto parts -- steps Russia and China have signaled some reluctance to endorse. But even Rice's advisers don't believe that Iran can be persuaded to completely abandon its ambitions. Instead, they hope to tie Iran up in a series of suspensions, delays and negotiations until a more pragmatic faction of leadership in Tehran gains the upper hand."

Iran May Be Years Away From Producing A Nuclear Bomb. Newsweek (9/25, 3.12M) reports in its "Periscope" column that last week the House intelligence committee's assessment of Iran's nuclear program "was slammed by UN nuclear experts, who pointed out that there's little evidence Iran is anywhere near producing weapons-grade uranium. And three US officials familiar with recent intel reporting on Iran, who asked for anonymity due to the sensitive subject

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matter, said that US agencies have not altered assessments that Iran is years away from producing a nuclear bomb. … David Albright, a former UN WMD inspector and independent expert, told NEWSWEEK: 'Iran's gas-centrifuge program is moving unexpectedly slowly. The program was expected to be much further along by this point.'" Another of US official "said intel reports show Iran was experiencing significant problems with gyroscopes it has been trying to install on missiles that could deliver Iranian bombs to targets in the region and even further."

Iranian President Says US, Iran Are Not Fated To Be In Conflict. As part of its cover package, Time (9/25, MacLeod, 4.03M) interviews Iranian President Mahmoud Ahmadinejad. Asked what he would say to President Bush if he could sit down with him, Ahmadinejad said, "The issues which are of interest to us are the international issues and how to manage them. I gave some recommendations to President Bush in my personal letter, and I hope that he will take note of them. I would ask him, Are rationalism, spirituality and humanitarianism and logic are they bad things for human beings? Why more conflict? Why should we go for hostilities? Why should we develop weapons of mass destruction? Everybody can love one another." Asked why his supporters chant "Death to America," Ahmadinejad said, "When they chanted that slogan, it means they hate aggression, and they hate bullying tactics, and they hate violations of the rights of nations and discrimination. I recommended to President Bush that he can change his behavior, then everything will change." Ahmadinejad was also asked if the US and Iran are fated to be in conflict. He said, "No, this is not fate. And this can come to an end. I have said we can run the world through logic. We are living our own lives. The US government should not interfere in our affairs. They should live their own lives. They should serve the interests of the US people. They should not interfere in our affairs. Then there would be no problems with that."

Bush, Ahmadinejad To Address UN General Assembly. USA Today (9/18, Slavin, 2.27M) reports, "President Bush and Iranian President Mahmoud Ahmadinejad deliver dueling speeches at the United Nations this week in what could become a dramatic showdown over Iran's nuclear program." Bush "has pledged to use his UN talk to send Iran a clear warning that it must heed a UN Security Council resolution calling on it to suspend its program to make nuclear fuel. Iran says its program is for peaceful purposes, while Bush says Iran is trying to develop nuclear weapons." The two leaders "are scheduled to speak hours apart Tuesday at the annual meeting of heads of state of the General Assembly."

The Christian Science Monitor (9/18, LaFranchi, 58K) says Bush "will studiously avoid… Amadinejad. And Mr. Bush probably won't take up the controversial leader's challenge to the American president to face him in a 'civilizational debate.'" But "Bush does plan to lay out his vision for the world, including an elaboration of his "freedom agenda" and the role of democracy in building global security, when he addresses the 192-country assembly Tuesday."

Under the headline, "Europeans Trying to Grease Wheels for US Talks With Iran," the Washington Post (9/18, A14, Linzer, 748K) reports, "European efforts to get Iran and the United States around the same negotiating table are at an advanced yet sensitive stage, with a small number of remaining differences to be tackled this week when world leaders gather at the United Nations." In his UN speech tomorrow, President Bush will detail "why he regards the Tehran government as a grave threat yet is willing to support negotiations to ease those concerns." The Post adds that since 2002, Bush "has sought, without success, to roll back" Iran's nuclear program, however, many allies have "been wary of supporting a U.S. president who has invaded two countries in the past five years and who has said that 'all options are on the table' for Iran." Bush and Secretary Rice "will meet with allies" in New York "to discuss prospects for talks as well as options if those do not materialize." Rice had dinner last night with EU foreign policy head Javier Solana, who is said to be "waiting for [Ali] Larijani to deliver a firm commitment from his government to halt its uranium enrichment program." Administration "officials expressed skepticism, however, that Larijani would be able to secure that commitment. They said the administration has not made preparations for talks, such as formalizing a negotiating team or outlining guiding principles for discussion." The Post adds, "Through Solana and other mediators, [Tehran has] said it would be hard for them to sit down with a U.S. administration that is seen as threatening the Iranian leadership." Tomorrow night, Rice is slated to have dinner with her counterparts from France, Britain, Germany, Russia, China and Italy "to discuss Iran."

The Financial Times (9/18, Guha, Giles, Dombey) follows Treasury Secretary Hank Paulson's work on Iran at the IMF and World Bank meetings in Singapore. Washington "is seeking to increase economic pressure on Iran, even as its partners in the European Union talk to the Islamic Republic about beginning formal negotiations on Tehran's nuclear programme." Paulson "is personally lobbying finance ministers and central bank governors to ensure their national financial systems are not used by Iranian entities involved in proliferation or terrorism finance. But his efforts have irritated some European officials, who have objected to what they see as Washington's moves to impose sanctions on Iran through the back door." The EU continues a "diplomatic push to open negotiations as an alternative to sanctions – which, in any case, face serious obstacles at the UN."

Chirac Calls For Negotiations With Iran, Delay In Action On Sanctions. The Australia Daily Telegraph (9/18) reports this morning, "French President Jacques Chirac has

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urged world powers not to refer Iran to the UN Security Council over its nuclear program, at the same time calling on Tehran to give up uranium enrichment. 'First we have to find an agenda for negotiation, then engage the negotiation and during that negotiation I propose that on the one hand the six refrain from referring the issue to the Security Council and that Iran renounce during the negotiation the enrichment of uranium,' he said." The Daily Telegraph adds, "Mr Chirac said that he was 'never a supporter of sanctions' and had 'never noticed that sanctions are effective'. However he added that he 'did not mean that we must not have sanctions -- which if it comes to it must be moderate and well-adapted'."

Bush's Attitude Toward UN Said To Have Changed. The Washington Times (9/18, Curl, 88K) reports, "Bush, who once said the United Nations was teetering on the brink of irrelevancy and demanded it show some backbone, has increasingly turned to the organization for international problem-solving, even as most Americans think the body has outlived its usefulness." On issues "from North Korea to Iran to Sudan, the president….has deferred to the United Nations to drive action." The Times adds, "Critics say Mr. Bush has been forced to become more multilateral after bucking the world body by invading Iraq, but administration officials assert that the United Nations remains a useful tool to spur foreign leaders to step in on major issues."

USA Today (9/18, Jackson, 2.27M) reports Bush and United Nations Secretary-General Kofi Annan "say they get along fine on a personal level. It's the issues, from the Iraq war to nuclear programs in Iran and North Korea, that divide them." Noting those "lingering US-UN tensions," USA Today reports Bush said Fridsay that "the UN has been slow to address growing violence in the Darfur region of the Sudan and again questioned the institution's stewardship of its finances." Annan, "at a news conference of his own last week, cited the biggest conflict of them all: Iraq. Asked about a recent visit to the Middle East, Annan said, 'Most of the leaders I spoke to felt that the invasion of Iraq and its aftermath has been a real disaster for them.'" Annan "said his overall relations with the Bush administration 'are very good,' including with the president himself. For his part, Bush said of Annan: 'I like him. And we've got a good relationship, personal relationship.'"

Hezbollah Leader Plans Celebration Of "Victory" Over Israel. The AP (9/18) reports, "Hezbollah's leader called Sunday for a massive rally in Beirut's bombed out southern suburbs to mark the militant group's 'victory' over Israel during the monthlong fighting this summer." Sheik Hassan Nasrallah "said the rally, to be held Friday evening, would show Hezbollah's 'absolute commitment to our right to recover our land and prisoners and defend our nation, its dignity, freedom, sovereignty and real and full independence in the face of (Israeli) occupation.'"

Israeli Panel To Investigate Conduct Of Lebanon War. The New York Times (9/18, Myre, 1.21M) reports, "The Israeli government established a committee on Sunday to investigate the political and military leadership's handling of the recent war in Lebanon, which has come under intense public criticism in the month since the fighting ended." In Israel, "many citizens say that the military campaign in Lebanon was poorly planned and executed, and that leaders should be held accountable." The committee "will examine the political leadership and the security echelon regarding all aspects of the campaign in Lebanon," Prime Minister Ehud Olmert told his cabinet. The Los Angeles Times (9/18, Ellingwood, 918K), among other newspapers, also reports the story.

Pope Expresses Regret That His Comments Sparked Violence In Muslim World. ABC World News (9/17, lead story, 2:40, Harris) reported Pope Benedict "is facing the worst crisis since he was elected last year. Today, he said he's sorry that remarks he made recently about Islam touched off protests and violence, from Pakistan to Palestine and beyond. But the Pope did not issue a retraction. And many Muslims are saying they want a full apology. Tonight, there are real concerns about continuing violence." ABC (Wright) added, "When the Pope took on the Prophet, he clearly did not foresee this -- angry mobs of true believers across the Muslim world. Not exactly the sort of interfaith dialogue he had hoped to spark. Today, amid heavy rains and heavy security, at his summer retreat, Benedict tried to calm to storm. 'I am deeply sorry,' he said, 'for the reactions in some countries to a few passages of my speech.' He explained that the offending remarks, made last week at Regansburg University in Germany, were quotations from a medieval text, not his own views. He was quoting a 14th century Christian emperor sharply critical of the prophet Mohammad; the Pope had tacitly criticized spreading religion through the point of a sword. Benedict then said 'Jihad, or holy war' is 'incompatible with the nature of God.' Some Muslim leaders called that the start of a new crusade."

NBC Nightly News (9/17, lead story, Colt, 9.87M) reported, "In Iran today about one thousand theology students protested. Students in Egypt marched as well. In Palestinian areas 2 churches were vandalized this morning. They are not clear that a shooting of a nun today was directly related to the Pope statements."

NBC Nightly News (9/17, story 2, , Seigenthaler, 9.87M) interviewed Izam Demebi, the director of London's Institute of Islamic Political Thought. Izam Demebi: "His lecture had come at a time of high tension. There is a war on terrorism that the military sees as a war on Islam. Where George Bush

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recently associated fascism with Islam. Where all sorts of things are happening sending all sorts of images and messages."

Rise Of Islamists Said To Be Destabilizing Mideast Governments. The New York Times (9/18, Slackman, 1.21M) reports, "From Cairo, to Rabat, Morocco, to Riyadh, Saudi Arabia, the order that emerged after World War II -- long accustomed to encouraging domestic anger against Israel -- has seen its influence and grip on power challenged in the wave of instability washing across the Middle East. That has roughly coincided with the rise of the insurgency in Iraq." This region "has long been defined by conflict, and leaders are unafraid to use force to crush opposition." But "the current level of instability has unnerved them. They are not about to be toppled, not as long as they retain firm control over their security operations. But they find themselves fighting to maintain stability and credibility, political analysts said." The Post also reports, "The empowerment of the Islamists has been propelled by events large and small -- the occupation of Iraq, Israel's war with Hezbollah, the United States' support for Israel in that war, Danish cartoons lampooning the Prophet Muhammad, and most recently comments about Islam made by Pope Benedict XVI."

Writer Says Islamic World Is Not Monolithic. Writer Melik Kaylan writes in the Wall Street Journal (9/18, 2.03M) that in the wake of Pope Benedict XVI's recent comments citing a Byzantine-era critique of Islam, the "usual hubbub of outrage ensued. Various self-appointed and official Islamic spokesmen…responded sharply in the name of their faith." One might "intone gravely that the West continues to mishandle its relations with the umma -- the sphere of active Muslim believers -- with the implied assumption that there is such a unified entity of tens of millions, and that they all feel outrage in the same way at the same time." Kaylan adds, "As many Muslim apologists contend, though often for disingenuous purposes, the Islamic world is indeed not monolithic. It remains highly fissiparous and regional, inmixed with a myriad of localized customs, superstitions and hagiologies. … The spread of fundamentalist Islam was itself fostered by the West via the Arabian peninsula for political reasons. It has become the ultimate, invasively colonial force and aims to subjugate the entire umma to its tenets."

Abbas, Hamas Suspend Unity Government Talks. The Washington Times/AP (9/18, El Deeb) reports, "Coalition talks between Palestinian President Mahmoud Abbas and the militant group Hamas have stalled over U.S. demands that a national unity government recognize Israel, Palestinian officials said Sunday." The shutdown of coalition talks "underscores the difficulty Abbas is having in trying to get Hamas to soften its anti-Israel ideology, a move that would pave the way to ending international sanctions that are crippling the Palestinian economy." When Abbas meets President Bush on the margins of the UNGA, he will "try to win U.S. support for a coalition that doesn't fully meet international demands for a changed stance on Israel." Abbas aides "said he would warn that failure to work out a unity government could lead to a Palestinian civil war." Despite Abbas' efforts, the AP says, "some Palestinians officials wondered whether Abbas and Hamas can bridge their differences."

NYTimes Criticizes Bush Team's "Inaction." The New York Times (9/18, 1.21M) editorializes, "After six months of crippling sanctions, Hamas's leaders are trying to figure out the very minimum they need to say -- and the even less they plan to do -- to end their isolation and salvage their government. Skepticism is more than warranted." But "Hamas's admission of weakness could provide at least a chance to quell the violence and resuscitate peace talks. The Bush administration should not squander the opportunity. … Skepticism is a basic requirement for dealing in the Middle East. But that cannot be an excuse for nearly six years of White House inaction. It's time that Mr. Bush and his secretary of state, Condoleezza Rice, try the hard work of diplomacy."

More Commentary. Jackson Diehl writes in the Washington Post (9/18, A17, 748K), "The Palestinian leadership knows that the still-evolving unity pact isn't likely to impress either Olmert or Bush, since it almost certainly won't commit Hamas or the new government to formal recognition of Israel or an unqualified renunciation of violence." But "if it goes forward it will be a fresh initiative," and "Western governments and Israel would be reduced to arguing with each other, rather than pressing for a Palestinian government that could make peace." Diehl adds, "The US-Israeli strategy to counter this maneuver amounts to a series of small tactical steps. Once an Israeli soldier still held captive in Gaza is released, Olmert will meet with Abbas and release hundreds or thousands of Palestinian prisoners. An Israeli chokehold over movement in and out of Gaza will be eased. If all goes well, Olmert might even discuss transferring security responsibility in several West Bank towns from the Israeli army to Palestinian security forces controlled by Abbas."

Administration, Business Groups Said To Stymie Darfur Divestment Bill. The Financial Times (9/18, Dinmore) reports, "Moves in Congress to put financial pressure on Sudan to stop the killings in Darfur have been stymied by a combination of big business interests and the Bush administration." The Times adds, "While giving rhetorical backing to anti-genocide protests staged around the world on Sunday, Democrats and Republicans admitted

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that a new watered down draft of the Darfur Peace and Accountability Act was further evidence of US unwillingness as well as inability to take decisive action." Of the bill, the Times says, "It is not clear whether [SFRC Chairman Richard] Lugar's draft will get through the committee, though there is a sense that so much time has been wasted that something is better than nothing. The sudden arrival of the draft caught many by surprise and it is still being studied." The State Department "declined to make an official comment on the issue."

As AU Ponders Withdrawal, Both Sides Press To Renew Fighting. The Washington Post (9/18, A12, Timberg, 748K) reports, "As the African Union prepares to abandon its troubled peace mission to Darfur, the region is descending ever more steeply into war." The "intensity of the combat" throughout Darfur "has forced a new flood of civilians to flee their burned and bombed-out villages for sprawling camps on the outskirts of [many] cities." The Post adds, "With its current mandate and resources, African Union officers express despair about their ability to keep peace when both the government and rebel forces are determined to return to war." When interviewed, AU officers "muttered angrily about their failure to enforce calm while expressing greater fears. They used the words 'genocide' and 'Rwanda' to describe what they expect will follow their departure." Many experts say the AU, "while ineffective at peacekeeping, is serving as vital eyes and ears for the outside world at a time when the Sudanese government is making it more difficult for aid groups and journalists to operate here. With the African Union gone, they say, the last buffer will be lost against a bloodier assault in Darfur."

Far-Right Party Wins Representation In East German State. The New York Times (9/18, Landler, 1.21M) reports, "A far-right party made further inroads in Germany's economically fragile east on Sunday, winning seats in a state election in Mecklenburg-West Pomerania, a lonely land of farms and fishing villages that is the home constituency of Chancellor Angela Merkel." The National Democratic Party, "which openly espouses xenophobic and neo-Nazi views, was projected to win slightly more than 7 percent of the vote, according to preliminary results. That was less than analysts here had feared, but enough to clear the threshold of 5 percent for seats in the state legislature." The Times adds, "Extreme-right parties will now be represented in three of Germany's six eastern states -- a trend that worries officials and underlines the divide between the country's eastern and western halves. Far-right parties have negligible support in more-prosperous western Germany." The result "is a rebuke for Mrs. Merkel and her conservative party, the Christian Democratic Union, which lost votes in Mecklenburg and fared even worse in the second of the two state legislative elections on Sunday, in Berlin."

Conservatives Win Swedish Elections. The New York Times (9/18, Lyall, Ekman, 1.21M) reports, "Sweden swept away 12 years of center-left government on Sunday, voting to reject its longtime prime minister, Goran Persson, in favor of a conservative candidate who has pledged to revise the Swedish welfare state." Fredrik Reinfeldt's Alliance for Sweden finished almost two percentage points ahead of the "left-of-center" coalition, whose key component, the Social Democrats, "received just 35.2 percent, their worst showing since universal suffrage began in Sweden in 1921. Mr. Persson, 57, who has been prime minister since 1996, said he would step down as party leader in March." The Times calls the Social Democrats "one of the world's most consistently successful political parties," and notes their defeat "reflects a feeling not only that Mr. Persson has become complacent in office, but also that Sweden's celebrated social welfare model, with its high tax rate and generous benefits, has encouraged too many people to stay out of work for too long." Reinfeldt "successfully made unemployment a major issue in the campaign. By most measures, Sweden is thriving economically," however Reinfeldt believes "it has encouraged a vast swath of people to fall out of the labor market, a particularly acute problem with an aging population."

The Financial Times (9/18, Ibison) calls Reinfeldt's election "a stunning rebuke for prime minister Göran Persson and his party that has led Sweden for 65 of the last 74 years, overseeing the creation of its world-famous welfare state." Sweden "is set for an historic change of direction as it moves away from being a welfare state towards encouraging more market-based activity." The AP (9/18, Kratovac) says Reinfeldt "once wrote a book criticizing the country's vaunted cradle-to-grave welfare state. Now he will have the chance to tweak the model." In addition, he "is decidedly more pro-American than" Persson.

López Obrador Proclaims Himself President-Elect, Will Lead "Parallel" Government. The Financial Times (9/18, Thomson) reports, "Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential election last July, proclaimed himself president-elect at the weekend and vowed to set about transforming the country's institutions to establish 'a new republic.'" Speaking "before tens of thousands of cheering supporters, he said he would not recognise the government of Felipe Calderón, the official winner, and promised to continue his 'civil resistance' movement."

The Wall Street Journal (9/18, 2.03M) reports "hundreds of thousands of supporters of…López Obrador elected him the leader Saturday of a 'parallel government'

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opposed." The "symbolic 'vote' -- a show of hands in the packed Zocalo plaza -- was the latest development in Mexico's nearly three-month electoral dispute."

The AP (9/18, Adams) reports Lopez Obrador said "the parallel government will work on proposals to rewrite Mexico's constitution to guarantee the right to food, work, health care, education and housing while overhauling 'corrupt' public institutions."

IAEA Concerned About Terrorists' Access To Serbian Nuclear Site. The UN's nuclear watchdog says that more than two tons of radioactive material stored in a research facility in Serbia are an easy target for terrorists seeking to build a "dirty bomb." The Washington Times (9/18, 88K) reprints a London Daily Telegraph (Pancevski) story which reported that nuclear inspectors have dubbed the rundown, lightly guarded storage facility at the Institute of Nuclear Sciences in Vinca "the world's most dangerous disused nuclear site" because of "the potency of the material and the risk of leakage." Michael Durst, the special program manager at the IAEA "said the Vinca site topped the global priority list of unsecured uranium sources because it combined the threats of nuclear proliferation and environmental disaster." The IAEA fears that the nuclear material "could be packaged with conventional explosives to spread radioactive material over a large area -- a so-called dirty bomb."

US Officials Said To Have Bungled Chinese Spy Ring Case. The Washington Times (9/18, Gertz, 88K) reports on a yearlong investigation into "one of the most damaging losses of defense technology in American history." US intelligence knew that Chinese Center for Asia Pacific Studies at Zhongshan University, known to US intelligence officials as CAPS, "received funding from the People's Liberation Army and conducted operational research for the Chinese military. … The fact that the spy ring went undetected for two decades was a major counterintelligence failure. Worse, the US government would go on to bungle the case." Investigators believe Chi Mak "gave China schematics and design information on the latest generation of Aegis weapons systems, which L-3 helped to develop. Aegis -- meaning shield -- is being upgraded to become America's most advanced and mobile anti-missile system for use on guided-missile cruisers, guided-missile destroyers, Sea Wolf-class submarines and aircraft carriers."

US, Europe Seek To Push Up Exchange Values Of Asian Currencies. Amid concerns that their nations companies are being undercut by their Asian competitors, the US and its European allies are pressing to push up the exchange values of Asian currencies. The Wall Street Journal (9/18, Phillips, 2.03M) reports, "In statements at top-level financial meetings during the weekend, European officials suggested they expect the yen to rise, in an apparent effort to jawbone financial markets to drive the Japanese currency up against the euro. At the same time, finance officials from the Group of Seven major industrial powers, including the US, renewed their long campaign to persuade China to allow the yuan to appreciate against the dollar and euro." At the annual meeting of the International Monetary Fund's steering committee yesterday, Treasury Secretary hank Paulson "called for 'greater exchange-rate flexibility in Asian emerging economies.' He also called on finance ministers to clamp down on Iran's finances. He said Tehran uses front companies to finance its nuclear ambitions and to fund terrorist organizations such as Hezbollah and Hamas."

China Competes With West To Aid Asian Neighbors. China has been making loans to countries that were once the "sole preserve of the World Bank, the Asian Development, the United States and Japan," the New York Times (9/18, Perlez, 1.21M) reports. According to the Times, "For poor countries like Cambodia, Laos and Myanmar, and somewhat better-off countries like the Philippines, China's loans are often more attractive than the complicated loans from the West. The Chinese money usually comes unencumbered with conditions for environmental standards or community resettlement that can hold up major projects. The aid does not carry penalties for corruption that are being increasingly used by the World Bank president, Paul D. Wolfowitz. … For its part, China benefits from the added infrastructure -- roads, ports and bridges -- in the underdeveloped but growing region around it, to help increase trade and to move natural resources from China's periphery to its heartland."

Afghan Finance Minister Expected To Enter Race To Replace Annan. Former Afghan Finance Minister Ashraf Ghani is expected to join the race to succeed Kofi Annan as UN Secretary General. The Financial Times (9/18, Johnson) reports that Ghani "will declare his candidacy this afternoon in a meeting with Hamid Karzai, the Afghan president, who is visiting the US." Observers say Ghani "had a strong track record as an administrator but suffered from his reputation for impatience." The Times adds, "In a second round of straw polls in the Security Council last week, Ban Ki-moon, South Korea's foreign minister, consolidated his lead. It also emerged that Vaira Vike-Freiberga, the Latvian president, would run."

Foreign Service Officers Say DSS Abuses Security Clearance Process. Dozens of Foreign Service officers say their careers have been ruined because

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the State Department's Diplomatic Security Service suspended their security clearances based on suspicious or unsubstantiated accusations. The Washington Times (9/18, Kralev, 88K) reports several officers accused the DSS of "abusing the security clearance process" by punishing "whistleblowing, dissenting viewpoints or minor acts of possible misfeasance unrelated to national security." DSS "declined to comment for this article, saying only that it does everything according to the law and administrative regulations. A spokeswoman said there are up to 30 suspensions every year from among the up to 40,000 State Department employees and contractors who hold security clearances at any given time."

IMF Expected To Approve Overhaul Today. The IMF today is expected to approve an overhaul that would give four fast-growing countries more of a say in the IMF's operations. USA Today (9/18, Lynch, 2.27M) reports that while the US is backing the overhaul, key economic powers including Brazil and India oppose it and "intense skirmishing" is expected "about the new formula the IMF eventually will adopt to complete its internal realignment. Poor countries, in particular, fear their already weak representation could ebb further. … Nations enjoying a greater say than their economic punch warrants, such as Belgium and the Netherlands, worry that any new approach will cost them. (The U.S., which has 17% of the IMF votes but accounts for 30% of the global economy, says it won't seek a larger say.)" USA adds, "First to benefit: China, Turkey, South Korea and Mexico, the countries suffering the biggest gap between their share of IMF votes and the size of their economies. The measure, expected to be approved today, will trigger only modest changes immediately. China, for example, will see its share of IMF votes rise to 3.7% from 2.98%."

Colombian "Peace Communities" Disavow Any Contact With Armed Groups. The Los Angeles Times (9/18, Kraul, 918K) reports on the Colombian "peace community" of San Jose de Apartado, where "a group of 1,200 peasant pacifists is taking a brave stand against the country's civil conflict. The community of three villages…was formed in 1997 after a Catholic archbishop named Isaias Duarte -- who would be assassinated five years later -- encouraged the farmers to say no to war. It is one of 10 such peace communities, or 'humanitarian zones,' in Colombia, according to Justice and Peace, a human rights advocacy organization in Bogota, the capital." Members of the community "disavow any contact or collaboration with armed groups, and agree to work as a collective on crops, livestock and community projects and to share what they produce. … But the community's profession of neutrality has not shielded it from horrendous violence. Of San Jose's nearly 1,400 original members, 178 have been killed since 1997 by armed groups looking to clear the zone of suspected collaborators, appropriate valuable land for themselves or claim transit routes for arms and drugs traffic in and out of nearby Pacific and Caribbean ports."

US' Human Rights Efforts In Equatorial Guinea Called "Low Key." U.S. News and World Report (9/25, Cue, 2.03M) that in April Secretary of State Condoleezza Rice praised President Teodoro Obiang Nguema of Equatorial Guinea as a "good friend" of the United States. Obiang "may head a corrupt and repressive regime, according to the State Department's own human-rights reports, but Equatorial Guinea is a growing oil producer -- now No. 3 in sub-Saharan Africa after Nigeria and Angola -- and an oil-needy America can't afford to be too picky about choosing its petro pals." The Bush Administration "says it is pressing Obiang and his government for progress on issues such as political reform, anticorruption measures, and human-rights protections. … The Bush administration has kept its human-rights efforts low key, and has somewhat successfully exercised its influence on Obiang to release political prisoners and improve jail conditions."

NATO Official Praises Unified Missile Defense. In the Wall Street Journal (9/18, 2.03M), NATO assistant secretary general Marshall Billingslea writes, "Today NATO crosses a major milestone in its theater missile defense efforts. The Alliance is announcing, in London, the selection of a trans-Atlantic consortium of companies with whom we will begin working on the first of our major missile defense contracts." Given the "growing threats" from sources like North Korea and Iran, Billingslea recommends, "We can choose to address the whole range of threats together, and develop a common defense for the entire Alliance."

WSJournal Says WHO Has "Come To Its Senses" On DDT. An editorial in the Wall Street Journal (9/18, 2.03M) says that WHO has announced that it will begin promoting the use of DDT to combat malaria in developing nations. It has "long been known that DDT is the cheapest and most effective way to contain the disease, which is spread by infected mosquitoes. But United Nations health agencies and others have for decades resisted employing DDT under pressure from anti-pesticide environmentalists. After tens of millions of preventable malarial deaths in these poor countries, it's nice to see WHO finally come to its senses." The Journal adds, "One insecticide won't end malaria, and DDT's proponents don't claim it will. But by keeping more people alive and healthy, DDT can help create the conditions for the only lasting solution, which is economic growth and development. It's encouraging that even a UN health agency seems to have figured that out."

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WPost Praises Rockefeller, Gates Foundation Efforts In Africa. An editorial in the Washington Post (9/18, A16, 748K) praises the Rockefeller Foundation and the Bill & Melinda Gates Foundation for their pledge of $150 million over five years to combat hunger in Africa. The Post notes that despite many problems, "the two charities are right to be trying. … The Rockefeller Foundation already has a presence in East Africa, and its grants have resulted in some progress: 20 new seed varieties and a fix for the broken licensing program that had prevented the dissemination of seeds in Kenya. The partnership with the Gates Foundation will add money and ambition to these efforts."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Immigration Reform Efforts Reinvigorate Support For Guest Worker Program."
"Did Victim's Photo Prejudice A Jury?"
"Village's Unarmed Rebellion."
"Death Squads Target The Iraqi Next Door."
"Pope Issues A Rare 'Sorry.'"
"Pasadena Church May Fight IRS Summons."

USA Today:
"Spinach Probe, Recalls Expand."
"Safety Tips."
"States Hit By E. Coli Cases."
"On The Road."
"School Buses In 11 States Tune In To Radio Programming Aimed At Kids."
"Hundreds Of Unapproved Drugs Sold By Prescription."

New York Times:
"Bid to Stockpile Bioterror Drugs Stymied By Setbacks."
"Hewlett Review Is Said to Detail Deeper Spying."
"In a Rare Step, Pope Expresses Personal Regret."
"As Senator Falters, A Democrat Rises In Virginia."
"China Competes With West In Aid To Its Neighbors?"
"Unearthing A Town Pool, And Not For Whites Only."

Washington Post:
"Allen, Webb Quarrel Over War In Iraq, Bush Policies."
"Pope 'Sorry' About Reaction To Islam Remark."
"Firms Vie For Rights To Border Security."
"Corruption Isn't Rattling Elections."
"Violence Changes Storied Baghdad Street."

Washington Times:
"Fumbled China Spy Probe An Intelligence Failure."
"Pope 'Deeply Sorry' About Muslim Reply."
"Security Probes Hold Up Diplomats."
"Rumsfeld Advisor Resigns As Pentagon Shake-Up Looms."
"President Relenting On Value Of U.N."
"U.S. Airlines Sing The Blues Over Virginia Startup."

Detroit Free Press:
"Football Mom, Dads Prepare For Voting Game."
"Inside Ford."
"Murder Trial To Start With Finger Pointing."
"Welcome To Ann Arbor, Google."

Atlanta Journal-Constitution:
"CIA Awaits Terror Policy."
"Electives Round Out Education."
"Lost Ship Holds Key To Colony Mystery."

Houston Chronicle:
"U.S. Wartime Prison System Holds 14,000 In Legal Limbo."
"Language Barriers."
"The ESlate May Not Be So Clean."
"Tiny Houston oil Company At The Center Of Global Drama."

Story Lineup From Last Night's Network News:
ABC: Pope Benedict Apologizes; Pope Benedict Apologizes Analysis; Iraq-Sectarian Violence; E. Coli Outbreak; Detainee Debate; Campaign 2006; Kidnap Victim Found; Evangelical Youth Movement; Football Story.
CBS: Preempted By Football.
NBC: Pope Benedict Apologizes; Pope Benedict Apologizes Analysis; Iraq-Sectarian Violence; Detainee Debate; Duquesne University Basketball Shooting; Kidnapped Baby; E. Coli Outbreak; Space Shuttle; Amazing Medical Recovery; New Orleans Football Dreams.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: SC-Kidnapped Girl Freed; PA-Duquesne Basketball Players Shot; CA-Wildfire; Female Space Tourist; Space Shuttle.
CBS: Detainee Debate; E-Coli Outbreak Investigation; CA-Wildfire; Pope-Islam Comments.
NPR: Pope-Islam Comments; Iraq-Kirkuk Bombings; Afghanistan-Taliban Driven Out Of Safe Havens In South; Tropical Storm Helene; Sweden-Parliamentary Elections; Ahmedinejad-Chavez Meeting; Sudan Protests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes remarks at the White House Conference on Global Literacy, New York Public Library; meets with the Prime Minister of Malaysia, Waldorf-Astoria Hotel, New York; meets with the President of El Salvador, Waldorf-Astoria Hotel, New York; meets with the President of Honduras, Waldorf-Astoria Hotel, New York;

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meets with the President of Tanzania, Waldorf-Astoria Hotel, New York; attends a Republican National Committee reception, private residence, New York. Closed press.

VICE PRESIDENT CHENEY — Delivers remarks, Maine Victory 2006 luncheon, private residence, Cape Elizabeth, Maine (closed press); remarks, Congressman Don Sherwood reception, private residence, Dallas, Penn. (closed press).

LYNNE CHENEY — Hosts Constitution Day 2006, Bigelow Hall, University of Louisville, Louisville, Ky.

LAURA BUSH — Hosts the White House Conference on Global Literacy, New York Public Library; rings closing bell, New York Stock Exchange, with Women entrepreneurs, NYSE.

US Senate: FLOOR SCHEDULE _ Meets at 2 p.m. for a period of morning business, then begin considering the Oman free trade agreement at a time TBA.

US House: No Scheduled Events.

Other: INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Highlights: 8:45 a.m. Former SEC Chair Harvey Pitt, now CEO of Kalorama Partners. 9:30 a.m. Carter Burgess, managing director of the Directorship Search Group. 11:15 a.m. Beverly Aisenbrey, managing director of Frederic W. Cook and Co. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Morning-long general session, with Larry Sabato, University of Virginia's Center for Politics, and NCUA's JoAnn Johnson and Gigi Hyland. Location: Grand Hyatt Hotel, 1000 H St. NW.

CLIMATE SUMMIT _ Washington Summit on Climate Stabilization. Participants include Iceland President Olafur Ragnar Grimsson; Robert Corell, Arctic Climate Impact Assessment and American Meteorological Society. Highlights: 1 p.m. - 5 p.m. Workshop on ``Communicating Climate Science Evidence to the Public." Participantss: Susan Joy Hassol, writer of HBO film, ``Too Hot Not to Handle." Karen Coshof, with Stonehaven Productions film ``The Great Warming," others. At Climate Institute, 1785 Massachusetts Ave., Suite 100. Location: L'Enfant Plaza Hotel.

CONGRESSIONAL OVERSIGHT _ 10 a.m. - 3 p.m. American University forum on ``The Current State of Congressional Oversight," with Rep. Henry Waxman, D-Calif.; GAO Comptroller General David Walker; others. Location: Room 2154, Rayburn.

MEANING OF CITIZENSHIP _ 10 a.m. - 3 p.m. National Conference on Citizenship's annual conference, aimed at strengthening citizenship in three areas: American history and civics education; community and public service; civic and political participation. Highlights: 10:05 a.m. Plenary address: Attorney General Alberto Gonzalez. 10:35 a.m. John Bridgeland, Advisory Board Chair, National Conference on Citizenship, speaks on ``The State of Our Civic Union." 12:20 p.m. Keynote, Robert Portman, director, Office of Management and Budget, on ``Fostering Citizenship: Our Federal Efforts." 12:50 p.m. Forum with Joseph Torsella, National Constitution Center; Thomas Davidson, principal, Constitution High School; students from Constitution High School; Harris Wofford, Case Foundation. 1:20 p.m. Afternoon Plenary Address: Senator Robert Byrd, who will administer the Citizens Oath to students at NCC. 2 p.m. Service to America, with USA Freedom Corps; Corporation for National and Community Service; Peace Corps; Citizen Corps; United Way of America; Hands On Network; Partnership for Public Service; Chavez Schools. 2:55 p.m. Presentation of Citizen of the Year Award to Irasema Salcido, founder and CEO, Chavez Schools. With remarks by Craig Turk, chairman, National Conference on Citizenship. Location: Marriott-Metro Center, 775 12th St. NW.

ENERGY SECURITY-REPORT _ 9 a.m. Sen. Jeff Bingaman, D-NM, John Podesta, CEO, Center for American Progress, and Christopher Flavin, chairman, Worldwatch Institute, release report on ``American Energy: The Renewable Path to Energy Security." Location: S-211, US Capitol.

AL-QAEDA _ 9 a.m. - 10:30 a.m. New America Foundation discussion on ``Al Qaeda Past, Present and Future," with Lawrence Wright, The New Yorker; Peter Bergen, New America Foundation. Location: 1630 Connecticut Ave. NW.

CHURCHES-POLITICS _ 10 a.m. Americans United for Separation of Church and State holds a news conference to announce a national campaign to oppose illegal partisan politicking by churches. Speaker - Rev. Barry Lynn. Location: National Press Club.

FEDERAL PAY-SURVEY _ 10 a.m. Briefing to release survey of Senior Executive Service members on impact of government's pay-for-performance management system. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

TEACHER EDUCATION _ 10 a.m. The Woodrow Wilson National Fellowship Foundation, others, release a report showing teacher education is out of step with classroom realities. It also finds a majority of U.S. teachers prepared in lower quality programs. Location: National Press Club.

WOMEN IN ACADEMIA-REPORT _ 10 a.m. National Academies of Science release report on women in academic science and engineering, ``Beyond Bias and Barriers." With Donna Shalala, president, University of Miami, and former HHS secretary; others. Location: Kaiser Family Foundation, 1330 G St., N.W.

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FUEL-EFFICIENT CARS _ 10:30 a.m. Sens. Bob Bennett and Ron Wyden unveil bipartisan plan to provide tax credits to consumers who buy more fuel efficient cars, trucks and SUVs. Location: Senate Swamp site.

IRAQ FOR SALE _ 11 a.m. Sen. Byron Dorgan (D-ND) holds news briefing with filmmaker Robert Greenwald and former KBR/Halliburton Iraq truck drivers. They'll discuss war profiteering in Iraq, and Greenwald's new movie ``Iraq for Sale." Location: Room 124, Dirksen.

HUFFINGTON SPEECH _ 11:30 a.m. Columnist Arianna Huffington speaks at Women of Washington's ``Hope is a Woman" luncheon. Her topic: ``On Becoming Fearless." Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

CONSTITUTION DAY-JUDGES _ 12 p.m. American University's College of Law marks National Constitution Day with law professors examining ``Judicial Independence." Location: Room 603, Washington College of Law, AU.

MUSLIMS-CIVIL RIGHTS REPORT _ 12 p.m. Council on American-Islamic Relations releases 11th annual report, titled ``The Struggle for Equality," on the status of Muslim civil rights in the United States. Location: CAIR, 453 New Jersey Ave. SE.

IRAQ-CONTRACTORS _ 2 p.m. The Senate Democratic Policy Committee holds a hearing on efforts to seek accountability for contracting abuses in Iraq. Julie McBride a former Halliburton employee at Camp Fallujah in Iraq; Edward Sanchez and Sean Larvenz, former Halliburton truck drivers in Iraq; Scott Allen, an attorney who represents survivors of the April 2004 convoy attack; Alan Grayson, an attorney who represents Ms. McBride in a False Claims Act. Location: Room 538, Dirksen.

GULF COAST RECOVERY-FEMA _ 3 p.m. Department of Homeland Securitys Federal Emergency Management Agency holds tele-conference to discuss the Alternative Housing Pilot Project for the Gulf Coast states. Participants include Gil Jamieson, Deputy Director for Gulf Coast Recovery. Contacts: FEMA, 504-762-2477. Notes: Call 800-320-4330, pin number 051397, press ``.

KASHMIR FORUM _ 3 p.m. Indo-American Kashmir Forum on ``The Rise of Counter-Insurgency in Kashmir and the Myth of the Separatist Kashmiri Muslim," with Captain SK Tikoo, Hindu leader of a Muslim political party comprised of former Kashmiri militants. Location: CSIS, 1800 K St. NW.

RUSSIA-TRADE _ 6 p.m. - 8 p.m. Embassy of the Russian Federation holds launch for updated edition of ``The Russia: All Regions; Trade and Investment Guide." Location: Embassy, 2650 Wisconsin Ave. NW.

AMERICA'S ENERGY ``ADDICTION" _ 6 p.m. - 8:30 p.m. DOD's offices of acquisition and technology, as well as Force Transformation, hold forum on ``Energy: A Conversation about our National Addiction." Topics include used fuel policy and the 103 commercial reactors in the US. Location: Doubletree Hotel, 300 Army Navy Dr., Crystal City, Va.

MACPHERSON-I.F. STONE _ 6:30 p.m. Myra MacPherson discusses her new book ``All Governments Lie!: The Life and Times of Rebel Journalist I.F. Stone." Location: National Press Club, 14th and F Sts. NW.

DEBATING THE CONSTITUTION _ 7 p.m. National Archives presents debate between Judge Richard Posner and Geoffrey R. Stone titled ``The Constitution in a Time of National Emergency." Issues include balancing personal liberty against public safety. Location: Burke Theater, United States Navy Memorial.

ALBRIGHT-RELIGION _ 7:30 p.m. Former Sec. of State Madeleine Albright gives Snowdon lecture on ``Reflections on America, God and World Affairs." Location: Gaston Hall, Georgetown Univ.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 18, 2006 7:45 AM EDT

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TERRORISM NEWS:

Compromise Called Possible On Interrogations (NYT)

By David E. Sanger

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — President Bush's national security adviser signaled on Sunday that he was seeking a compromise with the Republican senators who are rebelling against the administration's proposal to explicitly permit certain severe interrogation practices against terrorism suspects.

The adviser, Stephen J. Hadley, is negotiating with Senator John McCain, Republican of Arizona, and other Senate leaders over the administration's proposal, which would give the C.I.A. permission to use "alternative" techniques when interrogating terrorism suspects.

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Appearing on the ABC News program "This Week," just two days after Mr. Bush declared he would end all interrogation of terrorism suspects unless Congress defined the techniques the way the administration believes necessary, Mr. Hadley struck a more moderate tone.

Asked if he believed compromise was possible, Mr. Hadley said, "I do." He said it was essential that "we continue to have this terribly important program for protecting the country, as the president requires, that gives the men and women who carry out this program clear guidance and clear Congressional support, and also achieves Senator McCain's requirement that we don't amend or change Common Article 3," referring to the Geneva Conventions.

"We need to find a way through that obstacle course," he added. "And I think we can."

Mr. McCain has said that redefining the practices allowed under Common Article 3, which outlaws "outrages upon personal dignity" and "humiliating and degrading treatment," would ultimately harm captured American soldiers and further undercut the United States image abroad. Mr. Hadley repeated on Sunday the administration's position that the White House wanted to clarify how the provision applied to Qaeda prisoners and others termed "unlawful combatants."

Other administration officials said it became clear over the weekend that the administration was going to have to give ground. "I don't think anyone anticipated the avalanche of opinion that would be assembled on the other side of what seemed like a pretty abstruse legal issue," one official said, speaking on condition of anonymity as he was not authorized to discuss the issue with a reporter.

In New Hampshire, where he was appearing at a Nascar race and a reception for supporters, Mr. McCain said he had seen Mr. Hadley briefly on Sunday morning before they appeared, separately, on the ABC program, but he said they had not discussed a compromise. "He said all of us realize that it is in the country's interest that we try to reach an agreement," Mr. McCain said. "And I said we've had many conversations, and I look forward to continuing our conversations.

Asked what he thought Mr. Hadley was signaling with his comments on the show, Mr. McCain said: "I don't know. It can't be anything but good."

Then, adding to the administration's pain on the issue, he said: "By the way, I forgot to mention this: George Schultz said I could say that he strongly favors our position." Mr. Schultz was President Ronald Reagan's secretary of state, and his endorsement would add another powerful Republican voice in opposition to Mr. Bush, along with that of former Secretary of State Colin L. Powell.

At his Rose Garden news conference on Friday, Mr. Bush said Congress must provide "clarity" to C.I.A. interrogators seeking to extract information about future attacks from "enemy combatants."

But Mr. Bush and Mr. Hadley have declined to say what kind of "alternative interrogation practices" they want to make explicitly legal, so interrogators do not have to fear prosecution under the War Crimes Act for violating the Geneva Conventions. Common Article 3 does not define exactly what constitutes violations of personal dignity or degrading treatment.

In June, the Supreme Court ruled that the article applied to all interrogations of terror suspects. That has led to concerns within the Central Intelligence Agency and among military officers that techniques used since the Sept. 11, 2001, attacks could be viewed as illegal. Mr. Bush's amendment would legalize all but "serious violations" and give retroactive immunity to interrogators charged with going over the line.

In a second television appearance, on "Late Edition" on CNN, Mr. Hadley gave no ground on another point of dispute: whether to share with terrorism suspects classified information that is used against them.

Mr. McCain and Senators Lindsey Graham of South Carolina and John W. Warner of Virginia, both Republicans, have proposed letting a judge make determinations about the evidence and, if need be, dismiss the charges if there is no way for the defendant to respond.

Mr. Hadley said, "The challenge is to be able to continue to prosecute and bring to justice terrorists where a lot of the evidence is classified evidence." He said the administration had addressed the issue by making sure the evidence was provided to the suspect's lawyer and, where possible, by giving the accused a declassified summary of information.

Compromise On CIA Interrogations Possible (USAT)

By John Diamond

DOJ_NMG_0063708

USA Today, September 18, 2006

WASHINGTON — The Bush administration signaled Sunday that it is willing to compromise with Republican lawmakers to save a CIA interrogation program President Bush says is vital to defeating terrorists.

National security adviser Stephen Hadley, making the rounds of Sunday talk shows, said the administration believes it can clarify interrogation rules without amending the Geneva Conventions. The comments appeared aimed at closing a rift between Bush and Republicans in the Senate that Bush said threatened to halt CIA interrogation of terrorism suspects.

Key Republican lawmakers, including Sen. John Warner of Virginia and Sen. John McCain of Arizona, a former prisoner of war, argue that changing the conventions would invite other countries to do the same and expose future American POWs to mistreatment.

Asked on ABC's This Week with George Stephanopoulos whether he thought a deal could be worked out, Hadley replied, "I do."

Hadley said legislation should enable the CIA to resume interrogations that use unspecified techniques but under clear rules that comply with the conventions. Lawmakers and the White House could craft a compromise that "achieves Sen. McCain's requirement that we don't amend or change Common Article 3," the provision of the conventions that the Supreme Court ruled in June applies to terrorism detainees, he said.

Specifically, Hadley said, interrogators need clarification about the provision in Common Article 3 that bans "outrages upon personal dignity, in particular humiliating and degrading treatment."

Appearing on CNN's Late Edition with Wolf Blitzer, Hadley said: "Nobody knows what humiliating treatment is. What does it mean?"

McCain, who spent 5½ years in North Vietnamese prison camps, said tough CIA interrogations can continue within the bounds of the conventions. The ultimate issue is the United States' position as a moral leader, he said. "We're the nation that people look up to. We can't lower our standards because others do," McCain said on This Week.

On Labor Day, the CIA transferred 14 high-level detainees, including alleged 9/11 mastermind Khalid Sheikh Mohammed, to U.S. military custody at Guantanamo Bay, Cuba, effectively halting the CIA interrogation program.

National Intelligence Director John Negroponte said on Fox News Sunday that CIA interrogations could resume if another high-level terror suspect was captured, but under more restrictive rules. "That person may be questioned, but using the kinds of aggressive techniques, the tough techniques, that the president was referring to the other day may be problematic," he said.

Hadley wouldn't discuss the specifics of the CIA's interrogations. To do so, he said on ABC, would give terrorists the ability to train against the techniques "and neutralize their effect." He repeatedly denied that the techniques constitute torture.

Other Republicans expressed optimism that a deal could be reached with the White House. "I'm willing to compromise," said Sen. Lindsey Graham, R-S.C., who has opposed Bush's plan for interrogating and prosecuting terrorism suspects.

GOP Expresses Confidence On CIA Bill (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, September 18, 2006

The Bush administration and holdout GOP senators expressed confidence on Sunday they could reach a compromise on rules for CIA interrogations of suspected terrorists.

Neither the president's national security aides nor some of the lawmakers who are resisting White House pressure would say how they can reconcile their deep differences after a week of public sparring.

As a result, it is unclear if Congress quickly can pass legislation authorizing aggressive methods against terrorist detainees, as President Bush wants. Congress is likely to adjourn in two weeks for the fall elections.

Bush says CIA personnel should be able to resume tough interrogation techniques to extract information from detainees. Several senators from his own party are standing in the way, seeking changes. They say the United States must adhere strictly to international standards in the Geneva Conventions and that setting harsher ones could put U.S. troops at risk if they are captured.

"We have to hold the moral high ground," said Sen. John McCain of Arizona, one of the Republicans not satisfied with the White House proposal. "We don't think al-Qaida will ever observe those conventions, but we're going to be in other wars."

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McCain elaborated later Sunday at a reception in Concord, N.H., warning against breaking with provisions of the Geneva Conventions that protect wartime prisoners. "That's what we do not want, because Americans would be setting the precedent for changing a treaty that has been untouched by any nation for 57 years," he said.

A Supreme Court ruling in June essentially said the Geneva Conventions should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Bush's national intelligence director, John Negroponte, said the interrogation program has had "precious little activity of that kind for a number of months now" because of questions about its legality. But, he said, it is important that the program continue.

"It's provided invaluable information that has saved lives of Americans, and significant plots against our homeland have been disrupted as a result. And, surely, there is a way of finding a way forward that would permit this program to continue and, at the same time, do it in a way that is both respectful of our law and Constitution and our international obligations," Negroponte said.

But, he added, "I think we're going to have to wait and see" if a compromise can be reached with McCain and others.

McCain said he is committed to a deal. "I still believe that we'll be able to work this out to the satisfaction of everybody concerned," the senator said.

The White House says the existing ban on "cruel, inhuman or degrading treatment or punishment" satisfies U.S. treaty obligations. The senators' bill is silent on the issue.

Bush's proposal allows evidence to be held from a defendant if it is classified and allows coerced testimony if deemed reliable. The Senate bill requires a judge to dismiss charges if evidence cannot be shared. It also excludes any testimony obtained by cruel, inhuman or degrading treatment.

"If it's seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police?" said Sen. Lindsey Graham, R-S.C., another opponent of Bush's plan. "It would be a disaster."

Bush's national security adviser, Stephen Hadley, declined to say what specific techniques, such as waterboarding or prolonged sleep deprivation, would be illegal if Congress did not pass Bush's proposal.

But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator McCain's requirement that we don't amend or change" the Geneva Conventions.

"We need to find a way through that obstacle course, and I think we can," Hadley said.

Sen. Carl Levin, D-Mich., said he was not certain a compromise was possible.

"I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva," Levin said.

Also Sunday, 34 relatives of Sept. 11 victims released the text of a letter they had sent to senators asking them to fight Bush's proposal. The family members said they do not believe "that it is in the interest of the United States to create a system of military courts that violate basic notions of due process and lack truly independent judicial oversight.

"Not only does this violate our most cherished values and send the wrong message to the world, it also runs the risk that the system will again be struck down, resulting in even more delay" in prosecuting terrorists, the relatives wrote.

Hadley appeared on ABC's "This Week," CBS' "Face the Nation" and CNN's "Late Edition." Negroponte was on "Fox News Sunday," McCain on ABC and Graham and Levin on CBS.

Republicans See Compromise On Terror Detainees (WT)

By Eric Pfeiffer

The Washington Times, September 18, 2006

Administration officials and Senate Republicans said a compromise can be reached over the treatment of detained terror suspects.

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Divisions remain on a proposed modification of Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of terror suspects. The administration says it wants only to interpret the laws so that CIA officers can conduct tough interrogations without fear of prosecution in international courts.

Critics, including several Republican senators and U.S. military officials, say that changing the accepted standards of the Geneva Conventions would hurt U.S. prestige and endanger American troops captured abroad.

"We have to hold the moral high ground. We're the nation that people look up to. We can't lower our standards because others do," Sen. John McCain, Arizona Republican, said yesterday during an appearance on ABC's "This Week."

President Bush told reporters that Mr. McCain's position would weaken the administration's ability to collect vital information from terrorist suspects.

Nonetheless, Mr. McCain and other officials said a compromise can be reached.

"Absolutely, the talks are continuing," Mr. McCain said. "I've supported this president in the war on terror. I've supported him on the war in Iraq. I think he's a friend. I hope he considers me a friend. I believe we can sit down, we can work this out, preserve our Common Article 3 of the Geneva Conventions."

However, it is not clear how far each side is willing to compromise.

"I think the way ahead here is to all come together behind the proposition that the president has made, that we need this CIA program," National Security Adviser Stephen J. Hadley said on CBS' "Face the Nation."

During his interview with ABC, Mr. McCain emphasized that he is not opposed to the CIA program.

"I am not saying we should shut down the program," he said.

Sen. Lindsey Graham, South Carolina Republican, agrees with Mr. McCain on the issue and said the administration and Congress are closer than some observers think.

"I think we can get there from here," Mr. Graham said.

"Fox News Sunday" moderator Chris Wallace noted that many of those opposed to the administration's plan, including Mr. Graham, Mr. McCain and former Secretary of State Colin L. Powell, all have military combat experience. In contrast, many of the plan's supporters, including Mr. Bush, do not.

"If anybody knows about Geneva up close and personal, it's Senator McCain," who was a prisoner of war in Vietnam, Sen. Carl Levin, Michigan Democrat, said on "Face the Nation."

The ranking Democrat on the Senate Armed Services Committee said he isn't convinced that a compromise can be reached.

"I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva."

Why GOP Trio Is Bucking The White House (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 18, 2006

WASHINGTON

For the Bush White House, this week's showdown with the Senate over US treatment of detainees sets up a rematch with a triumvirate of GOP senators who have been the president's strongest supporters in the war in Iraq - and his most effective critics.

Sens. John McCain of Arizona, John Warner of Virginia, and Lindsey Graham of South Carolina led the first push-back in the Senate over the war when they opposed the White House over its torture policy last year.

Now the trio is on a new collision course with the White House over how to bring suspected terrorists to trial - a must-pass bill, since the US Supreme Court overturned the president's plan for military tribunals in June.

Senator McCain, a former prisoner of war in North Vietnam, knows torture firsthand and brings moral authority to the issue. Torture is wrong, he says. Anything that weakens international protections for detainees, "threatens US troops in this and future wars," he said on Friday.

Senator Graham, a military lawyer with the Air Force Reserve for 22 years, said Sunday on CBS's "Face the Nation" that President Bush's detainee bill, including its "clarification" of the 1949 Geneva Conventions, would "redefine America in a way that we can't win this war."

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Senator Warner, a former secretary of the Navy and now chairman of the Senate Armed Services Committee, says he aims to pass legislation that will withstand further review by US courts.

"It would be a very serious blow to the credibility of the United States ... if legislation that was prepared by the Congress and signed [by] the president failed to meet a second Supreme Court review," he said during the committee's markup Thursday.

Senators Warner, McCain, and Graham, along with Sen. Susan Collins (R) of Maine, voted with 11 Democrats on the panel, prompting renewed bids for a compromise with the White House over the weekend.

For Mr. Bush, the issue is national security. In a fiery press conference on Friday, he charged that the rival Senate bill, sponsored by McCain, Graham, and Warner, would derail a CIA program vital to the war on terror. "It's a debate that's really going to define whether we can protect ourselves," he said.

So far, GOP senators opposed to Bush's plan are not blinking.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights that they could issue their own legislative 'reinterpretations,' " responded McCain, in a statement responding to Bush on Friday. "This puts our military personnel and others directly at risk in this and future wars."

With weeks to the midterm elections, GOP strategists had hoped to go into such a debate united. Instead, at least two other senators, including Chuck Hagel of Nebraska (R) and John Sununu (R) of New Hampshire, say they will back the McCain-Warner-Graham approach.

Together, McCain, Warner, and Graham led the first rebellion in the Senate over the conduct of the war in Iraq when they challenged the White House over its torture policy last year. The McCain amendment banning the use of "cruel, inhuman and degrading treatment" of terror suspects was adopted by the Senate on Oct. 5, 2005, with the support of 9 of 10 senators, and was signed into law on Jan. 6.

In a bid to rally support for new legislation on Capitol Hill, the White House is using the text of the McCain amendment to "clarify" the terms of the Geneva Conventions, especially the requirement of Common Article 3 banning "outrages upon personal dignity, in particular humiliating and degrading treatment."

"I'm asking Congress to pass a clear law with clear guidelines based on the Detainee Treatment Act that was strongly supported by Senator John McCain," said Bush Friday.

But, ironically, the trio that produced the McCain amendment now sees it as a tool to weaken international protections for detainees by imposing a unilateral redefinition of the law. For now, the GOP revolt in the Armed Services Committee is giving cover to Senate Democrats, who don't want to head into another midterm election tagged with being weak in the war on terror.

On Sunday, Sen. Mitch McConnell said it would be awkward for Democrats to "go home and explain a vote ... to shut down an intelligence program that we know has helped save lives...."

"Questioning our policy in Iraq is not treason and it's not appeasement. It's our obligation under the Constitution," said Sen. Richard Durbin, the deputy Democratic leader, in a press briefing last week.

Last week, only eight Democrats voted against a detainee bill that is closely modeled on the president's version, when the House Armed Services Committee marked up its version of the 2006 Military Commissions Act on Sept 13.

At Issue: How Suspects Are Treated (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, September 18, 2006

Questions and answers concerning the debate over how suspected terrorists should be interrogated and prosecuted:

Q: Why is Congress having this debate now?

A: The Supreme Court, by a 5-3 decision in June, rejected the Bush administration's plan for trying some of the more than 400 terrorism suspects imprisoned at Guantanamo Bay, Cuba. The court ruled that the detainees are covered by the Geneva Conventions, international treaties that govern the treatment of prisoners of war. Last week, the Bush administration submitted a plan for the interrogation and trial of terrorism suspects. Some lawmakers, led by Senate Armed Services Chairman John Warner, R-Va., say the plan doesn't go far enough to satisfy the court's objections.

Q: If the United States supports the Geneva Conventions, why is there any question about how they apply to the prisoners?

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A: The United States is one of 194 signatories to the Geneva Conventions. Those rules clarify how uniformed prisoners of war and civilians should be treated. The administration says the alleged terrorists fall into a new category because they aren't part of any established army. That's why the administration initially maintained the Geneva Conventions didn't apply, but the Supreme Court held otherwise.

Q: Who is against the administration's plans?

A: The most outspoken opponents are four Republicans: Warner, Sen. John McCain of Arizona, Sen. Lindsey Graham of South Carolina and former secretary of State Colin Powell.

Many Democrats, including Sen. Carl Levin of Michigan, his party's top-ranking member of the Senate Armed Services Committee, also oppose President Bush's plan.

Q: Why are the Republicans influential?

A: All are military veterans with special knowledge in this area: Warner is a former secretary of the Navy; Graham is a member of the Air Force Reserves and a military lawyer; Powell is the former chairman of the Joint Chiefs of Staff; and McCain spent 5½ years as a North Vietnamese prisoner of war. Last week, the three Republican senators joined Sen. Susan Collins, R-Maine, and 11 Democrats to vote for a rival plan in the Armed Services Committee for trying and interrogating terrorism suspects.

Q: What are the main differences between the plans?

A: There are three main areas of contention:

•The president says some classified evidence must be withheld from suspects to prevent intelligence from leaking. The Senate panel's bill would require that defendants be informed of all the evidence against them.

•Both plans would ban the use of evidence obtained through torture. The president's proposal would permit evidence obtained by other types of coercive methods if a judge allowed it. The panel's bill would ban evidence obtained by "cruel, inhumane or degrading treatment."

•The president says his agreement to abide by the Detainee Treatment Act of 2005, which bans inhumane treatment, fulfills U.S. obligations under the Geneva Conventions. McCain and other senators say this waters down the conventions, which ban "outrages upon personal dignity, in particular humiliating and degrading treatment."

Q: Doesn't the senators' plan protect the legal rights of people who may be plotting against the country?

A: The senators argue that it's important for the nation to set a strong example to ensure U.S. citizens are treated fairly if they become prisoners of war. "If a CIA paramilitary operative were captured in Iran and put on trial by the Iranian government as an unlawful enemy combatant and the Iranian prosecutor provided evidence to the judge and jury marked secret to convict the American agent that he would never see or rebut, would you object to this procedure?" Graham asked Secretary of State Condoleezza Rice in a letter Friday.

Q: Why doesn't Bush agree?

A: Bush and administration spokesmen say the committee plan would end CIA interrogations that have produced information that protects American lives. The president and his advisers say the Geneva Conventions language banning "outrages upon personal dignity, in particular humiliating and degrading treatment" is too vague. "The director of CIA must be confident that what he has asked an agency officer to do is lawful," CIA Director Michael Hayden says.

Q: What types of interrogation are at issue here?

A: That information is classified. The administration will not discuss what methods are used in interrogations of terrorism suspects.

Attorney General Alberto Gonzales hinted at some of the issues at a briefing Friday. He suggested that certain conditions of confinement, including the size of detainees' cells and the amount of light provided to prisoners, are open to interpretation.

"There is no baseline standard," Gonzales said. "We want clarity."

Q: What would happen if a top terrorism suspect, such as al-Qaeda lieutenant Ayman al-Zawahri, were captured today?

A: Gonzales said Friday that the CIA detention program, which allowed for aggressive interrogations of high-level al-Qaeda detainees at secret locations overseas, has been halted until legislation is passed that would allow the administration to resume the program. This year, prominent al-Qaeda suspects were transferred from the custody of the CIA at undisclosed detention facilities to the U.S. detention facility at Guantanamo Bay.

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National Intelligence Director John Negroponte said on Fox News Sunday that high-level terrorism suspects captured today could still be questioned by the CIA, but under greater restrictions. "That person may be questioned," Negroponte said, "but using the kinds of aggressive techniques, the tough techniques that the president was referring to the other day, may be problematic."

Q: What happens now?

A: The House of Representatives has scheduled a vote on the president's plan for this week and is likely to approve it.

The Senate is more likely to approve the competing Armed Services Committee bill. If that happens, House and Senate negotiators would have to work out the differences.

Geneva Contention (WSJ)

The Wall Street Journal, September 18, 2006

The media are concentrating on the politics of the intra-Republican fight over military tribunals and detainee treatment, which last week saw the Senate Armed Services Committee move a bill substantially different from what the White House wants. But the stakes here are far more serious: To wit, if Senators John McCain, John Warner, Lindsey Graham and Susan Collins get their way, aggressive interrogation as an antiterror intelligence tool will effectively end.

Thanks to last year's McCain Amendment, the Defense Department is already required to give detainees in its custody better treatment than American police must give common criminals. The new Army Field Manual doesn't even allow for good cop/bad cop routines against Iraqi and Afghan insurgents if threats of any kind are conveyed or implied. This restraint is not required by the Geneva Conventions, which clearly distinguish between lawful and unlawful combatants -- the latter being deemed to have fewer rights because they have violated the rules of war by fighting out of uniform or targeting civilians.

Now the four GOP Senators and most Democrats are working to put CIA interrogators under similarly restrictive rules. If they get their way, they will make it impossible for any government agency to squeeze the next al Qaeda terrorist who may have information about a ticking bomb in an American city. * * *

At issue now is something called Common Article 3 of the Geneva Conventions, which the Supreme Court ruled this summer in Hamdan v. Rumsfeld applies to our conflict with al Qaeda. This was a dreadful decision, since Article 3 is intended to be applied to an "armed conflict not of an international character" -- i.e., a civil war. But it is now the law, and the question going forward is how to interpret Article 3's ambiguous prohibition against "outrages upon personal dignity, in particular humiliating and degrading treatment."

That clause can mean just about anything depending on the eye of the beholder. To pick one example, U.S. human rights groups have alleged that using women to question Islamist prisoners is "humiliating and degrading." But for the U.S. to bar women interrogators might well violate our own civil rights laws. What's more, the definition of an "outrage" is context-dependent. What's outrageous when dealing with the likes of 9/11 mastermind Khalid Sheikh Mohammed, or a terrorist who might know about imminent plots, is clearly different than what's outrageous when dealing with a lawful combatant or prisoner of war.

The Bush Administration has proposed to deal with this ambiguity by laying down a clear set of rules specifying conduct it considers acceptable and unacceptable under Article 3. We think it is perfectly legitimate to interpret Article 3, as the Administration does, in a way that permits aggressive interrogation of some detainees. Some people may disagree. But it is wrong to assert that merely attempting to interpret "outrageous," "humiliating" and "degrading" is to somehow rewrite the Geneva Conventions, as the critics charge.

Paradoxically, the GOP Senators claim the Administration has all the legal authority it needs to maintain the CIA interrogation program, which deals with the worst al Qaeda captives such as KSM. Even though the War Crimes Act as amended in 1997 makes it a crime to violate Common Article 3, the Senators say the Administration can proceed based on an opinion it can seek from the Department of Justice defining what Common Article 3 means.

But this is naive, if not disingenuous. Somebody is going to have to interpret what Article 3 requires in real world situations, and we'd rather see it done by open and honest Congressional debate than by secret Justice Department memos -- or, worse, leaving that job to interrogators in the field on a case-by-case basis. In Hamdan, the Supreme Court showed little deference to

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the executive branch but it did invite Congress to play a role. Yet now these Members of Congress want to abdicate that role and tell the Administration it is on its own in interpreting Common Article 3.

As soon as some Justice lawyer writes an opinion on Geneva allowing "stress" interrogations (such as exposure to hot or cold, or sleep deprivation), it will be denounced by Europeans and liberal activists who have a different interpretation. A future President could also rewrite that Justice opinion, exposing CIA agents to ex post facto liability. And would the same Senators now saying that the CIA interrogation program is legal stand up and defend it under media and political pressure? Don't count on it.

Amid these vagaries, CIA Director Michael Hayden is absolutely right to say that, without clear rules from Congress, he cannot put his agents at political and legal risk. He will have to shut down an interrogation program that the President says has yielded crucial intelligence that has saved American lives. CIA agents "don't want to be tried as war criminals," Mr. Bush said in his press conference Friday. "They expect our government to give them clarity about what is right and what is wrong." We'd add that as patriots they also want to be proud of their duty and know that the Congress supports it.

You'd think the critics would at least engage on these issues, but instead they are trying to play a political trump that portrays the Administration as moral rogues. Former Secretary of State Colin Powell put it most demagogically when he claimed the Bush Administration was trying to redefine Geneva and would lead others to "doubt the moral basis of our fight against terrorism" and "put our own troops at risk."

In fact, our captured troops wearing the uniform would be lawful combatants entitled as POWs to the full protection of the Geneva Conventions, not just Common Article 3. In any case, the al Qaeda terrorists we are fighting care nothing for Geneva as they mutilate and behead the Americans they capture. The Administration is making a good faith attempt to translate vague terms of international law into domestic statutory obligations. Mr. Powell's suggestion that the effort in any way compares with the habits of our enemies must be deeply offensive to his former colleagues.

Mr. McCain also didn't do his argument any favors when he accused General Hayden of "trying to protect his reputation at the risk of America's reputation." Doesn't the Senator recognize the possibility that the CIA Director is actually concerned about protecting America? We're willing to accept Mr. McCain's own sincerity on the issue. We merely disagree with him and think that leaving Article 3 undefined will mean an end to the kind of interrogation that, against certain terrorists, could save American lives.

As a political matter, however, Mr. McCain seems to want it both ways: On the one hand, he claims the Administration has all the legal rights it needs to maintain the CIA interrogation program. So he can deny responsibility if the program is shut down. On the other hand, he won't speak up and support such interrogations, and he continues to imply that the Administration favors "torture" and illegal behavior even as he knows the CIA is demanding no such thing.

The good news is the Senate is not the last word on this debate. The House is likely to endorse the Administration's preferred language this week, and a bill that emerges from conference may be a compromise the CIA can live with. The government's ability to protect Americans using the vital tool of interrogation depends on it.

The Politics Of Torture (NSWK)

By Michael Hirsh And Mark Hosenball

Newsweek, September 18, 2006

Waterboarding, which dates back to the Spanish Inquisition, is an interrogation method that involves strapping a prisoner face up onto a table and pouring water into his nose. The idea is to create the sensation of drowning so that the panicked prisoner will talk. According to The New York Times, 9/11 mastermind Khalid Sheikh Mohammed was waterboarded by the CIA. He eventually confessed what President Bush described last Friday as "information about terrorist plans we couldn't get anywhere else." Neither Bush nor any other administration official has acknowledged, on the record, the use of waterboarding or any other specific CIA method. But at a White House news conference, Bush passionately defended the once secret CIA interrogation program involving such "alternative" techniques as "vital."

The question is whether waterboarding, however effective, is torture—and whether Americans ought to be doing such things at all. Some leading Republican senators, John McCain, John Warner and Lindsey Graham, believe it should be clearly banned under new legislation. The Bush administration has proposed its own bill seeking to redefine the Geneva Conventions—which set out the rules of war—in order to preserve the CIA's right to use some harsher methods. But even Bush's former

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secretary of State, Colin Powell, publicly questioned last week whether the administration's stance might lead the world to "doubt the moral basis of our fight against terrorism." And recently Bush administration officials, in private negotiations with the Senate, have agreed to drop waterboarding from a list of approved CIA interrogation techniques, according to a Senate source involved in the dispute. (He, like the other administration officials and congressional sources quoted in this story, asked not to be identified owing to the sensitivity of the negotiations over classified information.)

The Bush administration wants to maintain seven other approved CIA interrogation methods, however, for use against suspected high-level terrorists, according to one congressional source and a lawyer involved in the negotiations. A senior administration official said he could not discuss what CIA methods are still being considered. But the official added that "one should not assume all techniques used previously will be used in the future." He also noted that the new U.S. Army field manual bans waterboarding. Two other sources, one a U.S. legislator and the other a counterterrorism official, told NEWSWEEK that the total number of CIA detainees subjected to the "most rigorous" interrogation techniques was less than five. Khalid Sheikh Mohammed is the only one among them whose identity has been acknowledged by former government officials.

The GOP's intraparty dispute centers on a single provision of the Geneva Conventions. The president has criticized a Supreme Court decision last June that ruled all suspected terrorists, even those detained secretly by the CIA, are protected under Geneva's Common Article 3, which forbids "outrages upon personal dignity" and "cruel treatment."

Bush says that, under such vague rules, CIA professionals will not know if the interrogation techniques they are using are legal, and they could be vulnerable to war crimes prosecution. He's proposing a new law that will more narrowly define Common Article 3 to mean only "serious" violations. McCain and the other GOP senators have indicated they would be willing to amend domestic U.S. law, especially the War Crimes Act, to permit at least some "enhanced" CIA techniques. They are also willing to pass legislation that would deny many rights to detainees at Guantánamo Bay and allow them to be held indefinitely. But the senators, who appear to have the support of a majority of their colleagues, want to keep the Geneva restriction broadly defined in order to protect U.S. troops abroad. "What is billed [by Bush] as 'clarifying' our treaty obligations will be seen as 'withdrawing' from the treaty obligations," Graham said. "It will set precedent, which could come back to haunt us."

Neither administration nor congressional sources would describe the other interrogation methods in dispute. As NEWSWEEK has previously reported, various CIA techniques such as open-handed slapping were first discussed in Alberto Gonzales's office in 2002 before the then White House Counsel became attorney general. Scott Horton, a New York City Bar Association lawyer who has advised the Senate on the legislation, says Capitol Hill aides have told him that the CIA has sought to use the following techniques: (1) induced hypothermia; (2) long periods of forced standing; (3) sleep deprivation; (4) the "attention grab" (the forceful seizing of a suspect's shirt); (5) the "attention slap"; (6) the "belly slap"; and (7) sound and light manipulation. Tom Malinowski, the Washington director for the group Human Rights Watch, says that Hill sources working on the legislation have described the same list to him.

Some human-rights activists view only the first two methods, hypothermia and forced standing, as outright torture. But Malinowski said there is a reason why U.S. military interrogation manuals consistently ban physical abuse of any kind. "The Army's experience has taught them that once you allow physical contact once, even if it's mild, it's very difficult to prevent much more violent physical contact," he said.

CIA Director Gen. Michael Hayden told agency personnel last week in an e-mail that he was not asking for a "CIA carve-out"—in other words, an exception for CIA interrogators. But critics say the administration is trying to achieve just that.

A Guide To The Terrorism Bills (TIME)

By Massimo Calabresi

Time, September 18, 2006

Much of Bush's war on terrorism has been waged in the shadows. But with secret surveillance and detention programs now exposed, the Administration has been forced to reckon with the lights, and the law. The President has offered two bills to put his programs on a legal footing. So far, the strongest opposition has come from his own party.

SPYING

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BUSH'S BILL would allow--but not require--the President to seek approval for the National Security Agency's (NSA's) no-warrant electronic-surveillance program from the Foreign Intelligence Surveillance Act (FISA) court. Bush has said he would seek the court's approval for the program, which he says targets only suspected terrorists calling or e-mailing to or from the U.S. Current law requires the government to get the FISA court's permission for each device--rather than each suspect--to be wiretapped; Bush claims his wartime powers override that law. His bill would send all legal challenges pending against the no-warrant program to the FISA court and allow for appeals up to the Supreme Court. It would add penalties for leaking information about official surveillance programs. The existence of the NSA program was revealed by the New York Times.

CONGRESSWOMAN HEATHER WILSON'S BILL would allow the targeting of individuals, not devices, but would require eavesdroppers to get a warrant within weeks of doing so. The bill would require that Congress be given written notification and justification for no-warrant wiretaps. Most Senate Republicans support Bush's plan, but leading House Republicans back Wilson, a New Mexico Republican, who chairs the subcommittee that oversees eavesdropping.

DEMOCRATIC BILLS in both chambers would strengthen the 1978 law and would try to make Bush comply with it.

QUESTIONING

BUSH'S BILL seeks to set the rules for future treatment of detainees in the war on terrorism. Arguing that some of the language of the Geneva Conventions regulating the treatment of prisoners of war is too vague--like the prohibition in Common Article 3 against "outrages upon personal dignity"--Bush would remove Geneva references from the U.S.'s 1996 War Crimes Act, which provides penalties up to death for abuse of detainees. Instead, he would identify nine violations: torture, cruel or inhuman treatment, performing biological experiments, murder, mutilation or maiming, intentionally causing great suffering or serious injury, rape, sexual assault or abuse and taking hostages. The bill states that these prohibitions "shall fully satisfy United States obligations" under Geneva. It would apply retroactively to all detentions after 9/11 to provide some legal protection to U.S. jailers and interrogators who dealt with detainees between then and the putative passage of the bill.

JOHN MCCAIN'S BILL would protect interrogators from civil suits, would punish them only for grave breaches of the Geneva Conventions and would increase rights of appeal to the U.S. courts. It would preserve references to the Geneva Conventions in the War Crimes Act. The Arizona Senator and his co-sponsors, John Warner and Lindsey Graham, argue that if the U.S. interprets Geneva to its liking, other countries will too, endangering American troops if they are captured.

PROSECUTING

BUSH'S BILL on questioning detainees would create military courts to try foreign detainees in the war on terrorism. The bill would expand the definition of who can be tried to include those charged with conspiracy and other lesser offenses. It would also establish the laws under which they would be tried--this in response to the Supreme Court's June ruling that the original tribunals Bush established after 9/11 did not comply with Geneva's requirement of a "regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The new courts would afford defendants the right to a civilian lawyer, an insanity defense and a copy of the proceedings, with classified information removed. But coerced statements could be accepted as evidence, and detainees could be denied access to classified intelligence presented to jurors to build the case against them. The bill would set strict limits on detainees' access to U.S. civilian courts.

MCCAIN'S BILL would prohibit the introduction of coerced statements and would allow defendants to see the evidence used against them. Its sponsors argue that statements obtained under duress are not reliable and that no one can properly defend himself without fully knowing what he is accused of. Bush has the Senate leadership and House Republicans on his side. Warner, McCain and Graham have moderate Republican supporters and most, if not all, Senate Democrats.

Leading A Rebellion (TIME)

By Karen Tumulty, Perry Bacon Jr.

Time, September 25, 2006

If you want to understand how a baby-faced freshman Republican Senator from conservative South Carolina has come to be standing against President George W. Bush on the issue of how to interrogate and try terrorism suspects, it helps to know how Lindsey Graham spent part of his summer. A month ago, when most Senators were back home campaigning and fund raising, he was in Kabul, Afghanistan, answering to "Colonel." Wearing desert fatigues, with an M9 pistol strapped to his hip, Graham was

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conducting a two-day tutorial on the principles of U.S. military law at the Afghan Defense Ministry. He recalls coaching Afghan military lawyers, who are modeling their system after that of the U.S.: "It's important that when the troops act badly, they are punished to keep good order and discipline, but it's equally important that people believe that the punishment and the system itself are fair." The only Senator now serving in the National Guard or reserve, and the first in decades to do military duty in a combat zone, Graham adds, "It has to be based on what the person did and not who the person is."

That's pretty much the same argument that Graham is making back in Washington, where he is helping turn what looked like a smart political strategy into an internecine battle among Republicans on Capitol Hill. White House and congressional leaders had hoped that focusing on terrorism in the final months before a tight midterm election would give their party an advantage over the Democrats. But they didn't count on a rebellion in their own ranks, made worse by the fact that it is led by Graham and two more senior members of the Armed Services Committee who also have impressive military credentials: chairman John Warner, a former Secretary of the Navy who was a Marine ground officer in the Korean War, four years before Graham was born; and John McCain, a former Navy pilot whose father and grandfather were admirals and who still suffers from what he endured during 5 1/2 years in a North Vietnamese POW camp.

Graham got his battle testing in a military courtroom, first at Shaw Air Force Base in South Carolina and then as chief prosecutor for the Air Force in Europe during the 1980s. He insists that Bush's proposal to tamper with the interpretation of the Geneva Conventions and put detainees on trial without letting them see all the evidence against them would have far-reaching consequences because it would invite future enemies to do the same, or worse, to Americans they capture. That argument has drawn strong support from such powerful voices as Colin Powell, former Chairman of the Joint Chiefs of Staff and ex--Secretary of State, who in a rare public criticism of Bush policy sent McCain a letter warning that "the world is beginning to doubt the moral basis of our fight against terrorism." Caught in the middle have been Graham's fellow military lawyers, many of whom share misgivings about the detainee program. At a closed session of the Armed Services Committee last week, Senator John Cornyn of Texas brandished a letter signed by top lawyers of each service saying they "do not object" to a key part of Bush's plan. But he may have overstated their level of support. "That's not the whole story," Graham said to Cornyn, according to a witness. Last week, amid bitter Republican infighting and despite a White House lobbying effort that brought both Bush and Vice President Cheney to Capitol Hill, the committee defiantly passed the trio's proposal for trying and interrogating terrorism suspects, rather than Bush's. The showdown on the Senate floor, where majority leader Bill Frist is expected to introduce the President's proposal, is not likely to be pretty.

It's not the first time Graham has put the Bush Administration on the spot. When the Abu Ghraib prison scandal broke most inconveniently in a presidential election year, he demanded accountability up the chain of command. "What are we fighting for?" the Senator asked at a hearing. "To be like Saddam Hussein?" On Bush's biggest domestic initiative, Graham supported the President's idea to add individual savings accounts to Social Security but also suggested a heretical payroll-tax increase to finance them. He infuriated the right last year by joining the bipartisan, largely moderate "Gang of 14" that blocked a change in Senate rules that would have ended Democratic filibusters of Bush's judicial nominees. Graham more recently helped ice the appeals-court nomination of Defense Department counsel William Haynes, an architect of the Administration's detainee policy.

Graham, 51, so confounds political labeling that his fellow apostate McCain, 70, has dubbed him "my illegitimate son." Like McCain, the presumed front runner for the Republican presidential nomination in 2008, Graham has a voting record that defies the headlines he creates. From the time he introduced his first piece of legislation in the South Carolina General Assembly, a bill barring gays and lesbians from serving in the state's National Guard, Graham has hewed to the right on social issues. He got a 96% rating from the American Conservative Union last year, and a zero from NARAL Pro-Choice America. As a House member, Graham caught the nation's attention playing corn-pone puritan as a House manager in Bill Clinton's impeachment trial. "Where I come from," Graham memorably drawled during the trial in the Senate chamber, as he described a phone call the President made to Monica Lewinsky, "you call somebody at 2:30 in the morning, you're up to no good." But in the Senate, Graham has become one of Hillary Clinton's good friends and has sponsored legislation with her to expand health benefits for reservists and members of the Guard--one of many times he has worked across the Senate aisle. Alex Sanders, the Democrat he defeated in 2002 to get the job, told TIME, "If I'd have known how Lindsey would turn out, I would have voted for

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him." And Dick Harpootlian, who in 2002 chaired the South Carolina Democratic Party, has gone so far as to send Graham a $1,000 campaign contribution.

As you might imagine, none of that sits particularly well with the G.O.P. establishment back home. "To say that Lindsey Graham has been a disappointment to the conservatives who were the heart and soul of his campaign would be an understatement," Republican political consultant Jeffrey Sewell wrote last week in the State, one of South Carolina's largest newspapers. "Unfortunately, our senior Senator has moved from disappointing to downright dangerous." Some Republicans are encouraging wealthy shopping-center developer Thomas Ravenel to take Graham on in the 2008 G.O.P. primary and have circulated an online petition to draft him. Ravenel--who has called Graham "the third Senator from New York"--says he has "no intention" of running against him, but that could change.

Making his own way is nothing new for Graham. He grew up in the rooms behind the Sanitary Cafe, a pool hall, bar and liquor store that his parents owned in Central, S.C. Graham's father, known as Dude, tended bar for the millworker clientele; the future Senator racked balls and answered phones. You've learned everything you really need to know about politics, Graham says, when you've had the experience of telling a wife who is on the line and looking for her husband, "He says he's not here." Graham set his sights on the military early, joining the ROTC in college, and he would have been a pilot were it not for a bad ear and dismal math scores. He had to adjust his plans again when his parents died within two years of each other while he was still in college, leaving him with a 13-year-old sister to provide for. After graduating from law school, he formally adopted her, mostly so that she would be eligible for his military benefits.

Once out of the Air Force, he returned to South Carolina and entered politics, where it seemed as if everything went his way. After two years in the legislature, he caught the Republican wave of 1994 and rode it to the House of Representatives. He supported McCain in the state's brutal 2000 G.O.P. primary and might have been punished by the new President's team, except for the fact that a Senate seat opened up with the retirement of 100-year-old Strom Thurmond two years later, and Graham had the best shot at winning it. Bush ended up coming to the state to campaign for him, in what became the most expensive Senate race in state history.

Those who don't like Graham say he is an opportunist and a grandstander. There are stories of him driving two hours for the chance to be on television for three minutes. But this month's "Best and Worst of Congress" rankings in Washingtonian magazine--the kind of popularity contest you might remember from your high school yearbook--have him pegged by a poll of 1,700 Capitol Hill insiders as one of the top choices in four categories: "Rising Star," "Straightest Shooter," "Bridge-Building Centrist" and "Funniest."

One place where Graham is not giving anyone much to laugh about these days is the White House. In an impassioned Rose Garden news conference, Bush warned that the proposal by the rebellious Republican Senators, if carried out, would give him no choice but to cancel the CIA's interrogation program of high-value terrorism suspects because it would deprive "our professionals" of the clear permission they need to continue using aggressive interrogation techniques. And the President suggested that the consequences of losing those techniques could be dire: "Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Graham insists that there are still ways to work out a compromise, although both sides appear to be digging in. "I share the President's goal of pursuing a CIA program that would protect us and operate within the rule of law," he told TIME. "And I will work with him to achieve that." That's a call to duty for both Senator and Colonel Graham.

Negroponte Says Ruling Halted 'Tough' CIA Methods (LAT)

By Greg Miller

The Los Angeles Times, September 18, 2006

WASHINGTON — The nation's top intelligence official acknowledged Sunday that the CIA had used "tough" and "aggressive" interrogation techniques that were discontinued when the Supreme Court ruled that terrorism suspects are entitled to the protections of the Geneva Convention.

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Director of National Intelligence John D. Negroponte said the CIA might still question terrorism suspects, but he added it was "up in the air" whether agency interrogators would be free to employ methods that had been used over the last five years and that Negroponte described as necessary and effective.

"There's been precious little activity of that kind for a number of months now, and certainly since the Supreme Court decision," Negroponte said on "Fox News Sunday," citing "legal uncertainties surrounding the entire program and which we think must be clarified."

Negroponte's appearance was part of a campaign by the Bush administration to defend a CIA program in which high-ranking Al Qaeda operatives had been held in secret prisons abroad and subjected to interrogation methods that critics contend are tantamount to torture.

Negroponte did not discuss specific interrogation techniques, but the CIA is known to have employed such methods as sleep deprivation; light and sound manipulation; and "water-boarding," in which a detainee is strapped to a board and made to fear he is drowning.

In appearances on the Sunday talk shows, Negroponte and national security advisor Stephen J. Hadley both reiterated the White House position that the CIA program would probably be shut down if Congress did not approve legislation clarifying or reinterpreting key provisions of the Geneva Convention.

But the administration faces a revolt from key Senate Republicans, including John McCain of Arizona, who have rejected the White House proposal and are siding with Democrats to advance legislation that would tighten rules regarding treatment of detainees.

Both sides signaled Sunday that they believed they could reach a compromise to let the CIA program continue, but they gave no indication that differences had been resolved.

McCain, who was a prisoner of war in Vietnam, said on ABC's "This Week" that he believed the CIA program should be preserved, but that it should be in compliance with the existing language in the Geneva Convention, which sets rules for the conduct of wars and the treatment of prisoners. It has been ratified by more than 190 countries, including the United States.

"I'm not saying we should shut down the program. In fact, we should have a program," McCain said. "What I'm saying is that we should not do things which would be condemned by everyone in the world."

The White House has argued that the language is vague, leaving CIA officers vulnerable to prosecution or lawsuits. In particular, the debate has centered on the meaning of provisions in what is known as Common Article 3, which bans conduct including "outrages upon personal dignity" and "humiliating and degrading treatment." Hadley said those provisions must be clarified for the CIA program to continue.

"I'm saying that nobody knows what humiliating treatment is. What does it mean?" Hadley said on CNN's "Late Edition."

"And the concern is that [interrogators] are being asked to take on very tough assignments. They want to be clear as to what is required, and they want it to be interpreted by U.S. law."

The two sides also dispute rules for prosecuting terrorist suspects in special tribunals, including whether the accused should have access to the U.S. government's classified evidence against them.

Bush announced two weeks ago that 14 terrorism suspects in CIA custody, including the alleged mastermind of the Sept. 11 attacks, Khalid Shaikh Mohammed, had been transferred to Defense Department custody at the naval base at Guantanamo Bay, Cuba.

Negroponte's remarks confirmed that the questioning of those suspects had all but ceased by the time the Supreme Court issued its June ruling in the case of Hamdan vs. Rumsfeld, which essentially rejected the Bush administration argument that Al Qaeda suspects were unlawful combatants not entitled to Geneva protections.

Asked whether the CIA would interrogate any future captive in the fight against terrorism, Negroponte said, "That person may be questioned, but using the kinds of aggressive techniques, the tough techniques … may be problematic because of the uncertainty that has been introduced by the current situation."

McCain, In New Hampshire, Gets An Earful From The Right (NYT)

By Adam Nagourney

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The New York Times, September 18, 2006

CONCORD, N.H., Sept. 17 — Senator John McCain, who is battling with the White House over the interrogation and trial of terrorism suspects, on Sunday flew to New Hampshire — and right into a blistering editorial from the conservative Manchester Union-Leader that assailed him for standing up to President Bush on the issue.

Mr. McCain, Republican of Arizona, responded with a spirited defense, invoking his experience as a prisoner of war as he vowed to block the White House effort.

"This issue is not them — this issue is about us," he said of terrorists, facing an audience sipping cocktails on a lush lawn next to a pool. "The United States has always been better than our enemies. I'll tell you right now: one of the things in prison, in North Vietnam, that kept us strong was that we knew we were not like our enemies. That we came from a better nation, with better values, with better standards."

After months of orchestrated peace, the battle with Mr. Bush over the administration's effort to reinterpret the Geneva Conventions has put Mr. McCain back into a familiar position: bucking the White House and at odds again with some conservatives, who had already been wary of his ideological views.

The dispute is shaping up as an early chapter in a shift of influence in the Republican Party away from Mr. Bush as he approaches the final two years of his administration, and toward its presidential nominee of 2008. And it is spotlighting divisions in the party as prospective presidential candidates jockey for support from the conservative wing.

One of them, Governor Mitt Romney of Massachusetts, said in an interview that he disagreed with Mr. McCain, and offered a forceful endorsement of Mr. Bush.

"I am foursquare behind the president on this," Mr. Romney said. "I believe that we should do everything possible to support those people at the front line who are responsible for enforcing the war on terrorism."

Mr. McCain said Sunday that he was acting out of conscience, not political calculation, to reinforce an image of independence that has been questioned in recent months as he has supported Mr. Bush on issues like the war in Iraq. Still, he said his office had been deluged with critical phone calls, and that he had picked up enough buzz from conservative radio talk stations to conclude that he might have once again rattled his support among conservatives.

"I would imagine so," he said, riding in a helicopter rumbling over the New Hampshire hills as it took him to a Nascar race at the New Hampshire International Speedway. "The radio talk show hosts have already been very critical."

Mr. McCain appears to be in a strong position politically as he takes on this battle. He has methodically been signing up supporters in crucial states in preparation for a 2008 campaign, part of a strategy to create a stampede to his candidacy. Although Mr. Bush has sharply challenged Mr. McCain and the other senators supporting him in the debate on interrogation tactics, the president and his aides have taken care not to attack Mr. McCain, in clear deference to his position in the party.

"There is no acrimony with the White House," Mr. McCain said. "I certainly consider him a friend. And I hope he considers me as one. We just have a disagreement."

Dan Bartlett, the White House communications director, said, "We would agree and believe the close working relationship and constant communication has kept it strictly to a difference over substance, and nothing more."

Conservatives are another matter. Senator John E. Sununu, Republican of New Hampshire, said conservatives would judge Mr. McCain on many issues, and that they did not expect to agree with a political leader on every issue — a reality he said Mr. McCain appreciated.

Still, many conservatives have criticized Mr. McCain for his support for campaign finance legislation, his backing of what they believe are permissive immigration laws, and now this. "The question is being asked: in the midst of the most difficult and challenging war we have ever faced, can the nation afford a President McCain?" The Union-Leader — the largest newspaper in the state, which holds the nation's first presidential primary — asked in a front-page editorial on Saturday. It was one of two editorials it published this weekend attacking Mr. McCain's views.

Mr. Romney has been making an increasingly vigorous challenge for conservative votes and is viewed by many Republicans as the strongest challenger to Mr. McCain, at least for now. He saw the interrogation debate as an opportunity to draw contrasts with Mr. McCain among conservative voters.

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Asked if this was his sharpest difference with Mr. McCain, Mr. Romney said: "No. There are a number of things. We have different views on McCain-Feingold, differing views on immigration policy, differing views on the interrogation of terrorists. There are also many other areas where we see eye to eye."

Told about Governor Romney's position on the treatment of terrorism suspects, Mr. McCain noted tartly, "He doesn't have a vote."

Mr. McCain said he was not overly concerned about the criticism. When an aide offered him a copy of the editorial as he rode in a car to the cocktail party here, he at first refused it, but a second later took it back and read it. And at the reception, he aggressively raised the issue, to decidedly light applause.

"We do not believe we should change the Geneva Conventions that we have adhered to for 57 years," he said. "I hold no brief for Al Qaeda. No."

"What is this all about?" he continued. "It's all about the United States of America and what is going to happen to Americans who are taken prisoner in future wars."

Mr. McCain's efforts have complicated one political component of the White House's strategy: trying to bait Democrats into a battle that might allow Republicans to portray them as weak on terrorism. But Mr. McCain said he had not heard any objection from the White House, on political grounds, about what he was trying to do.

"They know better than that," he said.

King Of Pain (NYT)

By Paul Krugman

The New York Times, September 18, 2006

A lot has been written and said about President Bush's demand that Congress "clarify" the part of the Geneva Conventions that, in effect, outlaws the use of torture under any circumstances.

We know that the world would see this action as a U.S. repudiation of the rules that bind civilized nations. We also know that an extraordinary lineup of former military and intelligence leaders, including Colin Powell, have spoken out against the Bush plan, warning that it would further damage America's faltering moral standing, and end up endangering U.S. troops.

But I haven't seen much discussion of the underlying question: why is Mr. Bush so determined to engage in torture?

Let's be clear what we're talking about here. According to an ABC News report from last fall, procedures used by C.I.A. interrogators have included forcing prisoners to "stand, handcuffed and with their feet shackled to an eye bolt in the floor for more than 40 hours"; the "cold cell," in which prisoners are forced "to stand naked in a cell kept near 50 degrees," while being doused with cold water; and, of course, water boarding, in which "the prisoner is bound to an inclined board, feet raised and head slightly below the feet," then "cellophane is wrapped over the prisoner's face and water is poured over him," inducing "a terrifying fear of drowning."

And bear in mind that the "few bad apples" excuse doesn't apply; these were officially approved tactics — and Mr. Bush wants at least some of these tactics to remain in use.

I'm ashamed that my government does this sort of thing. I'd be ashamed even if I were sure that only genuine terrorists were being tortured — and I'm not. Remember that the Bush administration has imprisoned a number of innocent men at Guantánamo, and in some cases continues to imprison them even though it knows they are innocent.

Is torture a necessary evil in a post-9/11 world? No. People with actual knowledge of intelligence work tell us that reality isn't like TV dramas, in which the good guys have to torture the bad guy to find out where he planted the ticking time bomb.

What torture produces in practice is misinformation, as its victims, desperate to end the pain, tell interrogators whatever they want to hear. Thus Ibn al-Shaykh al-Libi — who ABC News says was subjected to both the cold cell and water boarding — told his questioners that Saddam Hussein's regime had trained members of Al Qaeda in the use of biochemical weapons. This "confession" became a key part of the Bush administration's case for invading Iraq — but it was pure invention.

So why is the Bush administration so determined to torture people?

To show that it can.

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The central drive of the Bush administration — more fundamental than any particular policy — has been the effort to eliminate all limits on the president's power. Torture, I believe, appeals to the president and the vice president precisely because it's a violation of both law and tradition. By making an illegal and immoral practice a key element of U.S. policy, they're asserting their right to do whatever they claim is necessary.

And many of our politicians are willing to go along. The Republican majority in the House of Representatives is poised to vote in favor of the administration's plan to, in effect, declare torture legal. Most Republican senators are equally willing to go along, although a few, to their credit, have stood with the Democrats in opposing the administration.

Mr. Bush would have us believe that the difference between him and those opposing him on this issue is that he's willing to do what's necessary to protect America, and they aren't. But the record says otherwise.

The fact is that for all his talk of being a "war president," Mr. Bush has been conspicuously unwilling to ask Americans to make sacrifices on behalf of the cause — even when, in the days after 9/11, the nation longed to be called to a higher purpose. His admirers looked at him and thought they saw Winston Churchill. But instead of offering us blood, toil, tears and sweat, he told us to go shopping and promised tax cuts.

Only now, five years after 9/11, has Mr. Bush finally found some things he wants us to sacrifice. And those things turn out to be our principles and our self-respect.

The Kafka Strategy (NYT)

By Bob Herbert

The New York Times, September 18, 2006

The president seemed about to lose it at times last week. He was fighting with everybody — tenacious reporters frustrated by the absence of straight answers about the treatment of terror suspects; key Republican senators who think it's crazy for a great country like the U.S. to become a champion of kangaroo courts and the degradation of defendants; even his own former secretary of state, Colin Powell, who worries that the world is coming to "doubt the moral basis of our fight against terrorism."

It seemed that the only people the president wasn't fighting with were the Democrats, who have gone into a coma, and the yahoos who never had much of a problem with such matters as torture and detention without trial.

As Marvin Gaye once sang, "What's going on?"

The people at the top are getting scared, that's what's going on. The fog of secrecy is lifting, and the Bush administration is frightened to death that it will eventually have to pay a heavy price for the human rights abuses it has ordered or condoned in its so-called war on terror.

The Supreme Court has ruled that the Geneva Conventions apply to the prisoners seized by the administration, which means that abusing those prisoners — as so many have said for so long — is unquestionably illegal. And there is also the possibility that the Democrats, if they ever wake up, may take control of at least one house of Congress, giving them the kind of subpoena power and oversight that makes the administration tremble.

Bush, Cheney & Co. are desperately trying to hold together a house of cards that is ready to collapse because their strategy and tactics for fighting terrorism were slapped together with no real regard for the rule of law. What we've seen over the past few years has been a nightmare version of the United States. Torture? Secret prisons? Capital trials in which key evidence is kept from the accused? That's the stuff of Kafka, not Madison and Jefferson.

The reason President Bush has been trying so frantically to get Congressional passage of his plan to interrogate and try terror suspects is that he needs its contorted interpretations of the law to keep important cases from falling apart, and to cover the collective keisters of higher-ups who may have authorized or condoned war crimes.

There's no guarantee that the administration can properly bring to justice even the worst of the bad guys, people like Khalid Shaikh Mohammed and 13 other high-profile prisoners who were recently transferred from a secret C.I.A. program to the detention center at Guantánamo Bay, Cuba. These are men accused of the most heinous of offenses, crimes that would subject them to the death penalty.

But it's widely believed that some or all of them were tortured. In civilized countries, evidence obtained by torture is inadmissible in a court of law.

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The Bush administration would also like to deny terror suspects, even those facing the death penalty, the right to see evidence against them that is classified. This is a concept that is so far beyond the pale it makes most legal scholars gasp.

"We don't charge people — particularly in capital offenses, but in minor offenses, as well — without letting them see the evidence that is being offered against them," said Scott Horton, a prominent New York attorney and Columbia law professor who has done extensive human rights work.

"Let's imagine you're a prosecutor," said Mr. Horton. "Are you going to seek the death penalty against someone and convict them and let them be sentenced to death without letting them know what the evidence is against them? No way. What prosecutor wants that?"

One of the biggest concerns of the administration is the possibility of evidence emerging that could lead to charges of war crimes against high-ranking officials. The president and others in the administration have argued that they are seeking changes in the law in order to protect soldiers and ordinary interrogators in the field against war crimes accusations.

But there are already clear guidelines — short of war crimes prosecutions — for dealing with soldiers and civilian interrogators who abuse prisoners. The Abu Ghraib prosecutions are a good example.

The people who would have to worry, if war crimes were found to have been committed, would be those at the top of the command structure who crafted policies that were illegal and ordered them carried out — or who turned a blind eye to atrocities.

"Those are the ones," said Mr. Horton, "who are vulnerable."

Call Cruelty What It Is (WP)

By Tom Malinowski

The Washington Post, September 18, 2006

President Bush is urging Congress to let the CIA keep using "alternative" interrogation procedures -- which include, according to published accounts, forcing prisoners to stand for 40 hours, depriving them of sleep and use of the "cold cell," in which the prisoner is left naked in a cell kept near 50 degrees and doused with cold water.

Bush insists that these techniques are not torture -- after all, they don't involve pulling out fingernails or applying electric shocks. He even says that he "would hope" the standards he's proposing are adopted by other countries. But before he again invites America's enemies to use such "alternative" methods on captured Americans, he might benefit from knowing a bit of their historical origins and from hearing accounts of those who have experienced them. With that in mind, here are some suggestions for the president's reading list.

He might begin with Robert Conquest's classic work on Stalin, "The Great Terror." Conquest wrote: "When there was time, the basic [Soviet Secret police] method for obtaining confessions and breaking the accused man was the 'conveyor' -- continual interrogation by relays of police for hours and days on end. As with many phenomena of the Stalin period, it has the advantage that it could not easily be condemned by any simple principle. Clearly, it amounted to unfair pressure after a certain time and to actual physical torture later still, but when? . . . At any rate, after even twelve hours, it is extremely uncomfortable. After a day, it becomes very hard. And after two or three days, the victim is actually physically poisoned by fatigue. It was as painful as any torture."

Conquest stated: "Interrogation usually took place at night and with the accused just roused -- often only fifteen minutes after going to sleep. The glaring lights at the interrogation had a disorientating effect." He quoted a Czech prisoner, Evzen Loebl, who described "having to be on his feet eighteen hours a day, sixteen of which were devoted to interrogation. During the six-hour sleep period, the warder pounded on the door every ten minutes. . . . If the banging did not wake him, a kick from the warder would. After two or three weeks, his feet were swollen and every inch of his body ached at the slightest touch; even washing became a torture."

Conquest quoted a Polish prisoner, Z. Stypulkowski, from 1945: "Cold, hunger, the bright light and especially sleeplessness. The cold is not terrific. But when the victim is weakened by hunger and sleeplessness, then the six or seven degrees above the freezing point make him tremble all the time. . . . After fifty or sixty interrogations with cold and hunger and almost no sleep, a man becomes like an automaton -- his eyes are bright, his legs swollen, his hands trembling. In this state, he is often convinced he is guilty."

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Next on the list: Aleksander Solzhenitsyn's "The Gulag Archipelago." Solzhenitsyn describes the experience of prisoner Anna Skripnikova in 1952: "Sivakov, Chief of the Investigative Department of the Ordzhonikidze State Security Administration, said to her: 'The prison doctor reports you have a blood pressure of 240/120. That's too low, you bitch! We're going to drive it up to 340 so you'll kick the bucket, you viper, and with no black and blue marks; no beatings; no broken bones. We'll just not let you sleep.' And if, back in her cell, after a night spent in interrogation, she closed her eyes during the day, the jailer broke in and shouted: 'Open your eyes or I'll haul you off that cot by the legs and tie you to the wall standing up."

Elsewhere, Solzhenitsyn writes: "Sleeplessness . . . befogs the reason, undermines the will, and the human being ceases to be himself, to be his own 'I.' "

Finally, the president might review the memoirs of former Israeli prime minister Menachem Begin, who describes experiencing sleep deprivation in a Soviet prison in the 1940s: "In the head of the interrogated prisoner a haze begins to form. His spirit is wearied to death, his legs are unsteady, and he has one sole desire: to sleep, to sleep just a little, not to get up, to lie, to rest, to forget. . . . Anyone who has experienced this desire knows that not even hunger or thirst are comparable with it. . . . I came across prisoners who signed what they were ordered to sign, only to get what the interrogator promised them. He did not promise them their liberty. He promised them -- if they signed -- uninterrupted sleep!"

The Soviets understood that these methods were cruel. They were also honest with themselves about the purpose of such cruelty -- to brutalize their enemies and to extract false confessions, rather than truthful intelligence. By denying this, President Bush is not just misleading us. He appears to be deceiving himself.

The writer is Washington advocacy director for Human Rights Watch.

U.S. War Prisons Legal Vacuum For 14,000 (AP)

By Patrick Quinn

AP, September 18, 2006

In the few short years since the first shackled Afghan shuffled off to Guantanamo, the U.S. military has created a global network of overseas prisons, its islands of high security keeping 14,000 detainees beyond the reach of established law.

Disclosures of torture and long-term arbitrary detentions have won rebuke from leading voices including the U.N. secretary-general and the U.S. Supreme Court. But the bitterest words come from inside the system, the size of several major U.S. penitentiaries.

"It was hard to believe I'd get out," Baghdad shopkeeper Amjad Qassim al-Aliyawi told The Associated Press after his release — without charge — last month. "I lived with the Americans for one year and eight months as if I was living in hell."

Captured on battlefields, pulled from beds at midnight, grabbed off streets as suspected insurgents, tens of thousands now have passed through U.S. detention, the vast majority in Iraq.

Many say they were caught up in U.S. military sweeps, often interrogated around the clock, then released months or years later without apology, compensation or any word on why they were taken. Seventy to 90 percent of the Iraq detentions in 2003 were "mistakes," U.S. officers once told the international Red Cross.

Defenders of the system, which has only grown since soldiers' photos of abuse at Abu Ghraib shocked the world, say it's an unfortunate necessity in the battles to pacify Iraq and Afghanistan, and to keep suspected terrorists out of action.

Every U.S. detainee in Iraq "is detained because he poses a security threat to the government of Iraq, the people of Iraq or coalition forces," said U.S. Army Lt. Col. Keir-Kevin Curry, a spokesman for U.S.-led military detainee operations in Iraq.

But dozens of ex-detainees, government ministers, lawmakers, human rights activists, lawyers and scholars in Iraq, Afghanistan and the United States said the detention system often is unjust and hurts the war on terror by inflaming anti-Americanism in Iraq and elsewhere.

Building for the Long Term

Reports of extreme physical and mental abuse, symbolized by the notorious Abu Ghraib prison photos of 2004, have abated as the Pentagon has rejected torture-like treatment of the inmates. Most recently, on Sept. 6, the Pentagon issued a new interrogation manual banning forced nakedness, hooding, stress positions and other abusive techniques.

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The same day, President Bush said the CIA's secret outposts in the prison network had been emptied, and 14 terror suspects from them sent to Guantanamo Bay, Cuba, to face trial in military tribunals. The U.S. Supreme Court has struck down the tribunal system, however, and the White House and Congress are now wrestling over the legal structure of such trials.

Living conditions for detainees may be improving as well. The U.S. military cites the toilets of Bagram, Afghanistan: In a cavernous old building at that air base, hundreds of detainees in their communal cages now have indoor plumbing and privacy screens, instead of exposed chamber pots.

Whatever the progress, small or significant, grim realities persist.

Human rights groups count dozens of detainee deaths for which no one has been punished or that were never explained. The secret prisons — unknown in number and location — remain available for future detainees. The new manual banning torture doesn't cover CIA interrogators. And thousands of people still languish in a limbo, deprived of one of common law's oldest rights, habeas corpus, the right to know why you are imprisoned.

"If you, God forbid, are an innocent Afghan who gets sold down the river by some warlord rival, you can end up at Bagram and you have absolutely no way of clearing your name," said John Sifton of Human Rights Watch in New York. "You can't have a lawyer present evidence, or do anything organized to get yourself out of there."

The U.S. government has contended it can hold detainees until the "war on terror" ends — as it determines.

"I don't think we've gotten to the question of how long," said retired admiral John D. Hutson, former top lawyer for the U.S. Navy. "When we get up to 'forever,' I think it will be tested" in court, he said.

The Navy is planning long-term at Guantanamo. This fall it expects to open a new, $30-million maximum-security wing at its prison complex there, a concrete-and-steel structure replacing more temporary camps.

In Iraq, Army jailers are a step ahead. Last month they opened a $60-million, state-of-the-art detention center at Camp Cropper, near Baghdad's airport. The Army oversees about 13,000 prisoners in Iraq at Cropper, Camp Bucca in the southern desert, and Fort Suse in the Kurdish north.

Neither prisoners of war nor criminal defendants, they are just "security detainees" held "for imperative reasons of security," spokesman Curry said, using language from an annex to a U.N. Security Council resolution authorizing the U.S. presence here.

Questions of Law, Sovereignty

President Bush laid out the U.S. position in a speech Sept. 6.

"These are enemy combatants who are waging war on our nation," he said. "We have a right under the laws of war, and we have an obligation to the American people, to detain these enemies and stop them from rejoining the battle."

But others say there's no need to hold these thousands outside of the rules for prisoners of war established by the Geneva Conventions.

U.N. Secretary-General Kofi Annan declared last March that the extent of arbitrary detention here is "not consistent with provisions of international law governing internment on imperative reasons of security."

Meanwhile, officials of Nouri al-Maliki's 4-month-old Iraqi government say the U.S. detention system violates Iraq's national rights.

"As long as sovereignty has transferred to Iraqi hands, the Americans have no right to detain any Iraqi person," said Fadhil al-Sharaa, an aide to the prime minister. "The detention should be conducted only with the permission of the Iraqi judiciary."

At the Justice Ministry, Deputy Minister Busho Ibrahim told AP it has been "a daily request" that the detainees be brought under Iraqi authority.

There's no guarantee the Americans' 13,000 detainees would fare better under control of the Iraqi government, which U.N. officials say holds 15,000 prisoners.

But little has changed because of these requests. When the Americans formally turned over Abu Ghraib prison to Iraqi control on Sept. 2, it was empty but its 3,000 prisoners remained in U.S. custody, shifted to Camp Cropper.

Life in Custody

The cases of U.S.-detained Iraqis are reviewed by a committee of U.S. military and Iraqi government officials. The panel recommends criminal charges against some, release for others. As of Sept. 9, the Central Criminal Court of Iraq had put 1,445

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on trial, convicting 1,252. In the last week of August, for example, 38 were sentenced on charges ranging from illegal weapons possession to murder, for the shooting of a U.S. Marine.

Almost 18,700 have been released since June 2004, the U.S. command says, not including many more who were held and then freed by local military units and never shipped to major prisons.

Some who were released, no longer considered a threat, later joined or rejoined the insurgency.

The review process is too slow, say U.N. officials. Until they are released, often families don't know where their men are — the prisoners are usually men — or even whether they're in American hands.

Ex-detainee Mouayad Yasin Hassan, 31, seized in April 2004 as a suspected Sunni Muslim insurgent, said he wasn't allowed to obtain a lawyer or contact his family during 13 months at Abu Ghraib and Bucca, where he was interrogated incessantly. When he asked why he was in prison, he said, the answer was, "We keep you for security reasons."

Another released prisoner, Waleed Abdul Karim, 26, recounted how his guards would wield their absolute authority.

"Tell us about the ones who attack Americans in your neighborhood," he quoted an interrogator as saying, "or I will keep you in prison for another 50 years."

As with others, Karim's confinement may simply have strengthened support for the anti-U.S. resistance. "I will hate Americans for the rest of my life," he said.

As bleak and hidden as the Iraq lockups are, the Afghan situation is even less known. Accounts of abuse and deaths emerged in 2002-2004, but if Abu Ghraib-like photos from Bagram exist, none have leaked out. The U.S. military is believed holding about 500 detainees — most Afghans, but also apparently Arabs, Pakistanis and Central Asians.

The United States plans to cede control of its Afghan detainees by early next year, five years after invading Afghanistan to eliminate al-Qaida's base and bring down the Taliban government. Meanwhile, the prisoners of Bagram exist in a legal vacuum like that elsewhere in the U.S. detention network.

"There's been a silence about Bagram, and much less political discussion about it," said Richard Bennett, chief U.N. human rights officer in Afghanistan.

Freed detainees tell how in cages of 16 inmates they are forbidden to speak to each other. They wear the same orange jumpsuits and shaven heads as the terrorist suspects at Guantanamo, but lack even the scant legal rights granted inmates at that Cuba base. In some cases, they have been held without charge for three to four years, rights workers say.

Guantanamo received its first prisoners from Afghanistan — chained, wearing blacked-out goggles — in January 2002. A total of 770 detainees were sent there. Its population today of Afghans, Arabs and others, stands at 455.

Described as the most dangerous of America's "war on terror" prisoners, only 10 of the Guantanamo inmates have been charged with crimes. Charges are expected against 14 other al-Qaida suspects flown in to Guantanamo from secret prisons on Sept. 4.

Plans for their trials are on hold, however, because of a Supreme Court ruling in June against the Bush administration's plan for military tribunals.

The court held the tribunals were not authorized by the U.S. Congress and violated the Geneva Conventions by abrogating prisoners' rights. In a sometimes contentious debate, the White House and Congress are trying to agree on a new, acceptable trial plan.

Since the court decision, and after four years of confusing claims that terrorist suspects were so-called "unlawful combatants" unprotected by international law, the Bush administration has taken steps recognizing that the Geneva Conventions' legal and human rights do extend to imprisoned al-Qaida militants. At the same time, however, the new White House proposal on tribunals retains such controversial features as denying defendants access to some evidence against them.

In his Sept. 6 speech, Bush acknowledged for the first time the existence of the CIA's secret prisons, believed established at military bases or safehouses in such places as Egypt, Indonesia and eastern Europe. That network, uncovered by journalists, had been condemned by U.N. authorities and investigated by the Council of Europe.

The clandestine jails are now empty, Bush announced, but will remain a future option for CIA detentions and interrogation.

Louise Arbour, U.N. human rights chief, is urging Bush to abolish the CIA prisons altogether, as ripe for "abusive conduct." The CIA's techniques for extracting information from prisoners still remain secret, she noted.

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Meanwhile, the U.S. government's willingness to resort to "extraordinary rendition," transferring suspects to other nations where they might be tortured, appears unchanged.

Prosecutions and Memories

The exposure of sadistic abuse, torture and death at Abu Ghraib two years ago touched off a flood of courts-martial of mostly lower-ranking U.S. soldiers. Overall, about 800 investigations of alleged detainee mistreatment in Iraq and Afghanistan have led to action against more than 250 service personnel, including 89 convicted at courts-martial, U.S. diplomats told the United Nations in May.

Critics protest that penalties have been too soft and too little has been done, particularly in tracing inhumane interrogation methods from the far-flung islands of the overseas prison system back to policies set by high-ranking officials.

In only 14 of 34 cases has anyone been punished for the confirmed or suspected killings of detainees, the New York-based Human Rights First reports. The stiffest sentence in a torture-related death has been five months in jail. The group reported last February that in almost half of 98 detainee deaths, the cause was either never announced or reported as undetermined.

Looking back, the United States overreacted in its treatment of detainees after Sept. 11, said Anne-Marie Slaughter, a noted American scholar of international law.

It was understandable, the Princeton University dean said, but now "we have to restore a balance between security and rights that is consistent with who we are and consistent with our security needs."

Otherwise, she said, "history will look back and say that we took a dangerous and deeply wrong turn."

Back here in Baghdad, at the Alawi bus station, a gritty, noisy hub far from the meeting rooms of Washington and Geneva, women gather with fading hopes whenever a new prisoner release is announced.

As she watched one recent day for a bus from distant Camp Bucca, one mother wept and told her story.

"The Americans arrested my son, my brother and his friend," said Zahraa Alyat, 42. "The Americans arrested them October 16, 2005. They left together and I don't know anything about them."

The bus pulled up. A few dozen men stepped off, some blindfolded, some bound, none with any luggage, none with familiar faces.

As the distraught women straggled away once more, one ex-prisoner, 18-year-old Bilal Kadhim Muhssin, spotted U.S. troops nearby.

"Americans," he muttered in fear. "Oh, my God, don't say that name," and he bolted for a city bus, and freedom.

EDITOR'S NOTE — The Associated Press staff in Baghdad and AP writers Andrew Selsky in San Juan, Puerto Rico; Matthew Pennington in Kabul, Afghanistan; Anne Plummer Flaherty in Washington, and Charles J. Hanley in New York contributed to this report.

Look Away! Look Away! (RC)

By Mary Ann Akers

Roll Call, September 18, 2006

Either way you slice it, Sen. Saxby Chambliss (R-Ga.) argued last week that the South could have won the war between the states if the Confederates had just had better intelligence.

During Thursday's closed-door Senate Armed Services Committee hearing on trials, interrogation and detention of foreign terrorism suspects, Chambliss made an analogy between the current war on terror and the Civil War. He made the point that history would have been altered dramatically if only the South had had better intel.

Democratic sources expressed outrage that he compared the Civil War to the Bush administration's war on terror. "It's a little disgusting" to be equating the two, one Democratic source said, adding, "You can't figure out whether he didn't understand the Civil War, or the war on terror, or both."

When sources first contacted HOH, they thought they remembered Chambliss say, "We need better intelligence. If we had better intelligence in the Civil War we'd be quoting Jefferson Davis, not Lincoln."

Not quite, according to Chambliss spokeswoman Lindsay Mabry. She says what he really said was, "If Gen. JEB Stuart had had better intelligence, we'd all be meeting in Richmond right now."

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No biggie, Mabry said. Her boss simply "made a historical analogy" that "intelligence is important to ultimate victory in wartime. And the side that knows better wins."

Sen. Macaca? A party's never a party until the host insults one of the guests. Such was the case Thursday at the anniversary party for "The Chris Matthews Show" on the tented rooftop of The Hay-Adams hotel.

The hyperactive TV gabber got up to thank everyone for coming out to celebrate his Sunday morning show's success. Suddenly he got that boyishly devilish grin — you know the one — and stopped mid-sentence to send a shout-out to Sen. George Allen (R-Va.).

Allen had that deer-in-the-headlights look as the entire party stood at attention. Matthews continued, "I'm not going to call you Sen. Ma... ." He paused a beat, then continued his joke with, "Caucasian."

The term he didn't call Allen would have been "macaca," the one word Allen wishes he had never uttered. The Senator has been dogged by critical media coverage, including on Matthews' MSNBC show "Hardball," for weeks now, ever since he referred to a young Indian-American staffer on the campaign of his Democratic opponent, Jim Webb, as "macaca," a word that can mean monkey.

Allen's spokesman wouldn't directly address what the Senator thought of Matthews' joke, saying only, "Sen. Allen was happy to go by and congratulate Chris on a successful five years."

Senator Slams Tom Cruise. Actress Brooke Shields has a friend in Sen. Gordon Smith (R-Ore.).

Smith, chairman of the Special Senate Committee on Aging, slammed actor Tom Cruise for criticizing Shields' use of the antidepressant Paxil when she suffered from postpartum depression. The comments by Cruise — an adherent of the Church of Scientology, which frowns on the use of antidepressants — were widely criticized as unscientific and potentially harmful to women who have the condition.

During Thursday's hearing on senior suicide, Gordon posed a non sequitur question to guest David Steffens, head of geriatric psychiatry at Duke University Medical Center.

"Would you agree with me: Tom Cruise is a great actor?" Gordon, tongue-in-cheek, asked his witness.

"He is a fantastic actor," Steffens replied, kind of chuckling.

"What kind of a mental health physician do you think he is?"

"I think that ... um," Steffens wasn't really sure how to answer, though before Smith posed the question a different way, Steffens said, "I think he needs to be better informed."

"Is postpartum depression real? Is it a legitimate medical condition?"

"Yes, sir," Steffens replied.

"Bipolar condition — is that a real condition?"

"Yes, sir."

"How about schizophrenia?"

"Yes, sir," the doctor responded.

"And they're identifiable medical conditions with treatments?" the Senator asked.

"Yes, sir, very effective treatments."

"I wanted that on the record," Smith said.

OK, there you have it, Brooke. Smith is on your side, too.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

HOMELAND RESPONSE:

Bid To Stockpile Bioterror Drugs Stymied By Setbacks (NYT)

By Eric Lipton

The New York Times, September 18, 2006

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WASHINGTON, Sept. 17 — The last of the anthrax-laced letters was still making its way through the mail in late 2001 when top Bush administration officials reached an obvious conclusion: the nation desperately needed to expand its medical stockpile to prepare for another biological attack.

The result was Project BioShield, a $5.6 billion effort to exploit the country's top medical and scientific brains and fill an emergency medical cabinet with new drugs and vaccines for a host of threats. "We will rally the great promise of American science and innovation to confront the greatest danger of our time," President Bush said in starting the program.

But the project, critics say, has largely failed to deliver.

So far, only a small fraction of the anticipated remedies are available. Drug companies have waited months, if not years, for government agencies to decide which treatments they want and in what quantities. Unable to attract large pharmaceutical corporations to join the endeavor, the government is instead relying on small start-up companies that often have no proven track record.

The troubles have been most acute with the highest priority of all: a $900 million push to add a new anthrax vaccine to the stockpile. What had begun as an effort to test and manufacture a safer, faster-acting vaccine has turned into an ugly battle between two biotech businesses.

Each has hired Washington lobbyists to attack its rival's product and try to win over lawmakers and administration officials. Delivery of the new vaccine is far behind schedule, and a dispute between the Department of Health and Human Services and VaxGen, the company chosen to make the vaccine, could even end the deal. The only doses that have been added to the stockpile are of a decades-old vaccine that has generated complaints of serious side effects.

Health department officials acknowledge some problems but say they have made progress. "Medical discovery is an unpredictable process," said Bill Hall, a spokesman. "It is the nature of science."

But some companies on the sidelines say the experience with the anthrax vaccine is exactly why they do not want to do business with Washington. Once optimistic about the president's promise, many biotech companies and public health experts are now discouraged.

"The inept implementation of the program has led the best brains and the best scientists to give up, to look elsewhere or devote their resources to medical initiatives that are not focused on biodefense," said Michael Greenberger, director of the Center for Health and Homeland Security at the University of Maryland.

Even some former department officials who helped create BioShield are dismayed.

"I find this all rather repugnant," said D. A. Henderson, a former top bioterrorism official. "You have people here who, in the face of a problem of serious import, are using every tactic they can to line their own pockets." Risk and Disappointment

From the start, officials in Washington knew that Project BioShield would be a risky venture — for the government, the companies involved and even ordinary Americans, who might be asked to take relatively untested treatments in an emergency.

Officials hoped $5.6 billion in federal money would entice companies to develop new drugs and vaccines for anthrax, smallpox, botulism, Ebola and other deadly diseases.

Because of the perceived urgency of the threat, the project suspends some traditional standards. It allows new vaccines or drugs to be used in emergencies before completing the lengthy Food and Drug Administration approval process. Full testing on humans is also not required because it is too dangerous, even though that means no one will know with certainty whether the vaccines will work until used in a crisis.

For their part, the companies have to take all the risks of developing and manufacturing new products; they get paid only upon delivery.

At the top of the government's threat list was anthrax, which killed five people, created panic and disrupted the mail system after letters filled with the powder were sent through the mail. No one has been charged in the attacks, which affected places including a tabloid publication in Florida, a New York television network and several lawmakers' offices on Capitol Hill.

"The top three threats, in fact, are anthrax, anthrax, anthrax," Dr. Gerald Parker, a senior health agency official, said in an interview. If properly dispersed through the air, just a few hundred pounds of anthrax powder could endanger tens of thousands of people.

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After the letter attacks, the health agency bought enough antibiotics for 41 million Americans, but the recommended treatment augments those drugs with a vaccine. The government already had an anthrax vaccine to inoculate military personnel, but it involved six shots over 18 months, an unusually long course of treatment. While the F.D.A. says it is safe and effective, it can have nasty side effects. There have been reports among military personnel of six deaths and serious complications, including lymphoma and multiple sclerosis. The military stopped mandatory vaccinations in 2004 after some soldiers balked and filed lawsuits.

"It is 1950's technology," said Dr. Philip K. Russell, the former acting director of the office that started Project BioShield. "We don't drive Model T Fords anymore."

The first disappointment with the new anthrax vaccine occurred in early 2004 when bids to test and manufacture it came in. None were from big pharmaceutical companies; they considered the effort unappealing because the potential market was relatively small and profits limited. They were also concerned about liability if someone became ill or died after being inoculated. Project BioShield did not offer immunity from lawsuits.

That left a handful of companies in the running, relatively small outfits with limited experience. VaxGen, for example, had never taken a drug to market. Its first major product, an AIDS vaccine, flopped in 2003. The company also had financial troubles; it was barred from Nasdaq in 2004 after managers uncovered accounting errors.

The situation was hardly ideal, federal health officials acknowledged.

"We are going to be working consistently with these smaller firms, and it's going to require an enormous amount of government effort to get this product licensed," said Stewart Simonson, then an assistant health secretary overseeing the anthrax vaccine effort.

VaxGen argues that a company does not have to be large to successfully produce a vaccine. "We've repeatedly demonstrated that we have the capacity, expertise and infrastructure to meet the government's needs," said Lance Ignon, a vice president of the company, which is based in Brisbane, Calif.

Instead of hedging its bets by dividing the work among several vendors, Health and Human Services awarded the entire $887 million order to VaxGen. It was to produce 75 million doses, enough to inoculate 25 million Americans.

That decision fed doubts about Project BioShield in Congress and drew loud complaints that would grow into sharp opposition from Emergent BioSolutions, the maker of the old vaccine, which is based in Gaithersburg, Md.

Then known as BioPort and based in Lansing, Mich., the company did not submit a bid for the new vaccine. Instead, it had been trying for months to persuade the federal government to buy hundreds of millions of dollars of the existing vaccine, its only major product. When executives learned that one competitor was getting all the work, they knew the company's future was in peril.

Soon, though, they found an important weapon for a campaign to recapture business.

Competition Heats Up

VaxGen's vaccine was based on a modified version of the old one; Army scientists had genetically re-engineered it in hopes of making it safer and faster, with three shots instead of six. But VaxGen tests in early 2005 showed that an ingredient added to the vaccine caused it to decompose. It would not survive long in the emergency stockpile.

VaxGen officials played down the setback, which delayed delivery to 2007 from 2006. "We are being called on to develop a vaccine in roughly half the time it normally takes," Mr. Ignon said. "When you do that, you have to accept the fact that there are going to be some unexpected turns."

But Emergent officials capitalized on VaxGen's stumble. They had already gotten health agency officials to agree to buy five million doses of their vaccine to add to the stockpile. Now they began pushing for a much larger deal, possibly replacing VaxGen's vaccine altogether, company documents show.

To lead its lobbying effort, which has cost more than $1 million since 2005, Emergent turned to Jerome M. Hauer, a top official at the health department until late 2003. While at the agency, he supported the push for a new vaccine. Now he was trying to persuade Congress and his former employer to buy the old vaccine.

Explaining his shift, Mr. Hauer said VaxGen's problems convinced him that Emergent's vaccine was the best choice. In retrospect, he said, "The advice we were given was wrong."

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Emergent hired nearly a dozen other lobbyists, some of whom had similarly useful connections. They included John M. Clerici, a lawyer who had helped shape the BioShield legislation; John Hishta, former chief of staff to Representative Thomas M. Davis III, Republican of Virginia; and Allen Shofe, a former tobacco industry lobbyist.

The lobbyists argued that quality control problems at Emergent's plant in Michigan had been corrected and that reports of serious side effects from the vaccine were unfounded. But mostly, they tried to undermine confidence in VaxGen.

In a series of meetings with lawmakers and administration officials, they attacked their rival. "VaxGen has a history of failure and irregularities," their briefing books said. "VaxGen has never produced an F.D.A.-approved product," and its "vaccine is based on unproven technology," leaving "the health and protection of the American public on a company with a history of scientific failure and financial scandal."

The lobbyists also criticized the officials involved in administering BioShield. In speeches and news interviews, Mr. Hauer questioned the credentials of Mr. Simonson, the health department official in charge of the program, and once called him the "Mike Brown of H.H.S.," a reference to the disgraced former director of the Federal Emergency Management Agency. (Mr. Simonson, who resigned this year, had worked as an Amtrak lawyer and as legal counsel to Gov. Tommy G. Thompson of Wisconsin, who was later head of the federal health department.)

The lobbyists also charged that Dr. Russell, who helped start Project BioShield, had a conflict of interest. They said he had helped develop the vaccine as former director of the Walter Reed Army Institute of Research and then been instrumental in awarding the manufacturing contract after moving to the health department. (Dr. Russell says he retired from the Army before it began research on the VaxGen vaccine.)

Fearful of losing the public relations battle, VaxGen increased its own lobbying effort. It hired Robert Housman, who had worked with Mr. Hauer to help Emergent open its anti-VaxGen campaign and then switched sides. But VaxGen, which spent $200,000 on lobbying last year, was outmanned by Emergent and put on the defensive.

Senator Charles E. Grassley, an Iowa Republican and focus of Emergent's lobbying, sent a letter to Health and Human Services Secretary Michael O. Leavitt that closely echoed criticisms of VaxGen that had first been raised in Emergent documents.

Representative Davis scheduled a hearing last summer at which Emergent's chief executive was invited to testify, but no one was invited from VaxGen. Mr. Davis said Mr. Hishta, his former aide, apparently did contact his office about Emergent. But he said he was not sure why only Emergent was asked to testify.

Under pressure from Congress, the health agency agreed in May to double its order of Emergent's vaccine to 10 million doses, worth $243 million. The next day, health officials demanded what VaxGen says are additional safety and efficacy tests that will further delay delivery by a year or two. Threatening to sue, VaxGen is seeking upfront payments from the health department or other concessions. If no agreement is reached, company officials say, the entire deal could collapse.

"We understand this program is new and changes will have to be made," said Piers Whitehead, a vice president of VaxGen. "But in our case, the goalposts were moved much farther than they needed to be."

Words of Determination

Health officials said they were determined to see the anthrax contract — and other BioShield endeavors — through to the end.

"There are people out there who feel like they are not getting a piece of the pie or that this is not running the right way," said Mr. Hall, the department spokesman. "That may be. But to come in and criticize BioShield as a failing program because we have not spent all the money and don't have all the products in the warehouse is completely and sorely misguided."

The maneuvering has been so intense, with lobbyists and media consultants helping the companies undermine the competition, even some of the people who have profited now express disgust.

"This ought be driven by the science, by efficacy and threat, not lobbyists," Mr. Housman said. "It has been shanghaied. And the implication is our national security is compromised."

Next week, agency officials will meet with industry representatives to discuss a new strategy for Project BioShield. Mr. Greenberger, the University of Maryland expert, and others argue that government agencies must determine more quickly what is

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needed for the stockpile and provide more financial incentives to lure the big companies and better support the start-up companies.

Some in Congress say the improvements are much needed because Project BioShield has proven so disappointing.

"A torturous labyrinth of federal fiefdoms into which billions disappear," Representative Christopher Shays, Republican of Connecticut, said of the program. "Yet few antidotes have yet to emerge."

Bluegill On Guard In Region's Water Supply (WP)

By Christopher Lee

The Washington Post, September 18, 2006

The bluegill is a freshwater fish of many talents, able to elude predators by hiding in submerged tree stumps and to survive for weeks without food.

Now, with the help of a scientific contraption developed by the U.S. Army and a private company, the fish also is keeping vigil over the Washington region's water supplies, where it might be able to save millions of lives in the event of a terrorist attack.

The scaly sentinels are a key component of the IAC 1090 Intelligent Aquatic Biomonitoring System, a new water-monitoring device that electronically analyzes the behavior of eight captive bluegills to detect the presence of chemical toxins or other contaminants. The system is also in use in New York City and San Francisco.

If the fish show signs of distress in response to something in the water, the system automatically trips an alarm, takes samples, and summons authorities by e-mail and pager so that they can investigate whether there is a threat to humans. It costs $45,000 to $110,000.

"We're basically using it as part of an early-warning contaminant-monitoring system for water in the national capital region," said Stuart A. Freudberg, director of environmental programs for the Metropolitan Washington Council of Governments. "This is another tool in the arsenal, if you will, that water utilities use to make sure the water in this region is safe."

Freudberg said the system has been in place for at least six months and monitors water for a number of Washington area utilities serving 4.5 million people. He declined to reveal how many devices are in place, citing security needs.

Ever since Sept. 11, 2001, governments at all levels have sought ways to deter and defend against the next terrorist attack. One scenario that officials fear is an attempt by terrorists to dump chemicals or other toxic agents into the water supply, an attack that could kill or sicken millions of people.

Utilities have always taken routine steps to ensure the quality of the water they provide, including the regular testing of samples and the treatment of water to kill pathogens. Such measures continue, and experts point out that poisoning a city's water supply would be difficult because the sheer volume would dilute and overwhelm most chemicals. Yet the risk of such an attack has prompted officials to search for every tool they can find.

For the past six months, the San Francisco Public Utilities Commission has used bluegills in its treatment plant south of the city to monitor water provided to about half of its 2.4 million customers, spokesman Tony Winnicker said.

"It's another layer of protection," he said. "The fish are extremely sensitive to minute changes in the source water quality, so even if we don't know what the fish react to, we know that they are reacting to something. . . . With traditional sampling, you can only find what you are looking for. The fish might pick up something that you are maybe not specifically looking for."

The biomonitoring system is a 2-by-3-foot device developed for commercial use by Intelligent Automation Corp. of Poway, Calif., with technology patented by the Army. The device resembles a luggage trunk shot through with cables and tubes and hooked up to a monitor.

Eight juvenile bluegills swim in a row of solitary compartments the size of a large mail slot, each fish submersed in piped-in water and separated from the others by a pane of frosted glass. Electrodes attached to each compartment convey data about the fish's movements and breathing patterns to a nearby computer, which monitors the data and sounds the alarm if at least six of the fish show signs of distress.

"It's kind of similar to a doctor putting a stethoscope on your chest -- it's to look for something that's not normal," said Tom Shedd, a research biologist with the U.S. Army Center for Environmental Health Research at Fort Detrick, who helped invent the system. "It's the same thing here, only what you are looking at is . . . the breathing apparatus of the fish."

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The sensors do not touch the bluegills' chests, of course, Shedd said. Instead, when the fish use muscles to breathe, the action sends a low-level electrical impulse through the water that can be picked up by the two electrodes attached to each fish chamber. From those signals, scientists can tell how quickly and deeply the fish are breathing and can detect when they "cough," or try to discharge an irritant from their gills, Shedd said. All of which, along with the fish's movements, can signal the presence of a toxin.

The system uses bluegills because the fish are sedentary, Shedd said, and because the Environmental Protection Agency has a "huge" database showing how various toxins affect them. Although adult bluegills can grow to be 13 inches long, the system relies on juveniles that are generally no longer than four inches. It requires that they remain in the chamber, unfed, for two-to-three-week tours of duty, Shedd said.

Such conditions do not upset the fish, said William A. Lawler, an executive with Intelligent Automation, who noted that the system wouldn't work if the device itself made the fish agitated. "We want them very calm and very happy," he said. "We're monitoring against stress."

The company's key contribution was to add software that automated the analysis of the raw data and the sending of alerts, because scientists cannot be on hand all the time, Lawler said.

The system can monitor either untreated or treated water as long as chlorine is removed. It also can be configured to directly measure water temperature and acidity, which can agitate fish without posing a threat to humans. The system cannot detect bacteria such as anthrax, E.coli and fecal coliform, but utilities have other tests for such things, Lawler said.

So far none of the municipal systems has found signs of a terrorist attack, although a few have had alerts for disruptions in algae levels and the like, officials said. One city received an alert after janitors opened the device to check on the fish, spooking them, Lawler said.

More serious was the "substantial alarm" at Fort Detrick in the spring of 2004, when fish at the facility's water treatment plant on the Monocacy River signaled a problem, Shedd said. The fish died, and testing showed the presence of materials typically used in pesticides and herbicides. Officials never found the source, but the toxins never got into the drinking water.

"We had confidence that that didn't take place," Shedd said.

Lawler said the bluegills don't always have to give their lives to be of service. "The idea is to prevent harm to the fish and get a handle on something before there is a problem," he said.

The Path To Hysteria (WSJ)

By Cyrus Nowrasteh

The Wall Street Journal, September 18, 2006

I am neither an activist, politician or partisan, nor an ideologue of any stripe. What I am is a writer who takes his job very seriously, as do most of my colleagues: Also, one who recently took on the most distressing and important story it will ever fall to me to tell. I considered it a privilege when asked to write the script for "The Path to 9/11." I felt duty-bound from the outset to focus on a single goal -- to represent our recent pre-9/11 history as the evidence revealed it to be. The American people deserve to know that history: They have paid for it in blood. Like all Americans, I wish it were not so. I wish there were no terrorists. I wish there had been no 9/11. I wish we could squabble among ourselves in assured security. But wishes avail nothing.

My Iranian parents fled tyranny and oppression. I know and appreciate deeply the sanctuary America has offered. Only in this country could a person such as I have had the life, liberty and opportunity that I have had. No one needs to remind me of this -- I know it every single day. I know, too, as does everyone involved in the production, that we kept uppermost in our minds the need for due diligence in the delivery of this history. Fact-checkers and lawyers scrutinized every detail, every line, every scene. There were hundreds of pages of annotations. We were informed by multiple advisers and interviews with people involved in the events -- and books, including in a most important way the 9/11 Commission Report.

It would have been good to be able to report due diligence on the part of those who judged the film, the ones who held forth on it before watching a moment of it. Instead, in the rush to judgment, and the effort to portray the series as the work of a right-wing zealot, much was made of my "friendship" with Rush Limbaugh (a connection limited to two social encounters), but nothing of any acquaintance with well-known names on the other side of the political spectrum. No reference to Abby Mann, for instance,

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with whom I worked on "10,000 Black Men Named George" (whose hero is an African-American communist) or Oliver Stone, producer of "The Day Reagan Was Shot," a film I wrote and directed. Clearly, those enraged that a film would criticize the Clinton administration's antiterrorism policies -- though critical of its successor as well -- were willing to embrace only one scenario: The writer was a conservative hatchetman. * * *

In July a reporter asked if I had ever been ethnically profiled. I happily replied, "No." I can no longer say that. The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response.

The hysteria engendered by the series found more than one target. In addition to the death threats and hate mail directed at me, and my grotesque portrayal as a maddened right-winger, there developed an impassioned search for incriminating evidence on everyone else connected to the film. And in director David Cunningham, the searchers found paydirt! His father had founded a Christian youth outreach mission. The whiff of the younger Mr. Cunningham's possible connection to this enterprise was enough to set the hounds of suspicion baying. A religious mission! A New York Times reporter wrote, without irony or explanation, that an issue that raised questions about the director was his involvement in his father's outreach work. In the era of McCarthyism, the merest hint of a connection to communism sufficed to inspire dark accusations, the certainty that the accused was part of a malign conspiracy. Today, apparently, you can get something of that effect by charging a connection with a Christian mission.

"The Path to 9/11" was intended to remind us of the common enemy we face. Like the 9/11 Report itself, it is meant to enable us to better defend ourselves from a future attack. Past is prologue, and 9/11 is merely another step in an escalating Islamic fundamentalist reign of terror. By dramatizing the step-by-step increase in attacks on America -- all of which, in fact, occurred -- we are better able to see the pattern and anticipate the future. That was the point of the series, its only intention. Call it the canary in the coal mine. Call it John O'Neill in the FBI.

Despite intense political pressure to pull the film right up until airtime, Disney/ABC stood tall and refused to give in. For this -- for not buckling to threats from Democratic senators threatening to revoke ABC station licenses -- Disney CEO Rober Iger and ABC executives deserve every commendation. Hence the 28 million viewers over two nights, and the ratings victory Monday night (little reported by the media), are gratifying indeed.

"The Path to 9/11" was set in the time before the event, and in a world in which no party had the political will to act. The principals did not know then what we know now. It is also indisputable that Bill Clinton entered office a month before the first attack on the World Trade Center. Eight years then went by, replete with terrorist assaults on Americans and American interests overseas. George W. Bush was in office eight months before 9/11. Those who actually watched the entire miniseries know that he was given no special treatment.

It's good to have come to something approaching the end of this saga, whose lessons are worth remembering. It gave us, for one thing, a heartening glimpse (these things don't come along every day) of corporate backbone in the face of phenomenal pressure -- and an infinitely more chilling one testifying to the power and reach of politically driven hysteria. A ripe subject for a miniseries, if ever there was one.

Mr. Nowrasteh wrote the screenplay for "The Path to 9/11."

Freedom Tower Moves Closer To Being Filled Despite Hurdles (WSJ)

By Alex Frangos

The Wall Street Journal, September 18, 2006

NEW YORK -- New York state and the federal government have moved closer to committing to help fill the long-troubled Freedom Tower, the iconic skyscraper planned at the World Trade Center site. The moves are necessary to make the $2 billion tower financially viable, but several hurdles remain to secure actual leases.

New York state's Office of General Services has signed a nonbinding "term sheet" that will be the basis for negotiations to take 415,000 square feet in the 2.6-million-square-foot tower. The agency, which is the state government's property manager,

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would pay an initial annual rent of $59 a square foot. The lease would last 15 years. The term sheet includes an option for the state to expand to one million square feet over 50 years.

Meantime, the federal government's property-management arm, the General Services Administration, has signed the third in a series of nonbinding "memorandums of agreement" to take 600,000 square feet in the Freedom Tower. This latest document specifies the initial rent, also $59 a square foot. A final deal would likely need congressional approval.

The rent represents a substantial premium to current rental rates in lower Manhattan. Average rents for office space downtown were $35.18 in the second quarter, according to real-estate brokerage Cushman & Wakefield Inc. Moody's Investors Service signed a lease to take 15 floors in the rebuilt 7 World Trade Center for the high-$30 to low-$40-a-square-foot range, after government incentives that apply to the Freedom Tower, which is scheduled to open in 2012.

If the state and federal commitments turn into actual leases, it would put the Freedom Tower on stronger financial footing, since the leases can be used as collateral to back construction bonds. The project will be paid for with insurance proceeds and money the Port Authority of New York and New Jersey collects from tolls at its bridges and tunnels.

The project appears to be gaining political support, too. New York state Attorney General Eliot Spitzer, the leading candidate in New York's coming gubernatorial election, who in the past has derided the Freedom Tower as a "white elephant," called Sunday's announcement a "crucial step in ensuring the financial viability of the Freedom Tower."

The Freedom Tower rentals are one piece of a larger rebuilding pact under negotiation and meant to be finalized later this week. That plan would divide responsibility for building the site's five towers and retail mall between private developer Larry Silverstein and the site's owner, the Port Authority.

A joint announcement by New York Gov. George E. Pataki, New Jersey Gov. Jon Corzine, and New York City Mayor Michael Bloomberg, indicates that despite bickering, the sides involved in the rebuilding seem to be working hard to finalize an overall rebuilding pact by Thursday's Port Authority board meeting. Gov. Pataki, in a statement Sunday said the deal helps "ensure downtown's future as the financial capital of the world."

It is unclear if the new World Trade Center will attract private business. The only tentative commitments to fill space there have been from government agencies. In addition to the state and federal governments, the Port Authority and New York City are negotiating to lease 1.2 million square feet in one of the smaller office towers at the site, which will be controlled by Mr. Silverstein. People familiar with the negotiations say the parties are close to agreeing on rents in the high-$50-a-square-foot range.

WAR NEWS:

Officials Deny Plans For Baghdad Berms (USAT)

By Zaid Sabah

USA Today, September 18, 2006

BAGHDAD — Iraq's Defense Ministry said Sunday that plans to fortify the 28 entrances to Baghdad do not include encircling the city with trenches, as has been reported.

Col. Qassim Atta, a ministry spokesman, denied that Iraqi and U.S. forces planned to set up a perimeter of new trenches and berms to try to staunch one of the bloodiest periods in the capital since the U.S.-led invasion in 2003.

“The 28 entrances to Baghdad will be tightly controlled by the Iraqi police,” Atta said. “But to besiege Baghdad with trenches is total exaggeration.”

Lt. Col. Barry Johnson, a U.S. military spokesman here, said the plan had been “mischaracterized” in the media. “There are plans for a security belt around Baghdad in order to constrict movement through authorized checkpoints,” he said. “This will help stem the flow of criminal activity in and out of the city, such as transporting illegal weapons and kidnap victims. This has been mischaracterized by some media as a giant trench around the city. This is not what's happening.”

Johnson said existing barriers such as canals and ditches “will be tied together with new obstacles to keep traffic moving through manned checkpoints … to reduce violence in Baghdad.”

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On Sunday, more violence rocked the capital, where the Associated Press reported more than 180 people had died since Wednesday. A bomb left in a plastic bag exploded on the commercial Jumhouriyah Street in central Baghdad. Two people were killed and eight were wounded, police 1st Lt. Ahmed Mohammed Ali said.

Also, the bullet-riddled bodies of four unidentified men were found in separate neighborhoods in eastern Baghdad. All were blindfolded and had their hands and legs tied, police Maj. Mahir Hamad Mussa said.

Brig. Gen. Abdel Karim Khalaf al-Kenani, an Interior Ministry spokesman, said the plan to secure Baghdad with a perimeter of trenches and berms had been floated — and rejected.

"Gen. Rashid Flayeh, the commander of the Iraqi police commandos, suggested this idea," al-Kenani said. "We made a mistake of talking about it to the media because this idea has been rejected by the ministry. … A plan like this is very difficult to be applied in a big city like Baghdad."

Saleh al-Mutlaq, head of the National Dialogue Front, the second-largest Sunni Arab party, said trying to protect Baghdad from insurgents by surrounding the city won't address the problem of violence from within.

"The booby-trapped cars don't come from outside Baghdad only," he said in a phone interview from the United Arab Emirates. "The gangs of death squads exist inside Baghdad."

Al-Mutlaq said money that would have been used to build a security perimeter should be directed to improving services and helping the poor.

"What is the meaning of digging trenches around Baghdad?" asked Hassan Rashid, 42, who runs a clothing shop in central Baghdad. "Are the Persians or Greeks going to invade Baghdad on their horses? Why don't they build hospitals and restore the local services instead of digging trenches?"

Ammar Ahmad, 31, who works in the Ministry of Trade, said the security problem in Baghdad could be solved only by political, not military, measures.

"Surrounding Baghdad with trenches is one of the funniest jokes I have ever heard," he said. "The danger coming from Baghdad is not from outside. The problem is between the politicians."

Blasts In Kirkuk Kill 27; Police Bureau Destroyed (WP)

By Amit R. Paley

The Washington Post, September 18, 2006

BAGHDAD, Sept. 17 -- A wave of seven suicide car bombs and explosions rocked the oil-rich city of Kirkuk on Sunday, killing at least 26 people and wounding 85 others, police said.

The restive northern city -- considered a likely flash point for sectarian violence because of its combustible mix of Kurds, Arabs and Turkmens -- declared a state of emergency and hastily put up dozens of checkpoints to thwart further attacks, police Maj. Jalal Mahmood Aras said.

The attacks were the most recent bloodshed in a bitter struggle between Arabs and Kurds to take control of Kirkuk, the country's third-largest city. Iraq's new constitution calls for a referendum to determine whether the Kirkuk region will become a part of the Kurdish north.

In the deadliest attack, a suicide truck bomb exploded about 10 a.m. outside the Kirkuk police department's bureau of major crimes, which is between the offices of the country's two major Kurdish parties. The blast killed 18 people and wounded 58, said Maj. Gen. Hazim al-Khazraji, the general inspector of the Kirkuk police.

"The explosion was so big that it flattened the whole bureau building to the ground," Khazraji said from the hospital, where he was being treated for injuries suffered during the attack.

Minutes later, two blasts targeting police patrols in southern and central Kirkuk killed one person and wounded 12 others, Khazraji said.

Another car bomb exploded in front of the house of Sheik Wassfy al-Assy, a tribal leader who has called for the release of Saddam Hussein. Two people were killed and five others wounded, police Col. Taha Salahaldeen said.

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Two minutes later, a remote-controlled car bomb exploded near a security company in central Kirkuk, killing two people and wounding three. As U.S. forces gathered at the scene, a suicide bomber exploded his Toyota near the crowd, killing three people and wounding seven others, police Capt. Farhad Mahmood said.

The string of attacks in Kirkuk came as police in Baghdad reported the discovery of 24 bullet-riddled corpses that had been dumped in various parts of the capital. Armed men also assassinated Muhammad Shihab al-Dulaimi, an official with the Iraqi Accordance Front, the largest Sunni political bloc in parliament, while he was driving his car in the capital's Mansoor district, said Brig. Gen. Fadhil Abdul Muhsin of the Interior Ministry.

In Fallujah, a volatile city in the Sunni Arab insurgent stronghold of western Anbar province, two suicide car bombs exploded within minutes as the drivers tried to ram into a U.S. military base, killing at least three Iraqi police officers and wounding five others, police Capt. Ammar Yasser Halbousy said.

Al-Qaeda in Iraq asserted responsibility for the two attacks in a statement distributed at mosques in Fallujah.

U.S. forces sealed off the entrances to the city and imposed a curfew on some neighborhoods. Messages blasted on loudspeakers warned residents to remain in their homes until further notice.

Also on Sunday, tribal leaders in Anbar province denied news reports that local chieftains had gathered recently and agreed to join forces to fight al-Qaeda.

"All the talk and rumors that you may hear about alliances or new initiatives to wipe out al-Qaeda by the tribes in Anbar is all pure nonsense," Sheik Faraj Khalid Essawi said. "We wish that we could build a strong tribal alliance against al-Qaeda to defeat them and reestablish security in our area and rebuild the dignity and the stature of the tribal sheiks. But frankly, we are unable to stand up to or to confront al-Qaeda because even the American army itself has not succeed in defeating it."

Also Sunday, the U.S. military announced that a sailor assigned to the 1st Marine Logistics Group died Saturday from combat injuries in Anbar province.

Most Tribes In Anbar Agree To Unite Against Insurgents (NYT)

By Khalid Al-Ansary And Ali Adeeb

The New York Times, September 18, 2006

BAGHDAD, Sept. 17 — Nearly all the tribes from Iraq's volatile Sunni-dominated Anbar Province have agreed to join forces and fight Al Qaeda insurgents and other foreign-backed "terrorists," an influential tribal leader said Sunday. Iraqi government leaders encouraged the movement.

Twenty-five of about 31 tribes in Anbar, a vast, mostly desert region that stretches westward from Baghdad to the borders of Syria, Jordan and Saudi Arabia, have united against insurgents and gangs that are "killing people for no reason," said the tribal leader, Sheik Abdul Sattar Buzaigh al-Rishawi.

"We held a meeting earlier and agreed to fight those who call themselves mujahadeen," Mr. Rishawi said in an interview. "We believe that there is a conspiracy against our Iraqi people. Those terrorists claimed that they are fighters working on liberating Iraq, but they turned out to be killers. Now all the people are fed up and have turned against them."

It is unclear how quickly or forcefully the tribal fighters will confront Al Qaeda and other insurgents, who mostly operate in and around the provincial capital, Ramadi, despite recurrent American military efforts to stop them. But for American and Iraqi officials, who have tried to persuade the Sunni Arab majority in Anbar to reject the insurgency and embrace Iraqi nationalism , Mr. Rishawi's comments are seen as an encouraging sign.

Word of the tribal agreement came on a day when coordinated suicide bombings rocked Kirkuk and Falluja, and graphic evidence of more sectarian killings surfaced in Baghdad.

In Kirkuk, an oil-rich city in the north bordering the autonomous Kurdish region, suicide bombers detonated four cars and one truck laden with explosives, killing more than two dozen people and wounding more than 100, Iraqi and American officials said. In Falluja, a Sunni-controlled city in Anbar, 30 miles west of Baghdad, five suicide car bombs exploded within 15 minutes, an American military official said, killing five people and wounding 23.

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The police in Baghdad reported finding 36 bodies in several neighborhoods, an Interior Ministry official said. Eight were discovered in one area with gunshot wounds to the head and bearing marks of torture. But an American military spokesman said her office was aware of only 11 bodies found.

Also Sunday, the American military said a sailor with the First Marine Logistics Group died Saturday from wounds in fighting in Anbar Province.

Mr. Rishawi said the 25 tribes counted 30,000 young men armed with assault rifles who were willing to confront and kill the insurgents and criminal gangs that he blamed for damaging tribal life in Anbar, dividing members by religious sect and driving a wave of violent crime in Ramadi.

"We are in battle with the terrorists who kill Sunnis and Shiites, and we do not respect anyone between us who talks in a sectarian sense," said Mr. Rishawi, the leader of the Rishawi tribe, a subset of the Dulaimi tribe, the largest in Anbar. Half the Rishawi are Shiite Arabs and half are Sunni, he said.

Mr. Rishawi estimated that the insurgents had about 1,300 fighters, many of them foreigners, and are backed by other nations' intelligence services, though he declined to specify them.

On Sunday, he said the coalition of 25 tribes sent letters to the prime minister, Nuri Kamal al-Maliki, and other top government officials to seek their support.

Sheik Fassal al-Guood, a prominent tribal leader from Ramadi, said Sheik Khalid al-Attiya, the deputy speaker of Parliament and a Shiite, met with the tribal leaders Thursday and gave them a "positive response."

In addition to the government's blessing, Mr. Rishawi said, the tribes also wanted weapons, equipment and tactical help from an Iraqi Army brigade. "The terrorists have different kinds of weapons while we have only AK-47's," Mr. Rishawi said. He predicted that with sufficient help, "their force will collapse in one month."

Ali Dabbagh, a government spokesman, said Mr. Maliki supported "any operations that try to resist terrorism and aims to maintain security in this dear and important part from the country."

Government officials are weighing an official response to the tribes, Mr. Dabbagh said, but there has not been any agreement to supply them. "We are grateful to them for their desire to protect their cities," he said, "and we are encouraging them."

An American military official said tribes had fought Sunni insurgents in Anbar in the past but had never formed a united front. "This would be the first we've seen of tribes banding together," said the official, who asked for anonymity because the subject was a delicate one.

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Last month, a Marine intelligence report described Al Qaeda as an "integral part of the social fabric" of Anbar, and said the American military, with about 30,000 troops there, did not control vast reaches of the province, roughly the size of Louisiana.

In Kirkuk, Iraqi and American military officials said they could not immediately tell which groups were behind the suicide bomb attacks. Kirkuk has become a violent battleground between Iraqi Arabs — Shiite and Sunni — and Kurds who control Kirkuk's police and government.

The deadliest of the Kirkuk bomb attacks, by a truck laden with explosives that blew up between the offices of two Kurdish political parties, killed at least 18 people and wounded 55, said Lt. Col. Urhan Abdullah of the Kirkuk police. Two minutes later, a car bomb, apparently intended for a private security firm, killed two people and wounded three others, said Maj. Farhad Mahmoud of the Kirkuk police.

A third suicide car bomb detonated near an Iraqi police checkpoint about 15 miles south of Kirkuk, the police said. A fourth car bomb exploded in front of the house of Sheik Wasfi al-Asi, who had recently publicly called on the government to release Saddam Hussein, who is currently being tried on genocide charges. The house was empty, the police said, but the bomb killed two people and wounded five others.

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Death Squads Target The Iraqi Next Door (LAT)

By Patrick J. Mcdonnell

DOJ_NMG_0063739

The Los Angeles Times, September 18, 2006

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BAGHDAD — On that scorching afternoon last month, Ahmed Kamel was playing soccer with his two children outside his home here when three men drove up in a Chevy Caprice, pulled out their guns and dragged him away.

"You will see your father tomorrow behind the levee," one advised Kamel's 13-year-old, Mustafa, as the boy clung desperately to the escaping car.

Four hours later, the family later learned, police found Kamel's body where the kidnappers said he would be: a notorious dumping ground for the dead in northeast Baghdad. His crime? He had served in the Iraqi army for more than a decade and lived in a neighborhood where Shiite Muslim militias are pushing out Sunnis like him.

Evidence enough in the cold calculation of life and death in this capital of fear. A wrong turn, a detour, an untoward stare, a pointed finger, an anonymous denunciation, a nod of the head — these can, and do, lead regularly to death.

Sectarian death squads snatch victims off the street or from their cars, from their homes or their offices, from mosques or hospitals. The killers come at night or day. They come in uniforms or civilian garb.

"They say this is God's will, but this is not God's will," said Nisreen Yaseri, mourning the killing last week of her cousin Mohammed Jabbar, 26. "This is people's will. It's not about God."

Jabbar's mistake? He was a Shiite house painter who was riding in a taxi through a mostly Sunni west Baghdad neighborhood when gunmen at an improvised checkpoint stopped the cab last Monday. He and four co-workers, all Shiite, were taken away.

Their bullet-ridden corpses, trussed and showing signs of torture, were found Tuesday on the streets of the same Adil district where their taxi had been stopped.

Their loved ones next saw them in the morgue of Kadhimiya Hospital.

"Hamoodi," as Jabbar was known, had taken precautions: He had recently obtained a new identification card, omitting his tribal name — and thus blurring his sect, at least theoretically. "If they want me to be a Sunni, I'll be a Duleimi if they like!" Jabbar had told friends, referring to a major Sunni clan, his cousin recalled. "I'll be a Shia. Anything."

Others seek to erase their name altogether; newspapers here daily contain legal ads from men seeking to change their given name from Omar, a trademark Sunni name.

"But if they stop you, they ask you questions — what tribe do you come from? Who is your uncle? It is impossible to escape," lamented Omar Hirmizi, a shopkeeper in the largely Sunni Adhamiya district who had contemplated the ruse and decided it was no solution.

Some feel a false sense of security. Such apparently was the case with Muatiz Qaisi, a Sunni who was a longtime grocery shop owner in the largely Shiite enclave of Sadr City. He had many Shiite friends and acquaintances and was well liked. Gunmen came for him one day last spring after the bombing of a Shiite shrine in Samarra, the event that sparked the current wave of violence.

He was thrown into the trunk of a sedan, but the kidnappers forgot to take his cellphone.

"I was taken by armed men, and I'm inside the trunk of their car," he told his relatives in a telephone call, according to a nephew.

Later that evening, the kidnappers used the cellphone to call the nephew, saying they were from the "central crime bureau," although the nephew had never heard of the agency, and doubted its existence.

"We have information that your uncle used to kill Shia during the time" of Saddam Hussein, the kidnappers told the nephew, according to the nephew's account.

"When did my uncle have time to kill those people?" the nephew responded. "My uncle had a shop for 15 years that used to be open from 7 in the morning until 8:30 at night."

The uncle's body turned up the next morning, along with four others. Bullets had disfigured all five faces in a similar pattern of mutilation.

In the anxious hours after a disappearance, frantic relatives of the missing embark on a now-ritualized hunt: to police stations, government ministries, to shady contacts who may know something.

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When men in fatigues arrested Feraz Abbas Kubais, a Sunni electrician, at his home, his cousin placed a telephone call. The cousin knew someone close to the Badr Brigade, a Shiite, Iranian-trained militia that has ties to the Interior Ministry.

"I'll see what I can do," the cousin was told, a friend recalled. Two hours later, the Badr man called back. "I'm sorry, it's too late," the cousin was told. "You'll find him in the morgue."

Some bodies are never found, perhaps tossed in a clandestine grave, or decomposed beyond recognition, or dumped in the Tigris River or an irrigation canal from which they never emerge.

So many corpses were clogging the capital's main sewer plant last spring that authorities launched an inquiry, with U.S. technical assistance. Investigators discovered a macabre pattern: Manholes from as far as several miles away had been used as disposal sites, allowing the remains to course underground through broad concrete pipes along with the city's subterranean effluvia.

"It's possible some bodies were minced by the pumping system, and we never knew about them," said Ahmed Abdil Elah, assistant general manager of the city sewage system. "There is no trace of them."

The city battened down the manholes, and the ghoulish torrent ceased.

Other remains are identified only after they have been interred with the anonymous.

Such was the case with Muayid Rahman Batawi, 28, a Sunni living in Al Khatib neighborhood, where Shiites have been displacing Sunnis as the majority.

Batawi was afraid to leave the house on foot, though he occasionally ventured out in his car, his brother recalled. That was his misstep. He disappeared after stopping at a gas station July 3, his brother said. His corpse turned up six days later in the mostly Shiite Shula section of Baghdad.

Morgue officials would not release the body without a letter from the police. By the time the family secured the needed document, it was too late. Batawi's body had been taken with others of "unknown identity" to the Shiite burial grounds of Najaf, 90 miles south of the capital — not a place where Sunnis would opt to send their loved ones, especially in these days of mutual enmity.

"We immediately sent our mother, alone, to Najaf to get the body, since we thought it was safer for a woman," his brother recalled. "But they wouldn't give her the body."

Batawi's corpse remains entombed in the gray earth of Najaf.

At the Wadi al Salam (Valley of Peace) cemetery complex in Najaf last week, gravediggers were gouging holes for 63 more bodies, the latest no-name victims shipped down in a refrigerator truck from the capital.

"I feel a very deep sadness. Those killed are our brothers," said Mehdi Asadi, who oversees disposal at the so-called Cemetery of the Unidentified, a kind of potter's field.

Workers paint a number on a stone at each grave of the unknown, a reference should someone wish to claim the remains. Relatives who identify the dead from digital morgue photographs regularly seek to have the bodies disinterred and moved.

For the families left behind, there is little consolation in the discovery of a body, only the quelling of lingering doubt.

Although police found Kamel's body at the levee just hours after he was spirited away, his family members didn't discover his fate until last week because his body hadn't been identified. They finally recognized him in a morgue photograph.

Kamel's remains had been dispatched for burial as an "unknown" to the Shiite holy city of Karbala.

His Sunni family decided to leave him there in peace. Loved ones plan to make their graveside pilgrimage 40 days after his death, respecting a venerable Muslim custom that transcends Iraq's sectarian divide.

Violence Changes Fortunes Of Storied Baghdad Street (WP)

By Sudarsan Raghavan

The Washington Post, September 18, 2006

BAGHDAD -- A silence has fallen upon Mutanabi Street.

In the buttery sunlight, faded billboards hang from old buildings. Iron gates seal entrances to bookstores and stationery shops. On this Friday, like the past 13 Fridays, the violence has taken its toll. There is not a customer around, only ghosts.

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Perched on a red chair outside a closet-sized bookshop, the only one open, Naim al-Shatri is nearly in tears. Short, with thin gray hair and dark, brooding eyes, his voice is grim. This is normally his busiest day, but he hasn't had a single sale. A curfew is approaching.

Soon, his sobs break the stillness. "Is this Iraq?" he asked no one in particular, pointing at the gritty, trash-covered street as the scent of rotting paper and sewage mingled in the air.

It is a question many of the booksellers on Mutanabi Street are asking. Here, in the intellectual ground zero of Baghdad, they are the guardians of a literary tradition that has survived empire and colonialism, monarchy and dictatorship. In the heady days after the U.S.-led invasion, Mutanabi Street pulsed with the promise of freedom.

Now, in the fourth year of war, it is a shadow of its revered past. Many of the original booksellers have been forced to shut down. Others have been arrested, kidnapped or killed, or have fled Iraq. "We are walking with our coffins in our hands," said Mohammad al-Hayawi, the owner of the Renaissance book store, one of the street's oldest shops. "Nothing in Iraq is guaranteed anymore."

In a city known across the Arab world for its love affair with books, such emotions reflect the decline of a vibrant community. For the residents of Baghdad, Mutanabi Street is a link to their city's past glory, less a place than an extension of their souls.

"It is the lungs that I breathe with," said Zaien Ahmad al-Nakshabandi, another bookseller. "I'm choked now."

Three months ago, the government imposed the midday curfew on Islam's holiest day to stop attacks on mosques. That was a major setback for Mutanabi Street, named after a 10th-century poet. For most Iraqis, Friday is their only day off from work and a time to head to the book market.

In earlier days, a multiethnic stew of secondhand booksellers would lay their wares out and carefully swipe the dust off. Inside the famed Shahbandar cafe, intellectuals would gather to wax about politics and culture over cups of tar-black coffee and glasses of lemon tea, even during the most repressed of times.

Under former Iraqi president Saddam Hussein, Mutanabi Street was the nexus for resistance and freewheeling debates, where underground writers published illegal books that denounced Hussein.

"I wish you could see how it used to be on Fridays," Shatri spoke before he broke down in tears. "You could not even walk. The whole street was filled with books and people. Mutanabi Street is a part of how great Baghdad is."

Then, in a reverent tone, he uttered a proverb known across the Arab world: "Cairo writes. Beirut publishes. And Baghdad reads."A Futile Protest

Since 1963, Shatri has peddled books on Mutanabi Street, like a faithful friend, through military rule and political oppression, wars and embargo. Of all the eras he has watched ebb and flow, it is today's Iraq, with its violent nature, that most mocks the proud legacy of Mutanabi Street, he said.

"It means the death of education, the death of the history of the street, the death of the culture of Baghdad," Shatri said.

Two Fridays ago, Shatri took action. He and other members of his writers union gathered in front of his shop. They sipped breakfast tea. Then, at around 9:30 a.m., they poured kerosene over a pile of books and set them aflame.

"I cried when I was burning the books," Shatri said.

"It's a message to the government," said Nakshabandi, who also took part. "It's an S.O.S. Help us. An important part of Baghdad is dying. And it is on its last breath."

"But no one got the message. There was no action."'Better Under Saddam'

After the U.S.-led invasion in 2003, once-banned Western magazines were displayed openly. Religious books, especially those catering to Iraq's long-oppressed Shiite Muslims, flourished. Hayawi, a burly man with intense, honey-colored eyes, said what the booksellers earned on Fridays was double all the other days combined. Back then, he was optimistic about his future.

Now, the street is still a hive of activity on every other day. But poor security has altered its character, said many of its old booksellers. Before the invasion, they used to stay open till evening. No longer.

"By 2 p.m., we close our shops and run away fast," said Abdullah Gumar al-Ogaeli, 85, who opened a stationery shop in 1947. Thin and frail with a gray mustache, Ogaeli said he knew about 200 merchants in the months after the invasion. Now, he knows three. Some died of natural causes, others lost their lives to the violence.

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Several booksellers, he said, were kidnapped by gunmen, but were later released. In Baghdad, the elite and the educated are often targets of criminals, who seek ransom, and of extremists, who seek to shred the city's cultural and intellectual fabric. "Many of our merchants have left Iraq and opened shops in Egypt, Syria and Jordan," said Ogaeli. "The business is weak now."

Today, a new generation of merchants sells paper and other supplies. Several original booksellers said the newcomers were looters who thrived during the chaos of the invasion. Now, they have tarnished the legacy of Mutanabi Street, they said. "At work, I am always honest," said Ogaeli, who calls Mutanabi Street "a holy name."

The sectarian violence is also blemishing a place where Shiite and Sunni Muslims have always worked side by side. "I am Shiite," Ogaeli said. "All my daughters are married to Sunnis. And my son is married to a Sunni woman. No one used to mention Sunni and Shiite. This is all new to us."

When he thinks of the few lasting friendships he has left on Mutanabi Street, "I feel sad. I feel uncomfortable," said Ogaeli, his voice disappearing in the noise of the street outside.

On a recent Saturday, Hayawi and his older brother Nabil, both Sunni Muslims, sat at a neatly kept desk inside their store. On an iron staircase, next to a sign that read "40 to 50% off on all books," hung a portrait of their late father.

They were once five brothers. Four, including Nabil, left Iraq after the February bombing of a Shiite holy shrine in Samarra, which triggered an avalanche of reprisal killings. Nabil, who now lives in Cairo, travels back and forth to Baghdad. They said the family business was suffering. It took the first half of this year, Mohammad lamented, to earn what they did in one month after the invasion.

"We asked the new government to improve the street, like providing services and cleaning it," said Mohammad, puffing a cigarette. "What happened was the opposite. The street was neglected."

"It was better under Saddam," said Nabil, who is balding and has a sharp nose and a white beard. "On Fridays, even when we had electricity problems, they didn't switch the electricity off. There was a system and order."

He has always resented the U.S. occupation. But now he outright blames the Americans for the violence that is tearing apart their lives. "The Americans are the reasons for it. This is the truth. You must hear it. Sectarian strife is like a fire. When the fire starts, it eats everything."

A year ago, the store imported 1,000 boxes of books from Jordan, Syria, Lebanon and Egypt, said Nabil. Then he pointed at some boxes in a corner of the store. "Now, in August, we imported 20 boxes."

After the invasion, the family paid 6,000 Iraqi dinars for 20 liters of gasoline to use for their generator. Now, it costs 30,000 dinars. The government gives them electricity for one hour a day, Mohammad said. Now, it's not certain if they can get to work or return home safely, Mohammad said. He knew 25 merchants on the street who were either arrested for unknown reasons, kidnapped or killed.

"Yesterday, we were expecting today will be better. But today is worse than yesterday," Mohammad said. "Now, if you ask me, 'Are you optimistic?' I would say, 'No'. I don't have a single ounce of optimism."A Dying Street

Across the street on a recent Wednesday, the century-old Shahbandar cafe, its walls covered with black-and-white photos of Baghdad, is empty, save for two men. They silently smoke their water pipes. It is 1:30 p.m.

"At this time, you could not find a place to sit down," said Fahim al-Khakshali, whose father owns this legendary cafe.

That was before gunmen a few months ago killed two professors after they left the cafe, Khakshali said. And before men entered the nearby Al-Sadim bookshop last August. As they exited, they left a suitcase by the door. It exploded, killing the owner's son.

Three months ago, strangers threatened Khakshali and ordered him to shut down the cafe. He refused. He says he doesn't know why the Shahbandar is a target, but he can guess. "Maybe it is because educated people come here," he said.

At 1:40 p.m., Nakshabandi, the bookseller, entered the cafe. Pear-shaped and bald with owlish spectacles, he reminisced about the artists and actors, the writers and poets who once frequented the cafe.

"During the Iran-Iraq war, when the bombs were falling on top of our heads, the cafe was filled with people," he said. "No one was afraid."

Today, those Iraqi writers, artists and intellectuals who are still here have no time to come to Mutanabi Street when daily life means waiting for five hours in a gas line or risking death in a traffic jam.

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"Now, the load on your back is heavier than ever before," Nakshabandi said. He sadly remembers how elderly intellectuals would sit here and pass down stories to a younger generation, a tradition now extinct. On Fridays, Nakshabandi sometimes still sees Iraqis walk to the cafe. They stare at the shuttered doors, then walk back. "You feel they are broken, like they have lost someone they loved," he said.

It's nearly 2:30 p.m. Khakshali has closed every door but one. He looked at his visitor and gently said: "You should leave now. It is getting dangerous for you."

From his red chair, Shatri watched Iraq's latest chapter unfold. He has clung to what little he has. His shop. His memories. His street. That helps explain why he is out here this Friday, outside the only shop open on a dying street.

Some days, his mind skips to the future. "Bring back the security, and I'll give you back the greatness of Mutanabi Street," he says to anyone who cares to ask.

But most days, his mind flips back to the past. And that's when he starts to cry.

"All the educated people have left," said Shatri, as he reached into his pocket to pull out a neatly folded, gray handkerchief.

"Iraq," he said, as he wiped his eyes, "it is the first country. It set the laws of Hammurabi." He was referring to the first ruler of Babylon, which was built in what is now modern-day Iraq. Hammurabi created the world's first legal codes.

"And now," he said, "there are no laws."

His voice faded. He wiped his eyes.

And silence fell upon Mutanabi Street again.

Is War In Iraq A Shield Against Attacks At Home? (CSM)

By Peter Grier

The Christian Science Monitor, September 18, 2006

WASHINGTON

The war in Iraq constitutes a perimeter defense of the United States. Simply put, the US is fighting Al Qaeda and other extremists there, so it doesn't have to fight them on American soil.

That's the way President Bush sees the situation, anyway. In his speech to the nation on Sept. 11, he said that terrorists wouldn't quit fighting if the US pulled out of Iraq. Instead, they'd pursue their target, in essence pouring through a gap in US lines. "They will not leave us alone. They will follow us," said Mr. Bush. "The safety of America depends on the outcome of the battle in the streets of Baghdad."

Is that really the case? Many critics of the administration think Iraq is not the foremost trench in a global war on terrorism. The enemy there, they say, is only loosely related to the one that struck at the American heartland five years ago.

Most insurgents in Iraq are natives, not wandering members of a terrorist international. It's unlikely they'd look for further ways to target the US if it left, say some terrorism experts.

"It's like in the Vietnam era, when they said we'd be fighting communists in San Diego if we pulled out," says John Mueller, a professor of national-security studies at Ohio State University in Columbus. "It's a preposterous argument."

The White House has long argued that the war in Iraq needs to be judged as part of a larger historical context. And one lesson of 9/11, Bush said in his speech on the fifth anniversary of the attacks, is that the US must confront threats before they reach its shores.

Saddam Hussein did not have anything to do with 9/11, Bush added in his speech. But after Al Qaeda successfully slammed airliners into US targets, Mr. Hussein's very existence posed a risk the US could no longer afford to take - hence the invasion that drove him from power.

Now "Al Qaeda and other extremists from across the world" have come to Iraq to fight the rise of democracy, said Bush. They've joined remnants of Hussein's regime to try to drive the US out. If America left, Osama bin Laden and his allies would gain a haven and new resources, according to the president. "We will not allow this to happen," said Bush. "America will stay in the fight."

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Iraq today is indeed a strategically vital front in the war on terror, say some experts. Al Qaeda's own statements show it wants to establish a state-within-a-state there, to use as a haven and training base, according to James Phillips, a research fellow in Middle Eastern studies at the Heritage Foundation in Washington.

Arab-dominated Al Qaeda would find it easier to operate in the Sunni Arab regions of Iraq than it does in Pakistan or Afghanistan, where Arab travelers stand out, writes Mr. Phillips in a recent analysis. "If the US abandons Iraq, it will become the next Afghanistan - a major source of terrorism, subversion, and warfare for decades to come," writes Phillips.

But other experts say this line of reasoning lumps together many kinds of enemies under the general category of "terrorist."

It's true that foreign fighters are in Iraq, such as the late Abu Musab al-Zarqawi. But they are a small minority of the insurgent force, say administration critics. Most Iraqi mujahideen are Sunnis who fear their interests will be ignored under Iraq's Shiite-dominated government. They are fighting for concrete, local political goals - not the destruction of America.

"If the Iraqi Sunni nationalists could take over their own territory, they would not put up with the few hundred foreign volunteers blowing things up, and would send them away or slit their throats," writes Juan Cole, professor of modern Middle East and South Asian history at the University of Michigan, in his blog "Informed Comment."

Nor are Islamist terrorists just burning to break through the US lines in Iraq and race to America, say some. They are fighting a battle of ideas, not a battle for territory. Operations in Iraq allow Al Qaeda to appear to many sympathizers in the region as if it is struggling on behalf of an oppressed Muslim people.

"Getting us to fight in a Muslim country is something they want to do," says Jessica Stern, a terrorism expert at Harvard's John F. Kennedy School of Government in Cambridge, Mass.

Finally, critics say that even if the US did pull out of Iraq, the result might be more fighting there, not less. A Sunni-Shiite civil war would explode throughout the country, they say.

In general, the administration talks as if the US is fighting a monolithic terrorist army, with a command hierarchy and a final goal of replicating 9/11. In fact, Islamist terrorism is a loose amalgam of regional groups and local cells, with cross-cutting political goals, say some experts.

The reason there have not been more major attacks in the US may not be because terrorism's legions are pinned down in Iraq. "We've made headway on surveillance," says Dr. Stern. "It would be very hard for terrorists to come from another country and pull off another 9/11 today."

To Recapture A City (NSWK)

By Rod Nordland

Newsweek, September 18, 2006

Gen. George Casey, the senior U.S. military officer in Iraq, convenes a battlefield conference in a Baghdad street. Maps are flapping in the rotor wash from the helicopter that has just set him down in Adhamiya—a place that has been known for years as the worst neighborhood in Baghdad. American officers gather around the general, together with their U.S.-trained Iraqi counterparts. They all speak the same language now. "Some of the bad guys left and are trying to infiltrate again," says Brig. Gen. Imad Ismail, Iraq's top police commander, poking the map as he speaks. "We're patrolling 24/7 here, and here."

"You think you can hold this?" Casey asks. He looks Ismail in the eye.

"We're working day and night," the Iraqi says. "I haven't slept in 48 hours."

Adhamiya is on the front line of what may be America's best hope of victory in Iraq: the "clear, hold and build" strategy. Casey was confident enough of success to take a NEWSWEEK reporter along on a tour of the neighborhood. Only 10 days before his visit, U.S. and Iraqi forces began the job of retaking Adhamiya from the gunmen who ruled its streets. The place is quiet now, but there's no guarantee it will stay that way when the soldiers move on to other neighborhoods.

The "clear" phase began on Sept. 4, when troops cordoned off the entire area, home to 300,000 mostly Sunni Iraqis. Checkpoints kept Shiite death squads out and Sunni insurgents immobile while every house and building was searched for weapons and insurgents. As the operation went on, Iraqi forces took on "hold" duties while the Americans began the "build" phase, restoring public services after months if not years of neglect. Other Baghdad neighborhoods get six hours of electricity a day; Adhamiya was lucky to get one. For the past month, much of the area had none at all.

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Casey's convoy of up-armored Humvees makes its way through a warren of alleyways. On a narrow street, the Americans have installed a generator to power the block until repair crews from the Ministry of Electricity can be persuaded to enter the neighborhood. "Thanks to God, things are safer now," an Iraqi engineer says. "There is a difference." A young Iraqi civilian is hanging out near the generator, and the general asks his opinion of the project.

"It's not enough," the Iraqi snaps.

"For what?" the general asks. "Your videogames and Game Boy?" Everyone laughs, but Casey understands what the young man is talking about. The machine can supply the 40 houses on this block with enough power for refrigerators, fans, lights, even Game Boys—but not for air conditioning. Temperatures here still climb to triple digits just about every day.

Casey moves on to a session of the district advisory council. A few local administrators are gathered around a huge, mostly empty conference table. After voicing eloquent thanks for America's help to Adhamiya, the council's chairman, Sheik Hassan Sabri, launches into a list of complaints—particularly allegations that the Shiite-dominated central government is deliberately neglecting the neighborhood. "Give them a chance," Casey replies. "They've only been [in power] for 100 days." The room is sweltering. There's no air conditioning, no fans, no electricity—not even cold drinks. "Is this so you can keep the meetings short?" Casey jokes.

"General, I have a personal request," says the sheik. "Two of my brothers were killed by the Mahdi Army militia. My other brother is in the airport [at the American detention center, Camp Cropper]. I am sure he is innocent. We are all against terrorism, but now I am feeding four families." With that, the man breaks down in tears. Casey promises to look into the case and give him an answer within 48 hours.

The team heads back toward the helicopters. Casey says he's pleased with the progress he's seeing. "It has worked," Casey says. "You see the reactions of the people on the streets." Even so, the general acknowledges, "there's a long way to go." He says Iraq will need 12 to 18 months more before it's ready to take charge of its own security.

Casey can still take comfort in small victories: he's able to help Sheik Hassan even sooner than promised. The detained brother's case is reviewed the very next day, and orders are issued to free him. If only all of Iraq's problems were so easy to solve.

Hell To Pay (USNEWS)

By Anna Mulrine

U.S. News and World Report, September 18, 2006

The fifth anniversary of the 9/11 attacks was marked with the sadness and solemnity appropriate to the day, with President Bush sharing the rituals of public mourning at ground zero, at the farmer's field in Shanksville, Pa., and at the Pentagon. But it was clearly another troubled place that weighed on him, as he capped the commemoration with a prime-time TV address that drew on 9/11 emotions to appeal for greater public support on Iraq. "The safety of America," the president declared, "depends on the outcome of the battle in the streets of Baghdad."

Most Americans, though, don't seem to see it that way. Polls show that a majority believes that the country is, in fact, now less safe from terrorism because of the war in Iraq. At every opportunity, Bush is pressing his case that things in Iraq are headed in the right direction-and that the war must be won. But with elections just weeks away, some vulnerable lawmakers may have shuddered after opening the Washington Post last week to see a column by influential conservatives William Kristol and Rich Lowry calling for the president to send "substantially more" troops to Iraq to "improve the chances of winning a decisive battle at a decisive moment."

The mean streets of Iraq last week saw some 130 bodies, most bullet-riddled and bearing signs of torture, collected in just one 48-hour period, even as U.S. and Iraqi troops launched neighborhood-by-neighborhood security sweeps. Despite a "spike" in sectarian killings, U.S. military officials in Baghdad cited progress in security operations by 12,000 American and Iraqi soldiers in other areas of the capital. Iraqi officials also unveiled a security plan to encircle the capital with trenches and route all vehicle and pedestrian traffic through just 28 entry checkpoints.

But nothing in Iraq, it seems, is simple. Congress's Government Accountability Office last week reported that the Pentagon's own Defense Intelligence Agency concluded that sectarian tensions have been fueled in part by the same national elections that

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Washington has hailed as milestones. Even amid spiraling Sunni-Shiite violence, the GAO report said, U.S.-led coalition forces remained the main target of attacks, which increased nearly 60 percent during the first six months of this year over a year ago.

That came as no surprise to marines in Anbar province in western Iraq, an area the size of Louisiana. A Marine intelligence assessment, details of which were first disclosed in the Washington Post, describes a political and military vacuum in Anbar, where an undersized American force of some 30,000 troops is unable to impose security much beyond the perimeters of its bases. Whether or not the answer is more troops, many in the Pentagon were more struck by the report's stark candor than its conclusions. "It's like, 'yeah,'" a general who read the report told U.S. News, "'no kidding.'"

On the heels of the Post's story, the Pentagon called a press briefing with Gen. Richard Zilmer, commander of the Marines in Anbar, who provided less damage control than might have been expected. "I do concur with that assessment," he said. But Zilmer qualified his remarks by saying that the report was meant to give an unvarnished picture without dwelling on positive developments, which he attempted to describe. "We have come a long way in terms of the strength of the police and the [Iraqi] Army," he noted. However, "in both cases," he acknowledged, "we are not where we intended to be."

6 Bombs Leave 2 Dozen Dead In North Iraq (USAT/AP)

By Yahya Barzanji

USA Today, September 18, 2006

KIRKUK, Iraq — Six bombs killed 24 people and wounded 84 Sunday in Kirkuk, a northern oil city the Kurds want added to their self-ruled region.

There was no indication who was behind the bombings in Kirkuk, 180 miles north of Baghdad. The city is in the center of Iraq's vast northern oil fields and is claimed by the region's Arabs, Kurds and Turkmen.

The worst assault involved a suicide truck bomb. The explosion in the city center killed 18 and wounded 55, police Brig. Sarhat Qadir said. A few hours later, a car bomb was rammed by a suicide attacker into a joint U.S.-Iraqi army patrol in the south of the city. At least three bystanders died and eight people were injured. Two roadside bombs and two parked car bombs went off in other parts of the city, killing three civilians and wounding 21 people, including two policemen and four soldiers, police told the Associated Press.

Police said a gunman fired on civilians before the truck bomb exploded near the headquarters of the two main Kurdish political parties: the Kurdistan Democratic Party and the Patriotic Union of Kurdistan, headed by Massoud Barzani, who also is president of the autonomous Kurdistan region. Barzani angered many Iraqis on Sept. 1 when he ordered that the national flag be replaced by the Kurdish banner on all government buildings in the self-rule zone.

Kurds want to incorporate Kirkuk into their autonomous region, an idea that has been caught up in the heated debate over a proposal to transform Iraq into a federate state.

The idea of federalism is enshrined in the Iraqi constitution, which was adopted last fall. Before it can be implemented, the mechanics have to be legislated and approved in a national referendum.

The second-largest Sunni Arab party, the National Dialogue Front, rejected on Sunday proposed legislation to pave the way for a federal system, arguing that it would divide the country. The party's call for the bill to be dropped came a day before a planned informal meeting of leaders from all parties in the parliament to discuss the legislation, proposed last week by the main Shiite Muslim alliance.

Some Shiites want to create an autonomous region in the oil-rich south where they are dominant. The Kurds already have their region in the north. Sunni Arabs would be left with Iraq's western provinces, which are mostly desert.

“This country, which has been united in its entire history, cannot be divided into regions. It is a step toward dividing Iraq into mini-states,” Mishan al-Saadi, a senior member of the National Dialogue Front, told the Associated Press.

Blasts In Kirkuk Kill 23; 36 Die Elsewhere In Iraq (LAT)

By Louise Roug

The Los Angeles Times, September 18, 2006

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BAGHDAD — At least five bombings in Kirkuk killed 23 bystanders and wounded 76 others Sunday in what appeared to be coordinated attacks on police as well as Kurdish and Sunni Arab politicians in the oil-rich northern city, bringing the day's toll in Iraq to at least 59 dead.

There has been an upsurge in attacks during recent weeks in Kirkuk, where Kurds and Sunni Arabs have struggled for control of the city's oil wealth. Late Friday night, a bomb exploded in the Tiseen neighborhood, injuring three people. Sunday's attacks, however, were unusual in their scale and toll.

In the first and deadliest attack, a driver drove a truck loaded with concrete barriers toward the entrance of a police building near Kurdish political offices, shooting at guards as he steered with one hand. Witnesses said that as the guards returned fire, the attacker detonated the bomb, killing himself and 17 others.

Salim Sabbah, 44, threw himself on the ground behind a car as the explosives went off. When he opened his eyes, the normally tranquil street had been transformed into a gory mess of shattered concrete, metal and flesh. Charred bodies were strewn across the road as fires burned in several buildings.

"Why is this happening to us?" Sabbah asked, distraught. He blamed Sunni extremists and foreign fighters. But the diversity of targets during the day made it difficult to determine who might be behind the explosions.

At least four subsequent car bombs struck the city, including another suicide attack. The second blast of the day hit a Sunni sheik's office and the third a Sunni mosque. The other attacks targeted Iraqi and American security forces. Elsewhere in Iraq, 36 people were killed in assassinations and explosions or were found dead, authorities said.

Two civilians and three Iraqi police officers were killed in Fallouja in a series of attacks against American and Iraqi security forces involving mortars and several bombs. An American sailor was killed in the town, west of Baghdad, on Saturday, the U.S. military said in a statement.

A roadside bomb killed two security guards in Baqubah, and gunmen in Taji fired at a police patrol, killing two officers, according to Iraqi authorities.

In the capital, two bombs killed two people and injured 12 in separate attacks.

Mohammed Shihab Dulaimi, a Sunni politician and vocal critic of the election that brought the current Shiite Muslim-dominated government to power, was assassinated on a road in an upscale area along the Tigris River after he left the Palestine Hotel following a television interview.

Authorities also recovered the bodies of at least 24 people from Baghdad neighborhoods. Most of the victims were found shot, blindfolded and with their hands tied behind their backs. A headless corpse and another body were fished out of the Tigris River near the Sinak Bridge after they had drifted into some reeds along the riverbank.

Iraqi Police Find Large Munitions Cache (AP)

AP, September 18, 2006

Iraqi police have uncovered a large munitions cache in southern Iraq, near the area where a roadside bomb killed two British soldiers earlier this month, a spokesman said Sunday.

Police received a tip that munitions were being stored in the town of Ad Dayr, near the southern city of Basra, Maj. Charlie Burbridge said.

A raid early Saturday uncovered dozens of artillery and mortar rounds, as well as 100 rounds of high explosive shells of various caliber, Burbridge said.

Roadside bombs are often constructed by using explosives recovered from old munitions.

On Sept. 4, two British soldiers were killed and a third was seriously wounded by a roadside bomb in Ad Dayr.

Although that device was completely destroyed in the explosion and it was unclear whether it had been made using this method, "we do know that munitions are being used to create" roadside bombs, Burbridge said.

The munitions cache was uncovered at a disused army barracks.

"Initially we thought they were from the armory. But it transpired that it was more than that," Burbridge said.

The Iraqi police acted without assistance from coalition forces, he added. They recovered the munitions and took them to Qurnah, about 35 miles north of Basra, where they are to be destroyed.

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Around 7,200 British troops are based in Iraq, mostly in the south, and 117 have been killed since the 2003 invasion.

U.S. Holds AP Photographer In Iraq 5 Mos (AP-Y)

By Robert Tanner, Ap National Writer

AP, September 18, 2006

The U.S. military in Iraq has imprisoned an Associated Press photographer for five months, accusing him of being a security threat but never filing charges or permitting a public hearing.

Military officials said Bilal Hussein, an Iraqi citizen, was being held for "imperative reasons of security" under United Nations resolutions. AP executives said the news cooperative's review of Hussein's work did not find anything to indicate inappropriate contact with insurgents, and any evidence against him should be brought to the Iraqi criminal justice system.

Hussein, 35, is a native of Fallujah who began work for the AP in September 2004. He photographed events in Fallujah and Ramadi until he was detained on April 12 of this year.

"We want the rule of law to prevail. He either needs to be charged or released. Indefinite detention is not acceptable," said Tom Curley, AP's president and chief executive officer. "We've come to the conclusion that this is unacceptable under Iraqi law, or Geneva Conventions, or any military procedure."

Hussein is one of an estimated 14,000 people detained by the U.S. military worldwide — 13,000 of them in Iraq. They are held in limbo where few are ever charged with a specific crime or given a chance before any court or tribunal to argue for their freedom.

In Hussein's case, the military has not provided any concrete evidence to back up the vague allegations they have raised about him, Curley and other AP executives said.

The military said Hussein was captured with two insurgents, including Hamid Hamad Motib, an alleged leader of al-Qaida in Iraq. "He has close relationships with persons known to be responsible for kidnappings, smuggling, improvised explosive device (IED) attacks and other attacks on coalition forces," according to a May 7 e-mail from U.S. Army Maj. Gen. Jack Gardner, who oversees all coalition detainees in Iraq.

"The information available establishes that he has relationships with insurgents and is afforded access to insurgent activities outside the normal scope afforded to journalists conducting legitimate activities," Gardner wrote to AP International Editor John Daniszewski.

Hussein proclaims his innocence, according to his Iraqi lawyer, Badie Arief Izzat, and believes he has been unfairly targeted because his photos from Ramadi and Fallujah were deemed unwelcome by the coalition forces.

That Hussein was captured at the same time as insurgents doesn't make him one of them, said Kathleen Carroll, AP's executive editor.

"Journalists have always had relationships with people that others might find unsavory," she said. "We're not in this to choose sides, we're to report what's going on from all sides."

AP executives in New York and Baghdad have sought to persuade U.S. officials to provide additional information about allegations against Hussein and to have his case transferred to the Iraqi criminal justice system. The AP contacted military leaders in Iraq and the Pentagon, and later the U.S. ambassador to Iraq, Zalmay Khalilzad.

The AP has worked quietly until now, believing that would be the best approach. But with the U.S. military giving no indication it would change its stance, the news cooperative has decided to make public Hussein's imprisonment, hoping the spotlight will bring attention to his case and that of thousands of others now held in Iraq, Curley said.

One of Hussein's photos was part of a package of 20 photographs that won a Pulitzer Prize for breaking news photography last year. His contribution was an image of four insurgents in Fallujah firing a mortar and small arms during the U.S.-led offensive in the city in November 2004.

In what several AP editors described as a typical path for locally hired staff in the midst of a conflict, Hussein, a shopkeeper who sold cell phones and computers in Fallujah, was hired in the city as a general helper because of his local knowledge.

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As the situation in Fallujah eroded in 2004, he expressed a desire to become a photographer. Hussein was given training and camera equipment and hired in September of that year as a freelancer, paid on a per-picture basis, according to Santiago Lyon, AP's director of photography. A month later, he was put on a monthly retainer.

During the U.S.-led offensive in Fallujah in November 2004, he stayed on after his family fled. "He had good access. He was able to photograph not only the results of the attacks on Fallujah, he was also able to photograph members of the insurgency on occasion," Lyon said. "That was very difficult to achieve at that time."

After fleeing later in the offensive, leaving his camera behind in the rush to escape, Hussein arrived in Baghdad, where the AP gave him a new camera. He then went to work in Ramadi which, like Fallujah, has been a center of insurgent violence.

In its own effort to determine whether Hussein had gotten too close the insurgency, the AP has reviewed his work record, interviewed senior photo editors who worked on his images and examined all 420 photographs in the news cooperative's archives that were taken by Hussein, Lyon said.

The military in Iraq has frequently detained journalists who arrive quickly at scenes of violence, accusing them of getting advance notice from insurgents, Lyon said. But "that's just good journalism. Getting to the event quickly is something that characterizes good journalism anywhere in the world. It does not indicate prior knowledge," he said.

Out of Hussein's body of work, only 37 photos show insurgents or people who could be insurgents, Lyon said. "The vast majority of the 420 images show the aftermath or the results of the conflict — blown up houses, wounded people, dead people, street scenes," he said.

Only four photos show the wreckage of still-burning U.S. military vehicles.

"Do we know absolutely everything about him, and what he did before he joined us? No. Are we satisfied that what he did since he joined us was appropriate for the level of work we expected from him? Yes," Lyon said. "When we reviewed the work he submitted to us, we found it appropriate to what we'd asked him to do."

The AP does not knowingly hire combatants or anyone who is part of a story, company executives said. But hiring competent local staff in combat areas is vital to the news service, because often only local people can pick their way around the streets with a reasonable degree of safety.

"We want people who are not part of a story. Sometimes it is a judgment call. If someone seems to be thuggish, or like a fighter, you certainly wouldn't hire them," Daniszewski said. After they are hired, their work is checked carefully for signs of bias.

Lyon said every image from local photographers is always "thoroughly checked and vetted" by experienced editors. "In every case where there have been images of insurgents, questions have been asked about circumstances under which the image was taken, and what the image shows," he said.

Executives said it's not uncommon for AP news people to be picked up by coalition forces and detained for hours, days or occasionally weeks, but never this long. Several hundred journalists in Iraq have been detained, some briefly and some for several weeks, according to Scott Horton, a New York-based lawyer hired by the AP to work on Hussein's case.

Horton also worked on behalf of an Iraqi cameraman employed by CBS, Abdul Ameer Younis Hussein, who was detained for one year before his case was sent to an Iraqi court on charges of insurgent activity. He was acquitted for lack of evidence.

AP officials emphasized the military has not provided the company concrete evidence of its claims against Bilal Hussein, or provided him a chance to offer a defense.

"He's a Sunni Arab from a tribe in that area. I'm sure he does know some nasty people. But is he a participant in the insurgency? I don't think that's been proven," Daniszewski said.

Information provided to the AP by the military to support the continued detention hasn't withstood scrutiny, when it could be checked, Daniszewski said.

For example, he said, the AP had been told that Hussein was involved with the kidnapping of two Arab journalists in Ramadi.

But those journalists, tracked down by the AP, said Hussein had helped them after they were released by their captors without money or a vehicle in a dangerous part of Ramadi. After a journalist acquaintance put them in touch with Hussein, the photographer picked them up, gave them shelter and helped get them out of town, they said.

The journalists said they had never been contacted by multinational forces for their account.

Horton said the military has provided contradictory accounts of whether Hussein himself was a U.S. target last April or if he was caught up in a broader sweep.

The military said bomb-making materials were found in the apartment where Hussein was captured but it never detailed what those materials were. The military said he tested positive for traces of explosives. Horton said that was virtually guaranteed for anyone on the streets of Ramadi at that time.

Hussein has been a frequent target of conservative critics on the Internet, who raised questions about his images months before the military detained him. One blogger and author, Michelle Malkin, wrote about Hussein's detention on the day of his arrest, saying she'd been tipped by a military source.

Carroll said the role of journalists can be misconstrued and make them a target of critics. But that criticism is misplaced, she said.

"How can you know what a conflict is like if you're only with one side of the combatants?" she said. "Journalism doesn't work if we don't report and photograph all sides."

Compact For Iraq (WSJ)

By Robert M. Kimmitt

The Wall Street Journal, September 18, 2006

Ministers from around the world will meet today to discuss the International Compact for Iraq, an Iraqi government-led initiative to transform Iraq's economy and achieve financial independence within five years. If the Iraqis map out a credible and promising plan, the international community will support it, investing in Iraq's future. Additional assistance will be expressly conditional on Iraq achieving the benchmarks it has set out.

A most important issue to be covered is how to develop Iraq's oil sector and immense oil reserves in a manner that benefits all the Iraqi people and serves as a unifying force across sectarian lines. Today's meetings, at the U.N. in New York and the annual meetings of the World Bank and IMF in Singapore, follow a successful Sept. 10 conference in Abu Dhabi. There, Iraqi leaders presented the outline of a hydrocarbon law now under review by their cabinet and being discussed between central and regional governments. In the compact, they will commit to pass a law developed through a consensus-building process that will share oil revenue among all Iraqi regions, enable development and delineate significant opportunities for private investors.

The compact will begin to reverse the stagnation and suppression resulting from years of a command economy. A premium will be placed on creating jobs to offer a lasting alternative to violence. Iraq will take steps to improve the business climate and promote private investment. Agricultural reforms will begin restoring that sector's vital influence on growth and employment and Iraq's former status as breadbasket of the Middle East.

In spite of the challenges faced by the Iraqi government, there are good reasons to believe this initiative will succeed. First, it's the economic component of a strategy that also includes the Iraqi government's security and political initiatives, including national reconciliation. Second, though inflation and budget execution are continuing concerns, the Iraqi economy has made consistent progress, with strong foreign-currency reserves, growing revenues, a recently enacted fuel-import liberalization law, and an investment law to be passed this month. Third, the Iraqis have already taken difficult steps, including reducing fuel subsidies, maintaining fiscal discipline and an extensive audit of the Central Bank, as part of their standby arrangement with the IMF. The Compact will add a strong oversight mechanism. All of this should further compel us to remain steadfast in our support of an initiative that deserves the urgent support of the entire international community.

Mr. Kimmitt, deputy Treasury secretary, is a presidential emissary for the Iraq compact.

A Christian View Of War (USAT)

By Oliver "Buzz" Thomas

USA Today, September 18, 2006

"Pray for our troops."

Millions of signs and bumper stickers carry the message, and part of me likes it. But part of me keeps waiting for another bumper sticker — the one I still haven't seen. Whether Jesus would drive an SUV, I'm still not sure. Truth is he'd probably ride the

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bus. Or the subway. But if he had money for a car and didn't give it all away to the hookers and the homeless before he got to the used-car lot, I'm pretty sure that his bumper sticker would say "pray for our enemies."

Before you write me off as a left-wing crackpot, consider what we know. During his famous Sermon on the Mount, Jesus said three things relevant to the subject of war:

•Blessed are the peacemakers.

•Turn the other cheek.

•Pray for your enemies.

Here's something else we know. Three-quarters of the U.S. population consider themselves Christian. That translates into about 224 million Americans.

So why are so few of us taking the teachings of Jesus seriously when it comes to this latest war? Out here in the heartland, only a handful of churches are even talking about it.

The most plausible explanation is that we're scared. Some things, it seems, may trump religion. Fear is one of them. If Christians are afraid (and who could blame them after 9/11?), it's not surprising that they're listening to other voices besides Jesus' when it comes to the war in Iraq. So what should the three-fourths of Americans who identify themselves as "Christian" make of the Iraq war?

We could spend a lot of time debating whether St. Augustine's "Just War Theory" can be stretched to accommodate our invasion of Iraq, but at this late date it really doesn't matter. We invaded. And, if the Just War Theory means anything, it means that we shouldn't leave Iraq in a bigger mess than we found it. Americans of faith, it would seem, are obligated to do at least the following:

•Express concern for all suffering, including that of our enemies. That means more than paying lip service. As James, the brother of Jesus, said, it does not suffice to tell a hungry man "God bless you!" or "We will pray for you!" We must address his hunger. The same can be said for the additional food, health care, police and countless other things the Iraqi people need. And, though an immediate withdrawal would be precipitous, we must work diligently to respond to the Iraqis' desire that our troops leave as quickly as possible.

•Recommit ourselves to the fundamental principles of justice and human rights that have been a hallmark of our faith, as well as of our nation. That means no more secret prisons, no more secret trials and no more torture. America cannot resort to the worst practices of the Gulag (where citizens were declared "enemies of the state" and whisked away to Siberian work camps without the benefit of a fair trial or the assistance of counsel) and expect to be an accepted member of the world community, much less a leader of it.

•Repudiate the statements of any religious or political leader who suggests that America has a special claim on God. He may have a special claim on us, but we do not have a special claim on him. Our beloved nation is a civil state, not a religious one. There are no references to God in our Constitution. The only reference to religion — other than in the First Amendment — is found in Article VI, which proclaims that there will be no religious test for public office in the USA. The Founding Fathers gave us a secular state in which all religions are free to flourish or flounder on their own initiative without interference by the government. Those running around claiming we are "in the army of God" or slapping up copies of the Ten Commandments on government buildings threaten to turn us into the very sort of society we are fighting against in this new war.

•Force our elected officials to address the conditions that have given rise to global terrorism in the first place. Terrorism exists for a reason. One of those reasons is that our society has been far too unconcerned about the plight of Muslim people around the world. Why, for example, have we not instituted a mini-Marshall Plan for the millions of Palestinians who have often gone without adequate land, roads, hospitals and schools since the 1967 war with Israel? Corruption among Palestinian leaders has squandered billions in the past, but responsible partners on the ground can and must be found. Private foundations with a long history of engagement might be a good place to start.

We need not and should not repudiate our long-standing alliance with Israel to accomplish this. It's simply that our religious traditions teach us that to whom much is given, much is required. The irony, of course, is that it's in our best interest to relieve Palestinian suffering. True, some terrorist leaders come from affluent families and cite Western worldliness and decadence as

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their motivation for jihad, but the economic factor cannot be ignored. There is no better recruiting ground for the troops of terror than the maddening monotony and grinding poverty of a refugee camp.

In ancient times, particular gods were associated with particular nations. “Tribal deities,” we call them. Today we know better. God is not the mascot of Republicans, Democrats or, for that matter, Americans. God transcends all national and political affiliations. His precinct is the universe.

America is in the deep woods. Never have we been less popular in the eyes of the world. Never have we faced so unsettling an enemy. But before we circle the wagons, Christians should get serious about following the teachings of the one by whose name we are called. He might just know the way out.

Oliver “Buzz” Thomas is a minister in Tennessee and author of an upcoming book, 10 Things Your Minister Wants to Tell You (But Can't Because He Needs the Job).

Violence Persists After Afghan Offensive (AP)

By Fisnik Abrashi

AP, September 18, 2006

NATO said Sunday that its two-week offensive in south Afghanistan was a "significant success" that had driven Taliban insurgents from their positions and opened the way for development. But violence was unabated, with suicide bombers killing three civilians and wounding six soldiers.

Militants also took control of a district in the west of the country after chasing away the police, an official said, in an apparent attempt to open a new front.

The developments came as the country is going through its bloodiest phase since the U.S.-led invasion ousted the hard-line Taliban from power in 2001.

Lt. Gen. David Richards, head of the 20,000-strong NATO-led force in Afghanistan, said the insurgents have been forced out of the volatile former Taliban heartland, and reconstruction and development efforts there would soon begin.

Alliance officials have said more than 500 militants were killed during the two-week operation, centered mainly in Panjwai, Pashmul and Zhari districts of southern Kandahar province.

Two foreign military convoys in different areas came under attack from suicide bombers, a method frequently used by insurgents in Iraq.

A 17-year-old youth carrying explosives jumped in front of a U.S. military convoy east of Kabul, killing a bystander, Afghan police said.

Earlier in the day, a suicide bomber plowed his explosive-laden vehicle into a Canadian military convoy west of Kandahar in southern Afghanistan, killing one civilian and wounding three soldiers, authorities said. Eight civilians also were wounded, said Zulmai Khan, a police official at the scene.

Most of Afghanistan's recent surge in violence has taken place in volatile southern provinces, where some 8,000 NATO forces took military control from the U.S.-led coalition on Aug. 1. NATO commanders say they need another 2,500 troops plus greater air support to crush the Taliban threat more quickly.

Richards said the end of the southern offensive should open the way for much needed reconstruction and development in areas where the central government has been unable to reach.

But some 400 heavily armed Taliban crossed into the western Farah province, taking control of its Gulistan district after chasing away the police and burning the district headquarters and a local clinic, provincial police chief Gen. Sayed Aqa Saqib said. No casualties were reported.

"We are hoping the government will send more troops, because there are too many Taliban in the area," Saqib told The Associated Press over the phone.

Gen. Sher Mohammad Karimi, the Afghan army's chief of operations, acknowledged that the Taliban "were not all destroyed" and that some have simply slipped away into other areas. "They may reorganize but our troops will follow," Karimi said.

Richards ruled out immediately pursuing the Taliban holdouts.

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"We will not dance to the Taliban's tune," Richards said. "They want to deflect us and take us away. We won't let them do that."

The end of one operation coincided with a start of a new U.S. and Afghan offensive in the east of the country.

Dubbed Operation Mountain Fury, the new offensive involves 7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar, the military said. Fighter planes and helicopters will back the ground forces.

A separate U.S.-led operation called Big Northern Wind has been under way in Kunar province's Korangal Valley since late August.

The Taliban, al-Qaida and other Islamic extremist groups are known to operate in the east, especially in the area bordering Pakistan where the reach of the government is weak and militants find sanctuaries.

The renewed American push to defeat the Taliban-led insurgency comes nearly five years after the hard-line militia was ousted from power.

Separately, the mutilated body of an Afghan engineer who had worked for a local aid agency was found Sunday in Ghazni province, where he had been kidnapped earlier in the week by suspected Taliban militants, said Ali Ahmad Fakuri, the provincial governor's spokesman.

NATO General Praises Afghanistan Offensive (USAT)

USA Today, September 18, 2006

A two-week offensive to drive Taliban insurgents from their positions in south Afghanistan was a "significant success" and opened the way for reconstruction and development, NATO's top commander in the country said Sunday. British army Lt. Gen. David Richards said the Taliban will not be allowed to regroup in the volatile southern Kandahar province. "This time, we're not leaving," he said.

The end of the operation in the south coincided with the start of an offensive in the east, where 7,000 U.S. and Afghan troops moved against insurgents in Paktika, Khost, Ghazni, Paktia and Logar provinces. Also Sunday, about 400 Taliban fighters seized and burned the Gulistan district headquarters in Farah province, said Gen. Sayed Aqa Saqib, the provincial police chief.

Indicted Ugandan rebel leader surfaces

Ugandan rebel leader Joseph Kony, who is wanted by the International Criminal Court for alleged war crimes, surfaced at a camp in southern Sudan where rebels are assembling as part of a truce to end 19 years of conflict, a rebel official said. Martin Ojul, a negotiator with the rebel Lord's Resistance Army, said Kony showed up at Ri-Kwangba camp but didn't say when.

The peace deal with the Ugandan government calls for the rebels to gather at two camps in Sudan where they will be protected while a broader peace is negotiated. Kony is accused of civilian massacres and recruiting children to fight in a war that has killed tens of thousands of people and displaced nearly 2 million.

Palestinian unity talks stall over Israel

Talks between Palestinian President Mahmoud Abbas and Hamas, the militant group that runs the government, have stalled over U.S. demands that a unity government recognize Israel, Palestinian officials said. Western nations insist Hamas recognize Israel and renounce violence as a condition for ending sanctions that have crippled the Palestinian economy. "What's the point of forming a government if this government is saying that it won't recognize agreements signed with Israel?" Palestinian lawmaker Saeb Erekat asked.

NATO Faces Growing Hurdle As Call For Troops Falls Short (WP)

By Molly Moore And John Ward Anderson

The Washington Post, September 18, 2006

BRUSSELS -- More than a week after NATO's top leaders publicly demanded reinforcements for their embattled mission in southern Afghanistan, only one member of the 26-nation alliance has offered more troops, raising questions about NATO's largest military operation ever outside of Europe and the goal of expanding its global reach.

The plea for more soldiers and equipment to fight resurgent Taliban insurgents comes as the North Atlantic Treaty Organization's forces are suffering the highest casualty rates of the nearly five-year-long conflict in Afghanistan, and as European

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governments are feeling stretched by the demands for troops there and in Iraq, Lebanon, the Balkans and in several African countries.

"NATO's credibility and future are at stake in Afghanistan," said Pierre Lellouche, president of the French delegation in NATO's parliamentary assembly. "They can't fail, otherwise NATO will lose its credibility."

"It's our most important mission, it's our first priority," NATO Secretary General Jaap de Hoop Scheffer said in an interview at his office here, describing the ongoing combat with the Taliban in southern Afghanistan as "the most intense battle NATO has fought in its history."

Some members of the alliance complain that others are not contributing enough soldiers or equipment, leaving a handful of countries shouldering most of the burden for a high-stakes mission that is becoming increasingly treacherous.

Although no members have criticized others by name, eight of the 26 countries are providing more than three-fourths of the alliance's 20,000 troops now in Afghanistan. Many members are providing fewer than 200 troops. Poland, for example, has contributed 10 soldiers to the mission, according to NATO officials, although it pledged last week to send about 1,000 more.

"It is important that the whole of NATO regards this as their responsibility," British Prime Minister Tony Blair said last week.

The United States has 21,000 soldiers in Afghanistan, more than any other NATO member, but only 1,300 are part of the alliance's operation; the remainder are under exclusive U.S. command. Britain is currently the largest contributor to NATO's force in Afghanistan, with 5,000 troops.

Other countries have complained that their forces are already overstretched.

"Many countries are in the Balkans, in Bosnia and Kosovo, and then in Iraq and Afghanistan and the African countries, and now the Middle East -- Lebanon is taking a lot of resources," said Kimmo Lahdevirta, director of security policy in the Foreign Ministry of Finland, which currently holds the rotating presidency of the European Union but is not a member of NATO.

"There are not many countries with troops that are up to the tasks that they might face in Afghanistan, a high-intensity conflict with the Taliban," said Antonio Missiroli, chief policy analyst at the European Policy Center, a research organization based in Brussels. "If you look at the picture across Europe . . . we are reaching the limits of what we can do."

Scheffer, the NATO secretary general, said military commanders took the highly unusual step about a week ago of publicizing their shortfall of troops, aircraft and other equipment after 18 months of fruitless private pleas with alliance members.

"From time to time, public pressure is necessary," Scheffer said. "You need those headlines to convince nations to step up to the plate . . . I want to ask nations to do what they promised -- and we're not there yet."

Scheffer said he expected the situation in Afghanistan to dominate a gathering of NATO foreign ministers this week in New York, a defense ministers' meeting the following week and a NATO summit in Latvia in November.

NATO took command of Afghanistan's restive southern provinces from a U.S.-led coalition on Aug. 1.

The alliance had about 85 percent of the forces and equipment that field commanders said they needed to carry out their dual mission of maintaining security and carrying out reconstruction projects such as building roads, schools and medical clinics, according to NATO officials.

With Taliban fighters becoming bolder in their attacks, the alliance's newly arrived troops launched Operation Medusa this month, but without enough forces to conduct the operations as quickly or effectively as commanders had desired. On Sunday, suicide bombers attacked Canadian and U.S. troops in separate incidents, killing two civilians and wounding six soldiers, the Associated Press reported.

With about 10,000 troops -- half of NATO's entire Afghan force -- Operation Medusa is the biggest combat operation in Afghanistan since the U.S.-led invasion dislodged the Taliban government in late 2001.

Although NATO troops in recent days have ousted Taliban fighters from positions near a vital transportation route west of Kandahar, officials said the battle could have been fought more quickly and with less risk to NATO forces with more troops and equipment -- particularly airlift capacity.

NATO commanders are seeking about 2,500 additional troops, a squadron of about 18 attack helicopters and three C-130 transport planes.

Poland responded to NATO's admonitions last week, announcing it would offer a mechanized battalion of about 900 soldiers in addition to the 100 soldiers previously promised but not yet delivered.

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But Poland does not want to send the troops until February and is balking at allowing them to be used where NATO says it needs them most -- in southern Afghanistan. Romania reportedly is considering offering about 200 soldiers in addition to the 560 it now has in Afghanistan, NATO officials said.

Scheffer and other NATO officials said field commanders' hands are tied as much by a shortage of troops as by individual countries' prohibitions on how their forces can be used. Germany, for example, has mandated that its 2,750 troops can be stationed only near the capital of Kabul and cannot be diverted to the more dangerous southern provinces.

Michael Williams, who heads the transatlantic program at London's Royal United Services Institute for Defense and Security Studies, said politicians who played down the dangers troops would face in Afghanistan were responsible for withering public support in some European countries for the mission.

Even in the Netherlands, where generals and politicians warned of the dangers of the mission in protracted public debates earlier this year, officials said they have been taken aback by the deteriorating security conditions and the risks their 2,000 soldiers are facing.

"The Dutch government always made clear that it was not going to be an easy ride," said Herman van Gelderen, the Dutch foreign ministry spokesman. Now, he said, it's not a question of fighting only the Taliban. "It seems the Taliban is working together with local Afghan criminals and drug lords, so it's a very serious situation. We always knew it would be hard, but it's even a bit more than we expected."

European public opinion on troop involvement in Afghanistan is also tainted by the war in Iraq, and a general frustration that President Bush's fight against terrorism has led to a deteriorating global security situation, according to public officials and analysts.

"The fight against terrorism united all the nations five years ago, but today, things are not going as well as what we had expected, therefore certain countries question the durability of their commitment," said Serge Vincon, who heads the foreign affairs, defense and armed forces committee of the French Senate.

But Robert Hunter, U.S. ambassador to NATO during the Clinton administration and a senior adviser at the Rand Corp., said, "Some Europeans are hiding behind the Iraq issue and the public's unhappiness with the U.S. in order to shirk their own responsibilities in Afghanistan."

Anderson reported from Paris. Researcher Corinne Gavard in Paris contributed to this report.

Troops In Afghan District Find Anger At Lax Government (NYT)

By Carlotta Gall

The New York Times, September 18, 2006

ANDAR DISTRICT, Afghanistan, Sept. 17 — American and Afghan forces moved Sunday into this district, one of the areas most troubled by insurgents in recent months, as part of a broader operation to reassert control in Ghazni, a strategically important province near the capital, Kabul. But while they encountered little insurgent activity, they did face anger and frustration from the local population.

The new operation, involving about 10,000 troops, began just as NATO forces declared that they had successfully taken control of Panjwai District, southeast of here near the city of Kandahar, after more than two weeks of heavy fighting.

“Afghan, ISAF and coalition forces have successfully cleared the Panjwai area, forcing insurgent forces to abandon their positions,” the NATO commander in Afghanistan, Lt. Gen. David Richards, said in a statement released by the NATO-led International Security Assistance Force.

The extended battle and heavy bombardment in the district left an estimated 500 Taliban fighters dead, and five dead and many more wounded among NATO troops, including members of a unit hit by fire from allies. The remnants of the insurgents are thought to have escaped west into Helmand, a neighboring province, one senior military official said.

Since May, Taliban forces had tried to hold Panjwai, a rich suburb of vineyards and orchards, and make it a permanent base from which to expand their presence in the south and even threaten Kandahar, the military official said.

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At the same time, more insurgents swarmed into Ghazni Province in a natural movement away from the border regions with Pakistan, where American and Afghan forces were concentrating much of their military might over recent months, into the more remote highlands.

Local residents in Andar said the Taliban were "everywhere around," but American and Afghan Army forces have so far not encountered much resistance, after an initial fight south of Ghazni that left 36 Taliban dead on Sept. 12.

They entered Andar without a shot fired and held a meeting with elders and townspeople on Sunday to announce that they had come to bring stability and security.

They found a population anxious about security and resentful of the government and the police, whom they accused of preying on the people.

"Please bring security and stability," pleaded one man, Daulat Khan, interrupting the opening speech of the provincial governor, Hajji Sher Alam. He said the police mistreated people, accusing them first of being with a rogue commander, and then of belonging to the Taliban.

Another man said: "Four months ago we had order and justice here. And now I don't know what is the cause, but it has gone."

As soon as he arrived for the town meeting, Muhammad Jan, 35, a mason, said: "There are a lot of Taliban. They are causing a lot of problems. If they come here and fight, it will affect us all."

A white-bearded man, glowering at the governor, shouted, "The governor has done nothing for us!" Another man thundered that the police chief was a bad man and that his police force treated the people badly and profaned their homes.

"The schools have no teachers, no tents, the children sit under the sun, the teachers don't get paid," said Sayed Muhammad, a shopkeeper. "Corruption exists in this district. The members of Parliament promised us a lot, but they did not fulfill even 2 percent of their promises."

"In some districts, the people are receiving a lot of assistance because they know the governor. Their roads are being built and repaired, and here we don't have anything," Mr. Muhammad said to loud applause. The district, badly hit by flooding several months ago, received none of the emergency flood aid that came to the province, he added.

The governor replied, "If anyone harms or mistreats you, come and tell us."

Soldiers of the United States Army 10th Mountain Division listened impassively, even as the gathering of some 200 Afghan men rumbled loudly with discontent.

Bringing security is only part of what the people in these remote, insurgent-ridden districts need and want, said Maj. Gen. Ben Freakley, the operational commander for American and NATO forces in Afghanistan. He said there was an equal need for good governance and development, something the government and the donors, rather than the military, had to achieve.

"If we have to fight, we will fight," he said after the meeting. "We could fight insurgents here for 10 years, but we don't want to."

"The biggest thing is changing the environment," he continued. "Where we have a decent district chief and district police chief, there is optimism, potential and such capability." But, he said, "Andar has been neglected by all of us."

That changed this week with the arrival of an American and an Afghan National Army brigade that will stay in the region until a new police force can be trained and deployed. They found only 70 police officers still working, hunkered down in the police station, frequently under attack, and with many deserting as the Taliban threatened them and their families, extending their warnings even to their cousins.

The neglect was such that many people had sided with the Taliban, since the alternative was a venal, scared police force, said the newly appointed district chief, Hajji Abdul Rahim. "Some of the people are very hungry for government," he said. "We have to work with the people."

Violence continued with two suicide bombers striking Sunday, killing a Pakistani laborer in Kandahar and wounded eight civilians. Another suicide bomber threw himself at an American convoy on the east side of Kabul, wounding two American engineers and two of their Afghan colleagues.

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DOJ:

Margolis Is The DOJ's Ultimate 'Inside Man' (LEGALT)

By Jason McLure, Legal Times

Legal Times, September 18, 2006

It's never easy to indict a senator, but this time federal prosecutors thought they had the goods.

In the summer of 2004 prosecutors in the U.S. Attorney's Office for the District of Columbia had assembled evidence they believed would lead to a criminal indictment against Sen. Richard Shelby (R-Ala.). The charge: that Shelby had leaked classified information to reporters about messages intercepted by the National Security Agency on the eve of the Sept. 11 terrorist attacks.

The prosecutors had been called in to investigate a June 2002 report by CNN, which, citing two congressional sources, stated that on Sept. 10, 2001, the NSA had intercepted two Arabic messages that said, "the match is about to begin" and "tomorrow is zero hour." The messages weren't translated, however, until Sept. 12. The anonymously sourced report came almost immediately after intelligence officials had presented the information to the Senate Select Committee on Intelligence, of which Shelby was a member. Armed with information gleaned from FBI interviews with reporters and congressional staff, prosecutors had gone so far as to type up a draft of the indictment.

What was needed to bring the charges, according to two sources with direct knowledge of the investigation, was grand jury testimony by the reporters who spoke with Shelby after the hearing. In order to subpoena the journalists, prosecutors needed approval from David Margolis, an assistant deputy attorney general and the Justice Department's most powerful career lawyer.

But at a meeting in a fourth-floor conference room at Justice Department headquarters along Constitution Avenue Northwest, Margolis turned down the request. The decision effectively killed the investigation. "Without the subpoenas you just couldn't do a grand jury," says one of the sources, who spoke on condition of anonymity, citing the sensitivity of internal DOJ deliberations.

In theory the prosecutors could have appealed Margolis' decision to then-Deputy Attorney General Larry Thompson. But that would have meant taking on Margolis, one of the Justice Department's most respected officials, a lawyer with a sterling reputation earned over 42 years of service at the department. "Taking him on is a losing battle," says the source. "The guy is Yoda. Nobody fucks with the guy."

In many ways, comparing the 66-year-old Margolis to the quirky and ancient Jedi Master is apt. Margolis is widely described as the "institutional knowledge" of the Justice Department. A notorious straight shooter known more for his love of country music and outlaw garb than his politics, he's managed to navigate the shifting sands of Washington to retain a powerful voice under Attorney Generals Janet Reno, John Ashcroft, and now Alberto Gonzales. Though Margolis is technically outranked by more than a dozen political appointees at DOJ headquarters and all 94 U.S. attorneys scattered throughout the country, his influence on the department extends far beyond his title, say both current and former Justice officials.

Margolis' bulletproof reputation and lack of partisan stripes also mean that the presidentially appointed attorneys general and deputy attorneys general at the top often turn to Margolis when Justice Department investigations venture into the swirl of national politics. From the investigation after former White House lawyer Vincent Foster's suicide to the ethics of Kenneth Starr's Lewinsky probe to the leak of Valerie Plame's identity, Margolis has played a major role in the DOJ's attempts to show that its law enforcement actions aren't motivated by political concerns.

That was certainly the case in the Shelby investigation, where a Republican-led Justice Department was probing one of the closest congressional allies of a Republican president. "You can see why in a situation like that it's better to have a Dave Margolis supervising those [investigations] than a Larry Thompson," says Thompson, Bush's deputy attorney general at the time of the Shelby probe and now general counsel at PepsiCo.

Margolis' office is littered with photographs of him with Democratic and Republican politicians alike. FBI Director Robert Mueller once joked that as elections approach, Margolis shuffles the pictures based on who he thinks will win. Like President George W. Bush, he bestows nicknames on favored colleagues. Janet Reno was the "Old Lady." Former Deputy Attorney

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General Jamie Gorelick was the "Bionic Babe." The studious-looking Chuck Rosenberg, now the U.S. attorney in the Eastern District of Virginia, was "Tex," for a previous stint in Texas.

Margolis, who last week was given a lifetime achievement award by Gonzales, declined to comment on the Shelby probe. But his influence goes far beyond merely making recommendations on media subpoenas and overseeing the investigations that stir up Washington's chattering classes. "I have an eclectic portfolio," he says.

And a lengthy one. Margolis serves as the Justice Department's chief disciplinarian of its federal prosecutors, helps choose U.S. attorneys and U.S. marshals, vets top FBI officials, advises prosecutors on when to recuse themselves from investigations, authorizes travel requests for the director of the FBI and the administrator of the Drug Enforcement Administration, and approves requests by political appointees to attend campaign events. In addition, on the rare occasion when a nominee for a presidential appointment is part of a criminal investigation, it falls to Margolis to decide how much of the investigation's information should be shared with the White House and the Senate.

MR. CLEAN

Margolis cut his teeth as an organized-crime prosecutor, and he often uses mob analogies in talking about his career at the Justice Department. When asked by an incoming attorney general what his job duties entailed, Margolis responded: "I'm the department's cleaner. I clean up messes."

The analogy calls to mind the character of Winston Wolfe, played by Harvey Keitel in the 1994 film "Pulp Fiction." In the movie, Wolfe is called in by mob honchos to dispose of the evidence after two foot soldiers accidentally kill a murder witness in the back of their car. But Stephen Trott, who served as Margolis' boss in the Criminal Division during the Reagan administration, sees Margolis' role slightly differently.

"Margolis is the guy who comes in and makes sure the brains don't get splattered all over the car," says Trott, who's now a senior judge on the U.S. Court of Appeals for the 9th Circuit in Boise, Idaho. "He keeps people out of those situations."

One example of his efforts to head off trouble came on July 21, 1993. On that day, Margolis, who had recently been promoted from the Criminal Division to become assistant deputy attorney general, took a call from his boss, then-Deputy Attorney General Philip Heymann. "I want you to go over to the White House with [federal prosecutor] Roger Adams. Vince Foster is dead. There's an investigation of it," Margolis recalled Heymann as saying, in testimony before the Senate Whitewater Committee in 1995.

The death of Foster, a deputy counsel in the Clinton White House, had come at a sensitive time in the Whitewater investigation. Republicans in Congress had long suspected the White House was withholding embarrassing information about the Clintons' involvement with a failed Arkansas savings and loan. Immediately after Foster's death the White House had promised the Justice Department that law enforcement officials would be able to review Foster's files in order to look for a suicide note or evidence of extortion.

But when Margolis arrived, then-White House counsel Bernard Nussbaum changed his mind. Instead of allowing Margolis and others from the DOJ to search Foster's files and briefcase, Nussbaum would review them for any relevant material to be turned over while Margolis and other investigators sat across from him in Foster's office. Margolis objected to the change in plans, but after consulting with Heymann, he unhappily acceded. "I explained to Mr. Nussbaum that to do it his way would be a big mistake," Margolis later testified. "I said, 'It was your mistake . . . but it is a big mistake.' "

Margolis' prediction would turn out to be prescient. Nussbaum reviewed the files but didn't find evidence of a suicide note. Almost a week later, however, White House officials would discover a torn note in Foster's briefcase that attested to his unhappiness with life under the Washington microscope. The belated discovery of the note, and Nussbaum's efforts to shield Foster's briefcase and files from Margolis and other investigators, would stoke Republican suspicions that the White House had something to hide. Margolis' own testimony about the episode before the Senate Whitewater Committee in 1995 would only contribute to that perception.

The Foster episode wasn't the only time Margolis tried to head off trouble for his political bosses. In September 1994 the White House contacted the FBI in order to run a name-check on Arthur Coia, the head of the Laborer's International Union, who was being considered for an appointment to a presidential advisory council. But there was a problem. As was later spelled out in a 1997 report by the House Judiciary Committee, the Criminal Division had concerns that Coia was linked to the Patriarca family,

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a New England organized-crime group. Margolis, according to the report, would repeatedly contact the White House over the next few months to ward off Coia's nomination. Coia would remain close to the White House, but, according to news reports, would subsequently be forced to resign from his post at the union as part of a plea deal with the Justice Department.

Today, Margolis says he has little recollection of the Coia incident. "One of the reasons I'm here is to handle controversial stuff," he says. "And I do and I have, and I thrive on it."

George Terwilliger III, who served as deputy attorney general under President George H.W. Bush, says the reason that Margolis has been so valuable is that he "sees the trainwreck coming." Adds Terwilliger, "He sees the people who could potentially be problems."

HELLBENT AND WHISKEY-BOUND

Margolis was reared in Hartford, Conn. The son of a school administrator and a teacher, he graduated from Harvard Law School in 1964 and was hired as an assistant U.S. attorney in Hartford the following year. He distinguished himself in 1969, when he personally persuaded an armed fugitive wanted for two bank robberies to surrender to him during a meeting at a deserted baseball field. At the time, Margolis was given to long sideburns and Edwardian suits, and, according to a report in the Hartford Courant, left a marked impression on a policeman who observed the negotiations. "When I first saw the kid sometime back, I thought he looked like a draft-card burner," the policeman was quoted as saying. "But now I know the kid's got moxie."

From Hartford, Margolis joined the Justice Department's Organized Crime Strike Force, working labor-racketeering and other Mafia cases during stints in Hartford, Cleveland, and Brooklyn.

In 1976 he would come to Washington, where future Attorney General Richard Thornburgh, then head of the DOJ's Criminal Division, appointed Margolis as a deputy chief of the organized crime section. In 1979 he took over as section chief, a job he'd hold for the next 11 years. By that time, Margolis had earned a reputation not only as a hard-charging prosecutor but something of a long-haired iconoclast amid the DOJ's button-down culture. He kept an oversize portrait of Elvis Presley on the wall of his office and a jailhouse photo of Hank Williams Sr. naked to the waist. The dapper suits had disappeared and were replaced by T-shirts with slogans like "Hellbent and whiskey-bound."

"He would come to work in blue jeans with a giant leather belt and silver Elvis Presley belt buckle," says Paul Coffey, Margolis' former deputy. "As chief of the organized crime section, he had this huge, huge office on the second floor. As you walked in you saw the pictures and the painting, and Dave's desk was on the right. What you immediately noticed were four or five half-full coffee cups. In each cup would be the carcass of a cigarette; on the floor would be thousands of remains of popcorn, because [he] ate popcorn all day.

"We'd let a defense attorney come in from time to time and [they] would all come in looking like a million bucks and smelling like a million bucks, and you could tell they were shocked," Coffey continues. "You could hear their feet crunching the popcorn kernels. They'd walk across, they'd see the pictures, the popcorn-strewn carpet, the cups of coffee all over the place, and a guy dressed in T-shirt and jeans."

During the Reagan years, Margolis also got a taste of the glare of the media. As head of the organized crime section, Margolis supervised the long-running investigation of Teamsters Union President Jackie Presser. Presser had been a prominent supporter of Ronald Reagan's presidential campaigns, but also led a double life as both FBI informant and mob-connected union boss. In 1985, when prosecutors were set to indict Presser on labor-law violations, Margolis turned down the prosecution — a move that quickly drew attacks from those who saw the decision as politically motivated. "I've been accused of being a handmaiden," Margolis says.

Under criticism, Margolis was later forced to reveal to the media that a group of FBI agents had said they had authorized Presser's conduct. Later, the Justice Department would conclude that the FBI agents had been lying. Presser was eventually indicted, and he died while awaiting trial in 1989.

Despite the controversy, Margolis emerged with his reputation intact. "David was like a beacon pointing true north on the case," says Trott, his former boss in the Criminal Division from 1983 to 1986.

THE GODFATHER

In 1990, Margolis left the organized crime section to become a deputy assistant attorney general in the Criminal Division. After Bill Clinton was elected, in 1993, he was promoted again, this time to the deputy attorney general's office. He no longer

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oversaw organized-crime cases but took on a range of new duties, including that of supervising the DOJ's Office of Professional Responsibility. In effect, Margolis became the Justice Department's internal affairs chief, the guy you didn't want showing up at your office unannounced. He was a key player in the decision to prosecute Michael Abbell, a former federal prosecutor turned lawyer for the Cali cartel. More recently, he was involved in the investigation of Richard Convertino, the Detroit federal prosecutor now facing charges for his role in a botched terrorism prosecution.

During the Clinton administration he was also asked to examine certain questions about the propriety of some of Kenneth Starr's actions in the independent counsel investigation, according to Eric Holder Jr., one of Clinton's former deputy attorneys general. But little has been publicly revealed about Margolis' role in the matter, and Margolis calls it an "internal" one he won't discuss.

Clinton DOJ officials expected Margolis to be demoted after Bush's election victory in 2000. But Thompson, who served as Bush's first deputy attorney general and had known Margolis since Thompson's days as a U.S. attorney in Atlanta in the 1980s, kept him on. "There wasn't any question as to whether I was going to keep him," Thompson says. "You don't make decisions; you let Dave make decisions."

That may be an exaggeration, but Margolis' power doesn't appear to have waned even late in his seventh decade of life. Margolis was influential in the selection of Mueller as FBI director, in 2001, says Michael Bromwich, a friend of Margolis' who served as the DOJ's inspector general in the 1990s. He's also influenced a number of U.S. attorney appointments in the current administration, including that of Rosenberg in Virginia. "His opinion is weighed heavily," says Kenneth Wainstein, the U.S. attorney for the District of Columbia who previously served as the director of the DOJ's Executive Office of U.S. Attorneys.

As the Shelby case demonstrates, his role hasn't been limited to personnel. Thompson was succeeded by James Comey, and when Comey resigned, in the summer of 2005, he handed supervisory authority of the department's most politically sensitive case — the leak investigation involving CIA agent Valerie Plame — to Margolis. After Paul McNulty succeeded Comey, he made a point of keeping Margolis in that role.

Those who've worked with Margolis attribute his sustained influence at the Justice Department to predictable traits — namely, good judgment and intelligence. But his remarkable devotion to the culture of the department itself is no doubt a factor in his success. In 1995, Margolis suffered a massive heart attack in his office. Then-Deputy Attorney General Gorelick recalls hearing the crack of Margolis' head hitting a coffee table from her desk several doors away. Margolis was rushed to the hospital for quadruple-bypass surgery. Five weeks later, he was back at work. Friends say the heart attack has mellowed Margolis. He's quit smoking, gained weight, and given up wearing T-shirts in the office. He has no plans to retire, and still puts in nearly a full day of work on Saturdays.

Over the years he could have no doubt traded the relative anonymity and government salary of his Justice Department post for the gilt halls of Washington's white-shoe law firms or a slot on the judiciary. But he hasn't. "There's so many games played in Washington with people angling for things," says Trott. "People are trying to become judges, senators, presidents. That doesn't happen with David. In Washington you need somebody like that."

"I stay because this is what I do," Margolis says.

"In 'The Godfather,' Hyman Roth says to Michael Corleone, 'This is the business I've chosen,' " he says. "This is the business I've chosen."

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CORPORATE SCANDALS:

Sentencings Await (HC)

By Kristen Hays

Houston Chronicle, September 18, 2006

Highest-profile case will be ex-CEO Jeff Skilling's

Open season for the Enron era's criminal sentencings is about to get into full swing.

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A few former executives-turned-felons have already received their punishments for crimes they committed within the disgraced energy company's walls, and two have lived in a prison cell.

But this month launches a string of sentencings for those who helped prosecutors as well as those who fought them and lost since Enron cratered nearly five years ago.

The most high-profile sentencing comes next month for former Enron CEO Jeff Skilling, barring any last-minute delays. Andrew Fastow, the former finance chief who is among the most notorious felons to emerge from the Enron rubble, also is expected to garner attention when he is sentenced later this month.

A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its sprawling Enron investigation. He aims to appeal.

Skilling's potential punishment of 20 to 30 years in prison is comparable to the 25 years awaiting WorldCom founder Bernard Ebbers, who was convicted last year of engineering an $11 billion fraud that undercut the company.

Another Enron defendant convicted by a jury this year, former broadband unit finance chief Kevin Howard, is slated to be sentenced a week after Skilling. He faces a maximum of 30 years, but likely will serve half that or less, for one count of conspiracy, three counts of wire fraud and a count of falsifying books and records.

And a slew of Skilling's former underlings whose cooperation helped prosecutors win his conviction face punishments for their own crimes, ranging from probation to 15 years behind bars, depending on the offense and whether prosecutors recommend leniency.

Some prison terms are already determined. Fastow, who orchestrated schemes to manipulate the company's books while skimming millions of dollars for himself on the side, agreed to serve the maximum 10-year term when he pleaded guilty in January 2004 to two counts of conspiracy. And Richard Causey, Enron's former chief accounting officer, agreed to serve seven years when he pleaded guilty to securities fraud in December. Prosecutors can recommend he serve only five years if pleased with his help.

However, unlike Fastow and others, Causey didn't testify against Skilling and former Enron Chairman Ken Lay — who died July 5. Causey was bound for trial alongside them, but cut a plea deal just weeks before the jury was seated.

The rest are expected to try to avoid incarceration.

"That's just the reality of it," said Philip Hilder, a former federal prosecutor in Houston who represents several Enron defendants and witnesses. "There are cooperators who may get a reduced sentence, and it's up to the defense to hold their feet to the fire. That's the way the system works."

Defense attorneys for Skilling and Lay have repeatedly accused cooperators of lying for the government in hopes of getting lenient sentences after cutting deals to avoid expensive and risky prosecution.

"Their real crimes were committing perjury at trial, and for that they should be sentenced accordingly," lead Skilling lawyer Daniel Petrocelli said.

The government has already filed notice it will seek leniency for some cooperators, and more may come. Hilder said such requests often influence judges, particularly those who would otherwise adhere to advisory federal sentencing guidelines.

"In many courts, it holds great weight because the judge has the ability, and the cover, if you will, to go below the guidelines and give the defendant anything ranging from the guideline to probation," Hilder said.

Those include David Delainey, a Canadian citizen and former head of Enron's retail energy arm, who will be sentenced Monday for insider trading. Delainey pleaded guilty in 2003 and was among the government's more significant witnesses against Skilling, saying the ex-CEO pressured management to fudge Enron's reported finances and hide losses. He faces anywhere from probation to 10 years behind bars.

In a court filing late last month, Delainey asked to serve probation or be confined at his home in Canada. In the filing, his lawyers described Delainey's help as "exemplary," and that he gave "powerful, credible testimony that has helped to expose one of the greatest frauds ever committed in this country."

Fastow comes next on Sept. 26, followed by eight more through the end of the year, including Skilling and Causey. Specific sentencing dates have not been set for three former California Enron traders.

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Two cooperators who never participated in any court proceedings beyond their own plea hearings have already been sentenced. In June, Larry Lawyer, a former midlevel broadband unit executive, received probation for two years for failing to report kickbacks as income. And on Friday Timothy DeSpain, a former assistant treasurer, was sentenced to probation for four years for helping obfuscate Enron's financial health to credit-rating agencies.

The first Enron guilty plea came in 2002, and Causey's was the last.

Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the Washington University School of Law, said it's not unusual for defendants to wait years between pleading guilty and receiving their punishment, because the more a defendant cooperates, the more information judges have to consider in sentencing. Most sentencings were put off until after the Lay-Skilling trial.

Also, until sentencing, the government can prosecute cooperators if they lie or otherwise break their plea deals.

"If the witness has already been sentenced, those adverse consequences are no longer a factor," Buell said.

The two exceptions were Ben Glisan Jr., former Enron treasurer, and Fastow's wife, Lea.

Glisan pleaded guilty to conspiracy in September 2003 and went straight to prison for the five-year maximum. He later began helping prosecutors and testified in two trials — including Skilling's.

His prison term was reduced only through means available to all inmates — credit for good behavior and completion of an alcohol abuse treatment program.

Glisan is expected to be released from prison this month to serve his last few months confined at home.

Lea Fastow pleaded guilty to a misdemeanor tax crime in 2004 for helping her husband hide illegal kickbacks from his Enron schemes and served a year in prison.

House Committee Awaits HP Documents Related To Scandal (USAT)

By Michelle Kessler

USA Today, September 18, 2006

Hewlett-Packard has until today to turn over a massive stack of documents related to its snooping scandal to Congress, which has also asked four key players to testify.

The House Committee on Energy and Commerce is investigating whether HP illegally obtained the home phone records of nine journalists and at least two board members. It wants the computer giant to voluntarily hand over nearly all related documents.

Friday, the panel also requested testimony from HP Chairman Patricia Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini, who works for prominent Silicon Valley law firm Wilson Sonsini Goodrich & Rosati.

Additionally, it summoned Ronald DeLia, a private investigator. HP has admitted hiring detectives who pretended to be reporters and board members to access their phone records, a trick that may be illegal under fraud laws.

HP won't say who those detectives are. But committee spokesman Terry Lane says DeLia has relevant information to the case.

On its company website, Security Outsourcing Solutions identifies DeLia as its managing director. The site says the firm helps other companies address internal and external security concerns.

The phone number and address listed actually belong to Boston law firm Bonner Kiernan Trebach & Crociata. Attorneys there did not return phone calls. DeLia did not return e-mails.

HP spokesman Mike Moeller says his company is cooperating with the committee. But he wouldn't say whether employees would turn over documents or testify. As of Friday afternoon, the committee had not received anything, Lane says.

Sonsini's office had no comment.

The committee's requests have so far been voluntary. But it can issue subpoenas if necessary.

On Saturday, HP officials acknowledged they improperly accessed the phone records of Moeller and another employee during the leaks probe. Moeller said Dunn and HP CEO Mark Hurd apologized to him.

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Other agencies are interested in HP. California Attorney General Bill Lockyer has said he has enough evidence to charge employees of HP and its subcontractors. The Department of Justice, Securities and Exchange Commission and FBI have also launched inquiries.

The requests will make it tougher for HP to move past the scandal, says business professor Eric Johnson at Dartmouth College. Last week, HP said that Dunn would step down as chairman in January.

Dunn hired the detectives earlier this year to figure out which board member was leaking information to the press. She says she told the detectives to do everything legally and didn't know about the subterfuge until after the fact.

"They were hoping things would blow over," Johnson says. "But there are more shoes dropping."

Hewlett Review Is Said To Detail Deeper Spying (NYT)

By Damon Darlin

The New York Times, September 18, 2006

A secret investigation of news leaks at Hewlett-Packard was more elaborate than previously reported, and almost from the start involved the illicit gathering of private phone records and direct surveillance of board members and journalists, according to people briefed on the company's review of the operation.

The effort received some degree of supervision from three officials — Patricia C. Dunn, the company's chairwoman, along with its general counsel and another staff attorney — but was quickly farmed out to a network of private investigative firms early last year, according to descriptions of the findings. It is still unclear how much they knew of the details.

Those briefed on the company's review of the operation say detectives tried to plant software on at least one journalist's computer that would enable messages to be traced, and also followed directors and possibly a journalist in an attempt to identify a leaker on the board.

The revelations at Hewlett-Packard, the computer and printer maker that helped define Silicon Valley, have provided a rare glimpse of boardroom turmoil — resulting in Ms. Dunn's agreement to step down as chairwoman in January, and two resignations from the board.

But they have also cast a harsh light on the questionable and possibly illegal techniques used in the episode, raising the possibility of criminal charges.

The account of those briefed on Hewlett-Packard's review of the matter sheds new light on the scope and timing of the investigative methods, establishing that invasive and possibly illegal techniques were used far earlier than previously known and that the company's chief ethics officer was among those providing supervision.

The hunt for a boardroom leaker began as early as January 2005, with a focus on disclosures immediately preceding the ouster of Carleton S. Fiorina as chairwoman and chief executive, with a second phase that began a year later. Hewlett-Packard has said that as a public company, it had a responsibility to stop unauthorized disclosures.

But the review reveals that the investigation by its detectives was notable for a lack of close supervision by company officials.

Those briefed on the internal review said that at various times, questions were raised about the legality of the methods used. They did not identify who raised the questions, when, or to whom they were addressed. But a crucial legal opinion, its origins previously undisclosed, was supplied by a Boston firm that shares an address and phone number with a detective firm on the case.

Those speaking about the company's review would do so only if they were not identified. A Hewlett-Packard spokesman yesterday declined to comment on their account.

In addition to scrutiny by prosecutors, a House subcommittee has entered the case, asking for documents on the internal investigation to be delivered today in advance of a Sept. 28 hearing in Washington.

Some of those documents are expected to reveal that detectives made several attempts at direct surveillance of some directors, and were given photos of reporters to help identify them.

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At least one reporter, Dawn Kawamoto of the online technology news service CNET, may have been followed as part of the 2006 investigation, said a person briefed on the investigation. Ms. Kawamoto was a co-author of an article on a senior management meeting in January.

The detectives also tried to plant software in the computer of an unspecified CNET reporter that would communicate back to the detectives, people briefed on the company review said. Ms. Kawamoto said in an interview this month that prosecutors had told her that such a ploy may have been used, but said she was not aware of any surveillance.

Representing themselves as an anonymous tipster, the detectives e-mailed a document to a CNET reporter, according to those briefed on the review. The e-mail was embedded with software that was supposed to trace who the document was forwarded to. The software did not work, however, and the reporter never wrote any story based on the bogus document.

On Saturday, the company identified one of two employees who it said had been a target of scrutiny in the internal operation. It said the private phone records of the employee, Michael Moeller, director of corporate media relations, were taken.

It is not clear why Mr. Moeller, whose job it is to speak with reporters, was included in the operation. Robert Sherbin, Hewlett-Packard's vice president for external communications and Mr. Moeller's boss, said yesterday, "Investigators' suspicions were misdirected and were unfounded." He would not elaborate.

Although the company said others outside the company were also targets of detectives, it has not identified those people.

According to those briefed on the internal review, the Hewlett-Packard investigation had two stages: from January to August 2005, when nothing of substance was turned up, and again in January 2006, after the CNET article appeared.

The first call for an investigation from the board came in January 2005 after The Wall Street Journal published an article that cited discussion of the board about a management reorganization and changes in the responsibilities of Ms. Fiorina, then chairwoman and chief executive.

An article in The New York Times on Feb. 10, recounting Ms. Fiorina's ouster by the board, contained extensive details of a directors' meeting and fueled the desire to plug leaks.

Reporters from those two newspapers, CNET and Business Week have been told by the California attorney general's office that they were targets in the operation.

Within 60 days, the investigation into the leaks was up and running, according to those briefed on the company review. Responsibility for the investigation was delegated to the company's global investigations unit, based in the Boston area. Those company officials turned the effort over to Security Outsourcing Solutions, a two-person agency that hires specialists for investigations.

That firm hired Action Research Group, an investigative firm in Melbourne, Fla. The actual work of obtaining the phone records was given to other subcontractors, one of which is said to have worked in or near Omaha. The methods were said to have included the use of subterfuge, a practice known as pretexting, in which investigators pose as those whose records they are seeking.

Previous accounts of the Hewlett-Packard operation have focused on the use of such methods in the 2006 phase of the investigation, but not in its earlier phase.

Federal and California prosecutors, as well as the Congressional subcommittee, are examining the chain of detectives for possible criminal wrongdoing in obtaining phone records. The California attorney general said last week that he had enough evidence to indict people inside and outside the company.

Hewlett-Packard has steadfastly refused to identify any of the investigators it used, including its own.

People briefed on Hewlett-Packard's review of its internal investigation say that it was authorized by Ms. Dunn, the chairwoman, and put under the supervision of Kevin Hunsaker, a senior counsel who is the company's director of ethics. But it is not clear what level of supervision he gave to the project.

Ms. Dunn has said in recent interviews that she could not supervise the investigation because she was also a potential target. She has said she turned to the company's security department in April or May 2005 for an initial investigation, then asked Ann O. Baskins, the company's general counsel, for help in the further investigation last January. Ms. Baskins supervises a team of more than 100 lawyers around the world.

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At at least one point, the company's lawyers sought a legal opinion. But it did not come from Hewlett-Packard's own outside counsel, Larry W. Sonsini of Wilson Sonsini Goodrich & Rosati, an eminent Silicon Valley law firm.

Instead, the company asked one of its contractors, Security Outsourcing Solutions, which turned to a Boston lawyer, John Kiernan of Bonner Kiernan Trebach & Crociata, for the opinion. Mr. Kiernan's office shares a Boston address and phone number with Security Outsourcing Solutions.

The company, in a recent filing with the Securities and Exchange Commission, said it had received an outside counsel's opinion that the investigative methods were legal, but it did not identify the source.

It is also not clear whether company lawyers were aware of the close business and personal ties between Mr. Kiernan, Ronald R. DeLia, the owner of Security Outsourcing Solutions, and Anthony R. Gentilucci, the Boston-based manager of global investigations for Hewlett-Packard.

Executives and lawyers back in the company's Palo Alto, Calif., headquarters remained in the dark even after a summary report was produced for them about each of the two phases of the operation, according to those briefed on the review. Neither of the reports, they said, outlined the methods used.

There were discussions of phone numbers and calls in the report. But it is not clear why that fact apparently did not raise alarm among any Hewlett-Packard lawyers about the means used to gain the information.

The findings were presented to the board at a meeting in May, with George A. Keyworth II, the board's longest-serving member, identified as a source of leaks. He refused an initial request to resign, though he ultimately agreed to do so last week. But a fellow director, Thomas J. Perkins, a Silicon Valley venture capitalist, resigned immediately over the handling of the investigation.

It was only through subsequent inquiries to Mr. Sonsini that Mr. Perkins learned more about the methods used. It was his determination to get the company to acknowledge the reasons for his departure that brought the internal investigation into the spotlight this month.

In an e-mail message to Mr. Sonsini on June 19 , Mr. Perkins asked about the legality of obtaining private phone records without a subpoena. Mr. Sonsini responded that Ms. Baskins had "looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

According to those briefed on the company's review of its investigation, there is no indication that Mr. Sonsini, considered the most powerful lawyer in Silicon Valley, was involved in seeking outside investigators for Hewlett-Packard in 2005 or 2006. He became involved, they said, only when the board asked him for a legal opinion of the investigation and the methods used.

Mr. Sonsini has said that his direct involvement in helping the board trace news leaks was limited to interviews with directors in early 2005.

Mr. Sonsini told the board in August, after his firm's investigation of the detectives' methods, that the use of pretexting "was not generally unlawful." The law firm could not say whether the detective agencies hired by Hewlett-Packard, or the subcontractors any of them used, "complied in all respects with applicable law."

CRIMINAL LAW:

Another One Bites The Dust (USNEWS)

By Edward T. Pound

U.S. News and World Report, September 18, 2006

For months, whenever questions arose about an influence-peddling investigation, Rep. Robert Ney, an Ohio Republican, was adamant: He did nothing wrong and wouldn't resign. But all that was so much smoke. First, Ney announced he would retire. Then, last week, he agreed to plead guilty to criminal charges linked to disgraced lobbyist Jack Abramoff. Ney acknowledged his guilt on charges of conspiring to defraud the public of his "honest services" and making false statements. According to prosecutors, Ney accepted trips worth more than $170,000 from Abramoff, his lobbyists, and their clients. The Abramoff team showered him with campaign gifts, meals, and sports and concert tickets; Ney gave them legislative help. Separately, Ney admitting taking "thousands of dollars" in gambling chips from a foreign executive who wanted his help.

Rep. Ney Pleads Guilty In Ongoing Abramoff-Related Corruption Probe (LAW)

By Anna Palmer And Emma Schwartz, Legal Times

Legal Times, September 18, 2006

Rep. Robert Ney, R-Ohio, pleaded guilty Friday to criminal fraud charges as part of the government's ongoing public corruption probe stemming from the business deals of convicted lobbyist Jack Abramoff.

In the two-count plea, filed in the U.S. District Court for the D.C. Circuit, Ney, 52, admitted to making false statements and to being part of a conspiracy to violate congressional gift bans by accepting handouts and free trips from Abramoff and his clients in exchange for pushing their legislative agenda beginning in 2000 until April 2004.

Ney is the first member of Congress to face charges in a lobbying scandal that has already ensnared six other lobbyists and government officials. Abramoff and his associates Michael Scanlon, former Ney Chief of Staff Neil Volz, Adam Kidan and Tony Rudy all pleaded guilty to bribery charges. David Safavian, former chief procurement officer for the Office of Management and Budget, was convicted in June of making false statements and obstructing justice in connection with his work with Abramoff. (Judge Paul Friedman denied Safavian's motion for a new trial this week.)

Lawyers familiar with the investigation say the government is likely to bring charges against other government officials, former Hill staffers and lobbyists in the coming months.

Ney's lawyers, Mark Tuohey and William Lawler of Vinson & Elkins, did not return calls. A spokesperson at Ney's office declined to comment on the future of Ney's congressional office. But even though the Ohio congressman soundly won his primary election in May, the state Republican Party moved quickly to remove him from the November ballot and named Joy Padgett, a former state representative, on Thursday as his replacement. The New York Times reported Friday that Ney had entered into treatment for alcoholism.

"Congressman Ney obviously has some personal issues that he needs to deal with, and we wish him the best of luck, but he's not on the ballot this November. Our focus is keeping the 18th District in Republican hands," says John McClelland, a spokesman for the Ohio Republican Party.

Ney will appear in court Oct. 13 before Judge Ellen Huvelle. He faces a maximum sentence of 10 years and a $500,000 fine, although the Justice Department is recommending he receive closer to 27 months in prison.

The case is being prosecuted by Mary Butler, M. Kendall Day and James Crowell IV of the Justice Department's Public Integrity Section.

Ney's relationship with Abramoff and his associates began shortly before he took over as chairman of the House Committee on Administration in 2001, a position he held until the House leadership forced him to step down in January.

One of Ney's first illegal acts was inserting statements into the Congressional Record on Scanlon's behalf twice in 2000, according to the plea. According to the Congressional Record, those statements related to Abramoff's Florida business venture, SunCruz Casino.

Ney soon accepted numerous lobbyist-sponsored trips, including an August 2002 golfing junket to Scotland, which included Abramoff, Safavian, Volz and former Christian Coalition organizer Ralph Reed. Ney also took a gambling trip to New Orleans, in May 2003, and vacationed at Lake George, N.Y., in August 2003. Both trips were paid for by lobbyists.

In the plea, Ney admitted he had frequently accepted free meals and drinks at Abramoff's restaurant, Signatures, and took free tickets to concerts and sporting events using Abramoff's box suites at the Verizon Center, FedEx Field and Camden Yards.

In exchange for these gifts, Ney agreed to add language favoring Abramoff's clients into pending bills, according to Ney's plea documents. One of the key pieces of legislation was the Help America Vote Act, in which Ney inserted amendments to lift an existing casino ban for two Abramoff clients and to allow another Abramoff client, a foreign-beverage distiller, to label its product "Made in Russia" even though it was made in a former Soviet republic, according to the plea agreement.

In addition to the Abramoff-related matters, Ney admitted to taking bribes from a foreign businessman who had hired U.S. lobbyists to help get a license to sell U.S.-made airplanes and parts. The businessman, who was not named in charging documents, gave Ney and his staff thousands of dollars in gambling chips on a 2003 trip to a London casino, from which Ney walked away from with more than $50,000. According to lobbying and travel records, the businessman was Nigel Winfield, whose company, FN Aviation, hired lobbyist David DiStefano, a former chief of staff to Ney, in 2003.

Lynch Pleads Guilty To Fraud, Tax Evasion Charges (NSL)

By JOHN P. MARTIN

Newark Star-Ledger, September 18, 2006

Ex-senator and Democratic Party kingpin admits taking kickbacks

State Sen. John Lynch yesterday admitted secretly taking tens of thousands of dollars from a contractor while lobbying to help him develop state parkland, a stunning acknowledgment of corruption by one of New Jersey's most influential politicians.

Standing before a federal judge in Newark, Lynch pleaded guilty to defrauding the state's citizens and to tax evasion. He said he and his business partner, Jack Westlake, used a Tinton Falls consulting company as a "conduit" to accept and hide kickbacks they demanded from contractors.

Westlake, a developer and longtime member of the Monmouth County Board of Taxation, pleaded guilty to a separate tax evasion charge.

Their pleas marked a sudden end to a four-year investigation that began with an inquiry into billboard sales by two high-level aides to former Gov. James E. McGreevey and ended with the prosecution of Lynch, the former Senate president, Democratic Party leader and McGreevey's political mentor.

U.S. Attorney Christopher Christie called it possibly "the most significant" case in his office during a four-year barrage of corruption prosecutions that has sent dozens of elected officials, public employees and contractors to prison.

None was as powerful as Lynch, who left the Senate after two decades in 2002, but remains widely viewed as one of the state's reigning political bosses.

"Today, an era of corruption and influence peddling for personal profit has been put to an end," Christie said at a news conference.

Under the terms of his plea, Lynch, who is also a former mayor of New Brunswick, agreed to serve between 33 and 41 months in prison, although U.S. District Judge Stanley Chesler could opt to impose a longer or shorter term. He released Lynch on $100,000 bail but ordered him to return for sentencing Dec. 19.

The plea spared Lynch, the de facto leader of the Middlesex County Democrats, a trial on more serious charges that, if proven, could have sent him to jail for three times as long. Prosecutors had threatened to charge him with racketeering, a sweeping charge that would have portrayed Lynch as the mastermind of a criminal enterprise spanning years, according to three attorneys with knowledge of the negotiations.

Typically reserved for organized crime figures, a racketeering charge, if proven, could have exposed Lynch to a decade in prison and allowed the government to first freeze then seize millions of dollars of his assets. For months, Lynch had been characteristically defiant, telling friends he would fight the allegations.

Guilty Plea From Former N.J. Lawmaker (PHI)

By Troy Graham And Jennifer Moroz

The Philadelphia Inquirer, September 18, 2006

He was once atop the New Jersey political world, one of the most powerful men in Trenton, a mentor to former Gov. Jim McGreevey.

Now former state Senate President John A. Lynch has become another in a long line of politicians convicted in federal court on corruption charges.

Lynch and his business partner, John Westlake, pleaded guilty in Newark on Friday to tax-evasion charges. Lynch also pleaded guilty to a corruption charge for accepting more than $25,000 while in office to lobby on behalf of a sand-mining company.

U.S. Attorney Christopher Christie, who has brought charges against 97 political figures during his tenure, said Lynch's plea ended "an era of corruption and influence peddling for personal profit."

"At this point, this an an old story... but one today that's of particular significance," he said. "This is one of the most important - if not the most important case - we've brought to a conclusion in my 41/2 years."

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The guilty pleas spun off a four-year investigation that began with federal officials examining the business dealings of two top McGreevey aides - Paul Levinsohn and Gary Taffet.

The aides, who were accused of improperly using their influence to broker lucrative deals to install billboards throughout the state, were never charged with a crime. The investigation morphed over time to focus on Lynch and Westlake, Christie said. The aides have denied any wrongdoing.

The billboard investigation began with a deal Taffet and Levinsohn pursued in Gloucester County, and a grand jury seated in Camden heard the evidence that eventually brought down Lynch.

In a statement distributed by his attorney after the hearing, Lynch, a Democrat from Middlesex County, apologized for his "misconduct."

"I remain proud of the many public achievements in which I played a role," he said. "However, I recognize that the misconduct which I today acknowledged will forever overshadow those achievements."

Lynch, 67, could face 33 to 41 months in prison. Westlake, 76, of Red Bank, faces 10 to 16 months. Both men remain free on bond pending their sentencings on Dec. 19.

Lynch was a three-term mayor of New Brunswick, a state senator for 20 years, the Senate president from 1990 to 1992, and one of the men most credited with helping McGreevey win the governor's office. He retired from public life five years ago.

His conviction comes four days before the release of McGreevey's book, The Confession, which details his time as a closeted gay man in politics, and his downfall after admitting an affair with a male employee.

In the book, McGreevey calls Lynch "by far the most powerful warlord in the state," and says Lynch pressured him "to appoint his people to ranking positions, particularly in law enforcement."

Lynch is one of several McGreevey figures to have their day in federal court. Fund-raiser David D'Amiano and real estate mogul and Democratic donor Charles Kushner both were given prison terms last year in political-corruption cases.

Gov. Corzine said Friday that the "toxic mix" of money and politics was a "broad cultural problem" in New Jersey.

"It's unacceptable, the breach of trust, and I'd say the same thing if it were my best friend," Corzine said. "Politics is the basis for economic gain, and that has got to stop."

Lynch and Westlake were partners in a company called Executive Continental, and Westlake controlled another company called Alma Limited, both of which were based in the same Red Bank office and purported to provide consulting to developers. Prosecutors said Lynch used these companies to hide his illegal work for developers.

Lynch admitted to accepting more than $25,000 from a South Brunswick company seeking to mine state-owned lands and then turn the land into a recreation park. The plan needed approval from the state Department of Environmental Protection.

Lynch admitted writing letters on Senate letterhead to the DEP commissioner hailing the proposal as having "great appeal to the general public."

Meanwhile, Alma sought between $120,000 and $200,000 in payments from the company. The money from the sand company passed through Alma, to Executive Continental and then to Lynch, according to court documents.

Christie would not address questions about whether Lynch conducted other similar deals, saying he could only discuss what was contained in the court papers. But, the money Lynch admitted to not reporting to the IRS, about $150,000, passed to Lynch through another unidentified developer interested in a property on the Raritan River.

Christie said investigations spawned by the billboards case would continue, and FBI Special Agent in Charge Leslie Wiser warned, "our team is not done."

"Put this on the billboard: 97-0 and counting," he said.

In Trenton Friday, legislators had differing opinions on whether the conviction would stain the Democratic Party, with Senate President Richard J. Codey (D., Essex) offering the most satirical view.

"People already have the attitude that politicians are crooks," he said with a chuckle. "So another one isn't going to change that."

Christie called Lynch's plea "a sad moment," and acknowledged that the conviction might not change the way politics work in New Jersey.

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"The problem is that you get rid of one set of corrupt bosses and another set seems to come in to replace them," he said. "It's up to the people of this state and the leaders of this state... to decide if they want to continue on this path."

Ex-Leader Of New Jersey Senate Is Guilty Of Corruption (NYT)

By David Kocieniewski

The New York Times, September 18, 2006

NEWARK, Sept. 15 — Offering a public apology for adding another chapter to New Jersey's storied history of political corruption, the former Senate president, John A. Lynch Jr. — once the most influential power broker in the state — pleaded guilty on Friday to charges of official misconduct and tax evasion.

Mr. Lynch, whose political machine once gave him the power to appoint judges, shape legislation and pave James E. McGreevey's path to the governor's office, admitted that in 1998 and 1999 he used his public office to help win permit approvals for a mining company that eventually funneled more than $25,000 to him as a "success fee."

He also pleaded guilty to an unrelated tax evasion charge, admitting that in 1999 he failed to declare income he had received from the sale of a parcel of land along the Raritan River.

The charges for Mr. Lynch, 67, who will be sentenced on Dec. 19, carry a possible prison sentence of nearly three years. The case marked a remarkable downfall for Mr. Lynch, once considered a possible candidate for governor. His intensity, intelligence and temper made him a feared political opponent.

As Judge Stanley R. Chesler read the charges in United States District Court in Newark, Mr. Lynch appeared confident. But when asked by the judge whether he was taking any medication, Mr. Lynch said that he had had to calm his frayed nerves in the hours before the hearing by taking sleeping pills and a sedative.

In a written statement distributed by his lawyer, Jack Arsenault, Mr. Lynch said he was deeply sorry for betraying the public trust and embarrassing his family, political colleagues and constituents.

"I deeply regret it, not merely because it will irreparably stain my reputation but, more importantly, because it will further erode both the citizens' faith in their public officials and the country's perception of this great state," he said.

Christopher J. Christie, the United States attorney for New Jersey, hailed the guilty pleas as the end of an era of political bosses that had led to what he called "the corrupt McGreevey administration."

After watching the court proceeding from the spectators' bench, Mr. Christie held a news conference and said that he hoped the case would serve as a deterrent to any public official tempted to cash in on his public service. "No one, absolutely no one, in New Jersey is above the law," Mr. Christie said.

Although the plea involved only one deal in a career that spanned nearly three decades, lawyers familiar with the case said that after scouring Mr. Lynch's business and political records for more than four years, investigators were preparing to push for indictments on a wide range of charges involving at least six different transactions.

Mr. Christie declined to discuss whether Mr. Lynch might have faced more criminal charges if he had not agreed to plead guilty. But when reporters asked whether Mr. Lynch had gotten off easy by pleading to a single corruption charge, Mr. Christie gave an adamant reply.

"A few years ago he was the most powerful figure in the state," he said. "I don't think John Lynch ever expected to go to jail."

The guilty plea, coming during the final two months of a closely contested race for the United States Senate, was quickly seized on by Republicans, who called it an indictment of New Jersey's Democratic leadership. But there was no evidence in the court documents or hearing that pointed to any other public official.

The investigation into Mr. Lynch was a result of an inquiry that was started in late 2001, the month before his protégé, James E. McGreevey, was sworn in as governor. The following year, federal authorities began investigating a complaint that Mr. McGreevey's incoming chief of staff and chief counsel used their positions on his transition team to inflate the value of a billboard company that they later sold for a profit.

No charges have been brought regarding the billboard transaction. But as agents examined the deal, they discovered that Mr. Lynch and his business partner, Jack Westlake, had received a share of the profits through a consulting company they had formed in 1993.

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The company, Executive Continental Inc., helped businesses win government approvals for a wide range of commercial projects, apartment buildings, strip malls and subdivisions throughout the state.

In an interview with The New York Times last December, Mr. Lynch said that his role with Executive Continental was to act as a "choreographer" and help businesses navigate the bureaucratic thicket. He said the company received a "success fee" if the projects were completed, and insisted that he was proud to use his policy expertise to promote private development projects that did not contribute to suburban sprawl.

But in court papers made public on Friday, Mr. Lynch acknowledged that in 1998 he used his public office to lobby for the Dallenbach Sand Company as it sought state approval for the rights to mine property in South Brunswick. Mr. Lynch wrote two letters urging the state's Department of Environmental Protection to approve the project. He later submitted an invoice to the company charging $25,000 "for professional services rendered for lobbying."

Although the project never materialized, Mr. Lynch was ultimately paid more than $25,000 for his work, some of which was paid through Mr. Westlake's other company to conceal Mr. Lynch's participation.

Mr. Westlake was not charged with any wrongdoing in connection with the mining deal. He did, however, plead guilty to tax evasion charges for failing to report the $350,000 in income he made from the sale of the Raritan River property that he owned with Mr. Lynch.

ONE MAN, MANY ROLES: Lynch Flexed His Muscle In New Brunswick City Hall, State Senate, Behind The Scenes (APP)

By Rick Malwitz, STAFF WRITER

Asbury Park Press, September 16, 2006

Plea eclipses long political career

NEW BRUNSWICK — In the 1840s, Patrick Corrigan emigrated from Ireland and went to work helping construct the city's sewer system. While he chopped through roots under the city sidewalks, he would at the same time plant family roots.

Nearly a century later, in 1938, his granddaughter, Evelyn Rooney Lynch, gave birth to John A. Lynch Jr., who would play a significant role in the city's history and be hailed as a principal architect of its recent revival.

Lynch would follow in his father's footsteps, becoming mayor of the city, president of the state Senate and a major player in state politics, and the reputed political boss of Middlesex County politics.

But whatever good deeds there were in the eyes of many, these were eclipsed Friday, when he pleaded guilty to federal corruption charges. In a deal with the U.S. Attorney's Office, he is expected to be sentenced in December to federal prison for between 33 and 41 months.

While Lynch crafted a lucrative career as an attorney with success not in small ways owing to his political connections, he maintained a passion for the political arena. When the U.S. Attorney's investigation became known in November, he said it was the result of his high political profile.

Of his passion for politics, he explained in a 1999 interview, "Every man needs a crap table."

Taking dad's lead

The senior Lynch was named city magistrate in New Brunswick in 1938. In 1941, he was named Middlesex County prosecutor by Gov. Charles Edison. He would serve two terms as mayor in the 1950s and serve in the state Senate from 1955 to 1977, rising to the position of Senate president.

Following his death in 1978, the John Lynch Sr. Bridge, crossing the Raritan River, was named in his honor.

His son would take the same career path — mayor, state senator, Senate president.

John was the eldest of five children raised on New York Avenue, near St. Peter's Hospital, and he attended St. Peter's High School.

Lynch graduated from College of the Holy Cross in Worcester, Mass., and Georgetown University Law School in Washington, D.C., and then returned home to practice law.

Lynch became mayor of New Brunswick in 1979, and would serve three four-year terms. During his tenure, the city had a revival that made it the envy of other cities in the state.

McGreevey mentor

Lynch toyed with the idea of running for governor in the 1980s. However, his statewide political ambitions would suffer, through no fault of his own.

In 1989, his brother-in-law, Louis Auricchio Jr., was sent to federal prison on income-tax evasion. In 1994, Auricchio pleaded guilty to aggravated manslaughter, admitting his role in the 1988 murder of a mob rival in Kearny.

After Lynch's statewide political ambitions were foiled, he found someone to groom for the governor's office, identifying James E. McGreevey of Woodbridge as an up-and-coming star in Democratic Party politics.

In 1997, Lynch co-chaired McGreevey's campaign, when he sought his party's nomination to challenge incumbent Gov. Christie Whitman.

McGreevey upset U.S. Rep. Rob Andrews in the 1997 Democratic primary, and came within 28,000 votes of upsetting Whitman. In the 2001 election, McGreevey easily defeated Republican Bret Schundler in the governor's race and Lynch was hailed as the kingmaker. That year the www.politicsnj.com Web site named Lynch its "Politician of the Year."

Once McGreevey took office, however, his relationship with Lynch soured. No longer did Lynch have access to the governor's office, and Democratic power brokers repeatedly asked him why he had promoted McGreevey.

Political "choreographer"

Lynch would describe the duration of the McGreevey administration as "the worst 34 months of my political life."

Ironically, Lynch entered his guilty plea the same week The Associated Press printed the most salacious excerpts from McGreevey's tell-all autobiography.

Officially, Lynch's power began to diminish following the 1991 election. Voter dissatisfaction with Gov. James J. Florio's tax increase tipped the balance in Trenton, putting the Republican Party in charge.

Lynch, no longer Senate president, said he believed it was time to enter "the real world" and begin developing business interests in addition to his law practice.

In 1993, Monmouth County developer Jack Westlake created the Alma Limited Partnership to develop business projects. Lynch was not part of Alma, reasoning that, if he was, "I would become the story, as opposed to the project."

Lynch and Westlake then established Executive Continental, to act as a subcontractor working for Alma, with Westlake and Lynch sharing 50/50 ownership. Lynch told the Home News Tribune his role was as a "choreographer . . . to make the politics work."

FBI raid

When the FBI exercised a search warrant at the office Westlake and Lynch shared in Tinton Falls, Lynch claimed he was innocent.

"I am sure that I have been investigated due to the repeated press accounts calling me "boss,' a "warlord,' and many other uncomplimentary names as a result of the nonsense perpetrated by people associated with the McGreevey Administration."

In May, Gannett New Jersey reported that Monroe Mayor Richard Pucci received $150,000 to act as a consultant to New Directions for Responsible Leadership. At the same time, developer Jack Morris, a developer with close ties to Lynch, was seeking approval of a project in Monroe.

Lynch said there was no wrongdoing, although he acknowledged there was a perception of wrongdoing, based on his connection to the story.

"I am a liability because of perception, not reality," Lynch said.

In the wake of that story he faxed a statement to the media, announcing his decision, "to withdraw entirely, permanently and irrevocably from a wide range of public organizations, whether political or philanthropic in nature."

In an interview with the Home News Tribune one week after he issued that statement, he indicated he would not leave the political arena altogether. "God willing I will be around long enough to be banged around some more," he said.

With Friday's guilty plea, the bang of a judge's gavel in federal court forever tainted his name.

Ex-Senate President Admits He Got Payoffs (BERGR)

By PETER J. SAMPSON And MITCHEL MADDUX, STAFF WRITERS

DOJ_NMG_0063772

Bergen Record, September 16, 2006

John A. Lynch Jr., a former state Senate president and one of New Jersey's most powerful Democratic bosses, admitted Friday that he took thousands of dollars in payoffs from a company seeking state approvals.

Lynch, 67, pleaded guilty in federal court to devising a scheme to defraud the public. He also admitted evading taxes on $150,000 in unreported income from a separate venture in 1999.

The former legislator -- who sponsored James E. McGreevey's rise to the governor's office in 2001 -- is by far the most prominent of dozens of New Jersey public officials convicted in a series of federal corruption probes during the past several years.

State Republican Party chief Tom Wilson was quick to make political hay of the news.

"John Lynch isn't just symbolic of the Democratic Party in New Jersey: He was the literal hub of the Democratic Party in New Jersey," Wilson said. "Another Democratic Party leader sent to jail, another black eye for New Jersey's reputation."

Democratic State Committee Chairman Joe Cryan fired back: "These types of things happen in both parties, whether it's Republican mayors in Monmouth County or Republican congressmen around the country. Tom should know better than to make these kinds of allegations."

U.S. Attorney Christopher J. Christie -- no stranger himself to accusations of partisan politics -- noted that Lynch, of New Brunswick, once was "probably the single most influential person on the governor of New Jersey."

"Today's guilty plea should send a message that no one -- absolutely no one -- is above the law in the state of New Jersey," Christie said during a news conference in Newark.

Lynch, a former New Brunswick mayor, admitted his guilt before a packed courtroom as part of a plea agreement that brings a close to a four-year investigation. Under federal guidelines, he faces 33 to 41 months in prison when he is sentenced on Dec. 19.

U.S. District Judge Stanley Chesler allowed Lynch to remain free on $100,000 bail, provided he surrenders his passport, submits to a mental health evaluation and limits his travel to New York and Florida.

Lynch, who left office in January 2002, later apologized for betraying the public trust.

"I accept full responsibility for [my] misconduct, and I deeply regret it, not merely because it will irreparably stain my reputation but, more importantly, because it will further erode both the citizens' faith in their public officials and the country's perception of this great state," he said in a statement read by his attorney outside the federal courthouse.

The statement also said Lynch is pained that his crimes will now overshadow decades' worth of achievements in public office.

By pleading guilty, he said, "I hope I can cease being part of the problem and start being part of the solution."

Sand company payoffs

Moments earlier, Lynch told a federal judge that he accepted payoffs funneled through two consulting firms from a South Brunswick sand company in return for his official actions and influence as a senator.

His longtime business associate and a principal of the two consulting firms, John E. "Jack" Westlake, also pleaded guilty Friday.

Westlake, 76, of Red Bank, admitted that he failed to report about $350,000 in 1999 income and, as a result, owes between $70,000 and $120,000 in back taxes.

The partners used the Red Bank firms Executive Continental Inc. and Alma Limited to hide corrupt payments to Lynch, federal authorities said. The firms purported to provide consulting services to developers.

In 1995, the sand company hired Alma to help secure mining rights to state-owned land next to its property in South Brunswick. After the sand was extracted, the land was to be turned into a park and ownership reverted to the state. The company turned to Alma, which is solely owned by Westlake, to get the necessary approvals from the state Department of Environmental Protection.

Lynch wrote letters to the DEP vouching for the sand company and endorsing the park plan.

DOJ_NMG_0063773

Between 1998 and 2002, Alma regularly demanded and received payments of $120,000 to $200,000, from the sand company, Lynch admitted Friday. About $25,000 of that money was passed on to him through Executive Continental, a firm in which he held a 50 percent stake, he said.

Christie said Lynch pressed the DEP to approve the park project while not admitting to anyone that he was receiving payments from the sand company.

"That's influence peddling and concealing corrupt conduct," he said.

'Powerful warlord'

As Senate president and as an influential political boss, Lynch exerted behind-the-scenes control over a wide range of government decisions affecting every corner of New Jersey.

In his recently released autobiography, "The Confession," McGreevey described Lynch as "by far the most powerful warlord in the state."

At times pugnacious, often feared and sometimes downright profane, Lynch charted a successful political career secured through written legislation and backroom deals.

He led the revival of a blighted New Brunswick, convincing health-care giant Johnson & Johnson to keep its world headquarters there and sparking an urban renewal movement. He also authored New Jersey's fair housing law after the state Supreme Court ruled that municipalities must provide affordable housing to the disadvantaged.

Among his other achievements were laws to protect the state's dwindling open spaces, protect wetlands and create urban enterprise zones.

Lynch was born in 1938, the son of the late John A. Lynch, himself a New Brunswick mayor who also ascended to the Senate presidency. The younger Lynch studied at the College of the Holy Cross and Georgetown University Law School before beginning a legal career. He was elected to the Senate in 1981.

Aide McGreevey Cited Says They Never Had An Affair (NYT)

By Andrew Jacobs

The New York Times, September 18, 2006

There were no fireworks, no swooning — and no sex, for that matter, says the man at the center of the political maelstrom that led to the resignation of Gov. James E. McGreevey of New Jersey two years ago.

Golan Cipel, the man with whom Mr. McGreevey says he had a two-year affair, said in an interview from Israel yesterday that he wanted to set the record straight and dispute Mr. McGreevey's memoir, "The Confession," which is to be released tomorrow. He said the book was simply an attempt to rehabilitate Mr. McGreevey's public image.

He said he was the victim of unwanted advances. "I was not his lover," said Mr. Cipel, 37, an Israeli citizen who was New Jersey's homeland security adviser. "I've never met a liar like Jim McGreevey."

In an interview yesterday, Mr. McGreevey would not directly address Mr. Cipel's remarks, but he described the book as a "rigorously and deeply honest" recounting of his years in the closet, his furtive sexual exploits at truck stops and what he portrays as a rapturous breakthrough affair with Mr. Cipel.

"I want to recognize my obvious complicity in the relationship and to underscore the damage and suffering I caused," he said. "But for Golan, I would have never confronted my own truth."

State Senator Raymond J. Lesniak, Mr. McGreevey's close friend, was less conciliatory. "There is a special place in hell reserved for liars like Golan Cipel," he said.

At the time of Mr. McGreevey's resignation, lawyers for the governor said Mr. Cipel was threatening to file a sexual harassment lawsuit. One of the lawyers, William E. Lawler, said that Mr. Cipel's lawyer, Allen M. Lowy, was demanding $50 million in exchange for dropping the matter.

Mr. Cipel denied yesterday that he or his lawyer was seeking money. He said he wanted only that Mr. McGreevey stop harassing him. The F.B.I. investigated extortion accusations but declined to take action.

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In the book, Mr. McGreevey calls the relationship a consensual affair that started one night while his wife was recovering from surgery after the birth of their first child. “We undressed and he kissed me. It was the first time in my life that a kiss meant what it was supposed to mean — it sent me through the roof,” Mr. McGreevey writes.

Mr. Cipel said the two men never kissed.

Mr. Cipel called it an encounter marked by deceit and physical force. He said the evening started at a bar near the governor’s home in Woodridge, where Mr. McGreevey tried to ply him with beer while state troopers waited outside. When he refused to drink, he said, Mr. McGreevey asked him to return to his home under the guise of doing work. Once there, Mr. McGreevey poured two glasses of Jägermeister. Again, Mr. Cipel said, he would not drink.

He said Mr. McGreevey downed both glasses, and said he had some paperwork upstairs he wanted to give him. “Contrary to what is in the book, we were not holding hands as we walked up the stairs,” Mr. Cipel said. As they neared the master bedroom, Mr. Cipel said, the governor pushed him onto the bed and jumped on top of him.

After a brief tussle, he forced him off and asked why he thought he was gay. “Everyone is a little bit gay,” he quoted Mr. McGreevey as saying. He said he returned home and the next day, the governor apologized, chalking it up to the liquor and the absence of his wife.

Mr. Cipel said there were other encounters during his two years in the administration.

One episode occurred one night in 2002 when state troopers drove the two men to Washington for a meeting, and the governor tried to rub up against Mr. Cipel’s leg. Mr. Lawler said he interviewed the troopers, who denied that the encounter took place.

After that, Mr. Cipel said, he resigned. Asked why he had not left sooner or gone to the authorities, he said he had been afraid no one would believe him. “I knew McGreevey would do anything to keep his job and I didn’t want to get between him and his ambition,” he said. “I felt I couldn’t really run away from a man this powerful and ambitious.”

Former Aide Denies Affair With McGreevey (MH)

The Miami Herald, September 18, 2006

TRENTON, N.J. - Former Gov. James McGreevey says it was an affair with another man that wrecked his marriage and led to the downfall of his political career.

But the former aide implicated in the affair, Golan Cipel, denies the stories recounted in McGreevey's new tell-all book, saying there was never consensual sex and that there were several occasions where he felt sexually harassed, according to newspaper reports.

"I didn't have sex with him - ever," Cipel, 37, told The Philadelphia Inquirer for Sunday newspapers. "In his book, he talks about love, but I never heard anything from McGreevey that was affectionate. The only thing I experienced from him was sexual harassment."

Speaking by phone from Israel, where he works, Cipel told The Inquirer that he needed to counter what he described as lies in McGreevey's book, "The Confession," which is due in bookstores Tuesday. Cipel repeatedly has denied that he is gay.

McGreevey stood by his account of the relationship as described in the book.

"The book is rigorously, if not painfully, honest," McGreevey told The Associated Press Sunday. "It was necessary in my recovery to be totally honest, to embrace my mistakes, my failures and the pain I caused, and to take responsibility for my actions. The book is an effort, however imperfect, to describe the dangers of living a divided, inauthentic life."

A copy of the book, obtained Thursday by The Associated Press, has McGreevey recounting how he first bedded Cipel in December 2001 while his wife was in the hospital after delivering their daughter. McGreevey describes the first kiss in his life that meant something and lovemaking that was "a boastful, passionate, whispering, masculine kind of love."

Cipel said the evening instead involved McGreevey taking him out to a bar, then back to his condo for shots of Jagermeister. McGreevey pushed him to drink more and then told him to come upstairs to look at something "for work," Cipel said.

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"So McGreevey comes up, turned toward the den very fast, and pushed me toward the bedroom. I froze, and I said, 'What's going on?' He pushed me again on my chest. He jumped on me and we wrestled. He tried to kiss me. He tried to sexually assault me," Cipel said.

Cipel said he asked McGreevey why he would think he was gay. "And McGreevey said, 'Everybody is a little gay.' I was completely in shock," Cipel told the newspaper.

According to Cipel, he broke free. But he said he was scared because there was a state trooper outside.

"If I hit the governor back, who would they blame? I rushed out. I went home. I couldn't sleep all night. Thoughts in my mind were running. What am I going to do?" Cipel said.

State Sen. Ray Lesniak, a longtime McGreevey friend, told the Inquirer that Cipel is an "extortionist and opportunist" and a "liar and a coward."

"He's proven it his entire history here in the United States over and over again. And he continues to lie and he continues to hide and run away from the truth," Lesniak said.

Allen Lowy, a lawyer who handled Cipel's sexual harassment case, did not immediately return messages left Sunday night, seeking comment about Cipel's remarks.

In a separate interview with The New York Daily News, Cipel addressed McGreevey's claims that blackmail threats led to his August 2004 resignation announcement.

Cipel said FBI investigators came to Israel and concluded he didn't try to blackmail McGreevey. "I was just the only one with the courage to speak out," Cipel said.

Through lawyers, Cipel threatened to sue McGreevey for sexual harassment shortly before and after McGreevey's resignation. A lawsuit was never filed, and the statute of limitations lapsed. "I wanted to get on with my life," Cipel told The Daily News.

After the resignation, McGreevey, 49, retreated into private life and remained silent until he spoke with Oprah Winfrey on Tuesday about the book - that show will air this Tuesday. He works now as a university-level educational consultant and a childhood anti-poverty advocate, and lives in Plainfield, N.J., with his partner, Mark O'Donnell.

According to Cipel, he enjoyed working on McGreevey's 2001 gubernatorial run, but thought he wouldn't be on McGreevey's staff, because he was a non-U.S. citizen.

"He said, 'I can arrange anything. I'm the most powerful governor in the nation,'" Cipel told The Inquirer.

Cipel told The Daily News that he once asked McGreevey whom he reported to. "And he said, 'Only God is above me,'" Cipel said.

Jury Deadlocked On Aryan Execution (LAT)

By Christopher Goffard, Times Staff Writer

The Los Angeles Times, September 16, 2006

Jurors deadlocked today on whether to execute two kingpins of the Aryan Brotherhood prison gang who orchestrated a decades-long reign of murder from their cellblocks.

As a result, Barry "The Baron" Mills, 58, and Tyler "The Hulk" Bingham, 59, will live out their years where they have spent most of their adult lives — and where their names already carry near-mythic weight: behind bars.

The jury had been deliberating on the death penalty for a week when it announced the deadlock Thursday to U.S. District Judge David O. Carter, who told the panel to deliberate further. This afternoon, jurors sent word they still could not make up their minds. In federal death penalty cases, if jurors cannot reach a unanimous verdict, defendants receive a default penalty of life in prison.

The same jury convicted the graying, walrus-mustached pair of racketeering and murder in July after a five-months trial in U.S. District Court in Santa Ana. The case involved 17 murders or attempted murders dating back to 1979, when Mills stabbed another inmate to death in an Atlanta prison for cheating the gang on a drug deal.

Under Mills' and Bingham's leadership, prosecutors said, the Brotherhood killed to enforce obedience among vast prison populations, run the drug trade, eliminate government informants and keep its members loyal to the gang's strict code.

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The gang's violence culminated in 1997, when Mills and Bingham, incarcerated at the Supermax federal prison in Florence, Colo., smuggled a message written in invisible ink to another Brotherhood leader, Al Benton, at the federal prison in Lewisburg, Pa. The message urged Benton to wage war on black inmates, prompting him and his soldiers to launch a blitz attack that left two black inmates dead.

"They thought about it, they plotted, and they sent a message," prosecutor Terri Flynn told jurors, contending that the premeditation involved in the Lewisburg murders argued for the death penalty for Mills and Bingham. "This was not a spur of the moment event that happened."

As the leaders of a gang that employed elaborate ruses to communicate, such as cloaking messages with a 400-year-old binary alphabet system and embedding notes in the text of library books, Mills and Bingham remained a threat to guards and other inmates, the prosecutor said.

Even at the Supermax, the nation's tightest lockup, they were able to thwart the best efforts to watch them. "These men were still able to start a nationwide race war from that prison," the prosecutor said. "They know how to get around the secure facilities."

Mills oversaw the Brotherhood's reign of violence even as he was serving a life sentence for the 1979 murder, the prosecutor said, asking jurors to consider what besides death might deter him from further crime. Like Bingham, Mills has two prior convictions for robbery with a firearm and has been incarcerated most of his adult life.

It would not be adequate punishment, the prosecutor told jurors, "to send them back to prison, to send them back to the place where they are legends."

Defense attorney Dean Steward said the aging defendants would spend the rest of their lives in maximum-security cells and posed no further threat, especially because the Bureau of Prisons had improved security enough to intercept any clandestine communication between the Brotherhood. "They can easily bottle this up," Steward said.

Arguing to keep Mills and Bingham alive, the defense attorney said that Benton, who committed one of the Lewisburg murders, received just a nine-year sentence in exchange for his testimony and would likely be paroled.

"How can you, under any fair system, send Al Benton home and kill these men?" Steward asked the jurors.

During the penalty phase of the trial, the defense sought to paint a picture of Bingham as more than a prison warlord. Jurors saw childhood photos of Bingham, as well as many taken from 1981 to 1985, when he was a free man, married with three sons. The sons took the stand to say they loved their father.

Penny Allamprese, Bingham's ex-girlfriend, testified that she met him when she was 12 years old and he was a 14-year-old with "auburn hair," a "beautiful smile," and a "girl on each side." Her mother forbade her from dating him, she said, so they ran away together.

"He stole a car and met me at midnight," she said. "We were going to Texas to get married."

Instead, a sheriff's deputy caught them in Barstow. Over the years, she added, Bingham has sent her hundreds of poems, many documenting the horrors of prison life.

The defense called no family members for Mills, who has been in prison continually since the 1970s and is known only to have one living relative. Instead, defense attorney Steward stressed that prison is a violent environment with harsh rules where survival means finding friends.

The case was the first of several targeting the Aryan Brotherhood's leadership. Along with Mills and Bingham, lesser gang members Edgar "The Snail" Hevle and Christopher Gibson were convicted in July of conspiring to murder black inmates. They face 20 years to life in prison when Judge Carter sentences them in October.

Bingham and Hevle, had they not been convicted, were scheduled to be released in four years.

Christopher.goffard@latimes.com

Aryan Brotherhood Convicts Get Life Sentences (OCR)

By Larry Welborn, The Orange County Register

Orange County Register, September 16, 2006

In Santa Ana, a jury deadlocks after five days of deliberations, leading a judge to declare a mistrial and impose judgments.

DOJ_NMG_0063777

SANTA ANA – Two members of the violent Aryan Brotherhood prison gang stared unflinchingly straight ahead Friday when a federal jury announced it could not decide if they deserved the death penalty for multiple convictions of racketeering and murder.

U.S. District Court Judge David O. Carter then declared a mistrial and said he must now impose a sentence of life without the possibility of release for Barry "The Baron" Mills, 57, and Tyler "The Hulk" Bingham, 58.

Carter scheduled a hearing to confirm the sentence Nov. 13.

The two inmates with shaved heads and bushy mustaches sat laughing and chatting with their lawyers behind a security wall inside the Ronald Reagan courthouse before the jury was brought into the ninth-floor courtroom. But they were somber and serious when the eight-man, four-woman jury announced the impasse after five days of deliberations.

Jurors revealed after the mistrial was officially recorded that their last vote had been 9 to 3 for death for Mills and 8 to 4 for life without release for Bingham, both reputedly members of the federal commission for the Aryan Brotherhood.

H. Dean Steward, one of Mills' defense attorneys, said Mills was relieved and grateful to the jury that he will not face execution even though it means he will likely spend the rest of his life in almost total isolation at a super maximum federal prison in Colorado.

Michael White, one of Bingham's lawyers, said that Friday's events were "bittersweet" for his client because he realizes he will never be released from prison to be with his longtime girlfriend and their three sons.

Bingham had been eligible for parole in 2010 before the same jury convicted him and Mills in July of racketeering and murder charges for ordering fellow Aryan Brotherhood inmates to commit violence against other gangs and inmates who were deemed in violation of the Aryan Brotherhood code.

The trial, which began in March, was part of a larger effort by federal prosecutors to dismantle the influence that the Aryan Brotherhood holds over prisons throughout the country.

The Aryan Brotherhood was founded by white prison inmates at San Quentin State Prison in Northern California in 1964 and is now made up of no more than 100 core members, according to federal authorities.

A federal grand jury indicted 40 known associates of the Aryan Brotherhood, including Bingham, who once boasted he could bench press 500 pounds, and Mills, in October 2002, charging them with a series of prison murders and violent attacks on inmates.

Two other top members of the Aryan Brotherhood were convicted in July along with Mills and Bingham. They are scheduled to be sentenced to 20 years to life without the possibility of release in October.

Several other trials are scheduled to begin in various federal courts later this year and early next year.

Assistant U.S. Attorney Terri K. Flynn said that even though the jury did not vote for death for Bingham and Mills, the trial was a success. She said the convictions in July should send a message to Aryan Brotherhood members and other prison gangs that the government will go after violent prison inmates.

"These two defendants have effectively been gutted," she said. "They will spend the rest of their lives hidden away in isolation in some prison."

Life Sentences For 2 Aryan Brotherhood Men (NYT)

By The New York Times

The New York Times, September 16, 2006

By The New York Times

SANTA ANA, Calif., Sept. 15 — Two Aryan Brotherhood members were spared a death sentence on Friday when jurors here reached an impasse after six days of deliberations in the penalty phase of their racketeering, murder and conspiracy trial.

The jury told Judge David O. Carter of Federal District Court on Thursday that it was deadlocked. Judge Carter ordered the panel to continue deliberations. On Friday, the jurors again declared an impasse, with nine of the 12 jurors favoring death for one man, Barry B. Mills, 57, and eight of the 12 favoring a life sentence for the other, Tyler D. Bingham, 58.

The judge is scheduled to sentence the two men to life terms on Nov. 13. Under the law, the prosecutors cannot ask for a new penalty phase.

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"There is no real happy ending here, because both men are being sent back to the ADX, where they are going to spend the rest of their lives in the most secure prison in the United States," Mark Fleming, a lawyer for Mr. Mills, said as he referred to a federal prison in Colorado.

The men were the first among 40 people in an indictment meant to bring down the Aryan Brotherhood.

Judge Declares Mistrial In Death Phase Of Aryan Brotherhood Trial (MERCN)

By Gillian Flaccus

The San Jose Mercury News, September 16, 2006

SANTA ANA, Calif. - A federal judge declared a mistrial Friday in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted of murder, racketeering and conspiracy after jurors announced they were unable to reach a unanimous verdict.

The ruling means Barry "The Baron" Mills and Tyler "The Hulk" Bingham will serve life in prison without parole. U.S. District Judge David O. Carter scheduled their sentencing for Nov. 13.

The same jury convicted Mills and Bingham in July. Jurors were then asked, in a separate proceeding, to determine whether Mills, 58, and Bingham, 59 should be sentenced to death or life in prison without possibility of parole.

After 3 1/2 days of deliberations, jurors told Carter on Thursday they were deadlocked, but he ordered them to return to the jury room and attempt to resolve their differences. After spending another day deliberating, they announced it would not be possible to reach a unanimous decision.

"We are honestly and conscientiously unable to agree after a full consideration of the evidence," the foreman said in a note sent to the judge.

The case against Mills and Bingham was part of a larger indictment that federal prosecutors hope will eventually dismantle the Aryan Brotherhood, the violent white supremacist organization that is accused of running powerful gambling operations and drug rings from inside some of the nation's most notorious prisons.

Among other things, the jury convicted Mills and Bingham of inciting a race riot at a prison in Lewisburg, Pa., in 1997 by conspiring to send a secret message to Aryan Brotherhood members. Frank Joyner and Abdul Salaam, alleged members of the rival DC Blacks prison gang, were killed during the uprising.

Charges against the pair were brought under the Racketeer Influenced and Corrupt Organizations law, and they were convicted of offenses known as Violent Crime in Aid of Racketeering - laws originally passed to target the Mafia. The so-called VICAR verdicts made Mills and Bingham eligible for the death penalty.

Experts say the full indictment, which lists 32 murders and attempted murders, makes up one of the largest federal capital punishment cases in U.S. history. Assistant U.S. Attorney Stephen Wolfe said up to 16 people potentially face execution in a half-dozen trials scheduled in the coming months in Orange County and Los Angeles.

Jurors told Carter Friday they were split nine to three in favor of death for Mills and eight to four in favor of life in prison for Bingham.

He asked if the extra day of deliberations had any impact on the vote and they said only slightly, adding one juror moved from voting for life in prison to voting for death for Mills.

After Carter declared the mistrial, authorities escorted the jurors from the courtroom to their cars, and the judge said their identities would not be revealed.

Mills was already serving two life terms for nearly decapitating an inmate in 1979, but was eligible to apply for parole until Friday's ruling. Bingham, in jail on robbery and drug charges, would have been released in 2010.

Both were housed in ADX, the maximum-security prison in Florence, Colo., prior to the trial and will likely return there. Prosecutors said they will be held in solitary confinement 23 hours a day in a high-security wing that houses notorious convicts such as al-Qaida member Zacarias Moussaoui and Unabomber Theodore Kaczynski.

Assistant U.S. Attorney Terri K. Flynn said the government's failure to win a death penalty verdict was "not a defeat."

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"These two have effectively been gutted and they will be hidden away somewhere they can't do any more harm," she said. "It sent a message not only to the Aryan Brotherhood but to all the prison gangs that inmates can't kill other inmates, and if they do they will be prosecuted to the fullest extent of the law."

One of Mills' attorneys, Mark Fleming, said his client was "relieved and appreciative" that the jury had spared him the death penalty.

Bingham attorney Michael White said his client was also relieved but that both were concerned about being housed once more in ADX.

"They're very concerned about what their life will be like. The ADX can be very restrictive, and the question is, how restrictive will they make it," White said.

Defense attorneys argued that one of the reasons jurors should spare the defendants' lives was because the inmate who actually killed the two black prisoners struck a deal with prosecutors. Under the deal, he was sentenced to nine years in prison and testified in the trial against Mills and Bingham.

Carter said he wanted to poll the jury in an effort to determine if that information had an impact on its members.

"These cases are costing millions of dollars. ... I think with the millions and millions of dollars they should be forthcoming," he said.

During the trial, government witnesses revealed many of the secret inner workings of the Aryan Brotherhood. Among other things, they told of a secret note, written in invisible ink made from urine, that was passed from Bingham's high-security cell in Florence, Colo., to Lewisburg. The note read: "War with DC Blacks, TD."

Mills and Bingham were also convicted of a count of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989, as well as counts of racketeering that included acts of murder and attempted murder.

Two other men who went on trial with Mills and Bingham - Edgar "The Snail" Hevle and Christopher Overton Gibson - will be sentenced to life in prison.

Seniors Call For Action Against Fraud (MH)

By John Dorschner

The Miami Herald, September 18, 2006

When Muriel Sherman, 81, decided to go to war against Medicare fraud, she found a lot of seniors who wanted to join her.

Her story, reported in The Miami Herald last month, has sparked a wave of responses from seniors with similar stories about their identities being used for widespread fraud that FBI officials estimates runs $1 billion a year in South Florida alone.

Because their comments were so numerous and so intense, The Miami Herald has decided to open a forum on its website dedicated to healthcare fraud. (Go to MiamiHerald.com and click on Health).

The forum will consist of comments of seniors and others whose identities have been used, announcements from law enforcement and news reports. It will be updated frequently as developments occur.

"After I read this wonderful article, I went immediately to my summary notices, and I saw I too was a victim," wrote A. Friedman of North Dade in one of several dozen responses. "I'm very irate. I've already called Medicare . . . I got the phone number of the service that did the billing and I called. I got a recording in Spanish. I told them: `I'm reporting you to the FBI and the Herald! You better stop this.' "

Phil Wall of Kendall had a suggestion: ``Has anyone yet realized that Muriel Sherman, and thousands more seniors who are just as irked by what's going on, represent an untapped mass of unlimited resources that would gladly get busy and identify dozens of frauds every hour if their efforts were productive of anything but yawns on the part of the folks who take the reports?. . .

'My own experience in reporting 25 or 30 obvious frauds has told me plainly that all the protections presently in place amount to a very bad joke. Never before has there been such an immediate need for `whistle-blowers' by hundreds of thousands!! Might a small reward be workable?"

Timothy J. Delaney, assistant special agent in charge of the FBI's Miami Division, warned seniors not to do investigations on their own. ``I would leave that up to the professionals."

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Delaney, who previously was the FBI's national case manager for healthcare fraud cases, acknowledged that healthcare fraud is a huge issue here, particularly in durable medical equipment, a long-standing concern, and in expensive HIV/AIDS infusion treatments, which was first revealed as a massive problem in a Miami Herald report last year.

"It is a huge problem, but there are many people trying to do something about it," Delaney said. Thirty of the Miami division's 390 case agents are dedicated to healthcare fraud.

Seniors can help by taking a careful look at their explanations of benefits that arrive periodically in the mail from Medicare. If they spot something odd on their bills -- particularly charges for clinics or doctors they've never been to -- they should start by calling the 1-800 number on their EOB form. They can also call

the Medicare fraud hot line at 1-800-447-8477.

"I don't encourage calling the FBI," said Delaney. "Any single complaint is not enough" to launch an investigation. "Every citizen has the right to call the FBI," but in healthcare fraud cases, the agents generally fill out a form and forward the information to investigators.

Several seniors have told The Miami Herald that when they called Medicare to complain about fraud, they were told that an investigation is not launched until $1 million in claims has been built up.

Delaney acknowledged there was a threshold for investigations, but he refused to say what it was. Healthcare fraud cases tend to be complicated, he said, with agents having to gather records from several different sources -- meaning it can take months to bring a case to an indictment.

Meanwhile, many persons are irate. "If a person walked into a bank with a note demanding $1,000, the FBI would be on the case in seconds, and they would be arrested and prosecuted. We have people stealing millions and nothing is happening," Jim Nolan wrote to The Miami Herald. ``Every American taxpayer and the business community is paying for this fraud. Does it take 80-year-old woman and her husband to go to a phony store front to get some attention?"

As for Muriel Sherman, now 81, she said that since the report was published, she received a copy of a two-page letter the FBI sent Medicare fraud investigators about her case. But she's received no word about anything action against the clinic that billed her for visits she never made.

Sweep Targets Medicare Fraud (AP)

By Curt Anderson

AP, September 18, 2006

MIAMI - Medicare recipient J.D. got a $3,500 artificial leg and a $2,900 arm prosthesis. For F.R., it was a $2,320 prosthetic arm with locking elbow and a $6,840 artificial leg. Medicare provided M.C. with a $1,200 shoulder apparatus and a $1,700 device for a below-knee amputation.

Each of these people, identified in court documents only by their initials, is a real Medicare beneficiary who lives in the Miami area. But none of them lost even a finger, much less two limbs.

Instead, federal prosecutors say they were paid by a crooked medical devices company for use of their Medicare status to steal more than $3 million from the nation's health care program for the elderly. The company's owners also paid doctors kickbacks to write false prescriptions for the devices, investigators say.

Such schemes are all too common in the retirement haven of Florida, second only to California with more than 3 million Medicare recipients, according to 2005 Medicare data. Three urban counties in South Florida - Broward, Miami-Dade and Palm Beach - are home to almost a third of all Florida's recipients, and have become a national hotbed for fraud.

Borrowing a tactic used successfully against drug traffickers, federal prosecutors in Miami are attacking the problem by focusing on both the "street-level" scams that typically involve between $1 million and $5 million in fraud as well as the high-dollar cases involving large health providers.

Since last October, the effort has result in criminal charges against more than 100 people in 63 separate cases and civil lawsuits against another 38 defendants. All told, the cases over this one-year period involved more than $100 million in Medicare fraud, Miami U.S. Attorney R. Alexander Acosta said.

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In past years, Acosta said, criminals widely thought that investigators wouldn't waste much time on relatively small-dollar fraud amounts of $1 million or $2 million.

"Word on the street that you could fly under the federal radar is not a good thing," Acosta said. "We're talking real money here. I think this is a serious problem."

The crackdown involves several federal, state and local agencies. Miami and Los Angeles are also the only two cities where investigators are using sophisticated data analysis techniques to uncover Medicare fraud patterns, Medicare spokesman Peter Ashkenaz said.

"When we see there is a pattern, we start looking into it," he said.

Such patterns include unusual surges in Medicare billings from particular clinics or medical suppliers. Analysts also focus on billings for certain items that are prone to fraud. For example, investigators in Florida focused on AIDS drug fraud when they encountered more claims for certain drugs than there are AIDS patients in the entire state.

Two Miami men were arrested earlier this month for running a clinic that altered blood samples so the "patients" - who had been paid with cash or gift cards - appeared to be in need of a serious and costly AIDS drug treatment. That scheme defrauded Medicare of $1.4 million.

FBI Papers Portray How Fund-raiser Became A Power Player (PHI)

By Carrie Budoff

The Philadelphia Inquirer, September 18, 2006

When Democrat Bob Casey Jr. needed money for his gubernatorial race, there was one man he couldn't do without: fund-raiser extraordinaire Robert M. Feldman.

Casey wasn't the only Feldman fan. Short and courtly, with a taste for expensive suits and power lunches at the Palm, Feldman also raised millions for other politicians, such as Gov. Rendell, Mayor Street, and former New Jersey Gov. Jim McGreevey.

No longer. Ever since Feldman got entangled in an FBI investigation into Philadelphia corruption and another in Puerto Rico, he has lived in exile from the political world he once walked as a king.

Casey, for one, still calls Feldman "a very good friend," but takes pains to point out that Feldman is playing no role in his campaign for U.S. Senate.

Feldman has become an issue in the race anyway. Casey's opponent, Republican Sen. Rick Santorum, is airing a TV ad that, without naming Feldman, refers to him as Casey's "handpicked finance chairman" and notes he was under federal investigation.

Feldman has not been charged with any wrongdoing, and appears to remain under scrutiny only in Puerto Rico, where federal authorities are investigating his role in campaign contributions to the island's governor. Feldman has said he did nothing improper.

Although his days as a kingmaker are on hiatus, maybe permanently, a remarkably candid portrait of Feldman's dealings has emerged from a court case and FBI wiretaps of conversations with the late dealmaker Ronald White. The documents had not been previously made public.

Feldman could raise money at a fantastic clip, $25,000 to $50,000 at a time, the bulk of it from a small group of donors, reports show.

And lots of money flowed to Feldman, too, thanks to his ability to open doors. Some donors in his network paid Feldman more than $4 million in fees to get them "in front of decision makers," Feldman said in documents in a civil lawsuit.

Feldman also sought deals for himself.

In a Sept. 24, 2003, taped conversation, Feldman pressed White to cut him into a Penn's Landing redevelopment project, saying he had yet to reap rewards from his investment in Street.

"I've got nothing. I've raised a ton of money for the mayor. I'm raising right now for him," Feldman said. "Maybe I should make this my 'big ask.' "

Feldman, 59, of Gladwyne, declined be interviewed for this article. His attorney, Henry E. Hockeimer, declined to comment.

Casey says he has worked hard to make sure his campaign contributions are proper; he says he shouldn't be criticized for Feldman's legal problems. Republicans are trying to "smear me any way they can," he says.

Casey and Rendell say they had no clue Feldman was getting paid as a consultant by donors, and they were never personally lobbied by him.

"I was never aware of it," Casey said. "I don't know about, nor should I know about, his private business ventures."

A rapid rise

In a world where it can take years for a bit player to become a big player, Feldman seemed to come out of nowhere.

He was a high school dropout who pushed himself, earning a GED and spending almost two years at Trenton Junior College and the School of Industrial Arts (now Mercer County Community College) before leaving. He worked as an insurance broker, then in construction. Eventually, he began a managed-care dental company that sold plans to labor unions and corporations.

When it came to political fund-raising, Feldman rose quickly.

In a court statement, he identified himself as finance chair for Democrat Mark Singel's 1994 race for governor and then-Republican Barbara Hafer's 1996 state treasurer's bid.

Raising money for Democrat Marty Weinberg's Philadelphia 1999 mayoral campaign, Feldman went head to head against fund-raising powerhouses such as State Sen. Vincent J. Fumo (D., Phila.) - often beating them.

"I had never seen him before. I had never heard of him before," said Ken Smukler, a Philadelphia political strategist who met Feldman on Weinberg's campaign. "The guy goes gangbusters in raising money."

Political players spent a lot of time trying to figure out what made Feldman tick. The consensus: It wasn't really ideology, or even business.

"He likes to be perceived as being important and being in the inner circle of whatever candidate he picks," said consultant Howard Cain, a longtime political operative for Fumo. "He likes to be courted by candidates and acknowledged. It may be simple as that."

After Weinberg lost, Feldman moved seamlessly into Street's mayoral campaign, as finance cochairman.

Soon, Casey came calling for help in the governor's race.

"I knew he was a really good guy and a great fund-raiser, and I had a lot of work to do to raise money," Casey said. "It was pretty simple."

Feldman had built significant fund-raising muscle, and he began to exercise it. One example came in 2001, when Feldman served simultaneously as top fund-raiser for gubernatorial campaigns in two states - Casey's in Pennsylvania and McGreevey's in New Jersey.

As usual, Feldman's network of donors sent hundreds of thousands of dollars to assist both men, records show.

This time, $250,000 donated to Casey was sent across the Delaware River into New Jersey.

The donations came in two installments, in March and October 2001, and were distributed to four political committees supporting McGreevey, finance records show.

The money transfers are striking because of their size and timing; in 2001, Casey was struggling to raise money for a primary fight against the better-financed Rendell.

Casey aides said it was a strategy: They hoped to generate good will in New Jersey so money would flow back to Casey.

Through the May 2002 Democratic primary, New Jersey donors gave $1.2 million to Casey and $885,000 to Rendell, records show.

Casey says he's now fuzzy on the details.

"I do remember we contributed to him or committees that were supporting him," Casey said of McGreevey.

Casey matched Rendell's fund-raising, but still lost the primary. Soon after, Feldman became one of Rendell's four finance cochairmen.

Providing access

Feldman's ability to deliver $25,000, $50,000, and sometimes $100,000 donations, seemingly with ease, confounded his rivals. The beneficiaries marveled at it.

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"He was one of those guys who didn't do a lot of posturing or a lot of talking. He just came in with checks," said Shawn Fordham, Street's campaign manager in the 2003 race.

Flashy - he and Ron White rode chaffeured Mercedeses with their initials imprinted on the license plates - but also intensely private, Feldman rarely talked about his consulting business, political associates say.

In newly filed court documents, Feldman gave some details about his life as a top political dealmaker.

At least five firms, whose principals formed the foundation of his fund-raising network, paid Feldman to "primarily help with meetings, access."

"Say I am having lunch with someone and I may have three consulting clients," Feldman said in a court statement. "If the person that I am meeting with would have some interest in any of my clients, I would mention them.

"It is not time-consuming."

The five firms that paid Feldman as a consultant put $636,000 into Casey's gubernatorial campaign, $546,000 into Street's campaigns between 1999 and 2003, and $230,000 into Rendell's campaign in 2002, records show.

The most detailed disclosures concern Investment Management Advisory Group, or Image, a politically active Chester County investment firm to governments and nonprofits.

Feldman began consulting for Image in May 2000, earning more than $1.2 million through 2003, court documents show.

His compensation spiked in the months after McGreevey took office, rising from $30,000 in January 2002 to $187,000 in August 2002, court documents show. At that time, Image's government portfolio expanded as the firm won more than $4 million in work from the McGreevey administration, according to news reports.

It was Feldman's business partnership with White, the Philadelphia lawyer indicted on corruption charges, that attracted FBI scrutiny.

Together they raised money for Street and McGreevey, and tried to generate deals for themselves and people in their fund-raising network.

It didn't always run smoothly.

In that September 2003 taped conversation, White told Feldman that there was no more room in the Penn's Landing deal. White went on to protest that he was delivering for their "whole network," mentioning Image and Hill International, a Marlton construction company.

"Whatever you needed, I went in and asked for. For you," White said. "We got a lot."

"Me?" Feldman said.

"Well, your people," White said.

Not good enough, Feldman replied.

"When I raise money, they got to help me, too... so that I can continue to raise money," Feldman said.

Executives from Image declined to comment; Hill executives failed to respond to interview requests.

For more than a year after the FBI probe went public, Casey stood by his man, keeping him on as chairman of his 2004 state treasurer's race. Casey says he didn't give Feldman a role in his U.S. Senate campaign.

Casey says Feldman's legal woes aren't the reason.

"When you run for federal office, it is a different process, a different system," Casey said.

Feldman has donated just $1,000 in the U.S. Senate race - to Santorum, in 2003. Santorum later gave the money to charity.

An ongoing FBI investigation into the campaign finances of Puerto Rico's governor, Anibal Acevedo Vila, has renewed the controversy around Feldman.

Authorities suspect that tens of thousands of dollars from Philadelphia-area donors in 2002 were "straw contributions" to avoid finance limits. Feldman has said he did only one Vila fund-raiser, and was not involved in any improper contributions.

Some of the checks under scrutiny were raised by Feldman and his business partner, Candido Negron, who was also generous to Casey ($192,000) and Rendell ($75,000) in the 2002 governor's race.

Feldman stopped fund-raising a year ago, and has turned his focus to real estate, among other ventures. He enjoyed being indispensable to candidates, but was wounded by news coverage of the City Hall bug probe, close friends say.

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He no longer receives the adoration on display at a 2001 dinner, when a cast of heavyweights - Casey, Street, White, McGreevey, Hafer - paid tribute to him.

From the podium, Street described their close relationship, joking that anybody who could get his wife "to come to an event on a Saturday night - that's a special person."

Fordham, the mayor's aide, said recently that he couldn't recall the last time Street and Feldman had spoken.

Lucrative Consulting Work

Robert M. Feldman performed consulting work for at least five firms that paid him more than $4 million combined between 1999 and 2003, according to court documents. This is a partial list of clients and government work they have received, although in some cases it is unclear what role, if any, Feldman played in getting that work.

Investment Management Advisory Group (Image)

Fees: More than $1.2 million.

Work: Image, a Chester County investment firm, received more than $4 million in New Jersey and $2.8 million from the Pennsylvania Turnpike Commission in the last five years for investment contracts and other work.

Hill International

Fees: $1 million.

Work: Hill, a Marlton construction company, won a $9.3 million contract in 2001 to tear down abandoned buildings under Mayor Street's Neighborhood Transformation Initiative; other clients include Philadelphia International Airport and the National Constitution Center.

Parkway Corp.

Fees: $100,000.

Work: After Street took office, Parkway received a $1.5 million annual contract, renewable for four years, to staff airport information booths.

The Goldenberg Group

Fees: Unknown.

Work:Feldman said he had assisted the Blue Bell development firm, which has been involved in a number of large Philadelphia projects, on "a variety of things from access to potential partnerships, bringing them acquisition sites."

Doral Dental

Fees:More than $1.8 million

Work:Doral had contracts with two of Philadelphia's managed-care plans: Keystone Mercy Health Plan and Health Partners of Philadelphia, as well as a Pittsburgh-based plan, UPMC For You Inc.

SOURCE: News reports; court documents

Young Gotti Was A Boss Until 1999, Lawyer Says (NYT)

By Timothy Williams

The New York Times, September 16, 2006

John A. Gotti's lawyer acknowledged for the first time yesterday that his client had once been the boss of the Gambino organized crime family. But when Mr. Gotti gave up the Mafia life in 1999, the lawyer said, his withdrawal was heartfelt and true.

The statement by the lawyer, Charles Carnesi, came during closing arguments in Mr. Gotti's racketeering trial in federal District Court in Manhattan. A federal prosecutor, in her closing arguments, said Mr. Gotti's claim to have quit the Mafia was a ruse to avoid prosecution.

But Mr. Carnesi said his client had soured on the mob life. "The message is: 'I went to the very top of this life and it's no good. It destroys you and your family. It's not worth the toll,' " Mr. Carnesi said.

Mr. Gotti, 42, known as Junior, claims to have retired from the Gambino family in July 1999, about the time he began serving a six-year federal prison sentence on unrelated racketeering charges. If Mr. Gotti convinces the jury that he left the Mafia before the summer of 1999, he cannot be convicted on the racketeering counts because of a five-year statute of limitations.

Mr. Carnesi said that as a child, Mr. Gotti was exposed to a world of penitentiaries, social clubs and violent felons. Mob life, Mr. Carnesi said, was "pretty exciting" until Mr. Gotti was facing prison in the late 1990's and realized "the whole thing was a lie, it was an illusion."

The lawyer said one of Mr. Gotti's most difficult moments was during a 1999 prison visit to his father, John J. Gotti, then the Gambino boss, when he told his father that he wanted to quit the Mafia. The elder Gotti died in prison of cancer in 2002.

" 'I know you're dying in jail,' " Mr. Carnesi said the son told his father. " 'I know you gave your life for this thing, but it's not for me.' " The lawyer said the elder Mr. Gotti had accepted his son's decision.

Mr. Carnesi said, "There came a point that the boy becomes a man."

But the prosecutor, Miriam E. Rocah, hammered away at Mr. Gotti's "withdrawal" defense, saying recordings of him in prison, made by the Federal Bureau of Investigation, show he continued to try to exert influence in the crime family.

"Just because you are in prison does not mean you are not still involved in the life," Ms. Rocah said. "He was still a full-fledged member of the Gambino crime family at this time."

Ms. Rocah said that in an attempt to avoid prosecution in the future, Mr. Gotti, knowing the F.B.I. was taping his prison conversations, had developed a strategy of telling visitors that he had left "the life" behind.

"Gotti wanted to be able to say in a courtroom like this one that 'I've had nothing to do with the mob life for five years, and so whatever happened before doesn't matter,' " she said. "Before he was even charged with a crime, Gotti was planting the lies he would someday use."

But Mr. Carnesi attacked the F.B.I. tapes that are at the center of the government's case, particularly a recording from 2003 in which prosecutors say Mr. Gotti can be heard complaining about a demotion to "captain" in the Gambino family.

Mr. Carnesi said that the word "captain" had never been uttered, though he did not say what the conversation had been about.

As part of the racketeering case, Mr. Gotti is accused of committing or ordering crimes including witness tampering, extortion and money laundering. He is also charged with helping to plot the 1992 kidnapping and beating of Curtis Sliwa, the radio talk show host and founder of the Guardian Angels, who frequently criticized the Gottis on his program.

Growing Up Gotti (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 16, 2006

Defense argues 'Junior' wanted to be like his mobster dad, but was turned off by 'treachery' and 'deceit'

John A. Gotti wanted to emulate his father's life as a gangster but quickly soured on the mob when he saw the treachery, deceit and murder it involved, a defense attorney told a jury Friday.

Summing up for Gotti in his Manhattan federal racketeering trial, attorney Charles Carnesi said that as a young man, his client was intoxicated with the respect his late father, Gambino boss John J. Gotti, received.

"'I don't know what he does but I want to be just like him,'" Carnesi characterized the younger Gotti's thoughts as a boy growing up in Howard Beach. "That is how boys feel about their fathers."

Gotti, 42, is on trial for the third time on racketeering charges that include conspiracy, loan-sharking, extortion and involvement in the 1992 kidnapping attempt of radio talk show host and Guardian Angel founder Curtis Sliwa.

His client's own version of growing up as a Gotti included following in his father's footsteps with the 1988 induction into the Gambino crime family, a move that cemented his position in the crime clan, Carnesi said. But after a few years, the younger Gotti, known as "Junior," became disillusioned with mob life, the lawyer said.

"There is a point where the boy becomes a man; a man learns it is not like that," said Carnesi, referring to the romanticized notion of La Cosa Nostra. Instead, Gotti saw the death of men he knew and days filled with "treachery and deceit," the lawyer said.

Gotti's first two trials, one in 2005 and one earlier this year, ended in mistrials. As he did in the past, Gotti maintains in the current trial that he withdrew from the Gambino crime family life by July 21, 1999, more than five years before the current indictment. That date is crucial because it would place the charges outside the statute of limitations.

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In wrapping up the prosecution's closing statements Friday, Assistant U.S. Attorney Miriam E. Rocah, said that Gotti's claim of quitting the mob was a lie to dodge the charges he faces.

Judge Shira Scheindlin is slated to charge the jury Monday.

For more than three hours, as Gotti sometimes nodded his head in assent, Carnesi attacked the prosecution's case, attempting to cast doubts on the credibility of the government witnesses. Carnesi also tried to show how Gotti backed away from playing an active role in the crime family affairs.

Carnesi spent some time trying to show how government witnesses testifying about the attack on Sliwa gave accounts which were inconsistent with what Sliwa testified. In a switch at this trial, Sliwa was called by the defense, and although hostile to Gotti, contradicted prosecution witnesses on details of the attack in which he suffered a serious gunshot wound.

Going after 'Junior'

Previous two trials: Summer 2005 and winter 2006

Prosecution case:

Prosecutors alleged that John A. Gotti was a key member of Gambino crime family racketeering conspiracy, including 1992 abduction and shooting of Guardian Angels founder Curtis Sliwa.

Defense case:

Gotti dropped out of membership and an active role in the mob by July 21, 1999.

Results:

On eve of 2005 trial, government dropped murder conspiracy charges. In September 2005, jury acquitted Gotti on securities fraud and couldn't reach a verdict on remaining charges. A mistrial resulted.

In March retrial, jury couldn't come to a unanimous agreement on Gotti's withdrawal from mob defense. A mistrial resulted.

Current Trial: August 2006.

Prosecution case:

The government added an obstruction of justice charge related to alleged attempt to get Michael "Mickey Scars" DiLeonardo, Gotti's former friend and mob crony, not to become a government witness in 2002 and 2003.

Defense case:

The withdrawal from the mob defense is still key. Defense elicited testimony from DiLeonardo's son to rebut allegations the youngster was used to try to keep his father from testifying.

- Trial and court records, interviews, news accounts

Lawyers Make Last Bid To Sway Jr. Jury (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 16, 2006

John Gotti only had two choices when the son he had groomed to be his successor as boss of the Gambino crime family told him in 1999 that he wanted out of the mob.

"He can kill his son or he can let him out and he can say, 'Okay, I'm done with him. He doesn't exist,'" attorney Charles Carnesi told jurors yesterday during summations in John A. (Junior) Gotti's racketeering conspiracy trial.

"John Gotti Sr. was a tough guy...but he loved his son," Carnesi said.

The mob scion "found the strength to say 'I went to the very top of this life and it's no good,'" Carnesi said. "It destroys you and your family. It's not worth the toll."

Carnesi tried to convince jurors that Gotti had left "the life" by July 1999 - a key point in time since prosecutors must show that Gotti had committed at least one of the racketeering crimes in the conspiracy after that date.

But prosecutor Miriam Rocah said Gotti never fully left the Gambinos and pointed to the mounds of mob money she said flowed into companies Gotti controlled after July 1999.

And she pointed to tapes of Gotti, intercepted by the feds in 2003 and 2004 while Gotti was serving a six-year prison term, talking about the need to "put a different seed in people's head" to convince law enforcement that he was no longer the acting boss of the Gambino family.

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"Gotti wanted to be able to say in a courtroom like this one, I've had nothing to do with the Mafia for five years," Rocah told jurors.

The jury of seven women and five men is expected to start deliberating Monday in the federal government's third attempt at convicting Gotti.

Gotti, 42, is accused in a wide-ranging conspiracy of loansharking, extortion, witness tampering and conspiring to kidnap radio host Curtis Sliwa.

Over the past year, jurors at Gotti's previous two trials were deadlocked.

Sliwa was shot twice after he jumped from a speeding cab by thugs prosecutors say were sent by Gotti. Gotti was "furious" at Sliwa's relentless on-air attacks on the Gotti clan that included calling his uncles "drug dealers," Rocah said.

"The Gottis care a lot about their public image, so it's really no surprise that John Gotti wanted to silence Curtis Sliwa," Rocah said.

But Carnesi told jurors that the prosecutors didn't put Sliwa on the witness stand because they knew his account didn't gibe with one delivered by the driver of the cab, mob informant Joseph (Little Joey) D'Angelo.

'JUNIOR': MY FATHER 'FREED' ME (NYPOST)

By Kati Cornell

The New York Post, September 16, 2006

John "Dapper Don" Gotti's absolute power over the violent Gambino crime family allowed son "Junior" to break a mob rule that no other wiseguy could - to retire from the Mafia, a defense lawyer argued yesterday.

Gotti's attorney Charles Carnesi told a Manhattan federal jury that the elder Gotti had just "two choices" when his oldest son and heir apparent announced his desire for "closure."

"He can kill his son or he can let him out," Carnesi said. "John Gotti Sr. was a tough guy, a boss, but he wasn't going to hurt his son or let anyone else hurt him."

John "Junior" Gotti has claimed that he left the mob in 1999 and therefore cannot be convicted of racketeering charges - including the sensational 1992 kidnapping of radio host Curtis Sliwa - under a five-year statute of limitations.

Gotti's lawyer told jurors the mob scion rejected organized crime after seeing the destructive impact his father's imprisonment had on his family - and embraced a new message.

'Junior' Gotti Laments Loss Of Manliness (NSDY/AP)

By David B. Caruso, Associated Press Writer

Long Island Newsday, September 16, 2006

NEW YORK -- As he languished in a federal prison in 2003, John "Junior" Gotti had plenty to worry about.

The jail, he told visitors, was crawling with informants. He had money problems. Old friends were getting indicted. Other members of the Gotti clan were stealing his money.

But at the root of his troubles was this: The modern mob, he lamented, was losing its manliness.

"Now are we men? Or are we punks or rats or weasels? You tell me," he angrily asked one friend while serving a racketeering sentence.

Gotti's conversations were routinely recorded before his release from prison last year, and the tapes have played a central role in his current racketeering trial in Manhattan. A jury was to begin deliberating the case Monday.

Among other things, the son of the legendary mafia boss "Dapper Don" John Gotti is accused of ordering an attack on Guardian Angels founder Curtis Sliwa, who was shot twice by would-be kidnappers in 1992.

Prosecutors contend that "Junior" Gotti was involved in mob affairs even after he was imprisoned in 1999.

The defense says the recordings, made at the federal prison at Ray Brook, N.Y., show that Gotti had developed a distaste for mob life and retired.

In any case, the tapes provide an inside look at the gangster's code, particularly its obsession with "being a man" at all costs.

Lesson No. 1: Men fight.

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"If a guy wants to get all fancy and prancy, if he picks his hands up to you, you pick your hands up back. You're not a punk," Gotti explained in one recorded discussion.

"No hiding behind fences," he said during another conversation. "Take our coats off like gentlemen. Now, let's see. Let's see who the tough guy is. No knives. No guns. Like gentleman. ... Let's see who the real man really is."

Lesson No. 2: Men tolerate no assault on their character.

Gotti is firm on this point when he discusses two uncles who diminished his leadership role in the gang by badmouthing him to his father in 2001, a year before the elder Gotti's death from cancer in prison.

"If any of them ever come here, I'm telling you, I swear it to you, on my dead brother and my dead father, I swear to you, I will meet them by that (prison) door, with two padlocks in my hands and I will crack their skulls, I promise you that. I promise you that. This I take as a solemn oath as a man."

Lesson No. 3: Manliness is in the blood.

"You're a real man," he told longtime friend John Ruggiero. "You wanna know why, John? Not only for who you are. But for who your father was. You got his genes, you're a man."

A person who isn't a man, he added, can't simply become one by acting tough.

"These ain't men you're dealing with, you're dealing with frauds," he said. "It's like a kid who gets (unintelligible) all his life ... and he gets his milk money taken. What does he grow up to be? A cop. He's got a gun and a badge. That's, that's his equalizer. Got a gun and a badge, now he's a man. Well, that's how all these guys are, John, they're no different."

Lesson No. 4: A man spends time with family.

"Listen, I love my brother," Gotti said. "But my brother's a bum. That's all he is. No more, no less. He doesn't spend a moment with his own children. I have a hard time respecting any man who doesn't spend any time with his wife and kids."

Lesson No. 5: Men can do prison time.

"Some guys are made for this. Some guys just aren't," Gotti said of his life behind bars.

"Gravano was an example," he said, speaking of Gambino crime family turncoat Salvatore "Sammy the Bull" Gravano. "I mean he was a legendary soldier in the street. Brooklyn, he was a legend in Brooklyn. He got to jail, he fell to pieces."

Lesson No. 6: Real men don't snitch, but if they do, they don't make stuff up.

"Bottom line is, if you're gonna become a rat, become a rat: Tell the f------ truth. Don't go out of your way to hurt people," he said.

This is Gotti's third trial on the latest racketeering charges. The first two ended when jurors deadlocked on the charges, in part because of the defense argument that he became disenchanted with the mafia and retired long enough ago that the legal deadline for prosecuting him for old crimes had expired.

Which brings us to Gotti's Lesson No. 7: Mafia life stinks.

"So much treachery ... My father couldn't have loved me, to push me into this life," he lamented to friend Steve Kaplan.

"Oh ... I'd rather be a Latin King than be what I am," he said, referring to the Hispanic street gang. "I swear to you, Steve, and I, I mean it on my father's grave. I'm so ashamed. I am so ashamed."

Did Victim's Photo Prejudice A Jury? (LAT)

By David G. Savage

The Los Angeles Times, September 18, 2006

WASHINGTON — For Jim Studer, wearing a button with a photo of his brother, Tom, was a simple way of bearing witness for him at the trial of Tom's accused killer, Mathew Musladin.

"He was my big brother, and he was very protective of me when I was a kid," Studer said.

Little did he think the buttons he and his parents wore to the trial in San Jose would nearly free the man convicted of Tom's murder — or put the killer's case before the Supreme Court. But he had not considered that Musladin would someday have a chance to bring his case before the U.S. 9th Circuit Court of Appeals.

For years, the Supreme Court has cast a critical eye on the liberal-leaning 9th Circuit, particularly in cases involving crime and the death penalty. The justices will consider two of those cases soon after they return next month.

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On the first day of Musladin's trial more than a decade ago, Studer and his parents, who had traveled from Missouri, sat in the front row of the courtroom, directly behind the prosecutor. Each wore a button with a photo of Tom.

Like the jury, they heard the facts of the case: On May 13, 1994, Musladin arrived early at the home of his estranged wife, Pamela, to pick up their 3-year-old son for a weekend visit. The two exchanged angry words, and Musladin threw her to the driveway.

When she called for help, her fiance, Tom Studer, and her brother, Michael Albaugh, came running. Musladin had a .45caliber pistol in his car and began shooting. Studer was hit in the back and crawled under a truck in the garage to escape. Musladin followed him and shot again, hitting him in the head and killing him.

Musladin also followed Albaugh into the house, but he hid in a bathroom. Pamela escaped over the fence to another house. Musladin was captured after a high-speed chase on U.S. 101.

When his case came to trial, Musladin claimed self-defense, saying that Pamela and her fiance were drug users and that he had feared for his life. The jury convicted him of first-degree murder and attempted murder, and he was sentenced to 32 years to life in prison.

There matters stood until the 9th Circuit heard his appeal last year. The 26-member court hears cases — usually in three-judge panels — from California and eight other Western states. It has some decidedly liberal judges, and Musladin's case came before two of them: Stephen Reinhardt of Los Angeles and Marsha S. Berzon of San Francisco.

In a 2-1 decision, the judges reversed Musladin's conviction, saying that the buttons worn by Studer's family deprived Musladin of a fair trial.

According to Reinhardt, the photo buttons — described by the prosecutor as 2 inches in diameter and by Musladin's lawyer as 3 to 4 inches — conveyed a "specific message."

"The buttons essentially 'argue' that Studer was the innocent party and that the defendant was necessarily guilty," Reinhardt said.

He continued: "A reasonable jurist would be compelled to conclude that the buttons worn by Studer's family members conveyed the message that the defendant was guilty."

That was not the view of the trial judge or the California state courts.

When a defense lawyer objected at the start of the trial and described the buttons as "inappropriate," the judge disagreed: "There is no legend on the buttons," he said. "I see no possible prejudice to the defendant."

It was noted that the prosecutor could have held up a photo of Studer for the jury to see. Had he survived the shooting, the victim could have sat in the courtroom himself.

The state appeals court also saw no harm.

"The simple photograph of Tom Studer was unlikely to have been taken as a sign of anything other than the normal grief occasioned by the loss of a family member," its judges wrote in upholding Musladin's conviction.

Seven judges of the 9th Circuit objected to Reinhardt's opinion — seven fewer than the majority needed for the full appeals court to review it.

"Musladin shall be released unless the state elects to retry him within 90 days," Reinhardt wrote in October 2005.

State prosecutors petitioned the U.S. Supreme Court, which voted to hear the case. Oral arguments are set for Oct. 11.

It is one of two Reinhardt opinions that the justices will consider in the first days of their new term.

The second reversed a death sentence handed down in 1982 for a man who broke into the home of a 21-year-old woman in the San Joaquin Valley, beat her to death with a metal dumbbell, stole her stereo and sold it for $100.

When Fernando Belmontes was caught, his accomplices testified against him. After his conviction, prosecutors told jurors of his violent past, including a recent brutal assault on his pregnant girlfriend.

Twenty-one years after the jury sentenced Belmontes to die, his federal appeal came before a three-judge panel that included Reinhardt and Richard A. Paez of Los Angeles. In a 2-1 decision, they reversed the death sentence on the grounds that jurors might not have taken into account "the defendant's potential for a positive adjustment to life in prison."

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California Atty. Gen. Bill Lockyer appealed that ruling to the Supreme Court, which set it aside in a one-line order in March 2005. The justices urged Reinhardt and Paez to reconsider their decision in light of a recent high court ruling that restored the death sentence for an Orange County murderer after it too had been reversed by the 9th Circuit.

In July 2005, the two appellate judges reaffirmed their original decision. Eight of their 9th Circuit colleagues dissented — again, short of the majority required for the full court to consider the case.

When Lockyer appealed on behalf of San Quentin State Prison Warden Steven W. Ornoski, the Supreme Court voted to hear the case of Ornoski vs. Belmontes. It will be argued Oct. 3, the first morning of oral arguments for the new term.

In the last term alone, the high court took up 18 cases from the 9th Circuit and reversed 15 of them.

In the Supreme Court, "there is almost a palpable skepticism for what comes out of the 9th Circuit," said Vikram Amar, a professor at UC Hastings College of the Law in San Francisco.

"They don't have any faith that Reinhardt calls it straight. I don't want to call him a bad judge, but a lot of these decisions are hard to understand," added Amar, who was a clerk for the 9th Circuit and the Supreme Court.

Nominated to the 9th Circuit by President Carter in 1980, Reinhardt has described himself as one of the last unabashed liberals on the federal bench. When asked once whom he most admired as a judge, he named the late Justice William J. Brennan Jr., the liberal leader of the Supreme Court during the 1970s and 1980s.

Brennan "had a broad and generous, rather than a cramped and niggardly, view of the law … and he understood that the ultimate role of the law was to serve the interests of justice," Reinhardt said in a 2004 interview on Howard J. Bashman's legal blog, "How Appealing." Asked about the current high court, Reinhardt said it was "a straight, unabashed, highly conservative institution."

Conservatives regularly point to Reinhardt, 75, as a "liberal activist" on the bench. He formed part of the 2-1 majority that ruled the words "under God" in the Pledge of Allegiance were unconstitutional. He also wrote an opinion for the full 9th Circuit ruling that dying people had a right to lethal medication supplied by a physician. The Supreme Court reversed this opinion unanimously in 1997 and said the "right to die" issue should be decided by states and their elected legislators.

Ten years ago, complaints about the 9th Circuit spurred Congress to rein in the authority of federal judges to review state criminal convictions in cases that raised constitutional issues. The Anti-Terrorism and Effective Death Penalty Act of 1996 says federal judges should defer to state courts and may not reverse a criminal conviction or prison term that has been upheld by a state court unless the decision obviously conflicts with "clearly established federal law as determined by the Supreme Court."

Backers of the law said it was aimed directly at the 9th Circuit. These days, however, its supporters admit that the change has not worked as planned.

"The deference standard has not been effective. The 9th Circuit strains and goes around it," said Kent S. Scheidegger, legal director of the Criminal Justice Legal Foundation in Sacramento. "The Musladin case is an example of just that. It reflects an egregious disregard for the limit that Congress set."

What "clearly established law" was violated when the trial judge let the Studer family wear buttons with a photo of Tom in the courtroom?

In his decision, Reinhardt pointed to the Supreme Court's 1976 ruling in Estelle vs. Williams. In that case, the justices said it would be unfair to require a criminal defendant to wear jail clothes during his trial because that could cause the jury to infer that he was guilty.

"We conclude that no significant difference exists between the circumstances of this case" involving the buttons worn by the family and putting a defendant in jail clothes, Reinhardt said.

State lawyers were quick to note a significant difference: The first involved a defendant who was on trial; the second involved spectators in a courtroom.

Victims' rights groups were disturbed when Reinhardt used quote marks around the word "victim" in his Musladin ruling. For example, he said the case posed the issue of "when spectators are permitted to wear buttons depicting the 'victim.' " (A revised version of his ruling does not include such references.)

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"That was very troubling. There is no dispute that someone was shot and died," said Meg Garvin, a program director at the National Crime Victim Law Institute in Portland, Ore. "The underlying issue is the right of the crime victim to be in the court. We don't understand how the mere image of the victim can be prejudicial."

The group filed a friend-of-the-court brief urging the high court to reverse the 9th Circuit's decision.

Jim Studer, a school administrator from Reno, Nev., said he had not come to grips with the notion that wearing a button with his brother's picture could result in a reversal of the killer's conviction.

"We wore it for the first two days only," he said. After defense lawyers objected, he said, the family decided to take off the buttons.

However, Musladin's family said the buttons were worn for the entire 14-day trial, and the appellate judges accepted that.

"I couldn't believe it when I heard about the decision" of the 9th Circuit, Studer said. "It still seems unfathomable to me that you can't have a picture of the victim in the courtroom."

Capitol Crooks (USNEWS)

By Chitra Ragavan

U.S. News and World Report, September 18, 2006

More from Nation & World Capitol Crooks It started with the bribery indictment of California Rep. Randall "Duke" Cunningham, but before it's over, a sprawling investigation into a Pentagon contractor called MZM could snare some of Washington's most powerful inside players

By Chitra Ragavan

Posted Sunday, September 17, 2006

In the fall of 2003, an influential Washington defense contractor named Mitchell Wade was shooting the bull with Haig Melkessetian, a senior executive in his company, at their elegant office not far from the White House. "Haig," Wade declared, "I have a good deal for us."

The contractor enthusiastically laid out his plan: His good friend, Randall "Duke" Cunningham, a decorated Vietnam War fighter pilot, was planning to lead a congressional delegation to Saudi Arabia on a mission to help Saudi officials improve their image in the wake of the 9/11 terrorist attacks. Melkessetian, a former Army Special Forces soldier and Arabic linguist, was taken aback. "I can't be on both sides of the fence," he told Wade, noting that their company, MZM Inc., was heavily involved in major counterterrorism projects with the Defense Department.

"Don't start that ideological crap with me," Wade snapped, according to Melkessetian's account. "I'm not here for ideology. I'm here to make money."

And make money he did-a cool $150 million in government contracts since 2002. But Wade's road to riches was one that would ultimately lead him to jail and ignominy, and, along the way, to a prison term for one lawmaker and still more criminal charges, in the next few days or weeks, against some of the most influential insiders in the nation's capital. Melkessetian, now a consultant for a U.S. intelligence agency, is helping federal prosecutors in a massive corruption investigation involving Wade, MZM, and Cunningham. The former eight-term Republican congressman from California pleaded guilty last November to accepting more than $2.4 million in bribes and favors from Wade; his mentor, Brent Wilkes, a San Diego-based defense contractor; and two other "unindicted coconspirators."

"A huge spider web." Cunningham "earmarked" millions of dollars in defense projects for Wade and Wilkes in a manner so brazen federal prosecutors called it "unparalleled" in the long, sordid history of congressional corruption. Cunningham now is serving an eight-year prison term, while Wade, 46, has pleaded guilty to paying Cunningham more than $1 million in bribes and is cooperating with prosecutors. Wade's sentencing has been postponed until next March. He faces a maximum prison term of 135 months. He declined to be interviewed for this account, as did his attorneys.

Prosecutors are using information from Melkessetian and his MZM colleagues to test Wade's veracity, to track cash or other assets he may be hiding, and to recommend the length of his prison sentence. The MZM employees have told investigators that they were unaware of Wade's corrupt acts, but as Melkessetian puts it, they suspected he was "up to no good."

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Today, the FBI, the Defense Criminal Investigative Service, and the Defense Security Service are working with prosecutors to put the finishing touches on indictments against several other defense contractors, and senior defense and intelligence officials, who helped Wade with his corrupt activities. "We have been looking at everybody that's involved," says a federal law enforcement official. "Anytime you talk about defense contracting, it's a huge spider web."

Although Wilkes has not been charged, the government alleges that he gave more than $630,000 in bribes, gifts, and favors to Cunningham, and investigators now are trying to determine whether he obtained federal contracts through a high school buddy, Kyle "Dusty" Foggo, the former No.3 official at the CIA. Foggo resigned in May. His attorney has said that Foggo broke no laws. Investigators are also probing whether Wilkes provided limo services, hotel suites, and prostitutes to Cunningham. Wilkes is not cooperating with investigators. "Every single allegation is false, will be fought, and my client will be vindicated," says his attorney, Nancy Luque.

Trolling For Greenbacks In Baghdad (USNEWS)

By Chitra Ragavan

U.S. News and World Report, September 18, 2006

In the spring 2003 issue of the MZM newsletter, the Sentinel, Mitchell Wade extended prayers to American troops around the world and thanked his employees for supporting the troops in Iraq at this "perilous juncture." But MZM may have played a role in getting troops to Iraq, according to a national commission that investigated the intelligence failures that led to the war. The commission blamed the Pentagon's National Ground Intelligence Center (where Wade had analysts on contract through earmarks) that handled much of the military's prewar analysis of whether Saddam Hussein had developed nuclear precursor capabilities. The report didn't single out the MZM analysts but said that NGIC had "in particular displayed a disturbing lack of diligence and technical expertise."

Separately, in March 2003, MZM received a $1.2 million contract to send a team of 21 Arabic linguists to Iraq to serve as interpreters and assist the Office of Reconstruction and Humanitarian Assistance, which later became the Coalition Provisional Authority, or CPA. Haig Melkessetian was one of the linguists and also served on the protective detail of the CPA head, Ambassador Paul Bremer. Melkessetian says that half the linguists Wade assigned to the project did not speak fluent Arabic, and one contractor was a Russian linguist who spoke no Arabic.

When Melkessetian-who has worked for U.S. military and intelligence agencies extensively in the Middle East-returned from Iraq, he talked to Wade about the growing counterinsurgency problems. "I sent you there to make money," Wade responded. "I didn't send you there to fix Iraq."

"Fantastic job." In 2004, Wade hired a prominent Iranian businessman and Canadian resident named Behrooz Behbudi, a big contributor to the Republican Party, as his director of Middle Eastern development, paying him $15,000 a month to consult on Iraq. Behbudi says Wade wanted him to help redesign the Central Bank of Iraq, destroyed in the war. The bill: $15 million. "We would have done a fantastic job finishing it," says Behbudi. "Our prices were very, very competitive." Wade, by then in a financial crunch, refused to pay.

Wade bragged about his military ties, Behbudi says: "He said he had a phone directly connected to DOD. He told me, 'My office is an extension of the Defense Department.'"

Iran was also on Wade's mind. "He came to me and said, 'I'm very interested,'" says Behbudi, "'in removing the mullahs.'" In April 2004, Wade and Behbudi formed the Iranian Democratization Foundation. Their timing was perfect. In November 2004, Congress approved $3 million for Iranian democratization efforts. But Wade and his partners eventually dissolved the foundation because of personal differences. Even right up till the end, though, Wade still had his finger on the pulse of Congress and the Bush administration. This year, Secretary of State Condoleezza Rice asked Congress for $75 million to promote democracy in Iran.

Leaks, Lies And The CIA Spy (TIME)

Time, September 25, 2006

The outing of CIA operative Valerie Wilson (nÃ© Plame) consumed Washington for three years. The case received a radical reconfiguring when former State Department bigwig Richard Armitage confirmed that he was the original source for

columnist Robert Novak's revelation. Novak weighed in last week, calling Armitage's contrition bogus and the leak deliberate. In the D.C. bureau of Fox News, anchor Brit Hume goaded Plamegate chronicler David Corn into an off-camera shouting spree. "Both leaked classified information, Brit!" Corn raged. "Go ahead and laugh!" Here, TIME re-evaluates some major players. [This article contains a table. Please see hardcopy of magazine.] CAST OF CHARACTERS WHAT YOU THOUGHT YOU KNEW WHAT SEEMS TO BE TRUE NOW FUTURE EMPLOYMENT POSSIBILITIES Richard Armitage Press-friendly best bud of Colin Powell was thought to oppose the war without saying so publicly. Source of leak to discredit Joe Wilson, who tried to discredit Bush case for war. A bit discredited now himself. Cabinet post in a McCain Administration; failing that, he can always write his tell-all memoirs. Robert Novak Conservative pundit known as the Prince of Darkness; assumed (wrongly) by liberals to be Bush lackey. Always a war skeptic; complained that Armitage treated him "with disdain" in years before the leak. Will write must-read (in Washington) columns until they pry his keyboard from his cold, dead hands. "Scooter" Libby Cheney's Cheney; sly neo-con breakfast confidant of reporter Judy Miller; the only one indicted in the affair. Charged with lying about his chat with Tim Russert; turns out the clichÃ© is true--it really is the cover-up! If he's convicted, prison could provide material for The Inmate, a sequel to first novel, The Apprentice. David Corn Actually, you don't know him; he writes for lefty mag the Nation; co- wrote the book that outed Armitage. Despite his scoop, he--with other liberals--still sees scandal in Bush aides' efforts to tarnish Wilson. Could write next Clooney screenplay or take unpaid post at Air America; Fox & Friends unlikely to call.

Police Agencies Find It Hard To Require Degrees (USAT)

By Kevin Johnson

USA Today, September 18, 2006

WASHINGTON — Last February, the Plano, Texas, Police Department took a bold step in its police recruiting efforts: At a time when departments across the nation are desperate for new officers, Plano began requiring its recruits to have four-year college degrees.

The move was aimed at making the city's 345-member police force more like the residents of Plano, a city of about 260,000 about 18 miles north of Dallas. Plano is in one of the nation's wealthiest counties and is home to the headquarters of JC Penney, Frito Lay and Electronic Data Systems. Plano officials cited studies indicating that officers with college degrees have fewer discipline problems than those without.

In August, however, as Plano strained to find enough recruits, the city eased its hiring requirements and began accepting those with two years of college or three years in the military. The latest requirements are stiffer than those from last year, when recruits were required to have at least the equivalent of a high school education. But the episode fueled an ongoing debate over whether police departments' desire to raise recruiting standards can be realized at a time when there are thousands of openings for cops nationwide.

Since 1963, when the Multnomah County, Ore., Sheriff's Department became one of the first police agencies to impose a four-year degree requirement on recruits, only a few other local departments have followed.

Less than 5% of local police departments with more than 100 officers require four-year degrees, says Louis Mayo, executive director of the Police Association for College Education.

Most departments give higher pay to recruits with four-year degrees, he says, but have avoided requiring recruits to have them for several reasons. Among them: concerns about recruiting enough minority officers in increasingly diverse urban areas, and fears that not enough college graduates would be attracted by police salaries. The median annual salary for patrol officers nationwide was about $45,200 in 2004, according to the U.S. Department of Labor. Rookie cops usually make less.

“Everybody is gonna tell you it's difficult” to recruit only college graduates, says Plano police Sgt. Jason Christensen. That's true even in Plano, where the pay for new cops is relatively high, about $51,000.

There are about 700,000 state and local police officers across the nation. Mayo estimates that 25% to 30% have four-year degrees. He says departments have been reluctant to adopt stricter recruiting standards despite evidence suggesting that better-educated cops perform better.

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In an analysis of disciplinary cases against Florida cops from 1997 to 2002, the International Association of Chiefs of Police found that officers with only high school educations were the subjects of 75% of all disciplinary actions. Officers with four-year degrees accounted for 11% of such actions.

"An average patrol officer spends most of the time on dispute resolution," Mayo says. A degree "gives (officers) a broad perspective that makes them much more effective."

Los Angeles' approach to police recruiting and pay is typical of most big cities. The 9,000-officer department pays new cops with four-year degrees about $55,200, roughly $4,000 more than those who meet the basic requirements of a high school diploma or GED.

Officials say the incentive, along with programs such as one that gives bonuses to bilingual officers, shows a commitment to training. No one's proposing, however, that Los Angeles, which wants to hire 1,000 cops in the next year, require college degrees. Doing so would deplete the pool of candidates in an already tight market, says DeeDee Lopez of the officer mentoring program.

In Plano, where there are up to 15 police vacancies, Christensen acknowledges that concerns about finding enough recruits contributed to easing the prerequisite to two years of college or three years in the military. Plano also accepts recruits who have two years of police experience.

Christensen says the department wants to match officers' education level with that of the city's population. He estimates that 37% of Plano's residents have bachelor's degrees, compared with 32% of its cops.

The need for cops has led many cities, including Los Angeles, to look well beyond their borders for recruits. As Lopez suggests, the pressure to meet hiring goals has discouraged some from making requirements too tough.

In a series of essays in The Police Chief magazine, 13 police officials and academics recently urged departments to raise education standards — and to not be deterred by concerns they make it too difficult to fill the ranks. "Police officers need the (college) degree, not only for what it brings to individual officers and their departments, but also for what the degree brings to policing," Robert Friedmann, a criminal justice professor at Georgia State University, wrote in an essay.

The police department in Lakewood, Colo., a Denver suburb, has required recruits to have college degrees since 1969. Chief Ron Burns says recruiting has been more difficult recently, but that the 247-officer department doesn't plan to ease its standards. He says the department's starting salary of $47,000 has helped, as has its reputation as a training ground for police chiefs. Sixty Lakewood officers have gone on to become chiefs, Burns says.

Burns concedes that such standards might not be practical for big departments with hundreds of vacancies a year. His current class of 25 recruits was chosen from about 140 applicants. Burns says a similar ratio of applicants to recruits is typical at larger departments.

"It would be difficult to maintain (the educational requirement) in a larger city," he says.

CIVIL RIGHTS:

Witness In '95 Brutality Case Offers New Account (BOS)

By Dick Lehr, Globe Correspondent

The Boston Globe, September 18, 2006

Says he never ID'd officer at police beating

It was the most notorious Boston police brutality case of the last 10 years, and, in the end, the federal investigation hinged on what Officer Kenny Conley saw -- and what he wouldn't say.

Conley was convicted of perjury and obstruction of justice after he testified that he never saw a drug-unit officer, dressed in plainclothes, who had been pummeled by other officers who mistook him for a fleeing slaying suspect.

Conley had to be lying, prosecutors said. How could he have missed the beating of Michael Cox that January night? A witness put him just yards from the assault.

Or did he?

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A Globe reexamination of the case has found an apparent and perhaps devastating defect in the eyewitness case against Conley, one which, for some court observers, raises the possibility of government misconduct.

The key prosecution witness at the trial was Robert ``Smut'' Brown , a drug dealer whom Conley and other officers were pursuing on the night of the beating. Brown said he looked back and saw the beating in progress and a ``tall, white cop'' standing close by. Minutes later he was arrested by Conley, who is tall and white.

It seemed clearly the same guy. Prosecutors pointedly said as much at the trial. And the jury convicted Conley of crimes for which he could have spent 34 years in jail.

But Brown, in his first public comment since the beating and trial, says Conley wasn't the officer he saw, and that he tried, unsuccessfully, to alert federal authorities during the trial that they had the wrong man.

``When I seen him sitting at the defense table I didn't have no clue, like, why they were using me for that -- because I didn't recognize him,'' Brown told the Globe in two taped interviews at a prison in Maine, where he was awaiting sentencing on a drug count.

He says he recalled thinking at the time, ``They got the wrong guy.''

Indeed, he says, minutes before testifying, he spotted in the courthouse hallway the officer he had seen standing near the scene of the beating that night and pointed him out to Kimberly McAllister , the FBI agent in charge of the probe.

``She's like, `No, no, no, no, no, that's not the guy,' '' Brown said. ``I'm like, `Yo, it is the guy. I know it's him.' ''

McAllister, through an FBI spokesperson, said she does not recall Brown pointing out the officer in court that day. What she does remember is that Brown, fearful of police retaliation, didn't want to take the stand.

Had Brown provided new evidence, McAllister would have immediately told prosecutors, said FBI spokeswoman Gail A. Marcinkiewicz.

The lead prosecutor in the case, S. Theodore Merritt , said no such word was passed to him. ``That information was never told to me at trial -- I can't comment whether it happened or not,'' he said in an interview.

Conley, told about Brown's comments, said he was ``shocked. If what Robert Brown says is true, there should be an investigation -- and not by the FBI.''

Some leading members of the Boston bar agree.

``This would be explosively important evidence in favor of the defendant,'' said J. W. Carney Jr. , a defense lawyer and former state prosecutor. ``Any federal agent who received this information from a critical witness and intentionally suppressed it by not informing the federal prosecutor is, in my opinion, guilty of obstruction of justice.''

``That's a huge, huge error,'' said Robert A. George , a defense lawyer. If Brown made the statements to McAllister, ``there's a duty, and not just a legal duty, but a human duty, to put a stop to the trial at that point.''

An unsolved case It is hard to exaggerate the importance of the Cox beating, and Conley prosecution, in the recent history of the Boston Police Department. It has been the source of strife, of multiple court cases, and of racial divisions -- Cox is black. It also remains unsolved, as none of the officers who participated in the beating or witnessed it has been willing to speak candidly. In Boston, the so-called blue wall of silence has seldom closed so completely around a crime.

Cox, a member of the gang unit, had been working in plainclothes on the night of Jan. 25, 1995. It was about 2 a.m. when a man was shot at a crowded takeout restaurant on Blue Hill Avenue. Four men led police on a high-speed chase that ended at a dead-end. Cox bolted from his cruiser chasing Brown. But Cox, as he neared a fence, was hit in the head from behind and then kicked and beaten unconscious by a group of officers. When they realized he was a police officer, the assailants scattered. Initial police reports said Cox slipped on a patch of ice.

Authorities solved the slaying -- two men were convicted of first-degree murder charges , while Brown and a fourth man were acquitted in late 1996. But Cox's assailants were never charged. First, the Suffolk district attorney's office took a run at solving the assault, and then, in early 1997, the US attorney's office took over the investigation, with Merritt at the helm.

Merritt, along with McAllister, soon targeted Conley. In internal police reports, Conley described seeing a suspect run to and climb over a fence. He described how he then chased and caught the suspect. After testifying before a federal grand jury in 1997 that he had not seen Cox or Cox's beating, Conley was indicted. Merritt and the FBI began building a case around the proposition that Conley had to have seen Cox.

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Brown's testimony was key. Under questioning by Merritt, Brown recounted at the trial what he had also told the grand jury -- that he scaled the fence, pausing just long enough to see the beating, and that he saw the tall, white officer nearby.

But the prosecution never asked Brown, either before or during the 1998 trial, to positively identify Conley as the officer he had seen.

There was ``no prosecutorial purpose'' in doing so, Merritt said in an interview. ``He [Brown] said, under oath, the tall white officer was the same guy who arrested him, and other evidence showed that it was Ken Conley who arrested him.''

But had Merritt asked Brown to point out in the courtroom the man he'd seen that night the course of the trial might have shifted abruptly.

``I wouldn't have pointed him [Conley] out because I couldn't point him out,'' Brown said. ``I was wondering what the heck I was there for.''

Brown said he had gotten a good look at the officer near the fence, but not of the arresting officer, and simply assumed they were the same.

Brown said he was in the courthouse hallway with his mother, Mattie, and his girlfriend, Indira Pierce, when he spotted the officer he had seen. He said he pointed the man out to McAllister, but the agent told him he was wrong.

In separate interviews, Brown's girlfriend and mother confirmed Brown's account. Pierce said the FBI agent told her boyfriend, ``Just stick to your story.''

Brown said he took the witness stand discouraged. ``I'm just . . . just get this over with. Go get the hell out of here.''

Identification oversight But while Brown never directly identified Conley in court, it quickly became part of the accepted lore of the case that he had. News accounts, including the Globe's, treated it that way. Merritt, in court filings for appeals of the case, has done so, as well.

Even Conley's lawyer, Willie Davis , came away from the trial thinking a clear identification had occurred. Davis now realizes his oversight, and he is critical of the federal investigators for not disclosing Brown's alleged comments to McAllister. The case should have been dismissed, he said.

Conley ultimately prevailed in the case. After six years of appeals, US District Court Judge William G. Young overturned the conviction in 2004. Young ruled that the government improperly withheld exculpatory evidence. In May, Conley completed retraining at the police academy. He is back on the job.

ANTITRUST:

MAN Launches $12.15 Billion Offer To Buy Scania (WSJ)

By Jason Singer

The Wall Street Journal, September 18, 2006

MAN AG of Germany launched a cash-and-stock takeover bid for Swedish rival Scania AB that values the maker of trucks and buses at about €9.6 billion ($12.15 billion) and would potentially form Europe's largest commercial-vehicle maker.

The supervisory board of Munich-based MAN met yesterday to approve the move. Scania, of Södertälje, Sweden, hasn't approved the bid, but the German company is hopeful of the deal ultimately being friendly, said people familiar with the matter.

In a statement, MAN said Renault SA, of Boulogne-Billancourt, France, had agreed to sell its 5.6 million class-A Scania shares to the company.

Scania's biggest shareholders, Volkswagen AG and Investor AB, of Stockholm, so far haven't supported the bid, people close to the matter said. Volkswagen holds about 34% of Scania, and 29% is owned by Investor and foundations run by the Wallenberg family.

A spokeswoman for Volkswagen said the Wolfsburg, Germany, auto maker hadn't reached an agreement to sell its Scania stake but declined to elaborate. A spokesman for Investor declined to comment, and a spokesman for Scania couldn't be reached.

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In its statement, MAN said it will offer Scania shareholders €38.35 cash plus 0.151 of its own shares for both the A and B shares of Scania. Based on MAN's closing share price Friday, the offer totals 442.20 Swedish kronor ($60.80) a share. Scania's B shares closed Friday at 424.50 kronor, up 1%, in Stockholm trading.

MAN said it would reap at least €500 million a year in synergies if the deal is completed. The company said no sites would be closed and management would be shared between executives from the two companies, with Scania executives joining the combined group's management board.

A combination would bring together two of the larger makers of trucks, including 18-wheelers and light-duty commercial vehicles and buses. Scania operates with one of the global industry's highest profit margins. It makes premium-priced trucks, focusing more on vehicles for long-haul cargo transport, while MAN is stronger in the market for lighter trucks used for shorter journeys. In the first half of this year, Scania reported net income of 2.83 billion kronor on revenue of 35.22 billion kronor.

Together, they would rank as the largest truck maker in Europe by market share, ahead of Volvo AB, of Göteborg, Sweden, and DaimlerChrysler AG, of Stuttgart, Germany, and third in global market share, behind Volvo and DaimlerChrysler. Volkswagen owns a Latin American truck-making business that is likely to eventually be combined with a merged company, these people said.

MAN is headed by Swedish chief executive Hakan Samuelsson, who spent more than two decades at Scania before joining the German company in 2000. Mr. Samuelsson's presence has eased concerns in Sweden that a merger would lead to job losses for Scania. MAN reported a 37% increase in operating profit in 2005 to €765 million from €557 million a year earlier, with sales rising 5% to €14.7 billion.

Several other Swedish companies have combined with European rivals, deals that subsequently led to job expansion, including AstraZeneca PLC, a pharmaceuticals company in London, and Swedish-Swiss engineering firm ABB Ltd.

That track record could help MAN and Scania.

Mr. Samuelsson has pared MAN to four main businesses, focusing on trucks, engines, production of turbines for the energy industry and services such as logistics.

-- Christoph Rauwald contributed to this article.

Write to Jason Singer at jason.singer@wsj.com1

Time Warner's AOL Starts Sale Of Web-Access Units In Europe (WSJ)

By Matthew Karnitschnig And Jessica E. Vascellaro

The Wall Street Journal, September 18, 2006

In the first step of a broader plan to reorganize AOL's international operations, Time Warner Inc. agreed to sell the unit's Internet-access business in Germany for €675 million ($854.7 million) to Telecom Italia.

In coming weeks, AOL is expected to also complete negotiations for the sale of its Internet-access businesses in the United Kingdom and France. Proceeds from the sale of all three businesses are expected to total about $2 billion, according to people familiar with the talks. (See related article1.)

AOL plans to retain its advertising-supported content services in all three countries and expand them elsewhere. Those services include email, instant messaging and the other content currently available on its international Web sites. The shift away from Internet-access in favor of advertising-supported content is similar to the strategy AOL is pursuing in the U.S.

Most of the revenue generated by the European operations comes from selling monthly subscriptions for Internet access, but the company says advertising has been growing. AOL Europe generated about €100 million in operating profit last year.

Though its European operations are profitable, AOL never managed to establish itself as a major player in the European Internet-access market, and Time Warner has since written off most of AOL Europe's value. The move to sell the access business, which is the core of the operation, comes as Time Warner has been paring its large portfolio of assets. It recently sold a regional cable channel for $375 million and has been negotiating to sell the Atlanta Braves baseball team, which is valued at about $460 million.

Separately, AOL and Intel Corp. are collaborating on a new online-video service, targeting specially equipped personal computers that carry a new Intel brand of chips and software called Viiv.

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The partnership is the latest in a series of efforts to exploit the boom in video on the Internet, and to move such programming to the TV screen. Apple Computer Inc. last week discussed plans for a $299 device -- code-named iTV -- that can wirelessly transfer downloaded videos from a computer to TV sets.

Viiv-branded systems come with a remote control and are designed to plug directly into TV sets.

Intel and AOL said the new service allows consumers to surf through the thousands of TV shows, music videos and full-length movies available through AOL Video with their remotes, scrolling through menus as they would on a DVR or video-on-demand service. Some content can be streamed free while other videos must be purchased and downloaded before they can be viewed on TV.

ENVIRONMENT:

Second Company Is Implicated In Outbreak Linked To Spinach (NYT)

By Matthew L. Wald

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — A second company in California has been implicated in the E. coli outbreak linked to spinach, the Food and Drug Administration said late Sunday, and the number of identified victims is still rising.

The newly identified company, River Ranch Fresh Foods, obtained salad that included spinach from the first company implicated, Natural Selection Foods of San Juan Bautista, Calif. The spinach that passed through River Ranch was sold under the brand names Farmers Market, Hy-Vee, and Fresh and Easy.

The investigation is proceeding in what amounts to a rearview mirror, with state and local health officials receiving reports of illness, asking people what they ate and searching for the source. To identify the new company, officials examined Natural Selection's records and found it had supplied River Ranch.

Tracing a case of illness to its source, including the time required for DNA analysis of the E. coli, takes about two weeks, Dr. David W. K. Acheson, director of food safety at the F.D.A., said Sunday in a conference call. Dr. Acheson called the process "trace-back and trace-forward."

The investigation is in its early stages. "At this point we have not found E. coli O157 in any bags of spinach that have been tested," Dr. Acheson said. "Our link back to Natural Selection comes from the epidemiological studies."

But after questioning the victims about what they had eaten, he said, "bagged spinach has risen to the top of the list."

The federal health authorities are advising consumers not to eat fresh spinach. They said frozen spinach had not been implicated.

The number of reported cases of E. coli infection rose by seven on Sunday, to 109, but officials said that the real number was probably higher and that reporting was probably delayed because some health departments were not staffed on weekends. They also said they expected the number of states in which cases had been reported, 19 on Sunday, to rise.

"As labs come back on line tomorrow and Tuesday," Dr. Acheson said, "we can well see a surge of cases, which do not necessarily mean that things are not under control."

So far, 16 cases of hemolytic uremic syndrome, a serious kidney complication from E. coli exposure, have been reported. One death, in Wisconsin, has been linked to the outbreak.

The cause of the outbreak is still not clear. It could be irrigation water, Dr. Acheson said, or it could be a processing problem in a factory. In the humid environment of a sealed bag of spinach or salad mix, E. coli can multiply rapidly if the bag is allowed to get too warm, he said.

Some processors expose spinach to chlorine to kill E. coli, which can kill the bacteria on the leaf surface. But if the bacteria are in irrigation water they can enter the plant, and the chlorine will not reach them, Dr. Acheson said.

Spinach Probe, Recalls Expand (USAT)

By Dan Vergano

USA Today, September 18, 2006

DOJ_NMG_0063799

The investigation into a deadly E. coli outbreak in 19 states widened on Sunday as a second produce company was set to recall its fresh spinach products, according to federal officials.

Food and Drug Administration officials on Sunday reported 109 cases so far of infection with a deadly strain of Escherichia coli bacterium. The bacterium produces toxins than can lead to bloody diarrhea, damaged kidneys and death. Roughly half of the cases in the outbreak resulted in hospitalization, and nearly one in six have led to kidney failure. There has been one death, a 77-year-old Wisconsin woman.

"This is unquestionably a significant outbreak," said FDA official David Acheson. He said state and federal investigators will begin sampling spinach farms today in California's Salinas Valley that have been linked to the outbreak. It will take at least a week for those samples to identify the source of the outbreak, he said.

Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with salads, with "best if used by dates" from Aug. 17 to Oct. 1, 2006.

A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought spinach from Natural Selection, is expected to issue a recall of three packaged salad mixes, Acheson said. The "spring mix" brands containing spinach are: Farmers Market, Hy-Vee, and Fresh and Easy. River Ranch officials could not be reached for comment.

Federal Centers for Disease Control and Prevention scientists began assisting state officials in the affected states in diagnosing cases, the Associated Press reported. Acheson said that he expects more cases.

As a result of the outbreak, which began with an illness reported on Aug. 23, the FDA advises people not to eat fresh spinach "until further notice."

Grocery store shelves and restaurants have been emptied of fresh spinach as a result. "The entire industry is basically shut down," said Thomas Stenzel, head of the United Fresh Produce Association.

The outbreak underlines the vulnerability of fresh produce to contamination, said food safety expert Douglas Powell of Kansas State University in Manhattan, Kan. Since August, FDA and state officials have been inspecting lettuce farms in the Salinas, Calif., region, because eight of 19 past E. coli outbreaks have originated there since 1995.

"People aren't aware that fresh fruits and vegetables are a leading source of food-borne illness," Powell said. "We don't cook them, so a lot of the safety problems start with farming practices."

E. Coli Cases From Spinach Increase To 109 (WP/AP)

The Washington Post, September 18, 2006

SAN FRANCISCO, Sept. 17 -- The number of people sickened by an E. coli outbreak traced to tainted spinach rose to 109 on Sunday, as federal officials announced more brands recalling their products.

"This is unquestionably a significant outbreak in terms of E. coli," said David Acheson, chief medical officer with the Food and Drug Administration's Center for Food Safety and Applied Nutrition.

Natural Selection Foods, the world's largest producer of organic produce, has been linked to the infected greens, prompting a recall of 34 brands. They include the company's labels and those of companies contracting with Natural Selection, based in San Juan Bautista, Calif., to produce or package its spinach.

On Sunday, River Ranch Fresh Foods of Salinas, Calif., added to its recall spring mixes containing spinach sold under the labels Hy Vee, Fresh and Easy, and Farmers Market, FDA officials said.

Pollution Case Centers On Contradictory Figure (NSDY)

By James Bernstein, Newsday Staff Writer

Long Island Newsday, September 18, 2006

Port Jeff. Station plant owner painted as both caring leader and insensitive boss; faces rare criminal charges

But he also had a way of making employees feel insecure. Cohen bounced paychecks, never granted a raise or a bonus, withheld pension money and was unable to develop any friendly relationships, even with those who worked for him for years.

Which was the real Gerald Cohen?

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Many people who worked for him for decades at the private company he owns, Lawrence Aviation Industries Inc., an aerospace parts manufacturer in Port Jefferson Station, as well as those who considered themselves friends, are not sure. Most describe Cohen as complex.

The U.S. attorney's office in Brooklyn says it has no doubt who the 72-year-old Cohen is: one of the nation's worst polluters. Earlier this month, Cohen was arrested by FBI agents and charged with failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the company's 125-acre property along Sheep Pasture Road, not far from Long Island Sound. One federal prosecutor said the site "looked like a science-fiction horror movie." In 2000, the property was designated a Superfund site, slated for cleanup. Last year, the federal government designated it an "indeterminate public hazard."

Cohen, of St. James, appeared in U.S. District Court in Brooklyn, where he pleaded not guilty to two counts of violating the federal Resource Conservation and Recovery Act. He also pleaded not guilty to a charge of violating the Clean Air Act; he is accused of allowing two diesel power generators that produced electricity for the company to discharge as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003. If convicted, he faces up to 15 years in prison and fines of more than $300 million.

His attorney, Anthony LaPinta of Hauppauge, said Cohen would not be available for an interview for this story.

Criminal charges in environmental cases are rare, occurring only a few times a year in each state, federal law-enforcement officials said, and are usually filed when a company or an individual is egregiously in violation of the environmental laws and has been so for some time. Civil charges are much more common in pollution cases, they said.

'A bad boy'

Assemb. Steven Englebright (D-Setauket), a staunch environmentalist who represents the Port Jefferson area and has known Cohen for years, said Cohen had been "in a sort of fence-duel mode" with state and federal environmental regulators for years; he described Cohen as often dragging his feet when it came to cleanups. Englebright said Cohen had routinely been cordial and polite -- but his behavior regarding the environment left much to be desired.

"He has been a bad boy," Englebright said.

Englebright and Richard Amper, executive director of the Long Island Pine Barrens Society, say government agencies did not act quickly enough in the case of Lawrence Aviation.

"We have regulations that prohibit such activity, but very little monitoring or investigation," Amper said. "We've gotten to the point where businesses have been willing to trample the environmental laws, figuring if they're caught that's the cost of doing business."

Federal officials say such criticisms are unfair, that such cases are often highly complicated and take time to develop.

Lawrence Aviation has essentially been out of business for more than a year. In its day, the company was a powerhouse in Long Island's aerospace and defense industry, molding titanium slabs into parts for Grumman Corp.'s F-14 Tomcat and other military airplanes. At its peak in the early 1980s, the company had about 500 employees and annual revenues of about $30 million.

The company's slide began in 1984, when workers struck for four months over pay and benefits. Industry experts say Lawrence Aviation never really recovered from the strike. And when the Cold War ended in 1991, the company wasn't able to make up the lost defense business. In recent years, staffing fell to as few as a dozen employees.

The company was started in 1959 by Cohen's father, Lawrence, a no-nonsense businessman. Gerald Cohen took over when he died in 1982. "He wasn't the businessman his father was," said Bob Jensen of West Islip, who worked for the company for decades before retiring a few years ago. "He wasn't a manager."

Cohen, a 1955 graduate of the Massachusetts Institute of Technology, was widely considered to be highly intelligent but short on people skills. "He's a computer nerd," said someone who knows him professionally. "He doesn't know how to deal with people."

Despite his wealth, Cohen's clothes appeared worn and he was given to driving beat-up old cars. "He didn't look like a millionaire's son," said a former employee who asked not to be identified. "He'd be sitting on the floor fixing a machine, a paperclip sticking in his teeth." But he was cocky and was known for letting everyone know he was the smartest person in a room.

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A kinder face

He also could show a softer side, the former employee said.

"If something bad happened to somebody, he would be the first to send flowers," the former employee said, or grant time off for personal problems and show up at funerals. But he wasn't always welcome.

One time, she said, Cohen showed up at the funeral of one his executives, who had suffered a heart attack. The family did not welcome him; they felt Cohen had been a source of great stress.

"He was told he had a helluva nerve showing up," she said.

Cohen's behavior outside the office was described as more open, even gregarious on occasion.

Cohen was in his mid-40s when he married for the first time, and he and his wife, Nancy, were ardent skiers. They have no children.

He was a member of a number of boards and organizations, and contributed financially to several charities. He was president of the board of St. Charles Hospital in Port Jefferson for two years, beginning in 1985, and was given the Theodore Roosevelt Award for his service to the hospital.

He donated money to the Maryhaven Center of Hope, a nonprofit human resources agency; and he served as president of the Stony Brook Foundation, the nonprofit fundraising arm of the state university, from 1987 to 1989. He also was on the Brookhaven Industrial Board for five years, beginning in 1980.

"He's a man with a big heart," said LaPinta, his attorney. "He is sensitive to people in need."

But what former employees remember most are the bounced paychecks and a 401(k) plan they contributed to -- but got nothing back from.

In May, Cohen agreed to pay $1.3 million to settle a lawsuit filed by the U.S. Labor Department, which said he had treated the 401(k) as a "personal piggy bank." The suit was filed in May 2004 and alleged Cohen and Lawrence Aviation made more than $1.6 million in loans to themselves between 1993 and 1995. It said the employees never collected on the loans, "which have never been repaid."

On Fridays, employees would say, "I wonder if I'm getting paid today," recalled Jensen, the retired employee. "Sometimes the checks would bounce. In fact, quite often, they did."

Washington's Energy Failure (WP)

By Sherwood Boehlert

The Washington Post, September 18, 2006

The problems BP has had recently with its Alaskan pipeline seem both an apt metaphor for the way the United States has (mis)handled its energy policy and a warning of what may await us if we stay on the wrong track.

For a long time now, politicians have handled U.S. energy policy the way BP apparently handled its pipeline: We've talked about it, we've taken some superficial actions, but we've failed to examine it closely, secure in our belief that everything seemed pretty much okay.

The result, in the case of energy policy, has been gasoline at $3 a gallon; a growing oil addiction (to use the president's well-chosen word) that threatens our national security; and an economy and populace more vulnerable than they need be to domestic and international fluctuations in oil production.

So far, the reaction in Washington has ranged from anemic to the counterproductive. The House passed a bill to streamline regulation of refinery construction, even though there is little evidence that regulation has constrained refinery capacity. The House repeatedly passed legislation to open the Arctic National Wildlife Refuge to oil drilling, with proponents arguing that pollution from drilling is a thing of the past -- presumably a harder argument to make in the wake of this summer's revelations from BP.

The House also passed a bill allowing the entire U.S. coastline to be opened to oil drilling. This bill, which received surprisingly little media attention, not only would allow the lifting of current drilling moratoriums but would also significantly revise the way offshore oil drilling is permitted, weakening the ability of states and citizens to control the use of their shores.

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Congress has passed some positive legislation promoting energy research and development, but the actual funding has been rather meager, and much of it has been focused on the most futuristic energy technologies, such as hydrogen and fusion -- gambles that are worth investing in but that can hardly be the foundation of a realistic near-term energy policy.

What is conspicuously missing from the energy debate is any substantial discussion or action on energy efficiency or conservation. Conservative ideologues like to equate conservation with discomfort: sweltering in under-air-conditioned buildings or driving a subcompact car. But these images are absurdly outdated, if they were ever true. Conservation means developing and deploying technologies (including deploying many that already exist) to enable Americans to live the way they want to while using less energy.

This is something that isn't likely to be accomplished by the marketplace alone, despite ideological rhetoric. Every American might desire more energy-efficient goods but still buy, say, a less efficient sport-utility vehicle if that's all that's available. Moreover, energy conservation is imperative, given the national security and economic vulnerability of our current energy path. We need government action to respond to the classic market failures that thwart individual efforts to remedy our oil addiction.

The most important, realistic and feasible step the government could take would be to require automakers to make more fuel-efficient cars by raising corporate average fuel economy (CAFE) standards. About 45 percent of the oil Americans consume is used by cars and light trucks. We simply can't get a handle on our energy use if we don't do something about mileage -- which has been stuck at the same average level for about 20 years, even as every other sector of the economy has become more energy-efficient.

Our unwillingness to address fuel economy -- the House hasn't even been willing to schedule a vote on the issue since gas prices began skyrocketing last fall -- is especially unforgivable because we already have technology that could significantly increase fuel economy without reducing safety or limiting consumer choice. Better still, consumers would save money on gasoline -- savings that would more than cover any costs for the technology. These are not my assertions; they are the conclusions of a 2002 report on fuel economy standards by the National Academy of Sciences.

The case for increasing mileage is so compelling that politicians are at least starting to give lip service to raising CAFE standards. The administration, for example, has proposed a bill that would allow the standards to be increased. But that proposal both fails to require any action and is written in a way that could actually end up reducing average mileage. (This is because it would allow mileage to be set by vehicle class, without setting standards for the overall vehicle fleet.)

Congress should take real action -- just as BP has had to do -- rather than continuing to avert its gaze until the next emergency. After a summer of high gas prices, the public ought to be fed up with Washington's kowtowing to the oil and auto industries instead of taking a hard look at effective measures.

The writer, a Republican representative from New York, is chairman of the House Committee on Science.

FBI/DEA/ATF/USMS:

Arellano Brother Is Sent To S.D. To Face Trial (SDUT)

By S. Lynne Walker

Copley News Service, September 17, 2006

MEXICO CITY – The oldest of four brothers accused of heading the ruthless Arellano Félix drug cartel in Tijuana was extradited by the Mexican government to the United States yesterday to face drug charges in San Diego.

Francisco Rafael Arellano Félix, 56, was escorted off a commercial fight at Lindbergh Field last night after being handed over earlier in the day to U.S. authorities in the Texas border town of Brownsville.

The extradition came just more than a month after his younger brother Javier was arrested by the U.S. Coast Guard in a dramatic operation at sea off Mexico's Pacific Coast.

Flanked by agents from the Drug Enforcement Administration and the U.S. Marshals Service, the balding, bespectacled Arellano Félix was rushed to a vehicle waiting to take him to federal prison, authorities said.

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Arellano Félix's extradition surprised U.S. law enforcement officials, who have been asking the Mexican government to extradite him since 2004, when he finished a 10-year sentence on weapons and bribery charges in a maximum-security prison outside Mexico City.

"It came out of the blue," said one U.S. official, who spoke on condition on anonymity.

Although a Mexican federal judge approved the extradition request in 2004, it took two years for the Foreign Ministry to sign the order to hand him over. U.S. authorities were told two days ago that Arellano Félix was being sent to San Diego to face charges.

The decision to extradite Arellano Félix came the same day that U.S. Ambassador Tony Garza sharply criticized the Mexican government, saying, "Drug cartels, aided by corrupt officials, reign unchecked on many towns along our common border."

Garza cautioned that an alarming rise in drug violence threatens the relationship between the two countries.

Arellano Félix is accused of selling 9 ounces of cocaine to an undercover agent at a motel on San Diego's Midway Drive 26 years ago. He was charged with conspiracy to distribute cocaine and distribution of cocaine. He also was charged with jumping bail.

After posting bail, he fled to Mexico, where he ran a discothéque in the Pacific Coast resort of Mazatlan.

A U.S. prosecutor handling the case said last night that she believes the government will secure a conviction of Arellano Félix.

"We are prepared," said Assistant U.S. Attorney Laura Duffy. "The case is very much intact. The drug evidence still exists and the witnesses are still in place, so we're confident that we're ready to go forward."

Arellano Félix is scheduled to be arraigned in San Diego federal court at 2 p.m. tomorrow.

Although the charges against Arellano Félix are relatively minor, U.S. law enforcement officials said his extradition "sends a very strong signal" that the Mexican government is willing to extradite drug traffickers.

"For drug dealers, particularly the Arellano Félix organization, this should be a clear signal that no matter where you are in the organization, once you serve your time in Mexico you may serve your time in the United States," said Garrison Courtney, a spokesman for the DEA in Washington.

Arellano Félix's extradition marks a high point in the delicate negotiations between the United States and Mexico on the issue of extraditing drug traffickers.

Although the Mexican Supreme Court cleared the way in January 2001 for Mexican citizens to be sent to the United States to stand trial, there has been only one extradition of a high-ranking member of the Arellano Félix cartel.

Arturo "Kitty" Páez, a young lieutenant in the cartel, was flown to San Diego in May 2001 and sentenced to 30 years in prison for smuggling cocaine.

While U.S. law enforcement said they were encouraged by Arellano Félix's extradition, they acknowledged that he did not play a key role in running the organization. He was arrested during a police raid in Tijuana in 1993, when Benjamín Arellano Félix still handled the business operations of the cartel and another brother, Ramón, was earning a reputation as the cartel's feared triggerman.

"Francisco obviously isn't the highest in the tier of the Arellano Félix organization, but he's still a player," Courtney said.

Benjamín Arellano Félix was captured in 2002 and imprisoned in a maximum-security Mexican prison. A month earlier, state police shot Ramón dead on a Mazatlan street.

The cartel's leadership then shifted to Javier, who has pleaded not guilty to racketeering, drug and money laundering charges and awaits trial in San Diego.

"We've taken out the top leadership. But we know that the organization has people who can step in right now and run it quite efficiently," Courtney said. "We still have a lot of work to do."

Francisco Arellano arrived last night on Continental Airlines Flight 429 from Houston, which landed in San Diego at 6:58 p.m.

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In Houston, a man in street clothes, with his arms and legs shackled, was escorted to the back of the plane before most of the other passengers were allowed to board, passengers said. He was seated in the last row, near the bathroom. Two plainclothes law enforcement agents with badges were seated in the same row, passengers said.

The prisoner said little or nothing during the flight, and his two guards kept a close watch on the other passengers, said Pamela Hodge, 29, of Houston, who was seated a few rows in front of the trio.

"I tried not to look that way because they were very protective of him, the guards were," Hodge said.

Jerad Jurgensmier, 20, a Navy corpsman flying back to San Diego from Houston, said passengers weren't given any information about the prisoner.

"No one said anything to us," Jurgensmier said. "It was kind of weird."

A variety of law-enforcement vehicles were parked on the tarmac when the plane arrived in San Diego, passengers said, and three uniformed officers were waiting at the gate.

U.S. Ambassador Lauds Mexican Extradition Of Alleged Drug Kingpin (AP)

AP, September 17, 2006

MEXICO CITY — The U.S. ambassador praised the "courage and conviction" of Mexico's President Vicente Fox on Sunday after Mexico extradited alleged drug kingpin Francisco Rafael Arellano Felix to the United States.

Francisco Rafael Arellano Felix was loaded into a helicopter Saturday in the Mexican city of Matamoros, then flown across the border and handed over to Texas officials in Brownsville after serving a 10-year sentence in Mexico.

The first major Mexican drug suspect to be extradited north, he will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

Ambassador Antonio Garza's message of praise, issued by the embassy, followed a statement last week that irritated the Fox administration by urging Americans traveling in Mexico to beware of "the rising level of brutal violence" — much related to drug trafficking — south of the Rio Grande.

"While I'm the first to point out those instances where more can be done, particularly along the border," Garza said Sunday, "I've also got to say that this administration has been aggressive about extraditions and committed to doing what they can when they can.

"President Fox has been unwavering in that regard and I recognize and appreciate both his conviction and courage," Garza added.

Fox's government said it had "discrepancies" with Garza's warning to U.S. citizens on Thursday and said it has called U.S. officials to discuss the issue this week.

U.S. officials have been pushing Mexico to overcome reluctance to extradite its citizens. When Mexico officials have tried to extradite major trafficking suspects, courts have blocked them.

Arellano Felix was arrested in December 1993 in Tijuana and was convicted under Mexico's tough weapons laws rather than for drug offenses. He was the oldest of seven brothers in a family accused of running what was throughout the 1990s one of Mexico's largest and most-violent drug smuggling gangs.

Most of the Arellano Felix brothers have been arrested or killed, weakening the cartel. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego.

Arellano Felix's brother Francisco Javier Arellano Felix was captured on a fishing boat last month by the U.S. Coast Guard in international waters off the coast of La Paz, Mexico.

Benjamin Arellano Felix, reputedly the planning chief of the gang bearing the family's name, was arrested in March 2002 in Puebla, east of Mexico City. He is still being held in a Mexican jail.

Another brother, Ramon Arellano Felix, was shot to death a month earlier in the Pacific tourist port of Mazatlan. Police say he had been the group's feared enforcer, in charge of killing to settle scores.

Eduardo Arellano Felix is still at large.

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Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Mexico Extradites Alleged Drug Kingpin (AP)

By Traci Carl, The Associated Press

The Washington Post, September 16, 2006

MEXICO CITY -- Mexico extradited drug kingpin Francisco Rafael Arellano Felix to the United States on Saturday, making him the first major Mexican drug lord to be sent north to face drug charges.

The extradition was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

The former head of the Arellano Felix drug clan was handed over in the Texas border town of Matamoros after serving a 10-year sentence in Mexico. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department to send him.

Francisco Rafael was the oldest brother in a family accused of running what was one of Mexico's largest and most violent drug smuggling gangs in the 1990s.

The Arellano Felix gang developed a reputation as one of the most bloodthirsty smuggling rings.

Most of the seven Arellano Felix brothers have been arrested or killed, weakening the group. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego.

Arellano Felix was arrested in December 1993 in Tijuana and was convicted under Mexico's tough weapons laws rather than for drug offenses.

His brother Benjamin, reputedly the planning chief of the gang, was arrested in March 2002 in Puebla, east of Mexico City.

Another brother, Ramon, was shot to death a month earlier in the Pacific tourist port of Mazatlan. Police say he had been the group's feared enforcer, in charge of killing to settle scores.

Francisco Javier Arellano Felix was captured on a fishing boat last month by the U.S. Coast Guard in international waters off the coast of La Paz, Mexico.

DEA Finds Tunnel In Calexico Area (SDUT)

Union-tribune

The San Diego Union-Tribune, September 16, 2006

The Drug Enforcement Administration announced last night that it has discovered a tunnel under the U.S.-Mexico border in Imperial County that apparently was used for smuggling drugs.

The 400-foot tunnel reaches between a residence in Calexico and a residence in Mexicali, Mexico, said John S. Fernandes, DEA special agent in charge.

It is about 20 feet underground, equipped with lighting and bolstered with wooden beams every few feet. It is accessed with a ladder.

The DEA was uncertain what group was using the tunnel, he said.

U.S. Immigration and Customs Enforcement, the Border Patrol and the Calexico Police Department helped in the investigation.

– David E. Graham

Downtown death called suspicious

DOWNTOWN – San Diego homicide detectives are investigating the death of a man whose body was found around noon yesterday in the bushes in a transient camp.

The camp is beside the on-ramp to Interstate 5 northbound at 11th Avenue.

The death appeared suspicious because of the body's condition, homicide Lt. Jeff Sferra said, though he did not specify the condition.

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An autopsy was scheduled.

– David E. Graham

San Diego Says No To Drugs (AP)

AP, September 18, 2006

SAN DIEGO -- This seaside city was a bystander as liberal strongholds like San Francisco and Santa Cruz created identification cards for sick patients who use marijuana and wrote regulations to permit storefront pot dispensaries.

Now, 10 years after Californians voted to decriminalize marijuana for medical purposes, conservative San Diego County is leading a backlash against the groundbreaking law.

The county is challenging California's medical marijuana law in state court, saying it should not be required to comply with a state law directing counties to issue ID cards to users. At the same time, local police, working with federal agents, have shuttered all of the nearly 30 marijuana dispensaries in the county.

San Diego's legal showdown pits state laws that permit marijuana use for medical reasons against federal laws that prohibit the drug. At stake: California's decade-old law and the industry it spawned, with potentially far-reaching consequences for other states.

"This is the first time that a county has said that the state is forcing them to do something they don't want to do," said Anjuli Verma, director of advocacy for the Drug Law Reform Project of the American Civil Liberties Union. "If they prevail, it will set a precedent that basically means medical marijuana laws are over."

Since California's Compassionate Use Act was passed in 1996, 10 other states -- Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington -- have passed laws protecting qualified patients from prosecution. Voters in South Dakota decide a medical marijuana ballot measure in November.

California's law allows people suffering AIDS, cancer, anorexia, chronic pain, arthritis and migraine and "any other illness for which marijuana provides relief" to grow or possess small amounts of marijuana with a doctor's recommendation.

In 2003, the California Legislature amended the 1996 bill to direct county health departments to issue ID cards to medical marijuana users.

Counties, which did not receive money to fulfill the requirement, have been slow to issue ID cards, but San Diego was the first to refuse on legal grounds. Under threat of a lawsuit from the local chapter of the National Organization for the Reform of Marijuana Laws, the county struck first and sued the organization -- and the state.

"We're trying to get the court to tell the state they've gone too far in telling the counties to do something that facilitates the ability of a person to break federal law," said John Sansone, San Diego's county counsel.

The state attorney general contends in court filings that California is entitled to pass its own state drug laws and legislate programs relating to the use of medical marijuana.

Two other California counties, San Bernardino and Merced, have joined as plaintiffs in the case, which is scheduled to be heard in November in San Diego Superior Court.

San Diego's board of supervisors entered the legal fray shortly after dispensaries with names like Legal Ease, Holistic Healers and Chronic Care Co-op began popping up in coastal enclaves, thanks to the 2003 law, which created a legal framework for the dispensaries.

California has an estimated 200 storefronts that serve about 200,000 people, according to Americans for Safe Access, a group that advocates medical marijuana laws. San Francisco, Berkeley and Los Angeles have passed guidelines regulating the shops.

San Diego prosecutors said neighbors complained about one store in the summer of 2005, prompting an investigation that culminated in joint Drug Enforcement Administration and local police raids in July.

Fifteen operators were charged with illegally selling the drug for recreational use to people who are not ill -- including one undercover agent who prosecutors said he got a doctor to give him a medical marijuana recommendation for his dog.

A lawyer for one of the men, Stephen Harding, who ran Native Sun Dispensary, expressed dismay at the charges.

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"These guys were complying with the regulations as they've been laid out," said Jan Ronis. "You have people relying on what seems to be guidance from the state and then the county shoots it down. It's really frustrating."

The remaining stores and delivery services in the county closed after receiving phone calls and visits from law enforcement agents warning that they and their landlords may be prosecuted.

San Diego County District Attorney Bonnie Dumanis said the state law does not require local authorities to permit marijuana storefronts.

"It's the tolerance level in the community that rules in the end," she said. "I think in Northern California they're much more tolerant than in this part of Southern California."

Cops Credit Federal Law With Drop In Gun Crimes (LSJ)

By Kevin Grasha, Lansing State Journal

Lansing State Journal, September 18, 2006

Officials say drug dealer's conviction an example

Gun crimes in Lansing are on the decline because of a federal initiative that gives longer prison sentences to people convicted of them, authorities said Friday.

Since Project Safe Neighborhoods began in 2003, crimes such as assaults with firearms and carrying a concealed weapon have decreased, said Lansing police Lt. Larry Klaus, who heads the department's narcotics unit.

"The word is out," he said at a press conference at City Hall. "If you're caught with a gun, you're going to federal prison."

Advertisement

So far, 59 people have been convicted through the initiative, and most are serving terms of 3 1/2 to 10 years. Klaus said about 30 other cases are under investigation.

Authorities on Friday highlighted the conviction of a 31-year-old Lansing Township man involved in a multi-state drug operation. Benjamin Preston Foreman was sentenced this month to 25 years in prison; he had received five additional years because of federal gun charges. The U.S. Attorney's Office in Grand Rapids handled the case.

A raid on his home turned up three semi-automatic pistols, $7,000 in cash, and 80 grams of cocaine, said police, who believe Foreman was a significant source of cocaine for the Lansing area. His supply came from the West Coast, they said.

Penalties are more severe for gun cases in federal courts, said Ingham County Chief Assistant Prosecutor Linda Maloney.

"We know we can get more bang for our buck," she said, adding that the county prosecutor's office alerts federal authorities, who then take the cases to federal prosecutors. Local police work with the federal Alcohol, Tobacco, Firearms and Explosives agency (ATF) and the Drug Enforcement Administration to investigate.

IMMIGRATION:

Firms Vie To Provide The Future Of Border Security (WP)

By Griff Witte

The Washington Post, September 18, 2006

If Northrop Grumman Corp. gets the multibillion-dollar contract to secure America's borders, the sky above the Rio Grande would be thick with drones.

Cellphone maker Ericsson Inc. thinks drones are largely a waste and would focus instead on giving Border Patrol agents wireless devices capable of receiving live video.

Boeing Co. would build high-tech towers, lining the borders with 1,800 of them.

For Lockheed Martin Corp., blimps are a big part of the solution. And for Raytheon Co., the key is letting agents watch incidents unfold on Google Earth.

Those are the plans, anyway. The questions now are which company will win the rights to put its technology into play, and how well any of it will actually work in helping the United States gain control of its notoriously porous borders.

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The Department of Homeland Security is expected within days to name a winner in a competition that could permanently change the way the United States conducts surveillance, apprehension and detention operations along its northern and southern boundaries. The choice promises to lend significant insight into how the government sees the future of border security, with firms offering rival visions of how that future looks.

All year, the nation's largest military contractors have been locked in intense competition to team with the government on a program that gives the private sector unusually wide sway over a critical national security issue. Michael P. Jackson, the deputy director of the Homeland Security Department, told the competing firms earlier this year he wanted them "to come back and tell us how to do our business."

The resulting proposals are the latest incarnation of decades' worth of attempts to use technology to create a virtual fence along the border. So far, none have been successful. Recent initiatives have ended with cameras that failed to work in extreme temperatures and millions of dollars wasted.

But with immigration legislation stalled in Congress, Homeland Security officials are gambling that this new effort -- known as the Secure Border Initiative -- will be their best hope of cutting the flow of illegal immigrants into the country.

Officials say they expect the solution to be in place within four years, but companies say they can get it done sooner. The cost has been pegged at $2 billion but is likely to be higher. No one is downplaying the stakes.

"I don't think the Department of Homeland Security can afford to fail here," said Wayne Esser, who has led Boeing's efforts to capture the contract, which is called SBInet. "This thing is so politically charged. It's very visible."

The program has already garnered heavy criticism from detractors who worry that the government does not know enough about what it is buying and that the program could amount to a costly give-away to the private sector. "It's a little bit scary when the government throws up its hands and says, 'We have no idea how to do this. Please tell us,' " said Deborah W. Meyers, senior policy analyst at the Migration Policy Institute. "It just seems like the government is putting policy in the hands of the contractors."

Homeland Security officials say they decided to contract out the job because they did not have the capacity to do it in-house. But they maintain that they will ultimately call the shots. "I don't want any mistake about who is working for who," Gregory Giddens, director of the Secure Border Initiative, told Congress on Wednesday. "The [contractor] is working for the United States government."

The decision of which contractor to choose is due by the end of the month and is expected as soon as this week. While the competing proposals are similar in their basic outlines, they differ markedly in the details.

All companies, for instance, offer an array of sensors, including infrared, motion and seismic. But they are divided over where to place them -- whether to bury them, mount them on towers, or send them airborne attached to planes, helicopters or unmanned aerial vehicles.

Overall, the proposals lean heavily on technology developed for the battlefield. "We're transferring things that are military today into a civil implementation," said Bruce Walker, a Northrop Grumman vice president who has led the California company's efforts.

Walker touted the firm's fleet of UAVs, which includes both the Global Hawk -- a plane that soars high to cover large areas -- and the KillerBee, a small, low-altitude vehicle that can be used for more-focused missions.

Both vehicles, he said, have sensors with intelligence capabilities that allow them to differentiate between false alarms and genuine threats. "It may be a herd of antelope moving across the border, and you certainly don't want to send a team after that," Walker said.

Swedish cellphone maker Ericsson, meanwhile, is positioning itself as the nonmilitary solution. Doug Smith, the company's vice president for government solutions, said that border security comes down to "a big, broadband wireless problem" and that the most important challenge is to ensure agents have access to communications and timely information.

Ericsson's plan involves giving every Border Patrol agent a personal digital assistant that's not much different from models available on the commercial market. Tall towers lining the border would fend off dead zones and provide much of the surveillance data.

While the company's plan includes some UAVs, their role is minimal. "UAVs aren't reliable enough. They can't fly in bad weather," Smith said. "We don't need a Star Wars-type solution here. We need something that will work."

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Boeing's Esser said his team came to a similar conclusion. "UAVs are incredibly expensive to operate," said Esser, citing the size of the vehicles' ground-based crews. "Everybody's real hot on UAVs. But you just can't afford it. It doesn't make sense."

Instead, the Chicago aerospace company has proposed a network of towers -- ranging in height from 80 to 200 feet -- that would line the northern and southern borders. UAVs would have a more limited role, with agents deploying miniature versions of the vehicles off the back of their trucks.

The final two companies -- Lockheed Martin and Raytheon -- say they provide a balance of air- and ground-based equipment.

At Bethesda-based Lockheed, the country's largest defense contractor, the company's solution includes a UAV that can be launched by an individual agent, much like a paper airplane, as well as larger Predator drones and tethered balloons known as aerostats. On the ground, the company offers a selection of towers -- some fixed, some mobile.

Jay Dragone, the company's vice president of integrated border security solutions, said Lockheed would keep its plan flexible and adjust depending on what helps agents the most. "This is not going to work if it takes the agent a long time to figure out what they're looking at and how to use the systems," he said.

Massachusetts-based Raytheon has developed its solution based on a company-managed program to keep drug-runners and poachers out of the Amazon. Under Raytheon's plan, Border Patrol agents would be able to watch sensor activity and video feeds from their trucks on a display based on the satellite-powered mapping system Google Earth, giving them perspectives on border issues near and far. The company would also provide bar-coded bracelets that could be used to track suspects as they move through the detention system.

Like the other firms, Raytheon has proposed that contractors take over jobs now performed by Border Patrol agents -- such as transporting prisoners and mending fences -- to give agents more time to focus on their main priority. "We would leave the work of the Border Patrol to the Border Patrol," said Frank Marcinkus, Raytheon's SBInet capture manager.

Outside observers say freeing up agents' time could prove critical to the program's overall success. Additional technology will give agents more data, but won't on its own help stop the flow of people coming across the border, said John E. Pike, director of GlobalSecurity.org.

"It doesn't matter how much money you spend on the sensors," Pike said. "If you don't spend a commensurate amount to put agents in Humvees to go out and catch suspects, it won't make a bit of difference. All you'll do is get a better sense of how they're coming in."

Labor Movement As U.S. Debates Guest Workers, They Are Here Now (WSJ)

By Joel Millman

The Wall Street Journal, September 18, 2006

CHARLES CITY, Iowa -- When he is home in Montemorelos, Mexico, Roberto Cantú earns $300 a week pouring concrete. Last month, a labor recruiter called him promising similar work in Colorado and Iowa paying five times as much.

Within hours, Mr. Cantú, his three grown sons and his brother were driving their white pickup truck 250 miles north to the U.S. border, on the way to job sites another 700 miles away. It was the Cantús' fifth trip this year to take temporary U.S. jobs, during which they have crossed 18 states.

The Cantús are among an estimated tens of thousands of Mexicans with an unusual place in the bitter debate over immigration. Thanks to quirks in the law, they have green cards enabling them to come to the U.S. for work stints. Many, like the Cantús, call themselves "subidos" from the Spanish verb for "to rise," because they do the grueling jobs of pouring concrete for tall structures such as grain silos for the ethanol plants increasingly rising across the Great Plains.

President Bush is pushing for the U.S. to adopt its first formal guest-worker program since 1964, a contentious proposal that has helped stall broader efforts at immigration-law changes in Congress. The president says the program would respond to the strong demand for Mexican labor in the U.S., and would reduce the number of undocumented workers sneaking across the border to answer it.

FOLLOWING THE JOBS

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See an animated map2 showing the travels of the Cantú family over the course of 2006.

Employer groups and other advocates believe guest workers would boost economic growth in both the U.S. and Mexico. Labor unions and immigration foes call that employer-funded propaganda. Their view: Mexicans would steal jobs and undercut U.S. wages.

The experience of the Cantús and other Mexicans who use green cards to hop across the border provides some intriguing clues about how an official guest-worker system might play out. By quickly filling jobs and providing needed skills, such workers are a boon to employers. They rarely put a burden on social services, because they leave their school-age children and elderly relatives at home. Nonetheless, there is some evidence that the Mexicans drive down wages in the industries where they work.

Some guest workers had their status legalized under the Simpson-Rodino Immigration Reform and Control Act of 1986, which granted amnesty to 2.7 million undocumented workers. It offered that group, who call themselves "Rodinos," the chance at green cards that confer permanent-resident status and the right to work. The act was intended to encourage U.S. citizenship, but some preferred the guest-worker way of life, as the Cantús do, earning wages in the U.S. but keeping their families and their living costs in Mexico.

Others acquired work visas through programs that legalized imported farm workers during times of labor shortages. Still others won green cards after being sponsored by a parent who became a naturalized U.S. citizen, or by marrying a U.S. citizen. About 100,000 Mexicans also legally commute short distances across the border for day jobs in the U.S.

Mr. Cantú's father arrived in the U.S. as a relief laborer during World War II. He worked regularly in the U.S. under the Bracero program for farmhands, which ended in 1964. He became a U.S. citizen in the early 1990s. His citizenship made his children and grandchildren eligible for green cards. It took eight years to obtain them. Since 2003 they have been taking advantage by landing concrete-pouring jobs in the U.S.

The five Cantús keep a brutal pace and spend as much as eight months in the U.S. annually. One day last month, after finishing two 89-hour workweeks in Pueblo, Colo., they barreled across three states in 14 hours to start a job in Iowa. The older brothers, Daniel, 45 years old, and Roberto, 47, split the long drive and arrived just minutes before the night shift began. Daniel headed to a motel to nap; Roberto quickly started work, hoisting himself up a 30-foot scaffold he wouldn't descend until dawn.

Roberto's three sons, 18-year-old César, 20-year-old Mario and 24-year-old Roberto Jr., hopped into town to look for a Mexican restaurant, or at least a 7-Eleven store selling tortillas. They are more comfortable in the U.S. than the older men, mostly because they speak English better. They are the ones who mollify truck-stop waitresses who grow impatient waiting for the older men to order a meal or politely respond to state troopers who occasionally stop them on the road, demanding papers showing they are in the U.S. legally. "We know not everyone wants to see Mexicans in their town," Mario says.

The Cantús are skilled in the continuous-pour construction specialty of subidos, where fresh concrete is pumped nonstop for hours into wooden trenches to harden. That eliminates seams that can trap moisture and freeze during Corn Belt winters. The younger Cantús work as "finisheros," sanding down rough edges of dried concrete.

A $2.4 billion ethanol-plant construction boom is under way in the U.S., according to the Renewable Fuels Association, an industry trade group. Continuous pouring for the silos means round-the-clock work, requiring twice the number of laborers on site. Ethanol plants, situated near their raw grain supply, often are built where skilled labor is scarce.

Midwest construction firms including Fagen Engineering Inc., Granite Falls, Minn., and T.E. Ibberson Co., of Hopkins, Minn., and subcontractors Todd & Sargent and McCormick Construction Co., of Rockford, Minn., find Mexican subidos through a loose confederation of recruiters on the Texas-Mexico border. Those include Ray Maldonado, a Puerto Rico-born, transplanted New Yorker now based in the border town of Eagle Pass. A former laborer, the 52-year-old Mr. Maldonado manages a loyal pool of Mexican workers. He vets work documents of subidos referred by his network of scouts across northern Mexico. He also places some subidos in permanent jobs with U.S. employers.

On a recent Saturday in Laredo, Texas, Mr. Maldonado shepherded 20 workers with their belongings in tiny suitcases and plastic garbage bags onto vans bound for North Dakota. The chain-smoking Mr. Maldonado checked names off a list and answered cellphone calls from workers still en route. As he talked, more crews rolled out of town, two drivers in front, passengers crowded behind, for the two-day drive. Bathroom and food stops are allowed only during refueling.

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Sometimes Mr. Maldonado advertises by paying disc jockey Juventino Botello $10 for a 20-second spot on his morning show, on border station XEMU in Piedras Negras. "Workers needed, heavy construction, report to Beto's place in Eagle Pass," Mr. Botello calls out over accordion-laced "ranchera" music.

Around the corner from Mr. Maldonado, rival recruiter Pepe Regosa beat the sidewalks for Younglove Construction LLC of Sioux City, Iowa, which needed 55 men for a job in Missouri. Younglove "hires local guys to do this work, but they don't last," Mr. Regosa said with a grin. "Some leave after one day."

The work isn't just difficult, it is dangerous, too. Just before dawn Friday, 67-year old Jesus Guerrero fell 120 feet to his death, slipping from a scaffold at a silo one of Mr. Regosa's crews is erecting in Underwood, N.D., for Blue Flint Ethanol. "They'll ship the body back to Laredo," Mr. Regosa said. "The company pays."

In Charles City, Iowa, the Cantús joined nearly 100 of Mr. Maldonado's workers building an ethanol-plant corn silo for VeraSun Energy Corp. of Brookings, S.D. Phil Sargent, executive vice president of Todd & Sargent, based in Ames, Iowa, is a subcontractor on the site. He says he would prefer to use local workers but can't find enough of them. "Years ago, this was a summer job for college kids," Mr. Sargent says. He finds the local labor pool has shrunk, while the work has expanded.

Todd & Sargent says it doesn't pay imported workers less than Americans. Most jobs are nonunion. The company must pay additional housing and transportation costs for the subidos.

The accommodations aren't lavish. At the Best Budget Inn in Charles City, the five Cantús were crowded into $30-a-night rooms paid for by Todd & Sargent for the two-week job. Workers on the day shift used the beds by night, while late-shifters crawled in after the shift change at 7 a.m. "I don't have the staff to change everyone's sheets," said motel manager Linda Webb. "I tell each one to show courtesy to the man he's sharing with, and shower before going to bed."

Guest-worker proponents argue that a formal program would minimize costs to U.S. schools and welfare agencies, compared with undocumented workers, because guest workers would be free to cross borders legally and would likely leave their families behind.

Agustín García, a 62-year-old subido from General Teran, Mexico, a city southeast of Monterrey, says he never brought his wife or three children with him to the U.S. during 20 years of temporary work. "A man goes from hotel to hotel, works for maybe a week or two," he says. "He really has to travel alone."

Now, he and his wife share a tidy home in Mexico by a gentle stream, surrounded by households supported by subidos' wages. Mrs. García suffers from high blood pressure and circulatory problems, and benefits from Mexico's free health-care system. Mr. García says if they lived in the U.S., he couldn't afford to pay for her care.

In the U.S., his wages are taxed -- about $25 for every $100 he earns, according to a pay stub from a job Mr. García did this summer building a flour mill in Roanoke, Va. Generally, subidos pay all state, local and federal taxes. They also are covered by workman's compensation insurance in case of on-the-job injury, paying into a fund covering all workers on the job.

Undocumented workers, by contrast, are less likely to pay taxes. They frequently pay thousands of dollars hiring guides to help evade the Border Patrol. That gives them a big incentive to stay longer periods in the U.S. and bring their families across the border, often crowding into the poor neighborhoods they can afford. "We're turning people who would otherwise be temporary workers into permanent settlers," says Wayne Cornelius, an immigration expert at the University of California at San Diego.

The subidos rarely mix with local townspeople. In four years on the road, the Cantús say they haven't attended a baseball game, gone to a movie or visited a national park in the 20 states they have motored through. "We went past that rock in South Dakota once where they have the presidents' faces carved, but it was at night and we couldn't see it," says César Cantú, Roberto's youngest son.

Immigration critics argue that a guest-worker program wouldn't stem the flow of illegal immigrants but simply legalize lawbreakers. Some have a problem with workers like the Cantús as well, contending they are subverting the intent of their visas, which are meant to establish U.S. residency, not just working rights. Technically, they should have a commuter version of the green card, though the distinction isn't strictly enforced.

The presence of so much Mexican construction labor worries union officials in Midwest and mountain states, though demand for construction appears strong enough now to support both foreign-born and local workers. The Pueblo, Colo., cement plant being built by subidos, for instance, is within sight of a massive project, Xcel Energy Corp.'s $1.3 billion Comanche-3 power

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plant, which employs union workers, nearly all U.S.-born. Ethanol construction tends to be divided between union shops in large towns and subidos in rural areas.

Union officials complain bitterly that competition from Mexico is driving down wages, and there is evidence to back them up. Roberto Cantú's Pueblo pay stub shows he earned $14 an hour for a 45-hour week, and $21 for every additional hour. Pete Mustacchio, business manager of Cement Masons Local 577 in Denver, says Colorado's union pourers earn twice that, including an hourly wage of $23.40, plus health-insurance and pension benefits valued at another $9 an hour. Overtime starts at $35.10 an hour.

Figures compiled by the U.S. Bureau of Labor Statistics indicate wages in concrete work fell 16.5% in 2005 from 2000 -- to $508 a week from $604, adjusted for inflation -- despite a soaring demand for workers. Meanwhile, the proportion of cement workers described as "foreign-born Hispanic" has risen to almost 55% from around 35% in the late 1990s. Statistics suggest many are replacing African-Americans, whose employment in concrete work declined to 9,000 in 2005, from 18,000 six years ago.

David Card, a University of California at Berkeley economist, says the decline in earnings is part of a long-term trend of nonunion construction workers replacing a unionized work force. Other factors are at play besides the subidos. Illegal-immigrant labor drives down wages even more than do legal subidos, and technology has reduced the need for some skilled workers.

An expanded guest-worker program probably would deepen the wage squeeze, says Harvard University immigration economist George Borjas. "I find a 10% rise in worker supply results in a 3% decline in wages" locally.

Earl Agan, business manager of Cement Masons local 51 in Des Moines, says ethanol-plant construction should be a reason to hire more union workers, not fewer. He has 260 members qualified to pour silos, at least 50 of whom are presently without work. "Contractors have my guys traveling all over the country," Mr. Agan says, arguing that remote work sites shouldn't justify importing workers. His conclusion: Contractors want a bigger share of the profit and won't employ union labor if they don't have to.

The Cantús, who were in North Dakota last week building a grain elevator, know their work is controversial. "Our first job was in Peru, Illinois," recalls Mario Cantú, Roberto's middle son. "There was a protest at the gate of the place we were working. I remember they had a big, inflatable rat bouncing around. And people held signs: Mexicans Are Stealing Our Jobs." Nowadays, they sometimes endure the silent treatment on the jobs from other workers, even those born in Mexico. "They say, 'Our job is next,' " Mario adds.

The five Cantús estimate they each earn around $35,000 a year working in the U.S. Daniel Cantú figures it will take him just a few more years of U.S. work to save enough money for his own contracting business. Then he will compete for work year-round in Monterrey, Mexico, where construction is booming. His wife might want to open a dress shop there, he says.

"We wanted to see what working in the U.S. was like," Daniel says. "Well, we've seen it. It's not something you can do forever."

Immigration Reform Efforts Reinvigorate Support For Guest Worker Program (LAT)

By Lee Romney

The Los Angeles Times, September 18, 2006

OCEANSIDE — Gilberto Valiente Romero cringes at the memory of his 2003 journey. The long trip to the Arizona border from his village in the Mexican state of Puebla. The hike across miles of desert. Then the bruising finale, as he was captured on the U.S. side and sent back.

But since 2004, the father of three has made the seasonal trek without fear of arrest, under the auspices of Oceanside vine-ripe tomato giant Harry Singh & Sons. Each year in June, Valiente travels at company expense to the northern Mexican city of Hermosillo and is put up at a hotel to await a guest worker visa.

He then boards an air-conditioned charter bus, complete with movie entertainment, for the trip to Singh & Sons, near Camp Pendleton. For six months, he works the fields for a government-set wage, $9 an hour this year. Housing is free and his three subsidized daily meals cost $8.78. Come December, a bus takes him home.

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"If I could stay I would," the 38-year-old Valiente said while lounging recently in the dormitory courtyard. "But it's better this way. It's good to be legal."

As border enforcement shrinks the labor force of undocumented field hands and immigration reform looms in Congress, growers have focused with renewed vigor on the need for a simplified federal guest worker program.

For Harry Singh & Sons, which imported nearly half the agricultural visa holders in California last year, the federal program became a necessity in the aftermath of Sept. 11, 2001. With half its fields on the Camp Pendleton Marine Corps base, the company suddenly came under scrutiny by immigration officials. In a mid-harvest panic, having lost three-quarters of its workers, the company turned to the federal government.

Singh & Sons' experience since then offers a close look at a program that growers and worker advocates alike agree is deeply flawed, yet crucial to comprehensive immigration reform.

The farm's general manager is Luawanna Hallstrom, whose Punjabi immigrant grandfather, Harry Singh, founded the company in 1940. Saying the guest worker program has driven her operation into the red, she estimates that her current annual costs are 28% higher than they would be without it. But the promise of reform keeps her going.

"I had always said 'I will never use the program until it's reformed,' " Hallstrom said. "But the only way we can farm now is because of it."

Still, it was a rocky start for Singh & Sons in the fall of 2001.

Growers must generally ask the U.S. Department of Labor to certify the existence of a labor shortage 90 days before foreign workers are needed. But the harvest was in full swing, so Hallstrom filed an emergency request.

Fortunate to have on-site housing, as required for the program, the company hastily recruited workers in Mexico. If all had gone well, those workers would have been vetted and approved by the State Department and then bused to Oceanside.

But the Department of Labor kicked the application back for revisions, and by mid-December, Hallstrom said, $2.5 million in tomatoes had rotted in the fields.

"We were stumbling through it," she said of the program. "Honestly, it takes a few years to get the hang of it."

Singh's second year in the program brought new difficulties. The law aims to protect U.S. workers by requiring that growers advertise the jobs widely and hire any qualified locals who respond, at the same pay and benefits as their foreign counterparts. But requirements that give domestic workers priority often collide with importing foreign ones.

Singh's application proceeded more smoothly in 2002. But in a pinch while waiting for the laborers to arrive, the company found workers in the Coachella Valley and bused them to the fields daily, paying $6.75 an hour rather than that year's required $8.02 an hour and free housing the foreign workers would receive, a lawsuit later alleged. Then, five days before the visa holders arrived, the busing stopped.

The company violated the law, a judge later ruled in a related injunction, by not offering the Coachella Valley farm hands the same deal as their imported colleagues. Singh & Sons settled out of court.

Although Hallstrom declined to discuss that and other lawsuits in more detail, she said the program's complexities have caused her to retain both immigration and labor lawyers. "We learned, and hopefully everyone else will learn from us," she said.

Still, she said, bureaucratic snafus have persisted. In 2004, the Department of Labor challenged Singh's ability to require that their workers not be color blind, something the company says is essential because the tomato crop is picked in seven shades from green to red. Although Singh eventually prevailed, the dispute resulted in a 45-day delay, which Hallstrom says caused crop damage.

This year, the company was abruptly notified there would be a five-week delay because the Department of Homeland Security, which vets company applications, had moved its processing center. Hallstrom, a Schwarzenegger appointee to the state board of Food and Agriculture and a national immigration reform advocate, enlisted help from the White House, and her applications were quickly processed. But, she asks, "how many people can do that?"

Still, experience has oiled the annual process, which begins when Hallstrom's cousin, David Singh, takes a trip through Puebla and Michoacan.

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The excursions draw him away from his job as field manager and are not cheap; he once stayed a month with 150 workers in a Hermosillo hotel, waiting out a delay. But returning workers who trust the company now spread the word to friends and relatives, allowing Singh & Sons to avoid third-party recruiters and their fees.

In rural mountain communities, Singh finds men like Modesto Garcia Antonio, a diminutive farm hand with a dimpled smile from Puebla's San Jose Miahuatlan, who has never attempted an illegal crossing.

Garcia, who wires most of his pay to his wife and three small children, is on his second stint in the Singh fields. Accustomed to picking corn and tomatoes in Mexico for 70 pesos (or $7) a day, he was easily persuaded to travel north after meeting David Singh on village streets.

Workers in the U.S. with false documents have opportunities Garcia lacks, such as moving from crop to crop in search of better wages and conditions. Yet for those who have not yet crossed the border, the visa program is a rare open door.

David Singh "said it was good to come with papers because you earn a good wage," Garcia, 27, said recently, as the smell of carnitas wafted from the barracks kitchen and a lone worker played billiards. "It costs a lot of money to cross alone, and on the news they say it's very hard. Many die."

Hallstrom credits the two-story housing facility, built on company land in the 1980s for $2.5 million, for the farm's continued existence, because without it she could not use the guest worker program. Five new trailers nearby will soon house more workers, but for now Hallstrom pays for overflow employees to stay at Oceanside motels, a costly endeavor.

"We are willing to take losses now, because we are buying time," said Hallstrom, who notes that a number of colleagues have scaled down operations or moved them south of the border. "On paper, you'd look at it, and say, 'It's not making sense.' But I spent 20 years on this issue, and I'm not willing to give up."

She continues to push the federal government for a more grower-friendly program.

Government-mandated wages, she says, should be brought into line with regional averages for each commodity. And she says growers need more flexibility in housing and a shortened period during which they must hire qualified locals, because hiring them in some cases means laying off foreign workers. (Worker advocates are fighting to maintain the wage and housing requirements.)

For now, others who farm near Hallstrom's land say the program is financially out of reach for them.

"There is no housing," said Peter Mackauf, general manager of Leslie Farms, which attempted to build some in Carlsbad several years ago and met fierce neighborhood resistance.

Leslie Farms grows tomatoes, strawberries and other crops in an effort to keep a year-round workforce but pays mostly minimum wage. If strict enforcement compelled him to use the visa program, Mackauf said, he would have to raise prices.

Worker advocates concede that a $9 wage is better than $6.75 and barracks housing better than the creek beds where some San Diego County agricultural workers still camp. Yet they remain critical of the guest worker program.

California Rural Legal Assistance organizer Carlos Maldonado said his group has received reports from locally hired employees at Singh & Sons who feel outperformed by young all-male foreign workers. Imported workers, the local ones contend, have an incentive to work at excessive speeds without complaint: They want to be hired the following year.

Reforms to the program are not likely to ease all concerns. Still, a proposal known as AgJobs, part of the broader Senate immigration reform bill, would streamline Department of Labor approval and scale back the wage rate to the 2003 level while it is studied. It would also allow employers in some cases to provide a stipend instead of housing.

In return, worker advocates secured the right for guest workers to sue employers in federal court for contract violations. But their biggest coup, won by the United Farm Workers, was a program that enables the undocumented laborers to earn legal status if they commit to some continued work in agriculture.

The legislative debate is lost on Singh & Sons' visiting laborers. By 4 p.m. on a recent afternoon, they were trickling back from the fields where they had started work before dawn.

Mud-caked boots were piled in crates outside eight-man dorm rooms. Some workers tooled through the courtyard on bikes, the day's heat cut at last with a wisp of breeze. Most chatted quietly on benches and chairs or gathered in front of the 70-inch television screen.

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"It isn't worth it to be a mojado," said Moises Parra, 34, referring to illegal immigrants. He learned of the program on the radio in Altepexi and has worked in it for three years. "We don't pay rent, water, lights. It's good."

Uniformed security guards patrol the compound, where alcohol is not allowed. The men are free to come and go on days off, even crossing into Mexico.

The work is hard: A handful from the Michoacan community of Rancho San Gregorio couldn't hack it and had returned home, said 20-year-old Luis Saldo Morales. But the pay and legal status are enticing.

Last year, 15 men came from the rancho. This year, word of mouth swelled the number to 30.

"None of us had ever crossed before. We never wanted to," said Morales, who is housed at a motel in town.

"It's almost like we're citizens, joked Morales' 22-year-old brother Fernando. "For a little while at least."

Migrating To Modernity (WP)

By Sebastian Mallaby

The Washington Post, September 18, 2006

After the terrorist attacks of 2001, voters understood that poor failed states could hurt them. President Bush launched a smart new foreign aid program and multiplied the U.S. commitment to fighting HIV-AIDS, and rich countries around the world boosted development spending. But our approach toward poor countries remains confined, idiotically, to the debt-aid-trade box. People don't see that other policies in rich countries have a major impact on poor ones.

Consider immigration. Just about all rich countries are arguing about border enforcement, employer sanctions and so on, but nobody relates this stuff to the parallel arguments about development. Contemplating the noisy immigration politics in the United States, Gawain Kripke of Oxfam confesses, "we've been mostly bystanders in the debate, and I really regret that."

Development charities such as Oxfam certainly should feel sorry. In " Let Their People Come ," a new book published by the Center for Global Development, Lant Pritchett reports that if rich countries permitted extra immigration equivalent to 3 percent of their labor force, the citizens of poor countries would gain about $300 billion a year. That's three times more than the direct gains from abolishing all remaining trade barriers, four times more than the foreign aid given by governments and 100 times more than the value of debt relief.

It's true that there's a downside to immigration from poor countries. This isn't that it depresses wages in the United States; researchers find that this effect is small or nonexistent . Rather, it's that when doctors, nurses and other skilled people leave Africa, they hit the development process in its weak spot . A lack of trained workers is a more serious obstacle to poverty reduction than any lack of money.

Still, Pritchett's numbers show that the development gains from migration swamp the brain-drain problem. For the migrants themselves, a ticket to the rich world is the fast track out of poverty: A laborer who moves from San Salvador to Phoenix can multiply his income without altering the type of work he does or how good he is at it. And this process benefits developing countries, too. Migrants send home remittances, which exceed aid flows and are probably more effective, since the migrants ensure that their hard-earned cash is used productively by relatives. After a few years the migrants may return home armed with savings and ideas. The brain drain becomes a brain gain.

So migration ends up as a net plus for development. But a development-friendly migration debate would sound different from the current one. Immigration advocates in the rich world feel most comfortable making the case for allowing in skilled workers. Skilled migrants, however, trigger the biggest brain-drain concerns; allowing in unskilled workers does more to reduce global poverty. Equally, immigration advocates tend to want arriving workers to assimilate. But the best way to promote development is to allow a rolling cohort of poor workers to amass savings and experience -- and then return to their own countries.

Many immigration experts insist that a guest-worker program isn't feasible: As the old saying goes, there's nothing more permanent than a temporary worker. This is where Pritchett gets really interesting. Germany's Turkish guest workers have put down roots, he concedes, but Singapore, Hong Kong and the Arab Gulf states have taken in vast numbers of foreign workers who leave after a few years. Perhaps this is only possible in authoritarian states? Pritchett's answer is partly no, and partly that there are worse things than authoritarianism.

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If the United States offered Mexico a million temporary work visas, it could attach conditions. It could stipulate that these workers be recruited by agencies in Mexico, which would screen candidates for criminal records, require minimal English skills -- and ensure repatriation. The agencies could do that, for example, by withholding some of the migrants' pay until they returned home. An agency that failed to bring people back could be ejected from the program.

Enforcing repatriation would still require tough government action. The United States would have to decide what to do about migrants who marry Americans, which is one obvious way in which temporary guests turn permanent. Singapore deals with this problem by denying guest workers the right to marry citizens. That is beyond the pale, you say? But if desperately poor migrants accept the no-marriage condition in exchange for a visa, who are we to second-guess them?

Pritchett is getting at a ticklish issue. Because the immigration debate is conducted without reference to development, it is couched in terms of American ideals; we don't want to let people in and then treat them harshly, for that would offend our own self-image. But if you bring development into the picture, it's obvious that extremely harsh poverty afflicts billions of people and that opportunities to alleviate this suffering are few and precious. An expanded temporary worker program is one such opportunity. If American ideals stand in its way, what does that say about them?

TAX:

I.R.S. Eyes Religious Groups As More Enter Election Fray (NYT)

By Laurie Goodstein

The New York Times, September 18, 2006

With midterm elections less than two months away, Christian conservatives are enlisting churches in eight battleground states to register voters, gather crowds for rallies and distribute voters' guides comparing the candidates' stands on issues that conservatives consider "family values."

This election year, however, the religious conservatives are facing resistance from newly invigorated religious liberals and moderates who are creating their own voters' guides and are organizing events designed to challenge the conservatives' definition of "values."

Both religious flanks are looking nervously over their shoulders at the Internal Revenue Service, which this year announced a renewed effort to enforce laws that limit churches and charities from involvement in partisan political campaigns.

"We became concerned in the 2004 election cycle that we were seeing more political activity among charities, including churches," said Lois G. Lerner, the director for exempt organizations at the I.R.S. "In fact, of the organizations we looked at, we saw a very high percentage of some improper political activity, and that is really why we have ramped up the program in 2006."

The I.R.S. issued a report in February that said nearly half of the 110 tax-exempt organizations it investigated after the 2004 elections for improper political activity were churches. Of the 40 churches that the I.R.S. had finished investigating, 37 were found to have violated the law. These churches were given warnings or penalized with excise taxes and, although none lost their tax exemptions, the I.R.S. is still investigating seven more cases against churches.

Capitalizing on the crackdown, the advocacy group Americans United for Separation of Church and State plans to begin mailing letters today to 117,000 clergy members in 11 states warning them to avoid "any activity designed to influence the outcome of a partisan election," by either supporting or opposing a particular candidate.

"The stakes for these churches are higher than ever before because of the I.R.S.'s new enforcement efforts," said the Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State. "The I.R.S. is taking this very seriously, and I think it's because the situation was spinning out of control."

Mr. Lynn said that conservative churches in 2004 had constructed a political machine he likened to "a church-based Tammany Hall." He said he expected their voters' guides to be skewed to favor Republican candidates. "It's absolutely illegal, it's wrong and it divides churches," he said.

But a leader of Focus on the Family, a conservative Christian organization whose affiliates are distributing voters' guides in eight states, said its guides would be nonpartisan and comply with I.R.S. rules.

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Tom Minnery, senior vice president for government and public policy at Focus on the Family, said, "What I see are people from the left complaining when people from the right decide they want to be citizens."

Focus on the Family, a ministry founded by James W. Dobson and based in Colorado Springs, has stepped into the vacuum left by the Christian Coalition, which pioneered the voters' guide tactic in churches in the 1990's under the leadership of Ralph Reed, but is now in disarray in many states.

Focus on the Family's state affiliates plan to register voters and distribute voters' guides in churches this year in Pennsylvania, Maryland, Michigan, Ohio, New Jersey, Minnesota, Montana and Tennessee: all states where Republican candidates favored by religious conservatives are on the ballot.

"Obviously, they're battleground states," Mr. Minnery said. "Our overall desire is for our constituency, generally conservative church people, to be involved citizens."

He said he regarded the threat of I.R.S. penalties as exaggerated, and he called Mr. Lynn of Americans United "the bully on the playground." He said the Alliance Defense Fund, a legal advocacy group, had offered to "defend for free any pastors if they're challenged" by the I.R.S.

Focus on the Family and its affiliates are holding pre-election rallies in Pittsburgh, St. Paul and Nashville, but no candidates will be invited to speak. The group also plans to send letters, Mr. Minnery said, "laying out the issues that separate the candidates in certain major races," but he refused to say which races.

Many of the most visible groups representing religious moderates and liberals are distributing materials that do not mention the candidates.

The voters' guides distributed by two such groups — Sojourners, a predominantly evangelical organization founded by Jim Wallis, and Catholics in Alliance for the Common Good — will enumerate principles that they say religious voters should use to evaluate candidates.

Among the principles are a commitment to reducing poverty and preserving the environment and caring for immigrants: in short, the left's version of "family values."

"We're not doing candidates," Mr. Wallis said. He added: "The principle comes from Martin Luther King Jr., who never endorsed a candidate, not once. He made them endorse his agenda. We want to create an agenda with a social movement behind it that holds politicians accountable."

Catholics United for the Common Good, which is affiliated with the Catholics in Alliance group, is compiling "candidate evaluations" for many of the senate races, using 25 criteria important to Catholic voters, said Chris Korzen, the group's director. But they do not plan to distribute paper copies, only to post it on the Web.

"It's a matter of resources," he said.

Pasadena Church May Fight IRS Summons (LAT)

By Scott Glover And Louis Sahagun

The Los Angeles Times, September 18, 2006

A liberal Pasadena church facing an IRS investigation over alleged politicking sounded a defiant note Sunday, with its leaders and many congregants saying the probe amounted to an assault on their constitutional rights and that they were inclined to defy the agency's request for documents.

"These people are offended," said the Rev. Ed Bacon, rector of All Saints Episcopal Church, after delivering an impassioned sermon about the investigation to a standing-room-only crowd of about 900. "Freedom of speech and freedom of religion have been assaulted by this act of the IRS, and I think my people want to be heard in court."

Bacon said he would consult with attorneys and church officials before deciding a course of action but that the vast majority of parishioners with whom he spoke Sunday thought the church should resist a summons demanding copies of newsletters, e-mails and other records.

"I believe we should respectfully decline to produce the documents," said Cathy Shearon, an All Saints parishioner "off and on" for more than 20 years. "Being passive plays into the culture of oppression."

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Federal law prohibits nonprofits, including churches, from campaigning for candidates. At issue is whether an antiwar guest sermon, delivered two days before the 2004 presidential election by the Rev. George F. Regas, constituted campaigning.

Some All Saints defenders have called the IRS probe a case of selective prosecution. But conservative congregations, as well as liberal ones, have been investigated across the country by the agency over the years.

One church in upstate New York lost its tax-exempt status in 1995 after running a full-page ad in USA Today in 1992 saying that it would be "a sin to vote for [Bill] Clinton."

But at least one group familiar with the past probes called the All Saints case unusual in the breadth of the summons' request, which also seeks financial records and overhead costs related to Regas' sermon.

The probe surprised Americans United for Separation of Church and State, a watchdog group that has filed 58 complaints of improper church politicking over the last decade and a half. The grievances were roughly evenly divided between liberal and conservative religious groups.

"What perplexes me about All Saints," said Barry Lynn, a group spokesman, "is that I have never heard of a church being asked to undergo such a sweeping, broad and deep investigation on the basis of a complaint about a single sermon by a guest speaker."

All Saints came under IRS scrutiny shortly after Regas, the church's former rector, delivered a sermon that depicted Jesus in a mock debate with then-presidential candidates George W. Bush and John F. Kerry. The sermon did not endorse either candidate.

Regas' suggestion that Jesus would have told Bush his preemptive war strategy in Iraq "has led to disaster" prompted a letter from the IRS in June 2005 stating that "a reasonable belief exists that you may not be a tax-exempt church."

On Friday, an IRS agent handed Bacon a pair of summonses, one demanding that the church produce by Sept. 29 all materials with political references created in the 2004 election year, the other directing Bacon to appear before tax investigators Oct. 11.

At the pulpit Sunday, Bacon got straight to the point.

"I want to begin my sermon by once again expressing my gratitude to the Internal Revenue Service," he said, eliciting loud laughter from the congregation. "Those brothers and sisters really know how to shine a spotlight on a struggling church and swell the number of worshipers."

Bacon dedicated about half of his 20-minute sermon to the IRS issue, explaining that defiance could land the church in federal court. He asked parishioners to send him e-mails with their thoughts. He also noted that the summonses and other correspondence related to the case would be posted on the church's website, http://www.allsaints-pas.org .

Bacon told the congregation that, although he recognized that the church could not endorse or oppose a political candidate, neither could it remain silent in the face of "dehumanization, injustice and violence."

"History is shamefully littered with the moral bankruptcy of people who were Christian in name but not behavior," Bacon said, citing indifference by some Christians to slavery and the Holocaust.

"Neutrality and silence in the face of oppression always aids the oppressor," he said. When he was done, Bacon received a minutelong standing ovation.

Parishioner Sarah Letts said she was concerned that — right or wrong — defying the IRS could jeopardize the church's tax-exempt status and hamper its ability to do good.

"What I really like about this church is they don't just talk the talk, they walk the walk," Letts said. "I would hate for the IRS to be able to stifle that."

All Saints was one of several religious organizations that attracted national attention after being targeted by the IRS during the 2004 election cycle. Federal privacy rules, however, make it all but impossible to determine how those cases were resolved.

For example, Americans United for Separation of Church and State asked the IRS to investigate the Rev. Ronnie Floyd of First Baptist Church of Springdale, Ark., for endorsing Bush in an unusual July 4, 2004, televised sermon.

Floyd never mentioned Bush by name when he compared the positions of Bush and his Democratic opponent, Kerry. But as he spoke, photographs of the candidates were displayed on a screen.

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"Floyd went way beyond the pale," Lynn said. "Kerry's pictures made him look weird, and Bush's were flattering and made him look presidential."

On Sunday, Charlie Foster, a spokesman for Floyd's church, declined to comment.

Lynn's group was expected to launch an effort today to counter what he says is possible illegal campaigning coordinated by the Colorado-based Focus on the Family and its founder, James C. Dobson. Lynn said the conservative group plans various campaign-like activities, such as making political tracts available just outside church services.

IRS guidelines allow churches to publish voter guides as long as they avoid political bias.

"We believe Dobson's playing fast and loose with federal tax laws and that his intentions are to lure churches into what could be an illegal campaign," Lynn said.

In the meantime, All Saints' 3,500 active congregants are struggling to decide how best to proceed.

"It's a very tough call we have to make," said Bob Long, All Saints' senior layman and a retired attorney. "But we're at the point where they really are trampling on our constitutional rights.

"We can't just roll over, but we also don't want to spend all our resources," he added. "But beyond all that, I still can't believe we got stuck in the middle of all this after one sermon on a special occasion by a guest speaker."

Challenges Mount Against Refund-anticipation Loans (USAT)

By Kevin Mccoy

USA Today, September 18, 2006

H&R Block CEO Mark Ernst appeared eager to turn the page on a flurry of disappointing corporate news.

Speaking at the firm's annual shareholders meeting in Kansas City, the head of the nation's largest tax preparer outlined a fee-reduction plan that implicitly responded to critics who have charged that refund-anticipation loans unfairly siphon high interest charges from millions of low-income Americans.

But any hope that the changes announced at the Sept. 7 meeting would defuse that criticism evaporated as Peter Skillern, head of a watchdog group that has assailed the loans, followed Ernst at the microphone. Skillern, concluding an unsuccessful David-vs.-Goliath bid for a seat on Block's board, commended Ernst and said he would publicly support the changes — but then resumed the pressure.

“Rather than try to dress up this pig and have the best-dressed and best-acting pig in the market, we need to get refund-anticipation loans out of the market altogether,” said Skillern, executive director of the Community Reinvestment Association of North Carolina. He urged Block to lead a reform to “change the rules of the game.”

“We appreciate that Mr. Skillern attended our shareholder meeting and said he would endorse publicly the significant reforms H&R Block has made to its refund-anticipation loan product,” the company said.

Skillern issued his call amid a recent flurry of activity in Congress, the IRS and the courts that could better educate taxpayers about refund-anticipation loans and could impose new regulations on the transactions.

Each year, an estimated 10 million Americans, frustrated by weeks-long waits for their IRS refunds, turn to tax preparers who provide checks within days. Those checks are usually refund-anticipation loans, payments that are secured by and repaid from a pending federal tax refund.

The loans often run for seven to 14 days — the interval between the date they are issued and the date the lender receives the IRS payment that satisfies the debt. Because the loans are short term, the annualized interest rates often soar to 100% or higher.

More than half of those who received the loans in 2004, or more than 5 million taxpayers, were recipients of the earned income tax credit, a major federal anti-poverty program, IRS data show.

They paid an estimated $1.24 billion in refund-anticipation loan fees for 2004, the most recent year for which the data are available, according to a January report by the National Consumer Law Center, a non-profit that focuses on issues that affect low-income Americans.

They often don't realize that they're borrowing their own money at high rates — or realize that they're signing up for a loan at all.

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They are Americans such as Canieva Hood, who testified that she faced a financial crisis when she went to a Jackson Hewitt Tax Service office in Trotwood, Ohio, to get her taxes done in January 2002.

The then-29-year-old single mother of two explained in a court deposition last year that she asked Jackson Hewitt for the fastest refund possible, because she lived "from paycheck to paycheck."

"My rent was coming up, and I had a few bills that I had to pay," Hood testified. "And my daughter's birthday was going to be in a couple of weeks." She signed up for the company's Rapid Refund, which added $135 to the $155 she was already being charged in tax-preparation fees. The $290 total represented more than one-eighth of the total Hood overpaid in federal taxes for 2001, court records show.

But Hood said she never got her expected $1,954 refund. Instead, the money was transferred to help satisfy a $2,699 debt on a 1995 refund-anticipation loan she had received through H&R Block, court records show. She mistakenly received two refund checks that year, the records show.

Hood testified in her deposition that she didn't know the paperwork she signed at the Jackson Hewitt office in 2002 automatically authorized withholding of her refund to repay certain types of debt. Jackson Hewitt did not return calls seeking comment on refund-anticipation loan-related issues.

Today, Hood is the lead plaintiff in two potential class-action cases that are among recent actions posing legal and regulatory challenges to refund-anticipation loans:

•In February, California Attorney General Bill Lockyer sued H&R Block for allegedly misleading clients about the cost of the loans, a charge the firm denies. The case, which seeks several reforms, is proceeding even as H&R Block and its lending partners recently agreed to pay $101.5 million to settle other class-action cases filed over refund-anticipation loans.

•Jackson Hewitt, the nation's second-largest tax preparer, disclosed to investors in July that it is nearing a $5 million consent judgment with Lockyer's office to settle an inquiry launched in 2003 over the firm's refund-loan marketing.

•A pending U.S. Senate bill would require firms that provide refund-anticipation loans to register with the Treasury Department and comply with new public disclosure rules about the cost of the loans. The Senate also directed the IRS to produce a study on refund-anticipation loans. The report is expected soon.

IRS Commissioner Mark Everson called the loans "predatory" in a USA TODAY interview. However, he said, "What you have is a real demand on the part of approximately 10 million people who, when they come in and file their tax returns, they want their money, and they want it right away.

"And if the IRS were to step in and say, 'You can't do it,' I think there would be an uproar on this," said Everson. "I don't like these loans, but I don't have authority to stop them."

But Nina Olson, the IRS national taxpayer advocate, argued in a June report that the agency should improve its inspection oversight of electronic tax return originators, which in many cases facilitate refund-anticipation loans. The agency should also speed up refunds, reducing the need for loans, and provide refunds through a government debit card for those without bank accounts, Olson wrote.

Some members of Congress argue that the IRS has helped the refund-anticipation loan industry via the Debt Indicator, an IRS program revived in 1999. The program shows whether someone has federal or state tax debts or owes money on other government obligations. Banks considering a refund-anticipation loan application limit their financial risk by checking the Debt Indicator to determine whether the IRS is likely to withhold a tax refund.

Sen. Daniel Akaka, D-Hawaii, a critic of refund-anticipation loans, is a lead sponsor of proposed legislation that would block the IRS from continuing the Debt Indicator. Everson said a ban would be counterproductive.

"The people who provide these products have indicated to us if the Debt Indicator isn't there, they'll just jack up the (refund-anticipation loan) fees," he said.

Despite criticism of the loans, businesses ranging from used car dealers to furniture sellers have joined tax preparers in the market as a way to boost sales. During recent tax seasons, for instance, CarBiz, a Canadian firm now based in Florida, offered used car dealers a program called TaxMax. The program — recently sold by CarBiz — enabled customers to have their taxes done and get a refund-anticipation loan that could pay off an existing car loan or finance an upgrade to a newer car.

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Everson, without addressing specific examples, voiced concern about companies involved in such arrangements, "because there is a temptation to shuttle people into (loan) products" that make money for the firms. However, he said, the IRS has no authority over "what lines of business people can be in."

What the IRS has done is propose regulations Everson said would require stronger written taxpayer warnings — "very clearly in bold letters, large size" about the legal and financial ramifications of refund-anticipation loans.

For their part, some companies that facilitate the loans have responded to the concerns of consumer groups and government officials. H&R Block and Jackson Hewitt agreed to eliminate some fees the firms previously charged for refund-anticipation loans.

At the Block shareholder meeting, Ernst announced a cut in fees on the loans for customers who open accounts with the recently established H&R Block Bank. In recent months, he has also called on competitors to avoid so-called pay-stub loans, which can be issued even before the IRS issues annual W-2 earnings statements.

Everson said Block's plan to cut loan fees "doesn't solve all the problems, but it is a step in the right direction."

North Carolina State Treasurer Richard Moore, however, said he's seeking outright elimination of the loans. In August, he teamed with New York Comptroller Alan Hevesi and Connecticut Treasurer Denise Nappier to seek a meeting with H&R Block's board of directors. The company has agreed to the request.

Moore said he plans to use the session to tell Block officials the loans are "really bad for business."

"Just because there's a market for it doesn't make it right," he said.

"We've made significant changes to our refund-anticipation loans since the last time Treasurer Moore spoke publicly about this issue. We look forward to explaining these positive developments during our meeting with him," H&R Block said in a statement.

Mark Brooks, 26, a pharmacy supervisor and police officer trainee from Dayton, Ohio, shares Moore's feelings. Brooks said he had to pay $124 in fees — $44 more than he anticipated — when he got a refund-anticipation loan in 2003 through Jackson Hewitt.

"I was mad, but I didn't have any other choice," said Brooks, who is among those who have joined a proposed class-action lawsuit against Jackson Hewitt.

"I was a full-time student then. I needed the money to pay bills."

CONGRESS-ADMINISTRATION:

New Supreme Court Term Promises Early Drama (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, September 18, 2006

The U.S. Supreme Court's new term, which already offers controversial challenges involving abortion, affirmative action, punitive damages and global warming, promises to add significantly to the emerging portrait of the newly constituted Roberts court.

The justices will open the 2006-2007 term on the traditional first Monday in October -- Oct. 2 -- but in an untraditional way. There will be no oral arguments because of the Jewish holy day, Yom Kippur.

But on that day, or as has become more routine in recent years, on the Friday before the first Monday, the Court will announce new grants of review -- as well as denials -- of cases gleaned from the thousands that came into the Court throughout the summer.

The justices approach the opening day with a relatively spare argument docket, having agreed to hear arguments in 31 cases, fewer than the number granted review at this time a year ago. But there is none of the uncertainty that surrounded them last fall as they awaited the arrival of a new chief justice and dealt with the impending departure of Justice Sandra Day O'Connor.

But even if the high court only decided the 31 cases currently on the docket, there is plenty of potential drama and legal significance in that group, say scholars and court watchers.

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"There are some stand-out cases and each of them will test whether this is a 'restrained' Court," said constitutional law scholar Douglas Kmiec of Pepperdine University School of Law, referring to the abortion, affirmative action and punitive damages challenges.

Each of those "headline" cases, he added, also reflects the influence of Justice Anthony M. Kennedy, who has played a major role or has cast the decisive vote in the precedents or doctrines underlying those challenges.

The balance of the current docket, said Kmiec, is not like those cases but is "wonderfully lawyerly," many dealing with such issues as retroactivity or administrative law.

"One trend from last term which I really hope will continue is that the chief justice seems to be oriented toward trying to find, where he can, an opportunity for consensus resolution of cases," said high court scholar Mark Rahdert of Temple University James E. Beasley School of Law. One of the weaknesses of the last chief justice, William H. Rehnquist, said Rahdert, was that he made no serious effort to achieve consensus, and that resulted in many splintered decisions and a huge increase in concurrences.

"It was really kind of messy," said Rahdert. "Roberts seems not to like that and to think the Court should speak with something more nearly approaching a single voice. That's not to say he is afraid of dispute."

FACING DISPUTE

Roberts' consensus-building efforts surely will be tested early in the new term in two of the most divisive issues for the high court -- abortion and affirmative action.

"I think the handwriting is pretty clear in both areas that the law is going to change significantly," said Rahdert. "If you just line up the votes -- replacing O'Connor with [Justice Samuel A.] Alito [Jr.] on both issues. The committed minority in the past that was opposed to affirmative action and any kind of permission for partial-birth abortion is set to become a majority."

The real question in both, added Rahdert, is how dramatically will the law change. "Will the Court announce some sort of bold, new set of principles or apply the existing framework in a different fashion and weigh the values in a different way?"

In Gonzales v. Carhart, No. 05-380, and Gonzales v. Planned Parenthood, No. 05-1382, the Bush administration seeks to overturn rulings by the 8th and 9th circuits that struck down the federal Partial Birth Abortion Ban Act of 2003.

Every court to review the law has found it invalid, generally because it is overbroad and because it lacks an exception to protect the health of the woman -- a requirement established by a 5-4 high court decision in 2000 in Stenberg v. Carhart, 530 U.S. 914, which held that Nebraska's partial-birth abortion law was unconstitutional. O'Connor was the critical fifth vote to invalidate the law. Kennedy wrote a bitter dissent.

In enacting the federal ban, Congress explicitly found that a health exception was not necessary for this type of medical procedure.

"Rather than enacting a law that conformed to Stenberg, Congress sought to overturn that ruling and made findings in the act that criticized factual findings of numerous federal district courts," wrote Priscilla J. Smith of the Center for Reproductive Rights, who is high court counsel to Dr. LeRoy Carhart and three other physicians in the 8th Circuit case.

"There are two aspects to the case that are intriguing: the extent to which Congress has found the facts, and [that Congress is] owed deference under Section 5 of the 14th Amendment," said Pepperdine's Kmiec.

That has implications that extend beyond abortion, he said. "And the particular issue of the health exception, which has been, for conservatives, one of the more duplicitous aspects of the entire body of abortion jurisprudence."

Kmiec concedes that it is "very difficult at first blush" to see why a conservative, restrained court would take the abortion challenges, since there is no circuit split and there is a recent precedent.

"Maybe the answer is: It's not a fully restrained court, especially in this case where Justice Kennedy has been waiting to prevail, and justices [Clarence] Thomas and [Antonin] Scalia have not fully signed on yet to the Roberts-Alito method of decision-making," said Kmiec.

The replacement of O'Connor with Alito may also be determinative in the Court's two key affirmative action cases: Parents Involved in Community Schools v. Seattle School District #1, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

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Parents in both cases are challenging school integration guidelines that prevented their children from attending their school of choice because of their race or ethnicity. The Bush administration has intervened in the cases on the side of the parents, arguing that the guidelines involve "outright racial balancing" which is "patently unconstitutional."

The high court last visited the issue of affirmative action in 2003 when it upheld the affirmative-action admissions policy at the University of Michigan Law School, but struck down a differently constituted admissions policy at the undergraduate school. Gratz v. Bollinger, 539 U.S. 244 (2003); Grutter v. Bollinger, 539 U.S. 306 (2003). O'Connor was the key vote and voice in the law school ruling; Kennedy was in dissent. If the school districts here lose, "It would really, in the context it is before the Court, signal the end of the Brown v. Board of Education desegregation era," said Temple's Rahdert. "What's left of school desegregation are these voluntary plans that try, at the margins, to combat the tendency of having patterns of one-race schools."

REGULATING WARMING

The high court takes up one of the most hotly debated environmental issues of the time-global warming-in a challenge to the Environmental Protection Agency's interpretation of the Clean Air Act. Massachusetts v. EPA, No. 05-1120.

The case involves whether greenhouse gas emissions from cars and light trucks should be regulated by the EPA under the Clean Air Act because of their contribution to global warming. The agency in 2003 concluded that it had no authority to regulate air pollutants associated with climate change, regardless of the state of the scientific evidence. It also concluded that the four substances covered by a petition seeking regulatory standards were not "air pollutants" within the meaning of the Clean Air Act.

Thirty parties, including 16 states, unsuccessfully appealed the agency's decision to the U.S. Circuit Court of Appeals for the District of Columbia.

In the high court, Massachusetts Attorney General Thomas Reilly argues, "The ruling in this case is an extreme departure from this Court's precedents on statutory interpretation. To allow this decision to stand would be to sanction an enormous shift of power to administrative agencies, effectively letting them dismantle statutory regimes they simply do not like."

The Bush administration argues that petitioners have no standing and that the agency identified "a variety of sensible and appropriate reasons -- including the complex and highly uncertain nature of the scientific record" for its conclusion that even if it had authority to regulate greenhouse gas emissions from motor vehicles, "an endangerment finding would be inappropriate at this time."

While global warming is a "first" for the Supreme Court, a key sentencing challenge in the new term is continuation of fallout from the justices' sentencing revolution begun with Apprendi v. New Jersey, 540 U.S. 446 (2000). In Apprendi, the Court held that the Sixth Amendment prohibits judges from enhancing sentences beyond statutory maximums based on facts not found by a jury.

In Cunningham v. California, No. 05-6551, the justices will examine California's three-tiered, determinate sentencing system for compliance with the Sixth Amendment and Apprendi and its progeny. Cunningham is significant for at least two reasons, said sentencing scholar Michael O'Hear of Marquette University Law School. "We're talking here about potentially devastating results for the largest state criminal justice system in the country," he said. "If the state loses, it's going to result in chaos in this enormous system."

A decision, he added, also may result in the Court saying important things about the federal system, in which, because of U.S. v. Booker, 543 U.S. 220 (2005), sentencing guidelines are no longer mandatory. "The state in its brief is trying to analogize its system to the federal system," said O'Hear. "If the Court declares the state system unconstitutional, then there is a question about what has been happening in the federal system since Booker was decided and the Court may feel obliged to talk about that."

Other cases to watch include:

Burton v. Waddington, No. 05-9222: Is the sentencing decision, Blakely v. Washington, 542 U.S. 296 (2004), retroactive?

Lopez v. Gonzales, No. 05-547; Toldeo-Flores v. U.S., No. 05-7664: Is the commission of a controlled substance offense that is a felony under state law, but a misdemeanor under federal law, is an "aggravated felony" under the Immigration and Nationality Act and thus a deportable offense?

Carey v. Muladin, No. 05-785: Is a defendant's right to a fair trial violated when family of the dead victim wore buttons bearing his picture during trial?

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Former Reed Smith Partner Selected For 3rd Circuit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 18, 2006

Two of the vacancies on the 3rd U.S. Circuit Court of Appeals could soon be filled now that President Bush has nominated Thomas Hardiman, a 41-year-old federal judge who has been on the bench in federal court in Pittsburgh for less than three years.

If confirmed, Hardiman, a former partner at Reed Smith, will fill the vacancy created in July 2005 when Judge Richard L. Nygaard took senior status.

Likewise, the second nominee, Judge Kent Jordan, 49, had served less than four years on the District of Delaware federal bench when he was chosen in June to replace Senior Judge Jane R. Roth.

No nominee has yet been named to replace Justice Samuel A. Alito Jr., who was elevated to the U.S. Supreme Court in January.

Hardiman is the former treasurer of the Republican Committee of Allegheny County, but also has strong ties to the Democratic Party by marriage. His wife is the former Lori Zappala, the niece of former Pennsylvania Supreme Court Chief Justice Stephen A. Zappala and cousin of Allegheny County District Attorney Stephen A. Zappala Jr.

Appointed to the Western District bench at age 38, Hardiman is one of the youngest 3rd Circuit nominees in recent memory -- but not the youngest.

Alito, now 56, joined the 3rd Circuit at the age of 40 and former 3rd Circuit Judge Timothy K. Lewis, who stepped down from the bench in 1999, was 38 when he joined the 3rd Circuit after just one year on the Western District bench.

The late Judge Edward R. Becker was 48 when he joined the 3rd Circuit, but had started his judicial career at age 37 on the Eastern District of Pennsylvania bench. And Judge D. Brooks Smith was also 37 when he was appointed to the district court bench in Pittsburgh, and 51 when he joined the 3rd Circuit.

The earliest start on a judicial career for a current 3rd Circuit judge is that of Senior Judge Walter K. Stapleton, who was 36 when appointed to the District of Delaware and 51 when he joined the 3rd Circuit.

Hardiman earned his bachelor's degree in 1987 at the University of Notre Dame and went on to earn a law degree in 1990 at the Georgetown University Law Center.

He spent the first two years of his career in the Washington, D.C., office of Skadden Arps Slate Meager & Flom, and in 1992 moved to Pittsburgh to join Cindrich & Titus.

In 1999, Hardiman joined Reed Smith's Pittsburgh office as a partner in the litigation department.

Sen. Arlen Specter said Hardiman is an "accomplished judge with excellent academic credentials," and that he expects Hardiman will be "an outstanding addition" to the 3rd Circuit.

Sen. Rick Santorum also praised the nomination, saying he had "enthusiastically supported" it, and that he was "pleased that President Bush nominated such an outstanding candidate to fill this vacancy."

Hardiman's colleagues on the federal bench in Pittsburgh have also sung his praises.

In the Pittsburgh Post-Gazette earlier this year when his imminent nomination was just a rumor, Western District Chief Judge Donetta W. Ambrose called Hardiman "an absolute star on our court."

And former Western District Chief Judge Donald E. Ziegler was quoted in the Post-Gazette as saying Hardiman was a "pleasant surprise" on the district court, and that he quickly earned high marks from lawyers.

Huns In The Control Tower? (WP)

By Al Kamen

The Washington Post, September 18, 2006

The Federal Aviation Administration earlier this month had many of its 1,500 or so supervisory personnel in St. Louis to discuss, among other things, implementation of new work rules for air traffic controllers -- a move strongly opposed by the controllers union.

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The supervisors were encouraged to focus on improving their leadership and management skills, lest there be a decline in employee morale. There was a list of books in the FAA's Center for Management and Executive Leadership Library Resource Center that might be useful.

Some of the titles are well known in the management world: "More Than a Motorcycle: The Leadership Journey at Harley-Davidson." That might come in handy, as would "Mentoring: A Practical Guide" or "Leader as Coach."

Our favorite? "Leadership Secrets of Attila the Hun ." The explanatory blurb describes this as a book about "the man who centuries ago shaped an aimless collection of nomads into rulers of the ancient world -- offers us lessons today."

Never heard air traffic controllers described as an "aimless collection of nomads," but . . .Noble Goal: 'To Leave With Dignity'

The plaudits have already begun for House International Relations Committee Chairman Henry Hyde (R-Ill.), who's leaving Congress at the end of this term.

At the end of a committee meeting Tuesday, likely one of the last Hyde will chair, his good buddy Rep. Tom Lantos (Calif.), the panel's ranking Democrat, praised Hyde's accomplishments and asked everyone to give him a round of applause for his service.

When the applause died down, Hyde reflected on his three-plus decades in Washington: "When I came here 32 years ago, I wanted to change the world. Now I just want to leave with dignity. The committee stands adjourned."Big Brother Is Watching the Watchdogs

Good news last week from the White House briefing room -- temporarily in a Jackson Place townhouse across the street on Lafayette Park. Reporters will no longer be able to tell whether the White House is watching them. They'll just have to assume it.

CBS News White House correspondent Bill Plante spotted something odd Tuesday during press secretary Tony Snow's morning's briefing, known as the "gaggle," which generally is not televised.

A small TV camera was mounted in the ceiling, Plante noted. It was black, matched the television lights and was unobtrusive, he wrote in his news blog.

Plante observed a White House aide panning the camera from one reporter to another as they asked questions. So what was this all about? Snow said he didn't know.

Turns out it's so the White House staff can watch the informal briefings -- and see who's asking what questions. White House officials assured reporters it was not for surveillance.

On Thursday, the camera was gone. Plante heard that it was being fitted with a wide-angle lens so it wouldn't need to swing around.

By Friday, the camera was back. And it indeed looked like it had a wide-angle lens.Treasury, Back in the Game. Maybe.

There was some chatter last week in the press about how new Treasury Secretary Henry Paulson is restoring his department to its traditional top-tier status after six years of downward drift under largely ignored predecessors John Snow and Paul O'Neill .

Yes, we're hearing about how heavy-hitters have been filling top positions at Treasury and how Paulson talks regularly with the White House and President Bush 's innermost circle, including Secretary of State Condoleezza Rice .

Some White House and State Department reporters say they detect the hand of veteran Bush spinmeister Jim Wilkinson at work in all this scuttlebutt. After all, Wilkinson worked at the White House and more recently at State before becoming Paulson's chief of staff just a couple months ago.

Well, even so, still could be true.Matters of State and Style

While Paulson allegedly is quickly finding his place in the Cabinet firmament, superstar Rice, who is not running for president, was busy Friday afternoon doing a photo shoot and interview with Vogue magazine for a piece later this fall. Uncle ar, we were told, whether this was necessarily to be a cover, but there will lovely photos of Madam Secretary. Remember, she's not running.'Do-Nothing Congress,' Indeed

Low expectations award of the week. Senate Minority Leader Harry Reid (D-Nev.), speaking at a gathering of the New American Foundation on Thursday night, said: "There are only six days left in this 109th Congress. It doesn't matter. We haven't done anything anyway."

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Senate Struggles On Earmarks (RC)

By Tory Newmyer And Kate Ackley

Roll Call, September 18, 2006

The two Senators taking the lead on reforming their chamber's earmark rules need to come up with a measure that can sail through the Senate before GOP leaders approve it, a senior leadership aide said.

The Senate is struggling to match the reform enacted last week by their House colleagues, and with the clock ticking down to adjournment, it is unclear whether Senators will be able to produce any workable rules changes.

For now, Senate Republican leaders are deferring to Rules and Administration Chairman Trent Lott (R-Miss.) and ranking member Chris Dodd (D-Conn.), a GOP leadership aide said.

Similarly imperiled is a plan that Lott and Dodd want to push to eliminate the long-standing Senate tradition of secret holds, in which Senators can block legislation without identifying themselves. Republican leadership in the chamber remains opposed to the proposal.

While the holds change and the earmark reform likely would move separately, a leadership aide said it remains to be seen whether either one will advance.

A spokeswoman for Lott did not return requests for comment, and a Dodd spokeswoman said the Senator is waiting for Republicans to step forward with a plan.

"Sen. Dodd stands ready to listen and report back to his leadership, but we've not heard of any movement or proposals from the majority," Colleen Flanagan said, adding that Dodd "was very clear that he thinks the House ought to move forward and appoint conferees in the time still left to enact comprehensive reform."

Broader lobbying reform remains stalled, because the House-passed legislation includes a provision cracking down on 527s that is opposed by a cloture-proof majority in the Senate. Despite new calls for action from outside ethics groups after the Friday's news of an expected guilty plea by Rep. Bob Ney (R-Ohio), prospects for a more comprehensive measure on lobbying laws continue to appear dim.

Meanwhile, focus has shifted to the Senate after House lawmakers approved a change to their internal rules requiring new disclosure for sponsors of earmarks on spending, tax and authorizing bills. With appropriations season in full swing, aides, lobbyists and outside watchdogs were struggling late last week to understand the House-passed language and gauge its impact on the remaining work on spending bills this year.

"It's unclear," said House Appropriations spokesman John Scofield. "Ideally it would apply to both chambers, but we lost that argument because of political expediency."

Members of the House spending panel mostly opposed the rules change. Their interpretation of the measure is that it cracks down more forcefully on appropriators than it does on taxing and authorizing committees. And while fiscally conservative Republicans hailed the reform's passage, some in their ranks were still unsure late last week exactly what it would accomplish.

"It's going to turn into the commencement of hot debates on exactly what earmarks are," one conservative House GOP aide said. "We see this as just the beginning."

For appropriations bills, the House earmark reform seems likely to have a limited impact this year. The change is only certain to apply to earmarks in the one spending measure the chamber has not yet passed — the Labor, Health and Human Services and Education bill. Other than that, only earmarks dropped into conference reports will have to include the names of their sponsors.

That means that if the Senate does not pass its own version of reform, only earmarks added in conference and in the House Labor bill will be identified.

Steve Ellis of Taxpayers for Common Sense said not disclosing all earmarks in this year's spending bills would be "a slap in the face."

"I can certainly say we're going to be expecting" fuller disclosure, he said. "And if they don't provide it, then the taxpayers will know this has been a sham that's been perpetrated on them, and they will demand it."

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Michael Fulton, an appropriations lobbyist at GolinHarris, said he's in favor of earmark transparency. "I think it will keep lobbyists and Members of Congress more clean, and that's good," he said. "It will make it better for those people that are following the rules and being transparent about their projects."

Richard Gold, who heads the lobbying practice at the firm Holland & Knight, which has many appropriations clients, said the reforms should have little impact on the business.

"The fact that you're going to slap somebody's name next to it, that's not going to make a difference for reputable lobbyists," he said.

But one appropriations lobbyist, who would speak about earmark reform only on condition of anonymity, said the reforms could have an impact on his and his colleagues' lobbying techniques.

Currently, this lobbyist said, his strategy is to get several Members to submit his clients' requests to the Appropriations committees and hope that the flood of requests, coupled with the clout of certain Members, carries the projects across the finish line. But if only one Member gets credit for securing an earmark, this lobbyist said, some Members will not want lobbyists to urge other Members to ask for the earmark. "One Member might say, 'I'm the champion — don't go to anyone else,'" this lobbyist said.

This lobbyist added that "the thing that concerns me the most is where this is going." He said he expects it to be "a roadmap for all these watchdog groups and federal investigators to attack every earmark and to look at who's the lobbyist, how much did they contribute."

He said that already, some senior-level Congressional staffers are spreading the word that lobbyists who want earmarks should not write checks to Members who are helping them get earmarks for clients.

We're Changing The Culture (USAT)

By Brian Bilbray

USA Today, September 18, 2006

The American people believe that the accountability and transparency they expect from their leaders have been replaced by backroom deals. The practice known as "earmarking" has fostered a system that places a premium on waste and abuse.

For far too long, earmarks were added anonymously without any debate. Special interests have too much influence in the appropriations process. Decisions were made behind closed doors and out of public view.

Last week, the House of Representatives took the first step in changing the culture that has left so many Americans disillusioned with their government. With the public demanding reform, the House adopted rule changes to the practice of earmarking that will bring more transparency to the legislative and appropriations process. For the first time, earmarks will be put in the public light where everybody will be able to see how their tax dollars are being spent.

This is the first step of many in what must be an ongoing commitment from this Congress to blow away the fog of anonymity that surrounds our governing process. If we are to make a profound and lasting change in how this institution handles the taxpayers' dollars, then we must be willing to adopt changes that will enable us to be better stewards and more responsible to the taxpayers.

That is why I am calling on Congress to adopt a two-year budget cycle, so that election-year politics wouldn't influence budget and appropriations decisions. I believe that decisions about the budget process should be made after elections, not before them. The American people believe their government is broken. It is up to us to repair it.

A two-year budget process would help create more oversight, accountability and transparency. The path to reform has only begun. We must have the will and commitment to restore the public's confidence.

Rep. Brian Bilbray, R-Calif., co-sponsored the House resolution on earmarks that passed last week. (House Appropriations Chairman Jerry Lewis declined to provide an opposing view.)

Time For A Time-Out? (WSJ)

By John H. Fund

The Wall Street Journal, September 18, 2006

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If Republicans lose big in November, one reason will be their tardy response to public outrage over profligate spending. The guilty pleas of former GOP Rep. Duke Cunningham and lobbyist Jack Abramoff prompted demands for reform of the earmarks -- pork projects members often secure in secret -- that were prominent in both scandals.

On Thursday, the House did finally pass a rules change that will force sponsors to attach their names to projects. The Senate isn't expected to follow suit, meaning earmark reform there must wait until next year. On the plus side, both houses this month did pass the Federal Transparency Act. It creates a public Internet database that will allow Google-like searches of the $1 trillion in federal grants, contracts and loans. The "shame factor" the bill will heighten is needed, given that earmarks grew tenfold between 1990 and 2005.

As modest as it is, the transparency bill spent much of August in limbo after Senate Commerce Committee Chairman Ted Stevens of Alaska, chief defender of the infamous "Bridge to Nowhere," put a hold on it, using the tradition allowing any senator to secretly block a bill. These games feed the perception of an out-of-touch Congress and demoralize many GOP voters. "Every event I go to, someone complains about overspending and pork," says Rep. Chris Chocola of Indiana, one of the most embattled GOP incumbents. "They still don't think we get it."

Many members simply don't believe the political costs of pork can ever exceed the benefits. Democrats have been largely silent. After all, they get about 45% of them even as a minority. "One man's pork is another man's steak," is how many members dismiss reform.

Congressional appropriators argue that earmarks represent less than 1% of the federal budget and are often worthy projects. But earmarks have a budgetary impact far beyond their dollar cost. "They are a gateway drug on the road to spending addiction," says Republican Sen. Tom Coburn. Many members feel compelled to vote for bloated spending bills, fearing their local projects will be stripped out.

Earmarks have also dramatically expanded lobbying. "Lobbyists go client hunting, telling cities they can virtually guarantee an earmark," says Ron Utt of the Heritage Foundation. In 2005, nearly 4,000 companies or local governments hired lobbyists to pursue earmarks, up from just 1,865 five years ago. Jack Abramoff is a case in point.

Earmarks by the thousands inevitably bring scandals by the dozens. This month has already brought two. The U.S. attorney in New Jersey subpoenaed records from a deal involving Democratic Sen. Bob Menendez and a Hudson County nonprofit that starting in 1994 paid Mr. Menendez a total of $329,353 to rent a building that he owned. At the time, the nonprofit was run by a political ally of Mr. Menendez. Later, the same group was the recipient of millions in federal funding after Mr. Menendez, then in the House, broadened federal grant standards to include that nonprofit.

Meanwhile, Sen. Maria Cantwell, a Democrat from Washington state, helped arrange $11.6 million in federal earmarks in the past year for projects benefiting clients of a lobbyist who is advising her re-election campaign and still owes her between $15,000 and $50,000 from a personal loan. Both senators say they sought the funding because it benefited their states.

Republicans have their own earmark problems. The San Diego Union-Tribune reports that House Appropriations Chairman Jerry Lewis has steered hundreds of millions in federal funds to clients of lobbyist Bill Lowery, a former congressman who is so close to Mr. Lewis that they have exchanged two key staff members, "making their offices so intermingled that they seem to be extensions of each other."

Sen. Stevens defends the earmark process, claiming "discretionary federal spending isn't out of whack," despite all evidence to the contrary. He admits a lot of the earmarks now being handed out wouldn't have passed constitutional muster before the Great Society, but no one is more tenacious in seeing his state now gets its maximum share. Humoring him has cost Republicans credibility. He has become an icon of earmark excess, starting with the fact that he's given his name to Ted Stevens Anchorage International Airport. Earmarks appear to be a family business. Bill Bittner, his brother-in-law, is a D.C. lobbyist who has hauled in dozens of earmarks for his clients. His son, Ben, is the majority leader of the Alaska Senate, and while in office has collected large consulting fees from companies that benefited from some of dad's earmarks.

Last month, federal agents raided the offices of Ben Stevens and a half-dozen other Alaska legislators, investigating ties between them and an oil-services company. Some of the legislators involved even referred to themselves as "the Corrupt Bastards Club." Alaska officials admit the perception of favoritism in local contracts and federal earmarks is embarrassing the state.

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Similar embarrassment is spreading to Congress. Staffers are appalled at how members prostitute the institution by scraping the bottom of the pork barrel. Rep. Dan Lungren of California says that "members are now much more mere errand boys for local government and constituents."

Rep. Chocola supports extending the term limits that now apply to all committee chairmen to all members of the Appropriations Committee. "It's clear appropriators see the world differently from all the rest of us," he told me. Term limits would at least limit how much their vision could be warped while serving on Congress's "favor factories." The ban on gifts to members and their staff should also be extended to local governments and universities seeking earmarks.

President Bush could also do more. Republican Sen. Jim DeMint notes that the Congressional Research Service has found that 95% of recent earmarks were slipped into committee reports and not written into law. "These non-legislated earmarks are not legally binding," he says. "President Bush could ignore them. He doesn't need a line-item veto."

The federal government is now an astounding 185 times as big in real terms as it was a century ago. A general sense that Republicans have forgotten why they were sent to Washington is a big reason why only 43% of Republicans approve of Congress in this month's Fox News poll. If Republicans can't better explain how they plan to get a grip on spending, many voters will conclude they both deserve and need a time-out from power.

The Ghosts Of Corruption Present (NYT)

The New York Times, September 18, 2006

One of the shabbiest shell games under way in Congress is the attempt to convince voters that lawmakers are curbing their corrupt relations with power lobbyists. The cravenness was never clearer as G.O.P. House leaders passed a placebo rules change in place of honest reform — and on the very day when one of their own, Representative Bob Ney of Ohio, was plea bargaining in the corruption investigation of his old friend Jack Abramoff, the disgraced überlobbyist and influence peddler.

The political ghosts of Mr. Ney and Tom DeLay, the former House majority leader, should haunt this Congress and its Republican bosses for their disgraceful refusal to end the Capitol's embrace of the lobbying industry. In the first burst of the Abramoff scandal last spring, both houses made all manner of reform vows, then cynically hung two hollow bills out to die on the vine.

Last week House leaders sanctimoniously promised an end to the "fog" and "shadows" with a rules change concocted of smoke and mirrors. The rule pretends to deal with just one part of lobbying corruption, the cramming of millions of dollars in special interest favors into must-pass budget bills.

Disclosure of these backdoor deals and their sponsors is promised. But lobbyists who have feasted on earmarks are already mapping their way around this fig leaf, just as lawmakers hungry for lobbyists' campaign money know they have once more voted for the shameless status quo.

Congress is offering this wink and a nod on earmarks only to cover its spinelessness on larger ethical issues. The Republican majority has already junked proposals to restrict the rise of lobbyists as campaign finance brokers for grateful lawmakers.

A more responsible Congress would ban lobbyists as political money bundlers, as well as the proliferation of lawmakers' relatives as lobbyists and the Capitol junkets catered by lobbyists on corporate tabs.

Playing Politics With Terror (WP)

The Washington Post, September 18, 2006

"ILISTEN TO MY Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people."

That was House Majority Leader John A. Boehner of Ohio talking to reporters last week. He should apologize.

For five years the country has been debating how to balance aggressive action to prevent and punish terrorism with core concerns about privacy and other civil liberties. On many issues -- the treatment of detainees at Guantanamo Bay and in secret prisons, warrantless surveillance by the National Security Agency, prohibitions against torture -- Democrats, joined by some brave and responsible Republicans and more often than not backed up by the courts, have served as an important brake on an

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administration heedless of constitutional requirements, international law and national reputation. On some matters -- for instance, their overblown denunciations of the USA Patriot Act -- Democrats have been mistaken in their criticisms.

But whether one disagrees with Democrats on any particular issue, it is offensive to try to paint opponents, as Mr. Boehner did, as uninterested in "protecting the American people" -- and to dodge the implications of that statement by claiming, as Mr. Boehner did, that he was simply wondering. As the election season heats up, this is a line of argument that Republicans would do well to drop.

For Ex-Postal Service Official, Summer Scandal Heats Up (WP)

By Elizabeth Williamson

The Washington Post, September 18, 2006

All summer, federal-dom has been abuzz over a steamy U.S. Postal Service Inspector General's report accusing the agency's former public affairs chief of heavy drinking, expense account chicanery and sexual harassment. But who knew that the subject of the report, Azeezaly S. Jaffer, has spent the season on vacation, courtesy of the Postal Service?

Jaffer's taxpayers' holiday bears witness, a Postal Service spokesman said, "to how hardworking he is."

The June IG report accuses Jaffer, who managed a staff of 160 and a $20 million budget, of, among other things: drinking at a work function until he passed out; running up $8,000 in extra hotel room charges so he could qualify for a suite with a bathtub for two; and following a female colleague into her hotel room, propositioning her, then passing out.

The Postmaster General's office requested the report in mid-2005, after employee complaints about Jaffer's behavior, spokesman Gerry McKiernan said. Eleven days after the IG released its report June 19, Jaffer, who denies the allegations, left the agency "to pursue other career opportunities."

His departure was announced by Postmaster General John E. Potter, who wrote in a memo to officers that Jaffer "served us well during some of the most difficult public relations challenges faced by any organization," including the 2001 anthrax attacks. His efforts, Potter wrote, "were critical to maintaining public and employee confidence in the Postal Service and the mail."

And then, despite the allegations, Jaffer went on two months' paid vacation, which ended Sept. 1. Beyond that, Jaffer's attorney, Matthew Hsu, said, his client is in line for another two months' vacation pay; at his annual salary of $160,000, the four months of vacation pay amounts to more than $50,000.

Jaffer has paid the Postal Service $3,600, mostly for bills run up by his family last year.

Late last week, the Postal Service issued new post-Jaffer expense guidelines. Dinners, they say, should not exceed $50 per person, more frugal than, for example, the $1,066.08 that the IG says Jaffer charged the Postal Service for dinner for three, including 16 drinks.

McKiernan wondered last week why anyone remains interested in this summer's scandal. But Congress aims to keep Jaffer's endless summer warm at least through autumn.

On Friday, Rep. Thomas M. Davis III (R-Va.) who chairs the House Committee on Government Reform, and the committee's ranking minority member, Henry A. Waxman (D-Calif.), sent a letter to Potter requesting a pile of records linked to Jaffer's case. "The Inspector General's report of clearly unacceptable conduct by a senior postal official is troubling to all of us," the letter reads. The Postal Service has until Sept. 28 to respond.

Jaffer spent some of his summer vacation telling his side to Sidley Austin, which recently released a 42-page "white paper" denying the charges against him.

A few excerpts follow:

The IG says: "Jaffer drinks to excess at official Postal Service functions and has done so to the point of unconsciousness on at least two occasions. . . . [Name redacted] . . . recalled going to dinner with Jaffer and others at a restaurant in New York City. . . . Halfway through dinner, Jaffer fell forward, almost hitting his head on his plate, apparently losing consciousness. [Name redacted] escorted Jaffer back to his hotel room."

Sidley Austin says: "The OIG alleges that Mr. Jaffer . . . was refused boarding on flights due to intoxication and that he left his shoes in a hotel lounge due to intoxication. . . . None of these allegations are true. Mr. Jaffer freely acknowledges that he has consumed alcohol at many different Postal Service events and business dinners. However, he has never consumed alcohol to

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the point of incapacitation or incoherence. . . . Postal Service employees who have worked with Mr. Jaffer . . . have never seen Mr. Jaffer lose consciousness or be carried to his room because he was intoxicated."

The IG says: "[Name redacted] stated that one evening in 2000 while attending the National Postal Forum held in Nashville, Tennessee, Jaffer offered to escort her to her hotel room. She did not realize how intoxicated he was when she accepted his offer. The manager stated that he followed her into her room, tried to touch her, and propositioned her. She could not convince him to leave her room, and Jaffer finally fell asleep on the floor. . . . The next morning Jaffer woke up and immediately left her room. . . . She stated that when Jaffer sees her in the building, he compliments her appearance, tells her he loves her . . ."

Sidley Austin says: "Mr. Jaffer treats female employees of the Postal Service with respect and dignity. . . . Specifically, in 2000 or 2001 at a Postal Forum in Memphis, Tennessee, Mr. Jaffer and [name redacted] shared a brief drink at the hotel bar. . . . He offered to walk her back to her room. . . . When they got to her room, he continued to talk with [name redacted] in her room, and then he eventually fell asleep on the couch. . . . He did not make any explicitly sexual or vulgar remarks to her, nor did he attempt to touch her or make sexual advances toward her."

The IG says: "When asked about the high per-person costs of the meals he hosted at Peking Gourmet Inn, Jaffer stated that they have to be looked at in context. . . . Jaffer stated that, in regard to wine, he considers anything up to $100 a bottle to be "halfway decent and reasonable."

Sidley Austin says: Mr. Jaffer's alcohol purchases were appropriate. . . . His requests for reimbursement were never denied. The Postal Service never cautioned or counseled Mr. Jaffer regarding his alcohol purchases. . . . Mr. Jaffer has acted as someone in his position should -- he has entertained individuals who have benefited or may be in a position to benefit the Postal Service."

Copies of Jaffer's written responses to the Inspector General's report can be found athttp://www.washingtonpost.com/fedpage.

DOT Specialist Accused Of Fraud (WT)

By Jim Mcelhatton

The Washington Times, September 18, 2006

As a specialist on fuel cell technology in the U.S. Department of Transportation, Shang Hsiung traveled the country for years to attend trade conferences to discuss alternative fuel and other agency initiatives.

But federal authorities say the 54-year-old Takoma Park man had another agenda during his out-of-town trips.

Since 2001, prosecutors say, Mr. Hsiung used counterfeit checks and stolen credit-card information -- including co-workers' card numbers -- to pay for escort services while on government travel.

Mr. Hsiung, who has been placed on leave and has declined to comment, is scheduled to appear for a hearing in federal court in the District next month. He was charged with wire fraud last week.

If convicted, Mr. Hsiung faces a maximum sentence of 20 years in prison.

Charging documents do not state how much money investigators think was stolen over the years. A spokesman for the U.S. attorney's office in the District said the amount is not yet part of the public record but "is in the thousands of dollars."

The charges filed Sept. 11 state that Mr. Hsiung "stole credit card numbers and credit card information from co-workers at the Department of Transportation and from other people ... to purchase the services of escorts."

G. Allen Dale, Mr. Hsiung's attorney, said yesterday that there are "two sides" to the story.

"Often times, good people make mistakes," he said. "My job is to make sure that this person, whom I view as a good person, doesn't pay for it more than necessary."

From his office in the District, Mr. Hsiung used his government computer to find escort services in anticipation of trips, Jonathan R. Barr, assistant U.S. attorney in the fraud and public corruption section, wrote in charging documents.

Mr. Hsiung, a transportation-management specialist, also used his work telephone to contact escort services in California, Colorado, Connecticut, Florida, Illinois, Nevada, Pennsylvania, Texas and Georgia, prosecutors say.

In addition, Mr. Hsiung is accused of impersonating the vice-president of an unnamed company that is traded on the New York Stock Exchange and creating counterfeit checks in the company's name.

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Prosecutors said Mr. Hsiung told escort services that the company was trying to negotiate "a major deal with an Asian businessman and stressed that it was important for the businessman to be shown a good time."

According to public records, Mr. Hsiung has been a leader at the transportation agency in touting fuel-cell and hydrogen-technology initiatives to industry leaders.

He was the project manager for an agency study last year that focused on moving toward hybrid-electric technology for transit buses. He also was the point of contact in the agency for a $49 million fuel-cell, bus-technology grant program.

Report Offers 6 Keys To A More Successful Government (WP)

By Stephen Barr

The Washington Post, September 18, 2006

Federal managers looking for that road map to the future may want to check out a report, to be released today, on six trends that are keys to overhauling government operations and improving federal performance.

The trends were identified by three senior staff members at the IBM Center for the Business of Government with an eye to helping federal agencies prepare for an era in which incremental change may not be enough to meet public expectations or to address such megaproblems as terrorism.

"The challenges facing governments call for comprehensive and profound change," Jonathan D. Breul , a senior fellow at the IBM Center, writes in the report. He adds, "Those that play a waiting game, postponing these changes, will find their fiscal strength and programmatic effectiveness eroding."

For the report, Breul, Mark A. Abramson , the IBM Center's executive director, and John M. Kamensky , an IBM senior fellow, pull together themes from 150 research papers prepared for IBM since 1998. The center, a component of IBM's federal consulting practice, awards $20,000 stipends to researchers who produce papers on federal management issues.

Some of the trends have gained more traction than others and some are proving controversial. The trends, according to IBM, are:

Â· Changing the rules. The traditional personnel, procurement and financial management systems are being replaced. New organizations, such as the Office of the Director of National Intelligence, have been created to improve coordination and to determine who can be held accountable for certain activities.

With congressional approval, the departments of Defense and Homeland Security are leaving the decades-old federal pay system to set up performance-based pay systems. IBM research, however, cautions that shifting public-sector employees to performance pay is risky and may prove to be the most difficult challenge faced by many agencies.

Â· Using performance management. Strategic planning and information about agency performance and costs have increased substantially since passage of the 1993 Government Performance and Results Act.

The U.S. Postal Service and the Defense Finance and Accounting Service, for example, have created goals to reflect "the voice of the customer," "the voice of the employee" and "the voice of business," according to the IBM Center.

Â· Providing competition, choice and incentives. On taking office President Bush called for a "market-based government," but his efforts "have achieved limited success," the IBM Center says.

Bush's primary initiative has focused on job competitions to determine whether federal work should be turned over to the private sector. Research for the IBM Center found the competitions can achieve "better results at lower costs, regardless of whether the winner is the public or the private sector." But the center notes that "its future use is uncertain because of political concerns about potentially adverse effects on the federal workforce."

Â· Performing on demand. It's no longer business as usual because government must be much better at sensing and responding to economic, social, technological and health changes -- "be they terrorism, mad cow disease, or the processing of drug benefit claims," the IBM report says.

In addition to being more responsive, key agencies must find ways to maintain their service levels "no matter the impediment or threat," according to the center.

Â· Engaging citizens. Technology provides new opportunities for government to involve the public in decisions and policies. Research has found that trust in government increases when citizens are engaged, the report says.

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Â· Using networks and partnerships. As society becomes more complex, agencies cannot succeed in delivering services or programs on their own any longer, the IBM report says. Agencies will probably be more successful by creating collaborative efforts that reach across agencies, across levels of government, and across the nonprofit and private sectors, according to the report.

In adapting for the future, Abramson says, agencies will need a strong career civil service and an experienced team of political appointees. If those ingredients are in place, he says, "our prediction is that we will see all six trends accelerate."

The IBM report, "Six Trends Transforming Government," can be found athttp://www.businessofgovernment.org. The authors will take questions and comments on Federal Diary Live at noon Wednesday on washingtonpost.com. My e-mail address isbarrs@washpost.com.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 18, 2006

A father's influence on his son can be incredible, from shaping a boy's outlook on life to the tiny, seemingly unimportant things like choosing between Bic and Sharpie. That's certainly been the case in the Bush family, where President Bush has sometimes gone Texas-big with his dad's lessons. Where the 41st president played baseball, the 43rd owned a baseball team; while Dad stopped troops short of invading Baghdad, W made it his target; and as the former prez prefers to use Sharpies, the current prez demands them-and even gives them as presents.

"He asks for them by name," says a Bush insider, "and if someone hands him something else, he barks, 'Where's the Sharpie?'" How come? "They're so easy to use," says another Bushie. "And you can see what you've written." Bush's isn't just any Sharpie. Like those famous boxes of peanut M&Ms, Bush's Sharpies carry his signature and the words The White House. He even has Camp David Sharpies. If you're an important aide, the presidential Sharpies are included with a signed golf ball, baseball, tie clip, and cuff links in the White House trinket bag each gets.

Sharpie boss Howard Heckes, president of Sanford Brands North America, says lots of celebs-like tennis star Maria Sharapova-have personalized pens, but "it's pretty cool" to supply the prez. "Sharpies are good for the president of the United States or the president of the PTA."

Can Magnum P.I. Replace Moses?

That old National Rifle Association TV ad in which Magnum P.I. actor Tom Selleck says, "I am the NRA" might be making a comeback. That's because he's being talked about as the replacement for former five-term NRA President Charlton Heston, the Moses portrayer who is afflicted with Alzheimer's disease. NRA insiders like the idea of promoting Selleck, an off-and-on NRA-er since he was a kid and now one of 76 board members, to the top job. But some suggest that while it will eventually happen, it won't happen soon. Emilie Raymond, author of the new book From My Cold, Dead Hands: Charlton Heston and American Politics, agrees. "Maybe when Selleck hits a point in his career when he's doing less leading roles and more cameo spots," she tells us, "he'll have time to devote to the NRA in a fashion similar to Heston's presidency."

He Saw 9/11, Now He Sees 'the End'

Joel Rosenberg, the New York Times bestselling author whose books have eerily predicted bad things like 9/11, has a new one coming out, and in it he takes on the superbig question: Is the end near? Seems many think so. For Epicenter, a book on the Middle East crisis, Rosenberg had the polling firm McLaughlin & Associates ask 1,000 adults if they agreed that current events were evidence of what the Bible calls the last days. In the poll, provided exclusively to Whispers, a remarkable 42 percent agreed. The breakdown is even more startling: Half of women agree, 75 percent of blacks agree, and 57 percent of those ages 18 to 25 agree.

Country Before Politics (WT)

By Stephen Herbits

The Washington Times, September 18, 2006

Next week, the US Senate has yet another opportunity to choose between self-serving superficiality or a willingness to put country before politics.

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Tomorrow, the Senate Armed Services Committee will hold hearings on two important military promotions and assignments. The two General Officer nominees served in succession between 2002 and 2006 as senior military assistants to Defense Secretary Donald Rumsfeld. Obviously, it will be tempting for some senators to use the occasion to play "let's beat up on Rumsfeld" instead of truly considering the merits of the officers before them. It will be easy for these senators to take another temporal stab for small political gain, while ignoring the damage they are doing to the process of attracting and retaining the best to serve our country in uniform.

General officer promotions and assignment of three- and four-star officers require Senate confirmation. Prior to recommendation, a potential nominee's military records are scrutinized for performance, moral and ethical standards and superiors' recommendations. After full vetting by military and civilian leaders of an officer's military branch, the Office of the Secretary of Defense and subsequently the White House, nominations are then submitted to the Senate for its consent.

The Senate has every right -- even a clear obligation -- to review candidates for the most senior positions of our armed forces. Today, more than any time in recent history, our military is faced with dangerous threats coming from nationalistic and theocratic enemies, asymmetrical tactical and technological warfare, and demands for new strategies, capabilities and organizational approaches. We are at war and need the very best and brightest to lead our military. And so the Senate must scrutinize.

But the Senate role decidedly does not extend to punishment for serving in an assignment close to a political appointee. Worse, using a Senate hearing meant to judge qualifications for advancement to create a circus of criticism for policies for which these individuals were not responsible will tarnish the reputation of some of our most talented and honorable public servants. It risks deteriorating the quality of senior officers willing to seek such advancement.

A disturbing trend has emerged over the past several decades. Our federal government is less and less able to attract the best and the brightest of America to serve in positions requiring Senate confirmation. Many studies written by panels of experts analyze the discouraging and adversarial confirmation process facing Presidential nominees. We now face an even further deterioration of the process -- extending to the highest ranks of the military. In many ways, it will be the process that is on trial next week, and not the candidates.

Two exceptional officers will be testifying tomorrow. Both have served their country to an extraordinary degree. Both have earned the highest level of respect from civilian leaders and military peers as they have executed their responsibilities. And both Gen. John Craddock and Vice Adm. James Stavridis have served brilliantly as senior military assistants to the secretary of defense.

Two other great military leaders, Gen. James Jones, current Supreme Allied Commander Europe, and Adm. Edmund Giambastiani, current vice chairman of the Joints Chief of Staff, both also served as senior military assistants to secretaries of defense and gained invaluable experience by witnessing the civilianpolicy-making process up close. Only the best are given such an opportunity to gain this invaluable perspective and this experience serves the nation well.

How Senate committee members treat the two gentlemen before them next week will convey to other military officers in line behind them the degree of the futility of sacrificing financial gain and family stability, in order to hold challenging positions for our country's well-being.

Yes, the Senate should study the candidates closely. But the Senate has no place pillorying them for decisions they don't make or policies they don't construct. And as difficult as it may be for some, it wouldn't hurt if diligent questioning was also relevant and respectful.

We expect our military officers to sacrifice self-interest for country. We should accept no less from our senators.

Stephen Herbits has been a part of Defense Department transitions since 1974.

A Vote For A Smarter Census (NYT)

The New York Times, September 18, 2006

The Census Bureau has stubbornly rebuffed critics who argue that the nation's prison inmates should be counted at their homes instead of where they are serving time. But a persuasive new report from the National Research Council makes the current method difficult to defend. The Census Bureau commissioned the report, which deals with residency rules in general. In

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one of its most important findings, the report says that the practice of counting inmates at prisons sometimes distorts the political process and "raises legitimate concerns'' about "equity and fairness in the census."

Prison inmates are stripped of the right to vote in all but two states. But state lawmakers often treat them as "residents" of their prisons when drawing legislative maps, to help underpopulated districts raise their numbers. That shifts political influence from the densely populated urban districts where inmates actually live to the sparsely settled rural areas where prisons are typically built.

The report says that the question of residency should be decided on a case by case basis. It recommends that the Census Bureau gather information on time spent in prison and expected date of release. The bureau could then differentiate between a prisoner serving a lengthy sentence and one who is due to return home within a few years.

Questionable and incomplete state and prison records are a clear obstacle to this fairer system, and the report proposes that the Census Bureau undertake a research program to unravel those problems. It also suggests a sensible interim remedy. The bureau could make it easier for lawmakers to remove inmates from the count altogether, by publishing detailed, block-level counts of prison populations. That would also allow voters to keep watch on redistricting committees that now deliberately draw legislative districts around prisons, thus masking population shortfalls and cheating voters in other parts of the state.

OTHER NEWS:

Markets Shift Into Record-setting Gear (USAT)

By Adam Shell

USA Today, September 18, 2006

NEW YORK — Round up those rally caps. Chill the champagne. Glue your eyes to the ticker tape. Blue-chip stocks may soon slay the bear.

Six years, eight months and three days after etching a record close of 11,722.98 into the history books, the Dow Jones industrial average starts the week just 162 points shy of topping that.

If it succeeds, it will erase all of the 37.8% loss it suffered during the 2000-2002 bear market, a painful period on Wall Street that shook investors' faith in stocks.

"We can break out to new '06 highs and even to new all-time highs," says Jim Paulsen, chief investment strategist at Wells Capital Management.

In May, the Dow came within 81 points of a new, post-crash peak but was thwarted by a nasty global sell-off caused by fears of interest rates tightening around the globe. But in recent weeks, the "twin worries" of a potential recession and runaway inflation have receded, says John Forelli, portfolio manager at Independence Investments. That angst has been replaced by a growing belief among investors that the Federal Reserve will succeed in slowing the economy without killing it.

The idea of a not-so-hot, not so-cold economy favored by investors is gaining traction, he says.

The mood shift on Wall Street is being driven by a few key trends, including:

•A belief that the Fed chairman's forecast is playing out. When the Fed decided not to raise its target for short-term rates in August after 17 boosts, Fed chief Ben Bernanke based that decision on the belief that a slowing economy would relieve inflationary pressures. He also noted that if energy prices retreated, it would also help abate price pressures.

He's been right. A barrel of crude has dropped to $63.33, or 17.8% from its July 14 high of $77.03. Readings on inflation have also stabilized after spikes earlier in the year. Friday, an inflation gauge that tracks consumer prices rose 0.2% in August, below forecasts. "What the chairman told us would happen," Paulsen says, "is coming to pass."

•Relief that consumers are still shopping. Fears of a severe consumer slowdown due to $3 gas have yet to materialize, helped in part by relief at the pump. Retail sales numbers out last week show a customer still willing to spend, says Ken Tower, chief market strategist at CyberTrader.

•A feeling that the Fed is done. Odds for a post-pause rate increase by the Fed are falling. "The Fed is out of the way for a while. That is our thinking," says Forelli. Still, Forelli says, a new Dow record "is not the new buy signal." The real time to buy, he says, will be three months before the Fed starts lowering rates. "But," he says, "we are not sure when that will be."

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Day Of The Dow? Blue Chips Again Close In On Record (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 18, 2006

As fall officially begins this week, investors are hoping they won't see a repeat of the spring.

The Dow Jones Industrial Average in May pulled within about 80 points of its record high, only to tumble. It was off more than 936 points, or 8%, by the time it bottomed a month later. Many shareholders took the spring peak as a chance to book profits rather than stick around for even heftier gains to top the Dow's all-time high reached in January 2000.

After a solid rise last week, the blue-chip average is once again within striking distance of the high now just 162 points away. The Dow gained 168.66 points last week, or 1.5%, to 11560.77, leaving it up 7.9% on the year. A pullback in energy prices and fresh data showing little inflation in the U.S. economy helped spur the rally.

Given the Dow industrials' earlier miss, most Wall Street pros aren't touting the prospects for a record too loudly this time around. But while risks remain, many are upbeat about the type of big-name companies included in the 30-stock average. They also see signs that investors have become a little more willing to take risks, which could bode well for avoiding another sharp selloff.

"I don't think [a Dow record] is that tough an obstacle at this point," says Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco. "If we continue to get encouraging inflation news, that would go a long way toward making it happen."

Friday, the Labor Department reported that consumer prices, excluding volatile food and energy prices, inched up 0.2% in August, in line with analysts' expectations. The data buoyed hopes that Federal Reserve policy makers will leave their key interest-rate target unchanged when they meet Wednesday.

Crude-oil prices have plunged recently amid robust inventory data and easing geopolitical worries in major producing countries. Crude futures are off about 18% from summer highs, at $63.33 a barrel on the New York Mercantile Exchange on Friday. That has pushed the average retail price of regular-grade gasoline down about 14% over the past month, to $2.554 a gallon, according to the drivers' organization AAA. This means consumers will have more money to spend on other things, which could boost corporate profits.

Helped by such developments, other stock indicators also have rallied, although they remain further from their records, all set in 2000. The technology-stock heavy Nasdaq Composite Index rose 3.2%, or 69.80 points last week, to end at 2235.59, up 1.4% on the year. It still would have to more than double from its current level to reach its record 5048.62, which was fueled by dot-com mania. The broad Standard & Poor's 500-stock index last week rose 1.6%, or 20.95 points, to 1319.87. It is up 5.7% on the year and 16% away from its record.

Compared with its lows this summer, the Nasdaq index is up nearly 11%, beating the Dow's and S&P's gains of less than 8% from their recent troughs. So has the small-stock Russell 2000, up 8.5%.

Many investing pros interpret the relative strength of the Nasdaq and Russell 2000 as a sign that stock investors are again willing to pile into riskier stocks that aren't necessarily household names. "It's a fairly rational response to this notion of a slowing economy," says Mr. Koesterich of Barclays. "If growth is generally getting harder to come by, investors are going to be willing to pay more for the stocks where they can find it."

It isn't clear how long that trend will continue, but in the short term, a higher tolerance for risk could have some positive effect on the Dow industrials as well. At least for now, investors don't appear to be making what Wall Street calls a "rotation" from large caps into small caps, dumping one for the other.

The Dow's rise has been fueled by big gains in just a handful of stocks with company-specific news. Shares in Dow component General Motors have soared 63% so far this year, based largely on its restructuring plans. Altria Group, which accounts for the greatest chunk of the price-weighted Dow, is up 11% based on the mostly favorable outcome of some tobacco litigation and rumors of a spinoff involving its Kraft Foods unit. (Altria officials have declined to comment on specific steps it might take.)

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AT&T is up 30% this year, but that is after declining nearly 50% over the previous five years. And Hewlett-Packard shares are up 26% but have been hindered recently by a scandal involving the way a subcontractor obtained telephone records in an investigation of leaks from the company's board of directors.

Strategist Jack Caffrey of J.P. Morgan Private Bank believes investors are still mostly in a defensive mode, which means they will continue to buy shares in big, multinational firms that are perceived as safe. He says the Dow could head higher, although he steers clear of calling for a record.

"If I'm right in terms of why these names go up, then I'm happy," he says. "If it hits a record, well, then double kudos. But that's not my focus."

One risk facing the Dow is that some unexpected economic development -- perhaps a steeper selloff in energy -- could upset the gradual economic slowdown that much of Wall Street is hoping for.

Most strategists believe a so-called Goldilocks economy -- one that's not too hot, not too cold -- would be the best scenario, offering ample room for stocks to head higher. But if inflation gets out of control, or if the economy teeters into recession, such an outcome could be upset.

Jim Paulsen, chief investment strategist at Wells Capital Management, thinks the dollars consumers are saving at the fuel pump will flow toward other purchases. In turn, he thinks that will spur the Fed to increase rates again to slow the economy, perhaps spooking stock investors. Higher interest rates can crimp corporate profits by boosting borrowing costs and also deter consumer spending.

Dow Nudges Peak Of Six Years Ago (CSM)

By Mark Trumbull

The Christian Science Monitor, September 18, 2006

The US stock market is finally nearing the peak levels it reached in 2000 - before a recession, terrorist attacks, and surging oil prices exacted a toll on American financial wealth.

As bull markets go, this one has been slow and faltering, but the comeback is nearly complete.

In the past two months, the Dow Jones Industrial Average has jumped about 8 percent. It's welcome news for investors, but more broadly it reflects a vote of confidence for America's economy at a delicate time.

Some economists worry about a possible recession, especially if the housing market stumbles badly. Others fear that inflation will persist. But the stock market is riding on hope of a more moderate outcome: that the economy can continue growing, if perhaps more slowly, as a housing boom fades and inflationary forces diminish. A recent drop in oil and gasoline prices has bouyed those hopes.

"The background in the economy is pretty good," says Michael Cosgrove, who publishes the Econoclast, a market newsletter based in Dallas. If it stays that way, he says stocks could hit new highs and "we could have a pretty good run in 2007."

If this week's performance matches last week's, the Dow Jones Industrial Average will push through a kind of millennial milestone - the 11722.98 peak reached on Jan. 14, 2000.

The widely watched index of 30 major stocks closed last week at 11560.77, just 162 points or 1.4 percent away from matching its old record. The broader Standard & Poor's 500 stock index was still about 10 percent off its early-2000 level.

Analysts are divided over just how far the current bull run might go. Some say a string of record corporate profits is bound to end as the economy cools. Others say the presence of such bearish sentiment could provide a backdrop for some good gains.

"There's a pretty well-rehearsed bearish story out there," says Max Bublitz, chief strategist of Seneca Capital Management, an investment firm in San Francisco. But that story, he says, is "a little shopworn."

His forecast is for solid but unexciting gains in the short term and next year.

"What we are is kind of defensively bullish," he says. He reckons the S&P 500 index could end this year at around 1360 and next year at 1450, for a price gain of about 9 percent in 15 months.

The bearish view points to a range of challenges: a likely slowdown in corporate profits, uncertainty about the economy and inflation, past history of market declines during the fall months, and concern about US elections or flash points in the Middle East.

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Factors such as those have been holding investor sentiment in check. In one way, that could be good news. Stock prices often "climb a wall of worry," in Wall Street- jargon, when investors gradually overcome a pessimistic trading environment to generate marked gains.

By contrast, strong bullish sentiment can be a sign of a market reaching its upper limit.

There's certainly been no such frenzy in this bull market, which will celebrate its fourth birthday in October, according to Standard & Poor's. The bull began its upward climb late in 2002 as the economy was struggling to find its feet after the dotc om stock bust and the Sept. 11 attacks. After a sharp initial rise of nearly 30 percent in 2003, US stocks have risen slowly even as corporate profits have soared.

Normally, over the long term, share price gains are closely related to corporate profits, which in turn depend heavily on the performance of the US and world economy.

But stocks hit such a high peak in 2000 that it has taken a long time to reestablish equilibrium.

"We think that the market's fairly valued," says Sam Stovall, chief investment strategist at S&P in New York. "In this period of increased risk, investors are not willing to pay up for stocks."

Standard & Poor's forecasters predict that the S&P 500 will end the year at 1315, slightly below its Friday close.

At that level, the stocks will be valued at about 15 times their actual earnings for the calendar year.

S&P expects its index, which covers 500 of America's largest companies, to gain about 9 percent in price next year.

"I'm a single-digit bull," not a raging bull, says Mr. Stovall.

Indeed, he acknowledges that a record string of 17 quarters of double-digit earnings growth by the companies in the S&P index may be nearing its end. Perhaps two more quarters of such gains remain.

Richard Bernstein, chief strategist at the investment house Merrill Lynch, talks of an outright "profits recession" next year, with earnings growth turning negative for a time as companies face a cooler economy.

The firm recommends that investors devote a bit less of their money to stocks than usual - 50 percent instead of 60 percent - with the remainder in bonds and cash. Mr. Bublitz, by contrast, recommends putting more like 65 percent in stocks.

Amid the debate over where the market will head next, some recent economic news has been reassuring. An inflation report on Friday was subdued, offering hope that the Federal Reserve won't have to raise interest rates when it meets this week - and that the Fed's rate-tightening may have ended.

But Mr. Cosgrove, the Dallas economist, cautions that when the S&P 500 index is adjusted for inflation, it is still only halfway back to its 2000 peak. Stocks remain the best place to invest, he says, but the decade may be done before the S&P's price is again at its inflation-adjusted 2000 level.

Rates Not Expected To Go Up This Week (USAT)

By Sue Kirchhoff

USA Today, September 18, 2006

WASHINGTON — The Federal Reserve is expected to leave short-term interest rates unchanged when it meets Wednesday, given recent signs of moderating inflation and growth.

A market that bets on future Fed moves was pricing a 90% chance that the central bank will stand pat this week for the second straight meeting. But there is less agreement about the Fed's long-term strategy.

John Silvia, Wachovia's chief economist, says that while inflation is higher than the Fed would prefer, recent signs of moderating prices give the Fed room to sit tight on rates to get a better sense of where the economy is headed.

“If housing deteriorates faster, they may (cut rates) in the first quarter,” Silvia says. “If housing stabilizes and the rest of the economy picks up, they may raise rates. … It's that open.”

After 17 quarter-point rate increases from June 2004 to June 2006, the policymaking Federal Open Market Committee voted in August to stand pat, leaving its target for short-term rates at 5.25%.

Though core inflation, which doesn't include food and energy prices, has been running above the Fed's informal comfort zone of 1% to 2%, Fed Chairman Ben Bernanke and other officials have said in speeches and statements they expect a slowing economy to reduce price pressures.

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There is some evidence that's happening. On Friday, the Labor Department said consumer inflation was 0.2% in August, down from July's 0.4% jump. Excluding food and energy, prices rose 0.2%, the same as in July, and are up 2.8% in the past 12 months. Light, sweet crude has fallen sharply from its July high of $77.03 a barrel, easing inflationary pressure from energy prices. U.S. crude prices settled at $63.33 Friday in New York trading.

"So far, it looks like everything is playing according to the script that (Bernanke) laid forth," says Dan Jester, economist at Economy.com.

Jester predicts the Fed will hold pat into next year but adds there are big risks to the outlook.

Those risks have economists and Fed officials divided about the course of policy down the line. Richmond Fed President Jeffrey Lacker voted against the August pause and warns that inflation, mainly from wage pressure, is building.

But Roger Kubarych of international bank HVB says declining factory output could mean the slowdown is broader than expected. The Fed reported Friday that industrial output fell 0.1% in August, with manufacturing activity flat and declines in mines and utilities.

How Stock Options Muddle The Relationship Among Wages, Corporate Profits And Inflation (WSJ)

By Greg Ip

The Wall Street Journal, September 18, 2006

Scorekeepers at the Commerce Department last month discovered that American workers were earning far more than previously estimated -- and that created an economic puzzle.

The new data were out of step with other measures showing sluggish wage growth, a factor in widespread worker dissatisfaction turning up in the polls. And the increased income wasn't matched by more production -- that is, in gross domestic product -- as it should have been.

Solving this puzzle is important for understanding how well American workers and companies are doing and whether rising wages pose an inflation threat.

The answer appears to be stock options, a growing part of compensation for top-end workers. Accounting for them properly has been a major source of controversy for companies. Now it is complicating the government's economic accounting, as well.

The Commerce Department's Bureau of Economic Analysis, which keeps the nation's GDP books, treats profits from the exercise of options as labor income. But options aren't counted in most other measures of wages. So the BEA reports -- which are important both to markets and the Federal Reserve -- may be overstating the extent of wage pressure, and, for related reasons, at least temporarily understating profits.

Here is what's going on:

Last month, the BEA declared that labor income for all Americans in the first half was an annualized $95 billion, or 1.3%, more than it had estimated just a month earlier. This suggested Americans were flush with cash, welcome news for those worried about a slowing economy, but it also raised inflation alarm bells.

From 2001 to 2004, the productivity of American workers -- the amount they produced for each hour on the job -- rose enough so that companies could pay somewhat higher wages without raising prices. The new data changed that benign picture. They showed that business compensation per employee-hour soared almost 8% in the year through June. Adjusted for higher productivity, labor costs jumped 5%, a near six-year high.

But something didn't seem right. That jump in labor costs should have squeezed profit margins, yet margins are at a 40-year high. Plus, the 8% rise in hourly compensation far outstripped better-known measures of labor costs. The Labor Department's employment-cost index -- which includes hourly wages, benefits and bonuses -- rose just 3% in the same period. The weekly wage of workers at the statistical middle rose only 2.5%.

Adding to the mystery was the economic-textbook fact that Americans' income -- wages, benefits, profits, etc. -- is supposed to equal the value of what they produce. But after the revisions, gross domestic income was rising much faster than GDP. The two seldom match perfectly, but the divergence was striking.

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The likely explanation: stock options. The income earned when employees cash in stock options is counted in both gross domestic income and the Labor Department's productivity-adjusted labor-cost measures, but not in most of the other wage measures.

"The stock market was strong in the first quarter, so that suggests probably quite a bit of stock-option exercise," says Brent Moulton, associate BEA director for national economic accounts. Because higher-paid employees are more likely to have stock options, this helps explain why the advance in labor income doesn't reflect the average worker's experience.

Stock options also might have led the BEA to overstate profits, and thus gross domestic income. Here's why: Corporations keep separate books for shareholders and for the Internal Revenue Service. The BEA uses the latter to measure profits.

The two treat stock options differently. When reporting profits to shareholders, companies must expense only the fair value of the option on the day it was granted. That's usually quite low (unless the option was backdated, but that's another story).

But when reporting profits to the IRS, the company may expense the (usually) far-higher value of the option the day it was exercised. So in periods of heavy options exercise, shareholder profits will be higher than taxable profits.

"For wages and salaries, we now have very accurate data," Mr. Moulton says, thanks to speedier access to unemployment-insurance data, which track both regular wages and options. For corporate profits, though, the agency relies a lot on reports to shareholders. Because these generally exclude full options expense, the BEA must estimate it. The BEA must wait as long as a year for the annual reports for the details on option expense, and two years for comprehensive IRS tabulations.

"We sometimes can get quite large revisions when we get the IRS data," Mr. Moulton says. It is "a possibility" that profits will be revised down when BEA gets the complete detail, he says.

If options expense has squeezed profits, is that a problem for inflation? Probably not. Corporations don't think of stock-option expense as ordinary labor compensation, says Robert Willens, a tax-and-accounting expert at Lehman Brothers. Option expense is "dependent on how the stock does, which is sort of out of the company's or the employee's control."

Thus, investors and the Fed are likely to discount swings in the BEA labor-cost measures once they figure out they have more to do with swings in the stock market than anything else. The bottom line: Wage increases, while accelerating, aren't flashing a warning sign.

Democrats Bolster Economic Message (RC)

By Erin P. Billings

Roll Call, September 18, 2006

Forced to play defense on national security for the third election year in a row, Congressional Democrats have been huddling in recent days to try to sharpen their attacks on the one issue they believe puts Republicans on the run: the economy.

“We’ve been aggressively pushing back on these national security issues that we know are on their turf,” said a senior Democratic aide. “Now we want to go on our turf.

“We’ve got to go on the offensive and keep our eye on the ball — and that’s the economy.”

While the economy has long been a central focus of both the Democratic and Republican election-year platforms, Democrats in both the House and Senate have been working behind the scenes to redouble their efforts to draw attention to the issue.

Democrats in both chambers say they cannot sideline their economic message, even as they attempt to battle a powerful GOP political machine that’s trying to paint them as weak on terrorism.

Privately, Democrats say they believe they can tap into voters’s anxieties about economic security just as effectively as the Republicans play into Americans’ fears about their safety at home.

“Bush and the Republicans have clearly tried to keep us focused on national security, and while Democrats are going to hit back hard, we also have to make sure we get them to play on a field that’s favorable to us,” said a high-level House Democratic staffer. “We have to be able to walk and chew gum at the same time.”

Sen. Ron Wyden (Ore.) said Democrats have been talking about the economy “every step of the way” but acknowledged that Republicans, armed with the megaphone of the White House, recently have been able to define “the entire agenda” around the issue of fighting terrorism.

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But, Wyden added, "we don't take a back seat to anybody" on national security, and will fight "strenuously" to further the Democratic agenda on the economic front.

"Yes, they have the bully pulpit to talk about security, but that's the only issue they have," said House Minority Whip Steny Hoyer (D-Md.). "In all other areas, they have essentially been failures."

Democratic lawmakers and aides say they believe the 2006 elections will turn on several factors, but in many of the top competitive races across the country — including contests in states such as Michigan, Ohio, New York, Indiana and Kentucky — the economy is likely to be the driving issue. And internal and external polling suggests that the economy remains the No. 1 concern on most voters' minds this cycle, even behind the Iraq War, those Democratic sources said.

The Democratic House aide said while the party may be able to make gains on Nov. 7 on the GOP's handling of the war by itself, the Democrats' stance on the economy is the issue that will bring the party across the goal line.

"We're not going to win 15 seats on the war in Iraq," the staffer said.

Sen. Debbie Stabenow (D-Mich.), running for her second Senate term, said the economy is the issue atop Michigan voters' minds, calling it "the No. 1 focus of everyone in my state." And while national security is important to her constituents, she said, the 2006 election "is all about jobs."

Democrats acknowledge they aren't inventing a new economic message, nor are they laying out new proposals with just seven weeks until Election Day. But they are planning to once again ramp up the number of media events, floor speeches and legislative maneuvers where they press key economic issues, including a minimum-wage increase, Social Security protection, college affordability, Medicare prescription drug coverage, the extension of certain tax provisions beneficial to the middle class and energy policy reform.

The latter has lost much of its urgency now that gas prices have started to fall in recent weeks, something Democrats acknowledge does neutralize one of their top selling points to voters. Democrats plan to modify their message, however, with an argument that gas prices remain unstable because the United States remains too dependent on foreign oil and hasn't done enough to invest in alternative energy supplies.

Wyden added that concerns about the price at the pump haven't gone away, saying, "It's clear that gas prices are going to be on a roller coaster" for sometime to come, and Democrats effectively can argue that the GOP has "made no progress" addressing the cause.

Senate and House Democrats, in session for about two more weeks, are calling their final push a "dual track" that counters the GOP on national security while holding a series of events to drive home an argument that Republicans have stretched the middle class too thin with failed economic policies.

"We've got to talk about it," Hoyer said. "Our folks are focused on our [election platform], 'Six for '06,' many of which are involved with real security, but the rest are focused on jobs, health care, energy independence. We'll do it in the near term. We'll engage immediately."

Republicans remain comfortable using national security as the key issue this fall, and they don't think the Democrats can stop that momentum, no matter what strategy they use.

"Wait, is the economy yet another 'new direction' for the Democrat leadership?" asked one senior Republican staffer, poking fun at the minority's election-year slogan. "Good luck. Gas prices are down, jobs and wages are up and security is still the top concern."

Still, Democrats are pressing ahead. The plan is to devote this week's House Democratic Caucus session to the party's two-track economic and national security strategy and message, and the party is organizing a series of upcoming events on the economy, including a Member-driven "wage forum" at the end of this week.

Senate Democratic leaders, in the meantime, have called on their Caucus to put the economy back in full focus, telling Senators in a memo Friday that they cannot waste any time pushing the Democrats' two-part battle plan on national security and the economy.

The leadership memo, sent to Senate Democratic staff, said that "while Iraq may be high among the concerns of the American people, it is a distant reality in comparison to the day to day challenges many families face filing their gas tanks, paying for college, saving for retirement and securing a job."

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"Given Republican failures, it would be a mistake for us to shift the economy to the back burner as we continue our offensive on terrorism and security," the letter stated.

Senate Minority Leader Harry Reid (Nev.) took to the floor Friday to set the tone for his Caucus on the upcoming economic offensive, chastising the Republican Congress "for blocking middle-class tax relief" and making the case for extending a series of tax provisions designed to help different segments of the country.

Democrats are hoping that on Election Day, the public will view them as the protector of the middle class and agree with their argument that the GOP is to blame for job losses, wage stagnation, rising health care costs and fluctuating gas prices. But Democratic lawmakers emphasize they have to keep reminding voters of that.

"Most people understand this economy is Bush's economy," said Sen. Byron Dorgan (N.D.). "We have to defend ourselves on security, regrettably, but we are very intent on making certain America knows the series of things we have proposed with respect to the economy is very different than [what] the Republicans" have proposed.

Republicans Gain In Midterm Polls (WT)

By Donald Lambro

The Washington Times, September 18, 2006

Republicans appear to be gaining on the Democrats in the 2006 midterm campaign because of growing confidence in the economy, falling gas prices and President Bush's sustained political offensive on the terrorist threat, according to pollsters and campaign strategists.

The most significant political movement in the past week or two has been in the battle for control of Congress. National preference polls on the so-called "generic ballot" question -- which party's candidate voters say they would choose -- show Republicans have narrowed the once-substantial lead Democrats held and are now trailing them by three percentage points, independent pollster John Zogby said Friday.

Mr. Zogby credited the Republican Party's sudden political turnaround to "the president's focus on the war on terrorism, a rebound among his own base," and the Democrats' failure to lay out a clear plan of their own on "how are we're going to get out of Iraq and what they would do about terrorism that's better than the Republicans."

Democrats "are not giving their Democratic base what it needs to hear on those issues," Mr. Zogby said. "Republicans are severely wounded. The Democrats should be crushing them, and they are not."

Top election forecasters have pointed to an anti-Bush and anti-Republican "wave" that they predict will return the Democrats to majority power in the House, but Mr. Zogby said, "I don't see the landslide that others are seeing. That doesn't mean it can't materialize, but as of today, it's not happening and this is mid-September."

Some pollsters, such as Gallup, still show the Democrats enjoying larger, 12-point leads in the generic surveys. But Mr. Zogby's numbers mirror a tightening in several other voter-preference polls, including a Fox News poll of likely voters, and what campaign strategists and political reporters say they are seeing in the battleground states.

The Republican Party's improving polls coincide with a number of positive developments on the economic front that Republicans hope will further lift their political prospects in November. The price of oil dropped to nearly $62 a barrel Friday from a high of $77 last month, as gasoline prices continued their descent to a national average of $2.62 per gallon, though many battleground states were reporting lower prices for regular.

Some of the lowest averages included Iowa, $2.32; Indiana, $2.36; Missouri and Ohio, $2.25; Minnesota, $2.35; Michigan $2.37; and Kentucky, $2.34.

As gas prices fell, the stock market was rising, with the Dow Jones industrial average soaring to 11,560 Friday, 162 points from its all-time high, that boosted worker pensions -- and a consumer confidence survey showed Americans were "in a decidedly more optimistic mood," the Ipsos poll reported Friday.

The Republicans' improving poll numbers were also reflected in a number of tighter House and Senate races, while a separate Zogby poll showed that Republicans in three high-profile Senate races -- in New Jersey, Pennsylvania and Ohio -- had improved their poll numbers significantly in just the past week or two.

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Much of the party's gain was the result of Republicans coming home to their party as Mr. Bush focused on the issues that most deeply divide the country -- Iraq and the war on terrorism.

"The base is finally coming around. Democratic intensity has been strong for the last year, but Republican intensity all of a sudden has increased," said Republican campaign strategist John Brabender, who is advising Sen. Rick Santorum of Pennsylvania in his re-election campaign.

"Some of the positive things that are happening in the economy are starting to cause some excitement among Republicans," Mr. Brabender said.

"We're seeing a tightening up in the congressional races, too, in the last 10 days. The president is putting out a much more targeted message, talking about the security of the country. For the first time, he's playing more offense than defense and that's helping Republicans," he said.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 18, 2006

Get over it

"Stop apologizing, already," wrote John Hinderaker of Power Line yesterday.

"Now Pope Benedict says he's 'deeply sorry' that he offended Muslims. Meanwhile, no Muslim leader has been reported apologizing, or even expressing regret over, the murder of an Italian nun in Somalia. Witnesses to the murder say it 'appeared to be linked' to Muslim hysteria over the Pope's speech; those witnesses spoke 'on condition of anonymity for fear of reprisals.' Reprisals? From members of the Religion of Peace? Why on earth would they be worried about reprisals?"

"The Pope has nothing to apologize for, and the last thing he should do is chase after Muslim spokesman with an ever-more-abject series of apologies. They can't be satisfied ... . There is a fundamental conflict here between many Muslim leaders, who demand that no one say anything about Islam except as approved by them, and the West, which recognizes freedom of speech. Pope Benedict serves neither himself nor the West when he appears to recognize as legitimate Muslim demands for a veto on all discussion of their religion and their place in the world. The Pope's message to Muslims should not be an apology; it should be: Get over it."

Self-absorbed affairs

"Why is the left afraid to face up to the threat of radical Islam?" asked Bret Stephens of the Wall Street Journal Online yesterday.

"Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?" Mr. Stephens added. "An instinct for pacifism surely goes some way toward explaining the left's curious unwillingness to sign up for a war to defend its core values."

Mr. Stephens later concludes: "Whatever else distinguishes Islamism from liberalism, both are remarkably self-absorbed affairs, obsessed with maintaining the purity of their own values no matter what the cost ... Liberal beliefs deserve to be protected and fought for. A liberalism that abandons its own defense to others does not, something liberals everywhere might usefully dwell on during this season of sad remembrance."

Tsk-tsk, tut-tut

Heavy-duty Democratic donor George Soros conceded on CNN yesterday that his claim made in his new book "The Age of Fallibility: Consequences of the War on Terror" -- that "the Bush administration and the Nazi and communist regimes all engaged in the politics of fear" -- was dicey, at best.

"Maybe I did go over the line. But I think that on the whole, my assessment is balanced," Mr. Soros insisted to host Wolf Blitzer, later saying, "But I should have probably kept it to myself."

Mr. Blitzer observed, "I guess you acknowledge you went over the top."

Not too shabby

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"President Bush is receiving his highest job-performance numbers in a few months," according to a Harris poll of 1,004 adults surveyed between Sept. 8 and 11 that was released yesterday.

According to the respondents, 12 percent said Mr. Bush's job performance was "excellent," 27 percent felt it was "pretty good" and 22 percent deemed it "fair." Thirty-eight percent said it was "poor."

Tending the fires

The America of yesterday has vanished and the America of tomorrow holds promise of becoming a land our parents would not recognize," cautions Pat Buchanan in the September edition of the American Conservative magazine, declaring that the nation "rose from kin and culture, not an abstract proposition."

Mr. Buchanan later continues, "Before Americans ever adopted a creed, Americans were a people and a nation. Those who equate that creed with the nation rewrite that history to convert America into something she never was: an imperial democracy imposing her ideology on a resisting world, to the ruin of the Republic she was meant to be. And they will turn America into something she cannot survive becoming: a multicultural, multiethnic, multilingual Tower of Babel."

"If we are a creedal nation, united by a commitment to democracy, equality and liberty, with a mandate and a mission to impose those ideas and ideals on mankind, we shall have a foreign policy like that of George W. Bush. But if we are a traditional nation, our national interests will be traditional: the defense of the land and the preservations of the lives and liberty of our people."

Fit to print?

Beginning today, the New York Times begins a campaign to convince the public that it's still the newspaper of record, even in the post-Jayson Blair era. The paper has inaugurated a new "branding campaign" for itself which it calls "These times demand the Times."

The marketing blitz will use 30- and 60-second TV spots to highlight how the news is reported while showcasing select reporters and columnists with "vignettes of their personal stories."

"Journalism is everything to the New York Times," observed spokeswoman Alyse Myers.

Bubba yes, Scooter no

Some conservatives wonder if they should defend the honor of I. Lewis "Scooter" Libby in charges related to the Valerie Plame matter when they previously called for the impeachment of President Clinton on charges of perjury.

"Unlike Libby, Clinton was not indicted despite overwhelming evidence of his actionable lies and obstructions. Indeed, Clinton's offenses went so far as lying under oath during a deposition overseen by a federal judge, who later held him in contempt of court," pointed out Mark Levin on National Review Online yesterday.

"Clinton never challenged the judge's holding. During the course of that sworn deposition, he also knowingly lied to his attorney and knowingly allowed his lawyer to submit an affidavit at the deposition he knew to be false and, in fact, helped to concoct," he wrote.

"Clinton's lies had nothing to do with issues of recollection or confusion, but were both overt and conspiratorial -- including suborning perjury. Clinton led the cover-up, and Clinton sought to fix the sexual-harassment lawsuit filed against him," Levin continued.

"Unlike Libby, Clinton was the subject of the investigation. Libby was a bit player. Clinton had every reason to lie and cover-up his conduct as both the Paula Jones and Monica Lewinsky matters would be politically devastating and expose him to civil liability. Libby had no reason to conceal anything about his discussions with reporters as those discussions were not criminal and, as we now know for certain, he was not part of some White House cabal to destroy Valerie Plame, as critics have long (and falsely) asserted."

What To Expect Over The Next Seven Weeks (RC)

By Stuart Rothenberg

Roll Call, September 18, 2006

It's a good idea to try to anticipate the ups and downs of this election cycle's stretch run, so when the inevitable stories about a Republican "surge" hit the newspapers, you won't be taken completely by surprise.

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First, this is the kind of cycle when long-shot challengers suddenly appear, even as late as mid-October. If the national environment doesn't change, Republican seats previously taken for granted could show up as vulnerable in late polling, as the Democrats experienced with then-Rep. Dan Rostenkowski's Illinois district in 1994.

But since polling across the country shows that Democratic voters already have rallied to Democratic candidates, some of these surprisingly close polls simply may reflect the Democratic generic vote in the district rather than a Democratic challenger's strength.

Democrat Charlie Brown, for example, who is challenging Rep. John Doolittle in California's 4th district, has a poll showing him running virtually even with the GOP incumbent. But while Doolittle has loads of personal problems, his district is heavily Republican.

More important, Brown, a career military man, has the warmth of a second-degree frostbite. And that's before you get to the contradictory and confusing way he talks about issues and his personal philosophy. So once Doolittle starts to spend his substantial resources on beating up Brown, the challenger's prospects are likely to dim.

I'm certainly not suggesting that all of the late-developing races will be mirages, only that it's wise not to overreact to news of "surprises." Take a deep breath, check them out and look for reasons not to take them at face value (especially if you want them to be true). If, after being as skeptical as you can be, you still think a "surprise" looks interesting, then you can start getting excited.

Second, beware of all national surges. And remember: Journalists always want a horse race, not a blowout.

I've been doing this long enough to know that in pretty much every election cycle, there is talk, invariably sometime in October, that one party or the other is "surging." In 1994, for example, the last time a truly significant partisan wave hit, there were reports in October of a Democratic surge.

Back then, Democrats expected to hold control of the House of Representatives until the Earth fell into the sun, so they waited throughout the summer and fall for the inevitable point at which Democratic candidates strengthened in the polls. That point never came, but it didn't stop a flurry of media reports in October that a Democratic surge was under way.

An article in the Oct. 28, 1994, Los Angeles Times, for example, asserted that "there are signs of subtle shifts in public sentiment and political strategy that suggest Democratic Party loss[es] on Nov. 8 might not be as severe as many experts predicted."

The reports of a Democratic rebound were so widespread that the lead in my own pre-election newsletter that year asserted that I could find no surge in my reporting. I wouldn't have done that if I hadn't been forced to address the "surge" hysteria.

The likeliest culprit for starting a premature, or totally incorrect, surge panic this year is a national poll that reports on a dramatic closing of the generic ballot or a spike in the president's job ratings. That's likely to lead the Republican National Committee and the two federal campaign committees to send out a flurry of buoyant e-mails.

Mind you, I'm not ruling out improved prospects for Republicans. Maybe the White House's efforts to redefine the elections as a choice on national security will prove at least partially successful, or maybe an event or a news story will change the political discussion. But I'd be wary about buying talk of a "surge" until I saw multiple national polls showing a fundamental shift in opinion or until district-level and state-level polls in competitive contests show Republican candidates doing better.

I know this will be hard to believe, but some of the people who talk about politics or conduct polls want to grab as many headlines as they can, and they may create a surge frenzy, or jump on a surge bandwagon, merely to promote themselves and get quoted.

Third — and this doesn't contradict my last warning — don't be surprised if there is some normal "firming" of the GOP base in the next six weeks that helps GOP candidates in Republican-leaning districts. In fact, I'm expecting it.

I've been struck by the unusually early firming of the Democratic vote, which has resulted in some Democratic candidates for Congress exceeding their name identification in the ballot test by 10 points or even 20 points.

Early polls showed independent voters so disproportionately Democratic that it's likely some of them, who usually vote Republican, will slide back into the GOP column. And some Republican and conservative voters remain undecided, as in the Tennessee Senate race I wrote about recently. Certainly some of those voters are likely to rally behind Republican candidates as Election Day nears and the prospects of dramatic Democratic gains seem more real.

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No, I don't really expect most in the national media or the blogs to heed these warnings. Overreaction is a way of life for many of them. But now is exactly the time to be cautious about rumors and news. It's better to get it right than to get it first.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Niall Ferguson: The GOP Will Hang On (LAT)

Niall Ferguson

The Los Angeles Times, September 18, 2006

All those predictions of an autumn of discontent will likely go up in smoke.

WILL IT ONLY be the leaves that descend this fall? Or could some Republican legislators also end up being swept into piles and incinerated?

At first sight, the omens are good for the Dems in November's midterm elections. Gallup's national poll of voting intentions has given them a 10-point lead over the Republicans for most of the last year. The obvious explanation is gloom about Iraq, which remains the No. 1 issue in voters' minds. President Bush defended his policy trenchantly in the run-up to the fifth anniversary of 9/11, but his approval rating has improved only slightly as a result.

Then there's the economy. If that proves to be the key issue of this campaign, the Democrats look unstoppable. Voters give them a 12-point advantage when it comes to handling the economy, and twice as big a lead on Social Security. Small wonder so many of my liberal colleagues have a spring in their step.

Asked if they feel more enthusiastic than usual about voting, 56% of Democrats say they do, compared with just 43% of Republicans. For three good reasons, however, I expect the Dems to be disappointed — just as they were two years ago.

First, on closer inspection, Iraq is still far from being a vote winner for Democrats. Many Americans still believe that invading Iraq was a rational response to 9/11, even if evidence to link Saddam Hussein to the perpetrators is conspicuous by its absence. So they buy Bush's notion of Iraq as the "central front" in the war on terror. Moreover, when asked which party they trust to wage that war, they prefer the Republicans to the Democrats by a margin of 14%.

Crucially, if asked to choose between a Republican who wants to maintain troop levels in Iraq and a Democrat seeking "immediate and orderly withdrawal," 48% of voters plump for the Republican and just 41% for the Democrat. Americans may want troop reductions; they are not ready to cut and run. If the Republicans can portray their opponents as favoring withdrawal, they win the Iraq argument.

Second, despite widespread fears over the summer, the U.S. economy looks to be landing softly. Growth has slowed, not stopped. Consumption is still growing, as are earnings. Sure, inflation is up, but unemployment is down (4.7% compared with 4.9% a year ago), and crude oil prices have dropped sharply since August, easing the pain Americans feel when they fill up their cars. The stock market has bounced back since the dog days of July. The threatened real estate crash has failed to materialize, though house prices have certainly cooled.

And to appease those Americans who blame their economic difficulties on immigration, squabbling Republicans in Congress have sidelined the president's plan for a partial amnesty for illegal immigrants.

In most democratic systems, of course, that kind of internal dissension causes parties to lose credibility. But thanks to the constitutional separation of powers, party unity matters less here. Indeed, under Karl Rove's direction, the Republican Party is adopting its own strategy of separation, allowing legislators to do whatever it takes — including, if necessary, criticizing their own president — to ensure their own political survival. This is the third and most important reason to expect a non-event in November.

IT'S AN OLD ADAGE that in the United States all politics are local. That's even more true today than it was a generation ago. Gerrymandering has tended to increase the political homogeneity of most electoral districts. This in turn increases the chances that incumbents will be reelected. Once a district has a critical mass of either Republicans or Democrats, the key to victory is to mobilize the "base" of active voters. There's much less need to woo floating voters from the center, who may in any case fail to turn out on election day. This trend explains why there's less bipartisan cooperation in Congress than there used to be. It also explains why legislators don't hesitate to badmouth the president if they feel he's out of tune with local sentiment.

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In one of last week's primary contests, Sen. Lincoln D. Chafee of Rhode Island comfortably saw off a conservative challenger in a primary. Chafee, deemed more palatable to general election voters in November, was backed by the national party despite being one of the party's inveterate Bush bashers.

The big question is whether or not the strategy of separation can work in two years' time, when voters have to elect a new president. It's a challenge. Separation is one thing; a split personality is another.

For the Republican candidate in '08, it might actually be better if the Democrats did well in the midterms, because a brief return to power on the Hill would expose their chronic incoherence, making the case for a Republican comeback two years down the line. That scenario, however, is not on the cards. The leaves may be falling in George Bush's America, but the Republicans look like they're hanging on.

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Nation & World (USNEWS)

By Dan Gilgoff

U.S. News and World Report, September 18, 2006

Seven weeks before Election Day, roughly a dozen Senate races-a full third of this year's matches-are hotly contested. Most of the tightest races are for seats now held by Republicans, putting control of Congress's upper chamber within reach for Democrats, if everything goes their way. Here are three races that got more interesting last week:

Maryland: In a close contest, Rep. Ben Cardin beat ex-Congressman and former NAACP chief Kweisi Mfume in last week's Democratic primary. Maryland has long been dependably Democratic, but GOP Senate nominee Michael Steele, an African-American, is courting the state's sizable black community. Because the white Democratic establishment backed Cardin over Mfume, the telegenic Steele may have an opening.

Virginia: Sen. George Allen's "macaca" gaffe has cost him, with a double-digit lead over challenger Jim Webb all but evaporating, according to new polling. A navy secretary under President Reagan, Webb launched a TV ad that featured Reagan praising him. The spot provoked Allen into attack mode, with an ad spotlighting Nancy Reagan's request for Webb to pull the footage.

Pennsylvania: After debating on Meet the Press, Republican Sen. Rick Santorum is closing in on Bob Casey Jr., who once held a commanding lead. Casey is catching flak for his low-energy style-including in the nationally televised debate-and for being more anti-Santorum than pro-anything. Santorum is campaigning like a proud Republican, calling President Bush "terrific" and insisting weapons of mass destruction have been found in Iraq.

What Bush's Body Language Means (TIME)

By Mike Allen

Time, September 18, 2006

The President is standing face to face with NBC's Matt Lauer by the immaculate oak desk in the Oval Office, jabbing emphatically toward the Today anchorman's chest and insisting, "My job is to protect this country, Matt. And it gets second-guessed all the time by people who don't live in the United States." Lauer has interviewed Bush several times, and they have a convivial relationship, bonding about golf and bikes during breaks in the taping. But at the moment, Lauer is pressing the President on the legality of the CIA's secret detention program for accused terrorists. Lauer holds his ground on the big rug as the Commander in Chief edges forward, encroaching on his space to the point that Lauer finally puts a hand on Bush's forearm to prevent a collision. When the cameras are turned off, according to a witness, Lauer tells the President, "Whoa! I thought you were coming after me there." Aides to both men laugh. The President lightens too, but adds, "I feel really strongly about this subject."

Friends and staff members have maintained that Bush has been a Steady Eddie through the nearly ceaseless storms since his re-election, confident that history will treat him right and disinclined to sweat the day's headlines or chatter. But as he stares down one last campaign, the President suddenly seems to be all adrenaline and testosterone. It shows in his frenetic schedule and in his assertive choice of words but perhaps most especially in his body language as he tries to win over midterm voters by looking and sounding commanding--he's practically shaking voters by their lapels.

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With the press, the President has been brimming over with restless energy. Rich Lowry of National Review, who was in a group of conservatives ushered onto the Oval Office couches and found the President to be "utterly self-assured," says the President nearly leaped out of his chair when he made some points. Lowry wrote that Bush untwisted what looked like a paper clip as he talked, "then twisted it around his finger until it was in a little bow." During a Rose Garden press conference, the President thrilled photographers with so many two-handed gestures--now up high, now out wide--that their motor drives could barely keep up.

During a day of chats just before the fifth anniversary of 9/11, ABC's Charles Gibson asked the President whether the nation's security would be harmed if Democrats carried the House this fall. "In my mind," Bush said, stabbing the air word by word with his pointer finger, "the Republican Party and its members are much better suited to defending this country." Then the two of them jumped into the armored Caddy. Bush leaned deeply against the Presidential Seal in the middle of the backseat as he handicapped the '06 races.

It was revealing that when Bush eulogized former Texas Governor Ann Richards last week, he saluted not just the ability of his home state's legendary political characters to "talk Texan" but also their physical presence--"people larger than life, people that could fill the stage." The President has been on just about every imaginable stage lately. He went to Capitol Hill; gave a prime-time address; held the Rose Garden news conference; invited an anchorman into his limo, an editorialist onto Air Force One and a columnist into the Oval; held an off-the-record session for conservative radio hosts; and sat down chummily with a clutch of conservative opinion writers who had favored the war in Iraq but now think more troops are needed. That was all in nine days. He's so determined to be everywhere that he even did a White House interview with CBS's Katie Couric, despite his rough history with the network and the view among many Republican operatives that she's too liberal. It was a reserved, wintry performance. When they were about to take a break and Couric joked that he had a country to run, he offered, "I've got more than one thing to do on a regular basis, on a daily basis." But this time he did not jab his finger.

2000 Redistricting Shields GOP Seats (WT)

By Donald Lambro

The Washington Times, September 18, 2006

One of the last lines of defense that Republicans hope will repel the Democrats' attempts to win back the House are the thicker "fire walls" they installed in their congressional districts under reapportionment.

Although Republican campaign officials think other factors will help them maintain control of the House -- including what even some Democrats say is the Republicans' stronger voter-turnout operation -- they say their earlier efforts to redraw congressional districts to account for population changes after the 2000 census will thwart many challenges on Election Day.

Three top Democratic takeover opportunities are in Republican-leaning Ohio, where a gloomy political climate has raised Democratic hopes of a major comeback in the state.

They are:

•The 1st Congressional District, where Rep. Steve Chabot faces a tough rematch with Democratic challenger John Cranley, a Cincinnati City Council member who ran against him in 2000.

•The 15th Congressional District, where Franklin County Commissioner Mary Jo Kilroy, a Democrat, is aggressively challenging Republican Rep. Deborah Pryce.

•The 18th Congressional District currently held by Republican Rep. Bob Ney, who pleaded guilty Friday to federal corruption charges and will not seek re-election. Republican state Sen. Joy Padgett is running against Democratic lawyer Zack Space.

All of them are on elections analyst Stuart Rothenberg's list of "pure tossups," but Republican officials said the districts have been redrawn to withstand just the kind of aggressive Democratic offensive they expect in November.

"Both the 15th and 18th district lines were changed and strengthened after the 2000 census, as was the 1st district," Ohio Republican state Chairman Bob Bennett said.

"I feel good about where we are and feel we've turned the corner, though it doesn't mean we don't have a battleground here. We do," he said.

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Election analysts compare the political environment this year to that of 1974, when Democrats gained 49 House seats, or to 1994, when Republicans won 52 congressional seats and took control of the House.

But election analysts who have studied the changing political makeup of congressional districts and the increasing power of incumbency say sophisticated redistricting technology has made many more districts virtually invulnerable to all but the strongest anti-incumbent wave.

"All the available evidence in the 2002 and 2004 elections is [the Republicans] have created a fire wall, because very little moved from one side to the other. It was almost static," said Rhodes Cook, a nonpartisan election analyst.

"Democrats only have to win 15 seats to take control, but the playing field is smaller now than it was, fewer races are in play, incumbents are safer, and because of the way they've drawn the district lines, they are more fortified," he said.

"I can see powerful factors rubbing up against each other of nearly equal size, but I'm reluctant to predict a Democratic takeover, because I appreciate the Republicans' successes," Mr. Cook said. "They know how to win of late, and the Democrats don't."

Obama: Dems Need Tough Security Stance (AP-Y)

By Mike Glover, Ap Political Writer

AP, September 18, 2006

Sen. Barack Obama, D-Ill., warned Democratic activists Sunday that the party must take a tougher stance on national security if it wants to succeed in the November elections.

"What Democrats have to do is to close the deal," said Obama, the keynote speaker at Iowa Sen. Tom Harkin's 29th annual steak fry. "We have got to show we have a serious agenda for change."

Obama's appearance in Iowa, where precinct caucuses launch the presidential season, has raised a number of eyebrows about his intentions for a presidential run in 2008. Though only a first-term senator, Obama has burst onto the national scene.

But he wouldn't say Sunday whether he was considering a run at the White House.

"My only attentions right now are focused on '06," said Obama. "Whoever is looking toward 2008 without focusing on 2006 makes a mistake."

Former Virginia Gov. Mark Warner also spent Sunday afternoon at the steak fry, and left little doubt that he is looking ahead to 2008.

"You know and I know that it all starts in Iowa," Warner told the audience. "Do your part. We're going to take back the Congress this year and then we're going to take back our nation."

Warner accused President Bush of using the anniversary of the Sept. 11, 2001, terrorist attacks to inject the issue of terrorism into the 2006 race. Warner said the strategy is proof that the GOP is nervous and trying to scare voters.

"I think Americans feel President Bush missed an opportunity on the fifth anniversary of 9/11 to bring our country together, to call us to some level of common cause and shared sacrifice," Warner told The Associated Press.

Obama said he and other Democrats want to take the nation in a different direction, but he vowed not to "demonize" Republicans. He said a carefully cast message could lure moderate Republicans who are uncomfortable with the White House's hard-line conservative stance.

"The American people are ready for change," he said. "The American people recognize the path (of) the last five years has not made us more competitive, has not opened more opportunities and has not made us safer."

Obama called the attention he has received "flattering," recalling how he was treated like a hero when he traveled to Kenya this summer to visit his father's home village. He also noted that rumors of his presidential ambitions began the day after he was elected to the Senate in 2004, when someone asked him about his plans for 2008.

"I said you'll have to wait a little while," he said.

In his speech to more than 2,000 activists gathered in a county park, Obama also warned that many voters are losing hope that the government is on their side.

"Even those of us in public life get a certain cynicism," he said. "We've got a lot of self-important leaders who are long on rhetoric and short on ideas.

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"People still believe that in America the promise is limitless, but they aren't sure their leaders do."

For This Red Meat Crowd, Obama's '08 Choice Is Clear (NYT)

By Anne E. Kornblut

The New York Times, September 18, 2006

INDIANOLA, Iowa, Sept. 17 — Senator Barack Obama insists, as always, that he is not running for president. But there are compelling clues that he is not exactly not running, either.

The most obvious was his keynote appearance here on Sunday at Senator Tom Harkin's legendary steak fry, a popular Democratic ritual in Iowa — and a prominent staging ground in this first presidential caucus state. The crowd rushed Mr. Obama when he arrived, then mobbed him for hours as other politicians wandered the fairgrounds introducing themselves and shaking hands.

But beyond his first trip to Iowa — a visit that was guaranteed to set off new speculation about his presidential ambitions — Mr. Obama is in the midst of an unconventional publicity tour of sorts. Fresh off a closely watched journey through Africa, including a stop at the home of his Kenyan-born father, Mr. Obama is about to publish a second book that supporters believe will outpace his best-seller from 1995.

With the book, titled "The Audacity of Hope," will come an October appearance on "The Oprah Winfrey Show," magazine profiles and a national speaking tour. Throughout, Mr. Obama is keeping up a full schedule of political speeches on behalf of Democrats nationwide; his fame has made him one of the most requested fund-raising guests in the party.

All of which means that, despite his efforts to coolly play down expectations for his future, Mr. Obama has allowed his already stratospheric profile to grow a little higher of late and has done less to tamp down the celebrity buzz than he did when he first arrived in the Senate last year.

"What a wonderful reception; I'm going to have to come to Iowa again," Mr. Obama said as he took the podium under a sunny sky here on Sunday afternoon in front of an estimated 3,500 people. In response, someone in the audience shouted, "Obama '08," a sentiment reflected in T-shirts and buttons featuring his name throughout the crowd in defiance of his repeated claim that he is focused on his duties as a first-term senator.

His 40-minute speech was punctuated by applause and standing ovations but also, at its most serious moments, brought the audience to a silence hushed enough for rustling trees to be heard. It focused on the importance of a Democratic victory in the 2006 midterm elections. Characteristically, he spoke in mostly moderate language.

"I don't think that George Bush is a bad man," he said. Referring to Republicans, he said, "They believe in different things."

But he touched on core Democratic themes, praising labor unions, defending the role of government and excoriating the Bush administration over the war in Iraq, the politicization of the threat of terrorism and the so-called ownership society.

If it was not a presidential stump speech, it certainly had the underpinnings of one. "Our parents and our grandparents faced greater challenges than we face, and yet somehow they were able to overcome it," Mr. Obama said. "That's the essence of America."

The trip, which had been hyped for weeks, took on greater significance when news leaked that Mr. Obama had invited along Steve Hildebrand, a political strategist who ran Vice President Al Gore's campaign in Iowa in 2000. (Advisers to Mr. Obama insisted he merely wanted an old Iowa hand at his side.) In a frenetic question-and-answer session in front of dozens of camera crews before his speech, Mr. Obama got nearly a dozen questions about the presidential campaign and only one about national security.

Tom Vilsack, the governor of Iowa, chatted easily with constituents, watching the news media crush from afar. Mr. Vilsack, who is also considering a presidential bid and recently came in fourth place in a poll of Iowa caucusgoers, played down the response to Mr. Obama, describing it as "certainly predictable." Asked whether the senator should run, Mr. Vilsack replied, "That's a question you're going to have to ask the voters," and walked away.

Mark Warner, the former Virginia governor, who is also testing the waters for a presidential campaign, made brief remarks at the start of the event, although he was barely audible from the back of the crowd amid the frenzy over Mr. Obama.

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Mr. Harkin, a legendary political figure and the sponsor of the event, seemed amused by the Obama phenomenon. “Honestly, tell you the truth — I really tried to get Bono this weekend,” Mr. Harkin said in his introduction. “I couldn’t get him, so I settled for the second biggest rock star in America today.”

For all of Mr. Obama’s star appeal — a recent Newsweek article compared his arrival in Kenya to the second coming of the Messiah — he has earned a reputation for persuasive rhetoric about the role of religion in politics, which is one strand of his new book, due out Oct. 17. Unlike his original memoir, “Dreams From My Father,” an autobiographical reflection on his African father and his Kansas-born mother, the new book is a series of meditations on matters like race and family.

Books have generated speculation about a presidential race in the past. In 1995, when Colin L. Powell published “My American Journey,” it spurred months of urging for him to run for higher office. He ultimately declined.

Whether Mr. Obama decides to take his own shot at becoming the first black president, the paraphernalia, and the popular movement, designed to persuade him to do so is already in full development. His fellow senator from Illinois, Richard J. Durbin, has urged him to consider running; so has the state comptroller, Dan Hynes, who in recent weeks said that Mr. Obama “alone can restore the hope and optimism that has made this country great.”

Several people in the crowd on Sunday expressed a similar sentiment. Matt Hawkins, a 38-year-old wearing a blue “Illinois for Obama in 2008” T-shirt, pushed his way through the mass of people to meet the senator. Mr. Obama’s response left him undaunted.

“He’s telling us he’s got to pay his dues,” Mr. Hawkins said, “and we’re telling him, ‘Learn as you go.’ ”

Webb, Allen Spar Over Iraq (RTD)

By Peter Hardin

Richmond Times-Dispatch, September 18, 2006

WASHINGTON -- Democratic challenger Jim Webb and Republican Sen. George Allen went to the mat over Iraq today as the increasingly unpopular war dominated their national TV debate.

"If we had the right people in the Senate there would have been more questions asked and a better policy in place in order to defeat international terrorism," Webb, a former Navy secretary, said on NBC's "Meet the Press."

"We didn't go into Iraq because of terrorism, we have terrorists in Iraq because we went in there," Webb said.

"I think the world's better off with Saddam Hussein not in power," Allen said, defending his vote in favor of authorizing the use of military force in Iraq.

"You can't be constantly second-guessing, Monday-morning-quarterbacking," Allen added, saying Webb had made opposition to the Iraq war -- opposition Webb voiced in advance of the war -- "the whole theme of his campaign."

Allen tried to deflect, or sidestepped, a number of pointed questions from moderator Tim Russert on the war. They included whether Allen would have voted the same way if the Senate had known Saddam did not have weapons of mass destruction.

Allen also refused to take sides with either President Bush or Sen. John W. Warner, R-Va., and Senate Armed Services Committee chairman, in a GOP split over rules for CIA interrogations of terror suspects. The junior senator said he hoped to serve as a "bridge" on the issue.

"I'm with Senator Warner on this," Webb said. Warner and several Republican allies favor greater legal protections for terror suspects.

A decorated Marine combat veteran of Vietnam, Webb said the issue splits the "theorists who have never been on a battlefield" with those who have had to worry about the fate of their troops. Allen did not serve in the military.

Regarding the future U.S. role in Iraq, Webb again urged collaboration with other countries in the area who have a stake in the outcome, and said the United States has not talked to Syria or Iran.

After the debate, Allen blasted what he called "kind of a strange idea from my opponent, that we're going to count on Iran, that's also on a nuclear weapons program, to somehow be our key allies in Iraq."

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With some of his questions, Russert showered embarrassment on both sides, bringing up Allen's gaffe when the Republican used an alleged racial slur to address a Webb campaign volunteer last month, and also Webb's writing in 1979 an article about women in the military, entitled, "Women Can't Fight." Both politicians have apologized.

Political scientist Robert Holsworth of Virginia Commonwealth University said both men did fairly well, and that Allen is faced with defending a position on Iraq that a majority of Americans don't support.

Webb is seeking to make the campaign a referendum on the national direction under Bush, "and Allen is simply his instrument," Holsworth said. Contact staff writer

Va. Hopefuls Spar On Terror Legislation (AP-Y)

By Bob Lewis, Associated Press Writer

AP, September 18, 2006

Virginia Democratic Senate candidate Jim Webb said Sunday that President Bush's terror-detainee legislation would weaken the Geneva Conventions and potentially subject captured U.S. soldiers to torture.

"We have to stay on the moral high ground," Webb said during a debate with his opponent, Republican Sen. George Allen, on NBC's "Meet the Press."

Allen said he has not decided whether to back Bush's plan to detain, question and prosecute suspected terrorists or another measure supported by Republican Sen. John Warner, Virginia's senior senator.

The president's measure would allow classified evidence to be withheld from defendants in terror trials and use coerced testimony.

The legislation also would revise the law that interprets the nation's obligations under the Geneva Conventions, the treaty that sets the standard for treatment of war prisoners, so that harsh interrogations of detainees would not be questioned in c ourt.

The Senate bill requires a judge to dismiss charges if evidence cannot be shared and excludes any testimony obtained by cruel, inhuman or degrading treatment.

"I don't want to stop these interrogations. I'm not for torture, I'm not for waterboarding. But some of these techniques have been very helpful to us, whether they are sleep deprivation or whether it's loud music," Allen said.

"I need to be absolutely certain that what the interrogators are doing now — which is completely fine as far as I'm concerned — will not be harmed," Allen said.

Allen, who last year voted with the White House 96 percent of the time, said he needs more facts before making a decision and hopes to be "a bridge" between the rival GOP plans.

Webb said he sided with fellow war veterans — Warner, Republican Sen. John McCain and former secretary of state Colin Powell — on the issue.

Powell put himself at odds with Bush last week when he wrote in a letter to McCain: "The world is beginning to doubt the moral basis of our fight against terrorism."

In siding with his fellow combat veterans, Webb, a decorated Marine veteran of the Vietnam War, sharpened their differences with Allen, who has no military experience, and Bush, who served stateside in the National Guard during Vietnam.

"What you see here is a split between the theorists who have never been on a battlefield or never worn the uniform" and those who have, Webb told host Tim Russert.

Russert asked Webb about a 1979 Washingtonian magazine article, in which Webb wrote that women can't lead men in battle, and criticism from five female Naval Academy graduates who blasted Webb for it at an Allen-sponsored news conference last week.

Though Webb had issued a statement expressing regret, one of the women, Kathleen Murray, said it fell short of an apology. Russert asked Webb if a fuller apology was in order.

"I don't think it was wrong to participate in the debate at that time. It's been 27 years, it was a magazine article, and, if I may say, I am fully comfortable with the roles of women in the military today," Webb said.

Russert pressed Allen on why last month he called a Webb campaign volunteer of Indian descent "Macaca," considered a racist slight in some cultures.

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"Tim, I made a mistake. I said things thoughtlessly. I've apologized for it, as well I should. But there was no racial or ethnic intent to slur anyone," Allen said.

When asked about his fondness for Confederate flags and other Old South icons, Allen said, "There are a lot of things I wish I had learned earlier in life."

"The Confederate flag — as a kid, I was rebellious, antiestablishment, I still am. And I looked at the flag as a symbol of that."

Allen and Webb meet again Monday for a luncheon debate before the Fairfax County Chamber of Commerce.

Allen, Webb Quarrel Over War In Iraq, Bush Policies (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 18, 2006

Virginia's U.S. Senate candidates clashed on national television yesterday over the war in Iraq and President Bush's leadership, offering the sharpest contrast yet in a campaign that has become central to the partisan struggle for control of Congress this fall.

Appearing on NBC's "Meet the Press," Republican Sen. George Allen and Democratic challenger James Webb also confronted issues of race and gender and debated the use of torture in the war on terror. But the exchange largely centered on a controversial war that has become the defining issue of the Nov. 7 midterm elections.

Webb, a decorated Marine and former Navy Secretary, called the Iraq war an "incredible strategic blunder of historic proportions" and said he has lost confidence in Bush's foreign policy. He repeatedly reminded viewers that neither Bush nor Allen, a former governor, had served in combat.

"Very few people who have brought us this war have served, and very, very few of the children of these people who have brought us this war have served," said Webb, whose Marine son began a tour in Iraq this month.

Allen steadfastly defended Bush's Middle East policies, telling moderator Tim Russert that "staying the course" in Iraq means "that we don't tuck tail and run, that we don't retreat, that we don't surrender." Asked whether more U.S. troops should be sent, Allen said, "We're going to need to do what it takes to succeed."

The outcome of Virginia's contest could be critical to GOP hopes of retaining control of the Senate in a year when anger toward incumbents -- fueled in part by the Iraq war -- is tangible.

Webb, a former Republican and early critic of the war, was persuaded to challenge Allen by national Democrats and activists who believed his military background would make him the ideal candidate to tap into antiwar sentiment.

But questions about character -- including Allen's comment to a Webb campaign volunteer and allegations about Webb's view of women in combat -- have dominated a race that polls indicate has tightened.

Russert devoted his entire Sunday show to the Virginia debate and focused nearly a half-hour on the Iraq war. He grilled Allen repeatedly on the vote he and other lawmakers made authorizing the president to go to war.

"If you knew Saddam did not have weapons of mass destruction, was it still worth going to war?" Russert asked.

"I stand by my vote," Allen said. "We had a choice whether to listen to the critics and do nothing and then have this world more dangerous if we were right."

Russert asked both candidates whether the $300 billion spent on the war in Iraq could have been better spent on homeland security and the war on terror.

"We have spent money on all those things," Allen said. "You can't be constantly second-guessing, Monday-morning quarterbacking."

Webb said the money would have been better spent on security. He criticized Allen and others in Congress for failing to ask tough questions about the ultimate effect of deposing Saddam Hussein.

"If we had the right people in the Senate, there would have been more questions asked," Webb said. "We didn't go into Iraq because of terrorism. We have terrorists in Iraq because we went in there."

Allen said the United States should continue to consolidate its forces into four large military bases in Iraq, a proposal Webb criticized.

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Webb said the United States should begin moving troops to friendly Arab countries and seek the help of Iraq's neighbors, including Iran and Syria. That drew derision from Allen, who said to reporters after the debate that the United States should not be working with "sponsors of terrorism."

Allen also lashed out at Webb, accusing him of failing to support the first Iraq war. "Heck, the French were even in favor of military action in 1991," Allen said.

Webb responded aggressively, often returning to his experience as a Marine in Vietnam. Using a line from his son, Webb said, "George Allen didn't fight in Vietnam. Even the French fought in Vietnam."

The candidates also clashed over Bush's proposed interpretation of the Geneva Conventions' provisions on interrogating enemy prisoners. Webb sided with Virginia's other Republican senator, John W. Warner, who said the president's plan would be an invitation to other countries to reinterpret the Geneva rules if they ever held U.S. soldiers.

"I'm with Senator Warner on this," said Webb, saying Bush's view is dictated by "theorists who have never been on a battlefield, who have never put a uniform on . . . who have never had to worry about their troops and themselves possibly coming under enemy hands."

Allen declined to say how he will vote on the issue when it comes up in the Senate. But he said the United States needs to interrogate terrorism suspects effectively. "I don't want to stop these interrogations," he said. "I'm not for torture . . . but some of these techniques have been very helpful to us."

Russert devoted the second half of the show to character issues that have bedeviled both candidates in recent weeks.

His first target was Webb, who last week was assailed over an article he penned in 1979 that critics say was demeaning to women. Several female U.S. Naval Academy graduates said Webb's article arguing against women in combat helped lead to harassment against women at the school.

Webb repeated a statement he had made earlier in the week, in which he expressed regret "to the extent that my writing subjected women . . . to undue hardship." On the show, he said he regretted writing that the Naval Academy is "a horny woman's dream," adding that "if I were a, you know, a more mature individual, I wouldn't have written" that.

But he declined to go further, even after Russert said he had received a letter from one of the women indicating that Webb's statement was not good enough.

Russert then turned his attention to Allen, quizzing him on his opposition to allowing women as cadets at Virginia Military Institute and later turning to the senator's comments to a Webb volunteer of Indian descent on the campaign trail last month.

Russert aired the video of Allen calling Webb volunteer S.R. Sidarth "macaca" and of welcoming him "to the real world of Virginia."

Allen again apologized, calling the comments "a mistake." He said the word "macaca" was "just made up" and added, "There was no racial or ethnic intent to slur anyone."

Russert also asked Allen about having once displayed a Confederate flag and a noose. Allen said he had once seen the Confederate flag as a symbol of heritage and regional pride but now sees it as hateful.

"Through the years, I've learned and I've grown," he said.

The candidates will meet again today at a luncheon debate hosted by the Fairfax County Chamber of Commerce.

Russert closed the show on a light note, asking both men whether they thought their habit of chewing tobacco made them good role models for children.

Allen conceded that it probably did not. Webb noted that he doesn't chew at public events and added, "We all have our vices."

Allen, Webb Face Off On NBC (WT)

By Seth Mclaughlin

The Washington Times, September 18, 2006

Sen. George Allen, Virginia Republican, and his Democratic challenger, James H. Webb Jr., used a national TV debate yesterday to spar over U.S. interrogation policy and the Iraq war, part of a high-profile U.S. Senate race with issues that have come to define midterm elections across the country.

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Appearing on NBC's "Meet the Press," Mr. Allen said he has not decided whether to support President Bush's push to revise Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of military prisoners.

Mr. Webb, 60, agreed with Republican Sens. John W. Warner of Virginia and John McCain of Arizona, two former Marines who are concerned that the president's plan to redefine the provision to deal with terror suspects would open the door to torture of U.S. troops.

"What you're seeing is a split between the theorists who have controlled so much of the policy in this administration, theorists who have never been on a battlefield, who have never put a uniform on, and who are looking at this thing in a totally different way from people who have had to worry about their troops and themselves possibly coming under enemy hands," Mr. Webb said in the second debate between the two front-runners.

Most of the debate centered on the link between the Iraq war and the fight against international terrorism.

Mr. Allen, 54, reiterated Mr. Bush's push for the United States "to stay the course" in Iraq.

When asked what "stay the course" means, Mr. Allen said, "Staying the course is meaning we don't tuck tail and run. ... This is a central battlefront in the war on terror."

Mr. Webb disagreed, saying the United States did not go into Iraq because of terrorism, and that decision has drained the military resources needed to fight terrorism.

"We have terrorists in Iraq because we went in there," he said.

Mr. Webb, a former Navy secretary, cited a report released last week by the Senate Select Committee on Intelligence, saying, "Saddam Hussein was not an aligned with al Qaeda -- they were natural enemies."

He said the administration must work with Iraq's neighbors on a plan that allows U.S. troops to leave without jeopardizing the region's stability.

"There are limits to what the military can do," said Mr. Webb, a Vietnam veteran. "Eventually this is going to have to move into a diplomatic environment, and that's where this administration seems to have blinders."

The candidates offered separate apologies -- Mr. Allen for a statement he made in August that has raised questions about his racial sensitivity, and Mr. Webb for an article he wrote 27 years ago that has called into question his views on the role of women in the military.

Mr. Allen apologized again for calling one of Mr. Webb's staffers "macaca," the name of an Eastern Hemisphere monkey. The word is considered a racial slur in some cultures.

"I made a mistake," he said. "I said things thoughtlessly, but there was no racial or ethnic intent to slur anyone."

His remark also led to the resurfacing of his opposition as a Virginia legislator to a state holiday for Martin Luther King and his proclamation honoring Confederate History Month.

Mr. Webb expressed regret for his 1979 article titled "Women Can't Fight," in which he described the hard-core conditions of life as an infantryman in Vietnam and said he had never met a woman "whom I could trust to provide those men with combat leadership."

Five women who graduated from the U.S. Naval Academy in the 1980s said at a press conference last week that the article led to harassment of women, who were admitted to the academy for the first time in 1976.

"I don't think it was wrong to participate in the debate at that time," Mr. Webb said. "It's been 27 years. I am fully comfortable with the roles of women in the military today."

Last week, Mr. Webb said he was "profoundly sorry."

After the debate, Mr. Allen's campaign e-mailed reporters a letter sent to host Tim Russert from retired Cmdr. Kathleen Murray, a 1984 graduate of the Naval Academy, in which she said Mr. Webb's apology "comes too late."

As Senator Falters, A Democrat Rises In Virginia (NYT)

By Robin Toner

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — From the start, the Virginia Senate race was an emblematic campaign for 2006: combat boots vs. cowboy boots, in the inevitable shorthand.

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A highly decorated Vietnam veteran and former secretary of the Navy who opposed the war in Iraq (James Webb, Democrat) in an uphill battle against a paragon of sunbelt conservatism with national ambitions (Senator George Allen, Republican.)

But in the past month, ever since Mr. Allen's demeaning reference to a young man of Indian descent at a campaign event, this race has become more than an intriguing clash of symbols; according to the polls, it is now truly competitive.

Increasingly, Democratic strategists see Virginia as a prime target for one of the six seats they need to regain a majority. Perhaps most important for Mr. Webb, whose late-starting campaign has lagged far behind Mr. Allen's in fund-raising, the Democrat's contributions have begun to climb, advisers say. "He's got George Allen on the run in the Commonwealth of Virginia," said Bob Kerrey, former Democratic senator from Nebraska, who was rallying donors at a reception for Mr. Webb last week in New York.

In one of the sharpest exchanges of the campaign, Mr. Webb and Mr. Allen squared off on the war in Iraq on "Meet the Press" on NBC on Sunday, with Mr. Allen defending the Bush administration's policy and denouncing the "second-guessing and Monday-morning quarterbacking" of the critics. "We're going to need to do what it takes to succeed," Mr. Allen said, when asked if he would support additional troops in Iraq, "because it's essential to the security of the United States of America."

Mr. Webb responded: "I know what it's like to be on the ground. I know what it's like to fight a war like this, and either — there are limits to what the military can do. Eventually, this is going to have to move into a diplomatic environment, and that's where this administration seems to have blinders. They are not talking to Syria, they are not talking to Iran, and there are ways that we can do this, move this forward."

Mr. Webb also took several digs at what he called theorists in the administration and among its allies who know combat only in the abstract. Mr. Allen, like the majority of the current Congress, did not serve in the military.

In recent days, the Allen campaign, acknowledging a newly competitive race, has gone on the attack. A Mason-Dixon poll conducted this month found Mr. Allen's lead, once in the double-digits, had shrunk, with 46 percent for Mr. Allen, 42 percent for Mr. Webb, and a margin of error of 4 percentage points.

For his part, Mr. Webb, 60, a writer and former marine who served four years in the Reagan administration, was rolling through Virginia in a camouflaged Jeep last week, driven by a buddy from Vietnam, reflecting on his long, strange political journey.

He entered the race, his first for elected office, early this year, starting with "zero dollars and no staff." He eventually won the support of national Democrats, who saw him as a compelling voice for their party on national security. He was propelled into the race, Mr. Webb said, in large part by the war in Iraq.

As he is quick to remind his audiences, Mr. Webb spoke out against an invasion early on, arguing that containment had worked in the cold war and would work, again, against Saddam Hussein. American occupation forces in Iraq would "quickly become 50,000 terrorist targets," he warned in an op-ed article in The Washington Post in September 2002. He went to see Mr. Allen to voice his concerns, and said Mr. Allen's position, essentially, was "you're asking me to be disloyal to my president."

Mr. Webb, who had voted for Mr. Allen, said he left that meeting thinking, "Boy, did I make a mistake." Mr. Allen has said he cast his vote for the war out of loyalty to the country, not the president.

The war is not an abstract issue for Mr. Webb. His son, Jimmy, 24, a lance corporal in the Marines, shipped out to Iraq this month. He wears his son's old combat boots on the campaign trail, in tribute to him and "all the people sent into harm's way."

Mr. Webb tells his audiences that the idea came from his son, who noted that Mr. Allen always wore cowboy boots, though "there are no cowboys in Virginia."

Asked at a news conference last week if he felt torn about his son heading to Iraq, given his views on the war, Mr. Webb replied: "My son is doing what our family has always done. I'm very proud of his service. Like most people in the military, we separate politics out from service to country."

Mr. Webb has not only lived but chronicled the American military tradition in novels like "Fields of Fire," films like "Rules of Engagement" and in nonfiction works like "Born Fighting," an exploration of his Scotch-Irish roots. A graduate of the Naval Academy, Mr. Webb served as a rifle platoon and company commander in Vietnam, where he was badly injured and awarded the Navy Cross and the Silver Star.

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He said he was drawn to the Republicans, 30 years ago, because of their stance on national security. “Those were real issues to me, and I cared a lot about them,” he said. He worked on Capitol Hill and joined the Reagan administration in 1984 as an assistant secretary of defense, becoming Navy secretary in 1987. He resigned in a fight with his superiors over budget cuts and other issues, saying at the time, “It’s no secret that I’m not a person who wears a bridle well.”

He said he was ultimately drawn to the Democratic Party because of the tradition of Andrew Jackson and his commitment to giving average people a voice. On the campaign trail, he talks about the growth of inequality and the pressures on the middle class.

Mr. Allen, 54, a former governor and the son of a legendary coach for the Washington Redskins, has been running as an experienced leader strong on national security, focused on innovation and education and committed to what he calls Virginia values and Reaganesque conservatism on issues like cutting taxes.

His record as governor from 1993 to 1997 included tougher education standards, welfare legislation with time limits on benefits and parental notification requirements for abortions. In 2000, he defeated the Democratic incumbent, Charles S. Robb, for a Senate seat. Mr. Allen has proved a loyal ally of President Bush, a point Democrats hope to use to their advantage, given Mr. Bush’s decline in popularity. Mr. Allen is considered to be a potential candidate for the Republican presidential nomination in 2008, and refused to rule it out in Sunday’s debate.

But Mr. Allen was thrown badly off stride by the reaction to his comments to the college student and Webb volunteer who attended an Allen rally in southwestern Virginia. Mr. Allen has insisted that his use of the term “macaca” had no racial connotations.

Dick Wadhams, the Allen campaign manager, said the race was competitive, “no doubt about it,” but said Mr. Webb’s political inexperience, fuzziness on the issues and lack of enthusiasm for campaigning — Mr. Webb does not appear to have a high comfort level on the campaign trail — would all work in the Allen campaign’s favor. “We still have a financial advantage,” Mr. Wadhams said. “And we still have an incumbent who’s won two tough elections.”

In the past week, the Allen campaign has taken aim at Mr. Webb on two counts: highlighting his opposition, in an article he wrote 27 years ago, to women in combat and at the Naval Academy, and asserting that Mr. Webb has no right to use videotape of President Ronald Reagan praising him in a new television advertisement.

On women in combat, Mr. Webb said that he was sorry for any pain his writing had caused, that times had changed, and that he should be judged by what he did in the intervening years to expand opportunities for women.

Some Republicans worry that the growth of Northern Virginia, with its increasingly urban voters and what some pollsters say is discontent with the status quo in Washington, poses a real challenge to their party. Mr. Webb’s allies, for their part, worry he will not have enough money to hold his own against Mr. Allen on television.

The anxieties on both sides point to a central truth: Virginia, at the moment, is a very competitive race.

Straight Shooters (USNEWS)

By Danielle Knight

U.S. News and World Report, September 25, 2006

MISSOULA, MONT.-Jon Tester, the Democratic U.S. Senate candidate, fits right in amid the sea of barbecue grills and beer at this tailgating party outside the opening University of Montana football game. A burly farmer wearing a Grizzlies team T-shirt and his signature flattop haircut, Tester doesn't resemble most politicians. He's probably the only Senate candidate who took six days off from campaigning recently to harvest grain-on his farm near Big Sandy. Political observers thought it was a little crazy to give up prime campaigning time against three-term incumbent Republican Sen. Conrad Burns in one of the country's premier Senate races. But Tester just shrugs: "I'm a farmer, not a politician. I'm running to get honest representation back in Washington, D.C."

That down-home attitude is clearly appealing to many Big Sky Country voters and has Burns facing the toughest test of his career. Burns's job is also one the national Democratic Party is eyeing hungrily in its quest to gain six seats and win back the Senate. The most recent polling put Tester, president of the Montana state Senate, slightly ahead-a shocking turnabout for the incumbent.

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Those poll numbers probably reflect the generally sour mood of voters nationwide, as well as the particular ethics problems facing Burns because of his relationship to disgraced lobbyist Jack Abramoff.

Burns thought he could count on the fact that Montana likes Republicans-especially those who bring home federal dollars. President George W. Bush carried the state 59 to 39 percent over John Kerry in 2004, and Burns has brought back billions to a state dependent on ranching and farming aid. And that still makes for a substantial advantage: Burns's campaign war chest-which is more than four times Tester's-will enable him to flood the airwaves with ads against his challenger. "A lot of this race is about who Tester is and which campaign will be successful in defining him," says Christopher Muste, a political science professor at the University of Montana in Missoula. "Everyone already knows who Burns is at this point."

Tainted money. Which may or may not be a good thing. The publicity over Burns's relationship with Abramoff, who pleaded guilty in January to corruption-related charges, knocked him off a clear path to an easy re-election victory. Burns received $150,000 in contributions from Abramoff and his Indian tribe clients. Burns later said he would return the money, but he's had a rough time explaining why Abramoff told Vanity Fair, "Every appropriation we wanted [from Burns's committee] we got."

Ethics issues took center stage at the most recent Burns-Tester debate in Hamilton, Mont., in the heart of the Bitterroot Valley in the western part of the state. When Burns asked a rhetorical question about who was holding up a bill in Congress, a Tester supporter shouted out: "Abramoff!" Burns laughed with the audience, but later Tester said to raucous applause, "It is well documented what's gone on with my opponent in relationship to lobbyists back in Washington, D.C. Senator Burns has changed. He's not the same guy he was in 1988 ... Washington has changed him."

Corruption That Shook Capitol Isn't Rattling Elections (WP)

By Blaine Harden

The Washington Post, September 18, 2006

HAMILTON, Mont. -- Sen. Conrad Burns gazed at a debate audience and asked if anyone could guess who was blocking efforts in Washington to control health-care costs.

"Abramoff?" shouted a heckler. The crowd at a packed high school auditorium here in Montana's Bitterroot Valley erupted in hoots and jeers.

Visibly angered, Burns, 71, shot the audience a don't-mock-me glare. But his debating point (blaming Democrats for health-care costs) and his senatorial dignity were swamped by the contempt of constituents who for nearly a year have been lapping up revelations about his ties to disgraced Washington lobbyist Jack Abramoff.

Burns, though, soldiered on through the catcalls and sneers -- and not without reason. He may be carrying Abramoff on his back, but in this thinly populated, Republican-leaning state, he continues to run neck and neck with his Democratic challenger, Jon Tester, president of the Montana Senate. Poll numbers have not moved much in months.

For all the influence-peddling that has been exposed in the run-up to the midterm election, corruption on Capitol Hill has not become a decisive issue -- here or in much of the country. The Abramoff scandal, having ended the careers of a few lawmakers and stained the reputations of several others, can certainly rile up ardent Democrats, as the debate here demonstrated. But it is not making fundamental changes in the nation's partisan landscape, especially in races, as with Burns in Montana, in which candidates are facing only unsavory stories rather than indictments or guilty pleas.

In an interview, the senator said his polling shows that most voters regard the "Abramoff deal" as merely a political liability and not a damning verdict on his character. Several pollsters and observers of politics in this state agreed with that assessment. The controversy is almost certainly the main reason Burns is in a competitive race this year, but by no means is it a guaranteed career-ender.

"The Democrats started way early with baseless allegations, and now a majority of people are saying, 'Oh, well,' " Burns said. "We are just moving on."

What, then, are the consequences of the oiliest congressional scandal in a generation as it percolates into races far from Washington? There are, of course, some early goners:

Tom Delay (R-Tex.), once the most powerful man in the House, resigned as majority leader and quit Congress, with Abramoff favors and an indictment for improper fundraising hanging over his head.

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Rep. Robert W. Ney (R-Ohio) decided not to run for reelection and pleaded guilty Friday to conspiracy and making a false statement as part of his admission that he traded official acts for campaign contributions and lavish meals in the Abramoff affair.

And Ralph Reed, the telegenic former Christian Coalition executive director, lost the Republican primary for Georgia's lieutenant governor after being tarred by his ties with the lobbyist.

The hand-me-down taint of scandal could still hurt Republicans trying to win the House seats abandoned by DeLay and Ney. "Bob Ney's transgressions resonate despite his departure," said Zack Space, a Democrat running for Ney's seat. "People are very hungry for change."

But in strongly Republican areas, scandal-driven change is far from a sure thing. In a special election to fill the California congressional seat vacated by Randy "Duke" Cunningham (R), now in prison after he admitted taking bribes from defense contractors, a well-funded Republican beat a Democratic challenger in June.

"Democrats ran on a corruption message in a district where a sitting member went to jail, and they didn't win, so how the heck are they going to use that message somewhere else?" asked Carl Forti, spokesman for the National Republican Congressional Committee.

With Burns, though, the taint is not left over from someone else: He pressured the Interior Department to award a $3 million grant to a wealthy Indian tribe that was an Abramoff client, according to news accounts. A former top Burns aide worked with Abramoff's firm, and Abramoff himself told Vanity Fair that he and his clients received "every appropriation we wanted" from a subcommittee chaired by Burns. The senator is apparently not under investigation, but he did accept $150,000 in campaign donations from Abramoff, his lobbying team and his clients -- donations that Burns later returned.

Sen. Charles E. Schumer (D-N.Y.), who is leading the Democrats' campaign committee in the Senate, acknowledged that the corruption issue is just one bullet, and hardly a silver one. Ethical controversies such as those Burns has weathered in Montana, he said, send a message to voters: "He's gotten too comfortable, we need a change." The general backlash is what endangers incumbents, "rather than corruption itself," said Schumer.

"Making Abramoff stick as a campaign issue is going to be hard for Democrats with a well-known Republican incumbent, but with Sen. Burns, who has such a direct link, it is pretty powerful stuff," said Fred Yang, a Washington-based Democratic pollster whose firm has worked on Montana races for decades.

Montana is a critical piece in the Democratic strategy to gain the six seats necessary to take control of the Senate. And the scandal, it seems, has shaped every aspect of the race here, beginning half a year before Democrats even had a candidate. Statewide television ads, paid for by the Democratic Party, pounded away last fall at Burns's ties to Abramoff. In the senator's first television ad of the 2006 campaign, he had to play defense, declaring that the lobbyist "never influenced me."

The Abramoff issue even seems to have dictated who would run against Burns. Tester said in an interview that the scandal was responsible, in part, for his easy primary victory in June over a better-known, better-financed rival, two-term state Auditor John Morrison. The Billings Gazette disclosed last spring that Morrison had an affair with a woman who later married a man investigated by Morrison's office.

The scandal apparently spooked Democrats longing for a candidate who could rail righteously about Abramoff without having to defend what was in his own closet.

"I think voters went into that primary saying to themselves, 'Who is the best candidate to beat Burns?'" said Tester, 50, a farmer and former schoolteacher from Big Sandy, population 703.

Tester, who has criticized the conduct of the Iraq war and promised health insurance for every family, has tried to introduce himself to voters statewide as the kind of real Montanan that he says Burns (a former auctioneer, football referee and radio announcer) no longer is.

Tester's campaign flaunts his authentic big-country look: NFL lineman shoulders, a belly that's headed south and a flattop haircut. His left hand is particularly authentic, missing three fingers that were gnawed off by a meat grinder when he was 9. "Still have that same grinder," Tester said, when asked about the hand.

"I don't look like the other senators," Tester boasts in a TV ad. "But isn't it time the Senate looked a little bit more like Montana?"

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Another ad has Tester driving across Montana and talking about his pickup: "You see, special interests have a tight grip on Washington, leaving us out. It doesn't have to be that way. Special interests will never hitch a ride on this truck."

In recent weeks, Burns has damaged his own cause with a series of gaffes. He has insulted local firefighters (by observing in July that they did a "piss-poor job" of fighting a wildfire east of Billings), suggested that all taxi drivers are terrorists and joked about the immigration status of the "nice little Guatemalan man" who works on his house.

Still, Burns remains viable among many Montanans, according to pollsters. As Tester said, "This thing is far from over."

The senator's shield against Abramoff and his own rhetorical blunders may well be the state's extraordinarily strong economy. As growth slows in much of the country, Montana is bulling ahead, on track for its fourth consecutive year of 4 percent growth. Consumer sentiment in the state is at an all-time high, and the annual rise in per-capita income -- measured last year at 6.3 percent -- ranks third in the country. At 3.7 percent, the unemployment rate is about a percentage point below the national average.

"We are in the midst of a natural resource boom of historic proportions," said Paul Polzin, director of economic research at the University of Montana. "At the same time, all other industries are holding their own. This is benefiting exactly those counties where Burns has been strong."

Burns argues that the federal money he has sent Montana's way over the past 18 years helped ignite the boom -- and his argument resonates. It "matters a lot" for a state with just 935,000 residents, said Craig Wilson, a political science professor at Montana State University in Billings.

"Burns has been extraordinary in his ability to bring money to poor little old Montana," said Tom Britz, a consultant to the credit card industry who lives in the booming northwest Montana town of Whitefish. "When it is time to vote, the many people who have been touched by that money know where their bread is buttered."

What may also matter in the Senate contest here is the atypical optimism of many Montanans, as compared with voters' attitudes in most states.

"This is one of the few places in the country right now where people are not hankering for change," said John Russonello, a Washington pollster who works for Democrats and liberal nonprofit groups and who has led focus groups on social issues across Montana this year.

Unlike some Republican incumbents facing reelection, Burns has embraced the war -- and Bush's conduct of it -- as essential to the country's fight against terrorism. Betting that most Montanans see Iraq as he does, Burns has launched blistering TV and radio attacks on Tester, accusing him of taking money from "extreme liberal groups that mocked American deaths."

"Tester's not tough," one ad says. "He is deceitful, and he'll say anything to get elected."

In the recent debate, Tester responded to those accusations by saying that Burns, whom he described as bought and paid for by lobbyists such as Abramoff, is just not honest.

"Washington has changed him," said Tester, pointing at Burns. "The fact is we have to have people back there who have Montana values."

Burns smiled and said he had not changed and never would: "I have the same wife, the same kids; got the same principles, same values."

As pro-Tester hecklers booed, hissed, cursed and at one point called the senator "psycho," Burns spent much of the 90-minute debate reminding the crowd that he -- not Tester -- is a specialist in funneling federal money back home. By these lights, a candidate who knows the corridors of insider Washington might have an advantage. "It is going to take a guy who has got a little seniority and a little position to get it done," he said.

GOP Eyes Washington State Seat (WT)

By Christina Bellantoni

The Washington Times, September 18, 2006

Washington state voters tomorrow will formally choose their nominees for the U.S. Senate, setting the stage for a West Coast showdown that Republicans hope will help them capture a Democratic seat.

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Sen. Maria Cantwell, a Democrat, faces anti-war candidate Hong Tran in a primary that serves as the opening act for a race with Republican Mike McGavick, who is expected to easily win his own primary contest today.

Republicans and some pollsters think Mr. McGavick, a business executive who casts himself as an independent, has a good shot at ousting the freshman senator this fall.

Miss Tran, a nonprofit lawyer who fled Vietnam as a young girl, spent yesterday at a Seattle Peace concert wooing last-minute voters.

Miss Cantwell is not considered in danger of losing tomorrow's primary as did her Democratic colleague Sen. Joe Lieberman of Connecticut. Mr. Lieberman lost his primary to Ned Lamont last month, largely because of his support of President Bush on the Iraq war, and will run as an independent in November.

Initially, Miss Cantwell faced opposition from several Democrats critical of her stance on the Iraq war.

Mark Wilson, who announced that he would challenge Miss Cantwell more than a year ago, was hired by the senator's campaign this summer. He became an outreach director with an $8,000 monthly salary, prompting accusations that she was trying to buy off her critics.

Miss Tran has accused state Democratic Party officials of withholding voter databases from her campaign, saying they don't want voters to know about her candidacy.

Miss Cantwell voted in favor of the Iraq war in October 2002, but recently supported a Democratic effort to initiate a "phased redeployment" of troops from Iraq by Dec. 31.

Miss Cantwell and Mr. McGavick were closely matched earlier in the race, but recent revelations that the Republican was arrested for driving under the influence in 1993 have contributed to his sagging poll numbers. Mr. McGavick, a millionaire who was chief executive at insurance giant Safeco, characterizes the event as "embarrassing" and "one of my biggest mistakes in life."

"Candidates shouldn't be afraid to admit that they are human and to talk about lessons they've learned," Mr. McGavick told supporters in an e-mail recently.

He first told voters that he had coasted through a yellow light, prompting a DUI citation. However, news reports based on the police report show that he ran a red light and was both cited and arrested.

A Sept. 6 Rasmussen Reports poll showed Miss Cantwell with a 17-point lead, but others had her with an eight-point advantage. A poll from the previous month had the senator with a six-point lead.

However, the Associated Press reported last week that Miss Cantwell secured more than $11 million in federal projects for a lobbyist who advises her campaign.

The accusations involve Ron Dotzauer, her former campaign manager who still owes her between $15,000 and $50,000 from a loan she gave him in the 1990s.

The loan was still listed as outstanding on Miss Cantwell's May financial-disclosure report, the AP reported. The senator's office told the AP that the federal projects helped Washingtonians.

Support For Electronic Filing Of Senate Candidates' Campaign-Finance Records Gains Momentum (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 18, 2006

In the next few weeks leading up to Election Day, money will pour into candidates' coffers and voters will be able to see which lobby groups are trying hardest to buy their lawmakers' favor.

Except if the candidates happen to be running for Senate.

In one of the most controversial quirks in election law, candidates for Senate are not required to file their campaign-finance reports electronically. That means voters can't effectively find out how much and from whom their would-be senators have collected money until long after the election -- too late for them to act.

A growing number of senators and public-interest groups have been working for years to change this rule. They contend that it's only reasonable that senators should be required to file their disclosures electronically -- just as candidates for the House

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and the presidency do. In that way voters can easily see within 24 hours via the Internet what the candidates are spending and from whom they are getting their funds.

As it is, almost all senators and Senate candidates deliver their reports on paper (even though those reports are written on computers). The paper filings are laboriously scanned and then key-punched into an electronic system, a procedure that often takes six weeks to finish and costs hundreds of thousands of dollars.

After the reports are submitted to the Secretary of the Senate (often well past published deadlines), they are placed onto the Federal Election Commission's Web site in a page-by-page format. The listings are not searchable, which makes it almost impossible for anyone to glean useful information. Think of the process like rummaging through thousands of disorderly papers in a very large box.

The net result: Senators have insolated themselves from criticism that stems from their very important, end-of-campaign donations because they have denied voters accessible information when it would be most useful.

"The Senate has repeatedly voted to mandate timely electronic disclosure and Web searchability for House and presidential candidates, non-Senate party committees, political action committees, Section 527 political organizations and lobbyists," said Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute. "The level of hypocrisy is unbelievable, and the American voter pays a heavy price."

The Senate's Committee on Rules and Administration is in charge of deciding what to do about the issue and, despite pleas from a bipartisan group of senators, has done nothing. I tried many times in the past two weeks to get the spokeswoman for the committee's chairman, Sen. Trent Lott (R-Miss.), to return my phone calls and to answer questions on the topic. But she did not respond.

In fact, it's hard to find anyone who will defend the current law. On the other hand, lots of folks have problems with the situation and are eager to say so, including the Federal Election Commission. The FEC has recommended that the Senate move to electronic filing on "multiple occasions," said Michael E. Toner, the FEC's chairman. "Senate campaigns are the only ones that don't file electronically," he said, "even though there's widespread agreement that electronic filing works well and allows data to be publicly available within hours of it being received."

Senators from both sides of the aisle agree. Eleven senators (seven Republicans and four Democrats) sent a letter to Lott in July urging him to approve legislation that would mandate electronic filing. "We believe there is consensus among our colleagues to move to electronic filing and online disclosure of campaign finance reports," said the letter, which was primarily authored by the political odd couple of Sens. Thad Cochran (R-Miss.) and Russell Feingold (D-Wis.). "The next step in this process is Senate action."

Voters surely would have been better off if such a law been in effect in prior elections. When the polls opened in November 2004, voters were in the dark about $53 million in individual Senate contributions of $200 or more dating all the way back to July, according to the Campaign Finance Institute. If you were a South Dakotan choosing between Tom Daschle, the Senate's Democratic leader, and Republican challenger John Thune, you were almost certainly unaware of large donations totaling $24,000 from employees of the mortgage finance giant Fannie Mae to Daschle, as well as large contributions to Thune from employees of Coastview Capital and L.E. Lehrman and Co. ($12,000 each).

The only way you might have known about these and other major gifts would have been to leaf through the candidates' reports, each of which was about 3,400 pages long. North Carolina voters had it slightly better, but not much; the reports of major party candidates there were only 1,100 pages long.

The House started to make its disclosures simpler to obtain more than a decade ago. In 1995, the House began filing its reports directly with the FEC, and two years later it allowed the reports to be filed electronically. But the Senate took neither step, standing firm on the principle that it should control its own reports, a notion that one Senate aide summarized as "senatorial prerogative."

How this makes sense in an information age is hard to fathom.

Good Deed Bounty Hunting

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The Sunlight Network is offering cash to citizens who do what it thinks is the "right thing." The nonprofit group is advertising that it will pay up to a total of $680,000 to people who persuade members of Congress, or prospective members, to agree to put their daily schedules on the Internet for all to see.

The Sunlight Network, which is affiliated with the Sunlight Foundation, thinks that it is well past time that voters knew who their elected representatives were meeting with and how often. But there's no way to find out short of publishing their schedules, something that is not required and, in fact, is never done.

So the network says that it will pay a cash fee of $1,000 to anyone who persuades a lawmaker to sign an agreement to disclose his or her daily calendar, and $250 to anyone who gets a candidate for Congress to do the same. The Sunlight Foundation is underwritten by securities lawyer and entrepreneur Michael R. Klein and headed by Ellen S. Miller, a longtime advocate for disclosure of campaign finances.

The organization takes its name from a quotation by former Supreme Court justice Louis D. Brandeis: "Sunlight is said to be the best of disinfectants." Its goal is to shed light, or public attention, on candidates' big donors and lobbying contacts as a way to change government. But so far no one has taken advantage of this latest gimmick.

Face Of His Campaign Isn't Bush's (LAT)

By Sam Howe Verhovek

The Los Angeles Times, September 18, 2006

BELLEVUE, Wash. — A funny thing happened Friday when Karl Rove, the White House advisor, came to the Seattle suburbs to headline a fundraiser for freshman Republican Rep. Dave Reichert: The congressman did nothing to publicize the visit, and his challenger drew every bit of attention to it she could.

On the day Rove was in town, Darcy Burner, a former Microsoft Corp. executive who is Reichert's Democratic opponent, issued her fifth news release of the week casting the visit in a negative light, and while Rove and Reichert were attending a round-table briefing for Republican donors, about 60 Burner supporters mugged for cameras outside.

But both of Rove's appearances — at the fundraiser and at the round table — were private and closed to the media, so there were no news photographs of Reichert, 56, with campaign mastermind Rove.

For Burner, 35, who is making her first run for public office, there was an obvious strategy in focusing attention on a reliable Republican bogeyman in what state pollster Stuart Elway described as a "classic swing district." The 8th District has voted Democratic in the last four presidential elections yet consistently has sent a Republican to the House.

The Reichert-Burner race in Seattle's suburbs east of Lake Washington shows up on nearly every national list of competitive races, and the Rove fundraiser comes on the heels of campaign filings showing that the challenger has raised more money this year than the incumbent.

According to federal disclosure reports filed this month, Burner has raised about $1.2 million this year, Reichert $1 million — which Burner cites as evidence of her campaign's momentum and of a sense she gets in the district that "people are very disturbed about the direction of this country."

On the other hand, Reichert campaign officials point out that the congressman has raised $2.2 million overall, much more than Burner, and that he has more cash on hand — $1.1 million to Burner's $728,000 — an indicator of each side's ability to buy ads going into the stretch run of the campaign.

"It's very clear that the Democrats are building a war chest for a negative campaign that they really have already started," said Reichert spokeswoman Carol Beaudu. "But we are right where we want to be, and it will go a long ways toward telling 8th District voters about Dave's independent voting record."

Reichert highlights his support for stem-cell research, and his opposition to drilling in Alaska's Arctic National Wildlife Refuge and to federal interference in the Terri Schiavo feeding-tube case, as examples of his willingness to buck party leaders.

Pollster Elway said that was a telling dynamic of the campaign: Democrats seem to be doing everything they can to tie Reichert to the Bush White House, and especially to the war in Iraq, whereas Reichert is taking pains to show that he's willing to disagree with the president.

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In a district like the 8th, Elway said, Burner is almost certain to benefit from a general discontent with President Bush. The question is how much.

"If the national tide is running strong with the Democrats, this is exactly the kind of race they could win," he said. "If it's not such a strong tide, then it's a pretty good example of a place where a Republican could hang on, by emphasizing that he's shown some independence from the administration."

Some voters here indeed seem potentially swayed by the incumbent's assertions of independence. "I like Reichert; he's his own man," said Dave Purdy, 39, an imaging-equipment salesman in Bellevue who voted for Reichert in 2004 and said he would probably do so again. But Purdy added that he wanted to learn more about Burner and would probably focus more on the race after the candidates' debate next month.

Still, it is also clear there is a deep vein of discontent, especially over the Iraq war. Though Reichert appears more popular personally than Bush here, the discontent could hurt Reichert in November.

Reichert flew to Seattle from Washington, D.C., on Friday for the Rove events and to see his family (he and his wife of 36 years, Julie, have three children and six grandchildren), but he had no campaign appearances over the weekend and was not available for an interview, his spokeswoman said.

Burner, in an interview after a fundraising event of her own Thursday, said the war in Iraq had been an "incredible drain on [the nation's] resources and our spirit" and that many voters "simply don't believe that the war in Iraq is the same thing as the war on terror."

But she stopped short of calling for an immediate withdrawal. Instead, she said, Bush "needs to go to the military leaders and say, 'What is the plan for giving Iraq back to the Iraqis and bringing our troops home with honor?' "

Burner graduated from Harvard University, majoring in economics and computer science. She and her husband, Mike, have a 3-year-old son, Henry. She worked in software in Boston and Silicon Valley, Calif., before moving to the Seattle area in 1998.

She said she had strong ties to Washington state dating to childhood summers spent with her grandparents in Rochester, south of Olympia.

In campaign appearances, she mixes emotion and humor, saying public service is a calling in her family — one brother served in Iraq with the 101st Airborne, a sister is a nurse, and another brother, she said, performs a vital duty too: He drives a delivery truck for Miller Brewing Co.

An Arizona Win Puts Immigration Back In Play (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 17, 2006

A few weeks ago, it was became suddenly clear that the Republican free-for-all primary in the southeastern corner of Arizona was anything but ordinary. Randy Graf--a former golf pro, state representative and cowboy-boots-clad founding member of the Minutemen border group--had vaulted into the lead with his focus on fixing what he called the "security crisis" at the border. Opponents attacked him as extreme, and the national Republican party Party went so far as to buy at least $122,000 worth of ads for Graf's most formidable moderate challenger, state Rep. Steve Huffman.

It didn't work. Graf won last week, roiling some Republican circles and raising questions about the wisdom of the party's floundering immigration strategy. It has also put in jeopardy a precious House seat in a mostly moderate district that has been represented since 1984 by retiring Rep. Jim Kolbe, an abortion-rights centrist and the only openly gay Republican in Congress.

Fizzled rallies. In some ways, Graf's victory came at a moment that seems ripe for immigration restrictionists. After this spring's May Day rallies drew thousands of protesters in cities all over the country, efforts to duplicate that momentum this fall have largely fizzled. There were puny numbers at a September march on Washington that activists said would draw hundreds of thousands. A large coalition of advocacy groups that had vowed to register 1 million new immigrant voters now widely acknowledges they it won't meet that goal.

In this atmosphere, Graf's win was electrifying--at least in some corners. "I think it shows people are furious about immigration," says Ira Mehlman, a communications director with the Federation for American Immigration Reform, a group

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advocating restricting immigration. "And it's not just Arizona." Vulnerable incumbents like Sen. Rick Santorum, Rep. Chris Shays, and Sen. Jim Talent, who weren't vociferous on immigration a year ago, have already taken a hard line on border security. With Graf's win, Mehlman says the trend could easily grow stronger.

That tough rhetoric stands in contrast to what the Republicans in Washington didn't get done this year. Senate Majority Leader Bill Frist announced two weeks ago that he won't try to reconcile a punitive House immigration bill with a more moderate Senate measure that includes a guest-worker program before November. In an atmosphere where people talk about "a do-nothing Congress," that move was probably a mistake, says GOP strategist Whit Ayers. Last week, the House seemed to scramble to do something: Republicans passed a bill that would build 700 miles of double-layered steel fencing on the southern border, basically resurrecting one of the controversial aspects of their stalled bill.

Still, some observers of the Graf race urged caution. "I'm still waiting, for someone to show me the races where the [hard-line immigration] approach actually wins our party something," says Rep. Jeff Flake, an Arizona Republican. He said Graf benefited from a five-man race. "This isn't," Flake says, "the uprising some think it is."

Graf, however, tapped right into the frustration that's very alive in the Eighth District, which includes about 100 miles of the U.S.-Mexican border and runs up to the some prosperous suburbs near Tucson. "Down here," Graf he says, "illegal immigrants are killing cows, trashing people's ranches, and putting families near violent criminals, and Congress hasn't done anything about it." He also hopes his desire to slash bloated spending will spark Arizona's famed mile-wide independent streak.

Graf faces stiff competition from former state Sen. Gabrielle Giffords, a Democrat who says she fits the district's moderate profile: She was a Republican until 1999. "I jumped into this," she says from her volunteer-filled Tucson office," because I think the country is in trouble." Giffords emphasized healthcare and education in her primary, but as a Fulbright scholar who studied in Mexico in the early 1990s, she's credible on immigration and plans a push for more sanctions for illegal-alien employers and reform that includes a guest-worker program.

But many experts say if Republicans want to keep the seat, they'll have to unite behind Graf and convince Arizonan swing voters to do so too as well. Graf did a victory lap through Washington last week and picked up the endorsement--and a $5,000 check--from his former foes at the Republican congressional committee. Though Kolbe has refused his support, that didn't deter a delighted Republican Rep. Tom Tancredo, the toughest immigration reformer in Congress. "I don't just want to work with Randy," Tancredo told U.S. News; "I want to someday pass the baton to him." And if Graf and the other hard-liners win, it will surely be an even bigger baton.

Ken Mehlman (CSM)

By David Cook

The Christian Science Monitor, September 18, 2006

Even Democrats acknowledge the prowess of the political machine Ken Mehlman oversees as chairman of the Republican National Committee (RNC).

When Mehlman came to a Monitor-sponsored breakfast with national reporters on Friday, the policy-oriented National Journal magazine had just released a poll of political insiders ranking the performance of the RNC and the Democratic National Committee (DNC).

As National Journal reporter Jim Barnes notes, it is no surprise that 94 percent of Republican insiders think the RNC is doing a better job than the Democratic National Committee in the run-up to the midterm elections. The surprise is that 68 percent of the Democratic insiders agree that the RNC is out-performing the DNC.

Mehlman, a Harvard-trained lawyer who delivers his points in rapid-fire fashion, downplayed the role of organization in elections. "The reason I am confident we are going to keep our majority is not because of our operations. It is because of the candidates on the ballot," he said. "We won in '04 because of George W. Bush, not because we had a smart turnout operation. 80 percent of politics is motivating voters based on ideas, based on ideology, and based on the candidate that expresses ideas and ideology. I think what has hurt Democrats is the fact that for so long you've had uncertain trumpets leading the party. And that makes it very hard to do the rest."

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The RNC chair came to visit in a week when polling data showed a change in the public's view on the issue of terrorism, which could tend to help the president and candidates tied to him. The ABC News political blog "The Note" quoted ABC polling director Gary Langer as saying, "Terrorism has inched up in importance in the 2006 midterm elections and Republicans have regained an edge in trust to handle it, helping George W. Bush's party move closer to the Democrats in congressional vote preference."

Langer noted that Republicans lead Democrats in trust to handle terrorism by a 48-41 percent margin among registered voters in the latest ABC News poll. That is a flip from a seven-point Democratic advantage last month. Part of the change came from independent voters, the key to winning elections.

Mehlman attributes a bump in the president's job approval numbers to "a combination of speeches and realities in the world that have reminded people that a lot of what he is saying makes sense."

The GOP chief did not want to make a specific numerical forecast for the Congressional elections. He declined to confirm press reports citing unnamed senior White House officials predicting Republicans would hold the Senate by a 52-48 or 53-47 margin and lose ground in the House but still maintain control there as well.

While voicing optimism about maintaining control of Congress, Mehlman cited a number of factors that add up to what he called an overall environment that is "very challenging" for Republicans.

"We've got a headwind," he said. "We've got a headwind because we are in the sixth year of a presidency. We have a headwind because voters clearly are in a sour mood. We've got a headwind because we are in a tough war. I have acknowledged that from the beginning. So people who say it is another status quo election, race by race, I don't necessarily agree with that either. My point is it is actually a combination of factors. You do have a headwind at the same time we have certain assets we bring to the table...."

Money is a key GOP asset, Mehlman noted. "We will spend at least $60 million just on ads and turnout. In these congressional elections, Howard Dean will spend $12 million. If you add together the ... national parties on each side, if you add together the state parties around the country, in the competitive states, and if you add together the competitive congressional House and Senate campaigns, all together, when you look at cash, we have a $47 million cash advantage."

While it may be ahead on cash, the GOP last week was less than unified. The Senate Armed Services Committee rebuffed the president, after he had made a rare personal visit to the Hill, and voted for legislation that assures those on trial for terrorism receive Geneva Convention protections. The move came after former Secretary of State Colin Powell released a letter saying, "The world is beginning to doubt the moral basis of our fight against terrorism."

Mehlman downplayed the political impact of the committee vote on how to treat terrorism suspects. "The average American is not paying attention to committee mark-ups. The average American is looking at the overall picture. And what the average American is seeing and they are saying is 'ok, what are the tools we need to win?' ... I am hopeful and confident the president is going to have the ability to have the kind of program he talked about last week, which is a program [that] is critical to defending America."

While the RNC chairman's presentation accentuated the positive, it was clear Mehlman is concerned about the outcome of the 2006 elections. "I am never comfortable. I am always concerned. I am always watching. I think we've got good efforts.... The fact that [the Democrats] have the resources they do, the fact that the environment is tough, that all worries me a lot. This is a very challenging environment."

In an earlier life, the Mehlman was campaign manager for Bush-Cheney '04. Prior to moving to the campaign, he was director of Political Affairs at the White House, and deputy to Karl Rove. He is a trustee of Franklin and Marshall College, his undergraduate (Class of 1988) alma mater.

The Democratic Entourage (NSWK)

By Howard Fineman And Holly Bailey

Newsweek, September 18, 2006

It is getting late in the season, but John Yarmuth still wants in—into the club, the entourage. He is the Democratic candidate for Congress in Louisville, Ky., hoping to oust Republican incumbent Anne Northup. The club is the Democrats' Red to Blue

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Program. If you are a member—there will be about 40 of them—donations from strangers across the country will blow through your campaign mail slot like letters from Hogwarts. All you have to do is convince Rep. Rahm Emanuel of Chicago that you are worthy and that you can win. But that is the hard part. Under Emanuel, the program runs like a cross between a Chicago political clubhouse and a movie studio with too many way-over-budget projects. "I made my case to him when he was down here a couple of weeks ago," Yarmuth says. A friend of Yarmuth's flew to Washington last week to make the pitch to an Emanuel deputy. "We've got a good chance," says Yarmuth.

Most politicians hate to say no; Emanuel can't say it enough. He is a one-man pecking order. "All right, what's going, whaddya got?" he impatiently asks a reporter who stops by. Perched behind a clean desk in his campaign office, he talks while thumbing his BlackBerry as though it contained the secrets of the universe. Aides appear in the doorway with bulletins from the front; he glances up now and again at news on a flat-panel TV; someone hands him a personal cell phone (it's a call from his wife); he tries to put on a Norah Jones CD—loud—until the reporter objects. "For us to win we have to focus," he says. "It's all about picking, making good judgments about priorities." The Red to Blue Program is a Good Housekeeping Seal, he says. "It means a lot of things: campaign well run, campaign well financed, good candidate. It means a good opportunity to pick up a seat." Donors know whom they should give to—and Emanuel easily can check later to see if they do. "Candidates want to be on [the list] and donors want the clarity," he says.

If the man, the scene and the rope-line mentality remind you of something you have seen on television—say, "Entourage" on HBO or "The West Wing" on NBC—it is no accident. In a "life imitates art imitates life" moment, the Democrats' hopes for winning control of the House rest on whether real people can be as effective as they have been portrayed as being on TV. Consider: the hard-charging character of Josh Lyman on "The West Wing" was modeled on Emanuel. How did that happen? Because the part was created and written by Aaron Sorkin (who created the whole show) and played by Bradley Whitford. Both men are clients of Emanuel's younger brother, Hollywood agent Ari Emanuel. The maniacally in-your-face character of agent Ari Gold on "Entourage" is modeled on Ari Emanuel, who represents Steve Tompkins and Mark Wahlberg, executive producers of the show. In real life, Ari Emanuel is fast becoming a political networking force in Los Angeles, issuing his clients and partners invitations to fund-raising events, including one for Rahm himself and for his House campaign committee. "Ari's a definite player and very strategic," says Robin Bronk, who heads the nonpartisan Creative Coalition, an arts lobbying group.

It will take all the hard-charging that Democrats can muster if they are going to assemble an entourage that can take back the House of Representatives. A switch of just 15 seats would give them their first foothold in Washington since George W. Bush became president. But at a time when political divisions are so entrenched and opinions are so fixed—on the war in Iraq, on terrorism, on economic security, on pretty much everything—the outcome could well depend (again) on money and get-out-the-vote machinery.

As has been the case since Bill Clinton left town, the Republicans have the organizational and financial advantage. However beleaguered and angry the president is—and however at odds he is with GOP senators over issues such as the treatment of terrorism suspects—the campaign apparatus Karl Rove built is intact and internally disciplined. It's a "cohesive unit," says Ken Mehlman, Republican Party chairman. "Every decision, we've all talked about it," he says.

Among Democrats, by contrast, national, Senate and House campaign units maintain their independence—and often behave like rival homies in an "Entourage" bar scene. Emanuel has clashed repeatedly with Democratic National Committee Chairman Howard Dean, whose "50-state" approach to organizing strikes Emanuel as disastrously unfocused. Only in the Democratic Party would campaign officials need to sign a written peace treaty, which Dean and Emanuel did last week. The national committee agreed to funnel $12 million of its cash into congressional get-out-the-vote efforts; Emanuel basically agreed (though not in writing) to shut up. He did so in an interview. "They want me to take my beta blockers," he says with a somewhat defiant shrug. "So I'm going to take my beta blockers, OK?" The disputes, he says, "have not hampered us."

Meaning his own clubhouse. A native of Chicago, Emanuel learned his politics from the legendary Daley family, with whom he remains close. The family lesson: take care of your own. While Republicans as a whole have $30 million more in the bank than Democrats do now, Emanuel's own Democratic Congressional Campaign Committee is now roughly even with its GOP counterpart—a position it hasn't enjoyed for a decade. And there is evidence that the Red to Blue Program is working: Democratic candidates are even or ahead in fund-raising in most of the races that neutral observers regard as competitive.

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As a member of the Ways and Means Committee, Emanuel teamed with Senate campaign chair Chuck Schumer to tap uncharted donor fields in the financial industry. "We're working outside of traditional banks," he says proudly, "into the private-equity world, the hedge-fund world, the distressed-debt world." These "worlds" know they are talking to a guy who not only runs the campaign committee, but who could be in the majority of the key financial committee—and maybe even majority leader.

The entertainment industry remains a major source of cash for the Democrats, who get two out of every three dollars given to federal candidates. It has been a tough sell. Donors felt tapped out and depressed after what they regarded as Sen. John Kerry's badly run 2004 campaign. The mood changed after the Democrats' congressional prospects improved, and some fund-raisers developed a novel, typically self-doubting pitch for selling into a down market. It goes this way, explains a screenwriter who declined to speak on the record for fear of angering big machers such as Ari Emanuel: "Hillary Clinton is going to be nominated in 2008, John McCain is going to be president, so the House is our only chance to get in the game."

Whatever the pitch, it's working. The industry has given about $10 million to Democrats so far. And while Ari Emanuel is hardly the key moneyman, he is emerging as a leader of a newer generation of Hollywood fund-raisers, who rely less on their own wallets than their networks' and who are willing to become public political figures, not just backroom types. Famously abrasive (Jerry Seinfeld reportedly once had a bumper sticker printed that read: I HATE ARI EMANUEL, TOO), he can also be charmingly insistent. He phoned one client who left his fold on friendly terms to ask, "Why are you ruining your career?" Ari called him the following week, and the next—for a year.

Persistence pays. Ari cosponsored a $220,000 fund-raiser for his brother's personal PAC in June; in the days before and after the event, the PAC received $30,000 in checks from employees of the Endeavor Agency, the firm Ari founded. Other contributors included Ari's celebrity clients, among them Sorkin and Michael Douglas. (Rahm's PAC, in turn, has donated some of that cash to members of the Red to Blue Program.) Endeavor employees have given more than $50,000 to the House campaign committee; clients such as Sorkin have given generously, too. "He can pick up the phone and get anyone—anyone—on the line," says a friend who deals with Ari on a daily basis but who is still afraid to talk about him on the record.

In Washington, meanwhile, brother Rahm is turning his attention to turnout operations. Focused like a laser beam, not so much in a hurry as in a controlled frenzy, he is almost literally driven crazy by professional ineptitude and sloth. In one legendary incident from the 1988 cycle (he was a top staffer then of the committee he now runs), he sent a dead fish to a pollster whose work he disliked. He has carefully studied the GOP's expensive, cutting-edge voter "outreach" program. Using huge databases, it connects like-minded people by using market research to develop profiles of their interests and concerns. The aim is to re-create an over-the-back-fence digital/personal endorsement.

The Democrats' system isn't nearly as robust, but perhaps one of their best GOTV masterminds—Harold Ickes—last week announced an independent effort (they hope to raise $25 million) to target key voters. "People are really beginning to understand that the House is really competitive and Democrats have a real chance to win," says Ickes. Maybe so, but Emanuel isn't making grand predictions. Privately, he's telling friends that the current number is a pickup of 15 to 19 seats—too close to call, in other words, for the Red to Blue crew to start breaking out the champagne.

Emanuel is releasing what probably is his final Red to Blue list this week. He and his team considered Yarmuth's case. The district is a tough one to win, even though Kerry carried it in 2004. Yarmuth owned a local magazine in which he published articles that might cause controversy. ("Rahm had read all of those articles before last December, when I first met him," Yarmuth says.) Perhaps most important, Yarmuth is independently wealthy. Scorn does not begin to describe Emanuel's response to the idea, as he put it, "of giving money to a multimillionaire." Yarmuth was not invited to join the entourage.

UCLA Attracts Retired General Wesley Clark (LAT)

By Rebecca Trounson

The Los Angeles Times, September 18, 2006

Wesley K. Clark, a former NATO commander and 2004 Democratic presidential candidate, will join the University of California, Los Angeles, this fall as a senior fellow, university officials are set to announce Monday.

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Clark, who is expected to arrive on campus about the first of October, will teach occasional seminars, publish policy papers and organize and hold an annual conference on national security, officials said. He will be affiliated with the university's Ronald W. Burkle Center for International Relations.

The retired general's wide-ranging military, political and teaching background will serve UCLA and its students well, said Patricia O'Brien, executive dean of the university's College of Letters and Science. "I am especially pleased that our students at UCLA will benefit from General Clark's extraordinary experience, as well as his dynamic leadership and teaching credentials," O'Brien said in a statement.

Clark, who taught economics and political philosophy at the U.S. Military Academy at West Point in the early 1970s, said in a brief phone interview Friday that he was looking forward to returning to the classroom, although initially he will be a guest lecturer in other professors' courses and not teach his own.

"I'll be looking at U.S. national security in the broadest terms, including military, diplomatic, energy, environmental and trade issues," said Clark, who served as NATO's commander during the 1999 Kosovo conflict. "There's never been a time in American history when Americans have been more impacted by events abroad, and we need a strategy that touches all those areas."

Clark also said he was looking forward to living and working in the Los Angeles area, where he has a son. The appointment is open-ended, he said.

Previous lecturers and scholars at the Burkle Center have included former Presidents Clinton and Carter and other U.S. and foreign officials.

Early Admissions (WP)

The Washington Post, September 18, 2006

HARVARD UNIVERSITY'S much-applauded decision no longer to allow the early acceptance of students should help ensure a more equitable admissions process and attract a more diverse group of students. Before other universities and colleges conclude they can't follow Harvard's example, they need to take a hard look at how they admit.

Starting next year, Harvard said, it will abolish the practice of early admissions of undergraduates because the program, attracting mainly the white and well-off, places minorities and the poor at a disadvantage. Early-admission programs vary but generally guarantee acceptance to students who promise in advance that they will attend. (Harvard's program hasn't required this promise.) Colleges get to lock in top students while also boosting yield (the number of offers accepted and a figure widely seen as a measure of a school's desirability). For the student, early admission increases the chance of acceptance and takes some tension out of senior year, but it prevents the offer of one college (including financial aid) being weighed against another.

It's true that Harvard -- with its prestige and billions in endowment funds -- risks little; it will enroll a strong class with or without the early-admission tool. In that sense, the University of Delaware took a bigger chance last spring when it eliminated early admissions to ensure a fairer process for both student and school. "Why," asked University of Delaware Admissions Director Louis L. Hirsh, "should applying for college be about strategizing rather than finding which of the 4,000 colleges and universities in this country is the best fit for you?"

It's a good question, but not the only one that needs to be asked in the effort to make higher education more accessible. Are standardized tests being used correctly in the admissions process? Is financial aid being distributed fairly -- the balance between merit and need-based scholarships, for instance? Do college ranking systems really make any sense? How about college marketing?

As other schools ponder whether they can afford to follow the example of Harvard and Delaware, they would do well to note the widespread reaction of parents, teachers and guidance counselors who see the decision as a step toward easing the anxiety, tension and premature pressure that has come to permeate the process for too many students.

What Would War Look Like? (TIME)

By Michael Duffy

Time, September 25, 2006

The first message was routine enough: a "Prepare to Deploy" order sent through naval communications channels to a submarine, an Aegis-class cruiser, two minesweepers and two mine hunters. The orders didn't actually command the ships out

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of port; they just said to be ready to move by Oct. 1. But inside the Navy those messages generated more buzz than usual last week when a second request, from the Chief of Naval Operations (CNO), asked for fresh eyes on long-standing U.S. plans to blockade two Iranian oil ports on the Persian Gulf. The CNO had asked for a rundown on how a blockade of those strategic targets might work. When he didn't like the analysis he received, he ordered his troops to work the lash up once again.

What's going on? The two orders offered tantalizing clues. There are only a few places in the world where minesweepers top the list of U.S. naval requirements. And every sailor, petroleum engineer and hedge-fund manager knows the name of the most important: the Strait of Hormuz, the 20-mile-wide bottleneck in the Persian Gulf through which roughly 40% of the world's oil needs to pass each day. Coupled with the CNO's request for a blockade review, a deployment of minesweepers to the west coast of Iran would seem to suggest that a much discussed--but until now largely theoretical--prospect has become real: that the U.S. may be preparing for war with Iran.

No one knows whether--let alone when--a military confrontation with Tehran will come to pass. The fact that admirals are reviewing plans for blockades is hardly proof of their intentions. The U.S. military routinely makes plans for scores of scenarios, the vast majority of which will never be put into practice. "Planners always plan," says a Pentagon official. Asked about the orders, a second official said only that the Navy is stepping up its "listening and learning" in the Persian Gulf but nothing more--a prudent step, he added, after Iran tested surface-to-ship missiles there in August during a two-week military exercise. And yet from the State Department to the White House to the highest reaches of the military command, there is a growing sense that a showdown with Iran--over its suspected quest for nuclear weapons, its threats against Israel and its bid for dominance of the world's richest oil region--may be impossible to avoid. The chief of the U.S. Central Command (Centcom), General John Abizaid, has called a commanders conference for later this month in the Persian Gulf--sessions he holds at least quarterly--and Iran is on the agenda.

On its face, of course, the notion of a war with Iran seems absurd. By any rational measure, the last thing the U.S. can afford is another war. Two unfinished wars--one on Iran's eastern border, the other on its western flank--are daily depleting America's treasury and overworked armed forces. Most of Washington's allies in those adventures have made it clear they will not join another gamble overseas. What's more, the Bush team, led by Secretary of State Condoleezza Rice, has done more diplomatic spadework on Iran than on any other project in its 51/2 years in office. For more than 18 months, Rice has kept the Administration's hard-line faction at bay while leading a coalition that includes four other members of the U.N. Security Council and is trying to force Tehran to halt its suspicious nuclear ambitions. Even Iran's former President, Mohammed Khatami, was in Washington this month calling for a "dialogue" between the two nations.

But superpowers don't always get to choose their enemies or the timing of their confrontations. The fact that all sides would risk losing so much in armed conflict doesn't mean they won't stumble into one anyway. And for all the good arguments against any war now, much less this one, there are just as many indications that a genuine, eyeball-to-eyeball crisis between the U.S. and Iran may be looming, and sooner than many realize. "At the moment," says Ali Ansari, a top Iran authority at London's Chatham House, a foreign-policy think tank, "we are headed for conflict."

So what would it look like? Interviews with dozens of experts and government officials in Washington, Tehran and elsewhere in the Middle East paint a sobering picture: military action against Iran's nuclear facilities would have a decent chance of succeeding, but at a staggering cost. And therein lies the excruciating calculus facing the U.S. and its allies: Is the cost of confronting Iran greater than the dangers of living with a nuclear Iran? And can anything short of war persuade Tehran's fundamentalist regime to give up its dangerous game?

ROAD TO WAR

The crisis with Iran has been years in the making. Over the past decade, Iran has acquired many of the pieces, parts and plants needed to make a nuclear device. Although Iranian officials insist that Iran's ambitions are limited to nuclear energy, the regime has asserted its right to develop nuclear power and enrich uranium that could be used in bombs as an end in itself--a symbol of sovereign pride, not to mention a useful prop for politicking. Iran's President Mahmoud Ahmadinejad has crisscrossed the country in recent months making Iran's right to a nuclear program a national cause and trying to solidify his base of hard-line support in the Revolutionary Guards. The nuclear program is popular with average Iranians and the élites as well. "Iranian leaders have this sense of past glory, this belief that Iran should play a lofty role in the world," says Nasser Hadian, professor of political science at Tehran University.

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But the nuclear program isn't Washington's only worry about Iran. While stoking nationalism at home, Tehran has dramatically consolidated its reach in the region. Since the 1979 Islamic revolution, Iran has sponsored terrorist groups in a handful of countries, but its backing of Hizballah, the militant group that took Lebanon to war with Israel this summer, seems to be changing the Middle East balance of power. There is circumstantial evidence that Iran ordered Hizballah to provoke this summer's war, in part to demonstrate that Tehran can stir up big trouble if pushed to the brink. The precise extent of coordination between Hizballah and Tehran is unknown. But no longer in dispute after the standoff in July is Iran's ability to project power right up to the borders of Israel. It is no coincidence that the talk in Washington about what to do with Iran became more focused after Hizballah fought the Israeli army to a virtual standstill this summer.

And yet the West has been unable to compel Iran to comply with its demands. Despite all the work Rice has put into her coalition, diplomatic efforts are moving too slowly, some believe, to stop the Iranians before they acquire the makings of a nuclear device. And Iran has played its hand shrewdly so far. Tehran took weeks to reply to a formal proposal from the U.N. Security Council calling on a halt to uranium enrichment. When it did, its official response was a mosaic of half-steps, conditions and boilerplate that suggested Tehran has little intention of backing down. "The Iranians," says a Western diplomat in Washington, "are very able negotiators."

That doesn't make war inevitable. But at some point the U.S. and its allies may have to confront the ultimate choice. The Bush Administration has said it won't tolerate Iran having a nuclear weapon. Once it does, the regime will have the capacity to carry out Ahmadinejad's threats to eliminate Israel. And in practical terms, the U.S. would have to consider military action long before Iran had an actual bomb. In military circles, there is a debate about where--and when--to draw that line. U.S. intelligence chief John Negroponte told TIME in April that Iran is five years away from having a nuclear weapon. But some nonproliferation experts worry about a different moment: when Iran is able to enrich enough uranium to fuel a bomb--a point that comes well before engineers actually assemble a nuclear device. Many believe that is when a country becomes a nuclear power. That red line, experts say, could be just a year away.

WOULD AN ATTACK WORK?

The answer is yes and no.

No one is talking about a ground invasion of Iran. Too many U.S. troops are tied down elsewhere to make it possible, and besides, it isn't necessary. If the U.S. goal is simply to stunt Iran's nuclear program, it can be done better and more safely by air. An attack limited to Iran's nuclear facilities would nonetheless require a massive campaign. Experts say that Iran has between 18 and 30 nuclear-related facilities. The sites are dispersed around the country--some in the open, some cloaked in the guise of conventional factories, some buried deep underground.

A Pentagon official says that among the known sites there are 1,500 different "aim points," which means the campaign could well require the involvement of almost every type of aircraft in the U.S. arsenal: Stealth bombers and fighters, B-1s and B-2s, as well as F-15s and F-16s operating from land and F-18s from aircraft carriers.

GPS-guided munitions and laser-targeted bombs--sighted by satellite, spotter aircraft and unmanned vehicles--would do most of the bunker busting. But because many of the targets are hardened under several feet of reinforced concrete, most would have to be hit over and over to ensure that they were destroyed or sufficiently damaged. The U.S. would have to mount the usual aerial ballet, refueling tankers as well as search-and-rescue helicopters in case pilots were shot down by Iran's aging but possibly still effective air defenses. U.S. submarines and ships could launch cruise missiles as well, but their warheads are generally too small to do much damage to reinforced concrete--and might be used for secondary targets. An operation of that size would hardly be surgical. Many sites are in highly populated areas, so civilian casualties would be a certainty.

Whatever the order of battle, a U.S. strike would have a lasting impression on Iran's rulers. U.S. officials believe that a campaign of several days, involving hundreds or even thousands of sorties, could set back Iran's nuclear program by two to three years. Hit hard enough, some believe, Iranians might develop second thoughts about their government's designs as a regional nuclear power. Some U.S. foes of Iran's regime believe that the crisis of legitimacy that the ruling clerics would face in the wake of a U.S. attack could trigger their downfall, although others are convinced it would unite the population with the government in anti-American rage.

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But it is also likely that the U.S. could carry out a massive attack and still leave Iran with some part of its nuclear program intact. It's possible that U.S. warplanes could destroy every known nuclear site--while Tehran's nuclear wizards, operating at other, undiscovered sites even deeper underground, continued their work. "We don't know where it all is," said a White House official, "so we can't get it all."

WHAT WOULD COME NEXT?

No one who has spent any time thinking about an attack on Iran doubts that a U.S. operation would reap a whirlwind. The only mystery is what kind. "It's not a question of whether we can do a strike or not and whether the strike could be effective," says retired Marine General Anthony Zinni. "It certainly would be, to some degree. But are you prepared for all that follows?"

Retired Air Force Colonel Sam Gardiner, who taught strategy at the National War College, has been conducting a mock U.S.-Iran war game for American policymakers for the past five years. Virtually every time he runs the game, Gardiner says, a similar nightmare scenario unfolds: the U.S. attack, no matter how successful, spawns a variety of asymmetrical retaliations by Tehran. First comes terrorism: Iran's initial reaction to air strikes might be to authorize a Hizballah attack on Israel, in order to draw Israel into the war and rally public support at home.

Next, Iran might try to foment as much mayhem as possible inside the two nations on its flanks, Afghanistan and Iraq, where more than 160,000 U.S. troops hold a tenuous grip on local populations. Iran has already dabbled in partnership with warlords in western Afghanistan, where U.S. military authority has never been strong; it would be a small step to lend aid to Taliban forces gaining strength in the south. Meanwhile, Tehran has links to the main factions in Iraq, which would welcome a boost in money and weapons, if just to strengthen their hand against rivals. Analysts generally believe that Iran could in a short time orchestrate a dramatic increase in the number and severity of attacks on U.S. troops in Iraq. As Syed Ayad, a secular Shi'ite cleric and Iraqi Member of Parliament says, "America owns the sky of Iraq with their Apaches, but Iran owns the ground."

Next, there is oil. The Persian Gulf, a traffic jam on good days, would become a parking lot. Iran could plant mines and launch dozens of armed boats into the bottleneck, choking off the shipping lanes in the Strait of Hormuz and causing a massive disruption of oil-tanker traffic. A low-key Iranian mining operation in 1987 forced the U.S. to reflag Kuwaiti oil tankers and escort them, in slow-moving files of one and two, up and down the Persian Gulf. A more intense operation would probably send oil prices soaring above $100 per bbl.--which may explain why the Navy wants to be sure its small fleet of minesweepers is ready to go into action at a moment's notice. It is unlikely that Iran would turn off its own oil spigot or halt its exports through pipelines overland, but it could direct its proxies in Iraq and Saudi Arabia to attack pipelines, wells and shipment points inside those countries, further choking supply and driving up prices.

That kind of retaliation could quickly transform a relatively limited U.S. mission in Iran into a much more complicated one involving regime change. An Iran determined to use all its available weapons to counterattack the U.S. and its allies would present a challenge to American prestige that no Commander in Chief would be likely to tolerate for long. Zinni, for one, believes an attack on Iran could eventually lead to U.S. troops on the ground. "You've got to be careful with your assumptions," he says. "In Iraq, the assumption was that it would be a liberation, not an occupation. You've got to be prepared for the worst case, and the worst case involving Iran takes you down to boots on the ground." All that, he says, makes an attack on Iran a "dumb idea." Abizaid, the current Centcom boss, chose his words carefully last May. "Look, any war with a country that is as big as Iran, that has a terrorist capability along its borders, that has a missile capability that is external to its own borders and that has the ability to affect the world's oil markets is something that everyone needs to contemplate with a great degree of clarity."

CAN IT BE STOPPED?

Given the chaos that a war might unleash, what options does the world have to avoid it? One approach would be for the U.S. to accept Iran as a nuclear power and learn to live with an Iranian bomb, focusing its efforts on deterrence rather than pre-emption. The risk is that a nuclear-armed Iran would use its regional primacy to become the dominant foreign power in Iraq, threaten Israel and make it harder for Washington to exert its will in the region. And it could provoke Sunni countries in the region, like Saudi Arabia and Egypt, to start nuclear programs of their own to contain rising Shi'ite power.

Those equally unappetizing prospects--war or a new arms race in the Middle East--explain why the White House is kicking up its efforts to resolve the Iran problem before it gets that far. Washington is doing everything it can to make Iran think twice about its ongoing game of stonewall. It is a measure of the Administration's unity on Iran that confrontationalists like Vice President Dick

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Cheney and Defense Secretary Donald Rumsfeld have lately not wandered off the rhetorical reservation. Everyone has been careful--for now--to stick to Rice's diplomatic emphasis. "Nobody is considering a military option at this point," says an Administration official. "We're trying to prevent a situation in which the President finds himself having to decide between a nuclear-armed Iran or going to war. The best hope of avoiding that dilemma is hard-nosed diplomacy, one that has serious consequences."

Rice continues to try for that. This week in New York City, she will push her partners to get behind a new sanctions resolution that would ban Iranian imports of dual-use technologies, like parts for its centrifuge cascades for uranium enrichment, and bar travel overseas by certain government officials. The next step would be restrictions on government purchases of computer software and hardware, office supplies, tires and auto parts--steps Russia and China have signaled some reluctance to endorse. But even Rice's advisers don't believe that Iran can be persuaded to completely abandon its ambitions. Instead, they hope to tie Iran up in a series of suspensions, delays and negotiations until a more pragmatic faction of leadership in Tehran gains the upper hand.

At the moment, that sounds as much like a prayer as a strategy. A former CIA director, asked not long ago whether a moderate faction will ever emerge in Tehran, quipped, "I don't think I've ever met an Iranian moderate--not at the top of the government, anyway." But if sanctions don't work, what might? Outside the Administration, a growing group of foreign-policy hands from both parties have called on the U.S. to bring Tehran into direct negotiations in the hope of striking a grand bargain. Under that formula, the U.S. might offer Iran some security guarantees-- such as forswearing efforts to topple Iran's theocratic regime--in exchange for Iran's agreeing to open its facilities to international inspectors and abandon weapons-related projects. It would be painful for any U.S. Administration to recognize the legitimacy of a regime that sponsors terrorism and calls for Israel's destruction--but the time may come when that's the only bargaining chip short of war the U.S. has left. And still that may not be enough. "[The Iranians] would give up nuclear power if they truly believed the U.S. would accept Iran as it is," says a university professor in Tehran who asked not to be identified. "But the mistrust runs too deep for them to believe that is possible."

Such distrust runs both ways and is getting deeper. Unless the U.S., its allies and Iran can find a way to make diplomacy work, the whispers of blockades and minesweepers in the Persian Gulf may soon be drowned out by the cries of war. And if the U.S. has learned anything over the past five years, it's that war in the Middle East rarely goes according to plan.

How Close Is Iran To Having Nuclear Weapons? (NSWK)

By Mark Hosenball

Newsweek, September 18, 2006

American intel agencies appear to be pushing back against conservatives who claim that their judgments about Iran's nuclear program are not hair-raising enough. In a development that reminded some experts of the fights over prewar Iraq intel, hard-liners on the House intelligence committee last month produced a report declaring the U.S. intel community "needs to improve its analysis and collection" on Iran's WMD programs. A caption in the report even claimed that "Iran is currently enriching uranium to weapons grade."

Last week, however, the House committee assessment was slammed by U.N. nuclear experts, who pointed out that there's little evidence Iran is anywhere near producing weapons-grade uranium. And three U.S. officials familiar with recent intel reporting on Iran, who asked for anonymity due to the sensitive subject matter, said that U.S. agencies have not altered assessments that Iran is years away from producing a nuclear bomb. As two of the officials acknowledge, recent intel reporting indicates that if anything, technical problems are slowing down Iran's nuclear program. David Albright, a former U.N. WMD inspector and independent expert, told NEWSWEEK: "Iran's gas-centrifuge program is moving unexpectedly slowly. The program was expected to be much further along by this point." Albright says this assessment is supported by data produced by U.N. investigators; one of the government officials says that because U.N. inspectors still have some access to Iranian nuke facilities, their reporting is at least as good as info being produced by clandestine U.S. spies. Another of the U.S. officials said intel reports show Iran was experiencing significant problems with gyroscopes it has been trying to install on missiles that could deliver Iranian bombs to targets in the region and even further.

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Officials in National Intelligence Director John Negroponte's office have told journalists that U.S. intel believes Iran will not be able to produce a nuke until about 2010 at the earliest, and perhaps not until 2015. A spokesman for Negroponte's office says intel agencies are now working on a new National Intelligence Estimate—a classified report laying out the consensus view of all agencies—about Iran's nuclear effort; the spokesman said that for the moment, the agencies' Iran nuke timeline was unchanged, "but we're researching it."

"We Do Not Need Attacks" (TIME)

By Scott Macleod

Time, September 18, 2006

TIME: What were your impressions of New York during your visit to the U.S. last year?

Ahmadinejad: Unfortunately we didn't have any contact with the people of the United States. We were not in touch with the people. But my general impression is that the people of the United States are good people. Everywhere in the world, people are good.

TIME: Did you visit the site of the World Trade Center?

Ahmadinejad: It was not necessary. It was widely covered in the media.

TIME: You recently invited President Bush to a televised debate. If he were sitting where I am sitting, what would you say, man to man?

Ahmadinejad: The issues which are of interest to us are the international issues and how to manage them. I gave some recommendations to President Bush in my personal letter, and I hope that he will take note of them. I would ask him, Are rationalism, spirituality and humanitarianism and logic—are they bad things for human beings? Why more conflict? Why should we go for hostilities? Why should we develop weapons of mass destruction? Everybody can love one another.

TIME: Do you feel any connection with President Bush, since he is also a religious man, a strong Christian?

Ahmadinejad: I've heard about that. But there are many things which take place and are inconsistent with the teachings of Jesus Christ in this world.

TIME: Why do your supporters chant "Death to America"?

Ahmadinejad: When they chanted that slogan, it means they hate aggression, and they hate bullying tactics, and they hate violations of the rights of nations and discrimination. I recommended to President Bush that he can change his behavior, then everything will change.

TIME: How do you think the American people feel when they hear Iranians shouting "Death to America" and the President of Iran does not criticize this?

Ahmadinejad: The nations do not have any problems. What is the role of the American people in what is happening in the world? The people of the United States are also seeking peace, love, friendship and justice.

TIME: But if Americans shouted "Death to Iran," Iranians would feel insulted.

Ahmadinejad: If the government of Iran acted in such a way, then [the American people] have this right.

TIME: Are America and Iran fated to be in conflict?

Ahmadinejad: No, this is not fate. And this can come to an end. I have said we can run the world through logic. We are living our own lives. The U.S. government should not interfere in our affairs. They should live their own lives. They should serve the interests of the U.S. people. They should not interfere in our affairs. Then there would be no problems with that.

TIME: Are you ready to open direct negotiations with the U.S.?

Ahmadinejad: We have given them a letter, a lengthy letter. We say the U.S. Administration should change its behavior, and then everything will be solved. It was the U.S. which broke up relations with us. We didn't take that position. And then they should make up for it.

TIME: Does Iran have the right to nuclear weapons?

Ahmadinejad: We are opposed to nuclear weapons. We think it has been developed just to kill human beings. It is not in the service of human beings. For that reason, last year in my address to the U.N. General Assembly, I suggested that a committee should be set up in order to disarm all the countries that possess nuclear weapons.

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TIME: But you were attacked with weapons of mass destruction by Iraq. You say the u.s. threatens you, and you are surrounded by countries that have nuclear weapons.

Ahmadinejad: Today nuclear weapons are a blunt instrument. We don't have any problems with Pakistan or India. Actually they are friends of Iran, and throughout history they have been friends. The Zionist regime is not capable of using nuclear weapons. Problems cannot be solved through bombs. Bombs are of little use today. We need logic.

TIME: Why won't you agree to suspend enrichment of uranium as a confidence-building measure?

Ahmadinejad: Whose confidence should be built?

TIME: The world's?

Ahmadinejad: The world? The world? Who is the world? The United States? The U.S. Administration is not the entire world. Europe does not account for one-twentieth of the entire world. When I studied the provisions of the npt [Nuclear Nonproliferation Treaty], nowhere did I see it written that in order to produce nuclear fuel, we need to win the support or the confidence of the United States and some European countries.

TIME: How far will Iran go in defying Western demands? Will you wait until you are attacked and your nuclear installations are destroyed?

Ahmadinejad: Do you think the u.s. administration would be so irrational?

TIME: You tell me.

Ahmadinejad: I hope that is not the case. I said that we need logic. We do not need attacks.

TIME: Are you worried about an attack?

Ahmadinejad: No.

TIME: You have been quoted as saying Israel should be wiped off the map. Was that merely rhetoric, or do you mean it?

Ahmadinejad: People in the world are free to think the way they wish. We do not insist they should change their views. Our position toward the Palestinian question is clear: we say that a nation has been displaced from its own land. Palestinian people are killed in their own lands, by those who are not original inhabitants, and they have come from far areas of the world and have occupied those homes. Our suggestion is that the 5 million Palestinian refugees come back to their homes, and then the entire people on those lands hold a referendum and choose their own system of government. This is a democratic and popular way. Do you have any other suggestions?

TIME: Do you believe the Jewish people have a right to their own state?

Ahmadinejad: We do not oppose it. In any country in which the people are ready to vote for the Jews to come to power, it is up to them. In our country, the Jews are living and they are represented in our Parliament. But Zionists are different from Jews.

TIME: Have you considered that Iranian Jews are hurt by your comments denying that 6 million Jews were killed in the Holocaust?

Ahmadinejad: As to the Holocaust, I just raised a few questions. And I didn't receive any answers to my questions. I said that during World War II, around 60 million were killed. All were human beings and had their own dignities. Why only 6 million? And if it had happened, then it is a historical event. Then why do they not allow independent research?

TIME: But massive research has been done.

Ahmadinejad: They put in prison those who try to do research. About historical events everybody should be free to conduct research. Let's assume that it has taken place. Where did it take place? So what is the fault of the Palestinian people? These questions are quite clear. We are waiting for answers.

Bush, Ahmadinejad To Wage War Of Words At U.N. (USAT)

By Barbara Slavin

USA Today, September 18, 2006

President Bush and Iranian President Mahmoud Ahmadinejad deliver dueling speeches at the United Nations this week in what could become a dramatic showdown over Iran's nuclear program.

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Bush has pledged to use his U.N. talk to send Iran a clear warning that it must heed a U.N. Security Council resolution calling on it to suspend its program to make nuclear fuel. Iran says its program is for peaceful purposes, while Bush says Iran is trying to develop nuclear weapons.

"Part of my objective in New York is to remind people that stalling shouldn't be allowed," Bush said Friday. "We are firmly committed in our desire to send a common signal to the Iranian regime."

The two leaders are scheduled to speak hours apart Tuesday at the annual meeting of heads of state of the General Assembly.

Ahmadinejad challenged Bush to a debate last month. The White House rejected it as a publicity stunt and diversion from dealing with the nuclear issue. Their speeches may be the closest the two come to a debate.

Iran has emerged as a leading target in Bush's war on terrorism because of its nuclear program and support for militant groups, including Hezbollah in Lebanon.

The United States wants the U.N. Security Council to impose sanctions on Iran because it refused to meet an Aug. 31 council deadline to halt uranium enrichment.

About 70 world leaders will address the General Assembly this week, but the focus will be on Bush and Ahmadinejad.

Bush said his U.N. speech will serve as a warning to Iran that "if they try to drag their feet or, you know, get us to look the other way, that we won't do that."

What Ahmadinejad might say is harder to predict. In the past year he has risen from a little-known Iranian hard-liner to one of Bush's chief antagonists.

Last year, in his debut on the diplomatic scene, Ahmadinejad stunned the General Assembly with a speech assailing the United States and calling for the return of the Twelfth Imam, a revered Shiite Muslim figure whose coming is akin to Judgment Day.

He later told an Iranian cleric that he felt an "aura" of holiness surrounding him during the speech and claimed that the audience sat rapt for half an hour "as if a hand held them there (and) made them sit."

It's also possible Ahmadinejad could use his address this week to make a conciliatory gesture. Last week in Senegal, he said Iran is "ready for new conditions" on the nuclear issue. He did not give details.

The Iranian president is scheduled to arrive in New York City today following a visit with Venezuelan President Hugo Chávez, another Bush antagonist.

Ahmadinejad is subordinate to Iran's supreme religious leader, Ayatollah Ali Khamenei, but his stature and notoriety have grown in the past year. He has denied that the Holocaust happened, threatened Israel and asserted Iran's right to pursue its nuclear program.

Malcolm Hoenlein, vice chairman of the Conference of Presidents of Major Jewish Organizations, said thousands will attend a rally across from the U.N. on Wednesday to "reject his hatred and his threats to the United States and Israel."

"He's far more powerful than we anticipated when he was elected," said Karim Sadjadpour, an Iran expert at the International Crisis Group, a Brussels-based organization. "Everyone assumed he would focus on the domestic economy and defer to his elders on foreign policy."

Events in the region have strengthened Iranian hard-liners in the past year. A pro-Iranian Shiite government came to power in Iraq; an Iranian-backed Palestinian faction, Hamas, won parliamentary elections; and Iran's Lebanese proxy, Hezbollah, withstood a month of Israeli attacks. The United States considers Hezbollah a terrorist group.

At home, Ahmadinejad has bolstered his position by appointing fellow veterans of the hard-line Revolutionary Guard as provincial governors and Cabinet ministers. The regime has become increasingly repressive, arresting professors and closing newspapers.

Last week, the government shut a moderate newspaper, Shargh, after it published a cartoon portraying a donkey facing a knight on a chessboard. The donkey had a halo of light around it, an apparent reference to Ahmadinejad's remark about the "aura" he felt around him at the U.N.

Bush To UN: An Agenda For Freedom (CSM)

DOJ_NMG_0063877

By Howard Lafranchi

The Christian Science Monitor, September 18, 2006

UNITED NATIONS, N.Y.

When President Bush speaks to the United Nations General Assembly here this week, he will studiously avoid Iran's President Mahmoud Amadinejad.

And Mr. Bush probably won't take up the controversial leader's challenge to the American president to face him in a "civilizational debate."

But Bush does plan to lay out his vision for the world, including an elaboration of his "freedom agenda" and the role of democracy in building global security, when he addresses the 192-country assembly Tuesday.

In that sense, the global airing and weighing of two distinct visions is already on. The president "will stress the United States' commitment to a broad international agenda that recognizes the connection between freedom, democracy, prosperity, counterterrorism, and security," according to the White House.

Focusing on the Middle East as "the main battle ground" in the struggle for freedom, according to a senior administration official, Bush will outline two tasks the international community must take on in the region: "to help people who don't have freedom achieve this," the official says, "and to help people with weak but democratically elected governments strengthen their institutions."

From his corner, Mr. Ahmadinejad - who has been busy lambasting the West and primarily the US and Britain as the major sources of the world's ills, while arguing for the rise of new world powers - will also no doubt offer his own perspectives during his stay in New York.

One question is whether the US, as the sole superpower and in particular as the leader of the widely unpopular war in Iraq, can even get a fair hearing in the world today.

"The fact is this debate has already started, and there is no way either side can think people out there - and I mean all around the world - aren't listening," says Michael Doyle, a former senior United Nations official now at Columbia University in New York. "Without it being face to face, [Bush] should take on some of the challenges that Ahmadinejad has posed to America and the West, like human rights as part of the global agenda, or the tension between sovereign rights and multilateral principles."

The US has not done enough to take the case for free and democratic societies to the world under the Bush administration, Mr. Doyle says, although he does see some greater effort in the president's second term.

The White House appears to agree that the US is already in this ideological debate, if not with Ahmadinejad himself, then with what it sees as the antidemocratic and extremist forces holding the region back.

"The president will lay out ... the bright democratic future we see" for the Middle East "in contradistinction to some who have an almost backward-looking vision for the region," says the senior administration official, who spoke on condition he would remain unnamed.

But will other world leaders be receptive to his message? A survey released by the German Marshall Fund earlier this month showed US esteem falling. It asked Europeans if the US should exert strong leadership in the world. Five years ago, 64 percent of those surveyed said, 'Yes." Today, that figure is 37 percent. At the same time, Bush will stride into the UN General Assembly hall a weakened and challenged president at home.

The current controversy in the US over the conduct of the war on terror, and treatment of detainees accused of terrorism, is a case in point. Bush wants to convince the world of the need to combat terrorism, but a growing list of prominent personalities in and out of government say his credibility on these issues is undermined if America is seen to be violating its own principles and riding roughshod on the world for its own security. And that could mean long-lasting consequences, they add, such as key countries' flagging willingness to cooperate with the US.

Bush's former secretary of state, Colin Powell, encapsulated that concern in a letter addressed to Sen. John McCain (R) of Arizona, in which he says the US could pay a high cost if an administration proposal to redefine the application of certain principles of the Geneva Conventions is adopted.

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In the letter, which was the talk of Washington over the weekend, Mr. Powell says, "The world is beginning to doubt the moral basis of our fight against terrorism," adding that it would also endanger US troops captured by our enemies. Aides say Mr. McCain says the proposal violates "our [American] values."

That controversy erupted amid other signs that the US position in the world is politically weakened - in particular by the war in Iraq. "Iraq has become the shorthand summary of American foreign policy, and until that changes, it will be hard for the president or anyone to resonate much with the world," says James McCormick, a professor of US foreign policy at Ohio State University in Ames.

At a press conference here last week, UN Secretary-General Kofi Annan said the leaders he visited during a recent tour of the Middle East were torn over whether the US should stay in Iraq or plan to leave. But as for the consequences of the US invasion, Mr. Annan said he encountered no similar ambivalence in the region. "Most of the leaders felt that the invasion of Iraq and its aftermath have been a real disaster for them," Annan said. "They believe it has destabilized the region."

Ohio's Mr. McCormick says that "a broader agenda," clearly parting ways with the administration's trademark unilateralist approach to foreign policy, could begin to open international ports to US initiatives - and Bush's vision.

And administration officials say that is just what will happen. During Bush's visit to the UN, he will spotlight certain countries - Malaysia, for example, as a successful melding of Islam and democracy, and El Salvador, as once torn by death squads and an insurgency but now a functioning democracy that's contributing to global peacekeeping efforts.

Bush will also host a meeting of leaders from democratic states and civil society organizations involved in building institutions in weak democracies.

Europeans Trying To Grease Wheels For U.S. Talks With Iran (WP)

By Dafna Linzer

The Washington Post, September 18, 2006

NEW YORK, Sept. 17 -- European efforts to get Iran and the United States around the same negotiating table are at an advanced yet sensitive stage, with a small number of remaining differences to be tackled this week when world leaders gather at the United Nations, according to several American, Iranian and European officials involved.

President Bush plans to make Iran a centerpiece of his speech Tuesday before the U.N. General Assembly, explaining to the annual meeting of presidents and prime ministers why he regards the Tehran government as a grave threat yet is willing to support negotiations to ease those concerns.

For four years, Bush has sought, without success, to roll back an Iranian nuclear energy program that perhaps could be diverted for bombmaking. While many of his allies share suspicions of a secret Iranian effort, they have also been wary of supporting a U.S. president who has invaded two countries in the past five years and who has said that "all options are on the table" for Iran.

At last year's U.N. gathering, Bush and Secretary of State Condoleezza Rice spent several days trying to persuade key allies to move the Iran issue into the U.N. Security Council, where the United States has more leverage to press for sanctions. They were unsuccessful then, but six months later, after additional diplomacy and poor cooperation from Iran, the issue was put on the council's agenda. Now, the president and his top diplomat will meet with allies again -- this time to discuss prospects for talks as well as options if those do not materialize.

"We want this to happen, we want negotiations," a senior administration official said Sunday on condition of anonymity because of the sensitivity of the issue. "But we're not there yet."

Rice dined here Sunday evening with Javier Solana, the senior European Union official who has been trying to broker talks between Tehran and the Bush administration. Solana will meet with Iran's nuclear negotiator, Ali Larijani, later in the week.

Officials who have been briefed on Solana's efforts said he is waiting for Larijani to deliver a firm commitment from his government to halt its uranium enrichment program. Larijani has suggested a temporary suspension, but it is unclear whether he can get Iran's various political factions to agree to that approach. If a deal is reached, U.S. diplomats will join group talks with European powers, Russia, China and Iran to discuss Tehran's energy needs and the future of its nuclear program.

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Several administration officials expressed skepticism, however, that Larijani would be able to secure that commitment. They said the administration has not made preparations for talks, such as formalizing a negotiating team or outlining guiding principles for discussion. If Iran fails to put its nuclear program on ice, even temporarily, the administration will continue to lobby allies to impose economic sanctions.

"I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program," Bush said at a news conference Thursday. But, he said, "they need to understand we're firm in our commitment and that if they try to drag their feet or, you know, get us to look the other way, then we won't do that."

Iranian officials are seeking assurances of their own.

Through Solana and other mediators, they have said it would be hard for them to sit down with a U.S. administration that is seen as threatening the Iranian leadership. Two Bush administration officials and several European negotiators said the security issue has been a major sticking point for Iran but that efforts to resolve it are serious.

"Sitting down with Washington at the same table," said one European diplomat who spoke on the condition of anonymity, "is the best guarantee. Both sides sitting down together is extraordinary in itself."

Officials noted that Bush refrained last week from characterizing Iran as a "grave threat," as he did last month. But he ruled out the possibility of a meeting with Iranian President Mahmoud Ahmedinejad. The Iranian leader is scheduled to address the United Nations on Tuesday, hours after Bush.

Tuesday evening, Rice will dine with the foreign ministers of France, Britain, Germany, Russia, China and Italy to discuss Iran.

France, Britain and Germany have committed to push for sanctions against Iran if it does not halt its uranium enrichment program, but the Europeans are also eager to find a route to negotiations and have been holding low-level talks with the Iranians for months.

In an effort to avoid a standoff over whether the United States or Iran will make the next move toward talks, diplomats said it is possible that European foreign ministers will meet with Larijani during the week in New York, effectively kicking off negotiations, followed by an Iranian suspension of its nuclear program and then U.S. participation.

Other E.U. members have strongly supported talks, rather than punitive measures, noting that Iran's technical progress on its nuclear program has been marginal, while its position as a major oil exporter gives Tehran significant leverage to batter their economies.

Russia, China, Japan, India and Italy -- influential countries with billions of dollars of investments in Iran's oil and gas industry -- have been particularly reluctant to back sanctions.

But all parties, including Russia and China -- two of Iran's closest economic partners -- have publicly said that Tehran must suspend its nuclear program for talks to begin.

Iran quit negotiations with the Europeans a year ago and restarted a uranium program that it insists is designed to produce only nuclear energy. In an effort to coax Iran back to the negotiating table, Rice announced in May that the United States will participate in resumed talks if Iran again suspends uranium enrichment.

Iran's nuclear program began in 1987 in secret and is under investigation by U.N. nuclear inspectors with the International Atomic Energy Agency. Inspectors have not found proof of a weapons program but have said they are unable -- mostly because of a lack of Iranian cooperation -- to confirm that the program is exclusively peaceful.

Iran this year produced trace amounts of low-enriched uranium, suitable only for an energy program, and has said it has no intention of producing highly enriched uranium. U.S. intelligence estimates report that Iran is as much as a decade away from being able to produce the amount and quality of highly enriched uranium that could be used for a nuclear weapon.

Staff writers Peter Baker and Glenn Kessler in Washington contributed to this report.

US Urges Allies To Increase Pressure On Iran (FT)

By Krishna Guha, Chris Giles And Daniel Dombey

Financial Times, September 18, 2006

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The US is seeking to increase economic pressure on Iran, even as its partners in the European Union talk to the Islamic Republic about beginning formal negotiations on Tehran's nuclear programme.

Hank Paulson, the new US Treasury secretary, is personally lobbying finance ministers and central bank governors to ensure their national financial systems are not used by Iranian entities involved in proliferation or terrorism finance.

But his efforts have irritated some European officials, who have objected to what they see as Washington's moves to impose sanctions on Iran through the back door.

The EU has joined with the US in threatening sanctions against Tehran unless it scales down its nuclear programme. But the bloc is also conducting a diplomatic push to open negotiations as an alternative to sanctions – which, in any case, face serious obstacles at the UN.

Speaking at the annual meeting of the International Monetary Fund and World Bank in Singapore, Mr Paulson said Iran abused the global financial system to "procure technology that is going to aid in the production of weapons of mass destruction" and is "actively invol-ved in financing terrorists".

He added that the US had evidence that "blue chip banks" as well as other financial institutions were being used by an Iranian network of "more than 30 front companies".

The US has dispatched Treasury officials around the world to share declassified intelligence with foreign regulators on Iran's alleged abuse of the global financial system and to warn banks against becoming inadvertently involved.

The US Treasury secretary said the campaign was "nothing more than an educational briefing".

But EU officials refused to add any specific reference to Iran in a group of seven leading economies communiqué on Saturday, indicating instead that the US should name the front companies so that action could be taken.

Iran denies having or making weapons of mass des-truction. In addition, the EU also does not classify Hizbollah, the Islamist group allied to Tehran, as a terrorist organisation.

Joaquín Almunia, the Europan economic and monetary affairs commissioner, said: "As far as I know the Iran war was not on the G7 communiqué."

Any moves towards imposing UN sanctions on Iran are complicated by resistance from Russia and China, which have economic ties to Tehran and reiterated their reservations at the weekend.

Against such a backdrop, the US has sought to bring together a "coalition of concerned countries" to impose financial restrictions on Iran. Since the key players in such a coalition would be the EU and Japan, the natural forum is the G7.

But at present, the EU is in talks with Tehran over a possible deal on the nuclear file, in which Iran would suspend uranium enrichment at the same time as formal negotiations began.

Javier Solana, EU foreign policy chief, is due to meet Ali Larijani, Iran's top nuclear security official, this week in New York. If that goes well, a foreign ministers meeting could be held to begin formal negotiations. This would involve Iran, the EU, Russia and China – but not the US.

Additional reporting by Guy Dinmore in Washington

Chirac Urges World To Keep Iran Talking (DLYTEL)

By From Correspondents In Paris

Daily Telegraph, September 18, 2006

FRENCH President Jacques Chirac has urged world powers not to refer Iran to the UN Security Council over its nuclear program, at the same time calling on Tehran to give up uranium enrichment.

"First we have to find an agenda for negotiation, then engage the negotiation and during that negotiation I propose that on the one hand the six refrain from referring the issue to the Security Council and that Iran renounce during the negotiation the enrichment of uranium," he said.

The six nations running talks with Tehran are the five permanent members of the Security Council plus Germany.

It was the first time a European leader has clearly stated that the suspension of uranium enrichment is not a "precondition" for opening talks on the nuclear dossier.

Mr Chirac indicated that the suspension should come during rather than before negotiations.

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"We can find solutions via dialogue," said Mr Chirac, who heads later to New York for the UN's General Assembly.

Iran's nuclear program will be at the centre of discussions on the sidelines of the assembly, with the aim of obtaining an end to uranium enrichment or failing that a consensus on possible sanctions.

Mr Chirac said that he was "never a supporter of sanctions" and had "never noticed that sanctions are effective".

However he added that he "did not mean that we must not have sanctions - which if it comes to it must be moderate and well-adapted".

The US is preparing a list of possible sanctions - such as travel bans and economic measures - to take if Iran refuses to suspend enrichment of uranium.

However Beijing and Moscow are reluctant to follow the sanctions path.

Asked about the attitude of Iranian President Mahmoud Ahmadinejad, Mr Chirac said he "condemned in the clearest possible way the Iranian President's systematically anti-Israeli remarks".

On a possible meeting with Mr Ahmadinejad, Mr Chirac said that "nothing is planned" and "the conditions are not in place for a personal dialogue, given the Iranian President's comments concerning a country in the region".

World powers suspect Iran of trying to develop a nuclear weapon, though Tehran insists its program is for purely civilian use.

President Relenting On Value Of U.N. (WT)

By Joseph Curl

The Washington Times, September 18, 2006

President Bush, who once said the United Nations was teetering on the brink of irrelevancy and demanded it show some backbone, has increasingly turned to the organization for international problem-solving, even as most Americans think the body has outlived its usefulness.

On issues from North Korea to Iran to Sudan, the president, who arrives in New York today to attend the U.N. General Assembly's annual meeting, has deferred to the United Nations to drive action. Critics say Mr. Bush has been forced to become more multilateral after bucking the world body by invading Iraq, but administration officials assert that the United Nations remains a useful tool to spur foreign leaders to step in on major issues.

"This business about 'Our relationship is so bad' and 'We can't get anything done,' when you look at it, we actually have a fairly smart record of achievement," one senior administration official told The Washington Times last week. "We've gotten resolutions on some pretty serious issues where nobody thought we could get them."

But it remains the enforcement of those resolutions that so frustrated Mr. Bush in 2002, when the U.S. led a coalition of nations to oust Iraqi dictator Saddam Hussein. Four years ago, he asked, "Will the United Nations serve the purpose of its founding, or will it be irrelevant?"

Mr. Bush continues to have doubts about the organization. On Friday, he said, "I think a lot of Americans are frustrated with the United Nations, to be frank with you." He cited inaction over Sudan, where genocide has left an estimated half-million people dead.

"The problem is that the United Nations hasn't acted. And so I can understand why those who are concerned about Darfur are frustrated. I am."

He is not alone. A poll released last week shows nearly three-quarters of Americans think the United Nations is no longer effective and would support cutting U.S. contributions to it. In fact, 57 percent of those surveyed by the Hudson Institute said they agreed that "if the U.N. cannot be reformed and made more effective, it should be scrapped."

The United States will spend more than $1 billion this year on international organizations, much of it through the United Nations. Some lawmakers on Capitol Hill have sought to tie continued U.S. contributions to the implementation of reform at the world body, but the White House has fought most measures.

Still, since his assessment that the United Nations was becoming irrelevant, the president has sought to employ the body when faced with criticism that he is intent on running roughshod over world consensus. Internationally, this approach has been

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seen as hypocritical, as when U.N. Deputy Secretary-General Mark Malloch Brown said in June that the Bush administration is engaged in "stealth diplomacy" by working with the organization on a number of issues, but blasting it publicly.

The White House official last week sought to downplay the president's earlier criticism, saying he was merely warning the United Nations over a simple concept.

Former House Speaker Newt Gingrich said the United Nations continues to be the model of inaction, failing to follow through on its resolutions. For example, he cited North Korea's test-firing of missiles on July 4 as proof that the body is all talk.

"The entire 'civilized world' declared in midsummer that it would be 'unacceptable' for North Korea to fire missiles," he said. "They deliberately fired seven missiles on our national holiday as a way of showing how much total contempt they had for us."

The organization has proven itself ineffectual time and again, said Mr. Gingrich, citing the corrupt Iraqi oil-for-food program, continued kleptocracy, and the decision to put the world's worst offenders on its Human Rights Council.

"I think we should be actively trying to create alternative institutions that matter," he said. "I think we should take virtually nothing to the Security Council."

Annan, Bush On 2 Sides Of Policy Divide (USAT)

By David Jackson

USA Today, September 18, 2006

WASHINGTON — President Bush and United Nations Secretary-General Kofi Annan say they get along fine on a personal level. It's the issues, from the Iraq war to nuclear programs in Iran and North Korea, that divide them.

These foreign policy challenges are on the agenda this week as Bush makes his annual trek to New York City to address the U.N. General Assembly. Bush's three-day trip, starting today, includes meetings with at least nine world leaders.

He plans to discuss efforts to promote democracy in Iraq, the greater Middle East and beyond. “The civilized world must stand with moderate, reformist-minded people and help them realize their dreams,” Bush said at a news conference Friday.

Bush's remarks underscored lingering U.S.-U.N. tensions. The president said the U.N. has been slow to address growing violence in the Darfur region of the Sudan and again questioned the institution's stewardship of its finances.

“I think a lot of Americans are frustrated with the United Nations, to be frank with you,” Bush said.

Annan, at a news conference of his own last week, cited the biggest conflict of them all: Iraq. Asked about a recent visit to the Middle East, Annan said, “Most of the leaders I spoke to felt that the invasion of Iraq and its aftermath has been a real disaster for them.” Annan added, “In a way, the U.S. has found itself in the position where it cannot stay and it cannot leave.”

The secretary-general said his overall relations with the Bush administration “are very good,” including with the president himself. For his part, Bush said of Annan: “I like him. And we've got a good relationship, personal relationship.”

Bush's relationship with the U.N. as an institution, however, has been “back-and-forth,” foreign-policy analyst Stephen Schlesinger says. Through Bush's presidency, his annual speeches first commanded support for the invasion of Afghanistan in 2001 but then failed to persuade the world community to back him for the invasion of Iraq in the years following. In his second term, he has tried to move toward conciliation.

Since disagreeing on Iraq, Schlesinger said, both sides have tried to work together on Iran, Sudan, North Korean nuclear weapons, and other items likely to surface this week. “It's simply impossible to obtain your objectives without allies,” said Schlesinger, author of Act of Creation: The Founding of the United Nations.

Still, he noted that Bush's decision to name John Bolton, a fierce U.N. critic, as ambassador had riled anti-U.S. feelings at the world body.

Charles Kupchan, an international relations specialist at Georgetown University, said Bush has tried to turn around his relationship with the U.N. in recent years, but he still faces challenges. One is the approach to terrorism, which Bush and aides cast as a struggle between liberal democracy and “Islamo-fascism.”

“The rest of the world just doesn't see it that way,” he said.

While acknowledging the opposition of some allies to the Iraq war, Bush also stresses that there are global coalitions on a variety of other fronts: helping the new democracy in Afghanistan, stopping the spread of nuclear weapons materials, and sharing financial information to help track terrorist groups.

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Bush said there is general agreement within the U.N. to stop the violence in Darfur and to deny Iran the ability to make a nuclear weapon. But members are divided on whether to send a U.N. military force to Darfur, or slap economic sanctions on Iran if it continues to refuse suspension of a uranium enrichment program.

Bush is scheduled to address the General Assembly on Tuesday. The nine one-on-one meetings include Annan, Iraqi President Jalal Talabani and Palestinian Authority President Mahmoud Abbas. The president will also host a roundtable on democracy with other world leaders.

Bush said Friday he's looking forward to the trip. “It's always an interesting experience for a West Texas fellow to speak to the United Nations,” he said.

Hezbollah Chief Plans 'Victory Rally' (AP)

AP, September 18, 2006

Hezbollah's leader called Sunday for a massive rally in Beirut's bombed out southern suburbs to mark the militant group's "victory" over Israel during the monthlong fighting this summer.

Sheik Hassan Nasrallah said the rally, to be held Friday evening, would show Hezbollah's "absolute commitment to our right to recover our land and prisoners and defend our nation, its dignity, freedom, sovereignty and real and full independence in the face of (Israeli) occupation."

"I call on all of you to participate in this victory rally," he said in a brief, televised speech broadcast on Hezbollah's Al-Manar TV station.

Nasrallah went into hiding on July 12, the start of the 34-day war, and has not been seen publicly since. He did not say whether he would take part personally in the rally.

He has hinted in interviews that he would appear at some point, possibly at a rally, but did not say when for security reasons.

Friday's event would mark only the second large-scale Hezbollah rally in its stronghold, the Lebanese capital's southern suburbs, since fighting ended more than a month ago.

Such rallies and parades during which Nasrallah gave fiery speeches to hundreds of thousands of supporters were common before hostilities erupted.

The fighting, triggered by Hezbollah's kidnapping of two Israeli soldiers in a cross-border raid, has given way to a political struggle between the Western-backed government and Hezbollah as Lebanese troops try to establish control over the south of the country, the Islamic militant group's stronghold.

Nasrallah said the rally would "celebrate the divine and historic victory over the Zionists — the enemies of Lebanon and the nation" and "honor and thank all those who supported the resistance" during the Israeli offensive.

Israel Forms Committee To Investigate Lebanon War (NYT)

By Greg Myre

The New York Times, September 18, 2006

JERUSALEM, Sept. 17 — The Israeli government established a committee on Sunday to investigate the political and military leadership’s handling of the recent war in Lebanon, which has come under intense public criticism in the month since the fighting ended.

In Israel, which expects swift and decisive military victories, many citizens say that the military campaign in Lebanon was poorly planned and executed, and that leaders should be held accountable. Israel could not halt the rocket fire into northern Israel by the Lebanese group Hezbollah, and it has not achieved the return of two soldiers Hezbollah captured in the cross-border raid on July 12 that ignited the monthlong conflict.

The committee “will examine the political leadership and the security echelon regarding all aspects of the campaign in Lebanon,” Prime Minister Ehud Olmert told his cabinet at the beginning of its weekly session.

The cabinet voted 20 to 2 for the committee, which will be led by a retired judge, Eliyahu Winograd.

However, dozens of protesters outside the prime minister’s office demanded that the investigation be carried out by a state commission. Such a commission would have greater power and be seen as more independent because it would be appointed by a Supreme Court judge instead of by the government it was investigating.

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Mr. Olmert defended the cabinet decision, saying the committee would have the powers of a state commission, allowing it to subpoena witnesses and order police searches.

Many Israelis, including a large number of disgruntled reserve soldiers, have been demanding an inquiry since the fighting ended Aug. 14. Mr. Olmert has faced some of the harshest criticism, and his popularity has plummeted.

Critics have also called for the resignations of Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz. Last week, Maj. Gen. Udi Adam, who commanded the Israeli forces in northern Israel and southern Lebanon, submitted his resignation, the first senior figure to quit because of the war.

With an international peacekeeping force deploying in southern Lebanon, Israel has withdrawn from most of the positions it held when the fighting ended, though it still has troops in a number of places across the border.

On Sunday, the Palestinian president, Mahmoud Abbas, left on a trip that will take him to the United Nations this week for the opening of the General Assembly. His absence puts on hold talks about a national unity government for the Palestinians, which had been marked by increasing friction.

Mr. Abbas wanted an agreement locked up before he left so he could appeal to Western leaders to restore the financial assistance that was cut after the militant group Hamas came to power in the spring.

Mr. Abbas's Fatah movement and Hamas say they remain committed to the unity government, but they have traded sharp words in recent days.

Yasser Abed Rabbo, a former information minister who is part of Mr. Abbas's delegation, said the internal Palestinian talks were in a state of crisis. He said Hamas needed to accept previous agreements between the Palestinians and the Israelis, or a new government would not win international acceptance.

"We want clarifications from Hamas," Mr. Abed Rabbo said in a telephone interview from Jordan, where Mr. Abbas was Sunday. "Hamas is affecting the credibility of the president and undermining his efforts to approach the international community."

Hamas said that its position had not changed, and that it still refused to recognize Israel. Western countries have demanded the Palestinian Authority government recognize Israel as one condition for restoring aid.

"We don't recognize Israel," Sami Abu Zuhri, a Hamas spokesman, said at a news conference on Sunday in Gaza City. "If such a position is a problem, then we consider that an honor. We want to break the siege by the West, but the price should not be abandoning the Palestinian interests."

Hamas officials say they believe talks with Mr. Abbas and Fatah will resume when the president returns.

Israeli Government Panel To Probe War (LAT)

By Ken Ellingwood

The Los Angeles Times, September 18, 2006

JERUSALEM — The Israeli Cabinet on Sunday approved a committee to investigate the government's handling of the recent war in Lebanon but rejected protesters' calls for an independent inquiry.

Amid broad dissatisfaction in Israel over the outcome of the conflict with Hezbollah militants in Lebanon, the question of whether to conduct an investigation, and of what kind, had become a political battle.

Prime Minister Ehud Olmert favored a government inquiry; others, including Defense Minister Amir Peretz, advocated an independent commission that was seen as more likely to conduct a rigorous investigation.

Peretz, leader of the left-leaning Labor Party, in the end joined Olmert in a 20-to-2 Cabinet vote to approve a five-member panel named by the prime minister. Peretz said he was satisfied that the panel would have sufficient authority.

The inquiry will be headed by a retired judge, Eliyahu Winograd, and will examine the performance of Israeli political leaders and the military during the 34-day conflict. Israelis were left bitter over a range of issues, including the wisdom of a costly last-minute ground offensive and the military's inability to crush Hezbollah forces before a United Nations cease-fire took effect Aug. 14.

Olmert rejected demands for an independent commission, which by law would enjoy wide authority in deciding the scope of its inquiry, summoning officials for questioning and issuing recommendations. Such panels have looked into political controversies, and their findings have led to the firing of top public officials.

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Olmert said such an investigation would take too long. Critics charged that he sought a whitewash.

"I sincerely hope that the committee will conclude its work as soon as possible and assist the state of Israel in better preparing for future challenges," Olmert said at the start of the weekly Cabinet session.

He said the panel would be granted authority equal to that of an independent commission.

Protesters have called for the resignations of Olmert, Peretz and Lt. Gen. Dan Halutz, the army chief of staff. On Sunday, demonstrators carried placards and mocked the trio outside the prime minister's office.

Reserve soldiers who served in Lebanon and other critics have said the campaign was plagued by changing battle plans, poor preparation and shortages of combat gear, food and drinking water. Peretz has acknowledged failures. The inquiry's outcome could quell public anger toward Israel's leaders or fuel it.

Israel has slowly withdrawn its troops from south Lebanon, after an incursion triggered July 12 when Hezbollah militants captured two Israeli soldiers, who are still unaccounted for. Officials said they would pull out the rest of their forces once the international force and Lebanese army were in place, as called for under the cease-fire.

"When they're ready to come in, we'll be ready to leave," Mark Regev, spokesman for the Israeli Foreign Ministry, said Sunday.

Public support for Olmert and Peretz soared at the outset of the war but tumbled as it went on. Weakened politically, Olmert has shelved his central plan: drawing permanent national borders, with or without negotiations with Palestinian leaders, in a way that would require tens of thousands of Jewish settlers to withdraw from the West Bank.

In recent days, Olmert has said he was willing to meet with Palestinian Authority President Mahmoud Abbas, who has repeatedly called for new talks.

Abbas was en route Sunday to a U.N. General Assembly session to seek backing for new peace moves and for his Fatah group's plans to form a unity government with the ruling Hamas movement. The two parties said last week they would join hands in hopes of breaking an international aid embargo against Hamas that has dried up the Palestinian treasury.

Palestinian officials said Abbas planned to meet with President Bush on the sidelines of the session amid signs of discord in efforts by Fatah and Hamas to forge a government.

Hamas leaders Sunday denied reports by Fatah officials that Abbas had suspended coalition talks because Hamas refused to meet the West's conditions for resuming aid: recognizing Israel, pledging an end to the use of violence and accepting agreements between Israel and the Palestinians.

Palestinian Authority Prime Minister Ismail Haniyeh of Hamas said negotiations over the proposed government would resume after Abbas returned.

Abbas wants Palestinian militants, including Hamas fighters, to release Israeli Cpl. Gilad Shalit before Fatah joins in a unity government. Shalit was captured June 25 in southern Israel and taken to the Gaza Strip, which led to the ongoing Israeli military incursion into the seaside territory.

Reports in several Arabic newspapers have said agreement was near on a prisoner swap with Israel. Palestinian officials did not comment, though unnamed Israeli officials were quoted in local media as saying that no deal was imminent.

Islamists' Rise Imperils Mideast's Order (NYT)

By Michael Slackman

The New York Times, September 18, 2006

CAIRO, Sept. 17 — President Bashar al-Assad has allowed Hamas safe haven in Syria. He has provided support to Hezbollah and castigated Arab leaders as "half men" for failing to press for a quick end to the war in Lebanon.

But even Syria has been unable to avoid being pulled into the struggle taking place in the Middle East between the traditional centers of power, like Damascus and Cairo, and opposition forces, particularly radical Islamists, that increasingly challenge them and try to force them to adopt more anti-Western, pro-Islamist policies.

The foiled terrorist attacks last week were directed against the United States Embassy in Damascus, but the very presence of armed Islamist terror groups within Syria — a country governed by Alawites, a minority sect of Islam — was troubling to the authorities there. And it followed a similarly foiled attack against a government building three months earlier.

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"The fact that the Syrian regime is perceived as anti the United States does not save Syria from becoming a target of the jihadists," said Adnan Abu-Odeh, a former political adviser to King Hussein of Jordan, "because the jihadists in principle are against these regimes for ideological reasons."

The signs of the dynamic are piling up. In Egypt, the authorities said recently that they broke up a terrorist cell, detaining about 100 people suspected of adopting Al Qaeda's ideology. In Jordan, 15 Islamists who are members of Parliament recently threatened to resign. On Friday, four terrorists were killed as they tried to attack an oil plant in Yemen.

From Cairo, to Rabat, Morocco, to Riyadh, Saudi Arabia, the order that emerged after World War II — long accustomed to encouraging domestic anger against Israel — has seen its influence and grip on power challenged in the wave of instability washing across the Middle East. That has roughly coincided with the rise of the insurgency in Iraq.

This region has long been defined by conflict, and leaders are unafraid to use force to crush opposition. But the current level of instability has unnerved them. They are not about to be toppled, not as long as they retain firm control over their security operations. But they find themselves fighting to maintain stability and credibility, political analysts said.

"The ruling regimes cannot disregard or dismiss the influence of Islamist movements in their countries," said Gamal Abdel-Gawwad, who runs the International Relations unit at the Ahram Center for Political and Strategic Studies in Cairo.

The empowerment of the Islamists has been propelled by events large and small — the occupation of Iraq, Israel's war with Hezbollah, the United States' support for Israel in that war, Danish cartoons lampooning the Prophet Muhammad, and most recently comments about Islam made by Pope Benedict XVI.

The pope issued an apology on Sunday, but the angry initial response served to highlight a dynamic years in the making that many political analysts say helped to lay the groundwork for the current rise of support for Islamic groups and radicalism.

Struggling to strip credibility from Islamic groups, Middle Eastern governments long tried to take the lead in defending what are perceived as Islamic values, while simultaneously trying to crush organizations that defined themselves as Islamic, like the Muslim Brotherhood. That, analysts said, created societies that are more religious — and more distrustful of their nonreligious governments.

"Progressive people like us, we were closed down," said the feminist Egyptian author Nawal al-Sadawi in an interview last fall. "My books were censored. Men and women who were secular and progressive were silenced, and they gave space more and more to religious people. They were competing. They were saying, 'We know God more than you,' and this is a very dangerous game."

The pressures on Arab governments — those close to the West and those opposing it — are increasingly clear. In July and August, the Egyptian government arrested about 100 people it said had formed a Qaeda-inspired cell, mostly in the northern city of Alexandria, said Mamdouh Ismail, an Islamist and lawyer who said he was working with many of those now in custody. He said the suspects had not been charged, and he insisted they were not guilty.

But he added that events like the attempted attack on the embassy in Damascus were unsurprising. "The people embrace their Arab-Muslim identity and feel an injustice is done upon them in more than one place — Iraq, Palestine, Darfur, Afghanistan, Lebanon," he said. "And that's why there are these kinds of reactions. There has to be a reaction. And there are exaggerations in the reactions because there is an excess of weakness on the part of the regimes."

In Jordan, the government recently sentenced two members of Parliament to prison for attending a mourning ceremony for Abu Musab al-Zarqawi, the leader of Al Qaeda in Iraq who was killed by an American bomb. The 15 members of the Islamic Action Front, the political arm of the Muslim Brotherhood in Jordan, all threatened to resign — which could have caused a political crisis for King Abdullah II.

The members backed down from their threat, in part to preserve the organization's "ability to influence society," said Rohile Gharaibeh, the deputy secretary General of the Islamic Action Front in Jordan.

The attacks in Damascus were also evidence that Syria has been unable to neutralize the growing radicalism within its own borders. Muhammad Habbash, a member of the Syrian Parliament who is director of the reformist Islamic Studies Center in Damascus, said that part of the reason Syria had taken such a tough line toward Washington was to help head off the influence of radical currents in Syria.

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"So Syria's objecting position is not only to challenge but to avoid problems inside," he said. But it has not worked. "It still happened," he said of the recent attacks.

The Arab League, which is the institutional face of the status quo, representing 22 Arab states, has decided to try to re-establish stability by trying to renew the peace process between Israelis and Palestinians.

"There is increased instability in the region, you see it all around you," said a senior Arab League diplomat, who spoke on condition of anonymity. "The core issue is the Palestinian issue in our opinion. Frustration is building upon frustration, from what's happening in Palestine, Iraq, and what happened in Lebanon."

Wahhabi Colonialism (WSJ)

By Melik Kaylan

The Wall Street Journal, September 18, 2006

Pope Benedict XVI recently cited a Byzantine-era critique of Islam, and the usual hubbub of outrage ensued. Various self-appointed and official Islamic spokesmen (they're always men), including the head of Turkey's religious affairs directorate (why does Turkey have one?), responded sharply in the name of their faith. One might argue that a confident, evolved religion welcomes all kinds of open debate. Or one might intone gravely that the West continues to mishandle its relations with the umma -- the sphere of active Muslim believers -- with the implied assumption that there is such a unified entity of tens of millions, and that they all feel outrage in the same way at the same time. Islamist polemicists, in particular, cherish the archaic umma concept, evoking, as it does, a premodern utopia of monolithic harmony.

Many in the West buy the notion, with its familiar en bloc echoes of the proletariat. But should the rest of us believe them? Do we insult Muslims by buying into it, too, or insult them the more by considering it antiquated and bogus?

Mishandling and misinterpreting Muslim sentiments appears to be a habit we acquired in the post-Soviet age. Until then the West couldn't go wrong. We didn't need to know too much about radical Islam because we knew this much: Marxism was a shared enemy because it imposed atheism on subject populations, and primitive Islamic fervor worked in our favor. During the Cold War years, the West did indeed encourage the spread of a unitary and evangelical form of the religion wherever possible, as a counter to secular values. We have belatedly realized that to the doctrinaire Islamist ideologues, the Wahhabists, the Sayyid Qutbs, the Muslim Brotherhoods and now their bin Ladenite inheritors, modernism, too, was a kind of atheism.

Arabian fundamentalists concluded that if post-medieval progress in the world made their values unworkable, then it was the world's fault, and the world should be stopped in its tracks. This is a bit like the Flat Earth society resolving to retro-authenticate its views by nuking the earth flat. The Islamists found in Afghanistan that this could be done, after a fashion: Reduce the environment to premodern conditions, and, miraculously, the ideology applies precisely -- as it did wherever nature, not tamed by progress, had to be tamed by repressive social discipline. In some places, such as parts of Africa and Pakistan's tribal areas, a weak central state offered ready conditions for that ideology. In other places, like Chechnya, Palestine and now Iraq, chaos needed encouragement with car- and-suicide bombings. There's nothing new or particularly Islamic to this prescription. Remember Mao Zedong's revolutionary slogan: "Chaos under the heavens and all is right with the world."

An apparently impossible predicament, then, confronts Western policy makers today: whether to uphold corrupt and often hostile tyrannies, as in Egypt and Uzbekistan -- or to topple them and open the door to religious extremists applying their iron dialectic. A terrible inevitability is born, so it seems. In fact, a way through exists, but the West must quickly shed ignorance of matters Islamic.

As many Muslim apologists contend, though often for disingenuous purposes, the Islamic world is indeed not monolithic. It remains highly fissiparous and regional, inmixed with a myriad of localized customs, superstitions and hagiologies. The indigenous Islam of Central Asia, for example, combining Sufi mysticism, shamanism and dance, gave rise to the spiritualist école of Gurdjieff, et al., that swept through Europe early last century. Until recently, a branch of it held sway in Chechnya, where men danced the ecstatic zikhr circle dance on holy days -- until, that is, al Qaeda crept in just 10 years ago.

When fundamentalists confront such diversity, they do so with dogmatic force, huge resources and a fully schematized set of ideas. They bully local Islam into puritan uniformity. In Bosnia and Kosovo, whenever Saudi and Gulf agents offered funds to rebuild war-damaged communities, they insisted first on flattening cemeteries, destroying tombstones and whitewashing

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mosque décor, on the principle that pure iconophobic Islam abhorred the worship of idols. (This, despite the ubiquity of giant-sized idolatrous portraits, in their own countries, of Gulf and Saudi emirs on public walls -- not to mention currency notes.)

One can imagine the initial distress followed by resistance from local communities against such arrogant sacrilege from outside -- a resistance that, alas, fades with pressure and neglect. In the Balkans, inhabitants had to be restrained, weeping, from forcefully defending their family graves. This is where the opportunity lies for the West to break the extreme Islamists' strategy for indoctrination and for sowing jihad upon chaos. Both in Western mosques and in the Islamic world, the reintroduction of regional forms of belief and practice should be fostered. * * *

In such Central Asian countries as Uzbekistan, Kyrgyzstan and Turkmenistan, where sub-al Qaeda groups now clandestinely offer the only full-fledged religious instruction available to the populace, national leaders should be encouraged instead to revive their own indigenous practices (long dormant under Soviet rule), to arm their citizens with a regional pride in their organic Muslim traditions, even to export them to nearby Afghanistan -- where such practices endured until the Soviet invasion. In Turkey, the vast heritage of poetic mysticism accumulated in the Seljuk and Ottoman dynasties, visible now only in the Rumi-Dervish order, should be revitalized and exported to neighbors (assuming the religious affairs directorate agrees, of course). In Central Asia, Indonesia, the Philippine Islands and elsewhere, Wahhabists should no longer expect to meet with no counterargument when, as a prelude to conversion, they accuse the locals of ignorance and godlessness. They should be confronted with a literate, individuated and self-confident Islam, deeply rooted in local history and all the more resistant to their internationalist, one-size-fits-all template.

In such conditions, local Muslims will also defend the progress and development they have achieved nationally, thereby short-circuiting the messianic return-to-rubble logic of jihadists. To the argument that such initiatives imposed from above or initiated in the West will be dismissed as imperialist or collusionist, there's a simple answer. The spread of fundamentalist Islam was itself fostered by the West via the Arabian peninsula for political reasons. It has become the ultimate, invasively colonial force and aims to subjugate the entire umma to its tenets.

Mr. Kaylan, born in Istanbul, is a writer in New York.

Hamas' Rejection Of Israel Halts Talks (WT/AP)

By Sarah El Deeb

The Washington Times, September 18, 2006

RAMALLAH, West Bank -- Coalition talks between Palestinian Authority President Mahmoud Abbas and the militant group Hamas have stalled over U.S. demands that a national unity government recognize Israel, Palestinian officials said yesterday.

The suspension of negotiations underscores the difficulty that Mr. Abbas is having in trying to get Hamas to soften its anti-Israel ideology, a move that would pave the way to ending international sanctions that are crippling the Palestinian economy.

Israeli officials, meanwhile, said they were making progress in talks to win the release of an Israeli soldier captured three months ago by Hamas-linked militants in the Gaza Strip. That attack sparked an Israeli offensive in Gaza that further worsened the plight of Palestinians.

Mr. Abbas will use a meeting this week with President Bush on the sidelines of the U.N. General Assembly session in New York to try to win U.S. support for a coalition that doesn't fully meet international demands for a changed stance on Israel, Palestinian officials said.

They said he would warn that failure to work out a unity government could lead to a Palestinian civil war.

Still, some Palestinian officials wondered whether Mr. Abbas and Hamas can bridge their differences.

"What's the point of forming a government if this government is saying that it won't recognize agreements signed with Israel?" asked Palestinian lawmaker Saeb Erekat, an Abbas confidant. "The whole point is to break the deadlock in the peace process and bring an end to the siege."

The so-called Quartet of Middle East peacemakers -- the U.S., European Union, Russia and United Nations -- insist that Hamas must renounce violence, recognize Israel and accept past peace agreements before aid can resume.

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Hamas has long sought Israel's destruction, with its followers killing hundreds of Israelis in suicide bombings. But the group caved in to months of economic sanctions and announced last week that it would form a coalition government with Mr. Abbas' more moderate Fatah Party.

The Hamas Cabinet resigned Wednesday, and Mr. Abbas said the Palestinian Authority's 165,000 civil servants would be paid in the coming days. The employees have not been paid their full salaries since Hamas took control of the government in March.

But the current platform for the planned unity government falls short of the requirements set by the West to restore the flow of money, and Hamas leaders said they would not compromise any further.

Palestinian Prime Minister Ismail Haniyeh of Hamas said yesterday that the group would not recognize past peace deals despite the international pressure.

A Real Test For The Palestinians (NYT)

The New York Times, September 18, 2006

After six months of crippling sanctions, Hamas's leaders are trying to figure out the very minimum they need to say — and the even less they plan to do — to end their isolation and salvage their government. Skepticism is more than warranted. But Hamas's admission of weakness could provide at least a chance to quell the violence and resuscitate peace talks. The Bush administration should not squander the opportunity.

The radical Islamist Hamas — which came to power after last January's legislative elections — has been negotiating to form a national unity government with the Palestinian president, Mahmoud Abbas, a moderate, and his Fatah Party. Hamas still refuses to say the words necessary to unlock international aid: that it will renounce violence and recognize Israel's right to exist. Aides to Mr. Abbas warned yesterday that Hamas will have to make some rhetorical concessions — no matter how grudging — before a unity government can hope to win international acceptance.

Words are important. But worrying about who said what should not divert attention from what should be the real test of any Palestinian government: whether it will commit to a genuine cease-fire and use its security forces to halt, rather than abet, rocket and terrorist attacks against Israel.

The cutoff of financing has taken a harsh toll on the Palestinian people, especially in Gaza. Even then, Hamas began to buckle only after government employees, unpaid for months, went on strike. The Europeans are eager to resume aid, but all that leverage will be lost if they settle for words rather than deeds. The Bush administration is right to warn against that. Unfortunately, that is all that it has been doing.

One can spend endless hours puzzling over why President Bush has made no effort to broker a peace between Israel and the Palestinians. After pushing so hard to isolate Hamas, he now needs to capitalize on its weakness.

Working with the Europeans and moderate Arab states — all desperate to see Washington engage — the administration should take the lead in trying to negotiate a cease-fire and a prisoner exchange. Washington should also send a clear message to Syria that there can be real rewards if it restrains its clients, Hamas and Hezbollah, while the Europeans should warn of real punishments if it refuses.

If progress is to be made, Israel will need to turn over tax revenues and stop expanding settlements. And if a cease-fire can be put in place, Washington should push for a quick resumption of peace talks.

Skepticism is a basic requirement for dealing in the Middle East. But that cannot be an excuse for nearly six years of White House inaction. It's time that Mr. Bush and his secretary of state, Condoleezza Rice, try the hard work of diplomacy.

An Endless Vacuum In The Middle East (WP)

By Jackson Diehl

The Washington Post, September 18, 2006

President Bush once asked former Israeli prime minister Ariel Sharon why he had proposed his bold plan to evacuate Israeli settlers and soldiers unilaterally from the Gaza Strip. "To fill the vacuum," Sharon frankly replied. Before Sharon uncorked the idea in the fall of 2003, the Israeli-Palestinian "peace process" was stalemated, and there was mounting international pressure for progress. Proposals from outsiders and would-be brokers were proliferating; Sharon feared one of them would

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eventually gain traction and be imposed on him. So, with the flair that won him many a battlefield victory, he outflanked the incipient discussion.

Three years later, in the aftermath of a war that was one of the unforeseen consequences of Sharon's strategy, a similar vacuum looms before his successors. Once again there seems no clear way forward toward an Israeli-Palestinian peace. The unilateral West Bank pullout championed by Prime Minister Ehud Olmert earlier this year is, at least for now, dead. But a settlement seems more urgent than ever, and lots of people have ideas: Jacques Chirac, Kofi Annan, the Arab League.

Most of them are bad: grandiose proposals for international conferences or non-starters that would require Israel to accept the "return" of millions of Palestinians to its own territory as a condition for Arab recognition of what would no longer be a Jewish state. Nonetheless, the U.N. Security Council may debate the various schemes at the end of this week.

Both Olmert's government and the Bush administration know that this would be the ideal moment to put a new, game-changing plan on the table. But as a visit to Washington last week by Olmert's foreign minister, Tzipi Livni, made clear, they haven't got one. Livni spent hours in conversation with Bush, Vice President Cheney, Secretary of State Condoleezza Rice and other senior officials, with the goal of coordinating positions before the expected onslaught of diplomacy at the United Nations. The bottom line, one official said, is that "there will be no major diplomatic initiative."

Why the paralysis? There are some important substantive reasons, including the simple fact that the end of Israeli unilateralism means an Arab partner is needed -- and the Palestinian Authority is not ready for a serious peace process. Since Israel withdrew from Gaza a year ago, neither President Mahmoud Abbas nor the rival Hamas movement has been able to gain control over an increasingly anarchic territory.

There are also powerful political problems here and in Israel. With his presidential capital rapidly waning, Bush is focused on finding solutions for Iraq. Trying to solve the Middle East's most intractable conflict on top of that is a stretch. Olmert's government is reeling from the war in Lebanon, besieged by critics who say he failed to deliver on promises to cripple Hezbollah or that he squandered the lives of the scores of Israelis who were killed. For the next few months, at least, he will be focused simply on surviving in office.

Bush and Livni consequently found themselves watching with a mixture of apprehension and dismay last week as the usually passive Palestinians launched a Sharonesque gambit. Abbas announced that he had struck a deal with Hamas and other factions on a "unity government" that he would discuss with Bush at a meeting this week at the United Nations. Hamas leaders, meanwhile, floated an even bolder backup plan: dissolving the Palestinian Authority, which could force Israel to resume its occupation.

The Palestinian leadership knows that the still-evolving unity pact isn't likely to impress either Olmert or Bush, since it almost certainly won't commit Hamas or the new government to formal recognition of Israel or an unqualified renunciation of violence. But if it goes forward it will be a fresh initiative -- and it could break the current international embargo on the Palestinian Authority, by persuading European governments to renew subsidies that cover half of the authority's payroll. Western governments and Israel would be reduced to arguing with each other, rather than pressing for a Palestinian government that could make peace.

The U.S.-Israeli strategy to counter this maneuver amounts to a series of small tactical steps. Once an Israeli soldier still held captive in Gaza is released, Olmert will meet with Abbas and release hundreds or thousands of Palestinian prisoners. An Israeli chokehold over movement in and out of Gaza will be eased. If all goes well, Olmert might even discuss transferring security responsibility in several West Bank towns from the Israeli army to Palestinian security forces controlled by Abbas.

All these would be useful steps forward. They wouldn't, however, fill the vacuum.

US Moves Stall To Press Sudan On Darfur (FT)

By Guy Dinmore

Financial Times, September 18, 2006

Moves in Congress to put financial pressure on Sudan to stop the killings in Darfur have been stymied by a combination of big business interests and the Bush administration, according to supporters of legislation blocked in the Senate that would have endorsed decisions by US states to divest from companies involved in Sudan.

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Tens of billions of dollars in equity are at stake, mostly of non-US companies and including two listed Chinese energy giants involved in Sudan's rapidly growing oil industry which fuels the military with arms and other supplies.

While giving rhetorical backing to anti-genocide protests staged around the world on Sunday, Democrats and Republicans admitted that a new watered down draft of the Darfur Peace and Accountability Act was further evidence of US unwillingness as well as inability to take decisive action.

The draft put forward last week after long delays by Senator Richard Lugar, head of the foreign relations committee, took out controversial language known as "section 11" in the House equivalent that passed in April. This would have given a green light to a growing, celebrity-backed Sudan divestment campaign that has successfully targeted states, universities, pension and investment funds, persuading them to dump stock.

In June New Jersey became the first state to divest fully public funds from foreign companies linked to Sudan, selling $2.16bn of stock. Maine, Oregon, Illinois and Connecticut have also passed divestment legislation, as have many public and private universities with billions of dollars in endowments.

"Section 11 was critical," said Jason Miller, national policy director of the Sudan Divestment Task Force which is co-ordinating the campaign. His group pushes for divestment targeted not at all companies in Sudan but those deemed to be directly helping the government, through the oil industry which accounts for over half of state revenues and some telecommunications companies that have directly assisted the military.

On the other side, the National Foreign Trade Council (NFTC), a US business lobby group representing major industries, is fighting the campaign and has sued the state of Illinois.

Bill Reinsch, president of the NFTC, lobbied Congress. He told the FT that the principle was simple – "the president of the United States runs foreign policy; the mayor of Berkeley does not".

The NFTC also complains that lists of target companies are drawn up by unaccountable private interest groups. He said some of the US companies listed had been exempt from existing US sanctions to do business with Sudan – usually in the south where rebel groups recently signed a peace accord with Khartoum. Others had nothing to do with Sudan, he said.

It is not clear whether Mr Lugar's draft will get through the committee, though there is a sense that so much time has been wasted that something is better than nothing. The sudden arrival of the draft caught many by surprise and it is still being studied. No one contacted by the FT could explain why support for a "no fly zone" over Darfur had apparently been dropped as well.

The State Department declined to make an official comment on the issue.

One administration official questioned whether the legislation would make any difference. He said there was little the US could do on its own, its military was stuck and exhausted in Iraq, China was refusing to co-operate and Nato was tied up in Afghanistan.

To that list, analysts said, should be added US reluctance to make Darfur a priority in its difficult relationship with China, Sudan's oil wealth, and a still close intelligence relationship between Washington and Khartoum in the war on terror.

Companies affected by the divestment campaign include: PetroChina, Sinopec, ABB, Alstom, Siemens, Schlumberger, Tatneft of Russia, Italy's Finmeccanica, Weir Group of the UK, and Shell.

As Peace Mission Nears End, War In Sudan Intensifies (WP)

By Craig Timberg

The Washington Post, September 18, 2006

EL FASHER, Sudan, Sept. 17 -- As the African Union prepares to abandon its troubled peace mission to Darfur, the region is descending ever more steeply into war.

Fresh Sudanese government troops with machine guns slung over their shoulders patrol the streets of El Fasher, the capital of North Darfur state. Helicopter gunships based here rumble off into the countryside almost every day, loaded with rockets. And Darfur's fractured and frustrated rebel forces increasingly are fighting back against government forces.

The intensity of the combat in Darfur, the western Sudanese region the size of Texas, has forced a new flood of civilians to flee their burned and bombed-out villages for sprawling camps on the outskirts of this and other cities. The estimated 2 million people already in such camps are settling in for the long haul, losing hope that they will ever return home.

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Hawab Abdallah Osman, 50, said her village about 45 miles northwest of here is now empty. Asked when she planned to return, she said, "Never."

"There is bombing there," she said. "I don't think peace will come."

Hundreds of thousands of people have already died in three years of war, which began when rebels attacked government installations in Darfur. The government responded by sending in army troops and arming a militia, called the Janjaweed, that has attacked rebels and civilians.

The African Union, which launched an ambitious but poorly funded peace monitoring mission in 2004, is scheduled to leave Sept. 30, when its mandate expires.

A proposed United Nations force of about 20,000 -- over three times the size of the African Union's -- has been blocked by President Omar Hassan al-Bashir, who says it is part of an effort by Western nations to "re-colonize" Sudan.

"We don't want the United Nations back to Sudan no matter the conditions," he said Saturday in Havana, where he was attending an international summit of developing countries.

A cease-fire agreement for Darfur was reached in May but has collapsed in the four months since it was signed in the Nigerian capital of Abuja. The government has repeatedly violated terms prohibiting military flights over Darfur and new troop deployments.

The government also has failed to restrain the Janjaweed, which continues to rape, kill and pillage. Increasingly, the militiamen are doing so while wearing crisp green uniforms, distributed by the government.

Civilians here say militiamen gallop their horses and camels into the camps for displaced people, sometimes within site of African Union troop positions. Rarely have the troops responded with force. In some cases, Darfur civilians, still smarting from deaths of friends and family members, have demonstrated angrily in front of African Union encampments.

"This African Union, if there is fighting, they are running away," said Halima Idriss, 55, gesturing furiously as her orange head scarf flapped in the hot wind of a camp outside of El Fasher.

The African Union's Peace and Security Council plans to review its decision to depart at a meeting in New York on Monday. But with its current mandate and resources, African Union officers express despair about their ability to keep peace when both the government and rebel forces are determined to return to war. Field commanders from the only rebel group that signed May's peace deal say they, too, are likely to resume fighting soon unless the United Nations sends its peacekeepers to Darfur.

Speaking on condition of anonymity, the African Union officers muttered angrily about their failure to enforce calm while expressing greater fears. They used the words "genocide" and "Rwanda" to describe what they expect will follow their departure.

Outside analysts also say that the African Union, while ineffective at peacekeeping, is serving as vital eyes and ears for the outside world at a time when the Sudanese government is making it more difficult for aid groups and journalists to operate here. With the African Union gone, they say, the last buffer will be lost against a bloodier assault in Darfur.

"All predictions are that without witnesses, the slaughter will begin," said Eric Reeves, a Smith College professor who has closely monitored the Darfur conflict, speaking from Northampton, Mass. "As long as the A.U. stays in, they are powerless but they are witnesses."

The African Union pullout would come shortly before the end of the rainy season, when flooded dirt roads typically dry out, allowing full-scale military maneuvering to resume after many weeks of limited mobility for both sides.

John Prendergast, an Africa analyst for the International Crisis Group, said the United States and the United Nations have allowed the Sudanese government to outmaneuver them diplomatically. He acknowledged that the United Nations would have trouble deploying troops over the objections of the government but said tougher actions would persuade officials to allow the peacekeepers.

"If we start acting, they will change their behavior," said Prendergast, speaking from New York, where he was preparing for a Darfur rally in Central Park. "It's very sad that the U.S. has not mustered the political will to head down that path."

Little news of the political maneuvering reached displaced civilians in Darfur. They passed the day much as they have for months, in some cases for years. They took long, dangerous walks into the Janjaweed-controlled countryside to gather firewood.

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They rode their donkeys in search of grass for the animals to eat. They sought shade from the blistering sun under makeshift shelters made with reeds and plastic tarps distributed by international aid groups.

And they waited for a peace few expect to come.

Idriss, the Darfur woman who said she had lost faith in the African Union, expressed tentative hope that U.N. peacekeepers might do better. If they don't come, she said, she knows what will happen.

"We will lose all the people of Darfur," Idriss said. "The killing is always going on."

In A Blow To Merkel's Christian Democrats, Far-Right Party Wins Seats In An East German State (NYT)

By Mark Landler

The New York Times, September 18, 2006

FRANKFURT, Sept. 17 — A far-right party made further inroads in Germany's economically fragile east on Sunday, winning seats in a state election in Mecklenburg-West Pomerania, a lonely land of farms and fishing villages that is the home constituency of Chancellor Angela Merkel.

The National Democratic Party, which openly espouses xenophobic and neo-Nazi views, was projected to win slightly more than 7 percent of the vote, according to preliminary results. That was less than analysts here had feared, but enough to clear the threshold of 5 percent for seats in the state legislature.

Extreme-right parties will now be represented in three of Germany's six eastern states — a trend that worries officials and underlines the divide between the country's eastern and western halves. Far-right parties have negligible support in more-prosperous western Germany.

"This shows the extreme right is a stable and growing force in the east, but it is not an earthquake," said Hajo Funke, a political scientist at the Free University of Berlin. "It's not a danger for our democracy."

The result, however, is a rebuke for Mrs. Merkel and her conservative party, the Christian Democratic Union, which lost votes in Mecklenburg and fared even worse in the second of the two state legislative elections on Sunday, in Berlin. There, the popular mayor, Klaus Wowereit, led his Social Democratic Party to a comfortable victory.

Voters appeared to be punishing Mrs. Merkel's party, 10 months after it squeaked into power in an unwieldy "grand coalition" with the Social Democrats. The Social Democrats, who govern Mecklenburg-West Pomerania, lost ground there, too, and it was not clear whether they could salvage their coalition with the Party of Democratic Socialism, the former East German Communist party.

Mrs. Merkel, who began her political career in Mecklenburg 15 years ago, has tried to focus attention on the region, inviting President Bush in July for a visit. But the state has one of the highest unemployment rates in Germany, which makes it a breeding ground for extremism, analysts say.

The National Democratic Party, which the German government once tried to ban, won seats in Saxony, a similarly depressed eastern state, in 2004. Another far-right party is represented in Brandenburg, the state that surrounds Berlin.

"The grand coalition hasn't presented a forceful program to tackle Germany's problems," Mr. Funke said. "These parties take advantage of the frustration of those who have no chance of a social or economic future."

One of the few winners on Sunday was Mr. Wowereit, who was given a strong mandate as mayor of Berlin, with the choice of renewing his coalition with the Party of Democratic Socialism or forming a new one with the Greens, the largest vote-gainer since the last election, in 2001.

The victory may foretell a greater national role for Mr. Wowereit, a 52-year-old lawyer who has become a star in Berlin. His party-going style seems to suit his late-night town, and his disclosure before the last election that he is gay only added to his appeal. On Sunday, Mr. Wowereit appeared on stage with his partner, Jörn Kubicki, a neurosurgeon.

With the departure of Social Democratic leaders like Gerhard Schröder, and a lack of other rising stars, Mr. Wowereit has made his ambitions plain. "I would like to have more say that I have had in the last five years, when we had to clean up the city," he said in a recent interview with the German magazine Stern.

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Whether he has done so is a matter of debate. Berlin is strangled by debt, a jobless rate of nearly 20 percent and a shrinking commercial base. Mr. Wowereit, who is known as Wowi, prefers to focus on its role as a cultural center and tourist magnet. Berlin, he said last year, is "poor but sexy" — a line that has become a tongue-in-cheek slogan for the city.

His opponent, Friedbert Pflüger, a Christian Democratic member of Parliament, tried to portray the mayor as a lightweight. But in a city that rewards flamboyance, Mr. Pflüger, an establishment politician originally from the western city of Hanover, never stood a chance.

"Up until now, he hasn't been a strong voice in politics on the national level," Uwe Andersen, a political scientist at Ruhr University, said of Mr. Wowereit. "He may think this result strengthens his position."

Sweden's Governing Party Voted Out After 12 Years (NYT)

By Sarah Lyall And Ivar Ekman

The New York Times, September 18, 2006

STOCKHOLM, Sept. 17 — Sweden swept away 12 years of center-left government on Sunday, voting to reject its longtime prime minister, Goran Persson, in favor of a conservative candidate who has pledged to revise the Swedish welfare state.

With almost all the votes counted by 11 p.m., three hours after the polls closed, the right-of-center coalition led by the leader of the Moderate Party, Fredrik Reinfeldt, had taken 48.1 percent of the vote, compared with 46.2 percent for the Social Democrats and their left-of-center allies.

The Social Democrats received just 35.2 percent, their worst showing since universal suffrage began in Sweden in 1921. Mr. Persson, 57, who has been prime minister since 1996, said he would step down as party leader in March.

One of the world's most consistently successful political parties, the Social Democrats have governed Sweden alone or in coalitions for 65 of the past 74 years. The party's defeat reflects a feeling not only that Mr. Persson has become complacent in office, but also that Sweden's celebrated social welfare model, with its high tax rate and generous benefits, has encouraged too many people to stay out of work for too long.

Speaking to jubilant party members after declaring victory, Mr. Reinfeldt, 41, went out of his way to welcome people who had voted for the first time for the Moderates, the conservatives. During the campaign, they were repackaged as the new Moderates, signaling a shift to the center.

"Tonight, people who never had thought of voting for us have given us their vote," Mr. Reinfeldt said. "We want them all to feel at home with the new Moderates."

Conceding defeat, Mr. Persson told members of his party that he took responsibility for the poor election results. Voter turnout was around 80.4 percent in a country of 9 million people and 6.9 million voters. The Social Democrats won 177,000 fewer votes than they did in the last election four years ago.

"We will work hard to be a powerful opposition," Mr. Persson said. Pressing home one of the major themes of his campaign, that Mr. Reinfeldt's party represented a seismic, rightward turn in Swedish politics, he said: "We will never accept the system shift of the right. We will fight back."

Nicholas Aylott, a political scientist at Sodertorn University, said in an interview: "There's a sense that the government has become tired, that it's been drifting, really. It hasn't been clear where the Social Democrats want to lead Sweden."

Mr. Reinfeldt successfully made unemployment a major issue in the campaign. By most measures, Sweden is thriving economically: the economy is growing this year at a projected annual rate of 4.1 percent, and the official unemployment rate is 5.7 percent.

But with its generous social services and high unemployment benefits, Mr. Reinfeldt argues, it has encouraged a vast swath of people to fall out of the labor market, a particularly acute problem with an aging population. Taking into account the number of working-age people who are not working or in school — including early retirees, people in job training and those on long-term disability — the unemployment figure is close to 21 percent, he says.

Styling the Moderates "the new labor party," Mr. Reinfeldt said that in Mr. Persson's view, "Security is living on subsidies." By contrast, he said in a recent interview, his party is "saying that security is the ability to work and to stand on your own two feet."

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Mr. Reinfeldt has pledged to revitalize the economy by cutting payroll taxes for low-income workers, reducing unemployment benefits from the current high of 80 percent of a worker's last salary, raising educational standards to prepare students for work in a competitive market and encouraging employers with tax credits to hire the long-term unemployed.

"The election's big issue was the poor functioning of the labor market," Mr. Aylott said. "The fact that so many people don't have work has to be considered a major failing of the Social Democratic government, given that they've presided over such a long period of economic growth."

But in a country that likes stability, Mr. Reinfeldt has been at pains to cast his plans as a fine-tuning, rather than a full-scale overhaul, of Sweden's economic model. "The Nordic welfare model is in many aspects a good model," he said as he campaigned Sunday, "but it needs more of a choice for individuals."

But in a series of television and radio debates, Mr. Persson tried to portray his opponent as a classic conservative in disguise, saying the conservatives would tamper with the country's successful formula of high taxes, a large public sector, and generous benefits.

In the previous election four years ago, Mr. Reinfeldt's party was trounced at the polls when it ran on a traditional platform of big tax cuts and deep reductions in social security benefits. When he became party leader, Mr. Reinfeldt acknowledged that such a stance was unlikely to win any elections in a country that is essentially happy with its underlying big-government, high-tax system.

So he moved the party to the center and settled on unemployment as an issue on which the government would be particularly vulnerable.

On Sunday, there was a feeling in the air that something momentous was afoot.

"This year, you've felt vibrations that you haven't felt before," Mattias Jonsson, a 30-year-old banker who was voting for the Moderates, said in an interview outside a Stockholm polling station. "This time, there is a real alternative."

Magnus Rosander, a 44-year-old computer engineer who said he had a nervous breakdown after losing his job four years ago and had not worked since, said he had voted for the Social Democrats and was worried about what would happen under the Moderates.

"I'm dependent on social welfare," Mr. Rosander said outside a subway station in central Stockholm. "If Fredrik Reinfeldt wins, we will get less money and he will force me to work even though my doctor says I'm not ready yet."

Some voters said that regardless of the differences between the parties, they felt simply that the Social Democrats, and Mr. Persson, had been in power too long.

Frida Henriksson, who is 26 and works in telephone sales for a large Swedish company, said she voted for Mr. Reinfeldt because "it feels like I have a lot more in common with him" than with Mr. Persson.

"It's time for a change, to see what someone else can achieve," she added.

Swedish Oust Persson As Right Wins Poll (FT)

By David Ibison

Financial Times, September 18, 2006

Swedish voters ousted the ruling Social Democrats from power after 12 years on Sunday and elected the centre right Alliance for Sweden, almost complete official results indicated.

As he declared victory on Sunday night, Fredrik Reinfeldt, leader of the four-party Alliance, told jubilant supporters: "It was teamwork that helped us win."

The results showing the Alliance parties ahead by just over 1 percentage point was a stunning rebuke for prime minister Göran Persson and his party that has led Sweden for 65 of the last 74 years, overseeing the creation of its world-famous welfare state.

Mr Persson told a group of subdued supporters: "Tomorrow, I will go to the speaker [of parliament] and hand in my and our government's resignation." The prime minister, who has led the Social Democrats for 10 years, said he would also step down as party leader in March. But he added: "We have lost the election, but we are not a defeated party."

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The result means Sweden is set for an historic change of direction as it moves away from being a welfare state towards encouraging more market-based activity.

The new government, while supporting many aspects of the welfare state, has pledged to lower taxes and deregulate areas of the economy in which the government continues to play a large role.

"The Social Democrats have been in power for 12 years so there is a general malaise, but there are also underlying reasons," said James Ashley, economist at Barclays Capital.

"The official unemployment rate looks better than European averages, but when you look at the true rate, taking into account government schemes for example, it is much higher, and there is a lot of dissatisfaction with that."

The official unemployment rate is 5.7 per cent, but independent economists have calculated the real rate is between 15 per cent and 17 per cent. Youth unemployment is 23 per cent, according to the European Union.

The Alliance victory comes as the economy is growing at an annualised rate of 5.5 per cent, inflation is low and house prices rising – factors that usually guarantee success for an incumbent government.

Mr Persson emphasised these points repeatedly during his campaign, urging voters to stick with the party that had created Sweden's current prosperity.

But Mr Reinfeldt has argued that record high youth unemployment masks fractures that are appearing in Sweden's social model

These include a rapidly ageing society, indicating that more people will require state support at a time when the number of taxpayers is dropping.

He argued that if nothing was done, either welfare benefits would have to be reduced or taxes would have to go up. He believes deregulation will boost employment and ultimately the government's tax income.

The Alliance victory is likely to have little immediate impact on financial markets or the currency, but it could be more marked in the longer term.

Mr Reinfeldt has pledged to sell state shareholdings in listed companies and deregulate other areas of the economy in which the state has a large influence. This could clear the way for cross-border mergers or acquisitions of listed companies.

Additional reporting by agencies

Next Sweden Leader Aims To Tweak Welfare (AP)

By Katarina Kratovac, Associated Press Writer

AP, September 18, 2006

Fredrik Reinfeldt, leader of the center-right coalition that won Swedish parliamentary elections on Sunday, once wrote a book criticizing the country's vaunted cradle-to-grave welfare state.

Now he will have the chance to tweak the model.

Reinfeldt's coalition ousted the Social Democratic government in a close parliamentary election Sunday, ending 12 years of leftist rule in the Nordic nation.

The 41-year old leader of the main opposition Moderate Party is decidedly more pro-American than Prime Minister Goran Persson, who Reinfeldt defeated.

He has criticized the President Bush's administration, saying "a long list of mistakes" were committed in Iraq. But he also has said: "I have not experienced any conflict in the world where people don't stand up and call for the Americans to come there and solve it. You can't forget that."

Political opponents often point to Reinfeldt's 1993 book "The Sleeping Nation," in which he criticized the cradle-to-grave welfare state.

Realizing the welfare state is a near-sacred concept in Sweden, Reinfeldt called for fine-tuning the system with small, pro-business adjustments rather than dismantling it altogether.

"We want to show that we like the Sweden we have — but also signal a will to change things through safe steps," the father of three told The Associated Press in a pre-election interview.

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Reinfeldt, who comes from an upper middle-class background, was voted into Parliament in 1991, a year after completing a university degree in economics.

He assumed leadership of the main opposition Moderate Party in 2003, a year after its poor showing in 2002 elections. In just three years, he revived the party by softening its conservative image and moving it to the political center.

The Moderates' more controversial goals — such as privatizing state-owned companies and ending Sweden's traditional neutrality to join NATO — were hardly mentioned during the campaign.

In the campaign, Persson cast suspicion on Reinfeldt's shift to the center, saying his true aim was to overturn Sweden's social model.

Reinfeldt has compared himself to Canada's Conservative Prime Minister Stephen Harper or British Conservative leader David Cameron.

He has said many reforms were needed in the U.N., describing his disenchantment when listening to Cuba's foreign minister give a speech to the General Assembly in 2004 which he said glorified communism while delivering a "giant attack on the USA."

"It was one of the worst things I've heard," Reinfeldt recalled. "But he got a standing ovation from the present delegates. That tells you that this U.N. system isn't perfect.

"It should not become a scratch-each-other-on-the-back society for dictatorships," he added. "That may explain why the USA sometimes chooses to act on its own."

Associated Press Writer Mattias Karen contributed to this report.

Mexican Leftwinger Calls Himself President-elect (FT)

By Adam Thomson

Financial Times, September 18, 2006

Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential election last July, proclaimed himself president-elect at the weekend and vowed to set about transforming the country's institutions to establish "a new republic".

Speaking before tens of thousands of cheering supporters, he said he would not recognise the government of Felipe Calderón, the official winner, and promised to continue his "civil resistance" movement.

"Do they really think the puppet they put in power will be able to govern?" he asked the "delegates" of his resistance movement. "Well, they are wrong."

Mr López Obrador, the 52-year-old former Mexico City mayor, insisted that the July election had been fraudulent and said that his decision to proclaim himself president was not "capricious" but rather a necessary step in combating a corrupt system set up to benefit the rich.

"They [the establishment] created a gang of white-collar delinquents to fight against us," he told a fervent crowd. He said the decision to proclaim himself president was a "take that so that they learn to respect the will of the people".

Minutes before his rousing speech on Saturday evening, the delegates – organisers claimed there were more than a million although private estimates suggested there were considerably fewer – voted on 12 points.

These included naming Mr López Obrador president-elect, authorising him to appoint a cabinet, choose a government headquarters and even collect revenue, though they did not specify how. The delegates voted overwhelmingly to name him president on November 20, the date Mexicans celebrate the 1910 revolution.

With a show of hands – many enthusiastically raised both hands when asked to vote – delegates also promised to continue Mr López Obrador's "peaceful civil resistance" movement aimed at complicating life for Mr Calderón once in power.

One delegate speaking before Mr López Obrador said the strategy would include protesting everywhere Mr Calderón appeared in public, holding up signs behind television reporters and even boycotting products of companies that allegedly contributed to Mr Calderon's election campaign. Coca-Cola, Wal-Mart and Banamex, the bank owned by Citigroup, were some of the companies mentioned.

Speaking to the delegates, many of them drenched and shivering from a torrential rain storm earlier in the afternoon, Mr López Obrador said triumphantly: "I will not let Mexico down."

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The line went down well with those in the capital's main square. But for others, Mr López Obrador already has. In Mexico City, the leftwing campaigner's principal support base, a growing number of residents – including many who voted for him in July – say enough is enough.

Many political analysts say that by adopting such tactics, Mr López Obrador has locked himself into a poorly funded resistance movement that will gradually start to lose support. Mr Calderón, who takes possession on December 1, will be hoping they are right.

López Obrador To Run 'Parallel Government' As Mexico Opposition (WSJ/AP)

The Wall Street Journal, September 18, 2006

MEXICO CITY -- Hundreds of thousands of supporters of leftist Andrés Manuel López Obrador elected him the leader Saturday of a "parallel government" opposed to President-elect Felipe Calderón's administration.

The symbolic "vote" -- a show of hands in the packed Zocalo plaza -- was the latest development in Mexico's nearly three-month electoral dispute. Mr. López Obrador claims fraud and illegal government spending were responsible for Mr. Calderón's victory by fewer than 234,000 votes in the July 2 election, and he has vowed to be the new leader's biggest opponent.

It was unclear what the "parallel government," complete with its own cabinet, would entail.

Mr. López Obrador retains a strong following despite a Federal Electoral Tribunal ruling this month that rejected most of his fraud allegations and awarded the presidency to Mr. Calderón. Supporters of Mr. López Obrador said they would travel the country to spread his message of helping the poor and opposing the elite.

Mr. López Obrador will be "sworn in" to his new post on Nov. 20. Mr. Calderón will be inaugurated Dec. 1.

Delegates at Saturday's convention also agreed to support the formation of a "Progressive Front" to replace the former coalition of leftist parties that backed Mr. López Obrador in the national election.

Mexico's 'Parallel' Gov't In Question (AP)

By Lisa J. Adams, Associated Press Writer

AP, September 18, 2006

Now that Mexican leftists have acclaimed defeated candidate Andres Manuel Lopez Obrador president of a parallel government, the question is will they settle into the role of a normal democratic opposition or try to press their agenda through more militant resistance.

Lopez Obrador, who lost the July 2 presidential election by 234,000 votes to conservative Felipe Calderon, led a massive protest for seven weeks with followers camped out in the center of Mexico City clogging the heart of the capital to demand a full vote recount.

The protest culminated in a self-styled convention of delegates who packed central Zocalo plaza Saturday night and voted by a show of hands to form a parallel government with a Cabinet and plans to swear in Lopez Obrador as president on Nov. 20.

Lopez Obrador, who championed the rights of the poor during his campaign, said Saturday the parallel government will work on proposals to rewrite Mexico's constitution to guarantee the right to food, work, health care, education and housing while overhauling "corrupt" public institutions.

Saturday's mass convention held back from vowing to pay taxes to the parallel government or break existing laws. But it pledged to wage a campaign of peaceful resistance to undermine Calderon at every turn during the single six-year term allowed by Mexico's constitution.

At least one Lopez Obrador aide, former Congressman Jose Agustin Ortiz Pinchetti, said, however, no one was "calling for an insurrection" to topple the government.

But it was still unclear how Lopez Obrador planned to implement his "parallel government" policies or what impact it would have. He has said his alternative government will be "itinerant" — traveling around the country to touch base with supporters outside of Mexico City but based somewhere in the capital.

Mexico expert George Grayson of the College of William & Mary in Virginia said he expects President-elect Calderon to promote his own platform of social programs to tackle poverty and inequality.

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Grayson said the movement could be a positive influence if it "keeps the elite's feet to the fire" while funneling its ideas to the congressmen and senators of Lopez Obrador's leftist Democratic Revolution Party, now the second-strongest force in Congress.

"The problem is if they become frustrated and resort to militant resistance," Grayson said. That could again result in widespread street protests, the blockade of government offices — or even worse — disruptive attacks on the capital's infrastructure, such as its water system or electric grid.

"I just hope he maintains restraint," Grayson added.

Recent political polls have shown declining support for Lopez Obrador and some analysts say that raises questions about what his movement can achieve. Some analysts say the chances are slim that Lopez Obrador can launch a radical opposition government.

The former Mexico City mayor claims a broad conspiracy of business leaders cheated him out of an election victory. Calderon will be sworn in on Dec. 1 as President Vicente Fox's successor.

Dozens of world leaders, including President Bush and Argentine President Nestor Kirchner — have recognized the victory and promised to work with Calderon as Mexico's new chief executive.

But Lopez Obrador has refused to back down from his claim that he is the country's rightful leader.

Terrorist Access To Nuclear Site Feared (WT)

By Bojan Pancevski

The Washington Times, September 18, 2006

VIENNA, Austria -- More than two tons of radioactive material stored in a rundown research facility in Serbia offer an easy target for terrorists seeking to build a "dirty bomb," according to the United Nations' nuclear watchdog.

Nuclear inspectors have branded the lightly guarded storage facility at a communist-era reactor, which closed 22 years ago, the world's most dangerous disused nuclear site -- because of the potency of the material and the risk of leakage.

The outdated facility is on a 48-acre site at the Institute of Nuclear Sciences in Vinca, 10 miles outside the capital, Belgrade, surrounded by a rusty barbed wire fence and secured only by a small number of armed guards.

Michael Durst, the special program manager at the Vienna-based International Atomic Energy Agency (IAEA), said the Vinca site topped the global priority list of unsecured uranium sources because it combined the threats of nuclear proliferation and environmental disaster.

"Vinca is unique in the amount of uranium stored within its facility -- at least 2.5 tons -- and the fact that about 30 percent of it is leaking. It would be easily accessible to an organized group," he said.

"There are other sites in Bulgaria, Romania and Hungary, as well as elsewhere in the world, but the amount of nuclear material, the accessibility and the leakage makes Vinca the most dangerous. It requires immediate action."

In 1992, more than 100 pounds of highly enriched uranium fuel -- which can be used to make an atomic bomb -- was removed from Vinca by the IAEA and the American, Russian and Serbian governments. It was transported to a disposal facility near Dimitrovgrad, in Russia.

The IAEA fears that the remaining nuclear material could be packaged with conventional explosives to spread radioactive material over a large area -- a so-called dirty bomb.

Officials said much of the uranium is stored in a 75-foot-deep pool, filled with murky water, in the institute's reactor building. Other nuclear material stored at the site includes plutonium and highly radioactive spent-fuel byproducts.

This week, the IAEA will appeal to international donors for funds to pay for decommissioning the site and shipping the most dangerous material to Russia for disposal.

A joint project by the IAEA, the Vinca institute and the Serbian authorities to secure the material has stalled for lack of funds.

"The Vinca staff are highly professional and very cooperative," Mr. Durst said. "But the budgets of the institute, and of the whole country, are very limited. They are keeping the whole thing together with gum and tape."

The institute was founded in what was communist Yugoslavia in 1948 with the help of Soviet scientists. Its nuclear reactor was shut down in 1984, but there are still more than 800 workers at the site, 400 of them scientific staff.

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Fumbled China Spy Probe An Intelligence Failure (WT)

By Bill Gertz

The Washington Times, September 18, 2006

First of three excerpts

Tai Wang Mak dialed a phone number in Guangzhou, China.

The man who answered, Pu Pei-liang, was a researcher at the Chinese Center for Asia Pacific Studies at Zhongshan University, known to U.S. intelligence officials as CAPS.

"I'm with Red Flower of North America," said Mak, a Chinese national working as an engineer in Los Angeles for Hong Kong-based Phoenix Television.

Mak said he would arrive in China in nine days. Pu instructed him to use a calling card to phone from the airport in Guangzhou so that he could be picked up.

The call from California to China, placed Oct. 19, 2005, was intercepted by the long electronic ears of the U.S. National Security Agency.

Mak's reference to Red Flower of North America brought a breakthrough in a yearlong investigation into one of the most damaging losses of defense technology in American history.

Chinese spies used those code words to authenticate themselves when making contact with communist China's intelligence bureaus. Other often-used code words include Winter Chrysanthemum and Autumn Orchid.

U.S. intelligence knew that CAPS received funding from the People's Liberation Army and conducted operational research for the Chinese military. The phone call revealed that CAPS had one of its most valuable spies inside the U.S. defense industrial system.

Mak and Pu, investigators say, were undercover military intelligence officers with the Second Department of the People's Liberation Army, the spy service well-known to U.S. counterspies as 2 PLA.

Investigators say Tai Mak's brother, Chi Mak, headed a family spy ring in Los Angeles. After his Oct. 28 arrest by the FBI, Chi Mak, a naturalized citizen and electrical engineer with a major American defense contractor, told investigators that he had supplied sensitive Navy weapons secrets to the Chinese since 1983.

The fact that the spy ring went undetected for two decades was a major counterintelligence failure. Worse, the U.S. government would go on to bungle the case.

Picking pockets

R. James Woolsey, the former CIA director, has called the Constitution one of the best recruiting tools for intelligence services. His point is that those living under oppressive, dictatorial regimes sometimes will take incredible risks to step forward and secretly help in the battle for freedom and democracy.

In fall 2004, the CIA recruited just such a source from China, a person within the military and security establishment. One of the first questions the CIA poses, in the jargon of the intelligence business, is "Who is picking our pockets?"

The new source identified the spy ring in Los Angeles that investigators said was run by Chi Mak, an electrical engineer with the defense firm Power Paragon, a subsidiary of the Fortune 500 company known as L-3.

The source said the Chinese military was gaining sensitive technology and information on Navy warships. What's more, China was buying ostensibly commercial goods and diverting them to the military.

Under pressure to adopt a counterintelligence culture instead of a "cop" mentality, the FBI hoped to play the spy ring and see where it led.

Counterintelligence is part art, part science, a discipline aimed at identifying and exploiting or stopping foreign spies. Law enforcement is easier: You identify the bad guys and arrest them.

But the government mishandled the case. One problem was that the FBI and the CIA had conflicting goals. The CIA was afraid to lose its prized source, the Chinese recruit. The agency did not want the FBI to make arrests immediately, since swift action would alert the Chinese to a mole.

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Investigators said Tai Mak, who worked for a producer of Chinese-language programming, served as a handler and courier for the spy ring. The investigation continued for about a year, until the NSA intercepted his "Red Flower" phone call in October 2005.

Days later, on Oct. 28, the FBI arrested Chi Mak, 66, and his wife, Rebecca Laiwah Chiu, 63.

Agents also arrested Tai Mak, 57, and his wife, Fuk Heung Li, 49, at Los Angeles International Airport as they prepared to travel to China.

He was carrying disks on which were hidden encrypted files containing sensitive data on Navy technology. Many documents were labeled "proprietary" and "restricted," meaning they could not be exported.

'At serious risk'

An FBI affidavit made a case for applying maximum charges against the four suspects -- conspiracy to steal U.S. military information on restricted Navy warship technology, smuggling information to China in violation of export laws and theft of government property.

"Chi Mak said that he knew that Mr. Pu was providing the information to members of the Chinese government's science and technology community," the affidavit said.

The FBI produced the affidavit to secure arrest warrants for the Mak brothers and their wives, as well as search warrants for their homes, workplaces and vehicles. Having spent a year conducting electronic surveillance, investigators believed the searches would uncover classified data and other information that would lead to more serious espionage charges.

Judges underscored the seriousness of the charges by denying bail for the Mak brothers. One judge told Chi Mak's lawyer: "You're talking about billions of dollars of technology that puts our country at serious risk."

Chi Mak, a specialist in electrical power, received a secret-level security clearance in 1996.

The document trail led investigators to conclude that he passed information that will allow Beijing to track the Pentagon's new Virginia class-attack submarine, which uses L-3 technology. The compromised technology also will enable the Chinese to develop countermeasures against the submarine and to copy its electronic systems.

Investigators believe he gave China schematics and design information on the latest generation of Aegis weapons systems, which L-3 helped to develop. Aegis -- meaning shield -- is being upgraded to become America's most advanced and mobile anti-missile system for use on guided-missile cruisers, guided-missile destroyers, Sea Wolf-class submarines and aircraft carriers.

Chi Mak worked on four classified Navy contracts related to Aegis. Investigators believe his spy ring was the main supplier of Aegis technology to China and, one U.S. defense official says, the Chinese quickly incorporated it into their Luyang II guided-missile destroyer.

Lesser charges

By the time formal indictments were issued Nov. 15, the most serious charges against Chi Mak and the three others had been dropped. Tai Mak's wife was excluded altogether, though she was charged separately with running an illegal marriage-fraud network that helped immigrants gain entry into the United States.

The three remaining suspects were indicted on relatively minor charges of failing to register as foreign agents. The initial charges could have resulted in prison terms of up to 25 years, but the lesser charges carried maximum sentences of 10 years. Chi Mak, his wife and Tai Mak all pleaded not guilty.

So what changed? U.S. government sources say that petty squabbling between prosecutors and investigators jeopardized the case.

The more serious charges were dropped because the FBI counterintelligence team that conducted the investigation got into a dispute with the U.S. attorneys in Los Angeles who were in charge of the prosecution.

The FBI fully expected that search warrants would unearth classified data, so prosecutors balked when much of what was found was not officially classified as secret.

"Nothing I passed [to China] was classified," Chi Mak told investigators shortly after his arrest.

He was right. Investigators say the lack of classified documents revealed that the spies had done their homework.

Chinese intelligence-gathering services exploited the fact that Navy officials underclassified some of the most sensitive information about weapons systems to make it easier for private defense contractors to use the data.

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"There is no question that this case has caused serious damage to U.S. national security," one investigator said.

'More subtle'

Espionage laws are so difficult to apply that prosecutors almost need a confession to be able to make their case.

The current statute, enacted in 1917, requires prosecutors to prove "intent or reason to believe that the information is to be used to the injury of the United States, or to the advantage of any foreign nation."

This standard often forces the release of intelligence or defense information to prove national security was harmed.

David Szady, head of FBI counterintelligence until this year, said loss of sensitive-yet-unclassified information can do real harm to national security.

The technology passed to China in the Mak case was proprietary corporate trade secrets or export-controlled, but did not carry the "secret" or "top-secret" label. Chi Mak had access to Connecticut-based submarine manufacturer Electric Boat, for example, as if he were one of their own employees, Szady said.

The case "probably murdered the Navy" because of the loss of technology, he said.

Obtaining contract documents not only will allow Beijing to build its own version of one of the Navy's developmental warships, the DD(X) destroyer, but possibly to "sell it in competition to us," Szady said.

The Chinese, he said, are good at positioning agents who can obtain advanced technology in the developmental stage, before it is classified.

"The [spy] business is getting more complex, more subtle," Szady said. "It's smarter business than the old cloak-and-dagger."

U.S., Europe Seek Stronger Asia Currencies (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 18, 2006

SINGAPORE -- Worried that their nations' companies are being undercut by inexpensive Asian competitors, the U.S. and its European allies are responding by pressing to push up the exchange value of Asian currencies.

In statements at top-level financial meetings during the weekend, European officials suggested they expect the yen to rise, in an apparent effort to jawbone financial markets to drive the Japanese currency up against the euro. At the same time, finance officials from the Group of Seven major industrial powers, including the U.S., renewed their long campaign to persuade China to allow the yuan to appreciate against the dollar and euro. (See related article1.)

"Greater exchange-rate flexibility is desirable in emerging economies with large current-account surpluses, especially China, for necessary adjustments to occur," the G-7 officials said in a communiqué issued at the end of their session Saturday.

Treasury Secretary Henry Paulson echoed that view at the annual meeting of the International Monetary Fund's steering committee yesterday when he called for "greater exchange-rate flexibility in Asian emerging economies."

He also called on finance ministers to clamp down on Iran's finances. He said Tehran uses front companies to finance its nuclear ambitions and to fund terrorist organizations such as Hezbollah and Hamas.

The currency pressure reflects the political potency of the exchange-rate issue. European officials feel that the weakness of the dollar and certain Asian currencies, such as the yen and the yuan, has left the euro the strongest of the major currencies. That makes it harder for European companies to compete with foreign producers.

Likewise, U.S. manufacturers, unions and lawmakers argue that China's practice of keeping the yuan artificially weak against the dollar is costing American companies sales and American workers jobs. Treasury officials have for years called for a more-flexible Chinese exchange rate.

But markets are eager to understand the views of the new Treasury secretary, who travels to China tomorrow eager to stake out his own attitude toward Beijing. Mr. Paulson considers other aspects of China's economic policy to be of equal or greater concern than the yuan, but he also recognizes that he must address the currency question directly if he is to stave off protectionist moves in Congress.

The Senate is expected to vote this month on a bill imposing 27.5% tariffs on all Chinese imports to retaliate for the alleged currency advantage.

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"China needs greater currency flexibility and stronger domestic consumption, as well as financial-sector reform," Mr. Paulson said after the G-7 gathering.

While Treasury officials are dubious that a stronger yuan would do much in and of itself to correct the ballooning U.S. trade deficit, they do believe that a stronger yuan could persuade other Asian governments to allow their currencies to rise, too, in theory making U.S. products more competitive around the world.

"The Asians are not so concerned about losing competitiveness against the U.S.," said Robert Hormats, vice chairman of Goldman Sachs International. "If one Asian currency goes up by too much, their fear is they'll lose competitiveness against the other Asian exporters. So they're looking over their shoulders at one another."

After keeping the yuan virtually frozen against the dollar for a decade, China revalued the currency by 2.1% in July 2005. Since then it has further strengthened by just a couple of percentage points.

China will allow market forces to play a greater role in setting the value of the yuan and will adjust the currency's daily trading band "sooner or later," the country's central-bank governor said on the sidelines of the global economic meetings.

Comments by People's Bank of China Governor Zhou Xiaochuan signal that China is willing to continue adding flexibility to its exchange rate but won't accelerate changes in its foreign-exchange policy in the face of criticism that it isn't doing enough in terms of the global economy.

Yesterday, Mr. Zhou played down the role of the yuan's exchange rate in resolving global trade imbalances. "Structural policy plays a much larger role [in adjustments], compared with the exchange rate," he said.

Responding to expectations that China would widen daily trading limits for the yuan's exchange rate, Mr. Zhou also said that China could widen the band if the currency used up the existing flexibility allowed or to accommodate large changes in exchange rates of major international currencies.

Currently, China allows the yuan to fall or rise in one day by no more than 0.3% against the U.S. dollar from its opening central parity level, which the central bank issues each morning.

Mr. Zhou declined to give a specific timetable for a widening of the daily trading band.

The European G-7 members -- France, Britain, Germany and Italy -- were part of the chorus calling on China to relax its grip on the yuan. But in other comments during the weekend's meetings, senior European officials focused on the yen, commenting in language sufficiently similar to suggest a coordinated strategy of talking up the Japanese currency.

German Finance Minister Peer Steinbrück told reporters that Japan's currency should respond to -- presumably by appreciating -- both the end of the country's zero-interest-rate monetary policy and its solidly recovering economy, estimated by the IMF to expand 2.7% this year. Likewise, European Central Bank President Jean-Claude Trichet said the G-7 officials had "all agreed that the yen will reflect these developments."

Mr. Paulson's comments on Iran reflect the Bush administration's frustrations in seeking United Nations sanctions against Tehran. He said he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions. That follows Treasury's decision this month to ban Iran's Bank Saderat from access to the U.S. financial system, either directly or through its relationships with foreign banks.

--Rick Carew contributed to this article.

China Competes With West In Aid To Its Neighbors (NYT)

By Jane Perlez

The New York Times, September 18, 2006

STUNG TRENG, Cambodia — In the dense humidity of northern Cambodia, where canoes are the common mode of transportation, a foreman from a Chinese construction company directs local laborers to haul stones to the ramp of a nearly completed bridge.

Nearby, engineers from the China Shanghai Construction Group have sunk more than a dozen concrete pylons across a tributary of the mighty Mekong River, a technical feat that will help knit together a 1,200-mile route from the southern Chinese city of Kunming through Laos to the Cambodian port of Sihanoukville on the Gulf of Thailand.

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This is the new face of China's foreign aid to poor Asian countries: difficult construction in remote places that benefits the recipient, and China, too.

"It is the favor of our government to the Cambodian people," said Ge Zhen, 26, one of the more than 50 engineers and 250 other Chinese workers on the four-year project.

Flush with nearly a trillion dollars in hard currency reserves and eager for stable friends in Southeast Asia, China is making big loans for big projects to countries that used to be the sole preserve of the World Bank, the Asian Development Bank, the United States and Japan.

With the Singapore meeting of the World Bank on Sept. 19 and 20, China, one of the bank's biggest customers, is quietly shaking up the aid business in Asia, competing with the bank at its own game.

For poor countries like Cambodia, Laos and Myanmar, and somewhat better-off countries like the Philippines, China's loans are often more attractive than the complicated loans from the West.

The Chinese money usually comes unencumbered with conditions for environmental standards or community resettlement that can hold up major projects. The aid does not carry penalties for corruption that are being increasingly used by the World Bank president, Paul D. Wolfowitz. And China's offers rarely include the extra freight of expensive consultants, provisions that are common to World Bank projects.

For its part, China benefits from the added infrastructure — roads, ports and bridges — in the underdeveloped but growing region around it, to help increase trade and to move natural resources from China's periphery to its heartland.

Liqun Jin, vice president of the Asian Development Bank and a former vice minister of finance in Beijing, said in an interview at the bank's headquarters in Manila that China had carefully considered how to use its increasing wealth.

"China is attracting external capital, and as a balance China wants to help developing countries in the region by financing infrastructure projects," Mr. Jin said. "Helping your neighbors to have a good life is no sin."

He added, "China makes no bones that we want a peaceful neighborhood to develop our own economy."

The effects are likely to be enormous. Tom Crouch, country director for the Philippines at the Asian Development Bank, said, "Here comes a very large new player on the block that has the potential of changing the landscape of overseas development assistance."

Already, in the past several years, China has given aid to African countries, where it is buying oil and gas. They include some with repressive governments like Nigeria, Sudan and Angola.

Even during the cold war, China spread aid around Africa, sometimes to counterbalance assistance from rival countries, which were being helped by Taiwan. In the 1960's and 70's, for example, China aided Angola while Taiwan helped neighboring South Africa.

In Cambodia, Prime Minister Hun Sen boasts of China's offer last spring of $600 million in "no strings attached" loans, made during a visit from the Chinese prime minister, Wen Jiabao. The money will help pay for two major bridges near the capital, Phnom Penh, that will link to a network of roads; a hydropower plant; and a fiber-optic network that will connect Cambodia's telecommunications with that of Vietnam and Thailand.

In contrast, Mr. Hun Sen points out that the traditional lenders together pledged just $1 million more than China. And the money came laden with conditions, including World Bank anticorruption clauses.

Four World Bank programs in Cambodia worth about $70 million were recently suspended by the bank after its investigators found corruption among Cambodian officials in the procurement process.

China's generosity to Cambodia has caught Washington's attention. The United States Navy is planning a port visit to Sihanoukville early next year, a first since the Khmer Rouge seized power in 1975.

In the Philippines, China is also making a big splash, offering an extraordinary package of $2 billion in loans each year for the next three years from its Export-Import Bank.

That made the $200 million offered separately by the World Bank and the Asian Development Bank look puny, officials from those banks said, and easily outstripped a $1 billion loan under negotiation with Japan.

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Officially, the World Bank says it is not concerned about competition from China's increasingly energetic aid program. "The more important impact of China on these countries' development is trade rather than aid," said Homi Kharas, the bank's chief economist for East Asia and the Pacific.

The aid, chiefly for infrastructure, was being focused by China on the integration of trade in the region, a useful result for poor countries, he said.

But Western aid donors complain that China is secretive about its aid projects, and that it declines to attend the traditional meetings presided over by the World Bank to coordinate aid activities in poor countries. They also say they doubt that China always delivers the full value of the projects that it announces.

And Western aid officials said they were taken aback when the news of the $2 billion Chinese aid package came out at a lunch meeting of more than 100 aid donors in Manila last month. The size of the Chinese loans came as a shock, in part because the Philippines serves as the headquarters of the Asian Development Bank, a lender dominated by Japan and the United States. China is also a shareholder.

The secretary general of the National Economic and Development Authority in the Philippines, Romulo Neri, compared the Chinese aid package to those from other sources, and noted the appealing absence of the expensive consultant fees common to Western projects.

After being a favorite of the Bush White House, the Philippine president, Gloria Macapagal Arroyo, fell out of favor when she pulled her country's troops out of Iraq in 2004.

The Chinese appeared to have quickly filled the economic breach for the Philippines and, according to a memorandum from Mr. Neri's office, a number of projects are expected to be completed when Mr. Wen visits Manila in December.

They include two toll roads and a water supply system for Manila, and further financing for a rail project already under way to connect northern Manila with four provinces.

In some countries, like Cambodia, China's construction projects seem clearly aimed at helping to assure China's access to natural resources.

Western diplomats and aid officials in Phnom Penh said they believed that Cambodia had recently granted China the rights to one of five offshore oil fields that could yield as much as $700 million to $1 billion a year. Chevron already has an agreement for exploratory drilling at one of the Cambodian fields.

Washington does not know yet, and would like to know, whether China plans to offer loans for an often-discussed deep-sea port at Sihanoukville that would allow China a convenient delivery point for its Middle East oil imports.

In resource-rich Myanmar, the former Burma, Beijing's only real competitor on the aid front is India. China has built dams and roads connecting the interior of the country to China's southern flank, and is currently reported to be working on a deep-water port on Myanmar's west coast.

Myanmar is in deep arrears to the World Bank, which said it had no loan program there. The United States offers no official aid, either, because of the repressive nature of the government.

In Laos, China has built a major road up the spine of the country, and has been influential as much by the prospect of what it might do, than by what it has actually accomplished.

After years of study on the impact on the environment, the World Bank broke ground on a environmentally controversial major dam, known as Nam Theun 2, in Laos last year, because it knew that China was ready to step in to build the dam, bank officials say.

Beyond its no-strings approach, China is often appreciated as a lender by poor countries because it is willing to take on complicated projects in distant areas that others are not.

The bridge that Mr. Ge, the engineer, and his colleagues have sweated over during the last four years — the temperature creeps up as high as 106 in April — is in one of the most underdeveloped corners of Southeast Asia, the area where the Khmer Rouge first took power.

Running from the bridge is a new, smooth 130-mile road built by Mr. Ge's team that connects Kratie, a village to the south of Stung Treng, to the Laotian border.

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"When we came here four years ago, we would leave at breakfast time from Kratie and we would arrive here for dinner — eight hours," Mr. Ge said. "It now takes two hours."

Ghani Joins Race To Succeed Annan (FT)

By Jo Johnson

Financial Times, September 18, 2006

Ashraf Ghani, the former Afghan finance minister, is expected to make a late entry into the race to succeed Kofi Annan as secretary-general of the United Nations, taking the number of formally declared candidates to seven.

Mr Ghani, 57, will declare his candidacy this afternoon in a meeting with Hamid Karzai, the Afghan president, who is visiting the US.

"I hope to win, through ideas," Mr Ghani told the Financial Times in New York. "In the public debate so far, I have yet to see a clear articulation of vision, an analysis of the central issues and a programme for change."

The Kabul-born Mr Ghani returned to Afghanistan in October 2001 after an absence of 24 years, interrupting a stellar career at the World Bank as a UN special adviser.

From June 2002 to December 2004 he served as finance minister, securing pledges of $28bn from international donors. He left the government to become chancellor of Kabul University.

"The UN would be very lucky indeed to get him," said Hernando de Soto, economist and founder of the Institute for Liberty and Democracy in Lima.

Carlos Pascual, director of foreign policy studies at the Brookings Institution, said he had "tremendous intellect, talent and capacity to mobilise the UN".

Other observers said Mr Ghani had a strong track record as an administrator but suffered from his reputation for impatience.

"Ashraf wants to reform the whole international aid system and has some fantastic ideas," said an acquaintance. "But given that he blows up at even his closest friends, I can't see him as the world's leading peace-maker."

In a second round of straw polls in the Security Council last week, Ban Ki-moon, South Korea's foreign minister, consolidated his lead. It also emerged that Vaira Vike-Freiberga, the Latvian president, would run.

Security Probes Hold Up Diplomats (WT)

By Nicholas Kralev

The Washington Times, September 18, 2006

Dozens of Foreign Service officers say their careers are in ruins because their security clearances were suspended based on suspicions or unsubstantiated accusations.

Several have accused the State Department's Diplomatic Security Service (DSS) in interviews of "abusing the security clearance process" by punishing "whistleblowing, dissenting viewpoints or minor acts of possible misfeasance unrelated to national security."

"All I want is a resolution, even if they decide to revoke my clearance," said Daniel Hirsch, whose request for an assignment in Iraq or Afghanistan has languished for three years.

"At least, I'll be able to take further action. Now, my hands are tied, and I'm just waiting while my career is being destroyed."

Mr. Hirsch, a Foreign Service officer for 21 years, has spent his career working in hardship posts in Africa, Central Asia and the Balkans, so it was only fitting that he would volunteer for the world's most dangerous places.

"I put my name in several times a year, but I've never heard back from anyone," he said.

Secretary of State Condoleezza Rice has repeatedly called for U.S. diplomats to serve in the two posts that the Bush administration deems most important for its war on terrorism.

But Mr. Hirsch is not eligible to serve in any overseas post while awaiting the outcome of a DSS investigation that began in 2003. He said he has been kept in the dark about its findings and possible outcome.

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"DSS maintains that they do not even have to establish any facts in order to revoke a clearance, much less suspend one" said Mr. Hirsch, whose battle with DSS began when his wife sought marital counseling at their last post in Ashgabat, Turkmenistan.

That counseling prompted suspicions of spousal abuse, which continue to be investigated, even though his wife has repeatedly denied any such abuse in writing.

Mr. Hirsch said the DSS dug up a brief episode from his past -- a trip he took with the group Volunteers for Israel when he was 23 and working for the CIA. The agency knew about it, he said, but DSS became suspicious about a picture of him in an Israeli military uniform.

DSS declined to comment for this article, saying only that it does everything according to the law and administrative regulations. A spokeswoman said there are up to 30 suspensions every year from among the up to 40,000 State Department employees and contractors who hold security clearances at any given time.

Diplomats with suspended clearance are given desk jobs in Washington that require little of their expertise and experience.

Les Hickman, who had his clearance suspended in November 2002, said the DSS has "no transparent procedure about how they do things."

"What happened to me was based on allegations, nothing factual," he said.

Mr. Hickman, who has been in the Foreign Service since 1978, was the U.S. consul in Amman, Jordan, when DSS discovered that one of his local Jordanian employees was taking money from visa applicants to expedite their paperwork.

That employee's duties included processing applications from Iraqis, who after the September 11 terrorist attacks required special screening, and Mr. Hickman had issued instructions that all Iraqi cases be referred to him.

Because only Mr. Hickman and the local employee had access to those applications, DSS suspected that the consul might be involved in the fraud scheme as well. His clearance was suspended, and he was relieved of his duties.

The investigation found that bribes had been taken only from Jordanians and not Iraqis, and it produced no evidence that Mr. Hickman had anything to do with the scheme. Mr. Hickman said he knew nothing about it, and the Jordanian employee said he had acted alone.

Then DSS accused Mr. Hickman of abusing his power by forbidding anyone else in the consulate to handle the Iraqi applications. Mr. Hickman said he did that because his junior officers did not understand the State Department's new instructions and made mistakes.

Mr. Hickman, who was last interviewed by DSS in June 2004, said he does not understand why the State Department allows cases such as his to drag on for years when critical diplomatic posts -- and consular positions in particular -- remain vacant.

In some cases, Mr. Hirsch said, clearances have been suspended based on nothing more than an accusation.

Bruce Knotts was the deputy chief of mission in Banjul, Gambia, in February 2004, when a local security guard accused him of making a sexual pass at him.

"That never happened, although I am gay," Mr. Knotts said, "but the guard's story was that he refused, and I turned around and left. Nevertheless, they gave me 24 hours to leave the embassy."

Last December, DSS recommended that his clearance be revoked. It denied his first appeal last month, and he is about to take his case to a panel of representatives from the offices of the undersecretary of state for management, the assistant secretary for administration and the director-general of the Foreign Service.

"This is my best shot," he said. "It's the first chance to talk to somebody other than DSS."

IMF Expected To OK Reform, More Forecast (USAT)

By David J. Lynch

USA Today, September 18, 2006

SINGAPORE — The International Monetary Fund is expected today to approve a U.S.-backed overhaul giving four fast-growing countries a greater say in the global lender's operations and paving the way for broader changes by 2008.

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"This was a reform summit to create the IMF of the future," said Gordon Brown, Britain's chancellor of the exchequer and chairman of a key IMF oversight committee.

Treasury Secretary Henry Paulson endorsed the plan Sunday as "a small down payment" on broader reforms. The two-stage package is billed as the biggest makeover in IMF governance in 60 years.

But the plan is opposed by key economic powers, including Brazil and India, and will trigger intense skirmishing about the new formula the IMF eventually will adopt to complete its internal realignment.

Poor countries, in particular, fear their already weak representation could ebb further. "The current package of reforms does not adequately address the problem of under-representation of developing countries," said Philippines Finance Secretary Margarito Teves, chairman of the G24 group of developing countries.

Nations enjoying a greater say than their economic punch warrants, such as Belgium and the Netherlands, worry that any new approach will cost them. (The U.S., which has 17% of the IMF votes but accounts for 30% of the global economy, says it won't seek a larger say.)

The reform, the centerpiece of the fund's annual meeting this week, reflects the dramatic changes in the world economy in recent years, such as the rise of Asia and an enormous expansion in global capital flows.

First to benefit: China, Turkey, South Korea and Mexico, the countries suffering the biggest gap between their share of IMF votes and the size of their economies. The measure, expected to be approved today, will trigger only modest changes immediately. China, for example, will see its share of IMF votes rise to 3.7% from 2.98%.

The U.S. sees the overhaul as a critical step in preserving the IMF's legitimacy. Created in 1944 to promote global financial stability, the fund remains tilted toward the economic powers of an earlier day.

The mismatch between individual countries' economic heft and their voting shares has become increasingly controversial following the financial crises that began in Asia in 1997. Smaller countries that accepted IMF bailouts in the 1990s resented the harsh conditions the fund attached to its loans, especially since the borrowers had so little say in the fund's operations.

Many Asian and Latin American nations responded by accumulating enormous stockpiles of foreign reserves to avoid new fund borrowing. Now, without major reforms, IMF officials worry they could abandon the fund entirely in favor of new regional groupings.

Colombian Village's Unarmed Rebellion (LAT)

By Chris Kraul

The Los Angeles Times, September 18, 2006

ARENAS ALTAS, Colombia — Ana Hilda Vargas was living in a place called Hope when the gunmen came to her farm and gave her an ultimatum: Leave your house in 48 hours or be killed.

"Everything I built in my youth and all that I had — pigs, hens, mango and avocado trees, yucca, corn and bean fields — I lost that day," Vargas said, recalling the terrible morning in 1997 when she was thrown off her land in the village of Esperanza by paramilitary members.

It wouldn't be the last time she would hear that chilling warning.

Over the next six years, the widow, now 50, was forced from one village to another by army, right-wing paramilitary and left-wing guerrilla groups vying for control of this strategic, mineral-rich region of northwest Colombia. One of 3 million displaced Colombians, she became a statistic in one of the hemisphere's longest-running humanitarian crises.

Finally, Vargas decided she'd rather die than be rootless again. Three years ago, she joined the "peace community" of San Jose de Apartado, where a group of 1,200 peasant pacifists is taking a brave stand against the country's civil conflict.

The community of three villages, which includes Arenas Altas, where Vargas lives, was formed in 1997 after a Catholic archbishop named Isaias Duarte — who would be assassinated five years later — encouraged the farmers to say no to war. It is one of 10 such peace communities, or "humanitarian zones," in Colombia, according to Justice and Peace, a human rights advocacy organization in Bogota, the capital.

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"They are making a strong moral point at great risk to themselves," said Lisa Haugaard of the Latin America Working Group, a human rights advocacy office in Washington. "It's a very hard and daring venture which seems to almost invite attacks from the various armed actors."

Vargas lives off the land in this Xanadu-like corner of Colombia, creased by river chasms and carpeted with cedar, cacao and banana trees, accessible only by mule. Her village of 200 people, hemmed in by the jungle, is a neatly laid-out collection of wood-paneled shacks bordered by the community soccer field. Pigs and mules roam freely.

She and other members disavow any contact or collaboration with armed groups, and agree to work as a collective on crops, livestock and community projects and to share what they produce. The group is self-sufficient except for small grants from outsiders to build community projects.

But the community's profession of neutrality has not shielded it from horrendous violence.

Of San Jose's nearly 1,400 original members, 178 have been killed since 1997 by armed groups looking to clear the zone of suspected collaborators, appropriate valuable land for themselves or claim transit routes for arms and drugs traffic in and out of nearby Pacific and Caribbean ports.

Because of the risks and hardships, there has been no inrush of new residents: Since its founding, about as many members have joined as have fled.

Community leader Renato Araiza estimates that 80% of the victims have been killed by the army and rightist paramilitaries, the rest by the leftist guerrillas here in the Uraba region of Antioquia state. One day last year, his 16-year-old sister was killed by guerrillas for refusing to collaborate.

"Each side suspects us of helping the other one, and that's why they all want us to leave," said Araiza, who also has lost a cousin to the violence. "We are trying to change the logic of armed groups who think guns solve anything."

In a small park in San Josecito, another village in the community, rocks painted with the names of the victims and the dates of their deaths serve as a humble memorial. There are reminders elsewhere of the price the community has paid. A kiosk in La Union, three miles from here, was the scene of the execution-style killings of six community members by suspected paramilitaries six years ago.

"We've gotten it from all sides," said Alicia Guzman, whose husband was killed in 1992, leaving her with three daughters to raise alone.

The death toll would undoubtedly be higher if it were not for the presence of volunteer "accompaniers" provided by international groups such as San Francisco-based Fellowship for Reconciliation, or FOR, and Peace Brigades International, a British group. The death rate has tapered off since 2002, when FOR began placing two volunteers in the community on a full-time basis.

"The hope is that by being here, the armed groups won't commit acts that would create an international public relations problem. The political costs increase if something happens to us," said Paul Kozak, a 24-year-old Huntingdon, Pa., native and FOR volunteer here.

A deeply religious Catholic who once considered joining the priesthood, Kozak is a pacifist whose ambition is to work nonviolently to help solve conflicts. After graduating from a Jesuit college in the Midwest, he went to El Salvador to work with street gang members. Then he heard about the peace community's refusal to leave its land and volunteered as an accompanier.

The accompaniers have hardly made the community bulletproof.

In February 2005, San Jose's leader and co-founder, Luis Eduardo Guerra, his girlfriend and his 11-year-old son were hacked to death along with five others shortly after he announced that the peace community was expanding its boundaries to include another village. His wife had been killed the year before by an army grenade.

The killings prompted outrage among international human rights groups but, as with so many other violent deaths in this region, no suspects have been jailed nor charges filed.

Many community members blame the army for the deaths, but the government denies responsibility. The investigation has been hampered somewhat by the community's refusal to cooperate fully for fear of reprisals.

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Colombian President Alvaro Uribe has little use for neutrality in what he has described as "total war" against subversive forces. Last year, he accused the community of being supporters of the Revolutionary Armed Forces of Colombia, or FARC, the country's largest leftist guerrilla group. Community leaders and international peace activists say Uribe's charge is baseless.

The U.S. Embassy was concerned enough about the killings of Guerra and the others to withhold human rights "certification" of Colombia for several months last year, delaying the delivery of $35 million of the $600 million in annual Plan Colombia aid aimed at fighting drugs and terrorism.

Appalled by the violence, the Organization of American States demanded that the Uribe government work with the peace community on protective measures. But two months after the killings of Guerra and the others, Uribe unilaterally established a national police base in the middle of San Jose de Apartado.

The community objected, saying any such base should have been located far outside town. Most of the residents fled and no longer consider the town of San Jose part of the neutral zone.

"No one has forgotten what happened in Bojaya," said Araiza, the community leader, referring to a town in neighboring Choco state where guerrillas in 2002 killed 119 peasants in a mortar attack after the paramilitary units army briefly occupied the village.

Three more members have been killed since the February 2005 slayings.

The Uraba region was a guerrilla stronghold until the late 1980s, when the right-wing paramilitary movement began as a landowner-financed reaction to counteract the leftists' widespread extortion, kidnappings and killings.

The two sides have fought a bloody war for dominance ever since, with ideology taking a back seat to competition for control of Colombia's drug and arms trade and real estate. Periodic advances and retreats by opposing sides have caused an ebb and flow of evacuations of poor Uraba farmers such as Vargas.

Colombia's paramilitaries are in the process of disarming, but Uribe's growing army is filling the vacuum.

In Arena Altas, Vargas scratches out a living as a sharecropper, renting land on which she raises pigs, rice and corn. Malaria, dengue fever and several varieties of poisonous snakes may prevail, but Vargas, a tiny, care-worn woman whose skin and expression reflect a life of hardship and tragedy, says she is happy to be in the countryside. During her years as a nomad, she spent time in the city of Medellin, where she says people are treated as "machines" and she nearly died of starvation and loneliness.

"When you have no job, no place to stay and you don't know anybody, you are just an object of reproach in the city," Vargas said, adding that she was reduced to begging in the streets to survive. "At least in the country you can grow what you need to sustain yourself."

In a community where everyone seems to have lost a loved one to the arbitrary power of the gun, Vargas is no exception: Her husband and two brothers were killed in the conflict. She doesn't like talking about how they died.

Although the violence now seems deceptively distant much of the time, the village has not been forgotten by the warring sides. In March, a gun battle between guerrillas and the army broke out; as the two sides fired at each other from opposite ridges, bullets whizzed over the town in the small valley below. One soldier died in the volley.

Vargas believes the presence of Kozak and fellow FOR volunteer Gilberto Villasenor saved villagers from another forced evacuation order, or worse.

"If they weren't here, we would have been crushed," she said.

Just before the battle erupted, Vargas and the two volunteers approached troops who had gathered in the soccer field below the town. She knew guerrillas were in the area, and asked the soldiers to release a father and son they had detained and leave to avoid bloodshed.

Kozak, who described the half-hour shootout as "terrifying and deafening," spoke admiringly of Vargas' courage, saying that she put herself in harm's way to spare the village from violence, that her stubborn insistence on speaking up and staying put had furthered the cause of peace.

Vargas, who still hopes the war will end and she will one day return to her farm in Esperanza, said she had little left to lose.

"Living in the country," she said, "is the only way I know to exist."

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Dictator And Diplomat (USNEWS)

By Eduardo Cue

U.S. News and World Report, September 18, 2006

MALABO, EQUATORIAL GUINEA-It was what Washington insiders call a grip 'n' grin. A beaming President Teodoro Obiang Nguema of Equatorial Guinea shook hands with Secretary of State Condoleezza Rice, who welcomed him warmly to Washington as a "good friend" of the United States. If Rice had any qualms that April day, she didn't let them show. Obiang may head a corrupt and repressive regime, according to the State Department's own human-rights reports, but Equatorial Guinea is a growing oil producer-now No. 3 in sub-Saharan Africa after Nigeria and Angola-and an oil-needy America can't afford to be too picky about choosing its petro pals.

But half a world away, in this nation's dusty, ramshackle capital, Rice's diplomatic pragmatism doesn't cut it for two political dissidents who show their torture scars from their four years confined in the notorious Black Beach prison. "We are offended," one of them says. "For a Third World country to call a dictator a good friend is one thing, but for the United States to do it is something else."

Equatorial Guinea is one of those places-and there are others, to be sure-where Washington chooses not to be preachy when the competition for oil reserves is against countries such as China, unencumbered by concerns about human rights and corruption. And even Obiang's opponents seem resigned to that reality. "There will be no democracy here because the president of Equatorial Guinea does not want to democratize the country," the dissident asserts. "Equatorial Guinea's oil resources are in the hands of Obiang and his family. The people are living in a state of misery."

Nouveau riche. A former Spanish colony in West Africa, Equatorial Guinea was a forlorn, forgotten place eking out a living on coca and tobacco exports until oil was struck in the early 1990s. Today, it is quickly becoming a petrostate, its agriculture abandoned and its economy almost entirely dependent on rising revenues from oil and natural gas. Equatorial Guinea's offshore wells pump some 350,000 barrels a day, providing the government with a $3.8 billion windfall this year alone.

The country of roughly 1 million people-nearly double the official population estimate-is finally getting some respect. It has drawn attention from energy-hungry China, which is providing military training as well as locking up oil rights. In February, China National Offshore Oil Co. signed an oil production deal with Equatorial Guinea, following a strategic partnership between the two countries announced by Obiang during his visit to Beijing last October.

The United States, which closed its embassy in 1995, reopened a diplomatic mission in 2003. The Senate is expected to soon confirm career diplomat Donald C. Johnson to serve as the first resident ambassador here in over a decade. As part of the increased contacts, the Bush administration says it is pressing Obiang and his government for progress on issues such as political reform, anticorruption measures, and human-rights protections. "Human rights are violated systematically and on a daily basis," says Jesus Ela Abeme, a leader of the Convergence Party for Social Democracy, the country's only truly independent opposition force. "Torture is practiced daily. It is the only method of investigation and punishment."

Shielding The Allies (WSJ)

By Marshall Billingslea

The Wall Street Journal, September 18, 2006

Events of the past few months underscore how the missile threat is growing. Both North Korea and Iran, for example, have done flight testing of their missiles. Their programs, along with their developing nuclear capabilities, are raising worries in Europe and North America. Advanced and dangerous technology is still spreading -- and in the wrong hands, these technologies can be weapons of terror.

NATO has been working hard to develop protection against the emerging missile threat. An effective theater missile defense (TMD) requires, among many things, sophisticated radars to spot incoming missiles, a computerized network to command and control the defenses, and interceptor rockets to shoot down attacking missiles. We have been making progress in all of these areas.

For the past several years, we have been designing a command and control network that will be able to "plug and play" with the many different radars and interceptor systems possessed by the 26 allies. We are now ready to start building it. The NATO

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system will be the most sophisticated of its type in the world, and will be the only system which can integrate defenses, such as the well-known Patriot battery, from every NATO nation. Additionally, in terms of Patriot-type batteries, three allies (the United States, Germany, and Italy) have created the NATO Medium Extended Air Defense System Agency to build a "next generation" defense, called MEADS. This defense, like those of all NATO allies, will be able to work with the command and control network that we will construct. Finally, the Netherlands leads NATO's work to protect against the "low-end" of the threat spectrum, against mortars and short-range rocket attacks. These multinational efforts, in addition to what some NATO allies are doing on their own, are progressively making our troops safer from the threat of short- and medium-range missile attack.

Today NATO crosses a major milestone in its theater missile defense efforts. The Alliance is announcing, in London, the selection of a trans-Atlantic consortium of companies with whom we will begin working on the first of our major missile defense contracts. Specifically, we will soon start construction of an integration test bed that will be used to develop the NATO TMD command and control network. It will take a few years to build the test bed, and a few years more to complete the actual command and control system; there are significant technological challenges in building something able to integrate so many different national TMD systems. But once built, the test bed will not only help with our command and control project; it also can be used in the future for more sophisticated and challenging territorial missile defense work.

Many NATO allies already have the capability to deploy defenses to protect their troops against SCUD-type missiles. Indeed, as NATO MEADS shows, several nations are making their systems even better. But none of them have the ability to make their defenses work seamlessly with one another to give overlapping protection. That is what NATO will provide with its program. And, except for a handful of allies, few nations can protect against more sophisticated medium range missiles, such as the North Korean Nodong missile. Again, the NATO system that we are building will give a better degree of protection against this threat because it will let us merge the best capabilities that each nation has to offer, and "stretch" their effectiveness.

But we can, and should, do more. The threat is growing more and more sophisticated. As capable as our theater missile defenses are becoming, they are not able to protect against intercontinental range ballistic missiles (ICBMs), or even some kinds of medium-range systems. But those are precisely the types of missiles that some countries are pursuing, along with weapons of mass destruction. Only the North American part of the Alliance today has a limited shield against such weapons. The rest of Alliance territory is vulnerable.

In the face of these growing threats, our Alliance has several options. We can continue to limit NATO to dealing with the shorter range threats, leaving it to individual nations to provide defenses against the longer range threats. Or we can choose to address the whole range of threats together, and develop a common defense for the entire Alliance. It is clear that some nations, perceiving an urgent need for action, are taking steps of their own. While their efforts are entirely consistent with the blueprint that NATO has already developed for Europe's defense, and while we hope they succeed in their efforts, we also hope that all Alliance members will choose to move forward together. Certainly the door for this cooperation has been opened. This past spring, all of NATO's National Armament Directors unanimously affirmed that an effective shield for all of NATO was feasible.

NATO's greatest strength is the power of its unity -- unity of commitment and unity of action. That is why we favor a unified approach that leaves no nation behind, provides a NATO missile shield to all of our citizens, and gives the highest degree of certainty that any missile threat, whether from state adversaries or terrorists, will be defeated. In November, when the NATO heads of state and governments meet at a Summit in Latvia's capital, Riga, it is to be hoped that this matter will be discussed and that NATO will proceed with developing this urgently-needed defense.

Mr. Billingslea is NATO's assistant secretary general for defense investment.

DDT's New Friend (WSJ)

The Wall Street Journal, September 18, 2006

The World Health Organization announced Friday that it will begin actively promoting use of the pesticide DDT to combat malaria in developing nations. Do you believe in miracles?

Malaria is the number one killer of pregnant women and children in Africa and among the top killers in Asia and South America. It's long been known that DDT is the cheapest and most effective way to contain the disease, which is spread by infected mosquitoes. But United Nations health agencies and others have for decades resisted employing DDT under pressure

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from anti-pesticide environmentalists. After tens of millions of preventable malarial deaths in these poor countries, it's nice to see WHO finally come to its senses.

The agency's malaria chief, Arata Kochi, told reporters that "one of the best tools we have against malaria is indoor residual spraying. Of the dozen or so insecticides WHO has approved as safe for house spraying, the most effective is DDT." He also said, "We must take a position based on the science and the data."

Mr. Kochi's intellectual honesty is commendable and all too rare among public health officials in this debate. For decades, the science and empirical data about DDT's effectiveness have been distorted or suppressed. Nevertheless, and Rachel Carson's scare-mongering notwithstanding, there is no evidence that DDT use in the amounts necessary to ward off malarial mosquitoes is harmful to humans, wildlife or the environment. Period.

By contrast, there's plenty of evidence -- from the U.S. and Europe to Australia, India, Sri Lanka and Brazil -- that spraying DDT is the best intervention. According to Pierre Guillet, another WHO official at Friday's press conference, South Africa temporarily stopped using DDT in 1996 because green groups were opposed, not because it wasn't working. Malaria takes a heavy toll on a country's economy by discouraging foreign investment and incapacitating otherwise productive people, so these anti-DDT alarmists have been helping to impoverish those they don't kill. There is something other-worldly, or worse, about well-heeled greens trying to deny the world's poorest people the very tool used by rich nations to eradicate this disease.

Even if WHO's decision won't change those minds, its stamp of approval on pesticide use matters in the public health world. Other organizations, ranging from the World Bank to Aid for International Development to Doctors Without Borders, look to WHO for guidance and will now likely reassess their own guidelines. The U.S. is typically the largest donor to these international agencies, and the recent efforts of Republican Senators Sam Brownback of Kansas and Tom Coburn of Oklahoma, who have called for DDT intervention and more responsible allocation of aid dollars generally, no doubt played a role in WHO's decision.

One insecticide won't end malaria, and DDT's proponents don't claim it will. But by keeping more people alive and healthy, DDT can help create the conditions for the only lasting solution, which is economic growth and development. It's encouraging that even a U.N. health agency seems to have figured that out.

Another Green Revolution? (WP)

The Washington Post, September 18, 2006

ONE GENERATION ago, what became known as "the green revolution" doubled food production in parts of Asia and Latin America, reducing malnutrition and lifting millions out of poverty. Now the Rockefeller Foundation, whose scientists helped to lay the groundwork for that breakthrough, is teaming with the Bill & Melinda Gates Foundation to repeat the success in Africa. Last week the two charities announced an initial pledge of $150 million over five years to start down that road. The money will boost African seed-breeding programs that develop higher-yielding strains of local crops. It will fund the training of African scientists so that the seed-breeding programs can be enlarged. And it will bolster the distribution networks that bring seeds and fertilizer to farmers.

Legions of development experts have locked horns with Africa's rural poverty and then retreated hurt. The continent's physical capital is rudimentary: Irrigation systems and rural roads to get food to market are scarce. Its human capital is no better: African farmers are held back by sickness and illiteracy. Its social capital constitutes another handicap: The legal framework needed to permit the licensing of seed technologies to private distributors is often missing, and perverse regulations often make it difficult to farm for profit. Add in water scarcity and soil erosion, and you can see why previous calls for a green revolution in Africa have come to little.

Nonetheless, the two charities are right to be trying. The spectacular failure of rural development programs in Africa in the 1970s so discouraged donors that they turned their backs on agriculture, preferring to focus on macroeconomic problems or on education and health. But farming is the dominant form of work in Africa, and the continent won't break out of its poverty unless crop yields somehow rise. The Rockefeller Foundation already has a presence in East Africa, and its grants have resulted in some progress: 20 new seed varieties and a fix for the broken licensing program that had prevented the dissemination of seeds in Kenya. The partnership with the Gates Foundation will add money and ambition to these efforts.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Compromise Called Possible On Interrogations (NYT)

By David E. Sanger

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — President Bush's national security adviser signaled on Sunday that he was seeking a compromise with the Republican senators who are rebelling against the administration's proposal to explicitly permit certain severe interrogation practices against terrorism suspects.

The adviser, Stephen J. Hadley, is negotiating with Senator John McCain, Republican of Arizona, and other Senate leaders over the administration's proposal, which would give the C.I.A. permission to use "alternative" techniques when interrogating terrorism suspects.

Appearing on the ABC News program "This Week," just two days after Mr. Bush declared he would end all interrogation of terrorism suspects unless Congress defined the techniques the way the administration believes necessary, Mr. Hadley struck a more moderate tone.

Asked if he believed compromise was possible, Mr. Hadley said, "I do." He said it was essential that "we continue to have this terribly important program for protecting the country, as the president requires, that gives the men and women who carry out this program clear guidance and clear Congressional support, and also achieves Senator McCain's requirement that we don't amend or change Common Article 3," referring to the Geneva Conventions.

"We need to find a way through that obstacle course," he added. "And I think we can."

Mr. McCain has said that redefining the practices allowed under Common Article 3, which outlaws "outrages upon personal dignity" and "humiliating and degrading treatment," would ultimately harm captured American soldiers and further undercut the United States image abroad. Mr. Hadley repeated on Sunday the administration's position that the White House wanted to clarify how the provision applied to Qaeda prisoners and others termed "unlawful combatants."

Other administration officials said it became clear over the weekend that the administration was going to have to give ground. "I don't think anyone anticipated the avalanche of opinion that would be assembled on the other side of what seemed like a pretty abstruse legal issue," one official said, speaking on condition of anonymity as he was not authorized to discuss the issue with a reporter.

In New Hampshire, where he was appearing at a Nascar race and a reception for supporters, Mr. McCain said he had seen Mr. Hadley briefly on Sunday morning before they appeared, separately, on the ABC program, but he said they had not discussed a compromise. "He said all of us realize that it is in the country's interest that we try to reach an agreement," Mr. McCain said. "And I said we've had many conversations, and I look forward to continuing our conversations.

Asked what he thought Mr. Hadley was signaling with his comments on the show, Mr. McCain said: "I don't know. It can't be anything but good."

Then, adding to the administration's pain on the issue, he said: "By the way, I forgot to mention this: George Schultz said I could say that he strongly favors our position." Mr. Schultz was President Ronald Reagan's secretary of state, and his

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endorsement would add another powerful Republican voice in opposition to Mr. Bush, along with that of former Secretary of State Colin L. Powell.

At his Rose Garden news conference on Friday, Mr. Bush said Congress must provide "clarity" to C.I.A. interrogators seeking to extract information about future attacks from "enemy combatants."

But Mr. Bush and Mr. Hadley have declined to say what kind of "alternative interrogation practices" they want to make explicitly legal, so interrogators do not have to fear prosecution under the War Crimes Act for violating the Geneva Conventions. Common Article 3 does not define exactly what constitutes violations of personal dignity or degrading treatment.

In June, the Supreme Court ruled that the article applied to all interrogations of terror suspects. That has led to concerns within the Central Intelligence Agency and among military officers that techniques used since the Sept. 11, 2001, attacks could be viewed as illegal. Mr. Bush's amendment would legalize all but "serious violations" and give retroactive immunity to interrogators charged with going over the line.

In a second television appearance, on "Late Edition" on CNN, Mr. Hadley gave no ground on another point of dispute: whether to share with terrorism suspects classified information that is used against them.

Mr. McCain and Senators Lindsey Graham of South Carolina and John W. Warner of Virginia, both Republicans, have proposed letting a judge make determinations about the evidence and, if need be, dismiss the charges if there is no way for the defendant to respond.

Mr. Hadley said, "The challenge is to be able to continue to prosecute and bring to justice terrorists where a lot of the evidence is classified evidence." He said the administration had addressed the issue by making sure the evidence was provided to the suspect's lawyer and, where possible, by giving the accused a declassified summary of information.

Compromise On CIA Interrogations Possible (USAT)

By John Diamond

USA Today, September 18, 2006

WASHINGTON — The Bush administration signaled Sunday that it is willing to compromise with Republican lawmakers to save a CIA interrogation program President Bush says is vital to defeating terrorists.

National security adviser Stephen Hadley, making the rounds of Sunday talk shows, said the administration believes it can clarify interrogation rules without amending the Geneva Conventions. The comments appeared aimed at closing a rift between Bush and Republicans in the Senate that Bush said threatened to halt CIA interrogation of terrorism suspects.

Key Republican lawmakers, including Sen. John Warner of Virginia and Sen. John McCain of Arizona, a former prisoner of war, argue that changing the conventions would invite other countries to do the same and expose future American POWs to mistreatment.

Asked on ABC's This Week with George Stephanopoulos whether he thought a deal could be worked out, Hadley replied, "I do."

Hadley said legislation should enable the CIA to resume interrogations that use unspecified techniques but under clear rules that comply with the conventions. Lawmakers and the White House could craft a compromise that "achieves Sen. McCain's requirement that we don't amend or change Common Article 3," the provision of the conventions that the Supreme Court ruled in June applies to terrorism detainees, he said.

Specifically, Hadley said, interrogators need clarification about the provision in Common Article 3 that bans "outrages upon personal dignity, in particular humiliating and degrading treatment."

Appearing on CNN's Late Edition with Wolf Blitzer, Hadley said: "Nobody knows what humiliating treatment is. What does it mean?"

McCain, who spent 5½ years in North Vietnamese prison camps, said tough CIA interrogations can continue within the bounds of the conventions. The ultimate issue is the United States' position as a moral leader, he said. "We're the nation that people look up to. We can't lower our standards because others do," McCain said on This Week.

On Labor Day, the CIA transferred 14 high-level detainees, including alleged 9/11 mastermind Khalid Sheikh Mohammed, to U.S. military custody at Guantanamo Bay, Cuba, effectively halting the CIA interrogation program.

National Intelligence Director John Negroponte said on Fox News Sunday that CIA interrogations could resume if another high-level terror suspect was captured, but under more restrictive rules. "That person may be questioned, but using the kinds of aggressive techniques, the tough techniques, that the president was referring to the other day may be problematic," he said.

Hadley wouldn't discuss the specifics of the CIA's interrogations. To do so, he said on ABC, would give terrorists the ability to train against the techniques "and neutralize their effect." He repeatedly denied that the techniques constitute torture.

Other Republicans expressed optimism that a deal could be reached with the White House. "I'm willing to compromise," said Sen. Lindsey Graham, R-S.C., who has opposed Bush's plan for interrogating and prosecuting terrorism suspects.

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GOP Expresses Confidence On CIA Bill (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, September 18, 2006

The Bush administration and holdout GOP senators expressed confidence on Sunday they could reach a compromise on rules for CIA interrogations of suspected terrorists.

Neither the president's national security aides nor some of the lawmakers who are resisting White House pressure would say how they can reconcile their deep differences after a week of public sparring.

As a result, it is unclear if Congress quickly can pass legislation authorizing aggressive methods against terrorist detainees, as President Bush wants. Congress is likely to adjourn in two weeks for the fall elections.

Bush says CIA personnel should be able to resume tough interrogation techniques to extract information from detainees. Several senators from his own party are standing in the way, seeking changes. They say the United States must adhere strictly to international standards in the Geneva Conventions and that setting harsher ones could put U.S. troops at risk if they are captured.

"We have to hold the moral high ground," said Sen. John McCain of Arizona, one of the Republicans not satisfied with the White House proposal. "We don't think al-Qaida will ever observe those conventions, but we're going to be in other wars."

McCain elaborated later Sunday at a reception in Concord, N.H., warning against breaking with provisions of the Geneva Conventions that protect wartime prisoners. "That's what we do not want, because Americans would be setting the precedent for changing a treaty that has been untouched by any nation for 57 years," he said.

A Supreme Court ruling in June essentially said the Geneva Conventions should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Bush's national intelligence director, John Negroponte, said the interrogation program has had "precious little activity of that kind for a number of months now" because of questions about its legality. But, he said, it is important that the program continue.

"It's provided invaluable information that has saved lives of Americans, and significant plots against our homeland have been disrupted as a result. And, surely, there is a way of finding a way forward that would permit this program to continue and, at the same time, do it in a way that is both respectful of our law and Constitution and our international obligations," Negroponte said.

But, he added, "I think we're going to have to wait and see" if a compromise can be reached with McCain and others.

McCain said he is committed to a deal. "I still believe that we'll be able to work this out to the satisfaction of everybody concerned," the senator said.

The White House says the existing ban on "cruel, inhuman or degrading treatment or punishment" satisfies U.S. treaty obligations. The senators' bill is silent on the issue.

Bush's proposal allows evidence to be held from a defendant if it is classified and allows coerced testimony if deemed reliable. The Senate bill requires a judge to dismiss charges if evidence cannot be shared. It also excludes any testimony obtained by cruel, inhuman or degrading treatment.

"If it's seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police?" said Sen. Lindsey Graham, R-S.C., another opponent of Bush's plan. "It would be a disaster."

Bush's national security adviser, Stephen Hadley, declined to say what specific techniques, such as waterboarding or prolonged sleep deprivation, would be illegal if Congress did not pass Bush's proposal.

But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator McCain's requirement that we don't amend or change" the Geneva Conventions.

"We need to find a way through that obstacle course, and I think we can," Hadley said.

Sen. Carl Levin, D-Mich., said he was not certain a compromise was possible.

"I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva," Levin said.

Also Sunday, 34 relatives of Sept. 11 victims released the text of a letter they had sent to senators asking them to fight Bush's proposal. The family members said they do not believe "that it is in the interest of the United States to create a system of military courts that violate basic notions of due process and lack truly independent judicial oversight.

"Not only does this violate our most cherished values and send the wrong message to the world, it also runs the risk that the system will again be struck down, resulting in even more delay" in prosecuting terrorists, the relatives wrote.

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Hadley appeared on ABC's "This Week," CBS' "Face the Nation" and CNN's "Late Edition." Negroponte was on "Fox News Sunday," McCain on ABC and Graham and Levin on CBS.

Republicans See Compromise On Terror Detainees (WT)

By Eric Pfeiffer

The Washington Times, September 18, 2006

Administration officials and Senate Republicans said a compromise can be reached over the treatment of detained terror suspects.

Divisions remain on a proposed modification of Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of terror suspects. The administration says it wants only to interpret the laws so that CIA officers can conduct tough interrogations without fear of prosecution in international courts.

Critics, including several Republican senators and U.S. military officials, say that changing the accepted standards of the Geneva Conventions would hurt U.S. prestige and endanger American troops captured abroad.

"We have to hold the moral high ground. We're the nation that people look up to. We can't lower our standards because others do," Sen. John McCain, Arizona Republican, said yesterday during an appearance on ABC's "This Week."

President Bush told reporters that Mr. McCain's position would weaken the administration's ability to collect vital information from terrorist suspects.

Nonetheless, Mr. McCain and other officials said a compromise can be reached.

"Absolutely, the talks are continuing," Mr. McCain said. "I've supported this president in the war on terror. I've supported him on the war in Iraq. I think he's a friend. I hope he considers me a friend. I believe we can sit down, we can work this out, preserve our Common Article 3 of the Geneva Conventions."

However, it is not clear how far each side is willing to compromise.

"I think the way ahead here is to all come together behind the proposition that the president has made, that we need this CIA program," National Security Adviser Stephen J. Hadley said on CBS' "Face the Nation."

During his interview with ABC, Mr. McCain emphasized that he is not opposed to the CIA program.

"I am not saying we should shut down the program," he said.

Sen. Lindsey Graham, South Carolina Republican, agrees with Mr. McCain on the issue and said the administration and Congress are closer than some observers think.

"I think we can get there from here," Mr. Graham said.

"Fox News Sunday" moderator Chris Wallace noted that many of those opposed to the administration's plan, including Mr. Graham, Mr. McCain and former Secretary of State Colin L. Powell, all have military combat experience. In contrast, many of the plan's supporters, including Mr. Bush, do not.

"If anybody knows about Geneva up close and personal, it's Senator McCain," who was a prisoner of war in Vietnam, Sen. Carl Levin, Michigan Democrat, said on "Face the Nation."

The ranking Democrat on the Senate Armed Services Committee said he isn't convinced that a compromise can be reached.

"I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva."

Why GOP Trio Is Bucking The White House (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 18, 2006

WASHINGTON

For the Bush White House, this week's showdown with the Senate over US treatment of detainees sets up a rematch with a triumvirate of GOP senators who have been the president's strongest supporters in the war in Iraq - and his most effective critics.

Sens. John McCain of Arizona, John Warner of Virginia, and Lindsey Graham of South Carolina led the first push-back in the Senate over the war when they opposed the White House over its torture policy last year.

Now the trio is on a new collision course with the White House over how to bring suspected terrorists to trial - a must-pass bill, since the US Supreme Court overturned the president's plan for military tribunals in June.

Senator McCain, a former prisoner of war in North Vietnam, knows torture firsthand and brings moral authority to the issue. Torture is wrong, he says. Anything that weakens international protections for detainees, "threatens US troops in this and future wars," he said on Friday.

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Senator Graham, a military lawyer with the Air Force Reserve for 22 years, said Sunday on CBS's "Face the Nation" that President Bush's detainee bill, including its "clarification" of the 1949 Geneva Conventions, would "redefine America in a way that we can't win this war."

Senator Warner, a former secretary of the Navy and now chairman of the Senate Armed Services Committee, says he aims to pass legislation that will withstand further review by US courts.

"It would be a very serious blow to the credibility of the United States ... if legislation that was prepared by the Congress and signed [by] the president failed to meet a second Supreme Court review," he said during the committee's markup Thursday.

Senators Warner, McCain, and Graham, along with Sen. Susan Collins (R) of Maine, voted with 11 Democrats on the panel, prompting renewed bids for a compromise with the White House over the weekend.

For Mr. Bush, the issue is national security. In a fiery press conference on Friday, he charged that the rival Senate bill, sponsored by McCain, Graham, and Warner, would derail a CIA program vital to the war on terror. "It's a debate that's really going to define whether we can protect ourselves," he said.

So far, GOP senators opposed to Bush's plan are not blinking.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights that they could issue their own legislative 'reinterpretations,' " responded McCain, in a statement responding to Bush on Friday. "This puts our military personnel and others directly at risk in this and future wars."

With weeks to the midterm elections, GOP strategists had hoped to go into such a debate united. Instead, at least two other senators, including Chuck Hagel of Nebraska (R) and John Sununu (R) of New Hampshire, say they will back the McCain-Warner-Graham approach.

Together, McCain, Warner, and Graham led the first rebellion in the Senate over the conduct of the war in Iraq when they challenged the White House over its torture policy last year. The McCain amendment banning the use of "cruel, inhuman and degrading treatment" of terror suspects was adopted by the Senate on Oct. 5, 2005, with the support of 9 of 10 senators, and was signed into law on Jan. 6.

In a bid to rally support for new legislation on Capitol Hill, the White House is using the text of the McCain amendment to "clarify" the terms of the Geneva Conventions, especially the requirement of Common Article 3 banning "outrages upon personal dignity, in particular humiliating and degrading treatment."

"I'm asking Congress to pass a clear law with clear guidelines based on the Detainee Treatment Act that was strongly supported by Senator John McCain," said Bush Friday.

But, ironically, the trio that produced the McCain amendment now sees it as a tool to weaken international protections for detainees by imposing a unilateral redefinition of the law. For now, the GOP revolt in the Armed Services Committee is giving cover to Senate Democrats, who don't want to head into another midterm election tagged with being weak in the war on terror.

On Sunday, Sen. Mitch McConnell said it would be awkward for Democrats to "go home and explain a vote ... to shut down an intelligence program that we know has helped save lives...."

"Questioning our policy in Iraq is not treason and it's not appeasement. It's our obligation under the Constitution," said Sen. Richard Durbin, the deputy Democratic leader, in a press briefing last week.

Last week, only eight Democrats voted against a detainee bill that is closely modeled on the president's version, when the House Armed Services Committee marked up its version of the 2006 Military Commissions Act on Sept 13.

At Issue: How Suspects Are Treated (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, September 18, 2006

Questions and answers concerning the debate over how suspected terrorists should be interrogated and prosecuted:

Q: Why is Congress having this debate now?

A: The Supreme Court, by a 5-3 decision in June, rejected the Bush administration's plan for trying some of the more than 400 terrorism suspects imprisoned at Guantanamo Bay, Cuba. The court ruled that the detainees are covered by the Geneva Conventions, international treaties that govern the treatment of prisoners of war. Last week, the Bush administration submitted a plan for the interrogation and trial of terrorism suspects. Some lawmakers, led by Senate Armed Services Chairman John Warner, R-Va., say the plan doesn't go far enough to satisfy the court's objections.

Q: If the United States supports the Geneva Conventions, why is there any question about how they apply to the prisoners?

A: The United States is one of 194 signatories to the Geneva Conventions. Those rules clarify how uniformed prisoners of war and civilians should be treated. The administration says the alleged terrorists fall into a new category because they aren't

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part of any established army. That's why the administration initially maintained the Geneva Conventions didn't apply, but the Supreme Court held otherwise.

Q: Who is against the administration's plans?

A: The most outspoken opponents are four Republicans: Warner, Sen. John McCain of Arizona, Sen. Lindsey Graham of South Carolina and former secretary of State Colin Powell.

Many Democrats, including Sen. Carl Levin of Michigan, his party's top-ranking member of the Senate Armed Services Committee, also oppose President Bush's plan.

Q: Why are the Republicans influential?

A: All are military veterans with special knowledge in this area: Warner is a former secretary of the Navy; Graham is a member of the Air Force Reserves and a military lawyer; Powell is the former chairman of the Joint Chiefs of Staff; and McCain spent 5½ years as a North Vietnamese prisoner of war. Last week, the three Republican senators joined Sen. Susan Collins, R-Maine, and 11 Democrats to vote for a rival plan in the Armed Services Committee for trying and interrogating terrorism suspects.

Q: What are the main differences between the plans?

A: There are three main areas of contention:

·The president says some classified evidence must be withheld from suspects to prevent intelligence from leaking. The Senate panel's bill would require that defendants be informed of all the evidence against them.

·Both plans would ban the use of evidence obtained through torture. The president's proposal would permit evidence obtained by other types of coercive methods if a judge allowed it. The panel's bill would ban evidence obtained by "cruel, inhumane or degrading treatment."

·The president says his agreement to abide by the Detainee Treatment Act of 2005, which bans inhumane treatment, fulfills U.S. obligations under the Geneva Conventions. McCain and other senators say this waters down the conventions, which ban "outrages upon personal dignity, in particular humiliating and degrading treatment."

Q: Doesn't the senators' plan protect the legal rights of people who may be plotting against the country?

A: The senators argue that it's important for the nation to set a strong example to ensure U.S. citizens are treated fairly if they become prisoners of war. "If a CIA paramilitary operative were captured in Iran and put on trial by the Iranian government as an unlawful enemy combatant and the Iranian prosecutor provided evidence to the judge and jury marked secret to convict the American agent that he would never see or rebut, would you object to this procedure?" Graham asked Secretary of State Condoleezza Rice in a letter Friday.

Q: Why doesn't Bush agree?

A: Bush and administration spokesmen say the committee plan would end CIA interrogations that have produced information that protects American lives. The president and his advisers say the Geneva Conventions language banning "outrages upon personal dignity, in particular humiliating and degrading treatment" is too vague. "The director of CIA must be confident that what he has asked an agency officer to do is lawful," CIA Director Michael Hayden says.

Q: What types of interrogation are at issue here?

A: That information is classified. The administration will not discuss what methods are used in interrogations of terrorism suspects.

Attorney General Alberto Gonzales hinted at some of the issues at a briefing Friday. He suggested that certain conditions of confinement, including the size of detainees' cells and the amount of light provided to prisoners, are open to interpretation.

"There is no baseline standard," Gonzales said. "We want clarity."

Q: What would happen if a top terrorism suspect, such as al-Qaeda lieutenant Ayman al-Zawahri, were captured today?

A: Gonzales said Friday that the CIA detention program, which allowed for aggressive interrogations of high-level al-Qaeda detainees at secret locations overseas, has been halted until legislation is passed that would allow the administration to resume the program. This year, prominent al-Qaeda suspects were transferred from the custody of the CIA at undisclosed detention facilities to the U.S. detention facility at Guantanamo Bay.

National Intelligence Director John Negroponte said on Fox News Sunday that high-level terrorism suspects captured today could still be questioned by the CIA, but under greater restrictions. "That person may be questioned," Negroponte said, "but using the kinds of aggressive techniques, the tough techniques that the president was referring to the other day, may be problematic."

Q: What happens now?

A: The House of Representatives has scheduled a vote on the president's plan for this week and is likely to approve it.

The Senate is more likely to approve the competing Armed Services Committee bill. If that happens, House and Senate negotiators would have to work out the differences.

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Geneva Contention (WSJ)

The Wall Street Journal, September 18, 2006

The media are concentrating on the politics of the intra-Republican fight over military tribunals and detainee treatment, which last week saw the Senate Armed Services Committee move a bill substantially different from what the White House wants. But the stakes here are far more serious: To wit, if Senators John McCain, John Warner, Lindsey Graham and Susan Collins get their way, aggressive interrogation as an antiterror intelligence tool will effectively end.

Thanks to last year's McCain Amendment, the Defense Department is already required to give detainees in its custody better treatment than American police must give common criminals. The new Army Field Manual doesn't even allow for good cop/bad cop routines against Iraqi and Afghan insurgents if threats of any kind are conveyed or implied. This restraint is not required by the Geneva Conventions, which clearly distinguish between lawful and unlawful combatants -- the latter being deemed to have fewer rights because they have violated the rules of war by fighting out of uniform or targeting civilians.

Now the four GOP Senators and most Democrats are working to put CIA interrogators under similarly restrictive rules. If they get their way, they will make it impossible for any government agency to squeeze the next al Qaeda terrorist who may have information about a ticking bomb in an American city. * * *

At issue now is something called Common Article 3 of the Geneva Conventions, which the Supreme Court ruled this summer in Hamdan v. Rumsfeld applies to our conflict with al Qaeda. This was a dreadful decision, since Article 3 is intended to be applied to an "armed conflict not of an international character" -- i.e., a civil war. But it is now the law, and the question going forward is how to interpret Article 3's ambiguous prohibition against "outrages upon personal dignity, in particular humiliating and degrading treatment."

That clause can mean just about anything depending on the eye of the beholder. To pick one example, U.S. human rights groups have alleged that using women to question Islamist prisoners is "humiliating and degrading." But for the U.S. to bar women interrogators might well violate our own civil rights laws. What's more, the definition of an "outrage" is context-dependent. What's outrageous when dealing with the likes of 9/11 mastermind Khalid Sheikh Mohammed, or a terrorist who might know about imminent plots, is clearly different than what's outrageous when dealing with a lawful combatant or prisoner of war.

The Bush Administration has proposed to deal with this ambiguity by laying down a clear set of rules specifying conduct it considers acceptable and unacceptable under Article 3. We think it is perfectly legitimate to interpret Article 3, as the Administration does, in a way that permits aggressive interrogation of some detainees. Some people may disagree. But it is wrong to assert that merely attempting to interpret "outrageous," "humiliating" and "degrading" is to somehow rewrite the Geneva Conventions, as the critics charge.

Paradoxically, the GOP Senators claim the Administration has all the legal authority it needs to maintain the CIA interrogation program, which deals with the worst al Qaeda captives such as KSM. Even though the War Crimes Act as amended in 1997 makes it a crime to violate Common Article 3, the Senators say the Administration can proceed based on an opinion it can seek from the Department of Justice defining what Common Article 3 means.

But this is naive, if not disingenuous. Somebody is going to have to interpret what Article 3 requires in real world situations, and we'd rather see it done by open and honest Congressional debate than by secret Justice Department memos -- or, worse, leaving that job to interrogators in the field on a case-by-case basis. In Hamdan, the Supreme Court showed little deference to the executive branch but it did invite Congress to play a role. Yet now these Members of Congress want to abdicate that role and tell the Administration it is on its own in interpreting Common Article 3.

As soon as some Justice lawyer writes an opinion on Geneva allowing "stress" interrogations (such as exposure to hot or cold, or sleep deprivation), it will be denounced by Europeans and liberal activists who have a different interpretation. A future President could also rewrite that Justice opinion, exposing CIA agents to ex post facto liability. And would the same Senators now saying that the CIA interrogation program is legal stand up and defend it under media and political pressure? Don't count on it.

Amid these vagaries, CIA Director Michael Hayden is absolutely right to say that, without clear rules from Congress, he cannot put his agents at political and legal risk. He will have to shut down an interrogation program that the President says has yielded crucial intelligence that has saved American lives. CIA agents "don't want to be tried as war criminals," Mr. Bush said in his press conference Friday. "They expect our government to give them clarity about what is right and what is wrong." We'd add that as patriots they also want to be proud of their duty and know that the Congress supports it.

You'd think the critics would at least engage on these issues, but instead they are trying to play a political trump that portrays the Administration as moral rogues. Former Secretary of State Colin Powell put it most demagogically when he claimed the Bush Administration was trying to redefine Geneva and would lead others to "doubt the moral basis of our fight against terrorism" and "put our own troops at risk."

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In fact, our captured troops wearing the uniform would be lawful combatants entitled as POWs to the full protection of the Geneva Conventions, not just Common Article 3. In any case, the al Qaeda terrorists we are fighting care nothing for Geneva as they mutilate and behead the Americans they capture. The Administration is making a good faith attempt to translate vague terms of international law into domestic statutory obligations. Mr. Powell's suggestion that the effort in any way compares with the habits of our enemies must be deeply offensive to his former colleagues.

Mr. McCain also didn't do his argument any favors when he accused General Hayden of "trying to protect his reputation at the risk of America's reputation." Doesn't the Senator recognize the possibility that the CIA Director is actually concerned about protecting America? We're willing to accept Mr. McCain's own sincerity on the issue. We merely disagree with him and think that leaving Article 3 undefined will mean an end to the kind of interrogation that, against certain terrorists, could save American lives.

As a political matter, however, Mr. McCain seems to want it both ways: On the one hand, he claims the Administration has all the legal rights it needs to maintain the CIA interrogation program. So he can deny responsibility if the program is shut down. On the other hand, he won't speak up and support such interrogations, and he continues to imply that the Administration favors "torture" and illegal behavior even as he knows the CIA is demanding no such thing.

The good news is the Senate is not the last word on this debate. The House is likely to endorse the Administration's preferred language this week, and a bill that emerges from conference may be a compromise the CIA can live with. The government's ability to protect Americans using the vital tool of interrogation depends on it.

The Politics Of Torture (NSWK)

By Michael Hirsh And Mark Hosenball

Newsweek, September 18, 2006

Waterboarding, which dates back to the Spanish Inquisition, is an interrogation method that involves strapping a prisoner face up onto a table and pouring water into his nose. The idea is to create the sensation of drowning so that the panicked prisoner will talk. According to The New York Times, 9/11 mastermind Khalid Sheikh Mohammed was waterboarded by the CIA. He eventually confessed what President Bush described last Friday as "information about terrorist plans we couldn't get anywhere else." Neither Bush nor any other administration official has acknowledged, on the record, the use of waterboarding or any other specific CIA method. But at a White House news conference, Bush passionately defended the once secret CIA interrogation program involving such "alternative" techniques as "vital."

The question is whether waterboarding, however effective, is torture—and whether Americans ought to be doing such things at all. Some leading Republican senators, John McCain, John Warner and Lindsey Graham, believe it should be clearly banned under new legislation. The Bush administration has proposed its own bill seeking to redefine the Geneva Conventions—which set out the rules of war—in order to preserve the CIA's right to use some harsher methods. But even Bush's former secretary of State, Colin Powell, publicly questioned last week whether the administration's stance might lead the world to "doubt the moral basis of our fight against terrorism." And recently Bush administration officials, in private negotiations with the Senate, have agreed to drop waterboarding from a list of approved CIA interrogation techniques, according to a Senate source involved in the dispute. (He, like the other administration officials and congressional sources quoted in this story, asked not to be identified owing to the sensitivity of the negotiations over classified information.)

The Bush administration wants to maintain seven other approved CIA interrogation methods, however, for use against suspected high-level terrorists, according to one congressional source and a lawyer involved in the negotiations. A senior administration official said he could not discuss what CIA methods are still being considered. But the official added that "one should not assume all techniques used previously will be used in the future." He also noted that the new U.S. Army field manual bans waterboarding. Two other sources, one a U.S. legislator and the other a counterterrorism official, told NEWSWEEK that the total number of CIA detainees subjected to the "most rigorous" interrogation techniques was less than five. Khalid Sheikh Mohammed is the only one among them whose identity has been acknowledged by former government officials.

The GOP's intraparty dispute centers on a single provision of the Geneva Conventions. The president has criticized a Supreme Court decision last June that ruled all suspected terrorists, even those detained secretly by the CIA, are protected under Geneva's Common Article 3, which forbids "outrages upon personal dignity" and "cruel treatment."

Bush says that, under such vague rules, CIA professionals will not know if the interrogation techniques they are using are legal, and they could be vulnerable to war crimes prosecution. He's proposing a new law that will more narrowly define Common Article 3 to mean only "serious" violations. McCain and the other GOP senators have indicated they would be willing to amend domestic U.S. law, especially the War Crimes Act, to permit at least some "enhanced" CIA techniques. They are also willing to pass legislation that would deny many rights to detainees at Guantánamo Bay and allow them to be held indefinitely. But the senators, who appear to have the support of a majority of their colleagues, want to keep the Geneva restriction broadly defined in

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order to protect U.S. troops abroad. "What is billed [by Bush] as 'clarifying' our treaty obligations will be seen as 'withdrawing' from the treaty obligations," Graham said. "It will set precedent, which could come back to haunt us."

Neither administration nor congressional sources would describe the other interrogation methods in dispute. As NEWSWEEK has previously reported, various CIA techniques such as open-handed slapping were first discussed in Alberto Gonzales's office in 2002 before the then White House Counsel became attorney general. Scott Horton, a New York City Bar Association lawyer who has advised the Senate on the legislation, says Capitol Hill aides have told him that the CIA has sought to use the following techniques: (1) induced hypothermia; (2) long periods of forced standing; (3) sleep deprivation; (4) the "attention grab" (the forceful seizing of a suspect's shirt); (5) the "attention slap"; (6) the "belly slap"; and (7) sound and light manipulation. Tom Malinowski, the Washington director for the group Human Rights Watch, says that Hill sources working on the legislation have described the same list to him.

Some human-rights activists view only the first two methods, hypothermia and forced standing, as outright torture. But Malinowski said there is a reason why U.S. military interrogation manuals consistently ban physical abuse of any kind. "The Army's experience has taught them that once you allow physical contact once, even if it's mild, it's very difficult to prevent much more violent physical contact," he said.

CIA Director Gen. Michael Hayden told agency personnel last week in an e-mail that he was not asking for a "CIA carve-out"—in other words, an exception for CIA interrogators. But critics say the administration is trying to achieve just that.

A Guide To The Terrorism Bills (TIME)

By Massimo Calabresi

Time, September 18, 2006

Much of Bush's war on terrorism has been waged in the shadows. But with secret surveillance and detention programs now exposed, the Administration has been forced to reckon with the lights, and the law. The President has offered two bills to put his programs on a legal footing. So far, the strongest opposition has come from his own party.

SPYING

BUSH'S BILL would allow--but not require--the President to seek approval for the National Security Agency's (NSA's) no-warrant electronic-surveillance program from the Foreign Intelligence Surveillance Act (FISA) court. Bush has said he would seek the court's approval for the program, which he says targets only suspected terrorists calling or e-mailing to or from the U.S. Current law requires the government to get the FISA court's permission for each device--rather than each suspect--to be wiretapped; Bush claims his wartime powers override that law. His bill would send all legal challenges pending against the no-warrant program to the FISA court and allow for appeals up to the Supreme Court. It would add penalties for leaking information about official surveillance programs. The existence of the NSA program was revealed by the New York Times.

CONGRESSWOMAN HEATHER WILSON'S BILL would allow the targeting of individuals, not devices, but would require eavesdroppers to get a warrant within weeks of doing so. The bill would require that Congress be given written notification and justification for no-warrant wiretaps. Most Senate Republicans support Bush's plan, but leading House Republicans back Wilson, a New Mexico Republican, who chairs the subcommittee that oversees eavesdropping.

DEMOCRATIC BILLS in both chambers would strengthen the 1978 law and would try to make Bush comply with it.

QUESTIONING

BUSH'S BILL seeks to set the rules for future treatment of detainees in the war on terrorism. Arguing that some of the language of the Geneva Conventions regulating the treatment of prisoners of war is too vague--like the prohibition in Common Article 3 against "outrages upon personal dignity"--Bush would remove Geneva references from the U.S.'s 1996 War Crimes Act, which provides penalties up to death for abuse of detainees. Instead, he would identify nine violations: torture, cruel or inhuman treatment, performing biological experiments, murder, mutilation or maiming, intentionally causing great suffering or serious injury, rape, sexual assault or abuse and taking hostages. The bill states that these prohibitions "shall fully satisfy United States obligations" under Geneva. It would apply retroactively to all detentions after 9/11 to provide some legal protection to U.S. jailers and interrogators who dealt with detainees between then and the putative passage of the bill.

JOHN MCCAIN'S BILL would protect interrogators from civil suits, would punish them only for grave breaches of the Geneva Conventions and would increase rights of appeal to the U.S. courts. It would preserve references to the Geneva Conventions in the War Crimes Act. The Arizona Senator and his co-sponsors, John Warner and Lindsey Graham, argue that if the U.S. interprets Geneva to its liking, other countries will too, endangering American troops if they are captured.

PROSECUTING

BUSH'S BILL on questioning detainees would create military courts to try foreign detainees in the war on terrorism. The bill would expand the definition of who can be tried to include those charged with conspiracy and other lesser offenses. It would also establish the laws under which they would be tried--this in response to the Supreme Court's June ruling that the original tribunals

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Bush established after 9/11 did not comply with Geneva's requirement of a "regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The new courts would afford defendants the right to a civilian lawyer, an insanity defense and a copy of the proceedings, with classified information removed. But coerced statements could be accepted as evidence, and detainees could be denied access to classified intelligence presented to jurors to build the case against them. The bill would set strict limits on detainees' access to U.S. civilian courts.

MCCAIN'S BILL would prohibit the introduction of coerced statements and would allow defendants to see the evidence used against them. Its sponsors argue that statements obtained under duress are not reliable and that no one can properly defend himself without fully knowing what he is accused of. Bush has the Senate leadership and House Republicans on his side. Warner, McCain and Graham have moderate Republican supporters and most, if not all, Senate Democrats.

Leading A Rebellion (TIME)

By Karen Tumulty, Perry Bacon Jr.

Time, September 25, 2006

If you want to understand how a baby-faced freshman Republican Senator from conservative South Carolina has come to be standing against President George W. Bush on the issue of how to interrogate and try terrorism suspects, it helps to know how Lindsey Graham spent part of his summer. A month ago, when most Senators were back home campaigning and fund raising, he was in Kabul, Afghanistan, answering to "Colonel." Wearing desert fatigues, with an M9 pistol strapped to his hip, Graham was conducting a two-day tutorial on the principles of U.S. military law at the Afghan Defense Ministry. He recalls coaching Afghan military lawyers, who are modeling their system after that of the U.S.: "It's important that when the troops act badly, they are punished to keep good order and discipline, but it's equally important that people believe that the punishment and the system itself are fair." The only Senator now serving in the National Guard or reserve, and the first in decades to do military duty in a combat zone, Graham adds, "It has to be based on what the person did and not who the person is."

That's pretty much the same argument that Graham is making back in Washington, where he is helping turn what looked like a smart political strategy into an internecine battle among Republicans on Capitol Hill. White House and congressional leaders had hoped that focusing on terrorism in the final months before a tight midterm election would give their party an advantage over the Democrats. But they didn't count on a rebellion in their own ranks, made worse by the fact that it is led by Graham and two more senior members of the Armed Services Committee who also have impressive military credentials: chairman John Warner, a former Secretary of the Navy who was a Marine ground officer in the Korean War, four years before Graham was born; and John McCain, a former Navy pilot whose father and grandfather were admirals and who still suffers from what he endured during 5 1/2 years in a North Vietnamese POW camp.

Graham got his battle testing in a military courtroom, first at Shaw Air Force Base in South Carolina and then as chief prosecutor for the Air Force in Europe during the 1980s. He insists that Bush's proposal to tamper with the interpretation of the Geneva Conventions and put detainees on trial without letting them see all the evidence against them would have far-reaching consequences because it would invite future enemies to do the same, or worse, to Americans they capture. That argument has drawn strong support from such powerful voices as Colin Powell, former Chairman of the Joint Chiefs of Staff and ex--Secretary of State, who in a rare public criticism of Bush policy sent McCain a letter warning that "the world is beginning to doubt the moral basis of our fight against terrorism." Caught in the middle have been Graham's fellow military lawyers, many of whom share misgivings about the detainee program. At a closed session of the Armed Services Committee last week, Senator John Cornyn of Texas brandished a letter signed by top lawyers of each service saying they "do not object" to a key part of Bush's plan. But he may have overstated their level of support. "That's not the whole story," Graham said to Cornyn, according to a witness. Last week, amid bitter Republican infighting and despite a White House lobbying effort that brought both Bush and Vice President Cheney to Capitol Hill, the committee defiantly passed the trio's proposal for trying and interrogating terrorism suspects, rather than Bush's. The showdown on the Senate floor, where majority leader Bill Frist is expected to introduce the President's proposal, is not likely to be pretty.

It's not the first time Graham has put the Bush Administration on the spot. When the Abu Ghraib prison scandal broke most inconveniently in a presidential election year, he demanded accountability up the chain of command. "What are we fighting for?" the Senator asked at a hearing. "To be like Saddam Hussein?" On Bush's biggest domestic initiative, Graham supported the President's idea to add individual savings accounts to Social Security but also suggested a heretical payroll-tax increase to finance them. He infuriated the right last year by joining the bipartisan, largely moderate "Gang of 14" that blocked a change in Senate rules that would have ended Democratic filibusters of Bush's judicial nominees. Graham more recently helped ice the appeals-court nomination of Defense Department counsel William Haynes, an architect of the Administration's detainee policy.

Graham, 51, so confounds political labeling that his fellow apostate McCain, 70, has dubbed him "my illegitimate son." Like McCain, the presumed front runner for the Republican presidential nomination in 2008, Graham has a voting record that defies

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the headlines he creates. From the time he introduced his first piece of legislation in the South Carolina General Assembly, a bill barring gays and lesbians from serving in the state's National Guard, Graham has hewed to the right on social issues. He got a 96% rating from the American Conservative Union last year, and a zero from NARAL Pro-Choice America. As a House member, Graham caught the nation's attention playing corn-pone puritan as a House manager in Bill Clinton's impeachment trial. "Where I come from," Graham memorably drawled during the trial in the Senate chamber, as he described a phone call the President made to Monica Lewinsky, "you call somebody at 2:30 in the morning, you're up to no good." But in the Senate, Graham has become one of Hillary Clinton's good friends and has sponsored legislation with her to expand health benefits for reservists and members of the Guard--one of many times he has worked across the Senate aisle. Alex Sanders, the Democrat he defeated in 2002 to get the job, told TIME, "If I'd have known how Lindsey would turn out, I would have voted for him." And Dick Harpootlian, who in 2002 chaired the South Carolina Democratic Party, has gone so far as to send Graham a $1,000 campaign contribution.

As you might imagine, none of that sits particularly well with the G.O.P. establishment back home. "To say that Lindsey Graham has been a disappointment to the conservatives who were the heart and soul of his campaign would be an understatement," Republican political consultant Jeffrey Sewell wrote last week in the State, one of South Carolina's largest newspapers. "Unfortunately, our senior Senator has moved from disappointing to downright dangerous." Some Republicans are encouraging wealthy shopping-center developer Thomas Ravenel to take Graham on in the 2008 G.O.P. primary and have circulated an online petition to draft him. Ravenel--who has called Graham "the third Senator from New York"--says he has "no intention" of running against him, but that could change.

Making his own way is nothing new for Graham. He grew up in the rooms behind the Sanitary Cafe, a pool hall, bar and liquor store that his parents owned in Central, S.C. Graham's father, known as Dude, tended bar for the millworker clientele; the future Senator racked balls and answered phones. You've learned everything you really need to know about politics, Graham says, when you've had the experience of telling a wife who is on the line and looking for her husband, "He says he's not here." Graham set his sights on the military early, joining the ROTC in college, and he would have been a pilot were it not for a bad ear and dismal math scores. He had to adjust his plans again when his parents died within two years of each other while he was still in college, leaving him with a 13-year-old sister to provide for. After graduating from law school, he formally adopted her, mostly so that she would be eligible for his military benefits.

Once out of the Air Force, he returned to South Carolina and entered politics, where it seemed as if everything went his way. After two years in the legislature, he caught the Republican wave of 1994 and rode it to the House of Representatives. He supported McCain in the state's brutal 2000 G.O.P. primary and might have been punished by the new President's team, except for the fact that a Senate seat opened up with the retirement of 100-year-old Strom Thurmond two years later, and Graham had the best shot at winning it. Bush ended up coming to the state to campaign for him, in what became the most expensive Senate race in state history.

Those who don't like Graham say he is an opportunist and a grandstander. There are stories of him driving two hours for the chance to be on television for three minutes. But this month's "Best and Worst of Congress" rankings in Washingtonian magazine--the kind of popularity contest you might remember from your high school yearbook--have him pegged by a poll of 1,700 Capitol Hill insiders as one of the top choices in four categories: "Rising Star," "Straightest Shooter," "Bridge-Building Centrist" and "Funniest."

One place where Graham is not giving anyone much to laugh about these days is the White House. In an impassioned Rose Garden news conference, Bush warned that the proposal by the rebellious Republican Senators, if carried out, would give him no choice but to cancel the CIA's interrogation program of high-value terrorism suspects because it would deprive "our professionals" of the clear permission they need to continue using aggressive interrogation techniques. And the President suggested that the consequences of losing those techniques could be dire: "Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Graham insists that there are still ways to work out a compromise, although both sides appear to be digging in. "I share the President's goal of pursuing a CIA program that would protect us and operate within the rule of law," he told TIME. "And I will work with him to achieve that." That's a call to duty for both Senator and Colonel Graham.

Negroponte Says Ruling Halted 'Tough' CIA Methods (LAT)

By Greg Miller

The Los Angeles Times, September 18, 2006

WASHINGTON — The nation's top intelligence official acknowledged Sunday that the CIA had used "tough" and "aggressive" interrogation techniques that were discontinued when the Supreme Court ruled that terrorism suspects are entitled to the protections of the Geneva Convention.

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Director of National Intelligence John D. Negroponte said the CIA might still question terrorism suspects, but he added it was "up in the air" whether agency interrogators would be free to employ methods that had been used over the last five years and that Negroponte described as necessary and effective.

"There's been precious little activity of that kind for a number of months now, and certainly since the Supreme Court decision," Negroponte said on "Fox News Sunday," citing "legal uncertainties surrounding the entire program and which we think must be clarified."

Negroponte's appearance was part of a campaign by the Bush administration to defend a CIA program in which high-ranking Al Qaeda operatives had been held in secret prisons abroad and subjected to interrogation methods that critics contend are tantamount to torture.

Negroponte did not discuss specific interrogation techniques, but the CIA is known to have employed such methods as sleep deprivation; light and sound manipulation; and "water-boarding," in which a detainee is strapped to a board and made to fear he is drowning.

In appearances on the Sunday talk shows, Negroponte and national security advisor Stephen J. Hadley both reiterated the White House position that the CIA program would probably be shut down if Congress did not approve legislation clarifying or reinterpreting key provisions of the Geneva Convention.

But the administration faces a revolt from key Senate Republicans, including John McCain of Arizona, who have rejected the White House proposal and are siding with Democrats to advance legislation that would tighten rules regarding treatment of detainees.

Both sides signaled Sunday that they believed they could reach a compromise to let the CIA program continue, but they gave no indication that differences had been resolved.

McCain, who was a prisoner of war in Vietnam, said on ABC's "This Week" that he believed the CIA program should be preserved, but that it should be in compliance with the existing language in the Geneva Convention, which sets rules for the conduct of wars and the treatment of prisoners. It has been ratified by more than 190 countries, including the United States.

"I'm not saying we should shut down the program. In fact, we should have a program," McCain said. "What I'm saying is that we should not do things which would be condemned by everyone in the world."

The White House has argued that the language is vague, leaving CIA officers vulnerable to prosecution or lawsuits. In particular, the debate has centered on the meaning of provisions in what is known as Common Article 3, which bans conduct including "outrages upon personal dignity" and "humiliating and degrading treatment." Hadley said those provisions must be clarified for the CIA program to continue.

"I'm saying that nobody knows what humiliating treatment is. What does it mean?" Hadley said on CNN's "Late Edition."

"And the concern is that [interrogators] are being asked to take on very tough assignments. They want to be clear as to what is required, and they want it to be interpreted by U.S. law."

The two sides also dispute rules for prosecuting terrorist suspects in special tribunals, including whether the accused should have access to the U.S. government's classified evidence against them.

Bush announced two weeks ago that 14 terrorism suspects in CIA custody, including the alleged mastermind of the Sept. 11 attacks, Khalid Shaikh Mohammed, had been transferred to Defense Department custody at the naval base at Guantanamo Bay, Cuba.

Negroponte's remarks confirmed that the questioning of those suspects had all but ceased by the time the Supreme Court issued its June ruling in the case of Hamdan vs. Rumsfeld, which essentially rejected the Bush administration argument that Al Qaeda suspects were unlawful combatants not entitled to Geneva protections.

Asked whether the CIA would interrogate any future captive in the fight against terrorism, Negroponte said, "That person may be questioned, but using the kinds of aggressive techniques, the tough techniques … may be problematic because of the uncertainty that has been introduced by the current situation."

McCain, In New Hampshire, Gets An Earful From The Right (NYT)

By Adam Nagourney

The New York Times, September 18, 2006

CONCORD, N.H., Sept. 17 — Senator John McCain, who is battling with the White House over the interrogation and trial of terrorism suspects, on Sunday flew to New Hampshire — and right into a blistering editorial from the conservative Manchester Union-Leader that assailed him for standing up to President Bush on the issue.

Mr. McCain, Republican of Arizona, responded with a spirited defense, invoking his experience as a prisoner of war as he vowed to block the White House effort.

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"This issue is not them — this issue is about us," he said of terrorists, facing an audience sipping cocktails on a lush lawn next to a pool. "The United States has always been better than our enemies. I'll tell you right now: one of the things in prison, in North Vietnam, that kept us strong was that we knew we were not like our enemies. That we came from a better nation, with better values, with better standards."

After months of orchestrated peace, the battle with Mr. Bush over the administration's effort to reinterpret the Geneva Conventions has put Mr. McCain back into a familiar position: bucking the White House and at odds again with some conservatives, who had already been wary of his ideological views.

The dispute is shaping up as an early chapter in a shift of influence in the Republican Party away from Mr. Bush as he approaches the final two years of his administration, and toward its presidential nominee of 2008. And it is spotlighting divisions in the party as prospective presidential candidates jockey for support from the conservative wing.

One of them, Governor Mitt Romney of Massachusetts, said in an interview that he disagreed with Mr. McCain, and offered a forceful endorsement of Mr. Bush.

"I am foursquare behind the president on this," Mr. Romney said. "I believe that we should do everything possible to support those people at the front line who are responsible for enforcing the war on terrorism."

Mr. McCain said Sunday that he was acting out of conscience, not political calculation, to reinforce an image of independence that has been questioned in recent months as he has supported Mr. Bush on issues like the war in Iraq. Still, he said his office had been deluged with critical phone calls, and that he had picked up enough buzz from conservative radio talk stations to conclude that he might have once again rattled his support among conservatives.

"I would imagine so," he said, riding in a helicopter rumbling over the New Hampshire hills as it took him to a Nascar race at the New Hampshire International Speedway. "The radio talk show hosts have already been very critical."

Mr. McCain appears to be in a strong position politically as he takes on this battle. He has methodically been signing up supporters in crucial states in preparation for a 2008 campaign, part of a strategy to create a stampede to his candidacy. Although Mr. Bush has sharply challenged Mr. McCain and the other senators supporting him in the debate on interrogation tactics, the president and his aides have taken care not to attack Mr. McCain, in clear deference to his position in the party.

"There is no acrimony with the White House," Mr. McCain said. "I certainly consider him a friend. And I hope he considers me as one. We just have a disagreement."

Dan Bartlett, the White House communications director, said, "We would agree and believe the close working relationship and constant communication has kept it strictly to a difference over substance, and nothing more."

Conservatives are another matter. Senator John E. Sununu, Republican of New Hampshire, said conservatives would judge Mr. McCain on many issues, and that they did not expect to agree with a political leader on every issue — a reality he said Mr. McCain appreciated.

Still, many conservatives have criticized Mr. McCain for his support for campaign finance legislation, his backing of what they believe are permissive immigration laws, and now this. "The question is being asked: in the midst of the most difficult and challenging war we have ever faced, can the nation afford a President McCain?" The Union-Leader — the largest newspaper in the state, which holds the nation's first presidential primary — asked in a front-page editorial on Saturday. It was one of two editorials it published this weekend attacking Mr. McCain's views.

Mr. Romney has been making an increasingly vigorous challenge for conservative votes and is viewed by many Republicans as the strongest challenger to Mr. McCain, at least for now. He saw the interrogation debate as an opportunity to draw contrasts with Mr. McCain among conservative voters.

Asked if this was his sharpest difference with Mr. McCain, Mr. Romney said: "No. There are a number of things. We have different views on McCain-Feingold, differing views on immigration policy, differing views on the interrogation of terrorists. There are also many other areas where we see eye to eye."

Told about Governor Romney's position on the treatment of terrorism suspects, Mr. McCain noted tartly, "He doesn't have a vote."

Mr. McCain said he was not overly concerned about the criticism. When an aide offered him a copy of the editorial as he rode in a car to the cocktail party here, he at first refused it, but a second later took it back and read it. And at the reception, he aggressively raised the issue, to decidedly light applause.

"We do not believe we should change the Geneva Conventions that we have adhered to for 57 years," he said. "I hold no brief for Al Qaeda. No."

"What is this all about?" he continued. "It's all about the United States of America and what is going to happen to Americans who are taken prisoner in future wars."

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Mr. McCain's efforts have complicated one political component of the White House's strategy: trying to bait Democrats into a battle that might allow Republicans to portray them as weak on terrorism. But Mr. McCain said he had not heard any objection from the White House, on political grounds, about what he was trying to do.

"They know better than that," he said.

King Of Pain (NYT)

By Paul Krugman

The New York Times, September 18, 2006

A lot has been written and said about President Bush's demand that Congress "clarify" the part of the Geneva Conventions that, in effect, outlaws the use of torture under any circumstances.

We know that the world would see this action as a U.S. repudiation of the rules that bind civilized nations. We also know that an extraordinary lineup of former military and intelligence leaders, including Colin Powell, have spoken out against the Bush plan, warning that it would further damage America's faltering moral standing, and end up endangering U.S. troops.

But I haven't seen much discussion of the underlying question: why is Mr. Bush so determined to engage in torture?

Let's be clear what we're talking about here. According to an ABC News report from last fall, procedures used by C.I.A. interrogators have included forcing prisoners to "stand, handcuffed and with their feet shackled to an eye bolt in the floor for more than 40 hours"; the "cold cell," in which prisoners are forced "to stand naked in a cell kept near 50 degrees," while being doused with cold water; and, of course, water boarding, in which "the prisoner is bound to an inclined board, feet raised and head slightly below the feet," then "cellophane is wrapped over the prisoner's face and water is poured over him," inducing "a terrifying fear of drowning."

And bear in mind that the "few bad apples" excuse doesn't apply; these were officially approved tactics — and Mr. Bush wants at least some of these tactics to remain in use.

I'm ashamed that my government does this sort of thing. I'd be ashamed even if I were sure that only genuine terrorists were being tortured — and I'm not. Remember that the Bush administration has imprisoned a number of innocent men at Guantánamo, and in some cases continues to imprison them even though it knows they are innocent.

Is torture a necessary evil in a post-9/11 world? No. People with actual knowledge of intelligence work tell us that reality isn't like TV dramas, in which the good guys have to torture the bad guy to find out where he planted the ticking time bomb.

What torture produces in practice is misinformation, as its victims, desperate to end the pain, tell interrogators whatever they want to hear. Thus Ibn al-Shaykh al-Libi — who ABC News says was subjected to both the cold cell and water boarding — told his questioners that Saddam Hussein's regime had trained members of Al Qaeda in the use of biochemical weapons. This "confession" became a key part of the Bush administration's case for invading Iraq — but it was pure invention.

So why is the Bush administration so determined to torture people?

To show that it can.

The central drive of the Bush administration — more fundamental than any particular policy — has been the effort to eliminate all limits on the president's power. Torture, I believe, appeals to the president and the vice president precisely because it's a violation of both law and tradition. By making an illegal and immoral practice a key element of U.S. policy, they're asserting their right to do whatever they claim is necessary.

And many of our politicians are willing to go along. The Republican majority in the House of Representatives is poised to vote in favor of the administration's plan to, in effect, declare torture legal. Most Republican senators are equally willing to go along, although a few, to their credit, have stood with the Democrats in opposing the administration.

Mr. Bush would have us believe that the difference between him and those opposing him on this issue is that he's willing to do what's necessary to protect America, and they aren't. But the record says otherwise.

The fact is that for all his talk of being a "war president," Mr. Bush has been conspicuously unwilling to ask Americans to make sacrifices on behalf of the cause — even when, in the days after 9/11, the nation longed to be called to a higher purpose. His admirers looked at him and thought they saw Winston Churchill. But instead of offering us blood, toil, tears and sweat, he told us to go shopping and promised tax cuts.

Only now, five years after 9/11, has Mr. Bush finally found some things he wants us to sacrifice. And those things turn out to be our principles and our self-respect.

The Kafka Strategy (NYT)

By Bob Herbert

The New York Times, September 18, 2006

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The president seemed about to lose it at times last week. He was fighting with everybody — tenacious reporters frustrated by the absence of straight answers about the treatment of terror suspects; key Republican senators who think it's crazy for a great country like the U.S. to become a champion of kangaroo courts and the degradation of defendants; even his own former secretary of state, Colin Powell, who worries that the world is coming to "doubt the moral basis of our fight against terrorism."

It seemed that the only people the president wasn't fighting with were the Democrats, who have gone into a coma, and the yahoos who never had much of a problem with such matters as torture and detention without trial.

As Marvin Gaye once sang, "What's going on?"

The people at the top are getting scared, that's what's going on. The fog of secrecy is lifting, and the Bush administration is frightened to death that it will eventually have to pay a heavy price for the human rights abuses it has ordered or condoned in its so-called war on terror.

The Supreme Court has ruled that the Geneva Conventions apply to the prisoners seized by the administration, which means that abusing those prisoners — as so many have said for so long — is unquestionably illegal. And there is also the possibility that the Democrats, if they ever wake up, may take control of at least one house of Congress, giving them the kind of subpoena power and oversight that makes the administration tremble.

Bush, Cheney & Co. are desperately trying to hold together a house of cards that is ready to collapse because their strategy and tactics for fighting terrorism were slapped together with no real regard for the rule of law. What we've seen over the past few years has been a nightmare version of the United States. Torture? Secret prisons? Capital trials in which key evidence is kept from the accused? That's the stuff of Kafka, not Madison and Jefferson.

The reason President Bush has been trying so frantically to get Congressional passage of his plan to interrogate and try terror suspects is that he needs its contorted interpretations of the law to keep important cases from falling apart, and to cover the collective keisters of higher-ups who may have authorized or condoned war crimes.

There's no guarantee that the administration can properly bring to justice even the worst of the bad guys, people like Khalid Shaikh Mohammed and 13 other high-profile prisoners who were recently transferred from a secret C.I.A. program to the detention center at Guantánamo Bay, Cuba. These are men accused of the most heinous of offenses, crimes that would subject them to the death penalty.

But it's widely believed that some or all of them were tortured. In civilized countries, evidence obtained by torture is inadmissible in a court of law.

The Bush administration would also like to deny terror suspects, even those facing the death penalty, the right to see evidence against them that is classified. This is a concept that is so far beyond the pale it makes most legal scholars gasp.

"We don't charge people — particularly in capital offenses, but in minor offenses, as well — without letting them see the evidence that is being offered against them," said Scott Horton, a prominent New York attorney and Columbia law professor who has done extensive human rights work.

"Let's imagine you're a prosecutor," said Mr. Horton. "Are you going to seek the death penalty against someone and convict them and let them be sentenced to death without letting them know what the evidence is against them? No way. What prosecutor wants that?"

One of the biggest concerns of the administration is the possibility of evidence emerging that could lead to charges of war crimes against high-ranking officials. The president and others in the administration have argued that they are seeking changes in the law in order to protect soldiers and ordinary interrogators in the field against war crimes accusations.

But there are already clear guidelines — short of war crimes prosecutions — for dealing with soldiers and civilian interrogators who abuse prisoners. The Abu Ghraib prosecutions are a good example.

The people who would have to worry, if war crimes were found to have been committed, would be those at the top of the command structure who crafted policies that were illegal and ordered them carried out — or who turned a blind eye to atrocities.

"Those are the ones," said Mr. Horton, "who are vulnerable."

Call Cruelty What It Is (WP)

By Tom Malinowski

The Washington Post, September 18, 2006

President Bush is urging Congress to let the CIA keep using "alternative" interrogation procedures -- which include, according to published accounts, forcing prisoners to stand for 40 hours, depriving them of sleep and use of the "cold cell," in which the prisoner is left naked in a cell kept near 50 degrees and doused with cold water.

Bush insists that these techniques are not torture -- after all, they don't involve pulling out fingernails or applying electric shocks. He even says that he "would hope" the standards he's proposing are adopted by other countries. But before he again invites America's enemies to use such "alternative" methods on captured Americans, he might benefit from knowing a bit of their

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historical origins and from hearing accounts of those who have experienced them. With that in mind, here are some suggestions for the president's reading list.

He might begin with Robert Conquest's classic work on Stalin, "The Great Terror." Conquest wrote: "When there was time, the basic [Soviet Secret police] method for obtaining confessions and breaking the accused man was the 'conveyor' -- continual interrogation by relays of police for hours and days on end. As with many phenomena of the Stalin period, it has the advantage that it could not easily be condemned by any simple principle. Clearly, it amounted to unfair pressure after a certain time and to actual physical torture later still, but when? . . . At any rate, after even twelve hours, it is extremely uncomfortable. After a day, it becomes very hard. And after two or three days, the victim is actually physically poisoned by fatigue. It was as painful as any torture."

Conquest stated: "Interrogation usually took place at night and with the accused just roused -- often only fifteen minutes after going to sleep. The glaring lights at the interrogation had a disorientating effect." He quoted a Czech prisoner, Evzen Loebl, who described "having to be on his feet eighteen hours a day, sixteen of which were devoted to interrogation. During the six-hour sleep period, the warder pounded on the door every ten minutes. . . . If the banging did not wake him, a kick from the warder would. After two or three weeks, his feet were swollen and every inch of his body ached at the slightest touch; even washing became a torture."

Conquest quoted a Polish prisoner, Z. Stypulkowski, from 1945: "Cold, hunger, the bright light and especially sleeplessness. The cold is not terrific. But when the victim is weakened by hunger and sleeplessness, then the six or seven degrees above the freezing point make him tremble all the time. . . . After fifty or sixty interrogations with cold and hunger and almost no sleep, a man becomes like an automaton -- his eyes are bright, his legs swollen, his hands trembling. In this state, he is often convinced he is guilty."

Next on the list: Aleksander Solzhenitsyn's "The Gulag Archipelago." Solzhenitsyn describes the experience of prisoner Anna Skripnikova in 1952: "Sivakov, Chief of the Investigative Department of the Ordzhonikidze State Security Administration, said to her: 'The prison doctor reports you have a blood pressure of 240/120. That's too low, you bitch! We're going to drive it up to 340 so you'll kick the bucket, you viper, and with no black and blue marks; no beatings; no broken bones. We'll just not let you sleep.' And if, back in her cell, after a night spent in interrogation, she closed her eyes during the day, the jailer broke in and shouted: 'Open your eyes or I'll haul you off that cot by the legs and tie you to the wall standing up."

Elsewhere, Solzhenitsyn writes: "Sleeplessness . . . befogs the reason, undermines the will, and the human being ceases to be himself, to be his own 'I.' "

Finally, the president might review the memoirs of former Israeli prime minister Menachem Begin, who describes experiencing sleep deprivation in a Soviet prison in the 1940s: "In the head of the interrogated prisoner a haze begins to form. His spirit is wearied to death, his legs are unsteady, and he has one sole desire: to sleep, to sleep just a little, not to get up, to lie, to rest, to forget. . . . Anyone who has experienced this desire knows that not even hunger or thirst are comparable with it. . . . I came across prisoners who signed what they were ordered to sign, only to get what the interrogator promised them. He did not promise them their liberty. He promised them -- if they signed -- uninterrupted sleep!"

The Soviets understood that these methods were cruel. They were also honest with themselves about the purpose of such cruelty -- to brutalize their enemies and to extract false confessions, rather than truthful intelligence. By denying this, President Bush is not just misleading us. He appears to be deceiving himself.

The writer is Washington advocacy director for Human Rights Watch.

U.S. War Prisons Legal Vacuum For 14,000 (AP)

By Patrick Quinn

AP, September 18, 2006

In the few short years since the first shackled Afghan shuffled off to Guantanamo, the U.S. military has created a global network of overseas prisons, its islands of high security keeping 14,000 detainees beyond the reach of established law.

Disclosures of torture and long-term arbitrary detentions have won rebuke from leading voices including the U.N. secretary-general and the U.S. Supreme Court. But the bitterest words come from inside the system, the size of several major U.S. penitentiaries.

"It was hard to believe I'd get out," Baghdad shopkeeper Amjad Qassim al-Aliyawi told The Associated Press after his release — without charge — last month. "I lived with the Americans for one year and eight months as if I was living in hell."

Captured on battlefields, pulled from beds at midnight, grabbed off streets as suspected insurgents, tens of thousands now have passed through U.S. detention, the vast majority in Iraq.

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Many say they were caught up in U.S. military sweeps, often interrogated around the clock, then released months or years later without apology, compensation or any word on why they were taken. Seventy to 90 percent of the Iraq detentions in 2003 were "mistakes," U.S. officers once told the international Red Cross.

Defenders of the system, which has only grown since soldiers' photos of abuse at Abu Ghraib shocked the world, say it's an unfortunate necessity in the battles to pacify Iraq and Afghanistan, and to keep suspected terrorists out of action.

Every U.S. detainee in Iraq "is detained because he poses a security threat to the government of Iraq, the people of Iraq or coalition forces," said U.S. Army Lt. Col. Keir-Kevin Curry, a spokesman for U.S.-led military detainee operations in Iraq.

But dozens of ex-detainees, government ministers, lawmakers, human rights activists, lawyers and scholars in Iraq, Afghanistan and the United States said the detention system often is unjust and hurts the war on terror by inflaming anti-Americanism in Iraq and elsewhere.

Building for the Long Term

Reports of extreme physical and mental abuse, symbolized by the notorious Abu Ghraib prison photos of 2004, have abated as the Pentagon has rejected torture-like treatment of the inmates. Most recently, on Sept. 6, the Pentagon issued a new interrogation manual banning forced nakedness, hooding, stress positions and other abusive techniques.

The same day, President Bush said the CIA's secret outposts in the prison network had been emptied, and 14 terror suspects from them sent to Guantanamo Bay, Cuba, to face trial in military tribunals. The U.S. Supreme Court has struck down the tribunal system, however, and the White House and Congress are now wrestling over the legal structure of such trials.

Living conditions for detainees may be improving as well. The U.S. military cites the toilets of Bagram, Afghanistan: In a cavernous old building at that air base, hundreds of detainees in their communal cages now have indoor plumbing and privacy screens, instead of exposed chamber pots.

Whatever the progress, small or significant, grim realities persist.

Human rights groups count dozens of detainee deaths for which no one has been punished or that were never explained. The secret prisons — unknown in number and location — remain available for future detainees. The new manual banning torture doesn't cover CIA interrogators. And thousands of people still languish in a limbo, deprived of one of common law's oldest rights, habeas corpus, the right to know why you are imprisoned.

"If you, God forbid, are an innocent Afghan who gets sold down the river by some warlord rival, you can end up at Bagram and you have absolutely no way of clearing your name," said John Sifton of Human Rights Watch in New York. "You can't have a lawyer present evidence, or do anything organized to get yourself out of there."

The U.S. government has contended it can hold detainees until the "war on terror" ends — as it determines.

"I don't think we've gotten to the question of how long," said retired admiral John D. Hutson, former top lawyer for the U.S. Navy. "When we get up to 'forever,' I think it will be tested" in court, he said.

The Navy is planning long-term at Guantanamo. This fall it expects to open a new, $30-million maximum-security wing at its prison complex there, a concrete-and-steel structure replacing more temporary camps.

In Iraq, Army jailers are a step ahead. Last month they opened a $60-million, state-of-the-art detention center at Camp Cropper, near Baghdad's airport. The Army oversees about 13,000 prisoners in Iraq at Cropper, Camp Bucca in the southern desert, and Fort Suse in the Kurdish north.

Neither prisoners of war nor criminal defendants, they are just "security detainees" held "for imperative reasons of security," spokesman Curry said, using language from an annex to a U.N. Security Council resolution authorizing the U.S. presence here.

Questions of Law, Sovereignty

President Bush laid out the U.S. position in a speech Sept. 6.

"These are enemy combatants who are waging war on our nation," he said. "We have a right under the laws of war, and we have an obligation to the American people, to detain these enemies and stop them from rejoining the battle."

But others say there's no need to hold these thousands outside of the rules for prisoners of war established by the Geneva Conventions.

U.N. Secretary-General Kofi Annan declared last March that the extent of arbitrary detention here is "not consistent with provisions of international law governing internment on imperative reasons of security."

Meanwhile, officials of Nouri al-Maliki's 4-month-old Iraqi government say the U.S. detention system violates Iraq's national rights.

"As long as sovereignty has transferred to Iraqi hands, the Americans have no right to detain any Iraqi person," said Fadhil al-Sharaa, an aide to the prime minister. "The detention should be conducted only with the permission of the Iraqi judiciary."

At the Justice Ministry, Deputy Minister Busho Ibrahim told AP it has been "a daily request" that the detainees be brought under Iraqi authority.

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There's no guarantee the Americans' 13,000 detainees would fare better under control of the Iraqi government, which U.N. officials say holds 15,000 prisoners.

But little has changed because of these requests. When the Americans formally turned over Abu Ghraib prison to Iraqi control on Sept. 2, it was empty but its 3,000 prisoners remained in U.S. custody, shifted to Camp Cropper.

Life in Custody

The cases of U.S.-detained Iraqis are reviewed by a committee of U.S. military and Iraqi government officials. The panel recommends criminal charges against some, release for others. As of Sept. 9, the Central Criminal Court of Iraq had put 1,445 on trial, convicting 1,252. In the last week of August, for example, 38 were sentenced on charges ranging from illegal weapons possession to murder, for the shooting of a U.S. Marine.

Almost 18,700 have been released since June 2004, the U.S. command says, not including many more who were held and then freed by local military units and never shipped to major prisons.

Some who were released, no longer considered a threat, later joined or rejoined the insurgency.

The review process is too slow, say U.N. officials. Until they are released, often families don't know where their men are — the prisoners are usually men — or even whether they're in American hands.

Ex-detainee Mouayad Yasin Hassan, 31, seized in April 2004 as a suspected Sunni Muslim insurgent, said he wasn't allowed to obtain a lawyer or contact his family during 13 months at Abu Ghraib and Bucca, where he was interrogated incessantly. When he asked why he was in prison, he said, the answer was, "We keep you for security reasons."

Another released prisoner, Waleed Abdul Karim, 26, recounted how his guards would wield their absolute authority.

"Tell us about the ones who attack Americans in your neighborhood," he quoted an interrogator as saying, "or I will keep you in prison for another 50 years."

As with others, Karim's confinement may simply have strengthened support for the anti-U.S. resistance. "I will hate Americans for the rest of my life," he said.

As bleak and hidden as the Iraq lockups are, the Afghan situation is even less known. Accounts of abuse and deaths emerged in 2002-2004, but if Abu Ghraib-like photos from Bagram exist, none have leaked out. The U.S. military is believed holding about 500 detainees — most Afghans, but also apparently Arabs, Pakistanis and Central Asians.

The United States plans to cede control of its Afghan detainees by early next year, five years after invading Afghanistan to eliminate al-Qaida's base and bring down the Taliban government. Meanwhile, the prisoners of Bagram exist in a legal vacuum like that elsewhere in the U.S. detention network.

"There's been a silence about Bagram, and much less political discussion about it," said Richard Bennett, chief U.N. human rights officer in Afghanistan.

Freed detainees tell how in cages of 16 inmates they are forbidden to speak to each other. They wear the same orange jumpsuits and shaven heads as the terrorist suspects at Guantanamo, but lack even the scant legal rights granted inmates at that Cuba base. In some cases, they have been held without charge for three to four years, rights workers say.

Guantanamo received its first prisoners from Afghanistan — chained, wearing blacked-out goggles — in January 2002. A total of 770 detainees were sent there. Its population today of Afghans, Arabs and others, stands at 455.

Described as the most dangerous of America's "war on terror" prisoners, only 10 of the Guantanamo inmates have been charged with crimes. Charges are expected against 14 other al-Qaida suspects flown in to Guantanamo from secret prisons on Sept. 4.

Plans for their trials are on hold, however, because of a Supreme Court ruling in June against the Bush administration's plan for military tribunals.

The court held the tribunals were not authorized by the U.S. Congress and violated the Geneva Conventions by abrogating prisoners' rights. In a sometimes contentious debate, the White House and Congress are trying to agree on a new, acceptable trial plan.

Since the court decision, and after four years of confusing claims that terrorist suspects were so-called "unlawful combatants" unprotected by international law, the Bush administration has taken steps recognizing that the Geneva Conventions' legal and human rights do extend to imprisoned al-Qaida militants. At the same time, however, the new White House proposal on tribunals retains such controversial features as denying defendants access to some evidence against them.

In his Sept. 6 speech, Bush acknowledged for the first time the existence of the CIA's secret prisons, believed established at military bases or safehouses in such places as Egypt, Indonesia and eastern Europe. That network, uncovered by journalists, had been condemned by U.N. authorities and investigated by the Council of Europe.

The clandestine jails are now empty, Bush announced, but will remain a future option for CIA detentions and interrogation.

Louise Arbour, U.N. human rights chief, is urging Bush to abolish the CIA prisons altogether, as ripe for "abusive conduct." The CIA's techniques for extracting information from prisoners still remain secret, she noted.

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Meanwhile, the U.S. government's willingness to resort to "extraordinary rendition," transferring suspects to other nations where they might be tortured, appears unchanged.

Prosecutions and Memories

The exposure of sadistic abuse, torture and death at Abu Ghraib two years ago touched off a flood of courts-martial of mostly lower-ranking U.S. soldiers. Overall, about 800 investigations of alleged detainee mistreatment in Iraq and Afghanistan have led to action against more than 250 service personnel, including 89 convicted at courts-martial, U.S. diplomats told the United Nations in May.

Critics protest that penalties have been too soft and too little has been done, particularly in tracing inhumane interrogation methods from the far-flung islands of the overseas prison system back to policies set by high-ranking officials.

In only 14 of 34 cases has anyone been punished for the confirmed or suspected killings of detainees, the New York-based Human Rights First reports. The stiffest sentence in a torture-related death has been five months in jail. The group reported last February that in almost half of 98 detainee deaths, the cause was either never announced or reported as undetermined.

Looking back, the United States overreacted in its treatment of detainees after Sept. 11, said Anne-Marie Slaughter, a noted American scholar of international law.

It was understandable, the Princeton University dean said, but now "we have to restore a balance between security and rights that is consistent with who we are and consistent with our security needs."

Otherwise, she said, "history will look back and say that we took a dangerous and deeply wrong turn."

Back here in Baghdad, at the Alawi bus station, a gritty, noisy hub far from the meeting rooms of Washington and Geneva, women gather with fading hopes whenever a new prisoner release is announced.

As she watched one recent day for a bus from distant Camp Bucca, one mother wept and told her story.

"The Americans arrested my son, my brother and his friend," said Zahraa Alyat, 42. "The Americans arrested them October 16, 2005. They left together and I don't know anything about them."

The bus pulled up. A few dozen men stepped off, some blindfolded, some bound, none with any luggage, none with familiar faces.

As the distraught women straggled away once more, one ex-prisoner, 18-year-old Bilal Kadhim Muhssin, spotted U.S. troops nearby.

"Americans," he muttered in fear. "Oh, my God, don't say that name," and he bolted for a city bus, and freedom.

EDITOR'S NOTE — The Associated Press staff in Baghdad and AP writers Andrew Selsky in San Juan, Puerto Rico; Matthew Pennington in Kabul, Afghanistan; Anne Plummer Flaherty in Washington, and Charles J. Hanley in New York contributed to this report.

Look Away! Look Away! (RC)

By Mary Ann Akers

Roll Call, September 18, 2006

Either way you slice it, Sen. Saxby Chambliss (R-Ga.) argued last week that the South could have won the war between the states if the Confederates had just had better intelligence.

During Thursday's closed-door Senate Armed Services Committee hearing on trials, interrogation and detention of foreign terrorism suspects, Chambliss made an analogy between the current war on terror and the Civil War. He made the point that history would have been altered dramatically if only the South had had better intel.

Democratic sources expressed outrage that he compared the Civil War to the Bush administration's war on terror. "It's a little disgusting" to be equating the two, one Democratic source said, adding, "You can't figure out whether he didn't understand the Civil War, or the war on terror, or both."

When sources first contacted HOH, they thought they remembered Chambliss say, "We need better intelligence. If we had better intelligence in the Civil War we'd be quoting Jefferson Davis, not Lincoln."

Not quite, according to Chambliss spokeswoman Lindsay Mabry. She says what he really said was, "If Gen. JEB Stuart had had better intelligence, we'd all be meeting in Richmond right now."

No biggie, Mabry said. Her boss simply "made a historical analogy" that "intelligence is important to ultimate victory in wartime. And the side that knows better wins."

Sen. Macaca? A party's never a party until the host insults one of the guests. Such was the case Thursday at the anniversary party for "The Chris Matthews Show" on the tented rooftop of The Hay-Adams hotel.

The hyperactive TV gabber got up to thank everyone for coming out to celebrate his Sunday morning show's success. Suddenly he got that boyishly devilish grin — you know the one — and stopped mid-sentence to send a shout-out to Sen. George Allen (R-Va.).

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Allen had that deer-in-the-headlights look as the entire party stood at attention. Matthews continued, "I'm not going to call you Sen. Ma... ." He paused a beat, then continued his joke with, "Caucasian."

The term he didn't call Allen would have been "macaca," the one word Allen wishes he had never uttered. The Senator has been dogged by critical media coverage, including on Matthews' MSNBC show "Hardball," for weeks now, ever since he referred to a young Indian-American staffer on the campaign of his Democratic opponent, Jim Webb, as "macaca," a word that can mean monkey.

Allen's spokesman wouldn't directly address what the Senator thought of Matthews' joke, saying only, "Sen. Allen was happy to go by and congratulate Chris on a successful five years."

Senator Slams Tom Cruise. Actress Brooke Shields has a friend in Sen. Gordon Smith (R-Ore.).

Smith, chairman of the Special Senate Committee on Aging, slammed actor Tom Cruise for criticizing Shields' use of the antidepressant Paxil when she suffered from postpartum depression. The comments by Cruise — an adherent of the Church of Scientology, which frowns on the use of antidepressants — were widely criticized as unscientific and potentially harmful to women who have the condition.

During Thursday's hearing on senior suicide, Gordon posed a non sequitur question to guest David Steffens, head of geriatric psychiatry at Duke University Medical Center.

"Would you agree with me: Tom Cruise is a great actor?" Gordon, tongue-in-cheek, asked his witness.

"He is a fantastic actor," Steffens replied, kind of chuckling.

"What kind of a mental health physician do you think he is?"

"I think that ... um," Steffens wasn't really sure how to answer, though before Smith posed the question a different way, Steffens said, "I think he needs to be better informed."

"Is postpartum depression real? Is it a legitimate medical condition?"

"Yes, sir," Steffens replied.

"Bipolar condition — is that a real condition?"

"Yes, sir."

"How about schizophrenia?"

"Yes, sir," the doctor responded.

"And they're identifiable medical conditions with treatments?" the Senator asked.

"Yes, sir, very effective treatments."

"I wanted that on the record," Smith said.

OK, there you have it, Brooke. Smith is on your side, too.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

HOMELAND RESPONSE:

Bid To Stockpile Bioterror Drugs Stymied By Setbacks (NYT)

By Eric Lipton

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — The last of the anthrax-laced letters was still making its way through the mail in late 2001 when top Bush administration officials reached an obvious conclusion: the nation desperately needed to expand its medical stockpile to prepare for another biological attack.

The result was Project BioShield, a $5.6 billion effort to exploit the country's top medical and scientific brains and fill an emergency medical cabinet with new drugs and vaccines for a host of threats. "We will rally the great promise of American science and innovation to confront the greatest danger of our time," President Bush said in starting the program.

But the project, critics say, has largely failed to deliver.

So far, only a small fraction of the anticipated remedies are available. Drug companies have waited months, if not years, for government agencies to decide which treatments they want and in what quantities. Unable to attract large pharmaceutical corporations to join the endeavor, the government is instead relying on small start-up companies that often have no proven track record.

The troubles have been most acute with the highest priority of all: a $900 million push to add a new anthrax vaccine to the stockpile. What had begun as an effort to test and manufacture a safer, faster-acting vaccine has turned into an ugly battle between two biotech businesses.

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Each has hired Washington lobbyists to attack its rival's product and try to win over lawmakers and administration officials. Delivery of the new vaccine is far behind schedule, and a dispute between the Department of Health and Human Services and VaxGen, the company chosen to make the vaccine, could even end the deal. The only doses that have been added to the stockpile are of a decades-old vaccine that has generated complaints of serious side effects.

Health department officials acknowledge some problems but say they have made progress. "Medical discovery is an unpredictable process," said Bill Hall, a spokesman. "It is the nature of science."

But some companies on the sidelines say the experience with the anthrax vaccine is exactly why they do not want to do business with Washington. Once optimistic about the president's promise, many biotech companies and public health experts are now discouraged.

"The inept implementation of the program has led the best brains and the best scientists to give up, to look elsewhere or devote their resources to medical initiatives that are not focused on biodefense," said Michael Greenberger, director of the Center for Health and Homeland Security at the University of Maryland.

Even some former department officials who helped create BioShield are dismayed.

"I find this all rather repugnant," said D. A. Henderson, a former top bioterrorism official. "You have people here who, in the face of a problem of serious import, are using every tactic they can to line their own pockets." Risk and Disappointment

From the start, officials in Washington knew that Project BioShield would be a risky venture — for the government, the companies involved and even ordinary Americans, who might be asked to take relatively untested treatments in an emergency.

Officials hoped $5.6 billion in federal money would entice companies to develop new drugs and vaccines for anthrax, smallpox, botulism, Ebola and other deadly diseases.

Because of the perceived urgency of the threat, the project suspends some traditional standards. It allows new vaccines or drugs to be used in emergencies before completing the lengthy Food and Drug Administration approval process. Full testing on humans is also not required because it is too dangerous, even though that means no one will know with certainty whether the vaccines will work until used in a crisis.

For their part, the companies have to take all the risks of developing and manufacturing new products; they get paid only upon delivery.

At the top of the government's threat list was anthrax, which killed five people, created panic and disrupted the mail system after letters filled with the powder were sent through the mail. No one has been charged in the attacks, which affected places including a tabloid publication in Florida, a New York television network and several lawmakers' offices on Capitol Hill.

"The top three threats, in fact, are anthrax, anthrax, anthrax," Dr. Gerald Parker, a senior health agency official, said in an interview. If properly dispersed through the air, just a few hundred pounds of anthrax powder could endanger tens of thousands of people.

After the letter attacks, the health agency bought enough antibiotics for 41 million Americans, but the recommended treatment augments those drugs with a vaccine. The government already had an anthrax vaccine to inoculate military personnel, but it involved six shots over 18 months, an unusually long course of treatment. While the F.D.A. says it is safe and effective, it can have nasty side effects. There have been reports among military personnel of six deaths and serious complications, including lymphoma and multiple sclerosis. The military stopped mandatory vaccinations in 2004 after some soldiers balked and filed lawsuits.

"It is 1950's technology," said Dr. Philip K. Russell, the former acting director of the office that started Project BioShield. "We don't drive Model T Fords anymore."

The first disappointment with the new anthrax vaccine occurred in early 2004 when bids to test and manufacture it came in. None were from big pharmaceutical companies; they considered the effort unappealing because the potential market was relatively small and profits limited. They were also concerned about liability if someone became ill or died after being inoculated. Project BioShield did not offer immunity from lawsuits.

That left a handful of companies in the running, relatively small outfits with limited experience. VaxGen, for example, had never taken a drug to market. Its first major product, an AIDS vaccine, flopped in 2003. The company also had financial troubles; it was barred from Nasdaq in 2004 after managers uncovered accounting errors.

The situation was hardly ideal, federal health officials acknowledged.

"We are going to be working consistently with these smaller firms, and it's going to require an enormous amount of government effort to get this product licensed," said Stewart Simonson, then an assistant health secretary overseeing the anthrax vaccine effort.

VaxGen argues that a company does not have to be large to successfully produce a vaccine. "We've repeatedly demonstrated that we have the capacity, expertise and infrastructure to meet the government's needs," said Lance Ignon, a vice president of the company, which is based in Brisbane, Calif.

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Instead of hedging its bets by dividing the work among several vendors, Health and Human Services awarded the entire $887 million order to VaxGen. It was to produce 75 million doses, enough to inoculate 25 million Americans.

That decision fed doubts about Project BioShield in Congress and drew loud complaints that would grow into sharp opposition from Emergent BioSolutions, the maker of the old vaccine, which is based in Gaithersburg, Md.

Then known as BioPort and based in Lansing, Mich., the company did not submit a bid for the new vaccine. Instead, it had been trying for months to persuade the federal government to buy hundreds of millions of dollars of the existing vaccine, its only major product. When executives learned that one competitor was getting all the work, they knew the company's future was in peril.

Soon, though, they found an important weapon for a campaign to recapture business.

Competition Heats Up

VaxGen's vaccine was based on a modified version of the old one; Army scientists had genetically re-engineered it in hopes of making it safer and faster, with three shots instead of six. But VaxGen tests in early 2005 showed that an ingredient added to the vaccine caused it to decompose. It would not survive long in the emergency stockpile.

VaxGen officials played down the setback, which delayed delivery to 2007 from 2006. "We are being called on to develop a vaccine in roughly half the time it normally takes," Mr. Ignon said. "When you do that, you have to accept the fact that there are going to be some unexpected turns."

But Emergent officials capitalized on VaxGen's stumble. They had already gotten health agency officials to agree to buy five million doses of their vaccine to add to the stockpile. Now they began pushing for a much larger deal, possibly replacing VaxGen's vaccine altogether, company documents show.

To lead its lobbying effort, which has cost more than $1 million since 2005, Emergent turned to Jerome M. Hauer, a top official at the health department until late 2003. While at the agency, he supported the push for a new vaccine. Now he was trying to persuade Congress and his former employer to buy the old vaccine.

Explaining his shift, Mr. Hauer said VaxGen's problems convinced him that Emergent's vaccine was the best choice. In retrospect, he said, "The advice we were given was wrong."

Emergent hired nearly a dozen other lobbyists, some of whom had similarly useful connections. They included John M. Clerici, a lawyer who had helped shape the BioShield legislation; John Hishta, former chief of staff to Representative Thomas M. Davis III, Republican of Virginia; and Allen Shofe, a former tobacco industry lobbyist.

The lobbyists argued that quality control problems at Emergent's plant in Michigan had been corrected and that reports of serious side effects from the vaccine were unfounded. But mostly, they tried to undermine confidence in VaxGen.

In a series of meetings with lawmakers and administration officials, they attacked their rival. "VaxGen has a history of failure and irregularities," their briefing books said. "VaxGen has never produced an F.D.A.-approved product," and its "vaccine is based on unproven technology," leaving "the health and protection of the American public on a company with a history of scientific failure and financial scandal."

The lobbyists also criticized the officials involved in administering BioShield. In speeches and news interviews, Mr. Hauer questioned the credentials of Mr. Simonson, the health department official in charge of the program, and once called him the "Mike Brown of H.H.S.," a reference to the disgraced former director of the Federal Emergency Management Agency. (Mr. Simonson, who resigned this year, had worked as an Amtrak lawyer and as legal counsel to Gov. Tommy G. Thompson of Wisconsin, who was later head of the federal health department.)

The lobbyists also charged that Dr. Russell, who helped start Project BioShield, had a conflict of interest. They said he had helped develop the vaccine as former director of the Walter Reed Army Institute of Research and then been instrumental in awarding the manufacturing contract after moving to the health department. (Dr. Russell says he retired from the Army before it began research on the VaxGen vaccine.)

Fearful of losing the public relations battle, VaxGen increased its own lobbying effort. It hired Robert Housman, who had worked with Mr. Hauer to help Emergent open its anti-VaxGen campaign and then switched sides. But VaxGen, which spent $200,000 on lobbying last year, was outmanned by Emergent and put on the defensive.

Senator Charles E. Grassley, an Iowa Republican and focus of Emergent's lobbying, sent a letter to Health and Human Services Secretary Michael O. Leavitt that closely echoed criticisms of VaxGen that had first been raised in Emergent documents.

Representative Davis scheduled a hearing last summer at which Emergent's chief executive was invited to testify, but no one was invited from VaxGen. Mr. Davis said Mr. Hishta, his former aide, apparently did contact his office about Emergent. But he said he was not sure why only Emergent was asked to testify.

Under pressure from Congress, the health agency agreed in May to double its order of Emergent's vaccine to 10 million doses, worth $243 million. The next day, health officials demanded what VaxGen says are additional safety and efficacy tests

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that will further delay delivery by a year or two. Threatening to sue, VaxGen is seeking upfront payments from the health department or other concessions. If no agreement is reached, company officials say, the entire deal could collapse.

"We understand this program is new and changes will have to be made," said Piers Whitehead, a vice president of VaxGen. "But in our case, the goalposts were moved much farther than they needed to be."

Words of Determination

Health officials said they were determined to see the anthrax contract — and other BioShield endeavors — through to the end.

"There are people out there who feel like they are not getting a piece of the pie or that this is not running the right way," said Mr. Hall, the department spokesman. "That may be. But to come in and criticize BioShield as a failing program because we have not spent all the money and don't have all the products in the warehouse is completely and sorely misguided."

The maneuvering has been so intense, with lobbyists and media consultants helping the companies undermine the competition, even some of the people who have profited now express disgust.

"This ought be driven by the science, by efficacy and threat, not lobbyists," Mr. Housman said. "It has been shanghaied. And the implication is our national security is compromised."

Next week, agency officials will meet with industry representatives to discuss a new strategy for Project BioShield. Mr. Greenberger, the University of Maryland expert, and others argue that government agencies must determine more quickly what is needed for the stockpile and provide more financial incentives to lure the big companies and better support the start-up companies.

Some in Congress say the improvements are much needed because Project BioShield has proven so disappointing.

"A torturous labyrinth of federal fiefdoms into which billions disappear," Representative Christopher Shays, Republican of Connecticut, said of the program. "Yet few antidotes have yet to emerge."

Bluegill On Guard In Region's Water Supply (WP)

By Christopher Lee

The Washington Post, September 18, 2006

The bluegill is a freshwater fish of many talents, able to elude predators by hiding in submerged tree stumps and to survive for weeks without food.

Now, with the help of a scientific contraption developed by the U.S. Army and a private company, the fish also is keeping vigil over the Washington region's water supplies, where it might be able to save millions of lives in the event of a terrorist attack.

The scaly sentinels are a key component of the IAC 1090 Intelligent Aquatic Biomonitoring System, a new water-monitoring device that electronically analyzes the behavior of eight captive bluegills to detect the presence of chemical toxins or other contaminants. The system is also in use in New York City and San Francisco.

If the fish show signs of distress in response to something in the water, the system automatically trips an alarm, takes samples, and summons authorities by e-mail and pager so that they can investigate whether there is a threat to humans. It costs $45,000 to $110,000.

"We're basically using it as part of an early-warning contaminant-monitoring system for water in the national capital region," said Stuart A. Freudberg, director of environmental programs for the Metropolitan Washington Council of Governments. "This is another tool in the arsenal, if you will, that water utilities use to make sure the water in this region is safe."

Freudberg said the system has been in place for at least six months and monitors water for a number of Washington area utilities serving 4.5 million people. He declined to reveal how many devices are in place, citing security needs.

Ever since Sept. 11, 2001, governments at all levels have sought ways to deter and defend against the next terrorist attack. One scenario that officials fear is an attempt by terrorists to dump chemicals or other toxic agents into the water supply, an attack that could kill or sicken millions of people.

Utilities have always taken routine steps to ensure the quality of the water they provide, including the regular testing of samples and the treatment of water to kill pathogens. Such measures continue, and experts point out that poisoning a city's water supply would be difficult because the sheer volume would dilute and overwhelm most chemicals. Yet the risk of such an attack has prompted officials to search for every tool they can find.

For the past six months, the San Francisco Public Utilities Commission has used bluegills in its treatment plant south of the city to monitor water provided to about half of its 2.4 million customers, spokesman Tony Winnicker said.

"It's another layer of protection," he said. "The fish are extremely sensitive to minute changes in the source water quality, so even if we don't know what the fish react to, we know that they are reacting to something. . . . With traditional sampling, you can only find what you are looking for. The fish might pick up something that you are maybe not specifically looking for."

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The biomonitoring system is a 2-by-3-foot device developed for commercial use by Intelligent Automation Corp. of Poway, Calif., with technology patented by the Army. The device resembles a luggage trunk shot through with cables and tubes and hooked up to a monitor.

Eight juvenile bluegills swim in a row of solitary compartments the size of a large mail slot, each fish submersed in piped-in water and separated from the others by a pane of frosted glass. Electrodes attached to each compartment convey data about the fish's movements and breathing patterns to a nearby computer, which monitors the data and sounds the alarm if at least six of the fish show signs of distress.

"It's kind of similar to a doctor putting a stethoscope on your chest -- it's to look for something that's not normal," said Tom Shedd, a research biologist with the U.S. Army Center for Environmental Health Research at Fort Detrick, who helped invent the system. "It's the same thing here, only what you are looking at is . . . the breathing apparatus of the fish."

The sensors do not touch the bluegills' chests, of course, Shedd said. Instead, when the fish use muscles to breathe, the action sends a low-level electrical impulse through the water that can be picked up by the two electrodes attached to each fish chamber. From those signals, scientists can tell how quickly and deeply the fish are breathing and can detect when they "cough," or try to discharge an irritant from their gills, Shedd said. All of which, along with the fish's movements, can signal the presence of a toxin.

The system uses bluegills because the fish are sedentary, Shedd said, and because the Environmental Protection Agency has a "huge" database showing how various toxins affect them. Although adult bluegills can grow to be 13 inches long, the system relies on juveniles that are generally no longer than four inches. It requires that they remain in the chamber, unfed, for two-to-three-week tours of duty, Shedd said.

Such conditions do not upset the fish, said William A. Lawler, an executive with Intelligent Automation, who noted that the system wouldn't work if the device itself made the fish agitated. "We want them very calm and very happy," he said. "We're monitoring against stress."

The company's key contribution was to add software that automated the analysis of the raw data and the sending of alerts, because scientists cannot be on hand all the time, Lawler said.

The system can monitor either untreated or treated water as long as chlorine is removed. It also can be configured to directly measure water temperature and acidity, which can agitate fish without posing a threat to humans. The system cannot detect bacteria such as anthrax, E.coli and fecal coliform, but utilities have other tests for such things, Lawler said.

So far none of the municipal systems has found signs of a terrorist attack, although a few have had alerts for disruptions in algae levels and the like, officials said. One city received an alert after janitors opened the device to check on the fish, spooking them, Lawler said.

More serious was the "substantial alarm" at Fort Detrick in the spring of 2004, when fish at the facility's water treatment plant on the Monocacy River signaled a problem, Shedd said. The fish died, and testing showed the presence of materials typically used in pesticides and herbicides. Officials never found the source, but the toxins never got into the drinking water.

"We had confidence that that didn't take place," Shedd said.

Lawler said the bluegills don't always have to give their lives to be of service. "The idea is to prevent harm to the fish and get a handle on something before there is a problem," he said.

The Path To Hysteria (WSJ)

By Cyrus Nowrasteh

The Wall Street Journal, September 18, 2006

I am neither an activist, politician or partisan, nor an ideologue of any stripe. What I am is a writer who takes his job very seriously, as do most of my colleagues: Also, one who recently took on the most distressing and important story it will ever fall to me to tell. I considered it a privilege when asked to write the script for "The Path to 9/11." I felt duty-bound from the outset to focus on a single goal -- to represent our recent pre-9/11 history as the evidence revealed it to be. The American people deserve to know that history: They have paid for it in blood. Like all Americans, I wish it were not so. I wish there were no terrorists. I wish there had been no 9/11. I wish we could squabble among ourselves in assured security. But wishes avail nothing.

My Iranian parents fled tyranny and oppression. I know and appreciate deeply the sanctuary America has offered. Only in this country could a person such as I have had the life, liberty and opportunity that I have had. No one needs to remind me of this -- I know it every single day. I know, too, as does everyone involved in the production, that we kept uppermost in our minds the need for due diligence in the delivery of this history. Fact-checkers and lawyers scrutinized every detail, every line, every scene. There were hundreds of pages of annotations. We were informed by multiple advisers and interviews with people involved in the events -- and books, including in a most important way the 9/11 Commission Report.

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It would have been good to be able to report due diligence on the part of those who judged the film, the ones who held forth on it before watching a moment of it. Instead, in the rush to judgment, and the effort to portray the series as the work of a right-wing zealot, much was made of my "friendship" with Rush Limbaugh (a connection limited to two social encounters), but nothing of any acquaintance with well-known names on the other side of the political spectrum. No reference to Abby Mann, for instance, with whom I worked on "10,000 Black Men Named George" (whose hero is an African-American communist) or Oliver Stone, producer of "The Day Reagan Was Shot," a film I wrote and directed. Clearly, those enraged that a film would criticize the Clinton administration's antiterrorism policies -- though critical of its successor as well -- were willing to embrace only one scenario: The writer was a conservative hatchetman. * * *

In July a reporter asked if I had ever been ethnically profiled. I happily replied, "No." I can no longer say that. The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response.

The hysteria engendered by the series found more than one target. In addition to the death threats and hate mail directed at me, and my grotesque portrayal as a maddened right-winger, there developed an impassioned search for incriminating evidence on everyone else connected to the film. And in director David Cunningham, the searchers found paydirt! His father had founded a Christian youth outreach mission. The whiff of the younger Mr. Cunningham's possible connection to this enterprise was enough to set the hounds of suspicion baying. A religious mission! A New York Times reporter wrote, without irony or explanation, that an issue that raised questions about the director was his involvement in his father's outreach work. In the era of McCarthyism, the merest hint of a connection to communism sufficed to inspire dark accusations, the certainty that the accused was part of a malign conspiracy. Today, apparently, you can get something of that effect by charging a connection with a Christian mission.

"The Path to 9/11" was intended to remind us of the common enemy we face. Like the 9/11 Report itself, it is meant to enable us to better defend ourselves from a future attack. Past is prologue, and 9/11 is merely another step in an escalating Islamic fundamentalist reign of terror. By dramatizing the step-by-step increase in attacks on America -- all of which, in fact, occurred -- we are better able to see the pattern and anticipate the future. That was the point of the series, its only intention. Call it the canary in the coal mine. Call it John O'Neill in the FBI.

Despite intense political pressure to pull the film right up until airtime, Disney/ABC stood tall and refused to give in. For this -- for not buckling to threats from Democratic senators threatening to revoke ABC station licenses -- Disney CEO Rober Iger and ABC executives deserve every commendation. Hence the 28 million viewers over two nights, and the ratings victory Monday night (little reported by the media), are gratifying indeed.

"The Path to 9/11" was set in the time before the event, and in a world in which no party had the political will to act. The principals did not know then what we know now. It is also indisputable that Bill Clinton entered office a month before the first attack on the World Trade Center. Eight years then went by, replete with terrorist assaults on Americans and American interests overseas. George W. Bush was in office eight months before 9/11. Those who actually watched the entire miniseries know that he was given no special treatment.

It's good to have come to something approaching the end of this saga, whose lessons are worth remembering. It gave us, for one thing, a heartening glimpse (these things don't come along every day) of corporate backbone in the face of phenomenal pressure -- and an infinitely more chilling one testifying to the power and reach of politically driven hysteria. A ripe subject for a miniseries, if ever there was one.

Mr. Nowrasteh wrote the screenplay for "The Path to 9/11."

Freedom Tower Moves Closer To Being Filled Despite Hurdles (WSJ)

By Alex Frangos

The Wall Street Journal, September 18, 2006

NEW YORK -- New York state and the federal government have moved closer to committing to help fill the long-troubled Freedom Tower, the iconic skyscraper planned at the World Trade Center site. The moves are necessary to make the $2 billion tower financially viable, but several hurdles remain to secure actual leases.

New York state's Office of General Services has signed a nonbinding "term sheet" that will be the basis for negotiations to take 415,000 square feet in the 2.6-million-square-foot tower. The agency, which is the state government's property manager, would pay an initial annual rent of $59 a square foot. The lease would last 15 years. The term sheet includes an option for the state to expand to one million square feet over 50 years.

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Meantime, the federal government's property-management arm, the General Services Administration, has signed the third in a series of nonbinding "memorandums of agreement" to take 600,000 square feet in the Freedom Tower. This latest document specifies the initial rent, also $59 a square foot. A final deal would likely need congressional approval.

The rent represents a substantial premium to current rental rates in lower Manhattan. Average rents for office space downtown were $35.18 in the second quarter, according to real-estate brokerage Cushman & Wakefield Inc. Moody's Investors Service signed a lease to take 15 floors in the rebuilt 7 World Trade Center for the high-$30 to low-$40-a-square-foot range, after government incentives that apply to the Freedom Tower, which is scheduled to open in 2012.

If the state and federal commitments turn into actual leases, it would put the Freedom Tower on stronger financial footing, since the leases can be used as collateral to back construction bonds. The project will be paid for with insurance proceeds and money the Port Authority of New York and New Jersey collects from tolls at its bridges and tunnels.

The project appears to be gaining political support, too. New York state Attorney General Eliot Spitzer, the leading candidate in New York's coming gubernatorial election, who in the past has derided the Freedom Tower as a "white elephant," called Sunday's announcement a "crucial step in ensuring the financial viability of the Freedom Tower."

The Freedom Tower rentals are one piece of a larger rebuilding pact under negotiation and meant to be finalized later this week. That plan would divide responsibility for building the site's five towers and retail mall between private developer Larry Silverstein and the site's owner, the Port Authority.

A joint announcement by New York Gov. George E. Pataki, New Jersey Gov. Jon Corzine, and New York City Mayor Michael Bloomberg, indicates that despite bickering, the sides involved in the rebuilding seem to be working hard to finalize an overall rebuilding pact by Thursday's Port Authority board meeting. Gov. Pataki, in a statement Sunday said the deal helps "ensure downtown's future as the financial capital of the world."

It is unclear if the new World Trade Center will attract private business. The only tentative commitments to fill space there have been from government agencies. In addition to the state and federal governments, the Port Authority and New York City are negotiating to lease 1.2 million square feet in one of the smaller office towers at the site, which will be controlled by Mr. Silverstein. People familiar with the negotiations say the parties are close to agreeing on rents in the high-$50-a-square-foot range.

WAR NEWS:

Officials Deny Plans For Baghdad Berms (USAT)

By Zaid Sabah

USA Today, September 18, 2006

BAGHDAD — Iraq's Defense Ministry said Sunday that plans to fortify the 28 entrances to Baghdad do not include encircling the city with trenches, as has been reported.

Col. Qassim Atta, a ministry spokesman, denied that Iraqi and U.S. forces planned to set up a perimeter of new trenches and berms to try to staunch one of the bloodiest periods in the capital since the U.S.-led invasion in 2003.

“The 28 entrances to Baghdad will be tightly controlled by the Iraqi police,” Atta said. “But to besiege Baghdad with trenches is total exaggeration.”

Lt. Col. Barry Johnson, a U.S. military spokesman here, said the plan had been “mischaracterized” in the media. “There are plans for a security belt around Baghdad in order to constrict movement through authorized checkpoints,” he said. “This will help stem the flow of criminal activity in and out of the city, such as transporting illegal weapons and kidnap victims. This has been mischaracterized by some media as a giant trench around the city. This is not what's happening.”

Johnson said existing barriers such as canals and ditches “will be tied together with new obstacles to keep traffic moving through manned checkpoints … to reduce violence in Baghdad.”

On Sunday, more violence rocked the capital, where the Associated Press reported more than 180 people had died since Wednesday. A bomb left in a plastic bag exploded on the commercial Jumhouriyah Street in central Baghdad. Two people were killed and eight were wounded, police 1st Lt. Ahmed Mohammed Ali said.

Also, the bullet-riddled bodies of four unidentified men were found in separate neighborhoods in eastern Baghdad. All were blindfolded and had their hands and legs tied, police Maj. Mahir Hamad Mussa said.

Brig. Gen. Abdel Karim Khalaf al-Kenani, an Interior Ministry spokesman, said the plan to secure Baghdad with a perimeter of trenches and berms had been floated — and rejected.

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"Gen. Rashid Flayeh, the commander of the Iraqi police commandos, suggested this idea," al-Kenani said. "We made a mistake of talking about it to the media because this idea has been rejected by the ministry. … A plan like this is very difficult to be applied in a big city like Baghdad."

Saleh al-Mutlaq, head of the National Dialogue Front, the second-largest Sunni Arab party, said trying to protect Baghdad from insurgents by surrounding the city won't address the problem of violence from within.

"The booby-trapped cars don't come from outside Baghdad only," he said in a phone interview from the United Arab Emirates. "The gangs of death squads exist inside Baghdad."

Al-Mutlaq said money that would have been used to build a security perimeter should be directed to improving services and helping the poor.

"What is the meaning of digging trenches around Baghdad?" asked Hassan Rashid, 42, who runs a clothing shop in central Baghdad. "Are the Persians or Greeks going to invade Baghdad on their horses? Why don't they build hospitals and restore the local services instead of digging trenches?"

Ammar Ahmad, 31, who works in the Ministry of Trade, said the security problem in Baghdad could be solved only by political, not military, measures.

"Surrounding Baghdad with trenches is one of the funniest jokes I have ever heard," he said. "The danger coming from Baghdad is not from outside. The problem is between the politicians."

Blasts In Kirkuk Kill 27; Police Bureau Destroyed (WP)

By Amit R. Paley

The Washington Post, September 18, 2006

BAGHDAD, Sept. 17 -- A wave of seven suicide car bombs and explosions rocked the oil-rich city of Kirkuk on Sunday, killing at least 26 people and wounding 85 others, police said.

The restive northern city -- considered a likely flash point for sectarian violence because of its combustible mix of Kurds, Arabs and Turkmens -- declared a state of emergency and hastily put up dozens of checkpoints to thwart further attacks, police Maj. Jalal Mahmood Aras said.

The attacks were the most recent bloodshed in a bitter struggle between Arabs and Kurds to take control of Kirkuk, the country's third-largest city. Iraq's new constitution calls for a referendum to determine whether the Kirkuk region will become a part of the Kurdish north.

In the deadliest attack, a suicide truck bomb exploded about 10 a.m. outside the Kirkuk police department's bureau of major crimes, which is between the offices of the country's two major Kurdish parties. The blast killed 18 people and wounded 58, said Maj. Gen. Hazim al-Khazraji, the general inspector of the Kirkuk police.

"The explosion was so big that it flattened the whole bureau building to the ground," Khazraji said from the hospital, where he was being treated for injuries suffered during the attack.

Minutes later, two blasts targeting police patrols in southern and central Kirkuk killed one person and wounded 12 others, Khazraji said.

Another car bomb exploded in front of the house of Sheik Wassfy al-Assy, a tribal leader who has called for the release of Saddam Hussein. Two people were killed and five others wounded, police Col. Taha Salahaldeen said.

Two minutes later, a remote-controlled car bomb exploded near a security company in central Kirkuk, killing two people and wounding three. As U.S. forces gathered at the scene, a suicide bomber exploded his Toyota near the crowd, killing three people and wounding seven others, police Capt. Farhad Mahmood said.

The string of attacks in Kirkuk came as police in Baghdad reported the discovery of 24 bullet-riddled corpses that had been dumped in various parts of the capital. Armed men also assassinated Muhammad Shihab al-Dulaimi, an official with the Iraqi Accordance Front, the largest Sunni political bloc in parliament, while he was driving his car in the capital's Mansoor district, said Brig. Gen. Fadhil Abdul Muhsin of the Interior Ministry.

In Fallujah, a volatile city in the Sunni Arab insurgent stronghold of western Anbar province, two suicide car bombs exploded within minutes as the drivers tried to ram into a U.S. military base, killing at least three Iraqi police officers and wounding five others, police Capt. Ammar Yasser Halbousy said.

Al-Qaeda in Iraq asserted responsibility for the two attacks in a statement distributed at mosques in Fallujah.

U.S. forces sealed off the entrances to the city and imposed a curfew on some neighborhoods. Messages blasted on loudspeakers warned residents to remain in their homes until further notice.

Also on Sunday, tribal leaders in Anbar province denied news reports that local chieftains had gathered recently and agreed to join forces to fight al-Qaeda.

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"All the talk and rumors that you may hear about alliances or new initiatives to wipe out al-Qaeda by the tribes in Anbar is all pure nonsense," Sheik Faraj Khalid Essawi said. "We wish that we could build a strong tribal alliance against al-Qaeda to defeat them and reestablish security in our area and rebuild the dignity and the stature of the tribal sheiks. But frankly, we are unable to stand up to or to confront al-Qaeda because even the American army itself has not succeed in defeating it."

Also Sunday, the U.S. military announced that a sailor assigned to the 1st Marine Logistics Group died Saturday from combat injuries in Anbar province.

Most Tribes In Anbar Agree To Unite Against Insurgents (NYT)

By Khalid Al-Ansary And Ali Adeeb

The New York Times, September 18, 2006

BAGHDAD, Sept. 17 — Nearly all the tribes from Iraq's volatile Sunni-dominated Anbar Province have agreed to join forces and fight Al Qaeda insurgents and other foreign-backed "terrorists," an influential tribal leader said Sunday. Iraqi government leaders encouraged the movement.

Twenty-five of about 31 tribes in Anbar, a vast, mostly desert region that stretches westward from Baghdad to the borders of Syria, Jordan and Saudi Arabia, have united against insurgents and gangs that are "killing people for no reason," said the tribal leader, Sheik Abdul Sattar Buzaigh al-Rishawi.

"We held a meeting earlier and agreed to fight those who call themselves mujahadeen," Mr. Rishawi said in an interview. "We believe that there is a conspiracy against our Iraqi people. Those terrorists claimed that they are fighters working on liberating Iraq, but they turned out to be killers. Now all the people are fed up and have turned against them."

It is unclear how quickly or forcefully the tribal fighters will confront Al Qaeda and other insurgents, who mostly operate in and around the provincial capital, Ramadi, despite recurrent American military efforts to stop them. But for American and Iraqi officials, who have tried to persuade the Sunni Arab majority in Anbar to reject the insurgency and embrace Iraqi nationalism, Mr. Rishawi's comments are seen as an encouraging sign.

Word of the tribal agreement came on a day when coordinated suicide bombings rocked Kirkuk and Falluja, and graphic evidence of more sectarian killings surfaced in Baghdad.

In Kirkuk, an oil-rich city in the north bordering the autonomous Kurdish region, suicide bombers detonated four cars and one truck laden with explosives, killing more than two dozen people and wounding more than 100, Iraqi and American officials said. In Falluja, a Sunni-controlled city in Anbar, 30 miles west of Baghdad, five suicide car bombs exploded within 15 minutes, an American military official said, killing five people and wounding 23.

The police in Baghdad reported finding 36 bodies in several neighborhoods, an Interior Ministry official said. Eight were discovered in one area with gunshot wounds to the head and bearing marks of torture. But an American military spokesman said her office was aware of only 11 bodies found.

Also Sunday, the American military said a sailor with the First Marine Logistics Group died Saturday from wounds in fighting in Anbar Province.

Mr. Rishawi said the 25 tribes counted 30,000 young men armed with assault rifles who were willing to confront and kill the insurgents and criminal gangs that he blamed for damaging tribal life in Anbar, dividing members by religious sect and driving a wave of violent crime in Ramadi.

"We are in battle with the terrorists who kill Sunnis and Shiites, and we do not respect anyone between us who talks in a sectarian sense," said Mr. Rishawi, the leader of the Rishawi tribe, a subset of the Dulaimi tribe, the largest in Anbar. Half the Rishawi are Shiite Arabs and half are Sunni, he said.

Mr. Rishawi estimated that the insurgents had about 1,300 fighters, many of them foreigners, and are backed by other nations' intelligence services, though he declined to specify them.

On Sunday, he said the coalition of 25 tribes sent letters to the prime minister, Nuri Kamal al-Maliki, and other top government officials to seek their support.

Sheik Fassal al-Guood, a prominent tribal leader from Ramadi, said Sheik Khalid al-Attiya, the deputy speaker of Parliament and a Shiite, met with the tribal leaders Thursday and gave them a "positive response."

In addition to the government's blessing, Mr. Rishawi said, the tribes also wanted weapons, equipment and tactical help from an Iraqi Army brigade. "The terrorists have different kinds of weapons while we have only AK-47's," Mr. Rishawi said. He predicted that with sufficient help, "their force will collapse in one month."

Ali Dabbagh, a government spokesman, said Mr. Maliki supported "any operations that try to resist terrorism and aims to maintain security in this dear and important part from the country."

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Government officials are weighing an official response to the tribes, Mr. Dabbagh said, but there has not been any agreement to supply them. “We are grateful to them for their desire to protect their cities,” he said, “and we are encouraging them.”

An American military official said tribes had fought Sunni insurgents in Anbar in the past but had never formed a united front. “This would be the first we’ve seen of tribes banding together,” said the official, who asked for anonymity because the subject was a delicate one.

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Last month, a Marine intelligence report described Al Qaeda as an “integral part of the social fabric” of Anbar, and said the American military, with about 30,000 troops there, did not control vast reaches of the province, roughly the size of Louisiana.

In Kirkuk, Iraqi and American military officials said they could not immediately tell which groups were behind the suicide bomb attacks. Kirkuk has become a violent battleground between Iraqi Arabs — Shiite and Sunni — and Kurds who control Kirkuk’s police and government.

The deadliest of the Kirkuk bomb attacks, by a truck laden with explosives that blew up between the offices of two Kurdish political parties, killed at least 18 people and wounded 55, said Lt. Col. Urhan Abdullah of the Kirkuk police. Two minutes later, a car bomb, apparently intended for a private security firm, killed two people and wounded three others, said Maj. Farhad Mahmoud of the Kirkuk police.

A third suicide car bomb detonated near an Iraqi police checkpoint about 15 miles south of Kirkuk, the police said. A fourth car bomb exploded in front of the house of Sheik Wasfi al-Asi, who had recently publicly called on the government to release Saddam Hussein, who is currently being tried on genocide charges. The house was empty, the police said, but the bomb killed two people and wounded five others.

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Death Squads Target The Iraqi Next Door (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 18, 2006

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BAGHDAD — On that scorching afternoon last month, Ahmed Kamel was playing soccer with his two children outside his home here when three men drove up in a Chevy Caprice, pulled out their guns and dragged him away.

"You will see your father tomorrow behind the levee," one advised Kamel's 13-year-old, Mustafa, as the boy clung desperately to the escaping car.

Four hours later, the family later learned, police found Kamel's body where the kidnappers said he would be: a notorious dumping ground for the dead in northeast Baghdad. His crime? He had served in the Iraqi army for more than a decade and lived in a neighborhood where Shiite Muslim militias are pushing out Sunnis like him.

Evidence enough in the cold calculation of life and death in this capital of fear. A wrong turn, a detour, an untoward stare, a pointed finger, an anonymous denunciation, a nod of the head — these can, and do, lead regularly to death.

Sectarian death squads snatch victims off the street or from their cars, from their homes or their offices, from mosques or hospitals. The killers come at night or day. They come in uniforms or civilian garb.

"They say this is God's will, but this is not God's will," said Nisreen Yaseri, mourning the killing last week of her cousin Mohammed Jabbar, 26. "This is people's will. It's not about God."

Jabbar's mistake? He was a Shiite house painter who was riding in a taxi through a mostly Sunni west Baghdad neighborhood when gunmen at an improvised checkpoint stopped the cab last Monday. He and four co-workers, all Shiite, were taken away.

Their bullet-ridden corpses, trussed and showing signs of torture, were found Tuesday on the streets of the same Adil district where their taxi had been stopped.

Their loved ones next saw them in the morgue of Kadhimiya Hospital.

"Hamoodi," as Jabbar was known, had taken precautions: He had recently obtained a new identification card, omitting his tribal name — and thus blurring his sect, at least theoretically. "If they want me to be a Sunni, I'll be a Duleimi if they like!" Jabbar had told friends, referring to a major Sunni clan, his cousin recalled. "I'll be a Shia. Anything."

Others seek to erase their name altogether; newspapers here daily contain legal ads from men seeking to change their given name from Omar, a trademark Sunni name.

"But if they stop you, they ask you questions — what tribe do you come from? Who is your uncle? It is impossible to escape," lamented Omar Hirmizi, a shopkeeper in the largely Sunni Adhamiya district who had contemplated the ruse and decided it was no solution.

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Some feel a false sense of security. Such apparently was the case with Muatiz Qaisi, a Sunni who was a longtime grocery shop owner in the largely Shiite enclave of Sadr City. He had many Shiite friends and acquaintances and was well liked. Gunmen came for him one day last spring after the bombing of a Shiite shrine in Samarra, the event that sparked the current wave of violence.

He was thrown into the trunk of a sedan, but the kidnappers forgot to take his cellphone.

"I was taken by armed men, and I'm inside the trunk of their car," he told his relatives in a telephone call, according to a nephew.

Later that evening, the kidnappers used the cellphone to call the nephew, saying they were from the "central crime bureau," although the nephew had never heard of the agency, and doubted its existence.

"We have information that your uncle used to kill Shia during the time" of Saddam Hussein, the kidnappers told the nephew, according to the nephew's account.

"When did my uncle have time to kill those people?" the nephew responded. "My uncle had a shop for 15 years that used to be open from 7 in the morning until 8:30 at night."

The uncle's body turned up the next morning, along with four others. Bullets had disfigured all five faces in a similar pattern of mutilation.

In the anxious hours after a disappearance, frantic relatives of the missing embark on a now-ritualized hunt: to police stations, government ministries, to shady contacts who may know something.

When men in fatigues arrested Feraz Abbas Kubais, a Sunni electrician, at his home, his cousin placed a telephone call. The cousin knew someone close to the Badr Brigade, a Shiite, Iranian-trained militia that has ties to the Interior Ministry.

"I'll see what I can do," the cousin was told, a friend recalled. Two hours later, the Badr man called back. "I'm sorry, it's too late," the cousin was told. "You'll find him in the morgue."

Some bodies are never found, perhaps tossed in a clandestine grave, or decomposed beyond recognition, or dumped in the Tigris River or an irrigation canal from which they never emerge.

So many corpses were clogging the capital's main sewer plant last spring that authorities launched an inquiry, with U.S. technical assistance. Investigators discovered a macabre pattern: Manholes from as far as several miles away had been used as disposal sites, allowing the remains to course underground through broad concrete pipes along with the city's subterranean effluvia.

"It's possible some bodies were minced by the pumping system, and we never knew about them," said Ahmed Abdil Elah, assistant general manager of the city sewage system. "There is no trace of them."

The city battened down the manholes, and the ghoulish torrent ceased.

Other remains are identified only after they have been interred with the anonymous.

Such was the case with Muayid Rahman Batawi, 28, a Sunni living in Al Khatib neighborhood, where Shiites have been displacing Sunnis as the majority.

Batawi was afraid to leave the house on foot, though he occasionally ventured out in his car, his brother recalled. That was his misstep. He disappeared after stopping at a gas station July 3, his brother said. His corpse turned up six days later in the mostly Shiite Shula section of Baghdad.

Morgue officials would not release the body without a letter from the police. By the time the family secured the needed document, it was too late. Batawi's body had been taken with others of "unknown identity" to the Shiite burial grounds of Najaf, 90 miles south of the capital — not a place where Sunnis would opt to send their loved ones, especially in these days of mutual enmity.

"We immediately sent our mother, alone, to Najaf to get the body, since we thought it was safer for a woman," his brother recalled. "But they wouldn't give her the body."

Batawi's corpse remains entombed in the gray earth of Najaf.

At the Wadi al Salam (Valley of Peace) cemetery complex in Najaf last week, gravediggers were gouging holes for 63 more bodies, the latest no-name victims shipped down in a refrigerator truck from the capital.

"I feel a very deep sadness. Those killed are our brothers," said Mehdi Asadi, who oversees disposal at the so-called Cemetery of the Unidentified, a kind of potter's field.

Workers paint a number on a stone at each grave of the unknown, a reference should someone wish to claim the remains. Relatives who identify the dead from digital morgue photographs regularly seek to have the bodies disinterred and moved.

For the families left behind, there is little consolation in the discovery of a body, only the quelling of lingering doubt.

Although police found Kamel's body at the levee just hours after he was spirited away, his family members didn't discover his fate until last week because his body hadn't been identified. They finally recognized him in a morgue photograph.

Kamel's remains had been dispatched for burial as an "unknown" to the Shiite holy city of Karbala.

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His Sunni family decided to leave him there in peace. Loved ones plan to make their graveside pilgrimage 40 days after his death, respecting a venerable Muslim custom that transcends Iraq's sectarian divide.

Violence Changes Fortunes Of Storied Baghdad Street (WP)

By Sudarsan Raghavan

The Washington Post, September 18, 2006

BAGHDAD -- A silence has fallen upon Mutanabi Street.

In the buttery sunlight, faded billboards hang from old buildings. Iron gates seal entrances to bookstores and stationery shops. On this Friday, like the past 13 Fridays, the violence has taken its toll. There is not a customer around, only ghosts.

Perched on a red chair outside a closet-sized bookshop, the only one open, Naim al-Shatri is nearly in tears. Short, with thin gray hair and dark, brooding eyes, his voice is grim. This is normally his busiest day, but he hasn't had a single sale. A curfew is approaching.

Soon, his sobs break the stillness. "Is this Iraq?" he asked no one in particular, pointing at the gritty, trash-covered street as the scent of rotting paper and sewage mingled in the air.

It is a question many of the booksellers on Mutanabi Street are asking. Here, in the intellectual ground zero of Baghdad, they are the guardians of a literary tradition that has survived empire and colonialism, monarchy and dictatorship. In the heady days after the U.S.-led invasion, Mutanabi Street pulsed with the promise of freedom.

Now, in the fourth year of war, it is a shadow of its revered past. Many of the original booksellers have been forced to shut down. Others have been arrested, kidnapped or killed, or have fled Iraq. "We are walking with our coffins in our hands," said Mohammad al-Hayawi, the owner of the Renaissance book store, one of the street's oldest shops. "Nothing in Iraq is guaranteed anymore."

In a city known across the Arab world for its love affair with books, such emotions reflect the decline of a vibrant community. For the residents of Baghdad, Mutanabi Street is a link to their city's past glory, less a place than an extension of their souls.

"It is the lungs that I breathe with," said Zaien Ahmad al-Nakshabandi, another bookseller. "I'm choked now."

Three months ago, the government imposed the midday curfew on Islam's holiest day to stop attacks on mosques. That was a major setback for Mutanabi Street, named after a 10th-century poet. For most Iraqis, Friday is their only day off from work and a time to head to the book market.

In earlier days, a multiethnic stew of secondhand booksellers would lay their wares out and carefully swipe the dust off. Inside the famed Shahbandar cafe, intellectuals would gather to wax about politics and culture over cups of tar-black coffee and glasses of lemon tea, even during the most repressed of times.

Under former Iraqi president Saddam Hussein, Mutanabi Street was the nexus for resistance and freewheeling debates, where underground writers published illegal books that denounced Hussein.

"I wish you could see how it used to be on Fridays," Shatri spoke before he broke down in tears. "You could not even walk. The whole street was filled with books and people. Mutanabi Street is a part of how great Baghdad is."

Then, in a reverent tone, he uttered a proverb known across the Arab world: "Cairo writes. Beirut publishes. And Baghdad reads."A Futile Protest

Since 1963, Shatri has peddled books on Mutanabi Street, like a faithful friend, through military rule and political oppression, wars and embargo. Of all the eras he has watched ebb and flow, it is today's Iraq, with its violent nature, that most mocks the proud legacy of Mutanabi Street, he said.

"It means the death of education, the death of the history of the street, the death of the culture of Baghdad," Shatri said.

Two Fridays ago, Shatri took action. He and other members of his writers union gathered in front of his shop. They sipped breakfast tea. Then, at around 9:30 a.m., they poured kerosene over a pile of books and set them aflame.

"I cried when I was burning the books," Shatri said.

"It's a message to the government," said Nakshabandi, who also took part. "It's an S.O.S. Help us. An important part of Baghdad is dying. And it is on its last breath."

"But no one got the message. There was no action."'Better Under Saddam'

After the U.S.-led invasion in 2003, once-banned Western magazines were displayed openly. Religious books, especially those catering to Iraq's long-oppressed Shiite Muslims, flourished. Hayawi, a burly man with intense, honey-colored eyes, said what the booksellers earned on Fridays was double all the other days combined. Back then, he was optimistic about his future.

Now, the street is still a hive of activity on every other day. But poor security has altered its character, said many of its old booksellers. Before the invasion, they used to stay open till evening. No longer.

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"By 2 p.m., we close our shops and run away fast," said Abdullah Gumar al-Ogaeli, 85, who opened a stationery shop in 1947. Thin and frail with a gray mustache, Ogaeli said he knew about 200 merchants in the months after the invasion. Now, he knows three. Some died of natural causes, others lost their lives to the violence.

Several booksellers, he said, were kidnapped by gunmen, but were later released. In Baghdad, the elite and the educated are often targets of criminals, who seek ransom, and of extremists, who seek to shred the city's cultural and intellectual fabric. "Many of our merchants have left Iraq and opened shops in Egypt, Syria and Jordan," said Ogaeli. "The business is weak now."

Today, a new generation of merchants sells paper and other supplies. Several original booksellers said the newcomers were looters who thrived during the chaos of the invasion. Now, they have tarnished the legacy of Mutanabi Street, they said. "At work, I am always honest," said Ogaeli, who calls Mutanabi Street "a holy name."

The sectarian violence is also blemishing a place where Shiite and Sunni Muslims have always worked side by side. "I am Shiite," Ogaeli said. "All my daughters are married to Sunnis. And my son is married to a Sunni woman. No one used to mention Sunni and Shiite. This is all new to us."

When he thinks of the few lasting friendships he has left on Mutanabi Street, "I feel sad. I feel uncomfortable," said Ogaeli, his voice disappearing in the noise of the street outside.

On a recent Saturday, Hayawi and his older brother Nabil, both Sunni Muslims, sat at a neatly kept desk inside their store. On an iron staircase, next to a sign that read "40 to 50% off on all books," hung a portrait of their late father.

They were once five brothers. Four, including Nabil, left Iraq after the February bombing of a Shiite holy shrine in Samarra, which triggered an avalanche of reprisal killings. Nabil, who now lives in Cairo, travels back and forth to Baghdad. They said the family business was suffering. It took the first half of this year, Mohammad lamented, to earn what they did in one month after the invasion.

"We asked the new government to improve the street, like providing services and cleaning it," said Mohammad, puffing a cigarette. "What happened was the opposite. The street was neglected."

"It was better under Saddam," said Nabil, who is balding and has a sharp nose and a white beard. "On Fridays, even when we had electricity problems, they didn't switch the electricity off. There was a system and order."

He has always resented the U.S. occupation. But now he outright blames the Americans for the violence that is tearing apart their lives. "The Americans are the reasons for it. This is the truth. You must hear it. Sectarian strife is like a fire. When the fire starts, it eats everything."

A year ago, the store imported 1,000 boxes of books from Jordan, Syria, Lebanon and Egypt, said Nabil. Then he pointed at some boxes in a corner of the store. "Now, in August, we imported 20 boxes."

After the invasion, the family paid 6,000 Iraqi dinars for 20 liters of gasoline to use for their generator. Now, it costs 30,000 dinars. The government gives them electricity for one hour a day, Mohammad said. Now, it's not certain if they can get to work or return home safely, Mohammad said. He knew 25 merchants on the street who were either arrested for unknown reasons, kidnapped or killed.

"Yesterday, we were expecting today will be better. But today is worse than yesterday," Mohammad said. "Now, if you ask me, 'Are you optimistic?' I would say, 'No'. I don't have a single ounce of optimism."A Dying Street

Across the street on a recent Wednesday, the century-old Shahbandar cafe, its walls covered with black-and-white photos of Baghdad, is empty, save for two men. They silently smoke their water pipes. It is 1:30 p.m.

"At this time, you could not find a place to sit down," said Fahim al-Khakshali, whose father owns this legendary cafe.

That was before gunmen a few months ago killed two professors after they left the cafe, Khakshali said. And before men entered the nearby Al-Sadim bookshop last August. As they exited, they left a suitcase by the door. It exploded, killing the owner's son.

Three months ago, strangers threatened Khakshali and ordered him to shut down the cafe. He refused. He says he doesn't know why the Shahbandar is a target, but he can guess. "Maybe it is because educated people come here," he said.

At 1:40 p.m., Nakshabandi, the bookseller, entered the cafe. Pear-shaped and bald with owlish spectacles, he reminisced about the artists and actors, the writers and poets who once frequented the cafe.

"During the Iran-Iraq war, when the bombs were falling on top of our heads, the cafe was filled with people," he said. "No one was afraid."

Today, those Iraqi writers, artists and intellectuals who are still here have no time to come to Mutanabi Street when daily life means waiting for five hours in a gas line or risking death in a traffic jam.

"Now, the load on your back is heavier than ever before," Nakshabandi said. He sadly remembers how elderly intellectuals would sit here and pass down stories to a younger generation, a tradition now extinct. On Fridays, Nakshabandi sometimes still sees Iraqis walk to the cafe. They stare at the shuttered doors, then walk back. "You feel they are broken, like they have lost someone they loved," he said.

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It's nearly 2:30 p.m. Khakshali has closed every door but one. He looked at his visitor and gently said: "You should leave now. It is getting dangerous for you."

From his red chair, Shatri watched Iraq's latest chapter unfold. He has clung to what little he has. His shop. His memories. His street. That helps explain why he is out here this Friday, outside the only shop open on a dying street.

Some days, his mind skips to the future. "Bring back the security, and I'll give you back the greatness of Mutanabi Street," he says to anyone who cares to ask.

But most days, his mind flips back to the past. And that's when he starts to cry.

"All the educated people have left," said Shatri, as he reached into his pocket to pull out a neatly folded, gray handkerchief.

"Iraq," he said, as he wiped his eyes, "it is the first country. It set the laws of Hammurabi." He was referring to the first ruler of Babylon, which was built in what is now modern-day Iraq. Hammurabi created the world's first legal codes.

"And now," he said, "there are no laws."

His voice faded. He wiped his eyes.

And silence fell upon Mutanabi Street again.

Is War In Iraq A Shield Against Attacks At Home? (CSM)

By Peter Grier

The Christian Science Monitor, September 18, 2006

WASHINGTON

The war in Iraq constitutes a perimeter defense of the United States. Simply put, the US is fighting Al Qaeda and other extremists there, so it doesn't have to fight them on American soil.

That's the way President Bush sees the situation, anyway. In his speech to the nation on Sept. 11, he said that terrorists wouldn't quit fighting if the US pulled out of Iraq. Instead, they'd pursue their target, in essence pouring through a gap in US lines. "They will not leave us alone. They will follow us," said Mr. Bush. "The safety of America depends on the outcome of the battle in the streets of Baghdad."

Is that really the case? Many critics of the administration think Iraq is not the foremost trench in a global war on terrorism. The enemy there, they say, is only loosely related to the one that struck at the American heartland five years ago.

Most insurgents in Iraq are natives, not wandering members of a terrorist international. It's unlikely they'd look for further ways to target the US if it left, say some terrorism experts.

"It's like in the Vietnam era, when they said we'd be fighting communists in San Diego if we pulled out," says John Mueller, a professor of national-security studies at Ohio State University in Columbus. "It's a preposterous argument."

The White House has long argued that the war in Iraq needs to be judged as part of a larger historical context. And one lesson of 9/11, Bush said in his speech on the fifth anniversary of the attacks, is that the US must confront threats before they reach its shores.

Saddam Hussein did not have anything to do with 9/11, Bush added in his speech. But after Al Qaeda successfully slammed airliners into US targets, Mr. Hussein's very existence posed a risk the US could no longer afford to take - hence the invasion that drove him from power.

Now "Al Qaeda and other extremists from across the world" have come to Iraq to fight the rise of democracy, said Bush. They've joined remnants of Hussein's regime to try to drive the US out. If America left, Osama bin Laden and his allies would gain a haven and new resources, according to the president. "We will not allow this to happen," said Bush. "America will stay in the fight."

Iraq today is indeed a strategically vital front in the war on terror, say some experts. Al Qaeda's own statements show it wants to establish a state-within-a-state there, to use as a haven and training base, according to James Phillips, a research fellow in Middle Eastern studies at the Heritage Foundation in Washington.

Arab-dominated Al Qaeda would find it easier to operate in the Sunni Arab regions of Iraq than it does in Pakistan or Afghanistan, where Arab travelers stand out, writes Mr. Phillips in a recent analysis. "If the US abandons Iraq, it will become the next Afghanistan - a major source of terrorism, subversion, and warfare for decades to come," writes Phillips.

But other experts say this line of reasoning lumps together many kinds of enemies under the general category of "terrorist."

It's true that foreign fighters are in Iraq, such as the late Abu Musab al-Zarqawi. But they are a small minority of the insurgent force, say administration critics. Most Iraqi mujahideen are Sunnis who fear their interests will be ignored under Iraq's Shiite-dominated government. They are fighting for concrete, local political goals - not the destruction of America.

"If the Iraqi Sunni nationalists could take over their own territory, they would not put up with the few hundred foreign volunteers blowing things up, and would send them away or slit their throats," writes Juan Cole, professor of modern Middle East and South Asian history at the University of Michigan, in his blog "Informed Comment."

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Nor are Islamist terrorists just burning to break through the US lines in Iraq and race to America, say some. They are fighting a battle of ideas, not a battle for territory. Operations in Iraq allow Al Qaeda to appear to many sympathizers in the region as if it is struggling on behalf of an oppressed Muslim people.

"Getting us to fight in a Muslim country is something they want to do," says Jessica Stern, a terrorism expert at Harvard's John F. Kennedy School of Government in Cambridge, Mass.

Finally, critics say that even if the US did pull out of Iraq, the result might be more fighting there, not less. A Sunni-Shiite civil war would explode throughout the country, they say.

In general, the administration talks as if the US is fighting a monolithic terrorist army, with a command hierarchy and a final goal of replicating 9/11. In fact, Islamist terrorism is a loose amalgam of regional groups and local cells, with cross-cutting political goals, say some experts.

The reason there have not been more major attacks in the US may not be because terrorism's legions are pinned down in Iraq. "We've made headway on surveillance," says Dr. Stern. "It would be very hard for terrorists to come from another country and pull off another 9/11 today."

To Recapture A City (NSWK)

By Rod Nordland

Newsweek, September 18, 2006

Gen. George Casey, the senior U.S. military officer in Iraq, convenes a battlefield conference in a Baghdad street. Maps are flapping in the rotor wash from the helicopter that has just set him down in Adhamiya—a place that has been known for years as the worst neighborhood in Baghdad. American officers gather around the general, together with their U.S.-trained Iraqi counterparts. They all speak the same language now. "Some of the bad guys left and are trying to infiltrate again," says Brig. Gen. Imad Ismail, Iraq's top police commander, poking the map as he speaks. "We're patrolling 24/7 here, and here."

"You think you can hold this?" Casey asks. He looks Ismail in the eye.

"We're working day and night," the Iraqi says. "I haven't slept in 48 hours."

Adhamiya is on the front line of what may be America's best hope of victory in Iraq: the "clear, hold and build" strategy. Casey was confident enough of success to take a NEWSWEEK reporter along on a tour of the neighborhood. Only 10 days before his visit, U.S. and Iraqi forces began the job of retaking Adhamiya from the gunmen who ruled its streets. The place is quiet now, but there's no guarantee it will stay that way when the soldiers move on to other neighborhoods.

The "clear" phase began on Sept. 4, when troops cordoned off the entire area, home to 300,000 mostly Sunni Iraqis. Checkpoints kept Shiite death squads out and Sunni insurgents immobile while every house and building was searched for weapons and insurgents. As the operation went on, Iraqi forces took on "hold" duties while the Americans began the "build" phase, restoring public services after months if not years of neglect. Other Baghdad neighborhoods get six hours of electricity a day; Adhamiya was lucky to get one. For the past month, much of the area had none at all.

Casey's convoy of up-armored Humvees makes its way through a warren of alleyways. On a narrow street, the Americans have installed a generator to power the block until repair crews from the Ministry of Electricity can be persuaded to enter the neighborhood. "Thanks to God, things are safer now," an Iraqi engineer says. "There is a difference." A young Iraqi civilian is hanging out near the generator, and the general asks his opinion of the project.

"It's not enough," the Iraqi snaps.

"For what?" the general asks. "Your videogames and Game Boy?" Everyone laughs, but Casey understands what the young man is talking about. The machine can supply the 40 houses on this block with enough power for refrigerators, fans, lights, even Game Boys—but not for air conditioning. Temperatures here still climb to triple digits just about every day.

Casey moves on to a session of the district advisory council. A few local administrators are gathered around a huge, mostly empty conference table. After voicing eloquent thanks for America's help to Adhamiya, the council's chairman, Sheik Hassan Sabri, launches into a list of complaints—particularly allegations that the Shiite-dominated central government is deliberately neglecting the neighborhood. "Give them a chance," Casey replies. "They've only been [in power] for 100 days." The room is sweltering. There's no air conditioning, no fans, no electricity—not even cold drinks. "Is this so you can keep the meetings short?" Casey jokes.

"General, I have a personal request," says the sheik. "Two of my brothers were killed by the Mahdi Army militia. My other brother is in the airport [at the American detention center, Camp Cropper]. I am sure he is innocent. We are all against terrorism, but now I am feeding four families." With that, the man breaks down in tears. Casey promises to look into the case and give him an answer within 48 hours.

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The team heads back toward the helicopters. Casey says he's pleased with the progress he's seeing. "It has worked," Casey says. "You see the reactions of the people on the streets." Even so, the general acknowledges, "there's a long way to go." He says Iraq will need 12 to 18 months more before it's ready to take charge of its own security.

Casey can still take comfort in small victories: he's able to help Sheik Hassan even sooner than promised. The detained brother's case is reviewed the very next day, and orders are issued to free him. If only all of Iraq's problems were so easy to solve.

Hell To Pay (USNEWS)

By Anna Mulrine

U.S. News and World Report, September 18, 2006

The fifth anniversary of the 9/11 attacks was marked with the sadness and solemnity appropriate to the day, with President Bush sharing the rituals of public mourning at ground zero, at the farmer's field in Shanksville, Pa., and at the Pentagon. But it was clearly another troubled place that weighed on him, as he capped the commemoration with a prime-time TV address that drew on 9/11 emotions to appeal for greater public support on Iraq. "The safety of America," the president declared, "depends on the outcome of the battle in the streets of Baghdad."

Most Americans, though, don't seem to see it that way. Polls show that a majority believes that the country is, in fact, now less safe from terrorism because of the war in Iraq. At every opportunity, Bush is pressing his case that things in Iraq are headed in the right direction-and that the war must be won. But with elections just weeks away, some vulnerable lawmakers may have shuddered after opening the Washington Post last week to see a column by influential conservatives William Kristol and Rich Lowry calling for the president to send "substantially more" troops to Iraq to "improve the chances of winning a decisive battle at a decisive moment."

The mean streets of Iraq last week saw some 130 bodies, most bullet-riddled and bearing signs of torture, collected in just one 48-hour period, even as U.S. and Iraqi troops launched neighborhood-by-neighborhood security sweeps. Despite a "spike" in sectarian killings, U.S. military officials in Baghdad cited progress in security operations by 12,000 American and Iraqi soldiers in other areas of the capital. Iraqi officials also unveiled a security plan to encircle the capital with trenches and route all vehicle and pedestrian traffic through just 28 entry checkpoints.

But nothing in Iraq, it seems, is simple. Congress's Government Accountability Office last week reported that the Pentagon's own Defense Intelligence Agency concluded that sectarian tensions have been fueled in part by the same national elections that Washington has hailed as milestones. Even amid spiraling Sunni-Shiite violence, the GAO report said, U.S.-led coalition forces remained the main target of attacks, which increased nearly 60 percent during the first six months of this year over a year ago.

That came as no surprise to marines in Anbar province in western Iraq, an area the size of Louisiana. A Marine intelligence assessment, details of which were first disclosed in the Washington Post, describes a political and military vacuum in Anbar, where an undersized American force of some 30,000 troops is unable to impose security much beyond the perimeters of its bases. Whether or not the answer is more troops, many in the Pentagon were more struck by the report's stark candor than its conclusions. "It's like, 'yeah,'" a general who read the report told U.S. News, "'no kidding.'"

On the heels of the Post's story, the Pentagon called a press briefing with Gen. Richard Zilmer, commander of the Marines in Anbar, who provided less damage control than might have been expected. "I do concur with that assessment," he said. But Zilmer qualified his remarks by saying that the report was meant to give an unvarnished picture without dwelling on positive developments, which he attempted to describe. "We have come a long way in terms of the strength of the police and the [Iraqi] Army," he noted. However, "in both cases," he acknowledged, "we are not where we intended to be."

6 Bombs Leave 2 Dozen Dead In North Iraq (USAT/AP)

By Yahya Barzanji

USA Today, September 18, 2006

KIRKUK, Iraq — Six bombs killed 24 people and wounded 84 Sunday in Kirkuk, a northern oil city the Kurds want added to their self-ruled region.

There was no indication who was behind the bombings in Kirkuk, 180 miles north of Baghdad. The city is in the center of Iraq's vast northern oil fields and is claimed by the region's Arabs, Kurds and Turkmen.

The worst assault involved a suicide truck bomb. The explosion in the city center killed 18 and wounded 55, police Brig. Sarhat Qadir said. A few hours later, a car bomb was rammed by a suicide attacker into a joint U.S.-Iraqi army patrol in the south of the city. At least three bystanders died and eight people were injured. Two roadside bombs and two parked car bombs went

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off in other parts of the city, killing three civilians and wounding 21 people, including two policemen and four soldiers, police told the Associated Press.

Police said a gunman fired on civilians before the truck bomb exploded near the headquarters of the two main Kurdish political parties: the Kurdistan Democratic Party and the Patriotic Union of Kurdistan, headed by Massoud Barzani, who also is president of the autonomous Kurdistan region. Barzani angered many Iraqis on Sept. 1 when he ordered that the national flag be replaced by the Kurdish banner on all government buildings in the self-rule zone.

Kurds want to incorporate Kirkuk into their autonomous region, an idea that has been caught up in the heated debate over a proposal to transform Iraq into a federate state.

The idea of federalism is enshrined in the Iraqi constitution, which was adopted last fall. Before it can be implemented, the mechanics have to be legislated and approved in a national referendum.

The second-largest Sunni Arab party, the National Dialogue Front, rejected on Sunday proposed legislation to pave the way for a federal system, arguing that it would divide the country. The party's call for the bill to be dropped came a day before a planned informal meeting of leaders from all parties in the parliament to discuss the legislation, proposed last week by the main Shiite Muslim alliance.

Some Shiites want to create an autonomous region in the oil-rich south where they are dominant. The Kurds already have their region in the north. Sunni Arabs would be left with Iraq's western provinces, which are mostly desert.

“This country, which has been united in its entire history, cannot be divided into regions. It is a step toward dividing Iraq into mini-states,” Mishan al-Saadi, a senior member of the National Dialogue Front, told the Associated Press.

Blasts In Kirkuk Kill 23; 36 Die Elsewhere In Iraq (LAT)

By Louise Roug

The Los Angeles Times, September 18, 2006

BAGHDAD — At least five bombings in Kirkuk killed 23 bystanders and wounded 76 others Sunday in what appeared to be coordinated attacks on police as well as Kurdish and Sunni Arab politicians in the oil-rich northern city, bringing the day's toll in Iraq to at least 59 dead.

There has been an upsurge in attacks during recent weeks in Kirkuk, where Kurds and Sunni Arabs have struggled for control of the city's oil wealth. Late Friday night, a bomb exploded in the Tiseen neighborhood, injuring three people. Sunday's attacks, however, were unusual in their scale and toll.

In the first and deadliest attack, a driver drove a truck loaded with concrete barriers toward the entrance of a police building near Kurdish political offices, shooting at guards as he steered with one hand. Witnesses said that as the guards returned fire, the attacker detonated the bomb, killing himself and 17 others.

Salim Sabbah, 44, threw himself on the ground behind a car as the explosives went off. When he opened his eyes, the normally tranquil street had been transformed into a gory mess of shattered concrete, metal and flesh. Charred bodies were strewn across the road as fires burned in several buildings.

"Why is this happening to us?" Sabbah asked, distraught. He blamed Sunni extremists and foreign fighters. But the diversity of targets during the day made it difficult to determine who might be behind the explosions.

At least four subsequent car bombs struck the city, including another suicide attack. The second blast of the day hit a Sunni sheik's office and the third a Sunni mosque. The other attacks targeted Iraqi and American security forces. Elsewhere in Iraq, 36 people were killed in assassinations and explosions or were found dead, authorities said.

Two civilians and three Iraqi police officers were killed in Fallouja in a series of attacks against American and Iraqi security forces involving mortars and several bombs. An American sailor was killed in the town, west of Baghdad, on Saturday, the U.S. military said in a statement.

A roadside bomb killed two security guards in Baqubah, and gunmen in Taji fired at a police patrol, killing two officers, according to Iraqi authorities.

In the capital, two bombs killed two people and injured 12 in separate attacks.

Mohammed Shihab Dulaimi, a Sunni politician and vocal critic of the election that brought the current Shiite Muslim-dominated government to power, was assassinated on a road in an upscale area along the Tigris River after he left the Palestine Hotel following a television interview.

Authorities also recovered the bodies of at least 24 people from Baghdad neighborhoods. Most of the victims were found shot, blindfolded and with their hands tied behind their backs. A headless corpse and another body were fished out of the Tigris River near the Sinak Bridge after they had drifted into some reeds along the riverbank.

Iraqi Police Find Large Munitions Cache (AP)

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AP, September 18, 2006

Iraqi police have uncovered a large munitions cache in southern Iraq, near the area where a roadside bomb killed two British soldiers earlier this month, a spokesman said Sunday.

Police received a tip that munitions were being stored in the town of Ad Dayr, near the southern city of Basra, Maj. Charlie Burbridge said.

A raid early Saturday uncovered dozens of artillery and mortar rounds, as well as 100 rounds of high explosive shells of various caliber, Burbridge said.

Roadside bombs are often constructed by using explosives recovered from old munitions.

On Sept. 4, two British soldiers were killed and a third was seriously wounded by a roadside bomb in Ad Dayr.

Although that device was completely destroyed in the explosion and it was unclear whether it had been made using this method, "we do know that munitions are being used to create" roadside bombs, Burbridge said.

The munitions cache was uncovered at a disused army barracks.

"Initially we thought they were from the armory. But it transpired that it was more than that," Burbridge said.

The Iraqi police acted without assistance from coalition forces, he added. They recovered the munitions and took them to Qurnah, about 35 miles north of Basra, where they are to be destroyed.

Around 7,200 British troops are based in Iraq, mostly in the south, and 117 have been killed since the 2003 invasion.

U.S. Holds AP Photographer In Iraq 5 Mos (AP-Y)

By Robert Tanner, Ap National Writer

AP, September 18, 2006

The U.S. military in Iraq has imprisoned an Associated Press photographer for five months, accusing him of being a security threat but never filing charges or permitting a public hearing.

Military officials said Bilal Hussein, an Iraqi citizen, was being held for "imperative reasons of security" under United Nations resolutions. AP executives said the news cooperative's review of Hussein's work did not find anything to indicate inappropriate contact with insurgents, and any evidence against him should be brought to the Iraqi criminal justice system.

Hussein, 35, is a native of Fallujah who began work for the AP in September 2004. He photographed events in Fallujah and Ramadi until he was detained on April 12 of this year.

"We want the rule of law to prevail. He either needs to be charged or released. Indefinite detention is not acceptable," said Tom Curley, AP's president and chief executive officer. "We've come to the conclusion that this is unacceptable under Iraqi law, or Geneva Conventions, or any military procedure."

Hussein is one of an estimated 14,000 people detained by the U.S. military worldwide — 13,000 of them in Iraq. They are held in limbo where few are ever charged with a specific crime or given a chance before any court or tribunal to argue for their freedom.

In Hussein's case, the military has not provided any concrete evidence to back up the vague allegations they have raised about him, Curley and other AP executives said.

The military said Hussein was captured with two insurgents, including Hamid Hamad Motib, an alleged leader of al-Qaida in Iraq. "He has close relationships with persons known to be responsible for kidnappings, smuggling, improvised explosive device (IED) attacks and other attacks on coalition forces," according to a May 7 e-mail from U.S. Army Maj. Gen. Jack Gardner, who oversees all coalition detainees in Iraq.

"The information available establishes that he has relationships with insurgents and is afforded access to insurgent activities outside the normal scope afforded to journalists conducting legitimate activities," Gardner wrote to AP International Editor John Daniszewski.

Hussein proclaims his innocence, according to his Iraqi lawyer, Badie Arief Izzat, and believes he has been unfairly targeted because his photos from Ramadi and Fallujah were deemed unwelcome by the coalition forces.

That Hussein was captured at the same time as insurgents doesn't make him one of them, said Kathleen Carroll, AP's executive editor.

"Journalists have always had relationships with people that others might find unsavory," she said. "We're not in this to choose sides, we're to report what's going on from all sides."

AP executives in New York and Baghdad have sought to persuade U.S. officials to provide additional information about allegations against Hussein and to have his case transferred to the Iraqi criminal justice system. The AP contacted military leaders in Iraq and the Pentagon, and later the U.S. ambassador to Iraq, Zalmay Khalilzad.

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The AP has worked quietly until now, believing that would be the best approach. But with the U.S. military giving no indication it would change its stance, the news cooperative has decided to make public Hussein's imprisonment, hoping the spotlight will bring attention to his case and that of thousands of others now held in Iraq, Curley said.

One of Hussein's photos was part of a package of 20 photographs that won a Pulitzer Prize for breaking news photography last year. His contribution was an image of four insurgents in Fallujah firing a mortar and small arms during the U.S.-led offensive in the city in November 2004.

In what several AP editors described as a typical path for locally hired staff in the midst of a conflict, Hussein, a shopkeeper who sold cell phones and computers in Fallujah, was hired in the city as a general helper because of his local knowledge.

As the situation in Fallujah eroded in 2004, he expressed a desire to become a photographer. Hussein was given training and camera equipment and hired in September of that year as a freelancer, paid on a per-picture basis, according to Santiago Lyon, AP's director of photography. A month later, he was put on a monthly retainer.

During the U.S.-led offensive in Fallujah in November 2004, he stayed on after his family fled. "He had good access. He was able to photograph not only the results of the attacks on Fallujah, he was also able to photograph members of the insurgency on occasion," Lyon said. "That was very difficult to achieve at that time."

After fleeing later in the offensive, leaving his camera behind in the rush to escape, Hussein arrived in Baghdad, where the AP gave him a new camera. He then went to work in Ramadi which, like Fallujah, has been a center of insurgent violence.

In its own effort to determine whether Hussein had gotten too close the insurgency, the AP has reviewed his work record, interviewed senior photo editors who worked on his images and examined all 420 photographs in the news cooperative's archives that were taken by Hussein, Lyon said.

The military in Iraq has frequently detained journalists who arrive quickly at scenes of violence, accusing them of getting advance notice from insurgents, Lyon said. But "that's just good journalism. Getting to the event quickly is something that characterizes good journalism anywhere in the world. It does not indicate prior knowledge," he said.

Out of Hussein's body of work, only 37 photos show insurgents or people who could be insurgents, Lyon said. "The vast majority of the 420 images show the aftermath or the results of the conflict — blown up houses, wounded people, dead people, street scenes," he said.

Only four photos show the wreckage of still-burning U.S. military vehicles.

"Do we know absolutely everything about him, and what he did before he joined us? No. Are we satisfied that what he did since he joined us was appropriate for the level of work we expected from him? Yes," Lyon said. "When we reviewed the work he submitted to us, we found it appropriate to what we'd asked him to do."

The AP does not knowingly hire combatants or anyone who is part of a story, company executives said. But hiring competent local staff in combat areas is vital to the news service, because often only local people can pick their way around the streets with a reasonable degree of safety.

"We want people who are not part of a story. Sometimes it is a judgment call. If someone seems to be thuggish, or like a fighter, you certainly wouldn't hire them," Daniszewski said. After they are hired, their work is checked carefully for signs of bias.

Lyon said every image from local photographers is always "thoroughly checked and vetted" by experienced editors. "In every case where there have been images of insurgents, questions have been asked about circumstances under which the image was taken, and what the image shows," he said.

Executives said it's not uncommon for AP news people to be picked up by coalition forces and detained for hours, days or occasionally weeks, but never this long. Several hundred journalists in Iraq have been detained, some briefly and some for several weeks, according to Scott Horton, a New York-based lawyer hired by the AP to work on Hussein's case.

Horton also worked on behalf of an Iraqi cameraman employed by CBS, Abdul Ameer Younis Hussein, who was detained for one year before his case was sent to an Iraqi court on charges of insurgent activity. He was acquitted for lack of evidence.

AP officials emphasized the military has not provided the company concrete evidence of its claims against Bilal Hussein, or provided him a chance to offer a defense.

"He's a Sunni Arab from a tribe in that area. I'm sure he does know some nasty people. But is he a participant in the insurgency? I don't think that's been proven," Daniszewski said.

Information provided to the AP by the military to support the continued detention hasn't withstood scrutiny, when it could be checked, Daniszewski said.

For example, he said, the AP had been told that Hussein was involved with the kidnapping of two Arab journalists in Ramadi.

But those journalists, tracked down by the AP, said Hussein had helped them after they were released by their captors without money or a vehicle in a dangerous part of Ramadi. After a journalist acquaintance put them in touch with Hussein, the photographer picked them up, gave them shelter and helped get them out of town, they said.

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The journalists said they had never been contacted by multinational forces for their account.

Horton said the military has provided contradictory accounts of whether Hussein himself was a U.S. target last April or if he was caught up in a broader sweep.

The military said bomb-making materials were found in the apartment where Hussein was captured but it never detailed what those materials were. The military said he tested positive for traces of explosives. Horton said that was virtually guaranteed for anyone on the streets of Ramadi at that time.

Hussein has been a frequent target of conservative critics on the Internet, who raised questions about his images months before the military detained him. One blogger and author, Michelle Malkin, wrote about Hussein's detention on the day of his arrest, saying she'd been tipped by a military source.

Carroll said the role of journalists can be misconstrued and make them a target of critics. But that criticism is misplaced, she said.

"How can you know what a conflict is like if you're only with one side of the combatants?" she said. "Journalism doesn't work if we don't report and photograph all sides."

Compact For Iraq (WSJ)

By Robert M. Kimmitt

The Wall Street Journal, September 18, 2006

Ministers from around the world will meet today to discuss the International Compact for Iraq, an Iraqi government-led initiative to transform Iraq's economy and achieve financial independence within five years. If the Iraqis map out a credible and promising plan, the international community will support it, investing in Iraq's future. Additional assistance will be expressly conditional on Iraq achieving the benchmarks it has set out.

A most important issue to be covered is how to develop Iraq's oil sector and immense oil reserves in a manner that benefits all the Iraqi people and serves as a unifying force across sectarian lines. Today's meetings, at the U.N. in New York and the annual meetings of the World Bank and IMF in Singapore, follow a successful Sept. 10 conference in Abu Dhabi. There, Iraqi leaders presented the outline of a hydrocarbon law now under review by their cabinet and being discussed between central and regional governments. In the compact, they will commit to pass a law developed through a consensus-building process that will share oil revenue among all Iraqi regions, enable development and delineate significant opportunities for private investors.

The compact will begin to reverse the stagnation and suppression resulting from years of a command economy. A premium will be placed on creating jobs to offer a lasting alternative to violence. Iraq will take steps to improve the business climate and promote private investment. Agricultural reforms will begin restoring that sector's vital influence on growth and employment and Iraq's former status as breadbasket of the Middle East.

In spite of the challenges faced by the Iraqi government, there are good reasons to believe this initiative will succeed. First, it's the economic component of a strategy that also includes the Iraqi government's security and political initiatives, including national reconciliation. Second, though inflation and budget execution are continuing concerns, the Iraqi economy has made consistent progress, with strong foreign-currency reserves, growing revenues, a recently enacted fuel-import liberalization law, and an investment law to be passed this month. Third, the Iraqis have already taken difficult steps, including reducing fuel subsidies, maintaining fiscal discipline and an extensive audit of the Central Bank, as part of their standby arrangement with the IMF. The Compact will add a strong oversight mechanism. All of this should further compel us to remain steadfast in our support of an initiative that deserves the urgent support of the entire international community.

Mr. Kimmitt, deputy Treasury secretary, is a presidential emissary for the Iraq compact.

A Christian View Of War (USAT)

By Oliver “Buzz” Thomas

USA Today, September 18, 2006

“Pray for our troops.”

Millions of signs and bumper stickers carry the message, and part of me likes it. But part of me keeps waiting for another bumper sticker — the one I still haven't seen. Whether Jesus would drive an SUV, I'm still not sure. Truth is he'd probably ride the bus. Or the subway. But if he had money for a car and didn't give it all away to the hookers and the homeless before he got to the used-car lot, I'm pretty sure that his bumper sticker would say “pray for our enemies.”

Before you write me off as a left-wing crackpot, consider what we know. During his famous Sermon on the Mount, Jesus said three things relevant to the subject of war:

·Blessed are the peacemakers.

·Turn the other cheek.

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·Pray for your enemies.

Here's something else we know. Three-quarters of the U.S. population consider themselves Christian. That translates into about 224 million Americans.

So why are so few of us taking the teachings of Jesus seriously when it comes to this latest war? Out here in the heartland, only a handful of churches are even talking about it.

The most plausible explanation is that we're scared. Some things, it seems, may trump religion. Fear is one of them. If Christians are afraid (and who could blame them after 9/11?), it's not surprising that they're listening to other voices besides Jesus' when it comes to the war in Iraq. So what should the three-fourths of Americans who identify themselves as "Christian" make of the Iraq war?

We could spend a lot of time debating whether St. Augustine's "Just War Theory" can be stretched to accommodate our invasion of Iraq, but at this late date it really doesn't matter. We invaded. And, if the Just War Theory means anything, it means that we shouldn't leave Iraq in a bigger mess than we found it. Americans of faith, it would seem, are obligated to do at least the following:

·Express concern for all suffering, including that of our enemies. That means more than paying lip service. As James, the brother of Jesus, said, it does not suffice to tell a hungry man "God bless you!" or "We will pray for you!" We must address his hunger. The same can be said for the additional food, health care, police and countless other things the Iraqi people need. And, though an immediate withdrawal would be precipitous, we must work diligently to respond to the Iraqis' desire that our troops leave as quickly as possible.

·Recommit ourselves to the fundamental principles of justice and human rights that have been a hallmark of our faith, as well as of our nation. That means no more secret prisons, no more secret trials and no more torture. America cannot resort to the worst practices of the Gulag (where citizens were declared "enemies of the state" and whisked away to Siberian work camps without the benefit of a fair trial or the assistance of counsel) and expect to be an accepted member of the world community, much less a leader of it.

·Repudiate the statements of any religious or political leader who suggests that America has a special claim on God. He may have a special claim on us, but we do not have a special claim on him. Our beloved nation is a civil state, not a religious one. There are no references to God in our Constitution. The only reference to religion — other than in the First Amendment — is found in Article VI, which proclaims that there will be no religious test for public office in the USA. The Founding Fathers gave us a secular state in which all religions are free to flourish or flounder on their own initiative without interference by the government. Those running around claiming we are "in the army of God" or slapping up copies of the Ten Commandments on government buildings threaten to turn us into the very sort of society we are fighting against in this new war.

·Force our elected officials to address the conditions that have given rise to global terrorism in the first place. Terrorism exists for a reason. One of those reasons is that our society has been far too unconcerned about the plight of Muslim people around the world. Why, for example, have we not instituted a mini-Marshall Plan for the millions of Palestinians who have often gone without adequate land, roads, hospitals and schools since the 1967 war with Israel? Corruption among Palestinian leaders has squandered billions in the past, but responsible partners on the ground can and must be found. Private foundations with a long history of engagement might be a good place to start.

We need not and should not repudiate our long-standing alliance with Israel to accomplish this. It's simply that our religious traditions teach us that to whom much is given, much is required. The irony, of course, is that it's in our best interest to relieve Palestinian suffering. True, some terrorist leaders come from affluent families and cite Western worldliness and decadence as their motivation for jihad, but the economic factor cannot be ignored. There is no better recruiting ground for the troops of terror than the maddening monotony and grinding poverty of a refugee camp.

In ancient times, particular gods were associated with particular nations. "Tribal deities," we call them. Today we know better. God is not the mascot of Republicans, Democrats or, for that matter, Americans. God transcends all national and political affiliations. His precinct is the universe.

America is in the deep woods. Never have we been less popular in the eyes of the world. Never have we faced so unsettling an enemy. But before we circle the wagons, Christians should get serious about following the teachings of the one by whose name we are called. He might just know the way out.

Oliver "Buzz" Thomas is a minister in Tennessee and author of an upcoming book, 10 Things Your Minister Wants to Tell You (But Can't Because He Needs the Job).

Violence Persists After Afghan Offensive (AP)

By Fisnik Abrashi

AP, September 18, 2006

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NATO said Sunday that its two-week offensive in south Afghanistan was a "significant success" that had driven Taliban insurgents from their positions and opened the way for development. But violence was unabated, with suicide bombers killing three civilians and wounding six soldiers.

Militants also took control of a district in the west of the country after chasing away the police, an official said, in an apparent attempt to open a new front.

The developments came as the country is going through its bloodiest phase since the U.S.-led invasion ousted the hard-line Taliban from power in 2001.

Lt. Gen. David Richards, head of the 20,000-strong NATO-led force in Afghanistan, said the insurgents have been forced out of the volatile former Taliban heartland, and reconstruction and development efforts there would soon begin.

Alliance officials have said more than 500 militants were killed during the two-week operation, centered mainly in Panjwai, Pashmul and Zhari districts of southern Kandahar province.

Two foreign military convoys in different areas came under attack from suicide bombers, a method frequently used by insurgents in Iraq.

A 17-year-old youth carrying explosives jumped in front of a U.S. military convoy east of Kabul, killing a bystander, Afghan police said.

Earlier in the day, a suicide bomber plowed his explosive-laden vehicle into a Canadian military convoy west of Kandahar in southern Afghanistan, killing one civilian and wounding three soldiers, authorities said. Eight civilians also were wounded, said Zulmai Khan, a police official at the scene.

Most of Afghanistan's recent surge in violence has taken place in volatile southern provinces, where some 8,000 NATO forces took military control from the U.S.-led coalition on Aug. 1. NATO commanders say they need another 2,500 troops plus greater air support to crush the Taliban threat more quickly.

Richards said the end of the southern offensive should open the way for much needed reconstruction and development in areas where the central government has been unable to reach.

But some 400 heavily armed Taliban crossed into the western Farah province, taking control of its Gulistan district after chasing away the police and burning the district headquarters and a local clinic, provincial police chief Gen. Sayed Aqa Saqib said. No casualties were reported.

"We are hoping the government will send more troops, because there are too many Taliban in the area," Saqib told The Associated Press over the phone.

Gen. Sher Mohammad Karimi, the Afghan army's chief of operations, acknowledged that the Taliban "were not all destroyed" and that some have simply slipped away into other areas. "They may reorganize but our troops will follow," Karimi said.

Richards ruled out immediately pursuing the Taliban holdouts.

"We will not dance to the Taliban's tune," Richards said. "They want to deflect us and take us away. We won't let them do that."

The end of one operation coincided with a start of a new U.S. and Afghan offensive in the east of the country.

Dubbed Operation Mountain Fury, the new offensive involves 7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar, the military said. Fighter planes and helicopters will back the ground forces.

A separate U.S.-led operation called Big Northern Wind has been under way in Kunar province's Korangal Valley since late August.

The Taliban, al-Qaida and other Islamic extremist groups are known to operate in the east, especially in the area bordering Pakistan where the reach of the government is weak and militants find sanctuaries.

The renewed American push to defeat the Taliban-led insurgency comes nearly five years after the hard-line militia was ousted from power.

Separately, the mutilated body of an Afghan engineer who had worked for a local aid agency was found Sunday in Ghazni province, where he had been kidnapped earlier in the week by suspected Taliban militants, said Ali Ahmad Fakuri, the provincial governor's spokesman.

NATO General Praises Afghanistan Offensive (USAT)

USA Today, September 18, 2006

A two-week offensive to drive Taliban insurgents from their positions in south Afghanistan was a “significant success” and opened the way for reconstruction and development, NATO's top commander in the country said Sunday. British army Lt. Gen.

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David Richards said the Taliban will not be allowed to regroup in the volatile southern Kandahar province. “This time, we're not leaving,” he said.

The end of the operation in the south coincided with the start of an offensive in the east, where 7,000 U.S. and Afghan troops moved against insurgents in Paktika, Khost, Ghazni, Paktia and Logar provinces. Also Sunday, about 400 Taliban fighters seized and burned the Gulistan district headquarters in Farah province, said Gen. Sayed Aqa Saqib, the provincial police chief.

Indicted Ugandan rebel leader surfaces

Ugandan rebel leader Joseph Kony, who is wanted by the International Criminal Court for alleged war crimes, surfaced at a camp in southern Sudan where rebels are assembling as part of a truce to end 19 years of conflict, a rebel official said. Martin Ojul, a negotiator with the rebel Lord's Resistance Army, said Kony showed up at Ri-Kwangba camp but didn't say when.

The peace deal with the Ugandan government calls for the rebels to gather at two camps in Sudan where they will be protected while a broader peace is negotiated. Kony is accused of civilian massacres and recruiting children to fight in a war that has killed tens of thousands of people and displaced nearly 2 million.

Palestinian unity talks stall over Israel

Talks between Palestinian President Mahmoud Abbas and Hamas, the militant group that runs the government, have stalled over U.S. demands that a unity government recognize Israel, Palestinian officials said. Western nations insist Hamas recognize Israel and renounce violence as a condition for ending sanctions that have crippled the Palestinian economy. “What's the point of forming a government if this government is saying that it won't recognize agreements signed with Israel?” Palestinian lawmaker Saeb Erekat asked.

NATO Faces Growing Hurdle As Call For Troops Falls Short (WP)

By Molly Moore And John Ward Anderson

The Washington Post, September 18, 2006

BRUSSELS -- More than a week after NATO's top leaders publicly demanded reinforcements for their embattled mission in southern Afghanistan, only one member of the 26-nation alliance has offered more troops, raising questions about NATO's largest military operation ever outside of Europe and the goal of expanding its global reach.

The plea for more soldiers and equipment to fight resurgent Taliban insurgents comes as the North Atlantic Treaty Organization's forces are suffering the highest casualty rates of the nearly five-year-long conflict in Afghanistan, and as European governments are feeling stretched by the demands for troops there and in Iraq, Lebanon, the Balkans and in several African countries.

"NATO's credibility and future are at stake in Afghanistan," said Pierre Lellouche, president of the French delegation in NATO's parliamentary assembly. "They can't fail, otherwise NATO will lose its credibility."

"It's our most important mission, it's our first priority," NATO Secretary General Jaap de Hoop Scheffer said in an interview at his office here, describing the ongoing combat with the Taliban in southern Afghanistan as "the most intense battle NATO has fought in its history."

Some members of the alliance complain that others are not contributing enough soldiers or equipment, leaving a handful of countries shouldering most of the burden for a high-stakes mission that is becoming increasingly treacherous.

Although no members have criticized others by name, eight of the 26 countries are providing more than three-fourths of the alliance's 20,000 troops now in Afghanistan. Many members are providing fewer than 200 troops. Poland, for example, has contributed 10 soldiers to the mission, according to NATO officials, although it pledged last week to send about 1,000 more.

"It is important that the whole of NATO regards this as their responsibility," British Prime Minister Tony Blair said last week.

The United States has 21,000 soldiers in Afghanistan, more than any other NATO member, but only 1,300 are part of the alliance's operation; the remainder are under exclusive U.S. command. Britain is currently the largest contributor to NATO's force in Afghanistan, with 5,000 troops.

Other countries have complained that their forces are already overstretched.

"Many countries are in the Balkans, in Bosnia and Kosovo, and then in Iraq and Afghanistan and the African countries, and now the Middle East -- Lebanon is taking a lot of resources," said Kimmo Lahdevirta, director of security policy in the Foreign Ministry of Finland, which currently holds the rotating presidency of the European Union but is not a member of NATO.

"There are not many countries with troops that are up to the tasks that they might face in Afghanistan, a high-intensity conflict with the Taliban," said Antonio Missiroli, chief policy analyst at the European Policy Center, a research organization based in Brussels. "If you look at the picture across Europe . . . we are reaching the limits of what we can do."

Scheffer, the NATO secretary general, said military commanders took the highly unusual step about a week ago of publicizing their shortfall of troops, aircraft and other equipment after 18 months of fruitless private pleas with alliance members.

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"From time to time, public pressure is necessary," Scheffer said. "You need those headlines to convince nations to step up to the plate . . . I want to ask nations to do what they promised -- and we're not there yet."

Scheffer said he expected the situation in Afghanistan to dominate a gathering of NATO foreign ministers this week in New York, a defense ministers' meeting the following week and a NATO summit in Latvia in November.

NATO took command of Afghanistan's restive southern provinces from a U.S.-led coalition on Aug. 1.

The alliance had about 85 percent of the forces and equipment that field commanders said they needed to carry out their dual mission of maintaining security and carrying out reconstruction projects such as building roads, schools and medical clinics, according to NATO officials.

With Taliban fighters becoming bolder in their attacks, the alliance's newly arrived troops launched Operation Medusa this month, but without enough forces to conduct the operations as quickly or effectively as commanders had desired. On Sunday, suicide bombers attacked Canadian and U.S. troops in separate incidents, killing two civilians and wounding six soldiers, the Associated Press reported.

With about 10,000 troops -- half of NATO's entire Afghan force -- Operation Medusa is the biggest combat operation in Afghanistan since the U.S.-led invasion dislodged the Taliban government in late 2001.

Although NATO troops in recent days have ousted Taliban fighters from positions near a vital transportation route west of Kandahar, officials said the battle could have been fought more quickly and with less risk to NATO forces with more troops and equipment -- particularly airlift capacity.

NATO commanders are seeking about 2,500 additional troops, a squadron of about 18 attack helicopters and three C-130 transport planes.

Poland responded to NATO's admonitions last week, announcing it would offer a mechanized battalion of about 900 soldiers in addition to the 100 soldiers previously promised but not yet delivered.

But Poland does not want to send the troops until February and is balking at allowing them to be used where NATO says it needs them most -- in southern Afghanistan. Romania reportedly is considering offering about 200 soldiers in addition to the 560 it now has in Afghanistan, NATO officials said.

Scheffer and other NATO officials said field commanders' hands are tied as much by a shortage of troops as by individual countries' prohibitions on how their forces can be used. Germany, for example, has mandated that its 2,750 troops can be stationed only near the capital of Kabul and cannot be diverted to the more dangerous southern provinces.

Michael Williams, who heads the transatlantic program at London's Royal United Services Institute for Defense and Security Studies, said politicians who played down the dangers troops would face in Afghanistan were responsible for withering public support in some European countries for the mission.

Even in the Netherlands, where generals and politicians warned of the dangers of the mission in protracted public debates earlier this year, officials said they have been taken aback by the deteriorating security conditions and the risks their 2,000 soldiers are facing.

"The Dutch government always made clear that it was not going to be an easy ride," said Herman van Gelderen, the Dutch foreign ministry spokesman. Now, he said, it's not a question of fighting only the Taliban. "It seems the Taliban is working together with local Afghan criminals and drug lords, so it's a very serious situation. We always knew it would be hard, but it's even a bit more than we expected."

European public opinion on troop involvement in Afghanistan is also tainted by the war in Iraq, and a general frustration that President Bush's fight against terrorism has led to a deteriorating global security situation, according to public officials and analysts.

"The fight against terrorism united all the nations five years ago, but today, things are not going as well as what we had expected, therefore certain countries question the durability of their commitment," said Serge Vincon, who heads the foreign affairs, defense and armed forces committee of the French Senate.

But Robert Hunter, U.S. ambassador to NATO during the Clinton administration and a senior adviser at the Rand Corp., said, "Some Europeans are hiding behind the Iraq issue and the public's unhappiness with the U.S. in order to shirk their own responsibilities in Afghanistan."

Anderson reported from Paris. Researcher Corinne Gavard in Paris contributed to this report.

Troops In Afghan District Find Anger At Lax Government (NYT)

By Carlotta Gall

The New York Times, September 18, 2006

ANDAR DISTRICT, Afghanistan, Sept. 17 — American and Afghan forces moved Sunday into this district, one of the areas most troubled by insurgents in recent months, as part of a broader operation to reassert control in Ghazni, a strategically

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important province near the capital, Kabul. But while they encountered little insurgent activity, they did face anger and frustration from the local population.

The new operation, involving about 10,000 troops, began just as NATO forces declared that they had successfully taken control of Panjwai District, southeast of here near the city of Kandahar, after more than two weeks of heavy fighting.

"Afghan, ISAF and coalition forces have successfully cleared the Panjwai area, forcing insurgent forces to abandon their positions," the NATO commander in Afghanistan, Lt. Gen. David Richards, said in a statement released by the NATO-led International Security Assistance Force.

The extended battle and heavy bombardment in the district left an estimated 500 Taliban fighters dead, and five dead and many more wounded among NATO troops, including members of a unit hit by fire from allies. The remnants of the insurgents are thought to have escaped west into Helmand, a neighboring province, one senior military official said.

Since May, Taliban forces had tried to hold Panjwai, a rich suburb of vineyards and orchards, and make it a permanent base from which to expand their presence in the south and even threaten Kandahar, the military official said.

At the same time, more insurgents swarmed into Ghazni Province in a natural movement away from the border regions with Pakistan, where American and Afghan forces were concentrating much of their military might over recent months, into the more remote highlands.

Local residents in Andar said the Taliban were "everywhere around," but American and Afghan Army forces have so far not encountered much resistance, after an initial fight south of Ghazni that left 36 Taliban dead on Sept. 12.

They entered Andar without a shot fired and held a meeting with elders and townspeople on Sunday to announce that they had come to bring stability and security.

They found a population anxious about security and resentful of the government and the police, whom they accused of preying on the people.

"Please bring security and stability," pleaded one man, Daulat Khan, interrupting the opening speech of the provincial governor, Hajji Sher Alam. He said the police mistreated people, accusing them first of being with a rogue commander, and then of belonging to the Taliban.

Another man said: "Four months ago we had order and justice here. And now I don't know what is the cause, but it has gone."

As soon as he arrived for the town meeting, Muhammad Jan, 35, a mason, said: "There are a lot of Taliban. They are causing a lot of problems. If they come here and fight, it will affect us all."

A white-bearded man, glowering at the governor, shouted, "The governor has done nothing for us!" Another man thundered that the police chief was a bad man and that his police force treated the people badly and profaned their homes.

"The schools have no teachers, no tents, the children sit under the sun, the teachers don't get paid," said Sayed Muhammad, a shopkeeper. "Corruption exists in this district. The members of Parliament promised us a lot, but they did not fulfill even 2 percent of their promises."

"In some districts, the people are receiving a lot of assistance because they know the governor. Their roads are being built and repaired, and here we don't have anything," Mr. Muhammad said to loud applause. The district, badly hit by flooding several months ago, received none of the emergency flood aid that came to the province, he added.

The governor replied, "If anyone harms or mistreats you, come and tell us."

Soldiers of the United States Army 10th Mountain Division listened impassively, even as the gathering of some 200 Afghan men rumbled loudly with discontent.

Bringing security is only part of what the people in these remote, insurgent-ridden districts need and want, said Maj. Gen. Ben Freakley, the operational commander for American and NATO forces in Afghanistan. He said there was an equal need for good governance and development, something the government and the donors, rather than the military, had to achieve.

"If we have to fight, we will fight," he said after the meeting. "We could fight insurgents here for 10 years, but we don't want to."

"The biggest thing is changing the environment," he continued. "Where we have a decent district chief and district police chief, there is optimism, potential and such capability." But, he said, "Andar has been neglected by all of us."

That changed this week with the arrival of an American and an Afghan National Army brigade that will stay in the region until a new police force can be trained and deployed. They found only 70 police officers still working, hunkered down in the police station, frequently under attack, and with many deserting as the Taliban threatened them and their families, extending their warnings even to their cousins.

The neglect was such that many people had sided with the Taliban, since the alternative was a venal, scared police force, said the newly appointed district chief, Hajji Abdul Rahim. "Some of the people are very hungry for government," he said. "We have to work with the people."

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Violence continued with two suicide bombers striking Sunday, killing a Pakistani laborer in Kandahar and wounded eight civilians. Another suicide bomber threw himself at an American convoy on the east side of Kabul, wounding two American engineers and two of their Afghan colleagues.

DOJ:

Margolis Is The DOJ's Ultimate 'Inside Man' (LEGALT)

By Jason McLure, Legal Times

Legal Times, September 18, 2006

It's never easy to indict a senator, but this time federal prosecutors thought they had the goods.

In the summer of 2004 prosecutors in the U.S. Attorney's Office for the District of Columbia had assembled evidence they believed would lead to a criminal indictment against Sen. Richard Shelby (R-Ala.). The charge: that Shelby had leaked classified information to reporters about messages intercepted by the National Security Agency on the eve of the Sept. 11 terrorist attacks.

The prosecutors had been called in to investigate a June 2002 report by CNN, which, citing two congressional sources, stated that on Sept. 10, 2001, the NSA had intercepted two Arabic messages that said, "the match is about to begin" and "tomorrow is zero hour." The messages weren't translated, however, until Sept. 12. The anonymously sourced report came almost immediately after intelligence officials had presented the information to the Senate Select Committee on Intelligence, of which Shelby was a member. Armed with information gleaned from FBI interviews with reporters and congressional staff, prosecutors had gone so far as to type up a draft of the indictment.

What was needed to bring the charges, according to two sources with direct knowledge of the investigation, was grand jury testimony by the reporters who spoke with Shelby after the hearing. In order to subpoena the journalists, prosecutors needed approval from David Margolis, an assistant deputy attorney general and the Justice Department's most powerful career lawyer.

But at a meeting in a fourth-floor conference room at Justice Department headquarters along Constitution Avenue Northwest, Margolis turned down the request. The decision effectively killed the investigation. "Without the subpoenas you just couldn't do a grand jury," says one of the sources, who spoke on condition of anonymity, citing the sensitivity of internal DOJ deliberations.

In theory the prosecutors could have appealed Margolis' decision to then-Deputy Attorney General Larry Thompson. But that would have meant taking on Margolis, one of the Justice Department's most respected officials, a lawyer with a sterling reputation earned over 42 years of service at the department. "Taking him on is a losing battle," says the source. "The guy is Yoda. Nobody fucks with the guy."

In many ways, comparing the 66-year-old Margolis to the quirky and ancient Jedi Master is apt. Margolis is widely described as the "institutional knowledge" of the Justice Department. A notorious straight shooter known more for his love of country music and outlaw garb than his politics, he's managed to navigate the shifting sands of Washington to retain a powerful voice under Attorney Generals Janet Reno, John Ashcroft, and now Alberto Gonzales. Though Margolis is technically outranked by more than a dozen political appointees at DOJ headquarters and all 94 U.S. attorneys scattered throughout the country, his influence on the department extends far beyond his title, say both current and former Justice officials.

Margolis' bulletproof reputation and lack of partisan stripes also mean that the presidentially appointed attorneys general and deputy attorneys general at the top often turn to Margolis when Justice Department investigations venture into the swirl of national politics. From the investigation after former White House lawyer Vincent Foster's suicide to the ethics of Kenneth Starr's Lewinsky probe to the leak of Valerie Plame's identity, Margolis has played a major role in the DOJ's attempts to show that its law enforcement actions aren't motivated by political concerns.

That was certainly the case in the Shelby investigation, where a Republican-led Justice Department was probing one of the closest congressional allies of a Republican president. "You can see why in a situation like that it's better to have a Dave Margolis supervising those [investigations] than a Larry Thompson," says Thompson, Bush's deputy attorney general at the time of the Shelby probe and now general counsel at PepsiCo.

Margolis' office is littered with photographs of him with Democratic and Republican politicians alike. FBI Director Robert Mueller once joked that as elections approach, Margolis shuffles the pictures based on who he thinks will win. Like President George W. Bush, he bestows nicknames on favored colleagues. Janet Reno was the "Old Lady." Former Deputy Attorney General Jamie Gorelick was the "Bionic Babe." The studious-looking Chuck Rosenberg, now the U.S. attorney in the Eastern District of Virginia, was "Tex," for a previous stint in Texas.

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Margolis, who last week was given a lifetime achievement award by Gonzales, declined to comment on the Shelby probe. But his influence goes far beyond merely making recommendations on media subpoenas and overseeing the investigations that stir up Washington's chattering classes. "I have an eclectic portfolio," he says.

And a lengthy one. Margolis serves as the Justice Department's chief disciplinarian of its federal prosecutors, helps choose U.S. attorneys and U.S. marshals, vets top FBI officials, advises prosecutors on when to recuse themselves from investigations, authorizes travel requests for the director of the FBI and the administrator of the Drug Enforcement Administration, and approves requests by political appointees to attend campaign events. In addition, on the rare occasion when a nominee for a presidential appointment is part of a criminal investigation, it falls to Margolis to decide how much of the investigation's information should be shared with the White House and the Senate.

MR. CLEAN

Margolis cut his teeth as an organized-crime prosecutor, and he often uses mob analogies in talking about his career at the Justice Department. When asked by an incoming attorney general what his job duties entailed, Margolis responded: "I'm the department's cleaner. I clean up messes."

The analogy calls to mind the character of Winston Wolfe, played by Harvey Keitel in the 1994 film "Pulp Fiction." In the movie, Wolfe is called in by mob honchos to dispose of the evidence after two foot soldiers accidentally kill a murder witness in the back of their car. But Stephen Trott, who served as Margolis' boss in the Criminal Division during the Reagan administration, sees Margolis' role slightly differently.

"Margolis is the guy who comes in and makes sure the brains don't get splattered all over the car," says Trott, who's now a senior judge on the U.S. Court of Appeals for the 9th Circuit in Boise, Idaho. "He keeps people out of those situations."

One example of his efforts to head off trouble came on July 21, 1993. On that day, Margolis, who had recently been promoted from the Criminal Division to become assistant deputy attorney general, took a call from his boss, then-Deputy Attorney General Philip Heymann. "I want you to go over to the White House with [federal prosecutor] Roger Adams. Vince Foster is dead. There's an investigation of it," Margolis recalled Heymann as saying, in testimony before the Senate Whitewater Committee in 1995.

The death of Foster, a deputy counsel in the Clinton White House, had come at a sensitive time in the Whitewater investigation. Republicans in Congress had long suspected the White House was withholding embarrassing information about the Clintons' involvement with a failed Arkansas savings and loan. Immediately after Foster's death the White House had promised the Justice Department that law enforcement officials would be able to review Foster's files in order to look for a suicide note or evidence of extortion.

But when Margolis arrived, then-White House counsel Bernard Nussbaum changed his mind. Instead of allowing Margolis and others from the DOJ to search Foster's files and briefcase, Nussbaum would review them for any relevant material to be turned over while Margolis and other investigators sat across from him in Foster's office. Margolis objected to the change in plans, but after consulting with Heymann, he unhappily acceded. "I explained to Mr. Nussbaum that to do it his way would be a big mistake," Margolis later testified. "I said, 'It was your mistake . . . but it is a big mistake.' "

Margolis' prediction would turn out to be prescient. Nussbaum reviewed the files but didn't find evidence of a suicide note. Almost a week later, however, White House officials would discover a torn note in Foster's briefcase that attested to his unhappiness with life under the Washington microscope. The belated discovery of the note, and Nussbaum's efforts to shield Foster's briefcase and files from Margolis and other investigators, would stoke Republican suspicions that the White House had something to hide. Margolis' own testimony about the episode before the Senate Whitewater Committee in 1995 would only contribute to that perception.

The Foster episode wasn't the only time Margolis tried to head off trouble for his political bosses. In September 1994 the White House contacted the FBI in order to run a name-check on Arthur Coia, the head of the Laborer's International Union, who was being considered for an appointment to a presidential advisory council. But there was a problem. As was later spelled out in a 1997 report by the House Judiciary Committee, the Criminal Division had concerns that Coia was linked to the Patriarca family, a New England organized-crime group. Margolis, according to the report, would repeatedly contact the White House over the next few months to ward off Coia's nomination. Coia would remain close to the White House, but, according to news reports, would subsequently be forced to resign from his post at the union as part of a plea deal with the Justice Department.

Today, Margolis says he has little recollection of the Coia incident. "One of the reasons I'm here is to handle controversial stuff," he says. "And I do and I have, and I thrive on it."

George Terwilliger III, who served as deputy attorney general under President George H.W. Bush, says the reason that Margolis has been so valuable is that he "sees the trainwreck coming." Adds Terwilliger, "He sees the people who could potentially be problems."

HELLBENT AND WHISKEY-BOUND

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Margolis was reared in Hartford, Conn. The son of a school administrator and a teacher, he graduated from Harvard Law School in 1964 and was hired as an assistant U.S. attorney in Hartford the following year. He distinguished himself in 1969, when he personally persuaded an armed fugitive wanted for two bank robberies to surrender to him during a meeting at a deserted baseball field. At the time, Margolis was given to long sideburns and Edwardian suits, and, according to a report in the Hartford Courant, left a marked impression on a policeman who observed the negotiations. "When I first saw the kid sometime back, I thought he looked like a draft-card burner," the policeman was quoted as saying. "But now I know the kid's got moxie."

From Hartford, Margolis joined the Justice Department's Organized Crime Strike Force, working labor-racketeering and other Mafia cases during stints in Hartford, Cleveland, and Brooklyn.

In 1976 he would come to Washington, where future Attorney General Richard Thornburgh, then head of the DOJ's Criminal Division, appointed Margolis as a deputy chief of the organized crime section. In 1979 he took over as section chief, a job he'd hold for the next 11 years. By that time, Margolis had earned a reputation not only as a hard-charging prosecutor but something of a long-haired iconoclast amid the DOJ's button-down culture. He kept an oversize portrait of Elvis Presley on the wall of his office and a jailhouse photo of Hank Williams Sr. naked to the waist. The dapper suits had disappeared and were replaced by T-shirts with slogans like "Hellbent and whiskey-bound."

"He would come to work in blue jeans with a giant leather belt and silver Elvis Presley belt buckle," says Paul Coffey, Margolis' former deputy. "As chief of the organized crime section, he had this huge, huge office on the second floor. As you walked in you saw the pictures and the painting, and Dave's desk was on the right. What you immediately noticed were four or five half-full coffee cups. In each cup would be the carcass of a cigarette; on the floor would be thousands of remains of popcorn, because [he] ate popcorn all day.

"We'd let a defense attorney come in from time to time and [they] would all come in looking like a million bucks and smelling like a million bucks, and you could tell they were shocked," Coffey continues. "You could hear their feet crunching the popcorn kernels. They'd walk across, they'd see the pictures, the popcorn-strewn carpet, the cups of coffee all over the place, and a guy dressed in T-shirt and jeans."

During the Reagan years, Margolis also got a taste of the glare of the media. As head of the organized crime section, Margolis supervised the long-running investigation of Teamsters Union President Jackie Presser. Presser had been a prominent supporter of Ronald Reagan's presidential campaigns, but also led a double life as both FBI informant and mob-connected union boss. In 1985, when prosecutors were set to indict Presser on labor-law violations, Margolis turned down the prosecution — a move that quickly drew attacks from those who saw the decision as politically motivated. "I've been accused of being a handmaiden," Margolis says.

Under criticism, Margolis was later forced to reveal to the media that a group of FBI agents had said they had authorized Presser's conduct. Later, the Justice Department would conclude that the FBI agents had been lying. Presser was eventually indicted, and he died while awaiting trial in 1989.

Despite the controversy, Margolis emerged with his reputation intact. "David was like a beacon pointing true north on the case," says Trott, his former boss in the Criminal Division from 1983 to 1986.

THE GODFATHER

In 1990, Margolis left the organized crime section to become a deputy assistant attorney general in the Criminal Division. After Bill Clinton was elected, in 1993, he was promoted again, this time to the deputy attorney general's office. He no longer oversaw organized-crime cases but took on a range of new duties, including that of supervising the DOJ's Office of Professional Responsibility. In effect, Margolis became the Justice Department's internal affairs chief, the guy you didn't want showing up at your office unannounced. He was a key player in the decision to prosecute Michael Abbell, a former federal prosecutor turned lawyer for the Cali cartel. More recently, he was involved in the investigation of Richard Convertino, the Detroit federal prosecutor now facing charges for his role in a botched terrorism prosecution.

During the Clinton administration he was also asked to examine certain questions about the propriety of some of Kenneth Starr's actions in the independent counsel investigation, according to Eric Holder Jr., one of Clinton's former deputy attorneys general. But little has been publicly revealed about Margolis' role in the matter, and Margolis calls it an "internal" one he won't discuss.

Clinton DOJ officials expected Margolis to be demoted after Bush's election victory in 2000. But Thompson, who served as Bush's first deputy attorney general and had known Margolis since Thompson's days as a U.S. attorney in Atlanta in the 1980s, kept him on. "There wasn't any question as to whether I was going to keep him," Thompson says. "You don't make decisions; you let Dave make decisions."

That may be an exaggeration, but Margolis' power doesn't appear to have waned even late in his seventh decade of life. Margolis was influential in the selection of Mueller as FBI director, in 2001, says Michael Bromwich, a friend of Margolis' who served as the DOJ's inspector general in the 1990s. He's also influenced a number of U.S. attorney appointments in the current

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administration, including that of Rosenberg in Virginia. "His opinion is weighed heavily," says Kenneth Wainstein, the U.S. attorney for the District of Columbia who previously served as the director of the DOJ's Executive Office of U.S. Attorneys.

As the Shelby case demonstrates, his role hasn't been limited to personnel. Thompson was succeeded by James Comey, and when Comey resigned, in the summer of 2005, he handed supervisory authority of the department's most politically sensitive case — the leak investigation involving CIA agent Valerie Plame — to Margolis. After Paul McNulty succeeded Comey, he made a point of keeping Margolis in that role.

Those who've worked with Margolis attribute his sustained influence at the Justice Department to predictable traits — namely, good judgment and intelligence. But his remarkable devotion to the culture of the department itself is no doubt a factor in his success. In 1995, Margolis suffered a massive heart attack in his office. Then-Deputy Attorney General Gorelick recalls hearing the crack of Margolis' head hitting a coffee table from her desk several doors away. Margolis was rushed to the hospital for quadruple-bypass surgery. Five weeks later, he was back at work. Friends say the heart attack has mellowed Margolis. He's quit smoking, gained weight, and given up wearing T-shirts in the office. He has no plans to retire, and still puts in nearly a full day of work on Saturdays.

Over the years he could have no doubt traded the relative anonymity and government salary of his Justice Department post for the gilt halls of Washington's white-shoe law firms or a slot on the judiciary. But he hasn't. "There's so many games played in Washington with people angling for things," says Trott. "People are trying to become judges, senators, presidents. That doesn't happen with David. In Washington you need somebody like that."

"I stay because this is what I do," Margolis says.

"In 'The Godfather,' Hyman Roth says to Michael Corleone, 'This is the business I've chosen,' " he says. "This is the business I've chosen."

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CORPORATE SCANDALS:

Sentencings Await (HC)

By Kristen Hays

Houston Chronicle, September 18, 2006

Highest-profile case will be ex-CEO Jeff Skilling's

Open season for the Enron era's criminal sentencings is about to get into full swing.

A few former executives-turned-felons have already received their punishments for crimes they committed within the disgraced energy company's walls, and two have lived in a prison cell.

But this month launches a string of sentencings for those who helped prosecutors as well as those who fought them and lost since Enron cratered nearly five years ago.

The most high-profile sentencing comes next month for former Enron CEO Jeff Skilling, barring any last-minute delays. Andrew Fastow, the former finance chief who is among the most notorious felons to emerge from the Enron rubble, also is expected to garner attention when he is sentenced later this month.

A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its sprawling Enron investigation. He aims to appeal.

Skilling's potential punishment of 20 to 30 years in prison is comparable to the 25 years awaiting WorldCom founder Bernard Ebbers, who was convicted last year of engineering an $11 billion fraud that undercut the company.

Another Enron defendant convicted by a jury this year, former broadband unit finance chief Kevin Howard, is slated to be sentenced a week after Skilling. He faces a maximum of 30 years, but likely will serve half that or less, for one count of conspiracy, three counts of wire fraud and a count of falsifying books and records.

And a slew of Skilling's former underlings whose cooperation helped prosecutors win his conviction face punishments for their own crimes, ranging from probation to 15 years behind bars, depending on the offense and whether prosecutors recommend leniency.

Some prison terms are already determined. Fastow, who orchestrated schemes to manipulate the company's books while skimming millions of dollars for himself on the side, agreed to serve the maximum 10-year term when he pleaded guilty in January 2004 to two counts of conspiracy. And Richard Causey, Enron's former chief accounting officer, agreed to serve seven years when he pleaded guilty to securities fraud in December. Prosecutors can recommend he serve only five years if pleased with his help.

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However, unlike Fastow and others, Causey didn't testify against Skilling and former Enron Chairman Ken Lay — who died July 5. Causey was bound for trial alongside them, but cut a plea deal just weeks before the jury was seated.

The rest are expected to try to avoid incarceration.

"That's just the reality of it," said Philip Hilder, a former federal prosecutor in Houston who represents several Enron defendants and witnesses. "There are cooperators who may get a reduced sentence, and it's up to the defense to hold their feet to the fire. That's the way the system works."

Defense attorneys for Skilling and Lay have repeatedly accused cooperators of lying for the government in hopes of getting lenient sentences after cutting deals to avoid expensive and risky prosecution.

"Their real crimes were committing perjury at trial, and for that they should be sentenced accordingly," lead Skilling lawyer Daniel Petrocelli said.

The government has already filed notice it will seek leniency for some cooperators, and more may come. Hilder said such requests often influence judges, particularly those who would otherwise adhere to advisory federal sentencing guidelines.

"In many courts, it holds great weight because the judge has the ability, and the cover, if you will, to go below the guidelines and give the defendant anything ranging from the guideline to probation," Hilder said.

Those include David Delainey, a Canadian citizen and former head of Enron's retail energy arm, who will be sentenced Monday for insider trading. Delainey pleaded guilty in 2003 and was among the government's more significant witnesses against Skilling, saying the ex-CEO pressured management to fudge Enron's reported finances and hide losses. He faces anywhere from probation to 10 years behind bars.

In a court filing late last month, Delainey asked to serve probation or be confined at his home in Canada. In the filing, his lawyers described Delainey's help as "exemplary," and that he gave "powerful, credible testimony that has helped to expose one of the greatest frauds ever committed in this country."

Fastow comes next on Sept. 26, followed by eight more through the end of the year, including Skilling and Causey. Specific sentencing dates have not been set for three former California Enron traders.

Two cooperators who never participated in any court proceedings beyond their own plea hearings have already been sentenced. In June, Larry Lawyer, a former midlevel broadband unit executive, received probation for two years for failing to report kickbacks as income. And on Friday Timothy DeSpain, a former assistant treasurer, was sentenced to probation for four years for helping obfuscate Enron's financial health to credit-rating agencies.

The first Enron guilty plea came in 2002, and Causey's was the last.

Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the Washington University School of Law, said it's not unusual for defendants to wait years between pleading guilty and receiving their punishment, because the more a defendant cooperates, the more information judges have to consider in sentencing. Most sentencings were put off until after the Lay-Skilling trial.

Also, until sentencing, the government can prosecute cooperators if they lie or otherwise break their plea deals.

"If the witness has already been sentenced, those adverse consequences are no longer a factor," Buell said.

The two exceptions were Ben Glisan Jr., former Enron treasurer, and Fastow's wife, Lea.

Glisan pleaded guilty to conspiracy in September 2003 and went straight to prison for the five-year maximum. He later began helping prosecutors and testified in two trials — including Skilling's.

His prison term was reduced only through means available to all inmates — credit for good behavior and completion of an alcohol abuse treatment program.

Glisan is expected to be released from prison this month to serve his last few months confined at home.

Lea Fastow pleaded guilty to a misdemeanor tax crime in 2004 for helping her husband hide illegal kickbacks from his Enron schemes and served a year in prison.

House Committee Awaits HP Documents Related To Scandal (USAT)

By Michelle Kessler

USA Today, September 18, 2006

Hewlett-Packard has until today to turn over a massive stack of documents related to its snooping scandal to Congress, which has also asked four key players to testify.

The House Committee on Energy and Commerce is investigating whether HP illegally obtained the home phone records of nine journalists and at least two board members. It wants the computer giant to voluntarily hand over nearly all related documents.

Friday, the panel also requested testimony from HP Chairman Patricia Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini, who works for prominent Silicon Valley law firm Wilson Sonsini Goodrich & Rosati.

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Additionally, it summoned Ronald DeLia, a private investigator. HP has admitted hiring detectives who pretended to be reporters and board members to access their phone records, a trick that may be illegal under fraud laws.

HP won't say who those detectives are. But committee spokesman Terry Lane says DeLia has relevant information to the case.

On its company website, Security Outsourcing Solutions identifies DeLia as its managing director. The site says the firm helps other companies address internal and external security concerns.

The phone number and address listed actually belong to Boston law firm Bonner Kiernan Trebach & Crociata. Attorneys there did not return phone calls. DeLia did not return e-mails.

HP spokesman Mike Moeller says his company is cooperating with the committee. But he wouldn't say whether employees would turn over documents or testify. As of Friday afternoon, the committee had not received anything, Lane says.

Sonsini's office had no comment.

The committee's requests have so far been voluntary. But it can issue subpoenas if necessary.

On Saturday, HP officials acknowledged they improperly accessed the phone records of Moeller and another employee during the leaks probe. Moeller said Dunn and HP CEO Mark Hurd apologized to him.

Other agencies are interested in HP. California Attorney General Bill Lockyer has said he has enough evidence to charge employees of HP and its subcontractors. The Department of Justice, Securities and Exchange Commission and FBI have also launched inquiries.

The requests will make it tougher for HP to move past the scandal, says business professor Eric Johnson at Dartmouth College. Last week, HP said that Dunn would step down as chairman in January.

Dunn hired the detectives earlier this year to figure out which board member was leaking information to the press. She says she told the detectives to do everything legally and didn't know about the subterfuge until after the fact.

“They were hoping things would blow over,” Johnson says. “But there are more shoes dropping.”

Hewlett Review Is Said To Detail Deeper Spying (NYT)

By Damon Darlin

The New York Times, September 18, 2006

A secret investigation of news leaks at Hewlett-Packard was more elaborate than previously reported, and almost from the start involved the illicit gathering of private phone records and direct surveillance of board members and journalists, according to people briefed on the company’s review of the operation.

The effort received some degree of supervision from three officials — Patricia C. Dunn, the company’s chairwoman, along with its general counsel and another staff attorney — but was quickly farmed out to a network of private investigative firms early last year, according to descriptions of the findings. It is still unclear how much they knew of the details.

Those briefed on the company’s review of the operation say detectives tried to plant software on at least one journalist’s computer that would enable messages to be traced, and also followed directors and possibly a journalist in an attempt to identify a leaker on the board.

The revelations at Hewlett-Packard, the computer and printer maker that helped define Silicon Valley, have provided a rare glimpse of boardroom turmoil — resulting in Ms. Dunn’s agreement to step down as chairwoman in January, and two resignations from the board.

But they have also cast a harsh light on the questionable and possibly illegal techniques used in the episode, raising the possibility of criminal charges.

The account of those briefed on Hewlett-Packard’s review of the matter sheds new light on the scope and timing of the investigative methods, establishing that invasive and possibly illegal techniques were used far earlier than previously known and that the company’s chief ethics officer was among those providing supervision.

The hunt for a boardroom leaker began as early as January 2005, with a focus on disclosures immediately preceding the ouster of Carleton S. Fiorina as chairwoman and chief executive, with a second phase that began a year later. Hewlett-Packard has said that as a public company, it had a responsibility to stop unauthorized disclosures.

But the review reveals that the investigation by its detectives was notable for a lack of close supervision by company officials.

Those briefed on the internal review said that at various times, questions were raised about the legality of the methods used. They did not identify who raised the questions, when, or to whom they were addressed. But a crucial legal opinion, its origins previously undisclosed, was supplied by a Boston firm that shares an address and phone number with a detective firm on the case.

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Those speaking about the company's review would do so only if they were not identified. A Hewlett-Packard spokesman yesterday declined to comment on their account.

In addition to scrutiny by prosecutors, a House subcommittee has entered the case, asking for documents on the internal investigation to be delivered today in advance of a Sept. 28 hearing in Washington.

Some of those documents are expected to reveal that detectives made several attempts at direct surveillance of some directors, and were given photos of reporters to help identify them.

At least one reporter, Dawn Kawamoto of the online technology news service CNET, may have been followed as part of the 2006 investigation, said a person briefed on the investigation. Ms. Kawamoto was a co-author of an article on a senior management meeting in January.

The detectives also tried to plant software in the computer of an unspecified CNET reporter that would communicate back to the detectives, people briefed on the company review said. Ms. Kawamoto said in an interview this month that prosecutors had told her that such a ploy may have been used, but said she was not aware of any surveillance.

Representing themselves as an anonymous tipster, the detectives e-mailed a document to a CNET reporter, according to those briefed on the review. The e-mail was embedded with software that was supposed to trace who the document was forwarded to. The software did not work, however, and the reporter never wrote any story based on the bogus document.

On Saturday, the company identified one of two employees who it said had been a target of scrutiny in the internal operation. It said the private phone records of the employee, Michael Moeller, director of corporate media relations, were taken.

It is not clear why Mr. Moeller, whose job it is to speak with reporters, was included in the operation. Robert Sherbin, Hewlett-Packard's vice president for external communications and Mr. Moeller's boss, said yesterday, "Investigators' suspicions were misdirected and were unfounded." He would not elaborate.

Although the company said others outside the company were also targets of detectives, it has not identified those people.

According to those briefed on the internal review, the Hewlett-Packard investigation had two stages: from January to August 2005, when nothing of substance was turned up, and again in January 2006, after the CNET article appeared.

The first call for an investigation from the board came in January 2005 after The Wall Street Journal published an article that cited discussion of the board about a management reorganization and changes in the responsibilities of Ms. Fiorina, then chairwoman and chief executive.

An article in The New York Times on Feb. 10, recounting Ms. Fiorina's ouster by the board, contained extensive details of a directors' meeting and fueled the desire to plug leaks.

Reporters from those two newspapers, CNET and Business Week have been told by the California attorney general's office that they were targets in the operation.

Within 60 days, the investigation into the leaks was up and running, according to those briefed on the company review. Responsibility for the investigation was delegated to the company's global investigations unit, based in the Boston area. Those company officials turned the effort over to Security Outsourcing Solutions, a two-person agency that hires specialists for investigations.

That firm hired Action Research Group, an investigative firm in Melbourne, Fla. The actual work of obtaining the phone records was given to other subcontractors, one of which is said to have worked in or near Omaha. The methods were said to have included the use of subterfuge, a practice known as pretexting, in which investigators pose as those whose records they are seeking.

Previous accounts of the Hewlett-Packard operation have focused on the use of such methods in the 2006 phase of the investigation, but not in its earlier phase.

Federal and California prosecutors, as well as the Congressional subcommittee, are examining the chain of detectives for possible criminal wrongdoing in obtaining phone records. The California attorney general said last week that he had enough evidence to indict people inside and outside the company.

Hewlett-Packard has steadfastly refused to identify any of the investigators it used, including its own.

People briefed on Hewlett-Packard's review of its internal investigation say that it was authorized by Ms. Dunn, the chairwoman, and put under the supervision of Kevin Hunsaker, a senior counsel who is the company's director of ethics. But it is not clear what level of supervision he gave to the project.

Ms. Dunn has said in recent interviews that she could not supervise the investigation because she was also a potential target. She has said she turned to the company's security department in April or May 2005 for an initial investigation, then asked Ann O. Baskins, the company's general counsel, for help in the further investigation last January. Ms. Baskins supervises a team of more than 100 lawyers around the world.

At at least one point, the company's lawyers sought a legal opinion. But it did not come from Hewlett-Packard's own outside counsel, Larry W. Sonsini of Wilson Sonsini Goodrich & Rosati, an eminent Silicon Valley law firm.

Instead, the company asked one of its contractors, Security Outsourcing Solutions, which turned to a Boston lawyer, John Kiernan of Bonner Kiernan Trebach & Crociata, for the opinion. Mr. Kiernan's office shares a Boston address and phone number with Security Outsourcing Solutions.

The company, in a recent filing with the Securities and Exchange Commission, said it had received an outside counsel's opinion that the investigative methods were legal, but it did not identify the source.

It is also not clear whether company lawyers were aware of the close business and personal ties between Mr. Kiernan, Ronald R. DeLia, the owner of Security Outsourcing Solutions, and Anthony R. Gentilucci, the Boston-based manager of global investigations for Hewlett-Packard.

Executives and lawyers back in the company's Palo Alto, Calif., headquarters remained in the dark even after a summary report was produced for them about each of the two phases of the operation, according to those briefed on the review. Neither of the reports, they said, outlined the methods used.

There were discussions of phone numbers and calls in the report. But it is not clear why that fact apparently did not raise alarm among any Hewlett-Packard lawyers about the means used to gain the information.

The findings were presented to the board at a meeting in May, with George A. Keyworth II, the board's longest-serving member, identified as a source of leaks. He refused an initial request to resign, though he ultimately agreed to do so last week. But a fellow director, Thomas J. Perkins, a Silicon Valley venture capitalist, resigned immediately over the handling of the investigation.

It was only through subsequent inquiries to Mr. Sonsini that Mr. Perkins learned more about the methods used. It was his determination to get the company to acknowledge the reasons for his departure that brought the internal investigation into the spotlight this month.

In an e-mail message to Mr. Sonsini on June 19 , Mr. Perkins asked about the legality of obtaining private phone records without a subpoena. Mr. Sonsini responded that Ms. Baskins had "looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

According to those briefed on the company's review of its investigation, there is no indication that Mr. Sonsini, considered the most powerful lawyer in Silicon Valley, was involved in seeking outside investigators for Hewlett-Packard in 2005 or 2006. He became involved, they said, only when the board asked him for a legal opinion of the investigation and the methods used.

Mr. Sonsini has said that his direct involvement in helping the board trace news leaks was limited to interviews with directors in early 2005.

Mr. Sonsini told the board in August, after his firm's investigation of the detectives' methods, that the use of pretexting "was not generally unlawful." The law firm could not say whether the detective agencies hired by Hewlett-Packard, or the subcontractors any of them used, "complied in all respects with applicable law."

CRIMINAL LAW:

Another One Bites The Dust (USNEWS)

By Edward T. Pound

U.S. News and World Report, September 18, 2006

For months, whenever questions arose about an influence-peddling investigation, Rep. Robert Ney, an Ohio Republican, was adamant: He did nothing wrong and wouldn't resign. But all that was so much smoke. First, Ney announced he would retire. Then, last week, he agreed to plead guilty to criminal charges linked to disgraced lobbyist Jack Abramoff. Ney acknowledged his guilt on charges of conspiring to defraud the public of his "honest services" and making false statements. According to prosecutors, Ney accepted trips worth more than $170,000 from Abramoff, his lobbyists, and their clients. The Abramoff team showered him with campaign gifts, meals, and sports and concert tickets; Ney gave them legislative help. Separately, Ney admitting taking "thousands of dollars" in gambling chips from a foreign executive who wanted his help.

Rep. Ney Pleads Guilty In Ongoing Abramoff-Related Corruption Probe (LAW)

By Anna Palmer And Emma Schwartz, Legal Times

Legal Times, September 18, 2006

Rep. Robert Ney, R-Ohio, pleaded guilty Friday to criminal fraud charges as part of the government's ongoing public corruption probe stemming from the business deals of convicted lobbyist Jack Abramoff.

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In the two-count plea, filed in the U.S. District Court for the D.C. Circuit, Ney, 52, admitted to making false statements and to being part of a conspiracy to violate congressional gift bans by accepting handouts and free trips from Abramoff and his clients in exchange for pushing their legislative agenda beginning in 2000 until April 2004.

Ney is the first member of Congress to face charges in a lobbying scandal that has already ensnared six other lobbyists and government officials. Abramoff and his associates Michael Scanlon, former Ney Chief of Staff Neil Volz, Adam Kidan and Tony Rudy all pleaded guilty to bribery charges. David Safavian, former chief procurement officer for the Office of Management and Budget, was convicted in June of making false statements and obstructing justice in connection with his work with Abramoff. (Judge Paul Friedman denied Safavian's motion for a new trial this week.)

Lawyers familiar with the investigation say the government is likely to bring charges against other government officials, former Hill staffers and lobbyists in the coming months.

Ney's lawyers, Mark Tuohey and William Lawler of Vinson & Elkins, did not return calls. A spokesperson at Ney's office declined to comment on the future of Ney's congressional office. But even though the Ohio congressman soundly won his primary election in May, the state Republican Party moved quickly to remove him from the November ballot and named Joy Padgett, a former state representative, on Thursday as his replacement. The New York Times reported Friday that Ney had entered into treatment for alcoholism.

"Congressman Ney obviously has some personal issues that he needs to deal with, and we wish him the best of luck, but he's not on the ballot this November. Our focus is keeping the 18th District in Republican hands," says John McClelland, a spokesman for the Ohio Republican Party.

Ney will appear in court Oct. 13 before Judge Ellen Huvelle. He faces a maximum sentence of 10 years and a $500,000 fine, although the Justice Department is recommending he receive closer to 27 months in prison.

The case is being prosecuted by Mary Butler, M. Kendall Day and James Crowell IV of the Justice Department's Public Integrity Section.

Ney's relationship with Abramoff and his associates began shortly before he took over as chairman of the House Committee on Administration in 2001, a position he held until the House leadership forced him to step down in January.

One of Ney's first illegal acts was inserting statements into the Congressional Record on Scanlon's behalf twice in 2000, according to the plea. According to the Congressional Record, those statements related to Abramoff's Florida business venture, SunCruz Casino.

Ney soon accepted numerous lobbyist-sponsored trips, including an August 2002 golfing junket to Scotland, which included Abramoff, Safavian, Volz and former Christian Coalition organizer Ralph Reed. Ney also took a gambling trip to New Orleans, in May 2003, and vacationed at Lake George, N.Y., in August 2003. Both trips were paid for by lobbyists.

In the plea, Ney admitted he had frequently accepted free meals and drinks at Abramoff's restaurant, Signatures, and took free tickets to concerts and sporting events using Abramoff's box suites at the Verizon Center, FedEx Field and Camden Yards.

In exchange for these gifts, Ney agreed to add language favoring Abramoff's clients into pending bills, according to Ney's plea documents. One of the key pieces of legislation was the Help America Vote Act, in which Ney inserted amendments to lift an existing casino ban for two Abramoff clients and to allow another Abramoff client, a foreign-beverage distiller, to label its product "Made in Russia" even though it was made in a former Soviet republic, according to the plea agreement.

In addition to the Abramoff-related matters, Ney admitted to taking bribes from a foreign businessman who had hired U.S. lobbyists to help get a license to sell U.S.-made airplanes and parts. The businessman, who was not named in charging documents, gave Ney and his staff thousands of dollars in gambling chips on a 2003 trip to a London casino, from which Ney walked away from with more than $50,000. According to lobbying and travel records, the businessman was Nigel Winfield, whose company, FN Aviation, hired lobbyist David DiStefano, a former chief of staff to Ney, in 2003.

Lynch Pleads Guilty To Fraud, Tax Evasion Charges (NSL)

By JOHN P. MARTIN

Newark Star-Ledger, September 18, 2006

Ex-senator and Democratic Party kingpin admits taking kickbacks

State Sen. John Lynch yesterday admitted secretly taking tens of thousands of dollars from a contractor while lobbying to help him develop state parkland, a stunning acknowledgment of corruption by one of New Jersey's most influential politicians.

Standing before a federal judge in Newark, Lynch pleaded guilty to defrauding the state's citizens and to tax evasion. He said he and his business partner, Jack Westlake, used a Tinton Falls consulting company as a "conduit" to accept and hide kickbacks they demanded from contractors.

Westlake, a developer and longtime member of the Monmouth County Board of Taxation, pleaded guilty to a separate tax evasion charge.

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Their pleas marked a sudden end to a four-year investigation that began with an inquiry into billboard sales by two high-level aides to former Gov. James E. McGreevey and ended with the prosecution of Lynch, the former Senate president, Democratic Party leader and McGreevey's political mentor.

U.S. Attorney Christopher Christie called it possibly "the most significant" case in his office during a four-year barrage of corruption prosecutions that has sent dozens of elected officials, public employees and contractors to prison.

None was as powerful as Lynch, who left the Senate after two decades in 2002, but remains widely viewed as one of the state's reigning political bosses.

"Today, an era of corruption and influence peddling for personal profit has been put to an end," Christie said at a news conference.

Under the terms of his plea, Lynch, who is also a former mayor of New Brunswick, agreed to serve between 33 and 41 months in prison, although U.S. District Judge Stanley Chesler could opt to impose a longer or shorter term. He released Lynch on $100,000 bail but ordered him to return for sentencing Dec. 19.

The plea spared Lynch, the de facto leader of the Middlesex County Democrats, a trial on more serious charges that, if proven, could have sent him to jail for three times as long. Prosecutors had threatened to charge him with racketeering, a sweeping charge that would have portrayed Lynch as the mastermind of a criminal enterprise spanning years, according to three attorneys with knowledge of the negotiations.

Typically reserved for organized crime figures, a racketeering charge, if proven, could have exposed Lynch to a decade in prison and allowed the government to first freeze then seize millions of dollars of his assets. For months, Lynch had been characteristically defiant, telling friends he would fight the allegations.

Guilty Plea From Former N.J. Lawmaker (PHI)

By Troy Graham And Jennifer Moroz

The Philadelphia Inquirer, September 18, 2006

He was once atop the New Jersey political world, one of the most powerful men in Trenton, a mentor to former Gov. Jim McGreevey.

Now former state Senate President John A. Lynch has become another in a long line of politicians convicted in federal court on corruption charges.

Lynch and his business partner, John Westlake, pleaded guilty in Newark on Friday to tax-evasion charges. Lynch also pleaded guilty to a corruption charge for accepting more than $25,000 while in office to lobby on behalf of a sand-mining company.

U.S. Attorney Christopher Christie, who has brought charges against 97 political figures during his tenure, said Lynch's plea ended "an era of corruption and influence peddling for personal profit."

"At this point, this an an old story... but one today that's of particular significance," he said. "This is one of the most important - if not the most important case - we've brought to a conclusion in my 41/2 years."

The guilty pleas spun off a four-year investigation that began with federal officials examining the business dealings of two top McGreevey aides - Paul Levinsohn and Gary Taffet.

The aides, who were accused of improperly using their influence to broker lucrative deals to install billboards throughout the state, were never charged with a crime. The investigation morphed over time to focus on Lynch and Westlake, Christie said. The aides have denied any wrongdoing.

The billboard investigation began with a deal Taffet and Levinsohn pursued in Gloucester County, and a grand jury seated in Camden heard the evidence that eventually brought down Lynch.

In a statement distributed by his attorney after the hearing, Lynch, a Democrat from Middlesex County, apologized for his "misconduct."

"I remain proud of the many public achievements in which I played a role," he said. "However, I recognize that the misconduct which I today acknowledged will forever overshadow those achievements."

Lynch, 67, could face 33 to 41 months in prison. Westlake, 76, of Red Bank, faces 10 to 16 months. Both men remain free on bond pending their sentencings on Dec. 19.

Lynch was a three-term mayor of New Brunswick, a state senator for 20 years, the Senate president from 1990 to 1992, and one of the men most credited with helping McGreevey win the governor's office. He retired from public life five years ago.

His conviction comes four days before the release of McGreevey's book, The Confession, which details his time as a closeted gay man in politics, and his downfall after admitting an affair with a male employee.

In the book, McGreevey calls Lynch "by far the most powerful warlord in the state," and says Lynch pressured him "to appoint his people to ranking positions, particularly in law enforcement."

Lynch is one of several McGreevey figures to have their day in federal court. Fund-raiser David D'Amiano and real estate mogul and Democratic donor Charles Kushner both were given prison terms last year in political-corruption cases.

Gov. Corzine said Friday that the "toxic mix" of money and politics was a "broad cultural problem" in New Jersey.

"It's unacceptable, the breach of trust, and I'd say the same thing if it were my best friend," Corzine said. "Politics is the basis for economic gain, and that has got to stop."

Lynch and Westlake were partners in a company called Executive Continental, and Westlake controlled another company called Alma Limited, both of which were based in the same Red Bank office and purported to provide consulting to developers. Prosecutors said Lynch used these companies to hide his illegal work for developers.

Lynch admitted to accepting more than $25,000 from a South Brunswick company seeking to mine state-owned lands and then turn the land into a recreation park. The plan needed approval from the state Department of Environmental Protection.

Lynch admitted writing letters on Senate letterhead to the DEP commissioner hailing the proposal as having "great appeal to the general public."

Meanwhile, Alma sought between $120,000 and $200,000 in payments from the company. The money from the sand company passed through Alma, to Executive Continental and then to Lynch, according to court documents.

Christie would not address questions about whether Lynch conducted other similar deals, saying he could only discuss what was contained in the court papers. But, the money Lynch admitted to not reporting to the IRS, about $150,000, passed to Lynch through another unidentified developer interested in a property on the Raritan River.

Christie said investigations spawned by the billboards case would continue, and FBI Special Agent in Charge Leslie Wiser warned, "our team is not done."

"Put this on the billboard: 97-0 and counting," he said.

In Trenton Friday, legislators had differing opinions on whether the conviction would stain the Democratic Party, with Senate President Richard J. Codey (D., Essex) offering the most satirical view.

"People already have the attitude that politicians are crooks," he said with a chuckle. "So another one isn't going to change that."

Christie called Lynch's plea "a sad moment," and acknowledged that the conviction might not change the way politics work in New Jersey.

"The problem is that you get rid of one set of corrupt bosses and another set seems to come in to replace them," he said. "It's up to the people of this state and the leaders of this state... to decide if they want to continue on this path."

Ex-Leader Of New Jersey Senate Is Guilty Of Corruption (NYT)

By David Kocieniewski

The New York Times, September 18, 2006

NEWARK, Sept. 15 — Offering a public apology for adding another chapter to New Jersey's storied history of political corruption, the former Senate president, John A. Lynch Jr. — once the most influential power broker in the state — pleaded guilty on Friday to charges of official misconduct and tax evasion.

Mr. Lynch, whose political machine once gave him the power to appoint judges, shape legislation and pave James E. McGreevey's path to the governor's office, admitted that in 1998 and 1999 he used his public office to help win permit approvals for a mining company that eventually funneled more than $25,000 to him as a "success fee."

He also pleaded guilty to an unrelated tax evasion charge, admitting that in 1999 he failed to declare income he had received from the sale of a parcel of land along the Raritan River.

The charges for Mr. Lynch, 67, who will be sentenced on Dec. 19, carry a possible prison sentence of nearly three years. The case marked a remarkable downfall for Mr. Lynch, once considered a possible candidate for governor. His intensity, intelligence and temper made him a feared political opponent.

As Judge Stanley R. Chesler read the charges in United States District Court in Newark, Mr. Lynch appeared confident. But when asked by the judge whether he was taking any medication, Mr. Lynch said that he had had to calm his frayed nerves in the hours before the hearing by taking sleeping pills and a sedative.

In a written statement distributed by his lawyer, Jack Arsenault, Mr. Lynch said he was deeply sorry for betraying the public trust and embarrassing his family, political colleagues and constituents.

"I deeply regret it, not merely because it will irreparably stain my reputation but, more importantly, because it will further erode both the citizens' faith in their public officials and the country's perception of this great state," he said.

Christopher J. Christie, the United States attorney for New Jersey, hailed the guilty pleas as the end of an era of political bosses that had led to what he called "the corrupt McGreevey administration."

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After watching the court proceeding from the spectators' bench, Mr. Christie held a news conference and said that he hoped the case would serve as a deterrent to any public official tempted to cash in on his public service. "No one, absolutely no one, in New Jersey is above the law," Mr. Christie said.

Although the plea involved only one deal in a career that spanned nearly three decades, lawyers familiar with the case said that after scouring Mr. Lynch's business and political records for more than four years, investigators were preparing to push for indictments on a wide range of charges involving at least six different transactions.

Mr. Christie declined to discuss whether Mr. Lynch might have faced more criminal charges if he had not agreed to plead guilty. But when reporters asked whether Mr. Lynch had gotten off easy by pleading to a single corruption charge, Mr. Christie gave an adamant reply.

"A few years ago he was the most powerful figure in the state," he said. "I don't think John Lynch ever expected to go to jail."

The guilty plea, coming during the final two months of a closely contested race for the United States Senate, was quickly seized on by Republicans, who called it an indictment of New Jersey's Democratic leadership. But there was no evidence in the court documents or hearing that pointed to any other public official.

The investigation into Mr. Lynch was a result of an inquiry that was started in late 2001, the month before his protégé, James E. McGreevey, was sworn in as governor. The following year, federal authorities began investigating a complaint that Mr. McGreevey's incoming chief of staff and chief counsel used their positions on his transition team to inflate the value of a billboard company that they later sold for a profit.

No charges have been brought regarding the billboard transaction. But as agents examined the deal, they discovered that Mr. Lynch and his business partner, Jack Westlake, had received a share of the profits through a consulting company they had formed in 1993.

The company, Executive Continental Inc., helped businesses win government approvals for a wide range of commercial projects, apartment buildings, strip malls and subdivisions throughout the state.

In an interview with The New York Times last December, Mr. Lynch said that his role with Executive Continental was to act as a "choreographer" and help businesses navigate the bureaucratic thicket. He said the company received a "success fee" if the projects were completed, and insisted that he was proud to use his policy expertise to promote private development projects that did not contribute to suburban sprawl.

But in court papers made public on Friday, Mr. Lynch acknowledged that in 1998 he used his public office to lobby for the Dallenbach Sand Company as it sought state approval for the rights to mine property in South Brunswick. Mr. Lynch wrote two letters urging the state's Department of Environmental Protection to approve the project. He later submitted an invoice to the company charging $25,000 "for professional services rendered for lobbying."

Although the project never materialized, Mr. Lynch was ultimately paid more than $25,000 for his work, some of which was paid through Mr. Westlake's other company to conceal Mr. Lynch's participation.

Mr. Westlake was not charged with any wrongdoing in connection with the mining deal. He did, however, plead guilty to tax evasion charges for failing to report the $350,000 in income he made from the sale of the Raritan River property that he owned with Mr. Lynch.

ONE MAN, MANY ROLES: Lynch Flexed His Muscle In New Brunswick City Hall, State Senate, Behind The Scenes (APP)

By Rick Malwitz, STAFF WRITER

Asbury Park Press, September 16, 2006

Plea eclipses long political career

NEW BRUNSWICK — In the 1840s, Patrick Corrigan emigrated from Ireland and went to work helping construct the city's sewer system. While he chopped through roots under the city sidewalks, he would at the same time plant family roots.

Nearly a century later, in 1938, his granddaughter, Evelyn Rooney Lynch, gave birth to John A. Lynch Jr., who would play a significant role in the city's history and be hailed as a principal architect of its recent revival.

Lynch would follow in his father's footsteps, becoming mayor of the city, president of the state Senate and a major player in state politics, and the reputed political boss of Middlesex County politics.

But whatever good deeds there were in the eyes of many, these were eclipsed Friday, when he pleaded guilty to federal corruption charges. In a deal with the U.S. Attorney's Office, he is expected to be sentenced in December to federal prison for between 33 and 41 months.

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While Lynch crafted a lucrative career as an attorney with success not in small ways owing to his political connections, he maintained a passion for the political arena. When the U.S. Attorney's investigation became known in November, he said it was the result of his high political profile.

Of his passion for politics, he explained in a 1999 interview, "Every man needs a crap table."

Taking dad's lead

The senior Lynch was named city magistrate in New Brunswick in 1938. In 1941, he was named Middlesex County prosecutor by Gov. Charles Edison. He would serve two terms as mayor in the 1950s and serve in the state Senate from 1955 to 1977, rising to the position of Senate president.

Following his death in 1978, the John Lynch Sr. Bridge, crossing the Raritan River, was named in his honor.

His son would take the same career path — mayor, state senator, Senate president.

John was the eldest of five children raised on New York Avenue, near St. Peter's Hospital, and he attended St. Peter's High School.

Lynch graduated from College of the Holy Cross in Worcester, Mass., and Georgetown University Law School in Washington, D.C., and then returned home to practice law.

Lynch became mayor of New Brunswick in 1979, and would serve three four-year terms. During his tenure, the city had a revival that made it the envy of other cities in the state.

McGreevey mentor

Lynch toyed with the idea of running for governor in the 1980s. However, his statewide political ambitions would suffer, through no fault of his own.

In 1989, his brother-in-law, Louis Auricchio Jr., was sent to federal prison on income-tax evasion. In 1994, Auricchio pleaded guilty to aggravated manslaughter, admitting his role in the 1988 murder of a mob rival in Kearny.

After Lynch's statewide political ambitions were foiled, he found someone to groom for the governor's office, identifying James E. McGreevey of Woodbridge as an up-and-coming star in Democratic Party politics.

In 1997, Lynch co-chaired McGreevey's campaign, when he sought his party's nomination to challenge incumbent Gov. Christie Whitman.

McGreevey upset U.S. Rep. Rob Andrews in the 1997 Democratic primary, and came within 28,000 votes of upsetting Whitman. In the 2001 election, McGreevey easily defeated Republican Bret Schundler in the governor's race and Lynch was hailed as the kingmaker. That year the www.politicsnj.com Web site named Lynch its "Politician of the Year."

Once McGreevey took office, however, his relationship with Lynch soured. No longer did Lynch have access to the governor's office, and Democratic power brokers repeatedly asked him why he had promoted McGreevey.

Political "choreographer"

Lynch would describe the duration of the McGreevey administration as "the worst 34 months of my political life."

Ironically, Lynch entered his guilty plea the same week The Associated Press printed the most salacious excerpts from McGreevey's tell-all autobiography.

Officially, Lynch's power began to diminish following the 1991 election. Voter dissatisfaction with Gov. James J. Florio's tax increase tipped the balance in Trenton, putting the Republican Party in charge.

Lynch, no longer Senate president, said he believed it was time to enter "the real world" and begin developing business interests in addition to his law practice.

In 1993, Monmouth County developer Jack Westlake created the Alma Limited Partnership to develop business projects. Lynch was not part of Alma, reasoning that, if he was, "I would become the story, as opposed to the project."

Lynch and Westlake then established Executive Continental, to act as a subcontractor working for Alma, with Westlake and Lynch sharing 50/50 ownership. Lynch told the Home News Tribune his role was as a "choreographer . . . to make the politics work."

FBI raid

When the FBI exercised a search warrant at the office Westlake and Lynch shared in Tinton Falls, Lynch claimed he was innocent.

"I am sure that I have been investigated due to the repeated press accounts calling me "boss,' a "warlord,' and many other uncomplimentary names as a result of the nonsense perpetrated by people associated with the McGreevey Administration."

In May, Gannett New Jersey reported that Monroe Mayor Richard Pucci received $150,000 to act as a consultant to New Directions for Responsible Leadership. At the same time, developer Jack Morris, a developer with close ties to Lynch, was seeking approval of a project in Monroe.

Lynch said there was no wrongdoing, although he acknowledged there was a perception of wrongdoing, based on his connection to the story.

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"I am a liability because of perception, not reality," Lynch said.

In the wake of that story he faxed a statement to the media, announcing his decision, "to withdraw entirely, permanently and irrevocably from a wide range of public organizations, whether political or philanthropic in nature."

In an interview with the Home News Tribune one week after he issued that statement, he indicated he would not leave the political arena altogether. "God willing I will be around long enough to be banged around some more," he said.

With Friday's guilty plea, the bang of a judge's gavel in federal court forever tainted his name.

Ex-Senate President Admits He Got Payoffs (BERGR)

By PETER J. SAMPSON And MITCHEL MADDUX, STAFF WRITERS

Bergen Record, September 16, 2006

John A. Lynch Jr., a former state Senate president and one of New Jersey's most powerful Democratic bosses, admitted Friday that he took thousands of dollars in payoffs from a company seeking state approvals.

Lynch, 67, pleaded guilty in federal court to devising a scheme to defraud the public. He also admitted evading taxes on $150,000 in unreported income from a separate venture in 1999.

The former legislator -- who sponsored James E. McGreevey's rise to the governor's office in 2001 -- is by far the most prominent of dozens of New Jersey public officials convicted in a series of federal corruption probes during the past several years.

State Republican Party chief Tom Wilson was quick to make political hay of the news.

"John Lynch isn't just symbolic of the Democratic Party in New Jersey: He was the literal hub of the Democratic Party in New Jersey," Wilson said. "Another Democratic Party leader sent to jail, another black eye for New Jersey's reputation."

Democratic State Committee Chairman Joe Cryan fired back: "These types of things happen in both parties, whether it's Republican mayors in Monmouth County or Republican congressmen around the country. Tom should know better than to make these kinds of allegations."

U.S. Attorney Christopher J. Christie -- no stranger himself to accusations of partisan politics -- noted that Lynch, of New Brunswick, once was "probably the single most influential person on the governor of New Jersey."

"Today's guilty plea should send a message that no one -- absolutely no one -- is above the law in the state of New Jersey," Christie said during a news conference in Newark.

Lynch, a former New Brunswick mayor, admitted his guilt before a packed courtroom as part of a plea agreement that brings a close to a four-year investigation. Under federal guidelines, he faces 33 to 41 months in prison when he is sentenced on Dec. 19.

U.S. District Judge Stanley Chesler allowed Lynch to remain free on $100,000 bail, provided he surrenders his passport, submits to a mental health evaluation and limits his travel to New York and Florida.

Lynch, who left office in January 2002, later apologized for betraying the public trust.

"I accept full responsibility for [my] misconduct, and I deeply regret it, not merely because it will irreparably stain my reputation but, more importantly, because it will further erode both the citizens' faith in their public officials and the country's perception of this great state," he said in a statement read by his attorney outside the federal courthouse.

The statement also said Lynch is pained that his crimes will now overshadow decades' worth of achievements in public office.

By pleading guilty, he said, "I hope I can cease being part of the problem and start being part of the solution."

Sand company payoffs

Moments earlier, Lynch told a federal judge that he accepted payoffs funneled through two consulting firms from a South Brunswick sand company in return for his official actions and influence as a senator.

His longtime business associate and a principal of the two consulting firms, John E. "Jack" Westlake, also pleaded guilty Friday.

Westlake, 76, of Red Bank, admitted that he failed to report about $350,000 in 1999 income and, as a result, owes between $70,000 and $120,000 in back taxes.

The partners used the Red Bank firms Executive Continental Inc. and Alma Limited to hide corrupt payments to Lynch, federal authorities said. The firms purported to provide consulting services to developers.

In 1995, the sand company hired Alma to help secure mining rights to state-owned land next to its property in South Brunswick. After the sand was extracted, the land was to be turned into a park and ownership reverted to the state. The company turned to Alma, which is solely owned by Westlake, to get the necessary approvals from the state Department of Environmental Protection.

Lynch wrote letters to the DEP vouching for the sand company and endorsing the park plan.

Between 1998 and 2002, Alma regularly demanded and received payments of $120,000 to $200,000, from the sand company, Lynch admitted Friday. About $25,000 of that money was passed on to him through Executive Continental, a firm in which he held a 50 percent stake, he said.

Christie said Lynch pressed the DEP to approve the park project while not admitting to anyone that he was receiving payments from the sand company.

"That's influence peddling and concealing corrupt conduct," he said.

'Powerful warlord'

As Senate president and as an influential political boss, Lynch exerted behind-the-scenes control over a wide range of government decisions affecting every corner of New Jersey.

In his recently released autobiography, "The Confession," McGreevey described Lynch as "by far the most powerful warlord in the state."

At times pugnacious, often feared and sometimes downright profane, Lynch charted a successful political career secured through written legislation and backroom deals.

He led the revival of a blighted New Brunswick, convincing health-care giant Johnson & Johnson to keep its world headquarters there and sparking an urban renewal movement. He also authored New Jersey's fair housing law after the state Supreme Court ruled that municipalities must provide affordable housing to the disadvantaged.

Among his other achievements were laws to protect the state's dwindling open spaces, protect wetlands and create urban enterprise zones.

Lynch was born in 1938, the son of the late John A. Lynch, himself a New Brunswick mayor who also ascended to the Senate presidency. The younger Lynch studied at the College of the Holy Cross and Georgetown University Law School before beginning a legal career. He was elected to the Senate in 1981.

Aide McGreevey Cited Says They Never Had An Affair (NYT)

By Andrew Jacobs

The New York Times, September 18, 2006

There were no fireworks, no swooning — and no sex, for that matter, says the man at the center of the political maelstrom that led to the resignation of Gov. James E. McGreevey of New Jersey two years ago.

Golan Cipel, the man with whom Mr. McGreevey says he had a two-year affair, said in an interview from Israel yesterday that he wanted to set the record straight and dispute Mr. McGreevey's memoir, "The Confession," which is to be released tomorrow. He said the book was simply an attempt to rehabilitate Mr. McGreevey's public image.

He said he was the victim of unwanted advances. "I was not his lover," said Mr. Cipel, 37, an Israeli citizen who was New Jersey's homeland security adviser. "I've never met a liar like Jim McGreevey."

In an interview yesterday, Mr. McGreevey would not directly address Mr. Cipel's remarks, but he described the book as a "rigorously and deeply honest" recounting of his years in the closet, his furtive sexual exploits at truck stops and what he portrays as a rapturous breakthrough affair with Mr. Cipel.

"I want to recognize my obvious complicity in the relationship and to underscore the damage and suffering I caused," he said. "But for Golan, I would have never confronted my own truth."

State Senator Raymond J. Lesniak, Mr. McGreevey's close friend, was less conciliatory. "There is a special place in hell reserved for liars like Golan Cipel," he said.

At the time of Mr. McGreevey's resignation, lawyers for the governor said Mr. Cipel was threatening to file a sexual harassment lawsuit. One of the lawyers, William E. Lawler, said that Mr. Cipel's lawyer, Allen M. Lowy, was demanding $50 million in exchange for dropping the matter.

Mr. Cipel denied yesterday that he or his lawyer was seeking money. He said he wanted only that Mr. McGreevey stop harassing him. The F.B.I. investigated extortion accusations but declined to take action.

In the book, Mr. McGreevey calls the relationship a consensual affair that started one night while his wife was recovering from surgery after the birth of their first child. "We undressed and he kissed me. It was the first time in my life that a kiss meant what it was supposed to mean — it sent me through the roof," Mr. McGreevey writes.

Mr. Cipel said the two men never kissed.

Mr. Cipel called it an encounter marked by deceit and physical force. He said the evening started at a bar near the governor's home in Woodridge, where Mr. McGreevey tried to ply him with beer while state troopers waited outside. When he refused to drink, he said, Mr. McGreevey asked him to return to his home under the guise of doing work. Once there, Mr. McGreevey poured two glasses of Jägermeister. Again, Mr. Cipel said, he would not drink.

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He said Mr. McGreevey downed both glasses, and said he had some paperwork upstairs he wanted to give him. “Contrary to what is in the book, we were not holding hands as we walked up the stairs,” Mr. Cipel said. As they neared the master bedroom, Mr. Cipel said, the governor pushed him onto the bed and jumped on top of him.

After a brief tussle, he forced him off and asked why he thought he was gay. “Everyone is a little bit gay,” he quoted Mr. McGreevey as saying. He said he returned home and the next day, the governor apologized, chalking it up to the liquor and the absence of his wife.

Mr. Cipel said there were other encounters during his two years in the administration.

One episode occurred one night in 2002 when state troopers drove the two men to Washington for a meeting, and the governor tried to rub up against Mr. Cipel’s leg. Mr. Lawler said he interviewed the troopers, who denied that the encounter took place.

After that, Mr. Cipel said, he resigned. Asked why he had not left sooner or gone to the authorities, he said he had been afraid no one would believe him. “I knew McGreevey would do anything to keep his job and I didn’t want to get between him and his ambition,” he said. “I felt I couldn’t really run away from a man this powerful and ambitious.”

Former Aide Denies Affair With McGreevey (MH)

The Miami Herald, September 18, 2006

TRENTON, N.J. - Former Gov. James McGreevey says it was an affair with another man that wrecked his marriage and led to the downfall of his political career.

But the former aide implicated in the affair, Golan Cipel, denies the stories recounted in McGreevey's new tell-all book, saying there was never consensual sex and that there were several occasions where he felt sexually harassed, according to newspaper reports.

"I didn't have sex with him - ever," Cipel, 37, told The Philadelphia Inquirer for Sunday newspapers. "In his book, he talks about love, but I never heard anything from McGreevey that was affectionate. The only thing I experienced from him was sexual harassment."

Speaking by phone from Israel, where he works, Cipel told The Inquirer that he needed to counter what he described as lies in McGreevey's book, "The Confession," which is due in bookstores Tuesday. Cipel repeatedly has denied that he is gay.

McGreevey stood by his account of the relationship as described in the book.

"The book is rigorously, if not painfully, honest," McGreevey told The Associated Press Sunday. "It was necessary in my recovery to be totally honest, to embrace my mistakes, my failures and the pain I caused, and to take responsibility for my actions. The book is an effort, however imperfect, to describe the dangers of living a divided, inauthentic life."

A copy of the book, obtained Thursday by The Associated Press, has McGreevey recounting how he first bedded Cipel in December 2001 while his wife was in the hospital after delivering their daughter. McGreevey describes the first kiss in his life that meant something and lovemaking that was "a boastful, passionate, whispering, masculine kind of love."

Cipel said the evening instead involved McGreevey taking him out to a bar, then back to his condo for shots of Jagermeister. McGreevey pushed him to drink more and then told him to come upstairs to look at something "for work," Cipel said.

"So McGreevey comes up, turned toward the den very fast, and pushed me toward the bedroom. I froze, and I said, 'What's going on?' He pushed me again on my chest. He jumped on me and we wrestled. He tried to kiss me. He tried to sexually assault me," Cipel said.

Cipel said he asked McGreevey why he would think he was gay. "And McGreevey said, 'Everybody is a little gay.' I was completely in shock," Cipel told the newspaper.

According to Cipel, he broke free. But he said he was scared because there was a state trooper outside.

"If I hit the governor back, who would they blame? I rushed out. I went home. I couldn't sleep all night. Thoughts in my mind were running. What am I going to do?" Cipel said.

State Sen. Ray Lesniak, a longtime McGreevey friend, told the Inquirer that Cipel is an "extortionist and opportunist" and a "liar and a coward."

"He's proven it his entire history here in the United States over and over again. And he continues to lie and he continues to hide and run away from the truth," Lesniak said.

Allen Lowy, a lawyer who handled Cipel's sexual harassment case, did not immediately return messages left Sunday night, seeking comment about Cipel's remarks.

In a separate interview with The New York Daily News, Cipel addressed McGreevey's claims that blackmail threats led to his August 2004 resignation announcement.

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Cipel said FBI investigators came to Israel and concluded he didn't try to blackmail McGreevey. "I was just the only one with the courage to speak out," Cipel said.

Through lawyers, Cipel threatened to sue McGreevey for sexual harassment shortly before and after McGreevey's resignation. A lawsuit was never filed, and the statute of limitations lapsed. "I wanted to get on with my life," Cipel told The Daily News.

After the resignation, McGreevey, 49, retreated into private life and remained silent until he spoke with Oprah Winfrey on Tuesday about the book - that show will air this Tuesday. He works now as a university-level educational consultant and a childhood anti-poverty advocate, and lives in Plainfield, N.J., with his partner, Mark O'Donnell.

According to Cipel, he enjoyed working on McGreevey's 2001 gubernatorial run, but thought he wouldn't be on McGreevey's staff, because he was a non-U.S. citizen.

"He said, 'I can arrange anything. I'm the most powerful governor in the nation,'" Cipel told The Inquirer.

Cipel told The Daily News that he once asked McGreevey whom he reported to. "And he said, 'Only God is above me,'" Cipel said.

Jury Deadlocked On Aryan Execution (LAT)

By Christopher Goffard, Times Staff Writer

The Los Angeles Times, September 16, 2006

Jurors deadlocked today on whether to execute two kingpins of the Aryan Brotherhood prison gang who orchestrated a decades-long reign of murder from their cellblocks.

As a result, Barry "The Baron" Mills, 58, and Tyler "The Hulk" Bingham, 59, will live out their years where they have spent most of their adult lives — and where their names already carry near-mythic weight: behind bars.

The jury had been deliberating on the death penalty for a week when it announced the deadlock Thursday to U.S. District Judge David O. Carter, who told the panel to deliberate further. This afternoon, jurors sent word they still could not make up their minds. In federal death penalty cases, if jurors cannot reach a unanimous verdict, defendants receive a default penalty of life in prison.

The same jury convicted the graying, walrus-mustached pair of racketeering and murder in July after a five-months trial in U.S. District Court in Santa Ana. The case involved 17 murders or attempted murders dating back to 1979, when Mills stabbed another inmate to death in an Atlanta prison for cheating the gang on a drug deal.

Under Mills' and Bingham's leadership, prosecutors said, the Brotherhood killed to enforce obedience among vast prison populations, run the drug trade, eliminate government informants and keep its members loyal to the gang's strict code.

The gang's violence culminated in 1997, when Mills and Bingham, incarcerated at the Supermax federal prison in Florence, Colo., smuggled a message written in invisible ink to another Brotherhood leader, Al Benton, at the federal prison in Lewisburg, Pa. The message urged Benton to wage war on black inmates, prompting him and his soldiers to launch a blitz attack that left two black inmates dead.

"They thought about it, they plotted, and they sent a message," prosecutor Terri Flynn told jurors, contending that the premeditation involved in the Lewisburg murders argued for the death penalty for Mills and Bingham. "This was not a spur of the moment event that happened."

As the leaders of a gang that employed elaborate ruses to communicate, such as cloaking messages with a 400-year-old binary alphabet system and embedding notes in the text of library books, Mills and Bingham remained a threat to guards and other inmates, the prosecutor said.

Even at the Supermax, the nation's tightest lockup, they were able to thwart the best efforts to watch them. "These men were still able to start a nationwide race war from that prison," the prosecutor said. "They know how to get around the secure facilities."

Mills oversaw the Brotherhood's reign of violence even as he was serving a life sentence for the 1979 murder, the prosecutor said, asking jurors to consider what besides death might deter him from further crime. Like Bingham, Mills has two prior convictions for robbery with a firearm and has been incarcerated most of his adult life.

It would not be adequate punishment, the prosecutor told jurors, "to send them back to prison, to send them back to the place where they are legends."

Defense attorney Dean Steward said the aging defendants would spend the rest of their lives in maximum-security cells and posed no further threat, especially because the Bureau of Prisons had improved security enough to intercept any clandestine communication between the Brotherhood. "They can easily bottle this up," Steward said.

Arguing to keep Mills and Bingham alive, the defense attorney said that Benton, who committed one of the Lewisburg murders, received just a nine-year sentence in exchange for his testimony and would likely be paroled.

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"How can you, under any fair system, send Al Benton home and kill these men?" Steward asked the jurors.

During the penalty phase of the trial, the defense sought to paint a picture of Bingham as more than a prison warlord. Jurors saw childhood photos of Bingham, as well as many taken from 1981 to 1985, when he was a free man, married with three sons. The sons took the stand to say they loved their father.

Penny Allamprese, Bingham's ex-girlfriend, testified that she met him when she was 12 years old and he was a 14-year-old with "auburn hair," a "beautiful smile," and a "girl on each side." Her mother forbade her from dating him, she said, so they ran away together.

"He stole a car and met me at midnight," she said. "We were going to Texas to get married."

Instead, a sheriff's deputy caught them in Barstow. Over the years, she added, Bingham has sent her hundreds of poems, many documenting the horrors of prison life.

The defense called no family members for Mills, who has been in prison continually since the 1970s and is known only to have one living relative. Instead, defense attorney Steward stressed that prison is a violent environment with harsh rules where survival means finding friends.

The case was the first of several targeting the Aryan Brotherhood's leadership. Along with Mills and Bingham, lesser gang members Edgar "The Snail" Hevle and Christopher Gibson were convicted in July of conspiring to murder black inmates. They face 20 years to life in prison when Judge Carter sentences them in October.

Bingham and Hevle, had they not been convicted, were scheduled to be released in four years.

Christopher.goffard@latimes.com

Aryan Brotherhood Convicts Get Life Sentences (OCR)

By Larry Welborn, The Orange County Register

Orange County Register, September 16, 2006

In Santa Ana, a jury deadlocks after five days of deliberations, leading a judge to declare a mistrial and impose judgments.

SANTA ANA – Two members of the violent Aryan Brotherhood prison gang stared unflinchingly straight ahead Friday when a federal jury announced it could not decide if they deserved the death penalty for multiple convictions of racketeering and murder.

U.S. District Court Judge David O. Carter then declared a mistrial and said he must now impose a sentence of life without the possibility of release for Barry "The Baron" Mills, 57, and Tyler "The Hulk" Bingham, 58.

Carter scheduled a hearing to confirm the sentence Nov. 13.

The two inmates with shaved heads and bushy mustaches sat laughing and chatting with their lawyers behind a security wall inside the Ronald Reagan courthouse before the jury was brought into the ninth-floor courtroom. But they were somber and serious when the eight-man, four-woman jury announced the impasse after five days of deliberations.

Jurors revealed after the mistrial was officially recorded that their last vote had been 9 to 3 for death for Mills and 8 to 4 for life without release for Bingham, both reputedly members of the federal commission for the Aryan Brotherhood.

H. Dean Steward, one of Mills' defense attorneys, said Mills was relieved and grateful to the jury that he will not face execution even though it means he will likely spend the rest of his life in almost total isolation at a super maximum federal prison in Colorado.

Michael White, one of Bingham's lawyers, said that Friday's events were "bittersweet" for his client because he realizes he will never be released from prison to be with his longtime girlfriend and their three sons.

Bingham had been eligible for parole in 2010 before the same jury convicted him and Mills in July of racketeering and murder charges for ordering fellow Aryan Brotherhood inmates to commit violence against other gangs and inmates who were deemed in violation of the Aryan Brotherhood code.

The trial, which began in March, was part of a larger effort by federal prosecutors to dismantle the influence that the Aryan Brotherhood holds over prisons throughout the country.

The Aryan Brotherhood was founded by white prison inmates at San Quentin State Prison in Northern California in 1964 and is now made up of no more than 100 core members, according to federal authorities.

A federal grand jury indicted 40 known associates of the Aryan Brotherhood, including Bingham, who once boasted he could bench press 500 pounds, and Mills, in October 2002, charging them with a series of prison murders and violent attacks on inmates.

Two other top members of the Aryan Brotherhood were convicted in July along with Mills and Bingham. They are scheduled to be sentenced to 20 years to life without the possibility of release in October.

Several other trials are scheduled to begin in various federal courts later this year and early next year.

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Assistant U.S. Attorney Terri K. Flynn said that even though the jury did not vote for death for Bingham and Mills, the trial was a success. She said the convictions in July should send a message to Aryan Brotherhood members and other prison gangs that the government will go after violent prison inmates.

"These two defendants have effectively been gutted," she said. "They will spend the rest of their lives hidden away in isolation in some prison."

Life Sentences For 2 Aryan Brotherhood Men (NYT)

By The New York Times

The New York Times, September 16, 2006

By The New York Times

SANTA ANA, Calif., Sept. 15 — Two Aryan Brotherhood members were spared a death sentence on Friday when jurors here reached an impasse after six days of deliberations in the penalty phase of their racketeering, murder and conspiracy trial.

The jury told Judge David O. Carter of Federal District Court on Thursday that it was deadlocked. Judge Carter ordered the panel to continue deliberations. On Friday, the jurors again declared an impasse, with nine of the 12 jurors favoring death for one man, Barry B. Mills, 57, and eight of the 12 favoring a life sentence for the other, Tyler D. Bingham, 58.

The judge is scheduled to sentence the two men to life terms on Nov. 13. Under the law, the prosecutors cannot ask for a new penalty phase.

“There is no real happy ending here, because both men are being sent back to the ADX, where they are going to spend the rest of their lives in the most secure prison in the United States,” Mark Fleming, a lawyer for Mr. Mills, said as he referred to a federal prison in Colorado.

The men were the first among 40 people in an indictment meant to bring down the Aryan Brotherhood.

Judge Declares Mistrial In Death Phase Of Aryan Brotherhood Trial (MERCN)

By Gillian Flaccus

The San Jose Mercury News, September 16, 2006

SANTA ANA, Calif. - A federal judge declared a mistrial Friday in the death penalty phase of the trial of two Aryan Brotherhood leaders convicted of murder, racketeering and conspiracy after jurors announced they were unable to reach a unanimous verdict.

The ruling means Barry "The Baron" Mills and Tyler "The Hulk" Bingham will serve life in prison without parole. U.S. District Judge David O. Carter scheduled their sentencing for Nov. 13.

The same jury convicted Mills and Bingham in July. Jurors were then asked, in a separate proceeding, to determine whether Mills, 58, and Bingham, 59 should be sentenced to death or life in prison without possibility of parole.

After 3 1/2 days of deliberations, jurors told Carter on Thursday they were deadlocked, but he ordered them to return to the jury room and attempt to resolve their differences. After spending another day deliberating, they announced it would not be possible to reach a unanimous decision.

"We are honestly and conscientiously unable to agree after a full consideration of the evidence," the foreman said in a note sent to the judge.

The case against Mills and Bingham was part of a larger indictment that federal prosecutors hope will eventually dismantle the Aryan Brotherhood, the violent white supremacist organization that is accused of running powerful gambling operations and drug rings from inside some of the nation's most notorious prisons.

Among other things, the jury convicted Mills and Bingham of inciting a race riot at a prison in Lewisburg, Pa., in 1997 by conspiring to send a secret message to Aryan Brotherhood members. Frank Joyner and Abdul Salaam, alleged members of the rival DC Blacks prison gang, were killed during the uprising.

Charges against the pair were brought under the Racketeer Influenced and Corrupt Organizations law, and they were convicted of offenses known as Violent Crime in Aid of Racketeering - laws originally passed to target the Mafia. The so-called VICAR verdicts made Mills and Bingham eligible for the death penalty.

Experts say the full indictment, which lists 32 murders and attempted murders, makes up one of the largest federal capital punishment cases in U.S. history. Assistant U.S. Attorney Stephen Wolfe said up to 16 people potentially face execution in a half-dozen trials scheduled in the coming months in Orange County and Los Angeles.

Jurors told Carter Friday they were split nine to three in favor of death for Mills and eight to four in favor of life in prison for Bingham.

He asked if the extra day of deliberations had any impact on the vote and they said only slightly, adding one juror moved from voting for life in prison to voting for death for Mills.

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After Carter declared the mistrial, authorities escorted the jurors from the courtroom to their cars, and the judge said their identities would not be revealed.

Mills was already serving two life terms for nearly decapitating an inmate in 1979, but was eligible to apply for parole until Friday's ruling. Bingham, in jail on robbery and drug charges, would have been released in 2010.

Both were housed in ADX, the maximum-security prison in Florence, Colo., prior to the trial and will likely return there. Prosecutors said they will be held in solitary confinement 23 hours a day in a high-security wing that houses notorious convicts such as al-Qaida member Zacarias Moussaoui and Unabomber Theodore Kaczynski.

Assistant U.S. Attorney Terri K. Flynn said the government's failure to win a death penalty verdict was "not a defeat."

"These two have effectively been gutted and they will be hidden away somewhere they can't do any more harm," she said. "It sent a message not only to the Aryan Brotherhood but to all the prison gangs that inmates can't kill other inmates, and if they do they will be prosecuted to the fullest extent of the law."

One of Mills' attorneys, Mark Fleming, said his client was "relieved and appreciative" that the jury had spared him the death penalty.

Bingham attorney Michael White said his client was also relieved but that both were concerned about being housed once more in ADX.

"They're very concerned about what their life will be like. The ADX can be very restrictive, and the question is, how restrictive will they make it," White said.

Defense attorneys argued that one of the reasons jurors should spare the defendants' lives was because the inmate who actually killed the two black prisoners struck a deal with prosecutors. Under the deal, he was sentenced to nine years in prison and testified in the trial against Mills and Bingham.

Carter said he wanted to poll the jury in an effort to determine if that information had an impact on its members.

"These cases are costing millions of dollars. ... I think with the millions and millions of dollars they should be forthcoming," he said.

During the trial, government witnesses revealed many of the secret inner workings of the Aryan Brotherhood. Among other things, they told of a secret note, written in invisible ink made from urine, that was passed from Bingham's high-security cell in Florence, Colo., to Lewisburg. The note read: "War with DC Blacks, TD."

Mills and Bingham were also convicted of a count of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989, as well as counts of racketeering that included acts of murder and attempted murder.

Two other men who went on trial with Mills and Bingham - Edgar "The Snail" Hevle and Christopher Overton Gibson - will be sentenced to life in prison.

Seniors Call For Action Against Fraud (MH)

By John Dorschner

The Miami Herald, September 18, 2006

When Muriel Sherman, 81, decided to go to war against Medicare fraud, she found a lot of seniors who wanted to join her.

Her story, reported in The Miami Herald last month, has sparked a wave of responses from seniors with similar stories about their identities being used for widespread fraud that FBI officials estimates runs $1 billion a year in South Florida alone.

Because their comments were so numerous and so intense, The Miami Herald has decided to open a forum on its website dedicated to healthcare fraud. (Go to MiamiHerald.com and click on Health).

The forum will consist of comments of seniors and others whose identities have been used, announcements from law enforcement and news reports. It will be updated frequently as developments occur.

"After I read this wonderful article, I went immediately to my summary notices, and I saw I too was a victim," wrote A. Friedman of North Dade in one of several dozen responses. 'I'm very irate. I've already called Medicare . . . I got the phone number of the service that did the billing and I called. I got a recording in Spanish. I told them: `I'm reporting you to the FBI and the Herald! You better stop this.' "

Phil Wall of Kendall had a suggestion: ``Has anyone yet realized that Muriel Sherman, and thousands more seniors who are just as irked by what's going on, represent an untapped mass of unlimited resources that would gladly get busy and identify dozens of frauds every hour if their efforts were productive of anything but yawns on the part of the folks who take the reports?. . .

'My own experience in reporting 25 or 30 obvious frauds has told me plainly that all the protections presently in place amount to a very bad joke. Never before has there been such an immediate need for `whistle-blowers' by hundreds of thousands!! Might a small reward be workable?"

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Timothy J. Delaney, assistant special agent in charge of the FBI's Miami Division, warned seniors not to do investigations on their own. ``I would leave that up to the professionals."

Delaney, who previously was the FBI's national case manager for healthcare fraud cases, acknowledged that healthcare fraud is a huge issue here, particularly in durable medical equipment, a long-standing concern, and in expensive HIV/AIDS infusion treatments, which was first revealed as a massive problem in a Miami Herald report last year.

"It is a huge problem, but there are many people trying to do something about it," Delaney said. Thirty of the Miami division's 390 case agents are dedicated to healthcare fraud.

Seniors can help by taking a careful look at their explanations of benefits that arrive periodically in the mail from Medicare. If they spot something odd on their bills -- particularly charges for clinics or doctors they've never been to -- they should start by calling the 1-800 number on their EOB form. They can also call

the Medicare fraud hot line at 1-800-447-8477.

"I don't encourage calling the FBI," said Delaney. "Any single complaint is not enough" to launch an investigation. "Every citizen has the right to call the FBI," but in healthcare fraud cases, the agents generally fill out a form and forward the information to investigators.

Several seniors have told The Miami Herald that when they called Medicare to complain about fraud, they were told that an investigation is not launched until $1 million in claims has been built up.

Delaney acknowledged there was a threshold for investigations, but he refused to say what it was. Healthcare fraud cases tend to be complicated, he said, with agents having to gather records from several different sources -- meaning it can take months to bring a case to an indictment.

Meanwhile, many persons are irate. "If a person walked into a bank with a note demanding $1,000, the FBI would be on the case in seconds, and they would be arrested and prosecuted. We have people stealing millions and nothing is happening," Jim Nolan wrote to The Miami Herald. ``Every American taxpayer and the business community is paying for this fraud. Does it take 80-year-old woman and her husband to go to a phony store front to get some attention?"

As for Muriel Sherman, now 81, she said that since the report was published, she received a copy of a two-page letter the FBI sent Medicare fraud investigators about her case. But she's received no word about anything action against the clinic that billed her for visits she never made.

Sweep Targets Medicare Fraud (AP)

By Curt Anderson

AP, September 18, 2006

MIAMI - Medicare recipient J.D. got a $3,500 artificial leg and a $2,900 arm prosthesis. For F.R., it was a $2,320 prosthetic arm with locking elbow and a $6,840 artificial leg. Medicare provided M.C. with a $1,200 shoulder apparatus and a $1,700 device for a below-knee amputation.

Each of these people, identified in court documents only by their initials, is a real Medicare beneficiary who lives in the Miami area. But none of them lost even a finger, much less two limbs.

Instead, federal prosecutors say they were paid by a crooked medical devices company for use of their Medicare status to steal more than $3 million from the nation's health care program for the elderly. The company's owners also paid doctors kickbacks to write false prescriptions for the devices, investigators say.

Such schemes are all too common in the retirement haven of Florida, second only to California with more than 3 million Medicare recipients, according to 2005 Medicare data. Three urban counties in South Florida - Broward, Miami-Dade and Palm Beach - are home to almost a third of all Florida's recipients, and have become a national hotbed for fraud.

Borrowing a tactic used successfully against drug traffickers, federal prosecutors in Miami are attacking the problem by focusing on both the "street-level" scams that typically involve between $1 million and $5 million in fraud as well as the high-dollar cases involving large health providers.

Since last October, the effort has result in criminal charges against more than 100 people in 63 separate cases and civil lawsuits against another 38 defendants. All told, the cases over this one-year period involved more than $100 million in Medicare fraud, Miami U.S. Attorney R. Alexander Acosta said.

In past years, Acosta said, criminals widely thought that investigators wouldn't waste much time on relatively small-dollar fraud amounts of $1 million or $2 million.

"Word on the street that you could fly under the federal radar is not a good thing," Acosta said. "We're talking real money here. I think this is a serious problem."

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The crackdown involves several federal, state and local agencies. Miami and Los Angeles are also the only two cities where investigators are using sophisticated data analysis techniques to uncover Medicare fraud patterns, Medicare spokesman Peter Ashkenaz said.

"When we see there is a pattern, we start looking into it," he said.

Such patterns include unusual surges in Medicare billings from particular clinics or medical suppliers. Analysts also focus on billings for certain items that are prone to fraud. For example, investigators in Florida focused on AIDS drug fraud when they encountered more claims for certain drugs than there are AIDS patients in the entire state.

Two Miami men were arrested earlier this month for running a clinic that altered blood samples so the "patients" - who had been paid with cash or gift cards - appeared to be in need of a serious and costly AIDS drug treatment. That scheme defrauded Medicare of $1.4 million.

FBI Papers Portray How Fund-raiser Became A Power Player (PHI)

By Carrie Budoff

The Philadelphia Inquirer, September 18, 2006

When Democrat Bob Casey Jr. needed money for his gubernatorial race, there was one man he couldn't do without: fund-raiser extraordinaire Robert M. Feldman.

Casey wasn't the only Feldman fan. Short and courtly, with a taste for expensive suits and power lunches at the Palm, Feldman also raised millions for other politicians, such as Gov. Rendell, Mayor Street, and former New Jersey Gov. Jim McGreevey.

No longer. Ever since Feldman got entangled in an FBI investigation into Philadelphia corruption and another in Puerto Rico, he has lived in exile from the political world he once walked as a king.

Casey, for one, still calls Feldman "a very good friend," but takes pains to point out that Feldman is playing no role in his campaign for U.S. Senate.

Feldman has become an issue in the race anyway. Casey's opponent, Republican Sen. Rick Santorum, is airing a TV ad that, without naming Feldman, refers to him as Casey's "handpicked finance chairman" and notes he was under federal investigation.

Feldman has not been charged with any wrongdoing, and appears to remain under scrutiny only in Puerto Rico, where federal authorities are investigating his role in campaign contributions to the island's governor. Feldman has said he did nothing improper.

Although his days as a kingmaker are on hiatus, maybe permanently, a remarkably candid portrait of Feldman's dealings has emerged from a court case and FBI wiretaps of conversations with the late dealmaker Ronald White. The documents had not been previously made public.

Feldman could raise money at a fantastic clip, $25,000 to $50,000 at a time, the bulk of it from a small group of donors, reports show.

And lots of money flowed to Feldman, too, thanks to his ability to open doors. Some donors in his network paid Feldman more than $4 million in fees to get them "in front of decision makers," Feldman said in documents in a civil lawsuit.

Feldman also sought deals for himself.

In a Sept. 24, 2003, taped conversation, Feldman pressed White to cut him into a Penn's Landing redevelopment project, saying he had yet to reap rewards from his investment in Street.

"I've got nothing. I've raised a ton of money for the mayor. I'm raising right now for him," Feldman said. "Maybe I should make this my 'big ask.' "

Feldman, 59, of Gladwyne, declined be interviewed for this article. His attorney, Henry E. Hockeimer, declined to comment.

Casey says he has worked hard to make sure his campaign contributions are proper; he says he shouldn't be criticized for Feldman's legal problems. Republicans are trying to "smear me any way they can," he says.

Casey and Rendell say they had no clue Feldman was getting paid as a consultant by donors, and they were never personally lobbied by him.

"I was never aware of it," Casey said. "I don't know about, nor should I know about, his private business ventures."

A rapid rise

In a world where it can take years for a bit player to become a big player, Feldman seemed to come out of nowhere.

He was a high school dropout who pushed himself, earning a GED and spending almost two years at Trenton Junior College and the School of Industrial Arts (now Mercer County Community College) before leaving. He worked as an insurance broker, then in construction. Eventually, he began a managed-care dental company that sold plans to labor unions and corporations.

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When it came to political fund-raising, Feldman rose quickly.

In a court statement, he identified himself as finance chair for Democrat Mark Singel's 1994 race for governor and then-Republican Barbara Hafer's 1996 state treasurer's bid.

Raising money for Democrat Marty Weinberg's Philadelphia 1999 mayoral campaign, Feldman went head to head against fund-raising powerhouses such as State Sen. Vincent J. Fumo (D., Phila.) - often beating them.

"I had never seen him before. I had never heard of him before," said Ken Smukler, a Philadelphia political strategist who met Feldman on Weinberg's campaign. "The guy goes gangbusters in raising money."

Political players spent a lot of time trying to figure out what made Feldman tick. The consensus: It wasn't really ideology, or even business.

"He likes to be perceived as being important and being in the inner circle of whatever candidate he picks," said consultant Howard Cain, a longtime political operative for Fumo. "He likes to be courted by candidates and acknowledged. It may be simple as that."

After Weinberg lost, Feldman moved seamlessly into Street's mayoral campaign, as finance cochairman.

Soon, Casey came calling for help in the governor's race.

"I knew he was a really good guy and a great fund-raiser, and I had a lot of work to do to raise money," Casey said. "It was pretty simple."

Feldman had built significant fund-raising muscle, and he began to exercise it. One example came in 2001, when Feldman served simultaneously as top fund-raiser for gubernatorial campaigns in two states - Casey's in Pennsylvania and McGreevey's in New Jersey.

As usual, Feldman's network of donors sent hundreds of thousands of dollars to assist both men, records show.

This time, $250,000 donated to Casey was sent across the Delaware River into New Jersey.

The donations came in two installments, in March and October 2001, and were distributed to four political committees supporting McGreevey, finance records show.

The money transfers are striking because of their size and timing; in 2001, Casey was struggling to raise money for a primary fight against the better-financed Rendell.

Casey aides said it was a strategy: They hoped to generate good will in New Jersey so money would flow back to Casey.

Through the May 2002 Democratic primary, New Jersey donors gave $1.2 million to Casey and $885,000 to Rendell, records show.

Casey says he's now fuzzy on the details.

"I do remember we contributed to him or committees that were supporting him," Casey said of McGreevey.

Casey matched Rendell's fund-raising, but still lost the primary. Soon after, Feldman became one of Rendell's four finance cochairmen.

Providing access

Feldman's ability to deliver $25,000, $50,000, and sometimes $100,000 donations, seemingly with ease, confounded his rivals. The beneficiaries marveled at it.

"He was one of those guys who didn't do a lot of posturing or a lot of talking. He just came in with checks," said Shawn Fordham, Street's campaign manager in the 2003 race.

Flashy - he and Ron White rode chaffeured Mercedeses with their initials imprinted on the license plates - but also intensely private, Feldman rarely talked about his consulting business, political associates say.

In newly filed court documents, Feldman gave some details about his life as a top political dealmaker.

At least five firms, whose principals formed the foundation of his fund-raising network, paid Feldman to "primarily help with meetings, access."

"Say I am having lunch with someone and I may have three consulting clients," Feldman said in a court statement. "If the person that I am meeting with would have some interest in any of my clients, I would mention them.

"It is not time-consuming."

The five firms that paid Feldman as a consultant put $636,000 into Casey's gubernatorial campaign, $546,000 into Street's campaigns between 1999 and 2003, and $230,000 into Rendell's campaign in 2002, records show.

The most detailed disclosures concern Investment Management Advisory Group, or Image, a politically active Chester County investment firm to governments and nonprofits.

Feldman began consulting for Image in May 2000, earning more than $1.2 million through 2003, court documents show.

His compensation spiked in the months after McGreevey took office, rising from $30,000 in January 2002 to $187,000 in August 2002, court documents show. At that time, Image's government portfolio expanded as the firm won more than $4 million in work from the McGreevey administration, according to news reports.

It was Feldman's business partnership with White, the Philadelphia lawyer indicted on corruption charges, that attracted FBI scrutiny.

Together they raised money for Street and McGreevey, and tried to generate deals for themselves and people in their fund-raising network.

It didn't always run smoothly.

In that September 2003 taped conversation, White told Feldman that there was no more room in the Penn's Landing deal. White went on to protest that he was delivering for their "whole network," mentioning Image and Hill International, a Marlton construction company.

"Whatever you needed, I went in and asked for. For you," White said. "We got a lot."

"Me?" Feldman said.

"Well, your people," White said.

Not good enough, Feldman replied.

"When I raise money, they got to help me, too... so that I can continue to raise money," Feldman said.

Executives from Image declined to comment; Hill executives failed to respond to interview requests.

For more than a year after the FBI probe went public, Casey stood by his man, keeping him on as chairman of his 2004 state treasurer's race. Casey says he didn't give Feldman a role in his U.S. Senate campaign.

Casey says Feldman's legal woes aren't the reason.

"When you run for federal office, it is a different process, a different system," Casey said.

Feldman has donated just $1,000 in the U.S. Senate race - to Santorum, in 2003. Santorum later gave the money to charity.

An ongoing FBI investigation into the campaign finances of Puerto Rico's governor, Anibal Acevedo Vila, has renewed the controversy around Feldman.

Authorities suspect that tens of thousands of dollars from Philadelphia-area donors in 2002 were "straw contributions" to avoid finance limits. Feldman has said he did only one Vila fund-raiser, and was not involved in any improper contributions.

Some of the checks under scrutiny were raised by Feldman and his business partner, Candido Negron, who was also generous to Casey ($192,000) and Rendell ($75,000) in the 2002 governor's race.

Feldman stopped fund-raising a year ago, and has turned his focus to real estate, among other ventures. He enjoyed being indispensable to candidates, but was wounded by news coverage of the City Hall bug probe, close friends say.

He no longer receives the adoration on display at a 2001 dinner, when a cast of heavyweights - Casey, Street, White, McGreevey, Hafer - paid tribute to him.

From the podium, Street described their close relationship, joking that anybody who could get his wife "to come to an event on a Saturday night - that's a special person."

Fordham, the mayor's aide, said recently that he couldn't recall the last time Street and Feldman had spoken.

Lucrative Consulting Work

Robert M. Feldman performed consulting work for at least five firms that paid him more than $4 million combined between 1999 and 2003, according to court documents. This is a partial list of clients and government work they have received, although in some cases it is unclear what role, if any, Feldman played in getting that work.

Investment Management Advisory Group (Image)

Fees: More than $1.2 million.

Work: Image, a Chester County investment firm, received more than $4 million in New Jersey and $2.8 million from the Pennsylvania Turnpike Commission in the last five years for investment contracts and other work.

Hill International

Fees: $1 million.

Work: Hill, a Marlton construction company, won a $9.3 million contract in 2001 to tear down abandoned buildings under Mayor Street's Neighborhood Transformation Initiative; other clients include Philadelphia International Airport and the National Constitution Center.

Parkway Corp.

Fees: $100,000.

Work: After Street took office, Parkway received a $1.5 million annual contract, renewable for four years, to staff airport information booths.

The Goldenberg Group

Fees: Unknown.

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Work:Feldman said he had assisted the Blue Bell development firm, which has been involved in a number of large Philadelphia projects, on "a variety of things from access to potential partnerships, bringing them acquisition sites."

Doral Dental

Fees:More than $1.8 million

Work:Doral had contracts with two of Philadelphia's managed-care plans: Keystone Mercy Health Plan and Health Partners of Philadelphia, as well as a Pittsburgh-based plan, UPMC For You Inc.

SOURCE: News reports; court documents

Young Gotti Was A Boss Until 1999, Lawyer Says (NYT)

By Timothy Williams

The New York Times, September 16, 2006

John A. Gotti's lawyer acknowledged for the first time yesterday that his client had once been the boss of the Gambino organized crime family. But when Mr. Gotti gave up the Mafia life in 1999, the lawyer said, his withdrawal was heartfelt and true.

The statement by the lawyer, Charles Carnesi, came during closing arguments in Mr. Gotti's racketeering trial in federal District Court in Manhattan. A federal prosecutor, in her closing arguments, said Mr. Gotti's claim to have quit the Mafia was a ruse to avoid prosecution.

But Mr. Carnesi said his client had soured on the mob life. "The message is: 'I went to the very top of this life and it's no good. It destroys you and your family. It's not worth the toll,' " Mr. Carnesi said.

Mr. Gotti, 42, known as Junior, claims to have retired from the Gambino family in July 1999, about the time he began serving a six-year federal prison sentence on unrelated racketeering charges. If Mr. Gotti convinces the jury that he left the Mafia before the summer of 1999, he cannot be convicted on the racketeering counts because of a five-year statute of limitations.

Mr. Carnesi said that as a child, Mr. Gotti was exposed to a world of penitentiaries, social clubs and violent felons. Mob life, Mr. Carnesi said, was "pretty exciting" until Mr. Gotti was facing prison in the late 1990's and realized "the whole thing was a lie, it was an illusion."

The lawyer said one of Mr. Gotti's most difficult moments was during a 1999 prison visit to his father, John J. Gotti, then the Gambino boss, when he told his father that he wanted to quit the Mafia. The elder Gotti died in prison of cancer in 2002.

" 'I know you're dying in jail,' " Mr. Carnesi said the son told his father. " 'I know you gave your life for this thing, but it's not for me.' " The lawyer said the elder Mr. Gotti had accepted his son's decision.

Mr. Carnesi said, "There came a point that the boy becomes a man."

But the prosecutor, Miriam E. Rocah, hammered away at Mr. Gotti's "withdrawal" defense, saying recordings of him in prison, made by the Federal Bureau of Investigation, show he continued to try to exert influence in the crime family.

"Just because you are in prison does not mean you are not still involved in the life," Ms. Rocah said. "He was still a full-fledged member of the Gambino crime family at this time."

Ms. Rocah said that in an attempt to avoid prosecution in the future, Mr. Gotti, knowing the F.B.I. was taping his prison conversations, had developed a strategy of telling visitors that he had left "the life" behind.

"Gotti wanted to be able to say in a courtroom like this one that 'I've had nothing to do with the mob life for five years, and so whatever happened before doesn't matter,' " she said. "Before he was even charged with a crime, Gotti was planting the lies he would someday use."

But Mr. Carnesi attacked the F.B.I. tapes that are at the center of the government's case, particularly a recording from 2003 in which prosecutors say Mr. Gotti can be heard complaining about a demotion to "captain" in the Gambino family.

Mr. Carnesi said that the word "captain" had never been uttered, though he did not say what the conversation had been about.

As part of the racketeering case, Mr. Gotti is accused of committing or ordering crimes including witness tampering, extortion and money laundering. He is also charged with helping to plot the 1992 kidnapping and beating of Curtis Sliwa, the radio talk show host and founder of the Guardian Angels, who frequently criticized the Gottis on his program.

Growing Up Gotti (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 16, 2006

Defense argues 'Junior' wanted to be like his mobster dad, but was turned off by 'treachery' and 'deceit'

John A. Gotti wanted to emulate his father's life as a gangster but quickly soured on the mob when he saw the treachery, deceit and murder it involved, a defense attorney told a jury Friday.

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Summing up for Gotti in his Manhattan federal racketeering trial, attorney Charles Carnesi said that as a young man, his client was intoxicated with the respect his late father, Gambino boss John J. Gotti, received.

"'I don't know what he does but I want to be just like him,'" Carnesi characterized the younger Gotti's thoughts as a boy growing up in Howard Beach. "That is how boys feel about their fathers."

Gotti, 42, is on trial for the third time on racketeering charges that include conspiracy, loan-sharking, extortion and involvement in the 1992 kidnapping attempt of radio talk show host and Guardian Angel founder Curtis Sliwa.

His client's own version of growing up as a Gotti included following in his father's footsteps with the 1988 induction into the Gambino crime family, a move that cemented his position in the crime clan, Carnesi said. But after a few years, the younger Gotti, known as "Junior," became disillusioned with mob life, the lawyer said.

"There is a point where the boy becomes a man; a man learns it is not like that," said Carnesi, referring to the romanticized notion of La Cosa Nostra. Instead, Gotti saw the death of men he knew and days filled with "treachery and deceit," the lawyer said.

Gotti's first two trials, one in 2005 and one earlier this year, ended in mistrials. As he did in the past, Gotti maintains in the current trial that he withdrew from the Gambino crime family life by July 21, 1999, more than five years before the current indictment. That date is crucial because it would place the charges outside the statute of limitations.

In wrapping up the prosecution's closing statements Friday, Assistant U.S. Attorney Miriam E. Rocah, said that Gotti's claim of quitting the mob was a lie to dodge the charges he faces.

Judge Shira Scheindlin is slated to charge the jury Monday.

For more than three hours, as Gotti sometimes nodded his head in assent, Carnesi attacked the prosecution's case, attempting to cast doubts on the credibility of the government witnesses. Carnesi also tried to show how Gotti backed away from playing an active role in the crime family affairs.

Carnesi spent some time trying to show how government witnesses testifying about the attack on Sliwa gave accounts which were inconsistent with what Sliwa testified. In a switch at this trial, Sliwa was called by the defense, and although hostile to Gotti, contradicted prosecution witnesses on details of the attack in which he suffered a serious gunshot wound.

Going after 'Junior'

Previous two trials: Summer 2005 and winter 2006

Prosecution case:

Prosecutors alleged that John A. Gotti was a key member of Gambino crime family racketeering conspiracy, including 1992 abduction and shooting of Guardian Angels founder Curtis Sliwa.

Defense case:

Gotti dropped out of membership and an active role in the mob by July 21, 1999.

Results:

On eve of 2005 trial, government dropped murder conspiracy charges. In September 2005, jury acquitted Gotti on securities fraud and couldn't reach a verdict on remaining charges. A mistrial resulted.

In March retrial, jury couldn't come to a unanimous agreement on Gotti's withdrawal from mob defense. A mistrial resulted.

Current Trial: August 2006.

Prosecution case:

The government added an obstruction of justice charge related to alleged attempt to get Michael "Mickey Scars" DiLeonardo, Gotti's former friend and mob crony, not to become a government witness in 2002 and 2003.

Defense case:

The withdrawal from the mob defense is still key. Defense elicited testimony from DiLeonardo's son to rebut allegations the youngster was used to try to keep his father from testifying.

- Trial and court records, interviews, news accounts

Lawyers Make Last Bid To Sway Jr. Jury (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 16, 2006

John Gotti only had two choices when the son he had groomed to be his successor as boss of the Gambino crime family told him in 1999 that he wanted out of the mob.

"He can kill his son or he can let him out and he can say, 'Okay, I'm done with him. He doesn't exist,'" attorney Charles Carnesi told jurors yesterday during summations in John A. (Junior) Gotti's racketeering conspiracy trial.

"John Gotti Sr. was a tough guy...but he loved his son," Carnesi said.

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The mob scion "found the strength to say 'I went to the very top of this life and it's no good,'" Carnesi said. "It destroys you and your family. It's not worth the toll."

Carnesi tried to convince jurors that Gotti had left "the life" by July 1999 - a key point in time since prosecutors must show that Gotti had committed at least one of the racketeering crimes in the conspiracy after that date.

But prosecutor Miriam Rocah said Gotti never fully left the Gambinos and pointed to the mounds of mob money she said flowed into companies Gotti controlled after July 1999.

And she pointed to tapes of Gotti, intercepted by the feds in 2003 and 2004 while Gotti was serving a six-year prison term, talking about the need to "put a different seed in people's head" to convince law enforcement that he was no longer the acting boss of the Gambino family.

"Gotti wanted to be able to say in a courtroom like this one, I've had nothing to do with the Mafia for five years," Rocah told jurors.

The jury of seven women and five men is expected to start deliberating Monday in the federal government's third attempt at convicting Gotti.

Gotti, 42, is accused in a wide-ranging conspiracy of loansharking, extortion, witness tampering and conspiring to kidnap radio host Curtis Sliwa.

Over the past year, jurors at Gotti's previous two trials were deadlocked.

Sliwa was shot twice after he jumped from a speeding cab by thugs prosecutors say were sent by Gotti. Gotti was "furious" at Sliwa's relentless on-air attacks on the Gotti clan that included calling his uncles "drug dealers," Rocah said.

"The Gottis care a lot about their public image, so it's really no surprise that John Gotti wanted to silence Curtis Sliwa," Rocah said.

But Carnesi told jurors that the prosecutors didn't put Sliwa on the witness stand because they knew his account didn't gibe with one delivered by the driver of the cab, mob informant Joseph (Little Joey) D'Angelo.

'JUNIOR': MY FATHER 'FREED' ME (NYPOST)

By Kati Cornell

The New York Post, September 16, 2006

John "Dapper Don" Gotti's absolute power over the violent Gambino crime family allowed son "Junior" to break a mob rule that no other wiseguy could - to retire from the Mafia, a defense lawyer argued yesterday.

Gotti's attorney Charles Carnesi told a Manhattan federal jury that the elder Gotti had just "two choices" when his oldest son and heir apparent announced his desire for "closure."

"He can kill his son or he can let him out," Carnesi said. "John Gotti Sr. was a tough guy, a boss, but he wasn't going to hurt his son or let anyone else hurt him."

John "Junior" Gotti has claimed that he left the mob in 1999 and therefore cannot be convicted of racketeering charges - including the sensational 1992 kidnapping of radio host Curtis Sliwa - under a five-year statute of limitations.

Gotti's lawyer told jurors the mob scion rejected organized crime after seeing the destructive impact his father's imprisonment had on his family - and embraced a new message.

'Junior' Gotti Laments Loss Of Manliness (NSDY/AP)

By David B. Caruso, Associated Press Writer

Long Island Newsday, September 16, 2006

NEW YORK -- As he languished in a federal prison in 2003, John "Junior" Gotti had plenty to worry about.

The jail, he told visitors, was crawling with informants. He had money problems. Old friends were getting indicted. Other members of the Gotti clan were stealing his money.

But at the root of his troubles was this: The modern mob, he lamented, was losing its manliness.

"Now are we men? Or are we punks or rats or weasels? You tell me," he angrily asked one friend while serving a racketeering sentence.

Gotti's conversations were routinely recorded before his release from prison last year, and the tapes have played a central role in his current racketeering trial in Manhattan. A jury was to begin deliberating the case Monday.

Among other things, the son of the legendary mafia boss "Dapper Don" John Gotti is accused of ordering an attack on Guardian Angels founder Curtis Sliwa, who was shot twice by would-be kidnappers in 1992.

Prosecutors contend that "Junior" Gotti was involved in mob affairs even after he was imprisoned in 1999.

The defense says the recordings, made at the federal prison at Ray Brook, N.Y., show that Gotti had developed a distaste for mob life and retired.

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In any case, the tapes provide an inside look at the gangster's code, particularly its obsession with "being a man" at all costs.

Lesson No. 1: Men fight.

"If a guy wants to get all fancy and prancy, if he picks his hands up to you, you pick your hands up back. You're not a punk," Gotti explained in one recorded discussion.

"No hiding behind fences," he said during another conversation. "Take our coats off like gentlemen. Now, let's see. Let's see who the tough guy is. No knives. No guns. Like gentleman. ... Let's see who the real man really is."

Lesson No. 2: Men tolerate no assault on their character.

Gotti is firm on this point when he discusses two uncles who diminished his leadership role in the gang by badmouthing him to his father in 2001, a year before the elder Gotti's death from cancer in prison.

"If any of them ever come here, I'm telling you, I swear it to you, on my dead brother and my dead father, I swear to you, I will meet them by that (prison) door, with two padlocks in my hands and I will crack their skulls, I promise you that. I promise you that. This I take as a solemn oath as a man."

Lesson No. 3: Manliness is in the blood.

"You're a real man," he told longtime friend John Ruggiero. "You wanna know why, John? Not only for who you are. But for who your father was. You got his genes, you're a man."

A person who isn't a man, he added, can't simply become one by acting tough.

"These ain't men you're dealing with, you're dealing with frauds," he said. "It's like a kid who gets (unintelligible) all his life ... and he gets his milk money taken. What does he grow up to be? A cop. He's got a gun and a badge. That's, that's his equalizer. Got a gun and a badge, now he's a man. Well, that's how all these guys are, John, they're no different."

Lesson No. 4: A man spends time with family.

"Listen, I love my brother," Gotti said. "But my brother's a bum. That's all he is. No more, no less. He doesn't spend a moment with his own children. I have a hard time respecting any man who doesn't spend any time with his wife and kids."

Lesson No. 5: Men can do prison time.

"Some guys are made for this. Some guys just aren't," Gotti said of his life behind bars.

"Gravano was an example," he said, speaking of Gambino crime family turncoat Salvatore "Sammy the Bull" Gravano. "I mean he was a legendary soldier in the street. Brooklyn, he was a legend in Brooklyn. He got to jail, he fell to pieces."

Lesson No. 6: Real men don't snitch, but if they do, they don't make stuff up.

"Bottom line is, if you're gonna become a rat, become a rat: Tell the f------ truth. Don't go out of your way to hurt people," he said.

This is Gotti's third trial on the latest racketeering charges. The first two ended when jurors deadlocked on the charges, in part because of the defense argument that he became disenchanted with the mafia and retired long enough ago that the legal deadline for prosecuting him for old crimes had expired.

Which brings us to Gotti's Lesson No. 7: Mafia life stinks.

"So much treachery ... My father couldn't have loved me, to push me into this life," he lamented to friend Steve Kaplan.

"Oh ... I'd rather be a Latin King than be what I am," he said, referring to the Hispanic street gang. "I swear to you, Steve, and I, I mean it on my father's grave. I'm so ashamed. I am so ashamed."

Did Victim's Photo Prejudice A Jury? (LAT)

By David G. Savage

The Los Angeles Times, September 18, 2006

WASHINGTON — For Jim Studer, wearing a button with a photo of his brother, Tom, was a simple way of bearing witness for him at the trial of Tom's accused killer, Mathew Musladin.

"He was my big brother, and he was very protective of me when I was a kid," Studer said.

Little did he think the buttons he and his parents wore to the trial in San Jose would nearly free the man convicted of Tom's murder — or put the killer's case before the Supreme Court. But he had not considered that Musladin would someday have a chance to bring his case before the U.S. 9th Circuit Court of Appeals.

For years, the Supreme Court has cast a critical eye on the liberal-leaning 9th Circuit, particularly in cases involving crime and the death penalty. The justices will consider two of those cases soon after they return next month.

On the first day of Musladin's trial more than a decade ago, Studer and his parents, who had traveled from Missouri, sat in the front row of the courtroom, directly behind the prosecutor. Each wore a button with a photo of Tom.

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Like the jury, they heard the facts of the case: On May 13, 1994, Musladin arrived early at the home of his estranged wife, Pamela, to pick up their 3-year-old son for a weekend visit. The two exchanged angry words, and Musladin threw her to the driveway.

When she called for help, her fiance, Tom Studer, and her brother, Michael Albaugh, came running. Musladin had a .45caliber pistol in his car and began shooting. Studer was hit in the back and crawled under a truck in the garage to escape. Musladin followed him and shot again, hitting him in the head and killing him.

Musladin also followed Albaugh into the house, but he hid in a bathroom. Pamela escaped over the fence to another house. Musladin was captured after a high-speed chase on U.S. 101.

When his case came to trial, Musladin claimed self-defense, saying that Pamela and her fiance were drug users and that he had feared for his life. The jury convicted him of first-degree murder and attempted murder, and he was sentenced to 32 years to life in prison.

There matters stood until the 9th Circuit heard his appeal last year. The 26-member court hears cases — usually in three-judge panels — from California and eight other Western states. It has some decidedly liberal judges, and Musladin's case came before two of them: Stephen Reinhardt of Los Angeles and Marsha S. Berzon of San Francisco.

In a 2-1 decision, the judges reversed Musladin's conviction, saying that the buttons worn by Studer's family deprived Musladin of a fair trial.

According to Reinhardt, the photo buttons — described by the prosecutor as 2 inches in diameter and by Musladin's lawyer as 3 to 4 inches — conveyed a "specific message."

"The buttons essentially 'argue' that Studer was the innocent party and that the defendant was necessarily guilty," Reinhardt said.

He continued: "A reasonable jurist would be compelled to conclude that the buttons worn by Studer's family members conveyed the message that the defendant was guilty."

That was not the view of the trial judge or the California state courts.

When a defense lawyer objected at the start of the trial and described the buttons as "inappropriate," the judge disagreed: "There is no legend on the buttons," he said. "I see no possible prejudice to the defendant."

It was noted that the prosecutor could have held up a photo of Studer for the jury to see. Had he survived the shooting, the victim could have sat in the courtroom himself.

The state appeals court also saw no harm.

"The simple photograph of Tom Studer was unlikely to have been taken as a sign of anything other than the normal grief occasioned by the loss of a family member," its judges wrote in upholding Musladin's conviction.

Seven judges of the 9th Circuit objected to Reinhardt's opinion — seven fewer than the majority needed for the full appeals court to review it.

"Musladin shall be released unless the state elects to retry him within 90 days," Reinhardt wrote in October 2005.

State prosecutors petitioned the U.S. Supreme Court, which voted to hear the case. Oral arguments are set for Oct. 11.

It is one of two Reinhardt opinions that the justices will consider in the first days of their new term.

The second reversed a death sentence handed down in 1982 for a man who broke into the home of a 21-year-old woman in the San Joaquin Valley, beat her to death with a metal dumbbell, stole her stereo and sold it for $100.

When Fernando Belmontes was caught, his accomplices testified against him. After his conviction, prosecutors told jurors of his violent past, including a recent brutal assault on his pregnant girlfriend.

Twenty-one years after the jury sentenced Belmontes to die, his federal appeal came before a three-judge panel that included Reinhardt and Richard A. Paez of Los Angeles. In a 2-1 decision, they reversed the death sentence on the grounds that jurors might not have taken into account "the defendant's potential for a positive adjustment to life in prison."

California Atty. Gen. Bill Lockyer appealed that ruling to the Supreme Court, which set it aside in a one-line order in March 2005. The justices urged Reinhardt and Paez to reconsider their decision in light of a recent high court ruling that restored the death sentence for an Orange County murderer after it too had been reversed by the 9th Circuit.

In July 2005, the two appellate judges reaffirmed their original decision. Eight of their 9th Circuit colleagues dissented — again, short of the majority required for the full court to consider the case.

When Lockyer appealed on behalf of San Quentin State Prison Warden Steven W. Ornoski, the Supreme Court voted to hear the case of Ornoski vs. Belmontes. It will be argued Oct. 3, the first morning of oral arguments for the new term.

In the last term alone, the high court took up 18 cases from the 9th Circuit and reversed 15 of them.

In the Supreme Court, "there is almost a palpable skepticism for what comes out of the 9th Circuit," said Vikram Amar, a professor at UC Hastings College of the Law in San Francisco.

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"They don't have any faith that Reinhardt calls it straight. I don't want to call him a bad judge, but a lot of these decisions are hard to understand," added Amar, who was a clerk for the 9th Circuit and the Supreme Court.

Nominated to the 9th Circuit by President Carter in 1980, Reinhardt has described himself as one of the last unabashed liberals on the federal bench. When asked once whom he most admired as a judge, he named the late Justice William J. Brennan Jr., the liberal leader of the Supreme Court during the 1970s and 1980s.

Brennan "had a broad and generous, rather than a cramped and niggardly, view of the law … and he understood that the ultimate role of the law was to serve the interests of justice," Reinhardt said in a 2004 interview on Howard J. Bashman's legal blog, "How Appealing." Asked about the current high court, Reinhardt said it was "a straight, unabashed, highly conservative institution."

Conservatives regularly point to Reinhardt, 75, as a "liberal activist" on the bench. He formed part of the 2-1 majority that ruled the words "under God" in the Pledge of Allegiance were unconstitutional. He also wrote an opinion for the full 9th Circuit ruling that dying people had a right to lethal medication supplied by a physician. The Supreme Court reversed this opinion unanimously in 1997 and said the "right to die" issue should be decided by states and their elected legislators.

Ten years ago, complaints about the 9th Circuit spurred Congress to rein in the authority of federal judges to review state criminal convictions in cases that raised constitutional issues. The Anti-Terrorism and Effective Death Penalty Act of 1996 says federal judges should defer to state courts and may not reverse a criminal conviction or prison term that has been upheld by a state court unless the decision obviously conflicts with "clearly established federal law as determined by the Supreme Court."

Backers of the law said it was aimed directly at the 9th Circuit. These days, however, its supporters admit that the change has not worked as planned.

"The deference standard has not been effective. The 9th Circuit strains and goes around it," said Kent S. Scheidegger, legal director of the Criminal Justice Legal Foundation in Sacramento. "The Musladin case is an example of just that. It reflects an egregious disregard for the limit that Congress set."

What "clearly established law" was violated when the trial judge let the Studer family wear buttons with a photo of Tom in the courtroom?

In his decision, Reinhardt pointed to the Supreme Court's 1976 ruling in Estelle vs. Williams. In that case, the justices said it would be unfair to require a criminal defendant to wear jail clothes during his trial because that could cause the jury to infer that he was guilty.

"We conclude that no significant difference exists between the circumstances of this case" involving the buttons worn by the family and putting a defendant in jail clothes, Reinhardt said.

State lawyers were quick to note a significant difference: The first involved a defendant who was on trial; the second involved spectators in a courtroom.

Victims' rights groups were disturbed when Reinhardt used quote marks around the word "victim" in his Musladin ruling. For example, he said the case posed the issue of "when spectators are permitted to wear buttons depicting the 'victim.' " (A revised version of his ruling does not include such references.)

"That was very troubling. There is no dispute that someone was shot and died," said Meg Garvin, a program director at the National Crime Victim Law Institute in Portland, Ore. "The underlying issue is the right of the crime victim to be in the court. We don't understand how the mere image of the victim can be prejudicial."

The group filed a friend-of-the-court brief urging the high court to reverse the 9th Circuit's decision.

Jim Studer, a school administrator from Reno, Nev., said he had not come to grips with the notion that wearing a button with his brother's picture could result in a reversal of the killer's conviction.

"We wore it for the first two days only," he said. After defense lawyers objected, he said, the family decided to take off the buttons.

However, Musladin's family said the buttons were worn for the entire 14-day trial, and the appellate judges accepted that.

"I couldn't believe it when I heard about the decision" of the 9th Circuit, Studer said. "It still seems unfathomable to me that you can't have a picture of the victim in the courtroom."

Capitol Crooks (USNEWS)

By Chitra Ragavan

U.S. News and World Report, September 18, 2006

More from Nation & World Capitol Crooks It started with the bribery indictment of California Rep. Randall "Duke" Cunningham, but before it's over, a sprawling investigation into a Pentagon contractor called MZM could snare some of Washington's most powerful inside players

By Chitra Ragavan

Posted Sunday, September 17, 2006

In the fall of 2003, an influential Washington defense contractor named Mitchell Wade was shooting the bull with Haig Melkessetian, a senior executive in his company, at their elegant office not far from the White House. "Haig," Wade declared, "I have a good deal for us."

The contractor enthusiastically laid out his plan: His good friend, Randall "Duke" Cunningham, a decorated Vietnam War fighter pilot, was planning to lead a congressional delegation to Saudi Arabia on a mission to help Saudi officials improve their image in the wake of the 9/11 terrorist attacks. Melkessetian, a former Army Special Forces soldier and Arabic linguist, was taken aback. "I can't be on both sides of the fence," he told Wade, noting that their company, MZM Inc., was heavily involved in major counterterrorism projects with the Defense Department.

"Don't start that ideological crap with me," Wade snapped, according to Melkessetian's account. "I'm not here for ideology. I'm here to make money."

And make money he did-a cool $150 million in government contracts since 2002. But Wade's road to riches was one that would ultimately lead him to jail and ignominy, and, along the way, to a prison term for one lawmaker and still more criminal charges, in the next few days or weeks, against some of the most influential insiders in the nation's capital. Melkessetian, now a consultant for a U.S. intelligence agency, is helping federal prosecutors in a massive corruption investigation involving Wade, MZM, and Cunningham. The former eight-term Republican congressman from California pleaded guilty last November to accepting more than $2.4 million in bribes and favors from Wade; his mentor, Brent Wilkes, a San Diego-based defense contractor; and two other "unindicted coconspirators."

"A huge spider web." Cunningham "earmarked" millions of dollars in defense projects for Wade and Wilkes in a manner so brazen federal prosecutors called it "unparalleled" in the long, sordid history of congressional corruption. Cunningham now is serving an eight-year prison term, while Wade, 46, has pleaded guilty to paying Cunningham more than $1 million in bribes and is cooperating with prosecutors. Wade's sentencing has been postponed until next March. He faces a maximum prison term of 135 months. He declined to be interviewed for this account, as did his attorneys.

Prosecutors are using information from Melkessetian and his MZM colleagues to test Wade's veracity, to track cash or other assets he may be hiding, and to recommend the length of his prison sentence. The MZM employees have told investigators that they were unaware of Wade's corrupt acts, but as Melkessetian puts it, they suspected he was "up to no good."

Today, the FBI, the Defense Criminal Investigative Service, and the Defense Security Service are working with prosecutors to put the finishing touches on indictments against several other defense contractors, and senior defense and intelligence officials, who helped Wade with his corrupt activities. "We have been looking at everybody that's involved," says a federal law enforcement official. "Anytime you talk about defense contracting, it's a huge spider web."

Although Wilkes has not been charged, the government alleges that he gave more than $630,000 in bribes, gifts, and favors to Cunningham, and investigators now are trying to determine whether he obtained federal contracts through a high school buddy, Kyle "Dusty" Foggo, the former No.3 official at the CIA. Foggo resigned in May. His attorney has said that Foggo broke no laws. Investigators are also probing whether Wilkes provided limo services, hotel suites, and prostitutes to Cunningham. Wilkes is not cooperating with investigators. "Every single allegation is false, will be fought, and my client will be vindicated," says his attorney, Nancy Luque.

Trolling For Greenbacks In Baghdad (USNEWS)

By Chitra Ragavan

U.S. News and World Report, September 18, 2006

In the spring 2003 issue of the MZM newsletter, the Sentinel, Mitchell Wade extended prayers to American troops around the world and thanked his employees for supporting the troops in Iraq at this "perilous juncture." But MZM may have played a role in getting troops to Iraq, according to a national commission that investigated the intelligence failures that led to the war. The commission blamed the Pentagon's National Ground Intelligence Center (where Wade had analysts on contract through earmarks) that handled much of the military's prewar analysis of whether Saddam Hussein had developed nuclear precursor capabilities. The report didn't single out the MZM analysts but said that NGIC had "in particular displayed a disturbing lack of diligence and technical expertise."

Separately, in March 2003, MZM received a $1.2 million contract to send a team of 21 Arabic linguists to Iraq to serve as interpreters and assist the Office of Reconstruction and Humanitarian Assistance, which later became the Coalition Provisional Authority, or CPA. Haig Melkessetian was one of the linguists and also served on the protective detail of the CPA head, Ambassador Paul Bremer. Melkessetian says that half the linguists Wade assigned to the project did not speak fluent Arabic, and one contractor was a Russian linguist who spoke no Arabic.

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When Melkessetian-who has worked for U.S. military and intelligence agencies extensively in the Middle East-returned from Iraq, he talked to Wade about the growing counterinsurgency problems. "I sent you there to make money," Wade responded. "I didn't send you there to fix Iraq."

"Fantastic job." In 2004, Wade hired a prominent Iranian businessman and Canadian resident named Behrooz Behbudi, a big contributor to the Republican Party, as his director of Middle Eastern development, paying him $15,000 a month to consult on Iraq. Behbudi says Wade wanted him to help redesign the Central Bank of Iraq, destroyed in the war. The bill: $15 million. "We would have done a fantastic job finishing it," says Behbudi. "Our prices were very, very competitive." Wade, by then in a financial crunch, refused to pay.

Wade bragged about his military ties, Behbudi says: "He said he had a phone directly connected to DOD. He told me, 'My office is an extension of the Defense Department.'"

Iran was also on Wade's mind. "He came to me and said, 'I'm very interested,'" says Behbudi, "'in removing the mullahs.'" In April 2004, Wade and Behbudi formed the Iranian Democratization Foundation. Their timing was perfect. In November 2004, Congress approved $3 million for Iranian democratization efforts. But Wade and his partners eventually dissolved the foundation because of personal differences. Even right up till the end, though, Wade still had his finger on the pulse of Congress and the Bush administration. This year, Secretary of State Condoleezza Rice asked Congress for $75 million to promote democracy in Iran.

Leaks, Lies And The CIA Spy (TIME)

Time, September 25, 2006

The outing of CIA operative Valerie Wilson (nÃ© Plame) consumed Washington for three years. The case received a radical reconfiguring when former State Department bigwig Richard Armitage confirmed that he was the original source for columnist Robert Novak's revelation. Novak weighed in last week, calling Armitage's contrition bogus and the leak deliberate. In the D.C. bureau of Fox News, anchor Brit Hume goaded Plamegate chronicler David Corn into an off-camera shouting spree. "Both leaked classified information, Brit!" Corn raged. "Go ahead and laugh!" Here, TIME re-evaluates some major players. [This article contains a table. Please see hardcopy of magazine.] CAST OF CHARACTERS WHAT YOU THOUGHT YOU KNEW WHAT SEEMS TO BE TRUE NOW FUTURE EMPLOYMENT POSSIBILITIES Richard Armitage Press-friendly best bud of Colin Powell was thought to oppose the war without saying so publicly. Source of leak to discredit Joe Wilson, who tried to discredit Bush case for war. A bit discredited now himself. Cabinet post in a McCain Administration; failing that, he can always write his tell-all memoirs. Robert Novak Conservative pundit known as the Prince of Darkness; assumed (wrongly) by liberals to be Bush lackey. Always a war skeptic; complained that Armitage treated him "with disdain" in years before the leak. Will write must-read (in Washington) columns until they pry his keyboard from his cold, dead hands. "Scooter" Libby Cheney's Cheney; sly neo-con breakfast confidant of reporter Judy Miller; the only one indicted in the affair. Charged with lying about his chat with Tim Russert; turns out the clichÃ© is true--it really is the cover-up! If he's convicted, prison could provide material for The Inmate, a sequel to first novel, The Apprentice. David Corn Actually, you don't know him; he writes for lefty mag the Nation; co- wrote the book that outed Armitage. Despite his scoop, he--with other liberals--still sees scandal in Bush aides' efforts to tarnish Wilson. Could write next Clooney screenplay or take unpaid post at Air America; Fox & Friends unlikely to call.

Police Agencies Find It Hard To Require Degrees (USAT)

By Kevin Johnson

USA Today, September 18, 2006

WASHINGTON — Last February, the Plano, Texas, Police Department took a bold step in its police recruiting efforts: At a time when departments across the nation are desperate for new officers, Plano began requiring its recruits to have four-year college degrees.

The move was aimed at making the city's 345-member police force more like the residents of Plano, a city of about 260,000 about 18 miles north of Dallas. Plano is in one of the nation's wealthiest counties and is home to the headquarters of JC Penney, Frito Lay and Electronic Data Systems. Plano officials cited studies indicating that officers with college degrees have fewer discipline problems than those without.

In August, however, as Plano strained to find enough recruits, the city eased its hiring requirements and began accepting those with two years of college or three years in the military. The latest requirements are stiffer than those from last year, when recruits were required to have at least the equivalent of a high school education. But the episode fueled an ongoing debate over whether police departments' desire to raise recruiting standards can be realized at a time when there are thousands of openings for cops nationwide.

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Since 1963, when the Multnomah County, Ore., Sheriff's Department became one of the first police agencies to impose a four-year degree requirement on recruits, only a few other local departments have followed.

Less than 5% of local police departments with more than 100 officers require four-year degrees, says Louis Mayo, executive director of the Police Association for College Education.

Most departments give higher pay to recruits with four-year degrees, he says, but have avoided requiring recruits to have them for several reasons. Among them: concerns about recruiting enough minority officers in increasingly diverse urban areas, and fears that not enough college graduates would be attracted by police salaries. The median annual salary for patrol officers nationwide was about $45,200 in 2004, according to the U.S. Department of Labor. Rookie cops usually make less.

"Everybody is gonna tell you it's difficult" to recruit only college graduates, says Plano police Sgt. Jason Christensen. That's true even in Plano, where the pay for new cops is relatively high, about $51,000.

There are about 700,000 state and local police officers across the nation. Mayo estimates that 25% to 30% have four-year degrees. He says departments have been reluctant to adopt stricter recruiting standards despite evidence suggesting that better-educated cops perform better.

In an analysis of disciplinary cases against Florida cops from 1997 to 2002, the International Association of Chiefs of Police found that officers with only high school educations were the subjects of 75% of all disciplinary actions. Officers with four-year degrees accounted for 11% of such actions.

"An average patrol officer spends most of the time on dispute resolution," Mayo says. A degree "gives (officers) a broad perspective that makes them much more effective."

Los Angeles' approach to police recruiting and pay is typical of most big cities. The 9,000-officer department pays new cops with four-year degrees about $55,200, roughly $4,000 more than those who meet the basic requirements of a high school diploma or GED.

Officials say the incentive, along with programs such as one that gives bonuses to bilingual officers, shows a commitment to training. No one's proposing, however, that Los Angeles, which wants to hire 1,000 cops in the next year, require college degrees. Doing so would deplete the pool of candidates in an already tight market, says DeeDee Lopez of the officer mentoring program.

In Plano, where there are up to 15 police vacancies, Christensen acknowledges that concerns about finding enough recruits contributed to easing the prerequisite to two years of college or three years in the military. Plano also accepts recruits who have two years of police experience.

Christensen says the department wants to match officers' education level with that of the city's population. He estimates that 37% of Plano's residents have bachelor's degrees, compared with 32% of its cops.

The need for cops has led many cities, including Los Angeles, to look well beyond their borders for recruits. As Lopez suggests, the pressure to meet hiring goals has discouraged some from making requirements too tough.

In a series of essays in The Police Chief magazine, 13 police officials and academics recently urged departments to raise education standards — and to not be deterred by concerns they make it too difficult to fill the ranks. "Police officers need the (college) degree, not only for what it brings to individual officers and their departments, but also for what the degree brings to policing," Robert Friedmann, a criminal justice professor at Georgia State University, wrote in an essay.

The police department in Lakewood, Colo., a Denver suburb, has required recruits to have college degrees since 1969. Chief Ron Burns says recruiting has been more difficult recently, but that the 247-officer department doesn't plan to ease its standards. He says the department's starting salary of $47,000 has helped, as has its reputation as a training ground for police chiefs. Sixty Lakewood officers have gone on to become chiefs, Burns says.

Burns concedes that such standards might not be practical for big departments with hundreds of vacancies a year. His current class of 25 recruits was chosen from about 140 applicants. Burns says a similar ratio of applicants to recruits is typical at larger departments.

"It would be difficult to maintain (the educational requirement) in a larger city," he says.

CIVIL RIGHTS:

Witness In '95 Brutality Case Offers New Account (BOS)

By Dick Lehr, Globe Correspondent

The Boston Globe, September 18, 2006

Says he never ID'd officer at police beating

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It was the most notorious Boston police brutality case of the last 10 years, and, in the end, the federal investigation hinged on what Officer Kenny Conley saw -- and what he wouldn't say.

Conley was convicted of perjury and obstruction of justice after he testified that he never saw a drug-unit officer, dressed in plainclothes, who had been pummeled by other officers who mistook him for a fleeing slaying suspect.

Conley had to be lying, prosecutors said. How could he have missed the beating of Michael Cox that January night? A witness put him just yards from the assault.

Or did he?

A Globe reexamination of the case has found an apparent and perhaps devastating defect in the eyewitness case against Conley, one which, for some court observers, raises the possibility of government misconduct.

The key prosecution witness at the trial was Robert ``Smut'' Brown , a drug dealer whom Conley and other officers were pursuing on the night of the beating. Brown said he looked back and saw the beating in progress and a ``tall, white cop'' standing close by. Minutes later he was arrested by Conley, who is tall and white.

It seemed clearly the same guy. Prosecutors pointedly said as much at the trial. And the jury convicted Conley of crimes for which he could have spent 34 years in jail.

But Brown, in his first public comment since the beating and trial, says Conley wasn't the officer he saw, and that he tried, unsuccessfully, to alert federal authorities during the trial that they had the wrong man.

``When I seen him sitting at the defense table I didn't have no clue, like, why they were using me for that -- because I didn't recognize him,'' Brown told the Globe in two taped interviews at a prison in Maine, where he was awaiting sentencing on a drug count.

He says he recalled thinking at the time, ``They got the wrong guy.''

Indeed, he says, minutes before testifying, he spotted in the courthouse hallway the officer he had seen standing near the scene of the beating that night and pointed him out to Kimberly McAllister , the FBI agent in charge of the probe.

``She's like, `No, no, no, no, no, that's not the guy,' '' Brown said. ``I'm like, `Yo, it is the guy. I know it's him.' ''

McAllister, through an FBI spokesperson, said she does not recall Brown pointing out the officer in court that day. What she does remember is that Brown, fearful of police retaliation, didn't want to take the stand.

Had Brown provided new evidence, McAllister would have immediately told prosecutors, said FBI spokeswoman Gail A. Marcinkiewicz.

The lead prosecutor in the case, S. Theodore Merritt , said no such word was passed to him. ``That information was never told to me at trial -- I can't comment whether it happened or not,'' he said in an interview.

Conley, told about Brown's comments, said he was ``shocked. If what Robert Brown says is true, there should be an investigation -- and not by the FBI.''

Some leading members of the Boston bar agree.

``This would be explosively important evidence in favor of the defendant,'' said J. W. Carney Jr. , a defense lawyer and former state prosecutor. ``Any federal agent who received this information from a critical witness and intentionally suppressed it by not informing the federal prosecutor is, in my opinion, guilty of obstruction of justice.''

``That's a huge, huge error,'' said Robert A. George , a defense lawyer. If Brown made the statements to McAllister, ``there's a duty, and not just a legal duty, but a human duty, to put a stop to the trial at that point.''

An unsolved case It is hard to exaggerate the importance of the Cox beating, and Conley prosecution, in the recent history of the Boston Police Department. It has been the source of strife, of multiple court cases, and of racial divisions -- Cox is black. It also remains unsolved, as none of the officers who participated in the beating or witnessed it has been willing to speak candidly. In Boston, the so-called blue wall of silence has seldom closed so completely around a crime.

Cox, a member of the gang unit, had been working in plainclothes on the night of Jan. 25, 1995. It was about 2 a.m. when a man was shot at a crowded takeout restaurant on Blue Hill Avenue. Four men led police on a high-speed chase that ended at a dead-end. Cox bolted from his cruiser chasing Brown. But Cox, as he neared a fence, was hit in the head from behind and then kicked and beaten unconscious by a group of officers. When they realized he was a police officer, the assailants scattered. Initial police reports said Cox slipped on a patch of ice.

Authorities solved the slaying -- two men were convicted of first-degree murder charges , while Brown and a fourth man were acquitted in late 1996. But Cox's assailants were never charged. First, the Suffolk district attorney's office took a run at solving the assault, and then, in early 1997, the US attorney's office took over the investigation, with Merritt at the helm.

Merritt, along with McAllister, soon targeted Conley. In internal police reports, Conley described seeing a suspect run to and climb over a fence. He described how he then chased and caught the suspect. After testifying before a federal grand jury in 1997 that he had not seen Cox or Cox's beating, Conley was indicted. Merritt and the FBI began building a case around the proposition that Conley had to have seen Cox.

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Brown's testimony was key. Under questioning by Merritt, Brown recounted at the trial what he had also told the grand jury -- that he scaled the fence, pausing just long enough to see the beating, and that he saw the tall, white officer nearby.

But the prosecution never asked Brown, either before or during the 1998 trial, to positively identify Conley as the officer he had seen.

There was ``no prosecutorial purpose'' in doing so, Merritt said in an interview. ``He [Brown] said, under oath, the tall white officer was the same guy who arrested him, and other evidence showed that it was Ken Conley who arrested him.''

But had Merritt asked Brown to point out in the courtroom the man he'd seen that night the course of the trial might have shifted abruptly.

``I wouldn't have pointed him [Conley] out because I couldn't point him out,'' Brown said. ``I was wondering what the heck I was there for.''

Brown said he had gotten a good look at the officer near the fence, but not of the arresting officer, and simply assumed they were the same.

Brown said he was in the courthouse hallway with his mother, Mattie, and his girlfriend, Indira Pierce, when he spotted the officer he had seen. He said he pointed the man out to McAllister, but the agent told him he was wrong.

In separate interviews, Brown's girlfriend and mother confirmed Brown's account. Pierce said the FBI agent told her boyfriend, ``Just stick to your story.''

Brown said he took the witness stand discouraged. ``I'm just . . . just get this over with. Go get the hell out of here.''

Identification oversight But while Brown never directly identified Conley in court, it quickly became part of the accepted lore of the case that he had. News accounts, including the Globe's, treated it that way. Merritt, in court filings for appeals of the case, has done so, as well.

Even Conley's lawyer, Willie Davis , came away from the trial thinking a clear identification had occurred. Davis now realizes his oversight, and he is critical of the federal investigators for not disclosing Brown's alleged comments to McAllister. The case should have been dismissed, he said.

Conley ultimately prevailed in the case. After six years of appeals, US District Court Judge William G. Young overturned the conviction in 2004. Young ruled that the government improperly withheld exculpatory evidence. In May, Conley completed retraining at the police academy. He is back on the job.

ANTITRUST:

MAN Launches $12.15 Billion Offer To Buy Scania (WSJ)

By Jason Singer

The Wall Street Journal, September 18, 2006

MAN AG of Germany launched a cash-and-stock takeover bid for Swedish rival Scania AB that values the maker of trucks and buses at about €9.6 billion ($12.15 billion) and would potentially form Europe's largest commercial-vehicle maker.

The supervisory board of Munich-based MAN met yesterday to approve the move. Scania, of Södertälje, Sweden, hasn't approved the bid, but the German company is hopeful of the deal ultimately being friendly, said people familiar with the matter.

In a statement, MAN said Renault SA, of Boulogne-Billancourt, France, had agreed to sell its 5.6 million class-A Scania shares to the company.

Scania's biggest shareholders, Volkswagen AG and Investor AB, of Stockholm, so far haven't supported the bid, people close to the matter said. Volkswagen holds about 34% of Scania, and 29% is owned by Investor and foundations run by the Wallenberg family.

A spokeswoman for Volkswagen said the Wolfsburg, Germany, auto maker hadn't reached an agreement to sell its Scania stake but declined to elaborate. A spokesman for Investor declined to comment, and a spokesman for Scania couldn't be reached.

In its statement, MAN said it will offer Scania shareholders €38.35 cash plus 0.151 of its own shares for both the A and B shares of Scania. Based on MAN's closing share price Friday, the offer totals 442.20 Swedish kronor ($60.80) a share. Scania's B shares closed Friday at 424.50 kronor, up 1%, in Stockholm trading.

MAN said it would reap at least €500 million a year in synergies if the deal is completed. The company said no sites would be closed and management would be shared between executives from the two companies, with Scania executives joining the combined group's management board.

A combination would bring together two of the larger makers of trucks, including 18-wheelers and light-duty commercial vehicles and buses. Scania operates with one of the global industry's highest profit margins. It makes premium-priced trucks,

focusing more on vehicles for long-haul cargo transport, while MAN is stronger in the market for lighter trucks used for shorter journeys. In the first half of this year, Scania reported net income of 2.83 billion kronor on revenue of 35.22 billion kronor.

Together, they would rank as the largest truck maker in Europe by market share, ahead of Volvo AB, of Göteborg, Sweden, and DaimlerChrysler AG, of Stuttgart, Germany, and third in global market share, behind Volvo and DaimlerChrysler. Volkswagen owns a Latin American truck-making business that is likely to eventually be combined with a merged company, these people said.

MAN is headed by Swedish chief executive Hakan Samuelsson, who spent more than two decades at Scania before joining the German company in 2000. Mr. Samuelsson's presence has eased concerns in Sweden that a merger would lead to job losses for Scania. MAN reported a 37% increase in operating profit in 2005 to €765 million from €557 million a year earlier, with sales rising 5% to €14.7 billion.

Several other Swedish companies have combined with European rivals, deals that subsequently led to job expansion, including AstraZeneca PLC, a pharmaceuticals company in London, and Swedish-Swiss engineering firm ABB Ltd.

That track record could help MAN and Scania.

Mr. Samuelsson has pared MAN to four main businesses, focusing on trucks, engines, production of turbines for the energy industry and services such as logistics.

-- Christoph Rauwald contributed to this article.

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Time Warner's AOL Starts Sale Of Web-Access Units In Europe (WSJ)

By Matthew Karnitschnig And Jessica E. Vascellaro

The Wall Street Journal, September 18, 2006

In the first step of a broader plan to reorganize AOL's international operations, Time Warner Inc. agreed to sell the unit's Internet-access business in Germany for €675 million ($854.7 million) to Telecom Italia.

In coming weeks, AOL is expected to also complete negotiations for the sale of its Internet-access businesses in the United Kingdom and France. Proceeds from the sale of all three businesses are expected to total about $2 billion, according to people familiar with the talks. (See related article1.)

AOL plans to retain its advertising-supported content services in all three countries and expand them elsewhere. Those services include email, instant messaging and the other content currently available on its international Web sites. The shift away from Internet-access in favor of advertising-supported content is similar to the strategy AOL is pursuing in the U.S.

Most of the revenue generated by the European operations comes from selling monthly subscriptions for Internet access, but the company says advertising has been growing. AOL Europe generated about €100 million in operating profit last year.

Though its European operations are profitable, AOL never managed to establish itself as a major player in the European Internet-access market, and Time Warner has since written off most of AOL Europe's value. The move to sell the access business, which is the core of the operation, comes as Time Warner has been paring its large portfolio of assets. It recently sold a regional cable channel for $375 million and has been negotiating to sell the Atlanta Braves baseball team, which is valued at about $460 million.

Separately, AOL and Intel Corp. are collaborating on a new online-video service, targeting specially equipped personal computers that carry a new Intel brand of chips and software called Viiv.

The partnership is the latest in a series of efforts to exploit the boom in video on the Internet, and to move such programming to the TV screen. Apple Computer Inc. last week discussed plans for a $299 device -- code-named iTV -- that can wirelessly transfer downloaded videos from a computer to TV sets.

Viiv-branded systems come with a remote control and are designed to plug directly into TV sets.

Intel and AOL said the new service allows consumers to surf through the thousands of TV shows, music videos and full-length movies available through AOL Video with their remotes, scrolling through menus as they would on a DVR or video-on-demand service. Some content can be streamed free while other videos must be purchased and downloaded before they can be viewed on TV.

ENVIRONMENT:

Second Company Is Implicated In Outbreak Linked To Spinach (NYT)

By Matthew L. Wald

The New York Times, September 18, 2006

DOJ_NMG_0063997

WASHINGTON, Sept. 17 — A second company in California has been implicated in the E. coli outbreak linked to spinach, the Food and Drug Administration said late Sunday, and the number of identified victims is still rising.

The newly identified company, River Ranch Fresh Foods, obtained salad that included spinach from the first company implicated, Natural Selection Foods of San Juan Bautista, Calif. The spinach that passed through River Ranch was sold under the brand names Farmers Market, Hy-Vee, and Fresh and Easy.

The investigation is proceeding in what amounts to a rearview mirror, with state and local health officials receiving reports of illness, asking people what they ate and searching for the source. To identify the new company, officials examined Natural Selection's records and found it had supplied River Ranch.

Tracing a case of illness to its source, including the time required for DNA analysis of the E. coli, takes about two weeks, Dr. David W. K. Acheson, director of food safety at the F.D.A., said Sunday in a conference call. Dr. Acheson called the process "trace-back and trace-forward."

The investigation is in its early stages. "At this point we have not found E. coli O157 in any bags of spinach that have been tested," Dr. Acheson said. "Our link back to Natural Selection comes from the epidemiological studies."

But after questioning the victims about what they had eaten, he said, "bagged spinach has risen to the top of the list."

The federal health authorities are advising consumers not to eat fresh spinach. They said frozen spinach had not been implicated.

The number of reported cases of E. coli infection rose by seven on Sunday, to 109, but officials said that the real number was probably higher and that reporting was probably delayed because some health departments were not staffed on weekends. They also said they expected the number of states in which cases had been reported, 19 on Sunday, to rise.

"As labs come back on line tomorrow and Tuesday," Dr. Acheson said, "we can well see a surge of cases, which do not necessarily mean that things are not under control."

So far, 16 cases of hemolytic uremic syndrome, a serious kidney complication from E. coli exposure, have been reported. One death, in Wisconsin, has been linked to the outbreak.

The cause of the outbreak is still not clear. It could be irrigation water, Dr. Acheson said, or it could be a processing problem in a factory. In the humid environment of a sealed bag of spinach or salad mix, E. coli can multiply rapidly if the bag is allowed to get too warm, he said.

Some processors expose spinach to chlorine to kill E. coli, which can kill the bacteria on the leaf surface. But if the bacteria are in irrigation water they can enter the plant, and the chlorine will not reach them, Dr. Acheson said.

Spinach Probe, Recalls Expand (USAT)

By Dan Vergano

USA Today, September 18, 2006

The investigation into a deadly E. coli outbreak in 19 states widened on Sunday as a second produce company was set to recall its fresh spinach products, according to federal officials.

Food and Drug Administration officials on Sunday reported 109 cases so far of infection with a deadly strain of Escherichia coli bacterium. The bacterium produces toxins than can lead to bloody diarrhea, damaged kidneys and death. Roughly half of the cases in the outbreak resulted in hospitalization, and nearly one in six have led to kidney failure. There has been one death, a 77-year-old Wisconsin woman.

"This is unquestionably a significant outbreak," said FDA official David Acheson. He said state and federal investigators will begin sampling spinach farms today in California's Salinas Valley that have been linked to the outbreak. It will take at least a week for those samples to identify the source of the outbreak, he said.

Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with salads, with "best if used by dates" from Aug. 17 to Oct. 1, 2006.

A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought spinach from Natural Selection, is expected to issue a recall of three packaged salad mixes, Acheson said. The "spring mix" brands containing spinach are: Farmers Market, Hy-Vee, and Fresh and Easy. River Ranch officials could not be reached for comment.

Federal Centers for Disease Control and Prevention scientists began assisting state officials in the affected states in diagnosing cases, the Associated Press reported. Acheson said that he expects more cases.

As a result of the outbreak, which began with an illness reported on Aug. 23, the FDA advises people not to eat fresh spinach "until further notice."

Grocery store shelves and restaurants have been emptied of fresh spinach as a result. "The entire industry is basically shut down," said Thomas Stenzel, head of the United Fresh Produce Association.

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The outbreak underlines the vulnerability of fresh produce to contamination, said food safety expert Douglas Powell of Kansas State University in Manhattan, Kan. Since August, FDA and state officials have been inspecting lettuce farms in the Salinas, Calif., region, because eight of 19 past E. coli outbreaks have originated there since 1995.

"People aren't aware that fresh fruits and vegetables are a leading source of food-borne illness," Powell said. "We don't cook them, so a lot of the safety problems start with farming practices."

E. Coli Cases From Spinach Increase To 109 (WP/AP)

The Washington Post, September 18, 2006

SAN FRANCISCO, Sept. 17 -- The number of people sickened by an E. coli outbreak traced to tainted spinach rose to 109 on Sunday, as federal officials announced more brands recalling their products.

"This is unquestionably a significant outbreak in terms of E. coli," said David Acheson, chief medical officer with the Food and Drug Administration's Center for Food Safety and Applied Nutrition.

Natural Selection Foods, the world's largest producer of organic produce, has been linked to the infected greens, prompting a recall of 34 brands. They include the company's labels and those of companies contracting with Natural Selection, based in San Juan Bautista, Calif., to produce or package its spinach.

On Sunday, River Ranch Fresh Foods of Salinas, Calif., added to its recall spring mixes containing spinach sold under the labels Hy Vee, Fresh and Easy, and Farmers Market, FDA officials said.

Pollution Case Centers On Contradictory Figure (NSDY)

By James Bernstein, Newsday Staff Writer

Long Island Newsday, September 18, 2006

Port Jeff. Station plant owner painted as both caring leader and insensitive boss; faces rare criminal charges

But he also had a way of making employees feel insecure. Cohen bounced paychecks, never granted a raise or a bonus, withheld pension money and was unable to develop any friendly relationships, even with those who worked for him for years.

Which was the real Gerald Cohen?

Many people who worked for him for decades at the private company he owns, Lawrence Aviation Industries Inc., an aerospace parts manufacturer in Port Jefferson Station, as well as those who considered themselves friends, are not sure. Most describe Cohen as complex.

The U.S. attorney's office in Brooklyn says it has no doubt who the 72-year-old Cohen is: one of the nation's worst polluters. Earlier this month, Cohen was arrested by FBI agents and charged with failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the company's 125-acre property along Sheep Pasture Road, not far from Long Island Sound. One federal prosecutor said the site "looked like a science-fiction horror movie." In 2000, the property was designated a Superfund site, slated for cleanup. Last year, the federal government designated it an "indeterminate public hazard."

Cohen, of St. James, appeared in U.S. District Court in Brooklyn, where he pleaded not guilty to two counts of violating the federal Resource Conservation and Recovery Act. He also pleaded not guilty to a charge of violating the Clean Air Act; he is accused of allowing two diesel power generators that produced electricity for the company to discharge as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003. If convicted, he faces up to 15 years in prison and fines of more than $300 million.

His attorney, Anthony LaPinta of Hauppauge, said Cohen would not be available for an interview for this story.

Criminal charges in environmental cases are rare, occurring only a few times a year in each state, federal law-enforcement officials said, and are usually filed when a company or an individual is egregiously in violation of the environmental laws and has been so for some time. Civil charges are much more common in pollution cases, they said.

'A bad boy'

Assemb. Steven Englebright (D-Setauket), a staunch environmentalist who represents the Port Jefferson area and has known Cohen for years, said Cohen had been "in a sort of fence-duel mode" with state and federal environmental regulators for years; he described Cohen as often dragging his feet when it came to cleanups. Englebright said Cohen had routinely been cordial and polite -- but his behavior regarding the environment left much to be desired.

"He has been a bad boy," Englebright said.

Englebright and Richard Amper, executive director of the Long Island Pine Barrens Society, say government agencies did not act quickly enough in the case of Lawrence Aviation.

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"We have regulations that prohibit such activity, but very little monitoring or investigation," Amper said. "We've gotten to the point where businesses have been willing to trample the environmental laws, figuring if they're caught that's the cost of doing business."

Federal officials say such criticisms are unfair, that such cases are often highly complicated and take time to develop.

Lawrence Aviation has essentially been out of business for more than a year. In its day, the company was a powerhouse in Long Island's aerospace and defense industry, molding titanium slabs into parts for Grumman Corp.'s F-14 Tomcat and other military airplanes. At its peak in the early 1980s, the company had about 500 employees and annual revenues of about $30 million.

The company's slide began in 1984, when workers struck for four months over pay and benefits. Industry experts say Lawrence Aviation never really recovered from the strike. And when the Cold War ended in 1991, the company wasn't able to make up the lost defense business. In recent years, staffing fell to as few as a dozen employees.

The company was started in 1959 by Cohen's father, Lawrence, a no-nonsense businessman. Gerald Cohen took over when he died in 1982. "He wasn't the businessman his father was," said Bob Jensen of West Islip, who worked for the company for decades before retiring a few years ago. "He wasn't a manager."

Cohen, a 1955 graduate of the Massachusetts Institute of Technology, was widely considered to be highly intelligent but short on people skills. "He's a computer nerd," said someone who knows him professionally. "He doesn't know how to deal with people."

Despite his wealth, Cohen's clothes appeared worn and he was given to driving beat-up old cars. "He didn't look like a millionaire's son," said a former employee who asked not to be identified. "He'd be sitting on the floor fixing a machine, a paperclip sticking in his teeth." But he was cocky and was known for letting everyone know he was the smartest person in a room.

A kinder face

He also could show a softer side, the former employee said.

"If something bad happened to somebody, he would be the first to send flowers," the former employee said, or grant time off for personal problems and show up at funerals. But he wasn't always welcome.

One time, she said, Cohen showed up at the funeral of one his executives, who had suffered a heart attack. The family did not welcome him; they felt Cohen had been a source of great stress.

"He was told he had a helluva nerve showing up," she said.

Cohen's behavior outside the office was described as more open, even gregarious on occasion.

Cohen was in his mid-40s when he married for the first time, and he and his wife, Nancy, were ardent skiers. They have no children.

He was a member of a number of boards and organizations, and contributed financially to several charities. He was president of the board of St. Charles Hospital in Port Jefferson for two years, beginning in 1985, and was given the Theodore Roosevelt Award for his service to the hospital.

He donated money to the Maryhaven Center of Hope, a nonprofit human resources agency; and he served as president of the Stony Brook Foundation, the nonprofit fundraising arm of the state university, from 1987 to 1989. He also was on the Brookhaven Industrial Board for five years, beginning in 1980.

"He's a man with a big heart," said LaPinta, his attorney. "He is sensitive to people in need."

But what former employees remember most are the bounced paychecks and a 401(k) plan they contributed to -- but got nothing back from.

In May, Cohen agreed to pay $1.3 million to settle a lawsuit filed by the U.S. Labor Department, which said he had treated the 401(k) as a "personal piggy bank." The suit was filed in May 2004 and alleged Cohen and Lawrence Aviation made more than $1.6 million in loans to themselves between 1993 and 1995. It said the employees never collected on the loans, "which have never been repaid."

On Fridays, employees would say, "I wonder if I'm getting paid today," recalled Jensen, the retired employee. "Sometimes the checks would bounce. In fact, quite often, they did."

Washington's Energy Failure (WP)

By Sherwood Boehlert

The Washington Post, September 18, 2006

The problems BP has had recently with its Alaskan pipeline seem both an apt metaphor for the way the United States has (mis)handled its energy policy and a warning of what may await us if we stay on the wrong track.

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For a long time now, politicians have handled U.S. energy policy the way BP apparently handled its pipeline: We've talked about it, we've taken some superficial actions, but we've failed to examine it closely, secure in our belief that everything seemed pretty much okay.

The result, in the case of energy policy, has been gasoline at $3 a gallon; a growing oil addiction (to use the president's well-chosen word) that threatens our national security; and an economy and populace more vulnerable than they need be to domestic and international fluctuations in oil production.

So far, the reaction in Washington has ranged from anemic to the counterproductive. The House passed a bill to streamline regulation of refinery construction, even though there is little evidence that regulation has constrained refinery capacity. The House repeatedly passed legislation to open the Arctic National Wildlife Refuge to oil drilling, with proponents arguing that pollution from drilling is a thing of the past -- presumably a harder argument to make in the wake of this summer's revelations from BP.

The House also passed a bill allowing the entire U.S. coastline to be opened to oil drilling. This bill, which received surprisingly little media attention, not only would allow the lifting of current drilling moratoriums but would also significantly revise the way offshore oil drilling is permitted, weakening the ability of states and citizens to control the use of their shores.

Congress has passed some positive legislation promoting energy research and development, but the actual funding has been rather meager, and much of it has been focused on the most futuristic energy technologies, such as hydrogen and fusion -- gambles that are worth investing in but that can hardly be the foundation of a realistic near-term energy policy.

What is conspicuously missing from the energy debate is any substantial discussion or action on energy efficiency or conservation. Conservative ideologues like to equate conservation with discomfort: sweltering in under-air-conditioned buildings or driving a subcompact car. But these images are absurdly outdated, if they were ever true. Conservation means developing and deploying technologies (including deploying many that already exist) to enable Americans to live the way they want to while using less energy.

This is something that isn't likely to be accomplished by the marketplace alone, despite ideological rhetoric. Every American might desire more energy-efficient goods but still buy, say, a less efficient sport-utility vehicle if that's all that's available. Moreover, energy conservation is imperative, given the national security and economic vulnerability of our current energy path. We need government action to respond to the classic market failures that thwart individual efforts to remedy our oil addiction.

The most important, realistic and feasible step the government could take would be to require automakers to make more fuel-efficient cars by raising corporate average fuel economy (CAFE) standards. About 45 percent of the oil Americans consume is used by cars and light trucks. We simply can't get a handle on our energy use if we don't do something about mileage -- which has been stuck at the same average level for about 20 years, even as every other sector of the economy has become more energy-efficient.

Our unwillingness to address fuel economy -- the House hasn't even been willing to schedule a vote on the issue since gas prices began skyrocketing last fall -- is especially unforgivable because we already have technology that could significantly increase fuel economy without reducing safety or limiting consumer choice. Better still, consumers would save money on gasoline -- savings that would more than cover any costs for the technology. These are not my assertions; they are the conclusions of a 2002 report on fuel economy standards by the National Academy of Sciences.

The case for increasing mileage is so compelling that politicians are at least starting to give lip service to raising CAFE standards. The administration, for example, has proposed a bill that would allow the standards to be increased. But that proposal both fails to require any action and is written in a way that could actually end up reducing average mileage. (This is because it would allow mileage to be set by vehicle class, without setting standards for the overall vehicle fleet.)

Congress should take real action -- just as BP has had to do -- rather than continuing to avert its gaze until the next emergency. After a summer of high gas prices, the public ought to be fed up with Washington's kowtowing to the oil and auto industries instead of taking a hard look at effective measures.

The writer, a Republican representative from New York, is chairman of the House Committee on Science.

FBI/DEA/ATF/USMS:

Arellano Brother Is Sent To S.D. To Face Trial (SDUT)

By S. Lynne Walker

Copley News Service, September 17, 2006

MEXICO CITY – The oldest of four brothers accused of heading the ruthless Arellano Félix drug cartel in Tijuana was extradited by the Mexican government to the United States yesterday to face drug charges in San Diego.

Francisco Rafael Arellano Félix, 56, was escorted off a commercial fight at Lindbergh Field last night after being handed over earlier in the day to U.S. authorities in the Texas border town of Brownsville.

The extradition came just more than a month after his younger brother Javier was arrested by the U.S. Coast Guard in a dramatic operation at sea off Mexico's Pacific Coast.

Flanked by agents from the Drug Enforcement Administration and the U.S. Marshals Service, the balding, bespectacled Arellano Félix was rushed to a vehicle waiting to take him to federal prison, authorities said.

Arellano Félix's extradition surprised U.S. law enforcement officials, who have been asking the Mexican government to extradite him since 2004, when he finished a 10-year sentence on weapons and bribery charges in a maximum-security prison outside Mexico City.

"It came out of the blue," said one U.S. official, who spoke on condition on anonymity.

Although a Mexican federal judge approved the extradition request in 2004, it took two years for the Foreign Ministry to sign the order to hand him over. U.S. authorities were told two days ago that Arellano Félix was being sent to San Diego to face charges.

The decision to extradite Arellano Félix came the same day that U.S. Ambassador Tony Garza sharply criticized the Mexican government, saying, "Drug cartels, aided by corrupt officials, reign unchecked on many towns along our common border."

Garza cautioned that an alarming rise in drug violence threatens the relationship between the two countries.

Arellano Félix is accused of selling 9 ounces of cocaine to an undercover agent at a motel on San Diego's Midway Drive 26 years ago. He was charged with conspiracy to distribute cocaine and distribution of cocaine. He also was charged with jumping bail.

After posting bail, he fled to Mexico, where he ran a discothéque in the Pacific Coast resort of Mazatlan.

A U.S. prosecutor handling the case said last night that she believes the government will secure a conviction of Arellano Félix.

"We are prepared," said Assistant U.S. Attorney Laura Duffy. "The case is very much intact. The drug evidence still exists and the witnesses are still in place, so we're confident that we're ready to go forward."

Arellano Félix is scheduled to be arraigned in San Diego federal court at 2 p.m. tomorrow.

Although the charges against Arellano Félix are relatively minor, U.S. law enforcement officials said his extradition "sends a very strong signal" that the Mexican government is willing to extradite drug traffickers.

"For drug dealers, particularly the Arellano Félix organization, this should be a clear signal that no matter where you are in the organization, once you serve your time in Mexico you may serve your time in the United States," said Garrison Courtney, a spokesman for the DEA in Washington.

Arellano Félix's extradition marks a high point in the delicate negotiations between the United States and Mexico on the issue of extraditing drug traffickers.

Although the Mexican Supreme Court cleared the way in January 2001 for Mexican citizens to be sent to the United States to stand trial, there has been only one extradition of a high-ranking member of the Arellano Félix cartel.

Arturo "Kitty" Páez, a young lieutenant in the cartel, was flown to San Diego in May 2001 and sentenced to 30 years in prison for smuggling cocaine.

While U.S. law enforcement said they were encouraged by Arellano Félix's extradition, they acknowledged that he did not play a key role in running the organization. He was arrested during a police raid in Tijuana in 1993, when Benjamín Arellano Félix still handled the business operations of the cartel and another brother, Ramón, was earning a reputation as the cartel's feared triggerman.

"Francisco obviously isn't the highest in the tier of the Arellano Félix organization, but he's still a player," Courtney said.

Benjamín Arellano Félix was captured in 2002 and imprisoned in a maximum-security Mexican prison. A month earlier, state police shot Ramón dead on a Mazatlan street.

The cartel's leadership then shifted to Javier, who has pleaded not guilty to racketeering, drug and money laundering charges and awaits trial in San Diego.

"We've taken out the top leadership. But we know that the organization has people who can step in right now and run it quite efficiently," Courtney said. "We still have a lot of work to do."

Francisco Arellano arrived last night on Continental Airlines Flight 429 from Houston, which landed in San Diego at 6:58 p.m.

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In Houston, a man in street clothes, with his arms and legs shackled, was escorted to the back of the plane before most of the other passengers were allowed to board, passengers said. He was seated in the last row, near the bathroom. Two plainclothes law enforcement agents with badges were seated in the same row, passengers said.

The prisoner said little or nothing during the flight, and his two guards kept a close watch on the other passengers, said Pamela Hodge, 29, of Houston, who was seated a few rows in front of the trio.

"I tried not to look that way because they were very protective of him, the guards were," Hodge said.

Jerad Jurgensmier, 20, a Navy corpsman flying back to San Diego from Houston, said passengers weren't given any information about the prisoner.

"No one said anything to us," Jurgensmier said. "It was kind of weird."

A variety of law-enforcement vehicles were parked on the tarmac when the plane arrived in San Diego, passengers said, and three uniformed officers were waiting at the gate.

U.S. Ambassador Lauds Mexican Extradition Of Alleged Drug Kingpin (AP)

AP, September 17, 2006

MEXICO CITY — The U.S. ambassador praised the "courage and conviction" of Mexico's President Vicente Fox on Sunday after Mexico extradited alleged drug kingpin Francisco Rafael Arellano Felix to the United States.

Francisco Rafael Arellano Felix was loaded into a helicopter Saturday in the Mexican city of Matamoros, then flown across the border and handed over to Texas officials in Brownsville after serving a 10-year sentence in Mexico.

The first major Mexican drug suspect to be extradited north, he will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

Ambassador Antonio Garza's message of praise, issued by the embassy, followed a statement last week that irritated the Fox administration by urging Americans traveling in Mexico to beware of "the rising level of brutal violence" — much related to drug trafficking — south of the Rio Grande.

"While I'm the first to point out those instances where more can be done, particularly along the border," Garza said Sunday, "I've also got to say that this administration has been aggressive about extraditions and committed to doing what they can when they can.

"President Fox has been unwavering in that regard and I recognize and appreciate both his conviction and courage," Garza added.

Fox's government said it had "discrepancies" with Garza's warning to U.S. citizens on Thursday and said it has called U.S. officials to discuss the issue this week.

U.S. officials have been pushing Mexico to overcome reluctance to extradite its citizens. When Mexico officials have tried to extradite major trafficking suspects, courts have blocked them.

Arellano Felix was arrested in December 1993 in Tijuana and was convicted under Mexico's tough weapons laws rather than for drug offenses. He was the oldest of seven brothers in a family accused of running what was throughout the 1990s one of Mexico's largest and most-violent drug smuggling gangs.

Most of the Arellano Felix brothers have been arrested or killed, weakening the cartel. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego.

Arellano Felix's brother Francisco Javier Arellano Felix was captured on a fishing boat last month by the U.S. Coast Guard in international waters off the coast of La Paz, Mexico.

Benjamin Arellano Felix, reputedly the planning chief of the gang bearing the family's name, was arrested in March 2002 in Puebla, east of Mexico City. He is still being held in a Mexican jail.

Another brother, Ramon Arellano Felix, was shot to death a month earlier in the Pacific tourist port of Mazatlan. Police say he had been the group's feared enforcer, in charge of killing to settle scores.

Eduardo Arellano Felix is still at large.

Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Mexico Extradites Alleged Drug Kingpin (AP)

By Traci Carl, The Associated Press

The Washington Post, September 16, 2006

MEXICO CITY -- Mexico extradited drug kingpin Francisco Rafael Arellano Felix to the United States on Saturday, making him the first major Mexican drug lord to be sent north to face drug charges.

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The extradition was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

The former head of the Arellano Felix drug clan was handed over in the Texas border town of Matamoros after serving a 10-year sentence in Mexico. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department to send him.

Francisco Rafael was the oldest brother in a family accused of running what was one of Mexico's largest and most violent drug smuggling gangs in the 1990s.

The Arellano Felix gang developed a reputation as one of the most bloodthirsty smuggling rings.

Most of the seven Arellano Felix brothers have been arrested or killed, weakening the group. But Mexican and U.S. officials said the gang still moves tons of cocaine and marijuana into the United States from its operations base in Tijuana, across the border from San Diego.

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Francisco Javier Arellano Felix was captured on a fishing boat last month by the U.S. Coast Guard in international waters off the coast of La Paz, Mexico.

DEA Finds Tunnel In Calexico Area (SDUT)

Union-tribune

The San Diego Union-Tribune, September 16, 2006

The Drug Enforcement Administration announced last night that it has discovered a tunnel under the U.S.-Mexico border in Imperial County that apparently was used for smuggling drugs.

The 400-foot tunnel reaches between a residence in Calexico and a residence in Mexicali, Mexico, said John S. Fernandes, DEA special agent in charge.

It is about 20 feet underground, equipped with lighting and bolstered with wooden beams every few feet. It is accessed with a ladder.

The DEA was uncertain what group was using the tunnel, he said.

U.S. Immigration and Customs Enforcement, the Border Patrol and the Calexico Police Department helped in the investigation.

– David E. Graham

Downtown death called suspicious

DOWNTOWN – San Diego homicide detectives are investigating the death of a man whose body was found around noon yesterday in the bushes in a transient camp.

The camp is beside the on-ramp to Interstate 5 northbound at 11th Avenue.

The death appeared suspicious because of the body's condition, homicide Lt. Jeff Sferra said, though he did not specify the condition.

An autopsy was scheduled.

– David E. Graham

San Diego Says No To Drugs (AP)

AP, September 18, 2006

SAN DIEGO -- This seaside city was a bystander as liberal strongholds like San Francisco and Santa Cruz created identification cards for sick patients who use marijuana and wrote regulations to permit storefront pot dispensaries.

Now, 10 years after Californians voted to decriminalize marijuana for medical purposes, conservative San Diego County is leading a backlash against the groundbreaking law.

The county is challenging California's medical marijuana law in state court, saying it should not be required to comply with a state law directing counties to issue ID cards to users. At the same time, local police, working with federal agents, have shuttered all of the nearly 30 marijuana dispensaries in the county.

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San Diego's legal showdown pits state laws that permit marijuana use for medical reasons against federal laws that prohibit the drug. At stake: California's decade-old law and the industry it spawned, with potentially far-reaching consequences for other states.

"This is the first time that a county has said that the state is forcing them to do something they don't want to do," said Anjuli Verma, director of advocacy for the Drug Law Reform Project of the American Civil Liberties Union. "If they prevail, it will set a precedent that basically means medical marijuana laws are over."

Since California's Compassionate Use Act was passed in 1996, 10 other states -- Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington -- have passed laws protecting qualified patients from prosecution. Voters in South Dakota decide a medical marijuana ballot measure in November.

California's law allows people suffering AIDS, cancer, anorexia, chronic pain, arthritis and migraine and "any other illness for which marijuana provides relief" to grow or possess small amounts of marijuana with a doctor's recommendation.

In 2003, the California Legislature amended the 1996 bill to direct county health departments to issue ID cards to medical marijuana users.

Counties, which did not receive money to fulfill the requirement, have been slow to issue ID cards, but San Diego was the first to refuse on legal grounds. Under threat of a lawsuit from the local chapter of the National Organization for the Reform of Marijuana Laws, the county struck first and sued the organization -- and the state.

"We're trying to get the court to tell the state they've gone too far in telling the counties to do something that facilitates the ability of a person to break federal law," said John Sansone, San Diego's county counsel.

The state attorney general contends in court filings that California is entitled to pass its own state drug laws and legislate programs relating to the use of medical marijuana.

Two other California counties, San Bernardino and Merced, have joined as plaintiffs in the case, which is scheduled to be heard in November in San Diego Superior Court.

San Diego's board of supervisors entered the legal fray shortly after dispensaries with names like Legal Ease, Holistic Healers and Chronic Care Co-op began popping up in coastal enclaves, thanks to the 2003 law, which created a legal framework for the dispensaries.

California has an estimated 200 storefronts that serve about 200,000 people, according to Americans for Safe Access, a group that advocates medical marijuana laws. San Francisco, Berkeley and Los Angeles have passed guidelines regulating the shops.

San Diego prosecutors said neighbors complained about one store in the summer of 2005, prompting an investigation that culminated in joint Drug Enforcement Administration and local police raids in July.

Fifteen operators were charged with illegally selling the drug for recreational use to people who are not ill -- including one undercover agent who prosecutors said he got a doctor to give him a medical marijuana recommendation for his dog.

A lawyer for one of the men, Stephen Harding, who ran Native Sun Dispensary, expressed dismay at the charges.

"These guys were complying with the regulations as they've been laid out," said Jan Ronis. "You have people relying on what seems to be guidance from the state and then the county shoots it down. It's really frustrating."

The remaining stores and delivery services in the county closed after receiving phone calls and visits from law enforcement agents warning that they and their landlords may be prosecuted.

San Diego County District Attorney Bonnie Dumanis said the state law does not require local authorities to permit marijuana storefronts.

"It's the tolerance level in the community that rules in the end," she said. "I think in Northern California they're much more tolerant than in this part of Southern California."

Cops Credit Federal Law With Drop In Gun Crimes (LSJ)

By Kevin Grasha, Lansing State Journal

Lansing State Journal, September 18, 2006

Officials say drug dealer's conviction an example

Gun crimes in Lansing are on the decline because of a federal initiative that gives longer prison sentences to people convicted of them, authorities said Friday.

Since Project Safe Neighborhoods began in 2003, crimes such as assaults with firearms and carrying a concealed weapon have decreased, said Lansing police Lt. Larry Klaus, who heads the department's narcotics unit.

"The word is out," he said at a press conference at City Hall. "If you're caught with a gun, you're going to federal prison."

Advertisement

So far, 59 people have been convicted through the initiative, and most are serving terms of 3 1/2 to 10 years. Klaus said about 30 other cases are under investigation.

Authorities on Friday highlighted the conviction of a 31-year-old Lansing Township man involved in a multi-state drug operation. Benjamin Preston Foreman was sentenced this month to 25 years in prison; he had received five additional years because of federal gun charges. The U.S. Attorney's Office in Grand Rapids handled the case.

A raid on his home turned up three semi-automatic pistols, $7,000 in cash, and 80 grams of cocaine, said police, who believe Foreman was a significant source of cocaine for the Lansing area. His supply came from the West Coast, they said.

Penalties are more severe for gun cases in federal courts, said Ingham County Chief Assistant Prosecutor Linda Maloney.

"We know we can get more bang for our buck," she said, adding that the county prosecutor's office alerts federal authorities, who then take the cases to federal prosecutors. Local police work with the federal Alcohol, Tobacco, Firearms and Explosives agency (ATF) and the Drug Enforcement Administration to investigate.

IMMIGRATION:

Firms Vie To Provide The Future Of Border Security (WP)

By Griff Witte

The Washington Post, September 18, 2006

If Northrop Grumman Corp. gets the multibillion-dollar contract to secure America's borders, the sky above the Rio Grande would be thick with drones.

Cellphone maker Ericsson Inc. thinks drones are largely a waste and would focus instead on giving Border Patrol agents wireless devices capable of receiving live video.

Boeing Co. would build high-tech towers, lining the borders with 1,800 of them.

For Lockheed Martin Corp., blimps are a big part of the solution. And for Raytheon Co., the key is letting agents watch incidents unfold on Google Earth.

Those are the plans, anyway. The questions now are which company will win the rights to put its technology into play, and how well any of it will actually work in helping the United States gain control of its notoriously porous borders.

The Department of Homeland Security is expected within days to name a winner in a competition that could permanently change the way the United States conducts surveillance, apprehension and detention operations along its northern and southern boundaries. The choice promises to lend significant insight into how the government sees the future of border security, with firms offering rival visions of how that future looks.

All year, the nation's largest military contractors have been locked in intense competition to team with the government on a program that gives the private sector unusually wide sway over a critical national security issue. Michael P. Jackson, the deputy director of the Homeland Security Department, told the competing firms earlier this year he wanted them "to come back and tell us how to do our business."

The resulting proposals are the latest incarnation of decades' worth of attempts to use technology to create a virtual fence along the border. So far, none have been successful. Recent initiatives have ended with cameras that failed to work in extreme temperatures and millions of dollars wasted.

But with immigration legislation stalled in Congress, Homeland Security officials are gambling that this new effort -- known as the Secure Border Initiative -- will be their best hope of cutting the flow of illegal immigrants into the country.

Officials say they expect the solution to be in place within four years, but companies say they can get it done sooner. The cost has been pegged at $2 billion but is likely to be higher. No one is downplaying the stakes.

"I don't think the Department of Homeland Security can afford to fail here," said Wayne Esser, who has led Boeing's efforts to capture the contract, which is called SBInet. "This thing is so politically charged. It's very visible."

The program has already garnered heavy criticism from detractors who worry that the government does not know enough about what it is buying and that the program could amount to a costly give-away to the private sector. "It's a little bit scary when the government throws up its hands and says, 'We have no idea how to do this. Please tell us,' " said Deborah W. Meyers, senior policy analyst at the Migration Policy Institute. "It just seems like the government is putting policy in the hands of the contractors."

Homeland Security officials say they decided to contract out the job because they did not have the capacity to do it in-house. But they maintain that they will ultimately call the shots. "I don't want any mistake about who is working for who," Gregory Giddens, director of the Secure Border Initiative, told Congress on Wednesday. "The [contractor] is working for the United States government."

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The decision of which contractor to choose is due by the end of the month and is expected as soon as this week. While the competing proposals are similar in their basic outlines, they differ markedly in the details.

All companies, for instance, offer an array of sensors, including infrared, motion and seismic. But they are divided over where to place them -- whether to bury them, mount them on towers, or send them airborne attached to planes, helicopters or unmanned aerial vehicles.

Overall, the proposals lean heavily on technology developed for the battlefield. "We're transferring things that are military today into a civil implementation," said Bruce Walker, a Northrop Grumman vice president who has led the California company's efforts.

Walker touted the firm's fleet of UAVs, which includes both the Global Hawk -- a plane that soars high to cover large areas -- and the KillerBee, a small, low-altitude vehicle that can be used for more-focused missions.

Both vehicles, he said, have sensors with intelligence capabilities that allow them to differentiate between false alarms and genuine threats. "It may be a herd of antelope moving across the border, and you certainly don't want to send a team after that," Walker said.

Swedish cellphone maker Ericsson, meanwhile, is positioning itself as the nonmilitary solution. Doug Smith, the company's vice president for government solutions, said that border security comes down to "a big, broadband wireless problem" and that the most important challenge is to ensure agents have access to communications and timely information.

Ericsson's plan involves giving every Border Patrol agent a personal digital assistant that's not much different from models available on the commercial market. Tall towers lining the border would fend off dead zones and provide much of the surveillance data.

While the company's plan includes some UAVs, their role is minimal. "UAVs aren't reliable enough. They can't fly in bad weather," Smith said. "We don't need a Star Wars-type solution here. We need something that will work."

Boeing's Esser said his team came to a similar conclusion. "UAVs are incredibly expensive to operate," said Esser, citing the size of the vehicles' ground-based crews. "Everybody's real hot on UAVs. But you just can't afford it. It doesn't make sense."

Instead, the Chicago aerospace company has proposed a network of towers -- ranging in height from 80 to 200 feet -- that would line the northern and southern borders. UAVs would have a more limited role, with agents deploying miniature versions of the vehicles off the back of their trucks.

The final two companies -- Lockheed Martin and Raytheon -- say they provide a balance of air- and ground-based equipment.

At Bethesda-based Lockheed, the country's largest defense contractor, the company's solution includes a UAV that can be launched by an individual agent, much like a paper airplane, as well as larger Predator drones and tethered balloons known as aerostats. On the ground, the company offers a selection of towers -- some fixed, some mobile.

Jay Dragone, the company's vice president of integrated border security solutions, said Lockheed would keep its plan flexible and adjust depending on what helps agents the most. "This is not going to work if it takes the agent a long time to figure out what they're looking at and how to use the systems," he said.

Massachusetts-based Raytheon has developed its solution based on a company-managed program to keep drug-runners and poachers out of the Amazon. Under Raytheon's plan, Border Patrol agents would be able to watch sensor activity and video feeds from their trucks on a display based on the satellite-powered mapping system Google Earth, giving them perspectives on border issues near and far. The company would also provide bar-coded bracelets that could be used to track suspects as they move through the detention system.

Like the other firms, Raytheon has proposed that contractors take over jobs now performed by Border Patrol agents -- such as transporting prisoners and mending fences -- to give agents more time to focus on their main priority. "We would leave the work of the Border Patrol to the Border Patrol," said Frank Marcinkus, Raytheon's SBInet capture manager.

Outside observers say freeing up agents' time could prove critical to the program's overall success. Additional technology will give agents more data, but won't on its own help stop the flow of people coming across the border, said John E. Pike, director of GlobalSecurity.org.

"It doesn't matter how much money you spend on the sensors," Pike said. "If you don't spend a commensurate amount to put agents in Humvees to go out and catch suspects, it won't make a bit of difference. All you'll do is get a better sense of how they're coming in."

Labor Movement As U.S. Debates Guest Workers, They Are Here Now (WSJ)

By Joel Millman

The Wall Street Journal, September 18, 2006

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CHARLES CITY, Iowa -- When he is home in Montemorelos, Mexico, Roberto Cantú earns $300 a week pouring concrete. Last month, a labor recruiter called him promising similar work in Colorado and Iowa paying five times as much.

Within hours, Mr. Cantú, his three grown sons and his brother were driving their white pickup truck 250 miles north to the U.S. border, on the way to job sites another 700 miles away. It was the Cantús' fifth trip this year to take temporary U.S. jobs, during which they have crossed 18 states.

The Cantús are among an estimated tens of thousands of Mexicans with an unusual place in the bitter debate over immigration. Thanks to quirks in the law, they have green cards enabling them to come to the U.S. for work stints. Many, like the Cantús, call themselves "subidos" from the Spanish verb for "to rise," because they do the grueling jobs of pouring concrete for tall structures such as grain silos for the ethanol plants increasingly rising across the Great Plains.

President Bush is pushing for the U.S. to adopt its first formal guest-worker program since 1964, a contentious proposal that has helped stall broader efforts at immigration-law changes in Congress. The president says the program would respond to the strong demand for Mexican labor in the U.S., and would reduce the number of undocumented workers sneaking across the border to answer it.

FOLLOWING THE JOBS

1

See an animated map2 showing the travels of the Cantú family over the course of 2006.

Employer groups and other advocates believe guest workers would boost economic growth in both the U.S. and Mexico. Labor unions and immigration foes call that employer-funded propaganda. Their view: Mexicans would steal jobs and undercut U.S. wages.

The experience of the Cantús and other Mexicans who use green cards to hop across the border provides some intriguing clues about how an official guest-worker system might play out. By quickly filling jobs and providing needed skills, such workers are a boon to employers. They rarely put a burden on social services, because they leave their school-age children and elderly relatives at home. Nonetheless, there is some evidence that the Mexicans drive down wages in the industries where they work.

Some guest workers had their status legalized under the Simpson-Rodino Immigration Reform and Control Act of 1986, which granted amnesty to 2.7 million undocumented workers. It offered that group, who call themselves "Rodinos," the chance at green cards that confer permanent-resident status and the right to work. The act was intended to encourage U.S. citizenship, but some preferred the guest-worker way of life, as the Cantús do, earning wages in the U.S. but keeping their families and their living costs in Mexico.

Others acquired work visas through programs that legalized imported farm workers during times of labor shortages. Still others won green cards after being sponsored by a parent who became a naturalized U.S. citizen, or by marrying a U.S. citizen. About 100,000 Mexicans also legally commute short distances across the border for day jobs in the U.S.

Mr. Cantú's father arrived in the U.S. as a relief laborer during World War II. He worked regularly in the U.S. under the Bracero program for farmhands, which ended in 1964. He became a U.S. citizen in the early 1990s. His citizenship made his children and grandchildren eligible for green cards. It took eight years to obtain them. Since 2003 they have been taking advantage by landing concrete-pouring jobs in the U.S.

The five Cantús keep a brutal pace and spend as much as eight months in the U.S. annually. One day last month, after finishing two 89-hour workweeks in Pueblo, Colo., they barreled across three states in 14 hours to start a job in Iowa. The older brothers, Daniel, 45 years old, and Roberto, 47, split the long drive and arrived just minutes before the night shift began. Daniel headed to a motel to nap; Roberto quickly started work, hoisting himself up a 30-foot scaffold he wouldn't descend until dawn.

Roberto's three sons, 18-year-old César, 20-year-old Mario and 24-year-old Roberto Jr., hopped into town to look for a Mexican restaurant, or at least a 7-Eleven store selling tortillas. They are more comfortable in the U.S. than the older men, mostly because they speak English better. They are the ones who mollify truck-stop waitresses who grow impatient waiting for the older men to order a meal or politely respond to state troopers who occasionally stop them on the road, demanding papers showing they are in the U.S. legally. "We know not everyone wants to see Mexicans in their town," Mario says.

The Cantús are skilled in the continuous-pour construction specialty of subidos, where fresh concrete is pumped nonstop for hours into wooden trenches to harden. That eliminates seams that can trap moisture and freeze during Corn Belt winters. The younger Cantús work as "finisheros," sanding down rough edges of dried concrete.

A $2.4 billion ethanol-plant construction boom is under way in the U.S., according to the Renewable Fuels Association, an industry trade group. Continuous pouring for the silos means round-the-clock work, requiring twice the number of laborers on site. Ethanol plants, situated near their raw grain supply, often are built where skilled labor is scarce.

Midwest construction firms including Fagen Engineering Inc., Granite Falls, Minn., and T.E. Ibberson Co., of Hopkins, Minn., and subcontractors Todd & Sargent and McCormick Construction Co., of Rockford, Minn., find Mexican subidos through a loose confederation of recruiters on the Texas-Mexico border. Those include Ray Maldonado, a Puerto Rico-born, transplanted

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New Yorker now based in the border town of Eagle Pass. A former laborer, the 52-year-old Mr. Maldonado manages a loyal pool of Mexican workers. He vets work documents of subidos referred by his network of scouts across northern Mexico. He also places some subidos in permanent jobs with U.S. employers.

On a recent Saturday in Laredo, Texas, Mr. Maldonado shepherded 20 workers with their belongings in tiny suitcases and plastic garbage bags onto vans bound for North Dakota. The chain-smoking Mr. Maldonado checked names off a list and answered cellphone calls from workers still en route. As he talked, more crews rolled out of town, two drivers in front, passengers crowded behind, for the two-day drive. Bathroom and food stops are allowed only during refueling.

Sometimes Mr. Maldonado advertises by paying disc jockey Juventino Botello $10 for a 20-second spot on his morning show, on border station XEMU in Piedras Negras. "Workers needed, heavy construction, report to Beto's place in Eagle Pass," Mr. Botello calls out over accordion-laced "ranchera" music.

Around the corner from Mr. Maldonado, rival recruiter Pepe Regosa beat the sidewalks for Younglove Construction LLC of Sioux City, Iowa, which needed 55 men for a job in Missouri. Younglove "hires local guys to do this work, but they don't last," Mr. Regosa said with a grin. "Some leave after one day."

The work isn't just difficult, it is dangerous, too. Just before dawn Friday, 67-year old Jesus Guerrero fell 120 feet to his death, slipping from a scaffold at a silo one of Mr. Regosa's crews is erecting in Underwood, N.D., for Blue Flint Ethanol. "They'll ship the body back to Laredo," Mr. Regosa said. "The company pays."

In Charles City, Iowa, the Cantús joined nearly 100 of Mr. Maldonado's workers building an ethanol-plant corn silo for VeraSun Energy Corp. of Brookings, S.D. Phil Sargent, executive vice president of Todd & Sargent, based in Ames, Iowa, is a subcontractor on the site. He says he would prefer to use local workers but can't find enough of them. "Years ago, this was a summer job for college kids," Mr. Sargent says. He finds the local labor pool has shrunk, while the work has expanded.

Todd & Sargent says it doesn't pay imported workers less than Americans. Most jobs are nonunion. The company must pay additional housing and transportation costs for the subidos.

The accommodations aren't lavish. At the Best Budget Inn in Charles City, the five Cantús were crowded into $30-a-night rooms paid for by Todd & Sargent for the two-week job. Workers on the day shift used the beds by night, while late-shifters crawled in after the shift change at 7 a.m. "I don't have the staff to change everyone's sheets," said motel manager Linda Webb. "I tell each one to show courtesy to the man he's sharing with, and shower before going to bed."

Guest-worker proponents argue that a formal program would minimize costs to U.S. schools and welfare agencies, compared with undocumented workers, because guest workers would be free to cross borders legally and would likely leave their families behind.

Agustín García, a 62-year-old subido from General Teran, Mexico, a city southeast of Monterrey, says he never brought his wife or three children with him to the U.S. during 20 years of temporary work. "A man goes from hotel to hotel, works for maybe a week or two," he says. "He really has to travel alone."

Now, he and his wife share a tidy home in Mexico by a gentle stream, surrounded by households supported by subidos' wages. Mrs. García suffers from high blood pressure and circulatory problems, and benefits from Mexico's free health-care system. Mr. García says if they lived in the U.S., he couldn't afford to pay for her care.

In the U.S., his wages are taxed -- about $25 for every $100 he earns, according to a pay stub from a job Mr. García did this summer building a flour mill in Roanoke, Va. Generally, subidos pay all state, local and federal taxes. They also are covered by workman's compensation insurance in case of on-the-job injury, paying into a fund covering all workers on the job.

Undocumented workers, by contrast, are less likely to pay taxes. They frequently pay thousands of dollars hiring guides to help evade the Border Patrol. That gives them a big incentive to stay longer periods in the U.S. and bring their families across the border, often crowding into the poor neighborhoods they can afford. "We're turning people who would otherwise be temporary workers into permanent settlers," says Wayne Cornelius, an immigration expert at the University of California at San Diego.

The subidos rarely mix with local townspeople. In four years on the road, the Cantús say they haven't attended a baseball game, gone to a movie or visited a national park in the 20 states they have motored through. "We went past that rock in South Dakota once where they have the presidents' faces carved, but it was at night and we couldn't see it," says César Cantú, Roberto's youngest son.

Immigration critics argue that a guest-worker program wouldn't stem the flow of illegal immigrants but simply legalize lawbreakers. Some have a problem with workers like the Cantús as well, contending they are subverting the intent of their visas, which are meant to establish U.S. residency, not just working rights. Technically, they should have a commuter version of the green card, though the distinction isn't strictly enforced.

The presence of so much Mexican construction labor worries union officials in Midwest and mountain states, though demand for construction appears strong enough now to support both foreign-born and local workers. The Pueblo, Colo., cement plant being built by subidos, for instance, is within sight of a massive project, Xcel Energy Corp.'s $1.3 billion Comanche-3 power

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plant, which employs union workers, nearly all U.S.-born. Ethanol construction tends to be divided between union shops in large towns and subidos in rural areas.

Union officials complain bitterly that competition from Mexico is driving down wages, and there is evidence to back them up. Roberto Cantú's Pueblo pay stub shows he earned $14 an hour for a 45-hour week, and $21 for every additional hour. Pete Mustacchio, business manager of Cement Masons Local 577 in Denver, says Colorado's union pourers earn twice that, including an hourly wage of $23.40, plus health-insurance and pension benefits valued at another $9 an hour. Overtime starts at $35.10 an hour.

Figures compiled by the U.S. Bureau of Labor Statistics indicate wages in concrete work fell 16.5% in 2005 from 2000 -- to $508 a week from $604, adjusted for inflation -- despite a soaring demand for workers. Meanwhile, the proportion of cement workers described as "foreign-born Hispanic" has risen to almost 55% from around 35% in the late 1990s. Statistics suggest many are replacing African-Americans, whose employment in concrete work declined to 9,000 in 2005, from 18,000 six years ago.

David Card, a University of California at Berkeley economist, says the decline in earnings is part of a long-term trend of nonunion construction workers replacing a unionized work force. Other factors are at play besides the subidos. Illegal-immigrant labor drives down wages even more than do legal subidos, and technology has reduced the need for some skilled workers.

An expanded guest-worker program probably would deepen the wage squeeze, says Harvard University immigration economist George Borjas. "I find a 10% rise in worker supply results in a 3% decline in wages" locally.

Earl Agan, business manager of Cement Masons local 51 in Des Moines, says ethanol-plant construction should be a reason to hire more union workers, not fewer. He has 260 members qualified to pour silos, at least 50 of whom are presently without work. "Contractors have my guys traveling all over the country," Mr. Agan says, arguing that remote work sites shouldn't justify importing workers. His conclusion: Contractors want a bigger share of the profit and won't employ union labor if they don't have to.

The Cantús, who were in North Dakota last week building a grain elevator, know their work is controversial. "Our first job was in Peru, Illinois," recalls Mario Cantú, Roberto's middle son. "There was a protest at the gate of the place we were working. I remember they had a big, inflatable rat bouncing around. And people held signs: Mexicans Are Stealing Our Jobs." Nowadays, they sometimes endure the silent treatment on the jobs from other workers, even those born in Mexico. "They say, 'Our job is next,' " Mario adds.

The five Cantús estimate they each earn around $35,000 a year working in the U.S. Daniel Cantú figures it will take him just a few more years of U.S. work to save enough money for his own contracting business. Then he will compete for work year-round in Monterrey, Mexico, where construction is booming. His wife might want to open a dress shop there, he says.

"We wanted to see what working in the U.S. was like," Daniel says. "Well, we've seen it. It's not something you can do forever."

Immigration Reform Efforts Reinvigorate Support For Guest Worker Program (LAT)

By Lee Romney

The Los Angeles Times, September 18, 2006

OCEANSIDE — Gilberto Valiente Romero cringes at the memory of his 2003 journey. The long trip to the Arizona border from his village in the Mexican state of Puebla. The hike across miles of desert. Then the bruising finale, as he was captured on the U.S. side and sent back.

But since 2004, the father of three has made the seasonal trek without fear of arrest, under the auspices of Oceanside vine-ripe tomato giant Harry Singh & Sons. Each year in June, Valiente travels at company expense to the northern Mexican city of Hermosillo and is put up at a hotel to await a guest worker visa.

He then boards an air-conditioned charter bus, complete with movie entertainment, for the trip to Singh & Sons, near Camp Pendleton. For six months, he works the fields for a government-set wage, $9 an hour this year. Housing is free and his three subsidized daily meals cost $8.78. Come December, a bus takes him home.

"If I could stay I would," the 38-year-old Valiente said while lounging recently in the dormitory courtyard. "But it's better this way. It's good to be legal."

As border enforcement shrinks the labor force of undocumented field hands and immigration reform looms in Congress, growers have focused with renewed vigor on the need for a simplified federal guest worker program.

For Harry Singh & Sons, which imported nearly half the agricultural visa holders in California last year, the federal program became a necessity in the aftermath of Sept. 11, 2001. With half its fields on the Camp Pendleton Marine Corps base, the company suddenly came under scrutiny by immigration officials. In a mid-harvest panic, having lost three-quarters of its workers, the company turned to the federal government.

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Singh & Sons' experience since then offers a close look at a program that growers and worker advocates alike agree is deeply flawed, yet crucial to comprehensive immigration reform.

The farm's general manager is Luawanna Hallstrom, whose Punjabi immigrant grandfather, Harry Singh, founded the company in 1940. Saying the guest worker program has driven her operation into the red, she estimates that her current annual costs are 28% higher than they would be without it. But the promise of reform keeps her going.

"I had always said 'I will never use the program until it's reformed,' " Hallstrom said. "But the only way we can farm now is because of it."

Still, it was a rocky start for Singh & Sons in the fall of 2001.

Growers must generally ask the U.S. Department of Labor to certify the existence of a labor shortage 90 days before foreign workers are needed. But the harvest was in full swing, so Hallstrom filed an emergency request.

Fortunate to have on-site housing, as required for the program, the company hastily recruited workers in Mexico. If all had gone well, those workers would have been vetted and approved by the State Department and then bused to Oceanside.

But the Department of Labor kicked the application back for revisions, and by mid-December, Hallstrom said, $2.5 million in tomatoes had rotted in the fields.

"We were stumbling through it," she said of the program. "Honestly, it takes a few years to get the hang of it."

Singh's second year in the program brought new difficulties. The law aims to protect U.S. workers by requiring that growers advertise the jobs widely and hire any qualified locals who respond, at the same pay and benefits as their foreign counterparts. But requirements that give domestic workers priority often collide with importing foreign ones.

Singh's application proceeded more smoothly in 2002. But in a pinch while waiting for the laborers to arrive, the company found workers in the Coachella Valley and bused them to the fields daily, paying $6.75 an hour rather than that year's required $8.02 an hour and free housing the foreign workers would receive, a lawsuit later alleged. Then, five days before the visa holders arrived, the busing stopped.

The company violated the law, a judge later ruled in a related injunction, by not offering the Coachella Valley farm hands the same deal as their imported colleagues. Singh & Sons settled out of court.

Although Hallstrom declined to discuss that and other lawsuits in more detail, she said the program's complexities have caused her to retain both immigration and labor lawyers. "We learned, and hopefully everyone else will learn from us," she said.

Still, she said, bureaucratic snafus have persisted. In 2004, the Department of Labor challenged Singh's ability to require that their workers not be color blind, something the company says is essential because the tomato crop is picked in seven shades from green to red. Although Singh eventually prevailed, the dispute resulted in a 45-day delay, which Hallstrom says caused crop damage.

This year, the company was abruptly notified there would be a five-week delay because the Department of Homeland Security, which vets company applications, had moved its processing center. Hallstrom, a Schwarzenegger appointee to the state board of Food and Agriculture and a national immigration reform advocate, enlisted help from the White House, and her applications were quickly processed. But, she asks, "how many people can do that?"

Still, experience has oiled the annual process, which begins when Hallstrom's cousin, David Singh, takes a trip through Puebla and Michoacan.

The excursions draw him away from his job as field manager and are not cheap; he once stayed a month with 150 workers in a Hermosillo hotel, waiting out a delay. But returning workers who trust the company now spread the word to friends and relatives, allowing Singh & Sons to avoid third-party recruiters and their fees.

In rural mountain communities, Singh finds men like Modesto Garcia Antonio, a diminutive farm hand with a dimpled smile from Puebla's San Jose Miahuatlan, who has never attempted an illegal crossing.

Garcia, who wires most of his pay to his wife and three small children, is on his second stint in the Singh fields. Accustomed to picking corn and tomatoes in Mexico for 70 pesos (or $7) a day, he was easily persuaded to travel north after meeting David Singh on village streets.

Workers in the U.S. with false documents have opportunities Garcia lacks, such as moving from crop to crop in search of better wages and conditions. Yet for those who have not yet crossed the border, the visa program is a rare open door.

David Singh "said it was good to come with papers because you earn a good wage," Garcia, 27, said recently, as the smell of carnitas wafted from the barracks kitchen and a lone worker played billiards. "It costs a lot of money to cross alone, and on the news they say it's very hard. Many die."

Hallstrom credits the two-story housing facility, built on company land in the 1980s for $2.5 million, for the farm's continued existence, because without it she could not use the guest worker program. Five new trailers nearby will soon house more workers, but for now Hallstrom pays for overflow employees to stay at Oceanside motels, a costly endeavor.

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"We are willing to take losses now, because we are buying time," said Hallstrom, who notes that a number of colleagues have scaled down operations or moved them south of the border. "On paper, you'd look at it, and say, 'It's not making sense.' But I spent 20 years on this issue, and I'm not willing to give up."

She continues to push the federal government for a more grower-friendly program.

Government-mandated wages, she says, should be brought into line with regional averages for each commodity. And she says growers need more flexibility in housing and a shortened period during which they must hire qualified locals, because hiring them in some cases means laying off foreign workers. (Worker advocates are fighting to maintain the wage and housing requirements.)

For now, others who farm near Hallstrom's land say the program is financially out of reach for them.

"There is no housing," said Peter Mackauf, general manager of Leslie Farms, which attempted to build some in Carlsbad several years ago and met fierce neighborhood resistance.

Leslie Farms grows tomatoes, strawberries and other crops in an effort to keep a year-round workforce but pays mostly minimum wage. If strict enforcement compelled him to use the visa program, Mackauf said, he would have to raise prices.

Worker advocates concede that a $9 wage is better than $6.75 and barracks housing better than the creek beds where some San Diego County agricultural workers still camp. Yet they remain critical of the guest worker program.

California Rural Legal Assistance organizer Carlos Maldonado said his group has received reports from locally hired employees at Singh & Sons who feel outperformed by young all-male foreign workers. Imported workers, the local ones contend, have an incentive to work at excessive speeds without complaint: They want to be hired the following year.

Reforms to the program are not likely to ease all concerns. Still, a proposal known as AgJobs, part of the broader Senate immigration reform bill, would streamline Department of Labor approval and scale back the wage rate to the 2003 level while it is studied. It would also allow employers in some cases to provide a stipend instead of housing.

In return, worker advocates secured the right for guest workers to sue employers in federal court for contract violations. But their biggest coup, won by the United Farm Workers, was a program that enables the undocumented laborers to earn legal status if they commit to some continued work in agriculture.

The legislative debate is lost on Singh & Sons' visiting laborers. By 4 p.m. on a recent afternoon, they were trickling back from the fields where they had started work before dawn.

Mud-caked boots were piled in crates outside eight-man dorm rooms. Some workers tooled through the courtyard on bikes, the day's heat cut at last with a wisp of breeze. Most chatted quietly on benches and chairs or gathered in front of the 70-inch television screen.

"It isn't worth it to be a mojado," said Moises Parra, 34, referring to illegal immigrants. He learned of the program on the radio in Altepexi and has worked in it for three years. "We don't pay rent, water, lights. It's good."

Uniformed security guards patrol the compound, where alcohol is not allowed. The men are free to come and go on days off, even crossing into Mexico.

The work is hard: A handful from the Michoacan community of Rancho San Gregorio couldn't hack it and had returned home, said 20-year-old Luis Saldo Morales. But the pay and legal status are enticing.

Last year, 15 men came from the rancho. This year, word of mouth swelled the number to 30.

"None of us had ever crossed before. We never wanted to," said Morales, who is housed at a motel in town.

"It's almost like we're citizens, joked Morales' 22-year-old brother Fernando. "For a little while at least."

Migrating To Modernity (WP)

By Sebastian Mallaby

The Washington Post, September 18, 2006

After the terrorist attacks of 2001, voters understood that poor failed states could hurt them. President Bush launched a smart new foreign aid program and multiplied the U.S. commitment to fighting HIV-AIDS, and rich countries around the world boosted development spending. But our approach toward poor countries remains confined, idiotically, to the debt-aid-trade box. People don't see that other policies in rich countries have a major impact on poor ones.

Consider immigration. Just about all rich countries are arguing about border enforcement, employer sanctions and so on, but nobody relates this stuff to the parallel arguments about development. Contemplating the noisy immigration politics in the United States, Gawain Kripke of Oxfam confesses, "we've been mostly bystanders in the debate, and I really regret that."

Development charities such as Oxfam certainly should feel sorry. In " Let Their People Come ," a new book published by the Center for Global Development, Lant Pritchett reports that if rich countries permitted extra immigration equivalent to 3 percent of their labor force, the citizens of poor countries would gain about $300 billion a year. That's three times more than the direct

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gains from abolishing all remaining trade barriers, four times more than the foreign aid given by governments and 100 times more than the value of debt relief.

It's true that there's a downside to immigration from poor countries. This isn't that it depresses wages in the United States; researchers find that this effect is small or nonexistent . Rather, it's that when doctors, nurses and other skilled people leave Africa, they hit the development process in its weak spot . A lack of trained workers is a more serious obstacle to poverty reduction than any lack of money.

Still, Pritchett's numbers show that the development gains from migration swamp the brain-drain problem. For the migrants themselves, a ticket to the rich world is the fast track out of poverty: A laborer who moves from San Salvador to Phoenix can multiply his income without altering the type of work he does or how good he is at it. And this process benefits developing countries, too. Migrants send home remittances, which exceed aid flows and are probably more effective, since the migrants ensure that their hard-earned cash is used productively by relatives. After a few years the migrants may return home armed with savings and ideas. The brain drain becomes a brain gain.

So migration ends up as a net plus for development. But a development-friendly migration debate would sound different from the current one. Immigration advocates in the rich world feel most comfortable making the case for allowing in skilled workers. Skilled migrants, however, trigger the biggest brain-drain concerns; allowing in unskilled workers does more to reduce global poverty. Equally, immigration advocates tend to want arriving workers to assimilate. But the best way to promote development is to allow a rolling cohort of poor workers to amass savings and experience -- and then return to their own countries.

Many immigration experts insist that a guest-worker program isn't feasible: As the old saying goes, there's nothing more permanent than a temporary worker. This is where Pritchett gets really interesting. Germany's Turkish guest workers have put down roots, he concedes, but Singapore, Hong Kong and the Arab Gulf states have taken in vast numbers of foreign workers who leave after a few years. Perhaps this is only possible in authoritarian states? Pritchett's answer is partly no, and partly that there are worse things than authoritarianism.

If the United States offered Mexico a million temporary work visas, it could attach conditions. It could stipulate that these workers be recruited by agencies in Mexico, which would screen candidates for criminal records, require minimal English skills -- and ensure repatriation. The agencies could do that, for example, by withholding some of the migrants' pay until they returned home. An agency that failed to bring people back could be ejected from the program.

Enforcing repatriation would still require tough government action. The United States would have to decide what to do about migrants who marry Americans, which is one obvious way in which temporary guests turn permanent. Singapore deals with this problem by denying guest workers the right to marry citizens. That is beyond the pale, you say? But if desperately poor migrants accept the no-marriage condition in exchange for a visa, who are we to second-guess them?

Pritchett is getting at a ticklish issue. Because the immigration debate is conducted without reference to development, it is couched in terms of American ideals; we don't want to let people in and then treat them harshly, for that would offend our own self-image. But if you bring development into the picture, it's obvious that extremely harsh poverty afflicts billions of people and that opportunities to alleviate this suffering are few and precious. An expanded temporary worker program is one such opportunity. If American ideals stand in its way, what does that say about them?

TAX:

I.R.S. Eyes Religious Groups As More Enter Election Fray (NYT)

By Laurie Goodstein

The New York Times, September 18, 2006

With midterm elections less than two months away, Christian conservatives are enlisting churches in eight battleground states to register voters, gather crowds for rallies and distribute voters' guides comparing the candidates' stands on issues that conservatives consider "family values."

This election year, however, the religious conservatives are facing resistance from newly invigorated religious liberals and moderates who are creating their own voters' guides and are organizing events designed to challenge the conservatives' definition of "values."

Both religious flanks are looking nervously over their shoulders at the Internal Revenue Service, which this year announced a renewed effort to enforce laws that limit churches and charities from involvement in partisan political campaigns.

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"We became concerned in the 2004 election cycle that we were seeing more political activity among charities, including churches," said Lois G. Lerner, the director for exempt organizations at the I.R.S. "In fact, of the organizations we looked at, we saw a very high percentage of some improper political activity, and that is really why we have ramped up the program in 2006."

The I.R.S. issued a report in February that said nearly half of the 110 tax-exempt organizations it investigated after the 2004 elections for improper political activity were churches. Of the 40 churches that the I.R.S. had finished investigating, 37 were found to have violated the law. These churches were given warnings or penalized with excise taxes and, although none lost their tax exemptions, the I.R.S. is still investigating seven more cases against churches.

Capitalizing on the crackdown, the advocacy group Americans United for Separation of Church and State plans to begin mailing letters today to 117,000 clergy members in 11 states warning them to avoid "any activity designed to influence the outcome of a partisan election," by either supporting or opposing a particular candidate.

"The stakes for these churches are higher than ever before because of the I.R.S.'s new enforcement efforts," said the Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State. "The I.R.S. is taking this very seriously, and I think it's because the situation was spinning out of control."

Mr. Lynn said that conservative churches in 2004 had constructed a political machine he likened to "a church-based Tammany Hall." He said he expected their voters' guides to be skewed to favor Republican candidates. "It's absolutely illegal, it's wrong and it divides churches," he said.

But a leader of Focus on the Family, a conservative Christian organization whose affiliates are distributing voters' guides in eight states, said its guides would be nonpartisan and comply with I.R.S. rules.

Tom Minnery, senior vice president for government and public policy at Focus on the Family, said, "What I see are people from the left complaining when people from the right decide they want to be citizens."

Focus on the Family, a ministry founded by James W. Dobson and based in Colorado Springs, has stepped into the vacuum left by the Christian Coalition, which pioneered the voters' guide tactic in churches in the 1990's under the leadership of Ralph Reed, but is now in disarray in many states.

Focus on the Family's state affiliates plan to register voters and distribute voters' guides in churches this year in Pennsylvania, Maryland, Michigan, Ohio, New Jersey, Minnesota, Montana and Tennessee: all states where Republican candidates favored by religious conservatives are on the ballot.

"Obviously, they're battleground states," Mr. Minnery said. "Our overall desire is for our constituency, generally conservative church people, to be involved citizens."

He said he regarded the threat of I.R.S. penalties as exaggerated, and he called Mr. Lynn of Americans United "the bully on the playground." He said the Alliance Defense Fund, a legal advocacy group, had offered to "defend for free any pastors if they're challenged" by the I.R.S.

Focus on the Family and its affiliates are holding pre-election rallies in Pittsburgh, St. Paul and Nashville, but no candidates will be invited to speak. The group also plans to send letters, Mr. Minnery said, "laying out the issues that separate the candidates in certain major races," but he refused to say which races.

Many of the most visible groups representing religious moderates and liberals are distributing materials that do not mention the candidates.

The voters' guides distributed by two such groups — Sojourners, a predominantly evangelical organization founded by Jim Wallis, and Catholics in Alliance for the Common Good — will enumerate principles that they say religious voters should use to evaluate candidates.

Among the principles are a commitment to reducing poverty and preserving the environment and caring for immigrants: in short, the left's version of "family values."

"We're not doing candidates," Mr. Wallis said. He added: "The principle comes from Martin Luther King Jr., who never endorsed a candidate, not once. He made them endorse his agenda. We want to create an agenda with a social movement behind it that holds politicians accountable."

Catholics United for the Common Good, which is affiliated with the Catholics in Alliance group, is compiling "candidate evaluations" for many of the senate races, using 25 criteria important to Catholic voters, said Chris Korzen, the group's director. But they do not plan to distribute paper copies, only to post it on the Web.

"It's a matter of resources," he said.

Pasadena Church May Fight IRS Summons (LAT)

By Scott Glover And Louis Sahagun

The Los Angeles Times, September 18, 2006

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A liberal Pasadena church facing an IRS investigation over alleged politicking sounded a defiant note Sunday, with its leaders and many congregants saying the probe amounted to an assault on their constitutional rights and that they were inclined to defy the agency's request for documents.

"These people are offended," said the Rev. Ed Bacon, rector of All Saints Episcopal Church, after delivering an impassioned sermon about the investigation to a standing-room-only crowd of about 900. "Freedom of speech and freedom of religion have been assaulted by this act of the IRS, and I think my people want to be heard in court."

Bacon said he would consult with attorneys and church officials before deciding a course of action but that the vast majority of parishioners with whom he spoke Sunday thought the church should resist a summons demanding copies of newsletters, e-mails and other records.

"I believe we should respectfully decline to produce the documents," said Cathy Shearon, an All Saints parishioner "off and on" for more than 20 years. "Being passive plays into the culture of oppression."

Federal law prohibits nonprofits, including churches, from campaigning for candidates. At issue is whether an antiwar guest sermon, delivered two days before the 2004 presidential election by the Rev. George F. Regas, constituted campaigning.

Some All Saints defenders have called the IRS probe a case of selective prosecution. But conservative congregations, as well as liberal ones, have been investigated across the country by the agency over the years.

One church in upstate New York lost its tax-exempt status in 1995 after running a full-page ad in USA Today in 1992 saying that it would be "a sin to vote for [Bill] Clinton."

But at least one group familiar with the past probes called the All Saints case unusual in the breadth of the summons' request, which also seeks financial records and overhead costs related to Regas' sermon.

The probe surprised Americans United for Separation of Church and State, a watchdog group that has filed 58 complaints of improper church politicking over the last decade and a half. The grievances were roughly evenly divided between liberal and conservative religious groups.

"What perplexes me about All Saints," said Barry Lynn, a group spokesman, "is that I have never heard of a church being asked to undergo such a sweeping, broad and deep investigation on the basis of a complaint about a single sermon by a guest speaker."

All Saints came under IRS scrutiny shortly after Regas, the church's former rector, delivered a sermon that depicted Jesus in a mock debate with then-presidential candidates George W. Bush and John F. Kerry. The sermon did not endorse either candidate.

Regas' suggestion that Jesus would have told Bush his preemptive war strategy in Iraq "has led to disaster" prompted a letter from the IRS in June 2005 stating that "a reasonable belief exists that you may not be a tax-exempt church."

On Friday, an IRS agent handed Bacon a pair of summonses, one demanding that the church produce by Sept. 29 all materials with political references created in the 2004 election year, the other directing Bacon to appear before tax investigators Oct. 11.

At the pulpit Sunday, Bacon got straight to the point.

"I want to begin my sermon by once again expressing my gratitude to the Internal Revenue Service," he said, eliciting loud laughter from the congregation. "Those brothers and sisters really know how to shine a spotlight on a struggling church and swell the number of worshipers."

Bacon dedicated about half of his 20-minute sermon to the IRS issue, explaining that defiance could land the church in federal court. He asked parishioners to send him e-mails with their thoughts. He also noted that the summonses and other correspondence related to the case would be posted on the church's website, http://www.allsaints-pas.org .

Bacon told the congregation that, although he recognized that the church could not endorse or oppose a political candidate, neither could it remain silent in the face of "dehumanization, injustice and violence."

"History is shamefully littered with the moral bankruptcy of people who were Christian in name but not behavior," Bacon said, citing indifference by some Christians to slavery and the Holocaust.

"Neutrality and silence in the face of oppression always aids the oppressor," he said. When he was done, Bacon received a minutelong standing ovation.

Parishioner Sarah Letts said she was concerned that — right or wrong — defying the IRS could jeopardize the church's tax-exempt status and hamper its ability to do good.

"What I really like about this church is they don't just talk the talk, they walk the walk," Letts said. "I would hate for the IRS to be able to stifle that."

All Saints was one of several religious organizations that attracted national attention after being targeted by the IRS during the 2004 election cycle. Federal privacy rules, however, make it all but impossible to determine how those cases were resolved.

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For example, Americans United for Separation of Church and State asked the IRS to investigate the Rev. Ronnie Floyd of First Baptist Church of Springdale, Ark., for endorsing Bush in an unusual July 4, 2004, televised sermon.

Floyd never mentioned Bush by name when he compared the positions of Bush and his Democratic opponent, Kerry. But as he spoke, photographs of the candidates were displayed on a screen.

"Floyd went way beyond the pale," Lynn said. "Kerry's pictures made him look weird, and Bush's were flattering and made him look presidential."

On Sunday, Charlie Foster, a spokesman for Floyd's church, declined to comment.

Lynn's group was expected to launch an effort today to counter what he says is possible illegal campaigning coordinated by the Colorado-based Focus on the Family and its founder, James C. Dobson. Lynn said the conservative group plans various campaign-like activities, such as making political tracts available just outside church services.

IRS guidelines allow churches to publish voter guides as long as they avoid political bias.

"We believe Dobson's playing fast and loose with federal tax laws and that his intentions are to lure churches into what could be an illegal campaign," Lynn said.

In the meantime, All Saints' 3,500 active congregants are struggling to decide how best to proceed.

"It's a very tough call we have to make," said Bob Long, All Saints' senior layman and a retired attorney. "But we're at the point where they really are trampling on our constitutional rights.

"We can't just roll over, but we also don't want to spend all our resources," he added. "But beyond all that, I still can't believe we got stuck in the middle of all this after one sermon on a special occasion by a guest speaker."

Challenges Mount Against Refund-anticipation Loans (USAT)

By Kevin Mccoy

USA Today, September 18, 2006

H&R Block CEO Mark Ernst appeared eager to turn the page on a flurry of disappointing corporate news.

Speaking at the firm's annual shareholders meeting in Kansas City, the head of the nation's largest tax preparer outlined a fee-reduction plan that implicitly responded to critics who have charged that refund-anticipation loans unfairly siphon high interest charges from millions of low-income Americans.

But any hope that the changes announced at the Sept. 7 meeting would defuse that criticism evaporated as Peter Skillern, head of a watchdog group that has assailed the loans, followed Ernst at the microphone. Skillern, concluding an unsuccessful David-vs.-Goliath bid for a seat on Block's board, commended Ernst and said he would publicly support the changes — but then resumed the pressure.

“Rather than try to dress up this pig and have the best-dressed and best-acting pig in the market, we need to get refund-anticipation loans out of the market altogether,” said Skillern, executive director of the Community Reinvestment Association of North Carolina. He urged Block to lead a reform to “change the rules of the game.”

“We appreciate that Mr. Skillern attended our shareholder meeting and said he would endorse publicly the significant reforms H&R Block has made to its refund-anticipation loan product,” the company said.

Skillern issued his call amid a recent flurry of activity in Congress, the IRS and the courts that could better educate taxpayers about refund-anticipation loans and could impose new regulations on the transactions.

Each year, an estimated 10 million Americans, frustrated by weeks-long waits for their IRS refunds, turn to tax preparers who provide checks within days. Those checks are usually refund-anticipation loans, payments that are secured by and repaid from a pending federal tax refund.

The loans often run for seven to 14 days — the interval between the date they are issued and the date the lender receives the IRS payment that satisfies the debt. Because the loans are short term, the annualized interest rates often soar to 100% or higher.

More than half of those who received the loans in 2004, or more than 5 million taxpayers, were recipients of the earned income tax credit, a major federal anti-poverty program, IRS data show.

They paid an estimated $1.24 billion in refund-anticipation loan fees for 2004, the most recent year for which the data are available, according to a January report by the National Consumer Law Center, a non-profit that focuses on issues that affect low-income Americans.

They often don't realize that they're borrowing their own money at high rates — or realize that they're signing up for a loan at all.

They are Americans such as Canieva Hood, who testified that she faced a financial crisis when she went to a Jackson Hewitt Tax Service office in Trotwood, Ohio, to get her taxes done in January 2002.

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The then-29-year-old single mother of two explained in a court deposition last year that she asked Jackson Hewitt for the fastest refund possible, because she lived "from paycheck to paycheck."

"My rent was coming up, and I had a few bills that I had to pay," Hood testified. "And my daughter's birthday was going to be in a couple of weeks." She signed up for the company's Rapid Refund, which added $135 to the $155 she was already being charged in tax-preparation fees. The $290 total represented more than one-eighth of the total Hood overpaid in federal taxes for 2001, court records show.

But Hood said she never got her expected $1,954 refund. Instead, the money was transferred to help satisfy a $2,699 debt on a 1995 refund-anticipation loan she had received through H&R Block, court records show. She mistakenly received two refund checks that year, the records show.

Hood testified in her deposition that she didn't know the paperwork she signed at the Jackson Hewitt office in 2002 automatically authorized withholding of her refund to repay certain types of debt. Jackson Hewitt did not return calls seeking comment on refund-anticipation loan-related issues.

Today, Hood is the lead plaintiff in two potential class-action cases that are among recent actions posing legal and regulatory challenges to refund-anticipation loans:

·In February, California Attorney General Bill Lockyer sued H&R Block for allegedly misleading clients about the cost of the loans, a charge the firm denies. The case, which seeks several reforms, is proceeding even as H&R Block and its lending partners recently agreed to pay $101.5 million to settle other class-action cases filed over refund-anticipation loans.

·Jackson Hewitt, the nation's second-largest tax preparer, disclosed to investors in July that it is nearing a $5 million consent judgment with Lockyer's office to settle an inquiry launched in 2003 over the firm's refund-loan marketing.

·A pending U.S. Senate bill would require firms that provide refund-anticipation loans to register with the Treasury Department and comply with new public disclosure rules about the cost of the loans. The Senate also directed the IRS to produce a study on refund-anticipation loans. The report is expected soon.

IRS Commissioner Mark Everson called the loans "predatory" in a USA TODAY interview. However, he said, "What you have is a real demand on the part of approximately 10 million people who, when they come in and file their tax returns, they want their money, and they want it right away.

"And if the IRS were to step in and say, 'You can't do it,' I think there would be an uproar on this," said Everson. "I don't like these loans, but I don't have authority to stop them."

But Nina Olson, the IRS national taxpayer advocate, argued in a June report that the agency should improve its inspection oversight of electronic tax return originators, which in many cases facilitate refund-anticipation loans. The agency should also speed up refunds, reducing the need for loans, and provide refunds through a government debit card for those without bank accounts, Olson wrote.

Some members of Congress argue that the IRS has helped the refund-anticipation loan industry via the Debt Indicator, an IRS program revived in 1999. The program shows whether someone has federal or state tax debts or owes money on other government obligations. Banks considering a refund-anticipation loan application limit their financial risk by checking the Debt Indicator to determine whether the IRS is likely to withhold a tax refund.

Sen. Daniel Akaka, D-Hawaii, a critic of refund-anticipation loans, is a lead sponsor of proposed legislation that would block the IRS from continuing the Debt Indicator. Everson said a ban would be counterproductive.

"The people who provide these products have indicated to us if the Debt Indicator isn't there, they'll just jack up the (refund-anticipation loan) fees," he said.

Despite criticism of the loans, businesses ranging from used car dealers to furniture sellers have joined tax preparers in the market as a way to boost sales. During recent tax seasons, for instance, CarBiz, a Canadian firm now based in Florida, offered used car dealers a program called TaxMax. The program — recently sold by CarBiz — enabled customers to have their taxes done and get a refund-anticipation loan that could pay off an existing car loan or finance an upgrade to a newer car.

Everson, without addressing specific examples, voiced concern about companies involved in such arrangements, "because there is a temptation to shuttle people into (loan) products" that make money for the firms. However, he said, the IRS has no authority over "what lines of business people can be in."

What the IRS has done is propose regulations Everson said would require stronger written taxpayer warnings — "very clearly in bold letters, large size" about the legal and financial ramifications of refund-anticipation loans.

For their part, some companies that facilitate the loans have responded to the concerns of consumer groups and government officials. H&R Block and Jackson Hewitt agreed to eliminate some fees the firms previously charged for refund-anticipation loans.

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At the Block shareholder meeting, Ernst announced a cut in fees on the loans for customers who open accounts with the recently established H&R Block Bank. In recent months, he has also called on competitors to avoid so-called pay-stub loans, which can be issued even before the IRS issues annual W-2 earnings statements.

Everson said Block's plan to cut loan fees “doesn't solve all the problems, but it is a step in the right direction.”

North Carolina State Treasurer Richard Moore, however, said he's seeking outright elimination of the loans. In August, he teamed with New York Comptroller Alan Hevesi and Connecticut Treasurer Denise Nappier to seek a meeting with H&R Block's board of directors. The company has agreed to the request.

Moore said he plans to use the session to tell Block officials the loans are “really bad for business.”

“Just because there's a market for it doesn't make it right,” he said.

“We've made significant changes to our refund-anticipation loans since the last time Treasurer Moore spoke publicly about this issue. We look forward to explaining these positive developments during our meeting with him,” H&R Block said in a statement.

Mark Brooks, 26, a pharmacy supervisor and police officer trainee from Dayton, Ohio, shares Moore's feelings. Brooks said he had to pay $124 in fees — $44 more than he anticipated — when he got a refund-anticipation loan in 2003 through Jackson Hewitt.

“I was mad, but I didn't have any other choice,” said Brooks, who is among those who have joined a proposed class-action lawsuit against Jackson Hewitt.

“I was a full-time student then. I needed the money to pay bills.”

CONGRESS-ADMINISTRATION:

New Supreme Court Term Promises Early Drama (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, September 18, 2006

The U.S. Supreme Court's new term, which already offers controversial challenges involving abortion, affirmative action, punitive damages and global warming, promises to add significantly to the emerging portrait of the newly constituted Roberts court.

The justices will open the 2006-2007 term on the traditional first Monday in October -- Oct. 2 -- but in an untraditional way. There will be no oral arguments because of the Jewish holy day, Yom Kippur.

But on that day, or as has become more routine in recent years, on the Friday before the first Monday, the Court will announce new grants of review -- as well as denials -- of cases gleaned from the thousands that came into the Court throughout the summer.

The justices approach the opening day with a relatively spare argument docket, having agreed to hear arguments in 31 cases, fewer than the number granted review at this time a year ago. But there is none of the uncertainty that surrounded them last fall as they awaited the arrival of a new chief justice and dealt with the impending departure of Justice Sandra Day O'Connor.

But even if the high court only decided the 31 cases currently on the docket, there is plenty of potential drama and legal significance in that group, say scholars and court watchers.

"There are some stand-out cases and each of them will test whether this is a 'restrained' Court," said constitutional law scholar Douglas Kmiec of Pepperdine University School of Law, referring to the abortion, affirmative action and punitive damages challenges.

Each of those "headline" cases, he added, also reflects the influence of Justice Anthony M. Kennedy, who has played a major role or has cast the decisive vote in the precedents or doctrines underlying those challenges.

The balance of the current docket, said Kmiec, is not like those cases but is "wonderfully lawyerly," many dealing with such issues as retroactivity or administrative law.

"One trend from last term which I really hope will continue is that the chief justice seems to be oriented toward trying to find, where he can, an opportunity for consensus resolution of cases," said high court scholar Mark Rahdert of Temple University James E. Beasley School of Law. One of the weaknesses of the last chief justice, William H. Rehnquist, said Rahdert, was that he made no serious effort to achieve consensus, and that resulted in many splintered decisions and a huge increase in concurrences.

"It was really kind of messy," said Rahdert. "Roberts seems not to like that and to think the Court should speak with something more nearly approaching a single voice. That's not to say he is afraid of dispute."

FACING DISPUTE

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Roberts' consensus-building efforts surely will be tested early in the new term in two of the most divisive issues for the high court -- abortion and affirmative action.

"I think the handwriting is pretty clear in both areas that the law is going to change significantly," said Rahdert. "If you just line up the votes -- replacing O'Connor with [Justice Samuel A.] Alito [Jr.] on both issues. The committed minority in the past that was opposed to affirmative action and any kind of permission for partial-birth abortion is set to become a majority."

The real question in both, added Rahdert, is how dramatically will the law change. "Will the Court announce some sort of bold, new set of principles or apply the existing framework in a different fashion and weigh the values in a different way?"

In Gonzales v. Carhart, No. 05-380, and Gonzales v. Planned Parenthood, No. 05-1382, the Bush administration seeks to overturn rulings by the 8th and 9th circuits that struck down the federal Partial Birth Abortion Ban Act of 2003.

Every court to review the law has found it invalid, generally because it is overbroad and because it lacks an exception to protect the health of the woman -- a requirement established by a 5-4 high court decision in 2000 in Stenberg v. Carhart, 530 U.S. 914, which held that Nebraska's partial-birth abortion law was unconstitutional. O'Connor was the critical fifth vote to invalidate the law. Kennedy wrote a bitter dissent.

In enacting the federal ban, Congress explicitly found that a health exception was not necessary for this type of medical procedure.

"Rather than enacting a law that conformed to Stenberg, Congress sought to overturn that ruling and made findings in the act that criticized factual findings of numerous federal district courts," wrote Priscilla J. Smith of the Center for Reproductive Rights, who is high court counsel to Dr. LeRoy Carhart and three other physicians in the 8th Circuit case.

"There are two aspects to the case that are intriguing: the extent to which Congress has found the facts, and [that Congress is] owed deference under Section 5 of the 14th Amendment," said Pepperdine's Kmiec.

That has implications that extend beyond abortion, he said. "And the particular issue of the health exception, which has been, for conservatives, one of the more duplicitous aspects of the entire body of abortion jurisprudence."

Kmiec concedes that it is "very difficult at first blush" to see why a conservative, restrained court would take the abortion challenges, since there is no circuit split and there is a recent precedent.

"Maybe the answer is: It's not a fully restrained court, especially in this case where Justice Kennedy has been waiting to prevail, and justices [Clarence] Thomas and [Antonin] Scalia have not fully signed on yet to the Roberts-Alito method of decision-making," said Kmiec.

The replacement of O'Connor with Alito may also be determinative in the Court's two key affirmative action cases: Parents Involved in Community Schools v. Seattle School District #1, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

Parents in both cases are challenging school integration guidelines that prevented their children from attending their school of choice because of their race or ethnicity. The Bush administration has intervened in the cases on the side of the parents, arguing that the guidelines involve "outright racial balancing" which is "patently unconstitutional."

The high court last visited the issue of affirmative action in 2003 when it upheld the affirmative-action admissions policy at the University of Michigan Law School, but struck down a differently constituted admissions policy at the undergraduate school. Gratz v. Bollinger, 539 U.S. 244 (2003); Grutter v. Bollinger, 539 U.S. 306 (2003). O'Connor was the key vote and voice in the law school ruling; Kennedy was in dissent. If the school districts here lose, "It would really, in the context it is before the Court, signal the end of the Brown v. Board of Education desegregation era," said Temple's Rahdert. "What's left of school desegregation are these voluntary plans that try, at the margins, to combat the tendency of having patterns of one-race schools."

REGULATING WARMING

The high court takes up one of the most hotly debated environmental issues of the time-global warming-in a challenge to the Environmental Protection Agency's interpretation of the Clean Air Act. Massachusetts v. EPA, No. 05-1120.

The case involves whether greenhouse gas emissions from cars and light trucks should be regulated by the EPA under the Clean Air Act because of their contribution to global warming. The agency in 2003 concluded that it had no authority to regulate air pollutants associated with climate change, regardless of the state of the scientific evidence. It also concluded that the four substances covered by a petition seeking regulatory standards were not "air pollutants" within the meaning of the Clean Air Act.

Thirty parties, including 16 states, unsuccessfully appealed the agency's decision to the U.S. Circuit Court of Appeals for the District of Columbia.

In the high court, Massachusetts Attorney General Thomas Reilly argues, "The ruling in this case is an extreme departure from this Court's precedents on statutory interpretation. To allow this decision to stand would be to sanction an enormous shift of power to administrative agencies, effectively letting them dismantle statutory regimes they simply do not like."

The Bush administration argues that petitioners have no standing and that the agency identified "a variety of sensible and appropriate reasons -- including the complex and highly uncertain nature of the scientific record" for its conclusion that even if it

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had authority to regulate greenhouse gas emissions from motor vehicles, "an endangerment finding would be inappropriate at this time."

While global warming is a "first" for the Supreme Court, a key sentencing challenge in the new term is continuation of fallout from the justices' sentencing revolution begun with Apprendi v. New Jersey, 540 U.S. 446 (2000). In Apprendi, the Court held that the Sixth Amendment prohibits judges from enhancing sentences beyond statutory maximums based on facts not found by a jury.

In Cunningham v. California, No. 05-6551, the justices will examine California's three-tiered, determinate sentencing system for compliance with the Sixth Amendment and Apprendi and its progeny. Cunningham is significant for at least two reasons, said sentencing scholar Michael O'Hear of Marquette University Law School. "We're talking here about potentially devastating results for the largest state criminal justice system in the country," he said. "If the state loses, it's going to result in chaos in this enormous system."

A decision, he added, also may result in the Court saying important things about the federal system, in which, because of U.S. v. Booker, 543 U.S. 220 (2005), sentencing guidelines are no longer mandatory. "The state in its brief is trying to analogize its system to the federal system," said O'Hear. "If the Court declares the state system unconstitutional, then there is a question about what has been happening in the federal system since Booker was decided and the Court may feel obliged to talk about that."

Other cases to watch include:

Burton v. Waddington, No. 05-9222: Is the sentencing decision, Blakely v. Washington, 542 U.S. 296 (2004), retroactive?

Lopez v. Gonzales, No. 05-547; Toldeo-Flores v. U.S., No. 05-7664: Is the commission of a controlled substance offense that is a felony under state law, but a misdemeanor under federal law, is an "aggravated felony" under the Immigration and Nationality Act and thus a deportable offense?

Carey v. Muladin, No. 05-785: Is a defendant's right to a fair trial violated when family of the dead victim wore buttons bearing his picture during trial?

Former Reed Smith Partner Selected For 3rd Circuit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 18, 2006

Two of the vacancies on the 3rd U.S. Circuit Court of Appeals could soon be filled now that President Bush has nominated Thomas Hardiman, a 41-year-old federal judge who has been on the bench in federal court in Pittsburgh for less than three years.

If confirmed, Hardiman, a former partner at Reed Smith, will fill the vacancy created in July 2005 when Judge Richard L. Nygaard took senior status.

Likewise, the second nominee, Judge Kent Jordan, 49, had served less than four years on the District of Delaware federal bench when he was chosen in June to replace Senior Judge Jane R. Roth.

No nominee has yet been named to replace Justice Samuel A. Alito Jr., who was elevated to the U.S. Supreme Court in January.

Hardiman is the former treasurer of the Republican Committee of Allegheny County, but also has strong ties to the Democratic Party by marriage. His wife is the former Lori Zappala, the niece of former Pennsylvania Supreme Court Chief Justice Stephen A. Zappala and cousin of Allegheny County District Attorney Stephen A. Zappala Jr.

Appointed to the Western District bench at age 38, Hardiman is one of the youngest 3rd Circuit nominees in recent memory -- but not the youngest.

Alito, now 56, joined the 3rd Circuit at the age of 40 and former 3rd Circuit Judge Timothy K. Lewis, who stepped down from the bench in 1999, was 38 when he joined the 3rd Circuit after just one year on the Western District bench.

The late Judge Edward R. Becker was 48 when he joined the 3rd Circuit, but had started his judicial career at age 37 on the Eastern District of Pennsylvania bench. And Judge D. Brooks Smith was also 37 when he was appointed to the district court bench in Pittsburgh, and 51 when he joined the 3rd Circuit.

The earliest start on a judicial career for a current 3rd Circuit judge is that of Senior Judge Walter K. Stapleton, who was 36 when appointed to the District of Delaware and 51 when he joined the 3rd Circuit.

Hardiman earned his bachelor's degree in 1987 at the University of Notre Dame and went on to earn a law degree in 1990 at the Georgetown University Law Center.

He spent the first two years of his career in the Washington, D.C., office of Skadden Arps Slate Meager & Flom, and in 1992 moved to Pittsburgh to join Cindrich & Titus.

In 1999, Hardiman joined Reed Smith's Pittsburgh office as a partner in the litigation department.

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Sen. Arlen Specter said Hardiman is an "accomplished judge with excellent academic credentials," and that he expects Hardiman will be "an outstanding addition" to the 3rd Circuit.

Sen. Rick Santorum also praised the nomination, saying he had "enthusiastically supported" it, and that he was "pleased that President Bush nominated such an outstanding candidate to fill this vacancy."

Hardiman's colleagues on the federal bench in Pittsburgh have also sung his praises.

In the Pittsburgh Post-Gazette earlier this year when his imminent nomination was just a rumor, Western District Chief Judge Donetta W. Ambrose called Hardiman "an absolute star on our court."

And former Western District Chief Judge Donald E. Ziegler was quoted in the Post-Gazette as saying Hardiman was a "pleasant surprise" on the district court, and that he quickly earned high marks from lawyers.

Huns In The Control Tower? (WP)

By Al Kamen

The Washington Post, September 18, 2006

The Federal Aviation Administration earlier this month had many of its 1,500 or so supervisory personnel in St. Louis to discuss, among other things, implementation of new work rules for air traffic controllers -- a move strongly opposed by the controllers union.

The supervisors were encouraged to focus on improving their leadership and management skills, lest there be a decline in employee morale. There was a list of books in the FAA's Center for Management and Executive Leadership Library Resource Center that might be useful.

Some of the titles are well known in the management world: "More Than a Motorcycle: The Leadership Journey at Harley-Davidson." That might come in handy, as would "Mentoring: A Practical Guide" or "Leader as Coach."

Our favorite? "Leadership Secrets of Attila the Hun ." The explanatory blurb describes this as a book about "the man who centuries ago shaped an aimless collection of nomads into rulers of the ancient world -- offers us lessons today."

Never heard air traffic controllers described as an "aimless collection of nomads," but . . .Noble Goal: 'To Leave With Dignity'

The plaudits have already begun for House International Relations Committee Chairman Henry Hyde (R-Ill.), who's leaving Congress at the end of this term.

At the end of a committee meeting Tuesday, likely one of the last Hyde will chair, his good buddy Rep. Tom Lantos (Calif.), the panel's ranking Democrat, praised Hyde's accomplishments and asked everyone to give him a round of applause for his service.

When the applause died down, Hyde reflected on his three-plus decades in Washington: "When I came here 32 years ago, I wanted to change the world. Now I just want to leave with dignity. The committee stands adjourned."Big Brother Is Watching the Watchdogs

Good news last week from the White House briefing room -- temporarily in a Jackson Place townhouse across the street on Lafayette Park. Reporters will no longer be able to tell whether the White House is watching them. They'll just have to assume it.

CBS News White House correspondent Bill Plante spotted something odd Tuesday during press secretary Tony Snow's morning's briefing, known as the "gaggle," which generally is not televised.

A small TV camera was mounted in the ceiling, Plante noted. It was black, matched the television lights and was unobtrusive, he wrote in his news blog.

Plante observed a White House aide panning the camera from one reporter to another as they asked questions. So what was this all about? Snow said he didn't know.

Turns out it's so the White House staff can watch the informal briefings -- and see who's asking what questions. White House officials assured reporters it was not for surveillance.

On Thursday, the camera was gone. Plante heard that it was being fitted with a wide-angle lens so it wouldn't need to swing around.

By Friday, the camera was back. And it indeed looked like it had a wide-angle lens.Treasury, Back in the Game. Maybe.

There was some chatter last week in the press about how new Treasury Secretary Henry Paulson is restoring his department to its traditional top-tier status after six years of downward drift under largely ignored predecessors John Snow and Paul O'Neill .

Yes, we're hearing about how heavy-hitters have been filling top positions at Treasury and how Paulson talks regularly with the White House and President Bush 's innermost circle, including Secretary of State Condoleezza Rice .

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Some White House and State Department reporters say they detect the hand of veteran Bush spinmeister Jim Wilkinson at work in all this scuttlebutt. After all, Wilkinson worked at the White House and more recently at State before becoming Paulson's chief of staff just a couple months ago.

Well, even so, still could be true.Matters of State and Style

While Paulson allegedly is quickly finding his place in the Cabinet firmament, superstar Rice, who is not running for president, was busy Friday afternoon doing a photo shoot and interview with Vogue magazine for a piece later this fall. Unclear, we were told, whether this was necessarily to be a cover, but there will lovely photos of Madam Secretary. Remember, she's not running.'Do-Nothing Congress,' Indeed

Low expectations award of the week. Senate Minority Leader Harry Reid (D-Nev.), speaking at a gathering of the New American Foundation on Thursday night, said: "There are only six days left in this 109th Congress. It doesn't matter. We haven't done anything anyway."

Senate Struggles On Earmarks (RC)

By Tory Newmyer And Kate Ackley

Roll Call, September 18, 2006

The two Senators taking the lead on reforming their chamber's earmark rules need to come up with a measure that can sail through the Senate before GOP leaders approve it, a senior leadership aide said.

The Senate is struggling to match the reform enacted last week by their House colleagues, and with the clock ticking down to adjournment, it is unclear whether Senators will be able to produce any workable rules changes.

For now, Senate Republican leaders are deferring to Rules and Administration Chairman Trent Lott (R-Miss.) and ranking member Chris Dodd (D-Conn.), a GOP leadership aide said.

Similarly imperiled is a plan that Lott and Dodd want to push to eliminate the long-standing Senate tradition of secret holds, in which Senators can block legislation without identifying themselves. Republican leadership in the chamber remains opposed to the proposal.

While the holds change and the earmark reform likely would move separately, a leadership aide said it remains to be seen whether either one will advance.

A spokeswoman for Lott did not return requests for comment, and a Dodd spokeswoman said the Senator is waiting for Republicans to step forward with a plan.

"Sen. Dodd stands ready to listen and report back to his leadership, but we've not heard of any movement or proposals from the majority," Colleen Flanagan said, adding that Dodd "was very clear that he thinks the House ought to move forward and appoint conferees in the time still left to enact comprehensive reform."

Broader lobbying reform remains stalled, because the House-passed legislation includes a provision cracking down on 527s that is opposed by a cloture-proof majority in the Senate. Despite new calls for action from outside ethics groups after the Friday's news of an expected guilty plea by Rep. Bob Ney (R-Ohio), prospects for a more comprehensive measure on lobbying laws continue to appear dim.

Meanwhile, focus has shifted to the Senate after House lawmakers approved a change to their internal rules requiring new disclosure for sponsors of earmarks on spending, tax and authorizing bills. With appropriations season in full swing, aides, lobbyists and outside watchdogs were struggling late last week to understand the House-passed language and gauge its impact on the remaining work on spending bills this year.

"It's unclear," said House Appropriations spokesman John Scofield. "Ideally it would apply to both chambers, but we lost that argument because of political expediency."

Members of the House spending panel mostly opposed the rules change. Their interpretation of the measure is that it cracks down more forcefully on appropriators than it does on taxing and authorizing committees. And while fiscally conservative Republicans hailed the reform's passage, some in their ranks were still unsure late last week exactly what it would accomplish.

"It's going to turn into the commencement of hot debates on exactly what earmarks are," one conservative House GOP aide said. "We see this as just the beginning."

For appropriations bills, the House earmark reform seems likely to have a limited impact this year. The change is only certain to apply to earmarks in the one spending measure the chamber has not yet passed — the Labor, Health and Human Services and Education bill. Other than that, only earmarks dropped into conference reports will have to include the names of their sponsors.

That means that if the Senate does not pass its own version of reform, only earmarks added in conference and in the House Labor bill will be identified.

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Steve Ellis of Taxpayers for Common Sense said not disclosing all earmarks in this year's spending bills would be "a slap in the face."

"I can certainly say we're going to be expecting" fuller disclosure, he said. "And if they don't provide it, then the taxpayers will know this has been a sham that's been perpetrated on them, and they will demand it."

Michael Fulton, an appropriations lobbyist at GolinHarris, said he's in favor of earmark transparency. "I think it will keep lobbyists and Members of Congress more clean, and that's good," he said. "It will make it better for those people that are following the rules and being transparent about their projects."

Richard Gold, who heads the lobbying practice at the firm Holland & Knight, which has many appropriations clients, said the reforms should have little impact on the business.

"The fact that you're going to slap somebody's name next to it, that's not going to make a difference for reputable lobbyists," he said.

But one appropriations lobbyist, who would speak about earmark reform only on condition of anonymity, said the reforms could have an impact on his and his colleagues' lobbying techniques.

Currently, this lobbyist said, his strategy is to get several Members to submit his clients' requests to the Appropriations committees and hope that the flood of requests, coupled with the clout of certain Members, carries the projects across the finish line. But if only one Member gets credit for securing an earmark, this lobbyist said, some Members will not want lobbyists to urge other Members to ask for the earmark. "One Member might say, 'I'm the champion — don't go to anyone else,'" this lobbyist said.

This lobbyist added that "the thing that concerns me the most is where this is going." He said he expects it to be "a roadmap for all these watchdog groups and federal investigators to attack every earmark and to look at who's the lobbyist, how much did they contribute."

He said that already, some senior-level Congressional staffers are spreading the word that lobbyists who want earmarks should not write checks to Members who are helping them get earmarks for clients.

We're Changing The Culture (USAT)

By Brian Bilbray

USA Today, September 18, 2006

The American people believe that the accountability and transparency they expect from their leaders have been replaced by backroom deals. The practice known as "earmarking" has fostered a system that places a premium on waste and abuse.

For far too long, earmarks were added anonymously without any debate. Special interests have too much influence in the appropriations process. Decisions were made behind closed doors and out of public view.

Last week, the House of Representatives took the first step in changing the culture that has left so many Americans disillusioned with their government. With the public demanding reform, the House adopted rule changes to the practice of earmarking that will bring more transparency to the legislative and appropriations process. For the first time, earmarks will be put in the public light where everybody will be able to see how their tax dollars are being spent.

This is the first step of many in what must be an ongoing commitment from this Congress to blow away the fog of anonymity that surrounds our governing process. If we are to make a profound and lasting change in how this institution handles the taxpayers' dollars, then we must be willing to adopt changes that will enable us to be better stewards and more responsible to the taxpayers.

That is why I am calling on Congress to adopt a two-year budget cycle, so that election-year politics wouldn't influence budget and appropriations decisions. I believe that decisions about the budget process should be made after elections, not before them. The American people believe their government is broken. It is up to us to repair it.

A two-year budget process would help create more oversight, accountability and transparency. The path to reform has only begun. We must have the will and commitment to restore the public's confidence.

Rep. Brian Bilbray, R-Calif., co-sponsored the House resolution on earmarks that passed last week. (House Appropriations Chairman Jerry Lewis declined to provide an opposing view.)

Time For A Time-Out? (WSJ)

By John H. Fund

The Wall Street Journal, September 18, 2006

If Republicans lose big in November, one reason will be their tardy response to public outrage over profligate spending. The guilty pleas of former GOP Rep. Duke Cunningham and lobbyist Jack Abramoff prompted demands for reform of the earmarks -- pork projects members often secure in secret -- that were prominent in both scandals.

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On Thursday, the House did finally pass a rules change that will force sponsors to attach their names to projects. The Senate isn't expected to follow suit, meaning earmark reform there must wait until next year. On the plus side, both houses this month did pass the Federal Transparency Act. It creates a public Internet database that will allow Google-like searches of the $1 trillion in federal grants, contracts and loans. The "shame factor" the bill will heighten is needed, given that earmarks grew tenfold between 1990 and 2005.

As modest as it is, the transparency bill spent much of August in limbo after Senate Commerce Committee Chairman Ted Stevens of Alaska, chief defender of the infamous "Bridge to Nowhere," put a hold on it, using the tradition allowing any senator to secretly block a bill. These games feed the perception of an out-of-touch Congress and demoralize many GOP voters. "Every event I go to, someone complains about overspending and pork," says Rep. Chris Chocola of Indiana, one of the most embattled GOP incumbents. "They still don't think we get it."

Many members simply don't believe the political costs of pork can ever exceed the benefits. Democrats have been largely silent. After all, they get about 45% of them even as a minority. "One man's pork is another man's steak," is how many members dismiss reform.

Congressional appropriators argue that earmarks represent less than 1% of the federal budget and are often worthy projects. But earmarks have a budgetary impact far beyond their dollar cost. "They are a gateway drug on the road to spending addiction," says Republican Sen. Tom Coburn. Many members feel compelled to vote for bloated spending bills, fearing their local projects will be stripped out.

Earmarks have also dramatically expanded lobbying. "Lobbyists go client hunting, telling cities they can virtually guarantee an earmark," says Ron Utt of the Heritage Foundation. In 2005, nearly 4,000 companies or local governments hired lobbyists to pursue earmarks, up from just 1,865 five years ago. Jack Abramoff is a case in point.

Earmarks by the thousands inevitably bring scandals by the dozens. This month has already brought two. The U.S. attorney in New Jersey subpoenaed records from a deal involving Democratic Sen. Bob Menendez and a Hudson County nonprofit that starting in 1994 paid Mr. Menendez a total of $329,353 to rent a building that he owned. At the time, the nonprofit was run by a political ally of Mr. Menendez. Later, the same group was the recipient of millions in federal funding after Mr. Menendez, then in the House, broadened federal grant standards to include that nonprofit.

Meanwhile, Sen. Maria Cantwell, a Democrat from Washington state, helped arrange $11.6 million in federal earmarks in the past year for projects benefiting clients of a lobbyist who is advising her re-election campaign and still owes her between $15,000 and $50,000 from a personal loan. Both senators say they sought the funding because it benefited their states.

Republicans have their own earmark problems. The San Diego Union-Tribune reports that House Appropriations Chairman Jerry Lewis has steered hundreds of millions in federal funds to clients of lobbyist Bill Lowery, a former congressman who is so close to Mr. Lewis that they have exchanged two key staff members, "making their offices so intermingled that they seem to be extensions of each other."

Sen. Stevens defends the earmark process, claiming "discretionary federal spending isn't out of whack," despite all evidence to the contrary. He admits a lot of the earmarks now being handed out wouldn't have passed constitutional muster before the Great Society, but no one is more tenacious in seeing his state now gets its maximum share. Humoring him has cost Republicans credibility. He has become an icon of earmark excess, starting with the fact that he's given his name to Ted Stevens Anchorage International Airport. Earmarks appear to be a family business. Bill Bittner, his brother-in-law, is a D.C. lobbyist who has hauled in dozens of earmarks for his clients. His son, Ben, is the majority leader of the Alaska Senate, and while in office has collected large consulting fees from companies that benefited from some of dad's earmarks.

Last month, federal agents raided the offices of Ben Stevens and a half-dozen other Alaska legislators, investigating ties between them and an oil-services company. Some of the legislators involved even referred to themselves as "the Corrupt Bastards Club." Alaska officials admit the perception of favoritism in local contracts and federal earmarks is embarrassing the state.

Similar embarrassment is spreading to Congress. Staffers are appalled at how members prostitute the institution by scraping the bottom of the pork barrel. Rep. Dan Lungren of California says that "members are now much more mere errand boys for local government and constituents."

Rep. Chocola supports extending the term limits that now apply to all committee chairmen to all members of the Appropriations Committee. "It's clear appropriators see the world differently from all the rest of us," he told me. Term limits would at least limit how much their vision could be warped while serving on Congress's "favor factories." The ban on gifts to members and their staff should also be extended to local governments and universities seeking earmarks.

President Bush could also do more. Republican Sen. Jim DeMint notes that the Congressional Research Service has found that 95% of recent earmarks were slipped into committee reports and not written into law. "These non-legislated earmarks are not legally binding," he says. "President Bush could ignore them. He doesn't need a line-item veto."

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The federal government is now an astounding 185 times as big in real terms as it was a century ago. A general sense that Republicans have forgotten why they were sent to Washington is a big reason why only 43% of Republicans approve of Congress in this month's Fox News poll. If Republicans can't better explain how they plan to get a grip on spending, many voters will conclude they both deserve and need a time-out from power.

The Ghosts Of Corruption Present (NYT)

The New York Times, September 18, 2006

One of the shabbiest shell games under way in Congress is the attempt to convince voters that lawmakers are curbing their corrupt relations with power lobbyists. The cravenness was never clearer as G.O.P. House leaders passed a placebo rules change in place of honest reform — and on the very day when one of their own, Representative Bob Ney of Ohio, was plea bargaining in the corruption investigation of his old friend Jack Abramoff, the disgraced überlobbyist and influence peddler.

The political ghosts of Mr. Ney and Tom DeLay, the former House majority leader, should haunt this Congress and its Republican bosses for their disgraceful refusal to end the Capitol's embrace of the lobbying industry. In the first burst of the Abramoff scandal last spring, both houses made all manner of reform vows, then cynically hung two hollow bills out to die on the vine.

Last week House leaders sanctimoniously promised an end to the "fog" and "shadows" with a rules change concocted of smoke and mirrors. The rule pretends to deal with just one part of lobbying corruption, the cramming of millions of dollars in special interest favors into must-pass budget bills.

Disclosure of these backdoor deals and their sponsors is promised. But lobbyists who have feasted on earmarks are already mapping their way around this fig leaf, just as lawmakers hungry for lobbyists' campaign money know they have once more voted for the shameless status quo.

Congress is offering this wink and a nod on earmarks only to cover its spinelessness on larger ethical issues. The Republican majority has already junked proposals to restrict the rise of lobbyists as campaign finance brokers for grateful lawmakers.

A more responsible Congress would ban lobbyists as political money bundlers, as well as the proliferation of lawmakers' relatives as lobbyists and the Capitol junkets catered by lobbyists on corporate tabs.

Playing Politics With Terror (WP)

The Washington Post, September 18, 2006

"ILISTEN TO MY Democrat friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people."

That was House Majority Leader John A. Boehner of Ohio talking to reporters last week. He should apologize.

For five years the country has been debating how to balance aggressive action to prevent and punish terrorism with core concerns about privacy and other civil liberties. On many issues -- the treatment of detainees at Guantanamo Bay and in secret prisons, warrantless surveillance by the National Security Agency, prohibitions against torture -- Democrats, joined by some brave and responsible Republicans and more often than not backed up by the courts, have served as an important brake on an administration heedless of constitutional requirements, international law and national reputation. On some matters -- for instance, their overblown denunciations of the USA Patriot Act -- Democrats have been mistaken in their criticisms.

But whether one disagrees with Democrats on any particular issue, it is offensive to try to paint opponents, as Mr. Boehner did, as uninterested in "protecting the American people" -- and to dodge the implications of that statement by claiming, as Mr. Boehner did, that he was simply wondering. As the election season heats up, this is a line of argument that Republicans would do well to drop.

For Ex-Postal Service Official, Summer Scandal Heats Up (WP)

By Elizabeth Williamson

The Washington Post, September 18, 2006

All summer, federal-dom has been abuzz over a steamy U.S. Postal Service Inspector General's report accusing the agency's former public affairs chief of heavy drinking, expense account chicanery and sexual harassment. But who knew that the subject of the report, Azeezaly S. Jaffer, has spent the season on vacation, courtesy of the Postal Service?

Jaffer's taxpayers' holiday bears witness, a Postal Service spokesman said, "to how hardworking he is."

The June IG report accuses Jaffer, who managed a staff of 160 and a $20 million budget, of, among other things: drinking at a work function until he passed out; running up $8,000 in extra hotel room charges so he could qualify for a suite with a bathtub for two; and following a female colleague into her hotel room, propositioning her, then passing out.

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The Postmaster General's office requested the report in mid-2005, after employee complaints about Jaffer's behavior, spokesman Gerry McKiernan said. Eleven days after the IG released its report June 19, Jaffer, who denies the allegations, left the agency "to pursue other career opportunities."

His departure was announced by Postmaster General John E. Potter, who wrote in a memo to officers that Jaffer "served us well during some of the most difficult public relations challenges faced by any organization," including the 2001 anthrax attacks. His efforts, Potter wrote, "were critical to maintaining public and employee confidence in the Postal Service and the mail."

And then, despite the allegations, Jaffer went on two months' paid vacation, which ended Sept. 1. Beyond that, Jaffer's attorney, Matthew Hsu, said, his client is in line for another two months' vacation pay; at his annual salary of $160,000, the four months of vacation pay amounts to more than $50,000.

Jaffer has paid the Postal Service $3,600, mostly for bills run up by his family last year.

Late last week, the Postal Service issued new post-Jaffer expense guidelines. Dinners, they say, should not exceed $50 per person, more frugal than, for example, the $1,066.08 that the IG says Jaffer charged the Postal Service for dinner for three, including 16 drinks.

McKiernan wondered last week why anyone remains interested in this summer's scandal. But Congress aims to keep Jaffer's endless summer warm at least through autumn.

On Friday, Rep. Thomas M. Davis III (R-Va.) who chairs the House Committee on Government Reform, and the committee's ranking minority member, Henry A. Waxman (D-Calif.), sent a letter to Potter requesting a pile of records linked to Jaffer's case. "The Inspector General's report of clearly unacceptable conduct by a senior postal official is troubling to all of us," the letter reads. The Postal Service has until Sept. 28 to respond.

Jaffer spent some of his summer vacation telling his side to Sidley Austin, which recently released a 42-page "white paper" denying the charges against him.

A few excerpts follow:

The IG says: "Jaffer drinks to excess at official Postal Service functions and has done so to the point of unconsciousness on at least two occasions. . . . [Name redacted] . . . recalled going to dinner with Jaffer and others at a restaurant in New York City. . . . Halfway through dinner, Jaffer fell forward, almost hitting his head on his plate, apparently losing consciousness. [Name redacted] escorted Jaffer back to his hotel room."

Sidley Austin says: "The OIG alleges that Mr. Jaffer . . . was refused boarding on flights due to intoxication and that he left his shoes in a hotel lounge due to intoxication. . . . None of these allegations are true. Mr. Jaffer freely acknowledges that he has consumed alcohol at many different Postal Service events and business dinners. However, he has never consumed alcohol to the point of incapacitation or incoherence. . . . Postal Service employees who have worked with Mr. Jaffer . . . have never seen Mr. Jaffer lose consciousness or be carried to his room because he was intoxicated."

The IG says: "[Name redacted] stated that one evening in 2000 while attending the National Postal Forum held in Nashville, Tennessee, Jaffer offered to escort her to her hotel room. She did not realize how intoxicated he was when she accepted his offer. The manager stated that he followed her into her room, tried to touch her, and propositioned her. She could not convince him to leave her room, and Jaffer finally fell asleep on the floor. . . . The next morning Jaffer woke up and immediately left her room. . . . She stated that when Jaffer sees her in the building, he compliments her appearance, tells her he loves her . . ."

Sidley Austin says: "Mr. Jaffer treats female employees of the Postal Service with respect and dignity. . . . Specifically, in 2000 or 2001 at a Postal Forum in Memphis, Tennessee, Mr. Jaffer and [name redacted] shared a brief drink at the hotel bar. . . . He offered to walk her back to her room. . . . When they got to her room, he continued to talk with [name redacted] in her room, and then he eventually fell asleep on the couch. . . . He did not make any explicitly sexual or vulgar remarks to her, nor did he attempt to touch her or make sexual advances toward her."

The IG says: "When asked about the high per-person costs of the meals he hosted at Peking Gourmet Inn, Jaffer stated that they have to be looked at in context. . . . Jaffer stated that, in regard to wine, he considers anything up to $100 a bottle to be "halfway decent and reasonable."

Sidley Austin says: Mr. Jaffer's alcohol purchases were appropriate. . . . His requests for reimbursement were never denied. The Postal Service never cautioned or counseled Mr. Jaffer regarding his alcohol purchases. . . . Mr. Jaffer has acted as someone in his position should -- he has entertained individuals who have benefited or may be in a position to benefit the Postal Service."

Copies of Jaffer's written responses to the Inspector General's report can be found athttp://www.washingtonpost.com/fedpage.

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DOT Specialist Accused Of Fraud (WT)

By Jim Mcelhatton

The Washington Times, September 18, 2006

As a specialist on fuel cell technology in the U.S. Department of Transportation, Shang Hsiung traveled the country for years to attend trade conferences to discuss alternative fuel and other agency initiatives.

But federal authorities say the 54-year-old Takoma Park man had another agenda during his out-of-town trips.

Since 2001, prosecutors say, Mr. Hsiung used counterfeit checks and stolen credit-card information -- including co-workers' card numbers -- to pay for escort services while on government travel.

Mr. Hsiung, who has been placed on leave and has declined to comment, is scheduled to appear for a hearing in federal court in the District next month. He was charged with wire fraud last week.

If convicted, Mr. Hsiung faces a maximum sentence of 20 years in prison.

Charging documents do not state how much money investigators think was stolen over the years. A spokesman for the U.S. attorney's office in the District said the amount is not yet part of the public record but "is in the thousands of dollars."

The charges filed Sept. 11 state that Mr. Hsiung "stole credit card numbers and credit card information from co-workers at the Department of Transportation and from other people ... to purchase the services of escorts."

G. Allen Dale, Mr. Hsiung's attorney, said yesterday that there are "two sides" to the story.

"Often times, good people make mistakes," he said. "My job is to make sure that this person, whom I view as a good person, doesn't pay for it more than necessary."

From his office in the District, Mr. Hsiung used his government computer to find escort services in anticipation of trips, Jonathan R. Barr, assistant U.S. attorney in the fraud and public corruption section, wrote in charging documents.

Mr. Hsiung, a transportation-management specialist, also used his work telephone to contact escort services in California, Colorado, Connecticut, Florida, Illinois, Nevada, Pennsylvania, Texas and Georgia, prosecutors say.

In addition, Mr. Hsiung is accused of impersonating the vice-president of an unnamed company that is traded on the New York Stock Exchange and creating counterfeit checks in the company's name.

Prosecutors said Mr. Hsiung told escort services that the company was trying to negotiate "a major deal with an Asian businessman and stressed that it was important for the businessman to be shown a good time."

According to public records, Mr. Hsiung has been a leader at the transportation agency in touting fuel-cell and hydrogen-technology initiatives to industry leaders.

He was the project manager for an agency study last year that focused on moving toward hybrid-electric technology for transit buses. He also was the point of contact in the agency for a $49 million fuel-cell, bus-technology grant program.

Report Offers 6 Keys To A More Successful Government (WP)

By Stephen Barr

The Washington Post, September 18, 2006

Federal managers looking for that road map to the future may want to check out a report, to be released today, on six trends that are keys to overhauling government operations and improving federal performance.

The trends were identified by three senior staff members at the IBM Center for the Business of Government with an eye to helping federal agencies prepare for an era in which incremental change may not be enough to meet public expectations or to address such megaproblems as terrorism.

"The challenges facing governments call for comprehensive and profound change," Jonathan D. Breul , a senior fellow at the IBM Center, writes in the report. He adds, "Those that play a waiting game, postponing these changes, will find their fiscal strength and programmatic effectiveness eroding."

For the report, Breul, Mark A. Abramson , the IBM Center's executive director, and John M. Kamensky , an IBM senior fellow, pull together themes from 150 research papers prepared for IBM since 1998. The center, a component of IBM's federal consulting practice, awards $20,000 stipends to researchers who produce papers on federal management issues.

Some of the trends have gained more traction than others and some are proving controversial. The trends, according to IBM, are:

Â· Changing the rules. The traditional personnel, procurement and financial management systems are being replaced. New organizations, such as the Office of the Director of National Intelligence, have been created to improve coordination and to determine who can be held accountable for certain activities.

With congressional approval, the departments of Defense and Homeland Security are leaving the decades-old federal pay system to set up performance-based pay systems. IBM research, however, cautions that shifting public-sector employees to performance pay is risky and may prove to be the most difficult challenge faced by many agencies.

Â· Using performance management. Strategic planning and information about agency performance and costs have increased substantially since passage of the 1993 Government Performance and Results Act.

The U.S. Postal Service and the Defense Finance and Accounting Service, for example, have created goals to reflect "the voice of the customer," "the voice of the employee" and "the voice of business," according to the IBM Center.

Â· Providing competition, choice and incentives. On taking office President Bush called for a "market-based government," but his efforts "have achieved limited success," the IBM Center says.

Bush's primary initiative has focused on job competitions to determine whether federal work should be turned over to the private sector. Research for the IBM Center found the competitions can achieve "better results at lower costs, regardless of whether the winner is the public or the private sector." But the center notes that "its future use is uncertain because of political concerns about potentially adverse effects on the federal workforce."

Â· Performing on demand. It's no longer business as usual because government must be much better at sensing and responding to economic, social, technological and health changes -- "be they terrorism, mad cow disease, or the processing of drug benefit claims," the IBM report says.

In addition to being more responsive, key agencies must find ways to maintain their service levels "no matter the impediment or threat," according to the center.

Â· Engaging citizens. Technology provides new opportunities for government to involve the public in decisions and policies. Research has found that trust in government increases when citizens are engaged, the report says.

Â· Using networks and partnerships. As society becomes more complex, agencies cannot succeed in delivering services or programs on their own any longer, the IBM report says. Agencies will probably be more successful by creating collaborative efforts that reach across agencies, across levels of government, and across the nonprofit and private sectors, according to the report.

In adapting for the future, Abramson says, agencies will need a strong career civil service and an experienced team of political appointees. If those ingredients are in place, he says, "our prediction is that we will see all six trends accelerate."

The IBM report, "Six Trends Transforming Government," can be found athttp://www.businessofgovernment.org. The authors will take questions and comments on Federal Diary Live at noon Wednesday on washingtonpost.com. My e-mail address isbarrs@washpost.com.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 18, 2006

A father's influence on his son can be incredible, from shaping a boy's outlook on life to the tiny, seemingly unimportant things like choosing between Bic and Sharpie. That's certainly been the case in the Bush family, where President Bush has sometimes gone Texas-big with his dad's lessons. Where the 41st president played baseball, the 43rd owned a baseball team; while Dad stopped troops short of invading Baghdad, W made it his target; and as the former prez prefers to use Sharpies, the current prez demands them-and even gives them as presents.

"He asks for them by name," says a Bush insider, "and if someone hands him something else, he barks, 'Where's the Sharpie?'" How come? "They're so easy to use," says another Bushie. "And you can see what you've written." Bush's isn't just any Sharpie. Like those famous boxes of peanut M&Ms, Bush's Sharpies carry his signature and the words The White House. He even has Camp David Sharpies. If you're an important aide, the presidential Sharpies are included with a signed golf ball, baseball, tie clip, and cuff links in the White House trinket bag each gets.

Sharpie boss Howard Heckes, president of Sanford Brands North America, says lots of celebs-like tennis star Maria Sharapova-have personalized pens, but "it's pretty cool" to supply the prez. "Sharpies are good for the president of the United States or the president of the PTA."

Can Magnum P.I. Replace Moses?

That old National Rifle Association TV ad in which Magnum P.I. actor Tom Selleck says, "I am the NRA" might be making a comeback. That's because he's being talked about as the replacement for former five-term NRA President Charlton Heston, the Moses portrayer who is afflicted with Alzheimer's disease. NRA insiders like the idea of promoting Selleck, an off-and-on NRA-er since he was a kid and now one of 76 board members, to the top job. But some suggest that while it will eventually happen, it won't happen soon. Emilie Raymond, author of the new book From My Cold, Dead Hands: Charlton Heston and American

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Politics, agrees. "Maybe when Selleck hits a point in his career when he's doing less leading roles and more cameo spots," she tells us, "he'll have time to devote to the NRA in a fashion similar to Heston's presidency."

He Saw 9/11, Now He Sees 'the End'

Joel Rosenberg, the New York Times bestselling author whose books have eerily predicted bad things like 9/11, has a new one coming out, and in it he takes on the superbig question: Is the end near? Seems many think so. For Epicenter, a book on the Middle East crisis, Rosenberg had the polling firm McLaughlin & Associates ask 1,000 adults if they agreed that current events were evidence of what the Bible calls the last days. In the poll, provided exclusively to Whispers, a remarkable 42 percent agreed. The breakdown is even more startling: Half of women agree, 75 percent of blacks agree, and 57 percent of those ages 18 to 25 agree.

Country Before Politics (WT)

By Stephen Herbits

The Washington Times, September 18, 2006

Next week, the US Senate has yet another opportunity to choose between self-serving superficiality or a willingness to put country before politics.

Tomorrow, the Senate Armed Services Committee will hold hearings on two important military promotions and assignments. The two General Officer nominees served in succession between 2002 and 2006 as senior military assistants to Defense Secretary Donald Rumsfeld. Obviously, it will be tempting for some senators to use the occasion to play "let's beat up on Rumsfeld" instead of truly considering the merits of the officers before them. It will be easy for these senators to take another temporal stab for small political gain, while ignoring the damage they are doing to the process of attracting and retaining the best to serve our country in uniform.

General officer promotions and assignment of three- and four-star officers require Senate confirmation. Prior to recommendation, a potential nominee's military records are scrutinized for performance, moral and ethical standards and superiors' recommendations. After full vetting by military and civilian leaders of an officer's military branch, the Office of the Secretary of Defense and subsequently the White House, nominations are then submitted to the Senate for its consent.

The Senate has every right -- even a clear obligation -- to review candidates for the most senior positions of our armed forces. Today, more than any time in recent history, our military is faced with dangerous threats coming from nationalistic and theocratic enemies, asymmetrical tactical and technological warfare, and demands for new strategies, capabilities and organizational approaches. We are at war and need the very best and brightest to lead our military. And so the Senate must scrutinize.

But the Senate role decidedly does not extend to punishment for serving in an assignment close to a political appointee. Worse, using a Senate hearing meant to judge qualifications for advancement to create a circus of criticism for policies for which these individuals were not responsible will tarnish the reputation of some of our most talented and honorable public servants. It risks deteriorating the quality of senior officers willing to seek such advancement.

A disturbing trend has emerged over the past several decades. Our federal government is less and less able to attract the best and the brightest of America to serve in positions requiring Senate confirmation. Many studies written by panels of experts analyze the discouraging and adversarial confirmation process facing Presidential nominees. We now face an even further deterioration of the process -- extending to the highest ranks of the military. In many ways, it will be the process that is on trial next week, and not the candidates.

Two exceptional officers will be testifying tomorrow. Both have served their country to an extraordinary degree. Both have earned the highest level of respect from civilian leaders and military peers as they have executed their responsibilities. And both Gen. John Craddock and Vice Adm. James Stavridis have served brilliantly as senior military assistants to the secretary of defense.

Two other great military leaders, Gen. James Jones, current Supreme Allied Commander Europe, and Adm. Edmund Giambastiani, current vice chairman of the Joints Chief of Staff, both also served as senior military assistants to secretaries of defense and gained invaluable experience by witnessing the civilianpolicy-making process up close. Only the best are given such an opportunity to gain this invaluable perspective and this experience serves the nation well.

How Senate committee members treat the two gentlemen before them next week will convey to other military officers in line behind them the degree of the futility of sacrificing financial gain and family stability, in order to hold challenging positions for our country's well-being.

Yes, the Senate should study the candidates closely. But the Senate has no place pillorying them for decisions they don't make or policies they don't construct. And as difficult as it may be for some, it wouldn't hurt if diligent questioning was also relevant and respectful.

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We expect our military officers to sacrifice self-interest for country. We should accept no less from our senators.
Stephen Herbits has been a part of Defense Department transitions since 1974.

A Vote For A Smarter Census (NYT)

The New York Times, September 18, 2006

The Census Bureau has stubbornly rebuffed critics who argue that the nation's prison inmates should be counted at their homes instead of where they are serving time. But a persuasive new report from the National Research Council makes the current method difficult to defend. The Census Bureau commissioned the report, which deals with residency rules in general. In one of its most important findings, the report says that the practice of counting inmates at prisons sometimes distorts the political process and "raises legitimate concerns" about "equity and fairness in the census."

Prison inmates are stripped of the right to vote in all but two states. But state lawmakers often treat them as "residents" of their prisons when drawing legislative maps, to help underpopulated districts raise their numbers. That shifts political influence from the densely populated urban districts where inmates actually live to the sparsely settled rural areas where prisons are typically built.

The report says that the question of residency should be decided on a case by case basis. It recommends that the Census Bureau gather information on time spent in prison and expected date of release. The bureau could then differentiate between a prisoner serving a lengthy sentence and one who is due to return home within a few years.

Questionable and incomplete state and prison records are a clear obstacle to this fairer system, and the report proposes that the Census Bureau undertake a research program to unravel those problems. It also suggests a sensible interim remedy. The bureau could make it easier for lawmakers to remove inmates from the count altogether, by publishing detailed, block-level counts of prison populations. That would also allow voters to keep watch on redistricting committees that now deliberately draw legislative districts around prisons, thus masking population shortfalls and cheating voters in other parts of the state.

OTHER NEWS:

Markets Shift Into Record-setting Gear (USAT)

By Adam Shell

USA Today, September 18, 2006

NEW YORK — Round up those rally caps. Chill the champagne. Glue your eyes to the ticker tape. Blue-chip stocks may soon slay the bear.

Six years, eight months and three days after etching a record close of 11,722.98 into the history books, the Dow Jones industrial average starts the week just 162 points shy of topping that.

If it succeeds, it will erase all of the 37.8% loss it suffered during the 2000-2002 bear market, a painful period on Wall Street that shook investors' faith in stocks.

"We can break out to new '06 highs and even to new all-time highs," says Jim Paulsen, chief investment strategist at Wells Capital Management.

In May, the Dow came within 81 points of a new, post-crash peak but was thwarted by a nasty global sell-off caused by fears of interest rates tightening around the globe. But in recent weeks, the "twin worries" of a potential recession and runaway inflation have receded, says John Forelli, portfolio manager at Independence Investments. That angst has been replaced by a growing belief among investors that the Federal Reserve will succeed in slowing the economy without killing it.

The idea of a not-so-hot, not so-cold economy favored by investors is gaining traction, he says.

The mood shift on Wall Street is being driven by a few key trends, including:

·A belief that the Fed chairman's forecast is playing out. When the Fed decided not to raise its target for short-term rates in August after 17 boosts, Fed chief Ben Bernanke based that decision on the belief that a slowing economy would relieve inflationary pressures. He also noted that if energy prices retreated, it would also help abate price pressures.

He's been right. A barrel of crude has dropped to $63.33, or 17.8% from its July 14 high of $77.03. Readings on inflation have also stabilized after spikes earlier in the year. Friday, an inflation gauge that tracks consumer prices rose 0.2% in August, below forecasts. "What the chairman told us would happen," Paulsen says, "is coming to pass."

·Relief that consumers are still shopping. Fears of a severe consumer slowdown due to $3 gas have yet to materialize, helped in part by relief at the pump. Retail sales numbers out last week show a customer still willing to spend, says Ken Tower, chief market strategist at CyberTrader.

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·A feeling that the Fed is done. Odds for a post-pause rate increase by the Fed are falling. “The Fed is out of the way for a while. That is our thinking,” says Forelli. Still, Forelli says, a new Dow record “is not the new buy signal.” The real time to buy, he says, will be three months before the Fed starts lowering rates. “But,” he says, “we are not sure when that will be.”

Day Of The Dow? Blue Chips Again Close In On Record (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 18, 2006

As fall officially begins this week, investors are hoping they won't see a repeat of the spring.

The Dow Jones Industrial Average in May pulled within about 80 points of its record high, only to tumble. It was off more than 936 points, or 8%, by the time it bottomed a month later. Many shareholders took the spring peak as a chance to book profits rather than stick around for even heftier gains to top the Dow's all-time high reached in January 2000.

After a solid rise last week, the blue-chip average is once again within striking distance of the high now just 162 points away. The Dow gained 168.66 points last week, or 1.5%, to 11560.77, leaving it up 7.9% on the year. A pullback in energy prices and fresh data showing little inflation in the U.S. economy helped spur the rally.

Given the Dow industrials' earlier miss, most Wall Street pros aren't touting the prospects for a record too loudly this time around. But while risks remain, many are upbeat about the type of big-name companies included in the 30-stock average. They also see signs that investors have become a little more willing to take risks, which could bode well for avoiding another sharp selloff.

"I don't think [a Dow record] is that tough an obstacle at this point," says Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco. "If we continue to get encouraging inflation news, that would go a long way toward making it happen."

Friday, the Labor Department reported that consumer prices, excluding volatile food and energy prices, inched up 0.2% in August, in line with analysts' expectations. The data buoyed hopes that Federal Reserve policy makers will leave their key interest-rate target unchanged when they meet Wednesday.

Crude-oil prices have plunged recently amid robust inventory data and easing geopolitical worries in major producing countries. Crude futures are off about 18% from summer highs, at $63.33 a barrel on the New York Mercantile Exchange on Friday. That has pushed the average retail price of regular-grade gasoline down about 14% over the past month, to $2.554 a gallon, according to the drivers' organization AAA. This means consumers will have more money to spend on other things, which could boost corporate profits.

Helped by such developments, other stock indicators also have rallied, although they remain further from their records, all set in 2000. The technology-stock heavy Nasdaq Composite Index rose 3.2%, or 69.80 points last week, to end at 2235.59, up 1.4% on the year. It still would have to more than double from its current level to reach its record 5048.62, which was fueled by dot-com mania. The broad Standard & Poor's 500-stock index last week rose 1.6%, or 20.95 points, to 1319.87. It is up 5.7% on the year and 16% away from its record.

Compared with its lows this summer, the Nasdaq index is up nearly 11%, beating the Dow's and S&P's gains of less than 8% from their recent troughs. So has the small-stock Russell 2000, up 8.5%.

Many investing pros interpret the relative strength of the Nasdaq and Russell 2000 as a sign that stock investors are again willing to pile into riskier stocks that aren't necessarily household names. "It's a fairly rational response to this notion of a slowing economy," says Mr. Koesterich of Barclays. "If growth is generally getting harder to come by, investors are going to be willing to pay more for the stocks where they can find it."

It isn't clear how long that trend will continue, but in the short term, a higher tolerance for risk could have some positive effect on the Dow industrials as well. At least for now, investors don't appear to be making what Wall Street calls a "rotation" from large caps into small caps, dumping one for the other.

The Dow's rise has been fueled by big gains in just a handful of stocks with company-specific news. Shares in Dow component General Motors have soared 63% so far this year, based largely on its restructuring plans. Altria Group, which accounts for the greatest chunk of the price-weighted Dow, is up 11% based on the mostly favorable outcome of some tobacco litigation and rumors of a spinoff involving its Kraft Foods unit. (Altria officials have declined to comment on specific steps it might take.)

AT&T is up 30% this year, but that is after declining nearly 50% over the previous five years. And Hewlett-Packard shares are up 26% but have been hindered recently by a scandal involving the way a subcontractor obtained telephone records in an investigation of leaks from the company's board of directors.

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Strategist Jack Caffrey of J.P. Morgan Private Bank believes investors are still mostly in a defensive mode, which means they will continue to buy shares in big, multinational firms that are perceived as safe. He says the Dow could head higher, although he steers clear of calling for a record.

"If I'm right in terms of why these names go up, then I'm happy," he says. "If it hits a record, well, then double kudos. But that's not my focus."

One risk facing the Dow is that some unexpected economic development -- perhaps a steeper selloff in energy -- could upset the gradual economic slowdown that much of Wall Street is hoping for.

Most strategists believe a so-called Goldilocks economy -- one that's not too hot, not too cold -- would be the best scenario, offering ample room for stocks to head higher. But if inflation gets out of control, or if the economy teeters into recession, such an outcome could be upset.

Jim Paulsen, chief investment strategist at Wells Capital Management, thinks the dollars consumers are saving at the fuel pump will flow toward other purchases. In turn, he thinks that will spur the Fed to increase rates again to slow the economy, perhaps spooking stock investors. Higher interest rates can crimp corporate profits by boosting borrowing costs and also deter consumer spending.

Dow Nudges Peak Of Six Years Ago (CSM)

By Mark Trumbull

The Christian Science Monitor, September 18, 2006

The US stock market is finally nearing the peak levels it reached in 2000 - before a recession, terrorist attacks, and surging oil prices exacted a toll on American financial wealth.

As bull markets go, this one has been slow and faltering, but the comeback is nearly complete.

In the past two months, the Dow Jones Industrial Average has jumped about 8 percent. It's welcome news for investors, but more broadly it reflects a vote of confidence for America's economy at a delicate time.

Some economists worry about a possible recession, especially if the housing market stumbles badly. Others fear that inflation will persist. But the stock market is riding on hope of a more moderate outcome: that the economy can continue growing, if perhaps more slowly, as a housing boom fades and inflationary forces diminish. A recent drop in oil and gasoline prices has bouyed those hopes.

"The background in the economy is pretty good," says Michael Cosgrove, who publishes the Econoclast, a market newsletter based in Dallas. If it stays that way, he says stocks could hit new highs and "we could have a pretty good run in 2007."

If this week's performance matches last week's, the Dow Jones Industrial Average will push through a kind of millennial milestone - the 11722.98 peak reached on Jan. 14, 2000.

The widely watched index of 30 major stocks closed last week at 11560.77, just 162 points or 1.4 percent away from matching its old record. The broader Standard & Poor's 500 stock index was still about 10 percent off its early-2000 level.

Analysts are divided over just how far the current bull run might go. Some say a string of record corporate profits is bound to end as the economy cools. Others say the presence of such bearish sentiment could provide a backdrop for some good gains.

"There's a pretty well-rehearsed bearish story out there," says Max Bublitz, chief strategist of Seneca Capital Management, an investment firm in San Francisco. But that story, he says, is "a little shopworn."

His forecast is for solid but unexciting gains in the short term and next year.

"What we are is kind of defensively bullish," he says. He reckons the S&P 500 index could end this year at around 1360 and next year at 1450, for a price gain of about 9 percent in 15 months.

The bearish view points to a range of challenges: a likely slowdown in corporate profits, uncertainty about the economy and inflation, past history of market declines during the fall months, and concern about US elections or flash points in the Middle East.

Factors such as those have been holding investor sentiment in check. In one way, that could be good news. Stock prices often "climb a wall of worry," in Wall Street- jargon, when investors gradually overcome a pessimistic trading environment to generate marked gains.

By contrast, strong bullish sentiment can be a sign of a market reaching its upper limit.

There's certainly been no such frenzy in this bull market, which will celebrate its fourth birthday in October, according to Standard & Poor's. The bull began its upward climb late in 2002 as the economy was struggling to find its feet after the dotcom stock bust and the Sept. 11 attacks. After a sharp initial rise of nearly 30 percent in 2003, US stocks have risen slowly even as corporate profits have soared.

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Normally, over the long term, share price gains are closely related to corporate profits, which in turn depend heavily on the performance of the US and world economy.

But stocks hit such a high peak in 2000 that it has taken a long time to reestablish equilibrium.

"We think that the market's fairly valued," says Sam Stovall, chief investment strategist at S&P in New York. "In this period of increased risk, investors are not willing to pay up for stocks."

Standard & Poor's forecasters predict that the S&P 500 will end the year at 1315, slightly below its Friday close.

At that level, the stocks will be valued at about 15 times their actual earnings for the calendar year.

S&P expects its index, which covers 500 of America's largest companies, to gain about 9 percent in price next year.

"I'm a single-digit bull," not a raging bull, says Mr. Stovall.

Indeed, he acknowledges that a record string of 17 quarters of double-digit earnings growth by the companies in the S&P index may be nearing its end. Perhaps two more quarters of such gains remain.

Richard Bernstein, chief strategist at the investment house Merrill Lynch, talks of an outright "profits recession" next year, with earnings growth turning negative for a time as companies face a cooler economy.

The firm recommends that investors devote a bit less of their money to stocks than usual - 50 percent instead of 60 percent - with the remainder in bonds and cash. Mr. Bublitz, by contrast, recommends putting more like 65 percent in stocks.

Amid the debate over where the market will head next, some recent economic news has been reassuring. An inflation report on Friday was subdued, offering hope that the Federal Reserve won't have to raise interest rates when it meets this week - and that the Fed's rate-tightening may have ended.

But Mr. Cosgrove, the Dallas economist, cautions that when the S&P 500 index is adjusted for inflation, it is still only halfway back to its 2000 peak. Stocks remain the best place to invest, he says, but the decade may be done before the S&P's price is again at its inflation-adjusted 2000 level.

Rates Not Expected To Go Up This Week (USAT)

By Sue Kirchhoff

USA Today, September 18, 2006

WASHINGTON — The Federal Reserve is expected to leave short-term interest rates unchanged when it meets Wednesday, given recent signs of moderating inflation and growth.

A market that bets on future Fed moves was pricing a 90% chance that the central bank will stand pat this week for the second straight meeting. But there is less agreement about the Fed's long-term strategy.

John Silvia, Wachovia's chief economist, says that while inflation is higher than the Fed would prefer, recent signs of moderating prices give the Fed room to sit tight on rates to get a better sense of where the economy is headed.

“If housing deteriorates faster, they may (cut rates) in the first quarter,” Silvia says. “If housing stabilizes and the rest of the economy picks up, they may raise rates. … It's that open.”

After 17 quarter-point rate increases from June 2004 to June 2006, the policymaking Federal Open Market Committee voted in August to stand pat, leaving its target for short-term rates at 5.25%.

Though core inflation, which doesn't include food and energy prices, has been running above the Fed's informal comfort zone of 1% to 2%, Fed Chairman Ben Bernanke and other officials have said in speeches and statements they expect a slowing economy to reduce price pressures.

There is some evidence that's happening. On Friday, the Labor Department said consumer inflation was 0.2% in August, down from July's 0.4% jump. Excluding food and energy, prices rose 0.2%, the same as in July, and are up 2.8% in the past 12 months. Light, sweet crude has fallen sharply from its July high of $77.03 a barrel, easing inflationary pressure from energy prices. U.S. crude prices settled at $63.33 Friday in New York trading.

“So far, it looks like everything is playing according to the script that (Bernanke) laid forth,” says Dan Jester, economist at Economy.com.

Jester predicts the Fed will hold pat into next year but adds there are big risks to the outlook.

Those risks have economists and Fed officials divided about the course of policy down the line. Richmond Fed President Jeffrey Lacker voted against the August pause and warns that inflation, mainly from wage pressure, is building.

But Roger Kubarych of international bank HVB says declining factory output could mean the slowdown is broader than expected. The Fed reported Friday that industrial output fell 0.1% in August, with manufacturing activity flat and declines in mines and utilities.

How Stock Options Muddle The Relationship Among Wages, Corporate Profits And Inflation (WSJ)

By Greg Ip

DOJ_NMG_0064033

The Wall Street Journal, September 18, 2006

Scorekeepers at the Commerce Department last month discovered that American workers were earning far more than previously estimated -- and that created an economic puzzle.

The new data were out of step with other measures showing sluggish wage growth, a factor in widespread worker dissatisfaction turning up in the polls. And the increased income wasn't matched by more production -- that is, in gross domestic product -- as it should have been.

Solving this puzzle is important for understanding how well American workers and companies are doing and whether rising wages pose an inflation threat.

The answer appears to be stock options, a growing part of compensation for top-end workers. Accounting for them properly has been a major source of controversy for companies. Now it is complicating the government's economic accounting, as well.

The Commerce Department's Bureau of Economic Analysis, which keeps the nation's GDP books, treats profits from the exercise of options as labor income. But options aren't counted in most other measures of wages. So the BEA reports -- which are important both to markets and the Federal Reserve -- may be overstating the extent of wage pressure, and, for related reasons, at least temporarily understating profits.

Here is what's going on:

Last month, the BEA declared that labor income for all Americans in the first half was an annualized $95 billion, or 1.3%, more than it had estimated just a month earlier. This suggested Americans were flush with cash, welcome news for those worried about a slowing economy, but it also raised inflation alarm bells.

From 2001 to 2004, the productivity of American workers -- the amount they produced for each hour on the job -- rose enough so that companies could pay somewhat higher wages without raising prices. The new data changed that benign picture. They showed that business compensation per employee-hour soared almost 8% in the year through June. Adjusted for higher productivity, labor costs jumped 5%, a near six-year high.

But something didn't seem right. That jump in labor costs should have squeezed profit margins, yet margins are at a 40-year high. Plus, the 8% rise in hourly compensation far outstripped better-known measures of labor costs. The Labor Department's employment-cost index -- which includes hourly wages, benefits and bonuses -- rose just 3% in the same period. The weekly wage of workers at the statistical middle rose only 2.5%.

Adding to the mystery was the economic-textbook fact that Americans' income -- wages, benefits, profits, etc. -- is supposed to equal the value of what they produce. But after the revisions, gross domestic income was rising much faster than GDP. The two seldom match perfectly, but the divergence was striking.

The likely explanation: stock options. The income earned when employees cash in stock options is counted in both gross domestic income and the Labor Department's productivity-adjusted labor-cost measures, but not in most of the other wage measures.

"The stock market was strong in the first quarter, so that suggests probably quite a bit of stock-option exercise," says Brent Moulton, associate BEA director for national economic accounts. Because higher-paid employees are more likely to have stock options, this helps explain why the advance in labor income doesn't reflect the average worker's experience.

Stock options also might have led the BEA to overstate profits, and thus gross domestic income. Here's why: Corporations keep separate books for shareholders and for the Internal Revenue Service. The BEA uses the latter to measure profits.

The two treat stock options differently. When reporting profits to shareholders, companies must expense only the fair value of the option on the day it was granted. That's usually quite low (unless the option was backdated, but that's another story).

But when reporting profits to the IRS, the company may expense the (usually) far-higher value of the option the day it was exercised. So in periods of heavy options exercise, shareholder profits will be higher than taxable profits.

"For wages and salaries, we now have very accurate data," Mr. Moulton says, thanks to speedier access to unemployment-insurance data, which track both regular wages and options. For corporate profits, though, the agency relies a lot on reports to shareholders. Because these generally exclude full options expense, the BEA must estimate it. The BEA must wait as long as a year for the annual reports for the details on option expense, and two years for comprehensive IRS tabulations.

"We sometimes can get quite large revisions when we get the IRS data," Mr. Moulton says. It is "a possibility" that profits will be revised down when BEA gets the complete detail, he says.

If options expense has squeezed profits, is that a problem for inflation? Probably not. Corporations don't think of stock-option expense as ordinary labor compensation, says Robert Willens, a tax-and-accounting expert at Lehman Brothers. Option expense is "dependent on how the stock does, which is sort of out of the company's or the employee's control."

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Thus, investors and the Fed are likely to discount swings in the BEA labor-cost measures once they figure out they have more to do with swings in the stock market than anything else. The bottom line: Wage increases, while accelerating, aren't flashing a warning sign.

Democrats Bolster Economic Message (RC)

By Erin P. Billings

Roll Call, September 18, 2006

Forced to play defense on national security for the third election year in a row, Congressional Democrats have been huddling in recent days to try to sharpen their attacks on the one issue they believe puts Republicans on the run: the economy.

"We've been aggressively pushing back on these national security issues that we know are on their turf," said a senior Democratic aide. "Now we want to go on our turf.

"We've got to go on the offensive and keep our eye on the ball — and that's the economy."

While the economy has long been a central focus of both the Democratic and Republican election-year platforms, Democrats in both the House and Senate have been working behind the scenes to redouble their efforts to draw attention to the issue.

Democrats in both chambers say they cannot sideline their economic message, even as they attempt to battle a powerful GOP political machine that's trying to paint them as weak on terrorism.

Privately, Democrats say they believe they can tap into voters's anxieties about economic security just as effectively as the Republicans play into Americans' fears about their safety at home.

"Bush and the Republicans have clearly tried to keep us focused on national security, and while Democrats are going to hit back hard, we also have to make sure we get them to play on a field that's favorable to us," said a high-level House Democratic staffer. "We have to be able to walk and chew gum at the same time."

Sen. Ron Wyden (Ore.) said Democrats have been talking about the economy "every step of the way" but acknowledged that Republicans, armed with the megaphone of the White House, recently have been able to define "the entire agenda" around the issue of fighting terrorism.

But, Wyden added, "we don't take a back seat to anybody" on national security, and will fight "strenuously" to further the Democratic agenda on the economic front.

"Yes, they have the bully pulpit to talk about security, but that's the only issue they have," said House Minority Whip Steny Hoyer (D-Md.). "In all other areas, they have essentially been failures."

Democratic lawmakers and aides say they believe the 2006 elections will turn on several factors, but in many of the top competitive races across the country — including contests in states such as Michigan, Ohio, New York, Indiana and Kentucky — the economy is likely to be the driving issue. And internal and external polling suggests that the economy remains the No. 1 concern on most voters' minds this cycle, even behind the Iraq War, those Democratic sources said.

The Democratic House aide said while the party may be able to make gains on Nov. 7 on the GOP's handling of the war by itself, the Democrats' stance on the economy is the issue that will bring the party across the goal line.

"We're not going to win 15 seats on the war in Iraq," the staffer said.

Sen. Debbie Stabenow (D-Mich.), running for her second Senate term, said the economy is the issue atop Michigan voters' minds, calling it "the No. 1 focus of everyone in my state." And while national security is important to her constituents, she said, the 2006 election "is all about jobs."

Democrats acknowledge they aren't inventing a new economic message, nor are they laying out new proposals with just seven weeks until Election Day. But they are planning to once again ramp up the number of media events, floor speeches and legislative maneuvers where they press key economic issues, including a minimum-wage increase, Social Security protection, college affordability, Medicare prescription drug coverage, the extension of certain tax provisions beneficial to the middle class and energy policy reform.

The latter has lost much of its urgency now that gas prices have started to fall in recent weeks, something Democrats acknowledge does neutralize one of their top selling points to voters. Democrats plan to modify their message, however, with an argument that gas prices remain unstable because the United States remains too dependent on foreign oil and hasn't done enough to invest in alternative energy supplies.

Wyden added that concerns about the price at the pump haven't gone away, saying, "It's clear that gas prices are going to be on a roller coaster" for sometime to come, and Democrats effectively can argue that the GOP has "made no progress" addressing the cause.

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Senate and House Democrats, in session for about two more weeks, are calling their final push a "dual track" that counters the GOP on national security while holding a series of events to drive home an argument that Republicans have stretched the middle class too thin with failed economic policies.

"We've got to talk about it," Hoyer said. "Our folks are focused on our [election platform], 'Six for '06,' many of which are involved with real security, but the rest are focused on jobs, health care, energy independence. We'll do it in the near term. We'll engage immediately."

Republicans remain comfortable using national security as the key issue this fall, and they don't think the Democrats can stop that momentum, no matter what strategy they use.

"Wait, is the economy yet another 'new direction' for the Democrat leadership?" asked one senior Republican staffer, poking fun at the minority's election-year slogan. "Good luck. Gas prices are down, jobs and wages are up and security is still the top concern."

Still, Democrats are pressing ahead. The plan is to devote this week's House Democratic Caucus session to the party's two-track economic and national security strategy and message, and the party is organizing a series of upcoming events on the economy, including a Member-driven "wage forum" at the end of this week.

Senate Democratic leaders, in the meantime, have called on their Caucus to put the economy back in full focus, telling Senators in a memo Friday that they cannot waste any time pushing the Democrats' two-part battle plan on national security and the economy.

The leadership memo, sent to Senate Democratic staff, said that "while Iraq may be high among the concerns of the American people, it is a distant reality in comparison to the day to day challenges many families face filing their gas tanks, paying for college, saving for retirement and securing a job."

"Given Republican failures, it would be a mistake for us to shift the economy to the back burner as we continue our offensive on terrorism and security," the letter stated.

Senate Minority Leader Harry Reid (Nev.) took to the floor Friday to set the tone for his Caucus on the upcoming economic offensive, chastising the Republican Congress "for blocking middle-class tax relief" and making the case for extending a series of tax provisions designed to help different segments of the country.

Democrats are hoping that on Election Day, the public will view them as the protector of the middle class and agree with their argument that the GOP is to blame for job losses, wage stagnation, rising health care costs and fluctuating gas prices. But Democratic lawmakers emphasize they have to keep reminding voters of that.

"Most people understand this economy is Bush's economy," said Sen. Byron Dorgan (N.D.). "We have to defend ourselves on security, regrettably, but we are very intent on making certain America knows the series of things we have proposed with respect to the economy is very different than [what] the Republicans" have proposed.

Republicans Gain In Midterm Polls (WT)

By Donald Lambro

The Washington Times, September 18, 2006

Republicans appear to be gaining on the Democrats in the 2006 midterm campaign because of growing confidence in the economy, falling gas prices and President Bush's sustained political offensive on the terrorist threat, according to pollsters and campaign strategists.

The most significant political movement in the past week or two has been in the battle for control of Congress. National preference polls on the so-called "generic ballot" question -- which party's candidate voters say they would choose -- show Republicans have narrowed the once-substantial lead Democrats held and are now trailing them by three percentage points, independent pollster John Zogby said Friday.

Mr. Zogby credited the Republican Party's sudden political turnaround to "the president's focus on the war on terrorism, a rebound among his own base," and the Democrats' failure to lay out a clear plan of their own on "how are we're going to get out of Iraq and what they would do about terrorism that's better than the Republicans."

Democrats "are not giving their Democratic base what it needs to hear on those issues," Mr. Zogby said. "Republicans are severely wounded. The Democrats should be crushing them, and they are not."

Top election forecasters have pointed to an anti-Bush and anti-Republican "wave" that they predict will return the Democrats to majority power in the House, but Mr. Zogby said, "I don't see the landslide that others are seeing. That doesn't mean it can't materialize, but as of today, it's not happening and this is mid-September."

Some pollsters, such as Gallup, still show the Democrats enjoying larger, 12-point leads in the generic surveys. But Mr. Zogby's numbers mirror a tightening in several other voter-preference polls, including a Fox News poll of likely voters, and what campaign strategists and political reporters say they are seeing in the battleground states.

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The Republican Party's improving polls coincide with a number of positive developments on the economic front that Republicans hope will further lift their political prospects in November. The price of oil dropped to nearly $62 a barrel Friday from a high of $77 last month, as gasoline prices continued their descent to a national average of $2.62 per gallon, though many battleground states were reporting lower prices for regular.

Some of the lowest averages included Iowa, $2.32; Indiana, $2.36; Missouri and Ohio, $2.25; Minnesota, $2.35; Michigan $2.37; and Kentucky, $2.34.

As gas prices fell, the stock market was rising, with the Dow Jones industrial average soaring to 11,560 Friday, 162 points from its all-time high, that boosted worker pensions -- and a consumer confidence survey showed Americans were "in a decidedly more optimistic mood," the Ipsos poll reported Friday.

The Republicans' improving poll numbers were also reflected in a number of tighter House and Senate races, while a separate Zogby poll showed that Republicans in three high-profile Senate races -- in New Jersey, Pennsylvania and Ohio -- had improved their poll numbers significantly in just the past week or two.

Much of the party's gain was the result of Republicans coming home to their party as Mr. Bush focused on the issues that most deeply divide the country -- Iraq and the war on terrorism.

"The base is finally coming around. Democratic intensity has been strong for the last year, but Republican intensity all of a sudden has increased," said Republican campaign strategist John Brabender, who is advising Sen. Rick Santorum of Pennsylvania in his re-election campaign.

"Some of the positive things that are happening in the economy are starting to cause some excitement among Republicans," Mr. Brabender said.

"We're seeing a tightening up in the congressional races, too, in the last 10 days. The president is putting out a much more targeted message, talking about the security of the country. For the first time, he's playing more offense than defense and that's helping Republicans," he said.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 18, 2006

Get over it

"Stop apologizing, already," wrote John Hinderaker of Power Line yesterday.

"Now Pope Benedict says he's 'deeply sorry' that he offended Muslims. Meanwhile, no Muslim leader has been reported apologizing, or even expressing regret over, the murder of an Italian nun in Somalia. Witnesses to the murder say it 'appeared to be linked' to Muslim hysteria over the Pope's speech; those witnesses spoke 'on condition of anonymity for fear of reprisals.' Reprisals? From members of the Religion of Peace? Why on earth would they be worried about reprisals?"

"The Pope has nothing to apologize for, and the last thing he should do is chase after Muslim spokesman with an ever-more-abject series of apologies. They can't be satisfied ... . There is a fundamental conflict here between many Muslim leaders, who demand that no one say anything about Islam except as approved by them, and the West, which recognizes freedom of speech. Pope Benedict serves neither himself nor the West when he appears to recognize as legitimate Muslim demands for a veto on all discussion of their religion and their place in the world. The Pope's message to Muslims should not be an apology; it should be: Get over it."

Self-absorbed affairs

"Why is the left afraid to face up to the threat of radical Islam?" asked Bret Stephens of the Wall Street Journal Online yesterday.

"Here's a puzzle: Why is it so frequently the case that the people who have the most at stake in the battle against Islamic extremism and the most to lose when Islamism gains -- namely, liberals -- are typically the most reluctant to fight it?" Mr. Stephens added. "An instinct for pacifism surely goes some way toward explaining the left's curious unwillingness to sign up for a war to defend its core values."

Mr. Stephens later concludes: "Whatever else distinguishes Islamism from liberalism, both are remarkably self-absorbed affairs, obsessed with maintaining the purity of their own values no matter what the cost ... Liberal beliefs deserve to be protected and fought for. A liberalism that abandons its own defense to others does not, something liberals everywhere might usefully dwell on during this season of sad remembrance."

Tsk-tsk, tut-tut

Heavy-duty Democratic donor George Soros conceded on CNN yesterday that his claim made in his new book "The Age of Fallibility: Consequences of the War on Terror" -- that "the Bush administration and the Nazi and communist regimes all engaged in the politics of fear" -- was dicey, at best.

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"Maybe I did go over the line. But I think that on the whole, my assessment is balanced," Mr. Soros insisted to host Wolf Blitzer, later saying, "But I should have probably kept it to myself."

Mr. Blitzer observed, "I guess you acknowledge you went over the top."

Not too shabby

"President Bush is receiving his highest job-performance numbers in a few months," according to a Harris poll of 1,004 adults surveyed between Sept. 8 and 11 that was released yesterday.

According to the respondents, 12 percent said Mr. Bush's job performance was "excellent," 27 percent felt it was "pretty good" and 22 percent deemed it "fair." Thirty-eight percent said it was "poor."

Tending the fires

The America of yesterday has vanished and the America of tomorrow holds promise of becoming a land our parents would not recognize," cautions Pat Buchanan in the September edition of the American Conservative magazine, declaring that the nation "rose from kin and culture, not an abstract proposition."

Mr. Buchanan later continues, "Before Americans ever adopted a creed, Americans were a people and a nation. Those who equate that creed with the nation rewrite that history to convert America into something she never was: an imperial democracy imposing her ideology on a resisting world, to the ruin of the Republic she was meant to be. And they will turn America into something she cannot survive becoming: a multicultural, multiethnic, multilingual Tower of Babel."

"If we are a creedal nation, united by a commitment to democracy, equality and liberty, with a mandate and a mission to impose those ideas and ideals on mankind, we shall have a foreign policy like that of George W. Bush. But if we are a traditional nation, our national interests will be traditional: the defense of the land and the preservations of the lives and liberty of our people."

Fit to print?

Beginning today, the New York Times begins a campaign to convince the public that it's still the newspaper of record, even in the post-Jayson Blair era. The paper has inaugurated a new "branding campaign" for itself which it calls "These times demand the Times."

The marketing blitz will use 30- and 60-second TV spots to highlight how the news is reported while showcasing select reporters and columnists with "vignettes of their personal stories."

"Journalism is everything to the New York Times," observed spokeswoman Alyse Myers.

Bubba yes, Scooter no

Some conservatives wonder if they should defend the honor of I. Lewis "Scooter" Libby in charges related to the Valerie Plame matter when they previously called for the impeachment of President Clinton on charges of perjury.

"Unlike Libby, Clinton was not indicted despite overwhelming evidence of his actionable lies and obstructions. Indeed, Clinton's offenses went so far as lying under oath during a deposition overseen by a federal judge, who later held him in contempt of court," pointed out Mark Levin on National Review Online yesterday.

"Clinton never challenged the judge's holding. During the course of that sworn deposition, he also knowingly lied to his attorney and knowingly allowed his lawyer to submit an affidavit at the deposition he knew to be false and, in fact, helped to concoct," he wrote.

"Clinton's lies had nothing to do with issues of recollection or confusion, but were both overt and conspiratorial -- including suborning perjury. Clinton led the cover-up, and Clinton sought to fix the sexual-harassment lawsuit filed against him," Levin continued.

"Unlike Libby, Clinton was the subject of the investigation. Libby was a bit player. Clinton had every reason to lie and cover-up his conduct as both the Paula Jones and Monica Lewinsky matters would be politically devastating and expose him to civil liability. Libby had no reason to conceal anything about his discussions with reporters as those discussions were not criminal and, as we now know for certain, he was not part of some White House cabal to destroy Valerie Plame, as critics have long (and falsely) asserted."

What To Expect Over The Next Seven Weeks (RC)

By Stuart Rothenberg

Roll Call, September 18, 2006

It's a good idea to try to anticipate the ups and downs of this election cycle's stretch run, so when the inevitable stories about a Republican "surge" hit the newspapers, you won't be taken completely by surprise.

First, this is the kind of cycle when long-shot challengers suddenly appear, even as late as mid-October. If the national environment doesn't change, Republican seats previously taken for granted could show up as vulnerable in late polling, as the Democrats experienced with then-Rep. Dan Rostenkowski's Illinois district in 1994.

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But since polling across the country shows that Democratic voters already have rallied to Democratic candidates, some of these surprisingly close polls simply may reflect the Democratic generic vote in the district rather than a Democratic challenger's strength.

Democrat Charlie Brown, for example, who is challenging Rep. John Doolittle in California's 4th district, has a poll showing him running virtually even with the GOP incumbent. But while Doolittle has loads of personal problems, his district is heavily Republican.

More important, Brown, a career military man, has the warmth of a second-degree frostbite. And that's before you get to the contradictory and confusing way he talks about issues and his personal philosophy. So once Doolittle starts to spend his substantial resources on beating up Brown, the challenger's prospects are likely to dim.

I'm certainly not suggesting that all of the late-developing races will be mirages, only that it's wise not to overreact to news of "surprises." Take a deep breath, check them out and look for reasons not to take them at face value (especially if you want them to be true). If, after being as skeptical as you can be, you still think a "surprise" looks interesting, then you can start getting excited.

Second, beware of all national surges. And remember: Journalists always want a horse race, not a blowout.

I've been doing this long enough to know that in pretty much every election cycle, there is talk, invariably sometime in October, that one party or the other is "surging." In 1994, for example, the last time a truly significant partisan wave hit, there were reports in October of a Democratic surge.

Back then, Democrats expected to hold control of the House of Representatives until the Earth fell into the sun, so they waited throughout the summer and fall for the inevitable point at which Democratic candidates strengthened in the polls. That point never came, but it didn't stop a flurry of media reports in October that a Democratic surge was under way.

An article in the Oct. 28, 1994, Los Angeles Times, for example, asserted that "there are signs of subtle shifts in public sentiment and political strategy that suggest Democratic Party loss[es] on Nov. 8 might not be as severe as many experts predicted."

The reports of a Democratic rebound were so widespread that the lead in my own pre-election newsletter that year asserted that I could find no surge in my reporting. I wouldn't have done that if I hadn't been forced to address the "surge" hysteria.

The likeliest culprit for starting a premature, or totally incorrect, surge panic this year is a national poll that reports on a dramatic closing of the generic ballot or a spike in the president's job ratings. That's likely to lead the Republican National Committee and the two federal campaign committees to send out a flurry of buoyant e-mails.

Mind you, I'm not ruling out improved prospects for Republicans. Maybe the White House's efforts to redefine the elections as a choice on national security will prove at least partially successful, or maybe an event or a news story will change the political discussion. But I'd be wary about buying talk of a "surge" until I saw multiple national polls showing a fundamental shift in opinion or until district-level and state-level polls in competitive contests show Republican candidates doing better.

I know this will be hard to believe, but some of the people who talk about politics or conduct polls want to grab as many headlines as they can, and they may create a surge frenzy, or jump on a surge bandwagon, merely to promote themselves and get quoted.

Third — and this doesn't contradict my last warning — don't be surprised if there is some normal "firming" of the GOP base in the next six weeks that helps GOP candidates in Republican-leaning districts. In fact, I'm expecting it.

I've been struck by the unusually early firming of the Democratic vote, which has resulted in some Democratic candidates for Congress exceeding their name identification in the ballot test by 10 points or even 20 points.

Early polls showed independent voters so disproportionately Democratic that it's likely some of them, who usually vote Republican, will slide back into the GOP column. And some Republican and conservative voters remain undecided, as in the Tennessee Senate race I wrote about recently. Certainly some of those voters are likely to rally behind Republican candidates as Election Day nears and the prospects of dramatic Democratic gains seem more real.

No, I don't really expect most in the national media or the blogs to heed these warnings. Overreaction is a way of life for many of them. But now is exactly the time to be cautious about rumors and news. It's better to get it right than to get it first.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Niall Ferguson: The GOP Will Hang On (LAT)

Niall Ferguson

The Los Angeles Times, September 18, 2006

All those predictions of an autumn of discontent will likely go up in smoke.

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WILL IT ONLY be the leaves that descend this fall? Or could some Republican legislators also end up being swept into piles and incinerated?

At first sight, the omens are good for the Dems in November's midterm elections. Gallup's national poll of voting intentions has given them a 10-point lead over the Republicans for most of the last year. The obvious explanation is gloom about Iraq, which remains the No. 1 issue in voters' minds. President Bush defended his policy trenchantly in the run-up to the fifth anniversary of 9/11, but his approval rating has improved only slightly as a result.

Then there's the economy. If that proves to be the key issue of this campaign, the Democrats look unstoppable. Voters give them a 12-point advantage when it comes to handling the economy, and twice as big a lead on Social Security. Small wonder so many of my liberal colleagues have a spring in their step.

Asked if they feel more enthusiastic than usual about voting, 56% of Democrats say they do, compared with just 43% of Republicans. For three good reasons, however, I expect the Dems to be disappointed — just as they were two years ago.

First, on closer inspection, Iraq is still far from being a vote winner for Democrats. Many Americans still believe that invading Iraq was a rational response to 9/11, even if evidence to link Saddam Hussein to the perpetrators is conspicuous by its absence. So they buy Bush's notion of Iraq as the "central front" in the war on terror. Moreover, when asked which party they trust to wage that war, they prefer the Republicans to the Democrats by a margin of 14%.

Crucially, if asked to choose between a Republican who wants to maintain troop levels in Iraq and a Democrat seeking "immediate and orderly withdrawal," 48% of voters plump for the Republican and just 41% for the Democrat. Americans may want troop reductions; they are not ready to cut and run. If the Republicans can portray their opponents as favoring withdrawal, they win the Iraq argument.

Second, despite widespread fears over the summer, the U.S. economy looks to be landing softly. Growth has slowed, not stopped. Consumption is still growing, as are earnings. Sure, inflation is up, but unemployment is down (4.7% compared with 4.9% a year ago), and crude oil prices have dropped sharply since August, easing the pain Americans feel when they fill up their cars. The stock market has bounced back since the dog days of July. The threatened real estate crash has failed to materialize, though house prices have certainly cooled.

And to appease those Americans who blame their economic difficulties on immigration, squabbling Republicans in Congress have sidelined the president's plan for a partial amnesty for illegal immigrants.

In most democratic systems, of course, that kind of internal dissension causes parties to lose credibility. But thanks to the constitutional separation of powers, party unity matters less here. Indeed, under Karl Rove's direction, the Republican Party is adopting its own strategy of separation, allowing legislators to do whatever it takes — including, if necessary, criticizing their own president — to ensure their own political survival. This is the third and most important reason to expect a non-event in November.

IT'S AN OLD ADAGE that in the United States all politics are local. That's even more true today than it was a generation ago. Gerrymandering has tended to increase the political homogeneity of most electoral districts. This in turn increases the chances that incumbents will be reelected. Once a district has a critical mass of either Republicans or Democrats, the key to victory is to mobilize the "base" of active voters. There's much less need to woo floating voters from the center, who may in any case fail to turn out on election day. This trend explains why there's less bipartisan cooperation in Congress than there used to be. It also explains why legislators don't hesitate to badmouth the president if they feel he's out of tune with local sentiment.

In one of last week's primary contests, Sen. Lincoln D. Chafee of Rhode Island comfortably saw off a conservative challenger in a primary. Chafee, deemed more palatable to general election voters in November, was backed by the national party despite being one of the party's inveterate Bush bashers.

The big question is whether or not the strategy of separation can work in two years' time, when voters have to elect a new president. It's a challenge. Separation is one thing; a split personality is another.

For the Republican candidate in '08, it might actually be better if the Democrats did well in the midterms, because a brief return to power on the Hill would expose their chronic incoherence, making the case for a Republican comeback two years down the line. That scenario, however, is not on the cards. The leaves may be falling in George Bush's America, but the Republicans look like they're hanging on.

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Nation & World (USNEWS)

By Dan Gilgoff

U.S. News and World Report, September 18, 2006

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Seven weeks before Election Day, roughly a dozen Senate races-a full third of this year's matches-are hotly contested. Most of the tightest races are for seats now held by Republicans, putting control of Congress's upper chamber within reach for Democrats, if everything goes their way. Here are three races that got more interesting last week:

Maryland: In a close contest, Rep. Ben Cardin beat ex-Congressman and former NAACP chief Kweisi Mfume in last week's Democratic primary. Maryland has long been dependably Democratic, but GOP Senate nominee Michael Steele, an African-American, is courting the state's sizable black community. Because the white Democratic establishment backed Cardin over Mfume, the telegenic Steele may have an opening.

Virginia: Sen. George Allen's "macaca" gaffe has cost him, with a double-digit lead over challenger Jim Webb all but evaporating, according to new polling. A navy secretary under President Reagan, Webb launched a TV ad that featured Reagan praising him. The spot provoked Allen into attack mode, with an ad spotlighting Nancy Reagan's request for Webb to pull the footage.

Pennsylvania: After debating on Meet the Press, Republican Sen. Rick Santorum is closing in on Bob Casey Jr., who once held a commanding lead. Casey is catching flak for his low-energy style-including in the nationally televised debate-and for being more anti-Santorum than pro-anything. Santorum is campaigning like a proud Republican, calling President Bush "terrific" and insisting weapons of mass destruction have been found in Iraq.

What Bush's Body Language Means (TIME)

By Mike Allen

Time, September 18, 2006

The President is standing face to face with NBC's Matt Lauer by the immaculate oak desk in the Oval Office, jabbing emphatically toward the Today anchorman's chest and insisting, "My job is to protect this country, Matt. And it gets second-guessed all the time by people who don't live in the United States." Lauer has interviewed Bush several times, and they have a convivial relationship, bonding about golf and bikes during breaks in the taping. But at the moment, Lauer is pressing the President on the legality of the CIA's secret detention program for accused terrorists. Lauer holds his ground on the big rug as the Commander in Chief edges forward, encroaching on his space to the point that Lauer finally puts a hand on Bush's forearm to prevent a collision. When the cameras are turned off, according to a witness, Lauer tells the President, "Whoa! I thought you were coming after me there." Aides to both men laugh. The President lightens too, but adds, "I feel really strongly about this subject."

Friends and staff members have maintained that Bush has been a Steady Eddie through the nearly ceaseless storms since his re-election, confident that history will treat him right and disinclined to sweat the day's headlines or chatter. But as he stares down one last campaign, the President suddenly seems to be all adrenaline and testosterone. It shows in his frenetic schedule and in his assertive choice of words but perhaps most especially in his body language as he tries to win over midterm voters by looking and sounding commanding--he's practically shaking voters by their lapels.

With the press, the President has been brimming over with restless energy. Rich Lowry of National Review, who was in a group of conservatives ushered onto the Oval Office couches and found the President to be "utterly self-assured," says the President nearly leaped out of his chair when he made some points. Lowry wrote that Bush untwisted what looked like a paper clip as he talked, "then twisted it around his finger until it was in a little bow." During a Rose Garden press conference, the President thrilled photographers with so many two-handed gestures--now up high, now out wide--that their motor drives could barely keep up.

During a day of chats just before the fifth anniversary of 9/11, ABC's Charles Gibson asked the President whether the nation's security would be harmed if Democrats carried the House this fall. "In my mind," Bush said, stabbing the air word by word with his pointer finger, "the Republican Party and its members are much better suited to defending this country." Then the two of them jumped into the armored Caddy. Bush leaned deeply against the Presidential Seal in the middle of the backseat as he handicapped the '06 races.

It was revealing that when Bush eulogized former Texas Governor Ann Richards last week, he saluted not just the ability of his home state's legendary political characters to "talk Texan" but also their physical presence--"people larger than life, people that could fill the stage." The President has been on just about every imaginable stage lately. He went to Capitol Hill; gave a prime-time address; held the Rose Garden news conference; invited an anchorman into his limo, an editorialist onto Air Force One and a columnist into the Oval; held an off-the-record session for conservative radio hosts; and sat down chummily with a clutch of conservative opinion writers who had favored the war in Iraq but now think more troops are needed. That was all in nine days. He's so determined to be everywhere that he even did a White House interview with CBS's Katie Couric, despite his rough history with the network and the view among many Republican operatives that she's too liberal. It was a reserved, wintry

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performance. When they were about to take a break and Couric joked that he had a country to run, he offered, "I've got more than one thing to do on a regular basis, on a daily basis." But this time he did not jab his finger.

2000 Redistricting Shields GOP Seats (WT)

By Donald Lambro

The Washington Times, September 18, 2006

One of the last lines of defense that Republicans hope will repel the Democrats' attempts to win back the House are the thicker "fire walls" they installed in their congressional districts under reapportionment.

Although Republican campaign officials think other factors will help them maintain control of the House -- including what even some Democrats say is the Republicans' stronger voter-turnout operation -- they say their earlier efforts to redraw congressional districts to account for population changes after the 2000 census will thwart many challenges on Election Day.

Three top Democratic takeover opportunities are in Republican-leaning Ohio, where a gloomy political climate has raised Democratic hopes of a major comeback in the state.

They are:

·The 1st Congressional District, where Rep. Steve Chabot faces a tough rematch with Democratic challenger John Cranley, a Cincinnati City Council member who ran against him in 2000.

·The 15th Congressional District, where Franklin County Commissioner Mary Jo Kilroy, a Democrat, is aggressively challenging Republican Rep. Deborah Pryce.

·The 18th Congressional District currently held by Republican Rep. Bob Ney, who pleaded guilty Friday to federal corruption charges and will not seek re-election. Republican state Sen. Joy Padgett is running against Democratic lawyer Zack Space.

All of them are on elections analyst Stuart Rothenberg's list of "pure tossups," but Republican officials said the districts have been redrawn to withstand just the kind of aggressive Democratic offensive they expect in November.

"Both the 15th and 18th district lines were changed and strengthened after the 2000 census, as was the 1st district," Ohio Republican state Chairman Bob Bennett said.

"I feel good about where we are and feel we've turned the corner, though it doesn't mean we don't have a battleground here. We do," he said.

Election analysts compare the political environment this year to that of 1974, when Democrats gained 49 House seats, or to 1994, when Republicans won 52 congressional seats and took control of the House.

But election analysts who have studied the changing political makeup of congressional districts and the increasing power of incumbency say sophisticated redistricting technology has made many more districts virtually invulnerable to all but the strongest anti-incumbent wave.

"All the available evidence in the 2002 and 2004 elections is [the Republicans] have created a fire wall, because very little moved from one side to the other. It was almost static," said Rhodes Cook, a nonpartisan election analyst.

"Democrats only have to win 15 seats to take control, but the playing field is smaller now than it was, fewer races are in play, incumbents are safer, and because of the way they've drawn the district lines, they are more fortified," he said.

"I can see powerful factors rubbing up against each other of nearly equal size, but I'm reluctant to predict a Democratic takeover, because I appreciate the Republicans' successes," Mr. Cook said. "They know how to win of late, and the Democrats don't."

Obama: Dems Need Tough Security Stance (AP-Y)

By Mike Glover, Ap Political Writer

AP, September 18, 2006

Sen. Barack Obama, D-Ill., warned Democratic activists Sunday that the party must take a tougher stance on national security if it wants to succeed in the November elections.

"What Democrats have to do is to close the deal," said Obama, the keynote speaker at Iowa Sen. Tom Harkin's 29th annual steak fry. "We have got to show we have a serious agenda for change."

Obama's appearance in Iowa, where precinct caucuses launch the presidential season, has raised a number of eyebrows about his intentions for a presidential run in 2008. Though only a first-term senator, Obama has burst onto the national scene.

But he wouldn't say Sunday whether he was considering a run at the White House.

"My only attentions right now are focused on '06," said Obama. "Whoever is looking toward 2008 without focusing on 2006 makes a mistake."

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Former Virginia Gov. Mark Warner also spent Sunday afternoon at the steak fry, and left little doubt that he is looking ahead to 2008.

"You know and I know that it all starts in Iowa," Warner told the audience. "Do your part. We're going to take back the Congress this year and then we're going to take back our nation."

Warner accused President Bush of using the anniversary of the Sept. 11, 2001, terrorist attacks to inject the issue of terrorism into the 2006 race. Warner said the strategy is proof that the GOP is nervous and trying to scare voters.

"I think Americans feel President Bush missed an opportunity on the fifth anniversary of 9/11 to bring our country together, to call us to some level of common cause and shared sacrifice," Warner told The Associated Press.

Obama said he and other Democrats want to take the nation in a different direction, but he vowed not to "demonize" Republicans. He said a carefully cast message could lure moderate Republicans who are uncomfortable with the White House's hard-line conservative stance.

"The American people are ready for change," he said. "The American people recognize the path (of) the last five years has not made us more competitive, has not opened more opportunities and has not made us safer."

Obama called the attention he has received "flattering," recalling how he was treated like a hero when he traveled to Kenya this summer to visit his father's home village. He also noted that rumors of his presidential ambitions began the day after he was elected to the Senate in 2004, when someone asked him about his plans for 2008.

"I said you'll have to wait a little while," he said.

In his speech to more than 2,000 activists gathered in a county park, Obama also warned that many voters are losing hope that the government is on their side.

"Even those of us in public life get a certain cynicism," he said. "We've got a lot of self-important leaders who are long on rhetoric and short on ideas.

"People still believe that in America the promise is limitless, but they aren't sure their leaders do."

For This Red Meat Crowd, Obama's '08 Choice Is Clear (NYT)

By Anne E. Kornblut

The New York Times, September 18, 2006

INDIANOLA, Iowa, Sept. 17 — Senator Barack Obama insists, as always, that he is not running for president. But there are compelling clues that he is not exactly not running, either.

The most obvious was his keynote appearance here on Sunday at Senator Tom Harkin's legendary steak fry, a popular Democratic ritual in Iowa — and a prominent staging ground in this first presidential caucus state. The crowd rushed Mr. Obama when he arrived, then mobbed him for hours as other politicians wandered the fairgrounds introducing themselves and shaking hands.

But beyond his first trip to Iowa — a visit that was guaranteed to set off new speculation about his presidential ambitions — Mr. Obama is in the midst of an unconventional publicity tour of sorts. Fresh off a closely watched journey through Africa, including a stop at the home of his Kenyan-born father, Mr. Obama is about to publish a second book that supporters believe will outpace his best-seller from 1995.

With the book, titled "The Audacity of Hope," will come an October appearance on "The Oprah Winfrey Show," magazine profiles and a national speaking tour. Throughout, Mr. Obama is keeping up a full schedule of political speeches on behalf of Democrats nationwide; his fame has made him one of the most requested fund-raising guests in the party.

All of which means that, despite his efforts to coolly play down expectations for his future, Mr. Obama has allowed his already stratospheric profile to grow a little higher of late and has done less to tamp down the celebrity buzz than he did when he first arrived in the Senate last year.

"What a wonderful reception; I'm going to have to come to Iowa again," Mr. Obama said as he took the podium under a sunny sky here on Sunday afternoon in front of an estimated 3,500 people. In response, someone in the audience shouted, "Obama '08," a sentiment reflected in T-shirts and buttons featuring his name throughout the crowd in defiance of his repeated claim that he is focused on his duties as a first-term senator.

His 40-minute speech was punctuated by applause and standing ovations but also, at its most serious moments, brought the audience to a silence hushed enough for rustling trees to be heard. It focused on the importance of a Democratic victory in the 2006 midterm elections. Characteristically, he spoke in mostly moderate language.

"I don't think that George Bush is a bad man," he said. Referring to Republicans, he said, "They believe in different things."

But he touched on core Democratic themes, praising labor unions, defending the role of government and excoriating the Bush administration over the war in Iraq, the politicization of the threat of terrorism and the so-called ownership society.

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If it was not a presidential stump speech, it certainly had the underpinnings of one. “Our parents and our grandparents faced greater challenges than we face, and yet somehow they were able to overcome it,” Mr. Obama said. “That’s the essence of America.”

The trip, which had been hyped for weeks, took on greater significance when news leaked that Mr. Obama had invited along Steve Hildebrand, a political strategist who ran Vice President Al Gore’s campaign in Iowa in 2000. (Advisers to Mr. Obama insisted he merely wanted an old Iowa hand at his side.) In a frenetic question-and-answer session in front of dozens of camera crews before his speech, Mr. Obama got nearly a dozen questions about the presidential campaign and only one about national security.

Tom Vilsack, the governor of Iowa, chatted easily with constituents, watching the news media crush from afar. Mr. Vilsack, who is also considering a presidential bid and recently came in fourth place in a poll of Iowa caucusgoers, played down the response to Mr. Obama, describing it as “certainly predictable.” Asked whether the senator should run, Mr. Vilsack replied, “That’s a question you’re going to have to ask the voters,” and walked away.

Mark Warner, the former Virginia governor, who is also testing the waters for a presidential campaign, made brief remarks at the start of the event, although he was barely audible from the back of the crowd amid the frenzy over Mr. Obama.

Mr. Harkin, a legendary political figure and the sponsor of the event, seemed amused by the Obama phenomenon. “Honestly, tell you the truth — I really tried to get Bono this weekend,” Mr. Harkin said in his introduction. “I couldn’t get him, so I settled for the second biggest rock star in America today.”

For all of Mr. Obama’s star appeal — a recent Newsweek article compared his arrival in Kenya to the second coming of the Messiah — he has earned a reputation for persuasive rhetoric about the role of religion in politics, which is one strand of his new book, due out Oct. 17. Unlike his original memoir, “Dreams From My Father,” an autobiographical reflection on his African father and his Kansas-born mother, the new book is a series of meditations on matters like race and family.

Books have generated speculation about a presidential race in the past. In 1995, when Colin L. Powell published “My American Journey,” it spurred months of urging for him to run for higher office. He ultimately declined.

Whether Mr. Obama decides to take his own shot at becoming the first black president, the paraphernalia, and the popular movement, designed to persuade him to do so is already in full development. His fellow senator from Illinois, Richard J. Durbin, has urged him to consider running; so has the state comptroller, Dan Hynes, who in recent weeks said that Mr. Obama “alone can restore the hope and optimism that has made this country great.”

Several people in the crowd on Sunday expressed a similar sentiment. Matt Hawkins, a 38-year-old wearing a blue “Illinois for Obama in 2008” T-shirt, pushed his way through the mass of people to meet the senator. Mr. Obama’s response left him undaunted.

“He’s telling us he’s got to pay his dues,” Mr. Hawkins said, “and we’re telling him, ‘Learn as you go.’ ”

Webb, Allen Spar Over Iraq (RTD)

By Peter Hardin

Richmond Times-Dispatch, September 18, 2006

WASHINGTON -- Democratic challenger Jim Webb and Republican Sen. George Allen went to the mat over Iraq today as the increasingly unpopular war dominated their national TV debate.

"If we had the right people in the Senate there would have been more questions asked and a better policy in place in order to defeat international terrorism," Webb, a former Navy secretary, said on NBC's "Meet the Press."

"We didn't go into Iraq because of terrorism, we have terrorists in Iraq because we went in there," Webb said.

"I think the world's better off with Saddam Hussein not in power," Allen said, defending his vote in favor of authorizing the use of military force in Iraq.

"You can't be constantly second-guessing, Monday-morning-quarterbacking," Allen added, saying Webb had made opposition to the Iraq war -- opposition Webb voiced in advance of the war -- "the whole theme of his campaign."

Allen tried to deflect, or sidestepped, a number of pointed questions from moderator Tim Russert on the war. They included whether Allen would have voted the same way if the Senate had known Saddam did not have weapons of mass destruction.

Allen also refused to take sides with either President Bush or Sen. John W. Warner, R-Va., and Senate Armed Services Committee chairman, in a GOP split over rules for CIA interrogations of terror suspects. The junior senator said he hoped to serve as a "bridge" on the issue.

"I'm with Senator Warner on this," Webb said. Warner and several Republican allies favor greater legal protections for terror suspects.

A decorated Marine combat veteran of Vietnam, Webb said the issue splits the "theorists who have never been on a battlefield" with those who have had to worry about the fate of their troops. Allen did not serve in the military.

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Regarding the future U.S. role in Iraq, Webb again urged collaboration with other countries in the area who have a stake in the outcome, and said the United States has not talked to Syria or Iran.

After the debate, Allen blasted what he called "kind of a strange idea from my opponent, that we're going to count on Iran, that's also on a nuclear weapons program, to somehow be our key allies in Iraq."

With some of his questions, Russert showered embarrassment on both sides, bringing up Allen's gaffe when the Republican used an alleged racial slur to address a Webb campaign volunteer last month, and also Webb's writing in 1979 an article about women in the military, entitled, "Women Can't Fight." Both politicians have apologized.

Political scientist Robert Holsworth of Virginia Commonwealth University said both men did fairly well, and that Allen is faced with defending a position on Iraq that a majority of Americans don't support.

Webb is seeking to make the campaign a referendum on the national direction under Bush, "and Allen is simply his instrument," Holsworth said. Contact staff writer

Va. Hopefuls Spar On Terror Legislation (AP-Y)

By Bob Lewis, Associated Press Writer

AP, September 18, 2006

Virginia Democratic Senate candidate Jim Webb said Sunday that President Bush's terror-detainee legislation would weaken the Geneva Conventions and potentially subject captured U.S. soldiers to torture.

"We have to stay on the moral high ground," Webb said during a debate with his opponent, Republican Sen. George Allen, on NBC's "Meet the Press."

Allen said he has not decided whether to back Bush's plan to detain, question and prosecute suspected terrorists or another measure supported by Republican Sen. John Warner, Virginia's senior senator.

The president's measure would allow classified evidence to be withheld from defendants in terror trials and use coerced testimony.

The legislation also would revise the law that interprets the nation's obligations under the Geneva Conventions, the treaty that sets the standard for treatment of war prisoners, so that harsh interrogations of detainees would not be questioned in court.

The Senate bill requires a judge to dismiss charges if evidence cannot be shared and excludes any testimony obtained by cruel, inhuman or degrading treatment.

"I don't want to stop these interrogations. I'm not for torture, I'm not for waterboarding. But some of these techniques have been very helpful to us, whether they are sleep deprivation or whether it's loud music," Allen said.

"I need to be absolutely certain that what the interrogators are doing now — which is completely fine as far as I'm concerned — will not be harmed," Allen said.

Allen, who last year voted with the White House 96 percent of the time, said he needs more facts before making a decision and hopes to be "a bridge" between the rival GOP plans.

Webb said he sided with fellow war veterans — Warner, Republican Sen. John McCain and former secretary of state Colin Powell — on the issue.

Powell put himself at odds with Bush last week when he wrote in a letter to McCain: "The world is beginning to doubt the moral basis of our fight against terrorism."

In siding with his fellow combat veterans, Webb, a decorated Marine veteran of the Vietnam War, sharpened their differences with Allen, who has no military experience, and Bush, who served stateside in the National Guard during Vietnam.

"What you see here is a split between the theorists who have never been on a battlefield or never worn the uniform" and those who have, Webb told host Tim Russert.

Russert asked Webb about a 1979 Washingtonian magazine article, in which Webb wrote that women can't lead men in battle, and criticism from five female Naval Academy graduates who blasted Webb for it at an Allen-sponsored news conference last week.

Though Webb had issued a statement expressing regret, one of the women, Kathleen Murray, said it fell short of an apology. Russert asked Webb if a fuller apology was in order.

"I don't think it was wrong to participate in the debate at that time. It's been 27 years, it was a magazine article, and, if I may say, I am fully comfortable with the roles of women in the military today," Webb said.

Russert pressed Allen on why last month he called a Webb campaign volunteer of Indian descent "Macaca," considered a racist slight in some cultures.

"Tim, I made a mistake. I said things thoughtlessly. I've apologized for it, as well I should. But there was no racial or ethnic intent to slur anyone," Allen said.

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When asked about his fondness for Confederate flags and other Old South icons, Allen said, "There are a lot of things I wish I had learned earlier in life."

"The Confederate flag — as a kid, I was rebellious, antiestablishment, I still am. And I looked at the flag as a symbol of that."

Allen and Webb meet again Monday for a luncheon debate before the Fairfax County Chamber of Commerce.

Allen, Webb Quarrel Over War In Iraq, Bush Policies (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 18, 2006

Virginia's U.S. Senate candidates clashed on national television yesterday over the war in Iraq and President Bush's leadership, offering the sharpest contrast yet in a campaign that has become central to the partisan struggle for control of Congress this fall.

Appearing on NBC's "Meet the Press," Republican Sen. George Allen and Democratic challenger James Webb also confronted issues of race and gender and debated the use of torture in the war on terror. But the exchange largely centered on a controversial war that has become the defining issue of the Nov. 7 midterm elections.

Webb, a decorated Marine and former Navy Secretary, called the Iraq war an "incredible strategic blunder of historic proportions" and said he has lost confidence in Bush's foreign policy. He repeatedly reminded viewers that neither Bush nor Allen, a former governor, had served in combat.

"Very few people who have brought us this war have served, and very, very few of the children of these people who have brought us this war have served," said Webb, whose Marine son began a tour in Iraq this month.

Allen steadfastly defended Bush's Middle East policies, telling moderator Tim Russert that "staying the course" in Iraq means "that we don't tuck tail and run, that we don't retreat, that we don't surrender." Asked whether more U.S. troops should be sent, Allen said, "We're going to need to do what it takes to succeed."

The outcome of Virginia's contest could be critical to GOP hopes of retaining control of the Senate in a year when anger toward incumbents -- fueled in part by the Iraq war -- is tangible.

Webb, a former Republican and early critic of the war, was persuaded to challenge Allen by national Democrats and activists who believed his military background would make him the ideal candidate to tap into antiwar sentiment.

But questions about character -- including Allen's comment to a Webb campaign volunteer and allegations about Webb's view of women in combat -- have dominated a race that polls indicate has tightened.

Russert devoted his entire Sunday show to the Virginia debate and focused nearly a half-hour on the Iraq war. He grilled Allen repeatedly on the vote he and other lawmakers made authorizing the president to go to war.

"If you knew Saddam did not have weapons of mass destruction, was it still worth going to war?" Russert asked.

"I stand by my vote," Allen said. "We had a choice whether to listen to the critics and do nothing and then have this world more dangerous if we were right."

Russert asked both candidates whether the $300 billion spent on the war in Iraq could have been better spent on homeland security and the war on terror.

"We have spent money on all those things," Allen said. "You can't be constantly second-guessing, Monday-morning quarterbacking."

Webb said the money would have been better spent on security. He criticized Allen and others in Congress for failing to ask tough questions about the ultimate effect of deposing Saddam Hussein.

"If we had the right people in the Senate, there would have been more questions asked," Webb said. "We didn't go into Iraq because of terrorism. We have terrorists in Iraq because we went in there."

Allen said the United States should continue to consolidate its forces into four large military bases in Iraq, a proposal Webb criticized.

Webb said the United States should begin moving troops to friendly Arab countries and seek the help of Iraq's neighbors, including Iran and Syria. That drew derision from Allen, who said to reporters after the debate that the United States should not be working with "sponsors of terrorism."

Allen also lashed out at Webb, accusing him of failing to support the first Iraq war. "Heck, the French were even in favor of military action in 1991," Allen said.

Webb responded aggressively, often returning to his experience as a Marine in Vietnam. Using a line from his son, Webb said, "George Allen didn't fight in Vietnam. Even the French fought in Vietnam."

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The candidates also clashed over Bush's proposed interpretation of the Geneva Conventions' provisions on interrogating enemy prisoners. Webb sided with Virginia's other Republican senator, John W. Warner, who said the president's plan would be an invitation to other countries to reinterpret the Geneva rules if they ever held U.S. soldiers.

"I'm with Senator Warner on this," said Webb, saying Bush's view is dictated by "theorists who have never been on a battlefield, who have never put a uniform on . . . who have never had to worry about their troops and themselves possibly coming under enemy hands."

Allen declined to say how he will vote on the issue when it comes up in the Senate. But he said the United States needs to interrogate terrorism suspects effectively. "I don't want to stop these interrogations," he said. "I'm not for torture . . . but some of these techniques have been very helpful to us."

Russert devoted the second half of the show to character issues that have bedeviled both candidates in recent weeks.

His first target was Webb, who last week was assailed over an article he penned in 1979 that critics say was demeaning to women. Several female U.S. Naval Academy graduates said Webb's article arguing against women in combat helped lead to harassment against women at the school.

Webb repeated a statement he had made earlier in the week, in which he expressed regret "to the extent that my writing subjected women . . . to undue hardship." On the show, he said he regretted writing that the Naval Academy is "a horny woman's dream," adding that "if I were a, you know, a more mature individual, I wouldn't have written" that.

But he declined to go further, even after Russert said he had received a letter from one of the women indicating that Webb's statement was not good enough.

Russert then turned his attention to Allen, quizzing him on his opposition to allowing women as cadets at Virginia Military Institute and later turning to the senator's comments to a Webb volunteer of Indian descent on the campaign trail last month.

Russert aired the video of Allen calling Webb volunteer S.R. Sidarth "macaca" and of welcoming him "to the real world of Virginia."

Allen again apologized, calling the comments "a mistake." He said the word "macaca" was "just made up" and added, "There was no racial or ethnic intent to slur anyone."

Russert also asked Allen about having once displayed a Confederate flag and a noose. Allen said he had once seen the Confederate flag as a symbol of heritage and regional pride but now sees it as hateful.

"Through the years, I've learned and I've grown," he said.

The candidates will meet again today at a luncheon debate hosted by the Fairfax County Chamber of Commerce.

Russert closed the show on a light note, asking both men whether they thought their habit of chewing tobacco made them good role models for children.

Allen conceded that it probably did not. Webb noted that he doesn't chew at public events and added, "We all have our vices."

Allen, Webb Face Off On NBC (WT)

By Seth Mclaughlin

The Washington Times, September 18, 2006

Sen. George Allen, Virginia Republican, and his Democratic challenger, James H. Webb Jr., used a national TV debate yesterday to spar over U.S. interrogation policy and the Iraq war, part of a high-profile U.S. Senate race with issues that have come to define midterm elections across the country.

Appearing on NBC's "Meet the Press," Mr. Allen said he has not decided whether to support President Bush's push to revise Common Article 3 of the Geneva Conventions, which regulates the interrogation standards of military prisoners.

Mr. Webb, 60, agreed with Republican Sens. John W. Warner of Virginia and John McCain of Arizona, two former Marines who are concerned that the president's plan to redefine the provision to deal with terror suspects would open the door to torture of U.S. troops.

"What you're seeing is a split between the theorists who have controlled so much of the policy in this administration, theorists who have never been on a battlefield, who have never put a uniform on, and who are looking at this thing in a totally different way from people who have had to worry about their troops and themselves possibly coming under enemy hands," Mr. Webb said in the second debate between the two front-runners.

Most of the debate centered on the link between the Iraq war and the fight against international terrorism.

Mr. Allen, 54, reiterated Mr. Bush's push for the United States "to stay the course" in Iraq.

When asked what "stay the course" means, Mr. Allen said, "Staying the course is meaning we don't tuck tail and run. ... This is a central battlefront in the war on terror."

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Mr. Webb disagreed, saying the United States did not go into Iraq because of terrorism, and that decision has drained the military resources needed to fight terrorism.

"We have terrorists in Iraq because we went in there," he said.

Mr. Webb, a former Navy secretary, cited a report released last week by the Senate Select Committee on Intelligence, saying, "Saddam Hussein was not an aligned with al Qaeda -- they were natural enemies."

He said the administration must work with Iraq's neighbors on a plan that allows U.S. troops to leave without jeopardizing the region's stability.

"There are limits to what the military can do," said Mr. Webb, a Vietnam veteran. "Eventually this is going to have to move into a diplomatic environment, and that's where this administration seems to have blinders."

The candidates offered separate apologies -- Mr. Allen for a statement he made in August that has raised questions about his racial sensitivity, and Mr. Webb for an article he wrote 27 years ago that has called into question his views on the role of women in the military.

Mr. Allen apologized again for calling one of Mr. Webb's staffers "macaca," the name of an Eastern Hemisphere monkey. The word is considered a racial slur in some cultures.

"I made a mistake," he said. "I said things thoughtlessly, but there was no racial or ethnic intent to slur anyone."

His remark also led to the resurfacing of his opposition as a Virginia legislator to a state holiday for Martin Luther King and his proclamation honoring Confederate History Month.

Mr. Webb expressed regret for his 1979 article titled "Women Can't Fight," in which he described the hard-core conditions of life as an infantryman in Vietnam and said he had never met a woman "whom I could trust to provide those men with combat leadership."

Five women who graduated from the U.S. Naval Academy in the 1980s said at a press conference last week that the article led to harassment of women, who were admitted to the academy for the first time in 1976.

"I don't think it was wrong to participate in the debate at that time," Mr. Webb said. "It's been 27 years. I am fully comfortable with the roles of women in the military today."

Last week, Mr. Webb said he was "profoundly sorry."

After the debate, Mr. Allen's campaign e-mailed reporters a letter sent to host Tim Russert from retired Cmdr. Kathleen Murray, a 1984 graduate of the Naval Academy, in which she said Mr. Webb's apology "comes too late."

As Senator Falters, A Democrat Rises In Virginia (NYT)

By Robin Toner

The New York Times, September 18, 2006

WASHINGTON, Sept. 17 — From the start, the Virginia Senate race was an emblematic campaign for 2006: combat boots vs. cowboy boots, in the inevitable shorthand.

A highly decorated Vietnam veteran and former secretary of the Navy who opposed the war in Iraq (James Webb, Democrat) in an uphill battle against a paragon of sunbelt conservatism with national ambitions (Senator George Allen, Republican.)

But in the past month, ever since Mr. Allen's demeaning reference to a young man of Indian descent at a campaign event, this race has become more than an intriguing clash of symbols; according to the polls, it is now truly competitive.

Increasingly, Democratic strategists see Virginia as a prime target for one of the six seats they need to regain a majority. Perhaps most important for Mr. Webb, whose late-starting campaign has lagged far behind Mr. Allen's in fund-raising, the Democrat's contributions have begun to climb, advisers say. "He's got George Allen on the run in the Commonwealth of Virginia," said Bob Kerrey, former Democratic senator from Nebraska, who was rallying donors at a reception for Mr. Webb last week in New York.

In one of the sharpest exchanges of the campaign, Mr. Webb and Mr. Allen squared off on the war in Iraq on "Meet the Press" on NBC on Sunday, with Mr. Allen defending the Bush administration's policy and denouncing the "second-guessing and Monday-morning quarterbacking" of the critics. "We're going to need to do what it takes to succeed," Mr. Allen said, when asked if he would support additional troops in Iraq, "because it's essential to the security of the United States of America."

Mr. Webb responded: "I know what it's like to be on the ground. I know what it's like to fight a war like this, and either — there are limits to what the military can do. Eventually, this is going to have to move into a diplomatic environment, and that's where this administration seems to have blinders. They are not talking to Syria, they are not talking to Iran, and there are ways that we can do this, move this forward."

Mr. Webb also took several digs at what he called theorists in the administration and among its allies who know combat only in the abstract. Mr. Allen, like the majority of the current Congress, did not serve in the military.

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In recent days, the Allen campaign, acknowledging a newly competitive race, has gone on the attack. A Mason-Dixon poll conducted this month found Mr. Allen's lead, once in the double-digits, had shrunk, with 46 percent for Mr. Allen, 42 percent for Mr. Webb, and a margin of error of 4 percentage points.

For his part, Mr. Webb, 60, a writer and former marine who served four years in the Reagan administration, was rolling through Virginia in a camouflaged Jeep last week, driven by a buddy from Vietnam, reflecting on his long, strange political journey.

He entered the race, his first for elected office, early this year, starting with "zero dollars and no staff." He eventually won the support of national Democrats, who saw him as a compelling voice for their party on national security. He was propelled into the race, Mr. Webb said, in large part by the war in Iraq.

As he is quick to remind his audiences, Mr. Webb spoke out against an invasion early on, arguing that containment had worked in the cold war and would work, again, against Saddam Hussein. American occupation forces in Iraq would "quickly become 50,000 terrorist targets," he warned in an op-ed article in The Washington Post in September 2002. He went to see Mr. Allen to voice his concerns, and said Mr. Allen's position, essentially, was "you're asking me to be disloyal to my president."

Mr. Webb, who had voted for Mr. Allen, said he left that meeting thinking, "Boy, did I make a mistake." Mr. Allen has said he cast his vote for the war out of loyalty to the country, not the president.

The war is not an abstract issue for Mr. Webb. His son, Jimmy, 24, a lance corporal in the Marines, shipped out to Iraq this month. He wears his son's old combat boots on the campaign trail, in tribute to him and "all the people sent into harm's way."

Mr. Webb tells his audiences that the idea came from his son, who noted that Mr. Allen always wore cowboy boots, though "there are no cowboys in Virginia."

Asked at a news conference last week if he felt torn about his son heading to Iraq, given his views on the war, Mr. Webb replied: "My son is doing what our family has always done. I'm very proud of his service. Like most people in the military, we separate politics out from service to country."

Mr. Webb has not only lived but chronicled the American military tradition in novels like "Fields of Fire," films like "Rules of Engagement" and in nonfiction works like "Born Fighting," an exploration of his Scotch-Irish roots. A graduate of the Naval Academy, Mr. Webb served as a rifle platoon and company commander in Vietnam, where he was badly injured and awarded the Navy Cross and the Silver Star.

He said he was drawn to the Republicans, 30 years ago, because of their stance on national security. "Those were real issues to me, and I cared a lot about them," he said. He worked on Capitol Hill and joined the Reagan administration in 1984 as an assistant secretary of defense, becoming Navy secretary in 1987. He resigned in a fight with his superiors over budget cuts and other issues, saying at the time, "It's no secret that I'm not a person who wears a bridle well."

He said he was ultimately drawn to the Democratic Party because of the tradition of Andrew Jackson and his commitment to giving average people a voice. On the campaign trail, he talks about the growth of inequality and the pressures on the middle class.

Mr. Allen, 54, a former governor and the son of a legendary coach for the Washington Redskins, has been running as an experienced leader strong on national security, focused on innovation and education and committed to what he calls Virginia values and Reaganesque conservatism on issues like cutting taxes.

His record as governor from 1993 to 1997 included tougher education standards, welfare legislation with time limits on benefits and parental notification requirements for abortions. In 2000, he defeated the Democratic incumbent, Charles S. Robb, for a Senate seat. Mr. Allen has proved a loyal ally of President Bush, a point Democrats hope to use to their advantage, given Mr. Bush's decline in popularity. Mr. Allen is considered to be a potential candidate for the Republican presidential nomination in 2008, and refused to rule it out in Sunday's debate.

But Mr. Allen was thrown badly off stride by the reaction to his comments to the college student and Webb volunteer who attended an Allen rally in southwestern Virginia. Mr. Allen has insisted that his use of the term "macaca" had no racial connotations.

Dick Wadhams, the Allen campaign manager, said the race was competitive, "no doubt about it," but said Mr. Webb's political inexperience, fuzziness on the issues and lack of enthusiasm for campaigning — Mr. Webb does not appear to have a high comfort level on the campaign trail — would all work in the Allen campaign's favor. "We still have a financial advantage," Mr. Wadhams said. "And we still have an incumbent who's won two tough elections."

In the past week, the Allen campaign has taken aim at Mr. Webb on two counts: highlighting his opposition, in an article he wrote 27 years ago, to women in combat and at the Naval Academy, and asserting that Mr. Webb has no right to use videotape of President Ronald Reagan praising him in a new television advertisement.

On women in combat, Mr. Webb said that he was sorry for any pain his writing had caused, that times had changed, and that he should be judged by what he did in the intervening years to expand opportunities for women.

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Some Republicans worry that the growth of Northern Virginia, with its increasingly urban voters and what some pollsters say is discontent with the status quo in Washington, poses a real challenge to their party. Mr. Webb's allies, for their part, worry he will not have enough money to hold his own against Mr. Allen on television.

The anxieties on both sides point to a central truth: Virginia, at the moment, is a very competitive race.

Straight Shooters (USNEWS)

By Danielle Knight

U.S. News and World Report, September 25, 2006

MISSOULA, MONT.-Jon Tester, the Democratic U.S. Senate candidate, fits right in amid the sea of barbecue grills and beer at this tailgating party outside the opening University of Montana football game. A burly farmer wearing a Grizzlies team T-shirt and his signature flattop haircut, Tester doesn't resemble most politicians. He's probably the only Senate candidate who took six days off from campaigning recently to harvest grain-on his farm near Big Sandy. Political observers thought it was a little crazy to give up prime campaigning time against three-term incumbent Republican Sen. Conrad Burns in one of the country's premier Senate races. But Tester just shrugs: "I'm a farmer, not a politician. I'm running to get honest representation back in Washington, D.C."

That down-home attitude is clearly appealing to many Big Sky Country voters and has Burns facing the toughest test of his career. Burns's job is also one the national Democratic Party is eyeing hungrily in its quest to gain six seats and win back the Senate. The most recent polling put Tester, president of the Montana state Senate, slightly ahead-a shocking turnabout for the incumbent.

Those poll numbers probably reflect the generally sour mood of voters nationwide, as well as the particular ethics problems facing Burns because of his relationship to disgraced lobbyist Jack Abramoff.

Burns thought he could count on the fact that Montana likes Republicans-especially those who bring home federal dollars. President George W. Bush carried the state 59 to 39 percent over John Kerry in 2004, and Burns has brought back billions to a state dependent on ranching and farming aid. And that still makes for a substantial advantage: Burns's campaign war chest-which is more than four times Tester's-will enable him to flood the airwaves with ads against his challenger. "A lot of this race is about who Tester is and which campaign will be successful in defining him," says Christopher Muste, a political science professor at the University of Montana in Missoula. "Everyone already knows who Burns is at this point."

Tainted money. Which may or may not be a good thing. The publicity over Burns's relationship with Abramoff, who pleaded guilty in January to corruption-related charges, knocked him off a clear path to an easy re-election victory. Burns received $150,000 in contributions from Abramoff and his Indian tribe clients. Burns later said he would return the money, but he's had a rough time explaining why Abramoff told Vanity Fair, "Every appropriation we wanted [from Burns's committee] we got."

Ethics issues took center stage at the most recent Burns-Tester debate in Hamilton, Mont., in the heart of the Bitterroot Valley in the western part of the state. When Burns asked a rhetorical question about who was holding up a bill in Congress, a Tester supporter shouted out: "Abramoff!" Burns laughed with the audience, but later Tester said to raucous applause, "It is well documented what's gone on with my opponent in relationship to lobbyists back in Washington, D.C. Senator Burns has changed. He's not the same guy he was in 1988 ... Washington has changed him."

Corruption That Shook Capitol Isn't Rattling Elections (WP)

By Blaine Harden

The Washington Post, September 18, 2006

HAMILTON, Mont. -- Sen. Conrad Burns gazed at a debate audience and asked if anyone could guess who was blocking efforts in Washington to control health-care costs.

"Abramoff?" shouted a heckler. The crowd at a packed high school auditorium here in Montana's Bitterroot Valley erupted in hoots and jeers.

Visibly angered, Burns, 71, shot the audience a don't-mock-me glare. But his debating point (blaming Democrats for health-care costs) and his senatorial dignity were swamped by the contempt of constituents who for nearly a year have been lapping up revelations about his ties to disgraced Washington lobbyist Jack Abramoff.

Burns, though, soldiered on through the catcalls and sneers -- and not without reason. He may be carrying Abramoff on his back, but in this thinly populated, Republican-leaning state, he continues to run neck and neck with his Democratic challenger, Jon Tester, president of the Montana Senate. Poll numbers have not moved much in months.

For all the influence-peddling that has been exposed in the run-up to the midterm election, corruption on Capitol Hill has not become a decisive issue -- here or in much of the country. The Abramoff scandal, having ended the careers of a few lawmakers and stained the reputations of several others, can certainly rile up ardent Democrats, as the debate here

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demonstrated. But it is not making fundamental changes in the nation's partisan landscape, especially in races, as with Burns in Montana, in which candidates are facing only unsavory stories rather than indictments or guilty pleas.

In an interview, the senator said his polling shows that most voters regard the "Abramoff deal" as merely a political liability and not a damning verdict on his character. Several pollsters and observers of politics in this state agreed with that assessment. The controversy is almost certainly the main reason Burns is in a competitive race this year, but by no means is it a guaranteed career-ender.

"The Democrats started way early with baseless allegations, and now a majority of people are saying, 'Oh, well,' " Burns said. "We are just moving on."

What, then, are the consequences of the oiliest congressional scandal in a generation as it percolates into races far from Washington? There are, of course, some early goners:

Tom Delay (R-Tex.), once the most powerful man in the House, resigned as majority leader and quit Congress, with Abramoff favors and an indictment for improper fundraising hanging over his head.

Rep. Robert W. Ney (R-Ohio) decided not to run for reelection and pleaded guilty Friday to conspiracy and making a false statement as part of his admission that he traded official acts for campaign contributions and lavish meals in the Abramoff affair.

And Ralph Reed, the telegenic former Christian Coalition executive director, lost the Republican primary for Georgia's lieutenant governor after being tarred by his ties with the lobbyist.

The hand-me-down taint of scandal could still hurt Republicans trying to win the House seats abandoned by DeLay and Ney. "Bob Ney's transgressions resonate despite his departure," said Zack Space, a Democrat running for Ney's seat. "People are very hungry for change."

But in strongly Republican areas, scandal-driven change is far from a sure thing. In a special election to fill the California congressional seat vacated by Randy "Duke" Cunningham (R), now in prison after he admitted taking bribes from defense contractors, a well-funded Republican beat a Democratic challenger in June.

"Democrats ran on a corruption message in a district where a sitting member went to jail, and they didn't win, so how the heck are they going to use that message somewhere else?" asked Carl Forti, spokesman for the National Republican Congressional Committee.

With Burns, though, the taint is not left over from someone else: He pressured the Interior Department to award a $3 million grant to a wealthy Indian tribe that was an Abramoff client, according to news accounts. A former top Burns aide worked with Abramoff's firm, and Abramoff himself told Vanity Fair that he and his clients received "every appropriation we wanted" from a subcommittee chaired by Burns. The senator is apparently not under investigation, but he did accept $150,000 in campaign donations from Abramoff, his lobbying team and his clients -- donations that Burns later returned.

Sen. Charles E. Schumer (D-N.Y.), who is leading the Democrats' campaign committee in the Senate, acknowledged that the corruption issue is just one bullet, and hardly a silver one. Ethical controversies such as those Burns has weathered in Montana, he said, send a message to voters: "He's gotten too comfortable, we need a change." The general backlash is what endangers incumbents, "rather than corruption itself," said Schumer.

"Making Abramoff stick as a campaign issue is going to be hard for Democrats with a well-known Republican incumbent, but with Sen. Burns, who has such a direct link, it is pretty powerful stuff," said Fred Yang, a Washington-based Democratic pollster whose firm has worked on Montana races for decades.

Montana is a critical piece in the Democratic strategy to gain the six seats necessary to take control of the Senate. And the scandal, it seems, has shaped every aspect of the race here, beginning half a year before Democrats even had a candidate. Statewide television ads, paid for by the Democratic Party, pounded away last fall at Burns's ties to Abramoff. In the senator's first television ad of the 2006 campaign, he had to play defense, declaring that the lobbyist "never influenced me."

The Abramoff issue even seems to have dictated who would run against Burns. Tester said in an interview that the scandal was responsible, in part, for his easy primary victory in June over a better-known, better-financed rival, two-term state Auditor John Morrison. The Billings Gazette disclosed last spring that Morrison had an affair with a woman who later married a man investigated by Morrison's office.

The scandal apparently spooked Democrats longing for a candidate who could rail righteously about Abramoff without having to defend what was in his own closet.

"I think voters went into that primary saying to themselves, 'Who is the best candidate to beat Burns?'" said Tester, 50, a farmer and former schoolteacher from Big Sandy, population 703.

Tester, who has criticized the conduct of the Iraq war and promised health insurance for every family, has tried to introduce himself to voters statewide as the kind of real Montanan that he says Burns (a former auctioneer, football referee and radio announcer) no longer is.

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Tester's campaign flaunts his authentic big-country look: NFL lineman shoulders, a belly that's headed south and a flattop haircut. His left hand is particularly authentic, missing three fingers that were gnawed off by a meat grinder when he was 9. "Still have that same grinder," Tester said, when asked about the hand.

"I don't look like the other senators," Tester boasts in a TV ad. "But isn't it time the Senate looked a little bit more like Montana?"

Another ad has Tester driving across Montana and talking about his pickup: "You see, special interests have a tight grip on Washington, leaving us out. It doesn't have to be that way. Special interests will never hitch a ride on this truck."

In recent weeks, Burns has damaged his own cause with a series of gaffes. He has insulted local firefighters (by observing in July that they did a "piss-poor job" of fighting a wildfire east of Billings), suggested that all taxi drivers are terrorists and joked about the immigration status of the "nice little Guatemalan man" who works on his house.

Still, Burns remains viable among many Montanans, according to pollsters. As Tester said, "This thing is far from over."

The senator's shield against Abramoff and his own rhetorical blunders may well be the state's extraordinarily strong economy. As growth slows in much of the country, Montana is bulling ahead, on track for its fourth consecutive year of 4 percent growth. Consumer sentiment in the state is at an all-time high, and the annual rise in per-capita income -- measured last year at 6.3 percent -- ranks third in the country. At 3.7 percent, the unemployment rate is about a percentage point below the national average.

"We are in the midst of a natural resource boom of historic proportions," said Paul Polzin, director of economic research at the University of Montana. "At the same time, all other industries are holding their own. This is benefiting exactly those counties where Burns has been strong."

Burns argues that the federal money he has sent Montana's way over the past 18 years helped ignite the boom -- and his argument resonates. It "matters a lot" for a state with just 935,000 residents, said Craig Wilson, a political science professor at Montana State University in Billings.

"Burns has been extraordinary in his ability to bring money to poor little old Montana," said Tom Britz, a consultant to the credit card industry who lives in the booming northwest Montana town of Whitefish. "When it is time to vote, the many people who have been touched by that money know where their bread is buttered."

What may also matter in the Senate contest here is the atypical optimism of many Montanans, as compared with voters' attitudes in most states.

"This is one of the few places in the country right now where people are not hankering for change," said John Russonello, a Washington pollster who works for Democrats and liberal nonprofit groups and who has led focus groups on social issues across Montana this year.

Unlike some Republican incumbents facing reelection, Burns has embraced the war -- and Bush's conduct of it -- as essential to the country's fight against terrorism. Betting that most Montanans see Iraq as he does, Burns has launched blistering TV and radio attacks on Tester, accusing him of taking money from "extreme liberal groups that mocked American deaths."

"Tester's not tough," one ad says. "He is deceitful, and he'll say anything to get elected."

In the recent debate, Tester responded to those accusations by saying that Burns, whom he described as bought and paid for by lobbyists such as Abramoff, is just not honest.

"Washington has changed him," said Tester, pointing at Burns. "The fact is we have to have people back there who have Montana values."

Burns smiled and said he had not changed and never would: "I have the same wife, the same kids; got the same principles, same values."

As pro-Tester hecklers booed, hissed, cursed and at one point called the senator "psycho," Burns spent much of the 90-minute debate reminding the crowd that he -- not Tester -- is a specialist in funneling federal money back home. By these lights, a candidate who knows the corridors of insider Washington might have an advantage. "It is going to take a guy who has got a little seniority and a little position to get it done," he said.

GOP Eyes Washington State Seat (WT)

By Christina Bellantoni

The Washington Times, September 18, 2006

Washington state voters tomorrow will formally choose their nominees for the U.S. Senate, setting the stage for a West Coast showdown that Republicans hope will help them capture a Democratic seat.

Sen. Maria Cantwell, a Democrat, faces anti-war candidate Hong Tran in a primary that serves as the opening act for a race with Republican Mike McGavick, who is expected to easily win his own primary contest today.

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Republicans and some pollsters think Mr. McGavick, a business executive who casts himself as an independent, has a good shot at ousting the freshman senator this fall.

Miss Tran, a nonprofit lawyer who fled Vietnam as a young girl, spent yesterday at a Seattle Peace concert wooing last-minute voters.

Miss Cantwell is not considered in danger of losing tomorrow's primary as did her Democratic colleague Sen. Joe Lieberman of Connecticut. Mr. Lieberman lost his primary to Ned Lamont last month, largely because of his support of President Bush on the Iraq war, and will run as an independent in November.

Initially, Miss Cantwell faced opposition from several Democrats critical of her stance on the Iraq war.

Mark Wilson, who announced that he would challenge Miss Cantwell more than a year ago, was hired by the senator's campaign this summer. He became an outreach director with an $8,000 monthly salary, prompting accusations that she was trying to buy off her critics.

Miss Tran has accused state Democratic Party officials of withholding voter databases from her campaign, saying they don't want voters to know about her candidacy.

Miss Cantwell voted in favor of the Iraq war in October 2002, but recently supported a Democratic effort to initiate a "phased redeployment" of troops from Iraq by Dec. 31.

Miss Cantwell and Mr. McGavick were closely matched earlier in the race, but recent revelations that the Republican was arrested for driving under the influence in 1993 have contributed to his sagging poll numbers. Mr. McGavick, a millionaire who was chief executive at insurance giant Safeco, characterizes the event as "embarrassing" and "one of my biggest mistakes in life."

"Candidates shouldn't be afraid to admit that they are human and to talk about lessons they've learned," Mr. McGavick told supporters in an e-mail recently.

He first told voters that he had coasted through a yellow light, prompting a DUI citation. However, news reports based on the police report show that he ran a red light and was both cited and arrested.

A Sept. 6 Rasmussen Reports poll showed Miss Cantwell with a 17-point lead, but others had her with an eight-point advantage. A poll from the previous month had the senator with a six-point lead.

However, the Associated Press reported last week that Miss Cantwell secured more than $11 million in federal projects for a lobbyist who advises her campaign.

The accusations involve Ron Dotzauer, her former campaign manager who still owes her between $15,000 and $50,000 from a loan she gave him in the 1990s.

The loan was still listed as outstanding on Miss Cantwell's May financial-disclosure report, the AP reported. The senator's office told the AP that the federal projects helped Washingtonians.

Support For Electronic Filing Of Senate Candidates' Campaign-Finance Records Gains Momentum (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 18, 2006

In the next few weeks leading up to Election Day, money will pour into candidates' coffers and voters will be able to see which lobby groups are trying hardest to buy their lawmakers' favor.

Except if the candidates happen to be running for Senate.

In one of the most controversial quirks in election law, candidates for Senate are not required to file their campaign-finance reports electronically. That means voters can't effectively find out how much and from whom their would-be senators have collected money until long after the election -- too late for them to act.

A growing number of senators and public-interest groups have been working for years to change this rule. They contend that it's only reasonable that senators should be required to file their disclosures electronically -- just as candidates for the House and the presidency do. In that way voters can easily see within 24 hours via the Internet what the candidates are spending and from whom they are getting their funds.

As it is, almost all senators and Senate candidates deliver their reports on paper (even though those reports are written on computers). The paper filings are laboriously scanned and then key-punched into an electronic system, a procedure that often takes six weeks to finish and costs hundreds of thousands of dollars.

After the reports are submitted to the Secretary of the Senate (often well past published deadlines), they are placed onto the Federal Election Commission's Web site in a page-by-page format. The listings are not searchable, which makes it almost

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impossible for anyone to glean useful information. Think of the process like rummaging through thousands of disorderly papers in a very large box.

The net result: Senators have insolated themselves from criticism that stems from their very important, end-of-campaign donations because they have denied voters accessible information when it would be most useful.

"The Senate has repeatedly voted to mandate timely electronic disclosure and Web searchability for House and presidential candidates, non-Senate party committees, political action committees, Section 527 political organizations and lobbyists," said Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute. "The level of hypocrisy is unbelievable, and the American voter pays a heavy price."

The Senate's Committee on Rules and Administration is in charge of deciding what to do about the issue and, despite pleas from a bipartisan group of senators, has done nothing. I tried many times in the past two weeks to get the spokeswoman for the committee's chairman, Sen. Trent Lott (R-Miss.), to return my phone calls and to answer questions on the topic. But she did not respond.

In fact, it's hard to find anyone who will defend the current law. On the other hand, lots of folks have problems with the situation and are eager to say so, including the Federal Election Commission. The FEC has recommended that the Senate move to electronic filing on "multiple occasions," said Michael E. Toner, the FEC's chairman. "Senate campaigns are the only ones that don't file electronically," he said, "even though there's widespread agreement that electronic filing works well and allows data to be publicly available within hours of it being received."

Senators from both sides of the aisle agree. Eleven senators (seven Republicans and four Democrats) sent a letter to Lott in July urging him to approve legislation that would mandate electronic filing. "We believe there is consensus among our colleagues to move to electronic filing and online disclosure of campaign finance reports," said the letter, which was primarily authored by the political odd couple of Sens. Thad Cochran (R-Miss.) and Russell Feingold (D-Wis.). "The next step in this process is Senate action."

Voters surely would have been better off if such a law been in effect in prior elections. When the polls opened in November 2004, voters were in the dark about $53 million in individual Senate contributions of $200 or more dating all the way back to July, according to the Campaign Finance Institute. If you were a South Dakotan choosing between Tom Daschle, the Senate's Democratic leader, and Republican challenger John Thune, you were almost certainly unaware of large donations totaling $24,000 from employees of the mortgage finance giant Fannie Mae to Daschle, as well as large contributions to Thune from employees of Coastview Capital and L.E. Lehrman and Co. ($12,000 each).

The only way you might have known about these and other major gifts would have been to leaf through the candidates' reports, each of which was about 3,400 pages long. North Carolina voters had it slightly better, but not much; the reports of major party candidates there were only 1,100 pages long.

The House started to make its disclosures simpler to obtain more than a decade ago. In 1995, the House began filing its reports directly with the FEC, and two years later it allowed the reports to be filed electronically. But the Senate took neither step, standing firm on the principle that it should control its own reports, a notion that one Senate aide summarized as "senatorial prerogative."

How this makes sense in an information age is hard to fathom.

Good Deed Bounty Hunting

The Sunlight Network is offering cash to citizens who do what it thinks is the "right thing." The nonprofit group is advertising that it will pay up to a total of $680,000 to people who persuade members of Congress, or prospective members, to agree to put their daily schedules on the Internet for all to see.

The Sunlight Network, which is affiliated with the Sunlight Foundation, thinks that it is well past time that voters knew who their elected representatives were meeting with and how often. But there's no way to find out short of publishing their schedules, something that is not required and, in fact, is never done.

So the network says that it will pay a cash fee of $1,000 to anyone who persuades a lawmaker to sign an agreement to disclose his or her daily calendar, and $250 to anyone who gets a candidate for Congress to do the same. The Sunlight Foundation is underwritten by securities lawyer and entrepreneur Michael R. Klein and headed by Ellen S. Miller, a longtime advocate for disclosure of campaign finances.

The organization takes its name from a quotation by former Supreme Court justice Louis D. Brandeis: "Sunlight is said to be the best of disinfectants." Its goal is to shed light, or public attention, on candidates' big donors and lobbying contacts as a way to change government. But so far no one has taken advantage of this latest gimmick.

Face Of His Campaign Isn't Bush's (LAT)

By Sam Howe Verhovek

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The Los Angeles Times, September 18, 2006

BELLEVUE, Wash. — A funny thing happened Friday when Karl Rove, the White House advisor, came to the Seattle suburbs to headline a fundraiser for freshman Republican Rep. Dave Reichert: The congressman did nothing to publicize the visit, and his challenger drew every bit of attention to it she could.

On the day Rove was in town, Darcy Burner, a former Microsoft Corp. executive who is Reichert's Democratic opponent, issued her fifth news release of the week casting the visit in a negative light, and while Rove and Reichert were attending a round-table briefing for Republican donors, about 60 Burner supporters mugged for cameras outside.

But both of Rove's appearances — at the fundraiser and at the round table — were private and closed to the media, so there were no news photographs of Reichert, 56, with campaign mastermind Rove.

For Burner, 35, who is making her first run for public office, there was an obvious strategy in focusing attention on a reliable Republican bogeyman in what state pollster Stuart Elway described as a "classic swing district." The 8th District has voted Democratic in the last four presidential elections yet consistently has sent a Republican to the House.

The Reichert-Burner race in Seattle's suburbs east of Lake Washington shows up on nearly every national list of competitive races, and the Rove fundraiser comes on the heels of campaign filings showing that the challenger has raised more money this year than the incumbent.

According to federal disclosure reports filed this month, Burner has raised about $1.2 million this year, Reichert $1 million — which Burner cites as evidence of her campaign's momentum and of a sense she gets in the district that "people are very disturbed about the direction of this country."

On the other hand, Reichert campaign officials point out that the congressman has raised $2.2 million overall, much more than Burner, and that he has more cash on hand — $1.1 million to Burner's $728,000 — an indicator of each side's ability to buy ads going into the stretch run of the campaign.

"It's very clear that the Democrats are building a war chest for a negative campaign that they really have already started," said Reichert spokeswoman Carol Beaudu. "But we are right where we want to be, and it will go a long ways toward telling 8th District voters about Dave's independent voting record."

Reichert highlights his support for stem-cell research, and his opposition to drilling in Alaska's Arctic National Wildlife Refuge and to federal interference in the Terri Schiavo feeding-tube case, as examples of his willingness to buck party leaders.

Pollster Elway said that was a telling dynamic of the campaign: Democrats seem to be doing everything they can to tie Reichert to the Bush White House, and especially to the war in Iraq, whereas Reichert is taking pains to show that he's willing to disagree with the president.

In a district like the 8th, Elway said, Burner is almost certain to benefit from a general discontent with President Bush. The question is how much.

"If the national tide is running strong with the Democrats, this is exactly the kind of race they could win," he said. "If it's not such a strong tide, then it's a pretty good example of a place where a Republican could hang on, by emphasizing that he's shown some independence from the administration."

Some voters here indeed seem potentially swayed by the incumbent's assertions of independence. "I like Reichert; he's his own man," said Dave Purdy, 39, an imaging-equipment salesman in Bellevue who voted for Reichert in 2004 and said he would probably do so again. But Purdy added that he wanted to learn more about Burner and would probably focus more on the race after the candidates' debate next month.

Still, it is also clear there is a deep vein of discontent, especially over the Iraq war. Though Reichert appears more popular personally than Bush here, the discontent could hurt Reichert in November.

Reichert flew to Seattle from Washington, D.C., on Friday for the Rove events and to see his family (he and his wife of 36 years, Julie, have three children and six grandchildren), but he had no campaign appearances over the weekend and was not available for an interview, his spokeswoman said.

Burner, in an interview after a fundraising event of her own Thursday, said the war in Iraq had been an "incredible drain on [the nation's] resources and our spirit" and that many voters "simply don't believe that the war in Iraq is the same thing as the war on terror."

But she stopped short of calling for an immediate withdrawal. Instead, she said, Bush "needs to go to the military leaders and say, 'What is the plan for giving Iraq back to the Iraqis and bringing our troops home with honor?' "

Burner graduated from Harvard University, majoring in economics and computer science. She and her husband, Mike, have a 3-year-old son, Henry. She worked in software in Boston and Silicon Valley, Calif., before moving to the Seattle area in 1998.

She said she had strong ties to Washington state dating to childhood summers spent with her grandparents in Rochester, south of Olympia.

In campaign appearances, she mixes emotion and humor, saying public service is a calling in her family — one brother served in Iraq with the 101st Airborne, a sister is a nurse, and another brother, she said, performs a vital duty too: He drives a delivery truck for Miller Brewing Co.

An Arizona Win Puts Immigration Back In Play (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 17, 2006

A few weeks ago, it was became suddenly clear that the Republican free-for-all primary in the southeastern corner of Arizona was anything but ordinary. Randy Graf--a former golf pro, state representative and cowboy-boots-clad founding member of the Minutemen border group--had vaulted into the lead with his focus on fixing what he called the "security crisis" at the border. Opponents attacked him as extreme, and the national Republican party Party went so far as to buy at least $122,000 worth of ads for Graf's most formidable moderate challenger, state Rep. Steve Huffman.

It didn't work. Graf won last week, roiling some Republican circles and raising questions about the wisdom of the party's floundering immigration strategy. It has also put in jeopardy a precious House seat in a mostly moderate district that has been represented since 1984 by retiring Rep. Jim Kolbe, an abortion-rights centrist and the only openly gay Republican in Congress.

Fizzled rallies. In some ways, Graf's victory came at a moment that seems ripe for immigration restrictionists. After this spring's May Day rallies drew thousands of protesters in cities all over the country, efforts to duplicate that momentum this fall have largely fizzled. There were puny numbers at a September march on Washington that activists said would draw hundreds of thousands. A large coalition of advocacy groups that had vowed to register 1 million new immigrant voters now widely acknowledges they it won't meet that goal.

In this atmosphere, Graf's win was electrifying--at least in some corners. "I think it shows people are furious about immigration," says Ira Mehlman, a communications director with the Federation for American Immigration Reform, a group advocating restricting immigration. "And it's not just Arizona." Vulnerable incumbents like Sen. Rick Santorum, Rep. Chris Shays, and Sen. Jim Talent, who weren't vociferous on immigration a year ago, have already taken a hard line on border security. With Graf's win, Mehlman says the trend could easily grow stronger.

That tough rhetoric stands in contrast to what the Republicans in Washington didn't get done this year. Senate Majority Leader Bill Frist announced two weeks ago that he won't try to reconcile a punitive House immigration bill with a more moderate Senate measure that includes a guest-worker program before November. In an atmosphere where people talk about "a do-nothing Congress," that move was probably a mistake, says GOP strategist Whit Ayers. Last week, the House seemed to scramble to do something: Republicans passed a bill that would build 700 miles of double-layered steel fencing on the southern border, basically resurrecting one of the controversial aspects of their stalled bill.

Still, some observers of the Graf race urged caution. "I'm still waiting, for someone to show me the races where the [hard-line immigration] approach actually wins our party something," says Rep. Jeff Flake, an Arizona Republican. He said Graf benefited from a five-man race. "This isn't," Flake says, "the uprising some think it is."

Graf, however, tapped right into the frustration that's very alive in the Eighth District, which includes about 100 miles of the U.S.-Mexican border and runs up to the some prosperous suburbs near Tucson. "Down here," Graf he says, "illegal immigrants are killing cows, trashing people's ranches, and putting families near violent criminals, and Congress hasn't done anything about it." He also hopes his desire to slash bloated spending will spark Arizona's famed mile-wide independent streak.

Graf faces stiff competition from former state Sen. Gabrielle Giffords, a Democrat who says she fits the district's moderate profile: She was a Republican until 1999. "I jumped into this," she says from her volunteer-filled Tucson office," because I think the country is in trouble." Giffords emphasized healthcare and education in her primary, but as a Fulbright scholar who studied in Mexico in the early 1990s, she's credible on immigration and plans a push for more sanctions for illegal-alien employers and reform that includes a guest-worker program.

But many experts say if Republicans want to keep the seat, they'll have to unite behind Graf and convince Arizonan swing voters to do so too as well. Graf did a victory lap through Washington last week and picked up the endorsement--and a $5,000 check--from his former foes at the Republican congressional committee. Though Kolbe has refused his support, that didn't deter a delighted Republican Rep. Tom Tancredo, the toughest immigration reformer in Congress. "I don't just want to work with Randy," Tancredo told U.S. News; "I want to someday pass the baton to him." And if Graf and the other hard-liners win, it will surely be an even bigger baton.

Ken Mehlman (CSM)

By David Cook

The Christian Science Monitor, September 18, 2006

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Even Democrats acknowledge the prowess of the political machine Ken Mehlman oversees as chairman of the Republican National Committee (RNC).

When Mehlman came to a Monitor-sponsored breakfast with national reporters on Friday, the policy-oriented National Journal magazine had just released a poll of political insiders ranking the performance of the RNC and the Democratic National Committee (DNC).

As National Journal reporter Jim Barnes notes, it is no surprise that 94 percent of Republican insiders think the RNC is doing a better job than the Democratic National Committee in the run-up to the midterm elections. The surprise is that 68 percent of the Democratic insiders agree that the RNC is out-performing the DNC.

Mehlman, a Harvard-trained lawyer who delivers his points in rapid-fire fashion, downplayed the role of organization in elections. "The reason I am confident we are going to keep our majority is not because of our operations. It is because of the candidates on the ballot," he said. "We won in '04 because of George W. Bush, not because we had a smart turnout operation. 80 percent of politics is motivating voters based on ideas, based on ideology, and based on the candidate that expresses ideas and ideology. I think what has hurt Democrats is the fact that for so long you've had uncertain trumpets leading the party. And that makes it very hard to do the rest."

The RNC chair came to visit in a week when polling data showed a change in the public's view on the issue of terrorism, which could tend to help the president and candidates tied to him. The ABC News political blog "The Note" quoted ABC polling director Gary Langer as saying, "Terrorism has inched up in importance in the 2006 midterm elections and Republicans have regained an edge in trust to handle it, helping George W. Bush's party move closer to the Democrats in congressional vote preference."

Langer noted that Republicans lead Democrats in trust to handle terrorism by a 48-41 percent margin among registered voters in the latest ABC News poll. That is a flip from a seven-point Democratic advantage last month. Part of the change came from independent voters, the key to winning elections.

Mehlman attributes a bump in the president's job approval numbers to "a combination of speeches and realities in the world that have reminded people that a lot of what he is saying makes sense."

The GOP chief did not want to make a specific numerical forecast for the Congressional elections. He declined to confirm press reports citing unnamed senior White House officials predicting Republicans would hold the Senate by a 52-48 or 53-47 margin and lose ground in the House but still maintain control there as well.

While voicing optimism about maintaining control of Congress, Mehlman cited a number of factors that add up to what he called an overall environment that is "very challenging" for Republicans.

"We've got a headwind," he said. "We've got a headwind because we are in the sixth year of a presidency. We have a headwind because voters clearly are in a sour mood. We've got a headwind because we are in a tough war. I have acknowledged that from the beginning. So people who say it is another status quo election, race by race, I don't necessarily agree with that either. My point is it is actually a combination of factors. You do have a headwind at the same time we have certain assets we bring to the table...."

Money is a key GOP asset, Mehlman noted. "We will spend at least $60 million just on ads and turnout. In these congressional elections, Howard Dean will spend $12 million. If you add together the ... national parties on each side, if you add together the state parties around the country, in the competitive states, and if you add together the competitive congressional House and Senate campaigns, all together, when you look at cash, we have a $47 million cash advantage."

While it may be ahead on cash, the GOP last week was less than unified. The Senate Armed Services Committee rebuffed the president, after he had made a rare personal visit to the Hill, and voted for legislation that assures those on trial for terrorism receive Geneva Convention protections. The move came after former Secretary of State Colin Powell released a letter saying, "The world is beginning to doubt the moral basis of our fight against terrorism."

Mehlman downplayed the political impact of the committee vote on how to treat terrorism suspects. "The average American is not paying attention to committee mark-ups. The average American is looking at the overall picture. And what the average American is seeing and they are saying is 'ok, what are the tools we need to win?' ... I am hopeful and confident the president is going to have the ability to have the kind of program he talked about last week, which is a program [that] is critical to defending America."

While the RNC chairman's presentation accentuated the positive, it was clear Mehlman is concerned about the outcome of the 2006 elections. "I am never comfortable. I am always concerned. I am always watching. I think we've got good efforts.... The fact that [the Democrats] have the resources they do, the fact that the environment is tough, that all worries me a lot. This is a very challenging environment."

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In an earlier life, the Mehlman was campaign manager for Bush-Cheney '04. Prior to moving to the campaign, he was director of Political Affairs at the White House, and deputy to Karl Rove. He is a trustee of Franklin and Marshall College, his undergraduate (Class of 1988) alma mater.

The Democratic Entourage (NSWK)

By Howard Fineman And Holly Bailey

Newsweek, September 18, 2006

It is getting late in the season, but John Yarmuth still wants in—into the club, the entourage. He is the Democratic candidate for Congress in Louisville, Ky., hoping to oust Republican incumbent Anne Northup. The club is the Democrats' Red to Blue Program. If you are a member—there will be about 40 of them—donations from strangers across the country will blow through your campaign mail slot like letters from Hogwarts. All you have to do is convince Rep. Rahm Emanuel of Chicago that you are worthy and that you can win. But that is the hard part. Under Emanuel, the program runs like a cross between a Chicago political clubhouse and a movie studio with too many way-over-budget projects. "I made my case to him when he was down here a couple of weeks ago," Yarmuth says. A friend of Yarmuth's flew to Washington last week to make the pitch to an Emanuel deputy. "We've got a good chance," says Yarmuth.

Most politicians hate to say no; Emanuel can't say it enough. He is a one-man pecking order. "All right, what's going, whaddya got?" he impatiently asks a reporter who stops by. Perched behind a clean desk in his campaign office, he talks while thumbing his BlackBerry as though it contained the secrets of the universe. Aides appear in the doorway with bulletins from the front; he glances up now and again at news on a flat-panel TV; someone hands him a personal cell phone (it's a call from his wife); he tries to put on a Norah Jones CD—loud—until the reporter objects. "For us to win we have to focus," he says. "It's all about picking, making good judgments about priorities." The Red to Blue Program is a Good Housekeeping Seal, he says. "It means a lot of things: campaign well run, campaign well financed, good candidate. It means a good opportunity to pick up a seat." Donors know whom they should give to—and Emanuel easily can check later to see if they do. "Candidates want to be on [the list] and donors want the clarity," he says.

If the man, the scene and the rope-line mentality remind you of something you have seen on television—say, "Entourage" on HBO or "The West Wing" on NBC—it is no accident. In a "life imitates art imitates life" moment, the Democrats' hopes for winning control of the House rest on whether real people can be as effective as they have been portrayed as being on TV. Consider: the hard-charging character of Josh Lyman on "The West Wing" was modeled on Emanuel. How did that happen? Because the part was created and written by Aaron Sorkin (who created the whole show) and played by Bradley Whitford. Both men are clients of Emanuel's younger brother, Hollywood agent Ari Emanuel. The maniacally in-your-face character of agent Ari Gold on "Entourage" is modeled on Ari Emanuel, who represents Steve Tompkins and Mark Wahlberg, executive producers of the show. In real life, Ari Emanuel is fast becoming a political networking force in Los Angeles, issuing his clients and partners invitations to fund-raising events, including one for Rahm himself and for his House campaign committee. "Ari's a definite player and very strategic," says Robin Bronk, who heads the nonpartisan Creative Coalition, an arts lobbying group.

It will take all the hard-charging that Democrats can muster if they are going to assemble an entourage that can take back the House of Representatives. A switch of just 15 seats would give them their first foothold in Washington since George W. Bush became president. But at a time when political divisions are so entrenched and opinions are so fixed—on the war in Iraq, on terrorism, on economic security, on pretty much everything—the outcome could well depend (again) on money and get-out-the-vote machinery.

As has been the case since Bill Clinton left town, the Republicans have the organizational and financial advantage. However beleaguered and angry the president is—and however at odds he is with GOP senators over issues such as the treatment of terrorism suspects—the campaign apparatus Karl Rove built is intact and internally disciplined. It's a "cohesive unit," says Ken Mehlman, Republican Party chairman. "Every decision, we've all talked about it," he says.

Among Democrats, by contrast, national, Senate and House campaign units maintain their independence—and often behave like rival homies in an "Entourage" bar scene. Emanuel has clashed repeatedly with Democratic National Committee Chairman Howard Dean, whose "50-state" approach to organizing strikes Emanuel as disastrously unfocused. Only in the Democratic Party would campaign officials need to sign a written peace treaty, which Dean and Emanuel did last week. The national committee agreed to funnel $12 million of its cash into congressional get-out-the-vote efforts; Emanuel basically agreed (though not in writing) to shut up. He did so in an interview. "They want me to take my beta blockers," he says with a somewhat defiant shrug. "So I'm going to take my beta blockers, OK?" The disputes, he says, "have not hampered us."

Meaning his own clubhouse. A native of Chicago, Emanuel learned his politics from the legendary Daley family, with whom he remains close. The family lesson: take care of your own. While Republicans as a whole have $30 million more in the bank than Democrats do now, Emanuel's own Democratic Congressional Campaign Committee is now roughly even with its GOP

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counterpart—a position it hasn't enjoyed for a decade. And there is evidence that the Red to Blue Program is working: Democratic candidates are even or ahead in fund-raising in most of the races that neutral observers regard as competitive.

As a member of the Ways and Means Committee, Emanuel teamed with Senate campaign chair Chuck Schumer to tap uncharted donor fields in the financial industry. "We're working outside of traditional banks," he says proudly, "into the private-equity world, the hedge-fund world, the distressed-debt world." These "worlds" know they are talking to a guy who not only runs the campaign committee, but who could be in the majority of the key financial committee—and maybe even majority leader.

The entertainment industry remains a major source of cash for the Democrats, who get two out of every three dollars given to federal candidates. It has been a tough sell. Donors felt tapped out and depressed after what they regarded as Sen. John Kerry's badly run 2004 campaign. The mood changed after the Democrats' congressional prospects improved, and some fund-raisers developed a novel, typically self-doubting pitch for selling into a down market. It goes this way, explains a screenwriter who declined to speak on the record for fear of angering big machers such as Ari Emanuel: "Hillary Clinton is going to be nominated in 2008, John McCain is going to be president, so the House is our only chance to get in the game."

Whatever the pitch, it's working. The industry has given about $10 million to Democrats so far. And while Ari Emanuel is hardly the key moneyman, he is emerging as a leader of a newer generation of Hollywood fund-raisers, who rely less on their own wallets than their networks' and who are willing to become public political figures, not just backroom types. Famously abrasive (Jerry Seinfeld reportedly once had a bumper sticker printed that read: I HATE ARI EMANUEL, TOO), he can also be charmingly insistent. He phoned one client who left his fold on friendly terms to ask, "Why are you ruining your career?" Ari called him the following week, and the next—for a year.

Persistence pays. Ari cosponsored a $220,000 fund-raiser for his brother's personal PAC in June; in the days before and after the event, the PAC received $30,000 in checks from employees of the Endeavor Agency, the firm Ari founded. Other contributors included Ari's celebrity clients, among them Sorkin and Michael Douglas. (Rahm's PAC, in turn, has donated some of that cash to members of the Red to Blue Program.) Endeavor employees have given more than $50,000 to the House campaign committee; clients such as Sorkin have given generously, too. "He can pick up the phone and get anyone—anyone—on the line," says a friend who deals with Ari on a daily basis but who is still afraid to talk about him on the record.

In Washington, meanwhile, brother Rahm is turning his attention to turnout operations. Focused like a laser beam, not so much in a hurry as in a controlled frenzy, he is almost literally driven crazy by professional ineptitude and sloth. In one legendary incident from the 1988 cycle (he was a top staffer then of the committee he now runs), he sent a dead fish to a pollster whose work he disliked. He has carefully studied the GOP's expensive, cutting-edge voter "outreach" program. Using huge databases, it connects like-minded people by using market research to develop profiles of their interests and concerns. The aim is to re-create an over-the-back-fence digital/personal endorsement.

The Democrats' system isn't nearly as robust, but perhaps one of their best GOTV masterminds—Harold Ickes—last week announced an independent effort (they hope to raise $25 million) to target key voters. "People are really beginning to understand that the House is really competitive and Democrats have a real chance to win," says Ickes. Maybe so, but Emanuel isn't making grand predictions. Privately, he's telling friends that the current number is a pickup of 15 to 19 seats—too close to call, in other words, for the Red to Blue crew to start breaking out the champagne.

Emanuel is releasing what probably is his final Red to Blue list this week. He and his team considered Yarmuth's case. The district is a tough one to win, even though Kerry carried it in 2004. Yarmuth owned a local magazine in which he published articles that might cause controversy. ("Rahm had read all of those articles before last December, when I first met him," Yarmuth says.) Perhaps most important, Yarmuth is independently wealthy. Scorn does not begin to describe Emanuel's response to the idea, as he put it, "of giving money to a multimillionaire." Yarmuth was not invited to join the entourage.

UCLA Attracts Retired General Wesley Clark (LAT)

By Rebecca Trounson

The Los Angeles Times, September 18, 2006

Wesley K. Clark, a former NATO commander and 2004 Democratic presidential candidate, will join the University of California, Los Angeles, this fall as a senior fellow, university officials are set to announce Monday.

Clark, who is expected to arrive on campus about the first of October, will teach occasional seminars, publish policy papers and organize and hold an annual conference on national security, officials said. He will be affiliated with the university's Ronald W. Burkle Center for International Relations.

The retired general's wide-ranging military, political and teaching background will serve UCLA and its students well, said Patricia O'Brien, executive dean of the university's College of Letters and Science. "I am especially pleased that our students at UCLA will benefit from General Clark's extraordinary experience, as well as his dynamic leadership and teaching credentials," O'Brien said in a statement.

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Clark, who taught economics and political philosophy at the U.S. Military Academy at West Point in the early 1970s, said in a brief phone interview Friday that he was looking forward to returning to the classroom, although initially he will be a guest lecturer in other professors' courses and not teach his own.

"I'll be looking at U.S. national security in the broadest terms, including military, diplomatic, energy, environmental and trade issues," said Clark, who served as NATO's commander during the 1999 Kosovo conflict. "There's never been a time in American history when Americans have been more impacted by events abroad, and we need a strategy that touches all those areas."

Clark also said he was looking forward to living and working in the Los Angeles area, where he has a son. The appointment is open-ended, he said.

Previous lecturers and scholars at the Burkle Center have included former Presidents Clinton and Carter and other U.S. and foreign officials.

Early Admissions (WP)

The Washington Post, September 18, 2006

HARVARD UNIVERSITY'S much-applauded decision no longer to allow the early acceptance of students should help ensure a more equitable admissions process and attract a more diverse group of students. Before other universities and colleges conclude they can't follow Harvard's example, they need to take a hard look at how they admit.

Starting next year, Harvard said, it will abolish the practice of early admissions of undergraduates because the program, attracting mainly the white and well-off, places minorities and the poor at a disadvantage. Early-admission programs vary but generally guarantee acceptance to students who promise in advance that they will attend. (Harvard's program hasn't required this promise.) Colleges get to lock in top students while also boosting yield (the number of offers accepted and a figure widely seen as a measure of a school's desirability). For the student, early admission increases the chance of acceptance and takes some tension out of senior year, but it prevents the offer of one college (including financial aid) being weighed against another.

It's true that Harvard -- with its prestige and billions in endowment funds -- risks little; it will enroll a strong class with or without the early-admission tool. In that sense, the University of Delaware took a bigger chance last spring when it eliminated early admissions to ensure a fairer process for both student and school. "Why," asked University of Delaware Admissions Director Louis L. Hirsh, "should applying for college be about strategizing rather than finding which of the 4,000 colleges and universities in this country is the best fit for you?"

It's a good question, but not the only one that needs to be asked in the effort to make higher education more accessible. Are standardized tests being used correctly in the admissions process? Is financial aid being distributed fairly -- the balance between merit and need-based scholarships, for instance? Do college ranking systems really make any sense? How about college marketing?

As other schools ponder whether they can afford to follow the example of Harvard and Delaware, they would do well to note the widespread reaction of parents, teachers and guidance counselors who see the decision as a step toward easing the anxiety, tension and premature pressure that has come to permeate the process for too many students.

What Would War Look Like? (TIME)

By Michael Duffy

Time, September 25, 2006

The first message was routine enough: a "Prepare to Deploy" order sent through naval communications channels to a submarine, an Aegis-class cruiser, two minesweepers and two mine hunters. The orders didn't actually command the ships out of port; they just said to be ready to move by Oct. 1. But inside the Navy those messages generated more buzz than usual last week when a second request, from the Chief of Naval Operations (CNO), asked for fresh eyes on long-standing U.S. plans to blockade two Iranian oil ports on the Persian Gulf. The CNO had asked for a rundown on how a blockade of those strategic targets might work. When he didn't like the analysis he received, he ordered his troops to work the lash up once again.

What's going on? The two orders offered tantalizing clues. There are only a few places in the world where minesweepers top the list of U.S. naval requirements. And every sailor, petroleum engineer and hedge-fund manager knows the name of the most important: the Strait of Hormuz, the 20-mile-wide bottleneck in the Persian Gulf through which roughly 40% of the world's oil needs to pass each day. Coupled with the CNO's request for a blockade review, a deployment of minesweepers to the west coast of Iran would seem to suggest that a much discussed--but until now largely theoretical--prospect has become real: that the U.S. may be preparing for war with Iran.

No one knows whether--let alone when--a military confrontation with Tehran will come to pass. The fact that admirals are reviewing plans for blockades is hardly proof of their intentions. The U.S. military routinely makes plans for scores of scenarios,

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the vast majority of which will never be put into practice. "Planners always plan," says a Pentagon official. Asked about the orders, a second official said only that the Navy is stepping up its "listening and learning" in the Persian Gulf but nothing more--a prudent step, he added, after Iran tested surface-to-ship missiles there in August during a two-week military exercise. And yet from the State Department to the White House to the highest reaches of the military command, there is a growing sense that a showdown with Iran--over its suspected quest for nuclear weapons, its threats against Israel and its bid for dominance of the world's richest oil region--may be impossible to avoid. The chief of the U.S. Central Command (Centcom), General John Abizaid, has called a commanders conference for later this month in the Persian Gulf--sessions he holds at least quarterly--and Iran is on the agenda.

On its face, of course, the notion of a war with Iran seems absurd. By any rational measure, the last thing the U.S. can afford is another war. Two unfinished wars--one on Iran's eastern border, the other on its western flank--are daily depleting America's treasury and overworked armed forces. Most of Washington's allies in those adventures have made it clear they will not join another gamble overseas. What's more, the Bush team, led by Secretary of State Condoleezza Rice, has done more diplomatic spadework on Iran than on any other project in its 51/2 years in office. For more than 18 months, Rice has kept the Administration's hard-line faction at bay while leading a coalition that includes four other members of the U.N. Security Council and is trying to force Tehran to halt its suspicious nuclear ambitions. Even Iran's former President, Mohammed Khatami, was in Washington this month calling for a "dialogue" between the two nations.

But superpowers don't always get to choose their enemies or the timing of their confrontations. The fact that all sides would risk losing so much in armed conflict doesn't mean they won't stumble into one anyway. And for all the good arguments against any war now, much less this one, there are just as many indications that a genuine, eyeball-to-eyeball crisis between the U.S. and Iran may be looming, and sooner than many realize. "At the moment," says Ali Ansari, a top Iran authority at London's Chatham House, a foreign-policy think tank, "we are headed for conflict."

So what would it look like? Interviews with dozens of experts and government officials in Washington, Tehran and elsewhere in the Middle East paint a sobering picture: military action against Iran's nuclear facilities would have a decent chance of succeeding, but at a staggering cost. And therein lies the excruciating calculus facing the U.S. and its allies: Is the cost of confronting Iran greater than the dangers of living with a nuclear Iran? And can anything short of war persuade Tehran's fundamentalist regime to give up its dangerous game?

ROAD TO WAR

The crisis with Iran has been years in the making. Over the past decade, Iran has acquired many of the pieces, parts and plants needed to make a nuclear device. Although Iranian officials insist that Iran's ambitions are limited to nuclear energy, the regime has asserted its right to develop nuclear power and enrich uranium that could be used in bombs as an end in itself--a symbol of sovereign pride, not to mention a useful prop for politicking. Iran's President Mahmoud Ahmadinejad has crisscrossed the country in recent months making Iran's right to a nuclear program a national cause and trying to solidify his base of hard-line support in the Revolutionary Guards. The nuclear program is popular with average Iranians and the élites as well. "Iranian leaders have this sense of past glory, this belief that Iran should play a lofty role in the world," says Nasser Hadian, professor of political science at Tehran University.

But the nuclear program isn't Washington's only worry about Iran. While stoking nationalism at home, Tehran has dramatically consolidated its reach in the region. Since the 1979 Islamic revolution, Iran has sponsored terrorist groups in a handful of countries, but its backing of Hizballah, the militant group that took Lebanon to war with Israel this summer, seems to be changing the Middle East balance of power. There is circumstantial evidence that Iran ordered Hizballah to provoke this summer's war, in part to demonstrate that Tehran can stir up big trouble if pushed to the brink. The precise extent of coordination between Hizballah and Tehran is unknown. But no longer in dispute after the standoff in July is Iran's ability to project power right up to the borders of Israel. It is no coincidence that the talk in Washington about what to do with Iran became more focused after Hizballah fought the Israeli army to a virtual standstill this summer.

And yet the West has been unable to compel Iran to comply with its demands. Despite all the work Rice has put into her coalition, diplomatic efforts are moving too slowly, some believe, to stop the Iranians before they acquire the makings of a nuclear device. And Iran has played its hand shrewdly so far. Tehran took weeks to reply to a formal proposal from the U.N. Security Council calling on a halt to uranium enrichment. When it did, its official response was a mosaic of half-steps, conditions and boilerplate that suggested Tehran has little intention of backing down. "The Iranians," says a Western diplomat in Washington, "are very able negotiators."

That doesn't make war inevitable. But at some point the U.S. and its allies may have to confront the ultimate choice. The Bush Administration has said it won't tolerate Iran having a nuclear weapon. Once it does, the regime will have the capacity to carry out Ahmadinejad's threats to eliminate Israel. And in practical terms, the U.S. would have to consider military action long before Iran had an actual bomb. In military circles, there is a debate about where--and when--to draw that line. U.S. intelligence

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chief John Negroponte told TIME in April that Iran is five years away from having a nuclear weapon. But some nonproliferation experts worry about a different moment: when Iran is able to enrich enough uranium to fuel a bomb--a point that comes well before engineers actually assemble a nuclear device. Many believe that is when a country becomes a nuclear power. That red line, experts say, could be just a year away.

WOULD AN ATTACK WORK?

The answer is yes and no.

No one is talking about a ground invasion of Iran. Too many U.S. troops are tied down elsewhere to make it possible, and besides, it isn't necessary. If the U.S. goal is simply to stunt Iran's nuclear program, it can be done better and more safely by air. An attack limited to Iran's nuclear facilities would nonetheless require a massive campaign. Experts say that Iran has between 18 and 30 nuclear-related facilities. The sites are dispersed around the country--some in the open, some cloaked in the guise of conventional factories, some buried deep underground.

A Pentagon official says that among the known sites there are 1,500 different "aim points," which means the campaign could well require the involvement of almost every type of aircraft in the U.S. arsenal: Stealth bombers and fighters, B-1s and B-2s, as well as F-15s and F-16s operating from land and F-18s from aircraft carriers.

GPS-guided munitions and laser-targeted bombs--sighted by satellite, spotter aircraft and unmanned vehicles--would do most of the bunker busting. But because many of the targets are hardened under several feet of reinforced concrete, most would have to be hit over and over to ensure that they were destroyed or sufficiently damaged. The U.S. would have to mount the usual aerial ballet, refueling tankers as well as search-and-rescue helicopters in case pilots were shot down by Iran's aging but possibly still effective air defenses. U.S. submarines and ships could launch cruise missiles as well, but their warheads are generally too small to do much damage to reinforced concrete--and might be used for secondary targets. An operation of that size would hardly be surgical. Many sites are in highly populated areas, so civilian casualties would be a certainty.

Whatever the order of battle, a U.S. strike would have a lasting impression on Iran's rulers. U.S. officials believe that a campaign of several days, involving hundreds or even thousands of sorties, could set back Iran's nuclear program by two to three years. Hit hard enough, some believe, Iranians might develop second thoughts about their government's designs as a regional nuclear power. Some U.S. foes of Iran's regime believe that the crisis of legitimacy that the ruling clerics would face in the wake of a U.S. attack could trigger their downfall, although others are convinced it would unite the population with the government in anti-American rage.

But it is also likely that the U.S. could carry out a massive attack and still leave Iran with some part of its nuclear program intact. It's possible that U.S. warplanes could destroy every known nuclear site--while Tehran's nuclear wizards, operating at other, undiscovered sites even deeper underground, continued their work. "We don't know where it all is," said a White House official, "so we can't get it all."

WHAT WOULD COME NEXT?

No one who has spent any time thinking about an attack on Iran doubts that a U.S. operation would reap a whirlwind. The only mystery is what kind. "It's not a question of whether we can do a strike or not and whether the strike could be effective," says retired Marine General Anthony Zinni. "It certainly would be, to some degree. But are you prepared for all that follows?"

Retired Air Force Colonel Sam Gardiner, who taught strategy at the National War College, has been conducting a mock U.S.-Iran war game for American policymakers for the past five years. Virtually every time he runs the game, Gardiner says, a similar nightmare scenario unfolds: the U.S. attack, no matter how successful, spawns a variety of asymmetrical retaliations by Tehran. First comes terrorism: Iran's initial reaction to air strikes might be to authorize a Hizballah attack on Israel, in order to draw Israel into the war and rally public support at home.

Next, Iran might try to foment as much mayhem as possible inside the two nations on its flanks, Afghanistan and Iraq, where more than 160,000 U.S. troops hold a tenuous grip on local populations. Iran has already dabbled in partnership with warlords in western Afghanistan, where U.S. military authority has never been strong; it would be a small step to lend aid to Taliban forces gaining strength in the south. Meanwhile, Tehran has links to the main factions in Iraq, which would welcome a boost in money and weapons, if just to strengthen their hand against rivals. Analysts generally believe that Iran could in a short time orchestrate a dramatic increase in the number and severity of attacks on U.S. troops in Iraq. As Syed Ayad, a secular Shi'ite cleric and Iraqi Member of Parliament says, "America owns the sky of Iraq with their Apaches, but Iran owns the ground."

Next, there is oil. The Persian Gulf, a traffic jam on good days, would become a parking lot. Iran could plant mines and launch dozens of armed boats into the bottleneck, choking off the shipping lanes in the Strait of Hormuz and causing a massive disruption of oil-tanker traffic. A low-key Iranian mining operation in 1987 forced the U.S. to reflag Kuwaiti oil tankers and escort them, in slow-moving files of one and two, up and down the Persian Gulf. A more intense operation would probably send oil prices soaring above $100 per bbl.--which may explain why the Navy wants to be sure its small fleet of minesweepers is ready to go into action at a moment's notice. It is unlikely that Iran would turn off its own oil spigot or halt its exports through pipelines

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overland, but it could direct its proxies in Iraq and Saudi Arabia to attack pipelines, wells and shipment points inside those countries, further choking supply and driving up prices.

That kind of retaliation could quickly transform a relatively limited U.S. mission in Iran into a much more complicated one involving regime change. An Iran determined to use all its available weapons to counterattack the U.S. and its allies would present a challenge to American prestige that no Commander in Chief would be likely to tolerate for long. Zinni, for one, believes an attack on Iran could eventually lead to U.S. troops on the ground. "You've got to be careful with your assumptions," he says. "In Iraq, the assumption was that it would be a liberation, not an occupation. You've got to be prepared for the worst case, and the worst case involving Iran takes you down to boots on the ground." All that, he says, makes an attack on Iran a "dumb idea." Abizaid, the current Centcom boss, chose his words carefully last May. "Look, any war with a country that is as big as Iran, that has a terrorist capability along its borders, that has a missile capability that is external to its own borders and that has the ability to affect the world's oil markets is something that everyone needs to contemplate with a great degree of clarity."

CAN IT BE STOPPED?

Given the chaos that a war might unleash, what options does the world have to avoid it? One approach would be for the U.S. to accept Iran as a nuclear power and learn to live with an Iranian bomb, focusing its efforts on deterrence rather than pre-emption. The risk is that a nuclear-armed Iran would use its regional primacy to become the dominant foreign power in Iraq, threaten Israel and make it harder for Washington to exert its will in the region. And it could provoke Sunni countries in the region, like Saudi Arabia and Egypt, to start nuclear programs of their own to contain rising Shi'ite power.

Those equally unappetizing prospects--war or a new arms race in the Middle East--explain why the White House is kicking up its efforts to resolve the Iran problem before it gets that far. Washington is doing everything it can to make Iran think twice about its ongoing game of stonewall. It is a measure of the Administration's unity on Iran that confrontationalists like Vice President Dick Cheney and Defense Secretary Donald Rumsfeld have lately not wandered off the rhetorical reservation. Everyone has been careful--for now--to stick to Rice's diplomatic emphasis. "Nobody is considering a military option at this point," says an Administration official. "We're trying to prevent a situation in which the President finds himself having to decide between a nuclear-armed Iran or going to war. The best hope of avoiding that dilemma is hard-nosed diplomacy, one that has serious consequences."

Rice continues to try for that. This week in New York City, she will push her partners to get behind a new sanctions resolution that would ban Iranian imports of dual-use technologies, like parts for its centrifuge cascades for uranium enrichment, and bar travel overseas by certain government officials. The next step would be restrictions on government purchases of computer software and hardware, office supplies, tires and auto parts--steps Russia and China have signaled some reluctance to endorse. But even Rice's advisers don't believe that Iran can be persuaded to completely abandon its ambitions. Instead, they hope to tie Iran up in a series of suspensions, delays and negotiations until a more pragmatic faction of leadership in Tehran gains the upper hand.

At the moment, that sounds as much like a prayer as a strategy. A former CIA director, asked not long ago whether a moderate faction will ever emerge in Tehran, quipped, "I don't think I've ever met an Iranian moderate--not at the top of the government, anyway." But if sanctions don't work, what might? Outside the Administration, a growing group of foreign-policy hands from both parties have called on the U.S. to bring Tehran into direct negotiations in the hope of striking a grand bargain. Under that formula, the U.S. might offer Iran some security guarantees-- such as forswearing efforts to topple Iran's theocratic regime--in exchange for Iran's agreeing to open its facilities to international inspectors and abandon weapons-related projects. It would be painful for any U.S. Administration to recognize the legitimacy of a regime that sponsors terrorism and calls for Israel's destruction--but the time may come when that's the only bargaining chip short of war the U.S. has left. And still that may not be enough. "[The Iranians] would give up nuclear power if they truly believed the U.S. would accept Iran as it is," says a university professor in Tehran who asked not to be identified. "But the mistrust runs too deep for them to believe that is possible."

Such distrust runs both ways and is getting deeper. Unless the U.S., its allies and Iran can find a way to make diplomacy work, the whispers of blockades and minesweepers in the Persian Gulf may soon be drowned out by the cries of war. And if the U.S. has learned anything over the past five years, it's that war in the Middle East rarely goes according to plan.

How Close Is Iran To Having Nuclear Weapons? (NSWK)

By Mark Hosenball

Newsweek, September 18, 2006

American intel agencies appear to be pushing back against conservatives who claim that their judgments about Iran's nuclear program are not hair-raising enough. In a development that reminded some experts of the fights over prewar Iraq intel, hard-liners on the House intelligence committee last month produced a report declaring the U.S. intel community "needs to

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improve its analysis and collection" on Iran's WMD programs. A caption in the report even claimed that "Iran is currently enriching uranium to weapons grade."

Last week, however, the House committee assessment was slammed by U.N. nuclear experts, who pointed out that there's little evidence Iran is anywhere near producing weapons-grade uranium. And three U.S. officials familiar with recent intel reporting on Iran, who asked for anonymity due to the sensitive subject matter, said that U.S. agencies have not altered assessments that Iran is years away from producing a nuclear bomb. As two of the officials acknowledge, recent intel reporting indicates that if anything, technical problems are slowing down Iran's nuclear program. David Albright, a former U.N. WMD inspector and independent expert, told NEWSWEEK: "Iran's gas-centrifuge program is moving unexpectedly slowly. The program was expected to be much further along by this point." Albright says this assessment is supported by data produced by U.N. investigators; one of the government officials says that because U.N. inspectors still have some access to Iranian nuke facilities, their reporting is at least as good as info being produced by clandestine U.S. spies. Another of the U.S. officials said intel reports show Iran was experiencing significant problems with gyroscopes it has been trying to install on missiles that could deliver Iranian bombs to targets in the region and even further.

Officials in National Intelligence Director John Negroponte's office have told journalists that U.S. intel believes Iran will not be able to produce a nuke until about 2010 at the earliest, and perhaps not until 2015. A spokesman for Negroponte's office says intel agencies are now working on a new National Intelligence Estimate—a classified report laying out the consensus view of all agencies—about Iran's nuclear effort; the spokesman said that for the moment, the agencies' Iran nuke timeline was unchanged, "but we're researching it."

"We Do Not Need Attacks" (TIME)

By Scott Macleod

Time, September 18, 2006

TIME: What were your impressions of New York during your visit to the U.S. last year?

Ahmadinejad: Unfortunately we didn't have any contact with the people of the United States. We were not in touch with the people. But my general impression is that the people of the United States are good people. Everywhere in the world, people are good.

TIME: Did you visit the site of the World Trade Center?

Ahmadinejad: It was not necessary. It was widely covered in the media.

TIME: You recently invited President Bush to a televised debate. If he were sitting where I am sitting, what would you say, man to man?

Ahmadinejad: The issues which are of interest to us are the international issues and how to manage them. I gave some recommendations to President Bush in my personal letter, and I hope that he will take note of them. I would ask him, Are rationalism, spirituality and humanitarianism and logic—are they bad things for human beings? Why more conflict? Why should we go for hostilities? Why should we develop weapons of mass destruction? Everybody can love one another.

TIME: Do you feel any connection with President Bush, since he is also a religious man, a strong Christian?

Ahmadinejad: I've heard about that. But there are many things which take place and are inconsistent with the teachings of Jesus Christ in this world.

TIME: Why do your supporters chant "Death to America"?

Ahmadinejad: When they chanted that slogan, it means they hate aggression, and they hate bullying tactics, and they hate violations of the rights of nations and discrimination. I recommended to President Bush that he can change his behavior, then everything will change.

TIME: How do you think the American people feel when they hear Iranians shouting "Death to America" and the President of Iran does not criticize this?

Ahmadinejad: The nations do not have any problems. What is the role of the American people in what is happening in the world? The people of the United States are also seeking peace, love, friendship and justice.

TIME: But if Americans shouted "Death to Iran," Iranians would feel insulted.

Ahmadinejad: If the government of Iran acted in such a way, then [the American people] have this right.

TIME: Are America and Iran fated to be in conflict?

Ahmadinejad: No, this is not fate. And this can come to an end. I have said we can run the world through logic. We are living our own lives. The U.S. government should not interfere in our affairs. They should live their own lives. They should serve the interests of the U.S. people. They should not interfere in our affairs. Then there would be no problems with that.

TIME: Are you ready to open direct negotiations with the U.S.?

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Ahmadinejad: We have given them a letter, a lengthy letter. We say the U.S. Administration should change its behavior, and then everything will be solved. It was the U.S. which broke up relations with us. We didn't take that position. And then they should make up for it.

TIME: Does Iran have the right to nuclear weapons?

Ahmadinejad: We are opposed to nuclear weapons. We think it has been developed just to kill human beings. It is not in the service of human beings. For that reason, last year in my address to the U.N. General Assembly, I suggested that a committee should be set up in order to disarm all the countries that possess nuclear weapons.

TIME: But you were attacked with weapons of mass destruction by Iraq. You say the u.s. threatens you, and you are surrounded by countries that have nuclear weapons.

Ahmadinejad: Today nuclear weapons are a blunt instrument. We don't have any problems with Pakistan or India. Actually they are friends of Iran, and throughout history they have been friends. The Zionist regime is not capable of using nuclear weapons. Problems cannot be solved through bombs. Bombs are of little use today. We need logic.

TIME: Why won't you agree to suspend enrichment of uranium as a confidence-building measure?

Ahmadinejad: Whose confidence should be built?

TIME: The world's?

Ahmadinejad: The world? The world? Who is the world? The United States? The U.S. Administration is not the entire world. Europe does not account for one-twentieth of the entire world. When I studied the provisions of the npt [Nuclear Nonproliferation Treaty], nowhere did I see it written that in order to produce nuclear fuel, we need to win the support or the confidence of the United States and some European countries.

TIME: How far will Iran go in defying Western demands? Will you wait until you are attacked and your nuclear installations are destroyed?

Ahmadinejad: Do you think the u.s. administration would be so irrational?

TIME: You tell me.

Ahmadinejad: I hope that is not the case. I said that we need logic. We do not need attacks.

TIME: Are you worried about an attack?

Ahmadinejad: No.

TIME: You have been quoted as saying Israel should be wiped off the map. Was that merely rhetoric, or do you mean it?

Ahmadinejad: People in the world are free to think the way they wish. We do not insist they should change their views. Our position toward the Palestinian question is clear: we say that a nation has been displaced from its own land. Palestinian people are killed in their own lands, by those who are not original inhabitants, and they have come from far areas of the world and have occupied those homes. Our suggestion is that the 5 million Palestinian refugees come back to their homes, and then the entire people on those lands hold a referendum and choose their own system of government. This is a democratic and popular way. Do you have any other suggestions?

TIME: Do you believe the Jewish people have a right to their own state?

Ahmadinejad: We do not oppose it. In any country in which the people are ready to vote for the Jews to come to power, it is up to them. In our country, the Jews are living and they are represented in our Parliament. But Zionists are different from Jews.

TIME: Have you considered that Iranian Jews are hurt by your comments denying that 6 million Jews were killed in the Holocaust?

Ahmadinejad: As to the Holocaust, I just raised a few questions. And I didn't receive any answers to my questions. I said that during World War II, around 60 million were killed. All were human beings and had their own dignities. Why only 6 million? And if it had happened, then it is a historical event. Then why do they not allow independent research?

TIME: But massive research has been done.

Ahmadinejad: They put in prison those who try to do research. About historical events everybody should be free to conduct research. Let's assume that it has taken place. Where did it take place? So what is the fault of the Palestinian people? These questions are quite clear. We are waiting for answers.

Bush, Ahmadinejad To Wage War Of Words At U.N. (USAT)

By Barbara Slavin

USA Today, September 18, 2006

President Bush and Iranian President Mahmoud Ahmadinejad deliver dueling speeches at the United Nations this week in what could become a dramatic showdown over Iran's nuclear program.

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Bush has pledged to use his U.N. talk to send Iran a clear warning that it must heed a U.N. Security Council resolution calling on it to suspend its program to make nuclear fuel. Iran says its program is for peaceful purposes, while Bush says Iran is trying to develop nuclear weapons.

"Part of my objective in New York is to remind people that stalling shouldn't be allowed," Bush said Friday. "We are firmly committed in our desire to send a common signal to the Iranian regime."

The two leaders are scheduled to speak hours apart Tuesday at the annual meeting of heads of state of the General Assembly.

Ahmadinejad challenged Bush to a debate last month. The White House rejected it as a publicity stunt and diversion from dealing with the nuclear issue. Their speeches may be the closest the two come to a debate.

Iran has emerged as a leading target in Bush's war on terrorism because of its nuclear program and support for militant groups, including Hezbollah in Lebanon.

The United States wants the U.N. Security Council to impose sanctions on Iran because it refused to meet an Aug. 31 council deadline to halt uranium enrichment.

About 70 world leaders will address the General Assembly this week, but the focus will be on Bush and Ahmadinejad.

Bush said his U.N. speech will serve as a warning to Iran that "if they try to drag their feet or, you know, get us to look the other way, that we won't do that."

What Ahmadinejad might say is harder to predict. In the past year he has risen from a little-known Iranian hard-liner to one of Bush's chief antagonists.

Last year, in his debut on the diplomatic scene, Ahmadinejad stunned the General Assembly with a speech assailing the United States and calling for the return of the Twelfth Imam, a revered Shiite Muslim figure whose coming is akin to Judgment Day.

He later told an Iranian cleric that he felt an "aura" of holiness surrounding him during the speech and claimed that the audience sat rapt for half an hour "as if a hand held them there (and) made them sit."

It's also possible Ahmadinejad could use his address this week to make a conciliatory gesture. Last week in Senegal, he said Iran is "ready for new conditions" on the nuclear issue. He did not give details.

The Iranian president is scheduled to arrive in New York City today following a visit with Venezuelan President Hugo Chávez, another Bush antagonist.

Ahmadinejad is subordinate to Iran's supreme religious leader, Ayatollah Ali Khamenei, but his stature and notoriety have grown in the past year. He has denied that the Holocaust happened, threatened Israel and asserted Iran's right to pursue its nuclear program.

Malcolm Hoenlein, vice chairman of the Conference of Presidents of Major Jewish Organizations, said thousands will attend a rally across from the U.N. on Wednesday to "reject his hatred and his threats to the United States and Israel."

"He's far more powerful than we anticipated when he was elected," said Karim Sadjadpour, an Iran expert at the International Crisis Group, a Brussels-based organization. "Everyone assumed he would focus on the domestic economy and defer to his elders on foreign policy."

Events in the region have strengthened Iranian hard-liners in the past year. A pro-Iranian Shiite government came to power in Iraq; an Iranian-backed Palestinian faction, Hamas, won parliamentary elections; and Iran's Lebanese proxy, Hezbollah, withstood a month of Israeli attacks. The United States considers Hezbollah a terrorist group.

At home, Ahmadinejad has bolstered his position by appointing fellow veterans of the hard-line Revolutionary Guard as provincial governors and Cabinet ministers. The regime has become increasingly repressive, arresting professors and closing newspapers.

Last week, the government shut a moderate newspaper, Shargh, after it published a cartoon portraying a donkey facing a knight on a chessboard. The donkey had a halo of light around it, an apparent reference to Ahmadinejad's remark about the "aura" he felt around him at the U.N.

Bush To UN: An Agenda For Freedom (CSM)

By Howard Lafranchi

The Christian Science Monitor, September 18, 2006

UNITED NATIONS, N.Y.

When President Bush speaks to the United Nations General Assembly here this week, he will studiously avoid Iran's President Mahmoud Amadinejad.

And Mr. Bush probably won't take up the controversial leader's challenge to the American president to face him in a "civilizational debate."

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But Bush does plan to lay out his vision for the world, including an elaboration of his "freedom agenda" and the role of democracy in building global security, when he addresses the 192-country assembly Tuesday.

In that sense, the global airing and weighing of two distinct visions is already on. The president "will stress the United States' commitment to a broad international agenda that recognizes the connection between freedom, democracy, prosperity, counterterrorism, and security," according to the White House.

Focusing on the Middle East as "the main battle ground" in the struggle for freedom, according to a senior administration official, Bush will outline two tasks the international community must take on in the region: "to help people who don't have freedom achieve this," the official says, "and to help people with weak but democratically elected governments strengthen their institutions."

From his corner, Mr. Ahmadinejad - who has been busy lambasting the West and primarily the US and Britain as the major sources of the world's ills, while arguing for the rise of new world powers - will also no doubt offer his own perspectives during his stay in New York.

One question is whether the US, as the sole superpower and in particular as the leader of the widely unpopular war in Iraq, can even get a fair hearing in the world today.

"The fact is this debate has already started, and there is no way either side can think people out there - and I mean all around the world - aren't listening," says Michael Doyle, a former senior United Nations official now at Columbia University in New York. "Without it being face to face, [Bush] should take on some of the challenges that Ahmadinejad has posed to America and the West, like human rights as part of the global agenda, or the tension between sovereign rights and multilateral principles."

The US has not done enough to take the case for free and democratic societies to the world under the Bush administration, Mr. Doyle says, although he does see some greater effort in the president's second term.

The White House appears to agree that the US is already in this ideological debate, if not with Ahmadinejad himself, then with what it sees as the antidemocratic and extremist forces holding the region back.

"The president will lay out ... the bright democratic future we see" for the Middle East "in contradistinction to some who have an almost backward-looking vision for the region," says the senior administration official, who spoke on condition he would remain unnamed.

But will other world leaders be receptive to his message? A survey released by the German Marshall Fund earlier this month showed US esteem falling. It asked Europeans if the US should exert strong leadership in the world. Five years ago, 64 percent of those surveyed said, 'Yes." Today, that figure is 37 percent. At the same time, Bush will stride into the UN General Assembly hall a weakened and challenged president at home.

The current controversy in the US over the conduct of the war on terror, and treatment of detainees accused of terrorism, is a case in point. Bush wants to convince the world of the need to combat terrorism, but a growing list of prominent personalities in and out of government say his credibility on these issues is undermined if America is seen to be violating its own principles and riding roughshod on the world for its own security. And that could mean long-lasting consequences, they add, such as key countries' flagging willingness to cooperate with the US.

Bush's former secretary of state, Colin Powell, encapsulated that concern in a letter addressed to Sen. John McCain (R) of Arizona, in which he says the US could pay a high cost if an administration proposal to redefine the application of certain principles of the Geneva Conventions is adopted.

In the letter, which was the talk of Washington over the weekend, Mr. Powell says, "The world is beginning to doubt the moral basis of our fight against terrorism," adding that it would also endanger US troops captured by our enemies. Aides say Mr. McCain says the proposal violates "our [American] values."

That controversy erupted amid other signs that the US position in the world is politically weakened - in particular by the war in Iraq. "Iraq has become the shorthand summary of American foreign policy, and until that changes, it will be hard for the president or anyone to resonate much with the world," says James McCormick, a professor of US foreign policy at Ohio State University in Ames.

At a press conference here last week, UN Secretary-General Kofi Annan said the leaders he visited during a recent tour of the Middle East were torn over whether the US should stay in Iraq or plan to leave. But as for the consequences of the US invasion, Mr. Annan said he encountered no similar ambivalence in the region. "Most of the leaders felt that the invasion of Iraq and its aftermath have been a real disaster for them," Annan said. "They believe it has destabilized the region."

Ohio's Mr. McCormick says that "a broader agenda," clearly parting ways with the administration's trademark unilateralist approach to foreign policy, could begin to open international ports to US initiatives - and Bush's vision.

And administration officials say that is just what will happen. During Bush's visit to the UN, he will spotlight certain countries - Malaysia, for example, as a successful melding of Islam and democracy, and El Salvador, as once torn by death squads and an insurgency but now a functioning democracy that's contributing to global peacekeeping efforts.

Bush will also host a meeting of leaders from democratic states and civil society organizations involved in building institutions in weak democracies.

Europeans Trying To Grease Wheels For U.S. Talks With Iran (WP)

By Dafna Linzer

The Washington Post, September 18, 2006

NEW YORK, Sept. 17 -- European efforts to get Iran and the United States around the same negotiating table are at an advanced yet sensitive stage, with a small number of remaining differences to be tackled this week when world leaders gather at the United Nations, according to several American, Iranian and European officials involved.

President Bush plans to make Iran a centerpiece of his speech Tuesday before the U.N. General Assembly, explaining to the annual meeting of presidents and prime ministers why he regards the Tehran government as a grave threat yet is willing to support negotiations to ease those concerns.

For four years, Bush has sought, without success, to roll back an Iranian nuclear energy program that perhaps could be diverted for bombmaking. While many of his allies share suspicions of a secret Iranian effort, they have also been wary of supporting a U.S. president who has invaded two countries in the past five years and who has said that "all options are on the table" for Iran.

At last year's U.N. gathering, Bush and Secretary of State Condoleezza Rice spent several days trying to persuade key allies to move the Iran issue into the U.N. Security Council, where the United States has more leverage to press for sanctions. They were unsuccessful then, but six months later, after additional diplomacy and poor cooperation from Iran, the issue was put on the council's agenda. Now, the president and his top diplomat will meet with allies again -- this time to discuss prospects for talks as well as options if those do not materialize.

"We want this to happen, we want negotiations," a senior administration official said Sunday on condition of anonymity because of the sensitivity of the issue. "But we're not there yet."

Rice dined here Sunday evening with Javier Solana, the senior European Union official who has been trying to broker talks between Tehran and the Bush administration. Solana will meet with Iran's nuclear negotiator, Ali Larijani, later in the week.

Officials who have been briefed on Solana's efforts said he is waiting for Larijani to deliver a firm commitment from his government to halt its uranium enrichment program. Larijani has suggested a temporary suspension, but it is unclear whether he can get Iran's various political factions to agree to that approach. If a deal is reached, U.S. diplomats will join group talks with European powers, Russia, China and Iran to discuss Tehran's energy needs and the future of its nuclear program.

Several administration officials expressed skepticism, however, that Larijani would be able to secure that commitment. They said the administration has not made preparations for talks, such as formalizing a negotiating team or outlining guiding principles for discussion. If Iran fails to put its nuclear program on ice, even temporarily, the administration will continue to lobby allies to impose economic sanctions.

"I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program," Bush said at a news conference Thursday. But, he said, "they need to understand we're firm in our commitment and that if they try to drag their feet or, you know, get us to look the other way, then we won't do that."

Iranian officials are seeking assurances of their own.

Through Solana and other mediators, they have said it would be hard for them to sit down with a U.S. administration that is seen as threatening the Iranian leadership. Two Bush administration officials and several European negotiators said the security issue has been a major sticking point for Iran but that efforts to resolve it are serious.

"Sitting down with Washington at the same table," said one European diplomat who spoke on the condition of anonymity, "is the best guarantee. Both sides sitting down together is extraordinary in itself."

Officials noted that Bush refrained last week from characterizing Iran as a "grave threat," as he did last month. But he ruled out the possibility of a meeting with Iranian President Mahmoud Ahmedinejad. The Iranian leader is scheduled to address the United Nations on Tuesday, hours after Bush.

Tuesday evening, Rice will dine with the foreign ministers of France, Britain, Germany, Russia, China and Italy to discuss Iran.

France, Britain and Germany have committed to push for sanctions against Iran if it does not halt its uranium enrichment program, but the Europeans are also eager to find a route to negotiations and have been holding low-level talks with the Iranians for months.

In an effort to avoid a standoff over whether the United States or Iran will make the next move toward talks, diplomats said it is possible that European foreign ministers will meet with Larijani during the week in New York, effectively kicking off negotiations, followed by an Iranian suspension of its nuclear program and then U.S. participation.

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Other E.U. members have strongly supported talks, rather than punitive measures, noting that Iran's technical progress on its nuclear program has been marginal, while its position as a major oil exporter gives Tehran significant leverage to batter their economies.

Russia, China, Japan, India and Italy -- influential countries with billions of dollars of investments in Iran's oil and gas industry -- have been particularly reluctant to back sanctions.

But all parties, including Russia and China -- two of Iran's closest economic partners -- have publicly said that Tehran must suspend its nuclear program for talks to begin.

Iran quit negotiations with the Europeans a year ago and restarted a uranium program that it insists is designed to produce only nuclear energy. In an effort to coax Iran back to the negotiating table, Rice announced in May that the United States will participate in resumed talks if Iran again suspends uranium enrichment.

Iran's nuclear program began in 1987 in secret and is under investigation by U.N. nuclear inspectors with the International Atomic Energy Agency. Inspectors have not found proof of a weapons program but have said they are unable -- mostly because of a lack of Iranian cooperation -- to confirm that the program is exclusively peaceful.

Iran this year produced trace amounts of low-enriched uranium, suitable only for an energy program, and has said it has no intention of producing highly enriched uranium. U.S. intelligence estimates report that Iran is as much as a decade away from being able to produce the amount and quality of highly enriched uranium that could be used for a nuclear weapon.

Staff writers Peter Baker and Glenn Kessler in Washington contributed to this report.

US Urges Allies To Increase Pressure On Iran (FT)

By Krishna Guha, Chris Giles And Daniel Dombey

Financial Times, September 18, 2006

The US is seeking to increase economic pressure on Iran, even as its partners in the European Union talk to the Islamic Republic about beginning formal negotiations on Tehran's nuclear programme.

Hank Paulson, the new US Treasury secretary, is personally lobbying finance ministers and central bank governors to ensure their national financial systems are not used by Iranian entities involved in proliferation or terrorism finance.

But his efforts have irritated some European officials, who have objected to what they see as Washington's moves to impose sanctions on Iran through the back door.

The EU has joined with the US in threatening sanctions against Tehran unless it scales down its nuclear programme. But the bloc is also conducting a diplomatic push to open negotiations as an alternative to sanctions – which, in any case, face serious obstacles at the UN.

Speaking at the annual meeting of the International Monetary Fund and World Bank in Singapore, Mr Paulson said Iran abused the global financial system to "procure technology that is going to aid in the production of weapons of mass destruction" and is "actively invol-ved in financing terrorists".

He added that the US had evidence that "blue chip banks" as well as other financial institutions were being used by an Iranian network of "more than 30 front companies".

The US has dispatched Treasury officials around the world to share declassified intelligence with foreign regulators on Iran's alleged abuse of the global financial system and to warn banks against becoming inadvertently involved.

The US Treasury secretary said the campaign was "nothing more than an educational briefing".

But EU officials refused to add any specific reference to Iran in a group of seven leading economies communiqué on Saturday, indicating instead that the US should name the front companies so that action could be taken.

Iran denies having or making weapons of mass des-truction. In addition, the EU also does not classify Hizbollah, the Islamist group allied to Tehran, as a terrorist organisation.

Joaquín Almunia, the Europan economic and monetary affairs commissioner, said: "As far as I know the Iran war was not on the G7 communiqué."

Any moves towards imposing UN sanctions on Iran are complicated by resistance from Russia and China, which have economic ties to Tehran and reiterated their reservations at the weekend.

Against such a backdrop, the US has sought to bring together a "coalition of concerned countries" to impose financial restrictions on Iran. Since the key players in such a coalition would be the EU and Japan, the natural forum is the G7.

But at present, the EU is in talks with Tehran over a possible deal on the nuclear file, in which Iran would suspend uranium enrichment at the same time as formal negotiations began.

Javier Solana, EU foreign policy chief, is due to meet Ali Larijani, Iran's top nuclear security official, this week in New York. If that goes well, a foreign ministers meeting could be held to begin formal negotiations. This would involve Iran, the EU, Russia and China – but not the US.

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Additional reporting by Guy Dinmore in Washington

Chirac Urges World To Keep Iran Talking (DLYTEL)

By From Correspondents In Paris

Daily Telegraph, September 18, 2006

FRENCH President Jacques Chirac has urged world powers not to refer Iran to the UN Security Council over its nuclear program, at the same time calling on Tehran to give up uranium enrichment.

"First we have to find an agenda for negotiation, then engage the negotiation and during that negotiation I propose that on the one hand the six refrain from referring the issue to the Security Council and that Iran renounce during the negotiation the enrichment of uranium," he said.

The six nations running talks with Tehran are the five permanent members of the Security Council plus Germany.

It was the first time a European leader has clearly stated that the suspension of uranium enrichment is not a "precondition" for opening talks on the nuclear dossier.

Mr Chirac indicated that the suspension should come during rather than before negotiations.

"We can find solutions via dialogue," said Mr Chirac, who heads later to New York for the UN's General Assembly.

Iran's nuclear program will be at the centre of discussions on the sidelines of the assembly, with the aim of obtaining an end to uranium enrichment or failing that a consensus on possible sanctions.

Mr Chirac said that he was "never a supporter of sanctions" and had "never noticed that sanctions are effective".

However he added that he "did not mean that we must not have sanctions - which if it comes to it must be moderate and well-adapted".

The US is preparing a list of possible sanctions - such as travel bans and economic measures - to take if Iran refuses to suspend enrichment of uranium.

However Beijing and Moscow are reluctant to follow the sanctions path.

Asked about the attitude of Iranian President Mahmoud Ahmadinejad, Mr Chirac said he "condemned in the clearest possible way the Iranian President's systematically anti-Israeli remarks".

On a possible meeting with Mr Ahmadinejad, Mr Chirac said that "nothing is planned" and "the conditions are not in place for a personal dialogue, given the Iranian President's comments concerning a country in the region".

World powers suspect Iran of trying to develop a nuclear weapon, though Tehran insists its program is for purely civilian use.

President Relenting On Value Of U.N. (WT)

By Joseph Curl

The Washington Times, September 18, 2006

President Bush, who once said the United Nations was teetering on the brink of irrelevancy and demanded it show some backbone, has increasingly turned to the organization for international problem-solving, even as most Americans think the body has outlived its usefulness.

On issues from North Korea to Iran to Sudan, the president, who arrives in New York today to attend the U.N. General Assembly's annual meeting, has deferred to the United Nations to drive action. Critics say Mr. Bush has been forced to become more multilateral after bucking the world body by invading Iraq, but administration officials assert that the United Nations remains a useful tool to spur foreign leaders to step in on major issues.

"This business about 'Our relationship is so bad' and 'We can't get anything done,' when you look at it, we actually have a fairly smart record of achievement," one senior administration official told The Washington Times last week. "We've gotten resolutions on some pretty serious issues where nobody thought we could get them."

But it remains the enforcement of those resolutions that so frustrated Mr. Bush in 2002, when the U.S. led a coalition of nations to oust Iraqi dictator Saddam Hussein. Four years ago, he asked, "Will the United Nations serve the purpose of its founding, or will it be irrelevant?"

Mr. Bush continues to have doubts about the organization. On Friday, he said, "I think a lot of Americans are frustrated with the United Nations, to be frank with you." He cited inaction over Sudan, where genocide has left an estimated half-million people dead.

"The problem is that the United Nations hasn't acted. And so I can understand why those who are concerned about Darfur are frustrated. I am."

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He is not alone. A poll released last week shows nearly three-quarters of Americans think the United Nations is no longer effective and would support cutting U.S. contributions to it. In fact, 57 percent of those surveyed by the Hudson Institute said they agreed that "if the U.N. cannot be reformed and made more effective, it should be scrapped."

The United States will spend more than $1 billion this year on international organizations, much of it through the United Nations. Some lawmakers on Capitol Hill have sought to tie continued U.S. contributions to the implementation of reform at the world body, but the White House has fought most measures.

Still, since his assessment that the United Nations was becoming irrelevant, the president has sought to employ the body when faced with criticism that he is intent on running roughshod over world consensus. Internationally, this approach has been seen as hypocritical, as when U.N. Deputy Secretary-General Mark Malloch Brown said in June that the Bush administration is engaged in "stealth diplomacy" by working with the organization on a number of issues, but blasting it publicly.

The White House official last week sought to downplay the president's earlier criticism, saying he was merely warning the United Nations over a simple concept.

Former House Speaker Newt Gingrich said the United Nations continues to be the model of inaction, failing to follow through on its resolutions. For example, he cited North Korea's test-firing of missiles on July 4 as proof that the body is all talk.

"The entire 'civilized world' declared in midsummer that it would be 'unacceptable' for North Korea to fire missiles," he said. "They deliberately fired seven missiles on our national holiday as a way of showing how much total contempt they had for us."

The organization has proven itself ineffectual time and again, said Mr. Gingrich, citing the corrupt Iraqi oil-for-food program, continued kleptocracy, and the decision to put the world's worst offenders on its Human Rights Council.

"I think we should be actively trying to create alternative institutions that matter," he said. "I think we should take virtually nothing to the Security Council."

Annan, Bush On 2 Sides Of Policy Divide (USAT)

By David Jackson

USA Today, September 18, 2006

WASHINGTON — President Bush and United Nations Secretary-General Kofi Annan say they get along fine on a personal level. It's the issues, from the Iraq war to nuclear programs in Iran and North Korea, that divide them.

These foreign policy challenges are on the agenda this week as Bush makes his annual trek to New York City to address the U.N. General Assembly. Bush's three-day trip, starting today, includes meetings with at least nine world leaders.

He plans to discuss efforts to promote democracy in Iraq, the greater Middle East and beyond. “The civilized world must stand with moderate, reformist-minded people and help them realize their dreams,” Bush said at a news conference Friday.

Bush's remarks underscored lingering U.S.-U.N. tensions. The president said the U.N. has been slow to address growing violence in the Darfur region of the Sudan and again questioned the institution's stewardship of its finances.

“I think a lot of Americans are frustrated with the United Nations, to be frank with you,” Bush said.

Annan, at a news conference of his own last week, cited the biggest conflict of them all: Iraq. Asked about a recent visit to the Middle East, Annan said, “Most of the leaders I spoke to felt that the invasion of Iraq and its aftermath has been a real disaster for them.” Annan added, “In a way, the U.S. has found itself in the position where it cannot stay and it cannot leave.”

The secretary-general said his overall relations with the Bush administration “are very good,” including with the president himself. For his part, Bush said of Annan: “I like him. And we've got a good relationship, personal relationship.”

Bush's relationship with the U.N. as an institution, however, has been “back-and-forth,” foreign-policy analyst Stephen Schlesinger says. Through Bush's presidency, his annual speeches first commanded support for the invasion of Afghanistan in 2001 but then failed to persuade the world community to back him for the invasion of Iraq in the years following. In his second term, he has tried to move toward conciliation.

Since disagreeing on Iraq, Schlesinger said, both sides have tried to work together on Iran, Sudan, North Korean nuclear weapons, and other items likely to surface this week. “It's simply impossible to obtain your objectives without allies,” said Schlesinger, author of Act of Creation: The Founding of the United Nations.

Still, he noted that Bush's decision to name John Bolton, a fierce U.N. critic, as ambassador had riled anti-U.S. feelings at the world body.

Charles Kupchan, an international relations specialist at Georgetown University, said Bush has tried to turn around his relationship with the U.N. in recent years, but he still faces challenges. One is the approach to terrorism, which Bush and aides cast as a struggle between liberal democracy and “Islamo-fascism.”

“The rest of the world just doesn't see it that way,” he said.

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While acknowledging the opposition of some allies to the Iraq war, Bush also stresses that there are global coalitions on a variety of other fronts: helping the new democracy in Afghanistan, stopping the spread of nuclear weapons materials, and sharing financial information to help track terrorist groups.

Bush said there is general agreement within the U.N. to stop the violence in Darfur and to deny Iran the ability to make a nuclear weapon. But members are divided on whether to send a U.N. military force to Darfur, or slap economic sanctions on Iran if it continues to refuse suspension of a uranium enrichment program.

Bush is scheduled to address the General Assembly on Tuesday. The nine one-on-one meetings include Annan, Iraqi President Jalal Talabani and Palestinian Authority President Mahmoud Abbas. The president will also host a roundtable on democracy with other world leaders.

Bush said Friday he's looking forward to the trip. “It's always an interesting experience for a West Texas fellow to speak to the United Nations,” he said.

Hezbollah Chief Plans 'Victory Rally' (AP)

AP, September 18, 2006

Hezbollah's leader called Sunday for a massive rally in Beirut's bombed out southern suburbs to mark the militant group's "victory" over Israel during the monthlong fighting this summer.

Sheik Hassan Nasrallah said the rally, to be held Friday evening, would show Hezbollah's "absolute commitment to our right to recover our land and prisoners and defend our nation, its dignity, freedom, sovereignty and real and full independence in the face of (Israeli) occupation."

"I call on all of you to participate in this victory rally," he said in a brief, televised speech broadcast on Hezbollah's Al-Manar TV station.

Nasrallah went into hiding on July 12, the start of the 34-day war, and has not been seen publicly since. He did not say whether he would take part personally in the rally.

He has hinted in interviews that he would appear at some point, possibly at a rally, but did not say when for security reasons.

Friday's event would mark only the second large-scale Hezbollah rally in its stronghold, the Lebanese capital's southern suburbs, since fighting ended more than a month ago.

Such rallies and parades during which Nasrallah gave fiery speeches to hundreds of thousands of supporters were common before hostilities erupted.

The fighting, triggered by Hezbollah's kidnapping of two Israeli soldiers in a cross-border raid, has given way to a political struggle between the Western-backed government and Hezbollah as Lebanese troops try to establish control over the south of the country, the Islamic militant group's stronghold.

Nasrallah said the rally would "celebrate the divine and historic victory over the Zionists — the enemies of Lebanon and the nation" and "honor and thank all those who supported the resistance" during the Israeli offensive.

Israel Forms Committee To Investigate Lebanon War (NYT)

By Greg Myre

The New York Times, September 18, 2006

JERUSALEM, Sept. 17 — The Israeli government established a committee on Sunday to investigate the political and military leadership’s handling of the recent war in Lebanon, which has come under intense public criticism in the month since the fighting ended.

In Israel, which expects swift and decisive military victories, many citizens say that the military campaign in Lebanon was poorly planned and executed, and that leaders should be held accountable. Israel could not halt the rocket fire into northern Israel by the Lebanese group Hezbollah, and it has not achieved the return of two soldiers Hezbollah captured in the cross-border raid on July 12 that ignited the monthlong conflict.

The committee “will examine the political leadership and the security echelon regarding all aspects of the campaign in Lebanon,” Prime Minister Ehud Olmert told his cabinet at the beginning of its weekly session.

The cabinet voted 20 to 2 for the committee, which will be led by a retired judge, Eliyahu Winograd.

However, dozens of protesters outside the prime minister’s office demanded that the investigation be carried out by a state commission. Such a commission would have greater power and be seen as more independent because it would be appointed by a Supreme Court judge instead of by the government it was investigating.

Mr. Olmert defended the cabinet decision, saying the committee would have the powers of a state commission, allowing it to subpoena witnesses and order police searches.

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Many Israelis, including a large number of disgruntled reserve soldiers, have been demanding an inquiry since the fighting ended Aug. 14. Mr. Olmert has faced some of the harshest criticism, and his popularity has plummeted.

Critics have also called for the resignations of Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz. Last week, Maj. Gen. Udi Adam, who commanded the Israeli forces in northern Israel and southern Lebanon, submitted his resignation, the first senior figure to quit because of the war.

With an international peacekeeping force deploying in southern Lebanon, Israel has withdrawn from most of the positions it held when the fighting ended, though it still has troops in a number of places across the border.

On Sunday, the Palestinian president, Mahmoud Abbas, left on a trip that will take him to the United Nations this week for the opening of the General Assembly. His absence puts on hold talks about a national unity government for the Palestinians, which had been marked by increasing friction.

Mr. Abbas wanted an agreement locked up before he left so he could appeal to Western leaders to restore the financial assistance that was cut after the militant group Hamas came to power in the spring.

Mr. Abbas's Fatah movement and Hamas say they remain committed to the unity government, but they have traded sharp words in recent days.

Yasser Abed Rabbo, a former information minister who is part of Mr. Abbas's delegation, said the internal Palestinian talks were in a state of crisis. He said Hamas needed to accept previous agreements between the Palestinians and the Israelis, or a new government would not win international acceptance.

"We want clarifications from Hamas," Mr. Abed Rabbo said in a telephone interview from Jordan, where Mr. Abbas was Sunday. "Hamas is affecting the credibility of the president and undermining his efforts to approach the international community."

Hamas said that its position had not changed, and that it still refused to recognize Israel. Western countries have demanded the Palestinian Authority government recognize Israel as one condition for restoring aid.

"We don't recognize Israel," Sami Abu Zuhri, a Hamas spokesman, said at a news conference on Sunday in Gaza City. "If such a position is a problem, then we consider that an honor. We want to break the siege by the West, but the price should not be abandoning the Palestinian interests."

Hamas officials say they believe talks with Mr. Abbas and Fatah will resume when the president returns.

Israeli Government Panel To Probe War (LAT)

By Ken Ellingwood

The Los Angeles Times, September 18, 2006

JERUSALEM — The Israeli Cabinet on Sunday approved a committee to investigate the government's handling of the recent war in Lebanon but rejected protesters' calls for an independent inquiry.

Amid broad dissatisfaction in Israel over the outcome of the conflict with Hezbollah militants in Lebanon, the question of whether to conduct an investigation, and of what kind, had become a political battle.

Prime Minister Ehud Olmert favored a government inquiry; others, including Defense Minister Amir Peretz, advocated an independent commission that was seen as more likely to conduct a rigorous investigation.

Peretz, leader of the left-leaning Labor Party, in the end joined Olmert in a 20-to-2 Cabinet vote to approve a five-member panel named by the prime minister. Peretz said he was satisfied that the panel would have sufficient authority.

The inquiry will be headed by a retired judge, Eliyahu Winograd, and will examine the performance of Israeli political leaders and the military during the 34-day conflict. Israelis were left bitter over a range of issues, including the wisdom of a costly last-minute ground offensive and the military's inability to crush Hezbollah forces before a United Nations cease-fire took effect Aug. 14.

Olmert rejected demands for an independent commission, which by law would enjoy wide authority in deciding the scope of its inquiry, summoning officials for questioning and issuing recommendations. Such panels have looked into political controversies, and their findings have led to the firing of top public officials.

Olmert said such an investigation would take too long. Critics charged that he sought a whitewash.

"I sincerely hope that the committee will conclude its work as soon as possible and assist the state of Israel in better preparing for future challenges," Olmert said at the start of the weekly Cabinet session.

He said the panel would be granted authority equal to that of an independent commission.

Protesters have called for the resignations of Olmert, Peretz and Lt. Gen. Dan Halutz, the army chief of staff. On Sunday, demonstrators carried placards and mocked the trio outside the prime minister's office.

Reserve soldiers who served in Lebanon and other critics have said the campaign was plagued by changing battle plans, poor preparation and shortages of combat gear, food and drinking water. Peretz has acknowledged failures. The inquiry's outcome could quell public anger toward Israel's leaders or fuel it.

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Israel has slowly withdrawn its troops from south Lebanon, after an incursion triggered July 12 when Hezbollah militants captured two Israeli soldiers, who are still unaccounted for. Officials said they would pull out the rest of their forces once the international force and Lebanese army were in place, as called for under the cease-fire.

"When they're ready to come in, we'll be ready to leave," Mark Regev, spokesman for the Israeli Foreign Ministry, said Sunday.

Public support for Olmert and Peretz soared at the outset of the war but tumbled as it went on. Weakened politically, Olmert has shelved his central plan: drawing permanent national borders, with or without negotiations with Palestinian leaders, in a way that would require tens of thousands of Jewish settlers to withdraw from the West Bank.

In recent days, Olmert has said he was willing to meet with Palestinian Authority President Mahmoud Abbas, who has repeatedly called for new talks.

Abbas was en route Sunday to a U.N. General Assembly session to seek backing for new peace moves and for his Fatah group's plans to form a unity government with the ruling Hamas movement. The two parties said last week they would join hands in hopes of breaking an international aid embargo against Hamas that has dried up the Palestinian treasury.

Palestinian officials said Abbas planned to meet with President Bush on the sidelines of the session amid signs of discord in efforts by Fatah and Hamas to forge a government.

Hamas leaders Sunday denied reports by Fatah officials that Abbas had suspended coalition talks because Hamas refused to meet the West's conditions for resuming aid: recognizing Israel, pledging an end to the use of violence and accepting agreements between Israel and the Palestinians.

Palestinian Authority Prime Minister Ismail Haniyeh of Hamas said negotiations over the proposed government would resume after Abbas returned.

Abbas wants Palestinian militants, including Hamas fighters, to release Israeli Cpl. Gilad Shalit before Fatah joins in a unity government. Shalit was captured June 25 in southern Israel and taken to the Gaza Strip, which led to the ongoing Israeli military incursion into the seaside territory.

Reports in several Arabic newspapers have said agreement was near on a prisoner swap with Israel. Palestinian officials did not comment, though unnamed Israeli officials were quoted in local media as saying that no deal was imminent.

Islamists' Rise Imperils Mideast's Order (NYT)

By Michael Slackman

The New York Times, September 18, 2006

CAIRO, Sept. 17 — President Bashar al-Assad has allowed Hamas safe haven in Syria. He has provided support to Hezbollah and castigated Arab leaders as "half men" for failing to press for a quick end to the war in Lebanon.

But even Syria has been unable to avoid being pulled into the struggle taking place in the Middle East between the traditional centers of power, like Damascus and Cairo, and opposition forces, particularly radical Islamists, that increasingly challenge them and try to force them to adopt more anti-Western, pro-Islamist policies.

The foiled terrorist attacks last week were directed against the United States Embassy in Damascus, but the very presence of armed Islamist terror groups within Syria — a country governed by Alawites, a minority sect of Islam — was troubling to the authorities there. And it followed a similarly foiled attack against a government building three months earlier.

"The fact that the Syrian regime is perceived as anti the United States does not save Syria from becoming a target of the jihadists," said Adnan Abu-Odeh, a former political adviser to King Hussein of Jordan, "because the jihadists in principle are against these regimes for ideological reasons."

The signs of the dynamic are piling up. In Egypt, the authorities said recently that they broke up a terrorist cell, detaining about 100 people suspected of adopting Al Qaeda's ideology. In Jordan, 15 Islamists who are members of Parliament recently threatened to resign. On Friday, four terrorists were killed as they tried to attack an oil plant in Yemen.

From Cairo, to Rabat, Morocco, to Riyadh, Saudi Arabia, the order that emerged after World War II — long accustomed to encouraging domestic anger against Israel — has seen its influence and grip on power challenged in the wave of instability washing across the Middle East. That has roughly coincided with the rise of the insurgency in Iraq.

This region has long been defined by conflict, and leaders are unafraid to use force to crush opposition. But the current level of instability has unnerved them. They are not about to be toppled, not as long as they retain firm control over their security operations. But they find themselves fighting to maintain stability and credibility, political analysts said.

"The ruling regimes cannot disregard or dismiss the influence of Islamist movements in their countries," said Gamal Abdel-Gawwad, who runs the International Relations unit at the Ahram Center for Political and Strategic Studies in Cairo.

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The empowerment of the Islamists has been propelled by events large and small — the occupation of Iraq, Israel's war with Hezbollah, the United States' support for Israel in that war, Danish cartoons lampooning the Prophet Muhammad, and most recently comments about Islam made by Pope Benedict XVI.

The pope issued an apology on Sunday, but the angry initial response served to highlight a dynamic years in the making that many political analysts say helped to lay the groundwork for the current rise of support for Islamic groups and radicalism.

Struggling to strip credibility from Islamic groups, Middle Eastern governments long tried to take the lead in defending what are perceived as Islamic values, while simultaneously trying to crush organizations that defined themselves as Islamic, like the Muslim Brotherhood. That, analysts said, created societies that are more religious — and more distrustful of their nonreligious governments.

"Progressive people like us, we were closed down," said the feminist Egyptian author Nawal al-Sadawi in an interview last fall. "My books were censored. Men and women who were secular and progressive were silenced, and they gave space more and more to religious people. They were competing. They were saying, 'We know God more than you,' and this is a very dangerous game."

The pressures on Arab governments — those close to the West and those opposing it — are increasingly clear. In July and August, the Egyptian government arrested about 100 people it said had formed a Qaeda-inspired cell, mostly in the northern city of Alexandria, said Mamdouh Ismail, an Islamist and lawyer who said he was working with many of those now in custody. He said the suspects had not been charged, and he insisted they were not guilty.

But he added that events like the attempted attack on the embassy in Damascus were unsurprising. "The people embrace their Arab-Muslim identity and feel an injustice is done upon them in more than one place — Iraq, Palestine, Darfur, Afghanistan, Lebanon," he said. "And that's why there are these kinds of reactions. There has to be a reaction. And there are exaggerations in the reactions because there is an excess of weakness on the part of the regimes."

In Jordan, the government recently sentenced two members of Parliament to prison for attending a mourning ceremony for Abu Musab al-Zarqawi, the leader of Al Qaeda in Iraq who was killed by an American bomb. The 15 members of the Islamic Action Front, the political arm of the Muslim Brotherhood in Jordan, all threatened to resign — which could have caused a political crisis for King Abdullah II.

The members backed down from their threat, in part to preserve the organization's "ability to influence society," said Rohile Gharaibeh, the deputy secretary General of the Islamic Action Front in Jordan.

The attacks in Damascus were also evidence that Syria has been unable to neutralize the growing radicalism within its own borders. Muhammad Habbash, a member of the Syrian Parliament who is director of the reformist Islamic Studies Center in Damascus, said that part of the reason Syria had taken such a tough line toward Washington was to help head off the influence of radical currents in Syria.

"So Syria's objecting position is not only to challenge but to avoid problems inside," he said. But it has not worked. "It still happened," he said of the recent attacks.

The Arab League, which is the institutional face of the status quo, representing 22 Arab states, has decided to try to re-establish stability by trying to renew the peace process between Israelis and Palestinians.

"There is increased instability in the region, you see it all around you," said a senior Arab League diplomat, who spoke on condition of anonymity. "The core issue is the Palestinian issue in our opinion. Frustration is building upon frustration, from what's happening in Palestine, Iraq, and what happened in Lebanon."

Wahhabi Colonialism (WSJ)

By Melik Kaylan

The Wall Street Journal, September 18, 2006

Pope Benedict XVI recently cited a Byzantine-era critique of Islam, and the usual hubbub of outrage ensued. Various self-appointed and official Islamic spokesmen (they're always men), including the head of Turkey's religious affairs directorate (why does Turkey have one?), responded sharply in the name of their faith. One might argue that a confident, evolved religion welcomes all kinds of open debate. Or one might intone gravely that the West continues to mishandle its relations with the umma -- the sphere of active Muslim believers -- with the implied assumption that there is such a unified entity of tens of millions, and that they all feel outrage in the same way at the same time. Islamist polemicists, in particular, cherish the archaic umma concept, evoking, as it does, a premodern utopia of monolithic harmony.

Many in the West buy the notion, with its familiar en bloc echoes of the proletariat. But should the rest of us believe them? Do we insult Muslims by buying into it, too, or insult them the more by considering it antiquated and bogus?

Mishandling and misinterpreting Muslim sentiments appears to be a habit we acquired in the post-Soviet age. Until then the West couldn't go wrong. We didn't need to know too much about radical Islam because we knew this much: Marxism was a

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shared enemy because it imposed atheism on subject populations, and primitive Islamic fervor worked in our favor. During the Cold War years, the West did indeed encourage the spread of a unitary and evangelical form of the religion wherever possible, as a counter to secular values. We have belatedly realized that to the doctrinaire Islamist ideologues, the Wahhabists, the Sayyid Qutbs, the Muslim Brotherhoods and now their bin Ladenite inheritors, modernism, too, was a kind of atheism.

Arabian fundamentalists concluded that if post-medieval progress in the world made their values unworkable, then it was the world's fault, and the world should be stopped in its tracks. This is a bit like the Flat Earth society resolving to retro-authenticate its views by nuking the earth flat. The Islamists found in Afghanistan that this could be done, after a fashion: Reduce the environment to premodern conditions, and, miraculously, the ideology applies precisely -- as it did wherever nature, not tamed by progress, had to be tamed by repressive social discipline. In some places, such as parts of Africa and Pakistan's tribal areas, a weak central state offered ready conditions for that ideology. In other places, like Chechnya, Palestine and now Iraq, chaos needed encouragement with car- and-suicide bombings. There's nothing new or particularly Islamic to this prescription. Remember Mao Zedong's revolutionary slogan: "Chaos under the heavens and all is right with the world."

An apparently impossible predicament, then, confronts Western policy makers today: whether to uphold corrupt and often hostile tyrannies, as in Egypt and Uzbekistan -- or to topple them and open the door to religious extremists applying their iron dialectic. A terrible inevitability is born, so it seems. In fact, a way through exists, but the West must quickly shed ignorance of matters Islamic.

As many Muslim apologists contend, though often for disingenuous purposes, the Islamic world is indeed not monolithic. It remains highly fissiparous and regional, inmixed with a myriad of localized customs, superstitions and hagiologies. The indigenous Islam of Central Asia, for example, combining Sufi mysticism, shamanism and dance, gave rise to the spiritualist école of Gurdjieff, et al., that swept through Europe early last century. Until recently, a branch of it held sway in Chechnya, where men danced the ecstatic zikhr circle dance on holy days -- until, that is, al Qaeda crept in just 10 years ago.

When fundamentalists confront such diversity, they do so with dogmatic force, huge resources and a fully schematized set of ideas. They bully local Islam into puritan uniformity. In Bosnia and Kosovo, whenever Saudi and Gulf agents offered funds to rebuild war-damaged communities, they insisted first on flattening cemeteries, destroying tombstones and whitewashing mosque décor, on the principle that pure iconophobic Islam abhorred the worship of idols. (This, despite the ubiquity of giant-sized idolatrous portraits, in their own countries, of Gulf and Saudi emirs on public walls -- not to mention currency notes.)

One can imagine the initial distress followed by resistance from local communities against such arrogant sacrilege from outside -- a resistance that, alas, fades with pressure and neglect. In the Balkans, inhabitants had to be restrained, weeping, from forcefully defending their family graves. This is where the opportunity lies for the West to break the extreme Islamists' strategy for indoctrination and for sowing jihad upon chaos. Both in Western mosques and in the Islamic world, the reintroduction of regional forms of belief and practice should be fostered. * * *

In such Central Asian countries as Uzbekistan, Kyrgyzstan and Turkmenistan, where sub-al Qaeda groups now clandestinely offer the only full-fledged religious instruction available to the populace, national leaders should be encouraged instead to revive their own indigenous practices (long dormant under Soviet rule), to arm their citizens with a regional pride in their organic Muslim traditions, even to export them to nearby Afghanistan -- where such practices endured until the Soviet invasion. In Turkey, the vast heritage of poetic mysticism accumulated in the Seljuk and Ottoman dynasties, visible now only in the Rumi-Dervish order, should be revitalized and exported to neighbors (assuming the religious affairs directorate agrees, of course). In Central Asia, Indonesia, the Philippine Islands and elsewhere, Wahhabists should no longer expect to meet with no counterargument when, as a prelude to conversion, they accuse the locals of ignorance and godlessness. They should be confronted with a literate, individuated and self-confident Islam, deeply rooted in local history and all the more resistant to their internationalist, one-size-fits-all template.

In such conditions, local Muslims will also defend the progress and development they have achieved nationally, thereby short-circuiting the messianic return-to-rubble logic of jihadists. To the argument that such initiatives imposed from above or initiated in the West will be dismissed as imperialist or collusionist, there's a simple answer. The spread of fundamentalist Islam was itself fostered by the West via the Arabian peninsula for political reasons. It has become the ultimate, invasively colonial force and aims to subjugate the entire umma to its tenets.

Mr. Kaylan, born in Istanbul, is a writer in New York.

Hamas' Rejection Of Israel Halts Talks (WT/AP)

By Sarah El Deeb

The Washington Times, September 18, 2006

RAMALLAH, West Bank -- Coalition talks between Palestinian Authority President Mahmoud Abbas and the militant group Hamas have stalled over U.S. demands that a national unity government recognize Israel, Palestinian officials said yesterday.

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The suspension of negotiations underscores the difficulty that Mr. Abbas is having in trying to get Hamas to soften its anti-Israel ideology, a move that would pave the way to ending international sanctions that are crippling the Palestinian economy.

Israeli officials, meanwhile, said they were making progress in talks to win the release of an Israeli soldier captured three months ago by Hamas-linked militants in the Gaza Strip. That attack sparked an Israeli offensive in Gaza that further worsened the plight of Palestinians.

Mr. Abbas will use a meeting this week with President Bush on the sidelines of the U.N. General Assembly session in New York to try to win U.S. support for a coalition that doesn't fully meet international demands for a changed stance on Israel, Palestinian officials said.

They said he would warn that failure to work out a unity government could lead to a Palestinian civil war.

Still, some Palestinian officials wondered whether Mr. Abbas and Hamas can bridge their differences.

"What's the point of forming a government if this government is saying that it won't recognize agreements signed with Israel?" asked Palestinian lawmaker Saeb Erekat, an Abbas confidant. "The whole point is to break the deadlock in the peace process and bring an end to the siege."

The so-called Quartet of Middle East peacemakers -- the U.S., European Union, Russia and United Nations -- insist that Hamas must renounce violence, recognize Israel and accept past peace agreements before aid can resume.

Hamas has long sought Israel's destruction, with its followers killing hundreds of Israelis in suicide bombings. But the group caved in to months of economic sanctions and announced last week that it would form a coalition government with Mr. Abbas' more moderate Fatah Party.

The Hamas Cabinet resigned Wednesday, and Mr. Abbas said the Palestinian Authority's 165,000 civil servants would be paid in the coming days. The employees have not been paid their full salaries since Hamas took control of the government in March.

But the current platform for the planned unity government falls short of the requirements set by the West to restore the flow of money, and Hamas leaders said they would not compromise any further.

Palestinian Prime Minister Ismail Haniyeh of Hamas said yesterday that the group would not recognize past peace deals despite the international pressure.

A Real Test For The Palestinians (NYT)

The New York Times, September 18, 2006

After six months of crippling sanctions, Hamas's leaders are trying to figure out the very minimum they need to say — and the even less they plan to do — to end their isolation and salvage their government. Skepticism is more than warranted. But Hamas's admission of weakness could provide at least a chance to quell the violence and resuscitate peace talks. The Bush administration should not squander the opportunity.

The radical Islamist Hamas — which came to power after last January's legislative elections — has been negotiating to form a national unity government with the Palestinian president, Mahmoud Abbas, a moderate, and his Fatah Party. Hamas still refuses to say the words necessary to unlock international aid: that it will renounce violence and recognize Israel's right to exist. Aides to Mr. Abbas warned yesterday that Hamas will have to make some rhetorical concessions — no matter how grudging — before a unity government can hope to win international acceptance.

Words are important. But worrying about who said what should not divert attention from what should be the real test of any Palestinian government: whether it will commit to a genuine cease-fire and use its security forces to halt, rather than abet, rocket and terrorist attacks against Israel.

The cutoff of financing has taken a harsh toll on the Palestinian people, especially in Gaza. Even then, Hamas began to buckle only after government employees, unpaid for months, went on strike. The Europeans are eager to resume aid, but all that leverage will be lost if they settle for words rather than deeds. The Bush administration is right to warn against that. Unfortunately, that is all that it has been doing.

One can spend endless hours puzzling over why President Bush has made no effort to broker a peace between Israel and the Palestinians. After pushing so hard to isolate Hamas, he now needs to capitalize on its weakness.

Working with the Europeans and moderate Arab states — all desperate to see Washington engage — the administration should take the lead in trying to negotiate a cease-fire and a prisoner exchange. Washington should also send a clear message to Syria that there can be real rewards if it restrains its clients, Hamas and Hezbollah, while the Europeans should warn of real punishments if it refuses.

If progress is to be made, Israel will need to turn over tax revenues and stop expanding settlements. And if a cease-fire can be put in place, Washington should push for a quick resumption of peace talks.

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Skepticism is a basic requirement for dealing in the Middle East. But that cannot be an excuse for nearly six years of White House inaction. It's time that Mr. Bush and his secretary of state, Condoleezza Rice, try the hard work of diplomacy.

An Endless Vacuum In The Middle East (WP)

By Jackson Diehl

The Washington Post, September 18, 2006

President Bush once asked former Israeli prime minister Ariel Sharon why he had proposed his bold plan to evacuate Israeli settlers and soldiers unilaterally from the Gaza Strip. "To fill the vacuum," Sharon frankly replied. Before Sharon uncorked the idea in the fall of 2003, the Israeli-Palestinian "peace process" was stalemated, and there was mounting international pressure for progress. Proposals from outsiders and would-be brokers were proliferating; Sharon feared one of them would eventually gain traction and be imposed on him. So, with the flair that won him many a battlefield victory, he outflanked the incipient discussion.

Three years later, in the aftermath of a war that was one of the unforeseen consequences of Sharon's strategy, a similar vacuum looms before his successors. Once again there seems no clear way forward toward an Israeli-Palestinian peace. The unilateral West Bank pullout championed by Prime Minister Ehud Olmert earlier this year is, at least for now, dead. But a settlement seems more urgent than ever, and lots of people have ideas: Jacques Chirac, Kofi Annan, the Arab League.

Most of them are bad: grandiose proposals for international conferences or non-starters that would require Israel to accept the "return" of millions of Palestinians to its own territory as a condition for Arab recognition of what would no longer be a Jewish state. Nonetheless, the U.N. Security Council may debate the various schemes at the end of this week.

Both Olmert's government and the Bush administration know that this would be the ideal moment to put a new, game-changing plan on the table. But as a visit to Washington last week by Olmert's foreign minister, Tzipi Livni, made clear, they haven't got one. Livni spent hours in conversation with Bush, Vice President Cheney, Secretary of State Condoleezza Rice and other senior officials, with the goal of coordinating positions before the expected onslaught of diplomacy at the United Nations. The bottom line, one official said, is that "there will be no major diplomatic initiative."

Why the paralysis? There are some important substantive reasons, including the simple fact that the end of Israeli unilateralism means an Arab partner is needed -- and the Palestinian Authority is not ready for a serious peace process. Since Israel withdrew from Gaza a year ago, neither President Mahmoud Abbas nor the rival Hamas movement has been able to gain control over an increasingly anarchic territory.

There are also powerful political problems here and in Israel. With his presidential capital rapidly waning, Bush is focused on finding solutions for Iraq. Trying to solve the Middle East's most intractable conflict on top of that is a stretch. Olmert's government is reeling from the war in Lebanon, besieged by critics who say he failed to deliver on promises to cripple Hezbollah or that he squandered the lives of the scores of Israelis who were killed. For the next few months, at least, he will be focused simply on surviving in office.

Bush and Livni consequently found themselves watching with a mixture of apprehension and dismay last week as the usually passive Palestinians launched a Sharonesque gambit. Abbas announced that he had struck a deal with Hamas and other factions on a "unity government" that he would discuss with Bush at a meeting this week at the United Nations. Hamas leaders, meanwhile, floated an even bolder backup plan: dissolving the Palestinian Authority, which could force Israel to resume its occupation.

The Palestinian leadership knows that the still-evolving unity pact isn't likely to impress either Olmert or Bush, since it almost certainly won't commit Hamas or the new government to formal recognition of Israel or an unqualified renunciation of violence. But if it goes forward it will be a fresh initiative -- and it could break the current international embargo on the Palestinian Authority, by persuading European governments to renew subsidies that cover half of the authority's payroll. Western governments and Israel would be reduced to arguing with each other, rather than pressing for a Palestinian government that could make peace.

The U.S.-Israeli strategy to counter this maneuver amounts to a series of small tactical steps. Once an Israeli soldier still held captive in Gaza is released, Olmert will meet with Abbas and release hundreds or thousands of Palestinian prisoners. An Israeli chokehold over movement in and out of Gaza will be eased. If all goes well, Olmert might even discuss transferring security responsibility in several West Bank towns from the Israeli army to Palestinian security forces controlled by Abbas.

All these would be useful steps forward. They wouldn't, however, fill the vacuum.

US Moves Stall To Press Sudan On Darfur (FT)

By Guy Dinmore

Financial Times, September 18, 2006

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Moves in Congress to put financial pressure on Sudan to stop the killings in Darfur have been stymied by a combination of big business interests and the Bush administration, according to supporters of legislation blocked in the Senate that would have endorsed decisions by US states to divest from companies involved in Sudan.

Tens of billions of dollars in equity are at stake, mostly of non-US companies and including two listed Chinese energy giants involved in Sudan's rapidly growing oil industry which fuels the military with arms and other supplies.

While giving rhetorical backing to anti-genocide protests staged around the world on Sunday, Democrats and Republicans admitted that a new watered down draft of the Darfur Peace and Accountability Act was further evidence of US unwillingness as well as inability to take decisive action.

The draft put forward last week after long delays by Senator Richard Lugar, head of the foreign relations committee, took out controversial language known as "section 11" in the House equivalent that passed in April. This would have given a green light to a growing, celebrity-backed Sudan divestment campaign that has successfully targeted states, universities, pension and investment funds, persuading them to dump stock.

In June New Jersey became the first state to divest fully public funds from foreign companies linked to Sudan, selling $2.16bn of stock. Maine, Oregon, Illinois and Connecticut have also passed divestment legislation, as have many public and private universities with billions of dollars in endowments.

"Section 11 was critical," said Jason Miller, national policy director of the Sudan Divestment Task Force which is co-ordinating the campaign. His group pushes for divestment targeted not at all companies in Sudan but those deemed to be directly helping the government, through the oil industry which accounts for over half of state revenues and some telecommunications companies that have directly assisted the military.

On the other side, the National Foreign Trade Council (NFTC), a US business lobby group representing major industries, is fighting the campaign and has sued the state of Illinois.

Bill Reinsch, president of the NFTC, lobbied Congress. He told the FT that the principle was simple – "the president of the United States runs foreign policy; the mayor of Berkeley does not".

The NFTC also complains that lists of target companies are drawn up by unaccountable private interest groups. He said some of the US companies listed had been exempt from existing US sanctions to do business with Sudan – usually in the south where rebel groups recently signed a peace accord with Khartoum. Others had nothing to do with Sudan, he said.

It is not clear whether Mr Lugar's draft will get through the committee, though there is a sense that so much time has been wasted that something is better than nothing. The sudden arrival of the draft caught many by surprise and it is still being studied. No one contacted by the FT could explain why support for a "no fly zone" over Darfur had apparently been dropped as well.

The State Department declined to make an official comment on the issue.

One administration official questioned whether the legislation would make any difference. He said there was little the US could do on its own, its military was stuck and exhausted in Iraq, China was refusing to co-operate and Nato was tied up in Afghanistan.

To that list, analysts said, should be added US reluctance to make Darfur a priority in its difficult relationship with China, Sudan's oil wealth, and a still close intelligence relationship between Washington and Khartoum in the war on terror.

Companies affected by the divestment campaign include: PetroChina, Sinopec, ABB, Alstom, Siemens, Schlumberger, Tatneft of Russia, Italy's Finmeccanica, Weir Group of the UK, and Shell.

As Peace Mission Nears End, War In Sudan Intensifies (WP)

By Craig Timberg

The Washington Post, September 18, 2006

EL FASHER, Sudan, Sept. 17 -- As the African Union prepares to abandon its troubled peace mission to Darfur, the region is descending ever more steeply into war.

Fresh Sudanese government troops with machine guns slung over their shoulders patrol the streets of El Fasher, the capital of North Darfur state. Helicopter gunships based here rumble off into the countryside almost every day, loaded with rockets. And Darfur's fractured and frustrated rebel forces increasingly are fighting back against government forces.

The intensity of the combat in Darfur, the western Sudanese region the size of Texas, has forced a new flood of civilians to flee their burned and bombed-out villages for sprawling camps on the outskirts of this and other cities. The estimated 2 million people already in such camps are settling in for the long haul, losing hope that they will ever return home.

Hawab Abdallah Osman, 50, said her village about 45 miles northwest of here is now empty. Asked when she planned to return, she said, "Never."

"There is bombing there," she said. "I don't think peace will come."

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Hundreds of thousands of people have already died in three years of war, which began when rebels attacked government installations in Darfur. The government responded by sending in army troops and arming a militia, called the Janjaweed, that has attacked rebels and civilians.

The African Union, which launched an ambitious but poorly funded peace monitoring mission in 2004, is scheduled to leave Sept. 30, when its mandate expires.

A proposed United Nations force of about 20,000 -- over three times the size of the African Union's -- has been blocked by President Omar Hassan al-Bashir, who says it is part of an effort by Western nations to "re-colonize" Sudan.

"We don't want the United Nations back to Sudan no matter the conditions," he said Saturday in Havana, where he was attending an international summit of developing countries.

A cease-fire agreement for Darfur was reached in May but has collapsed in the four months since it was signed in the Nigerian capital of Abuja. The government has repeatedly violated terms prohibiting military flights over Darfur and new troop deployments.

The government also has failed to restrain the Janjaweed, which continues to rape, kill and pillage. Increasingly, the militiamen are doing so while wearing crisp green uniforms, distributed by the government.

Civilians here say militiamen gallop their horses and camels into the camps for displaced people, sometimes within site of African Union troop positions. Rarely have the troops responded with force. In some cases, Darfur civilians, still smarting from deaths of friends and family members, have demonstrated angrily in front of African Union encampments.

"This African Union, if there is fighting, they are running away," said Halima Idriss, 55, gesturing furiously as her orange head scarf flapped in the hot wind of a camp outside of El Fasher.

The African Union's Peace and Security Council plans to review its decision to depart at a meeting in New York on Monday. But with its current mandate and resources, African Union officers express despair about their ability to keep peace when both the government and rebel forces are determined to return to war. Field commanders from the only rebel group that signed May's peace deal say they, too, are likely to resume fighting soon unless the United Nations sends its peacekeepers to Darfur.

Speaking on condition of anonymity, the African Union officers muttered angrily about their failure to enforce calm while expressing greater fears. They used the words "genocide" and "Rwanda" to describe what they expect will follow their departure.

Outside analysts also say that the African Union, while ineffective at peacekeeping, is serving as vital eyes and ears for the outside world at a time when the Sudanese government is making it more difficult for aid groups and journalists to operate here. With the African Union gone, they say, the last buffer will be lost against a bloodier assault in Darfur.

"All predictions are that without witnesses, the slaughter will begin," said Eric Reeves, a Smith College professor who has closely monitored the Darfur conflict, speaking from Northampton, Mass. "As long as the A.U. stays in, they are powerless but they are witnesses."

The African Union pullout would come shortly before the end of the rainy season, when flooded dirt roads typically dry out, allowing full-scale military maneuvering to resume after many weeks of limited mobility for both sides.

John Prendergast, an Africa analyst for the International Crisis Group, said the United States and the United Nations have allowed the Sudanese government to outmaneuver them diplomatically. He acknowledged that the United Nations would have trouble deploying troops over the objections of the government but said tougher actions would persuade officials to allow the peacekeepers.

"If we start acting, they will change their behavior," said Prendergast, speaking from New York, where he was preparing for a Darfur rally in Central Park. "It's very sad that the U.S. has not mustered the political will to head down that path."

Little news of the political maneuvering reached displaced civilians in Darfur. They passed the day much as they have for months, in some cases for years. They took long, dangerous walks into the Janjaweed-controlled countryside to gather firewood. They rode their donkeys in search of grass for the animals to eat. They sought shade from the blistering sun under makeshift shelters made with reeds and plastic tarps distributed by international aid groups.

And they waited for a peace few expect to come.

Idriss, the Darfur woman who said she had lost faith in the African Union, expressed tentative hope that U.N. peacekeepers might do better. If they don't come, she said, she knows what will happen.

"We will lose all the people of Darfur," Idriss said. "The killing is always going on."

In A Blow To Merkel's Christian Democrats, Far-Right Party Wins Seats In An East German State (NYT)

By Mark Landler

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The New York Times, September 18, 2006

FRANKFURT, Sept. 17 — A far-right party made further inroads in Germany's economically fragile east on Sunday, winning seats in a state election in Mecklenburg-West Pomerania, a lonely land of farms and fishing villages that is the home constituency of Chancellor Angela Merkel.

The National Democratic Party, which openly espouses xenophobic and neo-Nazi views, was projected to win slightly more than 7 percent of the vote, according to preliminary results. That was less than analysts here had feared, but enough to clear the threshold of 5 percent for seats in the state legislature.

Extreme-right parties will now be represented in three of Germany's six eastern states — a trend that worries officials and underlines the divide between the country's eastern and western halves. Far-right parties have negligible support in more-prosperous western Germany.

"This shows the extreme right is a stable and growing force in the east, but it is not an earthquake," said Hajo Funke, a political scientist at the Free University of Berlin. "It's not a danger for our democracy."

The result, however, is a rebuke for Mrs. Merkel and her conservative party, the Christian Democratic Union, which lost votes in Mecklenburg and fared even worse in the second of the two state legislative elections on Sunday, in Berlin. There, the popular mayor, Klaus Wowereit, led his Social Democratic Party to a comfortable victory.

Voters appeared to be punishing Mrs. Merkel's party, 10 months after it squeaked into power in an unwieldy "grand coalition" with the Social Democrats. The Social Democrats, who govern Mecklenburg-West Pomerania, lost ground there, too, and it was not clear whether they could salvage their coalition with the Party of Democratic Socialism, the former East German Communist party.

Mrs. Merkel, who began her political career in Mecklenburg 15 years ago, has tried to focus attention on the region, inviting President Bush in July for a visit. But the state has one of the highest unemployment rates in Germany, which makes it a breeding ground for extremism, analysts say.

The National Democratic Party, which the German government once tried to ban, won seats in Saxony, a similarly depressed eastern state, in 2004. Another far-right party is represented in Brandenburg, the state that surrounds Berlin.

"The grand coalition hasn't presented a forceful program to tackle Germany's problems," Mr. Funke said. "These parties take advantage of the frustration of those who have no chance of a social or economic future."

One of the few winners on Sunday was Mr. Wowereit, who was given a strong mandate as mayor of Berlin, with the choice of renewing his coalition with the Party of Democratic Socialism or forming a new one with the Greens, the largest vote-gainer since the last election, in 2001.

The victory may foretell a greater national role for Mr. Wowereit, a 52-year-old lawyer who has become a star in Berlin. His party-going style seems to suit his late-night town, and his disclosure before the last election that he is gay only added to his appeal. On Sunday, Mr. Wowereit appeared on stage with his partner, Jörn Kubicki, a neurosurgeon.

With the departure of Social Democratic leaders like Gerhard Schröder, and a lack of other rising stars, Mr. Wowereit has made his ambitions plain. "I would like to have more say that I have had in the last five years, when we had to clean up the city," he said in a recent interview with the German magazine Stern.

Whether he has done so is a matter of debate. Berlin is strangled by debt, a jobless rate of nearly 20 percent and a shrinking commercial base. Mr. Wowereit, who is known as Wowi, prefers to focus on its role as a cultural center and tourist magnet. Berlin, he said last year, is "poor but sexy" — a line that has become a tongue-in-cheek slogan for the city.

His opponent, Friedbert Pflüger, a Christian Democratic member of Parliament, tried to portray the mayor as a lightweight. But in a city that rewards flamboyance, Mr. Pflüger, an establishment politician originally from the western city of Hanover, never stood a chance.

"Up until now, he hasn't been a strong voice in politics on the national level," Uwe Andersen, a political scientist at Ruhr University, said of Mr. Wowereit. "He may think this result strengthens his position."

Sweden's Governing Party Voted Out After 12 Years (NYT)

By Sarah Lyall And Ivar Ekman

The New York Times, September 18, 2006

STOCKHOLM, Sept. 17 — Sweden swept away 12 years of center-left government on Sunday, voting to reject its longtime prime minister, Goran Persson, in favor of a conservative candidate who has pledged to revise the Swedish welfare state.

With almost all the votes counted by 11 p.m., three hours after the polls closed, the right-of-center coalition led by the leader of the Moderate Party, Fredrik Reinfeldt, had taken 48.1 percent of the vote, compared with 46.2 percent for the Social Democrats and their left-of-center allies.

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The Social Democrats received just 35.2 percent, their worst showing since universal suffrage began in Sweden in 1921. Mr. Persson, 57, who has been prime minister since 1996, said he would step down as party leader in March.

One of the world's most consistently successful political parties, the Social Democrats have governed Sweden alone or in coalitions for 65 of the past 74 years. The party's defeat reflects a feeling not only that Mr. Persson has become complacent in office, but also that Sweden's celebrated social welfare model, with its high tax rate and generous benefits, has encouraged too many people to stay out of work for too long.

Speaking to jubilant party members after declaring victory, Mr. Reinfeldt, 41, went out of his way to welcome people who had voted for the first time for the Moderates, the conservatives. During the campaign, they were repackaged as the new Moderates, signaling a shift to the center.

"Tonight, people who never had thought of voting for us have given us their vote," Mr. Reinfeldt said. "We want them all to feel at home with the new Moderates."

Conceding defeat, Mr. Persson told members of his party that he took responsibility for the poor election results. Voter turnout was around 80.4 percent in a country of 9 million people and 6.9 million voters. The Social Democrats won 177,000 fewer votes than they did in the last election four years ago.

"We will work hard to be a powerful opposition," Mr. Persson said. Pressing home one of the major themes of his campaign, that Mr. Reinfeldt's party represented a seismic, rightward turn in Swedish politics, he said: "We will never accept the system shift of the right. We will fight back."

Nicholas Aylott, a political scientist at Sodertorn University, said in an interview: "There's a sense that the government has become tired, that it's been drifting, really. It hasn't been clear where the Social Democrats want to lead Sweden."

Mr. Reinfeldt successfully made unemployment a major issue in the campaign. By most measures, Sweden is thriving economically: the economy is growing this year at a projected annual rate of 4.1 percent, and the official unemployment rate is 5.7 percent.

But with its generous social services and high unemployment benefits, Mr. Reinfeldt argues, it has encouraged a vast swath of people to fall out of the labor market, a particularly acute problem with an aging population. Taking into account the number of working-age people who are not working or in school — including early retirees, people in job training and those on long-term disability — the unemployment figure is close to 21 percent, he says.

Styling the Moderates "the new labor party," Mr. Reinfeldt said that in Mr. Persson's view, "Security is living on subsidies." By contrast, he said in a recent interview, his party is "saying that security is the ability to work and to stand on your own two feet."

Mr. Reinfeldt has pledged to revitalize the economy by cutting payroll taxes for low-income workers, reducing unemployment benefits from the current high of 80 percent of a worker's last salary, raising educational standards to prepare students for work in a competitive market and encouraging employers with tax credits to hire the long-term unemployed.

"The election's big issue was the poor functioning of the labor market," Mr. Aylott said. "The fact that so many people don't have work has to be considered a major failing of the Social Democratic government, given that they've presided over such a long period of economic growth."

But in a country that likes stability, Mr. Reinfeldt has been at pains to cast his plans as a fine-tuning, rather than a full-scale overhaul, of Sweden's economic model. "The Nordic welfare model is in many aspects a good model," he said as he campaigned Sunday, "but it needs more of a choice for individuals."

But in a series of television and radio debates, Mr. Persson tried to portray his opponent as a classic conservative in disguise, saying the conservatives would tamper with the country's successful formula of high taxes, a large public sector, and generous benefits.

In the previous election four years ago, Mr. Reinfeldt's party was trounced at the polls when it ran on a traditional platform of big tax cuts and deep reductions in social security benefits. When he became party leader, Mr. Reinfeldt acknowledged that such a stance was unlikely to win any elections in a country that is essentially happy with its underlying big-government, high-tax system.

So he moved the party to the center and settled on unemployment as an issue on which the government would be particularly vulnerable.

On Sunday, there was a feeling in the air that something momentous was afoot.

"This year, you've felt vibrations that you haven't felt before," Mattias Jonsson, a 30-year-old banker who was voting for the Moderates, said in an interview outside a Stockholm polling station. "This time, there is a real alternative."

Magnus Rosander, a 44-year-old computer engineer who said he had a nervous breakdown after losing his job four years ago and had not worked since, said he had voted for the Social Democrats and was worried about what would happen under the Moderates.

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"I'm dependent on social welfare," Mr. Rosander said outside a subway station in central Stockholm. "If Fredrik Reinfeldt wins, we will get less money and he will force me to work even though my doctor says I'm not ready yet."

Some voters said that regardless of the differences between the parties, they felt simply that the Social Democrats, and Mr. Persson, had been in power too long.

Frida Henriksson, who is 26 and works in telephone sales for a large Swedish company, said she voted for Mr. Reinfeldt because "it feels like I have a lot more in common with him" than with Mr. Persson.

"It's time for a change, to see what someone else can achieve," she added.

Swedish Oust Persson As Right Wins Poll (FT)

By David Ibison

Financial Times, September 18, 2006

Swedish voters ousted the ruling Social Democrats from power after 12 years on Sunday and elected the centre right Alliance for Sweden, almost complete official results indicated.

As he declared victory on Sunday night, Fredrik Reinfeldt, leader of the four-party Alliance, told jubilant supporters: "It was teamwork that helped us win."

The results showing the Alliance parties ahead by just over 1 percentage point was a stunning rebuke for prime minister Göran Persson and his party that has led Sweden for 65 of the last 74 years, overseeing the creation of its world-famous welfare state.

Mr Persson told a group of subdued supporters: "Tomorrow, I will go to the speaker [of parliament] and hand in my and our government's resignation." The prime minister, who has led the Social Democrats for 10 years, said he would also step down as party leader in March. But he added: "We have lost the election, but we are not a defeated party."

The result means Sweden is set for an historic change of direction as it moves away from being a welfare state towards encouraging more market-based activity.

The new government, while supporting many aspects of the welfare state, has pledged to lower taxes and deregulate areas of the economy in which the government continues to play a large role.

"The Social Democrats have been in power for 12 years so there is a general malaise, but there are also underlying reasons," said James Ashley, economist at Barclays Capital.

"The official unemployment rate looks better than European averages, but when you look at the true rate, taking into account government schemes for example, it is much higher, and there is a lot of dissatisfaction with that."

The official unemployment rate is 5.7 per cent, but independent economists have calculated the real rate is between 15 per cent and 17 per cent. Youth unemployment is 23 per cent, according to the European Union.

The Alliance victory comes as the economy is growing at an annualised rate of 5.5 per cent, inflation is low and house prices rising – factors that usually guarantee success for an incumbent government.

Mr Persson emphasised these points repeatedly during his campaign, urging voters to stick with the party that had created Sweden's current prosperity.

But Mr Reinfeldt has argued that record high youth unemployment masks fractures that are appearing in Sweden's social model

These include a rapidly ageing society, indicating that more people will require state support at a time when the number of taxpayers is dropping.

He argued that if nothing was done, either welfare benefits would have to be reduced or taxes would have to go up. He believes deregulation will boost employment and ultimately the government's tax income.

The Alliance victory is likely to have little immediate impact on financial markets or the currency, but it could be more marked in the longer term.

Mr Reinfeldt has pledged to sell state shareholdings in listed companies and deregulate other areas of the economy in which the state has a large influence. This could clear the way for cross-border mergers or acquisitions of listed companies.

Additional reporting by agencies

Next Sweden Leader Aims To Tweak Welfare (AP)

By Katarina Kratovac, Associated Press Writer

AP, September 18, 2006

Fredrik Reinfeldt, leader of the center-right coalition that won Swedish parliamentary elections on Sunday, once wrote a book criticizing the country's vaunted cradle-to-grave welfare state.

Now he will have the chance to tweak the model.

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Reinfeldt's coalition ousted the Social Democratic government in a close parliamentary election Sunday, ending 12 years of leftist rule in the Nordic nation.

The 41-year old leader of the main opposition Moderate Party is decidedly more pro-American than Prime Minister Goran Persson, who Reinfeldt defeated.

He has criticized the President Bush's administration, saying "a long list of mistakes" were committed in Iraq. But he also has said: "I have not experienced any conflict in the world where people don't stand up and call for the Americans to come there and solve it. You can't forget that."

Political opponents often point to Reinfeldt's 1993 book "The Sleeping Nation," in which he criticized the cradle-to-grave welfare state.

Realizing the welfare state is a near-sacred concept in Sweden, Reinfeldt called for fine-tuning the system with small, pro-business adjustments rather than dismantling it altogether.

"We want to show that we like the Sweden we have — but also signal a will to change things through safe steps," the father of three told The Associated Press in a pre-election interview.

Reinfeldt, who comes from an upper middle-class background, was voted into Parliament in 1991, a year after completing a university degree in economics.

He assumed leadership of the main opposition Moderate Party in 2003, a year after its poor showing in 2002 elections. In just three years, he revived the party by softening its conservative image and moving it to the political center.

The Moderates' more controversial goals — such as privatizing state-owned companies and ending Sweden's traditional neutrality to join NATO — were hardly mentioned during the campaign.

In the campaign, Persson cast suspicion on Reinfeldt's shift to the center, saying his true aim was to overturn Sweden's social model.

Reinfeldt has compared himself to Canada's Conservative Prime Minister Stephen Harper or British Conservative leader David Cameron.

He has said many reforms were needed in the U.N., describing his disenchantment when listening to Cuba's foreign minister give a speech to the General Assembly in 2004 which he said glorified communism while delivering a "giant attack on the USA."

"It was one of the worst things I've heard," Reinfeldt recalled. "But he got a standing ovation from the present delegates. That tells you that this U.N. system isn't perfect.

"It should not become a scratch-each-other-on-the-back society for dictatorships," he added. "That may explain why the USA sometimes chooses to act on its own."

Associated Press Writer Mattias Karen contributed to this report.

Mexican Leftwinger Calls Himself President-elect (FT)

By Adam Thomson

Financial Times, September 18, 2006

Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential election last July, proclaimed himself president-elect at the weekend and vowed to set about transforming the country's institutions to establish "a new republic".

Speaking before tens of thousands of cheering supporters, he said he would not recognise the government of Felipe Calderón, the official winner, and promised to continue his "civil resistance" movement.

"Do they really think the puppet they put in power will be able to govern?" he asked the "delegates" of his resistance movement. "Well, they are wrong."

Mr López Obrador, the 52-year-old former Mexico City mayor, insisted that the July election had been fraudulent and said that his decision to proclaim himself president was not "capricious" but rather a necessary step in combating a corrupt system set up to benefit the rich.

"They [the establishment] created a gang of white-collar delinquents to fight against us," he told a fervent crowd. He said the decision to proclaim himself president was a "take that so that they learn to respect the will of the people".

Minutes before his rousing speech on Saturday evening, the delegates – organisers claimed there were more than a million although private estimates suggested there were considerably fewer – voted on 12 points.

These included naming Mr López Obrador president-elect, authorising him to appoint a cabinet, choose a government headquarters and even collect revenue, though they did not specify how. The delegates voted overwhelmingly to name him president on November 20, the date Mexicans celebrate the 1910 revolution.

With a show of hands – many enthusiastically raised both hands when asked to vote – delegates also promised to continue Mr López Obrador's "peaceful civil resistance" movement aimed at complicating life for Mr Calderón once in power.

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One delegate speaking before Mr López Obrador said the strategy would include protesting everywhere Mr Calderón appeared in public, holding up signs behind television reporters and even boycotting products of companies that allegedly contributed to Mr Calderon's election campaign. Coca-Cola, Wal-Mart and Banamex, the bank owned by Citigroup, were some of the companies mentioned.

Speaking to the delegates, many of them drenched and shivering from a torrential rain storm earlier in the afternoon, Mr López Obrador said triumphantly: "I will not let Mexico down."

The line went down well with those in the capital's main square. But for others, Mr López Obrador already has. In Mexico City, the leftwing campaigner's principal support base, a growing number of residents – including many who voted for him in July – say enough is enough.

Many political analysts say that by adopting such tactics, Mr López Obrador has locked himself into a poorly funded resistance movement that will gradually start to lose support. Mr Calderón, who takes possession on December 1, will be hoping they are right.

López Obrador To Run 'Parallel Government' As Mexico Opposition (WSJ/AP)

The Wall Street Journal, September 18, 2006

MEXICO CITY -- Hundreds of thousands of supporters of leftist Andrés Manuel López Obrador elected him the leader Saturday of a "parallel government" opposed to President-elect Felipe Calderón's administration.

The symbolic "vote" -- a show of hands in the packed Zocalo plaza -- was the latest development in Mexico's nearly three-month electoral dispute. Mr. López Obrador claims fraud and illegal government spending were responsible for Mr. Calderón's victory by fewer than 234,000 votes in the July 2 election, and he has vowed to be the new leader's biggest opponent.

It was unclear what the "parallel government," complete with its own cabinet, would entail.

Mr. López Obrador retains a strong following despite a Federal Electoral Tribunal ruling this month that rejected most of his fraud allegations and awarded the presidency to Mr. Calderón. Supporters of Mr. López Obrador said they would travel the country to spread his message of helping the poor and opposing the elite.

Mr. López Obrador will be "sworn in" to his new post on Nov. 20. Mr. Calderón will be inaugurated Dec. 1.

Delegates at Saturday's convention also agreed to support the formation of a "Progressive Front" to replace the former coalition of leftist parties that backed Mr. López Obrador in the national election.

Mexico's 'Parallel' Gov't In Question (AP)

By Lisa J. Adams, Associated Press Writer

AP, September 18, 2006

Now that Mexican leftists have acclaimed defeated candidate Andres Manuel Lopez Obrador president of a parallel government, the question is will they settle into the role of a normal democratic opposition or try to press their agenda through more militant resistance.

Lopez Obrador, who lost the July 2 presidential election by 234,000 votes to conservative Felipe Calderon, led a massive protest for seven weeks with followers camped out in the center of Mexico City clogging the heart of the capital to demand a full vote recount.

The protest culminated in a self-styled convention of delegates who packed central Zocalo plaza Saturday night and voted by a show of hands to form a parallel government with a Cabinet and plans to swear in Lopez Obrador as president on Nov. 20.

Lopez Obrador, who championed the rights of the poor during his campaign, said Saturday the parallel government will work on proposals to rewrite Mexico's constitution to guarantee the right to food, work, health care, education and housing while overhauling "corrupt" public institutions.

Saturday's mass convention held back from vowing to pay taxes to the parallel government or break existing laws. But it pledged to wage a campaign of peaceful resistance to undermine Calderon at every turn during the single six-year term allowed by Mexico's constitution.

At least one Lopez Obrador aide, former Congressman Jose Agustin Ortiz Pinchetti, said, however, no one was "calling for an insurrection" to topple the government.

But it was still unclear how Lopez Obrador planned to implement his "parallel government" policies or what impact it would have. He has said his alternative government will be "itinerant" — traveling around the country to touch base with supporters outside of Mexico City but based somewhere in the capital.

Mexico expert George Grayson of the College of William & Mary in Virginia said he expects President-elect Calderon to promote his own platform of social programs to tackle poverty and inequality.

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Grayson said the movement could be a positive influence if it "keeps the elite's feet to the fire" while funneling its ideas to the congressmen and senators of Lopez Obrador's leftist Democratic Revolution Party, now the second-strongest force in Congress.

"The problem is if they become frustrated and resort to militant resistance," Grayson said. That could again result in widespread street protests, the blockade of government offices — or even worse — disruptive attacks on the capital's infrastructure, such as its water system or electric grid.

"I just hope he maintains restraint," Grayson added.

Recent political polls have shown declining support for Lopez Obrador and some analysts say that raises questions about what his movement can achieve. Some analysts say the chances are slim that Lopez Obrador can launch a radical opposition government.

The former Mexico City mayor claims a broad conspiracy of business leaders cheated him out of an election victory. Calderon will be sworn in on Dec. 1 as President Vicente Fox's successor.

Dozens of world leaders, including President Bush and Argentine President Nestor Kirchner — have recognized the victory and promised to work with Calderon as Mexico's new chief executive.

But Lopez Obrador has refused to back down from his claim that he is the country's rightful leader.

Terrorist Access To Nuclear Site Feared (WT)

By Bojan Pancevski

The Washington Times, September 18, 2006

VIENNA, Austria -- More than two tons of radioactive material stored in a rundown research facility in Serbia offer an easy target for terrorists seeking to build a "dirty bomb," according to the United Nations' nuclear watchdog.

Nuclear inspectors have branded the lightly guarded storage facility at a communist-era reactor, which closed 22 years ago, the world's most dangerous disused nuclear site -- because of the potency of the material and the risk of leakage.

The outdated facility is on a 48-acre site at the Institute of Nuclear Sciences in Vinca, 10 miles outside the capital, Belgrade, surrounded by a rusty barbed wire fence and secured only by a small number of armed guards.

Michael Durst, the special program manager at the Vienna-based International Atomic Energy Agency (IAEA), said the Vinca site topped the global priority list of unsecured uranium sources because it combined the threats of nuclear proliferation and environmental disaster.

"Vinca is unique in the amount of uranium stored within its facility -- at least 2.5 tons -- and the fact that about 30 percent of it is leaking. It would be easily accessible to an organized group," he said.

"There are other sites in Bulgaria, Romania and Hungary, as well as elsewhere in the world, but the amount of nuclear material, the accessibility and the leakage makes Vinca the most dangerous. It requires immediate action."

In 1992, more than 100 pounds of highly enriched uranium fuel -- which can be used to make an atomic bomb -- was removed from Vinca by the IAEA and the American, Russian and Serbian governments. It was transported to a disposal facility near Dimitrovgrad, in Russia.

The IAEA fears that the remaining nuclear material could be packaged with conventional explosives to spread radioactive material over a large area -- a so-called dirty bomb.

Officials said much of the uranium is stored in a 75-foot-deep pool, filled with murky water, in the institute's reactor building. Other nuclear material stored at the site includes plutonium and highly radioactive spent-fuel byproducts.

This week, the IAEA will appeal to international donors for funds to pay for decommissioning the site and shipping the most dangerous material to Russia for disposal.

A joint project by the IAEA, the Vinca institute and the Serbian authorities to secure the material has stalled for lack of funds.

"The Vinca staff are highly professional and very cooperative," Mr. Durst said. "But the budgets of the institute, and of the whole country, are very limited. They are keeping the whole thing together with gum and tape."

The institute was founded in what was communist Yugoslavia in 1948 with the help of Soviet scientists. Its nuclear reactor was shut down in 1984, but there are still more than 800 workers at the site, 400 of them scientific staff.

Fumbled China Spy Probe An Intelligence Failure (WT)

By Bill Gertz

The Washington Times, September 18, 2006

First of three excerpts

Tai Wang Mak dialed a phone number in Guangzhou, China.

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The man who answered, Pu Pei-liang, was a researcher at the Chinese Center for Asia Pacific Studies at Zhongshan University, known to U.S. intelligence officials as CAPS.

"I'm with Red Flower of North America," said Mak, a Chinese national working as an engineer in Los Angeles for Hong Kong-based Phoenix Television.

Mak said he would arrive in China in nine days. Pu instructed him to use a calling card to phone from the airport in Guangzhou so that he could be picked up.

The call from California to China, placed Oct. 19, 2005, was intercepted by the long electronic ears of the U.S. National Security Agency.

Mak's reference to Red Flower of North America brought a breakthrough in a yearlong investigation into one of the most damaging losses of defense technology in American history.

Chinese spies used those code words to authenticate themselves when making contact with communist China's intelligence bureaus. Other often-used code words include Winter Chrysanthemum and Autumn Orchid.

U.S. intelligence knew that CAPS received funding from the People's Liberation Army and conducted operational research for the Chinese military. The phone call revealed that CAPS had one of its most valuable spies inside the U.S. defense industrial system.

Mak and Pu, investigators say, were undercover military intelligence officers with the Second Department of the People's Liberation Army, the spy service well-known to U.S. counterspies as 2 PLA.

Investigators say Tai Mak's brother, Chi Mak, headed a family spy ring in Los Angeles. After his Oct. 28 arrest by the FBI, Chi Mak, a naturalized citizen and electrical engineer with a major American defense contractor, told investigators that he had supplied sensitive Navy weapons secrets to the Chinese since 1983.

The fact that the spy ring went undetected for two decades was a major counterintelligence failure. Worse, the U.S. government would go on to bungle the case.

Picking pockets

R. James Woolsey, the former CIA director, has called the Constitution one of the best recruiting tools for intelligence services. His point is that those living under oppressive, dictatorial regimes sometimes will take incredible risks to step forward and secretly help in the battle for freedom and democracy.

In fall 2004, the CIA recruited just such a source from China, a person within the military and security establishment. One of the first questions the CIA poses, in the jargon of the intelligence business, is "Who is picking our pockets?"

The new source identified the spy ring in Los Angeles that investigators said was run by Chi Mak, an electrical engineer with the defense firm Power Paragon, a subsidiary of the Fortune 500 company known as L-3.

The source said the Chinese military was gaining sensitive technology and information on Navy warships. What's more, China was buying ostensibly commercial goods and diverting them to the military.

Under pressure to adopt a counterintelligence culture instead of a "cop" mentality, the FBI hoped to play the spy ring and see where it led.

Counterintelligence is part art, part science, a discipline aimed at identifying and exploiting or stopping foreign spies. Law enforcement is easier: You identify the bad guys and arrest them.

But the government mishandled the case. One problem was that the FBI and the CIA had conflicting goals. The CIA was afraid to lose its prized source, the Chinese recruit. The agency did not want the FBI to make arrests immediately, since swift action would alert the Chinese to a mole.

Investigators said Tai Mak, who worked for a producer of Chinese-language programming, served as a handler and courier for the spy ring. The investigation continued for about a year, until the NSA intercepted his "Red Flower" phone call in October 2005.

Days later, on Oct. 28, the FBI arrested Chi Mak, 66, and his wife, Rebecca Laiwah Chiu, 63.

Agents also arrested Tai Mak, 57, and his wife, Fuk Heung Li, 49, at Los Angeles International Airport as they prepared to travel to China.

He was carrying disks on which were hidden encrypted files containing sensitive data on Navy technology. Many documents were labeled "proprietary" and "restricted," meaning they could not be exported.

'At serious risk'

An FBI affidavit made a case for applying maximum charges against the four suspects -- conspiracy to steal U.S. military information on restricted Navy warship technology, smuggling information to China in violation of export laws and theft of government property.

"Chi Mak said that he knew that Mr. Pu was providing the information to members of the Chinese government's science and technology community," the affidavit said.

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The FBI produced the affidavit to secure arrest warrants for the Mak brothers and their wives, as well as search warrants for their homes, workplaces and vehicles. Having spent a year conducting electronic surveillance, investigators believed the searches would uncover classified data and other information that would lead to more serious espionage charges.

Judges underscored the seriousness of the charges by denying bail for the Mak brothers. One judge told Chi Mak's lawyer: "You're talking about billions of dollars of technology that puts our country at serious risk."

Chi Mak, a specialist in electrical power, received a secret-level security clearance in 1996.

The document trail led investigators to conclude that he passed information that will allow Beijing to track the Pentagon's new Virginia class-attack submarine, which uses L-3 technology. The compromised technology also will enable the Chinese to develop countermeasures against the submarine and to copy its electronic systems.

Investigators believe he gave China schematics and design information on the latest generation of Aegis weapons systems, which L-3 helped to develop. Aegis -- meaning shield -- is being upgraded to become America's most advanced and mobile anti-missile system for use on guided-missile cruisers, guided-missile destroyers, Sea Wolf-class submarines and aircraft carriers.

Chi Mak worked on four classified Navy contracts related to Aegis. Investigators believe his spy ring was the main supplier of Aegis technology to China and, one U.S. defense official says, the Chinese quickly incorporated it into their Luyang II guided-missile destroyer.

Lesser charges

By the time formal indictments were issued Nov. 15, the most serious charges against Chi Mak and the three others had been dropped. Tai Mak's wife was excluded altogether, though she was charged separately with running an illegal marriage-fraud network that helped immigrants gain entry into the United States.

The three remaining suspects were indicted on relatively minor charges of failing to register as foreign agents. The initial charges could have resulted in prison terms of up to 25 years, but the lesser charges carried maximum sentences of 10 years. Chi Mak, his wife and Tai Mak all pleaded not guilty.

So what changed? U.S. government sources say that petty squabbling between prosecutors and investigators jeopardized the case.

The more serious charges were dropped because the FBI counterintelligence team that conducted the investigation got into a dispute with the U.S. attorneys in Los Angeles who were in charge of the prosecution.

The FBI fully expected that search warrants would unearth classified data, so prosecutors balked when much of what was found was not officially classified as secret.

"Nothing I passed [to China] was classified," Chi Mak told investigators shortly after his arrest.

He was right. Investigators say the lack of classified documents revealed that the spies had done their homework.

Chinese intelligence-gathering services exploited the fact that Navy officials underclassified some of the most sensitive information about weapons systems to make it easier for private defense contractors to use the data.

"There is no question that this case has caused serious damage to U.S. national security," one investigator said.

'More subtle'

Espionage laws are so difficult to apply that prosecutors almost need a confession to be able to make their case.

The current statute, enacted in 1917, requires prosecutors to prove "intent or reason to believe that the information is to be used to the injury of the United States, or to the advantage of any foreign nation."

This standard often forces the release of intelligence or defense information to prove national security was harmed.

David Szady, head of FBI counterintelligence until this year, said loss of sensitive-yet-unclassified information can do real harm to national security.

The technology passed to China in the Mak case was proprietary corporate trade secrets or export-controlled, but did not carry the "secret" or "top-secret" label. Chi Mak had access to Connecticut-based submarine manufacturer Electric Boat, for example, as if he were one of their own employees, Szady said.

The case "probably murdered the Navy" because of the loss of technology, he said.

Obtaining contract documents not only will allow Beijing to build its own version of one of the Navy's developmental warships, the DD(X) destroyer, but possibly to "sell it in competition to us," Szady said.

The Chinese, he said, are good at positioning agents who can obtain advanced technology in the developmental stage, before it is classified.

"The [spy] business is getting more complex, more subtle," Szady said. "It's smarter business than the old cloak-and-dagger."

U.S., Europe Seek Stronger Asia Currencies (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 18, 2006

SINGAPORE -- Worried that their nations' companies are being undercut by inexpensive Asian competitors, the U.S. and its European allies are responding by pressing to push up the exchange value of Asian currencies.

In statements at top-level financial meetings during the weekend, European officials suggested they expect the yen to rise, in an apparent effort to jawbone financial markets to drive the Japanese currency up against the euro. At the same time, finance officials from the Group of Seven major industrial powers, including the U.S., renewed their long campaign to persuade China to allow the yuan to appreciate against the dollar and euro. (See related article1.)

"Greater exchange-rate flexibility is desirable in emerging economies with large current-account surpluses, especially China, for necessary adjustments to occur," the G-7 officials said in a communiqué issued at the end of their session Saturday.

Treasury Secretary Henry Paulson echoed that view at the annual meeting of the International Monetary Fund's steering committee yesterday when he called for "greater exchange-rate flexibility in Asian emerging economies."

He also called on finance ministers to clamp down on Iran's finances. He said Tehran uses front companies to finance its nuclear ambitions and to fund terrorist organizations such as Hezbollah and Hamas.

The currency pressure reflects the political potency of the exchange-rate issue. European officials feel that the weakness of the dollar and certain Asian currencies, such as the yen and the yuan, has left the euro the strongest of the major currencies. That makes it harder for European companies to compete with foreign producers.

Likewise, U.S. manufacturers, unions and lawmakers argue that China's practice of keeping the yuan artificially weak against the dollar is costing American companies sales and American workers jobs. Treasury officials have for years called for a more-flexible Chinese exchange rate.

But markets are eager to understand the views of the new Treasury secretary, who travels to China tomorrow eager to stake out his own attitude toward Beijing. Mr. Paulson considers other aspects of China's economic policy to be of equal or greater concern than the yuan, but he also recognizes that he must address the currency question directly if he is to stave off protectionist moves in Congress.

The Senate is expected to vote this month on a bill imposing 27.5% tariffs on all Chinese imports to retaliate for the alleged currency advantage.

"China needs greater currency flexibility and stronger domestic consumption, as well as financial-sector reform," Mr. Paulson said after the G-7 gathering.

While Treasury officials are dubious that a stronger yuan would do much in and of itself to correct the ballooning U.S. trade deficit, they do believe that a stronger yuan could persuade other Asian governments to allow their currencies to rise, too, in theory making U.S. products more competitive around the world.

"The Asians are not so concerned about losing competitiveness against the U.S.," said Robert Hormats, vice chairman of Goldman Sachs International. "If one Asian currency goes up by too much, their fear is they'll lose competitiveness against the other Asian exporters. So they're looking over their shoulders at one another."

After keeping the yuan virtually frozen against the dollar for a decade, China revalued the currency by 2.1% in July 2005. Since then it has further strengthened by just a couple of percentage points.

China will allow market forces to play a greater role in setting the value of the yuan and will adjust the currency's daily trading band "sooner or later," the country's central-bank governor said on the sidelines of the global economic meetings.

Comments by People's Bank of China Governor Zhou Xiaochuan signal that China is willing to continue adding flexibility to its exchange rate but won't accelerate changes in its foreign-exchange policy in the face of criticism that it isn't doing enough in terms of the global economy.

Yesterday, Mr. Zhou played down the role of the yuan's exchange rate in resolving global trade imbalances. "Structural policy plays a much larger role [in adjustments], compared with the exchange rate," he said.

Responding to expectations that China would widen daily trading limits for the yuan's exchange rate, Mr. Zhou also said that China could widen the band if the currency used up the existing flexibility allowed or to accommodate large changes in exchange rates of major international currencies.

Currently, China allows the yuan to fall or rise in one day by no more than 0.3% against the U.S. dollar from its opening central parity level, which the central bank issues each morning.

Mr. Zhou declined to give a specific timetable for a widening of the daily trading band.

The European G-7 members -- France, Britain, Germany and Italy -- were part of the chorus calling on China to relax its grip on the yuan. But in other comments during the weekend's meetings, senior European officials focused on the yen, commenting in language sufficiently similar to suggest a coordinated strategy of talking up the Japanese currency.

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German Finance Minister Peer Steinbrück told reporters that Japan's currency should respond to -- presumably by appreciating -- both the end of the country's zero-interest-rate monetary policy and its solidly recovering economy, estimated by the IMF to expand 2.7% this year. Likewise, European Central Bank President Jean-Claude Trichet said the G-7 officials had "all agreed that the yen will reflect these developments."

Mr. Paulson's comments on Iran reflect the Bush administration's frustrations in seeking United Nations sanctions against Tehran. He said he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions. That follows Treasury's decision this month to ban Iran's Bank Saderat from access to the U.S. financial system, either directly or through its relationships with foreign banks.

--Rick Carew contributed to this article.

China Competes With West In Aid To Its Neighbors (NYT)

By Jane Perlez

The New York Times, September 18, 2006

STUNG TRENG, Cambodia — In the dense humidity of northern Cambodia, where canoes are the common mode of transportation, a foreman from a Chinese construction company directs local laborers to haul stones to the ramp of a nearly completed bridge.

Nearby, engineers from the China Shanghai Construction Group have sunk more than a dozen concrete pylons across a tributary of the mighty Mekong River, a technical feat that will help knit together a 1,200-mile route from the southern Chinese city of Kunming through Laos to the Cambodian port of Sihanoukville on the Gulf of Thailand.

This is the new face of China's foreign aid to poor Asian countries: difficult construction in remote places that benefits the recipient, and China, too.

"It is the favor of our government to the Cambodian people," said Ge Zhen, 26, one of the more than 50 engineers and 250 other Chinese workers on the four-year project.

Flush with nearly a trillion dollars in hard currency reserves and eager for stable friends in Southeast Asia, China is making big loans for big projects to countries that used to be the sole preserve of the World Bank, the Asian Development Bank, the United States and Japan.

With the Singapore meeting of the World Bank on Sept. 19 and 20, China, one of the bank's biggest customers, is quietly shaking up the aid business in Asia, competing with the bank at its own game.

For poor countries like Cambodia, Laos and Myanmar, and somewhat better-off countries like the Philippines, China's loans are often more attractive than the complicated loans from the West.

The Chinese money usually comes unencumbered with conditions for environmental standards or community resettlement that can hold up major projects. The aid does not carry penalties for corruption that are being increasingly used by the World Bank president, Paul D. Wolfowitz. And China's offers rarely include the extra freight of expensive consultants, provisions that are common to World Bank projects.

For its part, China benefits from the added infrastructure — roads, ports and bridges — in the underdeveloped but growing region around it, to help increase trade and to move natural resources from China's periphery to its heartland.

Liqun Jin, vice president of the Asian Development Bank and a former vice minister of finance in Beijing, said in an interview at the bank's headquarters in Manila that China had carefully considered how to use its increasing wealth.

"China is attracting external capital, and as a balance China wants to help developing countries in the region by financing infrastructure projects," Mr. Jin said. "Helping your neighbors to have a good life is no sin."

He added, "China makes no bones that we want a peaceful neighborhood to develop our own economy."

The effects are likely to be enormous. Tom Crouch, country director for the Philippines at the Asian Development Bank, said, "Here comes a very large new player on the block that has the potential of changing the landscape of overseas development assistance."

Already, in the past several years, China has given aid to African countries, where it is buying oil and gas. They include some with repressive governments like Nigeria, Sudan and Angola.

Even during the cold war, China spread aid around Africa, sometimes to counterbalance assistance from rival countries, which were being helped by Taiwan. In the 1960's and 70's, for example, China aided Angola while Taiwan helped neighboring South Africa.

In Cambodia, Prime Minister Hun Sen boasts of China's offer last spring of $600 million in "no strings attached" loans, made during a visit from the Chinese prime minister, Wen Jiabao. The money will help pay for two major bridges near the capital,

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Phnom Penh, that will link to a network of roads; a hydropower plant; and a fiber-optic network that will connect Cambodia's telecommunications with that of Vietnam and Thailand.

In contrast, Mr. Hun Sen points out that the traditional lenders together pledged just $1 million more than China. And the money came laden with conditions, including World Bank anticorruption clauses.

Four World Bank programs in Cambodia worth about $70 million were recently suspended by the bank after its investigators found corruption among Cambodian officials in the procurement process.

China's generosity to Cambodia has caught Washington's attention. The United States Navy is planning a port visit to Sihanoukville early next year, a first since the Khmer Rouge seized power in 1975.

In the Philippines, China is also making a big splash, offering an extraordinary package of $2 billion in loans each year for the next three years from its Export-Import Bank.

That made the $200 million offered separately by the World Bank and the Asian Development Bank look puny, officials from those banks said, and easily outstripped a $1 billion loan under negotiation with Japan.

Officially, the World Bank says it is not concerned about competition from China's increasingly energetic aid program. "The more important impact of China on these countries' development is trade rather than aid," said Homi Kharas, the bank's chief economist for East Asia and the Pacific.

The aid, chiefly for infrastructure, was being focused by China on the integration of trade in the region, a useful result for poor countries, he said.

But Western aid donors complain that China is secretive about its aid projects, and that it declines to attend the traditional meetings presided over by the World Bank to coordinate aid activities in poor countries. They also say they doubt that China always delivers the full value of the projects that it announces.

And Western aid officials said they were taken aback when the news of the $2 billion Chinese aid package came out at a lunch meeting of more than 100 aid donors in Manila last month. The size of the Chinese loans came as a shock, in part because the Philippines serves as the headquarters of the Asian Development Bank, a lender dominated by Japan and the United States. China is also a shareholder.

The secretary general of the National Economic and Development Authority in the Philippines, Romulo Neri, compared the Chinese aid package to those from other sources, and noted the appealing absence of the expensive consultant fees common to Western projects.

After being a favorite of the Bush White House, the Philippine president, Gloria Macapagal Arroyo, fell out of favor when she pulled her country's troops out of Iraq in 2004.

The Chinese appeared to have quickly filled the economic breach for the Philippines and, according to a memorandum from Mr. Neri's office, a number of projects are expected to be completed when Mr. Wen visits Manila in December.

They include two toll roads and a water supply system for Manila, and further financing for a rail project already under way to connect northern Manila with four provinces.

In some countries, like Cambodia, China's construction projects seem clearly aimed at helping to assure China's access to natural resources.

Western diplomats and aid officials in Phnom Penh said they believed that Cambodia had recently granted China the rights to one of five offshore oil fields that could yield as much as $700 million to $1 billion a year. Chevron already has an agreement for exploratory drilling at one of the Cambodian fields.

Washington does not know yet, and would like to know, whether China plans to offer loans for an often-discussed deep-sea port at Sihanoukville that would allow China a convenient delivery point for its Middle East oil imports.

In resource-rich Myanmar, the former Burma, Beijing's only real competitor on the aid front is India. China has built dams and roads connecting the interior of the country to China's southern flank, and is currently reported to be working on a deep-water port on Myanmar's west coast.

Myanmar is in deep arrears to the World Bank, which said it had no loan program there. The United States offers no official aid, either, because of the repressive nature of the government.

In Laos, China has built a major road up the spine of the country, and has been influential as much by the prospect of what it might do, than by what it has actually accomplished.

After years of study on the impact on the environment, the World Bank broke ground on a environmentally controversial major dam, known as Nam Theun 2, in Laos last year, because it knew that China was ready to step in to build the dam, bank officials say.

Beyond its no-strings approach, China is often appreciated as a lender by poor countries because it is willing to take on complicated projects in distant areas that others are not.

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The bridge that Mr. Ge, the engineer, and his colleagues have sweated over during the last four years — the temperature creeps up as high as 106 in April — is in one of the most underdeveloped corners of Southeast Asia, the area where the Khmer Rouge first took power.

Running from the bridge is a new, smooth 130-mile road built by Mr. Ge's team that connects Kratie, a village to the south of Stung Treng, to the Laotian border.

"When we came here four years ago, we would leave at breakfast time from Kratie and we would arrive here for dinner — eight hours," Mr. Ge said. "It now takes two hours."

Ghani Joins Race To Succeed Annan (FT)

By Jo Johnson

Financial Times, September 18, 2006

Ashraf Ghani, the former Afghan finance minister, is expected to make a late entry into the race to succeed Kofi Annan as secretary-general of the United Nations, taking the number of formally declared candidates to seven.

Mr Ghani, 57, will declare his candidacy this afternoon in a meeting with Hamid Karzai, the Afghan president, who is visiting the US.

"I hope to win, through ideas," Mr Ghani told the Financial Times in New York. "In the public debate so far, I have yet to see a clear articulation of vision, an analysis of the central issues and a programme for change."

The Kabul-born Mr Ghani returned to Afghanistan in October 2001 after an absence of 24 years, interrupting a stellar career at the World Bank as a UN special adviser.

From June 2002 to December 2004 he served as finance minister, securing pledges of $28bn from international donors. He left the government to become chancellor of Kabul University.

"The UN would be very lucky indeed to get him," said Hernando de Soto, economist and founder of the Institute for Liberty and Democracy in Lima.

Carlos Pascual, director of foreign policy studies at the Brookings Institution, said he had "tremendous intellect, talent and capacity to mobilise the UN".

Other observers said Mr Ghani had a strong track record as an administrator but suffered from his reputation for impatience.

"Ashraf wants to reform the whole international aid system and has some fantastic ideas," said an acquaintance. "But given that he blows up at even his closest friends, I can't see him as the world's leading peace-maker."

In a second round of straw polls in the Security Council last week, Ban Ki-moon, South Korea's foreign minister, consolidated his lead. It also emerged that Vaira Vike-Freiberga, the Latvian president, would run.

Security Probes Hold Up Diplomats (WT)

By Nicholas Kralev

The Washington Times, September 18, 2006

Dozens of Foreign Service officers say their careers are in ruins because their security clearances were suspended based on suspicions or unsubstantiated accusations.

Several have accused the State Department's Diplomatic Security Service (DSS) in interviews of "abusing the security clearance process" by punishing "whistleblowing, dissenting viewpoints or minor acts of possible misfeasance unrelated to national security."

"All I want is a resolution, even if they decide to revoke my clearance," said Daniel Hirsch, whose request for an assignment in Iraq or Afghanistan has languished for three years.

"At least, I'll be able to take further action. Now, my hands are tied, and I'm just waiting while my career is being destroyed."

Mr. Hirsch, a Foreign Service officer for 21 years, has spent his career working in hardship posts in Africa, Central Asia and the Balkans, so it was only fitting that he would volunteer for the world's most dangerous places.

"I put my name in several times a year, but I've never heard back from anyone," he said.

Secretary of State Condoleezza Rice has repeatedly called for U.S. diplomats to serve in the two posts that the Bush administration deems most important for its war on terrorism.

But Mr. Hirsch is not eligible to serve in any overseas post while awaiting the outcome of a DSS investigation that began in 2003. He said he has been kept in the dark about its findings and possible outcome.

"DSS maintains that they do not even have to establish any facts in order to revoke a clearance, much less suspend one" said Mr. Hirsch, whose battle with DSS began when his wife sought marital counseling at their last post in Ashgabat, Turkmenistan.

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That counseling prompted suspicions of spousal abuse, which continue to be investigated, even though his wife has repeatedly denied any such abuse in writing.

Mr. Hirsch said the DSS dug up a brief episode from his past -- a trip he took with the group Volunteers for Israel when he was 23 and working for the CIA. The agency knew about it, he said, but DSS became suspicious about a picture of him in an Israeli military uniform.

DSS declined to comment for this article, saying only that it does everything according to the law and administrative regulations. A spokeswoman said there are up to 30 suspensions every year from among the up to 40,000 State Department employees and contractors who hold security clearances at any given time.

Diplomats with suspended clearance are given desk jobs in Washington that require little of their expertise and experience.

Les Hickman, who had his clearance suspended in November 2002, said the DSS has "no transparent procedure about how they do things."

"What happened to me was based on allegations, nothing factual," he said.

Mr. Hickman, who has been in the Foreign Service since 1978, was the U.S. consul in Amman, Jordan, when DSS discovered that one of his local Jordanian employees was taking money from visa applicants to expedite their paperwork.

That employee's duties included processing applications from Iraqis, who after the September 11 terrorist attacks required special screening, and Mr. Hickman had issued instructions that all Iraqi cases be referred to him.

Because only Mr. Hickman and the local employee had access to those applications, DSS suspected that the consul might be involved in the fraud scheme as well. His clearance was suspended, and he was relieved of his duties.

The investigation found that bribes had been taken only from Jordanians and not Iraqis, and it produced no evidence that Mr. Hickman had anything to do with the scheme. Mr. Hickman said he knew nothing about it, and the Jordanian employee said he had acted alone.

Then DSS accused Mr. Hickman of abusing his power by forbidding anyone else in the consulate to handle the Iraqi applications. Mr. Hickman said he did that because his junior officers did not understand the State Department's new instructions and made mistakes.

Mr. Hickman, who was last interviewed by DSS in June 2004, said he does not understand why the State Department allows cases such as his to drag on for years when critical diplomatic posts -- and consular positions in particular -- remain vacant.

In some cases, Mr. Hirsch said, clearances have been suspended based on nothing more than an accusation.

Bruce Knotts was the deputy chief of mission in Banjul, Gambia, in February 2004, when a local security guard accused him of making a sexual pass at him.

"That never happened, although I am gay," Mr. Knotts said, "but the guard's story was that he refused, and I turned around and left. Nevertheless, they gave me 24 hours to leave the embassy."

Last December, DSS recommended that his clearance be revoked. It denied his first appeal last month, and he is about to take his case to a panel of representatives from the offices of the undersecretary of state for management, the assistant secretary for administration and the director-general of the Foreign Service.

"This is my best shot," he said. "It's the first chance to talk to somebody other than DSS."

IMF Expected To OK Reform, More Forecast (USAT)

By David J. Lynch

USA Today, September 18, 2006

SINGAPORE — The International Monetary Fund is expected today to approve a U.S.-backed overhaul giving four fast-growing countries a greater say in the global lender's operations and paving the way for broader changes by 2008.

“This was a reform summit to create the IMF of the future,” said Gordon Brown, Britain's chancellor of the exchequer and chairman of a key IMF oversight committee.

Treasury Secretary Henry Paulson endorsed the plan Sunday as “a small down payment” on broader reforms. The two-stage package is billed as the biggest makeover in IMF governance in 60 years.

But the plan is opposed by key economic powers, including Brazil and India, and will trigger intense skirmishing about the new formula the IMF eventually will adopt to complete its internal realignment.

Poor countries, in particular, fear their already weak representation could ebb further. “The current package of reforms does not adequately address the problem of under-representation of developing countries,” said Philippines Finance Secretary Margarito Teves, chairman of the G24 group of developing countries.

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Nations enjoying a greater say than their economic punch warrants, such as Belgium and the Netherlands, worry that any new approach will cost them. (The U.S., which has 17% of the IMF votes but accounts for 30% of the global economy, says it won't seek a larger say.)

The reform, the centerpiece of the fund's annual meeting this week, reflects the dramatic changes in the world economy in recent years, such as the rise of Asia and an enormous expansion in global capital flows.

First to benefit: China, Turkey, South Korea and Mexico, the countries suffering the biggest gap between their share of IMF votes and the size of their economies. The measure, expected to be approved today, will trigger only modest changes immediately. China, for example, will see its share of IMF votes rise to 3.7% from 2.98%.

The U.S. sees the overhaul as a critical step in preserving the IMF's legitimacy. Created in 1944 to promote global financial stability, the fund remains tilted toward the economic powers of an earlier day.

The mismatch between individual countries' economic heft and their voting shares has become increasingly controversial following the financial crises that began in Asia in 1997. Smaller countries that accepted IMF bailouts in the 1990s resented the harsh conditions the fund attached to its loans, especially since the borrowers had so little say in the fund's operations.

Many Asian and Latin American nations responded by accumulating enormous stockpiles of foreign reserves to avoid new fund borrowing. Now, without major reforms, IMF officials worry they could abandon the fund entirely in favor of new regional groupings.

Colombian Village's Unarmed Rebellion (LAT)

By Chris Kraul

The Los Angeles Times, September 18, 2006

ARENAS ALTAS, Colombia — Ana Hilda Vargas was living in a place called Hope when the gunmen came to her farm and gave her an ultimatum: Leave your house in 48 hours or be killed.

"Everything I built in my youth and all that I had — pigs, hens, mango and avocado trees, yucca, corn and bean fields — I lost that day," Vargas said, recalling the terrible morning in 1997 when she was thrown off her land in the village of Esperanza by paramilitary members.

It wouldn't be the last time she would hear that chilling warning.

Over the next six years, the widow, now 50, was forced from one village to another by army, right-wing paramilitary and left-wing guerrilla groups vying for control of this strategic, mineral-rich region of northwest Colombia. One of 3 million displaced Colombians, she became a statistic in one of the hemisphere's longest-running humanitarian crises.

Finally, Vargas decided she'd rather die than be rootless again. Three years ago, she joined the "peace community" of San Jose de Apartado, where a group of 1,200 peasant pacifists is taking a brave stand against the country's civil conflict.

The community of three villages, which includes Arenas Altas, where Vargas lives, was formed in 1997 after a Catholic archbishop named Isaias Duarte — who would be assassinated five years later — encouraged the farmers to say no to war. It is one of 10 such peace communities, or "humanitarian zones," in Colombia, according to Justice and Peace, a human rights advocacy organization in Bogota, the capital.

"They are making a strong moral point at great risk to themselves," said Lisa Haugaard of the Latin America Working Group, a human rights advocacy office in Washington. "It's a very hard and daring venture which seems to almost invite attacks from the various armed actors."

Vargas lives off the land in this Xanadu-like corner of Colombia, creased by river chasms and carpeted with cedar, cacao and banana trees, accessible only by mule. Her village of 200 people, hemmed in by the jungle, is a neatly laid-out collection of wood-paneled shacks bordered by the community soccer field. Pigs and mules roam freely.

She and other members disavow any contact or collaboration with armed groups, and agree to work as a collective on crops, livestock and community projects and to share what they produce. The group is self-sufficient except for small grants from outsiders to build community projects.

But the community's profession of neutrality has not shielded it from horrendous violence.

Of San Jose's nearly 1,400 original members, 178 have been killed since 1997 by armed groups looking to clear the zone of suspected collaborators, appropriate valuable land for themselves or claim transit routes for arms and drugs traffic in and out of nearby Pacific and Caribbean ports.

Because of the risks and hardships, there has been no inrush of new residents: Since its founding, about as many members have joined as have fled.

Community leader Renato Araiza estimates that 80% of the victims have been killed by the army and rightist paramilitaries, the rest by the leftist guerrillas here in the Uraba region of Antioquia state. One day last year, his 16-year-old sister was killed by guerrillas for refusing to collaborate.

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"Each side suspects us of helping the other one, and that's why they all want us to leave," said Araiza, who also has lost a cousin to the violence. "We are trying to change the logic of armed groups who think guns solve anything."

In a small park in San Josecito, another village in the community, rocks painted with the names of the victims and the dates of their deaths serve as a humble memorial. There are reminders elsewhere of the price the community has paid. A kiosk in La Union, three miles from here, was the scene of the execution-style killings of six community members by suspected paramilitaries six years ago.

"We've gotten it from all sides," said Alicia Guzman, whose husband was killed in 1992, leaving her with three daughters to raise alone.

The death toll would undoubtedly be higher if it were not for the presence of volunteer "accompaniers" provided by international groups such as San Francisco-based Fellowship for Reconciliation, or FOR, and Peace Brigades International, a British group. The death rate has tapered off since 2002, when FOR began placing two volunteers in the community on a full-time basis.

"The hope is that by being here, the armed groups won't commit acts that would create an international public relations problem. The political costs increase if something happens to us," said Paul Kozak, a 24-year-old Huntingdon, Pa., native and FOR volunteer here.

A deeply religious Catholic who once considered joining the priesthood, Kozak is a pacifist whose ambition is to work nonviolently to help solve conflicts. After graduating from a Jesuit college in the Midwest, he went to El Salvador to work with street gang members. Then he heard about the peace community's refusal to leave its land and volunteered as an accompanier.

The accompaniers have hardly made the community bulletproof.

In February 2005, San Jose's leader and co-founder, Luis Eduardo Guerra, his girlfriend and his 11-year-old son were hacked to death along with five others shortly after he announced that the peace community was expanding its boundaries to include another village. His wife had been killed the year before by an army grenade.

The killings prompted outrage among international human rights groups but, as with so many other violent deaths in this region, no suspects have been jailed nor charges filed.

Many community members blame the army for the deaths, but the government denies responsibility. The investigation has been hampered somewhat by the community's refusal to cooperate fully for fear of reprisals.

Colombian President Alvaro Uribe has little use for neutrality in what he has described as "total war" against subversive forces. Last year, he accused the community of being supporters of the Revolutionary Armed Forces of Colombia, or FARC, the country's largest leftist guerrilla group. Community leaders and international peace activists say Uribe's charge is baseless.

The U.S. Embassy was concerned enough about the killings of Guerra and the others to withhold human rights "certification" of Colombia for several months last year, delaying the delivery of $35 million of the $600 million in annual Plan Colombia aid aimed at fighting drugs and terrorism.

Appalled by the violence, the Organization of American States demanded that the Uribe government work with the peace community on protective measures. But two months after the killings of Guerra and the others, Uribe unilaterally established a national police base in the middle of San Jose de Apartado.

The community objected, saying any such base should have been located far outside town. Most of the residents fled and no longer consider the town of San Jose part of the neutral zone.

"No one has forgotten what happened in Bojaya," said Araiza, the community leader, referring to a town in neighboring Choco state where guerrillas in 2002 killed 119 peasants in a mortar attack after the paramilitary units army briefly occupied the village.

Three more members have been killed since the February 2005 slayings.

The Uraba region was a guerrilla stronghold until the late 1980s, when the right-wing paramilitary movement began as a landowner-financed reaction to counteract the leftists' widespread extortion, kidnappings and killings.

The two sides have fought a bloody war for dominance ever since, with ideology taking a back seat to competition for control of Colombia's drug and arms trade and real estate. Periodic advances and retreats by opposing sides have caused an ebb and flow of evacuations of poor Uraba farmers such as Vargas.

Colombia's paramilitaries are in the process of disarming, but Uribe's growing army is filling the vacuum.

In Arena Altas, Vargas scratches out a living as a sharecropper, renting land on which she raises pigs, rice and corn. Malaria, dengue fever and several varieties of poisonous snakes may prevail, but Vargas, a tiny, care-worn woman whose skin and expression reflect a life of hardship and tragedy, says she is happy to be in the countryside. During her years as a nomad, she spent time in the city of Medellin, where she says people are treated as "machines" and she nearly died of starvation and loneliness.

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"When you have no job, no place to stay and you don't know anybody, you are just an object of reproach in the city," Vargas said, adding that she was reduced to begging in the streets to survive. "At least in the country you can grow what you need to sustain yourself."

In a community where everyone seems to have lost a loved one to the arbitrary power of the gun, Vargas is no exception: Her husband and two brothers were killed in the conflict. She doesn't like talking about how they died.

Although the violence now seems deceptively distant much of the time, the village has not been forgotten by the warring sides. In March, a gun battle between guerrillas and the army broke out; as the two sides fired at each other from opposite ridges, bullets whizzed over the town in the small valley below. One soldier died in the volley.

Vargas believes the presence of Kozak and fellow FOR volunteer Gilberto Villasenor saved villagers from another forced evacuation order, or worse.

"If they weren't here, we would have been crushed," she said.

Just before the battle erupted, Vargas and the two volunteers approached troops who had gathered in the soccer field below the town. She knew guerrillas were in the area, and asked the soldiers to release a father and son they had detained and leave to avoid bloodshed.

Kozak, who described the half-hour shootout as "terrifying and deafening," spoke admiringly of Vargas' courage, saying that she put herself in harm's way to spare the village from violence, that her stubborn insistence on speaking up and staying put had furthered the cause of peace.

Vargas, who still hopes the war will end and she will one day return to her farm in Esperanza, said she had little left to lose.

"Living in the country," she said, "is the only way I know to exist."

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Dictator And Diplomat (USNEWS)

By Eduardo Cue

U.S. News and World Report, September 18, 2006

MALABO, EQUATORIAL GUINEA-It was what Washington insiders call a grip 'n' grin. A beaming President Teodoro Obiang Nguema of Equatorial Guinea shook hands with Secretary of State Condoleezza Rice, who welcomed him warmly to Washington as a "good friend" of the United States. If Rice had any qualms that April day, she didn't let them show. Obiang may head a corrupt and repressive regime, according to the State Department's own human-rights reports, but Equatorial Guinea is a growing oil producer-now No. 3 in sub-Saharan Africa after Nigeria and Angola-and an oil-needy America can't afford to be too picky about choosing its petro pals.

But half a world away, in this nation's dusty, ramshackle capital, Rice's diplomatic pragmatism doesn't cut it for two political dissidents who show their torture scars from their four years confined in the notorious Black Beach prison. "We are offended," one of them says. "For a Third World country to call a dictator a good friend is one thing, but for the United States to do it is something else."

Equatorial Guinea is one of those places-and there are others, to be sure-where Washington chooses not to be preachy when the competition for oil reserves is against countries such as China, unencumbered by concerns about human rights and corruption. And even Obiang's opponents seem resigned to that reality. "There will be no democracy here because the president of Equatorial Guinea does not want to democratize the country," the dissident asserts. "Equatorial Guinea's oil resources are in the hands of Obiang and his family. The people are living in a state of misery."

Nouveau riche. A former Spanish colony in West Africa, Equatorial Guinea was a forlorn, forgotten place eking out a living on coca and tobacco exports until oil was struck in the early 1990s. Today, it is quickly becoming a petrostate, its agriculture abandoned and its economy almost entirely dependent on rising revenues from oil and natural gas. Equatorial Guinea's offshore wells pump some 350,000 barrels a day, providing the government with a $3.8 billion windfall this year alone.

The country of roughly 1 million people-nearly double the official population estimate-is finally getting some respect. It has drawn attention from energy-hungry China, which is providing military training as well as locking up oil rights. In February, China National Offshore Oil Co. signed an oil production deal with Equatorial Guinea, following a strategic partnership between the two countries announced by Obiang during his visit to Beijing last October.

The United States, which closed its embassy in 1995, reopened a diplomatic mission in 2003. The Senate is expected to soon confirm career diplomat Donald C. Johnson to serve as the first resident ambassador here in over a decade. As part of the increased contacts, the Bush administration says it is pressing Obiang and his government for progress on issues such as political reform, anticorruption measures, and human-rights protections. "Human rights are violated systematically and on a daily basis," says Jesus Ela Abeme, a leader of the Convergence Party for Social Democracy, the country's only truly independent opposition force. "Torture is practiced daily. It is the only method of investigation and punishment."

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Shielding The Allies (WSJ)

By Marshall Billingslea

The Wall Street Journal, September 18, 2006

Events of the past few months underscore how the missile threat is growing. Both North Korea and Iran, for example, have done flight testing of their missiles. Their programs, along with their developing nuclear capabilities, are raising worries in Europe and North America. Advanced and dangerous technology is still spreading -- and in the wrong hands, these technologies can be weapons of terror.

NATO has been working hard to develop protection against the emerging missile threat. An effective theater missile defense (TMD) requires, among many things, sophisticated radars to spot incoming missiles, a computerized network to command and control the defenses, and interceptor rockets to shoot down attacking missiles. We have been making progress in all of these areas.

For the past several years, we have been designing a command and control network that will be able to "plug and play" with the many different radars and interceptor systems possessed by the 26 allies. We are now ready to start building it. The NATO system will be the most sophisticated of its type in the world, and will be the only system which can integrate defenses, such as the well-known Patriot battery, from every NATO nation. Additionally, in terms of Patriot-type batteries, three allies (the United States, Germany, and Italy) have created the NATO Medium Extended Air Defense System Agency to build a "next generation" defense, called MEADS. This defense, like those of all NATO allies, will be able to work with the command and control network that we will construct. Finally, the Netherlands leads NATO's work to protect against the "low-end" of the threat spectrum, against mortars and short-range rocket attacks. These multinational efforts, in addition to what some NATO allies are doing on their own, are progressively making our troops safer from the threat of short- and medium-range missile attack.

Today NATO crosses a major milestone in its theater missile defense efforts. The Alliance is announcing, in London, the selection of a trans-Atlantic consortium of companies with whom we will begin working on the first of our major missile defense contracts. Specifically, we will soon start construction of an integration test bed that will be used to develop the NATO TMD command and control network. It will take a few years to build the test bed, and a few years more to complete the actual command and control system; there are significant technological challenges in building something able to integrate so many different national TMD systems. But once built, the test bed will not only help with our command and control project; it also can be used in the future for more sophisticated and challenging territorial missile defense work.

Many NATO allies already have the capability to deploy defenses to protect their troops against SCUD-type missiles. Indeed, as NATO MEADS shows, several nations are making their systems even better. But none of them have the ability to make their defenses work seamlessly with one another to give overlapping protection. That is what NATO will provide with its program. And, except for a handful of allies, few nations can protect against more sophisticated medium range missiles, such as the North Korean Nodong missile. Again, the NATO system that we are building will give a better degree of protection against this threat because it will let us merge the best capabilities that each nation has to offer, and "stretch" their effectiveness.

But we can, and should, do more. The threat is growing more and more sophisticated. As capable as our theater missile defenses are becoming, they are not able to protect against intercontinental range ballistic missiles (ICBMs), or even some kinds of medium-range systems. But those are precisely the types of missiles that some countries are pursuing, along with weapons of mass destruction. Only the North American part of the Alliance today has a limited shield against such weapons. The rest of Alliance territory is vulnerable.

In the face of these growing threats, our Alliance has several options. We can continue to limit NATO to dealing with the shorter range threats, leaving it to individual nations to provide defenses against the longer range threats. Or we can choose to address the whole range of threats together, and develop a common defense for the entire Alliance. It is clear that some nations, perceiving an urgent need for action, are taking steps of their own. While their efforts are entirely consistent with the blueprint that NATO has already developed for Europe's defense, and while we hope they succeed in their efforts, we also hope that all Alliance members will choose to move forward together. Certainly the door for this cooperation has been opened. This past spring, all of NATO's National Armament Directors unanimously affirmed that an effective shield for all of NATO was feasible.

NATO's greatest strength is the power of its unity -- unity of commitment and unity of action. That is why we favor a unified approach that leaves no nation behind, provides a NATO missile shield to all of our citizens, and gives the highest degree of certainty that any missile threat, whether from state adversaries or terrorists, will be defeated. In November, when the NATO heads of state and governments meet at a Summit in Latvia's capital, Riga, it is to be hoped that this matter will be discussed and that NATO will proceed with developing this urgently-needed defense.

Mr. Billingslea is NATO's assistant secretary general for defense investment.

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DDT's New Friend (WSJ)

The Wall Street Journal, September 18, 2006

The World Health Organization announced Friday that it will begin actively promoting use of the pesticide DDT to combat malaria in developing nations. Do you believe in miracles?

Malaria is the number one killer of pregnant women and children in Africa and among the top killers in Asia and South America. It's long been known that DDT is the cheapest and most effective way to contain the disease, which is spread by infected mosquitoes. But United Nations health agencies and others have for decades resisted employing DDT under pressure from anti-pesticide environmentalists. After tens of millions of preventable malarial deaths in these poor countries, it's nice to see WHO finally come to its senses.

The agency's malaria chief, Arata Kochi, told reporters that "one of the best tools we have against malaria is indoor residual spraying. Of the dozen or so insecticides WHO has approved as safe for house spraying, the most effective is DDT." He also said, "We must take a position based on the science and the data."

Mr. Kochi's intellectual honesty is commendable and all too rare among public health officials in this debate. For decades, the science and empirical data about DDT's effectiveness have been distorted or suppressed. Nevertheless, and Rachel Carson's scare-mongering notwithstanding, there is no evidence that DDT use in the amounts necessary to ward off malarial mosquitoes is harmful to humans, wildlife or the environment. Period.

By contrast, there's plenty of evidence -- from the U.S. and Europe to Australia, India, Sri Lanka and Brazil -- that spraying DDT is the best intervention. According to Pierre Guillet, another WHO official at Friday's press conference, South Africa temporarily stopped using DDT in 1996 because green groups were opposed, not because it wasn't working. Malaria takes a heavy toll on a country's economy by discouraging foreign investment and incapacitating otherwise productive people, so these anti-DDT alarmists have been helping to impoverish those they don't kill. There is something other-worldly, or worse, about well-heeled greens trying to deny the world's poorest people the very tool used by rich nations to eradicate this disease.

Even if WHO's decision won't change those minds, its stamp of approval on pesticide use matters in the public health world. Other organizations, ranging from the World Bank to Aid for International Development to Doctors Without Borders, look to WHO for guidance and will now likely reassess their own guidelines. The U.S. is typically the largest donor to these international agencies, and the recent efforts of Republican Senators Sam Brownback of Kansas and Tom Coburn of Oklahoma, who have called for DDT intervention and more responsible allocation of aid dollars generally, no doubt played a role in WHO's decision.

One insecticide won't end malaria, and DDT's proponents don't claim it will. But by keeping more people alive and healthy, DDT can help create the conditions for the only lasting solution, which is economic growth and development. It's encouraging that even a U.N. health agency seems to have figured that out.

Another Green Revolution? (WP)

The Washington Post, September 18, 2006

ONE GENERATION ago, what became known as "the green revolution" doubled food production in parts of Asia and Latin America, reducing malnutrition and lifting millions out of poverty. Now the Rockefeller Foundation, whose scientists helped to lay the groundwork for that breakthrough, is teaming with the Bill & Melinda Gates Foundation to repeat the success in Africa. Last week the two charities announced an initial pledge of $150 million over five years to start down that road. The money will boost African seed-breeding programs that develop higher-yielding strains of local crops. It will fund the training of African scientists so that the seed-breeding programs can be enlarged. And it will bolster the distribution networks that bring seeds and fertilizer to farmers.

Legions of development experts have locked horns with Africa's rural poverty and then retreated hurt. The continent's physical capital is rudimentary: Irrigation systems and rural roads to get food to market are scarce. Its human capital is no better: African farmers are held back by sickness and illiteracy. Its social capital constitutes another handicap: The legal framework needed to permit the licensing of seed technologies to private distributors is often missing, and perverse regulations often make it difficult to farm for profit. Add in water scarcity and soil erosion, and you can see why previous calls for a green revolution in Africa have come to little.

Nonetheless, the two charities are right to be trying. The spectacular failure of rural development programs in Africa in the 1970s so discouraged donors that they turned their backs on agriculture, preferring to focus on macroeconomic problems or on education and health. But farming is the dominant form of work in Africa, and the continent won't break out of its poverty unless crop yields somehow rise. The Rockefeller Foundation already has a presence in East Africa, and its grants have resulted in some progress: 20 new seed varieties and a fix for the broken licensing program that had prevented the dissemination of seeds in Kenya. The partnership with the Gates Foundation will add money and ambition to these efforts.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Calls For Congress To Pass Bill Clarifying Detainee Rights. President Bush challenged Congress to pass a bill spelling out the rules for interrogating terrorist suspects in an energetic press conference. Media coverage focused almost exclusively on Bush's remarks about terrorist interrogation and characterized the GOP debate over policy as a serious split on a key 2006 election issue. Bush's remarks received significant attention by prominent media outlets as it was covered in full segments by all three network TV news programs early in their broadcasts and by the major US newspapers. ABC World News (9/15, story 2, 0:50, Snow) reported, "There were fireworks at the White House today where President Bush reacted to a rebellion on Capitol Hill, a group of Republican Senators opposing his attempts to clarify part the Geneva Conventions which spell out the rights of terror suspects. President Bush said the current relations written more than 50 years ago are too vague and could effectively end an effective interrogation program."

CBS Evening News (9/15, story 4, 3:15, Couric, 7.66M) reported Bush "stepped up the pressure big time, warning that time is running out. From the White House, here's Jim Axelrod." CBS (Axelrod) added that "an adamant Mr. Bush said the dispute threatens to shut down a CIA interrogation program he says has stopped terror plots in the planning." President Bush: "So Congress has got a decision to make. You want the program to go forward or not?" Axelrod: "But a chorus of critics has emerged, led by Republican senator John McCain" and former Secretary of State Colin Powell and if Bush "was trying to get everybody back in line today, he didn't. Late this afternoon, Senator McCain said there is nothing in his bill that would require the CIA interrogation program to be shut down. So, Katie, President Bush is now locked in a dispute about how to handle prisoners of war with America's best known prisoner of war, and a Republican at that."

NBC Nightly News (9/15, story 3, 2:35, Williams, 9.87M) reported that "there is a battle going on in the United States within the Republican party over the treatment of terrorism suspects. In an often contentious news conference President Bush laid down the law as he sees it." NBC (Gregory) added, "Mr. Bush shot back at his former Secretary of State Powell who criticized the White House in a letter writing the world is begin to doubt the morale basis of our fight against terrorism." President Bush: "It is unacceptable to think that there is any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

The New York Times (9/16, Rutenberg, Stolberg, 1.21M) describes Bush as "impassioned" and "combative" and says, "It was also a debate Mr. Bush had hoped to have this week exclusively with Democrats as he and his party's leadership set out to draw unflattering distinctions between Republicans and Democrats on fighting terrorism for the fall elections." But "Bush spent Friday in a second day of heavy debate, casting some of the most respected voices on military matters in his own party as hindering the fight against terrorism. As of late Friday there seemed to be no break in the impasse, even as White House officials worked behind the scenes to build new support in the Senate for the legislation the president wants."

Casting Bush's remarks in a negative light the Washington Post (9/16, A1, Baker, 748K) reports, "An irritated Bush, raising his voice and gesturing sharply at a Rose Garden news conference, excoriated legislation passed by a Senate panel Thursday that is intended to conform U.S. detainee practices with the Geneva Conventions. Bush insisted on legislation more specifically defining what is banned so intelligence officers would not worry about being charged with war crimes." But Bush's "threat to end the interrogation program seemed to make little impression on the Republican dissidents" and "a fifth Republican senator, Olympia J. Snowe (Maine), joined the rebellion against the president." Meanwhile Democrats "seized on the president's remarks yesterday. 'Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect and finally give them the real security they deserve,' said Senate Minority Leader Harry M. Reid (Nev.)."

The Los Angeles Times (9/16, Gerstenzang, Levey, 918K) reports Bush "in animated and unusually forceful language, urged members of Congress to approve his plan for interrogating detainees and trying them before military commissions." His "pointed declarations underscored the gap between the White House and the rebelling Republican

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senators at a time when the GOP hoped to enter the fall election season with a unified position on national security. In particular, Bush's comments emphasized his differences with Sen. John McCain (R-Ariz.), a former Vietnam prisoner of war and likely candidate for the 2008 Republican presidential nomination, who has opposed Bush's interrogation policy in the past as overly harsh."

McClatchy Newspapers (9/16, Hutcheson) in an article titled "Bush Threatens To Shut CIA Interrogation Program" says Bush was using "fear to pressure lawmakers" and "Bush cast the dispute as a choice between protecting the nation or leaving it vulnerable to another terrorist attack. His critics, including many retired military officers and former Secretary of State Colin Powell, say his approach violates American values, undermines the moral foundation of the war on terrorism and increases the risk that U.S. prisoners of war will be abused."

The AP (9/16, Hunt) in an article titled "Bush Fights GOP Revolt Over Terror Bill" reports, "Bush fought back Friday against a Republican revolt in the Senate over tough anti-terror legislation and rejected warnings that the United States had lost the high moral ground to adversaries. 'It's flawed logic,' he snapped." As part of its coverage the AP listed the military records of Sens. McCain, Graham Warner and former Secretary of State Powell.

Bloomberg (9/16, Dodge, Rowley) reports details similar in other coverage of how "Bush raised the ante" and notes, "Attorney General Alberto Gonzales told reporters that the Supreme Court decision created 'confusion and concern' about Central Intelligence Agency interrogation techniques." Gonzales said, "We're going to capture additional high- value detainees" and "we will need to get information from them." Meanwhile, "Graham, in a statement, took issue with the president's characterization of the legislation. 'What is being billed as "clarifying" our treaty obligations will be seen as "withdrawing" from the treaty obligations,' he said."

The Washington Times (9/16, Curl, 88K) quotes Sen. Charles Schumer saying, "When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is. … These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions." And "Senate Minority Leader Harry Reid…said Mr. Bush should bow to the 'bipartisan process under way in the United States Senate.'"

The Financial Times (9/16, Daniel, Dombey) in an article titled "Bush On Defensive Over Anti-terrorism Measures" notes the EU "added to the pressure on the White House when it denounced as 'illegal' the secret CIA prison whose existence Mr Bush acknowledged last week." But "Bush appeared to create room for negotiations with Congress when he sidestepped the chance to pledge that he would veto any bill if it matched the one passed by 15 votes to 9 in the Senate armed services committee, and said his key criterion for success was one question: 'That the intelligence community must be able to tell me this bill enables this vital programme to continue.'"

Administration Seen As Using Rules To Skirt Compliance. The Washington Post (9/16, A3, Smith, 748K) in an analysis of the notes, "On the surface, Bush's proposal requires that interrogations in the previously secret CIA prison system comply with legal rules written by Congress last year. Privately, the administration has concluded that doing so would allow the CIA to keep using virtually all the interrogation methods it has employed for the past five years, the officials said." Examining the "ironies" of the debate the Post says, "The administration says its intent is to define the explicit meaning of Common Article 3 so that CIA officers know exactly what they can do. But the senior official who addressed the legal issue yesterday said the standard the administration prefers is 'context-sensitive,' a phrase that suggests an endlessly shifting application of the rules."

Questions Raised About JAG Support For Clarifying Rules. The New York Times (9/16, A1, Mazzetti, Lewis, 1.21M) in a front page story reports on the Administration's behind-the-scenes maneuvering to get approval for its proposal on terrorist interrogations from the Pentagon's top JAG officers, who are described as at odds with the Administration over terrorists' rights. Before the "crucial Senate vote on the Bush administration plan," Pentagon general counsel William Haynes summoned the JAGs "to enlist the lawyers on the administration's side by asking whether any would object to signing a letter lending their support to aspects of the White House proposal over which they had voiced little concern." They "agreed, but only after hours of negotiating over specific words, so that they would not appear to be wholly endorsing the plan." Some were left "embittered" by the meeting which "prompted loud protests from Republican senators opposed to the plan" But Air Force deputy judge advocate general Maj. Gen. Charles

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Dunlap said, "I didn't have any problem signing what I signed. … How people use it and what they use it for I can't control."

CIA Concerned About Liability. The New York Times (9/16, Shane, 1.21M) reports the CIA is concerned "that officers could be vulnerable to lawsuits, or even criminal prosecution, for actions they believed at the time complied with administration policy." The White House proposal "would be retroactive to Sept. 11, 2001, while senators working with Mr. Warner say their approach avoids dealing with past events because of legal and constitutional concerns. The senators say they believe that past abuses should be reviewed case by case." Experts believe it is "highly unlikely that intelligence officers could be prosecuted in American courts for their actions in interrogating terror suspects. Similarly, they said, lawsuits filed by former prisoners would probably face insurmountable hurdles in American courts." Yet "some said future investigations by Congress or a C.I.A. inspector general were quite possible and could bring the daunting prospect of high legal fees or devastating news coverage."

Bush Rules Would Hamper Prosecutions Of US War Crimes. In its analsysis the Los Angeles Times (9/16, Zajac, Simpson, 918K) reports, "When the Muslim world was first inflamed over images of abuse from the Abu Ghraib prison in Iraq, President Bush took the lead in a campaign to minimize the damage by pledging that his government would speak through its actions." Yet "more than two years later, provisions in Bush's proposed legislation for detainee interrogations and terrorism tribunals could hamper potential criminal prosecutions in some of the 17 abuse investigations from Iraq and Afghanistan pending before federal prosecutors in Virginia." Experts "said Bush's proposal would retroactively weaken the U.S. law against war crimes, possibly making it more difficult to win criminal indictments in those cases." The Los Angeles Times (9/16, 918K) reports also publishes a Q&A column on the military tribunal bill.

Senators Opposed To Bush Plan Face Political Risk. McClatchy Newspapers (9/16, Talev) reports that by opposing bush on terrorist interrogations "McCain could alienate conservative Republicans when he needs them most. For several years he's worked hard to gain the trust of conservative Bush allies skeptical of his maverick streak" yet "now he's breaking with his party's president on an issue that threatens to undermine Republican strategy for November's congressional elections -- following Bush's leadership on national security. That could hurt him." And "Graham could reap opposition to his re-election within his South Carolina base. Many conservative activists already were frustrated with him for blocking a conservative judicial nominee's confirmation and supporting legislation that would allow illegal immigrants to stay in the country." McClatchy notes, "If Democrats win control of the House of Representatives or the Senate in November, all three senators could suffer the sting of blame."

Rear Admiral Harris Describes "War Inside The Wire." In the Wall Street Journal's Weekend Interview (9/16, Taranto, 2.03M), Commander of JTF Guantanamo Rear Adm. Harry Harris is profiled. The Journal sympathetically quotes Harris's view that the Gitmo detainees, rather than being victims of abuse, "have kept fighting even while in captivity." The inmates "have brought more-restrictive conditions on themselves, through suicide, sabotage and other disruptive actions."

Star-Ledger Blasts Bush Stand. The Newark Star-Ledger (9/16) editorializes, "Such views [like Colin Powell's] rile the president but don't sway him. That's frightening because the dangers he sees ahead are real. He's mistaken to think dealing with them harshly is the same as dealing with them effectively."

WTimes Editorial Questions McCain. The Washington Times (9/16, 88K) editorializes, "Mr. McCain should explain why he is endangering a vital interrogation program that has saved many American lives."

Europe, US Are Deadlocked On Air Security.

The Financial Times (9/16, Burns, Bounds, Cameron) reports, "Attempts to find transatlantic agreement on counter-terror measures for the airline industry are floundering as governments and aviation experts argue about which security rules would be most effective." The UK and the US have been stricter than most Europeans "since British police foiled an alleged plot to blow up transatlantic jets with liquid explosives." The EU's "top negotiator on Friday warned that transatlantic travellers faced chaos next month unless the US dropped its demands for greater access to airline passenger data from the European Union."

Albany Terror Trial Jurors Hear FBI Surveillance Recordings. The Albany Times-Union (9/16, Lyons) reported, "The spiritual leader of an Albany mosque warned an undercover FBI informant that he needed to be careful and quiet about his support of terrorists who

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were purported to be planning to kill the president of Pakistan, according to government transcripts of their secretly recorded conversations." At the trial of Yassin Aref and Mohammed Hossain on Friday, jurors "listened to hours of tapes recorded during the sting." The Times-Union added, "Special Agent Timothy Coll, who headed the investigation, testified Friday that Hossain told him he thought the informant 'was joking'" about the proposed shoulder-launched missile deal. "Aref was also questioned following his arrest and told agents that the money transactions were a loan and that 'his role was a witness,' Coll said."

Californian Accused Of Yemeni Terrorist Links. The AP (9/16, Munoz) reports, "A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said he had ties to a terrorist financier who plotted to help al-Qaida and Hamas. The allegations emerged at a hearing for Amen Ahmed Ali, 56." The suspect "was arrested Sept. 7 at his cigarette shop in Bakersfield. He and two other men, all Yemeni-born U.S. citizens, were charged in the case." The Los Angeles Times/AP (9/16) runs an abbreviated version of this story.

The Bakersfield Californian (9/16, Shepard) reported, "Assistant U.S. Attorney Carl Faller said in court that Ali's address book contained the name of Sheikh Mohammed Ali Hassan Al-Moayad," who "was convicted in 2005 of providing material support to terrorist organizations and is serving a 75-year sentence in a Colorado prison. Faller also told the court Ali may face an additional charge of espionage after evidence found in a search of his home last week indicated he may have been working as an undercover agent for the Yemen government." Bakersfield Yemenis Abdul Jobah and Nashwan Alrowhani said that "following Ali's arrest last week, the FBI searched the homes of at least 15 members of the Bakersfield Yemeni community," and Ali's lawyer "said many in the Yemeni community felt the FBI were coming down hard on them. Alrowhani said FBI agents searched his home, froze his bank account and took his passport. His account was released and his passport returned, he said."

Australia Denies Army Chief Visited Philippines In Search Of Bali Bombers. The AFP (9/16) reports, "Australia's defence ministry has denied its army chief is on a secret visit to the southern Philippines this week to be briefed on a hunt for two suspects in the 2002 Bali bombings that left 200 people dead." Australia insists that Lt. Gen. Peter Leahy is on a "scheduled exchange of visits."

Yemen Foils Attacks. The Financial Times (9/16, Saleh) reports, "Yemen said on Friday it had foiled two attempts to blow up oil facilities in different parts of the country, days after al-Qaeda urged Muslims to target western interests in the Gulf. ... Yemen has been trying to shed its image as a haven for Islamic militants since 9/11, but the escape in February of 23 al-Qaeda operatives from a high-security jail in the country raised doubts in the United States about its commitment to the war against terrorism."

The New York Times (9/16, Fattah, 1.21M) reports, "Yemeni officials said an investigation was under way to determine who was behind the attacks, which came days after one of Al Qaeda's top leaders, Ayman al-Zawahri, threatened strikes against oil facilities in the Middle East that he blamed for 'stealing Muslim oil.' By late Friday, no group had claimed responsibility." The Times adds, "The attacks occurred just days before voters are to cast ballots in a hotly contested election pitting President Ali Abdullah Saleh against four challengers. Political analysts accused the government on Friday evening of capitalizing on the incidents to help Mr. Saleh's standing."

HOMELAND RESPONSE:

US Still Fails To Track Foreign Visitors. McClatchy Newspapers (9/16, Taylor) reports, "After spending $900 million to set up a database to track foreign travelers arriving in America, the government still doesn't know how many of them stay in the country illegally because the system is incomplete and snarled by controversy. The US-VISIT system screens up to 2 million foreigners a month as they arrive at all international airports and seaports and at most border crossings. ... But 10 years after Congress first ordered the system, the Department of Homeland Security hasn't set up a way for the same visa-holders to check out when they leave the country. Instead, the agency continues to test it at 14 airports and two seaports."

Security Expert Decries ID Chip In New Passports. In an op-ed for the Washington Post (9/16, 748K), security expert Bruce Schneier warns passport holders, "In many countries, including the United States, passports will soon be equipped with RFID chips. And you

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don't want one of these chips in your passport." The chips allegedly present the risk of "surreptitious access: Your passport information might be read without your knowledge or consent by a government trying to track your movements, a criminal trying to steal your identity or someone just curious about your citizenship." Schneier urges passport holders to renew their passports immediately, so that "with your new passport you can wait another 10 years for an RFID passport, when the technology will be more mature, when we will have a better understanding of the security risks and when there will be other technologies we can use to cut the risks."

Congress Will Restructure FEMA But Leave It Within DHS. The New York Times (9/16, Lipton, 1.21M) reports, "Congressional negotiators agreed Friday on a plan to restructure the Federal Emergency Management Agency that would give it somewhat more clout and responsibility, but still not as much as it had during the Clinton administration. The compromise effectively ends the campaign by some in Congress to separate FEMA from the Department of Homeland Security and re-establish it as an independent agency reporting directly to the president." The Times goes on to report, "Under the agreement, which will be inserted into a budget bill that Congress is scheduled to vote on this month, the FEMA director would still report to the secretary of homeland security, as he has since FEMA lost its independent status in 2003. But the director, now R. David Paulison, would also be the principal adviser to the president for emergency management, a new role modeled on the relationship between the president and the Joint Chiefs of Staff, who also report to the defense secretary. In a major disaster, the president could designate the FEMA director as a cabinet-level official.

The Washington Post (9/16, A2, Hsu, 748K) reports the agreement "does not clarify whether FEMA would get more money to implement the scores of changes recommended by several post-Katrina reviews. 'It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared for the next hurricane or disaster. This agreement will move this legislation forward,'" Sen. Susan Collins said "in announcing the deal with" Sen. Joseph Lieberman. The compromise "now moves to a House-Senate panel that this month is hammering out a must-pass $33 billion Homeland Security spending bill."

DHS USCIS Has Nearly Eliminated Immigration Processing Backlog. The Washington Times (9/16, Dinan, 88K) reports, "The immigration service has nearly achieved its goal of processing immigration applications within an average of six months and will make an October deadline for eliminating the backlog, agency Director Emilio T. Gonzalez said yesterday. 'We're on track to get where we need to be, where we want to be,' Mr. Gonzalez, the head of U.S. Citizenship and Immigration Services (USCIS), which is part of the Homeland Security Department, told reporters yesterday." According to the Times, "The backlog elimination has been a major test for the agency that would have to administer any future guest-worker program, and members of Congress have been watching the effort's progress closely. However, the goal will be reached in part because the agency no longer counts cases that are outside its control, such as those awaiting an FBI check." The Times notes President Bush and Congress "approved a $500 million package to pay for reducing the backlog. That allowed USCIS to shift employees and hire temporary employees to help. 'We have every expectation we'll be able to make the president a very happy person,' Mr. Gonzalez said yesterday."

Exploitation Of Illegals Injured At Work Called "Rampant." McClatchy (9/16, Chandler) reports, "Thousands of illegal workers…are hurt on the job every year in America, but don't get the compensation that's promised by law in every state. Bosses often fire them, threaten them with deportation and commit an array of other misdeeds to avoid responsibility for workers' injuries. Some insurers refuse to pay their claims, citing reasons related to their illegal status. As a result, injured workers often go without medical care or go to emergency rooms for treatment - and taxpayers get stuck with the bills. … From field hands to garment workers to poultry processors to construction crews, injuries abound in industries that rely on an estimated 7 million undocumented workers, often to do dirty and dangerous jobs. Yet those who are undocumented are frequently cheated out of benefits that American workers have taken for granted for nearly a century, a McClatchy Newspapers investigation has found. Federal labor officials haven't studied whether undocumented workers are wrongfully being denied compensation. But the exploitation is rampant, according to interviews with scores of illegal workers, employers, workers' comp lawyers, health care providers and workplace experts, and a review of lawsuits and workers' comp claims."

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WAR NEWS:

Iraq Plans To Ring Baghdad With Trenches.

TV coverage, other than a CBS News story about KBR contractors killed in Iraq, avoided Iraq today, with much of it being devoted to the debate over detainee treatment. Both the New York Times and Washington Post devoted front-page stories to the new security plan. The New York Times (9/16, Wong, 1.21M) reports, "The Iraqi government plans to seal off Baghdad within weeks by ringing it with a series of trenches and setting up dozens of traffic checkpoints to control movement in and out of the violent city of seven million people, an Interior Ministry spokesman said Friday. The effort is one of the most ambitious security projects this year, with cars expected to be funneled through 28 checkpoints." The Times says skeptically, "It is unclear whether Baghdad can really be sealed off, given the city's circumference of about 60 miles. With so much terrain, guerrillas might find areas that are unconstrained by the trenches and checkpoints. On the main roads, traffic could be snarled for miles, especially in the final days of Ramadan."

The Washington Post (9/16, Raghavan, 748K) devotes a front-page article to the "security ring," describing it as "a massive effort to seal off Baghdad with a ring of reinforced checkpoints, berms, trenches, barriers and fences." Building a ring would be "the most ambitious security endeavor yet" in Baghdad. The Post also lists potential problems: "Such efforts are among the methods that counterinsurgency experts recommend to gain control over population movements. Yet some analysts also say that the United States has never taken what many of them contend is an essential first step: conducting a thorough census, then issuing identity cards and requiring all people to carry them at all times. It is unclear whether the planned complex of berms, trenches and checkpoints will be effective in Baghdad, a megalopolis of 81 square miles that includes vast stretches of farmland and open terrain. Insurgents and members of private militias might still be able to avoid the checkpoints, and even if they don't, U.S. and Iraqi forces still face the problem of identifying them. The Muslim holy month of Ramadan, which begins in October, is likely to increase the flow of people in and out of Baghdad."

The AP (9/16, Santana) says that the plan "comes as more than 130 people were slain in two days -- either killed in attacks or tortured and dumped in rivers or on the city's streets." Also, US Ambassador to the UN John Bolton "told the Security Council on Thursday that the average number of weekly attacks increased 15 percent and Iraqi casualties increased by 51 percent, compared with the previous three months."

US Is Reportedly "Frustrated" With Pace Of Change In Iraq. The Los Angeles Times (9/16, Richter, 918K) reports, "Four months after Iraq's new government took office, U.S. officials are growing impatient with leaders in Baghdad and pushing them to move more quickly on the difficult agenda confronting them." Despite officially professed satisfaction with Prime Minister Maliki, one official said, "The rhetoric has to be matched by concrete action." In the last five days, "142 [execution-style] killings have been reported." Some unnamed officials, "frustrated by the lack of progress, have voiced a private view in recent weeks that Iraq might be better off under a traditional Middle Eastern strongman." The Times notes obstacles facing Maliki, such as the task of "trying to lead a fractious government with only the narrowest base of public support" and the "reluctance of other countries to help what they see as the weak government of a troubled land."

Overburdened Iraqi Officials Cannot Investigate Murders. The Los Angeles Times (9/16, Moore, Spiegel, 918K) reports on the impossibility of investigating the surge of homicides in Iraq: "There is no shortage of potential evidence: handcuffs pulling the inert shoulders taut, blindfolds, a crowd of witnesses who saw the victim before masked assailants gunned him down in the street or stuffed him into a police car. But in Iraq, there seems to be neither interest nor time for that. There are too many bodies and too many killers with too many ties to the nation's warring political factions." Factions differ on the source of the recently increased violence, with the Times quoting leaders blaming rival sects' militias and even alleging that the US is "inventing the crisis."

US Soldier Is Missing After Blast. The AP (9/16, Santana) reports, "A U.S. soldier was missing Friday, a day after a suicide truck bombing killed two soldiers and wounded another 30 west of Baghdad, U.S. military officials said. Officials refused to "say whether they believed the soldier had been abducted or whether he may have been killed in the attack." Thursday was an "especially bloody day for U.S. forces," given the deaths of five US soldiers.

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Bush Regrets Situation In Iraq Does Not Allow Troop Withdrawal. In its coverage of Bush's remarks on detainee interrogation NBC Nightly News (9/15, story 3, 2:35, Gregory, 9.87M) also noted Bush ruled "out a meeting with Iran's leader and on Iraq, said he regretted troop levels were rising and not falling as he thought they would be by now." President Bush: "It looked like it would be the case until the violence started rising in Baghdad."

Chiarelli Says US Won't Abandon Anbar Fight. The New York Times (9/16, Shanker, 1.21M) reports, "The American military in Iraq will not abandon the fight against insurgents in Sunni-dominated Anbar Province despite a shift of troops toward Baghdad...the second-ranking commander in Iraq said Friday." Lt. Gen. Peter Chiarelli "stressed that the American military has not forsaken Anbar Province" but described Baghdad as "our main effort." He also interpreted the Devlin report to mean "that there are economic and political conditions that have to improve out at Al Anbar." According to Chiarelli, although Iraq is not in a civil war, "the threat has shifted from terrorist and insurgent violence to battling bombings and murders driven by sectarian tensions."

The AP (9/16, Burns) reports similarly, "U.S. officials say they have not written off Iraq's troubled Anbar province -- the country's largest, and one of its most violent -- but neither are they sending more U.S. troops there to battle the insurgents." The AP adds in an implicit questioning of the troop levels for Anbar, "The Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar -- more than any other province in the country and slightly more than in Baghdad. Of the 147,000 U.S. troops in Iraq, about 30,000 are in Anbar."

McClatchy Newspapers (9/16, Brown) reports, "Lt. Gen. Pete Chiarelli acknowledged that a leaked classified intelligence report recommended that another division, about 10,000 to 15,000 troops, was needed to stabilize Anbar province, but he said the main effort now was to secure Baghdad." Chiarelli "expressed dismay over the leak of the report," a sentiment that went unreported in other articles.

Small Anbar Force Is Again Contrasted With Level Of Violence. The Washington Times/AP (9/16) reports that Chiarelli said, "The main effort is Baghdad, and we must ensure that we weight the main effort." Like the AP article by Burns quoted above, it notes that Anbar had more attacks daily than any other province but has 30,000 of the 147,000 US troops in Iraq.

Commanders Make "Difficult Trade-Offs." The Washington Post (9/16, Tyson, 748K) reports his remarks too, saying in its headline that Anbar is called "secondary." The bleak Post article uses the terms "sober talk" and "dire warning" to characterize Chiarelli's videoconference with reporters: "Implicit in Chiarelli's remarks on Anbar was the idea that, given limited overall troop numbers in Iraq, American commanders must make difficult trade-offs as they concentrate forces in one troubled region at a time." Characterizing the intensity of war in Anbar, the Post comments, "More than 900 U.S. troops have been killed in Anbar since the U.S.-led invasion of Iraq in 2003, compared with more than 600 in Baghdad, according to the Web site iCasualties.org." Like the Times, the Post quotes Chiarelli on the need to find jobs for "angry young men" to pacify them.

Army Reserve Unit Prepares For Return To Iraq. In a late story, the Philadelphia Inquirer (9/15, Colimore, 399K) reports, "Three years ago, they were called up to serve in Iraq, in dangerous places such as Mosul and Hilla, south of Baghdad. Many of them came under sniper fire in convoys ... Now, members of the Army's Norristown-based 358th Civil Affairs Brigade are among the relatively few reservists heading back for a second tour of duty." The Inquirer

Newsweek Covers First Post-Extension Death In Stryker Brigade. Newsweek (9/15, Hastings, 3.12M) in a web-only story reports on the death of Cpl. Alexander Jordan, killed by a sniper on the "33rd day of the Battle of Baghdad." His unit had had its deployment extended by four months. Newsweek describes the grief of the soldiers and their Iraqi interpreter and says pessimistically, "The civil war, though, has likely already begun. Or so it seemed in the first neighborhood they secured." The soldiers realize "that much of the sectarian violence was originating in Sadr City, an area that has been basically off limits to Coalition forces. The soldiers even took friendly bets on when and if they would do a full-scale operation in the impoverished Shiite neighborhood. 'We're handcuffing ourselves,' said one officer."

Dorgan Probes Death Of Civilian Contractors In Iraq. CBS Evening News (9/15, story 8, 3:05, Couric, 7.66M) reported, "We report almost everyday on the mounting US military death toll in Iraq, but you might not realize just how

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many civilians working for private contractors have died there. More than 600 to date. The question tonight, did one contractor ignore repeated warnings and send its workers into a danger zone that cost many of them their lives?" CBS (Keteyian) added, "KBR denies the charges and says, like the army, it should be immune from lawsuits. ... A top Senate Democrat finds this behavior outrageous." Sen. Byron Dorgan: "I think these are all serious issues and in some cases life or death issues and I think there needs to be and the American people would expect there to be accountability." Keteyian: "On Monday, Senator Dorgan plans to find out who is accountable when he holds a hearing on this very incident."

Iraqi Ambassador Says US Is "Stonewalling." The Detroit Free Press/AP (9/15, Karush) reports, "Iraq's ambassador to Washington on Friday accused U.S. officials of stonewalling him in his efforts to find out what happened to his cousin, who was killed by the military near Haditha. ... 'It sounds to me very much like bureaucratic stonewalling,' [Samir Sumaidaie] told The Associated Press in an interview in suburban Detroit, where he was meeting with members of the area's large Iraqi community." The AP adds that a "request for comment" was left with the DOD press office. About five sites, all in Michigan, carried versions of this AP story.

Mystery Deepens Around Missing Marine. The New York Times (9/16, Sink, 1.21M) reports that on the second day of the search for Lance Cpl. Lance Hering in Colorado, "investigators began to have their suspicions and have since said that it was all probably a hoax and that the marine might be on the run." After a five-day search ended, "[Hering's friend] confessed to detectives that it had all been a set-up to help Corporal Hering avoid returning to Iraq." A Boulder County sheriff's official cited Hering's access to $2,000 and past criminal record as "red flags."

Iraqi President Visits Aspen. The AP (9/16) reports, "Iraqi President Jalal Talabani spent Friday in this posh mountain resort [Aspen] as part of an annual conference sponsored by a New York investment company, The Associated Press has learned. ... His arrival was first reported by the Aspen Daily News and KREX-TV in Grand Junction." Talabani "was expected to travel to New York this weekend and then to Washington for a private meeting with Secretary of State Condoleezza Rice next week, Assistant Secretary Kristen Silverberg said."

NATO Chief Renews Call For More Troops In Afghanistan. The AP (9/16, Ames) reports, "NATO's top commander renewed an appeal Friday for allies to urgently provide up to 2,500 troops for the battle with Taliban insurgents in southern Afghanistan, but officials said it likely would take two weeks before governments reply." Poland's offer of 900 troops was termed "welcome," but NATO reportedly needs reinforcements urgently "to pursue the Taliban before the onset of winter enabled them to take refuge in the hills." NATO member states "have been reluctant to commit forces, as they already are stretched by other international missions and are worried about the risk of high casualties from the tough Taliban resistance."

Tensions Overshadow Gains In Afghanistan. The Washington Post (9/16, Constable, 748K) reports pessimistically, "Despite scattered gains by international troops fighting Taliban insurgents in the country's south, Afghan and foreign analysts here have voiced concern that a recent peace initiative is backfiring and that lapsed Afghan militias could be drawn into the conflict unless it is quickly quelled and replaced by aid and protection." The Post asserts, "The insurgency continues to spread beyond the south. ... But the most urgent need, military officials and diplomats said, is to contain the southern conflict, defeat the insurgents in key districts of Kandahar and Helmand, and begin providing support to civilians there." One "Western military official" said, "We can't just keep fighting endless battles without having something to offer the next day."

4 Taliban Members Killed. The AP (9/16) reports, "About 60 suspected Taliban militants attacked a police checkpoint in southern Afghanistan, starting a battle in which four militants died, police said Saturday." The AP concludes that NATO forces have "been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said enemy casualties run into hundreds."

Body Counts Arouse Skepticism. The AP (9/15, Pennington) reports, "NATO's estimate of Taliban killed this month has created skepticism and worry in Afghanistan, with local officials saying that either the militant force has grown bigger than imagined — or too many innocent Afghans are being killed." However, "NATO has stood by its battle assessments as solid, even conservative." Military analyst Andrew Krepinevich "said that given the circumstances in

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which the Taliban had massed in one place, the figures given by NATO were plausible and could well be an underestimation, because of the effort the Islamic militia makes to bury their dead quickly."

Arrests Of Opium Traders Coming "Soon." The AFP (9/16) reports, "Some of the key players behind Afghanistan's record-high opium trade are expected to be brought before court over the next year ... The arrests would be vital to a strategy to stem the increasingly sophisticated narcotics trade before links between insurgents and drug traffickers become entrenched, Thomas A. Schweich [US deputy assistant secretary of state for international narcotics] said on Friday." AFP quotes some encouraging statistics cited by Schweich but adds, "There have been doubts about the will of the authorities to round up the kingpins of the trade, as some of them are allegedly in top positions in government."

General Eikenberry Describes Afghanistan's "Catch-22." In the Wall Street Journal (9/16, White, 2.03M), Lt. Gen. Karl Eikenberry discusses the security problems facing the US and NATO in Afghanistan. Ultimately, the root of the problem is "a big one," namely, the 52% share of opium exports in the country's GDP. The money "support[s] an insurgency [that] has ... basically halted all of the infrastructure build-out" needed to wean farmers off the drug.

Greenberg Defends Decision To Go To War Against Iraq. In an op-ed in the Washington Times (9/16, 88K), commentator Paul Greenberg sarcastically says of war critic Sen. Jay Rockefeller, "If only the United States and its allies had not invaded Iraq, Swami Rockefeller explains, the world would be a better place today -- even if Saddam Hussein were still in power." Greenberg likens Rockefeller's claim to those who let Hitler keep rearming Germany and says, "Reasonable men may agree or disagree with the president's policy, but fair-minded Americans will recognize his sincerity. For there is no reason other than honest belief for this president to pursue a course that has imperiled his popularity and divided the country."

Journalist Describes "Winners And Losers" Of 9/11, Slams Wolfowitz. In a commentary for the Financial Times (9/16), journalist Jurek Martin names those he considers "winners and losers" of 9/11. He blasts former deputy secretary Paul Wolfowitz, saying, "As the world now knows to its cost, the neo-cons, using 9/11 as their pretext, hijacked American foreign policy and still have not lost full control of it. They did not even have to tell the truth to justify their goals. ... Wolfowitz had no compunction in blaming a cowardly press that didn't have the guts to go out and report the good news. ... This was the man who never set foot outside Baghdad's Green Zone without protection from battalions of American troops."

Congressman Shays Struggles To Explain Reversal On Iraq. In Newsweek (9/15, 3.12M), columnist Eleanor Clift writes, "An ardent supporter of the war, [Rep. Christopher Shays (R-CT)] abruptly reversed course to join critics in calling for a firm deadline-based timetable 'to wake up the Iraqis' so U.S. troops could begin to withdraw from Iraq." Trailing in the polls when he made his announcement, Shays has been accused of undergoing an "expedient" conversion. Although he denies the charge, Clift writes, "Listening to Shays defending his position and his integrity for more than an hour is dizzying. It's like being caught in a hall of mirrors. He wants to both support and condemn the Iraq war, his party and his president."

Turkey Has Its Own "Iraq Problem." In an op-ed for the Washington Post (9/16, 748K), political scientist Lenore Martin writes, "The Kurdistan Workers' Party (PKK), operating from havens in northern Iraq, has been attacking Turkish security forces in southeastern Anatolia and occasionally civilians elsewhere. Turkey is determined to prevent a repetition of the 1984-99 guerrilla war with the separatist PKK" and as a consequence threatens to "invade northern Iraq." Martin says the Kurds, Turks, and US all need to act: Iraqi Kurds "must be willing to deny the PKK havens in northern Iraq." Turkey "must more assertively address the cultural, political and economic demands of the Kurds in southeast Anatolia." The US "must throw its full weight behind efforts to eject the PKK from northern Iraq. Furthermore the United States needs to pressure Europe more energetically to block the transfer of funds to the PKK."

CORPORATE SCANDALS:

House Committee Wants HP Chair To Testify. The Los Angeles Times (9/16, 918K) reports, "A congressional panel wants to question key figures in the scandal surrounding Hewlett-Packard Co.'s investigation of media leaks, and a shareholder lawsuit was filed in state

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court accusing the company's top brass of breaching their duties. The House Energy and Commerce Committee sent letters Friday requesting that HP Chairwoman Patricia C. Dunn and General Counsel Ann O. Baskins appear at a Sept. 28 hearing of its oversight and investigations subcommittee."

HP Case Seen As Example Of Increasingly Aggressive Corporate Boards. The Washington Post (9/16, D1, Masters, 748K) reports, "The once-clubby atmosphere of the public company boardroom has undergone a makeover during the past several years, as board members become more willing to flex their muscle and aggressively press management for changes. Since early 2005, directors of some of corporate America's biggest names have pushed out their chief executives. … The unfolding scandal at Hewlett-Packard Co. -- where the company's chairman, who was concerned about leaks, ordered an investigation of directors' phone records that may have been conducted illegally -- offers an extreme example of the new tensions inside some boardrooms. Legal analysts, governance experts and directors agree that the nature of boardroom politics has changed in the years since Enron Corp. and WorldCom Inc. collapsed and directors of both companies were held personally liable for investor losses."

Justice In Grasso Case Forced To Rule On His Own Conduct. The Wall Street Journal (9/16, Lucchetti, Davies) reports, "The legal battle over the paycheck of the New York Stock Exchange's former boss -- was he overpaid, or not? -- took an unusual twist this past week: The judge had to make a ruling on his own conduct." The Journal continues, "On Thursday, Justice Charles Ramos declined to remove himself from the case, despite an argument by lawyers for Dick Grasso, the NYSE's former chief, that the judge couldn't be fair. One reason: Twice in recent years, Justice Ramos applied for a job on the NYSE's board, which decides what to pay executives at the stock exchange. … Mr. Grasso was paid more than $100 million in 2003, his last year on the job, He's being sued by New York state's attorney general on the grounds that he didn't deserve that much money at the exchange, now owned by the publicly traded NYSE Group Inc." The Journal adds, "It's not the first time that the 64-year-old Justice Ramos, of the state Supreme Court (a trial-level court in New York), has played a big role in a controversial case. In 2002, he took the surprising step of trying to cut the $625 million in fees claimed by lawyers involved in a tobacco-related lawsuit, calling the size of the sum 'offensive.' (He was overruled, and the lawyers did get their fees.) He is also presiding in the high-profile case involving American International Group Inc.'s former chief executive, Maurice R. Greenberg. … According to attorneys who have tried cases in his courtroom, he has a reputation for volatility and wit. At times, for instance he compliments lawyers for making persuasive arguments -- moments before denying the motion. … Other times, he's less patient. During settlement discussions in a case last year between the NYSE and some disgruntled investors in the Big Board, he scolded one attorney in chambers for interrupting him. According to two people present at the time, he walked around from behind his desk, and jabbed his finger at the attorney's face, saying that if it happened again, the judge would throw him out of the courtroom."

Former Peregrine Official Pleads Not Guilty. The San Diego Union-Tribune (9/16, Bigelow) reports, "The former European vice president for Peregrine Systems pleaded not guilty to federal fraud and conspiracy charges in San Diego yesterday after he was extradited amid a political rumpus in the United Kingdom." The Union-Tribune continues, "Jeremy Reeve Crook, 53, became a cause celebre in London this summer because of growing popular opposition to changes in British extradition law that Parliament enacted in 2003. … The changes, which were prompted by the Sept. 11 terrorist attacks, allow U.S. authorities to extradite British citizens and other residents without first establishing a preliminary case against them in British court." The Union-Tribune adds, "The changes made the extradition process lopsided because British authorities 'basically just turn over' anyone wanted by the U.S. Justice Department, said Douglas McNabb, a lawyer in Washington, D.C. … In contrast, British authorities seeking to extradite individuals under current U.S. extradition law have to make a case showing 'probable cause' in federal court, McNabb said." The Union-Tribune notes, "Before the end of the year, the U.S. Senate is expected to vote on changes to relax the current U.S. requirements for extradition, McNabb said. But even if those revisions are approved, McNabb said, the extradition process still will be stiffer in the United States than in the United Kingdom. … Crook became the subject of a U.S. extradition request after he was indicted in October 2004 with 10 others for their alleged roles in the massive accounting fraud at Peregrine Systems, the San Diego software developer now operated by Hewlett-Packard Co. …

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Prosecutors asked Crook to return voluntarily to the United States to respond to the charges. He declined, and U.S. authorities subsequently sought an extradition order."

Former Enron Official Sentenced To Probation For Lying To Credit-Rating Agencies. The AP (9/16, Graczyk) reports, "A former assistant treasurer at the disgraced Enron Corp. was sentenced Friday to four years probation and a $10,000 fine for lying to credit-rating agencies to make the financial picture at the one-time energy giant appear healthier than it was." The AP continues, 'Timothy DeSpain, 41, pleaded guilty nearly two years ago to a single charge of conspiracy to commit securities fraud. At the same time, he agreed to cooperate with federal authorities investigating the company, which toppled into bankruptcy in December 2001, evaporating more than $60 billion in market value, almost $2.1 billion in pension plans and, initially, 5,600 jobs." The AP adds, "U.S. District Judge Ewing Werlein, who could have imposed up to a five-year prison term and $250,000 fine under federal sentencing guidelines, said he was impressed by DeSpain's level of cooperation with federal prosecutors looking into the Enron debacle and with letters of support from relatives and friends."

CRIMINAL LAW:

Ney Pleads Guilty To Accepting Bribes From Abramoff. Rep. Bob Ney's guilty plea received only brief mentions well into last night's network news broadcasts but was examined in depth by major US newspapers Saturday morning. ABC World News (9/15, story 6, 0:25, Snow) reported, "Republican Congressman Bob Ney has admitted to taking gifts from lobbyist Jack Abramoff in exchange for his influence. After months of denying any wrong wrongdoing, Ney today agreed to plea guilty to conspiracy and making false statements."

CBS Evening News (9/15, story 6, 0:15, Couric, 7.66M) reported Ney "is accused of accepting overseas trips worth more than $170,000 in exchange for helping some of Abramoff's clients."

NBC Nightly News (9/15, story 7, 0:30, Williams, 9.87M) reported Ney "became the first sitting lawmaker to plead guilty to charges stemming from his relationship to disgraced former lobbyist Abramoff. He filed court papers this morning agree to a plea bargain. … His lawyer said the congressman interested an alcoholism treatment program."

The Washington Times (9/16, Price, 88K) reports Assistant U.S. Attorney General Alice S. Fisher "said as part of the plea agreement prosecutors will recommend a 27-month sentence for crimes that could bring Ney 10 years in prison and a $500,000 fine."

The Los Angeles Times (9/16, Schmitt, 918K) reports, "The Abramoff investigation, which mostly involves Republicans, has led to the conviction of several former congressional aides who were in the lobbyist's inner circle. … But aside from the political scandal created by the case, it remained uncertain whether other elected officials would join Ney in facing legal problems from it. Although Ney has long been viewed as likely to face charges, evidence of possible wrongdoing by some of his colleagues has not seemed as strong. Moreover, his own plea agreement with authorities does not require him to point fingers and cooperate in the investigation."

The Miami Herald (9/16, Weaver) reports, "Justice Department officials condemned his misconduct. … 'He illegally deceived the public and the House of Representatives about his actions,' Alice Fisher, an assistant attorney general heading the Justice Department's Criminal Division, said in Washington. 'In doing so, the congressman was acting in his own best interests, and not in the best interests of his constituents.' … Fisher said Justice's public corruption prosecutors received 'substantial assistance' from the Miami offices of U.S. Attorney R. Alexander Acosta and the FBI."

Prosecutors Said To Be Subjecting Burns To "Particular Scrutiny." Time (9/16, Zagorin, 4.03M) reports, "A source close to the investigation told TIME that scores of US prosecutors and FBI agents continue to examine the activities of other sitting members of Congress and prominent individuals who could face prosecution, though not necessarily before the November 7 election. The source confirmed previous public reports that particular scrutiny is being paid to Sen. Conrad Burns, a Montana Republican who faces a tough campaign for reelection."

Ney Not Planning To Resign. The AP (9/16, Bridis) reports, "The chairman of Ohio's Republican Party, Bob Bennett, said Ney's apology 'rings hollow,' and he urged the lawmaker to resign 'and begin paying the price for his arrogance and greed.' Ney's attorney, William Lawler, said the congressman, who announced last month he wouldn't

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seek re-election, has no plans to resign." House Majority Leader John Boehner "described Ney as a skilled lawmaker and good friend. 'Clearly Bob made mistakes, and he is now feeling the full weight of those mistakes,' Boehner said. 'His actions violated the law, and he must be held accountable.'"

The Washington Post (9/16, A1, Grimaldi, Schmidt, 748K) reports, "Lawler said Ney is receiving treatment for 'alcohol-dependence issues' but declined to say whether he has entered a rehabilitation facility. Lawler said treatment was the deciding factor in setting the date for next month's court appearance. Others familiar with the case said that Ney's representatives tried to put off the announcement of the plea deal until then. Ney will be eligible for a government pension because Congress has not acted on legislation that would ban pensions for convicted lawmakers."

Democrats Contend Ney Is An Example Of GOP "Culture Of Corruption." The New York Times (9/16, Shenon, 1.21M) reports Ney "admitted Friday that he had effectively put his office up for sale to corrupt Washington lobbyists and a foreign businessman in exchange for illegal gifts that included lavish overseas trips, the use of skyboxes at sports arenas in the Washington area and thousands of dollars worth of gambling chips from London casinos. In a plea agreement announced by the Justice Department, Mr. Ney, a six-term Republican who once seemed poised to rise far in the House leadership, admitted to a wide-ranging criminal conspiracy and to making false statements about the gifts." The House minority leader, Nancy Pelosi "said Mr. Ney's plea agreement was proof of 'what we have long said: the Republican culture of corruption has pervaded Congress.'" Speaker Dennis Hastert "said, 'The illegal behavior that Congressman Bob Ney has admitted doing was unacceptable.'"

The Washington Post (9/16, A1, Grimaldi, Schmidt, 748K) reports, "Coming just seven weeks before the midterm congressional elections, Ney's admission of guilt was cited yesterday by Democrats as evidence that Congress is beset by a 'ring of corruption.' But Republicans were quick to note that a Democrat, Rep. William J. Jefferson of Louisiana, is the focus of a separate federal bribery investigation."

The Washington Times (9/16, Price, 88K) reports Democrats immediately jumped on the election-year conviction and linked the Republican candidate vying to fill Ney's seat to the disgraced congressman. The Ohio Democratic Party complained that State Sen. Joy Padgett, who won a special Republican primary Thursday, has 'extensive ties to' Ney and has been unwilling 'to return Ney's past campaign contributions.'" Kevin Madden, spokesman for Boehner "said Mrs. Pelosi 'is delusional to think that her party has even a shred of credibility on the issue of reform.' 'Capitol Hill Democrats have either resisted or tried to obstruct every substantive effort of reform in this Congress,' Mr. Madden said."

Ney Plea Said To Demonstrate Need For Lobbying Reform. The Washington Post (9/16, A20, 748K) reports, "On Thursday, the House of Representatives passed a fig leaf of a change in earmarking rules that will simply require lawmakers, in some cases, to attach their names to special-interest projects that they sponsor. We'll offer a more detailed analysis of this faux reform another time, but the most disturbing point is this: Apparently, that's it for lobbying reform this session. There will be no action to limit the free trips that lawmakers and staff members can take, beef up the broken system of ethics enforcement, slow the revolving door between public service and K Street riches, or improve disclosure of lobbying activities. It was striking, then, that yesterday, the day after the House's non-action action, the court documents were replete with disgusting details about the rapaciously unethical behavior of Mr. Ney and his staff."

Jefferson's Attempt To Seize Control Of Tech Firm Described. The New York Times (9/16, Drew, 1.21M) reports, "In July 2005, Vernon L. Jackson returned home to Louisville from Washington, where he had just met with Representative William J. Jefferson, the Louisiana Democrat who had been helping promote his fledgling digital-technology company." Jefferson "had made a proposal that, in Mr. Jackson's view, was tantamount to theft: in return for a quick infusion of cash, Mr. Harper said, Mr. Jefferson and his investors would take control of iGate and its promising broadband patents while easing Mr. Jackson aside and cutting off most of the company's creditors. Unbeknownst to the two men, the Federal Bureau of Investigation had been monitoring their dealings. Less than three weeks later, agents raided Mr. Jefferson's homes, in Washington and in New Orleans, and found stacks of cash stuffed in a freezer. Mr. Jackson, 54, has pleaded guilty to paying more than $400,000 in bribes for Mr. Jefferson's help; on Sept. 8, he was sentenced to seven years in prison." The Times adds, "an examination of court records and dozens of internal iGate documents, as well as interviews with a number of Mr. Jackson's associates, offers a far clearer

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picture of the relationship between the two men, and of how Mr. Jefferson went from helping a small company to trying to take it over for his family's benefit."

Katrina Fraud Task Force Charges 400 In First Year. The Federal Times (9/16, Curl) reports, "More than 400 people have been federally charged with Hurricane Katrina-related fraud since Attorney General Alberto Gonzales convened a task force to investigate the cases last September." The Times continues, "According to Gonzales, charges have been filed in 30 federal districts in all U.S. regions. … 'To take advantage of the devastation and recovery efforts in the Gulf Coast is both shameful and illegal,' Gonzales said in a statement. 'We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed by hurricanes Katrina, Rita and Wilma.'" The Times adds, "The Hurricane Katrina Fraud Task Force reported that as of last month, the Federal Emergency Management Agency had received more than 2.5 million applications for disaster assistance related to the 2005 Gulf Coast hurricanes. While most of these applicants had legitimate needs, the task force found that numerous people committed fraud in seeking benefits to which they were not entitled. … According to the task force, criminals often seek to exploit perceived systemic weaknesses in oversight or internal controls associated with disaster relief programs. The task force found that these people often work in groups."

Many Fraud Complaints Not Investigated. Newhouse News Service (9/16, Reilly) reports, "The Gulf Coast was still drying out last September when federal officials promised aggressive action against fraud stemming from Hurricane Katrina. A year later, complaints of disaster aid abuse are pouring in to one key watchdog entity -- the U.S. Department of Homeland Security's inspector general's office -- but only a small fraction have resulted in investigations, government figures show. … By the end of last month, the inspector general had received more than 11,000 such complaints for fiscal 2006, which ends Sept. 30, according to statistics provided by the office. Of those, 999, or about 9 percent, have been pursued, the numbers indicate." Newhouse continues, "Asked why such a low proportion of fraud allegations appear to be getting attention, spokeswoman Tamara Faulkner said via e-mail that all are reviewed, but some don't warrant further action. … Even if a complaint furnished only a little information, Faulkner said, "it would be evaluated, and a determination would be made on a case-by-case basis" whether to pursue an investigation or refer it to the Federal Emergency Management Agency or some other branch of the homeland security department. … At the same time, she said, some complaints are closed out-of-hand, because they lack 'specificity or clarity.'" Newhouse adds, "As a rule, however, the inspector general 'has to pursue those cases that have the biggest economic impact and seem the most believable,' said Clark Kent Ervin, who headed the office in 2003 and 2004, in e-mailed answers to questions. 'One can't go after every "nickel and dime" claim because there are too many of them and too few resources.' … With 490 employees, the inspector general is a major gatekeeper for complaints of fraud, waste and abuse affecting a wide range of homeland security programs, including emergency aid. Since the homeland security department's creation in 2002, the office has won praise for its hard-hitting inquiries into subjects ranging from port security spending to the training of airport screeners."

Prosecutors Urge Judge To Imprison Ryan During His Appeals Process. The AP (9/16, Robinson) reports prosecuros are arguing former Illinois Gov. George Ryan "should not remain free while appealing his racketeering conviction and should start his prison sentence as scheduled Jan. 4. … Authorities argued in court papers that decisions made by U.S. District Judge Rebecca R. Pallmeyer during the seven-month trial of Ryan and co-defendant Larry Warner were likely to be upheld by appeals judges." Ryan "was sentenced to 6 1/2 years in prison."

Bush '04 Campaign Will Give Donations From Convicted Coin Dealer To Charity. The AP (9/16) reports, "Donations that a former coin dealer funneled to President Bush's re-election campaign will be given to charity, barring further directions from authorities, a spokesman for the Republican National Committee said Friday. Tom Noe, 52, has admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush-Cheney fundraiser. He was sentenced Tuesday to two years and three months in prison on three charges, including exceeding federal campaign contribution limits. … Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted

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a false campaign report to the Federal Election Commission. The campaign already has donated $6,000 it received from Noe and his wife, Bernadette, to charity, said Aaron McLear of the Republican National Committee, which represents the inactive Bush campaign. 'Barring any further directions from authorities, Bush-Cheney '04 will also voluntarily donate the $45,400 that was the subject of this investigation to charity,' he said."

Chat Rooms Serve As ID Theft Marketplace For Hackers. The AP (9/16) reported, "On a weekday afternoon in a chat room, hackers are busy exchanging credit-card numbers, cash, hacked servers, information and stolen identities. … Welcome to the world of identity theft, a market that costs the U.S. economy $56.6 billion last year." FBI Cyber Division Supervisory Special Agent Thomas Grasso Jr. said, "Ten years ago it was a bunch of frustrated teenagers who had something to prove. Now, it's all about the money." The AP noted, The Secret Service, which was empowered by Congress to combat computer fraud, has 24 electronic crimes task forces across the country and 20 foreign offices working with local law enforcement on the issue. … Cathy Milhoan, an FBI spokeswoman, said the agency doesn't have 'teams of people' monitoring these rooms '24 hours.' She said it monitors the rooms only when it has a 'legal reason for being there.'"

Jackson, MS, Mayor Indicted Over Crime-Fighting Tactics. The New York Times (9/16, Dewan) reports, "The mayor of Jackson, Miss., was indicted on six felony charges Friday after months of criticism and warnings that his unorthodox crime-fighting tactics might put him on the wrong side of the law." The Times continues, "Among the counts now faced by the mayor, Frank Melton, are burglary, malicious mischief, illegally carrying a gun and causing a minor to commit a felony. The most serious of the charges against him carry sentences of up to 25 years, said the local district attorney, Faye Peterson. … The mayor's supporters called the charges politically motivated and said he would not resign." The Times adds, 'Some of the charges stem from a sheriff's investigation of the night of Aug. 26, when the home of Evans Welch, a man with a history of mental illness and petty crimes, was attacked by a sledgehammer-wielding group of young men without warning or permit. … Witnesses said Mr. Melton, who often patrols the city at night with the police and a group of teenage followers, had directed the demolition of the house, which he said was known as a place to buy illegal drugs. His two police bodyguards are also charged in connection with that event. … Dale Danks, Mr. Melton's lawyer, issued a statement acknowledging that damage had been done to 'the drug house' and that 'maybe better judgment could have been used.' … 'But,' the statement said, 'the charges that have been made against Mayor Melton are an extreme and excessive reaction.'"

CIVIL LAW:

Federal Judge Blocks Threatened Strike At Northwest Airlines. The New York Times (9/16, Bailey, 1.21M) reports, "A federal judge yesterday blocked a threatened strike by flight attendants at Northwest Airlines in a ruling that could strengthen the hand of struggling airlines that seek to reduce labor costs. The flight attendants said they would appeal. A prolonged labor disturbance could have forced Northwest into liquidation. Yesterday's decision, which affirms a temporary ruling last month, forces the airline's roughly 9,000 flight attendants to keep working at reduced wages and benefits, which the company says will save it $195 million a year."

CIVIL RIGHTS:

Euclid, OH, Proposes New Voting Districts. The Cleveland Plain Dealer (9/16, Atassi) reports that the city of Euclid, OH, "might redraw ward boundaries while also contesting a federal lawsuit that accuses the city's existing election system of keeping black candidates out of office." The Plain Dealer continues, "Council President Ed Gudenas has drafted legislation that would give City Council the authority to propose new districts to ease a 'statistical imbalance in population' in time for the 2007 election. The legislation is listed on the agenda for Monday's council meeting." The Plain Dealer adds, "Hilary Taylor, the attorney representing the city in the Department of Justice lawsuit, said City Council might lack the authority to adopt a redistricting plan without voter approval. … Mayor Bill Cervenik said Friday his administration has been kept in the dark by council regarding redistricting. … 'Not including the administration in discussion about this is very detrimental to what we're trying to do,' Cervenik said. 'But at least this measure shows that council is willing to look at adjusting borders.' … The city has

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struggled to compromise with the Justice Department ever since a three-year investigation concluded that too many at-large council seats and districts that cover a large geographic area have diluted minority voting strength. … The city has never elected a black official, though more than 30 percent of its residents are black." The Plain Dealer notes, "In June, Justice Department officials proposed that the city break four wards into eight smaller districts - each with a City Council member - and eliminate all at-large seats except for council president. … Currently, five of the nine council members, including the council president, are elected citywide. … Instead of accepting the proposal, Taylor recommended city officials demand evidence collected during the investigation before agreeing to redraw districts. Less than a month later, the Justice Department filed suit against the city."

DOJ Asked To Rule On Monkey's Access To Missouri Restaurants. The Springfield (MO) News-Leader (9/16, Hocklander) reports, "A Springfield (MO) woman filed a complaint with the federal government Friday after the Springfield-Greene County Health Department declined to reverse a decision barring her from taking her monkey into businesses that serve or handle food. … 'I didn't feel I had any choice,' said Debby Rose, holding her monkey during and after a meeting with Director of Health Kevin Gipson and Assistant Director of Health Ron Boyer." The News-Leader continues, "Rose said her monkey, Richard, is a service animal that helps her cope with a debilitating anxiety disorder, which includes a racing heart, high blood pressure and panic attacks in certain situations -- particularly public activities. Richard helps relieve that and, according to the Americans With Disabilities Act, she said, he should be allowed into public food places. … Gipson maintained the health department's position that, according to its interpretation of ADA law, the monkey is a therapy animal or a pet -- not a service animal — and therefore not allowed in food establishments. According to health department research, 'a service animal by definition has to perform a physical function for that person,' Gipson said." The News-Leader adds, "Gipson said he would reverse the decision if the federal government says Rose's monkey is a service animal. He encouraged Rose to file a complaint. … Shelby Butler said the ADA's definition for service animals has expanded. Butler, who attended the meeting to advocate for Rose, is an access specialist from Southwest Center for Independent Living, a not-for-profit organization that's federally mandated to assist people with disabilities. She also helped Rose file the complaint. … Butler said it could take several months to hear back from the Justice Department's civil rights division. They filed under Title II because it covers state and local governments, she said. A government decision might be based on the information gathered, Butler said, or it could go to federal court for a judge to decide."

Missouri FBI Agents Field Tough Questions From Muslim-Americans. The Columbia (MO) Daily Tribune (9/16, Heavin) reported, "A group of local Muslims aimed loaded questions at an FBI agent last night and fired point blank. Does the FBI seek out Muslims as criminals? Is the government inventing new rules on a daily basis to entrap Muslim-Americans? What does the FBI think about Muslims in general? Thorny questions, all of which were directed at FBI Supervisory Special Agent Richard Thornton as he addressed members of the Islamic Center of Central Missouri in Columbia. Thornton and Agent Stewart McLaren visited the group in an effort to rebuild bridges between law enforcement and Muslims, bridges that might have crumbled when the FBI shut down the Islamic American Relief Agency in Columbia two years ago." The Daily Tribune added, "Thornton would not specifically answer one of the most direct questions of the evening: Does he believe Muslims are the peace-loving people they say they are? 'That's a loaded question,' he said. 'I don't think I can take 700 people from any demographic and generalize.' … But Thornton did assure the group that the FBI isn't 'out to get' Muslims."

ANTITRUST:

Hutchison Opposes House Bill On Texas Airports. The Fort Worth Star-Telegram (9/16, Wethe) reports, "The latest attack on the Wright Amendment compromise, which stripped antitrust immunity from the proposed legislation this week, is a potential deal breaker, said Sen. Kay Bailey Hutchison, R-Texas. … 'We won't pass the bill in the form it came out of the Judiciary Committee,' Hutchison told reporters Friday after a lunchtime speech in Dallas. … 'We're not going to open up a can of worms. We'd have to bring the bill down. We couldn't pass it,' she said." The Star-Telegram continues, "On Wednesday, the House Judiciary Committee agreed to cut language that gave the bill protection from claims that it violates federal antitrust laws. … 'What we're trying to do of course with this bill is create a

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certainty about what the rules are going to be in this area,' Hutchison said. … 'We couldn't attract new airlines, which we want to do to add competition, if they knew that this interpretation would have to go through years of litigation to know what the rules are going to be.'" The Star-Telegram adds, "The committee's action was a victory for the owner of the former Legend Airlines terminal, which is slated for condemnation by Dallas. … The owner, Love Terminal Partners, said talk of tearing it down killed an imminent deal to sell the vacant six-gate terminal for $100 million. Love Terminal has since sued the five local parties that struck a compromise on Wright -- American Airlines, Southwest Airlines, Fort Worth, Dallas and Dallas/Fort Worth Airport."

The Dallas Business Journal (9/16) reports, "The legislation, which is based on a local compromise between the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and the D/FW Airport board, calls for lifting Wright restrictions by 2014. … In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. That has sparked anticompetition complaints, including a lawsuit filed by the owners of the gates." The Journal continues, "Soon after the bill was introduced, an unsigned letter purportedly from the Justice Department's Antitrust Division, began circulating on Capitol Hill that raised antitrust concerns."

Dynegy Considers Power Plant Deal. The Contra Costa Times (9/16, Jurgens) reports, "Dynegy Corp., a financially troubled energy merchant affiliated with San Ramon-based Chevron Corp., plans to acquire a power plant portfolio from LS Power Group that includes about 15 percent of Northern California's electricity supply and an interest in a large Nevada coal project." The Times continues, "The proposed deal will cut Chevron's ownership interest in Dynegy from 20 percent to 12 percent but add to Chevron's stake in the coal industry, which is targeted by environmentalists concerned about rising atmospheric carbon dioxide levels that fuel global warming." The Times adds, "Dynegy will emerge from the deal with a 20,000-megawatt fleet of nonutility power plants that includes 'a new strategic position in the California market,' according to a news release. A megawatt is enough electricity for 750 houses. … 'We support this transaction as an opportunity for them to grow the company,' said Don Campbell, a Chevron spokesman." The Times notes, "Chevron, through Dynegy, would get a minority interest in 3,700 megawatts of generating capacity in Northern California, including big natural gas-fired plants in Morro Bay in San Luis Obispo County and Moss Landing in Monterey County, and a smaller oil-fueled plant in Oakland. LS Power acquired those properties in May as part of a $1.6 billion deal with Duke Energy Corp."

EU Antitrust Head Outlines Goals. The AP (9/16) reports, "EU Competition Commissioner Neelie Kroes, involved in an investigation of Microsoft Corp., said Friday that the European policy toward the software company does not differ substantially from that of the U.S." The AP continues, "Kroes spoke Friday at the Council on Foreign Relations about fostering a global competition culture. She outlined three areas of policy development: combatting cartels, punishing those who engage in unilateral antitrust behavior and encouraging private damage suits that would serve the same purpose as regulation." The AP adds, "Of Microsoft, she said, 'I'm not willing to say that there is a major difference in the way of thinking between the United States and ourselves.' … The commission is investigating Microsoft over its Vista operating system. The investigation is the latest development in a case that dates to 2004, when it hit the software company with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July." The AP notes, "Microsoft has said its Office 2007 software will not include a way to save data in the popular Portable Document Format and that it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the feature. … On Friday, Kroes said the commission was engaged in a debate over policies that would foster private damage lawsuits over regulation. That would bring the European legal environment closer to that of the U.S."

ENVIRONMENT:

E Coli Outbreak Hits Twenty States, One Woman Dead. All three networks opened their broadcasts with reports on the fatal outbreak of E. coli traced to bags of fresh spinach and each network also included an additional segment concerning the risk to consumers from E. coli and the damage such an outbreak can do to US farmers. ABC World News (9/15, lead story, 2:55, Snow) reported, "Good evening. We begin with a major concern in homes as cross the country. As the Nation's deadly E. Coli outbreak

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grows health officials are trying to determine how a dangerous strain of the bacteria has spread from coast to coast. Cases have now been confirmed in at least 20 states from Oregon to New York. One person, a 77-year-old woman in Wisconsin, has died. At least 94 people have gotten sick. And tonight, there are warnings for consumers and worries that more cases could be yet to come."

CBS Evening News (9/15, lead story, 2:10, Couric, 7.66M) reported, "If you have any in your fridge, the FDA says get rid of it. … The FDA's unusual warning 'that consumers should not eat bagged fresh spinach at this time' had consumers cleaning out refrigerators and grocers across America scrambling to remove spinach from the stores."

NBC Nightly News (9/15, lead story, 3:10, Williams, 9.87M) reported, "Stores across the country have been clearing their shelves of it and families throwing it in the trash after the FDA warned it may be making a lot of people very sick. An urgent race to trace the origins of a deadly form of E. Coli that seems to be spreading unchecked." Dr. David Acheson, FDA Food Safety director: "It is an unpleasant kind of E. Coli. It can cause serious illness, kidney failure and death."

ABC World News (9/15, story 7, 2:25, Snow) reported, "The FDA suggestion that people stop eating bagged spinach could hit very hard here in the part of California they like to call the salad bowl of the world. 75% of fresh spinach in this country comes from California. But eight of the last 19 outbreaks of E. coli have come from vegetables grown here in the salad bowl, making 217 people sick.'

CBS Evening News (9/15, story 2, 1:50, Couric, 7.66M) reported, "Washed and bagged produce has become a huge money maker for processors and farmers. They insist it's a more thorough cleaning than any consumer could manage in their own kitchen. Federal inspectors right now are going through fields here in the Salinas valley looking for contamination."

NBC Nightly News (9/15, story 2, 1:10, Williams, 9.87M) reported, "The FDA is saying you have to play it safe. Whether it is bagged, fresh or even frozen spinach, after August 1st, play it safe and consider it possibly contaminated and throw it out."

The New York Times (9/16, Preston, Davey, 1.21M) reports, "federal health authorities identified an organic produce company here in California as a possible source of some of the tainted spinach. … The company, Natural Selection Foods of San Juan Bautista, announced a voluntary nationwide recall of its Earthbound brands of prepackaged spinach and salad mixes as well as prepackaged spinach it processes for numerous other companies, including Dole." The FDA's Dr. David Acheson "said at a news conference that the F.D.A. did not have definitive evidence that Natural Selection Foods was to blame for the outbreak of illness. But people who have been sickened apparently ate its spinach, Dr. Acheson said."

The Washington Post (9/16, A1, Rosenwald, Mui, 748K) reports FDA officials "warned consumers not to eat packaged spinach, and last night it extended the warning to packaged salad products that contain spinach, as well as spinach at restaurant salad bars. The strain of Escherichia coli that is making people sick is particularly virulent."

BP Mistake Seen As Cause Of Fatal Texas Refinery Explosion. The Financial Times (9/16, Mcnulty) reports, "BP mistakenly told state regulators in a 2003 application for an emissions permit that it had installed the updated equipment which investigators said would have prevented last year's fatal explosion at its Texas City refinery, the Financial Times has learned. In the application, a copy of which has been seen by the FT, BP said: 'Relief valves are routed to a flare; therefore, 100 per cent control credit is applied.' A flare is a closed tank in which liquid emissions are received and the vapour burned off. But BP only applied to replace the outdated blowdown stack on the refinery's ISOM unit with a flare after the refinery exploded, killing 15 and injuring an estimated 500. … 'The fatal explosion would not have occurred if the ISOM unit had a properly sized and designed flare system,' said Daniel Horowitz of the US Chemical Safety and Hazard Investigation Board, an independent federal agency that investigates industrial chemical accidents."

US Will Appeal Ruling On Forest Fee. The Arizona Daily Star (9/16, Davis) reports, "The federal government has given notice that it will appeal a magistrate's ruling that could lead to elimination of $5 daily user fees in popular recreation areas, according to the U.S. Attorney's Office in Phoenix." The Star continues, "People now pay the user fees to hike or picnic on Mount Lemmon, in Sabino and Madera canyons, and in other sites in Arizona and around the West. … U.S. Attorney Paul Charlton's notice, filed Thursday, said the government will appeal U.S. Magistrate Charles Pyle's Sept. 5 ruling dismissing two $30 tickets the Forest

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Service issued to Tucsonan Chris Wallace." The Star adds, "Wallace was cited twice in September 2005 on Mount Lemmon for parking her car to hike in the Marshall Gulch area and near the General Hitchcock Campground without paying the fee. … Pyle's ruling said the Forest Service lacks authority to impose such a fee for trail use. … The user fee system requires anyone who drives up Mount Lemmon to pay $5 per day or $20 for an annual pass, if they park at hiking trails or picnic areas or anywhere else within a prescribed area on the mountain. That area includes all national forest along the Mount Lemmon Highway. .. . They do not have to pay if they drive up and down the mountain without stopping, or stop at campgrounds that have separate fees charged by concessionaires. They also don't pay if they stop at private cabins, Summerhaven businesses, scenic overlooks or vista points. … The appeal will be pursued in U.S. District Court. The Justice Department has 30 days from Thursday to file a legal brief on the case."

California Judge To Rule On Emissions Suit. The Fresno Bee (9/16, Ellis) reports, "State officials on Friday asked a federal judge to throw out a lawsuit by the automobile industry challenging new state emissions standards that would be the toughest in the nation." The Bee continues, "After hearing more than two hours of arguments, U.S. District Court Judge Anthony W. Ishii said he would issue his ruling later. … If he rules against the state, the closely watched case is likely to go to trial in January — and its outcome would have national implications." The Bee adds, "Already, 10 states have adopted California's new emissions standards, and nine states in the Pacific Northwest and northeast, as well as New York City, have filed briefs on the state's behalf in the case. … The new state regulations, scheduled to take effect with the 2009 model year, would set tailpipe emission standards for greenhouse gases, which many scientists believe are contributing to global warming. .. The regulations are expected to cut exhaust emissions in cars and light trucks by 25% and in larger trucks and sport utility vehicles by 18%. The operation of vehicle engines creates greenhouse gases, such as carbon dioxide."

US Sued To Halt Sale Of Toy Jewelry Containing Lead. The AP (9/16, Chea) reports, "Environmentalists sued the federal government Thursday to stop the sale of toy jewelry made with lead, citing dangers it can pose to brain development in children." The AP continues, "The San Francisco-based Sierra Club wants the Environmental Protection Agency to find ways to stop the sale or production of toy necklaces, bracelets and rings containing lead. … 'I don't think parents realize that these pieces of jewelry have the potential to be harmful,' said Jessica Frohman, head of a Sierra Club committee on toxic substances. Children can be exposed to dangerous levels of lead if they suck on or swallow the jewelry, she said." The AP adds, "The attorneys general in California and Illinois sent letters to the EPA supporting the Sierra Club complaint. … The EPA would not comment directly on the lawsuit, which was filed in federal court in San Francisco. But spokesman Mark Merchant said the agency has a 'comprehensive set of regulations' to protect children from lead. It does not, however, have specific regulations for toy jewelry containing lead, he said. … Inexpensive toy jewelry made with lead or painted with lead paint is sold across the United States in vending machines and in stores that sell mainly to immigrant communities."

EPA CFO Proposed Closing Labs And Laying-Off Scientists Due To Budget Constraints. McClatchy (9/16, Goldstein), in an article titled, "EPA Plans To Close Labs, Drop Scientists And Reduce Oversight," reports that th EPA "intends to close labs, cut its cadre of upper-level scientists and reduce regulatory oversight, according to an internal agency document. In a memo dated June 8, a top agency official outlined 'a set of proposed disinvestments, innovations, efficiencies and consolidations' for the upcoming 2008 fiscal budget. 'The decisions we make will be critical, difficult and will have long-term consequences,' EPA Chief Financial Officer Lyons Gray wrote. He said the EPA wanted to limit duplication and find 'opportunities for consolidation and streamlining.'" Jeff Ruch, the executive director of Public Employees for Environmental Responsibility, "a watchdog group that obtained the memo, said that rather than consolidating to improve the agency, the EPA was 'chopping up the furniture to meet external budget targets.'" McClatchy notes, "The EPA's budget has been dropping steadily since it reached a record $8.13 billion in fiscal 2003. The Bush administration's proposed fiscal 2007 budget was nearly $1 billion lower, but Congress hasn't yet approved a final version."

Fairfax County Releases Detailed Report On Bird Flu Preparations. The Washington Post (9/16,

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B1, Rein, 748K) reports, "A severe outbreak of bird flu would infect nearly a third of Fairfax County's population, killing almost 700 people and sending thousands to local hospitals, according to a new report. The 112-page primer on how the Washington area's largest local government would respond to a pandemic that many researchers think is inevitable depicts a grim scene of sick or at-risk people in widespread isolation or quarantine, at home or in hospital beds. … Fairfax, which has posted its response plan on the county Web site, is the region's first local government to issue a comprehensive report on pandemic flu preparations, said Addo-Ayensu and other emergency management officials. Although the Bush administration has released a federal plan and committed tens of millions of dollars to anticipate a crisis, the details of how to respond are left to state and local governments."

NYTimes Regards Controversies At Interior Department As Inevitable. The New York Times (9/16, 1.21M) editorializes, "We knew that bad things would happen when President Bush filled many of his important environmental posts with right-wing activists and industry lobbyists who had spent their careers criticizing the laws they were now being told to uphold and representing industries they were now being told to regulate. Just how bad became clear this week in the course of some pointed testimony from the Interior Department's inspector general, who accused top officials at his agency of fostering a culture of 'managerial irresponsibility' that tolerated conflicts of interest, cronyism and other lapses. At a House subcommittee hearing, the official, Earl Devaney, said that 'short of a crime, anything goes at the highest levels of the Department of the Interior.'

FBI/DEA/ATF/USMS:

DEA Training Mexican Agents To Combat Meth. The San Antonio Express-News (9/16, Martin) reports, "Mexican law enforcement agents completed a Drug Enforcement Administration program as part of a joint U.S.-Mexico effort to combat methamphetamine production in border states, officials said Friday." The Express-News continues, "The announcement that 55 Mexican agents and prosecutors completed the DEA course in Quantico, Va., comes one day after the State Department issued a travel alert for Americans in Mexico." The Express-News adds, "Training Mexican police to dismantle methamphetamine labs and prosecute offenders is 'a big step forward in our fight against meth,' said Karen Tandy, the DEA administrator. … Tandy called the program 'a historic effort to jointly combat meth production and trafficking that is devastating both nations.'" The Express-News adds, "About 80 percent of the methamphetamine consumed in the United States is manufactured in Mexican labs by criminal organizations based in both countries, according to the DEA. … A war among drug cartels over control of narcotics trafficking and distribution routes is blamed for rising lawlessness along the U.S.-Mexico border. … That war is blamed for the death of a Monterrey policeman and the killing of a state police administrator in Tamaulipas earlier this month."

Judge Denies Bail For Washington Gun Collector. The Seattle Times (9/16, Carter) reported, "A Bellevue gun collector once questioned about the slaying of a federal prosecutor will remain in custody pending trial on a charge that he illegally possessed a machine gun. U.S. Magistrate Monica Benton ruled Friday that Albert Kwok-Leung Kwan posed a flight risk and a potential threat to the community and to federal agents who would monitor him if he was freed. At a hearing before the judge's decision, Kwan's attorneys acknowledged that he repeatedly invoked his Fifth Amendment guarantee against self-incrimination during appearances before a grand jury investigating the slaying of Assistant U.S. Attorney Thomas Wales in October 2001." The Times noted, "Kwan is not a suspect in the killing.

TAX:

IRS Investigating Antiwar Speech Given At Church In November '04. The Los Angeles Times (9/16, Sahagun, 918K) reports, "Stepping up its probe of allegedly improper campaigning by churches, the Internal Revenue Service on Friday ordered a liberal Pasadena parish to turn over all the documents and e-mails it produced during the 2004 election year with references to political candidates. All Saints Episcopal Church and its rector, the Rev. Ed Bacon, have until Sept. 29 to present the sermons, newsletters and electronic communications. The IRS investigation was triggered by an antiwar sermon delivered by its former rector, the Rev. George F. Regas, at the church two days before the 2004 presidential election."

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CONGRESS-ADMINISTRATION:

Senate Confirms New Peace Corps Director. The Minneapolis Star Tribune (9/16, Averill, 398K) reports, "A Minnesotan has been confirmed as the 17th director of the Peace Corps. 'I'm elated. I'm honored to be able to serve in this way,' Ron Tschetter said after the Senate confirmed him late Wednesday. He said he expected to start the job at the end of the month. … President Bush nominated Tschetter, 64, in July to manage the Peace Corps, which he has had ties with since he was a health volunteer with his wife, Nancy, in India from 1966 to 1968. He was also a chairman of the National Peace Corps Association."

Nevada Bar Opposes Proposal To Split Ninth Circuit. The Los Angeles Times/AP (9/16) reports the State Bar of Nevada "reaffirmed its opposition to a bill by Sen. John Ensign (R-Nev.) to split up the U.S. 9th Circuit Court of Appeals, a frequent source of anti-Bush-administration rulings. … The conservative Ensign, who had eight co-sponsors for his measure, has pressed for its approval by saying the San Francisco-based court is overloaded."

Snow's Ability To Make White House Press Corps Laugh Quantified. The Washington Examiner (9/16, DuFour, Gavin) reports, "Covering the White House is not an easy beat. … But White House spokesman Tony Snow, who has been on the job four months, might very well be out to change all of that … Yeas & Nays reviewed the press briefing and press gaggle transcripts from Snow's first four months on the job and compared them to those of Snow's predecessor, Scott McClellan, during his first four months. Under Snow, there were more than 330 percent more instances of laughter — as defined by the transcriber's insertion of '(Laughter)' in the transcript — than under McClellan."

Astronauts Finish Last Spacewalk For Atlantis Mission. The New York Times (9/16, Leary, 1.21M) reports, "A pair of astronauts completed the third and final spacewalk of their mission outside the International Space Station on Friday by freeing up a new heat-dispensing radiator and upgrading communications gear. The two, Joseph R. Tanner, a former Navy pilot, and Cmdr. Heidemarie M. Stefanyshyn-Piper of the Navy, spent 6 hours 41 minutes in space completing assorted tasks to get the station ready for further expansion as building of the research outpost resumed in earnest."

The Washington Post (9/16, A02, Kaufman, 748K) reports, "NASA officials were delighted by the work done by the Atlantis team, the first construction at the space station since the 2003 Columbia disaster. 'We have to say what a wonderful job you both did today, especially you, Joe,' Mission Control said as the astronauts returned to the station. 'It was a legendary performance.' The extra credit went to Tanner because it was his seventh, and apparently last, spacewalk. He appeared reluctant to leave space at the end of the walk and spent some time looking out before entering the air lock."

WP Encourages Congress To Tackle Entitlement Spending. The Washington Post (9/16, A20, 748K) editorializes, "There's no great mystery about how to address Medicare's financial crisis. Either you contain the rate at which the program's costs rise, or you raise more money to pay for it. The federal office that runs the health program for seniors recently announced progress of each sort. Unfortunately, Congress may undo both." It is "not going to be fixed without some hard decisions. If Democrats oppose modest changes that hit only the rich, how will they find the courage to support far-reaching reforms?"

OTHER NEWS:

Stocks Up On Good News About Inflation. A new report showing low inflation in August was seen as supporting Federal Reserve Ben Bernanke's view against tightening monetary policy. But while President Bush predicted the GOP will retain control of Congress because of his record on the economy, no Administration policies were cited in relation to the latest economic news. NBC Nightly News (9/15, story 9, 0:20, Williams, 9.87M) reported that "on Wall Street a tame inflation report cheered investors. The Dow was up more than 33 points [to close at 11.560.77]. The Nasdaq gained almost 7 points [to close at 2,235.59]. For this weeks trading the Dow was up almost 169 points [to close at 168.66]. The Nasdaq was up almost 70 points [to close at 69.80]."

The AP (9/16, Crutsinger) reports, "The slowdown in inflation did not help workers' average weekly earnings, which dropped by 0.5 percent in August, after adjustment for inflation, when compared with July." Meanwhile Bush said

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"he expected the economy's performance would persuade voters to keep Republicans in control of the House and Senate in the November congressional elections." He asserted "his tax cuts had helped the country withstand a recession, terrorist attacks and last year's hurricanes."

The New York Times (9/16, Porter, 1.21M) reports, "What a difference a few weeks make. A month ago the economy seemed to be in dire straits -- wedged in by the inflationary pressures of soaring energy prices and rising labor costs while threatened by the prospect that the weak housing market would decimate consumer spending." Yet Friday "the government reported that consumer prices rose only 0.2 percent in August, pushing annual inflation to 3.8 percent, the lowest since April. Meanwhile, retail sales rose by a respectable rate of 0.2 percent in August. And in September, consumers' confidence about the future increased sharply." A drop in gas prices was seen as the primary motivation.

Bloomberg (9/16) reports, "The numbers were 'not as favorable as some would like, but they showed the CPI numbers down, and that's good news,' Kansas City Fed President Thomas Hoenig told an audience of bankers in Copper Mountain, Colorado. 'How we balance those will be, I think, an important part of the discussion that goes forward.'"

The Wall Street Journal (9/16, Whitehouse, 2.03M) notes, "The main factor holding the core down: A seasonal adjustment that shaved one-tenth of a percentage point off the August increase in owners' equivalent rent, a proxy for the cost of housing that makes up almost a third of the index." Labor Department economist Patrick Jackman "said the adjustment was an anomaly that had little to do with the underlying trend in rents, which have played the leading role in pushing up core inflation over the last several months. 'While that had a dramatic impact on the actual number, as far as trends are concerned I certainly wouldn't make a big deal out of it,' he said."

Bloomberg (9/16, Baker) notes, "About seven stocks rose for every five that fell on the New York Stock Exchange. Some 2.19 billion shares changed hands on the Big Board, the most since June 30." The Los Angeles Times (9/16, Hennessy-Fiske, 918K) in an article titled "Inflation Data Bode Well For Economy" and the Financial Times (9/16, Pimlott) report similar details.

Stock Rally Escapes Media Attention. The New York Times (9/16, Bajaj, 1.21M) in an article titled "Wall St.'s Inconspicuous Rally Continues" reports, "With little fanfare -- and with very few days of sharp upswings -- stocks have been on one of their best runs so far this year." They "have been buoyed by a significant decline in energy prices and a growing belief that the Federal Reserve will not raise interest rates again this year — an argument that won over more believers yesterday after a report on August consumer prices showed that inflation slowed."

Oil Prices Lower For Week Despite Uptick. The AP (9/16) reports, "Oil prices edged higher Friday but finished lower for the week after OPEC lowered its oil-demand forecast for the rest of the year." And experts "said there has been a definite shift in energy-market psychology, as traders focus on the relatively comfortable balance between supply and demand as opposed to hypothetical supply threats."

Ford Announces 10,000 More Layoffs, Offers Buyouts To All Hourly Workers. ABC World News (9/15, story 5, 2:50, Snow) reported, "Major economic news today, details of the sweeping plan to overhaul the legendary automaker Ford Motor Company. It is a catalog of pain. Massive job reductions, plant shutdowns, even the elimination of Ford stock dividend, yet there are questions tonight about whether Ford must do even more."

CBS Evening News (9/15, story 3, 2:05, Mason, 7.66M) reported, "And Ford's union contracts are a big part of the problem. A Ford worker earns on average nearly $65 an hour. In contrast, Toyota pays its American workers just already $45 an hour." Jean Jennings, editor in chief, Automobile Magazine: "They can't afford the contracts, can't afford the benefits, can't afford what they're paying their retirees, can't afford to do what they're doing. So there has to be another play." Mason: "These cuts ultimately won't just affect Ford workers, they'll affect other business where they live and finally, Katie, ripple through the entire economy."

NBC Nightly News (9/15, story 5, 2:10, Williams, 9.87M) added, "Ford will shift its folk to us more fuel efficient cars and crossover vehicles promising in two years 70% of its lineup will be new or upgraded. While this town and its workers grapple with no Ford in their future."

Bloomberg (9/16, Koenig, Lippert) reports Ford Motor Co., "increasingly desperate to stem billion-dollar losses, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009." Ford "said it will shed an additional 10,000 salaried jobs, finish cutting 30,000 North American factory jobs by 2008, four years sooner than planned, and

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offer buyouts to all hourly workers. Ford suspended its quarterly dividend for the first time since 1982. The shares posted their biggest drop in almost four years in their highest trading volume ever. … The 10,000 salaried job cuts come in addition to 4,000 posts eliminated before March 31. The combined totals mean Ford is slashing almost 40 percent of its salaried workforce -- from car designers to financial analysts to secretaries -- in North America."

The Financial Times (9/16, Simon, Atkins) reports Bill Ford, executive chairman, "said he was less concerned about the possibility of Toyota overtaking Ford in North America than the importance 'for this plan to be based on what I consider to be conservative assumptions'. He said his family, which owns about 4 per cent of the equity and controls 40 per cent of the votes, had no plans to take the carmaker private."

The AP (9/16, Krisher) reports, "Wall Street seemed unimpressed. Ford's shares slumped nearly 12 percent amid disappointment that the automaker didn't do more to address rising health and pension costs, falling market share and intense competition from Asian manufacturers whose models have enthralled buyers looking for gas-sipping cars and trucks."

The Wall Street Journal (9/16, McCracken, Power, White, 2.03M) reports, "Ford's financial outlook is particularly dire. It once promised to return its core North American auto business to profitability by 2008. Now it doesn't expect to do so before 2009. Ford will burn through an astonishing $8.5 billion in cash this year. It began the year with $25.1 billion and will end the year with about $20 billion, a figure augmented by $3.4 billion Ford has taken out of a fund in which employers set aside money for retiree health-care costs."

UAW Not Fighting Ford Cuts. The Washington Times (9/16, Lengell, 88K) reports, "after taking a highly aggressive approach for decades, the UAW is transforming into a less combative, more cooperative organization that may be willing to work closer with U.S. automakers than perhaps at any other time in its history, analysts say. 'I think the UAW has finally wakened up to the fact that the whole thing is likely to disappear if they don't start to cooperate a little bit,' said John Wolkonowicz, an analyst with Global Insight, an automotive research and consulting firm." Ford's plan, "hammered out with cooperation from the union, was praised by UAW officials -- even though it would reduce Ford's North American work force by almost a third. 'Once again, our members are stepping up to make hard choices under difficult circumstances,' UAW President Ron Gettelfinger said."

All Three US Automakers Suffering. The New York Times (9/16, Maynard, 1.21M) reports, "Despite insisting all this year that they had solutions to their financial struggles well in hand, both the Ford Motor Company and the Chrysler Group conceded Friday that the steps they had taken were not working and that more bad news was coming in one of the deepest auto industry crises in Detroit's history. … At the same time, the Chrysler Group, also pummeled by the decline in sales of big sport utility vehicles and pickup trucks, said it would report a loss for this summer of $1.5 billion, more than double what it had originally anticipated."

Bush Recalls Positive Impact Of Richards On Texas Politics. The Dallas Morning News (9/16, Gillman, 500K) reports, "Bush reminisced Friday about the governor he ousted a dozen years ago, calling Democrat Ann Richards a tough opponent and saying he would miss her." Bush said, "She made a positive impact on the state of Texas. One thing's for certain -- she empowered a lot of people to want to participate in the political process that might not have felt that they were welcome in the process." While Bush will be at the UN Monday, former Commerce Secretary Don Evans "will represent him at the service, at which Sen. Hillary Clinton, former housing secretary Henry Cisneros and former Dallas mayor Ron Kirk will speak."

Richards Battle With Alcoholism Recounted. The New York Times' Maura Casey (9/16) writes that former Gov. Ann Richards "will be remembered for her wit, her one-liners and especially for the keynote speech at the 1988 Democratic Convention. … But her political career eclipsed what Ms. Richards called 'one of the great, great stories' of her life: her recovery from alcoholism and her nearly 26 years of sobriety. That triumph deserves to be more than a line in her obituary. … What made Ms. Richards different was her decision to be forthright about the fact that she was a recovering alcoholic. She didn't hide it."

Bush To Travel To California To Raise Funds For Pombo And Doolittle. Rachel Gordon, on the San Francisco Chronicle's "Politics" blog (9/16) writes, "President Bush plans to travel to Stockton next month to raise money for" Rep. Richard Pombo, "a close White House ally." President Bush "also plans to attend a

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fundraiser for Rep. John Doolittle…during a trip similar to one taken by Vice President Dick Cheney to the Republican House districts before the June primary.

Both Pombo And Doolittle Have Been Tied To Abramoff Scandal. The AP (9/16, Werner) reports, "The Doolittle event, which his campaign hopes will raise as much as $500,000, will be Bush's first appearance on behalf of Doolittle. The congressman's friendships with former Majority Leader Tom DeLay and convicted GOP lobbyist Jack Abramoff have provided fodder for Doolittle's Democratic opponent, Charlie Brown. Doolittle accepted campaign cash from Abramoff and Abramoff clients, while interceding on their behalf. His wife also performed fundraising work for Abramoff, who pleaded guilty in January in a conspiracy to corrupt public officials."

The Tracy Press (9/16, Upton) reports, "Local fundraisers by Vice President Dick Cheney, Speaker of the House Dennis Hastert and House Majority Leader John Boehner have helped Pombo raise more than $2.5 million this election cycle. The money has helped Pombo fend off an expensive, frenzied attack by primary opponent Pete McCloskey, Democratic candidate Jerry McNerney and a range of activist groups, including MoveOn.org, Defenders of Wildlife and the Sierra Club, in the race for the 11th Congressional District. Pombo has been targeted for his close ties to convicted felon and former lobbyist Jack Abramoff and indicted former House Majority Leader Tom DeLay."

Pombo's Opponent Said To Have "Outside Shot" At Winning. The Stockton Record (9/16, Shaw) reports Pombo "is locked in a spirited campaign for the 11th District against Pleasanton wind energy consultant Jerry McNerney, who lost handily to Pombo in 2004. McNerney has come back stronger this time, and many political observers give him an outside shot at unseating Pombo - if there is a Democratic wave this fall." McNerney's spokesman, Rob Caughlan, "says Bush's arrival shows Pombo is concerned."

Mehlman Reportedly Expects GOP To Sustain Losses, But Maintain Control Of Congress. McClatchy (9/16, Thomma) reports "many" Republicans "believe for the first time in months that they've turned a corner and could limit feared midterm losses enough to retain control of Congress. The reasons for their guarded optimism include a new poll showing that voters again give an edge to the Republicans on national security, another showing concerns about the seeming lack of a clear Democratic alternative agenda, an impressive get-out-the-vote effort in a Rhode Island Republican primary, and relief over dropping gasoline prices." McClatchy notes Democrats "dismiss the notion of a Republican rebound." RNC Chairman Ken Mehlman "all but echoed one internal White House prediction that his party will lose only two to three Senate seats and eight to 12 House seats. That would still leave Republicans in control of Congress. Democrats need to gain 15 House seats and six Senate seats to capture both chambers. Mehlman and other Republican operatives argued that they 'won' the first full week after Labor Day, the date when more voters historically start tuning in to politics and candidates and parties ramp up their campaigns, particularly with advertising.

Columnist Predicts GOP Will Target Pelosi. Howard Fineman in a Newsweek (9/16, 3.12M) web exclusive reports, "The Republican message for this fall's election season turns Franklin Roosevelt's famous statement on its head: fear is good, or at least it's a strategy. They want the electorate to be afraid, very afraid -- of the terrorists, of course, but also of" House Minority Leader Nancy Pelosi. Fineman adds, "Democratic operatives have been warning Rep. Nancy Pelosi for months that she needs to prepare for what Karl Rove and the GOP have in store: an all out, coast-to-coast assault."

Mfume Concedes, Say Cardin Has His "Full Support." The Washington Times (9/16, Ward, 88K) reports former NAACP president Kweisi Mfume "officially conceded Maryland's Democratic primary for the U.S. Senate, but it was not clear whether he planned to campaign for Rep. Benjamin L. Cardin in the general election contest against" Lt. Gov. Michael S. Steele. "'Ben and I gave this race our best,' said Mr. Mfume. … 'However, there can only be one nominee from our party, and he is it. 'He is a great public servant and I have absolutely no doubt that he is going to make a terrific United States senator. He has my full support,' Mr. Mfume said. Mr. Cardin spoke with Mr. Mfume on the phone minutes before a Democratic rally in Annapolis, an Mfume spokesman said. 'This was a very positive, hard campaign,' Mr. Cardin said after the rally. 'Kweisi and I continue our friendship. ... I'm proud to have his support.' Mr. Cardin said that he expects Mr. Mfume to campaign with him."

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Kean Leading Menendez Despite Three-To-One Fundraising Disadvantage. The New York Times (9/16, Chen, 1.21M) reports, "As they did with the current President Bush in 2000, Democrats say" New Jersey state Senator Thomas Kean "in his first run for statewide office, lacks the résumé for Washington. But suddenly the nonpartisan Cook Political Report, and several other election handicappers, have moved New Jersey — which last elected a Republican senator in 1972 — into the toss-up column, complicating Democrats' plans to keep a supposedly safe Senate seat." Despite Sen. Robert Menendez's "three-to-one fund-raising edge, Mr. Kean has capitalized on sky-high name recognition to pass the incumbent in several recent public opinion polls by as much as 5 percentage points. Party leaders are increasingly focused on the race: Karl Rove, the White House political guru, is scheduled to sponsor a fund-raising lunch for Mr. Kean on Monday at 21 Club in Manhattan, and Senator Mitch McConnell of Kentucky, the Republican whip, is sponsoring a breakfast on his behalf on Wednesday in Washington."

Kean Has Distanced Himself From Bush. Newsweek (9/16, Gerlach, 3.12M) reports, "Kean's camp has been trying to paint Menendez as the product of a broken New Jersey political system, rocked by scandal over the last decade. At the same time, Kean is trying to cut an independent path for himself—away from the GOP. He's been sharply critical of mistakes in Iraq and several of the president's positions. Menendez, however, says Kean is simply pandering in an election year and points to the fact that Laura Bush, former president George H.W. Bush and Vice President Dick Cheney have all stumped for Kean."

Challenger In MD4 Files Suit Over Voting Irregularities. The Washington Post (9/16, B1, Wiggins, Rich, Harris, 748K) reports, "Congressional candidate Donna Edwards announced plans yesterday to file a lawsuit over apparent voting irregularities in Tuesday's primary election in Prince George's County. … 'The integrity of the election is at stake,' said Edwards, who ran against Rep. Albert R. Wynn in the 4th District Democratic primary and is waiting for the race to be decided when provisional ballots are counted next week in Montgomery and Prince George's counties. Jonathan S. Shurberg, a lawyer working with Edwards, said they will ask a judge to take possession of voting machine memory cards in two, possibly three, precincts in Chillum. The request will be made either in Prince George's Circuit Court in Upper Marlboro or U.S. District Court in Greenbelt over the next several days. Edwards said her legal complaint will focus on the security of voting machines that contained voting cards and were not delivered to the county Board of Elections until late Wednesday."

Democrats Choose Replacement Candidate In OH3. The AP (9/16, Hannah) reports, "A former assistant federal prosecutor easily won a Democratic special primary Friday to face U.S. Rep. Mike Turner in November. Richard Chema had 73 percent, or 5,758 votes, compared with former Waynesville Mayor Charles Sanders who had 27 percent, or 2,105 votes, in Ohio's 3rd District, according to unofficial results. The special primary was required to replace Stephanie Studebaker, who dropped out of the race Aug. 15 when she and her husband were charged with domestic violence after police answered calls about a fight at their home."

Google Founders' For-Profit Philanthropy Noted. The New York Times John Tierney (9/16) writes, "Compassionate conservatism has been an expensive bust in Washington. But an intriguing alternative is emerging around the country: compassionate capitalism. … Google's young founders are already taking on poverty, disease and global warming, and they're not just dispensing cash. They've set up their philanthropy as a for-profit organization."

Cuts In Higher Education Subsidies Said To Endanger US Economic Dominance. The New York Times (9/16, 1.21M), in an editorial, writes, "By subsidizing public universities to keep tuition low, and providing federal tuition aid to poor and working-class students, this country vaulted tens of millions of people into the middle class while building the best-educated work force in the world. Those farsighted policies, however, are a thing of the past. Cuts in college aid and soaring tuition at state colleges have made it difficult for young people to educate themselves at a time when a college degree has become the basic price of admission to both the middle class and the global economy."

Battle Brews Over Iran As Feared Replay Of Iraq. McClatchy Newspapers (9/15, Strobel, Walcott) reports that "a high-stakes struggle is brewing within the Bush administration and in Congress over Iran's suspected nuclear weapons program and involvement in terrorism." Unnamed

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officials "say Bush political appointees and hard-liners on Capitol Hill have tried recently to portray Iran's nuclear program as more advanced than it is and to exaggerate Tehran's role in Hezbollah's attack on Israel in mid-July." They add that the offices of Vice President Cheney and Secretary Rumsfeld may be receiving "questionable information" from Iranian exiles. Some express unease because "Rumsfeld's office earlier this year set up a new Iranian directorate, reported to be under the leadership of neoconservatives who played a role in planning the Iraq war." Abram Shulsky is cited as the head of that new directorate. However, "'There's no question that people [analysts] are less afraid to speak up after what happened in Iraq,' said one intelligence official. 'There's less of an inclination to let Cheney and Rumsfeld run free.'"

EU Negotiator "Upbeat" On Iran Nuclear Deal. The New York Times (9/16, Bilesky, 1.21M) reports, "The European Union's foreign policy chief, Javier Solana, offered Friday his most upbeat assessment to date on the nuclear impasse, insisting that talks to persuade Iran to suspend uranium enrichment were progressing," and a senior Bush administration official said "Mr. Solana would meet with Iran's top nuclear negotiator, Ali Larijani, in New York on Sunday." While "European Union officials said they were still examining an offer by Iran last weekend temporarily to suspend its nuclear enrichment program in return for the beginning of negotiations over a package of economic and political incentives offered by the West," it "is softening its previous position that Iran must suspend enrichment before any negotiations can begin." Additionally, "Mr. Solana played down the threat of sanctions, saying that Washington was still willing to give diplomacy a chance," and "the United States acknowledged Thursday that it faced resistance from crucial allies over its attempt to press for sanctions." However, President Bush "said Friday he was worried Iran was trying to drag out the process with the United States and its European allies," and Solana "cautioned that the window for negotiations would not stay open indefinitely."

The Financial Times (9/16, Dombey) adds that Solana "raised expectations of a deal over Iran's nuclear programme when he said that talks were proceeding better than ever," However, "EU diplomats say they can only agree a deal if they are sure that Mr Larijani's initiative is fully backed by Ayatollah Ali Khamenei." The EU "is now watering down its insistence that Iran act first.," and "are trying to nail down exactly what Iran means when it refers to suspending uranium enrichment and to win reassurances that Washington would also sign up to a possible deal."

The AP (9/16, Ames) notes that Solana did not confirm "that Larijani had suggested his country was ready to consider an enrichment freeze for up to two months."

Bush To Take "Hard Line" On Iran At UN. The AFP (9/16, Knox) reports, "US President George W. Bush said he would push his hard line on Iran next week at the United Nations," and "warned US partners not to take pressure off Tehran." Also, "Asked whether he would consider meeting with Iranian President Mahmoud Ahmadinejad on the UN sidelines, Bush replied sternly: 'No, I'm not going to meet with him.'"

State Department Report On Religious Freedom Criticizes Iran, Says Vietnam Made Progress. The AP (9/16, Schweid) reports that the State Department "said in its annual report to Congress on religious freedom around the world" that "A 'threatening atmosphere' in Iran is causing a deterioration in already restricted religious freedom for nearly all minorities." Iran, Burma, China, Eritrea, North Korea, Saudi Arabia, Sudan and Vietnam "were cited for particularly severe violations of religious freedom." Secretary of State Condoleezza Rice said, "We hope this report will serve as a source of encouragement for those whose plight is documented in this report." Still, John V. Hanford III, U.S. ambassador at large for international religious freedom, "credited Vietnam with making 'enormous progress' on religious freedom, and said in Saudi Arabia 'we see things moving in the right direction.'" However, the U.S. Commission on International Religious Freedom "said it was 'simply shocked' by what it called an unwarranted softening of the State Department's assessment of Saudi Arabia."

The AFP (9/16, Milikin) leads, "The United States assailed Iran for its worsening treatment of religious minorities." Secretary Rice "said the government's goal was broader than targeting a handful of repressive regimes. 'Religious freedom is deeply rooted in our principles and our history as a nation,' she said. 'And it is now integral to our efforts to combat terrorism and the ideology of hatred that fuels it.'" Also, "Hanford strongly indicated that Vietnam could be dropped from the black list." The Washington Times (9/16, Sands, 88K) also covers this story.

Bush Urges Intervention In Sudan. The Washington Post/AP (9/16, A12) reports, "President Bush

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suggested Friday that it may be time to override the objections of the Sudanese government in order to send international peacekeepers into Darfur," saying. "There's genocide taking place in Sudan. … Now is the time for the U.N. to act." He said that besides waiting for Sudan's initiation, "there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives." The AP (9/16, Knox) notes Bush said, "I'm frustrated with the United Nations in regards to Darfur."

The AP (9/16, Loven) adds that a "Security Council resolution passed in August, aimed at strengthening the peacekeeping force, would hand it over to a better-funded, larger and more well-equipped U.N. mission," and :nations including the United States have worked — without success — to acquire" the consent of the Sudanese government for it. However Assistant State Department Secretary Kristen Silverberg "said the United States insisted that last month's resolution permit deployment of new peacekeepers over Sudanese objection." Also, during the United Nations General Assembly session that begins next week, "Secretary of State Condoleezza Rice will gather diplomats from several countries to discuss Darfur."

Blair Echoes Bush's Comments. Additionally, the AFP (9/16) notes, "British Prime Minister Tony Blair criticised the Sudanese government over the 'completely unacceptable' situation in Darfur and accused it of breaking ceasefire agreements signed with rebels." He also "insisted that the crisis was 'at the top' of his agenda." Blair said. "I have already talked to (Chinese) Premier Wen and President George Bush about Darfur in the last few days." These "comments echo those by Bush Friday that he was 'frustrated' with the UN."

Annan Urges World To Help With Darfur. Secretary-general of the United Nations, Kofi Annan, writes in an op-ed in the Los Angeles Times (9/16, 918K), "The glimmer of hope that many of us felt when the Darfur peace agreement was signed four months ago -- albeit by only two of the warring parties -- is being extinguished by renewed fighting among the factions," and now "the Sudanese government has sent thousands of troops to Darfur and renewed its bombing. I strongly condemn this escalation." The government of Sudan refuses to let the UN deploy a peacekeeping force. Annan says he has attempted to convince them to do so, but "my voice is not enough. Whoever, in Africa or beyond, is in a position to influence the government of Sudan must do so without delay." If Sudan fails its "sacred responsibility" of to protecting its population "from genocide, war crimes, ethnic cleansing and crimes against humanity," it "will face opprobrium and disgrace throughout the world."

Women In Darfur Said To Risk Rape To Survive. The Washington Post (9/16, A12, Timberg, 748K) reports that Sudan's government "and a rebel group reached a cease-fire agreement in May, but since then, rapes in and around camps for people displaced by the fighting have surged, aid groups and residents say." Now, "More and more often, women in Darfur face the starkest of choices: risk being raped by leaving the camps in search of firewood and grass, or starve."

Israeli Foreign Minister Warns Lebanon To Disarm Hezbollah. The Washington Post (9/16, A16, Kessler, 748K) reports that Israeli Foreign Minister Tzipi Livni said yesterday that "The Lebanese government must fully implement a recent U.N. resolution requiring the disarming of the militant Shiite group Hezbollah or Israel will be less reluctant to attack the Lebanese state if Hezbollah resumes hostilities." She noted "Israel's efforts to keep the military campaign limited made it more difficult to achieve its objectives," adding that "if Israel is attacked again, 'we are not looking again to find these terrorists among the civilian population.'" Instead, "We are going to face a state which does not implement its responsibility or maybe does not exercise its sovereignty." The AP (9/16, Schweid) adds that Livni said, "Enforcing the arms embargo is crucial."

Lebanon-Syria Boarder Remains Porous. The New York Times (9/16, Smith, 1.21M) reports, "Israel wants the expanded United Nations peacekeeping force, already deploying along Lebanon's southern border with Israel, to monitor the Syrian border as well as to keep weapons out. But Syria says it would consider that a 'hostile act' and the Lebanese in this region warn that any foreign presence would face stiff resistance." While "Lebanon has put more than 8,000 soldiers along the border to monitor traffic,…few people here believe the Lebanese Army is capable of stopping the arms flow." Meanwhile, "Local residents say it would be a simple matter requiring only the barest collusion of either side for a tractor or truck to haul weapons from one side to the other."

Criticism Of Israeli Army Over Lebanon Continues. The AFP (9/16) reports, "the Israeli army is in disarray as it struggles to cope with the failures of the war in Lebanon," and "nothing has halted the flood of criticism against the military

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and political leadership over their handling of a deadly conflict that failed to achieve its main aims." While General Udi Adam resigned, it "has done little to quell discontent amid calls for further heads to roll calls such as for Prime Minister Ehud Olmert, Halutz and Defence Minister Amir Peretz to go."

Palestinian Officer Killed As Leaders "Squabble" Over Unity Government. The New York Times (9/16, Erlanger, 1.21M) reports that "senior Palestinian intelligence officer," Brig. Gen. Jad Tayeh, "and four others were shot to death in their car in Gaza on Friday as political leaders continued to squabble over a possible new national unity government." Their "Progress appeared to be slow," although Palestinian president, Mahmoud Abbas "said that Fatah and Hamas had agreed on a political platform for a new government that he expected to meet international requirements sufficiently to restore funding." However, "The United States and some members of the European Union have expressed doubts." The Los Angeles Times (9/16, Ellingwood, 918K) also covers this story.

Pope Benedict Under Fire In Middle East. NBC Nightly News (9/15, story 8, 2:00, Miller, 9.87M) reported that in the wake of controversial remarks from Pope Benedict XVI, "It looked like a clash of civilizations across the Islamic World. An effigy of Pope Benedict XVI burned turn by Muslims in India. Pakistan's parliament condemned the Pope's remarks. Lebanon's top cleric demanded a personal apology." The calls came after Benedict delivered "a lecture Tuesday on the need for dialogue on the concept of jihad or holy war which Benedict called unreasonable and against God's nature."

ABC World News (9/15, story 4, 0:20, Snow) reported, "Muslims are furious about the Pope the speech gave they are calling anti-Islamic. He quoted a 14th century Byzantine Christian Emperor who said the prophet Muhammad ordered Islam be spread through violence. Pakistan's parliament demanded a retraction. Turkey's government compared the Pope to Hitler."

"First Full-Blown Crisis" Of Benedict's Papacy. The New York Times (9/16, Fisher, 1.21M) reports, "Reaction to the pope's remarks — in which he quoted a description of Islam in the 14th century as 'evil and inhuman' — has presented Benedict with the first full-blown crisis of his papacy."

The Washington Post (9/16, A1, Shadid, 748K) reports that reaction to the speech "was a reminder of the precarious, suspicious state of affairs between a West that often views Islam as a faith in need of reform and a Muslim world that feels besieged in the wake of the Sept. 11, 2001, attacks." The Post adds, "[T]he reaction was quick, and though it was largely peaceful, it evoked the storm of violent protests that erupted in most Muslim countries after a Danish newspaper published a series of cartoons a year ago that lampooned Muhammad. In some ways, the denunciations seemed even more pronounced, given the pope's stature and authority over the world's 1.1 billion Roman Catholics."

The AP (9/16, Harvey) reports, "Across the Islamic world Friday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that many fear could burst into violent protests like those that followed publication of caricatures of the Prophet Muhammad." The Washington Times/AP (9/16, Harvey) and Financial Times (9/16) also report on the stor y.

NYTimes Notes Differing Definitions Of "Jihad." The New York Times (9/16, 1.21M) editorializes, "Muslim leaders the world over have demanded apologies and threatened to recall their ambassadors from the Vatican, warning that the pope's words dangerously reinforce a false and biased view of Islam. For many Muslims, holy war — jihad — is a spiritual struggle, and not a call to violence. And they denounce its perversion by extremists, who use jihad to justify murder and terrorism. The Vatican issued a statement saying that Benedict meant no offense and in fact desired dialogue. But this is not the first time the pope has fomented discord between Christians and Muslims."

Raul Castro Pushes Nonaligned Nations Against US. All three networks covered the summit in Cuba, describing the gathering as anti-US or anti-Bush. Castro's health remains an issue and there was no new details but at the end of its story NBC Nightly News (9/15, story 4, 2:25, Mitchell, 9.87M) noted, "Most people including top government officials say it is unlikely Fidel Castro will fully resume the reins of power. The transition to a new group of leader system well underway."

ABC World News (9/15, story 3, 2:10, Snow) reported, "To Cuba where Fidel Castro's Government took over the leadership of the so-called nonaligned Nations the organization, taking regularly takes anti-American stances and today was no exception." ABC (Avila) added, "America's

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short list of antagonists -- Venezuela's Hugo Chavez, Iran's Mamoud Ahmadinajad, and Bolivia's Evo Morales -- all bashing the United States for opposing Iran's nuclear program, all together in Cuba, capital of anti-Americanism. … Cuba's venom was delivered by Castro's young brother, 75-year- old Raul."

CBS Evening News (9/15, story 5, 0:15, Couric, 7.66M) reported, "At the top of tonight's news briefing, a who's who of President Bush's adversaries on the world stage all together in one place. Venezuela's Hugo Chavez and Iran's Mahmoud Ahmadinejad are among the leaders in Havana for the non-aligned nations. Raul Castro is playing host. His older brother is still recovering from intestinal surgery."

The New York Times (9/16, Lacey, 1.21M) reports, "Raúl Castro, who is standing in as Cuba's leader while his brother, Fidel, recuperates from surgery, railed at the United States during a summit meeting in Havana of nonaligned nations on Friday." This "first public speech since taking power in July was just as stridently anti-Washington as those offered by his elder brother." Meanwhile, "In Miami…the Bush administration's top Cuban-American official, Commerce Secretary Carlos Gutierrez, delivered his own rebuke to Cuba's government" as he "called on Cuba to hold a referendum on its future leadership, a proposal that the Communist government would surely dismiss." The AP (9/16, Gresko) also noted Gutierrez's proposal.

The Financial Times (9/16, Frank) adds, "Cuba…and its close ally Venezuela sought to steer the group towards more a more radical anti-US line," but "Many observers…believe it will be impossible to link the movement, formed in 1961 by developing countries anxious to define themselves as independent equally of the Soviet Union and of the US, to such a radical geopolitical agenda." Still, "Delegations from the Non-Aligned Movement on Friday began negotiations over a final document sharply critical of Israel and supportive of Iran's nuclear ambitions." The AFP (9/16, Moser) writes that "Raul Castro, and Venezuela's President Hugo Chavez, also delivered blistering condemnations of the United States." The Washington Times/AP (9/16, Arrington) adds, "Raul unleashed a stream of anti-American rhetoric in his inaugural speech, saying the world today is shaped by the United States' 'irrational pretensions for world dominance.'" The AP (9/16, Snow) also covers this story.

Indian PM Urges "Conciliatory Tone" For NAM. The AFP (9/16, Langan) reports, "Indian Prime Minister Manmohan Singh has urged Non-Aligned Movement leaders to take a conciliatory tone as they work to counter terrorism, and try to keep the Mideast peace process on track." He also "argued that 'as a group we have rejected extremes. We must spread the word of Gandhiji, the apostle of peace.'"

Cubans Find Fleeing Cuba More Difficult. NBC Nightly News (9/15, story 6, 2:25, Williams, 9.87M) reported, "We are back now from Cuba with 'NBC Nightly News' 'In Depth.' the Cubans who are willing to risk their lives to leave here and start a new life north of here in the United States. It is just 90 miles from here to Florida and under America's immigration policy a Cuban who makes it to American soil can stay in America. In recent years the business of smuggling Cubans has gotten more expensive and more dangerous as we see tonight from Mark Potter." NBC (Potter) added, "No longer are they just getting on rafts and homemade boats, now organized crime rings used high powered speedboats to sneak into Cuba and bring them to the US they are usually paid by Cuban exile families. The price is up to $10,000 meaning one small boat like this with 25 migrants aboard can bring the smuggler's up to a quarter million dollars. They often cut on safety to maximize profits. … Federal prosecutors are charging some with manslaughter, the same tactic used in mafia and drug cases."

IMF, World Bank Meetings Tense. The New York Times (9/16, Weisman, 1.21M) reports, "The world's finance ministers gathered Friday for their first annual meeting in East Asia since the region was gripped by an economic crisis in the 1990's, with their most urgent order of business being to overhaul the institutions that safeguard the global economy and help the poor" at "what appeared likely to be one of the most contentious" annual meetings of the World Bank and the International Monetary Fund. There was "tension between Western leaders and the government of Singapore, their host, over Singapore's last-minute denial of visas to some of the leaders of the 'civil society' groups that were invited to participate in the meetings." While "the government relented at the last minute" on most of the visa, "Paul D. Wolfowitz, president of the World Bank, was especially embarrassed by the visa problem because he has repeatedly called on developing countries to open their political processes to dissent." While he "and others sounded a note of optimism about the world economy by saluting the records of Singapore and other Asian countries in recent

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decades," Wolfowitz "stirred a furor inside the World Bank with proposals to crack down on corruption in bank lending." Still, "the main issue of contention is a proposal backed by the Bush administration to change the governance of the International Monetary Fund to give more votes to China and three other developing countries, and to give dozens of other countries more votes in a restructuring over the next two years." Bush "administration officials say plainly they cannot afford to have another debacle involving another global economic institution" following "the failure of the recent round of global trade talks."

The Wall Street Journal (9/16, Phillips, 2.03M) adds," At a series of meetings here this weekend, top financial officials from the Group of Seven major industrial nations are expected to press for new IMF rules that would make it easier for the global economic watchdog to brand a country for manipulating its exchange rate -- and, in theory, embarrass it into stopping."

US, Europe React To China's Economic Power With WTO Case, Possible Free Trade Zone. The Financial Times (9/16, Beniot) reports, "Spurred by concern about China's growing economic might, Germany is considering a plan for a free-trade zone between Europe and the US. A senior aide to Angela Merkel said the chancellor was 'interested' in promoting the idea as long as such a zone did not create 'a fortress' but rather 'a tool' to encourage free trade globally." This "testifies to the rapprochement between Washington and Berlin since Ms Merkel's election last November." Also, "As German perceptions of China have grown more American, Washington's approach has shifted too. Speaking before his first trip to Beijing, Hank Paulson, US Treasury secretary, this week outlined a more balanced policy mixing traditional US criticism with praise for China's reforms." Still, "the US, Canada and the European Union complained to the World Trade Organisation about China's tariffs on car parts, raising the prospect of Beijing facing its first WTO dispute. The three said they had lost patience with Beijing's refusal to further open the $19bn-a-year market."

The Wall Street Journal (9/16, A2, Miller, Hitt, 2.03M) adds, "Teaming up with Europe and Canada, the Bush administration moved to turn up pressure on Beijing to end tariffs that critics say put foreign-made auto parts at a competitive disadvantage in China's domestic market." This "raised stakes significantly in the long-simmering dispute over auto parts" and "reflects a tougher U.S. trade stance toward China, and comes a few days before Treasury Secretary Henry Paulson arrives in China." U.S. Trade Representative Susan Schwab said, "While we are open to settling this dispute, China's current stance leaves us no choice but to proceed with our WTO case." McClatchy Newspapers (9/16, Hall) also covers the auto parts complaint.

China To Announce Nuclear Plant Construction Company. The Wall Street Journal (9/16, Oster, 2.03M) reports, "China will announce by year end which company has won a contract potentially worth $8 billion to build four nuclear-power plants," according to Assistant Secretary of Energy Karen Harbert. Still, "Industry observers had expected a decision on the contract as early as December 2005. But Chinese officials have said they needed more assurances about what they describe as untried technologies."

Technology Helping Free Discourse In China. The Los Angeles Times (9/16, Magnier, 918K) reports, "The growing appreciation among young Chinese for unfettered news — and their ability to convey their opinions rapidly across cyberspace — is a key reason why Beijing will ultimately lose the information war, analysts say, even if it wins some near-term battles." However, "analysts say the change appears to be as much a New China News Agency profit grab as a state bid to control information." Meanwhile, "the European Union and the State Department weighed in against Beijing's new plan, which gives the state-run New China News Agency censorship authority and exclusive distribution rights over foreign wire service competitors."

India's Richest Man Calls For US To Open Markets. The New York Times (9/16, Rai, 1.21M) publishes an interview with Azim H. Premji, chairman of Wipro, India's third-largest outsourcing firm, and India's richest man. He says, "The debate in the United States" over outsourcing "is significantly more balanced. But what is not getting adequate focus is that globalization is a two-way street. If the United States wants access to Chinese, Indian or Vietnamese markets, we must get access to theirs. U.S. protectionism is very subtle but it is very much there."

WHO Endorses DDT To Fight Mosquitoes Carrying Malaria. The New York Times (9/16, Dugger, 1.21M) reports, "The World Health Organization on Friday forcefully endorsed wider use of the insecticide DDT across Africa to exterminate and repel the mosquitoes that cause

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malaria. The disease kills more than a million people a year, 800,000 of them young children in Africa. Dr. Arata Kochi, who leads the group's global malaria program, unequivocally declared at a news conference on Friday that DDT was the most effective insecticide against malaria and that it posed no health risk when sprayed in small amounts on the inner walls of people's homes. Expanding its use is essential to reviving the flagging international campaign to control the disease, he said." The Washington Times (9/16, Carter, 88K) writes that Who "reversed 30 years of policy" with the decision.

Annan To Release Details On Personal Finances. The New York Times (9/16, Hoge, 1.21M) reports, "Secretary General Kofi Annan reversed course on Friday and said he would file a new financial disclosure form. Although completing the form is not mandatory in his case, his top aides considered it advisable to avoid misunderstanding." His "earlier decision not to supply the form emerged Wednesday in a news conference and exposed him to criticism that he was not living up to the standards of openness that he was demanding of others in the organization."

Koizumi Said Be One Of "Most Influential Leaders" For Post War Japan. The McClatchy Newspapers (9/16, Johnson) reports that Japan's Prime Minister Junichiro Koizumi is being cast by "commentators…as one of the most influential leaders in Japan's postwar history." He "changed Japan in ways that could be long lasting, but Shinzo Abe, the likely new prime minister, will face pressures to ease off some of the reforms." Also, "Japan's newly steady economic course may slow momentum on reform, and some experts say the Koizumi era could be an intermission in politics-as-usual." Still, "Koizumi's departure will be felt in Washington. The Japanese leader bucked his nation's decades-old pacifist tradition and stretched long-unused military muscle by deploying troops to Iraq in 2004," and "shared an unusually strong bond with President Bush."

Holocaust Doubting Party Showing Gains In Germany. The Washington Times (9/16, Crossland, 88K) reports that in Germany, the National Democratic Party (NPD) "a far-right party that shares Iranian President Mahmud Ahmadinejad's doubts about the Holocaust and wants to deport foreigners," as well as opposing immigration, "is expected to make strong gains in elections in an eastern German state tomorrow." Its supporters have "little awareness or guilt about the Holocaust…because Germany's Nazi past wasn't addressed under the communist regime in the east." Other parties charge "that NPD backers intimidate opponents and disrupt campaign events."

Sweden Expected To See Close Elections. The New York Times (9/16, Lyall, 1.21M) reports, "Sweden holds its most closely contested national election in years" on Sunday. "The Social Democratic Party, with its policies of high taxes, big government and generous benefits, has run the country, alone or in coalitions with other parties, for 65 of the past 74 years," but the opposition's Fredrik Reinfeldt "has found the government's Achilles' heel in the issue of unemployment, arguing with some success that the government's rosy figures hide a much darker reality." His proposed response is "to cut unemployment benefits, decrease payroll taxes for low-income workers and provide tax breaks to businesses that hire the chronically unemployed." However, the "Social Democrats are portraying him, essentially, as a traditional conservative hiding behind a falsely mild facade."

UN Officials Support Migration Forum Despite US Opposition. The AP (9/16, Gamel) reports, "Top officials from dozens of countries supported a U.N. initiative to create a new global forum on migration on Friday," as "U.N. Secretary-General Kofi Annan…proposed a Global Forum on Migration and Development as an informal, non-binding way for countries to debate the issue and come up with solutions." However, "U.S. Assistant Secretary of State Ellen Sauerbrey said the United States is committed to confronting the challenges of migration but prefers to do so via existing forums and agreements with neighboring countries," adding that the U.S. believes, "that creation of additional structures will hinder, not help, international cooperation on these issues."

Latvian President Now Running For UN Secretary-General. The AP (9/16, Lederer) reports, "Latvian President Vaira Vike-Freiberga joined the race to become the next U.N. secretary-general on Friday, becoming the first woman vying for the U.N.'s top post," but she "faces an uphill struggle because most members states generally agree that the next secretary-general should come from Asia, part of a tradition to rotate the job between regions." Notably,

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"China — a veto-wielding council member — has repeatedly said it wants an Asian candidate." Still, "U.S. Ambassador John Bolton…argued that the job should go to the best qualified candidate regardless of nationality."

Clinton Global Initiative To Verify Pledges. The Wall Street Journal (9/16, McGinley, 2.03M) reports, "On Wednesday, more than 1,000 people will gather in New York at the second annual Clinton Global Initiative, a project led by former President Clinton, to tackle problems involving global health, poverty, religious strife and threats to the environment." Most attendees "must pledge to fund and carry out an initiative to help address one of the problems." However, "a few participants at last year's fest 'pledged' to carry out programs that already were under way," and "not all participants followed through on their commitments." Therefore, this year "CGI's 10-person 'commitments team' has been working with participants to develop pledges for this year's conference," and "those who don't follow through on their pledges won't be invited back."

Cohen Says Britain's Brown Faces Dilemma On Iraq War Position. Roger Cohen writes in his column in the New York Times (9/16, 1.21M), "Britain's 'stable and orderly transition,' the Labour Party's favored phrase, has turned into the 'Tony and Gordon Show,' a TV soap opera mixing farce and venom and featuring two middle-aged men who've used a decade of intimacy at the pinnacle of power to rehearse the finer points of mutual loathing." Now that PM Tony Blair announced he will resign within a year, Brown faces a "central conundrum." He might "outmaneuver his Labour Party rivals and get Blair's job," and even "tone down his impatience, suffer fools more easily, and inject a touch of humanity into his zombie-Presbyterian image." However, "what does he do about marking his distance from Bush and Iraq, moves that seem critical to his chances in the next election?" while "if he doesn't turn Britain into a more critical ally, and doesn't demonstrate that he's not in the pocket of the most unpopular politician here (Bush), he's in deep trouble," but should he be "too critical of the United States, he will be branded a left-winger" and "appear to move closer to the European Union, a direction he dislikes." Although "the answer would appear to be constructive criticism of Bush," Conservative leader David Cameron "has already staked out that position."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Offramp Ahead For Paradise?."
"E. Coli Linked To Calif. Grower."
"U.S. Frustrated By Pace Of Change In Iraq."
"IRS Orders All Saints To Yield Documents On '04 Political Races."
"Ford, In Tailspin, Speeds Cutbacks."
"Drug May Delay Or Even Prevent Type 2 Diabetes."

New York Times:
"Iraqis Plan To Ring Baghdad With Trenches."
"Detroit Flails In Latest Effort To Reinvent Itself."
"Military Lawyers Caught In Middle On Tribunals."
"Possible Source Of Bad Spinach Is Named As Outbreak Widens."
"Paying Top Dollar For Punishment, 26 Miles' Worth."
"A Kean On The Ballot? What Else Is New?."
"In Case Against Politician, A Tale Of Friendship, Ambition And Betrayal."

Washington Post:
"Security Ring For Baghdad Underway."
"Rep. Ney Admits Selling Influence."
"Grocers Pull Bagged Spinach From Shelves."
"Remarks By Pope Prompt Muslim Outrage, Protests."
"More GOP Infighting On Detainees."
"Girls Often Face An Uphill Battle."

Washington Times:
"Bush: Interrogation Vital."
"Muslim States Denounce Pope Over Remarks."
"Ney to enter Guilty Plea Of Conspiracy."
"UAW Soften Attitude About Cuts In Detroit."
"Immigration Reduces Big Backlog."
"Playing Against The Odds."

Detroit Free Press:
"Ford's New Way Forward Far Enough."
"What Has Mutally Gotten Himself Into?"

Atlanta Journal-Constitution:
"Corbin Pleads; Gets Two Life Sentences In Deaths Of Wife In '04, Girlfriend In 1990."
"Georgia Power Asks For Increase."
"Blue Plates Not Special Or Peachy To Bloggers."
"Deadly E. Coli Outbreak Linked To One Company."

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Houston Chronicle:
"Spinach Pulled From Shevles."
"14-Year Mystery May Be Solved."
"Deal Would Put Dynegy Back In The Energy Game."
"Muslims Nations Vent Fury At Vatican."

Story Lineup From Last Night's Network News:
ABC: E. Coli Health Risk; Detainee Debate; Anti-American Summit-Cuba; Pope Benedict Under Fire; Ford Restructuring; Rep. Bob Ney Under Fire; E. Coli Health Risk Analysis; Shooting Prevented; Diabetes Medical Breakthrough; A Football Story.
CBS: E. Coli Health Risk; E. Coli Health Risk Analysis; Ford Restructuring; Detainee Debate; Anti-American Summit-Cuba; Rep. Bob Ney Under Fire; Diabetes Medical Breakthrough; Iraq-Civilian Deaths; Joanne Lesser Opinion; The Web; Waterskiing Grandmother.
NBC: E. Coli Heath Risk; E. Coli Health Risk Analysis; Detainee Debate; Anti-American Summit-Cuba; Ford Restructuring; Escaping Cuba; Rep. Bob Ney Under Fire; Pope Benedict Under Fire; Stock Market; Scenes From Cuba.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 14 - 16. EATING DISORDERS _ The National Eating Disorders Association holds its 2006 national conference. Location: Bethesda North Hotel and Conference Center, 5701 Marinelli Rd., North Bethesda. Contacts: Vicki Greenleaf, 323-660-5800

Sept. 15 - 17. PRAYER VIGIL _ 14th Annual Prayer Vigil for the Earth. Location: Washington Monument grounds. Contacts: Keri Douglas, 202-276-1702.

SIGN THE CONSTITUTION _ Today's visitors to the White House Visitor Center can take part in interactive ``We the People" program, where they can be vitual ``delegates" to the Constitutional Convention -- and sign a giant copy of the Constitution with a big old quill pen. Location: White House Visitors Center, 14th and 15th sts. NW. Contacts: Bill Line, 202-619-7400.

Sept. 16 - 17. THELONIOUS MONK-COMPEITION-GALA _ Thelonious Monk Institute of Jazz holds 2006 International Jazz Piano Competition and Gala Concert. Emcees and performers include Quincy Jones, Phylicia Rashad, Billy Dee Williams, Patti Austin, Joshua Redman, others. Former secretaries of state Colin Powell and Madeleine Albright will also speak. Highlights: 1 p.m. Semifinals, Baird Auditorium, National Museum of Natural History. Hosted by Billy Dee Williams and Thelonious Monk Jr.
Contacts: Sarah Wilson, 202-364-7272 ext 111.

8:30 a.m. ANACOSTIA CLEANUP _ 21st Annual International Coastal Cleanup will include Anacostia Park and Anacostia Watershed sites. Volunteers will be participating in the worlds largest single-day volunteer effort to help the marine environment. Highlights: 8:30 a.m. Registration at both sites: London Woods Subdivision, Denise Drive and Anacostia Park.

9 a.m. Statements from NOAA Administrator Conrad Lautenbacher and Ocean Conservancy senior vice president Morgan Gopnik, London Woods Subdivision, Denise Drive. Location: Two sites: London Woods Subdivision, Denise Drive, and Anacostia Park.

1 p.m. CONSTITUTION DAY _ The Conservative Caucus marks Constitution Day with a speech by Eagle Forum President Phyllis Schlafly. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Charles Orndorff, 703-938-9626

8 p.m. ALBRIGHT-FAITH-DIPLOMACY _ Former Sec. of State Madeleine Albright addresses Jewish Literary Festival on the role of faith in foreign affairs. Location: DCJCC, 1529 16th St. NW. Contacts: Jill Bernstein, 202-363-1949.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Calls For Congress To Pass Bill Clarifying Detainee Rights. President Bush challenged Congress to pass a bill spelling out the rules for interrogating terrorist suspects in an energetic press conference. Media coverage focused almost exclusively on Bush's remarks about terrorist interrogation and characterized the GOP debate over policy as a serious split on a key 2006 election issue. Bush's remarks received significant attention by prominent media outlets as it was covered in full segments by all three network TV news programs early in their broadcasts and by the major US newspapers. ABC World News (9/15, story 2, 0:50, Snow) reported, "There were fireworks at the White House today where President Bush reacted to a rebellion on Capitol Hill, a group of Republican Senators opposing his attempts to clarify part the Geneva Conventions which spell out the rights of terror suspects. President Bush said the current relations written more than 50 years ago are too vague and could effectively end an effective interrogation program."

CBS Evening News (9/15, story 4, 3:15, Couric, 7.66M) reported Bush "stepped up the pressure big time, warning that time is running out. From the White House, here's Jim Axelrod." CBS (Axelrod) added that "an adamant Mr. Bush said the dispute threatens to shut down a CIA interrogation program he says has stopped terror plots in the planning." President Bush: "So Congress has got a decision to make. You want the program to go forward or not?" Axelrod: "But a chorus of critics has emerged, led by Republican senator John McCain" and former Secretary of State Colin Powell and if Bush "was trying to get everybody back in line today, he didn't. Late this afternoon, Senator McCain said there is nothing in his bill that would require the CIA interrogation program to be shut down. So, Katie, President Bush is now locked in a dispute about how to handle prisoners of war with America's best known prisoner of war, and a Republican at that."

NBC Nightly News (9/15, story 3, 2:35, Williams, 9.87M) reported that "there is a battle going on in the United States within the Republican party over the treatment of terrorism suspects. In an often contentious news conference President Bush laid down the law as he sees it." NBC (Gregory) added, "Mr. Bush shot back at his former Secretary of State Powell who criticized the White House in a letter writing the world is begin to doubt the morale basis of our fight against terrorism." President Bush: "It is unacceptable to think that there is any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

The New York Times (9/16, Rutenberg, Stolberg, 1.21M) describes Bush as "impassioned" and "combative" and says, "It was also a debate Mr. Bush had hoped to have this week exclusively with Democrats as he and his party's leadership set out to draw unflattering distinctions between Republicans and Democrats on fighting terrorism for the fall elections." But "Bush spent Friday in a second day of heavy debate, casting some of the most respected voices on military matters in his own party as hindering the fight against terrorism. As of late Friday there seemed to be no break in the impasse, even as White House officials worked behind the scenes to build new support in the Senate for the legislation the president wants."

Casting Bush's remarks in a negative light the Washington Post (9/16, A1, Baker, 748K) reports, "An irritated Bush, raising his voice and gesturing sharply at a Rose Garden news conference, excoriated legislation passed by a Senate panel Thursday that is intended to conform U.S. detainee practices with the Geneva Conventions. Bush insisted on legislation more specifically defining what is banned so intelligence officers would not worry about being charged with war crimes." But Bush's "threat to end the interrogation program seemed to make little impression on the Republican dissidents" and "a fifth Republican senator, Olympia J. Snowe (Maine), joined the rebellion against the president." Meanwhile Democrats "seized on the president's remarks yesterday. 'Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect and finally give them the real security they deserve,' said Senate Minority Leader Harry M. Reid (Nev.)."

The Los Angeles Times (9/16, Gerstenzang, Levey, 918K) reports Bush "in animated and unusually forceful language, urged members of Congress to approve his plan for interrogating detainees and trying them before military commissions." His "pointed declarations underscored the gap between the White House and the rebelling Republican senators at a time when the GOP hoped to enter the fall election season with a unified position on national security. In particular, Bush's comments emphasized his differences with Sen. John McCain (R-Ariz.), a former Vietnam prisoner of war and likely candidate for the 2008 Republican presidential nomination, who has opposed Bush's interrogation policy in the past as overly harsh."

McClatchy Newspapers (9/16, Hutcheson) in an article titled "Bush Threatens To Shut CIA Interrogation Program" says Bush was using "fear to pressure lawmakers" and "Bush cast the dispute as a choice between protecting the nation or leaving it vulnerable to another terrorist attack. His critics,

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including many retired military officers and former Secretary of State Colin Powell, say his approach violates American values, undermines the moral foundation of the war on terrorism and increases the risk that U.S. prisoners of war will be abused."

The AP (9/16, Hunt) in an article titled "Bush Fights GOP Revolt Over Terror Bill" reports, "Bush fought back Friday against a Republican revolt in the Senate over tough anti-terror legislation and rejected warnings that the United States had lost the high moral ground to adversaries. 'It's flawed logic,' he snapped." As part of its coverage the AP listed the military records of Sens. McCain, Graham Warner and former Secretary of State Powell.

Bloomberg (9/16, Dodge, Rowley) reports details similar in other coverage of how "Bush raised the ante" and notes, "Attorney General Alberto Gonzales told reporters that the Supreme Court decision created 'confusion and concern' about Central Intelligence Agency interrogation techniques." Gonzales said, "We're going to capture additional high- value detainees" and "we will need to get information from them." Meanwhile, "Graham, in a statement, took issue with the president's characterization of the legislation. 'What is being billed as "clarifying" our treaty obligations will be seen as "withdrawing" from the treaty obligations,' he said."

The Washington Times (9/16, Curl, 88K) quotes Sen. Charles Schumer saying, "When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is. … These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions." And "Senate Minority Leader Harry Reid…said Mr. Bush should bow to the 'bipartisan process under way in the United States Senate.'"

The Financial Times (9/16, Daniel, Dombey) in an article titled "Bush On Defensive Over Anti-terrorism Measures" notes the EU "added to the pressure on the White House when it denounced as 'illegal' the secret CIA prison whose existence Mr Bush acknowledged last week." But "Bush appeared to create room for negotiations with Congress when he sidestepped the chance to pledge that he would veto any bill if it matched the one passed by 15 votes to 9 in the Senate armed services committee, and said his key criterion for success was one question: 'That the intelligence community must be able to tell me this bill enables this vital programme to continue.'"

Administration Seen As Using Rules To Skirt Compliance. The Washington Post (9/16, A3, Smith, 748K) in an analysis of the notes, "On the surface, Bush's proposal requires that interrogations in the previously secret CIA prison system comply with legal rules written by Congress last year. Privately, the administration has concluded that doing so would allow the CIA to keep using virtually all the interrogation methods it has employed for the past five years, the officials said." Examining the "ironies" of the debate the Post says, "The administration says its intent is to define the explicit meaning of Common Article 3 so that CIA officers know exactly what they can do. But the senior official who addressed the legal issue yesterday said the standard the administration prefers is 'context-sensitive,' a phrase that suggests an endlessly shifting application of the rules."

Questions Raised About JAG Support For Clarifying Rules. The New York Times (9/16, A1, Mazzetti, Lewis, 1.21M) in a front page story reports on the Administration's behind-the-scenes maneuvering to get approval for its proposal on terrorist interrogations from the Pentagon's top JAG officers, who are described as at odds with the Administration over terrorists' rights. Before the "crucial Senate vote on the Bush administration plan," Pentagon general counsel William Haynes summoned the JAGs "to enlist the lawyers on the administration's side by asking whether any would object to signing a letter lending their support to aspects of the White House proposal over which they had voiced little concern." They "agreed, but only after hours of negotiating over specific words, so that they would not appear to be wholly endorsing the plan." Some were left "embittered" by the meeting which "prompted loud protests from Republican senators opposed to the plan" But Air Force deputy judge advocate general Maj. Gen. Charles Dunlap said, "I didn't have any problem signing what I signed. … How people use it and what they use it for I can't control."

CIA Concerned About Liability. The New York Times (9/16, Shane, 1.21M) reports the CIA is concerned "that officers could be vulnerable to lawsuits, or even criminal prosecution, for actions they believed at the time complied with administration policy." The White House proposal "would be retroactive to Sept. 11, 2001, while senators working with Mr. Warner say their approach avoids dealing with past events because of legal and constitutional concerns. The senators say they believe that past abuses should be reviewed case by case." Experts believe it is "highly unlikely that intelligence officers could be prosecuted in American courts for their actions in interrogating terror suspects. Similarly, they said, lawsuits filed by former prisoners would probably face insurmountable hurdles in American courts." Yet "some said future investigations by Congress or a C.I.A. inspector general were quite possible and could bring the daunting prospect of high legal fees or devastating news coverage."

Bush Rules Would Hamper Prosecutions Of US War Crimes. In its analsysis the Los Angeles Times (9/16, Zajac, Simpson, 918K) reports, "When the Muslim world was first inflamed over images of abuse from the Abu Ghraib prison in Iraq, President Bush took the lead in a campaign to minimize the damage by pledging that his government would speak through its actions." Yet "more than two years later,

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provisions in Bush's proposed legislation for detainee interrogations and terrorism tribunals could hamper potential criminal prosecutions in some of the 17 abuse investigations from Iraq and Afghanistan pending before federal prosecutors in Virginia." Experts "said Bush's proposal would retroactively weaken the U.S. law against war crimes, possibly making it more difficult to win criminal indictments in those cases." The Los Angeles Times (9/16, 918K) reports also publishes a Q&A column on the military tribunal bill.

Senators Opposed To Bush Plan Face Political Risk. McClatchy Newspapers (9/16, Talev) reports that by opposing bush on terrorist interrogations "McCain could alienate conservative Republicans when he needs them most. For several years he's worked hard to gain the trust of conservative Bush allies skeptical of his maverick streak" yet "now he's breaking with his party's president on an issue that threatens to undermine Republican strategy for November's congressional elections -- following Bush's leadership on national security. That could hurt him." And "Graham could reap opposition to his re-election within his South Carolina base. Many conservative activists already were frustrated with him for blocking a conservative judicial nominee's confirmation and supporting legislation that would allow illegal immigrants to stay in the country." McClatchy notes, "If Democrats win control of the House of Representatives or the Senate in November, all three senators could suffer the sting of blame."

Rear Admiral Harris Describes "War Inside The Wire." In the Wall Street Journal's Weekend Interview (9/16, Taranto, 2.03M), Commander of JTF Guantanamo Rear Adm. Harry Harris is profiled. The Journal sympathetically quotes Harris's view that the Gitmo detainees, rather than being victims of abuse, "have kept fighting even while in captivity." The inmates "have brought more-restrictive conditions on themselves, through suicide, sabotage and other disruptive actions."

Star-Ledger Blasts Bush Stand. The Newark Star-Ledger (9/16) editorializes, "Such views [like Colin Powell's] rile the president but don't sway him. That's frightening because the dangers he sees ahead are real. He's mistaken to think dealing with them harshly is the same as dealing with them effectively."

WTimes Editorial Questions McCain. The Washington Times (9/16, 88K) editorializes, "Mr. McCain should explain why he is endangering a vital interrogation program that has saved many American lives."

Europe, US Are Deadlocked On Air Security. The Financial Times (9/16, Burns, Bounds, Cameron) reports, "Attempts to find transatlantic agreement on counter-terror measures for the airline industry are floundering as governments and aviation experts argue about which security rules would be most effective." The UK and the US have been stricter than most Europeans "since British police foiled an alleged plot to blow up transatlantic jets with liquid explosives." The EU's "top negotiator on Friday warned that transatlantic travellers faced chaos next month unless the US dropped its demands for greater access to airline passenger data from the European Union."

Albany Terror Trial Jurors Hear FBI Surveillance Recordings. The Albany Times-Union (9/16, Lyons) reported, "The spiritual leader of an Albany mosque warned an undercover FBI informant that he needed to be careful and quiet about his support of terrorists who were purported to be planning to kill the president of Pakistan, according to government transcripts of their secretly recorded conversations." At the trial of Yassin Aref and Mohammed Hossain on Friday, jurors "listened to hours of tapes recorded during the sting." The Times-Union added, "Special Agent Timothy Coll, who headed the investigation, testified Friday that Hossain told him he thought the informant 'was joking'" about the proposed shoulder-launched missile deal. "Aref was also questioned following his arrest and told agents that the money transactions were a loan and that 'his role was a witness,' Coll said."

Californian Accused Of Yemeni Terrorist Links. The AP (9/16, Munoz) reports, "A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said he had ties to a terrorist financier who plotted to help al-Qaida and Hamas. The allegations emerged at a hearing for Amen Ahmed Ali, 56." The suspect "was arrested Sept. 7 at his cigarette shop in Bakersfield. He and two other men, all Yemeni-born U.S. citizens, were charged in the case." The Los Angeles Times/AP (9/16) runs an abbreviated version of this story.

The Bakersfield Californian (9/16, Shepard) reported, "Assistant U.S. Attorney Carl Faller said in court that Ali's address book contained the name of Sheikh Mohammed Ali Hassan Al-Moayad," who "was convicted in 2005 of providing material support to terrorist organizations and is serving a 75-year sentence in a Colorado prison. Faller also told the court Ali may face an additional charge of espionage after evidence found in a search of his home last week indicated he may have been working as an undercover agent for the Yemen government." Bakersfield Yemenis Abdul Jobah and Nashwan Alrowhani said that "following Ali's arrest last week, the FBI searched the homes of at least 15 members of the Bakersfield Yemeni community," and Ali's lawyer "said many in the Yemeni community felt the FBI were coming down hard on them. Alrowhani said FBI agents searched his home, froze his bank account and took his passport. His account was released and his passport returned, he said."

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Australia Denies Army Chief Visited Philippines In Search Of Bali Bombers. The AFP (9/16) reports, "Australia's defence ministry has denied its army chief is on a secret visit to the southern Philippines this week to be briefed on a hunt for two suspects in the 2002 Bali bombings that left 200 people dead." Australia insists that Lt. Gen. Peter Leahy is on a "scheduled exchange of visits."

Yemen Foils Attacks. The Financial Times (9/16, Saleh) reports, "Yemen said on Friday it had foiled two attempts to blow up oil facilities in different parts of the country, days after al-Qaeda urged Muslims to target western interests in the Gulf. ... Yemen has been trying to shed its image as a haven for Islamic militants since 9/11, but the escape in February of 23 al-Qaeda operatives from a high-security jail in the country raised doubts in the United States about its commitment to the war against terrorism."

The New York Times (9/16, Fattah, 1.21M) reports, "Yemeni officials said an investigation was under way to determine who was behind the attacks, which came days after one of Al Qaeda's top leaders, Ayman al-Zawahri, threatened strikes against oil facilities in the Middle East that he blamed for 'stealing Muslim oil.' By late Friday, no group had claimed responsibility." The Times adds, "The attacks occurred just days before voters are to cast ballots in a hotly contested election pitting President Ali Abdullah Saleh against four challengers. Political analysts accused the government on Friday evening of capitalizing on the incidents to help Mr. Saleh's standing."

HOMELAND RESPONSE:

US Still Fails To Track Foreign Visitors. McClatchy Newspapers (9/16, Taylor) reports, "After spending $900 million to set up a database to track foreign travelers arriving in America, the government still doesn't know how many of them stay in the country illegally because the system is incomplete and snarled by controversy. The US-VISIT system screens up to 2 million foreigners a month as they arrive at all international airports and seaports and at most border crossings. ... But 10 years after Congress first ordered the system, the Department of Homeland Security hasn't set up a way for the same visa-holders to check out when they leave the country. Instead, the agency continues to test it at 14 airports and two seaports."

Security Expert Decries ID Chip In New Passports. In an op-ed for the Washington Post (9/16, 748K), security expert Bruce Schneier warns passport holders, "In many countries, including the United States, passports will soon be equipped with RFID chips. And you don't want one of these chips in your passport." The chips allegedly present the risk of "surreptitious access: Your passport information might be read without your knowledge or consent by a government trying to track your movements, a criminal trying to steal your identity or someone just curious about your citizenship." Schneier urges passport holders to renew their passports immediately, so that "with your new passport you can wait another 10 years for an RFID passport, when the technology will be more mature, when we will have a better understanding of the security risks and when there will be other technologies we can use to cut the risks."

Congress Will Restructure FEMA But Leave It Within DHS. The New York Times (9/16, Lipton, 1.21M) reports, "Congressional negotiators agreed Friday on a plan to restructure the Federal Emergency Management Agency that would give it somewhat more clout and responsibility, but still not as much as it had during the Clinton administration. The compromise effectively ends the campaign by some in Congress to separate FEMA from the Department of Homeland Security and re-establish it as an independent agency reporting directly to the president." The Times goes on to report, "Under the agreement, which will be inserted into a budget bill that Congress is scheduled to vote on this month, the FEMA director would still report to the secretary of homeland security, as he has since FEMA lost its independent status in 2003. But the director, now R. David Paulison, would also be the principal adviser to the president for emergency management, a new role modeled on the relationship between the president and the Joint Chiefs of Staff, who also report to the defense secretary. In a major disaster, the president could designate the FEMA director as a cabinet-level official.

The Washington Post (9/16, A2, Hsu, 748K) reports the agreement "does not clarify whether FEMA would get more money to implement the scores of changes recommended by several post-Katrina reviews. 'It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared for the next hurricane or disaster. This agreement will move this legislation forward,'" Sen. Susan Collins said "in announcing the deal with" Sen. Joseph Lieberman. The compromise "now moves to a House-Senate panel that this month is hammering out a must-pass $33 billion Homeland Security spending bill."

DHS USCIS Has Nearly Eliminated Immigration Processing Backlog. The Washington Times (9/16, Dinan, 88K) reports, "The immigration service has nearly achieved its goal of processing immigration applications within an average of six months and will make an October deadline for eliminating the backlog, agency Director Emilio T. Gonzalez said yesterday. 'We're on track to get where we

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need to be, where we want to be,' Mr. Gonzalez, the head of U.S. Citizenship and Immigration Services (USCIS), which is part of the Homeland Security Department, told reporters yesterday." According to the Times, "The backlog elimination has been a major test for the agency that would have to administer any future guest-worker program, and members of Congress have been watching the effort's progress closely. However, the goal will be reached in part because the agency no longer counts cases that are outside its control, such as those awaiting an FBI check." The Times notes President Bush and Congress "approved a $500 million package to pay for reducing the backlog. That allowed USCIS to shift employees and hire temporary employees to help. 'We have every expectation we'll be able to make the president a very happy person,' Mr. Gonzalez said yesterday."

Exploitation Of Illegals Injured At Work Called "Rampant." McClatchy (9/16, Chandler) reports, "Thousands of illegal workers…are hurt on the job every year in America, but don't get the compensation that's promised by law in every state. Bosses often fire them, threaten them with deportation and commit an array of other misdeeds to avoid responsibility for workers' injuries. Some insurers refuse to pay their claims, citing reasons related to their illegal status. As a result, injured workers often go without medical care or go to emergency rooms for treatment - and taxpayers get stuck with the bills. … From field hands to garment workers to poultry processors to construction crews, injuries abound in industries that rely on an estimated 7 million undocumented workers, often to do dirty and dangerous jobs. Yet those who are undocumented are frequently cheated out of benefits that American workers have taken for granted for nearly a century, a McClatchy Newspapers investigation has found. Federal labor officials haven't studied whether undocumented workers are wrongfully being denied compensation. But the exploitation is rampant, according to interviews with scores of illegal workers, employers, workers' comp lawyers, health care providers and workplace experts, and a review of lawsuits and workers' comp claims."

WAR NEWS:

Iraq Plans To Ring Baghdad With Trenches. TV coverage, other than a CBS News story about KBR contractors killed in Iraq, avoided Iraq today, with much of it being devoted to the debate over detainee treatment. Both the New York Times and Washington Post devoted front-page stories to the new security plan. The New York Times (9/16, Wong, 1.21M) reports, "The Iraqi government plans to seal off Baghdad within weeks by ringing it with a series of trenches and setting up dozens of traffic checkpoints to control movement in and out of the violent city of seven million people, an Interior Ministry spokesman said Friday. The effort is one of the most ambitious security projects this year, with cars expected to be funneled through 28 checkpoints." The Times says skeptically, "It is unclear whether Baghdad can really be sealed off, given the city's circumference of about 60 miles. With so much terrain, guerrillas might find areas that are unconstrained by the trenches and checkpoints. On the main roads, traffic could be snarled for miles, especially in the final days of Ramadan."

The Washington Post (9/16, Raghavan, 748K) devotes a front-page article to the "security ring," describing it as "a massive effort to seal off Baghdad with a ring of reinforced checkpoints, berms, trenches, barriers and fences." Building a ring would be "the most ambitious security endeavor yet" in Baghdad. The Post also lists potential problems: "Such efforts are among the methods that counterinsurgency experts recommend to gain control over population movements. Yet some analysts also say that the United States has never taken what many of them contend is an essential first step: conducting a thorough census, then issuing identity cards and requiring all people to carry them at all times. It is unclear whether the planned complex of berms, trenches and checkpoints will be effective in Baghdad, a megalopolis of 81 square miles that includes vast stretches of farmland and open terrain. Insurgents and members of private militias might still be able to avoid the checkpoints, and even if they don't, U.S. and Iraqi forces still face the problem of identifying them. The Muslim holy month of Ramadan, which begins in October, is likely to increase the flow of people in and out of Baghdad."

The AP (9/16, Santana) says that the plan "comes as more than 130 people were slain in two days -- either killed in attacks or tortured and dumped in rivers or on the city's streets." Also, US Ambassador to the UN John Bolton "told the Security Council on Thursday that the average number of weekly attacks increased 15 percent and Iraqi casualties increased by 51 percent, compared with the previous three months."

US Is Reportedly "Frustrated" With Pace Of Change In Iraq. The Los Angeles Times (9/16, Richter, 918K) reports, "Four months after Iraq's new government took office, U.S. officials are growing impatient with leaders in Baghdad and pushing them to move more quickly on the difficult agenda confronting them." Despite officially professed satisfaction with Prime Minister Maliki, one official said, "The rhetoric has to be matched by concrete action." In the last five days, "142 [execution-style] killings have been reported." Some unnamed officials, "frustrated by the lack of progress, have voiced a private view in recent weeks that Iraq might be better off under a traditional Middle Eastern strongman." The Times notes obstacles facing Maliki, such as the task of "trying to lead a fractious government with only the narrowest base of public support" and the "reluctance of other countries

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to help what they see as the weak government of a troubled land."

Overburdened Iraqi Officials Cannot Investigate Murders. The Los Angeles Times (9/16, Moore, Spiegel, 918K) reports on the impossibility of investigating the surge of homicides in Iraq: "There is no shortage of potential evidence: handcuffs pulling the inert shoulders taut, blindfolds, a crowd of witnesses who saw the victim before masked assailants gunned him down in the street or stuffed him into a police car. But in Iraq, there seems to be neither interest nor time for that. There are too many bodies and too many killers with too many ties to the nation's warring political factions." Factions differ on the source of the recently increased violence, with the Times quoting leaders blaming rival sects' militias and even alleging that the US is "inventing the crisis."

US Soldier Is Missing After Blast. The AP (9/16, Santana) reports, "A U.S. soldier was missing Friday, a day after a suicide truck bombing killed two soldiers and wounded another 30 west of Baghdad, U.S. military officials said. Officials refused to "say whether they believed the soldier had been abducted or whether he may have been killed in the attack." Thursday was an "especially bloody day for U.S. forces," given the deaths of five US soldiers.

Bush Regrets Situation In Iraq Does Not Allow Troop Withdrawal. In its coverage of Bush's remarks on detainee interrogation NBC Nightly News (9/15, story 3, 2:35, Gregory, 9.87M) also noted Bush ruled "out a meeting with Iran's leader and on Iraq, said he regretted troop levels were rising and not falling as he thought they would be by now." President Bush: "It looked like it would be the case until the violence started rising in Baghdad."

Chiarelli Says US Won't Abandon Anbar Fight. The New York Times (9/16, Shanker, 1.21M) reports, "The American military in Iraq will not abandon the fight against insurgents in Sunni-dominated Anbar Province despite a shift of troops toward Baghdad...the second-ranking commander in Iraq said Friday." Lt. Gen. Peter Chiarelli "stressed that the American military has not forsaken Anbar Province" but described Baghdad as "our main effort." He also interpreted the Devlin report to mean "that there are economic and political conditions that have to improve out at Al Anbar." According to Chiarelli, although Iraq is not in a civil war, "the threat has shifted from terrorist and insurgent violence to battling bombings and murders driven by sectarian tensions."

The AP (9/16, Burns) reports similarly, "U.S. officials say they have not written off Iraq's troubled Anbar province -- the country's largest, and one of its most violent -- but neither are they sending more U.S. troops there to battle the insurgents." The AP adds in an implicit questioning of the troop levels for Anbar, "The Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar -- more than any other province in the country and slightly more than in Baghdad. Of the 147,000 U.S. troops in Iraq, about 30,000 are in Anbar."

McClatchy Newspapers (9/16, Brown) reports, "Lt. Gen. Pete Chiarelli acknowledged that a leaked classified intelligence report recommended that another division, about 10,000 to 15,000 troops, was needed to stabilize Anbar province, but he said the main effort now was to secure Baghdad." Chiarelli "expressed dismay over the leak of the report," a sentiment that went unreported in other articles.

Small Anbar Force Is Again Contrasted With Level Of Violence. The Washington Times/AP (9/16) reports that Chiarelli said, "The main effort is Baghdad, and we must ensure that we weight the main effort." Like the AP article by Burns quoted above, it notes that Anbar had more attacks daily than any other province but has 30,000 of the 147,000 US troops in Iraq.

Commanders Make "Difficult Trade-Offs." The Washington Post (9/16, Tyson, 748K) reports his remarks too, saying in its headline that Anbar is called "secondary." The bleak Post article uses the terms "sober talk" and "dire warning" to characterize Chiarelli's videoconference with reporters: "Implicit in Chiarelli's remarks on Anbar was the idea that, given limited overall troop numbers in Iraq, American commanders must make difficult trade-offs as they concentrate forces in one troubled region at a time." Characterizing the intensity of war in Anbar, the Post comments, "More than 900 U.S. troops have been killed in Anbar since the U.S.-led invasion of Iraq in 2003, compared with more than 600 in Baghdad, according to the Web site iCasualties.org." Like the Times, the Post quotes Chiarelli on the need to find jobs for "angry young men" to pacify them.

Army Reserve Unit Prepares For Return To Iraq. In a late story, the Philadelphia Inquirer (9/15, Colimore, 399K) reports, "Three years ago, they were called up to serve in Iraq, in dangerous places such as Mosul and Hilla, south of Baghdad. Many of them came under sniper fire in convoys ... Now, members of the Army's Norristown-based 358th Civil Affairs Brigade are among the relatively few reservists heading back for a second tour of duty." The Inquirer

Newsweek Covers First Post-Extension Death In Stryker Brigade. Newsweek (9/15, Hastings, 3.12M) in a web-only story reports on the death of Cpl. Alexander Jordan, killed by a sniper on the "33rd day of the Battle of Baghdad." His unit had had its deployment extended by four months. Newsweek describes the grief of the soldiers and their Iraqi interpreter and says pessimistically, "The civil war, though, has likely already begun. Or so it seemed in the first neighborhood they secured." The soldiers realize "that much of the sectarian violence was originating in Sadr City, an area

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that has been basically off limits to Coalition forces. The soldiers even took friendly bets on when and if they would do a full-scale operation in the impoverished Shiite neighborhood. 'We're handcuffing ourselves,' said one officer."

Dorgan Probes Death Of Civilian Contractors In Iraq. CBS Evening News (9/15, story 8, 3:05, Couric, 7.66M) reported, "We report almost everyday on the mounting US military death toll in Iraq, but you might not realize just how many civilians working for private contractors have died there. More than 600 to date. The question tonight, did one contractor ignore repeated warnings and send its workers into a danger zone that cost many of them their lives?" CBS (Keteyian) added, "KBR denies the charges and says, like the army, it should be immune from lawsuits. ... A top Senate Democrat finds this behavior outrageous." Sen. Byron Dorgan: "I think these are all serious issues and in some cases life or death issues and I think there needs to be and the American people would expect there to be accountability." Keteyian: "On Monday, Senator Dorgan plans to find out who is accountable when he holds a hearing on this very incident."

Iraqi Ambassador Says US Is "Stonewalling." The Detroit Free Press/AP (9/15, Karush) reports, "Iraq's ambassador to Washington on Friday accused U.S. officials of stonewalling him in his efforts to find out what happened to his cousin, who was killed by the military near Haditha. ... 'It sounds to me very much like bureaucratic stonewalling,' [Samir Sumaidaie] told The Associated Press in an interview in suburban Detroit, where he was meeting with members of the area's large Iraqi community." The AP adds that a "request for comment" was left with the DOD press office. About five sites, all in Michigan, carried versions of this AP story.

Mystery Deepens Around Missing Marine. The New York Times (9/16, Sink, 1.21M) reports that on the second day of the search for Lance Cpl. Lance Hering in Colorado, "investigators began to have their suspicions and have since said that it was all probably a hoax and that the marine might be on the run." After a five-day search ended, "[Hering's friend] confessed to detectives that it had all been a set-up to help Corporal Hering avoid returning to Iraq." A Boulder County sheriff's official cited Hering's access to $2,000 and past criminal record as "red flags."

Iraqi President Visits Aspen. The AP (9/16) reports, "Iraqi President Jalal Talabani spent Friday in this posh mountain resort [Aspen] as part of an annual conference sponsored by a New York investment company, The Associated Press has learned. ... His arrival was first reported by the Aspen Daily News and KREX-TV in Grand Junction." Talabani "was expected to travel to New York this weekend and then to Washington for a private meeting with Secretary of State Condoleezza Rice next week, Assistant Secretary Kristen Silverberg said."

NATO Chief Renews Call For More Troops In Afghanistan. The AP (9/16, Ames) reports, "NATO's top commander renewed an appeal Friday for allies to urgently provide up to 2,500 troops for the battle with Taliban insurgents in southern Afghanistan, but officials said it likely would take two weeks before governments reply." Poland's offer of 900 troops was termed "welcome," but NATO reportedly needs reinforcements urgently "to pursue the Taliban before the onset of winter enabled them to take refuge in the hills." NATO member states "have been reluctant to commit forces, as they already are stretched by other international missions and are worried about the risk of high casualties from the tough Taliban resistance."

Tensions Overshadow Gains In Afghanistan. The Washington Post (9/16, Constable, 748K) reports pessimistically, "Despite scattered gains by international troops fighting Taliban insurgents in the country's south, Afghan and foreign analysts here have voiced concern that a recent peace initiative is backfiring and that lapsed Afghan militias could be drawn into the conflict unless it is quickly quelled and replaced by aid and protection." The Post asserts, "The insurgency continues to spread beyond the south. ... But the most urgent need, military officials and diplomats said, is to contain the southern conflict, defeat the insurgents in key districts of Kandahar and Helmand, and begin providing support to civilians there." One "Western military official" said, "We can't just keep fighting endless battles without having something to offer the next day."

4 Taliban Members Killed. The AP (9/16) reports, "About 60 suspected Taliban militants attacked a police checkpoint in southern Afghanistan, starting a battle in which four militants died, police said Saturday." The AP concludes that NATO forces have "been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said enemy casualties run into hundreds."

Body Counts Arouse Skepticism. The AP (9/15, Pennington) reports, "NATO's estimate of Taliban killed this month has created skepticism and worry in Afghanistan, with local officials saying that either the militant force has grown bigger than imagined — or too many innocent Afghans are being killed." However, "NATO has stood by its battle assessments as solid, even conservative." Military analyst Andrew Krepinevich "said that given the circumstances in which the Taliban had massed in one place, the figures given by NATO were plausible and could well be an

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underestimation, because of the effort the Islamic militia makes to bury their dead quickly."

Arrests Of Opium Traders Coming "Soon." The AFP (9/16) reports, "Some of the key players behind Afghanistan's record-high opium trade are expected to be brought before court over the next year ... The arrests would be vital to a strategy to stem the increasingly sophisticated narcotics trade before links between insurgents and drug traffickers become entrenched, Thomas A. Schweich [US deputy assistant secretary of state for international narcotics] said on Friday." AFP quotes some encouraging statistics cited by Schweich but adds, "There have been doubts about the will of the authorities to round up the kingpins of the trade, as some of them are allegedly in top positions in government."

General Eikenberry Describes Afghanistan's "Catch-22." In the Wall Street Journal (9/16, White, 2.03M), Lt. Gen. Karl Eikenberry discusses the security problems facing the US and NATO in Afghanistan. Ultimately, the root of the problem is "a big one," namely, the 52% share of opium exports in the country's GDP. The money "support[s] an insurgency [that] has ... basically halted all of the infrastructure build-out" needed to wean farmers off the drug.

Greenberg Defends Decision To Go To War Against Iraq. In an op-ed in the Washington Times (9/16, 88K), commentator Paul Greenberg sarcastically says of war critic Sen. Jay Rockefeller, "If only the United States and its allies had not invaded Iraq, Swami Rockefeller explains, the world would be a better place today -- even if Saddam Hussein were still in power." Greenberg likens Rockefeller's claim to those who let Hitler keep rearming Germany and says, "Reasonable men may agree or disagree with the president's policy, but fair-minded Americans will recognize his sincerity. For there is no reason other than honest belief for this president to pursue a course that has imperiled his popularity and divided the country."

Journalist Describes "Winners And Losers" Of 9/11, Slams Wolfowitz. In a commentary for the Financial Times (9/16), journalist Jurek Martin names those he considers "winners and losers" of 9/11. He blasts former deputy secretary Paul Wolfowitz, saying, "As the world now knows to its cost, the neo-cons, using 9/11 as their pretext, hijacked American foreign policy and still have not lost full control of it. They did not even have to tell the truth to justify their goals. ... Wolfowitz had no compunction in blaming a cowardly press that didn't have the guts to go out and report the good news. ... This was the man who never set foot outside Baghdad's Green Zone without protection from battalions of American troops."

Congressman Shays Struggles To Explain Reversal On Iraq. In Newsweek (9/15, 3.12M), columnist Eleanor Clift writes, "An ardent supporter of the war, [Rep. Christopher Shays (R-CT)] abruptly reversed course to join critics in calling for a firm deadline-based timetable 'to wake up the Iraqis' so U.S. troops could begin to withdraw from Iraq." Trailing in the polls when he made his announcement, Shays has been accused of undergoing an "expedient" conversion. Although he denies the charge, Clift writes, "Listening to Shays defending his position and his integrity for more than an hour is dizzying. It's like being caught in a hall of mirrors. He wants to both support and condemn the Iraq war, his party and his president."

Turkey Has Its Own "Iraq Problem." In an op-ed for the Washington Post (9/16, 748K), political scientist Lenore Martin writes, "The Kurdistan Workers' Party (PKK), operating from havens in northern Iraq, has been attacking Turkish security forces in southeastern Anatolia and occasionally civilians elsewhere. Turkey is determined to prevent a repetition of the 1984-99 guerrilla war with the separatist PKK" and as a consequence threatens to "invade northern Iraq." Martin says the Kurds, Turks, and US all need to act: Iraqi Kurds "must be willing to deny the PKK havens in northern Iraq." Turkey "must more assertively address the cultural, political and economic demands of the Kurds in southeast Anatolia." The US "must throw its full weight behind efforts to eject the PKK from northern Iraq. Furthermore the United States needs to pressure Europe more energetically to block the transfer of funds to the PKK."

CORPORATE SCANDALS:

House Committee Wants HP Chair To Testify. The Los Angeles Times (9/16, 918K) reports, "A congressional panel wants to question key figures in the scandal surrounding Hewlett-Packard Co.'s investigation of media leaks, and a shareholder lawsuit was filed in state court accusing the company's top brass of breaching their duties. The House Energy and Commerce Committee sent letters Friday requesting that HP Chairwoman Patricia C. Dunn and General Counsel Ann O. Baskins appear at a Sept. 28 hearing of its oversight and investigations subcommittee."

HP Case Seen As Example Of Increasingly Aggressive Corporate Boards. The Washington Post (9/16, D1, Masters, 748K) reports, "The once-clubby atmosphere of the public company boardroom has undergone a makeover during the past several years, as board members become more willing to flex their muscle and aggressively press management for changes. Since early 2005, directors of some of corporate America's biggest names have pushed out their chief executives. … The

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unfolding scandal at Hewlett-Packard Co. -- where the company's chairman, who was concerned about leaks, ordered an investigation of directors' phone records that may have been conducted illegally -- offers an extreme example of the new tensions inside some boardrooms. Legal analysts, governance experts and directors agree that the nature of boardroom politics has changed in the years since Enron Corp. and WorldCom Inc. collapsed and directors of both companies were held personally liable for investor losses."

Justice In Grasso Case Forced To Rule On His Own Conduct. The Wall Street Journal (9/16, Lucchetti, Davies) reports, "The legal battle over the paycheck of the New York Stock Exchange's former boss -- was he overpaid, or not? -- took an unusual twist this past week: The judge had to make a ruling on his own conduct." The Journal continues, "On Thursday, Justice Charles Ramos declined to remove himself from the case, despite an argument by lawyers for Dick Grasso, the NYSE's former chief, that the judge couldn't be fair. One reason: Twice in recent years, Justice Ramos applied for a job on the NYSE's board, which decides what to pay executives at the stock exchange. … Mr. Grasso was paid more than $100 million in 2003, his last year on the job, He's being sued by New York state's attorney general on the grounds that he didn't deserve that much money at the exchange, now owned by the publicly traded NYSE Group Inc." The Journal adds, "It's not the first time that the 64-year-old Justice Ramos, of the state Supreme Court (a trial-level court in New York), has played a big role in a controversial case. In 2002, he took the surprising step of trying to cut the $625 million in fees claimed by lawyers involved in a tobacco-related lawsuit, calling the size of the sum 'offensive.' (He was overruled, and the lawyers did get their fees.) He is also presiding in the high-profile case involving American International Group Inc.'s former chief executive, Maurice R. Greenberg. … According to attorneys who have tried cases in his courtroom, he has a reputation for volatility and wit. At times, for instance he compliments lawyers for making persuasive arguments -- moments before denying the motion. … Other times, he's less patient. During settlement discussions in a case last year between the NYSE and some disgruntled investors in the Big Board, he scolded one attorney in chambers for interrupting him. According to two people present at the time, he walked around from behind his desk, and jabbed his finger at the attorney's face, saying that if it happened again, the judge would throw him out of the courtroom."

Former Peregrine Official Pleads Not Guilty. The San Diego Union-Tribune (9/16, Bigelow) reports, "The former European vice president for Peregrine Systems pleaded not guilty to federal fraud and conspiracy charges in San Diego yesterday after he was extradited amid a political rumpus in the United Kingdom." The Union-Tribune continues, "Jeremy Reeve Crook, 53, became a cause celebre in London this summer because of growing popular opposition to changes in British extradition law that Parliament enacted in 2003. … The changes, which were prompted by the Sept. 11 terrorist attacks, allow U.S. authorities to extradite British citizens and other residents without first establishing a preliminary case against them in British court." The Union-Tribune adds, "The changes made the extradition process lopsided because British authorities 'basically just turn over' anyone wanted by the U.S. Justice Department, said Douglas McNabb, a lawyer in Washington, D.C. … In contrast, British authorities seeking to extradite individuals under current U.S. extradition law have to make a case showing 'probable cause' in federal court, McNabb said." The Union-Tribune notes, "Before the end of the year, the U.S. Senate is expected to vote on changes to relax the current U.S. requirements for extradition, McNabb said. But even if those revisions are approved, McNabb said, the extradition process still will be stiffer in the United States than in the United Kingdom. … Crook became the subject of a U.S. extradition request after he was indicted in October 2004 with 10 others for their alleged roles in the massive accounting fraud at Peregrine Systems, the San Diego software developer now operated by Hewlett-Packard Co. … Prosecutors asked Crook to return voluntarily to the United States to respond to the charges. He declined, and U.S. authorities subsequently sought an extradition order."

Former Enron Official Sentenced To Probation For Lying To Credit-Rating Agencies. The AP (9/16, Graczyk) reports, "A former assistant treasurer at the disgraced Enron Corp. was sentenced Friday to four years probation and a $10,000 fine for lying to credit-rating agencies to make the financial picture at the one-time energy giant appear healthier than it was." The AP continues, 'Timothy DeSpain, 41, pleaded guilty nearly two years ago to a single charge of conspiracy to commit securities fraud. At the same time, he agreed to cooperate with federal authorities investigating the company, which toppled into bankruptcy in December 2001, evaporating more than $60 billion in market value, almost $2.1 billion in pension plans and, initially, 5,600 jobs." The AP adds, "U.S. District Judge Ewing Werlein, who could have imposed up to a five-year prison term and $250,000 fine under federal sentencing guidelines, said he was impressed by DeSpain's level of cooperation with federal prosecutors looking into the Enron debacle and with letters of support from relatives and friends."

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CRIMINAL LAW:

Ney Pleads Guilty To Accepting Bribes From Abramoff. Rep. Bob Ney's guilty plea received only brief mentions well into last night's network news broadcasts but was examined in depth by major US newspapers Saturday morning. ABC World News (9/15, story 6, 0:25, Snow) reported, "Republican Congressman Bob Ney has admitted to taking gifts from lobbyist Jack Abramoff in exchange for his influence. After months of denying any wrong wrongdoing, Ney today agreed to plea guilty to conspiracy and making false statements."

CBS Evening News (9/15, story 6, 0:15, Couric, 7.66M) reported Ney "is accused of accepting overseas trips worth more than $170,000 in exchange for helping some of Abramoff's clients."

NBC Nightly News (9/15, story 7, 0:30, Williams, 9.87M) reported Ney "became the first sitting lawmaker to plead guilty to charges stemming from his relationship to disgraced former lobbyist Abramoff. He filed court papers this morning agree to a plea bargain. … His lawyer said the congressman interested an alcoholism treatment program."

The Washington Times (9/16, Price, 88K) reports Assistant U.S. Attorney General Alice S. Fisher "said as part of the plea agreement prosecutors will recommend a 27-month sentence for crimes that could bring Ney 10 years in prison and a $500,000 fine."

The Los Angeles Times (9/16, Schmitt, 918K) reports, "The Abramoff investigation, which mostly involves Republicans, has led to the conviction of several former congressional aides who were in the lobbyist's inner circle. … But aside from the political scandal created by the case, it remained uncertain whether other elected officials would join Ney in facing legal problems from it. Although Ney has long been viewed as likely to face charges, evidence of possible wrongdoing by some of his colleagues has not seemed as strong. Moreover, his own plea agreement with authorities does not require him to point fingers and cooperate in the investigation."

The Miami Herald (9/16, Weaver) reports, "Justice Department officials condemned his misconduct. … 'He illegally deceived the public and the House of Representatives about his actions,' Alice Fisher, an assistant attorney general heading the Justice Department's Criminal Division, said in Washington. 'In doing so, the congressman was acting in his own best interests, and not in the best interests of his constituents.' … Fisher said Justice's public corruption prosecutors received 'substantial assistance' from the Miami offices of U.S. Attorney R. Alexander Acosta and the FBI."

Prosecutors Said To Be Subjecting Burns To "Particular Scrutiny." Time (9/16, Zagorin, 4.03M) reports, "A source close to the investigation told TIME that scores of US prosecutors and FBI agents continue to examine the activities of other sitting members of Congress and prominent individuals who could face prosecution, though not necessarily before the November 7 election. The source confirmed previous public reports that particular scrutiny is being paid to Sen. Conrad Burns, a Montana Republican who faces a tough campaign for reelection."

Ney Not Planning To Resign. The AP (9/16, Bridis) reports, "The chairman of Ohio's Republican Party, Bob Bennett, said Ney's apology 'rings hollow,' and he urged the lawmaker to resign 'and begin paying the price for his arrogance and greed.' Ney's attorney, William Lawler, said the congressman, who announced last month he wouldn't seek re-election, has no plans to resign." House Majority Leader John Boehner "described Ney as a skilled lawmaker and good friend. 'Clearly Bob made mistakes, and he is now feeling the full weight of those mistakes,' Boehner said. 'His actions violated the law, and he must be held accountable.'"

The Washington Post (9/16, A1, Grimaldi, Schmidt, 748K) reports, "Lawler said Ney is receiving treatment for 'alcohol-dependence issues' but declined to say whether he has entered a rehabilitation facility. Lawler said treatment was the deciding factor in setting the date for next month's court appearance. Others familiar with the case said that Ney's representatives tried to put off the announcement of the plea deal until then. Ney will be eligible for a government pension because Congress has not acted on legislation that would ban pensions for convicted lawmakers."

Democrats Contend Ney Is An Example Of GOP "Culture Of Corruption." The New York Times (9/16, Shenon, 1.21M) reports Ney "admitted Friday that he had effectively put his office up for sale to corrupt Washington lobbyists and a foreign businessman in exchange for illegal gifts that included lavish overseas trips, the use of skyboxes at sports arenas in the Washington area and thousands of dollars worth of gambling chips from London casinos. In a plea agreement announced by the Justice Department, Mr. Ney, a six-term Republican who once seemed poised to rise far in the House leadership, admitted to a wide-ranging criminal conspiracy and to making false statements about the gifts." The House minority leader, Nancy Pelosi "said Mr. Ney's plea agreement was proof of 'what we have long said: the Republican culture of corruption has pervaded Congress.'" Speaker Dennis Hastert "said, 'The illegal behavior that Congressman Bob Ney has admitted doing was unacceptable.'"

The Washington Post (9/16, A1, Grimaldi, Schmidt, 748K) reports, "Coming just seven weeks before the midterm congressional elections, Ney's admission of guilt was cited yesterday by Democrats as evidence that Congress is beset

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by a 'ring of corruption.' But Republicans were quick to note that a Democrat, Rep. William J. Jefferson of Louisiana, is the focus of a separate federal bribery investigation."

The Washington Times (9/16, Price, 88K) reports Democrats immediately jumped on the election-year conviction and linked the Republican candidate vying to fill Ney's seat to the disgraced congressman. The Ohio Democratic Party complained that State Sen. Joy Padgett, who won a special Republican primary Thursday, has 'extensive ties to' Ney and has been unwilling 'to return Ney's past campaign contributions.'" Kevin Madden, spokesman for Boehner "said Mrs. Pelosi 'is delusional to think that her party has even a shred of credibility on the issue of reform.' 'Capitol Hill Democrats have either resisted or tried to obstruct every substantive effort of reform in this Congress,' Mr. Madden said."

Ney Plea Said To Demonstrate Need For Lobbying Reform. The Washington Post (9/16, A20, 748K) reports, "On Thursday, the House of Representatives passed a fig leaf of a change in earmarking rules that will simply require lawmakers, in some cases, to attach their names to special-interest projects that they sponsor. We'll offer a more detailed analysis of this faux reform another time, but the most disturbing point is this: Apparently, that's it for lobbying reform this session. There will be no action to limit the free trips that lawmakers and staff members can take, beef up the broken system of ethics enforcement, slow the revolving door between public service and K Street riches, or improve disclosure of lobbying activities. It was striking, then, that yesterday, the day after the House's non-action action, the court documents were replete with disgusting details about the rapaciously unethical behavior of Mr. Ney and his staff."

Jefferson's Attempt To Seize Control Of Tech Firm Described. The New York Times (9/16, Drew, 1.21M) reports, "In July 2005, Vernon L. Jackson returned home to Louisville from Washington, where he had just met with Representative William J. Jefferson, the Louisiana Democrat who had been helping promote his fledgling digital-technology company." Jefferson "had made a proposal that, in Mr. Jackson's view, was tantamount to theft: in return for a quick infusion of cash, Mr. Harper said, Mr. Jefferson and his investors would take control of iGate and its promising broadband patents while easing Mr. Jackson aside and cutting off most of the company's creditors. Unbeknownst to the two men, the Federal Bureau of Investigation had been monitoring their dealings. Less than three weeks later, agents raided Mr. Jefferson's homes, in Washington and in New Orleans, and found stacks of cash stuffed in a freezer. Mr. Jackson, 54, has pleaded guilty to paying more than $400,000 in bribes for Mr. Jefferson's help; on Sept. 8, he was sentenced to seven years in prison." The Times adds, "an examination of court records and dozens of internal iGate documents, as well as interviews with a number of Mr. Jackson's associates, offers a far clearer picture of the relationship between the two men, and of how Mr. Jefferson went from helping a small company to trying to take it over for his family's benefit."

Katrina Fraud Task Force Charges 400 In First Year. The Federal Times (9/16, Curl) reports, "More than 400 people have been federally charged with Hurricane Katrina-related fraud since Attorney General Alberto Gonzales convened a task force to investigate the cases last September." The Times continues, "According to Gonzales, charges have been filed in 30 federal districts in all U.S. regions. … 'To take advantage of the devastation and recovery efforts in the Gulf Coast is both shameful and illegal,' Gonzales said in a statement. 'We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed by hurricanes Katrina, Rita and Wilma.'" The Times adds, "The Hurricane Katrina Fraud Task Force reported that as of last month, the Federal Emergency Management Agency had received more than 2.5 million applications for disaster assistance related to the 2005 Gulf Coast hurricanes. While most of these applicants had legitimate needs, the task force found that numerous people committed fraud in seeking benefits to which they were not entitled. … According to the task force, criminals often seek to exploit perceived systemic weaknesses in oversight or internal controls associated with disaster relief programs. The task force found that these people often work in groups."

Many Fraud Complaints Not Investigated. Newhouse News Service (9/16, Reilly) reports, "The Gulf Coast was still drying out last September when federal officials promised aggressive action against fraud stemming from Hurricane Katrina. A year later, complaints of disaster aid abuse are pouring in to one key watchdog entity -- the U.S. Department of Homeland Security's inspector general's office -- but only a small fraction have resulted in investigations, government figures show. … By the end of last month, the inspector general had received more than 11,000 such complaints for fiscal 2006, which ends Sept. 30, according to statistics provided by the office. Of those, 999, or about 9 percent, have been pursued, the numbers indicate." Newhouse continues, "Asked why such a low proportion of fraud allegations appear to be getting attention, spokeswoman Tamara Faulkner said via e-mail that all are reviewed, but some don't warrant further action. … Even if a complaint furnished only a little information, Faulkner said, "it would be evaluated, and a determination would be made on a case-by-case basis" whether to pursue an investigation or

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refer it to the Federal Emergency Management Agency or some other branch of the homeland security department. … At the same time, she said, some complaints are closed out-of-hand, because they lack 'specificity or clarity.'" Newhouse adds, "As a rule, however, the inspector general 'has to pursue those cases that have the biggest economic impact and seem the most believable,' said Clark Kent Ervin, who headed the office in 2003 and 2004, in e-mailed answers to questions. 'One can't go after every "nickel and dime" claim because there are too many of them and too few resources.' … With 490 employees, the inspector general is a major gatekeeper for complaints of fraud, waste and abuse affecting a wide range of homeland security programs, including emergency aid. Since the homeland security department's creation in 2002, the office has won praise for its hard-hitting inquiries into subjects ranging from port security spending to the training of airport screeners."

Prosecutors Urge Judge To Imprison Ryan During His Appeals Process. The AP (9/16, Robinson) reports prosecuros are arguing former Illinois Gov. George Ryan "should not remain free while appealing his racketeering conviction and should start his prison sentence as scheduled Jan. 4. … Authorities argued in court papers that decisions made by U.S. District Judge Rebecca R. Pallmeyer during the seven-month trial of Ryan and co-defendant Larry Warner were likely to be upheld by appeals judges." Ryan "was sentenced to 6 1/2 years in prison."

Bush '04 Campaign Will Give Donations From Convicted Coin Dealer To Charity. The AP (9/16) reports, "Donations that a former coin dealer funneled to President Bush's re-election campaign will be given to charity, barring further directions from authorities, a spokesman for the Republican National Committee said Friday. Tom Noe, 52, has admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush-Cheney fundraiser. He was sentenced Tuesday to two years and three months in prison on three charges, including exceeding federal campaign contribution limits. … Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted a false campaign report to the Federal Election Commission. The campaign already has donated $6,000 it received from Noe and his wife, Bernadette, to charity, said Aaron McLear of the Republican National Committee, which represents the inactive Bush campaign. 'Barring any further directions from authorities, Bush-Cheney '04 will also voluntarily donate the $45,400 that was the subject of this investigation to charity,' he said."

Chat Rooms Serve As ID Theft Marketplace For Hackers. The AP (9/16) reported, "On a weekday afternoon in a chat room, hackers are busy exchanging credit-card numbers, cash, hacked servers, information and stolen identities. … Welcome to the world of identity theft, a market that costs the U.S. economy $56.6 billion last year." FBI Cyber Division Supervisory Special Agent Thomas Grasso Jr. said, "Ten years ago it was a bunch of frustrated teenagers who had something to prove. Now, it's all about the money." The AP noted, The Secret Service, which was empowered by Congress to combat computer fraud, has 24 electronic crimes task forces across the country and 20 foreign offices working with local law enforcement on the issue. … Cathy Milhoan, an FBI spokeswoman, said the agency doesn't have 'teams of people' monitoring these rooms '24 hours.' She said it monitors the rooms only when it has a 'legal reason for being there.'"

Jackson, MS, Mayor Indicted Over Crime-Fighting Tactics. The New York Times (9/16, Dewan) reports, "The mayor of Jackson, Miss., was indicted on six felony charges Friday after months of criticism and warnings that his unorthodox crime-fighting tactics might put him on the wrong side of the law." The Times continues, "Among the counts now faced by the mayor, Frank Melton, are burglary, malicious mischief, illegally carrying a gun and causing a minor to commit a felony. The most serious of the charges against him carry sentences of up to 25 years, said the local district attorney, Faye Peterson. … The mayor's supporters called the charges politically motivated and said he would not resign." The Times adds, 'Some of the charges stem from a sheriff's investigation of the night of Aug. 26, when the home of Evans Welch, a man with a history of mental illness and petty crimes, was attacked by a sledgehammer-wielding group of young men without warning or permit. … Witnesses said Mr. Melton, who often patrols the city at night with the police and a group of teenage followers, had directed the demolition of the house, which he said was known as a place to buy illegal drugs. His two police bodyguards are also charged in connection with that event. … Dale Danks, Mr. Melton's lawyer, issued a statement acknowledging that damage had been done to 'the drug house' and that 'maybe better judgment could have been used.' … 'But,' the statement said, 'the charges that have been made against Mayor Melton are an extreme and excessive reaction.'"

CIVIL LAW:

Federal Judge Blocks Threatened Strike At Northwest Airlines. The New York Times (9/16, Bailey, 1.21M) reports, "A federal judge yesterday blocked a threatened strike by flight attendants at Northwest Airlines in a ruling that could strengthen the hand of struggling airlines that seek to reduce labor costs. The flight attendants said

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they would appeal. A prolonged labor disturbance could have forced Northwest into liquidation. Yesterday's decision, which affirms a temporary ruling last month, forces the airline's roughly 9,000 flight attendants to keep working at reduced wages and benefits, which the company says will save it $195 million a year."

CIVIL RIGHTS:

Euclid, OH, Proposes New Voting Districts. The Cleveland Plain Dealer (9/16, Atassi) reports that the city of Euclid, OH, "might redraw ward boundaries while also contesting a federal lawsuit that accuses the city's existing election system of keeping black candidates out of office." The Plain Dealer continues, "Council President Ed Gudenas has drafted legislation that would give City Council the authority to propose new districts to ease a 'statistical imbalance in population' in time for the 2007 election. The legislation is listed on the agenda for Monday's council meeting." The Plain Dealer adds, "Hilary Taylor, the attorney representing the city in the Department of Justice lawsuit, said City Council might lack the authority to adopt a redistricting plan without voter approval. … Mayor Bill Cervenik said Friday his administration has been kept in the dark by council regarding redistricting. … 'Not including the administration in discussion about this is very detrimental to what we're trying to do,' Cervenik said. 'But at least this measure shows that council is willing to look at adjusting borders.' … The city has struggled to compromise with the Justice Department ever since a three-year investigation concluded that too many at-large council seats and districts that cover a large geographic area have diluted minority voting strength. … The city has never elected a black official, though more than 30 percent of its residents are black." The Plain Dealer notes, "In June, Justice Department officials proposed that the city break four wards into eight smaller districts - each with a City Council member - and eliminate all at-large seats except for council president. … Currently, five of the nine council members, including the council president, are elected citywide. … Instead of accepting the proposal, Taylor recommended city officials demand evidence collected during the investigation before agreeing to redraw districts. Less than a month later, the Justice Department filed suit against the city."

DOJ Asked To Rule On Monkey's Access To Missouri Restaurants. The Springfield (MO) News-Leader (9/16, Hocklander) reports, "A Springfield (MO) woman filed a complaint with the federal government Friday after the Springfield-Greene County Health Department declined to reverse a decision barring her from taking her monkey into businesses that serve or handle food. … 'I didn't feel I had any choice,' said Debby Rose, holding her monkey during and after a meeting with Director of Health Kevin Gipson and Assistant Director of Health Ron Boyer." The News-Leader continues, "Rose said her monkey, Richard, is a service animal that helps her cope with a debilitating anxiety disorder, which includes a racing heart, high blood pressure and panic attacks in certain situations -- particularly public activities. Richard helps relieve that and, according to the Americans With Disabilities Act, she said, he should be allowed into public food places. … Gipson maintained the health department's position that, according to its interpretation of ADA law, the monkey is a therapy animal or a pet -- not a service animal — and therefore not allowed in food establishments. According to health department research, 'a service animal by definition has to perform a physical function for that person,' Gipson said." The News-Leader adds, "Gipson said he would reverse the decision if the federal government says Rose's monkey is a service animal. He encouraged Rose to file a complaint. … Shelby Butler said the ADA's definition for service animals has expanded. Butler, who attended the meeting to advocate for Rose, is an access specialist from Southwest Center for Independent Living, a not-for-profit organization that's federally mandated to assist people with disabilities. She also helped Rose file the complaint. … Butler said it could take several months to hear back from the Justice Department's civil rights division. They filed under Title II because it covers state and local governments, she said. A government decision might be based on the information gathered, Butler said, or it could go to federal court for a judge to decide."

Missouri FBI Agents Field Tough Questions From Muslim-Americans. The Columbia (MO) Daily Tribune (9/16, Heavin) reported, "A group of local Muslims aimed loaded questions at an FBI agent last night and fired point blank. Does the FBI seek out Muslims as criminals? Is the government inventing new rules on a daily basis to entrap Muslim-Americans? What does the FBI think about Muslims in general? Thorny questions, all of which were directed at FBI Supervisory Special Agent Richard Thornton as he addressed members of the Islamic Center of Central Missouri in Columbia. Thornton and Agent Stewart McLaren visited the group in an effort to rebuild bridges between law enforcement and Muslims, bridges that might have crumbled when the FBI shut down the Islamic American Relief Agency in Columbia two years ago." The Daily Tribune added, "Thornton would not specifically answer one of the most direct questions of the evening: Does he believe Muslims are the peace-loving people they say they are? 'That's a loaded question,' he said. 'I don't think I can take 700 people from any demographic and generalize.' … But Thornton did assure the group that the FBI isn't 'out to get' Muslims."

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ANTITRUST:

Hutchison Opposes House Bill On Texas Airports. The Fort Worth Star-Telegram (9/16, Wethe) reports, "The latest attack on the Wright Amendment compromise, which stripped antitrust immunity from the proposed legislation this week, is a potential deal breaker, said Sen. Kay Bailey Hutchison, R-Texas. … 'We won't pass the bill in the form it came out of the Judiciary Committee,' Hutchison told reporters Friday after a lunchtime speech in Dallas. … 'We're not going to open up a can of worms. We'd have to bring the bill down. We couldn't pass it,' she said." The Star-Telegram continues, "On Wednesday, the House Judiciary Committee agreed to cut language that gave the bill protection from claims that it violates federal antitrust laws. … 'What we're trying to do of course with this bill is create a certainty about what the rules are going to be in this area,' Hutchison said. … 'We couldn't attract new airlines, which we want to do to add competition, if they knew that this interpretation would have to go through years of litigation to know what the rules are going to be.'" The Star-Telegram adds, "The committee's action was a victory for the owner of the former Legend Airlines terminal, which is slated for condemnation by Dallas. … The owner, Love Terminal Partners, said talk of tearing it down killed an imminent deal to sell the vacant six-gate terminal for $100 million. Love Terminal has since sued the five local parties that struck a compromise on Wright -- American Airlines, Southwest Airlines, Fort Worth, Dallas and Dallas/Fort Worth Airport."

The Dallas Business Journal (9/16) reports, "The legislation, which is based on a local compromise between the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and the D/FW Airport board, calls for lifting Wright restrictions by 2014. … In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. That has sparked anticompetition complaints, including a lawsuit filed by the owners of the gates." The Journal continues, "Soon after the bill was introduced, an unsigned letter purportedly from the Justice Department's Antitrust Division, began circulating on Capitol Hill that raised antitrust concerns."

Dynegy Considers Power Plant Deal. The Contra Costa Times (9/16, Jurgens) reports, "Dynegy Corp., a financially troubled energy merchant affiliated with San Ramon-based Chevron Corp., plans to acquire a power plant portfolio from LS Power Group that includes about 15 percent of Northern California's electricity supply and an interest in a large Nevada coal project." The Times continues, "The proposed deal will cut Chevron's ownership interest in Dynegy from 20 percent to 12 percent but add to Chevron's stake in the coal industry, which is targeted by environmentalists concerned about rising atmospheric carbon dioxide levels that fuel global warming." The Times adds, "Dynegy will emerge from the deal with a 20,000-megawatt fleet of nonutility power plants that includes 'a new strategic position in the California market,' according to a news release. A megawatt is enough electricity for 750 houses. … 'We support this transaction as an opportunity for them to grow the company,' said Don Campbell, a Chevron spokesman." The Times notes, "Chevron, through Dynegy, would get a minority interest in 3,700 megawatts of generating capacity in Northern California, including big natural gas-fired plants in Morro Bay in San Luis Obispo County and Moss Landing in Monterey County, and a smaller oil-fueled plant in Oakland. LS Power acquired those properties in May as part of a $1.6 billion deal with Duke Energy Corp."

EU Antitrust Head Outlines Goals. The AP (9/16) reports, "EU Competition Commissioner Neelie Kroes, involved in an investigation of Microsoft Corp., said Friday that the European policy toward the software company does not differ substantially from that of the U.S." The AP continues, "Kroes spoke Friday at the Council on Foreign Relations about fostering a global competition culture. She outlined three areas of policy development: combatting cartels, punishing those who engage in unilateral antitrust behavior and encouraging private damage suits that would serve the same purpose as regulation." The AP adds, "Of Microsoft, she said, 'I'm not willing to say that there is a major difference in the way of thinking between the United States and ourselves.' … The commission is investigating Microsoft over its Vista operating system. The investigation is the latest development in a case that dates to 2004, when it hit the software company with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July." The AP notes, "Microsoft has said its Office 2007 software will not include a way to save data in the popular Portable Document Format and that it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the feature. … On Friday, Kroes said the commission was engaged in a debate over policies that would foster private damage lawsuits over regulation. That would bring the European legal environment closer to that of the U.S."

ENVIRONMENT:

E Coli Outbreak Hits Twenty States, One Woman Dead. All three networks opened their broadcasts with reports on the fatal outbreak of E. coli traced

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to bags of fresh spinach and each network also included an additional segment concerning the risk to consumers from E. coli and the damage such an outbreak can do to US farmers. ABC World News (9/15, lead story, 2:55, Snow) reported, "Good evening. We begin with a major concern in homes as cross the country. As the Nation's deadly E. Coli outbreak grows health officials are trying to determine how a dangerous strain of the bacteria has spread from coast to coast. Cases have now been confirmed in at least 20 states from Oregon to New York. One person, a 77-year-old woman in Wisconsin, has died. At least 94 people have gotten sick. And tonight, there are warnings for consumers and worries that more cases could be yet to come."

CBS Evening News (9/15, lead story, 2:10, Couric, 7.66M) reported, "If you have any in your fridge, the FDA says get rid of it. … The FDA's unusual warning 'that consumers should not eat bagged fresh spinach at this time' had consumers cleaning out refrigerators and grocers across America scrambling to remove spinach from the stores."

NBC Nightly News (9/15, lead story, 3:10, Williams, 9.87M) reported, "Stores across the country have been clearing their shelves of it and families throwing it in the trash after the FDA warned it may be making a lot of people very sick. An urgent race to trace the origins of a deadly form of E. Coli that seems to be spreading unchecked." Dr. David Acheson, FDA Food Safety director: "It is an unpleasant kind of E. Coli. It can cause serious illness, kidney failure and death."

ABC World News (9/15, story 7, 2:25, Snow) reported, "The FDA suggestion that people stop eating bagged spinach could hit very hard here in the part of California they like to call the salad bowl of the world. 75% of fresh spinach in this country comes from California. But eight of the last 19 outbreaks of E. coli have come from vegetables grown here in the salad bowl, making 217 people sick.'

CBS Evening News (9/15, story 2, 1:50, Couric, 7.66M) reported, "Washed and bagged produce has become a huge money maker for processors and farmers. They insist it's a more thorough cleaning than any consumer could manage in their own kitchen. Federal inspectors right now are going through fields here in the Salinas valley looking for contamination."

NBC Nightly News (9/15, story 2, 1:10, Williams, 9.87M) reported, "The FDA is saying you have to play it safe. Whether it is bagged, fresh or even frozen spinach, after August 1st, play it safe and consider it possibly contaminated and throw it out."

The New York Times (9/16, Preston, Davey, 1.21M) reports, "federal health authorities identified an organic produce company here in California as a possible source of some of the tainted spinach. … The company, Natural Selection Foods of San Juan Bautista, announced a voluntary nationwide recall of its Earthbound brands of prepackaged spinach and salad mixes as well as prepackaged spinach it processes for numerous other companies, including Dole." The FDA's Dr. David Acheson "said at a news conference that the F.D.A. did not have definitive evidence that Natural Selection Foods was to blame for the outbreak of illness. But people who have been sickened apparently ate its spinach, Dr. Acheson said."

The Washington Post (9/16, A1, Rosenwald, Mui, 748K) reports FDA officials "warned consumers not to eat packaged spinach, and last night it extended the warning to packaged salad products that contain spinach, as well as spinach at restaurant salad bars. The strain of Escherichia coli that is making people sick is particularly virulent."

BP Mistake Seen As Cause Of Fatal Texas Refinery Explosion. The Financial Times (9/16, Mcnulty) reports, "BP mistakenly told state regulators in a 2003 application for an emissions permit that it had installed the updated equipment which investigators said would have prevented last year's fatal explosion at its Texas City refinery, the Financial Times has learned. In the application, a copy of which has been seen by the FT, BP said: 'Relief valves are routed to a flare; therefore, 100 per cent control credit is applied.' A flare is a closed tank in which liquid emissions are received and the vapour burned off. But BP only applied to replace the outdated blowdown stack on the refinery's ISOM unit with a flare after the refinery exploded, killing 15 and injuring an estimated 500. … 'The fatal explosion would not have occurred if the ISOM unit had a properly sized and designed flare system,' said Daniel Horowitz of the US Chemical Safety and Hazard Investigation Board, an independent federal agency that investigates industrial chemical accidents."

US Will Appeal Ruling On Forest Fee. The Arizona Daily Star (9/16, Davis) reports, "The federal government has given notice that it will appeal a magistrate's ruling that could lead to elimination of $5 daily user fees in popular recreation areas, according to the U.S. Attorney's Office in Phoenix." The Star continues, "People now pay the user fees to hike or picnic on Mount Lemmon, in Sabino and Madera canyons, and in other sites in Arizona and around the West. … U.S. Attorney Paul Charlton's notice, filed Thursday, said the government will appeal U.S. Magistrate Charles Pyle's Sept. 5 ruling dismissing two $30 tickets the Forest Service issued to Tucsonan Chris Wallace." The Star adds, "Wallace was cited twice in September 2005 on Mount Lemmon for parking her car to hike in the Marshall Gulch area and near the General Hitchcock Campground without paying the fee. … Pyle's ruling said the Forest Service lacks authority to impose such a fee for trail use. … The user fee system requires anyone who drives up Mount Lemmon to pay $5 per day or $20 for an annual pass, if they park at hiking

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trails or picnic areas or anywhere else within a prescribed area on the mountain. That area includes all national forest along the Mount Lemmon Highway. .. . They do not have to pay if they drive up and down the mountain without stopping, or stop at campgrounds that have separate fees charged by concessionaires. They also don't pay if they stop at private cabins, Summerhaven businesses, scenic overlooks or vista points. … The appeal will be pursued in U.S. District Court. The Justice Department has 30 days from Thursday to file a legal brief on the case."

California Judge To Rule On Emissions Suit. The Fresno Bee (9/16, Ellis) reports, "State officials on Friday asked a federal judge to throw out a lawsuit by the automobile industry challenging new state emissions standards that would be the toughest in the nation." The Bee continues, "After hearing more than two hours of arguments, U.S. District Court Judge Anthony W. Ishii said he would issue his ruling later. … If he rules against the state, the closely watched case is likely to go to trial in January — and its outcome would have national implications." The Bee adds, "Already, 10 states have adopted California's new emissions standards, and nine states in the Pacific Northwest and northeast, as well as New York City, have filed briefs on the state's behalf in the case. … The new state regulations, scheduled to take effect with the 2009 model year, would set tailpipe emission standards for greenhouse gases, which many scientists believe are contributing to global warming. .. The regulations are expected to cut exhaust emissions in cars and light trucks by 25% and in larger trucks and sport utility vehicles by 18%. The operation of vehicle engines creates greenhouse gases, such as carbon dioxide."

US Sued To Halt Sale Of Toy Jewelry Containing Lead. The AP (9/16, Chea) reports, "Environmentalists sued the federal government Thursday to stop the sale of toy jewelry made with lead, citing dangers it can pose to brain development in children." The AP continues, "The San Francisco-based Sierra Club wants the Environmental Protection Agency to find ways to stop the sale or production of toy necklaces, bracelets and rings containing lead. … 'I don't think parents realize that these pieces of jewelry have the potential to be harmful,' said Jessica Frohman, head of a Sierra Club committee on toxic substances. Children can be exposed to dangerous levels of lead if they suck on or swallow the jewelry, she said." The AP adds, "The attorneys general in California and Illinois sent letters to the EPA supporting the Sierra Club complaint. … The EPA would not comment directly on the lawsuit, which was filed in federal court in San Francisco. But spokesman Mark Merchant said the agency has a 'comprehensive set of regulations' to protect children from lead. It does not, however, have specific regulations for toy jewelry containing lead, he said. … Inexpensive toy jewelry made with lead or painted with lead paint is sold across the United States in vending machines and in stores that sell mainly to immigrant communities."

EPA CFO Proposed Closing Labs And Laying-Off Scientists Due To Budget Constraints. McClatchy (9/16, Goldstein), in an article titled, "EPA Plans To Close Labs, Drop Scientists And Reduce Oversight," reports that th EPA "intends to close labs, cut its cadre of upper-level scientists and reduce regulatory oversight, according to an internal agency document. In a memo dated June 8, a top agency official outlined 'a set of proposed disinvestments, innovations, efficiencies and consolidations' for the upcoming 2008 fiscal budget. 'The decisions we make will be critical, difficult and will have long-term consequences,' EPA Chief Financial Officer Lyons Gray wrote. He said the EPA wanted to limit duplication and find 'opportunities for consolidation and streamlining.'" Jeff Ruch, the executive director of Public Employees for Environmental Responsibility, "a watchdog group that obtained the memo, said that rather than consolidating to improve the agency, the EPA was 'chopping up the furniture to meet external budget targets.'" McClatchy notes, "The EPA's budget has been dropping steadily since it reached a record $8.13 billion in fiscal 2003. The Bush administration's proposed fiscal 2007 budget was nearly $1 billion lower, but Congress hasn't yet approved a final version."

Fairfax County Releases Detailed Report On Bird Flu Preparations. The Washington Post (9/16, B1, Rein, 748K) reports, "A severe outbreak of bird flu would infect nearly a third of Fairfax County's population, killing almost 700 people and sending thousands to local hospitals, according to a new report. The 112-page primer on how the Washington area's largest local government would respond to a pandemic that many researchers think is inevitable depicts a grim scene of sick or at-risk people in widespread isolation or quarantine, at home or in hospital beds. … Fairfax, which has posted its response plan on the county Web site, is the region's first local government to issue a comprehensive report on pandemic flu preparations, said Addo-Ayensu and other emergency management officials. Although the Bush administration has released a federal plan and committed tens of millions of dollars to anticipate a crisis, the details of how to respond are left to state and local governments."

NYTimes Regards Controversies At Interior Department As Inevitable. The New York Times (9/16, 1.21M) editorializes, "We knew that bad things would happen when President Bush filled many of his important environmental posts with right-wing activists and industry

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lobbyists who had spent their careers criticizing the laws they were now being told to uphold and representing industries they were now being told to regulate. Just how bad became clear this week in the course of some pointed testimony from the Interior Department's inspector general, who accused top officials at his agency of fostering a culture of 'managerial irresponsibility' that tolerated conflicts of interest, cronyism and other lapses. At a House subcommittee hearing, the official, Earl Devaney, said that 'short of a crime, anything goes at the highest levels of the Department of the Interior.'

FBI/DEA/ATF/USMS:

DEA Training Mexican Agents To Combat Meth. The San Antonio Express-News (9/16, Martin) reports, "Mexican law enforcement agents completed a Drug Enforcement Administration program as part of a joint U.S.-Mexico effort to combat methamphetamine production in border states, officials said Friday." The Express-News continues, "The announcement that 55 Mexican agents and prosecutors completed the DEA course in Quantico, Va., comes one day after the State Department issued a travel alert for Americans in Mexico." The Express-News adds, "Training Mexican police to dismantle methamphetamine labs and prosecute offenders is 'a big step forward in our fight against meth,' said Karen Tandy, the DEA administrator. … Tandy called the program 'a historic effort to jointly combat meth production and trafficking that is devastating both nations.'" The Express-News adds, "About 80 percent of the methamphetamine consumed in the United States is manufactured in Mexican labs by criminal organizations based in both countries, according to the DEA. … A war among drug cartels over control of narcotics trafficking and distribution routes is blamed for rising lawlessness along the U.S.-Mexico border. … That war is blamed for the death of a Monterrey policeman and the killing of a state police administrator in Tamaulipas earlier this month."

Judge Denies Bail For Washington Gun Collector. The Seattle Times (9/16, Carter) reported, "A Bellevue gun collector once questioned about the slaying of a federal prosecutor will remain in custody pending trial on a charge that he illegally possessed a machine gun. U.S. Magistrate Monica Benton ruled Friday that Albert Kwok-Leung Kwan posed a flight risk and a potential threat to the community and to federal agents who would monitor him if he was freed. At a hearing before the judge's decision, Kwan's attorneys acknowledged that he repeatedly invoked his Fifth Amendment guarantee against self-incrimination during appearances before a grand jury investigating the slaying of Assistant U.S. Attorney Thomas Wales in October 2001." The Times noted, "Kwan is not a suspect in the killing.

TAX:

IRS Investigating Antiwar Speech Given At Church In November '04. The Los Angeles Times (9/16, Sahagun, 918K) reports, "Stepping up its probe of allegedly improper campaigning by churches, the Internal Revenue Service on Friday ordered a liberal Pasadena parish to turn over all the documents and e-mails it produced during the 2004 election year with references to political candidates. All Saints Episcopal Church and its rector, the Rev. Ed Bacon, have until Sept. 29 to present the sermons, newsletters and electronic communications. The IRS investigation was triggered by an antiwar sermon delivered by its former rector, the Rev. George F. Regas, at the church two days before the 2004 presidential election."

CONGRESS-ADMINISTRATION:

Senate Confirms New Peace Corps Director. The Minneapolis Star Tribune (9/16, Averill, 398K) reports, "A Minnesotan has been confirmed as the 17th director of the Peace Corps. 'I'm elated. I'm honored to be able to serve in this way,' Ron Tschetter said after the Senate confirmed him late Wednesday. He said he expected to start the job at the end of the month. … President Bush nominated Tschetter, 64, in July to manage the Peace Corps, which he has had ties with since he was a health volunteer with his wife, Nancy, in India from 1966 to 1968. He was also a chairman of the National Peace Corps Association."

Nevada Bar Opposes Proposal To Split Ninth Circuit. The Los Angeles Times/AP (9/16) reports the State Bar of Nevada "reaffirmed its opposition to a bill by Sen. John Ensign (R-Nev.) to split up the U.S. 9th Circuit Court of Appeals, a frequent source of anti-Bush-administration rulings. … The conservative Ensign, who had eight co-sponsors for his measure, has pressed for its approval by saying the San Francisco-based court is overloaded."

Snow's Ability To Make White House Press Corps Laugh Quantified. The Washington Examiner (9/16, DuFour, Gavin) reports, "Covering the White House is not an easy beat. … But White House spokesman Tony Snow, who has been on the job four months, might very well be out to change all of that … Yeas & Nays reviewed the press briefing and press gaggle transcripts from Snow's first four months on the job and compared them to those of Snow's predecessor, Scott McClellan, during his first four months. Under Snow, there were more than 330 percent more instances of laughter — as defined by the transcriber's

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insertion of '(Laughter)' in the transcript — than under McClellan."

Astronauts Finish Last Spacewalk For Atlantis Mission. The New York Times (9/16, Leary, 1.21M) reports, "A pair of astronauts completed the third and final spacewalk of their mission outside the International Space Station on Friday by freeing up a new heat-dispensing radiator and upgrading communications gear. The two, Joseph R. Tanner, a former Navy pilot, and Cmdr. Heidemarie M. Stefanyshyn-Piper of the Navy, spent 6 hours 41 minutes in space completing assorted tasks to get the station ready for further expansion as building of the research outpost resumed in earnest."

The Washington Post (9/16, A02, Kaufman, 748K) reports, "NASA officials were delighted by the work done by the Atlantis team, the first construction at the space station since the 2003 Columbia disaster. 'We have to say what a wonderful job you both did today, especially you, Joe,' Mission Control said as the astronauts returned to the station. 'It was a legendary performance.' The extra credit went to Tanner because it was his seventh, and apparently last, spacewalk. He appeared reluctant to leave space at the end of the walk and spent some time looking out before entering the air lock."

WP Encourages Congress To Tackle Entitlement Spending. The Washington Post (9/16, A20, 748K) editorializes, "There's no great mystery about how to address Medicare's financial crisis. Either you contain the rate at which the program's costs rise, or you raise more money to pay for it. The federal office that runs the health program for seniors recently announced progress of each sort. Unfortunately, Congress may undo both." It is "not going to be fixed without some hard decisions. If Democrats oppose modest changes that hit only the rich, how will they find the courage to support far-reaching reforms?"

OTHER NEWS:

Stocks Up On Good News About Inflation. A new report showing low inflation in August was seen as supporting Federal Reserve Ben Bernanke's view against tightening monetary policy. But while President Bush predicted the GOP will retain control of Congress because of his record on the economy, no Administration policies were cited in relation to the latest economic news. NBC Nightly News (9/15, story 9, 0:20, Williams, 9.87M) reported that "on Wall Street a tame inflation report cheered investors. The Dow was up more than 33 points [to close at 11.560.77]. The Nasdaq gained almost 7 points [to close at 2,235.59]. For this weeks trading the Dow was up almost 169 points [to close at 168.66]. The Nasdaq was up almost 70 points [to close at 69.80]."

The AP (9/16, Crutsinger) reports, "The slowdown in inflation did not help workers' average weekly earnings, which dropped by 0.5 percent in August, after adjustment for inflation, when compared with July." Meanwhile Bush said "he expected the economy's performance would persuade voters to keep Republicans in control of the House and Senate in the November congressional elections." He asserted "his tax cuts had helped the country withstand a recession, terrorist attacks and last year's hurricanes."

The New York Times (9/16, Porter, 1.21M) reports, "What a difference a few weeks make. A month ago the economy seemed to be in dire straits -- wedged in by the inflationary pressures of soaring energy prices and rising labor costs while threatened by the prospect that the weak housing market would decimate consumer spending." Yet Friday "the government reported that consumer prices rose only 0.2 percent in August, pushing annual inflation to 3.8 percent, the lowest since April. Meanwhile, retail sales rose by a respectable rate of 0.2 percent in August. And in September, consumers' confidence about the future increased sharply." A drop in gas prices was seen as the primary motivation.

Bloomberg (9/16) reports, "The numbers were 'not as favorable as some would like, but they showed the CPI numbers down, and that's good news,' Kansas City Fed President Thomas Hoenig told an audience of bankers in Copper Mountain, Colorado. 'How we balance those will be, I think, an important part of the discussion that goes forward.'"

The Wall Street Journal (9/16, Whitehouse, 2.03M) notes, "The main factor holding the core down: A seasonal adjustment that shaved one-tenth of a percentage point off the August increase in owners' equivalent rent, a proxy for the cost of housing that makes up almost a third of the index." Labor Department economist Patrick Jackman "said the adjustment was an anomaly that had little to do with the underlying trend in rents, which have played the leading role in pushing up core inflation over the last several months. 'While that had a dramatic impact on the actual number, as far as trends are concerned I certainly wouldn't make a big deal out of it,' he said."

Bloomberg (9/16, Baker) notes, "About seven stocks rose for every five that fell on the New York Stock Exchange. Some 2.19 billion shares changed hands on the Big Board, the most since June 30." The Los Angeles Times (9/16, Hennessy-Fiske, 918K) in an article titled "Inflation Data Bode Well For Economy" and the Financial Times (9/16, Pimlott) report similar details.

Stock Rally Escapes Media Attention. The New York Times (9/16, Bajaj, 1.21M) in an article titled "Wall St.'s Inconspicuous Rally Continues" reports, "With little fanfare -- and with very few days of sharp upswings -- stocks have

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been on one of their best runs so far this year." They "have been buoyed by a significant decline in energy prices and a growing belief that the Federal Reserve will not raise interest rates again this year — an argument that won over more believers yesterday after a report on August consumer prices showed that inflation slowed."

Oil Prices Lower For Week Despite Uptick. The AP (9/16) reports, "Oil prices edged higher Friday but finished lower for the week after OPEC lowered its oil-demand forecast for the rest of the year." And experts "said there has been a definite shift in energy-market psychology, as traders focus on the relatively comfortable balance between supply and demand as opposed to hypothetical supply threats."

Ford Announces 10,000 More Layoffs, Offers Buyouts To All Hourly Workers. ABC World News (9/15, story 5, 2:50, Snow) reported, "Major economic news today, details of the sweeping plan to overhaul the legendary automaker Ford Motor Company. It is a catalog of pain. Massive job reductions, plant shutdowns, even the elimination of Ford stock dividend, yet there are questions tonight about whether Ford must do even more."

CBS Evening News (9/15, story 3, 2:05, Mason, 7.66M) reported, "And Ford's union contracts are a big part of the problem. A Ford worker earns on average nearly $65 an hour. In contrast, Toyota pays its American workers just already $45 an hour." Jean Jennings, editor in chief, Automobile Magazine: "They can't afford the contracts, can't afford the benefits, can't afford what they're paying their retirees, can't afford to do what they're doing. So there has to be another play." Mason: "These cuts ultimately won't just affect Ford workers, they'll affect other business where they live and finally, Katie, ripple through the entire economy."

NBC Nightly News (9/15, story 5, 2:10, Williams, 9.87M) added, "Ford will shift its folk to us more fuel efficient cars and crossover vehicles promising in two years 70% of its lineup will be new or upgraded. While this town and its workers grapple with no Ford in their future."

Bloomberg (9/16, Koenig, Lippert) reports Ford Motor Co., "increasingly desperate to stem billion-dollar losses, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009." Ford "said it will shed an additional 10,000 salaried jobs, finish cutting 30,000 North American factory jobs by 2008, four years sooner than planned, and offer buyouts to all hourly workers. Ford suspended its quarterly dividend for the first time since 1982. The shares posted their biggest drop in almost four years in their highest trading volume ever. … The 10,000 salaried job cuts come in addition to 4,000 posts eliminated before March 31. The combined totals mean Ford is slashing almost 40 percent of its salaried workforce -- from car designers to financial analysts to secretaries -- in North America."

The Financial Times (9/16, Simon, Atkins) reports Bill Ford, executive chairman, "said he was less concerned about the possibility of Toyota overtaking Ford in North America than the importance 'for this plan to be based on what I consider to be conservative assumptions'. He said his family, which owns about 4 per cent of the equity and controls 40 per cent of the votes, had no plans to take the carmaker private."

The AP (9/16, Krisher) reports, "Wall Street seemed unimpressed. Ford's shares slumped nearly 12 percent amid disappointment that the automaker didn't do more to address rising health and pension costs, falling market share and intense competition from Asian manufacturers whose models have enthralled buyers looking for gas-sipping cars and trucks."

The Wall Street Journal (9/16, McCracken, Power, White, 2.03M) reports, "Ford's financial outlook is particularly dire. It once promised to return its core North American auto business to profitability by 2008. Now it doesn't expect to do so before 2009. Ford will burn through an astonishing $8.5 billion in cash this year. It began the year with $25.1 billion and will end the year with about $20 billion, a figure augmented by $3.4 billion Ford has taken out of a fund in which employers set aside money for retiree health-care costs."

UAW Not Fighting Ford Cuts. The Washington Times (9/16, Lengell, 88K) reports, "after taking a highly aggressive approach for decades, the UAW is transforming into a less combative, more cooperative organization that may be willing to work closer with U.S. automakers than perhaps at any other time in its history, analysts say. 'I think the UAW has finally wakened up to the fact that the whole thing is likely to disappear if they don't start to cooperate a little bit,' said John Wolkonowicz, an analyst with Global Insight, an automotive research and consulting firm." Ford's plan, "hammered out with cooperation from the union, was praised by UAW officials -- even though it would reduce Ford's North American work force by almost a third. 'Once again, our members are stepping up to make hard choices under difficult circumstances,' UAW President Ron Gettelfinger said."

All Three US Automakers Suffering. The New York Times (9/16, Maynard, 1.21M) reports, "Despite insisting all this year that they had solutions to their financial struggles well in hand, both the Ford Motor Company and the Chrysler Group conceded Friday that the steps they had taken were not working and that more bad news was coming in one of the deepest auto industry crises in Detroit's history. … At the same time, the Chrysler Group, also pummeled by the decline in sales of big sport utility vehicles and pickup trucks, said it would report a loss for this summer of $1.5 billion, more than double what it had originally anticipated."

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Bush Recalls Positive Impact Of Richards On Texas Politics. The Dallas Morning News (9/16, Gillman, 500K) reports, "Bush reminisced Friday about the governor he ousted a dozen years ago, calling Democrat Ann Richards a tough opponent and saying he would miss her." Bush said, "She made a positive impact on the state of Texas. One thing's for certain -- she empowered a lot of people to want to participate in the political process that might not have felt that they were welcome in the process." While Bush will be at the UN Monday, former Commerce Secretary Don Evans "will represent him at the service, at which Sen. Hillary Clinton, former housing secretary Henry Cisneros and former Dallas mayor Ron Kirk will speak."

Richards Battle With Alcoholism Recounted. The New York Times' Maura Casey (9/16) writes that former Gov. Ann Richards "will be remembered for her wit, her one-liners and especially for the keynote speech at the 1988 Democratic Convention. … But her political career eclipsed what Ms. Richards called 'one of the great, great stories' of her life: her recovery from alcoholism and her nearly 26 years of sobriety. That triumph deserves to be more than a line in her obituary. … What made Ms. Richards different was her decision to be forthright about the fact that she was a recovering alcoholic. She didn't hide it."

Bush To Travel To California To Raise Funds For Pombo And Doolittle. Rachel Gordon, on the San Francisco Chronicle's "Politics" blog (9/16) writes, "President Bush plans to travel to Stockton next month to raise money for" Rep. Richard Pombo, "a close White House ally." President Bush "also plans to attend a fundraiser for Rep. John Doolittle…during a trip similar to one taken by Vice President Dick Cheney to the Republican House districts before the June primary.

Both Pombo And Doolittle Have Been Tied To Abramoff Scandal. The AP (9/16, Werner) reports, "The Doolittle event, which his campaign hopes will raise as much as $500,000, will be Bush's first appearance on behalf of Doolittle. The congressman's friendships with former Majority Leader Tom DeLay and convicted GOP lobbyist Jack Abramoff have provided fodder for Doolittle's Democratic opponent, Charlie Brown. Doolittle accepted campaign cash from Abramoff and Abramoff clients, while interceding on their behalf. His wife also performed fundraising work for Abramoff, who pleaded guilty in January in a conspiracy to corrupt public officials."

The Tracy Press (9/16, Upton) reports, "Local fundraisers by Vice President Dick Cheney, Speaker of the House Dennis Hastert and House Majority Leader John Boehner have helped Pombo raise more than $2.5 million this election cycle. The money has helped Pombo fend off an expensive, frenzied attack by primary opponent Pete McCloskey, Democratic candidate Jerry McNerney and a range of activist groups, including MoveOn.org, Defenders of Wildlife and the Sierra Club, in the race for the 11th Congressional District. Pombo has been targeted for his close ties to convicted felon and former lobbyist Jack Abramoff and indicted former House Majority Leader Tom DeLay."

Pombo's Opponent Said To Have "Outside Shot" At Winning. The Stockton Record (9/16, Shaw) reports Pombo "is locked in a spirited campaign for the 11th District against Pleasanton wind energy consultant Jerry McNerney, who lost handily to Pombo in 2004. McNerney has come back stronger this time, and many political observers give him an outside shot at unseating Pombo - if there is a Democratic wave this fall." McNerney's spokesman, Rob Caughlan, "says Bush's arrival shows Pombo is concerned."

Mehlman Reportedly Expects GOP To Sustain Losses, But Maintain Control Of Congress. McClatchy (9/16, Thomma) reports "many" Republicans "believe for the first time in months that they've turned a corner and could limit feared midterm losses enough to retain control of Congress. The reasons for their guarded optimism include a new poll showing that voters again give an edge to the Republicans on national security, another showing concerns about the seeming lack of a clear Democratic alternative agenda, an impressive get-out-the-vote effort in a Rhode Island Republican primary, and relief over dropping gasoline prices." McClatchy notes Democrats "dismiss the notion of a Republican rebound." RNC Chairman Ken Mehlman "all but echoed one internal White House prediction that his party will lose only two to three Senate seats and eight to 12 House seats. That would still leave Republicans in control of Congress. Democrats need to gain 15 House seats and six Senate seats to capture both chambers. Mehlman and other Republican operatives argued that they 'won' the first full week after Labor Day, the date when more voters historically start tuning in to politics and candidates and parties ramp up their campaigns, particularly with advertising.

Columnist Predicts GOP Will Target Pelosi. Howard Fineman in a Newsweek (9/16, 3.12M) web exclusive reports, "The Republican message for this fall's election season turns Franklin Roosevelt's famous statement on its head: fear is good, or at least it's a strategy. They want the electorate to be afraid, very afraid -- of the terrorists, of course, but also of" House Minority Leader Nancy Pelosi. Fineman adds, "Democratic operatives have been warning Rep. Nancy Pelosi for months that she needs to prepare for what Karl Rove and the GOP have in store: an all out, coast-to-coast assault."

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Mfume Concedes, Say Cardin Has His "Full Support." The Washington Times (9/16, Ward, 88K) reports former NAACP president Kweisi Mfume "officially conceded Maryland's Democratic primary for the U.S. Senate, but it was not clear whether he planned to campaign for Rep. Benjamin L. Cardin in the general election contest against" Lt. Gov. Michael S. Steele. "'Ben and I gave this race our best,' said Mr. Mfume. … 'However, there can only be one nominee from our party, and he is it. 'He is a great public servant and I have absolutely no doubt that he is going to make a terrific United States senator. He has my full support,' Mr. Mfume said. Mr. Cardin spoke with Mr. Mfume on the phone minutes before a Democratic rally in Annapolis, an Mfume spokesman said. 'This was a very positive, hard campaign,' Mr. Cardin said after the rally. 'Kweisi and I continue our friendship. ... I'm proud to have his support.' Mr. Cardin said that he expects Mr. Mfume to campaign with him."

Kean Leading Menendez Despite Three-To-One Fundraising Disadvantage. The New York Times (9/16, Chen, 1.21M) reports, "As they did with the current President Bush in 2000, Democrats say" New Jersey state Senator Thomas Kean "in his first run for statewide office, lacks the résumé for Washington. But suddenly the nonpartisan Cook Political Report, and several other election handicappers, have moved New Jersey — which last elected a Republican senator in 1972 — into the toss-up column, complicating Democrats' plans to keep a supposedly safe Senate seat." Despite Sen. Robert Menendez's "three-to-one fund-raising edge, Mr. Kean has capitalized on sky-high name recognition to pass the incumbent in several recent public opinion polls by as much as 5 percentage points. Party leaders are increasingly focused on the race: Karl Rove, the White House political guru, is scheduled to sponsor a fund-raising lunch for Mr. Kean on Monday at 21 Club in Manhattan, and Senator Mitch McConnell of Kentucky, the Republican whip, is sponsoring a breakfast on his behalf on Wednesday in Washington."

Kean Has Distanced Himself From Bush. Newsweek (9/16, Gerlach, 3.12M) reports, "Kean's camp has been trying to paint Menendez as the product of a broken New Jersey political system, rocked by scandal over the last decade. At the same time, Kean is trying to cut an independent path for himself—away from the GOP. He's been sharply critical of mistakes in Iraq and several of the president's positions. Menendez, however, says Kean is simply pandering in an election year and points to the fact that Laura Bush, former president George H.W. Bush and Vice President Dick Cheney have all stumped for Kean."

Challenger In MD4 Files Suit Over Voting Irregularities. The Washington Post (9/16, B1, Wiggins, Rich, Harris, 748K) reports, "Congressional candidate Donna Edwards announced plans yesterday to file a lawsuit over apparent voting irregularities in Tuesday's primary election in Prince George's County. … 'The integrity of the election is at stake,' said Edwards, who ran against Rep. Albert R. Wynn in the 4th District Democratic primary and is waiting for the race to be decided when provisional ballots are counted next week in Montgomery and Prince George's counties. Jonathan S. Shurberg, a lawyer working with Edwards, said they will ask a judge to take possession of voting machine memory cards in two, possibly three, precincts in Chillum. The request will be made either in Prince George's Circuit Court in Upper Marlboro or U.S. District Court in Greenbelt over the next several days. Edwards said her legal complaint will focus on the security of voting machines that contained voting cards and were not delivered to the county Board of Elections until late Wednesday."

Democrats Choose Replacement Candidate In OH3. The AP (9/16, Hannah) reports, "A former assistant federal prosecutor easily won a Democratic special primary Friday to face U.S. Rep. Mike Turner in November. Richard Chema had 73 percent, or 5,758 votes, compared with former Waynesville Mayor Charles Sanders who had 27 percent, or 2,105 votes, in Ohio's 3rd District, according to unofficial results. The special primary was required to replace Stephanie Studebaker, who dropped out of the race Aug. 15 when she and her husband were charged with domestic violence after police answered calls about a fight at their home."

Google Founders' For-Profit Philanthropy Noted. The New York Times John Tierney (9/16) writes, "Compassionate conservatism has been an expensive bust in Washington. But an intriguing alternative is emerging around the country: compassionate capitalism. … Google's young founders are already taking on poverty, disease and global warming, and they're not just dispensing cash. They've set up their philanthropy as a for-profit organization."

Cuts In Higher Education Subsidies Said To Endanger US Economic Dominance. The New York Times (9/16, 1.21M), in an editorial, writes, "By subsidizing public universities to keep tuition low, and providing federal tuition aid to poor and working-class students, this country vaulted tens of millions of people into the middle class while building the best-educated work force in the world. Those farsighted policies, however, are a thing of the past. Cuts in college aid and soaring tuition at state colleges have made it difficult for young people to educate

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themselves at a time when a college degree has become the basic price of admission to both the middle class and the global economy."

Battle Brews Over Iran As Feared Replay Of Iraq. McClatchy Newspapers (9/15, Strobel, Walcott) reports that "a high-stakes struggle is brewing within the Bush administration and in Congress over Iran's suspected nuclear weapons program and involvement in terrorism." Unnamed officials "say Bush political appointees and hard-liners on Capitol Hill have tried recently to portray Iran's nuclear program as more advanced than it is and to exaggerate Tehran's role in Hezbollah's attack on Israel in mid-July." They add that the offices of Vice President Cheney and Secretary Rumsfeld may be receiving "questionable information" from Iranian exiles. Some express unease because "Rumsfeld's office earlier this year set up a new Iranian directorate, reported to be under the leadership of neoconservatives who played a role in planning the Iraq war." Abram Shulsky is cited as the head of that new directorate. However, "'There's no question that people [analysts] are less afraid to speak up after what happened in Iraq,' said one intelligence official. 'There's less of an inclination to let Cheney and Rumsfeld run free.'"

EU Negotiator "Upbeat" On Iran Nuclear Deal. The New York Times (9/16, Bilesky, 1.21M) reports, "The European Union's foreign policy chief, Javier Solana, offered Friday his most upbeat assessment to date on the nuclear impasse, insisting that talks to persuade Iran to suspend uranium enrichment were progressing," and a senior Bush administration official said "Mr. Solana would meet with Iran's top nuclear negotiator, Ali Larijani, in New York on Sunday." While "European Union officials said they were still examining an offer by Iran last weekend temporarily to suspend its nuclear enrichment program in return for the beginning of negotiations over a package of economic and political incentives offered by the West," it "is softening its previous position that Iran must suspend enrichment before any negotiations can begin." Additionally, "Mr. Solana played down the threat of sanctions, saying that Washington was still willing to give diplomacy a chance," and "the United States acknowledged Thursday that it faced resistance from crucial allies over its attempt to press for sanctions." However, President Bush "said Friday he was worried Iran was trying to drag out the process with the United States and its European allies," and Solana "cautioned that the window for negotiations would not stay open indefinitely."

The Financial Times (9/16, Dombey) adds that Solana "raised expectations of a deal over Iran's nuclear programme when he said that talks were proceeding better than ever," However, "EU diplomats say they can only agree a deal if they are sure that Mr Larijani's initiative is fully backed by Ayatollah Ali Khamenei." The EU "is now watering down its insistence that Iran act first.," and "are trying to nail down exactly what Iran means when it refers to suspending uranium enrichment and to win reassurances that Washington would also sign up to a possible deal."

The AP (9/16, Ames) notes that Solana did not confirm "that Larijani had suggested his country was ready to consider an enrichment freeze for up to two months."

Bush To Take "Hard Line" On Iran At UN. The AFP (9/16, Knox) reports, "US President George W. Bush said he would push his hard line on Iran next week at the United Nations," and "warned US partners not to take pressure off Tehran." Also, "Asked whether he would consider meeting with Iranian President Mahmoud Ahmadinejad on the UN sidelines, Bush replied sternly: 'No, I'm not going to meet with him.'"

State Department Report On Religious Freedom Criticizes Iran, Says Vietnam Made Progress. The AP (9/16, Schweid) reports that the State Department "said in its annual report to Congress on religious freedom around the world" that "A 'threatening atmosphere' in Iran is causing a deterioration in already restricted religious freedom for nearly all minorities." Iran, Burma, China, Eritrea, North Korea, Saudi Arabia, Sudan and Vietnam "were cited for particularly severe violations of religious freedom." Secretary of State Condoleezza Rice said, "We hope this report will serve as a source of encouragement for those whose plight is documented in this report." Still, John V. Hanford III, U.S. ambassador at large for international religious freedom, "credited Vietnam with making 'enormous progress' on religious freedom, and said in Saudi Arabia 'we see things moving in the right direction.'" However, the U.S. Commission on International Religious Freedom "said it was 'simply shocked' by what it called an unwarranted softening of the State Department's assessment of Saudi Arabia."

The AFP (9/16, Milikin) leads, "The United States assailed Iran for its worsening treatment of religious minorities." Secretary Rice "said the government's goal was broader than targeting a handful of repressive regimes. 'Religious freedom is deeply rooted in our principles and our history as a nation,' she said. 'And it is now integral to our efforts to combat terrorism and the ideology of hatred that fuels it.'" Also, "Hanford strongly indicated that Vietnam could be dropped from the black list." The Washington Times (9/16, Sands, 88K) also covers this story.

Bush Urges Intervention In Sudan. The Washington Post/AP (9/16, A12) reports, "President Bush suggested Friday that it may be time to override the objections of the Sudanese government in order to send international peacekeepers into Darfur," saying. "There's

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genocide taking place in Sudan. … Now is the time for the U.N. to act." He said that besides waiting for Sudan's initiation, "there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives." The AP (9/16, Knox) notes Bush said, "I'm frustrated with the United Nations in regards to Darfur."

The AP (9/16, Loven) adds that a "Security Council resolution passed in August, aimed at strengthening the peacekeeping force, would hand it over to a better-funded, larger and more well-equipped U.N. mission," and :nations including the United States have worked — without success — to acquire" the consent of the Sudanese government for it. However Assistant State Department Secretary Kristen Silverberg "said the United States insisted that last month's resolution permit deployment of new peacekeepers over Sudanese objection." Also, during the United Nations General Assembly session that begins next week, "Secretary of State Condoleezza Rice will gather diplomats from several countries to discuss Darfur."

Blair Echoes Bush's Comments. Additionally, the AFP (9/16) notes, "British Prime Minister Tony Blair criticised the Sudanese government over the 'completely unacceptable' situation in Darfur and accused it of breaking ceasefire agreements signed with rebels." He also "insisted that the crisis was 'at the top' of his agenda." Blair said. "I have already talked to (Chinese) Premier Wen and President George Bush about Darfur in the last few days." These "comments echo those by Bush Friday that he was 'frustrated' with the UN."

Annan Urges World To Help With Darfur. Secretary-general of the United Nations, Kofi Annan, writes in an op-ed in the Los Angeles Times (9/16, 918K), "The glimmer of hope that many of us felt when the Darfur peace agreement was signed four months ago -- albeit by only two of the warring parties -- is being extinguished by renewed fighting among the factions," and now "the Sudanese government has sent thousands of troops to Darfur and renewed its bombing. I strongly condemn this escalation." The government of Sudan refuses to let the UN deploy a peacekeeping force. Annan says he has attempted to convince them to do so, but "my voice is not enough. Whoever, in Africa or beyond, is in a position to influence the government of Sudan must do so without delay." If Sudan fails its "sacred responsibility" of to protecting its population "from genocide, war crimes, ethnic cleansing and crimes against humanity," it "will face opprobrium and disgrace throughout the world."

Women In Darfur Said To Risk Rape To Survive. The Washington Post (9/16, A12, Timberg, 748K) reports that Sudan's government "and a rebel group reached a cease-fire agreement in May, but since then, rapes in and around camps for people displaced by the fighting have surged, aid groups and residents say." Now, "More and more often, women in Darfur face the starkest of choices: risk being raped by leaving the camps in search of firewood and grass, or starve."

Israeli Foreign Minister Warns Lebanon To Disarm Hezbollah. The Washington Post (9/16, A16, Kessler, 748K) reports that Israeli Foreign Minister Tzipi Livni said yesterday that "The Lebanese government must fully implement a recent U.N. resolution requiring the disarming of the militant Shiite group Hezbollah or Israel will be less reluctant to attack the Lebanese state if Hezbollah resumes hostilities." She noted "Israel's efforts to keep the military campaign limited made it more difficult to achieve its objectives," adding that "if Israel is attacked again, 'we are not looking again to find these terrorists among the civilian population.'" Instead, "We are going to face a state which does not implement its responsibility or maybe does not exercise its sovereignty." The AP (9/16, Schweid) adds that Livni said, "Enforcing the arms embargo is crucial."

Lebanon-Syria Boarder Remains Porous. The New York Times (9/16, Smith, 1.21M) reports, "Israel wants the expanded United Nations peacekeeping force, already deploying along Lebanon's southern border with Israel, to monitor the Syrian border as well as to keep weapons out. But Syria says it would consider that a 'hostile act' and the Lebanese in this region warn that any foreign presence would face stiff resistance." While "Lebanon has put more than 8,000 soldiers along the border to monitor traffic,…few people here believe the Lebanese Army is capable of stopping the arms flow." Meanwhile, "Local residents say it would be a simple matter requiring only the barest collusion of either side for a tractor or truck to haul weapons from one side to the other."

Criticism Of Israeli Army Over Lebanon Continues. The AFP (9/16) reports, "the Israeli army is in disarray as it struggles to cope with the failures of the war in Lebanon," and "nothing has halted the flood of criticism against the military and political leadership over their handling of a deadly conflict that failed to achieve its main aims." While General Udi Adam resigned, it "has done little to quell discontent amid calls for further heads to roll calls such as for Prime Minister Ehud Olmert, Halutz and Defence Minister Amir Peretz to go."

Palestinian Officer Killed As Leaders "Squabble" Over Unity Government. The New York Times (9/16, Erlanger, 1.21M) reports that "senior Palestinian intelligence officer," Brig. Gen. Jad Tayeh, "and four others were shot to death in their car in Gaza on Friday as political leaders continued to squabble over a possible new national unity government." Their "Progress appeared to be slow," although Palestinian president, Mahmoud Abbas "said that Fatah and Hamas had agreed on a political platform for a new government that he expected to meet

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international requirements sufficiently to restore funding." However, "The United States and some members of the European Union have expressed doubts." The Los Angeles Times (9/16, Ellingwood, 918K) also covers this story.

Pope Benedict Under Fire In Middle East. NBC Nightly News (9/15, story 8, 2:00, Miller, 9.87M) reported that in the wake of controversial remarks from Pope Benedict XVI, "It looked like a clash of civilizations across the Islamic World. An effigy of Pope Benedict XVI burned turn by Muslims in India. Pakistan's parliament condemned the Pope's remarks. Lebanon's top cleric demanded a personal apology." The calls came after Benedict delivered "a lecture Tuesday on the need for dialogue on the concept of jihad or holy war which Benedict called unreasonable and against God's nature."

ABC World News (9/15, story 4, 0:20, Snow) reported, "Muslims are furious about the Pope the speech gave they are calling anti-Islamic. He quoted a 14th century Byzantine Christian Emperor who said the prophet Muhammad ordered Islam be spread through violence. Pakistan's parliament demanded a retraction. Turkey's government compared the Pope to Hitler."

"First Full-Blown Crisis" Of Benedict's Papacy. The New York Times (9/16, Fisher, 1.21M) reports, "Reaction to the pope's remarks — in which he quoted a description of Islam in the 14th century as 'evil and inhuman' — has presented Benedict with the first full-blown crisis of his papacy."

The Washington Post (9/16, A1, Shadid, 748K) reports that reaction to the speech "was a reminder of the precarious, suspicious state of affairs between a West that often views Islam as a faith in need of reform and a Muslim world that feels besieged in the wake of the Sept. 11, 2001, attacks." The Post adds, "[T]he reaction was quick, and though it was largely peaceful, it evoked the storm of violent protests that erupted in most Muslim countries after a Danish newspaper published a series of cartoons a year ago that lampooned Muhammad. In some ways, the denunciations seemed even more pronounced, given the pope's stature and authority over the world's 1.1 billion Roman Catholics."

The AP (9/16, Harvey) reports, "Across the Islamic world Friday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that many fear could burst into violent protests like those that followed publication of caricatures of the Prophet Muhammad." The Washington Times/AP (9/16, Harvey) and Financial Times (9/16) also report on the stor y.

NYTimes Notes Differing Definitions Of "Jihad." The New York Times (9/16, 1.21M) editorializes, "Muslim leaders the world over have demanded apologies and threatened to recall their ambassadors from the Vatican, warning that the pope's words dangerously reinforce a false and biased view of Islam. For many Muslims, holy war — jihad — is a spiritual struggle, and not a call to violence. And they denounce its perversion by extremists, who use jihad to justify murder and terrorism. The Vatican issued a statement saying that Benedict meant no offense and in fact desired dialogue. But this is not the first time the pope has fomented discord between Christians and Muslims."

Raul Castro Pushes Nonaligned Nations Against US. All three networks covered the summit in Cuba, describing the gathering as anti-US or anti-Bush. Castro's health remains an issue and there was no new details but at the end of its story NBC Nightly News (9/15, story 4, 2:25, Mitchell, 9.87M) noted, "Most people including top government officials say it is unlikely Fidel Castro will fully resume the reins of power. The transition to a new group of leader system well underway."

ABC World News (9/15, story 3, 2:10, Snow) reported, "To Cuba where Fidel Castro's Government took over the leadership of the so-called nonaligned Nations the organization, taking regularly takes anti-American stances and today was no exception." ABC (Avila) added, "America's short list of antagonists -- Venezuela's Hugo Chavez, Iran's Mamoud Ahmadinajad, and Bolivia's Evo Morales -- all bashing the United States for opposing Iran's nuclear program, all together in Cuba, capital of anti-Americanism. … Cuba's venom was delivered by Castro's young brother, 75-year- old Raul."

CBS Evening News (9/15, story 5, 0:15, Couric, 7.66M) reported, "At the top of tonight's news briefing, a who's who of President Bush's adversaries on the world stage all together in one place. Venezuela's Hugo Chavez and Iran's Mahmoud Ahmadinejad are among the leaders in Havana for the non-aligned nations. Raul Castro is playing host. His older brother is still recovering from intestinal surgery."

The New York Times (9/16, Lacey, 1.21M) reports, "Raúl Castro, who is standing in as Cuba's leader while his brother, Fidel, recuperates from surgery, railed at the United States during a summit meeting in Havana of nonaligned nations on Friday." This "first public speech since taking power in July was just as stridently anti-Washington as those offered by his elder brother." Meanwhile, "In Miami…the Bush administration's top Cuban-American official, Commerce Secretary Carlos Gutierrez, delivered his own rebuke to Cuba's government" as he "called on Cuba to hold a referendum on its future leadership, a proposal that the Communist government would surely dismiss." The AP (9/16, Gresko) also noted Gutierrez's proposal.

The Financial Times (9/16, Frank) adds, "Cuba…and its close ally Venezuela sought to steer the group towards more a more radical anti-US line," but "Many observers…believe it will be impossible to link the movement, formed in 1961 by developing countries anxious to define themselves as

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independent equally of the Soviet Union and of the US, to such a radical geopolitical agenda." Still, "Delegations from the Non-Aligned Movement on Friday began negotiations over a final document sharply critical of Israel and supportive of Iran's nuclear ambitions." The AFP (9/16, Moser) writes that "Raul Castro, and Venezuela's President Hugo Chavez, also delivered blistering condemnations of the United States." The Washington Times/AP (9/16, Arrington) adds, "Raul unleashed a stream of anti-American rhetoric in his inaugural speech, saying the world today is shaped by the United States' 'irrational pretensions for world dominance.'" The AP (9/16, Snow) also covers this story.

Indian PM Urges "Conciliatory Tone" For NAM. The AFP (9/16, Langan) reports, "Indian Prime Minister Manmohan Singh has urged Non-Aligned Movement leaders to take a conciliatory tone as they work to counter terrorism, and try to keep the Mideast peace process on track." He also "argued that 'as a group we have rejected extremes. We must spread the word of Gandhiji, the apostle of peace.'"

Cubans Find Fleeing Cuba More Difficult. NBC Nightly News (9/15, story 6, 2:25, Williams, 9.87M) reported, "We are back now from Cuba with 'NBC Nightly News' 'In Depth.' the Cubans who are willing to risk their lives to leave here and start a new life north of here in the United States. It is just 90 miles from here to Florida and under America's immigration policy a Cuban who makes it to American soil can stay in America. In recent years the business of smuggling Cubans has gotten more expensive and more dangerous as we see tonight from Mark Potter." NBC (Potter) added, "No longer are they just getting on rafts and homemade boats, now organized crime rings used high powered speedboats to sneak into Cuba and bring them to the US they are usually paid by Cuban exile families. The price is up to $10,000 meaning one small boat like this with 25 migrants aboard can bring the smuggler's up to a quarter million dollars. They often cut on safety to maximize profits. … Federal prosecutors are charging some with manslaughter, the same tactic used in mafia and drug cases."

IMF, World Bank Meetings Tense. The New York Times (9/16, Weisman, 1.21M) reports, "The world's finance ministers gathered Friday for their first annual meeting in East Asia since the region was gripped by an economic crisis in the 1990's, with their most urgent order of business being to overhaul the institutions that safeguard the global economy and help the poor" at "what appeared likely to be one of the most contentious" annual meetings of the World Bank and the International Monetary Fund. There was "tension between Western leaders and the government of Singapore, their host, over Singapore's last-minute denial of visas to some of the leaders of the 'civil society' groups that were invited to participate in the meetings." While "the government relented at the last minute" on most of the visa, "Paul D. Wolfowitz, president of the World Bank, was especially embarrassed by the visa problem because he has repeatedly called on developing countries to open their political processes to dissent." While he "and others sounded a note of optimism about the world economy by saluting the records of Singapore and other Asian countries in recent decades," Wolfowitz "stirred a furor inside the World Bank with proposals to crack down on corruption in bank lending." Still, "the main issue of contention is a proposal backed by the Bush administration to change the governance of the International Monetary Fund to give more votes to China and three other developing countries, and to give dozens of other countries more votes in a restructuring over the next two years." Bush "administration officials say plainly they cannot afford to have another debacle involving another global economic institution" following "the failure of the recent round of global trade talks."

The Wall Street Journal (9/16, Phillips, 2.03M) adds," At a series of meetings here this weekend, top financial officials from the Group of Seven major industrial nations are expected to press for new IMF rules that would make it easier for the global economic watchdog to brand a country for manipulating its exchange rate -- and, in theory, embarrass it into stopping."

US, Europe React To China's Economic Power With WTO Case, Possible Free Trade Zone. The Financial Times (9/16, Beniot) reports, "Spurred by concern about China's growing economic might, Germany is considering a plan for a free-trade zone between Europe and the US. A senior aide to Angela Merkel said the chancellor was 'interested' in promoting the idea as long as such a zone did not create 'a fortress' but rather 'a tool' to encourage free trade globally." This "testifies to the rapprochement between Washington and Berlin since Ms Merkel's election last November." Also, "As German perceptions of China have grown more American, Washington's approach has shifted too. Speaking before his first trip to Beijing, Hank Paulson, US Treasury secretary, this week outlined a more balanced policy mixing traditional US criticism with praise for China's reforms." Still, "the US, Canada and the European Union complained to the World Trade Organisation about China's tariffs on car parts, raising the prospect of Beijing facing its first WTO dispute. The three said they had lost patience with Beijing's refusal to further open the $19bn-a-year market."

The Wall Street Journal (9/16, A2, Miller, Hitt, 2.03M) adds, "Teaming up with Europe and Canada, the Bush administration moved to turn up pressure on Beijing to end tariffs that critics say put foreign-made auto parts at a competitive disadvantage in China's domestic market." This "raised stakes significantly in the long-simmering dispute over auto parts" and "reflects a tougher U.S. trade stance toward

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China, and comes a few days before Treasury Secretary Henry Paulson arrives in China." U.S. Trade Representative Susan Schwab said, "While we are open to settling this dispute, China's current stance leaves us no choice but to proceed with our WTO case." McClatchy Newspapers (9/16, Hall) also covers the auto parts complaint.

China To Announce Nuclear Plant Construction Company. The Wall Street Journal (9/16, Oster, 2.03M) reports, "China will announce by year end which company has won a contract potentially worth $8 billion to build four nuclear-power plants," according to Assistant Secretary of Energy Karen Harbert. Still, "Industry observers had expected a decision on the contract as early as December 2005. But Chinese officials have said they needed more assurances about what they describe as untried technologies."

Technology Helping Free Discourse In China. The Los Angeles Times (9/16, Magnier, 918K) reports, "The growing appreciation among young Chinese for unfettered news — and their ability to convey their opinions rapidly across cyberspace — is a key reason why Beijing will ultimately lose the information war, analysts say, even if it wins some near-term battles." However, "analysts say the change appears to be as much a New China News Agency profit grab as a state bid to control information." Meanwhile, "the European Union and the State Department weighed in against Beijing's new plan, which gives the state-run New China News Agency censorship authority and exclusive distribution rights over foreign wire service competitors."

India's Richest Man Calls For US To Open Markets. The New York Times (9/16, Rai, 1.21M) publishes an interview with Azim H. Premji, chairman of Wipro, India's third-largest outsourcing firm, and India's richest man. He says, "The debate in the United States" over outsourcing "is significantly more balanced. But what is not getting adequate focus is that globalization is a two-way street. If the United States wants access to Chinese, Indian or Vietnamese markets, we must get access to theirs. U.S. protectionism is very subtle but it is very much there."

WHO Endorses DDT To Fight Mosquitoes Carrying Malaria. The New York Times (9/16, Dugger, 1.21M) reports, "The World Health Organization on Friday forcefully endorsed wider use of the insecticide DDT across Africa to exterminate and repel the mosquitoes that cause malaria. The disease kills more than a million people a year, 800,000 of them young children in Africa. Dr. Arata Kochi, who leads the group's global malaria program, unequivocally declared at a news conference on Friday that DDT was the most effective insecticide against malaria and that it posed no health risk when sprayed in small amounts on the inner walls of people's homes. Expanding its use is essential to reviving the flagging international campaign to control the disease, he said." The Washington Times (9/16, Carter, 88K) writes that Who "reversed 30 years of policy" with the decision.

Annan To Release Details On Personal Finances. The New York Times (9/16, Hoge, 1.21M) reports, "Secretary General Kofi Annan reversed course on Friday and said he would file a new financial disclosure form. Although completing the form is not mandatory in his case, his top aides considered it advisable to avoid misunderstanding." His "earlier decision not to supply the form emerged Wednesday in a news conference and exposed him to criticism that he was not living up to the standards of openness that he was demanding of others in the organization."

Koizumi Said Be One Of "Most Influential Leaders" For Post War Japan. The McClatchy Newspapers (9/16, Johnson) reports that Japan's Prime Minister Junichiro Koizumi is being cast by "commentators…as one of the most influential leaders in Japan's postwar history." He "changed Japan in ways that could be long lasting, but Shinzo Abe, the likely new prime minister, will face pressures to ease off some of the reforms." Also, "Japan's newly steady economic course may slow momentum on reform, and some experts say the Koizumi era could be an intermission in politics-as-usual." Still, "Koizumi's departure will be felt in Washington. The Japanese leader bucked his nation's decades-old pacifist tradition and stretched long-unused military muscle by deploying troops to Iraq in 2004," and "shared an unusually strong bond with President Bush."

Holocaust Doubting Party Showing Gains In Germany. The Washington Times (9/16, Crossland, 88K) reports that in Germany, the National Democratic Party (NPD) "a far-right party that shares Iranian President Mahmud Ahmadinejad's doubts about the Holocaust and wants to deport foreigners," as well as opposing immigration, "is expected to make strong gains in elections in an eastern German state tomorrow." Its supporters have "little awareness or guilt about the Holocaust…because Germany's Nazi past wasn't addressed under the communist regime in the east." Other parties charge "that NPD backers intimidate opponents and disrupt campaign events."

Sweden Expected To See Close Elections. The New York Times (9/16, Lyall, 1.21M) reports, "Sweden holds its most closely contested national election in years" on Sunday. "The Social Democratic Party, with its policies of high taxes, big government and generous benefits, has run the country, alone or in coalitions with other parties, for 65 of

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the past 74 years," but the opposition's Fredrik Reinfeldt "has found the government's Achilles' heel in the issue of unemployment, arguing with some success that the government's rosy figures hide a much darker reality." His proposed response is "to cut unemployment benefits, decrease payroll taxes for low-income workers and provide tax breaks to businesses that hire the chronically unemployed." However, the "Social Democrats are portraying him, essentially, as a traditional conservative hiding behind a falsely mild facade."

UN Officials Support Migration Forum Despite US Opposition. The AP (9/16, Gamel) reports, "Top officials from dozens of countries supported a U.N. initiative to create a new global forum on migration on Friday," as "U.N. Secretary-General Kofi Annan…proposed a Global Forum on Migration and Development as an informal, non-binding way for countries to debate the issue and come up with solutions." However, "U.S. Assistant Secretary of State Ellen Sauerbrey said the United States is committed to confronting the challenges of migration but prefers to do so via existing forums and agreements with neighboring countries," adding that the U.S. believes, "that creation of additional structures will hinder, not help, international cooperation on these issues."

Latvian President Now Running For UN Secretary-General. The AP (9/16, Lederer) reports, "Latvian President Vaira Vike-Freiberga joined the race to become the next U.N. secretary-general on Friday, becoming the first woman vying for the U.N.'s top post," but she "faces an uphill struggle because most members states generally agree that the next secretary-general should come from Asia, part of a tradition to rotate the job between regions." Notably, "China — a veto-wielding council member — has repeatedly said it wants an Asian candidate." Still, "U.S. Ambassador John Bolton…argued that the job should go to the best qualified candidate regardless of nationality."

Clinton Global Initiative To Verify Pledges. The Wall Street Journal (9/16, McGinley, 2.03M) reports, "On Wednesday, more than 1,000 people will gather in New York at the second annual Clinton Global Initiative, a project led by former President Clinton, to tackle problems involving global health, poverty, religious strife and threats to the environment." Most attendees "must pledge to fund and carry out an initiative to help address one of the problems." However, "a few participants at last year's fest 'pledged' to carry out programs that already were under way," and "not all participants followed through on their commitments." Therefore, this year "CGI's 10-person 'commitments team' has been working with participants to develop pledges for this year's conference," and "those who don't follow through on their pledges won't be invited back."

Cohen Says Britain's Brown Faces Dilemma On Iraq War Position. Roger Cohen writes in his column in the New York Times (9/16, 1.21M), "Britain's 'stable and orderly transition,' the Labour Party's favored phrase, has turned into the 'Tony and Gordon Show,' a TV soap opera mixing farce and venom and featuring two middle-aged men who've used a decade of intimacy at the pinnacle of power to rehearse the finer points of mutual loathing." Now that PM Tony Blair announced he will resign within a year, Brown faces a "central conundrum." He might "outmaneuver his Labour Party rivals and get Blair's job," and even "tone down his impatience, suffer fools more easily, and inject a touch of humanity into his zombie-Presbyterian image." However, "what does he do about marking his distance from Bush and Iraq, moves that seem critical to his chances in the next election?" while "if he doesn't turn Britain into a more critical ally, and doesn't demonstrate that he's not in the pocket of the most unpopular politician here (Bush), he's in deep trouble," but should he be "too critical of the United States, he will be branded a left-winger" and "appear to move closer to the European Union, a direction he dislikes." Although "the answer would appear to be constructive criticism of Bush," Conservative leader David Cameron "has already staked out that position."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Offramp Ahead For Paradise?."
"E. Coli Linked To Calif. Grower."
"U.S. Frustrated By Pace Of Change In Iraq."
"IRS Orders All Saints To Yield Documents On '04 Political Races."
"Ford, In Tailspin, Speeds Cutbacks."
"Drug May Delay Or Even Prevent Type 2 Diabetes."

New York Times:
"Iraqis Plan To Ring Baghdad With Trenches."
"Detroit Flails In Latest Effort To Reinvent Itself."
"Military Lawyers Caught In Middle On Tribunals."
"Possible Source Of Bad Spinach Is Named As Outbreak Widens."
"Paying Top Dollar For Punishment, 26 Miles' Worth."
"A Kean On The Ballot? What Else Is New?."
"In Case Against Politician, A Tale Of Friendship, Ambition And Betrayal."

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Washington Post:
"Security Ring For Baghdad Underway."
"Rep. Ney Admits Selling Influence."
"Grocers Pull Bagged Spinach From Shelves."
"Remarks By Pope Prompt Muslim Outrage, Protests."
"More GOP Infighting On Detainees."
"Girls Often Face An Uphill Battle."

Washington Times:
"Bush: Interrogation Vital."
"Muslim States Denounce Pope Over Remarks."
"Ney to enter Guilty Plea Of Conspiracy."
"UAW Soften Attitude About Cuts In Detroit."
"Immigration Reduces Big Backlog."
"Playing Against The Odds."

Detroit Free Press:
"Ford's New Way Forward Far Enough."
"What Has Mutally Gotten Himself Into?"

Atlanta Journal-Constitution:
"Corbin Pleads; Gets Two Life Sentences In Deaths Of Wife In '04, Girlfriend In 1990."
"Georgia Power Asks For Increase."
"Blue Plates Not Special Or Peachy To Bloggers."
"Deadly E. Coli Outbreak Linked To One Company."

Houston Chronicle:
"Spinach Pulled From Shevles."
"14-Year Mystery May Be Solved."
"Deal Would Put Dynegy Back In The Energy Game."
"Muslims Nations Vent Fury At Vatican."

Story Lineup From Last Night's Network News:
ABC: E. Coli Health Risk; Detainee Debate; Anti-American Summit-Cuba; Pope Benedict Under Fire; Ford Restructuring; Rep. Bob Ney Under Fire; E. Coli Health Risk Analysis; Shooting Prevented; Diabetes Medical Breakthrough; A Football Story.
CBS: E. Coli Health Risk; E. Coli Health Risk Analysis; Ford Restructuring; Detainee Debate; Anti-American Summit-Cuba; Rep. Bob Ney Under Fire; Diabetes Medical Breakthrough; Iraq-Civilian Deaths; Joanne Lesser Opinion; The Web; Waterskiing Grandmother.
NBC: E. Coli Heath Risk; E. Coli Health Risk Analysis; Detainee Debate; Anti-American Summit-Cuba; Ford Restructuring; Escaping Cuba; Rep. Bob Ney Under Fire; Pope Benedict Under Fire; Stock Market; Scenes From Cuba.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 14 - 16. EATING DISORDERS _ The National Eating Disorders Association holds its 2006 national conference. Location: Bethesda North Hotel and Conference Center, 5701 Marinelli Rd., North Bethesda. Contacts: Vicki Greenleaf, 323-660-5800

Sept. 15 - 17. PRAYER VIGIL _ 14th Annual Prayer Vigil for the Earth. Location: Washington Monument grounds. Contacts: Keri Douglas, 202-276-1702.

SIGN THE CONSTITUTION _ Today's visitors to the White House Visitor Center can take part in interactive ``We the People'' program, where they can be vitual ``delegates'' to the Constitutional Convention -- and sign a giant copy of the Constitution with a big old quill pen. Location: White House Visitors Center, 14th and 15th sts. NW. Contacts: Bill Line, 202-619-7400.

Sept. 16 - 17. THELONIOUS MONK-COMPEITION-GALA _ Thelonious Monk Institute of Jazz holds 2006 International Jazz Piano Competition and Gala Concert. Emcees and performers include Quincy Jones, Phylicia Rashad, Billy Dee Williams, Patti Austin, Joshua Redman, others. Former secretaries of state Colin Powell and Madeleine Albright will also speak. Highlights: 1 p.m. Semifinals, Baird Auditorium, National Museum of Natural History. Hosted by Billy Dee Williams and Thelonious Monk Jr.
Contacts: Sarah Wilson, 202-364-7272 ext 111.

8:30 a.m. ANACOSTIA CLEANUP _ 21st Annual International Coastal Cleanup will include Anacostia Park and Anacostia Watershed sites. Volunteers will be participating in the worlds largest single-day volunteer effort to help the marine environment. Highlights: 8:30 a.m. Registration at both sites: London Woods Subdivision, Denise Drive and Anacostia Park.

9 a.m. Statements from NOAA Administrator Conrad Lautenbacher and Ocean Conservancy senior vice president Morgan Gopnik, London Woods Subdivision, Denise Drive. Location: Two sites: London Woods Subdivision, Denise Drive, and Anacostia Park.

1 p.m. CONSTITUTION DAY _ The Conservative Caucus marks Constitution Day with a speech by Eagle Forum President Phyllis Schlafly. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Charles Orndorff, 703-938-9626

8 p.m. ALBRIGHT-FAITH-DIPLOMACY _ Former Sec. of State Madeleine Albright addresses Jewish Literary Festival on the role of faith in foreign affairs. Location:

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DCJCC, 1529 16th St. NW. Contacts: Jill Bernstein, 202-363-1949.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says G.O.P. Rebels Are Putting Nation At Risk (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

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The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — President Bush made an impassioned defense on Friday of his proposed rules for the interrogation and prosecution of terrorism suspects, warning that the nation's ability to defend itself would be undermined if rebellious Republicans in the Senate did not come around to his position.

Speaking at a late-morning news conference in the Rose Garden, Mr. Bush said he would have no choice but to end a C.I.A. program for the interrogation of high-level terrorism suspects if Congress passed an alternate set of rules supported by a group of Senate Republicans.

Those alternate rules were adopted Thursday by the Senate Armed Services Committee in defiance of Mr. Bush. Setting out what he suggested could be dire consequences if that bill became law, Mr. Bush said intelligence officers — he referred to them repeatedly as "professionals" — would no longer be willing and able to conduct interrogations out of concern that the vague standard for acceptable techniques could leave them vulnerable to legal action.

"Were it not for this program, our intelligence community believes that Al Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said. "But the practical matter is if our professionals don't have clear standards in the law, the program is not going to go forward."

The administration has said the Central Intelligence Agency has no "high value" terrorism suspects in foreign detention centers, having transferred the last of them this month to military custody at Guantánamo Bay, Cuba. But officials said they considered the program crucial to efforts to foil attacks.

"This enemy has struck us, and they want to strike us again," Mr. Bush said, "and we'll give our folks the tools necessary to protect the country. It's a debate that, that really is going to define whether or not we can protect ourselves."

It was also a debate Mr. Bush had hoped to have this week exclusively with Democrats as he and his party's leadership set out to draw unflattering distinctions between Republicans and Democrats on fighting terrorism for the fall elections.

Instead, Mr. Bush spent Friday in a second day of heavy debate, casting some of the most respected voices on military matters in his own party as hindering the fight against terrorism. As of late Friday there seemed to be no break in the impasse, even as White House officials worked behind the scenes to build new support in the Senate for the legislation the president wants.

Leading the efforts against him in the Senate are three key Republicans on the Armed Services Committee with their own military credentials: the chairman and a former secretary of the Navy, Senator John W. Warner of Virginia; Senator John McCain of Arizona, a prisoner of war in Vietnam; and Senator Lindsey Graham of South Carolina, a military judge. And publicly taking their side is Mr. Bush's former secretary of state, Colin L. Powell.

The dispute centers on whether to pass legislation reinterpreting a provision of the Geneva Conventions known as Common Article 3 that bars "outrages upon personal dignity"; the Supreme Court ruled that the provision applies to terrorism suspects. Mr. Bush argued that the convention's language was too vague and is proposing legislation to clarify the provisions. "What does that mean, 'outrages upon human dignity'?" he said at one point.

Mr. McCain and his allies on the committee say reinterpreting the Geneva Conventions would open the door to rogue governments to interpret them as they see fit.

In a statement late Friday, Mr. McCain stuck to his position, saying that his proposed rules included legal protections for interrogators. "Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative reinterpretations," he said.

Mr. Bush rejected the crux of Mr. McCain's argument when a reporter asked him how he would react if nations like Iran or North Korea "roughed up" American soldiers under the guise of their own interpretations of Common Article 3.

"You can give a hypothetical about North Korea or any other country," Mr. Bush said, casting the question as steeped in moral relativism. "The point is that the program is not going to go forward if our professionals do not have clarity in the law."

He also discounted an argument made in a letter from Mr. Powell that his plan would encourage the world to "doubt the moral basis of our fight against terrorism."

Asked about that analysis, Mr. Bush said, "If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic."

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Mr. Bush was alternately combative and comedic during the hourlong session with reporters. At one point, in describing how he thought the economy and Republican tax policies would help his party in November, he said: "I've always felt the economy is a determinate issue, if not the determinate issue in campaigns. We've had a little history of that in our family, you might remember."

It was an off-hand reference to his father's losing presidential re-election campaign in 1992, when he was damaged by economic woes and the breaking of his "read my lips" vow not to raise taxes.

Mr. Bush said it was "urban myth" that his administration had lost focus on capturing Osama bin Laden. The president said he was frustrated by the United Nations at times, especially when it came to addressing genocide in Darfur.

Asked about a Senate report concluding that there was no working relationship between Saddam Hussein and Al Qaeda in Iraq, Mr. Bush said forcefully, "I never said there was an operational relationship."

The questioner had included a reference to Mr. Bush's Aug. 21 news conference at which he had said, "Imagine a world in which you had Saddam Hussein who had the capacity to make a weapon of mass destruction, who was paying suiciders to kill innocent life, who would — who had relations with Zarqawi," referring to the Qaeda mastermind in Iraq, Abu Musab al-Zarqawi.

Democrats for the most part on Friday were content to allow Republicans to fight among themselves on the terrorism question.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But Republicans boasted that their top issue, terrorism, was dominating the political news for yet another day and overtaking Democratic criticisms of the war in Iraq.

GOP Infighting On Detainees Intensifies (WP)

By Peter Baker

The Washington Post, September 16, 2006

President Bush warned defiant Republican senators yesterday that he will close down a CIA interrogation program that he credited with thwarting terrorist attacks if they pass a proposal regulating detention of enemy combatants, escalating a politically charged battle that has exposed divisions within his party.

An irritated Bush, raising his voice and gesturing sharply at a Rose Garden news conference, excoriated legislation passed by a Senate panel Thursday that is intended to conform U.S. detainee practices with the Geneva Conventions. Bush insisted on legislation more specifically defining what is banned so intelligence officers would not worry about being charged with war crimes.

"The professionals will not step up unless there's clarity in the law," Bush said. "So Congress has got a decision to make: Do you want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America."

The president's threat to end the interrogation program seemed to make little impression on the Republican dissidents who have balked at his interpretation of the Geneva Conventions. Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.), two of four Republicans who voted against Bush's position on Thursday, again rejected his logic after the news conference, and a fifth Republican senator, Olympia J. Snowe (Maine), joined the rebellion against the president.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative 'reinterpretations,' " McCain said in a written statement. "This puts our military personnel and others directly at risk in this and future wars."

The dispute over how the United States conducts its ongoing battle with international terrorists dominated a question-and-answer session with the president that touched on a variety of high-profile issues 53 days before the midterm elections. Bush lashed out at the United Nations for not moving more aggressively to stop genocide in Darfur, rejected what he called the "urban myth" that his administration has lost focus on finding Osama bin Laden, and acknowledged that spiraling violence in Iraq has frustrated his hopes to begin bringing U.S. troops home this year.

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At a time when Bush hoped to be drawing distinctions with Democrats, though, he spent most of the conference arguing with fellow Republicans. As Congress tries to wrap up business to go home and campaign, Bush is pressing for legislation endorsing his leadership against terrorism, including warrantless surveillance of overseas telephone calls, military commissions to try enemy combatants and expansive rules permitting tough interrogations.

The most explosive debate centers on how the Geneva Conventions should apply to U.S. intelligence officers, who captured, held and questioned terrorism suspects in secret overseas CIA prisons for years until the last 14 detainees were transferred recently into military custody at Guantanamo Bay, Cuba.

The Supreme Court ruled in June that U.S. detainees fall under the Geneva Conventions, which require that wartime captives be "treated humanely" and ban "outrages upon personal dignity." Bush wants legislation interpreting the conventions as barring "cruel, inhuman or degrading" treatment, adopting language from a McCain-sponsored law on prisoners signed last year. The broader "personal dignity" phrases, he argues, are so vague that they leave interrogators open to prosecution for a wide variety of techniques.

McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.) have rejected the Bush approach as too narrow and as an invitation to other countries, including Iran, Syria and North Korea, to reinterpret the Geneva rules as they see fit if they ever hold U.S. soldiers. "What is being billed as 'clarifying' our treaty obligations will be seen as 'withdrawing' from the treaty obligations," Graham said. "It will set precedent which could come back to haunt us."

Another dispute centers on trials for terrorism suspects, who in the Bush proposal could under some circumstances be barred from the proceedings and not allowed to view classified evidence against them. The Republican legislation, passed by Warner's committee 15 to 9 on Thursday, would make it more difficult to introduce secret evidence.

Joining McCain and the other Republicans this week was former secretary of state Colin L. Powell, who wrote in a letter that reinterpreting the Geneva Conventions would encourage other countries to "doubt the moral basis of our fight against terrorism."

Bush bristled at the criticism from his former top diplomat yesterday, calling it "flawed logic" and accusing Powell of equating U.S. tactics with those of terrorists, even though Powell's letter made no such comparison. "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children," Bush said.

He likewise rejected the argument that nations such as Iran and North Korea would cite U.S. precedent in reinterpreting Geneva rules. "If the nations such as those you named adopted the standards within the Detainee Detention Act," Bush said, meaning the model for his preferred legislation, "the world would be better."

Asked twice if he would veto the McCain-backed bill, Bush avoided answering directly but repeated 11 times in the course of an hour that intelligence officials would not "go forward" with their interrogation program. "Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

In a nod to the harsh campaign rhetoric flying around Washington, Bush disavowed a statement by House Majority Leader John A. Boehner (R-Ohio), who suggested this week that Democrats care more about protecting terrorists than protecting Americans. "I wouldn't have exactly put it that way," Bush said. "But I do believe there's a difference of attitude."

Democrats, who have largely sat on the sidelines as Bush and Republicans battled this week, seized on the president's remarks yesterday. "Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect and finally give them the real security they deserve," said Senate Minority Leader Harry M. Reid (Nev.).

Sens. Edward M. Kennedy (D-Mass.) and Richard J. Durbin (D-Ill.) called for a Judiciary Committee investigation into whether military judge advocates general were pressured into writing a letter this week saying they "do not object" to two sensitive parts of the administration's legislation.

Officials who attended the meeting in question, in the office of Pentagon general counsel William J. Haynes II on Wednesday, said there was no pressure on the military lawyers to produce the letter, describing a robust discussion about how to

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word its contents. The lawyers initially drafted a letter saying they "support" the two sections but later settled on saying they "do not object" to them.

"None of us would have signed anything if we had not believed it and absolutely agreed with it," Col. Ronald M. Reed, counsel to the Joint Chiefs of Staff chairman, said yesterday. "The discussion was nothing out of the ordinary."

But late yesterday, Maj. Gen. Scott C. Black, the Army's judge advocate general, sent a new letter to McCain and other senators, saying "further redefinition" of the conventions "is unnecessary and could be seen as a weakening of our treaty obligations, rather than a reinforcement of the standards of treatment."

Bush Threatens To Shut CIA Interrogation Program (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 16, 2006

WASHINGTON - Warning that terrorists "are coming again," President Bush said Friday that he'd shut down a secret CIA interrogation program if lawmakers refused to give interrogators wide latitude in dealing with detainees.

"It's a dangerous world," Bush said as he prodded Congress to follow his lead in dealing with suspected terrorists. "I wish I could tell the American people, `Don't worry about it, they're not coming again.' But they are coming again."

The president's use of fear to pressure lawmakers came a day after a Republican-led Senate committee defied the White House and approved legislation that would prohibit abusive treatment of detainees. The bill, which the Senate Armed Services Committee endorsed 15-9, also would revise Bush's rules of evidence for trials of suspected terrorists.

The House of Representatives appears headed toward approving the president's approach, but the Senate is likely to oppose him. That may leave the issue unresolved before November's congressional elections.

Bush cast the dispute as a choice between protecting the nation or leaving it vulnerable to another terrorist attack. His critics, including many retired military officers and former Secretary of State Colin Powell, say his approach violates American values, undermines the moral foundation of the war on terrorism and increases the risk that U.S. prisoners of war will be abused.

Both sides say they want to clarify the CIA's obligations under the Geneva Conventions, a series of international agreements that govern the treatment of wartime prisoners. Bush's critics say his approach essentially would jettison the agreement.

"What is being billed as `clarifying' our treaty obligations will be seen as withdrawing from the treaty obligations," said Sen. Lindsey Graham, R-S.C., a member of the Armed Services Committee. "It will set precedent which could come back to haunt us."

The president bristled when he was asked about Powell's comment Thursday that "the world is beginning to doubt the moral basis of our fight against terrorism."

"That's flawed - flawed logic," he said. "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

The Pentagon has banned abusive interrogations in military detention centers, but the CIA, until recently, had more latitude in its efforts to pry information from terrorist suspects. The techniques the agency used are classified, but they reportedly include simulated drowning, temperature extremes and sleep deprivation.

Bush suspended the CIA interrogation program and emptied the agency's secret prisons after the Supreme Court ruled in June that the detainees are covered by the basic protections that the Geneva Conventions provide. The protections, spelled out in a provision known as Common Article 3, prohibit "outrages upon personal dignity" as well as "humiliating and degrading treatment."

The president said he would shut down the CIA interrogation program permanently if Congress didn't pass legislation that gave the agency latitude in dealing with suspects and protected its interrogators from possible prosecution for war crimes.

"This program has saved innocent lives,'" he said. "The intelligence community must be able to tell me that the bill Congress sends to my desk will allow this vital program to continue."

When he was asked how he'd react if captive Americans were subjected to the same treatment as the CIA's prisoners, Bush replied that "the world would be better" if other countries observed his treatment standards.

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Turning to Iraq, the president acknowledged that deploying more Iraqi security forces hasn't led to reducing the number of U.S. troops in the country, the stated goal of his Iraq strategy. In fact, the number of American troops in Iraq has increased in recent months, from 135,000 to 147,000.

"The enemy is changing tactics, and we're adapting," Bush said.

Looking ahead to his trip to the United Nations General Assembly next week, the president criticized the U.N. and said he wouldn't meet with Iranian President Mahmoud Ahmadinejad there. He chided the U.N. for failing to respond to violence in Sudan's Darfur region.

On another topic, Bush said he was "just speculating" when he told a group of conservative journalists earlier this week that America might be in the midst of a "Third Awakening" of religious devotion.

Religious historians refer to a wave of Christian fervor in the American colonies in the mid-1700s as the First Great Awakening. The Second Great Awakening refers to a similar wave in the early 1800s.

The president said his musings about a third religious wave were inspired by his experience and a book on Abraham Lincoln that he read recently.

"It seems like to me that something is happening in the religious life of America," he said. "I'm able to see a lot of people, and from my perspective, people are coming to say, `I'm praying for you.'"

Bush Fights GOP Revolt Over Terror Bill (AP-Y)

By Terence Hunt

AP, September 16, 2006

President Bush fought back Friday against a Republican revolt in the Senate over tough anti-terror legislation and rejected warnings that the United States had lost the high moral ground to adversaries. "It's flawed logic," he snapped.

Bush urged lawmakers to quickly approve legislation authorizing military tribunals and harsh interrogations of terror suspects in order to shield U.S. personnel from being prosecuted for war crimes under the Geneva Conventions, which set international standards for the treatment of prisoners of war.

Tough interrogations have been instrumental in preventing attacks against the United States, Bush said. "Time's running out" for the legislation, he warned, with Congress set to adjourn in a few weeks.

The president called a Rose Garden news conference to confront a Republican rebellion led by Sens. John Warner of Virginia, John McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine.

To the administration's dismay, Colin Powell, Bush's former secretary of state, has joined with the lawmakers. Powell said Bush's plan to redefine the Geneva Conventions would cause the world "to doubt the moral basis" of the fight against terror and "put our own troops at risk."

Seven weeks before the November elections, the dispute left Republicans fighting among themselves — rather than with Democrats — about national security issues that have been a winning theme for the GOP in past elections.

Responding to Bush, McCain rejected the president's assertion that an alternative bill approved by the Senate Armed Services Committee dealing with the trial and interrogation of terror suspects would require the closure of the CIA's detainee program.

McCain said the measure would protect agents from criminal and civil liability and, by not reinterpreting the meaning of the Geneva Conventions, uphold the nation's obligations.

"To do any less risks our reputation, our moral standing and the lives of those Americans who risk everything to defend our country," the senator said.

Democrats were eager to point out the GOP disarray.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Sen. Charles Schumer, D-N.Y. "These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions."

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Senate Minority Leader Harry Reid, D-Nev., said, "Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect, and finally give them the real security they deserve."

Warner, a former Navy secretary, is chairman of the Armed Services Committee. McCain is a former Navy pilot who spent more than five years in enemy captivity during the Vietnam War. Graham is a former Air Force Reserve judge. Powell, a retired general, is a former chairman of the Joint Chiefs of Staff.

On another major national security issue, Bush said he was disappointed that the number of U.S. troops in Iraq was climbing rather than falling. He said hopes for troop withdrawals were dashed by a spike in violence in Baghdad, where in just the past two days more than 130 people were killed in attacks or tortured and dumped in rivers and on city streets.

"Look, we all want the troops to come home as quickly as possible," the president said. Polls show the war is unpopular among Americans, and Republicans worry it could cost them votes. He said he would base troop levels on the recommendations of his top commanders, Gen. William Casey and John Abizaid, and said he had great confidence in both men.

Bush took vehement exception when asked about Powell's assertion that the world might doubt the moral basis of the fight against terror if lawmakers went along with the administration's proposal to come up with a U.S. interpretation of the Geneva Convention's ban on "outrages upon personal dignity."

"If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic," Bush said. "It's just — I simply can't accept that."

Growing animated, he said, "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

Bush said the Geneva Convention's ban was "very vague" and required clarification. "What does that mean, 'outrages upon human dignity?' That's a statement that is wide open to interpretation."

He said that unless Congress acts, the CIA will end its program of tough interrogation methods that the administration says has prevented attacks.

"So Congress has got a decision to make," Bush said. "You want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America."

On another anti-terror matter, with Osama bin Laden still at large five years after the 9/11 attacks, Bush said he could not send thousands of troops into Pakistan to search without an invitation from the government. "Pakistan's a sovereign nation," Bush said.

At the same time, Bush expressed frustration that the United Nations had not sent peacekeepers to stop the misery in the Darfur region of Sudan. "What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act. Well, there are other alternatives, like passing a resolution saying, we're coming in with a U.N. force, in order to save lives."

On other issues, Bush said:

_He will not meet with Iranian President Mahmoud Ahmadinejad next week while both are at the United Nations. The U.S. won't sit down with Iranians until they suspend nuclear enrichment, he said.

_He would not have gone as far as House Majority Leader John Boehner of Ohio that Democrats "are more interested in protecting the terrorists than protecting the American people." "I wouldn't exactly put it that way," Bush said. But he said that "there's a difference in attitude" between Republicans and Democrats.

Bush Says Congress Must Pass Clear Law On Detainees (Update6) (BLOOM)

Bloomberg, September 16, 2006

By Catherine Dodge and James Rowley

Sept. 15 (Bloomberg) -- President George W. Bush said CIA intelligence-gathering that has already thwarted al-Qaeda attacks on the U.S. would stop unless Congress passes his proposed rules for the treatment of suspected terrorists.

``Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," Bush said in an hour-long news conference at the White House.

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Bush raised the ante in the face of a rebellion by members of his own Republican Party on Capitol Hill. Four Republicans yesterday joined Democrats on the Senate Armed Services Committee to approve legislation that would give more legal protection to suspected terrorists than the administration wants.

Bush sidestepped a question on whether he would veto legislation that didn't match his proposal, saying he is confident Congress will send him a ``good bill." Bush's former secretary of state, Colin Powell, endorsed the Senate panel's approach, warning that the administration is risking the safety of U.S. troops and worldwide opinion by permitting harsh treatment of detainees and redefining what is allowed under the Geneva Conventions.

Powell, also a former chairman of the military's Joint Chiefs of Staff, said in a Sept. 13 letter to Republican Senator John McCain that ``the world is beginning to doubt the moral basis of our fight against terrorism."

`Flawed Logic'

Asked today about Powell's suggestion the U.S. is following a flawed strategy, Bush said: ``If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic."

The legislation is needed to restart war-crimes tribunals Bush set up at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated those tribunals in June, ruling that they fail to incorporate the 1949 Geneva Conventions on the treatment of war prisoners.

Bush said those treaty standards are ``vague" and the U.S. has learned valuable information from detainees. ``I'm asking Congress to pass a clear law with clear guidelines," he said. ``If Congress passes a law that does not clarify the rules, the program is not going forward."

Gonzales Comments

Attorney General Alberto Gonzales told reporters that the Supreme Court decision created ``confusion and concern" about Central Intelligence Agency interrogation techniques. On Sept. 6, Bush announced that all 14 ``high-value" detainees at CIA-operated prisons had been transferred to Guantanamo Bay.

While ``there is no one currently in CIA custody," the attorney general said, ``We're going to capture additional high-value detainees" and ``we will need to get information from them."

Four of the 13 Republicans on the Senate panel joined all 11 Democrats to approve their version of the measure, rejecting Bush's proposal to bar defendants from seeing classified evidence prosecutors may want to use in court. The committee acted just hours after the president made an unusual visit to Capitol Hill yesterday to urge support for his proposals on domestic eavesdropping and military tribunals.

In addition to McCain, a former Vietnam War prisoner and torture victim, Republican Senators John Warner of Virginia, the panel's chairman; Lindsey Graham of South Carolina, a former Air Force lawyer, and Susan Collins of Maine sided with the Democrats. Senator Olympia Snowe, also a Maine Republican, announced today she would support the bipartisan measure. Republicans John Sununu of New Hampshire and Arlen Specter of Pennsylvania have also voiced support.

Treaty Obligations

Graham, in a statement, took issue with the president's characterization of the legislation. ``What is being billed as `clarifying' our treaty obligations will be seen as `withdrawing' from the treaty obligations," he said. ``The Senate legislation, for the first time, clearly defines what would be criminal conduct by the CIA in the war on terror."

``When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Senator Charles Schumer, a New York Democrat, in a statement.

After the committee vote, McCain accused CIA Director Michael Hayden of asking to be ``immunized not from liability but from criticism."

``If one of his techniques is made public and gets criticized, he can say, `Well, Congress told me to do it,'" McCain told reporters. ``He is trying to protect his reputation at the risk of America's reputation."

CIA spokesman Mark Mansfield said Hayden was trying to protect CIA employees.

CIA Interrogations

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Lieutenant General Patrick Hughes, the former head of intelligence at the Homeland Security Department, said the committee's measure was ``implicitly limiting" of CIA interrogations.

``Surely no one believes we can use a 1940's set of rules -- absent any change -- to govern our actions now," Hughes said.

Steven Fleischmann, a former official at the State Department's Bureau of Intelligence and Research, said the U.S. should be more concerned about the perception of abuse adding to the difficulties of fighting the war on terror.

``Fear on the other side can be a useful tool in getting people to cooperate, but anger on the other side helps them recruit," he said. The debate over detainee treatment ``seems feckless and likely to catch mid-level personnel in the middle of a domestic political struggle."

Senate Republican Whip Mitch McConnell, who supports Bush's measure, promised that ``a floor debate will highlight important bright-line issues." In a Senate speech today, McConnell said ``only one side of the argument has been prevalent in the last day or do." House leaders plan a vote next week on legislation that closely tracks Bush's proposal.

The intra-party squabble has disrupted Republican plans to highlight their differences with Democrats over national security before the Nov. 7 elections. All 435 seats in the House of Representatives are up for grabs, as are 33 of 100 Senate seats. To overturn the Republican majorities, Democrats need a net gain of 15 seats in the House and six in the Senate.

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Bush: Interrogation Vital (WT)

By Joseph Curl

The Washington Times, September 16, 2006

President Bush yesterday warned Congress that failure to pass his proposal for interrogating and trying suspected terrorists will kill a vital program that has prevented attacks on the United States, but he expressed optimism that the final legislation will follow his recommendation.

One day after four Republicans on the Senate Armed Services Committee joined Democrats to approve a bill that calls for broader rights for suspected terrorists than he has set out, the president said lawmakers need to act swiftly because "time's running out."

"Congress has got a decision to make: Do you want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America," Mr. Bush said during a Rose Garden press conference.

"If not for this program, our intelligence community believes al Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

But Democrats yesterday reminded Mr. Bush that the senators and others leading the fight against his proposal are Republicans.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Sen. Charles E. Schumer, New York Democrat. "These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions."

Mr. Powell, the former secretary of state and chairman of the Joint Chiefs of Staff, said this week that the president's proposal would encourage the world to "doubt the moral basis of our fight against terrorism" and "put our own troops at risk."

Republican Sen. Olympia Snowe of Maine also announced that she supports Mr. McCain's and Mr. Warner's proposal rather than Mr. Bush's.

The president urged the Senate to support the kind of legislation passed by the House Armed Services Committee, which would allow the administration to try terror suspects before military tribunals and use interrogation techniques the president argues have been crucial to protecting America.

He refused to speculate on whether he would veto a bill that doesn't include his proposals.

"I believe we can get a good bill," Mr. Bush said. "Hopefully, we can reconcile differences; hopefully, we can come together and find a way forward without ruining the program."

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Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush should bow to the "bipartisan process under way in the United States Senate."

The president's proposal seeks to clarify Article 3 of the Geneva Conventions, which bans "outrages upon human dignity."

"That's ... very vague. What does that mean, 'outrages upon human dignity'? That's a statement that is wide open to interpretation," he said.

Mr. Bush argued that "by clarifying Article 3 we make it stronger, we make it clearer, we make it definite."

The administration sought congressional clarification this month after the Supreme Court in June struck down the president's current setup for trying detainees held at the U.S. Naval Base Guantanamo Bay, Cuba, a ruling the president called "flawed."

Mr. Bush said Congress must act to protect U.S. intelligence professionals who are called on to question detainees to obtain vital information. "They don't want to be tried as war criminals. ... They expect our government to give them clarity about what is right and what is wrong."

He also urged Congress to support the terrorist surveillance program, which allows the federal government to eavesdrop on international calls to and from suspected terrorists in the United States.

"Both these bills are essential to winning the war on terror. We'll work with Congress to get good bills out because we have a duty," Mr. Bush said.

On other subjects, the president:

•Again pressed for comprehensive immigration legislation, but did not say whether he would support a House bill passed Thursday that calls for construction of a 770-mile fence on the U.S.-Mexico border.

•Rejected a face-to-face meeting with Iranian President Mahmoud Ahmadinejad next week when he attends the U.N. General Assembly meeting, saying, "I have made it clear that we will sit down with the Iranians once they verifiably suspend their enrichment program."

•Predicted the Republicans will retain control of Congress. "I don't believe the Democrats are going to take over because our record on the economy is strong," he said.

•Paid tribute to Ann Richards, who died Wednesday. Of his one-time rival for Texas governor, Mr. Bush said: "Running against Ann Richards taught me a lot. She was a really, really good candidate. She was a hard worker. She ... had the capacity to be humorous and yet make a profound point. I think she made a positive impact on the state of Texas."

Bush On Defensive Over Anti-terrorism Measures (FT)

By Caroline Daniel In Washington And Daniel Dombey In Brussels

Financial Times, September 16, 2006

In the wake of Republican rebellion over his proposals to approve interrogation techniques for terrorists and military tribunals, President George W. Bush on Friday used a Rose Garden press conference to defend his legislation and warned Congress: “Time is running out . . . Congress must act wisely and promptly.”

Mr Bush, at times testy and defensive, explained his effort to clarify the terms of Common Article 3 of the Geneva Conventions, and denied it would put at risk US soldiers who might be captured in countries such as Iran or North Korea. “I don’t think Americans want international courts determining how we protect ourselves,” he said.

The battle over the legislation has pitted the authority of the White House and House Republicans against the moral authority claimed by a group led by Senators John McCain, John Warner and Lindsey Graham, who contend that the US could see the basis of its fight against terrorism undercut by efforts to legalise controversial interrogation methods and tribunals.

The European Union on Friday added to the pressure on the White House when it denounced as “illegal” the secret CIA prison whose existence Mr Bush acknowledged last week.

“The existence of secret detention facilities where detained persons are kept in a legal vacuum is not in conformity with international humanitarian law and international criminal law,” the EU said in a formal statement at a foreign ministers’ meeting.

Mr Bush appeared to create room for negotiations with Congress when he sidestepped the chance to pledge that he would veto any bill if it matched the one passed by 15 votes to 9 in the Senate armed services committee, and said his key criterion for

success was one question: “That the intelligence community must be able to tell me this bill enables this vital programme to continue.”

Michael Hayden, director of the CIA, warned this week that if the current Senate version were passed it would lead to the end of the programme of interrogations held at secret CIA prisons. The administration has defended this as a “vital tool”.

Mr Bush, capping a week in which he has put the war on terror at the centre of the Republican congressional campaign, said: “We didn’t ask for this war. This enemy has struck us and wants to strike us again. It’s a dangerous world.”

Some are concerned that the battle within the Republican party is frustrating efforts to present a unified front on the issue of the war on terror.

Ken Mehlman, chairman of the Republican National Committee, yesterday denied that the split would have any political impact on the mid-term elections. “The average American is not paying attention to committee mark-ups,” he said.

“If you look at every one of the elements of the war on terror, Democrats opposed the Patriot Act, the terrorist surveillance, voted to cut intelligence funding. When you look at the overall picture you see that Republicans are united in recognising we are at war . . . what would we see if the Democrats were in charge? We would have a much weaker effort in the war on terror.”

Behind The Debate, Controversial CIA Techniques (WP)

By R. Jeffrey Smith

The Washington Post, September 16, 2006

President Bush's push this week for legislation that narrowly defines U.S. obligations under the Geneva Conventions is motivated by his aides' conviction that the CIA must continue using a small number of highly controversial interrogation techniques on suspected terrorists, according to current and former U.S. officials. These methods include some that cause extreme discomfort and have been repudiated by other federal agencies.

The nature and legitimacy of these coercive techniques is the largely unpublicized subtext of the legislative dispute that has erupted between the administration and its opponents on Capitol Hill, including lawmakers from both parties who have said privately that they find some of the CIA's past interrogation methods abhorrent.

On the surface, Bush's proposal requires that interrogations in the previously secret CIA prison system comply with legal rules written by Congress last year. Privately, the administration has concluded that doing so would allow the CIA to keep using virtually all the interrogation methods it has employed for the past five years, the officials said.

That conclusion is based on an unpublicized memo to the CIA from the Justice Department's Office of Legal Counsel, which named the precise interrogation methods the department believed to be sanctioned by last year's broadly written congressional requirement that no U.S. detainees "shall be subject to cruel, inhuman or degrading treatment or punishment" as those terms are defined in U.S. laws.

The officials said the CIA and the White House are convinced that retaining access to these methods is key to extracting information from captured terrorism suspects who have urgently needed information about dangerous plots.

Congressional critics of this position have some support from within the government: Neither the FBI nor the Defense Department allows the use of the CIA's harshest techniques, and last week senior Pentagon officials said they believe that more cooperative forms of interrogation produce better results than inflicting extreme discomfort.

But the CIA feels differently. A memo sent by CIA Director Michael V. Hayden to the agency's employees Thursday approvingly quoted Bush's endorsement of the CIA interrogations for "defending the homeland, attacking [al-Qaeda] . . . and saving thousands of American and allied lives." Hayden said in the memo that the clarifying language of the administration's bill would give him confidence that what he "asked an Agency officer to do under the program is lawful."

The rival Senate bill on interrogations -- approved by the Armed Services Committee on Thursday and sharply criticized by Bush yesterday -- is silent on how the CIA should comply with the Geneva Conventions. Its intent, according to several government officials, is not only to avoid sending a signal to other nations that Washington is reinterpreting its treaty obligations, but to leave in place a historic understanding of international law, which would render unlawful many of the extreme interrogation techniques the CIA has been using.

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Bush and other senior officials have not discussed what those methods include, but the president described them as an "alternative set of procedures," emphasizing that they differ from those used elsewhere in the government.

At a news conference yesterday, Bush alluded to these special methods when he said the new legislation was needed to provide "intelligence professionals with the tools they need." One well-informed source said the techniques include prolonged sleep deprivation and forced standing or other stress positions. Another source said they match the techniques used by the agency in the past, but with a notable exception: The CIA no longer seeks to use a notorious technique called "waterboarding," which is meant to simulate drowning.

A senior administration official, authorized to speak with reporters about the legal issues behind the administration's strategy yesterday on the condition that he not be named, said the CIA interrogations at issue are in "the gray area on the margins -- that ill-defined boundary -- of Common Article 3." He was referring to a Geneva Conventions provision that bars cruel, humiliating and degrading treatment, as well as "outrages upon personal dignity."

There are ironies in the positions of each side in the current dispute. The administration says its intent is to define the explicit meaning of Common Article 3 so that CIA officers know exactly what they can do. But the senior official who addressed the legal issue yesterday said the standard the administration prefers is "context-sensitive," a phrase that suggests an endlessly shifting application of the rules.

The reason is that the administration's language would in effect ban only those interrogation techniques that "shock the conscience." That phrase, drawn from a judicial interpretation of the U.S. Constitution, is a "flexible" standard, the official said. Others have said that standard would allow interrogators to weigh how urgently they felt they needed to extract information against the harshness of their techniques, instead of following rigid guidelines.

The official did not try to explain how embracing such an inherently flexible standard would actually create clarity, the watchword of the administration's public campaign for its version of the bill.

Another irony lies in the fact that the congressional rules for interrogations that the Bush administration now seeks to embrace in the new legislation -- the Detainee Treatment Act of 2005 -- were vigorously opposed by the White House before their adoption by Congress. Bush disliked them so much that when he signed the law Dec. 30, he appended a statement objecting to some of its provisions and explicitly reserved his right to interpret them "in a manner consistent" with his constitutional authorities as president and commander in chief.

In another twist, the principal Republican lawmakers responsible for the Detainee Treatment Act -- Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) -- said last year that they meant the law to set a minimum, humane standard of treatment for detainees held by both the Defense Department and the CIA. But they now are telling colleagues it would be a bad law for the CIA to follow in the future because its language would slight international treaty obligations.

A retired intelligence professional who said he has discussed the matter at length with colleagues said the predominant view at the agency is that McCain -- who made clear in congressional debate last year that he disapproved of what the CIA was doing -- was surprised to learn later that the Detainee Treatment Act did not put a stop to it.

His bill "did not formally disallow anything that was being done," the source said. Now, he said, McCain "is not going to let the practitioners off the hook."

Staff writer Spencer S. Hsu and staff researcher Julie Tate contributed to this report.

Military Lawyers Caught In Middle On Tribunals (NYT)

By Mark Mazzetti And Neil A. Lewis

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — On Wednesday evening, the night before a crucial Senate vote on the Bush administration plan for the interrogations and trials of terrorism suspects, the Pentagon general counsel, William J. Haynes II, summoned the senior uniformed lawyers from each military service to a meeting.

The lawyers, known as judge advocates general, had been pivotal players in years of debate over detention, interrogation and prosecution.

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They had repeatedly sparred behind the scenes with Mr. Haynes, the top civilian lawyer in the Defense Department. This summer, the judge advocates general emerged in public after the Supreme Court struck down a Bush administration plan to take an important role in opposing parts of a White House effort to resurrect military commissions for terrorism suspects in Guantánamo Bay, Cuba.

But at the meeting on Wednesday, Mr. Haynes sought to enlist the lawyers on the administration's side by asking whether any would object to signing a letter lending their support to aspects of the White House proposal over which they had voiced little concern.

The lawyers agreed, but only after hours of negotiating over specific words, so that they would not appear to be wholly endorsing the plan.

What followed was a scuffle that left at least some of the military lawyers embittered and stoked old tensions at the Pentagon between civilian leaders and uniformed military officers, who under Defense Secretary Donald H. Rumsfeld have often found themselves privately at odds.

Early Thursday morning, White House allies distributed the letter that the lawyers had signed, as evidence that the group, known as Jags, now supported the administration plan.

That prompted loud protests from Republican senators opposed to the plan. They dismissed the letter on grounds that the lawyers would have signed it only under pressure.

The truth lies somewhere in between, said one of the senior lawyers and other current and former military officials familiar with their views.

"I didn't have any problem signing what I signed,'' Maj. Gen. Charles J. Dunlap Jr., deputy judge advocate general of the Air Force, said Friday in an interview. "How people use it and what they use it for I can't control.''

General Dunlap represented the Air Force at the meeting because the top lawyer was out of town.

A spokesman for the Pentagon, Bryan Whitman, said it was nonsense to suggest that the military lawyers had been coerced, a point that General Dunlap agreed with.

"Do you really think that an officer with 30 years' service could be coerced by the Pentagon bureaucracy to sign something he didn't want to sign?" General Dunlap asked.

Of the five senior military lawyers, just General Dunlap agreed to comment for the record. Spokesmen for the other four — from the Army, Marines, Navy and Joint Chiefs of Staff — said those senior lawyers would not speak publicly because of the sensitivity of the topic.

Other military officials insisted on anonymity, saying the lawyers' experience had demonstrated the perils of active-duty officers' speaking openly about sensitive subjects.

The views of professional military lawyers have been much sought after in the five-year debate over what permissible techniques in the fight against terrorism.

In early 2002, the administration brushed aside the objections of the military's most senior uniformed lawyers to the original plans for military commissions. When the lawyers' role as dissenters became known later, they were lauded by human rights advocates and others as having tried to be an independent voice and brake on the administration.

According to documents released last year, the military lawyers later objected strenuously to the conclusions of an administration legal group that said in early 2003 that President Bush had authority as commander in chief to order harsh interrogations of Guantánamo Bay detainees.

In public testimony to Congress last month, the lawyers voiced objections to specific parts of the White House plan, which was an effort to resurrect the Guantánamo military commissions that the Supreme Court struck down. Most significant, the lawyers disputed the provision prohibiting defendants from access to classified evidence against them.

The top uniformed Marine lawyer, Brig. Gen. James C. Walker, said in his testimony that no civilized country ought to deny defendants the right to see evidence against them and that the United States "should not be the first.'' The lawyers stand by those objections, military officials said.

The letter signed on Wednesday focused instead on two different parts of the White House proposal, the provision amending Common Article 3 of the Geneva Conventions and a provision of the War Crimes Act that enforces that article.

Mr. Haynes drafted the letter focusing on these provisions because neither had been a sticking point in the military lawyers' objections. But when the lawyers reached Mr. Haynes's office, they declined to sign immediately, people with knowledge of the meeting said.

The lawyers spent more than an hour huddled in a private room wrangling over language they could agree on and trying to call Rear Adm. Bruce MacDonald, the Navy judge advocate general.

A participant in the meeting said Admiral MacDonald told his colleagues that he could not sign a letter saying he supported the Common Article 3 definition in the White House legislation because he advocated a broader definition that relied more on international law, rather than a narrow interpretation of American constitutional law.

In the end, the military lawyers all agreed to language in the letter saying they "do not object" to the provisions in the administration bill.

But the letter included a sentence that the clarification would be "helpful to our fighting men and women at war on behalf of their country."

White House officials said that sentence demonstrated the military lawyers' support.

General Dunlap said in his mind that signing the letter meant just to convey that trying to clarify ambiguous language was helpful and that it did not mean that he and his colleagues fully endorsed the administration view.

The Question Of Liability Stirs Concern At The C.I.A. (NYT)

By Scott Shane

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Behind the debate between Congress and the White House over the proper treatment of terror suspects is an old fear at the Central Intelligence Agency: that officers could be vulnerable to lawsuits, or even criminal prosecution, for actions they believed at the time complied with administration policy.

Legislation proposed by the White House would address that concern head-on by offering retroactive protection for some actions taken since the Sept. 11 terrorist attacks. Specifically, it would amend the War Crimes Act to prohibit only certain "serious violations" of a provision of the Geneva Conventions, including torture, murder and other clearly unsanctioned acts.

The distinction is a crucial one, because the War Crimes Act prohibits any violation of Common Article 3 of the Geneva Conventions, which outlaws "outrages upon personal dignity" and "humiliating and degrading treatment." In view of the Supreme Court's ruling in June that Common Article 3 applies to all interrogations of terror suspects, some harsh techniques used by C.I.A. or military officers since 2001 could be viewed as illegal under the existing law.

The plan favored by the White House bans what it defines as "serious violations of Common Article 3," including murder, torture and the use of biological experiments. The alternative favored by a group of Republican senators led by Senator John W. Warner of Virginia, chairman of the Armed Services Committee, does not introduce any such distinction.

The two plans also differ in their treatment of past abuses. The White House plan would be retroactive to Sept. 11, 2001, while senators working with Mr. Warner say their approach avoids dealing with past events because of legal and constitutional concerns. The senators say they believe that past abuses should be reviewed case by case.

A. John Radsan, assistant general counsel at the C.I.A. from 2002 to 2004, said he thought the legal exposure for officers involved in capturing and interrogating suspects since 2001 was not as great as some feared. But Mr. Radsan said he understood their concern.

"Their perspective is that they got authorization, they got legal advice and they did the difficult, dirty work of the war on terror," said Mr. Radsan, now at the William Mitchell College of Law in St. Paul. "They think they should not suffer because someone changed the rules."

Mr. Radsan and other legal experts said Friday that it was highly unlikely that intelligence officers could be prosecuted in American courts for their actions in interrogating terror suspects. Similarly, they said, lawsuits filed by former prisoners would probably face insurmountable hurdles in American courts.

But some said future investigations by Congress or a C.I.A. inspector general were quite possible and could bring the daunting prospect of high legal fees or devastating news coverage.

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Nearly 100 terror suspects have spent time in C.I.A. custody since the Sept. 11 attacks, President Bush acknowledged publicly last week, when he announced the transfer of the last 14 of them to military custody in Guantánamo Bay, Cuba.

Mr. Bush has defended the interrogation program and has said it should not be disbanded, but he has said his legislation is necessary to provide clear legal guidelines to interrogators. Within the C.I.A. and the military, concern about possible repercussions against interrogators has increased since 2004, when disclosure of the abuses at Abu Ghraib prison in Iraq and elsewhere prompted a tightening of the guidelines on interrogation.

The first such step came in December 2004, when the Justice Department formally withdrew a controversial 2002 legal memorandum, intended primarily as a guideline for the C.I.A. interrogation program, that had defined torture as treatment leading to organ failure.

Last December, over White House objections, Congress passed an amendment proposed by Senator John McCain, Republican of Arizona, that explicitly outlawed "cruel, inhuman and degrading" treatment of prisoners. Finally, in June, the Supreme Court ruled that Common Article 3 of the Geneva Conventions, contrary to what the administration had argued for nearly five years, did apply to all prisoners captured in the campaign against terrorism.

With the possibility that the Democrats could win control of one or both houses of Congress in the November elections, the prospect of aggressive, public investigations of detainee treatment also looms.

Jack L. Goldsmith, a law professor at Harvard who served in the Defense Department and the Justice Department under Mr. Bush, said the shifting legal atmosphere made fear of criminal or civil liability on the part of C.I.A. and military personnel "a completely genuine concern, even if it seems far-fetched."

Suzanne Spaulding, a former assistant general counsel at the C.I.A., said agency officers could face legal liability abroad. Ms. Spaulding said some countries had asserted jurisdiction over war crimes committed anywhere in the world. And C.I.A. officers involved in the seizing of a Muslim cleric in Milan in 2003 faced an arrest order in Italy.

A C.I.A. spokesman, Mark Mansfield, acknowledged officers' concerns about possible legal troubles, but he said those concerns should not be exaggerated.

Mr. Mansfield said, for example, that while many C.I.A. officers, including polygraph examiners, members of promotion boards and interrogators, had long had professional liability insurance, he had seen no evidence of a recent increase in purchases of such insurance, the cost of which is reimbursed by the agency.

"It is fair to say that C.I.A. officers are mindful of these situations and developments,'' Mr. Mansfield said, "but it's unwise to make generalizations or sweeping statements about levels of concern. That said, we have a very important mission to carry out — helping to protect the country — and that has been and continues to be the paramount concern."

Bush Proposal May Slow Abuse Prosecutions (LAT)

By Andrew Zajac And Cam Simpson, Chicago Tribune

The Los Angeles Times, September 16, 2006

The president wants to narrow the definition of war crimes. But that could make it harder to win indictments in some Abu Ghraib cases.

WASHINGTON — When the Muslim world was first inflamed over images of abuse from the Abu Ghraib prison in Iraq, President Bush took the lead in a campaign to minimize the damage by pledging that his government would speak through its actions.

"There will be investigations. People will be brought to justice," Bush said on May 5, 2004, speaking from the Map Room of the White House and into the lens of a camera for Al Arabiya, the Arabic-language satellite network.

But more than two years later, provisions in Bush's proposed legislation for detainee interrogations and terrorism tribunals could hamper potential criminal prosecutions in some of the 17 abuse investigations from Iraq and Afghanistan pending before federal prosecutors in Virginia.

The CIA's former assistant general counsel, a defense attorney for one veteran intelligence officer under scrutiny in a pending investigation, and outside military-law experts all said Bush's proposal would retroactively weaken the U.S. law against war crimes, possibly making it more difficult to win criminal indictments in those cases.

Bush's plan would backdate a more narrow definition of war crimes to Sept. 11, 2001, the day terrorists crashed jets into the World Trade Center and the Pentagon.

The proposal seems to fit a broader pattern of Bush administration efforts to protect interrogators working for the CIA and the Department of Defense, or to find ways to keep the law in question, the 1996 War Crimes Act, from applying to post-Sept. 11 actions.

Another provision in Bush's proposal would mandate taxpayer-financed legal defenses for intelligence agents charged or sued in connection with detainee abuse.

Even those simply under investigation would get their legal bills paid under the plan, presumably including those involved in the 17 pending cases.

Although Bush was commenting on the future of interrogations, and not his proposed legislation's potential effect on the pending cases, the president said Friday that he wanted to give intelligence operatives confidence to proceed.

"These are decent, honorable citizens who are on the front line of protecting the American people, and they expect our government to give them clarity about what is right and what is wrong in the law. And that's what we have asked to do," Bush said.

One pending investigation in Virginia involves the death of Manadel Jamadi, an alleged Iraqi insurgent. Images of his battered corpse, which was packed in ice, were aired by ABC's "World News Tonight" the same day in 2004 that Bush made his pledge to prosecute abusers. It was soon dubbed the "iceman" case.

Nina Ginsberg, the attorney representing 47-year-old Mark Swanner, a veteran CIA officer who interrogated Jamadi before the prisoner's death, said in an interview Thursday that she believed the administration was attempting to use its proposed legislation to retroactively immunize or protect interrogators now under investigation.

Although she said it would be difficult to indict some of the Pentagon and CIA interrogators under investigation even if Bush's bill is rejected by Congress, Ginsberg said there was no other explanation for the retroactive nature of the changes proposed by the White House except to protect operatives already under scrutiny.

Deputy Atty. Gen. Paul J. McNulty, who as the U.S. attorney in Alexandria, Va., oversaw the 17 pending cases before becoming the Justice Department's acting No. 2 lawyer in November, did not deny during a brief interview Friday that the legislation would retroactively affect the investigations.

But asked about the potential effects, McNulty would only say, "I don't want to say.... The best I can say right now is [an answer] would probably reveal more about those cases involved than has been publicly said."

All of the cases assigned to Virginia remain secret, and no one has been charged. John Radsan, assistant general counsel at the CIA from 2002 to 2004, suggested that bringing charges against agency officers in any of the cases is already a difficult proposition — legally, practically and politically.

But Radsan also said, "This legislation will make it even more difficult to bring a case against a CIA officer for violating the War Crimes Act," because it would significantly limit the definition of a war crime.

Eugene Fidel, a military law expert in Washington and president of the National Institute of Military Justice, said the Bush proposal "would make it much more difficult for federal prosecutors to even take those cases into court."

Fidel added, "The prosecutor could just say, 'What you did doesn't even fall within the War Crimes Act anymore; therefore I'm not even going to paper it,' " that is, bring charges. He predicted that some of the investigations would "turn out to be unprosecutable because of this legislation."

Jim Rybicki, a spokesman for the U.S. Attorney's office in Alexandria, confirmed that 17 abuse investigations remain open but declined to discuss any details.

The New Yorker magazine first identified Swanner's connection to the Jamadi case last year.

A Justice Department memo written in January said 20 investigations related to detainee abuse allegations in Iraq and Afghanistan had been referred for prosecution.

Ten came from the Defense Department, the memo said, while the remainder came from "another agency," a reference to the CIA.

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Only one, that of CIA contract interrogator David A. Passaro, has been prosecuted. He was convicted in Raleigh, N.C., last month of felony assault for beating an Afghan prisoner who died one day after being pummeled with fists and a flashlight, evidence showed.

Passaro was indicted before then-Atty. Gen. John Ashcroft set up the special prosecution team in Virginia.

The Justice memo said two of the 20 cases were closed without charges because "the department has determined in each of them that there was insufficient evidence to support a prosecution."

In a statement Friday, the Justice Department declined to comment "on ongoing criminal investigations." But the agency, which is supporting Bush's push for the legislation, said there has never been a War Crimes Act prosecution because the statute is too vague.

Dispute Centers On Reading Of Geneva Convention (LAT)

By Julian E. Barnes Times Staff Writer

The Los Angeles Times, September 16, 2006

President Bush on Friday pushed for passage of his military tribunals bill, asking Congress to clarify the meaning of the Geneva Convention to allow the CIA to continue detaining and interrogating prisoners under a formerly secret program. The issue has grown more divisive between Bush and other Republicans.

Question: What are the similarities and differences between the president's proposal and the one supported by Sen. John McCain?

Answer: Both would set up special courts known as military commissions to try detainees. The bill supported by McCain, several other Republicans and many Democrats would give detainees greater legal rights, including more rights to see evidence used against them, than Bush's proposal.

The main difference has to do with how each of the bills would apply the Geneva Convention — in particular the provision known as Common Article 3. McCain's bill would apply the protections without interpreting them, whereas Bush's proposal would "clarify" them in a way that could give the CIA greater latitude in the way it treats detainees.

Q: What is Common Article 3?

A: It is a provision of the treaty that provides a minimum level of protection for any fighter involved in a civil war and for unlawful combatants — such as terrorists or insurgents — in all conflicts.

Q: The president contends Common Article 3 is vague. Is it?

A: Common Article 3 bans "outrages upon personal dignity, in particular humiliating and degrading treatment." Bush says it is subject to interpretation. However, international law experts say the article is not vague — at least no more so than any other law or treaty. Fifty years of case law and commentary define the article, and many military lawyers say they have a good idea of what is allowed and what isn't.

Q: Why does the president say that the CIA detention and interrogation program could not continue without redefining Common Article 3?

A: It depends on what the CIA does while detaining and interrogating prisoners, and few people outside the agency know with certainty what they do. Some experts on Geneva say there are many tough tactics — such as "stress positions" that cause discomfort, or limited sensory deprivation — that have recently been banned by the U.S. military but not by the CIA. Some of those tactics may not violate Common Article 3. But tactics causing unbearable pain to break prisoners would violate Common Article 3.

Q: Is "water-boarding" — a method that makes prisoners feel as though they are drowning — allowable under Common Article 3?

A: No.

Q: Does the CIA use water-boarding?

A: The CIA has used water-boarding as an interrogation tactic, U.S. officials have said.

Q: Does it still use water-boarding?

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A: The agency won't answer the question — which could mean that it still does, or that it wants terrorists to think it still does. The U.S. government, which considers simulated drowning a form of torture, has said the military will not use the tactic. But that ban explicitly leaves out the CIA.

Q: Do these bills spell out which tactics can and can't be used during interrogations?

A: No, not specifically. They mainly define how much latitude interrogators have, and how closely they must observe the Geneva Convention's terms.

Q: Administration officials say that if the McCain bill passes, CIA interrogators will be subjected to civil suits and prosecution for violating Common Article 3. Will they?

A: McCain's bill bans civil suits based on the Geneva Convention. It also offers other protections from criminal prosecution, by saying that U.S. forces can be prosecuted only for a "grave breach" of Common Article 3, including torture, murder, and "cruel, inhumane and degrading treatment." Administration lawyers want better retroactive protections for interrogators and more coverage in international courts. They say they can only get that by clarifying the meaning of the convention.

Q: Critics of the president's plan have said that redefining Geneva would put U.S. troops at risk. Has Common Article 3 ever protected an American service member?

A: Yes. In 1993, the United States invoked Common Article 3 protections for Chief Warrant Officer Michael J. Durant, who was captured by Somali warlords. Because he was not the prisoner of a government and because Somalia was embroiled in a civil war, traditional Geneva prisoner-of-war protections did not apply. Although Durant had been roughly treated initially, the militants ultimately decided to observe Common Article 3 and allowed the Red Cross to visit Durant.

Q: Would Common Article 3 protect U.S. forces in current conflicts?

A: Yes. Common Article 3 would protect a U.S. soldier captured by a rebel group in Afghanistan, the Philippines or Colombia — if the captors observed it.

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Position On Detainee Trials Comes At Political Risk For GOP Senators (MCT)

By Margaret Talev

McClatchy Newspapers, September 16, 2006

WASHINGTON - One endured torture as a prisoner of war in Vietnam. One is a former Navy secretary and stalwart supporter of the military's priorities. One is a former military lawyer and a judge in the Air Force reserves.

All three are Republican senators, and together they're battling President Bush over how to handle detainees in the war on terrorism.

These three senators - John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina, respectively - say Bush's plan would damage U.S. credibility around the world, jeopardize the lives of U.S. troops captured in future wars and deny basic legal and human rights to suspected terrorists in U.S. custody. They're using their combined stature to advance a competing, bipartisan proposal.

But by their stand, each of the three senators is taking a substantial political risk.

"They think this is more important than politics," said John Hutson, former Judge Advocate General for the Navy.

McCain could alienate conservative Republicans when he needs them most. For several years he's worked hard to gain the trust of conservative Bush allies skeptical of his maverick streak.

He's worked his way into being the odds-on favorite to win the Republican presidential nomination in 2008, but now he's breaking with his party's president on an issue that threatens to undermine Republican strategy for November's congressional elections - following Bush's leadership on national security. That could hurt him.

And he knows it. On Friday, while reiterating his opposition to Bush's plan, he released a statement whose first line read, "I respect very much the president's unwavering determination to protect America from terrorist attack." Still, he opposes Bush.

Katon Dawson, the Republican Party chairman in South Carolina, a key 2008 primary state, said: "South Carolina is certainly Bush country. Overwhelmingly, the communications we're getting are supporting the president. Obviously, the president

is right on this issue. I think John McCain thinks he's right - McCain and Warner and Graham. I think people on the ground think they're wrong."

Graham could reap opposition to his re-election within his South Carolina base. Many conservative activists already were frustrated with him for blocking a conservative judicial nominee's confirmation and supporting legislation that would allow illegal immigrants to stay in the country.

"You just don't even know how people are bent out of shape!" said Kristin Maguire, a member of the state Republican Party's executive committee. "The holier-than-thou attitude of `I'm the attorney, I understand this better than you.'

"He has undermined this being an election point this year. He's taking it off the plate and he's making it easier for Democrats to run against incumbent Republicans in weak seats by making it OK to be weak on terrorism and national security."

In an interview Friday, Graham stood his ground.

"This is one of the most important things I will ever do. What experience I've had in life is relevant here. I think I owe it to my state and my nation to apply it in a way that's reasonable and constructive. Whatever political risk might come my way pales in comparison with our soldiers and other people who are risking everything they have, including their lives," Graham said.

Warner, 79, a World War II veteran and former Navy secretary, is slated to give up his chairmanship of the Armed Services Committee after this year. He enjoys broad bipartisan support in Virginia and is less obviously at risk by his stand.

Yet the renegade role doesn't come easily to this consummate diplomat and staunch Republican. Nevertheless, he takes great pride in defending the military, and many senior military leaders oppose Bush's position.

Warner implored reporters not to interpret his stand as defiance of Bush: "I still think we can work it through - I do not think negotiations have broken down."

If Democrats win control of the House of Representatives or the Senate in November, all three senators could suffer the sting of blame.

The House is poised to pass the administration's bill next week. Senate Majority Leader Bill Frist, R-Tenn., favors it, too.

But with the support of most, if not all, Senate Democrats and a handful of moderate Northeastern Republicans, the three senators are expected to prevail in the Senate.

"These are people who have lived it," said Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee. He was speaking of McCain, Graham and Warner.

McClatchy correspondents Steven Thomma and James Rosen contributed to this report.

Rear Adm. Harry Harris War Inside The Wire (WSJ)

By James Taranto

The Wall Street Journal, September 16, 2006

GUANTANAMO BAY, Cuba -- You might call Rear Adm. Harry Harris a jailer. As commander of Joint Task Force Guantanamo, a job he has held for six months, he is in charge of one of the world's best-known detention facilities. But if you call this place a prison, he will correct you.

"Prisons are about rehabilitation and punishment," Adm. Harris told me in a phone conversation last week, reiterating a point he had made a few days earlier in a briefing for visiting journalists here. "What we are about is keeping enemy combatants off the battlefield. . . . The enemy combatants that we have here were captured on the battlefield or running from the battle field, and they were engaged in combat operations against Americans, and in many cases killed Americans. What we're trying to do here in Guantanamo is simply keep them off the battlefield, because we know that many of them would go back to the fight."

In fact, Adm. Harris says, many of them have kept fighting even while in captivity. They are carrying out coordinated actions with the apparent goals of disrupting the camp's operations, furthering anti-American propaganda, and wounding and intimidating the servicemen who guard them. * * *

One such action unfolded on May 18. Early that Thursday morning, guards patrolling the high-security Camp 1 (one of five numbered detention areas, with a sixth under construction) found two detainees who had attempted suicide. "One was found unconscious," Adm. Harris recalls, "and then another one was found a little later, frothing at the mouth, if you will. It looked like . . .

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poisoning of some sort." Both survived, although one took seven days to regain consciousness, and the other took four days. Neither had a prescription for any drug, "so they had to get the meds from other detainees somehow."

To prevent more suicide attempts, "the detention group commander ordered a shakedown of all the cells. He was going through each of the cells looking for contraband, looking for pills. He found some, throughout the day. He found some hidden around the toilet area; he found some hidden in the bindings of the Holy Quran." (Each detainee receives a personal Quran in his native language, which non-Muslim guards are forbidden to touch.)

Early in the evening, the search reached Camp 4, the least restrictive of the detention areas. Unlike in the other camps, detainees in Camp 4 are not confined to individual cells but bunk communally and congregate in fenced yards. This is where the detainees live who are most compliant with camp rules. But on that day in May, their cooperation came to an end.

A guard noticed a detainee who appeared to be trying to hang himself. "The detainee had put a sheet in the ceiling around the lights and built what looked like a noose and was putting his head toward that noose," Adm. Harris says. "The quick-reaction force rushed into that [cell] block to save the life of the individual they thought was trying to kill himself. When they got in there, the detainees had slickened the floor with feces, urine and soapy water," making it hard for the guards to keep their footing.

"They proceeded to attack the guard force. . . . The attack was obviously planned. They managed to get a guard down on the ground. They attacked him with broken light fixtures, with fan blades and with [security] cameras that they had torn off to use as bludgeoning weapons. In that process the NCOIC [noncommissioned officer in charge] made the call -- a gutsy call -- to fire less-than-lethal rounds at the detainees. . . . All that took about three to five minutes. . . . The disturbance was quelled. No one was seriously injured, either the guards or the detainees.

"But at the same time, detainees in two adjacent blocks erupted and tore up their blocks completely -- tore down all the lights, tore up all the fans, tore down all the cameras, and all that kind of stuff. They didn't attack the guards, but they did manage to tear up the blocks." In only one Camp 4 cell block did the detainees not riot: "When the uprising, or whatever you call it, happened, they went back into their block very quietly and stood by the beds," Adm. Harris says. "Today, those are the only residents of Camp 4." When I toured the camp, I saw perhaps eight of them, dressed in white, lolling about their outdoor yard. The other blocks are being repaired and made more secure, at a cost to the taxpayer of about $800,000.

Camp 1 is also unoccupied, undergoing repairs owing to the discovery of another sabotage scheme. Cells in Camp 1 were equipped with spring-operated faucets, and the detainees "managed to figure out how to take that apart and . . . pull the spring out. The spring, when it's fully stretched out, is probably a foot long, and it can be used as a weapon to jab someone in the neck or to jab someone in the eye. They would take that spring and hide it in the waistband of their pants. . . . This is just another indication of the creativity that the detainees have as they plan things against us." * * *

Before Camp 1 closed, three detainees there -- two Saudis and a Yemeni -- succeeded in killing themselves. On the morning of June 10, guards found the trio, all in the same cell block, hanged with clothing and bedsheets.

Domestic foes of the war on terror wasted no time in trying to co-opt the detainees' martyrdom for their own cause. Human Rights Watch claimed that the detainees had suffered from "incredible despair" because they had been "completely cut off from the world." The New York Times editorialized that the suicides were "the inevitable result of creating a netherworld of despair beyond the laws of civilized nations."

Adm. Harris had a different view. "I believe this was not an act of desperation but an act of asymmetrical warfare waged against us," he said at the time -- and he stands by that statement. In response, the Times scolded the admiral for displaying "a profound disassociation from humanity."

His case is the stronger one. The proximity and simultaneity of the suicides argue that they were coordinated rather than spontaneous. Although some detainees suffer from mental illnesses, for which they receive treatment at the camp infirmary, there is no evidence that these three did. "They recently had been given . . . a psychiatric evaluation, and they were all fine," Adm. Harris tells me. It may be hard to comprehend the mentality of one who would kill himself to make a political statement, but to doubt that these men could do so is to test the limits of fatuity. After all, that is exactly what 19 of their comrades did five years ago Monday.

The case against Guantanamo rests on a web of falsehood. Far from being held "beyond the laws of civilized nations" -- laws that terrorists, by definition, reject -- the detainees here enjoy a panoply of procedural protections. All except the 14 recent arrivals have gone before Combatant Status Review Tribunals to re-examine their designation as enemy combatants -- even

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though these "Article V" hearings are required under international law only if that designation is in doubt, and under the U.S. Supreme Court's 2004 Hamdi v. Rumsfeld ruling if the detainee is a U.S. citizen. (Attorney General Alberto Gonzales told me last week that the newly arrived detainees had not yet received Article V hearings but would.) In addition, each detainee annually goes before an Administrative Review Board, analogous to a parole hearing, which determines whether he can be released without harming U.S. security.

These processes are not mere window dressing. As President Bush noted in a speech last week, some 315 of 770 Guantanamo detainees have been released from U.S. custody, either through one of these proceedings or through informal processes that predated them. More than a dozen of the freed detainees, Mr. Bush added, are known to have returned to the battlefield, suggesting that the procedures are, if anything, too lenient.

Many detainees also have petitioned for habeas corpus since the Supreme Court's 2004 Rasul v. Bush ruling; and of course trials for the four detainees who've been charged with war crimes have been delayed only because Osama bin Laden's bodyguard was able to avail himself of our appellate courts to challenge the legality of the proceedings.

Likewise, it is nonsense to say the detainees are "completely cut off from the world." There is no solitary confinement at Guantanamo; even at maximum-security Camp 5, the cells have outside light and openings in the doors through which detainees can communicate with one another. They have ample contact with the world beyond the camp, too. "Over 40,000 pieces of mail have come in and out of here," Adm. Harris says. "If you chose to write one of them a letter, all you'd need to do is put their name on it, say 'Guantanamo Bay, Cuba,' put our ZIP code on it, and they will get that letter.

"Most of the detainees have lawyers," the admiral adds. "There are over 900 habeas lawyers representing less than 450 detainees," and the lawyers are free to visit their clients. Representatives of the International Committee of the Red Cross "come down for almost a month at a time, four times a year, and then [for shorter periods] at other times, and they have unfettered access to any detainee they want to see, whenever they want to see them." * * *

When the Supreme Court extended habeas rights to the detainees, it created a loophole in camp security. Guards screen and censor mail to and from the detainees, but communications with their lawyers are privileged and confidential. "We don't look at the envelope, or in the envelope, at all," Adm. Harris says. "I believe that the detainees could have abused that privilege and used it as an informal mail system" by passing notes to other detainees in envelopes from lawyers. Adm. Harris is careful to note that he does not believe the lawyers are complicit in any abuse, and that he has no ability to confirm his suspicions: "If it's written correspondence, and it's in the habeas envelope, then we cannot get to it."

What is clear is that the detainees have brought more-restrictive conditions on themselves, through suicide, sabotage and other disruptive actions. The erstwhile Camp 4 rioters were relocated to higher-security camps, and the opening of Camp 6, a modern facility modeled on a medium-security prison in Michigan, has been delayed so that officials can harden its security.

"There is such a thing as a medium-security prisoner," Adm. Harris says. "I believe there is no such thing as a medium-security terrorist."

Mr. Taranto is editor of OpinionJournal.com1.

Tortured Logic On Terror (NSL)

Newark Star-Ledger (NJ), September 16, 2006

No one could ever accuse President Bush of self-doubt. Even as Senate Republicans have broken with his administration's position on terrorist detainee trials and interrogation only two months before midterm elections, the president remains defiantly confident of his path.

Some would call this principled. Others would say it's pig- headed. In this case, the principle -- a president's responsibility to the nation's security -- blinds Bush to the fact that the methods he favors are self-defeating. They compromise rather than ensure Americans' security, and therefore they are indefensible.

In a testy press conference yesterday, Bush disputed Republicans on the Senate Armed Services Committee -- including Sen. John McCain of Arizona -- who have sided with Democrats in offering an alternative bill to the White House's proposals for detaining and trying terrorist suspects. The bill, though flawed, is clear in its opposition to the White House's views on torture.

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Even former Secretary of State Colin Powell, the good soldier, joined the fray. In a letter backing committee Republicans, he argued that Bush's desire to rewrite the Geneva Conventions dealing with prisoner treatment would make the world further doubt "the moral basis of our fight against terrorism."

Such views rile the president but don't sway him. That's frightening because the dangers he sees ahead are real. He's mistaken to think dealing with them harshly is the same as dealing with them effectively.

Condoning torture -- or, as the president puts it, "clarifying" the clause of the Geneva Conventions Common Article 3 that prohibits "outrages upon personal dignity" -- virtually as sures further erosion of international support for the U.S. and guarantees that our own soldiers could be endangered.

During his press conference, Bush accurately discussed the likelihood that "the enemy wants to attack us again." He's correct to say intelligence officials need tools for interrogat ing terror suspects. (He's less persuasive when he argues al Qaeda would have been able to strike the U.S. again had it not been for information gathered through means the U.S. Supreme Court has questioned. Interrogators might also have gotten that information without breaking international law. In fact, the Pentagon has determined that torture is ineffective.)

What Bush still doesn't seem to get -- three years after his administration misguidedly, in the name of national secu rity, launched a nearly unilateral effort to unseat Saddam Hussein and fostered the abuses of Abu Ghraib and Guantánamo -- is that while his analysis of the threat might be accurate, his approach hasn't worked. The battle against terrorism and those who favor it should be fought on higher ground.

Gen. John Vessey Jr., a former chairman of the Joint Chiefs of Staff, summed it up neatly in a letter to McCain in which he noted that while previous enemies have also been vicious and cruel, Americans have always held to their values when fighting them. "We should continue to do so," Ves sey wrote.

Indeed.

Please, Explain, Sen. McCain (WT)

The Washington Times, September 16, 2006

President Bush wasted no time yesterday responding to the Senate Armed Services Committee's passage of legislation that could damage the ability of intelligence agencies to obtain information from terrorist detainees. On Thursday, four Republica n members of the Senate Armed Services Committee -- Chairman John Warner and John McCain, Lindsey Graham and Susan Collins -- joined the committee's Democrats in passing flawed legislation governing detainee treatment that fails to respond to Mr. Bush's critical request. The lawmakers must clarify what interrogators can and cannot do when interrogating suspected jihadists.

Yesterday, the president suggested that the committee's refusal to define what interrogation methods were permissible under Common Article 3 of the Geneva Conventions could force the CIA to shut down a program that has gained invaluable intelligence about al Qaeda. Mr. Bush noted, for example, that Common Article 3 includes language barring "outrages upon personal dignity, in particular, humiliating and degrading treatment" of someone who is being interrogated. "That's very vague. What does that mean?" the president asked. He warned that intelligence professionals on the front lines of the war could not do their job interrogating detainees if Congress refused "to put clarity in the law." Congress, Mr. Bush added, "has a decision to make" about whether it wanted the program to continue -- something the Senate Armed Services Committee has now put in jeopardy.

Given all that the program has accomplished, it would be difficult to imagine a more irresponsible decision on the part of Congress. As Mr. Bush pointed out in a speech earlier this month, American forces captured Abu Zubaydah -- a top bin laden aide who ran terrorist camps in which some of the September 11 hijackers trained -- several months after the September 11 attacks. Zubaydah, who was wounded on the battlefield, survived only because of medical treatment from the CIA, After he recovered, Zubaydah refused to cooperate with U.S. interrogators. So, the CIA, used an unspecified "alternative" set of interrogation methods approved by Justice Department lawyers. Eventually, Zubaydah cracked and provided information that enabled the military to prevent an al Qaeda terrorist attack inside the United States.

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Zubaydah also provided information that lead to the capture of Khalid Sheikh Mohammad and Ramzi Binalshibh, who helped organize the September 11 attacks. They also led authorities to the capture of the leader al Qaeda's south Asian affiliate, Hambali, and 17 operatives. When he learned that his terror cell had been broken up, Hambali acknowledged that the terrorists were being prepared for new attacks on the United States, probably using airplanes, Mr. Bush added.

This is just a partial listing of what the CIA has learned as a result of the CIA program that the Senate Armed Services Committee has put at risk.

But the concerns expressed by Mr. Bush and CIA Director Michael Hayden have failed to budge Mr. McCain. On Thursday, the Arizona Republican disparaged Mr. Hayden's legitimate concerns about the Senate bill as an attempt to "protect his reputation at the risk of America's reputation." It's a cheap shot. Mr. McCain should explain why he is endangering a vital interrogation program that has saved many American lives.

Europe, US Deadlocked On Air Security (FT)

By Jimmy Burns In London, Andrew Bounds In Brussels And Doug Cameron In Chicago

Financial Times, September 16, 2006

Attempts to find transatlantic agreement on counter-terror measures for the airline industry are floundering as governments and aviation experts argue about which security rules would be most effective.

UK airline and airport authorities on Friday revealed there was still no agreement on what measures could best ease the disruption and economic costs to the industry while keeping passengers safe from terrorist attacks.

The UK and the US have maintained stricter airline security regimes than most European states since British police foiled an alleged plot to blow up transatlantic jets with liquid explosives.

One leading London-based international transport security adviser warned on Friday that the UK department of transport would leave passengers vulnerable to terrorist attack if it went ahead with announced plans to relax restrictions on the size of hand baggage next week.

Sally Leivesley, a scientific adviser on emergency planning, told the Financial Times: “Size does matter because the technology does not exist commercially to screen adequately potentially lethal liquids in hand baggage. We risk once again offering a potential tool to a suicide bomber when the terrorist threat to the airline industry remains high.”

Meanwhile, Brussels’ top negotiator on Friday warned that transatlantic travellers faced chaos next month unless the US dropped its demands for greater access to airline passenger data from the European Union.

The EU and the US have struggled to forge a new agreement on sharing passenger data after the European Court of Justice struck down the accord and ordered that it expire on September 30.

Jonathan Faull, who runs the justice and home affairs department of the European Commission, said: “We hope to persuade the Americans in the next couple of weeks to conclude an understanding that is the same as the one we had. If we don’t get an agreement by the end of the month, what is likely to happen is, I’m afraid, chaos.”

US officials indicated they did not plan to drop demands for wider access to EU passenger data.

Passenger pre-screening and improved backround information remain the main planks of the US Transport Security Administration’s policy. The US aviation industry is still on a heightened Orange alert status. A ban on liquids and gels – introduced on August 10 – remains in place.

But, without a legal framework, any individual could lodge a legal challenge against an airline that sent details of their passport, address, dietary requirements and other information to the US authorities.

The prospect of last-minute haggling leaves airlines with much uncertainty.

Tapes Roll On Sting's Details (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 16, 2006

Mosque leader heard to warn FBI informant on apparent support of terrorist group

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ALBANY -- The spiritual leader of an Albany mosque warned an undercover FBI informant that he needed to be careful and quiet about his support of terrorists who were purported to be planning to kill the president of Pakistan, according to government transcripts of their secretly recorded conversations.

The statements were part of a series of conversations that took place as the FBI listened in while their informant baited two Albany men with cash he said came from the sale of shoulder-fired missiles to terrorists in New York City.

For eight months beginning in late 2003, the informant gave the pair thousands in cash that was paid back to him through checks written out to his business by Mohammed Hossain. The pizza shop owner is charged in the case along with Yassin Aref, the jailed imam of a Central Avenue mosque.

Aref, 36, and Hossain, 51, face up to 400 years in prison if convicted of the charges. They are accused of helping launder the proceeds from the fictitious plot, in which the informant said he made money selling Chinese-made missile launchers to terrorists.

Their attorneys have disputed the allegations, contending the men were unwitting participants in the scheme who believed they were only taking a loan and not supportive of the informant's terrorist dealings.

No part of the plot was real, but it was based on an actual terrorist organization, Jaish-e-Mohammed, an Islamic extremist group based in Pakistan that had been threatening to kill that country's president, Pervez Musharraf. The informant claimed to be dealing arms to terrorists from that group who were plotting to kill a Pakistani ambassador near the United Nations in Manhattan.

Aref told the informant he was not familiar with that organization, except for what little he had learned of their background watching television. He never told the informant that he supported the group, their cause, or, wanted them to succeed. Mostly, Aref spoke to the informant about Islamic beliefs and their context in relation to Middle East conflicts.

The FBI's informant, a Pakistani immigrant who is expected to testify next week, had been arrested years earlier in a case involving fraudulent driver's licenses. He agreed to cooperate in order to gain leniency.

On Friday, the federal jury at their trial listened to hours of tapes recorded during the sting. In one instance, Aref did not dissuade the informant from supporting terrorism.

"I say if you believe they are doing right and working for Allah and you help them for Allah, go ahead," Yassin Aref, in broken English, told the informant during a meeting in January 2004. "But, of course, you should to be careful and ... you should to know they looking for any person they have any kind of link with that group. And if they find any link between you and that group, you should to know, you are going to be in the trouble."

The statements were included in more than 50 hours of tape recordings made by the FBI during the year-long sting operation targeting Aref, a Kurdish refugee who moved to the United States seven years ago.

Hossain is not accused of harboring sympathies for terrorists. Rather, the case against him is built on a government theory that he embraced the informant's illicit arms dealing because he was desperate for money, never walking away even when the informant pulled out a shoulder-fired missile during one of their early meetings in December 2003. For his part, authorities said, Hossain was to receive $5,000 cash, authorities said.

Aref is not accused of profiting in the scheme. Rather, federal prosecutors contend he was brought in to witness the deal.

Kassim Shaar, an acquaintance of Aref's who now lives in Michigan, took the stand briefly Friday and recounted having dinner at Aref's house in February 2004. He said that afternoon the informant, whom he had never met, arrived with Hossain and the three other men began exchanging money and papers.

Suddenly, Shaar said, the informant blurted out something that unsettled him greatly.

"He said there was an attack coming to New York City ... a missile attack," Shaar said.

Aref appeared startled by the abrupt disclosure and patted the informant's body looking for a recording device, which he was wearing but was not discovered.

U.S. District Judge Thomas J. McAvoy declined to allow prosecutors to press Shaar on what happened next, when he allegedly wanted to call the police but was stopped by Aref, who assured him the man had been joking.

"You thought he was joking, didn't you?" asked Aref's attorney, Terence L. Kindlon. "Right," Shaar replied.

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Federal authorities have admitted that Aref, whom they contend was aligned with terrorist figures overseas, was the "ultimate target" of their investigation. Their interest stemmed from allegations that his name and address were found in suspected terrorist encampments during the invasion of Iraq.

While that information sparked the FBI's investigation, the federal judge in the case has prohibited prosecutors from putting forth testimony about the terrorist camps during the trial, in part because the information is not relevant to the sting case.

Hossain is not alleged to have overseas ties to terrorists.

Following his arrest on August 5, 2004, Hossain allegedly denied knowing the missile was a weapon and told an FBI agent that he believed it was a "plumbing supply," according to testimony Friday. But an undercover videotape of that meeting, which took place in November 2003, clearly shows the informant hoisting the missile launcher onto his shoulder as he tells Hossain that it's headed for New York City.

Special Agent Timothy Coll, who headed the investigation, testified Friday that Hossain told him he thought the informant "was joking."

Aref was also questioned following his arrest and told agents that the money transactions were a loan and that "his role was a witness," Coll said.

Coll, who testified for several hours on Friday, is scheduled to be cross-examined by defense attorneys when the trial resumes Monday.

Lyons can be reached at 454-5547 or by e-mail at blyons@timesunion.com.

Yemeni Man Accused Of Terrorist Links (AP-Y)

By Olivia Munoz

AP, September 16, 2006

A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said he had ties to a terrorist financier who plotted to help al-Qaida and Hamas.

The allegations emerged at a hearing for Amen Ahmed Ali, 56.

Defense attorney David A. Torres said his client was surprised by the charges.

"But he's also strong. He looks forward to his day in court," Torres said.

In pressing to keep Ali behind bars, prosecutors said that a search of Ali's house turned up contact information for Sheik Mohammed Ali Hassan al-Moayad in Ali's address book.

Al-Moayad, a Yemeni cleric serving a 75-year prison sentence, was convicted in New York last year of conspiring to support and attempting to support al-Qaida and the Palestinian extremist group Hamas, and of actually supporting Hamas.

Ali was arrested Sept. 7 at his cigarette shop in Bakersfield. He and two other men, all Yemeni-born U.S. citizens, were charged in the case.

Prosecutors said Ali planned to send chemical suits and body armor to Yemen without State Department authorization.

Ali pleaded not guilty last week to conspiracy to possess and transmit defense information, unlawfully export defense articles, possess stolen government property and attempted unlawful export of defense articles. If convicted on all counts, he faces up to 30 years in prison and a $1 million fine.

Man Linked To Terrorist Financier Is Denied Bail (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, September 16, 2006

A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said the man had ties to a terrorist financier who plotted to help Al Qaeda and Hamas.

The allegations emerged at a hearing for Amen Ahmed Ali, 56.

Suspect Linked To Terrorist (BFLDC)

By Stacey Shepard, Californian staff writer

The Bakersfield Californian, September 16, 2006

FRESNO — A federal judge ordered Amen Ahmed Ali to remain in custody Friday after hearing of his alleged ties to a convicted terrorist financier who funneled money and weapons to al-Qaida and Hamas.

Assistant U.S. Attorney Carl Faller said in court that Ali's address book contained the name of Sheikh Mohammed Ali Hassan Al-Moayad, a Yemeni cleric. Al-Moayad was convicted in 2005 of providing material support to terrorist organizations and is serving a 75-year sentence in a Colorado prison.

Faller also told the court Ali may face an additional charge of espionage after evidence found in a search of his home last week indicated he may have been working as an undercover agent for the Yemen government.

Faller said it was clear that despite being a naturalized U.S. citizen, Ali, 56, has "a very close tie and allegiance to Yemen," his native country.

Ali was arrested Sept. 7 on suspicion of conspiring to acquire and sell U.S. defense secrets and stolen military equipment to someone in Yemen. Two other men are also charged in the case.

Defense attorney David Torres said he did not have access to the information Faller presented in court prior to the hearing.

Friends and relatives of Ali who live around Bakersfield were willing to put up five pieces of property worth a total of $550,000 to secure Ali's release, Torres said.

However, Judge Lawrence J. O'Neill said the decision to keep Ali in custody was based on Ali's numerous links to Yemen and his alleged connection to Al-Moayad.

New details emerge

Al-Moayad's name was found in Ali's address book in 2004 when Ali was questioned by officials upon arriving at Los Angeles International Airport, Faller said.

In addition, Ali's name and two phone numbers for him starting with the area code 661 were found in an address book owned by Al-Moayad, following his arrest in Germany in 2003.

Faller declined to comment on whether there was any contact between the two.

The court also heard allegations by the prosecutor that Ali may have been acting as a spy for Yemen.

Faller said official Yemen government forms that appeared to be visa and travel authorizations were found in a search of Ali's home the day he was arrested.

The documents, Faller said, allow someone to enter Yemen without doing anything more than completing the forms.

In audio- and videotaped surveillance during the government's two-year investigation, Ali allegedly told an undercover U.S. agent that he was a former officer in the Yemen military, Faller said. Ali also said he had ways of getting stolen U.S. military equipment into Yemen without American intelligence agents there discovering it.

Regarding Ali's ties to Yemen, Faller said the investigation also shows:

• Ali's Yemen ID card has a different name and birth date than his U.S. documents. On the Yemen card, his name is listed as Amen Ali Al-Hajj Al-Rouhani. His U.S. documents say he was born in 1950; his Yemeni documents say 1955.

• Ali tried to paint himself as a humble businessman, but that he had access to thousands of dollars. He allegedly had five bank accounts that would contain as much as $25,000 each at times, and then would be emptied. It is unknown where the money went.

• Ali was paid $30,000 last year by a Bay Area travel agency called Palm Air that specializes in discount flights to the Middle East. He could order plane tickets in anyone's name as part of his job, Faller said.

In issuing his ruling, O'Neill also noted that a pretrial services report indicated Ali had taken frequent trips to Yemen, has six siblings living there and owns land in the country.

Yemeni community reacts

Friends of Ali who attended the hearing disputed the evidence presented against him.

Ali had official Yemen documents in his home because he was recently nominated by the local Yemeni Association to be the organization's representative to the Yemen Consulate in San Francisco, according to Abdul Jobah and Nashwan Alrowhani, members of the Yemeni community and close friends of Ali.

They also said it was widely known that Ali worked for Palm Air. He made money by referring members of the local community to the company, they said.

"Every reservation I made was through him. He referred a lot of business to them because he was looked at like a leader to the community," Jobah said. "He'd go out of the way getting the ticket and (bring) it to my house, all for a lousy $50."

Jobah said Ali's arrest was only done to win votes and justify anti-terrorism efforts five years after 9/11.

"Amen is a victim of the 9/11 anniversary and voting time," he said. "He's a victim of timing."

Jobah and Alrowhani said Ali had come to Bakersfield 36 years ago, around the same time others from Yemen were settling here to farm. He was a fatherlike figure to many of the younger Yemeni men who migrated here in later years, helping them settle in the area. Ali also served as president of the local Yemeni Association.

"You can't live here until you're almost 60 an then commit a crime like this," Jobah said of Ali.

Following Ali's arrest last week, the FBI searched the homes of at least 15 members of the Bakersfield Yemeni community, the men said. Defense attorney Torres said many in the Yemeni community felt the FBI were coming down hard on them.

Alrowhani said FBI agents searched his home, froze his bank account and took his passport. His account was released and his passport returned, he said.

He was questioned for six hours by agents about his connection to Ali and presented with transcribed conversations he had with Ali over the phone, he said.

The FBI could not be reached to comment on the searches late Friday.

Jobah and Alrowhani feel their phones continue to be tapped. The situation is causing many here to consider moving back to the Middle East, the men said.

"I used to tell my wife, forget about Yemen. This is our life, our country," Alrowhani said. "Now I'm thinking differently."

Australia Denies Army Chief Visited Philippines In Hunt For Bali Bombers (AFP)

AFP, September 16, 2006

Australia's defence ministry has denied its army chief is on a secret visit to the southern Philippines this week to be briefed on a hunt for two suspects in the 2002 Bali bombings that left 200 people dead.

Contradicting Filipino military officials, Canberra's Defence Department said Lieutenant General Peter Leahy's trip to the Philippines was instead part of scheduled exchange of visits.

"The chief of the army is visiting the Philippines on a counterpart visit with the Philippine Army, that is all," a Defence Department spokesman told AFP, declining however to offer any details of Leahy's movements.

The denial came after Philippine military officials said Leahy flew Thursday to Zamboanga on the southern island of Mindanao where he was updated on the hunt for two fugitive members of the Jemaah Islamiyah (JI) extremist group.

The pair, Umar Patek and Dulmatin, are wanted for their involvement in the 2002 bombings on the popular Indonesian resort island of Bali in which 88 Australians were among the dead.

According the to Philippines military, Leahy was told that Filipino troops, backed up by US intelligence, had the militants surrounded in dense jungle on the nearby island of Jolo but is meeting strong resistance.

Regional military chief Major General Eugenio Cedo told Leahy that the JI militants were being sheltered by Abu Sayyaf, a local Muslim extremist group, in the jungle, the Philippine military said.

"Australia is concerned about the hunt for the two JI terrorists," said military spokesman Major Eugene Batara, adding that the country had offered to train Philippine special forces and help establish "riverine" units which were used during the Vietnam War to patrol waterways.

Philippines Defence Secretary Avelino Cruz said last March that Australia would donate 30 river boats to help hunt down JI suspects in the Mindanao marshways.

Australia's special forces commander Major-General Mike Hindmarsh visited Zamboanga last October but refused to speak to the press during his trip.

Yemen Foils Attacks On Oil Facilities (FT)

By Heba Saleh

Financial Times, September 16, 2006

DOJ_NMG_0064196

Yemen said on Friday it had foiled two attempts to blow up oil facilities in different parts of the country, days after al-Qaeda urged Muslims to target western interests in the Gulf.

Only 35 minutes apart, one attack targeted a Canadian-Yemeni oil storage facility in Dubba port in Hadramawt province and the other an oil refinery in Marib in the north east of the country.

The Yemeni Interior Ministry said security men succeeded in exploding the bombers' cars, killing the four suicide bombers before they could do any damage. One guard was killed.

In the first attack, the ministry said that two cars were driven at great speed towards storage tanks filled with huge quantities of oil in the port of Dubba, but security men fired at the vehicles blowing them up before they could reach their target.

In Marib, security men also blew up two white cars similar to those driven by workers in the facility. The ministry said a spark from the exploding car strated a fire but that was brought under control.

The attacks come just days after Ayman Al Zawahiri, al-Qaeda's second-in-command, urged supporters to target oil installations in the Gulf region.

Yemen has been trying to shed its image as a haven for Islamic militants since 9/11, but the escape in February of 23 al-Qaeda operatives from a high-security jail in the country raised doubts in the United States about its commitment to the war against terrorism. Some of the escapees have since been recaptured but 14 remain at large.

They include a man convicted of involvement in both the bombing of the American warship, the USS Cole in 2000, and the attack against a French oil tanker two years later.

The attempts to blow up the oil facilties come amidst heightened security because of presidential and local elections due to be held on Wednesday.

President Ali Abdullah Saleh, already in office for 28 years, is seeking another term. He is facing a serious challenge from Fiasal bin Shamlan, a former oil minister backed by an alliance of the main opposition parties.

Suicide Attacks Foiled At 2 Oil Sites, Yemen Says (NYT)

By Hassan M. Fattah

The New York Times, September 16, 2006

DUBAI, United Arab Emirates, Sept. 15 — Security officials in Yemen said they thwarted two suicide bombings of oil installations in the southern and central regions of the country early Friday. The four attackers and a security guard were killed, Yemen's Interior Ministry said in a statement.

Yemeni officials said an investigation was under way to determine who was behind the attacks, which came days after one of Al Qaeda's top leaders, Ayman al-Zawahri, threatened strikes against oil facilities in the Middle East that he blamed for "stealing Muslim oil." By late Friday, no group had claimed responsibility.

In the first attack, about 5:15 a.m., two cars sped toward an oil storage site near the Hadhramaut region, one driven by a man wearing a uniform similar to those worn by workers there, and the other by a man in a military uniform, the Yemeni authorities said. Guards opened fire on both cars, blowing them up outside the site. In addition to the drivers, a security guard was killed.

Shrapnel from the explosions sparked a small fire in one of the storage tanks, but it was quickly extinguished, the statement said.

About 30 minutes later, security guards at an oil refinery in Marib opened fire on two other cars that were carrying explosives and marked to look like vehicles used there. Both drivers were killed.

The attacks occurred just days before voters are to cast ballots in a hotly contested election pitting President Ali Abdullah Saleh against four challengers. Political analysts accused the government on Friday evening of capitalizing on the incidents to help Mr. Saleh's standing.

Yemen, a close ally of the United States in the campaign against terrorism, has long been a hotbed of extremist activity and recruitment. In February, 23 prisoners suspected of links to Al Qaeda escaped from a maximum-security prison in Sana, the capital. Fourteen of the fugitives remain at large. It was not immediately clear on Friday whether any of them were connected to the attack.

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HOMELAND RESPONSE:

U.S. Still In The Dark On Tracking Of Foreign Visitors (MCT)

By Marisa Taylor

McClatchy Newspapers, September 16, 2006

WASHINGTON - After spending $900 million to set up a database to track foreign travelers arriving in America, the government still doesn't know how many of them stay in the country illegally because the system is incomplete and snarled by controversy.

The US-VISIT system screens up to 2 million foreigners a month as they arrive at all international airports and seaports and at most border crossings. Visitors' personal information, fingerprints and photographs are logged electronically into a computer database and their names are checked against criminal records and terrorist watch lists.

But 10 years after Congress first ordered the system, the Department of Homeland Security hasn't set up a way for the same visa-holders to check out when they leave the country. Instead, the agency continues to test it at 14 airports and two seaports.

DHS officials said they didn't know when the checkout system would be launched nationwide because of the difficulty of creating a fast and effective method that travelers could use when they left the country.

"We're not ready," said Robert Mocny, the acting director of US-VISIT. "We're going to make sure before we put any exit system in place that we get it right."

With the program still up in the air, some DHS officials question whether the agency should spend millions more on a system that may lead to much longer delays at airports and border crossings without detecting a single terrorist.

"We need to have exit control but I'm not sure US-VISIT is the solution," said Jayson Ahern, who oversees the 322 U.S. ports of entry for Customs and Border Protection. "We need to find that right balance of something that provides the high level of security we need but at the same time allows us to move legitimate travelers."

Critics said the exit program might never be completed the way Congress originally envisioned it because of the lack of consensus within the agency and opposition from the travel industry and border communities.

"No government official is going to say publicly that they've given up on it because it's embarrassing," said Margaret Stock, an immigration attorney and lieutenant colonel for the Army's military police. "But the fact is, Congress mandated them to do this and they still haven't done it."

Congress ordered immigration authorities to set up a system to track foreigners in 1996 after the first terrorist attacks on the World Trade Center, but the program never received enough money to get off the ground.

After the Sept. 11 attacks, Congress renewed its mandate and promised the newly created Department of Homeland Security enough money to set up an entry-exit system.

Since US-VISIT launched three years ago, authorities have recorded 64 million visits in their database. They credit the new screening process with helping them to detect and turn back more than 1,300 criminals.

But Congress never set a deadline for a checkout system. The agency has spent $900 million so far, mostly on setting up new fingerprinting machines for arriving foreigners.

It's testing hand-held machines or kiosk checkouts for departing travelers, but officials said they wouldn't have a plan for a nationwide exit system until at least next year.

Mocny said his agency faced major challenges because U.S. airport and border crossings had never had the staff or resources to process people as they left the country.

"I think that's why Congress didn't give us a deadline," he said. "They told us to come up with a plan and that's what we're doing."

To determine whether a visa-holder has left the country, federal authorities rely on random checks of electronic passenger records or visa forms, known as I-94's.

A separate database tracks whether foreign students show up to register for classes. Recently, the student system alerted authorities when 11 Egyptians didn't enroll in their colleges as required by their visas.

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But experts said the only reliable way to know how many people overstayed their visas and remained in the country illegally would be to require visa-holders to check out.

"Right now we really just have an expensive super-duper, high-tech entry system that doesn't make much sense to have," Stock said.

The gap in information helps fuel criticism of the Bush administration's proposed foreign guest-worker program. Opponents question how authorities would keep tabs on perhaps millions of new temporary workers if they can't keep track of tourists, students and business executives.

"An exit system is a very critical piece of having an effective immigration policy," said Jessica Vaughan, a senior policy analyst for the Center for Immigration Studies, a research center that advocates tougher immigration enforcement. "No matter what anybody feels about immigration, I think most people would agree that we should have a sense of who is authorized to be in the country and who isn't."

The ID Chip You Don't Want In Your Passport (WP)

By Bruce Schneier

The Washington Post, September 16, 2006

If you have a passport, now is the time to renew it -- even if it's not set to expire anytime soon. If you don't have a passport and think you might need one, now is the time to get it. In many countries, including the United States, passports will soon be equipped with RFID chips. And you don't want one of these chips in your passport.

RFID stands for "radio-frequency identification." Passports with RFID chips store an electronic copy of the passport information: your name, a digitized picture, etc. And in the future, the chip might store fingerprints or digital visas from various countries.

By itself, this is no problem. But RFID chips don't have to be plugged in to a reader to operate. Like the chips used for automatic toll collection on roads or automatic fare collection on subways, these chips operate via proximity. The risk to you is the possibility of surreptitious access: Your passport information might be read without your knowledge or consent by a government trying to track your movements, a criminal trying to steal your identity or someone just curious about your citizenship.

At first the State Department belittled those risks, but in response to criticism from experts it has implemented some security features. Passports will come with a shielded cover, making it much harder to read the chip when the passport is closed. And there are now access-control and encryption mechanisms, making it much harder for an unauthorized reader to collect, understand and alter the data.

Although those measures help, they don't go far enough. The shielding does no good when the passport is open. Travel abroad and you'll notice how often you have to show your passport: at hotels, banks, Internet cafes. Anyone intent on harvesting passport data could set up a reader at one of those places. And although the State Department insists that the chip can be read only by a reader that is inches away, the chips have been read from many feet away.

The other security mechanisms are also vulnerable, and several security researchers have already discovered flaws. One found that he could identify individual chips via unique characteristics of the radio transmissions. Another successfully cloned a chip. The State Department called this a "meaningless stunt," pointing out that the researcher could not read or change the data. But the researcher spent only two weeks trying; the security of your passport has to be strong enough to last 10 years.

This is perhaps the greatest risk. The security mechanisms on your passport chip have to last the lifetime of your passport. It is as ridiculous to think that passport security will remain secure for that long as it would be to think that you won't see another security update for Microsoft Windows in that time. Improvements in antenna technology will certainly increase the distance at which they can be read and might even allow unauthorized readers to penetrate the shielding.

Whatever happens, if you have a passport with an RFID chip, you're stuck. Although popping your passport in the microwave will disable the chip, the shielding will cause all kinds of sparking. And although the United States has said that a nonworking chip will not invalidate a passport, it is unclear if one with a deliberately damaged chip will be honored.

The Colorado passport office is already issuing RFID passports, and the State Department expects all U.S. passport offices to be doing so by the end of the year. Many other countries are in the process of changing over. So get a passport before it's too

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late. With your new passport you can wait another 10 years for an RFID passport, when the technology will be more mature, when we will have a better understanding of the security risks and when there will be other technologies we can use to cut the risks. You don't want to be a guinea pig on this one.

Bruce Schneier writes often on security subjects.

Congressional Plan Would Bolster Disaster Agency (NYT)

By Eric Lipton

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Congressional negotiators agreed Friday on a plan to restructure the Federal Emergency Management Agency that would give it somewhat more clout and responsibility, but still not as much as it had during the Clinton administration.

The compromise effectively ends the campaign by some in Congress to separate FEMA from the Department of Homeland Security and re-establish it as an independent agency reporting directly to the president.

Several alternatives to revamp the agency had been considered since its universally criticized performance after Hurricane Katrina.

Under the agreement, which will be inserted into a budget bill that Congress is scheduled to vote on this month, the FEMA director would still report to the secretary of homeland security, as he has since FEMA lost its independent status in 2003.

But the director, now R. David Paulison, would also be the principal adviser to the president for emergency management, a new role modeled on the relationship between the president and the Joint Chiefs of Staff, who also report to the defense secretary. In a major disaster, the president could designate the FEMA director as a cabinet-level official.

“It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared,” said Senator Susan Collins, Republican of Maine and chairwoman of the homeland security committee.

FEMA, under the plan, would be in charge of preparing for disasters and responding to them. It would take back the agencies at the Department of Homeland Security that were removed from it last year and set up in a separate agency dedicated to preparedness.

The plan also calls for creating a National Operations Center to better coordinate response to catastrophes.

It would allow FEMA, with the permission of the president, to use “cost-effective semipermanent housing” for people left homeless in a disaster, instead of trailers.

And the plan would double the amount of money communities would be eligible for to protect against future disasters — like moving homes away from a river that often floods — to 15 percent of federal disaster relief. This so-called mitigation financing would be capped at $3 billion for one disaster.

Congress Agrees On Expanding FEMA (WP)

By Spencer S. Hsu

The Washington Post, September 16, 2006

The Federal Emergency Management Agency would be expanded within the Department of Homeland Security, and FEMA's chief could obtain direct access to the president in a crisis, under terms of a compromise overhaul of the troubled agency announced last night by congressional negotiators.

Reached one year after Hurricane Katrina triggered a catastrophe on the Gulf Coast and a governmental emergency in Washington, the tentative deal would give the 2,500-worker agency more power to prepare for and respond to future disasters.

But the pact does not clarify whether FEMA would get more money to implement the scores of changes recommended by several post-Katrina reviews.

"It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared for the next hurricane or disaster. This agreement will move this legislation forward," Sen. Susan Collins (R-Maine) said in announcing the deal with Sen. Joseph I. Lieberman (D-Conn.).

The compromise now moves to a House-Senate panel that this month is hammering out a must-pass $33 billion Homeland Security spending bill.

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The deal proposes increasing FEMA's $2.4 billion budget by 10 percent a year for three years, Collins's spokeswoman said. It also would increase emergency planning grants, now at $185 million, and boost funds for emergency medical and search-and-rescue teams, now $30 million and $20 million, respectively.

But there is no guarantee that budget writers will include the money, and congressional aides said the deal leaves out $3.1 billion to help the nation's 60,000 police and fire agencies communicate in emergencies.

"By refusing to provide desperately needed funds for interoperable communications, House Republicans and the White House have shamefully sold out our nation's first responders in an effort to score political points just weeks before the upcoming election," said Rep. Bennie Thompson (Miss.), a leading House Democrat involved in the talks.

Responding to flaws highlighted by Katrina, the deal would expand FEMA regional offices, reunite preparedness and response functions severed during the creation of DHS, set qualification requirements for its director, and protect it from department reorganizations by making it semi-independent, like the Coast Guard and Secret Service.

Immigration Reduces Big Backlog (WT)

By Stephen Dinan

The Washington Times, September 16, 2006

The immigration service has nearly achieved its goal of processing immigration applications within an average of six months and will make an October deadline for eliminating the backlog, agency Director Emilio T. Gonzalez said yesterday.

"We're on track to get where we need to be, where we want to be," Mr. Gonzalez, the head of U.S. Citizenship and Immigration Services (USCIS), which is part of the Homeland Security Department, told reporters yesterday.

The backlog elimination has been a major test for the agency that would have to administer any future guest-worker program, and members of Congress have been watching the effort's progress closely.

However, the goal will be reached in part because the agency no longer counts cases that are outside its control, such as those awaiting an FBI check.

With the former Immigration and Naturalization Service facing a backlog in the millions, Congress demanded in 2000 that the agency reduce processing time to six months.

In 2001, President Bush and Congress approved a $500 million package to pay for reducing the backlog. That allowed USCIS to shift employees and hire temporary employees to help.

"We have every expectation we'll be able to make the president a very happy person," Mr. Gonzalez said yesterday.

The backlog is defined as applications where the average processing time is more than six months.

In January 2004 the backlog reached 3.8 million applications. That has been whittled down to 1.1 million, and of that total just 139,000 are being delayed by factors under USCIS control.

USCIS officials call that smaller number the "net backlog," and that is the number the agency says it will eliminate by October.

In the case of applications for naturalization, for example, the average processing time dropped from 14 months in February 2004 to five months now.

A group of House and Senate members, mostly Democrats, wrote a letter last month calling on Homeland Security Secretary Michael Chertoff to rehire the temporary employees that helped reduce the backlog. The lawmakers said letting the temporary employees go would just cause the backlog to return, and said keeping the employees would make it easier to implement a guest-worker program.

"The Senate has already passed a comprehensive bipartisan immigration reform that has the support of President Bush. Passage of this legislation would make retaining these term employees particularly important, and we urge you to do so now," the lawmakers wrote.

The term employees were capped to a maximum of four years' work.

Mr. Gonzalez said the agency has hired many of them as permanent staffers, but he said he doesn't have the authority to keep them as term employees or the money to hire them all permanently.

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The director also said officials are conducting a wide-ranging review of fees that will help restructure the agency so they can hire the employees needed to process applications in a timely manner.

Some members of Congress, and the Government Accountability Office in a report last year, have questioned how USCIS defines the backlog.

But Mr. Gonzalez said it makes no sense to blame the agency for a backlog in cases where the problem lies with another agency or when the applicant hasn't submitted all the information.

Of the about 1 million backlogged applications that are outside of USCIS control, 64 percent are for applications where a visa simply isn't available yet; 17 percent are for applications that are still lacking information; and 11 percent are awaiting an FBI name check. Another 8 percent have other issues.

Mr. Gonzalez also took issue with press reports that questioned bonuses the agency plans to give to most employees this month. Some employees have said they knew of other employees who cut corners to try to meet processing goals and earn the bonuses.

But the director said the bonuses are a way to reward solid work for the backlog reduction, and said the awards -- $500 for adjudicators who met production goals, were not disciplined and didn't "compromise process or program integrity" -- are a small token.

"Everything we've done is what every other federal agency does here," he said.

Illegal Immigrants Frequently Denied Compensation (MCT)

By Liz Chandler

McClatchy Newspapers, September 16, 2006

CORAL SPRINGS, Fla. - Jose Hernandez was good with a machete. So he was the top choice when his boss needed someone to chop down young trees that were choking parts of Florida's Everglades.

On one trip to the swamps, the workers flew in by helicopter and quickly cut a stand of sprouting trees. But when they took off again, something went wrong: The chopper lurched left, then plunged into murky water.

A broken rotor blade slashed through Hernandez's left thigh.

Doctors saved his life, but couldn't save his leg.

To pay for his costly medical care, Hernandez filed a workers' compensation claim, which covered some of his bills.

Then, the insurance carrier, Florida Citrus, Business & Industries Fund, discovered that Hernandez was in America illegally, without work papers or permission from federal immigration officials. It halted all payments and left Hernandez to languish in a low-income Florida nursing home, unable to work to support his wife and four children in Mexico.

Thousands of illegal workers like Hernandez are hurt on the job every year in America, but don't get the compensation that's promised by law in every state.

Bosses often fire them, threaten them with deportation and commit an array of other misdeeds to avoid responsibility for workers' injuries. Some insurers refuse to pay their claims, citing reasons related to their illegal status.

As a result, injured workers often go without medical care or go to emergency rooms for treatment - and taxpayers get stuck with the bills.

"It's a violation of the American spirit," said Florida lawyer Gerry Rosenthal, who represents Hernandez. "Employers are hiring these people and pushing them hard to make a profit for the company, but when a worker gets hurt, they abandon him."

From field hands to garment workers to poultry processors to construction crews, injuries abound in industries that rely on an estimated 7 million undocumented workers, often to do dirty and dangerous jobs. Yet those who are undocumented are frequently cheated out of benefits that American workers have taken for granted for nearly a century, a McClatchy Newspapers investigation has found.

Federal labor officials haven't studied whether undocumented workers are wrongfully being denied compensation. But the exploitation is rampant, according to interviews with scores of illegal workers, employers, workers' comp lawyers, health care providers and workplace experts, and a review of lawsuits and workers' comp claims.

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In one national study, university researchers surveyed 2,660 day laborers, most of them working illegally. One in five said he'd suffered a work injury. Among those who were hurt in the last year, 54 percent said they didn't receive the medical care they needed, and only 6 percent got workers' comp benefits.

Employers in at least 20 states, arguing that their employees shouldn't receive injury benefits because they're illegal immigrants, have fought and lost in courts and review boards. Among those employees were a California laborer who hurt his back lifting sacks of coffee, an Arizona auto mechanic who was hit in the eye by flying debris, a Maryland carpenter who cut his hand on a saw, and a North Carolina construction worker who suffered a brain injury when he fell 30 feet onto a concrete floor.

Juan Palacios, a 27-year-old husband and father from Guatemala, was working on the roof of a Florida home in March when a coworker accidentally splashed hot tar on him. Palacios fell 12 feet and smashed through a glass table and onto a tile floor. He was hospitalized for a week.

During that time, he heard nothing from his boss at Sunrise Roofing.

"They don't care about me," Palacios said. "I feel bad because I can't work. ... That's why I'm here."

Sunrise confirmed that it had employed Palacios, but its insurance carrier, the Insurance Company of the Americas of Bradenton, Fla., has refused to pay. It won't discuss the denial but said in documents that "there is no employee/employer" relationship.

Palacios remains out of work. He's scarred and in need of skin grafts, he said. He relies on his roommates to feed and care for him, and he's received nothing from Sunrise.

The U.S. Department of Labor tracks workplace deaths and injuries, but officials haven't assessed how undocumented workers fare. The only hint is the climbing and disproportionate number of workplace deaths among Hispanic and foreign-born workers, which includes many of those who are working illegally.

Workplace safety programs also are failing these workers, as the number of inspections and the staffers to do them has declined. The nation's 2,300 inspectors check 1 percent of 7 million employers each year, and critics say fines are so low that risky operators consider them a cost of doing business.

"The regulators are rooted in paralysis," said insurance analyst Peter Rousmaniere, who's studied abuses of undocumented workers in a dozen states. "They don't want to acknowledge these workers exist - so, in effect, they are allowing them to be abused."

Workers' compensation is regulated by the states, but most simply offer review boards to settle disputes. Few states look for abuses of undocumented workers, and some adopt regulations that freeze illegal workers out of injury benefits.

Florida recently rejected hundreds of workers' comp claims because they didn't include Social Security numbers, a procedure the state Supreme Court halted last year because the requirement violated privacy laws.

A few states - Florida, Michigan and Kansas - allow employers to limit benefits or fine injured workers who use phony Social Security numbers.

"What you have is 20th century legal principles trying to catch up with the 21st century reality of a global workforce," said Bill Beardall, a lawyer and professor at the University of Texas at Austin.

"It takes time - and persistent injustice - for us to figure out that the old rules don't fit." WORKERS' COMPENSATION

Workers' compensation is intended to protect labor and management.

The deal is employers pay for injured workers' medical treatment, partial wages, disabilities and deaths, and employees can't sue if they get hurt.

Every state requires such benefits, except Texas, which last year passed California to lead the country in workplace deaths of Hispanics. Workers comp is optional in Texas, but companies must cover all employees - legal and illegal - if they opt for the insurance.

While some states exempt tiny businesses and certain agricultural and domestic workers, almost all other workers are promised protection.

But employers have incentives to cover up injuries. Accidents drive up insurance costs and can attract investigators. And intimidation tactics work best against employees who speak little English, don't know their rights and fear the threat of deportation.

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"They are terrified of getting fired or being deported," said Nan Lashuay, an assistant clinical professor and occupational health expert at the University of California, San Francisco. "There's a lot of pressure. Some of them have families who are literally on the verge of starvation. ... You can make here in a day what you make in a week in Mexico. And if you're deported, it can be extremely difficult to get back into the U.S."

Examples of abuse are widespread.

In Boston, when a Brazilian restaurant worker stabbed his hand with a knife, his supervisor, acting as translator, told doctors the injury happened at home, legal advocates said.

At a Mississippi poultry plant, bosses questioned the immigration status - then fired - an undocumented employee after he sought medical treatment for injuries to both arms, according to the worker and his case manager.

In Florida, a 15-year-old Guatemalan boy picking peppers was run over by a truck in the field, then dumped at a hospital 25 miles away with no name or contact information for his employer.

It's not unusual for bosses, known to workers only by nicknames and cell phone numbers, to abandon injured workers in unfamiliar areas without fear of reprisals.

"It's an ugly secret, and it's going on nationwide," said Texas lawyer Richard Pena, the chairman of the American Bar Association's immigration committee. "The employers and insurance companies profit ... (while) immigrant workers often go back to their home countries broken and in pain."

Insurers say they don't track how many illegal workers file for injury benefits or how many workers' families seek payment for deaths on the job. Most American companies take care of injured workers, employers say. They understand that the best way to keep productivity up and insurance premiums down is to run safe, responsible workplaces.

When someone is hurt, insurers say, they generally pay the claims, and immigration status doesn't arise. When it does, they interpret state injury laws conservatively.

"Most accept that illegal aliens should be compensated. That doesn't mean everybody is necessarily enthusiastic about it," said Eric Oxfeld, a Washington, D.C., lobbyist for businesses.

If injuries aren't reported, he said, "it has little to do with the employer, and everything to do with the workers' fear that he might be sent home."

SOME COMPANIES DISAGREE Some companies, however, continue to argue that undocumented workers shouldn't receive injury benefits.

Insurers may pay medical bills but refuse to cover workers' lost wages and retraining costs, arguing that the workers can't legally hold jobs and earn wages in the United States anyway.

"There are not across-the-board denials. My guess is that many thousands of illegal immigrants have been injured and treated through workers' comp," said Bob Hartwig, the chief economist for the Insurance Information Institute. "The problem is that many don't get to the door. ... Many of these people are intimidated in variety of ways by employers."

Some companies - particularly in competitive and dangerous industries - seek to gain an edge by hiring illegal workers and then cheating them on pay and injury benefits.

"It's a toxic cocktail," said insurance analyst Rousmaniere. "You have employers who have great incentive to cheat workers, and you have large numbers of illegal workers who will accept lower labor standards. It's causing our safety standards to erode - and that hurts legal workers, too."

One employers' trick is to go without workers' comp insurance.

Investigators say that kind of fraud is far more common than the much-publicized cases of workers who fake injuries. Offenders typically are small companies in high-risk pursuits, in which annual insurance premiums can cost 50 percent or more of a company's payroll. On average, companies pay about 1 percent of payroll toward premiums.

Employers also lie on payroll records - understating their size and job risks - to keep insurance costs down, which can leave workers without injury coverage.

Then there are more subtle tactics, such as the treatment an undocumented immigrant from South America got at a Mississippi poultry plant.

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The worker slipped on a floor slick with chicken fat and landed hard, suffering two fractures in his back and a spinal dislocation.

The company-recommended doctor found no injury in his X-rays and cleared him to return to work, according to the worker and his legal advocates. He spent time sitting in a break room, too pained to work but prohibited from going home during work hours so the company wouldn't have to report the injury.

As the pain in the worker's leg grew, an orthopedic specialist finally examined the earlier X-rays and found the fractures, which required surgery.

"I can't work as I did before. I'm going to have pain for all my life," said the father of five, who asked not to be identified for fear of being fired.

He walks with a limp now. He gave up his $500-a-week job cutting bones from chicken thighs because he can't stand up for long periods. But he still works at the poultry plant, where he now makes $300 a week mopping floors.

"When you're cutting up chickens and working on a line where speed is everything, workers get cuts, broken fingers, repetitive motion injuries, or they get their hands caught in machines," said Anita Grabowski, who coordinates the Mississippi Poultry Workers Center near Jackson, Miss., which gets a steady flow of immigrant workers injured in area plants.

"They may see a company doctor or nurse, but many times they're given an aspirin or some cream and sent right back to the line that day. Their injuries are never reported, and they don't get the treatment they need," she said.

It was the insurance company, not the boss, that blocked benefits for Jose Hernandez. Adjusters for Florida Citrus, Business & Industries Fund began digging into his background on the day he lost his leg to the helicopter blade.

They quizzed his employer, Linda Rojas.

What's his history?

What kind of employee was he?

What documents had he provided when he was hired?

"They kind of hounded me to say things about him that weren't up to par," Rojas recalled. But "I wasn't going to say anything bad. ... He was an excellent employee."

Within a week, adjusters phoned Rojas with a decision: "We feel like he's an illegal alien, and we're going to use that to deny his claim," Rojas remembers the agent saying.

She didn't argue.

Rojas said she had mixed feelings. Hernandez deserved compensation because he was maimed for life, but she wasn't sure that an illegal worker should be entitled to benefits. So she left things to her insurer.

Florida Citrus declined to discuss the case, but in its denial, the insurer charged that Hernandez violated state law by making "false" or "fraudulent" statements about his identity.

When Rojas hired him, Hernandez presented a Social Security card he bought in North Carolina. He'd picked strawberries there, and before that, he'd planted shrubs in Kansas City, cut pines in Washington state and picked grapes in California, living and working in the United States periodically for more than a decade.

"The `false' statements Jose Hernandez made to get a job have nothing to do with his injury," said lawyer Rosenthal, of West Palm Beach. "This man was almost killed working for an American company. Isn't it right to compensate him?"

Florida Citrus settled the case for an undisclosed amount, but Hernandez remains in the Florida nursing home getting treatment, waiting to return to Mexico. His girls are 3 and 6 now, the boys 10 and 12. He hasn't seen them in three years.

"The important thing is that some money is there to take care of us," said Hernandez, 36. "I can't walk, but I'll keep trying to go forward. Thank God it didn't get my arm - with my hands I can do anything."

Rojas said she wasn't surprised when her insurer "dropped us like a hot rock" after Hernandez's injury. She paid double for a new policy and expects a price increase again this year.

She's not sure whether her company, Rojas Brothers Grove Service, can afford to stay open or can continue to find workers willing to wade into swamps to chop trees.

"Not everybody wants to do this kind of work," she said. "They're going into swampy areas where you've got snakes and alligators. ... It's rough work."

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WAR NEWS:

Iraqis Plan To Ring Baghdad With Trenches (NYT)

By Edward Wong

The New York Times, September 16, 2006

BAGHDAD, Sept. 15 — The Iraqi government plans to seal off Baghdad within weeks by ringing it with a series of trenches and setting up dozens of traffic checkpoints to control movement in and out of the violent city of seven million people, an Interior Ministry spokesman said Friday.

The effort is one of the most ambitious security projects this year, with cars expected to be funneled through 28 checkpoints along the main arteries snaking out from the capital. Smaller roads would be closed. The trenches would run across farmland or other open areas to prevent cars from evading checkpoints, said the ministry spokesman, Brig. Gen. Abdul Karim Khalaf.

"We're going to build a trench around Baghdad so we can control the exits and entrances so people will be searched properly," he said in a telephone interview. "The idea is to get the cars to go through the 28 checkpoints that we set up."

American officials said the military had approved of the plan, which has been in the works for weeks. General Khalaf said he did not know how much the construction would cost or how many laborers would be employed.

There has been a surge in the number of Iraqis killed execution-style in the last few days, with scores of bodies found across the city despite an aggressive security plan begun last month. The Baghdad morgue has reported that at least 1,535 Iraqi civilians died violently in the capital in August, a 17 percent drop from July but still much higher than virtually all other months.

American military officials have disputed the morgue's numbers, saying military data shows that what they refer to as the murder rate dropped by 52 percent from July to August. But American officials have acknowledged that that count does not include deaths from bombings and rocket or mortar attacks.

American commanders have made securing Baghdad their top priority. They have shifted troops to Baghdad to try to contain the sectarian conflict raging in the capital, which threatens to plunge Iraq into all-out civil war. A security plan promoted in June by American officials and Prime Minister Nuri Kamal al-Maliki involved setting up traffic checkpoints throughout Baghdad, but failed to quell the Sunni-Shiite sectarian violence, which reached a peak in July.

Last month, the Americans and the Iraqi government began a new tactic, flooding troubled neighborhoods with thousands of troops and doing searches block by block, then leaving battalions behind to try and win the confidence of residents.

That offensive began in southern and western Baghdad and is now moving into eastern neighborhoods controlled by the Mahdi Army, a powerful militia that answers to Moktada al-Sadr, a Shiite cleric.

It is unclear whether Baghdad can really be sealed off, given the city's circumference of about 60 miles. With so much terrain, guerrillas might find areas that are unconstrained by the trenches and checkpoints. On the main roads, traffic could be snarled for miles, especially in the final days of Ramadan, when people travel to celebrate with their families.

Studies are still being conducted to determine how traffic patterns will be affected. If the outer perimeter proves effective, then perhaps some checkpoints now being operated inside the city could be taken down, easing the traffic, officials said.

President Bush said at a news conference on Friday that the Iraqis were "building a berm around the city to make it harder for people to come in with explosive devices, for example." Military officials said the Iraqis had considered such a project earlier, but decided to go with trenches instead.

The wide cordon to be erected around the city is critical to the new security plan and will be completed within weeks, General Khalaf said. American and Iraqi officials have long said the capital is easily infiltrated because it abuts restive areas such as Anbar Province and the region to the south known as the Triangle of Death. Without a ring of security around Baghdad, insurgents and militiamen outside could return to areas cleared during sweeps, General Khalaf said.

Similar perimeters have been set up around troubled cities that are much smaller than the capital.

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The most prominent example is Falluja, the insurgent stronghold in western Iraq that had 300,000 residents before a Marine-led siege in November 2004. Since then, the American military and Iraqi security forces have run the city as a mini police state, with people who want to enter required to show identification cards at checkpoints.

The American military built dirt berms with limited entry points around Samarra in the north and Rawah in the western desert.

The second-ranking American commander in Iraq, Lt. Gen. Peter W. Chiarelli, stressed in an interview the importance of securing Baghdad. "I'll be perfectly clear with you, our main effort right now is Baghdad," he said. "It's our focus."

There are few quiet days in the capital.

Seven bodies were found in four different parts of Baghdad on Friday, an Interior Ministry official said. An American soldier was killed by a roadside bomb south of Baghdad, and another was killed Thursday night by a bomb northwest of Baghdad, the military said. A soldier was missing after an attack in Baghdad on Thursday in which a suicide car bomber killed two soldiers and wounded 30 others. In Anbar Province, a marine died in combat.

On the political front, a senior Shiite cleric rejected any immediate move to create autonomous regions in Iraq, further threatening a proposal by a Shiite politician to establish a legal process for partition.

The cleric, Ayatollah Muhammad al-Yacoubi, a fundamentalist Shiite, said that he believed in "maintaining the unity of the country" and that autonomous regions could not be formed without "preparing the proper conditions," according to a statement released Thursday by his office in Najaf.

The strong stand against autonomy by Ayatollah Yacoubi further calls into question the viability of a proposal for a mechanism to carve up Iraq that Abdul Aziz al-Hakim, the leader of the Parliament's Shiite bloc, tried to put to the Parliament earlier this month. Mr. Hakim has long been a strong proponent of creating a nine-province autonomous region in the south that would be ruled by religious Shiites and would include the country's main oil fields.

He called for Parliament to vote on a proposed mechanism much sooner than virtually anyone had expected.

Sunni Arabs generally oppose dividing Iraq because their provinces have little oil.

The bloc answering to Mr. Sadr, the Shiite cleric, later opposed any immediate move toward autonomy. Mr. Sadr and Mr. Hakim are bitter rivals, both struggling for dominance in the new Iraq, and both commanders of powerful militias that have skirmished several times since the American invasion.

Ayatollah Yacoubi is close to Mr. Sadr, and their united stand could be enough to block any serious consideration of autonomy for now.

Basim Sharif, an official in the ayatollah's Fadhila Party, said the ayatollah could decide to support the legislation if it included language saying that Iraq would not break up into autonomous regions anytime soon.

Security Ring For Baghdad Underway (WP)

By Sudarsan Raghavan

The Washington Post, September 16, 2006

BAGHDAD, Sept. 15 -- U.S. military and Iraqi security forces have begun a massive effort to seal off Baghdad with a ring of reinforced checkpoints, berms, trenches, barriers and fences in an attempt to clamp down on insurgents, officials said Friday.

A few dozen checkpoints will be placed along key arteries in and out of Baghdad to ensure that people move through "predictable paths" that can be controlled, Lt. Col. Barry Johnson, a U.S. military spokesman, said late Friday night. Iraqi forces will man the checkpoints and patrol the terrain, with support from U.S. troops.

"We know there's a flow in and out of the city of those who are responsible for the violence," Johnson said. "The intent is to control Baghdad city."

The plans were announced on a day when officials said 52 bound and tortured corpses were found across Baghdad over a 24-hour period. Baghdad's body count has surged in recent days, despite a month-old push by thousands of U.S. and Iraqi forces to tame some of the capital's roughest neighborhoods.

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The construction of a ring around Baghdad would be the most ambitious security endeavor yet for the U.S. military and its Iraqi allies as they try to block militias, death squads and insurgents from funneling in weapons, explosives, funding and recruits from outside the capital.

"The enemy is changing tactics, and we're adapting," President Bush said Friday in Washington. "The enemy moves, and we will help the Iraqis move. And so they're building a berm around the city to make it harder for people to come in with explosive devices, for example. . . . They got a clear-build-and-hold strategy."

The project is underway as sectarian violence is emerging as the biggest challenge to U.S. and Iraqi forces engaged in what some U.S. officials have called the Battle for Baghdad, a confrontation that might strongly influence the future path of Iraq.

"We're trying to knock down sectarian violence and go after those folks, those death squads that have caused this new form of violence, that if left unchecked could lead to civil war," said Lt. Gen. Peter Chiarelli, the second-ranking U.S. military officer in Iraq.

The effort to wrap Baghdad in a protective bubble is not a new tactic. In Fallujah, U.S. and Iraqi forces have controlled entry and exit since an assault by U.S. forces in November 2004. In the volatile town of Samarra, where the bombing of a Shiite shrine in February triggered the sectarian violence now ravaging Baghdad, the U.S. military has erected berms around the town. The dirt ridges, a few feet high, serve largely to channel traffic.

Johnson, the U.S. military spokesman, said the Baghdad project has been underway for a few weeks and that building has begun. The plan is to use the natural terrain where possible and reinforce existing barriers, "complementing them with trenches, in other places berms, and other types of fencing."

Such efforts are among the methods that counterinsurgency experts recommend to gain control over population movements. Yet some analysts also say that the United States has never taken what many of them contend is an essential first step: conducting a thorough census, then issuing identity cards and requiring all people to carry them at all times.

It is unclear whether the planned complex of berms, trenches and checkpoints will be effective in Baghdad, a megalopolis of 81 square miles that includes vast stretches of farmland and open terrain. Insurgents and members of private militias might still be able to avoid the checkpoints, and even if they don't, U.S. and Iraqi forces still face the problem of identifying them.

The Muslim holy month of Ramadan, which begins in October, is likely to increase the flow of people in and out of Baghdad. The Iraqi government, Johnson said, is trying to determine how the plan to seal Baghdad will affect the flow of vehicles in a city already clogged with heavy traffic.

The grisly discoveries of more bodies around the capital illustrated how serious the ongoing sectarian strife has become. According to Iraqi police officials, some of the corpses had disfigured faces. Most were shot in the head. All bore marks of torture. Some were found near a railroad track, others near a bus station. Five were beheaded. All were young men, in civilian clothes, between the ages of 20 and 35.

The bodies were dumped in both Shiite Muslim and Sunni Muslim neighborhoods, east, west and south of the Tigris River, which weaves through the heart of the city. In total, 114 bullet-riddled and tortured corpses have turned up since Tuesday.

Meanwhile, on Friday, five U.S. soldiers were reported killed. Military officials said they included two who were killed Thursday in a suicide bombing that also wounded 30 Americans west of Baghdad. Another American soldier died in combat in Anbar province on Friday, and two more were killed by roadside bombs -- one on Thursday in northwest Baghdad, the other in south Baghdad on Friday.

In the northern city of Mosul, a car bomb that targeted a U.S. patrol killed nine civilians, said Brig. Gen. Saed Jubury, a police spokesman.

In the political arena, a revered Shiite cleric indicated that he would not support a proposal to create a controversial autonomous Shiite region that many Sunnis and some Shiites fear could partition Iraq.

After a meeting with senior Shiite leaders, Ayatollah Mohammad Yaqoubi's office released a statement saying that Yaqoubi stressed "the maintenance of Iraq's unity and expressed his upset over the discord among the political parties and their preference for their factious interests over the public interests of the people."

The statement delivered another blow to efforts by Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, to pass a draft bill that would carve Iraq into a three-part federal system, including a separate Shiite region.

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Sunni Arab political parties have accused their Shiite counterparts of trying to break apart Iraq and have threatened to boycott parliament. Both the Kurdish-populated north and the Shiite south are oil-rich, while most Sunni Arabs live around Baghdad or in Iraq's resource-poor western provinces.

Correspondent Ellen Knickmeyer in Baghdad, staff writer Thomas E. Ricks in Washington, special correspondent Saad Sarhan in Najaf and other Washington Post staff contributed to this report.

Iraq To Dig Trenches Around Baghdad (AP)

By Rebecca Santana, Associated Press Writer

AP, September 16, 2006

Iraqi security forces will dig trenches around Baghdad and set up checkpoints along all roads leading into the city to reduce some of the violence plaguing the capital, the Interior Ministry said Friday.

To help halt that bloodshed, more U.S. troops have been shifted to Baghdad from the insurgent stronghold of Anbar province, a senior U.S. commander said.

Meanwhile, a U.S. Marine was killed Friday in Anbar province, and an American soldier was killed Thursday evening by a roadside bomb northwest of Baghdad, the military said. Five American soldiers died Thursday, making it an especially bloody day for U.S. forces.

A U.S. soldier is missing from a suicide bombing 30 miles west of Baghdad that killed two of those soldiers, U.S. military officials said.

The soldier "has been reported as Duty Status Whereabouts Unknown," the military said, without elaborating.

Neither U.S. military officials in Iraq nor in Washington would say whether they believed the soldier had been abducted or whether he may have been killed in the attack, and his remains had not been recovered.

An Iraqi civilian was killed and five others were wounded when a gunman on top of an abandoned building opened fire in a Sunni Arab neighborhood in central Baghdad, said police Lt. Ahmed Mohammed Ali.

A spokesman for a prominent Sunni Arab political party was shot and killed by gunmen, said a party official who spoke on condition of anonymity because he fears for his life.

Sheik Muhanad al-Gharairi was a spokesman for the Conference of People of Iraq, a Sunni Arab party headed by Adnan al-Dulaimi. He was also an imam at a mosque in Baghdad and was on his way to conduct prayers at a different mosque in Garma, 19 miles outside of Baghdad when he was killed.

The plan to dig trenches around Baghdad will be implemented in coming weeks, Interior Ministry spokesman Brig. Abdul-Kareem Khalaf told The Associated Press.

It comes as more than 130 people were slain in two days — either killed in attacks or tortured and dumped in rivers or on the city's streets.

"Trenches will be dug around Baghdad in the coming weeks when the third part of the Baghdad security plan is implemented," Khalaf said. Metropolitan Baghdad has a circumference of about 60 miles.

The security plan, known as Operation Together Forward, began June 15 and is being implemented in three phases. The first phase included setting up random checkpoints around the city, phase two began Aug. 7 and focused on the most violence-prone areas of Baghdad — mostly the Sunni Arab southern districts. Phase three reportedly includes cordoning off and searching other parts of Baghdad, including predominantly Shiite areas.

Khalaf said that except for the trenches, vehicle and pedestrian traffic would be restricted to just 28 entry points with manned checkpoints.

"We will leave only 28 inlets to Baghdad while all other inlets will be blocked. Supports will be added to the trenches to hinder the movements of people and vehicles. The trenches will be under our watch," he said.

He did not have any details, but did say that there would be no concrete walls or razor wire. Khalaf also did not know how deep or wide the trenches would be.

"They will surround Baghdad," he said of the trenches.

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Lt. Gen. Peter Chiarelli, a senior U.S. commander, said U.S. troops were shifted from Anbar province to Baghdad because quelling sectarian violence in the capital is a higher priority.

"The main effort is Baghdad, and we must ensure that we weight the main effort," Chiarelli said, using military terminology for drawing on available troops elsewhere in order to bolster the military effort in Baghdad.

In addition to extending the combat tour of the Army's 172nd Stryker Brigade and sending it from northern Iraq to Baghdad, a smaller unit was moved this summer from near Rawah, in Anbar province, to the capital. The 172nd was replaced by another Stryker brigade in the north, but the unit in Rawah was not.

Chiarelli said Gen. George Casey, the top U.S. commander in Iraq, is "totally focused on ensuring that we keep what we need in Baghdad to do the job that we need to have done." He added that he believes that efforts to stabilize Anbar, which stretches west from Baghdad to the Syrian and Jordanian borders, are "moving in the right direction."

Both the Bush administration and military have said sectarian killings and violence are surging around Iraq and in the capital, although the military has said the attacks are limited to parts of Baghdad not yet included in the security operation.

A reduction in violence Friday was directly attributed to a vehicle ban went into effect around Baghdad to prevent suicide car bombers and others attacking worshippers during prayers. The ban is implemented every Friday.

The U.S. ambassador to the United Nations, John Bolton, told the Security Council on Thursday that the average number of weekly attacks increased 15 percent and Iraqi casualties increased by 51 percent, compared with the previous three months.

One of the few positive developments for the U.S.-led coalition and the national unity government was the reported killing of a senior member of al-Qaida in Iraq and the capture of another al-Qaida leader.

The Interior Ministry said Abu Jaafar al-Liby, who it described as either the second or third most important figure in al-Qaida in Iraq, was killed by police earlier this week.

Four other insurgents were killed and two were arrested in the raid, a ministry spokesman, Brig. Abdul-Karim Khalaf, told the AP.

Al-Liby was in charge of the Baghdad sector of al-Qaida in Iraq, Khalaf said. He said two letters were found on his body — one addressed to Osama bin Laden and the other to Abu Ayyoub al-Masri, who is thought to be al-Qaida in Iraq's leader. Both letters pledged loyalty and promised more attacks, Khalaf said.

The U.S. military also said it captured a senior al-Qaida figure and personal associate of the group's new leader during a Sept. 12 raid.

The man, who was not identified, led assassination, kidnapping and bomb-making cells in Baghdad, and played a key role in al-Qaida's activities in Fallujah before it was attacked by U.S. troops in November 2004, Caldwell said.

Shiite politicians, meanwhile, said they had made progress in trying to break a deadlock over legislation to establish autonomous regions as part of a federated Iraq. Sunni Arabs oppose the bill, fearing it could split Iraq into three sectarian and ethnic cantons. The proposed legislation, which could be introduced next week.

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Associated Press reporters Sameer N. Yacoub and Patrick Quinn contributed to this report from Baghdad.

U.S. Frustrated By Pace Of Change In Iraq (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, September 16, 2006

Officials praise many of Prime Minister Maliki's goals, including quelling militias. But his political ties make it difficult for him to pursue that aim.

WASHINGTON — Four months after Iraq's new government took office, U.S. officials are growing impatient with leaders in Baghdad and pushing them to move more quickly on the difficult agenda confronting them.

The top U.S. goal in Iraq is to help the regime led by Prime Minister Nouri Maliki to suppress sectarian violence, strengthen the fragile government and economy and move toward national reconciliation, senior officials say. One of those officials, in a recent interview, praised goals Maliki had set in several of those areas, but suggested more could be done.

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"The rhetoric has to be matched by concrete action," said the official, who asked to remain unidentified, citing the sensitivity of the subject. The Iraqi government "needs to begin acting, on the ground, on its own behalf."

Though the administration has confidence in the new prime minister, U.S. officials "are frustrated … there is a little bit of impatience," another senior U.S. official said.

President Bush has voiced similar sentiments, stressing U.S. patience and pledging continued support in an Aug. 31 speech, "as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq."

U.S. officials maintained that the election of a full-term government last December would finally enable Shiite Muslims, Sunni Arabs and Kurds to agree on political accords, opening the way to peace and stability. So far, however, the Iraqi government continues to be divided by factional quarrels, and sectarian violence is spiraling.

More than 30 bodies of victims slain execution-style were found Friday. Over the last five days, 142 such killings have been reported. In addition, two U.S. troops — a Marine in Al Anbar province and a soldier in Baghdad — were reported killed. The U.S. military also announced a soldier had been missing since Thursday, when a bomb exploded west of Baghdad and killed at least two troops.

U.S. and Iraqi officials announced a new effort Friday to cut off the flow of weapons and bombs into Baghdad. The plan, announced by Bush during a White House news conference and confirmed by Iraqi officials, is to dig a series of trenches that would form a perimeter of about 60 miles around the city. Checkpoints on every road leading in would restrict entry into the capital, Interior Ministry officials said.

Overall, Iraqi government services have not improved and the most contentious decisions lie ahead.

Maliki, whose government was installed May 20, succeeded Ibrahim Jafari, another Shiite leader for whom the Bush administration at first had high hopes. But Jafari failed to deliver essential services, and it became clear that he had only vague plans for leading the country out of its predicament. U.S. officials lost confidence in him.

Should a second government fail, it would not only raise questions about Maliki's effectiveness but might indicate that anyone would have difficulty leading Iraq. Few in the U.S. government so far have suggested anything as drastic as another change in the leadership, although some, frustrated by the lack of progress, have voiced a private view in recent weeks that Iraq might be better off under a traditional Middle Eastern strongman.

"But that's not the policy," said the second senior U.S. official, discussing the idea of changing governments again. "The policy is to prevent that from happening by making this government succeed."

A key element in Maliki's program is the effort to reconcile the country's warring sects, tribes and militias. Committees have been formed and some tribal meetings have been convened. Yet the program remains in its early stages nearly three months after Maliki unveiled it.

The first senior U.S. official said that reconciliation was "a tough issue, but progress has got to be made." He said places such as Northern Ireland, Liberia and Ivory Coast had faced much the same challenge.

"Without a reconciliation deal, without a package which deals decisively and comprehensively with nongovernmental armed groups … you don't bring an end to any conflict anywhere in the world," the official said.

The Bush administration disagrees with the Iraqi prime minister on some issues, including Maliki's condemnation of Israel's July invasion of Lebanon to confront the Shiite militia Hezbollah. Maliki also disagrees with the U.S. military's efforts to strike at the paramilitary forces of Shiite leader Muqtada Sadr, who is one source of Maliki's political support. And this week, Maliki visited Iran, whose long-strained relations with Washington have grown increasingly acrimonious.

Despite their growing desire for action, U.S. officials say they recognize the difficulty Maliki faces in trying to lead a fractious government with only the narrowest base of public support. For example, though a top goal of both the Bush administration and the Maliki government is suppressing sectarian violence, it is difficult for the prime minister to try to bring pressure on groups associated with Sadr.

"People here recognize that it's a political reality that he depends on the votes of groups which, while not all dirty, have some ties to Shia death squads," the second senior official said. "He's a decent man, a serious person, but there are realities."

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In addition to action to stem sectarian violence, U.S. officials want the Maliki government to move on a new investment law to bolster the economy as well as legislation to restructure the state oil company and set new rules for investing in Iraq's petroleum industry.

In an appearance at the Brookings Institution's Saban Center in Washington this week, Deputy Iraqi Prime Minister Barham Salih said the government had imposed a "very tough timetable" on itself for action on the legislative agenda.

He said parliament should pass the investment law this month, and next month should vote on a law to allow former members of Saddam Hussein's Baath Party to return to government and society. In December, the government will introduce its proposal for managing its petroleum reserves and adopt a law on the disarmament and re-integration of former anti-government militants, Salih said.

Analysts say the issues all are divisive and that action will be difficult. "There's no secret about what needs to be done, in broad terms, to put Iraq back together, in a national consensus," said Nathan Brown, a specialist in Arab politics at the Carnegie Endowment for International Peace. "The question is, can it be done? The American frustration is only natural."

Another regional specialist said the Americans may have domestic reasons for publicly pushing the Iraqi government to move faster. "The goal here may be, 'Don't blame us — blame them,' " said Juan R. Cole, a veteran observer of Iraq at the University of Michigan.

U.S. officials say that also at the top of their agenda for Iraq is a renewed effort to draw financial and political support from regional governments and major world powers.

American government officials and their Iraqi counterparts have been frustrated by the reluctance of other countries to help what they see as the weak government of a troubled land.

The first U.S. official said that neighbors "have been very slow to move" to give political support, direct aid or even debt forgiveness. "That needs to change," he said.

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Correspondents in Baghdad contributed to this report.

A Time Of Killing, And Little Time For Why (LAT)

By Solomon Moore And Peter Spiegel

The Los Angeles Times, September 16, 2006

Nearly 150 bodies have surfaced in Iraq this week, officials say. The toll is too heavy, the suspects too many, to bother with inquiries.

BAGHDAD — Some are largely intact — the flesh torn only where the bullets entered. Others are perforated by drill holes or slashed into ragged pieces. They lie in dusty ravines and pools of sewage, deserted roads and abandoned torture chambers.

Under normal circumstances, the bodies that appear every day in Iraq — 142 over the last five days, including more than 30 on Friday, Interior Ministry officials said — might be examined for clues by someone interested in solving the crimes. There is no shortage of potential evidence: handcuffs pulling the inert shoulders taut, blindfolds, a crowd of witnesses who saw the victim before masked assailants gunned him down in the street or stuffed him into a police car.

But in Iraq, there seems to be neither interest nor time for that. There are too many bodies and too many killers with too many ties to the nation's warring political factions.

Usually, the best anyone can do is point to a vague culprit — Shiite militias, Sunni insurgents, criminals and gunmen. The murderers are often as nameless as the victims.

A senior American official said U.S. personnel were investigating sites where corpses were recently found. U.S. officials are concerned that the killings may have been committed by Shiite-dominated government security forces in areas already secured by U.S. and Iraqi troops — inside jobs, in effect.

As part of a Baghdad offensive that started this summer, about 8,000 U.S. troops have stepped up patrols with Iraqi forces in an effort to bring order to the city's neighborhoods. But the Iraqi forces, particularly those controlled by the Interior Ministry, which include police and paramilitary units, are deeply intertwined with Shiite militias that have been linked to scores of extrajudicial killings.

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The investigation has uncovered scant information, the U.S. official said. Victims are often found far from where they were kidnapped or killed, and forensic capability in Iraq is virtually nonexistent.

Iraqis have expressed skepticism about the security plan. And few seem to believe that investigations are necessary to unmask the killers. Many here seem to have a theory about who they are and why the violence increased last week. Generally, those theories support their political views.

Maj. Gen. Ali Hussein Kamal, intelligence chief of the Interior Ministry, said Sunni Arab terrorists and Baathists were to blame.

Ammar Wajeeh, a Sunni Arab political party member, blamed Shiite militias. "The militias are still terrorizing southern and northern Baghdad," he said.

Sheik Abdul Zahra Swaidi, a representative of the anti-American cleric Muqtada Sadr, blamed Americans. "The occupiers are inventing the crisis," he said. "They are behind many explosions; we have proof of that. They are doing this to stay in Iraq."

The U.S. commander in charge of day-to-day operations in Iraq, Lt. Gen. Peter W. Chiarelli, said Friday that he believed some of the body counts coming from Iraqi officials in recent days had been exaggerated. Chiarelli acknowledged an increase of violence, but said the stepped-up security effort in Baghdad had brought down the overall number of deaths in the capital.

"Some of the numbers that I've seen reported, and what happened in Baghdad yesterday … I cannot prove those numbers are correct, and again, they seem inflated, from my standpoint," Chiarelli said at a news briefing at the Pentagon.

"For some, I'm sure that there are agendas that are being worked, and I understand that," he said.

Iraq's Health Ministry, which oversees the Baghdad morgue, is largely controlled by officials loyal to Sadr, and American officials have suggested that the ministry is elevating death totals to undermine confidence in the U.S. security plan.

Iraqis also disagree with one another, and with American officials, over why the violence jumped so noticeably in recent days.

Some U.S. officials believe that Sunni Arab extremists have increased attacks to send a message to American and Iraqi troops that no matter how much security is bolstered, the insurgency will thrive.

Iraqi national security advisor Mowaffak Rubaie said the killing of leaders of the group Al Qaeda in Iraq had hurt the organization, but might also have inspired it to ratchet up operations to prove it remained powerful.

"We believe that Al Qaeda every now and then tries to create a spectacular attack with a psychological impact to prove that they're still around and able to fight," Rubaie said.

But Suha Azzawi, a member of Iraq's parliament, said she suspected the death toll was being driven up by Shiite militias killing detainees to cover their tracks. Over the last year, several secret prisons run by militias have been uncovered.

"I think the most reasonable justification is the recent security sweeps in different areas of Baghdad, like Sadr City, Adhamiya and elsewhere, forced those who are detaining abducted Iraqis to kill them to avoid being captured," she said.

Whoever is behind the deaths and whatever their motives, they clearly have had an effect on U.S. policy. In a White House news conference Friday, President Bush acknowledged that violence in Iraq had dashed his hopes of being able to reduce the number of U.S. troops there. Troop levels now stand at 147,000, up about 20,000 from early in the summer.

"The unity government's intact. It's working forward. They're making tough decisions," Bush said. But, he added, the violence had prevented Gen. George Casey, the overall U.S. commander in Iraq, from recommending troop cuts.

"Hopefully, Casey would come and say, 'You know, Mr. President, there's a chance to have fewer troops there,' " Bush said. "It looked like that might be the case until the violence started rising in Baghdad."

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Times staff writers Paul Richter in Washington and Saif Hameed and Suhail Ahmad in Baghdad contributed to this report.

U.S. Soldier Missing In Iraq After Blast (AP)

By Rebecca Santana, Associated Press Writer

AP, September 16, 2006

DOJ_NMG_0064213

A U.S. soldier was missing Friday, a day after a suicide truck bombing killed two soldiers and wounded another 30 west of Baghdad, U.S. military officials said.

The soldier "has been reported as Duty Status Whereabouts Unknown," the military said, without elaborating.

Neither U.S. military officials in Iraq nor in Washington would say whether they believed the soldier had been abducted or whether he may have been killed in the attack, and his remains had not been recovered.

"I'm sorry to add that we now have a soldier that we are counting as missing," Lt. Gen. Peter Chiarelli said in a video news conference from Baghdad with reporters at the Pentagon.

The attack occurred Thursday, when a truck driven by a suicide bomber exploded near an Iraqi power substation about 12 miles west of Baghdad, in an area where the U.S. troops were.

The soldiers had been guarding the power substation, U.S. military spokesman Lt. Col. Barry Johnson said, adding that the blast occurred near concrete barriers, causing debris and shrapnel to be scattered across the area and inflicting many of the wounds.

Johnson could not comment on what type of explosives were used, whether there was more than one suicide bomber or whether the U.S. soldiers took any action against the vehicle before it exploded.

"The whole incident remains under investigation to determine how this happened and why," Johnson said.

Of those wounded in the attack Thursday, one was listed as very seriously injured and one as seriously injured, the military statement said. Eleven returned to duty, and 17 were slightly wounded, it said.

A total of five American soldiers died Thursday, making it an especially bloody day for U.S. forces. On Friday, a U.S. Marine was killed in Anbar province.

At least 2,678 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count.

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Associated Press writer Robert Burns contributed to this report from Washington.

U.S. Won't Abandon Fight In Anbar, Commander Says (NYT)

By Thom Shanker

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — The American military in Iraq will not abandon the fight against insurgents in Sunni-dominated Anbar Province despite a shift of troops toward Baghdad for a major operation to stifle sectarian violence in the capital, the second-ranking commander in Iraq said Friday.

The commander, Lt. Gen. Peter W. Chiarelli, of the Army, describing the Baghdad security mission as "our main effort," said he had ordered reinforcements to the capital from other parts of Iraq.

"Armies that don't weight the main effort really don't ever have a main effort," General Chiarelli told Pentagon reporters via videolink from his headquarters outside Baghdad. "And that's not the case with this force."

Even so, General Chiarelli stressed that the American military has not forsaken Anbar Province, a Sunni area stretching from west of the capital to the Syrian border that has been a haven for homegrown insurgents and foreign terrorists.

"We are not looking to walk away from that province. That is just flat wrong," said General Chiarelli, who is commander of day-to-day military operations in Iraq. "We are committed to the people of Al Anbar and will remain committed to the people of Al Anbar and do everything possible to make their life better."

General Chiarelli spoke at the end of a week in which it was revealed that a classified Marine Corps intelligence report on Anbar Province said security there would continue to deteriorate absent an infusion of money and an additional division's worth of troops.

After the report's contents were disclosed, the senior Marine Corps commander in Iraq, Maj. Gen. Richard C. Zilmer, said his force levels "are about right" for a mission that he described as primarily training Iraqi troops to take over the security effort.

General Chiarelli said the intelligence report's assessments of the problems in Anbar were "right on target." But he insisted that more troops would not guarantee success.

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"I don't believe there is any military strategy alone, any kinetic operations that we can run alone, that will create the conditions for victory which we must have," General Chiarelli said. "The real heart" of the intelligence report, he added, was "that there are economic and political conditions that have to improve out at Al Anbar, as they do everywhere in Iraq, for us to be successful."

General Chiarelli also sought to erase any perception that a heightened emphasis on training Iraqi security forces to take over the mission from Americans meant that United States military forces had abandoned the goal of defeating the insurgency.

"We are fighting to win," he said. "But we understand that winning is a combination of a whole bunch of things in this insurgency we're fighting, and as I've indicated time and time again, this is different than any other fight I believe the United States of America has ever found itself in."

Iraq is not in a civil war, General Chiarelli said, but the threat has shifted from terrorist and insurgent violence to battling bombings and murders driven by sectarian tensions — although at times it is difficult to separate the motivation behind any single attack, he added.

As for whether Iraq is in a civil war, he said, "I state emphatically I do not believe it is, but I do believe sectarian violence is something we've got to get a handle on."

The general recounted conversations with local Iraqi officials across the country who told him the best route to lowering the level of violence is, "Find jobs for the angry young men."

To achieve economic progress, he said, "We need help, and we've got commitment from the Iraqi government for help. And as quick as we can get that help out there to start working those economic conditions, I think that that is, in fact, a strategy for victory."

U.S. Shifting Troops In Iraq (AP-Y)

By Robert Burns, Ap Military Writer

AP, September 16, 2006

U.S. officials say they have not written off Iraq's troubled Anbar province — the country's largest, and one of its most violent — but neither are they sending more U.S. troops there to battle the insurgents.

In fact, they have shifted some troops from Anbar to Baghdad this summer, not because security conditions are improving in the western province but because they are deteriorating even more in the capital area. The Pentagon told Congress two weeks ago that Baghdad has some of the makings of an all-out civil war.

Anbar suddenly drew attention at the highest levels of the Pentagon this week with the disclosure in news reports of a remarkably pessimistic, secret assessment by the intelligence chief for Marines operating in Anbar. The assessment by Col. Pete Devlin said, in essence, that U.S. and Iraqi forces have battled to a stalemate with the insurgents in Anbar, and that economic and political breakthroughs are urgently needed.

Speaking to reporters at the Pentagon on Friday from his headquarters in Baghdad, Lt. Gen. Peter Chiarelli, who oversees U.S. military operations throughout Iraq, said he agrees with Devlin's conclusions — but apparently not with Devlin's view that the situation cannot be rescued without an infusion of more U.S. troops.

"That's Pete's opinion," Chiarelli said when a reporter noted that Devlin called for adding thousands more troops.

When placed in the broader context of what's happening elsewhere in Iraq — namely the threat of civil war in Baghdad — U.S. commanders generally agree that Baghdad has to be a higher priority than Anbar, Chiarelli indicated. Therefore, the effort in Anbar should be seen as supporting, or secondary to, the Baghdad effort.

"That's what we're doing right now, and we're going to continue to do that until we get the conditions in Baghdad where they need to be," Chiarelli said.

The future of Anbar is in doubt, but Chiarelli strongly denied that U.S. officials consider it a lost cause.

"We are not, and I repeat we are not, looking to walk away from that province," he said.

In a telephone interview on Tuesday, the top U.S. commander in Anbar, Marine Maj. Gen. Richard Zilmer, told reporters that U.S.-led forces were "stifling" the insurgency there but are not strong enough to defeat it. He said his main mission is not to defeat the insurgency but to train Iraqi soldiers and police.

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"Now, if that mission statement changes — if there is a larger role seen for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here" in terms of U.S. troop levels, Zilmer said.

Asked about that comment, Chiarelli said no one should doubt that the U.S. goal in Anbar is to prevail against the insurgents.

"It is our job to win, but winning is a combination of not only what U.S. forces do on the ground, but our Iraqi counterparts," Chiarelli said, adding that the government in Baghdad needs to follow through on promises to provide more resources for Anbar to revive the economy and get jobs for young men who are otherwise attracted to joining the insurgents, who offer higher pay than either the Iraqi army or police.

Barham Saleh, the deputy Iraqi prime minister, said Thursday during a Pentagon visit that he met recently with the governor of Anbar and promised to release "a lot of funds" to improve security and the economy.

"It's not just a matter of security operations," Saleh said. "People need to see reconstruction and they need jobs being made and so on."

Anbar has been an uphill struggle for U.S. forces since the war began in March 2003. It is populated mainly by Sunni Arabs, whose lost their grip on power to the majority Shiites when Saddam Hussein was toppled that April. The Sunnis have been the driving force behind the insurgency, whose main strongholds have been Fallujah and, more recently, Ramadi, the provincial capital.

In a Sept. 1 report to Congress on conditions in Iraq, the Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar — more than any other province in the country and slightly more than in Baghdad.

Of the 147,000 U.S. troops in Iraq, about 30,000 are in Anbar.

General Says Suppressing Violence In Baghdad Is Top Priority In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 16, 2006

WASHINGTON - Although U.S. military forces aren't giving up on defeating the insurgency in Iraq's Anbar province, their primary effort has shifted to quelling violence in Baghdad, the No. 2 American general in Iraq said Friday.

Lt. Gen. Pete Chiarelli acknowledged that a leaked classified intelligence report recommended that another division, about 10,000 to 15,000 troops, was needed to stabilize Anbar province, but he said the main effort now was to secure Baghdad. Some U.S. forces have been moved out of Anbar and other parts of Iraq and sent to Baghdad.

"That's what we're doing right now. We're going to continue to do that till we get the conditions in Baghdad where they need to be," Chiarelli said, speaking by teleconference from Iraq to reporters at the Pentagon.

Anbar province, which stretches west of Baghdad to the borders of Syria, Jordan and Saudi Arabia, has long been a stronghold for the Sunni-led insurgency and al-Qaida fighters. The classified report, which was leaked this week, reportedly said that the political and security situation in the province had deteriorated so much that only more aid and another troop division could turn things around.

The commanding general of coalition forces in Anbar, Marine Maj. Gen. Richard Zilmer, said Tuesday that he had enough troops for his main mission, which was training and recruiting Iraqi forces, but would need more to win against the insurgency.

His comments and the classified report were among the first acknowledgements that more troops would be needed to defeat the insurgency in Anbar.

President Bush brought up Anbar on Friday in response to a reporter's question about whether Iraq was in a civil war. He said Anbar hadn't been lost, adding, "That's not what our commanders think."

"No question it's a dangerous place," the president said. "It's a place where al-Qaida is really trying to root themselves."

A U.S. Marine was killed in Anbar province Friday, and two soldiers were killed near Baghdad by a roadside bomb. Five U.S. troops were reported killed in Iraq on Thursday.

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In its quarterly report to Congress earlier this month, the Pentagon said that although the struggle between Sunni and Shiite extremists seeking to control Baghdad was now the greatest threat to security in Iraq, the Sunni-led insurgency against coalition forces remained "potent and viable."

Chiarelli expressed dismay over the leak of the report, which was written by Marine Col. Pete Devlin, but he said its findings that more political and economic support were needed in the province were "right on target."

He said he didn't believe "there is any military strategy alone . . . that will create the conditions for victory which we must have."

Chiarelli said that when he asks governors and local officials what would help most to reduce the violence, "their number one answer, the thing they always tell us is, `Find jobs for the angry young men.'

"As quick as we can get that help out there to start working those economic conditions, I think that is, in fact, a strategy for victory," he said.

U.S. forces "will remain committed to the people of al Anbar and do everything possible to make their life better," he added.

Chiarelli said coalition forces had seen a 35 percent decrease in sectarian violence in the targeted Baghdad neighborhoods since security was tightened more than a month ago.

"I've been into every one of those areas," he said. "I've talked with the people. I've seen markets open up. I've seen people on the streets at times when there used not to be anyone on the streets."

Iraq's Ministry of Health reported earlier this month that more than 1,500 bodies were delivered to the Baghdad morgue in August, compared with 1,855 bodies that were reported delivered in July, an all-time high.

Coalition officials said their new figure, which shows the 35 percent decrease, didn't include victims from car bombings, mortar attacks or other mass-casualty violence.

Chiarelli said that opinions differ over what constitutes sectarian violence.

General Says Quelling Baghdad Violence Priority (WT/AP)

The Washington Times, September 16, 2006

ASSOCIATED PRESS

U.S. troops were shifted from Iraq's Anbar province, where the insurgency is still strong, to Baghdad because quelling sectarian violence in the capital is a higher priority, a senior U.S. commander said yesterday.

"The main effort is Baghdad, and we must ensure that we weight the main effort," said Lt. Gen. Peter Chiarelli, using military terminology for drawing on available troops elsewhere in order to bolster the military effort in Baghdad.

Gen. Chiarelli, who is responsible for U.S. military operations throughout the country, said he may see Anbar through "a different lens" than even the U.S. commander in charge of the province.

In addition to extending the combat tour of the Army's 172nd Stryker Brigade and sending it from northern Iraq to Baghdad, a smaller unit was moved this summer from near Rawah, in Anbar province, to the capital. The 172nd was replaced by another Stryker brigade in the north, but the unit in Rawah was not.

Gen. Chiarelli said Gen. George Casey, the top U.S. commander in Iraq, is "totally focused on ensuring that we keep what we need in Baghdad to do the job that we need to have done." He added that he thinks that efforts to stabilize Anbar, which stretches west from Baghdad to the Syrian and Jordanian borders, are "moving in the right direction."

"The forces that were taken out of al-Anbar and moved to support the Baghdad security plan were part of the process that I talked about, of winning the main effort," he said, adding that they were moved from a location that is "nowhere near any of the locations that you would commonly look at for increased violence in al-Anbar."

In a Sept. 1 report to Congress on conditions in Iraq, the Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar -- more than any other province in the country and slightly more than in Baghdad.

Of the approximately 147,000 U.S. troops in Iraq, about 30,000 are in Anbar.

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On Tuesday, the commander of U.S. forces in Anbar, Marine Maj. Gen. Richard Zilmer, told reporters his main mission is to train Iraqi security forces, not to defeat the insurgency. "Now, if that mission statement changes -- if there is seen a larger role for coalition forces out here to win that insurgency fight," then it might require an infusion of U.S. troops, Gen. Zilmer said.

Gen. Chiarelli, however, said no one should doubt that the goal in Anbar is to win.

"We are fighting to win, but we understand that winning is a combination of a whole bunch of things in this insurgency we are fighting," he said, mentioning a requirement for more economic and political progress. Local Iraqi leaders in Anbar tell him, Gen. Chiarelli said, that their top need is "jobs for the angry young men."

Gen. Chiarelli also said he agrees with the central conclusions of a recent intelligence assessment by the top Marine intelligence officer in Anbar, Col. Pete Devlin, who wrote that more economic and political progress must be made to break what amounts to a military stalemate with the Sunni Arab-led insurgency there.

Gen. Chiarelli called on the Iraqi national government to do more to improve economic conditions in Anbar.

"Commitments have been made out in al-Anbar; I hope that those commitments come through and come through sooner rather than later," he said. "And when they do they will go a long way to our combined goal of winning in al-Anbar."

Anbar Called Secondary To U.S. Efforts In Baghdad (WP)

By Ann Scott Tyson

The Washington Post, September 16, 2006

American troops face "significant challenges" in western Iraq's volatile Anbar region -- the deadliest province for U.S. forces -- but military efforts there are secondary to the priority of quelling sectarian unrest in Baghdad, the second-ranking U.S. commander in Iraq said yesterday.

"Al Anbar today is a supporting effort to what we're doing in Baghdad," Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, said in a videoconference with Pentagon reporters. "Baghdad is our main effort right now," he said, explaining why a battalion of U.S. troops was recently moved from Anbar to Baghdad.

On a day of sober talk about Iraq, Chiarelli also issued a dire warning on the risks of pulling out U.S. troops and allowing the country to slide into civil war, drawing an analogy from the 1980s Iran-Iraq war to suggest the loss of life from such a conflict could be staggering.

President Bush acknowledged serious problems in both Anbar and Baghdad yesterday, revealing that U.S. and Iraqi forces are constructing an earthen berm around the capital city of 5 million people and reinforcing checkpoints to try to stop the inflow of insurgent bombs.

Bush said he had hoped U.S. commanders would be able to reduce U.S. troop levels in Iraq, currently at about 140,000, until violence surged in Baghdad in June and July.

Anbar, Bush said, is "a dangerous place . . . a place where al-Qaeda is really trying to root themselves." But he rejected any suggestion that U.S. military had failed in the Sunni Arab insurgent stronghold. "This business about . . . 'Anbar is lost' is just not the case," Bush said.

Implicit in Chiarelli's remarks on Anbar was the idea that, given limited overall troop numbers in Iraq, American commanders must make difficult trade-offs as they concentrate forces in one troubled region at a time. "There's not a commander in the world who wouldn't say he could use more forces," he said.

Anbar has emerged as Iraq's most violent province, followed by the far smaller but more densely populated province of Baghdad. More than 30 percent of all attacks in Iraq from May to early August took place in Anbar, slightly more than in Baghdad, which ranked second for daily attacks, according to a Pentagon report released this month. More than 900 U.S. troops have been killed in Anbar since the U.S.-led invasion of Iraq in 2003, compared with more than 600 in Baghdad, according to the Web site iCasualties.org.

Chiarelli said he agreed with a classified intelligence report on Anbar that surfaced in the media this week, which concluded U.S. forces had fought to a military stalemate in Anbar as political and economic conditions there deteriorated. The report, by Col. Pete Devlin, intelligence officer for the 1st Marine Expeditionary Force, is "right on target," he said.

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"I don't believe there is any military strategy alone . . . that will create the conditions for victory," Chiarelli said. "We need the political support. We need economic support in al-Anbar," especially jobs for disgruntled young men, he said. The U.S. military will not abandon Anbar and is working to step up recruiting of Iraqi security forces there and improve their literacy, he said.

But asked for his reaction to the report's conclusion that another full U.S. ground division -- about 10,000 troops -- is needed to achieve success in Anbar, Chiarelli stated: "That's Pete's opinion." Troop levels in Anbar are appropriate, he said, "given conditions in Baghdad."

U.S. and Iraqi military operations reduced sectarian attacks in August in Baghdad neighborhoods, Chiarelli said, although he did not provide any statistics. Among the biggest problems, he said, are car bombs or other spectacular attacks that then prompt Shiite death squads to torture and execute Iraqis who are "picked off the streets, sometimes from lists."

Yet he warned that if a U.S. withdrawal led to civil war, the casualties would be far worse.

"If we're not successful . . . and Iraq would descend into civil war, the lens we look at and think about the casualties that could occur in that civil war may be totally different," he said, recalling his visit Thursday to an Iran-Iraq war battlefield on Iraq's southeastern border, where by official counts a million people perished in the 1980s.

One More Time, A Mission To Iraq (PHI)

By Edward Colimore

The Philadelphia Inquirer, September 16, 2006

Three years ago, they were called up to serve in Iraq, in dangerous places such as Mosul and Hilla, south of Baghdad. Many of them came under sniper fire in convoys and were attacked by mortar rounds and rockets in their camps. Some were wounded. One was killed by a car bomb.

Now, members of the Army's Norristown-based 358th Civil Affairs Brigade are among the relatively few reservists heading back for a second tour of duty. Amid increasing violence, they will help restore electricity and water supplies, and reestablish hospitals, schools and law enforcement.

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About 10 percent of reserve units across the country have been returned to Iraq, and that percentage is likely to increase if the American military presence continues, Pentagon officials said.

"My family is not happy about it, but they support me," said Maj. Christopher Lewis, 38, a 358th member and Coatesville resident who is married and has two children, 6 and 3. "I just got back, but I'm going over for another year.

"The kids don't understand; they just know I'm going away for a long time."

Under the present system, reserve units can be called back to Iraq a year after they have returned from a tour of duty, but the vast majority have not, said Pentagon spokesman and Army Reserve Maj. Nathan Banks.

The Defense Department hopes to create a six-year cycle that would require a unit that has served overseas to rest for two years, train for two years and have two years during which it can be mobilized, Banks said.

"We're trying not to overuse the soldier and his family," said Banks, 42, a Blackwood resident who also will be heading to Iraq this fall. "We're not there yet, but that's our future plan. That way, when you join a unit, you know its status."

About 20 percent of the National Guard force across the country have volunteered to return to Iraq, said National Guard Bureau spokesman Emanuel Pacheco. Troops trained as military police or engineers have been especially in demand.

National Guard troops normally are under control of the states, but they can be federalized by the Pentagon for national military service such as duty in Iraq and Afghanistan.

The military reserves are federal troops.

Active-duty members of the Marine Corps, who are usually more involved in combat roles, have seen three or more tours of duty, according to Banks.

This week, the troops in the 358th Civil Affairs Brigade were training at Fort Dix for their return. Among them were teachers, doctors, engineers, lawyers and environmental experts who spent Tuesday morning in a classroom learning how to tow a disabled humvee out of the "kill zone" without stopping - and without holding up a convoy.

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They spent the afternoon getting hands-on instruction from Sgt. Steven Pyluck, 38, of Hightstown, N.J., who demonstrated a tow with humvees in an open field. They also practiced convoy and "aggressive" driving maneuvers that could help save their lives.

On Wednesday, the troops ran convoys through mock battles in which they came under attack by Iraqi role-players. They are scheduled to leave next Saturday for Fort Bragg, N.C., where they will undergo six weeks more of training before heading to Kuwait, then on to assignments in Iraq.

Col. Chuck Steinmetz, 49, of Drexel Hill, said about 20 percent of the more than 125 members of the 358th heading to Iraq served there in 2003 and 2004. The rest are new to the unit.

"Civil Affairs is a small community of reservists," he said. "It's like being in a family; they take care of one another. Many feel a duty to go back. Morale is high."

The last time Lewis, of Coatesville, was in Iraq, he helped coordinate operations and went on about 10 convoys, never coming under fire.

Others were not so lucky. A member of the 416th Battalion of the 358th was manning a gun turret of an armored humvee when a sniper shot him in the chest. He survived because of a bulletproof vest, with only the wind knocked out of him.

Col. Chuck Hutt, 48, of Langhorne, who helped train the troops this week, wanted the other soldiers to see the result of the shooting, and displayed the vest with an AK-47 round embedded in it.

Lt. Col. Paul Dougherty, 45, a Philadelphia native living in Exton, said he and other troops came under attack from rocket and mortar fire fairly regularly when they were in Iraq the first time.

"One of my buddies and another [soldier] were killed when a car bomb slammed into his [convoy] vehicle in Mosul in 2004," he said, referring to the death of Lt. Col. Mark Phelan of Green Lane.

One way of avoiding casualties is constantly training. "There are new lessons to learn," said Lewis. "The emphasis is on force protection. They brought in a trainer who just got back from Iraq to tell us about the latest tactics of the enemy."

While ducking bullets, the unit will be trying to rebuild Iraq and bring in humanitarian relief. The 358th "identifies the critical infrastructure needs," said Dougherty, a special-education teacher who plans to marry when he returns. "It means getting things turned on, whether it's electricity, water purification or a sewage system. It may mean getting a hospital or university going."

On his second tour, Sgt. Ryan Wildermuth, 23, of Coatesville, hopes to continue rebuilding the police department and local government.

"I worked on the public safety team with [Iraqi] firefighters, police and prison guards," said Wildermuth, who wants someday to join a police force or the Secret Service. "We were training and equipping the Iraqis, and you should have seen their faces when they got new equipment, things as simple as handcuffs and nightsticks. I'm proud to be going back."

Another member of the unit, Lt. Col. Kathy Brill of Philadelphia's Overbrook Park section, is also looking forward to the rebuilding mission. She has served Bosnia and Afghanistan and "is married to the Army."

"We don't know what they need until we get there," she said. "But we're trained to do all civil-affairs missions and work with the people and communities."

Col. Kevin McAleese, the 358th's spokesman, who lives in Philadelphia's Fairmount section, said that part of the mission for him in 2004 involved working with U.S. corporations and Kuwaiti officials to provide donated items such as sneakers, school supplies, medical equipment and computers.

As the training progressed at Fort Dix this week, Col. Toby Pennels, commander of the 358th, said he had "seen things over the past five days that I didn't anticipate - new tactics and procedures.

"I'm never above learning," said Pennels, a Portland, Maine, resident who leaves a wife and children for his second tour. "Everybody has got to know everything. The key is repetition."

In the back of everyone's mind, though, was family.

"My family is concerned but supportive," said Maj. Steven Hart, 44, a Plymouth Meeting resident who is married and has a 9-year-old daughter and 7-year-old son.

"But I tell them what they do is harder than what I'm doing. I'm trained well and confident."

Second Tour of Iraq

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About 10 percent of federal military reserve units across the country have been returned to Iraq.

About 20 percent of state National Guard forces across the country have volunteered to return to Iraq.

In Pennsylvania, 500 of the 15,000 members of Army National Guard and 10 of the 4,000 Air National Guard have chosen to go back.

In New Jersey, 2 percent to 5 percent of the Army National Guard's 6,000 members and about 20 percent of Air National Guard's 2,300 have volunteered to return.

Twenty percent of the more than 125 members of the 358th Civil Affairs Brigade served in Iraq three years ago and are heading back.

SOURCES: Pentagon and Pennsylvania and New Jersey National Guard

Iraqi Ambassador Accuses U.S. Of Stonewalling In Cousin's Death (FREEP/AP)

By Sarah Karush

Detroit Free Press/AP, September 16, 2006

SOUTHFIELD, Mich. (AP) -- Iraq's ambassador to Washington on Friday accused U.S. officials of stonewalling him in his efforts to find out what happened to his cousin, who was killed by the military near Haditha.

The military announced in July that it had completed an investigation of the incident and determined that a U.S. Marine acted in self-defense.

Ambassador Samir Sumaidaie said he learned of the investigation's result in March or April from Gen. George Casey, the top U.S. commander in Iraq. He said he was promised a copy of the military's report on the case, but has not received it.

Sumaidaie called the delay "unsatisfactory."

"It sounds to me very much like bureaucratic stonewalling," he told The Associated Press in an interview in suburban Detroit, where he was meeting with members of the area's large Iraqi community.

A request for comment was left with the Defense Department press office.

The cousin, a 21-year-old engineering student named Mohammed Sumaidaie, was killed during a search of his family's home near Haditha on June 25, 2005.

Ambassador Sumaidaie, who at the time was Iraq's representative to the United Nations, has said his cousin was killed after he escorted Marines to a bedroom to show them where a rifle that had no live ammunition was kept.

In July, Maj. Douglas Powell, a military spokesman, said the Marine "acted properly in self-defense in response to unexpectedly encountering a man pointing an AK-47 at him."

Sumaidaie said Friday that he found the self-defense conclusion "incredible."

Mystery Deepens In Case Of Missing Colorado Marine (NYT)

By Mindy Sink

The New York Times, September 16, 2006

BOULDER, Colo., Sept. 12 — The story was compelling. A marine home on leave from his first tour of duty in Iraq was injured in a fall while hiking down a mountain with a friend and vanished after the friend went to call for help.

As one of the largest search and rescue operations in state history was under way, speculation ran high that the marine, Lance Cpl. Lance Hering, 21, might have lost his memory or become disoriented as a result of his head injury or that a mountain lion or bear had attacked him.

On the second day of the search, investigators began to have their suspicions and have since said that it was all probably a hoax and that the marine might be on the run.

“The mystery has gotten deeper,” said Lloyd Hering, the corporal’s father.

What is known is that Corporal Hering left his parents’ house on Aug. 29 to hike with a high school buddy, Steve Powers, 20.

The search for him lasted five days, using helicopters, dogs and hundreds of volunteers, before it was called off.

“It is certainly disappointing for that have all to have been a waste and unnecessary exercise,” said Kevin Harner of the Rocky Mountain Rescue Group.

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In the first days of the search, Corporal Hering's mother, Elynne, wore a T-shirt with the Marine motto "Semper Fi" as she combed the mountains. She later collapsed from dehydration and exhaustion.

Mr. Powers also joined the searchers, with many risking their lives.

Days after the search ended, Mr. Powers confessed to detectives that it had all been a set-up to help Corporal Hering avoid returning to Iraq. Mr. Powers, a student at the University of Colorado here, was charged with false reporting, a misdemeanor.

Calls to Mr. Powers's lawyer were not returned, and his father, answering a call to his house, said his son was not answering questions.

Corporal Hering's parents now say that they do not know what to believe and that they fear that their son may be a victim of foul play.

"There is no shred of evidence at all to confirm this man's new story," Mr. Hering said of Mr. Powers's confession. "It may be as completely false as the lies he told us all for 10 days."

Lloyd Hering is a Vietnam veteran, and the corporal's brother Brendan, 23, who flew in to join the search, is in the Air Force. The family has repeatedly said that Corporal Hering, who is due back at Camp Pendleton, Calif., on Monday, is a proud marine who would not flee.

"His parents have one perspective," the Boulder County sheriff's commander of detectives, Phil West, said. "A couple of people have come forward saying that Lance thought it would be cool to stage his own death and go live in a foreign country under an assumed name."

Commander West said Corporal Hering's access to $2,000 that he owed his parents and his criminal record were red flags. In 2004, Corporal Hering and Mr. Powers were caught trying to break into a store. They were given deferred sentences for the felony charges, but they have now violated their probation.

Commander West said the authorities would seek restitution for the more than $10,000 that the search cost.

Corporal Hering could face legal trouble with the Marines on charges of lying on his application — he did not mention his arrest — and desertion if he does not return to his base on time.

On Tuesday, Corporal Hering's parents returned to the rocks and rushing river of Eldorado Canyon to ask the public to help find their son.

"Our heartfelt thanks to the hundreds of volunteers," Lloyd Hering said. "We now know lots of places where Lance is not."

Iraqi President Travels To Colorado (AP)

AP, September 16, 2006

Iraqi President Jalal Talabani spent Friday in this posh mountain resort as part of an annual conference sponsored by a New York investment company, The Associated Press has learned.

Talabani's participation was confirmed by a U.S. State Department official who spoke on condition of anonymity because he was not authorized to make statements about the president's schedule. His arrival was first reported by the Aspen Daily News and KREX-TV in Grand Junction.

Talabani was expected to travel to New York this weekend and then to Washington for a private meeting with Secretary of State Condoleeza Rice next week, Assistant Secretary Kristen Silverberg said in Washington.

Talabani arrived late Thursday so he could attend the closed-door conference sponsored by Forstmann Little Co., the Daily News said. A spokeswoman at Forstmann Little said she could not comment, though the upscale resort 100 miles west of Denver often attracts political and corporate leaders for conferences.

Talabani, a Kurd who once took up arms against ousted dictator Saddam Hussein, was elected president last year. Earlier this month, Talabani said he expected fighting in Iraq to slow by the end of 2007 and that Iraqi forces will be able to handle any remaining violence.

Born in 1933 in the village of Kelkan, Talabani attended law school and in 1975 founded the Patriotic Union of Kurdistan. He led armed resistance against Saddam until 1988, when the Iraqi leader expelled Kurds from strategic areas in the north and gassed Kurdish towns near the Iranian border, killing tens of thousands of people.

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After the 1991 Gulf War, Talabani and Kurdish Democratic Party leader Massoud Barzani began fighting over control of the north. A U.S.-sponsored truce was signed in 1998 and the two formed a Kurdish alliance.

Talabani's PUK also worked with the CIA in the months before the March 2003 invasion of Iraq.

Forstmann Little and Co. is a leading investment firm in New York run by sometime Aspen-area resident Ted Forstmann, now the chief executive and chairman of IMG, a media conglomerate best known for representing star athletes and sports organizations.

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Associated Press Diplomatic Writer Barry Schweid contributed to this report from Washington.

NATO Chief: More Troops For Afghanistan (AP)

By Paul Ames

AP, September 16, 2006

NATO's top commander renewed an appeal Friday for allies to urgently provide up to 2,500 troops for the battle with Taliban insurgents in southern Afghanistan, but officials said it likely would take two weeks before governments reply.

Gen. James L. Jones told a closed meeting of ambassadors from the 26 NATO allies that Poland's welcome offer of 900 troops in February had not diminished the immediate need for more troops, planes and helicopters, according to officials at NATO headquarters.

Diplomats said they expected the call for more troops to feature at a meeting of allied foreign ministers Thursday in New York, but said decisions likely will have to wait until defense ministers gather Sept. 28-29 in Slovenia.

They said governments needed time to assess what forces they could make available, to test political support for deployment and to find funding for such a mission.

Officials spoke on condition of anonymity because the meeting was closed.

Canada announced Friday that it was sending tanks and about 200 more soldiers to Afghanistan, bringing its total commitment to 2,500 troops.

Last week, Jones said the reinforcements were needed to pursue the Taliban before the onset of winter enabled them to take refuge in the hills.

Allies have been reluctant to commit forces, as they already are stretched by other international missions and are worried about the risk of high casualties from the tough Taliban resistance.

Although key allies such as Spain, Italy and Turkey have said they would not send combat troops, NATO commanders said they were confident of eventually getting the reinforcements. The delay, however, meant they had less time to be effective before the snows set in.

NATO has about 20,000 troops in Afghanistan. Most are engaged in peacekeeping and reconstruction efforts in the north and west, but since July about 8,000 troops — mostly from Britain, Canada, the Netherlands and the United States — have pushed into the Taliban's southern heartland.

They have been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said, however, that enemy casualties run into hundreds, and Jones told the ambassadors that an ongoing campaign to push the Taliban out of two key districts west of Kandahar was going well.

NATO Secretary Jaap de Hoop Scheffer said the possibility of speeding up the Polish deployment was being negotiated. Diplomats said funding from other allies could help facilitate an earlier deployment, and perhaps encourage other financially strapped eastern European nations to participate.

Canada's Defense Department said the reinforcements it was sending include an infantry company, a squadron of about 15 Leopard tanks, some military engineers to bolster Canada's provincial reconstruction team and a special anti-mortar unit.

The Canadian infantry will help protect the provincial reconstruction team while the tanks will provide some heavy-hitting combat support.

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Danish Defense Minister Soeren Gade said his country may send special forces to support a separate U.S.-led counterterrorism operation in eastern Afghanistan. Denmark already has about 300 soldiers in southern Afghanistan with the NATO force.

Norwegian Deputy Defense Minister Espen Barth Eide also said his country's government is discussing whether to send more troops. He said no troops would be sent immediately. Norway's three-party coalition government is split on the issue.

Tensions Overshadow Gains In Afghanistan (WP)

By Pamela Constable

The Washington Post, September 16, 2006

KABUL, Afghanistan, Sept. 15 -- Despite scattered gains by international troops fighting Taliban insurgents in the country's south, Afghan and foreign analysts here have voiced concern that a recent peace initiative is backfiring and that lapsed Afghan militias could be drawn into the conflict unless it is quickly quelled and replaced by aid and protection.

NATO and U.S. military officials here said this week that an intensive two-week operation against Taliban fighters in Kandahar province had been a tactical success, killing more than 500 insurgents and forcing others to retreat. Afghan and foreign forces also retook a district in neighboring Helmand province that had been seized twice by the Taliban.

But these pockets of progress on the battlefield are part of a larger, murkier political map. As other Afghan militias begin defensively rearming, ethnic tensions have risen, raising the specter of the kind of civil conflict that devastated the country in the early 1990s.

A call for additional troops by NATO's senior commander has so far drawn only one positive response, Poland's offer of 1,000 personnel. Military officials here say pro-government forces need to win key areas soon and to begin delivering aid and security if they are to halt the slide in public support.

"We can't just keep fighting endless battles without having something to offer the next day," a senior Western military official said. "We have killed a lot of Taliban, but they are not running out of foot soldiers, and for every one we kill, we create new families that hate us."

On Sept. 5, Pakistan's president, Gen. Pervez Musharraf, announced a peace pact with domestic Taliban forces operating in the tribal areas of Pakistan along the Afghan border. The next day, he traveled here to promote the agreement and to try to ease tensions with Afghan President Hamid Karzai, saying the two leaders should work together to fight the Taliban and terrorism.

Under the peace deal, Taliban groups in Pakistan pledged not to cross the border to attack in Afghanistan. But since Sept. 5, assaults on Afghan and foreign forces near the Pakistani frontier have continued.

Musharraf, meanwhile, infuriated Afghan officials by making comments in Europe this week that equated members of the Taliban with Pashtuns, the largest Afghan ethnic group, and suggested they were more dangerous than al-Qaeda.

"Associating the Pashtuns with the Taliban is an affront to a community who is eager to establish security and sustainable stability all over Afghanistan," the Afghan Ministry of Foreign Affairs said in a statement. The ministry expressed "profound regret over Pres. Musharraf's attempt to attribute a murderous group and the enemy of peace to one of the ethnic groups living on the both sides of the Durand line."

The Durand Line, arbitrarily drawn by the British in 1893 to separate Afghanistan from what is now Pakistan, is a perennial irritant for both countries. It divides Pashtun tribal lands and is not accepted by many Afghans.

Many Afghans say they suspect that Musharraf's deal with Taliban forces in his own country is an attempt to wash his hands of a domestic problem and push it across the border into Afghanistan. At the same time, they say, he has gratuitously insulted a neighbor that had hosted him just days before.

Musharraf has stood by his pact and denied intending to give offense. He and Karzai are scheduled to meet separately with President Bush in Washington this month. The Bush administration strongly backs both rulers and is eager to patch up their tense relations. Since the overthrow of Afghanistan's Taliban rulers in late 2001, the United States has made a major investment in troops and money in an effort to bring stable and democratic rule to the region as an antidote to Islamic extremism.

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Inside Afghanistan, persistent and widening attacks by anti-government insurgents have provided ethnic militia leaders in both the north and south with an excuse to regroup and potentially rearm their forces, many of which were disbanded after 2001 under an ambitious, U.N.-sponsored program.

In the Pashtun south, where Afghan army and police forces are underpaid, poorly equipped and scattered thinly across the conflict zone, the government has authorized local police forces to form auxiliary contingents, most likely drawing on idle former militiamen. In some cases, tribal leaders have threatened to form their own defense forces.

In the north and west, dominated by the Tajik and Uzbek ethnic groups, former Islamic militia figures who fought Soviet troops in the 1980s are said to virtually control daily life in many areas. Despite a new program to disarm and pacify the region, Afghan and foreign observers said some commanders appear to be gaining further strength as the Taliban threat draws closer and villagers seek powerful patrons to protect them.

"In the north, they ask how they can be expected to disarm if the south is arming itself," said one Western diplomat, speaking on condition of anonymity. Ethnic divisions are so deep in Afghanistan, the diplomat added, that if the Karzai government were to fall, civil conflict might resume almost immediately.

"Five years ago, the Taliban were very weak and the warlords had all fled the country," said Sayed Daud, director of the Afghan Media Resource Center, a nonprofit research agency. "Now the Taliban are back and the warlords are back. They have made a lot of money, they have weapons, and the government can't touch them."

The insurgency continues to spread beyond the south. In the past week, fresh attacks have taken place as far apart as Ghazni province in the east, where Taliban and NATO forces have been battling over several villages, and Farah province in the far west, where 150 Taliban fighters stormed the provincial capital and others shot and killed an Afghan U.N. employee.

But the most urgent need, military officials and diplomats said, is to contain the southern conflict, defeat the insurgents in key districts of Kandahar and Helmand, and begin providing support to civilians there.

British and Canadian troops have fought intensely and suffered numerous casualties since NATO took over command of the southern front from the U.S.-led coalition on July 31. But military and diplomatic observers cited concern that forces from other NATO countries, operating under narrower mandates laid down by edgy governments, will not shoulder enough of the burden.

"A great deal is at stake here for NATO. It's their first operation outside Europe and an important test case," said one foreign observer. "If the fighting worsens, some members may ask whether it is worth the risk, and some may ask why they should put their soldiers in harm's way while others are sitting in easy places."

Even more is at stake for Afghans, who felt abandoned by their Western supporters after Soviet troops withdrew in 1989 and now fear the same could happen again. NATO and U.S. military officials reiterated this week that their commitment is long-term, but they also said time is running short.

"It took us four years to learn how to operate here. NATO doesn't have four years," a U.S. military official said. "It's not enough to kill Taliban. We're trying to help build a government that is weak and still fighting off the competition. That's the really hard part."

4 Taliban Militants Die In Afghanistan (AP)

AP, September 16, 2006

About 60 suspected Taliban militants attacked a police checkpoint in southern Afghanistan, starting a battle in which four militants died, police said Saturday.

The clash occurred Friday in the Khas Uruzgan district of southern Uruzgan province, said Mohammad Zahir, the district police chief.

The militants attacked a checkpoint near the district police headquarters, and NATO and Afghan soldiers came to the aid of the police, Zahir said. He said there were no casualties among the Afghan security forces or NATO.

Police recovered the bodies of the four suspected Taliban, Zahir said.

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NATO has about 20,000 troops in Afghanistan. Most are engaged in peacekeeping and reconstruction efforts in the north and west, but since July about 8,000 troops — mostly from Britain, Canada, the Netherlands and the United States — have pushed into the Taliban's southern heartland.

They have been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said enemy casualties run into hundreds.

Afghanistan Body Count Raises Skepticism (APY)

By Matthew Pennington

AP, September 16, 2006

NATO's estimate of Taliban killed this month has created skepticism and worry in Afghanistan, with local officials saying that either the militant force has grown bigger than imagined — or too many innocent Afghans are being killed.

NATO says its forces, backed by the Afghan army, have killed more than 500 Taliban militants near Afghanistan's main southern city of Kandahar in Operation Medusa, a sweep launched Sept. 2.

The figures, if accurate, make it the deadliest battle since U.S. warplanes bombed the extremist militia, host of Osama bin Laden, out of power in late 2001.

"If they kill that many, the Taliban must have thousands of fighters on that front," said Mohammed Arbil, a former Northern Alliance commander. In the recent past, Taliban units have been described in terms of dozens or hundreds at most.

But NATO has stood by its battle assessments as solid, even conservative.

One official with the military command, called the International Security Assistance Force, said internally circulated estimates of militant dead were more than double the tally released to journalists.

"We'd rather have a lower figure that we can back up than a higher one that stretches your willingness to trust us," said the official, who spoke on condition of anonymity because of the sensitivity of the issue.

NATO says the high toll is due to its superior firepower, including fighter jets and artillery, compared to the Taliban militia's roadside bombs and assault rifles. It says it avoids civilian casualties by warning residents to evacuate.

The inability of journalists to reach the area has made it virtually impossible to check the figures.

Hundreds of families displaced from the war zone, in the Panjwayi district, are also in the dark, and don't even know if their homes are still standing.

The onslaught has dispelled any doubts that NATO, which recently took over in southern Afghanistan, is willing to use overwhelming military force. But Afghans, while eager for the Taliban uprising to end, have mixed feelings.

In the capital Kabul, there's disbelief that so many guerrillas could be killed and citizens escape unscathed. In Kandahar city, closer to the battle, there's dismay over the intensity of the fighting, and calls for peace talks.

"Who are these Taliban? They are Afghans," said Mira Jan, a displaced 42-year-old grape farmer from Panjwayi. "NATO and the government must convene a ulema (Muslim clerics') council with tribal elders and convince the Taliban to stop fighting."

By all measures, the Taliban have stepped up their attacks this year. NATO forces that took charge of security in the south last month expected hit-and-run guerrilla tactics, but instead have often faced well-organized militant forces that stand and fight.

Nowhere has that been more apparent that in Panjwayi, a rural district of dried-mud houses scattered among orchards where hundreds of Taliban militants had massed, posing a threat to Kandahar city, the former stronghold of the hard-line Islamic regime, just 15 miles away.

NATO launched Operation Medusa to wipe out the militants.

When NATO announced by the second day of the offensive that its artillery and airstrikes had killed more than 200 militants, skeptical journalists without access to the action — following a government warning that anyone straying off the main road could be shot as suspected Taliban — pressed for details: where were the bodies and how are they counted?

"Your know what you can see through a telescope? We have those kind of capabilities all over the battle field," said NATO spokesman Maj. Scott Lundy. "We are reliant on every soldier on the battlefield to feed up the information that they have, from what they have seen through weapons' sights and with other surveillance assets. It all gets thrown into the mix."

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Lundy said such estimates are "imprecise," but stressed that NATO makes every effort to make them as accurate as possible and usually goes with a conservative number. "We would be quite happy to speak about military success without going into the detail, but it's what the media want," he said.

To date, NATO has reported at least 517 militants dead compared to 20 from its force, 14 of them in an accidental plane crash.

The Taliban has denied suffering such high casualties. Neither side has offered details about how many militants have been wounded.

According to an Associated Press count based on reports from U.S., NATO and Afghan officials, 2,800 people have died so far this year in violence nationwide, including militants and civilians — about 1,300 more than the toll for all of 2005.

Andrew Krepinevich, a military analyst at the Center for Strategic and Budgetary Assessments in Washington, said that given the circumstances in which the Taliban had massed in one place, the figures given by NATO were plausible and could well be an underestimation, because of the effort the Islamic militia makes to bury their dead quickly.

He also said that given NATO's aim to create secure zones, they had little incentive to inflate the death toll.

"I have no suspicion they are trying to widely inflate the casualty numbers. They are not trying to measure success that way anyway," Krepinevich said in a telephone interview.

"They would be trying to measure success in terms of the population feeling secure, is reconstruction proceeding, is commerce growing."

Insecurity has clearly prevented any progress on those counts. And the alliance's success in battle has induced little optimism among Afghans that NATO — struggling to marshal enough forces for its mission — is close to defeating the resurgent Taliban.

"All these bombardments leave behind a bad name for the international community for killing Afghans," said Taj Mohammed Wardak, a former Afghan interior minister. "It will only create more motivation for revenge."

Top Arrests Soon To Cut Off Afghan Drugs Trade: US Official (AFP-Y)

AFP, September 16, 2006

Some of the key players behind Afghanistan's record-high opium trade are expected to be brought before court over the next year, a top US counternarcotics official said.

The arrests would be vital to a strategy to stem the increasingly sophisticated narcotics trade before links between insurgents and drug traffickers become entrenched, Thomas A. Schweich said on Friday.

"I think you are going to see some big people being prosecuted over the season ... over the next 12 months," the US deputy assistant secretary for international narcotics told reporters in Kabul.

There have been doubts about the will of the authorities to round up the kingpins of the trade, as some of them are allegedly in top positions in government.

Afghanistan's opium production soared to a record 6,100 tonnes this year, a nearly 50 percent jump on the previous year. This was despite Afghan and international efforts costing millions of dollars to cut output.

Schweich said there had been a "very slow start" to a two-year-old strategy to fight the drugs trade, but he was confident the plan was the correct one and would pay off if implemented more aggressively.

The "carrots" of the strategy, such as development help for areas that cut production, and the "sticks" -- eradication, interdiction and prosecution -- had not been as effective as they could have been, he said.

And in the southern province of Helmand, which produces more opium than any other province in Afghanistan, top officials "practically encouraged poppy growth," he said.

But there had been small improvements: interdiction of drugs had doubled over the past year to two percent of the volume, and about four times more of the crop was eradicated, although this only came to a low 16,000 hectares (39,500 acres).

The total area under cultivation was 165,000 hectares.

"We don't need to change the fundamental strategy, I think it will work given enough time," Schweich said.

The official said the United States had "no doubts" that insurgents were getting money through the narcotics trade.

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It was important that this relationship be stopped before the financial ties between them became too strong, entrenching unrest, he said.

And while heroin production was also increasing inside Afghanistan, the narco-industry was not as sophisticated as in countries like Colombia, he said.

"There is a window of opportunity here in Afghanistan to prevent that level of sophistication ... but we have to act very quickly," Schweich said.

Afghanistan's Catch-22 (WSJ)

By Dana White

The Wall Street Journal, September 16, 2006

"Hong Kong harbor? Well, that's not all that different from my view here in Kabul," quips Lt. Gen. Karl Eikenberry, the commander of U.S.-led coalition forces in Afghanistan, as we begin our telephone interview. The three-star general is chipper, given how far he is from the creature comforts of our last encounter -- a black-tie affair at Washington, D.C.'s Ritz-Carlton.

It was inside the Beltway that I noticed the general's striking resemblance -- both physically and intellectually -- to Gen. Douglas MacArthur, the military man who rebuilt Japan six decades earlier. A fluent Mandarin Chinese speaker and a Harvard and Stanford graduate, Gen. Eikenberry, like MacArthur, is a brainy soldier. And like MacArthur, he's trying to come to grips with "an unprecedented undertaking," as he puts it: the reconstruction of an entire country, from scratch.

From an armchair in Washington or Brussels or Tokyo, it's hard to grasp the magnitude of the security problems that U.S. forces, and the NATO troops operating separately from the U.S.-led coalition, are facing. Modern-day Afghanistan has rarely existed in this, its current form. It was a notional nation -- bound more by kinship and ethnic tribalism, than nationality or rule of law. After the Soviets withdrew and the country fell into civil war, the country was ripe for the Taliban to settle in, but they, too, couldn't tame the rugged Afghan outback and provincial warlords and strongmen.

"In my 33 years in the military, I have never seen tougher terrain than here," says the general, who adds that the "vast majority of the country" is now secure. "There are about five or six provinces that have significant security challenges and they are primarily in rural areas." Translation: Kabul and major cities are calm, but in the southern and eastern provinces, where the government hasn't established its authority, violence prevails.

In some regions, peace admittedly won't come easily, if at all. Take the border with Pakistan, which is roughly twice as long as California -- and twice as mountainous. Gen. Eikenberry says the area can't physically be secured, no matter how many boots are planted on the ground. True, Pakistan has committed nearly 80,000 troops to the effort, but the general -- while lauding the cooperation between the Pakistani and Afghan forces, which are old foes -- avoids questions about why Taliban insurgents are still finding safe haven in Pakistan.

Other areas, however, could be secured, and haven't been -- particularly the southern provinces. In recent months, Taliban fighters seized on the transfer of control from U.S. to NATO forces and engaged in pitched battles. NATO's top commander said last week that he needs 15% more troops to effectively roll back the Taliban threat. They may not get there before the Afghan winter sets in and the Taliban retreats into well-fortified caves.

"The insurgents are better equipped and better trained than they were a year ago," Gen. Eikenberry says. "People often fail to understand the full complexity of the violence here. There are several causes for violence in these provinces, including land disputes, tribal feuds and property titles. Taliban fighters often capitalize on these existing divisions to garner support in local communities."

Gen. Eikenberry understands the root of the problem. And it's a big one. In 2005, Afghanistan earned $2.7 billion in opium exports, or 52% of its GDP -- plenty of cash to support an insurgency. That fighting has, in turn, basically halted all of the infrastructure build-out that was meant to provide Afghan farmers and other rural residents alternatives to growing poppy.

"In traveling around the country, the top concern of Afghans is unemployment, education and irrigation," Gen. Eikenberry confirms. But to address these issues -- and here's the catch-22 -- violence in rural Afghanistan must first be quelled. If it isn't, the infrastructure that will facilitate trade cannot be built.

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It's not the military's job to tackle the drug trade head on, Gen. Eikenberry explains. He argues that it's a police matter that should be handled by Afghanistan's police force (which is not nearly as well-trained as the army). Rather, the U.S.-led coalition forces assist local law enforcement with intelligence gathering, training, medical assistance and some combat power, he explains.

But even with military assistance, Afghanistan's law enforcement is woefully ill-prepared to uproot the firmly entrenched drug enterprise. NATO Secretary-General Jaap de Hoop Scheffer reiterated last week that NATO forces wouldn't take a leading role in combating the Afghan drug trade. But calls for change are growing: This week even the United Nations called on NATO to take up the fight.

Afghans have been growing opium for centuries, and without a practical alternative, they will continue to grow the cash crop. Despite the Karzai government's effort to eradicate the plant, and $780 million in U.S. aid to promote crop replacement, old habits die hard. In many rural areas, there are no schools or hospitals, and water is scarce. The population is largely illiterate. It will be hard for Kabul's democratic methods to take root as long as the violence continues, and no roads or schools are built. "It's going to take education. And it will take a long-term international commitment. It was never going to be easy." Gen. Eikenberry says. "There are some fundamental problems that have no easy answers."

Since NATO relieved U.S. forces in southern Afghanistan in July, more than 500 suspected Taliban fighters have been killed. "The insurgents are no match for the forces here and can be managed," Gen. Eikenberry says. While the general is confident the military can suppress the insurgency, it's unclear whether the violence can stop long enough for the government to provide viable alternatives to Afghans. That's not a question for the general, but for the politicians.

Alternative Futures (WT)

By Paul Greenberg

The Washington Times, September 16, 2006

I knew Jay Rockefeller was a U.S. senator from West Virginia, but before now I had no idea what a seer the man is.

Not only can Mr. Rockefeller peer into the future and confidently tell us how it turns out, he can turn the clock back to the past, specifically March 2003, and, like a projectionist putting in an alternate reel, show us the better future that might have been. If only the United States and its allies had not invaded Iraq, Swami Rockefeller explains, the world would be a better place today -- even if Saddam Hussein were still in power.

How does he figure that? Well, Saddam "wasn't going to attack us. He would've been isolated there. He would have been in control of that country, but we wouldn't have depleted our resources." It's all right there, in the senator's crystal ball.

But two can play at this purely speculative game. Turn the clock back to 1936 and ask what would have happened if the West, instead of appeasing Adolf Hitler when he started his aggression by remilitarizing the Rhineland, had stood up to him.

Suppose an Allied expeditionary force had crossed the Rhine early on and deposed Der Fuehrer in a blitzkrieg of its own -- but then found itself bogged down in a guerrilla war, having to fend off suicide bombings, improvised explosive devices, and attacks on the freely elected government that had replaced the Brownshirts. Who knows what would have happened?

But surely this is certain: Some isolationist senator with Mr. Rockefeller's gift for second-guessing would have explained how much safer the world would have been if only we had let Hitler stay in power, obnoxious little irritant that he might be. After all, "He wasn't going to attack us. He would've been isolated there. He would have been in control of that country but we wouldn't have depleted our resources."

But as it happens, the Free World did appease Herr Hitler. Again and again, until it was almost too late. And we all know the result: the most disastrous war in the history of the world.

Back in the present, the president of the United States continues to speak out for his strategy in this war on terror, or whatever History in its wisdom/hindsight, will call it.

Was the president's address from the Oval Office this week political? He was accorded the airtime on the major networks because it wasn't supposed to be political -- and in the narrow, partisan sense, it may not have been.

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But it was certainly a political speech in the broader sense, laying out the president's grand strategy in this contentious conflict. In particular, his address to the nation emphasized his faith in freedom as the best defense against a fanatical enemy, one as devoted to violence and tyranny over others as the fascist movements of the last century.

Reasonable men may agree or disagree with the president's policy, but fair-minded Americans will recognize his sincerity. For there is no reason other than honest belief for this president to pursue a course that has imperiled his popularity and divided the country.

George W. Bush could have laid back, temporized just as his immediate predecessors did, and allowed Saddam to remain in power in Iraq and the Taliban in Afghanistan. He could have treated terrorism, even on a September 11, 2001, scale, as a matter of law enforcement rather than war. Instead, he has moved boldly against a great and growing threat.

Mr. Bush's presidency could turn out as tragically as Lyndon Johnson's or Woodrow Wilson's, other presidential idealists. Much depends on the patience and perseverance of the American people. Or he may yet prove as farsighted as Franklin Roosevelt or Ronald Reagan in understanding the threat to the Free World in their time.

But this president continues to plead his case, and his refusal to swerve from its basic justification, even in difficult times and as the leader of an increasingly divided nation, testifies to his honest convictions. One need not share those convictions to recognize that the man has some, and will fight for them.

Paul Greenberg is a nationally syndicated columnist.

Winners And Losers Five Years After 9/11 (FT)

By Jurek Martin

Financial Times, September 16, 2006

I am not sure there are many words left to say after a week like this. But perhaps it is worth thinking about the winners, big and small, of that awful day five years ago rather than dwelling on the losers, of whom there are far more.

At a personal, insignificant level, I confess 9/11 was good for me. I was in a kind of male, menopausal funk, writing too little, spinning my wheels, generally uninspired. Even the golf game was bad.

At ten that morning, as I was glued to the TV, the phone rang. It was Johannesburg, amazingly, on the line, Caroline Southey, a dear friend and former colleague then editing South Africa's best magazine. She had five hours to press time. "Give me all you can," she ordered.

I did, 4,000 words in all. I don't really know if they were good, bad or indifferent but I was back doing what I had done for 35 years, writing hard and fast to a deadline. Another old friend told me later that week: "Think how miserable you'd have been if this happened and you had nobody to write for."

The funk disappeared just like that.

Moving up the cosmic scale, my wife benefited from 9/11, though she first feared the worst. The think-tank she had co-founded, the Migration Policy Institute (MPI), had opened its doors on 3/11, with just enough backing from foundations to get going.

When the stock markets reopened and lost an immediate bundle, cutting into foundation endowments, she thought MPI would be virtually stillborn. But suddenly the world wanted to know more about immigration and national security. They rushed out a paper on the subject within two weeks – and haven't looked back since.

At the national and global level, Paul Wolfowitz also seized the moment. (I invoke his name as the symbol of the neo-conservative movement.) Then deputy secretary of defence and now head of the World Bank, he talked about toppling Saddam Hussein as early as 9/12, at Camp David, with the president.

As the world now knows to its cost, the neo-cons, using 9/11 as their pretext, hijacked American foreign policy and still have not lost full control of it. They did not even have to tell the truth to justify their goals. (Wolfowitz himself had admitted that weapons of mass destruction were little more than a convenient rationalisation.) Intelligence was manipulated to prove their point.

And when Iraq went sour, Wolfowitz had no compunction in blaming a cowardly press that didn't have the guts to go out and report the good news. I will never forgive him for that. This was the man who never set foot outside Baghdad's Green Zone without protection from battalions of American troops.

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But it is all part of the piece. Mendacity and exaggeration have profited enormously from 9/11. Just this week the ABC "docu-drama" The Path to 9/11, seemed to imply that if Bill Clinton had not been dallying with an intern Osama Bin Laden would be six feet under. It was unadulterated CSI vs al-Qaeda rubbish, much more fiction than fact.

But we keep reading that more and more Americans believe, courtesy of internet babble, that the US government somehow took down the twin towers on 9/11 and that the plane hijacks never happened. Surely not even Michael Moore would concede the Bushies are good enough to pull that one off.

It is almost as if FDR's great dictum "we have nothing to fear but fear itself" has been taken to exactly the opposite extremes he intended. Fear has unleashed the xenophobia that powers anti-immigrant sentiments in America; fatuously, it gave us "freedom fries" in the US Congress.

It also made beneficiaries of non-American universities, only too happy to accommodate the foreign students who used to come here in droves but found short-sighted national security considerations putting obstacles in their way. This will hurt America over the longer term.

Others have come out ahead of the game, too. As John Tierney wound up his New York Times column a week ago, "the terrorist threat is still small; it's the terrorism industry that got big." It is one of those comments, saying it all, which I would give my eye teeth to have written.

It is an industry that is all around us, when we board planes or watch "experts" pontificating on TV when they are not writing books without number that raise the fear factor further. Government deficits soar as the industry grabs even more of the federal and state dollar.

Fear even frames the national debate or will be seen to have done if the president and his Republican strategists succeed in turning back the tide that ought, objectively, to engulf them in the November mid-term elections.

After all, it worked in 2002 and 2004.

But mostly the biggest winners were those who found a voice, even in, or because of, their own losses. It was the widows of 9/11 who forced a secretive government to form an independent commission to investigate what happened and why. It may not have found all the answers but it surely increased national awareness – and that is a blessing in these fear-ridden times.

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Turkey's Iraq Problem (WP)

By Lenore G. Martin

The Washington Post, September 16, 2006

Although the world is paying more attention to Hezbollah and the Iraq insurgency, there's another guerrilla group that poses a severe threat to the stability of the Middle East.

The Kurdistan Workers' Party (PKK), operating from havens in northern Iraq, has been attacking Turkish security forces in southeastern Anatolia and occasionally civilians elsewhere. Turkey is determined to prevent a repetition of the 1984-99 guerrilla war with the separatist PKK, in which it suffered more than 30,000 deaths. It has mobilized a large force on its Iraqi border and is threatening to invade northern Iraq.

A Turkish invasion would create chaos in that part of Iraq and potentially destabilize the region. Secretary of State Condoleezza Rice's response -- moving to reinvigorate a tripartite commission made up of the governments of Turkey, Iraq and the United States -- is insufficient. The United States needs to take much firmer action to stop the PKK guerrilla war from undermining its Middle East policy.

In the previous guerrilla war, the PKK operated from Iran, northern Iraq and Syria. Syria also gave sanctuary to Abdullah Ocalan, the PKK leader. Saddam Hussein and then the British and the Americans, under their no-fly zone, permitted Turkey to attack the PKK in northern Iraq. After Turkish troops massed on the Syrian border, the late Syrian leader, Hafez al-Assad, expelled Ocalan, who was eventually captured and imprisoned in Turkey.

The PKK then declared a cease-fire but renounced it in 2004. During the current Iraq war, the United States has prevented Turkish forces from crossing into Iraq, contributing to Turkey's frustration and the current crisis.

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If the United States does not oppose a Turkish invasion it will face a more chaotic situation in Iraq and the loss of a long-term relationship with the Iraqi Kurds, who are Washington's best hope for obtaining rights for U.S. bases in the future. If Washington opposes the invasion, it risks further estrangement from Turkey, a state positioned to play a critical strategic role in a region where Iran increasingly challenges the United States for dominance.

Turkey fears Kurdish irredentism coming from an independent Kurdistan. The Iraqi Kurds perceive a Turkish invasion as aimed at controlling oil-rich Kirkuk, thereby denying the Iraqi Kurds an economic base for their independence. Furthermore, Turkish intervention in Iraq would create a terrible precedent for Syrian and Iranian intervention in the Iraqi civil war.

What should the United States, Turkey and the Iraqi Kurds do to avert this crisis?

Difficult as it may be for the Iraqi Kurdish leaders, they must be willing to deny the PKK havens in northern Iraq and prevent PKK leadership from traveling freely throughout the country.

The Turks, for their part, must more assertively address the cultural, political and economic demands of the Kurds in southeast Anatolia, an area suffering from high unemployment and in need of economic development. To its credit, Turkey has already begun the process of increasing Kurdish cultural rights. Encouraged by its European Union accession negotiations, Turkey has passed laws giving Kurds the right to speak and publish in Kurdish and, to a more limited extent, to broadcast and teach Kurdish.

Recognizing minority rights has been a difficult accommodation for a state that is proud of the integration of its Kurds and their full participation in every aspect of society, including parliament and the cabinet. The Turkish state generally views all of its citizens simply as Turks and believes that recognition of ethnic differences would threaten the cohesion of its political life. On the other hand, by increasing Kurdish cultural rights, Turkey will give greater voice in government to its Kurds and dilute the appeal of the separatism advocated by the PKK.

For its part, the United States needs to avert a Turkish invasion of Iraq. It must throw its full weight behind efforts to eject the PKK from northern Iraq. Furthermore the United States needs to pressure Europe more energetically to block the transfer of funds to the PKK, which it has classified as a terrorist organization. It cannot rely on a tripartite commission to stop the next guerrilla war in the Middle East.

The writer is professor of political science at Emmanuel College in Boston and an associate at the Weatherhead Center for International Affairs and the Center for Middle Eastern Studies at Harvard. She is co-editor of "The Future of Turkish Foreign Policy."

CORPORATE SCANDALS:

House Panel Pursues Key Figures At HP (LAT)

The Los Angeles Times, September 16, 2006

The firm's chairwoman and lawyer are asked to testify in the spying flap. A shareholder files suit.

A congressional panel wants to question key figures in the scandal surrounding Hewlett-Packard Co.'s investigation of media leaks, and a shareholder lawsuit was filed in state court accusing the company's top brass of breaching their duties.

The House Energy and Commerce Committee sent letters Friday requesting that HP Chairwoman Patricia C. Dunn and General Counsel Ann O. Baskins appear at a Sept. 28 hearing of its oversight and investigations subcommittee.

HP spokesman Mike Moeller declined to say whether either would testify.

"HP is fully cooperating with all ongoing investigations and inquiries, including the one being conducted by the House subcommittee," he said.

Silicon Valley attorney Larry Sonsini, who served as an outside legal advisor to HP during its investigation, was also asked to appear, as was Ronald DeLia, who runs a Boston-area private investigation firm that was hired by HP to conduct the probe.

Calls to Sonsini and DeLia were not immediately returned.

The congressional panel has been conducting an inquiry into "pretexting," the practice of impersonating people to access their personal information.

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Dunn has acknowledged that she authorized the probe, in which private investigators hired by HP used Social Security numbers and other personal information to pose as company directors, employees and journalists to gain access to logs of their home and cellular phone calls.

The probe resulted in the resignation of two HP directors and the demotion of a third. George A. Keyworth II quit the board after acknowledging he was a source of the leaks. Thomas Perkins stormed out of a May 18 board meeting in protest of the investigators' tactics. Dunn will step down as chairwoman in January and be replaced by HP Chief Executive Mark Hurd.

As HP's staff attorney, Baskins allegedly oversaw the leak investigation and declared it to be legal.

HP insiders and contractors are likely to invoke their 5th Amendment right against self-incrimination rather than testify before Congress and possibly expose themselves to criminal charges, one legal expert said.

"Though the appearance will be gruesome … to do otherwise might not be prudent," said Ed Harmon, a partner with Thorp Reed & Armstrong in Pittsburgh.

The lawsuit was filed Thursday in Santa Clara County Superior Court by Juliet Worsham on behalf of all HP shareholders. It alleges "substantial expense and damage" to the company from the investigators' use of pretexting and seeks to have Dunn, Baskins, Hurd, DeLia and several members of the HP board found to have breached their fiduciary duties and abused their power.

It asks for the defendants to reimburse Hewlett-Packard for any financial damage suffered by shareholders as a result of the pretexting scandal and to "reform and improve its corporate governance and internal control procedures."

HP spokesman Moeller declined to comment on the suit.

California Atty. Gen. Bill Lockyer has said HP insiders and the outside investigators are likely to face criminal charges tied to the pretexting scandal. The FBI and the U.S. attorney for the Northern District of California are also investigating, as are the Securities and Exchange Commission and the Federal Communications Commission.

Also Friday, Carly Fiorina, ousted as HP's CEO last year, steered clear of the scandal during a speaking engagement at Babson College in Wellesley, Mass. An audience member asked her how she would handle the controversy if she were Dunn, but Fiorina declined to answer.

HP's stock, which has been all but immune to the boardroom scandal, fell 7 cents to $36.18.

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The Associated Press and Bloomberg News were used in compiling this report.

A Clubby World Turns Aggressive And Combative (WP)

By Brooke A. Masters

The Washington Post, September 16, 2006

The once-clubby atmosphere of the public company boardroom has undergone a makeover during the past several years, as board members become more willing to flex their muscle and aggressively press management for changes.

Since early 2005, directors of some of corporate America's biggest names have pushed out their chief executives. At American International Group Inc. and Bristol-Myers Squibb Co., the board members acted in response to concerns raised by prosecutors. The head of Pfizer Inc. lost his job amid criticism over his $83 million retirement package as the company's share price slumped and the rollout of new drugs lagged.

The unfolding scandal at Hewlett-Packard Co. -- where the company's chairman, who was concerned about leaks, ordered an investigation of directors' phone records that may have been conducted illegally -- offers an extreme example of the new tensions inside some boardrooms.

Legal analysts, governance experts and directors agree that the nature of boardroom politics has changed in the years since Enron Corp. and WorldCom Inc. collapsed and directors of both companies were held personally liable for investor losses. New stock exchange listing standards that require a majority of directors to be independent of company management, the 2002 Sarbanes-Oxley law that lays more responsibility on boards and pressure from shareholder activists have combined to change how directors view their jobs.

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"It's been a dramatic change in the last five years. It's the era of the empowered independent director," said Richard H. Koppes, former general counsel of Calpers, the California state employees pension plan, who now sits on the boards of two public companies.

Governance experts were quick to note that the situation at Hewlett-Packard is unusual and that its woes seem to stem from a board that was feuding and dysfunctional. They also noted that while the board voted to remove Patricia C. Dunn as chairman, they allowed her to stay in place until January and keep her seat as a director. But the governance experts said the mess should serve as a cautionary tale for newly assertive directors on how not to handle disagreements.

Independent directors now hold 81 percent of board slots at companies on the Standard & Poor's 500-stock index, up from 77 percent in 2001, said Julie H. Daum, who heads the board services practice at the search firm Spencer Stuart.

Many of the new outsiders are former regulators and retired executives who have been welcomed by longtime directors and management for their expertise. But board deliberations at some public companies have been complicated by pressure from large activist shareholders -- such as hedge funds and private equity funds -- to add directors who have a specific mandate to push for change.

General Motors Corp., for example, recently added Jerry York to its board under pressure from investor Kirk Kerkorian, who has acquired a nearly 10 percent stake in the automaker. Similarly, Acxiom Corp., an Arkansas data integration firm, headed off a proxy fight with the investment firm ValueAct Capital Partners in August by adding ValueAct managing partner Jeffrey W. Ubben to its board.

In 2001, Ubben's firm took a large stake in Martha Stewart Living Omnimedia Inc., and he joined its board. When the firm's founder and namesake ran into legal trouble, Ubben assumed the chairman's role and helped the company survive Stewart's conviction and imprisonment.

"They're bringing the boardroom back to where it was originally in the 1920s when large shareholders were managing the company," said Charles M. Elson, director of the University of Delaware's Center for Corporate Governance. Management-appointed boards are a more recent phenomenon that sprang up when companies grew too large for single individuals to hold a significant stake, he said.

But the result has been a bit of a culture shock for directors and management accustomed to a less contentious era.

"Compared to a generation ago, boards take longer to reach common agreement because people are more outspoken," said Phil R. Lochner Jr., a former Securities and Exchange commissioner who sits on the board of five public companies. "Older directors often still view things from a management point of view or are more supportive of management. Younger directors who supported Sarbanes-Oxley tend to be more outspoken and more willing to challenge things."

A few boardroom struggles have turned into all-out war. Take, for example, Atmel Corp., a Silicon Valley chipmaker where the five independent directors banded together to fire chief executive George Perlegos, his brother and two other top executives. Perlegos responded by filing a lawsuit arguing that his termination was unlawful because he had already called a shareholder meeting to remove the directors. The lawsuit is pending.

"Anybody who believes that CEOs are protected by clubby boards hasn't looked around lately," said William J. Holstein, editor in chief of Directorship magazine. "People are beginning to worry whether boards are being too aggressive in pushing out CEOs rather than giving them time to work out a strategy."

Even companies with famously accommodating boards, such as Home Depot Inc., are starting to feel the heat. The home improvement chain recently yielded to shareholder pressure and changed the way directors are elected to require candidates to get a majority of votes cast rather than a simple plurality.

The nature of the boardroom -- confidential and consensus-oriented -- has put some limits on what would-be activists can do, the governance experts said. Though an individual director may want to challenge management, he or she has only one vote and must win the respect and support of the rest of the board to have much impact.

"It's something that has to be done over a period of time. If [a new director] comes in and says, 'I'm new to the board and I think we should break up the company tomorrow,' that's not going to be terribly well received by people who have worked at this for a long time," said Theodore L. Dysart, who heads board practice for the consulting firm Heidrick & Struggles.

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Directors also have to keep in mind that they are charged with representing all shareholders, not just a particular group that put them on the board, governance experts said. And just about everyone agreed that leaks -- particularly of market-moving information -- are an absolute no-no.

"If you disapprove of the action that's being taken, then there's not a whole lot you can do except resign," said Charles H. King, head of global board services for Korn/Ferry International.

In Grasso Case, Justice Ramos Rules On Himself (WSJ)

By Aaron Lucchetti And Paul Davies

The Wall Street Journal, September 16, 2006

His Own Fairness Questioned, He Declines to Step Aside; Interest in Particle Physics

The legal battle over the paycheck of the New York Stock Exchange's former boss -- was he overpaid, or not? -- took an unusual twist this past week: The judge had to make a ruling on his own conduct.

On Thursday, Justice Charles Ramos declined to remove himself from the case, despite an argument by lawyers for Dick Grasso, the NYSE's former chief, that the judge couldn't be fair. One reason: Twice in recent years, Justice Ramos applied for a job on the NYSE's board, which decides what to pay executives at the stock exchange.

Mr. Grasso was paid more than $100 million in 2003, his last year on the job, He's being sued by New York state's attorney general on the grounds that he didn't deserve that much money at the exchange, now owned by the publicly traded NYSE Group Inc.

It's not the first time that the 64-year-old Justice Ramos, of the state Supreme Court (a trial-level court in New York), has played a big role in a controversial case. In 2002, he took the surprising step of trying to cut the $625 million in fees claimed by lawyers involved in a tobacco-related lawsuit, calling the size of the sum "offensive." (He was overruled, and the lawyers did get their fees.) He is also presiding in the high-profile case involving American International Group Inc.'s former chief executive, Maurice R. Greenberg.

In 1990 he was the judge in an unusual court battle over whether the movie "Tie Me Up! Tie Me Down!" deserved an X rating. At that time, Judge Ramos criticized the movie-rating system as a "form of censorship," but he upheld the X rating. And in 1988, he presided at the wedding of Robin Givens to boxer Mike Tyson, the heavyweight champ at the time. (They got divorced the next year.)

After 16 years as a private attorney, Mr. Ramos was appointed to the New York City bench in 1983 and elected in 1985, according to a résumé filed in Mr. Grasso's legal papers. Since 1993, he has served in New York State's commercial division, where he has become known for moving complex cases through the system involving Wall Street, the insurance industry and the entertainment business. According to the résumé Mr. Ramos submitted when applying for the NYSE's board, he enjoys driving race cars and reading and writing about particle physics.

Justice Ramos declined to comment.

Robert E. Rodes Jr., a professor at Notre Dame Law School, said applying for a job and getting turned down "isn't an obvious basis" for a problem.

According to attorneys who have tried cases in his courtroom, he has a reputation for volatility and wit. At times, for instance he compliments lawyers for making persuasive arguments -- moments before denying the motion.

Other times, he's less patient. During settlement discussions in a case last year between the NYSE and some disgruntled investors in the Big Board, he scolded one attorney in chambers for interrupting him. According to two people present at the time, he walked around from behind his desk, and jabbed his finger at the attorney's face, saying that if it happened again, the judge would throw him out of the courtroom.

In another instance, in open court he yelled at an attorney who suggested trying to view an issue in a case in layman's terms. "We have to look at it like lawyers. I am not looking at it like a bricklayer," Justice Ramos shot back.

In the Grasso case, Justice Ramos has ruled against the former NYSE chief in several key pretrial motions: He has denied Mr. Grasso's motion to dismiss parts of the case, and has thrown out Mr. Grasso's lawsuit against former Big Board director H. Carl McCall.

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Last month, the judge also ruled that he -- as opposed to a jury -- would decide the crucial question of whether Mr. Grasso's pay was "reasonable" under New York state law governing the pay for executives at not-for-profits. (Until going public earlier this year, the NYSE was technically a not-for-profit, member-owned organization.) New York's attorney general Eliot Spitzer sued Mr. Grasso in May 2004 alleging his pay package was excessive.

Mr. Grasso has fought the case and said he was awarded the money by a board that knew what it was doing.

In his decision Thursday to stay in the case, Justice Ramos said he had "formed no premature opinion" and had no reason to pull away.

A lawyer for Mr. Grasso, Gerson Zweifach of Williams & Connolly LLP, said he was considering a possible appeal.

In his efforts to find a new judge, Mr. Grasso cited two letters, sent by a job recruiter on Judge Ramos's behalf, to the NYSE in October 2002 and October 2003. In the letters, the recruiter, George V. McGough, recommends Justice Ramos for one of the NYSE's directors' spots. Those jobs now pay $75,000 annually.

The judge, whose current salary is $136,700, was considering retirement at the time, but decided to stay on the bench. He didn't get the job either time.

Mr. Grasso's lawyers have known about the letters for more than a year, according to court papers. They didn't make an issue of it until August, when it became clear Justice Ramos planned to rule on part of the case himself, instead of leaving it to a jury.

They also argue that comments made by Justice Ramos last spring also signaled that he might be biased against the former NYSE chief.

According to the motion to remove Justice Ramos, the judge said in a meeting with attorneys that Mr. Grasso received "terrible advice" about his pay. He added that, even though Mr. Grasso may have done nothing wrong, "the number" of his compensation could be a problem, according to the motion.

Justice Ramos didn't address these comments in his Thursday decision to stay on the case. Mr. Spitzer's lawyer on the case, Avi Schick, calls the comments "unremarkable" statements by a judge who was speaking in the context of a possible settlement.

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A Former Peregrine Exec Pleads Not Guilty (SDUT)

By Bruce V. Bigelow, Staff Writer

The San Diego Union-Tribune, September 16, 2006

Extradition to U.S. created stir in Britain

The former European vice president for Peregrine Systems pleaded not guilty to federal fraud and conspiracy charges in San Diego yesterday after he was extradited amid a political rumpus in the United Kingdom.

Jeremy Reeve Crook, 53, became a cause celebre in London this summer because of growing popular opposition to changes in British extradition law that Parliament enacted in 2003.

The changes, which were prompted by the Sept. 11 terrorist attacks, allow U.S. authorities to extradite British citizens and other residents without first establishing a preliminary case against them in British court.

The changes made the extradition process lopsided because British authorities “basically just turn over” anyone wanted by the U.S. Justice Department, said Douglas McNabb, a lawyer in Washington, D.C.

In contrast, British authorities seeking to extradite individuals under current U.S. extradition law have to make a case showing “probable cause” in federal court, McNabb said.

Before the end of the year, the U.S. Senate is expected to vote on changes to relax the current U.S. requirements for extradition, McNabb said. But even if those revisions are approved, McNabb said, the extradition process still will be stiffer in the United States than in the United Kingdom.

Crook became the subject of a U.S. extradition request after he was indicted in October 2004 with 10 others for their alleged roles in the massive accounting fraud at Peregrine Systems, the San Diego software developer now operated by Hewlett-Packard Co.

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Prosecutors asked Crook to return voluntarily to the United States to respond to the charges. He declined, and U.S. authorities subsequently sought an extradition order.

Meanwhile, Crook's lawyers in London fueled public indignation over Britain's new extradition law and voiced their doubts about the evidence that U.S. authorities had assembled against their client.

Despite the flap, British authorities ordered Crook's extradition in August.

He appeared in San Diego yesterday morning before U.S. Magistrate Judge Ruben B. Brooks, who ordered Crook to post a cash bond of $250,000 and prohibited his travel beyond the Southern District of California.

The judge also ordered Crook to be monitored by a global positioning satellite system and prohibited any unsupervised contacts with any current or former Peregrine employees, auditors or business associates.

The indictment alleges that from March 1999 through 2002, Crook and others at Peregrine intentionally disseminated false financial reports to investors. Prosecutors contend that the alleged conspirators intended to deceive the public and investment community about Peregrine's true financial performance and condition so they could reap windfall gains from their own shares.

Nine defendants, including Crook, are scheduled for trial April 3, 2007. Eight other defendants have pleaded guilty to felony charges arising out of the conspiracy.

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Ex-Enron Official Gets 4 Years Probation, $10,000 Fine For Lying To Credit-rating Agencies (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, September 16, 2006

(AP) - HOUSTON-A former assistant treasurer at the disgraced Enron Corp. was sentenced Friday to four years probation and a $10,000 (â,¬7,889) fine for lying to credit-rating agencies to make the financial picture at the one-time energy giant appear healthier than it was.

Timothy DeSpain, 41, pleaded guilty nearly two years ago to a single charge of conspiracy to commit securities fraud. At the same time, he agreed to cooperate with federal authorities investigating the company, which toppled into bankruptcy in December 2001, evaporating more than $60 billion (currently â,¬47.3 billion) in market value, almost $2.1 billion (â,¬1.6 billion) in pension plans and, initially, 5,600 jobs.

U.S. District Judge Ewing Werlein, who could have imposed up to a five-year prison term and $250,000 (â,¬197,239) fine under federal sentencing guidelines, said he was impressed by DeSpain's level of cooperation with federal prosecutors looking into the Enron debacle and with letters of support from relatives and friends.

"I'd like to apologize," DeSpain said in a brief statement to the judge. "I'd like to go back and change everything if I could."

CRIMINAL LAW:

Ney To Enter Guilty Plea To Conspiracy (WT)

By Joyce Howard Price

The Washington Times, September 16, 2006

Rep. Bob Ney, Ohio Republican, has agreed to plead guilty to conspiracy to defraud the public, becoming the first member of Congress to admit peddling influence for convicted lobbyist Jack Abramoff.

Ney, who had repeatedly denied any wrongdoing, admitted illegally receiving expensive trips, sports tickets and casino chips from Abramoff and an unidentified foreign businessman in exchange for trying to win favorable legislative results, according to court papers filed yesterday.

"I have made serious mistakes and am sorry for them. I am very sorry for the pain I have caused my family, my constituents in Ohio, and my colleagues," said Ney, 52, a six-term congressman.

He also said he was seeking treatment for alcohol dependency, but that he is not "making any excuses."

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Assistant U.S. Attorney General Alice S. Fisher said as part of the plea agreement prosecutors will recommend a 27-month sentence for crimes that could bring Ney 10 years in prison and a $500,000 fine.

Democrats immediately jumped on the election-year conviction and linked the Republican candidate vying to fill Ney's seat to the disgraced congressman.

The Ohio Democratic Party complained that State Sen. Joy Padgett, who won a special Republican primary Thursday, has "extensive ties to" Ney and has been unwilling "to return Ney's past campaign contributions." She will face Democrat Zack Space in the fall.

House Minority Leader Nancy Pelosi said it "confirms what we have long said: The Republican culture of corruption has pervaded Congress."

The California Democrat also said House Republicans "have failed to pass a single substantive reform."

Kevin Madden, spokesman for House Majority Leader John A. Boehner, Ohio Republican, said Mrs. Pelosi "is delusional to think that her party has even a shred of credibility on the issue of reform."

"Capitol Hill Democrats have either resisted or tried to obstruct every substantive effort of reform in this Congress," Mr. Madden said.

He also noted the top Democrat on the ethics panel, Rep. Alan B. Mollohan of West Virginia, had to resign because of ethics questions. Mr. Mollohan is under investigation for reputed misstatements on his financial disclosure forms.

Ney is pleading guilty to one count of conspiracy to commit honest services fraud, violating the one-year lobbying ban on congressional officials and making material false statements, and to one count of making false statements. He will remain free until an Oct. 13 hearing when he officially enters his guilty plea.

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said.

Separately, Ney twice flew to London during 2003 to meet with a foreign businessman who was not identified by name in court papers.

The foreign businessman is Fouad al-Zayat, a Syrian-born partner in FN Aviation of Cyprus, two people close to the investigation told the Associated Press. These people spoke on the condition of anonymity because of the sensitivity of the plea agreement. Mr. al-Zayat is known in Britain as a prominent gambler nicknamed "the Fat Man."

The February 2003 meeting with FN Aviation was arranged to discuss U.S. sanctions against the sale of aviation parts to Iran, but those involved did not discuss specific sales or proposals, according to one of the people familiar with the case.

The Justice Department said Ney on those trips accepted thousands of dollars' worth of free casino chips from the foreign businessman and parlayed them into $50,000 in total gambling winnings playing card games.

Mr. al-Zayat could not be reached immediately for comment by the Associated Press.

The Justice Department said the foreign businessman and his partner sought Ney's help in obtaining a travel visa and selling U.S.-made airplanes and parts to a foreign country, and that the businessman's company paid for Ney's trip to London in February 2003.

FN Aviation's former U.S. lobbyists, Roy Coffee and David DiStefano -- a former Ney aide, have said they worked with Ney to seek a special government permit to let FN Aviation sell plane parts to Iran despite U.S. trade sanctions. The permit never was awarded.

Ney's named co-conspirators in the court papers include Abramoff, who pleaded guilty in January to mail fraud, former Capitol Hill public relations specialist Michael Scanlon, former lobbyist Tony Rudy, and Ney's former chief of staff, Neil Volz.

Volz left Ney's office in 2002 to join Abramoff's powerful lobbying firm. The charge that Ney violated a one-year ban on lobbying by officials who leave Congress relates to Volz's failure to wait a year before going to work for Abramoff.

In May, Volz pleaded guilty to being part of a conspiracy to provide Ney with the trip to Scotland and other pricey gifts from Abramoff.

Scanlon pleaded guilty in November to conspiring to bribe public officials in connection with lobbying work on behalf of Indian tribes and casino issues. Rudy pleaded guilty in March to conspiring with Abramoff.

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Democrats earlier this year focused heavily on Republican ethical problems, especially lambasting former Rep. Tom DeLay, Texas Republican.

Mr. DeLay resigned his majority leader post and then his House seat after being indicted by a Texas prosecutor and seeing some of his aides convicted in the Abramoff scandal.

Prosecutors are looking at whether Mr. DeLay filed false public reports to disguise the source and size of political donations, travel and other gifts he received from special interests, including some with ties to Abramoff.

In a separate Justice Department corruption probe, Rep. William J. Jefferson, a Louisiana Democrat, is being investigated on suspicion he accepted bribes. According to a search warrant affidavit, the FBI videotaped the congressman accepting $100,000 from an informant wearing a concealed microphone.

Lawmaker Pleads Guilty To Corruption (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 16, 2006

Ohio Republican Ney admits accepting illegal gifts from lobbyist Jack Abramoff.

WASHINGTON — In court documents, he was known only as "Representative 1," an anonymous member of the House who always seemed to have his hand out when super-lobbyist Jack Abramoff came calling for favors for his clients.

On Friday, the lawmaker, Ohio Republican Bob Ney, officially emerged from the shadows and acknowledged his guilt.

Ending months of denials that he had betrayed the public trust, the politician once known as "the Mayor of Capitol Hill" agreed to plead guilty to federal corruption charges.

Ney, 52, admitted in a plea agreement with federal prosecutors filed in federal court in Washington that he had accepted tens of thousands of dollars in illegal favors from Abramoff and from a Syrian businessman nicknamed "the Fat Man."

The lawmaker said he had agreed to use his clout on behalf of Abramoff clients in return for gifts and other largesse that included nights of casino gambling in London and a lavish golf junket to Scotland. In a statement, he said that alcohol abuse had contributed to a downward spiral in his life, and that he had checked himself into a rehabilitation facility for treatment.

Prosecutors said they would recommend a sentence for Ney of 27 months in prison, although his crimes carry a maximum penalty of up to 10 years. He is expected to formally enter his plea at a hearing in federal district court in Washington on Oct. 13.

The six-term Republican is the first lawmaker to admit to criminal actions as part of the lengthy Justice Department probe of Abramoff, once one of Washington's most influential lobbyists.

The plea agreement also marked the latest fallout from an ongoing Justice Department crackdown on corruption in the capital that has focused attention on members of both parties, including Rep. William J. Jefferson (D-La.), who is being investigated for bribery. That probe, which does not involve Abramoff, gained nationwide notoriety after Jefferson was allegedly caught with cash from an FBI sting in his freezer.

The Abramoff investigation, which mostly involves Republicans, has led to the conviction of several former congressional aides who were in the lobbyist's inner circle. It also was a key factor in the political downfall of former House Majority Leader Tom DeLay (R-Texas), who once worked closely with Abramoff and who resigned his congressional seat in June.

Abramoff, who pleaded guilty to federal corruption charges in January, is continuing to cooperate with authorities. He and his clients lavished tens of thousands of dollars in campaign contributions on scores of lawmakers.

But aside from the political scandal created by the case, it remained uncertain whether other elected officials would join Ney in facing legal problems from it.

Although Ney has long been viewed as likely to face charges, evidence of possible wrongdoing by some of his colleagues has not seemed as strong. Moreover, his own plea agreement with authorities does not require him to point fingers and cooperate in the investigation.

Democrats seized on Ney's plea agreement to buttress their argument that the Republicans who control Congress have shown themselves unfit to lead.

Ney's guilty plea "confirms what we have long said: The Republican culture of corruption has pervaded" Capitol Hill, said House Minority Leader Nancy Pelosi (D-San Francisco).

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Republicans said Ney should be held accountable, but that his misdeeds were an isolated matter that should not be used to taint his GOP colleagues.

"Clearly, Bob made mistakes, and he is now feeling the full weight of those mistakes," said House Majority Leader John A. Boehner (R-Ohio).

Ney, in a statement issued through his lawyers, expressed remorse.

"I have made serious mistakes and am sorry for them," he said. "I know that this plea agreement will probably forever change the way people view my public service. I regret this very much."

He said he has gone through a great deal of soul searching recently, and has "come to recognize that a dependence on alcohol has been a problem for me. I am not making any excuses, and I take full responsibility for my actions."

Before becoming ensnared in scandal, Ney headed the House Administration Committee, the post that earned him his nickname. Although the panel rarely makes news, it controls House office budgets — making it vitally important to other lawmakers.

Nudged by GOP leaders, Ney resigned the chairmanship this year. And he announced last month that he would not seek reelection in November.

Ney agreed to plead guilty to two charges, including conspiring with Abramoff and others to commit "honest services fraud," a form of corruption that is considered less serious than bribery. He also admitted that he made false statements in reporting gifts he received.

Prosecutors said that Ney accepted trips to play golf, gamble or vacation in Scotland, New Orleans and upstate New York in 2002 and 2003. Ney also admitted accepting meals and drinks at an Abramoff restaurant, tickets to rock concerts and sporting events, and tens of thousands in campaign contributions from the lobbyist and his clients.

In return, Ney supported legislation that would have allowed a Texas Indian tribe to operate a casino and helped another Abramoff client win a lucrative contract to install wireless telephone service in the House. He also entered remarks in the Congressional Record supporting an attempt by Abramoff to acquire a Florida cruise line.

Ney also admitted that he had accepted thousands of dollars worth of gambling chips during trips to London in 2003 from a firm that was hoping to win an export license to sell U.S.-made airplanes to Iran. He allegedly parlayed the money into $50,000 playing cards; on the trip home, he gave a staff member $5,000 before passing through U.S. Customs to conceal the amount.

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Lobby Scandal Topples U.S. Rep (MH)

By Jay Weaver

The Miami Herald, September 16, 2006

U.S. Rep. Bob Ney agreed to plead guilty Friday to charges that he accepted hundreds of thousands of dollars in trips, cash and campaign donations for political favors, making the once obscure Ohio Republican the first lawmaker to fall in the probe of a once-powerful lobbyist.

Ney, 52, admitted his involvement in the influence-peddling enterprise run by convicted Washington lobbyist Jack Abramoff, who brought the scandal to South Florida with the fraudulent purchase of a local fleet of gambling ships.

Abramoff, in his plea deal with prosecutors, detailed Ney's role in helping him and his clients in exchange for everything from a golf trip in Scotland to meals in the GOP lobbyist's Washington restaurant.

With November's congressional midterm elections looming, Friday's announcement of Ney's plea agreement reignited Democratic accusations of a Republican "culture of corruption" on Capitol Hill.

Ney had strongly denied wrongdoing even as the investigation closed in around him over the last year.

Now the 12-year veteran of Congress is set to plead guilty on Oct. 13 to charges he conspired to commit fraud and violate federal lobbying laws and that he made false statements. Under federal sentencing guidelines, he faces at least 27 months in prison.

In a statement, Ney apologized -- but said "a dependence on alcohol has been a problem for me." Then he added: ``I am not making any excuses, and I take full responsibility for my actions."

Justice Department officials condemned his misconduct.

"He illegally deceived the public and the House of Representatives about his actions," Alice Fisher, an assistant attorney general heading the Justice Department's Criminal Division, said in Washington. ``In doing so, the congressman was acting in his own best interests, and not in the best interests of his constituents."

ASSISTANCE IN MIAMI

Fisher said Justice's public corruption prosecutors received "substantial assistance" from the Miami offices of U.S. Attorney R. Alexander Acosta and the FBI.

Indeed, Ney's downfall began in South Florida, where he had used his congressional influence to sway the sale of SunCruz Casinos to Abramoff and his New York partner Adam Kidan.

The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure the lobbyist to turn on other colleagues, congressional aides and politicians early this year.

The charges against Ney are based primarily on his behind-the-scenes work for Abramoff's Indian tribal clients and for a foreign businessman who gave him tens of thousands of dollars in casino chips and cash. But the charges also include the lawmaker's unusual tactics to help the lobbyist purchase the Dania Beach-based SunCruz gambling fleet.

During negotiations in the SunCruz deal, Abramoff asked his lobbying partner, Michael Scanlon, to do him a favor. That's when Ney entered the picture.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have Ney disparage SunCruz owner Konstantinos "Gus" Boulis in the Congressional Record. Scanlon drafted a statement that Ney put into the record in March 2000, calling Boulis "a bad apple" to handicap the seller.

After the deal was completed that September, Ney praised Kidan in the Congressional Record as a businessman with a ``renowned reputation for honesty and integrity."

Law enforcement officials said that just weeks after the controversial SunCruz sale, Abramoff and Kidan took $10,000 from their gambling business and donated the money to the National Republican Congressional Committee on Ney's behalf.

That SunCruz was the actual contributor was first reported by The Miami Herald in late November 2005.

Although Ney did not receive the $10,000 directly, U.S. officials said SunCruz's donation in his name to the GOP campaign committee was improper. The then-unknown Ohio congressman stood to gain stature with the Republican leadership.

Volz, who has already pleaded guilty in the Washington investigation, admitted to participating in the Congressional Record activities. Scanlon, who has also pleaded guilty, was the former communications director for former House Republican leader Tom DeLay of Texas. At the time Scanlon sought Ney's help in early 2000, Scanlon had already left DeLay's office. Scanlon and Volz were close friends on Capitol Hill.

CORRESPONDENCE

After the SunCruz sale in fall 2000, Abramoff and Scanlon exchanged e-mails about the company's $10,000 contribution to the GOP's campaign committee on Ney's behalf, according to law enforcement officials.

Scanlon, who did public relations work for SunCruz, also corresponded with Ney's staff about the Nov. 1, 2000 political contribution.

As lobbying partners, Scanlon and Abramoff would go on to rake in as much as $80 million from their work with Indian tribal clients that owned casinos (none from Florida). Those fees drew the scrutiny of the House Ethics Committee, Senate Indian Affairs Committee and the Justice Department.

As for the former SunCruz owner, Boulis, he was gunned down in Fort Lauderdale in February 2001. Three men -- including one who was a former FBI informant with ties to the Mafia -- have been charged in his slaying.

A year ago, a South Florida federal grand jury indicted Abramoff and Kidan on charges of defrauding lenders of $60 million in the SunCruz sale. Both men pleaded guilty and were sentenced to nearly six years in prison.

Both remain out on bond, while they cooperate with federal authorities.

Several Miami prosecutors have been involved in the SunCruz and Washington investigations: Lawrence LaVecchio, Paul Schwartz, Jeff Sloman, Paul Pelletier and Edward Nucci -- along with FBI agent Susan Sprengel.

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Who's The Next Target In The Abramoff Probe? (TIME)

By Adam Zagorin

Time, September 16, 2006

Former Ohio Congressman Bob Ney has admitted his role in Washington's influence-peddling scandal, but prosecutors still have other politicians in their sights

After months of defiant protestations of innocence about his role in the Jack Abramoff influence-peddling scandal, Rep. Bob Ney, R-Ohio, has pleaded guilty to making false statements, to conspiracy to commit fraud and violating post-employment restrictions for former congressional aides. But the probe into the lobbying scandal is far from wrapped up.

A source close to the investigation told TIME that scores of US prosecutors and FBI agents continue to examine the activities of other sitting members of Congress and prominent individuals who could face prosecution, though not necessarily before the November 7 election. The source confirmed previous public reports that particular scrutiny is being paid to Sen. Conrad Burns, a Montana Republican who faces a tough campaign for reelection.

"A lot of the conduct to which Ney has pleaded guilty is similar to the alleged conduct of Senator Conrad Burns and his staff," points out Melanie Sloan, Executive Director of Citizens for Responsibility and Ethics in Washington (CREW), a non-profit watch dog group. "Abramoff has said that Burns and his staff used Signatures (Abramoff's restaurant) like their cafeteria. And Burns took a number of legislative actions on Abramoff's behalf, even as members of his staff went on trip to the 2001 Super Bowl on private jet and visited Sun Cruise gambling ships, which were partly owned by Abramoff." Abramoff himself said in an interview earlier this year that, "Every appropriation we wanted (from Burns's committee) we got. Our staffs were as close as they could be. They practically used Signatures as their cafeteria. I mean, it's a little difficult for him to run from that record."

But Erik Iverson, a senior advisor to Sen. Burns campaign in Montana told TIME: "There is no federal investigation. Certainly no one has ever told us there is, or contacted us. And there is absolutely no similarity between what's happening to Mr. Ney and Mr. Burns. That is all just politics." As a matter of policy, the Justice Dept. does not comment on possible targets of its investigations.

Ney, 52, is the first member of Congress to admit wrongdoing in the federal probe. Prosecutors are likely to insist that he spend as much as 27 months in prison, although a judge could impose up to 10 years, though that stiff a sentence is considered unlikely. His plea agreement lacks language that would require him to testify or to cooperate in other federal prosecutions — in contrast to earlier plea agreements of Ney's longtime chief of staff, Neil Volz, as well as Abramoff himself. The absence of such language suggests that Ney was able to provide little information beyond the scope of his own activity.

By the same token, some observers had predicted prosecutors would insist that Ney plead guilty to bribery, which carries a possible 15 year sentence, in part because Abramoff and another defendant admitted bribing a public official who has been identified as Ney. Right up until his guilty plea, Ney had always denied wrongdoing, even after his former chief of staff pleaded guilty in May. That aide, Neil Volz, confessed to conspiring to corrupt the congressman and others. After leaving the congressional payroll Volz went into business with Abramoff.

Court papers detail Ney's acknowledgment of exchanging official acts for benefits, including an August 2002 golf trip to Scotland, paid for by Abramoff and his clients. The junket, which included a White House procurement official as well as Ney's then chief of staff, cost in excess of $160,000, according to the papers.

Ney also asked for and received trips to Lake George, N.Y. and New Orleans as well food and drink costing thousands of dollars at Abramoff's swanky Washington restaurant, not to mention concert and sports tickets and thousands of dollars more in campaign contributions, the government said.

In return, Ney achnowleded in the plea, he took actions to benefit Abramoff clients. The Congressman also also admitted receiving gambling chips worth thousands of dollars from a foreign businessman.

"Congressman Ney and his co-conspirators engaged in a long-term pattern of defrauding the public of his unbiased, honest services as an elected official," Alice Fisher, assistant attorney general, said in a statement. "Congressman Ney admits that he corruptly solicited and accepted a stream of benefits, valued at tens of thousands of dollars, in exchange for agreement to perform, and performing, a series of official acts. He also admitted deceiving the public and the U.S. House of Representatives about his actions."

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Ney occupied a special role as chairman of the committee with jurisdiction over internal workings of the 435-member House of Representatives. But GOP Speaker Dennis Hastert demanded that Ney surrender his chairmanship earlier this year, and Ney then withdrew his candidacy for reelection in his Ohio district. This week, the Congressman's office indicated he had entered residential treatment for alcohol dependence. In a statement, he said, "I have made serious mistakes and am sorry for them. I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues."

FBI Assistant Director Chip Burrus, head of the Criminal Investigative Division put the Ney plea deal in context, stressing that it is just part of a much wider federal crackdown on corruption. "The FBI is deeply committed to tackling corruption anywhere we find it—this is our promise to the American people, and corruption is the FBIs top criminal priority," he said. "We have more than 600 agents and dozens of analysts working more than 2200 investigations in all 56 field offices right now. Nationwide indictments are up 40 percent. In the past year alone, we have had over 950 arrests, 700 convictions, over 300 million dollars in restitution and over 15 million dollars in fines. The FBI participates in over 30 public corruption task forces and over 100 public corruption working groups." With that kind of tough talk, no one on Capitol Hill remotely linked to Abramoff will be breathing easy for quite some time.

Rep. Bob Ney Agrees To Plead Guilty (AP-Y)

By Ted Bridis

AP, September 16, 2006

Ohio Rep. Bob Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company run by a gambler known as "the Fat Man."

Ney, a six-term Republican, had defiantly denied any wrongdoing for months, but he reversed course and agreed to plead guilty in court papers filed Friday. Prosecutors will recommend he serve 27 months in prison. Ney was expected to formally plead guilty in court Oct. 13.

"I have made serious mistakes and am sorry for them," Ney, 52, said in a statement. "I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues." His lawyer said he had begun treatment for alcohol dependency.

Ney became the first lawmaker to admit wrongdoing in the election-year congressional corruption probe spawned by disgraced lobbyist Jack Abramoff. Ney said he was hopeful "that someday the good I have tried to do will be measured alongside the mistakes I have made."

Ney agreed to plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. The charges could carry a prison sentence of up to 10 years and fines of up to $500,000 plus repayment of any improper gifts.

The chairman of Ohio's Republican Party, Bob Bennett, said Ney's apology "rings hollow," and he urged the lawmaker to resign "and begin paying the price for his arrogance and greed."

Ney's attorney, William Lawler, said the congressman, who announced last month he wouldn't seek re-election, has no plans to resign.

"He's taking it one step at a time," Lawler said. "Today was a step, the treatment is a step."

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said. Ney also admitted accepting meals and sports and concert tickets for himself and his staff from Abramoff and his lobbyists.

Separately, Ney twice flew to London during 2003 to meet with a foreign businessman who was not identified by name in court papers. The foreign businessman is Fouad al-Zayat, a Syrian-born partner in FN Aviation of Cyprus, according to two people close to the investigation. These people spoke on condition of anonymity because of the sensitivity of the plea agreement. Al-Zayat is known in Britain as a prominent gambler nicknamed "The Fat Man."

Ney's congressional travel records indicate he and an aide met with al-Zayat's business partner in FN Aviation, Nigel Winfield.

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The February 2003 meeting with FN Aviation was arranged to discuss U.S. sanctions against the sale of aviation parts to Iran, but those involved did not discuss specific sales or proposals, according to one of the people familiar with the case.

The Justice Department said Ney on those trips accepted thousands of dollars worth of free casino chips from the foreign businessman and parlayed them into $50,000 in total gambling winnings playing card games. On one occasion, Ney gave $5,000 to a staff member to carry through U.S. Customs so that Ney could report receiving a lesser amount, prosecutors said.

FN Aviation paid the $5,414 cost of the four-day February trip by Ney and an aide, according to Ney's congressional travel records.

Al-Zayat could not be reached immediately for comment by The Associated Press.

The Justice Department said the foreign businessman and his partner sought Ney's help obtaining a travel visa and selling U.S.-made airplanes and parts to a foreign country, and that the businessman's company paid for Ney's trip to London in February 2003.

FN Aviation's former U.S. lobbyists, Roy Coffee and David DiStefano — a former Ney aide — have said they worked with Ney to seek a special government permit to let FN Aviation sell plane parts to Iran despite U.S. trade sanctions. The permit never was awarded.

DiStefano was Ney's chief of staff before becoming a lobbyist and coordinated Ney's first congressional campaign in 1994.

"People must have faith and confidence in their elected officials," said Alice Fisher, who runs the criminal division of the Justice Department. She said Ney had "acted in his own interests, not in the interests of his constituents."

House Majority Leader John Boehner, also from Ohio, described Ney as a skilled lawmaker and good friend. "Clearly Bob made mistakes, and he is now feeling the full weight of those mistakes," Boehner said. "His actions violated the law, and he must be held accountable."

Ney did not participate in any of the 10 roll call votes in the House on Thursday, an indication he was away from the Capitol.

Republican voters in Ney's district selected a replacement candidate Thursday as word of legal developments surfaced. State Sen. Joy Padgett, backed by party leaders, won easily and will face Democrat Zack Space in the fall.

Ney had a unique power perch in the House when the year dawned, as chairman of the committee with jurisdiction over the internal workings of the 435-member chamber. Speaker Dennis Hastert pressured Ney into surrendering his chairmanship earlier this year as concern rippled through the GOP ranks about the Abramoff scandal.

Still, as recently as early summer, Ney said he intended to seek re-election in the sprawling, rural district in eastern Ohio he has represented since 1994. He changed his mind at the prodding of party leaders who feared the loss of his seat in November if he remained on the ballot.

At Abramoff's request, prosecutors said, Ney proposed four amendments in early 2002 that would have helped Abramoff and his lobbying clients. These included proposals to allow commercial gambling by two Indian tribes, help a Russian drink manufacturer and compel the U.S. government to give property to a religious school founded by Abramoff.

None of the amendments succeeded.

Ney had sought to add them to the "Help America Vote Act," a law aimed at election reform.

Rep. Ney Admits Selling Influence (WP)

By James V. Grimaldi And Susan Schmidt

The Washington Post, September 16, 2006

Rep. Robert W. Ney (R-Ohio) agreed yesterday to plead guilty to corruption charges after admitting to performing a variety of official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel, sports tickets and thousands of dollars in gambling chips. He is the first elected official to face prison time in the ongoing influence-peddling investigation of former GOP lobbying powerhouse Jack Abramoff.

After fiercely proclaiming his innocence for more than a year, Ney signed a two-count plea agreement Wednesday that the Justice Department filed in federal court yesterday. The charges of conspiracy and making a false statement could carry a prison sentence of up to 10 years, but prosecutors plan to seek a term of 27 months. He faces up to $500,000 in fines.

The six-term Republican said in a statement yesterday that he was seeking treatment for alcoholism and was sorry for "serious mistakes" that have brought pain to his family and constituents. He is scheduled to appear in U.S. District Court in Washington on Oct. 13 to formally enter his plea.

Coming just seven weeks before the midterm congressional elections, Ney's admission of guilt was cited yesterday by Democrats as evidence that Congress is beset by a "ring of corruption." But Republicans were quick to note that a Democrat, Rep. William J. Jefferson of Louisiana, is the focus of a separate federal bribery investigation.

At a news conference announcing the acceptance of the plea agreement and the filing of the charging document in court, the chief of the Justice Department's criminal division, Alice S. Fisher, said Ney had breached the public trust. "Congressman Ney and his co-conspirators engaged in a long-term pattern to deprive the public of his honest, unbiased services as an elected official," Fisher said.

Court papers made no mention of any agreement on Ney's part to provide evidence against anyone else in the ongoing probe, unlike in other plea agreements that prosecutors have reached with Abramoff and his former associates. Ney is the eighth person to be indicted or to admit wrongdoing in connection with the Abramoff investigation, under which lobbyists, government officials and other lawmakers continue to be scrutinized.

Ney, once one of the most powerful members of the House, admitted to offering legislation at the behest of Abramoff and his team of lobbyists, which included former Ney chief of staff Neil G. Volz. In exchange, Ney accepted a stream of things of value, such as luxury vacations to Scotland, Lake George, N.Y, and New Orleans; tens of thousands of dollars in campaign contributions; restaurant meals; and tickets to sporting events, including the use of exclusive stadium suites. Prosecutors valued the trips alone at more than $170,000.

In 2002, Ney sought to insert four amendments into an election-reform bill to benefit Abramoff's clients. He further admitted to helping another Abramoff client win a multimillion-dollar contract to provide wireless communication service to the U.S. Capitol, and to inserting comments into the Congressional Record to help Abramoff purchase a casino cruise line in Florida.

Ney, 52, under legal and political pressure for months because of his connections to Abramoff, announced this summer that he would not seek reelection. Ney has not been seen publicly in the House since he cast a vote Tuesday night, and he missed more than a dozen votes on Wednesday and Thursday. His phones went unanswered in his Washington office. His Chillicothe, Ohio, office released the congressman's statement.

"I have made serious mistakes and am sorry for them," Ney said in the statement. "I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues." He said he recently recognized that "a dependence on alcohol has been a problem for me."

"I am not making any excuses, and I take full responsibility for my actions. Over the years, I have worked to help others, but now I am the one that needs help," Ney's statement said.

As chairman of the House Administration Committee, Ney was known as the mayor of Capitol Hill. The committee oversees the Capitol Police and the administrative functions of Congress.

Ney has been under mounting pressure in the investigation, first with Abramoff's guilty plea and agreement to cooperate in the investigation early this year, and then with the guilty plea in May of his former aide Volz, who admitted to conspiring to corruptly influence the congressman and others. Ney admitted to encouraging Volz to violate the one-year ban on lobbying by staffers who leave Congress.

Ney had resigned his committee post earlier this year. William E. Lawler, an attorney for Ney, declined to say yesterday whether the congressman would now resign his seat. "He is taking things one step at a time," Lawler said.

Lawler said Ney is receiving treatment for "alcohol-dependence issues" but declined to say whether he has entered a rehabilitation facility. Lawler said treatment was the deciding factor in setting the date for next month's court appearance.

Others familiar with the case said that Ney's representatives tried to put off the announcement of the plea deal until then.

Ney will be eligible for a government pension because Congress has not acted on legislation that would ban pensions for convicted lawmakers.

Ney and his attorneys have professed his innocence for more than a year, even as the congressman's legal position deteriorated. Ney himself acknowledged the difficulty in facing down the "tremendous pressure from the government" when his

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close friend and former aide Volz agreed to testify against him. Tony C. Rudy and Michael Scanlon, onetime lobbyists and aides to former House majority leader Tom DeLay (R-Tex.), are also cooperating witnesses, as is former Abramoff casino business partner Adam Kidan.

Court papers make reference to other lobbyists and staffers with ties to Ney, including one called "Staffer C" in court papers. Public records and sources identify him as William Heaton, who, when he replaced Volz in 2001 at the age of 23, was the youngest chief of staff on Capitol Hill.

Ney admitted, in addition to the Abramoff ties, accepting free airfare, luxury accommodations and thousands of dollars' worth of gambling chips in 2003 from a foreign businessman, who was not identified in the court papers but has previously been identified by Ney attorney Mark H. Tuohey as Fouad al-Zayat, a high-rolling denizen of London's gambling clubs nicknamed "The Fat Man."

Zayat, who has been described in British media as a Syrian-born arms middleman, was seeking Ney's help in getting a visa and an exemption to a U.S. law that bars the sale of airplane parts to another country. The exemption was meant for Zayat's company, FN Aviation, a Cyprus-based aircraft-leasing firm.

Zayat and a partner, Tuohey said in an interview last year, were "offering to play a role or be intermediaries" with Iraq and Iran in the run-up to the war in Iraq. In day-long meetings in London, said Tuohey, Ney talked to the men about "potential transactions that could favorably affect our relations with those countries."

Ney admitted in court documents that he failed to disclose on forms filed with Congress the full amount of his winnings at a London casino -- reporting that he had won $34,000 on a game of chance instead of $50,000.

Ney also failed to disclose other winnings -- $5,000 worth of pound notes that he had handed to a staff member to avoid carrying them through U.S. customs himself.

In the court documents, Ney admitted later contacting the State Department on Zayat's behalf.

In March 2002, Ney -- at the urging of Volz, Abramoff, Rudy and Scanlon -- agreed to sponsor legislation that would reopen a shuttered casino for a Texas Indian tribe that the lobbyists represented. The Tigua tribe's casino had been shut down at the urging of state officials. Abramoff had secretly agitated for the closing, then signed the tribe up as a client, promising he could help get the casino reopened.

After Ney agreed to sponsor the legislation, Scanlon e-mailed Abramoff in one of the more memorable exchanges to become public in the lobbying scandal: "Just met with Ney!!! We're f'ing gold!!!! He's going to do Tigua."

Six days later, Abramoff directed tribal officials to make three contributions totaling $32,000 to Ney's campaign and political action committees.

Ney, at the urging of Volz and the other lobbyists, also pushed through a 2002 license for an Israeli telecommunications company to install cellphone antennas for the House. The company, Foxcom Wireless, now known as MobileAccess and based in Vienna, Va., later paid Abramoff $280,000 for lobbying, according to disclosure forms.

The Washington Post reported in 2004 that the wireless firm had donated $50,000 to the Capital Athletic Foundation, a charity that Abramoff sometimes used to secretly pay for lobbying activities. In the summer of 2002, Abramoff had the foundation pay for a golfing trip to Scotland for Ney and others.

"The whole thing was just nauseating," said John Spindler, vice president of LGC Wireless, the company that lost the House contract to Abramoff's client. "You know these kind of things are going on, but when you get embroiled in it, you go, my God, how could this go on?"

Lawmaker Admits He Took Illegal Gifts (NYT)

By Philip Shenon

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Representative Bob Ney of Ohio admitted Friday that he had effectively put his office up for sale to corrupt Washington lobbyists and a foreign businessman in exchange for illegal gifts that included lavish overseas trips, the use of skyboxes at sports arenas in the Washington area and thousands of dollars worth of gambling chips from London casinos.

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In a plea agreement announced by the Justice Department, Mr. Ney, a six-term Republican who once seemed poised to rise far in the House leadership, admitted to a wide-ranging criminal conspiracy and to making false statements about the gifts.

With the agreement, Mr. Ney became the first member of Congress to acknowledge criminal acts in the investigation of the former superlobbyist Jack Abramoff, an inquiry that threatens to ensnare other Republican lawmakers and dim the party's hopes in the November elections.

Although Mr. Ney could face up to 10 years in prison, federal prosecutors said they would recommend a 27-month sentence for the lawmaker, who announced last month that he was abandoning his campaign for another term. He could also face up to $500,000 in fines.

Mr. Abramoff, once a leading fund-raiser for the Republican Party, pleaded guilty in January to conspiring to corrupt public officials, including Mr. Ney.

In a statement released by his lawyers, Mr. Ney, 52, suggested that his criminal acts were related to alcoholism.

"I have come to recognize that a dependence on alcohol has been a problem for me," said Mr. Ney, who friends say entered an in-patient alcohol-treatment facility this week. "I am not making any excuses, and I take full responsibility for my actions."

He said the plea agreement "will enable me to accept responsibility for what I have done, to start repairing the damage I have caused and to start healing my family."

After several months with little public activity in the two-year-old investigation into Mr. Abramoff's lobbying operation, Mr. Ney's plea agreement offered new ammunition to Democratic political strategists hoping to end Republican control of the House and Senate this fall.

The House Democratic leader, Representative Nancy Pelosi of California, said Mr. Ney's plea agreement was proof of "what we have long said: the Republican culture of corruption has pervaded Congress." Speaker J. Dennis Hastert, Republican of Illinois, said, "The illegal behavior that Congressman Bob Ney has admitted doing was unacceptable."

In the plea agreement, Mr. Ney admitted that he had "corruptly solicited and accepted a stream of things of value" from Mr. Abramoff and his lobbying partners. Those partners included Neil G. Volz, Mr. Ney's former chief of staff, who pleaded guilty to similar conspiracy charges in May.

The list of illegal gifts accepted by Mr. Ney from Mr. Abramoff's lobbying operation was long: an all-expense-paid golfing trip to Scotland in 2002; a gambling vacation in New Orleans in 2003; meals and drinks at restaurants in and around Washington, mostly at one owned by Mr. Abramoff on Pennsylvania Avenue; and large campaign contributions "from Abramoff's clients for whom Ney had agreed to perform official acts."

The official acts, the Justice Department said, included Mr. Ney's efforts to insert language in House bills to aid Mr. Abramoff and his clients, as well as to place statements in the Congressional Record on their behalf.

The plea agreement suggests that Mr. Ney may have done his most important favor to Mr. Abramoff in 2001 and 2002 when he helped direct a multimillion-dollar Congressional contract to one of Mr. Abramoff's lobbying clients, a technology company that was contracted to install the infrastructure for wireless telephone service in the House.

In 2002, Mr. Ney admitted, he introduced an amendment in the House to allow a "foreign-beverage-distiller client of Abramoff's lobbying firm" to label its alcohol as "made in Russia" when in fact it was to be distilled in a former Soviet Republic outside of Russia.

Mr. Ney also admitted accepting thousands of dollars in gambling chips from a foreign businessman who was not named in the court papers but had previously been identified by government officials as Fouad al-Zayat, the Syrian-born owner of an aviation company in Cyprus that sought Mr. Ney's help in Washington.

In its court papers, the Justice Department said Mr. Ney traveled twice to London — in February and August 2003 — to meet with the businessman, who wanted Mr. Ney's help in easing an American embargo that barred the sale of airplanes and aviation parts "in a foreign country," previously identified as Iran; he also wanted Mr. Ney's help in obtaining an American visa.

During both trips, prosecutors said, Mr. Ney received thousands of dollars worth of chips from London casinos that the lawmaker then parlayed, through his gambling, into an estimated $50,000 — most of it, $47,000, on the August trip.

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On returning home in August, the plea agreement said, Mr. Ney gave about $5,000 to a staff member to carry so the lawmaker "could carry and report a lower dollar amount to Customs Services officials upon re-entry into the United States." On his customs form, Mr. Ney reported that he was bringing only $32,000 into the country. The court papers did not explain the $10,000 discrepancy.

Representative No. 1: Guilty (WP)

The Washington Post, September 16, 2006

Meanwhile, Congress doesn't even fiddle with lobbying reform.

HOW SORDID does it have to get before Congress does something to tighten the rules governing lobbyists and lawmakers, all-expenses-paid trips, and lavish dinners? Former representative Robert W. Ney (R-Ohio), once a leader in the Republican hierarchy, pleaded guilty yesterday to selling his office in exchange for golf trips and gambling junkets, marking another milestone in a year of congressional disgrace. Yet lawmakers are poised to go home and explain to voters how they failed to act despite vows earlier in the year to fix the badly broken system.

On Thursday, the House of Representatives passed a fig leaf of a change in earmarking rules that will simply require lawmakers, in some cases, to attach their names to special-interest projects that they sponsor. We'll offer a more detailed analysis of this faux reform another time, but the most disturbing point is this: Apparently, that's it for lobbying reform this session. There will be no action to limit the free trips that lawmakers and staff members can take, beef up the broken system of ethics enforcement, slow the revolving door between public service and K Street riches, or improve disclosure of lobbying activities.

It was striking, then, that yesterday, the day after the House's non-action action, the court documents were replete with disgusting details about the rapaciously unethical behavior of Mr. Ney and his staff -- scooping up thousands of dollars in free gambling chips from a Syrian-born arms merchant nicknamed "The Fat Man," who was seeking the congressman's help to sell airplanes and obtain a visa; Mr. Ney

having a staffer carry back $5,000 worth of British pounds from a London gambling junket to hide his winnings from U.S. Customs officials; Mr. Ney taking thousands of dollars in free meals and skybox tickets from lobbyist Jack Abramoff.

In return, Mr. Ney inserted amendments into legislation to help the clients of those who helped the congressman. In his role as chairman of the House Administration Committee, he issued a multimillion-dollar wireless telephone contract to one of Mr. Abramoff's clients. He lobbied executive branch officials at the behest of Mr. Abramoff and his other benefactors.

The tightest lobbying rules in the world can't halt a lawmaker bent on corruption. Mr. Ney lied on his financial disclosure forms, his travel forms and his customs reports. He knowingly helped his former chief of staff violate the one-year prohibition against lobbying former colleagues -- not only encouraging the former staff member, Neil G. Volz, to violate the lobbying ban but also helping Mr. Volz set up a client list even before he left Mr. Ney's staff.

Still, a combination of tighter rules, increased disclosure and more-effective enforcement could help deter and detect criminality on the grand scale practiced by Mr. Ney. It could lessen the small-bore, run-of-the-mill corruption that has become a seamy fact of life in the halls of the Capitol. But that won't happen. At least not from this Congress.

In Case Against Politician, A Tale Of Friendship, Ambition And Betrayal (NYT)

By Christopher Drew

The New York Times, September 16, 2006

LOUISVILLE, Ky. — In July 2005, Vernon L. Jackson returned home to Louisville from Washington, where he had just met with Representative William J. Jefferson, the Louisiana Democrat who had been helping promote his fledgling digital-technology company. David Harper, a lawyer for the company, said he had never seen Mr. Jackson so demoralized.

For nearly five years, the inventor and the congressman had carried the message that Mr. Jackson's company, iGate, could help close the "digital divide" by delivering high-speed Internet access to poor blacks around the world.

They had flown to Africa to seek business opportunities, and they had talked up iGate to potential partners at the Kentucky Derby and the United States Open tennis tournament in New York.

But now, with iGate starved for cash, Mr. Jackson was convinced that Mr. Jefferson, his "friend on the Hill," was about to betray him, Mr. Harper recalled.

Over breakfast at the Grand Hyatt Hotel, the congressman had made a proposal that, in Mr. Jackson's view, was tantamount to theft: in return for a quick infusion of cash, Mr. Harper said, Mr. Jefferson and his investors would take control of iGate and its promising broadband patents while easing Mr. Jackson aside and cutting off most of the company's creditors.

Unbeknownst to the two men, the Federal Bureau of Investigation had been monitoring their dealings. Less than three weeks later, agents raided Mr. Jefferson's homes, in Washington and in New Orleans, and found stacks of cash stuffed in a freezer.

Mr. Jackson, 54, has pleaded guilty to paying more than $400,000 in bribes for Mr. Jefferson's help; on Sept. 8, he was sentenced to seven years in prison. An F.B.I. search of the congressman's office last May set off a showdown between Congress and the Justice Department. Mr. Jefferson has denied any wrongdoing and remains under investigation.

In recent months, the outlines of the case have emerged in court filings and news reports. But an examination of court records and dozens of internal iGate documents, as well as interviews with a number of Mr. Jackson's associates, offers a far clearer picture of the relationship between the two men, and of how Mr. Jefferson went from helping a small company to trying to take it over for his family's benefit.

Mr. Jefferson, 59, grew up poor on a cotton farm yet became one of the most prominent black members of Congress, with a seat on the powerful Ways and Means Committee. He developed a reputation for nurturing black entrepreneurs, like Mr. Jackson, and working to expand trade with Africa.

Jobs for Family Members

Soon after meeting Mr. Jackson in late 2000, Mr. Jefferson prodded the Pentagon to test one of iGate's products, documents show. He recruited investors and did favors for iGate's leading supplier. He also lobbied political leaders in Nigeria, Ghana and Cameroon to include iGate in telecommunications projects, while repeatedly urging the Export-Import Bank of the United States to finance the deals.

And each time the company seemed poised to take off, records show, Mr. Jefferson sought a greater share of the potential profits for his family.

His wife, Andrea, had a marketing contract with iGate; their eldest daughter did legal work for iGate and one of its investors; and Mrs. Jefferson's brother-in-law was iGate's chief engineer. Even before the congressman brought up the takeover proposal, he had arranged for a consulting firm owned by his wife and five daughters to receive nearly 31 million shares of iGate stock, roughly a quarter of the company, at no cost, documents show.

The F.B.I. has said that Mr. Jefferson also sought a substantial share of profits made by iGate's partners in a Nigerian venture, and that a complaint from one of those investors prompted the investigation.

"Greed is one thing," said William A. Warner, a former I.B.M. executive who had a contract to market iGate's products. "But this guy took it to another level."

Mr. Jefferson's lawyer, Robert P. Trout, said that given the investigation, the congressman and his family would not discuss their dealings with iGate. Mr. Jefferson, who is seeking a ninth term in office, said earlier this year that his family's dealings with Mr. Jackson were legitimate, and that when "all is said and done, you will see that there is an honorable explanation for everything."

But in his guilty plea, Mr. Jackson asserted that iGate's payments to the family's consulting firm amounted to bribes for Mr. Jefferson's help. He also said he believed that if he had stopped paying, Mr. Jefferson would have quit helping him.

Mr. Jackson, a boisterous man as big as a football lineman, has been cooperating with federal authorities. In a recent interview, he declined to talk about details of the case. But he said that while he had lost an earlier company to chicanery by business associates, "I didn't think it was going to happen to me in dealing with someone in government."

Several of Mr. Jackson's associates described him as an innovative engineer, if a bit naïve about business.

As a minority student with top science scores, he was recruited in high school by Bell Labs, which paid for him to get an associate's degree in electronics. After rising over 20 years to senior engineer, Mr. Jackson said he retired and started a company to develop videoconferencing from desktop computers.

The collapse of that business led him to start iGate in 1998, with a focus on delivering high-speed Internet access over the old copper phone wires. Mr. Jackson said he thought military bases, corporate campuses, hospitals and schools would be able

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to use iGate's relay boxes to send graphics and streaming video to outlying buildings without expensive fiber-optic lines. He also hoped to interest the phone companies.

Vying for an Army Contract

Mr. Jackson and Mr. Jefferson were introduced in late 2000 by a Washington consultant, Jack W. White, who had been hired to sell iGate's technology to the Army. Mr. Jefferson soon called an Army official to his office to press for a test of the device, which supported iGate's claims about data-transfer speeds.

In early 2001, the congressman told Mr. Jackson that he could not provide any more help, according to court documents filed in connection with the F.B.I.'s search of the congressman's office and Mr. Jackson's guilty plea. Instead, he recommended hiring the ANJ Group, a consulting firm just incorporated under the names of his wife and his daughters.

The women were hardly marketing professionals: Mrs. Jefferson was vice chancellor of the New Orleans campus of Southern University, and while the Jeffersons' oldest daughter was a lawyer, the others were still in school. Even so, iGate's agreement with ANJ provided for payments of $7,500 a month, plus 5 percent of any money it raised from investors and 5 percent of sales over $5 million it made for iGate. Mr. Jackson also gave ANJ 100,000 shares of stock and options for a million more.

Former iGate officials said Mrs. Jefferson made at least two marketing contacts in Louisiana, with a telephone company and a university, though nothing came of them. But, the officials said, it was her husband who kept driving most of the action.

Over dinner in New Orleans that spring, he and Mr. Jackson persuaded five men, mostly Jefferson campaign donors, to invest $375,000 total. One of them, Lloyd L. Villavaso, said he had left feeling an iGate contract with the Army was "pretty much a done deal."

By mid-2002, Mr. Jackson had persuaded a unit of Siemens, the German conglomerate, to manufacture iGate's devices. Mr. Jefferson attended iGate's annual shareholder meeting with a Siemens executive and an Army testing official, and that summer, Siemens invited Mr. Jackson to a stock-car race, where iGate's slogan, "Communications in Motion," was painted on two cars.

The congressman later did several favors for Siemens, at Mr. Jackson's request. Mr. Jefferson offered, for example, to arrange for the company's chief executive to be taken to the front of the customs line when he flew in from Germany, and he set up a meeting with Army officials about possible contracts, said Paula Davis, a spokeswoman for Siemens USA.

Reaching Out to Nigeria

Africa was another promising market, former iGate officials said, because few countries there could afford fiber-optic lines. In June 2003, the congressman introduced Mr. Jackson to officials at Netlink Digital Television, a Nigerian company that agreed to invest $45 million to use iGate's products in Africa. At this point, Mr. Jackson was developing a new product, a "triple play" switch that could deliver voice, data and video communications to home and business consumers. Netlink was to put up $6.5 million and finance the rest, with Mr. Jefferson's help, through the Export-Import Bank.

As Mr. Jackson began gearing up, Mr. Jefferson moved to increase his family's stake: in late July 2003, court papers show, he presented Mr. Jackson with an amendment to the ANJ contract, giving the firm 35 percent of iGate profits in Africa.

But relations soured with the Nigerian company, and by early 2004, Netlink was demanding some money back. The F.B.I. said Mr. Jefferson had also expected to receive a share of Netlink's profits. Agents found a letter the company's lawyer had sent the congressman that May, accusing him of breaking Nigerian laws.

In June 2004, Brett M. Pfeffer, a former aide to Mr. Jefferson, introduced him to a Virginia investor, Lori A. Mody, who ran a foundation that supplied technology to public schools. When Ms. Mody wired iGate $3.5 million for a new Nigerian deal, it looked as if the company was finally starting to click.

Mr. Jackson's original device had passed a field test at Fort Stewart, Ga., and Fort Sam Houston in Texas was about to begin what would become another successful test. Siemens had installed the technology in security systems at Howard University and Ronald Reagan Washington National Airport. That August, after the company demonstrated the triple-play switch, a top research official at SBC Communications, which later merged with AT&T, asked in an e-mail message to an iGate engineer how the company had managed to surpass an industry standard.

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On Aug. 20, 2004, company records show, iGate granted the ANJ Group 30 million shares of stock. And that Labor Day weekend, said Ms. Davis, the Siemens spokeswoman, Siemens treated the congressman, Mr. Jackson and their wives to a weekend in New York, including airfare, lodging and tickets to the United States Open and "The Lion King."

An Informer Wears a Wire

But before long, nearly all of iGate's sales initiatives had stalled or begun to crumble. The Army had to pay for the war in Iraq and the fight against terrorism. The biggest phone companies had decided to extend their fiber-optic networks or develop triple-play switches with other suppliers.

Ms. Mody, meanwhile, had become suspicious, and in March 2005, she agreed to wear a wire for the F.B.I.

Over the next several months, she recorded conversations in which Mr. Jefferson pushed for 30 percent of her profits. According to court documents, he suggested that 3o percent go to a Nigerian company owned by his daughters, and that both his sons-in-law be involved in the deal. The F.B.I. said he asked Ms. Mody for $100,000 to bribe Nigeria's vice president, and agents found nearly all of it in his freezer.

The wire also captured the congressman telling Ms. Mody that he was frustrated with how Mr. Jackson was running iGate, and asking her to help ANJ buy a controlling interest and replace Mr. Jackson. According to the F.B.I., he told Ms. Mody, "I'm in the shadows, behind the curtain."

Three days later, on July 15, 2005, at the Washington breakfast, the congressman revealed his takeover plan to Mr. Jackson, proposing that iGate be merged into a new company, with Mr. Jackson's ownership shrinking to 3 percent from 60 percent, said Mr. Harper, the iGate lawyer. Mr. Jackson was offered an incentive: $500,000 in cash and two years on the company's payroll, at a total additional salary of $1 million. But he rejected the deal, Mr. Harper said.

Since the case became public that August, Mr. Pfeffer, the former Jefferson aide, has pleaded guilty to conspiracy charges. IGate has rescinded nearly all the Jefferson family's stock grants. Siemens has severed its ties with Mr. Jackson, and iGate has closed its offices and furloughed its staff.

But even with his looming prison term, which could be reduced if he continues to cooperate, Mr. Jackson has not given up on his dream of providing broadband access both here and in the developing world. He remains disappointed in how slowly the phone companies have upgraded broadband services, and he continues to talk to investors about providing more bandwidth over leased phone or power lines, he said.

He has also become a minister at the Spirit of Peace Missionary Baptist Church here.

The pastor, R. Z. Miller, said that at first he was afraid the scandal might have set Mr. Jackson on "a run for the cross." But he said Mr. Jackson recently preached about his struggle to embrace forgiveness and atone for his mistakes. "I told Vernon that even though I teach forgiveness," Mr. Miller said, "I don't know if I could really forgive like he has."

Katrina Task Force Charges 400 With Fraud In 1st Year (FEDTIMES)

By Aimee Curl

Federal Times, September 16, 2006

More than 400 people have been federally charged with Hurricane Katrina-related fraud since Attorney General Alberto Gonzales convened a task force to investigate the cases last September.

According to Gonzales, charges have been filed in 30 federal districts in all U.S. regions.

"To take advantage of the devastation and recovery efforts in the Gulf Coast is both shameful and illegal," Gonzales said in a statement. "We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed by hurricanes Katrina, Rita and Wilma."

The Hurricane Katrina Fraud Task Force reported that as of last month, the Federal Emergency Management Agency had received more than 2.5 million applications for disaster assistance related to the 2005 Gulf Coast hurricanes. While most of these applicants had legitimate needs, the task force found that numerous people committed fraud in seeking benefits to which they were not entitled.

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According to the task force, criminals often seek to exploit perceived systemic weaknesses in oversight or internal controls associated with disaster relief programs. The task force found that these people often work in groups.

In one example, 48 Mississippi residents were charged with creating and submitting fraudulent debris removal slips totaling more than $700,000. Four of these people were indicted for conspiracy.

The task force also found that insiders had exploited the system.

"A particularly distressing pattern of criminal activity has involved individuals who use their positions with governmental agencies and charitable organizations to exploit the disaster relief programs they are supposed to protect," the report said.

The task force encouraged reporting of possible fraud.

Vast Majority Of Katrina Fraud Complaints Not Investigated (NEWHOUSE)

By Sean Reilly, Newhouse News Service

Newhouse News Service, September 16, 2006

WASHINGTON -- The Gulf Coast was still drying out last September when federal officials promised aggressive action against fraud stemming from Hurricane Katrina. A year later, complaints of disaster aid abuse are pouring in to one key watchdog entity -- the U.S. Department of Homeland Security's inspector general's office -- but only a small fraction have resulted in investigations, government figures show.

By the end of last month, the inspector general had received more than 11,000 such complaints for fiscal 2006, which ends Sept. 30, according to statistics provided by the office. Of those, 999, or about 9 percent, have been pursued, the numbers indicate.

Asked why such a low proportion of fraud allegations appear to be getting attention, spokeswoman Tamara Faulkner said via e-mail that all are reviewed, but some don't warrant further action.

Even if a complaint furnished only a little information, Faulkner said, "it would be evaluated, and a determination would be made on a case-by-case basis" whether to pursue an investigation or refer it to the Federal Emergency Management Agency or some other branch of the homeland security department.

At the same time, she said, some complaints are closed out-of-hand, because they lack "specificity or clarity."

As a rule, however, the inspector general "has to pursue those cases that have the biggest economic impact and seem the most believable," said Clark Kent Ervin, who headed the office in 2003 and 2004, in e-mailed answers to questions. "One can't go after every `nickel and dime' claim because there are too many of them and too few resources."

With 490 employees, the inspector general is a major gatekeeper for complaints of fraud, waste and abuse affecting a wide range of homeland security programs, including emergency aid. Since the homeland security department's creation in 2002, the office has won praise for its hard-hitting inquiries into subjects ranging from port security spending to the training of airport screeners.

After Hurricane Katrina struck in August of last year, the inspector general set up a special oversight operation that has since issued dozens of audits and reviews aimed at ensuring wise use of disaster assistance funds. That class includes emergency payments to households, money funneled to local governments for debris removal and payments to contractors.

But Katrina was just one in a string of storms to hit the Gulf Coast region in the last two years. Allegations of FEMA fraud have shot up almost 900 percent since fiscal 2004, while the size of the inspector general's staff has increased only about 9 percent, according to government numbers.

"Clearly, the figures underscore that more people are needed," said Leslie Phillips, a spokeswoman for U.S. Sen. Joseph Lieberman of Connecticut, the top Democrat on the Senate committee that oversees the homeland security department.

A spokeswoman for the committee's chairwoman, U.S. Sen. Susan Collins, R-Maine, did not respond to requests for comment. Also not reachable were spokespersons for the Republican chairman and top Democrat on the House homeland security committee. In June, the House passed legislation stiffening penalties for fraud related to disaster relief.

The bill, which still needs Senate passage, won House approval soon after congressional investigators concluded that FEMA dished out between $600 million and $1.4 billion in improper and potentially fraudulent payments following Katrina and Hurricane Rita.

The inspector general is also part of the Hurricane Katrina Fraud Task Force, a combined federal effort announced by Attorney General Alberto Gonzales last September.

Saying he would need more information, Justice Department spokesman Bryan Sierra declined comment this week on the figures showing the low proportion of inspector general investigations. While the task force says its work has produced federal prosecutions of more than 400 individuals, Sierra did not know the total number of complaints received by all the agencies -- such as the FBI and the U.S. Postal Inspection Service -- that are participating.

Many of the allegations received by the inspector general involve allegations that FEMA gave money to people or companies who weren't supposed to get it, according to brief summaries obtained under the Freedom of Information Act.

In the summaries, all personal identifying information was blacked out, making it impossible to know whether the complaints stem primarily from ordinary citizens or other sources.

One complaint filed last year, for example, charges that an individual got $19,500, evidently for a home that suffered no flood damage.

Another claims that a nursing home received $50,000 "for a security camera that was not working prior to the disaster," the summary states. The inspector general has closed both cases, apparently without taking action, the summaries show.

They also reflect complaints from workers who say that FEMA contractors or subcontractors failed to pay them what they were owed. As a rule, the inspector general refers such complaints to FEMA's legal office, Faulkner said.

In most cases, FEMA takes no further action, spokesman James McIntyre said in an e-mail, "as these are not employees of a contractor the agency hired or has responsibility for paying."

Officials Want Former Governor In Prison (AP-Y)

By Mike Robinson

AP, September 16, 2006

Former Gov. George Ryan should not remain free while appealing his racketeering conviction and should start his prison sentence as scheduled Jan. 4, prosecutors said Friday.

Authorities argued in court papers that decisions made by U.S. District Judge Rebecca R. Pallmeyer during the seven-month trial of Ryan and co-defendant Larry Warner were likely to be upheld by appeals judges.

Ryan, 72, and Warner, 67, were convicted April 17 of racketeering conspiracy, mail fraud and other offenses involving corruption when Ryan was secretary of state in the 1990s and later governor. Ryan was sentenced to 6 1/2 years in prison.

Whether Ryan gets to remain free on bond is likely to depend on whether judges believe his appeal stands a good chance of winning him a new trial.

Ryan's attorneys said the dismissal of two jurors who were replaced with alternates means Ryan could easily win a new trial. They said that unauthorized documents brought into the jury room poisoned the deliberations.

Prosecutors took sharp issue with that contention, and warned of the "dangers that freely granting bond pending appeal pose to public confidence in the judicial system."

Bush Campaign To Donate Illegal Donation (AP)

AP, September 16, 2006

Donations that a former coin dealer funneled to President Bush's re-election campaign will be given to charity, barring further directions from authorities, a spokesman for the Republican National Committee said Friday.

Tom Noe, 52, has admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush-Cheney fundraiser. He was sentenced Tuesday to two years and three months in prison on three charges, including exceeding federal campaign contribution limits.

Prosecutors said Noe gave $45,400 directly or indirectly to 24 friends and associates who made the donations in their names, allowing him to skirt the $2,000 limit on individual contributions.

Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted a false campaign report to the Federal Election Commission.

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The campaign already has donated $6,000 it received from Noe and his wife, Bernadette, to charity, said Aaron McLear of the Republican National Committee, which represents the inactive Bush campaign.

"Barring any further directions from authorities, Bush-Cheney '04 will also voluntarily donate the $45,400 that was the subject of this investigation to charity," he said.

McLear said it had not been determined which charity would receive the money.

Noe still is charged with stealing at least $1 million from an ill-fated $50 million rare coin investment that he managed for the state workers' compensation fund. Investigations into the coin investment led to Gov. Bob Taft's no contest plea and conviction last year to charges that he failed to report gifts, such as golf outings.

Noe, who also was fined $136,200 Tuesday, will not have to serve his prison sentence for the Bush donations until after the conclusion of the coin investment case, which is set for trial next month. He has pleaded not guilty to 46 charges.

Chat Rooms Are Identity Thieves' Street Corners (KCS)

The Kansas City Star, September 16, 2006

NEW YORK (Dow Jones/AP) -- On a weekday afternoon in a chat room, hackers are busy exchanging credit-card numbers, cash, hacked servers, information and stolen identities.

A hacker called Pinokio logs on and posts six identities, known as ``fulls."

``Mesage (sic) for trade with me :)" he writes.

A ``full" contains enough information to take a thief on a multiyear identity theft ride, as it will include someone's Social Security number, home phone number, e-mail account and password, debit card PINs, credit-card numbers, and mother's maiden name. Hackers like Pinokio sell them in bulk for $1 to $5 a pop in an international ring of credit ``carders," as sophisticated as it is blatant.

Welcome to the world of identity theft, a market that costs the U.S. economy $56.6 billion last year, according to a study by Javelin Strategy & Research using methodology developed by the Federal Trade Commission.

The problem's so prevalent that financial advisers guiding America's affluent through investment decisions now want training on how to deal with the crime. Indeed, Charles Schwab Corp. is holding a session at its upcoming Impact 2006 conference in November on how to teach clients about the problem. Vanguard Group Inc. added a ``Security Center" section to its Web site to teach consumers about identity theft and other issues.

That's all the more significant given that the rich seem most at risk. While 4 percent of Americans fell victim to identity theft in 2005, 6.38 percent of households earning more than $150,000 reported fraud, the Javelin survey found.

``Ten years ago it was a bunch of frustrated teenagers who had something to prove," said Supervisory Special Agent Thomas Grasso Jr. of the FBI's cyber division. ``Now, it's all about the money."

There are several reasons hackers like Pinokio post these identities: to show he has good data and there's more to be had, to raise his status in the underground or to muddy the waters of any potential investigation by getting others to use a card he's already used.

``The other 240 hackers can get it right now and hammer this credit card in the next 10 minutes, and there is no way for a law enforcement officer to see who ordered first," said Dan Clements, chief executive of CardCops Inc., an Internet-security company based in Malibu, Calif.

Pinokio may have one more motive: bonding. The chat room's a community, said Clements. ``They're a brotherhood."

One of the stolen identities Pinokio posted belongs to Brandee Sissom. Her trouble began about a year ago, when she began receiving letters about credit-card accounts for which she had never applied. Credit reporting agency Equifax Inc. told her that people had been trying to open accounts in her name.

She recently noticed three charges for $25.90 from AOL on her credit card, canceled them and filed a complaint with AOL. The day her stolen data had been posted in the chat room, an anonymous caller told her that her Social Security number was compromised. But she still hasn't been able to change it.

``I have cancer, and I'm extremely tired all the time," Sissom said. ``And if you've ever been in a Social Security office; it's a long wait, and I don't have the time or energy to wait."

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She put 90-day and year-long alerts on her credit. She said she has no idea how her information got online. ``I'm really careful with my credit information," Sissom said. ``I chop up everything."

The 363 hackers in the chat room are gathered together under the aegis of the room's administrators, the top dogs of this particular group. The chat room is hosted on Internet Relay Chat, more commonly known as IRC. At any given time there are thousands of chat rooms open, about 30 to 40 discussing credit-card information. This is one of the more popular ones. Anyone who knows the name of the room can log in.

According to the Secret Service, most carders are based in the former Soviet Union or Southeast Asia. Some, Clements, the CEO from CardCops, said, claim to make $10,000 to $20,000 a month.

``We haven't really seen any (other) illegal activity, (such as) drugs," said Scott Johnson, Secret Service Criminal Investigative Division's acting special agent-in-charge. ``They're too busy rolling on their piles of money."

The administrators are marked by an ``" symbol next to their name. They have what the FBI's Grasso called channel ops, meaning they can kick people out of the room and set passwords, as well as load programs onto the page, allowing the hackers to check the validity of stolen credit cards in real time.

An administrator will use a hacked merchant credit-card account, check the information and post it in the room. Typically, they don't actually charge the cards; instead they run authorization transactions, which don't cost the cardholder anything but confirm whether a given card is valid. The merchant takes a hit for the minimum transaction fee, usually about 10 cents, and the consumer is none the wiser.

Though there is no agency tasked with culling chats for consumer data, the FBI and Secret Service do occasionally monitor the rooms.

Eric Zahren, a spokesman for the Secret Service, said that he couldn't ``discuss or confirm" that the Secret Service monitors chat rooms, but did say that ``we've proved we can operate in the same environments" as the hackers.

The Secret Service, which was empowered by Congress to combat computer fraud, has 24 electronic crimes task forces across the country and 20 foreign offices working with local law enforcement on the issue. Their strategy is to go after top-tier carders, people who have millions of individuals' information at their disposal.

The Secret Service said it recently brought agents from Latvia and Lithuania to the United States for training on cyber crimes, and currently it is now running a training program in Thailand.

Cathy Milhoan, an FBI spokeswoman, said the agency doesn't have ``teams of people" monitoring these rooms ``24 hours." She said it monitors the rooms only when it has a ``legal reason for being there."

Since the FTC started tracking numbers in 2003, the total number of identity thefts annually has fallen 12 percent to 8.9 million from 10.1 million. But simultaneously the total cost of fraud has risen 6 percent to $56.6 billion from $53.2 billion, as the average amount of fraud per victim has risen 17.8 percent to $6,383. The most vulnerable age range is 25 to 34, with fraud affecting 5.4 percent of the U.S. population compared with 2.3 percent of people over the age of 65.

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Jackson Mayor Is Indicted Over Crime-Fighting Tactics (NYT)

By Shaila Dewan

The New York Times, September 16, 2006

ATLANTA, Sept. 15 — The mayor of Jackson, Miss., was indicted on six felony charges Friday after months of criticism and warnings that his unorthodox crime-fighting tactics might put him on the wrong side of the law.

Among the counts now faced by the mayor, Frank Melton, are burglary, malicious mischief, illegally carrying a gun and causing a minor to commit a felony. The most serious of the charges against him carry sentences of up to 25 years, said the local district attorney, Faye Peterson.

The mayor's supporters called the charges politically motivated and said he would not resign.

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Some of the charges stem from a sheriff's investigation of the night of Aug. 26, when the home of Evans Welch, a man with a history of mental illness and petty crimes, was attacked by a sledgehammer-wielding group of young men without warning or permit.

Witnesses said Mr. Melton, who often patrols the city at night with the police and a group of teenage followers, had directed the demolition of the house, which he said was known as a place to buy illegal drugs. His two police bodyguards are also charged in connection with that event.

Dale Danks, Mr. Melton's lawyer, issued a statement acknowledging that damage had been done to "the drug house" and that "maybe better judgment could have been used."

"But," the statement said, "the charges that have been made against Mayor Melton are an extreme and excessive reaction."

Mr. Melton was also charged with carrying a gun on the campus of the Mississippi College School of Law, in a public park and in a church. The first is a felony; the two others are misdemeanors. All three of these cases had been referred to the local authorities by the state attorney general, Jim Hood, who had earlier written Mr. Melton a letter warning that he could not legally carry a gun in such places.

Mr. Melton, a former television executive, took office in July 2005, promising to lower the crime rate in Jackson, the state capital. He personally oversaw those efforts, drawing attention for going on nighttime raids, using the Police Department's only mobile command unit and wearing a police jacket and badge.

After The Clarion-Ledger, Jackson's daily newspaper, reported that he made a habit of traveling with guns, the federal Transportation Security Administration, the paper said, requested that he no longer carry guns aboard commercial airplanes, as he had under a waiver granted to law enforcement personnel.

In April, Mr. Melton used a police car to pull over four school buses on a highway so that, he said, he could talk to the children and hug them.

After a grand jury returned the indictments Friday, the mayor surrendered, posted a $50,000 bond and was released on condition that he refrain from using law enforcement vehicles, carrying firearms or supervising minors.

CIVIL LAW:

Judge Blocks Strike At Northwest (NYT)

By Jeff Bailey

The New York Times, September 16, 2006

A federal judge yesterday blocked a threatened strike by flight attendants at Northwest Airlines in a ruling that could strengthen the hand of struggling airlines that seek to reduce labor costs.

The flight attendants said they would appeal.

A prolonged labor disturbance could have forced Northwest into liquidation. Yesterday's decision, which affirms a temporary ruling last month, forces the airline's roughly 9,000 flight attendants to keep working at reduced wages and benefits, which the company says will save it $195 million a year.

Judge Victor Marrero of United States District Court in New York issued a preliminary injunction preventing flight attendants at Northwest from striking or taking other job actions. He also said in a written order that the bankruptcy judge overseeing Northwest's reorganization had erred in not issuing an injunction against a strike. In August, Judge Allan L. Gropper of Federal Bankruptcy Court for the Southern District of New York had said he did not have the authority to block a strike.

In his ruling yesterday, Judge Marrero noted that Congress, in passing a host of labor laws that apply to airlines, has made it clear that keeping the nation's transportation system operating is vital. Northwest, which is based in Eagan, Minn., is the nation's fifth-largest carrier.

Northwest's other major work groups have either agreed to reduced pay-and-benefits packages or have had terms imposed on them. The carrier, in bankruptcy for nearly a year, is seeking to cut labor costs by $1.4 billion annually, sharply cut other operating expenses and raise capital. It hopes to emerge from bankruptcy early in 2007.

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The judge's order "allows our customers to continue to book Northwest Airlines with confidence," said Douglas M. Steenland, president and chief executive.

Flight attendants were disappointed and said they planned to appeal.

"This fight isn't over," said Mollie Reiley, who heads the Northwest chapter of the Association of Flight Attendants. Flight attendants contend that Northwest does not need all the cuts it is seeking.

The case is a complicated one, involving three sets of labor laws and the federal bankruptcy statute. Judge Marrero said in his order that there was no direct precedent in the case. Under bankruptcy law, a company can gain release from an existing labor contract and impose new and reduced terms on workers, with court approval.

The threat of such an action has typically been enough to persuade workers to agree to a new contract at reduced pay. Earlier this year, the union leadership of the Northwest flight attendants twice agreed to new terms. But both times the rank and file rejected the proposed contracts.

So Northwest imposed pay and benefit cuts and longer hours on the flight attendants. At issue in this case is whether such new terms release the workers from the bargaining process and allow them to strike.

Judge Marrero, however, said in his order that imposing new terms is a temporary measure and that both sides remain bound to the mediated bargaining process.

If workers were allowed to strike when terms were imposed by a bankrupt carrier, the right of companies to impose new terms would be "a suicide weapon," he wrote. That would undermine the bankruptcy law, he added, and make it harder for companies to avoid liquidation.

CIVIL RIGHTS:

Euclid Council Drafts Law To Propose New Districts (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, September 16, 2006

Euclid- The city might redraw ward boundaries while also contesting a federal lawsuit that accuses the city's existing election system of keeping black candidates out of office.

Council President Ed Gudenas has drafted legislation that would give City Council the authority to propose new districts to ease a "statistical imbalance in population" in time for the 2007 election. The legislation is listed on the agenda for Monday's council meeting.

Hilary Taylor, the attorney representing the city in the Department of Justice lawsuit, said City Council might lack the authority to adopt a redistricting plan without voter approval.

Mayor Bill Cervenik said Friday his administration has been kept in the dark by council regarding redistricting.

"Not including the administration in discussion about this is very detrimental to what we're trying to do," Cervenik said. "But at least this measure shows that council is willing to look at adjusting borders."

The city has struggled to compromise with the Justice Department ever since a three-year investigation concluded that too many at-large council seats and districts that cover a large geographic area have diluted minority voting strength.

The city has never elected a black official, though more than 30 percent of its residents are black.

In June, Justice Department officials proposed that the city break four wards into eight smaller districts - each with a City Council member - and eliminate all at-large seats except for council president.

Currently, five of the nine council members, including the council president, are elected citywide.

Instead of accepting the proposal, Taylor recommended city officials demand evidence collected during the investigation before agreeing to redraw districts. Less than a month later, the Justice Department filed suit against the city.

Since then, court filings show that the city has continued to defend its current electoral system and demand a definitive explanation of the charges.

The city has challenged the Justice Department's claim that a diluted black vote - rather than a lack of black candidates or low voter turnout - is to blame for a dearth of black city officials.

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Under the current system, black voters get a chance to vote for all four at-large seats and potentially harness their voting power for a candidate in each of the slots. The city argues that if districts are redrawn, as the Justice Department has proposed, the black vote could be confined to only two wards - creating six "super-majority" white wards in the rest of the city.

The city also contends that the Justice Department relied on inadequate census data that do not accurately reflect the demographics of the city.

In court records, the city provided results of a city-commissioned study of population changes since the 2000 census that found that more than 30 percent of Euclid's population is black and that at least one of the existing wards is predominantly black. Taylor argues this could naturally achieve the Justice Department's goals.

The Justice Department declined the city's request for more information about the charges and claimed that the demographic data the city provided is inadmissible evidence without expert testimony to back it up.

Taylor said the redistricting proposal would be an attempt to find middle ground with the Justice Department, rather than defend the city's current electoral system to the end.

"You can have a great case, but how much justice can you afford?" Taylor said. "We believe our system is defensible. But if we travel the whole path of litigation - I can't imagine how much it would cost this city."

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Woman's Monkey Barred From Restaurants (SPRINGNL)

By Sony Hocklander, News-Leader

Springfield (MO) News-Leader, September 16, 2006

A Springfield woman filed a complaint with the federal government Friday after the Springfield-Greene County Health Department declined to reverse a decision barring her from taking her monkey into businesses that serve or handle food.

"I didn't feel I had any choice," said Debby Rose, holding her monkey during and after a meeting with Director of Health Kevin Gipson and Assistant Director of Health Ron Boyer.

Rose said her monkey, Richard, is a service animal that helps her cope with a debilitating anxiety disorder, which includes a racing heart, high blood pressure and panic attacks in certain situations -- particularly public activities. Richard helps relieve that and, according to the Americans With Disabilities Act, she said, he should be allowed into public food places.

Gipson maintained the health department's position that, according to its interpretation of ADA law, the monkey is a therapy animal or a pet -- not a service animal — and therefore not allowed in food establishments. According to health department research, "a service animal by definition has to perform a physical function for that person," Gipson said.

Gipson said he would reverse the decision if the federal government says Rose's monkey is a service animal. He encouraged Rose to file a complaint.

"What I need is something from the federal government, official, that tells me that that indeed is a service animal," he said. Even then, he added, there would be limitations on what the animal could do in the establishments, such as eating.

Shelby Butler said the ADA's definition for service animals has expanded. Butler, who attended the meeting to advocate for Rose, is an access specialist from Southwest Center for Independent Living, a not-for-profit organization that's federally mandated to assist people with disabilities. She also helped Rose file the complaint.

Butler said it wasn't the department's place to determine if Richard is a service animal. She also said that the ADA covers any disability that prevents a person from performing regular life functions.

Though the service he performs is a gray area, she said, "there have been instances where an emotional support animal has fallen under that category."

Rose said her disorder prevents her from going into crowded public places, such as grocery stores, ball games, restaurants and shops.

Without her monkey, she said in the meeting, "I can't function anymore. I can't go anywhere or do anything."

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Butler scheduled Friday's meeting after the health department sent approximately 1,000 letters, dated Sept. 5 and naming Rose, to Greene County food establishments. It stated that businesses would violate a critical food code if they allow Rose to enter with her monkey.

Boyer said the letter resulted from five complaints the department received after Rose and her family dined recently at a buffet restaurant where Richard sat in a high chair and ate with the family.

He said there have been a dozen or more complaints about Rose over the past year, though he did not have documentation. Jim Fry, environmental health coordinator, later said there were 10 complaints.

Rose filed a Title II discrimination complaint under the ADA. In addition to the health department, it names Gipson and Boyer.

Butler said it could take several months to hear back from the Justice Department's civil rights division. They filed under Title II because it covers state and local governments, she said. A government decision might be based on the information gathered, Butler said, or it could go to federal court for a judge to decide.

Rose said she worries about how she'll cope without taking Richard into places like the grocery store: "I just don't think I could manage that again."

Islamic Group Puts Challenge To FBI Agents (COLDT)

By Janese Heavin, of the Tribune's staff

Columbia (MO) Daily Tribune, September 16, 2006

Meeting an effort to bridge IARA fallout.

A group of local Muslims aimed loaded questions at an FBI agent last night and fired point blank.

Does the FBI seek out Muslims as criminals? Is the government inventing new rules on a daily basis to entrap Muslim-Americans? What does the FBI think about Muslims in general?

Thorny questions, all of which were directed at FBI Supervisory Special Agent Richard Thornton as he addressed members of the Islamic Center of Central Missouri in Columbia.

Thornton and Agent Stewart McLaren visited the group in an effort to rebuild bridges between law enforcement and Muslims, bridges that might have crumbled when the FBI shut down the Islamic American Relief Agency in Columbia two years ago. Agents seized computers and belongings from the organization, searched the home of Director Mubarek Hamed and froze bank accounts with hundreds of thousands of dollars earmarked for charitable purposes.

U.S. Treasury officials contend the Columbia-based charity was the U.S. affiliate of a Sudanese charity, the Islamic African Relief Agency, which is accused of supporting al-Qaida and its predecessor, Maktab al-Khidamat.

"There is a lot of mistrust because our charities were closed with sealed evidence," said Corey Brand, president of the ICCM. "They suspected money was going to support terrorism. I certainly don't believe it was. I'm not aware of any charges being filed."

Thornton was careful not to discuss the charity closure in detail because it's still under investigation, but he told the group he thinks the act was justified.

"My belief as an FBI agent and representative of the United States is that it was legal and constitutional and fair, in the legal sense of fair," he said.

Other members asked whether they would be targeted if they donated money to the IARA, considered a "designated charity" since it has been shut down.

"I'm not aware of a situation where the U.S. government is looking at the average contributor to a designated charity as anything other than a victim," Thornton said. "With significant donors, there's a chance federal agents may want to talk to you about it."

Typically, significant donors stay in touch with executives of a charity to ensure the money is being used properly, he said. "If you're somebody who left or gave a significant contribution to a charity, there's a decent chance there has been that discussion."

Thornton would not specifically answer one of the most direct questions of the evening: Does he believe Muslims are the peace-loving people they say they are?

"That's a loaded question," he said. "I don't think I can take 700 people from any demographic and generalize."

Muslims reiterated last night that a few extremists do not represent their religious beliefs.

"You can find examples of extremism in every group and every culture," Brand said. "You can't take a few examples and condemn a whole culture or religion or race because of that."

Thornton expressed the same idea later in the evening, saying if he pulled together a similarly-sized group of doctors, farmers or any other subgroup in town, more than likely one person in the group would at some point in time have had or will have a run-in with the law.

It's a tricky tightrope, especially when certain subgroups have a history of terrorism.

But Thornton did assure the group that the FBI isn't "out to get" Muslims. After one man said he felt as though he "walks on eggshells" when it comes to the law, Thornton said the FBI has enough legitimate concerns to look into without having to find ways to get people.

But he didn't deny wire-tapping and other surveillance are used in Mid-Missouri.

"My job is to balance and protect the country while protecting individual liabilities. I have to protect everybody," Thornton said. "If there's a threat or possibility of a threat, I have to investigate that the best I can."

The federal government has internal checks and balances to ensure surveillance is done according to law, Thornton told the Tribune.

"I took an oath to defend and protect the Constitution of the United States," the 19-year FBI veteran said. "Part of that is to protect this country from terrorist attacks and to also protect individuals from being attacked" unfairly.

He assured the group that if any of them "ever come under scrutiny," the FBI would "do it fairly and constitutionally."

Reach Janese Heavin at (573) 815-1705 or jheavin@tribmail.com.

ANTITRUST:

'We Won't Pass The Bill' (FWST)

By David Wethe

The Fort Worth Star-Telegram, September 16, 2006

DALLAS -- The latest attack on the Wright Amendment compromise, which stripped antitrust immunity from the proposed legislation this week, is a potential deal breaker, said Sen. Kay Bailey Hutchison, R-Texas.

"We won't pass the bill in the form it came out of the Judiciary Committee," Hutchison told reporters Friday after a lunchtime speech in Dallas.

"We're not going to open up a can of worms. We'd have to bring the bill down. We couldn't pass it," she said.

On Wednesday, the House Judiciary Committee agreed to cut language that gave the bill protection from claims that it violates federal antitrust laws.

"What we're trying to do of course with this bill is create a certainty about what the rules are going to be in this area," Hutchison said.

"We couldn't attract new airlines, which we want to do to add competition, if they knew that this interpretation would have to go through years of litigation to know what the rules are going to be."

The committee's action was a victory for the owner of the former Legend Airlines terminal, which is slated for condemnation by Dallas.

The owner, Love Terminal Partners, said talk of tearing it down killed an imminent deal to sell the vacant six-gate terminal for $100 million. Love Terminal has since sued the five local parties that struck a compromise on Wright -- American Airlines, Southwest Airlines, Fort Worth, Dallas and Dallas/Fort Worth Airport.

The deal calls for Dallas Love Field to shrink to 20 gates from 32, for through-ticketing to anywhere in the U.S. immediately and for lifting all Wright restrictions after eight years. Currently, the law limits flights from Dallas to Texas and eight nearby states.

The Love Terminal suit claims that the deal violates antitrust laws because it doesn't allow enough room for other airlines to compete at Love Field.

Several other airlines, as well as antitrust scholars, consumer groups and a neighborhood group near Love Field, have raised similar concerns.

The mayors of Dallas and Fort Worth and other key dealmakers from the airline and D/FW Airport have said the agreement has no antitrust violations.

Several versions of the Wright compromise bill are in Congress.

They must be reconciled and passed by the House and Senate before the end of the year, or the deal is dead, according to the local agreement.

Kevin Cox, D/FW's chief operating officer, stopped short of agreeing with Hutchison that the bill passed by the Judiciary Committee is a deal breaker.

"Obviously, if the senator is in charge of the Senate process and she feels that way, we will absolutely follow her," Cox said. "However, we're still hopeful that with her leadership and with the leadership of the House, we'll be able to find resolution on this."

The mayors could not be reached for comment Friday but said earlier this week that they didn't view the lack of antitrust immunity as a deal breaker. Dallas Mayor Laura Miller told the Star-Telegram on Wednesday that although she viewed it as a problem, there will be a way to work out the differences.

Hutchison has until Oct. 6 to work things out before lawmakers go home to campaign for the upcoming elections. They will return for a short, lame-duck session in November, but she said she's trying to get everything done now.

A bad bill is worse than no bill, Hutchison said. "But a good bill is the goal in September."

U.S. House Judiciary Committee, judiciary.house.gov

Hutchison: Wright Won't Pass Without Antitrust Exemption (DALLBIZ)

Dallas Business Journal, September 16, 2006

Without the antitrust exemption that was stripped from the Wright Amendment bill by the House Judiciary Committee earlier this week, the bill will have to be brought down, said the bill's author.

"We won't pass the bill that came out of the Judiciary Committee," Sen. Kay Bailey Hutchison, R-Texas, told reporters Friday. "We'd have to bring it down. We couldn't pass it."

Hutchison said the absence of the antitrust immunity opens up the parties involved to legal battles.

"We're trying to stop the years of litigation that we think have caused so much pain in this district," Hutchison said.

Her comments came during a question-and-answer segment following a speech she gave at the North Texas Commission's 35th anniversary luncheon at the Hilton Anatole in Dallas Friday.

Hutchison introduced the bill in the House, which appeared to be on a fast track until antitrust concerns were raised.

The legislation, which is based on a local compromise between the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and the D/FW Airport board, calls for lifting Wright restrictions by 2014.

In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. That has sparked anticompetition complaints, including a lawsuit filed by the owners of the gates.

Soon after the bill was introduced, an unsigned letter purportedly from the Justice Department's Antitrust Division, began circulating on Capitol Hill that raised antitrust concerns.

"What we've been trying to do with the bill is bring a certainty," Hutchison said.

Hutchison says the area won't be able to attract airlines if they aren't sure of the playing field.

Dallas-based Southwest Airlines (NYSE: LUV) spokeswoman says the airline also is supportive of the original bill, which included the antitrust provision. Without it, "it would be like throwing the agreement into the lion's den with no whip," she said. "That is not something that any of the parties would want to jump in to."

"It is my highest priority," she said of the bill. "I lose sleep every night."

Hutchison told reporters she hopes to have a solution this month. She says she is constantly trying to come up with the language that will push the bill through Congress.

Dynegy Eyes Deal For Power Plants (CCT)

By Rick Jurgens

The Contra Costa Times, September 16, 2006

Dynegy Corp., a financially troubled energy merchant affiliated with San Ramon-based Chevron Corp., plans to acquire a power plant portfolio from LS Power Group that includes about 15 percent of Northern California's electricity supply and an interest in a large Nevada coal project.

The proposed deal will cut Chevron's ownership interest in Dynegy from 20 percent to 12 percent but add to Chevron's stake in the coal industry, which is targeted by environmentalists concerned about rising atmospheric carbon dioxide levels that fuel global warming.

Dynegy will emerge from the deal with a 20,000-megawatt fleet of nonutility power plants that includes "a new strategic position in the California market," according to a news release. A megawatt is enough electricity for 750 houses.

"We support this transaction as an opportunity for them to grow the company," said Don Campbell, a Chevron spokesman.

Chevron, through Dynegy, would get a minority interest in 3,700 megawatts of generating capacity in Northern California, including big natural gas-fired plants in Morro Bay in San Luis Obispo County and Moss Landing in Monterey County, and a smaller oil-fueled plant in Oakland. LS Power acquired those properties in May as part of a $1.6 billion deal with Duke Energy Corp.

LS Power's growth plans mainly involve power plants that burn coal, a fuel that is abundant, relatively cheap but loathed by environmentalists. Coal-fired plants emit carbon dioxide at a much higher rate than natural gas-fired plants, while nuclear and hydroelectric plants emit virtually no greenhouse gases.

Chevron said in a recent corporate responsibility report that it shares "the concerns of governments and the public about climate change" and that it had slightly cut such emissions in 2005, to 61.7 million tons. Power from Chevron geothermal properties in Indonesia and the Philippines had helped reduce coal use there, Campbell said.

But burning of oil, gas and other products from Chevron produced 374 million tons of emissions in 2005, the report said. That included coal from Chevron's Pittsburg & Midway Coal Co. unit, which produced 14 million tons in 2005 and has reserves of 235 million tons in surface mines in New Mexico and Wyoming and an underground mine in Alabama.

Some in the power industry view legislated caps on carbon emissions as inevitable, and some companies are touting new technologies that cut emissions by gasifying coal and then burning it.

LS Power has instead opted to develop coal plants that burn pulverized coal, including a 665-megawatt "Plum Point facility in Arkansas (that is) the only coal-fired plant in the country currently under construction by (a nonutility) power producer." Darpan Kapadia, an LS Power spokesman, said that the company considered various design options and chose "the most efficient, commercially proven, clean coal technology."

LS Power has in the works an additional 4,000 megawatts of coal-fired capacity, including a 1,600-megawatt plant near the eastern Nevada town of Ely. Power from that plant and a nearby 200-megawatt wind project could help keep the lights on in Las Vegas, 250 miles away, said Eric Crawford, the project manager.

In the Dynegy deal, which requires approval from antitrust and energy regulators, LS Power will transfer its existing plants to Dynegy in exchange for a 40 percent stake in the company, $100 million and a $275 million promissory note. Dynegy will also get a 50 percent stake in LS Power's new plant development unit.

The deal comes four months after Dynegy paid off a $400 million loan from Chevron, whose interest in Dynegy extends back to 1996, when the oil giant contributed some natural gas operations to help create a Houston-based energy maker and trader that set out to emulate a better-known neighbor called Enron.

That path soon led to riches, especially in 2000 when natural gas and power prices skyrocketed and boosted the value of Chevron's ownership interest to $4.8 billion. But the price run-up sparked a financial crisis in California's newly deregulated electricity market, and triggered a fierce political backlash with Enron as the main target.

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At first, Dynegy saw opportunity in the troubles of its larger and more notorious competitor. With the help of a $1.5 billion loan from Chevron, Dynegy moved in to rescue and take over Enron. But the deal soon soured, and Enron filed for bankruptcy. Dynegy soon became mired in its own financial troubles and accounting scandal, its chief executive resigned, and the value of Chevron's stake plummeted.

The deal announced Friday marks a new beginning for the power merchant, and signals that it no longer demands financial and management attention from Chevron.

EU Competition Chief Outlines Goals (AP)

AP, September 16, 2006

EU Competition Commissioner Says Policy on Microsoft Differs Little From U.S. Approach

NEW YORK (AP) -- EU Competition Commissioner Neelie Kroes, involved in an investigation of Microsoft Corp., said Friday that the European policy toward the software company does not differ substantially from that of the U.S.

Kroes spoke Friday at the Council on Foreign Relations about fostering a global competition culture. She outlined three areas of policy development: combatting cartels, punishing those who engage in unilateral antitrust behavior and encouraging private damage suits that would serve the same purpose as regulation.

Of Microsoft, she said, "I'm not willing to say that there is a major difference in the way of thinking between the United States and ourselves."

The commission is investigating Microsoft over its Vista operating system. The investigation is the latest development in a case that dates to 2004, when it hit the software company with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July.

Microsoft has said its Office 2007 software will not include a way to save data in the popular Portable Document Format and that it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the feature.

On Friday, Kroes said the commission was engaged in a debate over policies that would foster private damage lawsuits over regulation. That would bring the European legal environment closer to that of the U.S.

"You, in the U.S., have traveled much farther down this road than in Europe," she said, adding that she hoped the commission would conclude its policy debate on the issue early next year.

ENVIRONMENT:

Possible Source Of Bad Spinach Is Named As Outbreak Widens (NYT)

By Julia Preston And Monica Davey

The New York Times, September 16, 2006

SAN JUAN BAUTISTA, Calif., Sept. 15 — As the number of cases of a virulent strain of E. coli linked to fresh prepackaged spinach grew to at least 94 in 20 states on Friday, federal health authorities identified an organic produce company here in California as a possible source of some of the tainted spinach.

By late Friday, 14 of the sickened people had grown gravely ill, the federal authorities said, and one had died, a 77-year-old woman in Wisconsin. Health officials said they were unable to determine if the outbreak was likely to spread further.

The company, Natural Selection Foods of San Juan Bautista, announced a voluntary nationwide recall of its Earthbound brands of prepackaged spinach and salad mixes as well as prepackaged spinach it processes for numerous other companies, including Dole. Prepackaged spinach has been processed, washed and sanitized and placed in airtight bags or plastic trays.

In a statement, the company said it had stopped shipping spinach products, had removed spinach from all of its salads and was cooperating with state and federal authorities by allowing them access to company facilities and products.

Speaking to reporters at the company's operation here, a spokeswoman said there was no conclusive evidence that its spinach was contaminated.

"We're obviously very, very upset," said the spokeswoman, Samantha Cabaluna. "This is a tragedy for us."

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Dr. David Acheson of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration said at a news conference that the F.D.A. did not have definitive evidence that Natural Selection Foods was to blame for the outbreak of illness. But people who have been sickened apparently ate its spinach, Dr. Acheson said.

"I want to emphasize that the investigation is ongoing," he said. "It is possible that the recall and information will extend beyond Natural Selection Foods and involve other brands and other companies at a later date."

At the company's headquarters here, set beside rows of vegetables, Ms. Cabaluna told reporters late Friday that company officials were distressed by the situation, and said that investigators had not reached conclusions about a possible tie to the outbreak.

Ms. Cabaluna said the company thought the recall was "the right thing to do." She added, "We are doing this voluntarily because we just want to be safe."

As grocers nationwide removed bags of fresh spinach from their shelves and restaurants took it off menus, health authorities said they were working to determine how the spinach might have come to carry the deadly bacteria. E. coli, which can live in cows' intestines without making the animals sick, is more commonly considered a risk for people who eat undercooked hamburger.

Health and agriculture investigators say the bacteria may have emerged at any number of points in the production process, from the field to the supermarket, making it more difficult to pinpoint the source.

In Wisconsin, which has reported the largest number of cases, Gov. James E. Doyle issued a plea on Friday for residents to call their doctors if they experience bloody diarrhea or other symptoms that might indicate E. coli and to throw out spinach still in their refrigerators.

"Simply washing it is not enough to protect you," Mr. Doyle said in a news conference in Milwaukee.

In addition to the woman who died, whom local health authorities described as a resident of Manitowoc County, 29 people in nine counties across Wisconsin have been sickened by E. coli, Mr. Doyle said.

Federal authorities reported one fewer case in Wisconsin, and state authorities here could not explain the discrepancy late Friday.

Ten of the cases in Wisconsin were confirmed since Thursday night, when the F.D.A. first announced the outbreak, and state health officials said they were still investigating at least four more suspected cases late Friday.

At least two federal lawsuits — one in Wisconsin and one in Oregon — have already been filed in connection with the outbreak. Both suits named the Dole Food Company as defendants. Officials at Dole did not respond to a reporter's telephone message.

In a suit filed Friday in the United States District Court for the Eastern District of Wisconsin, Paul and Anna Zientek said their two children had become violently ill and developed a condition that could lead to kidney failure after eating baby spinach in late August; one child remains hospitalized, the suit says.

In a telephone interview, Gwyn Wellborn, 27, of Salem, Ore., described how she ate baby spinach four days in a row at her office, then fell ill with unbearable abdominal pain and bloody diarrhea within days. At one point in her hospitalization, she said, the doctors told her they thought there was nothing more they could do, that she might die.

"It became very real," Ms. Wellborn said, "and very scary."

Milwaukee public health officials created a hot line for nervous residents and reported a "robust" number of calls with questions and worries. At grocery stores here, bins for raw spinach sat empty and produce managers said they had few inquiries about the product. Most people, it seemed, had heard about the outbreak by Friday morning and had no intention of buying spinach.

Bette Massaro, who was shopping in the produce aisle at Grasch Foods in Brookfield, Wis., where a clerk had moved some 100 bags of spinach to the back of the store early Friday, said she had already thrown away her bag of spinach at home. Ms. Massaro said did not intend to buy another right away, even when the immediate outbreak was over.

This is not the first time leafy greens have been deemed a problem in E. coli outbreaks. As recently as August, the Food and Drug Administration announced the development of the Lettuce Safety Initiative, "as a response to the recurring outbreaks" of

E. coli O157:H7, a strain associated with fresh and cut lettuce. Federal and state officials are in the middle of a review of lettuce farming and processing in the Salinas Valley of California, where Natural Selection Foods and other growers are located.

According to the F.D.A., there have been 19 outbreaks of the specific E. coli bacteria now under scrutiny since 1995, and 8 of the incidents were traced to leafy produce.

In Salinas, growers in the immense spinach fields were dismayed by the broad scope of the federal warnings not to eat any fresh bagged spinach. More acres of spinach are produced in California than in any other state; last year, American farmers produced 53,700 acres of spinach, 75 percent of it in California.

Robert Eli Perkins, the executive director of the Monterey County Farm Bureau, said the growers were staying out of the limelight and waiting for a decisive determination of the source of the contamination. They were worried, Mr. Perkins said, that the broad recommendation issued on Thursday against consuming any bagged spinach would confuse consumers and might leave a long-lasting taint on fresh spinach.

For now, though, Dr. Acheson said Friday night, consumers should avoid all prepackaged spinach and mixed salad products, and throw out any products that have already been bought. Rewashing spinach and salad mixes at home may only worsen the problem by spreading the contamination, he said. And if a restaurant fails to specify the source of spinach in its items, diners should avoid ordering raw spinach, he said.

In addition to the Wisconsin cases, federal authorities broke down the E. coli cases by states this way: Utah, 11; Ohio and New York, 7 each; Michigan, 6; Oregon and New Mexico, 5; Indiana, 4; Idaho, Pennsylvania and Kentucky, 3 each; Maine and Connecticut, 2 each; and California, Minnesota, Nevada, Tennessee, Virginia, Washington and Wyoming, one each.

Calif. Farm Firm Linked To Tainted Spinach (WP)

By Michael S. Rosenwald And Ylan Q. Mui

The Washington Post, September 16, 2006

Federal health officials last night linked a deadly E. coli outbreak in bagged spinach products to a California farm company that sells organic produce in 74 percent of the country's grocery stores.

Natural Selection Foods, widely known for its Earthbound Farm brand, yesterday recalled all its fresh spinach products, along with packaged salads.

The company also sells products under the Trader Joe's and Dole brands, among dozens of others.

Many of the people who have become ill reported eating Natural Selection products, but the Food and Drug Administration has not yet found the bacterium in the company's products. The outbreak has sickened nearly 100 people in 20 states, including one potential case in Virginia.

FDA officials warned consumers not to eat packaged spinach, and last night it extended the warning to packaged salad products that contain spinach, as well as spinach at restaurant salad bars. The strain of Escherichia coli that is making people sick is particularly virulent. The bacteria can cause severe vomiting and diarrhea, and some people can develop kidney failure.

The warnings came on a day when grocery stores and restaurant chains scrambled to pull bagged spinach off their shelves and menus. Wal-Mart Stores Inc. removed its bagged spinach from stores around the country. So did Giant Food, Food Lion and Safeway. Cosi, a popular lunch chain, took baby spinach out of its hand-tossed salad. The Ruby Tuesday restaurant chain decided last night to remove all spinach from its salad bars and entree salads.

At Whole Foods Market, which cleared its stock Thursday after initial FDA warnings, signs were posted explaining to customers why bagged spinach was not on shelves.

"We pulled all our spinach in the store, not only the bagged stuff but any of the fresh stuff and any products that had fresh spinach in them," said Sarah Kenney, director of marketing for the company's mid-Atlantic region. The stores communicated with each other via e-mail. "We get questions like: 'What about the spinach in this dip?' The response is: 'Just pull it.' "

Spinach is a nearly $300 million-a-year industry and has been growing with the popularity of packaged salads. While sales of canned spinach have fallen 14 percent, to $34 million, from 2002 to 2005, sales of packaged spinach have risen. Sales rose nearly 36 percent from 2002 to 2005, to $158 million, according to AC Nielsen.

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"I love spinach," said Ophelia Miranda, a District resident, who couldn't find it yesterday at a Whole Foods Market. "I'll stay away from it for a while."

Health officials made the link to Natural Selection Foods by interviewing patients, asking them what they had eaten in the week before they became ill, and then looking in the answers for a common thread. Once spinach was implicated, epidemiologists queried the people about where they shopped and what brands they had bought. That led to the California company.

A spokeswoman for Earthbound Farm released a statement saying the company was assisting federal health authorities in their investigation, including providing full access to its facilities and offering products for testing.

"We will do whatever is necessary to help protect the health and safety of the public," the statement said.

David Acheson, an FDA food safety official, emphasized last night that no E. coli bacteria has been isolated from any of Natural Selection's products and that recalls could extend beyond Natural Selection Foods. Samples of spinach that several patients still had in their refrigerators are being shipped to FDA labs for testing.

Food safety experts have been recently tracking an increase in the number of food-borne illnesses in fresh produce. Outbreaks in produce have been more frequent than beef and poultry in recent years, according to federal health statistics analyzed by the Center for Science in the Public Interest. From 1998 to 2004, there were 492 outbreaks of food-borne illnesses attributed to produce, including 86 in 2004. In the same period there were 324 outbreaks traced to beef, 402 to poultry and 626 to seafood.

Caroline Smith DeWaal, food safety director for the Center for Science in the Public Interest, said it was not clear what caused the increase in produce problems. "What is clear is that the numbers show they are not going down," she said.

James Gorny, senior vice president for food safety and technology at the United Fresh Produce Association, attributed the increase to several factors, including increased consumption of produce, better detection methods and advances in epidemiology. He said the public is also more aware of problems that could arise from tainted produce.

"We never thought to look at fruits and vegetables before, and now we are," he said.

Gorny said the industry has improved its communication with regulatory agencies and recently issued guidelines for handling melons, tomatoes, lettuce and leafy greens.

"These documents don't just sit on a table," he said. "We really try to get them out to industry."

Tom Stenzel, president and chief executive of the United Fresh Produce Association, said it is working closely with the FDA to determine the source of the current outbreak. "We've got to make sure consumers retain their confidence in the safety of these products," he said yesterday during a news conference at the National Press Club in Washington.

The outbreak prompted questions about how packaged spinach is produced. Gorny said it is sent to a processing facility after harvesting, where it is cooled and triple-washed in chlorinated water, "probably a more vigorous wash cycle than you can ever do in your home." The spinach is then dried, packaged and refrigerated before being shipped to distributors.

Raw, bulk spinach is harvested and packaged but not washed before it is sent to distributors, Gorny said. Stenzel cautioned that produce tainted with E. coli cannot be decontaminated simply by washing. "You can certainly reduce risk by washing the product, but you cannot eliminate the risk," he said.

The only way to eliminate the risk is to cook the product to at least 160 degrees, but health officials advised against that, saying preparing contaminated food could spread the bacteria.

BP Safety Under Fresh US Attack (FT)

By Sheila Mcnulty In Houston

Financial Times, September 16, 2006

BP mistakenly told state regulators in a 2003 application for an emissions permit that it had installed the updated equipment which investigators said would have prevented last year's fatal explosion at its Texas City refinery, the Financial Times has learned.

In the application, a copy of which has been seen by the FT, BP said: "Relief valves are routed to a flare; therefore, 100 per cent control credit is applied." A flare is a closed tank in which liquid emissions are received and the vapour burned off. But BP

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only applied to replace the outdated blowdown stack on the refinery's ISOM unit with a flare after the refinery exploded, killing 15 and injuring an estimated 500.

A blowdown stack is a tank with an open stack, used to dispose of emergency releases. An ISOM unit is used to boost the octane rating of gasoline.

"The fatal explosion would not have occurred if the ISOM unit had a properly sized and designed flare system," said Daniel Horowitz of the US Chemical Safety and Hazard Investigation Board, an independent federal agency that investigates industrial chemical accidents.

In BP's own assessment of the blast at its biggest refinery, it said the use of a flare system, instead of a blowdown stack – which the industry has been phasing out for years – would have reduced the accident's severity. BP said on Friday: "We follow the rules."

BP is under grand jury investigation for possible criminal charges in Texas. The FT has learnt that both the US Attorney's Office and the federal Environmental Protection Agency, conducting separate investigations of BP, have learned of the existence of the emissions permit document during their probes.

BP also is under grand jury investigation in Alaska for severe corrosion that forced it to shut half of Prudhoe Bay. Hearings are also being held in Congress over how BP let its field deteriorate to such an extent.

A year-long oil leak in the Gulf of Mexico, uncovered by the FT last month, and a spill in California announced this week, have bolstered claims that BP's US safety culture needs improving.

The BP document is part of BP's application to the Texas Commission on Environmental Quality for a revised Flexible Permit relating to emissions from the Texan plant. It is likely to surface in state court in the first civil cases arising from the blast to go to trial. BP received the permit in July 2005, four months after the explosion.

That trial is to begin on Monday, with the start of jury selection. There are roughly 550 outstanding death, injury and damage cases against BP, which has settled about 650 cases.

Ruling To Halt Forest Fee Will Be Appealed (AZDS)

By Tony Davis, Arizona Daily Star

Arizona Daily Star, September 16, 2006

$5 requirement for Mt. Lemmon, canyons at stake

The federal government has given notice that it will appeal a magistrate's ruling that could lead to elimination of $5 daily user fees in popular recreation areas, according to the U.S. Attorney's Office in Phoenix.

People now pay the user fees to hike or picnic on Mount Lemmon, in Sabino and Madera canyons, and in other sites in Arizona and around the West.

U.S. Attorney Paul Charlton's notice, filed Thursday, said the government will appeal U.S. Magistrate Charles Pyle's Sept. 5 ruling dismissing two $30 tickets the Forest Service issued to Tucsonan Chris Wallace.

Wallace was cited twice in September 2005 on Mount Lemmon for parking her car to hike in the Marshall Gulch area and near the General Hitchcock Campground without paying the fee.

Pyle's ruling said the Forest Service lacks authority to impose such a fee for trail use.

The user fee system requires anyone who drives up Mount Lemmon to pay $5 per day or $20 for an annual pass, if they park at hiking trails or picnic areas or anywhere else within a prescribed area on the mountain. That area includes all national forest along the Mount Lemmon Highway.

They do not have to pay if they drive up and down the mountain without stopping, or stop at campgrounds that have separate fees charged by concessionaires. They also don't pay if they stop at private cabins, Summerhaven businesses, scenic overlooks or vista points.

The appeal will be pursued in U.S. District Court. The Justice Department has 30 days from Thursday to file a legal brief on the case.

On Friday, a Forest Service official corrected a statement he made Wednesday that Congress has cut back its appropriations for Forest Service recreational programs by 50 percent to 75 percent over the past decade.

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Actually, the amount appropriated for recreation nationally has increased by 22 percent over that period, said Larry Raley, the Santa Catalina Ranger District's district ranger. He declined to comment on budget issues for the Santa Catalina district.

Fresno Judge To Rule On Air Suit (FRESNOB)

By John Ellis, The Fresno Bee

Fresno Bee, September 16, 2006

Decision about vehicle emissions could have national implications.

State officials on Friday asked a federal judge to throw out a lawsuit by the automobile industry challenging new state emissions standards that would be the toughest in the nation.

After hearing more than two hours of arguments, U.S. District Court Judge Anthony W. Ishii said he would issue his ruling later.

If he rules against the state, the closely watched case is likely to go to trial in January — and its outcome would have national implications.

Already, 10 states have adopted California's new emissions standards, and nine states in the Pacific Northwest and northeast, as well as New York City, have filed briefs on the state's behalf in the case.

The new state regulations, scheduled to take effect with the 2009 model year, would set tailpipe emission standards for greenhouse gases, which many scientists believe are contributing to global warming.

The regulations are expected to cut exhaust emissions in cars and light trucks by 25% and in larger trucks and sport utility vehicles by 18%. The operation of vehicle engines creates greenhouse gases, such as carbon dioxide.

"This is an incredibly important issue," Deputy Attorney General Marc Melnick told Ishii.

The rules were approved two years ago by the state Air Resources Board and stemmed from legislation signed in 2002 by then-Gov. Gray Davis.

In December 2004, more than a dozen San Joaquin Valley auto dealers — including Central Valley Chrysler-Jeep of Modesto, Kitahara Pontiac GMC Buick of Fresno, Madera Ford Mercury and Merle Stone Chevrolet of Tulare — joined DaimlerChrysler Corp., General Motors, the Alliance of Automobile Manufacturers and others in filing suit to block the new rules.

At issue is whether California has the right under the federal Clean Air Act to regulate greenhouse gases through tailpipe emissions.

Under the Clean Air Act, California is the only state allowed to set emissions rules stricter than national standards, but it must first obtain a waiver from the federal Environmental Protection Agency. That has not yet happened. Other states, in turn, can opt for California's standards.

Washington, D.C., attorney Andrew Clubok, who represents the plaintiffs, told Ishii California's new rules are fuel-economy standards, which can only be set by the federal government.

He said the state's efforts to regulate greenhouse gases on its own violate antitrust laws, the Energy Policy and Conservation Act, foreign policy laws and other federal statutes.

"California thinks it's better to lead by example, even if it interferes with the position of the federal government," Clubok said.

He also said the federal Energy Policy and Conservation Act gives the National Highway Traffic Safety Administration — not individual states — the exclusive ability to set gas mileage regulations.

Clubok told Ishii the regulations would lead to a loss of jobs and the elimination of certain types of vehicles from the states that adopt the new standard. He said it would increase highway fatalities and pollution.

He also said the Valley would be hit especially hard because heavy-duty trucks needed in agriculture and related industries no longer would be available or would be much more expensive.

Automakers say the rules will increase vehicle prices by at least $3,000 as soon as they take effect. The air board estimates the increase at no more than $1,000 by 2016, spokesman Jerry Martin said. That added cost would be more than offset by savings in other areas.

By contrast, Clubok said, the only stated benefit from California is a reduction in global warming, but even that claim, he said, would be disproved during a trial.

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Melnick, who called Clubok's statements a "parade of horribles" meant to frighten the public, said that if the regulations eventually are adopted, the automotive industry can take legal action in state court.

David Doniger, a Washington, D.C.-based attorney for the National Resources Defense Council — which has joined the state in defending the regulations — added that the automotive industry's arguments should be made to the EPA when the state seeks the waiver to implement the new regulations.

"This should be handled by the EPA in Washington, not in a courthouse in Fresno," he said. The reporter can be reached at jellis@fresnobee.comor (559) 441-6320.

Environmental Group Sues Federal Government To Halt Sales Of Toy Jewelry Containing Lead (FINDLAW/AP)

By Terence Chea, Associated Press Writer

AP, September 16, 2006

(AP) - SAN FRANCISCO-Environmentalists sued the federal government Thursday to stop the sale of toy jewelry made with lead, citing dangers it can pose to brain development in children.

The San Francisco-based Sierra Club wants the Environmental Protection Agency to find ways to stop the sale or production of toy necklaces, bracelets and rings containing lead.

"I don't think parents realize that these pieces of jewelry have the potential to be harmful," said Jessica Frohman, head of a Sierra Club committee on toxic substances. Children can be exposed to dangerous levels of lead if they suck on or swallow the jewelry, she said.

The attorneys general in California and Illinois sent letters to the EPA supporting the Sierra Club complaint.

The EPA would not comment directly on the lawsuit, which was filed in federal court in San Francisco. But spokesman Mark Merchant said the agency has a "comprehensive set of regulations" to protect children from lead. It does not, however, have specific regulations for toy jewelry containing lead, he said.

Inexpensive toy jewelry made with lead or painted with lead paint is sold across the United States in vending machines and in stores that sell mainly to immigrant communities.

A 4-year-old Minnesota boy died of lead poisoning in February after swallowing a heart-shaped charm from a bracelet distributed by Reebok International. In March, the company recalled 300,000 of the silver-colored, Chinese-made bracelets found to be 90 percent lead.

Earlier this year, more than 70 major U.S. retailers, including Target, Kmart, Sears and Toys "R" Us, agreed to stop selling children's jewelry containing lead in California after an advocacy group, the Center for Environmental Health, and the state attorney general sued in 2004.

EPA Plans To Close Labs, Drop Scientists And Reduce Oversight (MCT)

By David Goldstein

McClatchy Newspapers, September 16, 2006

WASHINGTON - The Environmental Protection Agency intends to close labs, cut its cadre of upper-level scientists and reduce regulatory oversight, according to an internal agency document.

In a memo dated June 8, a top agency official outlined "a set of proposed disinvestments, innovations, efficiencies and consolidations" for the upcoming 2008 fiscal budget.

"The decisions we make will be critical, difficult and will have long-term consequences," EPA Chief Financial Officer Lyons Gray wrote.

He said the EPA wanted to limit duplication and find "opportunities for consolidation and streamlining." EPA assistant administrators, regional administrators, the general counsel and inspector general received the memo.

Gray called for creating "Centers of Excellence" within the agency that would manage "contracts, grants and human resource work."

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Asked about the memo, the agency said in a statement, "The EPA is committed to being good stewards of our nation's environment and good stewards of our nation's tax dollars."

It said the agency hoped "to accelerate the pace of environmental protection by promoting environmental results and accountability, innovation and using the best available science."

Jeff Ruch, the executive director of Public Employees for Environmental Responsibility, a watchdog group that obtained the memo, said that rather than consolidating to improve the agency, the EPA was "chopping up the furniture to meet external budget targets."

The EPA's budget has been dropping steadily since it reached a record $8.13 billion in fiscal 2003. The Bush administration's proposed fiscal 2007 budget was nearly $1 billion lower, but Congress hasn't yet approved a final version. The fiscal 2008 budget plan is due in February. Gray said the financial outlook was "very challenging."

In his memo, he asked for plans to close at least 20 percent of the EPA's 16 research laboratories by 2011 - a minimum 10 percent cut by 2009 and another 10 percent by 2011.

He asked agency officials to suggest upper-level staff cuts, which would include scientists, analysts and managers. His memo hinted that more reductions could be necessary later.

Staff cuts could worsen what some experts have said is already a deteriorating situation, particularly with a significant number of EPA employees due to retire over the next decade.

M. Granger Morgan, the head of the Engineering and Policy Department at Carnegie Mellon University and the chairman of the EPA Science Advisory Board, told Congress in March, "The agency is in danger of losing core scientific expertise in both conventional and emerging environmental issues."

Morgan testified that research and development spending at the agency had fallen more than 16 percent since 2004.

A report in August from the EPA inspector general found that various studies have concluded that the agency doesn't always have reliable data to support its conclusions and "does not always use reliable science to support its rules and regulations."

Gray's memo also calls on the agency to work with state and tribal groups to look for ways to reduce regulatory oversight.

"The state and tribal grants have been reduced 25 percent since the administration started," said Heather Taylor, the deputy legislative director of the National Resources Defense Council, an environmental advocacy group. "First we take away the money to do their jobs, now we take away the oversight."

Fairfax Issues Pandemic Flu Response Plan (WP)

By Lisa Rein

The Washington Post, September 16, 2006

Nearly 700 Deaths Possible in Outbreak

A severe outbreak of bird flu would infect nearly a third of Fairfax County's population, killing almost 700 people and sending thousands to local hospitals, according to a new report.

The 112-page primer on how the Washington area's largest local government would respond to a pandemic that many researchers think is inevitable depicts a grim scene of sick or at-risk people in widespread isolation or quarantine, at home or in hospital beds.

As much as 40 percent of the county's workforce would be out of commission. And hospitals, nursing homes and other makeshift medical centers would have to set up temporary morgues and stockpile body bags to handle the deaths.

"Life as you see it today will not be the same," Fairfax health director Gloria Addo-Ayensu said yesterday. "We will all have to make sacrifices."

Fairfax, which has posted its response plan on the county Web site, is the region's first local government to issue a comprehensive report on pandemic flu preparations, said Addo-Ayensu and other emergency management officials.

Although the Bush administration has released a federal plan and committed tens of millions of dollars to anticipate a crisis, the details of how to respond are left to state and local governments.

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Public health experts fear that avian influenza, which is spreading worldwide in poultry and has infected more than 230 people, could mutate into a virulent, pandemic strain that could spread widely from person to person, killing millions around the world.

There is no bird flu vaccine, and public health officials predict a shortage of antiviral drugs.

Fairfax, like most local governments, has planned emergency exercises; held meetings with doctors, businesses, school and religious leaders; and prepared public service announcements and publications to give residents information about a possible pandemic.

Now the county is giving its government officials, infectious disease specialists, emergency planners and first responders explicit instructions on what to do if people get sick.

"We have to look at the scenarios that are the worst-case," said C. Douglas Bass, the county's emergency management director, "and look at how we would deal with them."

Bass said the county took the unusual step of putting the response plan on its Web site "to assure the public that we are being vigilant, that we've gone through this process, and to provide a forum if they have questions."

It's largely a communications plan that dispassionately lays out military-style procedures that would be set in motion at the first sign of a pandemic. The goal is to minimize the transmission of a highly contagious virus while keeping the county government of 11,000 employees running, albeit with truncated services.

Taking its cue from federal officials, the county would track individual infections through reporting by local doctors and hospitals. Sites would be set up across the county to distribute a potential vaccine or medicine, and sick people could be forced into quarantine.

The county would communicate a series of sobering messages: A pandemic has been declared somewhere in the world, and Fairfax may soon experience illnesses and deaths. A pandemic could last as long as 18 months. And residents should practice good hygiene -- washing their hands and covering their mouths when they cough -- to prevent the spread of germs.

Many county employees would work from home, and hundreds could be diverted from their jobs in libraries, parks and other "nonessential" agencies to help with the emergency response. Critical personnel would include police and fire rescue workers and those in utilities and wastewater treatment. Heads of agencies are supposed to designate replacements who could fill in if they get sick.

And as a pandemic approached, thousands of other people would be ordered to stay home, steering clear of trains, buses, malls and other places where they would come into close contact with others.

The response could get particularly challenging in a county of more than 1 million people, thousands of whom do not speak English. As many as 51,000 of those infected would be low-income residents without regular access to medical care, the response plan says.

"Trying to do mass vaccinations, for example, would be a huge challenge," county spokeswoman Merni Fitzgerald said. "We are so big that we can't just say, 'Everybody show up at once place.' "

A flu outbreak could last six to eight weeks, with two waves over 18 months, the report says.

As more people get sick, waves of panic could spread, with increased calls to police. "Civil disturbances and breakdowns in public order may occur," the plan says. Crime could jump as police officers might be diverted from traditional duties.

And security problems could be rampant as people might fight for access to limited vaccines and medication. Health-care workers, the elderly and those with chronic illnesses would get first priority.

Interior's Internal Messes (NYT)

The New York Times, September 16, 2006

We knew that bad things would happen when President Bush filled many of his important environmental posts with right-wing activists and industry lobbyists who had spent their careers criticizing the laws they were now being told to uphold and representing industries they were now being told to regulate. Just how bad became clear this week in the course of some pointed testimony from the Interior Department's inspector general, who accused top officials at his agency of fostering a culture of "managerial irresponsibility" that tolerated conflicts of interest, cronyism and other lapses.

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At a House subcommittee hearing, the official, Earl Devaney, said that "short of a crime, anything goes at the highest levels of the Department of the Interior." The committee had summoned Mr. Devaney to give his views on some flawed drilling leases the department signed in the late 1990's — before the Bush administration came to office — that could allow big oil companies to escape billions of dollars in royalties on oil and gas produced in the Gulf of Mexico. The leases appear to have been the result of bureaucratic bungling, not favoritism, but Mr. Devaney suggested that Interior had since gone to some lengths to cover up its mistakes.

On the broader subject of departmental ethics, Mr. Devaney expressed particular frustration at what he described as the kid-gloves treatment of J. Steven Griles, a former industry lobbyist who was deputy secretary during Mr. Bush's first term, before returning to the lobbying game. Regarded by many environmentalists as the Svengali behind Gale Norton, Mr. Bush's secretary of the interior until earlier this year, Mr. Griles brought a pro-industry bias to nearly every big decision made during the Norton regime. He was an architect of the administration's relentless search for oil and gas in fragile areas of the Rocky Mountain West. He was also involved in an agreement between Ms. Norton and the state of Utah that opened millions of acres of potential wilderness to commercial exploitation, and was instrumental in rolling back environmental regulations governing the mining industry.

Beginning in 2002, Mr. Devaney conducted an 18-month investigation into a whistleblower's complaints that Mr. Griles had behaved improperly by meeting with former business partners and with industries that stood to benefit from departmental decisions. The office of government ethics eventually ruled that Mr. Griles had not violated any laws. But Mr. Devaney has made clear his belief that Mr. Griles, who was allowed by Ms. Norton to stay on the job after simply confessing to bad judgment, should have been severely reprimanded, if only to send a much-needed message to the department that even the appearance of impropriety cannot be tolerated.

That message still needs sending, and it is up to Dirk Kempthorne, Ms. Norton's successor, to do it. Mr. Kempthorne has promised to investigate the foul-ups and cover-ups regarding the oil contracts. But he should broaden that inquiry to encompass the ethical shortcomings of an agency whose reputation for probity and fairness is as low as it has been since the dark days of Ronald Reagan.

FBI/DEA/ATF/USMS:

Mexican Agents Complete DEA Course (SAEN)

By Gary Martin, Express-News Washington Bureau

San Antonio Express-News, September 16, 2006

WASHINGTON – Mexican law enforcement agents completed a Drug Enforcement Administration program as part of a joint U.S.-Mexico effort to combat methamphetamine production in border states, officials said Friday.

The announcement that 55 Mexican agents and prosecutors completed the DEA course in Quantico, Va., comes one day after the State Department issued a travel alert for Americans in Mexico.

Training Mexican police to dismantle methamphetamine labs and prosecute offenders is "a big step forward in our fight against meth," said Karen Tandy, the DEA administrator.

Tandy called the program "a historic effort to jointly combat meth production and trafficking that is devastating both nations."

About 80 percent of the methamphetamine consumed in the United States is manufactured in Mexican labs by criminal organizations based in both countries, according to the DEA.

A war among drug cartels over control of narcotics trafficking and distribution routes is blamed for rising lawlessness along the U.S.-Mexico border.

That war is blamed for the death of a Monterrey policeman and the killing of a state police administrator in Tamaulipas earlier this month.

The State Department issued a warning to Americans traveling to Mexico to exercise extreme caution as execution-style killings of U.S. and Mexican citizens in border states have been reported.

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That warning includes a particular alert for Americans traveling in the border cities of Nuevo Laredo and Matamoros.

Tony Garza, the U.S. ambassador to Mexico, said in a statement that crimes in those cities are putting a strain on travel, tourism and business.

He pledged to work with Mexican counterparts to "restore order and successfully take on those undermining our society."

The manufacturing and trafficking of methamphetamine has become a growing problem in Mexico, the result of a crackdown in the United States where recent laws restrict the sale and access to pseudoephedrine, the main ingredient for the drug.

In May, Tandy and U.S. Attorney General Alberto Gonzales met with Daniel Cabeza De Vaca, the Mexican attorney general, to address the methamphetamine problem in both countries.

U.S. and Mexican officials vowed to crack down on producers of the drug, and work together to combat trafficking. They unveiled the joint training program for Mexican police, modeled after a similar DEA program that has trained 300 Mexican agents.

Officials hope the new team of trained Mexican agents can target the largest methamphetamine trafficking gangs in Sinaloa, Michoacan, Jalisco, Sonora and Baja California.

In the United States, the DEA is focusing on traffickers and organizations transporting and distributing methamphetamine produced in Mexico and smuggled through American border states.

The DEA also is attacking money-laundering operations of the gangs and criminal organizations operating on both sides of the border. gmartin@express-news.net

Gun Collector To Remain In Jail, Magistrate Rules (SEATT)

By Mike Carter, Seattle Times staff reporter

Seattle Times, September 16, 2006

A Bellevue gun collector once questioned about the slaying of a federal prosecutor will remain in custody pending trial on a charge that he illegally possessed a machine gun.

U.S. Magistrate Monica Benton ruled Friday that Albert Kwok-Leung Kwan posed a flight risk and a potential threat to the community and to federal agents who would monitor him if he was freed.

At a hearing before the judge's decision, Kwan's attorneys acknowledged that he repeatedly invoked his Fifth Amendment guarantee against self-incrimination during appearances before a grand jury investigating the slaying of Assistant U.S. Attorney Thomas Wales in October 2001.

Kwan was arrested and held as a material witness for 23 days last year as FBI agents and federal prosecutors attempted to discern the whereabouts of two handgun barrels Kwan allegedly owned. The bullets that killed Wales were fired through the same, rare type of barrel, the FBI has said.

Kwan is not a suspect in the killing.

He was indicted last week for owning an unlicensed M-14 assault rifle the government says was capable of firing as a machine gun.

Kwan has hundreds of firearms — many of them licensed machine guns — in his home. Benton was worried about the safety of federal agents who would supervise Kwan if he was released.

Kwan's attorneys argued to have him placed in a federal halfway house while his gun collection was moved. His lawyer Joseph Conte said the collection amounted to nearly 3,000 pounds of guns.

Benton cited instances in which Kwan had been evasive or confrontational with agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives, which has revoked his federal firearms license. Kwan, the magistrate said, appeared guilty of "not insubstantial" violations of ATF regulations.

"And this is a firearm offense," Benton said. "I have to look at his conduct in light of that."

TAX:

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IRS Orders All Saints To Yield Documents On '04 Political Races (LAT)

By Louis Sahagun

The Los Angeles Times, September 16, 2006

Antiwar remarks at All Saints in Pasadena were made two days before the 2004 election. The church is ordered to hand over records.

Stepping up its probe of allegedly improper campaigning by churches, the Internal Revenue Service on Friday ordered a liberal Pasadena parish to turn over all the documents and e-mails it produced during the 2004 election year with references to political candidates.

All Saints Episcopal Church and its rector, the Rev. Ed Bacon, have until Sept. 29 to present the sermons, newsletters and electronic communications.

The IRS investigation was triggered by an antiwar sermon delivered by its former rector, the Rev. George F. Regas, at the church two days before the 2004 presidential election. The summons even requests utility bills to establish costs associated with hosting Regas' speech. Bacon was ordered to testify before IRS officials Oct. 11.

The tax code bars nonprofits, including churches, from endorsing or campaigning against candidates in an election.

Facing the possible loss of his church's tax-exempt status, Bacon said he plans to inform his roughly 3,500 active congregants about the investigation during Sunday's services. Then he plans to seek their advice on whether to comply.

"There is a lot at stake here," Bacon said in an interview. "If the IRS prevails, it will have a chilling effect on the practice of religion in America."

The congregants will have two choices: consent to the IRS request, or decline, which could result in the matter being referred to the Department of Justice and, possibly, U.S. District Court in Los Angeles, All Saints' lead attorney Marcus Owens said.

"The congregation's decision will be clear on Sunday or a few days after that," Owens said. "My guess is they will be unlikely to respond demurely and acquiesce in the government's request at this stage. The issues are too close to the quick of their fundamental religious beliefs."

Members of All Saints have a long history of social activism. The sermon that attracted the IRS' attention was delivered by Regas, who was well-known for opposing the Vietnam War, championing female clergy and supporting gays and lesbians in the church.

The medieval-looking church, just east of City Hall, seems to embody staid, moneyed Old Pasadena, but the liberal outlook goes back decades. During World War II, its rector spoke out against the internment of Japanese Americans. Regas headed the church for 28 years before retiring in 1995.

Exactly how the congregants will make their feelings known on the IRS issue is yet to be decided.

"It may come via e-mail, or as a yea or nay on Sunday, or some other means," said Keith Holeman, a spokesman for the church.

IRS spokesman Frank Fotinatos declined to comment on the matter saying, "We can't confirm or deny any ongoing investigation."

Rep. Adam B. Schiff (D-Burbank), who unsuccessfully tried to launch a Government Accountability Office investigation into the IRS' probes of churches nationwide last year, called the summons "a very disturbing escalation" of the agency's scrutiny of All Saints.

"I don't want religious organizations to become arms of campaigns," he said. "But they should be able to talk about issues of war and peace without fear of losing tax-exempt status. If they can't, they'll have little to say from the pulpit."

The view was echoed by the Rev. Bob Edgar, an ordained elder in the United Methodist Church and general secretary of the National Council of Churches USA. "I'm outraged," he said. "Preachers ought to have the liberty to speak truth to power."

"There is a lot more to be done about this, and it may include some actions of nonviolent civil disobedience," Edgar said. "Since 9/11, the IRS, like the FBI, has been moving back to the 1950s and 1960s when a great deal of such activity was propagated against church leaders like Martin Luther King."

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In July, the IRS warned 15,000 tax-exempt groups across the nation, including churches and nonprofit organizations, to stay neutral on politics.

At the time, IRS officials said the agency also began expediting investigations into charges of improper campaigning under a new enforcement program, the Political Activity Compliance Initiative. Under it, the IRS will no longer wait for an annual tax return to be filed or for the tax year to end before investigating allegations of wrongful campaigning.

Since 2004, the IRS has investigated more than 200 organizations nationwide.

Federal law prohibits the IRS from releasing the names of those under investigation, but the agency in July said it had 100 cases pending — 40 of them churches.

Among them is the agency's case against the NAACP, which drew the IRS' attention in July 2004, after the organization's chairman, Julian Bond, criticized the Bush administration's policies on civil rights.

All Saints came under IRS investigation shortly after Regas delivered a guest sermon that depicted Jesus in a mock debate with then-presidential candidates George W. Bush and John F. Kerry.

The sermon, which did not endorse or oppose any of the candidates, addressed the moral and religious implications of various social issues facing the nation at the time.

Regas' suggestion that Jesus would have told Bush his preemptive war strategy in Iraq "has led to disaster" prompted a letter from the agency in June 2005 stating that "a reasonable belief exists that you may not be a tax-exempt church."

After nearly a year without communication with the agency, Bacon said he was "quite surprised" Friday when an IRS agent handed him the summons at his church.

In addition to seeking electronic communications, the summons requests "a copy of all oral communications identifying candidates for public office delivered at All Saints Church or at events sponsored by All Saints Church between Jan. 1, 2004, and Nov. 2, 2004."

The summons also asks for various financial records. "Please provide an accounting of all expenditures associated with delivery of the sermon, including allocations of overhead." All Saints officials take that to mean such things as the pay of church staff.

Bacon said the IRS' renewed investigation raises concerns that it may reflect an attempt to quash the church's discussions of "fundamental religious issues with policy implications before the midterm elections, and in a way that intrudes into core religious practices."

"Despite the drain on our finances and the time we will spend defending this attack on the freedoms of religion and speech, All Saints Church will continue without interruption or fear what has distinguished its mission for 125 years," Bacon said.

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CONGRESS-ADMINISTRATION:

Senate Confirms Minnesotan As Peace Corps Director (MINNST)

By Brady Aaverill

Minneapolis Star Tribune, September 16, 2006

A Minnesotan has been confirmed as the 17th director of the Peace Corps. "I'm elated. I'm honored to be able to serve in this way," Ron Tschetter said after the Senate confirmed him late Wednesday.

WASHINGTON - A Minnesotan has been confirmed as the 17th director of the Peace Corps. "I'm elated. I'm honored to be able to serve in this way," Ron Tschetter said after the Senate confirmed him late Wednesday. He said he expected to start the job at the end of the month.

"Here you have a guy who understands the system and who is committed to making sure the Peace Corps is more effective today than it was when it was started under John Kennedy," said Sen. Norm Coleman, R-Minn., chairman of the subcommittee that has oversight of the Peace Corps.

Coleman said that while safety and security will have to be the foremost priority for Tschetter, he also hopes that Tschetter will diversify the volunteer base by recruiting baby boomers. The new director has said both will be priorities.

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President Bush nominated Tschetter, 64, in July to manage the Peace Corps, which he has had ties with since he was a health volunteer with his wife, Nancy, in India from 1966 to 1968. He was also a chairman of the National Peace Corps Association.

Tschetter was raised on a farm outside Huron, S.D. He received a bachelor's degree at Bethel College, and he was president of the investment firm Dain Rauscher for 10 years before he retired in 2001. He became president of the financial services firm D.A. Davidson & Co. in 2004.

Brady Averill is a correspondent in the Star Tribune Washington Bureau: 202-383-0015

Appeals Court Split Opposed By Nevada Bar (LAT/AP)

The Los Angeles Times, September 16, 2006

CARSON CITY, Nev. — The State Bar of Nevada reaffirmed its opposition to a bill by Sen. John Ensign (R-Nev.) to split up the U.S. 9th Circuit Court of Appeals, a frequent source of anti-Bush-administration rulings.

In a letter to the Senate Judiciary Committee, Rew Goodenow, State Bar of Nevada president, said the group's governing board opposes Ensign's bill "given the tremendous financial strain splitting the 9th Circuit Court would cause and thereby taking away from the direct administration of justice."

Besides that, Goodenow — who is active in state GOP circles — said the governing board believes there is "a lack of evidence supporting a quantifiable need for the split" of the nation's largest federal appeals court.

The conservative Ensign, who had eight co-sponsors for his measure, has pressed for its approval by saying the San Francisco-based court is overloaded.

Opponents allege political motives by Republicans annoyed by the court's rulings, including a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. The Bush administration had maintained the pledge is not an unconstitutional endorsement of religion.

The 9th Circuit covers nine states and has 28 judgeships.

Snow Laughs (WASHEX)

By Jeff DuFour And Patrick Gavin

Wash Exam, September 16, 2006

Must be the beautiful blue eyes ...

Covering the White House is not an easy beat. The hours are late, the travel can be brutal and the tug-of-war between the White House spin machine and journalists can wear down even the toughest reporter.

But White House spokesman Tony Snow, who has been on the job four months, might very well be out to change all of that and to put the “fun” back in “fundamentally, a frustrating job.”

Yeas & Nays reviewed the press briefing and press gaggle transcripts from Snow’s first four months on the job and compared them to those of Snow’s predecessor, Scott McClellan, during his first four months.

Under Snow, there were more than 330 percent more instances of laughter — as defined by the transcriber’s insertion of “(Laughter)” in the transcript — than under McClellan.

Have reporters fallen for the former Fox News commentator’s woo and charm? And — gasp! — could Snow actually be making the notoriously curmudgeonly task of covering the White House fun?

“It’s not that Tony’s necessarily a laugh riot,” says Ron Hutcheson, who covers the White House for McClatchy newspapers. “But he engages, and it’s a lot more fun to be in the room with somebody who’s engaging reporters.” Hutcheson says that McClellan, on the other hand, “was just cautious, cautious to a fault. He would retreat to the talking points and it was almost as if he didn’t listen to the question.”

Snow says that his humor is not intentional. “It’s just doing what I do, the way I do it,” he says. “For me, the job is a blast. I love the job and I think that’s part of it. And I enjoy the people out there. It’s not like I feel as if I’m among strangers. You’ve just got to be yourself when you’re doing a briefing.”

But is there any danger in being a bit too humorous?

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"Well, I do like to have fun, but at the same time you don't want to be doing stand-up as the spokesperson of the president and the leader of the free world," he says.

Obama: A little off the top, Tom

The Senate has its own Oscar and Felix in the freshman class.

Sen. Barack Obama, D-Ill., the Democrats' Next Big Thing, and Sen. Tom Coburn, R-Okla., the conservative hard-liner, have made an unlikely bipartisan pair this year.

The two celebrated their most recent success before reporters Thursday — a database bill that would shed light on government contracts and grants.

Amid the elation, the two even caught up on grooming tips.

"What did I tell you about your hair?" the buzz-cut Obama asked the shaggy-haired Coburn.

"4:30 today, it's coming off," said Coburn, running his hands through his gray mane. "I should save some for you in case you end up getting thin."

The collegiality may be welcome for Coburn, who alienated many members over his rigid views on spending when he served in the House from 1994 to 2000. House Majority Whip Roy Blunt, R-Mo., alluded to Coburn's tumultuous history in the lower body Thursday when he said, "if you were surprised at how quickly we moved a bill with Sen. Coburn's name on it, imagine how surprised he was."

Heat Index

Who's hot or cold

Steaming

GOTV

"Get out the vote" efforts saved Sen. Lincoln D. Chafee, R-R.I., and the DNC is planning to spend more than it ever has during a midterm year on GOTV efforts. So look for your chauffeured limo to the polls on Election Day, courtesy of your local party of choice.

Hot

Incumbents

After predictions of a "throw the bums out" election, a new poll indicates that 60 percent of Americans would re-elect their own member of Congress, and Senate primaries gave big wins to embattled GOP moderate Chafee and 10-term Democratic Rep. Ben Cardin from Baltimore.

Lukewarm

The Democrat's electoral "romp"

Dems may want to wait to measure for drapes in the GOP offices, as new polls give Republicans slightly more hope about November's results and Rep. John Boehner predicts a GOP victory. Or is this all just the Sept. 11 talking?

Cool

Interns

With the fun summer batch now back to college, Washington offices are left with a bunch of distracted local students too busy complaining about tomorrow's "killer exam" to concentrate on the envelope-licking. Hmph.

Raj and Rudy: Right?

Many of you know Raj Bhakta from his appearance on the second season of Manhattan mogul Donald Trump's TV show, "The Apprentice." But Bhakta is hoping that you'll associate him with a different oversized New York personality: Rudy Giuliani.

Bhakta, who is running as a Republican in an effort to unseat Democratic Rep. Allyson Schwartz in Pennsylvania's 13th Congressional District, is touting a recent Northeast Times article by reporter Tom Waring titled "Raj a rising Giuliani type?"

"I share much in common with the outlook of Mayor Giuliani," Bhakta told Yeas & Nays. "I think it's a very relevant comparison. "The basis is that, in both cases, we're people of action. Giuliani has taken action in cleaning up New York City when it needed action, and Philadelphia needs representatives who are going to take similar action."

Of course, Bhakta, who trails Schwartz in the polls, stands to benefit from a potential Rudy-Raj partnership.

"I look forward to having his support and help in the campaign," he said.

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Hizzoner Mr. Giuliani did not get back to us by press time on whether Bhakta would have it.

Shuttle Astronauts Complete Final Spacewalk At Station (NYT)

By Warren E. Leary

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — A pair of astronauts completed the third and final spacewalk of their mission outside the International Space Station on Friday by freeing up a new heat-dispensing radiator and upgrading communications gear.

The two, Joseph R. Tanner, a former Navy pilot, and Cmdr. Heidemarie M. Stefanyshyn-Piper of the Navy, spent 6 hours 41 minutes in space completing assorted tasks to get the station ready for further expansion as building of the research outpost resumed in earnest.

Their main task was removing packing restraints and readying deployment of a radiator that was part of the new solar power array set unfurled on Thursday. Shortly afterward, mission control sent commands to unfold the 1,600-pound radiator, and its seven panels expanded to form a 44-foot-long, 12-foot-wide winglike structure.

The radiator is to disperse heat and control temperatures of the electronics inside the solar array module once it starts supplying power to the station in December.

The astronauts also adjusted a communications antenna and swapped out defective parts, retrieved a suitcase-size experiment that exposed various materials to space to see how they fared, cleared the path of a mobile workstation that traverses the station, and rearranged footholds and handgrips for future spacewalkers working outside the station.

Mr. Tanner and Commander Stefanyshyn-Piper conducted their first spacewalk on Tuesday, connecting the 17.5-ton truss structure that the space shuttle Atlantis attached to the station a day earlier. A spacewalk the next day by Cmdr. Daniel C. Burbank of the Coast Guard and Steven G. MacLean of the Canadian Space Agency continued installation of the $372 million addition and freed a big rotary joint that will allow the station's solar panels to track the sun.

An overloaded circuit breaker delayed the final spacewalk of the shuttle's 11-day mission by 45 minutes because it knocked out a depressurization pump in the airlock where the astronauts were preparing for their excursion. The problem was caused by heaters cycling on at the same time as the pump and was corrected easily, said John McCullough, the lead station flight director.

With completion of the spacewalks, Mr. McCullough said, the busy mission was winding down. This is the first station construction mission since the 2003 Columbia disaster, which resulted in a nearly three-year grounding of the shuttle fleet.

"We're all tired on this team, but happy," Mr. McCullough said at a news briefing from the Johnson Space Center in Houston.

On Saturday, the six Atlantis astronauts are to get a half-day off before packing up and preparing for the shuttle's departure on Sunday. The shuttle is scheduled to land at the Kennedy Space Center in Florida on Wednesday.

Shuttle Crew Finishes Project (WP)

By Marc Kaufman, Washington Post Staff Writer

The Washington Post, September 16, 2006

Energy System Is Installed at Station

HOUSTON, Sept. 15 -- After a final six-hour spacewalk Friday, the crew of the space shuttle Atlantis finished building out the expanded solar energy system on the international space station.

The mission, completed by spacewalkers Joe Tanner and Heidemarie Stefanyshyn-Piper, was essential to any future construction at the station, which is half built and well behind schedule. NASA officials were delighted by the work done by the Atlantis team, the first construction at the space station since the 2003 Columbia disaster.

"We have to say what a wonderful job you both did today, especially you, Joe," Mission Control said as the astronauts returned to the station. "It was a legendary performance."

The extra credit went to Tanner because it was his seventh, and apparently last, spacewalk. He appeared reluctant to leave space at the end of the walk and spent some time looking out before entering the air lock.

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The shuttle will leave the space station Sunday and prepare for a Wednesday landing. Before returning to Earth, however, the shuttle will circle the station and take the first full set of photos in several years. With the station's large new set of solar panels appearing as golden wings, NASA is expecting dramatic images.

Much of the work done Friday, and in the previous two Atlantis spacewalks, involved bolts and connectors that the astronauts had to open and close while wearing their bulky space gloves. Several bolts got stuck again, but none flew off into space, as two did in the other spacewalks. Fast-moving debris can harm spacecrafts, but NASA officials said they were certain that the missing bolts were far from the station.

NASA hopes to send 14 more shuttle missions to the station by 2010, at which point the agency hopes construction will be complete and the shuttles will be retired. Although Russian spacecraft travel regularly to the station, only the shuttles are large enough to carry some of the massive components needed to complete the station and its several research laboratories.

Congress Ducks (WP)

By Editorial

The Washington Post, September 16, 2006

We know that you know that there is an entitlement problem. But the message hasn't reached Capitol Hill.

THERE'S NO great mystery about how to address Medicare's financial crisis. Either you contain the rate at which the program's costs rise, or you raise more money to pay for it. The federal office that runs the health program for seniors recently announced progress of each sort. Unfortunately, Congress may undo both.

The first announcement was that spending on doctors is rising more slowly than in the past. But the announcement assumed that Congress will follow through on its promise to cut Medicare payments to doctors by 5 percent next year. Congress made that promise after two consecutive years of failing to follow through on similar ones. Lawmakers show every sign of reneging again, and they may even award doctors an increase -- in which case part of the apparent progress in protecting Medicare's finances by containing medical inflation will turn out to be illusory.

The second announcement was that the richest 4 percent or so of retirees will face steep increases in Medicare premiums. Until now, all patients have paid a premium equal to 25 percent of the value of the benefits that the average retiree receives. In the future, the most affluent will pay more, though they will still be paying less in premiums than they take out in benefits. This modest reform, which won't affect the premiums 96 percent of retirees pay, is expected to raise an extra $20 billion for Medicare over the next decade. That's a fraction of the program's long-term funding shortfall, but it's still worth having.

That's not the way some Democrats see it, however. Rep. Nita M. Lowey (D-N.Y.) is pushing a bill that would repeal the higher premiums, arguing that rich retirees should not be hit with increases because they have already contributed generously to Medicare via higher taxes. This is like arguing that the tax code is in danger of becoming too progressive -- a strange position for a Democrat. Ms. Lowey also worries that premium hikes may be extended to a broader swath of retirees, perhaps even to those with incomes of $30,000 or $40,000. That might raise harder questions. But we are not there yet, and it's worth remembering that retirees with that sort of income still are among the richest third of Medicare beneficiaries.

The entitlement programs are not going to be fixed without some hard decisions. If Democrats oppose modest changes that hit only the rich, how will they find the courage to support far-reaching reforms?

OTHER NEWS:

Consumer Prices Up 0.2 Percent In August (AP-Y)

By Martin Crutsinger

AP, September 16, 2006

Inflation slowed last month as Americans finally got a break at the gas pump, lifting consumers' spirits and easing fears the country could stumble into recession.

The Labor Department reported Friday that consumer prices rose just 0.2 percent in August, half the gain in July. With oil prices falling in September, economists predicted more good news ahead on inflation.

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That should bolster consumer spending and make a recession much less likely.

The recent drop in gasoline — which had surged above $3 per gallon in early August and is now down to $2.62 nationwide — is helping to lift consumer confidence.

The RBC Cash Index, from the Ipsos international polling firm, showed confidence soared to a seven-month high of 93.7 in early September after a sharp fall in August. A separate consumer survey by the University of Michigan also showed confidence rising.

Analysts said the readings offered hope for a rebound in consumer spending, which slowed dramatically in the spring.

"The decline in energy prices is just the right boost at the right time," said Mark Zandi, chief economist at Moody's Economy.com. "This should ensure that spending remains sturdy enough to keep the expansion intact."

Wall Street liked the inflation report. The Dow Jones industrial average rose 33.38 points to close at 11,560.77, just 162.21 points shy of its all-time closing high set in January 2000.

Consumers account for two-thirds of total economic activity. They have been under pressure from soaring energy prices, rising interest rates and a weakening housing market.

The spending slowdown in the spring cut overall economic growth to a 2.9 percent pace, down from a sizzling 5.6 percent rate in the first three months of the year. Zandi predicted that economic growth will average about 2.5 percent for the last half of this year.

With inflationary pressures easing, analysts said Federal Reserve policymakers are likely to keep interest rates unchanged — at their next meeting, Wednesday, and for the rest of 2006. The belief is that the Fed's 17 increases over the past two years have slowed economic growth enough to restrain inflation.

"Healthy growth and diminishing inflation — it's a soft landing in progress," said Bernard Baumohl, chief economist at the Economic Outlook Group, another private forecasting firm.

Not all the economic news on Friday was positive. The Fed reported that output at factories, mines and utilities dropped by 0.1 percent in August, the first setback in seven months.

Several factors contributed, including a drop in utility production that reflected the end of a summer heat wave and a fall in oil production related to the troubles with the Prudhoe Bay pipeline in Alaska.

While manufacturing production was flat in August, analysts looked for gains in coming months, reflecting in part a rebound in consumer demand.

The slowdown in inflation did not help workers' average weekly earnings, which dropped by 0.5 percent in August, after adjustment for inflation, when compared with July.

President Bush said Friday he expected the economy's performance would persuade voters to keep Republicans in control of the House and Senate in the November congressional elections.

"I don't believe the Democrats are going to take over because our record on the economy is strong," Bush said, asserting his tax cuts had helped the country withstand a recession, terrorist attacks and last year's hurricanes.

"I certainly hope this election is based upon economic performance," Bush said during a Rose Garden news conference.

The Labor Department report on the Consumer Price Index showed that core inflation, which excludes the volatile energy and food sectors, rose a moderate 0.2 percent in August, the same as the increase in overall inflation.

After hitting a record closing high above $77 per barrel in mid-July, crude oil prices have fallen by nearly 20 percent, helping to moderate prices for gasoline and other energy products.

For August, the 0.3 percent rise in overall energy costs reflected a tiny 0.2 percent increase in gasoline prices. Food prices were up 0.3 percent.

Outside of food and energy, clothing prices, which had fallen sharply in July, rebounded by 0.9 percent in August, reflecting higher prices for the fall and winter clothing lines.

Airline fares, which had been rising sharply because of fuel costs, fell by 1.9 percent, the biggest drop since last December.

Price Index Moderated In August (NYT)

By Eduardo Porter

DOJ_NMG_0064280

The New York Times, September 16, 2006

What a difference a few weeks make.

A month ago the economy seemed to be in dire straits — wedged in by the inflationary pressures of soaring energy prices and rising labor costs while threatened by the prospect that the weak housing market would decimate consumer spending.

But yesterday, the government reported that consumer prices rose only 0.2 percent in August, pushing annual inflation to 3.8 percent, the lowest since April. Meanwhile, retail sales rose by a respectable rate of 0.2 percent in August. And in September, consumers' confidence about the future increased sharply.

The changes largely reflected declining gasoline prices, which not only dragged down inflation but also left consumers with more money.

The data suggests pricing pressures may have peaked. To many economists, this means that the Federal Reserve will probably maintain its benchmark interest rate at 5.25 percent at the meeting of its rate-setting committee next week.

"The economy appears to be leveling off," said Jack Ablin, chief investment officer at Harris Private Bank in Chicago. "My sense is that we will dodge the bullet regarding inflation."

There are potential pitfalls on the horizon. A steeper decline in housing prices could slam the brakes on consumer spending and curtail economic growth.

But, so far, while the pace of consumer spending has slowed, it is by no means plummeting.

"Supply and demand are more balanced now," said Steven Wieting, an economist at Citigroup.

For months, the economy has been poised between competing forces pulling in different directions.

The economy has slackened, slowed by higher interest rates and a weakening housing market. Yet despite slower growth, energy prices continued to push inflation higher. Wages, which have inched up consistently over the last year, have threatened to put additional pressure on prices.

Indeed, the index of core prices, the gauge most closely watched by the Fed, which excludes the unstable prices of food and energy to provide an indication of underlying inflation, rose 2.8 percent in August compared with the year before, the fastest annual pace since November 2001.

The economic tug of war left the Fed and its chairman, Ben S. Bernanke, in a tight spot. Having increased interest rates by 0.25 percent at each of 17 consecutive meetings since June 2004, the Fed decided last month against tightening monetary policy more.

But with core price inflation still way above Mr. Bernanke's stated "comfort zone" of 1 to 2 percent, many economists said they were worried that the Fed had stopped too soon.

If the 1 to 2 percent range "is a credible forecast, the Fed has to do something about it," said Allan H. Meltzer, a professor of political economy and public policy at Carnegie Mellon University. "We are certainly not moving towards 1 to 2 percent inflation."

Jeffrey M. Lacker, governor of the Federal Reserve Bank of Virginia, took the unusual step of dissenting, voting against the decision to stop increasing rates at the Fed meeting last month.

The more benign inflation figures in August appear to support the Fed's stance. Mr. Wieting said energy prices in the price index should also fall steeply in September. That is because the August data referred to prices midmonth and thus missed most of the recent fall in the price of gas, which declined by 30 cents a gallon, to $2.67, from Aug. 21 to Sept. 11.

Falling gasoline prices are also affecting inflation expectations. According to the University of Michigan's preliminary reading of consumer sentiment, reported yesterday, expectations of inflation one year ahead declined to 3.1 percent from 3.8 percent a month ago.

Core prices are not likely to follow energy prices down immediately. But they have been moderating. August was the second consecutive month in which core prices rose 0.2 percent, following three months of 0.3 percent inflation. And some prices that have perked up recently will probably abate. For instance, rising clothes prices, which also bolstered core inflation, are mostly a result of the arrival of more expensive fall fashions.

Rents have also played a big role pushing up prices. The National Association of Realtors expects apartment rents in urban complexes to rise 4.8 percent this year, up from 2.9 percent in 2005. The shelter component in the Consumer Price Index, which makes up more than 40 percent of the core, rose 0.2 percent in August, pushed mostly by higher rents.

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Some economists argue, however, that rents should moderate eventually, because many condos that were built during the housing boom are now sitting unsold and will probably be converted into rental units.

And the moderating viewpoint is consistent with other data. Industrial production declined by 0.1 percent in August, according to another government report. Slowing output should ease inflation pressures.

"One of the components of inflation has been commodity prices across the board, from energy to metals," said Thomas J. Duesterberg, president and chief executive of the Manufacturers Alliance/MAPI. "We are starting to see some moderation in these prices. That's consistent with the moderation of industrial demand."

The economic outlook could yet become bleaker. People who bought their homes using adjustable-rate mortgages to keep their monthly payments low are starting to see higher mortgage bills. Some are falling behind on their payments.

And many economists suspect that home prices are still likely to fall more steeply. This could decimate residential construction. And it could impair American consumers' ability to borrow and, therefore, to spend.

"There's a storm building there," said Dean Baker, co-director of the Center for Economic Policy Research in Washington.

But if so, it is further away on the horizon.

U.S. Economy: Price Gains Slow, Backing Bernanke View (Update3) (BLOOM)

Bloomberg, September 16, 2006

By Joe Richter

Sept. 15 (Bloomberg) -- Prices paid by U.S. consumers rose in August at half the pace of the previous month, supporting Federal Reserve Chairman Ben S. Bernanke's view that inflation will moderate.

The consumer price index rose 0.2 percent following July's 0.4 percent increase, the Labor Department said today in Washington. Excluding food and energy costs, so-called core prices climbed 0.2 percent for a second month. A report from the University of Michigan showed Americans were more optimistic about the outlook for inflation and the economy as gasoline prices dropped.

Stocks advanced as traders speculated the Fed, whose policy makers meet next week, won't resume lifting interest rates after 17 consecutive increases through June. The central bank, which has been criticized for being complacent about inflation, is forecasting price pressures will ease over the next two years.

``Inflation is starting to turn," said Scott Anderson, senior economist at Wells Fargo & Co. in Minneapolis. ``The core may remain stubbornly high for the rest of the year, so while inflation may have peaked, we're going to stay at elevated levels and the Fed will have to keep its eye on the ball."

Consumer prices rose 3.8 percent during the 12 months ended in August compared with 4.1 percent in the period ended in July. Core prices rose 2.8 percent from a year earlier, the biggest 12-month jump since November 2001.

`Good News'

The numbers were ``not as favorable as some would like, but they showed the CPI numbers down, and that's good news," Kansas City Fed President Thomas Hoenig told an audience of bankers in Copper Mountain, Colorado. ``How we balance those will be, I think, an important part of the discussion that goes forward."

Separate figures from the Fed showed industrial production unexpectedly dropped 0.1 percent in August, compared with a gain of 0.4 percent the previous month. The proportion of industrial capacity in use declined to 82.4 percent from 82.7 percent the month before.

``I'm not quite ruling out one more rate increase in either the October or the December meeting" of Fed officials, said Stuart Hoffman, chief economist at PNC Financial Services Group in Pittsburgh. ``We're close to the end, if not at the end."

Bernanke and Fed policy makers may be reducing borrowing costs by next summer, said Hoffman.

People surveyed by the University of Michigan this month said they expect an inflation rate of 3.1 percent in one year, compared with 3.8 percent in the August survey. The school's index of consumer confidence advanced to 84.4, from 82 in August.

`Fits and Starts'

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``Consumer sentiment has improved mainly as a result of lower gas prices," said Chris Rupkey, senior financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York. ``The recovery in sentiment should lead to a gradual increase in the pace of economic growth, though it's going to come in fits and starts."

The gain in the August consumer price index matched the median of 80 forecasts in a Bloomberg News survey. Estimates ranged from no change to 0.5 percent. Core CPI was also projected to increase 0.2 percent.

The yield on the benchmark 10-year Treasury note was unchanged at 4.79 percent as of 5:02 p.m. in New York.

The consumer price index is the government's broadest gauge of costs for goods and services. Almost 60 percent of the CPI covers prices consumers pay for services, ranging from medical visits to airline fares and movie tickets.

So Far This Year

So far this year, consumer prices are rising at a 4.6 percent rate, compared with 3.9 percent in the first eight months of 2005. Core prices are rising at a 3 percent rate, after a 2 percent pace during the same period last year.

Energy prices rose 0.3 percent in August after jumping 2.9 percent a month earlier. Gasoline prices rose 0.2 percent after rising 5.3 percent in July.

Food prices, which account for about a fifth of the CPI, rose 0.4 percent in August after rising 0.2 percent the month before.

Housing costs, which include some energy costs and account for one-third of the index, rose 0.2 percent after rising 0.3 percent. A category designed to track rental prices rose 0.3 percent after rising 0.4 percent. Airfares fell 1.9 percent last month, the biggest drop since December.

Accommodation Costs

Rising rents, which account for almost 40 percent of the core CPI, have been contributing to inflation as less affordable home prices make renting more attractive.

The cost of medical care rose 0.4 percent, following a 0.2 percent increase in July.

Today's report puts the three-month annual rate of consumer price increases at 3.6 percent.

Retail gasoline prices fell to an average of $2.85 a gallon by the end of August, from $2.95 for all of July, according to U.S. Department of Energy figures. Gasoline fell to an average of $2.62 a gallon in the week ended Sept. 11. Crude oil prices declined and concerns over gasoline supplies eased with the end of the U.S. summer driving season.

Signs of a cooling economy that may help stem inflation pressures kept the Fed from raising rates last month for the first time in two years. The Fed's next policy-setting meeting is set for Sept. 20, and economists surveyed by Bloomberg News expect central bankers to leave the overnight lending rate at 5.25 percent.

Growth Forecast

The economy will expand at an annual rate of 2.6 percent in the final three months of 2006, down from an average of 4.3 percent in the first half, according to the median forecast of 81 economists surveyed Sept. 1 through Sept. 7.

Cathy Minehan, president of the Fed's Boston district bank, told a National Association for Business Economics meeting in Boston this week that her bank ``sees inflation subsiding slowly, assuming no further geopolitical or other shocks to oil prices."

Still, Minehan said the Fed will stay ``quite vigilant" against inflation, and economists said there is reason for concern that inflation pressures may persist.

Coca-Cola Co. said this month it's raising prices on Minute Maid Premium and Simply Orange juices for the third time in a year because of higher costs for oranges and orange concentrate. Prices will increase 3 percent to 6 percent in October, Coca-Cola said today in a statement. Before 2006, the Atlanta-based company hadn't raised orange juice prices in about five years.

Some economists said rising wages also pose an inflation risk after labor costs rose during the first half by the most in six years. During August, real average weekly earnings fell 0.5 percent after being little changed in July, a separate report from the Labor Department showed today.

Measure Favored by Fed

The Commerce Department said in an Aug. 30 report that the government's personal consumption expenditures index excluding food and energy, an inflation measure favored by Fed policy makers, rose at a 2.8 percent annual rate in the second quarter after a 2.1 percent rise the previous quarter.

The figure is above the comfort zone of policy makers who have specified a numeric inflation goal, including Bernanke.

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San Francisco Fed Bank President Janet Yellen last week defended the central bank's pause, and said inflation may recede ``faster than many forecasters expect."

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Tame Consumer-Price Report Points To End Of Rate Increases (WSJ)

By Mark Whitehouse

The Wall Street Journal, September 16, 2006

A tame reading on consumer prices lifted financial markets Friday amid hopes that waning inflation would allow the Federal Reserve to end its long march toward higher interest rates. The benign inflation figure, though, was largely the result of a small and anomalous statistical adjustment.

Easing fuel prices helped slow the increase in the Labor Department's consumer-price index to 0.2% in August from July, compared with 0.4% in July from June. The index, which measures inflation at the retail level, stood 3.8% above its year-earlier level, down from 4.1% in July. Core prices excluding food and energy, a measure watched closely by investors and the Fed, also rose 0.2% in August. Core prices were 2.8% higher than a year earlier, up from 2.7% in July.

ECONOMISTS REACT

The August CPI report is unlikely to get the Fed revved up when policy makers meet next week. Read a handful of economists' reactions1.

The core-inflation figure cheered financial markets, because it suggested that a string of higher readings earlier this year may have come to an end. Before rounding, though, the core price index rose 0.242%, not far off a 0.3% rise that would have been more likely to stoke inflation worries.

The main factor holding the core down: A seasonal adjustment that shaved one-tenth of a percentage point off the August increase in owners' equivalent rent, a proxy for the cost of housing that makes up almost a third of the index.

"We just squeaked by," said David Glocke, a bond portfolio manager at Vanguard Group in Valley Forge, Pa.

Patrick Jackman, an economist at the Labor Department, said the adjustment was an anomaly that had little to do with the underlying trend in rents, which have played the leading role in pushing up core inflation over the last several months. "While that had a dramatic impact on the actual number, as far as trends are concerned I certainly wouldn't make a big deal out of it," he said.

Nonetheless, investors concluded that the consumer-price report would calm Fed officials' inflation concerns and make them slightly less likely to raise interest rates from the current 5.25% at their next policy-making meeting Wednesday. Stock and bond prices rose immediately after the report, while futures markets lowered the probability of a quarter-point rate increase next week to 11% from 16%.

"The Federal Reserve is in pause mode right now," said Mr. Glocke. "I don't think there was anything that came out in the inflation report that would cause them to shift from that perspective." Last month, the Fed interrupted a string of 17 straight interest-rate increases in the hopes that a decelerating economy, together with stable energy prices, would relieve inflationary pressures.

Separate reports on industrial production and consumer sentiment Friday offered signs of a slowing economy and improving inflation expectations. The Fed reported that industrial production declined 0.1% in August as cooler weather precipitated a 0.8% decline in utility output. In a University of Michigan poll, consumers' estimate of long-term inflation fell to 2.9% in September from 3.2% in August -- a display of faith in the Fed's ability to keep prices under control. That confidence has been reflected in the market for inflation-protected Treasury bonds, where the implied 10-year inflation rate stood at 2.40% yesterday, down from about 2.60% at the end of July.

Still, many economists see reason to believe year-on-year core inflation could exceed 3% by the end of the year, testing the patience of consumers and investors alike. "It's really going to depend on whether or not the bond market has the intestinal fortitude to see core inflation going up while the Fed stays on the sidelines," said Steve East, an economist at investment bank Friedman Billings Ramsey. "It takes some degree of faith that the inflation numbers are going to peak and then come down."

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The persistent rise in rents presents the main reason for concern. Over the past six months, tenants' rent and owners' equivalent rent have risen at annualized rates of 4.4% and 5%, respectively, well above other elements of the core index.

That trend is likely to stay in the system for a while: The high cost of buying a home is still sending people into the rental market, pushing down vacancy rates and giving landlords ample power to keep raising rents. Tom Toomey, chief executive of Denver-based United Dominion Realty Trust, which owns about 75,000 apartments across the country, says he has seen robust rental demand that has allowed him to raise some rents by more than 10% from last year's level.

"It's very unusual to see this much strength across the country in so many markets," he says.

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U.S. Stocks Rally As Inflation Slows; S&P 500 Nears 5-Year High (BLOOM)

By Nick Baker

Bloomberg, September 16, 2006

Sept. 15 (Bloomberg) -- U.S. stocks rallied on signs of slowing inflation, pushing the Standard & Poor's 500 Index within half a percent of a five-year high and completing the market's best week in a month.

Microsoft Corp., the world's biggest software maker, jumped to its highest level since April after an analyst said its Vista operating system might go on sale earlier than forecast. United Technologies Corp., maker of Pratt & Whitney jet-engines and Carrier air conditioners, led the Dow Jones Industrial Average higher after increasing its stock buyback to $2 billion.

Consumer prices rose in August by half the pace of the previous month, a government report said, reducing the chances the Federal Reserve will resume raising interest rates. The gains put the Dow average within 163 points of a record close set in January 2000.

``Inflation appears to be decelerating," said Alan Gayle, who helps manage $70 billion as senior investment strategist at Trusco Capital Management in Richmond, Virginia. ``Some of the risks that have been in the market are gradually clearing away. We view this as encouraging."

The S&P 500 added 3.59, or 0.3 percent, to 1319.87. On May 5, the index reached 1325.76, the highest since February 2001. Losses in auto shares kept the market from advancing further as Ford Motor Co. delayed its North American profit goal by a year.

The Dow average climbed 33.38, or 0.3 percent, to 11,560.77. It set a record of 11,722.98 on Jan. 14, 2000. The Nasdaq Composite Index gained 6.86, or 0.3 percent, to 2235.59. Volume surged because of the quarterly expiration of futures and options, known as quadruple witching.

Weekly Gains

Stocks climbed this week as oil prices tumbled and investors became more convinced the Fed is in no hurry to increase the benchmark rate.

The S&P 500 added 1.6 percent and the Dow average advanced 1.5 percent from Sept. 8, while the Nasdaq climbed 3.2 percent. For the S&P 500 and Nasdaq, it marked the biggest gain since the week ended Aug. 18.

Prices paid by U.S. consumers rose 0.2 percent in August following July's 0.4 percent increase, the Labor Department said. Excluding food and energy costs, so-called core prices rose 0.2 percent after a 0.2 percent gain the previous month. Both readings matched the median forecast of economists surveyed by Bloomberg News.

Consumer confidence rose more than expected this month. The University of Michigan said its index of sentiment increased to 84.4 from 82. Economists expected a reading of 84.

`Good News'

Kansas City Fed President Thomas Hoenig said in a speech that today's inflation numbers are ``good news" and the Fed's past rate increases are ``still playing out" in the economy.

``If inflation is no longer a concern, the outlook for the consumer is bright," said Philip Tasho, who helps manage $450 million as chief investment officer at Tamro Capital Partners LLC. ``The markets may rally further if we see some positive signs that consumer sentiment is changing."

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Policy makers last month kept the benchmark rate unchanged at 5.25 percent after raising it 17 times over two years to contain inflation. The Fed announces its next decision on rates on Sept. 20.

Microsoft jumped 52 cents, or 2 percent, to $26.85 for the third-biggest advance in the Dow. The shares may reach $33 in the next 12 months, up from a prior forecast of $30, Goldman, Sachs & Co. analyst Rick Sherlund wrote in a note. Microsoft's Windows Vista operating system may go on sale earlier than previously expected, he said.

United Technologies

United Technologies added $1.61, or 2.6 percent, to $64.61 for the best performance in the Dow average. The company had previously said it would buy as much as $1.5 billion in stock this year. ``The business environment remains very good around the world," said Chief Executive Officer George David.

Adobe Systems Inc., the world's No. 1 maker of graphic- design software, rose $3.35 to $37. The stock's 10 percent jump was the largest in the S&P 500. Profit this quarter will be as much as 34 cents a share on sales of up to $685 million. Analysts surveyed by Thomson Financial expect, on average, 32 cents in profit and revenue of $668.8 million.

About seven stocks rose for every five that fell on the New York Stock Exchange. Some 2.19 billion shares changed hands on the Big Board, the most since June 30.

The surge in volume reflected trading tied to the expiration of stock-index futures, single-stock futures, index options and options on individual stocks.

Homebuilders

Homebuilders jumped as investors bet the Fed won't push interest rates higher and cool the economy further. A gauge of builders in S&P indexes added 2.4 percent, bringing its weekly advance to 10 percent, the most since October 2003.

Pulte Homes Inc., the No. 1 U.S. homebuilder by stock-market value, added 70 cents to $31.97. D.R. Horton Inc., No. 2 in the U.S., gained 35 cents to $24.34.

Ford Motor Co. slid $1.07, or 12 percent, to $8.02 for the biggest plunge since December 2002. The No. 2 U.S. automaker, responding to a $1.44 billion first-half loss, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009. Trading in Ford totaled 190.5 million shares, the most ever.

DaimlerChrysler AG tumbled $3.54 to $49.36. The world's fifth-largest carmaker cut its full-year profit forecast, citing a loss at Chrysler in the third quarter.

General Motors Corp., the No. 1 automaker, retreated $1.30, or 3.9 percent, to $31.66. It had the top decline in the Dow average.

Dynegy, Exelon

Dynegy Inc. added 31 cents to $6.07. The energy company agreed to buy LS Power Group's generating plants for $2.3 billion to create the third-largest independent U.S. electricity producer.

Exelon Corp. jumped $1.44 to $59.21. The company abandoned its $17.8 billion purchase of New Jersey's Public Service Enterprise Group because of an impasse with state regulators over the plan to create the largest U.S. utility company. Public Service fell $4.15 to $62.

Starbucks Corp. rose 82 cents to $33.85. The world's largest coffee-shop chain agreed to buy 40 stores from Diedrich Coffee Inc. for $13.5 million to expand in California and Oregon.

Adobe Systems Inc. (ADBE US) D.R. Horton Inc. (DHI US) DaimlerChrysler AG (DCX US) Dynegy Inc. (DYN US) Exelon Corp. (EXC US) Ford Motor Co. (F US) General Motors Corp. (GM US) Microsoft Corp. (MSFT US) Pulte Homes Inc. (PHM US) Starbucks Corp. (SBUX US) United Technologies Corp. (UTX US)

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Inflation Data Bode Well For Economy (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, September 16, 2006

With the recent slide in energy prices, experts are forecasting moderate growth.

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A report Friday showing tame consumer inflation, coming amid falling energy prices, raised hopes that the economy may be entering a "soft landing" of moderate growth without recession.

If that happens, it could be because of consumers like Ellen MacArthur.

She and her husband, David, cut back on running errands in their suburban South Florida community when gasoline prices shot up earlier this year. But as pump prices dropped in recent weeks, MacArthur started running weekend errands again, even stopping for lunch along the way. And she notices she's not alone.

"There are much more people out there now," MacArthur, 44, said. "During the week, even at night, you pass by restaurants and there was a time they would seem kind of empty. And they're full now."

Economists say the recent drop in oil prices has the potential to boost consumer spending, giving the economy a lift and at least partly offsetting the negative effect of a weakening housing market.

Energy prices rose just 0.3% in August, down sharply from a 2.9% boost in July, the Labor Department reported Friday as part of an overall report that showed the consumer price index rising 0.2% in August versus 0.4% in July. The subdued overall inflation was helped by slower price rises for energy, transportation, recreation and housing.

The core consumer price index, which excludes volatile energy and food prices, rose 0.2%, the same increase as in July but down from 0.3% increases in the previous four months.

Overall consumer prices rose 3.8% in the 12 months ended in August, down from 4.1% for the July period. Core prices rose 2.8% in the last 12 months, compared with 2.7% for the 12 months ended July.

The average retail price of regular gasoline fell from $3.04 a gallon Aug. 7 to $2.62 a gallon Sept. 11 and is expected to average $2.55 a gallon by January, according to a report Tuesday by the Energy Information Administration. Natural gas prices are lower this year compared with last year and are expected to remain lower this winter.

Analysts say the possibility that inflation may be peaking suggests that the Federal Reserve's campaign to raise interest rates could be succeeding. The Fed paused last month after raising rates 17 consecutive times in two years. Fed watchers predict that the central bank will hold off on raising rates at its meeting Wednesday.

"All of these numbers seem to be falling right in with the Fed's tightening path," said Michael Englund, principal director of Action Economics in Boulder, Colo.

Consumer sentiment has been buoyed by falling pump prices, said T.J. Marta, a strategist with RBC Capital Markets in New York. RBC said Friday that its index of consumer confidence rose to 93.7 this week from 74.8 in August. The University of Michigan said Friday that its index of consumer sentiment rose by 2.9% in September, the first increase in two months. It included a 13.4% monthly gain in consumers' expectations of future economic activity.

"Falling gas prices have a profound effect on consumer psychology," said University of Maryland economist Peter Morici. "Everyone knows how important oil is and it's the one statistic that is continually before their eyes. Men don't buy clothes once a week and not everyone buys food once a week. But it's a communal thing: Almost everyone buys gas."

Kevin Sugarman, 27, commutes in his pickup truck 98 miles a day from San Jose to his job at a public relations firm in Alameda, Calif. With lower gasoline prices, he started taking his second car — a Toyota sports utility vehicle — out for weekend spins to the beach, ballparks and Bay Area restaurants.

"It doesn't seem that huge, but when you're driving that much it matters," he said of the price change.

As consumer spending increases, Morici predicts that economic growth will pick up in coming months from an annualized rate of 2.9% in the second quarter to 3.1% for the rest of this year and 3.4% next year. "We're accomplishing a soft landing. Today's inflation numbers are really great news and we're going to continue to see good numbers in September and October," Morici said.

Marta, the RBC strategist, was less optimistic. Given the weak housing market, particularly in regional markets such as California, it's "a close call." He predicts annualized growth of 2.3% for the rest of the year and 2.5% to 2.7% next year.

"I think the consumer has benefited from the lower oil prices during the past few weeks, but we're near the bottom of the range for gas and oil" prices, Marta said.

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Also, wage growth appears to be mixed, making it uncertain how much it will boost consumers' spirits. Inflation-adjusted hourly earnings fell in August and were flat over the last 12 months, but average weekly earnings, adjusted for inflation, were up 0.3% in August, the Labor Department said Friday.

Businesses, once reeling from higher fuel prices, are also finally reaping some savings. But another report Friday showing that industrial output fell unexpectedly by 0.1% last month, the first decline since January, suggested businesses are still cautious.

Stevens Manufacturing Co. in Milford, Conn., expects to save on delivery of its aircraft parts as well as on heating fuel costs as the fall chill begins.

Company President Stephen Fogler, 46, lives on the shore of nearby Long Island Sound and has noticed that as gas prices fell, more boaters showed up at the marina and at local stores.

As "people spend less putting gas into their cars, they spend more at the mall," he said.

Morristown Drivers' Service, a trucking company based in Morristown, Tenn., employs 173 drivers and plans to invest fuel savings back into the business, said Jerry Malone, vice president of safety and personnel.

But the decline in gas prices could also stretch trucking companies if retail orders pick up in anticipation of increased holiday spending, said Bob Costello, chief economist for the American Trucking Assns. The next few months are a busy freight season, and the long-haul, heavy-duty truck industry alone faces a national shortage of 20,000 drivers, Costello said.

"The key for us is how much they think consumers are going to spend," he said.

Economist Englund said falling gas prices could jump start major purchases, especially autos, because new car prices fell 0.1% in August. Prices remained 1% higher than a year earlier.

Last year, David and Ellen MacArthur traded in their Ford SUV for a smaller Hyundai Santa Fe that gets about 11 more miles to a gallon.

Since gas prices started to fall this month, David MacArthur has noticed signs at local car dealerships advertising $5,000 to $10,000 markdowns on SUVs. He expects his neighbors in Port St. Lucie, Fla., to start buying soon.

"I think people are still waiting to see if gas will go down a lot," he said. "We've got hope."

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Lower Oil Prices Drive Fall In US Inflation (FT)

By Daniel Pimlott In New York

Financial Times, September 16, 2006

Inflation fell for the second month in a row in August, reducing pressure on the Federal Reserve to raise interest rates when it meets next week.

The consumer price index, a closely watched indicator of inflation, rose 0.2 per cent last month, in line with economists' predictions, after rising 0.4 per cent in July. On a year-on-year basis, CPI inflation is running at 3.8 per cent, down from 4.1 per cent in July.

The Fed has argued that a series of interest rate rises combined with slowing levels of economic growth have done enough to curb inflation, and consequently decided upon a pause in rate increases in August. Analysts said the slowing of inflation implied in the latest CPI report suggests the Fed is likely to keep rates on hold.

"This CPI data helps support the notion that the Fed will not need to raise rates further, and that inflation should decline further in coming months," said Rob Carnell, an analyst at ING Bank.

However, core inflation, which excludes volatile food and energy prices, is still rising - in August it nudged higher to reach 2.8 per cent year-on-year from 2.7 per cent in July. This remains above Fed chairman Ben Bernanke's preferred range of 1 to 2 per cent.

August and September have seen oil prices fall to their lowest levels since March, after reaching an all-time high in July. In August energy prices rose by just 0.3 per cent following a 2.9 jump the month before.

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As such, some analysts saw the data as masking underlying inflation in the economy, and suggested that, in the longer term rates may start creeping up again.

"Core CPI ... is consistent with continued underlying inflation pressures and inflation running above a desirable pace for policymakers," said Alan Ruskin, international strategist at RBS Greenwich Capital.

"This is not the kind of number that gets the Fed out the woods, it is just low enough to allow them to continue to play for time in assessing longer-term growth trends, notably in the housing market."

Air fares fell by 1.9 per cent for the second month in a row, helping to keep core inflation down.

Adding to inflationary pressure, rents rose faster than inflation, with owners' equivalent rent up 0.3 per cent, although the increase was smaller than in recent months and overall housing costs rose more slowly than in July. Prices of apparel rose by 1 per cent after falling in July.

US stocks opened sharply higher on the data, and benchmark 10-year Treasuries also rose, sending yields lower.

Wall St.'s Inconspicuous Rally Continues (NYT)

By Vikas Bajaj

The New York Times, September 16, 2006

It has been a stock market rally that dare not speak its own name.

With little fanfare — and with very few days of sharp upswings — stocks have been on one of their best runs so far this year. The Standard & Poor's 500 stock index is up 3.4 percent since July 31, to 1,319.87, just 6 points short of its five-year high in early May, and the Dow Jones industrial average is up 3.4 percent, to 11,560.77, 163 points from its record. Even the Nasdaq composite index, which was down for most of the summer, has turned up 7 percent since the end of July, to 2,235.59, and is now positive for the year. Yesterday, the Dow added 33.38 points, the S.&P. 500 was up 3.59 points and the Nasdaq gained 6.86 points.

Stocks have been buoyed by a significant decline in energy prices and a growing belief that the Federal Reserve will not raise interest rates again this year — an argument that won over more believers yesterday after a report on August consumer prices showed that inflation slowed. Crude oil futures are down 15 percent since July and national average retail gasoline prices have dropped to $2.73 a gallon, from a high of $3.10 at the start of August.

"Economic activity has been holding up pretty well and inflation pressures have eased," said Jeffrey N. Kleintop, chief investment strategist at PNC Advisors.

Technology, retailing and consumer companies, which largely lagged the broader market in the first seven months of the year, have posted the biggest gains in the last seven weeks.

As rallies go, it has been very muted: Over the last seven weeks, the S.&P. climbed more than 1 percent or more and the Dow added more than 100 points on just two days.

The measured rise reflects a recognition by investors that the economy has slowed from the first quarter, when it roared at a 5.6 percent annual pace, but has not fallen into a slumber, said Alan Skrainka, chief market strategist for Edward Jones, a brokerage firm based in St. Louis.

Other analysts, however, caution that the concerns that sent the markets tumbling in May and June — rising inflation and interest rate increases by the Fed — have not completely dissipated. Inflation, while it has eased, is still running higher than the 2 percent annual level that policy makers are comfortable with.

Oil and gasoline prices could move higher again if another hurricane threatens oil production in the Gulf of Mexico, if tensions between Iran and the West reach another fevered pitch, or if the Organization of the Petroleum Exporting Countries decides it has to support prices by cutting output. The economy could also sustain further damage if home sales and prices keep falling.

"If you believe that the housing market will slow down but not collapse and retail growth will still be in positive territory, then one ends up naturally thinking equities will do reasonably well," said Marc D. Stern, chief investment officer for Bessemer Trust, based in New York. But "if you are more skeptical of that, then I don't think the market looks very good right now."

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A reason to be more hopeful, is that even amid the current rally, many investors remain bearish, said Bruce Bittles, chief investment strategist for Robert W. Baird & Company. He noted that demand for put options, a financial instrument used to protect against a drop in the price of stocks, had risen since the start of August. Surveys of market sentiment also indicate that many investors have as much as a third of their portfolios in cash, a high percentage.

When sentiment is this downbeat, stocks often move higher, Mr. Bittles and other analysts note. Conversely, when investors are very optimistic and have a large allocation of their portfolios in stocks, it signals that markets may be poised for a fall. "It's an oversimplification," Mr. Bittles acknowledged, "but it works."

Take Trusco Capital Management, a money management firm based in Atlanta. The firm has had a neutral view toward American stocks, because it believes that risks of higher inflation could prompt the Federal Reserve to raise its benchmark short-term rate, now at 5.25 percent, in the coming months, said Alan M. Gayle, the senior investment strategist and director of asset allocation. But he finds the recent data "encouraging."

Bond investors are indicating that they believe the Fed has inflation under control. Yields on the 10-year Treasury note, which move in the opposite direction from the price, have fallen to 4.79 percent from 4.98 percent at the end of July. When investors are worried about inflation, they demand higher returns for holding bonds.

As for oil prices, the size of the decline has surprised analysts. Crude oil futures touched a high of $77.03 a barrel in mid-July and closed yesterday at $63.24 a barrel on the New York Mercantile Exchange.

Gold prices, which have closely followed the rise in energy prices and are seen as a safe haven from inflation, have dropped 9 percent, to $577.50 an ounce, since July.

"It was well documented that there was plenty that could go wrong to push prices even higher" this summer, said Thomas Bentz, an oil broker at BNP Paribas in New York. But "we made it through the gasoline season without any major disruptions.''

"The hurricane season — I am afraid to say it fizzled out — but we certainly didn't see the number of hurricanes that were forecast."

The hurricane season ends in November, but with the exception of Ernesto, which hit southern Florida in August, it has not produced a significant storm, at least thus far. Another important factor is the flow of speculative money into and out of energy. Data on long and short interest from the Commodity and Futures Trading Commission shows that non-industry investors in oil futures turned bearish on crude oil futures at the start of August, just about when prices started dropping.

Oil Prices Up Despite Cut In OPEC Output (AP-Y)

AP, September 16, 2006

Oil prices edged higher Friday but finished lower for the week after OPEC lowered its oil-demand forecast for the rest of the year.

Oil prices lost more than 4 percent for the week, and analysts said there has been a definite shift in energy-market psychology, as traders focus on the relatively comfortable balance between supply and demand as opposed to hypothetical supply threats.

However, Fimat USA analyst John Kilduff said in a research note that geopolitical uncertainty, which helped push prices to an all-time high of $78.40 in July, could eventually re-ignite energy markets.

"In the end, our bias still has to remain with the upside," said Kilduff. "It is only for the moment that psychology has shifted more to an economic track, and even there, we don't see the global economy breaking down, only a softening at the margins."

The Federal Reserve said Friday that the nation's industrial output unexpectedly fell by 0.1 percent in August, reflecting weakness in manufacturing and declines in mining and utility production. Analysts had been looking for a small increase.

Some worldwide economic softening was acknowledged on Friday by the Organization of Petroleum Exporting Countries, which said fourth-quarter demand for its oil would be 320,000 barrels a day lower than previously forecast, or 28.86 million barrels per day.

In 2007, OPEC expects demand for its crude to average 28.1 million barrels per day, or 800,000 barrels per day less than the 2006 average, in part because non-OPEC supplies are rising. As a result, some analysts believe the Vienna-based cartel, which is pumping close to 30 million barrels a day, may end up cutting its output by 1.5 million barrels a day or more.

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"It looks for 2007 that OPEC revenues are going to be under pressure, from both price and volume," said Citigroup analyst Tim Evans.

After falling as low as $62.03 a barrel, light sweet crude for October settled at $63.33, a gain of 11 cents on the New York Mercantile Exchange. Still, oil prices remain about 20 percent below the July peak.

"It's been going straight down. We can't be surprised by a rally," said Man Financial broker Andrew Lebow.

Retail gasoline prices, now averaging $2.55 a gallon nationwide, have fallen about 15 percent in the past month and analysts say further declines are likely.

Nymex natural gas futures, which plunged 10 percent Thursday to a two-year low after government data revealed surging inventories, rebounded slightly. October natural gas rose 9 cents to settle at $4.982 per 1,000 cubic feet.

In other Nymex trading, gasoline futures rose by 2.28 cents to settle at $1.575 a gallon, while heating oil futures fell less than a penny to settle at $1.7023 a gallon.

Ford Cuts 10,000 Salaried Jobs, Delays Profit Target (Update10) (BLOOM)

Bloomberg, September 16, 2006

By Bill Koenig and John Lippert

Sept. 15 (Bloomberg) -- Ford Motor Co., increasingly desperate to stem billion-dollar losses, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009.

The second-largest U.S. automaker said it will shed an additional 10,000 salaried jobs, finish cutting 30,000 North American factory jobs by 2008, four years sooner than planned, and offer buyouts to all hourly workers. Ford suspended its quarterly dividend for the first time since 1982. The shares posted their biggest drop in almost four years in their highest trading volume ever.

The new cuts speed up steps announced by then-Chief Executive Officer William Clay Ford Jr. in January to ``retake the American roadway." They come on the heels of a surprise $1.44 billion first-half loss. Two weeks ago, Ford hired former Boeing Co. executive Alan Mulally, 61, to replace Bill Ford, architect of a previous failed restructuring in 2002.

``The market has changed so much and this company has lost so much market share that it needs radical surgery," said John Casesa, managing director with Casesa Strategic Advisors in New York. ``And that's what this announcement is: radical surgery."

Shares of Ford fell $1.07 to $8.02 at 4:03 p.m. in New York Stock Exchange composite trading, nearly wiping out gains for the year. The 189 million shares traded was more than twice the previous peak set on April 26, according to Bloomberg data. Merrill Lynch changed its recommendation on Ford shares to ``sell" from ``neutral."

The 10,000 salaried job cuts come in addition to 4,000 posts eliminated before March 31. The combined totals mean Ford is slashing almost 40 percent of its salaried workforce -- from car designers to financial analysts to secretaries -- in North America.

Mulally's Review

The company will delay steps such as selling brands or other assets until Mulally has a chance to study such proposals, four people familiar with the strategy said last week. Executive Vice President Mark Schulz, who heads Ford's international operations, said today that Ford's money-losing Jaguar luxury car unit won't be sold.

Ford's worldwide workforce shriveled 16 percent from 2002 through the end of last year. Its share price was $58.69 at the start of 1999, when Bill Ford became chairman, and has since declined 86 percent.

After Ford's announcement today, rival DaimlerChrysler AG cut its full-year profit forecast because of a projected 1.2 billion euro loss ($1.5 billion) at its U.S. Chrysler unit in the third quarter.

Losing Market Share

Ford, of Dearborn, Michigan, has lost U.S. market share every year since 1995 and today said the slide will continue. The company declared that its turnaround would be led by products, just as it did in 2002. More than 70 percent of Ford, Lincoln and Mercury vehicles will be new or ``significantly upgraded" before 2009, Ford said.

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Ford's 7.45 percent note due in 2031 fell 1.5 cents to 76.75 cents on the dollar, yielding 10 percent, according to Trace, the NASD's bond-price reporting service. The debt closed at 80.5 cents, its highest level in 2006, on Sept. 12.

The company is battling falling sales of F-Series pickup trucks and sport-utility vehicles, the main sources of its auto profits. After losses in seven of the past eight quarters at the North American automotive unit, Ford is cutting second-half production by 16 percent.

The automaker today dropped a pledge made in January to earn a profit on its North American automotive operations in 2008. Instead, in recognition of the impact of its first-half losses, the company projects a profit in the region in 2009.

Internal forecasts say Ford's global automotive losses may double to more than $8 billion in 2006, four people familiar with the figures said this month.

New Products

To help convince investors that its lineup of future products is sufficient to boost market share, Ford will introduce a redesigned version of the Super Duty commercial pickup in the first quarter of 2007, plus an ``all-new" F-150 pickup and new compact cars and sub-compacts in coming years.

``This plan is meant to turn our company around," Executive Vice President Mark Fields, chief of the North American auto unit, said in an interview. ``I think we have a very realistic plan with conservative assumptions."

As its closes plants, Ford said it will maintain one shift at its St. Thomas, Ontario, plant to build the Lincoln Town Car.

Ford said its North American manufacturing capacity will be cut to 3.6 million cars and trucks by the end of 2008, a 26 percent decline from last year.

Deteriorating Fast

Management has ``concluded that Ford is deteriorating much faster than they had initially assumed, and that's wholesome" said Eugene Jennings, a business professor emeritus at Michigan State University.

``The question now is whether they have the right management team to overcome the inertia that set in when Bill Ford was chief executive."

Ford managers today said the company can fix North American operations without resorting to broader steps.

Bill Ford, in response to a question, said going private is ``not in our plans." He also said the company's sales ranking in the U.S. ``doesn't matter" if the company's auto operations return to profitability.

Toyota Motor Corp.'s sales in the U.S. exceeded Ford's for the first time in July. Ford regained the No. 2 slot behind General Motors Corp. in August.

Chief Financial Officer Don Leclair said Ford management didn't decide until a board meeting yesterday that it would postpone the 2008 target of returning North American auto operations to profitability. Fields said that meeting the 2008 goal would have reduced investment in new cars and trucks.

Ford Credit

Leclair also said the company wasn't looking to sell a stake in Ford Motor Credit Co., which makes loans to buyers of Ford-produced cars and trucks.

``We have thought long and hard on this," Leclair said. ``We concluded the credit company is an integral part of the motor company."

GM, also battling losses, earlier this year agreed to sell a 51 percent stake in General Motors Acceptance Corp. The automaker made the sale to raise cash and to improve credit ratings for GMAC, which are below investment grade.

The decision on Ford Credit was the ``single most disappointing aspect" of today's announcement for bondholders, Pete Hastings, fixed-income analyst with Morgan Keegan Inc. in Memphis, Tennessee, said in an email. He said he expects the price of Ford bonds to fall.

Visteon Deadline

The company said the plants it took back from auto-parts maker Visteon Corp. last year will be sold or closed by the end of 2008. Ford originally took back 23 factories and offices from its former subsidiary. Two were made permanent parts of Ford's North American operations and the rest were to be sold or closed.

This is the first time Ford has publicly set a target for disposing of those operations.

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Ford said it will complete cutting as many as 30,000 manufacturing jobs by the end of 2008, moved up from the original 2012 target. The automaker estimated it will reduce its operating costs by about $5 billion a year by 2008.

Ford also has completed new work-rule agreements at 30 of its 42 North American plants. Such agreements affect the way Ford deploys factory workers. The automaker projects the new agreements will save $600 million annually.

More Plants Named

The company identified two more plants to be closed: a metal-stamping plant in Maumee, Ohio, and an engine plant in Essex, Ontario. That brings the total number of plants identified to nine.

Also, a Norfolk, Virginia, plant that makes the F-150 truck, originally set to close in 2008, will close one year earlier. That plant and a St. Paul, Minnesota, plant, scheduled to close in 2008, will be reduced to one shift from two.

The company's Dearborn Truck plant in Michigan will be expanded in 2007 to three shifts for F-150 production.

Ford said today that its U.S. market share will continue to fall, a sign that it has given up on Bill Ford's January goal of stemming the decline this year. Ford's U.S. brands -- Ford, Lincoln and Mercury -- captured 16.8 percent of the market this year through August. That figure will decline to ``the low-16 percent range'' by the end of this year and 14 to 15 percent ``going forward,'' a Ford statement said.

Discontinued Vehicles

The company said further declines are occurring because of vehicles it's discontinuing. Ford ceased production of the Monterey minivan, will stop making Taurus sedans later this year and the Freestar minivan in 2007.

Ford will concentrate on selling cars and trucks to individual buyers, where profits are higher.

Ford is using ``realistic business assumptions'' in making the market-share forecast, spokesman Oscar Suris said in an interview. He declined to say when the U.S. brands will reach the 14 to 15 percent level.

Ford was supposed to generate $7 billion in pretax profits this year under the restructuring plan announced in January 2002. The company withdrew the target last year because of North American losses.

January's ``Way Forward'' strategy called for completing the 30,000 factory-job cuts and plant closings by 2012. Until today, only half of the plants had been identified, and North American results have worsened.

Buyouts

Today's announcement came a day after Ford and the United Auto Workers union said more than 75,000 UAW members will receive buyout or early retirement offers.

One of the new buyout offers is for as much as $140,000 for employees aged 55 and over with at least 10 years of experience who agree to forgo health-care benefits, according to the union. Another of the eight options is a $35,000 payout to leave the company and maintain health benefits.

Ford has had ``targeted'' buyouts for union workers at specific U.S. plants, compared with the all-union-employees approach at Detroit-based General Motors Corp. About one in three GM workers, or 34,000 people, accepted the buyout, and GM said it would finish shedding the jobs two years ahead of schedule.

The UAW agreed to the buyouts and early retirements to avoid involuntary layoffs as Ford reduces the size of its workforce, said Bob King, director of the UAW's Ford department, in a statement distributed to union officials in Detroit.

Workers can apply for buyouts between Oct. 16 and Nov. 27, the UAW said. Workers at an Atlanta plant that closes later this year can apply from Sept. 19 through Oct. 2. Most employees who accept buyouts will depart between Jan. 1 and Sept. 1 of 2007 .

No Dividend

Before eliminating the dividend today, Ford in July had cut its quarterly payout from 10 cents to five cents a share, its lowest since omitting payments in 1982 and 1983.

The perceived risk of owning Ford bonds rose 8.6 percent today, according to traders who bet on the creditworthiness of companies in the credit-default swap market. The annual cost of a five-year default swap based on Ford's bonds rose to $695,000, up from $640,000 yesterday, according to data compiled by Credit Suisse Group.

An increase in price indicates deterioration in the perception of credit quality; a decline suggests improvement.

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Ford disappointed investors by failing to follow GM's lead in specifying which plants will close and when, and in not putting assets like Ford Motor Credit up for sale to pay for the UAW buyouts, said Sean McAlinden, an analyst at the Center for Automotive Research in Ann Arbor, Michigan.

``GM is moving along at 70 miles per hour, and Ford is now up to 25," McAlinden said. ``We'll probably see another restructuring announcement from Ford by the end of the year."

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New Ford Plan Fails To Ease Crisis (FT)

By Bernard Simon In Detroit And Ralph Atkins In Frankfurt

Financial Times, September 16, 2006

The crisis at Ford Motor deepened on Friday as its shares plunged following the release of a new restructuring plan that suspended the dividend and delayed its target for returning to profit in North America by a year.

Turmoil in the US auto market also hit DaimlerChrysler, the German-based carmaker, which warned that higher-than-expected losses at its Chrysler unit would slash about €1bn ($1.3bn) from forecast operating profits this year, sending its shares down 6 per cent.

Ford's latest version of its Way Forward plan – its third restructuring effort in five years – aims to shrink its North American workforce and speed up the launch of models.

But Ford stopped short of revealing plans to sell its Jaguar luxury division or its Ford Credit financing unit, and it acknowledged that its share of the US light vehicle market was likely to erode from 16 per cent to a range of 14-15 per cent. The company had a 25 per cent market share in the mid-1990s.

Ford shares closed 11.77 per cent lower in New York at $8.02 and the cost of buying protection against the risk of a future default by Ford duly rose in the credit derivatives market.

"Ford's plan lacks the scope in terms of asset sales and falls short of the critical level of strategic commitment to stabilising financials," said analysts at CreditSights in New York. "The market is not going to be happy with this plan."

The carmaker now aims to return North American operations to profitability by 2009, a year later than envisaged under January's Way Forward plan.

The latest cost-cutting measures include axing an additional 10,000 white-collar jobs and offering buy-outs to its entire US blue-collar workforce, as General Motors did earlier this year. The extra white-collar job cuts combined with 4,000 earlier this year will shrink the North American salaried workforce by about a third. Nine assembly and parts plants in the US and Canada will close by the end of 2008.

Bill Ford, executive chairman, said he was less concerned about the possibility of Toyota overtaking Ford in North America than the importance "for this plan to be based on what I consider to be conservative assumptions". He said his family, which owns about 4 per cent of the equity and controls 40 per cent of the votes, had no plans to take the carmaker private.

Alan Mulally, who took over as Ford's chief executive earlier this month, added that senior management was "not waiting for external factors to make it OK".

Additional reporting by Michael Mackenzie in New York

Ford Cuts 10,000 Jobs, Closes 2 Plants (AP-Y)

By Tom Krisher

AP, September 16, 2006

Ford took drastic steps on Friday to remold itself into a smaller, more competitive company, slashing thousands of jobs and shuttering two additional plants to cut costs and fend off a financial crisis.

The company announced it would cut 10,000 more white-collar positions in addition to offering buyout and early retirement packages to all of its 75,000 hourly employees. It also suspended its dividend.

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Wall Street seemed unimpressed. Ford's shares slumped nearly 12 percent amid disappointment that the automaker didn't do more to address rising health and pension costs, falling market share and intense competition from Asian manufacturers whose models have enthralled buyers looking for gas-sipping cars and trucks.

The announcement came as Chrysler's parent said it would cut U.S. production through the end of 2006 and follows big cutbacks at General Motors earlier this year. The cuts can be traced to consumer demand shifting from trucks and sport utility vehicles to smaller, more fuel efficient cars and crossovers.

The blue-collar cuts at Ford, the second-biggest U.S. automaker, are another blow to organized labor, which has been losing members as the auto industry reshapes itself to battle lower-cost, nonunion rivals.

Ford Motor Co. said it would shutter a stamping plant in Maumee, Ohio, in 2008 and its Essex engine plant in Windsor, Ontario, in 2007.

It will also close an assembly plant in Norfolk, Va., in 2007, a year earlier than previously announced and will cut a shift in January. An assembly plant in St. Paul, Minn., which is scheduled to close in 2008, also will have a shift reduction in 2007.

The new cuts bring the total number of plant closures to 16, adding to the 14 plants announced in a previous restructuring plan. The company has identified nine plants to be closed through 2008, but Ford officials would not talk about which facilities would be shut down after that.

Ford said it would complete its cuts of about 30,000 hourly jobs by the end of the 2008, four years ahead of its previous target. The company said it had cut 4,000 salaried positions in the first quarter of this year.

The new cuts would reduce Ford's total North American work force by 29 percent, from the current level of about 130,000 to about 92,000 by the end of 2008. The salaried job cuts represent about a third of that work force.

Ford's method of slashing its labor force is similar to cuts made earlier this year by larger rival General Motors Corp. At GM, 34,410 hourly workers have accepted buyouts or early retirement offers, and the company cut 2,000 salaried workers.

Ford, GM and DaimlerChrysler AG's Chrysler unit are struggling with the need to reduce their so-called "legacy costs" of big pay and benefits packages for workers and retirees.

DaimlerChrysler said Friday that its Chrysler division will make additional production cuts in the third and fourth quarters to reduce dealer inventories.

Ford said by 2008, its North American factory capacity will be 26 percent lower than to 2005 levels.

It said the plan would cut about $5 billion in operating costs, mainly by offering early retirement and buyout packages to all hourly workers and to white-collar employees. Ford plans to expand buyout and early retirement offers worth up to $140,000 to the company's U.S. hourly work force of more than 75,000 as part of the plan.

"The simple fact is that the business model that served us in North America for decades no longer works," Mark Fields, Ford's president of the Americas, said during a morning teleconference.

Also during the teleconference, Executive Chairman Bill Ford said there were no plans for the Ford family to buy back stock and take the company private.

Todd Wiech, a 46-year-old Ford worker in St. Paul, Minn., said it would be hard to leave the company where he's worked for 18 years, but he's weighing options that include a buyout, returning to school or transferring to another Ford plant.

"Myself — people that were hired in 1988 — it hits us pretty hard because we've got a lot of time invested with Ford and we're getting a little older to go out looking," said Wiech.

At a plant in Dearborn, carpenter Brent Orr, a 12-year veteran, said he probably would take a buyout offer.

"For me, I'm a skilled trade. So I can probably go out and get a job somewhere," Orr said. "It will probably be out of state. There isn't a lot of work right now in Michigan."

Ford said that by the end of 2008 it would close or sell all facilities that it took back as part of a bailout of Visteon Corp., a supplier that was spun off from the automaker.

The company also said it expects to achieve full-year profitability in its North American automotive operations no earlier than 2009. The company had previously pledged to make money in North America in 2008.

It also plans to suspend the quarterly dividend on its common and Class B stock in the fourth quarter of this year.

Some Wall Street analysts said the plan did not go far enough.

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"We had hoped Ford would close additional assembly plants and make remaining ones highly more flexible, announce the exit-sale of several brands" and take other steps, said Ron Tadross, analyst for Bank of America.

Merrill Lynch analyst John Murphy downgraded the company's stock from neutral to sell and said the plan focuses on buyouts and doesn't address other issues.

"It does not materially accelerate product introductions. It does not provide a solution for the troubled facilities assumed from Visteon. It does not cut capacity deeper. It's missing a lot," he said. Visteon is Ford's former parts unit.

But Morgan Stanley maintained its equal-weight rating.

"While we are pleased to see greater cost reduction and more acknowledgment of the reality/gravity of the situation, we remain concerned that current results are worse than we think," analyst Jonathan Steinmetz said in a note to investors.

Ford shares fell $1.07, or 11.8 percent, to close at $8.02 on the New York Stock Exchange. Its shares have traded in a 52-week range of $6.06 to $10.09.

The company lost $1.4 billion during the first half of this year.

In July, Ford pledged to accelerate its "Way Forward" restructuring plan, which when introduced in January called for up to 30,000 job cuts as well as closing 14 facilities by 2012.

The company indicated Friday that it is ready to accept a smaller slice of the market, focusing on profitable sales instead of volume. It said it expects its market share to slip to 14 percent to 15 percent, down from about 26 percent in the early 1990s.

Ford said it would get out of the minivan business. But it will add a new full-sized, seven-passenger crossover for sale in 2008, based on the Fairlane wagon concept. The Fairlane will be produced in Oakville, Ontario.

"The most important thing we do is to size our company and our capacity to the current demand and, on top of that, to continue to invest in the products and services — the cars and trucks — that the customers really, really want," Chief Executive Alan Mulally said. Mulally, who was named to the post last week, led a turnaround at the commercial jetmaking division of Boeing Co.

Ford also said it would roll out new or significantly upgraded cars and trucks in 70 percent of its Ford, Lincoln and Mercury brands, expanding in growing areas such as car-based crossovers. At the same time, Ford said it will try to maintain its lead in the truck segment by introducing a completely reworked F-150 that will go on sale in 2008.

Sharp Skid Ford And Chrysler Show Dark Outlook For U.S. Car Makers (WSJ)

By Jeffrey Mccracken, Stephen Power And Joseph B. White

The Wall Street Journal, September 16, 2006

Ford Will Drop Its Dividend, Cut More Salaried Jobs; Daimler Unit's Loss Grows A 'Black Friday' for Detroit

Bowing publicly to the powerful forces that are reshaping the American auto industry, Ford Motor Co. and DaimlerChrysler AG's Chrysler Group acknowledged that their strategies for outracing high gas prices, fickle consumer tastes and relentless global competition had hit the wall.

DaimlerChrysler, in a surprise announcement, said its Chrysler Group is on track to lose about $1.5 billion in the third quarter -- more than double prior forecasts. The company indicated it would slash production in the short term to cope with bloated inventories and take unspecified restructuring actions.

Ford, meanwhile, outlined plans to cut more jobs and speed up the pace of some cuts already planned. Over a three-year period that began this year, Ford now has plans to eliminate about 44,000 hourly and salaried jobs in North America, or some 40% of its work force. The newest element of the program is that Ford aims to cut about 14,000 salaried jobs, up from the previous goal of 4,000. Ford also said that in the fourth quarter it will stop paying its quarterly dividend.

Meanwhile, No. 1 auto maker General Motors Corp. has sharply improved its performance recently, following a $10.6 billion net loss in 2005, but at a high price. Its North American work force is less than half its size it a decade ago.

The twin Ford and Chrysler announcements, separated by just a few minutes Friday morning, added up to a Black Friday for Detroit. Taken together with GM's moves, the downsizings and management upheavals point to a new order in what remains one of the most important industries in the U.S. economy.

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The concept of a U.S. Big Three -- GM, Ford and Chrysler -- is obsolete. Toyota Motor Corp. has pulled ahead of Chrysler by 200,000 vehicles in U.S. sales through August, and in July even outsold Ford.

Ford's financial outlook is particularly dire. It once promised to return its core North American auto business to profitability by 2008. Now it doesn't expect to do so before 2009.

Ford will burn through an astonishing $8.5 billion in cash this year. It began the year with $25.1 billion and will end the year with about $20 billion, a figure augmented by $3.4 billion Ford has taken out of a fund in which employers set aside money for retiree health-care costs.

Ford plans to give more guidance on its cash situation at its third-quarter conference call in October. Chief Financial Officer Don LeClair, a 30-year veteran, said this crisis is different than struggles in the early 1980s and early 1990s during national economic downturns. "This is something that not every auto company is going through. It's our issue," he said. "It's not something like 1980 where there is a severe recession.... It's more about us than it is the economy."

UAW Softens Attitude About Cuts In Detroit (WT)

By Sean Lengell

The Washington Times, September 16, 2006

The Ford Motor Co's latest round of cuts is another serious blow to organized labor, costing the United Auto Workers as many as 40,000 active members and millions of dollars in lost dues.

But after taking a highly aggressive approach for decades, the UAW is transforming into a less combative, more cooperative organization that may be willing to work closer with U.S. automakers than perhaps at any other time in its history, analysts say.

"I think the UAW has finally wakened up to the fact that the whole thing is likely to disappear if they don't start to cooperate a little bit," said John Wolkonowicz, an analyst with Global Insight, an automotive research and consulting firm. "In some ways they may be working together now."

Ford yesterday announced a new restructuring plan that includes cutting more than 10,000 additional salaried jobs, offering buyouts to all of its 75,000 U.S. hourly workers and shutting down two more plants than the 14 previously announced.

The plan, hammered out with cooperation from the union, was praised by UAW officials -- even though it would reduce Ford's North American work force by almost a third.

"Once again, our members are stepping up to make hard choices under difficult circumstances," UAW President Ron Gettelfinger said. "Now it's Ford Motor CO's responsibility to lead this company in a positive direction.

Under the terms of the agreement, no UAW member will be forced to take a buyout -- a concession demanded by the union.

"We remain deeply concerned about Ford's loss of market share, and committed to working together" with Ford, said UAW Vice President Bob King, who directs the union's Ford Department. "Even with all the problems in the auto industry, UAW members at Ford will continue to have a voice in their own destiny."

The UAW has lost 900,000 members since the 1970s, and the potential loss of another 40,000 jobs could cost the union millions of dollars in membership dues.

The union collected about $206 million in 2004, down from about $214 million the previous year, said Martin Payson, a lawyer with the Jackson Lewis law firm, which represents management in labor disputes.

The UAW has realized it must soften its approach in an increasingly competitive and nonunion industry, said Charlie Hughes, former head of North American operations for Land Rover and Mazda.

"There was probably a time in the history of labor where that was helpful, but in a day and age where you have so much competition ... then both labor and management have to pull together," Mr. Hughes said.

He added he expects contract negotiations with the UAW and Ford, General Motors and DaimlerChrysler, which expire next year, to go smoother than previous negotiations.

Much of the union's change in attitude can be attributed to Mr. Gettelfinger, many analysts say.

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"Ron Gettelfinger has brought a new enlightenment to the union -- he sees the handwriting on the wall," Mr. Wolkonowicz said. "His goal now maybe has shifted from getting as much as possible [from the automakers] to preserving as many jobs as possible."

Mr. Gettelfinger was re-elected as the union president when he ran unopposed in June.

The UAW has failed to attract membership at automotive plants established in the United States by Asian companies. And while their reluctance is due in part to an unwillingness to pay union dues, which can run $50 a week or more, it's not the only reason, analysts say.

"Workers want to be part of a winning team, and the more factions you have in the workplace, the more names and labels you put it, the more difficult it is to be a single team." Mr. Hughes said. "The [automakers] winning today have a lot of focus, and that focus has to run through the whole organization."

Some say the union's less-harsh stance may come too late to save it from irrelevance.

"You're going to see the UAW as an entity engaged in serious soul-searching as to what it wants to be and what's it's capable of being," Mr. Payson said. "It will be a Herculean effort to turn this around."

The UAW, which also represents some health care and government workers, will be forced to recruit more nonautomotive workers if it is to survive, Mr. Payson said.

"Three years from now, what we call the UAW is going to be something significantly different than it is today," he said.

Detroit Flails In Latest Effort To Reinvent Itself (NYT)

By Micheline Maynard

The New York Times, September 16, 2006

DETROIT, Sept. 15 — Detroit is running low on optimism.

Despite insisting all this year that they had solutions to their financial struggles well in hand, both the Ford Motor Company and the Chrysler Group conceded Friday that the steps they had taken were not working and that more bad news was coming in one of the deepest auto industry crises in Detroit's history.

Ford, which has held second place behind G.M. for 70 years, admitted for the first time that it would inevitably be ceding that spot to Toyota because of slumping sales and its decision Friday to close more factories and cut thousands of additional jobs. It also said it did not expect to make a profit in North America until 2009.

At the same time, the Chrysler Group, also pummeled by the decline in sales of big sport utility vehicles and pickup trucks, said it would report a loss for this summer of $1.5 billion, more than double what it had originally anticipated.

Its parent, DaimlerChrysler, also signaled that it did not see how to build a subcompact car profitably in North America, forcing it to turn to China or another Asian carmaker to help build one overseas. [Page B4.]

For its part, G.M., which is cutting 30,000 jobs and closing nearly a dozen plants, is set to decide within a month whether it wanted to link with a Japanese and a French auto company, a prospect that has rattled union members as well as state officials where G.M. employees live and work.

With all of the auto companies here putting themselves on the chopping block, the upheaval shows that Detroit's basic business strategy — built on the assumption that what has long been thought of as the Big Three would make money simply by dominating the mass market with a full range of vehicles — is irrevocably broken, said James P. Womack, who has written extensively about the auto industry.

"All the old rules of the game are gone," said Mr. Womack, co-founder of the Lean Enterprise Institute. And, he said, the challenge is now to play by the new rules, as dictated by foreign competitors. "We're now in the reinvention phase," he added.

That includes more cuts that will continue at least through the end of the decade. Detroit companies will be focused on closing plants, eliminating blue- and white-collar jobs, and cutting more deeply into their operations to reduce costs. Moreover, the automakers remain liable for billions of dollars in health care costs, both for their active and retired workers.

At G.M., those costs add up to $5.2 billion a year, or the equivalent of $1,440 a car. But for all their efforts to lose excess weight, the biggest challenge facing Detroit's car companies is convincing skeptical American buyers that their vehicles,

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developed amid this chaos, are as attractive as those from their aggressive rivals. Thus far, they have been failing, reflected in their falling market share in recent years.

Adding to Detroit's woes, its Asian competitors are investing billions of dollars more in American factories and hiring thousands more American workers.

Within six years, it is likely that Asian auto companies, led by Toyota, will outsell their Detroit rivals in the United States, according to a forecast by Edmunds.com, a Web site that offers car-buying advice.

The industry has already gotten a look at the lineup of the future. This July, the best-selling companies were G.M., Toyota, Ford, Honda and Chrysler. And what seemed to be a temporary aberration is about to become the norm, said Jesse Toprak, a senior analyst at Edmunds. "It was a sneak peek of what's likely to happen going forward," Mr. Toprak said.

That was not what Ford's chairman, William Clay Ford Jr., was envisioning in January, when Ford unveiled the first phase of a restructuring plan that it calls the Way Forward.

Amid an announcement that it would cut 34,000 jobs and close 14 plants, Mr. Ford vowed that the 103-year-old company, founded by his great-grandfather, Henry Ford, would regain its supremacy in the American market.

"With it, we will retake the American road," Mr. Ford said at the time.

But Friday, Mr. Ford signaled that his company was allowing Toyota to pass it. At the end of the news release that announced new cuts, including the elimination of 10,000 more salaried jobs, Ford said it expected its share of the market to drop to 14 to 15 percent after this year, 10 points lower than Ford was at the beginning of the decade.

At that time, bets were placed across Detroit whether Ford could surpass G.M.; now, the safe bet is that Toyota will pass Ford to become No. 2 behind G.M., something Mr. Toprak expects to happen for good next year.

"Frankly, our ranking doesn't matter,'' Mr. Ford now says. "You've seen, over the years, chasing market share with sometimes disastrous results."

But given the unpredictability of gasoline prices, to have any kind of security in the American market, both Ford and Chrysler will have to reduce their dependence on sport utilities and pickups, which make up two-thirds of Ford's lineup and three-quarters of the vehicles sold by Chrysler. Both vow they will do that by selling more cars and crossover vehicles.

Those will take time to reach showrooms. Although both have new crossovers on the way, the small car that Ford promises to sell in the United States will not reach the market until 2009 — three years behind compacts introduced this year by Toyota, Honda, Nissan and G.M., which has just introduced a refreshed version of the Chevrolet Aveo, built for it by its South Korean partner, Daewoo.

True, the new Dodge Caliber, introduced this spring, is selling well for Chrysler. Yet both Chrysler and Ford have to hope that gasoline prices stay down from their peaks above $3 a gallon this summer, and that they can keep rebates and other deals to a minimum while they sort out their new status.

One unknown in their predicament is the role of the United Automobile Workers, the union that serves as both their partner and adversary. It has granted some concessions on health care coverage to G.M. and Ford, but said last week that it would not cut a deal with Chrysler, because it was not in such bad financial shape. (Chrysler's latest news could change the union's mind.)

Beyond that, the union has demonstrated that its priority right now is to take care of the members who will be losing their jobs.

On Thursday, Ford and the U.A.W. reached agreement on buyout packages worth up to $140,000 apiece for 75,000 Ford workers, similar to the deals that were offered to G.M.'s 113,000 hourly workers.

The deals, which have not yet been matched by Chrysler, are a clear signal from the union that workers would be well off to get out now before 2007 contract talks, when some of the protection that the U.A.W. has offered generations of workers may diminish.

Once it gets through its current round of job cuts, Ford is expected to have fewer workers at its American plants than Toyota — a prospect that was hard to imagine in 1986, when Toyota opened its first free-standing plant in the United States.

On Friday, that factory, in Georgetown, Ky., built the five-millionth Toyota Camry sedan. It has been the best-selling car in the United States for nearly a decade, a title once held by the Ford Taurus.

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Mr. Womack, whose book "The Machine That Changed the World" studied Japanese automakers' American plants, calls the Georgetown factory, which now employs 7,000 workers, "the torpedo that came in when no one was looking."

Reeling from the continuing ripple effects of that explosion, Ford, Chrysler and G.M. need to figure out how to maintain their foothold in a market that they once had practically to themselves. They might take some counsel from the original Mr. Ford.

In his 1930 book, "Moving Forward," Henry Ford wrote that companies were often bedeviled by "the little things that are hard to see — the awkward little methods that have grown up and which no one notices."

Eliminating those tiny wasteful practices, he wrote, could make a big difference between success and failure.

Toyota, at least, was listening. While Ford Motor's "Way Forward'' clearly suggests it faces a struggle ahead, the tagline of Toyota's new advertising campaign is a much more positive "Moving Forward,'' a direct homage to the path that its Detroit rivals may have no choice but to follow.

Bush: Richards Helped Define Texas Politics (DMN)

By Todd J. Gillman

The Dallas Morning News, September 16, 2006

WASHINGTON – President Bush reminisced Friday about the governor he ousted a dozen years ago, calling Democrat Ann Richards a tough opponent and saying he would miss her.

"Running against Ann Richards taught me a lot. She was a really, really good candidate. She was a hard worker. She had the capacity to be humorous and yet make a profound point," Mr. Bush said at a Rose Garden news conference. "She made a positive impact on the state of Texas. One thing's for certain -- she empowered a lot of people to want to participate in the political process that might not have felt that they were welcome in the process."

Mr. Bush is heading to the United Nations on Monday, the day the memorial service will be held in Austin. Former Commerce Secretary Don Evans will represent him at the service, at which Sen. Hillary Clinton, former housing secretary Henry Cisneros and former Dallas mayor Ron Kirk will speak.

As the president noted, "a lot of people loved Ann Richards."

"She really kind of helped define Texas politics in its best way," he said. "One of the things we have done in our history is we've had characters. People larger than life. People that could fill the stage, you know, when the spotlight was on 'em wouldn't shirk from the spotlight but would talk Texan and would explain our state, and she was really good at that."

Ann R., Alcoholic (NYT)

By Maura J. Casey

The New York Times, September 16, 2006

Former Gov. Ann Richards of Texas will be remembered for her wit, her one-liners and especially for the keynote speech at the 1988 Democratic Convention, which was, in retrospect, the high point in the party's dismal campaign for the presidency that year. To intrigued television viewers nationwide, Ms. Richards, with her big hair and big attitude, epitomized the kind of formidable woman that is a hallmark of the Lone Star State. People liked her down-home phrases. When she said, "We're gonna tell how the cow ate the cabbage," they believed her. She leavened a plain-spoken manner with wisecracks. Both helped elect her governor two years later.

But her political career eclipsed what Ms. Richards called "one of the great, great stories" of her life: her recovery from alcoholism and her nearly 26 years of sobriety. That triumph deserves to be more than a line in her obituary.

In so many ways, her decision to stop drinking and enter a rehabilitation program in 1980, after a painful intervention by family and friends, was necessary for her continued rise in public life. What made Ms. Richards different was her decision to be forthright about the fact that she was a recovering alcoholic. She didn't hide it. "I like to tell people that alcoholism is one of my strengths," she said. She was right. Alcoholics know that seeds of healthy recovery grow from the need to mend their own flaws to stay sober, one day at a time. Ms. Richards faced her imperfections fearlessly, and that enabled others to be fearless, too, if only for a little while.

She never stopped helping people. One well-known author said the first mail she received after enrolling in a rehabilitation program was an encouraging letter from Ms. Richards. A politician who left rehab and wondered how on earth he was going to

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avoid drinking when he got home well after midnight found Ms. Richards waiting for him when he arrived. As governor, she started treatment programs in Texas prisons. When she visited, she would tell the inmates the simple truth: "My name's Ann, and I'm an alcoholic." Her imperfection had become a source of inspiration for others.

Bush Popular With These Republicans (SFC)

By Rachel Gordon

San Francisco Chronicle, September 16, 2006

President Bush plans to travel to Stockton next month to raise money for Rep. Richard Pombo, R-Tracy, a close White House ally who is seeking an eighth term in Congress.

The president also plans to attend a fundraiser for Rep. John Doolittle, R-Rocklin, in El Dorado Hills near Sacramento during a trip similar to one taken by Vice President Dick Cheney to the Republican House districts before the June primary.

Pombo's campaign aides aren't saying how much they hope to pull in at the Oct. 3 fundraiser at the Stockton Memorial Civic Auditorium. But, said campaign manager Carl Fogliani, "we're looking at raising a lot."

Fogliani called the president's planned visit a "great honor." Despite Bush's low showing in the polls, Pombo's joint appearance with Bush will be aimed at the party faithful in the 11th Congressional District, which includes portions of San Joaquin, Alameda, Contra Costa and Santa Clara counties.

Although Democrats have a chance to win the 15 Republican seats they need to gain control of the House, most nonpartisan experts believe Pombo is a strong favorite in his race against wind energy specialist Jerry McNerney, a Pleasanton Democrat who lost to Pombo two years ago.

McNerney campaign aides said they'll use the president's visit to remind voters of Pombo's ties to the administration and hope to tap into the national dissatisfaction with Bush and the Republican leadership in Washington.

"Welcome to California," McNerney campaign spokesman Rob Caughlan said of Bush's upcoming visit. He said that considering Pombo's proven fundraising prowess, the president's visit "means they must be running scared."

Bush To Visit State For Pombo, Doolittle (MERCN)

By Erica Werner

The San Jose Mercury News, September 16, 2006

WASHINGTON - President Bush will visit California next month to raise money for Republican Reps. Richard Pombo of Stockton and John Doolittle of Granite Bay, who are seeking re-election amid ethics questions.

Bush will attend a breakfast for Pombo Oct. 3 and a fundraising lunch at an El Dorado Hills country club for Doolittle the same day, the campaigns said separately Friday.

The Doolittle event, which his campaign hopes will raise as much as $500,000, will be Bush's first appearance on behalf of Doolittle. The congressman's friendships with former Majority Leader Tom DeLay and convicted GOP lobbyist Jack Abramoff have provided fodder for Doolittle's Democratic opponent, Charlie Brown.

Doolittle accepted campaign cash from Abramoff and Abramoff clients, while interceding on their behalf. His wife also performed fundraising work for Abramoff, who pleaded guilty in January in a conspiracy to corrupt public officials.

Unlike Doolittle, Pombo has donated to charity the campaign money he received directly from Abramoff. But he has been targeted by environmentalists over his chairmanship of the House Resources Committee, where he has shepherded legislation helpful to oil and gas interests that have donated generously to him.

The Pombo fundraiser will be held at Stockton Memorial Civic Auditorium. Details about how much money his campaign expected it to generate were not available Friday.

Both incumbents represent Republican-leaning districts in Northern California.

The Bush visit follows a California trip by Vice President Dick Cheney, who was appearing at private receptions Friday for the Republican Governors Association in Los Angeles and for the Republican National Committee in Menlo Park.

Cheney was not meeting with Gov. Arnold Schwarzenegger during the visit, the governor's office said.

Campaigner In Chief (TRCP)

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By John Upton

Tracy Press, September 16, 2006

President Bush will continue making the rounds for Republican campaigners when he makes a trip to Stockton to stump for Rep. Richard Pombo.

President Bush will take a break from conducting his war against terror to visit Stockton on Oct. 3 to raise campaign cash for Rep. Richard Pombo, R-Tracy.

Pombo campaign consultant Wayne Johnson said it's normal for incumbent presidents and vice presidents to help candidates raise funds.

"It takes money to run campaigns," said Johnson, who said Bush would appear at a breakfast fundraiser.

The breakfast is expected to be at the Stockton Memorial Civic Auditorium.

Local fundraisers by Vice President Dick Cheney, Speaker of the House Dennis Hastert and House Majority Leader John Boehner have helped Pombo raise more than $2.5 million this election cycle.

The money has helped Pombo fend off an expensive, frenzied attack by primary opponent Pete McCloskey, Democratic candidate Jerry McNerney and a range of activist groups, including MoveOn.org, Defenders of Wildlife and the Sierra Club, in the race for the 11th Congressional District.

Pombo has been targeted for his close ties to convicted felon and former lobbyist Jack Abramoff and indicted former House Majority Leader Tom DeLay, but David Karol, a political science professor at University of California, Berkeley, said McNerney doesn't have enough money or visibility to make the scandals stick.

"I don't think it really helps Pombo to be seen with the president. … I think what Bush can offer him at this point is help in fundraising," said Karol, who said Pombo remains the favorite in the race despite Bush's unpopularity across the country. A Sept. 7 Gallup poll found 39 percent of Americans approve of Bush's performance, while 56 percent disapprove.

Bush picked up 3 percent more votes in 2004 in the 11th District than his national average.

Sierra Club spokesman Eric Antebi said Bush counted on Pombo, as chairman of the House Resources Committee, to support or turn a blind eye to oil-industry friendly policies on oil drilling and air pollution.

"Pombo joined Bush in trying to allow oil companies to drill in special places like the Arctic National Wildlife Refuge and protected the coastline while weakening the rules that protect our waterways from drilling pollution," Antebi said. "And like Bush, Pombo's campaigns have gotten a big boost from oil industry contributions."

Pombo previously said that he wants to create more American jobs and wean the United States from foreign energy supplies by increasing domestic production.

Pombo supports Bush's commitment to keeping U.S. forces in Iraq — which, according to various government reports, had no weapons of mass destruction or links to al-Qaida when it was invaded — saying that an early withdrawal would be a disaster. At least 2,676 U.S. soldiers, including five soldiers from Tracy, have died in the war. Iraq Body Count has documented more than 43,000 Iraqi deaths, but no such government statistics are available.

Defenders of Wildlife and MoveOn.org organizer Ed Yoon said he would greet Bush with a protest, but South San Joaquin County Republican President Frank Aquila said the president will be welcomed by much of the community.

"I'm sure they'll go ahead and bus the protestors in, but any time the president comes — whether Republican or Democrat — you've got to honor that position, and I think the fact that President Bush is going to be here is absolutely outstanding."

McNerney's camp seemed unfazed by Bush's upcoming visit.

"If I were Pombo, I'd probably be stoked that Bush is coming out, because even George Bush is more popular than the Congress," said McNerney spokesman Rob Coughlan.

The visit was announced at a difficult time for the Republican Party, which is facing a pre-election backlash over the federal government's handling of the war in Iraq, Hurricane Katrina and oil prices.

Despite Pombo's formidable campaign war chest, the National Republican Congressional Committee spent more than $55,000 helping Pombo this year.

Committee spokesman Jonathon Collegio said $38,475 was spent a little more than a week ago on a mailer that attacks McNerney's tax policies.

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"The (Democratic Congressional Campaign Committee) has targeted Richard Pombo, and the (National Republican Congressional Committee) wanted to level the playing field," Collegio said.

A spokeswoman for the Democratic committee said Bush's visit is a sign that Pombo is in trouble.

"National Republicans are spending money, and they're sending Bush in to raise money for Pombo because they know that his record of using his seat for personal enrichment makes him vulnerable and an unappealing choice for Californian voters," Kate Bedingfield said.

Bush To Visit Stockton (STREC)

By Hank Shaw

Stockton Record, September 16, 2006

SACRAMENTO - President Bush is coming to Stockton next month to help Tracy Rep. Richard Pombo raise money for his re-election bid.

Bush is scheduled to appear at a $250-a-plate breakfast event at the Stockton Memorial Civic Auditorium on Oct. 3, according to the campaign.

Pombo is locked in a spirited campaign for the 11th District against Pleasanton wind energy consultant Jerry McNerney, who lost handily to Pombo in 2004.

McNerney has come back stronger this time, and many political observers give him an outside shot at unseating Pombo - if there is a Democratic wave this fall.

Most Republicans nationwide have been focusing on local issues in their re-election efforts, but bringing Bush into the district shifts the spotlight to national matters such as the war in Iraq; Pombo's hometown of Tracy has one of the highest death rates in the nation for soldiers serving overseas.

Bush's approval ratings are hovering around 40 percent nationally, according to several recent surveys. But in California, Bush's popularity is far lower: Nearly two-thirds of all Californians - including more than one-quarter of Republicans - disapprove of Bush, according to a late July Field Poll.

Bush last came to Stockton in 2002, ostensibly to help Bill Simon, the GOP candidate for governor that year. Vice President Dick Cheney hosted a Stockton fundraiser for Pombo earlier this year.

Pombo spokesman Carl Fogliani said the Bush visit will swell their campaign fund so they can blitz McNerney on radio, on television and in the mail throughout the last seven weeks of the election.

"He'll help the campaign raise the resources we need to finish this campaign," Fogliani said.

Pombo's 11th District includes both the Sacramento media market and the pricey Bay Area market, which can bankrupt all but the richest candidates should they choose to advertise heavily on TV.

Pombo already has mailed several fliers to district residents and has been spending more than $50,000 a week on a radio ad highlighting McNerney's decision to change 55 of his positions on a candidate issue questionnaire earlier this summer.

Adding to this is at least $161,000 in spending by the Republican National Campaign Committee on Pombo's behalf for polling and mailers.

As of June 30, Pombo has just under $1 million to spend and had raised more than $2.2 million overall. He has actively been collecting more cash since then, and the campaign hopes the Bush fundraiser will cap their effort.

No money goal for the event has yet been set, Fogliani said.

McNerney, whose campaign says it's raised nearly $1 million so far, is also beginning its own ad campaign on cable television. He is the best-funded challenger Pombo has faced, and his spokesman, Rob Caughlan, says Bush's arrival shows Pombo is concerned.

"I think he's scared," Caughlan said. "He's certainly not taking Jerry McNerney for granted.

"We've been saying all along this is a national race, and there's nothing that'll say 'national race' better than having George W. Bush come into Stockton."

Pombo has voted with Bush's positions 86 percent of the time since 2001, according to information compiled by the Democratic Congressional Campaign Committee.

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That might please residents of Ripon, Lodi, Escalon and Manteca, which all voted for Bush twice. But Tracy and Stockton - much of which is in the neighboring 18th District - voted for Al Gore in 2000 and John Kerry in 2004.

In the East Bay portion of the district, neither the Alameda County part nor Morgan Hill voted for Bush, although the Contra Costa section did, narrowly.

University of California, Berkeley, political scientist Bruce Cain said bringing Bush to the district could prove risky, although it's in character for the pugnacious Pombo.

"I don't see Pombo apologizing for his conservatism or his support of the president," Cain said. "What he wants to do is strengthen his Republican numbers. He doesn't need a lot of Democrats to vote for him."

Allan Hoffenblum, one of California's premier political odds-makers, says Pombo has little to lose by bringing in Bush.

"Bush is visiting the red part of California, not the blue part," said Hoffenblum, referring to Republican red and Democrat blue. "And if they hate Bush that much there, they're not going to vote for Pombo anyway. Besides, he needs the money."

Election Prospects Looking Up, Some Republicans Say (MCT)

By Steven Thomma

McClatchy Newspapers, September 16, 2006

WASHINGTON - With the fall election campaign taking shape, many Republicans this week believe for the first time in months that they've turned a corner and could limit feared midterm losses enough to retain control of Congress.

The reasons for their guarded optimism include a new poll showing that voters again give an edge to the Republicans on national security, another showing concerns about the seeming lack of a clear Democratic alternative agenda, an impressive get-out-the-vote effort in a Rhode Island Republican primary, and relief over dropping gasoline prices.

To be sure, all Republicans interviewed stressed that they still face a sour country and tough election - the Iraq war being the main reason - and they still fear losing seats in both the House of Representatives and the Senate.

Democrats dismiss the notion of a Republican rebound.

"These guys must be living in a circular room if they think they've turned a corner," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee. "At the end of the day, the situation in Iraq remains the same, the economy remains the same, and the things coming out of Congress remain the same. To say they're in better shape going into the heart of the general election campaign doesn't pass the smell test."

Nevertheless, Republican National Committee Chairman Ken Mehlman on Friday all but echoed one internal White House prediction that his party will lose only two to three Senate seats and eight to 12 House seats. That would still leave Republicans in control of Congress. Democrats need to gain 15 House seats and six Senate seats to capture both chambers.

Mehlman and other Republican operatives argued that they "won" the first full week after Labor Day, the date when more voters historically start tuning in to politics and candidates and parties ramp up their campaigns, particularly with advertising.

"We're in a pretty good trend right now, although we're still in a tough environment," Mehlman said at a breakfast with reporters.

"There's clearly a turnaround happening," added a Republican Senate aide, who spoke on condition of anonymity on his boss's orders. "We've got a lot of work to do. But there's a chance now to stave off the kind of disaster that was being predicted."

Several credit President Bush's concerted effort in recent speeches to connect the unpopular Iraq war to the more broadly supported war against terrorism and to paint the Democrats as weak on defense.

One poll this week suggested that the White House campaign succeeded in at least one area. The ABC-Washington Post survey showed that voters trust Republicans over Democrats to handle terrorism by a margin of 48 percent to 41 percent, a sharp turnaround from the month before, when they trusted Democrats by 46 percent to 39 percent.

Another poll, conducted for NBC News and The Wall Street Journal, showed that 42 percent of voters are more concerned that Democrats lack "specific programs," while 37 percent are more concerned that Republicans have offered "no changes" to the status quo. That suggests that the Republican hope to turn the election from a referendum on their rule to a choice between them and the Democrats may be working.

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"Paid advertising is picking up," said Ed Patru, a spokesman for the National Republican Congressional Committee, which helps Republicans in House races. "Voters now are paying less attention to outside noise and focusing more on differences between the candidates."

Republicans also enter the fall with a decided cash advantage to buy more advertising and get-out-the-vote operations. This week, the Center for Responsive Politics, which tracks money in politics, reported that collectively, all Republican political committees had a cash-on-hand edge over their Democratic counterparts of $121 million to $91 million.

Republicans also were buoyed by the party's get-out-the-vote work in Rhode Island on Tuesday, where it helped produce a record turnout and a primary victory for incumbent Sen. Lincoln Chafee. That turnout effort echoed a successful drive in a special election in California over the summer, signs that the party's much-lauded ability to mobilize its voters is still effective even in a tough year.

And gasoline prices are dropping, easing one of the many drags on the party in power. The ranks of voters who rate gasoline prices as the top issue dropped from 15 percent last month to 5 percent, according to the ABC poll.

"Having gas prices moderate is an important component of having people recognize that the economy is in a lot better shape than they think it is," said Whit Ayres, a Republican pollster.

But he cautioned that it's not enough to turn around Republican fortunes.

"We have had a good week. But that good week needs to be sustained in order for it to have a fundamentally different effect on the election. ... It's hard to say things are really looking up until we see significant improvement on Iraq, or more people see the economy as positive."

The ABC-Washington Post poll of 863 registered voters was conducted by telephone Sept. 5-7 and had a margin of error of plus or minus 3.5 percentage points.

The NBC-Wall Street Journal poll of 1,009 registered voters was conducted by telephone Sept. 8-11 and had a margin of error of plus or minus 3.1 percentage points.

Piñata Strategy (NSWK)

By Howard Fineman

Newsweek, September 16, 2006

Behold the Republican playbook: Frightening voters and demonizing Dem leader Nancy Pelosi.

The Republican message for this fall's election season turns Franklin Roosevelt's famous statement on its head: fear is good, or at least it's a strategy. They want the electorate to be afraid, very afraid—of the terrorists, of course, but also of an elegantly dressed woman from San Francisco.

Democratic operatives have been warning Rep. Nancy Pelosi for months that she needs to prepare for what Karl Rove and the GOP have in store: an all out, coast-to-coast assault.

As the Democratic leader in line to be speaker if her party wins control of the House, Republicans see Pelosi as the piñata of politics in 2006.

Six years into the Bush presidency, GOP operatives in essence are conceding the obvious: voters are angry about Iraq, the economy, immigration and incompetence.

Republicans worry about voters such as Eric Albino, a 29-year-old construction worker I met in New York the other day at the site of Ground Zero. He had been a Bush supporter, but turned against him because of the war in Iraq. "He's doing what he can to the best of his ability," Albino said sympathetically, "but he should have left Saddam alone." We are less safe as a result, he said.

Rather than spend a lot of time and money defending their record to voters such as Albino, the Rovepublicans will try to scare him into sticking with them—or at least staying away from the polls altogether. The way to do that, they have decided, is to scare him silly about what the Democrats would do with control of Congress.

They want to use Pelosi to give their vision of nightmare a face and name and history.

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It's a page from an old GOP playbook. In 1984, the Democrats held their convention in San Francisco; Republicans renominated Ronald Reagan in Dallas. It was the dawn of the Red State-Blue State, cultural/political divide we see today. Democrats made history, nominating the first woman—Geraldine Ferraro—for vice president. "Independent" GOP groups swarmed into San Francisco, and onto the airwaves, to denounce the Democrats for their liberal stands on abortion, gay rights, taxes and so on. Reagan won 49 states.

The epithet "San Francisco Democrat" had power then, and for years thereafter. Does it still?

We're about to find out. The product of a middle-class family, reared in Baltimore as the daughter of the city's mayor, Pelosi by background is no flower child. But she does represent a capital of Blue State America. She has a liberal voting record and she is perhaps the most influential congressional critic of the Iraq war.

Pelosi's friend and ally, Rep. John Murtha, got all the ink, but it was Pelosi who gave him his platform in the caucus. Pelosi is personally wealthy; her husband, Paul Pelosi, is a successful Bay Area businessman.

The GOP has "tested" her image in focus groups and polls. She has become a favorite villain of conservative talk radio, which sometimes dwell on her attire and looks. Female Democratic strategists I know fret about this, even as they are outraged at what they see as the sexism of it. They admire her sense of style, but they do worry that she looks too sophisticated, too Nob Hill. "She dresses too 'rich'," one said to me. No one would accuse Denny Hastert of that.

As for her stand on the issues, it is incontrovertibly true that she represents one of the most liberal congressional districts in the country. "That's who she is," said a top Democratic operative. "The problem with refuting that attack is that it's true."

Other insiders worry about gay-rights: the notion that the Democrats are too responsive to gay demands for equal treatment. That was GOP's underlying message 22 years ago, when the term "San Francisco Democrat" first gained currency. It will be subtext—or the overt text—in the campaign this fall.

"They are going to try to turn Pelosi into the Newt Gingrich of our day," said Mark Penn, a leading Democratic pollster. "But I don't think it's going to work. First, she's not that well known. Second, it could work the other way. People want accountability. They want George Bush held to account. Pelosi isn't running for president, she's running for a Congress that will take on the president."

Will voters in, say, eastern Pennsylvania (where there are four House seats up for grabs) care about who Rep. Nancy Pelosi is in November, and what she might say and do as speaker? It seems unlikely, but it's only mid-September.

Mfume Concedes Election To Cardin (WT)

By Jon Ward

The Washington Times, September 16, 2006

Kweisi Mfume yesterday officially conceded Maryland's Democratic primary for the U.S. Senate, but it was not clear whether he planned to campaign for Rep. Benjamin L. Cardin in the general election contest against Lt. Gov. Michael S. Steele, the Republican nominee.

"Ben and I gave this race our best," said Mr. Mfume, past president of the National Association for the Advancement of Colored People and a former congressman. "However, there can only be one nominee from our party, and he is it.

"He is a great public servant and I have absolutely no doubt that he is going to make a terrific United States senator. He has my full support," Mr. Mfume said.

Mr. Cardin spoke with Mr. Mfume on the phone minutes before a Democratic rally in Annapolis, an Mfume spokesman said.

"This was a very positive, hard campaign," Mr. Cardin said after the rally. "Kweisi and I continue our friendship. ... I'm proud to have his support."

Mr. Cardin said that he expects Mr. Mfume to campaign with him.

"I am confident that we will be together during the campaign," Mr. Cardin said.

According to the Maryland State Board of Elections, Mr. Cardin received 247,617 votes, or 43.8 percent, and Mr. Mfume 228,721, or 40.4 percent, in Tuesday's primary. Eighteen Democrats were seeking the nomination to replace retiring Democratic Sen. Paul S. Sarbanes.

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About 25 precincts in Baltimore had not had their votes counted as of yesterday, and 26,000 absentee ballots, along with an unknown number of provisional ballots, also had not yet been counted.

Mr. Mfume, who waited until after 2 a.m. Wednesday to end his primary party without then conceding, said that he had spoken with elections officials yesterday morning and decided to concede.

"We have looked at every set of remaining numbers. It is clear that while the gap may narrow, the vote totals will fall short of what will be needed to win," Mr. Mfume said.

In an unrelated matter, the Cardin campaign fired a female campaign staffer yesterday after discovering a Web log she had been writing about the campaign.

Titled "Road Diaries of the Persuasionatrix," the blog talked about taking a picture of Cardin staffers eating Oreos with the caption "devouring the competition."

"Oreo" can be used as a derogatory term for blacks who "act or think white." Mr. Steele is the first black to win a statewide office in Maryland.

A Cardin spokesman said that the staffer was fired as soon as the blog was discovered.

"We became aware of this blog today," said Oren Shur, Mr. Cardin's spokesman. "We utterly condemn the sentiments expressed in it. It is not an accurate reflection of Ben Cardin or his campaign. The junior staffer responsible for the contents of this blog is no longer employed by the campaign."

Mr. Shur did not confirm the name of the blogger.

A Kean On The Ballot? What Else Is New? (NYT)

By David W. Chen

The New York Times, September 16, 2006

TRENTON, Sept. 15 — One of Thomas H. Kean Jr.'s earliest political memories is watching his father, Gov. Thomas H. Kean Sr., deliver the keynote address at the Republican National Convention in 1988, when George H. W. Bush was nominated for president.

Now, Mr. Bush is one of many of the former governor's powerful friends helping support the younger Mr. Kean's bid to unseat Senator Robert Menendez, as patrimony has helped propel a relatively inexperienced state legislator into one of the tightest races in the country. Some Democrats here even complain that Republicans are trying to confuse voters into thinking that the popular former governor and chairman of the 9/11 Commission is running, not his 38-year-old son.

After all, Keans have been on the ballot here almost as long as there have been ballots.

"When my dad ran for Congress — and he had been the Assembly speaker — the headline said, 'Kean's son to run for Congress,' " said Mr. Kean, now a state senator. "When my grandfather ran for Congress in 1938, there was a headline that said, 'Kean's son to run for Congress.' When my great-grandfather ran for Senate, I think there was a headline that said, 'Kean's brother to run for Senate,' because his older brother had served in the United States Senate.

"So I personally set very high standards for my own experience in public office, and I think the public has set very high standards for me."

As they did with the current President Bush in 2000, Democrats say Mr. Kean, in his first run for statewide office, lacks the résumé for Washington. But suddenly the nonpartisan Cook Political Report, and several other election handicappers, have moved New Jersey — which last elected a Republican senator in 1972 — into the toss-up column, complicating Democrats' plans to keep a supposedly safe Senate seat.

Despite Mr. Menendez's three-to-one fund-raising edge, Mr. Kean has capitalized on sky-high name recognition to pass the incumbent in several recent public opinion polls by as much as 5 percentage points. Party leaders are increasingly focused on the race: Karl Rove, the White House political guru, is scheduled to sponsor a fund-raising lunch for Mr. Kean on Monday at 21 Club in Manhattan, and Senator Mitch McConnell of Kentucky, the Republican whip, is sponsoring a breakfast on his behalf on Wednesday in Washington.

It does not hurt, of course, that former Governor Kean, who enhanced his stature with his leadership of the 9/11 Commission, has been in the news promoting a book and played a part in last week's controversy over ABC's miniseries on the

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subject. The younger Mr. Kean has also leaned on his father's allies for financial support and strategy. And not every candidate's father has a political action committee — Governor Kean's Fund for All Americans has contributed $10,000 to the effort. (The senior Mr. Kean and other Keans have donated $26,500.)

"I do think what we are seeing in the polls is a familiarity quotient," said Ingrid W. Reed, a political scientist at Rutgers University. "Even if people know it's not Tom Kean Sr., the name resonates, and people say, 'How bad can he be?' "

Mr. Kean says he is not bothered by people who equate his career with political entitlement, or wonder whether he can escape the shadow of his father — or his father's father's father. And while he shares many moderate Republican values with the former governor, he is hardly a political clone, demonstrating a more conservative bent on immigration and gay rights.

"The umbilical cord was cut a while ago," Mr. Kean said in a recent interview at his home in Westfield.

Being the child of a prominent politician brings the blessings of name recognition and nostalgic good will, and the burden — especially for those who share the same first and last names — of the inevitable comparisons and the invariable complaints that the child had too easy a glide path.

Some namesake sons, like Al Gore and Richard Daley, have equaled or exceeded their fathers' records. Some have fallen short, like Adlai E. Stevenson III and Hubert H. Humphrey III. And some have been so unabashed in trumpeting their father's names that you might think the two were running mates.

The elder Mr. Kean, in a recent interview at his office in Far Hills, acknowledged that the pressure could be daunting — and said he had steered all three of his children away from politics.

"It's very difficult when your father is prominent in the same field that you're about to go into," he said. "Frankly, there are a lot of children from political families who have had a lot of problems in their lives." Asked if his son had ever wished that he had a different name, perhaps to lower expectations, he smiled and said, "He's never said that to me, but I suspect there were times."

When it comes to political dynasties, the Keans are to New Jersey what the Kennedys are to Massachusetts, or even what the Livingstons, the Keans' distant relatives, once were to New York.

As he grew up at the family homestead in Livingston, the younger Mr. Kean said he was most impressed with the reception that his father received in the community.

"Whether it be in the movie theater, the diner or the local Friendly's, people would come up and say, 'This is an important issue,' or people would thank him for something he did," Mr. Kean recalled. "That impressed upon me that you could do something good."

At Dartmouth College — which Mr. Kean chose over his father's alma mater, Princeton, to avoid implications that he was admitted because of his connections — his roommates said they found out his father was the governor of New Jersey several months into the school year, when the governor showed up on campus escorted by state troopers.

"He looks to his dad more as a mentor than as a classic father figure, if you will," said Peter Van Alstine, a roommate at Dartmouth who remains one of Mr. Kean's closest friends. "It wasn't the typical American, 'Go fishing, hang out daily, arms-around-the-shoulder' type deal. It was definitely more infrequent and more of a mentor relationship."

Mr. Kean's first job out of college, in 1990, was at the Environmental Protection Agency in Washington — a political appointment his father arranged. Then, after the first President Bush lost in 1992, Mr. Kean worked for former Representative Bob Franks, a moderate Republican and family friend.

At the Fletcher School at Tufts University, where Mr. Kean studied the politics and economics of Central Asia, his academic adviser, Andrew C. Hess, said that he learned of the student's lineage from a secretary.

A classmate, Geneve Mantri, said: "It didn't seem to be a weight on him. Having come from the U.K., where there's an awful lot of name-dropping, where your sense of identity is very much tied to your parents or grandparents, it was nice to meet somebody who had that background but wasn't self-conscious about it, either in a good way or a bad way."

Mr. Kean was studying for a doctorate before being sidetracked by politics — just as his father had been sidetracked from a Ph.D. decades earlier. He decisively lost his first electoral effort, a Republican Congressional primary in 2000, despite his father's help. "It was probably good for him," said David Yaccino, a former roommate and Psi Upsilon Fraternity brother at Dartmouth. "He realized that the Kean name was not going to get him elected."

But it sure helps.

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At last week's fund-raiser in Bridgewater, former President Bush observed that it was an old mutual friend of Governor Kean's and his, Nicholas F. Brady, the former Treasury secretary, who extended the invitation.

The former governor was surrounded at the event by enough alumni of his administration that one old hand joked they could "convene a cabinet meeting."

"A lot of those folks are not involved in year-to-year election efforts," said Roger A. Bodman, a former transportation commissioner and one of many who have dusted off their Rolodexes from the 1980's to dial for dollars. "It's their affection for the Kean family that's their motivation here, rather than supporting another Republican."

The elder Mr. Kean is coy about how involved he plans to be in the campaign. He says that he has gone to strategy sessions — when his son asks — and a few fund-raisers, also when his son asks. And every couple of days, he said, the phone rings.

"He'll call me and say, 'Dad, what do you think about this, what do you think about that?' " the elder Mr. Kean said. "What I want him to understand is, no matter what I say, he's going to make the ultimate judgment — he's the candidate."

Garden State Grapple (NSWK)

By David Gerlach

Newsweek, September 16, 2006

New Jersey's Senate contenders, incumbent Bob Menendez and challenger Tom Kean Jr., square off on ethics, war in Iraq and party loyalty. WEB EXCLUSIVE

On the surface, New Jersey seems like an easy Senate seat for the Democrats to hold on to. The incumbent, Democrat Bob Menendez, who was appointed in January when Sen. Jon Corzine became the state's governor, is a seven-term former congressman. The state has been a solid hue of blue in the last four presidential elections and disapproval of President Bush is high. But polls show a dead heat between Menendez and his challenger, Republican Tom Kean Jr., a state senator whose name is political gold—his father was formerly the popular governor of New Jersey and his grandfather was a congressman.

It's shaping up to be quite a fight. Kean's camp has been trying to paint Menendez as the product of a broken New Jersey political system, rocked by scandal over the last decade. At the same time, Kean is trying to cut an independent path for himself—away from the GOP. He's been sharply critical of mistakes in Iraq and several of the president's positions. Menendez, however, says Kean is simply pandering in an election year and points to the fact that Laura Bush, former president George H.W. Bush and Vice President Dick Cheney have all stumped for Kean. He also proudly notes his own badge of courage: Menendez voted against the Iraq war resolution while in the House of Representatives.

David Gerlach recently spoke with both Menendez and Kean as part of NEWSWEEK'S ongoing Face Off series profiling the midterm's hottest races. Excerpts:

Democratic Sen. Bob Menendez

NEWSWEEK: Why do you think polls are showing a dead heat in your Senate race?

Bob Menendez: The reality is that while people say I am an incumbent, I have been in office a grand total of eight months. And running against someone [who], not because of his own making, but because of his father's making, has a name that is well recognized. Those are parts of the challenge. We have just started our advertising.

Are you concerned that some voters may, if they hear your opponent say he is also in favor of stem-cell research or having Secretary of Defense Donald Rumsfeld resign, have a hard time differentiating between the two of you?

People will see through those as 60-day conversions to a position that Tom Kean Jr. doesn't really believe in. After taking $1.2 million in funds that have been raised by Mrs. Bush, Vice President Cheney and President Bush, it is very hard to walk away from the Bush agenda. For example, even knowing that there were no weapons of mass destruction, Tom Kean Jr. has continually said he supports the war in Iraq and would have voted for it. Even as the New Jersey legislature voted to raise the minimum wage, he voted against it—the same position as President Bush and Republicans in Congress.

Why did you vote against the Iraq war resolution?

I did my due diligence. I sat on the International Relations Committee. It became very clear to me there was no evidence of weapons of mass destruction, no imminent threat to the United States. In my mind, our engagement in Afghanistan, which I

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supported, was the right engagement, and we needed to finish doing the job there. [Iraq] was a war of choice and not of necessity.

You have called for a timetable for withdrawal of U.S. troops from Iraq to country nearby. Where would be a plausible location to move U.S. troops?

Our plan is multifaceted. It is a transition and withdrawal. It is to put part of the force over the horizon. I would listen to the generals to where in fact we would put those troops. It is about having a summit that brings together regional players who have a great interest in the stability of Iraq, as well as the Europeans and NATO. Right now, that is not happening. We are going it alone. It also is ensuring we have some troops whose whole focus is dedicated to any terrorist activity that may exist in Iraq, but not in the midst of being peacekeepers in a civil war. For that, we strengthen the Iraqi troops over the course of this transition over the next year.

What are you hoping to see come out of Congress regarding ethics reform legislation?

[Democrats] believe the Republican corruption of Jack Abramoff and Duke Cunningham and the K Street Project are unworthy of the American people. That is why I stood with [Sens.] Harry Reid and Barack Obama to offer some of the highest ethical standards and legislation to meet those standards. The Republicans rejected it. Hopefully we can get back to it once [Democrats] get a majority [in the Senate].

How do you respond to charges that you rented space in New Jersey to the North Hudson Community Action Corporation while you were lobbying for them to receive federal grants, and that in 2003 you sponsored legislation to ban media mergers, because it would affect stock you owned in Spanish Broadcasting System Inc.?

This campaign started with Tom Kean Jr. trying to "Swift Boat" my history as a reformer and [he] failed miserably. The bottom line is New Jerseyans will see through the Kean campaign on trying to play the politics of personal destruction.

But you did recently state that you regretted renting property to that charitable organization.

Even though the [House] Ethics Committee gave me approval. Even though it was absolutely an arms-length transaction. The bottom line is it is a diversion from the campaign. At the end of the day, Tom Kean will have to answer for why he took $10,000 in casino contributions, which legislators in New Jersey are barred from [doing and] send it to his federal account and ultimately switch his vote on the ban of smoking in casinos.

But it is legal to take contributions from a casino for a federal campaign.

While it may be legal ... it didn't stop the fact he still has to cast votes on the regulation of that industry.

You have noted that you helped restore federal funding to Amtrak. Why do you think it has been difficult to fund and improve the infrastructure of the passenger-rail network?

The Bush administration has kept Amtrak on life support. You can't do the maintenance and infrastructure investment. Amtrak post-September 11 is not only important for the economy of the region, it's important for tourism. It's also about having multiple modes of transportation so that, God forbid, [if] there is an attack, there is a way to make intercity connections. Intercity rail service in any part of the world is never fully self-sufficient on its own.

As a Cuban-American, what are your thoughts regarding the recent health problems of Fidel Castro?

Our hope, America's hope, is freedom and democracy for the Cuban people. If the potential transition to his brother [Raul Castro] on a more permanent basis becomes the reality, than we will see the beginning of change. Raul doesn't have a relationship with the people as Fidel does. He doesn't have the respect of the military. For the U.S., it is important to be poised to send a clear message to the people that we support them and respect the sovereignty of the country and [will] help them in their transition to democracy.

When you entered the Senate earlier this year, you said you had been dreaming about becoming a senator since you were 19.

As someone who grew up poor in a tenement and being the first in my family to go to college, for my ability to go from those beginnings to being one of 100 senators in a country of 300 million people, it is the story of the promise of America fulfilled.

Republican State Sen. Thomas Kean Jr.

NEWSWEEK: You have been critical of the Bush administration, notably its handling of the war in Iraq. Have you heard from the White House or the National Republican Senatorial Committee?

Tom Kean Jr.: What I am focusing on are issues that are important to citizens of New Jersey. I agree [with the president on] the tax cuts and a number of the antiterrorism initiatives. [There are] areas where I disagree: stem-cell research, which I support, or cutting spending, or immigration reform. And the conduct of the war in Iraq and the mistakes that have been made there. It is my responsibility to make people aware of that.

Some Republicans equate critiquing the war with emboldening terrorists.

One of reasons I called for Secretary [of Defense] Rumsfeld's dismissal is that I disagree with that assessment.

When did you come to the conclusion that he should resign?

It has been building for months. I have been following the war and the horrendous mistakes that have been made. When the secretary gave a speech ... to the American Legion, when he essentially compared people who had critiques of the war on terror to "appeasers," I thought the secretary of Defense was stepping into the political realm ... He had stepped too far and we needed a new set of eyes and ears at the head of the Pentagon to focus on the future of Iraq. As well as the future in North Korea, Iran and the future of [terrorism].

Did you think he should resign in the wake of scandals at Abu Ghraib prison in Iraq?

Clearly, the buck always stops with the secretary of Defense in that regard. I thought if we had new generals in charge there would be a change in emphasis, a change in policy. And when we had new generals in charge, the same language and direction was coming out of the secretary of Defense. The world has changed so dramatically in the last six years. I do not support an immediate withdrawal of our troops. My concern is it would lead to a humanitarian crisis. [There's a] potential for a terrorist haven to be created.

You have stated that Iraq had nothing to do with 9/11, but you have also said you would have voted for the war had you been in Congress at the time and that President Bush wasn't disingenuous in the lead-up to the war.

I don't think he was. He had the same info that President Clinton had. The vast majority of Republicans and Democrats alike at that juncture thought there was a strong national-security component to that authorization.

Why do you think your opponent voted against that authorization when he was in the House of Representatives?

He has traditionally been on the fringe of his own party. The case [for war] was clearly made with people who had far better information than he did.

Do you have any concerns about alienating your conservative base with some of your stances?

The people realize they can no longer afford the status quo. Bob Menendez is the status quo. He voted for the largest tax increase in U.S. history and the largest tax increase in New Jersey. He has voted to give amnesty to illegal workers. He sat on the conference committee [that] stripped out risk-based funding on homeland security ... He failed the people of New Jersey. It's not because Republicans were in charge. It's more frequently a geographic fight. He had a seat at the table.

In one of your recent television ads, you call yourself an independent reformer. But the commercial does not mention you are Republican. Was that omission intended?

People want an individual who will go down to D.C. and stand up for them. Not someone who will be beholden to the party bosses, whoever they may be.

You have been talking a lot about ethics reform in Washington during your campaign. Why do you think the GOP-controlled Congress has not been able to tackle that issue?

It has been equally difficult for ethics reform to get through the [New Jersey] state legislature. I was thrown out of the state assembly because I was fighting for "pay-to-play reform." ["Pay to play" refers to the practice of rewarding lucrative government contracts to large campaign contributors.]

What did you learn from that as you try to get a GOP-controlled Congress to deal with the problem?

What we have seen is [that] Congress can't police itself. I would hope we would be able to create an independent entity that is nonpartisan in its makeup and that would be able to focus on those issues. This is a big part of this campaign. Bob Menendez sent millions of dollars to a nonprofit organization [from] which he received $350,000 in rent payments. He worked on their behalf. House ethics rules clearly state that an individual should not profit from their public service.

Some ethics questions have been lobbed at your camp regarding campaign contributions that you received from employees or board members of companies where your father serves on the board of directors.

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Everything we did was legal. My father has never reached into corporations to ask for contributions on my behalf.

Are you ever concerned about public fatigue with a Kean political dynasty?

My father set a very high standard for public service. His father did [in Congress]. It is important to be proud of your ancestors. But more important that they be proud of you.

2 Candidates Question Vote In Pr. George's (WP)

By Ovetta Wiggins, Eric Rich And Hamil R. Harris

The Washington Post, September 16, 2006

Congressional candidate Donna Edwards announced plans yesterday to file a lawsuit over apparent voting irregularities in Tuesday's primary election in Prince George's County, while defeated county executive challenger Rushern L. Baker III demanded an independent investigation of the process.

The separate announcements signaled that Tuesday's voting, a flawed process by many accounts, may not conclude the close primary contests for a seat in Congress and the county executive's office. The election itself was "horrendous," the Prince George's elections administrator said yesterday. And the victorious Democratic county executive candidate, incumbent Jack B. Johnson, said it warranted investigation.

"The integrity of the election is at stake," said Edwards, who ran against Rep. Albert R. Wynn in the 4th District Democratic primary and is waiting for the race to be decided when provisional ballots are counted next week in Montgomery and Prince George's counties.

Jonathan S. Shurberg, a lawyer working with Edwards, said they will ask a judge to take possession of voting machine memory cards in two, possibly three, precincts in Chillum. The request will be made either in Prince George's Circuit Court in Upper Marlboro or U.S. District Court in Greenbelt over the next several days.

Edwards said her legal complaint will focus on the security of voting machines that contained voting cards and were not delivered to the county Board of Elections until late Wednesday. "When we read reports about how easy it is to hack into these machines, there has to be concern," Edwards said.

Wynn lashed out at her over the decision to sue, accusing her of "trying to throw out votes in certain jurisdictions."

Chuck Perry, a lawyer who advised Baker's campaign, said at a news conference yesterday that there is "ample evidence" to warrant an investigation.

Widespread problems occurred throughout the county, Perry said: Numerous polling places did not open as required at 7 a.m. Computers misidentified the party affiliation of voters. And voting machines failed to electronically transmit data to the county's central office.

"We're not doing this for the campaign," Perry said. "We're doing this as a duty. Voters have been disenfranchised."

A spokesman for Johnson, who had called Tuesday's voting process "abysmal," said the county executive agrees that there should be an inquiry.

"We join Mr. Baker in his request . . . to find out what happened and avoid problems like this in the future," said the spokesman, Jim Keary.

Electronic voting machine malfunctions were reported across the region Tuesday. Machines froze, access cards stopped working and computerized voter lists crashed. The glitches renewed fears about the vulnerability of electronic machines used in the electoral process.

Perry said it is unclear whether an investigation would change the outcome of the race for county executive. For now, said Alexander Krughoff, a campaign spokesman, "Mr. Baker has issued his concession, and he stands by that."

A delay in counting votes left the winner of the surprisingly close county executive race undecided until late Wednesday, when Baker accepted defeat. Johnson had 52 percent of the vote to Baker's 48 percent. In the congressional race, Wynn leads by fewer than 3,000 votes, and Edwards has said she will not consider the election over until provisional ballots are counted.

Results trickled in Tuesday night because election workers said they had trouble transmitting data electronically from precincts to the county's central tabulating office.

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According to Baker's campaign, only 60 of 206 precincts managed to transmit their results electronically. Election workers at the remaining polling places had to remove voter memory cards from each machine and drive them to Board of Elections headquarters in Upper Marlboro.

The county's interim election administrator, Robert J. Antonetti Sr., acknowledged yesterday that the primary was the most troubled election he has overseen during 34 years in the field. "This was horrendous," Antonetti said.

Antonetti, the longtime head of the Prince George's election office, served as election director in Howard County for four years after leaving Prince George's and then retired. He said he was called back after his predecessor left the area.

Before he retired, Antonetti's long career was marked by turbulence. He was ordered to pay a $7,500 ethics fine for hiring family members as part-time workers in Prince George's, and he sued the Howard County Elections Board for more pay -- a case that was settled with undisclosed terms.

Yesterday, Antonetti did not dispute Baker's statements about the electronic transmissions, and he conceded that 15 polling sites opened late because, he said, technicians he had hired did not show up.

Yet Antonetti flatly rejected any suggestion that the results were compromised. "There is no fraud in this county," he said. "That's a very bad accusation, and it's usually sour grapes."

Antonetti said election judges had been instructed to have the cards delivered to his office if they were unsuccessful after two attempts to transmit electronically. According to the directions, the cards were to be secured in locked bags and driven to the office by technicians who did not have a key.

Oliver Smith, a chief election judge in Cheverly, said that after a day with frustrating electronic equipment, he ordered the cards delivered to the office without even trying to transmit electronically. "Considering that we had some problems with our voter access cards, we had two machines that had failed and it was getting late, I wasn't going to take any more chances," he said.

Still, because of the security precautions, Smith said he was certain the results were not compromised.

Antonetti said that a number of cards were accidentally left in voting machines and that the last of those cards -- close to three dozen in as many machines -- were expected to be delivered to his office late yesterday. On Wednesday, election officials said data were not received from 81 of the county's 2,056 voting machines. The numbers represented two whole precincts -- in Chillum and Landover -- as well as cards from machines at 34 polling stations.

Although the machines have not been under guard, Antonetti said he is confident the cards have not been tampered with. The machines are kept in locked cases, he said, and security tape ensures that any tampering with a machine would be evident.

Edwards described the delay in reporting as "very suspicious." "I don't want to rush to judgment," she said. "I'm still trying to figure out what is going on."

Edwards has asked not only for data from each precinct, but also for "machine-by-machine data."

"They need to verify the chain of custody of these machines," she said.

Antonetti blamed the problems in part on the rapid pace of technological change, which he said was driven by Linda H. Lamone, the state elections administrator. He also accused her office of missing delivery deadlines, leaving the county short on materials needed to train 3,000 election workers, and altering procedures belatedly.

Lamone rejected the allegations, saying that older equipment Antonetti had on hand for training purposes did not differ significantly from the equipment used in the primary.

She noted that Antonetti, unlike many other elections administrators, declined to hire technical support workers from Diebold Inc., manufacturer of the voting machines.

Antonetti said the workers were too expensive and, in his view, no better trained than the less-well-paid technical staff he hired after advertising in newspapers.

Prince George's County State's Attorney Glenn F. Ivey (D) said yesterday that he was concerned enough about the balloting to call the state prosecutor's office, which, he said, has jurisdiction over election issues.

Ivey said that even if voter irregularities were within his purview, he would have to refer the matter to another authority because of his endorsement of Baker.

Former Prosecutor Wins Ohio Dem. Primary (AP-Y)

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By James Hannah

AP, September 16, 2006

A former assistant federal prosecutor easily won a Democratic special primary Friday to face U.S. Rep. Mike Turner in November.

Richard Chema had 73 percent, or 5,758 votes, compared with former Waynesville Mayor Charles Sanders who had 27 percent, or 2,105 votes, in Ohio's 3rd District, according to unofficial results.

The special primary was required to replace Stephanie Studebaker, who dropped out of the race Aug. 15 when she and her husband were charged with domestic violence after police answered calls about a fight at their home.

Chema, 50, was an assistant U.S. attorney from 1994 to 2006 in the Southern District of Ohio and previously an attorney in the Navy's JAG Corps, serving as prosecutor at Naval Intelligence Command in Washington.

Chema is expected to have a tough battle Nov. 7 against Turner, a second-term Republican congressman who has made a name for himself on military and urban issues and won 62 percent of the vote in 2004.

The district includes Dayton — where Turner used to be mayor — and runs through fast-growing suburbs, bedroom communities and farm country.

Dayton has historically been Democratic territory, with labor unions spawned by the auto industry wielding heavy influence. But a strong Republican presence in the city's suburbs combined with conservative voters in the rural areas have given the GOP more clout.

Capitalism With A Heart (NYT)

By John Tierney

The New York Times, September 16, 2006

Compassionate conservatism has been an expensive bust in Washington. But an intriguing alternative is emerging around the country: compassionate capitalism.

Tycoons have traditionally discovered their inner saint only after exorcising the inner capitalist. Carnegie, Ford and Gates made their money and then gave it away. But Google's young founders are already taking on poverty, disease and global warming, and they're not just dispensing cash. They've set up their philanthropy as a for-profit organization.

To many liberals, this sounds dangerously oxymoronic. How can philanthropy be profitable? A robber baron is supposed to cleanse his hands by donating his lucre to a foundation run by enlightened beings untainted by commerce (except for the dividends going into their trust funds).

This new Google venture also makes conservatives suspicious. It sounds like the "corporate social responsibility" mantra used by executives trying to be hip — and impress young trophy wives' friends — by financing politically correct boondoggles with shareholders' money.

But to a new generation of entrepreneurs, there's no conflict between capitalism and compassion. Google's philanthropy is the logical extension of a doing-well-by-doing-good strategy followed by companies like Ben and Jerry's, Starbucks and REI. The movement's philosopher is John Mackey, the co-founder of Whole Foods.

Mackey is a passionate environmentalist, an advocate of animal rights, a promoter of sustainable development — and a self-proclaimed libertarian. Call him a bleeding-heart libertarian. He wants to spread the free-market gospel, but he sees an obstacle.

"Corporations are lifting billions of people out of poverty," he says. "Why are they so hated?"

Mackey's answer is that capitalism has a branding problem: its practitioners are experts at marketing everything except their own system. They justify corporate philanthropy, like donating to the United Way, not because it's virtuous but because it buys public good will and thus contributes to the company's bottom line. To hard-core free-marketeers, the corporation's only mission is to generate profits for shareholders.

To Mackey, that's too narrow a vision. He thinks that socially conscious companies like Whole Foods have flourished because their founders, employees and customers want a corporation to have grander goals than enriching shareholders. Mackey defines his company's mission as improving the health and well-being of everyone on the planet. Before taking the

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company public, he told investors that he was going to devote 5 percent of the profits to philanthropy, so they can't complain now that he's robbing them.

Nor can Google's shareholders, because its founders also warned investors of their philanthropic plans. As Katie Hafner reported in The Times, they've given $1 billion in seed money to Google.org, and set up the philanthropy as a for-profit organization so it can work with venture capitalists, start companies and use any profits to finance further endeavors. One of its first projects is developing a car that gets 100 miles per gallon.

It's smart of Google's founders to try using capitalist tools to save the planet; the market's discipline should keep their philanthropy from backing too many lost causes. Still, whatever Google.org accomplishes, I'd bet that it will pale next to the social good accomplished by Google.com.

The company's founders may not have set out to help humanity with their search engine, but they have enriched countless lives by spreading ideas and connecting people. Maybe they're also smart enough to come up with a way to save gasoline, but what do they know about cars that Toyota doesn't?

If you read Adam Smith's famous passage about the invisible hand causing capitalists to unwittingly serve the public interest, you might conclude that Google's founders are better off investing their time and money in improving their core business. As Smith wrote, "I have never known much good done by those who affected to trade for the public good."

But I don't think Smith would have any problem with Google.org. He also realized that humans are motivated by more than self-interest. He wrote a long book on moral sentiments. If compassionate capitalism is a more appealing brand, if Google and Whole Foods are using philanthropy to strengthen the invisible hand, even Smith would say they're doing good.

Killing Off The American Future (NYT)

The New York Times, September 16, 2006

America's domination of the global information economy did not come about by accident. It flowed directly from policies that allowed the largest generation in the nation's history broad access to a first-rate college education regardless of ability to pay. By subsidizing public universities to keep tuition low, and providing federal tuition aid to poor and working-class students, this country vaulted tens of millions of people into the middle class while building the best-educated work force in the world.

Those farsighted policies, however, are a thing of the past. Cuts in college aid and soaring tuition at state colleges have made it difficult for young people to educate themselves at a time when a college degree has become the basic price of admission to both the middle class and the global economy.

The warning about American vulnerability, which has been sounded in several reports of late, was underscored yet again in a study by the National Center for Public Policy and Higher Education, a nonpartisan research organization. The report highlights some ominous trends. As the well-schooled boomers march off into retirement, the generation that replaces them is shaping up to be less educated by far. No longer the world leader in terms of the proportion of young people enrolled in college, the country now ranks 16th among the 27 nations examined when it comes to the proportion of college students who complete college degrees or certificate programs.

When judged in terms of college affordability, 43 American states are given F's in the new report. In addition to disinvesting in higher education, the states — and the colleges themselves — have shifted aid once aimed at the poor students to the middle and upper income levels. They are essentially following the lead of the federal government, which has adopted the same strategy, while failing to sustain its commitment to poor students who once could have attended college on the Pell Grant program alone.

Unless America renews its commitment to the higher education policies that made the country great, we could soon find ourselves at the mercy of an increasingly competitive global economy. And if we let ourselves hit bottom, it could take generations for us to dig ourselves out.

In A Replay Of Iraq, A Battle Is Brewing Over Intelligence On Iran (MERCN/mCT)

The San Jose Mercury News/MCT, September 16, 2006

By Warren P. Strobel and John Walcott

McClatchy Newspapers

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(MCT)

WASHINGTON - In an echo of the intelligence wars that preceded the U.S. invasion of Iraq, a high-stakes struggle is brewing within the Bush administration and in Congress over Iran's suspected nuclear weapons program and involvement in terrorism.

U.S. intelligence and counterterrorism officials say Bush political appointees and hard-liners on Capitol Hill have tried recently to portray Iran's nuclear program as more advanced than it is and to exaggerate Tehran's role in Hezbollah's attack on Israel in mid-July.

The struggle's outcome could have profound implications for U.S. policy.

President Bush, who addresses the U.N. General Assembly on Tuesday, has said he prefers diplomacy to stop Iran from acquiring a nuclear weapon, but he hasn't ruled out using military force.

Several former U.S. defense officials who maintain close ties to the Pentagon say they've been told that plans for airstrikes - if Bush deems them necessary - are being updated.

The leader of a Persian Gulf country who visited Washington recently came away without receiving assurances he sought that the military option was off the table, said a person with direct knowledge of the meetings.

"It seems like Iran is becoming the new Iraq," said one U.S. counterterrorism official.

This official and others spoke on condition of anonymity because the information involved is classified.

But one facet of the dispute broke into public view in recent days.

The International Atomic Energy Agency complained in an unusual letter made public on Thursday that a House intelligence committee report on Iran contains "erroneous, misleading and unsubstantiated information."

A top official of the IAEA, which conducts nuclear inspections in Iran and elsewhere, wrote that the report exaggerated advances Tehran has made in enriching uranium, which can be used to fuel nuclear arms if made pure enough. The official, Vilmos Cserveny, said the report also falsely claimed that IAEA Director General Mohamed ElBaradei had removed an inspector from Iran for being too aggressive.

Cserveny's letter was addressed to intelligence committee chairman Rep. Peter Hoekstra, R-Mich.

Hoekstra spokesman Jamal Ware said that the reference to weapons-grade uranium in the report was in a photo caption, but that the report makes clear elsewhere that Iran has not yet achieved that capability.

Committee aides say the report was meant to provoke discussion about Iran and wasn't a call for exaggerated intelligence.

The dispute was a virtual rerun of the months before the March 2003 invasion of Iraq, when ElBaradei and his agency questioned claims that Saddam Hussein was aggressively seeking nuclear weapons. Some top U.S. officials sought to discredit ElBaradei, although the IAEA's assessment proved correct.

The IAEA's written protest, dated Tuesday, was echoed privately by U.S. intelligence analysts, who saw the House report as an attempt to discredit the CIA and other agencies on Iran.

The situations with Iran now and Iraq four years ago, when Bush and his aides were making the case for war, aren't completely parallel.

Even officials and foreign countries that were skeptical about Iraq agree that Iran is probably seeking a nuclear weapon. And there is widespread consensus that Tehran is the No. 1 state sponsor of terrorism in the world.

But there are sharp differences over Iran's capabilities and actions.

Some officials at the CIA, the Defense Intelligence Agency and the State Department said they're concerned that the offices of Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney may be receiving a stream of questionable information that originates with Iranian exiles, including a discredited arms dealer, Manucher Ghorbanifar, who played a role in the 1980s Iran-Contra scandal.

Officials at all three agencies said they suspect that the dubious information may include claims that Iran directed Hezbollah, the Lebanese militant group, to kidnap two Israeli soldiers in July; that Iran's nuclear program is moving faster than generally believed; and that the Iranian people are eager to join foreign efforts to overthrow their theocratic rulers.

The officials said there is no reliable intelligence to support any of those assertions and some that contradicts all three.

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The officials said they fear a replay of the administration's mishandling of what turned out to be bogus information from Iraqi exiles in the run-up to the U.S.-led invasion of Iraq in 2003, documented earlier this month in a Senate intelligence committee report.

But they said this time, intelligence analysts and others are more forcefully challenging claims they believe to be false or questionable.

"There's no question that people are less afraid to speak up after what happened in Iraq," said one intelligence official. "There's less of an inclination to let Cheney and Rumsfeld run free."

It is, said a second U.S. intelligence official, "a little more difficult to try to put forward a one-sided view." Analysts "are not willing to be rolled over," he said.

On Hezbollah, officials say they have fought to tone down administration public statements and internal briefing papers about Iran's complicity in the attack on Israel, which sparked a month-long war.

"They're just basically saying all kinds of wacky stuff," said the first counter-terrorism official. "Now Iran is (said to be) responsible for everything Hezbollah does."

Iran is widely believed to be arming, funding and helping train Hezbollah as its proxy among Lebanon's Shiite Muslims. But a majority of analysts believe Hezbollah leader Hassan Nasrallah maintains quite a bit of independence.

"No one says that Hezbollah is completely independent," said a U.S. intelligence official. But, "I'm not sure anyone thinks Iran ordered the kidnapping of the Israelis."

Adding to the unease, Rumsfeld's office earlier this year set up a new Iranian directorate, reported to be under the leadership of neoconservatives who played a role in planning the Iraq war.

Current and former officials said the Pentagon's Iranian directorate has been headed by Abram Shulsky. Shulsky also was the head of the now-defunct Office of Special Plans, whose role in allegedly manipulating Iraq intelligence is under investigation by the Pentagon's inspector general.

Some officials say they fear the office, whose existence was first reported by the Los Angeles Times, is being used to funnel intelligence from Ghorbanifar, the arms dealer, and an Iranian exile group known as the Mujahedeen Khalq.

A Pentagon spokeswoman didn't return two phone calls seeking comment about the office.

Bill Murray, a retired CIA station chief in Paris who met with a Ghorbanifar associate and found his claims about Iran to be bogus, called the office's establishment "a big bell ringer."

"That is outright manipulation of information to suggest a predetermined policy," Murray said.

European Diplomat Cites Gains In Iran Talks (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 16, 2006

BRUSSELS, Sept. 15 — The European Union's foreign policy chief, Javier Solana, offered Friday his most upbeat assessment to date on the nuclear impasse, insisting that talks to persuade Iran to suspend uranium enrichment were progressing.

"I can say honestly that we're making progress," he told reporters. "It doesn't mean that everything has been solved."

In another sign that some headway is being made, a senior Bush administration official said later that Mr. Solana would meet with Iran's top nuclear negotiator, Ali Larijani, in New York on Sunday. The official, and others cited in this article, insisted they not be quoted by name, following normal diplomatic protocol.

The European Union is softening its previous position that Iran must suspend enrichment before any negotiations can begin. Instead, officials said, there was momentum behind a twin-track approach of starting negotiations before enrichment is halted while simultaneously allowing discussion of possible penalties against Iran to continue at the United Nations.

The United States has insisted that Iran suspend enrichment before any negotiations can take place, though on Tuesday Secretary of State Condoleezza Rice said the administration might stop seeking to impose sanctions if Iran suspended enrichment. European Union officials said they were still examining an offer by Iran last weekend temporarily to suspend its

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nuclear enrichment program in return for the beginning of negotiations over a package of economic and political incentives offered by the West.

A senior French diplomat close to the talks said that the mood in European diplomacy toward Iran had shifted. “Things with Iran are not as difficult as they were before,” the official said. “There is a growing sense that suspension and negotiations can happen in parallel, and that flexibility is better than a dead end.”

The United States acknowledged Thursday that it faced resistance from crucial allies over its attempt to press for sanctions.

President Bush, who will visit the United Nations next week for meetings, said Friday he was worried Iran was trying to drag out the process with the United States and its European allies.

“My concern is that they’ll stall, they’ll try to wait us out,” he said. “So part of my objective in New York is to remind people that stalling shouldn’t be allowed. We need to move the process.”

Mr. Solana played down the threat of sanctions, saying that Washington was still willing to give diplomacy a chance. “I don’t think our American friends will be losing their patience,” he said.

But he cautioned that the window for negotiations would not stay open indefinitely. “The United Nations resolution is a track that is still open,” he said, but added: “Dialogue will not last forever. That is not our idea.”

Solana Sees Hope Of Deal With Iran On Nuclear Enrichment (FT)

By Daniel Dombey In Brussels

Financial Times, September 16, 2006

Javier Solana, the European Union's foreign policy chief, yesterday raised expectations of a deal over Iran's nuclear programme when he said that talks were proceeding better than ever.

But he also made clear that the EU still wanted reassurances that the Iranian negotiators' position was fully backed by the leadership in Tehran.

"We are really making progress: never before have we had a level of engagement and a level of discussion . . . as we have now," Mr Solana said of the talks he is carrying out with Iran on behalf of the world's big powers.

The EU has responded positively to the informal proposal, floated by Iran's top nuclear security official Ali Larijani, that Tehran could temporarily halt uranium enrichment once formal negotiations began.

Uranium enrichment can produce both nuclear fuel and weapons material and is the issue at the heart at the dispute over Iran's nuclear ambitions.

Previously, the EU had insisted that Iran suspend uranium enrichment before formal negotiations can begin.

The bloc is now watering down its insistence that Iran act first. Yesterday Mr Solana said only that negotiations could not begin if Iran was still carrying out enrichment - a nod to Mr Larijani's idea that the start of negotiations and the suspension of enrichment could be simultaneous.

However, EU diplomats say they can only agree a deal if they are sure that Mr Larijani's initiative is fully backed by Ayatollah Ali Khamenei, Iran's supreme leader.

Mr Solana said talks scheduled last Thursday between himself and Mr Larijani had been downgraded because "a little bit more time was needed in order to reach a consensus in his [Mr Larijani's] own country, among his own leadership . . . to convey to me a possible positive answer."

The two men are expected to meet soon. In the meantime, EU diplomats are trying to nail down exactly what Iran means when it refers to suspending uranium enrichment and to win reassurances that Washington would also sign up to a possible deal.

This is important since the US has offered to sit down with Iran at the negotiating table for the first time since the Islamic revolution of 1979 if Tehran suspends enrichment and enters formal negotiations.

Many US officials are thought to be concerned about the temporary nature of any suspension and reluctant to give any further concessions to Tehran, which is already bound by a UN Security Council resolution to halt uranium enrichment.

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However, Russia and China, which both hold Security Council vetoes, have long resisted the alternative path of subjecting Iran to UN sanctions and are still less likely to endorse sanctions in the current atmosphere of compromise.

EU Reports Progress In Iran Nuke Talks (AP)

By Paul Ames, Associated Press Writer

AP, September 16, 2006

European Union foreign policy chief Javier Solana was optimistic Friday about progress in talks to persuade Iran to bring its nuclear program into line with international demands.

Solana is trying to persuade Iran to accept an offer of economic and political rewards if it agrees to consider a long-term moratorium on uranium enrichment and commits to an enrichment freeze before talks on details of the incentives package.

"We are really making progress," Solana said. "Never before have we had the level of engagement, and a level of discussion of issues which are difficult."

Iran insists it has a right to develop its enrichment program to generate electricity. But there is increased concern it wants to make weapons-grade uranium for nuclear warheads. Its defiance of a Security Council demand that it stop enrichment activities has prompted U.S. calls for a quick move to impose sanctions.

The Europeans are hoping the talks by Solana's team can bring a negotiated end to the nuclear standoff with Iran.

Solana said he hoped for a new meeting with Iran's top negotiator, Ali Larijani, in the coming days. Lower level talks had been going on daily since Sunday, when he and Larijani last met in Vienna, Austria, he said.

"The atmosphere is good," Solana told a news conference. "We don't want to lose the momentum that was created in Vienna."

Officials in delegations familiar with the outcome of Sunday's talks said this week that Larijani had suggested his country was ready to consider an enrichment freeze for up to two months.

Solana did not confirm that. He said a planned meeting with Larijani was postponed Thursday because "a little bit more time was needed in order (for Larijani) to find consensus in his own country, among his own leadership."

Instead the two men spoke by phone and Solana said he hoped the delay in face-to-face talks would allow Larijani to return with a "possible positive answer" to ideas the European negotiator put forward last weekend.

Iran has balked at a demand issued by the U.N. Security Council's five permanent members and Germany for an enrichment freeze before any talks begin on further de-escalation of the nuclear standoff.

Solana suggested one solution could be to start negotiations at the same time as Iran announces a suspension.

"But we will not negotiate formally with activity on enrichment," Solana said. "That is understood also by the Iranians."

The permanent members of the U.N. Security Council — Russia, China, the United States, France and Britain - along with Germany, have been leading efforts to end the standoff. However the six have not been able to agree on what to do if Iran does not fall into line. China and Russia have refused to follow the tough line sought by Washington.

Bush Warns Iran, Scolds UN On Darfur (AFP)

By Olivier Knox

AFP, September 16, 2006

US President George W. Bush said he would push his hard line on Iran next week at the United Nations, and scolded the world body for its inaction on Sudan's violence-wracked Darfur region.

Bush, who will address the UN General Assembly in New York on Tuesday, said he liked UN chief Kofi Annan personally but warned that that many Americans were wary of the United Nations and that he agreed when it came to Sudan.

"I'm frustrated with the United Nations in regards to Darfur," the US president said in a wide-ranging 58-minute press conference in the White House Rose Garden. "The United Nations hasn't acted."

The UN Security Council last month approved the deployment of a 20,000 UN force in Darfur to replace an African Union force, whose mandate runs out on September 30. But the Sudanese government has refused to give its blessing.

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"I'd like to see more robust United Nations action. What you'll hear is, 'Well, the government of Sudan must invite the United Nations in for us to act.' Well, there are other alternatives, like passing a resolution saying, 'We're coming in with a UN force in order to save lives,'" he suggested.

Amid European optimism that talks with Iran are making progress towards defusing the standoff over its nuclear weapons, Bush warned US partners not to take pressure off Tehran, which he suggested was playing for time.

"My concern is that, you know, they'll stall; they'll try to wait us out," he said. "So part of my objective in New York is to remind people that's stalling shouldn't be allowed."

Asked whether he would consider meeting with Iranian President Mahmoud Ahmadinejad on the UN sidelines, Bush replied sternly: "No, I'm not going to meet with him."

"I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program, and I meant what I said," the US president said.

Bush denied that there was now a civil war in Iraq, where nearly 2,700 US troops have been killed and many more wounded, and rejected a US intelligence report of a dire picture of al-Anbar province.

US generals and Iraqi leaders "just don't agree with the hypothesis it is a civil war," he said, adding that "this business about 'al-Anbar is lost' is just not the case. That's not what our commanders think."

That was a direct response to a recent US Marines intelligence assessment that reportedly declared prospects for securing Anbar "dim" and warned "there is almost nothing the US military can do" to improve the situation.

The president's comments came with less than two months before November 7 legislative elections, at a time when many of his Republicans fear the unpopular war in Iraq could cost them dearly at the polls.

Bush used his opening statement to mount a forceful defense of some controversial strategies in the global war on terrorism, including warrantless wiretapping of Americans, secret CIA prisons, military tribunals for terrorism suspects, and harsh interrogation tactics some call torture.

Bush warned the US Congress that "time is running out" for lawmakers to pass legislation safeguarding such practices, which he called vital to saving US lives and preventing attacks like the September 11, 2001 strikes.

He grew visibly annoyed when asked whether former US secretary of state Colin Powell was right to warn that "the world is beginning to doubt the moral basis of our fight against terrorism."

"It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children," said Bush.

On another front, he rejected charges that his administration has not done enough to catch Al-Qaeda mastermind Osama bin Laden as an "urban myth" fueled by political ambitions.

"We have been on the hunt, and we'll stay on the hunt until we bring him to justice," said Bush.

But he acknowledged telling a conservative journalist earlier this week that he would not send "thousands of troops" into the remote region of the Pakistan border with Afghanistan, where bin Laden is thought to be hiding.

"If he is in Pakistan," said Bush, "Pakistan's a sovereign nation. In order for us to send thousands of troops into a sovereign nation, we've got to be invited by the government of Pakistan."

U.S.: Iran Restricting Religious Freedom (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, September 16, 2006

A "threatening atmosphere" in Iran is causing a deterioration in already restricted religious freedom for nearly all minorities despite repeated expressions of concern by the United Nations, the State Department said Friday.

Baha'is and Sufi Muslims especially and other religious groups not recognized by the Iranian constitution are not free to practice their faiths, the department said in its annual report to Congress on religious freedom around the world.

Eight countries, including Iran, were cited for particularly severe violations of religious freedom. The others were Burma, China, Eritrea, North Korea, Saudi Arabia, Sudan and Vietnam.

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"We hope this report will serve as a source of encouragement for those whose plight is documented in this report," Secretary of State Condoleezza Rice said.

"While democracy and respect for basic freedoms have gained ground throughout the world, many governments still pay no more than lip service to their responsibilities under the Universal Declaration of Human Rights and other international agreements," said John V. Hanford III, U.S. ambassador at large for international religious freedom.

At a news conference, Hanford credited Vietnam with making "enormous progress" on religious freedom, and said in Saudi Arabia "we see things moving in the right direction."

On the other hand, he denounced Uzbekistan for singling out some Muslims and Christians for "brutal treatment" on the grounds that they support terrorism. There are instances of abusing Muslims on the basis of no more than wearing a beard, he said.

Israel's response to terrorist attacks in Palestinian-held territories has severely curtailed access by Palestinians to their places of worship, the report said, although it said the Jewish state for the most part respects religious freedom.

There were credible reports, meanwhile, that the Palestinian Authority colluded with members of gangs to seize land from Christians, it said.

Islam is the official religion in Saudi Arabia and the law requires all citizens to be Muslims. Public practice of other religions is prohibited.

And yet, the report said, the Saudi government continued a campaign against official extremism while King Abdullah and other Saudi officials called for the promotion of tolerance.

Still, there were instances in which imams made intolerant statements toward Jews and other religious groups.

The U.S. Commission on International Religious Freedom, an independent U.S. government agency, said it was "simply shocked" by what it called an unwarranted softening of the State Department's assessment of Saudi Arabia.

"Freedom of religion does not exist in Saudi Arabia," Felice D. Gaer, the commission chair, said in a statement.

The Saudi government persists in banning all forms of public religious expression other than the government's own interpretation of one school of Sunni Islam and forcefully represses private religious practice, the commission said.

It also said that Uzbekistan, Turkmenistan and Pakistan should be added to the list of the eight most severe violators of religious freedom.

In Sudan, the State Department found some improvement in respect for religious freedom, but in the north of the country the government denied building permits for Christian churches and required all students to study Islam.

In France, some religious groups remain concerned about a 2004 law that bans the wearing of conspicuous religious symbols in public schools. And despite government efforts to stop them, anti-Semitic attacks persisted.

In Pakistan, the report said, reform-minded Muslims were intimidated and Ahmadiyya community continued to barred from practicing their faith.

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On the Net:

State Department: http://www.state.gov

US Slams Iran, Chides Israel And Other Allies Over Lack Of Religious Freedoms (AFP)

By David Millikin

AFP, September 16, 2006

The United States assailed Iran for its worsening treatment of religious minorities, but also chided Israel and some other allies in its annual report on religious freedoms around the world.

The State Department report said there had been a "further deterioration of the extremely poor status of respect for religious freedom" in Iran since the election in June 2005 of hardliner Mahmud Ahmadinejad as president.

Iran, which is locked in confrontation with the United States over its suspected nuclear arms program and its support for radical Islamic movements in Iraq, Lebanon and the Palestinian territories, continued its "harsh and oppressive treatment" of religious minorities.

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Targets for abuse, including imprisonment and harrassment, included Zoroastrians, Jews and Christians -- members of the only officially recognized minority religions in the Islamic state.

"Government actions and rhetoric created a threatening atmosphere for nearly all who do not practice ... Shia Islam," it said.

The release to Congress of the "Report on International Religious Freedom" is a precursor to the announcement each year of a blacklist of countries "of particular concern" that are subject to US sanctions.

Iran headed last year's list alongside China, Eritrea, Myanmar, North Korea, Saudi Arabia, Sudan and Vietnam.

The blacklist will be updated in several weeks based on the findings of Friday's report, which covered religious freedoms in 197 countries and territories, officials said.

But Secretary of State Condoleezza Rice said the government's goal was broader than targeting a handful of repressive regimes.

"Religious freedom is deeply rooted in our principles and our history as a nation," she said. "And it is now integral to our efforts to combat terrorism and the ideology of hatred that fuels it."

The report also complained about the impact of Israel's construction of a controversial wall around the West Bank in response to attacks by Palestinian militants, saying the barrier "limited access to sacred sites and seriously impeded the work of religious organizations" who provide needed social services.

An executive summary of the report singled out 20 countries where the treatment of religious minorities remains of "significant interest" to the US government.

The group included a collection of US foes and allies alike: Afghanistan, Brunei, Cuba, Egypt, India, Israel and the Palestinian territories, Laos, Pakistan, Russia, Sri Lanka, Turkmenistan and Uzbekistan.

John Hanford, who oversaw the report as the State Department's ambassador at large for international religious freedom, strongly hinted in a briefing for reporters that this year's blacklist would include Uzbekistan -- which was spared sanctions last year despite the recommendations of an official panel.

"In our assessment, the status of religious freedom declined in the past year in Uzbekistan," he said, noting a "severe" increase in penalties for belonging to unauthorised denominations and "inappropriate arrests" of Muslims on suspicion of terrorism.

At the same time Hanford strongly indicated that Vietnam could be dropped from the black list and also noted important improvements in religious tolerance in Afghanistan, India, Pakistan, Saudi Arabia and Sudan.

"Vietnam has turned the page and made tremendous progress on religious freedom," he said.

The US was also "very encouraged" by steps taken by the Saudi authorities to reign in the country's "religious police," permit private religious worship and remove anti-Semitic and anti-Christian references from school textbooks, he said.

Those assessments drew a scathing response from the US Commission on International Religious Freedom, a congressionally funded panel that advises the State Department.

"The commission is simply shocked that the department removed longstanding and widely quoted language from its report that freedom of religion does not exist in Saudi Arabia," said Felice Gaer, the panel's chairwoman.

She also said "serious abuses continue against members of all of Vietnam's religious communities" and that Hanoi should remain on the religion blacklist.

Religious Extremism Global Threat, U.S. Warns (WT)

By David R. Sands

The Washington Times, September 16, 2006

A rise in fundamentalism around the world poses an increasing threat to religious freedoms and could inspire new sectarian violence, a senior State Department official said yesterday as the U.S. government released its annual global survey on religious freedom.

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John V. Hanford III, State Department ambassador-at-large for international religious freedom, said the new religious fundamentalism could be seen in a number of faiths, but the latest report contained sharp criticisms of a number of Muslim states, including Iran, Saudi Arabia and Uzbekistan.

The rise in fundamentalism "is not restricted to one religion," Mr. Hanford said in a press briefing, saying it could be seen in "certain corners of the Muslim world, the Hindu world and the Buddhist world."

"Followers of this approach to various faiths have increasingly taken efforts either to create sectarian violence and attack people of other faiths, or to try to work through their governments to bring about change that would pass laws highly restrictive on other religions," he said.

Eight countries -- Burma, China, Eritrea, Iran, North Korea, Saudi Arabia, Sudan and Vietnam -- are listed as countries of "particular concern" by the U.S. government for their records on religious repression. An updated list of problem countries will be issued in the next few weeks, Mr. Hanford said.

Despite the resentment and diplomatic tensions the report has sparked in the past, Secretary of State Condoleezza Rice said in releasing the report that promoting religious freedom and tolerance abroad "is an essential component of our national security."

In Iran, the report found a "further deterioration of the extremely poor status of respect of religious freedom" in the 12-month period ending June 30, in particular for the Islamic republic's Baha'i and Sufi Muslim minorities.

Mr. Hanford also singled out Uzbekistan for criticism for its recent crackdown on religious minorities, saying the government of President Islam Karimov had stepped up restrictions on both Christian and Islamic groups not registered with authorities.

The most delicate case in the report may be Saudi Arabia, a strict Islamic state but also a critical U.S. ally and oil supplier in the volatile Middle East. The report found no change in the state of religious freedom in the kingdom in the past year, but Mr. Hanford said there were signs of a more tolerant attitude by Saudi leaders.

Miss Rice used her legal authority to waive sanctions against Saudi Arabia despite its record on religious intolerance.

"Some of the issues that would concern us about religious freedom are so endemic to [Saudi] society and to its role within Islam, that these sorts of issues are not going to change in the near future," Mr. Hanford said.

But, he added, "we are very encouraged by the position of the Saudi government ... as well as by a number of statements that have been made by King Abdullah, which I think are forward-leaning."

But the Saudi Arabia section of the report was sharply criticized by the head of the U.S. Commission on International Religious Freedom, an independent federal monitoring agency.

Commission Chairwoman Felice D. Gaer said her panel was "simply shocked" by a softening of the language criticizing Saudi Arabia's record. Previous State Department assessments had flatly stated that freedom of religion "does not exist" in Saudi Arabia.

She said the Saudi government sharply limits religious practice at home and bankrolls activities around the world that promote the kingdom's restrictive brand of Islam.

She added that evidence provided in the new department report justified adding Uzbekistan, Turkmenistan and Pakistan to the list of countries of particular concern when the new designation list is released.

Mr. Hanford said U.S. officials have seen improvements in religious tolerance in some countries, including Laos and Vietnam. He said the United States had refrained from using sanctions against Vietnam despite its designation as a country of particular concern.

"Vietnam has turned the corner and made enormous progress on religious freedom," he said.

Bush Urges U.N. To Act On Sudan (WP/AP)

Associated Press

The Washington Post, September 16, 2006

President Bush suggested Friday that it may be time to override the objections of the Sudanese government in order to send international peacekeepers into Darfur.

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"What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act," Bush said at a news conference in Washington. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

"There's genocide taking place in Sudan. . . . Now is the time for the U.N. to act," he said.

Bush Urges U.N. To Act On Darfur (AP)

By Jennifer Loven

AP, September 16, 2006

President Bush suggested Friday it may be time to send international peacekeepers into Sudan's war-torn Darfur region over the objections of the government in Khartoum.

"What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act," Bush said. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

More than 200,000 people have been killed in Darfur and over 2 million have fled their homes since 2003 when ethnic African tribes revolted against the Arab-led government. The government is accused of unleashing brutal Arab militiamen known as janjaweed in the remote western province.

The mandate for a weak African Union peacekeeping force, which hasn't been able to stop the violence, expires next month.

British Prime Minister Tony Blair called the situation unacceptable, and he urged international pressure on the Sudanese government and rebels to stop fighting immediately.

"Last May, we hoped the signature of the Darfur Peace Agreement by the government of Sudan and one rebel group would set Darfur on the road to peace," Blair said in a statement released early Saturday in London. "The non-signatory rebel groups must now accept it. And the government of Sudan must stop its military campaign."

Meanwhile, the resistance by some rebel groups to sign on to a May peace agreement to end the long conflict has prompted the government to ratchet up the fighting again. As the crisis deepens, many believe Darfur is poised for a catastrophic escalation in atrocities.

A Security Council resolution passed in August, aimed at strengthening the peacekeeping force, would hand it over to a better-funded, larger and more well-equipped U.N. mission. But the resolution is unlikely to take effect without the consent of the Sudanese government, something nations including the United States have worked — without success — to acquire.

Sudan's President Omar al-Bashir says a switch in command would violate the country's sovereignty and has warned that his army would fight any U.N. forces sent to Darfur.

At the State Department, Assistant Secretary Kristen Silverberg said the United States insisted that last month's resolution permit deployment of new peacekeepers over Sudanese objection.

"We think that the likelihood of ending the violence is much better if we have support and cooperation from the government of Sudan," she told reporters. "But it's not required."

But Bush, bringing up the subject as an example of general frustration with the world body, appeared angry that "the United Nations hasn't acted" on Darfur and wants to see a "more robust" effort. His comments suggested the possibility of a new, tougher resolution that would explicitly bypass approval from the Sudanese government.

"There's genocide taking place in Sudan. And it breaks our collective hearts to know that. ... I'm troubled by reports I hear about escalating violence," the president told reporters during a Rose Garden news conference. "Now is the time for the U.N. to act."

Secretary of State Condoleezza Rice will gather diplomats from several countries to discuss Darfur during the United Nations General Assembly session that begins next week, Silverberg said. The participants and the agenda are not yet set.

It is generally thought that the United States does not support including American troops in the peacekeeping force, instead favoring the participation of NATO forces which would provide logistical and other support to any stepped-up mission.

Blair Says Darfur Situation In Sudan Is "Completely Unacceptable" (AFP-Y)

AFP, September 16, 2006

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British Prime Minister Tony Blair criticised the Sudanese government over the "completely unacceptable" situation in Darfur and accused it of breaking ceasefire agreements signed with rebels.

"I am committed to stepping up international efforts to bring a change of mind and action from the government of Sudan," the premier said, adding that the international community could not "just watch as this tragedy deepens."

Speaking on the eve of International Day for Darfur Sunday, Blair insisted that the crisis was "at the top" of his agenda as a number of human rights campaigners wrote an open letter to him in Britain's Independent newspaper.

"I have already talked to (Chinese) Premier Wen and President George Bush about Darfur in the last few days," he said.

"In the coming weeks, I will talk to other leaders to agree an initiative that sets out the help Sudan can expect if the government lives up to its obligations and what will happen if they don't."

He added that he "did not understand" Khartoum's rejection of the peacekeeping force authorised by a UN Security Council resolution last month.

"The government of Sudan must agree to the continuation of the African Union force and transition to the UN," Blair said.

Blair's comments echo those by Bush Friday that he was "frustrated" with the UN for failing to get a robust 20,000-strong force into the war-wracked province, again calling the situation in Darfur a "genocide."

Oscar-winning Hollywood star George Clooney and Nobel laureate Elie Wiesel pleaded with the Security Council Thursday to act, with the actor calling the situation "the first genocide of the 21st century".

Darfur has been in the throes of a civil war since 2003 which has pitched rebel groups against the Khartoum government and allied Arab militia.

The conflict has killed around 300,000 people and displaced more than 2.5 million, according to the UN.

A peace accord signed in May between the Sudanese government and the main rebel groups was meant to end the conflict in the region but incidents between rebel factions in recent months have led to more deaths.

Senior members of the British Muslim, Jewish and Christian faiths will on Sunday gather outside Blair's Downing Street residence in central London to call for an end to the suffering in the troubled region.

Prayers written by the spiritual leader of the worldwide Anglican community, Archbishop of Canterbury Dr Rowan Williams and Britain's Chief Rabbi, Dr Jonathan Sacks, and leading British Muslim scholar Sheikh Ibrahim Mogra will be read out.

Mogra said: "The world must not stand by and witness another Holocaust, another Rwanda or another Bosnia."

The letter in the Independent -- which devoted its front page and four inside pages to the crisis -- urged Blair to "move Darfur to the top of its priority list until a UN force is deployed and the people of Darfur are protected".

It was signed by a number of religious leaders, including the former archbishop of Canterbury George Carey, musician and anti-poverty campaigner Bob Geldof, and the actress and UNICEF ambassador Mia Farrow.

Singer Elton John and his film producer partner David Furnish were also signatories.

"'Never again' is a well-worn phrase. Now is the time to show we mean it," they said.

Join Me To Help Save Darfur (LAT)

By Kofi A. Annan, Kofi A. Annan Is Secretary-general Of The United Nations.

The Los Angeles Times, September 16, 2006

The U.N. secretary-general asks for help in pressuring Sudan to accept more international troops.

TOMORROW, SEPT. 17, people around the world will be taking part in a "Global Day for Darfur" to show support for the people of Darfur and to put pressure on governments to protect innocent civilians. They are right, and I hope their call will be heard.

The glimmer of hope that many of us felt when the Darfur peace agreement was signed four months ago — albeit by only two of the warring parties — is being extinguished by renewed fighting among the factions. In violation of the agreement, the Sudanese government has sent thousands of troops to Darfur and renewed its bombing.

I strongly condemn this escalation. The government of Sudan should stop its offensive immediately. All parties should perform what they have promised and abide by the resolutions of the United Nations Security Council.

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These latest clashes have brought yet more misery to the people of Darfur, who have already endured far too much. The total number of displaced people stands at 1.9 million. Nearly 3 million people depend on international aid for food, shelter and medical treatment, while aid workers have increasingly become the targets of violence — 12 have been killed just in the last two months.

A year ago, world leaders meeting at the U.N. agreed that all states have the responsibility to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity. The government of Sudan, if it fails in this sacred responsibility, will face opprobrium and disgrace throughout the world. Neither those who decide such policies nor those who carry them out should imagine that they will not be held accountable.

Once again, I urge Sudan to avoid this by accepting the Security Council's decision to deploy a U.N. peacekeeping operation, which would be better equipped and funded than the current African Union mission and have a clearer mandate to protect those in danger.

About 10,000 U.N. troops are already in Sudan. For more than a year, they have been helping to implement the peace agreement between northern and southern Sudan. On Aug. 31, the Security Council, while reaffirming its commitment to the sovereignty, unity, independence and territorial integrity of Sudan, authorized the deployment of up to 17,300 additional troops to Darfur to implement the peace agreement. There is no hidden agenda, no other ambition than to help the people of Darfur to live in peace and in dignity. But the government of Sudan has refused.

Putting the extra U.N. troops in place will in any case take time. Therefore, the Security Council also called for strengthening the African Union mission, or AMIS, so that it can carry on until the U.N. arrives. The Africans have repeatedly asked for this transition but say that in the meantime their troops, who have performed valiantly in very difficult conditions, need help.

The U.N. has agreed to support AMIS during the crucial transition period. But AMIS will also need increased support from donors — including the League of Arab States, which has offered vital backing and wants AMIS to stay until the end of the year.

I have tried repeatedly to explain the transition to the government of Sudan and to clear up any misconceptions or myths. In public and in private I have stressed the humanitarian situation and appealed to the government's own pragmatic good sense.

But my voice is not enough. Whoever, in Africa or beyond, is in a position to influence the government of Sudan must do so without delay.

The Security Council, and especially its five permanent members — Britain, China, France, Russia and the United States — have a particular responsibility to ensure that the message to the government of Sudan is strong, clear and uniform. But every voice raised makes a difference, and therefore the responsibility is shared among us all. I urge everyone to join their voices with mine in asking the government of Sudan to embrace the spirit of the Security Council's resolution, to consent to the transition and to pursue the political process with new energy.

There can be no military solution to the crisis in Darfur. All parties should have understood by now, after so much death and destruction, that only a political agreement — in which all stakeholders are fully engaged — can bring real peace to the region.

Twelve years ago, the United Nations, and the world, failed the people of Rwanda in their time of need. Can we now, in all conscience, stand by and watch as the tragedy deepens in Darfur?

For Darfur Women, Survival Means Leaving Camp, Risking Rape (WP)

By Craig Timberg

The Washington Post, September 16, 2006

GRAIDA, Sudan, Sept. 15 -- The tall, light-skinned man reeking of sweat and cigarettes often gallops his horse right into the nightmares of Darelsalam Ahmed Eisa, 18. Each time, she said, he throws her to the ground, pushes up her skirt and forces himself inside her while muttering: " Abdah. Abdah. Abdah ."

Slave woman. Slave woman. Slave woman.

He was in her dreams just last night, she recalled, as real and horrifying in his green camouflage uniform as he was the day he raped her two months ago. But when Eisa awoke this morning, there was no time for terror, no time for tears. She covered

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herself in an orange and blue cloth, grabbed the family's ax and departed for the perilous Darfur countryside, out of the relative safety of a sprawling camp for people displaced by the violence in this region of western Sudan.

In the wilderness, Eisa can find grass for the donkeys and firewood for cooking. But it is also where government-backed militias known as the Janjaweed roam, terrorizing villagers. Violence and disease in Darfur have killed as many as 450,000 people since 2003, and an estimated 2 million have been forced to flee their homes.

The government and a rebel group reached a cease-fire agreement in May, but since then, rapes in and around camps for people displaced by the fighting have surged, aid groups and residents say. The International Rescue Committee has recorded more then 200 sexual assaults among residents of a single camp near Nyala, a town in South Darfur state, during a five-week period in July and August.

More and more often, women in Darfur face the starkest of choices: risk being raped by leaving the camps in search of firewood and grass, or starve. If they invite their brothers or husbands along to protect them, the Janjaweed will still rape the women, they say, and kill the men.

"It is better for me to be raped than for my brother to be killed," said Eisa, soft-spoken and round-faced, with hair braided into tight rows beneath her head scarf. She has two children, ages 2 and 5, but no husband. He divorced Eisa last year, she said, after she quarreled with one of his elder wives.

But Eisa is not alone. On this morning, as she walked with the ax on her shoulder, her sister, Aziza, 15, was just a few paces behind. Other women and girls, on foot and on donkeys, soon joined them in a haphazard convoy of mothers, daughters and sisters flowing west, away from the low morning sun.

They passed braying donkeys and smoky wood fires in the camp. They passed children playing soccer and rolling pot lids with sticks. And they passed an African Union military base, close enough to hear a sputtering generator there that powers satellite televisions. On the screens, images of slinky Bollywood dancers entertained the lonely men who are posted at the base to monitor the cease-fire but rarely venture beyond the double-coiled razor wire of their perimeter.

Eisa, her sister and an 18-year-old friend had followed the same path on the day in July that they were attacked.

But that day, they had gone farther -- about two hours west instead of one -- in search of a variety of grass that fetches a higher profit at the camp's makeshift markets, about 75 cents per sack rather than the 50 cents paid for the grass collected near the camp. They had four donkeys with them that day, so 25 cents more per pack meant maybe a couple of dollars more in earnings for the day.

After walking for about two hours, they had nearly reached the better grass when dozens of Janjaweed militiamen on horses and camels suddenly appeared, surrounding the young women.

Aziza tried to run but was caught within seconds and struck in the face. Eisa froze. Quickly and roughly, the men separated the two sisters and their friend, with a man taking each one to a secluded spot.

The tall, light-skinned man was riding a reddish-brown horse, Eisa said. He was clean-shaven and armed with a machine gun. "I will take you," the man told Eisa. "My wife needs a slave."

He then ordered Eisa to lie on her back, but she refused. She knew that if he raped her and the community learned of the attack, she would probably never be able to remarry.

Her defiance enraged the man. He aimed the gun at Eisa and shouted: "I will shoot you! I will shoot you!"

At that moment, a second Janjaweed man stepped in. "Don't waste a bullet on a woman!" he said. "Just throw her."

The tall man hurled Eisa to the dirt and crawled atop her.

A few minutes later, the rapes were over but not the ordeal. The Janjaweed tied the young women together at their wrists and beat them with their fists and the butts of their guns.

Then, the militiamen ordered the women to lead them to a place where they could find some animals to steal. If they found enough, the men said, they might free them.

Terrified, Eisa helped lead their captors to a place where people water their animals. But before they arrived, they came upon two men relaxing with their animals. One mounted his horse and rode off in a panic as the Janjaweed approached, leaving 40 cows behind for them to steal. The second man, having only a donkey, was unable to escape.

The Janjaweed shot him dead, Eisa said, and took his donkey.

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As the group approached the watering place, most of the Janjaweed men decided to ride ahead on their horses and camels, leaving the captives in the custody of one man who appeared to be their leader.

The man appeared to know Eisa's friend and fellow captive. He asked about her father, then untied the women and ordered them to flee, she said.

They raced toward safety, sprinting right out of their flip-flops. After 90 minutes, Eisa said, they had arrived at the outskirts of their camp, with thorns embedded in the soles of their feet.

The young women told their friends and relatives about the attack but not about the rapes. But over the next few weeks, gossip began to spread. Neighbors assumed the worst, about the attack, about Eisa, her sister and their friend.

"They scorn you. They laugh at you," Eisa said. "They look at you as if you are strange, as if they haven't seen you before."

The only good news came about two weeks later. After living in fear that the rape might have made her pregnant, Eisa's period arrived. The relief, she said, was overwhelming.

By the time Eisa reached the end of her story, she and her sister had arrived at the spot where they planned to collect firewood. With expert swings of the ax -- so hard Eisa's head scarf fell to her shoulders -- she and Aziza cut the largest branches off two trees, stripped the bark and bundled the still-moist wood.

With their donkeys long gone -- stolen in the Janjaweed attack -- the sisters hoisted the bundles onto their heads and began the long walk back to the camp beneath the relentless Darfur sun.

Lebanon Must Disarm Hezbollah, Israeli Foreign Minister Warns (WP)

By Glenn Kessler

The Washington Post, September 16, 2006

The Lebanese government must fully implement a recent U.N. resolution requiring the disarming of the militant Shiite group Hezbollah or Israel will be less reluctant to attack the Lebanese state if Hezbollah resumes hostilities, Israeli Foreign Minister Tzipi Livni said yesterday.

Livni, in an interview with editors and reporters of The Washington Post, said that when the fighting began in July after Hezbollah seized two Israeli soldiers, Israel heeded calls from world officials not to undermine the government of Prime Minister Fouad Siniora because the formation of the government and the subsequent withdrawal of Syrian troops was an "achievement of the international community."

Israel launched attacks across southern Lebanon, Hezbollah's base, and it demolished bridges to Syria and bombed Beirut's airport. Livni said Israel's efforts to keep the military campaign limited made it more difficult to achieve its objectives.

"The result is it was more difficult to find these terrorists among civilians, compared to attacking a weak Lebanon," Livni said. "We could have done Lebanon in a few days, I think, if we had decided to attack Lebanon as a state."

"Now there is a need to implement fully and completely 1701," Livni said, referring to the resolution passed by the U.N. Security Council that led to the cease-fire between Israeli and Hezbollah forces. "If Israel will be attacked, this is the Lebanese responsibility."

Since passage of the resolution, 4,000 international troops have moved into southern Lebanon, as has the Lebanese army, and U.S. officials say arms shipments have been halted. But Hezbollah's leader, Hasan Nasrallah, said this week that Hezbollah fighters are still in southern Lebanese towns near the border with Israel.

If Israel is attacked again, "we are not looking again to find these terrorists among the civilian population," Livni added. "We are going to face a state which does not implement its responsibility or maybe does not exercise its sovereignty. And so in French, they say tant pis " -- which translates as "too bad."

Asked specifically if Israel would attack Lebanon, Livni replied: "It is the responsibility of the state of Lebanon. I don't want to say so clearly that next time this is what we will do. But we will take it into consideration that this is part of their responsibility."

Separately, Livni expressed concern that a proposed unity government in the Palestinian territories will not explicitly recognize Israel. Palestinian President Mahmoud Abbas, who supports peace talks with Israel, is attempting to reach a deal with the radical Islamic Resistance Movement, or Hamas, which won legislative elections earlier this year. The victory of Hamas led to a broad cutoff of international aid, leaving much of the Palestinian territories increasingly destitute.

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Hamas won on a platform of reform against the increasingly corrupt Fatah movement, which had long led the Palestinians. But Livni said the aid cutoff has greatly weakened the appeal of Hamas -- which is dedicated to the destruction of Israel -- making it imperative for other nations to insist that the new government renounce terrorism and accept Israel's right to exist.

The Quartet -- a coordinating group for Middle East peace made up of the United States, the European Union, the United Nations and Russia -- will meet on Wednesday at the United Nations. Livni said next week will be an important test of the international community's resolve.

"Hamas has to decide what they will do. Abu Mazen has to take some decisions," Livni said, using Abbas's nom de guerre. "They are looking outside; and if the international community will show some hesitation, we will face a unity government, which will be the most dangerous situation."

Livni said "it is easy for us to see something black, Hamas, and white, Abu Mazen, but sometimes the in-between, the gray, is sometimes the most dangerous" because it will appear legitimate through the presence of Abbas while Hamas continues to be an anti-Israeli militia movement. "They can get legitimacy and get the checks, but we cannot end the conflict."

Asked if the Israeli government would refuse to deal with a unity government, Livni said: "The question is not the formation of the government but its platform."

Livni said it was a mistake to believe that elections would transform terrorist groups. "I believe deeply in democratization, but the question is what is the best way to implement it," she said. "The idea is not only voting, one vote for one person, but the acceptance of the values of democracy."

She said that some have argued that governing will transform militants into responsible parties, but she noted that she believes that "if you are political party which believes in an extreme Islamic ideology, when you have the power you will use it in order to force your ideology. It will look like something which is legitimate because it won the election."

She noted that many nations are working to strengthen the Lebanese army in an effort to transform Lebanon into a normal state. But Hezbollah is a minority in the Lebanese government now, she said, so one day "we may face Hezbollah winning the election and it would have the legitimate control of the Lebanese army."

Israeli Official Hopeful On Arms Embargo (AP-Y)

By Barry Schweid

AP, September 16, 2006

Israeli Foreign Minister Tzipi Livni, heading home after talks with the Bush administration, said Friday she expects the Lebanese government to prevent the re-arming of Hezbollah.

"Enforcing the arms embargo is crucial," Livni said in a telephone interview with The Associated Press as she headed for the airport. "We know that Hezbollah is weak in terms of arms."

Maintaining the embargo and disarming the Iranian-backed militant group with which Israel fought a costly war this summer "is the test of the Lebanese government and the international community," she said.

"Lebanon has to exercise its sovereignty and disarm Hezbollah," Livni said. "It is our expectation" that Lebanon will follow through.

This week, Assistant Secretary of State David Welch told the Senate Foreign Committee smuggling of weapons across Syria's border with Lebanon had been halted.

And on Friday, a State Department official, who spoke on condition of anonymity because he was not authorized to make statements, said there were no indications of new infusions of weapons into Lebanon for Hezbollah.

Livni declined to provide estimates of how much of Hezbollah's arsenal was wiped out by Israeli air and ground assaults.

During the war, Israel reported 70 to 80 percent of Hezbollah's long- and medium-range missiles, which were considered a strategic threat, were destroyed. Much of Hezbollah's short-range arsenal survived.

A Cease-Fire Drives Into A Mirage On A Border That Disappears As It Gets Closer (NYT)

By Craig S. Smith

The New York Times, September 16, 2006

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HAWSH BEIT ISMAIL, Lebanon, Sept. 10 — There is no fence, no marking, no sense of a border at all in the broad track-crossed swaths of open land and rugged mountains that lie between Lebanon and Syria.

A large concrete block bars cars from crossing a small bridge over a narrow irrigation canal here, beyond which stands a cinderblock guardhouse flying a Syrian flag. But when asked, some local residents say the land west of the canal is Lebanon, others insist it is Syria. Most agree that it does not really matter.

"It's not a border," said Hussein al-Hajj Hassan. "I am here. Mmy brother is there."

Among the most volatile flashpoints in the fragile cease-fire between Israel and Hezbollah is the question of arms crossing this fuzzy border. Israel is concerned that Hezbollah, the Shiite group whose militia set off the war, will continue to receive missiles and other sophisticated weapons from Iran across the 205-mile long, sparsely guarded frontier.

Local residents say it would be a simple matter requiring only the barest collusion of either side for a tractor or truck to haul weapons from one side to the other.

Israel wants the expanded United Nations peacekeeping force, already deploying along Lebanon's southern border with Israel, to monitor the Syrian border as well as to keep weapons out. But Syria says it would consider that a "hostile act" and the Lebanese in this region warn that any foreign presence would face stiff resistance.

"We will consider the U.N. soldiers as occupying troops, and we will have the right to resist them," said Abdul Nasser Asahili, a mukhtar, or local leader, in Hermil, the district's capital. "We advise them to stay south of the Litani River.''

In Hermil District, paved roads crossing the border are blocked with stones or concrete barriers to prevent vehicles larger than motorcycles from passing. Cars, trucks and buses must use one of four main border crossings between the two countries. Lebanon has put more than 8,000 soldiers along the border to monitor traffic, but few people here believe the Lebanese Army is capable of stopping the arms flow.

"Without international observers along the Lebanese-Syrian border, there will be no solution," the Lebanese Druse leader Walid Jumblatt told a rally of his supporters last week. "It will be impossible to stop trucks loaded with arms, ammunition and explosives from entering Lebanon."

He said earlier in a television interview that he had heard of tunnels beneath the border in the northern Akkar District through which weapons can pass.

Mr. Asahili, the Hermil official, said he did not believe that weapons had crossed in his district, but that they had elsewhere. He favors the idea.

"Hezbollah has the right to bring in weapons," he said. "The Israelis are bringing in a lot of weapons from the U.S., and Hezbollah has the right to defend Lebanon."

He says rather unconvincingly that the sparse Lebanese Army presence along the border should be enough to reassure Israel and the West that no more weapons will reach Hezbollah. But at the new army checkpoint in nearby Al Qasr, one of many hastily constructed since the cease-fire, half a dozen soldiers idle away the day in a freshly built cinder-block building beside a blue metal sign reading, "Stop. Lebanese Army." The cars and trucks slow down but rarely stop.

More to the point, Mr. Asahili echoes the widely held view in Lebanon that Hezbollah neither needs nor wants to import arms, for the time being anyway. The group's deputy secretary general, Naim Qassem, said in an interview with the London-based Asharq Al-Awsat newspaper last week that the group used fewer than a quarter of its rockets during the summer's 34-day war. "Rebuilding the party's arsenal is not a priority, since it still has enough weapons," he said.

Elias Hanna, a retired general and security specialist in Beirut, said he believes the claim because of the sustained daily rate at which Hezbollah was firing rockets until the cease-fire. "When you start to run short, you economize," he said.

But Israel insists that it destroyed as much as half of Hezbollah's arsenal and wants the world to make sure it is not restored.

Like so many borders in the Middle East, the line separating Lebanon from Syria is arbitrary, drawn in the 1920's by France when it carved Lebanon from its share of the defunct Ottoman empire.

The border left 15 Lebanese villages in Syria and 9 Syrian villages in Lebanon. Local residents largely ignored the imaginary line even after the two countries won independence in 1943. Their currencies were interchangeable, and land holdings bled into one another.

"It's like New York and New Jersey; there's no difference," said Mr. Asahili.

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The real division came in the early 1950's when the two countries separated their customs regimes and the value of their currencies began to diverge. Yet Lebanese living in Syria continued to register births and deaths in the Lebanese administrative seats. Abdullah Sakr, for example, was born in Zaita, a Lebanese village several miles inside Syria, but he carries a Lebanese passport because his birth, like his father's and grandfather's, was registered in Hermil.

The border region is dominated by Shiites, who have a strong allegiance to Syria, crediting its army with stopping the country's brutal civil war, from 1975 to 1990. That relationship grew even stronger during the years that followed, with Syrian troops stationed in the Bekaa Valley.

Shiite towns in the area are festooned with banners urging Hezbollah fighters toward martyrdom and dotted with portraits of Iranian ayatollahs and even Hafez al-Assad, the Syrian president who died in 2000.

"In war, the martyrs are like the sons of God," reads stenciled writing on a concrete wall in Hawsh Beit Ismail beside a stylized image of a soldier planting Hezbollah's flag. A nearby wall is painted with careful calligraphy that reads, "America is God's enemy."

While the Lebanese Army has remained independent of sectarian tensions pulling the government apart, its rank and file are also largely Shiite and sympathetic to Hezbollah.

"For the last 30 years this border was open for everything — gasoline, arms — it was like no border at all," said Mr. Hanna, the retired general. He added that during the years the Syrian Army was in the country, weapons moved freely from one country to the other.

After Syria was forced to withdraw in 2005, though, weapons shipments became clandestine. Mr. Hanna said "a torrent" of weapons was smuggled across the border before the Hezbollah raid that started the war on July 12, but that the government lacked the unity and political will to stop it.

Mr. Asahili, the Hermil official, said smuggling was a fact of life, pointing to several plastic five-gallon containers of gasoline that he fills up in Syria because it costs half the price there. The roadblocks cut down on larger-volume commercial smuggling, but everyone knows there is a brisk, illicit border trade.

"Even if they put soldiers side by side all along the border they couldn't stop it," Mr. Asahili said. "People in this region don't believe in dividing into two countries. To them it is one country."

Israel Army In Disarray Over Lebanon Failures (AFP)

AFP, September 16, 2006

A general resigns, a colonel is disciplined and a military command battered by an unrelenting storm of criticism: the Israeli army is in disarray as it struggles to cope with the failures of the war in Lebanon.

A month after the 34-day war against Shiite militia Hezbollah ended, nothing has halted the flood of criticism against the military and political leadership over their handling of a deadly conflict that failed to achieve its main aims.

Two days after Israel's northern army commander resigned, it emerged that embattled army chief Dan Halutz disciplined the head of an armoured brigade for criticising a superior in front of his subordinates during the war.

Colonel Amnon Eshel, head of the seventh brigade, reportedly complained that his immediate boss, General Gal Hirsh, was "completely cut off from realities on the ground" as his badly-prepared men battled to counter Hezbollah rockets.

Halutz "severely reprimanded" Eshel for disrespecting the military hierarchy and suspended him from promotion for two years, an army spokesman told AFP.

The latest incident, revealed two days after General Udi Adam resigned, underscored the level of disarray in the military.

The war left 162 Israelis dead and failed to achieve either main objectives of retrieving two soldiers captured by Hezbollah in a raid on July 12 or halting the guerrillas' barrage of more than 4,000 rocket attacks on the north.

Israel has also weathered heavy criticism abroad for its devastating use of force in Lebanon, where more than 1,200 people were killed and thousands of homes and infrastructure targets were bombed.

Adam's departure as the first official to step down as done little to quell discontent amid calls for further heads to roll calls such as for Prime Minister Ehud Olmert, Halutz and Defence Minister Amir Peretz to go.

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In an interview published Friday, former chief of staff Moshe Yaalon urged them to step down, charging that the entire conflict was misconceived and mismanaged from start to finish.

"Going to war was scandalous and he is directly responsible for that. The management of the war was a failure and he is responsible for that," Yaalon was quoted as saying in the Haaretz daily when asked if Olmert had to resign.

"The final operation was particularly problematic and he was directly involved in that. He was warned and he did not heed the warnings. Therefore he must resign," Yaalon said.

"Halutz created lack of clarity that rattled the forces in the field, caused a loss of trust and generated chaos. He did not give the commanders in the north backing... He managed the campaign arrogantly and shallowly," he added.

On Sunday, cabinet ministers are expected to approve a five-man government commission into the war, chaired by retired judge Eliyahu Winograd and made up of two university professors and two retired major generals.

"It is high time that a commission of inquiry gets underway," Foreign Minister Tzipi Livni told army radio from Washington, amid unease over the late start to a proper investigation.

The committee is to examine how the government and defence establishment dealt with the Hezbollah threat in the years before the war as well as during the conflict from July 12 to August 14.

But its powers fall short of a state commission, Israel's most authoritative inquiry that could subpoena witnesses and order police searches.

Last week, up to 30,000 Israelis in Tel Aviv called for a state commission, but Olmert has said such an inquiry would "completely paralyse" the leadership at a time of serious threat, including from arch-foe Iran.

An interim report drawn up by a parliamentary sub-committee has accused the government and homefront command of serious failures in everything related to the care and protection of civilians in the north.

Palestinian Intelligence Official Is Killed (NYT)

By Steven Erlanger

The New York Times, September 16, 2006

JERUSALEM, Sept. 15 — A senior Palestinian intelligence officer and four others were shot to death in their car in Gaza on Friday as political leaders continued to squabble over a possible new national unity government.

The daylight shooting, 200 yards from the home of Prime Minister Ismail Haniya, and the escape of the killers, were indications of the continuing lawlessness in Gaza. The shooting was seen by some local officials as more likely to be a robbery, and by some as part of the conflict between rival security forces of Fatah and Hamas.

The dead senior officer, Brig. Gen. Jad Tayeh, 55, was the international coordination chief in the Palestinian intelligence services and was well known to foreign envoys. A briefcase and the officers' weapons were taken. The immediate speculation in Gaza was that the briefcase contained money.

Progress appeared to be slow on the national unity government announced Monday by the Palestinian president, Mahmoud Abbas of Fatah. He said that Fatah and Hamas had agreed on a political platform for a new government that he expected to meet international requirements sufficiently to restore funding that was cut off after Hamas took power in March.

But the platform has not been published, the parties disagree about portfolios and Mr. Abbas has delayed dissolving the current government. The United States and some members of the European Union have expressed doubts about whether the new platform will satisfy the West's three requirements: to recognize the right of Israel to exist, to forswear violence and to accept all previous Israeli-Palestinian agreements.

In Brussels on Friday, European Union foreign ministers agreed to support a new Palestinian government, but heeded American warnings that it was too early to abandon the aid restrictions before a new government was formed and its platform published.

On Thursday, Mr. Haniya accused the United States of undermining efforts to form the new government and called on Europe to take the lead in lifting international sanctions against the Palestinians. "The U.S. administration does not want the Palestinians to be unified," Mr. Haniya said. "It puts obstacles in the way of this political coming together. It wants to extort the Palestinian people and the Palestinian government."

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Secretary of State Condoleezza Rice, in a meeting on Wednesday with the Israeli foreign minister, Tzipi Livni, said that the United States would insist on the three conditions, including an explicit recognition of Israel's right to exist, as agreed upon by the "quartet" of the United States, European Union, Russia and the United Nations that had been trying to promote peace negotiations.

Hamas will not do that, its leaders say, but is trying to draw a distinction between a political platform designed for a coalition government and the beliefs of the Hamas movement itself.

Still, Mr. Haniya and Mr. Abbas have been appealing to European anxieties about the severe economic depression that the cutoff in funding and aid has produced in the Palestinian territories, and in particular in Gaza, which the United Nations has called "a ticking time bomb."

United Nations agencies have sharply increased their aid, including basic foodstuffs, to prevent malnutrition in Gaza, where 40 percent of the work force is employed by the Palestinian Authority and has received less than two months' salary in the last seven months.

The Europeans want to end the stalemate and use the conclusion of the war in Lebanon as a springboard to renewed Israeli-Palestinian talks. Some European countries want to restore the aid in stages, after specific benchmarks are met, like an end to rocket attacks on Israel.

But the Europeans are split. The external relations commissioner of the European Union, Benita Ferrero-Waldner, said that it should show flexibility provided that a new government "reflected" the three demands. "It is clear we want to be firm on principles, but we should be flexible about the form this government chooses in the text," she said.

The Slovenian foreign minister, Dimitrij Rupel, told reporters: "We are happy about the government of national unity. We are trying to help it, also financially."

But such a government does not yet exist, as Britain's minister for Europe, Geoff Hoon, pointed out, saying that "there is still some further clarification as to precisely what is the underlying agreement involving Hamas."

Ben Bot, the Dutch foreign minister, said that support depended on meeting the three demands. Asked about the prospects, he said, "So far not very positive, I must say."

In a joint statement, the foreign ministers "welcomed" a new Palestinian government and "expressed the hope that its political platform will reflect the quartet principles and allow for early engagement." They also "expressed deep concern at the humanitarian situation in the Palestinian territories," again called on Israel to hand over to the Palestinians nearly $400 million in taxes and duties collected since February and urged Israel to reopen all crossings to and from Gaza.

Mr. Abbas is hoping that a new government will be accompanied by a series of developments: the release of a captured Israeli soldier, the withdrawal of Israeli forces from Gaza, the release of Hamas legislators and ministers held by Israel, a renewed cease-fire, a meeting between himself and the Israeli prime minister, Ehud Olmert, the release of about 600 Palestinian prisoners, the handover of the withheld taxes and duties, and the resumption of American and European aid.

That complicated chain of events would get Israeli-Palestinian relations closer to where they were at the end of last year, but would not move the two sides much closer to a final peace agreement.

Also on Friday, Israeli forces bombed a house in Rafah that the army said contained the entrance to a tunnel used to smuggle arms. The Israelis said that they had warned inhabitants to leave, and that there were secondary explosions suggesting that arms were in the tunnel.

Intelligence Official, Aides Slain In Gaza (LAT)

By Ken Ellingwood

The Los Angeles Times, September 16, 2006

Maj. Gen. Jad Tayeh had ties to President Abbas and Fatah. He led global coordination for agency.

JERUSALEM — Masked gunmen shot and killed a senior official in the Palestinian intelligence service and four aides Friday near the home of Palestinian Authority Prime Minister Ismail Haniyeh.

Palestinian officials said Maj. Gen. Jad Tayeh and the aides were in a vehicle in the Shati refugee camp, on the northern edge of Gaza City, when masked men in a sport utility vehicle cut them off and opened fire.

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The attackers fled after taking weapons and cellphones from the dead, as well as a briefcase containing documents, according to the intelligence service. At least three victims were described as bodyguards.

Authorities said they had opened an investigation but made no announcement about possible suspects.

There was no immediate claim of responsibility.

"It's a crime against the innocents. They were killed after they had performed the Friday prayer," said Gen. Mohammed Masri, a senior officer in the intelligence service.

The intelligence service is under the jurisdiction of Palestinian Authority President Mahmoud Abbas. Tayeh, who was in charge of the agency's international coordination, was affiliated with Abbas and the president's Fatah movement.

It was not known whether the attack was part of sporadic strife between the once-dominant Fatah faction and Hamas, the radical Islamic group that won control of parliament in January elections. Many clashes have involved gun battles, often between rival security agencies.

Fatah and Hamas announced this week that they would form a coalition government. The move is aimed mainly at restarting the flow of international aid, but it also could help ease some of the street violence, which has been especially severe in the Gaza Strip.

The United States and the European Union cut off most aid to the Palestinian Authority after the elections because they classify Hamas as a terrorist group. Palestinian officials hope that a unity government involving Fatah, which supports negotiations with Israel, will prompt at least some donors to renew aid and relieve a financial crisis.

The EU on Friday said it welcomed the formation of the unity government, the Associated Press reported from Brussels.

In other developments, Haniyeh joined a chorus of criticism over Pope Benedict XVI's comments Tuesday on Islam that many Muslims consider an attack on their religion.

"We strongly condemn the pope's offensive remarks about Islam, which totally contradict the true nature of Islam and its shining history," he said. "The pope should reconsider his proclamations and stop attacking Islam, the religion of 1.5 billion people of the world."

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Special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Some Muslim Leaders Want Pope To Apologize (NYT)

By Ian Fisher

The New York Times, September 16, 2006

ROME, Sept. 15 — Pope Benedict XVI drew rising anger on Friday over comments he made Tuesday about Islam, as Muslim leaders around the world accused him of dividing religions and demanded an apology.

In Britain, Gaza, Iraq, Syria and Indonesia, Muslim leaders registered their protest. The Parliament in Pakistan passed a resolution against the pope's statements, and the government later summoned the Vatican envoy to express official displeasure. In Lebanon, Grand Ayatollah Mohammed Hussein Fadlallah, the most senior Shiite cleric, demanded "a personal apology — not through his envoys."

And emotion spilled over in Turkey, which Benedict is scheduled to visit in November, as a top official in the Islamic-rooted ruling party said that the pope was "going down in history in the same category as leaders such as Hitler and Mussolini."

"He has a dark mentality that comes from the darkness of the Middle Ages," the official, Salih Kapusuz, deputy leader of Turkey's governing party, was quoted as saying on the state-owned Anatolia news agency. "It looks like an effort to revive the mentality of the Crusades."

Reaction to the pope's remarks — in which he quoted a description of Islam in the 14th century as "evil and inhuman" — has presented Benedict with the first full-blown crisis of his papacy.

Some in Turkey have questioned whether he should make the visit, the pope's first to a Muslim country. Many Muslims are also comparing his comments to the unflattering cartoons of the Prophet Muhammad that had stoked deep anger among Muslims earlier this year.

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The Vatican did not release an official comment on Friday. On Thursday, as Benedict returned from a six-day trip to Germany, his chief spokesman said that he had not intended to "offend the sensibility of Muslim believers."

Other top Vatican officials also sought to tamp down the anger.

"I am convinced the pope did not mean to assume a position against Islam," a top German cardinal, Walter Kasper, told the Italian daily newspaper La Repubblica.

Archbishop Dominique Mamberti, a French prelate with experience in the Islamic world, was appointed on Friday as the Vatican's new foreign minister. He told Agence France-Press: "The dialogue between different civilizations, cultures and religions — which nobody can hide from — will be one of the great questions which I will tackle in my new job."

In a major speech on Tuesday at Regensburg University, Benedict delivered a long, scholarly address on reason and faith in the West. But he began his speech by recounting a conversation on the truths of Christianity and Islam that took place between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"The emperor comes to speak about the issue of jihad, holy war," the pope said.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

While making clear that he was quoting someone else, Benedict did not say whether he agreed or not. He also briefly discussed the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion is contrary to God's nature and to reason.

He also suggested reason as the basis for "that genuine dialogue of cultures and religions so urgently needed today."

Benedict, a respected theologian, is said to write many speeches himself, and some in the Italian news media speculated that the Vatican would be forced into a more stringent review of his statements.

The controversy came as a new Vatican hierarchy was being put in place. In addition to appointing a foreign minister, the pope installed as secretary of state — the highest position after the pope — Cardinal Tarcisco Bertone, 71, an Italian and longtime colleague of the pope's.

Remarks By Pope Prompt Muslim Outrage, Protests (WP)

By Anthony Shadid

The Washington Post, September 16, 2006

BEIRUT, Sept. 15 -- A medieval reference in an academic lecture by Pope Benedict XVI unleashed a wave of denunciations, outrage and frustration across the Muslim world Friday, with officials in Turkey and Pakistan condemning the pontiff, Islamic activist groups organizing protests and a leading religious figure in Lebanon demanding that he personally apologize.

The reception to the pope's speech in Germany on Tuesday was a reminder of the precarious, suspicious state of affairs between a West that often views Islam as a faith in need of reform and a Muslim world that feels besieged in the wake of the Sept. 11, 2001, attacks. Some of the criticism evoked the Crusades; others accused the Vatican of joining a Western-led war on Islam.

"We ask him to offer a personal apology -- not through his officials -- to Muslims for this false reading" of Islam, said Grand Ayatollah Mohammed Hussein Fadlallah, one of the world's leading Shiite Muslim clerics, who lives in Beirut.

The pope began his lecture at the University of Regensburg by quoting from a 14th-century dialogue between the Byzantine emperor, Manuel II Paleologos, and a Persian scholar. In a passage on the concept of holy war, Benedict recited a passage of what he called "startling brusqueness," in which Manuel questioned the teachings of Islam's prophet, Muhammad.

"Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached," Benedict quoted the emperor as saying.

The pope neither explicitly endorsed nor denounced the emperor's words, but rather used them as a preface to a discussion of faith and reason. The Vatican said the pope did not intend the remarks to be offensive to Muslims.

"It was certainly not the intention of the Holy Father to undertake a comprehensive study of the jihad and of Muslim ideas on the subject, still less to offend the sensibilities of Muslim faithful," Vatican spokesman Federico Lombardi told Vatican Radio.

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But the reaction was quick, and though it was largely peaceful, it evoked the storm of violent protests that erupted in most Muslim countries after a Danish newspaper published a series of cartoons a year ago that lampooned Muhammad. In some ways, the denunciations seemed even more pronounced, given the pope's stature and authority over the world's 1.1 billion Roman Catholics.

Pakistan's parliament adopted a resolution Friday condemning the pope for what it called derogatory comments and seeking an apology. The Foreign Ministry summoned the Vatican's ambassador to express regret over Benedict's remarks.

In Turkey, where Benedict planned to visit in November in his first trip as pope to a Muslim country, the deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-inspired party called Benedict's remarks the result of ignorance or a provocation.

"He has a dark mentality that comes from the darkness of the Middle Ages. He is a poor thing that has not benefited from the spirit of reform in the Christian world," Salih Kapusuz told state media. "It looks like an effort to revive the mentality of the Crusades."

Even the country's secularist opposition party demanded the pope apologize before his visit to Turkey, which has long been one of the least ostensibly religious of Muslim countries. News agencies reported that another party led a demonstration outside the largest mosque in the capital, Ankara, and about 50 people placed a black wreath outside the Vatican's diplomatic mission.

About 100 people protested in Egypt, the Arab world's most populous country, where demonstrators chanted, "Oh Crusaders, oh cowards! Down with the pope!" Mohammed Sayed Tantawi, the sheik of al-Azhar University, a leading seat of religious scholarship, said the pope's remarks indicated "clear ignorance of Islam," and the Muslim Brotherhood, one of the Middle East's largest and oldest Islamic groups, called on Muslim governments to sever relations with the Vatican if the pope does not apologize.

Thousands of Palestinians protested Friday night in Gaza City after Palestinian Prime Minister Ismail Haniyeh, who belongs to the Islamic Resistance Movement, or Hamas, said the pope's lecture had offended Muslims everywhere.

"This is another Crusader war against the Arab and Muslim world," Ismail Radwan, a Hamas official, told the crowd.

The criticism of the pope's remarks was often twofold: at the reference of the prophet Muhammad's legacy as "evil and inhuman" and at the idea that Islam was spread by the sword. Much of the conversion that followed the prophet's life in the 7th century was a gradual, centuries-long process that left a remarkable degree of diversity -- albeit faded -- in parts of the Muslim world.

In Iraq, where religious differences have fueled much of the country's crippling violence, a Catholic representative warned that the pope's remarks were being distorted to "sow a crisis of chaos and enmity between the one family of Christians and Muslims."

A statement posted at mosques in Anbar province, a center of the insurgency, warned that a previously unknown group would begin killing Iraqi Christians in three days unless the pope apologized. In Basra, a bomb exploded at the Assyrian Catholic Church on Friday evening, causing damage but no injuries, according to a church leader who said the attack stemmed from the pope's remarks.

Across Iraq's sectarian Sunni-Shiite Muslim divide, clerics called the remarks another campaign against Islam. "Last year, and in the same month, the Danish cartoons assaulted Islam," Sheik Salah al-Ubaidi, a representative of Moqtada al-Sadr's radical Shiite movement, said in the group's stronghold of Kufa.

Muslim Anger Over Papal Comments Grows (AP)

By Benjamin Harvey, Associated Press Writer

AP, September 16, 2006

Pakistan's legislature unanimously condemned Pope Benedict XVI. Lebanon's top Shiite cleric demanded an apology. And in Turkey, the ruling party likened the pontiff to Hitler and Mussolini and accused him of reviving the mentality of the Crusades.

Across the Islamic world Friday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that many fear could burst into violent protests like those that followed publication of caricatures of the Prophet Muhammad.

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By citing an obscure Medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman," Benedict inflamed Muslim passions and aggravated fears of a new outbreak of anti-Western protests.

The last outpouring of Islamic anger at the West came in February over the prophet cartoons first published in a Danish newspaper. The drawings sparked protests — some of them deadly — in almost every Muslim nation in the world.

Some experts said the perceived provocation by the spiritual leader of more than a billion Roman Catholics could leave even deeper scars.

"The declarations from the pope are more dangerous than the cartoons, because they come from the most important Christian authority in the world — the cartoons just came from an artist," said Diaa Rashwan, an analyst in Cairo, Egypt, who studies Islamic militancy.

On Friday, Pakistan's parliament adopted a resolution condemning Benedict for making what it called "derogatory" comments about Islam, and seeking an apology. Hours later, the Pakistani Foreign Ministry summoned the Vatican's ambassador to express regret over the pope's remarks Tuesday.

Notably, the strongest denunciations came from Turkey — a moderate democracy seeking European Union membership where Benedict is scheduled to visit in November as his first trip as pope to a Muslim country.

Salih Kapusuz, deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-rooted party, said Benedict's remarks were either "the result of pitiful ignorance" about Islam and its prophet or, worse, a deliberate distortion.

"He has a dark mentality that comes from the darkness of the Middle Ages. He is a poor thing that has not benefited from the spirit of reform in the Christian world," Kapusuz told Turkish state media. "It looks like an effort to revive the mentality of the Crusades."

"Benedict, the author of such unfortunate and insolent remarks, is going down in history for his words," Kapusuz added. "He is going down in history in the same category as leaders such as Hitler and Mussolini."

Even Turkey's staunchly pro-secular opposition party demanded the pope apologize before his visit. Another party led a demonstration outside Ankara's largest mosque, and a group of about 50 people placed a black wreath outside the Vatican's diplomatic mission.

Egyptian Foreign Minister Ahmed Aboul Gheit said the pope should explain and "tell us what exactly did he mean. ... It can't just be left like that."

Vatican spokesman Federico Lombardi has tried to defuse anger, saying the pope did not intend to offend Muslim sensibilities and insisting Benedict respects Islam. In Pakistan, the Vatican envoy voiced regret at "the hurt caused to Muslims."

But Muslim leaders said outreach efforts by papal emissaries were not enough.

"We do not accept the apology through Vatican channels ... and ask him (Benedict) to offer a personal apology — not through his officials," Grand Ayatollah Mohammed Hussein Fadlallah, Lebanon's most senior Shiite cleric, told worshippers in Beirut.

Rashwan, the analyst, feared the official condemnations could be followed by widespread popular protests. Already there had been scattered demonstrations in several Muslim countries.

"What we have right now are public reactions to the pope's comments from political and religious figures, but I'm not optimistic concerning the reaction from the general public, especially since we have no correction from the Vatican," Rashwan said.

About 2,000 Palestinians angrily protested Friday night in Gaza City. Earlier, Palestinian Prime Minister Ismail Haniyeh, of the Islamic militant group Hamas, said the pope had offended Muslims everywhere.

In Cairo, some 100 demonstrators stood outside the al-Azhar mosque chanting: "Oh Crusaders, oh cowards! Down with the pope!"

The pope quoted from a book recounting a conversation between 14th-century Byzantine Christian Emperor Manuel Paleologos II and a Persian scholar on the truths of Christianity and Islam.

"The emperor comes to speak about the issue of jihad, holy war," Benedict said. "He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached.'"

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The pope did not explicitly agree with nor repudiate the comment.

In Britain, the head of the Muslim Council, a body representing 400 Muslim groups, said the emperor's views quoted by the pope were bigoted.

"One would expect a religious leader such as the pope to act and speak with responsibility and repudiate the Byzantine emperor's views in the interests of truth and harmonious relations between the followers of Islam and Catholicism," said Muhammad Abdul Bari, the council's secretary-general.

Many Muslims accused Benedict of seeking to promote Judeo-Christian dominance over Islam.

Even Iraq's often divided Shiite and Sunni Arabs found unity in their anger over the remarks, with clerics from both communities criticizing Benedict.

"The pope and Vatican proved to be Zionists and that they are far from Christianity, which does not differ from Islam. Both religions call for forgiveness, love and brotherhood," Shiite cleric Sheik Abdul-Kareem al-Ghazi said during a sermon in Iraq's second-largest city, Basra.

Few in Turkey, especially, failed to pick up on Benedict's reference to Istanbul as Constantinople — the city's name more than 500 years ago — before it was conquered by Muslim Ottoman Turks.

German Chancellor Angela Merkel defended the German-born pope, saying his message had been misunderstood.

"It is an invitation to dialogue between religions and the pope has explicitly urged this dialogue, which I also endorse and see as urgently necessary," she said Friday. "What Benedict XVI makes clear is a decisive and uncompromising rejection of any use of violence in the name of religion."

In the United States, a Muslim group, the Council for American-Islamic Relations, asked for a meeting with a Vatican representative and urged more efforts at improving understanding between Muslims and Catholics.

"The proper response to the pope's inaccurate and divisive remarks is for Muslims and Catholics worldwide to increase dialogue and outreach efforts aimed at building better relations between Christianity and Islam," the group said.

Muslim States Denounce Pope Over Remarks (WT/AP)

By Benjamin Harvey

The Washington Times, September 16, 2006

ISTANBUL -- Pakistan's legislature unanimously condemned Pope Benedict XVI. Lebanon's top Shi'ite cleric demanded an apology. And in Turkey, the ruling party likened the pontiff to Hitler and Mussolini and accused him of reviving the mentality of the Crusades.

Across the Islamic world yesterday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that united Shi'ites and Sunnis and threatened to burst into violent protests like those that followed publication of caricatures of the prophet Muhammad.

The pope did not condemn modern-day Islam. But by citing an obscure medieval text that criticizes teachings of Islam's founder for advocating a faith "spread by the sword," Benedict inflamed Muslim passions and aggravated fears of a new outbreak of anti-West protests.

The last outpouring of Islamic anger at the West came in February over the prophet cartoons first published in a Danish newspaper. The drawings sparked protests -- some of them deadly -- in almost every Muslim nation in the world.

Some experts said the perceived provocation by the spiritual leader of more than a billion Roman Catholics could leave even deeper scars.

"The declarations from the pope are more dangerous than the cartoons, because they come from the most important Christian authority in the world -- the cartoons just came from an artist," said Diaa Rashwan, an analyst in Cairo who studies Islamic militancy.

Yesterday, Pakistan's parliament adopted a resolution condemning Benedict for making what it called "derogatory" comments about Islam, and seeking an apology. Hours later, the Pakistani Foreign Ministry summoned the Vatican's ambassador to express regret over the pope's remarks Tuesday.

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Notably, the strongest denunciations came from Turkey -- a moderate democracy seeking European Union membership where Benedict is scheduled to visit in November as his first trip as pope to a Muslim country.

Salih Kapusuz, deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-rooted party, said Benedict's remarks were either "the result of pitiful ignorance" about Islam and its prophet or, worse, a deliberate distortion.

"It looks like an effort to revive the mentality of the Crusades," Mr. Kapusuz told Turkish state television and radio. He said Benedict will go down in history for his words, "in the same category as leaders such as Hitler and Mussolini."

Even Turkey's staunchly secular opposition party demanded the pope apologize before his visit, and a group of about 50 people placed a black wreath outside the Vatican's diplomatic mission.

Vatican spokesman Federico Lombardi has tried to defuse anger, saying the pope did not intend to offend Muslim sensibilities and insisting Benedict respects Islam. In Pakistan, the Vatican envoy voiced regret for "the hurt caused to Muslims."

But Muslim leaders said outreach efforts by papal emissaries were not enough.

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The pope quoted from a book recounting a conversation between 14th-century Byzantine Christian Emperor Manuel Paleologos II and a Persian scholar on the truths of Christianity and Islam.

"The emperor comes to speak about the issue of jihad, holy war," Benedict said. "He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached.'"

The pope did not explicitly agree with or repudiate the comment.

Many Muslims accused the pope of seeking to promote Judeo-Christian dominance over Islam. Even Iraq's often divided Shi'ite and Sunni Arabs found unity in their anger over the remarks.

"The pope and Vatican proved to be Zionists and that they are far from Christianity, which does not differ from Islam. Both religions call for forgiveness, love and brotherhood," Shi'ite cleric Sheik Abdul-Kareem al-Ghazi said during a sermon in Iraq's second-largest city, Basra.

German Chancellor Angela Merkel defended the German-born pope, saying his message had been misunderstood.

"It is an invitation to dialogue between religions and the pope has explicitly urged this dialogue, which I also endorse and see as urgently necessary," she said.

Muslims Demand Apology From Pope (FT)

By Ft Reporters

Financial Times, September 16, 2006

Religious and political leaders across the Muslim world on Friday demanded that Pope Benedict XVI apologise for a speech he made this week indirectly criticising the Islamic concept of “holy war.” Muslim clerics said the speech reflected ignorance of Islam and was insulting to Mohammed.

The latest flare-up of tensions between Christian and Muslim faiths has raised fears in the Vatican about the pope’s safety and cast further doubts over his plans to visit mainly Muslim Turkey in November. The proposed trip had already stirred controversy because of the Pope’s public opposition to Turkey’s ambitions to join the European Union.

Ali Bardakoglu, Turkey’s director of religious affairs, said the Pope’s most recent speech was “an extraordinarily worrying, saddening and unfortunate statement.” He added: “Biased and hostile assessments of Islam and the Prophet Mohammed are common in the western world.”

“It looks like an effort to revive the mentality of the Crusades,” said Salih Kapusuz, a senior figure in the ruling Justice and Development party, which has its roots in political Islam.

The Pope made his controversial remarks in a speech on Tuesday evening at Regensburg university, where he was a theology professor in the late 1960s. The leader of the Catholic church quoted from a book that recounted a conversation between 14th century Byzantine Christian Emperor Manuel Paleologos II and a Persian scholar on the truths of Christianity and Islam. “The emperor comes to speak about the issue of jihad, holy war,” the Pope said. “He said, I quote: ‘Show me just what

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Mohammed brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

According to the text of the speech, the Pope did not explicitly distance himself from the remarks, but noted positively that the emperor as "erudite" and the unnamed scholar as "educated".

Elsewhere in the 30-minute speech, which was greeted with a standing ovation, he condemned violence, arguing "violence is incompatible with the nature of God and the nature of the soul." Throughout his six-day trip to Germany the Pope had stressed the need for a closer dialogue between the Christian and Muslim faiths.

A Vatican spokesman said the Catholic leader had not intended to provide "an in-depth study of jihad and Muslim thinking" but had hoped to "cultivate an attitude of respect and dialogue toward other religions and cultures".

"The Pope's words are being extrapolated and disconnected from the context in which he said them and then used for ulterior purposes," said Monsignor Luigi Padovese Apostolic Vicar for Anatolia.

Theologians noted that the highly academic speech was focused not on Islam but on the relationship between reason and faith in the Christian church. Islamic scholars said the Pope should have been more aware that, even with this focus, he needed to present a more differentiated view of Islam.

Abel Theodor Khoury, a Germany-based Islam professor, from whose book the Pope took the controversial passage, said on Fridayday: "I would have wished for a one or two words of differentiation (in the speech). Two or three lines would have been very effective."

Edmund Stoiber, conservative state premier of Bavaria, on Friday defended the Pope, arguing that the latter's "clear rejection of religiously motivated violence should be taken seriously around the world."

At Friday prayers, Muslim clerics in Pakistan, Lebanon, Egypt and Iran and elsewhere denounced the Pope's comments. The latest controversy comes six months after Muslim protests against a Danish newspaper that published cartoons of Mohammed.

Reporting by Vincent Boland in Istanbul, Hugh Williamson in Berlin, John Thornhill in Paris, and William Wallis in Cairo

The Pope's Words (NYT)

The New York Times, September 16, 2006

There is more than enough religious anger in the world. So it is particularly disturbing that Pope Benedict XVI has insulted Muslims, quoting a 14th-century description of Islam as "evil and inhuman."

In the most provocative part of a speech this week on "faith and reason," the pontiff recounted a conversation between an "erudite" Byzantine Christian emperor and a "learned" Muslim Persian circa 1391. The pope quoted the emperor saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Muslim leaders the world over have demanded apologies and threatened to recall their ambassadors from the Vatican, warning that the pope's words dangerously reinforce a false and biased view of Islam. For many Muslims, holy war — jihad — is a spiritual struggle, and not a call to violence. And they denounce its perversion by extremists, who use jihad to justify murder and terrorism.

The Vatican issued a statement saying that Benedict meant no offense and in fact desired dialogue. But this is not the first time the pope has fomented discord between Christians and Muslims.

In 2004 when he was still the Vatican's top theologian, he spoke out against Turkey's joining the European Union, because Turkey, as a Muslim country was "in permanent contrast to Europe."

A doctrinal conservative, his greatest fear appears to be the loss of a uniform Catholic identity, not exactly the best jumping-off point for tolerance or interfaith dialogue.

The world listens carefully to the words of any pope. And it is tragic and dangerous when one sows pain, either deliberately or carelessly. He needs to offer a deep and persuasive apology, demonstrating that words can also heal.

Raúl Castro Speaks Out Against U.S. At Summit Talks (NYT)

By Marc Lacey

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The New York Times, September 16, 2006

MEXICO CITY, Sept. 15 — Raúl Castro, who is standing in as Cuba's leader while his brother, Fidel, recuperates from surgery, railed at the United States during a summit meeting in Havana of nonaligned nations on Friday, urging them to unite against "unacceptable acts of aggression essentially motivated by insatiable appetite for strategic resources."

Mr. Castro's first public speech since taking power in July was just as stridently anti-Washington as those offered by his elder brother. He spoke of the Bush administration's "irrational pretensions for world dominance" and called "absurd" its aggressive military spending now that the cold war is over.

"With regard to international relations, we are not the decisive force that we could be," Mr. Castro, 75, told members of the 118-member group of developing nations. "The Non-Aligned Movement now has to wage courageous battles against unilateralism, double standards and the impunity granted to those in power, for a fairer and more equal international order."

The United States declined observer status at the summit meeting. In Miami, however, the Bush administration's top Cuban-American official, Commerce Secretary Carlos Gutierrez, delivered his own rebuke to Cuba's government.

Condemning repression on the island and calling Raúl Castro "simply another military dictator," Mr. Gutierrez called on Cuba to hold a referendum on its future leadership, a proposal that the Communist government would surely dismiss.

"Why not ask the people?" Mr. Gutierrez said at conference on Latin America's economic future, which attracted leaders from throughout the region. "Let the Cuban people speak. Let the Cuban people determine their own destiny."

Noticeably absent from the fray in Havana was Fidel Castro, 80, who continued his recuperation. Cuban newspaper photographs showed him clad in pajamas while meeting with Secretary General Kofi Annan of the United Nations, and President Hugo Chávez of Venezuela.

"Despite the rigor and will with which he pursues his treatment and physical therapy, the doctors have insisted that he continue to rest," Felipe Pérez Roque, Cuba's foreign minister, told reporters on Friday.

The Non-Aligned Movement began during the cold war, when many nations were firmly allied with either the United States or the Soviet Union. The group has lived on, and now has 118 members that see themselves as the voice for the developing world.

U.S. Proposes Cubans Vote On Raul Castro (APY)

By Jessica Gresko

AP, September 16, 2006

The Bush administration proposed Friday that Cubans hold a referendum to decide if they want to be ruled by Raul Castro, who is acting leader of the communist nation while brother Fidel recovers from surgery.

Fidel Castro has long fiercely resisted any attempts by the U.S. to interfere with his government, and Cuba is highly unlikely to accept the proposal, announced in Florida by U.S. Commerce Secretary Carlos Gutierrez.

"I would say to the Cuban regime, 'why not ask the people?'" Gutierrez said at The Miami Herald's Americas Conference. "Why would a real leader be so insecure about giving his people a voice?"

Gutierrez aides said the administration wanted the Organization of American States to organize the referendum. OAS officials had no immediate comment. Cuba has been excluded from participating in the group since the early 1960s, after Castro took power.

Castro handed over power temporarily on July 31 because of his intestinal surgery. The government has treated the exact illness as a state secret, although Castro has been shown this week in pictures talking to visiting leaders in Cuba for a Nonaligned Summit.

Gutierrez, who was born in Cuba, said a referendum is not a "U.S.-only idea" but one many countries around the world support.

He cited Chile as an example of a country that rejected a military dictatorship and showed "what can happen under freedom and democracy."

"They were asked a simple yes or no to dictatorship, very simple, and the people said 'no,'" Gutierrez said.

Cuba Steers Non-aligned Nations Against US (FT)

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By Marc Frank And Agencies In Havana

Financial Times, September 16, 2006

Delegations from the Non-Aligned Movement on Friday began negotiations over a final document sharply critical of Israel and supportive of Iran's nuclear ambitions.

Cuba – the host country of the movement's 14th summit – and its close ally Venezuela sought to steer the group towards more a more radical anti-US line.

Meeting in Havana, the summit has also allowed Cuba to advertise the recovery of President Fidel Castro, who underwent stomach surgery for intestinal bleeding at the end of July, and has served to highlight Cuba's strengthening ties with Venezuela under its controversial president, Hugo Chávez.

With large numbers of international journalists in Cuba to cover the event, the authorities have streamed pictures and video from the secret clinic where an apparently jovial Mr Castro is recovering, well enough to work on a book of interviews entitled One Hundred Hours with Fidel and hold a stream of meetings with conference participants.

Although Mr Castro was on Friday not expected to make a formal appearance it has been claimed that he has orchestrated events from behind the scenes. Raúl Castro, his 75-year old brother, who temporarily took over as head of state last month, hosted Friday's opening session.

"When Castro first announced his illness it appeared that hosting the NAM summit would pose an unwanted task at an inconvenient moment. Saturday, with Castro recuperating and Cuba playing host to hundreds of influential well-wishers from across the world, top Cuban leaders now think that the summit was exquisitely timed after all," said Dan Erikson, Caribbean expert at the Inter-American Dialogue think tank in Washington.

Mr Chávez, who will host a visit to Caracas by the Iranian president Mahmoud Ahmadi-Nejad on Sunday, described the summit as the most important event in recent years "because it takes place when the US empire is experiencing decline.

"Nobody can deny this; it is visible. It will end up being as Mao Zedong said: a paper tiger."

Many observers, however, believe it will be impossible to link the movement, formed in 1961 by developing countries anxious to define themselves as independent equally of the Soviet Union and of the US, to such a radical geopolitical agenda.

"The NAM is a political forum but not a movement, because its members do not act as a bloc," said Phil Peters, vice-president of the Virginia-based Lexington Institute policy group. "Regardless of the resolutions passed, these countries will follow their own interests and make their own coalitions on issues such as trade, nonproliferation, and terrorism."

However, Venezuela was also using the summit to lobby for votes to win a seat on the United Nations' Security Council in the face of US opposition, and may have more success in that area.

"The Arab League says yes, the US says no, almost all of Africa says yes, the US says no, Russia says yes, the US says no, China says yes, now that's already a big victory, let's just wait for the results," Mr Chávez said late on Thursday.

Developing-country Leaders Meet In Havana Without Ailing Castro (AFP-Y)

By Patrick Moser

AFP, September 16, 2006

Developing-world leaders, including virulent US foes, have met at a Havana summit without Cuba's communist strongman Fidel Castro, whose convalescence kept him away from the spotlight he cherishes.

"Doctors insisted that he continues his rest," Foreign Minister Felipe Perez Roque said at the opening of the Non-Aligned Movement (NAM) summit, adding that Castro's brother Raul would represent Cuba at the gathering.

Raul Castro, 75, officially heads Cuba while his bearded sibling recovers from gastrointestinal surgery he underwent in July. "Once he is fully capable of resuming his duties, Fidel will be the chairman of the Non-Aligned Movement," Perez Roque said.

Among the prominent leaders speaking at the two-day summit was Iran's President Mahmoud Ahmadinejad, who insisted Tehran's controversial atomic program had strictly peaceful objectives, and claimed the United States was the real nuclear threat.

"Why should people live under the nuclear threat of the United States?" he asked at the summit of the 118-member NAM.

"What is the UN Security Council waiting for to react to those threats?"

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He urged his counterparts to help "counter attempts to prevent Iran from developing its peaceful nuclear activity." Washington is pushing for sanctions to force Tehran to stop producing enriched uranium, which can be used both for nuclear power and for atomic weapons.

Raul Castro, and Venezuela's President Hugo Chavez, also delivered blistering condemnations of the United States, while Indian Prime Minister Manmohan Singh called for "moderation, harmony and reason."

Singh also urged NAM leaders to make a priority of countering terrorism.

"If NAM is to be relevant in today's circumstances, it cannot afford to equivocate on the subject of terrorism," he said.

Singh planned to hold talks on the sidelines of the summit with Pakistani President Pervez Musharaf, who on Friday said the two countries had a "historic opportunity" to restart negotiations on the Kashmir dispute.

"Leaders who cannot grasp fleeting opportunity are no leaders," Musharaf said.

Talks over the Himalayan region, divided between the two countries but claimed in its entirety by both, have been stalled since July, when 183 people were killed in bomb attacks in Mumbai.

New Delhi had pointed the finger at Islamabad and a Pakistan-backed Islamic rebel group for the blasts.

UN Secretary General Kofi Annan, an invited guest at the summit, urged NAM leaders to respect human rights and prevent crimes against humanity.

The movement includes several states that face harsh criticism for their human rights records, including North Korea, Zimbabwe and Belarus.

"We need governments of the South to fulfill their obligations to their people at home ... Ending suppression of opposition groups and the media. Taking serious and sincere measures against corruption," Annan told the leaders.

He said governments also had a duty to "protect populations from genocide, warcrimes, ethnic cleansing and crimes against humanity."

The summit was due to conclude on Saturday with the adoption of a draft statement fine-tuned during four days of preparatory meetings.

The document statement calls for a reform of the UN Security Council and stresses the need for increased cooperation among developing countries in order to counter overwhelming US influence. It also condemns what it terms Israel's "unlawful" policies in the Palestinian territories and its recent military intervention in Lebanon.

Several of the leaders paid tribute to Fidel Castro for his historic role in the NAM, a movement created at the height of the Cold War.

The 80-year-old communist leader met some of the dignitaries over the past days, and Cuban media showed pictures of a pajama-clad Castro chatting with Chavez in a hospital-like room and, in a separate meeting, with Annan.

Raul Castro insisted his brother was keeping close tabs on the summit. "He has listened intently to the statements and the debate," he said.

Raul Slams U.S. As Non-Aligned Summit Chairman (WT/AP)

By Vanessa Arrington

The Washington Times, September 16, 2006

HAVANA -- Raul Castro stood in for ailing brother Fidel yesterday as Cuba took over the leadership of the Non-Aligned Movement, but a top official didn't rule out the possibility the recovering revolutionary might still appear at the meeting.

After acknowledging his brother's illness, Raul unleashed a stream of anti-American rhetoric in his inaugural speech, saying the world today is shaped by the United States' "irrational pretensions for world dominance."

"When there no longer is a Cold War, the United States spends $1 billion a year in weapons and soldiers and it squanders a similar amount in commercial publicity," he said. "To think that a social and economic order that has proven unsustainable could be maintained by force is simply an absurd idea."

Raul earlier accepted Cuba's three-year chairmanship of the Non-Aligned Movement to a round of applause by leaders from two-thirds of the world's nations, saying "Comrade Fidel has asked that I transmit to you his most cordial greetings."

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But while Fidel is under doctors' orders not to preside at the summit, the iconic leader could make an appearance, Cuba's foreign minister told the assembly.

"Despite the rigor and will with which he pursues his treatment and physical therapy, the doctors have insisted that he continue to rest," Foreign Minister Felipe Perez Roque said. "His health improves continually and his convalescence is satisfactory."

Many are wondering whether the 80-year-old Fidel will be able to guide the group formed during the Cold War in its search for relevance in this era of globalization.

And in the United States, the Bush administration has tried to hasten the end of the Castro brothers' rule. Yesterday, it proposed that Cubans hold a referendum to decide if they want to be ruled by Raul -- a suggestion certain to be rejected by the island's communist leadership. There was no immediate mention of the U.S. proposal at the summit.

Fidel temporarily ceded Cuba's leadership to his 75-year-old brother and a handful of other top officials after emergency intestinal surgery in July. He's remained out of sight this week, appearing only in photos and video in state press and television, wearing pajamas in meetings with his close friend Venezuelan President Hugo Chavez and U.N. Secretary-General Kofi Annan.

Mr. Chavez, who like Fidel is famous for giving long speeches, spoke well beyond his allotted time, saying that because the ailing Mr. Castro wasn't there, he would take that liberty.

It was the second such statement in as many days by Mr. Chavez, who has moved forcefully to assert himself as an heir to the ailing Cuban leader. "Homeland or death, we will overcome," he thundered, echoing Fidel's favorite slogan.

Mr. Chavez also upstaged Raul at a side meeting of the "Group of 15" developing nations while pledging Venezuela's support for Iran if it is invaded because of its nuclear dispute with the U.N. Security Council.

"Iran is under threat; there are plans to invade Iran. Hopefully it won't happen, but we are with you," Mr. Chavez told Iranian President Mahmoud Ahmadinejad.

"Under any scenario, we are with you just like we are with Cuba," Mr. Chavez told Mr. Ahmadinejad. "If the United States invades Cuba, blood will run. ... We will not have our arms crossed while bombs are falling in Havana or they carry Raul off in a plane."

It was not clear what Mr. Chavez would do for Iran. He's previously vowed to cut off Venezuelan oil supplies to the United States if it invades Cuba.

Mr. Ahmadinejad told the assembly yesterday that "Cuba's fight for liberation from imperialism has been a source of inspiration for the world's peoples."

The Non-Aligned Movement was formed during the Cold War to establish a neutral third path in a world divided by allegiances to the United States and the Soviet Union. It now counts 118 members with the addition of Caribbean nations Haiti and St. Kitts this week.

U.S. Foes Meet At Nonaligned Summit (AP-Y)

By Anita Snow

AP, September 16, 2006

Cuba took over leadership of the Nonaligned Movement Friday, but with Fidel Castro too sick to promise an appearance, his younger brother and his close friend Hugo Chavez of Venezuela were left to mete out the anti-American invective.

The meeting hosted by Cuba brought together some of the staunchest U.S. foes - the presidents of Iran, Venezuela and Zimbabwe.

Cuba's Acting President Raul Castro, who was presiding over the meeting of more than 50 leaders, said the world today is shaped by irrational American desires for world dominance.

"When there no longer is a Cold War, the United States spends one billion dollars a year in weapons and soldiers and it squanders a similar amount in commercial publicity," he said. "To think that a social and economic order that has proven unsustainable could be maintained by force is simply an absurd idea."

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In the United States, President Bush's administration tried Friday to hasten the end of the Castro government, proposing that Cubans hold a referendum to decide if they want to be ruled by Raul Castro. The suggestion faced certain rejection by the island's communist leadership, but they did not immediately address it at the summit.

The big question was whether the 80-year-old Castro would be healthy enough to show up for the summit dinner, let alone guide the group during Cuba's three-year chairmanship. The ailing revolutionary leader was under doctors' orders not to preside over the summit, and he did not appear in a closed-circuit television feed showing leaders arriving for the meal Friday night.

Castro temporarily handed power to his 75-year-old brother and a handful of other top officials after emergency intestinal surgery in July. And while Cuban officials raise expectations of a return to power, Fidel has appeared only in photos and video in state media, wearing pajamas while meeting Venezuelan President Chavez and U.N. Secretary-General Kofi Annan.

Raul Castro has settled into his new leadership role, giving several speeches calling for unity against U.S. policies. And Chavez, still campaigning for Venezuela's bid to join the U.N. Security Council, has repeatedly asserted himself as the natural heir to Castro, who remains a hero to leftists around the world.

"To be radical is not to be insane, it's to go to our roots. Let's go to our roots, let's be truly radical," Chavez told diplomats and leaders from two-thirds of the world's countries. He concluded by chanting "Patria o Muerte!" — "Fatherland or Death!" — a favored Castro rallying cry.

The 118-nation group gave Raul Castro a round of applause, and Malaysian Prime Minister Abdullah Ahmad Badawi expressed satisfaction that the movement "will once again be in Cuba's very capable hands."

"Cuba's fight for liberation from imperialism has been a source of inspiration for the world's peoples," Iranian President Mahmoud Ahmadinejad told the assembly.

Zimbabwe's President Robert Mugabe also attended the summit. The Bush administration charges that Mugabe's authoritarian government is a serious violator of human rights.

Annan told the group the world has changed dramatically since Cuba last hosted the movement in Havana 27 years ago, and that developing nations have new responsibilities to promote democracy, protect human rights and develop civil societies.

"The collective mission of this movement is more relevant than ever," Annan said.

With next week's U.N. General Assembly session in New York looming, Chavez and Ahmadinejad called on Nonaligned nations to support Venezuela's Security Council bid and provide more balance at the U.N. Both said the veto power of the United States has made the council a toothless promoter of U.S. policy.

"The U.S. is turning the Security Council into a base for imposing its politics," Ahmadinejad complained, according to the official translation of his speech in Farsi. "Why should people live under the nuclear threat of the U.S.?"

Guatemalan Vice President Eduardo Stein told The Associated Press in an interview Friday that his country has secured 90 of 128 necessary votes, and denied that U.S. support for Guatemala's bid has made his country a "puppet" of Washington. Venezuela, however, is confident it will win the seat.

Guatemala has stressed its conciliatory foreign policy in the U.N. campaign, while Chavez has made it clear if chosen for the security council, Venezuela would support Iran in its high-stakes standoff over its enrichment of uranium.

On Thursday, Chavez pledged his country would stand with Iran if the Middle Eastern country is invaded, just as it has pledged to defend Cuba.

The Nonaligned Movement was formed during the Cold War to establish a neutral third path in a world divided by the United States and the Soviet Union. It now counts 118 members with the addition of Haiti and St. Kitts this week.

Indian PM Urges NAM Make Priorities Of Terror, Mideast (AFP-Y)

By Michael Langan

AFP, September 16, 2006

Indian Prime Minister Manmohan Singh has urged Non-Aligned Movement leaders to take a conciliatory tone as they work to counter terrorism, and try to keep the Mideast peace process on track.

"If NAM is to be relevant in today's circumstances, it cannot afford to equivocate on the subject of terrorism," Singh told more than 55 leaders of state and government from the NAM's 118 developing-country member states.

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"A message must emanate from us that we are united in our desire to fight and eliminate the scourge of terrorism. We cannot allow the forces of intolerance and extremism to distract the world's attention from the vital concerns of our people -- the problems of poverty, ignorance and disease," Singh stressed.

At a summit that has been rife with sharp words on US policy Singh appealed for a new "inclusive globalization."

He and also argued that "as a group we have rejected extremes. We must spread the word of Gandhiji, the apostle of peace.

"Our voice must then be one of moderation, harmony and reason," Singh said. "If such is the voice of more than half of the people of the world, it will prevail."

The Indian premier also pressed for NAM members to work to bolster efforts to achieve peace in the Middle East.

"The emerging fault lines of the new ideological divide are nowhere more apparent today then in West Asia," Singh said.

"We have just been witness to a tragic and pointless war in Lebanon. It has only sharpened the sense of alienation and resentment brutalizing a country that had just begun to reclaim its heritage of inter-ethnic and inter-religious harmony after years of conflict," he said.

"I would recommend that we constitute a suitable high level group for West Asia. This group could undertake a sustained mission to promote understanding in the region and assist in the implementation of the agreed roadmap toward a comprehensive peace," he said.

On the energy front Singh also proposed a NAM working group on energy security which he said his country would be prepared to coordinate.

Singh argued that the United Nations should be at the forefront of progress in international relations.

"The United Nations played a creative and critical role in shaping the international agenda in the past," he said. "It has to do so again.

"Reforming the UN and revitalizing the General Assembly is a pressing imperative. The developing world must find its due representation among the permanent members of the Security Council," Singh said. They five permanent council members are the United States, Britain, France, Russia and China.

Singh also said he would work to launch a new NAM initiative on nuclear disarmament. "We would invite fellow members of NAM to join us in our efforts to achieve universal nuclear disarmament, and a world free of all nuclear weapons."

Nuclear powers India and Pakistan were expected to play a key role during the NAM's meeting of national leaders on Friday and Saturday.

Singh and Pakistani President Pervez Musharraf, who both arrived on Thursday, planned to meet on the sidelines of the summit in a bid to restart negotiations on the decades-old conflict over Kashmir, a Himalayan territory shared by the two countries but claimed in its entirety by both.

Financial Leaders Gather, A Bit Tensely (NYT)

By Steven R. Weisman

The New York Times, September 16, 2006

SINGAPORE, Sept. 15 — The world's finance ministers gathered Friday for their first annual meeting in East Asia since the region was gripped by an economic crisis in the 1990's, with their most urgent order of business being to overhaul the institutions that safeguard the global economy and help the poor.

As tropical rains drenched this busy and prosperous island nation and snarled its downtown traffic, thousands of economists and financial officials gathered in hotels and meeting halls for the annual meeting of the World Bank and the International Monetary Fund in what appeared likely to be one of the most contentious sessions in years.

There was even tension between Western leaders and the government of Singapore, their host, over Singapore's last-minute denial of visas to some of the leaders of the "civil society" groups that were invited to participate in the meetings.

In years past, there have been sometimes violent protests at these sessions, focused on criticism that the rich countries of the world are indifferent to the poor and to the environment. Singapore has banned demonstrations and has kept the city in a tight security grip.

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About 500 nongovernment groups are taking part in some of the sessions here and issuing reports critical of their hosts' policies. Paul D. Wolfowitz, president of the World Bank, was especially embarrassed by the visa problem because he has repeatedly called on developing countries to open their political processes to dissent.

He said Friday that it was "unfortunate that the government of Singapore seemed not to be honoring" the agreement made to hold the meetings here. He also said that Singapore leaders told him they would review the cases of those denied entry.

As it turned out, the government relented at the last minute, allowing 22 of the 27 advocates who had been denied visas to enter the country.

Mostly, Mr. Wolfowitz and others sounded a note of optimism about the world economy by saluting the records of Singapore and other Asian countries in recent decades.

"Being here is symbolically important," Mr. Wolfowitz said Friday. "The success that we see around us in Singapore and more broadly in East Asia is a reminder that there is a path out of poverty, there is a path from poverty to prosperity."

But the success of prospering countries in East Asia, many of them reeling from financial crises only a decade ago, has also created tensions, with many of them demanding more of a voice in the institutions created after World War II to help avoid a repeat of the economic disasters of the 1930's.

Mr. Wolfowitz has also stirred a furor inside the World Bank with proposals to crack down on corruption in bank lending. Many leaders of donor countries in Europe have joined with some developing countries to resist the policy paper that Mr. Wolfowitz wants approved at meetings here.

The critics charge that Mr. Wolfowitz's anticorruption plan could lead to cutbacks in lending to the poorest countries.

But the main issue of contention is a proposal backed by the Bush administration to change the governance of the International Monetary Fund to give more votes to China and three other developing countries, and to give dozens of other countries more votes in a restructuring over the next two years.

Both American and I.M.F. officials say that while they were optimistic that it will be approved by 85 percent of the fund's board by Monday, the votes were not there yet. Treasury Secretary Henry M. Paulson Jr. was due to arrive in Singapore Friday evening for a final round of lobbying with countries resisting the plan.

Several countries are skeptical of the proposal, among them Brazil, India, Argentina, Indonesia and Malaysia, who all fear that they could be left out as the fund is reconfigured. Many poor countries also fear that their influence will be reduced in the rush to reward countries that have prospered in recent years.

Some European countries are also resisting the proposal, concerned that they will be marginalized.

Rodrigo de Rato, the managing director of the International Monetary Fund, said he realized that "most industrialized countries in the world" will have to "restrain" themselves as other, newer economic powers like China are given more of a voice and as poor countries in Africa and elsewhere get additional voting rights themselves.

"There is a consensus that we need a new formula," Mr. de Rato told reporters Friday, but he suggested that it had not been translated into a precise long-term plan.

China, South Korea, Japan and other East Asian nations are sitting on huge dollar-denominated reserves flowing from their surpluses in trade with the United States. The American fear is that they will try to set up their own Asia-only fund to help bail out countries in the future.

The American fear of a fracturing of the International Monetary Fund is an echo of the administration's concern over the failure of the recent round of global trade talks, which collapsed over the summer in recriminations involving the United States, Europe and several developing countries.

All of these countries blamed one another for not lowering tariff barriers enough to jolt the talks toward success, and administration officials say plainly they cannot afford to have another debacle involving another global economic institution.

U.S., Allies Seek Currency Crackdown (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 16, 2006

DOJ_NMG_0064347

SINGAPORE -- The U.S. and its major allies are working to give the International Monetary Fund greater power to crack down on countries that meddle with exchange rates to gain an edge in international trade.

At a series of meetings here this weekend, top financial officials from the Group of Seven major industrial nations are expected to press for new IMF rules that would make it easier for the global economic watchdog to brand a country for manipulating its exchange rate -- and, in theory, embarrass it into stopping.

The U.S.-led push comes at a time when the Bush administration faces enormous pressure from Congress, manufacturers and unions to confront China over its currency practices. Beijing, they argue, keeps the yuan artificially weak against the dollar, giving Chinese firms a huge competitive advantage over their American counterparts by making Chinese exports cheaper.

As a result, markets will likely parse every currency-related comment that the new U.S. Treasury secretary, Henry Paulson, utters both in Singapore and when he makes his first official visit to China next week. Mr. Paulson, a former chief executive of Goldman Sachs Group Inc. with long experience in China, has promised a patient approach to the Asian powerhouse, but has also said it is imperative that Beijing loosen its grip on the yuan.

Amid the controversy over China's currency practices, Timothy Adams, undersecretary of the U.S. Treasury for international affairs, says there is a "strong emerging consensus" among the big countries that it is time to rewrite the international rules of the road regarding exchange rates.

Those rules should establish, Mr. Adams says, "in a modern world, what do beggar-thy-neighbor policies look like? What is and is not acceptable behavior?"

Brazil, Egypt and some other developing nations, however, are resisting the effort by the G-7, whose members include the U.S., Britain, France, Germany, Italy, Canada and Japan. Developing countries see the initiative as an attempt to hand the IMF, which provides rescue loans to troubled countries and often demands austere economic policies in return, yet another stick with which to force its will on those too weak to resist.

MORE

• Issue Briefing:1 IMF and World Bank officials convene in Singapore this weekend. Some big changes are on the agenda.

"It's important for the IMF to exercise its mandate in an evenhanded manner, and not be influenced by one or two countries," says Khor Hoe Ee, assistant managing director for economics at the Monetary Authority of Singapore. "The IMF needs to engage the Asian region to get the rich diversity of views that could contribute to the multilateral surveillance issues."

Singapore, which itself regularly intervenes in the market for Singapore dollars to combat domestic inflation, is playing host to the IMF annual meetings.

For the past two years, the IMF has been pondering how to sharpen its monitoring of the exchange-rate practices of its 184 member nations. Mr. Adams, however, jump-started the process a year ago with a speech accusing the IMF of being "asleep at the wheel" when it comes to exchange rates.

Currently, the IMF follows a set of rules, originally drafted in 1977 following the 1973 collapse of the international gold standard and fixed-exchange-rate system. Those rules generally require the IMF to discern whether a country intends to cheat the system through its exchange rate. Among the warning signs the IMF is supposed to look for are official restrictions on capital flows and unsustainable government borrowing.

"If these are the only things you're looking at, you haven't got a very good handle on a country's foreign-exchange policy or whether it's manipulating" its currency, a senior IMF official says.

Under U.S. trade law, every six months the Treasury must issue a report identifying any country that manipulates its currency, using the IMF definition. Despite complaints about China's practices, the Bush administration has never listed it. The decisions have a large foreign-policy component, but Treasury officials have also blamed their decision on their inability to prove Beijing intends to manipulate the yuan.

Now IMF Managing Director Rodrigo de Rato is championing a plan that would define manipulation by looking at whether a country's actions leave its exchange rate out of whack with economic realities. The IMF would then identify offenders and exert public pressure for changes.

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Mr. Adams says the IMF is now on the right track and that he hopes that member governments at Sunday's IMF board meeting will offer at least general support for the idea of rewriting the old rules. The details would then be negotiated in coming months.

Write to Michael M. Phillips at michael.phillips@wsj.com2

Germany Eyes Free-trade Zone To Rival China (FT)

By Bertrand Benoit In Berlin

Financial Times, September 16, 2006

Spurred by concern about China's growing economic might, Germany is considering a plan for a free-trade zone between Europe and the US.

A senior aide to Angela Merkel said the chancellor was "interested" in promoting the idea as long as such a zone did not create "a fortress" but rather "a tool" to encourage free trade globally, "which she is persuaded is a condition of Germany's future prosperity".

Separately, on Friday, the US, Canada and the European Union complained to the World Trade Organisation about China's tariffs on car parts, raising the prospect of Beijing facing its first WTO dispute.

The three said they had lost patience with Beijing's refusal to further open the $19bn-a-year market.

News that the free trade zone, last pursued by Sir Leon Brittan, when European trade commissioner in 1998, is being debated in the German chancellery testifies to the rapprochement between Washington and Berlin since Ms Merkel's election last November.

This convergence of views was underlined this week when Wen Jiabao, Chinese premier, was politely chided by Ms Merkel for China's poor human rights record and recent restrictions on foreign news agencies, during an official visit to Berlin.

As German perceptions of China have grown more American, Washington's approach has shifted too. Speaking before his first trip to Beijing, Hank Paulson, US Treasury secretary, this week outlined a more balanced policy mixing traditional US criticism with praise for China's reforms.

Ms Merkel's aide said it was "far too early" to tell whether the project of a transatlantic free-trade zone would be part of Germany's priorities when it assumes the six-month presidency of the European Union and chairs the G8 group of leading industrial nations from January.

Two of Ms Merkel's most senior advisers, Jens Weidmann on economic policy and Christoph Heusgen on foreign policy, have warned her the initiative could be construed as protectionism.

Yet the notion has struck a chord with Ms Merkel, who has often called for "a global framework of rules" – minimum social, environmental and ethical standards – to prevent competition from sophisticated yet authoritarian low-wage economies eroding western achievements in these domains.

"The west needs to pull together," Gabor Steingart, Berlin bureau chief for the Spiegel weekly, told the FT yesterday. His book, World-War for Prosperity, a warning about the dangers of globalisation published this week, is credited with influencing the debate in the chancellery.

"What Nato did for the west under the cold war, Tafta (Transatlantic free-trade area) can do in the current battle."

Additional reporting by Andrew Bounds in Brussels

Pressure Mounts For China To End Auto-Part Tariffs (WSJ)

By John W. Miller And Greg Hitt

The Wall Street Journal, September 16, 2006

Teaming up with Europe and Canada, the Bush administration moved to turn up pressure on Beijing to end tariffs that critics say put foreign-made auto parts at a competitive disadvantage in China's domestic market.

The Western economic powers filed a request Friday for a formal investigation of the tariffs by the World Trade Organization, which is based in Geneva. The filing raised stakes significantly in the long-simmering dispute over auto parts, which first boiled over during the spring when the U.S. and European Union filed a preliminary complaint with the WTO on the

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issue. Canada later joined the case. That initial filing prompted a series of negotiations, but no progress was made toward diffusing tensions.

"China has demonstrated no willingness to remove its unfair charges," said U.S. Trade Representative Susan Schwab. "While we are open to settling this dispute, China's current stance leaves us no choice but to proceed with our WTO case."

At issue are complicated rules under which Beijing charges an average 25% tariff, instead of the usual 10%, on imported parts when a company making cars in China buys less than 40% of its components from local suppliers. The rules are problematic for auto makers with plants in China, such as General Motors Corp. and Volkswagen AG. Those companies all buy Chinese-made parts, but rely on some parts made outside of the country, exposing them to tariffs that ultimately raise the cost of their vehicles sold in China.

A GM spokesman said the company views Friday's filing as "a government-to-government action" and hopes for an "amicable and successful resolution."

The action reflects a tougher U.S. trade stance toward China, and comes a few days before Treasury Secretary Henry Paulson arrives in China, where he is expected to press complaints over China's currency practices. Critics say those practices distort trade flows and create unfair advantages for Chinese companies in the world market.

More broadly, the heightened tensions on auto parts reflects a dynamic that has helped stall the Doha Round of trade negotiations. In those talks, suspended during the summer, the U.S. and EU have pushed developing countries to lower barriers to trade in manufactured goods produced in the developed world. Developing countries, by large, have resisted those calls.

Friday's filing may lead to creation of an investigative panel as soon as next month. A Chinese official in Brussels told Dow Jones Newswires that "we will follow the legal proceedings to the end."

The U.S. exported $539.82 million in auto parts to China last year, a small part of China's estimated market at $19 billion. The EU says its auto-parts exports to China are valued at about €3 billion, or roughly $4 billion. Canada says it exports about $256 million annually in parts to China.

China Faces WTO Complaint Over Foreign-made Auto Parts (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 16, 2006

WASHINGTON - U.S. Trade Representative Susan Schwab announced a trade action Friday that's designed to force China to open its fast-growing market to American-made auto parts.

In a conference call early Friday, Schwab said the United States, European Union and Canada together were lodging a complaint at the Geneva-based World Trade Organization about China's treatment of foreign-made auto parts.

It's the first high-profile trade complaint against China since the Office of the U.S. Trade Representative conducted a top-to-bottom review of bilateral trade earlier this year. It signals that the United States may begin taking a tougher stance on China, whose rapid economic growth is sending shock waves across the global economy.

With November congressional elections approaching, Schwab's help for the American auto industry carries political overtones in battleground states such as Ohio, Indiana and Michigan. Her announcement came as Ford - the world's third-largest carmaker - sought to cut another 10,000 jobs in the United States, Canada and Mexico by the end of 2008.

It also came days before Treasury Secretary Henry Paulson arrives in Beijing for meetings next week and as the Senate weighs trade sanctions against China for failing to liberalize its currency regime.

Her move sent China a good cop-bad cop message from the Bush administration, since Paulson, a former head of banking giant Goldman Sachs & Co., on Wednesday used his first speech on the international economy to call for patience with China. He said relations were "truly generational" and shouldn't suffer because of current disputes.

Schwab said her action had nothing to do with Paulson's trip, and she focused on defending U.S. jobs.

"In the U.S. alone, 700,000 workers produce over $200 billion in auto parts," Schwab said, noting that about a quarter of those products are exported. It's "not appropriate for our exports to be barred from that market, particularly in view of Chinese commitments to the WTO."

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World trade in auto parts exceeded $445 billion last year. U.S. makers exported about $700 million in auto parts to China last year, a fraction of the $55 billion in total American exports of auto parts. U.S. companies complain that the figure is low because China is trying to force them to manufacture in China.

"What they're doing in essence is, if a car produced in China has too many imported parts, then we're going to duty (tax) those parts the same as if it was a whole imported car," said Frank Vargo, the vice president-international affairs for the National Association of Manufacturers.

If a Chinese-made vehicle has more than a certain amount of imported auto parts, China levies a 25 percent duty on the imported parts to favor domestic producers.

"We negotiated a 10 percent rate, and that's what our companies deserve," Vargo said.

The dispute is really about China moving up the value chain, shifting from simple assembly and low-tech production to the kind of high-tech manufacturing done in the United States, Mexico and Canada.

U.S. companies complain that they're being strong-armed into manufacturing in China. For example, auto industry data suggest that about 60 percent of the auto-parts manufacturing in China is done through joint ventures with foreign firms.

"This is the tip of the iceberg. It's unfortunate that we're not bringing 10 of these cases instead of one," said Peter Morici, a business professor at the University of Maryland.

Some want the Bush administration to get tougher on China.

"Taking them to the WTO is being a little more than a doormat, but I don't think this signals a particularly new aggressive policy," said Clyde Prestowitz, a former Reagan administration trade official and the author of "Three Billion New Capitalists," a book that warns of an economic power shift to Asia.

Paulson signaled Wednesday that the administration will treat the rising Asian power as an equal and expects it to begin behaving like a developed - not a developing - nation.

"China deserves recognition for what it has become, but at the same time China must be more than a beneficiary of open markets," Paulson said. "As a global economic leader, China should accept its responsibility as a steward of the international system of open trade and investment."

China's Selection For Nuclear Job Is Expected Soon (WSJ)

By Shai Oster

The Wall Street Journal, September 16, 2006

BEIJING -- China will announce by year end which company has won a contract potentially worth $8 billion to build four nuclear-power plants, said a top U.S. energy official.

"They are getting very close to deciding which path they will go down," Assistant Secretary of Energy Karen Harbert said Friday in Beijing, a day after meeting with her Chinese counterparts.

"We hope we see an award of that bid in very short order. There's no indication of a date certain," she added. "But we certainly hope to see something by the end of this year at the very latest."

Pittsburg-based Westinghouse Electric Co. and France's state-owned Areva SA are considered the top contenders for the contract to build four 1,000-megawatt reactors, valued at $1 billion to $2 billion each. The reactors will use third-generation technology that differs from what is in place in most of the world's nuclear-power plants that use older, second-generation designs. Russia's AtomStroyExport is also bidding.

China plans to build as many as 32 nuclear reactors by 2020, in addition to the 10 already in use or under construction. The country aims to boost its nuclear-power generation capacity to 4%, or 40 gigawatts, of its overall generation capacity, from 1.5% currently, as part of plans to diversify its energy supply.

Industry observers had expected a decision on the contract as early as December 2005. But Chinese officials have said they needed more assurances about what they describe as untried technologies. Areva and Westinghouse say they have already proved the safety and efficiency of their new reactors.

Japanese electronics firm Toshiba Corp. is in the process of buying Westinghouse. The deal still needs to pass regulatory approval.

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Ms. Harbert met Wednesday with Chen Deming and Zhang Guobao, vice chairmen of the National Development and Reform Commission, where they share the energy portfolio. Mr. Zhang is set to retire in coming months.

During the talks, the U.S. invited China to join a consortium of 10 nations working to develop a fourth-generation nuclear-power-plant design. "We believe it's very important for the world for China to be a part of this" Generation IV International Forum , Ms. Harbert said.

The U.S. sees nuclear power as an environmentally viable alternative to burning fossil fuels, which emit carbon dioxide and other gases associated with global warming and rising pollution rates.

Economic growth topping 10% has sent China scrambling for energy. The country is now the world's biggest consumer and producer of coal -- and the biggest emitter of sulfur dioxide, which causes acid rain, among other problems. China's growing wealth has also made it the world's second-biggest user of oil after the U.S.

The growing demand has brought the issue of energy security to the fore among China's policy planners and raised concerns among U.S. leaders fearful of competition for scarce resources.

"We want them to understand that energy is a global market. Energy security is not derived by ownership of oil assets but by building a variety of sources, a diversity of supply, and energy type," Ms. Harbert said.

Write to Shai Oster at shai.oster@dowjones.com1

Outsourcing: It's Been Good To Him (NYT)

By Saritha Rai

The New York Times, September 16, 2006

Azim H. Premji, 61, is chairman of Wipro, India's third-largest outsourcing firm, with $2.39 billion in revenue last year. Mr. Premji, whose 81.4 percent ownership stake makes him India's richest man, is known for his austere style, whether providing visitors recycled drinking water at the company's Bangalore headquarters or flying himself and his top executives in economy class.

He talked recently about outsourcing, competition and education. Following are excerpts:

Q. Has the furor over outsourcing cooled down?

A. The debate in the United States is significantly more balanced. But what is not getting adequate focus is that globalization is a two-way street. If the United States wants access to Chinese, Indian or Vietnamese markets, we must get access to theirs. U.S. protectionism is very subtle but it is very much there.

The important thing about outsourcing or global sourcing is that it becomes a very powerful tool to leverage talent, improve productivity and reduce work cycles. The West is not producing enough engineers. The United States will produce 75,000 engineers this year; they will produce more sports therapists than engineers. Germany, the great engineering power of Europe, will produce 35,000 engineers this year; they will produce more architects than engineers. Western companies want access to Indian talent, that is why they outsource, that is why they come to India to set up base.

Q. Wipro began as a company making cooking oil and is now the third-largest outsourcing firm in India, but you still make cooking oil?

A. Being in the consumer business helps us groom talent in areas like marketing, finance and logistics. We can benchmark our outsourcing business to our consumer business and its best practices. Plus, our consumer business is independent, profitable, growing at 25 percent annual growth rates and is now of a respectable size.

Q. In 1977, India's socialist government sent I.B.M. packing. Was that the turning point for Wipro's technology business?

A. Their leaving gave us a chance to build the business from the start and we also learned to have a high degree of sensitivity to the customer. I.B.M. was not really bringing their best technologies to India. They were dumping old machines in the country that had been thrown away in the rest of the world 10 years before. Now they have a vastly changed attitude and they are back with a frenzy.

Q. You came into managing the company recently, after several executives had brought your outsourcing business to a level of success. Do you enjoy being so hands-on?

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A. We have transitioned; we have collapsed the corporate office into the business office and de-layered our structure. We have four presidents who run the four businesses; each of these businesses is under a billion dollars in revenue. We continue to see it working well.

Q. Now global consulting firms like I.B.M. and Accenture are your competitors and they are investing billions of dollars in India. Is that a threat to your business model?

A. The fact that I.B.M. and Accenture are cannibalizing our model is a rubber-stamp endorsement of the global delivery model. It legitimizes our business from the customer point of view. But in terms of the quality processes, business model changes and fulfilling employee career goals, our domestic competitors and we are two to three years ahead of global consultancy firms.

Q. Is finding talent an increasing challenge for firms like Wipro?

A. Talent is in short supply everywhere. At Wipro, we are training nonengineers to be engineers. We hired 2,500 of them last year and coach them on the job. Thus, we are supplementing engineering talent on a significant scale.

Q. You dropped out of graduate school at Stanford to take charge of Wipro when your father died in 1966, but you have since made education your cause. How has it become so important to you?

A. Because education is the fulcrum for an equitable society. A girl child who is even a little bit educated is more conscious of family planning, health care and, in turn, her children's own education. Thus, we are killing three birds with one stone. I am particularly interested in primary education because the state of affairs in primary education in this country is a cause for concern.

W.H.O. Supports Wider Use Of DDT Vs. Malaria (NYT)

By Celia W. Dugger

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — The World Health Organization on Friday forcefully endorsed wider use of the insecticide DDT across Africa to exterminate and repel the mosquitoes that cause malaria. The disease kills more than a million people a year, 800,000 of them young children in Africa.

Dr. Arata Kochi, who leads the group's global malaria program, unequivocally declared at a news conference on Friday that DDT was the most effective insecticide against malaria and that it posed no health risk when sprayed in small amounts on the inner walls of people's homes. Expanding its use is essential to reviving the flagging international campaign to control the disease, he said.

Dr. Kochi has powerful allies on DDT and, more broadly, on using insecticide sprays, in Congress and the Bush administration — an odd bedfellows coalition for an agency of the United Nations, which has often been at odds with the White House.

At the news conference, Adm. R. Timothy Ziemer, who leads President Bush's $1.2 billion malaria undertaking, stood at Dr. Kochi's side and described spraying with insecticides as a tool "that must be deployed as robustly and strategically as possible."

The health organization's news release quoted Senator Tom Coburn, Republican of Oklahoma.

"Finally, with the W.H.O.'s unambiguous leadership on the issue, we can put to rest the junk science and myths that have provided aid and comfort to the real enemy — mosquitoes," said the senator, a medical doctor.

Dr. Kochi said the most substantive change in the W.H.O.'s guidelines on the use of insecticides would extend the reach of the strategy. Until now, the agency had recommended indoor spraying of insecticides in areas of seasonal or episodic transmission of malaria, but it now also advocates it where continuous, intense transmission of the disease causes the most deaths.

Dr. Kochi's new policies and abrasive style have stirred the small world of malaria experts. Dr. Allan Schapira, a senior member of the W.H.O. malaria team who most recently oversaw its approach to insecticide spraying, resigned last week.

Reached Thursday on his cellphone, Dr. Schapira declined to comment on his reasons, except to say that they were professional. He did not return messages left Friday.

His successor, Pierre Guillet, a medical entomologist, said Dr. Schapira quit because he was uncomfortable with the new approach on insecticide spraying.

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There are fierce debates among experts over when it is best to use indoor spraying or mosquito nets impregnated with insecticides that last up to five years, though most agree that both spraying and nets are important tools.

Dr. Kochi said in an interview that half the professional staff of the W.H.O.'s malaria program has left "one way or the other" since he took over in October. He described Dr. Schapira as the "main brain" behind the past approach.

"He was professionally insulted by me," Dr. Kochi said.

In answer to a question, Dr. Kochi acknowledged that he had indeed told members of the staff in meetings that they were stupid. "They are very inward looking, and they do not communicate outside the malaria field," he said. "It's ridiculous."

Dr. Kochi earlier headed the W.H.O.'s tuberculosis campaign until he was forced out after his blunt manner alienated important partner organizations.

He has brought the same in-your-face approach to malaria. In January, he demanded that 18 drug companies — all named — stop selling some forms of a new malaria drug he believed could speed up drug resistance. If they did not comply, he threatened to try to disrupt sales of their other medicines.

In April, he accused the Global Fund to Fight AIDS, Tuberculosis and Malaria, through which rich countries finance health campaigns, of ignoring W.H.O. rules that forbid treating malaria with herbal-based therapy alone — a charge that Dr. Bernard Nahlen, a senior adviser at the Global Fund, called "outlandish" on Friday.

There are now 17 African countries using at least some indoor spraying of insecticides to combat malaria. Only 10 of them use DDT — Eritrea, Madagascar, Ethiopia, Swaziland, South Africa, Mauritius, Mozambique, Zimbabwe, Namibia and Zambia — the W.H.O. said. Too many countries in Africa have shied away from DDT, Dr. Kochi said, because of the nasty environmental reputation it earned in an earlier era when it was widely sprayed on crops — dangers that do not apply when spraying small amounts indoors.

DDT has carried a special stigma since the publication in 1962 of Rachel Carson's "Silent Spring," which helped set off the environmental movement in America by documenting how mass spraying of DDT entered the food chain, causing cancer and genetic damage and threatening to wipe out some bird species, including bald eagles.

The nonprofit group, Beyond Pesticides, distributed news releases on Friday opposing the W.H.O.'s new policy, saying a dependence on pesticides like DDT "causes greater long-tem problems than those that are being addressed in the short-term."

Dr. Kochi said some African countries had also been reluctant to use DDT because of fears that European countries would block food exports if crops were tainted by even minuscule amounts of DDT. In an interview, he called on leaders of the European Union to publicly encourage African countries to use DDT against malaria. Uganda, for one, has not used it because of what Dr. Kochi called "a bureaucratic standoff between the ministry of health and the ministry that oversees trade."

A spokesman for the European Union, Alain Bloedt, said Friday that it was too late in the afternoon to get a reply.

Dr. Kochi said he himself did not worry about whether he would lose his job if he took on too many influential players. Success will require many difficult changes, he said. "I don't want to fail."

WHO Backs DDT To Rid Malaria (WT)

By Tom Carter

The Washington Times, September 16, 2006

The U.N. World Health Organization (WHO) reversed 30 years of policy yesterday, giving DDT a "clean bill of health" for controlling malaria, and it asked environmental groups to support limited use of the insecticide to save the lives of African babies.

"DDT presents no health risk when used properly indoors," said Dr. Arata Kochi, director of the WHO's malaria program. "Well-managed indoor spraying programs using DDT pose no harm to wildlife or humans."

Malaria rivals AIDS as the leading killer in sub-Saharan Africa. The mosquito-borne parasite kills an estimated 1 million people each year, mostly women and children under age 5.

"Help save African babies as you are helping save the environment," Dr. Kochi urged environmental groups at the National Press Club yesterday. "African babies ... need your help."

Swiss inventor Paul Hermann Muller won the Nobel Prize for medicine in 1948 for discovering DDT, or dichloro-diphenyl-trichloroethane. The insecticide helped wipe out malaria in the developing world.

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With the publication of Rachel Carson's 1962 anti-pesticide tome, "Silent Spring," DDT became the world's most vilified pesticide. It was banned from use in the United States in 1972 and abandoned in much of the world.

Dr. Kochi said WHO stopped promoting DDT in the early 1980s. As its use declined, mosquito populations soared, and malaria deaths in Africa and Asia skyrocketed.

An estimated 500 million become sick from malaria each year, making the disease one of the biggest obstacles to economic development in poor nations.

Yesterday, the WHO revised its recommendations and saidDDT is safe for humans and "remarkably effective" when a small amount of DDT is sprayed in the indoor walls of houses and huts.

The spraying, which lasts about six months, keeps mosquitos from entering a building and kills them if they do..

The WHO said DDT is a powerful weapon and should be used in combination with bed nets, better malaria medicines and other pesticides.

Environmental and anti-pesticide groups said safer and more effective alternatives to DDT were available such as pyrethrum and recent studies suggest DDT is harmful to humans, especially children.

"It is about time the international community focused on combating malaria, but this approach takes us exactly in the wrong direction," Dr. Paul Saoke, director of Physicians for Social Responsibility in Kenya, said in a statement released by the Pesticide Action Network, which opposes the reinstatement of DDT.

But those who campaigned for years to reinstate the use of DDT in the battle against malaria called yesterday's announcement a tremendous victory.

"We are finally in a position to provide the maximum amount of protection to poor people in poor countries," said Dr. Donald Roberts, professor of tropical medicine at Uniformed Services University of Health Sciences in Bethesda.

He said pyrethrum insecticides are more expensive and are far less effective over time. He called recent studies that imply DDT may impair development in breast feeding babies "bogus."

"It is a choice between a proven benefit, saving millions of lives, and a hypothetical, speculative and minor risk," he said.

Richard Tren, director of Africa Fighting Malaria, agreed.

"DDT is the most studied of man-made chemicals, and there is no evidence that it is unsafe for humans. Remember we are not spraying for fun. Malaria is a deadly disease," he said.

But the WHO specialist responsible for indoor spraying, or "vector control," said more study is required.

"We do not feel the product is toxic, but we want to take all necessary precautions," said Dr. Pierre Guillet.

According to U.S. Agency for International Development figures, the United States has spent about $25 million on indoor spraying in the 2005 and 2006, but very little of that money has gone to purchase DDT, which is currently made only in India and China.

Dr. Kochi said the new WHO recommendation met with some resistance within WHO, and since he took over the program, he has replaced about 50 percent of his professional staff.

"The malaria program was a failure and the WHO decided to go in a strong new direction," said Dr. Kochi. "We had to ask, does our staff have enough expertise and will they contribute in a meaningful way or not."

He said there is also resistance in some European countries to importing food and agricultural products from African nations that might begin using DDT.

Ugandan exporters recently came out against using DDT in their nation where malaria is epidemic, fearing the loss of millions in agricultural exports if Europe bans Ugandan products.

Dr. Kochi said those fears are unwarranted, noting that the European Commission supports the WHO recommendations.

In A Shift, Annan To Fill Out A U.N. Form Disclosing His Finances (NYT)

By Warren Hoge

The New York Times, September 16, 2006

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UNITED NATIONS, Sept. 15 — Secretary General Kofi Annan reversed course on Friday and said he would file a new financial disclosure form. Although completing the form is not mandatory in his case, his top aides considered it advisable to avoid misunderstanding.

"He has nothing to hide and does not want to cause embarrassment to the organization or to himself, so he has decided to voluntarily submit a financial disclosure form to the U.N. ethics office," Mark Malloch Brown, the deputy secretary general, said in an interview on Friday night.

Mr. Malloch Brown said that Mr. Annan had communicated the decision to him on the telephone from Havana, where he was attending the conference of nonaligned nations.

"His lawyers had clearly advised him that he both does not need to sign the form and indeed that he might be imprudent to do so because he would be tying the hands of his successor," Mr. Malloch Brown said. Mr. Annan leaves office on Dec. 31 after two five-year terms.

Mr. Annan's earlier decision not to supply the form emerged Wednesday in a news conference and exposed him to criticism that he was not living up to the standards of openness that he was demanding of others in the organization.

Filling out the form is required of most United Nations staff members under new procedures put into effect last year as part of the management overhaul that Mr. Annan has championed.

The push for management change was accelerated by findings of mismanagement and corruption revealed in the reports by Paul A. Volcker, the former Federal Reserve chairman, into abuses of the oil for food program.

Mr. Annan is technically not a staff member and therefore not covered by the rules. Asked at the news conference whether he had submitted the form, he said, "I honor all my obligations to the U.N., and I think that is as I've always done."

Two United Nations officials confirmed afterward that he had not filled out the form, despite advice to do so from aides including Mr. Malloch Brown, and the undersecretary general for management, Christopher B. Burnham.

The news proved to be particularly awkward since Stéphane Dujarric, his spokesman, told reporters in early May that although Mr. Annan was not obliged to comply, he would do so "to show an example, to be an example to the rest of the staff who need to fill it out."

At a briefing on Thursday held to present the first-ever consolidated financial and program report — a management advance that Mr. Annan said in a foreword would produce "greater transparency and clearer accountability" — Mr. Burnham commented indirectly on Mr. Annan's action.

"I believe that we all should fill out annual financial reports," he said, "and I encourage everyone to do so in a timely fashion."

Mr. Malloch Brown said that in the aftermath of the Volcker report, Mr. Annan "feels that his private and public finances have had the most public scrutiny of any secretary general."

Mr. Dujarric, reached in Havana, said, "The Volcker commission had an exhaustive look at his finances and clearly wrote in its report last September that the examination of his finances did not raise any concern."

The report, published Sept. 7, 2005, examined Mr. Annan's financial information for the period Jan. 1, 1998, through Dec. 31, 2004, and concluded that it did not "reveal any payments or transactions that appear suspicious or improper."

Japan's Charismatic Leader To Leave A Lasting Mark (MCT)

By Tim Johnson

McClatchy Newspapers, September 16, 2006

TOKYO - During five dynamic years in office, Prime Minister Junichiro Koizumi revived Japan's economy, nurtured a new self-assurance in his countrymen and cemented uncommonly good relations with the United States.

Now that he's about to leave his job, commentators are casting him as one of the most influential leaders in Japan's postwar history.

With a take-no-prisoners political style and a penchant for sunglasses, long hair, direct language and Elvis, "cool Koizumi" has shaken the pillars of politics in Japan.

Will his nation ever be the same?

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On Wednesday, the long-ruling Liberal Democratic Party (LDP) will pick Koizumi's successor as party leader, who will then become prime minister on Sept. 26. Koizumi, 64, will head off to retirement. He's changed Japan in ways that could be long lasting, but Shinzo Abe, the likely new prime minister, will face pressures to ease off some of the reforms.

Koizumi's biggest achievement "is that he instilled confidence in the Japanese nation," said Jesper Koll, chief economist at Merrill Lynch in Tokyo. "Japan is back, and people here again think, `We deserve to be the second most important economy in the world.'"

When Koizumi came to office in 2001, Koll said, "Japan was desperate. The banks were bankrupt. ... You had an economy that was on the brink of depression."

Five and a half years hence, the economy purrs, major corporations once again build factories, land prices edge upward, and Japan contemplates its resurgent role as the U.S. deputy sheriff in East Asia, where China's power is rising and North Korea is going nuclear.

Koizumi's departure will be felt in Washington. The Japanese leader bucked his nation's decades-old pacifist tradition and stretched long-unused military muscle by deploying troops to Iraq in 2004. Despite public opposition, the troops stayed until July of this year, offering symbolic support that the White House hugely valued.

Koizumi shared an unusually strong bond with President Bush, who took him in late June on a personal tour of Graceland, the Memphis home of Elvis Presley, an idol of Koizumi.

"His personal relationship with President Bush ... has been fundamental in bringing the U.S.-Japan alliance to its high-water mark," said Brad Glosserman of the Honolulu-based Pacific Forum of the Center for Strategic and International Studies.

Much of what made Koizumi unique, though, involved his penchant for smashing plates in domestic politics. Unlike his predecessors in the LDP, Koizumi wasn't beholden to a system of opaque negotiations among faction leaders, which has marked postwar Japanese politics.

After decades of colorless politicians, Japanese voters ate it up. Koizumi's command of the sound bite and direct style of speaking endeared him to the masses.

"Koizumi didn't care much about the status quo and personal relationships," said Tsuneo Watanabe, a senior fellow at the Mitsui Global Strategic Studies Institute in Tokyo.

He largely shunned party bosses for his Cabinet and expanded the functions of his job, adopting an unusual presidential style of governance. For chief economic minister, he brought in an outsider, Heizo Takenaka, who helped slash public works projects.

That was particularly evident last year when Koizumi called snap national elections to thwart renegades in his own party blocking privatization of the $3 trillion postal system. Analysts coined the term "political theater" to describe how Koizumi lured outsiders to challenge and drum out of office the 38 LDP legislators who defied him.

It was a remarkable triumph. His allies won a landslide victory in September 2005, which revived the fortunes of the LDP. Analysts said a new political style had emerged.

"Japanese are more comfortable with this kind of maverick or individualistic politician," Watanabe said.

Indeed, Koizumi has the support of an astonishing 64 percent of Japanese, according to a nationwide poll published Friday by the newspaper Mainichi Shimbun.

Not all was rosy. Relations with China and South Korea, two of Japan's most important trading partners, are tenser than ever. To fulfill a campaign promise, Koizumi has gone every year to worship at Yasukuni, the shrine where the nation's 2.5 million war dead are honored, including more than a dozen convicted Class-A war criminals. The visits have enraged Beijing and Seoul.

Ultra-nationalism is on the rise, and it's not just guys in sound trucks blaring patriotic slogans. Some academics report anonymous threats, and a legislator saw his home burned to the ground on Aug. 15 after he criticized Koizumi for visiting Yasukuni. A lesser candidate as party chief, Sadakazu Tanigaki, said the atmosphere is "not dissimilar to the 1930s," when the country was racked by "narrow-minded nationalism."

Moreover, Koizumi's pro-market economics weakened a sense of an egalitarian state, widening the gap between rich and poor. The rural economy remains vulnerable, and many elderly are trapped in poverty from deep cuts in welfare assistance.

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Even so, it's in the economic sphere that Koizumi achieved what few expected, given Japan's dire situation when he took office. Back then, Japan was sputtering at an anemic 0.4 percent growth rate per year, and Japan Inc. appeared mired in deflation.

When Koizumi slashed spending, private businesses started tackling structural problems. Slowly, reforms took effect. By 2004, Japan chalked up 2.3 percent growth, and last year it sped up to 2.8 percent growth. Similar growth is expected this year.

Ironically, Japan's newly steady economic course may slow momentum on reform, and some experts say the Koizumi era could be an intermission in politics-as-usual.

Abe, the Koizumi Cabinet chief who's his likely successor, is far less charismatic than Koizumi, and faces challenging Upper House elections next year. Abe will struggle to hang on to power and is likely to bring back the LDP rebels Koizumi ousted from the party and revive pork barrel spending.

In some sectors, fatigue with painful cost cutting has set in.

"The golden age of pro-market reforms is over," predicted Koll, the Merrill Lynch economist.

Abe, who at 51 is a generation younger than Koizumi, faces other challenges. In fundamental ways, Koizumi postponed key issues, including whether Japan will alter its pacifist constitution to turn the self-defense forces into a normal army and modernizing a longstanding U.S.-Japanese security alliance to reflect Japan's stronger role.

"We haven't seen any explanation to the Japanese people and to the world about ... where Japan is going," Glosserman said.

Far-right Parties Making Inroads In East Germany (WT)

By David Crossland

The Washington Times, September 16, 2006

BERLIN -- A far-right party that shares Iranian President Mahmud Ahmadinejad's doubts about the Holocaust and wants to deport foreigners is expected to make strong gains in elections in an eastern German state tomorrow.

Opinion polls indicate the National Democratic Party (NPD), which calls for the repatriation of foreigners and opposes immigration, will get the minimum 5 percent needed to enter the assembly in Chancellor Angela Merkel's home state of Mecklenburg-Vorpommern, an economically depressed rural region known chiefly for its beautiful Baltic coastline.

"The opinion poll results appear to be unsettling the media cartel and the mainstream parties to such an extent that they can only resort to lies," said Udo Pastors, the NPD's leading candidate.

He was referring to charges that NPD backers intimidate opponents and disrupt campaign events.

The party made international headlines in 2004 when voters elected it to the regional parliament in Saxony, another eastern state, with 9.2 percent of the vote.

The NPD and another far-right party, the German People's Union (DVU), are now represented in two of Germany's five former communist eastern states -- embarrassing a country that has spent decades atoning for the Holocaust. Their nationwide support, however, remains marginal.

There is little awareness or guilt about the Holocaust among the party's supporters because Germany's Nazi past wasn't addressed under the communist regime in the east.

"The NPD is well organized and is tapping into people's feelings that they have lost out as a result of unification," said Manfred Gullner, director of the Forsa polling institute. Unemployment in the state, Germany's most sparsely populated one, is 18.2 percent, the highest among the 16 states and far above the national rate of 10.5 percent.

The failure of the mainstream parties to cope with the mass unemployment and social upheaval after unification made people more receptive to the radical right, said professor Hajo Funke of Berlin's Free University, an analyst of far-right trends. "Many people have the feeling that they're superfluous," he said.

Eastern anger has provided fertile ground for the NPD, especially among young people, he said.

Like all other parties, the NPD receives state funding because it is a legal party. An attempt to ban it failed in 2002 when Germany's Supreme Court rejected the case because some of the NPD members accused of stoking racism turned out to be informants for the intelligence service.

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Hardly A Revolution, But Swedes Could Evict Leaders (NYT)

By Sarah Lyall

The New York Times, September 16, 2006

STOCKHOLM, Sept. 14 — Relaxing with a dish of ice cream at the Gallerian shopping center, a profusion of trendy clothes, fancy cellphone accessories and expensive coffee in the center of town, 54-year-old Christina Jonsson was speaking like a political revolutionary — or at least what passes for one in Sweden.

"I'm fed up with Goran Persson and his men," Ms. Jonsson said crossly of the Swedish prime minister, whose Social Democratic government has held power since 1994. "They've done nothing about jobs. They haven't created any more jobs, and they say they have, and I don't trust them anymore."

Ms. Jonsson, a lifelong Social Democrat who runs a day care center, has a chance to help evict Mr. Persson on Sunday, when Sweden holds its most closely contested national election in years. But like someone at the hairdresser who wants a jazzy new style as long as it is not really different from the old one, Ms. Jonsson is not sure whether to take the plunge and vote for the alternative candidate, Fredrik Reinfeldt. "I haven't decided yet," she said.

Swedes revel in stability and moderation. The Social Democratic Party, with its policies of high taxes, big government and generous benefits, has run the country, alone or in coalitions with other parties, for 65 of the past 74 years. Economic growth is high, at a projected annual rate this year of 4.1 percent. Unemployment, according to the national statistics bureau, is 5.7 percent, one of the lowest in Europe. (Eurostat, Europe's statistics agency, calculates the figure differently and puts it at 7.1 percent.)

Meanwhile, the conservative party, which Mr. Reinfeldt leads, wants so much to appear not to be extreme that it calls itself the New Moderate Party. The father of three children, one of whom he looked after at home for nine months while his wife was working, Mr. Reinfeldt, 41, comes across as friendly, self-assured and reasonable.

"He's hard to dislike, because in policy terms he has been ultracautious," said Nicholas Aylott, a political scientist at Sodertorn University College here. "His whole strategy, ever since he took over the leadership in 2002, has been what I would call an office-seeking strategy, to pull the party back into taking office."

But Mr. Reinfeldt has found the government's Achilles' heel in the issue of unemployment, arguing with some success that the government's rosy figures hide a much darker reality. The Economist recently called Sweden "a world champion at massaging its jobless figures," and Mr. Reinfeldt agrees. If you take into account the number of working-age people who are neither working nor studying — including early retirees, people in job-training programs and those on long-term disability leave — the figure is more like 21 percent, he says.

Mr. Reinfeldt's criticisms are echoed by many Swedes, who offer anecdotal evidence of friends without work and job openings flooded with overly qualified applicants.

"A lot of people who go to university find that when they graduate, there aren't any jobs," said 18-year-old Linus Kullanger, who, having delayed higher education himself, is working as a supermarket clerk. "I have so many friends who are just sitting home playing poker on the Internet, trying to get money."

To tackle the problem, Mr. Reinfeldt is proposing to cut unemployment benefits, decrease payroll taxes for low-income workers and provide tax breaks to businesses that hire the chronically unemployed.

Mr. Reinfeldt makes a virtue of presenting his proposals as incremental rather than radical, saying he has learned from bitter experience that most Swedes will not support traditional conservative causes like huge cuts in taxes, benefits and government spending. In the last election, four years ago, his party got just 15 percent of the vote.

This year, it is running in an alliance with the other three center-right parties, which will govern as a coalition if they collectively win the election.

"This is an election campaign of small words," Mr. Reinfeldt said in an interview in his office. "I'm not asking for a revolution. If I were to do that, then we would never win, never."

But Mr. Persson's Social Democrats are portraying him, essentially, as a traditional conservative hiding behind a falsely mild facade.

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"They're trying to do what Karl Rove and George W. Bush did in the first election campaign; they're the Swedish equivalent of compassionate conservatives," the country's genial finance minister, Par Nuder, said in an interview in his office, casual in a jacket and blue jeans. "They know they're not electable if they show their real face."

Mr. Nuder accused Mr. Reinfeldt of playing with the numbers, saying he was disregarding, for instance, the 93,000 jobs that have been created since August 2005. Unemployment has actually been falling for the last year, Mr. Nuder said.

"He's trying to manipulate the statistics and make unemployment an issue to show that the glass is half empty rather than half full," he said. "I state — and I state very strongly — that the glass is getting more and more full."

Polls show that the race is neck and neck, with a huge pool of undecideds whose votes are still up for grabs. A series of debates on radio and television, with Mr. Persson appearing forceful and authoritative, Mr. Reinfeldt calmer and milder, have not proved decisive.

One voter, a 58-year-old woman who works for the Stockholm city government and who asked that her name not be used because as a civil servant she is supposed to be politically neutral, pronounced herself flummoxed.

"I'm a little bit red," she said, meaning that her instinct is to vote Social Democrat, whose color is red (the Moderates are blue), "but the Social Democrats have made the gap between social classes greater. They promise and promise and promise, but which promises are they going to keep?"

But whether she is ready for a change is another matter entirely.

"I don't know Reinfeldt, and I don't feel too safe about him," she said. "I'm not sure he knows what he's talking about. I'm an old, experienced woman, and he's not an old, experienced man."

U.N Officials Support Forum On Migration (AP-Y)

By Kim Gamel, Associated Press Writer

AP, September 16, 2006

Top officials from dozens of countries supported a U.N. initiative to create a new global forum on migration on Friday, but the U.S. said the international community should rely on the arrangements already in place to deal with the problem.

The first-ever General Assembly meeting on international migration wrapped up Friday with calls for increased cooperation and dialogue to promote the positive aspects of migration while minimizing the dangers such as human trafficking and smuggling.

With nearly 200 million international migrants recorded last year, many making dangerous crossings to escape poverty or repression, dozens of speakers at a General Assembly meeting supported a U.N. initiative to create a new global forum to address the sensitive issue which has become a high priority for countries on the sending and receiving ends.

"We are convinced that international migration cannot be handled unilaterally," Spain's top immigration official Consuelo Rumi said.

Thousands of people try to reach Europe through Spain each year, an increasing number of them setting off in small boats from Mauritania and Moroccan-controlled Western Sahara. The government says it catches virtually all of them.

U.N. Secretary-General Kofi Annan has proposed a Global Forum on Migration and Development as an informal, non-binding way for countries to debate the issue and come up with solutions. Belgium has offered to host the first meeting next year.

U.S. Assistant Secretary of State Ellen Sauerbrey said the United States is committed to confronting the challenges of migration but prefers to do so via existing forums and agreements with neighboring countries.

"We are not interested in grand and elaborate global dialogues simply because we have seen the inherent weakness that results from their size and scope," she said. "They lumber under the great weight of rounds and rounds of conversation, far removed from immediate problems and realistic solutions."

She said the U.S. believes that "the international community, including the U.N. system, already has adequate capacity to address migration issues, and that creation of additional structures will hinder, not help, international cooperation on these issues."

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Among the proposals raised Friday in speeches and roundtable discussions was the need for international cooperation to maximize the benefit of remittances — the money sent home by migrants — with suggestions including ending double taxation on the funds or reducing fees for transferring them.

Annan said Thursday that remittances amounted to an estimated $167 billion last year.

Sauerbrey said it also was important to encourage countries of origin to undertake economic and social reforms to enable people to use the money more effectively in "building, entrepreneurship and investment."

Delegates also stressed the need to end the brain drain that plagues many developing countries as their most talented doctors and other professionals seek higher wages and better opportunities in wealthier foreign countries.

"While celebrating the importance of remittances, we need to be reminded that countries of origin certainly lose human capital through the emigration of skilled professionals and unskilled laborers," said Richard Msowoya of Malawi.

Europe is host to nearly 34 percent of all migrants, North America 23 percent and Asia 28 percent. Approximately one-third of migrants move between developing nations; the same proportion move from developing nations to developed nations, the U.N. Department of Economic and Social Affairs reported.

Latvian Joins Race For U.N.'s Top Post (AP)

By Edith M. Lederer, Associated Press Writer

AP, September 16, 2006

Latvian President Vaira Vike-Freiberga joined the race to become the next U.N. secretary-general on Friday, becoming the first woman vying for the U.N.'s top post.

The former psychology professor who has led the Baltic nation since 1999 became the sixth candidate to replace Kofi Annan when his second five-year term ends Dec. 31.

Vike Freiberga faces an uphill struggle because most members states generally agree that the next secretary-general should come from Asia, part of a tradition to rotate the job between regions. U.S. Ambassador John Bolton, however, has argued that the job should go to the best qualified candidate regardless of nationality.

In an informal poll of the 15 Security Council members on Thursday — before Vike-Freiberga entered the race — South Korean Foreign Minister Ban Ki-moon came in first followed by India's Shashi Tharoor, the U.N. undersecretary-general for public affairs, and Thailand's Deputy Prime Minister Surakiart Sathirathai.

Jordan's U.N. Ambassador Prince Zeid al Hussein, the only Muslim candidate, came in fourth and former U.N. disarmament chief Jayantha Dhanapala of Sri Lanka was last.

The secret poll is largely meant to indicate whether the candidates should remain in the race, and some diplomats say the person who will become the eighth secretary-general in the United Nations' 60-year history may not yet have come forward.

Vike-Freierga is likely to face difficulty because China — a veto-wielding council member — has repeatedly said it wants an Asian candidate.

Philanthropy At Clinton Fest, Trust But Verify (WSJ)

By Laurie McGinley

The Wall Street Journal, September 16, 2006

On Wednesday, more than 1,000 people will gather in New York at the second annual Clinton Global Initiative, a project led by former President Clinton, to tackle problems involving global health, poverty, religious strife and threats to the environment.

Setting the meeting apart from other gabfests, in part, is its steep price: An admission ticket costs $15,000. More than that, most participants -- who include government leaders, corporate executives, heads of nonprofit organizations and an array of big names like Christiane Amanpour, Shimon Peres, Katie Couric and Rupert Murdoch -- must pledge to fund and carry out an initiative to help address one of the problems. And therein lies a dilemma.

A few participants at last year's fest "pledged" to carry out programs that already were under way. In other words, the initiatives weren't specifically generated by the CGI. Moreover, not all participants followed through on their commitments. That's a no-no.

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So this year, the Clinton folks have adopted a Reaganesque principle: Trust but verify. "We have an even greater focus on ensuring that the commitments are specifically for CGI and that the commitments are real," says spokesman Jay Carson.

To that end, CGI's 10-person "commitments team" has been working with participants to develop pledges for this year's conference. Some commitments were made months ago. Others will emerge at the meeting itself, as attendees rub elbows and drink cocktails with 60 heads of state and celebrity philanthropists such as Bill and Melinda Gates and Warren Buffett.

Those who don't follow through on their pledges won't be invited back. "Just under 20" participants from last year's conference weren't invited to this year's session, says Mr. Carson.

The event is a cross between a Hollywood premiere and a tent-revival meeting. Sessions at the three-day meeting have ambitious goals -- "Presenting and Resolving Deadly Conflicts," for example, is on Thursday's agenda. Last year's meeting generated 300 pledges valued at $2.5 billion, ranging from initiatives to increase the number of people tested and treated for HIV to efforts to help women in the Middle East develop business skills. This year, Laura Bush, who will conduct the opening session with Mr. Clinton, is expected to announce an administration pledge to help provide clean drinking water to Africa.

The long-term impact of the CGI is yet to be seen. But ensuring that promises made are promises kept increases its chance of success. "It's one thing to say, 'I have planted two million seedlings' and another to see how many trees are growing up and whether it's more than have been cut down," says S. Prakash Sethi, a professor of management at Baruch College in New York, who attended CGI last year but this year will be out of the country.

Gordon Brown Dances, Delicately, With Bush (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 16, 2006

LONDON

Britain's "stable and orderly transition," the Labour Party's favored phrase, has turned into the "Tony and Gordon Show," a TV soap opera mixing farce and venom and featuring two middle-aged men who've used a decade of intimacy at the pinnacle of power to rehearse the finer points of mutual loathing.

It would be very funny if it wasn't so serious - the strenuous assertions through pursed lips that they are really friends, the surreal little dance of their family movements at 10 and 11 Downing Street, the legend of Tony's broken promise to Gordon (as if promises ever meant anything in politics), the tiffs and tantrums.

But of course this unstable and disorderly transition from Tony Blair, the prime minister, to, in all likelihood, Gordon Brown, his once-trusted chancellor of the Exchequer, is serious. It involves British-American relations, Iraq, Afghanistan and the future conduct of what President George W. Bush calls the war on terror.

A spot of history is in order here. Back in the last century, at some joint in Islington, or so the legend has it, Blair promised Brown that in exchange for his loyalty he'd one day get a crack at the top job. Since then, more or less uninterruptedly, the remote Brown - not a man to pick up the phone himself - has been chafing.

Britain, under Blair's New Labour, went along swimmingly. London completed its transition from fog-bound fish-and-chip parlor to cosmopolitan metropolis. Even the likes of Liverpool and Leeds got a face-lift. Football matches stopped being an excuse for a pint and a punch-up and became coveted boardroom perks complete with sauvignon blanc. The helipads multiplied across England's green fields. Prosperity fairly oozed.

So Brown, who as chancellor had a substantial share of responsibility for all this, had to wait. Blair was popular and, as we all know, power addicts. Until the prime minister got himself into an unpopular mess in Iraq and into an even more unpopular relationship with Bush that has earned him the unkind epithet of "poodle."

Which allowed the Scottish terrier Brown to pounce. In a moment of weakness before the last election, Blair, who did after all win that election easily, allowed himself to say this would be his last term in office. That was it. Brown and his restive cronies started baying until, facing a virtual putsch and muttering blackmail under his breath, Blair said this month that he'd be gone within a year. Read by June, 2007.

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Moral of story: If you're going to fire your rival for the top job, do it while that rival is weak and you're still strong. Blair might have ousted Brown at any moment until the Iraq shadow fell, but it seems his dislike of conflict and a moralist's nagging conscience - that Islington promise - got in the way of his killer instincts.

So here we are, with Brown getting ready to take what he considers his due, Cherie Blair in an even worse temper than her husband, and the prime minister sounding positively giddy with the absurdity of his situation.

"One of the good things about being in my position is that I can give people advice, and it is up to them whether they take it or not," Blair told a trade union conference this week.

That would be funny if it were not serious. The word of the leader of a major European power whose soldiers are getting killed in Afghanistan and Iraq should not be a take-it-or-leave-it proposition.

But Blair is a much-reduced figure, his halo, history. The "Yo-Blair" episode at the St. Petersburg summit in July seemed to capture, for his electorate, all the more poodle-like aspects of the Blair-Bush relationship, whose central mystery is that it seems to have given the prime minister so little in return for his loyalty.

Which brings us to Brown's central conundrum. That he can outmaneuver his Labour Party rivals and get Blair's job seems probable. That he can tone down his impatience, suffer fools more easily, and inject a touch of humanity into his zombie-Presbyterian image seems possible.

But what does he do about marking his distance from Bush and Iraq, moves that seem critical to his chances in the next election?

"I can't think of another moment when relations with the United States were the central question in the transfer of power from one prime minister to another within the same party," said Jonathan Eyal, a foreign policy expert at the Royal United Services Institute. "But that's the seminal issue today."

Here's the puzzle for Brown. If he doesn't turn Britain into a more critical ally, and doesn't demonstrate that he's not in the pocket of the most unpopular politician here (Bush), he's in deep trouble.

But if he gets too critical of the United States, he will be branded a left-winger, which would suit the resurgent Conservatives. He would also appear to move closer to the European Union, a direction he dislikes.

So the answer would appear to be constructive criticism of Bush, establishing some distance while avoiding anything as draconian as the removal of troops from Iraq.

The problem is that David Cameron, the Conservative leader, has already staked out that position, in a speech on the fifth anniversary of the 9/11 attack.

In it, Cameron said: "We should be solid but not slavish in our friendship with America." He criticized the amalgamating of diverse threats into "a single global jihad." He called for "a new multilateralism." He criticized "disproportionate Israeli bombing in Lebanon" and the "stoop to illiberalism" at Guantánamo Bay.

Those are words designed to make the ice-cool Brown sweat. For where then does he take British foreign policy, a subject on which taciturnity has been his favored, but now inadequate, mode?

The cover this week of Private Eye, the satirical magazine, featured Britain's unhappy pair. "You've got to name your successor," says Gordon. "O.K. It's David Cameron," says Tony.

That would be funny if it were not serious.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Says G.O.P. Rebels Are Putting Nation At Risk (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — President Bush made an impassioned defense on Friday of his proposed rules for the interrogation and prosecution of terrorism suspects, warning that the nation's ability to defend itself would be undermined if rebellious Republicans in the Senate did not come around to his position.

Speaking at a late-morning news conference in the Rose Garden, Mr. Bush said he would have no choice but to end a C.I.A. program for the interrogation of high-level terrorism suspects if Congress passed an alternate set of rules supported by a group of Senate Republicans.

Those alternate rules were adopted Thursday by the Senate Armed Services Committee in defiance of Mr. Bush. Setting out what he suggested could be dire consequences if that bill became law, Mr. Bush said intelligence officers — he referred to them repeatedly as "professionals" — would no longer be willing and able to conduct interrogations out of concern that the vague standard for acceptable techniques could leave them vulnerable to legal action.

"Were it not for this program, our intelligence community believes that Al Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said. "But the practical matter is if our professionals don't have clear standards in the law, the program is not going to go forward."

The administration has said the Central Intelligence Agency has no "high value" terrorism suspects in foreign detention centers, having transferred the last of them this month to military custody at Guantánamo Bay, Cuba. But officials said they considered the program crucial to efforts to foil attacks.

"This enemy has struck us, and they want to strike us again," Mr. Bush said, "and we'll give our folks the tools necessary to protect the country. It's a debate that, that really is going to define whether or not we can protect ourselves."

It was also a debate Mr. Bush had hoped to have this week exclusively with Democrats as he and his party's leadership set out to draw unflattering distinctions between Republicans and Democrats on fighting terrorism for the fall elections.

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Instead, Mr. Bush spent Friday in a second day of heavy debate, casting some of the most respected voices on military matters in his own party as hindering the fight against terrorism. As of late Friday there seemed to be no break in the impasse, even as White House officials worked behind the scenes to build new support in the Senate for the legislation the president wants.

Leading the efforts against him in the Senate are three key Republicans on the Armed Services Committee with their own military credentials: the chairman and a former secretary of the Navy, Senator John W. Warner of Virginia; Senator John McCain of Arizona, a prisoner of war in Vietnam; and Senator Lindsey Graham of South Carolina, a military judge. And publicly taking their side is Mr. Bush's former secretary of state, Colin L. Powell.

The dispute centers on whether to pass legislation reinterpreting a provision of the Geneva Conventions known as Common Article 3 that bars "outrages upon personal dignity"; the Supreme Court ruled that the provision applies to terrorism suspects. Mr. Bush argued that the convention's language was too vague and is proposing legislation to clarify the provisions. "What does that mean, 'outrages upon human dignity'?" he said at one point.

Mr. McCain and his allies on the committee say reinterpreting the Geneva Conventions would open the door to rogue governments to interpret them as they see fit.

In a statement late Friday, Mr. McCain stuck to his position, saying that his proposed rules included legal protections for interrogators. "Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative reinterpretations," he said.

Mr. Bush rejected the crux of Mr. McCain's argument when a reporter asked him how he would react if nations like Iran or North Korea "roughed up" American soldiers under the guise of their own interpretations of Common Article 3.

"You can give a hypothetical about North Korea or any other country," Mr. Bush said, casting the question as steeped in moral relativism. "The point is that the program is not going to go forward if our professionals do not have clarity in the law."

He also discounted an argument made in a letter from Mr. Powell that his plan would encourage the world to "doubt the moral basis of our fight against terrorism."

Asked about that analysis, Mr. Bush said, "If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic."

Mr. Bush was alternately combative and comedic during the hourlong session with reporters. At one point, in describing how he thought the economy and Republican tax policies would help his party in November, he said: "I've always felt the economy is a determinate issue, if not the determinate issue in campaigns. We've had a little history of that in our family, you might remember."

It was an off-hand reference to his father's losing presidential re-election campaign in 1992, when he was damaged by economic woes and the breaking of his "read my lips" vow not to raise taxes.

Mr. Bush said it was "urban myth" that his administration had lost focus on capturing Osama bin Laden. The president said he was frustrated by the United Nations at times, especially when it came to addressing genocide in Darfur.

Asked about a Senate report concluding that there was no working relationship between Saddam Hussein and Al Qaeda in Iraq, Mr. Bush said forcefully, "I never said there was an operational relationship."

The questioner had included a reference to Mr. Bush's Aug. 21 news conference at which he had said, "Imagine a world in which you had Saddam Hussein who had the capacity to make a weapon of mass destruction, who was paying suiciders to kill innocent life, who would — who had relations with Zarqawi," referring to the Qaeda mastermind in Iraq, Abu Musab al-Zarqawi.

Democrats for the most part on Friday were content to allow Republicans to fight among themselves on the terrorism question.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But Republicans boasted that their top issue, terrorism, was dominating the political news for yet another day and overtaking Democratic criticisms of the war in Iraq.

GOP Infighting On Detainees Intensifies (WP)

By Peter Baker

The Washington Post, September 16, 2006

President Bush warned defiant Republican senators yesterday that he will close down a CIA interrogation program that he credited with thwarting terrorist attacks if they pass a proposal regulating detention of enemy combatants, escalating a politically charged battle that has exposed divisions within his party.

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An irritated Bush, raising his voice and gesturing sharply at a Rose Garden news conference, excoriated legislation passed by a Senate panel Thursday that is intended to conform U.S. detainee practices with the Geneva Conventions. Bush insisted on legislation more specifically defining what is banned so intelligence officers would not worry about being charged with war crimes.

"The professionals will not step up unless there's clarity in the law," Bush said. "So Congress has got a decision to make: Do you want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America."

The president's threat to end the interrogation program seemed to make little impression on the Republican dissidents who have balked at his interpretation of the Geneva Conventions. Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.), two of four Republicans who voted against Bush's position on Thursday, again rejected his logic after the news conference, and a fifth Republican senator, Olympia J. Snowe (Maine), joined the rebellion against the president.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative 'reinterpretations,' " McCain said in a written statement. "This puts our military personnel and others directly at risk in this and future wars."

The dispute over how the United States conducts its ongoing battle with international terrorists dominated a question-and-answer session with the president that touched on a variety of high-profile issues 53 days before the midterm elections. Bush lashed out at the United Nations for not moving more aggressively to stop genocide in Darfur, rejected what he called the "urban myth" that his administration has lost focus on finding Osama bin Laden, and acknowledged that spiraling violence in Iraq has frustrated his hopes to begin bringing U.S. troops home this year.

At a time when Bush hoped to be drawing distinctions with Democrats, though, he spent most of the conference arguing with fellow Republicans. As Congress tries to wrap up business to go home and campaign, Bush is pressing for legislation endorsing his leadership against terrorism, including warrantless surveillance of overseas telephone calls, military commissions to try enemy combatants and expansive rules permitting tough interrogations.

The most explosive debate centers on how the Geneva Conventions should apply to U.S. intelligence officers, who captured, held and questioned terrorism suspects in secret overseas CIA prisons for years until the last 14 detainees were transferred recently into military custody at Guantanamo Bay, Cuba.

The Supreme Court ruled in June that U.S. detainees fall under the Geneva Conventions, which require that wartime captives be "treated humanely" and ban "outrages upon personal dignity." Bush wants legislation interpreting the conventions as barring "cruel, inhuman or degrading" treatment, adopting language from a McCain-sponsored law on prisoners signed last year. The broader "personal dignity" phrases, he argues, are so vague that they leave interrogators open to prosecution for a wide variety of techniques.

McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.) have rejected the Bush approach as too narrow and as an invitation to other countries, including Iran, Syria and North Korea, to reinterpret the Geneva rules as they see fit if they ever hold U.S. soldiers. "What is being billed as 'clarifying' our treaty obligations will be seen as 'withdrawing' from the treaty obligations," Graham said. "It will set precedent which could come back to haunt us."

Another dispute centers on trials for terrorism suspects, who in the Bush proposal could under some circumstances be barred from the proceedings and not allowed to view classified evidence against them. The Republican legislation, passed by Warner's committee 15 to 9 on Thursday, would make it more difficult to introduce secret evidence.

Joining McCain and the other Republicans this week was former secretary of state Colin L. Powell, who wrote in a letter that reinterpreting the Geneva Conventions would encourage other countries to "doubt the moral basis of our fight against terrorism."

Bush bristled at the criticism from his former top diplomat yesterday, calling it "flawed logic" and accusing Powell of equating U.S. tactics with those of terrorists, even though Powell's letter made no such comparison. "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children," Bush said.

He likewise rejected the argument that nations such as Iran and North Korea would cite U.S. precedent in reinterpreting Geneva rules. "If the nations such as those you named adopted the standards within the Detainee Detention Act," Bush said, meaning the model for his preferred legislation, "the world would be better."

Asked twice if he would veto the McCain-backed bill, Bush avoided answering directly but repeated 11 times in the course of an hour that intelligence officials would not "go forward" with their interrogation program. "Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

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In a nod to the harsh campaign rhetoric flying around Washington, Bush disavowed a statement by House Majority Leader John A. Boehner (R-Ohio), who suggested this week that Democrats care more about protecting terrorists than protecting Americans. "I wouldn't have exactly put it that way," Bush said. "But I do believe there's a difference of attitude."

Democrats, who have largely sat on the sidelines as Bush and Republicans battled this week, seized on the president's remarks yesterday. "Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect and finally give them the real security they deserve," said Senate Minority Leader Harry M. Reid (Nev.).

Sens. Edward M. Kennedy (D-Mass.) and Richard J. Durbin (D-Ill.) called for a Judiciary Committee investigation into whether military judge advocates general were pressured into writing a letter this week saying they "do not object" to two sensitive parts of the administration's legislation.

Officials who attended the meeting in question, in the office of Pentagon general counsel William J. Haynes II on Wednesday, said there was no pressure on the military lawyers to produce the letter, describing a robust discussion about how to word its contents. The lawyers initially drafted a letter saying they "support" the two sections but later settled on saying they "do not object" to them.

"None of us would have signed anything if we had not believed it and absolutely agreed with it," Col. Ronald M. Reed, counsel to the Joint Chiefs of Staff chairman, said yesterday. "The discussion was nothing out of the ordinary."

But late yesterday, Maj. Gen. Scott C. Black, the Army's judge advocate general, sent a new letter to McCain and other senators, saying "further redefinition" of the conventions "is unnecessary and could be seen as a weakening of our treaty obligations, rather than a reinforcement of the standards of treatment."

Bush Threatens To Shut CIA Interrogation Program (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 16, 2006

WASHINGTON - Warning that terrorists "are coming again," President Bush said Friday that he'd shut down a secret CIA interrogation program if lawmakers refused to give interrogators wide latitude in dealing with detainees.

"It's a dangerous world," Bush said as he prodded Congress to follow his lead in dealing with suspected terrorists. "I wish I could tell the American people, `Don't worry about it, they're not coming again.' But they are coming again."

The president's use of fear to pressure lawmakers came a day after a Republican-led Senate committee defied the White House and approved legislation that would prohibit abusive treatment of detainees. The bill, which the Senate Armed Services Committee endorsed 15-9, also would revise Bush's rules of evidence for trials of suspected terrorists.

The House of Representatives appears headed toward approving the president's approach, but the Senate is likely to oppose him. That may leave the issue unresolved before November's congressional elections.

Bush cast the dispute as a choice between protecting the nation or leaving it vulnerable to another terrorist attack. His critics, including many retired military officers and former Secretary of State Colin Powell, say his approach violates American values, undermines the moral foundation of the war on terrorism and increases the risk that U.S. prisoners of war will be abused.

Both sides say they want to clarify the CIA's obligations under the Geneva Conventions, a series of international agreements that govern the treatment of wartime prisoners. Bush's critics say his approach essentially would jettison the agreement.

"What is being billed as `clarifying' our treaty obligations will be seen as withdrawing from the treaty obligations," said Sen. Lindsey Graham, R-S.C., a member of the Armed Services Committee. "It will set precedent which could come back to haunt us."

The president bristled when he was asked about Powell's comment Thursday that "the world is beginning to doubt the moral basis of our fight against terrorism."

"That's flawed - flawed logic," he said. "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

The Pentagon has banned abusive interrogations in military detention centers, but the CIA, until recently, had more latitude in its efforts to pry information from terrorist suspects. The techniques the agency used are classified, but they reportedly include simulated drowning, temperature extremes and sleep deprivation.

Bush suspended the CIA interrogation program and emptied the agency's secret prisons after the Supreme Court ruled in June that the detainees are covered by the basic protections that the Geneva Conventions provide. The protections, spelled out in a provision known as Common Article 3, prohibit "outrages upon personal dignity" as well as "humiliating and degrading treatment."

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The president said he would shut down the CIA interrogation program permanently if Congress didn't pass legislation that gave the agency latitude in dealing with suspects and protected its interrogators from possible prosecution for war crimes.

"This program has saved innocent lives,'" he said. "The intelligence community must be able to tell me that the bill Congress sends to my desk will allow this vital program to continue."

When he was asked how he'd react if captive Americans were subjected to the same treatment as the CIA's prisoners, Bush replied that "the world would be better" if other countries observed his treatment standards.

Turning to Iraq, the president acknowledged that deploying more Iraqi security forces hasn't led to reducing the number of U.S. troops in the country, the stated goal of his Iraq strategy. In fact, the number of American troops in Iraq has increased in recent months, from 135,000 to 147,000.

"The enemy is changing tactics, and we're adapting," Bush said.

Looking ahead to his trip to the United Nations General Assembly next week, the president criticized the U.N. and said he wouldn't meet with Iranian President Mahmoud Ahmadinejad there. He chided the U.N. for failing to respond to violence in Sudan's Darfur region.

On another topic, Bush said he was "just speculating" when he told a group of conservative journalists earlier this week that America might be in the midst of a "Third Awakening" of religious devotion.

Religious historians refer to a wave of Christian fervor in the American colonies in the mid-1700s as the First Great Awakening. The Second Great Awakening refers to a similar wave in the early 1800s.

The president said his musings about a third religious wave were inspired by his experience and a book on Abraham Lincoln that he read recently.

"It seems like to me that something is happening in the religious life of America," he said. "I'm able to see a lot of people, and from my perspective, people are coming to say, `I'm praying for you.'"

Bush Fights GOP Revolt Over Terror Bill (AP-Y)

By Terence Hunt

AP, September 16, 2006

President Bush fought back Friday against a Republican revolt in the Senate over tough anti-terror legislation and rejected warnings that the United States had lost the high moral ground to adversaries. "It's flawed logic," he snapped.

Bush urged lawmakers to quickly approve legislation authorizing military tribunals and harsh interrogations of terror suspects in order to shield U.S. personnel from being prosecuted for war crimes under the Geneva Conventions, which set international standards for the treatment of prisoners of war.

Tough interrogations have been instrumental in preventing attacks against the United States, Bush said. "Time's running out" for the legislation, he warned, with Congress set to adjourn in a few weeks.

The president called a Rose Garden news conference to confront a Republican rebellion led by Sens. John Warner of Virginia, John McCain of Arizona, Lindsey Graham of South Carolina and Susan Collins of Maine.

To the administration's dismay, Colin Powell, Bush's former secretary of state, has joined with the lawmakers. Powell said Bush's plan to redefine the Geneva Conventions would cause the world "to doubt the moral basis" of the fight against terror and "put our own troops at risk."

Seven weeks before the November elections, the dispute left Republicans fighting among themselves — rather than with Democrats — about national security issues that have been a winning theme for the GOP in past elections.

Responding to Bush, McCain rejected the president's assertion that an alternative bill approved by the Senate Armed Services Committee dealing with the trial and interrogation of terror suspects would require the closure of the CIA's detainee program.

McCain said the measure would protect agents from criminal and civil liability and, by not reinterpreting the meaning of the Geneva Conventions, uphold the nation's obligations.

"To do any less risks our reputation, our moral standing and the lives of those Americans who risk everything to defend our country," the senator said.

Democrats were eager to point out the GOP disarray.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Sen. Charles Schumer, D-N.Y. "These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions."

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Senate Minority Leader Harry Reid, D-Nev., said, "Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course, do what the American people expect, and finally give them the real security they deserve."

Warner, a former Navy secretary, is chairman of the Armed Services Committee. McCain is a former Navy pilot who spent more than five years in enemy captivity during the Vietnam War. Graham is a former Air Force Reserve judge. Powell, a retired general, is a former chairman of the Joint Chiefs of Staff.

On another major national security issue, Bush said he was disappointed that the number of U.S. troops in Iraq was climbing rather than falling. He said hopes for troop withdrawals were dashed by a spike in violence in Baghdad, where in just the past two days more than 130 people were killed in attacks or tortured and dumped in rivers and on city streets.

"Look, we all want the troops to come home as quickly as possible," the president said. Polls show the war is unpopular among Americans, and Republicans worry it could cost them votes. He said he would base troop levels on the recommendations of his top commanders, Gen. William Casey and John Abizaid, and said he had great confidence in both men.

Bush took vehement exception when asked about Powell's assertion that the world might doubt the moral basis of the fight against terror if lawmakers went along with the administration's proposal to come up with a U.S. interpretation of the Geneva Convention's ban on "outrages upon personal dignity."

"If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic," Bush said. "It's just — I simply can't accept that."

Growing animated, he said, "It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children to achieve an objective."

Bush said the Geneva Convention's ban was "very vague" and required clarification. "What does that mean, 'outrages upon human dignity?' That's a statement that is wide open to interpretation."

He said that unless Congress acts, the CIA will end its program of tough interrogation methods that the administration says has prevented attacks.

"So Congress has got a decision to make," Bush said. "You want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America."

On another anti-terror matter, with Osama bin Laden still at large five years after the 9/11 attacks, Bush said he could not send thousands of troops into Pakistan to search without an invitation from the government. "Pakistan's a sovereign nation," Bush said.

At the same time, Bush expressed frustration that the United Nations had not sent peacekeepers to stop the misery in the Darfur region of Sudan. "What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act. Well, there are other alternatives, like passing a resolution saying, we're coming in with a U.N. force, in order to save lives."

On other issues, Bush said:

_He will not meet with Iranian President Mahmoud Ahmadinejad next week while both are at the United Nations. The U.S. won't sit down with Iranians until they suspend nuclear enrichment, he said.

_He would not have gone as far as House Majority Leader John Boehner of Ohio that Democrats "are more interested in protecting the terrorists than protecting the American people." "I wouldn't exactly put it that way," Bush said. But he said that "there's a difference in attitude" between Republicans and Democrats.

Bush Says Congress Must Pass Clear Law On Detainees (Update6) (BLOOM)

Bloomberg, September 16, 2006

By Catherine Dodge and James Rowley

Sept. 15 (Bloomberg) -- President George W. Bush said CIA intelligence-gathering that has already thwarted al-Qaeda attacks on the U.S. would stop unless Congress passes his proposed rules for the treatment of suspected terrorists.

``Were it not for this program, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," Bush said in an hour-long news conference at the White House.

Bush raised the ante in the face of a rebellion by members of his own Republican Party on Capitol Hill. Four Republicans yesterday joined Democrats on the Senate Armed Services Committee to approve legislation that would give more legal protection to suspected terrorists than the administration wants.

Bush sidestepped a question on whether he would veto legislation that didn't match his proposal, saying he is confident Congress will send him a ``good bill." Bush's former secretary of state, Colin Powell, endorsed the Senate panel's approach, warning that the administration is risking the safety of U.S. troops and worldwide opinion by permitting harsh treatment of detainees and redefining what is allowed under the Geneva Conventions.

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Powell, also a former chairman of the military's Joint Chiefs of Staff, said in a Sept. 13 letter to Republican Senator John McCain that ``the world is beginning to doubt the moral basis of our fight against terrorism."

`Flawed Logic'

Asked today about Powell's suggestion the U.S. is following a flawed strategy, Bush said: ``If there's any comparison between the compassion and decency of the American people and the terrorist tactics of extremists, it's flawed logic."

The legislation is needed to restart war-crimes tribunals Bush set up at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated those tribunals in June, ruling that they fail to incorporate the 1949 Geneva Conventions on the treatment of war prisoners.

Bush said those treaty standards are ``vague" and the U.S. has learned valuable information from detainees. ``I'm asking Congress to pass a clear law with clear guidelines," he said. ``If Congress passes a law that does not clarify the rules, the program is not going forward."

Gonzales Comments

Attorney General Alberto Gonzales told reporters that the Supreme Court decision created ``confusion and concern" about Central Intelligence Agency interrogation techniques. On Sept. 6, Bush announced that all 14 ``high-value" detainees at CIA-operated prisons had been transferred to Guantanamo Bay.

While ``there is no one currently in CIA custody," the attorney general said, ``We're going to capture additional high- value detainees" and ``we will need to get information from them."

Four of the 13 Republicans on the Senate panel joined all 11 Democrats to approve their version of the measure, rejecting Bush's proposal to bar defendants from seeing classified evidence prosecutors may want to use in court. The committee acted just hours after the president made an unusual visit to Capitol Hill yesterday to urge support for his proposals on domestic eavesdropping and military tribunals.

In addition to McCain, a former Vietnam War prisoner and torture victim, Republican Senators John Warner of Virginia, the panel's chairman; Lindsey Graham of South Carolina, a former Air Force lawyer, and Susan Collins of Maine sided with the Democrats. Senator Olympia Snowe, also a Maine Republican, announced today she would support the bipartisan measure. Republicans John Sununu of New Hampshire and Arlen Specter of Pennsylvania have also voiced support.

Treaty Obligations

Graham, in a statement, took issue with the president's characterization of the legislation. ``What is being billed as `clarifying' our treaty obligations will be seen as `withdrawing' from the treaty obligations," he said. ``The Senate legislation, for the first time, clearly defines what would be criminal conduct by the CIA in the war on terror."

``When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Senator Charles Schumer, a New York Democrat, in a statement.

After the committee vote, McCain accused CIA Director Michael Hayden of asking to be ``immunized not from liability but from criticism."

``If one of his techniques is made public and gets criticized, he can say, `Well, Congress told me to do it,'" McCain told reporters. ``He is trying to protect his reputation at the risk of America's reputation."

CIA spokesman Mark Mansfield said Hayden was trying to protect CIA employees.

CIA Interrogations

Lieutenant General Patrick Hughes, the former head of intelligence at the Homeland Security Department, said the committee's measure was ``implicitly limiting" of CIA interrogations.

``Surely no one believes we can use a 1940's set of rules -- absent any change -- to govern our actions now," Hughes said.

Steven Fleischmann, a former official at the State Department's Bureau of Intelligence and Research, said the U.S. should be more concerned about the perception of abuse adding to the difficulties of fighting the war on terror.

``Fear on the other side can be a useful tool in getting people to cooperate, but anger on the other side helps them recruit," he said. The debate over detainee treatment ``seems feckless and likely to catch mid-level personnel in the middle of a domestic political struggle."

Senate Republican Whip Mitch McConnell, who supports Bush's measure, promised that ``a floor debate will highlight important bright-line issues." In a Senate speech today, McConnell said ``only one side of the argument has been prevalent in the last day or do." House leaders plan a vote next week on legislation that closely tracks Bush's proposal.

The intra-party squabble has disrupted Republican plans to highlight their differences with Democrats over national security before the Nov. 7 elections. All 435 seats in the House of Representatives are up for grabs, as are 33 of 100 Senate seats. To overturn the Republican majorities, Democrats need a net gain of 15 seats in the House and six in the Senate.

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Bush: Interrogation Vital (WT)

By Joseph Curl

The Washington Times, September 16, 2006

President Bush yesterday warned Congress that failure to pass his proposal for interrogating and trying suspected terrorists will kill a vital program that has prevented attacks on the United States, but he expressed optimism that the final legislation will follow his recommendation.

One day after four Republicans on the Senate Armed Services Committee joined Democrats to approve a bill that calls for broader rights for suspected terrorists than he has set out, the president said lawmakers need to act swiftly because "time's running out."

"Congress has got a decision to make: Do you want the program to go forward or not? I strongly recommend that this program go forward in order for us to be able to protect America," Mr. Bush said during a Rose Garden press conference.

"If not for this program, our intelligence community believes al Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

But Democrats yesterday reminded Mr. Bush that the senators and others leading the fight against his proposal are Republicans.

"When conservative military men like John McCain, John Warner, Lindsey Graham and Colin Powell stand up to the president, it shows how wrong and isolated the White House is," said Sen. Charles E. Schumer, New York Democrat. "These military men are telling the president that in the war on terror you need to be both strong and smart, and it is about time he heeded their admonitions."

Mr. Powell, the former secretary of state and chairman of the Joint Chiefs of Staff, said this week that the president's proposal would encourage the world to "doubt the moral basis of our fight against terrorism" and "put our own troops at risk."

Republican Sen. Olympia Snowe of Maine also announced that she supports Mr. McCain's and Mr. Warner's proposal rather than Mr. Bush's.

The president urged the Senate to support the kind of legislation passed by the House Armed Services Committee, which would allow the administration to try terror suspects before military tribunals and use interrogation techniques the president argues have been crucial to protecting America.

He refused to speculate on whether he would veto a bill that doesn't include his proposals.

"I believe we can get a good bill," Mr. Bush said. "Hopefully, we can reconcile differences; hopefully, we can come together and find a way forward without ruining the program."

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush should bow to the "bipartisan process under way in the United States Senate."

The president's proposal seeks to clarify Article 3 of the Geneva Conventions, which bans "outrages upon human dignity."

"That's ... very vague. What does that mean, 'outrages upon human dignity'? That's a statement that is wide open to interpretation," he said.

Mr. Bush argued that "by clarifying Article 3 we make it stronger, we make it clearer, we make it definite."

The administration sought congressional clarification this month after the Supreme Court in June struck down the president's current setup for trying detainees held at the U.S. Naval Base Guantanamo Bay, Cuba, a ruling the president called "flawed."

Mr. Bush said Congress must act to protect U.S. intelligence professionals who are called on to question detainees to obtain vital information. "They don't want to be tried as war criminals. ... They expect our government to give them clarity about what is right and what is wrong."

He also urged Congress to support the terrorist surveillance program, which allows the federal government to eavesdrop on international calls to and from suspected terrorists in the United States.

"Both these bills are essential to winning the war on terror. We'll work with Congress to get good bills out because we have a duty," Mr. Bush said.

On other subjects, the president:

·Again pressed for comprehensive immigration legislation, but did not say whether he would support a House bill passed Thursday that calls for construction of a 770-mile fence on the U.S.-Mexico border.

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·Rejected a face-to-face meeting with Iranian President Mahmoud Ahmadinejad next week when he attends the U.N. General Assembly meeting, saying, "I have made it clear that we will sit down with the Iranians once they verifiably suspend their enrichment program."

·Predicted the Republicans will retain control of Congress. "I don't believe the Democrats are going to take over because our record on the economy is strong," he said.

·Paid tribute to Ann Richards, who died Wednesday. Of his one-time rival for Texas governor, Mr. Bush said: "Running against Ann Richards taught me a lot. She was a really, really good candidate. She was a hard worker. She ... had the capacity to be humorous and yet make a profound point. I think she made a positive impact on the state of Texas."

Bush On Defensive Over Anti-terrorism Measures (FT)

By Caroline Daniel In Washington And Daniel Dombey In Brussels

Financial Times, September 16, 2006

In the wake of Republican rebellion over his proposals to approve interrogation techniques for terrorists and military tribunals, President George W. Bush on Friday used a Rose Garden press conference to defend his legislation and warned Congress: “Time is running out . . . Congress must act wisely and promptly.”

Mr Bush, at times testy and defensive, explained his effort to clarify the terms of Common Article 3 of the Geneva Conventions, and denied it would put at risk US soldiers who might be captured in countries such as Iran or North Korea. “I don’t think Americans want international courts determining how we protect ourselves,” he said.

The battle over the legislation has pitted the authority of the White House and House Republicans against the moral authority claimed by a group led by Senators John McCain, John Warner and Lindsey Graham, who contend that the US could see the basis of its fight against terrorism undercut by efforts to legalise controversial interrogation methods and tribunals.

The European Union on Friday added to the pressure on the White House when it denounced as “illegal” the secret CIA prison whose existence Mr Bush acknowledged last week.

“The existence of secret detention facilities where detained persons are kept in a legal vacuum is not in conformity with international humanitarian law and international criminal law,” the EU said in a formal statement at a foreign ministers’ meeting.

Mr Bush appeared to create room for negotiations with Congress when he sidestepped the chance to pledge that he would veto any bill if it matched the one passed by 15 votes to 9 in the Senate armed services committee, and said his key criterion for success was one question: “That the intelligence community must be able to tell me this bill enables this vital programme to continue.”

Michael Hayden, director of the CIA, warned this week that if the current Senate version were passed it would lead to the end of the programme of interrogations held at secret CIA prisons. The administration has defended this as a “vital tool”.

Mr Bush, capping a week in which he has put the war on terror at the centre of the Republican congressional campaign, said: “We didn’t ask for this war. This enemy has struck us and wants to strike us again. It’s a dangerous world.”

Some are concerned that the battle within the Republican party is frustrating efforts to present a unified front on the issue of the war on terror.

Ken Mehlman, chairman of the Republican National Committee, yesterday denied that the split would have any political impact on the mid-term elections. “The average American is not paying attention to committee mark-ups,” he said.

“If you look at every one of the elements of the war on terror, Democrats opposed the Patriot Act, the terrorist surveillance, voted to cut intelligence funding. When you look at the overall picture you see that Republicans are united in recognising we are at war . . . what would we see if the Democrats were in charge? We would have a much weaker effort in the war on terror.”

Behind The Debate, Controversial CIA Techniques (WP)

By R. Jeffrey Smith

The Washington Post, September 16, 2006

President Bush's push this week for legislation that narrowly defines U.S. obligations under the Geneva Conventions is motivated by his aides' conviction that the CIA must continue using a small number of highly controversial interrogation techniques on suspected terrorists, according to current and former U.S. officials. These methods include some that cause extreme discomfort and have been repudiated by other federal agencies.

The nature and legitimacy of these coercive techniques is the largely unpublicized subtext of the legislative dispute that has erupted between the administration and its opponents on Capitol Hill, including lawmakers from both parties who have said privately that they find some of the CIA's past interrogation methods abhorrent.

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On the surface, Bush's proposal requires that interrogations in the previously secret CIA prison system comply with legal rules written by Congress last year. Privately, the administration has concluded that doing so would allow the CIA to keep using virtually all the interrogation methods it has employed for the past five years, the officials said.

That conclusion is based on an unpublicized memo to the CIA from the Justice Department's Office of Legal Counsel, which named the precise interrogation methods the department believed to be sanctioned by last year's broadly written congressional requirement that no U.S. detainees "shall be subject to cruel, inhuman or degrading treatment or punishment" as those terms are defined in U.S. laws.

The officials said the CIA and the White House are convinced that retaining access to these methods is key to extracting information from captured terrorism suspects who have urgently needed information about dangerous plots.

Congressional critics of this position have some support from within the government: Neither the FBI nor the Defense Department allows the use of the CIA's harshest techniques, and last week senior Pentagon officials said they believe that more cooperative forms of interrogation produce better results than inflicting extreme discomfort.

But the CIA feels differently. A memo sent by CIA Director Michael V. Hayden to the agency's employees Thursday approvingly quoted Bush's endorsement of the CIA interrogations for "defending the homeland, attacking [al-Qaeda] . . . and saving thousands of American and allied lives." Hayden said in the memo that the clarifying language of the administration's bill would give him confidence that what he "asked an Agency officer to do under the program is lawful."

The rival Senate bill on interrogations -- approved by the Armed Services Committee on Thursday and sharply criticized by Bush yesterday -- is silent on how the CIA should comply with the Geneva Conventions. Its intent, according to several government officials, is not only to avoid sending a signal to other nations that Washington is reinterpreting its treaty obligations, but to leave in place a historic understanding of international law, which would render unlawful many of the extreme interrogation techniques the CIA has been using.

Bush and other senior officials have not discussed what those methods include, but the president described them as an "alternative set of procedures," emphasizing that they differ from those used elsewhere in the government.

At a news conference yesterday, Bush alluded to these special methods when he said the new legislation was needed to provide "intelligence professionals with the tools they need." One well-informed source said the techniques include prolonged sleep deprivation and forced standing or other stress positions. Another source said they match the techniques used by the agency in the past, but with a notable exception: The CIA no longer seeks to use a notorious technique called "waterboarding," which is meant to simulate drowning.

A senior administration official, authorized to speak with reporters about the legal issues behind the administration's strategy yesterday on the condition that he not be named, said the CIA interrogations at issue are in "the gray area on the margins -- that ill-defined boundary -- of Common Article 3." He was referring to a Geneva Conventions provision that bars cruel, humiliating and degrading treatment, as well as "outrages upon personal dignity."

There are ironies in the positions of each side in the current dispute. The administration says its intent is to define the explicit meaning of Common Article 3 so that CIA officers know exactly what they can do. But the senior official who addressed the legal issue yesterday said the standard the administration prefers is "context-sensitive," a phrase that suggests an endlessly shifting application of the rules.

The reason is that the administration's language would in effect ban only those interrogation techniques that "shock the conscience." That phrase, drawn from a judicial interpretation of the U.S. Constitution, is a "flexible" standard, the official said. Others have said that standard would allow interrogators to weigh how urgently they felt they needed to extract information against the harshness of their techniques, instead of following rigid guidelines.

The official did not try to explain how embracing such an inherently flexible standard would actually create clarity, the watchword of the administration's public campaign for its version of the bill.

Another irony lies in the fact that the congressional rules for interrogations that the Bush administration now seeks to embrace in the new legislation -- the Detainee Treatment Act of 2005 -- were vigorously opposed by the White House before their adoption by Congress. Bush disliked them so much that when he signed the law Dec. 30, he appended a statement objecting to some of its provisions and explicitly reserved his right to interpret them "in a manner consistent" with his constitutional authorities as president and commander in chief.

In another twist, the principal Republican lawmakers responsible for the Detainee Treatment Act -- Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) -- said last year that they meant the law to set a minimum, humane standard of treatment for detainees held by both the Defense Department and the CIA. But they now are telling colleagues it would be a bad law for the CIA to follow in the future because its language would slight international treaty obligations.

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A retired intelligence professional who said he has discussed the matter at length with colleagues said the predominant view at the agency is that McCain -- who made clear in congressional debate last year that he disapproved of what the CIA was doing -- was surprised to learn later that the Detainee Treatment Act did not put a stop to it.

His bill "did not formally disallow anything that was being done," the source said. Now, he said, McCain "is not going to let the practitioners off the hook."

Staff writer Spencer S. Hsu and staff researcher Julie Tate contributed to this report.

Military Lawyers Caught In Middle On Tribunals (NYT)

By Mark Mazzetti And Neil A. Lewis

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — On Wednesday evening, the night before a crucial Senate vote on the Bush administration plan for the interrogations and trials of terrorism suspects, the Pentagon general counsel, William J. Haynes II, summoned the senior uniformed lawyers from each military service to a meeting.

The lawyers, known as judge advocates general, had been pivotal players in years of debate over detention, interrogation and prosecution.

They had repeatedly sparred behind the scenes with Mr. Haynes, the top civilian lawyer in the Defense Department. This summer, the judge advocates general emerged in public after the Supreme Court struck down a Bush administration plan to take an important role in opposing parts of a White House effort to resurrect military commissions for terrorism suspects in Guantánamo Bay, Cuba.

But at the meeting on Wednesday, Mr. Haynes sought to enlist the lawyers on the administration's side by asking whether any would object to signing a letter lending their support to aspects of the White House proposal over which they had voiced little concern.

The lawyers agreed, but only after hours of negotiating over specific words, so that they would not appear to be wholly endorsing the plan.

What followed was a scuffle that left at least some of the military lawyers embittered and stoked old tensions at the Pentagon between civilian leaders and uniformed military officers, who under Defense Secretary Donald H. Rumsfeld have often found themselves privately at odds.

Early Thursday morning, White House allies distributed the letter that the lawyers had signed, as evidence that the group, known as Jags, now supported the administration plan.

That prompted loud protests from Republican senators opposed to the plan. They dismissed the letter on grounds that the lawyers would have signed it only under pressure.

The truth lies somewhere in between, said one of the senior lawyers and other current and former military officials familiar with their views.

"I didn't have any problem signing what I signed," Maj. Gen. Charles J. Dunlap Jr., deputy judge advocate general of the Air Force, said Friday in an interview. "How people use it and what they use it for I can't control."

General Dunlap represented the Air Force at the meeting because the top lawyer was out of town.

A spokesman for the Pentagon, Bryan Whitman, said it was nonsense to suggest that the military lawyers had been coerced, a point that General Dunlap agreed with.

"Do you really think that an officer with 30 years' service could be coerced by the Pentagon bureaucracy to sign something he didn't want to sign?" General Dunlap asked.

Of the five senior military lawyers, just General Dunlap agreed to comment for the record. Spokesmen for the other four — from the Army, Marines, Navy and Joint Chiefs of Staff — said those senior lawyers would not speak publicly because of the sensitivity of the topic.

Other military officials insisted on anonymity, saying the lawyers' experience had demonstrated the perils of active-duty officers' speaking openly about sensitive subjects.

The views of professional military lawyers have been much sought after in the five-year debate over what permissible techniques in the fight against terrorism.

In early 2002, the administration brushed aside the objections of the military's most senior uniformed lawyers to the original plans for military commissions. When the lawyers' role as dissenters became known later, they were lauded by human rights advocates and others as having tried to be an independent voice and brake on the administration.

According to documents released last year, the military lawyers later objected strenuously to the conclusions of an administration legal group that said in early 2003 that President Bush had authority as commander in chief to order harsh interrogations of Guantánamo Bay detainees.

In public testimony to Congress last month, the lawyers voiced objections to specific parts of the White House plan, which was an effort to resurrect the Guantánamo military commissions that the Supreme Court struck down. Most significant, the lawyers disputed the provision prohibiting defendants from access to classified evidence against them.

The top uniformed Marine lawyer, Brig. Gen. James C. Walker, said in his testimony that no civilized country ought to deny defendants the right to see evidence against them and that the United States "should not be the first.'' The lawyers stand by those objections, military officials said.

The letter signed on Wednesday focused instead on two different parts of the White House proposal, the provision amending Common Article 3 of the Geneva Conventions and a provision of the War Crimes Act that enforces that article.

Mr. Haynes drafted the letter focusing on these provisions because neither had been a sticking point in the military lawyers' objections. But when the lawyers reached Mr. Haynes's office, they declined to sign immediately, people with knowledge of the meeting said.

The lawyers spent more than an hour huddled in a private room wrangling over language they could agree on and trying to call Rear Adm. Bruce MacDonald, the Navy judge advocate general.

A participant in the meeting said Admiral MacDonald told his colleagues that he could not sign a letter saying he supported the Common Article 3 definition in the White House legislation because he advocated a broader definition that relied more on international law, rather than a narrow interpretation of American constitutional law.

In the end, the military lawyers all agreed to language in the letter saying they "do not object" to the provisions in the administration bill.

But the letter included a sentence that the clarification would be "helpful to our fighting men and women at war on behalf of their country."

White House officials said that sentence demonstrated the military lawyers' support.

General Dunlap said in his mind that signing the letter meant just to convey that trying to clarify ambiguous language was helpful and that it did not mean that he and his colleagues fully endorsed the administration view.

The Question Of Liability Stirs Concern At The C.I.A. (NYT)

By Scott Shane

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Behind the debate between Congress and the White House over the proper treatment of terror suspects is an old fear at the Central Intelligence Agency: that officers could be vulnerable to lawsuits, or even criminal prosecution, for actions they believed at the time complied with administration policy.

Legislation proposed by the White House would address that concern head-on by offering retroactive protection for some actions taken since the Sept. 11 terrorist attacks. Specifically, it would amend the War Crimes Act to prohibit only certain "serious violations" of a provision of the Geneva Conventions, including torture, murder and other clearly unsanctioned acts.

The distinction is a crucial one, because the War Crimes Act prohibits any violation of Common Article 3 of the Geneva Conventions, which outlaws "outrages upon personal dignity" and "humiliating and degrading treatment." In view of the Supreme Court's ruling in June that Common Article 3 applies to all interrogations of terror suspects, some harsh techniques used by C.I.A. or military officers since 2001 could be viewed as illegal under the existing law.

The plan favored by the White House bans what it defines as "serious violations of Common Article 3," including murder, torture and the use of biological experiments. The alternative favored by a group of Republican senators led by Senator John W. Warner of Virginia, chairman of the Armed Services Committee, does not introduce any such distinction.

The two plans also differ in their treatment of past abuses. The White House plan would be retroactive to Sept. 11, 2001, while senators working with Mr. Warner say their approach avoids dealing with past events because of legal and constitutional concerns. The senators say they believe that past abuses should be reviewed case by case.

A. John Radsan, assistant general counsel at the C.I.A. from 2002 to 2004, said he thought the legal exposure for officers involved in capturing and interrogating suspects since 2001 was not as great as some feared. But Mr. Radsan said he understood their concern.

"Their perspective is that they got authorization, they got legal advice and they did the difficult, dirty work of the war on terror," said Mr. Radsan, now at the William Mitchell College of Law in St. Paul. "They think they should not suffer because someone changed the rules."

Mr. Radsan and other legal experts said Friday that it was highly unlikely that intelligence officers could be prosecuted in American courts for their actions in interrogating terror suspects. Similarly, they said, lawsuits filed by former prisoners would probably face insurmountable hurdles in American courts.

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But some said future investigations by Congress or a C.I.A. inspector general were quite possible and could bring the daunting prospect of high legal fees or devastating news coverage.

Nearly 100 terror suspects have spent time in C.I.A. custody since the Sept. 11 attacks, President Bush acknowledged publicly last week, when he announced the transfer of the last 14 of them to military custody in Guantánamo Bay, Cuba.

Mr. Bush has defended the interrogation program and has said it should not be disbanded, but he has said his legislation is necessary to provide clear legal guidelines to interrogators. Within the C.I.A. and the military, concern about possible repercussions against interrogators has increased since 2004, when disclosure of the abuses at Abu Ghraib prison in Iraq and elsewhere prompted a tightening of the guidelines on interrogation.

The first such step came in December 2004, when the Justice Department formally withdrew a controversial 2002 legal memorandum, intended primarily as a guideline for the C.I.A. interrogation program, that had defined torture as treatment leading to organ failure.

Last December, over White House objections, Congress passed an amendment proposed by Senator John McCain, Republican of Arizona, that explicitly outlawed "cruel, inhuman and degrading" treatment of prisoners. Finally, in June, the Supreme Court ruled that Common Article 3 of the Geneva Conventions, contrary to what the administration had argued for nearly five years, did apply to all prisoners captured in the campaign against terrorism.

With the possibility that the Democrats could win control of one or both houses of Congress in the November elections, the prospect of aggressive, public investigations of detainee treatment also looms.

Jack L. Goldsmith, a law professor at Harvard who served in the Defense Department and the Justice Department under Mr. Bush, said the shifting legal atmosphere made fear of criminal or civil liability on the part of C.I.A. and military personnel "a completely genuine concern, even if it seems far-fetched."

Suzanne Spaulding, a former assistant general counsel at the C.I.A., said agency officers could face legal liability abroad. Ms. Spaulding said some countries had asserted jurisdiction over war crimes committed anywhere in the world. And C.I.A. officers involved in the seizing of a Muslim cleric in Milan in 2003 faced an arrest order in Italy.

A C.I.A. spokesman, Mark Mansfield, acknowledged officers' concerns about possible legal troubles, but he said those concerns should not be exaggerated.

Mr. Mansfield said, for example, that while many C.I.A. officers, including polygraph examiners, members of promotion boards and interrogators, had long had professional liability insurance, he had seen no evidence of a recent increase in purchases of such insurance, the cost of which is reimbursed by the agency.

"It is fair to say that C.I.A. officers are mindful of these situations and developments,'' Mr. Mansfield said, "but it's unwise to make generalizations or sweeping statements about levels of concern. That said, we have a very important mission to carry out — helping to protect the country — and that has been and continues to be the paramount concern."

Bush Proposal May Slow Abuse Prosecutions (LAT)

By Andrew Zajac And Cam Simpson, Chicago Tribune

The Los Angeles Times, September 16, 2006

The president wants to narrow the definition of war crimes. But that could make it harder to win indictments in some Abu Ghraib cases.

WASHINGTON — When the Muslim world was first inflamed over images of abuse from the Abu Ghraib prison in Iraq, President Bush took the lead in a campaign to minimize the damage by pledging that his government would speak through its actions.

"There will be investigations. People will be brought to justice," Bush said on May 5, 2004, speaking from the Map Room of the White House and into the lens of a camera for Al Arabiya, the Arabic-language satellite network.

But more than two years later, provisions in Bush's proposed legislation for detainee interrogations and terrorism tribunals could hamper potential criminal prosecutions in some of the 17 abuse investigations from Iraq and Afghanistan pending before federal prosecutors in Virginia.

The CIA's former assistant general counsel, a defense attorney for one veteran intelligence officer under scrutiny in a pending investigation, and outside military-law experts all said Bush's proposal would retroactively weaken the U.S. law against war crimes, possibly making it more difficult to win criminal indictments in those cases.

Bush's plan would backdate a more narrow definition of war crimes to Sept. 11, 2001, the day terrorists crashed jets into the World Trade Center and the Pentagon.

The proposal seems to fit a broader pattern of Bush administration efforts to protect interrogators working for the CIA and the Department of Defense, or to find ways to keep the law in question, the 1996 War Crimes Act, from applying to post-Sept. 11 actions.

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Another provision in Bush's proposal would mandate taxpayer-financed legal defenses for intelligence agents charged or sued in connection with detainee abuse.

Even those simply under investigation would get their legal bills paid under the plan, presumably including those involved in the 17 pending cases.

Although Bush was commenting on the future of interrogations, and not his proposed legislation's potential effect on the pending cases, the president said Friday that he wanted to give intelligence operatives confidence to proceed.

"These are decent, honorable citizens who are on the front line of protecting the American people, and they expect our government to give them clarity about what is right and what is wrong in the law. And that's what we have asked to do," Bush said.

One pending investigation in Virginia involves the death of Manadel Jamadi, an alleged Iraqi insurgent. Images of his battered corpse, which was packed in ice, were aired by ABC's "World News Tonight" the same day in 2004 that Bush made his pledge to prosecute abusers. It was soon dubbed the "iceman" case.

Nina Ginsberg, the attorney representing 47-year-old Mark Swanner, a veteran CIA officer who interrogated Jamadi before the prisoner's death, said in an interview Thursday that she believed the administration was attempting to use its proposed legislation to retroactively immunize or protect interrogators now under investigation.

Although she said it would be difficult to indict some of the Pentagon and CIA interrogators under investigation even if Bush's bill is rejected by Congress, Ginsberg said there was no other explanation for the retroactive nature of the changes proposed by the White House except to protect operatives already under scrutiny.

Deputy Atty. Gen. Paul J. McNulty, who as the U.S. attorney in Alexandria, Va., oversaw the 17 pending cases before becoming the Justice Department's acting No. 2 lawyer in November, did not deny during a brief interview Friday that the legislation would retroactively affect the investigations.

But asked about the potential effects, McNulty would only say, "I don't want to say…. The best I can say right now is [an answer] would probably reveal more about those cases involved than has been publicly said."

All of the cases assigned to Virginia remain secret, and no one has been charged. John Radsan, assistant general counsel at the CIA from 2002 to 2004, suggested that bringing charges against agency officers in any of the cases is already a difficult proposition — legally, practically and politically.

But Radsan also said, "This legislation will make it even more difficult to bring a case against a CIA officer for violating the War Crimes Act," because it would significantly limit the definition of a war crime.

Eugene Fidel, a military law expert in Washington and president of the National Institute of Military Justice, said the Bush proposal "would make it much more difficult for federal prosecutors to even take those cases into court."

Fidel added, "The prosecutor could just say, 'What you did doesn't even fall within the War Crimes Act anymore; therefore I'm not even going to paper it,' " that is, bring charges. He predicted that some of the investigations would "turn out to be unprosecutable because of this legislation."

Jim Rybicki, a spokesman for the U.S. Attorney's office in Alexandria, confirmed that 17 abuse investigations remain open but declined to discuss any details.

The New Yorker magazine first identified Swanner's connection to the Jamadi case last year.

A Justice Department memo written in January said 20 investigations related to detainee abuse allegations in Iraq and Afghanistan had been referred for prosecution.

Ten came from the Defense Department, the memo said, while the remainder came from "another agency," a reference to the CIA.

Only one, that of CIA contract interrogator David A. Passaro, has been prosecuted. He was convicted in Raleigh, N.C., last month of felony assault for beating an Afghan prisoner who died one day after being pummeled with fists and a flashlight, evidence showed.

Passaro was indicted before then-Atty. Gen. John Ashcroft set up the special prosecution team in Virginia.

The Justice memo said two of the 20 cases were closed without charges because "the department has determined in each of them that there was insufficient evidence to support a prosecution."

In a statement Friday, the Justice Department declined to comment "on ongoing criminal investigations." But the agency, which is supporting Bush's push for the legislation, said there has never been a War Crimes Act prosecution because the statute is too vague.

Dispute Centers On Reading Of Geneva Convention (LAT)

By Julian E. Barnes Times Staff Writer

The Los Angeles Times, September 16, 2006

President Bush on Friday pushed for passage of his military tribunals bill, asking Congress to clarify the meaning of the Geneva Convention to allow the CIA to continue detaining and interrogating prisoners under a formerly secret program. The issue has grown more divisive between Bush and other Republicans.

Question: What are the similarities and differences between the president's proposal and the one supported by Sen. John McCain?

Answer: Both would set up special courts known as military commissions to try detainees. The bill supported by McCain, several other Republicans and many Democrats would give detainees greater legal rights, including more rights to see evidence used against them, than Bush's proposal.

The main difference has to do with how each of the bills would apply the Geneva Convention — in particular the provision known as Common Article 3. McCain's bill would apply the protections without interpreting them, whereas Bush's proposal would "clarify" them in a way that could give the CIA greater latitude in the way it treats detainees.

Q: What is Common Article 3?

A: It is a provision of the treaty that provides a minimum level of protection for any fighter involved in a civil war and for unlawful combatants — such as terrorists or insurgents — in all conflicts.

Q: The president contends Common Article 3 is vague. Is it?

A: Common Article 3 bans "outrages upon personal dignity, in particular humiliating and degrading treatment." Bush says it is subject to interpretation. However, international law experts say the article is not vague — at least no more so than any other law or treaty. Fifty years of case law and commentary define the article, and many military lawyers say they have a good idea of what is allowed and what isn't.

Q: Why does the president say that the CIA detention and interrogation program could not continue without redefining Common Article 3?

A: It depends on what the CIA does while detaining and interrogating prisoners, and few people outside the agency know with certainty what they do. Some experts on Geneva say there are many tough tactics — such as "stress positions" that cause discomfort, or limited sensory deprivation — that have recently been banned by the U.S. military but not by the CIA. Some of those tactics may not violate Common Article 3. But tactics causing unbearable pain to break prisoners would violate Common Article 3.

Q: Is "water-boarding" — a method that makes prisoners feel as though they are drowning — allowable under Common Article 3?

A: No.

Q: Does the CIA use water-boarding?

A: The CIA has used water-boarding as an interrogation tactic, U.S. officials have said.

Q: Does it still use water-boarding?

A: The agency won't answer the question — which could mean that it still does, or that it wants terrorists to think it still does. The U.S. government, which considers simulated drowning a form of torture, has said the military will not use the tactic. But that ban explicitly leaves out the CIA.

Q: Do these bills spell out which tactics can and can't be used during interrogations?

A: No, not specifically. They mainly define how much latitude interrogators have, and how closely they must observe the Geneva Convention's terms.

Q: Administration officials say that if the McCain bill passes, CIA interrogators will be subjected to civil suits and prosecution for violating Common Article 3. Will they?

A: McCain's bill bans civil suits based on the Geneva Convention. It also offers other protections from criminal prosecution, by saying that U.S. forces can be prosecuted only for a "grave breach" of Common Article 3, including torture, murder, and "cruel, inhumane and degrading treatment." Administration lawyers want better retroactive protections for interrogators and more coverage in international courts. They say they can only get that by clarifying the meaning of the convention.

Q: Critics of the president's plan have said that redefining Geneva would put U.S. troops at risk. Has Common Article 3 ever protected an American service member?

A: Yes. In 1993, the United States invoked Common Article 3 protections for Chief Warrant Officer Michael J. Durant, who was captured by Somali warlords. Because he was not the prisoner of a government and because Somalia was embroiled in a civil war, traditional Geneva prisoner-of-war protections did not apply. Although Durant had been roughly treated initially, the militants ultimately decided to observe Common Article 3 and allowed the Red Cross to visit Durant.

Q: Would Common Article 3 protect U.S. forces in current conflicts?

A: Yes. Common Article 3 would protect a U.S. soldier captured by a rebel group in Afghanistan, the Philippines or Colombia — if the captors observed it.

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Position On Detainee Trials Comes At Political Risk For GOP Senators (MCT)

By Margaret Talev

McClatchy Newspapers, September 16, 2006

WASHINGTON - One endured torture as a prisoner of war in Vietnam. One is a former Navy secretary and stalwart supporter of the military's priorities. One is a former military lawyer and a judge in the Air Force reserves.

All three are Republican senators, and together they're battling President Bush over how to handle detainees in the war on terrorism.

These three senators - John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina, respectively - say Bush's plan would damage U.S. credibility around the world, jeopardize the lives of U.S. troops captured in future wars and deny basic legal and human rights to suspected terrorists in U.S. custody. They're using their combined stature to advance a competing, bipartisan proposal.

But by their stand, each of the three senators is taking a substantial political risk.

"They think this is more important than politics," said John Hutson, former Judge Advocate General for the Navy.

McCain could alienate conservative Republicans when he needs them most. For several years he's worked hard to gain the trust of conservative Bush allies skeptical of his maverick streak.

He's worked his way into being the odds-on favorite to win the Republican presidential nomination in 2008, but now he's breaking with his party's president on an issue that threatens to undermine Republican strategy for November's congressional elections - following Bush's leadership on national security. That could hurt him.

And he knows it. On Friday, while reiterating his opposition to Bush's plan, he released a statement whose first line read, "I respect very much the president's unwavering determination to protect America from terrorist attack." Still, he opposes Bush.

Katon Dawson, the Republican Party chairman in South Carolina, a key 2008 primary state, said: "South Carolina is certainly Bush country. Overwhelmingly, the communications we're getting are supporting the president. Obviously, the president is right on this issue. I think John McCain thinks he's right - McCain and Warner and Graham. I think people on the ground think they're wrong."

Graham could reap opposition to his re-election within his South Carolina base. Many conservative activists already were frustrated with him for blocking a conservative judicial nominee's confirmation and supporting legislation that would allow illegal immigrants to stay in the country.

"You just don't even know how people are bent out of shape!" said Kristin Maguire, a member of the state Republican Party's executive committee. "The holier-than-thou attitude of `I'm the attorney, I understand this better than you.'

"He has undermined this being an election point this year. He's taking it off the plate and he's making it easier for Democrats to run against incumbent Republicans in weak seats by making it OK to be weak on terrorism and national security."

In an interview Friday, Graham stood his ground.

"This is one of the most important things I will ever do. What experience I've had in life is relevant here. I think I owe it to my state and my nation to apply it in a way that's reasonable and constructive. Whatever political risk might come my way pales in comparison with our soldiers and other people who are risking everything they have, including their lives," Graham said.

Warner, 79, a World War II veteran and former Navy secretary, is slated to give up his chairmanship of the Armed Services Committee after this year. He enjoys broad bipartisan support in Virginia and is less obviously at risk by his stand.

Yet the renegade role doesn't come easily to this consummate diplomat and staunch Republican. Nevertheless, he takes great pride in defending the military, and many senior military leaders oppose Bush's position.

Warner implored reporters not to interpret his stand as defiance of Bush: "I still think we can work it through - I do not think negotiations have broken down."

If Democrats win control of the House of Representatives or the Senate in November, all three senators could suffer the sting of blame.

The House is poised to pass the administration's bill next week. Senate Majority Leader Bill Frist, R-Tenn., favors it, too.

But with the support of most, if not all, Senate Democrats and a handful of moderate Northeastern Republicans, the three senators are expected to prevail in the Senate.

"These are people who have lived it," said Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee. He was speaking of McCain, Graham and Warner.

McClatchy correspondents Steven Thomma and James Rosen contributed to this report.

Rear Adm. Harry Harris War Inside The Wire (WSJ)

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By James Taranto

The Wall Street Journal, September 16, 2006

GUANTANAMO BAY, Cuba -- You might call Rear Adm. Harry Harris a jailer. As commander of Joint Task Force Guantanamo, a job he has held for six months, he is in charge of one of the world's best-known detention facilities. But if you call this place a prison, he will correct you.

"Prisons are about rehabilitation and punishment," Adm. Harris told me in a phone conversation last week, reiterating a point he had made a few days earlier in a briefing for visiting journalists here. "What we are about is keeping enemy combatants off the battlefield. . . . The enemy combatants that we have here were captured on the battlefield or running from the battlefield, and they were engaged in combat operations against Americans, and in many cases killed Americans. What we're trying to do here in Guantanamo is simply keep them off the battlefield, because we know that many of them would go back to the fight."

In fact, Adm. Harris says, many of them have kept fighting even while in captivity. They are carrying out coordinated actions with the apparent goals of disrupting the camp's operations, furthering anti-American propaganda, and wounding and intimidating the servicemen who guard them. * * *

One such action unfolded on May 18. Early that Thursday morning, guards patrolling the high-security Camp 1 (one of five numbered detention areas, with a sixth under construction) found two detainees who had attempted suicide. "One was found unconscious," Adm. Harris recalls, "and then another one was found a little later, frothing at the mouth, if you will. It looked like . . . poisoning of some sort." Both survived, although one took seven days to regain consciousness, and the other took four days. Neither had a prescription for any drug, "so they had to get the meds from other detainees somehow."

To prevent more suicide attempts, "the detention group commander ordered a shakedown of all the cells. He was going through each of the cells looking for contraband, looking for pills. He found some, throughout the day. He found some hidden around the toilet area; he found some hidden in the bindings of the Holy Quran." (Each detainee receives a personal Quran in his native language, which non-Muslim guards are forbidden to touch.)

Early in the evening, the search reached Camp 4, the least restrictive of the detention areas. Unlike in the other camps, detainees in Camp 4 are not confined to individual cells but bunk communally and congregate in fenced yards. This is where the detainees live who are most compliant with camp rules. But on that day in May, their cooperation came to an end.

A guard noticed a detainee who appeared to be trying to hang himself. "The detainee had put a sheet in the ceiling around the lights and built what looked like a noose and was putting his head toward that noose," Adm. Harris says. "The quick-reaction force rushed into that [cell] block to save the life of the individual they thought was trying to kill himself. When they got in there, the detainees had slickened the floor with feces, urine and soapy water," making it hard for the guards to keep their footing.

"They proceeded to attack the guard force. . . . The attack was obviously planned. They managed to get a guard down on the ground. They attacked him with broken light fixtures, with fan blades and with [security] cameras that they had torn off to use as bludgeoning weapons. In that process the NCOIC [noncommissioned officer in charge] made the call -- a gutsy call -- to fire less-than-lethal rounds at the detainees. . . . All that took about three to five minutes. . . . The disturbance was quelled. No one was seriously injured, either the guards or the detainees.

"But at the same time, detainees in two adjacent blocks erupted and tore up their blocks completely -- tore down all the lights, tore up all the fans, tore down all the cameras, and all that kind of stuff. They didn't attack the guards, but they did manage to tear up the blocks." In only one Camp 4 cell block did the detainees not riot: "When the uprising, or whatever you call it, happened, they went back into their block very quietly and stood by the beds," Adm. Harris says. "Today, those are the only residents of Camp 4." When I toured the camp, I saw perhaps eight of them, dressed in white, lolling about their outdoor yard. The other blocks are being repaired and made more secure, at a cost to the taxpayer of about $800,000.

Camp 1 is also unoccupied, undergoing repairs owing to the discovery of another sabotage scheme. Cells in Camp 1 were equipped with spring-operated faucets, and the detainees "managed to figure out how to take that apart and . . . pull the spring out. The spring, when it's fully stretched out, is probably a foot long, and it can be used as a weapon to jab someone in the neck or to jab someone in the eye. They would take that spring and hide it in the waistband of their pants. . . . This is just another indication of the creativity that the detainees have as they plan things against us." * * *

Before Camp 1 closed, three detainees there -- two Saudis and a Yemeni -- succeeded in killing themselves. On the morning of June 10, guards found the trio, all in the same cell block, hanged with clothing and bedsheets.

Domestic foes of the war on terror wasted no time in trying to co-opt the detainees' martyrdom for their own cause. Human Rights Watch claimed that the detainees had suffered from "incredible despair" because they had been "completely cut off from the world." The New York Times editorialized that the suicides were "the inevitable result of creating a netherworld of despair beyond the laws of civilized nations."

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Adm. Harris had a different view. "I believe this was not an act of desperation but an act of asymmetrical warfare waged against us," he said at the time -- and he stands by that statement. In response, the Times scolded the admiral for displaying "a profound disassociation from humanity."

His case is the stronger one. The proximity and simultaneity of the suicides argue that they were coordinated rather than spontaneous. Although some detainees suffer from mental illnesses, for which they receive treatment at the camp infirmary, there is no evidence that these three did. "They recently had been given . . . a psychiatric evaluation, and they were all fine," Adm. Harris tells me. It may be hard to comprehend the mentality of one who would kill himself to make a political statement, but to doubt that these men could do so is to test the limits of fatuity. After all, that is exactly what 19 of their comrades did five years ago Monday.

The case against Guantanamo rests on a web of falsehood. Far from being held "beyond the laws of civilized nations" -- laws that terrorists, by definition, reject -- the detainees here enjoy a panoply of procedural protections. All except the 14 recent arrivals have gone before Combatant Status Review Tribunals to re-examine their designation as enemy combatants -- even though these "Article V" hearings are required under international law only if that designation is in doubt, and under the U.S. Supreme Court's 2004 Hamdi v. Rumsfeld ruling if the detainee is a U.S. citizen. (Attorney General Alberto Gonzales told me last week that the newly arrived detainees had not yet received Article V hearings but would.) In addition, each detainee annually goes before an Administrative Review Board, analogous to a parole hearing, which determines whether he can be released without harming U.S. security.

These processes are not mere window dressing. As President Bush noted in a speech last week, some 315 of 770 Guantanamo detainees have been released from U.S. custody, either through one of these proceedings or through informal processes that predated them. More than a dozen of the freed detainees, Mr. Bush added, are known to have returned to the battlefield, suggesting that the procedures are, if anything, too lenient.

Many detainees also have petitioned for habeas corpus since the Supreme Court's 2004 Rasul v. Bush ruling; and of course trials for the four detainees who've been charged with war crimes have been delayed only because Osama bin Laden's bodyguard was able to avail himself of our appellate courts to challenge the legality of the proceedings.

Likewise, it is nonsense to say the detainees are "completely cut off from the world." There is no solitary confinement at Guantanamo; even at maximum-security Camp 5, the cells have outside light and openings in the doors through which detainees can communicate with one another. They have ample contact with the world beyond the camp, too. "Over 40,000 pieces of mail have come in and out of here," Adm. Harris says. "If you chose to write one of them a letter, all you'd need to do is put their name on it, say 'Guantanamo Bay, Cuba,' put our ZIP code on it, and they will get that letter.

"Most of the detainees have lawyers," the admiral adds. "There are over 900 habeas lawyers representing less than 450 detainees," and the lawyers are free to visit their clients. Representatives of the International Committee of the Red Cross "come down for almost a month at a time, four times a year, and then [for shorter periods] at other times, and they have unfettered access to any detainee they want to see, whenever they want to see them." * * *

When the Supreme Court extended habeas rights to the detainees, it created a loophole in camp security. Guards screen and censor mail to and from the detainees, but communications with their lawyers are privileged and confidential. "We don't look at the envelope, or in the envelope, at all," Adm. Harris says. "I believe that the detainees could have abused that privilege and used it as an informal mail system" by passing notes to other detainees in envelopes from lawyers. Adm. Harris is careful to note that he does not believe the lawyers are complicit in any abuse, and that he has no ability to confirm his suspicions: "If it's written correspondence, and it's in the habeas envelope, then we cannot get to it."

What is clear is that the detainees have brought more-restrictive conditions on themselves, through suicide, sabotage and other disruptive actions. The erstwhile Camp 4 rioters were relocated to higher-security camps, and the opening of Camp 6, a modern facility modeled on a medium-security prison in Michigan, has been delayed so that officials can harden its security.

"There is such a thing as a medium-security prisoner," Adm. Harris says. "I believe there is no such thing as a medium-security terrorist."

Mr. Taranto is editor of OpinionJournal.com1.

Tortured Logic On Terror (NSL)

Newark Star-Ledger (NJ), September 16, 2006

No one could ever accuse President Bush of self-doubt. Even as Senate Republicans have bro ken with his administration's position on terrorist detainee trials and interrogation only two months before midterm elections, the president remains defiantly confident of his path.

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Some would call this principled. Others would say it's pig- headed. In this case, the principle -- a president's responsibility to the nation's security -- blinds Bush to the fact that the methods he favors are self-defeating. They compromise rather than ensure Americans' security, and therefore they are indefensible.

In a testy press conference yesterday, Bush disputed Republicans on the Senate Armed Services Committee -- including Sen. John McCain of Ari zona -- who have sided with Democrats in offering an alternative bill to the White House's proposals for detaining and trying terrorist suspects. The bill, though flawed, is clear in its op position to the White House's views on torture.

Even former Secretary of State Colin Powell, the good soldier, joined the fray. In a letter backing committee Republicans, he argued that Bush's desire to rewrite the Geneva Conventions dealing with prisoner treatment would make the world further doubt "the moral basis of our fight against terrorism."

Such views rile the president but don't sway him. That's frightening because the dangers he sees ahead are real. He's mistaken to think dealing with them harshly is the same as dealing with them effectively.

Condoning torture -- or, as the president puts it, "clarifying" the clause of the Geneva Conventions Common Article 3 that prohibits "outrages upon personal dignity" -- virtually as sures further erosion of international support for the U.S. and guarantees that our own soldiers could be endangered.

During his press conference, Bush accurately discussed the likelihood that "the enemy wants to attack us again." He's correct to say intelligence officials need tools for interrogat ing terror suspects. (He's less persuasive when he argues al Qaeda would have been able to strike the U.S. again had it not been for information gathered through means the U.S. Supreme Court has questioned. Interrogators might also have gotten that information without breaking international law. In fact, the Pentagon has determined that torture is ineffective.)

What Bush still doesn't seem to get -- three years after his administration misguidedly, in the name of national secu rity, launched a nearly unilateral effort to unseat Saddam Hussein and fostered the abuses of Abu Ghraib and Guantánamo -- is that while his analysis of the threat might be accurate, his approach hasn't worked. The battle against terrorism and those who favor it should be fought on higher ground.

Gen. John Vessey Jr., a former chairman of the Joint Chiefs of Staff, summed it up neatly in a letter to McCain in which he noted that while previous enemies have also been vicious and cruel, Americans have always held to their values when fighting them. "We should continue to do so," Ves sey wrote.

Indeed.

Please, Explain, Sen. McCain (WT)

The Washington Times, September 16, 2006

President Bush wasted no time yesterday responding to the Senate Armed Services Committee's passage of legislation that could damage the ability of intelligence agencies to obtain information from terrorist detainees. On Thursday, four Republican members of the Senate Armed Services Committee -- Chairman John Warner and John McCain, Lindsey Graham and Susan Collins -- joined the committee's Democrats in passing flawed legislation governing detainee treatment that fails to respond to Mr. Bush's critical request. The lawmakers must clarify what interrogators can and cannot do when interrogating suspected jihadists.

Yesterday, the president suggested that the committee's refusal to define what interrogation methods were permissible under Common Article 3 of the Geneva Conventions could force the CIA to shut down a program that has gained invaluable intelligence about al Qaeda. Mr. Bush noted, for example, that Common Article 3 includes language barring "outrages upon personal dignity, in particular, humiliating and degrading treatment" of someone who is being interrogated. "That's very vague. What does that mean?" the president asked. He warned that intelligence professionals on the front lines of the war could not do their job interrogating detainees if Congress refused "to put clarity in the law." Congress, Mr. Bush added, "has a decision to make" about whether it wanted the program to continue -- something the Senate Armed Services Committee has now put in jeopardy.

Given all that the program has accomplished, it would be difficult to imagine a more irresponsible decision on the part of Congress. As Mr. Bush pointed out in a speech earlier this month, American forces captured Abu Zubaydah -- a top bin laden aide who ran terrorist camps in which some of the September 11 hijackers trained -- several months after the September 11 attacks. Zubaydah, who was wounded on the battlefield, survived only because of medical treatment from the CIA, After he recovered, Zubaydah refused to cooperate with U.S. interrogators. So, the CIA, used an unspecified "alternative" set of interrogation methods approved by Justice Department lawyers. Eventually, Zubaydah cracked and provided information that enabled the military to prevent an al Qaeda terrorist attack inside the United States.

Zubaydah also provided information that lead to the capture of Khalid Sheikh Mohammad and Ramzi Binalshibh, who helped organize the September 11 attacks. They also led authorities to the capture of the leader al Qaeda's south Asian affiliate,

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Hambali, and 17 operatives. When he learned that his terror cell had been broken up, Hambali acknowledged that the terrorists were being prepared for new attacks on the United States, probably using airplanes, Mr. Bush added.

This is just a partial listing of what the CIA has learned as a result of the CIA program that the Senate Armed Services Committee has put at risk.

But the concerns expressed by Mr. Bush and CIA Director Michael Hayden have failed to budge Mr. McCain. On Thursday, the Arizona Republican disparaged Mr. Hayden's legitimate concerns about the Senate bill as an attempt to "protect his reputation at the risk of America's reputation." It's a cheap shot. Mr. McCain should explain why he is endangering a vital interrogation program that has saved many American lives.

Europe, US Deadlocked On Air Security (FT)

By Jimmy Burns In London, Andrew Bounds In Brussels And Doug Cameron In Chicago

Financial Times, September 16, 2006

Attempts to find transatlantic agreement on counter-terror measures for the airline industry are floundering as governments and aviation experts argue about which security rules would be most effective.

UK airline and airport authorities on Friday revealed there was still no agreement on what measures could best ease the disruption and economic costs to the industry while keeping passengers safe from terrorist attacks.

The UK and the US have maintained stricter airline security regimes than most European states since British police foiled an alleged plot to blow up transatlantic jets with liquid explosives.

One leading London-based international transport security adviser warned on Friday that the UK department of transport would leave passengers vulnerable to terrorist attack if it went ahead with announced plans to relax restrictions on the size of hand baggage next week.

Sally Leivesley, a scientific adviser on emergency planning, told the Financial Times: “Size does matter because the technology does not exist commercially to screen adequately potentially lethal liquids in hand baggage. We risk once again offering a potential tool to a suicide bomber when the terrorist threat to the airline industry remains high.”

Meanwhile, Brussels’ top negotiator on Friday warned that transatlantic travellers faced chaos next month unless the US dropped its demands for greater access to airline passenger data from the European Union.

The EU and the US have struggled to forge a new agreement on sharing passenger data after the European Court of Justice struck down the accord and ordered that it expire on September 30.

Jonathan Faull, who runs the justice and home affairs department of the European Commission, said: “We hope to persuade the Americans in the next couple of weeks to conclude an understanding that is the same as the one we had. If we don’t get an agreement by the end of the month, what is likely to happen is, I’m afraid, chaos.”

US officials indicated they did not plan to drop demands for wider access to EU passenger data.

Passenger pre-screening and improved backround information remain the main planks of the US Transport Security Administration’s policy. The US aviation industry is still on a heightened Orange alert status. A ban on liquids and gels – introduced on August 10 – remains in place.

But, without a legal framework, any individual could lodge a legal challenge against an airline that sent details of their passport, address, dietary requirements and other information to the US authorities.

The prospect of last-minute haggling leaves airlines with much uncertainty.

Tapes Roll On Sting's Details (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 16, 2006

Mosque leader heard to warn FBI informant on apparent support of terrorist group

ALBANY -- The spiritual leader of an Albany mosque warned an undercover FBI informant that he needed to be careful and quiet about his support of terrorists who were purported to be planning to kill the president of Pakistan, according to government transcripts of their secretly recorded conversations.

The statements were part of a series of conversations that took place as the FBI listened in while their informant baited two Albany men with cash he said came from the sale of shoulder-fired missiles to terrorists in New York City.

For eight months beginning in late 2003, the informant gave the pair thousands in cash that was paid back to him through checks written out to his business by Mohammed Hossain. The pizza shop owner is charged in the case along with Yassin Aref, the jailed imam of a Central Avenue mosque.

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Aref, 36, and Hossain, 51, face up to 400 years in prison if convicted of the charges. They are accused of helping launder the proceeds from the fictitious plot, in which the informant said he made money selling Chinese-made missile launchers to terrorists.

Their attorneys have disputed the allegations, contending the men were unwitting participants in the scheme who believed they were only taking a loan and not supportive of the informant's terrorist dealings.

No part of the plot was real, but it was based on an actual terrorist organization, Jaish-e-Mohammed, an Islamic extremist group based in Pakistan that had been threatening to kill that country's president, Pervez Musharraf. The informant claimed to be dealing arms to terrorists from that group who were plotting to kill a Pakistani ambassador near the United Nations in Manhattan.

Aref told the informant he was not familiar with that organization, except for what little he had learned of their background watching television. He never told the informant that he supported the group, their cause, or, wanted them to succeed. Mostly, Aref spoke to the informant about Islamic beliefs and their context in relation to Middle East conflicts.

The FBI's informant, a Pakistani immigrant who is expected to testify next week, had been arrested years earlier in a case involving fraudulent driver's licenses. He agreed to cooperate in order to gain leniency.

On Friday, the federal jury at their trial listened to hours of tapes recorded during the sting. In one instance, Aref did not dissuade the informant from supporting terrorism.

"I say if you believe they are doing right and working for Allah and you help them for Allah, go ahead," Yassin Aref, in broken English, told the informant during a meeting in January 2004. "But, of course, you should to be careful and ... you should to know they looking for any person they have any kind of link with that group. And if they find any link between you and that group, you should to know, you are going to be in the trouble."

The statements were included in more than 50 hours of tape recordings made by the FBI during the year-long sting operation targeting Aref, a Kurdish refugee who moved to the United States seven years ago.

Hossain is not accused of harboring sympathies for terrorists. Rather, the case against him is built on a government theory that he embraced the informant's illicit arms dealing because he was desperate for money, never walking away even when the informant pulled out a shoulder-fired missile during one of their early meetings in December 2003. For his part, authorities said, Hossain was to receive $5,000 cash, authorities said.

Aref is not accused of profiting in the scheme. Rather, federal prosecutors contend he was brought in to witness the deal.

Kassim Shaar, an acquaintance of Aref's who now lives in Michigan, took the stand briefly Friday and recounted having dinner at Aref's house in February 2004. He said that afternoon the informant, whom he had never met, arrived with Hossain and the three other men began exchanging money and papers.

Suddenly, Shaar said, the informant blurted out something that unsettled him greatly.

"He said there was an attack coming to New York City ... a missile attack," Shaar said.

Aref appeared startled by the abrupt disclosure and patted the informant's body looking for a recording device, which he was wearing but was not discovered.

U.S. District Judge Thomas J. McAvoy declined to allow prosecutors to press Shaar on what happened next, when he allegedly wanted to call the police but was stopped by Aref, who assured him the man had been joking.

"You thought he was joking, didn't you?" asked Aref's attorney, Terence L. Kindlon. "Right," Shaar replied.

Federal authorities have admitted that Aref, whom they contend was aligned with terrorist figures overseas, was the "ultimate target" of their investigation. Their interest stemmed from allegations that his name and address were found in suspected terrorist encampments during the invasion of Iraq.

While that information sparked the FBI's investigation, the federal judge in the case has prohibited prosecutors from putting forth testimony about the terrorist camps during the trial, in part because the information is not relevant to the sting case.

Hossain is not alleged to have overseas ties to terrorists.

Following his arrest on August 5, 2004, Hossain allegedly denied knowing the missile was a weapon and told an FBI agent that he believed it was a "plumbing supply," according to testimony Friday. But an undercover videotape of that meeting, which took place in November 2003, clearly shows the informant hoisting the missile launcher onto his shoulder as he tells Hossain that it's headed for New York City.

Special Agent Timothy Coll, who headed the investigation, testified Friday that Hossain told him he thought the informant "was joking."

Aref was also questioned following his arrest and told agents that the money transactions were a loan and that "his role was a witness," Coll said.

Coll, who testified for several hours on Friday, is scheduled to be cross-examined by defense attorneys when the trial resumes Monday.

Lyons can be reached at 454-5547 or by e-mail at blyons@timesunion.com.

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Yemeni Man Accused Of Terrorist Links (AP-Y)

By Olivia Munoz

AP, September 16, 2006

A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said he had ties to a terrorist financier who plotted to help al-Qaida and Hamas.

The allegations emerged at a hearing for Amen Ahmed Ali, 56.

Defense attorney David A. Torres said his client was surprised by the charges.

"But he's also strong. He looks forward to his day in court," Torres said.

In pressing to keep Ali behind bars, prosecutors said that a search of Ali's house turned up contact information for Sheik Mohammed Ali Hassan al-Moayad in Ali's address book.

Al-Moayad, a Yemeni cleric serving a 75-year prison sentence, was convicted in New York last year of conspiring to support and attempting to support al-Qaida and the Palestinian extremist group Hamas, and of actually supporting Hamas.

Ali was arrested Sept. 7 at his cigarette shop in Bakersfield. He and two other men, all Yemeni-born U.S. citizens, were charged in the case.

Prosecutors said Ali planned to send chemical suits and body armor to Yemen without State Department authorization.

Ali pleaded not guilty last week to conspiracy to possess and transmit defense information, unlawfully export defense articles, possess stolen government property and attempted unlawful export of defense articles. If convicted on all counts, he faces up to 30 years in prison and a $1 million fine.

Man Linked To Terrorist Financier Is Denied Bail (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, September 16, 2006

A California man accused of trying to supply stolen U.S. military equipment and defense secrets to Yemen was denied bail Friday after a prosecutor said the man had ties to a terrorist financier who plotted to help Al Qaeda and Hamas.

The allegations emerged at a hearing for Amen Ahmed Ali, 56.

Suspect Linked To Terrorist (BFLDC)

By Stacey Shepard, Californian staff writer

The Bakersfield Californian, September 16, 2006

FRESNO — A federal judge ordered Amen Ahmed Ali to remain in custody Friday after hearing of his alleged ties to a convicted terrorist financier who funneled money and weapons to al-Qaida and Hamas.

Assistant U.S. Attorney Carl Faller said in court that Ali's address book contained the name of Sheikh Mohammed Ali Hassan Al-Moayad, a Yemeni cleric. Al-Moayad was convicted in 2005 of providing material support to terrorist organizations and is serving a 75-year sentence in a Colorado prison.

Faller also told the court Ali may face an additional charge of espionage after evidence found in a search of his home last week indicated he may have been working as an undercover agent for the Yemen government.

Faller said it was clear that despite being a naturalized U.S. citizen, Ali, 56, has "a very close tie and allegiance to Yemen," his native country.

Ali was arrested Sept. 7 on suspicion of conspiring to acquire and sell U.S. defense secrets and stolen military equipment to someone in Yemen. Two other men are also charged in the case.

Defense attorney David Torres said he did not have access to the information Faller presented in court prior to the hearing.

Friends and relatives of Ali who live around Bakersfield were willing to put up five pieces of property worth a total of $550,000 to secure Ali's release, Torres said.

However, Judge Lawrence J. O'Neill said the decision to keep Ali in custody was based on Ali's numerous links to Yemen and his alleged connection to Al-Moayad.

New details emerge

Al-Moayad's name was found in Ali's address book in 2004 when Ali was questioned by officials upon arriving at Los Angeles International Airport, Faller said.

In addition, Ali's name and two phone numbers for him starting with the area code 661 were found in an address book owned by Al-Moayad, following his arrest in Germany in 2003.

Faller declined to comment on whether there was any contact between the two.

The court also heard allegations by the prosecutor that Ali may have been acting as a spy for Yemen.

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Faller said official Yemen government forms that appeared to be visa and travel authorizations were found in a search of Ali's home the day he was arrested.

The documents, Faller said, allow someone to enter Yemen without doing anything more than completing the forms.

In audio- and videotaped surveillance during the government's two-year investigation, Ali allegedly told an undercover U.S. agent that he was a former officer in the Yemen military, Faller said. Ali also said he had ways of getting stolen U.S. military equipment into Yemen without American intelligence agents there discovering it.

Regarding Ali's ties to Yemen, Faller said the investigation also shows:

· Ali's Yemen ID card has a different name and birth date than his U.S. documents. On the Yemen card, his name is listed as Amen Ali Al-Hajj Al-Rouhani. His U.S. documents say he was born in 1950; his Yemeni documents say 1955.

· Ali tried to paint himself as a humble businessman, but that he had access to thousands of dollars. He allegedly had five bank accounts that would contain as much as $25,000 each at times, and then would be emptied. It is unknown where the money went.

· Ali was paid $30,000 last year by a Bay Area travel agency called Palm Air that specializes in discount flights to the Middle East. He could order plane tickets in anyone's name as part of his job, Faller said.

In issuing his ruling, O'Neill also noted that a pretrial services report indicated Ali had taken frequent trips to Yemen, has six siblings living there and owns land in the country.

Yemeni community reacts

Friends of Ali who attended the hearing disputed the evidence presented against him.

Ali had official Yemen documents in his home because he was recently nominated by the local Yemeni Association to be the organization's representative to the Yemen Consulate in San Francisco, according to Abdul Jobah and Nashwan Alrowhani, members of the Yemeni community and close friends of Ali.

They also said it was widely known that Ali worked for Palm Air. He made money by referring members of the local community to the company, they said.

"Every reservation I made was through him. He referred a lot of business to them because he was looked at like a leader to the community," Jobah said. "He'd go out of the way getting the ticket and (bring) it to my house, all for a lousy $50."

Jobah said Ali's arrest was only done to win votes and justify anti-terrorism efforts five years after 9/11.

"Amen is a victim of the 9/11 anniversary and voting time," he said. "He's a victim of timing."

Jobah and Alrowhani said Ali had come to Bakersfield 36 years ago, around the same time others from Yemen were settling here to farm. He was a fatherlike figure to many of the younger Yemeni men who migrated here in later years, helping them settle in the area. Ali also served as president of the local Yemeni Association.

"You can't live here until you're almost 60 an then commit a crime like this," Jobah said of Ali.

Following Ali's arrest last week, the FBI searched the homes of at least 15 members of the Bakersfield Yemeni community, the men said. Defense attorney Torres said many in the Yemeni community felt the FBI were coming down hard on them.

Alrowhani said FBI agents searched his home, froze his bank account and took his passport. His account was released and his passport returned, he said.

He was questioned for six hours by agents about his connection to Ali and presented with transcribed conversations he had with Ali over the phone, he said.

The FBI could not be reached to comment on the searches late Friday.

Jobah and Alrowhani feel their phones continue to be tapped. The situation is causing many here to consider moving back to the Middle East, the men said.

"I used to tell my wife, forget about Yemen. This is our life, our country," Alrowhani said. "Now I'm thinking differently."

Australia Denies Army Chief Visited Philippines In Hunt For Bali Bombers (AFP)

AFP, September 16, 2006

Australia's defence ministry has denied its army chief is on a secret visit to the southern Philippines this week to be briefed on a hunt for two suspects in the 2002 Bali bombings that left 200 people dead.

Contradicting Filipino military officials, Canberra's Defence Department said Lieutenant General Peter Leahy's trip to the Philippines was instead part of scheduled exchange of visits.

"The chief of the army is visiting the Philippines on a counterpart visit with the Philippine Army, that is all," a Defence Department spokesman told AFP, declining however to offer any details of Leahy's movements.

The denial came after Philippine military officials said Leahy flew Thursday to Zamboanga on the southern island of Mindanao where he was updated on the hunt for two fugitive members of the Jemaah Islamiyah (JI) extremist group.

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The pair, Umar Patek and Dulmatin, are wanted for their involvement in the 2002 bombings on the popular Indonesian resort island of Bali in which 88 Australians were among the dead.

According the to Philippines military, Leahy was told that Filipino troops, backed up by US intelligence, had the militants surrounded in dense jungle on the nearby island of Jolo but is meeting strong resistance.

Regional military chief Major General Eugenio Cedo told Leahy that the JI militants were being sheltered by Abu Sayyaf, a local Muslim extremist group, in the jungle, the Philippine military said.

"Australia is concerned about the hunt for the two JI terrorists," said military spokesman Major Eugene Batara, adding that the country had offered to train Philippine special forces and help establish "riverine" units which were used during the Vietnam War to patrol waterways.

Philippines Defence Secretary Avelino Cruz said last March that Australia would donate 30 river boats to help hunt down JI suspects in the Mindanao marshways.

Australia's special forces commander Major-General Mike Hindmarsh visited Zamboanga last October but refused to speak to the press during his trip.

Yemen Foils Attacks On Oil Facilities (FT)

By Heba Saleh

Financial Times, September 16, 2006

Yemen said on Friday it had foiled two attempts to blow up oil facilities in different parts of the country, days after al-Qaeda urged Muslims to target western interests in the Gulf.

Only 35 minutes apart, one attack targeted a Canadian-Yemeni oil storage facility in Dubba port in Hadramawt province and the other an oil refinery in Marib in the north east of the country.

The Yemeni Interior Ministry said security men succeeded in exploding the bombers' cars, killing the four suicide bombers before they could do any damage. One guard was killed.

In the first attack, the ministry said that two cars were driven at great speed towards storage tanks filled with huge quantities of oil in the port of Dubba, but security men fired at the vehicles blowing them up before they could reach their target.

In Marib, security men also blew up two white cars similar to those driven by workers in the facility. The ministry said a spark from the exploding car strated a fire but that was brought under control.

The attacks come just days after Ayman Al Zawahiri, al-Qaeda's second-in-command, urged supporters to target oil installations in the Gulf region.

Yemen has been trying to shed its image as a haven for Islamic militants since 9/11, but the escape in February of 23 al-Qaeda operatives from a high-security jail in the country raised doubts in the United States about its commitment to the war against terrorism. Some of the escapees have since been recaptured but 14 remain at large.

They include a man convicted of involvement in both the bombing of the American warship, the USS Cole in 2000, and the attack against a French oil tanker two years later.

The attempts to blow up the oil facilties come amidst heightened security because of presidential and local elections due to be held on Wednesday.

President Ali Abdullah Saleh, already in office for 28 years, is seeking another term. He is facing a serious challenge from Fiasal bin Shamlan, a former oil minister backed by an alliance of the main opposition parties.

Suicide Attacks Foiled At 2 Oil Sites, Yemen Says (NYT)

By Hassan M. Fattah

The New York Times, September 16, 2006

DUBAI, United Arab Emirates, Sept. 15 — Security officials in Yemen said they thwarted two suicide bombings of oil installations in the southern and central regions of the country early Friday. The four attackers and a security guard were killed, Yemen's Interior Ministry said in a statement.

Yemeni officials said an investigation was under way to determine who was behind the attacks, which came days after one of Al Qaeda's top leaders, Ayman al-Zawahri, threatened strikes against oil facilities in the Middle East that he blamed for "stealing Muslim oil." By late Friday, no group had claimed responsibility.

In the first attack, about 5:15 a.m., two cars sped toward an oil storage site near the Hadhramaut region, one driven by a man wearing a uniform similar to those worn by workers there, and the other by a man in a military uniform, the Yemeni authorities said. Guards opened fire on both cars, blowing them up outside the site. In addition to the drivers, a security guard was killed.

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Shrapnel from the explosions sparked a small fire in one of the storage tanks, but it was quickly extinguished, the statement said.

About 30 minutes later, security guards at an oil refinery in Marib opened fire on two other cars that were carrying explosives and marked to look like vehicles used there. Both drivers were killed.

The attacks occurred just days before voters are to cast ballots in a hotly contested election pitting President Ali Abdullah Saleh against four challengers. Political analysts accused the government on Friday evening of capitalizing on the incidents to help Mr. Saleh's standing.

Yemen, a close ally of the United States in the campaign against terrorism, has long been a hotbed of extremist activity and recruitment. In February, 23 prisoners suspected of links to Al Qaeda escaped from a maximum-security prison in Sana, the capital. Fourteen of the fugitives remain at large. It was not immediately clear on Friday whether any of them were connected to the attack.

HOMELAND RESPONSE:

U.S. Still In The Dark On Tracking Of Foreign Visitors (MCT)

By Marisa Taylor

McClatchy Newspapers, September 16, 2006

WASHINGTON - After spending $900 million to set up a database to track foreign travelers arriving in America, the government still doesn't know how many of them stay in the country illegally because the system is incomplete and snarled by controversy.

The US-VISIT system screens up to 2 million foreigners a month as they arrive at all international airports and seaports and at most border crossings. Visitors' personal information, fingerprints and photographs are logged electronically into a computer database and their names are checked against criminal records and terrorist watch lists.

But 10 years after Congress first ordered the system, the Department of Homeland Security hasn't set up a way for the same visa-holders to check out when they leave the country. Instead, the agency continues to test it at 14 airports and two seaports.

DHS officials said they didn't know when the checkout system would be launched nationwide because of the difficulty of creating a fast and effective method that travelers could use when they left the country.

"We're not ready," said Robert Mocny, the acting director of US-VISIT. "We're going to make sure before we put any exit system in place that we get it right."

With the program still up in the air, some DHS officials question whether the agency should spend millions more on a system that may lead to much longer delays at airports and border crossings without detecting a single terrorist.

"We need to have exit control but I'm not sure US-VISIT is the solution," said Jayson Ahern, who oversees the 322 U.S. ports of entry for Customs and Border Protection. "We need to find that right balance of something that provides the high level of security we need but at the same time allows us to move legitimate travelers."

Critics said the exit program might never be completed the way Congress originally envisioned it because of the lack of consensus within the agency and opposition from the travel industry and border communities.

"No government official is going to say publicly that they've given up on it because it's embarrassing," said Margaret Stock, an immigration attorney and lieutenant colonel for the Army's military police. "But the fact is, Congress mandated them to do this and they still haven't done it."

Congress ordered immigration authorities to set up a system to track foreigners in 1996 after the first terrorist attacks on the World Trade Center, but the program never received enough money to get off the ground.

After the Sept. 11 attacks, Congress renewed its mandate and promised the newly created Department of Homeland Security enough money to set up an entry-exit system.

Since US-VISIT launched three years ago, authorities have recorded 64 million visits in their database. They credit the new screening process with helping them to detect and turn back more than 1,300 criminals.

But Congress never set a deadline for a checkout system. The agency has spent $900 million so far, mostly on setting up new fingerprinting machines for arriving foreigners.

It's testing hand-held machines or kiosk checkouts for departing travelers, but officials said they wouldn't have a plan for a nationwide exit system until at least next year.

Mocny said his agency faced major challenges because U.S. airport and border crossings had never had the staff or resources to process people as they left the country.

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"I think that's why Congress didn't give us a deadline," he said. "They told us to come up with a plan and that's what we're doing."

To determine whether a visa-holder has left the country, federal authorities rely on random checks of electronic passenger records or visa forms, known as I-94's.

A separate database tracks whether foreign students show up to register for classes. Recently, the student system alerted authorities when 11 Egyptians didn't enroll in their colleges as required by their visas.

But experts said the only reliable way to know how many people overstayed their visas and remained in the country illegally would be to require visa-holders to check out.

"Right now we really just have an expensive super-duper, high-tech entry system that doesn't make much sense to have," Stock said.

The gap in information helps fuel criticism of the Bush administration's proposed foreign guest-worker program. Opponents question how authorities would keep tabs on perhaps millions of new temporary workers if they can't keep track of tourists, students and business executives.

"An exit system is a very critical piece of having an effective immigration policy," said Jessica Vaughan, a senior policy analyst for the Center for Immigration Studies, a research center that advocates tougher immigration enforcement. "No matter what anybody feels about immigration, I think most people would agree that we should have a sense of who is authorized to be in the country and who isn't."

The ID Chip You Don't Want In Your Passport (WP)

By Bruce Schneier

The Washington Post, September 16, 2006

If you have a passport, now is the time to renew it -- even if it's not set to expire anytime soon. If you don't have a passport and think you might need one, now is the time to get it. In many countries, including the United States, passports will soon be equipped with RFID chips. And you don't want one of these chips in your passport.

RFID stands for "radio-frequency identification." Passports with RFID chips store an electronic copy of the passport information: your name, a digitized picture, etc. And in the future, the chip might store fingerprints or digital visas from various countries.

By itself, this is no problem. But RFID chips don't have to be plugged in to a reader to operate. Like the chips used for automatic toll collection on roads or automatic fare collection on subways, these chips operate via proximity. The risk to you is the possibility of surreptitious access: Your passport information might be read without your knowledge or consent by a government trying to track your movements, a criminal trying to steal your identity or someone just curious about your citizenship.

At first the State Department belittled those risks, but in response to criticism from experts it has implemented some security features. Passports will come with a shielded cover, making it much harder to read the chip when the passport is closed. And there are now access-control and encryption mechanisms, making it much harder for an unauthorized reader to collect, understand and alter the data.

Although those measures help, they don't go far enough. The shielding does no good when the passport is open. Travel abroad and you'll notice how often you have to show your passport: at hotels, banks, Internet cafes. Anyone intent on harvesting passport data could set up a reader at one of those places. And although the State Department insists that the chip can be read only by a reader that is inches away, the chips have been read from many feet away.

The other security mechanisms are also vulnerable, and several security researchers have already discovered flaws. One found that he could identify individual chips via unique characteristics of the radio transmissions. Another successfully cloned a chip. The State Department called this a "meaningless stunt," pointing out that the researcher could not read or change the data. But the researcher spent only two weeks trying; the security of your passport has to be strong enough to last 10 years.

This is perhaps the greatest risk. The security mechanisms on your passport chip have to last the lifetime of your passport. It is as ridiculous to think that passport security will remain secure for that long as it would be to think that you won't see another security update for Microsoft Windows in that time. Improvements in antenna technology will certainly increase the distance at which they can be read and might even allow unauthorized readers to penetrate the shielding.

Whatever happens, if you have a passport with an RFID chip, you're stuck. Although popping your passport in the microwave will disable the chip, the shielding will cause all kinds of sparking. And although the United States has said that a nonworking chip will not invalidate a passport, it is unclear if one with a deliberately damaged chip will be honored.

The Colorado passport office is already issuing RFID passports, and the State Department expects all U.S. passport offices to be doing so by the end of the year. Many other countries are in the process of changing over. So get a passport before it's too late. With your new passport you can wait another 10 years for an RFID passport, when the technology will be more

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mature, when we will have a better understanding of the security risks and when there will be other technologies we can use to cut the risks. You don't want to be a guinea pig on this one.

Bruce Schneier writes often on security subjects.

Congressional Plan Would Bolster Disaster Agency (NYT)

By Eric Lipton

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Congressional negotiators agreed Friday on a plan to restructure the Federal Emergency Management Agency that would give it somewhat more clout and responsibility, but still not as much as it had during the Clinton administration.

The compromise effectively ends the campaign by some in Congress to separate FEMA from the Department of Homeland Security and re-establish it as an independent agency reporting directly to the president.

Several alternatives to revamp the agency had been considered since its universally criticized performance after Hurricane Katrina.

Under the agreement, which will be inserted into a budget bill that Congress is scheduled to vote on this month, the FEMA director would still report to the secretary of homeland security, as he has since FEMA lost its independent status in 2003.

But the director, now R. David Paulison, would also be the principal adviser to the president for emergency management, a new role modeled on the relationship between the president and the Joint Chiefs of Staff, who also report to the defense secretary. In a major disaster, the president could designate the FEMA director as a cabinet-level official.

“It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared,” said Senator Susan Collins, Republican of Maine and chairwoman of the homeland security committee.

FEMA, under the plan, would be in charge of preparing for disasters and responding to them. It would take back the agencies at the Department of Homeland Security that were removed from it last year and set up in a separate agency dedicated to preparedness.

The plan also calls for creating a National Operations Center to better coordinate response to catastrophes.

It would allow FEMA, with the permission of the president, to use “cost-effective semipermanent housing” for people left homeless in a disaster, instead of trailers.

And the plan would double the amount of money communities would be eligible for to protect against future disasters — like moving homes away from a river that often floods — to 15 percent of federal disaster relief. This so-called mitigation financing would be capped at $3 billion for one disaster.

Congress Agrees On Expanding FEMA (WP)

By Spencer S. Hsu

The Washington Post, September 16, 2006

The Federal Emergency Management Agency would be expanded within the Department of Homeland Security, and FEMA's chief could obtain direct access to the president in a crisis, under terms of a compromise overhaul of the troubled agency announced last night by congressional negotiators.

Reached one year after Hurricane Katrina triggered a catastrophe on the Gulf Coast and a governmental emergency in Washington, the tentative deal would give the 2,500-worker agency more power to prepare for and respond to future disasters.

But the pact does not clarify whether FEMA would get more money to implement the scores of changes recommended by several post-Katrina reviews.

"It is crucial that we strengthen FEMA and provide it with the resources and tools necessary to help us be better prepared for the next hurricane or disaster. This agreement will move this legislation forward," Sen. Susan Collins (R-Maine) said in announcing the deal with Sen. Joseph I. Lieberman (D-Conn.).

The compromise now moves to a House-Senate panel that this month is hammering out a must-pass $33 billion Homeland Security spending bill.

The deal proposes increasing FEMA's $2.4 billion budget by 10 percent a year for three years, Collins's spokeswoman said. It also would increase emergency planning grants, now at $185 million, and boost funds for emergency medical and search-and-rescue teams, now $30 million and $20 million, respectively.

But there is no guarantee that budget writers will include the money, and congressional aides said the deal leaves out $3.1 billion to help the nation's 60,000 police and fire agencies communicate in emergencies.

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"By refusing to provide desperately needed funds for interoperable communications, House Republicans and the White House have shamefully sold out our nation's first responders in an effort to score political points just weeks before the upcoming election," said Rep. Bennie Thompson (Miss.), a leading House Democrat involved in the talks.

Responding to flaws highlighted by Katrina, the deal would expand FEMA regional offices, reunite preparedness and response functions severed during the creation of DHS, set qualification requirements for its director, and protect it from department reorganizations by making it semi-independent, like the Coast Guard and Secret Service.

Immigration Reduces Big Backlog (WT)

By Stephen Dinan

The Washington Times, September 16, 2006

The immigration service has nearly achieved its goal of processing immigration applications within an average of six months and will make an October deadline for eliminating the backlog, agency Director Emilio T. Gonzalez said yesterday.

"We're on track to get where we need to be, where we want to be," Mr. Gonzalez, the head of U.S. Citizenship and Immigration Services (USCIS), which is part of the Homeland Security Department, told reporters yesterday.

The backlog elimination has been a major test for the agency that would have to administer any future guest-worker program, and members of Congress have been watching the effort's progress closely.

However, the goal will be reached in part because the agency no longer counts cases that are outside its control, such as those awaiting an FBI check.

With the former Immigration and Naturalization Service facing a backlog in the millions, Congress demanded in 2000 that the agency reduce processing time to six months.

In 2001, President Bush and Congress approved a $500 million package to pay for reducing the backlog. That allowed USCIS to shift employees and hire temporary employees to help.

"We have every expectation we'll be able to make the president a very happy person," Mr. Gonzalez said yesterday.

The backlog is defined as applications where the average processing time is more than six months.

In January 2004 the backlog reached 3.8 million applications. That has been whittled down to 1.1 million, and of that total just 139,000 are being delayed by factors under USCIS control.

USCIS officials call that smaller number the "net backlog," and that is the number the agency says it will eliminate by October.

In the case of applications for naturalization, for example, the average processing time dropped from 14 months in February 2004 to five months now.

A group of House and Senate members, mostly Democrats, wrote a letter last month calling on Homeland Security Secretary Michael Chertoff to rehire the temporary employees that helped reduce the backlog. The lawmakers said letting the temporary employees go would just cause the backlog to return, and said keeping the employees would make it easier to implement a guest-worker program.

"The Senate has already passed a comprehensive bipartisan immigration reform that has the support of President Bush. Passage of this legislation would make retaining these term employees particularly important, and we urge you to do so now," the lawmakers wrote.

The term employees were capped to a maximum of four years' work.

Mr. Gonzalez said the agency has hired many of them as permanent staffers, but he said he doesn't have the authority to keep them as term employees or the money to hire them all permanently.

The director also said officials are conducting a wide-ranging review of fees that will help restructure the agency so they can hire the employees needed to process applications in a timely manner.

Some members of Congress, and the Government Accountability Office in a report last year, have questioned how USCIS defines the backlog.

But Mr. Gonzalez said it makes no sense to blame the agency for a backlog in cases where the problem lies with another agency or when the applicant hasn't submitted all the information.

Of the about 1 million backlogged applications that are outside of USCIS control, 64 percent are for applications where a visa simply isn't available yet; 17 percent are for applications that are still lacking information; and 11 percent are awaiting an FBI name check. Another 8 percent have other issues.

Mr. Gonzalez also took issue with press reports that questioned bonuses the agency plans to give to most employees this month. Some employees have said they knew of other employees who cut corners to try to meet processing goals and earn the bonuses.

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But the director said the bonuses are a way to reward solid work for the backlog reduction, and said the awards -- $500 for adjudicators who met production goals, were not disciplined and didn't "compromise process or program integrity" -- are a small token.

"Everything we've done is what every other federal agency does here," he said.

Illegal Immigrants Frequently Denied Compensation (MCT)

By Liz Chandler

McClatchy Newspapers, September 16, 2006

CORAL SPRINGS, Fla. - Jose Hernandez was good with a machete. So he was the top choice when his boss needed someone to chop down young trees that were choking parts of Florida's Everglades.

On one trip to the swamps, the workers flew in by helicopter and quickly cut a stand of sprouting trees. But when they took off again, something went wrong: The chopper lurched left, then plunged into murky water.

A broken rotor blade slashed through Hernandez's left thigh.

Doctors saved his life, but couldn't save his leg.

To pay for his costly medical care, Hernandez filed a workers' compensation claim, which covered some of his bills.

Then, the insurance carrier, Florida Citrus, Business & Industries Fund, discovered that Hernandez was in America illegally, without work papers or permission from federal immigration officials. It halted all payments and left Hernandez to languish in a low-income Florida nursing home, unable to work to support his wife and four children in Mexico.

Thousands of illegal workers like Hernandez are hurt on the job every year in America, but don't get the compensation that's promised by law in every state.

Bosses often fire them, threaten them with deportation and commit an array of other misdeeds to avoid responsibility for workers' injuries. Some insurers refuse to pay their claims, citing reasons related to their illegal status.

As a result, injured workers often go without medical care or go to emergency rooms for treatment - and taxpayers get stuck with the bills.

"It's a violation of the American spirit," said Florida lawyer Gerry Rosenthal, who represents Hernandez. "Employers are hiring these people and pushing them hard to make a profit for the company, but when a worker gets hurt, they abandon him."

From field hands to garment workers to poultry processors to construction crews, injuries abound in industries that rely on an estimated 7 million undocumented workers, often to do dirty and dangerous jobs. Yet those who are undocumented are frequently cheated out of benefits that American workers have taken for granted for nearly a century, a McClatchy Newspapers investigation has found.

Federal labor officials haven't studied whether undocumented workers are wrongfully being denied compensation. But the exploitation is rampant, according to interviews with scores of illegal workers, employers, workers' comp lawyers, health care providers and workplace experts, and a review of lawsuits and workers' comp claims.

In one national study, university researchers surveyed 2,660 day laborers, most of them working illegally. One in five said he'd suffered a work injury. Among those who were hurt in the last year, 54 percent said they didn't receive the medical care they needed, and only 6 percent got workers' comp benefits.

Employers in at least 20 states, arguing that their employees shouldn't receive injury benefits because they're illegal immigrants, have fought and lost in courts and review boards. Among those employees were a California laborer who hurt his back lifting sacks of coffee, an Arizona auto mechanic who was hit in the eye by flying debris, a Maryland carpenter who cut his hand on a saw, and a North Carolina construction worker who suffered a brain injury when he fell 30 feet onto a concrete floor.

Juan Palacios, a 27-year-old husband and father from Guatemala, was working on the roof of a Florida home in March when a coworker accidentally splashed hot tar on him. Palacios fell 12 feet and smashed through a glass table and onto a tile floor. He was hospitalized for a week.

During that time, he heard nothing from his boss at Sunrise Roofing.

"They don't care about me," Palacios said. "I feel bad because I can't work. ... That's why I'm here."

Sunrise confirmed that it had employed Palacios, but its insurance carrier, the Insurance Company of the Americas of Bradenton, Fla., has refused to pay. It won't discuss the denial but said in documents that "there is no employee/employer" relationship.

Palacios remains out of work. He's scarred and in need of skin grafts, he said. He relies on his roommates to feed and care for him, and he's received nothing from Sunrise.

The U.S. Department of Labor tracks workplace deaths and injuries, but officials haven't assessed how undocumented workers fare. The only hint is the climbing and disproportionate number of workplace deaths among Hispanic and foreign-born workers, which includes many of those who are working illegally.

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Workplace safety programs also are failing these workers, as the number of inspections and the staffers to do them has declined. The nation's 2,300 inspectors check 1 percent of 7 million employers each year, and critics say fines are so low that risky operators consider them a cost of doing business.

"The regulators are rooted in paralysis," said insurance analyst Peter Rousmaniere, who's studied abuses of undocumented workers in a dozen states. "They don't want to acknowledge these workers exist - so, in effect, they are allowing them to be abused."

Workers' compensation is regulated by the states, but most simply offer review boards to settle disputes. Few states look for abuses of undocumented workers, and some adopt regulations that freeze illegal workers out of injury benefits.

Florida recently rejected hundreds of workers' comp claims because they didn't include Social Security numbers, a procedure the state Supreme Court halted last year because the requirement violated privacy laws.

A few states - Florida, Michigan and Kansas - allow employers to limit benefits or fine injured workers who use phony Social Security numbers.

"What you have is 20th century legal principles trying to catch up with the 21st century reality of a global workforce," said Bill Beardall, a lawyer and professor at the University of Texas at Austin.

"It takes time - and persistent injustice - for us to figure out that the old rules don't fit." WORKERS' COMPENSATION

Workers' compensation is intended to protect labor and management.

The deal is employers pay for injured workers' medical treatment, partial wages, disabilities and deaths, and employees can't sue if they get hurt.

Every state requires such benefits, except Texas, which last year passed California to lead the country in workplace deaths of Hispanics. Workers comp is optional in Texas, but companies must cover all employees - legal and illegal - if they opt for the insurance.

While some states exempt tiny businesses and certain agricultural and domestic workers, almost all other workers are promised protection.

But employers have incentives to cover up injuries. Accidents drive up insurance costs and can attract investigators. And intimidation tactics work best against employees who speak little English, don't know their rights and fear the threat of deportation.

"They are terrified of getting fired or being deported," said Nan Lashuay, an assistant clinical professor and occupational health expert at the University of California, San Francisco. "There's a lot of pressure. Some of them have families who are literally on the verge of starvation. ... You can make here in a day what you make in a week in Mexico. And if you're deported, it can be extremely difficult to get back into the U.S."

Examples of abuse are widespread.

In Boston, when a Brazilian restaurant worker stabbed his hand with a knife, his supervisor, acting as translator, told doctors the injury happened at home, legal advocates said.

At a Mississippi poultry plant, bosses questioned the immigration status - then fired - an undocumented employee after he sought medical treatment for injuries to both arms, according to the worker and his case manager.

In Florida, a 15-year-old Guatemalan boy picking peppers was run over by a truck in the field, then dumped at a hospital 25 miles away with no name or contact information for his employer.

It's not unusual for bosses, known to workers only by nicknames and cell phone numbers, to abandon injured workers in unfamiliar areas without fear of reprisals.

"It's an ugly secret, and it's going on nationwide," said Texas lawyer Richard Pena, the chairman of the American Bar Association's immigration committee. "The employers and insurance companies profit ... (while) immigrant workers often go back to their home countries broken and in pain."

Insurers say they don't track how many illegal workers file for injury benefits or how many workers' families seek payment for deaths on the job. Most American companies take care of injured workers, employers say. They understand that the best way to keep productivity up and insurance premiums down is to run safe, responsible workplaces.

When someone is hurt, insurers say, they generally pay the claims, and immigration status doesn't arise. When it does, they interpret state injury laws conservatively.

"Most accept that illegal aliens should be compensated. That doesn't mean everybody is necessarily enthusiastic about it," said Eric Oxfeld, a Washington, D.C., lobbyist for businesses.

If injuries aren't reported, he said, "it has little to do with the employer, and everything to do with the workers' fear that he might be sent home."

SOME COMPANIES DISAGREE Some companies, however, continue to argue that undocumented workers shouldn't receive injury benefits.

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Insurers may pay medical bills but refuse to cover workers' lost wages and retraining costs, arguing that the workers can't legally hold jobs and earn wages in the United States anyway.

"There are not across-the-board denials. My guess is that many thousands of illegal immigrants have been injured and treated through workers' comp," said Bob Hartwig, the chief economist for the Insurance Information Institute. "The problem is that many don't get to the door. ... Many of these people are intimidated in variety of ways by employers."

Some companies - particularly in competitive and dangerous industries - seek to gain an edge by hiring illegal workers and then cheating them on pay and injury benefits.

"It's a toxic cocktail," said insurance analyst Rousmaniere. "You have employers who have great incentive to cheat workers, and you have large numbers of illegal workers who will accept lower labor standards. It's causing our safety standards to erode - and that hurts legal workers, too."

One employers' trick is to go without workers' comp insurance.

Investigators say that kind of fraud is far more common than the much-publicized cases of workers who fake injuries. Offenders typically are small companies in high-risk pursuits, in which annual insurance premiums can cost 50 percent or more of a company's payroll. On average, companies pay about 1 percent of payroll toward premiums.

Employers also lie on payroll records - understating their size and job risks - to keep insurance costs down, which can leave workers without injury coverage.

Then there are more subtle tactics, such as the treatment an undocumented immigrant from South America got at a Mississippi poultry plant.

The worker slipped on a floor slick with chicken fat and landed hard, suffering two fractures in his back and a spinal dislocation.

The company-recommended doctor found no injury in his X-rays and cleared him to return to work, according to the worker and his legal advocates. He spent time sitting in a break room, too pained to work but prohibited from going home during work hours so the company wouldn't have to report the injury.

As the pain in the worker's leg grew, an orthopedic specialist finally examined the earlier X-rays and found the fractures, which required surgery.

"I can't work as I did before. I'm going to have pain for all my life," said the father of five, who asked not to be identified for fear of being fired.

He walks with a limp now. He gave up his $500-a-week job cutting bones from chicken thighs because he can't stand up for long periods. But he still works at the poultry plant, where he now makes $300 a week mopping floors.

"When you're cutting up chickens and working on a line where speed is everything, workers get cuts, broken fingers, repetitive motion injuries, or they get their hands caught in machines," said Anita Grabowski, who coordinates the Mississippi Poultry Workers Center near Jackson, Miss., which gets a steady flow of immigrant workers injured in area plants.

"They may see a company doctor or nurse, but many times they're given an aspirin or some cream and sent right back to the line that day. Their injuries are never reported, and they don't get the treatment they need," she said.

It was the insurance company, not the boss, that blocked benefits for Jose Hernandez. Adjusters for Florida Citrus, Business & Industries Fund began digging into his background on the day he lost his leg to the helicopter blade.

They quizzed his employer, Linda Rojas.

What's his history?

What kind of employee was he?

What documents had he provided when he was hired?

"They kind of hounded me to say things about him that weren't up to par," Rojas recalled. But "I wasn't going to say anything bad. ... He was an excellent employee."

Within a week, adjusters phoned Rojas with a decision: "We feel like he's an illegal alien, and we're going to use that to deny his claim," Rojas remembers the agent saying.

She didn't argue.

Rojas said she had mixed feelings. Hernandez deserved compensation because he was maimed for life, but she wasn't sure that an illegal worker should be entitled to benefits. So she left things to her insurer.

Florida Citrus declined to discuss the case, but in its denial, the insurer charged that Hernandez violated state law by making "false" or "fraudulent" statements about his identity.

When Rojas hired him, Hernandez presented a Social Security card he bought in North Carolina. He'd picked strawberries there, and before that, he'd planted shrubs in Kansas City, cut pines in Washington state and picked grapes in California, living and working in the United States periodically for more than a decade.

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"The `false' statements Jose Hernandez made to get a job have nothing to do with his injury," said lawyer Rosenthal, of West Palm Beach. "This man was almost killed working for an American company. Isn't it right to compensate him?"

Florida Citrus settled the case for an undisclosed amount, but Hernandez remains in the Florida nursing home getting treatment, waiting to return to Mexico. His girls are 3 and 6 now, the boys 10 and 12. He hasn't seen them in three years.

"The important thing is that some money is there to take care of us," said Hernandez, 36. "I can't walk, but I'll keep trying to go forward. Thank God it didn't get my arm - with my hands I can do anything."

Rojas said she wasn't surprised when her insurer "dropped us like a hot rock" after Hernandez's injury. She paid double for a new policy and expects a price increase again this year.

She's not sure whether her company, Rojas Brothers Grove Service, can afford to stay open or can continue to find workers willing to wade into swamps to chop trees.

"Not everybody wants to do this kind of work," she said. "They're going into swampy areas where you've got snakes and alligators. ... It's rough work."

WAR NEWS:

Iraqis Plan To Ring Baghdad With Trenches (NYT)

By Edward Wong

The New York Times, September 16, 2006

BAGHDAD, Sept. 15 — The Iraqi government plans to seal off Baghdad within weeks by ringing it with a series of trenches and setting up dozens of traffic checkpoints to control movement in and out of the violent city of seven million people, an Interior Ministry spokesman said Friday.

The effort is one of the most ambitious security projects this year, with cars expected to be funneled through 28 checkpoints along the main arteries snaking out from the capital. Smaller roads would be closed. The trenches would run across farmland or other open areas to prevent cars from evading checkpoints, said the ministry spokesman, Brig. Gen. Abdul Karim Khalaf.

“We’re going to build a trench around Baghdad so we can control the exits and entrances so people will be searched properly,” he said in a telephone interview. “The idea is to get the cars to go through the 28 checkpoints that we set up.”

American officials said the military had approved of the plan, which has been in the works for weeks. General Khalaf said he did not know how much the construction would cost or how many laborers would be employed.

There has been a surge in the number of Iraqis killed execution-style in the last few days, with scores of bodies found across the city despite an aggressive security plan begun last month. The Baghdad morgue has reported that at least 1,535 Iraqi civilians died violently in the capital in August, a 17 percent drop from July but still much higher than virtually all other months.

American military officials have disputed the morgue’s numbers, saying military data shows that what they refer to as the murder rate dropped by 52 percent from July to August. But American officials have acknowledged that that count does not include deaths from bombings and rocket or mortar attacks.

American commanders have made securing Baghdad their top priority. They have shifted troops to Baghdad to try to contain the sectarian conflict raging in the capital, which threatens to plunge Iraq into all-out civil war. A security plan promoted in June by American officials and Prime Minister Nuri Kamal al-Maliki involved setting up traffic checkpoints throughout Baghdad, but failed to quell the Sunni-Shiite sectarian violence, which reached a peak in July.

Last month, the Americans and the Iraqi government began a new tactic, flooding troubled neighborhoods with thousands of troops and doing searches block by block, then leaving battalions behind to try and win the confidence of residents.

That offensive began in southern and western Baghdad and is now moving into eastern neighborhoods controlled by the Mahdi Army, a powerful militia that answers to Moktada al-Sadr, a Shiite cleric.

It is unclear whether Baghdad can really be sealed off, given the city’s circumference of about 60 miles. With so much terrain, guerrillas might find areas that are unconstrained by the trenches and checkpoints. On the main roads, traffic could be snarled for miles, especially in the final days of Ramadan, when people travel to celebrate with their families.

Studies are still being conducted to determine how traffic patterns will be affected. If the outer perimeter proves effective, then perhaps some checkpoints now being operated inside the city could be taken down, easing the traffic, officials said.

President Bush said at a news conference on Friday that the Iraqis were “building a berm around the city to make it harder for people to come in with explosive devices, for example.” Military officials said the Iraqis had considered such a project earlier, but decided to go with trenches instead.

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The wide cordon to be erected around the city is critical to the new security plan and will be completed within weeks, General Khalaf said. American and Iraqi officials have long said the capital is easily infiltrated because it abuts restive areas such as Anbar Province and the region to the south known as the Triangle of Death. Without a ring of security around Baghdad, insurgents and militiamen outside could return to areas cleared during sweeps, General Khalaf said.

Similar perimeters have been set up around troubled cities that are much smaller than the capital.

The most prominent example is Falluja, the insurgent stronghold in western Iraq that had 300,000 residents before a Marine-led siege in November 2004. Since then, the American military and Iraqi security forces have run the city as a mini police state, with people who want to enter required to show identification cards at checkpoints.

The American military built dirt berms with limited entry points around Samarra in the north and Rawah in the western desert.

The second-ranking American commander in Iraq, Lt. Gen. Peter W. Chiarelli, stressed in an interview the importance of securing Baghdad. "I'll be perfectly clear with you, our main effort right now is Baghdad," he said. "It's our focus."

There are few quiet days in the capital.

Seven bodies were found in four different parts of Baghdad on Friday, an Interior Ministry official said. An American soldier was killed by a roadside bomb south of Baghdad, and another was killed Thursday night by a bomb northwest of Baghdad, the military said. A soldier was missing after an attack in Baghdad on Thursday in which a suicide car bomber killed two soldiers and wounded 30 others. In Anbar Province, a marine died in combat.

On the political front, a senior Shiite cleric rejected any immediate move to create autonomous regions in Iraq, further threatening a proposal by a Shiite politician to establish a legal process for partition.

The cleric, Ayatollah Muhammad al-Yacoubi, a fundamentalist Shiite, said that he believed in "maintaining the unity of the country" and that autonomous regions could not be formed without "preparing the proper conditions," according to a statement released Thursday by his office in Najaf.

The strong stand against autonomy by Ayatollah Yacoubi further calls into question the viability of a proposal for a mechanism to carve up Iraq that Abdul Aziz al-Hakim, the leader of the Parliament's Shiite bloc, tried to put to the Parliament earlier this month. Mr. Hakim has long been a strong proponent of creating a nine-province autonomous region in the south that would be ruled by religious Shiites and would include the country's main oil fields.

He called for Parliament to vote on a proposed mechanism much sooner than virtually anyone had expected.

Sunni Arabs generally oppose dividing Iraq because their provinces have little oil.

The bloc answering to Mr. Sadr, the Shiite cleric, later opposed any immediate move toward autonomy. Mr. Sadr and Mr. Hakim are bitter rivals, both struggling for dominance in the new Iraq, and both commanders of powerful militias that have skirmished several times since the American invasion.

Ayatollah Yacoubi is close to Mr. Sadr, and their united stand could be enough to block any serious consideration of autonomy for now.

Basim Sharif, an official in the ayatollah's Fadhila Party, said the ayatollah could decide to support the legislation if it included language saying that Iraq would not break up into autonomous regions anytime soon.

Security Ring For Baghdad Underway (WP)

By Sudarsan Raghavan

The Washington Post, September 16, 2006

BAGHDAD, Sept. 15 -- U.S. military and Iraqi security forces have begun a massive effort to seal off Baghdad with a ring of reinforced checkpoints, berms, trenches, barriers and fences in an attempt to clamp down on insurgents, officials said Friday.

A few dozen checkpoints will be placed along key arteries in and out of Baghdad to ensure that people move through "predictable paths" that can be controlled, Lt. Col. Barry Johnson, a U.S. military spokesman, said late Friday night. Iraqi forces will man the checkpoints and patrol the terrain, with support from U.S. troops.

"We know there's a flow in and out of the city of those who are responsible for the violence," Johnson said. "The intent is to control Baghdad city."

The plans were announced on a day when officials said 52 bound and tortured corpses were found across Baghdad over a 24-hour period. Baghdad's body count has surged in recent days, despite a month-old push by thousands of U.S. and Iraqi forces to tame some of the capital's roughest neighborhoods.

The construction of a ring around Baghdad would be the most ambitious security endeavor yet for the U.S. military and its Iraqi allies as they try to block militias, death squads and insurgents from funneling in weapons, explosives, funding and recruits from outside the capital.

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"The enemy is changing tactics, and we're adapting," President Bush said Friday in Washington. "The enemy moves, and we will help the Iraqis move. And so they're building a berm around the city to make it harder for people to come in with explosive devices, for example. . . . They got a clear-build-and-hold strategy."

The project is underway as sectarian violence is emerging as the biggest challenge to U.S. and Iraqi forces engaged in what some U.S. officials have called the Battle for Baghdad, a confrontation that might strongly influence the future path of Iraq.

"We're trying to knock down sectarian violence and go after those folks, those death squads that have caused this new form of violence, that if left unchecked could lead to civil war," said Lt. Gen. Peter Chiarelli, the second-ranking U.S. military officer in Iraq.

The effort to wrap Baghdad in a protective bubble is not a new tactic. In Fallujah, U.S. and Iraqi forces have controlled entry and exit since an assault by U.S. forces in November 2004. In the volatile town of Samarra, where the bombing of a Shiite shrine in February triggered the sectarian violence now ravaging Baghdad, the U.S. military has erected berms around the town. The dirt ridges, a few feet high, serve largely to channel traffic.

Johnson, the U.S. military spokesman, said the Baghdad project has been underway for a few weeks and that building has begun. The plan is to use the natural terrain where possible and reinforce existing barriers, "complementing them with trenches, in other places berms, and other types of fencing."

Such efforts are among the methods that counterinsurgency experts recommend to gain control over population movements. Yet some analysts also say that the United States has never taken what many of them contend is an essential first step: conducting a thorough census, then issuing identity cards and requiring all people to carry them at all times.

It is unclear whether the planned complex of berms, trenches and checkpoints will be effective in Baghdad, a megalopolis of 81 square miles that includes vast stretches of farmland and open terrain. Insurgents and members of private militias might still be able to avoid the checkpoints, and even if they don't, U.S. and Iraqi forces still face the problem of identifying them.

The Muslim holy month of Ramadan, which begins in October, is likely to increase the flow of people in and out of Baghdad. The Iraqi government, Johnson said, is trying to determine how the plan to seal Baghdad will affect the flow of vehicles in a city already clogged with heavy traffic.

The grisly discoveries of more bodies around the capital illustrated how serious the ongoing sectarian strife has become. According to Iraqi police officials, some of the corpses had disfigured faces. Most were shot in the head. All bore marks of torture. Some were found near a railroad track, others near a bus station. Five were beheaded. All were young men, in civilian clothes, between the ages of 20 and 35.

The bodies were dumped in both Shiite Muslim and Sunni Muslim neighborhoods, east, west and south of the Tigris River, which weaves through the heart of the city. In total, 114 bullet-riddled and tortured corpses have turned up since Tuesday.

Meanwhile, on Friday, five U.S. soldiers were reported killed. Military officials said they included two who were killed Thursday in a suicide bombing that also wounded 30 Americans west of Baghdad. Another American soldier died in combat in Anbar province on Friday, and two more were killed by roadside bombs -- one on Thursday in northwest Baghdad, the other in south Baghdad on Friday.

In the northern city of Mosul, a car bomb that targeted a U.S. patrol killed nine civilians, said Brig. Gen. Saed Jubury, a police spokesman.

In the political arena, a revered Shiite cleric indicated that he would not support a proposal to create a controversial autonomous Shiite region that many Sunnis and some Shiites fear could partition Iraq.

After a meeting with senior Shiite leaders, Ayatollah Mohammad Yaqoubi's office released a statement saying that Yaqoubi stressed "the maintenance of Iraq's unity and expressed his upset over the discord among the political parties and their preference for their factious interests over the public interests of the people."

The statement delivered another blow to efforts by Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, to pass a draft bill that would carve Iraq into a three-part federal system, including a separate Shiite region.

Sunni Arab political parties have accused their Shiite counterparts of trying to break apart Iraq and have threatened to boycott parliament. Both the Kurdish-populated north and the Shiite south are oil-rich, while most Sunni Arabs live around Baghdad or in Iraq's resource-poor western provinces.

Correspondent Ellen Knickmeyer in Baghdad, staff writer Thomas E. Ricks in Washington, special correspondent Saad Sarhan in Najaf and other Washington Post staff contributed to this report.

Iraq To Dig Trenches Around Baghdad (AP)

By Rebecca Santana, Associated Press Writer

AP, September 16, 2006

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Iraqi security forces will dig trenches around Baghdad and set up checkpoints along all roads leading into the city to reduce some of the violence plaguing the capital, the Interior Ministry said Friday.

To help halt that bloodshed, more U.S. troops have been shifted to Baghdad from the insurgent stronghold of Anbar province, a senior U.S. commander said.

Meanwhile, a U.S. Marine was killed Friday in Anbar province, and an American soldier was killed Thursday evening by a roadside bomb northwest of Baghdad, the military said. Five American soldiers died Thursday, making it an especially bloody day for U.S. forces.

A U.S. soldier is missing from a suicide bombing 30 miles west of Baghdad that killed two of those soldiers, U.S. military officials said.

The soldier "has been reported as Duty Status Whereabouts Unknown," the military said, without elaborating.

Neither U.S. military officials in Iraq nor in Washington would say whether they believed the soldier had been abducted or whether he may have been killed in the attack, and his remains had not been recovered.

An Iraqi civilian was killed and five others were wounded when a gunman on top of an abandoned building opened fire in a Sunni Arab neighborhood in central Baghdad, said police Lt. Ahmed Mohammed Ali.

A spokesman for a prominent Sunni Arab political party was shot and killed by gunmen, said a party official who spoke on condition of anonymity because he fears for his life.

Sheik Muhanad al-Gharairi was a spokesman for the Conference of People of Iraq, a Sunni Arab party headed by Adnan al-Dulaimi. He was also an imam at a mosque in Baghdad and was on his way to conduct prayers at a different mosque in Garma, 19 miles outside of Baghdad when he was killed.

The plan to dig trenches around Baghdad will be implemented in coming weeks, Interior Ministry spokesman Brig. Abdul-Kareem Khalaf told The Associated Press.

It comes as more than 130 people were slain in two days — either killed in attacks or tortured and dumped in rivers or on the city's streets.

"Trenches will be dug around Baghdad in the coming weeks when the third part of the Baghdad security plan is implemented," Khalaf said. Metropolitan Baghdad has a circumference of about 60 miles.

The security plan, known as Operation Together Forward, began June 15 and is being implemented in three phases. The first phase included setting up random checkpoints around the city, phase two began Aug. 7 and focused on the most violence-prone areas of Baghdad — mostly the Sunni Arab southern districts. Phase three reportedly includes cordoning off and searching other parts of Baghdad, including predominantly Shiite areas.

Khalaf said that except for the trenches, vehicle and pedestrian traffic would be restricted to just 28 entry points with manned checkpoints.

"We will leave only 28 inlets to Baghdad while all other inlets will be blocked. Supports will be added to the trenches to hinder the movements of people and vehicles. The trenches will be under our watch," he said.

He did not have any details, but did say that there would be no concrete walls or razor wire. Khalaf also did not know how deep or wide the trenches would be.

"They will surround Baghdad," he said of the trenches.

Lt. Gen. Peter Chiarelli, a senior U.S. commander, said U.S. troops were shifted from Anbar province to Baghdad because quelling sectarian violence in the capital is a higher priority.

"The main effort is Baghdad, and we must ensure that we weight the main effort," Chiarelli said, using military terminology for drawing on available troops elsewhere in order to bolster the military effort in Baghdad.

In addition to extending the combat tour of the Army's 172nd Stryker Brigade and sending it from northern Iraq to Baghdad, a smaller unit was moved this summer from near Rawah, in Anbar province, to the capital. The 172nd was replaced by another Stryker brigade in the north, but the unit in Rawah was not.

Chiarelli said Gen. George Casey, the top U.S. commander in Iraq, is "totally focused on ensuring that we keep what we need in Baghdad to do the job that we need to have done." He added that he believes that efforts to stabilize Anbar, which stretches west from Baghdad to the Syrian and Jordanian borders, are "moving in the right direction."

Both the Bush administration and military have said sectarian killings and violence are surging around Iraq and in the capital, although the military has said the attacks are limited to parts of Baghdad not yet included in the security operation.

A reduction in violence Friday was directly attributed to a vehicle ban went into effect around Baghdad to prevent suicide car bombers and others attacking worshippers during prayers. The ban is implemented every Friday.

The U.S. ambassador to the United Nations, John Bolton, told the Security Council on Thursday that the average number of weekly attacks increased 15 percent and Iraqi casualties increased by 51 percent, compared with the previous three months.

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One of the few positive developments for the U.S.-led coalition and the national unity government was the reported killing of a senior member of al-Qaida in Iraq and the capture of another al-Qaida leader.

The Interior Ministry said Abu Jaafar al-Liby, who it described as either the second or third most important figure in al-Qaida in Iraq, was killed by police earlier this week.

Four other insurgents were killed and two were arrested in the raid, a ministry spokesman, Brig. Abdul-Karim Khalaf, told the AP.

Al-Liby was in charge of the Baghdad sector of al-Qaida in Iraq, Khalaf said. He said two letters were found on his body — one addressed to Osama bin Laden and the other to Abu Ayyoub al-Masri, who is thought to be al-Qaida in Iraq's leader. Both letters pledged loyalty and promised more attacks, Khalaf said.

The U.S. military also said it captured a senior al-Qaida figure and personal associate of the group's new leader during a Sept. 12 raid.

The man, who was not identified, led assassination, kidnapping and bomb-making cells in Baghdad, and played a key role in al-Qaida's activities in Fallujah before it was attacked by U.S. troops in November 2004, Caldwell said.

Shiite politicians, meanwhile, said they had made progress in trying to break a deadlock over legislation to establish autonomous regions as part of a federated Iraq. Sunni Arabs oppose the bill, fearing it could split Iraq into three sectarian and ethnic cantons. The proposed legislation, which could be introduced next week.

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Associated Press reporters Sameer N. Yacoub and Patrick Quinn contributed to this report from Baghdad.

U.S. Frustrated By Pace Of Change In Iraq (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, September 16, 2006

Officials praise many of Prime Minister Maliki's goals, including quelling militias. But his political ties make it difficult for him to pursue that aim.

WASHINGTON — Four months after Iraq's new government took office, U.S. officials are growing impatient with leaders in Baghdad and pushing them to move more quickly on the difficult agenda confronting them.

The top U.S. goal in Iraq is to help the regime led by Prime Minister Nouri Maliki to suppress sectarian violence, strengthen the fragile government and economy and move toward national reconciliation, senior officials say. One of those officials, in a recent interview, praised goals Maliki had set in several of those areas, but suggested more could be done.

"The rhetoric has to be matched by concrete action," said the official, who asked to remain unidentified, citing the sensitivity of the subject. The Iraqi government "needs to begin acting, on the ground, on its own behalf."

Though the administration has confidence in the new prime minister, U.S. officials "are frustrated … there is a little bit of impatience," another senior U.S. official said.

President Bush has voiced similar sentiments, stressing U.S. patience and pledging continued support in an Aug. 31 speech, "as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq."

U.S. officials maintained that the election of a full-term government last December would finally enable Shiite Muslims, Sunni Arabs and Kurds to agree on political accords, opening the way to peace and stability. So far, however, the Iraqi government continues to be divided by factional quarrels, and sectarian violence is spiraling.

More than 30 bodies of victims slain execution-style were found Friday. Over the last five days, 142 such killings have been reported. In addition, two U.S. troops — a Marine in Al Anbar province and a soldier in Baghdad — were reported killed. The U.S. military also announced a soldier had been missing since Thursday, when a bomb exploded west of Baghdad and killed at least two troops.

U.S. and Iraqi officials announced a new effort Friday to cut off the flow of weapons and bombs into Baghdad. The plan, announced by Bush during a White House news conference and confirmed by Iraqi officials, is to dig a series of trenches that would form a perimeter of about 60 miles around the city. Checkpoints on every road leading in would restrict entry into the capital, Interior Ministry officials said.

Overall, Iraqi government services have not improved and the most contentious decisions lie ahead.

Maliki, whose government was installed May 20, succeeded Ibrahim Jafari, another Shiite leader for whom the Bush administration at first had high hopes. But Jafari failed to deliver essential services, and it became clear that he had only vague plans for leading the country out of its predicament. U.S. officials lost confidence in him.

Should a second government fail, it would not only raise questions about Maliki's effectiveness but might indicate that anyone would have difficulty leading Iraq. Few in the U.S. government so far have suggested anything as drastic as another

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change in the leadership, although some, frustrated by the lack of progress, have voiced a private view in recent weeks that Iraq might be better off under a traditional Middle Eastern strongman.

"But that's not the policy," said the second senior U.S. official, discussing the idea of changing governments again. "The policy is to prevent that from happening by making this government succeed."

A key element in Maliki's program is the effort to reconcile the country's warring sects, tribes and militias. Committees have been formed and some tribal meetings have been convened. Yet the program remains in its early stages nearly three months after Maliki unveiled it.

The first senior U.S. official said that reconciliation was "a tough issue, but progress has got to be made." He said places such as Northern Ireland, Liberia and Ivory Coast had faced much the same challenge.

"Without a reconciliation deal, without a package which deals decisively and comprehensively with nongovernmental armed groups … you don't bring an end to any conflict anywhere in the world," the official said.

The Bush administration disagrees with the Iraqi prime minister on some issues, including Maliki's condemnation of Israel's July invasion of Lebanon to confront the Shiite militia Hezbollah. Maliki also disagrees with the U.S. military's efforts to strike at the paramilitary forces of Shiite leader Muqtada Sadr, who is one source of Maliki's political support. And this week, Maliki visited Iran, whose long-strained relations with Washington have grown increasingly acrimonious.

Despite their growing desire for action, U.S. officials say they recognize the difficulty Maliki faces in trying to lead a fractious government with only the narrowest base of public support. For example, though a top goal of both the Bush administration and the Maliki government is suppressing sectarian violence, it is difficult for the prime minister to try to bring pressure on groups associated with Sadr.

"People here recognize that it's a political reality that he depends on the votes of groups which, while not all dirty, have some ties to Shia death squads," the second senior official said. "He's a decent man, a serious person, but there are realities."

In addition to action to stem sectarian violence, U.S. officials want the Maliki government to move on a new investment law to bolster the economy as well as legislation to restructure the state oil company and set new rules for investing in Iraq's petroleum industry.

In an appearance at the Brookings Institution's Saban Center in Washington this week, Deputy Iraqi Prime Minister Barham Salih said the government had imposed a "very tough timetable" on itself for action on the legislative agenda.

He said parliament should pass the investment law this month, and next month should vote on a law to allow former members of Saddam Hussein's Baath Party to return to government and society. In December, the government will introduce its proposal for managing its petroleum reserves and adopt a law on the disarmament and re-integration of former anti-government militants, Salih said.

Analysts say the issues all are divisive and that action will be difficult. "There's no secret about what needs to be done, in broad terms, to put Iraq back together, in a national consensus," said Nathan Brown, a specialist in Arab politics at the Carnegie Endowment for International Peace. "The question is, can it be done? The American frustration is only natural."

Another regional specialist said the Americans may have domestic reasons for publicly pushing the Iraqi government to move faster. "The goal here may be, 'Don't blame us — blame them,' " said Juan R. Cole, a veteran observer of Iraq at the University of Michigan.

U.S. officials say that also at the top of their agenda for Iraq is a renewed effort to draw financial and political support from regional governments and major world powers.

American government officials and their Iraqi counterparts have been frustrated by the reluctance of other countries to help what they see as the weak government of a troubled land.

The first U.S. official said that neighbors "have been very slow to move" to give political support, direct aid or even debt forgiveness. "That needs to change," he said.

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Correspondents in Baghdad contributed to this report.

A Time Of Killing, And Little Time For Why (LAT)

By Solomon Moore And Peter Spiegel

The Los Angeles Times, September 16, 2006

Nearly 150 bodies have surfaced in Iraq this week, officials say. The toll is too heavy, the suspects too many, to bother with inquiries.

BAGHDAD — Some are largely intact — the flesh torn only where the bullets entered. Others are perforated by drill holes or slashed into ragged pieces. They lie in dusty ravines and pools of sewage, deserted roads and abandoned torture chambers.

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Under normal circumstances, the bodies that appear every day in Iraq — 142 over the last five days, including more than 30 on Friday, Interior Ministry officials said — might be examined for clues by someone interested in solving the crimes. There is no shortage of potential evidence: handcuffs pulling the inert shoulders taut, blindfolds, a crowd of witnesses who saw the victim before masked assailants gunned him down in the street or stuffed him into a police car.

But in Iraq, there seems to be neither interest nor time for that. There are too many bodies and too many killers with too many ties to the nation's warring political factions.

Usually, the best anyone can do is point to a vague culprit — Shiite militias, Sunni insurgents, criminals and gunmen. The murderers are often as nameless as the victims.

A senior American official said U.S. personnel were investigating sites where corpses were recently found. U.S. officials are concerned that the killings may have been committed by Shiite-dominated government security forces in areas already secured by U.S. and Iraqi troops — inside jobs, in effect.

As part of a Baghdad offensive that started this summer, about 8,000 U.S. troops have stepped up patrols with Iraqi forces in an effort to bring order to the city's neighborhoods. But the Iraqi forces, particularly those controlled by the Interior Ministry, which include police and paramilitary units, are deeply intertwined with Shiite militias that have been linked to scores of extrajudicial killings.

The investigation has uncovered scant information, the U.S. official said. Victims are often found far from where they were kidnapped or killed, and forensic capability in Iraq is virtually nonexistent.

Iraqis have expressed skepticism about the security plan. And few seem to believe that investigations are necessary to unmask the killers. Many here seem to have a theory about who they are and why the violence increased last week. Generally, those theories support their political views.

Maj. Gen. Ali Hussein Kamal, intelligence chief of the Interior Ministry, said Sunni Arab terrorists and Baathists were to blame.

Ammar Wajeeh, a Sunni Arab political party member, blamed Shiite militias. "The militias are still terrorizing southern and northern Baghdad," he said.

Sheik Abdul Zahra Swaidi, a representative of the anti-American cleric Muqtada Sadr, blamed Americans. "The occupiers are inventing the crisis," he said. "They are behind many explosions; we have proof of that. They are doing this to stay in Iraq."

The U.S. commander in charge of day-to-day operations in Iraq, Lt. Gen. Peter W. Chiarelli, said Friday that he believed some of the body counts coming from Iraqi officials in recent days had been exaggerated. Chiarelli acknowledged an increase of violence, but said the stepped-up security effort in Baghdad had brought down the overall number of deaths in the capital.

"Some of the numbers that I've seen reported, and what happened in Baghdad yesterday … I cannot prove those numbers are correct, and again, they seem inflated, from my standpoint," Chiarelli said at a news briefing at the Pentagon.

"For some, I'm sure that there are agendas that are being worked, and I understand that," he said.

Iraq's Health Ministry, which oversees the Baghdad morgue, is largely controlled by officials loyal to Sadr, and American officials have suggested that the ministry is elevating death totals to undermine confidence in the U.S. security plan.

Iraqis also disagree with one another, and with American officials, over why the violence jumped so noticeably in recent days.

Some U.S. officials believe that Sunni Arab extremists have increased attacks to send a message to American and Iraqi troops that no matter how much security is bolstered, the insurgency will thrive.

Iraqi national security advisor Mowaffak Rubaie said the killing of leaders of the group Al Qaeda in Iraq had hurt the organization, but might also have inspired it to ratchet up operations to prove it remained powerful.

"We believe that Al Qaeda every now and then tries to create a spectacular attack with a psychological impact to prove that they're still around and able to fight," Rubaie said.

But Suha Azzawi, a member of Iraq's parliament, said she suspected the death toll was being driven up by Shiite militias killing detainees to cover their tracks. Over the last year, several secret prisons run by militias have been uncovered.

"I think the most reasonable justification is the recent security sweeps in different areas of Baghdad, like Sadr City, Adhamiya and elsewhere, forced those who are detaining abducted Iraqis to kill them to avoid being captured," she said.

Whoever is behind the deaths and whatever their motives, they clearly have had an effect on U.S. policy. In a White House news conference Friday, President Bush acknowledged that violence in Iraq had dashed his hopes of being able to reduce the number of U.S. troops there. Troop levels now stand at 147,000, up about 20,000 from early in the summer.

"The unity government's intact. It's working forward. They're making tough decisions," Bush said. But, he added, the violence had prevented Gen. George Casey, the overall U.S. commander in Iraq, from recommending troop cuts.

"Hopefully, Casey would come and say, 'You know, Mr. President, there's a chance to have fewer troops there,' " Bush said. "It looked like that might be the case until the violence started rising in Baghdad."

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Times staff writers Paul Richter in Washington and Saif Hameed and Suhail Ahmad in Baghdad contributed to this report.

U.S. Soldier Missing In Iraq After Blast (AP)

By Rebecca Santana, Associated Press Writer
AP, September 16, 2006

A U.S. soldier was missing Friday, a day after a suicide truck bombing killed two soldiers and wounded another 30 west of Baghdad, U.S. military officials said.

The soldier "has been reported as Duty Status Whereabouts Unknown," the military said, without elaborating.

Neither U.S. military officials in Iraq nor in Washington would say whether they believed the soldier had been abducted or whether he may have been killed in the attack, and his remains had not been recovered.

"I'm sorry to add that we now have a soldier that we are counting as missing," Lt. Gen. Peter Chiarelli said in a video news conference from Baghdad with reporters at the Pentagon.

The attack occurred Thursday, when a truck driven by a suicide bomber exploded near an Iraqi power substation about 12 miles west of Baghdad, in an area where the U.S. troops were.

The soldiers had been guarding the power substation, U.S. military spokesman Lt. Col. Barry Johnson said, adding that the blast occurred near concrete barriers, causing debris and shrapnel to be scattered across the area and inflicting many of the wounds.

Johnson could not comment on what type of explosives were used, whether there was more than one suicide bomber or whether the U.S. soldiers took any action against the vehicle before it exploded.

"The whole incident remains under investigation to determine how this happened and why," Johnson said.

Of those wounded in the attack Thursday, one was listed as very seriously injured and one as seriously injured, the military statement said. Eleven returned to duty, and 17 were slightly wounded, it said.

A total of five American soldiers died Thursday, making it an especially bloody day for U.S. forces. On Friday, a U.S. Marine was killed in Anbar province.

At least 2,678 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count.

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Associated Press writer Robert Burns contributed to this report from Washington.

U.S. Won't Abandon Fight In Anbar, Commander Says (NYT)

By Thom Shanker
The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — The American military in Iraq will not abandon the fight against insurgents in Sunni-dominated Anbar Province despite a shift of troops toward Baghdad for a major operation to stifle sectarian violence in the capital, the second-ranking commander in Iraq said Friday.

The commander, Lt. Gen. Peter W. Chiarelli, of the Army, describing the Baghdad security mission as "our main effort," said he had ordered reinforcements to the capital from other parts of Iraq.

"Armies that don't weight the main effort really don't ever have a main effort," General Chiarelli told Pentagon reporters via videolink from his headquarters outside Baghdad. "And that's not the case with this force."

Even so, General Chiarelli stressed that the American military has not forsaken Anbar Province, a Sunni area stretching from west of the capital to the Syrian border that has been a haven for homegrown insurgents and foreign terrorists.

"We are not looking to walk away from that province. That is just flat wrong," said General Chiarelli, who is commander of day-to-day military operations in Iraq. "We are committed to the people of Al Anbar and will remain committed to the people of Al Anbar and do everything possible to make their life better."

General Chiarelli spoke at the end of a week in which it was revealed that a classified Marine Corps intelligence report on Anbar Province said security there would continue to deteriorate absent an infusion of money and an additional division's worth of troops.

After the report's contents were disclosed, the senior Marine Corps commander in Iraq, Maj. Gen. Richard C. Zilmer, said his force levels "are about right" for a mission that he described as primarily training Iraqi troops to take over the security effort.

General Chiarelli said the intelligence report's assessments of the problems in Anbar were "right on target." But he insisted that more troops would not guarantee success.

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"I don't believe there is any military strategy alone, any kinetic operations that we can run alone, that will create the conditions for victory which we must have," General Chiarelli said. "The real heart" of the intelligence report, he added, was "that there are economic and political conditions that have to improve out at Al Anbar, as they do everywhere in Iraq, for us to be successful."

General Chiarelli also sought to erase any perception that a heightened emphasis on training Iraqi security forces to take over the mission from Americans meant that United States military forces had abandoned the goal of defeating the insurgency.

"We are fighting to win," he said. "But we understand that winning is a combination of a whole bunch of things in this insurgency we're fighting, and as I've indicated time and time again, this is different than any other fight I believe the United States of America has ever found itself in."

Iraq is not in a civil war, General Chiarelli said, but the threat has shifted from terrorist and insurgent violence to battling bombings and murders driven by sectarian tensions — although at times it is difficult to separate the motivation behind any single attack, he added.

As for whether Iraq is in a civil war, he said, "I state emphatically I do not believe it is, but I do believe sectarian violence is something we've got to get a handle on."

The general recounted conversations with local Iraqi officials across the country who told him the best route to lowering the level of violence is, "Find jobs for the angry young men."

To achieve economic progress, he said, "We need help, and we've got commitment from the Iraqi government for help. And as quick as we can get that help out there to start working those economic conditions, I think that that is, in fact, a strategy for victory."

U.S. Shifting Troops In Iraq (AP-Y)

By Robert Burns, Ap Military Writer

AP, September 16, 2006

U.S. officials say they have not written off Iraq's troubled Anbar province — the country's largest, and one of its most violent — but neither are they sending more U.S. troops there to battle the insurgents.

In fact, they have shifted some troops from Anbar to Baghdad this summer, not because security conditions are improving in the western province but because they are deteriorating even more in the capital area. The Pentagon told Congress two weeks ago that Baghdad has some of the makings of an all-out civil war.

Anbar suddenly drew attention at the highest levels of the Pentagon this week with the disclosure in news reports of a remarkably pessimistic, secret assessment by the intelligence chief for Marines operating in Anbar. The assessment by Col. Pete Devlin said, in essence, that U.S. and Iraqi forces have battled to a stalemate with the insurgents in Anbar, and that economic and political breakthroughs are urgently needed.

Speaking to reporters at the Pentagon on Friday from his headquarters in Baghdad, Lt. Gen. Peter Chiarelli, who oversees U.S. military operations throughout Iraq, said he agrees with Devlin's conclusions — but apparently not with Devlin's view that the situation cannot be rescued without an infusion of more U.S. troops.

"That's Pete's opinion," Chiarelli said when a reporter noted that Devlin called for adding thousands more troops.

When placed in the broader context of what's happening elsewhere in Iraq — namely the threat of civil war in Baghdad — U.S. commanders generally agree that Baghdad has to be a higher priority than Anbar, Chiarelli indicated. Therefore, the effort in Anbar should be seen as supporting, or secondary to, the Baghdad effort.

"That's what we're doing right now, and we're going to continue to do that until we get the conditions in Baghdad where they need to be," Chiarelli said.

The future of Anbar is in doubt, but Chiarelli strongly denied that U.S. officials consider it a lost cause.

"We are not, and I repeat we are not, looking to walk away from that province," he said.

In a telephone interview on Tuesday, the top U.S. commander in Anbar, Marine Maj. Gen. Richard Zilmer, told reporters that U.S.-led forces were "stifling" the insurgency there but are not strong enough to defeat it. He said his main mission is not to defeat the insurgency but to train Iraqi soldiers and police.

"Now, if that mission statement changes — if there is a larger role seen for coalition forces out here to win that insurgency fight — then that is going to change the metrics of what we need out here" in terms of U.S. troop levels, Zilmer said.

Asked about that comment, Chiarelli said no one should doubt that the U.S. goal in Anbar is to prevail against the insurgents.

"It is our job to win, but winning is a combination of not only what U.S. forces do on the ground, but our Iraqi counterparts," Chiarelli said, adding that the government in Baghdad needs to follow through on promises to provide more resources for Anbar

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to revive the economy and get jobs for young men who are otherwise attracted to joining the insurgents, who offer higher pay than either the Iraqi army or police.

Barham Saleh, the deputy Iraqi prime minister, said Thursday during a Pentagon visit that he met recently with the governor of Anbar and promised to release "a lot of funds" to improve security and the economy.

"It's not just a matter of security operations," Saleh said. "People need to see reconstruction and they need jobs being made and so on."

Anbar has been an uphill struggle for U.S. forces since the war began in March 2003. It is populated mainly by Sunni Arabs, whose lost their grip on power to the majority Shiites when Saddam Hussein was toppled that April. The Sunnis have been the driving force behind the insurgency, whose main strongholds have been Fallujah and, more recently, Ramadi, the provincial capital.

In a Sept. 1 report to Congress on conditions in Iraq, the Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar — more than any other province in the country and slightly more than in Baghdad.

Of the 147,000 U.S. troops in Iraq, about 30,000 are in Anbar.

General Says Suppressing Violence In Baghdad Is Top Priority In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 16, 2006

WASHINGTON - Although U.S. military forces aren't giving up on defeating the insurgency in Iraq's Anbar province, their primary effort has shifted to quelling violence in Baghdad, the No. 2 American general in Iraq said Friday.

Lt. Gen. Pete Chiarelli acknowledged that a leaked classified intelligence report recommended that another division, about 10,000 to 15,000 troops, was needed to stabilize Anbar province, but he said the main effort now was to secure Baghdad. Some U.S. forces have been moved out of Anbar and other parts of Iraq and sent to Baghdad.

"That's what we're doing right now. We're going to continue to do that till we get the conditions in Baghdad where they need to be," Chiarelli said, speaking by teleconference from Iraq to reporters at the Pentagon.

Anbar province, which stretches west of Baghdad to the borders of Syria, Jordan and Saudi Arabia, has long been a stronghold for the Sunni-led insurgency and al-Qaida fighters. The classified report, which was leaked this week, reportedly said that the political and security situation in the province had deteriorated so much that only more aid and another troop division could turn things around.

The commanding general of coalition forces in Anbar, Marine Maj. Gen. Richard Zilmer, said Tuesday that he had enough troops for his main mission, which was training and recruiting Iraqi forces, but would need more to win against the insurgency.

His comments and the classified report were among the first acknowledgements that more troops would be needed to defeat the insurgency in Anbar.

President Bush brought up Anbar on Friday in response to a reporter's question about whether Iraq was in a civil war. He said Anbar hadn't been lost, adding, "That's not what our commanders think."

"No question it's a dangerous place," the president said. "It's a place where al-Qaida is really trying to root themselves."

A U.S. Marine was killed in Anbar province Friday, and two soldiers were killed near Baghdad by a roadside bomb. Five U.S. troops were reported killed in Iraq on Thursday.

In its quarterly report to Congress earlier this month, the Pentagon said that although the struggle between Sunni and Shiite extremists seeking to control Baghdad was now the greatest threat to security in Iraq, the Sunni-led insurgency against coalition forces remained "potent and viable."

Chiarelli expressed dismay over the leak of the report, which was written by Marine Col. Pete Devlin, but he said its findings that more political and economic support were needed in the province were "right on target."

He said he didn't believe "there is any military strategy alone . . . that will create the conditions for victory which we must have."

Chiarelli said that when he asks governors and local officials what would help most to reduce the violence, "their number one answer, the thing they always tell us is, `Find jobs for the angry young men.'

"As quick as we can get that help out there to start working those economic conditions, I think that is, in fact, a strategy for victory," he said.

U.S. forces "will remain committed to the people of al Anbar and do everything possible to make their life better," he added.

Chiarelli said coalition forces had seen a 35 percent decrease in sectarian violence in the targeted Baghdad neighborhoods since security was tightened more than a month ago.

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"I've been into every one of those areas," he said. "I've talked with the people. I've seen markets open up. I've seen people on the streets at times when there used not to be anyone on the streets."

Iraq's Ministry of Health reported earlier this month that more than 1,500 bodies were delivered to the Baghdad morgue in August, compared with 1,855 bodies that were reported delivered in July, an all-time high.

Coalition officials said their new figure, which shows the 35 percent decrease, didn't include victims from car bombings, mortar attacks or other mass-casualty violence.

Chiarelli said that opinions differ over what constitutes sectarian violence.

General Says Quelling Baghdad Violence Priority (WT/AP)

The Washington Times, September 16, 2006

ASSOCIATED PRESS

U.S. troops were shifted from Iraq's Anbar province, where the insurgency is still strong, to Baghdad because quelling sectarian violence in the capital is a higher priority, a senior U.S. commander said yesterday.

"The main effort is Baghdad, and we must ensure that we weight the main effort," said Lt. Gen. Peter Chiarelli, using military terminology for drawing on available troops elsewhere in order to bolster the military effort in Baghdad.

Gen. Chiarelli, who is responsible for U.S. military operations throughout the country, said he may see Anbar through "a different lens" than even the U.S. commander in charge of the province.

In addition to extending the combat tour of the Army's 172nd Stryker Brigade and sending it from northern Iraq to Baghdad, a smaller unit was moved this summer from near Rawah, in Anbar province, to the capital. The 172nd was replaced by another Stryker brigade in the north, but the unit in Rawah was not.

Gen. Chiarelli said Gen. George Casey, the top U.S. commander in Iraq, is "totally focused on ensuring that we keep what we need in Baghdad to do the job that we need to have done." He added that he thinks that efforts to stabilize Anbar, which stretches west from Baghdad to the Syrian and Jordanian borders, are "moving in the right direction."

"The forces that were taken out of al-Anbar and moved to support the Baghdad security plan were part of the process that I talked about, of winning the main effort," he said, adding that they were moved from a location that is "nowhere near any of the locations that you would commonly look at for increased violence in al-Anbar."

In a Sept. 1 report to Congress on conditions in Iraq, the Pentagon said that from May 20, when the new Iraqi government was seated, through Aug. 6 there was an average of more than 30 attacks a day in Anbar -- more than any other province in the country and slightly more than in Baghdad.

Of the approximately 147,000 U.S. troops in Iraq, about 30,000 are in Anbar.

On Tuesday, the commander of U.S. forces in Anbar, Marine Maj. Gen. Richard Zilmer, told reporters his main mission is to train Iraqi security forces, not to defeat the insurgency. "Now, if that mission statement changes -- if there is seen a larger role for coalition forces out here to win that insurgency fight," then it might require an infusion of U.S. troops, Gen. Zilmer said.

Gen. Chiarelli, however, said no one should doubt that the goal in Anbar is to win.

"We are fighting to win, but we understand that winning is a combination of a whole bunch of things in this insurgency we are fighting," he said, mentioning a requirement for more economic and political progress. Local Iraqi leaders in Anbar tell him, Gen. Chiarelli said, that their top need is "jobs for the angry young men."

Gen. Chiarelli also said he agrees with the central conclusions of a recent intelligence assessment by the top Marine intelligence officer in Anbar, Col. Pete Devlin, who wrote that more economic and political progress must be made to break what amounts to a military stalemate with the Sunni Arab-led insurgency there.

Gen. Chiarelli called on the Iraqi national government to do more to improve economic conditions in Anbar.

"Commitments have been made out in al-Anbar; I hope that those commitments come through and come through sooner rather than later," he said. "And when they do they will go a long way to our combined goal of winning in al-Anbar."

Anbar Called Secondary To U.S. Efforts In Baghdad (WP)

By Ann Scott Tyson

The Washington Post, September 16, 2006

American troops face "significant challenges" in western Iraq's volatile Anbar region -- the deadliest province for U.S. forces -- but military efforts there are secondary to the priority of quelling sectarian unrest in Baghdad, the second-ranking U.S. commander in Iraq said yesterday.

"Al Anbar today is a supporting effort to what we're doing in Baghdad," Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, said in a videoconference with Pentagon reporters. "Baghdad is our main effort right now," he said, explaining why a battalion of U.S. troops was recently moved from Anbar to Baghdad.

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On a day of sober talk about Iraq, Chiarelli also issued a dire warning on the risks of pulling out U.S. troops and allowing the country to slide into civil war, drawing an analogy from the 1980s Iran-Iraq war to suggest the loss of life from such a conflict could be staggering.

President Bush acknowledged serious problems in both Anbar and Baghdad yesterday, revealing that U.S. and Iraqi forces are constructing an earthen berm around the capital city of 5 million people and reinforcing checkpoints to try to stop the inflow of insurgent bombs.

Bush said he had hoped U.S. commanders would be able to reduce U.S. troop levels in Iraq, currently at about 140,000, until violence surged in Baghdad in June and July.

Anbar, Bush said, is "a dangerous place . . . a place where al-Qaeda is really trying to root themselves." But he rejected any suggestion that U.S. military had failed in the Sunni Arab insurgent stronghold. "This business about . . . 'Anbar is lost' is just not the case," Bush said.

Implicit in Chiarelli's remarks on Anbar was the idea that, given limited overall troop numbers in Iraq, American commanders must make difficult trade-offs as they concentrate forces in one troubled region at a time. "There's not a commander in the world who wouldn't say he could use more forces," he said.

Anbar has emerged as Iraq's most violent province, followed by the far smaller but more densely populated province of Baghdad. More than 30 percent of all attacks in Iraq from May to early August took place in Anbar, slightly more than in Baghdad, which ranked second for daily attacks, according to a Pentagon report released this month. More than 900 U.S. troops have been killed in Anbar since the U.S.-led invasion of Iraq in 2003, compared with more than 600 in Baghdad, according to the Web site iCasualties.org.

Chiarelli said he agreed with a classified intelligence report on Anbar that surfaced in the media this week, which concluded U.S. forces had fought to a military stalemate in Anbar as political and economic conditions there deteriorated. The report, by Col. Pete Devlin, intelligence officer for the 1st Marine Expeditionary Force, is "right on target," he said.

"I don't believe there is any military strategy alone . . . that will create the conditions for victory," Chiarelli said. "We need the political support. We need economic support in al-Anbar," especially jobs for disgruntled young men, he said. The U.S. military will not abandon Anbar and is working to step up recruiting of Iraqi security forces there and improve their literacy, he said.

But asked for his reaction to the report's conclusion that another full U.S. ground division -- about 10,000 troops -- is needed to achieve success in Anbar, Chiarelli stated: "That's Pete's opinion." Troop levels in Anbar are appropriate, he said, "given conditions in Baghdad."

U.S. and Iraqi military operations reduced sectarian attacks in August in Baghdad neighborhoods, Chiarelli said, although he did not provide any statistics. Among the biggest problems, he said, are car bombs or other spectacular attacks that then prompt Shiite death squads to torture and execute Iraqis who are "picked off the streets, sometimes from lists."

Yet he warned that if a U.S. withdrawal led to civil war, the casualties would be far worse.

"If we're not successful . . . and Iraq would descend into civil war, the lens we look at and think about the casualties that could occur in that civil war may be totally different," he said, recalling his visit Thursday to an Iran-Iraq war battlefield on Iraq's southeastern border, where by official counts a million people perished in the 1980s.

One More Time, A Mission To Iraq (PHI)

By Edward Colimore

The Philadelphia Inquirer, September 16, 2006

Three years ago, they were called up to serve in Iraq, in dangerous places such as Mosul and Hilla, south of Baghdad. Many of them came under sniper fire in convoys and were attacked by mortar rounds and rockets in their camps. Some were wounded. One was killed by a car bomb.

Now, members of the Army's Norristown-based 358th Civil Affairs Brigade are among the relatively few reservists heading back for a second tour of duty. Amid increasing violence, they will help restore electricity and water supplies, and reestablish hospitals, schools and law enforcement.

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About 10 percent of reserve units across the country have been returned to Iraq, and that percentage is likely to increase if the American military presence continues, Pentagon officials said.

"My family is not happy about it, but they support me," said Maj. Christopher Lewis, 38, a 358th member and Coatesville resident who is married and has two children, 6 and 3. "I just got back, but I'm going over for another year.

"The kids don't understand; they just know I'm going away for a long time."

Under the present system, reserve units can be called back to Iraq a year after they have returned from a tour of duty, but the vast majority have not, said Pentagon spokesman and Army Reserve Maj. Nathan Banks.

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The Defense Department hopes to create a six-year cycle that would require a unit that has served overseas to rest for two years, train for two years and have two years during which it can be mobilized, Banks said.

"We're trying not to overuse the soldier and his family," said Banks, 42, a Blackwood resident who also will be heading to Iraq this fall. "We're not there yet, but that's our future plan. That way, when you join a unit, you know its status."

About 20 percent of the National Guard force across the country have volunteered to return to Iraq, said National Guard Bureau spokesman Emanuel Pacheco. Troops trained as military police or engineers have been especially in demand.

National Guard troops normally are under control of the states, but they can be federalized by the Pentagon for national military service such as duty in Iraq and Afghanistan.

The military reserves are federal troops.

Active-duty members of the Marine Corps, who are usually more involved in combat roles, have seen three or more tours of duty, according to Banks.

This week, the troops in the 358th Civil Affairs Brigade were training at Fort Dix for their return. Among them were teachers, doctors, engineers, lawyers and environmental experts who spent Tuesday morning in a classroom learning how to tow a disabled humvee out of the "kill zone" without stopping - and without holding up a convoy.

They spent the afternoon getting hands-on instruction from Sgt. Steven Pyluck, 38, of Hightstown, N.J., who demonstrated a tow with humvees in an open field. They also practiced convoy and "aggressive" driving maneuvers that could help save their lives.

On Wednesday, the troops ran convoys through mock battles in which they came under attack by Iraqi role-players. They are scheduled to leave next Saturday for Fort Bragg, N.C., where they will undergo six weeks more of training before heading to Kuwait, then on to assignments in Iraq.

Col. Chuck Steinmetz, 49, of Drexel Hill, said about 20 percent of the more than 125 members of the 358th heading to Iraq served there in 2003 and 2004. The rest are new to the unit.

"Civil Affairs is a small community of reservists," he said. "It's like being in a family; they take care of one another. Many feel a duty to go back. Morale is high."

The last time Lewis, of Coatesville, was in Iraq, he helped coordinate operations and went on about 10 convoys, never coming under fire.

Others were not so lucky. A member of the 416th Battalion of the 358th was manning a gun turret of an armored humvee when a sniper shot him in the chest. He survived because of a bulletproof vest, with only the wind knocked out of him.

Col. Chuck Hutt, 48, of Langhorne, who helped train the troops this week, wanted the other soldiers to see the result of the shooting, and displayed the vest with an AK-47 round embedded in it.

Lt. Col. Paul Dougherty, 45, a Philadelphia native living in Exton, said he and other troops came under attack from rocket and mortar fire fairly regularly when they were in Iraq the first time.

"One of my buddies and another [soldier] were killed when a car bomb slammed into his [convoy] vehicle in Mosul in 2004," he said, referring to the death of Lt. Col. Mark Phelan of Green Lane.

One way of avoiding casualties is constantly training. "There are new lessons to learn," said Lewis. "The emphasis is on force protection. They brought in a trainer who just got back from Iraq to tell us about the latest tactics of the enemy."

While ducking bullets, the unit will be trying to rebuild Iraq and bring in humanitarian relief. The 358th "identifies the critical infrastructure needs," said Dougherty, a special-education teacher who plans to marry when he returns. "It means getting things turned on, whether it's electricity, water purification or a sewage system. It may mean getting a hospital or university going."

On his second tour, Sgt. Ryan Wildermuth, 23, of Coatesville, hopes to continue rebuilding the police department and local government.

"I worked on the public safety team with [Iraqi] firefighters, police and prison guards," said Wildermuth, who wants someday to join a police force or the Secret Service. "We were training and equipping the Iraqis, and you should have seen their faces when they got new equipment, things as simple as handcuffs and nightsticks. I'm proud to be going back."

Another member of the unit, Lt. Col. Kathy Brill of Philadelphia's Overbrook Park section, is also looking forward to the rebuilding mission. She has served Bosnia and Afghanistan and "is married to the Army."

"We don't know what they need until we get there," she said. "But we're trained to do all civil-affairs missions and work with the people and communities."

Col. Kevin McAleese, the 358th's spokesman, who lives in Philadelphia's Fairmount section, said that part of the mission for him in 2004 involved working with U.S. corporations and Kuwaiti officials to provide donated items such as sneakers, school supplies, medical equipment and computers.

As the training progressed at Fort Dix this week, Col. Toby Pennels, commander of the 358th, said he had "seen things over the past five days that I didn't anticipate - new tactics and procedures.

"I'm never above learning," said Pennels, a Portland, Maine, resident who leaves a wife and children for his second tour. "Everybody has got to know everything. The key is repetition."

In the back of everyone's mind, though, was family.

"My family is concerned but supportive," said Maj. Steven Hart, 44, a Plymouth Meeting resident who is married and has a 9-year-old daughter and 7-year-old son.

"But I tell them what they do is harder than what I'm doing. I'm trained well and confident."

Second Tour of Iraq

About 10 percent of federal military reserve units across the country have been returned to Iraq.

About 20 percent of state National Guard forces across the country have volunteered to return to Iraq.

In Pennsylvania, 500 of the 15,000 members of Army National Guard and 10 of the 4,000 Air National Guard have chosen to go back.

In New Jersey, 2 percent to 5 percent of the Army National Guard's 6,000 members and about 20 percent of Air National Guard's 2,300 have volunteered to return.

Twenty percent of the more than 125 members of the 358th Civil Affairs Brigade served in Iraq three years ago and are heading back.

SOURCES: Pentagon and Pennsylvania and New Jersey National Guard

Iraqi Ambassador Accuses U.S. Of Stonewalling In Cousin's Death (FREEP/AP)

By Sarah Karush

Detroit Free Press/AP, September 16, 2006

SOUTHFIELD, Mich. (AP) -- Iraq's ambassador to Washington on Friday accused U.S. officials of stonewalling him in his efforts to find out what happened to his cousin, who was killed by the military near Haditha.

The military announced in July that it had completed an investigation of the incident and determined that a U.S. Marine acted in self-defense.

Ambassador Samir Sumaidaie said he learned of the investigation's result in March or April from Gen. George Casey, the top U.S. commander in Iraq. He said he was promised a copy of the military's report on the case, but has not received it.

Sumaidaie called the delay "unsatisfactory."

"It sounds to me very much like bureaucratic stonewalling," he told The Associated Press in an interview in suburban Detroit, where he was meeting with members of the area's large Iraqi community.

A request for comment was left with the Defense Department press office.

The cousin, a 21-year-old engineering student named Mohammed Sumaidaie, was killed during a search of his family's home near Haditha on June 25, 2005.

Ambassador Sumaidaie, who at the time was Iraq's representative to the United Nations, has said his cousin was killed after he escorted Marines to a bedroom to show them where a rifle that had no live ammunition was kept.

In July, Maj. Douglas Powell, a military spokesman, said the Marine "acted properly in self-defense in response to unexpectedly encountering a man pointing an AK-47 at him."

Sumaidaie said Friday that he found the self-defense conclusion "incredible."

Mystery Deepens In Case Of Missing Colorado Marine (NYT)

By Mindy Sink

The New York Times, September 16, 2006

BOULDER, Colo., Sept. 12 — The story was compelling. A marine home on leave from his first tour of duty in Iraq was injured in a fall while hiking down a mountain with a friend and vanished after the friend went to call for help.

As one of the largest search and rescue operations in state history was under way, speculation ran high that the marine, Lance Cpl. Lance Hering, 21, might have lost his memory or become disoriented as a result of his head injury or that a mountain lion or bear had attacked him.

On the second day of the search, investigators began to have their suspicions and have since said that it was all probably a hoax and that the marine might be on the run.

“The mystery has gotten deeper,” said Lloyd Hering, the corporal’s father.

What is known is that Corporal Hering left his parents’ house on Aug. 29 to hike with a high school buddy, Steve Powers, 20.

The search for him lasted five days, using helicopters, dogs and hundreds of volunteers, before it was called off.

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"It is certainly disappointing for that have all to have been a waste and unnecessary exercise," said Kevin Harner of the Rocky Mountain Rescue Group.

In the first days of the search, Corporal Hering's mother, Elynne, wore a T-shirt with the Marine motto "Semper Fi" as she combed the mountains. She later collapsed from dehydration and exhaustion.

Mr. Powers also joined the searchers, with many risking their lives.

Days after the search ended, Mr. Powers confessed to detectives that it had all been a set-up to help Corporal Hering avoid returning to Iraq. Mr. Powers, a student at the University of Colorado here, was charged with false reporting, a misdemeanor.

Calls to Mr. Powers's lawyer were not returned, and his father, answering a call to his house, said his son was not answering questions.

Corporal Hering's parents now say that they do not know what to believe and that they fear that their son may be a victim of foul play.

"There is no shred of evidence at all to confirm this man's new story," Mr. Hering said of Mr. Powers's confession. "It may be as completely false as the lies he told us all for 10 days."

Lloyd Hering is a Vietnam veteran, and the corporal's brother Brendan, 23, who flew in to join the search, is in the Air Force. The family has repeatedly said that Corporal Hering, who is due back at Camp Pendleton, Calif., on Monday, is a proud marine who would not flee.

"His parents have one perspective," the Boulder County sheriff's commander of detectives, Phil West, said. "A couple of people have come forward saying that Lance thought it would be cool to stage his own death and go live in a foreign country under an assumed name."

Commander West said Corporal Hering's access to $2,000 that he owed his parents and his criminal record were red flags. In 2004, Corporal Hering and Mr. Powers were caught trying to break into a store. They were given deferred sentences for the felony charges, but they have now violated their probation.

Commander West said the authorities would seek restitution for the more than $10,000 that the search cost.

Corporal Hering could face legal trouble with the Marines on charges of lying on his application — he did not mention his arrest — and desertion if he does not return to his base on time.

On Tuesday, Corporal Hering's parents returned to the rocks and rushing river of Eldorado Canyon to ask the public to help find their son.

"Our heartfelt thanks to the hundreds of volunteers," Lloyd Hering said. "We now know lots of places where Lance is not."

Iraqi President Travels To Colorado (AP)

AP, September 16, 2006

Iraqi President Jalal Talabani spent Friday in this posh mountain resort as part of an annual conference sponsored by a New York investment company, The Associated Press has learned.

Talabani's participation was confirmed by a U.S. State Department official who spoke on condition of anonymity because he was not authorized to make statements about the president's schedule. His arrival was first reported by the Aspen Daily News and KREX-TV in Grand Junction.

Talabani was expected to travel to New York this weekend and then to Washington for a private meeting with Secretary of State Condoleeza Rice next week, Assistant Secretary Kristen Silverberg said in Washington.

Talabani arrived late Thursday so he could attend the closed-door conference sponsored by Forstmann Little Co., the Daily News said. A spokeswoman at Forstmann Little said she could not comment, though the upscale resort 100 miles west of Denver often attracts political and corporate leaders for conferences.

Talabani, a Kurd who once took up arms against ousted dictator Saddam Hussein, was elected president last year. Earlier this month, Talabani said he expected fighting in Iraq to slow by the end of 2007 and that Iraqi forces will be able to handle any remaining violence.

Born in 1933 in the village of Kelkan, Talabani attended law school and in 1975 founded the Patriotic Union of Kurdistan. He led armed resistance against Saddam until 1988, when the Iraqi leader expelled Kurds from strategic areas in the north and gassed Kurdish towns near the Iranian border, killing tens of thousands of people.

After the 1991 Gulf War, Talabani and Kurdish Democratic Party leader Massoud Barzani began fighting over control of the north. A U.S.-sponsored truce was signed in 1998 and the two formed a Kurdish alliance.

Talabani's PUK also worked with the CIA in the months before the March 2003 invasion of Iraq.

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Forstmann Little and Co. is a leading investment firm in New York run by sometime Aspen-area resident Ted Forstmann, now the chief executive and chairman of IMG, a media conglomerate best known for representing star athletes and sports organizations.

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Associated Press Diplomatic Writer Barry Schweid contributed to this report from Washington.

NATO Chief: More Troops For Afghanistan (AP)

By Paul Ames

AP, September 16, 2006

NATO's top commander renewed an appeal Friday for allies to urgently provide up to 2,500 troops for the battle with Taliban insurgents in southern Afghanistan, but officials said it likely would take two weeks before governments reply.

Gen. James L. Jones told a closed meeting of ambassadors from the 26 NATO allies that Poland's welcome offer of 900 troops in February had not diminished the immediate need for more troops, planes and helicopters, according to officials at NATO headquarters.

Diplomats said they expected the call for more troops to feature at a meeting of allied foreign ministers Thursday in New York, but said decisions likely will have to wait until defense ministers gather Sept. 28-29 in Slovenia.

They said governments needed time to assess what forces they could make available, to test political support for deployment and to find funding for such a mission.

Officials spoke on condition of anonymity because the meeting was closed.

Canada announced Friday that it was sending tanks and about 200 more soldiers to Afghanistan, bringing its total commitment to 2,500 troops.

Last week, Jones said the reinforcements were needed to pursue the Taliban before the onset of winter enabled them to take refuge in the hills.

Allies have been reluctant to commit forces, as they already are stretched by other international missions and are worried about the risk of high casualties from the tough Taliban resistance.

Although key allies such as Spain, Italy and Turkey have said they would not send combat troops, NATO commanders said they were confident of eventually getting the reinforcements. The delay, however, meant they had less time to be effective before the snows set in.

NATO has about 20,000 troops in Afghanistan. Most are engaged in peacekeeping and reconstruction efforts in the north and west, but since July about 8,000 troops — mostly from Britain, Canada, the Netherlands and the United States — have pushed into the Taliban's southern heartland.

They have been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said, however, that enemy casualties run into hundreds, and Jones told the ambassadors that an ongoing campaign to push the Taliban out of two key districts west of Kandahar was going well.

NATO Secretary Jaap de Hoop Scheffer said the possibility of speeding up the Polish deployment was being negotiated. Diplomats said funding from other allies could help facilitate an earlier deployment, and perhaps encourage other financially strapped eastern European nations to participate.

Canada's Defense Department said the reinforcements it was sending include an infantry company, a squadron of about 15 Leopard tanks, some military engineers to bolster Canada's provincial reconstruction team and a special anti-mortar unit.

The Canadian infantry will help protect the provincial reconstruction team while the tanks will provide some heavy-hitting combat support.

Danish Defense Minister Soeren Gade said his country may send special forces to support a separate U.S.-led counterterrorism operation in eastern Afghanistan. Denmark already has about 300 soldiers in southern Afghanistan with the NATO force.

Norwegian Deputy Defense Minister Espen Barth Eide also said his country's government is discussing whether to send more troops. He said no troops would be sent immediately. Norway's three-party coalition government is split on the issue.

Tensions Overshadow Gains In Afghanistan (WP)

By Pamela Constable

The Washington Post, September 16, 2006

KABUL, Afghanistan, Sept. 15 -- Despite scattered gains by international troops fighting Taliban insurgents in the country's south, Afghan and foreign analysts here have voiced concern that a recent peace initiative is backfiring and that lapsed Afghan militias could be drawn into the conflict unless it is quickly quelled and replaced by aid and protection.

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NATO and U.S. military officials here said this week that an intensive two-week operation against Taliban fighters in Kandahar province had been a tactical success, killing more than 500 insurgents and forcing others to retreat. Afghan and foreign forces also retook a district in neighboring Helmand province that had been seized twice by the Taliban.

But these pockets of progress on the battlefield are part of a larger, murkier political map. As other Afghan militias begin defensively rearming, ethnic tensions have risen, raising the specter of the kind of civil conflict that devastated the country in the early 1990s.

A call for additional troops by NATO's senior commander has so far drawn only one positive response, Poland's offer of 1,000 personnel. Military officials here say pro-government forces need to win key areas soon and to begin delivering aid and security if they are to halt the slide in public support.

"We can't just keep fighting endless battles without having something to offer the next day," a senior Western military official said. "We have killed a lot of Taliban, but they are not running out of foot soldiers, and for every one we kill, we create new families that hate us."

On Sept. 5, Pakistan's president, Gen. Pervez Musharraf, announced a peace pact with domestic Taliban forces operating in the tribal areas of Pakistan along the Afghan border. The next day, he traveled here to promote the agreement and to try to ease tensions with Afghan President Hamid Karzai, saying the two leaders should work together to fight the Taliban and terrorism.

Under the peace deal, Taliban groups in Pakistan pledged not to cross the border to attack in Afghanistan. But since Sept. 5, assaults on Afghan and foreign forces near the Pakistani frontier have continued.

Musharraf, meanwhile, infuriated Afghan officials by making comments in Europe this week that equated members of the Taliban with Pashtuns, the largest Afghan ethnic group, and suggested they were more dangerous than al-Qaeda.

"Associating the Pashtuns with the Taliban is an affront to a community who is eager to establish security and sustainable stability all over Afghanistan," the Afghan Ministry of Foreign Affairs said in a statement. The ministry expressed "profound regret over Pres. Musharraf's attempt to attribute a murderous group and the enemy of peace to one of the ethnic groups living on the both sides of the Durand line."

The Durand Line, arbitrarily drawn by the British in 1893 to separate Afghanistan from what is now Pakistan, is a perennial irritant for both countries. It divides Pashtun tribal lands and is not accepted by many Afghans.

Many Afghans say they suspect that Musharraf's deal with Taliban forces in his own country is an attempt to wash his hands of a domestic problem and push it across the border into Afghanistan. At the same time, they say, he has gratuitously insulted a neighbor that had hosted him just days before.

Musharraf has stood by his pact and denied intending to give offense. He and Karzai are scheduled to meet separately with President Bush in Washington this month. The Bush administration strongly backs both rulers and is eager to patch up their tense relations. Since the overthrow of Afghanistan's Taliban rulers in late 2001, the United States has made a major investment in troops and money in an effort to bring stable and democratic rule to the region as an antidote to Islamic extremism.

Inside Afghanistan, persistent and widening attacks by anti-government insurgents have provided ethnic militia leaders in both the north and south with an excuse to regroup and potentially rearm their forces, many of which were disbanded after 2001 under an ambitious, U.N.-sponsored program.

In the Pashtun south, where Afghan army and police forces are underpaid, poorly equipped and scattered thinly across the conflict zone, the government has authorized local police forces to form auxiliary contingents, most likely drawing on idle former militiamen. In some cases, tribal leaders have threatened to form their own defense forces.

In the north and west, dominated by the Tajik and Uzbek ethnic groups, former Islamic militia figures who fought Soviet troops in the 1980s are said to virtually control daily life in many areas. Despite a new program to disarm and pacify the region, Afghan and foreign observers said some commanders appear to be gaining further strength as the Taliban threat draws closer and villagers seek powerful patrons to protect them.

"In the north, they ask how they can be expected to disarm if the south is arming itself," said one Western diplomat, speaking on condition of anonymity. Ethnic divisions are so deep in Afghanistan, the diplomat added, that if the Karzai government were to fall, civil conflict might resume almost immediately.

"Five years ago, the Taliban were very weak and the warlords had all fled the country," said Sayed Daud, director of the Afghan Media Resource Center, a nonprofit research agency. "Now the Taliban are back and the warlords are back. They have made a lot of money, they have weapons, and the government can't touch them."

The insurgency continues to spread beyond the south. In the past week, fresh attacks have taken place as far apart as Ghazni province in the east, where Taliban and NATO forces have been battling over several villages, and Farah province in the far west, where 150 Taliban fighters stormed the provincial capital and others shot and killed an Afghan U.N. employee.

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But the most urgent need, military officials and diplomats said, is to contain the southern conflict, defeat the insurgents in key districts of Kandahar and Helmand, and begin providing support to civilians there.

British and Canadian troops have fought intensely and suffered numerous casualties since NATO took over command of the southern front from the U.S.-led coalition on July 31. But military and diplomatic observers cited concern that forces from other NATO countries, operating under narrower mandates laid down by edgy governments, will not shoulder enough of the burden.

"A great deal is at stake here for NATO. It's their first operation outside Europe and an important test case," said one foreign observer. "If the fighting worsens, some members may ask whether it is worth the risk, and some may ask why they should put their soldiers in harm's way while others are sitting in easy places."

Even more is at stake for Afghans, who felt abandoned by their Western supporters after Soviet troops withdrew in 1989 and now fear the same could happen again. NATO and U.S. military officials reiterated this week that their commitment is long-term, but they also said time is running short.

"It took us four years to learn how to operate here. NATO doesn't have four years," a U.S. military official said. "It's not enough to kill Taliban. We're trying to help build a government that is weak and still fighting off the competition. That's the really hard part."

4 Taliban Militants Die In Afghanistan (AP)

AP, September 16, 2006

About 60 suspected Taliban militants attacked a police checkpoint in southern Afghanistan, starting a battle in which four militants died, police said Saturday.

The clash occurred Friday in the Khas Uruzgan district of southern Uruzgan province, said Mohammad Zahir, the district police chief.

The militants attacked a checkpoint near the district police headquarters, and NATO and Afghan soldiers came to the aid of the police, Zahir said. He said there were no casualties among the Afghan security forces or NATO.

Police recovered the bodies of the four suspected Taliban, Zahir said.

NATO has about 20,000 troops in Afghanistan. Most are engaged in peacekeeping and reconstruction efforts in the north and west, but since July about 8,000 troops — mostly from Britain, Canada, the Netherlands and the United States — have pushed into the Taliban's southern heartland.

They have been surprised by the ferocity of Taliban resistance and have sustained more than 30 deaths. NATO has said enemy casualties run into hundreds.

Afghanistan Body Count Raises Skepticism (APY)

By Matthew Pennington

AP, September 16, 2006

NATO's estimate of Taliban killed this month has created skepticism and worry in Afghanistan, with local officials saying that either the militant force has grown bigger than imagined — or too many innocent Afghans are being killed.

NATO says its forces, backed by the Afghan army, have killed more than 500 Taliban militants near Afghanistan's main southern city of Kandahar in Operation Medusa, a sweep launched Sept. 2.

The figures, if accurate, make it the deadliest battle since U.S. warplanes bombed the extremist militia, host of Osama bin Laden, out of power in late 2001.

"If they kill that many, the Taliban must have thousands of fighters on that front," said Mohammed Arbil, a former Northern Alliance commander. In the recent past, Taliban units have been described in terms of dozens or hundreds at most.

But NATO has stood by its battle assessments as solid, even conservative.

One official with the military command, called the International Security Assistance Force, said internally circulated estimates of militant dead were more than double the tally released to journalists.

"We'd rather have a lower figure that we can back up than a higher one that stretches your willingness to trust us," said the official, who spoke on condition of anonymity because of the sensitivity of the issue.

NATO says the high toll is due to its superior firepower, including fighter jets and artillery, compared to the Taliban militia's roadside bombs and assault rifles. It says it avoids civilian casualties by warning residents to evacuate.

The inability of journalists to reach the area has made it virtually impossible to check the figures.

Hundreds of families displaced from the war zone, in the Panjwayi district, are also in the dark, and don't even know if their homes are still standing.

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The onslaught has dispelled any doubts that NATO, which recently took over in southern Afghanistan, is willing to use overwhelming military force. But Afghans, while eager for the Taliban uprising to end, have mixed feelings.

In the capital Kabul, there's disbelief that so many guerrillas could be killed and citizens escape unscathed. In Kandahar city, closer to the battle, there's dismay over the intensity of the fighting, and calls for peace talks.

"Who are these Taliban? They are Afghans," said Mira Jan, a displaced 42-year-old grape farmer from Panjwayi. "NATO and the government must convene a ulema (Muslim clerics') council with tribal elders and convince the Taliban to stop fighting."

By all measures, the Taliban have stepped up their attacks this year. NATO forces that took charge of security in the south last month expected hit-and-run guerrilla tactics, but instead have often faced well-organized militant forces that stand and fight.

Nowhere has that been more apparent that in Panjwayi, a rural district of dried-mud houses scattered among orchards where hundreds of Taliban militants had massed, posing a threat to Kandahar city, the former stronghold of the hard-line Islamic regime, just 15 miles away.

NATO launched Operation Medusa to wipe out the militants.

When NATO announced by the second day of the offensive that its artillery and airstrikes had killed more than 200 militants, skeptical journalists without access to the action — following a government warning that anyone straying off the main road could be shot as suspected Taliban — pressed for details: where were the bodies and how are they counted?

"Your know what you can see through a telescope? We have those kind of capabilities all over the battle field," said NATO spokesman Maj. Scott Lundy. "We are reliant on every soldier on the battlefield to feed up the information that they have, from what they have seen through weapons' sights and with other surveillance assets. It all gets thrown into the mix."

Lundy said such estimates are "imprecise," but stressed that NATO makes every effort to make them as accurate as possible and usually goes with a conservative number. "We would be quite happy to speak about military success without going into the detail, but it's what the media want," he said.

To date, NATO has reported at least 517 militants dead compared to 20 from its force, 14 of them in an accidental plane crash.

The Taliban has denied suffering such high casualties. Neither side has offered details about how many militants have been wounded.

According to an Associated Press count based on reports from U.S., NATO and Afghan officials, 2,800 people have died so far this year in violence nationwide, including militants and civilians — about 1,300 more than the toll for all of 2005.

Andrew Krepinevich, a military analyst at the Center for Strategic and Budgetary Assessments in Washington, said that given the circumstances in which the Taliban had massed in one place, the figures given by NATO were plausible and could well be an underestimation, because of the effort the Islamic militia makes to bury their dead quickly.

He also said that given NATO's aim to create secure zones, they had little incentive to inflate the death toll.

"I have no suspicion they are trying to widely inflate the casualty numbers. They are not trying to measure success that way anyway," Krepinevich said in a telephone interview.

"They would be trying to measure success in terms of the population feeling secure, is reconstruction proceeding, is commerce growing."

Insecurity has clearly prevented any progress on those counts. And the alliance's success in battle has induced little optimism among Afghans that NATO — struggling to marshal enough forces for its mission — is close to defeating the resurgent Taliban.

"All these bombardments leave behind a bad name for the international community for killing Afghans," said Taj Mohammed Wardak, a former Afghan interior minister. "It will only create more motivation for revenge."

Top Arrests Soon To Cut Off Afghan Drugs Trade: US Official (AFP-Y)

AFP, September 16, 2006

Some of the key players behind Afghanistan's record-high opium trade are expected to be brought before court over the next year, a top US counternarcotics official said.

The arrests would be vital to a strategy to stem the increasingly sophisticated narcotics trade before links between insurgents and drug traffickers become entrenched, Thomas A. Schweich said on Friday.

"I think you are going to see some big people being prosecuted over the season ... over the next 12 months," the US deputy assistant secretary for international narcotics told reporters in Kabul.

There have been doubts about the will of the authorities to round up the kingpins of the trade, as some of them are allegedly in top positions in government.

Afghanistan's opium production soared to a record 6,100 tonnes this year, a nearly 50 percent jump on the previous year. This was despite Afghan and international efforts costing millions of dollars to cut output.

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Schweich said there had been a "very slow start" to a two-year-old strategy to fight the drugs trade, but he was confident the plan was the correct one and would pay off if implemented more aggressively.

The "carrots" of the strategy, such as development help for areas that cut production, and the "sticks" -- eradication, interdiction and prosecution -- had not been as effective as they could have been, he said.

And in the southern province of Helmand, which produces more opium than any other province in Afghanistan, top officials "practically encouraged poppy growth," he said.

But there had been small improvements: interdiction of drugs had doubled over the past year to two percent of the volume, and about four times more of the crop was eradicated, although this only came to a low 16,000 hectares (39,500 acres).

The total area under cultivation was 165,000 hectares.

"We don't need to change the fundamental strategy, I think it will work given enough time," Schweich said.

The official said the United States had "no doubts" that insurgents were getting money through the narcotics trade.

It was important that this relationship be stopped before the financial ties between them became too strong, entrenching unrest, he said.

And while heroin production was also increasing inside Afghanistan, the narco-industry was not as sophisticated as in countries like Colombia, he said.

"There is a window of opportunity here in Afghanistan to prevent that level of sophistication ... but we have to act very quickly," Schweich said.

Afghanistan's Catch-22 (WSJ)

By Dana White

The Wall Street Journal, September 16, 2006

"Hong Kong harbor? Well, that's not all that different from my view here in Kabul," quips Lt. Gen. Karl Eikenberry, the commander of U.S.-led coalition forces in Afghanistan, as we begin our telephone interview. The three-star general is chipper, given how far he is from the creature comforts of our last encounter -- a black-tie affair at Washington, D.C.'s Ritz-Carlton.

It was inside the Beltway that I noticed the general's striking resemblance -- both physically and intellectually -- to Gen. Douglas MacArthur, the military man who rebuilt Japan six decades earlier. A fluent Mandarin Chinese speaker and a Harvard and Stanford graduate, Gen. Eikenberry, like MacArthur, is a brainy soldier. And like MacArthur, he's trying to come to grips with "an unprecedented undertaking," as he puts it: the reconstruction of an entire country, from scratch.

From an armchair in Washington or Brussels or Tokyo, it's hard to grasp the magnitude of the security problems that U.S. forces, and the NATO troops operating separately from the U.S.-led coalition, are facing. Modern-day Afghanistan has rarely existed in this, its current form. It was a notional nation -- bound more by kinship and ethnic tribalism, than nationality or rule of law. After the Soviets withdrew and the country fell into civil war, the country was ripe for the Taliban to settle in, but they, too, couldn't tame the rugged Afghan outback and provincial warlords and strongmen.

"In my 33 years in the military, I have never seen tougher terrain than here," says the general, who adds that the "vast majority of the country" is now secure. "There are about five or six provinces that have significant security challenges and they are primarily in rural areas." Translation: Kabul and major cities are calm, but in the southern and eastern provinces, where the government hasn't established its authority, violence prevails.

In some regions, peace admittedly won't come easily, if at all. Take the border with Pakistan, which is roughly twice as long as California -- and twice as mountainous. Gen. Eikenberry says the area can't physically be secured, no matter how many boots are planted on the ground. True, Pakistan has committed nearly 80,000 troops to the effort, but the general -- while lauding the cooperation between the Pakistani and Afghan forces, which are old foes -- avoids questions about why Taliban insurgents are still finding safe haven in Pakistan.

Other areas, however, could be secured, and haven't been -- particularly the southern provinces. In recent months, Taliban fighters seized on the transfer of control from U.S. to NATO forces and engaged in pitched battles. NATO's top commander said last week that he needs 15% more troops to effectively roll back the Taliban threat. They may not get there before the Afghan winter sets in and the Taliban retreats into well-fortified caves.

"The insurgents are better equipped and better trained than they were a year ago," Gen. Eikenberry says. "People often fail to understand the full complexity of the violence here. There are several causes for violence in these provinces, including land disputes, tribal feuds and property titles. Taliban fighters often capitalize on these existing divisions to garner support in local communities."

Gen. Eikenberry understands the root of the problem. And it's a big one. In 2005, Afghanistan earned $2.7 billion in opium exports, or 52% of its GDP -- plenty of cash to support an insurgency. That fighting has, in turn, basically halted all of the infrastructure build-out that was meant to provide Afghan farmers and other rural residents alternatives to growing poppy.

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"In traveling around the country, the top concern of Afghans is unemployment, education and irrigation," Gen. Eikenberry confirms. But to address these issues -- and here's the catch-22 -- violence in rural Afghanistan must first be quelled. If it isn't, the infrastructure that will facilitate trade cannot be built.

It's not the military's job to tackle the drug trade head on, Gen. Eikenberry explains. He argues that it's a police matter that should be handled by Afghanistan's police force (which is not nearly as well-trained as the army). Rather, the U.S.-led coalition forces assist local law enforcement with intelligence gathering, training, medical assistance and some combat power, he explains.

But even with military assistance, Afghanistan's law enforcement is woefully ill-prepared to uproot the firmly entrenched drug enterprise. NATO Secretary-General Jaap de Hoop Scheffer reiterated last week that NATO forces wouldn't take a leading role in combating the Afghan drug trade. But calls for change are growing: This week even the United Nations called on NATO to take up the fight.

Afghans have been growing opium for centuries, and without a practical alternative, they will continue to grow the cash crop. Despite the Karzai government's effort to eradicate the plant, and $780 million in U.S. aid to promote crop replacement, old habits die hard. In many rural areas, there are no schools or hospitals, and water is scarce. The population is largely illiterate. It will be hard for Kabul's democratic methods to take root as long as the violence continues, and no roads or schools are built. "It's going to take education. And it will take a long-term international commitment. It was never going to be easy." Gen. Eikenberry says. "There are some fundamental problems that have no easy answers."

Since NATO relieved U.S. forces in southern Afghanistan in July, more than 500 suspected Taliban fighters have been killed. "The insurgents are no match for the forces here and can be managed," Gen. Eikenberry says. While the general is confident the military can suppress the insurgency, it's unclear whether the violence can stop long enough for the government to provide viable alternatives to Afghans. That's not a question for the general, but for the politicians.

Alternative Futures (WT)

By Paul Greenberg

The Washington Times, September 16, 2006

I knew Jay Rockefeller was a U.S. senator from West Virginia, but before now I had no idea what a seer the man is.

Not only can Mr. Rockefeller peer into the future and confidently tell us how it turns out, he can turn the clock back to the past, specifically March 2003, and, like a projectionist putting in an alternate reel, show us the better future that might have been. If only the United States and its allies had not invaded Iraq, Swami Rockefeller explains, the world would be a better place today -- even if Saddam Hussein were still in power.

How does he figure that? Well, Saddam "wasn't going to attack us. He would've been isolated there. He would have been in control of that country, but we wouldn't have depleted our resources." It's all right there, in the senator's crystal ball.

But two can play at this purely speculative game. Turn the clock back to 1936 and ask what would have happened if the West, instead of appeasing Adolf Hitler when he started his aggression by remilitarizing the Rhineland, had stood up to him.

Suppose an Allied expeditionary force had crossed the Rhine early on and deposed Der Fuehrer in a blitzkrieg of its own -- but then found itself bogged down in a guerrilla war, having to fend off suicide bombings, improvised explosive devices, and attacks on the freely elected government that had replaced the Brownshirts. Who knows what would have happened?

But surely this is certain: Some isolationist senator with Mr. Rockefeller's gift for second-guessing would have explained how much safer the world would have been if only we had let Hitler stay in power, obnoxious little irritant that he might be. After all, "He wasn't going to attack us. He would've been isolated there. He would have been in control of that country but we wouldn't have depleted our resources."

But as it happens, the Free World did appease Herr Hitler. Again and again, until it was almost too late. And we all know the result: the most disastrous war in the history of the world.

Back in the present, the president of the United States continues to speak out for his strategy in this war on terror, or whatever History in its wisdom/hindsight, will call it.

Was the president's address from the Oval Office this week political? He was accorded the airtime on the major networks because it wasn't supposed to be political -- and in the narrow, partisan sense, it may not have been.

But it was certainly a political speech in the broader sense, laying out the president's grand strategy in this contentious conflict. In particular, his address to the nation emphasized his faith in freedom as the best defense against a fanatical enemy, one as devoted to violence and tyranny over others as the fascist movements of the last century.

Reasonable men may agree or disagree with the president's policy, but fair-minded Americans will recognize his sincerity. For there is no reason other than honest belief for this president to pursue a course that has imperiled his popularity and divided the country.

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George W. Bush could have laid back, temporized just as his immediate predecessors did, and allowed Saddam to remain in power in Iraq and the Taliban in Afghanistan. He could have treated terrorism, even on a September 11, 2001, scale, as a matter of law enforcement rather than war. Instead, he has moved boldly against a great and growing threat.

Mr. Bush's presidency could turn out as tragically as Lyndon Johnson's or Woodrow Wilson's, other presidential idealists. Much depends on the patience and perseverance of the American people. Or he may yet prove as farsighted as Franklin Roosevelt or Ronald Reagan in understanding the threat to the Free World in their time.

But this president continues to plead his case, and his refusal to swerve from its basic justification, even in difficult times and as the leader of an increasingly divided nation, testifies to his honest convictions. One need not share those convictions to recognize that the man has some, and will fight for them.

Paul Greenberg is a nationally syndicated columnist.

Winners And Losers Five Years After 9/11 (FT)

By Jurek Martin

Financial Times, September 16, 2006

I am not sure there are many words left to say after a week like this. But perhaps it is worth thinking about the winners, big and small, of that awful day five years ago rather than dwelling on the losers, of whom there are far more.

At a personal, insignificant level, I confess 9/11 was good for me. I was in a kind of male, menopausal funk, writing too little, spinning my wheels, generally uninspired. Even the golf game was bad.

At ten that morning, as I was glued to the TV, the phone rang. It was Johannesburg, amazingly, on the line, Caroline Southey, a dear friend and former colleague then editing South Africa's best magazine. She had five hours to press time. "Give me all you can," she ordered.

I did, 4,000 words in all. I don't really know if they were good, bad or indifferent but I was back doing what I had done for 35 years, writing hard and fast to a deadline. Another old friend told me later that week: "Think how miserable you'd have been if this happened and you had nobody to write for."

The funk disappeared just like that.

Moving up the cosmic scale, my wife benefited from 9/11, though she first feared the worst. The think-tank she had co-founded, the Migration Policy Institute (MPI), had opened its doors on 3/11, with just enough backing from foundations to get going.

When the stock markets reopened and lost an immediate bundle, cutting into foundation endowments, she thought MPI would be virtually stillborn. But suddenly the world wanted to know more about immigration and national security. They rushed out a paper on the subject within two weeks – and haven't looked back since.

At the national and global level, Paul Wolfowitz also seized the moment. (I invoke his name as the symbol of the neo-conservative movement.) Then deputy secretary of defence and now head of the World Bank, he talked about toppling Saddam Hussein as early as 9/12, at Camp David, with the president.

As the world now knows to its cost, the neo-cons, using 9/11 as their pretext, hijacked American foreign policy and still have not lost full control of it. They did not even have to tell the truth to justify their goals. (Wolfowitz himself had admitted that weapons of mass destruction were little more than a convenient rationalisation.) Intelligence was manipulated to prove their point.

And when Iraq went sour, Wolfowitz had no compunction in blaming a cowardly press that didn't have the guts to go out and report the good news. I will never forgive him for that. This was the man who never set foot outside Baghdad's Green Zone without protection from battalions of American troops.

But it is all part of the piece. Mendacity and exaggeration have profited enormously from 9/11. Just this week the ABC "docu-drama" The Path to 9/11, seemed to imply that if Bill Clinton had not been dallying with an intern Osama Bin Laden would be six feet under. It was unadulterated CSI vs al-Qaeda rubbish, much more fiction than fact.

But we keep reading that more and more Americans believe, courtesy of internet babble, that the US government somehow took down the twin towers on 9/11 and that the plane hijacks never happened. Surely not even Michael Moore would concede the Bushies are good enough to pull that one off.

It is almost as if FDR's great dictum "we have nothing to fear but fear itself" has been taken to exactly the opposite extremes he intended. Fear has unleashed the xenophobia that powers anti-immigrant sentiments in America; fatuously, it gave us "freedom fries" in the US Congress.

It also made beneficiaries of non-American universities, only too happy to accommodate the foreign students who used to come here in droves but found short-sighted national security considerations putting obstacles in their way. This will hurt America over the longer term.

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Others have come out ahead of the game, too. As John Tierney wound up his New York Times column a week ago, "the terrorist threat is still small; it's the terrorism industry that got big." It is one of those comments, saying it all, which I would give my eye teeth to have written.

It is an industry that is all around us, when we board planes or watch "experts" pontificating on TV when they are not writing books without number that raise the fear factor further. Government deficits soar as the industry grabs even more of the federal and state dollar.

Fear even frames the national debate or will be seen to have done if the president and his Republican strategists succeed in turning back the tide that ought, objectively, to engulf them in the November mid-term elections.

After all, it worked in 2002 and 2004.

But mostly the biggest winners were those who found a voice, even in, or because of, their own losses. It was the widows of 9/11 who forced a secretive government to form an independent commission to investigate what happened and why. It may not have found all the answers but it surely increased national awareness – and that is a blessing in these fear-ridden times.

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Turkey's Iraq Problem (WP)

By Lenore G. Martin

The Washington Post, September 16, 2006

Although the world is paying more attention to Hezbollah and the Iraq insurgency, there's another guerrilla group that poses a severe threat to the stability of the Middle East.

The Kurdistan Workers' Party (PKK), operating from havens in northern Iraq, has been attacking Turkish security forces in southeastern Anatolia and occasionally civilians elsewhere. Turkey is determined to prevent a repetition of the 1984-99 guerrilla war with the separatist PKK, in which it suffered more than 30,000 deaths. It has mobilized a large force on its Iraqi border and is threatening to invade northern Iraq.

A Turkish invasion would create chaos in that part of Iraq and potentially destabilize the region. Secretary of State Condoleezza Rice's response -- moving to reinvigorate a tripartite commission made up of the governments of Turkey, Iraq and the United States -- is insufficient. The United States needs to take much firmer action to stop the PKK guerrilla war from undermining its Middle East policy.

In the previous guerrilla war, the PKK operated from Iran, northern Iraq and Syria. Syria also gave sanctuary to Abdullah Ocalan, the PKK leader. Saddam Hussein and then the British and the Americans, under their no-fly zone, permitted Turkey to attack the PKK in northern Iraq. After Turkish troops massed on the Syrian border, the late Syrian leader, Hafez al-Assad, expelled Ocalan, who was eventually captured and imprisoned in Turkey.

The PKK then declared a cease-fire but renounced it in 2004. During the current Iraq war, the United States has prevented Turkish forces from crossing into Iraq, contributing to Turkey's frustration and the current crisis.

If the United States does not oppose a Turkish invasion it will face a more chaotic situation in Iraq and the loss of a long-term relationship with the Iraqi Kurds, who are Washington's best hope for obtaining rights for U.S. bases in the future. If Washington opposes the invasion, it risks further estrangement from Turkey, a state positioned to play a critical strategic role in a region where Iran increasingly challenges the United States for dominance.

Turkey fears Kurdish irredentism coming from an independent Kurdistan. The Iraqi Kurds perceive a Turkish invasion as aimed at controlling oil-rich Kirkuk, thereby denying the Iraqi Kurds an economic base for their independence. Furthermore, Turkish intervention in Iraq would create a terrible precedent for Syrian and Iranian intervention in the Iraqi civil war.

What should the United States, Turkey and the Iraqi Kurds do to avert this crisis?

Difficult as it may be for the Iraqi Kurdish leaders, they must be willing to deny the PKK havens in northern Iraq and prevent PKK leadership from traveling freely throughout the country.

The Turks, for their part, must more assertively address the cultural, political and economic demands of the Kurds in southeast Anatolia, an area suffering from high unemployment and in need of economic development. To its credit, Turkey has already begun the process of increasing Kurdish cultural rights. Encouraged by its European Union accession negotiations, Turkey has passed laws giving Kurds the right to speak and publish in Kurdish and, to a more limited extent, to broadcast and teach Kurdish.

Recognizing minority rights has been a difficult accommodation for a state that is proud of the integration of its Kurds and their full participation in every aspect of society, including parliament and the cabinet. The Turkish state generally views all of its citizens simply as Turks and believes that recognition of ethnic differences would threaten the cohesion of its political life. On the other hand, by increasing Kurdish cultural rights, Turkey will give greater voice in government to its Kurds and dilute the appeal of the separatism advocated by the PKK.

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For its part, the United States needs to avert a Turkish invasion of Iraq. It must throw its full weight behind efforts to eject the PKK from northern Iraq. Furthermore the United States needs to pressure Europe more energetically to block the transfer of funds to the PKK, which it has classified as a terrorist organization. It cannot rely on a tripartite commission to stop the next guerrilla war in the Middle East.

The writer is professor of political science at Emmanuel College in Boston and an associate at the Weatherhead Center for International Affairs and the Center for Middle Eastern Studies at Harvard. She is co-editor of "The Future of Turkish Foreign Policy."

CORPORATE SCANDALS:

House Panel Pursues Key Figures At HP (LAT)

The Los Angeles Times, September 16, 2006

The firm's chairwoman and lawyer are asked to testify in the spying flap. A shareholder files suit.

A congressional panel wants to question key figures in the scandal surrounding Hewlett-Packard Co.'s investigation of media leaks, and a shareholder lawsuit was filed in state court accusing the company's top brass of breaching their duties.

The House Energy and Commerce Committee sent letters Friday requesting that HP Chairwoman Patricia C. Dunn and General Counsel Ann O. Baskins appear at a Sept. 28 hearing of its oversight and investigations subcommittee.

HP spokesman Mike Moeller declined to say whether either would testify.

"HP is fully cooperating with all ongoing investigations and inquiries, including the one being conducted by the House subcommittee," he said.

Silicon Valley attorney Larry Sonsini, who served as an outside legal advisor to HP during its investigation, was also asked to appear, as was Ronald DeLia, who runs a Boston-area private investigation firm that was hired by HP to conduct the probe.

Calls to Sonsini and DeLia were not immediately returned.

The congressional panel has been conducting an inquiry into "pretexting," the practice of impersonating people to access their personal information.

Dunn has acknowledged that she authorized the probe, in which private investigators hired by HP used Social Security numbers and other personal information to pose as company directors, employees and journalists to gain access to logs of their home and cellular phone calls.

The probe resulted in the resignation of two HP directors and the demotion of a third. George A. Keyworth II quit the board after acknowledging he was a source of the leaks. Thomas Perkins stormed out of a May 18 board meeting in protest of the investigators' tactics. Dunn will step down as chairwoman in January and be replaced by HP Chief Executive Mark Hurd.

As HP's staff attorney, Baskins allegedly oversaw the leak investigation and declared it to be legal.

HP insiders and contractors are likely to invoke their 5th Amendment right against self-incrimination rather than testify before Congress and possibly expose themselves to criminal charges, one legal expert said.

"Though the appearance will be gruesome … to do otherwise might not be prudent," said Ed Harmon, a partner with Thorp Reed & Armstrong in Pittsburgh.

The lawsuit was filed Thursday in Santa Clara County Superior Court by Juliet Worsham on behalf of all HP shareholders. It alleges "substantial expense and damage" to the company from the investigators' use of pretexting and seeks to have Dunn, Baskins, Hurd, DeLia and several members of the HP board found to have breached their fiduciary duties and abused their power.

It asks for the defendants to reimburse Hewlett-Packard for any financial damage suffered by shareholders as a result of the pretexting scandal and to "reform and improve its corporate governance and internal control procedures."

HP spokesman Moeller declined to comment on the suit.

California Atty. Gen. Bill Lockyer has said HP insiders and the outside investigators are likely to face criminal charges tied to the pretexting scandal. The FBI and the U.S. attorney for the Northern District of California are also investigating, as are the Securities and Exchange Commission and the Federal Communications Commission.

Also Friday, Carly Fiorina, ousted as HP's CEO last year, steered clear of the scandal during a speaking engagement at Babson College in Wellesley, Mass. An audience member asked her how she would handle the controversy if she were Dunn, but Fiorina declined to answer.

HP's stock, which has been all but immune to the boardroom scandal, fell 7 cents to $36.18.

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The Associated Press and Bloomberg News were used in compiling this report.

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A Clubby World Turns Aggressive And Combative (WP)

By Brooke A. Masters

The Washington Post, September 16, 2006

The once-clubby atmosphere of the public company boardroom has undergone a makeover during the past several years, as board members become more willing to flex their muscle and aggressively press management for changes.

Since early 2005, directors of some of corporate America's biggest names have pushed out their chief executives. At American International Group Inc. and Bristol-Myers Squibb Co., the board members acted in response to concerns raised by prosecutors. The head of Pfizer Inc. lost his job amid criticism over his $83 million retirement package as the company's share price slumped and the rollout of new drugs lagged.

The unfolding scandal at Hewlett-Packard Co. -- where the company's chairman, who was concerned about leaks, ordered an investigation of directors' phone records that may have been conducted illegally -- offers an extreme example of the new tensions inside some boardrooms.

Legal analysts, governance experts and directors agree that the nature of boardroom politics has changed in the years since Enron Corp. and WorldCom Inc. collapsed and directors of both companies were held personally liable for investor losses. New stock exchange listing standards that require a majority of directors to be independent of company management, the 2002 Sarbanes-Oxley law that lays more responsibility on boards and pressure from shareholder activists have combined to change how directors view their jobs.

"It's been a dramatic change in the last five years. It's the era of the empowered independent director," said Richard H. Koppes, former general counsel of Calpers, the California state employees pension plan, who now sits on the boards of two public companies.

Governance experts were quick to note that the situation at Hewlett-Packard is unusual and that its woes seem to stem from a board that was feuding and dysfunctional. They also noted that while the board voted to remove Patricia C. Dunn as chairman, they allowed her to stay in place until January and keep her seat as a director. But the governance experts said the mess should serve as a cautionary tale for newly assertive directors on how not to handle disagreements.

Independent directors now hold 81 percent of board slots at companies on the Standard & Poor's 500-stock index, up from 77 percent in 2001, said Julie H. Daum, who heads the board services practice at the search firm Spencer Stuart.

Many of the new outsiders are former regulators and retired executives who have been welcomed by longtime directors and management for their expertise. But board deliberations at some public companies have been complicated by pressure from large activist shareholders -- such as hedge funds and private equity funds -- to add directors who have a specific mandate to push for change.

General Motors Corp., for example, recently added Jerry York to its board under pressure from investor Kirk Kerkorian, who has acquired a nearly 10 percent stake in the automaker. Similarly, Acxiom Corp., an Arkansas data integration firm, headed off a proxy fight with the investment firm ValueAct Capital Partners in August by adding ValueAct managing partner Jeffrey W. Ubben to its board.

In 2001, Ubben's firm took a large stake in Martha Stewart Living Omnimedia Inc., and he joined its board. When the firm's founder and namesake ran into legal trouble, Ubben assumed the chairman's role and helped the company survive Stewart's conviction and imprisonment.

"They're bringing the boardroom back to where it was originally in the 1920s when large shareholders were managing the company," said Charles M. Elson, director of the University of Delaware's Center for Corporate Governance. Management-appointed boards are a more recent phenomenon that sprang up when companies grew too large for single individuals to hold a significant stake, he said.

But the result has been a bit of a culture shock for directors and management accustomed to a less contentious era.

"Compared to a generation ago, boards take longer to reach common agreement because people are more outspoken," said Phil R. Lochner Jr., a former Securities and Exchange commissioner who sits on the board of five public companies. "Older directors often still view things from a management point of view or are more supportive of management. Younger directors who supported Sarbanes-Oxley tend to be more outspoken and more willing to challenge things."

A few boardroom struggles have turned into all-out war. Take, for example, Atmel Corp., a Silicon Valley chipmaker where the five independent directors banded together to fire chief executive George Perlegos, his brother and two other top executives. Perlegos responded by filing a lawsuit arguing that his termination was unlawful because he had already called a shareholder meeting to remove the directors. The lawsuit is pending.

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"Anybody who believes that CEOs are protected by clubby boards hasn't looked around lately," said William J. Holstein, editor in chief of Directorship magazine. "People are beginning to worry whether boards are being too aggressive in pushing out CEOs rather than giving them time to work out a strategy."

Even companies with famously accommodating boards, such as Home Depot Inc., are starting to feel the heat. The home improvement chain recently yielded to shareholder pressure and changed the way directors are elected to require candidates to get a majority of votes cast rather than a simple plurality.

The nature of the boardroom -- confidential and consensus-oriented -- has put some limits on what would-be activists can do, the governance experts said. Though an individual director may want to challenge management, he or she has only one vote and must win the respect and support of the rest of the board to have much impact.

"It's something that has to be done over a period of time. If [a new director] comes in and says, 'I'm new to the board and I think we should break up the company tomorrow,' that's not going to be terribly well received by people who have worked at this for a long time," said Theodore L. Dysart, who heads board practice for the consulting firm Heidrick & Struggles.

Directors also have to keep in mind that they are charged with representing all shareholders, not just a particular group that put them on the board, governance experts said. And just about everyone agreed that leaks -- particularly of market-moving information -- are an absolute no-no.

"If you disapprove of the action that's being taken, then there's not a whole lot you can do except resign," said Charles H. King, head of global board services for Korn/Ferry International.

In Grasso Case, Justice Ramos Rules On Himself (WSJ)

By Aaron Lucchetti And Paul Davies

The Wall Street Journal, September 16, 2006

His Own Fairness Questioned, He Declines to Step Aside; Interest in Particle Physics

The legal battle over the paycheck of the New York Stock Exchange's former boss -- was he overpaid, or not? -- took an unusual twist this past week: The judge had to make a ruling on his own conduct.

On Thursday, Justice Charles Ramos declined to remove himself from the case, despite an argument by lawyers for Dick Grasso, the NYSE's former chief, that the judge couldn't be fair. One reason: Twice in recent years, Justice Ramos applied for a job on the NYSE's board, which decides what to pay executives at the stock exchange.

Mr. Grasso was paid more than $100 million in 2003, his last year on the job, He's being sued by New York state's attorney general on the grounds that he didn't deserve that much money at the exchange, now owned by the publicly traded NYSE Group Inc.

It's not the first time that the 64-year-old Justice Ramos, of the state Supreme Court (a trial-level court in New York), has played a big role in a controversial case. In 2002, he took the surprising step of trying to cut the $625 million in fees claimed by lawyers involved in a tobacco-related lawsuit, calling the size of the sum "offensive." (He was overruled, and the lawyers did get their fees.) He is also presiding in the high-profile case involving American International Group Inc.'s former chief executive, Maurice R. Greenberg.

In 1990 he was the judge in an unusual court battle over whether the movie "Tie Me Up! Tie Me Down!" deserved an X rating. At that time, Judge Ramos criticized the movie-rating system as a "form of censorship," but he upheld the X rating. And in 1988, he presided at the wedding of Robin Givens to boxer Mike Tyson, the heavyweight champ at the time. (They got divorced the next year.)

After 16 years as a private attorney, Mr. Ramos was appointed to the New York City bench in 1983 and elected in 1985, according to a résumé filed in Mr. Grasso's legal papers. Since 1993, he has served in New York State's commercial division, where he has become known for moving complex cases through the system involving Wall Street, the insurance industry and the entertainment business. According to the résumé Mr. Ramos submitted when applying for the NYSE's board, he enjoys driving race cars and reading and writing about particle physics.

Justice Ramos declined to comment.

Robert E. Rodes Jr., a professor at Notre Dame Law School, said applying for a job and getting turned down "isn't an obvious basis" for a problem.

According to attorneys who have tried cases in his courtroom, he has a reputation for volatility and wit. At times, for instance he compliments lawyers for making persuasive arguments -- moments before denying the motion.

Other times, he's less patient. During settlement discussions in a case last year between the NYSE and some disgruntled investors in the Big Board, he scolded one attorney in chambers for interrupting him. According to two people present at the time, he walked around from behind his desk, and jabbed his finger at the attorney's face, saying that if it happened again, the judge would throw him out of the courtroom.

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In another instance, in open court he yelled at an attorney who suggested trying to view an issue in a case in layman's terms. "We have to look at it like lawyers. I am not looking at it like a bricklayer," Justice Ramos shot back.

In the Grasso case, Justice Ramos has ruled against the former NYSE chief in several key pretrial motions: He has denied Mr. Grasso's motion to dismiss parts of the case, and has thrown out Mr. Grasso's lawsuit against former Big Board director H. Carl McCall.

Last month, the judge also ruled that he -- as opposed to a jury -- would decide the crucial question of whether Mr. Grasso's pay was "reasonable" under New York state law governing the pay for executives at not-for-profits. (Until going public earlier this year, the NYSE was technically a not-for-profit, member-owned organization.) New York's attorney general Eliot Spitzer sued Mr. Grasso in May 2004 alleging his pay package was excessive.

Mr. Grasso has fought the case and said he was awarded the money by a board that knew what it was doing.

In his decision Thursday to stay in the case, Justice Ramos said he had "formed no premature opinion" and had no reason to pull away.

A lawyer for Mr. Grasso, Gerson Zweifach of Williams & Connolly LLP, said he was considering a possible appeal.

In his efforts to find a new judge, Mr. Grasso cited two letters, sent by a job recruiter on Judge Ramos's behalf, to the NYSE in October 2002 and October 2003. In the letters, the recruiter, George V. McGough, recommends Justice Ramos for one of the NYSE's directors' spots. Those jobs now pay $75,000 annually.

The judge, whose current salary is $136,700, was considering retirement at the time, but decided to stay on the bench. He didn't get the job either time.

Mr. Grasso's lawyers have known about the letters for more than a year, according to court papers. They didn't make an issue of it until August, when it became clear Justice Ramos planned to rule on part of the case himself, instead of leaving it to a jury.

They also argue that comments made by Justice Ramos last spring also signaled that he might be biased against the former NYSE chief.

According to the motion to remove Justice Ramos, the judge said in a meeting with attorneys that Mr. Grasso received "terrible advice" about his pay. He added that, even though Mr. Grasso may have done nothing wrong, "the number" of his compensation could be a problem, according to the motion.

Justice Ramos didn't address these comments in his Thursday decision to stay on the case. Mr. Spitzer's lawyer on the case, Avi Schick, calls the comments "unremarkable" statements by a judge who was speaking in the context of a possible settlement.

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A Former Peregrine Exec Pleads Not Guilty (SDUT)

By Bruce V. Bigelow, Staff Writer

The San Diego Union-Tribune, September 16, 2006

Extradition to U.S. created stir in Britain

The former European vice president for Peregrine Systems pleaded not guilty to federal fraud and conspiracy charges in San Diego yesterday after he was extradited amid a political rumpus in the United Kingdom.

Jeremy Reeve Crook, 53, became a cause celebre in London this summer because of growing popular opposition to changes in British extradition law that Parliament enacted in 2003.

The changes, which were prompted by the Sept. 11 terrorist attacks, allow U.S. authorities to extradite British citizens and other residents without first establishing a preliminary case against them in British court.

The changes made the extradition process lopsided because British authorities “basically just turn over” anyone wanted by the U.S. Justice Department, said Douglas McNabb, a lawyer in Washington, D.C.

In contrast, British authorities seeking to extradite individuals under current U.S. extradition law have to make a case showing “probable cause” in federal court, McNabb said.

Before the end of the year, the U.S. Senate is expected to vote on changes to relax the current U.S. requirements for extradition, McNabb said. But even if those revisions are approved, McNabb said, the extradition process still will be stiffer in the United States than in the United Kingdom.

Crook became the subject of a U.S. extradition request after he was indicted in October 2004 with 10 others for their alleged roles in the massive accounting fraud at Peregrine Systems, the San Diego software developer now operated by Hewlett-Packard Co.

Prosecutors asked Crook to return voluntarily to the United States to respond to the charges. He declined, and U.S. authorities subsequently sought an extradition order.

Meanwhile, Crook's lawyers in London fueled public indignation over Britain's new extradition law and voiced their doubts about the evidence that U.S. authorities had assembled against their client.

Despite the flap, British authorities ordered Crook's extradition in August.

He appeared in San Diego yesterday morning before U.S. Magistrate Judge Ruben B. Brooks, who ordered Crook to post a cash bond of $250,000 and prohibited his travel beyond the Southern District of California.

The judge also ordered Crook to be monitored by a global positioning satellite system and prohibited any unsupervised contacts with any current or former Peregrine employees, auditors or business associates.

The indictment alleges that from March 1999 through 2002, Crook and others at Peregrine intentionally disseminated false financial reports to investors. Prosecutors contend that the alleged conspirators intended to deceive the public and investment community about Peregrine's true financial performance and condition so they could reap windfall gains from their own shares.

Nine defendants, including Crook, are scheduled for trial April 3, 2007. Eight other defendants have pleaded guilty to felony charges arising out of the conspiracy.

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Ex-Enron Official Gets 4 Years Probation, $10,000 Fine For Lying To Credit-rating Agencies (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, September 16, 2006

(AP) - HOUSTON-A former assistant treasurer at the disgraced Enron Corp. was sentenced Friday to four years probation and a $10,000 (â,¬7,889) fine for lying to credit-rating agencies to make the financial picture at the one-time energy giant appear healthier than it was.

Timothy DeSpain, 41, pleaded guilty nearly two years ago to a single charge of conspiracy to commit securities fraud. At the same time, he agreed to cooperate with federal authorities investigating the company, which toppled into bankruptcy in December 2001, evaporating more than $60 billion (currently â,¬47.3 billion) in market value, almost $2.1 billion (â,¬1.6 billion) in pension plans and, initially, 5,600 jobs.

U.S. District Judge Ewing Werlein, who could have imposed up to a five-year prison term and $250,000 (â,¬197,239) fine under federal sentencing guidelines, said he was impressed by DeSpain's level of cooperation with federal prosecutors looking into the Enron debacle and with letters of support from relatives and friends.

"I'd like to apologize," DeSpain said in a brief statement to the judge. "I'd like to go back and change everything if I could."

CRIMINAL LAW:

Ney To Enter Guilty Plea To Conspiracy (WT)

By Joyce Howard Price

The Washington Times, September 16, 2006

Rep. Bob Ney, Ohio Republican, has agreed to plead guilty to conspiracy to defraud the public, becoming the first member of Congress to admit peddling influence for convicted lobbyist Jack Abramoff.

Ney, who had repeatedly denied any wrongdoing, admitted illegally receiving expensive trips, sports tickets and casino chips from Abramoff and an unidentified foreign businessman in exchange for trying to win favorable legislative results, according to court papers filed yesterday.

"I have made serious mistakes and am sorry for them. I am very sorry for the pain I have caused my family, my constituents in Ohio, and my colleagues," said Ney, 52, a six-term congressman.

He also said he was seeking treatment for alcohol dependency, but that he is not "making any excuses."

Assistant U.S. Attorney General Alice S. Fisher said as part of the plea agreement prosecutors will recommend a 27-month sentence for crimes that could bring Ney 10 years in prison and a $500,000 fine.

Democrats immediately jumped on the election-year conviction and linked the Republican candidate vying to fill Ney's seat to the disgraced congressman.

The Ohio Democratic Party complained that State Sen. Joy Padgett, who won a special Republican primary Thursday, has "extensive ties to" Ney and has been unwilling "to return Ney's past campaign contributions." She will face Democrat Zack Space in the fall.

House Minority Leader Nancy Pelosi said it "confirms what we have long said: The Republican culture of corruption has pervaded Congress."

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The California Democrat also said House Republicans "have failed to pass a single substantive reform."

Kevin Madden, spokesman for House Majority Leader John A. Boehner, Ohio Republican, said Mrs. Pelosi "is delusional to think that her party has even a shred of credibility on the issue of reform."

"Capitol Hill Democrats have either resisted or tried to obstruct every substantive effort of reform in this Congress," Mr. Madden said.

He also noted the top Democrat on the ethics panel, Rep. Alan B. Mollohan of West Virginia, had to resign because of ethics questions. Mr. Mollohan is under investigation for reputed misstatements on his financial disclosure forms.

Ney is pleading guilty to one count of conspiracy to commit honest services fraud, violating the one-year lobbying ban on congressional officials and making material false statements, and to one count of making false statements. He will remain free until an Oct. 13 hearing when he officially enters his guilty plea.

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said.

Separately, Ney twice flew to London during 2003 to meet with a foreign businessman who was not identified by name in court papers.

The foreign businessman is Fouad al-Zayat, a Syrian-born partner in FN Aviation of Cyprus, two people close to the investigation told the Associated Press. These people spoke on the condition of anonymity because of the sensitivity of the plea agreement. Mr. al-Zayat is known in Britain as a prominent gambler nicknamed "the Fat Man."

The February 2003 meeting with FN Aviation was arranged to discuss U.S. sanctions against the sale of aviation parts to Iran, but those involved did not discuss specific sales or proposals, according to one of the people familiar with the case.

The Justice Department said Ney on those trips accepted thousands of dollars' worth of free casino chips from the foreign businessman and parlayed them into $50,000 in total gambling winnings playing card games.

Mr. al-Zayat could not be reached immediately for comment by the Associated Press.

The Justice Department said the foreign businessman and his partner sought Ney's help in obtaining a travel visa and selling U.S.-made airplanes and parts to a foreign country, and that the businessman's company paid for Ney's trip to London in February 2003.

FN Aviation's former U.S. lobbyists, Roy Coffee and David DiStefano -- a former Ney aide, have said they worked with Ney to seek a special government permit to let FN Aviation sell plane parts to Iran despite U.S. trade sanctions. The permit never was awarded.

Ney's named co-conspirators in the court papers include Abramoff, who pleaded guilty in January to mail fraud, former Capitol Hill public relations specialist Michael Scanlon, former lobbyist Tony Rudy, and Ney's former chief of staff, Neil Volz.

Volz left Ney's office in 2002 to join Abramoff's powerful lobbying firm. The charge that Ney violated a one-year ban on lobbying by officials who leave Congress relates to Volz's failure to wait a year before going to work for Abramoff.

In May, Volz pleaded guilty to being part of a conspiracy to provide Ney with the trip to Scotland and other pricey gifts from Abramoff.

Scanlon pleaded guilty in November to conspiring to bribe public officials in connection with lobbying work on behalf of Indian tribes and casino issues. Rudy pleaded guilty in March to conspiring with Abramoff.

Democrats earlier this year focused heavily on Republican ethical problems, especially lambasting former Rep. Tom DeLay, Texas Republican.

Mr. DeLay resigned his majority leader post and then his House seat after being indicted by a Texas prosecutor and seeing some of his aides convicted in the Abramoff scandal.

Prosecutors are looking at whether Mr. DeLay filed false public reports to disguise the source and size of political donations, travel and other gifts he received from special interests, including some with ties to Abramoff.

In a separate Justice Department corruption probe, Rep. William J. Jefferson, a Louisiana Democrat, is being investigated on suspicion he accepted bribes. According to a search warrant affidavit, the FBI videotaped the congressman accepting $100,000 from an informant wearing a concealed microphone.

Lawmaker Pleads Guilty To Corruption (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 16, 2006

Ohio Republican Ney admits accepting illegal gifts from lobbyist Jack Abramoff.

WASHINGTON — In court documents, he was known only as "Representative 1," an anonymous member of the House who always seemed to have his hand out when super-lobbyist Jack Abramoff came calling for favors for his clients.

On Friday, the lawmaker, Ohio Republican Bob Ney, officially emerged from the shadows and acknowledged his guilt.

Ending months of denials that he had betrayed the public trust, the politician once known as "the Mayor of Capitol Hill" agreed to plead guilty to federal corruption charges.

Ney, 52, admitted in a plea agreement with federal prosecutors filed in federal court in Washington that he had accepted tens of thousands of dollars in illegal favors from Abramoff and from a Syrian businessman nicknamed "the Fat Man."

The lawmaker said he had agreed to use his clout on behalf of Abramoff clients in return for gifts and other largesse that included nights of casino gambling in London and a lavish golf junket to Scotland. In a statement, he said that alcohol abuse had contributed to a downward spiral in his life, and that he had checked himself into a rehabilitation facility for treatment.

Prosecutors said they would recommend a sentence for Ney of 27 months in prison, although his crimes carry a maximum penalty of up to 10 years. He is expected to formally enter his plea at a hearing in federal district court in Washington on Oct. 13.

The six-term Republican is the first lawmaker to admit to criminal actions as part of the lengthy Justice Department probe of Abramoff, once one of Washington's most influential lobbyists.

The plea agreement also marked the latest fallout from an ongoing Justice Department crackdown on corruption in the capital that has focused attention on members of both parties, including Rep. William J. Jefferson (D-La.), who is being investigated for bribery. That probe, which does not involve Abramoff, gained nationwide notoriety after Jefferson was allegedly caught with cash from an FBI sting in his freezer.

The Abramoff investigation, which mostly involves Republicans, has led to the conviction of several former congressional aides who were in the lobbyist's inner circle. It also was a key factor in the political downfall of former House Majority Leader Tom DeLay (R-Texas), who once worked closely with Abramoff and who resigned his congressional seat in June.

Abramoff, who pleaded guilty to federal corruption charges in January, is continuing to cooperate with authorities. He and his clients lavished tens of thousands of dollars in campaign contributions on scores of lawmakers.

But aside from the political scandal created by the case, it remained uncertain whether other elected officials would join Ney in facing legal problems from it.

Although Ney has long been viewed as likely to face charges, evidence of possible wrongdoing by some of his colleagues has not seemed as strong. Moreover, his own plea agreement with authorities does not require him to point fingers and cooperate in the investigation.

Democrats seized on Ney's plea agreement to buttress their argument that the Republicans who control Congress have shown themselves unfit to lead.

Ney's guilty plea "confirms what we have long said: The Republican culture of corruption has pervaded" Capitol Hill, said House Minority Leader Nancy Pelosi (D-San Francisco).

Republicans said Ney should be held accountable, but that his misdeeds were an isolated matter that should not be used to taint his GOP colleagues.

"Clearly, Bob made mistakes, and he is now feeling the full weight of those mistakes," said House Majority Leader John A. Boehner (R-Ohio).

Ney, in a statement issued through his lawyers, expressed remorse.

"I have made serious mistakes and am sorry for them," he said. "I know that this plea agreement will probably forever change the way people view my public service. I regret this very much."

He said he has gone through a great deal of soul searching recently, and has "come to recognize that a dependence on alcohol has been a problem for me. I am not making any excuses, and I take full responsibility for my actions."

Before becoming ensnared in scandal, Ney headed the House Administration Committee, the post that earned him his nickname. Although the panel rarely makes news, it controls House office budgets — making it vitally important to other lawmakers.

Nudged by GOP leaders, Ney resigned the chairmanship this year. And he announced last month that he would not seek reelection in November.

Ney agreed to plead guilty to two charges, including conspiring with Abramoff and others to commit "honest services fraud," a form of corruption that is considered less serious than bribery. He also admitted that he made false statements in reporting gifts he received.

Prosecutors said that Ney accepted trips to play golf, gamble or vacation in Scotland, New Orleans and upstate New York in 2002 and 2003. Ney also admitted accepting meals and drinks at an Abramoff restaurant, tickets to rock concerts and sporting events, and tens of thousands in campaign contributions from the lobbyist and his clients.

In return, Ney supported legislation that would have allowed a Texas Indian tribe to operate a casino and helped another Abramoff client win a lucrative contract to install wireless telephone service in the House. He also entered remarks in the Congressional Record supporting an attempt by Abramoff to acquire a Florida cruise line.

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Ney also admitted that he had accepted thousands of dollars worth of gambling chips during trips to London in 2003 from a firm that was hoping to win an export license to sell U.S.-made airplanes to Iran. He allegedly parlayed the money into $50,000 playing cards; on the trip home, he gave a staff member $5,000 before passing through U.S. Customs to conceal the amount.

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Lobby Scandal Topples U.S. Rep (MH)

By Jay Weaver

The Miami Herald, September 16, 2006

U.S. Rep. Bob Ney agreed to plead guilty Friday to charges that he accepted hundreds of thousands of dollars in trips, cash and campaign donations for political favors, making the once obscure Ohio Republican the first lawmaker to fall in the probe of a once-powerful lobbyist.

Ney, 52, admitted his involvement in the influence-peddling enterprise run by convicted Washington lobbyist Jack Abramoff, who brought the scandal to South Florida with the fraudulent purchase of a local fleet of gambling ships.

Abramoff, in his plea deal with prosecutors, detailed Ney's role in helping him and his clients in exchange for everything from a golf trip in Scotland to meals in the GOP lobbyist's Washington restaurant.

With November's congressional midterm elections looming, Friday's announcement of Ney's plea agreement reignited Democratic accusations of a Republican "culture of corruption" on Capitol Hill.

Ney had strongly denied wrongdoing even as the investigation closed in around him over the last year.

Now the 12-year veteran of Congress is set to plead guilty on Oct. 13 to charges he conspired to commit fraud and violate federal lobbying laws and that he made false statements. Under federal sentencing guidelines, he faces at least 27 months in prison.

In a statement, Ney apologized -- but said "a dependence on alcohol has been a problem for me." Then he added: ``I am not making any excuses, and I take full responsibility for my actions."

Justice Department officials condemned his misconduct.

"He illegally deceived the public and the House of Representatives about his actions," Alice Fisher, an assistant attorney general heading the Justice Department's Criminal Division, said in Washington. ``In doing so, the congressman was acting in his own best interests, and not in the best interests of his constituents."

ASSISTANCE IN MIAMI

Fisher said Justice's public corruption prosecutors received "substantial assistance" from the Miami offices of U.S. Attorney R. Alexander Acosta and the FBI.

Indeed, Ney's downfall began in South Florida, where he had used his congressional influence to sway the sale of SunCruz Casinos to Abramoff and his New York partner Adam Kidan.

The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure the lobbyist to turn on other colleagues, congressional aides and politicians early this year.

The charges against Ney are based primarily on his behind-the-scenes work for Abramoff's Indian tribal clients and for a foreign businessman who gave him tens of thousands of dollars in casino chips and cash. But the charges also include the lawmaker's unusual tactics to help the lobbyist purchase the Dania Beach-based SunCruz gambling fleet.

During negotiations in the SunCruz deal, Abramoff asked his lobbying partner, Michael Scanlon, to do him a favor. That's when Ney entered the picture.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have Ney disparage SunCruz owner Konstantinos "Gus" Boulis in the Congressional Record. Scanlon drafted a statement that Ney put into the record in March 2000, calling Boulis "a bad apple" to handicap the seller.

After the deal was completed that September, Ney praised Kidan in the Congressional Record as a businessman with a ``renowned reputation for honesty and integrity."

Law enforcement officials said that just weeks after the controversial SunCruz sale, Abramoff and Kidan took $10,000 from their gambling business and donated the money to the National Republican Congressional Committee on Ney's behalf.

That SunCruz was the actual contributor was first reported by The Miami Herald in late November 2005.

Although Ney did not receive the $10,000 directly, U.S. officials said SunCruz's donation in his name to the GOP campaign committee was improper. The then-unknown Ohio congressman stood to gain stature with the Republican leadership.

Volz, who has already pleaded guilty in the Washington investigation, admitted to participating in the Congressional Record activities. Scanlon, who has also pleaded guilty, was the former communications director for former House Republican leader Tom DeLay of Texas. At the time Scanlon sought Ney's help in early 2000, Scanlon had already left DeLay's office. Scanlon and Volz were close friends on Capitol Hill.

CORRESPONDENCE

After the SunCruz sale in fall 2000, Abramoff and Scanlon exchanged e-mails about the company's $10,000 contribution to the GOP's campaign committee on Ney's behalf, according to law enforcement officials.

Scanlon, who did public relations work for SunCruz, also corresponded with Ney's staff about the Nov. 1, 2000 political contribution.

As lobbying partners, Scanlon and Abramoff would go on to rake in as much as $80 million from their work with Indian tribal clients that owned casinos (none from Florida). Those fees drew the scrutiny of the House Ethics Committee, Senate Indian Affairs Committee and the Justice Department.

As for the former SunCruz owner, Boulis, he was gunned down in Fort Lauderdale in February 2001. Three men -- including one who was a former FBI informant with ties to the Mafia -- have been charged in his slaying.

A year ago, a South Florida federal grand jury indicted Abramoff and Kidan on charges of defrauding lenders of $60 million in the SunCruz sale. Both men pleaded guilty and were sentenced to nearly six years in prison.

Both remain out on bond, while they cooperate with federal authorities.

Several Miami prosecutors have been involved in the SunCruz and Washington investigations: Lawrence LaVecchio, Paul Schwartz, Jeff Sloman, Paul Pelletier and Edward Nucci -- along with FBI agent Susan Sprengel.

Who's The Next Target In The Abramoff Probe? (TIME)

By Adam Zagorin

Time, September 16, 2006

Former Ohio Congressman Bob Ney has admitted his role in Washington's influence-peddling scandal, but prosecutors still have other politicians in their sights

After months of defiant protestations of innocence about his role in the Jack Abramoff influence-peddling scandal, Rep. Bob Ney, R-Ohio, has pleaded guilty to making false statements, to conspiracy to commit fraud and violating post-employment restrictions for former congressional aides. But the probe into the lobbying scandal is far from wrapped up.

A source close to the investigation told TIME that scores of US prosecutors and FBI agents continue to examine the activities of other sitting members of Congress and prominent individuals who could face prosecution, though not necessarily before the November 7 election. The source confirmed previous public reports that particular scrutiny is being paid to Sen. Conrad Burns, a Montana Republican who faces a tough campaign for reelection.

"A lot of the conduct to which Ney has pleaded guilty is similar to the alleged conduct of Senator Conrad Burns and his staff," points out Melanie Sloan, Executive Director of Citizens for Responsibility and Ethics in Washington (CREW), a non-profit watch dog group. "Abramoff has said that Burns and his staff used Signatures (Abramoff's restaurant) like their cafeteria. And Burns took a number of legislative actions on Abramoff's behalf, even as members of his staff went on trip to the 2001 Super Bowl on private jet and visited Sun Cruise gambling ships, which were partly owned by Abramoff." Abramoff himself said in an interview earlier this year that, "Every appropriation we wanted (from Burns's committee) we got. Our staffs were as close as they could be. They practically used Signatures as their cafeteria. I mean, it's a little difficult for him to run from that record."

But Erik Iverson, a senior advisor to Sen. Burns campaign in Montana told TIME: "There is no federal investigation. Certainly no one has ever told us there is, or contacted us. And there is absolutely no similarity between what's happening to Mr. Ney and Mr. Burns. That is all just politics." As a matter of policy, the Justice Dept. does not comment on possible targets of its investigations.

Ney, 52, is the first member of Congress to admit wrongdoing in the federal probe. Prosecutors are likely to insist that he spend as much as 27 months in prison, although a judge could impose up to 10 years, though that stiff a sentence is considered unlikely. His plea agreement lacks language that would require him to testify or to cooperate in other federal prosecutions — in contrast to earlier plea agreements of Ney's longtime chief of staff, Neil Volz, as well as Abramoff himself. The absence of such language suggests that Ney was able to provide little information beyond the scope of his own activity.

By the same token, some observers had predicted prosecutors would insist that Ney plead guilty to bribery, which carries a possible 15 year sentence, in part because Abramoff and another defendant admitted bribing a public official who has been identified as Ney. Right up until his guilty plea, Ney had always denied wrongdoing, even after his former chief of staff pleaded guilty in May. That aide, Neil Volz, confessed to conspiring to corrupt the congressman and others. After leaving the congressional payroll Volz went into business with Abramoff.

Court papers detail Ney's acknowledgment of exchanging official acts for benefits, including an August 2002 golf trip to Scotland, paid for by Abramoff and his clients. The junket, which included a White House procurement official as well as Ney's then chief of staff, cost in excess of $160,000, according to the papers.

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Ney also asked for and received trips to Lake George, N.Y. and New Orleans as well food and drink costing thousands of dollars at Abramoff's swanky Washington restaurant, not to mention concert and sports tickets and thousands of dollars more in campaign contributions, the government said.

In return, Ney achnowleded in the plea, he took actions to benefit Abramoff clients. The Congressman also also admitted receiving gambling chips worth thousands of dollars from a foreign businessman.

"Congressman Ney and his co-conspirators engaged in a long-term pattern of defrauding the public of his unbiased, honest services as an elected official," Alice Fisher, assistant attorney general, said in a statement. "Congressman Ney admits that he corruptly solicited and accepted a stream of benefits, valued at tens of thousands of dollars, in exchange for agreement to perform, and performing, a series of official acts. He also admitted deceiving the public and the U.S. House of Representatives about his actions."

Ney occupied a special role as chairman of the committee with jurisdiction over internal workings of the 435-member House of Representatives. But GOP Speaker Dennis Hastert demanded that Ney surrender his chairmanship earlier this year, and Ney then withdrew his candidacy for reelection in his Ohio district. This week, the Congressman's office indicated he had entered residential treatment for alcohol dependence. In a statement, he said, "I have made serious mistakes and am sorry for them. I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues."

FBI Assistant Director Chip Burrus, head of the Criminal Investigative Division put the Ney plea deal in context, stressing that it is just part of a much wider federal crackdown on corruption. "The FBI is deeply committed to tackling corruption anywhere we find it—this is our promise to the American people, and corruption is the FBIs top criminal priority," he said. "We have more than 600 agents and dozens of analysts working more than 2200 investigations in all 56 field offices right now. Nationwide indictments are up 40 percent. In the past year alone, we have had over 950 arrests, 700 convictions, over 300 million dollars in restitution and over 15 million dollars in fines. The FBI participates in over 30 public corruption task forces and over 100 public corruption working groups." With that kind of tough talk, no one on Capitol Hill remotely linked to Abramoff will be breathing easy for quite some time.

Rep. Bob Ney Agrees To Plead Guilty (AP-Y)

By Ted Bridis

AP, September 16, 2006

Ohio Rep. Bob Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company run by a gambler known as "the Fat Man."

Ney, a six-term Republican, had defiantly denied any wrongdoing for months, but he reversed course and agreed to plead guilty in court papers filed Friday. Prosecutors will recommend he serve 27 months in prison. Ney was expected to formally plead guilty in court Oct. 13.

"I have made serious mistakes and am sorry for them," Ney, 52, said in a statement. "I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues." His lawyer said he had begun treatment for alcohol dependency.

Ney became the first lawmaker to admit wrongdoing in the election-year congressional corruption probe spawned by disgraced lobbyist Jack Abramoff. Ney said he was hopeful "that someday the good I have tried to do will be measured alongside the mistakes I have made."

Ney agreed to plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. The charges could carry a prison sentence of up to 10 years and fines of up to $500,000 plus repayment of any improper gifts.

The chairman of Ohio's Republican Party, Bob Bennett, said Ney's apology "rings hollow," and he urged the lawmaker to resign "and begin paying the price for his arrogance and greed."

Ney's attorney, William Lawler, said the congressman, who announced last month he wouldn't seek re-election, has no plans to resign.

"He's taking it one step at a time," Lawler said. "Today was a step, the treatment is a step."

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said. Ney also admitted accepting meals and sports and concert tickets for himself and his staff from Abramoff and his lobbyists.

Separately, Ney twice flew to London during 2003 to meet with a foreign businessman who was not identified by name in court papers. The foreign businessman is Fouad al-Zayat, a Syrian-born partner in FN Aviation of Cyprus, according to two

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people close to the investigation. These people spoke on condition of anonymity because of the sensitivity of the plea agreement. Al-Zayat is known in Britain as a prominent gambler nicknamed "The Fat Man."

Ney's congressional travel records indicate he and an aide met with al-Zayat's business partner in FN Aviation, Nigel Winfield.

The February 2003 meeting with FN Aviation was arranged to discuss U.S. sanctions against the sale of aviation parts to Iran, but those involved did not discuss specific sales or proposals, according to one of the people familiar with the case.

The Justice Department said Ney on those trips accepted thousands of dollars worth of free casino chips from the foreign businessman and parlayed them into $50,000 in total gambling winnings playing card games. On one occasion, Ney gave $5,000 to a staff member to carry through U.S. Customs so that Ney could report receiving a lesser amount, prosecutors said.

FN Aviation paid the $5,414 cost of the four-day February trip by Ney and an aide, according to Ney's congressional travel records.

Al-Zayat could not be reached immediately for comment by The Associated Press.

The Justice Department said the foreign businessman and his partner sought Ney's help obtaining a travel visa and selling U.S.-made airplanes and parts to a foreign country, and that the businessman's company paid for Ney's trip to London in February 2003.

FN Aviation's former U.S. lobbyists, Roy Coffee and David DiStefano — a former Ney aide — have said they worked with Ney to seek a special government permit to let FN Aviation sell plane parts to Iran despite U.S. trade sanctions. The permit never was awarded.

DiStefano was Ney's chief of staff before becoming a lobbyist and coordinated Ney's first congressional campaign in 1994.

"People must have faith and confidence in their elected officials," said Alice Fisher, who runs the criminal division of the Justice Department. She said Ney had "acted in his own interests, not in the interests of his constituents."

House Majority Leader John Boehner, also from Ohio, described Ney as a skilled lawmaker and good friend. "Clearly Bob made mistakes, and he is now feeling the full weight of those mistakes," Boehner said. "His actions violated the law, and he must be held accountable."

Ney did not participate in any of the 10 roll call votes in the House on Thursday, an indication he was away from the Capitol.

Republican voters in Ney's district selected a replacement candidate Thursday as word of legal developments surfaced. State Sen. Joy Padgett, backed by party leaders, won easily and will face Democrat Zack Space in the fall.

Ney had a unique power perch in the House when the year dawned, as chairman of the committee with jurisdiction over the internal workings of the 435-member chamber. Speaker Dennis Hastert pressured Ney into surrendering his chairmanship earlier this year as concern rippled through the GOP ranks about the Abramoff scandal.

Still, as recently as early summer, Ney said he intended to seek re-election in the sprawling, rural district in eastern Ohio he has represented since 1994. He changed his mind at the prodding of party leaders who feared the loss of his seat in November if he remained on the ballot.

At Abramoff's request, prosecutors said, Ney proposed four amendments in early 2002 that would have helped Abramoff and his lobbying clients. These included proposals to allow commercial gambling by two Indian tribes, help a Russian drink manufacturer and compel the U.S. government to give property to a religious school founded by Abramoff.

None of the amendments succeeded.

Ney had sought to add them to the "Help America Vote Act," a law aimed at election reform.

Rep. Ney Admits Selling Influence (WP)

By James V. Grimaldi And Susan Schmidt

The Washington Post, September 16, 2006

Rep. Robert W. Ney (R-Ohio) agreed yesterday to plead guilty to corruption charges after admitting to performing a variety of official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel, sports tickets and thousands of dollars in gambling chips. He is the first elected official to face prison time in the ongoing influence-peddling investigation of former GOP lobbying powerhouse Jack Abramoff.

After fiercely proclaiming his innocence for more than a year, Ney signed a two-count plea agreement Wednesday that the Justice Department filed in federal court yesterday. The charges of conspiracy and making a false statement could carry a prison sentence of up to 10 years, but prosecutors plan to seek a term of 27 months. He faces up to $500,000 in fines.

The six-term Republican said in a statement yesterday that he was seeking treatment for alcoholism and was sorry for "serious mistakes" that have brought pain to his family and constituents. He is scheduled to appear in U.S. District Court in Washington on Oct. 13 to formally enter his plea.

Coming just seven weeks before the midterm congressional elections, Ney's admission of guilt was cited yesterday by Democrats as evidence that Congress is beset by a "ring of corruption." But Republicans were quick to note that a Democrat, Rep. William J. Jefferson of Louisiana, is the focus of a separate federal bribery investigation.

At a news conference announcing the acceptance of the plea agreement and the filing of the charging document in court, the chief of the Justice Department's criminal division, Alice S. Fisher, said Ney had breached the public trust. "Congressman Ney and his co-conspirators engaged in a long-term pattern to deprive the public of his honest, unbiased services as an elected official," Fisher said.

Court papers made no mention of any agreement on Ney's part to provide evidence against anyone else in the ongoing probe, unlike in other plea agreements that prosecutors have reached with Abramoff and his former associates. Ney is the eighth person to be indicted or to admit wrongdoing in connection with the Abramoff investigation, under which lobbyists, government officials and other lawmakers continue to be scrutinized.

Ney, once one of the most powerful members of the House, admitted to offering legislation at the behest of Abramoff and his team of lobbyists, which included former Ney chief of staff Neil G. Volz. In exchange, Ney accepted a stream of things of value, such as luxury vacations to Scotland, Lake George, N.Y, and New Orleans; tens of thousands of dollars in campaign contributions; restaurant meals; and tickets to sporting events, including the use of exclusive stadium suites. Prosecutors valued the trips alone at more than $170,000.

In 2002, Ney sought to insert four amendments into an election-reform bill to benefit Abramoff's clients. He further admitted to helping another Abramoff client win a multimillion-dollar contract to provide wireless communication service to the U.S. Capitol, and to inserting comments into the Congressional Record to help Abramoff purchase a casino cruise line in Florida.

Ney, 52, under legal and political pressure for months because of his connections to Abramoff, announced this summer that he would not seek reelection. Ney has not been seen publicly in the House since he cast a vote Tuesday night, and he missed more than a dozen votes on Wednesday and Thursday. His phones went unanswered in his Washington office. His Chillicothe, Ohio, office released the congressman's statement.

"I have made serious mistakes and am sorry for them," Ney said in the statement. "I am very sorry for the pain I have caused to my family, my constituents in Ohio and my colleagues." He said he recently recognized that "a dependence on alcohol has been a problem for me."

"I am not making any excuses, and I take full responsibility for my actions. Over the years, I have worked to help others, but now I am the one that needs help," Ney's statement said.

As chairman of the House Administration Committee, Ney was known as the mayor of Capitol Hill. The committee oversees the Capitol Police and the administrative functions of Congress.

Ney has been under mounting pressure in the investigation, first with Abramoff's guilty plea and agreement to cooperate in the investigation early this year, and then with the guilty plea in May of his former aide Volz, who admitted to conspiring to corruptly influence the congressman and others. Ney admitted to encouraging Volz to violate the one-year ban on lobbying by staffers who leave Congress.

Ney had resigned his committee post earlier this year. William E. Lawler, an attorney for Ney, declined to say yesterday whether the congressman would now resign his seat. "He is taking things one step at a time," Lawler said.

Lawler said Ney is receiving treatment for "alcohol-dependence issues" but declined to say whether he has entered a rehabilitation facility. Lawler said treatment was the deciding factor in setting the date for next month's court appearance.

Others familiar with the case said that Ney's representatives tried to put off the announcement of the plea deal until then.

Ney will be eligible for a government pension because Congress has not acted on legislation that would ban pensions for convicted lawmakers.

Ney and his attorneys have professed his innocence for more than a year, even as the congressman's legal position deteriorated. Ney himself acknowledged the difficulty in facing down the "tremendous pressure from the government" when his close friend and former aide Volz agreed to testify against him. Tony C. Rudy and Michael Scanlon, onetime lobbyists and aides to former House majority leader Tom DeLay (R-Tex.), are also cooperating witnesses, as is former Abramoff casino business partner Adam Kidan.

Court papers make reference to other lobbyists and staffers with ties to Ney, including one called "Staffer C" in court papers. Public records and sources identify him as William Heaton, who, when he replaced Volz in 2001 at the age of 23, was the youngest chief of staff on Capitol Hill.

Ney admitted, in addition to the Abramoff ties, accepting free airfare, luxury accommodations and thousands of dollars' worth of gambling chips in 2003 from a foreign businessman, who was not identified in the court papers but has previously been identified by Ney attorney Mark H. Tuohey as Fouad al-Zayat, a high-rolling denizen of London's gambling clubs nicknamed "The Fat Man."

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Zayat, who has been described in British media as a Syrian-born arms middleman, was seeking Ney's help in getting a visa and an exemption to a U.S. law that bars the sale of airplane parts to another country. The exemption was meant for Zayat's company, FN Aviation, a Cyprus-based aircraft-leasing firm.

Zayat and a partner, Tuohey said in an interview last year, were "offering to play a role or be intermediaries" with Iraq and Iran in the run-up to the war in Iraq. In day-long meetings in London, said Tuohey, Ney talked to the men about "potential transactions that could favorably affect our relations with those countries."

Ney admitted in court documents that he failed to disclose on forms filed with Congress the full amount of his winnings at a London casino -- reporting that he had won $34,000 on a game of chance instead of $50,000.

Ney also failed to disclose other winnings -- $5,000 worth of pound notes that he had handed to a staff member to avoid carrying them through U.S. customs himself.

In the court documents, Ney admitted later contacting the State Department on Zayat's behalf.

In March 2002, Ney -- at the urging of Volz, Abramoff, Rudy and Scanlon -- agreed to sponsor legislation that would reopen a shuttered casino for a Texas Indian tribe that the lobbyists represented. The Tigua tribe's casino had been shut down at the urging of state officials. Abramoff had secretly agitated for the closing, then signed the tribe up as a client, promising he could help get the casino reopened.

After Ney agreed to sponsor the legislation, Scanlon e-mailed Abramoff in one of the more memorable exchanges to become public in the lobbying scandal: "Just met with Ney!!! We're f'ing gold!!!! He's going to do Tigua."

Six days later, Abramoff directed tribal officials to make three contributions totaling $32,000 to Ney's campaign and political action committees.

Ney, at the urging of Volz and the other lobbyists, also pushed through a 2002 license for an Israeli telecommunications company to install cellphone antennas for the House. The company, Foxcom Wireless, now known as MobileAccess and based in Vienna, Va., later paid Abramoff $280,000 for lobbying, according to disclosure forms.

The Washington Post reported in 2004 that the wireless firm had donated $50,000 to the Capital Athletic Foundation, a charity that Abramoff sometimes used to secretly pay for lobbying activities. In the summer of 2002, Abramoff had the foundation pay for a golfing trip to Scotland for Ney and others.

"The whole thing was just nauseating," said John Spindler, vice president of LGC Wireless, the company that lost the House contract to Abramoff's client. "You know these kind of things are going on, but when you get embroiled in it, you go, my God, how could this go on?"

Lawmaker Admits He Took Illegal Gifts (NYT)

By Philip Shenon

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — Representative Bob Ney of Ohio admitted Friday that he had effectively put his office up for sale to corrupt Washington lobbyists and a foreign businessman in exchange for illegal gifts that included lavish overseas trips, the use of skyboxes at sports arenas in the Washington area and thousands of dollars worth of gambling chips from London casinos.

In a plea agreement announced by the Justice Department, Mr. Ney, a six-term Republican who once seemed poised to rise far in the House leadership, admitted to a wide-ranging criminal conspiracy and to making false statements about the gifts.

With the agreement, Mr. Ney became the first member of Congress to acknowledge criminal acts in the investigation of the former superlobbyist Jack Abramoff, an inquiry that threatens to ensnare other Republican lawmakers and dim the party's hopes in the November elections.

Although Mr. Ney could face up to 10 years in prison, federal prosecutors said they would recommend a 27-month sentence for the lawmaker, who announced last month that he was abandoning his campaign for another term. He could also face up to $500,000 in fines.

Mr. Abramoff, once a leading fund-raiser for the Republican Party, pleaded guilty in January to conspiring to corrupt public officials, including Mr. Ney.

In a statement released by his lawyers, Mr. Ney, 52, suggested that his criminal acts were related to alcoholism.

"I have come to recognize that a dependence on alcohol has been a problem for me," said Mr. Ney, who friends say entered an in-patient alcohol-treatment facility this week. "I am not making any excuses, and I take full responsibility for my actions."

He said the plea agreement "will enable me to accept responsibility for what I have done, to start repairing the damage I have caused and to start healing my family."

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After several months with little public activity in the two-year-old investigation into Mr. Abramoff's lobbying operation, Mr. Ney's plea agreement offered new ammunition to Democratic political strategists hoping to end Republican control of the House and Senate this fall.

The House Democratic leader, Representative Nancy Pelosi of California, said Mr. Ney's plea agreement was proof of "what we have long said: the Republican culture of corruption has pervaded Congress." Speaker J. Dennis Hastert, Republican of Illinois, said, "The illegal behavior that Congressman Bob Ney has admitted doing was unacceptable."

In the plea agreement, Mr. Ney admitted that he had "corruptly solicited and accepted a stream of things of value" from Mr. Abramoff and his lobbying partners. Those partners included Neil G. Volz, Mr. Ney's former chief of staff, who pleaded guilty to similar conspiracy charges in May.

The list of illegal gifts accepted by Mr. Ney from Mr. Abramoff's lobbying operation was long: an all-expense-paid golfing trip to Scotland in 2002; a gambling vacation in New Orleans in 2003; meals and drinks at restaurants in and around Washington, mostly at one owned by Mr. Abramoff on Pennsylvania Avenue; and large campaign contributions "from Abramoff's clients for whom Ney had agreed to perform official acts."

The official acts, the Justice Department said, included Mr. Ney's efforts to insert language in House bills to aid Mr. Abramoff and his clients, as well as to place statements in the Congressional Record on their behalf.

The plea agreement suggests that Mr. Ney may have done his most important favor to Mr. Abramoff in 2001 and 2002 when he helped direct a multimillion-dollar Congressional contract to one of Mr. Abramoff's lobbying clients, a technology company that was contracted to install the infrastructure for wireless telephone service in the House.

In 2002, Mr. Ney admitted, he introduced an amendment in the House to allow a "foreign-beverage-distiller client of Abramoff's lobbying firm" to label its alcohol as "made in Russia" when in fact it was to be distilled in a former Soviet Republic outside of Russia.

Mr. Ney also admitted accepting thousands of dollars in gambling chips from a foreign businessman who was not named in the court papers but had previously been identified by government officials as Fouad al-Zayat, the Syrian-born owner of an aviation company in Cyprus that sought Mr. Ney's help in Washington.

In its court papers, the Justice Department said Mr. Ney traveled twice to London — in February and August 2003 — to meet with the businessman, who wanted Mr. Ney's help in easing an American embargo that barred the sale of airplanes and aviation parts "in a foreign country," previously identified as Iran; he also wanted Mr. Ney's help in obtaining an American visa.

During both trips, prosecutors said, Mr. Ney received thousands of dollars worth of chips from London casinos that the lawmaker then parlayed, through his gambling, into an estimated $50,000 — most of it, $47,000, on the August trip.

On returning home in August, the plea agreement said, Mr. Ney gave about $5,000 to a staff member to carry so the lawmaker "could carry and report a lower dollar amount to Customs Services officials upon re-entry into the United States." On his customs form, Mr. Ney reported that he was bringing only $32,000 into the country. The court papers did not explain the $10,000 discrepancy.

Representative No. 1: Guilty (WP)

The Washington Post, September 16, 2006

Meanwhile, Congress doesn't even fiddle with lobbying reform.

HOW SORDID does it have to get before Congress does something to tighten the rules governing lobbyists and lawmakers, all-expenses-paid trips, and lavish dinners? Former representative Robert W. Ney (R-Ohio), once a leader in the Republican hierarchy, pleaded guilty yesterday to selling his office in exchange for golf trips and gambling junkets, marking another milestone in a year of congressional disgrace. Yet lawmakers are poised to go home and explain to voters how they failed to act despite vows earlier in the year to fix the badly broken system.

On Thursday, the House of Representatives passed a fig leaf of a change in earmarking rules that will simply require lawmakers, in some cases, to attach their names to special-interest projects that they sponsor. We'll offer a more detailed analysis of this faux reform another time, but the most disturbing point is this: Apparently, that's it for lobbying reform this session. There will be no action to limit the free trips that lawmakers and staff members can take, beef up the broken system of ethics enforcement, slow the revolving door between public service and K Street riches, or improve disclosure of lobbying activities.

It was striking, then, that yesterday, the day after the House's non-action action, the court documents were replete with disgusting details about the rapaciously unethical behavior of Mr. Ney and his staff -- scooping up thousands of dollars in free gambling chips from a Syrian-born arms merchant nicknamed "The Fat Man," who was seeking the congressman's help to sell airplanes and obtain a visa; Mr. Ney

having a staffer carry back $5,000 worth of British pounds from a London gambling junket to hide his winnings from U.S. Customs officials; Mr. Ney taking thousands of dollars in free meals and skybox tickets from lobbyist Jack Abramoff.

In return, Mr. Ney inserted amendments into legislation to help the clients of those who helped the congressman. In his role as chairman of the House Administration Committee, he issued a multimillion-dollar wireless telephone contract to one of Mr. Abramoff's clients. He lobbied executive branch officials at the behest of Mr. Abramoff and his other benefactors.

The tightest lobbying rules in the world can't halt a lawmaker bent on corruption. Mr. Ney lied on his financial disclosure forms, his travel forms and his customs reports. He knowingly helped his former chief of staff violate the one-year prohibition against lobbying former colleagues -- not only encouraging the former staff member, Neil G. Volz, to violate the lobbying ban but also helping Mr. Volz set up a client list even before he left Mr. Ney's staff.

Still, a combination of tighter rules, increased disclosure and more-effective enforcement could help deter and detect criminality on the grand scale practiced by Mr. Ney. It could lessen the small-bore, run-of-the-mill corruption that has become a seamy fact of life in the halls of the Capitol. But that won't happen. At least not from this Congress.

In Case Against Politician, A Tale Of Friendship, Ambition And Betrayal (NYT)

By Christopher Drew

The New York Times, September 16, 2006

LOUISVILLE, Ky. — In July 2005, Vernon L. Jackson returned home to Louisville from Washington, where he had just met with Representative William J. Jefferson, the Louisiana Democrat who had been helping promote his fledgling digital-technology company. David Harper, a lawyer for the company, said he had never seen Mr. Jackson so demoralized.

For nearly five years, the inventor and the congressman had carried the message that Mr. Jackson's company, iGate, could help close the "digital divide" by delivering high-speed Internet access to poor blacks around the world.

They had flown to Africa to seek business opportunities, and they had talked up iGate to potential partners at the Kentucky Derby and the United States Open tennis tournament in New York.

But now, with iGate starved for cash, Mr. Jackson was convinced that Mr. Jefferson, his "friend on the Hill," was about to betray him, Mr. Harper recalled.

Over breakfast at the Grand Hyatt Hotel, the congressman had made a proposal that, in Mr. Jackson's view, was tantamount to theft: in return for a quick infusion of cash, Mr. Harper said, Mr. Jefferson and his investors would take control of iGate and its promising broadband patents while easing Mr. Jackson aside and cutting off most of the company's creditors.

Unbeknownst to the two men, the Federal Bureau of Investigation had been monitoring their dealings. Less than three weeks later, agents raided Mr. Jefferson's homes, in Washington and in New Orleans, and found stacks of cash stuffed in a freezer.

Mr. Jackson, 54, has pleaded guilty to paying more than $400,000 in bribes for Mr. Jefferson's help; on Sept. 8, he was sentenced to seven years in prison. An F.B.I. search of the congressman's office last May set off a showdown between Congress and the Justice Department. Mr. Jefferson has denied any wrongdoing and remains under investigation.

In recent months, the outlines of the case have emerged in court filings and news reports. But an examination of court records and dozens of internal iGate documents, as well as interviews with a number of Mr. Jackson's associates, offers a far clearer picture of the relationship between the two men, and of how Mr. Jefferson went from helping a small company to trying to take it over for his family's benefit.

Mr. Jefferson, 59, grew up poor on a cotton farm yet became one of the most prominent black members of Congress, with a seat on the powerful Ways and Means Committee. He developed a reputation for nurturing black entrepreneurs, like Mr. Jackson, and working to expand trade with Africa.

Jobs for Family Members

Soon after meeting Mr. Jackson in late 2000, Mr. Jefferson prodded the Pentagon to test one of iGate's products, documents show. He recruited investors and did favors for iGate's leading supplier. He also lobbied political leaders in Nigeria, Ghana and Cameroon to include iGate in telecommunications projects, while repeatedly urging the Export-Import Bank of the United States to finance the deals.

And each time the company seemed poised to take off, records show, Mr. Jefferson sought a greater share of the potential profits for his family.

His wife, Andrea, had a marketing contract with iGate; their eldest daughter did legal work for iGate and one of its investors; and Mrs. Jefferson's brother-in-law was iGate's chief engineer. Even before the congressman brought up the takeover proposal, he had arranged for a consulting firm owned by his wife and five daughters to receive nearly 31 million shares of iGate stock, roughly a quarter of the company, at no cost, documents show.

The F.B.I. has said that Mr. Jefferson also sought a substantial share of profits made by iGate's partners in a Nigerian venture, and that a complaint from one of those investors prompted the investigation.

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"Greed is one thing," said William A. Warner, a former I.B.M. executive who had a contract to market iGate's products. "But this guy took it to another level."

Mr. Jefferson's lawyer, Robert P. Trout, said that given the investigation, the congressman and his family would not discuss their dealings with iGate. Mr. Jefferson, who is seeking a ninth term in office, said earlier this year that his family's dealings with Mr. Jackson were legitimate, and that when "all is said and done, you will see that there is an honorable explanation for everything."

But in his guilty plea, Mr. Jackson asserted that iGate's payments to the family's consulting firm amounted to bribes for Mr. Jefferson's help. He also said he believed that if he had stopped paying, Mr. Jefferson would have quit helping him.

Mr. Jackson, a boisterous man as big as a football lineman, has been cooperating with federal authorities. In a recent interview, he declined to talk about details of the case. But he said that while he had lost an earlier company to chicanery by business associates, "I didn't think it was going to happen to me in dealing with someone in government."

Several of Mr. Jackson's associates described him as an innovative engineer, if a bit naïve about business.

As a minority student with top science scores, he was recruited in high school by Bell Labs, which paid for him to get an associate's degree in electronics. After rising over 20 years to senior engineer, Mr. Jackson said he retired and started a company to develop videoconferencing from desktop computers.

The collapse of that business led him to start iGate in 1998, with a focus on delivering high-speed Internet access over the old copper phone wires. Mr. Jackson said he thought military bases, corporate campuses, hospitals and schools would be able to use iGate's relay boxes to send graphics and streaming video to outlying buildings without expensive fiber-optic lines. He also hoped to interest the phone companies.

Vying for an Army Contract

Mr. Jackson and Mr. Jefferson were introduced in late 2000 by a Washington consultant, Jack W. White, who had been hired to sell iGate's technology to the Army. Mr. Jefferson soon called an Army official to his office to press for a test of the device, which supported iGate's claims about data-transfer speeds.

In early 2001, the congressman told Mr. Jackson that he could not provide any more help, according to court documents filed in connection with the F.B.I.'s search of the congressman's office and Mr. Jackson's guilty plea. Instead, he recommended hiring the ANJ Group, a consulting firm just incorporated under the names of his wife and his daughters.

The women were hardly marketing professionals: Mrs. Jefferson was vice chancellor of the New Orleans campus of Southern University, and while the Jeffersons' oldest daughter was a lawyer, the others were still in school. Even so, iGate's agreement with ANJ provided for payments of $7,500 a month, plus 5 percent of any money it raised from investors and 5 percent of sales over $5 million it made for iGate. Mr. Jackson also gave ANJ 100,000 shares of stock and options for a million more.

Former iGate officials said Mrs. Jefferson made at least two marketing contacts in Louisiana, with a telephone company and a university, though nothing came of them. But, the officials said, it was her husband who kept driving most of the action.

Over dinner in New Orleans that spring, he and Mr. Jackson persuaded five men, mostly Jefferson campaign donors, to invest $375,000 total. One of them, Lloyd L. Villavaso, said he had left feeling an iGate contract with the Army was "pretty much a done deal."

By mid-2002, Mr. Jackson had persuaded a unit of Siemens, the German conglomerate, to manufacture iGate's devices. Mr. Jefferson attended iGate's annual shareholder meeting with a Siemens executive and an Army testing official, and that summer, Siemens invited Mr. Jackson to a stock-car race, where iGate's slogan, "Communications in Motion," was painted on two cars.

The congressman later did several favors for Siemens, at Mr. Jackson's request. Mr. Jefferson offered, for example, to arrange for the company's chief executive to be taken to the front of the customs line when he flew in from Germany, and he set up a meeting with Army officials about possible contracts, said Paula Davis, a spokeswoman for Siemens USA.

Reaching Out to Nigeria

Africa was another promising market, former iGate officials said, because few countries there could afford fiber-optic lines. In June 2003, the congressman introduced Mr. Jackson to officials at Netlink Digital Television, a Nigerian company that agreed to invest $45 million to use iGate's products in Africa. At this point, Mr. Jackson was developing a new product, a "triple play" switch that could deliver voice, data and video communications to home and business consumers. Netlink was to put up $6.5 million and finance the rest, with Mr. Jefferson's help, through the Export-Import Bank.

As Mr. Jackson began gearing up, Mr. Jefferson moved to increase his family's stake: in late July 2003, court papers show, he presented Mr. Jackson with an amendment to the ANJ contract, giving the firm 35 percent of iGate profits in Africa.

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But relations soured with the Nigerian company, and by early 2004, Netlink was demanding some money back. The F.B.I. said Mr. Jefferson had also expected to receive a share of Netlink's profits. Agents found a letter the company's lawyer had sent the congressman that May, accusing him of breaking Nigerian laws.

In June 2004, Brett M. Pfeffer, a former aide to Mr. Jefferson, introduced him to a Virginia investor, Lori A. Mody, who ran a foundation that supplied technology to public schools. When Ms. Mody wired iGate $3.5 million for a new Nigerian deal, it looked as if the company was finally starting to click.

Mr. Jackson's original device had passed a field test at Fort Stewart, Ga., and Fort Sam Houston in Texas was about to begin what would become another successful test. Siemens had installed the technology in security systems at Howard University and Ronald Reagan Washington National Airport. That August, after the company demonstrated the triple-play switch, a top research official at SBC Communications, which later merged with AT&T, asked in an e-mail message to an iGate engineer how the company had managed to surpass an industry standard.

On Aug. 20, 2004, company records show, iGate granted the ANJ Group 30 million shares of stock. And that Labor Day weekend, said Ms. Davis, the Siemens spokeswoman, Siemens treated the congressman, Mr. Jackson and their wives to a weekend in New York, including airfare, lodging and tickets to the United States Open and "The Lion King."

An Informer Wears a Wire

But before long, nearly all of iGate's sales initiatives had stalled or begun to crumble. The Army had to pay for the war in Iraq and the fight against terrorism. The biggest phone companies had decided to extend their fiber-optic networks or develop triple-play switches with other suppliers.

Ms. Mody, meanwhile, had become suspicious, and in March 2005, she agreed to wear a wire for the F.B.I.

Over the next several months, she recorded conversations in which Mr. Jefferson pushed for 30 percent of her profits. According to court documents, he suggested that 3o percent go to a Nigerian company owned by his daughters, and that both his sons-in-law be involved in the deal. The F.B.I. said he asked Ms. Mody for $100,000 to bribe Nigeria's vice president, and agents found nearly all of it in his freezer.

The wire also captured the congressman telling Ms. Mody that he was frustrated with how Mr. Jackson was running iGate, and asking her to help ANJ buy a controlling interest and replace Mr. Jackson. According to the F.B.I., he told Ms. Mody, "I'm in the shadows, behind the curtain."

Three days later, on July 15, 2005, at the Washington breakfast, the congressman revealed his takeover plan to Mr. Jackson, proposing that iGate be merged into a new company, with Mr. Jackson's ownership shrinking to 3 percent from 60 percent, said Mr. Harper, the iGate lawyer. Mr. Jackson was offered an incentive: $500,000 in cash and two years on the company's payroll, at a total additional salary of $1 million. But he rejected the deal, Mr. Harper said.

Since the case became public that August, Mr. Pfeffer, the former Jefferson aide, has pleaded guilty to conspiracy charges. IGate has rescinded nearly all the Jefferson family's stock grants. Siemens has severed its ties with Mr. Jackson, and iGate has closed its offices and furloughed its staff.

But even with his looming prison term, which could be reduced if he continues to cooperate, Mr. Jackson has not given up on his dream of providing broadband access both here and in the developing world. He remains disappointed in how slowly the phone companies have upgraded broadband services, and he continues to talk to investors about providing more bandwidth over leased phone or power lines, he said.

He has also become a minister at the Spirit of Peace Missionary Baptist Church here.

The pastor, R. Z. Miller, said that at first he was afraid the scandal might have set Mr. Jackson on "a run for the cross." But he said Mr. Jackson recently preached about his struggle to embrace forgiveness and atone for his mistakes. "I told Vernon that even though I teach forgiveness," Mr. Miller said, "I don't know if I could really forgive like he has."

Katrina Task Force Charges 400 With Fraud In 1st Year (FEDTIMES)

By Aimee Curl

Federal Times, September 16, 2006

More than 400 people have been federally charged with Hurricane Katrina-related fraud since Attorney General Alberto Gonzales convened a task force to investigate the cases last September.

According to Gonzales, charges have been filed in 30 federal districts in all U.S. regions.

"To take advantage of the devastation and recovery efforts in the Gulf Coast is both shameful and illegal," Gonzales said in a statement. "We must ensure that the criminals who have exploited this time of human suffering are brought to justice and that their crimes do not undermine the programs intended to rebuild the homes, businesses and communities destroyed by hurricanes Katrina, Rita and Wilma."

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The Hurricane Katrina Fraud Task Force reported that as of last month, the Federal Emergency Management Agency had received more than 2.5 million applications for disaster assistance related to the 2005 Gulf Coast hurricanes. While most of these applicants had legitimate needs, the task force found that numerous people committed fraud in seeking benefits to which they were not entitled.

According to the task force, criminals often seek to exploit perceived systemic weaknesses in oversight or internal controls associated with disaster relief programs. The task force found that these people often work in groups.

In one example, 48 Mississippi residents were charged with creating and submitting fraudulent debris removal slips totaling more than $700,000. Four of these people were indicted for conspiracy.

The task force also found that insiders had exploited the system.

“A particularly distressing pattern of criminal activity has involved individuals who use their positions with governmental agencies and charitable organizations to exploit the disaster relief programs they are supposed to protect,” the report said.

The task force encouraged reporting of possible fraud.

Vast Majority Of Katrina Fraud Complaints Not Investigated (NEWHOUSE)

By Sean Reilly, Newhouse News Service

Newhouse News Service, September 16, 2006

WASHINGTON -- The Gulf Coast was still drying out last September when federal officials promised aggressive action against fraud stemming from Hurricane Katrina. A year later, complaints of disaster aid abuse are pouring in to one key watchdog entity -- the U.S. Department of Homeland Security's inspector general's office -- but only a small fraction have resulted in investigations, government figures show.

By the end of last month, the inspector general had received more than 11,000 such complaints for fiscal 2006, which ends Sept. 30, according to statistics provided by the office. Of those, 999, or about 9 percent, have been pursued, the numbers indicate.

Asked why such a low proportion of fraud allegations appear to be getting attention, spokeswoman Tamara Faulkner said via e-mail that all are reviewed, but some don't warrant further action.

Even if a complaint furnished only a little information, Faulkner said, "it would be evaluated, and a determination would be made on a case-by-case basis" whether to pursue an investigation or refer it to the Federal Emergency Management Agency or some other branch of the homeland security department.

At the same time, she said, some complaints are closed out-of-hand, because they lack "specificity or clarity."

As a rule, however, the inspector general "has to pursue those cases that have the biggest economic impact and seem the most believable," said Clark Kent Ervin, who headed the office in 2003 and 2004, in e-mailed answers to questions. "One can't go after every `nickel and dime' claim because there are too many of them and too few resources."

With 490 employees, the inspector general is a major gatekeeper for complaints of fraud, waste and abuse affecting a wide range of homeland security programs, including emergency aid. Since the homeland security department's creation in 2002, the office has won praise for its hard-hitting inquiries into subjects ranging from port security spending to the training of airport screeners.

After Hurricane Katrina struck in August of last year, the inspector general set up a special oversight operation that has since issued dozens of audits and reviews aimed at ensuring wise use of disaster assistance funds. That class includes emergency payments to households, money funneled to local governments for debris removal and payments to contractors.

But Katrina was just one in a string of storms to hit the Gulf Coast region in the last two years. Allegations of FEMA fraud have shot up almost 900 percent since fiscal 2004, while the size of the inspector general's staff has increased only about 9 percent, according to government numbers.

"Clearly, the figures underscore that more people are needed," said Leslie Phillips, a spokeswoman for U.S. Sen. Joseph Lieberman of Connecticut, the top Democrat on the Senate committee that oversees the homeland security department.

A spokeswoman for the committee's chairwoman, U.S. Sen. Susan Collins, R-Maine, did not respond to requests for comment. Also not reachable were spokespersons for the Republican chairman and top Democrat on the House homeland security committee. In June, the House passed legislation stiffening penalties for fraud related to disaster relief.

The bill, which still needs Senate passage, won House approval soon after congressional investigators concluded that FEMA dished out between $600 million and $1.4 billion in improper and potentially fraudulent payments following Katrina and Hurricane Rita.

The inspector general is also part of the Hurricane Katrina Fraud Task Force, a combined federal effort announced by Attorney General Alberto Gonzales last September.

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Saying he would need more information, Justice Department spokesman Bryan Sierra declined comment this week on the figures showing the low proportion of inspector general investigations. While the task force says its work has produced federal prosecutions of more than 400 individuals, Sierra did not know the total number of complaints received by all the agencies -- such as the FBI and the U.S. Postal Inspection Service -- that are participating.

Many of the allegations received by the inspector general involve allegations that FEMA gave money to people or companies who weren't supposed to get it, according to brief summaries obtained under the Freedom of Information Act.

In the summaries, all personal identifying information was blacked out, making it impossible to know whether the complaints stem primarily from ordinary citizens or other sources.

One complaint filed last year, for example, charges that an individual got $19,500, evidently for a home that suffered no flood damage.

Another claims that a nursing home received $50,000 "for a security camera that was not working prior to the disaster," the summary states. The inspector general has closed both cases, apparently without taking action, the summaries show.

They also reflect complaints from workers who say that FEMA contractors or subcontractors failed to pay them what they were owed. As a rule, the inspector general refers such complaints to FEMA's legal office, Faulkner said.

In most cases, FEMA takes no further action, spokesman James McIntyre said in an e-mail, "as these are not employees of a contractor the agency hired or has responsibility for paying."

Officials Want Former Governor In Prison (AP-Y)

By Mike Robinson

AP, September 16, 2006

Former Gov. George Ryan should not remain free while appealing his racketeering conviction and should start his prison sentence as scheduled Jan. 4, prosecutors said Friday.

Authorities argued in court papers that decisions made by U.S. District Judge Rebecca R. Pallmeyer during the seven-month trial of Ryan and co-defendant Larry Warner were likely to be upheld by appeals judges.

Ryan, 72, and Warner, 67, were convicted April 17 of racketeering conspiracy, mail fraud and other offenses involving corruption when Ryan was secretary of state in the 1990s and later governor. Ryan was sentenced to 6 1/2 years in prison.

Whether Ryan gets to remain free on bond is likely to depend on whether judges believe his appeal stands a good chance of winning him a new trial.

Ryan's attorneys said the dismissal of two jurors who were replaced with alternates means Ryan could easily win a new trial. They said that unauthorized documents brought into the jury room poisoned the deliberations.

Prosecutors took sharp issue with that contention, and warned of the "dangers that freely granting bond pending appeal pose to public confidence in the judicial system."

Bush Campaign To Donate Illegal Donation (AP)

AP, September 16, 2006

Donations that a former coin dealer funneled to President Bush's re-election campaign will be given to charity, barring further directions from authorities, a spokesman for the Republican National Committee said Friday.

Tom Noe, 52, has admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush-Cheney fundraiser. He was sentenced Tuesday to two years and three months in prison on three charges, including exceeding federal campaign contribution limits.

Prosecutors said Noe gave $45,400 directly or indirectly to 24 friends and associates who made the donations in their names, allowing him to skirt the $2,000 limit on individual contributions.

Authorities said Bush's campaign committee was unaware of the alleged contribution scheme and unknowingly submitted a false campaign report to the Federal Election Commission.

The campaign already has donated $6,000 it received from Noe and his wife, Bernadette, to charity, said Aaron McLear of the Republican National Committee, which represents the inactive Bush campaign.

"Barring any further directions from authorities, Bush-Cheney '04 will also voluntarily donate the $45,400 that was the subject of this investigation to charity," he said.

McLear said it had not been determined which charity would receive the money.

Noe still is charged with stealing at least $1 million from an ill-fated $50 million rare coin investment that he managed for the state workers' compensation fund. Investigations into the coin investment led to Gov. Bob Taft's no contest plea and conviction last year to charges that he failed to report gifts, such as golf outings.

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Noe, who also was fined $136,200 Tuesday, will not have to serve his prison sentence for the Bush donations until after the conclusion of the coin investment case, which is set for trial next month. He has pleaded not guilty to 46 charges.

Chat Rooms Are Identity Thieves' Street Corners (KCS)

The Kansas City Star, September 16, 2006

NEW YORK (Dow Jones/AP) -- On a weekday afternoon in a chat room, hackers are busy exchanging credit-card numbers, cash, hacked servers, information and stolen identities.

A hacker called Pinokio logs on and posts six identities, known as ``fulls."

``Mesage (sic) for trade with me :)" he writes.

A ``full" contains enough information to take a thief on a multiyear identity theft ride, as it will include someone's Social Security number, home phone number, e-mail account and password, debit card PINs, credit-card numbers, and mother's maiden name. Hackers like Pinokio sell them in bulk for $1 to $5 a pop in an international ring of credit ``carders," as sophisticated as it is blatant.

Welcome to the world of identity theft, a market that costs the U.S. economy $56.6 billion last year, according to a study by Javelin Strategy & Research using methodology developed by the Federal Trade Commission.

The problem's so prevalent that financial advisers guiding America's affluent through investment decisions now want training on how to deal with the crime. Indeed, Charles Schwab Corp. is holding a session at its upcoming Impact 2006 conference in November on how to teach clients about the problem. Vanguard Group Inc. added a ``Security Center" section to its Web site to teach consumers about identity theft and other issues.

That's all the more significant given that the rich seem most at risk. While 4 percent of Americans fell victim to identity theft in 2005, 6.38 percent of households earning more than $150,000 reported fraud, the Javelin survey found.

``Ten years ago it was a bunch of frustrated teenagers who had something to prove," said Supervisory Special Agent Thomas Grasso Jr. of the FBI's cyber division. ``Now, it's all about the money."

There are several reasons hackers like Pinokio post these identities: to show he has good data and there's more to be had, to raise his status in the underground or to muddy the waters of any potential investigation by getting others to use a card he's already used.

``The other 240 hackers can get it right now and hammer this credit card in the next 10 minutes, and there is no way for a law enforcement officer to see who ordered first," said Dan Clements, chief executive of CardCops Inc., an Internet-security company based in Malibu, Calif.

Pinokio may have one more motive: bonding. The chat room's a community, said Clements. ``They're a brotherhood."

One of the stolen identities Pinokio posted belongs to Brandee Sissom. Her trouble began about a year ago, when she began receiving letters about credit-card accounts for which she had never applied. Credit reporting agency Equifax Inc. told her that people had been trying to open accounts in her name.

She recently noticed three charges for $25.90 from AOL on her credit card, canceled them and filed a complaint with AOL. The day her stolen data had been posted in the chat room, an anonymous caller told her that her Social Security number was compromised. But she still hasn't been able to change it.

``I have cancer, and I'm extremely tired all the time," Sissom said. ``And if you've ever been in a Social Security office; it's a long wait, and I don't have the time or energy to wait."

She put 90-day and year-long alerts on her credit. She said she has no idea how her information got online. ``I'm really careful with my credit information," Sissom said. ``I chop up everything."

The 363 hackers in the chat room are gathered together under the aegis of the room's administrators, the top dogs of this particular group. The chat room is hosted on Internet Relay Chat, more commonly known as IRC. At any given time there are thousands of chat rooms open, about 30 to 40 discussing credit-card information. This is one of the more popular ones. Anyone who knows the name of the room can log in.

According to the Secret Service, most carders are based in the former Soviet Union or Southeast Asia. Some, Clements, the CEO from CardCops, said, claim to make $10,000 to $20,000 a month.

``We haven't really seen any (other) illegal activity, (such as) drugs," said Scott Johnson, Secret Service Criminal Investigative Division's acting special agent-in-charge. ``They're too busy rolling on their piles of money."

The administrators are marked by an ``" symbol next to their name. They have what the FBI's Grasso called channel ops, meaning they can kick people out of the room and set passwords, as well as load programs onto the page, allowing the hackers to check the validity of stolen credit cards in real time.

An administrator will use a hacked merchant credit-card account, check the information and post it in the room. Typically, they don't actually charge the cards; instead they run authorization transactions, which don't cost the cardholder anything but

confirm whether a given card is valid. The merchant takes a hit for the minimum transaction fee, usually about 10 cents, and the consumer is none the wiser.

Though there is no agency tasked with culling chats for consumer data, the FBI and Secret Service do occasionally monitor the rooms.

Eric Zahren, a spokesman for the Secret Service, said that he couldn't ``discuss or confirm'' that the Secret Service monitors chat rooms, but did say that ``we've proved we can operate in the same environments'' as the hackers.

The Secret Service, which was empowered by Congress to combat computer fraud, has 24 electronic crimes task forces across the country and 20 foreign offices working with local law enforcement on the issue. Their strategy is to go after top-tier carders, people who have millions of individuals' information at their disposal.

The Secret Service said it recently brought agents from Latvia and Lithuania to the United States for training on cyber crimes, and currently it is now running a training program in Thailand.

Cathy Milhoan, an FBI spokeswoman, said the agency doesn't have ``teams of people'' monitoring these rooms ``24 hours.'' She said it monitors the rooms only when it has a ``legal reason for being there.''

Since the FTC started tracking numbers in 2003, the total number of identity thefts annually has fallen 12 percent to 8.9 million from 10.1 million. But simultaneously the total cost of fraud has risen 6 percent to $56.6 billion from $53.2 billion, as the average amount of fraud per victim has risen 17.8 percent to $6,383. The most vulnerable age range is 25 to 34, with fraud affecting 5.4 percent of the U.S. population compared with 2.3 percent of people over the age of 65.

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Jackson Mayor Is Indicted Over Crime-Fighting Tactics (NYT)

By Shaila Dewan

The New York Times, September 16, 2006

ATLANTA, Sept. 15 — The mayor of Jackson, Miss., was indicted on six felony charges Friday after months of criticism and warnings that his unorthodox crime-fighting tactics might put him on the wrong side of the law.

Among the counts now faced by the mayor, Frank Melton, are burglary, malicious mischief, illegally carrying a gun and causing a minor to commit a felony. The most serious of the charges against him carry sentences of up to 25 years, said the local district attorney, Faye Peterson.

The mayor's supporters called the charges politically motivated and said he would not resign.

Some of the charges stem from a sheriff's investigation of the night of Aug. 26, when the home of Evans Welch, a man with a history of mental illness and petty crimes, was attacked by a sledgehammer-wielding group of young men without warning or permit.

Witnesses said Mr. Melton, who often patrols the city at night with the police and a group of teenage followers, had directed the demolition of the house, which he said was known as a place to buy illegal drugs. His two police bodyguards are also charged in connection with that event.

Dale Danks, Mr. Melton's lawyer, issued a statement acknowledging that damage had been done to "the drug house" and that "maybe better judgment could have been used."

"But," the statement said, "the charges that have been made against Mayor Melton are an extreme and excessive reaction."

Mr. Melton was also charged with carrying a gun on the campus of the Mississippi College School of Law, in a public park and in a church. The first is a felony; the two others are misdemeanors. All three of these cases had been referred to the local authorities by the state attorney general, Jim Hood, who had earlier written Mr. Melton a letter warning that he could not legally carry a gun in such places.

Mr. Melton, a former television executive, took office in July 2005, promising to lower the crime rate in Jackson, the state capital. He personally oversaw those efforts, drawing attention for going on nighttime raids, using the Police Department's only mobile command unit and wearing a police jacket and badge.

After The Clarion-Ledger, Jackson's daily newspaper, reported that he made a habit of traveling with guns, the federal Transportation Security Administration, the paper said, requested that he no longer carry guns aboard commercial airplanes, as he had under a waiver granted to law enforcement personnel.

In April, Mr. Melton used a police car to pull over four school buses on a highway so that, he said, he could talk to the children and hug them.

After a grand jury returned the indictments Friday, the mayor surrendered, posted a $50,000 bond and was released on condition that he refrain from using law enforcement vehicles, carrying firearms or supervising minors.

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CIVIL LAW:

Judge Blocks Strike At Northwest (NYT)

By Jeff Bailey

The New York Times, September 16, 2006

A federal judge yesterday blocked a threatened strike by flight attendants at Northwest Airlines in a ruling that could strengthen the hand of struggling airlines that seek to reduce labor costs.

The flight attendants said they would appeal.

A prolonged labor disturbance could have forced Northwest into liquidation. Yesterday's decision, which affirms a temporary ruling last month, forces the airline's roughly 9,000 flight attendants to keep working at reduced wages and benefits, which the company says will save it $195 million a year.

Judge Victor Marrero of United States District Court in New York issued a preliminary injunction preventing flight attendants at Northwest from striking or taking other job actions. He also said in a written order that the bankruptcy judge overseeing Northwest's reorganization had erred in not issuing an injunction against a strike. In August, Judge Allan L. Gropper of Federal Bankruptcy Court for the Southern District of New York had said he did not have the authority to block a strike.

In his ruling yesterday, Judge Marrero noted that Congress, in passing a host of labor laws that apply to airlines, has made it clear that keeping the nation's transportation system operating is vital. Northwest, which is based in Eagan, Minn., is the nation's fifth-largest carrier.

Northwest's other major work groups have either agreed to reduced pay-and-benefits packages or have had terms imposed on them. The carrier, in bankruptcy for nearly a year, is seeking to cut labor costs by $1.4 billion annually, sharply cut other operating expenses and raise capital. It hopes to emerge from bankruptcy early in 2007.

The judge's order "allows our customers to continue to book Northwest Airlines with confidence," said Douglas M. Steenland, president and chief executive.

Flight attendants were disappointed and said they planned to appeal.

"This fight isn't over," said Mollie Reiley, who heads the Northwest chapter of the Association of Flight Attendants. Flight attendants contend that Northwest does not need all the cuts it is seeking.

The case is a complicated one, involving three sets of labor laws and the federal bankruptcy statute. Judge Marrero said in his order that there was no direct precedent in the case. Under bankruptcy law, a company can gain release from an existing labor contract and impose new and reduced terms on workers, with court approval.

The threat of such an action has typically been enough to persuade workers to agree to a new contract at reduced pay. Earlier this year, the union leadership of the Northwest flight attendants twice agreed to new terms. But both times the rank and file rejected the proposed contracts.

So Northwest imposed pay and benefit cuts and longer hours on the flight attendants. At issue in this case is whether such new terms release the workers from the bargaining process and allow them to strike.

Judge Marrero, however, said in his order that imposing new terms is a temporary measure and that both sides remain bound to the mediated bargaining process.

If workers were allowed to strike when terms were imposed by a bankrupt carrier, the right of companies to impose new terms would be "a suicide weapon," he wrote. That would undermine the bankruptcy law, he added, and make it harder for companies to avoid liquidation.

CIVIL RIGHTS:

Euclid Council Drafts Law To Propose New Districts (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, September 16, 2006

Euclid- The city might redraw ward boundaries while also contesting a federal lawsuit that accuses the city's existing election system of keeping black candidates out of office.

Council President Ed Gudenas has drafted legislation that would give City Council the authority to propose new districts to ease a "statistical imbalance in population" in time for the 2007 election. The legislation is listed on the agenda for Monday's council meeting.

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Hilary Taylor, the attorney representing the city in the Department of Justice lawsuit, said City Council might lack the authority to adopt a redistricting plan without voter approval.

Mayor Bill Cervenik said Friday his administration has been kept in the dark by council re garding redistricting.

"Not including the administration in discussion about this is very detrimental to what we're trying to do," Cervenik said. "But at least this measure shows that council is willing to look at adjusting borders."

The city has struggled to compromise with the Justice Department ever since a three-year investigation concluded that too many at-large council seats and districts that cover a large geographic area have diluted minority voting strength.

The city has never elected a black official, though more than 30 percent of its residents are black.

In June, Justice Department officials proposed that the city break four wards into eight smaller districts - each with a City Council member - and eliminate all at-large seats except for council president.

Currently, five of the nine council members, including the council president, are elected citywide.

Instead of accepting the proposal, Taylor recommended city officials demand evidence collected during the investigation before agreeing to redraw districts. Less than a month later, the Justice Department filed suit against the city.

Since then, court filings show that the city has continued to defend its current electoral system and demand a definitive explanation of the charges.

The city has challenged the Justice Department's claim that a diluted black vote - rather than a lack of black candidates or low voter turnout - is to blame for a dearth of black city officials.

Under the current system, black voters get a chance to vote for all four at-large seats and potentially harness their voting power for a candidate in each of the slots. The city argues that if districts are redrawn, as the Justice Department has proposed, the black vote could be confined to only two wards - creating six "super-majority" white wards in the rest of the city.

The city also contends that the Justice Department relied on inadequate census data that do not accurately reflect the demographics of the city.

In court records, the city provided results of a city-commissioned study of population changes since the 2000 census that found that more than 30 percent of Euclid's population is black and that at least one of the existing wards is predominantly black. Taylor argues this could naturally achieve the Justice Department's goals.

The Justice Department declined the city's request for more information about the charges and claimed that the demographic data the city provided is inadmissible evidence without expert testimony to back it up.

Taylor said the redistricting proposal would be an attempt to find middle ground with the Justice Department, rather than defend the city's current electoral system to the end.

"You can have a great case, but how much justice can you afford?" Taylor said. "We believe our system is defensible. But if we travel the whole path of litigation - I can't imagine how much it would cost this city."

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Woman's Monkey Barred From Restaurants (SPRINGNL)

By Sony Hocklander, News-Leader

Springfield (MO) News-Leader, September 16, 2006

A Springfield woman filed a complaint with the federal government Friday after the Springfield-Greene County Health Department declined to reverse a decision barring her from taking her monkey into businesses that serve or handle food.

"I didn't feel I had any choice," said Debby Rose, holding her monkey during and after a meeting with Director of Health Kevin Gipson and Assistant Director of Health Ron Boyer.

Rose said her monkey, Richard, is a service animal that helps her cope with a debilitating anxiety disorder, which includes a racing heart, high blood pressure and panic attacks in certain situations -- particularly public activities. Richard helps relieve that and, according to the Americans With Disabilities Act, she said, he should be allowed into public food places.

Gipson maintained the health department's position that, according to its interpretation of ADA law, the monkey is a therapy animal or a pet -- not a service animal — and therefore not allowed in food establishments. According to health department research, "a service animal by definition has to perform a physical function for that person," Gipson said.

Gipson said he would reverse the decision if the federal government says Rose's monkey is a service animal. He encouraged Rose to file a complaint.

"What I need is something from the federal government, official, that tells me that that indeed is a service animal," he said. Even then, he added, there would be limitations on what the animal could do in the establishments, such as eating.

Shelby Butler said the ADA's definition for service animals has expanded. Butler, who attended the meeting to advocate for Rose, is an access specialist from Southwest Center for Independent Living, a not-for-profit organization that's federally mandated to assist people with disabilities. She also helped Rose file the complaint.

Butler said it wasn't the department's place to determine if Richard is a service animal. She also said that the ADA covers any disability that prevents a person from performing regular life functions.

Though the service he performs is a gray area, she said, "there have been instances where an emotional support animal has fallen under that category."

Rose said her disorder prevents her from going into crowded public places, such as grocery stores, ball games, restaurants and shops.

Without her monkey, she said in the meeting, "I can't function anymore. I can't go anywhere or do anything."

Butler scheduled Friday's meeting after the health department sent approximately 1,000 letters, dated Sept. 5 and naming Rose, to Greene County food establishments. It stated that businesses would violate a critical food code if they allow Rose to enter with her monkey.

Boyer said the letter resulted from five complaints the department received after Rose and her family dined recently at a buffet restaurant where Richard sat in a high chair and ate with the family.

He said there have been a dozen or more complaints about Rose over the past year, though he did not have documentation. Jim Fry, environmental health coordinator, later said there were 10 complaints.

Rose filed a Title II discrimination complaint under the ADA. In addition to the health department, it names Gipson and Boyer.

Butler said it could take several months to hear back from the Justice Department's civil rights division. They filed under Title II because it covers state and local governments, she said. A government decision might be based on the information gathered, Butler said, or it could go to federal court for a judge to decide.

Rose said she worries about how she'll cope without taking Richard into places like the grocery store: "I just don't think I could manage that again."

Islamic Group Puts Challenge To FBI Agents (COLDT)

By Janese Heavin, of the Tribune's staff

Columbia (MO) Daily Tribune, September 16, 2006

Meeting an effort to bridge IARA fallout.

A group of local Muslims aimed loaded questions at an FBI agent last night and fired point blank.

Does the FBI seek out Muslims as criminals? Is the government inventing new rules on a daily basis to entrap Muslim-Americans? What does the FBI think about Muslims in general?

Thorny questions, all of which were directed at FBI Supervisory Special Agent Richard Thornton as he addressed members of the Islamic Center of Central Missouri in Columbia.

Thornton and Agent Stewart McLaren visited the group in an effort to rebuild bridges between law enforcement and Muslims, bridges that might have crumbled when the FBI shut down the Islamic American Relief Agency in Columbia two years ago. Agents seized computers and belongings from the organization, searched the home of Director Mubarek Hamed and froze bank accounts with hundreds of thousands of dollars earmarked for charitable purposes.

U.S. Treasury officials contend the Columbia-based charity was the U.S. affiliate of a Sudanese charity, the Islamic African Relief Agency, which is accused of supporting al-Qaida and its predecessor, Maktab al-Khidamat.

"There is a lot of mistrust because our charities were closed with sealed evidence," said Corey Brand, president of the ICCM. "They suspected money was going to support terrorism. I certainly don't believe it was. I'm not aware of any charges being filed."

Thornton was careful not to discuss the charity closure in detail because it's still under investigation, but he told the group he thinks the act was justified.

"My belief as an FBI agent and representative of the United States is that it was legal and constitutional and fair, in the legal sense of fair," he said.

Other members asked whether they would be targeted if they donated money to the IARA, considered a "designated charity" since it has been shut down.

"I'm not aware of a situation where the U.S. government is looking at the average contributor to a designated charity as anything other than a victim," Thornton said. "With significant donors, there's a chance federal agents may want to talk to you about it."

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Typically, significant donors stay in touch with executives of a charity to ensure the money is being used properly, he said. "If you're somebody who left or gave a significant contribution to a charity, there's a decent chance there has been that discussion."

Thornton would not specifically answer one of the most direct questions of the evening: Does he believe Muslims are the peace-loving people they say they are?

"That's a loaded question," he said. "I don't think I can take 700 people from any demographic and generalize."

Muslims reiterated last night that a few extremists do not represent their religious beliefs.

"You can find examples of extremism in every group and every culture," Brand said. "You can't take a few examples and condemn a whole culture or religion or race because of that."

Thornton expressed the same idea later in the evening, saying if he pulled together a similarly-sized group of doctors, farmers or any other subgroup in town, more than likely one person in the group would at some point in time have had or will have a run-in with the law.

It's a tricky tightrope, especially when certain subgroups have a history of terrorism.

But Thornton did assure the group that the FBI isn't "out to get" Muslims. After one man said he felt as though he "walks on eggshells" when it comes to the law, Thornton said the FBI has enough legitimate concerns to look into without having to find ways to get people.

But he didn't deny wire-tapping and other surveillance are used in Mid-Missouri.

"My job is to balance and protect the country while protecting individual liabilities. I have to protect everybody," Thornton said. "If there's a threat or possibility of a threat, I have to investigate that the best I can."

The federal government has internal checks and balances to ensure surveillance is done according to law, Thornton told the Tribune.

"I took an oath to defend and protect the Constitution of the United States," the 19-year FBI veteran said. "Part of that is to protect this country from terrorist attacks and to also protect individuals from being attacked" unfairly.

He assured the group that if any of them "ever come under scrutiny," the FBI would "do it fairly and constitutionally."

Reach Janese Heavin at (573) 815-1705 or jheavin@tribmail.com.

ANTITRUST:

'We Won't Pass The Bill' (FWST)

By David Wethe

The Fort Worth Star-Telegram, September 16, 2006

DALLAS -- The latest attack on the Wright Amendment compromise, which stripped antitrust immunity from the proposed legislation this week, is a potential deal breaker, said Sen. Kay Bailey Hutchison, R-Texas.

"We won't pass the bill in the form it came out of the Judiciary Committee," Hutchison told reporters Friday after a lunchtime speech in Dallas.

"We're not going to open up a can of worms. We'd have to bring the bill down. We couldn't pass it," she said.

On Wednesday, the House Judiciary Committee agreed to cut language that gave the bill protection from claims that it violates federal antitrust laws.

"What we're trying to do of course with this bill is create a certainty about what the rules are going to be in this area," Hutchison said.

"We couldn't attract new airlines, which we want to do to add competition, if they knew that this interpretation would have to go through years of litigation to know what the rules are going to be."

The committee's action was a victory for the owner of the former Legend Airlines terminal, which is slated for condemnation by Dallas.

The owner, Love Terminal Partners, said talk of tearing it down killed an imminent deal to sell the vacant six-gate terminal for $100 million. Love Terminal has since sued the five local parties that struck a compromise on Wright -- American Airlines, Southwest Airlines, Fort Worth, Dallas and Dallas/Fort Worth Airport.

The deal calls for Dallas Love Field to shrink to 20 gates from 32, for through-ticketing to anywhere in the U.S. immediately and for lifting all Wright restrictions after eight years. Currently, the law limits flights from Dallas to Texas and eight nearby states.

The Love Terminal suit claims that the deal violates antitrust laws because it doesn't allow enough room for other airlines to compete at Love Field.

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Several other airlines, as well as antitrust scholars, consumer groups and a neighborhood group near Love Field, have raised similar concerns.

The mayors of Dallas and Fort Worth and other key dealmakers from the airline and D/FW Airport have said the agreement has no antitrust violations.

Several versions of the Wright compromise bill are in Congress.

They must be reconciled and passed by the House and Senate before the end of the year, or the deal is dead, according to the local agreement.

Kevin Cox, D/FW's chief operating officer, stopped short of agreeing with Hutchison that the bill passed by the Judiciary Committee is a deal breaker.

"Obviously, if the senator is in charge of the Senate process and she feels that way, we will absolutely follow her," Cox said. "However, we're still hopeful that with her leadership and with the leadership of the House, we'll be able to find resolution on this."

The mayors could not be reached for comment Friday but said earlier this week that they didn't view the lack of antitrust immunity as a deal breaker. Dallas Mayor Laura Miller told the Star-Telegram on Wednesday that although she viewed it as a problem, there will be a way to work out the differences.

Hutchison has until Oct. 6 to work things out before lawmakers go home to campaign for the upcoming elections. They will return for a short, lame-duck session in November, but she said she's trying to get everything done now.

A bad bill is worse than no bill, Hutchison said. "But a good bill is the goal in September."

U.S. House Judiciary Committee, judiciary.house.gov

Hutchison: Wright Won't Pass Without Antitrust Exemption (DALLBIZ)

Dallas Business Journal, September 16, 2006

Without the antitrust exemption that was stripped from the Wright Amendment bill by the House Judiciary Committee earlier this week, the bill will have to be brought down, said the bill's author.

"We won't pass the bill that came out of the Judiciary Committee," Sen. Kay Bailey Hutchison, R-Texas, told reporters Friday. "We'd have to bring it down. We couldn't pass it."

Hutchison said the absence of the antitrust immunity opens up the parties involved to legal battles.

"We're trying to stop the years of litigation that we think have caused so much pain in this district," Hutchison said.

Her comments came during a question-and-answer segment following a speech she gave at the North Texas Commission's 35th anniversary luncheon at the Hilton Anatole in Dallas Friday.

Hutchison introduced the bill in the House, which appeared to be on a fast track until antitrust concerns were raised.

The legislation, which is based on a local compromise between the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and the D/FW Airport board, calls for lifting Wright restrictions by 2014.

In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. That has sparked anticompetition complaints, including a lawsuit filed by the owners of the gates.

Soon after the bill was introduced, an unsigned letter purportedly from the Justice Department's Antitrust Division, began circulating on Capitol Hill that raised antitrust concerns.

"What we've been trying to do with the bill is bring a certainty," Hutchison said.

Hutchison says the area won't be able to attract airlines if they aren't sure of the playing field.

Dallas-based Southwest Airlines (NYSE: LUV) spokeswoman says the airline also is supportive of the original bill, which included the antitrust provision. Without it, "it would be like throwing the agreement into the lion's den with no whip," she said. "That is not something that any of the parties would want to jump in to."

"It is my highest priority," she said of the bill. "I lose sleep every night."

Hutchison told reporters she hopes to have a solution this month. She says she is constantly trying to come up with the language that will push the bill through Congress.

Dynegy Eyes Deal For Power Plants (CCT)

By Rick Jurgens

The Contra Costa Times, September 16, 2006

Dynegy Corp., a financially troubled energy merchant affiliated with San Ramon-based Chevron Corp., plans to acquire a power plant portfolio from LS Power Group that includes about 15 percent of Northern California's electricity supply and an interest in a large Nevada coal project.

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The proposed deal will cut Chevron's ownership interest in Dynegy from 20 percent to 12 percent but add to Chevron's stake in the coal industry, which is targeted by environmentalists concerned about rising atmospheric carbon dioxide levels that fuel global warming.

Dynegy will emerge from the deal with a 20,000-megawatt fleet of nonutility power plants that includes "a new strategic position in the California market," according to a news release. A megawatt is enough electricity for 750 houses.

"We support this transaction as an opportunity for them to grow the company," said Don Campbell, a Chevron spokesman.

Chevron, through Dynegy, would get a minority interest in 3,700 megawatts of generating capacity in Northern California, including big natural gas-fired plants in Morro Bay in San Luis Obispo County and Moss Landing in Monterey County, and a smaller oil-fueled plant in Oakland. LS Power acquired those properties in May as part of a $1.6 billion deal with Duke Energy Corp.

LS Power's growth plans mainly involve power plants that burn coal, a fuel that is abundant, relatively cheap but loathed by environmentalists. Coal-fired plants emit carbon dioxide at a much higher rate than natural gas-fired plants, while nuclear and hydroelectric plants emit virtually no greenhouse gases.

Chevron said in a recent corporate responsibility report that it shares "the concerns of governments and the public about climate change" and that it had slightly cut such emissions in 2005, to 61.7 million tons. Power from Chevron geothermal properties in Indonesia and the Philippines had helped reduce coal use there, Campbell said.

But burning of oil, gas and other products from Chevron produced 374 million tons of emissions in 2005, the report said. That included coal from Chevron's Pittsburg & Midway Coal Co. unit, which produced 14 million tons in 2005 and has reserves of 235 million tons in surface mines in New Mexico and Wyoming and an underground mine in Alabama.

Some in the power industry view legislated caps on carbon emissions as inevitable, and some companies are touting new technologies that cut emissions by gasifying coal and then burning it.

LS Power has instead opted to develop coal plants that burn pulverized coal, including a 665-megawatt "Plum Point facility in Arkansas (that is) the only coal-fired plant in the country currently under construction by (a nonutility) power producer." Darpan Kapadia, an LS Power spokesman, said that the company considered various design options and chose "the most efficient, commercially proven, clean coal technology."

LS Power has in the works an additional 4,000 megawatts of coal-fired capacity, including a 1,600-megawatt plant near the eastern Nevada town of Ely. Power from that plant and a nearby 200-megawatt wind project could help keep the lights on in Las Vegas, 250 miles away, said Eric Crawford, the project manager.

In the Dynegy deal, which requires approval from antitrust and energy regulators, LS Power will transfer its existing plants to Dynegy in exchange for a 40 percent stake in the company, $100 million and a $275 million promissory note. Dynegy will also get a 50 percent stake in LS Power's new plant development unit.

The deal comes four months after Dynegy paid off a $400 million loan from Chevron, whose interest in Dynegy extends back to 1996, when the oil giant contributed some natural gas operations to help create a Houston-based energy maker and trader that set out to emulate a better-known neighbor called Enron.

That path soon led to riches, especially in 2000 when natural gas and power prices skyrocketed and boosted the value of Chevron's ownership interest to $4.8 billion. But the price run-up sparked a financial crisis in California's newly deregulated electricity market, and triggered a fierce political backlash with Enron as the main target.

At first, Dynegy saw opportunity in the troubles of its larger and more notorious competitor. With the help of a $1.5 billion loan from Chevron, Dynegy moved in to rescue and take over Enron. But the deal soon soured, and Enron filed for bankruptcy. Dynegy soon became mired in its own financial troubles and accounting scandal, its chief executive resigned, and the value of Chevron's stake plummeted.

The deal announced Friday marks a new beginning for the power merchant, and signals that it no longer demands financial and management attention from Chevron.

EU Competition Chief Outlines Goals (AP)

AP, September 16, 2006

EU Competition Commissioner Says Policy on Microsoft Differs Little From U.S. Approach

NEW YORK (AP) -- EU Competition Commissioner Neelie Kroes, involved in an investigation of Microsoft Corp., said Friday that the European policy toward the software company does not differ substantially from that of the U.S.

Kroes spoke Friday at the Council on Foreign Relations about fostering a global competition culture. She outlined three areas of policy development: combatting cartels, punishing those who engage in unilateral antitrust behavior and encouraging private damage suits that would serve the same purpose as regulation.

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Of Microsoft, she said, "I'm not willing to say that there is a major difference in the way of thinking between the United States and ourselves."

The commission is investigating Microsoft over its Vista operating system. The investigation is the latest development in a case that dates to 2004, when it hit the software company with a record 497 million euro ($613 million) fine. Microsoft was fined another 280.5 million euros ($357 million) in July.

Microsoft has said its Office 2007 software will not include a way to save data in the popular Portable Document Format and that it dropped plans to include the format after Adobe Systems Inc. asked it to charge customers for the feature.

On Friday, Kroes said the commission was engaged in a debate over policies that would foster private damage lawsuits over regulation. That would bring the European legal environment closer to that of the U.S.

"You, in the U.S., have traveled much farther down this road than in Europe," she said, adding that she hoped the commission would conclude its policy debate on the issue early next year.

ENVIRONMENT:

Possible Source Of Bad Spinach Is Named As Outbreak Widens (NYT)

By Julia Preston And Monica Davey

The New York Times, September 16, 2006

SAN JUAN BAUTISTA, Calif., Sept. 15 — As the number of cases of a virulent strain of E. coli linked to fresh prepackaged spinach grew to at least 94 in 20 states on Friday, federal health authorities identified an organic produce company here in California as a possible source of some of the tainted spinach.

By late Friday, 14 of the sickened people had grown gravely ill, the federal authorities said, and one had died, a 77-year-old woman in Wisconsin. Health officials said they were unable to determine if the outbreak was likely to spread further.

The company, Natural Selection Foods of San Juan Bautista, announced a voluntary nationwide recall of its Earthbound brands of prepackaged spinach and salad mixes as well as prepackaged spinach it processes for numerous other companies, including Dole. Prepackaged spinach has been processed, washed and sanitized and placed in airtight bags or plastic trays.

In a statement, the company said it had stopped shipping spinach products, had removed spinach from all of its salads and was cooperating with state and federal authorities by allowing them access to company facilities and products.

Speaking to reporters at the company's operation here, a spokeswoman said there was no conclusive evidence that its spinach was contaminated.

"We're obviously very, very upset," said the spokeswoman, Samantha Cabaluna. "This is a tragedy for us."

Dr. David Acheson of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration said at a news conference that the F.D.A. did not have definitive evidence that Natural Selection Foods was to blame for the outbreak of illness. But people who have been sickened apparently ate its spinach, Dr. Acheson said.

"I want to emphasize that the investigation is ongoing," he said. "It is possible that the recall and information will extend beyond Natural Selection Foods and involve other brands and other companies at a later date."

At the company's headquarters here, set beside rows of vegetables, Ms. Cabaluna told reporters late Friday that company officials were distressed by the situation, and said that investigators had not reached conclusions about a possible tie to the outbreak.

Ms. Cabaluna said the company thought the recall was "the right thing to do." She added, "We are doing this voluntarily because we just want to be safe."

As grocers nationwide removed bags of fresh spinach from their shelves and restaurants took it off menus, health authorities said they were working to determine how the spinach might have come to carry the deadly bacteria. E. coli, which can live in cows' intestines without making the animals sick, is more commonly considered a risk for people who eat undercooked hamburger.

Health and agriculture investigators say the bacteria may have emerged at any number of points in the production process, from the field to the supermarket, making it more difficult to pinpoint the source.

In Wisconsin, which has reported the largest number of cases, Gov. James E. Doyle issued a plea on Friday for residents to call their doctors if they experience bloody diarrhea or other symptoms that might indicate E. coli and to throw out spinach still in their refrigerators.

"Simply washing it is not enough to protect you," Mr. Doyle said in a news conference in Milwaukee.

In addition to the woman who died, whom local health authorities described as a resident of Manitowoc County, 29 people in nine counties across Wisconsin have been sickened by E. coli, Mr. Doyle said.

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Federal authorities reported one fewer case in Wisconsin, and state authorities here could not explain the discrepancy late Friday.

Ten of the cases in Wisconsin were confirmed since Thursday night, when the F.D.A. first announced the outbreak, and state health officials said they were still investigating at least four more suspected cases late Friday.

At least two federal lawsuits — one in Wisconsin and one in Oregon — have already been filed in connection with the outbreak. Both suits named the Dole Food Company as defendants. Officials at Dole did not respond to a reporter's telephone message.

In a suit filed Friday in the United States District Court for the Eastern District of Wisconsin, Paul and Anna Zientek said their two children had become violently ill and developed a condition that could lead to kidney failure after eating baby spinach in late August; one child remains hospitalized, the suit says.

In a telephone interview, Gwyn Wellborn, 27, of Salem, Ore., described how she ate baby spinach four days in a row at her office, then fell ill with unbearable abdominal pain and bloody diarrhea within days. At one point in her hospitalization, she said, the doctors told her they thought there was nothing more they could do, that she might die.

"It became very real," Ms. Wellborn said, "and very scary."

Milwaukee public health officials created a hot line for nervous residents and reported a "robust" number of calls with questions and worries. At grocery stores here, bins for raw spinach sat empty and produce managers said they had few inquiries about the product. Most people, it seemed, had heard about the outbreak by Friday morning and had no intention of buying spinach.

Bette Massaro, who was shopping in the produce aisle at Grasch Foods in Brookfield, Wis., where a clerk had moved some 100 bags of spinach to the back of the store early Friday, said she had already thrown away her bag of spinach at home. Ms. Massaro said did not intend to buy another right away, even when the immediate outbreak was over.

This is not the first time leafy greens have been deemed a problem in E. coli outbreaks. As recently as August, the Food and Drug Administration announced the development of the Lettuce Safety Initiative, "as a response to the recurring outbreaks" of E. coli O157:H7, a strain associated with fresh and cut lettuce. Federal and state officials are in the middle of a review of lettuce farming and processing in the Salinas Valley of California, where Natural Selection Foods and other growers are located.

According to the F.D.A., there have been 19 outbreaks of the specific E. coli bacteria now under scrutiny since 1995, and 8 of the incidents were traced to leafy produce.

In Salinas, growers in the immense spinach fields were dismayed by the broad scope of the federal warnings not to eat any fresh bagged spinach. More acres of spinach are produced in California than in any other state; last year, American farmers produced 53,700 acres of spinach, 75 percent of it in California.

Robert Eli Perkins, the executive director of the Monterey County Farm Bureau, said the growers were staying out of the limelight and waiting for a decisive determination of the source of the contamination. They were worried, Mr. Perkins said, that the broad recommendation issued on Thursday against consuming any bagged spinach would confuse consumers and might leave a long-lasting taint on fresh spinach.

For now, though, Dr. Acheson said Friday night, consumers should avoid all prepackaged spinach and mixed salad products, and throw out any products that have already been bought. Rewashing spinach and salad mixes at home may only worsen the problem by spreading the contamination, he said. And if a restaurant fails to specify the source of spinach in its items, diners should avoid ordering raw spinach, he said.

In addition to the Wisconsin cases, federal authorities broke down the E. coli cases by states this way: Utah, 11; Ohio and New York, 7 each; Michigan, 6; Oregon and New Mexico, 5; Indiana, 4; Idaho, Pennsylvania and Kentucky, 3 each; Maine and Connecticut, 2 each; and California, Minnesota, Nevada, Tennessee, Virginia, Washington and Wyoming, one each.

Calif. Farm Firm Linked To Tainted Spinach (WP)

By Michael S. Rosenwald And Ylan Q. Mui

The Washington Post, September 16, 2006

Federal health officials last night linked a deadly E. coli outbreak in bagged spinach products to a California farm company that sells organic produce in 74 percent of the country's grocery stores.

Natural Selection Foods, widely known for its Earthbound Farm brand, yesterday recalled all its fresh spinach products, along with packaged salads.

The company also sells products under the Trader Joe's and Dole brands, among dozens of others.

Many of the people who have become ill reported eating Natural Selection products, but the Food and Drug Administration has not yet found the bacterium in the company's products. The outbreak has sickened nearly 100 people in 20 states, including one potential case in Virginia.

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FDA officials warned consumers not to eat packaged spinach, and last night it extended the warning to packaged salad products that contain spinach, as well as spinach at restaurant salad bars. The strain of Escherichia coli that is making people sick is particularly virulent. The bacteria can cause severe vomiting and diarrhea, and some people can develop kidney failure.

The warnings came on a day when grocery stores and restaurant chains scrambled to pull bagged spinach off their shelves and menus. Wal-Mart Stores Inc. removed its bagged spinach from stores around the country. So did Giant Food, Food Lion and Safeway. Cosi, a popular lunch chain, took baby spinach out of its hand-tossed salad. The Ruby Tuesday restaurant chain decided last night to remove all spinach from its salad bars and entree salads.

At Whole Foods Market, which cleared its stock Thursday after initial FDA warnings, signs were posted explaining to customers why bagged spinach was not on shelves.

"We pulled all our spinach in the store, not only the bagged stuff but any of the fresh stuff and any products that had fresh spinach in them," said Sarah Kenney, director of marketing for the company's mid-Atlantic region. The stores communicated with each other via e-mail. "We get questions like: 'What about the spinach in this dip?' The response is: 'Just pull it.' "

Spinach is a nearly $300 million-a-year industry and has been growing with the popularity of packaged salads. While sales of canned spinach have fallen 14 percent, to $34 million, from 2002 to 2005, sales of packaged spinach have risen. Sales rose nearly 36 percent from 2002 to 2005, to $158 million, according to AC Nielsen.

"I love spinach," said Ophelia Miranda, a District resident, who couldn't find it yesterday at a Whole Foods Market. "I'll stay away from it for a while."

Health officials made the link to Natural Selection Foods by interviewing patients, asking them what they had eaten in the week before they became ill, and then looking in the answers for a common thread. Once spinach was implicated, epidemiologists queried the people about where they shopped and what brands they had bought. That led to the California company.

A spokeswoman for Earthbound Farm released a statement saying the company was assisting federal health authorities in their investigation, including providing full access to its facilities and offering products for testing.

"We will do whatever is necessary to help protect the health and safety of the public," the statement said.

David Acheson, an FDA food safety official, emphasized last night that no E. coli bacteria has been isolated from any of Natural Selection's products and that recalls could extend beyond Natural Selection Foods. Samples of spinach that several patients still had in their refrigerators are being shipped to FDA labs for testing.

Food safety experts have been recently tracking an increase in the number of food-borne illnesses in fresh produce. Outbreaks in produce have been more frequent than beef and poultry in recent years, according to federal health statistics analyzed by the Center for Science in the Public Interest. From 1998 to 2004, there were 492 outbreaks of food-borne illnesses attributed to produce, including 86 in 2004. In the same period there were 324 outbreaks traced to beef, 402 to poultry and 626 to seafood.

Caroline Smith DeWaal, food safety director for the Center for Science in the Public Interest, said it was not clear what caused the increase in produce problems. "What is clear is that the numbers show they are not going down," she said.

James Gorny, senior vice president for food safety and technology at the United Fresh Produce Association, attributed the increase to several factors, including increased consumption of produce, better detection methods and advances in epidemiology. He said the public is also more aware of problems that could arise from tainted produce.

"We never thought to look at fruits and vegetables before, and now we are," he said.

Gorny said the industry has improved its communication with regulatory agencies and recently issued guidelines for handling melons, tomatoes, lettuce and leafy greens.

"These documents don't just sit on a table," he said. "We really try to get them out to industry."

Tom Stenzel, president and chief executive of the United Fresh Produce Association, said it is working closely with the FDA to determine the source of the current outbreak. "We've got to make sure consumers retain their confidence in the safety of these products," he said yesterday during a news conference at the National Press Club in Washington.

The outbreak prompted questions about how packaged spinach is produced. Gorny said it is sent to a processing facility after harvesting, where it is cooled and triple-washed in chlorinated water, "probably a more vigorous wash cycle than you can ever do in your home." The spinach is then dried, packaged and refrigerated before being shipped to distributors.

Raw, bulk spinach is harvested and packaged but not washed before it is sent to distributors, Gorny said. Stenzel cautioned that produce tainted with E. coli cannot be decontaminated simply by washing. "You can certainly reduce risk by washing the product, but you cannot eliminate the risk," he said.

The only way to eliminate the risk is to cook the product to at least 160 degrees, but health officials advised against that, saying preparing contaminated food could spread the bacteria.

DOJ_NMG_0064449

BP Safety Under Fresh US Attack (FT)

By Sheila Mcnulty In Houston

Financial Times, September 16, 2006

BP mistakenly told state regulators in a 2003 application for an emissions permit that it had installed the updated equipment which investigators said would have prevented last year's fatal explosion at its Texas City refinery, the Financial Times has learned.

In the application, a copy of which has been seen by the FT, BP said: "Relief valves are routed to a flare; therefore, 100 per cent control credit is applied." A flare is a closed tank in which liquid emissions are received and the vapour burned off. But BP only applied to replace the outdated blowdown stack on the refinery's ISOM unit with a flare after the refinery exploded, killing 15 and injuring an estimated 500.

A blowdown stack is a tank with an open stack, used to dispose of emergency releases. An ISOM unit is used to boost the octane rating of gasoline.

"The fatal explosion would not have occurred if the ISOM unit had a properly sized and designed flare system," said Daniel Horowitz of the US Chemical Safety and Hazard Investigation Board, an independent federal agency that investigates industrial chemical accidents.

In BP's own assessment of the blast at its biggest refinery, it said the use of a flare system, instead of a blowdown stack – which the industry has been phasing out for years – would have reduced the accident's severity. BP said on Friday: "We follow the rules."

BP is under grand jury investigation for possible criminal charges in Texas. The FT has learnt that both the US Attorney's Office and the federal Environmental Protection Agency, conducting separate investigations of BP, have learned of the existence of the emissions permit document during their probes.

BP also is under grand jury investigation in Alaska for severe corrosion that forced it to shut half of Prudhoe Bay. Hearings are also being held in Congress over how BP let its field deteriorate to such an extent.

A year-long oil leak in the Gulf of Mexico, uncovered by the FT last month, and a spill in California announced this week, have bolstered claims that BP's US safety culture needs improving.

The BP document is part of BP's application to the Texas Commission on Environmental Quality for a revised Flexible Permit relating to emissions from the Texan plant. It is likely to surface in state court in the first civil cases arising from the blast to go to trial. BP received the permit in July 2005, four months after the explosion.

That trial is to begin on Monday, with the start of jury selection. There are roughly 550 outstanding death, injury and damage cases against BP, which has settled about 650 cases.

Ruling To Halt Forest Fee Will Be Appealed (AZDS)

By Tony Davis, Arizona Daily Star

Arizona Daily Star, September 16, 2006

$5 requirement for Mt. Lemmon, canyons at stake

The federal government has given notice that it will appeal a magistrate's ruling that could lead to elimination of $5 daily user fees in popular recreation areas, according to the U.S. Attorney's Office in Phoenix.

People now pay the user fees to hike or picnic on Mount Lemmon, in Sabino and Madera canyons, and in other sites in Arizona and around the West.

U.S. Attorney Paul Charlton's notice, filed Thursday, said the government will appeal U.S. Magistrate Charles Pyle's Sept. 5 ruling dismissing two $30 tickets the Forest Service issued to Tucsonan Chris Wallace.

Wallace was cited twice in September 2005 on Mount Lemmon for parking her car to hike in the Marshall Gulch area and near the General Hitchcock Campground without paying the fee.

Pyle's ruling said the Forest Service lacks authority to impose such a fee for trail use.

The user fee system requires anyone who drives up Mount Lemmon to pay $5 per day or $20 for an annual pass, if they park at hiking trails or picnic areas or anywhere else within a prescribed area on the mountain. That area includes all national forest along the Mount Lemmon Highway.

They do not have to pay if they drive up and down the mountain without stopping, or stop at campgrounds that have separate fees charged by concessionaires. They also don't pay if they stop at private cabins, Summerhaven businesses, scenic overlooks or vista points.

The appeal will be pursued in U.S. District Court. The Justice Department has 30 days from Thursday to file a legal brief on the case.

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On Friday, a Forest Service official corrected a statement he made Wednesday that Congress has cut back its appropriations for Forest Service recreational programs by 50 percent to 75 percent over the past decade.

Actually, the amount appropriated for recreation nationally has increased by 22 percent over that period, said Larry Raley, the Santa Catalina Ranger District's district ranger. He declined to comment on budget issues for the Santa Catalina district.

Fresno Judge To Rule On Air Suit (FRESNOB)

By John Ellis, The Fresno Bee

Fresno Bee, September 16, 2006

Decision about vehicle emissions could have national implications.

State officials on Friday asked a federal judge to throw out a lawsuit by the automobile industry challenging new state emissions standards that would be the toughest in the nation.

After hearing more than two hours of arguments, U.S. District Court Judge Anthony W. Ishii said he would issue his ruling later.

If he rules against the state, the closely watched case is likely to go to trial in January — and its outcome would have national implications.

Already, 10 states have adopted California's new emissions standards, and nine states in the Pacific Northwest and northeast, as well as New York City, have filed briefs on the state's behalf in the case.

The new state regulations, scheduled to take effect with the 2009 model year, would set tailpipe emission standards for greenhouse gases, which many scientists believe are contributing to global warming.

The regulations are expected to cut exhaust emissions in cars and light trucks by 25% and in larger trucks and sport utility vehicles by 18%. The operation of vehicle engines creates greenhouse gases, such as carbon dioxide.

"This is an incredibly important issue," Deputy Attorney General Marc Melnick told Ishii.

The rules were approved two years ago by the state Air Resources Board and stemmed from legislation signed in 2002 by then-Gov. Gray Davis.

In December 2004, more than a dozen San Joaquin Valley auto dealers — including Central Valley Chrysler-Jeep of Modesto, Kitahara Pontiac GMC Buick of Fresno, Madera Ford Mercury and Merle Stone Chevrolet of Tulare — joined DaimlerChrysler Corp., General Motors, the Alliance of Automobile Manufacturers and others in filing suit to block the new rules.

At issue is whether California has the right under the federal Clean Air Act to regulate greenhouse gases through tailpipe emissions.

Under the Clean Air Act, California is the only state allowed to set emissions rules stricter than national standards, but it must first obtain a waiver from the federal Environmental Protection Agency. That has not yet happened. Other states, in turn, can opt for California's standards.

Washington, D.C., attorney Andrew Clubok, who represents the plaintiffs, told Ishii California's new rules are fuel-economy standards, which can only be set by the federal government.

He said the state's efforts to regulate greenhouse gases on its own violate antitrust laws, the Energy Policy and Conservation Act, foreign policy laws and other federal statutes.

"California thinks it's better to lead by example, even if it interferes with the position of the federal government," Clubok said.

He also said the federal Energy Policy and Conservation Act gives the National Highway Traffic Safety Administration — not individual states — the exclusive ability to set gas mileage regulations.

Clubok told Ishii the regulations would lead to a loss of jobs and the elimination of certain types of vehicles from the states that adopt the new standard. He said it would increase highway fatalities and pollution.

He also said the Valley would be hit especially hard because heavy-duty trucks needed in agriculture and related industries no longer would be available or would be much more expensive.

Automakers say the rules will increase vehicle prices by at least $3,000 as soon as they take effect. The air board estimates the increase at no more than $1,000 by 2016, spokesman Jerry Martin said. That added cost would be more than offset by savings in other areas.

By contrast, Clubok said, the only stated benefit from California is a reduction in global warming, but even that claim, he said, would be disproved during a trial.

Melnick, who called Clubok's statements a "parade of horribles" meant to frighten the public, said that if the regulations eventually are adopted, the automotive industry can take legal action in state court.

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David Doniger, a Washington, D.C.-based attorney for the National Resources Defense Council — which has joined the state in defending the regulations — added that the automotive industry's arguments should be made to the EPA when the state seeks the waiver to implement the new regulations.

"This should be handled by the EPA in Washington, not in a courthouse in Fresno," he said. The reporter can be reached at jellis@fresnobee.comor (559) 441-6320.

Environmental Group Sues Federal Government To Halt Sales Of Toy Jewelry Containing Lead (FINDLAW/AP)

By Terence Chea, Associated Press Writer

AP, September 16, 2006

(AP) - SAN FRANCISCO-Environmentalists sued the federal government Thursday to stop the sale of toy jewelry made with lead, citing dangers it can pose to brain development in children.

The San Francisco-based Sierra Club wants the Environmental Protection Agency to find ways to stop the sale or production of toy necklaces, bracelets and rings containing lead.

"I don't think parents realize that these pieces of jewelry have the potential to be harmful," said Jessica Frohman, head of a Sierra Club committee on toxic substances. Children can be exposed to dangerous levels of lead if they suck on or swallow the jewelry, she said.

The attorneys general in California and Illinois sent letters to the EPA supporting the Sierra Club complaint.

The EPA would not comment directly on the lawsuit, which was filed in federal court in San Francisco. But spokesman Mark Merchant said the agency has a "comprehensive set of regulations" to protect children from lead. It does not, however, have specific regulations for toy jewelry containing lead, he said.

Inexpensive toy jewelry made with lead or painted with lead paint is sold across the United States in vending machines and in stores that sell mainly to immigrant communities.

A 4-year-old Minnesota boy died of lead poisoning in February after swallowing a heart-shaped charm from a bracelet distributed by Reebok International. In March, the company recalled 300,000 of the silver-colored, Chinese-made bracelets found to be 90 percent lead.

Earlier this year, more than 70 major U.S. retailers, including Target, Kmart, Sears and Toys "R" Us, agreed to stop selling children's jewelry containing lead in California after an advocacy group, the Center for Environmental Health, and the state attorney general sued in 2004.

EPA Plans To Close Labs, Drop Scientists And Reduce Oversight (MCT)

By David Goldstein

McClatchy Newspapers, September 16, 2006

WASHINGTON - The Environmental Protection Agency intends to close labs, cut its cadre of upper-level scientists and reduce regulatory oversight, according to an internal agency document.

In a memo dated June 8, a top agency official outlined "a set of proposed disinvestments, innovations, efficiencies and consolidations" for the upcoming 2008 fiscal budget.

"The decisions we make will be critical, difficult and will have long-term consequences," EPA Chief Financial Officer Lyons Gray wrote.

He said the EPA wanted to limit duplication and find "opportunities for consolidation and streamlining." EPA assistant administrators, regional administrators, the general counsel and inspector general received the memo.

Gray called for creating "Centers of Excellence" within the agency that would manage "contracts, grants and human resource work."

Asked about the memo, the agency said in a statement, "The EPA is committed to being good stewards of our nation's environment and good stewards of our nation's tax dollars."

It said the agency hoped "to accelerate the pace of environmental protection by promoting environmental results and accountability, innovation and using the best available science."

Jeff Ruch, the executive director of Public Employees for Environmental Responsibility, a watchdog group that obtained the memo, said that rather than consolidating to improve the agency, the EPA was "chopping up the furniture to meet external budget targets."

The EPA's budget has been dropping steadily since it reached a record $8.13 billion in fiscal 2003. The Bush administration's proposed fiscal 2007 budget was nearly $1 billion lower, but Congress hasn't yet approved a final version. The fiscal 2008 budget plan is due in February. Gray said the financial outlook was "very challenging."

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In his memo, he asked for plans to close at least 20 percent of the EPA's 16 research laboratories by 2011 - a minimum 10 percent cut by 2009 and another 10 percent by 2011.

He asked agency officials to suggest upper-level staff cuts, which would include scientists, analysts and managers. His memo hinted that more reductions could be necessary later.

Staff cuts could worsen what some experts have said is already a deteriorating situation, particularly with a significant number of EPA employees due to retire over the next decade.

M. Granger Morgan, the head of the Engineering and Policy Department at Carnegie Mellon University and the chairman of the EPA Science Advisory Board, told Congress in March, "The agency is in danger of losing core scientific expertise in both conventional and emerging environmental issues."

Morgan testified that research and development spending at the agency had fallen more than 16 percent since 2004.

A report in August from the EPA inspector general found that various studies have concluded that the agency doesn't always have reliable data to support its conclusions and "does not always use reliable science to support its rules and regulations."

Gray's memo also calls on the agency to work with state and tribal groups to look for ways to reduce regulatory oversight.

"The state and tribal grants have been reduced 25 percent since the administration started," said Heather Taylor, the deputy legislative director of the National Resources Defense Council, an environmental advocacy group. "First we take away the money to do their jobs, now we take away the oversight."

Fairfax Issues Pandemic Flu Response Plan (WP)

By Lisa Rein

The Washington Post, September 16, 2006

Nearly 700 Deaths Possible in Outbreak

A severe outbreak of bird flu would infect nearly a third of Fairfax County's population, killing almost 700 people and sending thousands to local hospitals, according to a new report.

The 112-page primer on how the Washington area's largest local government would respond to a pandemic that many researchers think is inevitable depicts a grim scene of sick or at-risk people in widespread isolation or quarantine, at home or in hospital beds.

As much as 40 percent of the county's workforce would be out of commission. And hospitals, nursing homes and other makeshift medical centers would have to set up temporary morgues and stockpile body bags to handle the deaths.

"Life as you see it today will not be the same," Fairfax health director Gloria Addo-Ayensu said yesterday. "We will all have to make sacrifices."

Fairfax, which has posted its response plan on the county Web site, is the region's first local government to issue a comprehensive report on pandemic flu preparations, said Addo-Ayensu and other emergency management officials.

Although the Bush administration has released a federal plan and committed tens of millions of dollars to anticipate a crisis, the details of how to respond are left to state and local governments.

Public health experts fear that avian influenza, which is spreading worldwide in poultry and has infected more than 230 people, could mutate into a virulent, pandemic strain that could spread widely from person to person, killing millions around the world.

There is no bird flu vaccine, and public health officials predict a shortage of antiviral drugs.

Fairfax, like most local governments, has planned emergency exercises; held meetings with doctors, businesses, school and religious leaders; and prepared public service announcements and publications to give residents information about a possible pandemic.

Now the county is giving its government officials, infectious disease specialists, emergency planners and first responders explicit instructions on what to do if people get sick.

"We have to look at the scenarios that are the worst-case," said C. Douglas Bass, the county's emergency management director, "and look at how we would deal with them."

Bass said the county took the unusual step of putting the response plan on its Web site "to assure the public that we are being vigilant, that we've gone through this process, and to provide a forum if they have questions."

It's largely a communications plan that dispassionately lays out military-style procedures that would be set in motion at the first sign of a pandemic. The goal is to minimize the transmission of a highly contagious virus while keeping the county government of 11,000 employees running, albeit with truncated services.

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Taking its cue from federal officials, the county would track individual infections through reporting by local doctors and hospitals. Sites would be set up across the county to distribute a potential vaccine or medicine, and sick people could be forced into quarantine.

The county would communicate a series of sobering messages: A pandemic has been declared somewhere in the world, and Fairfax may soon experience illnesses and deaths. A pandemic could last as long as 18 months. And residents should practice good hygiene -- washing their hands and covering their mouths when they cough -- to prevent the spread of germs.

Many county employees would work from home, and hundreds could be diverted from their jobs in libraries, parks and other "nonessential" agencies to help with the emergency response. Critical personnel would include police and fire rescue workers and those in utilities and wastewater treatment. Heads of agencies are supposed to designate replacements who could fill in if they get sick.

And as a pandemic approached, thousands of other people would be ordered to stay home, steering clear of trains, buses, malls and other places where they would come into close contact with others.

The response could get particularly challenging in a county of more than 1 million people, thousands of whom do not speak English. As many as 51,000 of those infected would be low-income residents without regular access to medical care, the response plan says.

"Trying to do mass vaccinations, for example, would be a huge challenge," county spokeswoman Merni Fitzgerald said. "We are so big that we can't just say, 'Everybody show up at once place.' "

A flu outbreak could last six to eight weeks, with two waves over 18 months, the report says.

As more people get sick, waves of panic could spread, with increased calls to police. "Civil disturbances and breakdowns in public order may occur," the plan says. Crime could jump as police officers might be diverted from traditional duties.

And security problems could be rampant as people might fight for access to limited vaccines and medication. Health-care workers, the elderly and those with chronic illnesses would get first priority.

Interior's Internal Messes (NYT)

The New York Times, September 16, 2006

We knew that bad things would happen when President Bush filled many of his important environmental posts with right-wing activists and industry lobbyists who had spent their careers criticizing the laws they were now being told to uphold and representing industries they were now being told to regulate. Just how bad became clear this week in the course of some pointed testimony from the Interior Department's inspector general, who accused top officials at his agency of fostering a culture of "managerial irresponsibility" that tolerated conflicts of interest, cronyism and other lapses.

At a House subcommittee hearing, the official, Earl Devaney, said that "short of a crime, anything goes at the highest levels of the Department of the Interior." The committee had summoned Mr. Devaney to give his views on some flawed drilling leases the department signed in the late 1990's — before the Bush administration came to office — that could allow big oil companies to escape billions of dollars in royalties on oil and gas produced in the Gulf of Mexico. The leases appear to have been the result of bureaucratic bungling, not favoritism, but Mr. Devaney suggested that Interior had since gone to some lengths to cover up its mistakes.

On the broader subject of departmental ethics, Mr. Devaney expressed particular frustration at what he described as the kid-gloves treatment of J. Steven Griles, a former industry lobbyist who was deputy secretary during Mr. Bush's first term, before returning to the lobbying game. Regarded by many environmentalists as the Svengali behind Gale Norton, Mr. Bush's secretary of the interior until earlier this year, Mr. Griles brought a pro-industry bias to nearly every big decision made during the Norton regime. He was an architect of the administration's relentless search for oil and gas in fragile areas of the Rocky Mountain West. He was also involved in an agreement between Ms. Norton and the state of Utah that opened millions of acres of potential wilderness to commercial exploitation, and was instrumental in rolling back environmental regulations governing the mining industry.

Beginning in 2002, Mr. Devaney conducted an 18-month investigation into a whistleblower's complaints that Mr. Griles had behaved improperly by meeting with former business partners and with industries that stood to benefit from departmental decisions. The office of government ethics eventually ruled that Mr. Griles had not violated any laws. But Mr. Devaney has made clear his belief that Mr. Griles, who was allowed by Ms. Norton to stay on the job after simply confessing to bad judgment, should have been severely reprimanded, if only to send a much-needed message to the department that even the appearance of impropriety cannot be tolerated.

That message still needs sending, and it is up to Dirk Kempthorne, Ms. Norton's successor, to do it. Mr. Kempthorne has promised to investigate the foul-ups and cover-ups regarding the oil contracts. But he should broaden that inquiry to encompass

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the ethical shortcomings of an agency whose reputation for probity and fairness is as low as it has been since the dark days of Ronald Reagan.

FBI/DEA/ATF/USMS:

Mexican Agents Complete DEA Course (SAEN)

By Gary Martin, Express-News Washington Bureau

San Antonio Express-News, September 16, 2006

WASHINGTON – Mexican law enforcement agents completed a Drug Enforcement Administration program as part of a joint U.S.-Mexico effort to combat methamphetamine production in border states, officials said Friday.

The announcement that 55 Mexican agents and prosecutors completed the DEA course in Quantico, Va., comes one day after the State Department issued a travel alert for Americans in Mexico.

Training Mexican police to dismantle methamphetamine labs and prosecute offenders is "a big step forward in our fight against meth," said Karen Tandy, the DEA administrator.

Tandy called the program "a historic effort to jointly combat meth production and trafficking that is devastating both nations."

About 80 percent of the methamphetamine consumed in the United States is manufactured in Mexican labs by criminal organizations based in both countries, according to the DEA.

A war among drug cartels over control of narcotics trafficking and distribution routes is blamed for rising lawlessness along the U.S.-Mexico border.

That war is blamed for the death of a Monterrey policeman and the killing of a state police administrator in Tamaulipas earlier this month.

The State Department issued a warning to Americans traveling to Mexico to exercise extreme caution as execution-style killings of U.S. and Mexican citizens in border states have been reported.

That warning includes a particular alert for Americans traveling in the border cities of Nuevo Laredo and Matamoros.

Tony Garza, the U.S. ambassador to Mexico, said in a statement that crimes in those cities are putting a strain on travel, tourism and business.

He pledged to work with Mexican counterparts to "restore order and successfully take on those undermining our society."

The manufacturing and trafficking of methamphetamine has become a growing problem in Mexico, the result of a crackdown in the United States where recent laws restrict the sale and access to pseudoephedrine, the main ingredient for the drug.

In May, Tandy and U.S. Attorney General Alberto Gonzales met with Daniel Cabeza De Vaca, the Mexican attorney general, to address the methamphetamine problem in both countries.

U.S. and Mexican officials vowed to crack down on producers of the drug, and work together to combat trafficking. They unveiled the joint training program for Mexican police, modeled after a similar DEA program that has trained 300 Mexican agents.

Officials hope the new team of trained Mexican agents can target the largest methamphetamine trafficking gangs in Sinaloa, Michoacan, Jalisco, Sonora and Baja California.

In the United States, the DEA is focusing on traffickers and organizations transporting and distributing methamphetamine produced in Mexico and smuggled through American border states.

The DEA also is attacking money-laundering operations of the gangs and criminal organizations operating on both sides of the border. gmartin@express-news.net

Gun Collector To Remain In Jail, Magistrate Rules (SEATT)

By Mike Carter, Seattle Times staff reporter

Seattle Times, September 16, 2006

A Bellevue gun collector once questioned about the slaying of a federal prosecutor will remain in custody pending trial on a charge that he illegally possessed a machine gun.

U.S. Magistrate Monica Benton ruled Friday that Albert Kwok-Leung Kwan posed a flight risk and a potential threat to the community and to federal agents who would monitor him if he was freed.

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At a hearing before the judge's decision, Kwan's attorneys acknowledged that he repeatedly invoked his Fifth Amendment guarantee against self-incrimination during appearances before a grand jury investigating the slaying of Assistant U.S. Attorney Thomas Wales in October 2001.

Kwan was arrested and held as a material witness for 23 days last year as FBI agents and federal prosecutors attempted to discern the whereabouts of two handgun barrels Kwan allegedly owned. The bullets that killed Wales were fired through the same, rare type of barrel, the FBI has said.

Kwan is not a suspect in the killing.

He was indicted last week for owning an unlicensed M-14 assault rifle the government says was capable of firing as a machine gun.

Kwan has hundreds of firearms — many of them licensed machine guns — in his home. Benton was worried about the safety of federal agents who would supervise Kwan if he was released.

Kwan's attorneys argued to have him placed in a federal halfway house while his gun collection was moved. His lawyer Joseph Conte said the collection amounted to nearly 3,000 pounds of guns.

Benton cited instances in which Kwan had been evasive or confrontational with agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives, which has revoked his federal firearms license. Kwan, the magistrate said, appeared guilty of "not insubstantial" violations of ATF regulations.

"And this is a firearm offense," Benton said. "I have to look at his conduct in light of that."

TAX:

IRS Orders All Saints To Yield Documents On '04 Political Races (LAT)

By Louis Sahagun

The Los Angeles Times, September 16, 2006

Antiwar remarks at All Saints in Pasadena were made two days before the 2004 election. The church is ordered to hand over records.

Stepping up its probe of allegedly improper campaigning by churches, the Internal Revenue Service on Friday ordered a liberal Pasadena parish to turn over all the documents and e-mails it produced during the 2004 election year with references to political candidates.

All Saints Episcopal Church and its rector, the Rev. Ed Bacon, have until Sept. 29 to present the sermons, newsletters and electronic communications.

The IRS investigation was triggered by an antiwar sermon delivered by its former rector, the Rev. George F. Regas, at the church two days before the 2004 presidential election. The summons even requests utility bills to establish costs associated with hosting Regas' speech. Bacon was ordered to testify before IRS officials Oct. 11.

The tax code bars nonprofits, including churches, from endorsing or campaigning against candidates in an election.

Facing the possible loss of his church's tax-exempt status, Bacon said he plans to inform his roughly 3,500 active congregants about the investigation during Sunday's services. Then he plans to seek their advice on whether to comply.

"There is a lot at stake here," Bacon said in an interview. "If the IRS prevails, it will have a chilling effect on the practice of religion in America."

The congregants will have two choices: consent to the IRS request, or decline, which could result in the matter being referred to the Department of Justice and, possibly, U.S. District Court in Los Angeles, All Saints' lead attorney Marcus Owens said.

"The congregation's decision will be clear on Sunday or a few days after that," Owens said. "My guess is they will be unlikely to respond demurely and acquiesce in the government's request at this stage. The issues are too close to the quick of their fundamental religious beliefs."

Members of All Saints have a long history of social activism. The sermon that attracted the IRS' attention was delivered by Regas, who was well-known for opposing the Vietnam War, championing female clergy and supporting gays and lesbians in the church.

The medieval-looking church, just east of City Hall, seems to embody staid, moneyed Old Pasadena, but the liberal outlook goes back decades. During World War II, its rector spoke out against the internment of Japanese Americans. Regas headed the church for 28 years before retiring in 1995.

Exactly how the congregants will make their feelings known on the IRS issue is yet to be decided.

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"It may come via e-mail, or as a yea or nay on Sunday, or some other means," said Keith Holeman, a spokesman for the church.

IRS spokesman Frank Fotinatos declined to comment on the matter saying, "We can't confirm or deny any ongoing investigation."

Rep. Adam B. Schiff (D-Burbank), who unsuccessfully tried to launch a Government Accountability Office investigation into the IRS' probes of churches nationwide last year, called the summons "a very disturbing escalation" of the agency's scrutiny of All Saints.

"I don't want religious organizations to become arms of campaigns," he said. "But they should be able to talk about issues of war and peace without fear of losing tax-exempt status. If they can't, they'll have little to say from the pulpit."

The view was echoed by the Rev. Bob Edgar, an ordained elder in the United Methodist Church and general secretary of the National Council of Churches USA. "I'm outraged," he said. "Preachers ought to have the liberty to speak truth to power."

"There is a lot more to be done about this, and it may include some actions of nonviolent civil disobedience," Edgar said. "Since 9/11, the IRS, like the FBI, has been moving back to the 1950s and 1960s when a great deal of such activity was propagated against church leaders like Martin Luther King."

In July, the IRS warned 15,000 tax-exempt groups across the nation, including churches and nonprofit organizations, to stay neutral on politics.

At the time, IRS officials said the agency also began expediting investigations into charges of improper campaigning under a new enforcement program, the Political Activity Compliance Initiative. Under it, the IRS will no longer wait for an annual tax return to be filed or for the tax year to end before investigating allegations of wrongful campaigning.

Since 2004, the IRS has investigated more than 200 organizations nationwide.

Federal law prohibits the IRS from releasing the names of those under investigation, but the agency in July said it had 100 cases pending — 40 of them churches.

Among them is the agency's case against the NAACP, which drew the IRS' attention in July 2004, after the organization's chairman, Julian Bond, criticized the Bush administration's policies on civil rights.

All Saints came under IRS investigation shortly after Regas delivered a guest sermon that depicted Jesus in a mock debate with then-presidential candidates George W. Bush and John F. Kerry.

The sermon, which did not endorse or oppose any of the candidates, addressed the moral and religious implications of various social issues facing the nation at the time.

Regas' suggestion that Jesus would have told Bush his preemptive war strategy in Iraq "has led to disaster" prompted a letter from the agency in June 2005 stating that "a reasonable belief exists that you may not be a tax-exempt church."

After nearly a year without communication with the agency, Bacon said he was "quite surprised" Friday when an IRS agent handed him the summons at his church.

In addition to seeking electronic communications, the summons requests "a copy of all oral communications identifying candidates for public office delivered at All Saints Church or at events sponsored by All Saints Church between Jan. 1, 2004, and Nov. 2, 2004."

The summons also asks for various financial records. "Please provide an accounting of all expenditures associated with delivery of the sermon, including allocations of overhead." All Saints officials take that to mean such things as the pay of church staff.

Bacon said the IRS' renewed investigation raises concerns that it may reflect an attempt to quash the church's discussions of "fundamental religious issues with policy implications before the midterm elections, and in a way that intrudes into core religious practices."

"Despite the drain on our finances and the time we will spend defending this attack on the freedoms of religion and speech, All Saints Church will continue without interruption or fear what has distinguished its mission for 125 years," Bacon said.

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CONGRESS-ADMINISTRATION:

Senate Confirms Minnesotan As Peace Corps Director (MINNST)

By Brady Aaverill

Minneapolis Star Tribune, September 16, 2006

A Minnesotan has been confirmed as the 17th director of the Peace Corps. "I'm elated. I'm honored to be able to serve in this way," Ron Tschetter said after the Senate confirmed him late Wednesday.

WASHINGTON - A Minnesotan has been confirmed as the 17th director of the Peace Corps. "I'm elated. I'm honored to be able to serve in this way," Ron Tschetter said after the Senate confirmed him late Wednesday. He said he expected to start the job at the end of the month.

"Here you have a guy who understands the system and who is committed to making sure the Peace Corps is more effective today than it was when it was started under John Kennedy," said Sen. Norm Coleman, R-Minn., chairman of the subcommittee that has oversight of the Peace Corps.

Coleman said that while safety and security will have to be the foremost priority for Tschetter, he also hopes that Tschetter will diversify the volunteer base by recruiting baby boomers. The new director has said both will be priorities.

President Bush nominated Tschetter, 64, in July to manage the Peace Corps, which he has had ties with since he was a health volunteer with his wife, Nancy, in India from 1966 to 1968. He was also a chairman of the National Peace Corps Association.

Tschetter was raised on a farm outside Huron, S.D. He received a bachelor's degree at Bethel College, and he was president of the investment firm Dain Rauscher for 10 years before he retired in 2001. He became president of the financial services firm D.A. Davidson & Co. in 2004.

Brady Averill is a correspondent in the Star Tribune Washington Bureau: 202-383-0015

Appeals Court Split Opposed By Nevada Bar (LAT/AP)

The Los Angeles Times, September 16, 2006

CARSON CITY, Nev. — The State Bar of Nevada reaffirmed its opposition to a bill by Sen. John Ensign (R-Nev.) to split up the U.S. 9th Circuit Court of Appeals, a frequent source of anti-Bush-administration rulings.

In a letter to the Senate Judiciary Committee, Rew Goodenow, State Bar of Nevada president, said the group's governing board opposes Ensign's bill "given the tremendous financial strain splitting the 9th Circuit Court would cause and thereby taking away from the direct administration of justice."

Besides that, Goodenow — who is active in state GOP circles — said the governing board believes there is "a lack of evidence supporting a quantifiable need for the split" of the nation's largest federal appeals court.

The conservative Ensign, who had eight co-sponsors for his measure, has pressed for its approval by saying the San Francisco-based court is overloaded.

Opponents allege political motives by Republicans annoyed by the court's rulings, including a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. The Bush administration had maintained the pledge is not an unconstitutional endorsement of religion.

The 9th Circuit covers nine states and has 28 judgeships.

Snow Laughs (WASHEX)

By Jeff DuFour And Patrick Gavin

Wash Exam, September 16, 2006

Must be the beautiful blue eyes ...

Covering the White House is not an easy beat. The hours are late, the travel can be brutal and the tug-of-war between the White House spin machine and journalists can wear down even the toughest reporter.

But White House spokesman Tony Snow, who has been on the job four months, might very well be out to change all of that and to put the “fun” back in “fundamentally, a frustrating job.”

Yeas & Nays reviewed the press briefing and press gaggle transcripts from Snow’s first four months on the job and compared them to those of Snow’s predecessor, Scott McClellan, during his first four months.

Under Snow, there were more than 330 percent more instances of laughter — as defined by the transcriber’s insertion of “(Laughter)” in the transcript — than under McClellan.

Have reporters fallen for the former Fox News commentator’s woo and charm? And — gasp! — could Snow actually be making the notoriously curmudgeonly task of covering the White House fun?

“It’s not that Tony’s necessarily a laugh riot,” says Ron Hutcheson, who covers the White House for McClatchy newspapers. “But he engages, and it’s a lot more fun to be in the room with somebody who’s engaging reporters.” Hutcheson says that McClellan, on the other hand, “was just cautious, cautious to a fault. He would retreat to the talking points and it was almost as if he didn’t listen to the question.”

Snow says that his humor is not intentional. “It’s just doing what I do, the way I do it,” he says. “For me, the job is a blast. I love the job and I think that’s part of it. And I enjoy the people out there. It’s not like I feel as if I’m among strangers. You’ve just got to be yourself when you’re doing a briefing.”

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But is there any danger in being a bit too humorous?

"Well, I do like to have fun, but at the same time you don't want to be doing stand-up as the spokesperson of the president and the leader of the free world," he says.

Obama: A little off the top, Tom

The Senate has its own Oscar and Felix in the freshman class.

Sen. Barack Obama, D-Ill., the Democrats' Next Big Thing, and Sen. Tom Coburn, R-Okla., the conservative hard-liner, have made an unlikely bipartisan pair this year.

The two celebrated their most recent success before reporters Thursday — a database bill that would shed light on government contracts and grants.

Amid the elation, the two even caught up on grooming tips.

"What did I tell you about your hair?" the buzz-cut Obama asked the shaggy-haired Coburn.

"4:30 today, it's coming off," said Coburn, running his hands through his gray mane. "I should save some for you in case you end up getting thin."

The collegiality may be welcome for Coburn, who alienated many members over his rigid views on spending when he served in the House from 1994 to 2000. House Majority Whip Roy Blunt, R-Mo., alluded to Coburn's tumultuous history in the lower body Thursday when he said, "if you were surprised at how quickly we moved a bill with Sen. Coburn's name on it, imagine how surprised he was."

Heat Index

Who's hot or cold

Steaming

GOTV

"Get out the vote" efforts saved Sen. Lincoln D. Chafee, R-R.I., and the DNC is planning to spend more than it ever has during a midterm year on GOTV efforts. So look for your chauffeured limo to the polls on Election Day, courtesy of your local party of choice.

Hot

Incumbents

After predictions of a "throw the bums out" election, a new poll indicates that 60 percent of Americans would re-elect their own member of Congress, and Senate primaries gave big wins to embattled GOP moderate Chafee and 10-term Democratic Rep. Ben Cardin from Baltimore.

Lukewarm

The Democrat's electoral "romp"

Dems may want to wait to measure for drapes in the GOP offices, as new polls give Republicans slightly more hope about November's results and Rep. John Boehner predicts a GOP victory. Or is this all just the Sept. 11 talking?

Cool

Interns

With the fun summer batch now back to college, Washington offices are left with a bunch of distracted local students too busy complaining about tomorrow's "killer exam" to concentrate on the envelope-licking. Hmph.

Raj and Rudy: Right?

Many of you know Raj Bhakta from his appearance on the second season of Manhattan mogul Donald Trump's TV show, "The Apprentice." But Bhakta is hoping that you'll associate him with a different oversized New York personality: Rudy Giuliani.

Bhakta, who is running as a Republican in an effort to unseat Democratic Rep. Allyson Schwartz in Pennsylvania's 13th Congressional District, is touting a recent Northeast Times article by reporter Tom Waring titled "Raj a rising Giuliani type?"

"I share much in common with the outlook of Mayor Giuliani," Bhakta told Yeas & Nays. "I think it's a very relevant comparison. "The basis is that, in both cases, we're people of action. Giuliani has taken action in cleaning up New York City when it needed action, and Philadelphia needs representatives who are going to take similar action."

Of course, Bhakta, who trails Schwartz in the polls, stands to benefit from a potential Rudy-Raj partnership.

"I look forward to having his support and help in the campaign," he said.

Hizzoner Mr. Giuliani did not get back to us by press time on whether Bhakta would have it.

Shuttle Astronauts Complete Final Spacewalk At Station (NYT)

By Warren E. Leary

The New York Times, September 16, 2006

DOJ_NMG_0064459

WASHINGTON, Sept. 15 — A pair of astronauts completed the third and final spacewalk of their mission outside the International Space Station on Friday by freeing up a new heat-dispensing radiator and upgrading communications gear.

The two, Joseph R. Tanner, a former Navy pilot, and Cmdr. Heidemarie M. Stefanyshyn-Piper of the Navy, spent 6 hours 41 minutes in space completing assorted tasks to get the station ready for further expansion as building of the research outpost resumed in earnest.

Their main task was removing packing restraints and readying deployment of a radiator that was part of the new solar power array set unfurled on Thursday. Shortly afterward, mission control sent commands to unfold the 1,600-pound radiator, and its seven panels expanded to form a 44-foot-long, 12-foot-wide winglike structure.

The radiator is to disperse heat and control temperatures of the electronics inside the solar array module once it starts supplying power to the station in December.

The astronauts also adjusted a communications antenna and swapped out defective parts, retrieved a suitcase-size experiment that exposed various materials to space to see how they fared, cleared the path of a mobile workstation that traverses the station, and rearranged footholds and handgrips for future spacewalkers working outside the station.

Mr. Tanner and Commander Stefanyshyn-Piper conducted their first spacewalk on Tuesday, connecting the 17.5-ton truss structure that the space shuttle Atlantis attached to the station a day earlier. A spacewalk the next day by Cmdr. Daniel C. Burbank of the Coast Guard and Steven G. MacLean of the Canadian Space Agency continued installation of the $372 million addition and freed a big rotary joint that will allow the station's solar panels to track the sun.

An overloaded circuit breaker delayed the final spacewalk of the shuttle's 11-day mission by 45 minutes because it knocked out a depressurization pump in the airlock where the astronauts were preparing for their excursion. The problem was caused by heaters cycling on at the same time as the pump and was corrected easily, said John McCullough, the lead station flight director.

With completion of the spacewalks, Mr. McCullough said, the busy mission was winding down. This is the first station construction mission since the 2003 Columbia disaster, which resulted in a nearly three-year grounding of the shuttle fleet.

"We're all tired on this team, but happy," Mr. McCullough said at a news briefing from the Johnson Space Center in Houston.

On Saturday, the six Atlantis astronauts are to get a half-day off before packing up and preparing for the shuttle's departure on Sunday. The shuttle is scheduled to land at the Kennedy Space Center in Florida on Wednesday.

Shuttle Crew Finishes Project (WP)

By Marc Kaufman, Washington Post Staff Writer

The Washington Post, September 16, 2006

Energy System Is Installed at Station

HOUSTON, Sept. 15 -- After a final six-hour spacewalk Friday, the crew of the space shuttle Atlantis finished building out the expanded solar energy system on the international space station.

The mission, completed by spacewalkers Joe Tanner and Heidemarie Stefanyshyn-Piper, was essential to any future construction at the station, which is half built and well behind schedule. NASA officials were delighted by the work done by the Atlantis team, the first construction at the space station since the 2003 Columbia disaster.

"We have to say what a wonderful job you both did today, especially you, Joe," Mission Control said as the astronauts returned to the station. "It was a legendary performance."

The extra credit went to Tanner because it was his seventh, and apparently last, spacewalk. He appeared reluctant to leave space at the end of the walk and spent some time looking out before entering the air lock.

The shuttle will leave the space station Sunday and prepare for a Wednesday landing. Before returning to Earth, however, the shuttle will circle the station and take the first full set of photos in several years. With the station's large new set of solar panels appearing as golden wings, NASA is expecting dramatic images.

Much of the work done Friday, and in the previous two Atlantis spacewalks, involved bolts and connectors that the astronauts had to open and close while wearing their bulky space gloves. Several bolts got stuck again, but none flew off into space, as two did in the other spacewalks. Fast-moving debris can harm spacecrafts, but NASA officials said they were certain that the missing bolts were far from the station.

NASA hopes to send 14 more shuttle missions to the station by 2010, at which point the agency hopes construction will be complete and the shuttles will be retired. Although Russian spacecraft travel regularly to the station, only the shuttles are large enough to carry some of the massive components needed to complete the station and its several research laboratories.

Congress Ducks (WP)

DOJ_NMG_0064460

By Editorial
The Washington Post, September 16, 2006

We know that you know that there is an entitlement problem. But the message hasn't reached Capitol Hill.

THERE'S NO great mystery about how to address Medicare's financial crisis. Either you contain the rate at which the program's costs rise, or you raise more money to pay for it. The federal office that runs the health program for seniors recently announced progress of each sort. Unfortunately, Congress may undo both.

The first announcement was that spending on doctors is rising more slowly than in the past. But the announcement assumed that Congress will follow through on its promise to cut Medicare payments to doctors by 5 percent next year. Congress made that promise after two consecutive years of failing to follow through on similar ones. Lawmakers show every sign of reneging again, and they may even award doctors an increase -- in which case part of the apparent progress in protecting Medicare's finances by containing medical inflation will turn out to be illusory.

The second announcement was that the richest 4 percent or so of retirees will face steep increases in Medicare premiums. Until now, all patients have paid a premium equal to 25 percent of the value of the benefits that the average retiree receives. In the future, the most affluent will pay more, though they will still be paying less in premiums than they take out in benefits. This modest reform, which won't affect the premiums 96 percent of retirees pay, is expected to raise an extra $20 billion for Medicare over the next decade. That's a fraction of the program's long-term funding shortfall, but it's still worth having.

That's not the way some Democrats see it, however. Rep. Nita M. Lowey (D-N.Y.) is pushing a bill that would repeal the higher premiums, arguing that rich retirees should not be hit with increases because they have already contributed generously to Medicare via higher taxes. This is like arguing that the tax code is in danger of becoming too progressive -- a strange position for a Democrat. Ms. Lowey also worries that premium hikes may be extended to a broader swath of retirees, perhaps even to those with incomes of $30,000 or $40,000. That might raise harder questions. But we are not there yet, and it's worth remembering that retirees with that sort of income still are among the richest third of Medicare beneficiaries.

The entitlement programs are not going to be fixed without some hard decisions. If Democrats oppose modest changes that hit only the rich, how will they find the courage to support far-reaching reforms?

OTHER NEWS:

Consumer Prices Up 0.2 Percent In August (AP-Y)

By Martin Crutsinger
AP, September 16, 2006

Inflation slowed last month as Americans finally got a break at the gas pump, lifting consumers' spirits and easing fears the country could stumble into recession.

The Labor Department reported Friday that consumer prices rose just 0.2 percent in August, half the gain in July. With oil prices falling in September, economists predicted more good news ahead on inflation.

That should bolster consumer spending and make a recession much less likely.

The recent drop in gasoline — which had surged above $3 per gallon in early August and is now down to $2.62 nationwide — is helping to lift consumer confidence.

The RBC Cash Index, from the Ipsos international polling firm, showed confidence soared to a seven-month high of 93.7 in early September after a sharp fall in August. A separate consumer survey by the University of Michigan also showed confidence rising.

Analysts said the readings offered hope for a rebound in consumer spending, which slowed dramatically in the spring.

"The decline in energy prices is just the right boost at the right time," said Mark Zandi, chief economist at Moody's Economy.com. "This should ensure that spending remains sturdy enough to keep the expansion intact."

Wall Street liked the inflation report. The Dow Jones industrial average rose 33.38 points to close at 11,560.77, just 162.21 points shy of its all-time closing high set in January 2000.

Consumers account for two-thirds of total economic activity. They have been under pressure from soaring energy prices, rising interest rates and a weakening housing market.

The spending slowdown in the spring cut overall economic growth to a 2.9 percent pace, down from a sizzling 5.6 percent rate in the first three months of the year. Zandi predicted that economic growth will average about 2.5 percent for the last half of this year.

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With inflationary pressures easing, analysts said Federal Reserve policymakers are likely to keep interest rates unchanged — at their next meeting, Wednesday, and for the rest of 2006. The belief is that the Fed's 17 increases over the past two years have slowed economic growth enough to restrain inflation.

"Healthy growth and diminishing inflation — it's a soft landing in progress," said Bernard Baumohl, chief economist at the Economic Outlook Group, another private forecasting firm.

Not all the economic news on Friday was positive. The Fed reported that output at factories, mines and utilities dropped by 0.1 percent in August, the first setback in seven months.

Several factors contributed, including a drop in utility production that reflected the end of a summer heat wave and a fall in oil production related to the troubles with the Prudhoe Bay pipeline in Alaska.

While manufacturing production was flat in August, analysts looked for gains in coming months, reflecting in part a rebound in consumer demand.

The slowdown in inflation did not help workers' average weekly earnings, which dropped by 0.5 percent in August, after adjustment for inflation, when compared with July.

President Bush said Friday he expected the economy's performance would persuade voters to keep Republicans in control of the House and Senate in the November congressional elections.

"I don't believe the Democrats are going to take over because our record on the economy is strong," Bush said, asserting his tax cuts had helped the country withstand a recession, terrorist attacks and last year's hurricanes.

"I certainly hope this election is based upon economic performance," Bush said during a Rose Garden news conference.

The Labor Department report on the Consumer Price Index showed that core inflation, which excludes the volatile energy and food sectors, rose a moderate 0.2 percent in August, the same as the increase in overall inflation.

After hitting a record closing high above $77 per barrel in mid-July, crude oil prices have fallen by nearly 20 percent, helping to moderate prices for gasoline and other energy products.

For August, the 0.3 percent rise in overall energy costs reflected a tiny 0.2 percent increase in gasoline prices. Food prices were up 0.3 percent.

Outside of food and energy, clothing prices, which had fallen sharply in July, rebounded by 0.9 percent in August, reflecting higher prices for the fall and winter clothing lines.

Airline fares, which had been rising sharply because of fuel costs, fell by 1.9 percent, the biggest drop since last December.

Price Index Moderated In August (NYT)

By Eduardo Porter

The New York Times, September 16, 2006

What a difference a few weeks make.

A month ago the economy seemed to be in dire straits — wedged in by the inflationary pressures of soaring energy prices and rising labor costs while threatened by the prospect that the weak housing market would decimate consumer spending.

But yesterday, the government reported that consumer prices rose only 0.2 percent in August, pushing annual inflation to 3.8 percent, the lowest since April. Meanwhile, retail sales rose by a respectable rate of 0.2 percent in August. And in September, consumers' confidence about the future increased sharply.

The changes largely reflected declining gasoline prices, which not only dragged down inflation but also left consumers with more money.

The data suggests pricing pressures may have peaked. To many economists, this means that the Federal Reserve will probably maintain its benchmark interest rate at 5.25 percent at the meeting of its rate-setting committee next week.

"The economy appears to be leveling off," said Jack Ablin, chief investment officer at Harris Private Bank in Chicago. "My sense is that we will dodge the bullet regarding inflation."

There are potential pitfalls on the horizon. A steeper decline in housing prices could slam the brakes on consumer spending and curtail economic growth.

But, so far, while the pace of consumer spending has slowed, it is by no means plummeting.

"Supply and demand are more balanced now," said Steven Wieting, an economist at Citigroup.

For months, the economy has been poised between competing forces pulling in different directions.

The economy has slackened, slowed by higher interest rates and a weakening housing market. Yet despite slower growth, energy prices continued to push inflation higher. Wages, which have inched up consistently over the last year, have threatened to put additional pressure on prices.

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Indeed, the index of core prices, the gauge most closely watched by the Fed, which excludes the unstable prices of food and energy to provide an indication of underlying inflation, rose 2.8 percent in August compared with the year before, the fastest annual pace since November 2001.

The economic tug of war left the Fed and its chairman, Ben S. Bernanke, in a tight spot. Having increased interest rates by 0.25 percent at each of 17 consecutive meetings since June 2004, the Fed decided last month against tightening monetary policy more.

But with core price inflation still way above Mr. Bernanke's stated "comfort zone" of 1 to 2 percent, many economists said they were worried that the Fed had stopped too soon.

If the 1 to 2 percent range "is a credible forecast, the Fed has to do something about it," said Allan H. Meltzer, a professor of political economy and public policy at Carnegie Mellon University. "We are certainly not moving towards 1 to 2 percent inflation."

Jeffrey M. Lacker, governor of the Federal Reserve Bank of Virginia, took the unusual step of dissenting, voting against the decision to stop increasing rates at the Fed meeting last month.

The more benign inflation figures in August appear to support the Fed's stance. Mr. Wieting said energy prices in the price index should also fall steeply in September. That is because the August data referred to prices midmonth and thus missed most of the recent fall in the price of gas, which declined by 30 cents a gallon, to $2.67, from Aug. 21 to Sept. 11.

Falling gasoline prices are also affecting inflation expectations. According to the University of Michigan's preliminary reading of consumer sentiment, reported yesterday, expectations of inflation one year ahead declined to 3.1 percent from 3.8 percent a month ago.

Core prices are not likely to follow energy prices down immediately. But they have been moderating. August was the second consecutive month in which core prices rose 0.2 percent, following three months of 0.3 percent inflation. And some prices that have perked up recently will probably abate. For instance, rising clothes prices, which also bolstered core inflation, are mostly a result of the arrival of more expensive fall fashions.

Rents have also played a big role pushing up prices. The National Association of Realtors expects apartment rents in urban complexes to rise 4.8 percent this year, up from 2.9 percent in 2005. The shelter component in the Consumer Price Index, which makes up more than 40 percent of the core, rose 0.2 percent in August, pushed mostly by higher rents.

Some economists argue, however, that rents should moderate eventually, because many condos that were built during the housing boom are now sitting unsold and will probably be converted into rental units.

And the moderating viewpoint is consistent with other data. Industrial production declined by 0.1 percent in August, according to another government report. Slowing output should ease inflation pressures.

"One of the components of inflation has been commodity prices across the board, from energy to metals," said Thomas J. Duesterberg, president and chief executive of the Manufacturers Alliance/MAPI. "We are starting to see some moderation in these prices. That's consistent with the moderation of industrial demand."

The economic outlook could yet become bleaker. People who bought their homes using adjustable-rate mortgages to keep their monthly payments low are starting to see higher mortgage bills. Some are falling behind on their payments.

And many economists suspect that home prices are still likely to fall more steeply. This could decimate residential construction. And it could impair American consumers' ability to borrow and, therefore, to spend.

"There's a storm building there," said Dean Baker, co-director of the Center for Economic Policy Research in Washington.

But if so, it is further away on the horizon.

U.S. Economy: Price Gains Slow, Backing Bernanke View (Update3) (BLOOM)

Bloomberg, September 16, 2006

By Joe Richter

Sept. 15 (Bloomberg) -- Prices paid by U.S. consumers rose in August at half the pace of the previous month, supporting Federal Reserve Chairman Ben S. Bernanke's view that inflation will moderate.

The consumer price index rose 0.2 percent following July's 0.4 percent increase, the Labor Department said today in Washington. Excluding food and energy costs, so-called core prices climbed 0.2 percent for a second month. A report from the University of Michigan showed Americans were more optimistic about the outlook for inflation and the economy as gasoline prices dropped.

Stocks advanced as traders speculated the Fed, whose policy makers meet next week, won't resume lifting interest rates after 17 consecutive increases through June. The central bank, which has been criticized for being complacent about inflation, is forecasting price pressures will ease over the next two years.

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``Inflation is starting to turn," said Scott Anderson, senior economist at Wells Fargo & Co. in Minneapolis. ``The core may remain stubbornly high for the rest of the year, so while inflation may have peaked, we're going to stay at elevated levels and the Fed will have to keep its eye on the ball."

Consumer prices rose 3.8 percent during the 12 months ended in August compared with 4.1 percent in the period ended in July. Core prices rose 2.8 percent from a year earlier, the biggest 12-month jump since November 2001.

`Good News'

The numbers were ``not as favorable as some would like, but they showed the CPI numbers down, and that's good news," Kansas City Fed President Thomas Hoenig told an audience of bankers in Copper Mountain, Colorado. ``How we balance those will be, I think, an important part of the discussion that goes forward."

Separate figures from the Fed showed industrial production unexpectedly dropped 0.1 percent in August, compared with a gain of 0.4 percent the previous month. The proportion of industrial capacity in use declined to 82.4 percent from 82.7 percent the month before.

``I'm not quite ruling out one more rate increase in either the October or the December meeting" of Fed officials, said Stuart Hoffman, chief economist at PNC Financial Services Group in Pittsburgh. ``We're close to the end, if not at the end."

Bernanke and Fed policy makers may be reducing borrowing costs by next summer, said Hoffman.

People surveyed by the University of Michigan this month said they expect an inflation rate of 3.1 percent in one year, compared with 3.8 percent in the August survey. The school's index of consumer confidence advanced to 84.4, from 82 in August.

`Fits and Starts'

``Consumer sentiment has improved mainly as a result of lower gas prices," said Chris Rupkey, senior financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York. ``The recovery in sentiment should lead to a gradual increase in the pace of economic growth, though it's going to come in fits and starts."

The gain in the August consumer price index matched the median of 80 forecasts in a Bloomberg News survey. Estimates ranged from no change to 0.5 percent. Core CPI was also projected to increase 0.2 percent.

The yield on the benchmark 10-year Treasury note was unchanged at 4.79 percent as of 5:02 p.m. in New York.

The consumer price index is the government's broadest gauge of costs for goods and services. Almost 60 percent of the CPI covers prices consumers pay for services, ranging from medical visits to airline fares and movie tickets.

So Far This Year

So far this year, consumer prices are rising at a 4.6 percent rate, compared with 3.9 percent in the first eight months of 2005. Core prices are rising at a 3 percent rate, after a 2 percent pace during the same period last year.

Energy prices rose 0.3 percent in August after jumping 2.9 percent a month earlier. Gasoline prices rose 0.2 percent after rising 5.3 percent in July.

Food prices, which account for about a fifth of the CPI, rose 0.4 percent in August after rising 0.2 percent the month before.

Housing costs, which include some energy costs and account for one-third of the index, rose 0.2 percent after rising 0.3 percent. A category designed to track rental prices rose 0.3 percent after rising 0.4 percent. Airfares fell 1.9 percent last month, the biggest drop since December.

Accommodation Costs

Rising rents, which account for almost 40 percent of the core CPI, have been contributing to inflation as less affordable home prices make renting more attractive.

The cost of medical care rose 0.4 percent, following a 0.2 percent increase in July.

Today's report puts the three-month annual rate of consumer price increases at 3.6 percent.

Retail gasoline prices fell to an average of $2.85 a gallon by the end of August, from $2.95 for all of July, according to U.S. Department of Energy figures. Gasoline fell to an average of $2.62 a gallon in the week ended Sept. 11. Crude oil prices declined and concerns over gasoline supplies eased with the end of the U.S. summer driving season.

Signs of a cooling economy that may help stem inflation pressures kept the Fed from raising rates last month for the first time in two years. The Fed's next policy-setting meeting is set for Sept. 20, and economists surveyed by Bloomberg News expect central bankers to leave the overnight lending rate at 5.25 percent.

Growth Forecast

The economy will expand at an annual rate of 2.6 percent in the final three months of 2006, down from an average of 4.3 percent in the first half, according to the median forecast of 81 economists surveyed Sept. 1 through Sept. 7.

Cathy Minehan, president of the Fed's Boston district bank, told a National Association for Business Economics meeting in Boston this week that her bank ``sees inflation subsiding slowly, assuming no further geopolitical or other shocks to oil prices."

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Still, Minehan said the Fed will stay ``quite vigilant'' against inflation, and economists said there is reason for concern that inflation pressures may persist.

Coca-Cola Co. said this month it's raising prices on Minute Maid Premium and Simply Orange juices for the third time in a year because of higher costs for oranges and orange concentrate. Prices will increase 3 percent to 6 percent in October, Coca-Cola said today in a statement. Before 2006, the Atlanta-based company hadn't raised orange juice prices in about five years.

Some economists said rising wages also pose an inflation risk after labor costs rose during the first half by the most in six years. During August, real average weekly earnings fell 0.5 percent after being little changed in July, a separate report from the Labor Department showed today.

Measure Favored by Fed

The Commerce Department said in an Aug. 30 report that the government's personal consumption expenditures index excluding food and energy, an inflation measure favored by Fed policy makers, rose at a 2.8 percent annual rate in the second quarter after a 2.1 percent rise the previous quarter.

The figure is above the comfort zone of policy makers who have specified a numeric inflation goal, including Bernanke.

San Francisco Fed Bank President Janet Yellen last week defended the central bank's pause, and said inflation may recede ``faster than many forecasters expect.''

To contact the reporter on this story: Courtney Schlisserman in Washington cshlisserma@bloomberg.net

Tame Consumer-Price Report Points To End Of Rate Increases (WSJ)

By Mark Whitehouse

The Wall Street Journal, September 16, 2006

A tame reading on consumer prices lifted financial markets Friday amid hopes that waning inflation would allow the Federal Reserve to end its long march toward higher interest rates. The benign inflation figure, though, was largely the result of a small and anomalous statistical adjustment.

Easing fuel prices helped slow the increase in the Labor Department's consumer-price index to 0.2% in August from July, compared with 0.4% in July from June. The index, which measures inflation at the retail level, stood 3.8% above its year-earlier level, down from 4.1% in July. Core prices excluding food and energy, a measure watched closely by investors and the Fed, also rose 0.2% in August. Core prices were 2.8% higher than a year earlier, up from 2.7% in July.

ECONOMISTS REACT

The August CPI report is unlikely to get the Fed revved up when policy makers meet next week. Read a handful of economists' reactions1.

The core-inflation figure cheered financial markets, because it suggested that a string of higher readings earlier this year may have come to an end. Before rounding, though, the core price index rose 0.242%, not far off a 0.3% rise that would have been more likely to stoke inflation worries.

The main factor holding the core down: A seasonal adjustment that shaved one-tenth of a percentage point off the August increase in owners' equivalent rent, a proxy for the cost of housing that makes up almost a third of the index.

"We just squeaked by," said David Glocke, a bond portfolio manager at Vanguard Group in Valley Forge, Pa.

Patrick Jackman, an economist at the Labor Department, said the adjustment was an anomaly that had little to do with the underlying trend in rents, which have played the leading role in pushing up core inflation over the last several months. "While that had a dramatic impact on the actual number, as far as trends are concerned I certainly wouldn't make a big deal out of it," he said.

Nonetheless, investors concluded that the consumer-price report would calm Fed officials' inflation concerns and make them slightly less likely to raise interest rates from the current 5.25% at their next policy-making meeting Wednesday. Stock and bond prices rose immediately after the report, while futures markets lowered the probability of a quarter-point rate increase next week to 11% from 16%.

"The Federal Reserve is in pause mode right now," said Mr. Glocke. "I don't think there was anything that came out in the inflation report that would cause them to shift from that perspective." Last month, the Fed interrupted a string of 17 straight interest-rate increases in the hopes that a decelerating economy, together with stable energy prices, would relieve inflationary pressures.

Separate reports on industrial production and consumer sentiment Friday offered signs of a slowing economy and improving inflation expectations. The Fed reported that industrial production declined 0.1% in August as cooler weather precipitated a 0.8% decline in utility output. In a University of Michigan poll, consumers' estimate of long-term inflation fell to 2.9% in September from 3.2% in August -- a display of faith in the Fed's ability to keep prices under control. That confidence has been

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reflected in the market for inflation-protected Treasury bonds, where the implied 10-year inflation rate stood at 2.40% yesterday, down from about 2.60% at the end of July.

Still, many economists see reason to believe year-on-year core inflation could exceed 3% by the end of the year, testing the patience of consumers and investors alike. "It's really going to depend on whether or not the bond market has the intestinal fortitude to see core inflation going up while the Fed stays on the sidelines," said Steve East, an economist at investment bank Friedman Billings Ramsey. "It takes some degree of faith that the inflation numbers are going to peak and then come down."

The persistent rise in rents presents the main reason for concern. Over the past six months, tenants' rent and owners' equivalent rent have risen at annualized rates of 4.4% and 5%, respectively, well above other elements of the core index.

That trend is likely to stay in the system for a while: The high cost of buying a home is still sending people into the rental market, pushing down vacancy rates and giving landlords ample power to keep raising rents. Tom Toomey, chief executive of Denver-based United Dominion Realty Trust, which owns about 75,000 apartments across the country, says he has seen robust rental demand that has allowed him to raise some rents by more than 10% from last year's level.

"It's very unusual to see this much strength across the country in so many markets," he says.

Write to Mark Whitehouse at mark.whitehouse@wsj.com2

U.S. Stocks Rally As Inflation Slows; S&P 500 Nears 5-Year High (BLOOM)

By Nick Baker

Bloomberg, September 16, 2006

Sept. 15 (Bloomberg) -- U.S. stocks rallied on signs of slowing inflation, pushing the Standard & Poor's 500 Index within half a percent of a five-year high and completing the market's best week in a month.

Microsoft Corp., the world's biggest software maker, jumped to its highest level since April after an analyst said its Vista operating system might go on sale earlier than forecast. United Technologies Corp., maker of Pratt & Whitney jet-engines and Carrier air conditioners, led the Dow Jones Industrial Average higher after increasing its stock buyback to $2 billion.

Consumer prices rose in August by half the pace of the previous month, a government report said, reducing the chances the Federal Reserve will resume raising interest rates. The gains put the Dow average within 163 points of a record close set in January 2000.

``Inflation appears to be decelerating," said Alan Gayle, who helps manage $70 billion as senior investment strategist at Trusco Capital Management in Richmond, Virginia. ``Some of the risks that have been in the market are gradually clearing away. We view this as encouraging."

The S&P 500 added 3.59, or 0.3 percent, to 1319.87. On May 5, the index reached 1325.76, the highest since February 2001. Losses in auto shares kept the market from advancing further as Ford Motor Co. delayed its North American profit goal by a year.

The Dow average climbed 33.38, or 0.3 percent, to 11,560.77. It set a record of 11,722.98 on Jan. 14, 2000. The Nasdaq Composite Index gained 6.86, or 0.3 percent, to 2235.59. Volume surged because of the quarterly expiration of futures and options, known as quadruple witching.

Weekly Gains

Stocks climbed this week as oil prices tumbled and investors became more convinced the Fed is in no hurry to increase the benchmark rate.

The S&P 500 added 1.6 percent and the Dow average advanced 1.5 percent from Sept. 8, while the Nasdaq climbed 3.2 percent. For the S&P 500 and Nasdaq, it marked the biggest gain since the week ended Aug. 18.

Prices paid by U.S. consumers rose 0.2 percent in August following July's 0.4 percent increase, the Labor Department said. Excluding food and energy costs, so-called core prices rose 0.2 percent after a 0.2 percent gain the previous month. Both readings matched the median forecast of economists surveyed by Bloomberg News.

Consumer confidence rose more than expected this month. The University of Michigan said its index of sentiment increased to 84.4 from 82. Economists expected a reading of 84.

`Good News'

Kansas City Fed President Thomas Hoenig said in a speech that today's inflation numbers are ``good news" and the Fed's past rate increases are ``still playing out" in the economy.

``If inflation is no longer a concern, the outlook for the consumer is bright," said Philip Tasho, who helps manage $450 million as chief investment officer at Tamro Capital Partners LLC. ``The markets may rally further if we see some positive signs that consumer sentiment is changing."

Policy makers last month kept the benchmark rate unchanged at 5.25 percent after raising it 17 times over two years to contain inflation. The Fed announces its next decision on rates on Sept. 20.

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Microsoft jumped 52 cents, or 2 percent, to $26.85 for the third-biggest advance in the Dow. The shares may reach $33 in the next 12 months, up from a prior forecast of $30, Goldman, Sachs & Co. analyst Rick Sherlund wrote in a note. Microsoft's Windows Vista operating system may go on sale earlier than previously expected, he said.

United Technologies

United Technologies added $1.61, or 2.6 percent, to $64.61 for the best performance in the Dow average. The company had previously said it would buy as much as $1.5 billion in stock this year. ``The business environment remains very good around the world," said Chief Executive Officer George David.

Adobe Systems Inc., the world's No. 1 maker of graphic- design software, rose $3.35 to $37. The stock's 10 percent jump was the largest in the S&P 500. Profit this quarter will be as much as 34 cents a share on sales of up to $685 million. Analysts surveyed by Thomson Financial expect, on average, 32 cents in profit and revenue of $668.8 million.

About seven stocks rose for every five that fell on the New York Stock Exchange. Some 2.19 billion shares changed hands on the Big Board, the most since June 30.

The surge in volume reflected trading tied to the expiration of stock-index futures, single-stock futures, index options and options on individual stocks.

Homebuilders

Homebuilders jumped as investors bet the Fed won't push interest rates higher and cool the economy further. A gauge of builders in S&P indexes added 2.4 percent, bringing its weekly advance to 10 percent, the most since October 2003.

Pulte Homes Inc., the No. 1 U.S. homebuilder by stock-market value, added 70 cents to $31.97. D.R. Horton Inc., No. 2 in the U.S., gained 35 cents to $24.34.

Ford Motor Co. slid $1.07, or 12 percent, to $8.02 for the biggest plunge since December 2002. The No. 2 U.S. automaker, responding to a $1.44 billion first-half loss, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009. Trading in Ford totaled 190.5 million shares, the most ever.

DaimlerChrysler AG tumbled $3.54 to $49.36. The world's fifth-largest carmaker cut its full-year profit forecast, citing a loss at Chrysler in the third quarter.

General Motors Corp., the No. 1 automaker, retreated $1.30, or 3.9 percent, to $31.66. It had the top decline in the Dow average.

Dynegy, Exelon

Dynegy Inc. added 31 cents to $6.07. The energy company agreed to buy LS Power Group's generating plants for $2.3 billion to create the third-largest independent U.S. electricity producer.

Exelon Corp. jumped $1.44 to $59.21. The company abandoned its $17.8 billion purchase of New Jersey's Public Service Enterprise Group because of an impasse with state regulators over the plan to create the largest U.S. utility company. Public Service fell $4.15 to $62.

Starbucks Corp. rose 82 cents to $33.85. The world's largest coffee-shop chain agreed to buy 40 stores from Diedrich Coffee Inc. for $13.5 million to expand in California and Oregon.

Adobe Systems Inc. (ADBE US) D.R. Horton Inc. (DHI US) DaimlerChrysler AG (DCX US) Dynegy Inc. (DYN US) Exelon Corp. (EXC US) Ford Motor Co. (F US) General Motors Corp. (GM US) Microsoft Corp. (MSFT US) Pulte Homes Inc. (PHM US) Starbucks Corp. (SBUX US) United Technologies Corp. (UTX US)

To contact the reporter on this story: Nick Baker in New York at nbaker7@bloomberg.net . Last Updated: September 15, 2006 17:28 EDT

Inflation Data Bode Well For Economy (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, September 16, 2006

With the recent slide in energy prices, experts are forecasting moderate growth.

A report Friday showing tame consumer inflation, coming amid falling energy prices, raised hopes that the economy may be entering a "soft landing" of moderate growth without recession.

If that happens, it could be because of consumers like Ellen MacArthur.

She and her husband, David, cut back on running errands in their suburban South Florida community when gasoline prices shot up earlier this year. But as pump prices dropped in recent weeks, MacArthur started running weekend errands again, even stopping for lunch along the way. And she notices she's not alone.

"There are much more people out there now," MacArthur, 44, said. "During the week, even at night, you pass by restaurants and there was a time they would seem kind of empty. And they're full now."

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Economists say the recent drop in oil prices has the potential to boost consumer spending, giving the economy a lift and at least partly offsetting the negative effect of a weakening housing market.

Energy prices rose just 0.3% in August, down sharply from a 2.9% boost in July, the Labor Department reported Friday as part of an overall report that showed the consumer price index rising 0.2% in August versus 0.4% in July. The subdued overall inflation was helped by slower price rises for energy, transportation, recreation and housing.

The core consumer price index, which excludes volatile energy and food prices, rose 0.2%, the same increase as in July but down from 0.3% increases in the previous four months.

Overall consumer prices rose 3.8% in the 12 months ended in August, down from 4.1% for the July period. Core prices rose 2.8% in the last 12 months, compared with 2.7% for the 12 months ended July.

The average retail price of regular gasoline fell from $3.04 a gallon Aug. 7 to $2.62 a gallon Sept. 11 and is expected to average $2.55 a gallon by January, according to a report Tuesday by the Energy Information Administration. Natural gas prices are lower this year compared with last year and are expected to remain lower this winter.

Analysts say the possibility that inflation may be peaking suggests that the Federal Reserve's campaign to raise interest rates could be succeeding. The Fed paused last month after raising rates 17 consecutive times in two years. Fed watchers predict that the central bank will hold off on raising rates at its meeting Wednesday.

"All of these numbers seem to be falling right in with the Fed's tightening path," said Michael Englund, principal director of Action Economics in Boulder, Colo.

Consumer sentiment has been buoyed by falling pump prices, said T.J. Marta, a strategist with RBC Capital Markets in New York. RBC said Friday that its index of consumer confidence rose to 93.7 this week from 74.8 in August. The University of Michigan said Friday that its index of consumer sentiment rose by 2.9% in September, the first increase in two months. It included a 13.4% monthly gain in consumers' expectations of future economic activity.

"Falling gas prices have a profound effect on consumer psychology," said University of Maryland economist Peter Morici. "Everyone knows how important oil is and it's the one statistic that is continually before their eyes. Men don't buy clothes once a week and not everyone buys food once a week. But it's a communal thing: Almost everyone buys gas."

Kevin Sugarman, 27, commutes in his pickup truck 98 miles a day from San Jose to his job at a public relations firm in Alameda, Calif. With lower gasoline prices, he started taking his second car — a Toyota sports utility vehicle — out for weekend spins to the beach, ballparks and Bay Area restaurants.

"It doesn't seem that huge, but when you're driving that much it matters," he said of the price change.

As consumer spending increases, Morici predicts that economic growth will pick up in coming months from an annualized rate of 2.9% in the second quarter to 3.1% for the rest of this year and 3.4% next year. "We're accomplishing a soft landing. Today's inflation numbers are really great news and we're going to continue to see good numbers in September and October," Morici said.

Marta, the RBC strategist, was less optimistic. Given the weak housing market, particularly in regional markets such as California, it's "a close call." He predicts annualized growth of 2.3% for the rest of the year and 2.5% to 2.7% next year.

"I think the consumer has benefited from the lower oil prices during the past few weeks, but we're near the bottom of the range for gas and oil" prices, Marta said.

Also, wage growth appears to be mixed, making it uncertain how much it will boost consumers' spirits. Inflation-adjusted hourly earnings fell in August and were flat over the last 12 months, but average weekly earnings, adjusted for inflation, were up 0.3% in August, the Labor Department said Friday.

Businesses, once reeling from higher fuel prices, are also finally reaping some savings. But another report Friday showing that industrial output fell unexpectedly by 0.1% last month, the first decline since January, suggested businesses are still cautious.

Stevens Manufacturing Co. in Milford, Conn., expects to save on delivery of its aircraft parts as well as on heating fuel costs as the fall chill begins.

Company President Stephen Fogler, 46, lives on the shore of nearby Long Island Sound and has noticed that as gas prices fell, more boaters showed up at the marina and at local stores.

As "people spend less putting gas into their cars, they spend more at the mall," he said.

Morristown Drivers' Service, a trucking company based in Morristown, Tenn., employs 173 drivers and plans to invest fuel savings back into the business, said Jerry Malone, vice president of safety and personnel.

But the decline in gas prices could also stretch trucking companies if retail orders pick up in anticipation of increased holiday spending, said Bob Costello, chief economist for the American Trucking Assns. The next few months are a busy freight season, and the long-haul, heavy-duty truck industry alone faces a national shortage of 20,000 drivers, Costello said.

"The key for us is how much they think consumers are going to spend," he said.

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Economist Englund said falling gas prices could jump start major purchases, especially autos, because new car prices fell 0.1% in August. Prices remained 1% higher than a year earlier.

Last year, David and Ellen MacArthur traded in their Ford SUV for a smaller Hyundai Santa Fe that gets about 11 more miles to a gallon.

Since gas prices started to fall this month, David MacArthur has noticed signs at local car dealerships advertising $5,000 to $10,000 markdowns on SUVs. He expects his neighbors in Port St. Lucie, Fla., to start buying soon.

"I think people are still waiting to see if gas will go down a lot," he said. "We've got hope."

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Lower Oil Prices Drive Fall In US Inflation (FT)

By Daniel Pimlott In New York

Financial Times, September 16, 2006

Inflation fell for the second month in a row in August, reducing pressure on the Federal Reserve to raise interest rates when it meets next week.

The consumer price index, a closely watched indicator of inflation, rose 0.2 per cent last month, in line with economists' predictions, after rising 0.4 per cent in July. On a year-on-year basis, CPI inflation is running at 3.8 per cent, down from 4.1 per cent in July.

The Fed has argued that a series of interest rate rises combined with slowing levels of economic growth have done enough to curb inflation, and consequently decided upon a pause in rate increases in August. Analysts said the slowing of inflation implied in the latest CPI report suggests the Fed is likely to keep rates on hold.

"This CPI data helps support the notion that the Fed will not need to raise rates further, and that inflation should decline further in coming months," said Rob Carnell, an analyst at ING Bank.

However, core inflation, which excludes volatile food and energy prices, is still rising - in August it nudged higher to reach 2.8 per cent year-on-year from 2.7 per cent in July. This remains above Fed chairman Ben Bernanke's preferred range of 1 to 2 per cent.

August and September have seen oil prices fall to their lowest levels since March, after reaching an all-time high in July. In August energy prices rose by just 0.3 per cent following a 2.9 jump the month before.

As such, some analysts saw the data as masking underlying inflation in the economy, and suggested that, in the longer term rates may start creeping up again.

"Core CPI ... is consistent with continued underlying inflation pressures and inflation running above a desirable pace for policymakers," said Alan Ruskin, international strategist at RBS Greenwich Capital.

"This is not the kind of number that gets the Fed out the woods, it is just low enough to allow them to continue to play for time in assessing longer-term growth trends, notably in the housing market."

Air fares fell by 1.9 per cent for the second month in a row, helping to keep core inflation down.

Adding to inflationary pressure, rents rose faster than inflation, with owners' equivalent rent up 0.3 per cent, although the increase was smaller than in recent months and overall housing costs rose more slowly than in July. Prices of apparel rose by 1 per cent after falling in July.

US stocks opened sharply higher on the data, and benchmark 10-year Treasuries also rose, sending yields lower.

Wall St.'s Inconspicuous Rally Continues (NYT)

By Vikas Bajaj

The New York Times, September 16, 2006

It has been a stock market rally that dare not speak its own name.

With little fanfare — and with very few days of sharp upswings — stocks have been on one of their best runs so far this year. The Standard & Poor's 500 stock index is up 3.4 percent since July 31, to 1,319.87, just 6 points short of its five-year high in early May, and the Dow Jones industrial average is up 3.4 percent, to 11,560.77, 163 points from its record. Even the Nasdaq composite index, which was down for most of the summer, has turned up 7 percent since the end of July, to 2,235.59, and is now positive for the year. Yesterday, the Dow added 33.38 points, the S.&P. 500 was up 3.59 points and the Nasdaq gained 6.86 points.

Stocks have been buoyed by a significant decline in energy prices and a growing belief that the Federal Reserve will not raise interest rates again this year — an argument that won over more believers yesterday after a report on August consumer

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prices showed that inflation slowed. Crude oil futures are down 15 percent since July and national average retail gasoline prices have dropped to $2.73 a gallon, from a high of $3.10 at the start of August.

"Economic activity has been holding up pretty well and inflation pressures have eased," said Jeffrey N. Kleintop, chief investment strategist at PNC Advisors.

Technology, retailing and consumer companies, which largely lagged the broader market in the first seven months of the year, have posted the biggest gains in the last seven weeks.

As rallies go, it has been very muted: Over the last seven weeks, the S.&P. climbed more than 1 percent or more and the Dow added more than 100 points on just two days.

The measured rise reflects a recognition by investors that the economy has slowed from the first quarter, when it roared at a 5.6 percent annual pace, but has not fallen into a slumber, said Alan Skrainka, chief market strategist for Edward Jones, a brokerage firm based in St. Louis.

Other analysts, however, caution that the concerns that sent the markets tumbling in May and June — rising inflation and interest rate increases by the Fed — have not completely dissipated. Inflation, while it has eased, is still running higher than the 2 percent annual level that policy makers are comfortable with.

Oil and gasoline prices could move higher again if another hurricane threatens oil production in the Gulf of Mexico, if tensions between Iran and the West reach another fevered pitch, or if the Organization of the Petroleum Exporting Countries decides it has to support prices by cutting output. The economy could also sustain further damage if home sales and prices keep falling.

"If you believe that the housing market will slow down but not collapse and retail growth will still be in positive territory, then one ends up naturally thinking equities will do reasonably well," said Marc D. Stern, chief investment officer for Bessemer Trust, based in New York. But "if you are more skeptical of that, then I don't think the market looks very good right now."

A reason to be more hopeful, is that even amid the current rally, many investors remain bearish, said Bruce Bittles, chief investment strategist for Robert W. Baird & Company. He noted that demand for put options, a financial instrument used to protect against a drop in the price of stocks, had risen since the start of August. Surveys of market sentiment also indicate that many investors have as much as a third of their portfolios in cash, a high percentage.

When sentiment is this downbeat, stocks often move higher, Mr. Bittles and other analysts note. Conversely, when investors are very optimistic and have a large allocation of their portfolios in stocks, it signals that markets may be poised for a fall. "It's an oversimplification," Mr. Bittles acknowledged, "but it works."

Take Trusco Capital Management, a money management firm based in Atlanta. The firm has had a neutral view toward American stocks, because it believes that risks of higher inflation could prompt the Federal Reserve to raise its benchmark short-term rate, now at 5.25 percent, in the coming months, said Alan M. Gayle, the senior investment strategist and director of asset allocation. But he finds the recent data "encouraging."

Bond investors are indicating that they believe the Fed has inflation under control. Yields on the 10-year Treasury note, which move in the opposite direction from the price, have fallen to 4.79 percent from 4.98 percent at the end of July. When investors are worried about inflation, they demand higher returns for holding bonds.

As for oil prices, the size of the decline has surprised analysts. Crude oil futures touched a high of $77.03 a barrel in mid-July and closed yesterday at $63.24 a barrel on the New York Mercantile Exchange.

Gold prices, which have closely followed the rise in energy prices and are seen as a safe haven from inflation, have dropped 9 percent, to $577.50 an ounce, since July.

"It was well documented that there was plenty that could go wrong to push prices even higher" this summer, said Thomas Bentz, an oil broker at BNP Paribas in New York. But "we made it through the gasoline season without any major disruptions.''

"The hurricane season — I am afraid to say it fizzled out — but we certainly didn't see the number of hurricanes that were forecast."

The hurricane season ends in November, but with the exception of Ernesto, which hit southern Florida in August, it has not produced a significant storm, at least thus far. Another important factor is the flow of speculative money into and out of energy. Data on long and short interest from the Commodity and Futures Trading Commission shows that non-industry investors in oil futures turned bearish on crude oil futures at the start of August, just about when prices started dropping.

Oil Prices Up Despite Cut In OPEC Output (AP-Y)

AP, September 16, 2006

Oil prices edged higher Friday but finished lower for the week after OPEC lowered its oil-demand forecast for the rest of the year.

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Oil prices lost more than 4 percent for the week, and analysts said there has been a definite shift in energy-market psychology, as traders focus on the relatively comfortable balance between supply and demand as opposed to hypothetical supply threats.

However, Fimat USA analyst John Kilduff said in a research note that geopolitical uncertainty, which helped push prices to an all-time high of $78.40 in July, could eventually re-ignite energy markets.

"In the end, our bias still has to remain with the upside," said Kilduff. "It is only for the moment that psychology has shifted more to an economic track, and even there, we don't see the global economy breaking down, only a softening at the margins."

The Federal Reserve said Friday that the nation's industrial output unexpectedly fell by 0.1 percent in August, reflecting weakness in manufacturing and declines in mining and utility production. Analysts had been looking for a small increase.

Some worldwide economic softening was acknowledged on Friday by the Organization of Petroleum Exporting Countries, which said fourth-quarter demand for its oil would be 320,000 barrels a day lower than previously forecast, or 28.86 million barrels per day.

In 2007, OPEC expects demand for its crude to average 28.1 million barrels per day, or 800,000 barrels per day less than the 2006 average, in part because non-OPEC supplies are rising. As a result, some analysts believe the Vienna-based cartel, which is pumping close to 30 million barrels a day, may end up cutting its output by 1.5 million barrels a day or more.

"It looks for 2007 that OPEC revenues are going to be under pressure, from both price and volume," said Citigroup analyst Tim Evans.

After falling as low as $62.03 a barrel, light sweet crude for October settled at $63.33, a gain of 11 cents on the New York Mercantile Exchange. Still, oil prices remain about 20 percent below the July peak.

"It's been going straight down. We can't be surprised by a rally," said Man Financial broker Andrew Lebow.

Retail gasoline prices, now averaging $2.55 a gallon nationwide, have fallen about 15 percent in the past month and analysts say further declines are likely.

Nymex natural gas futures, which plunged 10 percent Thursday to a two-year low after government data revealed surging inventories, rebounded slightly. October natural gas rose 9 cents to settle at $4.982 per 1,000 cubic feet.

In other Nymex trading, gasoline futures rose by 2.28 cents to settle at $1.575 a gallon, while heating oil futures fell less than a penny to settle at $1.7023 a gallon.

Ford Cuts 10,000 Salaried Jobs, Delays Profit Target (Update10) (BLOOM)

Bloomberg, September 16, 2006

By Bill Koenig and John Lippert

Sept. 15 (Bloomberg) -- Ford Motor Co., increasingly desperate to stem billion-dollar losses, accelerated job cuts and plant closings and projected that its North American auto business would remain unprofitable until at least 2009.

The second-largest U.S. automaker said it will shed an additional 10,000 salaried jobs, finish cutting 30,000 North American factory jobs by 2008, four years sooner than planned, and offer buyouts to all hourly workers. Ford suspended its quarterly dividend for the first time since 1982. The shares posted their biggest drop in almost four years in their highest trading volume ever.

The new cuts speed up steps announced by then-Chief Executive Officer William Clay Ford Jr. in January to ``retake the American roadway." They come on the heels of a surprise $1.44 billion first-half loss. Two weeks ago, Ford hired former Boeing Co. executive Alan Mulally, 61, to replace Bill Ford, architect of a previous failed restructuring in 2002.

``The market has changed so much and this company has lost so much market share that it needs radical surgery," said John Casesa, managing director with Casesa Strategic Advisors in New York. ``And that's what this announcement is: radical surgery."

Shares of Ford fell $1.07 to $8.02 at 4:03 p.m. in New York Stock Exchange composite trading, nearly wiping out gains for the year. The 189 million shares traded was more than twice the previous peak set on April 26, according to Bloomberg data. Merrill Lynch changed its recommendation on Ford shares to ``sell" from ``neutral."

The 10,000 salaried job cuts come in addition to 4,000 posts eliminated before March 31. The combined totals mean Ford is slashing almost 40 percent of its salaried workforce -- from car designers to financial analysts to secretaries -- in North America.

Mulally's Review

The company will delay steps such as selling brands or other assets until Mulally has a chance to study such proposals, four people familiar with the strategy said last week. Executive Vice President Mark Schulz, who heads Ford's international operations, said today that Ford's money-losing Jaguar luxury car unit won't be sold.

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Ford's worldwide workforce shriveled 16 percent from 2002 through the end of last year. Its share price was $58.69 at the start of 1999, when Bill Ford became chairman, and has since declined 86 percent.

After Ford's announcement today, rival DaimlerChrysler AG cut its full-year profit forecast because of a projected 1.2 billion euro loss ($1.5 billion) at its U.S. Chrysler unit in the third quarter.

Losing Market Share

Ford, of Dearborn, Michigan, has lost U.S. market share every year since 1995 and today said the slide will continue. The company declared that its turnaround would be led by products, just as it did in 2002. More than 70 percent of Ford, Lincoln and Mercury vehicles will be new or ``significantly upgraded'' before 2009, Ford said.

Ford's 7.45 percent note due in 2031 fell 1.5 cents to 76.75 cents on the dollar, yielding 10 percent, according to Trace, the NASD's bond-price reporting service. The debt closed at 80.5 cents, its highest level in 2006, on Sept. 12.

The company is battling falling sales of F-Series pickup trucks and sport-utility vehicles, the main sources of its auto profits. After losses in seven of the past eight quarters at the North American automotive unit, Ford is cutting second-half production by 16 percent.

The automaker today dropped a pledge made in January to earn a profit on its North American automotive operations in 2008. Instead, in recognition of the impact of its first-half losses, the company projects a profit in the region in 2009.

Internal forecasts say Ford's global automotive losses may double to more than $8 billion in 2006, four people familiar with the figures said this month.

New Products

To help convince investors that its lineup of future products is sufficient to boost market share, Ford will introduce a redesigned version of the Super Duty commercial pickup in the first quarter of 2007, plus an ``all-new'' F-150 pickup and new compact cars and sub-compacts in coming years.

``This plan is meant to turn our company around,'' Executive Vice President Mark Fields, chief of the North American auto unit, said in an interview. ``I think we have a very realistic plan with conservative assumptions.''

As its closes plants, Ford said it will maintain one shift at its St. Thomas, Ontario, plant to build the Lincoln Town Car.

Ford said its North American manufacturing capacity will be cut to 3.6 million cars and trucks by the end of 2008, a 26 percent decline from last year.

Deteriorating Fast

Management has ``concluded that Ford is deteriorating much faster than they had initially assumed, and that's wholesome'' said Eugene Jennings, a business professor emeritus at Michigan State University.

``The question now is whether they have the right management team to overcome the inertia that set in when Bill Ford was chief executive.''

Ford managers today said the company can fix North American operations without resorting to broader steps.

Bill Ford, in response to a question, said going private is ``not in our plans.'' He also said the company's sales ranking in the U.S. ``doesn't matter'' if the company's auto operations return to profitability.

Toyota Motor Corp.'s sales in the U.S. exceeded Ford's for the first time in July. Ford regained the No. 2 slot behind General Motors Corp. in August.

Chief Financial Officer Don Leclair said Ford management didn't decide until a board meeting yesterday that it would postpone the 2008 target of returning North American auto operations to profitability. Fields said that meeting the 2008 goal would have reduced investment in new cars and trucks.

Ford Credit

Leclair also said the company wasn't looking to sell a stake in Ford Motor Credit Co., which makes loans to buyers of Ford-produced cars and trucks.

``We have thought long and hard on this,'' Leclair said. ``We concluded the credit company is an integral part of the motor company.''

GM, also battling losses, earlier this year agreed to sell a 51 percent stake in General Motors Acceptance Corp. The automaker made the sale to raise cash and to improve credit ratings for GMAC, which are below investment grade.

The decision on Ford Credit was the ``single most disappointing aspect'' of today's announcement for bondholders, Pete Hastings, fixed-income analyst with Morgan Keegan Inc. in Memphis, Tennessee, said in an email. He said he expects the price of Ford bonds to fall.

Visteon Deadline

The company said the plants it took back from auto-parts maker Visteon Corp. last year will be sold or closed by the end of 2008. Ford originally took back 23 factories and offices from its former subsidiary. Two were made permanent parts of Ford's North American operations and the rest were to be sold or closed.

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This is the first time Ford has publicly set a target for disposing of those operations.

Ford said it will complete cutting as many as 30,000 manufacturing jobs by the end of 2008, moved up from the original 2012 target. The automaker estimated it will reduce its operating costs by about $5 billion a year by 2008.

Ford also has completed new work-rule agreements at 30 of its 42 North American plants. Such agreements affect the way Ford deploys factory workers. The automaker projects the new agreements will save $600 million annually.

More Plants Named

The company identified two more plants to be closed: a metal-stamping plant in Maumee, Ohio, and an engine plant in Essex, Ontario. That brings the total number of plants identified to nine.

Also, a Norfolk, Virginia, plant that makes the F-150 truck, originally set to close in 2008, will close one year earlier. That plant and a St. Paul, Minnesota, plant, scheduled to close in 2008, will be reduced to one shift from two.

The company's Dearborn Truck plant in Michigan will be expanded in 2007 to three shifts for F-150 production.

Ford said today that its U.S. market share will continue to fall, a sign that it has given up on Bill Ford's January goal of stemming the decline this year. Ford's U.S. brands -- Ford, Lincoln and Mercury -- captured 16.8 percent of the market this year through August. That figure will decline to ``the low-16 percent range'' by the end of this year and 14 to 15 percent ``going forward,'' a Ford statement said.

Discontinued Vehicles

The company said further declines are occurring because of vehicles it's discontinuing. Ford ceased production of the Monterey minivan, will stop making Taurus sedans later this year and the Freestar minivan in 2007.

Ford will concentrate on selling cars and trucks to individual buyers, where profits are higher.

Ford is using ``realistic business assumptions'' in making the market-share forecast, spokesman Oscar Suris said in an interview. He declined to say when the U.S. brands will reach the 14 to 15 percent level.

Ford was supposed to generate $7 billion in pretax profits this year under the restructuring plan announced in January 2002. The company withdrew the target last year because of North American losses.

January's ``Way Forward'' strategy called for completing the 30,000 factory-job cuts and plant closings by 2012. Until today, only half of the plants had been identified, and North American results have worsened.

Buyouts

Today's announcement came a day after Ford and the United Auto Workers union said more than 75,000 UAW members will receive buyout or early retirement offers.

One of the new buyout offers is for as much as $140,000 for employees aged 55 and over with at least 10 years of experience who agree to forgo health-care benefits, according to the union. Another of the eight options is a $35,000 payout to leave the company and maintain health benefits.

Ford has had ``targeted'' buyouts for union workers at specific U.S. plants, compared with the all-union-employees approach at Detroit-based General Motors Corp. About one in three GM workers, or 34,000 people, accepted the buyout, and GM said it would finish shedding the jobs two years ahead of schedule.

The UAW agreed to the buyouts and early retirements to avoid involuntary layoffs as Ford reduces the size of its workforce, said Bob King, director of the UAW's Ford department, in a statement distributed to union officials in Detroit.

Workers can apply for buyouts between Oct. 16 and Nov. 27, the UAW said. Workers at an Atlanta plant that closes later this year can apply from Sept. 19 through Oct. 2. Most employees who accept buyouts will depart between Jan. 1 and Sept. 1 of 2007.

No Dividend

Before eliminating the dividend today, Ford in July had cut its quarterly payout from 10 cents to five cents a share, its lowest since omitting payments in 1982 and 1983.

The perceived risk of owning Ford bonds rose 8.6 percent today, according to traders who bet on the creditworthiness of companies in the credit-default swap market. The annual cost of a five-year default swap based on Ford's bonds rose to $695,000, up from $640,000 yesterday, according to data compiled by Credit Suisse Group.

An increase in price indicates deterioration in the perception of credit quality; a decline suggests improvement.

Ford disappointed investors by failing to follow GM's lead in specifying which plants will close and when, and in not putting assets like Ford Motor Credit up for sale to pay for the UAW buyouts, said Sean McAlinden, an analyst at the Center for Automotive Research in Ann Arbor, Michigan.

``GM is moving along at 70 miles per hour, and Ford is now up to 25,'' McAlinden said. ``We'll probably see another restructuring announcement from Ford by the end of the year.''

To contact the reporters on this story: John Lippert in Southfield, Michigan, at jlippert@bloomberg.net ; Bill Koenig in Southfield, Michigan, at wkoenig@bloomberg.net ;

New Ford Plan Fails To Ease Crisis (FT)

By Bernard Simon In Detroit And Ralph Atkins In Frankfurt

Financial Times, September 16, 2006

The crisis at Ford Motor deepened on Friday as its shares plunged following the release of a new restructuring plan that suspended the dividend and delayed its target for returning to profit in North America by a year.

Turmoil in the US auto market also hit DaimlerChrysler, the German-based carmaker, which warned that higher-than-expected losses at its Chrysler unit would slash about €1bn ($1.3bn) from forecast operating profits this year, sending its shares down 6 per cent.

Ford's latest version of its Way Forward plan – its third restructuring effort in five years – aims to shrink its North American workforce and speed up the launch of models.

But Ford stopped short of revealing plans to sell its Jaguar luxury division or its Ford Credit financing unit, and it acknowledged that its share of the US light vehicle market was likely to erode from 16 per cent to a range of 14-15 per cent. The company had a 25 per cent market share in the mid-1990s.

Ford shares closed 11.77 per cent lower in New York at $8.02 and the cost of buying protection against the risk of a future default by Ford duly rose in the credit derivatives market.

"Ford's plan lacks the scope in terms of asset sales and falls short of the critical level of strategic commitment to stabilising financials," said analysts at CreditSights in New York. "The market is not going to be happy with this plan."

The carmaker now aims to return North American operations to profitability by 2009, a year later than envisaged under January's Way Forward plan.

The latest cost-cutting measures include axing an additional 10,000 white-collar jobs and offering buy-outs to its entire US blue-collar workforce, as General Motors did earlier this year. The extra white-collar job cuts combined with 4,000 earlier this year will shrink the North American salaried workforce by about a third. Nine assembly and parts plants in the US and Canada will close by the end of 2008.

Bill Ford, executive chairman, said he was less concerned about the possibility of Toyota overtaking Ford in North America than the importance "for this plan to be based on what I consider to be conservative assumptions". He said his family, which owns about 4 per cent of the equity and controls 40 per cent of the votes, had no plans to take the carmaker private.

Alan Mulally, who took over as Ford's chief executive earlier this month, added that senior management was "not waiting for external factors to make it OK".

Additional reporting by Michael Mackenzie in New York

Ford Cuts 10,000 Jobs, Closes 2 Plants (AP-Y)

By Tom Krisher

AP, September 16, 2006

Ford took drastic steps on Friday to remold itself into a smaller, more competitive company, slashing thousands of jobs and shuttering two additional plants to cut costs and fend off a financial crisis.

The company announced it would cut 10,000 more white-collar positions in addition to offering buyout and early retirement packages to all of its 75,000 hourly employees. It also suspended its dividend.

Wall Street seemed unimpressed. Ford's shares slumped nearly 12 percent amid disappointment that the automaker didn't do more to address rising health and pension costs, falling market share and intense competition from Asian manufacturers whose models have enthralled buyers looking for gas-sipping cars and trucks.

The announcement came as Chrysler's parent said it would cut U.S. production through the end of 2006 and follows big cutbacks at General Motors earlier this year. The cuts can be traced to consumer demand shifting from trucks and sport utility vehicles to smaller, more fuel efficient cars and crossovers.

The blue-collar cuts at Ford, the second-biggest U.S. automaker, are another blow to organized labor, which has been losing members as the auto industry reshapes itself to battle lower-cost, nonunion rivals.

Ford Motor Co. said it would shutter a stamping plant in Maumee, Ohio, in 2008 and its Essex engine plant in Windsor, Ontario, in 2007.

It will also close an assembly plant in Norfolk, Va., in 2007, a year earlier than previously announced and will cut a shift in January. An assembly plant in St. Paul, Minn., which is scheduled to close in 2008, also will have a shift reduction in 2007.

The new cuts bring the total number of plant closures to 16, adding to the 14 plants announced in a previous restructuring plan. The company has identified nine plants to be closed through 2008, but Ford officials would not talk about which facilities would be shut down after that.

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Ford said it would complete its cuts of about 30,000 hourly jobs by the end of the 2008, four years ahead of its previous target. The company said it had cut 4,000 salaried positions in the first quarter of this year.

The new cuts would reduce Ford's total North American work force by 29 percent, from the current level of about 130,000 to about 92,000 by the end of 2008. The salaried job cuts represent about a third of that work force.

Ford's method of slashing its labor force is similar to cuts made earlier this year by larger rival General Motors Corp. At GM, 34,410 hourly workers have accepted buyouts or early retirement offers, and the company cut 2,000 salaried workers.

Ford, GM and DaimlerChrysler AG's Chrysler unit are struggling with the need to reduce their so-called "legacy costs" of big pay and benefits packages for workers and retirees.

DaimlerChrysler said Friday that its Chrysler division will make additional production cuts in the third and fourth quarters to reduce dealer inventories.

Ford said by 2008, its North American factory capacity will be 26 percent lower than to 2005 levels.

It said the plan would cut about $5 billion in operating costs, mainly by offering early retirement and buyout packages to all hourly workers and to white-collar employees. Ford plans to expand buyout and early retirement offers worth up to $140,000 to the company's U.S. hourly work force of more than 75,000 as part of the plan.

"The simple fact is that the business model that served us in North America for decades no longer works," Mark Fields, Ford's president of the Americas, said during a morning teleconference.

Also during the teleconference, Executive Chairman Bill Ford said there were no plans for the Ford family to buy back stock and take the company private.

Todd Wiech, a 46-year-old Ford worker in St. Paul, Minn., said it would be hard to leave the company where he's worked for 18 years, but he's weighing options that include a buyout, returning to school or transferring to another Ford plant.

"Myself — people that were hired in 1988 — it hits us pretty hard because we've got a lot of time invested with Ford and we're getting a little older to go out looking," said Wiech.

At a plant in Dearborn, carpenter Brent Orr, a 12-year veteran, said he probably would take a buyout offer.

"For me, I'm a skilled trade. So I can probably go out and get a job somewhere," Orr said. "It will probably be out of state. There isn't a lot of work right now in Michigan."

Ford said that by the end of 2008 it would close or sell all facilities that it took back as part of a bailout of Visteon Corp., a supplier that was spun off from the automaker.

The company also said it expects to achieve full-year profitability in its North American automotive operations no earlier than 2009. The company had previously pledged to make money in North America in 2008.

It also plans to suspend the quarterly dividend on its common and Class B stock in the fourth quarter of this year.

Some Wall Street analysts said the plan did not go far enough.

"We had hoped Ford would close additional assembly plants and make remaining ones highly more flexible, announce the exit-sale of several brands" and take other steps, said Ron Tadross, analyst for Bank of America.

Merrill Lynch analyst John Murphy downgraded the company's stock from neutral to sell and said the plan focuses on buyouts and doesn't address other issues.

"It does not materially accelerate product introductions. It does not provide a solution for the troubled facilities assumed from Visteon. It does not cut capacity deeper. It's missing a lot," he said. Visteon is Ford's former parts unit.

But Morgan Stanley maintained its equal-weight rating.

"While we are pleased to see greater cost reduction and more acknowledgment of the reality/gravity of the situation, we remain concerned that current results are worse than we think," analyst Jonathan Steinmetz said in a note to investors.

Ford shares fell $1.07, or 11.8 percent, to close at $8.02 on the New York Stock Exchange. Its shares have traded in a 52-week range of $6.06 to $10.09.

The company lost $1.4 billion during the first half of this year.

In July, Ford pledged to accelerate its "Way Forward" restructuring plan, which when introduced in January called for up to 30,000 job cuts as well as closing 14 facilities by 2012.

The company indicated Friday that it is ready to accept a smaller slice of the market, focusing on profitable sales instead of volume. It said it expects its market share to slip to 14 percent to 15 percent, down from about 26 percent in the early 1990s.

Ford said it would get out of the minivan business. But it will add a new full-sized, seven-passenger crossover for sale in 2008, based on the Fairlane wagon concept. The Fairlane will be produced in Oakville, Ontario.

"The most important thing we do is to size our company and our capacity to the current demand and, on top of that, to continue to invest in the products and services — the cars and trucks — that the customers really, really want," Chief Executive Alan Mulally said. Mulally, who was named to the post last week, led a turnaround at the commercial jetmaking division of Boeing Co.

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Ford also said it would roll out new or significantly upgraded cars and trucks in 70 percent of its Ford, Lincoln and Mercury brands, expanding in growing areas such as car-based crossovers. At the same time, Ford said it will try to maintain its lead in the truck segment by introducing a completely reworked F-150 that will go on sale in 2008.

Sharp Skid Ford And Chrysler Show Dark Outlook For U.S. Car Makers (WSJ)

By Jeffrey Mccracken, Stephen Power And Joseph B. White

The Wall Street Journal, September 16, 2006

Ford Will Drop Its Dividend, Cut More Salaried Jobs; Daimler Unit's Loss Grows A 'Black Friday' for Detroit

Bowing publicly to the powerful forces that are reshaping the American auto industry, Ford Motor Co. and DaimlerChrysler AG's Chrysler Group acknowledged that their strategies for outracing high gas prices, fickle consumer tastes and relentless global competition had hit the wall.

DaimlerChrysler, in a surprise announcement, said its Chrysler Group is on track to lose about $1.5 billion in the third quarter -- more than double prior forecasts. The company indicated it would slash production in the short term to cope with bloated inventories and take unspecified restructuring actions.

Ford, meanwhile, outlined plans to cut more jobs and speed up the pace of some cuts already planned. Over a three-year period that began this year, Ford now has plans to eliminate about 44,000 hourly and salaried jobs in North America, or some 40% of its work force. The newest element of the program is that Ford aims to cut about 14,000 salaried jobs, up from the previous goal of 4,000. Ford also said that in the fourth quarter it will stop paying its quarterly dividend.

Meanwhile, No. 1 auto maker General Motors Corp. has sharply improved its performance recently, following a $10.6 billion net loss in 2005, but at a high price. Its North American work force is less than half its size it a decade ago.

The twin Ford and Chrysler announcements, separated by just a few minutes Friday morning, added up to a Black Friday for Detroit. Taken together with GM's moves, the downsizings and management upheavals point to a new order in what remains one of the most important industries in the U.S. economy.

The concept of a U.S. Big Three -- GM, Ford and Chrysler -- is obsolete. Toyota Motor Corp. has pulled ahead of Chrysler by 200,000 vehicles in U.S. sales through August, and in July even outsold Ford.

Ford's financial outlook is particularly dire. It once promised to return its core North American auto business to profitability by 2008. Now it doesn't expect to do so before 2009.

Ford will burn through an astonishing $8.5 billion in cash this year. It began the year with $25.1 billion and will end the year with about $20 billion, a figure augmented by $3.4 billion Ford has taken out of a fund in which employers set aside money for retiree health-care costs.

Ford plans to give more guidance on its cash situation at its third-quarter conference call in October. Chief Financial Officer Don LeClair, a 30-year veteran, said this crisis is different than struggles in the early 1980s and early 1990s during national economic downturns. "This is something that not every auto company is going through. It's our issue," he said. "It's not something like 1980 where there is a severe recession.... It's more about us than it is the economy."

UAW Softens Attitude About Cuts In Detroit (WT)

By Sean Lengell

The Washington Times, September 16, 2006

The Ford Motor Co's latest round of cuts is another serious blow to organized labor, costing the United Auto Workers as many as 40,000 active members and millions of dollars in lost dues.

But after taking a highly aggressive approach for decades, the UAW is transforming into a less combative, more cooperative organization that may be willing to work closer with U.S. automakers than perhaps at any other time in its history, analysts say.

"I think the UAW has finally wakened up to the fact that the whole thing is likely to disappear if they don't start to cooperate a little bit," said John Wolkonowicz, an analyst with Global Insight, an automotive research and consulting firm. "In some ways they may be working together now."

Ford yesterday announced a new restructuring plan that includes cutting more than 10,000 additional salaried jobs, offering buyouts to all of its 75,000 U.S. hourly workers and shutting down two more plants than the 14 previously announced.

The plan, hammered out with cooperation from the union, was praised by UAW officials -- even though it would reduce Ford's North American work force by almost a third.

"Once again, our members are stepping up to make hard choices under difficult circumstances," UAW President Ron Gettelfinger said. "Now it's Ford Motor CO's responsibility to lead this company in a positive direction.

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Under the terms of the agreement, no UAW member will be forced to take a buyout -- a concession demanded by the union.

"We remain deeply concerned about Ford's loss of market share, and committed to working together" with Ford, said UAW Vice President Bob King, who directs the union's Ford Department. "Even with all the problems in the auto industry, UAW members at Ford will continue to have a voice in their own destiny."

The UAW has lost 900,000 members since the 1970s, and the potential loss of another 40,000 jobs could cost the union millions of dollars in membership dues.

The union collected about $206 million in 2004, down from about $214 million the previous year, said Martin Payson, a lawyer with the Jackson Lewis law firm, which represents management in labor disputes.

The UAW has realized it must soften its approach in an increasingly competitive and nonunion industry, said Charlie Hughes, former head of North American operations for Land Rover and Mazda.

"There was probably a time in the history of labor where that was helpful, but in a day and age where you have so much competition ... then both labor and management have to pull together," Mr. Hughes said.

He added he expects contract negotiations with the UAW and Ford, General Motors and DaimlerChrysler, which expire next year, to go smoother than previous negotiations.

Much of the union's change in attitude can be attributed to Mr. Gettelfinger, many analysts say.

"Ron Gettelfinger has brought a new enlightenment to the union -- he sees the handwriting on the wall," Mr. Wolkonowicz said. "His goal now maybe has shifted from getting as much as possible [from the automakers] to preserving as many jobs as possible."

Mr. Gettelfinger was re-elected as the union president when he ran unopposed in June.

The UAW has failed to attract membership at automotive plants established in the United States by Asian companies. And while their reluctance is due in part to an unwillingness to pay union dues, which can run $50 a week or more, it's not the only reason, analysts say.

"Workers want to be part of a winning team, and the more factions you have in the workplace, the more names and labels you put it, the more difficult it is to be a single team." Mr. Hughes said. "The [automakers] winning today have a lot of focus, and that focus has to run through the whole organization."

Some say the union's less-harsh stance may come too late to save it from irrelevance.

"You're going to see the UAW as an entity engaged in serious soul-searching as to what it wants to be and what's it's capable of being," Mr. Payson said. "It will be a Herculean effort to turn this around."

The UAW, which also represents some health care and government workers, will be forced to recruit more nonautomotive workers if it is to survive, Mr. Payson said.

"Three years from now, what we call the UAW is going to be something significantly different than it is today," he said.

Detroit Flails In Latest Effort To Reinvent Itself (NYT)

By Micheline Maynard

The New York Times, September 16, 2006

DETROIT, Sept. 15 — Detroit is running low on optimism.

Despite insisting all this year that they had solutions to their financial struggles well in hand, both the Ford Motor Company and the Chrysler Group conceded Friday that the steps they had taken were not working and that more bad news was coming in one of the deepest auto industry crises in Detroit's history.

Ford, which has held second place behind G.M. for 70 years, admitted for the first time that it would inevitably be ceding that spot to Toyota because of slumping sales and its decision Friday to close more factories and cut thousands of additional jobs. It also said it did not expect to make a profit in North America until 2009.

At the same time, the Chrysler Group, also pummeled by the decline in sales of big sport utility vehicles and pickup trucks, said it would report a loss for this summer of $1.5 billion, more than double what it had originally anticipated.

Its parent, DaimlerChrysler, also signaled that it did not see how to build a subcompact car profitably in North America, forcing it to turn to China or another Asian carmaker to help build one overseas. [Page B4.]

For its part, G.M., which is cutting 30,000 jobs and closing nearly a dozen plants, is set to decide within a month whether it wanted to link with a Japanese and a French auto company, a prospect that has rattled union members as well as state officials where G.M. employees live and work.

With all of the auto companies here putting themselves on the chopping block, the upheaval shows that Detroit's basic business strategy — built on the assumption that what has long been thought of as the Big Three would make money simply by

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dominating the mass market with a full range of vehicles — is irrevocably broken, said James P. Womack, who has written extensively about the auto industry.

"All the old rules of the game are gone," said Mr. Womack, co-founder of the Lean Enterprise Institute. And, he said, the challenge is now to play by the new rules, as dictated by foreign competitors. "We're now in the reinvention phase," he added.

That includes more cuts that will continue at least through the end of the decade. Detroit companies will be focused on closing plants, eliminating blue- and white-collar jobs, and cutting more deeply into their operations to reduce costs. Moreover, the automakers remain liable for billions of dollars in health care costs, both for their active and retired workers.

At G.M., those costs add up to $5.2 billion a year, or the equivalent of $1,440 a car. But for all their efforts to lose excess weight, the biggest challenge facing Detroit's car companies is convincing skeptical American buyers that their vehicles, developed amid this chaos, are as attractive as those from their aggressive rivals. Thus far, they have been failing, reflected in their falling market share in recent years.

Adding to Detroit's woes, its Asian competitors are investing billions of dollars more in American factories and hiring thousands more American workers.

Within six years, it is likely that Asian auto companies, led by Toyota, will outsell their Detroit rivals in the United States, according to a forecast by Edmunds.com, a Web site that offers car-buying advice.

The industry has already gotten a look at the lineup of the future. This July, the best-selling companies were G.M., Toyota, Ford, Honda and Chrysler. And what seemed to be a temporary aberration is about to become the norm, said Jesse Toprak, a senior analyst at Edmunds. "It was a sneak peek of what's likely to happen going forward," Mr. Toprak said.

That was not what Ford's chairman, William Clay Ford Jr., was envisioning in January, when Ford unveiled the first phase of a restructuring plan that it calls the Way Forward.

Amid an announcement that it would cut 34,000 jobs and close 14 plants, Mr. Ford vowed that the 103-year-old company, founded by his great-grandfather, Henry Ford, would regain its supremacy in the American market.

"With it, we will retake the American road," Mr. Ford said at the time.

But Friday, Mr. Ford signaled that his company was allowing Toyota to pass it. At the end of the news release that announced new cuts, including the elimination of 10,000 more salaried jobs, Ford said it expected its share of the market to drop to 14 to 15 percent after this year, 10 points lower than Ford was at the beginning of the decade.

At that time, bets were placed across Detroit whether Ford could surpass G.M.; now, the safe bet is that Toyota will pass Ford to become No. 2 behind G.M., something Mr. Toprak expects to happen for good next year.

"Frankly, our ranking doesn't matter,'' Mr. Ford now says. "You've seen, over the years, chasing market share with sometimes disastrous results."

But given the unpredictability of gasoline prices, to have any kind of security in the American market, both Ford and Chrysler will have to reduce their dependence on sport utilities and pickups, which make up two-thirds of Ford's lineup and three-quarters of the vehicles sold by Chrysler. Both vow they will do that by selling more cars and crossover vehicles.

Those will take time to reach showrooms. Although both have new crossovers on the way, the small car that Ford promises to sell in the United States will not reach the market until 2009 — three years behind compacts introduced this year by Toyota, Honda, Nissan and G.M., which has just introduced a refreshed version of the Chevrolet Aveo, built for it by its South Korean partner, Daewoo.

True, the new Dodge Caliber, introduced this spring, is selling well for Chrysler. Yet both Chrysler and Ford have to hope that gasoline prices stay down from their peaks above $3 a gallon this summer, and that they can keep rebates and other deals to a minimum while they sort out their new status.

One unknown in their predicament is the role of the United Automobile Workers, the union that serves as both their partner and adversary. It has granted some concessions on health care coverage to G.M. and Ford, but said last week that it would not cut a deal with Chrysler, because it was not in such bad financial shape. (Chrysler's latest news could change the union's mind.)

Beyond that, the union has demonstrated that its priority right now is to take care of the members who will be losing their jobs.

On Thursday, Ford and the U.A.W. reached agreement on buyout packages worth up to $140,000 apiece for 75,000 Ford workers, similar to the deals that were offered to G.M.'s 113,000 hourly workers.

The deals, which have not yet been matched by Chrysler, are a clear signal from the union that workers would be well off to get out now before 2007 contract talks, when some of the protection that the U.A.W. has offered generations of workers may diminish.

Once it gets through its current round of job cuts, Ford is expected to have fewer workers at its American plants than Toyota — a prospect that was hard to imagine in 1986, when Toyota opened its first free-standing plant in the United States.

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On Friday, that factory, in Georgetown, Ky., built the five-millionth Toyota Camry sedan. It has been the best-selling car in the United States for nearly a decade, a title once held by the Ford Taurus.

Mr. Womack, whose book "The Machine That Changed the World" studied Japanese automakers' American plants, calls the Georgetown factory, which now employs 7,000 workers, "the torpedo that came in when no one was looking."

Reeling from the continuing ripple effects of that explosion, Ford, Chrysler and G.M. need to figure out how to maintain their foothold in a market that they once had practically to themselves. They might take some counsel from the original Mr. Ford.

In his 1930 book, "Moving Forward," Henry Ford wrote that companies were often bedeviled by "the little things that are hard to see — the awkward little methods that have grown up and which no one notices."

Eliminating those tiny wasteful practices, he wrote, could make a big difference between success and failure.

Toyota, at least, was listening. While Ford Motor's "Way Forward'' clearly suggests it faces a struggle ahead, the tagline of Toyota's new advertising campaign is a much more positive "Moving Forward,'' a direct homage to the path that its Detroit rivals may have no choice but to follow.

Bush: Richards Helped Define Texas Politics (DMN)

By Todd J. Gillman

The Dallas Morning News, September 16, 2006

WASHINGTON – President Bush reminisced Friday about the governor he ousted a dozen years ago, calling Democrat Ann Richards a tough opponent and saying he would miss her.

"Running against Ann Richards taught me a lot. She was a really, really good candidate. She was a hard worker. She had the capacity to be humorous and yet make a profound point," Mr. Bush said at a Rose Garden news conference. "She made a positive impact on the state of Texas. One thing's for certain -- she empowered a lot of people to want to participate in the political process that might not have felt that they were welcome in the process."

Mr. Bush is heading to the United Nations on Monday, the day the memorial service will be held in Austin. Former Commerce Secretary Don Evans will represent him at the service, at which Sen. Hillary Clinton, former housing secretary Henry Cisneros and former Dallas mayor Ron Kirk will speak.

As the president noted, "a lot of people loved Ann Richards."

"She really kind of helped define Texas politics in its best way," he said. "One of the things we have done in our history is we've had characters. People larger than life. People that could fill the stage, you know, when the spotlight was on 'em wouldn't shirk from the spotlight but would talk Texan and would explain our state, and she was really good at that."

Ann R., Alcoholic (NYT)

By Maura J. Casey

The New York Times, September 16, 2006

Former Gov. Ann Richards of Texas will be remembered for her wit, her one-liners and especially for the keynote speech at the 1988 Democratic Convention, which was, in retrospect, the high point in the party's dismal campaign for the presidency that year. To intrigued television viewers nationwide, Ms. Richards, with her big hair and big attitude, epitomized the kind of formidable woman that is a hallmark of the Lone Star State. People liked her down-home phrases. When she said, "We're gonna tell how the cow ate the cabbage," they believed her. She leavened a plain-spoken manner with wisecracks. Both helped elect her governor two years later.

But her political career eclipsed what Ms. Richards called "one of the great, great stories" of her life: her recovery from alcoholism and her nearly 26 years of sobriety. That triumph deserves to be more than a line in her obituary.

In so many ways, her decision to stop drinking and enter a rehabilitation program in 1980, after a painful intervention by family and friends, was necessary for her continued rise in public life. What made Ms. Richards different was her decision to be forthright about the fact that she was a recovering alcoholic. She didn't hide it. "I like to tell people that alcoholism is one of my strengths," she said. She was right. Alcoholics know that seeds of healthy recovery grow from the need to mend their own flaws to stay sober, one day at a time. Ms. Richards faced her imperfections fearlessly, and that enabled others to be fearless, too, if only for a little while.

She never stopped helping people. One well-known author said the first mail she received after enrolling in a rehabilitation program was an encouraging letter from Ms. Richards. A politician who left rehab and wondered how on earth he was going to avoid drinking when he got home well after midnight found Ms. Richards waiting for him when he arrived. As governor, she started treatment programs in Texas prisons. When she visited, she would tell the inmates the simple truth: "My name's Ann, and I'm an alcoholic." Her imperfection had become a source of inspiration for others.

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Bush Popular With These Republicans (SFC)

By Rachel Gordon

San Francisco Chronicle, September 16, 2006

President Bush plans to travel to Stockton next month to raise money for Rep. Richard Pombo, R-Tracy, a close White House ally who is seeking an eighth term in Congress.

The president also plans to attend a fundraiser for Rep. John Doolittle, R-Rocklin, in El Dorado Hills near Sacramento during a trip similar to one taken by Vice President Dick Cheney to the Republican House districts before the June primary.

Pombo's campaign aides aren't saying how much they hope to pull in at the Oct. 3 fundraiser at the Stockton Memorial Civic Auditorium. But, said campaign manager Carl Fogliani, "we're looking at raising a lot."

Fogliani called the president's planned visit a "great honor." Despite Bush's low showing in the polls, Pombo's joint appearance with Bush will be aimed at the party faithful in the 11th Congressional District, which includes portions of San Joaquin, Alameda, Contra Costa and Santa Clara counties.

Although Democrats have a chance to win the 15 Republican seats they need to gain control of the House, most nonpartisan experts believe Pombo is a strong favorite in his race against wind energy specialist Jerry McNerney, a Pleasanton Democrat who lost to Pombo two years ago.

McNerney campaign aides said they'll use the president's visit to remind voters of Pombo's ties to the administration and hope to tap into the national dissatisfaction with Bush and the Republican leadership in Washington.

"Welcome to California," McNerney campaign spokesman Rob Caughlan said of Bush's upcoming visit. He said that considering Pombo's proven fundraising prowess, the president's visit "means they must be running scared."

Bush To Visit State For Pombo, Doolittle (MERCN)

By Erica Werner

The San Jose Mercury News, September 16, 2006

WASHINGTON - President Bush will visit California next month to raise money for Republican Reps. Richard Pombo of Stockton and John Doolittle of Granite Bay, who are seeking re-election amid ethics questions.

Bush will attend a breakfast for Pombo Oct. 3 and a fundraising lunch at an El Dorado Hills country club for Doolittle the same day, the campaigns said separately Friday.

The Doolittle event, which his campaign hopes will raise as much as $500,000, will be Bush's first appearance on behalf of Doolittle. The congressman's friendships with former Majority Leader Tom DeLay and convicted GOP lobbyist Jack Abramoff have provided fodder for Doolittle's Democratic opponent, Charlie Brown.

Doolittle accepted campaign cash from Abramoff and Abramoff clients, while interceding on their behalf. His wife also performed fundraising work for Abramoff, who pleaded guilty in January in a conspiracy to corrupt public officials.

Unlike Doolittle, Pombo has donated to charity the campaign money he received directly from Abramoff. But he has been targeted by environmentalists over his chairmanship of the House Resources Committee, where he has shepherded legislation helpful to oil and gas interests that have donated generously to him.

The Pombo fundraiser will be held at Stockton Memorial Civic Auditorium. Details about how much money his campaign expected it to generate were not available Friday.

Both incumbents represent Republican-leaning districts in Northern California.

The Bush visit follows a California trip by Vice President Dick Cheney, who was appearing at private receptions Friday for the Republican Governors Association in Los Angeles and for the Republican National Committee in Menlo Park.

Cheney was not meeting with Gov. Arnold Schwarzenegger during the visit, the governor's office said.

Campaigner In Chief (TRCP)

By John Upton

Tracy Press, September 16, 2006

President Bush will continue making the rounds for Republican campaigners when he makes a trip to Stockton to stump for Rep. Richard Pombo.

President Bush will take a break from conducting his war against terror to visit Stockton on Oct. 3 to raise campaign cash for Rep. Richard Pombo, R-Tracy.

Pombo campaign consultant Wayne Johnson said it's normal for incumbent presidents and vice presidents to help candidates raise funds.

"It takes money to run campaigns," said Johnson, who said Bush would appear at a breakfast fundraiser.

The breakfast is expected to be at the Stockton Memorial Civic Auditorium.

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Local fundraisers by Vice President Dick Cheney, Speaker of the House Dennis Hastert and House Majority Leader John Boehner have helped Pombo raise more than $2.5 million this election cycle.

The money has helped Pombo fend off an expensive, frenzied attack by primary opponent Pete McCloskey, Democratic candidate Jerry McNerney and a range of activist groups, including MoveOn.org, Defenders of Wildlife and the Sierra Club, in the race for the 11th Congressional District.

Pombo has been targeted for his close ties to convicted felon and former lobbyist Jack Abramoff and indicted former House Majority Leader Tom DeLay, but David Karol, a political science professor at University of California, Berkeley, said McNerney doesn't have enough money or visibility to make the scandals stick.

"I don't think it really helps Pombo to be seen with the president. … I think what Bush can offer him at this point is help in fundraising," said Karol, who said Pombo remains the favorite in the race despite Bush's unpopularity across the country. A Sept. 7 Gallup poll found 39 percent of Americans approve of Bush's performance, while 56 percent disapprove.

Bush picked up 3 percent more votes in 2004 in the 11th District than his national average.

Sierra Club spokesman Eric Antebi said Bush counted on Pombo, as chairman of the House Resources Committee, to support or turn a blind eye to oil-industry friendly policies on oil drilling and air pollution.

"Pombo joined Bush in trying to allow oil companies to drill in special places like the Arctic National Wildlife Refuge and protected the coastline while weakening the rules that protect our waterways from drilling pollution," Antebi said. "And like Bush, Pombo's campaigns have gotten a big boost from oil industry contributions."

Pombo previously said that he wants to create more American jobs and wean the United States from foreign energy supplies by increasing domestic production.

Pombo supports Bush's commitment to keeping U.S. forces in Iraq — which, according to various government reports, had no weapons of mass destruction or links to al-Qaida when it was invaded — saying that an early withdrawal would be a disaster. At least 2,676 U.S. soldiers, including five soldiers from Tracy, have died in the war. Iraq Body Count has documented more than 43,000 Iraqi deaths, but no such government statistics are available.

Defenders of Wildlife and MoveOn.org organizer Ed Yoon said he would greet Bush with a protest, but South San Joaquin County Republican President Frank Aquila said the president will be welcomed by much of the community.

"I'm sure they'll go ahead and bus the protestors in, but any time the president comes — whether Republican or Democrat — you've got to honor that position, and I think the fact that President Bush is going to be here is absolutely outstanding."

McNerney's camp seemed unfazed by Bush's upcoming visit.

"If I were Pombo, I'd probably be stoked that Bush is coming out, because even George Bush is more popular than the Congress," said McNerney spokesman Rob Coughlan.

The visit was announced at a difficult time for the Republican Party, which is facing a pre-election backlash over the federal government's handling of the war in Iraq, Hurricane Katrina and oil prices.

Despite Pombo's formidable campaign war chest, the National Republican Congressional Committee spent more than $55,000 helping Pombo this year.

Committee spokesman Jonathon Collegio said $38,475 was spent a little more than a week ago on a mailer that attacks McNerney's tax policies.

"The (Democratic Congressional Campaign Committee) has targeted Richard Pombo, and the (National Republican Congressional Committee) wanted to level the playing field," Collegio said.

A spokeswoman for the Democratic committee said Bush's visit is a sign that Pombo is in trouble.

"National Republicans are spending money, and they're sending Bush in to raise money for Pombo because they know that his record of using his seat for personal enrichment makes him vulnerable and an unappealing choice for Californian voters," Kate Bedingfield said.

Bush To Visit Stockton (STREC)

By Hank Shaw

Stockton Record, September 16, 2006

SACRAMENTO - President Bush is coming to Stockton next month to help Tracy Rep. Richard Pombo raise money for his re-election bid.

Bush is scheduled to appear at a $250-a-plate breakfast event at the Stockton Memorial Civic Auditorium on Oct. 3, according to the campaign.

Pombo is locked in a spirited campaign for the 11th District against Pleasanton wind energy consultant Jerry McNerney, who lost handily to Pombo in 2004.

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McNerney has come back stronger this time, and many political observers give him an outside shot at unseating Pombo - if there is a Democratic wave this fall.

Most Republicans nationwide have been focusing on local issues in their re-election efforts, but bringing Bush into the district shifts the spotlight to national matters such as the war in Iraq; Pombo's hometown of Tracy has one of the highest death rates in the nation for soldiers serving overseas.

Bush's approval ratings are hovering around 40 percent nationally, according to several recent surveys. But in California, Bush's popularity is far lower: Nearly two-thirds of all Californians - including more than one-quarter of Republicans - disapprove of Bush, according to a late July Field Poll.

Bush last came to Stockton in 2002, ostensibly to help Bill Simon, the GOP candidate for governor that year. Vice President Dick Cheney hosted a Stockton fundraiser for Pombo earlier this year.

Pombo spokesman Carl Fogliani said the Bush visit will swell their campaign fund so they can blitz McNerney on radio, on television and in the mail throughout the last seven weeks of the election.

"He'll help the campaign raise the resources we need to finish this campaign," Fogliani said.

Pombo's 11th District includes both the Sacramento media market and the pricey Bay Area market, which can bankrupt all but the richest candidates should they choose to advertise heavily on TV.

Pombo already has mailed several fliers to district residents and has been spending more than $50,000 a week on a radio ad highlighting McNerney's decision to change 55 of his positions on a candidate issue questionnaire earlier this summer.

Adding to this is at least $161,000 in spending by the Republican National Campaign Committee on Pombo's behalf for polling and mailers.

As of June 30, Pombo has just under $1 million to spend and had raised more than $2.2 million overall. He has actively been collecting more cash since then, and the campaign hopes the Bush fundraiser will cap their effort.

No money goal for the event has yet been set, Fogliani said.

McNerney, whose campaign says it's raised nearly $1 million so far, is also beginning its own ad campaign on cable television. He is the best-funded challenger Pombo has faced, and his spokesman, Rob Caughlan, says Bush's arrival shows Pombo is concerned.

"I think he's scared," Caughlan said. "He's certainly not taking Jerry McNerney for granted.

"We've been saying all along this is a national race, and there's nothing that'll say 'national race' better than having George W. Bush come into Stockton."

Pombo has voted with Bush's positions 86 percent of the time since 2001, according to information compiled by the Democratic Congressional Campaign Committee.

That might please residents of Ripon, Lodi, Escalon and Manteca, which all voted for Bush twice. But Tracy and Stockton - much of which is in the neighboring 18th District - voted for Al Gore in 2000 and John Kerry in 2004.

In the East Bay portion of the district, neither the Alameda County part nor Morgan Hill voted for Bush, although the Contra Costa section did, narrowly.

University of California, Berkeley, political scientist Bruce Cain said bringing Bush to the district could prove risky, although it's in character for the pugnacious Pombo.

"I don't see Pombo apologizing for his conservatism or his support of the president," Cain said. "What he wants to do is strengthen his Republican numbers. He doesn't need a lot of Democrats to vote for him."

Allan Hoffenblum, one of California's premier political odds-makers, says Pombo has little to lose by bringing in Bush.

"Bush is visiting the red part of California, not the blue part," said Hoffenblum, referring to Republican red and Democrat blue. "And if they hate Bush that much there, they're not going to vote for Pombo anyway. Besides, he needs the money."

Election Prospects Looking Up, Some Republicans Say (MCT)

By Steven Thomma

McClatchy Newspapers, September 16, 2006

WASHINGTON - With the fall election campaign taking shape, many Republicans this week believe for the first time in months that they've turned a corner and could limit feared midterm losses enough to retain control of Congress.

The reasons for their guarded optimism include a new poll showing that voters again give an edge to the Republicans on national security, another showing concerns about the seeming lack of a clear Democratic alternative agenda, an impressive get-out-the-vote effort in a Rhode Island Republican primary, and relief over dropping gasoline prices.

To be sure, all Republicans interviewed stressed that they still face a sour country and tough election - the Iraq war being the main reason - and they still fear losing seats in both the House of Representatives and the Senate.

Democrats dismiss the notion of a Republican rebound.

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"These guys must be living in a circular room if they think they've turned a corner," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee. "At the end of the day, the situation in Iraq remains the same, the economy remains the same, and the things coming out of Congress remain the same. To say they're in better shape going into the heart of the general election campaign doesn't pass the smell test."

Nevertheless, Republican National Committee Chairman Ken Mehlman on Friday all but echoed one internal White House prediction that his party will lose only two to three Senate seats and eight to 12 House seats. That would still leave Republicans in control of Congress. Democrats need to gain 15 House seats and six Senate seats to capture both chambers.

Mehlman and other Republican operatives argued that they "won" the first full week after Labor Day, the date when more voters historically start tuning in to politics and candidates and parties ramp up their campaigns, particularly with advertising.

"We're in a pretty good trend right now, although we're still in a tough environment," Mehlman said at a breakfast with reporters.

"There's clearly a turnaround happening," added a Republican Senate aide, who spoke on condition of anonymity on his boss's orders. "We've got a lot of work to do. But there's a chance now to stave off the kind of disaster that was being predicted."

Several credit President Bush's concerted effort in recent speeches to connect the unpopular Iraq war to the more broadly supported war against terrorism and to paint the Democrats as weak on defense.

One poll this week suggested that the White House campaign succeeded in at least one area. The ABC-Washington Post survey showed that voters trust Republicans over Democrats to handle terrorism by a margin of 48 percent to 41 percent, a sharp turnaround from the month before, when they trusted Democrats by 46 percent to 39 percent.

Another poll, conducted for NBC News and The Wall Street Journal, showed that 42 percent of voters are more concerned that Democrats lack "specific programs," while 37 percent are more concerned that Republicans have offered "no changes" to the status quo. That suggests that the Republican hope to turn the election from a referendum on their rule to a choice between them and the Democrats may be working.

"Paid advertising is picking up," said Ed Patru, a spokesman for the National Republican Congressional Committee, which helps Republicans in House races. "Voters now are paying less attention to outside noise and focusing more on differences between the candidates."

Republicans also enter the fall with a decided cash advantage to buy more advertising and get-out-the-vote operations. This week, the Center for Responsive Politics, which tracks money in politics, reported that collectively, all Republican political committees had a cash-on-hand edge over their Democratic counterparts of $121 million to $91 million.

Republicans also were buoyed by the party's get-out-the-vote work in Rhode Island on Tuesday, where it helped produce a record turnout and a primary victory for incumbent Sen. Lincoln Chafee. That turnout effort echoed a successful drive in a special election in California over the summer, signs that the party's much-lauded ability to mobilize its voters is still effective even in a tough year.

And gasoline prices are dropping, easing one of the many drags on the party in power. The ranks of voters who rate gasoline prices as the top issue dropped from 15 percent last month to 5 percent, according to the ABC poll.

"Having gas prices moderate is an important component of having people recognize that the economy is in a lot better shape than they think it is," said Whit Ayres, a Republican pollster.

But he cautioned that it's not enough to turn around Republican fortunes.

"We have had a good week. But that good week needs to be sustained in order for it to have a fundamentally different effect on the election. ... It's hard to say things are really looking up until we see significant improvement on Iraq, or more people see the economy as positive."

The ABC-Washington Post poll of 863 registered voters was conducted by telephone Sept. 5-7 and had a margin of error of plus or minus 3.5 percentage points.

The NBC-Wall Street Journal poll of 1,009 registered voters was conducted by telephone Sept. 8-11 and had a margin of error of plus or minus 3.1 percentage points.

Piñata Strategy (NSWK)

By Howard Fineman

Newsweek, September 16, 2006

Behold the Republican playbook: Frightening voters and demonizing Dem leader Nancy Pelosi.

The Republican message for this fall's election season turns Franklin Roosevelt's famous statement on its head: fear is good, or at least it's a strategy. They want the electorate to be afraid, very afraid—of the terrorists, of course, but also of an elegantly dressed woman from San Francisco.

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Democratic operatives have been warning Rep. Nancy Pelosi for months that she needs to prepare for what Karl Rove and the GOP have in store: an all out, coast-to-coast assault.

As the Democratic leader in line to be speaker if her party wins control of the House, Republicans see Pelosi as the piñata of politics in 2006.

Six years into the Bush presidency, GOP operatives in essence are conceding the obvious: voters are angry about Iraq, the economy, immigration and incompetence.

Republicans worry about voters such as Eric Albino, a 29-year-old construction worker I met in New York the other day at the site of Ground Zero. He had been a Bush supporter, but turned against him because of the war in Iraq. "He's doing what he can to the best of his ability," Albino said sympathetically, "but he should have left Saddam alone." We are less safe as a result, he said.

Rather than spend a lot of time and money defending their record to voters such as Albino, the Rovepublicans will try to scare him into sticking with them—or at least staying away from the polls altogether. The way to do that, they have decided, is to scare him silly about what the Democrats would do with control of Congress.

They want to use Pelosi to give their vision of nightmare a face and name and history.

It's a page from an old GOP playbook. In 1984, the Democrats held their convention in San Francisco; Republicans renominated Ronald Reagan in Dallas. It was the dawn of the Red State-Blue State, cultural/political divide we see today. Democrats made history, nominating the first woman—Geraldine Ferraro—for vice president. "Independent" GOP groups swarmed into San Francisco, and onto the airwaves, to denounce the Democrats for their liberal stands on abortion, gay rights, taxes and so on. Reagan won 49 states.

The epithet "San Francisco Democrat" had power then, and for years thereafter. Does it still?

We're about to find out. The product of a middle-class family, reared in Baltimore as the daughter of the city's mayor, Pelosi by background is no flower child. But she does represent a capital of Blue State America. She has a liberal voting record and she is perhaps the most influential congressional critic of the Iraq war.

Pelosi's friend and ally, Rep. John Murtha, got all the ink, but it was Pelosi who gave him his platform in the caucus. Pelosi is personally wealthy; her husband, Paul Pelosi, is a successful Bay Area businessman.

The GOP has "tested" her image in focus groups and polls. She has become a favorite villain of conservative talk radio, which sometimes dwell on her attire and looks. Female Democratic strategists I know fret about this, even as they are outraged at what they see as the sexism of it. They admire her sense of style, but they do worry that she looks too sophisticated, too Nob Hill. "She dresses too 'rich'," one said to me. No one would accuse Denny Hastert of that.

As for her stand on the issues, it is incontrovertibly true that she represents one of the most liberal congressional districts in the country. "That's who she is," said a top Democratic operative. "The problem with refuting that attack is that it's true."

Other insiders worry about gay-rights: the notion that the Democrats are too responsive to gay demands for equal treatment. That was GOP's underlying message 22 years ago, when the term "San Francisco Democrat" first gained currency. It will be subtext—or the overt text—in the campaign this fall.

"They are going to try to turn Pelosi into the Newt Gingrich of our day," said Mark Penn, a leading Democratic pollster. "But I don't think it's going to work. First, she's not that well known. Second, it could work the other way. People want accountability. They want George Bush held to account. Pelosi isn't running for president, she's running for a Congress that will take on the president."

Will voters in, say, eastern Pennsylvania (where there are four House seats up for grabs) care about who Rep. Nancy Pelosi is in November, and what she might say and do as speaker? It seems unlikely, but it's only mid-September.

Mfume Concedes Election To Cardin (WT)

By Jon Ward

The Washington Times, September 16, 2006

Kweisi Mfume yesterday officially conceded Maryland's Democratic primary for the U.S. Senate, but it was not clear whether he planned to campaign for Rep. Benjamin L. Cardin in the general election contest against Lt. Gov. Michael S. Steele, the Republican nominee.

"Ben and I gave this race our best," said Mr. Mfume, past president of the National Association for the Advancement of Colored People and a former congressman. "However, there can only be one nominee from our party, and he is it.

"He is a great public servant and I have absolutely no doubt that he is going to make a terrific United States senator. He has my full support," Mr. Mfume said.

Mr. Cardin spoke with Mr. Mfume on the phone minutes before a Democratic rally in Annapolis, an Mfume spokesman said.

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"This was a very positive, hard campaign," Mr. Cardin said after the rally. "Kweisi and I continue our friendship. ... I'm proud to have his support."

Mr. Cardin said that he expects Mr. Mfume to campaign with him.

"I am confident that we will be together during the campaign," Mr. Cardin said.

According to the Maryland State Board of Elections, Mr. Cardin received 247,617 votes, or 43.8 percent, and Mr. Mfume 228,721, or 40.4 percent, in Tuesday's primary. Eighteen Democrats were seeking the nomination to replace retiring Democratic Sen. Paul S. Sarbanes.

About 25 precincts in Baltimore had not had their votes counted as of yesterday, and 26,000 absentee ballots, along with an unknown number of provisional ballots, also had not yet been counted.

Mr. Mfume, who waited until after 2 a.m. Wednesday to end his primary party without then conceding, said that he had spoken with elections officials yesterday morning and decided to concede.

"We have looked at every set of remaining numbers. It is clear that while the gap may narrow, the vote totals will fall short of what will be needed to win," Mr. Mfume said.

In an unrelated matter, the Cardin campaign fired a female campaign staffer yesterday after discovering a Web log she had been writing about the campaign.

Titled "Road Diaries of the Persuasionatrix," the blog talked about taking a picture of Cardin staffers eating Oreos with the caption "devouring the competition."

"Oreo" can be used as a derogatory term for blacks who "act or think white." Mr. Steele is the first black to win a statewide office in Maryland.

A Cardin spokesman said that the staffer was fired as soon as the blog was discovered.

"We became aware of this blog today," said Oren Shur, Mr. Cardin's spokesman. "We utterly condemn the sentiments expressed in it. It is not an accurate reflection of Ben Cardin or his campaign. The junior staffer responsible for the contents of this blog is no longer employed by the campaign."

Mr. Shur did not confirm the name of the blogger.

A Kean On The Ballot? What Else Is New? (NYT)

By David W. Chen

The New York Times, September 16, 2006

TRENTON, Sept. 15 — One of Thomas H. Kean Jr.'s earliest political memories is watching his father, Gov. Thomas H. Kean Sr., deliver the keynote address at the Republican National Convention in 1988, when George H. W. Bush was nominated for president.

Now, Mr. Bush is one of many of the former governor's powerful friends helping support the younger Mr. Kean's bid to unseat Senator Robert Menendez, as patrimony has helped propel a relatively inexperienced state legislator into one of the tightest races in the country. Some Democrats here even complain that Republicans are trying to confuse voters into thinking that the popular former governor and chairman of the 9/11 Commission is running, not his 38-year-old son.

After all, Keans have been on the ballot here almost as long as there have been ballots.

"When my dad ran for Congress — and he had been the Assembly speaker — the headline said, 'Kean's son to run for Congress,' " said Mr. Kean, now a state senator. "When my grandfather ran for Congress in 1938, there was a headline that said, 'Kean's son to run for Congress.' When my great-grandfather ran for Senate, I think there was a headline that said, 'Kean's brother to run for Senate,' because his older brother had served in the United States Senate.

"So I personally set very high standards for my own experience in public office, and I think the public has set very high standards for me."

As they did with the current President Bush in 2000, Democrats say Mr. Kean, in his first run for statewide office, lacks the résumé for Washington. But suddenly the nonpartisan Cook Political Report, and several other election handicappers, have moved New Jersey — which last elected a Republican senator in 1972 — into the toss-up column, complicating Democrats' plans to keep a supposedly safe Senate seat.

Despite Mr. Menendez's three-to-one fund-raising edge, Mr. Kean has capitalized on sky-high name recognition to pass the incumbent in several recent public opinion polls by as much as 5 percentage points. Party leaders are increasingly focused on the race: Karl Rove, the White House political guru, is scheduled to sponsor a fund-raising lunch for Mr. Kean on Monday at 21 Club in Manhattan, and Senator Mitch McConnell of Kentucky, the Republican whip, is sponsoring a breakfast on his behalf on Wednesday in Washington.

It does not hurt, of course, that former Governor Kean, who enhanced his stature with his leadership of the 9/11 Commission, has been in the news promoting a book and played a part in last week's controversy over ABC's miniseries on the

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subject. The younger Mr. Kean has also leaned on his father's allies for financial support and strategy. And not every candidate's father has a political action committee — Governor Kean's Fund for All Americans has contributed $10,000 to the effort. (The senior Mr. Kean and other Keans have donated $26,500.)

"I do think what we are seeing in the polls is a familiarity quotient," said Ingrid W. Reed, a political scientist at Rutgers University. "Even if people know it's not Tom Kean Sr., the name resonates, and people say, 'How bad can he be?' "

Mr. Kean says he is not bothered by people who equate his career with political entitlement, or wonder whether he can escape the shadow of his father — or his father's father's father. And while he shares many moderate Republican values with the former governor, he is hardly a political clone, demonstrating a more conservative bent on immigration and gay rights.

"The umbilical cord was cut a while ago," Mr. Kean said in a recent interview at his home in Westfield.

Being the child of a prominent politician brings the blessings of name recognition and nostalgic good will, and the burden — especially for those who share the same first and last names — of the inevitable comparisons and the invariable complaints that the child had too easy a glide path.

Some namesake sons, like Al Gore and Richard Daley, have equaled or exceeded their fathers' records. Some have fallen short, like Adlai E. Stevenson III and Hubert H. Humphrey III. And some have been so unabashed in trumpeting their father's names that you might think the two were running mates.

The elder Mr. Kean, in a recent interview at his office in Far Hills, acknowledged that the pressure could be daunting — and said he had steered all three of his children away from politics.

"It's very difficult when your father is prominent in the same field that you're about to go into," he said. "Frankly, there are a lot of children from political families who have had a lot of problems in their lives." Asked if his son had ever wished that he had a different name, perhaps to lower expectations, he smiled and said, "He's never said that to me, but I suspect there were times."

When it comes to political dynasties, the Keans are to New Jersey what the Kennedys are to Massachusetts, or even what the Livingstons, the Keans' distant relatives, once were to New York.

As he grew up at the family homestead in Livingston, the younger Mr. Kean said he was most impressed with the reception that his father received in the community.

"Whether it be in the movie theater, the diner or the local Friendly's, people would come up and say, 'This is an important issue,' or people would thank him for something he did," Mr. Kean recalled. "That impressed upon me that you could do something good."

At Dartmouth College — which Mr. Kean chose over his father's alma mater, Princeton, to avoid implications that he was admitted because of his connections — his roommates said they found out his father was the governor of New Jersey several months into the school year, when the governor showed up on campus escorted by state troopers.

"He looks to his dad more as a mentor than as a classic father figure, if you will," said Peter Van Alstine, a roommate at Dartmouth who remains one of Mr. Kean's closest friends. "It wasn't the typical American, 'Go fishing, hang out daily, arms-around-the-shoulder' type deal. It was definitely more infrequent and more of a mentor relationship."

Mr. Kean's first job out of college, in 1990, was at the Environmental Protection Agency in Washington — a political appointment his father arranged. Then, after the first President Bush lost in 1992, Mr. Kean worked for former Representative Bob Franks, a moderate Republican and family friend.

At the Fletcher School at Tufts University, where Mr. Kean studied the politics and economics of Central Asia, his academic adviser, Andrew C. Hess, said that he learned of the student's lineage from a secretary.

A classmate, Geneve Mantri, said: "It didn't seem to be a weight on him. Having come from the U.K., where there's an awful lot of name-dropping, where your sense of identity is very much tied to your parents or grandparents, it was nice to meet somebody who had that background but wasn't self-conscious about it, either in a good way or a bad way."

Mr. Kean was studying for a doctorate before being sidetracked by politics — just as his father had been sidetracked from a Ph.D. decades earlier. He decisively lost his first electoral effort, a Republican Congressional primary in 2000, despite his father's help. "It was probably good for him," said David Yaccino, a former roommate and Psi Upsilon Fraternity brother at Dartmouth. "He realized that the Kean name was not going to get him elected."

But it sure helps.

At last week's fund-raiser in Bridgewater, former President Bush observed that it was an old mutual friend of Governor Kean's and his, Nicholas F. Brady, the former Treasury secretary, who extended the invitation.

The former governor was surrounded at the event by enough alumni of his administration that one old hand joked they could "convene a cabinet meeting."

"A lot of those folks are not involved in year-to-year election efforts," said Roger A. Bodman, a former transportation commissioner and one of many who have dusted off their Rolodexes from the 1980's to dial for dollars. "It's their affection for the Kean family that's their motivation here, rather than supporting another Republican."

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The elder Mr. Kean is coy about how involved he plans to be in the campaign. He says that he has gone to strategy sessions — when his son asks — and a few fund-raisers, also when his son asks. And every couple of days, he said, the phone rings.

"He'll call me and say, 'Dad, what do you think about this, what do you think about that?' " the elder Mr. Kean said. "What I want him to understand is, no matter what I say, he's going to make the ultimate judgment — he's the candidate."

Garden State Grapple (NSWK)

By David Gerlach

Newsweek, September 16, 2006

New Jersey's Senate contenders, incumbent Bob Menendez and challenger Tom Kean Jr., square off on ethics, war in Iraq and party loyalty. WEB EXCLUSIVE

On the surface, New Jersey seems like an easy Senate seat for the Democrats to hold on to. The incumbent, Democrat Bob Menendez, who was appointed in January when Sen. Jon Corzine became the state's governor, is a seven-term former congressman. The state has been a solid hue of blue in the last four presidential elections and disapproval of President Bush is high. But polls show a dead heat between Menendez and his challenger, Republican Tom Kean Jr., a state senator whose name is political gold—his father was formerly the popular governor of New Jersey and his grandfather was a congressman.

It's shaping up to be quite a fight. Kean's camp has been trying to paint Menendez as the product of a broken New Jersey political system, rocked by scandal over the last decade. At the same time, Kean is trying to cut an independent path for himself—away from the GOP. He's been sharply critical of mistakes in Iraq and several of the president's positions. Menendez, however, says Kean is simply pandering in an election year and points to the fact that Laura Bush, former president George H.W. Bush and Vice President Dick Cheney have all stumped for Kean. He also proudly notes his own badge of courage: Menendez voted against the Iraq war resolution while in the House of Representatives.

David Gerlach recently spoke with both Menendez and Kean as part of NEWSWEEK'S ongoing Face Off series profiling the midterm's hottest races. Excerpts:

Democratic Sen. Bob Menendez

NEWSWEEK: Why do you think polls are showing a dead heat in your Senate race?

Bob Menendez: The reality is that while people say I am an incumbent, I have been in office a grand total of eight months. And running against someone [who], not because of his own making, but because of his father's making, has a name that is well recognized. Those are parts of the challenge. We have just started our advertising.

Are you concerned that some voters may, if they hear your opponent say he is also in favor of stem-cell research or having Secretary of Defense Donald Rumsfeld resign, have a hard time differentiating between the two of you?

People will see through those as 60-day conversions to a position that Tom Kean Jr. doesn't really believe in. After taking $1.2 million in funds that have been raised by Mrs. Bush, Vice President Cheney and President Bush, it is very hard to walk away from the Bush agenda. For example, even knowing that there were no weapons of mass destruction, Tom Kean Jr. has continually said he supports the war in Iraq and would have voted for it. Even as the New Jersey legislature voted to raise the minimum wage, he voted against it—the same position as President Bush and Republicans in Congress.

Why did you vote against the Iraq war resolution?

I did my due diligence. I sat on the International Relations Committee. It became very clear to me there was no evidence of weapons of mass destruction, no imminent threat to the United States. In my mind, our engagement in Afghanistan, which I supported, was the right engagement, and we needed to finish doing the job there. [Iraq] was a war of choice and not of necessity.

You have called for a timetable for withdrawal of U.S. troops from Iraq to country nearby. Where would be a plausible location to move U.S. troops?

Our plan is multifaceted. It is a transition and withdrawal. It is to put part of the force over the horizon. I would listen to the generals to where in fact we would put those troops. It is about having a summit that brings together regional players who have a great interest in the stability of Iraq, as well as the Europeans and NATO. Right now, that is not happening. We are going it alone. It also is ensuring we have some troops whose whole focus is dedicated to any terrorist activity that may exist in Iraq, but not in the midst of being peacekeepers in a civil war. For that, we strengthen the Iraqi troops over the course of this transition over the next year.

What are you hoping to see come out of Congress regarding ethics reform legislation?

[Democrats] believe the Republican corruption of Jack Abramoff and Duke Cunningham and the K Street Project are unworthy of the American people. That is why I stood with [Sens.] Harry Reid and Barack Obama to offer some of the highest

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ethical standards and legislation to meet those standards. The Republicans rejected it. Hopefully we can get back to it once [Democrats] get a majority [in the Senate].

How do you respond to charges that you rented space in New Jersey to the North Hudson Community Action Corporation while you were lobbying for them to receive federal grants, and that in 2003 you sponsored legislation to ban media mergers, because it would affect stock you owned in Spanish Broadcasting System Inc.?

This campaign started with Tom Kean Jr. trying to "Swift Boat" my history as a reformer and [he] failed miserably. The bottom line is New Jerseyans will see through the Kean campaign on trying to play the politics of personal destruction.

But you did recently state that you regretted renting property to that charitable organization.

Even though the [House] Ethics Committee gave me approval. Even though it was absolutely an arms-length transaction. The bottom line is it is a diversion from the campaign. At the end of the day, Tom Kean will have to answer for why he took $10,000 in casino contributions, which legislators in New Jersey are barred from [doing and] send it to his federal account and ultimately switch his vote on the ban of smoking in casinos.

But it is legal to take contributions from a casino for a federal campaign.

While it may be legal ... it didn't stop the fact he still has to cast votes on the regulation of that industry.

You have noted that you helped restore federal funding to Amtrak. Why do you think it has been difficult to fund and improve the infrastructure of the passenger-rail network?

The Bush administration has kept Amtrak on life support. You can't do the maintenance and infrastructure investment. Amtrak post-September 11 is not only important for the economy of the region, it's important for tourism. It's also about having multiple modes of transportation so that, God forbid, [if] there is an attack, there is a way to make intercity connections. Intercity rail service in any part of the world is never fully self-sufficient on its own.

As a Cuban-American, what are your thoughts regarding the recent health problems of Fidel Castro?

Our hope, America's hope, is freedom and democracy for the Cuban people. If the potential transition to his brother [Raul Castro] on a more permanent basis becomes the reality, than we will see the beginning of change. Raul doesn't have a relationship with the people as Fidel does. He doesn't have the respect of the military. For the U.S., it is important to be poised to send a clear message to the people that we support them and respect the sovereignty of the country and [will] help them in their transition to democracy.

When you entered the Senate earlier this year, you said you had been dreaming about becoming a senator since you were 19.

As someone who grew up poor in a tenement and being the first in my family to go to college, for my ability to go from those beginnings to being one of 100 senators in a country of 300 million people, it is the story of the promise of America fulfilled.

Republican State Sen. Thomas Kean Jr.

NEWSWEEK: You have been critical of the Bush administration, notably its handling of the war in Iraq. Have you heard from the White House or the National Republican Senatorial Committee?

Tom Kean Jr.: What I am focusing on are issues that are important to citizens of New Jersey. I agree [with the president on] the tax cuts and a number of the antiterrorism initiatives. [There are] areas where I disagree: stem-cell research, which I support, or cutting spending, or immigration reform. And the conduct of the war in Iraq and the mistakes that have been made there. It is my responsibility to make people aware of that.

Some Republicans equate critiquing the war with emboldening terrorists.

One of reasons I called for Secretary [of Defense] Rumsfeld's dismissal is that I disagree with that assessment.

When did you come to the conclusion that he should resign?

It has been building for months. I have been following the war and the horrendous mistakes that have been made. When the secretary gave a speech ... to the American Legion, when he essentially compared people who had critiques of the war on terror to "appeasers," I thought the secretary of Defense was stepping into the political realm ... He had stepped too far and we needed a new set of eyes and ears at the head of the Pentagon to focus on the future of Iraq. As well as the future in North Korea, Iran and the future of [terrorism].

Did you think he should resign in the wake of scandals at Abu Ghraib prison in Iraq?

Clearly, the buck always stops with the secretary of Defense in that regard. I thought if we had new generals in charge there would be a change in emphasis, a change in policy. And when we had new generals in charge, the same language and direction was coming out of the secretary of Defense. The world has changed so dramatically in the last six years. I do not support an immediate withdrawal of our troops. My concern is it would lead to a humanitarian crisis. [There's a] potential for a terrorist haven to be created.

You have stated that Iraq had nothing to do with 9/11, but you have also said you would have voted for the war had you been in Congress at the time and that President Bush wasn't disingenuous in the lead-up to the war.

I don't think he was. He had the same info that President Clinton had. The vast majority of Republicans and Democrats alike at that juncture thought there was a strong national-security component to that authorization.

Why do you think your opponent voted against that authorization when he was in the House of Representatives?

He has traditionally been on the fringe of his own party. The case [for war] was clearly made with people who had far better information than he did.

Do you have any concerns about alienating your conservative base with some of your stances?

The people realize they can no longer afford the status quo. Bob Menendez is the status quo. He voted for the largest tax increase in U.S. history and the largest tax increase in New Jersey. He has voted to give amnesty to illegal workers. He sat on the conference committee [that] stripped out risk-based funding on homeland security ... He failed the people of New Jersey. It's not because Republicans were in charge. It's more frequently a geographic fight. He had a seat at the table.

In one of your recent television ads, you call yourself an independent reformer. But the commercial does not mention you are Republican. Was that omission intended?

People want an individual who will go down to D.C. and stand up for them. Not someone who will be beholden to the party bosses, whoever they may be.

You have been talking a lot about ethics reform in Washington during your campaign. Why do you think the GOP-controlled Congress has not been able to tackle that issue?

It has been equally difficult for ethics reform to get through the [New Jersey] state legislature. I was thrown out of the state assembly because I was fighting for "pay-to-play reform." ["Pay to play" refers to the practice of rewarding lucrative government contracts to large campaign contributors.]

What did you learn from that as you try to get a GOP-controlled Congress to deal with the problem?

What we have seen is [that] Congress can't police itself. I would hope we would be able to create an independent entity that is nonpartisan in its makeup and that would be able to focus on those issues. This is a big part of this campaign. Bob Menendez sent millions of dollars to a nonprofit organization [from] which he received $350,000 in rent payments. He worked on their behalf. House ethics rules clearly state that an individual should not profit from their public service.

Some ethics questions have been lobbed at your camp regarding campaign contributions that you received from employees or board members of companies where your father serves on the board of directors.

Everything we did was legal. My father has never reached into corporations to ask for contributions on my behalf.

Are you ever concerned about public fatigue with a Kean political dynasty?

My father set a very high standard for public service. His father did [in Congress]. It is important to be proud of your ancestors. But more important that they be proud of you.

2 Candidates Question Vote In Pr. George's (WP)

By Ovetta Wiggins, Eric Rich And Hamil R. Harris

The Washington Post, September 16, 2006

Congressional candidate Donna Edwards announced plans yesterday to file a lawsuit over apparent voting irregularities in Tuesday's primary election in Prince George's County, while defeated county executive challenger Rushern L. Baker III demanded an independent investigation of the process.

The separate announcements signaled that Tuesday's voting, a flawed process by many accounts, may not conclude the close primary contests for a seat in Congress and the county executive's office. The election itself was "horrendous," the Prince George's elections administrator said yesterday. And the victorious Democratic county executive candidate, incumbent Jack B. Johnson, said it warranted investigation.

"The integrity of the election is at stake," said Edwards, who ran against Rep. Albert R. Wynn in the 4th District Democratic primary and is waiting for the race to be decided when provisional ballots are counted next week in Montgomery and Prince George's counties.

Jonathan S. Shurberg, a lawyer working with Edwards, said they will ask a judge to take possession of voting machine memory cards in two, possibly three, precincts in Chillum. The request will be made either in Prince George's Circuit Court in Upper Marlboro or U.S. District Court in Greenbelt over the next several days.

Edwards said her legal complaint will focus on the security of voting machines that contained voting cards and were not delivered to the county Board of Elections until late Wednesday. "When we read reports about how easy it is to hack into these machines, there has to be concern," Edwards said.

Wynn lashed out at her over the decision to sue, accusing her of "trying to throw out votes in certain jurisdictions."

Chuck Perry, a lawyer who advised Baker's campaign, said at a news conference yesterday that there is "ample evidence" to warrant an investigation.

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Widespread problems occurred throughout the county, Perry said: Numerous polling places did not open as required at 7 a.m. Computers misidentified the party affiliation of voters. And voting machines failed to electronically transmit data to the county's central office.

"We're not doing this for the campaign," Perry said. "We're doing this as a duty. Voters have been disenfranchised."

A spokesman for Johnson, who had called Tuesday's voting process "abysmal," said the county executive agrees that there should be an inquiry.

"We join Mr. Baker in his request . . . to find out what happened and avoid problems like this in the future," said the spokesman, Jim Keary.

Electronic voting machine malfunctions were reported across the region Tuesday. Machines froze, access cards stopped working and computerized voter lists crashed. The glitches renewed fears about the vulnerability of electronic machines used in the electoral process.

Perry said it is unclear whether an investigation would change the outcome of the race for county executive. For now, said Alexander Krughoff, a campaign spokesman, "Mr. Baker has issued his concession, and he stands by that."

A delay in counting votes left the winner of the surprisingly close county executive race undecided until late Wednesday, when Baker accepted defeat. Johnson had 52 percent of the vote to Baker's 48 percent. In the congressional race, Wynn leads by fewer than 3,000 votes, and Edwards has said she will not consider the election over until provisional ballots are counted.

Results trickled in Tuesday night because election workers said they had trouble transmitting data electronically from precincts to the county's central tabulating office.

According to Baker's campaign, only 60 of 206 precincts managed to transmit their results electronically. Election workers at the remaining polling places had to remove voter memory cards from each machine and drive them to Board of Elections headquarters in Upper Marlboro.

The county's interim election administrator, Robert J. Antonetti Sr., acknowledged yesterday that the primary was the most troubled election he has overseen during 34 years in the field. "This was horrendous," Antonetti said.

Antonetti, the longtime head of the Prince George's election office, served as election director in Howard County for four years after leaving Prince George's and then retired. He said he was called back after his predecessor left the area.

Before he retired, Antonetti's long career was marked by turbulence. He was ordered to pay a $7,500 ethics fine for hiring family members as part-time workers in Prince George's, and he sued the Howard County Elections Board for more pay -- a case that was settled with undisclosed terms.

Yesterday, Antonetti did not dispute Baker's statements about the electronic transmissions, and he conceded that 15 polling sites opened late because, he said, technicians he had hired did not show up.

Yet Antonetti flatly rejected any suggestion that the results were compromised. "There is no fraud in this county," he said. "That's a very bad accusation, and it's usually sour grapes."

Antonetti said election judges had been instructed to have the cards delivered to his office if they were unsuccessful after two attempts to transmit electronically. According to the directions, the cards were to be secured in locked bags and driven to the office by technicians who did not have a key.

Oliver Smith, a chief election judge in Cheverly, said that after a day with frustrating electronic equipment, he ordered the cards delivered to the office without even trying to transmit electronically. "Considering that we had some problems with our voter access cards, we had two machines that had failed and it was getting late, I wasn't going to take any more chances," he said.

Still, because of the security precautions, Smith said he was certain the results were not compromised.

Antonetti said that a number of cards were accidentally left in voting machines and that the last of those cards -- close to three dozen in as many machines -- were expected to be delivered to his office late yesterday. On Wednesday, election officials said data were not received from 81 of the county's 2,056 voting machines. The numbers represented two whole precincts -- in Chillum and Landover -- as well as cards from machines at 34 polling stations.

Although the machines have not been under guard, Antonetti said he is confident the cards have not been tampered with. The machines are kept in locked cases, he said, and security tape ensures that any tampering with a machine would be evident.

Edwards described the delay in reporting as "very suspicious." "I don't want to rush to judgment," she said. "I'm still trying to figure out what is going on."

Edwards has asked not only for data from each precinct, but also for "machine-by-machine data."

"They need to verify the chain of custody of these machines," she said.

Antonetti blamed the problems in part on the rapid pace of technological change, which he said was driven by Linda H. Lamone, the state elections administrator. He also accused her office of missing delivery deadlines, leaving the county short on materials needed to train 3,000 election workers, and altering procedures belatedly.

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Lamone rejected the allegations, saying that older equipment Antonetti had on hand for training purposes did not differ significantly from the equipment used in the primary.

She noted that Antonetti, unlike many other elections administrators, declined to hire technical support workers from Diebold Inc., manufacturer of the voting machines.

Antonetti said the workers were too expensive and, in his view, no better trained than the less-well-paid technical staff he hired after advertising in newspapers.

Prince George's County State's Attorney Glenn F. Ivey (D) said yesterday that he was concerned enough about the balloting to call the state prosecutor's office, which, he said, has jurisdiction over election issues.

Ivey said that even if voter irregularities were within his purview, he would have to refer the matter to another authority because of his endorsement of Baker.

Former Prosecutor Wins Ohio Dem. Primary (AP-Y)

By James Hannah

AP, September 16, 2006

A former assistant federal prosecutor easily won a Democratic special primary Friday to face U.S. Rep. Mike Turner in November.

Richard Chema had 73 percent, or 5,758 votes, compared with former Waynesville Mayor Charles Sanders who had 27 percent, or 2,105 votes, in Ohio's 3rd District, according to unofficial results.

The special primary was required to replace Stephanie Studebaker, who dropped out of the race Aug. 15 when she and her husband were charged with domestic violence after police answered calls about a fight at their home.

Chema, 50, was an assistant U.S. attorney from 1994 to 2006 in the Southern District of Ohio and previously an attorney in the Navy's JAG Corps, serving as prosecutor at Naval Intelligence Command in Washington.

Chema is expected to have a tough battle Nov. 7 against Turner, a second-term Republican congressman who has made a name for himself on military and urban issues and won 62 percent of the vote in 2004.

The district includes Dayton — where Turner used to be mayor — and runs through fast-growing suburbs, bedroom communities and farm country.

Dayton has historically been Democratic territory, with labor unions spawned by the auto industry wielding heavy influence. But a strong Republican presence in the city's suburbs combined with conservative voters in the rural areas have given the GOP more clout.

Capitalism With A Heart (NYT)

By John Tierney

The New York Times, September 16, 2006

Compassionate conservatism has been an expensive bust in Washington. But an intriguing alternative is emerging around the country: compassionate capitalism.

Tycoons have traditionally discovered their inner saint only after exorcising the inner capitalist. Carnegie, Ford and Gates made their money and then gave it away. But Google's young founders are already taking on poverty, disease and global warming, and they're not just dispensing cash. They've set up their philanthropy as a for-profit organization.

To many liberals, this sounds dangerously oxymoronic. How can philanthropy be profitable? A robber baron is supposed to cleanse his hands by donating his lucre to a foundation run by enlightened beings untainted by commerce (except for the dividends going into their trust funds).

This new Google venture also makes conservatives suspicious. It sounds like the "corporate social responsibility" mantra used by executives trying to be hip — and impress young trophy wives' friends — by financing politically correct boondoggles with shareholders' money.

But to a new generation of entrepreneurs, there's no conflict between capitalism and compassion. Google's philanthropy is the logical extension of a doing-well-by-doing-good strategy followed by companies like Ben and Jerry's, Starbucks and REI. The movement's philosopher is John Mackey, the co-founder of Whole Foods.

Mackey is a passionate environmentalist, an advocate of animal rights, a promoter of sustainable development — and a self-proclaimed libertarian. Call him a bleeding-heart libertarian. He wants to spread the free-market gospel, but he sees an obstacle.

"Corporations are lifting billions of people out of poverty," he says. "Why are they so hated?"

Mackey's answer is that capitalism has a branding problem: its practitioners are experts at marketing everything except their own system. They justify corporate philanthropy, like donating to the United Way, not because it's virtuous but because it

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buys public good will and thus contributes to the company's bottom line. To hard-core free-marketeers, the corporation's only mission is to generate profits for shareholders.

To Mackey, that's too narrow a vision. He thinks that socially conscious companies like Whole Foods have flourished because their founders, employees and customers want a corporation to have grander goals than enriching shareholders. Mackey defines his company's mission as improving the health and well-being of everyone on the planet. Before taking the company public, he told investors that he was going to devote 5 percent of the profits to philanthropy, so they can't complain now that he's robbing them.

Nor can Google's shareholders, because its founders also warned investors of their philanthropic plans. As Katie Hafner reported in The Times, they've given $1 billion in seed money to Google.org, and set up the philanthropy as a for-profit organization so it can work with venture capitalists, start companies and use any profits to finance further endeavors. One of its first projects is developing a car that gets 100 miles per gallon.

It's smart of Google's founders to try using capitalist tools to save the planet; the market's discipline should keep their philanthropy from backing too many lost causes. Still, whatever Google.org accomplishes, I'd bet that it will pale next to the social good accomplished by Google.com.

The company's founders may not have set out to help humanity with their search engine, but they have enriched countless lives by spreading ideas and connecting people. Maybe they're also smart enough to come up with a way to save gasoline, but what do they know about cars that Toyota doesn't?

If you read Adam Smith's famous passage about the invisible hand causing capitalists to unwittingly serve the public interest, you might conclude that Google's founders are better off investing their time and money in improving their core business. As Smith wrote, "I have never known much good done by those who affected to trade for the public good."

But I don't think Smith would have any problem with Google.org. He also realized that humans are motivated by more than self-interest. He wrote a long book on moral sentiments. If compassionate capitalism is a more appealing brand, if Google and Whole Foods are using philanthropy to strengthen the invisible hand, even Smith would say they're doing good.

Killing Off The American Future (NYT)

The New York Times, September 16, 2006

America's domination of the global information economy did not come about by accident. It flowed directly from policies that allowed the largest generation in the nation's history broad access to a first-rate college education regardless of ability to pay. By subsidizing public universities to keep tuition low, and providing federal tuition aid to poor and working-class students, this country vaulted tens of millions of people into the middle class while building the best-educated work force in the world.

Those farsighted policies, however, are a thing of the past. Cuts in college aid and soaring tuition at state colleges have made it difficult for young people to educate themselves at a time when a college degree has become the basic price of admission to both the middle class and the global economy.

The warning about American vulnerability, which has been sounded in several reports of late, was underscored yet again in a study by the National Center for Public Policy and Higher Education, a nonpartisan research organization. The report highlights some ominous trends. As the well-schooled boomers march off into retirement, the generation that replaces them is shaping up to be less educated by far. No longer the world leader in terms of the proportion of young people enrolled in college, the country now ranks 16th among the 27 nations examined when it comes to the proportion of college students who complete college degrees or certificate programs.

When judged in terms of college affordability, 43 American states are given F's in the new report. In addition to disinvesting in higher education, the states — and the colleges themselves — have shifted aid once aimed at the poor students to the middle and upper income levels. They are essentially following the lead of the federal government, which has adopted the same strategy, while failing to sustain its commitment to poor students who once could have attended college on the Pell Grant program alone.

Unless America renews its commitment to the higher education policies that made the country great, we could soon find ourselves at the mercy of an increasingly competitive global economy. And if we let ourselves hit bottom, it could take generations for us to dig ourselves out.

In A Replay Of Iraq, A Battle Is Brewing Over Intelligence On Iran (MERCN/mCT)

The San Jose Mercury News/MCT, September 16, 2006

By Warren P. Strobel and John Walcott

McClatchy Newspapers

(MCT)

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WASHINGTON - In an echo of the intelligence wars that preceded the U.S. invasion of Iraq, a high-stakes struggle is brewing within the Bush administration and in Congress over Iran's suspected nuclear weapons program and involvement in terrorism.

U.S. intelligence and counterterrorism officials say Bush political appointees and hard-liners on Capitol Hill have tried recently to portray Iran's nuclear program as more advanced than it is and to exaggerate Tehran's role in Hezbollah's attack on Israel in mid-July.

The struggle's outcome could have profound implications for U.S. policy.

President Bush, who addresses the U.N. General Assembly on Tuesday, has said he prefers diplomacy to stop Iran from acquiring a nuclear weapon, but he hasn't ruled out using military force.

Several former U.S. defense officials who maintain close ties to the Pentagon say they've been told that plans for airstrikes - if Bush deems them necessary - are being updated.

The leader of a Persian Gulf country who visited Washington recently came away without receiving assurances he sought that the military option was off the table, said a person with direct knowledge of the meetings.

"It seems like Iran is becoming the new Iraq," said one U.S. counterterrorism official.

This official and others spoke on condition of anonymity because the information involved is classified.

But one facet of the dispute broke into public view in recent days.

The International Atomic Energy Agency complained in an unusual letter made public on Thursday that a House intelligence committee report on Iran contains "erroneous, misleading and unsubstantiated information."

A top official of the IAEA, which conducts nuclear inspections in Iran and elsewhere, wrote that the report exaggerated advances Tehran has made in enriching uranium, which can be used to fuel nuclear arms if made pure enough. The official, Vilmos Cserveny, said the report also falsely claimed that IAEA Director General Mohamed ElBaradei had removed an inspector from Iran for being too aggressive.

Cserveny's letter was addressed to intelligence committee chairman Rep. Peter Hoekstra, R-Mich.

Hoekstra spokesman Jamal Ware said that the reference to weapons-grade uranium in the report was in a photo caption, but that the report makes clear elsewhere that Iran has not yet achieved that capability.

Committee aides say the report was meant to provoke discussion about Iran and wasn't a call for exaggerated intelligence.

The dispute was a virtual rerun of the months before the March 2003 invasion of Iraq, when ElBaradei and his agency questioned claims that Saddam Hussein was aggressively seeking nuclear weapons. Some top U.S. officials sought to discredit ElBaradei, although the IAEA's assessment proved correct.

The IAEA's written protest, dated Tuesday, was echoed privately by U.S. intelligence analysts, who saw the House report as an attempt to discredit the CIA and other agencies on Iran.

The situations with Iran now and Iraq four years ago, when Bush and his aides were making the case for war, aren't completely parallel.

Even officials and foreign countries that were skeptical about Iraq agree that Iran is probably seeking a nuclear weapon. And there is widespread consensus that Tehran is the No. 1 state sponsor of terrorism in the world.

But there are sharp differences over Iran's capabilities and actions.

Some officials at the CIA, the Defense Intelligence Agency and the State Department said they're concerned that the offices of Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney may be receiving a stream of questionable information that originates with Iranian exiles, including a discredited arms dealer, Manucher Ghorbanifar, who played a role in the 1980s Iran-Contra scandal.

Officials at all three agencies said they suspect that the dubious information may include claims that Iran directed Hezbollah, the Lebanese militant group, to kidnap two Israeli soldiers in July; that Iran's nuclear program is moving faster than generally believed; and that the Iranian people are eager to join foreign efforts to overthrow their theocratic rulers.

The officials said there is no reliable intelligence to support any of those assertions and some that contradicts all three.

The officials said they fear a replay of the administration's mishandling of what turned out to be bogus information from Iraqi exiles in the run-up to the U.S.-led invasion of Iraq in 2003, documented earlier this month in a Senate intelligence committee report.

But they said this time, intelligence analysts and others are more forcefully challenging claims they believe to be false or questionable.

"There's no question that people are less afraid to speak up after what happened in Iraq," said one intelligence official. "There's less of an inclination to let Cheney and Rumsfeld run free."

It is, said a second U.S. intelligence official, "a little more difficult to try to put forward a one-sided view." Analysts "are not willing to be rolled over," he said.

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On Hezbollah, officials say they have fought to tone down administration public statements and internal briefing papers about Iran's complicity in the attack on Israel, which sparked a month-long war.

"They're just basically saying all kinds of wacky stuff," said the first counter-terrorism official. "Now Iran is (said to be) responsible for everything Hezbollah does."

Iran is widely believed to be arming, funding and helping train Hezbollah as its proxy among Lebanon's Shiite Muslims. But a majority of analysts believe Hezbollah leader Hassan Nasrallah maintains quite a bit of independence.

"No one says that Hezbollah is completely independent," said a U.S. intelligence official. But, "I'm not sure anyone thinks Iran ordered the kidnapping of the Israelis."

Adding to the unease, Rumsfeld's office earlier this year set up a new Iranian directorate, reported to be under the leadership of neoconservatives who played a role in planning the Iraq war.

Current and former officials said the Pentagon's Iranian directorate has been headed by Abram Shulsky. Shulsky also was the head of the now-defunct Office of Special Plans, whose role in allegedly manipulating Iraq intelligence is under investigation by the Pentagon's inspector general.

Some officials say they fear the office, whose existence was first reported by the Los Angeles Times, is being used to funnel intelligence from Ghorbanifar, the arms dealer, and an Iranian exile group known as the Mujahedeen Khalq.

A Pentagon spokeswoman didn't return two phone calls seeking comment about the office.

Bill Murray, a retired CIA station chief in Paris who met with a Ghorbanifar associate and found his claims about Iran to be bogus, called the office's establishment "a big bell ringer."

"That is outright manipulation of information to suggest a predetermined policy," Murray said.

European Diplomat Cites Gains In Iran Talks (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 16, 2006

BRUSSELS, Sept. 15 — The European Union's foreign policy chief, Javier Solana, offered Friday his most upbeat assessment to date on the nuclear impasse, insisting that talks to persuade Iran to suspend uranium enrichment were progressing.

"I can say honestly that we're making progress," he told reporters. "It doesn't mean that everything has been solved."

In another sign that some headway is being made, a senior Bush administration official said later that Mr. Solana would meet with Iran's top nuclear negotiator, Ali Larijani, in New York on Sunday. The official, and others cited in this article, insisted they not be quoted by name, following normal diplomatic protocol.

The European Union is softening its previous position that Iran must suspend enrichment before any negotiations can begin. Instead, officials said, there was momentum behind a twin-track approach of starting negotiations before enrichment is halted while simultaneously allowing discussion of possible penalties against Iran to continue at the United Nations.

The United States has insisted that Iran suspend enrichment before any negotiations can take place, though on Tuesday Secretary of State Condoleezza Rice said the administration might stop seeking to impose sanctions if Iran suspended enrichment. European Union officials said they were still examining an offer by Iran last weekend temporarily to suspend its nuclear enrichment program in return for the beginning of negotiations over a package of economic and political incentives offered by the West.

A senior French diplomat close to the talks said that the mood in European diplomacy toward Iran had shifted. "Things with Iran are not as difficult as they were before," the official said. "There is a growing sense that suspension and negotiations can happen in parallel, and that flexibility is better than a dead end."

The United States acknowledged Thursday that it faced resistance from crucial allies over its attempt to press for sanctions.

President Bush, who will visit the United Nations next week for meetings, said Friday he was worried Iran was trying to drag out the process with the United States and its European allies.

"My concern is that they'll stall, they'll try to wait us out," he said. "So part of my objective in New York is to remind people that stalling shouldn't be allowed. We need to move the process."

Mr. Solana played down the threat of sanctions, saying that Washington was still willing to give diplomacy a chance. "I don't think our American friends will be losing their patience," he said.

But he cautioned that the window for negotiations would not stay open indefinitely. "The United Nations resolution is a track that is still open," he said, but added: "Dialogue will not last forever. That is not our idea."

Solana Sees Hope Of Deal With Iran On Nuclear Enrichment (FT)

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By Daniel Dombey In Brussels

Financial Times, September 16, 2006

Javier Solana, the European Union's foreign policy chief, yesterday raised expectations of a deal over Iran's nuclear programme when he said that talks were proceeding better than ever.

But he also made clear that the EU still wanted reassurances that the Iranian negotiators' position was fully backed by the leadership in Tehran.

"We are really making progress: never before have we had a level of engagement and a level of discussion . . . as we have now," Mr Solana said of the talks he is carrying out with Iran on behalf of the world's big powers.

The EU has responded positively to the informal proposal, floated by Iran's top nuclear security official Ali Larijani, that Tehran could temporarily halt uranium enrichment once formal negotiations began.

Uranium enrichment can produce both nuclear fuel and weapons material and is the issue at the heart at the dispute over Iran's nuclear ambitions.

Previously, the EU had insisted that Iran suspend uranium enrichment before formal negotiations can begin.

The bloc is now watering down its insistence that Iran act first. Yesterday Mr Solana said only that negotiations could not begin if Iran was still carrying out enrichment - a nod to Mr Larijani's idea that the start of negotiations and the suspension of enrichment could be simultaneous.

However, EU diplomats say they can only agree a deal if they are sure that Mr Larijani's initiative is fully backed by Ayatollah Ali Khamenei, Iran's supreme leader.

Mr Solana said talks scheduled last Thursday between himself and Mr Larijani had been downgraded because "a little bit more time was needed in order to reach a consensus in his [Mr Larijani's] own country, among his own leadership . . . to convey to me a possible positive answer."

The two men are expected to meet soon. In the meantime, EU diplomats are trying to nail down exactly what Iran means when it refers to suspending uranium enrichment and to win reassurances that Washington would also sign up to a possible deal.

This is important since the US has offered to sit down with Iran at the negotiating table for the first time since the Islamic revolution of 1979 if Tehran suspends enrichment and enters formal negotiations.

Many US officials are thought to be concerned about the temporary nature of any suspension and reluctant to give any further concessions to Tehran, which is already bound by a UN Security Council resolution to halt uranium enrichment.

However, Russia and China, which both hold Security Council vetoes, have long resisted the alternative path of subjecting Iran to UN sanctions and are still less likely to endorse sanctions in the current atmosphere of compromise.

EU Reports Progress In Iran Nuke Talks (AP)

By Paul Ames, Associated Press Writer

AP, September 16, 2006

European Union foreign policy chief Javier Solana was optimistic Friday about progress in talks to persuade Iran to bring its nuclear program into line with international demands.

Solana is trying to persuade Iran to accept an offer of economic and political rewards if it agrees to consider a long-term moratorium on uranium enrichment and commits to an enrichment freeze before talks on details of the incentives package.

"We are really making progress," Solana said. "Never before have we had the level of engagement, and a level of discussion of issues which are difficult."

Iran insists it has a right to develop its enrichment program to generate electricity. But there is increased concern it wants to make weapons-grade uranium for nuclear warheads. Its defiance of a Security Council demand that it stop enrichment activities has prompted U.S. calls for a quick move to impose sanctions.

The Europeans are hoping the talks by Solana's team can bring a negotiated end to the nuclear standoff with Iran.

Solana said he hoped for a new meeting with Iran's top negotiator, Ali Larijani, in the coming days. Lower level talks had been going on daily since Sunday, when he and Larijani last met in Vienna, Austria, he said.

"The atmosphere is good," Solana told a news conference. "We don't want to lose the momentum that was created in Vienna."

Officials in delegations familiar with the outcome of Sunday's talks said this week that Larijani had suggested his country was ready to consider an enrichment freeze for up to two months.

Solana did not confirm that. He said a planned meeting with Larijani was postponed Thursday because "a little bit more time was needed in order (for Larijani) to find consensus in his own country, among his own leadership."

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Instead the two men spoke by phone and Solana said he hoped the delay in face-to-face talks would allow Larijani to return with a "possible positive answer" to ideas the European negotiator put forward last weekend.

Iran has balked at a demand issued by the U.N. Security Council's five permanent members and Germany for an enrichment freeze before any talks begin on further de-escalation of the nuclear standoff.

Solana suggested one solution could be to start negotiations at the same time as Iran announces a suspension.

"But we will not negotiate formally with activity on enrichment," Solana said. "That is understood also by the Iranians."

The permanent members of the U.N. Security Council — Russia, China, the United States, France and Britain - along with Germany, have been leading efforts to end the standoff. However the six have not been able to agree on what to do if Iran does not fall into line. China and Russia have refused to follow the tough line sought by Washington.

Bush Warns Iran, Scolds UN On Darfur (AFP)

By Olivier Knox

AFP, September 16, 2006

US President George W. Bush said he would push his hard line on Iran next week at the United Nations, and scolded the world body for its inaction on Sudan's violence-wracked Darfur region.

Bush, who will address the UN General Assembly in New York on Tuesday, said he liked UN chief Kofi Annan personally but warned that that many Americans were wary of the United Nations and that he agreed when it came to Sudan.

"I'm frustrated with the United Nations in regards to Darfur," the US president said in a wide-ranging 58-minute press conference in the White House Rose Garden. "The United Nations hasn't acted."

The UN Security Council last month approved the deployment of a 20,000 UN force in Darfur to replace an African Union force, whose mandate runs out on September 30. But the Sudanese government has refused to give its blessing.

"I'd like to see more robust United Nations action. What you'll hear is, 'Well, the government of Sudan must invite the United Nations in for us to act.' Well, there are other alternatives, like passing a resolution saying, 'We're coming in with a UN force in order to save lives,'" he suggested.

Amid European optimism that talks with Iran are making progress towards defusing the standoff over its nuclear weapons, Bush warned US partners not to take pressure off Tehran, which he suggested was playing for time.

"My concern is that, you know, they'll stall; they'll try to wait us out," he said. "So part of my objective in New York is to remind people that's stalling shouldn't be allowed."

Asked whether he would consider meeting with Iranian President Mahmoud Ahmadinejad on the UN sidelines, Bush replied sternly: "No, I'm not going to meet with him."

"I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program, and I meant what I said," the US president said.

Bush denied that there was now a civil war in Iraq, where nearly 2,700 US troops have been killed and many more wounded, and rejected a US intelligence report of a dire picture of al-Anbar province.

US generals and Iraqi leaders "just don't agree with the hypothesis it is a civil war," he said, adding that "this business about 'al-Anbar is lost' is just not the case. That's not what our commanders think."

That was a direct response to a recent US Marines intelligence assessment that reportedly declared prospects for securing Anbar "dim" and warned "there is almost nothing the US military can do" to improve the situation.

The president's comments came with less than two months before November 7 legislative elections, at a time when many of his Republicans fear the unpopular war in Iraq could cost them dearly at the polls.

Bush used his opening statement to mount a forceful defense of some controversial strategies in the global war on terrorism, including warrantless wiretapping of Americans, secret CIA prisons, military tribunals for terrorism suspects, and harsh interrogation tactics some call torture.

Bush warned the US Congress that "time is running out" for lawmakers to pass legislation safeguarding such practices, which he called vital to saving US lives and preventing attacks like the September 11, 2001 strikes.

He grew visibly annoyed when asked whether former US secretary of state Colin Powell was right to warn that "the world is beginning to doubt the moral basis of our fight against terrorism."

"It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children," said Bush.

On another front, he rejected charges that his administration has not done enough to catch Al-Qaeda mastermind Osama bin Laden as an "urban myth" fueled by political ambitions.

"We have been on the hunt, and we'll stay on the hunt until we bring him to justice," said Bush.

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But he acknowledged telling a conservative journalist earlier this week that he would not send "thousands of troops" into the remote region of the Pakistan border with Afghanistan, where bin Laden is thought to be hiding.

"If he is in Pakistan," said Bush, "Pakistan's a sovereign nation. In order for us to send thousands of troops into a sovereign nation, we've got to be invited by the government of Pakistan."

U.S.: Iran Restricting Religious Freedom (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, September 16, 2006

A "threatening atmosphere" in Iran is causing a deterioration in already restricted religious freedom for nearly all minorities despite repeated expressions of concern by the United Nations, the State Department said Friday.

Baha'is and Sufi Muslims especially and other religious groups not recognized by the Iranian constitution are not free to practice their faiths, the department said in its annual report to Congress on religious freedom around the world.

Eight countries, including Iran, were cited for particularly severe violations of religious freedom. The others were Burma, China, Eritrea, North Korea, Saudi Arabia, Sudan and Vietnam.

"We hope this report will serve as a source of encouragement for those whose plight is documented in this report," Secretary of State Condoleezza Rice said.

"While democracy and respect for basic freedoms have gained ground throughout the world, many governments still pay no more than lip service to their responsibilities under the Universal Declaration of Human Rights and other international agreements," said John V. Hanford III, U.S. ambassador at large for international religious freedom.

At a news conference, Hanford credited Vietnam with making "enormous progress" on religious freedom, and said in Saudi Arabia "we see things moving in the right direction."

On the other hand, he denounced Uzbekistan for singling out some Muslims and Christians for "brutal treatment" on the grounds that they support terrorism. There are instances of abusing Muslims on the basis of no more than wearing a beard, he said.

Israel's response to terrorist attacks in Palestinian-held territories has severely curtailed access by Palestinians to their places of worship, the report said, although it said the Jewish state for the most part respects religious freedom.

There were credible reports, meanwhile, that the Palestinian Authority colluded with members of gangs to seize land from Christians, it said.

Islam is the official religion in Saudi Arabia and the law requires all citizens to be Muslims. Public practice of other religions is prohibited.

And yet, the report said, the Saudi government continued a campaign against official extremism while King Abdullah and other Saudi officials called for the promotion of tolerance.

Still, there were instances in which imams made intolerant statements toward Jews and other religious groups.

The U.S. Commission on International Religious Freedom, an independent U.S. government agency, said it was "simply shocked" by what it called an unwarranted softening of the State Department's assessment of Saudi Arabia.

"Freedom of religion does not exist in Saudi Arabia," Felice D. Gaer, the commission chair, said in a statement.

The Saudi government persists in banning all forms of public religious expression other than the government's own interpretation of one school of Sunni Islam and forcefully represses private religious practice, the commission said.

It also said that Uzbekistan, Turkmenistan and Pakistan should be added to the list of the eight most severe violators of religious freedom.

In Sudan, the State Department found some improvement in respect for religious freedom, but in the north of the country the government denied building permits for Christian churches and required all students to study Islam.

In France, some religious groups remain concerned about a 2004 law that bans the wearing of conspicuous religious symbols in public schools. And despite government efforts to stop them, anti-Semitic attacks persisted.

In Pakistan, the report said, reform-minded Muslims were intimidated and Ahmadiyya community continued to barred from practicing their faith.

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On the Net:

State Department: http://www.state.gov

US Slams Iran, Chides Israel And Other Allies Over Lack Of Religious Freedoms (AFP)

By David Millikin

AFP, September 16, 2006

DOJ_NMG_0064497

The United States assailed Iran for its worsening treatment of religious minorities, but also chided Israel and some other allies in its annual report on religious freedoms around the world.

The State Department report said there had been a "further deterioration of the extremely poor status of respect for religious freedom" in Iran since the election in June 2005 of hardliner Mahmud Ahmadinejad as president.

Iran, which is locked in confrontation with the United States over its suspected nuclear arms program and its support for radical Islamic movements in Iraq, Lebanon and the Palestinian territories, continued its "harsh and oppressive treatment" of religious minorities.

Targets for abuse, including imprisonment and harrassment, included Zoroastrians, Jews and Christians -- members of the only officially recognized minority religions in the Islamic state.

"Government actions and rhetoric created a threatening atmosphere for nearly all who do not practice ... Shia Islam," it said.

The release to Congress of the "Report on International Religious Freedom" is a precursor to the announcement each year of a blacklist of countries "of particular concern" that are subject to US sanctions.

Iran headed last year's list alongside China, Eritrea, Myanmar, North Korea, Saudi Arabia, Sudan and Vietnam.

The blacklist will be updated in several weeks based on the findings of Friday's report, which covered religious freedoms in 197 countries and territories, officials said.

But Secretary of State Condoleezza Rice said the government's goal was broader than targeting a handful of repressive regimes.

"Religious freedom is deeply rooted in our principles and our history as a nation," she said. "And it is now integral to our efforts to combat terrorism and the ideology of hatred that fuels it."

The report also complained about the impact of Israel's construction of a controversial wall around the West Bank in response to attacks by Palestinian militants, saying the barrier "limited access to sacred sites and seriously impeded the work of religious organizations" who provide needed social services.

An executive summary of the report singled out 20 countries where the treatment of religious minorities remains of "significant interest" to the US government.

The group included a collection of US foes and allies alike: Afghanistan, Brunei, Cuba, Egypt, India, Israel and the Palestinian territories, Laos, Pakistan, Russia, Sri Lanka, Turkmenistan and Uzbekistan.

John Hanford, who oversaw the report as the State Department's ambassador at large for international religious freedom, strongly hinted in a briefing for reporters that this year's blacklist would include Uzbekistan -- which was spared sanctions last year despite the recommendations of an official panel.

"In our assessment, the status of religious freedom declined in the past year in Uzbekistan," he said, noting a "severe" increase in penalties for belonging to unauthorised denominations and "inappropriate arrests" of Muslims on suspicion of terrorism.

At the same time Hanford strongly indicated that Vietnam could be dropped from the black list and also noted important improvements in religious tolerance in Afghanistan, India, Pakistan, Saudi Arabia and Sudan.

"Vietnam has turned the page and made tremendous progress on religious freedom," he said.

The US was also "very encouraged" by steps taken by the Saudi authorities to reign in the country's "religious police," permit private religious worship and remove anti-Semitic and anti-Christian references from school textbooks, he said.

Those assessments drew a scathing response from the US Commission on International Religious Freedom, a congressionally funded panel that advises the State Department.

"The commission is simply shocked that the department removed longstanding and widely quoted language from its report that freedom of religion does not exist in Saudi Arabia," said Felice Gaer, the panel's chairwoman.

She also said "serious abuses continue against members of all of Vietnam's religious communities" and that Hanoi should remain on the religion blacklist.

Religious Extremism Global Threat, U.S. Warns (WT)

By David R. Sands

The Washington Times, September 16, 2006

A rise in fundamentalism around the world poses an increasing threat to religious freedoms and could inspire new sectarian violence, a senior State Department official said yesterday as the U.S. government released its annual global survey on religious freedom.

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John V. Hanford III, State Department ambassador-at-large for international religious freedom, said the new religious fundamentalism could be seen in a number of faiths, but the latest report contained sharp criticisms of a number of Muslim states, including Iran, Saudi Arabia and Uzbekistan.

The rise in fundamentalism "is not restricted to one religion," Mr. Hanford said in a press briefing, saying it could be seen in "certain corners of the Muslim world, the Hindu world and the Buddhist world."

"Followers of this approach to various faiths have increasingly taken efforts either to create sectarian violence and attack people of other faiths, or to try to work through their governments to bring about change that would pass laws highly restrictive on other religions," he said.

Eight countries -- Burma, China, Eritrea, Iran, North Korea, Saudi Arabia, Sudan and Vietnam -- are listed as countries of "particular concern" by the U.S. government for their records on religious repression. An updated list of problem countries will be issued in the next few weeks, Mr. Hanford said.

Despite the resentment and diplomatic tensions the report has sparked in the past, Secretary of State Condoleezza Rice said in releasing the report that promoting religious freedom and tolerance abroad "is an essential component of our national security."

In Iran, the report found a "further deterioration of the extremely poor status of respect of religious freedom" in the 12-month period ending June 30, in particular for the Islamic republic's Baha'i and Sufi Muslim minorities.

Mr. Hanford also singled out Uzbekistan for criticism for its recent crackdown on religious minorities, saying the government of President Islam Karimov had stepped up restrictions on both Christian and Islamic groups not registered with authorities.

The most delicate case in the report may be Saudi Arabia, a strict Islamic state but also a critical U.S. ally and oil supplier in the volatile Middle East. The report found no change in the state of religious freedom in the kingdom in the past year, but Mr. Hanford said there were signs of a more tolerant attitude by Saudi leaders.

Miss Rice used her legal authority to waive sanctions against Saudi Arabia despite its record on religious intolerance.

"Some of the issues that would concern us about religious freedom are so endemic to [Saudi] society and to its role within Islam, that these sorts of issues are not going to change in the near future," Mr. Hanford said.

But, he added, "we are very encouraged by the position of the Saudi government ... as well as by a number of statements that have been made by King Abdullah, which I think are forward-leaning."

But the Saudi Arabia section of the report was sharply criticized by the head of the U.S. Commission on International Religious Freedom, an independent federal monitoring agency.

Commission Chairwoman Felice D. Gaer said her panel was "simply shocked" by a softening of the language criticizing Saudi Arabia's record. Previous State Department assessments had flatly stated that freedom of religion "does not exist" in Saudi Arabia.

She said the Saudi government sharply limits religious practice at home and bankrolls activities around the world that promote the kingdom's restrictive brand of Islam.

She added that evidence provided in the new department report justified adding Uzbekistan, Turkmenistan and Pakistan to the list of countries of particular concern when the new designation list is released.

Mr. Hanford said U.S. officials have seen improvements in religious tolerance in some countries, including Laos and Vietnam. He said the United States had refrained from using sanctions against Vietnam despite its designation as a country of particular concern.

"Vietnam has turned the corner and made enormous progress on religious freedom," he said.

Bush Urges U.N. To Act On Sudan (WP/AP)

Associated Press

The Washington Post, September 16, 2006

President Bush suggested Friday that it may be time to override the objections of the Sudanese government in order to send international peacekeepers into Darfur.

"What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act," Bush said at a news conference in Washington. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

"There's genocide taking place in Sudan. . . . Now is the time for the U.N. to act," he said.

Bush Urges U.N. To Act On Darfur (AP)

By Jennifer Loven

AP, September 16, 2006

DOJ_NMG_0064499

President Bush suggested Friday it may be time to send international peacekeepers into Sudan's war-torn Darfur region over the objections of the government in Khartoum.

"What you'll hear is, well, the government of Sudan must invite the United Nations in for us to act," Bush said. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

More than 200,000 people have been killed in Darfur and over 2 million have fled their homes since 2003 when ethnic African tribes revolted against the Arab-led government. The government is accused of unleashing brutal Arab militiamen known as janjaweed in the remote western province.

The mandate for a weak African Union peacekeeping force, which hasn't been able to stop the violence, expires next month.

British Prime Minister Tony Blair called the situation unacceptable, and he urged international pressure on the Sudanese government and rebels to stop fighting immediately.

"Last May, we hoped the signature of the Darfur Peace Agreement by the government of Sudan and one rebel group would set Darfur on the road to peace," Blair said in a statement released early Saturday in London. "The non-signatory rebel groups must now accept it. And the government of Sudan must stop its military campaign."

Meanwhile, the resistance by some rebel groups to sign on to a May peace agreement to end the long conflict has prompted the government to ratchet up the fighting again. As the crisis deepens, many believe Darfur is poised for a catastrophic escalation in atrocities.

A Security Council resolution passed in August, aimed at strengthening the peacekeeping force, would hand it over to a better-funded, larger and more well-equipped U.N. mission. But the resolution is unlikely to take effect without the consent of the Sudanese government, something nations including the United States have worked — without success — to acquire.

Sudan's President Omar al-Bashir says a switch in command would violate the country's sovereignty and has warned that his army would fight any U.N. forces sent to Darfur.

At the State Department, Assistant Secretary Kristen Silverberg said the United States insisted that last month's resolution permit deployment of new peacekeepers over Sudanese objection.

"We think that the likelihood of ending the violence is much better if we have support and cooperation from the government of Sudan," she told reporters. "But it's not required."

But Bush, bringing up the subject as an example of general frustration with the world body, appeared angry that "the United Nations hasn't acted" on Darfur and wants to see a "more robust" effort. His comments suggested the possibility of a new, tougher resolution that would explicitly bypass approval from the Sudanese government.

"There's genocide taking place in Sudan. And it breaks our collective hearts to know that. ... I'm troubled by reports I hear about escalating violence," the president told reporters during a Rose Garden news conference. "Now is the time for the U.N. to act."

Secretary of State Condoleezza Rice will gather diplomats from several countries to discuss Darfur during the United Nations General Assembly session that begins next week, Silverberg said. The participants and the agenda are not yet set.

It is generally thought that the United States does not support including American troops in the peacekeeping force, instead favoring the participation of NATO forces which would provide logistical and other support to any stepped-up mission.

Blair Says Darfur Situation In Sudan Is "Completely Unacceptable" (AFP-Y)

AFP, September 16, 2006

British Prime Minister Tony Blair criticised the Sudanese government over the "completely unacceptable" situation in Darfur and accused it of breaking ceasefire agreements signed with rebels.

"I am committed to stepping up international efforts to bring a change of mind and action from the government of Sudan," the premier said, adding that the international community could not "just watch as this tragedy deepens."

Speaking on the eve of International Day for Darfur Sunday, Blair insisted that the crisis was "at the top" of his agenda as a number of human rights campaigners wrote an open letter to him in Britain's Independent newspaper.

"I have already talked to (Chinese) Premier Wen and President George Bush about Darfur in the last few days," he said.

"In the coming weeks, I will talk to other leaders to agree an initiative that sets out the help Sudan can expect if the government lives up to its obligations and what will happen if they don't."

He added that he "did not understand" Khartoum's rejection of the peacekeeping force authorised by a UN Security Council resolution last month.

"The government of Sudan must agree to the continuation of the African Union force and transition to the UN," Blair said.

Blair's comments echo those by Bush Friday that he was "frustrated" with the UN for failing to get a robust 20,000-strong force into the war-wracked province, again calling the situation in Darfur a "genocide."

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Oscar-winning Hollywood star George Clooney and Nobel laureate Elie Wiesel pleaded with the Security Council Thursday to act, with the actor calling the situation "the first genocide of the 21st century".

Darfur has been in the throes of a civil war since 2003 which has pitched rebel groups against the Khartoum government and allied Arab militia.

The conflict has killed around 300,000 people and displaced more than 2.5 million, according to the UN.

A peace accord signed in May between the Sudanese government and the main rebel groups was meant to end the conflict in the region but incidents between rebel factions in recent months have led to more deaths.

Senior members of the British Muslim, Jewish and Christian faiths will on Sunday gather outside Blair's Downing Street residence in central London to call for an end to the suffering in the troubled region.

Prayers written by the spiritual leader of the worldwide Anglican community, Archbishop of Canterbury Dr Rowan Williams and Britain's Chief Rabbi, Dr Jonathan Sacks, and leading British Muslim scholar Sheikh Ibrahim Mogra will be read out.

Mogra said: "The world must not stand by and witness another Holocaust, another Rwanda or another Bosnia."

The letter in the Independent -- which devoted its front page and four inside pages to the crisis -- urged Blair to "move Darfur to the top of its priority list until a UN force is deployed and the people of Darfur are protected".

It was signed by a number of religious leaders, including the former archbishop of Canterbury George Carey, musician and anti-poverty campaigner Bob Geldof, and the actress and UNICEF ambassador Mia Farrow.

Singer Elton John and his film producer partner David Furnish were also signatories.

"'Never again' is a well-worn phrase. Now is the time to show we mean it," they said.

Join Me To Help Save Darfur (LAT)

By Kofi A. Annan, Kofi A. Annan Is Secretary-general Of The United Nations.

The Los Angeles Times, September 16, 2006

The U.N. secretary-general asks for help in pressuring Sudan to accept more international troops.

TOMORROW, SEPT. 17, people around the world will be taking part in a "Global Day for Darfur" to show support for the people of Darfur and to put pressure on governments to protect innocent civilians. They are right, and I hope their call will be heard.

The glimmer of hope that many of us felt when the Darfur peace agreement was signed four months ago — albeit by only two of the warring parties — is being extinguished by renewed fighting among the factions. In violation of the agreement, the Sudanese government has sent thousands of troops to Darfur and renewed its bombing.

I strongly condemn this escalation. The government of Sudan should stop its offensive immediately. All parties should perform what they have promised and abide by the resolutions of the United Nations Security Council.

These latest clashes have brought yet more misery to the people of Darfur, who have already endured far too much. The total number of displaced people stands at 1.9 million. Nearly 3 million people depend on international aid for food, shelter and medical treatment, while aid workers have increasingly become the targets of violence — 12 have been killed just in the last two months.

A year ago, world leaders meeting at the U.N. agreed that all states have the responsibility to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity. The government of Sudan, if it fails in this sacred responsibility, will face opprobrium and disgrace throughout the world. Neither those who decide such policies nor those who carry them out should imagine that they will not be held accountable.

Once again, I urge Sudan to avoid this by accepting the Security Council's decision to deploy a U.N. peacekeeping operation, which would be better equipped and funded than the current African Union mission and have a clearer mandate to protect those in danger.

About 10,000 U.N. troops are already in Sudan. For more than a year, they have been helping to implement the peace agreement between northern and southern Sudan. On Aug. 31, the Security Council, while reaffirming its commitment to the sovereignty, unity, independence and territorial integrity of Sudan, authorized the deployment of up to 17,300 additional troops to Darfur to implement the peace agreement. There is no hidden agenda, no other ambition than to help the people of Darfur to live in peace and in dignity. But the government of Sudan has refused.

Putting the extra U.N. troops in place will in any case take time. Therefore, the Security Council also called for strengthening the African Union mission, or AMIS, so that it can carry on until the U.N. arrives. The Africans have repeatedly asked for this transition but say that in the meantime their troops, who have performed valiantly in very difficult conditions, need help.

The U.N. has agreed to support AMIS during the crucial transition period. But AMIS will also need increased support from donors — including the League of Arab States, which has offered vital backing and wants AMIS to stay until the end of the year.

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I have tried repeatedly to explain the transition to the government of Sudan and to clear up any misconceptions or myths. In public and in private I have stressed the humanitarian situation and appealed to the government's own pragmatic good sense.

But my voice is not enough. Whoever, in Africa or beyond, is in a position to influence the government of Sudan must do so without delay.

The Security Council, and especially its five permanent members — Britain, China, France, Russia and the United States — have a particular responsibility to ensure that the message to the government of Sudan is strong, clear and uniform. But every voice raised makes a difference, and therefore the responsibility is shared among us all. I urge everyone to join their voices with mine in asking the government of Sudan to embrace the spirit of the Security Council's resolution, to consent to the transition and to pursue the political process with new energy.

There can be no military solution to the crisis in Darfur. All parties should have understood by now, after so much death and destruction, that only a political agreement — in which all stakeholders are fully engaged — can bring real peace to the region.

Twelve years ago, the United Nations, and the world, failed the people of Rwanda in their time of need. Can we now, in all conscience, stand by and watch as the tragedy deepens in Darfur?

For Darfur Women, Survival Means Leaving Camp, Risking Rape (WP)

By Craig Timberg

The Washington Post, September 16, 2006

GRAIDA, Sudan, Sept. 15 -- The tall, light-skinned man reeking of sweat and cigarettes often gallops his horse right into the nightmares of Darelsalam Ahmed Eisa, 18. Each time, she said, he throws her to the ground, pushes up her skirt and forces himself inside her while muttering: " Abdah. Abdah. Abdah ."

Slave woman. Slave woman. Slave woman.

He was in her dreams just last night, she recalled, as real and horrifying in his green camouflage uniform as he was the day he raped her two months ago. But when Eisa awoke this morning, there was no time for terror, no time for tears. She covered herself in an orange and blue cloth, grabbed the family's ax and departed for the perilous Darfur countryside, out of the relative safety of a sprawling camp for people displaced by the violence in this region of western Sudan.

In the wilderness, Eisa can find grass for the donkeys and firewood for cooking. But it is also where government-backed militias known as the Janjaweed roam, terrorizing villagers. Violence and disease in Darfur have killed as many as 450,000 people since 2003, and an estimated 2 million have been forced to flee their homes.

The government and a rebel group reached a cease-fire agreement in May, but since then, rapes in and around camps for people displaced by the fighting have surged, aid groups and residents say. The International Rescue Committee has recorded more then 200 sexual assaults among residents of a single camp near Nyala, a town in South Darfur state, during a five-week period in July and August.

More and more often, women in Darfur face the starkest of choices: risk being raped by leaving the camps in search of firewood and grass, or starve. If they invite their brothers or husbands along to protect them, the Janjaweed will still rape the women, they say, and kill the men.

"It is better for me to be raped than for my brother to be killed," said Eisa, soft-spoken and round-faced, with hair braided into tight rows beneath her head scarf. She has two children, ages 2 and 5, but no husband. He divorced Eisa last year, she said, after she quarreled with one of his elder wives.

But Eisa is not alone. On this morning, as she walked with the ax on her shoulder, her sister, Aziza, 15, was just a few paces behind. Other women and girls, on foot and on donkeys, soon joined them in a haphazard convoy of mothers, daughters and sisters flowing west, away from the low morning sun.

They passed braying donkeys and smoky wood fires in the camp. They passed children playing soccer and rolling pot lids with sticks. And they passed an African Union military base, close enough to hear a sputtering generator there that powers satellite televisions. On the screens, images of slinky Bollywood dancers entertained the lonely men who are posted at the base to monitor the cease-fire but rarely venture beyond the double-coiled razor wire of their perimeter.

Eisa, her sister and an 18-year-old friend had followed the same path on the day in July that they were attacked.

But that day, they had gone farther -- about two hours west instead of one -- in search of a variety of grass that fetches a higher profit at the camp's makeshift markets, about 75 cents per sack rather than the 50 cents paid for the grass collected near the camp. They had four donkeys with them that day, so 25 cents more per pack meant maybe a couple of dollars more in earnings for the day.

After walking for about two hours, they had nearly reached the better grass when dozens of Janjaweed militiamen on horses and camels suddenly appeared, surrounding the young women.

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Aziza tried to run but was caught within seconds and struck in the face. Eisa froze. Quickly and roughly, the men separated the two sisters and their friend, with a man taking each one to a secluded spot.

The tall, light-skinned man was riding a reddish-brown horse, Eisa said. He was clean-shaven and armed with a machine gun. "I will take you," the man told Eisa. "My wife needs a slave."

He then ordered Eisa to lie on her back, but she refused. She knew that if he raped her and the community learned of the attack, she would probably never be able to remarry.

Her defiance enraged the man. He aimed the gun at Eisa and shouted: "I will shoot you! I will shoot you!"

At that moment, a second Janjaweed man stepped in. "Don't waste a bullet on a woman!" he said. "Just throw her."

The tall man hurled Eisa to the dirt and crawled atop her.

A few minutes later, the rapes were over but not the ordeal. The Janjaweed tied the young women together at their wrists and beat them with their fists and the butts of their guns.

Then, the militiamen ordered the women to lead them to a place where they could find some animals to steal. If they found enough, the men said, they might free them.

Terrified, Eisa helped lead their captors to a place where people water their animals. But before they arrived, they came upon two men relaxing with their animals. One mounted his horse and rode off in a panic as the Janjaweed approached, leaving 40 cows behind for them to steal. The second man, having only a donkey, was unable to escape.

The Janjaweed shot him dead, Eisa said, and took his donkey.

As the group approached the watering place, most of the Janjaweed men decided to ride ahead on their horses and camels, leaving the captives in the custody of one man who appeared to be their leader.

The man appeared to know Eisa's friend and fellow captive. He asked about her father, then untied the women and ordered them to flee, she said.

They raced toward safety, sprinting right out of their flip-flops. After 90 minutes, Eisa said, they had arrived at the outskirts of their camp, with thorns embedded in the soles of their feet.

The young women told their friends and relatives about the attack but not about the rapes. But over the next few weeks, gossip began to spread. Neighbors assumed the worst, about the attack, about Eisa, her sister and their friend.

"They scorn you. They laugh at you," Eisa said. "They look at you as if you are strange, as if they haven't seen you before."

The only good news came about two weeks later. After living in fear that the rape might have made her pregnant, Eisa's period arrived. The relief, she said, was overwhelming.

By the time Eisa reached the end of her story, she and her sister had arrived at the spot where they planned to collect firewood. With expert swings of the ax -- so hard Eisa's head scarf fell to her shoulders -- she and Aziza cut the largest branches off two trees, stripped the bark and bundled the still-moist wood.

With their donkeys long gone -- stolen in the Janjaweed attack -- the sisters hoisted the bundles onto their heads and began the long walk back to the camp beneath the relentless Darfur sun.

Lebanon Must Disarm Hezbollah, Israeli Foreign Minister Warns (WP)

By Glenn Kessler

The Washington Post, September 16, 2006

The Lebanese government must fully implement a recent U.N. resolution requiring the disarming of the militant Shiite group Hezbollah or Israel will be less reluctant to attack the Lebanese state if Hezbollah resumes hostilities, Israeli Foreign Minister Tzipi Livni said yesterday.

Livni, in an interview with editors and reporters of The Washington Post, said that when the fighting began in July after Hezbollah seized two Israeli soldiers, Israel heeded calls from world officials not to undermine the government of Prime Minister Fouad Siniora because the formation of the government and the subsequent withdrawal of Syrian troops was an "achievement of the international community."

Israel launched attacks across southern Lebanon, Hezbollah's base, and it demolished bridges to Syria and bombed Beirut's airport. Livni said Israel's efforts to keep the military campaign limited made it more difficult to achieve its objectives.

"The result is it was more difficult to find these terrorists among civilians, compared to attacking a weak Lebanon," Livni said. "We could have done Lebanon in a few days, I think, if we had decided to attack Lebanon as a state."

"Now there is a need to implement fully and completely 1701," Livni said, referring to the resolution passed by the U.N. Security Council that led to the cease-fire between Israeli and Hezbollah forces. "If Israel will be attacked, this is the Lebanese responsibility."

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Since passage of the resolution, 4,000 international troops have moved into southern Lebanon, as has the Lebanese army, and U.S. officials say arms shipments have been halted. But Hezbollah's leader, Hasan Nasrallah, said this week that Hezbollah fighters are still in southern Lebanese towns near the border with Israel.

If Israel is attacked again, "we are not looking again to find these terrorists among the civilian population," Livni added. "We are going to face a state which does not implement its responsibility or maybe does not exercise its sovereignty. And so in French, they say tant pis " -- which translates as "too bad."

Asked specifically if Israel would attack Lebanon, Livni replied: "It is the responsibility of the state of Lebanon. I don't want to say so clearly that next time this is what we will do. But we will take it into consideration that this is part of their responsibility."

Separately, Livni expressed concern that a proposed unity government in the Palestinian territories will not explicitly recognize Israel. Palestinian President Mahmoud Abbas, who supports peace talks with Israel, is attempting to reach a deal with the radical Islamic Resistance Movement, or Hamas, which won legislative elections earlier this year. The victory of Hamas led to a broad cutoff of international aid, leaving much of the Palestinian territories increasingly destitute.

Hamas won on a platform of reform against the increasingly corrupt Fatah movement, which had long led the Palestinians. But Livni said the aid cutoff has greatly weakened the appeal of Hamas -- which is dedicated to the destruction of Israel -- making it imperative for other nations to insist that the new government renounce terrorism and accept Israel's right to exist.

The Quartet -- a coordinating group for Middle East peace made up of the United States, the European Union, the United Nations and Russia -- will meet on Wednesday at the United Nations. Livni said next week will be an important test of the international community's resolve.

"Hamas has to decide what they will do. Abu Mazen has to take some decisions," Livni said, using Abbas's nom de guerre. "They are looking outside; and if the international community will show some hesitation, we will face a unity government, which will be the most dangerous situation."

Livni said "it is easy for us to see something black, Hamas, and white, Abu Mazen, but sometimes the in-between, the gray, is sometimes the most dangerous" because it will appear legitimate through the presence of Abbas while Hamas continues to be an anti-Israeli militia movement. "They can get legitimacy and get the checks, but we cannot end the conflict."

Asked if the Israeli government would refuse to deal with a unity government, Livni said: "The question is not the formation of the government but its platform."

Livni said it was a mistake to believe that elections would transform terrorist groups. "I believe deeply in democratization, but the question is what is the best way to implement it," she said. "The idea is not only voting, one vote for one person, but the acceptance of the values of democracy."

She said that some have argued that governing will transform militants into responsible parties, but she noted that she believes that "if you are political party which believes in an extreme Islamic ideology, when you have the power you will use it in order to force your ideology. It will look like something which is legitimate because it won the election."

She noted that many nations are working to strengthen the Lebanese army in an effort to transform Lebanon into a normal state. But Hezbollah is a minority in the Lebanese government now, she said, so one day "we may face Hezbollah winning the election and it would have the legitimate control of the Lebanese army."

Israeli Official Hopeful On Arms Embargo (AP-Y)

By Barry Schweid

AP, September 16, 2006

Israeli Foreign Minister Tzipi Livni, heading home after talks with the Bush administration, said Friday she expects the Lebanese government to prevent the re-arming of Hezbollah.

"Enforcing the arms embargo is crucial," Livni said in a telephone interview with The Associated Press as she headed for the airport. "We know that Hezbollah is weak in terms of arms."

Maintaining the embargo and disarming the Iranian-backed militant group with which Israel fought a costly war this summer "is the test of the Lebanese government and the international community," she said.

"Lebanon has to exercise its sovereignty and disarm Hezbollah," Livni said. "It is our expectation" that Lebanon will follow through.

This week, Assistant Secretary of State David Welch told the Senate Foreign Committee smuggling of weapons across Syria's border with Lebanon had been halted.

And on Friday, a State Department official, who spoke on condition of anonymity because he was not authorized to make statements, said there were no indications of new infusions of weapons into Lebanon for Hezbollah.

Livni declined to provide estimates of how much of Hezbollah's arsenal was wiped out by Israeli air and ground assaults.

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During the war, Israel reported 70 to 80 percent of Hezbollah's long- and medium-range missiles, which were considered a strategic threat, were destroyed. Much of Hezbollah's short-range arsenal survived.

A Cease-Fire Drives Into A Mirage On A Border That Disappears As It Gets Closer (NYT)

By Craig S. Smith

The New York Times, September 16, 2006

HAWSH BEIT ISMAIL, Lebanon, Sept. 10 — There is no fence, no marking, no sense of a border at all in the broad track-crossed swaths of open land and rugged mountains that lie between Lebanon and Syria.

A large concrete block bars cars from crossing a small bridge over a narrow irrigation canal here, beyond which stands a cinderblock guardhouse flying a Syrian flag. But when asked, some local residents say the land west of the canal is Lebanon, others insist it is Syria. Most agree that it does not really matter.

"It's not a border," said Hussein al-Hajj Hassan. "I am here. Mmy brother is there."

Among the most volatile flashpoints in the fragile cease-fire between Israel and Hezbollah is the question of arms crossing this fuzzy border. Israel is concerned that Hezbollah, the Shiite group whose militia set off the war, will continue to receive missiles and other sophisticated weapons from Iran across the 205-mile long, sparsely guarded frontier.

Local residents say it would be a simple matter requiring only the barest collusion of either side for a tractor or truck to haul weapons from one side to the other.

Israel wants the expanded United Nations peacekeeping force, already deploying along Lebanon's southern border with Israel, to monitor the Syrian border as well as to keep weapons out. But Syria says it would consider that a "hostile act" and the Lebanese in this region warn that any foreign presence would face stiff resistance.

"We will consider the U.N. soldiers as occupying troops, and we will have the right to resist them," said Abdul Nasser Asahili, a mukhtar, or local leader, in Hermil, the district's capital. "We advise them to stay south of the Litani River.''

In Hermil District, paved roads crossing the border are blocked with stones or concrete barriers to prevent vehicles larger than motorcycles from passing. Cars, trucks and buses must use one of four main border crossings between the two countries. Lebanon has put more than 8,000 soldiers along the border to monitor traffic, but few people here believe the Lebanese Army is capable of stopping the arms flow.

"Without international observers along the Lebanese-Syrian border, there will be no solution," the Lebanese Druse leader Walid Jumblatt told a rally of his supporters last week. "It will be impossible to stop trucks loaded with arms, ammunition and explosives from entering Lebanon."

He said earlier in a television interview that he had heard of tunnels beneath the border in the northern Akkar District through which weapons can pass.

Mr. Asahili, the Hermil official, said he did not believe that weapons had crossed in his district, but that they had elsewhere. He favors the idea.

"Hezbollah has the right to bring in weapons," he said. "The Israelis are bringing in a lot of weapons from the U.S., and Hezbollah has the right to defend Lebanon."

He says rather unconvincingly that the sparse Lebanese Army presence along the border should be enough to reassure Israel and the West that no more weapons will reach Hezbollah. But at the new army checkpoint in nearby Al Qasr, one of many hastily constructed since the cease-fire, half a dozen soldiers idle away the day in a freshly built cinder-block building beside a blue metal sign reading, "Stop. Lebanese Army." The cars and trucks slow down but rarely stop.

More to the point, Mr. Asahili echoes the widely held view in Lebanon that Hezbollah neither needs nor wants to import arms, for the time being anyway. The group's deputy secretary general, Naim Qassem, said in an interview with the London-based Asharq Al-Awsat newspaper last week that the group used fewer than a quarter of its rockets during the summer's 34-day war. "Rebuilding the party's arsenal is not a priority, since it still has enough weapons," he said.

Elias Hanna, a retired general and security specialist in Beirut, said he believes the claim because of the sustained daily rate at which Hezbollah was firing rockets until the cease-fire. "When you start to run short, you economize," he said.

But Israel insists that it destroyed as much as half of Hezbollah's arsenal and wants the world to make sure it is not restored.

Like so many borders in the Middle East, the line separating Lebanon from Syria is arbitrary, drawn in the 1920's by France when it carved Lebanon from its share of the defunct Ottoman empire.

The border left 15 Lebanese villages in Syria and 9 Syrian villages in Lebanon. Local residents largely ignored the imaginary line even after the two countries won independence in 1943. Their currencies were interchangeable, and land holdings bled into one another.

"It's like New York and New Jersey; there's no difference," said Mr. Asahili.

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The real division came in the early 1950's when the two countries separated their customs regimes and the value of their currencies began to diverge. Yet Lebanese living in Syria continued to register births and deaths in the Lebanese administrative seats. Abdullah Sakr, for example, was born in Zaita, a Lebanese village several miles inside Syria, but he carries a Lebanese passport because his birth, like his father's and grandfather's, was registered in Hermil.

The border region is dominated by Shiites, who have a strong allegiance to Syria, crediting its army with stopping the country's brutal civil war, from 1975 to 1990. That relationship grew even stronger during the years that followed, with Syrian troops stationed in the Bekaa Valley.

Shiite towns in the area are festooned with banners urging Hezbollah fighters toward martyrdom and dotted with portraits of Iranian ayatollahs and even Hafez al-Assad, the Syrian president who died in 2000.

"In war, the martyrs are like the sons of God," reads stenciled writing on a concrete wall in Hawsh Beit Ismail beside a stylized image of a soldier planting Hezbollah's flag. A nearby wall is painted with careful calligraphy that reads, "America is God's enemy."

While the Lebanese Army has remained independent of sectarian tensions pulling the government apart, its rank and file are also largely Shiite and sympathetic to Hezbollah.

"For the last 30 years this border was open for everything — gasoline, arms — it was like no border at all," said Mr. Hanna, the retired general. He added that during the years the Syrian Army was in the country, weapons moved freely from one country to the other.

After Syria was forced to withdraw in 2005, though, weapons shipments became clandestine. Mr. Hanna said "a torrent" of weapons was smuggled across the border before the Hezbollah raid that started the war on July 12, but that the government lacked the unity and political will to stop it.

Mr. Asahili, the Hermil official, said smuggling was a fact of life, pointing to several plastic five-gallon containers of gasoline that he fills up in Syria because it costs half the price there. The roadblocks cut down on larger-volume commercial smuggling, but everyone knows there is a brisk, illicit border trade.

"Even if they put soldiers side by side all along the border they couldn't stop it," Mr. Asahili said. "People in this region don't believe in dividing into two countries. To them it is one country."

Israel Army In Disarray Over Lebanon Failures (AFP)

AFP, September 16, 2006

A general resigns, a colonel is disciplined and a military command battered by an unrelenting storm of criticism: the Israeli army is in disarray as it struggles to cope with the failures of the war in Lebanon.

A month after the 34-day war against Shiite militia Hezbollah ended, nothing has halted the flood of criticism against the military and political leadership over their handling of a deadly conflict that failed to achieve its main aims.

Two days after Israel's northern army commander resigned, it emerged that embattled army chief Dan Halutz disciplined the head of an armoured brigade for criticising a superior in front of his subordinates during the war.

Colonel Amnon Eshel, head of the seventh brigade, reportedly complained that his immediate boss, General Gal Hirsh, was "completely cut off from realities on the ground" as his badly-prepared men battled to counter Hezbollah rockets.

Halutz "severely reprimanded" Eshel for disrespecting the military hierarchy and suspended him from promotion for two years, an army spokesman told AFP.

The latest incident, revealed two days after General Udi Adam resigned, underscored the level of disarray in the military.

The war left 162 Israelis dead and failed to achieve either main objectives of retrieving two soldiers captured by Hezbollah in a raid on July 12 or halting the guerrillas' barrage of more than 4,000 rocket attacks on the north.

Israel has also weathered heavy criticism abroad for its devastating use of force in Lebanon, where more than 1,200 people were killed and thousands of homes and infrastructure targets were bombed.

Adam's departure as the first official to step down as done little to quell discontent amid calls for further heads to roll calls such as for Prime Minister Ehud Olmert, Halutz and Defence Minister Amir Peretz to go.

In an interview published Friday, former chief of staff Moshe Yaalon urged them to step down, charging that the entire conflict was misconceived and mismanaged from start to finish.

"Going to war was scandalous and he is directly responsible for that. The management of the war was a failure and he is responsible for that," Yaalon was quoted as saying in the Haaretz daily when asked if Olmert had to resign.

"The final operation was particularly problematic and he was directly involved in that. He was warned and he did not heed the warnings. Therefore he must resign," Yaalon said.

"Halutz created lack of clarity that rattled the forces in the field, caused a loss of trust and generated chaos. He did not give the commanders in the north backing... He managed the campaign arrogantly and shallowly," he added.

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On Sunday, cabinet ministers are expected to approve a five-man government commission into the war, chaired by retired judge Eliyahu Winograd and made up of two university professors and two retired major generals.

"It is high time that a commission of inquiry gets underway," Foreign Minister Tzipi Livni told army radio from Washington, amid unease over the late start to a proper investigation.

The committee is to examine how the government and defence establishment dealt with the Hezbollah threat in the years before the war as well as during the conflict from July 12 to August 14.

But its powers fall short of a state commission, Israel's most authoritative inquiry that could subpoena witnesses and order police searches.

Last week, up to 30,000 Israelis in Tel Aviv called for a state commission, but Olmert has said such an inquiry would "completely paralyse" the leadership at a time of serious threat, including from arch-foe Iran.

An interim report drawn up by a parliamentary sub-committee has accused the government and homefront command of serious failures in everything related to the care and protection of civilians in the north.

Palestinian Intelligence Official Is Killed (NYT)

By Steven Erlanger

The New York Times, September 16, 2006

JERUSALEM, Sept. 15 — A senior Palestinian intelligence officer and four others were shot to death in their car in Gaza on Friday as political leaders continued to squabble over a possible new national unity government.

The daylight shooting, 200 yards from the home of Prime Minister Ismail Haniya, and the escape of the killers, were indications of the continuing lawlessness in Gaza. The shooting was seen by some local officials as more likely to be a robbery, and by some as part of the conflict between rival security forces of Fatah and Hamas.

The dead senior officer, Brig. Gen. Jad Tayeh, 55, was the international coordination chief in the Palestinian intelligence services and was well known to foreign envoys. A briefcase and the officers' weapons were taken. The immediate speculation in Gaza was that the briefcase contained money.

Progress appeared to be slow on the national unity government announced Monday by the Palestinian president, Mahmoud Abbas of Fatah. He said that Fatah and Hamas had agreed on a political platform for a new government that he expected to meet international requirements sufficiently to restore funding that was cut off after Hamas took power in March.

But the platform has not been published, the parties disagree about portfolios and Mr. Abbas has delayed dissolving the current government. The United States and some members of the European Union have expressed doubts about whether the new platform will satisfy the West's three requirements: to recognize the right of Israel to exist, to forswear violence and to accept all previous Israeli-Palestinian agreements.

In Brussels on Friday, European Union foreign ministers agreed to support a new Palestinian government, but heeded American warnings that it was too early to abandon the aid restrictions before a new government was formed and its platform published.

On Thursday, Mr. Haniya accused the United States of undermining efforts to form the new government and called on Europe to take the lead in lifting international sanctions against the Palestinians. "The U.S. administration does not want the Palestinians to be unified," Mr. Haniya said. "It puts obstacles in the way of this political coming together. It wants to extort the Palestinian people and the Palestinian government."

Secretary of State Condoleezza Rice, in a meeting on Wednesday with the Israeli foreign minister, Tzipi Livni, said that the United States would insist on the three conditions, including an explicit recognition of Israel's right to exist, as agreed upon by the "quartet" of the United States, European Union, Russia and the United Nations that had been trying to promote peace negotiations.

Hamas will not do that, its leaders say, but is trying to draw a distinction between a political platform designed for a coalition government and the beliefs of the Hamas movement itself.

Still, Mr. Haniya and Mr. Abbas have been appealing to European anxieties about the severe economic depression that the cutoff in funding and aid has produced in the Palestinian territories, and in particular in Gaza, which the United Nations has called "a ticking time bomb."

United Nations agencies have sharply increased their aid, including basic foodstuffs, to prevent malnutrition in Gaza, where 40 percent of the work force is employed by the Palestinian Authority and has received less than two months' salary in the last seven months.

The Europeans want to end the stalemate and use the conclusion of the war in Lebanon as a springboard to renewed Israeli-Palestinian talks. Some European countries want to restore the aid in stages, after specific benchmarks are met, like an end to rocket attacks on Israel.

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But the Europeans are split. The external relations commissioner of the European Union, Benita Ferrero-Waldner, said that it should show flexibility provided that a new government "reflected" the three demands. "It is clear we want to be firm on principles, but we should be flexible about the form this government chooses in the text," she said.

The Slovenian foreign minister, Dimitrij Rupel, told reporters: "We are happy about the government of national unity. We are trying to help it, also financially."

But such a government does not yet exist, as Britain's minister for Europe, Geoff Hoon, pointed out, saying that "there is still some further clarification as to precisely what is the underlying agreement involving Hamas."

Ben Bot, the Dutch foreign minister, said that support depended on meeting the three demands. Asked about the prospects, he said, "So far not very positive, I must say."

In a joint statement, the foreign ministers "welcomed" a new Palestinian government and "expressed the hope that its political platform will reflect the quartet principles and allow for early engagement." They also "expressed deep concern at the humanitarian situation in the Palestinian territories," again called on Israel to hand over to the Palestinians nearly $400 million in taxes and duties collected since February and urged Israel to reopen all crossings to and from Gaza.

Mr. Abbas is hoping that a new government will be accompanied by a series of developments: the release of a captured Israeli soldier, the withdrawal of Israeli forces from Gaza, the release of Hamas legislators and ministers held by Israel, a renewed cease-fire, a meeting between himself and the Israeli prime minister, Ehud Olmert, the release of about 600 Palestinian prisoners, the handover of the withheld taxes and duties, and the resumption of American and European aid.

That complicated chain of events would get Israeli-Palestinian relations closer to where they were at the end of last year, but would not move the two sides much closer to a final peace agreement.

Also on Friday, Israeli forces bombed a house in Rafah that the army said contained the entrance to a tunnel used to smuggle arms. The Israelis said that they had warned inhabitants to leave, and that there were secondary explosions suggesting that arms were in the tunnel.

Intelligence Official, Aides Slain In Gaza (LAT)

By Ken Ellingwood

The Los Angeles Times, September 16, 2006

Maj. Gen. Jad Tayeh had ties to President Abbas and Fatah. He led global coordination for agency.

JERUSALEM — Masked gunmen shot and killed a senior official in the Palestinian intelligence service and four aides Friday near the home of Palestinian Authority Prime Minister Ismail Haniyeh.

Palestinian officials said Maj. Gen. Jad Tayeh and the aides were in a vehicle in the Shati refugee camp, on the northern edge of Gaza City, when masked men in a sport utility vehicle cut them off and opened fire.

The attackers fled after taking weapons and cellphones from the dead, as well as a briefcase containing documents, according to the intelligence service. At least three victims were described as bodyguards.

Authorities said they had opened an investigation but made no announcement about possible suspects.

There was no immediate claim of responsibility.

"It's a crime against the innocents. They were killed after they had performed the Friday prayer," said Gen. Mohammed Masri, a senior officer in the intelligence service.

The intelligence service is under the jurisdiction of Palestinian Authority President Mahmoud Abbas. Tayeh, who was in charge of the agency's international coordination, was affiliated with Abbas and the president's Fatah movement.

It was not known whether the attack was part of sporadic strife between the once-dominant Fatah faction and Hamas, the radical Islamic group that won control of parliament in January elections. Many clashes have involved gun battles, often between rival security agencies.

Fatah and Hamas announced this week that they would form a coalition government. The move is aimed mainly at restarting the flow of international aid, but it also could help ease some of the street violence, which has been especially severe in the Gaza Strip.

The United States and the European Union cut off most aid to the Palestinian Authority after the elections because they classify Hamas as a terrorist group. Palestinian officials hope that a unity government involving Fatah, which supports negotiations with Israel, will prompt at least some donors to renew aid and relieve a financial crisis.

The EU on Friday said it welcomed the formation of the unity government, the Associated Press reported from Brussels.

In other developments, Haniyeh joined a chorus of criticism over Pope Benedict XVI's comments Tuesday on Islam that many Muslims consider an attack on their religion.

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"We strongly condemn the pope's offensive remarks about Islam, which totally contradict the true nature of Islam and its shining history," he said. "The pope should reconsider his proclamations and stop attacking Islam, the religion of 1.5 billion people of the world."

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Special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Some Muslim Leaders Want Pope To Apologize (NYT)

By Ian Fisher

The New York Times, September 16, 2006

ROME, Sept. 15 — Pope Benedict XVI drew rising anger on Friday over comments he made Tuesday about Islam, as Muslim leaders around the world accused him of dividing religions and demanded an apology.

In Britain, Gaza, Iraq, Syria and Indonesia, Muslim leaders registered their protest. The Parliament in Pakistan passed a resolution against the pope's statements, and the government later summoned the Vatican envoy to express official displeasure. In Lebanon, Grand Ayatollah Mohammed Hussein Fadlallah, the most senior Shiite cleric, demanded "a personal apology — not through his envoys."

And emotion spilled over in Turkey, which Benedict is scheduled to visit in November, as a top official in the Islamic-rooted ruling party said that the pope was "going down in history in the same category as leaders such as Hitler and Mussolini."

"He has a dark mentality that comes from the darkness of the Middle Ages," the official, Salih Kapusuz, deputy leader of Turkey's governing party, was quoted as saying on the state-owned Anatolia news agency. "It looks like an effort to revive the mentality of the Crusades."

Reaction to the pope's remarks — in which he quoted a description of Islam in the 14th century as "evil and inhuman" — has presented Benedict with the first full-blown crisis of his papacy.

Some in Turkey have questioned whether he should make the visit, the pope's first to a Muslim country. Many Muslims are also comparing his comments to the unflattering cartoons of the Prophet Muhammad that had stoked deep anger among Muslims earlier this year.

The Vatican did not release an official comment on Friday. On Thursday, as Benedict returned from a six-day trip to Germany, his chief spokesman said that he had not intended to "offend the sensibility of Muslim believers."

Other top Vatican officials also sought to tamp down the anger.

"I am convinced the pope did not mean to assume a position against Islam," a top German cardinal, Walter Kasper, told the Italian daily newspaper La Repubblica.

Archbishop Dominique Mamberti, a French prelate with experience in the Islamic world, was appointed on Friday as the Vatican's new foreign minister. He told Agence France-Press: "The dialogue between different civilizations, cultures and religions — which nobody can hide from — will be one of the great questions which I will tackle in my new job."

In a major speech on Tuesday at Regensburg University, Benedict delivered a long, scholarly address on reason and faith in the West. But he began his speech by recounting a conversation on the truths of Christianity and Islam that took place between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"The emperor comes to speak about the issue of jihad, holy war," the pope said.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

While making clear that he was quoting someone else, Benedict did not say whether he agreed or not. He also briefly discussed the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion is contrary to God's nature and to reason.

He also suggested reason as the basis for "that genuine dialogue of cultures and religions so urgently needed today."

Benedict, a respected theologian, is said to write many speeches himself, and some in the Italian news media speculated that the Vatican would be forced into a more stringent review of his statements.

The controversy came as a new Vatican hierarchy was being put in place. In addition to appointing a foreign minister, the pope installed as secretary of state — the highest position after the pope — Cardinal Tarcisco Bertone, 71, an Italian and longtime colleague of the pope's.

Remarks By Pope Prompt Muslim Outrage, Protests (WP)

By Anthony Shadid

The Washington Post, September 16, 2006

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BEIRUT, Sept. 15 -- A medieval reference in an academic lecture by Pope Benedict XVI unleashed a wave of denunciations, outrage and frustration across the Muslim world Friday, with officials in Turkey and Pakistan condemning the pontiff, Islamic activist groups organizing protests and a leading religious figure in Lebanon demanding that he personally apologize.

The reception to the pope's speech in Germany on Tuesday was a reminder of the precarious, suspicious state of affairs between a West that often views Islam as a faith in need of reform and a Muslim world that feels besieged in the wake of the Sept. 11, 2001, attacks. Some of the criticism evoked the Crusades; others accused the Vatican of joining a Western-led war on Islam.

"We ask him to offer a personal apology -- not through his officials -- to Muslims for this false reading" of Islam, said Grand Ayatollah Mohammed Hussein Fadlallah, one of the world's leading Shiite Muslim clerics, who lives in Beirut.

The pope began his lecture at the University of Regensburg by quoting from a 14th-century dialogue between the Byzantine emperor, Manuel II Paleologos, and a Persian scholar. In a passage on the concept of holy war, Benedict recited a passage of what he called "startling brusqueness," in which Manuel questioned the teachings of Islam's prophet, Muhammad.

"Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached," Benedict quoted the emperor as saying.

The pope neither explicitly endorsed nor denounced the emperor's words, but rather used them as a preface to a discussion of faith and reason. The Vatican said the pope did not intend the remarks to be offensive to Muslims.

"It was certainly not the intention of the Holy Father to undertake a comprehensive study of the jihad and of Muslim ideas on the subject, still less to offend the sensibilities of Muslim faithful," Vatican spokesman Federico Lombardi told Vatican Radio.

But the reaction was quick, and though it was largely peaceful, it evoked the storm of violent protests that erupted in most Muslim countries after a Danish newspaper published a series of cartoons a year ago that lampooned Muhammad. In some ways, the denunciations seemed even more pronounced, given the pope's stature and authority over the world's 1.1 billion Roman Catholics.

Pakistan's parliament adopted a resolution Friday condemning the pope for what it called derogatory comments and seeking an apology. The Foreign Ministry summoned the Vatican's ambassador to express regret over Benedict's remarks.

In Turkey, where Benedict planned to visit in November in his first trip as pope to a Muslim country, the deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-inspired party called Benedict's remarks the result of ignorance or a provocation.

"He has a dark mentality that comes from the darkness of the Middle Ages. He is a poor thing that has not benefited from the spirit of reform in the Christian world," Salih Kapusuz told state media. "It looks like an effort to revive the mentality of the Crusades."

Even the country's secularist opposition party demanded the pope apologize before his visit to Turkey, which has long been one of the least ostensibly religious of Muslim countries. News agencies reported that another party led a demonstration outside the largest mosque in the capital, Ankara, and about 50 people placed a black wreath outside the Vatican's diplomatic mission.

About 100 people protested in Egypt, the Arab world's most populous country, where demonstrators chanted, "Oh Crusaders, oh cowards! Down with the pope!" Mohammed Sayed Tantawi, the sheik of al-Azhar University, a leading seat of religious scholarship, said the pope's remarks indicated "clear ignorance of Islam," and the Muslim Brotherhood, one of the Middle East's largest and oldest Islamic groups, called on Muslim governments to sever relations with the Vatican if the pope does not apologize.

Thousands of Palestinians protested Friday night in Gaza City after Palestinian Prime Minister Ismail Haniyeh, who belongs to the Islamic Resistance Movement, or Hamas, said the pope's lecture had offended Muslims everywhere.

"This is another Crusader war against the Arab and Muslim world," Ismail Radwan, a Hamas official, told the crowd.

The criticism of the pope's remarks was often twofold: at the reference of the prophet Muhammad's legacy as "evil and inhuman" and at the idea that Islam was spread by the sword. Much of the conversion that followed the prophet's life in the 7th century was a gradual, centuries-long process that left a remarkable degree of diversity -- albeit faded -- in parts of the Muslim world.

In Iraq, where religious differences have fueled much of the country's crippling violence, a Catholic representative warned that the pope's remarks were being distorted to "sow a crisis of chaos and enmity between the one family of Christians and Muslims."

A statement posted at mosques in Anbar province, a center of the insurgency, warned that a previously unknown group would begin killing Iraqi Christians in three days unless the pope apologized. In Basra, a bomb exploded at the Assyrian Catholic

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Church on Friday evening, causing damage but no injuries, according to a church leader who said the attack stemmed from the pope's remarks.

Across Iraq's sectarian Sunni-Shiite Muslim divide, clerics called the remarks another campaign against Islam. "Last year, and in the same month, the Danish cartoons assaulted Islam," Sheik Salah al-Ubaidi, a representative of Moqtada al-Sadr's radical Shiite movement, said in the group's stronghold of Kufa.

Muslim Anger Over Papal Comments Grows (AP)

By Benjamin Harvey, Associated Press Writer

AP, September 16, 2006

Pakistan's legislature unanimously condemned Pope Benedict XVI. Lebanon's top Shiite cleric demanded an apology. And in Turkey, the ruling party likened the pontiff to Hitler and Mussolini and accused him of reviving the mentality of the Crusades.

Across the Islamic world Friday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that many fear could burst into violent protests like those that followed publication of caricatures of the Prophet Muhammad.

By citing an obscure Medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman," Benedict inflamed Muslim passions and aggravated fears of a new outbreak of anti-Western protests.

The last outpouring of Islamic anger at the West came in February over the prophet cartoons first published in a Danish newspaper. The drawings sparked protests — some of them deadly — in almost every Muslim nation in the world.

Some experts said the perceived provocation by the spiritual leader of more than a billion Roman Catholics could leave even deeper scars.

"The declarations from the pope are more dangerous than the cartoons, because they come from the most important Christian authority in the world — the cartoons just came from an artist," said Diaa Rashwan, an analyst in Cairo, Egypt, who studies Islamic militancy.

On Friday, Pakistan's parliament adopted a resolution condemning Benedict for making what it called "derogatory" comments about Islam, and seeking an apology. Hours later, the Pakistani Foreign Ministry summoned the Vatican's ambassador to express regret over the pope's remarks Tuesday.

Notably, the strongest denunciations came from Turkey — a moderate democracy seeking European Union membership where Benedict is scheduled to visit in November as his first trip as pope to a Muslim country.

Salih Kapusuz, deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-rooted party, said Benedict's remarks were either "the result of pitiful ignorance" about Islam and its prophet or, worse, a deliberate distortion.

"He has a dark mentality that comes from the darkness of the Middle Ages. He is a poor thing that has not benefited from the spirit of reform in the Christian world," Kapusuz told Turkish state media. "It looks like an effort to revive the mentality of the Crusades."

"Benedict, the author of such unfortunate and insolent remarks, is going down in history for his words," Kapusuz added. "He is going down in history in the same category as leaders such as Hitler and Mussolini."

Even Turkey's staunchly pro-secular opposition party demanded the pope apologize before his visit. Another party led a demonstration outside Ankara's largest mosque, and a group of about 50 people placed a black wreath outside the Vatican's diplomatic mission.

Egyptian Foreign Minister Ahmed Aboul Gheit said the pope should explain and "tell us what exactly did he mean. ... It can't just be left like that."

Vatican spokesman Federico Lombardi has tried to defuse anger, saying the pope did not intend to offend Muslim sensibilities and insisting Benedict respects Islam. In Pakistan, the Vatican envoy voiced regret at "the hurt caused to Muslims."

But Muslim leaders said outreach efforts by papal emissaries were not enough.

"We do not accept the apology through Vatican channels ... and ask him (Benedict) to offer a personal apology — not through his officials," Grand Ayatollah Mohammed Hussein Fadlallah, Lebanon's most senior Shiite cleric, told worshippers in Beirut.

Rashwan, the analyst, feared the official condemnations could be followed by widespread popular protests. Already there had been scattered demonstrations in several Muslim countries.

"What we have right now are public reactions to the pope's comments from political and religious figures, but I'm not optimistic concerning the reaction from the general public, especially since we have no correction from the Vatican," Rashwan said.

About 2,000 Palestinians angrily protested Friday night in Gaza City. Earlier, Palestinian Prime Minister Ismail Haniyeh, of the Islamic militant group Hamas, said the pope had offended Muslims everywhere.

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In Cairo, some 100 demonstrators stood outside the al-Azhar mosque chanting: "Oh Crusaders, oh cowards! Down with the pope!"

The pope quoted from a book recounting a conversation between 14th-century Byzantine Christian Emperor Manuel Paleologos II and a Persian scholar on the truths of Christianity and Islam.

"The emperor comes to speak about the issue of jihad, holy war," Benedict said. "He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached.'"

The pope did not explicitly agree with nor repudiate the comment.

In Britain, the head of the Muslim Council, a body representing 400 Muslim groups, said the emperor's views quoted by the pope were bigoted.

"One would expect a religious leader such as the pope to act and speak with responsibility and repudiate the Byzantine emperor's views in the interests of truth and harmonious relations between the followers of Islam and Catholicism," said Muhammad Abdul Bari, the council's secretary-general.

Many Muslims accused Benedict of seeking to promote Judeo-Christian dominance over Islam.

Even Iraq's often divided Shiite and Sunni Arabs found unity in their anger over the remarks, with clerics from both communities criticizing Benedict.

"The pope and Vatican proved to be Zionists and that they are far from Christianity, which does not differ from Islam. Both religions call for forgiveness, love and brotherhood," Shiite cleric Sheik Abdul-Kareem al-Ghazi said during a sermon in Iraq's second-largest city, Basra.

Few in Turkey, especially, failed to pick up on Benedict's reference to Istanbul as Constantinople — the city's name more than 500 years ago — before it was conquered by Muslim Ottoman Turks.

German Chancellor Angela Merkel defended the German-born pope, saying his message had been misunderstood.

"It is an invitation to dialogue between religions and the pope has explicitly urged this dialogue, which I also endorse and see as urgently necessary," she said Friday. "What Benedict XVI makes clear is a decisive and uncompromising rejection of any use of violence in the name of religion."

In the United States, a Muslim group, the Council for American-Islamic Relations, asked for a meeting with a Vatican representative and urged more efforts at improving understanding between Muslims and Catholics.

"The proper response to the pope's inaccurate and divisive remarks is for Muslims and Catholics worldwide to increase dialogue and outreach efforts aimed at building better relations between Christianity and Islam," the group said.

Muslim States Denounce Pope Over Remarks (WT/AP)

By Benjamin Harvey

The Washington Times, September 16, 2006

ISTANBUL -- Pakistan's legislature unanimously condemned Pope Benedict XVI. Lebanon's top Shi'ite cleric demanded an apology. And in Turkey, the ruling party likened the pontiff to Hitler and Mussolini and accused him of reviving the mentality of the Crusades.

Across the Islamic world yesterday, Benedict's remarks on Islam and jihad in a speech in Germany unleashed a torrent of rage that united Shi'ites and Sunnis and threatened to burst into violent protests like those that followed publication of caricatures of the prophet Muhammad.

The pope did not condemn modern-day Islam. But by citing an obscure medieval text that criticizes teachings of Islam's founder for advocating a faith "spread by the sword," Benedict inflamed Muslim passions and aggravated fears of a new outbreak of anti-West protests.

The last outpouring of Islamic anger at the West came in February over the prophet cartoons first published in a Danish newspaper. The drawings sparked protests -- some of them deadly -- in almost every Muslim nation in the world.

Some experts said the perceived provocation by the spiritual leader of more than a billion Roman Catholics could leave even deeper scars.

"The declarations from the pope are more dangerous than the cartoons, because they come from the most important Christian authority in the world -- the cartoons just came from an artist," said Diaa Rashwan, an analyst in Cairo who studies Islamic militancy.

Yesterday, Pakistan's parliament adopted a resolution condemning Benedict for making what it called "derogatory" comments about Islam, and seeking an apology. Hours later, the Pakistani Foreign Ministry summoned the Vatican's ambassador to express regret over the pope's remarks Tuesday.

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Notably, the strongest denunciations came from Turkey -- a moderate democracy seeking European Union membership where Benedict is scheduled to visit in November as his first trip as pope to a Muslim country.

Salih Kapusuz, deputy leader of Turkish Prime Minister Recep Tayyip Erdogan's Islamic-rooted party, said Benedict's remarks were either "the result of pitiful ignorance" about Islam and its prophet or, worse, a deliberate distortion.

"It looks like an effort to revive the mentality of the Crusades," Mr. Kapusuz told Turkish state television and radio. He said Benedict will go down in history for his words, "in the same category as leaders such as Hitler and Mussolini."

Even Turkey's staunchly secular opposition party demanded the pope apologize before his visit, and a group of about 50 people placed a black wreath outside the Vatican's diplomatic mission.

Vatican spokesman Federico Lombardi has tried to defuse anger, saying the pope did not intend to offend Muslim sensibilities and insisting Benedict respects Islam. In Pakistan, the Vatican envoy voiced regret for "the hurt caused to Muslims."

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"The emperor comes to speak about the issue of jihad, holy war," Benedict said. "He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached.'"

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Many Muslims accused the pope of seeking to promote Judeo-Christian dominance over Islam. Even Iraq's often divided Shi'ite and Sunni Arabs found unity in their anger over the remarks.

"The pope and Vatican proved to be Zionists and that they are far from Christianity, which does not differ from Islam. Both religions call for forgiveness, love and brotherhood," Shi'ite cleric Sheik Abdul-Kareem al-Ghazi said during a sermon in Iraq's second-largest city, Basra.

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"It is an invitation to dialogue between religions and the pope has explicitly urged this dialogue, which I also endorse and see as urgently necessary," she said.

Muslims Demand Apology From Pope (FT)

By Ft Reporters

Financial Times, September 16, 2006

Religious and political leaders across the Muslim world on Friday demanded that Pope Benedict XVI apologise for a speech he made this week indirectly criticising the Islamic concept of “holy war.” Muslim clerics said the speech reflected ignorance of Islam and was insulting to Mohammed.

The latest flare-up of tensions between Christian and Muslim faiths has raised fears in the Vatican about the pope’s safety and cast further doubts over his plans to visit mainly Muslim Turkey in November. The proposed trip had already stirred controversy because of the Pope’s public opposition to Turkey’s ambitions to join the European Union.

Ali Bardakoglu, Turkey’s director of religious affairs, said the Pope’s most recent speech was “an extraordinarily worrying, saddening and unfortunate statement.” He added: “Biased and hostile assessments of Islam and the Prophet Mohammed are common in the western world.”

“It looks like an effort to revive the mentality of the Crusades,” said Salih Kapusuz, a senior figure in the ruling Justice and Development party, which has its roots in political Islam.

The Pope made his controversial remarks in a speech on Tuesday evening at Regensburg university, where he was a theology professor in the late 1960s. The leader of the Catholic church quoted from a book that recounted a conversation between 14th century Byzantine Christian Emperor Manuel Paleologos II and a Persian scholar on the truths of Christianity and Islam. “The emperor comes to speak about the issue of jihad, holy war,” the Pope said. “He said, I quote: ‘Show me just what Mohammed brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached.”

According to the text of the speech, the Pope did not explicitly distance himself from the remarks, but noted positively that the emperor as “erudite” and the unnamed scholar as “educated”.

Elsewhere in the 30-minute speech, which was greeted with a standing ovation, he condemned violence, arguing “violence is incompatible with the nature of God and the nature of the soul.” Throughout his six-day trip to Germany the Pope had stressed the need for a closer dialogue between the Christian and Muslim faiths.

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A Vatican spokesman said the Catholic leader had not intended to provide "an in-depth study of jihad and Muslim thinking" but had hoped to "cultivate an attitude of respect and dialogue toward other religions and cultures".

"The Pope's words are being extrapolated and disconnected from the context in which he said them and then used for ulterior purposes," said Monsignor Luigi Padovese Apostolic Vicar for Anatolia.

Theologians noted that the highly academic speech was focused not on Islam but on the relationship between reason and faith in the Christian church. Islamic scholars said the Pope should have been more aware that, even with this focus, he needed to present a more differentiated view of Islam.

Abel Theodor Khoury, a Germany-based Islam professor, from whose book the Pope took the controversial passage, said on Fridayday: "I would have wished for a one or two words of differentiation (in the speech). Two or three lines would have been very effective."

Edmund Stoiber, conservative state premier of Bavaria, on Friday defended the Pope, arguing that the latter's "clear rejection of religiously motivated violence should be taken seriously around the world."

At Friday prayers, Muslim clerics in Pakistan, Lebanon, Egypt and Iran and elsewhere denounced the Pope's comments. The latest controversy comes six months after Muslim protests against a Danish newspaper that published cartoons of Mohammed.

Reporting by Vincent Boland in Istanbul, Hugh Williamson in Berlin, John Thornhill in Paris, and William Wallis in Cairo

The Pope's Words (NYT)

The New York Times, September 16, 2006

There is more than enough religious anger in the world. So it is particularly disturbing that Pope Benedict XVI has insulted Muslims, quoting a 14th-century description of Islam as "evil and inhuman."

In the most provocative part of a speech this week on "faith and reason," the pontiff recounted a conversation between an "erudite" Byzantine Christian emperor and a "learned" Muslim Persian circa 1391. The pope quoted the emperor saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Muslim leaders the world over have demanded apologies and threatened to recall their ambassadors from the Vatican, warning that the pope's words dangerously reinforce a false and biased view of Islam. For many Muslims, holy war — jihad — is a spiritual struggle, and not a call to violence. And they denounce its perversion by extremists, who use jihad to justify murder and terrorism.

The Vatican issued a statement saying that Benedict meant no offense and in fact desired dialogue. But this is not the first time the pope has fomented discord between Christians and Muslims.

In 2004 when he was still the Vatican's top theologian, he spoke out against Turkey's joining the European Union, because Turkey, as a Muslim country was "in permanent contrast to Europe."

A doctrinal conservative, his greatest fear appears to be the loss of a uniform Catholic identity, not exactly the best jumping-off point for tolerance or interfaith dialogue.

The world listens carefully to the words of any pope. And it is tragic and dangerous when one sows pain, either deliberately or carelessly. He needs to offer a deep and persuasive apology, demonstrating that words can also heal.

Raúl Castro Speaks Out Against U.S. At Summit Talks (NYT)

By Marc Lacey

The New York Times, September 16, 2006

MEXICO CITY, Sept. 15 — Raúl Castro, who is standing in as Cuba's leader while his brother, Fidel, recuperates from surgery, railed at the United States during a summit meeting in Havana of nonaligned nations on Friday, urging them to unite against "unacceptable acts of aggression essentially motivated by insatiable appetite for strategic resources."

Mr. Castro's first public speech since taking power in July was just as stridently anti-Washington as those offered by his elder brother. He spoke of the Bush administration's "irrational pretensions for world dominance" and called "absurd" its aggressive military spending now that the cold war is over.

"With regard to international relations, we are not the decisive force that we could be," Mr. Castro, 75, told members of the 118-member group of developing nations. "The Non-Aligned Movement now has to wage courageous battles against unilateralism, double standards and the impunity granted to those in power, for a fairer and more equal international order."

The United States declined observer status at the summit meeting. In Miami, however, the Bush administration's top Cuban-American official, Commerce Secretary Carlos Gutierrez, delivered his own rebuke to Cuba's government.

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Condemning repression on the island and calling Raúl Castro "simply another military dictator," Mr. Gutierrez called on Cuba to hold a referendum on its future leadership, a proposal that the Communist government would surely dismiss.

"Why not ask the people?" Mr. Gutierrez said at conference on Latin America's economic future, which attracted leaders from throughout the region. "Let the Cuban people speak. Let the Cuban people determine their own destiny."

Noticeably absent from the fray in Havana was Fidel Castro, 80, who continued his recuperation. Cuban newspaper photographs showed him clad in pajamas while meeting with Secretary General Kofi Annan of the United Nations, and President Hugo Chávez of Venezuela.

"Despite the rigor and will with which he pursues his treatment and physical therapy, the doctors have insisted that he continue to rest," Felipe Pérez Roque, Cuba's foreign minister, told reporters on Friday.

The Non-Aligned Movement began during the cold war, when many nations were firmly allied with either the United States or the Soviet Union. The group has lived on, and now has 118 members that see themselves as the voice for the developing world.

U.S. Proposes Cubans Vote On Raul Castro (APY)

By Jessica Gresko

AP, September 16, 2006

The Bush administration proposed Friday that Cubans hold a referendum to decide if they want to be ruled by Raul Castro, who is acting leader of the communist nation while brother Fidel recovers from surgery.

Fidel Castro has long fiercely resisted any attempts by the U.S. to interfere with his government, and Cuba is highly unlikely to accept the proposal, announced in Florida by U.S. Commerce Secretary Carlos Gutierrez.

"I would say to the Cuban regime, 'why not ask the people?'" Gutierrez said at The Miami Herald's Americas Conference. "Why would a real leader be so insecure about giving his people a voice?"

Gutierrez aides said the administration wanted the Organization of American States to organize the referendum. OAS officials had no immediate comment. Cuba has been excluded from participating in the group since the early 1960s, after Castro took power.

Castro handed over power temporarily on July 31 because of his intestinal surgery. The government has treated the exact illness as a state secret, although Castro has been shown this week in pictures talking to visiting leaders in Cuba for a Nonaligned Summit.

Gutierrez, who was born in Cuba, said a referendum is not a "U.S.-only idea" but one many countries around the world support.

He cited Chile as an example of a country that rejected a military dictatorship and showed "what can happen under freedom and democracy."

"They were asked a simple yes or no to dictatorship, very simple, and the people said 'no,'" Gutierrez said.

Cuba Steers Non-aligned Nations Against US (FT)

By Marc Frank And Agencies In Havana

Financial Times, September 16, 2006

Delegations from the Non-Aligned Movement on Friday began negotiations over a final document sharply critical of Israel and supportive of Iran's nuclear ambitions.

Cuba – the host country of the movement's 14th summit – and its close ally Venezuela sought to steer the group towards more a more radical anti-US line.

Meeting in Havana, the summit has also allowed Cuba to advertise the recovery of President Fidel Castro, who underwent stomach surgery for intestinal bleeding at the end of July, and has served to highlight Cuba's strengthening ties with Venezuela under its controversial president, Hugo Chávez.

With large numbers of international journalists in Cuba to cover the event, the authorities have streamed pictures and video from the secret clinic where an apparently jovial Mr Castro is recovering, well enough to work on a book of interviews entitled One Hundred Hours with Fidel and hold a stream of meetings with conference participants.

Although Mr Castro was on Friday not expected to make a formal appearance it has been claimed that he has orchestrated events from behind the scenes. Raúl Castro, his 75-year old brother, who temporarily took over as head of state last month, hosted Friday's opening session.

"When Castro first announced his illness it appeared that hosting the NAM summit would pose an unwanted task at an inconvenient moment. Saturday, with Castro recuperating and Cuba playing host to hundreds of influential well-wishers from

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across the world, top Cuban leaders now think that the summit was exquisitely timed after all," said Dan Erikson, Caribbean expert at the Inter-American Dialogue think tank in Washington.

Mr Chávez, who will host a visit to Caracas by the Iranian president Mahmoud Ahmadi-Nejad on Sunday, described the summit as the most important event in recent years "because it takes place when the US empire is experiencing decline.

"Nobody can deny this; it is visible. It will end up being as Mao Zedong said: a paper tiger."

Many observers, however, believe it will be impossible to link the movement, formed in 1961 by developing countries anxious to define themselves as independent equally of the Soviet Union and of the US, to such a radical geopolitical agenda.

"The NAM is a political forum but not a movement, because its members do not act as a bloc," said Phil Peters, vice-president of the Virginia-based Lexington Institute policy group. "Regardless of the resolutions passed, these countries will follow their own interests and make their own coalitions on issues such as trade, nonproliferation, and terrorism."

However, Venezuela was also using the summit to lobby for votes to win a seat on the United Nations' Security Council in the face of US opposition, and may have more success in that area.

"The Arab League says yes, the US says no, almost all of Africa says yes, the US says no, Russia says yes, the US says no, China says yes, now that's already a big victory, let's just wait for the results," Mr Chávez said late on Thursday.

Developing-country Leaders Meet In Havana Without Ailing Castro (AFP-Y)

By Patrick Moser

AFP, September 16, 2006

Developing-world leaders, including virulent US foes, have met at a Havana summit without Cuba's communist strongman Fidel Castro, whose convalescence kept him away from the spotlight he cherishes.

"Doctors insisted that he continues his rest," Foreign Minister Felipe Perez Roque said at the opening of the Non-Aligned Movement (NAM) summit, adding that Castro's brother Raul would represent Cuba at the gathering.

Raul Castro, 75, officially heads Cuba while his bearded sibling recovers from gastrointestinal surgery he underwent in July. "Once he is fully capable of resuming his duties, Fidel will be the chairman of the Non-Aligned Movement," Perez Roque said.

Among the prominent leaders speaking at the two-day summit was Iran's President Mahmoud Ahmadinejad, who insisted Tehran's controversial atomic program had strictly peaceful objectives, and claimed the United States was the real nuclear threat.

"Why should people live under the nuclear threat of the United States?" he asked at the summit of the 118-member NAM.

"What is the UN Security Council waiting for to react to those threats?"

He urged his counterparts to help "counter attempts to prevent Iran from developing its peaceful nuclear activity." Washington is pushing for sanctions to force Tehran to stop producing enriched uranium, which can be used both for nuclear power and for atomic weapons.

Raul Castro, and Venezuela's President Hugo Chavez, also delivered blistering condemnations of the United States, while Indian Prime Minister Manmohan Singh called for "moderation, harmony and reason."

Singh also urged NAM leaders to make a priority of countering terrorism.

"If NAM is to be relevant in today's circumstances, it cannot afford to equivocate on the subject of terrorism," he said.

Singh planned to hold talks on the sidelines of the summit with Pakistani President Pervez Musharaf, who on Friday said the two countries had a "historic opportunity" to restart negotiations on the Kashmir dispute.

"Leaders who cannot grasp fleeting opportunity are no leaders," Musharaf said.

Talks over the Himalayan region, divided between the two countries but claimed in its entirety by both, have been stalled since July, when 183 people were killed in bomb attacks in Mumbai.

New Delhi had pointed the finger at Islamabad and a Pakistan-backed Islamic rebel group for the blasts.

UN Secretary General Kofi Annan, an invited guest at the summit, urged NAM leaders to respect human rights and prevent crimes against humanity.

The movement includes several states that face harsh criticism for their human rights records, including North Korea, Zimbabwe and Belarus.

"We need governments of the South to fulfill their obligations to their people at home ... Ending suppression of opposition groups and the media. Taking serious and sincere measures against corruption," Annan told the leaders.

He said governments also had a duty to "protect populations from genocide, warcrimes, ethnic cleansing and crimes against humanity."

The summit was due to conclude on Saturday with the adoption of a draft statement fine-tuned during four days of preparatory meetings.

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The document statement calls for a reform of the UN Security Council and stresses the need for increased cooperation among developing countries in order to counter overwhelming US influence. It also condemns what it terms Israel's "unlawful" policies in the Palestinian territories and its recent military intervention in Lebanon.

Several of the leaders paid tribute to Fidel Castro for his historic role in the NAM, a movement created at the height of the Cold War.

The 80-year-old communist leader met some of the dignitaries over the past days, and Cuban media showed pictures of a pajama-clad Castro chatting with Chavez in a hospital-like room and, in a separate meeting, with Annan.

Raul Castro insisted his brother was keeping close tabs on the summit. "He has listened intently to the statements and the debate," he said.

Raul Slams U.S. As Non-Aligned Summit Chairman (WT/AP)

By Vanessa Arrington

The Washington Times, September 16, 2006

HAVANA -- Raul Castro stood in for ailing brother Fidel yesterday as Cuba took over the leadership of the Non-Aligned Movement, but a top official didn't rule out the possibility the recovering revolutionary might still appear at the meeting.

After acknowledging his brother's illness, Raul unleashed a stream of anti-American rhetoric in his inaugural speech, saying the world today is shaped by the United States' "irrational pretensions for world dominance."

"When there no longer is a Cold War, the United States spends $1 billion a year in weapons and soldiers and it squanders a similar amount in commercial publicity," he said. "To think that a social and economic order that has proven unsustainable could be maintained by force is simply an absurd idea."

Raul earlier accepted Cuba's three-year chairmanship of the Non-Aligned Movement to a round of applause by leaders from two-thirds of the world's nations, saying "Comrade Fidel has asked that I transmit to you his most cordial greetings."

But while Fidel is under doctors' orders not to preside at the summit, the iconic leader could make an appearance, Cuba's foreign minister told the assembly.

"Despite the rigor and will with which he pursues his treatment and physical therapy, the doctors have insisted that he continue to rest," Foreign Minister Felipe Perez Roque said. "His health improves continually and his convalescence is satisfactory."

Many are wondering whether the 80-year-old Fidel will be able to guide the group formed during the Cold War in its search for relevance in this era of globalization.

And in the United States, the Bush administration has tried to hasten the end of the Castro brothers' rule. Yesterday, it proposed that Cubans hold a referendum to decide if they want to be ruled by Raul -- a suggestion certain to be rejected by the island's communist leadership. There was no immediate mention of the U.S. proposal at the summit.

Fidel temporarily ceded Cuba's leadership to his 75-year-old brother and a handful of other top officials after emergency intestinal surgery in July. He's remained out of sight this week, appearing only in photos and video in state press and television, wearing pajamas in meetings with his close friend Venezuelan President Hugo Chavez and U.N. Secretary-General Kofi Annan.

Mr. Chavez, who like Fidel is famous for giving long speeches, spoke well beyond his allotted time, saying that because the ailing Mr. Castro wasn't there, he would take that liberty.

It was the second such statement in as many days by Mr. Chavez, who has moved forcefully to assert himself as an heir to the ailing Cuban leader. "Homeland or death, we will overcome," he thundered, echoing Fidel's favorite slogan.

Mr. Chavez also upstaged Raul at a side meeting of the "Group of 15" developing nations while pledging Venezuela's support for Iran if it is invaded because of its nuclear dispute with the U.N. Security Council.

"Iran is under threat; there are plans to invade Iran. Hopefully it won't happen, but we are with you," Mr. Chavez told Iranian President Mahmoud Ahmadinejad.

"Under any scenario, we are with you just like we are with Cuba," Mr. Chavez told Mr. Ahmadinejad. "If the United States invades Cuba, blood will run. ... We will not have our arms crossed while bombs are falling in Havana or they carry Raul off in a plane."

It was not clear what Mr. Chavez would do for Iran. He's previously vowed to cut off Venezuelan oil supplies to the United States if it invades Cuba.

Mr. Ahmadinejad told the assembly yesterday that "Cuba's fight for liberation from imperialism has been a source of inspiration for the world's peoples."

The Non-Aligned Movement was formed during the Cold War to establish a neutral third path in a world divided by allegiances to the United States and the Soviet Union. It now counts 118 members with the addition of Caribbean nations Haiti and St. Kitts this week.

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U.S. Foes Meet At Nonaligned Summit (AP-Y)

By Anita Snow

AP, September 16, 2006

Cuba took over leadership of the Nonaligned Movement Friday, but with Fidel Castro too sick to promise an appearance, his younger brother and his close friend Hugo Chavez of Venezuela were left to mete out the anti-American invective.

The meeting hosted by Cuba brought together some of the staunchest U.S. foes - the presidents of Iran, Venezuela and Zimbabwe.

Cuba's Acting President Raul Castro, who was presiding over the meeting of more than 50 leaders, said the world today is shaped by irrational American desires for world dominance.

"When there no longer is a Cold War, the United States spends one billion dollars a year in weapons and soldiers and it squanders a similar amount in commercial publicity," he said. "To think that a social and economic order that has proven unsustainable could be maintained by force is simply an absurd idea."

In the United States, President Bush's administration tried Friday to hasten the end of the Castro government, proposing that Cubans hold a referendum to decide if they want to be ruled by Raul Castro. The suggestion faced certain rejection by the island's communist leadership, but they did not immediately address it at the summit.

The big question was whether the 80-year-old Castro would be healthy enough to show up for the summit dinner, let alone guide the group during Cuba's three-year chairmanship. The ailing revolutionary leader was under doctors' orders not to preside over the summit, and he did not appear in a closed-circuit television feed showing leaders arriving for the meal Friday night.

Castro temporarily handed power to his 75-year-old brother and a handful of other top officials after emergency intestinal surgery in July. And while Cuban officials raise expectations of a return to power, Fidel has appeared only in photos and video in state media, wearing pajamas while meeting Venezuelan President Chavez and U.N. Secretary-General Kofi Annan.

Raul Castro has settled into his new leadership role, giving several speeches calling for unity against U.S. policies. And Chavez, still campaigning for Venezuela's bid to join the U.N. Security Council, has repeatedly asserted himself as the natural heir to Castro, who remains a hero to leftists around the world.

"To be radical is not to be insane, it's to go to our roots. Let's go to our roots, let's be truly radical," Chavez told diplomats and leaders from two-thirds of the world's countries. He concluded by chanting "Patria o Muerte!" — "Fatherland or Death!" — a favored Castro rallying cry.

The 118-nation group gave Raul Castro a round of applause, and Malaysian Prime Minister Abdullah Ahmad Badawi expressed satisfaction that the movement "will once again be in Cuba's very capable hands."

"Cuba's fight for liberation from imperialism has been a source of inspiration for the world's peoples," Iranian President Mahmoud Ahmadinejad told the assembly.

Zimbabwe's President Robert Mugabe also attended the summit. The Bush administration charges that Mugabe's authoritarian government is a serious violator of human rights.

Annan told the group the world has changed dramatically since Cuba last hosted the movement in Havana 27 years ago, and that developing nations have new responsibilities to promote democracy, protect human rights and develop civil societies.

"The collective mission of this movement is more relevant than ever," Annan said.

With next week's U.N. General Assembly session in New York looming, Chavez and Ahmadinejad called on Nonaligned nations to support Venezuela's Security Council bid and provide more balance at the U.N. Both said the veto power of the United States has made the council a toothless promoter of U.S. policy.

"The U.S. is turning the Security Council into a base for imposing its politics," Ahmadinejad complained, according to the official translation of his speech in Farsi. "Why should people live under the nuclear threat of the U.S.?"

Guatemalan Vice President Eduardo Stein told The Associated Press in an interview Friday that his country has secured 90 of 128 necessary votes, and denied that U.S. support for Guatemala's bid has made his country a "puppet" of Washington. Venezuela, however, is confident it will win the seat.

Guatemala has stressed its conciliatory foreign policy in the U.N. campaign, while Chavez has made it clear if chosen for the security council, Venezuela would support Iran in its high-stakes standoff over its enrichment of uranium.

On Thursday, Chavez pledged his country would stand with Iran if the Middle Eastern country is invaded, just as it has pledged to defend Cuba.

The Nonaligned Movement was formed during the Cold War to establish a neutral third path in a world divided by the United States and the Soviet Union. It now counts 118 members with the addition of Haiti and St. Kitts this week.

Indian PM Urges NAM Make Priorities Of Terror, Mideast (AFP-Y)

DOJ_NMG_0064518

By Michael Langan

AFP, September 16, 2006

Indian Prime Minister Manmohan Singh has urged Non-Aligned Movement leaders to take a conciliatory tone as they work to counter terrorism, and try to keep the Mideast peace process on track.

"If NAM is to be relevant in today's circumstances, it cannot afford to equivocate on the subject of terrorism," Singh told more than 55 leaders of state and government from the NAM's 118 developing-country member states.

"A message must emanate from us that we are united in our desire to fight and eliminate the scourge of terrorism. We cannot allow the forces of intolerance and extremism to distract the world's attention from the vital concerns of our people -- the problems of poverty, ignorance and disease," Singh stressed.

At a summit that has been rife with sharp words on US policy Singh appealed for a new "inclusive globalization."

He and also argued that "as a group we have rejected extremes. We must spread the word of Gandhiji, the apostle of peace.

"Our voice must then be one of moderation, harmony and reason," Singh said. "If such is the voice of more than half of the people of the world, it will prevail."

The Indian premier also pressed for NAM members to work to bolster efforts to achieve peace in the Middle East.

"The emerging fault lines of the new ideological divide are nowhere more apparent today then in West Asia," Singh said.

"We have just been witness to a tragic and pointless war in Lebanon. It has only sharpened the sense of alienation and resentment brutalizing a country that had just begun to reclaim its heritage of inter-ethnic and inter-religious harmony after years of conflict," he said.

"I would recommend that we constitute a suitable high level group for West Asia. This group could undertake a sustained mission to promote understanding in the region and assist in the implementation of the agreed roadmap toward a comprehensive peace," he said.

On the energy front Singh also proposed a NAM working group on energy security which he said his country would be prepared to coordinate.

Singh argued that the United Nations should be at the forefront of progress in international relations.

"The United Nations played a creative and critical role in shaping the international agenda in the past," he said. "It has to do so again.

"Reforming the UN and revitalizing the General Assembly is a pressing imperative. The developing world must find its due representation among the permanent members of the Security Council," Singh said. They five permanent council members are the United States, Britain, France, Russia and China.

Singh also said he would work to launch a new NAM initiative on nuclear disarmament. "We would invite fellow members of NAM to join us in our efforts to achieve universal nuclear disarmament, and a world free of all nuclear weapons."

Nuclear powers India and Pakistan were expected to play a key role during the NAM's meeting of national leaders on Friday and Saturday.

Singh and Pakistani President Pervez Musharraf, who both arrived on Thursday, planned to meet on the sidelines of the summit in a bid to restart negotiations on the decades-old conflict over Kashmir, a Himalayan territory shared by the two countries but claimed in its entirety by both.

Financial Leaders Gather, A Bit Tensely (NYT)

By Steven R. Weisman

The New York Times, September 16, 2006

SINGAPORE, Sept. 15 — The world's finance ministers gathered Friday for their first annual meeting in East Asia since the region was gripped by an economic crisis in the 1990's, with their most urgent order of business being to overhaul the institutions that safeguard the global economy and help the poor.

As tropical rains drenched this busy and prosperous island nation and snarled its downtown traffic, thousands of economists and financial officials gathered in hotels and meeting halls for the annual meeting of the World Bank and the International Monetary Fund in what appeared likely to be one of the most contentious sessions in years.

There was even tension between Western leaders and the government of Singapore, their host, over Singapore's last-minute denial of visas to some of the leaders of the "civil society" groups that were invited to participate in the meetings.

In years past, there have been sometimes violent protests at these sessions, focused on criticism that the rich countries of the world are indifferent to the poor and to the environment. Singapore has banned demonstrations and has kept the city in a tight security grip.

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About 500 nongovernment groups are taking part in some of the sessions here and issuing reports critical of their hosts' policies. Paul D. Wolfowitz, president of the World Bank, was especially embarrassed by the visa problem because he has repeatedly called on developing countries to open their political processes to dissent.

He said Friday that it was "unfortunate that the government of Singapore seemed not to be honoring" the agreement made to hold the meetings here. He also said that Singapore leaders told him they would review the cases of those denied entry.

As it turned out, the government relented at the last minute, allowing 22 of the 27 advocates who had been denied visas to enter the country.

Mostly, Mr. Wolfowitz and others sounded a note of optimism about the world economy by saluting the records of Singapore and other Asian countries in recent decades.

"Being here is symbolically important," Mr. Wolfowitz said Friday. "The success that we see around us in Singapore and more broadly in East Asia is a reminder that there is a path out of poverty, there is a path from poverty to prosperity."

But the success of prospering countries in East Asia, many of them reeling from financial crises only a decade ago, has also created tensions, with many of them demanding more of a voice in the institutions created after World War II to help avoid a repeat of the economic disasters of the 1930's.

Mr. Wolfowitz has also stirred a furor inside the World Bank with proposals to crack down on corruption in bank lending. Many leaders of donor countries in Europe have joined with some developing countries to resist the policy paper that Mr. Wolfowitz wants approved at meetings here.

The critics charge that Mr. Wolfowitz's anticorruption plan could lead to cutbacks in lending to the poorest countries.

But the main issue of contention is a proposal backed by the Bush administration to change the governance of the International Monetary Fund to give more votes to China and three other developing countries, and to give dozens of other countries more votes in a restructuring over the next two years.

Both American and I.M.F. officials say that while they were optimistic that it will be approved by 85 percent of the fund's board by Monday, the votes were not there yet. Treasury Secretary Henry M. Paulson Jr. was due to arrive in Singapore Friday evening for a final round of lobbying with countries resisting the plan.

Several countries are skeptical of the proposal, among them Brazil, India, Argentina, Indonesia and Malaysia, who all fear that they could be left out as the fund is reconfigured. Many poor countries also fear that their influence will be reduced in the rush to reward countries that have prospered in recent years.

Some European countries are also resisting the proposal, concerned that they will be marginalized.

Rodrigo de Rato, the managing director of the International Monetary Fund, said he realized that "most industrialized countries in the world" will have to "restrain" themselves as other, newer economic powers like China are given more of a voice and as poor countries in Africa and elsewhere get additional voting rights themselves.

"There is a consensus that we need a new formula," Mr. de Rato told reporters Friday, but he suggested that it had not been translated into a precise long-term plan.

China, South Korea, Japan and other East Asian nations are sitting on huge dollar-denominated reserves flowing from their surpluses in trade with the United States. The American fear is that they will try to set up their own Asia-only fund to help bail out countries in the future.

The American fear of a fracturing of the International Monetary Fund is an echo of the administration's concern over the failure of the recent round of global trade talks, which collapsed over the summer in recriminations involving the United States, Europe and several developing countries.

All of these countries blamed one another for not lowering tariff barriers enough to jolt the talks toward success, and administration officials say plainly they cannot afford to have another debacle involving another global economic institution.

U.S., Allies Seek Currency Crackdown (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 16, 2006

SINGAPORE -- The U.S. and its major allies are working to give the International Monetary Fund greater power to crack down on countries that meddle with exchange rates to gain an edge in international trade.

At a series of meetings here this weekend, top financial officials from the Group of Seven major industrial nations are expected to press for new IMF rules that would make it easier for the global economic watchdog to brand a country for manipulating its exchange rate -- and, in theory, embarrass it into stopping.

The U.S.-led push comes at a time when the Bush administration faces enormous pressure from Congress, manufacturers and unions to confront China over its currency practices. Beijing, they argue, keeps the yuan artificially weak against the dollar, giving Chinese firms a huge competitive advantage over their American counterparts by making Chinese exports cheaper.

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As a result, markets will likely parse every currency-related comment that the new U.S. Treasury secretary, Henry Paulson, utters both in Singapore and when he makes his first official visit to China next week. Mr. Paulson, a former chief executive of Goldman Sachs Group Inc. with long experience in China, has promised a patient approach to the Asian powerhouse, but has also said it is imperative that Beijing loosen its grip on the yuan.

Amid the controversy over China's currency practices, Timothy Adams, undersecretary of the U.S. Treasury for international affairs, says there is a "strong emerging consensus" among the big countries that it is time to rewrite the international rules of the road regarding exchange rates.

Those rules should establish, Mr. Adams says, "in a modern world, what do beggar-thy-neighbor policies look like? What is and is not acceptable behavior?"

Brazil, Egypt and some other developing nations, however, are resisting the effort by the G-7, whose members include the U.S., Britain, France, Germany, Italy, Canada and Japan. Developing countries see the initiative as an attempt to hand the IMF, which provides rescue loans to troubled countries and often demands austere economic policies in return, yet another stick with which to force its will on those too weak to resist.

MORE

· Issue Briefing:1 IMF and World Bank officials convene in Singapore this weekend. Some big changes are on the agenda.

"It's important for the IMF to exercise its mandate in an evenhanded manner, and not be influenced by one or two countries," says Khor Hoe Ee, assistant managing director for economics at the Monetary Authority of Singapore. "The IMF needs to engage the Asian region to get the rich diversity of views that could contribute to the multilateral surveillance issues."

Singapore, which itself regularly intervenes in the market for Singapore dollars to combat domestic inflation, is playing host to the IMF annual meetings.

For the past two years, the IMF has been pondering how to sharpen its monitoring of the exchange-rate practices of its 184 member nations. Mr. Adams, however, jump-started the process a year ago with a speech accusing the IMF of being "asleep at the wheel" when it comes to exchange rates.

Currently, the IMF follows a set of rules, originally drafted in 1977 following the 1973 collapse of the international gold standard and fixed-exchange-rate system. Those rules generally require the IMF to discern whether a country intends to cheat the system through its exchange rate. Among the warning signs the IMF is supposed to look for are official restrictions on capital flows and unsustainable government borrowing.

"If these are the only things you're looking at, you haven't got a very good handle on a country's foreign-exchange policy or whether it's manipulating" its currency, a senior IMF official says.

Under U.S. trade law, every six months the Treasury must issue a report identifying any country that manipulates its currency, using the IMF definition. Despite complaints about China's practices, the Bush administration has never listed it. The decisions have a large foreign-policy component, but Treasury officials have also blamed their decision on their inability to prove Beijing intends to manipulate the yuan.

Now IMF Managing Director Rodrigo de Rato is championing a plan that would define manipulation by looking at whether a country's actions leave its exchange rate out of whack with economic realities. The IMF would then identify offenders and exert public pressure for changes.

Mr. Adams says the IMF is now on the right track and that he hopes that member governments at Sunday's IMF board meeting will offer at least general support for the idea of rewriting the old rules. The details would then be negotiated in coming months.

Write to Michael M. Phillips at michael.phillips@wsj.com2

Germany Eyes Free-trade Zone To Rival China (FT)

By Bertrand Benoit In Berlin

Financial Times, September 16, 2006

Spurred by concern about China's growing economic might, Germany is considering a plan for a free-trade zone between Europe and the US.

A senior aide to Angela Merkel said the chancellor was "interested" in promoting the idea as long as such a zone did not create "a fortress" but rather "a tool" to encourage free trade globally, "which she is persuaded is a condition of Germany's future prosperity".

Separately, on Friday, the US, Canada and the European Union complained to the World Trade Organisation about China's tariffs on car parts, raising the prospect of Beijing facing its first WTO dispute.

The three said they had lost patience with Beijing's refusal to further open the $19bn-a-year market.

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News that the free trade zone, last pursued by Sir Leon Brittan, when European trade commissioner in 1998, is being debated in the German chancellery testifies to the rapprochement between Washington and Berlin since Ms Merkel's election last November.

This convergence of views was underlined this week when Wen Jiabao, Chinese premier, was politely chided by Ms Merkel for China's poor human rights record and recent restrictions on foreign news agencies, during an official visit to Berlin.

As German perceptions of China have grown more American, Washington's approach has shifted too. Speaking before his first trip to Beijing, Hank Paulson, US Treasury secretary, this week outlined a more balanced policy mixing traditional US criticism with praise for China's reforms.

Ms Merkel's aide said it was "far too early" to tell whether the project of a transatlantic free-trade zone would be part of Germany's priorities when it assumes the six-month presidency of the European Union and chairs the G8 group of leading industrial nations from January.

Two of Ms Merkel's most senior advisers, Jens Weidmann on economic policy and Christoph Heusgen on foreign policy, have warned her the initiative could be construed as protectionism.

Yet the notion has struck a chord with Ms Merkel, who has often called for "a global framework of rules" – minimum social, environmental and ethical standards – to prevent competition from sophisticated yet authoritarian low-wage economies eroding western achievements in these domains.

"The west needs to pull together," Gabor Steingart, Berlin bureau chief for the Spiegel weekly, told the FT yesterday. His book, World-War for Prosperity, a warning about the dangers of globalisation published this week, is credited with influencing the debate in the chancellery.

"What Nato did for the west under the cold war, Tafta (Transatlantic free-trade area) can do in the current battle."

Additional reporting by Andrew Bounds in Brussels

Pressure Mounts For China To End Auto-Part Tariffs (WSJ)

By John W. Miller And Greg Hitt

The Wall Street Journal, September 16, 2006

Teaming up with Europe and Canada, the Bush administration moved to turn up pressure on Beijing to end tariffs that critics say put foreign-made auto parts at a competitive disadvantage in China's domestic market.

The Western economic powers filed a request Friday for a formal investigation of the tariffs by the World Trade Organization, which is based in Geneva. The filing raised stakes significantly in the long-simmering dispute over auto parts, which first boiled over during the spring when the U.S. and European Union filed a preliminary complaint with the WTO on the issue. Canada later joined the case. That initial filing prompted a series of negotiations, but no progress was made toward diffusing tensions.

"China has demonstrated no willingness to remove its unfair charges," said U.S. Trade Representative Susan Schwab. "While we are open to settling this dispute, China's current stance leaves us no choice but to proceed with our WTO case."

At issue are complicated rules under which Beijing charges an average 25% tariff, instead of the usual 10%, on imported parts when a company making cars in China buys less than 40% of its components from local suppliers. The rules are problematic for auto makers with plants in China, such as General Motors Corp. and Volkswagen AG. Those companies all buy Chinese-made parts, but rely on some parts made outside of the country, exposing them to tariffs that ultimately raise the cost of their vehicles sold in China.

A GM spokesman said the company views Friday's filing as "a government-to-government action" and hopes for an "amicable and successful resolution."

The action reflects a tougher U.S. trade stance toward China, and comes a few days before Treasury Secretary Henry Paulson arrives in China, where he is expected to press complaints over China's currency practices. Critics say those practices distort trade flows and create unfair advantages for Chinese companies in the world market.

More broadly, the heightened tensions on auto parts reflects a dynamic that has helped stall the Doha Round of trade negotiations. In those talks, suspended during the summer, the U.S. and EU have pushed developing countries to lower barriers to trade in manufactured goods produced in the developed world. Developing countries, by large, have resisted those calls.

Friday's filing may lead to creation of an investigative panel as soon as next month. A Chinese official in Brussels told Dow Jones Newswires that "we will follow the legal proceedings to the end."

The U.S. exported $539.82 million in auto parts to China last year, a small part of China's estimated market at $19 billion. The EU says its auto-parts exports to China are valued at about €3 billion, or roughly $4 billion. Canada says it exports about $256 million annually in parts to China.

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China Faces WTO Complaint Over Foreign-made Auto Parts (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 16, 2006

WASHINGTON - U.S. Trade Representative Susan Schwab announced a trade action Friday that's designed to force China to open its fast-growing market to American-made auto parts.

In a conference call early Friday, Schwab said the United States, European Union and Canada together were lodging a complaint at the Geneva-based World Trade Organization about China's treatment of foreign-made auto parts.

It's the first high-profile trade complaint against China since the Office of the U.S. Trade Representative conducted a top-to-bottom review of bilateral trade earlier this year. It signals that the United States may begin taking a tougher stance on China, whose rapid economic growth is sending shock waves across the global economy.

With November congressional elections approaching, Schwab's help for the American auto industry carries political overtones in battleground states such as Ohio, Indiana and Michigan. Her announcement came as Ford - the world's third-largest carmaker - sought to cut another 10,000 jobs in the United States, Canada and Mexico by the end of 2008.

It also came days before Treasury Secretary Henry Paulson arrives in Beijing for meetings next week and as the Senate weighs trade sanctions against China for failing to liberalize its currency regime.

Her move sent China a good cop-bad cop message from the Bush administration, since Paulson, a former head of banking giant Goldman Sachs & Co., on Wednesday used his first speech on the international economy to call for patience with China. He said relations were "truly generational" and shouldn't suffer because of current disputes.

Schwab said her action had nothing to do with Paulson's trip, and she focused on defending U.S. jobs.

"In the U.S. alone, 700,000 workers produce over $200 billion in auto parts," Schwab said, noting that about a quarter of those products are exported. It's "not appropriate for our exports to be barred from that market, particularly in view of Chinese commitments to the WTO."

World trade in auto parts exceeded $445 billion last year. U.S. makers exported about $700 million in auto parts to China last year, a fraction of the $55 billion in total American exports of auto parts. U.S. companies complain that the figure is low because China is trying to force them to manufacture in China.

"What they're doing in essence is, if a car produced in China has too many imported parts, then we're going to duty (tax) those parts the same as if it was a whole imported car," said Frank Vargo, the vice president-international affairs for the National Association of Manufacturers.

If a Chinese-made vehicle has more than a certain amount of imported auto parts, China levies a 25 percent duty on the imported parts to favor domestic producers.

"We negotiated a 10 percent rate, and that's what our companies deserve," Vargo said.

The dispute is really about China moving up the value chain, shifting from simple assembly and low-tech production to the kind of high-tech manufacturing done in the United States, Mexico and Canada.

U.S. companies complain that they're being strong-armed into manufacturing in China. For example, auto industry data suggest that about 60 percent of the auto-parts manufacturing in China is done through joint ventures with foreign firms.

"This is the tip of the iceberg. It's unfortunate that we're not bringing 10 of these cases instead of one," said Peter Morici, a business professor at the University of Maryland.

Some want the Bush administration to get tougher on China.

"Taking them to the WTO is being a little more than a doormat, but I don't think this signals a particularly new aggressive policy," said Clyde Prestowitz, a former Reagan administration trade official and the author of "Three Billion New Capitalists," a book that warns of an economic power shift to Asia.

Paulson signaled Wednesday that the administration will treat the rising Asian power as an equal and expects it to begin behaving like a developed - not a developing - nation.

"China deserves recognition for what it has become, but at the same time China must be more than a beneficiary of open markets," Paulson said. "As a global economic leader, China should accept its responsibility as a steward of the international system of open trade and investment."

China's Selection For Nuclear Job Is Expected Soon (WSJ)

By Shai Oster

The Wall Street Journal, September 16, 2006

BEIJING -- China will announce by year end which company has won a contract potentially worth $8 billion to build four nuclear-power plants, said a top U.S. energy official.

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"They are getting very close to deciding which path they will go down," Assistant Secretary of Energy Karen Harbert said Friday in Beijing, a day after meeting with her Chinese counterparts.

"We hope we see an award of that bid in very short order. There's no indication of a date certain," she added. "But we certainly hope to see something by the end of this year at the very latest."

Pittsburg-based Westinghouse Electric Co. and France's state-owned Areva SA are considered the top contenders for the contract to build four 1,000-megawatt reactors, valued at $1 billion to $2 billion each. The reactors will use third-generation technology that differs from what is in place in most of the world's nuclear-power plants that use older, second-generation designs. Russia's AtomStroyExport is also bidding.

China plans to build as many as 32 nuclear reactors by 2020, in addition to the 10 already in use or under construction. The country aims to boost its nuclear-power generation capacity to 4%, or 40 gigawatts, of its overall generation capacity, from 1.5% currently, as part of plans to diversify its energy supply.

Industry observers had expected a decision on the contract as early as December 2005. But Chinese officials have said they needed more assurances about what they describe as untried technologies. Areva and Westinghouse say they have already proved the safety and efficiency of their new reactors.

Japanese electronics firm Toshiba Corp. is in the process of buying Westinghouse. The deal still needs to pass regulatory approval.

Ms. Harbert met Wednesday with Chen Deming and Zhang Guobao, vice chairmen of the National Development and Reform Commission, where they share the energy portfolio. Mr. Zhang is set to retire in coming months.

During the talks, the U.S. invited China to join a consortium of 10 nations working to develop a fourth-generation nuclear-power-plant design. "We believe it's very important for the world for China to be a part of this" Generation IV International Forum, Ms. Harbert said.

The U.S. sees nuclear power as an environmentally viable alternative to burning fossil fuels, which emit carbon dioxide and other gases associated with global warming and rising pollution rates.

Economic growth topping 10% has sent China scrambling for energy. The country is now the world's biggest consumer and producer of coal -- and the biggest emitter of sulfur dioxide, which causes acid rain, among other problems. China's growing wealth has also made it the world's second-biggest user of oil after the U.S.

The growing demand has brought the issue of energy security to the fore among China's policy planners and raised concerns among U.S. leaders fearful of competition for scarce resources.

"We want them to understand that energy is a global market. Energy security is not derived by ownership of oil assets but by building a variety of sources, a diversity of supply, and energy type," Ms. Harbert said.

Write to Shai Oster at shai.oster@dowjones.com1

Outsourcing: It's Been Good To Him (NYT)

By Saritha Rai

The New York Times, September 16, 2006

Azim H. Premji, 61, is chairman of Wipro, India's third-largest outsourcing firm, with $2.39 billion in revenue last year. Mr. Premji, whose 81.4 percent ownership stake makes him India's richest man, is known for his austere style, whether providing visitors recycled drinking water at the company's Bangalore headquarters or flying himself and his top executives in economy class.

He talked recently about outsourcing, competition and education. Following are excerpts:

Q. Has the furor over outsourcing cooled down?

A. The debate in the United States is significantly more balanced. But what is not getting adequate focus is that globalization is a two-way street. If the United States wants access to Chinese, Indian or Vietnamese markets, we must get access to theirs. U.S. protectionism is very subtle but it is very much there.

The important thing about outsourcing or global sourcing is that it becomes a very powerful tool to leverage talent, improve productivity and reduce work cycles. The West is not producing enough engineers. The United States will produce 75,000 engineers this year; they will produce more sports therapists than engineers. Germany, the great engineering power of Europe, will produce 35,000 engineers this year; they will produce more architects than engineers. Western companies want access to Indian talent, that is why they outsource, that is why they come to India to set up base.

Q. Wipro began as a company making cooking oil and is now the third-largest outsourcing firm in India, but you still make cooking oil?

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A. Being in the consumer business helps us groom talent in areas like marketing, finance and logistics. We can benchmark our outsourcing business to our consumer business and its best practices. Plus, our consumer business is independent, profitable, growing at 25 percent annual growth rates and is now of a respectable size.

Q. In 1977, India's socialist government sent I.B.M. packing. Was that the turning point for Wipro's technology business?

A. Their leaving gave us a chance to build the business from the start and we also learned to have a high degree of sensitivity to the customer. I.B.M. was not really bringing their best technologies to India. They were dumping old machines in the country that had been thrown away in the rest of the world 10 years before. Now they have a vastly changed attitude and they are back with a frenzy.

Q. You came into managing the company recently, after several executives had brought your outsourcing business to a level of success. Do you enjoy being so hands-on?

A. We have transitioned; we have collapsed the corporate office into the business office and de-layered our structure. We have four presidents who run the four businesses; each of these businesses is under a billion dollars in revenue. We continue to see it working well.

Q. Now global consulting firms like I.B.M. and Accenture are your competitors and they are investing billions of dollars in India. Is that a threat to your business model?

A. The fact that I.B.M. and Accenture are cannibalizing our model is a rubber-stamp endorsement of the global delivery model. It legitimizes our business from the customer point of view. But in terms of the quality processes, business model changes and fulfilling employee career goals, our domestic competitors and we are two to three years ahead of global consultancy firms.

Q. Is finding talent an increasing challenge for firms like Wipro?

A. Talent is in short supply everywhere. At Wipro, we are training nonengineers to be engineers. We hired 2,500 of them last year and coach them on the job. Thus, we are supplementing engineering talent on a significant scale.

Q. You dropped out of graduate school at Stanford to take charge of Wipro when your father died in 1966, but you have since made education your cause. How has it become so important to you?

A. Because education is the fulcrum for an equitable society. A girl child who is even a little bit educated is more conscious of family planning, health care and, in turn, her children's own education. Thus, we are killing three birds with one stone. I am particularly interested in primary education because the state of affairs in primary education in this country is a cause for concern.

W.H.O. Supports Wider Use Of DDT Vs. Malaria (NYT)

By Celia W. Dugger

The New York Times, September 16, 2006

WASHINGTON, Sept. 15 — The World Health Organization on Friday forcefully endorsed wider use of the insecticide DDT across Africa to exterminate and repel the mosquitoes that cause malaria. The disease kills more than a million people a year, 800,000 of them young children in Africa.

Dr. Arata Kochi, who leads the group's global malaria program, unequivocally declared at a news conference on Friday that DDT was the most effective insecticide against malaria and that it posed no health risk when sprayed in small amounts on the inner walls of people's homes. Expanding its use is essential to reviving the flagging international campaign to control the disease, he said.

Dr. Kochi has powerful allies on DDT and, more broadly, on using insecticide sprays, in Congress and the Bush administration — an odd bedfellows coalition for an agency of the United Nations, which has often been at odds with the White House.

At the news conference, Adm. R. Timothy Ziemer, who leads President Bush's $1.2 billion malaria undertaking, stood at Dr. Kochi's side and described spraying with insecticides as a tool "that must be deployed as robustly and strategically as possible."

The health organization's news release quoted Senator Tom Coburn, Republican of Oklahoma.

"Finally, with the W.H.O.'s unambiguous leadership on the issue, we can put to rest the junk science and myths that have provided aid and comfort to the real enemy — mosquitoes," said the senator, a medical doctor.

Dr. Kochi said the most substantive change in the W.H.O.'s guidelines on the use of insecticides would extend the reach of the strategy. Until now, the agency had recommended indoor spraying of insecticides in areas of seasonal or episodic transmission of malaria, but it now also advocates it where continuous, intense transmission of the disease causes the most deaths.

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Dr. Kochi's new policies and abrasive style have stirred the small world of malaria experts. Dr. Allan Schapira, a senior member of the W.H.O. malaria team who most recently oversaw its approach to insecticide spraying, resigned last week.

Reached Thursday on his cellphone, Dr. Schapira declined to comment on his reasons, except to say that they were professional. He did not return messages left Friday.

His successor, Pierre Guillet, a medical entomologist, said Dr. Schapira quit because he was uncomfortable with the new approach on insecticide spraying.

There are fierce debates among experts over when it is best to use indoor spraying or mosquito nets impregnated with insecticides that last up to five years, though most agree that both spraying and nets are important tools.

Dr. Kochi said in an interview that half the professional staff of the W.H.O.'s malaria program has left "one way or the other" since he took over in October. He described Dr. Schapira as the "main brain" behind the past approach.

"He was professionally insulted by me," Dr. Kochi said.

In answer to a question, Dr. Kochi acknowledged that he had indeed told members of the staff in meetings that they were stupid. "They are very inward looking, and they do not communicate outside the malaria field," he said. "It's ridiculous."

Dr. Kochi earlier headed the W.H.O.'s tuberculosis campaign until he was forced out after his blunt manner alienated important partner organizations.

He has brought the same in-your-face approach to malaria. In January, he demanded that 18 drug companies — all named — stop selling some forms of a new malaria drug he believed could speed up drug resistance. If they did not comply, he threatened to try to disrupt sales of their other medicines.

In April, he accused the Global Fund to Fight AIDS, Tuberculosis and Malaria, through which rich countries finance health campaigns, of ignoring W.H.O. rules that forbid treating malaria with herbal-based therapy alone — a charge that Dr. Bernard Nahlen, a senior adviser at the Global Fund, called "outlandish" on Friday.

There are now 17 African countries using at least some indoor spraying of insecticides to combat malaria. Only 10 of them use DDT — Eritrea, Madagascar, Ethiopia, Swaziland, South Africa, Mauritius, Mozambique, Zimbabwe, Namibia and Zambia — the W.H.O. said. Too many countries in Africa have shied away from DDT, Dr. Kochi said, because of the nasty environmental reputation it earned in an earlier era when it was widely sprayed on crops — dangers that do not apply when spraying small amounts indoors.

DDT has carried a special stigma since the publication in 1962 of Rachel Carson's "Silent Spring," which helped set off the environmental movement in America by documenting how mass spraying of DDT entered the food chain, causing cancer and genetic damage and threatening to wipe out some bird species, including bald eagles.

The nonprofit group, Beyond Pesticides, distributed news releases on Friday opposing the W.H.O.'s new policy, saying a dependence on pesticides like DDT "causes greater long-tem problems than those that are being addressed in the short-term."

Dr. Kochi said some African countries had also been reluctant to use DDT because of fears that European countries would block food exports if crops were tainted by even minuscule amounts of DDT. In an interview, he called on leaders of the European Union to publicly encourage African countries to use DDT against malaria. Uganda, for one, has not used it because of what Dr. Kochi called "a bureaucratic standoff between the ministry of health and the ministry that oversees trade."

A spokesman for the European Union, Alain Bloedt, said Friday that it was too late in the afternoon to get a reply.

Dr. Kochi said he himself did not worry about whether he would lose his job if he took on too many influential players. Success will require many difficult changes, he said. "I don't want to fail."

WHO Backs DDT To Rid Malaria (WT)

By Tom Carter

The Washington Times, September 16, 2006

The U.N. World Health Organization (WHO) reversed 30 years of policy yesterday, giving DDT a "clean bill of health" for controlling malaria, and it asked environmental groups to support limited use of the insecticide to save the lives of African babies.

"DDT presents no health risk when used properly indoors," said Dr. Arata Kochi, director of the WHO's malaria program. "Well-managed indoor spraying programs using DDT pose no harm to wildlife or humans."

Malaria rivals AIDS as the leading killer in sub-Saharan Africa. The mosquito-borne parasite kills an estimated 1 million people each year, mostly women and children under age 5.

"Help save African babies as you are helping save the environment," Dr. Kochi urged environmental groups at the National Press Club yesterday. "African babies ... need your help."

Swiss inventor Paul Hermann Muller won the Nobel Prize for medicine in 1948 for discovering DDT, or dichloro-diphenyl-trichloroethane. The insecticide helped wipe out malaria in the developing world.

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With the publication of Rachel Carson's 1962 anti-pesticide tome, "Silent Spring," DDT became the world's most vilified pesticide. It was banned from use in the United States in 1972 and abandoned in much of the world.

Dr. Kochi said WHO stopped promoting DDT in the early 1980s. As its use declined, mosquito populations soared, and malaria deaths in Africa and Asia skyrocketed.

An estimated 500 million become sick from malaria each year, making the disease one of the biggest obstacles to economic development in poor nations.

Yesterday, the WHO revised its recommendations and saidDDT is safe for humans and "remarkably effective" when a small amount of DDT is sprayed in the indoor walls of houses and huts.

The spraying, which lasts about six months, keeps mosquitos from entering a building and kills them if they do..

The WHO said DDT is a powerful weapon and should be used in combination with bed nets, better malaria medicines and other pesticides.

Environmental and anti-pesticide groups said safer and more effective alternatives to DDT were available such as pyrethrum and recent studies suggest DDT is harmful to humans, especially children.

"It is about time the international community focused on combating malaria, but this approach takes us exactly in the wrong direction," Dr. Paul Saoke, director of Physicians for Social Responsibility in Kenya, said in a statement released by the Pesticide Action Network, which opposes the reinstatement of DDT.

But those who campaigned for years to reinstate the use of DDT in the battle against malaria called yesterday's announcement a tremendous victory.

"We are finally in a position to provide the maximum amount of protection to poor people in poor countries," said Dr. Donald Roberts, professor of tropical medicine at Uniformed Services University of Health Sciences in Bethesda.

He said pyrethrum insecticides are more expensive and are far less effective over time. He called recent studies that imply DDT may impair development in breast feeding babies "bogus."

"It is a choice between a proven benefit, saving millions of lives, and a hypothetical, speculative and minor risk," he said.

Richard Tren, director of Africa Fighting Malaria, agreed.

"DDT is the most studied of man-made chemicals, and there is no evidence that it is unsafe for humans. Remember we are not spraying for fun. Malaria is a deadly disease," he said.

But the WHO specialist responsible for indoor spraying, or "vector control," said more study is required.

"We do not feel the product is toxic, but we want to take all necessary precautions," said Dr. Pierre Guillet.

According to U.S. Agency for International Development figures, the United States has spent about $25 million on indoor spraying in the 2005 and 2006, but very little of that money has gone to purchase DDT, which is currently made only in India and China.

Dr. Kochi said the new WHO recommendation met with some resistance within WHO, and since he took over the program, he has replaced about 50 percent of his professional staff.

"The malaria program was a failure and the WHO decided to go in a strong new direction," said Dr. Kochi. "We had to ask, does our staff have enough expertise and will they contribute in a meaningful way or not."

He said there is also resistance in some European countries to importing food and agricultural products from African nations that might begin using DDT.

Ugandan exporters recently came out against using DDT in their nation where malaria is epidemic, fearing the loss of millions in agricultural exports if Europe bans Ugandan products.

Dr. Kochi said those fears are unwarranted, noting that the European Commission supports the WHO recommendations.

In A Shift, Annan To Fill Out A U.N. Form Disclosing His Finances (NYT)

By Warren Hoge

The New York Times, September 16, 2006

UNITED NATIONS, Sept. 15 — Secretary General Kofi Annan reversed course on Friday and said he would file a new financial disclosure form. Although completing the form is not mandatory in his case, his top aides considered it advisable to avoid misunderstanding.

“He has nothing to hide and does not want to cause embarrassment to the organization or to himself, so he has decided to voluntarily submit a financial disclosure form to the U.N. ethics office,” Mark Malloch Brown, the deputy secretary general, said in an interview on Friday night.

Mr. Malloch Brown said that Mr. Annan had communicated the decision to him on the telephone from Havana, where he was attending the conference of nonaligned nations.

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"His lawyers had clearly advised him that he both does not need to sign the form and indeed that he might be imprudent to do so because he would be tying the hands of his successor," Mr. Malloch Brown said. Mr. Annan leaves office on Dec. 31 after two five-year terms.

Mr. Annan's earlier decision not to supply the form emerged Wednesday in a news conference and exposed him to criticism that he was not living up to the standards of openness that he was demanding of others in the organization.

Filling out the form is required of most United Nations staff members under new procedures put into effect last year as part of the management overhaul that Mr. Annan has championed.

The push for management change was accelerated by findings of mismanagement and corruption revealed in the reports by Paul A. Volcker, the former Federal Reserve chairman, into abuses of the oil for food program.

Mr. Annan is technically not a staff member and therefore not covered by the rules. Asked at the news conference whether he had submitted the form, he said, "I honor all my obligations to the U.N., and I think that is as I've always done."

Two United Nations officials confirmed afterward that he had not filled out the form, despite advice to do so from aides including Mr. Malloch Brown, and the undersecretary general for management, Christopher B. Burnham.

The news proved to be particularly awkward since Stéphane Dujarric, his spokesman, told reporters in early May that although Mr. Annan was not obliged to comply, he would do so "to show an example, to be an example to the rest of the staff who need to fill it out."

At a briefing on Thursday held to present the first-ever consolidated financial and program report — a management advance that Mr. Annan said in a foreword would produce "greater transparency and clearer accountability" — Mr. Burnham commented indirectly on Mr. Annan's action.

"I believe that we all should fill out annual financial reports," he said, "and I encourage everyone to do so in a timely fashion."

Mr. Malloch Brown said that in the aftermath of the Volcker report, Mr. Annan "feels that his private and public finances have had the most public scrutiny of any secretary general."

Mr. Dujarric, reached in Havana, said, "The Volcker commission had an exhaustive look at his finances and clearly wrote in its report last September that the examination of his finances did not raise any concern."

The report, published Sept. 7, 2005, examined Mr. Annan's financial information for the period Jan. 1, 1998, through Dec. 31, 2004, and concluded that it did not "reveal any payments or transactions that appear suspicious or improper."

Japan's Charismatic Leader To Leave A Lasting Mark (MCT)

By Tim Johnson

McClatchy Newspapers, September 16, 2006

TOKYO - During five dynamic years in office, Prime Minister Junichiro Koizumi revived Japan's economy, nurtured a new self-assurance in his countrymen and cemented uncommonly good relations with the United States.

Now that he's about to leave his job, commentators are casting him as one of the most influential leaders in Japan's postwar history.

With a take-no-prisoners political style and a penchant for sunglasses, long hair, direct language and Elvis, "cool Koizumi" has shaken the pillars of politics in Japan.

Will his nation ever be the same?

On Wednesday, the long-ruling Liberal Democratic Party (LDP) will pick Koizumi's successor as party leader, who will then become prime minister on Sept. 26. Koizumi, 64, will head off to retirement. He's changed Japan in ways that could be long lasting, but Shinzo Abe, the likely new prime minister, will face pressures to ease off some of the reforms.

Koizumi's biggest achievement "is that he instilled confidence in the Japanese nation," said Jesper Koll, chief economist at Merrill Lynch in Tokyo. "Japan is back, and people here again think, `We deserve to be the second most important economy in the world.'"

When Koizumi came to office in 2001, Koll said, "Japan was desperate. The banks were bankrupt. ... You had an economy that was on the brink of depression."

Five and a half years hence, the economy purrs, major corporations once again build factories, land prices edge upward, and Japan contemplates its resurgent role as the U.S. deputy sheriff in East Asia, where China's power is rising and North Korea is going nuclear.

Koizumi's departure will be felt in Washington. The Japanese leader bucked his nation's decades-old pacifist tradition and stretched long-unused military muscle by deploying troops to Iraq in 2004. Despite public opposition, the troops stayed until July of this year, offering symbolic support that the White House hugely valued.

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Koizumi shared an unusually strong bond with President Bush, who took him in late June on a personal tour of Graceland, the Memphis home of Elvis Presley, an idol of Koizumi.

"His personal relationship with President Bush ... has been fundamental in bringing the U.S.-Japan alliance to its high-water mark," said Brad Glosserman of the Honolulu-based Pacific Forum of the Center for Strategic and International Studies.

Much of what made Koizumi unique, though, involved his penchant for smashing plates in domestic politics. Unlike his predecessors in the LDP, Koizumi wasn't beholden to a system of opaque negotiations among faction leaders, which has marked postwar Japanese politics.

After decades of colorless politicians, Japanese voters ate it up. Koizumi's command of the sound bite and direct style of speaking endeared him to the masses.

"Koizumi didn't care much about the status quo and personal relationships," said Tsuneo Watanabe, a senior fellow at the Mitsui Global Strategic Studies Institute in Tokyo.

He largely shunned party bosses for his Cabinet and expanded the functions of his job, adopting an unusual presidential style of governance. For chief economic minister, he brought in an outsider, Heizo Takenaka, who helped slash public works projects.

That was particularly evident last year when Koizumi called snap national elections to thwart renegades in his own party blocking privatization of the $3 trillion postal system. Analysts coined the term "political theater" to describe how Koizumi lured outsiders to challenge and drum out of office the 38 LDP legislators who defied him.

It was a remarkable triumph. His allies won a landslide victory in September 2005, which revived the fortunes of the LDP. Analysts said a new political style had emerged.

"Japanese are more comfortable with this kind of maverick or individualistic politician," Watanabe said.

Indeed, Koizumi has the support of an astonishing 64 percent of Japanese, according to a nationwide poll published Friday by the newspaper Mainichi Shimbun.

Not all was rosy. Relations with China and South Korea, two of Japan's most important trading partners, are tenser than ever. To fulfill a campaign promise, Koizumi has gone every year to worship at Yasukuni, the shrine where the nation's 2.5 million war dead are honored, including more than a dozen convicted Class-A war criminals. The visits have enraged Beijing and Seoul.

Ultra-nationalism is on the rise, and it's not just guys in sound trucks blaring patriotic slogans. Some academics report anonymous threats, and a legislator saw his home burned to the ground on Aug. 15 after he criticized Koizumi for visiting Yasukuni. A lesser candidate as party chief, Sadakazu Tanigaki, said the atmosphere is "not dissimilar to the 1930s," when the country was racked by "narrow-minded nationalism."

Moreover, Koizumi's pro-market economics weakened a sense of an egalitarian state, widening the gap between rich and poor. The rural economy remains vulnerable, and many elderly are trapped in poverty from deep cuts in welfare assistance.

Even so, it's in the economic sphere that Koizumi achieved what few expected, given Japan's dire situation when he took office. Back then, Japan was sputtering at an anemic 0.4 percent growth rate per year, and Japan Inc. appeared mired in deflation.

When Koizumi slashed spending, private businesses started tackling structural problems. Slowly, reforms took effect. By 2004, Japan chalked up 2.3 percent growth, and last year it sped up to 2.8 percent growth. Similar growth is expected this year.

Ironically, Japan's newly steady economic course may slow momentum on reform, and some experts say the Koizumi era could be an intermission in politics-as-usual.

Abe, the Koizumi Cabinet chief who's his likely successor, is far less charismatic than Koizumi, and faces challenging Upper House elections next year. Abe will struggle to hang on to power and is likely to bring back the LDP rebels Koizumi ousted from the party and revive pork barrel spending.

In some sectors, fatigue with painful cost cutting has set in.

"The golden age of pro-market reforms is over," predicted Koll, the Merrill Lynch economist.

Abe, who at 51 is a generation younger than Koizumi, faces other challenges. In fundamental ways, Koizumi postponed key issues, including whether Japan will alter its pacifist constitution to turn the self-defense forces into a normal army and modernizing a longstanding U.S.-Japanese security alliance to reflect Japan's stronger role.

"We haven't seen any explanation to the Japanese people and to the world about ... where Japan is going," Glosserman said.

Far-right Parties Making Inroads In East Germany (WT)

By David Crossland

The Washington Times, September 16, 2006

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BERLIN -- A far-right party that shares Iranian President Mahmud Ahmadinejad's doubts about the Holocaust and wants to deport foreigners is expected to make strong gains in elections in an eastern German state tomorrow.

Opinion polls indicate the National Democratic Party (NPD), which calls for the repatriation of foreigners and opposes immigration, will get the minimum 5 percent needed to enter the assembly in Chancellor Angela Merkel's home state of Mecklenburg-Vorpommern, an economically depressed rural region known chiefly for its beautiful Baltic coastline.

"The opinion poll results appear to be unsettling the media cartel and the mainstream parties to such an extent that they can only resort to lies," said Udo Pastors, the NPD's leading candidate.

He was referring to charges that NPD backers intimidate opponents and disrupt campaign events.

The party made international headlines in 2004 when voters elected it to the regional parliament in Saxony, another eastern state, with 9.2 percent of the vote.

The NPD and another far-right party, the German People's Union (DVU), are now represented in two of Germany's five former communist eastern states -- embarrassing a country that has spent decades atoning for the Holocaust. Their nationwide support, however, remains marginal.

There is little awareness or guilt about the Holocaust among the party's supporters because Germany's Nazi past wasn't addressed under the communist regime in the east.

"The NPD is well organized and is tapping into people's feelings that they have lost out as a result of unification," said Manfred Gullner, director of the Forsa polling institute. Unemployment in the state, Germany's most sparsely populated one, is 18.2 percent, the highest among the 16 states and far above the national rate of 10.5 percent.

The failure of the mainstream parties to cope with the mass unemployment and social upheaval after unification made people more receptive to the radical right, said professor Hajo Funke of Berlin's Free University, an analyst of far-right trends. "Many people have the feeling that they're superfluous," he said.

Eastern anger has provided fertile ground for the NPD, especially among young people, he said.

Like all other parties, the NPD receives state funding because it is a legal party. An attempt to ban it failed in 2002 when Germany's Supreme Court rejected the case because some of the NPD members accused of stoking racism turned out to be informants for the intelligence service.

Hardly A Revolution, But Swedes Could Evict Leaders (NYT)

By Sarah Lyall

The New York Times, September 16, 2006

STOCKHOLM, Sept. 14 — Relaxing with a dish of ice cream at the Gallerian shopping center, a profusion of trendy clothes, fancy cellphone accessories and expensive coffee in the center of town, 54-year-old Christina Jonsson was speaking like a political revolutionary — or at least what passes for one in Sweden.

“I’m fed up with Goran Persson and his men,” Ms. Jonsson said crossly of the Swedish prime minister, whose Social Democratic government has held power since 1994. “They’ve done nothing about jobs. They haven’t created any more jobs, and they say they have, and I don’t trust them anymore.”

Ms. Jonsson, a lifelong Social Democrat who runs a day care center, has a chance to help evict Mr. Persson on Sunday, when Sweden holds its most closely contested national election in years. But like someone at the hairdresser who wants a jazzy new style as long as it is not really different from the old one, Ms. Jonsson is not sure whether to take the plunge and vote for the alternative candidate, Fredrik Reinfeldt. “I haven’t decided yet,” she said.

Swedes revel in stability and moderation. The Social Democratic Party, with its policies of high taxes, big government and generous benefits, has run the country, alone or in coalitions with other parties, for 65 of the past 74 years. Economic growth is high, at a projected annual rate this year of 4.1 percent. Unemployment, according to the national statistics bureau, is 5.7 percent, one of the lowest in Europe. (Eurostat, Europe’s statistics agency, calculates the figure differently and puts it at 7.1 percent.)

Meanwhile, the conservative party, which Mr. Reinfeldt leads, wants so much to appear not to be extreme that it calls itself the New Moderate Party. The father of three children, one of whom he looked after at home for nine months while his wife was working, Mr. Reinfeldt, 41, comes across as friendly, self-assured and reasonable.

“He’s hard to dislike, because in policy terms he has been ultracautious,” said Nicholas Aylott, a political scientist at Sodertorn University College here. “His whole strategy, ever since he took over the leadership in 2002, has been what I would call an office-seeking strategy, to pull the party back into taking office.”

But Mr. Reinfeldt has found the government’s Achilles’ heel in the issue of unemployment, arguing with some success that the government’s rosy figures hide a much darker reality. The Economist recently called Sweden “a world champion at massaging its jobless figures,” and Mr. Reinfeldt agrees. If you take into account the number of working-age people who are

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neither working nor studying — including early retirees, people in job-training programs and those on long-term disability leave — the figure is more like 21 percent, he says.

Mr. Reinfeldt's criticisms are echoed by many Swedes, who offer anecdotal evidence of friends without work and job openings flooded with overly qualified applicants.

"A lot of people who go to university find that when they graduate, there aren't any jobs," said 18-year-old Linus Kullanger, who, having delayed higher education himself, is working as a supermarket clerk. "I have so many friends who are just sitting home playing poker on the Internet, trying to get money."

To tackle the problem, Mr. Reinfeldt is proposing to cut unemployment benefits, decrease payroll taxes for low-income workers and provide tax breaks to businesses that hire the chronically unemployed.

Mr. Reinfeldt makes a virtue of presenting his proposals as incremental rather than radical, saying he has learned from bitter experience that most Swedes will not support traditional conservative causes like huge cuts in taxes, benefits and government spending. In the last election, four years ago, his party got just 15 percent of the vote.

This year, it is running in an alliance with the other three center-right parties, which will govern as a coalition if they collectively win the election.

"This is an election campaign of small words," Mr. Reinfeldt said in an interview in his office. "I'm not asking for a revolution. If I were to do that, then we would never win, never."

But Mr. Persson's Social Democrats are portraying him, essentially, as a traditional conservative hiding behind a falsely mild facade.

"They're trying to do what Karl Rove and George W. Bush did in the first election campaign; they're the Swedish equivalent of compassionate conservatives," the country's genial finance minister, Par Nuder, said in an interview in his office, casual in a jacket and blue jeans. "They know they're not electable if they show their real face."

Mr. Nuder accused Mr. Reinfeldt of playing with the numbers, saying he was disregarding, for instance, the 93,000 jobs that have been created since August 2005. Unemployment has actually been falling for the last year, Mr. Nuder said.

"He's trying to manipulate the statistics and make unemployment an issue to show that the glass is half empty rather than half full," he said. "I state — and I state very strongly — that the glass is getting more and more full."

Polls show that the race is neck and neck, with a huge pool of undecideds whose votes are still up for grabs. A series of debates on radio and television, with Mr. Persson appearing forceful and authoritative, Mr. Reinfeldt calmer and milder, have not proved decisive.

One voter, a 58-year-old woman who works for the Stockholm city government and who asked that her name not be used because as a civil servant she is supposed to be politically neutral, pronounced herself flummoxed.

"I'm a little bit red," she said, meaning that her instinct is to vote Social Democrat, whose color is red (the Moderates are blue), "but the Social Democrats have made the gap between social classes greater. They promise and promise and promise, but which promises are they going to keep?"

But whether she is ready for a change is another matter entirely.

"I don't know Reinfeldt, and I don't feel too safe about him," she said. "I'm not sure he knows what he's talking about. I'm an old, experienced woman, and he's not an old, experienced man."

U.N Officials Support Forum On Migration (AP-Y)

By Kim Gamel, Associated Press Writer

AP, September 16, 2006

Top officials from dozens of countries supported a U.N. initiative to create a new global forum on migration on Friday, but the U.S. said the international community should rely on the arrangements already in place to deal with the problem.

The first-ever General Assembly meeting on international migration wrapped up Friday with calls for increased cooperation and dialogue to promote the positive aspects of migration while minimizing the dangers such as human trafficking and smuggling.

With nearly 200 million international migrants recorded last year, many making dangerous crossings to escape poverty or repression, dozens of speakers at a General Assembly meeting supported a U.N. initiative to create a new global forum to address the sensitive issue which has become a high priority for countries on the sending and receiving ends.

"We are convinced that international migration cannot be handled unilaterally," Spain's top immigration official Consuelo Rumi said.

Thousands of people try to reach Europe through Spain each year, an increasing number of them setting off in small boats from Mauritania and Moroccan-controlled Western Sahara. The government says it catches virtually all of them.

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U.N. Secretary-General Kofi Annan has proposed a Global Forum on Migration and Development as an informal, non-binding way for countries to debate the issue and come up with solutions. Belgium has offered to host the first meeting next year.

U.S. Assistant Secretary of State Ellen Sauerbrey said the United States is committed to confronting the challenges of migration but prefers to do so via existing forums and agreements with neighboring countries.

"We are not interested in grand and elaborate global dialogues simply because we have seen the inherent weakness that results from their size and scope," she said. "They lumber under the great weight of rounds and rounds of conversation, far removed from immediate problems and realistic solutions."

She said the U.S. believes that "the international community, including the U.N. system, already has adequate capacity to address migration issues, and that creation of additional structures will hinder, not help, international cooperation on these issues."

Among the proposals raised Friday in speeches and roundtable discussions was the need for international cooperation to maximize the benefit of remittances — the money sent home by migrants — with suggestions including ending double taxation on the funds or reducing fees for transferring them.

Annan said Thursday that remittances amounted to an estimated $167 billion last year.

Sauerbrey said it also was important to encourage countries of origin to undertake economic and social reforms to enable people to use the money more effectively in "building, entrepreneurship and investment."

Delegates also stressed the need to end the brain drain that plagues many developing countries as their most talented doctors and other professionals seek higher wages and better opportunities in wealthier foreign countries.

"While celebrating the importance of remittances, we need to be reminded that countries of origin certainly lose human capital through the emigration of skilled professionals and unskilled laborers," said Richard Msowoya of Malawi.

Europe is host to nearly 34 percent of all migrants, North America 23 percent and Asia 28 percent. Approximately one-third of migrants move between developing nations; the same proportion move from developing nations to developed nations, the U.N. Department of Economic and Social Affairs reported.

Latvian Joins Race For U.N.'s Top Post (AP)

By Edith M. Lederer, Associated Press Writer

AP, September 16, 2006

Latvian President Vaira Vike-Freiberga joined the race to become the next U.N. secretary-general on Friday, becoming the first woman vying for the U.N.'s top post.

The former psychology professor who has led the Baltic nation since 1999 became the sixth candidate to replace Kofi Annan when his second five-year term ends Dec. 31.

Vike Freiberga faces an uphill struggle because most members states generally agree that the next secretary-general should come from Asia, part of a tradition to rotate the job between regions. U.S. Ambassador John Bolton, however, has argued that the job should go to the best qualified candidate regardless of nationality.

In an informal poll of the 15 Security Council members on Thursday — before Vike-Freiberga entered the race — South Korean Foreign Minister Ban Ki-moon came in first followed by India's Shashi Tharoor, the U.N. undersecretary-general for public affairs, and Thailand's Deputy Prime Minister Surakiart Sathirathai.

Jordan's U.N. Ambassador Prince Zeid al Hussein, the only Muslim candidate, came in fourth and former U.N. disarmament chief Jayantha Dhanapala of Sri Lanka was last.

The secret poll is largely meant to indicate whether the candidates should remain in the race, and some diplomats say the person who will become the eighth secretary-general in the United Nations' 60-year history may not yet have come forward.

Vike-Freierga is likely to face difficulty because China — a veto-wielding council member — has repeatedly said it wants an Asian candidate.

Philanthropy At Clinton Fest, Trust But Verify (WSJ)

By Laurie McGinley

The Wall Street Journal, September 16, 2006

On Wednesday, more than 1,000 people will gather in New York at the second annual Clinton Global Initiative, a project led by former President Clinton, to tackle problems involving global health, poverty, religious strife and threats to the environment.

Setting the meeting apart from other gabfests, in part, is its steep price: An admission ticket costs $15,000. More than that, most participants -- who include government leaders, corporate executives, heads of nonprofit organizations and an array of big

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names like Christiane Amanpour, Shimon Peres, Katie Couric and Rupert Murdoch -- must pledge to fund and carry out an initiative to help address one of the problems. And therein lies a dilemma.

A few participants at last year's fest "pledged" to carry out programs that already were under way. In other words, the initiatives weren't specifically generated by the CGI. Moreover, not all participants followed through on their commitments. That's a no-no.

So this year, the Clinton folks have adopted a Reaganesque principle: Trust but verify. "We have an even greater focus on ensuring that the commitments are specifically for CGI and that the commitments are real," says spokesman Jay Carson.

To that end, CGI's 10-person "commitments team" has been working with participants to develop pledges for this year's conference. Some commitments were made months ago. Others will emerge at the meeting itself, as attendees rub elbows and drink cocktails with 60 heads of state and celebrity philanthropists such as Bill and Melinda Gates and Warren Buffett.

Those who don't follow through on their pledges won't be invited back. "Just under 20" participants from last year's conference weren't invited to this year's session, says Mr. Carson.

The event is a cross between a Hollywood premiere and a tent-revival meeting. Sessions at the three-day meeting have ambitious goals -- "Presenting and Resolving Deadly Conflicts," for example, is on Thursday's agenda. Last year's meeting generated 300 pledges valued at $2.5 billion, ranging from initiatives to increase the number of people tested and treated for HIV to efforts to help women in the Middle East develop business skills. This year, Laura Bush, who will conduct the opening session with Mr. Clinton, is expected to announce an administration pledge to help provide clean drinking water to Africa.

The long-term impact of the CGI is yet to be seen. But ensuring that promises made are promises kept increases its chance of success. "It's one thing to say, 'I have planted two million seedlings' and another to see how many trees are growing up and whether it's more than have been cut down," says S. Prakash Sethi, a professor of management at Baruch College in New York, who attended CGI last year but this year will be out of the country.

Gordon Brown Dances, Delicately, With Bush (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 16, 2006

LONDON

Britain's "stable and orderly transition," the Labour Party's favored phrase, has turned into the "Tony and Gordon Show," a TV soap opera mixing farce and venom and featuring two middle-aged men who've used a decade of intimacy at the pinnacle of power to rehearse the finer points of mutual loathing.

It would be very funny if it wasn't so serious - the strenuous assertions through pursed lips that they are really friends, the surreal little dance of their family movements at 10 and 11 Downing Street, the legend of Tony's broken promise to Gordon (as if promises ever meant anything in politics), the tiffs and tantrums.

But of course this unstable and disorderly transition from Tony Blair, the prime minister, to, in all likelihood, Gordon Brown, his once-trusted chancellor of the Exchequer, is serious. It involves British-American relations, Iraq, Afghanistan and the future conduct of what President George W. Bush calls the war on terror.

A spot of history is in order here. Back in the last century, at some joint in Islington, or so the legend has it, Blair promised Brown that in exchange for his loyalty he'd one day get a crack at the top job. Since then, more or less uninterruptedly, the remote Brown - not a man to pick up the phone himself - has been chafing.

Britain, under Blair's New Labour, went along swimmingly. London completed its transition from fog-bound fish-and-chip parlor to cosmopolitan metropolis. Even the likes of Liverpool and Leeds got a face-lift. Football matches stopped being an excuse for a pint and a punch-up and became coveted boardroom perks complete with sauvignon blanc. The helipads multiplied across England's green fields. Prosperity fairly oozed.

So Brown, who as chancellor had a substantial share of responsibility for all this, had to wait. Blair was popular and, as we all know, power addicts. Until the prime minister got himself into an unpopular mess in Iraq and into an even more unpopular relationship with Bush that has earned him the unkind epithet of "poodle."

Which allowed the Scottish terrier Brown to pounce. In a moment of weakness before the last election, Blair, who did after all win that election easily, allowed himself to say this would be his last term in office. That was it. Brown and his restive cronies started baying until, facing a virtual putsch and muttering blackmail under his breath, Blair said this month that he'd be gone within a year. Read by June, 2007.

Moral of story: If you're going to fire your rival for the top job, do it while that rival is weak and you're still strong. Blair might have ousted Brown at any moment until the Iraq shadow fell, but it seems his dislike of conflict and a moralist's nagging conscience - that Islington promise - got in the way of his killer instincts.

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So here we are, with Brown getting ready to take what he considers his due, Cherie Blair in an even worse temper than her husband, and the prime minister sounding positively giddy with the absurdity of his situation.

"One of the good things about being in my position is that I can give people advice, and it is up to them whether they take it or not," Blair told a trade union conference this week.

That would be funny if it were not serious. The word of the leader of a major European power whose soldiers are getting killed in Afghanistan and Iraq should not be a take-it-or-leave-it proposition.

But Blair is a much-reduced figure, his halo, history. The "Yo-Blair" episode at the St. Petersburg summit in July seemed to capture, for his electorate, all the more poodle-like aspects of the Blair-Bush relationship, whose central mystery is that it seems to have given the prime minister so little in return for his loyalty.

Which brings us to Brown's central conundrum. That he can outmaneuver his Labour Party rivals and get Blair's job seems probable. That he can tone down his impatience, suffer fools more easily, and inject a touch of humanity into his zombie-Presbyterian image seems possible.

But what does he do about marking his distance from Bush and Iraq, moves that seem critical to his chances in the next election?

"I can't think of another moment when relations with the United States were the central question in the transfer of power from one prime minister to another within the same party," said Jonathan Eyal, a foreign policy expert at the Royal United Services Institute. "But that's the seminal issue today."

Here's the puzzle for Brown. If he doesn't turn Britain into a more critical ally, and doesn't demonstrate that he's not in the pocket of the most unpopular politician here (Bush), he's in deep trouble.

But if he gets too critical of the United States, he will be branded a left-winger, which would suit the resurgent Conservatives. He would also appear to move closer to the European Union, a direction he dislikes.

So the answer would appear to be constructive criticism of Bush, establishing some distance while avoiding anything as draconian as the removal of troops from Iraq.

The problem is that David Cameron, the Conservative leader, has already staked out that position, in a speech on the fifth anniversary of the 9/11 attack.

In it, Cameron said: "We should be solid but not slavish in our friendship with America." He criticized the amalgamating of diverse threats into "a single global jihad." He called for "a new multilateralism." He criticized "disproportionate Israeli bombing in Lebanon" and the "stoop to illiberalism" at Guantánamo Bay.

Those are words designed to make the ice-cool Brown sweat. For where then does he take British foreign policy, a subject on which taciturnity has been his favored, but now inadequate, mode?

The cover this week of Private Eye, the satirical magazine, featured Britain's unhappy pair. "You've got to name your successor," says Gordon. "O.K. It's David Cameron," says Tony.

That would be funny if it were not serious.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush, GOP Senators Remain At Odds Over Terrorist Interrogation Rules. President Bush in his radio address reiterated his call for Congress to pass a bill clarifying rules for interrogating terrorists. Bush and Senate Majority Leader Frist signaled their expectations that common ground could be reached, but GOP opposition to Bush's proposal was described as increasing in the Washington Post and New York Times. The Post, Times and Los Angeles Times all published editorials staunchly opposed to Bush's counter-terrorism policies Sunday morning and echoing the same them that Bush had overstepped his authority and suggesting he was using national security as an election issue.

The AP (9/17, Riechmann) reports, "President Bush is standing firm in his battle to get Congress to approve the White House plan for detaining, interrogating and prosecuting suspected terrorists. The Senate, though, isn't backing away from its plan either." In his radio address he "said his proposal provides clear rules for U.S. personnel involved in detaining and questioning alleged terrorists held by the CIA" and described how interrogation had been used to successfully prevent terrorist attacks.

Bloomberg (9/17, Dodge) reports Bush "urged Congress to pass two measures he called essential to winning the war on terrorism." Bush said, "There is debate about the specific proposals in this bill, and my administration will work with Congress to find common ground."

The AP (9/17, Davenport) reports, "Senate Majority Leader Bill Frist…said Saturday he has to do more to get Sen. Lindsey Graham, R-S.C., in line with other Republicans and the White House on how terrorist suspects should be prosecuted." The AP notes, "Getting his GOP members in line 'is a fundamental challenge from a leadership standpoint,' said Frist, a potential candidate for president in 2008. He said he expects a compromise to emerge in the next two weeks, even though McCain and Graham haven't budged."

GOP Opposition To Bush Over Interrogations Seen As Growing. While the wire services noted Bush's radio message, other prominent newspapers ignored it and focused on the political debate, describing GOP opposition to Bush's interrogation policies as stronger than expected. The New York Times (9/17, A1, Hulse, Zernike, Stolberg, 1.21M) in a front page story reports that "Bush seems equally determined to win provisions he says are needed to interrogate and prosecute terrorism suspects.. … Warner, like his two colleagues, has a network of high-ranking current and retired military officers who provide regular guidance and support. While he has been consulting them privately, some are expected to weigh in publicly in the days ahead. One aide said on Saturday that the number of Senate Republicans behind the three senators was widening beyond the 8 or 10 they had anticipated, with lawmakers -- heavily influenced by Mr. Powell's stance -- preparing to soon go public with their views." And "two senior Bush administration officials acknowledged that the White House had underestimated the depth of opposition Mr. Bush's proposal would provoke. They also said they had focused mostly on gaining Mr. Graham's support and mistakenly believed they had it, based on statements he made about the Geneva Conventions in Senate hearings. A Republican senator separately described the clash between the White House and Mr. Warner's group as 'a train wreck.'"

And the Washington Post (9/17, A5, Weisman, 748K) in an article titled "Tribunal Dispute Could Ruin GOP Strategy" says the debate between the White House and GOP opponents "could ruin" the GOP "legislative strategy" to use national security as a campaign issue. House Majority Leader John Boehner said "It's the legislative process. It's never predictable" and he "and other Republicans remain confident that they are on the right track. Republicans point to recent polls showing a slight uptick in the president's popularity and say that the focus on national security issues is working." Yet "misgivings over the agenda set out by the president and GOP leaders are growing. Rep. Steve Buyer (R-Ind.) said he told Bush on Thursday that he should heed the military's top uniformed lawyers, who have opposed some provisions of the president's tribunal plan. Rep. Charles Bass (R-N.H.), one of several moderate Northeasterners in tough reelection campaigns, said he has no problem with Bush's bills. He is likely to vote against them." Meanwhile "the showdown between Bush and McCain is grabbing the spotlight from Republican initiatives that were supposed to undergird their case that they are the stronger party on national and homeland security."

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Top House Armed Services Democrat Will Seek To Amend Bill To Reflect Senators' Concerns. The AP (9/17, Riechmann) notes, "Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee, supports a House bill that takes the administration's position to move the process along, but he said he will attempt to amend the measure next week to look more like the McCain-Warner-Graham measure. He said the Senate bill would be less likely to be challenged by the Supreme Court as unlawful and violating the nation's treaty obligations. 'I don't want to give any terrorist a free pass or get-out-of-jail-free card,' Skelton said."

Romney Supports Bush Terrorist Interrogation Plan. Meeting with GOP officials in Columbia, SC the AP (9/17, Davenport) quotes Massachusetts Gov. Mitt Romney saying "I'm foursquare behind the president on this. … We need to provide to the interrogators the definitive rules that they need."

CIA Action On Hold During Political Debate Over Interrogations. The AP (9/17, Shrader) reports that while the "CIA believed it was operating lawfully in detaining and interrogating 96 suspected terrorists" the Supreme Court ruling has "demolished that legal foundation" and for "Bush, the CIA and their allies, the law urgently needs to be changed to protect the interrogation program, which they consider one of the most important ways to deter attacks against the United States." The AP continues, "Bush administration officials say the Justice Department has deemed the CIA's practices lawful. In addition, the senior U.S. official said the House and Senate Intelligence committees have now been told everything about the CIA's overseas prisons and interrogation program, except the countries where the prisons were." Yet "a congressional aide disputed that. The aide said briefings for the Senate committee took place only recently and that the administration has denied the committee access to materials it needs to fulfill its oversight role of the CIA. For example, the committee's top Democrat, West Virginia Sen. Jay Rockefeller, has not been able to see the Justice Department's legal opinions."

Future Of Detainees At Guantanamo Remains Uncertain. Investigative reporter Tim Golden in a 10,464 word article in the New York Times Magazine (9/17) chronicles the service of Col. Mike Bumgarner as "warden of Guantanamo Bay," starting in April 2005. When "Bumgarner took command at Guantánamo, information had emerged to suggest that many of the detainees were not, in fact, the hardened terrorists whom Pentagon officials had claimed to be holding there. Bumgarner did not doubt that his new prisoners were dangerous, but neither was he wary of getting to know them better." He "moved quickly to try to reduce tensions in the camp" but the "detainees did not respond as the military authorities hoped." After a disruption caused by a Saudi named Shaker Aamer, Baumgarner sought to defuse the situation in a meeting. Their "conversation centered on Aamer's thoughts on the detention operation and what could be done to improve it. The Saudi's ideas, it seemed, were perhaps not so far from Hood's. 'His implication was that if you applied the Geneva Conventions fully, everything would be just fine in the camps,' Bumgarner recalled." After "Bush announced broad changes in policies for the detention and prosecution of terror suspects on Sept. 6, he said the government 'will move toward the day when we can eventually close the detention facility at Guantánamo Bay.' But by sending 14 important C.I.A. captives there and pushing to try prisoners before reconstituted military tribunals, he appeared to be extending the life of the detention center for the foreseeable future."

Former US POWs Offer Mixed Reaction To Bush Interrogation Proposal. Howard Goodman in his column in the South Florida Sun-Sentinel (9/17, 265K) titled "Don't Jettison Geneva Conventions, Ex-POWs Say" writes that at the "National POW/MIA Recognition Day…about 35 people gathered in the chapel of the VA Medical Center in West Palm Beach." 17 were former POWs. Goodman notes, "We live in a complicated time, when the Bush White House is pressing for permission to loosen time-honored rules regarding our treatment of war captives. There's some logic to this. As Bill Acuri, a Vietnam POW, noted, the Geneva Conventions make sense in terms of opposing armies. 'And the terrorists don't have an army.'" But other Veterans disagreed an Goodman trusts "ex-POWs on this more than a president and vice president who never were imprisoned and never went to war."

The Atlanta Journal-Constitution (9/17, 399K) reports, "The fact that the U.S. government has virtually abandoned the designation POW has raised the ire of some former POWs and activists who are keeping alive the issue of missing Americans from all wars." And "Retired Army Col. Ben Purcell of Clarkesville, who spent more than five years in North Vietnamese prison camps, said he never considered himself anything other than a POW, despite the best efforts of his interrogators to convince him otherwise." Purcell said, "I became a prisoner at war. I argued with my interrogators, I

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went on hunger strikes and I tried to escape." Yet "he found strength in knowing he was a POW and should have been treated according to the articles of the Geneva Conventions."

Bush Accused Of Not Seeking Consensus On National Security. Ron Brownstein in his column titled "Bush Fails To Recapture The Nation's Post-9/11 Unity" in the Los Angeles Times (9/17, 918K) argues that "the degree of division over national security five years after Sept. 11 is extraordinary." Unlike the Vietnam War, "the fight against Islamic extremism is much more like World War II, when almost all Americans condemned the goals, methods and beliefs of our fascist enemies." Brownstein states, "Bush's decision to invade Iraq amid ambivalence at home and widespread resistance abroad was obviously a critical fork in the road." But "Bush simply hasn't placed a high priority on establishing consensus for his national security strategy." Bush "has provided Democrats and even skeptical Republicans little voice in shaping his national security strategy. Bush has also shown himself to be willing, even eager, to frame national security debates in ways that maximize their political impact." The loss after the 9/11 attacks "is now matched by the tear in the sense of common purpose that inspired so much of the country five years ago."

Yoo Defends Bush Effort To Expand Executive Authority. University of California at Berkeley law school professor John Yoo, a deputy assistant attorney general from 2001 to 2003, in an op-ed in the New York Times (9/17, 1.21M) defends Bush's policies arguing that "the founders intended that wrongheaded or obsolete legislation and judicial decisions would be checked by presidential action, just as executive overreaching is to be checked by the courts and Congress." Yoo concludes, "Congress has for years been avoiding its duty to revamp or repeal outmoded parts of bygone laws in the light of contemporary threats. We have needed energy in the executive branch to fill in that gap. Congress now must act to guide our counterterror policy, but it should not try to micromanage the executive branch, particularly in war, where flexibility of action is paramount."

Three Top US Newspapers Oppose Bush Counter-Terrorsim Policies. The New York Times (9/17, 1.21M) in an editorial argues Bush has the authority to monitor and interrogate terrorists under current laws and writes it is "struck by how often" Bush "acts as though there were not two sides to a debate. We have lost count of the number of times he has said Americans have to choose between protecting the nation precisely the way he wants, and not protecting it at all." Bush "is following a script for the elections: terrify Americans into voting Republican. But behind that seems to be a deeply seated conviction that under his leadership, America is right and does not need the discipline of rules. He does not seem to understand that the rules are what makes this nation as good as it can be."

The Washington Post (9/17, B6, 748K) editorializes, "Rather than admit that he wants to legalize disappearances and torture, Mr. Bush ominously warns that 'the program' won't continue unless Congress passes his bill. He says 'time's running out,' even though it's not. There are no detainees in the CIA prisons at the moment, according to the president, and the only clock running out is that measuring the midterm election campaign. There is no need for Congress to act in the next two weeks. But if it does, the clear answer to Mr. Bush's question, endorsed by Sen. John W. Warner (R-Va.), Sen. John McCain (R-Ariz.), former secretary of state Colin L. Powell and a host of other responsible Republican and military leaders, is 'no.' For both moral and practical reasons, the country should reject this fundamental violation of its principles."

The Los Angeles Times (9/17, 918K) in an editorial writes, "Bush made full use of the 9/11 anniversary last week. In his speeches and remarks, he reminded the nation of the stakes involved in what he calls the war on terror, and he conveyed a renewed sense of urgency to prevent attacks and bring those responsible for 9/11 to justice. Yet if his goal was also to pressure Congress into acting as a rubber stamp for the administration's questionable legal tactics in conducting this war, it was a disappointing week for the president -- and a heartening one for anyone outside the White House."

Former Detainee Urges Congress To Defend Detainees' Rights. Former Guantanamo detainee Abu Bakker Qassim now in Albania in an op-ed in the New York Times (9/17, 1.21M) writes, "I was locked up and mistreated for being in the wrong place at the wrong time during America's war in Afghanistan. Like hundreds of Guantánamo detainees, I was never a terrorist or a soldier. … Pakistani bounty hunters sold me and 17 other Uighurs to the United States military like animals for $5,000 a head. The Americans made a terrible mistake." Qassim concludes, "I feel great sadness for the families who lost their loved ones on that horrible day five years ago. And I would be sadder still to see the freedom-loving American people walk away from their respect for the rule of law. I want America to be a strong

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and respected nation in the world. Only then can it continue to be the source of hope for the hopeless — like my people.

Yemen Arrests Militants. The AP (9/17, Abu-nasr) reports, "Four suspected al-Qaida members who were plotting attacks for Yemen's capital were arrested Saturday, a day after security forces foiled near-simultaneous attempts to blow up two oil installations." The Yemeni interior minister "said the suspects had links to the four suicide bombers who tried to strike the oil installations Friday but were killed during the attacks." He linked the attacks to a videotape by Al Qaeda No. 2 leader Ayman al-Zawahiri that threatened "attacks in the Persian Gulf region and on facilities he accused of stealing Muslim oil."

Tribesmen Pressure Yemen Through Well-Treated Hostages. The AP (9/17, Abu-nasr) reports, "Captives in Yemen get hospitality. While militants in places like Iraq hold and sometimes murder prisoners, Yemeni tribes take hostages to pressure the government for relatively simple demands, such as freeing clan members from jail or improving roads, hospitals and schools." Former hostages "tell of sightseeing trips, parting gifts of pendants, incense or traditional curved daggers, wine served with dinner despite a ban on liquor and afternoons spent shooting — a popular sport among tribesmen."

Definition Of "Moderate" Muslim Debated. The Los Angeles Times (9/17, Watanabe, 918K) reports, "Who is a moderate Muslim? … The question has come under intense debate since 9/11 as the public struggles to distinguish peaceful Muslims from Al Qaeda terrorists, and is at the heart of two Southern California skirmishes over who represents moderate Islam." According to the report, "In a dinner scheduled for tonight, the American Jewish Congress plans to honor" Tashbih Sayyed, a journalist based in Alta Loma, Calif., who praises Israel's behavior toward Palestinians as tolerant and criticizes Muslims for corrupting Islam. Also, four other will be honored "for what it sees as their friendly attitudes toward Israel and courageous efforts to reform Islam. Gary Ratner, executive director of the Congress' Western region office in Los Angeles, said the tribute is part of the organization's global efforts to reach out to moderate Muslims in Pakistan, Indonesia, Albania and elsewhere, including sponsoring a dinner in New York last year for Pakistan President Pervez Musharraf." According to the report, "The organization's choice of honorees, however, has offended some Muslims, in part because three of them no longer practice the faith. In contrast, a different award has offended some Jewish sensibilities: the decision by the Los Angeles County Human Relations Commission to honor" Maher Hathout, a Los Angeles Muslim leader who has promoted interfaith relations and women's equality but denounced Israel as a brutal apartheid regime, "as a model of harmonious interfaith relations."

HOMELAND RESPONSE:

Extensive Intelligence Outsourcing Raises Concerns. The Los Angeles Times (9/17, Miller, 918K) reports, "Largely because of the demands of the war on terrorism and the drawn-out conflict in Iraq, U.S. spy agencies have turned to unprecedented numbers of outside contractors to perform jobs once the domain of government-employed analysts and secret agents." Concern has arisen out of the fear "that using contractors to do spying work carries security risks and higher costs."

Abraxas Corporation Epitomizes Today's Intelligence Contractors. The Los Angeles Times (9/17, Miller, 918K) reports on Abraxas, a company "that has assembled a deep roster of CIA veterans to handle a wide range of clandestine assignments -- including secret work for an elite team of overseas case officers." Some critics question its role in the CIA's nonofficial cover (NOC) program, saying "that whatever talent Abraxas had assembled, outsourcing any work in such a sensitive program posed an inherent security risk."

Scholar Faults Lack Of Intell Reform Since 9/11. In an op-ed in the Los Angeles Times (9/17, 918K), professor Amy Zegart writes, "Five years after the most devastating terrorist attack in U.S. history, all our worst intelligence deficiencies remain. Intelligence is spread across 16 agencies that operate as warring tribes more than a team." Despite the creation of a director of national intelligence, "the Pentagon has quietly expanded its intelligence activities at home and abroad." Those Pentagon units operate "without warrants, presidential authorizations or meaningful supervision by the director of national intelligence and Congress." The CIA and FBI have not mended their ways. Zegart warns, "We should not confuse luck with effectiveness."

Anthrax Investigation Has Yielded Few Results. The Houston Chronicle (9/17, Rosenberg, 535K)

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reports, "Five years after anthrax killed five people and introduced America to high-tech bioterrorism, one of the biggest crime mysteries of our times remains unsolved. FBI agents and U.S. postal inspectors have pursued hundreds of leads and interviewed scores of scientists who work with the deadly anthrax bacteria, but the investigation now appears to be languishing." According to the report, "The murders-by-germ in the weeks immediately after the Sept. 11, 2001, terrorist attacks added to the nation's anxieties and triggered a massive hunt for the perpetrator who used the mail to spread the bacteria. Hundreds of FBI personnel worked the case at the outset, struggling to discern whether the Sept. 11 al-Qaida attacks and the anthrax murders were connected before eventually concluding that they were not." According to the report, "A senior law enforcement official familiar with the investigation insisted that 'the investigation is still ongoing and intensely active.' The official, who requested anonymity because he was not authorized to speak publicly, said there 'are a number of pending and very important leads that are being pursued.'"

Federal Transportation ID Card Initiative Stalls. The Washington Post (9/17, A3, Hsu, 748K) reports, "A Bush administration initiative to secure the nation's ports is bogged down in industry opposition, technology flaws and evidence that it fails to safeguard workers' privacy, according to industry and government analysts. The rocky launch of the Transportation Worker Identification Credential threatens to delay what Homeland Security Secretary Michael Chertoff declared his highest priority after the Dubai port controversy in February: starting by year's end to screen the backgrounds of 750,000 U.S. workers at critical sea, air and land transportation facilities, and issuing them microchip-equipped ID cards." According to the report, "More broadly, the long-overdue ID program foreshadows concerns that hundreds of millions of Americans soon may encounter as the government starts issuing similarly equipped driver's licenses, passports, federal-worker badges and immigrant-guest-worker cards in coming years."

Proposed 'Freedom Tower' At Ground Zero Closer To Reality, Though Questions Remain. The New York Times (9/17, Bagli, 1.21M) reports, "The federal and New York State governments have tentatively agreed to become anchor tenants in the Freedom Tower, the tallest, most symbolic and most scrutinized skyscraper project at ground zero, under a plan expected to be announced today by Mayor Michael R. Bloomberg and the governors of New York and New Jersey. The agreements, which would cover about 1 million of the 2.6 million square feet in the building, are a significant step forward in the development of the tower, which is seen by Gov. George E. Pataki and others as a symbol of the city's resilience, but regarded by some critics as folly." According to the report, "The building has been bedeviled by squabbling and delays, as well as questions about design and security and whether there would be enough demand for office space downtown to keep it financially sound. The Freedom Tower, which would rise to the emblematic height of 1,776 feet, including the antenna, is one of four office towers planned for the 16-acre site." According to the report, "The leading candidate to succeed Mr. Pataki, Eliot Spitzer, the Democratic attorney general, has questioned the economic viability of the tower, calling it a 'white elephant.' … Final approval of the project by the Port Authority may be months away, which could put it in the hands of the next New York governor, who takes office in January."

Federal Aid Bypasses Renters In New Orleans. The New York Times (9/17, Saulny, Rivlin, 1.21M) reports, "As billions in housing aid begins to flow here [New Orleans] in the next few weeks, most of it will go to homeowners, who have been appointed by city officials as the true architects of this city's recovery, despite the fact that roughly half the city's residents rented housing before Hurricane Katrina. The renters of New Orleans, it seems, are on their own. Rents are skyrocketing across the city, up an average of 39 percent since Hurricane Katrina. The city has announced that it plans to refurbish only a small fraction of its traditional public housing units. … Though some aid has been set aside for landlords, many lower-income residents who say they are unable to return have been priced out."

National Guard Remain In New Orleans Due To Rising Crime Rates. The AP (9/17) reports National Guard troops and state police will patrol New Orleans "through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina. … Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol,

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Tobacco, Firearms and Explosives. But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently."

WAR NEWS:

Jim Baker Said To Lead "Last Hope" Of Salvaging Iraq. The Washington Post (9/17, A23, Abramowitz, 748K) reports, "Is Jim Baker bailing out the Bushes once again?" Former secretary of state James A. Baker III "visited Baghdad two weeks ago to take a look at the vexing political and military situation," as co-chairman of the bipartisan Iraq Study Group, which is "widely viewed" by "foreign policy elites" as "perhaps the last hope for a midcourse correction in a venture they generally agree has been a disaster" – and only due to "the involvement of Baker." While "Baker has offered some hints of his thinking -- and his dismay with the way the Iraq occupation has been handled by the administration," he "is not revealing much of his hand."

Professor Argues Against "Fallacy" Of Citing Sunk Costs To Stay In Iraq. In an op-ed for the Los Angeles Times (9/17, 918K), psychology professor Barry Schwartz argues, "Psychologists, decision scientists and economists ... tell us that it's a mistake to continue with a project or an activity because of what you have already invested in it." Therefore, whatever the US ultimately decides to do in Iraq (stay or leave), it "is unacceptable to justify continued involvement in Iraq or any other conflict on the grounds that we 'owe' it to those who have already fallen."

Andrew Krepinevich Urges Bush To Use "Basic Military Smarts." In the New York Daily News (9/17, 729K), military pundit Andrew Krepinevich writes, "The sad but simple truth: In many ways this war is still being fought with a 'business as usual' approach, and that's hurting our chances of victory." There is no single individual "in overall control of the war effort," nor is there a "war cabinet" that meets daily. Krepinevich warns, "Fixing the problems of unity of command, of playing merry-go-round with generals, of taking a pickup team approach to the adviser effort and of refusing to demand some sacrifices here at home may not guarantee success, but the administration's failures on all fronts are a down payment on failure."

Training Iraqi Forces Is A Logistical Challenge. The AP (9/16, Santana) reports, "While the U.S. training program has made great progress teaching Iraqi soldiers how to fight, the force still relies on American help for distributing supplies — a dependency that is another obstacle to sending U.S. troops home." Iraqi forces, ironically, lack fuel for their tanks, as well as ammunition and spare parts. In addition, their logistical units "are still understaffed," because of an earlier emphasis on training combat units to fight Sunni insurgents.

More Troops Would Help "Somewhat" In Anbar. In a Week in Review piece for the New York Times (9/17, 1.21M), reporter Thom Shanker writes that, if the US indeed sent more forces to violent Anbar province, "The answer is, they would help, in the short term. But many military analysts also warn that sending in another division — anywhere from 12,00 to 15,000 troops — could create more problems." Drawbacks include a possible perception that "among many Iraqis that the United States is a clumsy and violent occupying power."

Columnist Challenges GOP To Increase Troop Levels. Frank Rich in his column in the New York Times (9/17, 1.21M) suggests "a thought experiment. Let's pretend everything Mr. Bush said is actually true and then hold him to his word. If the safety of America really depends on the outcome of the battle in the streets of Baghdad, then our safety is in grave peril because we are losing that battle. The security crackdown announced with great fanfare by Mr. Bush and Mr. Maliki in June is failing." So "if what the president says is true about the stakes in Baghdad, it's tantamount to treason if Bill Frist, Rick Santorum and John Boehner fail to rally their party's Congressional majority to stave off defeat there. We can't emulate our fathers and grandfathers and whip today's Nazis and Communists with 145,000 troops. Roosevelt and Truman would have regarded those troop levels as defeatism."

CPA Selection Process Allegedly Valued GOP Loyalty Over Relevant Skills. Both the Washington Post and New York Times ran front page stories on alleged US mistakes in Iraq. A 4,461-word excerpt from the new book *Life In the Emerald City* appears on the front page of the Washington Post (9/17, 748K). In it, Washington Post reporter Rajiv Chandrasekaran argues that Jim O'Beirne ("a political appointee who screens prospective political appointees for Defense Department posts") oversaw a

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selection process for the CPA that favored Republican loyalties rather than skills relevant for administering Iraq. Chandrasekaran writes, "Many of those chosen by O'Beirne's office to work for the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, lacked vital skills and experience. A 24-year-old who had never worked in finance -- but had applied for a White House job -- was sent to reopen Baghdad's stock exchange. ... The decision to send the loyal and the willing instead of the best and the brightest is now regarded by many people involved in the 3 1/2 -year effort to stabilize and rebuild Iraq as one of the Bush administration's gravest errors. ... By the time Bremer departed in June 2004, Iraq was in a precarious state."

An accompanying chart shows photos of some politically connected, high-level CPA appointees. A positive book review in the Washington Post Book World (9/17) says that the book "documents the way that an avalanche of unjustifiable mistakes transformed a difficult mission into an impossible one."

Jonathan Chait Blasts Handling Of Iraq War. In the Los Angeles Times (9/17, 918K), op-ed columnist Jonathan Chait writes, "The more we learn about the war's conduct, the more we learn that the administration didn't just make the normal sorts of mistakes that inevitably occur in wartime; it was almost criminally negligent. The Bush administration literally refused to do any planning for the occupation. They invaded before all the available troops were in place, staffed the Coalition Provisional Authority with underqualified hacks vetted solely on the basis of ideological loyalty and rashly disbanded the Iraqi army, which could have provided some early order."

Iraqis Struggle To Root Out Rogue Police State. The New York Times (9/17, Wong, von Zielbauer, 1.21M) reports in a 2,330-word front page story, "Shiite militiamen and criminals entrenched throughout Iraq's police and internal security forces are blocking recent efforts by some Iraqi leaders and the American military to root them out, a step critical to winning the trust of skeptical Sunni Arabs and quelling the sectarian conflict, Iraqi and Western officials say." One Western diplomat said that "more than 1,200 policemen and other employees had been convicted years ago of murder, rape and other violent crimes"; in addition, the Shiite interior minister "has limited power to remove politically connected subordinates and enact changes" because he is independent of "powerful Shiite political leaders."

Iraqi Deputy PM Says Iraq Has Plan. In an op-ed for the Washington Post (9/17, 748K), Iraqi Deputy PM Barham Salih writes, "We must change the dynamic of violence. The Iraqi government has undertaken a searching analysis and is responding with a strategy on two fronts: national and international." Domestic planks "are national reconciliation, democratic federalism, political inclusion and a fair and rational oil policy," while the international strategy "involves a road map for economic development." Apparently mindful of growing US impatience with enactment of reform, he states, "We Iraqis must recognize that it is up to us to resolve our problems. Outsiders cannot deliver for us."

Iraqi Legislators Have Steep Learning Curve. In a Week In Review piece for the New York Times (9/17, 1.21M), reporters Richard Oppel and Abdul Razzaq al-Saiedi write that a "rookie mistake" by Abdul Aziz Al-Hakim, head of a powerful Shiite coalition, "shows how steep the learning curve may be for Iraq's legislators -- even the most wily -- as they observe democratic procedures." His proposal to have the Shiite-dominated southern provinces "form one huge autonomous state, beneath which would lie billions of barrels of oil," foundered for both surprising and unsurprising reasons. Sunnis predictably rejected it for fear of being left "with little oil," but "other Shiite parties, some analysts say, are hesitant to back so grand a vision because such a huge autonomous region could one day fall under the sway of one party," namely, Hakim's.

Sunnis Criticize Baghdad Security Plan As Deaths Mount. The New York Times (9/17, Oppel, 1.21M) reports, "Dozens more bodies have been discovered in Baghdad in the past two days, bringing the four-day total to at least 165 and prompting some Sunni Arab leaders to raise new questions about the recent security operation intended take back Baghdad." Iraqi police reported finding 35 bodies on Friday and at least 21 on Saturday.

The Los Angeles Times (9/17, Roug, 918K) reports, "Police said Saturday that they had recovered 48 bodies throughout Baghdad, bringing the toll from clandestine killings since Monday to about 190 people." Concerning the plan to build a trench around the capital, the Times says, "The deadliest threat is not explosives or large-scale attacks by Sunni-led insurgents but rather secret executions."

Explosions Kill 17 In Baghdad; Maliki Pleads For Unity. The Wall Street Journal/AP (9/17) reports, "After a one-day lull, bloodshed surged again in the capital Saturday, with

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at least 17 people dead in attacks and 27 probable victims of sectarian killings found dumped in the streets as Iraq's prime minister launched a fresh appeal for reconciliation." The AP says of Maliki's plan, "No major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves." The latest effort to protect Baghdad, Operation Together Forward, "has made little headway, with the city's death toll surpassing 1,500 in July and triggering fears among U.S. commanders that civil war could break out."

Suicide Bomber Kills 18 In Kirkuk. AFP (9/17) reports, "A suicide truck bomber firing a machine gun with one hand exploded his vehicle near a police centre, killing at least 18 people and wounding 65 in Iraq's northern oil city of Kirkuk, police said." Violence had earlier been kept to a minimum, "but in the past few months there has been a sharp increase in the number of explosions and car bombs," which US forces have attributed to groups with Al Qaeda links.

Sectarian Violence Has Cut US Casualties. The Washington Times/London Sunday Telegraph (9/17, Hussein) reports, "The sectarian violence that has brought Iraq to the verge of civil war has had one unexpected benefit: a marked fall in the number of American military casualties in Baghdad. American combat deaths in the capital are down 50 percent from the same three-month period last year and some terrorists say the United States has succeeded in deflecting attention from its own troops."

Senate Intelligence Report On Iraq Dismissed As Inaccurate. Stephen Hayes in a 5,060 word article in the upcoming issue of the Weekly Standard (9/25) disputes the conclusion of the Senate Intelligence report finding that Saddam Hussein resisted "cooperating with al Qaeda or other Islamist groups." The Standard argues, "Saddam Hussein's regime has a long and well-documented history of cooperating with Islamists, including al Qaeda and its affiliates." Citing various instances of such alleged cooperation, the Standard says, "The authors seem determined to write it out of the history. ... The Senate report fails to provide any ... contextual balance to the denials of detained Iraqi officials."

Similarly in an op-ed for the Washington Times (9/17, 88K), journalist Deroy Murdock calls the Senate report finding no connection between Saddam Hussein and Al Qaeda "seriously flawed." The "report relies on unreliable witnesses, ignores potential and actual evidence of Saddam's philanthropy of terror, and yet quietly acknowledges he, in fact, worked with terrorists."

US, Afghan Troops Launch Offensive. The AP (9/17, Abrashi) reports, "Thousands of American and Afghan troops unleashed a new offensive against Taliban militants in eastern Afghanistan on Saturday in an effort to expand the government's reach into the volatile Pakistani border region." The AP describes the operation as involving "7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar." The NATO commander for Afghanistan "said Saturday he expects the military campaign against the Taliban to last another three to five years." In addition, "two separate insurgent attacks on a military base in Khost province killed a U.S.-led coalition soldier and wounded another on Friday, the military said. A number of Afghan troops also were wounded." In other news, "a bomb blast south of the Afghan capital killed three security guards and wounded another on Saturday."

The Washington Post (9/17, A18, Constable, 748K) reports, "Three Afghan aid workers were killed Saturday when their vehicle hit a bomb on a highway just south of the capital, while 7,000 Afghan and U.S. troops launched an operation against Taliban insurgents in five eastern and central provinces," thus leading with the bomb blast, unlike the AP article.

Troops Work To Build Afghans' Trust. The Philadelphia Inquirer (9/17, Maykluth, 399K) reports, "U.S. conventional military forces, trained to employ shock-and-awe power, have retooled for a more sophisticated mission" in Afghanistan. Among their tenets is avoidance of excessive force, like killing "the wrong people" and antagonizing locals for "months - years." Gestures like road building, which facilitates fighting insurgents, have improved relations with locals. The Inquirer calls eastern Afghanistan the "forgotten front in a forgotten war," where "during six months ... the 1-32 has taken more casualties than it did during its yearlong deployment to Iraq."

Assassinated Paktia Governor Is Remembered. In an Outlook piece for the Washington Post (9/17, 748K), pundit Barnett Rubin remembers Paktia Governor Hakim Taniwal, who was killed by a suicide bomber. Taniwal argued that anti-Taliban military operations "would have little long-lasting effect without popular support and economic development." He believed that the Pakistani government "helped" the Taliban, but he nonetheless "advocated settling Afghanistan's

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historic conflict with Pakistan over the Pashtun territories across the frontier known as the Durand Line, which Afghanistan has never recognized as a border, even under the Taliban."

Ten Peace Prize Winners Criticize Bush Decision To Topple Hussein. The Washington Times (9/17, Richardson, 88K) reports that at a gathering of Nobel peace prize winners some criticized the Bush Administration's war against terrorism. They "opened the three-day event by excoriating the White House for its invasion of Iraq and subsequent increases in military spending." They "also issued a statement identifying 10 'barriers to global peace.'" But "absent from the list was global terrorism." 1980 peace prize winner Adolfo Perez Esquivel "compared the nearly 3,000 persons killed on September 11 with the tens of thousands of children who die every day of hunger. 'I call that economic terrorism,' he said."

DOJ:

DOJ Gives Top Award To Enron Task Force. The Houston Chronicle (9/17) reports, "U.S. Attorney General Alberto Gonzales this week bestowed his office's top annual award to federal prosecutors, FBI agents and paralegals who have served on the Justice Department's Enron Task Force, including those involved in this year's fraud and conspiracy trial of former Enron chairman Ken Lay and former CEO Jeff Skilling." The Chronicle continues, "The recipients of the Attorney General's Award for Exceptional Service included Sean Berkowitz, Kathryn Ruemmler, John Hueston and Cliff Stricklin, the lead prosecutors in the four-month trial of Lay and Skilling." The Chronicle adds, "Other team members who received the award were prosecutors Robb Adkinds and Andrew Stolper and appellate specialists Douglas Wilson and John Drennan. … The award was also given to previous task force attorneys and leaders, including its first director, Leslie Caldwell; her successor as director, Andrew Weissmann; and former task force prosecutors Samuel Buell, Matthew Friedrich, Lisa Monaco, Benton Campbell and Linda Lacewell."

CRIMINAL LAW:

Judge Gives Long Sentence To Alabama Man For Continued Misconduct. The Selma (AL) Times-Journal (9/17, Inge) reports, "A Selma (AL) man who federal authorities say 'continued criminal conduct' will get a longer sentence than recommended." The Times-Journal continues, "DeWayne Lewis, 34, pleaded guilty to a felon in possession of a handgun in May 2006 and faced a sentencing range of 63 to 78 months in prison, under the federal advisory sentencing guidelines. … In the plea agreement, prosecutors had recommended the low end of the guidelines, court officials said. … However, after Lewis testified in his own behalf at the sentencing hearing this week, senior U.S. District Judge Charles R. Butler ruled that Lewis had perjured himself during his testimony and therefore 'lacked acceptance of responsibility for his actions.'" The Times-Journal adds, "While on release awaiting sentencing, Lewis tested positive for cocaine use. … In addition, Lewis was a passenger in a vehicle stopped by the Selma Police Department when a gun was found next to where Lewis was seated. … Judge Butler then sentenced Lewis to the maximum term of 78 months in federal prison, to be followed by three years of supervised probation, according to information obtained from the U.S. Justice Department. … Deborah J. Rhodes, U.S. attorney for the Southern District of Alabama, said the charges resulted from a joint investigation conducted by the ATF&E, The SPD and the Dallas County Sheriff's Office."

Rodriguez Jury To Begin Deliberating Death Penalty Request. The St. Paul Pioneer-Press (9/17, Kolpack) reports, "The trial of Alfonso Rodriguez Jr. is entering its final stage, and jurors may begin deliberating this week over whether he should be the first person sentenced to death in North Dakota in nearly 100 years." The Pioneer-Press continues, "The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez, 53, of Crookston, Minn., to be sentenced to death instead of life in prison. He was convicted late last month of kidnapping resulting in the death of University of North Dakota student Dru Sjodin. … 'I think this part is much harder to predict than when he was found guilty,' said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez

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case. 'In North Dakota, jurors are not used to dealing with death penalty cases.'" The Pioneer-Press adds, "North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty. … 'I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen,' Gonzales said. … Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an 'especially heinous, cruel and depraved manner.'"

FBI Criticizes Over Secrecy In Cleveland Agent Sex Scandal. The Pittsburgh Tribune-Review (9/17, Prine) reported, "It's a steamy story of sex, lies and videotape, told in an obscure federal court case the FBI doesn't want you to hear about. But the Pittsburgh Tribune-Review uncovered the hidden details of 'Dale J. Herr vs. the Department of Justice' at the normally staid U.S. Merit Systems Protection Board." The Tribune-Review notes Herr "concedes in court documents that in 2002 he videotaped his sexual exploits with three women -- two co-workers and one from outside the agency," which eventually led to his dismissal from the bureau. "Although one of the taped women continued a romantic relationship with Herr after the brouhaha," Special Agent Jeffrey B. Killeen "persuaded administrative law judges to remove her name from documents because she was a 'victim.' Killeen also got judges to erase mention of the Cleveland field office and the identities of anyone who gave testimony. … 'Decisions like that are never made lightly,' said Patrick W. Kelley, FBI's deputy general counsel. … 'We have to keep in mind that there may be victims, and we have a duty to protect them from an unwarranted invasion of their privacy. To do that, we must look even at singularly identifying details in cases. We do this to ensure that more damage isn't done to the victims.'" However, "Contacted by the Trib, nearly a dozen top civil libertarians said FBI and board actions in the Herr matter raise questions about when it's appropriate to hide agent misconduct. At issue: Did the FBI push so hard to protect alleged victims, or did the agency fear embarrassment from a salacious story?"

CIVIL RIGHTS:

Racial Violence Against New Mexico Navajo Nation Members Again Under Federal Review. The New York Times (9/17, Frosch, 1.21M) reports that in 1974 in Farmington, N.M., "the bodies of three Navajo men were found in nearby Chokecherry Canyon, burned and bludgeoned." The report adds, "The three White high school students charged in their killings were sent not to prison but to reform school. The violence and mild sentences incited marches by Navajos through Farmington's streets and exposed tensions between them and the town's largely white residents." According to the report, the United States Commission on Civil Rights eventually investigated and found widespread mistreatment and prejudice against Navajos. Now, more than three decades later, Navajo leaders here are again calling for federal intervention."

Report Gauges Toll Of Minnesota Human Trafficking. The Minneapolis Star Tribune (9/17, Medcalf, Padilla) reports, "About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years." The Star Tribune continues, "The exploitation in Minnesota of victims lured into forced labor and sex should be addressed on an 'organized, statewide' level, according to a Minnesota Department of Public Safety report on human trafficking." The Star Tribune adds, "About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years. Some victims had been trafficked from Minneapolis, St. Paul, Roseville and the Mall of America, according to the report. .. Without statewide data on trafficking-related arrests, the numbers don't represent the fullness of the crime, according to the report, which was prepared for the Legislature. … Someone is trafficked when 'forced, defrauded or coerced into service regardless of movement,' but sometimes the offense involves transporting people across borders, domestic and international."

Missouri Woman Seeks DOJ Ruling On Monkey In Restaurants. The AP (9/17) reports, "A woman from southwestern Missouri has asked the

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Springfield-Greene County Health Department to allow her to take her pet monkey into restaurants as a service animal." The AP continues, "The woman, Debby Rose, of Springfield, says Richard, her bonnet macaque monkey, provides emotional support that allows her to overcome an anxiety disorder and go out in public places. Rose said the federal Americans With Disabilities Act should allow the practice." The AP adds, "Health department officials met Friday with a local service agency, the Southwest Center for Independent Living, which is acting as an agent for Rose. The health department told the agency that Rose must produce some kind of federal ruling or certification that the monkey is a service animal under the ADA before it will consider allowing her to take the monkey into public places, said Kevin Gipson, director of health. … Family members said Rose's anxiety was disabling. Without her monkey, she's less able to manage normal tasks, such as grocery shopping and dining out, because of severe anxiety. … Cynthia Magnuson, a spokeswoman from the Justice Department in Washington, said that although the law was somewhat vague regarding emotional-support animals, they were covered. … 'It's kind of a fine line, but the law errs on the side of protecting individuals that are disabled,' she said."

Voting Reform Laws May Increase Likelihood Of Multi-State Election Machine Breakdown. The Washington Post (9/17, A1, Balz, Goldfarb, 748K), in a front-page story, reports, "An overhaul in how states and localities record votes and administer elections since the Florida recount battle six years ago has created conditions that could trigger a repeat -- this time on a national scale -- of last week's Election Day debacle in the Maryland suburbs, election experts said. In the Nov. 7 election, more than 80 percent of voters will use electronic voting machines, and a third of all precincts this year are using the technology for the first time. The changes are part of a national wave, prompted by the federal Help America Vote Act of 2002 and numerous revisions of state laws. … But in Maryland last Tuesday, a combination of human blunders and technological glitches caused long lines and delays in vote-counting. The problems, which followed ones earlier this year in Ohio, Illinois and several other states, have contributed to doubts among some experts about whether the new systems are reliable and whether election officials are adequately prepared to use them. In a polarized political climate, in which elections are routinely marked by litigation and allegations of incompetent administration or outright tampering, some worry that voting problems could cast a Florida-style shadow over this fall's midterm elections."

Maryland Problems Cause Some To Demand Paper Records. The Washington Post (9/17, A4, Barr, 748K) reports, "The primary day debacle in Montgomery and Prince George's counties will add momentum to regional efforts to ensure that election systems create a paper record of each vote, according to some elected officials and activists critical of paperless balloting. They say the crisis at the polls in Florida during the 2000 presidential race, which prompted many states to switch to electronic voting, forced the adoption of overly complex systems that now must be simplified. An aide to Maryland Gov. Robert L. Ehrlich…said heightened concerns about electronic voting in last week's primary would strengthen calls for a return to a paper-based system."

Voter ID Laws Tested In primary Elections. The St. Louis Post-Dispatch (9/17, Lambrecht, Sichko, 300K) reports, "In the Arizona primary election last week, some Navajo Indians who don't drive and have no use for U.S. government-issued photo IDs didn't vote because of a new state law requiring identification to vote. … But in Macon, Ga., which tested Georgia's controversial photo identification law for the first time last week, only one voter of more than 200 who turned out for a school board special election lacked a picture ID — even though he had driven to the polling place." Missouri "— where a judge last week struck down a new state photo ID law — is not alone in grappling with new voting requirements. More courtroom maneuvering is expected over the Missouri law, which requires voters to produce a valid Missouri drivers license, nondrivers ID, U.S. passport or military ID. In at least eight states, political activists are squaring off over new rules requiring photo IDs as well as proof of citizenship and other identification for voter registration. In most cases, Republicans are supporting the restrictions, and Democratic-leaning groups are fighting them."

Milwaukee Manual Recount Finds Vote Total Was Flawed. The Milwaukee Journal Sentinel (9/17, Nunnally, 259K) reports, "Milwaukee officials announced Saturday that after a three-day manual count of ballots, Tuesday's primary election brought 46,500 voters to the polls in Milwaukee, not 80,000 as the city previously reported. City Election Commission chief Susan Edman said the ward-by-ward review of turnout confirmed the city's suspicion that a

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computer programming error by her office caused the misreporting.

Conservatives Using Rights Argument To Promote Causes Globally. In an op/ed in The New York Times Magazine (9/17), The New Republic's Joshua Kurlantzick writes, "Around the world, the N.R.A. is finding that a rights-based approach translates into many languages. … Going global also can provide a defense against the influence of international law, which judges like Supreme Court Justice Stephen Breyer have increasingly introduced into American courts." According to Kurlantzick, "Conservatives now realize that by co-opting the language of rights, traditionally employed by the political left, they can export their own ideas of universal rights, whether that means the White House's democratization program or a universal right to bear arms."

ANTITRUST:

Florida AG Reviewing Hospital Deal. The Fort Myers (FL) News-Press (9/17, Reed) reports, "The (Florida) state attorney general is looking into Lee Memorial Health System's acquisition of Southwest Florida Regional Medical Center and Gulf Coast Hospital. … 'We are aware of this potential merger, or purchase, and we're in the process of reviewing the situation,' spokeswoman JoAnn Carrin said." The News-Press continues, "In the 1990s, the attorney general had filed an amicus brief on Lee Memorial's behalf during the system's bid to acquire Cape Coral Hospital. At that time, the Federal Trade Commission was challenging Lee Memorial, saying the purchase would have given Lee Memorial too much control of the market. … District and appeals courts rejected the FTC argument and ruled Lee's status as a public hospital exempted it from antitrust action and the FTC did not have jurisdiction over the matter. The FTC dropped its complaint because Health Management Associates, or HMA, purchased it." The News-Press adds, "Cape Coral Hospital ultimately merged with Lee Memorial in June 1996. At the time of that merger, the state was seeking to block Hospital Corporation of America from taking over Cape Hospital because it would have too much power. .. 'The theory of antitrust is to protect the public,' said Charles Bigelow, a retired attorney who used to work for Lee Memorial and is familiar with its status as a public agency. 'If you apply antitrust to a public hospital, you're protecting the public from itself.'"

ENVIRONMENT:

Administration Disputes Court's Claim On Environmental Impact Of Alaskan Oil Drilling. Bloomberg (9/16, Efstathiou) reports, "The Bush administration said a Sept. 27 sale of oil drilling leases in Alaska should go forward and rejected a court's objections that environmental effects have not been properly addressed. The U.S. Interior Department said in a court filing yesterday that the impact of expanded drilling on air, water, wetlands and wildlife had been properly considered in the plan to expand drilling in the National Petroleum Reserve." According to the report, "Earlier this month, U.S. District Judge James Singleton in Anchorage ruled that an environmental impact statement prepared by the agency failed 'to adequately address the cumulative effects' of drilling. … Singleton's preliminary decision threatened plans to proceed with the lease sale and drew praise from groups including the National Audubon Society." According to the report, "The sale includes 400,000 acres around Teshekpuk Lake, an area environmental groups consider a critical Arctic wildlife habitat."

Gulf Oil Deposit Discovery Adds Fuel To Offshore Drilling Debate. The South Florida Sun-Sentinel (9/17, Gibson, 265K) reports, "Discovery of a vast oil deposit deep under the Gulf of Mexico has put additional pressure on Congress as it considers legislation on whether to allow offshore drilling closer to the Florida coast. The undersea oil field 270 miles southwest of New Orleans, which could expand U.S. reserves by as much as 50 percent, provides new arguments for both sides of a contentious debate over legislation to expand offshore drilling." According to the report, "Proponents say the discovery shows the great potential for tapping the Outer Continental Shelf closer to shore to boost energy supplies. Opponents contend it proves energy companies have plenty of tracts to explore without moving into more environmentally sensitive areas near Florida, California and other states dependent on clean beaches and tourism."

Natural Selection Foods Spinach Scrutinized As Potential Source Of E. Coli Outbreak. The New York Times (9/17, Preston, Marshall, 1.21M) reports,

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"Packaged spinach salad disappeared from store shelves across the country Saturday, as investigators searched for the source of bacterial contamination that has now sickened more than 100 people. Officials said Saturday that the number of people affected by the E. coli outbreak now stood at 102, up from 94 the day before." According to the report, "Dr. David Acheson, director of food safety at the Food and Drug Administration, reported no additional deaths beyond one that had occurred in Wisconsin. At this point, Dr. Acheson said, federal officials do not know how or when the spinach was contaminated."

Kempthorne Said To Take Interior IG's Allegations "Very Seriously." Time (9/16, Waller, 4.03M) reports, "Complaints are beginning to pile up against the U.S. Interior Department. … The problems surfacing are serious: managerial incompetence, bureaucratic snafus that are costing taxpayers billions of dollars, and a pervasive forgive-and-forget attitude toward senior department officials who cross ethical lines." Time goes on to report on "In scorching testimony before a House Government Reform subcommittee the no-nonsense" Interior IG Earl Devaney "charged that during his seven years as Interior's IG his revelations of misdeeds and foul-ups have been routinely 'disregarded by the department.' … Rather than heads rolling for infractions, the Cabinet agency has become a fault-free zone, Devaney claims. 'Short of a crime, anything goes at the highest levels of the Department of Interior,' says the former Secret Service agent." Time notes, "A case Devaney found particularly troubling was that of Steven Griles, Interior's deputy secretary in George W. Bush's first term. Devaney in 2004 referred 25 possible ethics violations by Griles to the Office of Government Ethics outside of Interior. That office cleared Griles of 23 of the violations but referred the remaining two to then-Secretary Gale Norton for a decision. Devaney says Norton refused, over his objections, to take any action against her deputy. … Meanwhile, Dirk Kempthorne, who replaced Norton as Interior Secretary last July, insists he's taking Devaney's 'allegations concerning issues dating back to 1998 very seriously.'"

Environmentalists Target Evangelicals With Global Warming Film. The Kansas City Star (9/17, Montgomery, 278K) reports, "Before watching the end of the world, hundreds of movie viewers bowed their heads. 'Guard us against the historical arrogance of our own species,' a Methodist minister prayed recently. … Then lights dimmed for the Midwest premiere of 'The Great Warming.' The documentary on the man-made dangers of global warming is being released for church groups to review before the Nov. 7 elections. While its plot is an easy sell to this invited crowd — more left than right, plenty of hybrid cars parked outside — the film raises spiritual questions that could carve up evangelical voting blocs in new ways. Is protecting Earth a moral value, an act of stewardship? Seeking to nudge more social conservatives into the ecological fold, bumper stickers are asking, 'What Would Jesus Drive?'"

FBI/DEA/ATF/USMS:

Alabama Guns Travel Across The Country. The Birmingham News (AL) (9/17, Robinson) reports, "Guns, bought easily and legally in Alabama and other states, are landing in the hands of criminals elsewhere, drawing the ire of leaders who have sued to stop the flow and pledged to fight what they say is a deadly export." The News continues, "Alabama's role as a Top 10 supply state for 'crime guns' - weapons purchased legally here but transferred illegally to others and sometimes used in crimes - is undisputed." The News adds, "New York City police say that 5 percent of the guns recovered at crimes in the first half of 2005 were last sold at retail in Alabama. … 'Alabama ranks, along with some other Southern states and some Midwestern states, in being a supply state because of its traditionally more lenient lifestyle and gun laws,' said Jim Cavanaugh, who supervises ATF operations in portions of the South. 'Guns are more readily available, more easily traded, plentiful. It's real.'" The News notes, "Guns trafficked out of Alabama have turned up during all kinds of investigations in other locations - robberies, assaults, sex crimes, drug crimes and at least 10 homicides - in the past several years, according to the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Special Agent Eric Kehn said Alabama guns have shown up from coast to coast: from Landover, Md., to Los Angeles; from Chicago to cities throughout Florida. … New York City has sued in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - and pledged to sue wherever needed - alleging a handful of gun dealers have created a public nuisance and are negligent in selling weapons that eventually land in the hands of criminals."

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Gun-Ownership Case Heads To Wyoming Courtroom. The AP (9/17, Neary) reports, "Arguments are scheduled next month in a case in which Wyoming is seeking a federal court ruling affirming its authority to help some people convicted of misdemeanor domestic violence regain their right to own a firearm." The AP continues, "Federal law prohibits people with such convictions from owning guns." The AP adds, "U.S. District Judge Alan Johnson is scheduled to hear arguments in the case Oct. 6 in Cheyenne. … The state alleges that the federal Bureau of Alcohol, Tobacco, Firearms and Explosives acted illegally when it threatened to disallow about 11,000 concealed weapons permits the state issued as a substitute for federal background checks for firearms purchases. … The federal agency threatened to take that step unless the state repealed a 2004 law that allows people to expunge a first conviction for misdemeanor domestic violence." The AP notes, "Wyoming Attorney General Pat Crank says the current lawsuit comes down to an issue of states' rights. The National Rifle Association and the Gun Owners Foundation in Washington, D.C., have both filed briefs supporting the state's position. … Federal officials, however, say the issue is more narrow. They contend the state law fails to meet the legal standard for expungement. … Although the law allows people to petition in court to expunge a first misdemeanor conviction, it specifies that the record of that first conviction remains on the books for purposes of enhancing penalties for any subsequent crime. … 'The nuts and bolts of the government's position is that an expungement of a conviction wipes the slates clean, and that an expungement erases a conviction,' said Assistant U.S. Attorney Carol A. Statkus, one of the lawyers representing the ATF. 'The Wyoming statute that's at issue in this case doesn't do that.'"

Risk Of Steroids, Growth Hormones Not Fully Explained To Young Athletes. In an op/ed in The Washington Post (9/17, B7, 748K), former Major League Baseball Commissioner Fay Vincent writes that "If, as seems likely, many of this generation have been taking such things as steroids and human growth hormones, they have been doing so with the benign neglect of their coaches and school officials." Vincent adds, "It is inconceivable that the people who are around these kids a lot don't know, or at least suspect, that something is going on. And yet we are doing little to educate young athletes to the risks of using such chemicals."

IMMIGRATION:

Federal Detention Facility Contractors Detained For Fake Immigration Documents. The Miami Herald (9/17) reports, "Immigration officers have detained 15 foreign nationals and accused them of using fake documents while working for a company doing roofing contract work at a federal detention facility in South Miami-Dade, ICE said Friday." The Herald continues, "Barbara Gonzalez, the agency's spokeswoman in Miami, said the 15 men were detained Sept. 7 after officers from the bureau of prisons at the Federal Correctional Institution stopped three of them because they suspected their immigration documents were fraudulent." The Herald adds, "Gonzalez said the officers contacted ICE, which dispatched investigators. Gonzalez said the three detained initially were scheduled to work at the facility with a roofing contractor. .. . 'Further information developed by ICE agents revealed that 15 individuals working as contractors were illegal aliens,' Gonzalez said. 'They had fraudulent immigration documents.' … Gonzalez said 13 of the detained men came from Mexico and the other two came from Guatemala. Twelve of the men had fraudulent green cards, and three had fraudulent Social Security cards, she said. … All were transported to the Krome detention center in West Miami-Dade and put in deportation proceedings, Gonzalez said." The Herald notes, "Disclosure of the Miami detentions came three days after two alleged leaders of a nationwide 'employee-leasing conspiracy,' allegedly involving hundreds of undocumented foreign nationals, pleaded guilty in Fort Lauderdale before U.S. District Judge Kenneth Marra, who sentenced a third defendant in the case."

Day Laborers Sue Village After Work Site Closed. The New York Times (9/17, Santos, 1.21M) reports, "The 36-year-old Mexican man has lived in Mamaroneck for eight years, trekking each morning to Columbus Park near the village center to wait for contractors who might pay him $10 an hour at best. But the village closed the hiring site in the park in February, and after that, he testified in court here last week, the police often chased away the employers with tickets, and the workers with fear. … The man…is one of six anonymous day laborers whose federal lawsuit against the Village of Mamaroneck could set a new national standard for the way local governments deal with the

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fast-growing influx of day laborers in their communities. For a week, Judge Colleen McMahon in Federal District Court heard testimony in a nonjury trial from the laborers, the police, contractors, merchants and village officials. Lawyers in the case said they hoped a decision would be reached by mid-October. The case accuses village officials of harassing the workers as part of a 'deliberate and coordinated' campaign to drive them off the streets, and rests on the workers' 14th Amendment claim that they are discriminated against because they are Hispanic."

National Guard Troops Assigned To Mexican Border Charged With "Beer Fueled" Gunplay. The Houston Chronicle (9/17, Gonzalez, 535K) reports that National Guard troops assigned "to help the U.S. Border Patrol with administrative and other tasks, allowing scores of patrol agents to resume law enforcement duties" allegedly spent "their off-duty time with beer-fueled joyriding and reckless gunfire. … Three soldiers from North Texas, at least one of whom had served in Iraq, were arrested the evening of Sept. 6 on felony deadly-conduct charges after several shots were fired from their private vehicle as it passed a family cookout in a modest Maverick County subdivision, officials said. Several adults and children 'hit the dirt' fearing a drive-by attack, Sheriff Tomas S. Herrera said, but no one was targeted or injured by the gunshots and no property damage was reported.

Maryland Guard Assigned To Border Duty. The Baltimore Sun (9/17, Dolan, 262K) reports 120 volunteers from the Maryland National Guard "have been dispatched to the Sonoran Desert as part of a stopgap interdiction measure announced in May by President Bush. Critics have questioned whether sending up to 6,500 part-time soldiers to watch the southern border is wise for a National Guard still saddled with commitments in Iraq and Afghanistan. They asked whether the Guard should be engaged in a seemingly extracurricular homeland security mission when its leaders struggle to recruit more soldiers and retain the guardsmen in their ranks today. … Watching the flow of people crossing the border every day, some of the Marylanders admit, has been eye-opening and disturbing, causing some to question the nation's immigration policies. Several guardsmen here are still waiting to become citizens and sympathize with those seeking to come to America."

Trucking Companies Reportedly Hire Illegals Without Proper Training. The Dallas Morning News (9/17, Jones, Becka, Lafleur, McGonigle, 500K) reports trucking companies in Texas "hire illegal immigrants who struggle to read road signs and communicate in English with police and emergency personnel." The News adds, "U.S.-Mexico trade has more than doubled since the North American Free Trade Agreement was implemented in 1994, according to federal data. About 68 percent of truck traffic from Mexico enters the U.S. at the Texas border."

TAX:

Battle Over Minimum Wage Boost Threatens Popular Tax Deductions. The Los Angeles Times (9/17, Havemann, 918K) reports, "Just about every lawmaker in Congress favors extending a batch of popular tax benefits approved during President Bush's first years in office and authorized through 2005. But in a case study of the tortuous process that can surround even the most highly regarded proposal on Capitol Hill, extension of the tax benefits appears to face an uphill road as Congress nears adjournment. The benefits, claimed by more than 10 million taxpayers last year, give those who live in states without income taxes a deduction for their state sales taxes. They allow a deduction for some college tuition. Teachers may deduct the costs of buying supplies for their classrooms. And a research and development tax credit — hugely popular in the business community — is also part of the package. But so far, these and 43 other tax benefits have become ensnared in a partisan battle over a minimum-wage increase, which Democrats and some moderate Republicans want, and a sharp reduction in the estate tax, dear to the hearts of conservative Republicans."

CONGRESS-ADMINISTRATION:

Pentagon Travel System Is Called Wasteful. The ABC News website (9/16, Cochran) reports that the "defense travel system," through which DOD buys plane tickets, is called "a disaster -- four years behind schedule and $200 million over budget." The system's contractor, Northrop Grumman, defends it, while Sen. Tom Coburn (R-OK) and the Citizens Against Government Waste denounce it.

Bonuses To Centers For Disease Control Officials Questioned. The New York Times (9/17, Harris, 1.21M) reports, "Top officials at the Centers for

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Disease Control and Prevention received premium bonuses in recent years at the expense of scientists and others who perform much of the agency's scientific work, agency records show. Those inside the office of the centers' director, Dr. Julie L. Gerberding, have benefited the most, the records show." According to the report, "From 2002 through mid-2006, William H. Gimson III, the agency's chief operating officer, received bonuses totaling $147,863, which included seven cash awards of more than $2,500. Mr. Gimson's bonuses were about twice the amount granted to any other C.D.C. employee, the agency's records show." According to the report, "The increase in bonuses to these officials was part of a decision by the Bush administration to make transformation of the management of the centers a top priority, said Glen Nowak, chief of media relations at the centers. 'If we want to retain people, we need to recognize them,'" Nowak said, adding, "'We are operating in a highly competitive environment.'"

CDC 'Business Focus' Under Fire By Agency's Employees. The AP (9/17) reports, "The employees at the Centers for Disease Control and Prevention who get bonuses most frequently are not scientists, but instead are accountants, budget analysts, computer experts and other administrative managers, according to a published report Sunday. The data appear to reinforce the findings of an internal CDC survey last year that found one of the top concerns among the agency's employees was a 'loss of public health focus/mission in exchange for inappropriate business focus.' According to the report, "The 72 CDC employees who received five or more awards of at least $2,500 from 2000 through July 21 work primarily in non-science jobs, according an analysis by The Atlanta Journal-Constitution of agency data obtained under the Freedom of Information Act. Some of those employees got $30,000, $50,000 and, in one case, more than $140,000 in cumulative bonuses during the period, the paper reported."

GOP Blamed For Rising Medicare Premiums In Democrat's Radio Address. The AP (9/17, Miga) reports, "Democrats say failed Republican policies are behind rising Medicare premiums that are leaving millions of older Americans scrambling for basic health care. Democrat Chris Murphy, a Connecticut state senator who is challenging 12-term Republican Rep. Nancy Johnson, criticized the GOP for failing to embrace the reforms needed to give seniors a break from increased health care costs. … 'My opponent, Nancy Johnson, deserves part of the blame,' said Murphy. 'She wrote the confusing Medicare law in 2003. She is also one of many Republicans who opposes allowing Medicare to negotiate for lower drug prices — a Democratic idea, and more importantly, a good idea.'"

Wealthier Medicare Recipients To Pay Higher Premiums. The Los Angeles Times (9/17, 918K) reports, "High-income retirees may be in for an unpleasant surprise this winter. It involves the monthly premiums that older Americans pay for Medicare Part B, which helps pay the cost of doctor visits, diagnostic tests and other routine care. The premiums, which are automatically deducted from Social Security checks, are currently $88 a month. In January, everyone's premiums will go up to adjust for healthcare inflation, but higher-income recipients will see even larger hikes. As a result, a single retiree with an annual income of $80,000 or less (and a married person earning less than $160,000), could pay $98 a month next year, according to estimates, while a single person earning $81,000 would pay $110 a month. And under the same scenario a single person earning $200,000 would pay $170 a month — or 73% more than lower-income Medicare recipients."

AARP Launches Ad Campaign Calling For Senate Action On Rx Drug Re-Importation. The Miami Herald (9/17, 310K) in its "News Brief" section reports, "The AARP is launching a $500,000 ad campaign today in 14 states pushing for Senate action on legislation that would let consumers buy U.S.-made prescription drugs from Canada and other countries." AARP legislative policy director David Certner "said the campaign focuses on the home states of senators who have shown some openness to letting people buy U.S.-made medicine shipped abroad."

House Deliberates Granting The District Of Columbia Voting Rights. The Washington Post (9/17, B8, 748K) reports, "The House is considering a bill, crafted by Rep. Thomas M. Davis III (R-Va.), to give the District a representative with full voting rights. The bill would add two seats to the House, one for the District and one for the state next in line to expand its congressional delegation based on population — currently Utah. A House subcommittee held a hearing on the matter on Thursday."

Legal Scholars Endorse Effort To Grant Voting Rights To D.C. Residents. In an op/ed in The Washington Post (9/17, B8, 748K) Pepperdine Law School Dean Kenneth

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Starr and retired chief judge of the U.S. Court of Appeals for the D.C. Circuit Patricia M. Wald write, "More than 40 years ago, the Supreme Court declared that 'no right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live.' And yet, for more than 200 years the citizens of the District have been denied this right because they have no voting representation in Congress." According to Starr and Wald, "To its credit, Congress is taking steps to begin correcting this longstanding injustice. Specifically, the House Government Reform Committee has approved, and the House Judiciary Committee is considering, a bill that would give D.C residents the right to full voting representation in the House." According to Starr and Wald, "While conferring this right is surely the right thing to do, a legitimate question has been raised concerning Congress's authority to confer the right by simple legislation, rather than through constitutional amendment. We have carefully considered this question and believe for three reasons the bill is within Congress's authority: It is consistent with fundamental constitutional principles; it is consistent with the language of Congress's constitutional power; and it is consistent with the governing legal precedents."

Atlantis Crew Sleeps In, Takes Half Day Off After Busy Week. The AP (9/17, Borenstein) reports, "With their hardest tasks behind them, space shuttle Atlantis' six astronauts got time to relax Saturday after almost a week of nonstop work adding a new 17 1/2-ton addition with wing-like solar power panels to the international space station. NASA even let the crew sleep an extra hour before waking them with Jimmy Buffett's beach song 'Twelve Volt Man.' 'We said good morning to them, then a little housekeeping and then left them alone, gave them a chance to enjoy their time on orbit and wind down from what has been a very, very busy series of days on the flight,' said flight director Paul Dye." Saturday was the last full day at the space station for Atlantis' crew. Besides relaxing and enjoying the view from 220 miles above Earth, they still had to unload supplies for the space station, including 90 pounds of oxygen."

Space Junk Can Be Deadly. The New York Times (9/17, Schwartz, 1.21M) reports, "In space, junk can kill. When two bolts slipped away from spacewalking astronauts last week, astronauts and controllers expressed concern that the small objects might have floated into the moving parts of the $372 million truss that had just been added to the station" NASA "recognizes that the thousands of pieces of debris in orbit are potential hazards. The concerns tend to focus on the risk of collision with objects moving at high speed, however; the relative velocity of something that has simply drifted away is low. Still, NASA mission planners require tethers for tools and objects during spacewalks. … John McCullough, the lead flight director for the station, said last week that on Russian spacewalks, 'they throw things away all the time.'"

High Court's Move To Provide Same-Day Transcripts Of Oral Arguments Applauded. The Washington Post (9/17, B6, 748K) opines in an editorial, "When the Supreme Court opens its term next month, it will finally begin making transcripts of its oral arguments available — free, online and on the day of the arguments. That this represents a breakthrough shows how dramatically behind the times the justices are." However, according to the Post, "It is a breakthrough, nonetheless, that will dramatically improve the public's access to court proceedings." According to the Post, "Timely transcripts are a half-measure. They imperfectly convey the atmospherics of an argument … but given the implacable hostility some of the justices feel toward cameras, the move is a huge step forward."

NYTimes Praises Skeptical Book About "Imaginary Weapons." The New York Times (9/17, 1.21M) reviews "Imaginary Weapons" in the Week in Review, praising the book about "the triumph of technological fantasy at the Pentagon." Author Sharon Weinberger argues in her book "that fringe science has reached ever greater heights in military circles," encouraging expenditures such as "roughly $100 billion on missile defense -- which is serious money, levee-fixing money, cancer-curing money -- but has produced only an insubstantial shield."

OTHER NEWS:

Paulson Says Slowing Housing Market Won't Cause Economic Collapse. Bloomberg (9/16) reports, "U.S. Treasury Secretary Henry Paulson, making his debut at a meeting of Group of Seven economy chiefs, told his counterparts they needn't worry about a housing-led collapse of the world's largest economy. … 'The residential housing market is cooling from record unsustainable growth rates, but growth in the U.S. economy is

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being supported by other components.,'" Paulson said in a statement after meeting G-7 finance ministers and central bank governors in Singapore today. According to the report, "Sales of U.S. existing homes have declined every month since G-7 officials last met in April, and the National Association of Realtors predicts house prices may decline in the remaining months of 2006, which would be the first year-over- year drops since 1993. The International Monetary Fund on Sept. 14 branded the slowing U.S. housing market a ``key risk" to global expansion.

Media's Effect On Housing Market Analyzed. In a Week In Review piece in The New York Times (9/17, 1.21M) Vikas Bajaj writes, "To hear some people in the real estate industry tell it, one of the biggest problems with the housing market is what is being said about it in the news media. Agents and industry executives say reporters, editors and news anchors are making a cooling market sound worse than it is." According to the report, "While the number of sales may have dropped from 2005 (which was a record-setting year, the end of a five-year run) and more homes stay on the market longer, real estate professionals note that sale prices in much of the country are still higher than they were a year ago." According to the report, "Richard A. Smith, vice chairman and president of the Realogy Corporation, the nation's largest residential real estate broker, said there was a 'constant flood of media that is so negative' that it was discouraging many potential buyers and sellers." The report adds, "The news media have always helped shape public perception of markets, whether for houses, stocks or tulips. But exactly how much the press influences mass consumer behavior is subject to debate."

Consumer Confidence Still High Despite Cooling Housing Market. In an economic view column The New York Times (9/17, 1.21M), Eduardo Porter writes, "There is an Aesop fable about a man — Greek, of course — who sees a swallow fluttering about on an unusually warm winter day. Leaping to the conclusion that summer has arrived, the man sells his only coat to buy himself a good time. Some economists say you merely need to replace the Greek with an American, and the coat with a house or condominium to understand the force powering the American economy during the recent housing boom." According to the report, "In this updated version of the fable, Americans were intoxicated by the leaps in the value of their real estate. Assuming the good times were here to stay, they were unable to resist temptation, impulsively calling the mortgage broker to get another loan to pay for the plasma TV set, the Caribbean vacation and the three-burner barbecue grill." Porter writes, "In Aesop's world, winter set in again, the swallow died and the coatless man blamed the bird for his misfortune, … yet in American morality tales, it seems, spendthrifts aren't always punished." According to Porter, "Winter has surely engulfed the housing market. But to the befuddlement of many economists, who had been expecting consumers to rein in their spending when the price of their homes stopped rising, America's happy consumers have so far eluded the payback."

Benefits, Risks Of Boom In Mortgage Lending Analyzed. The New York Times (9/17, 1.21M) writes in an editorial, "The housing boom would never have lasted as long as it did if mortgage lenders had to worry about being paid back in full. But instead of relying on borrowers to repay, most lenders quickly sell the loans, generating cash to make more mortgages." According to the Times, "The process has encouraged homeownership and created wealth. But there is a downside, too, which demands attention. As the boom thundered on, the pool of available credit grew larger than the pool of creditworthy borrowers, resulting in an explosion of risky mortgages with features like no money down, interest-only payments and super-low teaser rates." The Times adds, "In a market so vast and dynamic, everyone knows that if mortgage defaults should rise, damage could reverberate throughout the financial system. … Many homeowners are at a dangerous juncture." The Times opines, "Interest rates on adjustable mortgages are rising as home values are weakening, precluding for many the chance to refinance. Economists calculate that $750 billion of outstanding mortgage debt is now at measurable risk of default — about 7 percent of the total."

Fed Rate Hike Pause Brings New Interest In Bond Market. The Washington Post/AP (9/17, F4, Paradise) reports, "With some investors wringing their hands about inflation and the Federal Reserve's efforts to keep it in check, those with bond fund holdings could be forgiven for wanting to take their money and run. But while some market observers see volatility ahead, few are ready to call it quits." According to the report, "Bonds have faced a more difficult environment in the past two years as the Federal Reserve raised interest rates 17 consecutive times before pausing last month. While the rate increases hurt bond funds, leaving some investors wary, sentiment changed in late June after

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Fed comments led investors to believe the rate hikes had come to an end."

Guaranteed Pensions On The Decline. The Washington Post (9/17, F1, Day, 748K) reports that the freezing of pension plans "is part of a long-running trend, as otherwise healthy companies — not only Verizon Communications Inc., but also International Business Machines Corp. and, most recently, DuPont Co. — freeze, terminate or alter the terms of their employees' retirement packages. Most of these companies increased other retirement offerings, which don't include fixed payouts. Today, about 22 million workers, 19 percent of active private-sector employees, have traditional pension plans, compared with 39 percent three decades ago, according to federal government statistics." The report adds, "Financial experts say workers fortunate enough to still have traditional pensions should not rely on them too much for retirement, as the long-term prospects of such plans are increasingly in doubt. While a new law signed last month by President Bush aims to shore up the private pension system by forcing companies to fund their plans more fully, some retirement consultants say the added expense may the trend of companies limiting their plans for existing employees or dropping them for new hires."

Private-Industry Pensions In Jeopardy. The Kansas City Star (9/17, Meyer, 278K) reports, "More than 40 million Americans in the nation's nongovernmental work force are either covered by traditional pension plans or expect to be, authorities estimate. Potentially, three things will happen to the lifetime income streams that these workers and current retirees are expecting after they leave the work force." The report adds, "And two of those — a pension plan being frozen or one being terminated — aren't pretty. Congress passed, and President Bush signed, legislation last month to strengthen traditional pensions with mandates for employers to increase funding, faster repair requirements for underfunded plans, and some special provisions for troubled airlines with potentially whopping pension problems." According to the report, "The new law also significantly improved many features of 401(k) plans and other similar products that increasingly have supplanted traditional pensions over the last two decades. Although surviving pension plans will be stronger, many observers bet that employers will turn even more to 401(k) plans and shift an unprecedented share of the retirement funding load onto workers and their families."

Employers Replacing Pensions With 410 (K)s. The Boston Globe (9/17, Gavin, 425K) reports that IBM factory worker Larry Millette "is among hundreds of thousands of workers whose dreams of long, comfortable retirements are getting upended as U.S. corporations shed both the costs and responsibilities of traditional pensions. Faced with intense competition in a global economy, and huge obligations as baby boomers retire, many of the nation's biggest companies are rewriting the social contract that for 60 or more years has bound them to workers." According to the report, "Since last year, at least a dozen corporations with nearly 1 million US employees either froze pension benefits for current workers, eliminated pension plans for new ones, or both. Today, just over one-third of Fortune 100 companies still offer traditional pensions to new employees, down from one-half in 2002 and 89 percent in 1985, according to Watson Wyatt Worldwide Inc., an Arlington, Va., consulting firm." According to the report, "Now companies are replacing traditional pensions with saving plans such as 401(k)s, which can cut companies' costs by as much as half. … Choosing investments, navigating the ups and downs of financial markets, and putting aside enough money to last through retirement become the problems of workers."

Bush Featured Prominently In Democrats' Ads, But Nearly Absent From GOP's. The New York Times (9/17, Nagourney, 1.21M), in a front-page story, reports President Bush "is emerging as the marquee name in this fall's Congressional elections — courtesy not of his Republican Party but of the Democrats. A review of dozens of campaign commercials finds that Mr. Bush has become the star of the Democrats' advertisement war this fall. … Not surprisingly, given that Mr. Bush's job approval rating continues to hover around 40 percent, it is hard to spot the president in any of the Republican advertisements that were reviewed. In what may be taken as an indication of changing Republican tastes, Senator John McCain of Arizona is popping up everywhere." According to the Times, "The decision by Democrats to invest in advertising directly attacking the war in Iraq, the administration's war on terrorism and the once overwhelmingly popular president is a marked turn from how they handled these issues in 2002 and 2004. … 'In certain districts he's exactly who we want to pivot off,' said Representative Rahm Emanuel, the Illinois Democrat leading the effort to win the House. 'I tell all the candidates: Him and his agenda are on the ballot this year.'" The New York Times

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(9/17, Pear, 1.21M) includes the transcript of a commercial being run by Democrat Patricia Madrid who claims her opponent, Rep. Heather Wilson, "is too close to President Bush on Iraq and other issues."

Shays Says Bush Has "No Credibility" Regarding Iraq. The Washington Post's David Broder (9/17) writes on Rep. Chris Shays' "doubts about what he terms 'the noble mission' that brought the United States to Iraq." Shays "had no qualms about the current president's decision to invade Iraq, because he believed Hussein had weapons of mass destruction. And even now he expresses scorn for those who say they regret their votes to authorize this war because the weapons were not there. 'I would never back away from my vote,' he said. On the other hand… 'The president has no credibility,' Shays said, because of that intelligence blunder and because management of the war has been awful. Notable as he found the Iraqis' political achievement in writing and ratifying a constitution and electing a government in Baghdad, he said: 'Since January, there has been no progress' toward reconciling Shiite-Sunni conflicts and transferring the responsibility for policing the country to the growing army of Iraqis."

Cardin And O'Malley Try To Tie Ehrlich And Steele To Bush. The Washington Post (9/17, A1, Mosk, Wagner, 748K) reports, "The campaigns are for high political office in Maryland, but the Democratic candidates' toughest attacks are focused on a man from Texas: George W. Bush. Baltimore Mayor Martin O'Malley, who is challenging incumbent Republican Gov. Robert L. Ehrlich Jr., calls his opponent 'the George Bush Mini-Me of Maryland,' and he has plastered the same photo on three recent campaign mailers. It shows Ehrlich and the president arm in arm. Benjamin L. Cardin (D), the 10-term congressman from Baltimore who is taking on Republican Lt. Gov. Michael S. Steele in the race for an open U.S. Senate seat, mentions his opponent on the stump. But he saves a battery of attacks for Bush and urges voters to elect Cardin because 'George Bush is leading this nation in the wrong direction.' The Democratic effort to nationalize the two high-profile Maryland campaigns is unmistakable, the latest sign that party leaders believe anger at the president might be the decisive emotion that drives voters to the polls in November."

Democrats Disagree On What To Do In Iraq. In a Week in Review piece for the New York Times (9/17, 1.21M), reporter John Broder writes that Democrats "are trying each of these approaches in a cacophony of frustration and sorrow, reflecting divisions in the party at the national level. If it is hard to see a Democratic plan to end the war, it's because there isn't one." Democrats Eric Massa, Jim Webb, Sen. Joseph Biden, Patricia Madrid and Sen. John Kerry express their views on Iraq should they win office or higher office.

GOP Candidates Given Conflicting Advice Regarding Bush's Campaign Role. In an op-ed appearing in a special Washington Post (9/17, B1, 748K) Outlook section titled "The Advice Issue (REPUBLICAN EDITION)," MSNBC host and former Rep. Joe Scarborough writes, "I can't help but feel sorry for my old Republican friends in Congress who are fighting for their political lives. After all, it must be tough explaining to voters at their local Baptist church's Keep Congress Conservative Day that it was their party that took a $155 billion surplus and turned it into a record-setting $400 billion deficit. How exactly does one convince the teeming masses that Republicans deserve to stay in power despite botching a war, doubling the national debt, keeping company with Jack Abramoff, fumbling the response to Hurricane Katrina, expanding the government at record rates, raising cronyism to an art form, playing poker with Duke Cunningham, isolating America and repeatedly electing Tom DeLay as their House majority leader? How does a God-fearing Reagan Republican explain all that away? Easy. Blame George W. Bush."

In an another op-ed for the Post (9/17, B1), in the same section, Stuart Stevens, partner in the Stevens and Schriefer Group, "a Republican media firm that advised George W. Bush's presidential campaigns," writes, "Most Democrats and the vast majority of what passes for the intelligentsia in this country simply don't understand the appeal of President Bush, much the way Republicans never got that Clinton guy. So now that the president's public approval numbers have fallen from historic highs, there seems to be great salivating at the notion that the country is finally getting what has been so obvious to them for so long and that a national day of reckoning is nigh. This view of Bush transformed from Leader of the Free World into Election Jeremiah is so wrong that it should be laughable. Except that a lot of Republicans seem to believe it's true. They're certainly behaving that way on the campaign trail, acting as though they're sure that a spy camera photo of a candidate caught with the president will be a death sentence in November. And that's a problem -- not for the president but for the candidates and the GOP."

The Post (9/17, B5) also runs a collection of brief bits of advice for Republican candidates from Bill Kristol and Ann

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Coulter, among many others. Coulter writes, "Republican candidates should talk about the Democrats. The Democrats want to pull out of Iraq, shut down Guantanamo, open the nation's borders, abandon the Patriot Act and the NSA spying program and extend full constitutional protections to people like Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. … If this nation returns to the Democratic national security policy known in military circles as 'unconditional surrender,' two years of the Democrats could get us all killed."

Schwartz Claims "Quasi-Theocrats" Are "Infiltrating" The GOP's "Power Structure." In yet another op-ed for the Washington Post (9/17, B5, 748K), this one titled "Don't Lose Like Me," Rep. Joe Schwarz writes, "Even though more than half of all American voters consider themselves centrists, the Republican and Democratic parties are finding themselves controlled to an ever-greater extent by their more extreme elements. On the Republican side, the 'religious right,' the quasi-theocrats, are infiltrating the party power structure quite effectively. … It wasn't President Bush who proved to be the kiss of death to my candidacy for a second term in the House. The president's poll numbers may not be very good in many places, but he's still well-liked in my neck of the woods -- south-central Michigan. So when I geared up to run again this year, I was pleased to have his endorsement. My loss had nothing to do with his popularity, or national issues such as the war in Iraq. What did me in was voter apathy, and moral absolutist groups supported by a vitriolic negative-ad campaign funded by organizations on the far right."

Bush Said To Be Losing Support Among Southern Women. The AP (9/17, McCaffrey) reports President Bush's "once-solid relationship with Southern women is on the rocks. … In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans." However, "Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress. Republicans on the ballot this November have reason to worry. An Associated Press-Ipsos poll found that three out of five Southern women plan to vote for a Democrat. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP." The AP adds, "The movement of some Southern women away from the Republican Party tracks with national poll results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country."

GOP Candidates Benefit From Bush's Improved Poll Numbers, 9/11 Anniversary. The Houston Chronicle (9/17, Roth, 535K) reports, "A bleak landscape for Republicans in the upcoming congressional elections appeared to brighten ever so slightly last week. The president's aggressive campaign to emphasize terrorism and tie it to the conflict in Iraq has helped nudge upward his still-low approval ratings. Experts say the ratings are an important gauge of how the president's party will fare in the congressional elections. The polls also showed a slight improvement in the public view of his handling of Iraq, an issue Democrats are hoping to use to make big gains. … Thomas Mann, a congressional expert at the liberal-leaning Brookings Institution, said he is skeptical Republicans could sustain momentum generated by the fifth anniversary of Sept. 11. 'My view is it will be a one-week phenomenon,' he said."

Presidential Candidates Expected To Opt Out Of Public Financing System In 2008. The AP (9/17, Kuhnhenn) reports, "Strategists from both parties estimate the White House race in 2008 could cost each nominee $500 million — far more than the Presidential Election Campaign Fund can afford. As a result, this next presidential campaign could mark the first time in 30 years that the Democratic and Republican nominees turn down the fund's millions in both the primary and the general elections. … If the major party candidates decline the general election funds in two years, they in effect would kill one of the chief post-Watergate overhauls in campaign law. The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money."

Potential Gore-Clinton Primary Race Analyzed. The Houston Chronicle (9/17, Holland, 535K) reports, "Al Gore's statement that he wouldn't rule out running for president raises the possibility of a Democratic duel between the former vice president" and Sen. Hillary Clinton. Pollster John Zogby, "sees 'a battle royal shaping up.' … Gore is 'in a very second tier after Hillary, who is in a league by herself,' Zogby says. … On the other hand, Gore has 'two

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aces in the hole,' Zogby said. Unlike Clinton, he opposed the Iraq war from the start. And he is known as an expert on the environment."

Obama Seen As Hampered By Unusually High Expectations. The St. Louis Post-Dispatch (9/17, McDermott, 300K) reports, "For a politician, is there such a thing as too much popularity? If there's any cloud over U.S. Sen. Barack Obama's seemingly charmed political life, it may be that one. With national political pundits now using words such as 'messiah' in connection with the Chicago Democrat - and one former campaign opponent calling on him to run for president - some say he could ultimately be rising so fast and high in the American consciousness that he may end up with nowhere to go but down. … One rule of thumb in politics is to keep expectations low so that any mistake the politician makes looks smaller while any accomplishment looks bigger. For Obama, sitting on a runaway train of gushing publicity, that kind of 'expectation control' has become impossible." Obama "(whose office reiterated last week that he isn't running for president in 2008) hardly needs his own startling popularity impressed upon him. He has quipped about it himself, joking to reporters at a dinner in Washington in March, for example: 'I want to thank you for all the generous advance coverage you've given me in anticipation of a successful career. When I actually do something, we'll let you know.'"

Obama Advised To Seek Presidency In 2008. Syndicated columnist Robert Novak (9/17) writes, "Prominent Illinois Democrats are advising Sen. Barack Obama, now finishing his second year in the Senate, to consider making a run for the 2008 Presidential nomination. One such Democratic stalwart is telling the 45-year-old Obama to run only if prospective front-runner Sen. Hillary Clinton does not. But others are advising the popular freshman senator to go for it even if Clinton is a candidate. These boosters calculate that Obama, the son of a black father and a white mother, could break the Republican Presidential hold on the South by maximizing the African-American vote in states such as South Carolina, Georgia and Mississippi."

McCaskill Seeks "Phased Pullout" Of US Troops In Iraq. The St. Louis Post-Dispatch (9/17, Shesgreen, 300K) reports, "Every which way they turn, Sen. Jim Talent and state Auditor Claire McCaskill face voters' unease and anger about the war in Iraq. … But Missourians looking for a dramatic new direction on Iraq from the two candidates competing for the U.S. Senate seat may not be happy with what either Talent or McCaskill has to say." Talent "was among the staunchest proponents of the war and remains unwavering, like many other Republicans, in his belief that setting any timetable for withdrawal would be a terrible mistake." McCaskill "says the war was a mistake and is now a quagmire that has compromised America's strength and bred terrorism in new corners of the world. But she has not bowed to the most fiery anti-war wing of her party…or even to some Democratic senators who have called for withdrawing all U.S. troops by the middle of next year. McCaskill advocates a two-year phased pullout, to begin this year, with American troops eventually replaced by a multinational force - time enough, she says, to allow the Iraqi government to achieve stability."

Lieberman Advocates Bipartisan Commitment To War On Terror. The Hartford Courant (9/17, Pazniokas, 195K) reports, "Using apocalyptic imagery of civilization lost, Sen. Joseph I. Lieberman blamed politics Friday for undermining the war on terror and leaving the U.S. vulnerable to 'barbarians at our gates.' … His 25-minute address repeatedly called for bipartisanship in Washington, reinforcing the central theme of his re-election campaign as an independent since losing the Democratic primary in August to his main rival, Ned Lamont." Lieberman "faulted the Bush administration for alienating potential allies in the war on terror, though he gave no examples of an administration miscue. He never mentioned the war in Iraq, a topic he intends to address with another policy speech."

The New York Times (9/17, Medina, 1.21M) reports, "It was Mr. Lieberman's first major speech since he was defeated in the Democratic primary last month, and aides said it was intended to be a policy update rather than a political statement." Lieberman "criticized both major parties, highlighting his odd political position now. 'It is wrong for some on the right to imply that some Democrats don't care if the terrorists succeed, or that debating the merits of the president's policies on the war on terrorism emboldens our enemies,' Mr. Lieberman said. That kind of attack on people's motives 'divides and weakens us as a nation,' he said. But Mr. Lieberman, who is trying to strike a careful balance as he seeks Republican and unaffiliated votes in November, also criticized some of the president's detractors. 'It is wrong for some on the left who go beyond dissent and

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demonize the president and impugn the motives of all those who support him,' Mr. Lieberman said. 'Like it or not, we are in this war against terror, and we are in it together.'"

Dynamics Of Kean-Menendez Race Follow Familiar New Jersey Pattern. The New York Times' Peter Applebome(9/17) reports "all the major political newsletters" are "now calling the race between State Senator Thomas H. Kean Jr., the Republican, and Senator Robert Menendez, the Democrat, a toss-up. And, whether or not control of the Senate ends up hinging on the answer, it's clear that this is yet another toxic soufflé of New Jersey politics that will revolve around this question: Who seems scarier — the Republicans in Washington or the Democrats in New Jersey? … The betting for most is still that things eventually revert to form. New Jersey has not elected a Republican to the Senate since Clifford Case 34 years ago. Polls show the Iraq war wildly unpopular in New Jersey and President Bush getting a favorable approval rating from about a third of state voters. And in tough races, the Democrats almost always manage to turn out big enough numbers in North Jersey cities to push the sick and frail over the finish line."

Allen Likely To Benefit From Gay Marriage Ban On Virginia Ballot. The Washington Times (9/17, Bellantoni, 88K) reports, "Virginia's constitutional amendment on marriage will attract conservative voters who otherwise would have stayed home in frustration with national Republicans, grass-roots activists say. The bump in turnout in November likely will benefit U.S. Sen. George Allen, a Republican who until recently appeared a lock for re-election and poised for a 2008 White House bid." The Times notes Allen "favors amending the state constitution, but his challenger, Democrat James H. Webb Jr., opposes the constitutional change as broad and discriminatory. Democrats say Republicans should not be so confident that the measure will pass with a large margin. They say its placement on the ballot -- once considered a gift from Republican state legislators so Mr. Allen could get a landslide win -- is stirring opposition in the more liberal areas of the state. A recent Mason-Dixon poll showed the amendment winning but losing support."

Virginia Voters Urged To Reject Gay Marriage Ban Amendment. The Washington Post (9/17, B6, 748K) opines in an editorial, "Since 1998, 20 states have adopted constitutional amendments banning gay marriage. But not all of them have been drafted so expansively, and so carelessly, as the measure that will appear on Virginia's ballot in November, which would recognize no 'union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities or effects of marriage.'" According to the Post, "The amendment is muddle-headed and absurdly broad, duplicates what is already in state law and carries the germ of a thousand unintended consequences. Virginia voters should reject it."

Both Candidates Now Utilizing Sophisticated Blogging Efforts. The Washington Post (9/17, A1, Shear, Craig, 748K), in a front-page story, reports, "Virginia's U.S. Senate race has catapulted bloggers into the middle of electioneering and controversy as campaign supporters use their online forums to connect with voters, raise money and spread gossip. Liberal bloggers…fanned the flames last month after" Allen "aimed a derogatory remark at a young Webb volunteer. That hype has helped Webb close a double-digit Allen lead in public polls and was a blow to the Republican senator's possible presidential bid in 2008. The lack of an effective response from conservative bloggers has prompted Allen to hire a Virginia blogger as his 'new media coordinator' to goose GOP supporters into action. And four of Virginia's most popular conservative bloggers launched http://www.allens-a-team.com last week to counter what they call liberal attacks. Together, the Webb and Allen campaigns are transforming the image of the independent blogger, clicking away on his own dime from his basement. And they are pushing the boundaries of federal campaign finance laws as blogs that once were personal diaries have come to resemble full-blown campaign operations that don't have to be reported as expenses."

Chafee Primary Win Sets Back Democratic Hopes To Retake Senate. The Washington Times (9/17, Fagan, 88K) reports, "Senate Democrats last week lost a key chance in their battle to retake the Senate, when top Republicans helped one of their most liberal members, Sen. Lincoln Chafee of Rhode Island, defeat a more conservative challenger who both sides thought would lose to Democrats in November. … Democrats have to gain six seats in order to retake the Senate." According to the report, "Senate Democrats strongly disagree that Mr. Chafee's win was a setback for them. They argue that they can still win the seat because Mr. Chafee was weakened by the bitter primary and polls show a tight race between him and Democratic

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nominee Sheldon Whitehouse, a former state attorney general." However, according to the report, "The hill is now a bit steeper for Democrats than it would have been had the more conservative Stephen Laffey won the Republican primary in the Democratic state."

Former President Clinton Lends Fundraising Prowess To Democratic Senate Candidate. The Minneapolis Star Tribune (9/17, Marcotty, 398K) reports that in Minnesota, "Former President Bill Clinton, the Democrats' favorite Democrat, stood with U.S. Senate candidate Amy Klobuchar before a crowd of more than 1,400 people Saturday night to shed some of his rainmaking power on her and her political party. Clinton raised cheers at the fundraising dinner held at the RiverCentre in St. Paul when he said that Klobuchar 'may be the very best we have in the United States.'" According to the report, Clinton's "presence in Minnesota, and that of President Bush at a Republican fundraiser in August, illustrates the importance that both parties place on this Senate race. 'It's the most competitive race in the country,' said Mark Drake, communications director for the Republican Party in Minnesota." According the report, "Questions were raised about whether Bush would help or hurt Minnesota Republican candidates during his fundraising swing here. But that's not an issue for Clinton or the candidates he supports in Minnesota, experts said."

Religion Playing Larger Role In Contemporary Politics. The Pittsburgh Post-Gazette (9/17, O'toole, 241K) reports, "Bob Casey returned to his law school, Catholic University, last week, to deliver a message on how his faith informs his public life. This Wednesday, Dr. James Dobson, the popular and influential evangelical broadcaster, will appear at the Mellon Arena." According to the report, "Sen. Rick Santorum, whose reelection is being challenged by Mr. Casey, won't be there and won't be endorsed formally at the gathering, but the selection of Pittsburgh as a site for pre-election Stand for the Family rallies shows how highly the conservative Republican is valued by Dr. Dobson and his colleagues." The report adds, "The two events highlight the importance of religion in this race and in the broader national struggle between parties eager to appeal to 'the values voter,' that many analysts saw as a decisive factor in the 2004 presidential race. Since that election, Democrats nationally have struggled to find a natural voice on religious issues."

Franken Emerging As Fundraising "Powerhouse" In Minnesota. The Minneapolis Star Tribune (9/17, Hotakainen, 398K) reports, "A new Democratic powerhouse is emerging in Minnesota this campaign season: comedian Al Franken. His political-action committee, which is called Midwest Values, has raised more than $800,000 that he's spreading to Democratic candidates in Minnesota and across the country. … But Franken, a bestselling author and radio talk-show host who grew up in St. Louis Park, could be the ultimate beneficiary if he cashes in his chits and runs for the Senate in 2008 against Minnesota Republican Sen. Norm Coleman. Franken, who moved from New York to Minneapolis this year, said he might form an exploratory committee for that race early next year. He is raising campaign money from a variety of sources -- from the entertainment industry on both coasts, his stand-up comedy shows and elsewhere."

GOP Congressmen Come To Louisiana To Boost Party Hopeful Craig Romero. The Baton Rouge Advocate (9/17, Courreges) reports, "The Louisiana Republican Party's two hottest political acts traveled to Houma Saturday to declare their support for Republican Louisiana 3rd Congressional District challenger Craig Romero. U.S. Rep. Bobby Jindal, R-Kenner, and U.S. Sen. David Vitter, R-Metairie, held a news conference with state Sen. Romero, R-New Iberia, in front of the Terrebonne Parish Courthouse where they praised Romero's values and work ethic." According to the report, "Romero is the best-known and best-funded of three challengers attempting to unseat first-term incumbent U.S. Rep. Charlie Melancon, D-Napoleonville, in the Nov. 7 election. The other two are Franklin Libertarian James Lee Blake Jr. and LaPlace Democrat Olangee "OJ" Breech."

Muslim Candidate's Ties To CAIR Chief Questioned. The Minneapolis Star Tribune (9/17, Schmickle, 398K) reports that last week, Minnesota Republicans put terror support in the spotlight after Nihad Awad flew to Minneapolis to attend a fundraiser for state Rep. Keith Ellison in August. According to the report, Awad is "a former Minnesotan and executive director of the Council on American-Islamic Relations (CAIR) in Washington, one of the

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nation's most prominent Muslim groups. … Many conservatives and Jewish groups say that CAIR is rooted in the Hamas movement and that its leaders also secretly support Hezbollah in Lebanon," groups considered to be terrorist organizations by the U.S. According to the report, "If he wins, Ellison will be the first Muslim elected to Congress. He called Awad an 'acquaintance,' saying he has known the CAIR leader for many years but not well enough to be able to 'account for everything he has ever done, everybody he knows or everything he has ever said.'" The report adds, however, "After Awad attended the Ellison fundraiser on Aug. 25, conservative blogs, some Jewish groups and some Democrats objected."

Patrick Has 21-Point Lead In Democrats' Massachusetts Gubernatorial Primary. The Boston Globe (9/17, Phillips, 425K) reports, "Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV. Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent."

Poll Shows Pawlenty And Hatch Tied At 42. The Minneapolis Star Tribune (9/17, Olson, 398K) reports Minnesota Gov. Tim Pawlenty and Attorney General Mike Hatch "are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll. Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent. With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters."

Rendell Well Ahead Of Swan Despite Unfulfilled Campaign Pledges. The Pittsburgh Post-Gazette (9/17, Barnes, 241K) reports, "In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate. So his bid for re-election has to be in trouble, right? Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll. 'I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently."

Taylor And Perdue Offer Dueling Tax Cut Proposals. The Atlanta Journal-Constitution (9/17, Galloway, 399K) reports, "Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners. Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house. 'There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts,' Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park. … Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65. Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people."

Will Sees Democrats' Views On Social Issues As The Key To The Rise Of The GOP. In his column for the Washington Post (9/17, B7, 748K) George Will discusses "Building Red America: The New Conservative Coalition and the Drive for Permanent Power," a new book from the New Republic's Thomas Edsall. According to Will, Edsall "explains how Americans differ concerning what he calls 'freedom from the need to maintain the marital or procreative bond.'" Will then quotes from Edsall: "To social conservatives,' he writes, 'these developments have signaled

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an irretrievable and tragic loss. Their reaction has fueled, on the right, a powerful traditionalist movement and a groundswell of support for the Republican Party. To modernists, these developments constitute, at worst, the unfortunate costs of progress, and, at best -- and this is very much the view on the political left as well as of Democratic Party loyalists -- they constitute a triumph over unconscionable obstacles to the liberation and self-realization of much of the human race." Will concludes, "Looking for the real reason for the rise of 'Red America'? Read that paragraph again."

Ailing Automaker Ford Attempts A Turnaround In Bid To Revive Company. The Washington Times (9/17, Lengell, 88K) reports, "When he stepped down this month as Ford Motor Co.'s president and chief executive, Bill Ford Jr. acknowledged the ailing, 103-year-old automaker must reinvent itself to survive in an increasingly competitive industry. With the company announcing a deeper and accelerated restructuring plan Friday, it's obvious the auto giant's new chief executive, Alan Mulally, formerly executive vice president of Boeing, will lead a leaner, smaller and possibly more focused automaker. But will that be enough?" According to the report, J.D. Power and Associates automotive analyst Jeff Schuster says, "'Right now, with so many variables, I would have to say the jury's still out. I don't think Ford is going to disappear. ... But they will not recover that ground they've lost in the marketplace."

Former President Clinton Shares Memories Of Past Governor Ann Richards. The Dallas Morning News (9/17, Brooks, 500K) reports, "Former President Bill Clinton wiped away tears as he stood near his friend Ann Richards' flag-draped casket at the Texas Capitol on Saturday, describing a woman with 'big hair, big bright eyes, big blinding smile ... big heart and big dreams." According to the report, "A friend of Bill and Hillary Clinton for three decades, Ms. Richards, 73, died of esophageal cancer at her home in Austin on Wednesday. Mr. Clinton joined the Richards family Saturday in escorting the casket to the rotunda; Ms. Richards' body is lying in state there over the weekend."

The Washington Post/AP (9/17, A15, Castro) reports that at a memorial for former Texas Governor Ann Richards, former president Bill Clinton "delivered poignant and at times funny recollections of the woman he called "spontaneous, unedited, earthy, hilarious." According to the report, "During her one term as governor, from 1991 to 1995, she championed what she called the 'New Texas,' appointing more women and minorities to state posts than any of her predecessors. Clinton described the world that Richards wanted for her grandchildren as one 'where young girls grew up to be scientists, engineers, police officers and teachers … where the dreams and the spirit were as big as the sky in her beloved home.'"

Teachers Urged To Provide Open Forum For Ideas. In an op/ed in The New York Times Magazine (9/17), Pennsylvania State University's Michael Berube writes, "So far as I know, my department, like many university departments of English, consists of wall-to-wall Democrats. If my faculty colleagues have any good words to say about George Bush's fiscal or foreign policies, they're keeping them to themselves." Berube adds, "Every so often, someone on the academic left does Horowitz and company the favor of saying something foolish or simply outrageous about 9/11 or Iraq, and the grist meets the mill once again." According to Berube, "Every responsible teacher should think of the classroom as a relatively safe space, free of intimidation or coercion. But in return, every responsible student should realize that the classroom is only relatively safe, because arguing about ideas isn't risk-free."

Paulson Ask Other Countries To Limit Iranian Access To Banks. The New York Times (9/17, Weisman, 1.21M) reports, "The United States pressed the top finance officials of the world's leading industrial nations on Saturday to crack down on what Treasury Secretary Henry M. Paulson Jr. said was the exploitation of their banking systems by at least 30 Iranian front companies involved in illicit activities." He said "that the front companies were identified by American intelligence agencies as funneling money to terrororist groups using banks in Europe and elsewhere, many of them 'blue chip banks,'" adding "that many leading trading companies in Iran with legitimate business operations were also involved in the illicit activities, and that it behooved any legitimate bank to realize that it was risky to continue doing even legitimate business with the companies." These "comments appeared to reflect the emerging Bush administration strategy on Iran as efforts to impose sanctions by the United Nations Security Council have faltered." Additionally, "Last week, in what administration

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officials call a major escalation in the effort to squeeze Iran economically, the Treasury Department announced that Bank Saderat, a major bank in Iran, would no longer have even indirect access to the United States financial system."

The Washington Post (9/17, A23, Goodman, 748K) adds that Paulson "used his first meeting of world finance chiefs on Saturday as a venue to press the Bush administration's mission to isolate Iran and choke its nuclear aspirations." However, he "portrayed the initiative as 'an education job,' giving his counterparts the ability to act voluntarily," and, "In a statement issued after the meeting, the G-7 finance ministers lent general support."

The Wall Street Journal (9/17, Phillips, 2.03M) leads, "Frustrated in its efforts to secure U.N. sanctions on Iran, the Bush administration is trying to convince individual governments and banks to sever financial relationships that allegedly allow Tehran to finance its nuclear ambitions and foreign terrorist groups." Paulson told reporters "he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions."

Bloomberg (9/17, Carmichael) also covers this story.

US Said To Have Limited Options For Dealing With Iran. The New York Times (9/17, Cooper, Sciolino, 1.21M) reports, "After intense talks about Iran's nuclear program, the United States and other major world powers face two unappealing choices as the United Nations General Assembly opens this week: introduce a resolution in the Security Council for sanctions against Tehran that may not be tough enough to make a difference, or delay any punitive measures, rendering their diplomacy on Iran meaningless." Therefore "the Bush administration, along with Russia, China, France, Britain and Germany, have quietly shifted their strategy" and "offered a major concession. They are embarking on a two-track approach that allows the European Union foreign policy chief, Javier Solana, to conduct open-ended negotiations with Iran on the conditions for a suspension while the Security Council weighs punitive measures." This "is a fundamental shift and an admission of how few options President Bush and his European allies have."

In an analysis piece, the AP (9/17, Gearan) adds, "When President Bush addresses world leaders at the United Nations this week, he will have fewer options and lower expectations on almost every major foreign policy front than a year ago." While "Bush and his foreign policy advisers have tried with some success to dispel the caricature of Bush abroad as a Texas cowboy riding alone and herding the U.S. into an unpopular war in Iraq," that "war, now in its fourth year, devours resources and energy for other global objectives and feeds mistrust about U.S. intentions, experts say."

EU To Meet With Iran Without US. The AP (9/17, Riechmann) reports, "European diplomats are considering a meeting with Iran on the sidelines of next week's U.N. General Assembly in hopes of de-escalating the standoff over Tehran's nuclear program — but the United States won't be getting an invitation. The Bush administration, which is pushing for U.N. sanctions against Iran, has said it will join European-led negotiations with Iran only if it stops its uranium enrichment work first," and a US official said "The Bush administration has little confidence that 'Iran will come through to meet the conditions' of verifiably suspending its enrichment work."

Abbas To Meet With Rice, Bush On Sidelines Of UN. The New York Times/AP (9/17) reports, "Palestinian president, Mahmoud Abbas, will meet with President Bush in New York on Wednesday, on the sidelines of the United Nations General Assembly," and "will be preceded by talks on Monday between Mr. Abbas and Secretary of State Condoleezza Rice." Palestinian official Saeb Erekat "said the discussion would touch on a wide range of issues, including the coalition government that Mr. Abbas is trying to form with the Hamas political movement and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June." A separate AP (9/17, El Deeb) article adds that Abbas "will likely seek to promote his planned coalition with Hamas," but "the White House would not confirm the meeting and it was not clear whether Bush's final schedule in New York had been set."

Lebanon Conflict Spurred Israelis' Questioning Of Leaders. The Washington Post (9/17, A1, Wilson, 748K) reports, "Frustration over the outcome of the war in Lebanon has spurred many Israelis to question the abilities of a new class of political professionals who are stepping into roles long held by the men and women who founded the Jewish state" as "the uncertain aftermath of the first war to be managed by a prime minister from outside Israel's founding generation…has sharpened debate over whether the best of the new generation are entering public

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life." Ehud Olmert "and others of his political generation embody a leadership shift that highlights the Jewish state's changing values and demographics," as the "original socialist character has evolved into a more free-market economy and less centralized government." As a result, "Israel's mainstream political leadership now consists mostly of pragmatic men and women who have made politics their profession -- a sharp contrast to the ideological volunteers, shaped by persecution, who founded Israel nearly six decades ago." Now, "opinion polls show that a large majority of Israelis believe the previous leaders were better than the current ones, while one in five Israelis does not think any of the senior party leaders is suitable to be prime minister."

Nonaligned Movement Gathering Approved Anti-US, Israel Document. The AP (9/17, Rodriguez) reports, "Representatives of 118 Nonaligned Movement nations condemned Israel's attacks on Lebanon and supported a peaceful resolution to the U.S.-Iran nuclear" in a 92-page declaration that "also broadly condemned terrorism. But it said movements for self-determination and battles against foreign occupiers should not be considered terrorism." These "final statements, many of which contain veiled criticisms of the U.S., were approved by unanimous consent after another round of speeches Saturday night by leaders of the movement." At the meeting were "the leaders of Iran, Venezuela, North Korea, Zimbabwe among other leading U.S. adversaries. Raul joined them in saying a bellicose America had made the world more dangerous." The US "said it would have no comment on any of the proceedings."

Lebanese Government Struggles With Complexity Of Rebuilding. The Los Angeles Times (9/17, Stack, 918K) reports that analysts say the rush to rebuild Lebanon "has gotten tangled up with a high-stakes sectarian competition, as Sunni Arab governments in the region race against Shiite-ruled Iran and its ally Hezbollah to prove political clout and capture grass-roots loyalty" in "a stark reminder of the panic that has gripped the region as the power of Iran has swelled." Now "Persian Gulf states, including Saudi Arabia, Kuwait, Qatar and the United Arab Emirates, have come forward with immense donations" and "the Lebanese government, dominated by Sunnis and Christians, has struggled to counteract the perception that Hezbollah is chiefly responsible for the aid and reconstruction efforts." Meanwhile, "Hezbollah's political leaders dismiss government aid efforts as corruption-riddled traps that snare money long before it reaches the needy. They sometimes speak of the government as a foreign force."

Vatican Issues Statement Expressing Pope's Regrets That Remarks Were Found Offensive. The New York Times (9/17, Fisher, 1.21M) reports, "A top Vatican official said Saturday that Pope Benedict XVI 'deeply regretted' that a speech he made this week 'sounded offensive to the sensibility of Muslim believers.' … The Vatican statement stopped short of the direct personal apology from Benedict that many Muslims have been demanding. Still, the statement tried to tamp down rising anger among Muslims about the speech, in which Benedict quoted a 14th-century Byzantine emperor as calling Islam ;evil and inhuman.'"

The Washington Post/AP (9/17, A18, D'emilio) reports, "The new Vatican secretary of state, Cardinal Tarcisio Bertone, said the pope's position on Islam is unmistakably in line with Vatican teaching that says the church 'esteems' Muslims. Benedict 'thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful and should have been interpreted in a manner that in no way corresponds to his intentions,'" The statement "failed to satisfy critics."

The Los Angeles Times (9/17, Wilkinson, 918K) reports, "Hostility to the pope's speech -- a dense lecture in which he quoted a medieval Byzantine emperor as saying, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman' -- has plunged Benedict's 17-month-old papacy into its most difficult diplomatic crisis."

Five Churches Firebombed Over Pope's Remarks. McClatchy Newspapers (9/17, El Naggar) reports, "Gunmen firebombed five churches in the Palestinian territories Saturday over remarks by Pope Benedict XVI this week that outraged Muslims and prompted the Vatican to issue a mildly worded apology." McClatchy adds, "Palestinian gunmen targeted five churches in Gaza and the West Bank with firebombs, causing charred doors and bullet holes in walls, but no one was injured."

Sudanese President Rejects UN Intervention In Darfur. The AP (9/17, Rodriguez) reports that Sudanese president Omar al-Bashir "again rejected the

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deployment of U.N. peacekeeping troops in the war-torn Darfur region during a meeting with U.N. Secretary-General Kofi Annan on Saturday." He said, "Justice is and remains our objective but through diplomatic, political and other means," which is "why we reject this position."

Sudanese VP Favors UN Intervention. The AP (9/17, Osman) reports that First Vice President Salva Kiir Mayardit, "one of two vice presidents in Sudan's power-sharing government, "said in remarks published Saturday that he would accept the deployment of U.N. peacekeepers in the country's war-torn Darfur region." He added that "the Sudanese government was incapable of protecting civilians in Darfur, and called on the U.N. to intervene." The AFP (9/17, Ali Saeed) leads that "Kiir said a UN peacekeeping force is vital for the protection of civilians in Darfur." Kiir's southern former rebel movement (SPLM) forms part of a national unity government as part of a January 2005 peace deal with Beshir's regime, and "the SPLM's stance on the presence of international troops could threaten the implementation of peace accords, an analyst said."

Reporter Remembers Visiting Colleague In Sudanese Jail. Craig Timberg, the Johannesburg bureau chief of the Washington Post, writes in an op-ed in the Washington Post (9/17, B3, 748K) describes his visits to Paul Salopek, a two-time Pulitzer Prize winner for the Chicago Tribune, who was detained in Sudan after entering without a visa. He was charged with the "visa violation…espionage and writing 'false news.'" Salopek had entered because he was "distraught over what could happen to civilians once all the outside witnesses left Darfur, as the government seemed determined to make happen." Timberg mentions Salopek's interactions with his guards and his resignation to serve time if he had to. He also mentions "the small contingent of U.S. diplomatic and military officials who had made it their mission to keep Salopek as safe and comfortable as possible."

North Korea's No 2 Leader Blames US For Lack Of Peace. The AP (9/17, Arrington) reports, "North Korea's No. 2 leader blamed the lack of world peace on the United States Saturday at the Nonaligned Summit, saying that because of its failure to respect the sovereignty of other nations, 'the international order is destroyed.'" Parliament leader Kim Yong Nam presented "the latest anti-American statement at a meeting that has brought together some of the staunchest U.S. foes, including the presidents of Iran, Venezuela and Zimbabwe." He "also defended the North's nuclear program amid concerns the communist country may be preparing to carry out an atomic weapons test," adding, "The DPRK will never go back to the talks under U.S. sanctions."

NAM Backs Iran On Nukes. The Washington Times (9/17, 88K) reports, "Developing countries yesterday wrapped up a multinational summit with North Korea charging that U.S. threats drove it to acquire deterrent atomic weapons and Iran winning solid support for its nuclear ambitions. Iran, Venezuela and Cuba joined North Korea in leading efforts to forge an anti-U.S. alliance. Summit leaders, in a statement on Iran, 'reaffirmed the basic and inalienable right of all states to develop research, production and use of atomic energy for peaceful purposes.'" Still, "governments with friendly ties to Washington, among them India, Pakistan, Chile, Peru and Colombia, sought to steer the summit away from confrontation and finger-pointing at the United States."

Group Airs Film Examining Life In North Korea. The Washington Times (9/17, Kim, 88K) reports, "Liberty in North Korea, a 2-year-old organization with a global reach, has found success drawing attention to human rights atrocities in the isolated communist state. Its latest effort featured an airing of the movie 'Seoul Train' at the American University in Northwest last week. The film opens with a small North Korean boy wandering around a market, searching the ground for bits of food to eat. … The 1995 documentary by filmmakers Jim Butterworth, Lisa Sleeth and Aaron Lubarsky depicts the life-and-death struggle faced by North Koreans who attempt to flee their homeland through China."

North Korean, South Korean Members Of Family Reunite Over Satellite. In the New York Times Magazine (9/17), Mary Chi-Whi Kim writes, "Last December, after 55 years, members of our South Korean family reunited with northern relatives for two hours via satellite. It was one of hundreds of such virtual reunions that the Red Cross has organized for families who have been separated since the 1953 armistice split the country in half."

As US Approves More Missions, UN Stretched By Peacekeeping. The Washington Post (9/17, A17, Lynch, 748K) reports, "The United Nations is set to field its largest peacekeeping enterprise in its 61-year history, with more than 100,000 troops and police to be deployed by year's end in missions around the world," but "The unprecedented growth in peacekeeping operations is placing strains on the United Nations' capacity to respond to

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emerging crises in various parts of the world and is draining the pool of available troops both for the world body and for NATO." This growth "marks the end of a retreat in funding for new missions by the United States," as, "Despite its initial reservations about the virtues of U.N. nation-building, the Bush administration has led efforts to reinforce existing operations and create new ones for Haiti, Liberia, Sudan and Lebanon. It has repeatedly approved operations in countries where it has few national interests." U.S. ambassador to the United Nations John R. Bolton "said that the Bush administration continues to have misgivings about the organization's fitness to effectively manage its peacekeeping operations but that a proliferation of crises has forced U.S. support."

Annan Said To Have Brought Relevance Back To UN. Author James Traub writes in an op-ed in the Los Angeles Times (9/17, 918K) that Secretary-General of the UN, Kofi Annan has "restored the relevance of the U.N. The new U.N. head brought Washington back into the fold through a combination of unflagging solicitude and gentle prodding." Also, his "willingness to upbraid African leaders on behalf of Western principles…gave him the freedom to make demands of the West on issues of development." However, "a secretary-general, for all that we romanticize him, can do very little to alter the fundamental calculations of states. As the United Nations begins in earnest to choose a replacement for Annan, we must bear in mind that a secretary-general is, in the end, a creature of the geopolitical moment," and "the U.N., at least that part dealing with issues of peace and security, cannot be any more effective than its most powerful members want or permit it to be."

Author Argues That Despite UN's Flaws, There Is No Viable Alternative. Author David Rieff writes in the Los Angeles Times (9/17, 918K), "In a world in which the so-called clash of civilizations is no longer an academic hypothesis but increasingly a reality, at least in the minds and hearts of enormous numbers of ordinary Muslims and Christians who each see the other as bent on all-out war…the limits of what Western militaries can accomplish politically has become obvious" and "unilateralism — and the reliance on 'coalitions of the willing' — which seemed so promising in the late-1990s, has turned out not to be a viable alternative to the U.N. system after all." It turns out "there is really no viable alternative to the U.N. … How else to explain U.S. Ambassador to the United Nations John Bolton — a man who is on record as having said that if 10 stories were removed from the U.N. headquarters building no one would notice the difference — behaving these days like a U.N. booster?" Thus, "the U.N.'s future is perfectly viable because no one has a good alternative to propose."

Goldberg Argues For Confirming John Bolton. Jonah Goldberg writes in his column in he Los Angeles Times (9/17, 918K), "I speak now not so much in praise of John Bolton as in dispraise of Boltophobia." John "Bolton (like most Americans) thinks that the U.N. is the problem, while those infected with Boltophobia think that it's the solution -- and that the U.S. is the problem." Bolton did "a first-rate job as U.S. ambassador to the United Nations during his yearlong interim appointment," and "most Americans agree with Bolton that the U.N. is a cesspool of its own crapulence, stealing American tax dollars intended for global do-goodery while working against American interests." We can keep Boltophobia "from controlling our lives. And that means Bolton should be confirmed."

Author Urges Senate To Reject Bolton. Stephen Schlesinger, author or "Act of Creation," on the founding of the United Nations, writes in an op-ed in the Los Angeles Times (9/17, 918K), "Bolton has had 12 months to show his stuff. And frankly, there is still no evidence to suggest that he deserves a full-time posting. Bolton has never been a diplomat — which, among his supporters, is regarded as a mark of honor." He "has for a long time been an excessive and unrestrained critic of the U.N.," and "His record since taking over as ambassador in August 2005 has shown that his adversarial stance toward the institution has not softened." Bolton also "has, on occasion, reportedly sneaked around his own nominal boss, Secretary of State Condoleezza Rice, to Vice President Dick Cheney." Additionally, "he doesn't get along well with our allies. His bristling nature has left many bruised feelings among his colleagues. His accomplishments are marginal at best." For "harmonize differing viewpoints and work out compromises to further U.S. national security interests," it is "a serious error…appointing a Jacobin to work inside a collegial global body." Bolton as our Ambassador to the UN is "a blemish on our nation. His nomination should be rejected again by the Senate."

Cambodia Welcomes Chinese Investments. The Los Angeles Times (9/17, Lee, 918K) reports, "For centuries, the Kingdom of Cambodia has tried to fend off

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greater powers such as Thailand, Vietnam and France. But today Phnom Penh is welcoming the Chinese with open arms, praising Beijing as a government that offers its largess unconditionally." The Times adds, "Some Western diplomats see China's growing influence here as a threat to American political interests in the region "

China's Baidu Search Engine Prospers Under Government Censorship. The New York Times (9/17, Barboza, 1.21M) profiles Chinese search engine Baidu. The Times writes, "But Baidu's evolution…offer[s] textbook examples of the payoffs and perils of doing business in China and suggest that Baidu may prove to be far more resilient than some analysts believe. … In exchange for letting censors oversee its Web site, Baidu has sealed its dominance with support from the Chinese government, which regularly blocks Google here and imposes strict rules and censorship on other foreign Internet companies. In addition, analysts say, entrepreneurs in China have a knack for pummeling American Internet giants."

India, Pakistan Agree To Resume Peace Talks. The New York Times/AP (9/17) reports, "Pakistan and India agreed Saturday to restart peace talks" after the Pakistani president, Gen. Pervez Musharraf, and the Indian prime minister, Manmohan Singh, working "out the details Saturday morning on the sidelines of the Nonaligned Movement summit meeting in Havana," agreeing "on cabinet-level talks." Both called "their meeting as a breakthrough for peace," and "Mr. Singh also said he had accepted an invitation to travel to Pakistan to further the process." A fuller version of the AP (9/17, Arrington) story adds, "Their joint statement said they had a 'cordial, frank exchange of views on all aspects of India and Pakistan relations' and they 'strongly condemn all acts of terrorism.'" The AFP (9/17, Moser) notes, "India had earlier indicated a condemnation of terrorism was key to reaching an agreement on the resumption of negotiations over Kashmir." Indian foreign secretary designate Shivshankar Menon noted "the agreement on terrorism 'has made it possible for us to clear resumption of the dialogue.'"

Russian Regulator's Murder Demonstrates Upper Class's Vulnerability. he New York Times (9/17, Chivers, 1.21M) reports, "Violent deaths continuously punctuate the civic discourse in Russia. The list of victims and motives is grim and long: contract hits on rivals, bombs to settle business disputes, racist attacks on laborers from the Caucasus or Central Asia and students from Africa or South America, and the almost regular killings of police officers in Russian republics where ethnic and religious tensions are inflamed. … But the murder last week of Andrei Kozlov, one of Russia's top bank regulators, served as a reminder that even the upper strata of society here are not immune from the vicious rules of the Russian street."

Hoagland Says Democracy Not "Totally Dead" In Russia. In his column in the Washington Post (9/17, B7, 748K), Jim Hoagland writes, "That frustrating zigzag pattern is at work today in Russia as President Vladimir Putin deepens an authoritarian transformation underwritten by surging oil and gas revenue that buys him public calm. But the political and economic centralization he manages may carry the seeds of its own demise. This transformation of Russia -- as dispiriting as it has seemed recently to many in the West and here -- is not carved in stone. The deep concern that the Kremlin's rulers show for the opinion of their relatively well-educated public is one sign that not even they believe democracy is totally dead here."

Chavez Recommends Books. The New York Times (9/17, Romero, 1.21M) reports that often, when Venezuelan President Hugo Chávez "drops the names of books he is reading or has grown to love, giving insight into the various intellectual and literary influences on his thinking," including an "anti-Bush staples": "Dude, Where's My Country?" by filmmaker Michael Moore. This practice "reflects what seems a wider strategy on his part: he seems determined to articulate and spread a national ideology."

Obrador Vows To Set Up Own Mexican Government. The New York Times (9/17, McKinley, 1.21M) reports, "More than 150,000 supporters of" losing presidential candidate Andrés Manuel López Obrador "flooded into the capital's historic square on Saturday and declared him 'the legitimate president' of Mexico." At a "massive rally" that "seemed intended to keep Mr. López Obrador and his political agenda from fading out of the national debate, the crowd "unanimously denied Mr. Calderón had won. They declared Mr. López Obrador president, asked him to form a cabinet and supported a constitutional convention." Obrador "vowed to set up his own government and to fight against 'a band of white-collar crooks

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and corrupt politicians' who he has said stole the election from him."

The AP (9/17, Adams) adds, "Lopez Obrador said he hoped to mass as many as 1 million people for the event. However, the Zocalo is only accommodates fewer than 200,000 people, according to local news media and an architects association." The AFP (9/17, Peyrille) notes, "Although Obrador lost the election by a narrow margin, his protest campaign has drawn dwindling support among the wider public. A poll released last week showed some 74 percent accept the decision of the electoral court declaring Calderon the winner."

The Los Angeles Times (9/17, Enriquez, 918K) is more sympathetic to Obrador, noting that "Although it was unclear how Lopez Obrador would establish a parallel government, or whether the vote was merely a political threat, the rally was a strong rebuke of National Action Party candidate Felipe Calderon." In contrast to the AFP's poll numbers, the Times refrences Obrador's "party's growing political clout."

Election Could Bring Political Trouble For Merkel. The Kansas City Star (9/17, Graham, 278K) reports, "Elections in a northeastern German state this weekend could prove a breakthrough for a far-right party and bring more woe for Chancellor Angela Merkel. Mecklenburg-Western Pomerania, a depressed state of isolated hamlets and tree-lined lakes in former East Germany, elects a new legislature on Sunday, as does the capital Berlin. Polls indicate the Social Democrat governors of both areas should hold on to power in coalition with the former communist Left Party. But the extreme-right National Democratic Party is expected to make significant gains in Mecklenburg, clearing the 5-percent vote hurdle to enter the state's parliament for the first time."

Algeria Turns to Reconciliation Program To End Violence. The Washington Post (9/17, A17, Whitlock, 748K) reports, "[I]n an effort to bring a final end to violence that began in 1992, the Algerian government is pinning its hopes on an ambitious national reconciliation program, which grants official forgiveness to combatants if they set aside their weapons. Under terms of the reconciliation, which expired Aug. 31 but might be extended, about 2,500 prisoners convicted or accused of terrorism have gone free. Also covered by the amnesty are members of the Algerian security services, blamed for the disappearance of 8,000 civilians and accused of systematic torture. The only people not eligible: rapists and those responsible for mass murder or planting bombs in public places."

Kristof Highlights Maternal Mortality Rate In Africa. In a column in the New York Times (9/17, 1.21M), Nicholas Kristof writes that "it should be an international scandal that the number of women dying in pregnancy worldwide has been stuck at a half-million for a quarter-century. Indeed, here in Cameroon the maternal mortality rate has risen since 1998, and over all an African woman now has one chance in 20 of dying in pregnancy. In much of the world, the most dangerous thing a woman can do is to become pregnant." Kristof adds, "These women die because they are poor and female and rural -- the most overlooked and disposable people throughout the developing world. Politics also complicates Western efforts to help. The United Nations Population Fund has helped lead the effort to reduce maternal deaths -- yet the Bush administration has cut off all U.S. funding for the agency because of (false) accusations that it supports abortions in China."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Spy Agencies Outsourcing to Fill Key Jobs
Sick but Insured? Think Again
Volatile Mix Gets 14 Stirs
2 Scandals Hang Over Top Tech Lawyer
Spinach Warning Expanded

New York Times:

Iraq Stumbling in Bid to Purge Its Rogue Police
Suicide Truck Bomb Kills at Least 12 in Kirkuk
In Campaign Ads for Democrats, Bush Is the Star
U.S. and State Plan to Occupy Freedom Tower
How 3 G.O.P. Veterans Stalled Bush Detainee Bill
For Insurance, Adult Children Ride Piggyback
High School Football, Under Prime-Time Lights
Renewal Money for New Orleans Bypasses Renters
U.S. Asks Finance Chiefs to Limit Iran's Access to Banks
Vatican Says Pope Benedict Regrets Offending Muslims
Psychiatrist Is Among Five Chosen for Medical Award
Fortune's Fools: Why the Rich Go Broke

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Hunt for Source of Bad Spinach Carries On

Washington Post:

Officials Fear Major Problems at Polls
Paid Bloggers Stoke Senate Battle in Va.
Fenty Poised to Reach For D.C. School Reins
O'Malley, Cardin Hope To Link Rivals to Bush
Israelis Lose Faith in New Class Of Leaders
Ties to GOP Trumped Know-How Among Staff Sent to Rebuild Iraq

Washington Times:

Anti-U.S. allies back Iran nukes
Pope regrets Islam remark, Vatican says
D.C. concedes need for EMS reforms
At Ford, restructuring now Job 1
Marriage vote seen as lifeline for Allen

Atlanta Journal-Constitution:

Someone's $163M richer in Georgia
Metro foreclosures skyrocket
Swoosh holds sway at UGA
How CDC doles out $$ bonuses
Atlanta recalls 1906 race riot
Teen's arrest protested in Cobb

Dallas Morning News:

18 wheels and countless dangers
Rain forecast for much of state
Cracking down on metal thieves
Gas blast ignited man's mission
McKinney opens new police and fire HQ
Richards 'never gave up on Texas,' Clinton says
Rogues persist in Iraq police

Houston Chronicle:

Houston nursing homes remain ill-prepared for disaster
Mourners in Capitol trade Richards memories
Plan spreads family cases to Harris civil courts
Criminals, militiamen hide in Iraqi police ranks
Texas Guardsmen's rash acts called isolated
Rabid bat prompts screenings Saturday in Katy
Fiestas Patrias parade graces Houston streets
Enron execs-turned-felons await sentencing
Rally declares Lopez Obrador 'presidente'
Houston schools try to balance dress codes, faith

Story Lineup From Last Night's Network News:

ABC: Pre-empted by NCAA football
CBS: Pre-empted by NCAA football
NBC: Pre-empted by NCAA football

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 15 - 17. PRAYER VIGIL _ 14th Annual Prayer Vigil for the Earth. Location: Washington Monument grounds. Contacts: Keri Douglas, 202-276-1702.

Sept. 16 - 17. THELONIOUS MONK-COMPEITION-GALA _ Thelonious Monk Institute of Jazz holds 2006 International Jazz Piano Competition and Gala Concert. Emcees and performers include Quincy Jones, Phylicia Rashad, Billy Dee Williams, Patti Austin, Joshua Redman, others. Former secretaries of state Colin Powell and Madeleine Albright will also speak. Highlights:
7 p.m. Finals, Eisenhower Theater, Kennedy Center. Hosted by Quincy Jones, Phylicia Rashad and Billy Dee Williams, with artist performances and remarks by Madeleine Albright and Colin Powell. Contacts: Sarah Wilson, 202-364-7272 ext 111.

Sept. 17 - 19. INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Amy Borrus, 202-261-7082.

10 a.m. LETELIER _ Memorial program to mark the Leterlier-Moffit assassinations in Sheridan Circle in 1976. Location: Sheridan Circle. Contacts: Joia Jefferson Nuri, 202-234-9382.

4:30 p.m. PAWS FOR A CAUSE _ American Friends of the Hebrew University host first ``Paws for a Cause" benefit. Animal lovers and pets can all attend speech by John Grogan, best-selling author of ``Marley & Me." Location: Renaissance Washington Hotel. Contacts: Jill Moskowitz, 202-478-9698.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush, GOP Senators Remain At Odds Over Terrorist Interrogation Rules. President Bush in his radio address reiterated his call for Congress to pass a bill clarifying rules for interrogating terrorists. Bush and Senate Majority Leader Frist signaled their expectations that common ground could be reached, but GOP opposition to Bush's proposal was described as increasing in the Washington Post and New York Times. The Post, Times and Los Angeles Times all published editorials staunchly opposed to Bush's counter-terrorism policies Sunday morning and echoing the same them that Bush had overstepped his authority and suggesting he was using national security as an election issue.

The AP (9/17, Riechmann) reports, "President Bush is standing firm in his battle to get Congress to approve the White House plan for detaining, interrogating and prosecuting suspected terrorists. The Senate, though, isn't backing away from its plan either." In his radio address he "said his proposal provides clear rules for U.S. personnel involved in detaining and questioning alleged terrorists held by the CIA" and described how interrogation had been used to successfully prevent terrorist attacks.

Bloomberg (9/17, Dodge) reports Bush "urged Congress to pass two measures he called essential to winning the war on terrorism." Bush said, "There is debate about the specific proposals in this bill, and my administration will work with Congress to find common ground."

The AP (9/17, Davenport) reports, "Senate Majority Leader Bill Frist…said Saturday he has to do more to get Sen. Lindsey Graham, R-S.C., in line with other Republicans and the White House on how terrorist suspects should be prosecuted." The AP notes, "Getting his GOP members in line 'is a fundamental challenge from a leadership standpoint,' said Frist, a potential candidate for president in 2008. He said he expects a compromise to emerge in the next two weeks, even though McCain and Graham haven't budged."

GOP Opposition To Bush Over Interrogations Seen As Growing. While the wire services noted Bush's radio message, other prominent newspapers ignored it and focused on the political debate, describing GOP opposition to Bush's interrogation policies as stronger than expected. The New York Times (9/17, A1, Hulse, Zernike, Stolberg, 1.21M) in a front page story reports that "Bush seems equally determined to win provisions he says are needed to interrogate and prosecute terrorism suspects.. … Warner, like his two colleagues, has a network of high-ranking current and retired military officers who provide regular guidance and support. While he has been consulting them privately, some are expected to weigh in publicly in the days ahead. One aide said on Saturday that the number of Senate Republicans behind the three senators was widening beyond the 8 or 10 they had anticipated, with lawmakers -- heavily influenced by Mr. Powell's stance -- preparing to soon go public with their views." And "two senior Bush administration officials acknowledged that the White House had underestimated the depth of opposition Mr. Bush's proposal would provoke. They also said they had focused mostly on gaining Mr. Graham's support and mistakenly believed they had it, based on statements he made about the Geneva Conventions in Senate hearings. A Republican senator separately described the clash between the White House and Mr. Warner's group as 'a train wreck.'"

And the Washington Post (9/17, A5, Weisman, 748K) in an article titled "Tribunal Dispute Could Ruin GOP Strategy" says the debate between the White House and GOP opponents "could ruin" the GOP "legislative strategy" to use national security as a campaign issue. House Majority Leader John Boehner said "It's the legislative process. It's never predictable" and he "and other Republicans remain confident that they are on the right track. Republicans point to recent polls showing a slight uptick in the president's popularity and say that the focus on national security issues is working." Yet "misgivings over the agenda set out by the president and GOP leaders are growing. Rep. Steve Buyer (R-Ind.) said he told Bush on Thursday that he should heed the military's top uniformed lawyers, who have opposed some provisions of the president's tribunal plan. Rep. Charles Bass (R-N.H.), one of several moderate Northeasterners in tough reelection campaigns, said he has no problem with Bush's bills. He is likely to vote against them." Meanwhile "the showdown between Bush and McCain is grabbing the spotlight from Republican initiatives that were supposed to undergird their case that they are the stronger party on national and homeland security."

Top House Armed Services Democrat Will Seek To Amend Bill To Reflect Senators' Concerns. The AP (9/17, Riechmann) notes, "Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee, supports a House bill that takes the administration's position to move the process along, but he said he will attempt to amend the measure next week to look more like the McCain-Warner-Graham measure. He said the Senate bill would be less likely to be challenged by the Supreme Court as unlawful and violating the nation's treaty obligations. 'I don't want to give any terrorist a free pass or get-out-of-jail-free card,' Skelton said."

Romney Supports Bush Terrorist Interrogation Plan. Meeting with GOP officials in Columbia, SC the AP

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(9/17, Davenport) quotes Massachusetts Gov. Mitt Romney saying "I'm foursquare behind the president on this. … We need to provide to the interrogators the definitive rules that they need."

CIA Action On Hold During Political Debate Over Interrogations. The AP (9/17, Shrader) reports that while the "CIA believed it was operating lawfully in detaining and interrogating 96 suspected terrorists" the Supreme Court ruling has "demolished that legal foundation" and for "Bush, the CIA and their allies, the law urgently needs to be changed to protect the interrogation program, which they consider one of the most important ways to deter attacks against the United States." The AP continues, "Bush administration officials say the Justice Department has deemed the CIA's practices lawful. In addition, the senior U.S. official said the House and Senate Intelligence committees have now been told everything about the CIA's overseas prisons and interrogation program, except the countries where the prisons were." Yet "a congressional aide disputed that. The aide said briefings for the Senate committee took place only recently and that the administration has denied the committee access to materials it needs to fulfill its oversight role of the CIA. For example, the committee's top Democrat, West Virginia Sen. Jay Rockefeller, has not been able to see the Justice Department's legal opinions."

Future Of Detainees At Guantanamo Remains Uncertain. Investigative reporter Tim Golden in a 10,464 word article in the New York Times Magazine (9/17) chronicles the service of Col. Mike Bumgarner as "warden of Guantanamo Bay," starting in April 2005. When "Bumgarner took command at Guantánamo, information had emerged to suggest that many of the detainees were not, in fact, the hardened terrorists whom Pentagon officials had claimed to be holding there. Bumgarner did not doubt that his new prisoners were dangerous, but neither was he wary of getting to know them better." He "moved quickly to try to reduce tensions in the camp" but the "detainees did not respond as the military authorities hoped." After a disruption caused by a Saudi named Shaker Aamer, Baumgarner sought to defuse the situation in a meeting. Their "conversation centered on Aamer's thoughts on the detention operation and what could be done to improve it. The Saudi's ideas, it seemed, were perhaps not so far from Hood's. 'His implication was that if you applied the Geneva Conventions fully, everything would be just fine in the camps,' Bumgarner recalled." After "Bush announced broad changes in policies for the detention and prosecution of terror suspects on Sept. 6, he said the government 'will move toward the day when we can eventually close the detention facility at Guantánamo Bay.' But by sending 14 important C.I.A. captives there and pushing to try prisoners before reconstituted military tribunals, he appeared to be extending the life of the detention center for the foreseeable future."

Former US POWs Offer Mixed Reaction To Bush Interrogation Proposal. Howard Goodman in his column in the South Florida Sun-Sentinel (9/17, 265K) titled "Don't Jettison Geneva Conventions, Ex-POWs Say" writes that at the "National POW/MIA Recognition Day…about 35 people gathered in the chapel of the VA Medical Center in West Palm Beach." 17 were former POWs. Goodman notes, "We live in a complicated time, when the Bush White House is pressing for permission to loosen time-honored rules regarding our treatment of war captives. There's some logic to this. As Bill Acuri, a Vietnam POW, noted, the Geneva Conventions make sense in terms of opposing armies. 'And the terrorists don't have an army.'" But other Veterans disagreed an Goodman trusts "ex-POWs on this more than a president and vice president who never were imprisoned and never went to war."

The Atlanta Journal-Constitution (9/17, 399K) reports, "The fact that the U.S. government has virtually abandoned the designation POW has raised the ire of some former POWs and activists who are keeping alive the issue of missing Americans from all wars." And "Retired Army Col. Ben Purcell of Clarkesville, who spent more than five years in North Vietnamese prison camps, said he never considered himself anything other than a POW, despite the best efforts of his interrogators to convince him otherwise." Purcell said, "I became a prisoner at war. I argued with my interrogators, I went on hunger strikes and I tried to escape." Yet "he found strength in knowing he was a POW and should have been treated according to the articles of the Geneva Conventions."

Bush Accused Of Not Seeking Consensus On National Security. Ron Brownstein in his column titled "Bush Fails To Recapture The Nation's Post-9/11 Unity" in the Los Angeles Times (9/17, 918K) argues that "the degree of division over national security five years after Sept. 11 is extraordinary." Unlike the Vietnam War, "the fight against Islamic extremism is much more like World War II, when almost all Americans condemned the goals, methods and beliefs of our fascist enemies." Brownstein states, "Bush's decision to invade Iraq amid ambivalence at home and widespread resistance abroad was obviously a critical fork in the road." But "Bush simply hasn't placed a high priority on establishing consensus for his national security strategy." Bush "has provided Democrats and even skeptical Republicans little voice in shaping his national security strategy. Bush has also shown himself to be willing, even eager, to frame national security debates in ways that maximize their political impact." The loss after the 9/11 attacks "is now matched by the tear in the sense of common purpose that inspired so much of the country five years ago."

Yoo Defends Bush Effort To Expand Executive Authority. University of California at Berkeley law school professor John Yoo, a deputy assistant attorney general from 2001 to 2003, in an op-ed in the New York Times (9/17,

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1.21M) defends Bush's policies arguing that "the founders intended that wrongheaded or obsolete legislation and judicial decisions would be checked by presidential action, just as executive overreaching is to be checked by the courts and Congress." Yoo concludes, "Congress has for years been avoiding its duty to revamp or repeal outmoded parts of bygone laws in the light of contemporary threats. We have needed energy in the executive branch to fill in that gap. Congress now must act to guide our counterterror policy, but it should not try to micromanage the executive branch, particularly in war, where flexibility of action is paramount."

Three Top US Newspapers Oppose Bush Counter-Terrorsim Policies. The New York Times (9/17, 1.21M) in an editorial argues Bush has the authority to monitor and interrogate terrorists under current laws and writes it is "struck by how often" Bush "acts as though there were not two sides to a debate. We have lost count of the number of times he has said Americans have to choose between protecting the nation precisely the way he wants, and not protecting it at all." Bush "is following a script for the elections: terrify Americans into voting Republican. But behind that seems to be a deeply seated conviction that under his leadership, America is right and does not need the discipline of rules. He does not seem to understand that the rules are what makes this nation as good as it can be."

The Washington Post (9/17, B6, 748K) editorializes, "Rather than admit that he wants to legalize disappearances and torture, Mr. Bush ominously warns that 'the program' won't continue unless Congress passes his bill. He says 'time's running out,' even though it's not. There are no detainees in the CIA prisons at the moment, according to the president, and the only clock running out is that measuring the midterm election campaign. There is no need for Congress to act in the next two weeks. But if it does, the clear answer to Mr. Bush's question, endorsed by Sen. John W. Warner (R-Va.), Sen. John McCain (R-Ariz.), former secretary of state Colin L. Powell and a host of other responsible Republican and military leaders, is 'no.' For both moral and practical reasons, the country should reject this fundamental violation of its principles."

The Los Angeles Times (9/17, 918K) in an editorial writes, "Bush made full use of the 9/11 anniversary last week. In his speeches and remarks, he reminded the nation of the stakes involved in what he calls the war on terror, and he conveyed a renewed sense of urgency to prevent attacks and bring those responsible for 9/11 to justice. Yet if his goal was also to pressure Congress into acting as a rubber stamp for the administration's questionable legal tactics in conducting this war, it was a disappointing week for the president -- and a heartening one for anyone outside the White House."

Former Detainee Urges Congress To Defend Detainees' Rights. Former Guantanamo detainee Abu Bakker Qassim now in Albania in an op-ed in the New York Times (9/17, 1.21M) writes, "I was locked up and mistreated for being in the wrong place at the wrong time during America's war in Afghanistan. Like hundreds of Guantánamo detainees, I was never a terrorist or a soldier. … Pakistani bounty hunters sold me and 17 other Uighurs to the United States military like animals for $5,000 a head. The Americans made a terrible mistake." Qassim concludes, "I feel great sadness for the families who lost their loved ones on that horrible day five years ago. And I would be sadder still to see the freedom-loving American people walk away from their respect for the rule of law. I want America to be a strong and respected nation in the world. Only then can it continue to be the source of hope for the hopeless — like my people.

Yemen Arrests Militants. The AP (9/17, Abu-nasr) reports, "Four suspected al-Qaida members who were plotting attacks for Yemen's capital were arrested Saturday, a day after security forces foiled near-simultaneous attempts to blow up two oil installations." The Yemeni interior minister "said the suspects had links to the four suicide bombers who tried to strike the oil installations Friday but were killed during the attacks." He linked the attacks to a videotape by Al Qaeda No. 2 leader Ayman al-Zawahiri that threatened "attacks in the Persian Gulf region and on facilities he accused of stealing Muslim oil."

Tribesmen Pressure Yemen Through Well-Treated Hostages. The AP (9/17, Abu-nasr) reports, "Captives in Yemen get hospitality. While militants in places like Iraq hold and sometimes murder prisoners, Yemeni tribes take hostages to pressure the government for relatively simple demands, such as freeing clan members from jail or improving roads, hospitals and schools." Former hostages "tell of sightseeing trips, parting gifts of pendants, incense or traditional curved daggers, wine served with dinner despite a ban on liquor and afternoons spent shooting — a popular sport among tribesmen."

Definition Of "Moderate" Muslim Debated. The Los Angeles Times (9/17, Watanabe, 918K) reports, "Who is a moderate Muslim? … The question has come under intense debate since 9/11 as the public struggles to distinguish peaceful Muslims from Al Qaeda terrorists, and is at the heart of two Southern California skirmishes over who represents moderate Islam." According to the report, "In a dinner scheduled for tonight, the American Jewish Congress plans to honor" Tashbih Sayyed, a journalist based in Alta Loma, Calif., who praises Israel's behavior toward Palestinians as tolerant and criticizes Muslims for corrupting Islam. Also, four other will be honored "for what it sees as their friendly attitudes toward Israel and courageous efforts to reform Islam. Gary Ratner, executive director of the Congress' Western region office in Los Angeles, said the

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tribute is part of the organization's global efforts to reach out to moderate Muslims in Pakistan, Indonesia, Albania and elsewhere, including sponsoring a dinner in New York last year for Pakistan President Pervez Musharraf." According to the report, "The organization's choice of honorees, however, has offended some Muslims, in part because three of them no longer practice the faith. In contrast, a different award has offended some Jewish sensibilities: the decision by the Los Angeles County Human Relations Commission to honor" Maher Hathout, a Los Angeles Muslim leader who has promoted interfaith relations and women's equality but denounced Israel as a brutal apartheid regime, "as a model of harmonious interfaith relations."

HOMELAND RESPONSE:

Extensive Intelligence Outsourcing Raises Concerns. The Los Angeles Times (9/17, Miller, 918K) reports, "Largely because of the demands of the war on terrorism and the drawn-out conflict in Iraq, U.S. spy agencies have turned to unprecedented numbers of outside contractors to perform jobs once the domain of government-employed analysts and secret agents." Concern has arisen out of the fear "that using contractors to do spying work carries security risks and higher costs."

Abraxas Corporation Epitomizes Today's Intelligence Contractors. The Los Angeles Times (9/17, Miller, 918K) reports on Abraxas, a company "that has assembled a deep roster of CIA veterans to handle a wide range of clandestine assignments -- including secret work for an elite team of overseas case officers." Some critics question its role in the CIA's nonofficial cover (NOC) program, saying "that whatever talent Abraxas had assembled, outsourcing any work in such a sensitive program posed an inherent security risk."

Scholar Faults Lack Of Intell Reform Since 9/11. In an op-ed in the Los Angeles Times (9/17, 918K), professor Amy Zegart writes, "Five years after the most devastating terrorist attack in U.S. history, all our worst intelligence deficiencies remain. Intelligence is spread across 16 agencies that operate as warring tribes more than a team." Despite the creation of a director of national intelligence, "the Pentagon has quietly expanded its intelligence activities at home and abroad." Those Pentagon units operate "without warrants, presidential authorizations or meaningful supervision by the director of national intelligence and Congress." The CIA and FBI have not mended their ways. Zegart warns, "We should not confuse luck with effectiveness."

Anthrax Investigation Has Yielded Few Results. The Houston Chronicle (9/17, Rosenberg, 535K) reports, "Five years after anthrax killed five people and introduced America to high-tech bioterrorism, one of the biggest crime mysteries of our times remains unsolved. FBI agents and U.S. postal inspectors have pursued hundreds of leads and interviewed scores of scientists who work with the deadly anthrax bacteria, but the investigation now appears to be languishing." According to the report, "The murders-by-germ in the weeks immediately after the Sept. 11, 2001, terrorist attacks added to the nation's anxieties and triggered a massive hunt for the perpetrator who used the mail to spread the bacteria. Hundreds of FBI personnel worked the case at the outset, struggling to discern whether the Sept. 11 al-Qaida attacks and the anthrax murders were connected before eventually concluding that they were not." According to the report, "A senior law enforcement official familiar with the investigation insisted that 'the investigation is still ongoing and intensely active.' The official, who requested anonymity because he was not authorized to speak publicly, said there 'are a number of pending and very important leads that are being pursued.'"

Federal Transportation ID Card Initiative Stalls. The Washington Post (9/17, A3, Hsu, 748K) reports, "A Bush administration initiative to secure the nation's ports is bogged down in industry opposition, technology flaws and evidence that it fails to safeguard workers' privacy, according to industry and government analysts. The rocky launch of the Transportation Worker Identification Credential threatens to delay what Homeland Security Secretary Michael Chertoff declared his highest priority after the Dubai port controversy in February: starting by year's end to screen the backgrounds of 750,000 U.S. workers at critical sea, air and land transportation facilities, and issuing them microchip-equipped ID cards." According to the report, "More broadly, the long-overdue ID program foreshadows concerns that hundreds of millions of Americans soon may encounter as the government starts issuing similarly equipped driver's licenses, passports, federal-worker badges and immigrant-guest-worker cards in coming years."

Proposed 'Freedom Tower' At Ground Zero Closer To Reality, Though Questions Remain. The New York Times (9/17, Bagli, 1.21M) reports, "The federal and New York State governments have tentatively agreed to become anchor tenants in the Freedom Tower, the tallest, most symbolic and most scrutinized skyscraper project at ground zero, under a plan expected to be announced today by Mayor Michael R. Bloomberg and the governors of New York and New Jersey. The agreements, which would cover about 1 million of the 2.6 million square feet in the building, are a significant step forward in the development of the tower, which is seen by Gov. George E. Pataki and others as a symbol of the city's resilience, but regarded by

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some critics as folly." According to the report, "The building has been bedeviled by squabbling and delays, as well as questions about design and security and whether there would be enough demand for office space downtown to keep it financially sound. The Freedom Tower, which would rise to the emblematic height of 1,776 feet, including the antenna, is one of four office towers planned for the 16-acre site." According to the report, "The leading candidate to succeed Mr. Pataki, Eliot Spitzer, the Democratic attorney general, has questioned the economic viability of the tower, calling it a 'white elephant.' … Final approval of the project by the Port Authority may be months away, which could put it in the hands of the next New York governor, who takes office in January."

Federal Aid Bypasses Renters In New Orleans. The New York Times (9/17, Saulny, Rivlin, 1.21M) reports, "As billions in housing aid begins to flow here [New Orleans] in the next few weeks, most of it will go to homeowners, who have been appointed by city officials as the true architects of this city's recovery, despite the fact that roughly half the city's residents rented housing before Hurricane Katrina. The renters of New Orleans, it seems, are on their own. Rents are skyrocketing across the city, up an average of 39 percent since Hurricane Katrina. The city has announced that it plans to refurbish only a small fraction of its traditional public housing units. … Though some aid has been set aside for landlords, many lower-income residents who say they are unable to return have been priced out."

National Guard Remain In New Orleans Due To Rising Crime Rates. The AP (9/17) reports National Guard troops and state police will patrol New Orleans "through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina. … Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently."

WAR NEWS:

Jim Baker Said To Lead "Last Hope" Of Salvaging Iraq. The Washington Post (9/17, A23, Abramowitz, 748K) reports, "Is Jim Baker bailing out the Bushes once again?" Former secretary of state James A. Baker III "visited Baghdad two weeks ago to take a look at the vexing political and military situation," as co-chairman of the bipartisan Iraq Study Group, which is "widely viewed" by "foreign policy elites" as "perhaps the last hope for a midcourse correction in a venture they generally agree has been a disaster" – and only due to "the involvement of Baker." While "Baker has offered some hints of his thinking -- and his dismay with the way the Iraq occupation has been handled by the administration," he "is not revealing much of his hand."

Professor Argues Against "Fallacy" Of Citing Sunk Costs To Stay In Iraq. In an op-ed for the Los Angeles Times (9/17, 918K), psychology professor Barry Schwartz argues, "Psychologists, decision scientists and economists ... tell us that it's a mistake to continue with a project or an activity because of what you have already invested in it." Therefore, whatever the US ultimately decides to do in Iraq (stay or leave), it "is unacceptable to justify continued involvement in Iraq or any other conflict on the grounds that we 'owe' it to those who have already fallen."

Andrew Krepinevich Urges Bush To Use "Basic Military Smarts." In the New York Daily News (9/17, 729K), military pundit Andrew Krepinevich writes, "The sad but simple truth: In many ways this war is still being fought with a 'business as usual' approach, and that's hurting our chances of victory." There is no single individual "in overall control of the war effort," nor is there a "war cabinet" that meets daily. Krepinevich warns, "Fixing the problems of unity of command, of playing merry-go-round with generals, of taking a pickup team approach to the adviser effort and of refusing to demand some sacrifices here at home may not guarantee success, but the administration's failures on all fronts are a down payment on failure."

Training Iraqi Forces Is A Logistical Challenge. The AP (9/16, Santana) reports, "While the U.S. training program has made great progress teaching Iraqi soldiers how to fight, the force still relies on American help for distributing supplies — a dependency that is another obstacle to sending U.S. troops home." Iraqi forces, ironically, lack fuel for their tanks, as well as ammunition and spare parts. In addition, their logistical units "are still understaffed," because of an earlier emphasis on training combat units to fight Sunni insurgents.

More Troops Would Help "Somewhat" In Anbar. In a Week in Review piece for the New York Times (9/17, 1.21M), reporter Thom Shanker writes that, if the US indeed sent more forces to violent Anbar province, "The answer is, they would help, in the short term. But many military analysts also warn that sending in another division — anywhere from 12,00 to 15,000 troops — could create more problems." Drawbacks include a possible perception that "among many Iraqis that the United States is a clumsy and violent occupying power."

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Columnist Challenges GOP To Increase Troop Levels. Frank Rich in his column in the New York Times (9/17, 1.21M) suggests "a thought experiment. Let's pretend everything Mr. Bush said is actually true and then hold him to his word. If the safety of America really depends on the outcome of the battle in the streets of Baghdad, then our safety is in grave peril because we are losing that battle. The security crackdown announced with great fanfare by Mr. Bush and Mr. Maliki in June is failing." So "if what the president says is true about the stakes in Baghdad, it's tantamount to treason if Bill Frist, Rick Santorum and John Boehner fail to rally their party's Congressional majority to stave off defeat there. We can't emulate our fathers and grandfathers and whip today's Nazis and Communists with 145,000 troops. Roosevelt and Truman would have regarded those troop levels as defeatism."

CPA Selection Process Allegedly Valued GOP Loyalty Over Relevant Skills. Both the Washington Post and New York Times ran front page stories on alleged US mistakes in Iraq. A 4,461-word excerpt from the new book *Life In the Emerald City* appears on the front page of the Washington Post (9/17, 748K). In it, Washington Post reporter Rajiv Chandrasekaran argues that Jim O'Beirne ("a political appointee who screens prospective political appointees for Defense Department posts") oversaw a selection process for the CPA that favored Republican loyalties rather than skills relevant for administering Iraq. Chandrasekaran writes, "Many of those chosen by O'Beirne's office to work for the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, lacked vital skills and experience. A 24-year-old who had never worked in finance -- but had applied for a White House job -- was sent to reopen Baghdad's stock exchange. ... The decision to send the loyal and the willing instead of the best and the brightest is now regarded by many people involved in the 3 1/2 -year effort to stabilize and rebuild Iraq as one of the Bush administration's gravest errors. ... By the time Bremer departed in June 2004, Iraq was in a precarious state."

An accompanying chart shows photos of some politically connected, high-level CPA appointees. A positive book review in the Washington Post Book World (9/17) says that the book "documents the way that an avalanche of unjustifiable mistakes transformed a difficult mission into an impossible one."

Jonathan Chait Blasts Handling Of Iraq War. In the Los Angeles Times (9/17, 918K), op-ed columnist Jonathan Chait writes, "The more we learn about the war's conduct, the more we learn that the administration didn't just make the normal sorts of mistakes that inevitably occur in wartime; it was almost criminally negligent. The Bush administration literally refused to do any planning for the occupation. They invaded before all the available troops were in place, staffed the Coalition Provisional Authority with underqualified hacks vetted solely on the basis of ideological loyalty and rashly disbanded the Iraqi army, which could have provided some early order."

Iraqis Struggle To Root Out Rogue Police State. The New York Times (9/17, Wong, von Zielbauer, 1.21M) reports in a 2,330-word front page story, "Shiite militiamen and criminals entrenched throughout Iraq's police and internal security forces are blocking recent efforts by some Iraqi leaders and the American military to root them out, a step critical to winning the trust of skeptical Sunni Arabs and quelling the sectarian conflict, Iraqi and Western officials say." One Western diplomat said that "more than 1,200 policemen and other employees had been convicted years ago of murder, rape and other violent crimes"; in addition, the Shiite interior minister "has limited power to remove politically connected subordinates and enact changes" because he is independent of "powerful Shiite political leaders."

Iraqi Deputy PM Says Iraq Has Plan. In an op-ed for the Washington Post (9/17, 748K), Iraqi Deputy PM Barham Salih writes, "We must change the dynamic of violence. The Iraqi government has undertaken a searching analysis and is responding with a strategy on two fronts: national and international." Domestic planks "are national reconciliation, democratic federalism, political inclusion and a fair and rational oil policy," while the international strategy "involves a road map for economic development." Apparently mindful of growing US impatience with enactment of reform, he states, "We Iraqis must recognize that it is up to us to resolve our problems. Outsiders cannot deliver for us."

Iraqi Legislators Have Steep Learning Curve. In a Week In Review piece for the New York Times (9/17, 1.21M), reporters Richard Oppel and Abdul Razzaq al-Saiedi write that a "rookie mistake" by Abdul Aziz Al-Hakim, head of a powerful Shiite coalition, "shows how steep the learning curve may be for Iraq's legislators -- even the most wily -- as they observe democratic procedures." His proposal to have the Shiite-dominated southern provinces "form one huge autonomous state, beneath which would lie billions of barrels of oil," foundered for both surprising and unsurprising reasons. Sunnis predictably rejected it for fear of being left "with little oil," but "other Shiite parties, some analysts say, are hesitant to back so grand a vision because such a huge autonomous region could one day fall under the sway of one party," namely, Hakim's.

Sunnis Criticize Baghdad Security Plan As Deaths Mount. The New York Times (9/17, Oppel, 1.21M) reports, "Dozens more bodies have been discovered in Baghdad in the past two days, bringing the four-day total to at least 165 and prompting some Sunni Arab leaders to raise

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new questions about the recent security operation intended take back Baghdad." Iraqi police reported finding 35 bodies on Friday and at least 21 on Saturday.

The Los Angeles Times (9/17, Roug, 918K) reports, "Police said Saturday that they had recovered 48 bodies throughout Baghdad, bringing the toll from clandestine killings since Monday to about 190 people." Concerning the plan to build a trench around the capital, the Times says, "The deadliest threat is not explosives or large-scale attacks by Sunni-led insurgents but rather secret executions."

Explosions Kill 17 In Baghdad; Maliki Pleads For Unity. The Wall Street Journal/AP (9/17) reports, "After a one-day lull, bloodshed surged again in the capital Saturday, with at least 17 people dead in attacks and 27 probable victims of sectarian killings found dumped in the streets as Iraq's prime minister launched a fresh appeal for reconciliation." The AP says of Maliki's plan, "No major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves." The latest effort to protect Baghdad, Operation Together Forward, "has made little headway, with the city's death toll surpassing 1,500 in July and triggering fears among U.S. commanders that civil war could break out."

Suicide Bomber Kills 18 In Kirkuk. AFP (9/17) reports, "A suicide truck bomber firing a machine gun with one hand exploded his vehicle near a police centre, killing at least 18 people and wounding 65 in Iraq's northern oil city of Kirkuk, police said." Violence had earlier been kept to a minimum, "but in the past few months there has been a sharp increase in the number of explosions and car bombs," which US forces have attributed to groups with Al Qaeda links.

Sectarian Violence Has Cut US Casualties. The Washington Times/London Sunday Telegraph (9/17, Hussein) reports, "The sectarian violence that has brought Iraq to the verge of civil war has had one unexpected benefit: a marked fall in the number of American military casualties in Baghdad. American combat deaths in the capital are down 50 percent from the same three-month period last year and some terrorists say the United States has succeeded in deflecting attention from its own troops."

Senate Intelligence Report On Iraq Dismissed As Inaccurate. Stephen Hayes in a 5,060 word article in the upcoming issue of the Weekly Standard (9/25) disputes the conclusion of the Senate Intelligence report finding that Saddam Hussein resisted "cooperating with al Qaeda or other Islamist groups." The Standard argues, "Saddam Hussein's regime has a long and well-documented history of cooperating with Islamists, including al Qaeda and its affiliates." Citing various instances of such alleged cooperation, the Standard says, "The authors seem determined to write it out of the history. ... The Senate report fails to provide any ... contextual balance to the denials of detained Iraqi officials."

Similarly in an op-ed for the Washington Times (9/17, 88K), journalist Deroy Murdock calls the Senate report finding no connection between Saddam Hussein and Al Qaeda "seriously flawed." The "report relies on unreliable witnesses, ignores potential and actual evidence of Saddam's philanthropy of terror, and yet quietly acknowledges he, in fact, worked with terrorists."

US, Afghan Troops Launch Offensive. The AP (9/17, Abrashi) reports, "Thousands of American and Afghan troops unleashed a new offensive against Taliban militants in eastern Afghanistan on Saturday in an effort to expand the government's reach into the volatile Pakistani border region." The AP describes the operation as involving "7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar." The NATO commander for Afghanistan "said Saturday he expects the military campaign against the Taliban to last another three to five years." In addition, "two separate insurgent attacks on a military base in Khost province killed a U.S.-led coalition soldier and wounded another on Friday, the military said. A number of Afghan troops also were wounded." In other news, "a bomb blast south of the Afghan capital killed three security guards and wounded another on Saturday."

The Washington Post (9/17, A18, Constable, 748K) reports, "Three Afghan aid workers were killed Saturday when their vehicle hit a bomb on a highway just south of the capital, while 7,000 Afghan and U.S. troops launched an operation against Taliban insurgents in five eastern and central provinces," thus leading with the bomb blast, unlike the AP article.

Troops Work To Build Afghans' Trust. The Philadelphia Inquirer (9/17, Maykluth, 399K) reports, "U.S. conventional military forces, trained to employ shock-and-awe power, have retooled for a more sophisticated mission" in Afghanistan. Among their tenets is avoidance of excessive force, like killing "the wrong people" and antagonizing locals for "months - years." Gestures like road building, which facilitates fighting insurgents, have improved relations with locals. The Inquirer calls eastern Afghanistan the "forgotten front in a forgotten war," where "during six months ... the 1-32 has taken more casualties than it did during its yearlong deployment to Iraq."

Assassinated Paktia Governor Is Remembered. In an Outlook piece for the Washington Post (9/17, 748K), pundit Barnett Rubin remembers Paktia Governor Hakim Taniwal, who was killed by a suicide bomber. Taniwal argued that anti-Taliban military operations "would have little long-lasting effect without popular support and economic development." He believed that the Pakistani government "helped" the Taliban, but he nonetheless "advocated settling

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Afghanistan's historic conflict with Pakistan over the Pashtun territories across the frontier known as the Durand Line, which Afghanistan has never recognized as a border, even under the Taliban."

Ten Peace Prize Winners Criticize Bush Decision To Topple Hussein. The Washington Times (9/17, Richardson, 88K) reports that at a gathering of Nobel peace prize winners some criticized the Bush Administration's war against terrorism. They "opened the three-day event by excoriating the White House for its invasion of Iraq and subsequent increases in military spending." They "also issued a statement identifying 10 'barriers to global peace.'" But "absent from the list was global terrorism." 1980 peace prize winner Adolfo Perez Esquivel "compared the nearly 3,000 persons killed on September 11 with the tens of thousands of children who die every day of hunger. 'I call that economic terrorism,' he said."

DOJ:

DOJ Gives Top Award To Enron Task Force. The Houston Chronicle (9/17) reports, "U.S. Attorney General Alberto Gonzales this week bestowed his office's top annual award to federal prosecutors, FBI agents and paralegals who have served on the Justice Department's Enron Task Force, including those involved in this year's fraud and conspiracy trial of former Enron chairman Ken Lay and former CEO Jeff Skilling." The Chronicle continues, "The recipients of the Attorney General's Award for Exceptional Service included Sean Berkowitz, Kathryn Ruemmler, John Hueston and Cliff Stricklin, the lead prosecutors in the four-month trial of Lay and Skilling." The Chronicle adds, "Other team members who received the award were prosecutors Robb Adkinds and Andrew Stolper and appellate specialists Douglas Wilson and John Drennan. … The award was also given to previous task force attorneys and leaders, including its first director, Leslie Caldwell; her successor as director, Andrew Weissmann; and former task force prosecutors Samuel Buell, Matthew Friedrich, Lisa Monaco, Benton Campbell and Linda Lacewell."

CRIMINAL LAW:

Judge Gives Long Sentence To Alabama Man For Continued Misconduct. The Selma (AL) Times-Journal (9/17, Inge) reports, "A Selma (AL) man who federal authorities say 'continued criminal conduct' will get a longer sentence than recommended." The Times-Journal continues, "DeWayne Lewis, 34, pleaded guilty to a felon in possession of a handgun in May 2006 and faced a sentencing range of 63 to 78 months in prison, under the federal advisory sentencing guidelines. … In the plea agreement, prosecutors had recommended the low end of the guidelines, court officials said. … However, after Lewis testified in his own behalf at the sentencing hearing this week, senior U.S. District Judge Charles R. Butler ruled that Lewis had perjured himself during his testimony and therefore 'lacked acceptance of responsibility for his actions.'" The Times-Journal adds, "While on release awaiting sentencing, Lewis tested positive for cocaine use. … In addition, Lewis was a passenger in a vehicle stopped by the Selma Police Department when a gun was found next to where Lewis was seated. … Judge Butler then sentenced Lewis to the maximum term of 78 months in federal prison, to be followed by three years of supervised probation, according to information obtained from the U.S. Justice Department. … Deborah J. Rhodes, U.S. attorney for the Southern District of Alabama, said the charges resulted from a joint investigation conducted by the ATF&E, The SPD and the Dallas County Sheriff's Office."

Rodriguez Jury To Begin Deliberating Death Penalty Request. The St. Paul Pioneer-Press (9/17, Kolpack) reports, "The trial of Alfonso Rodriguez Jr. is entering its final stage, and jurors may begin deliberating this week over whether he should be the first person sentenced to death in North Dakota in nearly 100 years." The Pioneer-Press continues, "The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez, 53, of Crookston, Minn., to be sentenced to death instead of life in prison. He was convicted late last month of kidnapping resulting in the death of University of North Dakota student Dru Sjodin. … 'I think this part is much harder to predict than when he was found guilty,' said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez case. 'In North Dakota, jurors are not used to dealing with death penalty cases.'" The Pioneer-Press adds, "North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty. … 'I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen,' Gonzales said. … Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an 'especially heinous, cruel and depraved manner.'"

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FBI Criticizes Over Secrecy In Cleveland Agent Sex Scandal. The Pittsburgh Tribune-Review (9/17, Prine) reported, "It's a steamy story of sex, lies and videotape, told in an obscure federal court case the FBI doesn't want you to hear about. But the Pittsburgh Tribune-Review uncovered the hidden details of 'Dale J. Herr vs. the Department of Justice' at the normally staid U.S. Merit Systems Protection Board." The Tribune-Review notes Herr "concedes in court documents that in 2002 he videotaped his sexual exploits with three women -- two co-workers and one from outside the agency," which eventually led to his dismissal from the bureau. "Although one of the taped women continued a romantic relationship with Herr after the brouhaha," Special Agent Jeffrey B. Killeen "persuaded administrative law judges to remove her name from documents because she was a 'victim.' Killeen also got judges to erase mention of the Cleveland field office and the identities of anyone who gave testimony. … 'Decisions like that are never made lightly,' said Patrick W. Kelley, FBI's deputy general counsel. … 'We have to keep in mind that there may be victims, and we have a duty to protect them from an unwarranted invasion of their privacy. To do that, we must look even at singularly identifying details in cases. We do this to ensure that more damage isn't done to the victims.'" However, "Contacted by the Trib, nearly a dozen top civil libertarians said FBI and board actions in the Herr matter raise questions about when it's appropriate to hide agent misconduct. At issue: Did the FBI push so hard to protect alleged victims, or did the agency fear embarrassment from a salacious story?"

CIVIL RIGHTS:

Racial Violence Against New Mexico Navajo Nation Members Again Under Federal Review. The New York Times (9/17, Frosch, 1.21M) reports that in 1974 in Farmington, N.M., "the bodies of three Navajo men were found in nearby Chokecherry Canyon, burned and bludgeoned." The report adds, "The three White high school students charged in their killings were sent not to prison but to reform school. The violence and mild sentences incited marches by Navajos through Farmington's streets and exposed tensions between them and the town's largely white residents." According to the report, the United States Commission on Civil Rights eventually investigated and found widespread mistreatment and prejudice against Navajos. Now, more than three decades later, Navajo leaders here are again calling for federal intervention."

Report Gauges Toll Of Minnesota Human Trafficking. The Minneapolis Star Tribune (9/17, Medcalf, Padilla) reports, "About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years." The Star Tribune continues, "The exploitation in Minnesota of victims lured into forced labor and sex should be addressed on an 'organized, statewide' level, according to a Minnesota Department of Public Safety report on human trafficking." The Star Tribune adds, "About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years. Some victims had been trafficked from Minneapolis, St. Paul, Roseville and the Mall of America, according to the report. .. Without statewide data on trafficking-related arrests, the numbers don't represent the fullness of the crime, according to the report, which was prepared for the Legislature. … Someone is trafficked when 'forced, defrauded or coerced into service regardless of movement,' but sometimes the offense involves transporting people across borders, domestic and international."

Missouri Woman Seeks DOJ Ruling On Monkey In Restaurants. The AP (9/17) reports, "A woman from southwestern Missouri has asked the Springfield-Greene County Health Department to allow her to take her pet monkey into restaurants as a service animal." The AP continues, "The woman, Debby Rose, of Springfield, says Richard, her bonnet macaque monkey, provides emotional support that allows her to overcome an anxiety disorder and go out in public places. Rose said the federal Americans With Disabilities Act should allow the practice." The AP adds, "Health department officials met Friday with a local service agency, the Southwest Center for Independent Living, which is acting as an agent for Rose. The health department told the agency that Rose must produce some kind of federal ruling or certification that the monkey is a service animal under the ADA before it will consider allowing her to take the monkey into public places, said Kevin Gipson, director of health. … Family members said Rose's anxiety was disabling. Without her monkey, she's less able to manage normal tasks, such as grocery shopping and dining out, because of severe anxiety. … Cynthia Magnuson, a spokeswoman from the Justice Department in Washington, said that although the law was somewhat vague regarding emotional-support animals, they were covered. … 'It's kind of a fine line, but the law errs on the side of protecting individuals that are disabled,' she said."

Voting Reform Laws May Increase Likelihood Of Multi-State Election Machine Breakdown. The Washington Post (9/17, A1, Balz, Goldfarb, 748K), in a

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front-page story, reports, "An overhaul in how states and localities record votes and administer elections since the Florida recount battle six years ago has created conditions that could trigger a repeat -- this time on a national scale -- of last week's Election Day debacle in the Maryland suburbs, election experts said. In the Nov. 7 election, more than 80 percent of voters will use electronic voting machines, and a third of all precincts this year are using the technology for the first time. The changes are part of a national wave, prompted by the federal Help America Vote Act of 2002 and numerous revisions of state laws. … But in Maryland last Tuesday, a combination of human blunders and technological glitches caused long lines and delays in vote-counting. The problems, which followed ones earlier this year in Ohio, Illinois and several other states, have contributed to doubts among some experts about whether the new systems are reliable and whether election officials are adequately prepared to use them. In a polarized political climate, in which elections are routinely marked by litigation and allegations of incompetent administration or outright tampering, some worry that voting problems could cast a Florida-style shadow over this fall's midterm elections."

Maryland Problems Cause Some To Demand Paper Records. The Washington Post (9/17, A4, Barr, 748K) reports, "The primary day debacle in Montgomery and Prince George's counties will add momentum to regional efforts to ensure that election systems create a paper record of each vote, according to some elected officials and activists critical of paperless balloting. They say the crisis at the polls in Florida during the 2000 presidential race, which prompted many states to switch to electronic voting, forced the adoption of overly complex systems that now must be simplified. An aide to Maryland Gov. Robert L. Ehrlich…said heightened concerns about electronic voting in last week's primary would strengthen calls for a return to a paper-based system."

Voter ID Laws Tested In primary Elections. The St. Louis Post-Dispatch (9/17, Lambrecht, Sichko, 300K) reports, "In the Arizona primary election last week, some Navajo Indians who don't drive and have no use for U.S. government-issued photo IDs didn't vote because of a new state law requiring identification to vote. … But in Macon, Ga., which tested Georgia's controversial photo identification law for the first time last week, only one voter of more than 200 who turned out for a school board special election lacked a picture ID — even though he had driven to the polling place." Missouri "— where a judge last week struck down a new state photo ID law — is not alone in grappling with new voting requirements. More courtroom maneuvering is expected over the Missouri law, which requires voters to produce a valid Missouri drivers license, nondrivers ID, U.S. passport or military ID. In at least eight states, political activists are squaring off over new rules requiring photo IDs as well as proof of citizenship and other identification for voter registration. In most cases, Republicans are supporting the restrictions, and Democratic-leaning groups are fighting them."

Milwaukee Manual Recount Finds Vote Total Was Flawed. The Milwaukee Journal Sentinel (9/17, Nunnally, 259K) reports, "Milwaukee officials announced Saturday that after a three-day manual count of ballots, Tuesday's primary election brought 46,500 voters to the polls in Milwaukee, not 80,000 as the city previously reported. City Election Commission chief Susan Edman said the ward-by-ward review of turnout confirmed the city's suspicion that a computer programming error by her office caused the misreporting.

Conservatives Using Rights Argument To Promote Causes Globally. In an op/ed in The New York Times Magazine (9/17), The New Republic's Joshua Kurlantzick writes, "Around the world, the N.R.A. is finding that a rights-based approach translates into many languages. … Going global also can provide a defense against the influence of international law, which judges like Supreme Court Justice Stephen Breyer have increasingly introduced into American courts." According to Kurlantzick, "Conservatives now realize that by co-opting the language of rights, traditionally employed by the political left, they can export their own ideas of universal rights, whether that means the White House's democratization program or a universal right to bear arms."

ANTITRUST:

Florida AG Reviewing Hospital Deal. The Fort Myers (FL) News-Press (9/17, Reed) reports, "The (Florida) state attorney general is looking into Lee Memorial Health System's acquisition of Southwest Florida Regional Medical Center and Gulf Coast Hospital. … 'We are aware of this potential merger, or purchase, and we're in the process of reviewing the situation,' spokeswoman JoAnn Carrin said." The News-Press continues, "In the 1990s, the attorney general had filed an amicus brief on Lee Memorial's behalf during the system's bid to acquire Cape Coral Hospital. At that time, the Federal Trade Commission was challenging Lee Memorial, saying the purchase would have given Lee Memorial too much control of the market. … District and appeals courts rejected the FTC argument and ruled Lee's status as a public hospital exempted it from antitrust action and the FTC did not have jurisdiction over the matter. The FTC dropped its complaint because Health Management Associates, or HMA, purchased it." The News-Press adds, "Cape Coral Hospital ultimately merged with Lee Memorial in June 1996. At the time of that merger, the state was seeking to block Hospital Corporation of America from taking over

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Cape Hospital because it would have too much power. .. 'The theory of antitrust is to protect the public,' said Charles Bigelow, a retired attorney who used to work for Lee Memorial and is familiar with its status as a public agency. 'If you apply antitrust to a public hospital, you're protecting the public from itself.'"

ENVIRONMENT:

Administration Disputes Court's Claim On Environmental Impact Of Alaskan Oil Drilling. Bloomberg (9/16, Efstathiou) reports, "The Bush administration said a Sept. 27 sale of oil drilling leases in Alaska should go forward and rejected a court's objections that environmental effects have not been properly addressed. The U.S. Interior Department said in a court filing yesterday that the impact of expanded drilling on air, water, wetlands and wildlife had been properly considered in the plan to expand drilling in the National Petroleum Reserve." According to the report, "Earlier this month, U.S. District Judge James Singleton in Anchorage ruled that an environmental impact statement prepared by the agency failed 'to adequately address the cumulative effects' of drilling. … Singleton's preliminary decision threatened plans to proceed with the lease sale and drew praise from groups including the National Audubon Society." According to the report, "The sale includes 400,000 acres around Teshekpuk Lake, an area environmental groups consider a critical Arctic wildlife habitat."

Gulf Oil Deposit Discovery Adds Fuel To Offshore Drilling Debate. The South Florida Sun-Sentinel (9/17, Gibson, 265K) reports, "Discovery of a vast oil deposit deep under the Gulf of Mexico has put additional pressure on Congress as it considers legislation on whether to allow offshore drilling closer to the Florida coast. The undersea oil field 270 miles southwest of New Orleans, which could expand U.S. reserves by as much as 50 percent, provides new arguments for both sides of a contentious debate over legislation to expand offshore drilling." According to the report, "Proponents say the discovery shows the great potential for tapping the Outer Continental Shelf closer to shore to boost energy supplies. Opponents contend it proves energy companies have plenty of tracts to explore without moving into more environmentally sensitive areas near Florida, California and other states dependent on clean beaches and tourism."

Natural Selection Foods Spinach Scrutinized As Potential Source Of E. Coli Outbreak. The New York Times (9/17, Preston, Marshall, 1.21M) reports, "Packaged spinach salad disappeared from store shelves across the country Saturday, as investigators searched for the source of bacterial contamination that has now sickened more than 100 people. Officials said Saturday that the number of people affected by the E. coli outbreak now stood at 102, up from 94 the day before." According to the report, "Dr. David Acheson, director of food safety at the Food and Drug Administration, reported no additional deaths beyond one that had occurred in Wisconsin. At this point, Dr. Acheson said, federal officials do not know how or when the spinach was contaminated."

Kempthorne Said To Take Interior IG's Allegations "Very Seriously." Time (9/16, Waller, 4.03M) reports, "Complaints are beginning to pile up against the U.S. Interior Department. … The problems surfacing are serious: managerial incompetence, bureaucratic snafus that are costing taxpayers billions of dollars, and a pervasive forgive-and-forget attitude toward senior department officials who cross ethical lines." Time goes on to report on "In scorching testimony before a House Government Reform subcommittee the no-nonsense" Interior IG Earl Devaney "charged that during his seven years as Interior's IG his revelations of misdeeds and foul-ups have been routinely 'disregarded by the department.' … Rather than heads rolling for infractions, the Cabinet agency has become a fault-free zone, Devaney claims. 'Short of a crime, anything goes at the highest levels of the Department of Interior,' says the former Secret Service agent." Time notes, "A case Devaney found particularly troubling was that of Steven Griles, Interior's deputy secretary in George W. Bush's first term. Devaney in 2004 referred 25 possible ethics violations by Griles to the Office of Government Ethics outside of Interior. That office cleared Griles of 23 of the violations but referred the remaining two to then-Secretary Gale Norton for a decision. Devaney says Norton refused, over his objections, to take any action against her deputy. … Meanwhile, Dirk Kempthorne, who replaced Norton as Interior Secretary last July, insists he's taking Devaney's 'allegations concerning issues dating back to 1998 very seriously.'"

Environmentalists Target Evangelicals With Global Warming Film. The Kansas City Star (9/17, Montgomery, 278K) reports, "Before watching the end of the world, hundreds of movie viewers bowed their heads. 'Guard us against the historical arrogance of our own species,' a Methodist minister prayed recently. … Then lights dimmed for the Midwest premiere of 'The Great Warming.' The documentary on the man-made dangers of global warming is being released for church groups to review before the Nov. 7 elections. While its plot is an easy sell to this invited crowd — more left than right, plenty of hybrid cars parked outside — the film raises spiritual questions that could carve up evangelical voting blocs in new ways. Is protecting Earth a

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moral value, an act of stewardship? Seeking to nudge more social conservatives into the ecological fold, bumper stickers are asking, 'What Would Jesus Drive?'"

FBI/DEA/ATF/USMS:

Alabama Guns Travel Across The Country. The Birmingham News (AL) (9/17, Robinson) reports, "Guns, bought easily and legally in Alabama and other states, are landing in the hands of criminals elsewhere, drawing the ire of leaders who have sued to stop the flow and pledged to fight what they say is a deadly export." The News continues, "Alabama's role as a Top 10 supply state for 'crime guns' - weapons purchased legally here but transferred illegally to others and sometimes used in crimes - is undisputed." The News adds, "New York City police say that 5 percent of the guns recovered at crimes in the first half of 2005 were last sold at retail in Alabama. … 'Alabama ranks, along with some other Southern states and some Midwestern states, in being a supply state because of its traditionally more lenient lifestyle and gun laws,' said Jim Cavanaugh, who supervises ATF operations in portions of the South. 'Guns are more readily available, more easily traded, plentiful. It's real.'" The News notes, "Guns trafficked out of Alabama have turned up during all kinds of investigations in other locations - robberies, assaults, sex crimes, drug crimes and at least 10 homicides - in the past several years, according to the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Special Agent Eric Kehn said Alabama guns have shown up from coast to coast: from Landover, Md., to Los Angeles; from Chicago to cities throughout Florida. … New York City has sued in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - and pledged to sue wherever needed - alleging a handful of gun dealers have created a public nuisance and are negligent in selling weapons that eventually land in the hands of criminals."

Gun-Ownership Case Heads To Wyoming Courtroom. The AP (9/17, Neary) reports, "Arguments are scheduled next month in a case in which Wyoming is seeking a federal court ruling affirming its authority to help some people convicted of misdemeanor domestic violence regain their right to own a firearm." The AP continues, "Federal law prohibits people with such convictions from owning guns." The AP adds, "U.S. District Judge Alan Johnson is scheduled to hear arguments in the case Oct. 6 in Cheyenne. … The state alleges that the federal Bureau of Alcohol, Tobacco, Firearms and Explosives acted illegally when it threatened to disallow about 11,000 concealed weapons permits the state issued as a substitute for federal background checks for firearms purchases. … The federal agency threatened to take that step unless the state repealed a 2004 law that allows people to expunge a first conviction for misdemeanor domestic violence." The AP notes, "Wyoming Attorney General Pat Crank says the current lawsuit comes down to an issue of states' rights. The National Rifle Association and the Gun Owners Foundation in Washington, D.C., have both filed briefs supporting the state's position. … Federal officials, however, say the issue is more narrow. They contend the state law fails to meet the legal standard for expungement. … Although the law allows people to petition in court to expunge a first misdemeanor conviction, it specifies that the record of that first conviction remains on the books for purposes of enhancing penalties for any subsequent crime. … 'The nuts and bolts of the government's position is that an expungement of a conviction wipes the slates clean, and that an expungement erases a conviction,' said Assistant U.S. Attorney Carol A. Statkus, one of the lawyers representing the ATF. 'The Wyoming statute that's at issue in this case doesn't do that.'"

Risk Of Steroids, Growth Hormones Not Fully Explained To Young Athletes. In an op/ed in The Washington Post (9/17, B7, 748K), former Major League Baseball Commissioner Fay Vincent writes that "If, as seems likely, many of this generation have been taking such things as steroids and human growth hormones, they have been doing so with the benign neglect of their coaches and school officials." Vincent adds, "It is inconceivable that the people who are around these kids a lot don't know, or at least suspect, that something is going on. And yet we are doing little to educate young athletes to the risks of using such chemicals."

IMMIGRATION:

Federal Detention Facility Contractors Detained For Fake Immigration Documents. The Miami Herald (9/17) reports, "Immigration officers have detained 15 foreign nationals and accused them of using fake documents while working for a company doing roofing contract work at a federal detention facility in South Miami-Dade, ICE said Friday." The Herald continues, "Barbara Gonzalez, the agency's spokeswoman in Miami, said the 15 men were detained Sept. 7 after officers from the bureau of prisons at the Federal Correctional Institution stopped three of them because they suspected their immigration documents were fraudulent." The Herald adds, "Gonzalez said the officers contacted ICE, which dispatched investigators. Gonzalez said the three detained initially were scheduled to work at the facility with a roofing contractor. .. . 'Further information developed by ICE agents revealed that 15 individuals working as contractors were illegal aliens,' Gonzalez said. 'They had fraudulent immigration documents.' … Gonzalez said 13 of

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the detained men came from Mexico and the other two came from Guatemala. Twelve of the men had fraudulent green cards, and three had fraudulent Social Security cards, she said. … All were transported to the Krome detention center in West Miami-Dade and put in deportation proceedings, Gonzalez said." The Herald notes, "Disclosure of the Miami detentions came three days after two alleged leaders of a nationwide 'employee-leasing conspiracy,' allegedly involving hundreds of undocumented foreign nationals, pleaded guilty in Fort Lauderdale before U.S. District Judge Kenneth Marra, who sentenced a third defendant in the case."

Day Laborers Sue Village After Work Site Closed. The New York Times (9/17, Santos, 1.21M) reports, "The 36-year-old Mexican man has lived in Mamaroneck for eight years, trekking each morning to Columbus Park near the village center to wait for contractors who might pay him $10 an hour at best. But the village closed the hiring site in the park in February, and after that, he testified in court here last week, the police often chased away the employers with tickets, and the workers with fear. … The man…is one of six anonymous day laborers whose federal lawsuit against the Village of Mamaroneck could set a new national standard for the way local governments deal with the fast-growing influx of day laborers in their communities. For a week, Judge Colleen McMahon in Federal District Court heard testimony in a nonjury trial from the laborers, the police, contractors, merchants and village officials. Lawyers in the case said they hoped a decision would be reached by mid-October. The case accuses village officials of harassing the workers as part of a 'deliberate and coordinated' campaign to drive them off the streets, and rests on the workers' 14th Amendment claim that they are discriminated against because they are Hispanic."

National Guard Troops Assigned To Mexican Border Charged With "Beer Fueled" Gunplay. The Houston Chronicle (9/17, Gonzalez, 535K) reports that National Guard troops assigned "to help the U.S. Border Patrol with administrative and other tasks, allowing scores of patrol agents to resume law enforcement duties" allegedly spent "their off-duty time with beer-fueled joyriding and reckless gunfire. … Three soldiers from North Texas, at least one of whom had served in Iraq, were arrested the evening of Sept. 6 on felony deadly-conduct charges after several shots were fired from their private vehicle as it passed a family cookout in a modest Maverick County subdivision, officials said. Several adults and children 'hit the dirt' fearing a drive-by attack, Sheriff Tomas S. Herrera said, but no one was targeted or injured by the gunshots and no property damage was reported.

Maryland Guard Assigned To Border Duty. The Baltimore Sun (9/17, Dolan, 262K) reports 120 volunteers from the Maryland National Guard "have been dispatched to the Sonoran Desert as part of a stopgap interdiction measure announced in May by President Bush. Critics have questioned whether sending up to 6,500 part-time soldiers to watch the southern border is wise for a National Guard still saddled with commitments in Iraq and Afghanistan. They asked whether the Guard should be engaged in a seemingly extracurricular homeland security mission when its leaders struggle to recruit more soldiers and retain the guardsmen in their ranks today. … Watching the flow of people crossing the border every day, some of the Marylanders admit, has been eye-opening and disturbing, causing some to question the nation's immigration policies. Several guardsmen here are still waiting to become citizens and sympathize with those seeking to come to America."

Trucking Companies Reportedly Hire Illegals Without Proper Training. The Dallas Morning News (9/17, Jones, Becka, Lafleur, McGonigle, 500K) reports trucking companies in Texas "hire illegal immigrants who struggle to read road signs and communicate in English with police and emergency personnel." The News adds, "U.S.-Mexico trade has more than doubled since the North American Free Trade Agreement was implemented in 1994, according to federal data. About 68 percent of truck traffic from Mexico enters the U.S. at the Texas border."

TAX:

Battle Over Minimum Wage Boost Threatens Popular Tax Deductions. The Los Angeles Times (9/17, Havemann, 918K) reports, "Just about every lawmaker in Congress favors extending a batch of popular tax benefits approved during President Bush's first years in office and authorized through 2005. But in a case study of the tortuous process that can surround even the most highly regarded proposal on Capitol Hill, extension of the tax benefits appears to face an uphill road as Congress nears adjournment. The benefits, claimed by more than 10 million taxpayers last year, give those who live in states without income taxes a deduction for their state sales taxes. They allow a deduction for some college tuition. Teachers may deduct the costs of buying supplies for their classrooms. And a research and development tax credit — hugely popular in the business community — is also part of the package. But so far, these and 43 other tax benefits have become ensnared in a partisan battle over a minimum-wage increase, which Democrats and some moderate Republicans want, and a sharp reduction in the estate tax, dear to the hearts of conservative Republicans."

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CONGRESS-ADMINISTRATION:

Pentagon Travel System Is Called Wasteful. The ABC News website (9/16, Cochran) reports that the "defense travel system," through which DOD buys plane tickets, is called "a disaster -- four years behind schedule and $200 million over budget." The system's contractor, Northrop Grumman, defends it, while Sen. Tom Coburn (R-OK) and the Citizens Against Government Waste denounce it.

Bonuses To Centers For Disease Control Officials Questioned. The New York Times (9/17, Harris, 1.21M) reports, "Top officials at the Centers for Disease Control and Prevention received premium bonuses in recent years at the expense of scientists and others who perform much of the agency's scientific work, agency records show. Those inside the office of the centers' director, Dr. Julie L. Gerberding, have benefited the most, the records show." According to the report, "From 2002 through mid-2006, William H. Gimson III, the agency's chief operating officer, received bonuses totaling $147,863, which included seven cash awards of more than $2,500. Mr. Gimson's bonuses were about twice the amount granted to any other C.D.C. employee, the agency's records show." According to the report, "The increase in bonuses to these officials was part of a decision by the Bush administration to make transformation of the management of the centers a top priority, said Glen Nowak, chief of media relations at the centers. 'If we want to retain people, we need to recognize them,'" Nowak said, adding, "'We are operating in a highly competitive environment.'"

CDC 'Business Focus' Under Fire By Agency's Employees. The AP (9/17) reports, "The employees at the Centers for Disease Control and Prevention who get bonuses most frequently are not scientists, but instead are accountants, budget analysts, computer experts and other administrative managers, according to a published report Sunday. The data appear to reinforce the findings of an internal CDC survey last year that found one of the top concerns among the agency's employees was a 'loss of public health focus/mission in exchange for inappropriate business focus.' According to the report, "The 72 CDC employees who received five or more awards of at least $2,500 from 2000 through July 21 work primarily in non-science jobs, according an analysis by The Atlanta Journal-Constitution of agency data obtained under the Freedom of Information Act. Some of those employees got $30,000, $50,000 and, in one case, more than $140,000 in cumulative bonuses during the period, the paper reported."

GOP Blamed For Rising Medicare Premiums In Democrat's Radio Address. The AP (9/17, Miga) reports, "Democrats say failed Republican policies are behind rising Medicare premiums that are leaving millions of older Americans scrambling for basic health care. Democrat Chris Murphy, a Connecticut state senator who is challenging 12-term Republican Rep. Nancy Johnson, criticized the GOP for failing to embrace the reforms needed to give seniors a break from increased health care costs. … 'My opponent, Nancy Johnson, deserves part of the blame,' said Murphy. 'She wrote the confusing Medicare law in 2003. She is also one of many Republicans who opposes allowing Medicare to negotiate for lower drug prices — a Democratic idea, and more importantly, a good idea.'"

Wealthier Medicare Recipients To Pay Higher Premiums. The Los Angeles Times (9/17, 918K) reports, "High-income retirees may be in for an unpleasant surprise this winter. It involves the monthly premiums that older Americans pay for Medicare Part B, which helps pay the cost of doctor visits, diagnostic tests and other routine care. The premiums, which are automatically deducted from Social Security checks, are currently $88 a month. In January, everyone's premiums will go up to adjust for healthcare inflation, but higher-income recipients will see even larger hikes. As a result, a single retiree with an annual income of $80,000 or less (and a married person earning less than $160,000), could pay $98 a month next year, according to estimates, while a single person earning $81,000 would pay $110 a month. And under the same scenario a single person earning $200,000 would pay $170 a month — or 73% more than lower-income Medicare recipients."

AARP Launches Ad Campaign Calling For Senate Action On Rx Drug Re-Importation. The Miami Herald (9/17, 310K) in its "News Brief" section reports, "The AARP is launching a $500,000 ad campaign today in 14 states pushing for Senate action on legislation that would let consumers buy U.S.-made prescription drugs from Canada and other countries." AARP legislative policy director David Certner "said the campaign focuses on the home states of senators who have shown some openness to letting people buy U.S.-made medicine shipped abroad."

House Deliberates Granting The District Of Columbia Voting Rights. The Washington Post (9/17, B8, 748K) reports, "The House is considering a bill, crafted by Rep. Thomas M. Davis III (R-Va.), to give the District a representative with full voting rights. The bill would add two seats to the House, one for the District and one for the state next in line to expand its congressional delegation based on population — currently Utah. A House subcommittee held a hearing on the matter on Thursday."

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Legal Scholars Endorse Effort To Grant Voting Rights To D.C. Residents. In an op/ed in The Washington Post (9/17, B8, 748K) Pepperdine Law School Dean Kenneth Starr and retired chief judge of the U.S. Court of Appeals for the D.C. Circuit Patricia M. Wald write, "More than 40 years ago, the Supreme Court declared that 'no right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live.' And yet, for more than 200 years the citizens of the District have been denied this right because they have no voting representation in Congress." According to Starr and Wald, "To its credit, Congress is taking steps to begin correcting this longstanding injustice. Specifically, the House Government Reform Committee has approved, and the House Judiciary Committee is considering, a bill that would give D.C residents the right to full voting representation in the House." According to Starr and Wald, "While conferring this right is surely the right thing to do, a legitimate question has been raised concerning Congress's authority to confer the right by simple legislation, rather than through constitutional amendment. We have carefully considered this question and believe for three reasons the bill is within Congress's authority: It is consistent with fundamental constitutional principles; it is consistent with the language of Congress's constitutional power; and it is consistent with the governing legal precedents."

Atlantis Crew Sleeps In, Takes Half Day Off After Busy Week. The AP (9/17, Borenstein) reports, "With their hardest tasks behind them, space shuttle Atlantis' six astronauts got time to relax Saturday after almost a week of nonstop work adding a new 17 1/2-ton addition with wing-like solar power panels to the international space station. NASA even let the crew sleep an extra hour before waking them with Jimmy Buffett's beach song 'Twelve Volt Man.' 'We said good morning to them, then a little housekeeping and then left them alone, gave them a chance to enjoy their time on orbit and wind down from what has been a very, very busy series of days on the flight,' said flight director Paul Dye." Saturday was the last full day at the space station for Atlantis' crew. Besides relaxing and enjoying the view from 220 miles above Earth, they still had to unload supplies for the space station, including 90 pounds of oxygen."

Space Junk Can Be Deadly. The New York Times (9/17, Schwartz, 1.21M) reports, "In space, junk can kill. When two bolts slipped away from spacewalking astronauts last week, astronauts and controllers expressed concern that the small objects might have floated into the moving parts of the $372 million truss that had just been added to the station" NASA "recognizes that the thousands of pieces of debris in orbit are potential hazards. The concerns tend to focus on the risk of collision with objects moving at high speed, however; the relative velocity of something that has simply drifted away is low. Still, NASA mission planners require tethers for tools and objects during spacewalks. … John McCullough, the lead flight director for the station, said last week that on Russian spacewalks, 'they throw things away all the time.'"

High Court's Move To Provide Same-Day Transcripts Of Oral Arguments Applauded. The Washington Post (9/17, B6, 748K) opines in an editorial, "When the Supreme Court opens its term next month, it will finally begin making transcripts of its oral arguments available — free, online and on the day of the arguments. That this represents a breakthrough shows how dramatically behind the times the justices are." However, according to the Post, "It is a breakthrough, nonetheless, that will dramatically improve the public's access to court proceedings." According to the Post, "Timely transcripts are a half-measure. They imperfectly convey the atmospherics of an argument … but given the implacable hostility some of the justices feel toward cameras, the move is a huge step forward."

NYTimes Praises Skeptical Book About "Imaginary Weapons." The New York Times (9/17, 1.21M) reviews "Imaginary Weapons" in the Week in Review, praising the book about "the triumph of technological fantasy at the Pentagon." Author Sharon Weinberger argues in her book "that fringe science has reached ever greater heights in military circles," encouraging expenditures such as "roughly $100 billion on missile defense -- which is serious money, levee-fixing money, cancer-curing money -- but has produced only an insubstantial shield."

OTHER NEWS:

Paulson Says Slowing Housing Market Won't Cause Economic Collapse. Bloomberg (9/16) reports, "U.S. Treasury Secretary Henry Paulson, making his debut at a meeting of Group of Seven economy chiefs, told his counterparts they needn't worry about a housing-led collapse of the world's largest economy. … 'The residential housing market is cooling from record unsustainable growth rates, but growth in the U.S. economy is being supported by other components.,'" Paulson said in a statement after meeting G-7 finance ministers and central bank governors in Singapore today. According to the report, "Sales of U.S. existing homes have declined every month since G-7 officials last met in April, and the National Association of Realtors predicts house prices may decline in the remaining months of 2006, which would be the first year-over- year drops since 1993. The International Monetary Fund on Sept. 14 branded

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the slowing U.S. housing market a ``key risk'' to global expansion.

Media's Effect On Housing Market Analyzed. In a Week In Review piece in The New York Times (9/17, 1.21M) Vikas Bajaj writes, "To hear some people in the real estate industry tell it, one of the biggest problems with the housing market is what is being said about it in the news media. Agents and industry executives say reporters, editors and news anchors are making a cooling market sound worse than it is." According to the report, "While the number of sales may have dropped from 2005 (which was a record-setting year, the end of a five-year run) and more homes stay on the market longer, real estate professionals note that sale prices in much of the country are still higher than they were a year ago." According to the report, "Richard A. Smith, vice chairman and president of the Realogy Corporation, the nation's largest residential real estate broker, said there was a 'constant flood of media that is so negative' that it was discouraging many potential buyers and sellers." The report adds, "The news media have always helped shape public perception of markets, whether for houses, stocks or tulips. But exactly how much the press influences mass consumer behavior is subject to debate."

Consumer Confidence Still High Despite Cooling Housing Market. In an economic view column The New York Times (9/17, 1.21M), Eduardo Porter writes, "There is an Aesop fable about a man — Greek, of course — who sees a swallow fluttering about on an unusually warm winter day. Leaping to the conclusion that summer has arrived, the man sells his only coat to buy himself a good time. Some economists say you merely need to replace the Greek with an American, and the coat with a house or condominium to understand the force powering the American economy during the recent housing boom." According to the report, "In this updated version of the fable, Americans were intoxicated by the leaps in the value of their real estate. Assuming the good times were here to stay, they were unable to resist temptation, impulsively calling the mortgage broker to get another loan to pay for the plasma TV set, the Caribbean vacation and the three-burner barbecue grill." Porter writes, "In Aesop's world, winter set in again, the swallow died and the coatless man blamed the bird for his misfortune, … yet in American morality tales, it seems, spendthrifts aren't always punished." According to Porter, "Winter has surely engulfed the housing market. But to the befuddlement of many economists, who had been expecting consumers to rein in their spending when the price of their homes stopped rising, America's happy consumers have so far eluded the payback."

Benefits, Risks Of Boom In Mortgage Lending Analyzed. The New York Times (9/17, 1.21M) writes in an editorial, "The housing boom would never have lasted as long as it did if mortgage lenders had to worry about being paid back in full. But instead of relying on borrowers to repay, most lenders quickly sell the loans, generating cash to make more mortgages." According to the Times, "The process has encouraged homeownership and created wealth. But there is a downside, too, which demands attention. As the boom thundered on, the pool of available credit grew larger than the pool of creditworthy borrowers, resulting in an explosion of risky mortgages with features like no money down, interest-only payments and super-low teaser rates." The Times adds, "In a market so vast and dynamic, everyone knows that if mortgage defaults should rise, damage could reverberate throughout the financial system. … Many homeowners are at a dangerous juncture." The Times opines, "Interest rates on adjustable mortgages are rising as home values are weakening, precluding for many the chance to refinance. Economists calculate that $750 billion of outstanding mortgage debt is now at measurable risk of default — about 7 percent of the total."

Fed Rate Hike Pause Brings New Interest In Bond Market. The Washington Post/AP (9/17, F4, Paradise) reports, "With some investors wringing their hands about inflation and the Federal Reserve's efforts to keep it in check, those with bond fund holdings could be forgiven for wanting to take their money and run. But while some market observers see volatility ahead, few are ready to call it quits." According to the report, "Bonds have faced a more difficult environment in the past two years as the Federal Reserve raised interest rates 17 consecutive times before pausing last month. While the rate increases hurt bond funds, leaving some investors wary, sentiment changed in late June after Fed comments led investors to believe the rate hikes had come to an end."

Guaranteed Pensions On The Decline. The Washington Post (9/17, F1, Day, 748K) reports that the freezing of pension plans "is part of a long-running trend, as otherwise healthy companies — not only Verizon Communications Inc., but also International Business Machines Corp. and, most recently, DuPont Co. — freeze, terminate or alter the terms of their employees' retirement packages. Most of these companies increased other retirement offerings, which don't include fixed payouts. Today, about 22 million workers, 19 percent of active private-sector employees, have traditional pension plans, compared with 39 percent three decades ago, according to federal government statistics." The report adds, "Financial experts say workers fortunate enough to still have traditional pensions should not rely on them too much for retirement, as the long-term prospects of such plans are increasingly in doubt. While a new law signed last month by President Bush aims to shore up the private pension system by forcing companies to fund their plans more fully, some retirement consultants say the

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added expense may the trend of companies limiting their plans for existing employees or dropping them for new hires."

Private-Industry Pensions In Jeopardy. The Kansas City Star (9/17, Meyer, 278K) reports, "More than 40 million Americans in the nation's nongovernmental work force are either covered by traditional pension plans or expect to be, authorities estimate. Potentially, three things will happen to the lifetime income streams that these workers and current retirees are expecting after they leave the work force." The report adds, "And two of those — a pension plan being frozen or one being terminated — aren't pretty. Congress passed, and President Bush signed, legislation last month to strengthen traditional pensions with mandates for employers to increase funding, faster repair requirements for underfunded plans, and some special provisions for troubled airlines with potentially whopping pension problems." According to the report, "The new law also significantly improved many features of 401(k) plans and other similar products that increasingly have supplanted traditional pensions over the last two decades. Although surviving pension plans will be stronger, many observers bet that employers will turn even more to 401(k) plans and shift an unprecedented share of the retirement funding load onto workers and their families."

Employers Replacing Pensions With 410 (K)s. The Boston Globe (9/17, Gavin, 425K) reports that IBM factory worker Larry Millette "is among hundreds of thousands of workers whose dreams of long, comfortable retirements are getting upended as U.S. corporations shed both the costs and responsibilities of traditional pensions. Faced with intense competition in a global economy, and huge obligations as baby boomers retire, many of the nation's biggest companies are rewriting the social contract that for 60 or more years has bound them to workers." According to the report, "Since last year, at least a dozen corporations with nearly 1 million US employees either froze pension benefits for current workers, eliminated pension plans for new ones, or both. Today, just over one-third of Fortune 100 companies still offer traditional pensions to new employees, down from one-half in 2002 and 89 percent in 1985, according to Watson Wyatt Worldwide Inc., an Arlington, Va., consulting firm." According to the report, "Now companies are replacing traditional pensions with saving plans such as 401(k)s, which can cut companies' costs by as much as half. … Choosing investments, navigating the ups and downs of financial markets, and putting aside enough money to last through retirement become the problems of workers."

Bush Featured Prominently In Democrats' Ads, But Nearly Absent From GOP's. The New York Times (9/17, Nagourney, 1.21M), in a front-page story, reports President Bush "is emerging as the marquee name in this fall's Congressional elections — courtesy not of his Republican Party but of the Democrats. A review of dozens of campaign commercials finds that Mr. Bush has become the star of the Democrats' advertisement war this fall. … Not surprisingly, given that Mr. Bush's job approval rating continues to hover around 40 percent, it is hard to spot the president in any of the Republican advertisements that were reviewed. In what may be taken as an indication of changing Republican tastes, Senator John McCain of Arizona is popping up everywhere." According to the Times, "The decision by Democrats to invest in advertising directly attacking the war in Iraq, the administration's war on terrorism and the once overwhelmingly popular president is a marked turn from how they handled these issues in 2002 and 2004. … 'In certain districts he's exactly who we want to pivot off,' said Representative Rahm Emanuel, the Illinois Democrat leading the effort to win the House. 'I tell all the candidates: Him and his agenda are on the ballot this year.'" The New York Times (9/17, Pear, 1.21M) includes the transcript of a commercial being run by Democrat Patricia Madrid who claims her opponent, Rep. Heather Wilson, "is too close to President Bush on Iraq and other issues."

Shays Says Bush Has "No Credibility" Regarding Iraq. The Washington Post's David Broder (9/17) writes on Rep. Chris Shays' "doubts about what he terms 'the noble mission' that brought the United States to Iraq." Shays "had no qualms about the current president's decision to invade Iraq, because he believed Hussein had weapons of mass destruction. And even now he expresses scorn for those who say they regret their votes to authorize this war because the weapons were not there. 'I would never back away from my vote,' he said. On the other hand… 'The president has no credibility,' Shays said, because of that intelligence blunder and because management of the war has been awful. Notable as he found the Iraqis' political achievement in writing and ratifying a constitution and electing a government in Baghdad, he said: 'Since January, there has been no progress' toward reconciling Shiite-Sunni conflicts and transferring the responsibility for policing the country to the growing army of Iraqis."

Cardin And O'Malley Try To Tie Ehrlich And Steele To Bush. The Washington Post (9/17, A1, Mosk, Wagner, 748K) reports, "The campaigns are for high political office in Maryland, but the Democratic candidates' toughest attacks are focused on a man from Texas: George W. Bush. Baltimore Mayor Martin O'Malley, who is challenging incumbent Republican Gov. Robert L. Ehrlich Jr., calls his opponent 'the George Bush Mini-Me of Maryland,' and he has plastered the same photo on three recent campaign mailers. It shows Ehrlich and the president arm in arm. Benjamin L. Cardin (D), the 10-term congressman from Baltimore who is taking on Republican Lt. Gov. Michael S. Steele in the race for an open U.S. Senate seat, mentions his opponent on the

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stump. But he saves a battery of attacks for Bush and urges voters to elect Cardin because 'George Bush is leading this nation in the wrong direction.' The Democratic effort to nationalize the two high-profile Maryland campaigns is unmistakable, the latest sign that party leaders believe anger at the president might be the decisive emotion that drives voters to the polls in November."

Democrats Disagree On What To Do In Iraq. In a Week in Review piece for the New York Times (9/17, 1.21M), reporter John Broder writes that Democrats "are trying each of these approaches in a cacophony of frustration and sorrow, reflecting divisions in the party at the national level. If it is hard to see a Democratic plan to end the war, it's because there isn't one." Democrats Eric Massa, Jim Webb, Sen. Joseph Biden, Patricia Madrid and Sen. John Kerry express their views on Iraq should they win office or higher office.

GOP Candidates Given Conflicting Advice Regarding Bush's Campaign Role. In an op-ed appearing in a special Washington Post (9/17, B1, 748K) Outlook section titled "The Advice Issue (REPUBLICAN EDITION)," MSNBC host and former Rep. Joe Scarborough writes, "I can't help but feel sorry for my old Republican friends in Congress who are fighting for their political lives. After all, it must be tough explaining to voters at their local Baptist church's Keep Congress Conservative Day that it was their party that took a $155 billion surplus and turned it into a record-setting $400 billion deficit. How exactly does one convince the teeming masses that Republicans deserve to stay in power despite botching a war, doubling the national debt, keeping company with Jack Abramoff, fumbling the response to Hurricane Katrina, expanding the government at record rates, raising cronyism to an art form, playing poker with Duke Cunningham, isolating America and repeatedly electing Tom DeLay as their House majority leader? How does a God-fearing Reagan Republican explain all that away? Easy. Blame George W. Bush."

In an another op-ed for the Post (9/17, B1), in the same section, Stuart Stevens, partner in the Stevens and Schriefer Group, "a Republican media firm that advised George W. Bush's presidential campaigns," writes, "Most Democrats and the vast majority of what passes for the intelligentsia in this country simply don't understand the appeal of President Bush, much the way Republicans never got that Clinton guy. So now that the president's public approval numbers have fallen from historic highs, there seems to be great salivating at the notion that the country is finally getting what has been so obvious to them for so long and that a national day of reckoning is nigh. This view of Bush transformed from Leader of the Free World into Election Jeremiah is so wrong that it should be laughable. Except that a lot of Republicans seem to believe it's true. They're certainly behaving that way on the campaign trail, acting as though they're sure that a spy camera photo of a candidate caught with the president will be a death sentence in November. And that's a problem -- not for the president but for the candidates and the GOP."

The Post (9/17, B5) also runs a collection of brief bits of advice for Republican candidates from Bill Kristol and Ann Coulter, among many others. Coulter writes, "Republican candidates should talk about the Democrats. The Democrats want to pull out of Iraq, shut down Guantanamo, open the nation's borders, abandon the Patriot Act and the NSA spying program and extend full constitutional protections to people like Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. … If this nation returns to the Democratic national security policy known in military circles as 'unconditional surrender,' two years of the Democrats could get us all killed."

Schwartz Claims "Quasi-Theocrats" Are "Infiltrating" The GOP's "Power Structure." In yet another op-ed for the Washington Post (9/17, B5, 748K), this one titled "Don't Lose Like Me," Rep. Joe Schwarz writes, "Even though more than half of all American voters consider themselves centrists, the Republican and Democratic parties are finding themselves controlled to an ever-greater extent by their more extreme elements. On the Republican side, the 'religious right,' the quasi-theocrats, are infiltrating the party power structure quite effectively. … It wasn't President Bush who proved to be the kiss of death to my candidacy for a second term in the House. The president's poll numbers may not be very good in many places, but he's still well-liked in my neck of the woods -- south-central Michigan. So when I geared up to run again this year, I was pleased to have his endorsement. My loss had nothing to do with his popularity, or national issues such as the war in Iraq. What did me in was voter apathy, and moral absolutist groups supported by a vitriolic negative-ad campaign funded by organizations on the far right."

Bush Said To Be Losing Support Among Southern Women. The AP (9/17, McCaffrey) reports President Bush's "once-solid relationship with Southern women is on the rocks. … In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans." However, "Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress. Republicans on the ballot this November have reason to worry. An Associated Press-Ipsos poll found that three out of five Southern women plan to vote for a Democrat. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP." The AP adds, "The movement of some Southern women away from the Republican Party tracks with national poll

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results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country."

GOP Candidates Benefit From Bush's Improved Poll Numbers, 9/11 Anniversary. The Houston Chronicle (9/17, Roth, 535K) reports, "A bleak landscape for Republicans in the upcoming congressional elections appeared to brighten ever so slightly last week. The president's aggressive campaign to emphasize terrorism and tie it to the conflict in Iraq has helped nudge upward his still-low approval ratings. Experts say the ratings are an important gauge of how the president's party will fare in the congressional elections. The polls also showed a slight improvement in the public view of his handling of Iraq, an issue Democrats are hoping to use to make big gains. … Thomas Mann, a congressional expert at the liberal-leaning Brookings Institution, said he is skeptical Republicans could sustain momentum generated by the fifth anniversary of Sept. 11. 'My view is it will be a one-week phenomenon,' he said."

Presidential Candidates Expected To Opt Out Of Public Financing System In 2008. The AP (9/17, Kuhnhenn) reports, "Strategists from both parties estimate the White House race in 2008 could cost each nominee $500 million — far more than the Presidential Election Campaign Fund can afford. As a result, this next presidential campaign could mark the first time in 30 years that the Democratic and Republican nominees turn down the fund's millions in both the primary and the general elections. … If the major party candidates decline the general election funds in two years, they in effect would kill one of the chief post-Watergate overhauls in campaign law. The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money."

Potential Gore-Clinton Primary Race Analyzed. The Houston Chronicle (9/17, Holland, 535K) reports, "Al Gore's statement that he wouldn't rule out running for president raises the possibility of a Democratic duel between the former vice president" and Sen. Hillary Clinton. Pollster John Zogby, "sees 'a battle royal shaping up.' … Gore is 'in a very second tier after Hillary, who is in a league by herself,' Zogby says. … On the other hand, Gore has 'two aces in the hole,' Zogby said. Unlike Clinton, he opposed the Iraq war from the start. And he is known as an expert on the environment."

Obama Seen As Hampered By Unusually High Expectations. The St. Louis Post-Dispatch (9/17, McDermott, 300K) reports, "For a politician, is there such a thing as too much popularity? If there's any cloud over U.S. Sen. Barack Obama's seemingly charmed political life, it may be that one. With national political pundits now using words such as 'messiah' in connection with the Chicago Democrat - and one former campaign opponent calling on him to run for president - some say he could ultimately be rising so fast and high in the American consciousness that he may end up with nowhere to go but down. … One rule of thumb in politics is to keep expectations low so that any mistake the politician makes looks smaller while any accomplishment looks bigger. For Obama, sitting on a runaway train of gushing publicity, that kind of 'expectation control' has become impossible." Obama "(whose office reiterated last week that he isn't running for president in 2008) hardly needs his own startling popularity impressed upon him. He has quipped about it himself, joking to reporters at a dinner in Washington in March, for example: 'I want to thank you for all the generous advance coverage you've given me in anticipation of a successful career. When I actually do something, we'll let you know.'"

Obama Advised To Seek Presidency In 2008. Syndicated columnist Robert Novak (9/17) writes, "Prominent Illinois Democrats are advising Sen. Barack Obama, now finishing his second year in the Senate, to consider making a run for the 2008 Presidential nomination. One such Democratic stalwart is telling the 45-year-old Obama to run only if prospective front-runner Sen. Hillary Clinton does not. But others are advising the popular freshman senator to go for it even if Clinton is a candidate. These boosters calculate that Obama, the son of a black father and a white mother, could break the Republican Presidential hold on the South by maximizing the African-American vote in states such as South Carolina, Georgia and Mississippi."

McCaskill Seeks "Phased Pullout" Of US Troops In Iraq. The St. Louis Post-Dispatch (9/17, Shesgreen, 300K) reports, "Every which way they turn, Sen. Jim Talent and state Auditor Claire McCaskill face voters' unease and anger about the war in Iraq. … But Missourians looking for a dramatic new direction on Iraq from the two candidates competing for the U.S. Senate seat may not be happy with what either Talent or McCaskill has to say." Talent "was among the staunchest proponents of the war and remains unwavering, like many other Republicans, in his belief that setting any timetable for withdrawal would be a terrible mistake." McCaskill "says the war was a mistake and is now a quagmire that has compromised America's strength and bred terrorism in new corners of the world. But she has not bowed to the most fiery anti-war wing of her party…or even to some Democratic senators who have called for withdrawing all U.S. troops by the middle of next year. McCaskill advocates a two-year phased pullout, to begin this year, with American troops eventually replaced by a

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multinational force - time enough, she says, to allow the Iraqi government to achieve stability."

Lieberman Advocates Bipartisan Commitment To War On Terror. The Hartford Courant (9/17, Pazniokas, 195K) reports, "Using apocalyptic imagery of civilization lost, Sen. Joseph I. Lieberman blamed politics Friday for undermining the war on terror and leaving the U.S. vulnerable to 'barbarians at our gates.' … His 25-minute address repeatedly called for bipartisanship in Washington, reinforcing the central theme of his re-election campaign as an independent since losing the Democratic primary in August to his main rival, Ned Lamont." Lieberman "faulted the Bush administration for alienating potential allies in the war on terror, though he gave no examples of an administration miscue. He never mentioned the war in Iraq, a topic he intends to address with another policy speech."

The New York Times (9/17, Medina, 1.21M) reports, "It was Mr. Lieberman's first major speech since he was defeated in the Democratic primary last month, and aides said it was intended to be a policy update rather than a political statement." Lieberman "criticized both major parties, highlighting his odd political position now. 'It is wrong for some on the right to imply that some Democrats don't care if the terrorists succeed, or that debating the merits of the president's policies on the war on terrorism emboldens our enemies,' Mr. Lieberman said. That kind of attack on people's motives 'divides and weakens us as a nation,' he said. But Mr. Lieberman, who is trying to strike a careful balance as he seeks Republican and unaffiliated votes in November, also criticized some of the president's detractors. 'It is wrong for some on the left who go beyond dissent and demonize the president and impugn the motives of all those who support him,' Mr. Lieberman said. 'Like it or not, we are in this war against terror, and we are in it together.'"

Dynamics Of Kean-Menendez Race Follow Familiar New Jersey Pattern. The New York Times' Peter Applebome(9/17) reports "all the major political newsletters" are "now calling the race between State Senator Thomas H. Kean Jr., the Republican, and Senator Robert Menendez, the Democrat, a toss-up. And, whether or not control of the Senate ends up hinging on the answer, it's clear that this is yet another toxic soufflé of New Jersey politics that will revolve around this question: Who seems scarier — the Republicans in Washington or the Democrats in New Jersey? … The betting for most is still that things eventually revert to form. New Jersey has not elected a Republican to the Senate since Clifford Case 34 years ago. Polls show the Iraq war wildly unpopular in New Jersey and President Bush getting a favorable approval rating from about a third of state voters. And in tough races, the Democrats almost always manage to turn out big enough numbers in North Jersey cities to push the sick and frail over the finish line."

Allen Likely To Benefit From Gay Marriage Ban On Virginia Ballot. The Washington Times (9/17, Bellantoni, 88K) reports, "Virginia's constitutional amendment on marriage will attract conservative voters who otherwise would have stayed home in frustration with national Republicans, grass-roots activists say. The bump in turnout in November likely will benefit U.S. Sen. George Allen, a Republican who until recently appeared a lock for re-election and poised for a 2008 White House bid." The Times notes Allen "favors amending the state constitution, but his challenger, Democrat James H. Webb Jr., opposes the constitutional change as broad and discriminatory. Democrats say Republicans should not be so confident that the measure will pass with a large margin. They say its placement on the ballot -- once considered a gift from Republican state legislators so Mr. Allen could get a landslide win -- is stirring opposition in the more liberal areas of the state. A recent Mason-Dixon poll showed the amendment winning but losing support."

Virginia Voters Urged To Reject Gay Marriage Ban Amendment. The Washington Post (9/17, B6, 748K) opines in an editorial, "Since 1998, 20 states have adopted constitutional amendments banning gay marriage. But not all of them have been drafted so expansively, and so carelessly, as the measure that will appear on Virginia's ballot in November, which would recognize no 'union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities or effects of marriage.'" According to the Post, "The amendment is muddle-headed and absurdly broad, duplicates what is already in state law and carries the germ of a thousand unintended consequences. Virginia voters should reject it."

Both Candidates Now Utilizing Sophisticated Blogging Efforts. The Washington Post (9/17, A1, Shear, Craig, 748K), in a front-page story, reports, "Virginia's U.S. Senate race has catapulted bloggers into the middle of electioneering and controversy as campaign supporters use their online forums to connect with voters, raise money and spread gossip. Liberal bloggers…fanned the flames last month after" Allen "aimed a derogatory remark at a young Webb volunteer. That hype has helped Webb close a double-digit Allen lead in public polls and was a blow to the Republican senator's possible presidential bid in 2008. The lack of an effective response from conservative bloggers has prompted Allen to hire a Virginia blogger as his 'new media coordinator' to goose GOP supporters into action. And four of Virginia's most popular conservative bloggers launched http://www.allens-a-team.com last week to counter what they call liberal attacks. Together, the Webb and Allen campaigns are transforming the image of the independent blogger,

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clicking away on his own dime from his basement. And they are pushing the boundaries of federal campaign finance laws as blogs that once were personal diaries have come to resemble full-blown campaign operations that don't have to be reported as expenses."

Chafee Primary Win Sets Back Democratic Hopes To Retake Senate. The Washington Times (9/17, Fagan, 88K) reports, "Senate Democrats last week lost a key chance in their battle to retake the Senate, when top Republicans helped one of their most liberal members, Sen. Lincoln Chafee of Rhode Island, defeat a more conservative challenger who both sides thought would lose to Democrats in November. … Democrats have to gain six seats in order to retake the Senate." According to the report, "Senate Democrats strongly disagree that Mr. Chafee's win was a setback for them. They argue that they can still win the seat because Mr. Chafee was weakened by the bitter primary and polls show a tight race between him and Democratic nominee Sheldon Whitehouse, a former state attorney general." However, according to the report, "The hill is now a bit steeper for Democrats than it would have been had the more conservative Stephen Laffey won the Republican primary in the Democratic state."

Former President Clinton Lends Fundraising Prowess To Democratic Senate Candidate. The Minneapolis Star Tribune (9/17, Marcotty, 398K) reports that in Minnesota, "Former President Bill Clinton, the Democrats' favorite Democrat, stood with U.S. Senate candidate Amy Klobuchar before a crowd of more than 1,400 people Saturday night to shed some of his rainmaking power on her and her political party. Clinton raised cheers at the fundraising dinner held at the RiverCentre in St. Paul when he said that Klobuchar 'may be the very best we have in the United States.'" According to the report, Clinton's "presence in Minnesota, and that of President Bush at a Republican fundraiser in August, illustrates the importance that both parties place on this Senate race. 'It's the most competitive race in the country,' said Mark Drake, communications director for the Republican Party in Minnesota." According the report, "Questions were raised about whether Bush would help or hurt Minnesota Republican candidates during his fundraising swing here. But that's not an issue for Clinton or the candidates he supports in Minnesota, experts said."

Religion Playing Larger Role In Contemporary Politics. The Pittsburgh Post-Gazette (9/17, O'toole, 241K) reports, "Bob Casey returned to his law school, Catholic University, last week, to deliver a message on how his faith informs his public life. This Wednesday, Dr. James Dobson, the popular and influential evangelical broadcaster, will appear at the Mellon Arena." According to the report, "Sen. Rick Santorum, whose reelection is being challenged by Mr. Casey, won't be there and won't be endorsed formally at the gathering, but the selection of Pittsburgh as a site for pre-election Stand for the Family rallies shows how highly the conservative Republican is valued by Dr. Dobson and his colleagues." The report adds, "The two events highlight the importance of religion in this race and in the broader national struggle between parties eager to appeal to 'the values voter,' that many analysts saw as a decisive factor in the 2004 presidential race. Since that election, Democrats nationally have struggled to find a natural voice on religious issues."

Franken Emerging As Fundraising "Powerhouse" In Minnesota. The Minneapolis Star Tribune (9/17, Hotakainen, 398K) reports, "A new Democratic powerhouse is emerging in Minnesota this campaign season: comedian Al Franken. His political-action committee, which is called Midwest Values, has raised more than $800,000 that he's spreading to Democratic candidates in Minnesota and across the country. … But Franken, a bestselling author and radio talk-show host who grew up in St. Louis Park, could be the ultimate beneficiary if he cashes in his chits and runs for the Senate in 2008 against Minnesota Republican Sen. Norm Coleman. Franken, who moved from New York to Minneapolis this year, said he might form an exploratory committee for that race early next year. He is raising campaign money from a variety of sources -- from the entertainment industry on both coasts, his stand-up comedy shows and elsewhere."

GOP Congressmen Come To Louisiana To Boost Party Hopeful Craig Romero. The Baton Rouge Advocate (9/17, Courreges) reports, "The Louisiana Republican Party's two hottest political acts traveled to Houma Saturday to declare their support for Republican Louisiana 3rd Congressional District challenger Craig Romero. U.S. Rep. Bobby Jindal, R-Kenner, and U.S. Sen. David Vitter, R-Metairie, held a news conference with state Sen. Romero, R-New Iberia, in front of the Terrebonne Parish Courthouse where they praised Romero's values and work ethic." According to the report, "Romero is the best-known and best-funded of three challengers attempting to unseat first-term incumbent U.S. Rep. Charlie Melancon, D-Napoleonville, in the Nov. 7 election. The other two are Franklin Libertarian James Lee Blake Jr. and LaPlace Democrat Olangee "OJ" Breech."

Muslim Candidate's Ties To CAIR Chief Questioned. The Minneapolis Star Tribune (9/17, Schmickle, 398K) reports that last week, Minnesota Republicans put terror support in the spotlight after Nihad

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Awad flew to Minneapolis to attend a fundraiser for state Rep. Keith Ellison in August. According to the report, Awad is "a former Minnesotan and executive director of the Council on American-Islamic Relations (CAIR) in Washington, one of the nation's most prominent Muslim groups. … Many conservatives and Jewish groups say that CAIR is rooted in the Hamas movement and that its leaders also secretly support Hezbollah in Lebanon," groups considered to be terrorist organizations by the U.S. According to the report, "If he wins, Ellison will be the first Muslim elected to Congress. He called Awad an 'acquaintance,' saying he has known the CAIR leader for many years but not well enough to be able to 'account for everything he has ever done, everybody he knows or everything he has ever said.'" The report adds, however, "After Awad attended the Ellison fundraiser on Aug. 25, conservative blogs, some Jewish groups and some Democrats objected."

Patrick Has 21-Point Lead In Democrats' Massachusetts Gubernatorial Primary. The Boston Globe (9/17, Phillips, 425K) reports, "Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV. Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent."

Poll Shows Pawlenty And Hatch Tied At 42. The Minneapolis Star Tribune (9/17, Olson, 398K) reports Minnesota Gov. Tim Pawlenty and Attorney General Mike Hatch "are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll. Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent. With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters."

Rendell Well Ahead Of Swan Despite Unfulfilled Campaign Pledges. The Pittsburgh Post-Gazette (9/17, Barnes, 241K) reports, "In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate. So his bid for re-election has to be in trouble, right? Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll. 'I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently."

Taylor And Perdue Offer Dueling Tax Cut Proposals. The Atlanta Journal-Constitution (9/17, Galloway, 399K) reports, "Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners. Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house. 'There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts,' Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park. … Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65. Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people."

Will Sees Democrats' Views On Social Issues As The Key To The Rise Of The GOP. In his column for the Washington Post (9/17, B7, 748K) George Will discusses "Building Red America: The New Conservative Coalition and the Drive for Permanent Power," a new book from the New Republic's Thomas Edsall. According to Will, Edsall "explains how Americans differ concerning what he calls 'freedom from the need to maintain the marital or procreative bond.'" Will then quotes from Edsall: "To social conservatives,' he writes, 'these developments have signaled an irretrievable and tragic loss. Their reaction has fueled, on the right, a powerful traditionalist movement and a groundswell of support for the Republican Party. To modernists, these developments constitute, at worst, the unfortunate costs of progress, and, at best -- and this is very much the view on the political left as well as of Democratic Party loyalists -- they constitute a triumph over unconscionable obstacles to the liberation and self-realization of much of the human race." Will concludes, "Looking for the

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real reason for the rise of 'Red America'? Read that paragraph again."

Ailing Automaker Ford Attempts A Turnaround In Bid To Revive Company. The Washington Times (9/17, Lengell, 88K) reports, "When he stepped down this month as Ford Motor Co.'s president and chief executive, Bill Ford Jr. acknowledged the ailing, 103-year-old automaker must reinvent itself to survive in an increasingly competitive industry. With the company announcing a deeper and accelerated restructuring plan Friday, it's obvious the auto giant's new chief executive, Alan Mulally, formerly executive vice president of Boeing, will lead a leaner, smaller and possibly more focused automaker. But will that be enough?" According to the report, J.D. Power and Associates automotive analyst Jeff Schuster says, "'Right now, with so many variables, I would have to say the jury's still out. I don't think Ford is going to disappear. ... But they will not recover that ground they've lost in the marketplace."

Former President Clinton Shares Memories Of Past Governor Ann Richards. The Dallas Morning News (9/17, Brooks, 500K) reports, "Former President Bill Clinton wiped away tears as he stood near his friend Ann Richards' flag-draped casket at the Texas Capitol on Saturday, describing a woman with 'big hair, big bright eyes, big blinding smile ... big heart and big dreams." According to the report, "A friend of Bill and Hillary Clinton for three decades, Ms. Richards, 73, died of esophageal cancer at her home in Austin on Wednesday. Mr. Clinton joined the Richards family Saturday in escorting the casket to the rotunda; Ms. Richards' body is lying in state there over the weekend."

The Washington Post/AP (9/17, A15, Castro) reports that at a memorial for former Texas Governor Ann Richards, former president Bill Clinton "delivered poignant and at times funny recollections of the woman he called "spontaneous, unedited, earthy, hilarious." According to the report, "During her one term as governor, from 1991 to 1995, she championed what she called the 'New Texas,' appointing more women and minorities to state posts than any of her predecessors. Clinton described the world that Richards wanted for her grandchildren as one 'where young girls grew up to be scientists, engineers, police officers and teachers … where the dreams and the spirit were as big as the sky in her beloved home.'"

Teachers Urged To Provide Open Forum For Ideas. In an op/ed in The New York Times Magazine (9/17), Pennsylvania State University's Michael Berube writes, "So far as I know, my department, like many university departments of English, consists of wall-to-wall Democrats. If my faculty colleagues have any good words to say about George Bush's fiscal or foreign policies, they're keeping them to themselves." Berube adds, "Every so often, someone on the academic left does Horowitz and company the favor of saying something foolish or simply outrageous about 9/11 or Iraq, and the grist meets the mill once again." According to Berube, "Every responsible teacher should think of the classroom as a relatively safe space, free of intimidation or coercion. But in return, every responsible student should realize that the classroom is only relatively safe, because arguing about ideas isn't risk-free."

Paulson Ask Other Countries To Limit Iranian Access To Banks. The New York Times (9/17, Weisman, 1.21M) reports, "The United States pressed the top finance officials of the world's leading industrial nations on Saturday to crack down on what Treasury Secretary Henry M. Paulson Jr. said was the exploitation of their banking systems by at least 30 Iranian front companies involved in illicit activities." He said "that the front companies were identified by American intelligence agencies as funneling money to terrororist groups using banks in Europe and elsewhere, many of them 'blue chip banks,'" adding "that many leading trading companies in Iran with legitimate business operations were also involved in the illicit activities, and that it behooved any legitimate bank to realize that it was risky to continue doing even legitimate business with the companies." These "comments appeared to reflect the emerging Bush administration strategy on Iran as efforts to impose sanctions by the United Nations Security Council have faltered." Additionally, "Last week, in what administration officials call a major escalation in the effort to squeeze Iran economically, the Treasury Department announced that Bank Saderat, a major bank in Iran, would no longer have even indirect access to the United States financial system."

The Washington Post (9/17, A23, Goodman, 748K) adds that Paulson "used his first meeting of world finance chiefs on Saturday as a venue to press the Bush administration's mission to isolate Iran and choke its nuclear aspirations." However, he "portrayed the initiative as 'an education job,' giving his counterparts the ability to act voluntarily," and, "In a statement issued after the meeting, the G-7 finance ministers lent general support."

The Wall Street Journal (9/17, Phillips, 2.03M) leads, "Frustrated in its efforts to secure U.N. sanctions on Iran, the Bush administration is trying to convince individual governments and banks to sever financial relationships that allegedly allow Tehran to finance its nuclear ambitions and foreign terrorist groups." Paulson told reporters "he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case

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that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions."

Bloomberg (9/17, Carmichael) also covers this story.

US Said To Have Limited Options For Dealing With Iran. The New York Times (9/17, Cooper, Sciolino, 1.21M) reports, "After intense talks about Iran's nuclear program, the United States and other major world powers face two unappealing choices as the United Nations General Assembly opens this week: introduce a resolution in the Security Council for sanctions against Tehran that may not be tough enough to make a difference, or delay any punitive measures, rendering their diplomacy on Iran meaningless." Therefore "the Bush administration, along with Russia, China, France, Britain and Germany, have quietly shifted their strategy" and "offered a major concession. They are embarking on a two-track approach that allows the European Union foreign policy chief, Javier Solana, to conduct open-ended negotiations with Iran on the conditions for a suspension while the Security Council weighs punitive measures." This "is a fundamental shift and an admission of how few options President Bush and his European allies have."

In an analysis piece, the AP (9/17, Gearan) adds, "When President Bush addresses world leaders at the United Nations this week, he will have fewer options and lower expectations on almost every major foreign policy front than a year ago." While "Bush and his foreign policy advisers have tried with some success to dispel the caricature of Bush abroad as a Texas cowboy riding alone and herding the U.S. into an unpopular war in Iraq," that "war, now in its fourth year, devours resources and energy for other global objectives and feeds mistrust about U.S. intentions, experts say."

EU To Meet With Iran Without US. The AP (9/17, Riechmann) reports, "European diplomats are considering a meeting with Iran on the sidelines of next week's U.N. General Assembly in hopes of de-escalating the standoff over Tehran's nuclear program — but the United States won't be getting an invitation. The Bush administration, which is pushing for U.N. sanctions against Iran, has said it will join European-led negotiations with Iran only if it stops its uranium enrichment work first," and a US official said "The Bush administration has little confidence that 'Iran will come through to meet the conditions' of verifiably suspending its enrichment work."

Abbas To Meet With Rice, Bush On Sidelines Of UN. The New York Times/AP (9/17) reports, "Palestinian president, Mahmoud Abbas, will meet with President Bush in New York on Wednesday, on the sidelines of the United Nations General Assembly," and "will be preceded by talks on Monday between Mr. Abbas and Secretary of State Condoleezza Rice." Palestinian official Saeb Erekat "said the discussion would touch on a wide range of issues, including the coalition government that Mr. Abbas is trying to form with the Hamas political movement and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June." A separate AP (9/17, El Deeb) article adds that Abbas "will likely seek to promote his planned coalition with Hamas," but "the White House would not confirm the meeting and it was not clear whether Bush's final schedule in New York had been set."

Lebanon Conflict Spurred Israelis' Questioning Of Leaders. The Washington Post (9/17, A1, Wilson, 748K) reports, "Frustration over the outcome of the war in Lebanon has spurred many Israelis to question the abilities of a new class of political professionals who are stepping into roles long held by the men and women who founded the Jewish state" as "the uncertain aftermath of the first war to be managed by a prime minister from outside Israel's founding generation…has sharpened debate over whether the best of the new generation are entering public life." Ehud Olmert "and others of his political generation embody a leadership shift that highlights the Jewish state's changing values and demographics," as the "original socialist character has evolved into a more free-market economy and less centralized government." As a result, "Israel's mainstream political leadership now consists mostly of pragmatic men and women who have made politics their profession -- a sharp contrast to the ideological volunteers, shaped by persecution, who founded Israel nearly six decades ago." Now, "opinion polls show that a large majority of Israelis believe the previous leaders were better than the current ones, while one in five Israelis does not think any of the senior party leaders is suitable to be prime minister."

Nonaligned Movement Gathering Approved Anti-US, Israel Document. The AP (9/17, Rodriguez) reports, "Representatives of 118 Nonaligned Movement nations condemned Israel's attacks on Lebanon and supported a peaceful resolution to the U.S.-Iran nuclear" in a 92-page declaration that "also broadly condemned terrorism. But it said movements for self-determination and battles against foreign occupiers should not be considered terrorism." These "final statements, many of which contain veiled criticisms of the U.S., were approved by unanimous consent after another round of speeches Saturday night by leaders of the movement." At the meeting were "the leaders of Iran, Venezuela, North Korea, Zimbabwe among other leading U.S. adversaries. Raul joined them in saying a bellicose America had made the world more dangerous." The US "said it would have no comment on any of the proceedings."

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Lebanese Government Struggles With Complexity Of Rebuilding. The Los Angeles Times (9/17, Stack, 918K) reports that analysts say the rush to rebuild Lebanon "has gotten tangled up with a high-stakes sectarian competition, as Sunni Arab governments in the region race against Shiite-ruled Iran and its ally Hezbollah to prove political clout and capture grass-roots loyalty" in "a stark reminder of the panic that has gripped the region as the power of Iran has swelled." Now "Persian Gulf states, including Saudi Arabia, Kuwait, Qatar and the United Arab Emirates, have come forward with immense donations" and "the Lebanese government, dominated by Sunnis and Christians, has struggled to counteract the perception that Hezbollah is chiefly responsible for the aid and reconstruction efforts." Meanwhile, "Hezbollah's political leaders dismiss government aid efforts as corruption-riddled traps that snare money long before it reaches the needy. They sometimes speak of the government as a foreign force."

Vatican Issues Statement Expressing Pope's Regrets That Remarks Were Found Offensive. The New York Times (9/17, Fisher, 1.21M) reports, "A top Vatican official said Saturday that Pope Benedict XVI 'deeply regretted' that a speech he made this week 'sounded offensive to the sensibility of Muslim believers.' … The Vatican statement stopped short of the direct personal apology from Benedict that many Muslims have been demanding. Still, the statement tried to tamp down rising anger among Muslims about the speech, in which Benedict quoted a 14th-century Byzantine emperor as calling Islam ;evil and inhuman.'"

The Washington Post/AP (9/17, A18, D'emilio) reports, "The new Vatican secretary of state, Cardinal Tarcisio Bertone, said the pope's position on Islam is unmistakably in line with Vatican teaching that says the church 'esteems' Muslims. Benedict 'thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful and should have been interpreted in a manner that in no way corresponds to his intentions,'" The statement "failed to satisfy critics."

The Los Angeles Times (9/17, Wilkinson, 918K) reports, "Hostility to the pope's speech -- a dense lecture in which he quoted a medieval Byzantine emperor as saying, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman' -- has plunged Benedict's 17-month-old papacy into its most difficult diplomatic crisis."

Five Churches Firebombed Over Pope's Remarks. McClatchy Newspapers (9/17, El Naggar) reports, "Gunmen firebombed five churches in the Palestinian territories Saturday over remarks by Pope Benedict XVI this week that outraged Muslims and prompted the Vatican to issue a mildly worded apology." McClatchy adds, "Palestinian gunmen targeted five churches in Gaza and the West Bank with firebombs, causing charred doors and bullet holes in walls, but no one was injured."

Sudanese President Rejects UN Intervention In Darfur. The AP (9/17, Rodriguez) reports that Sudanese president Omar al-Bashir "again rejected the deployment of U.N. peacekeeping troops in the war-torn Darfur region during a meeting with U.N. Secretary-General Kofi Annan on Saturday." He said, "Justice is and remains our objective but through diplomatic, political and other means," which is "why we reject this position."

Sudanese VP Favors UN Intervention. The AP (9/17, Osman) reports that First Vice President Salva Kiir Mayardit, "one of two vice presidents in Sudan's power-sharing government, "said in remarks published Saturday that he would accept the deployment of U.N. peacekeepers in the country's war-torn Darfur region." He added that "the Sudanese government was incapable of protecting civilians in Darfur, and called on the U.N. to intervene." The AFP (9/17, Ali Saeed) leads that "Kiir said a UN peacekeeping force is vital for the protection of civilians in Darfur." Kiir's southern former rebel movement (SPLM) forms part of a national unity government as part of a January 2005 peace deal with Beshir's regime, and "the SPLM's stance on the presence of international troops could threaten the implementation of peace accords, an analyst said."

Reporter Remembers Visiting Colleague In Sudanese Jail. Craig Timberg, the Johannesburg bureau chief of the Washington Post, writes in an op-ed in the Washington Post (9/17, B3, 748K) describes his visits to Paul Salopek, a two-time Pulitzer Prize winner for the Chicago Tribune, who was detained in Sudan after entering without a visa. He was charged with the "visa violation…espionage and writing 'false news.'" Salopek had entered because he was "distraught over what could happen to civilians once all the outside witnesses left Darfur, as the government seemed determined to make happen." Timberg mentions Salopek's interactions with his guards and his resignation to serve time if he had to. He also mentions "the small contingent of U.S. diplomatic and military officials who had made it their mission to keep Salopek as safe and comfortable as possible."

North Korea's No 2 Leader Blames US For Lack Of Peace. The AP (9/17, Arrington) reports, "North Korea's No. 2 leader blamed the lack of world peace on the United States Saturday at the Nonaligned Summit, saying that because of its failure to respect the sovereignty of other nations, 'the international order is destroyed.'" Parliament leader Kim Yong Nam presented "the latest anti-American statement at a meeting that has brought together some of the

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staunchest U.S. foes, including the presidents of Iran, Venezuela and Zimbabwe." He "also defended the North's nuclear program amid concerns the communist country may be preparing to carry out an atomic weapons test," adding, "The DPRK will never go back to the talks under U.S. sanctions."

NAM Backs Iran On Nukes. The Washington Times (9/17, 88K) reports, "Developing countries yesterday wrapped up a multinational summit with North Korea charging that U.S. threats drove it to acquire deterrent atomic weapons and Iran winning solid support for its nuclear ambitions. Iran, Venezuela and Cuba joined North Korea in leading efforts to forge an anti-U.S. alliance. Summit leaders, in a statement on Iran, 'reaffirmed the basic and inalienable right of all states to develop research, production and use of atomic energy for peaceful purposes.'" Still, "governments with friendly ties to Washington, among them India, Pakistan, Chile, Peru and Colombia, sought to steer the summit away from confrontation and finger-pointing at the United States."

Group Airs Film Examining Life In North Korea. The Washington Times (9/17, Kim, 88K) reports, "Liberty in North Korea, a 2-year-old organization with a global reach, has found success drawing attention to human rights atrocities in the isolated communist state. Its latest effort featured an airing of the movie 'Seoul Train' at the American University in Northwest last week. The film opens with a small North Korean boy wandering around a market, searching the ground for bits of food to eat. … The 1995 documentary by filmmakers Jim Butterworth, Lisa Sleeth and Aaron Lubarsky depicts the life-and-death struggle faced by North Koreans who attempt to flee their homeland through China."

North Korean, South Korean Members Of Family Reunite Over Satellite. In the New York Times Magazine (9/17), Mary Chi-Whi Kim writes, "Last December, after 55 years, members of our South Korean family reunited with northern relatives for two hours via satellite. It was one of hundreds of such virtual reunions that the Red Cross has organized for families who have been separated since the 1953 armistice split the country in half."

As US Approves More Missions, UN Stretched By Peacekeeping. The Washington Post (9/17, A17, Lynch, 748K) reports, "The United Nations is set to field its largest peacekeeping enterprise in its 61-year history, with more than 100,000 troops and police to be deployed by year's end in missions around the world," but "The unprecedented growth in peacekeeping operations is placing strains on the United Nations' capacity to respond to emerging crises in various parts of the world and is draining the pool of available troops both for the world body and for NATO." This growth "marks the end of a retreat in funding for new missions by the United States," as, "Despite its initial reservations about the virtues of U.N. nation-building, the Bush administration has led efforts to reinforce existing operations and create new ones for Haiti, Liberia, Sudan and Lebanon. It has repeatedly approved operations in countries where it has few national interests." U.S. ambassador to the United Nations John R. Bolton "said that the Bush administration continues to have misgivings about the organization's fitness to effectively manage its peacekeeping operations but that a proliferation of crises has forced U.S. support."

Annan Said To Have Brought Relevance Back To UN. Author James Traub writes in an op-ed in the Los Angeles Times (9/17, 918K) that Secretary-General of the UN, Kofi Annan has "restored the relevance of the U.N. The new U.N. head brought Washington back into the fold through a combination of unflagging solicitude and gentle prodding." Also, his "willingness to upbraid African leaders on behalf of Western principles…gave him the freedom to make demands of the West on issues of development." However, "a secretary-general, for all that we romanticize him, can do very little to alter the fundamental calculations of states. As the United Nations begins in earnest to choose a replacement for Annan, we must bear in mind that a secretary-general is, in the end, a creature of the geopolitical moment," and "the U.N., at least that part dealing with issues of peace and security, cannot be any more effective than its most powerful members want or permit it to be."

Author Argues That Despite UN's Flaws, There Is No Viable Alternative. Author David Rieff writes in the Los Angeles Times (9/17, 918K), "In a world in which the so-called clash of civilizations is no longer an academic hypothesis but increasingly a reality, at least in the minds and hearts of enormous numbers of ordinary Muslims and Christians who each see the other as bent on all-out war…the limits of what Western militaries can accomplish politically has become obvious" and "unilateralism — and the reliance on 'coalitions of the willing' — which seemed so promising in the late-1990s, has turned out not to be a viable alternative to the U.N. system after all." It turns out "there is really no viable alternative to the U.N. … How else to explain U.S. Ambassador to the United Nations John Bolton — a man who is on record as having said that if 10 stories were removed from the U.N. headquarters building no one would notice the difference — behaving these days like a U.N. booster?" Thus, "the U.N.'s future is perfectly viable because no one has a good alternative to propose."

Goldberg Argues For Confirming John Bolton. Jonah Goldberg writes in his column in he Los Angeles Times (9/17, 918K), "I speak now not so much in praise of John Bolton as in dispraise of Boltophobia." John "Bolton (like most Americans) thinks that the U.N. is the problem,

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while those infected with Boltophobia think that it's the solution -- and that the U.S. is the problem." Bolton did "a first-rate job as U.S. ambassador to the United Nations during his yearlong interim appointment," and "most Americans agree with Bolton that the U.N. is a cesspool of its own crapulence, stealing American tax dollars intended for global do-goodery while working against American interests." We can keep Boltophobia "from controlling our lives. And that means Bolton should be confirmed."

Author Urges Senate To Reject Bolton. Stephen Schlesinger, author or "Act of Creation," on the founding of the United Nations, writes in an op-ed in the Los Angeles Times (9/17, 918K), "Bolton has had 12 months to show his stuff. And frankly, there is still no evidence to suggest that he deserves a full-time posting. Bolton has never been a diplomat — which, among his supporters, is regarded as a mark of honor." He "has for a long time been an excessive and unrestrained critic of the U.N.," and "His record since taking over as ambassador in August 2005 has shown that his adversarial stance toward the institution has not softened." Bolton also "has, on occasion, reportedly sneaked around his own nominal boss, Secretary of State Condoleezza Rice, to Vice President Dick Cheney." Additionally, "he doesn't get along well with our allies. His bristling nature has left many bruised feelings among his colleagues. His accomplishments are marginal at best." For "harmonize differing viewpoints and work out compromises to further U.S. national security interests," it is "a serious error…appointing a Jacobin to work inside a collegial global body." Bolton as our Ambassador to the UN is "a blemish on our nation. His nomination should be rejected again by the Senate."

Cambodia Welcomes Chinese Investments. The Los Angeles Times (9/17, Lee, 918K) reports, "For centuries, the Kingdom of Cambodia has tried to fend off greater powers such as Thailand, Vietnam and France. But today Phnom Penh is welcoming the Chinese with open arms, praising Beijing as a government that offers its largess unconditionally." The Times adds, "Some Western diplomats see China's growing influence here as a threat to American political interests in the region "

China's Baidu Search Engine Prospers Under Government Censorship. The New York Times (9/17, Barboza, 1.21M) profiles Chinese search engine Baidu. The Times writes, "But Baidu's evolution…offer[s] textbook examples of the payoffs and perils of doing business in China and suggest that Baidu may prove to be far more resilient than some analysts believe. … In exchange for letting censors oversee its Web site, Baidu has sealed its dominance with support from the Chinese government, which regularly blocks Google here and imposes strict rules and censorship on other foreign Internet companies. In addition, analysts say, entrepreneurs in China have a knack for pummeling American Internet giants."

India, Pakistan Agree To Resume Peace Talks. The New York Times/AP (9/17) reports, "Pakistan and India agreed Saturday to restart peace talks" after the Pakistani president, Gen. Pervez Musharraf, and the Indian prime minister, Manmohan Singh, working "out the details Saturday morning on the sidelines of the Nonaligned Movement summit meeting in Havana," agreeing "on cabinet-level talks." Both called "their meeting as a breakthrough for peace," and "Mr. Singh also said he had accepted an invitation to travel to Pakistan to further the process." A fuller version of the AP (9/17, Arrington) story adds, "Their joint statement said they had a 'cordial, frank exchange of views on all aspects of India and Pakistan relations' and they 'strongly condemn all acts of terrorism.'" The AFP (9/17, Moser) notes, "India had earlier indicated a condemnation of terrorism was key to reaching an agreement on the resumption of negotiations over Kashmir." Indian foreign secretary designate Shivshankar Menon noted "the agreement on terrorism 'has made it possible for us to clear resumption of the dialogue.'"

Russian Regulator's Murder Demonstrates Upper Class's Vulnerability. he New York Times (9/17, Chivers, 1.21M) reports, "Violent deaths continuously punctuate the civic discourse in Russia. The list of victims and motives is grim and long: contract hits on rivals, bombs to settle business disputes, racist attacks on laborers from the Caucasus or Central Asia and students from Africa or South America, and the almost regular killings of police officers in Russian republics where ethnic and religious tensions are inflamed. … But the murder last week of Andrei Kozlov, one of Russia's top bank regulators, served as a reminder that even the upper strata of society here are not immune from the vicious rules of the Russian street."

Hoagland Says Democracy Not "Totally Dead" In Russia. In his column in the Washington Post (9/17, B7, 748K), Jim Hoagland writes, "That frustrating zigzag pattern is at work today in Russia as President Vladimir Putin deepens an authoritarian transformation underwritten by surging oil and gas revenue that buys him public calm. But the political and economic centralization he manages may carry the seeds of its own demise. This transformation of Russia -- as dispiriting as it has seemed recently to many in the West and here -- is not carved in stone. The deep concern that the Kremlin's rulers show for the opinion of their relatively well-educated public is one sign that not even they believe democracy is totally dead here."

Chavez Recommends Books. The New York Times (9/17, Romero, 1.21M) reports that often, when Venezuelan

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President Hugo Chávez "drops the names of books he is reading or has grown to love, giving insight into the various intellectual and literary influences on his thinking," including an "anti-Bush staples": "Dude, Where's My Country?" by filmmaker Michael Moore. This practice "reflects what seems a wider strategy on his part: he seems determined to articulate and spread a national ideology."

Obrador Vows To Set Up Own Mexican Government. The New York Times (9/17, McKinley, 1.21M) reports, "More than 150,000 supporters of" losing presidential candidate Andrés Manuel López Obrador "flooded into the capital's historic square on Saturday and declared him 'the legitimate president' of Mexico." At a "massive rally" that "seemed intended to keep Mr. López Obrador and his political agenda from fading out of the national debate, the crowd "unanimously denied Mr. Calderón had won. They declared Mr. López Obrador president, asked him to form a cabinet and supported a constitutional convention." Obrador "vowed to set up his own government and to fight against 'a band of white-collar crooks and corrupt politicians' who he has said stole the election from him."

The AP (9/17, Adams) adds, "Lopez Obrador said he hoped to mass as many as 1 million people for the event. However, the Zocalo is only accommodates fewer than 200,000 people, according to local news media and an architects association." The AFP (9/17, Peyrille) notes, "Although Obrador lost the election by a narrow margin, his protest campaign has drawn dwindling support among the wider public. A poll released last week showed some 74 percent accept the decision of the electoral court declaring Calderon the winner."

The Los Angeles Times (9/17, Enriquez, 918K) is more sympathetic to Obrador, noting that "Although it was unclear how Lopez Obrador would establish a parallel government, or whether the vote was merely a political threat, the rally was a strong rebuke of National Action Party candidate Felipe Calderon." In contrast to the AFP's poll numbers, the Times refrences Obrador's "party's growing political clout."

Election Could Bring Political Trouble For Merkel. The Kansas City Star (9/17, Graham, 278K) reports, "Elections in a northeastern German state this weekend could prove a breakthrough for a far-right party and bring more woe for Chancellor Angela Merkel. Mecklenburg-Western Pomerania, a depressed state of isolated hamlets and tree-lined lakes in former East Germany, elects a new legislature on Sunday, as does the capital Berlin. Polls indicate the Social Democrat governors of both areas should hold on to power in coalition with the former communist Left Party. But the extreme-right National Democratic Party is expected to make significant gains in Mecklenburg, clearing the 5-percent vote hurdle to enter the state's parliament for the first time."

Algeria Turns to Reconciliation Program To End Violence. The Washington Post (9/17, A17, Whitlock, 748K) reports, "[I]n an effort to bring a final end to violence that began in 1992, the Algerian government is pinning its hopes on an ambitious national reconciliation program, which grants official forgiveness to combatants if they set aside their weapons. Under terms of the reconciliation, which expired Aug. 31 but might be extended, about 2,500 prisoners convicted or accused of terrorism have gone free. Also covered by the amnesty are members of the Algerian security services, blamed for the disappearance of 8,000 civilians and accused of systematic torture. The only people not eligible: rapists and those responsible for mass murder or planting bombs in public places."

Kristof Highlights Maternal Mortality Rate In Africa. In a column in the New York Times (9/17, 1.21M), Nicholas Kristof writes that "it should be an international scandal that the number of women dying in pregnancy worldwide has been stuck at a half-million for a quarter-century. Indeed, here in Cameroon the maternal mortality rate has risen since 1998, and over all an African woman now has one chance in 20 of dying in pregnancy. In much of the world, the most dangerous thing a woman can do is to become pregnant." Kristof adds, "These women die because they are poor and female and rural -- the most overlooked and disposable people throughout the developing world. Politics also complicates Western efforts to help. The United Nations Population Fund has helped lead the effort to reduce maternal deaths -- yet the Bush administration has cut off all U.S. funding for the agency because of (false) accusations that it supports abortions in China."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Spy Agencies Outsourcing to Fill Key Jobs
Sick but Insured? Think Again
Volatile Mix Gets 14 Stirs
2 Scandals Hang Over Top Tech Lawyer
Spinach Warning Expanded

New York Times:

Iraq Stumbling in Bid to Purge Its Rogue Police
Suicide Truck Bomb Kills at Least 12 in Kirkuk
In Campaign Ads for Democrats, Bush Is the Star
U.S. and State Plan to Occupy Freedom Tower

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How 3 G.O.P. Veterans Stalled Bush Detainee Bill
For Insurance, Adult Children Ride Piggyback
High School Football, Under Prime-Time Lights
Renewal Money for New Orleans Bypasses Renters
U.S. Asks Finance Chiefs to Limit Iran's Access to Banks
Vatican Says Pope Benedict Regrets Offending Muslims
Psychiatrist Is Among Five Chosen for Medical Award
Fortune's Fools: Why the Rich Go Broke
Hunt for Source of Bad Spinach Carries On

Washington Post:
Officials Fear Major Problems at Polls
Paid Bloggers Stoke Senate Battle in Va.
Fenty Poised to Reach For D.C. School Reins
O'Malley, Cardin Hope To Link Rivals to Bush
Israelis Lose Faith in New Class Of Leaders
Ties to GOP Trumped Know-How Among Staff Sent to Rebuild Iraq

Washington Times:
Anti-U.S. allies back Iran nukes
Pope regrets Islam remark, Vatican says
D.C. concedes need for EMS reforms
At Ford, restructuring now Job 1
Marriage vote seen as lifeline for Allen

Atlanta Journal-Constitution:
Someone's $163M richer in Georgia
Metro foreclosures skyrocket
Swoosh holds sway at UGA
How CDC doles out $$ bonuses
Atlanta recalls 1906 race riot
Teen's arrest protested in Cobb

Dallas Morning News:
18 wheels and countless dangers
Rain forecast for much of state
Cracking down on metal thieves
Gas blast ignited man's mission
McKinney opens new police and fire HQ
Richards 'never gave up on Texas,' Clinton says
Rogues persist in Iraq police

Houston Chronicle:
Houston nursing homes remain ill-prepared for disaster
Mourners in Capitol trade Richards memories
Plan spreads family cases to Harris civil courts
Criminals, militiamen hide in Iraqi police ranks
Texas Guardsmen's rash acts called isolated
Rabid bat prompts screenings Saturday in Katy
Fiestas Patrias parade graces Houston streets
Enron execs-turned-felons await sentencing
Rally declares Lopez Obrador 'presidente'
Houston schools try to balance dress codes, faith

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CBS: Pre-empted by NCAA football
NBC: Pre-empted by NCAA football

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.
US Senate: -- No events scheduled.
US House: -- No events scheduled.

Other. ALL DAY

Sept. 15 - 17. PRAYER VIGIL _ 14th Annual Prayer Vigil for the Earth. Location: Washington Monument grounds. Contacts: Keri Douglas, 202-276-1702.

Sept. 16 - 17. THELONIOUS MONK-COMPEITION-GALA _ Thelonious Monk Institute of Jazz holds 2006 International Jazz Piano Competition and Gala Concert. Emcees and performers include Quincy Jones, Phylicia Rashad, Billy Dee Williams, Patti Austin, Joshua Redman, others. Former secretaries of state Colin Powell and Madeleine Albright will also speak. Highlights:
7 p.m. Finals, Eisenhower Theater, Kennedy Center. Hosted by Quincy Jones, Phylicia Rashad and Billy Dee Williams, with artist performances and remarks by Madeleine Albright and Colin Powell. Contacts: Sarah Wilson, 202-364-7272 ext 111.

Sept. 17 - 19. INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Amy Borrus, 202-261-7082.

10 a.m. LETELIER _ Memorial program to mark the Leterlier-Moffit assassinations in Sheridan Circle in 1976. Location: Sheridan Circle. Contacts: Joia Jefferson Nuri, 202-234-9382.

4:30 p.m. PAWS FOR A CAUSE _ American Friends of the Hebrew University host first ``Paws for a Cause" benefit. Animal lovers and pets can all attend speech by John Grogan, best-selling author of ``Marley & Me." Location: Renaissance Washington Hotel. Contacts: Jill Moskowitz, 202-478-9698.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Digs In Heels Over Detainee Bill (AP)

By Deb Riechmann, Associated Press Writer

AP, September 17, 2006

President Bush is standing firm in his battle to get Congress to approve the White House plan for detaining, interrogating and prosecuting suspected terrorists. The Senate, though, isn't backing away from its plan either.

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The president's standoff with lawmakers is over legislation authorizing military tribunals and harsh interrogations of terror suspects.

In his radio address Saturday, Bush said his proposal provides clear rules for U.S. personnel involved in detaining and questioning alleged terrorists held by the CIA.

"The information the Central Intelligence Agency has obtained by questioning men like Khalid Sheikh Mohammed (the alleged mastermind of the Sept. 11 attacks) has helped disrupt terrorist plots, including planned strikes inside the United States and on a U.S. Marine base in East Africa, an American consulate in Pakistan and Britain's Heathrow Airport," Bush said.

"This CIA program has saved American lives, and the lives of people in other countries," he said.

The Senate Armed Services Committee defied Bush on Thursday and approved legislation the president has vowed to block.

The president's measure would go further than the Senate measure, allowing classified evidence to be withheld from defendants in terror trials and using coerced testimony. The legislation approved by the Senate panel also would change the law that interprets the nation's obligations under the Geneva Conventions — the treaty that sets the standard for treatment of war prisoners — so that harsh interrogations of detainees would not be questioned in court.

Republican Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina oppose the legislation drafted by the White House because they say barring a defendant from access to evidence — even if it's done under rare circumstances — would undermine the credibility of the court.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative 'reinterpretations,'" McCain said in a statement released Friday. "This puts our military personnel and others directly at risk in this and future wars."

McCain said there is nothing in the Senate bill that would require the administration to close its CIA detainee program. He said it protects CIA interrogators from unfair exposure to criminal and civil liability and keeps intact international obligations that protect the rights of U.S. personnel.

"To do any less risks our reputation, our moral standing and the lives of those Americans who risk everything to defend our country," McCain said.

Graham, likewise, remained insistent on the Senate approach, saying his legislation accomplishes the necessary goals of protecting CIA personnel from legal liability "without destroying Geneva Convention protections."

"What is being billed as clarifying our treaty obligations will be seen as withdrawing from the treaty obligations," Graham said in a statement. "It will set precedent which could come back to haunt us."

Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee, supports a House bill that takes the administration's position to move the process along, but he said he will attempt to amend the measure next week to look more like the McCain-Warner-Graham measure. He said the Senate bill would be less likely to be challenged by the Supreme Court as unlawful and violating the nation's treaty obligations.

"I don't want to give any terrorist a free pass or get-out-of-jail-free card," Skelton said.

Bush Urges Congress To Act On His National Security Measures (BLOOM)

By Catherine Dodge

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- President George W. Bush, facing resistance from his own party over part of his national-security plan, urged Congress to pass two measures he called essential to winning the war on terrorism.

``By passing these critical bills, we will bring terrorists to justice, continue collecting vital intelligence from captured terrorists in a lawful way and monitor terrorist communications," Bush said in his weekly radio broadcast.

The president in a news conference yesterday said CIA intelligence-gathering that has thwarted terrorist attacks would stop unless Congress passes his proposed rules for the treatment of suspected terrorists.

Members of his own Republican Party are objecting to parts of Bush's proposal. The Senate Armed Services Committee this week approved a measure that would give more legal protection to suspected terrorists than the administration wants.

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Republicans are focusing on security issues as they try to retain their majorities in the House and Senate in the November midterm elections. The intra-party squabble over the treatment of suspected terrorists has disrupted Republican plans to highlight their differences with Democrats over national security before the elections.

``There is debate about the specific proposals in this bill, and my administration will work with Congress to find common ground," Bush said.

The legislation is needed to restart war-crimes tribunals Bush set up at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated those tribunals in June, ruling that they fail to incorporate the 1949 Geneva Conventions on the treatment of war prisoners.

The second measure, which would authorize Bush's domestic eavesdropping program to monitor calls between al-Qaeda operatives overseas and suspected confederates in the U.S. without court warrants, was passed by a separate Senate committee this week.

To contact the reporter on this story: Catherine Dodge in Washington at Cdodge1@bloomberg.net

Frist Expects A Deal On Detainee Bill (AP)

By Jim Davenport, Associated Press Writer

AP, September 17, 2006

Senate Majority Leader Bill Frist, R-Tenn., said Saturday he has to do more to get Sen. Lindsey Graham, R-S.C., in line with other Republicans and the White House on how terrorist suspects should be prosecuted.

Graham and Sen. John McCain, R-Ariz., helped Democrats push a bill through the Armed Services Committee that Frist said doesn't come close to what the White House wants or what is needed to let CIA officials interrogate suspected terrorists without fear of lawsuits.

Getting his GOP members in line "is a fundamental challenge from a leadership standpoint," said Frist, a potential candidate for president in 2008. He said he expects a compromise to emerge in the next two weeks, even though McCain and Graham haven't budged.

Frist spoke about Graham at a fundraiser Saturday for Lt. Gov. Andre Bauer's re-election bid. The event raised more than $30,000 and Frist's Volunteer PAC donated $3,500 to the campaign.

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COLUMBIA, S.C. (AP) — Massachusetts Gov. Mitt Romney also talked Saturday about the need for legislation to help CIA officials question suspected terrorists.

"I'm foursquare behind the president on this," Romney said. "We need to provide to the interrogators the definitive rules that they need" so that they are "not be subject to lawsuits" that might come from their work.

"The people we are facing are individuals who have no interest in the Geneva Convention," Romney said. "They slit the throats of our servicemen. They target civilian populations for terror and destruction."

Romney, a potential GOP presidential candidate in 2008, was in Columbia to speak to the state Republican Party's leadership.

—

HARTFORD, Conn. (AP) — Sen. Joe Lieberman on Saturday launched his second radio ad since losing Connecticut's Democratic primary last month, touting his record and ability to work with both Democrats and Republicans.

The 60-second ad, which is running statewide for a week, casts the three-term incumbent as a principled leader who has helped keep Americans safe from terrorism, stood up to big oil companies and worked to lower gas prices. His campaign is spending $70,000 on the spot.

"I'm sticking with Joe because he stands up for what he believes in," a supporter says in the ad.

"He works with both parties. He works for the people," says another.

Lieberman is running as an independent after losing the primary to Greenwich businessman Ned Lamont. The Senate race is seen as a referendum on President Bush's policies and the Iraq war.

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Lieberman, the Democrats' nominee for vice president in 2000, has long been a maverick in his own party, but his support of the war helped fuel Lamont's victory. Lamont spent more than $4 million of his own money in attacking Lieberman's support of the war and his perceived closeness to Bush.

Lamont launched a new 30-second spot Saturday that evokes the storied rivalry between the New York Yankees and the Boston Red Sox, two teams that split Connecticut's baseball loyalties. In the ad, a Yankees fan and a Red Sox fan agree that "Lieberman's gotta go."

Lamont spokeswoman Liz Dupont-Diehl said Saturday that the amount being spent on the ad was not available.

—

Associated Press writer Dave Collins in Hartford contributed to this report.

How 3 G.O.P. Veterans Stalled Bush Detainee Bill (NYT)

By Carl Hulse, Kate Zernike And Sheryl Gay Stolberg

The New York Times, September 17, 2006

WASHINGTON, Sept. 16 — Senators John McCain and Lindsey Graham cornered their partner, Senator John W. Warner, on the Senate floor late Wednesday afternoon.

Mr. Warner, the courtly Virginian who is chairman of the Armed Services Committee, had been trying for weeks to quietly work out the three Republicans' differences with the Bush administration's proposal to bring terrorism suspects to trial. But Senators McCain, of Arizona, and Graham, of South Carolina, who are on the committee with Mr. Warner, convinced him that the time for negotiation was over.

The three senators, all military veterans, marched off to an impromptu news conference to lay out their deep objections to the Bush legislation. Mr. Warner then personally broke the news to Senator Bill Frist of Tennessee, the majority leader, and the next day the Armed Services Committee voted to approve a firm legislative rebuke to the president's plan to reinterpret the Geneva Conventions.

It was a stinging defeat for the White House, not least because the views of Mr. Warner, a former Navy secretary, carry particular weight. With a long history of ties to the military, Mr. Warner, 79, has a reputation as an accurate gauge to views that senior officers are reluctant to express in public. Notably, in breaking ranks with the White House, Mr. Warner was joined by Colin L. Powell, the former chairman of the Joint Chiefs of Staff, in a rare public breach with the administration he served as secretary of state.

As Mr. Warner left his Senate office on Friday afternoon, he carried a briefcase of material to prepare for a potential legislative showdown in the coming days. At stake, he said, was more than the fate of "these 20-odd individuals," a reference to the high-level terrorism suspects awaiting possible trial at Guantánamo Bay, Cuba.

"It's how America's going to be perceived in the world, how we're going to continue the war against terror," Mr. Warner said.

Then he showed off the motto on his necktie: "Democracy is not a spectator sport." Ronald Reagan had a similar tie, Mr. Warner said, and had given him a copy.

Democrats and Republicans alike had assumed that Mr. Warner, a smooth negotiator not given to public confrontation, would relent to the administration, especially considering the importance Republicans had placed on passing the legislation as midterm elections approached.

The thinking was that Mr. McCain, who was tortured as a Vietnam prisoner of war, would not budge, nor would Mr. Graham, a military lawyer and zealous guardian of military standards. That left Mr. Warner as the best potential target for the White House. But as he considered the consequences of the proposal, the chairman decided to stick to his guns, saying he believed the nation's reputation was at stake.

"He is a man of the Senate," said Mr. Graham, arguing that Mr. Warner's stance spoke volumes because it went against his nature to have so visible a conflict. "He is also a military man and has thought long and hard about this."

Mr. Bush seems equally determined to win provisions he says are needed to interrogate and prosecute terrorism suspects. He and his allies are ratcheting up pressure on Senate Republicans who support alternate rules adopted this week by the Armed Services Committee. Mr. Warner, like his two colleagues, has a network of high-ranking current and retired military officers who

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provide regular guidance and support. While he has been consulting them privately, some are expected to weigh in publicly in the days ahead. One aide said on Saturday that the number of Senate Republicans behind the three senators was widening beyond the 8 or 10 they had anticipated, with lawmakers — heavily influenced by Mr. Powell's stance — preparing to soon go public with their views.

In interviews, two senior Bush administration officials acknowledged that the White House had underestimated the depth of opposition Mr. Bush's proposal would provoke. They also said they had focused mostly on gaining Mr. Graham's support and mistakenly believed they had it, based on statements he made about the Geneva Conventions in Senate hearings. A Republican senator separately described the clash between the White House and Mr. Warner's group as "a train wreck."

The administration officials and the Republican senator were granted anonymity because they would not openly discuss negotiations between the White House and Congress.

Mr. Warner's convictions about how military trials should proceed appear to stem largely from his personal experience, beginning with his Navy service in World War II. Hanging with the photographs on his office wall is a worn, small placard that his mother displayed on the door of their Washington home from 1944 to 1946: "There's a Man from this family in the Navy."

"I'm a man that's been through a lot," Mr. Warner said, recounting his days as secretary of the Navy in the early 1970's when he was personally confronted with issues of military prisoners. "I mean, I've been through this before."

Mr. Graham has similarly drawn on his legal and military background in challenging the White House. "The Geneva Convention means more to me than the average person," he said. He said "some people" considered the conventions "a waste of time, but I know they have been helpful."

Mr. Graham acknowledged that the political battle was bruising, but said he could not tolerate a change in the American interpretation of the conventions if it meant short-term benefits at long-term costs.

"President Bush is very sincere in wanting the tools he needs to fight the war on terror," Mr. Graham said in an interview. "I don't want the tools they are given to become clubs to be used against our people."

In a letter sent Friday to Condoleezza Rice, the secretary of state, Mr. Graham also took issue with a provision of the administration's approach that would allow the use of secret evidence in trials of terrorism suspects.

"Where in American jurisprudence do you find support for the concept that a person accused can be tried and convicted on evidence which that person has no opportunity to see, confront or rebut?" Mr. Graham wrote. The bonds between Mr. Warner, Mr. McCain and Mr. Graham were forged in difficult times. Mr. Warner and Mr. McCain first met when Mr. Warner was the Navy secretary and Mr. McCain was returning to his Navy career after his captivity. Mr. McCain and Mr. Graham became close during the 2000 primaries in South Carolina, when Mr. McCain came under attack from Bush Republicans. They teamed up last year in forcing the White House to accept a ban on torture.

After the Supreme Court struck down the administration's earlier plan for military tribunals in June, they joined with top military lawyers to form the chief bulwark against what they said were efforts to undermine military law and the 60-year-old protections of the Geneva Conventions.

"It's not a question of defiance or intransigence, it's the way we've worked," Mr. Warner said. "We've continued to indicate a willingness to look at situations — is there a bridge that we can build between certain provisions? And our core principles are very rooted in the three of us."

Mr. Graham added, "There are three branches of government, not one."

Mr. Warner sought to serve as a counterbalance to the occasionally combative Mr. McCain and Mr. Graham during a turbulent week that fractured the Republican majority on its signature issue, national security. It saw Mr. Powell enlisting with the three Republicans against Mr. Bush, and left Mr. Graham chewing out General Michael V. Hayden, the C.I.A director, in a closed meeting.

In the Senate, Mr. Warner is known for hearing out colleagues and trying to find consensus.

"John Warner is always very gracious," said Senator Susan Collins, Republican of Maine, who is also on the Armed Services Committee and sided with Senators Warner, McCain and Graham. "He is patient and he is thoughtful. And people sometimes mistake that for uncertainty about his position."

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Administration officials said they had focused on Mr. Warner as the key to overcoming Republican opposition in the Senate. When he raised a question with General Hayden about the State Department's view on the matter, Mr. Warner received a phone call within hours from Ms. Rice.

Ms. Rice followed up with a letter to Mr. Warner, which administration officials distributed on Capitol Hill on Thursday to counter the letter from Mr. Powell, which had objected to the administration's plan to redefine Common Article 3 of the Geneva Conventions.

But once it became clear that Mr. Warner was dug in, the administration began setting its sights on other senators, inviting them to the White House. On Friday afternoon, Mr. Frist's office arranged a conference call between staff members for Senate Republicans and Tony Snow, the White House press secretary, to emphasize talking points for making the administration's case on Capitol Hill.

As the fight swirled around him last week, Mr. Warner got a call from his grandson, Nicholas, a boarding school student who was an intern in his office this summer, asking what all the fuss on television was about.

"I took the time to try to explain it to him," Mr. Warner said. "That's one of the jobs we have to do, explain to the American people." He added: "Neither McCain nor Graham nor I nor anybody wants to tie the hands of the intelligence community."

Tribunal Dispute Could Ruin GOP Strategy (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 17, 2006

Bush-McCain Standoff Over Terrorism Trials Overshadows Electoral Battle

Congressional Republicans had carefully orchestrated the finale of the legislative year to be a showdown with Democrats over which party is best equipped to keep the country safe, a handpicked fight on traditional Republican turf.

But the high-stakes standoff between President Bush and Sen. John McCain (R-Ariz.) over military tribunals could ruin that legislative strategy, political analysts and strategists say. Instead of fighting Democrats, Republicans find themselves in the middle of an intraparty struggle between an embattled president and two of the most respected figures in their party, McCain and his ally on the issue, former secretary of state Colin L. Powell.

"Purely from a strategic point of view, this is another mess," said Stuart Rothenberg, a political analyst and editor of the nonpartisan Rothenberg Political Report. "Every time Republicans think they have an issue to unite them and divide the Democrats, the Republicans end up spending most of the time fighting among themselves."

Republican pollster Tony Fabrizio agreed: "If the goal of this process was to show stark differences between Republicans and Democrats, what is being portrayed is stark differences between George Bush and some Republicans. From that standpoint, you aren't hitting the message mark."

When Congress returned from its August recess, GOP leaders understood that they had four weeks to regain political momentum or face the real prospect of losing control of one or both chambers of Congress. Two court decisions seemed to give them an opening: the Supreme Court's ruling that Bush's military tribunals are unconstitutional and a Detroit federal judge's opinion that the National Security Agency's warrantless surveillance program is also illegal.

By codifying the president's military commissions and ratifying what they called his "terrorist surveillance program," Republican leaders had hoped to dare Democrats to vote against programs framed as insurance policies against terrorism.

It has not worked out that way. Three Republican senators -- McCain, Senate Armed Services Committee Chairman John W. Warner (Va.) and Lindsey O. Graham (S.C.) -- have stood in the way of Bush's tribunal plan, saying it violates basic principles of American fairness and would endanger U.S. troops. A rebellion of civil-liberties-oriented Republicans on the House Judiciary Committee has stymied legislation that would allow warrantless wiretapping to continue. At a closed-door pep rally with Republicans on Thursday, Bush received pointed questions on both policy initiatives, according to participants.

"Congress needs to give this the intensity of consideration necessary," said Rep. Daniel E. Lungren (R-Calif.), a supporter of both programs. "We are not going to be led around by the nose."

House Majority Leader John A. Boehner (R-Ohio) acknowledged: "It's the legislative process. It's never predictable."

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But Boehner and other Republicans remain confident that they are on the right track. Republicans point to recent polls showing a slight uptick in the president's popularity and say that the focus on national security issues is working. A spate of new polling also indicates that the race between Republicans and Democrats for control of Congress has tightened slightly, although Democrats still maintain a lead.

Indeed, Charlie Cook, a nonpartisan congressional analyst, said any day the media is not focused on Iraq is a good day for Republicans. For most voters, he said, the tribunal flap will be seen as politicians fighting with politicians -- "not exactly man bites dog," but a good diversion from troubling war news.

Rep. Ray LaHood (R-Ill.) noted that the unfavorable political landscape leaves GOP leaders little choice but to fight it out on defense and terrorism.

"People aren't paying attention to the economy. We've given up on immigration. We need to send people home with some significant accomplishments, and we have no other choice," LaHood said. "We have no other issue."

But misgivings over the agenda set out by the president and GOP leaders are growing. Rep. Steve Buyer (R-Ind.) said he told Bush on Thursday that he should heed the military's top uniformed lawyers, who have opposed some provisions of the president's tribunal plan. Rep. Charles Bass (R-N.H.), one of several moderate Northeasterners in tough reelection campaigns, said he has no problem with Bush's bills. He is likely to vote against them.

The problem, Lungren said, is that the complexity of the tribunal and wiretapping issues do not lend themselves to the quick action Bush wants.

"This is a big deal to drop in our laps," he added. "There is some discomfort with the time period we've been given."

Then there's McCain, a decorated Vietnam War veteran who spent years as a captive of the North Vietnamese.

"If Americans know anything about John McCain, it's the guy was tortured. People listen to him on this issue," said John J. Pitney Jr., a professor of politics at Claremont McKenna College who studies House Republicans.

Last week, House Armed Services Committee Chairman Duncan Hunter (R-Calif.) did his best to ignore McCain's position on the tribunals and to blame Democrats for the stalemate. But Democrats are using McCain and his allies as a shield.

"Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course," Senate Minority Leader Harry M. Reid (Nev.) said Friday.

Fabrizio and other analysts said that argument is smart politics.

"It appears John McCain has given Democrats body armor against Republican attacks," Pitney said.

Moreover, the showdown between Bush and McCain is grabbing the spotlight from Republican initiatives that were supposed to undergird their case that they are the stronger party on national and homeland security. Just Thursday, the House passed legislation that would authorize the construction of 700 miles of double-layered fencing on the U.S.-Mexico border, while the Senate approved a long-promised port security bill. Both actions were buried by media coverage of the tribunal battle.

And the intraparty fights over tribunals and wiretapping are likely to dominate Congress until the lawmakers adjourn for their campaigns at month's end. That could swamp any uptick that Bush and the GOP enjoyed before the fights broke out.

"Even the best start with a bad finish doesn't help," Fabrizio said.

CIA In Middle Of Election-year Battle (AP)

By Katherine Shrader, Associated Press Writer

AP, September 17, 2006

The CIA believed it was operating lawfully in detaining and interrogating 96 suspected terrorists at locations from Thailand to Europe, until the Supreme Court this summer demolished that legal foundation.

The CIA is now squarely in the middle of election-year politics as Congress tries to write new definitions that could reshape the intelligence agency's program.

"At the end of the day, the director — any director — of the CIA must be confident that what he has asked an agency officer to do under this program is lawful," CIA Director Michael Hayden wrote employees on Thursday.

President Bush was more blunt: "They don't want to be tried as war criminals," he said at a news conference Friday.

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The high court's ruling in June, in a case involving Salim Ahmed Hamdan, essentially said that the Geneva Conventions on the rights of wartime prisoners should apply to the suspected terrorists in CIA custody.

That meant that for the first time since the interrogation program was born in 2002, the Justice Department could not give the CIA a written opinion on whether its techniques still were legal.

Spy agencies rely on such opinions to justify activities that get little, if any, public scrutiny.

To Bush, the CIA and their allies, the law urgently needs to be changed to protect the interrogation program, which they consider one of the most important ways to deter attacks against the United States.

"The Hamdan decision in effect calls a time-out in the war on terror," said Senate Majority Whip Mitch McConnell, R-Ky.

But the program's detractors say a fix is needed to prevent further damage to the U.S. image abroad and to reduce risks to U.S. military personnel who may be caught by enemies.

"The world is beginning to doubt the moral basis of our fight against terrorism," retired Gen. Colin Powell, the former secretary of state, wrote Sen. John McCain. The Arizona Republican is resisting Bush's call for more lenient rules on interrogations.

The CIA's practices raised concerns almost from the day that the agency began questioning detainees suspected of terrorist links.

Early in the U.S. invasion of Afghanistan in 2001, senior military officers were so concerned about the CIA's practices that they took steps to ensure that military personnel were not in the room during CIA interrogations, said a government official familiar with both military and intelligence operations. The official and others in government and on Capitol Hill spoke recently about the sensitive CIA activities on the condition they not be identified.

But Gary Berntsen, the commander of a CIA team in Afghanistan in the fall of 2001, said CIA personnel initially did not have time for interrogations — a term from the military and intelligence world that implies the use of specific techniques to coerce information from prisoners.

Instead, he said, intelligence officers conducted cursory interviews of newly captured fighters to see if they had information they wanted to share.

"We were seizing one city after the next," Berntsen said. "There were hundreds of people" in custody.

He credits a British team in Afghanistan with finding a tipster in December 2001 who knew the details of a Singapore plot to use 21 tons of explosives to try to blow up the U.S., British, Israeli and Australian embassies in a follow-up attack to the Sept. 11 strikes. "We were desperate to find the next attack," Berntsen said.

Not long after the March 2002 capture of top al-Qaida operative Abu Zubaydah, the CIA's practices became more formal. Agency operatives knew Zubaydah had a wealth of information because of his role as a recruiter and his close ties to al-Qaida's senior leadership, but he was not cooperative.

The CIA decided it would need to hold high-value terrorists such as Zubaydah for an extended periods in an effort to extract information. They also began using some "enhanced interrogation techniques" with success.

One senior U.S. official said "only a fraction" of the agency's 96 high-value detainees have experienced those techniques because "the least obtrusive means are used."

Yet by mid-2004, the CIA's inspector general had completed a report on the treatment of detainees after the possible involvement of CIA personnel in the deaths of at least four prisoners. The review covered interrogation tactics.

Current and former U.S. officials say some techniques are well-known: exposing prisoners to cold, disorienting them or depriving them of sleep. The most controversial is waterboarding, when a detainee is strapped to a board and has water run over him to simulate drowning.

Bush administration officials say the Justice Department has deemed the CIA's practices lawful. In addition, the senior U.S. official said the House and Senate Intelligence committees have now been told everything about the CIA's overseas prisons and interrogation program, except the countries where the prisons were.

But a congressional aide disputed that. The aide said briefings for the Senate committee took place only recently and that the administration has denied the committee access to materials it needs to fulfill its oversight role of the CIA. For example, the committee's top Democrat, West Virginia Sen. Jay Rockefeller, has not been able to see the Justice Department's legal opinions.

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The Supreme Court's decision froze the interrogations and led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

The next step is up to Congress. Lawmakers are struggling over how to write legislation creating rules for how to try suspected terrorists and how to specify the lengths that authorities can go in questioning these detainees.

A bill favored by McCain and two other influential Republican senators would prevent CIA personnel involved in the detention program from being sued or prosecuted for their actions. The CIA wants the Congress to go one step further and bless its actions.

In his memo last week to CIA personnel, Hayden also said he wants Congress to define in U.S. law terms of the Geneva Conventions that bar "humiliating and degrading treatment" and "outrages upon personal dignity."

Human rights groups see the effort as an end run and contend established military rules could be applied to all government agencies, including the CIA.

Said Tom Malinowski, Washington director for Human Rights Watch: "The only point in having a CIA program is to use techniques that go well beyond what is permitted by the Army Field Manual."

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Associated Press writer Anne Plummer Flaherty contributed to this report.

The Battle For Guantánamo (NYT)

By Tim Golden

The New York Times, September 17, 2006

1. A Warning From Shaker Aamer

Col. Mike Bumgarner took over as the warden of Guantánamo Bay in April 2005. He had been hoping to be sent to Iraq; among senior officers of the Army's military police corps, the job of commanding guards at the American detention camp in Cuba was considered not particularly challenging and somewhat risky to a career. He figured it would mean spending at least a year away from his family, managing the petty insurgencies of hundreds of angry, accused terrorists.

"Is this what I went to bed at night thinking about?" he would ask nearly a year later, as he whacked at mosquitoes on a muggy Cuban night. "No."

Bumgarner, then 45, received his marching orders from the overall commander of the military's joint task force at Guantánamo, Maj. Gen. Jay W. Hood. A few weeks earlier, General Hood dispatched the previous head of his guard operation and two other senior officers for fraternizing with female subordinates. He was known as a flinty, detail-oriented boss with low tolerance for bad judgment, and his instructions to the colonel were brief: He should keep the detainees and his guards safe, Bumgarner says Hood told him. He should prevent any escapes. He should also study the Third Geneva Convention, on the treatment of prisoners of war, and begin thinking about how to move Guantánamo more into line with its rules.

It had been three years since President Bush declared that the United States would not be bound by any part of the Geneva treaties in dealing with prisoners in the fight against terrorism. He ordered that American forces treat captives in ways "consistent" with the conventions but hadn't explained what that meant. Now, Bumgarner thought, the mandate seemed to be shifting a little. He was being asked to get more specific.

In the cramped bungalow headquarters of his Joint Detention Operations Group at Guantánamo, Bumgarner had his operations officer look up the conventions on the Internet and print out a copy. After nearly 24 years as a military police officer, Bumgarner knew the document well. He thought it obvious that many of the rights would never apply to Guantánamo detainees. No one was going to allow the distribution of "musical instruments" to suspected terrorists, as the 1940's-era conventions stipulated for the captured soldiers of another army. No one was going to pay the detainees a stipend to spend at a base canteen.

But the assignment was more complicated than just cutting and pasting where he could. On some level, Bumgarner thought, he was being asked to weigh how far the military should go to improve the lives of prisoners whom the president and his aides had labeled some of the most dangerous terrorists alive. Or, as the colonel put it to me during our first conversation at Guantánamo in March: "How do you deal with an individual whom the president of the United States and the secretary of defense have called the worst of the worst?"

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At that point, in the spring of 2005, he had little time to consider an answer. Tensions in the camp were surging, as the detainees tested a fresh rotation of Army and Navy guards. Of the 530 prisoners then being held at Guantánamo, most were classified as "noncompliant." The two segregation blocks, which held prisoners who had assaulted guards, were full. So were two other blocks where detainees were sent for lesser infractions. "People were in a waiting pattern to get in and serve their time there," Bumgarner said.

In older parts of the camp, the detainees would sometimes bang for hours on the steel mesh of their cells, smashing out a beat that rattled up over the razor wire into the thick, tropical air. Occasionally they would swipe at the guards with metal foot pads ripped from their squat-style toilets, declassified military reports say. The detainees rarely tried to fashion the sort of shanks or knives made by violent prisoners in the United States. But they did manage to unnerve and incite the young guards, often by splattering them with mixtures of bodily excretions known on the blocks as "cocktails."

By the time Bumgarner took command at Guantánamo, information had emerged to suggest that many of the detainees were not, in fact, the hardened terrorists whom Pentagon officials had claimed to be holding there. Bumgarner did not doubt that his new prisoners were dangerous, but neither was he wary of getting to know them better. As he walked the blocks in Camp Delta, the fenced-in core of the prison, he soon began trying to engage some of the more influential detainees.

Military and C.I.A. analysts had been studying the Guantánamo population since the camp opened in January 2002. They observed that there were detainee spokesmen, who tended to speak English, and religious leaders, or "sheiks," who issued opinions on questions of Islamic law. There was also a more hidden cadre, whose leadership the analysts defined as "political" or, when they could direct the protests of others, "military." Nonetheless, there was much debate over who the most important leaders were, intelligence officials later told me. Like most guard officers before him, Bumgarner gravitated toward those who spoke English.

His ambitions were modest. "I was looking for a way, with what General Hood was wanting, just to have a peaceful camp," he recalled recently. He said his initial message to the detainees was "Look, I'm willing to give you things, to make life better for ya, if y'all will reciprocate." What he asked in return was "Just do not attack my guards."

Bumgarner considered himself a take-charge, solve-the-problem kind of commander. A big, balding, garrulous man who speaks with a faint Carolina drawl and carries his 250 pounds easily on a 6-foot-2-inch frame, he grew up the son of a career Army sergeant in a family where military service was proudly taken for granted. In high school in Kings Mountain, N.C., a small town in the Blue Ridge foothills, he played quarterback for the football team and applied to West Point at his father's urging. He quit the academy after only a few months but joined the R.O.T.C. to help pay his way through Western Carolina University. At Guantánamo, he was one of those officers who seemed to relish calling out, "Honor bound!" (shorthand for the camp motto, "Honor bound to defend freedom"), when a soldier saluted. Saying goodbye, he favored "Hoo-rah" over "See you later."

But that image could be deceiving. Before deploying to Cuba, Bumgarner oversaw the development of detention doctrine at the Army's Military Police School at Fort Leonard Wood, Mo. Like many military police officers, he had been deeply embarrassed when the Abu Ghraib scandal erupted in May 2004 and was determined to see its legacy undone. "We were not going to let that happen to us," he said.

At Guantánamo, Bumgarner moved quickly to try to reduce tensions in the camp. If the detainees wanted clocks on the cellblock walls, he saw no reason they shouldn't have them. In response to endless complaints from the detainees about their tap water, he persuaded Hood to approve the distribution of bottled water at mealtimes. The only stocks available were the soldiers' own, bottled with a stars-and-stripes label under the vanity brands Patriot's Choice and Freedom Springs. To avoid any problems, guards were ordered to peel off the labels before they passed out the bottles.

The detainees did not respond as the military authorities hoped. In late June 2005, two months after Bumgarner took command, some prisoners went on a hunger strike, calling for better living conditions, more respectful treatment of the Koran by guards and — most important — fair trials or freedom. Although it was hardly the first such protest, the camp's medical staff worried about the unusually large number of prisoners involved.

Soon after the strike began, Bumgarner was alerted to a disturbance in Camp Echo, an area of more isolated cells on the eastern edge of the detention center. The problem was with a 38-year-old Saudi named Shaker Aamer. The colonel had not previously encountered Aamer, but he was already familiar with the legend of detainee No. 239 — the one his guards called the

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Professor. They marveled at his English, which was eloquent, and his presence, which was formidable. Some intelligence officials said they believed he had been an important Qaeda operative in London, where he lived and married before moving to Afghanistan in the summer of 2001. (Aamer has denied having anything to do with Al Qaeda or terrorism.)

The colonel's immediate concern was that Aamer was giving his guards fits, pressing one of the sporadic civil disobedience campaigns for which he was famous. "I finally said: 'That's it! I'm gonna go down to talk to him myself.'" As Bumgarner remembers it, he burst into the small, hospital-white room as Aamer sat on his bunk, fuming behind the painted mesh that caged him into one corner. "You're either gonna start complying with the rules," Bumgarner recalls warning him, "or life's gonna get really rough." The colonel said he did not mean to threaten physical force, only to emphasize strongly that Aamer's few privileges — like, say, his use of a toothbrush — hung in the balance.

Aamer, who wore a thick black beard and had his hair pulled back in a ponytail, was unimpressed. The prisoner, who was not wearing his glasses, squinted for a moment, trying to read the officer's insignia. "Colonel," he finally said, "don't come in here giving me that."

As Bumgarner settled into a white plastic chair, Aamer crossed his legs on the bunk and began to talk about his life. He spoke about his family, his travel to Afghanistan, his feelings about the United States. He told of working as an interpreter for American troops in Saudi Arabia during the first gulf war, and of later working at a coffee shop outside Atlanta.

"I got the impression that he was hanging around in clubs, drinking," Bumgarner told me. "He loved women. But he said he had realized the error of his ways." Aamer had a revelation, he told the colonel, "that this life of running around with women and boozing it up was the wrong path."

"It was part of his charisma, that drawing me in," Bumgarner said later. "He became a person."

Much of the conversation centered on Aamer's thoughts on the detention operation and what could be done to improve it. The Saudi's ideas, it seemed, were perhaps not so far from Hood's. "His implication was that if you applied the Geneva Conventions fully, everything would be just fine in the camps," Bumgarner recalled.

After almost five hours, Aamer asked the colonel if he had made someone very angry. "Otherwise, you wouldn't be in Guantánamo.

"Nobody survives Guantánamo," he added. "You won't survive, either."

II. A Permanent Place

As part of the military's standard tour of Guantánamo, visitors are driven to the end of a two-lane road that winds up to the northeast corner of the naval base on which the prison sits. They pause there on a small hill overlooking a locked gate that leads into Fidel Castro's part of the island. The tour guide, usually a young Marine corporal with a black Beretta pistol strapped to his thigh, then recounts a brief history of Communist efforts to drive the American forces away.

At one point, the corporal says, the Cubans tried to cut off the Americans' water supply. They trained floodlights on an American guardhouse to keep the soldiers inside from getting any sleep. But such annoyances were merely that. The United States never surrendered an inch of the 45 square miles it has occupied under a disputed lease since 1903, following the Spanish-American War. "We're not as big a presence as we once were," one tour guide, Cpl. Denis R. Espinoza, who is 22, said earlier this year. "But we're still here, and we're going to stay."

In the Land of Unsubtle Metaphors that is Guantánamo Bay, the message of the tour is transparent: the United States fought a dangerous, implacable enemy here once before, in another war that seemed without end. Had we not held our ground then, the argument goes, the world might now be a darker place.

Despite the intense criticism it has drawn, the detention camp at Guantánamo has proved one of the more resilient institutions of the Bush administration's fight against terror. It has weathered a 2004 Supreme Court decision that allows prisoners to challenge their detention in the federal courts. Scandals over the abuse of the detainees have come and gone, but Guantánamo has endured.

When President Bush announced broad changes in policies for the detention and prosecution of terror suspects on Sept. 6, he said the government "will move toward the day when we can eventually close the detention facility at Guantánamo Bay." But by sending 14 important C.I.A. captives there and pushing to try prisoners before reconstituted military tribunals, he appeared to be extending the life of the detention center for the foreseeable future. Even if many more detainees are sent home and dozens

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are tried, administration officials acknowledged, the United States could easily end up with 150 or 200 others whom it would want to hold indefinitely and without charge. As to how the military should treat such men, Washington offered only the most general guidance.

What impact the C.I.A.'s prisoners might have on the camp's operations is unclear. Already, though, Guantánamo has been the scene of an extraordinary struggle between the detainees and their guards. Only a few episodes of this conflict have come to light, like the suicides of three prisoners in June. But what has hardly been glimpsed is the dynamic that developed as military officers tried to deal more closely with the detainees, easing the harsh conditions in which they have been held and asking for compliance in return.

This article presents a view inside the prison based on interviews with more than 100 military and intelligence officials, guards, former detainees and others. It shows that as pressure built among the prisoners and some threatened even to kill themselves in protest, Bumgarner and other guard officers — acting as much on instinct as policy — took surprising steps to contain the upheaval.

That experiment illuminates the challenge the United States faces in continuing to detain indefinitely some 460 men at Guantánamo, only 10 of whom have been formally charged with crimes. Perhaps not surprisingly, the military has sought to keep what has taken place there under wraps. Asked recently about his dealings with the detainees and those of his staff officers, General Hood would respond only through an Army spokesman, saying, "Operational security precludes any public discussions that could potentially jeopardize the lives of detainees or the security force at Guantánamo."

Rather than making Guantánamo go away, the administration has tried to make it smaller and less objectionable. The ruins of Camp X-Ray, the provisional facility where the first prisoners were held in cages, are slowly being swallowed by the jungle. Tour guides display them as proof of Guantánamo's progress. Inside the existing camp, a barricaded precinct of the quaint, 50's-era naval base where off-duty soldiers play softball and stop to eat at McDonald's, the guides point out Camp 6, a new $30 million facility modeled after a county jail in southern Michigan.

But the detainees have long memories, and the portraits drawn by those who have been released — sometimes horrific, often impossible to verify — have shaped global perceptions in ways that the Bush administration has been unable to overcome. Their stories have been set down in books, films, plays and raps, most of which depict an Orwellian world that is by turns brutal, calculated and inept.

"Every country has its own way of torturing people," Rustam Akhmiarov, a 26-year-old Russian who was arrested in Pakistan and ended up in Guantánamo, told me after his release. "In Russia, they beat you up; they break you straightaway. But the Americans had their own way, which is to make you go mad over a period of time. Every day they thought of new ways to make you feel worse."

Over the last two years, human rights groups and the International Red Cross have noted some improvements. Hood said that the use of more extreme interrogation methods was curtailed within months of his taking command, around the time that the Abu Ghraib scandal became public. Yet the larger questions that indefinite detention at Guantánamo raises — how to forestall the radicalization of the detainees; how to control men who have only the slimmest hope of freedom — have never been resolved by senior policy makers. They have been left to military officers on the ground.

III. Out of the Dark Ages

As Colonel Bumgarner landed at Guantánamo in April 2005, he sensed that the military was in the midst of what he called "sort of an effort to normalize things." The Pentagon wanted to streamline the guard operation as part of a push toward a more modern, less labor-intensive detention facility. It also wanted to present a more humane face to the world. Both goals required lowering the level of conflict within the camp.

After his first briefing from Hood, Bumgarner put the printout of the Geneva Conventions on his desk and left it there. "I had my staff look at it," he said. "For me, it was the only black-and-white piece of something that I could reach out and grab for guidance."

At that point, White House officials were still opposed to adopting even the most basic Geneva standard for the treatment of prisoners, a provision that bans "outrages upon personal dignity, in particular humiliating and degrading treatment." Bumgarner

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considered such issues above his pay grade. He tried to deal with the detainees man to man. "Human beings are human beings," he said in one of a series of conversations. "I always think that I can deal with anybody. I feel like dialogue can't hurt."

Weeks before he would meet the Saudi prisoner Shaker Aamer, Bumgarner came across a tall, wild-eyed detainee who was screaming at the guards in British-accented English. It wasn't clear what his problem was, but when the colonel asked, the man quickly calmed down. "You are creating these problems by the way you are treating us," the prisoner said.

A day or two later, Bumgarner had guards deliver the man to Juliet block, a small, fenced-in courtyard beside his command center where Red Cross representatives meet with detainees at aluminum picnic tables. He asked a guard to uncuff the prisoner's hands. "It puts them in a much better mood to talk to you," the colonel explained.

Prisoner No. 590, Ahmed Errachidi, was a handsome 39-year-old Moroccan who spent 17 years in London. He worked as a chef at a string of restaurants, including the Hard Rock Cafe, before traveling to Afghanistan after the United States began bombing the country in October 2001. The military authorities accused him of belonging to a radical Moroccan Islamist group and training at a Qaeda camp in Afghanistan, charges that his lawyers have disputed. Intelligence officials told me they did not consider him a high-value detainee and noted that he had been hospitalized for manic depression. But the guards, impressed by his influence and sense of self-importance, had nicknamed him the General.

Errachidi seemed rather surprised to be sitting down with the commander of the detention group, Bumgarner told me. But in that meeting on June 6 and a second, longer one two days later, Errachidi seized the chance to inventory the prisoners' grievances: The water was foul, he said, and the food terrible. The detainees were angry about the guards' habit of walking loudly through the cellblocks at prayer times and even angrier that "The Star-Spangled Banner" sometimes played over distant naval-base loudspeakers during or right after the evening call to prayer.

The General "kept talking about 'the dark ages,'" Bumgarner would later recall. The prisoner complained, for example, that the guards often referred to the detainees in demeaning ways, calling out when they were moving a prisoner that they had "a package" ready.

"We are not 'packages,'" Errachidi told the colonel. "We are human beings."

After the first meeting, Bumgarner received a piece of paper from a guard. It was a drawing by Errachidi, a sort of map. In one corner, it showed a shaded area labeled "the Dark Ages." From there, a path wound through a thicket of obstacles. They had labels like "No 'packages,'" "Better food" and "Turn the lights down." At the end of the path, Errachidi had drawn what looked like an oasis, with water and palm trees.

Back at Bumgarner's command center, some of his staff officers wondered about the wisdom of trying to solve such complaints. They were used to their commanders walking the blocks and occasionally speaking to prisoners; they were not accustomed to sit-downs. Nor did they see why they should be the ones to pick through the Geneva provisions and suggest whether the detainees might be entitled to elect their own representatives or attend educational programs.

"We're the guys on the ground," the detention group's former operations officer, Maj. Joseph M. Angelo, told me not long ago. "So why was I making recommendations on what portions of the Geneva Conventions we should implement? That just struck me as kind of weird."

Still, the unease of Bumgarner's staff did not compare with the reaction he got from the intelligence side of the Guantánamo task force. There had long been tension between the two military units, but this time members of the Joint Intelligence Group "were furious," one staff officer recalled. There were few privileges to give out at Guantánamo, this officer and others said, and interrogators felt they should be the ones to dispense them — in return for cooperation from the detainees.

Before he deployed to Cuba, Bumgarner's military police superiors had been emphatic that he should stick to his responsibilities and leave his counterparts in military intelligence to their interrogations and analysis. Bumgarner wasn't worried about stepping out of his lane. "I run the camps," he said.

Bumgarner set about trying to solve the problems he saw. He instructed members of the guard force to stop referring to the detainees as "packages." On compliant blocks, he had guards start turning down the lights between 10 p.m. and 4 a.m. and stop moving prisoners during those hours to allow the detainees to sleep. To avoid disturbing their prayers, he ordered guards to place yellow traffic cones spray-painted with a "P" in the cellblock halls at prayer times. He asked his aides to see that "The Star-Spangled Banner" recording would be played at least three minutes before the call to prayer.

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Another of Bumgarner's senior staff officers, Maj. Timothy O'Reilly, a reservist who is a lawyer in civilian life, began to recognize some of what he was seeing from jails and prisons in the United States. "The ultimate nirvana for anybody in law enforcement or corrections is compliance," he said earlier this year. "In order to run an effective prison, you need to have people comply with your orders, and that's no different from the smallest jail to the biggest high-security prison."

But Guantánamo was clearly unlike other prisons in one important respect: The detainees found much less incentive to obey the rules. To some, exile to the discipline or segregation blocks was a source of status and pride, military intelligence officials said. And the punishments were limited. Striking or spraying urine on a guard brought 30 days' segregation, the maximum length of any punishment under Geneva rules. There was no such thing as getting a few more years tacked on to your sentence.

In an American prison, O'Reilly and others noted, an inmate could be a sworn enemy of the prison authorities, respected among other prisoners, and still try to "run a good program" — avoiding trouble in an effort to reduce his time behind bars. At Guantánamo, compliance with the rules brought only prayer beads, packets of hot sauce, a slightly thicker mattress. It would not bring early parole.

Former detainees I met insisted that their defiance was provoked not only by their despair over their uncertain futures but also by unnecessarily harsh and arbitrary treatment from the guards. "If people's basic human rights were respected, I don't think they would have had any of these problems," said Abdul Salam Zaeef, a former Taliban cabinet minister and ambassador to Pakistan who was the pre-eminent leader of Afghan prisoners at Guantánamo before his release in the late summer of 2005. "There were no rules and no law. Any guard could do whatever they wanted to do."

Like other small, insular groups that live at the mercy of a more powerful force, the detainees have woven intricate, conspiratorial theories about their fate. In a closed world where prayer gives structure to daily life and the Koran is the one possession guards are never supposed to take away, prisoners were acutely sensitive to any perceived disrespect for their faith. But there were many other grievances. Some former detainees told me that early on, they were injected at Guantánamo with psychotropic drugs, a claim that military officials denied. Later, detainees continued to suspect hidden agents of social control in everything from the cloudy tap water to the configuration of their cells.

"Those blocks are designed so that you will not rest," says Mohammed al-Daihani, a government accountant from Kuwait who was sent home last November. "There is metal everywhere. If anyone drops anything, you hear it. If anyone shouts or talks loudly, it disturbs everyone. If there is a problem at the other end of the block, you cannot possibly rest. After two or three weeks, you think you will lose your mind."

Although the detainees came from diverse backgrounds and more than three dozen countries, there was only one real prison gang at Guantánamo. The authorities were convinced it was controlled by Al Qaeda members. An August 2002 study by the C.I.A. asserted that Qaeda detainees at Guantánamo had quickly begun "establishing cellblock leaders and dividing responsibility among deputies for greeting new arrivals, assessing interrogations, monitoring the guard force and providing moral support to fellow detainees, among other tasks." (The study was posted in July on the Web site The Smoking Gun; two officials confirmed its authenticity to me.)

Such conclusions may have been drawn from the actions of detainees like Shaker Aamer, the man with whom Bumgarner spoke for hours at the end of June. Abdullah al-Noaimi, a Bahraini student who was released from Guantánamo last November, described in interviews at his home in Bahrain in June how Aamer initially organized their cellblock through sheer force of personality. "He's always laughing and talking, very extroverted," al-Noaimi said. "He was born to be a leader."

Soon after his own arrival in Cuba, al-Noaimi recalled, Aamer rallied the detainees on the block to refuse to be weighed by the medical staff — a largely meaningless protest, he said, but one that infuriated the guards and thrilled the detainees. Eventually, he added, Aamer organized the 48-cell block into four groups of 12, with representatives for each unit and a spokesman for the block. "It's the same thing John McCain did in Vietnam," said Lieut. Col. Kevin Burk, who commanded the army's first military police battalion at Guantánamo. "You continue your resistance."

Some parts of the camp were easier to manage than others. The guards looked on the roughly 110 Afghans then at Guantánamo as relatively cooperative. They filled much of Camp 4, the newer wing where Level 1, or "highly compliant," prisoners were allowed to live in communal barracks, serving their own food and moving freely in and out of small recreation

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yards. Most of the rest of the Afghans were in Camp 1, for Level 2, or "compliant," detainees. Only a handful were held in Camp 5, the maximum-security area. Yet as more prisoners were released, the remainder were becoming a more cohesive group, military officials and former detainees said. They were also overwhelmingly Arab, and more likely to have endured more extreme interrogation techniques like sleep deprivation, sexual humiliation and threats.

Several former detainees insisted that it was not Al Qaeda that bound them at Guantánamo but a common adversary. In standard prison fashion, they developed ingenious ways to organize and communicate. They attached messages to long threads from their clothing with wads of hardened toothpaste and then cast them into neighboring cells. They shouted into the plumbing to talk between floors in the maximum-security unit. And as their frustration grew, their ability to organize was brought to bear in new ways.

IV. Aamer the Hero

The hunger strike that confronted Colonel Bumgarner in mid-June 2005 escalated quickly. Of the many strikes since early 2002, few had gone far enough to prompt doctors to force-feed the detainees through stomach tubes. This time, however, there were not a handful of hunger-strikers but dozens.

As they often had before, military spokesmen dismissed the protest as a publicity bid typical of Al Qaeda-trained terrorists. Officers at Guantánamo had tabulated hundreds of incidents of what they termed "manipulative, self-injurious behavior." Privately, though, they began to discuss how to respond to a potential suicide. At the Pentagon, officials dusted off contingency plans for dealing with a body that would need prompt burial under Islamic law.

Senior members of the Guantánamo staff began to meet regularly with General Hood to monitor the strike. The chief medical officer, Navy Capt. John S. Edmondson, M.D., worried about the prospect of having to force-feed large numbers of detainees. The medical risk was relatively low, but there were other considerations. "Anytime you're doing a procedure that the patient doesn't want, it's not a place you want to be," he would tell me later. "What takes precedence? The patient's rights, or their life? It's not an easy question."

Bumgarner soon turned to Aamer, who had been on strike since around the time of their first meeting in Camp Echo. During that first encounter, he said, the prisoner had been "trying to convince me, in a very subtle way, that he could help control things in the camp." He decided to consider the proposal.

Over a couple of more conversations with Aamer, Bumgarner made his case: He wanted the detention camp to run more smoothly, to make things easier for detainees who obeyed the rules. He was prepared to move closer to the standards of the Geneva Conventions in some parts of the operation, including discipline. What did Aamer think it would take, the colonel wanted to know, for the hunger strike to end?

Aamer summarized his discussions with Bumgarner in a statement he dated Aug. 11, 2005, and later gave to his lawyer, Clive Stafford Smith. In it, he said the hunger-strikers demanded ending "the secret abuse project of Camp 5" (which he did not explain) and either bringing the detainees to trial or sending them home. Meanwhile, they wanted better medical and living conditions. Aamer wrote that the colonel promised him "that justice would come to Guantánamo at last." The prisoner, his lawyer said later, had "decided that this was a man who he could trust."

Bumgarner said he tried always to bring the talks back to what he could deliver: modest improvements in the detainees' living conditions. He said Aamer told him: "'If you can get me to go around the camps, I can turn this off.'"

There were no precedents for chaperoned consultations among detainees. But by July 26, 2005, the number of detainees refusing to eat was at 56, and doctors were becoming concerned about the health of several of them. Bumgarner decided to act. "I saw the chance to end it, and I just did it," he said.

The colonel went to see Aamer at a small hospital inside the detention camp. He was sitting on a bed, one ankle chained to the frame, surrounded by some of the other more determined hunger-strikers. According to Bumgarner, Aamer told him that several of the detainees had had a "vision," in which three of them had to die for the rest to be freed. Still, he agreed to try to persuade them to drop the protest.

Aamer agreed to suspend his own strike on July 26, his lawyer said, but was unsuccessful in persuading others. That evening or the next, Bumgarner said, he had guards retrieve Aamer from the hospital and meet him at Camp 5, the imposing

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maximum-security unit. Once inside the heavy doors, they went through the cellblocks one by one, as Aamer spoke with a handful of the most influential detainees.

Aamer went first to see Saber Lahmar, an Algerian-born Islamic scholar who was arrested in Bosnia in a supposed conspiracy to bomb the American Embassy in Sarajevo. (Lahmar denied any involvement in such a plot.) Trailed by the colonel and a military interpreter, Aamer continued through the tiers, crouching down to speak to a handful of others through the slots by which they received their food. His last stop was the cell of Ghassan al-Sharbi, a 30-year-old Saudi who studied electrical engineering in Prescott, Ariz. Al-Sharbi, who was later charged in the military tribunals with joining in an Al Qaeda conspiracy to manufacture bombs for attacks in Afghanistan, was reluctant to give up the strike. When he finally agreed, the others went along, two military officials said.

As they prepared to leave Camp 5, Bumgarner says, he asked Aamer if he needed to speak with some of the other hunger-strikers there as well. "No," Aamer answered matter-of-factly. "The others will put the word out."

The colonel and his prisoner drove to Camps 2 and 3. As they entered some of the blocks — Bumgarner in his camouflage fatigues, Aamer handcuffed to a chain around his waist — the cells erupted with applause.

"He was treated like a rock star, some of the places we would go in," Bumgarner recalls. "I have never seen grown men — with beards, hardened men — crying at the sight of another man." He paused, searching for an analogy. "It was like I was with Bon Jovi or something," he said.

Former detainees who witnessed the visits recounted to me that Aamer, speaking in Arabic, proposed to end the hunger strike and explained that other detainees in Camp 5 were in agreement. In return, he said, the military authorities promised to try to resolve problems the prisoners faced and to observe parts of the Geneva Conventions.

The colonel's subordinates had grown accustomed to his hands-on style of leadership. But they worried more openly about his meetings with Aamer. The Saudi, one officer pointedly said, "has an almost hypnotic power over some people." Two others referred to Aamer as "Svengali."

Bumgarner himself struggled with Aamer's frequent demands. One morning, as Aamer was being sent off with other officers to brief detainees, he had a new one for the colonel: Now he wanted to move around without the leg shackles that were standard for detainees being transported outside their cellblocks.

"Look, Shaker, don't make a big deal out of this," Bumgarner recalled telling him. "Let's get on to the bigger thing here. I can't take you out of those shackles."

"I'm not going unless you just handcuff me," the prisoner responded.

"Shaker, don't do this to me," the colonel said. "It's just going to make it harder."

"No," he quoted Aamer as saying. "I'm not doing any of this."

Bumgarner ordered the shackles removed. The handcuffs stayed on. Aamer finally went ahead with his briefings to the other prisoners. "It was clearly a risk — not in terms of putting anybody in danger, but in terms of perception," Bumgarner told me later. "But I thought that in the end, in order to keep things going, I was going to have to do it."

Mullah Zaeef, the former Taliban ambassador, had just finished his prayers in Camp 4 when a sergeant came to his dormitory. "There is someone who wants to see you," the sergeant said. Zaeef had never had an unannounced visitor at Guantánamo before.

He found Aamer waiting. The two men had known each other in Camp 1, where they were briefly neighbors. Zaeef, who spoke Arabic, noted that many of the Arabs respected the Saudi's leadership. Aamer told Zaeef about his conversations with the colonel.

"We thought maybe they were becoming softer in their policies," Zaeef recalls. "Or we thought maybe they were trying to trick us. But we thought that we should see which one it was."

When I met him in Afghanistan almost a year later, Zaeef still seemed a bit uncertain about what had taken place. He is an elegant, professorial man who wears wire-rimmed glasses and the black silk turban favored by the Taliban. He described the episode during two long interviews in the well-guarded government guest house on the dusty outskirts of Kabul, where he has lived since returning home last September.

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According to Zaeef, Aamer described a scheme of representation for the detainees that he had worked out with Bumgarner — one that vaguely echoed the Third Geneva Convention's rules for a prisoner-of-war camp. Detainees in Camp 4 were to choose two inmates to represent them, one for the Afghans and another for the rest. With guards by his side, Zaeef said he then went from one block to the next, explaining the situation. After some discussion, he was chosen by acclamation to represent all of the Camp 4 detainees. Still, Zaeef recalled, "people were very skeptical."

Nonetheless, most of the hunger-strikers suspended their protests by July 28. Disciplinary problems on the blocks eased. The mood in the camps swelled palpably, some military officials told me. Later Bumgarner would refer to this interlude as "the Period of Peace."

The colonel then turned to some of the issues the detainees had raised during their strike. He and Aamer were sitting at one of the picnic tables near his office, debating the camp food, when Aamer insisted that the detainees' meals were being poisoned.

"That's asinine!" Bumgarner said.

"I don't see you eating the stuff," he said Aamer shot back.

Over a dinner of fish sticks and fries, they began working out a solution. Not long after, Aamer sat down with the head of the mess hall, the base nutritionist and a logistics officer on the military staff. According to one officer briefed on the meeting, Aamer unfolded a piece of paper on which he had drawn up an elaborate two-week meal plan with daily suggestions for four different diets: a standard menu, a vegetarian menu, a vegetarian-with-fish option and a bland diet for older prisoners and those with intestinal problems. Two officials said Aamer's proposal eventually became the basis for a new meal plan that raised the amount of food offered to detainees each day from 2,800 calories to 4,200 calories.

After weeks of discussion with his aides, Bumgarner also instituted a new program to simplify the discipline in the camp. Under the previous four-level system, misdeeds were punished with the loss of various "comfort items" like prayer beads and books, or stints in the discipline or segregation blocks. The system was so complicated, military officials said, that its application often seemed arbitrary.

The new plan called for all or nothing. Every detainee was restored to compliant status and issued all of the comfort items generally available, including prayer beads and bigger bars of soap. Those who broke the rules would be busted down to "basic issue," or B.I., with nothing in between. To symbolize the new order, all detainees in punishment-orange uniforms would be reoutfitted in tan.

The change might have made a dent in the prisoners' abiding sense of humiliation. The problem, some officers said, was that the plan was set in motion before enough tan clothing could be requisitioned to outfit all the detainees. Some of those left in orange complained loudly.

"We did not think that through like we were playing chess," Major Angelo said. "We thought like we were playing checkers. And that didn't work."

V. The End of Peace

A couple of days after Aamer visited Zaeef to explain the new plan for prisoner representation, a guard approached Zaeef with a cryptic message. "At 6 o'clock you are going to go somewhere," he said. At the appointed hour, Zaeef was led out of the camp and put on the rumble seat of one of the small John Deere utility vehicles used to transport detainees around the detention center and driven to Camp 1.

The guards led him to the small, fenced-in exercise yard for Alpha block, where two picnic tables had been placed. Ala Muhammad Salim, an influential Egyptian religious leader in the camp who was known as Sheik Ala, was already there. The two prisoners sat down and began quizzing each other about what was going on. Four others trickled in. They included Aamer and two of the men he met with in Camp 5: Saber Lahmar, the Algerian scholar, and Ghassan al-Sharbi, the Saudi engineer. The sixth was Adel Fattoh Algazzar, a former Egyptian Army officer with a master's degree in economics. Bumgarner did not attend the meeting, but when all of the detainees were seated, his deputy arrived with two other officers. Al-Sharbi acted as the Arabic interpreter.

According to other officers I spoke with, the deputy delivered a simple message: The six were being asked to provide their input on how to improve conditions in the camp. Each of the detainees responded in turn.

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"Do not mistreat us anymore," Zaeef recalled saying. "Be respectful of our religion and our Koran. Respect us as human beings, because we are human beings. If we are criminals, take us to court. But if we are innocent, let us go."

News of the meeting buzzed through the camp. Right away, several former detainees said, the prisoners began to debate what was taking place. "We had never talked to the colonels before," Abdulaziz al-Shammari, a Kuwaiti teacher, said. "But this Bumgarner came around all the time, wanting to negotiate with us."

The younger detainees pressed Aamer to push past the matter of living conditions and focus on their demands for trial or release. "The shabab said to him, 'We must not go only for the small things; we should go to the core issues,'" al-Shammari said, using the Arabic word for "young people" or "youth."

Mohammed al-Daihani, the Kuwaiti accountant, now released, said that soon after the colonel and Aamer visited his cellblock, Ahmed Errachidi, the Moroccan known as the General, challenged others there to analyze the possible motives of their captors. "He said: 'Why is a colonel from the most powerful country in the world coming to negotiate with the detainees? They must be under some kind of pressure.'"

The skeptics on Bumgarner's side were also growing more vocal. "I was one of the few who thought we should let the leaders come talk to us," the colonel acknowledged. Hood was clearly uneasy with the negotiations, other officers said. He told aides not to refer to the six as "the council," as the detainees did. Still, several officers emphasized, the talks would never have gone forward if Hood had not approved them.

On the evening of Saturday, Aug. 6, shortly after the council's first meeting, the colonel convened the six again, officers said. This time, he sat with the group himself. Aamer had insisted that they should not be handcuffed or shackled. "These are leaders," he told the colonel.

Bumgarner agreed, and the handcuffs were removed. Guards armed with pepper spray stood by, while an immediate-reaction team waited just out of sight. The colonel later summarized his introduction thusly: "You're here. I'm here. You've got my attention. Tell me what the grievances are, and we'll work through them." He added, "This place ain't going away, so we might as well make the best of it."

As Zaeef recalled the encounter, Bumgarner made several promises: He would allow the circulation of religious books among the detainees and try to resolve problems that arose with the guards. He would assure that the prisoners' food was "adequate." Zaeef said the most important thing the colonel pledged was to send another official who would be able to speak with the detainees about their "future." Bumgarner said he promised only that guards would act "in the spirit of the Geneva Conventions" and that he would see that Guantánamo's discipline was consistent with its terms.

On the following Monday, the officers said, the six detainees were allowed to meet alone in the fenced-in yard. A pair of military interpreters were positioned nearby to monitor their conversation, officers said. According to both Zaeef and military officials, the detainees began using pens and paper they had been given to write notes. An officer observing the meeting interrupted them: they were not to pass notes, he said. When they insisted on confidentiality, he stepped forward again. But as the officer moved to confiscate the notes, some of the detainees popped them into their mouths and began chewing.

Hood pronounced the experiment over. "'This group is not meeting anymore,'" the colonel recounts him saying. "'And you are not going to be meeting with them anymore.'"

The "period of peace" came to an abrupt end. According to various sources — military officials, former detainees and Aamer's lawyer, Clive Stafford Smith — the detainees were also angered by a few incidents that had taken place over the weekend before the second council meeting. In one case, a prisoner had been forcibly extracted from his cell, only to sit waiting for hours to be interrogated. In another, the questioning of a slight Tunisian detainee by a much larger criminal investigator ended in a violent scuffle involving a cut nose, the possible hurling of a mini-refrigerator and the investigator's being ordered off the island.

A couple of days after the negotiations were shut down, officials said, a riot broke out in Camps 2 and 3. Dozens of detainees tore up their cells, wrenching foot pegs from their toilets and using them to try to pry loose the mesh that separated them. Guards were pulled from the tiers and deployed to surround the perimeter of the blocks. Water and electricity were shut off, and Bumgarner finally got on a bullhorn with an Arabic interpreter to persuade the detainees to be escorted from their ruined cells. The repairs took weeks.

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The guard officers were unsure what the detainee leaders had been up to. According to military and intelligence officials, there were indications that Aamer and al-Sharbi had been at odds. Al-Sharbi, the accused Al Qaeda bomb maker, once told a military review panel it was his "honor" to be classified as an enemy combatant, declaring, "May God help me to fight the infidels!" Paradoxically, he was believed to be the more pragmatic negotiator, urging that the detainees try to improve conditions in the camp. But Aamer, who had denied any involvement in militant activities, took a different position. According to the officials, he argued more directly that the detainees should use the talks to pressure the military into either trying them fairly or setting them free.

Aamer told his lawyer the military had "sadly betrayed its word on every occasion a promise has been made." He blamed the colonel personally. At the time, Bumgarner said, he felt similarly betrayed. But when he recounted the story months later, he sounded merely disappointed. "We almost liked each other," he said of the two Saudis, Aamer and al-Sharbi. "I shouldn't say we liked each other, but when we spoke together, there was no animosity."

By mid-August, the hunger strike that military commanders thought they had resolved was picking up strength. Complaints about living conditions were de-emphasized, military officials and lawyers for the detainees told me. Instead, the prisoners focused on their future legal status. The renewed protest hit a peak just after Sept. 11 of last year, with 131 prisoners refusing meals for at least three straight days, officials said.

Many of the officers doubted that the protesters were willing to take their own lives. Islamic law strongly forbids suicide. Abdulaziz al-Shammari, the Kuwaiti teacher who was one of the most frequent hunger-strikers, said he never considered taking his own life. "We saw that they would not let us die," he said of the military doctors. "This was merely the most extreme side of the protests."

Al-Shammari, who has a university degree in Islamic law, was one of a half-dozen more learned detainees to whom others turned for religious rulings on countless problems of their captivity. He said he knew of no relevant exceptions to the prohibition against suicide.

Two officials familiar with intelligence reporting from Guantánamo said that sometime in the late summer of 2005, Saber Lahmar, the Algerian religious leader who served on the six-man council, told other detainees of a fatwa that said it was lawful to take your own life in order to protect state secrets or to defend the common good. Other detainees spoke about the prophetic dream that Shaker Aamer mentioned to Bumgarner, in which three prisoners had to die for the rest to be free, the officials said.

As doctors began to tube-feed the more recalcitrant hunger-strikers, the strike consumed the medical staff. Specialists were flown in from naval hospitals in Florida. Most of the detainees maintained their weight at above or near 80 percent of their so-called ideal body weight. But as the strike dragged on, several slipped below 75 or even 70 percent of that measure, doctors said.

For detainees who obeyed the rules, the military offered new perks. Exercise time was extended once more. On Hood's instructions, Gatorade and energy bars were given out during recreation periods. Wednesday became pizza night. Guard officers suggested soccer and volleyball tournaments to the compliant detainees in Camp 4. The detainees came back asking that a prize — two-liter bottles of Pepsi — be awarded to the winners. (The detainees disdained Coca-Cola, guards said.) Before the games could begin, however, the detainees changed their minds, the officers said. They had concluded that the contest was a scheme by the military to divide them.

While increasing the incentives for compliance, the colonel also tried to clamp down on disruptive behavior. The segregation and discipline blocks were overhauled. The rules became stricter, the guards tougher. When detainees in segregation tried to shout to one another through the walls, the guards were to turn on large, noisy fans to drown them out.

Worried about Shaker Aamer's influence, Bumgarner also took an unusual step. In September, he had Aamer moved to Camp Echo, where he would be even more isolated than he would be on the segregation blocks. But Bumgarner did not cut off contacts with the detainee leaders entirely. He approached Zaeef to assure him that he wanted to continue to improve things for compliant detainees. He also developed a rapport with Ghassan al-Sharbi.

Al-Sharbi was described by people who know him as an intelligent, almost ethereal man from a wealthy Saudi family. (In an appearance before a military tribunal, he sat placidly with his hands folded at the defense table and told the presiding officer in

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plain English: "I'm going to make it easy for you guys. I fought against the United States.") The colonel said he found al-Sharbi a useful interlocutor and met with him repeatedly. After August, he never spoke with Aamer again.

The guard officers saw some indications that the tougher approach was working. The number of detainees in the discipline and segregation blocks fell substantially. Only later did the officers begin to suspect that the more combative detainees were so focused on the hunger strike that they had little energy for other protests.

VI. The Suicides

To some of Colonel Bumgarner's officers, it seemed that the latest group of hunger-strikers were being allowed to get too comfortable. They had hospital beds, air-conditioning, attentive nurses and a choice of throat lozenges to ease the pain of their feeding tubes. The arrangement also allowed some of the hospitalized detainees to communicate relatively easily.

By late November, while many of the strikers were maintaining their weight, four or five of them were becoming dangerously malnourished, Dr. Edmondson said. By sucking on their feeding tubes, they had figured out how to siphon out the contents of their stomachs. Others simply vomited after they had been fed.

On Dec. 5, the guard force ordered five "restraint chairs" from a small manufacturer in Iowa. If obdurate detainees could be strapped down during and after their feedings, the guard officers hoped, it might ensure that they digested what they were fed.

Days later, a Navy forensic psychiatrist arrived at Guantánamo, followed by three experts from a Bureau of Prisons medical center in Missouri. Bumgarner said the visitors agreed with him that the strike was a "discipline issue": "If you don't eat, it's the same as an attempted suicide. It's a violation of camp rules." In addition to feeding prisoners in the chair, some of the more influential hunger-strikers were sent off to Camp Echo with the hope of weakening the others' resolve. The number of strikers, which was at 84 in early January, soon fell to a handful.

Lawyers for the detainees were appalled. The lawyers quoted their clients as saying detainees had been strapped into the chairs for several hours at a time, even as they defecated or urinated on themselves. The doctors told me later that they had run out of options. "I would have preferred to have waited," said Dr. Edmondson, the chief base physician, who other officials said opposed the restraint chairs. But he added, "I seriously believed that we were going to lose one of those guys if we didn't do something different."

In the spring of 2006, General Hood and Colonel Bumgarner were suggesting that the mood at Guantánamo had turned. A handful of hunger-strikers were still at it — a few young Saudis and Yemenites, and Ghassan al-Sharbi. But the officers saw them as zealots whose threat to the smooth operation of the camp could be controlled. Otherwise, disciplinary infractions and attacks on the guards were down, they said, and many of the detainees were responding positively to new incentives for good behavior.

In an interview in late March, Hood said he believed that many young Arab detainees — sheltered, passionate young men who had gone to Afghanistan to fight what they thought would be a noble jihad — were beginning to see the light. They hadn't been radicalized at Guantánamo, he insisted. Rather, as conditions at the camp had improved, their preconceptions about Americans had worn away. "They discover, 'You guys aren't so bad.'"

"I think the hard-core people have lost ground over the last four years," Hood said. "They are clearly losing ground."

As he prepared to turn over his command in April to Rear Adm. Harry B. Harris Jr., Hood was upbeat about the future. "We are going to establish the most world-class detention facilities, and we are going to show the world that we're doing this right," he said. "Every provision of the Geneva Conventions related to the safe custody of the detainees is being adhered to. Today at Guantánamo — and, in fact, for a long time — the American people would be proud of the discipline that is demonstrated here."

Six weeks later, as guards in Camp 1 patrolled one of the blocks, they came upon a detainee comatose in his cell and frothing at the mouth — symptoms of an apparent overdose. "Snowball" — the guards' radio code for a suicide attempt — was called out over and over. In all, five detainees were found to have ingested medication that they and others had hoarded, and guard officers concluded that at least three were making serious suicide attempts. (Military spokesmen said that only two had really tried to kill themselves.)

Later that afternoon, May 18, a riot broke out among the "highly compliant" detainees in Camp 4 as guards moved to search their dormitories — and their Korans — for pills and other contraband, officials said. Detainees in one block of the camp set on guards who stormed their barracks after another guard saw a staged hanging and mistakenly called out "blizzard," the

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code for multiple suicide attempts. The guards' quick-reaction force fired rounds of rubber bullets and voluminous blasts of pepper spray to contain the disturbance.

Doctors later determined that the detainees had ingested sleeping pills, antianxiety medication and antipsychotics — whatever they could get their hands on. Since none of the men had been prescribed the medicines they took, it was evident that other detainees had colluded in the plan. (A cache of about 20 more pills was later found in one prisoner's prosthetic leg.) Still, the military authorities seemed uncertain how to respond.

Some officials recalled the detainees' premonition about three of them having to die. The medical staff tried to more closely monitor detainees with mental-health problems. But that screening apparently did not factor in the possibility that the men might have been determined to kill themselves for other reasons — like loyalty to a cause.

Sometime before midnight on June 9, three young Arab men, who were being held near one another in a single block of Camp 1, moved quietly to the backs of their small cells and began to string up nooses that had been elaborately made from torn linens and clothing. The bright lights had been turned down for the night. Still, the prisoners had to work quickly: guards were supposed to walk the block every three minutes.

After anchoring the nooses in the steel mesh walls of their cells, the three — Mani al-Utaybi, and Yasser Talal al-Zahrani, both Saudis, and Ali Abdullah Ahmed, of Yemen — piled clothing under their bedsheets to make it appear that they were asleep. They stuffed wads of fabric into their mouths, either to muffle their cries or perhaps to help themselves suffocate. At least one of the men also bound his legs, military officials said, apparently so he would not be able to kick as he died.

With the nooses pulled over their heads, the prisoners slipped behind blankets they had hung over the back corners of their cells and stepped onto their small, stainless-steel sinks. The drop was short — only about 18 inches — but adequate. By the time they were discovered, doctors surmised, the men had been asphyxiated for at least 20 minutes and probably longer. Military and intelligence officials said it appeared that the other 20-odd prisoners on the block knew that the suicides were being prepared. Some may have prayed with the men, the officials said, and a few may have assisted in carrying out the plan. What is certain is that in contrast to most previous suicide attempts at the camp, none of the detainees made any effort to alert the guards.

When doctors reviewed their files on the three men, they found that none of them had shown signs of depression or other psychological problems. All three had been on hunger strikes — one of them since the previous August — and at least two of them had been evaluated when they abandoned their protests. One doctor recalled one of the men telling him brightly: "I'm sleeping well. I feel well. No problems."

What the men hoped to communicate by their deaths may have been contained in brief notes they left behind in Arabic. The notes have not been made public, and a Navy investigation into the suicides continues. But military leaders at Guantánamo were not waiting on its outcome. They concluded immediately that the suicides were a blitzkrieg in the detainees' long campaign of protest. At a news conference hours after the suicides, the new Guantánamo commander, Admiral Harry Harris, described them as an act of "asymmetric warfare."

VII. Tightening Up

I sat down with Colonel Bumgarner one blazing afternoon in late June, as he was preparing to give up command. He looked tired and stressed, and slumped into a chair in his small, cluttered office. As Shaker Aamer did the previous summer, Bumgarner used words like "trust" and "betrayal." Bumgarner, at the time we spoke, was briefly suspended from duty while the military investigated whether he improperly disclosed classified information to a North Carolina newspaper reporter who, around the time the suicides occurred, had been in Bumgarner's headquarters reporting a feature article on the colonel from Kings Mountain. (He was absolved of any wrongdoing.) But he seemed more worried by something else: Had he completely misunderstood the prisoners he was trying to reach?

"We tried to improve their lives to the extent that we can — to the point that we may have gone overboard, not recognizing the real nature of who we're dealing with," he said. "I thought they had proven themselves. I'm ashamed to admit it, but I did not think that they would kill themselves."

Bumgarner said he could not discuss the suicides because of the Navy's continuing investigation. But several officials said that the three detainees had taken advantage of some of the colonel's quality-of-life reforms, including the nighttime dimming of

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lights and the availability of extra clothing. There were also indications that Ghassan al-Sharbi, the colonel's onetime interlocutor, had helped plan the suicides, two of the officials said.

Looking back, Col. Kevin Burk, the commander of the military police battalion, said: "With any population like this, you're going to have a battle. It wasn't like we were all going to 'Kumbaya' together. But we were trying to find that middle ground, where the tension in the camp would even out. As far as we could see, no one had really tried to find that equilibrium before."

It is unclear if or when the military might try again. By most appearances, Guantánamo has been tightening up. Since the May riot and the suicides, the military has increased security to prevent further disturbances or deaths. In its ruling on the military tribunals in June, the Supreme Court left the government no choice but to abide by the minimum standards of treatment contained in the Geneva Conventions. But what other privileges and freedoms the detainees are allowed may come even more into question as the Guantánamo population is winnowed down to a harder core and joined by the most notorious terror suspects captured by the C.I.A.

One hint of Guantánamo's future may lie in the retrofitting of Camp 6, the brand-new medium-security facility that was to have opened this summer. Until this spring, the new camp was to embody the sort of conditions Colonel Bumgarner and other officials had hoped to institutionalize, with spaces for communal meals and larger recreation areas where compliant detainees could play soccer and other sports. After the riot and the suicides, the camp was substantially remade. When it eventually opens, military officials said, it will look somewhat more like Camp 5, the maximum-security unit down the road.

Don't Jettison Geneva Conventions, Ex-POWs Say (FLSUNSEN)

By Howard Goodman

South Florida Sun-Sentinel, September 17, 2006

Morton Brooks was only 19 when captured by German soldiers in World War II.

The Germans herded him up with 80 other American soldiers who were Jewish, like Brooks -- and another 270 who looked Jewish or were otherwise "undesirable," the Germans thought.

They were shipped by cattle car to a satellite of the notorious Buchenwald death camp called Berga. They were put to work as slave laborers: mining tunnels for a planned underground factory.

"When we brought up the Geneva Conventions," says Brooks, "they laughed in our faces."

It was a chapter of the war that lay buried for years, a story of soldiers who were treated more like Holocaust victims than captured combatants.

They were denied their rights as prisoners of war. Starved. Brutalized.

Down to 140 men, weakened from lack of food, they were sent on a death march as the Allies closed in on Germany, Brooks said. Their ordeal ended only with liberation.

Brooks had been imprisoned four months, and he weighed no more than 75 pounds. But he was alive.

"Forty percent of our group died," Brooks says.

A retired psychologist, he now lives in Boynton Beach.

Larry Treff, also of Boynton Beach, was only 20 years old when he was put in charge of 42 men during the Allied push into Germany.

Treff was leading his platoon up a hill when machine-gunned, hit twice in the leg and captured by Germans. Behind their lines, he was nearly killed in a U.S. artillery bombardment that was "the most horrible 10 minutes of my life."

Mel Pollack, of Delray Beach, spent almost six years in captivity after his fighter jet was shot down in 1967.

He was held at the notorious "Hanoi Hilton" prison, where the beds were concrete and the captors were vicious.

He was a cellmate of the future senator, John McCain, a man he admires immensely.

"He fought the North Vietnamese with his crutches," Pollack said.

On Friday, the three bowed their heads in memory of men who didn't make it. They saluted as they said the Pledge of Allegiance and never hesitated to say "under God." They shook hands with their thinning ranks of fellows.

It was National POW/MIA Recognition Day, and about 35 people gathered in the chapel of the VA Medical Center in West Palm Beach.

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Fifteen had been prisoners of war in the Second World War. Two were held during the Vietnam War. Along with the white hair and polo shirts, there were erect postures in that room.

And a lot of courage.

"Through their strength and perseverance," Pamela McFrederick, a VA social-services supervisor, said in apt remarks of tribute, "They give the rest of us hope."

We live in a complicated time, when the Bush White House is pressing for permission to loosen time-honored rules regarding our treatment of war captives.

There's some logic to this. As Bill Acuri, a Vietnam POW, noted, the Geneva Conventions make sense in terms of opposing armies. "And the terrorists don't have an army."

But Treff, who felt lucky to spend only 17 days as a captive in an impoverished German hospital before the war ended, says the United States must treat prisoners of war "with dignity and not abuse them."

Prisoners "must be interrogated toughly," Treff said, but never tortured. Brooks, who suffered so greatly at Nazi hands, concurred.

"The experts say that when you torture, you don't get adequate information anyway," he said.

And Pollack, who knows first-hand the brutal realities of war, says the United States must resist the calls to jettison the Geneva Convention on the humane treatment of war prisoners.

"If we abandon it," Pollack says, "then everybody is going to do it against us."

Call me crazy, but I trust ex-POWs on this more than a president and vice president who never were imprisoned and never went to war.

Howard Goodman's column is published Tuesday, Thursday and Sunday. He can be reached at hgoodman@sun-sentinel.com or 561-243-6638.

Who, Exactly, Is A POW? Museum Exhibit Asks Visitors To Think On It (AJC)

The Atlanta Journal-Constitution, September 17, 2006

Andersonville — His captors branded him a war criminal, but for the more than seven years Bill Robinson spent in North Vietnamese prison camps, he knew exactly what he was: a prisoner of war.

"When you wear the uniform of your country and are held by a foreign government, you are in a POW status," said Robinson, a retired Air Force captain from Madisonville, Tenn., who frequently comes to the National POW Museum here to talk to visitors about his experiences.

The question of who was a POW, and who was not, once seemed to have a relatively easy answer.

But the wars in Iraq and Afghanistan have made that answer less clear. The only two service members unaccounted for since the Persian Gulf War, Navy Capt. Scott Speicher and Army Staff Sgt. Matt Maupin, are referred to by their own government as "missing/captured," not as POWs.

On Friday, National POW/MIA Recognition Day, officials at the infamous Civil War prison camp here opened a new exhibit posing the question: "Who is a POW?"

Fred Boyles, superintendent of the Andersonville National Historic Site, said the exhibit is an expansion of a portion of the POW Museum.

"What this exhibit seeks to do is to ask our 150,000 annual visitors to ponder this question, which is often difficult to answer," Boyles said.

The confusion over who is a POW and who is not dates back to the Revolutionary War, Boyles said, when Americans captured while fighting the British were considered war criminals and not legitimate prisoners.

It remains an issue of debate as the U.S. government struggles with its definition of those captured in the wars in Iraq and Afghanistan, and the Americans still unaccounted for there.

The fact that the U.S. government has virtually abandoned the designation POW has raised the ire of some former POWs and activists who are keeping alive the issue of missing Americans from all wars.

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"It diminishes the focus on the issue of prisoners of war and missing in action. It makes it sound like those people are not missing or unaccounted for," said JoAnne Shirley of Dalton, chairman of the board of the National League of POW/MIA Families.

Shirley, whose brother, Air Force Maj. Bobby Jones, is unaccounted for in Vietnam, said more than 1,800 service members are still missing in Southeast Asia, some of whom were known to be alive when captured.

Larry Greer, spokesman for the Pentagon's POW/MIA office, said the terminology "prisoner of war" was one used by the Geneva Conventions and other nations, not the Pentagon.

"The distinction is that missing/captured is a Department of Defense term," Greer said. "To the layman, it means the same."

Not so, said Lynn O'Shea, director of research for the National Alliance of Families, a POW/MIA activist group.

"When you don't give [a prisoner] the designation that the international community under the Geneva Conventions gives, we're just diminishing the value of our captured personnel if we can't say the words 'prisoner of war,' " she said.

O'Shea said there are literally tens of thousands of pages of Pentagon documents from the Vietnam War that frequently refer to America's POWs. And, as recently as the 2003 invasion of Iraq, the Pentagon referred to captured Americans, including Pfc. Jessica Lynch, as POWs.

"We've been trying to get the Defense Department to acknowledge the reality that when the enemy parades a battered serviceman or woman on TV, it is an insult to call him or her missing/captured and not a prisoner of war," O'Shea said.

Speicher, a Navy pilot, was shot down the first day of the Gulf War in 1991. Originally listed as Killed in Action/Body Not Recovered, his status was changed late last year to missing/captured when accumulated evidence indicated he may have survived the shootdown and been taken prisoner by Iraqi forces.

"There were intelligence reports that seemed to give enough credence to doubts for the secretary of navy that he was killed in action," Greer said of the reason for the change.

"We still have people on the ground investigating where he might be," he added.

Maupin, an Army Reservist, was captured by insurgents in April 2004 when his convoy was ambushed near Baghdad.

A few weeks later the Arabic television network Al-Jazeera showed a video of Maupin in captivity. Later, another video was aired in which a group calling itself "The Sharp Sword Against the Enemies of God and His Prophet" claimed to have executed Maupin.

Greer said there are also teams in Iraq still looking for Maupin, but declined to provide any information about their progress.

"In the case of Matt Maupin, it's a different environment. It's not a nation-state holding him, so we use the term missing/captured," Greer said.

While Article 4 of the Geneva Conventions has an extensive list of those who should be considered a POW, there is no mention of the status missing/captured.

"This missing in action/captured is very impersonal," O'Shea said. "You don't have to explain prisoner of war to anybody. But if you say missing in action/captured, what does that mean?"

Retired Army Col. Ben Purcell of Clarkesville, who spent more than five years in North Vietnamese prison camps, said he never considered himself anything other than a POW, despite the best efforts of his interrogators to convince him otherwise.

Eventually, Purcell said, "I became a prisoner at war. I argued with my interrogators, I went on hunger strikes and I tried to escape."

But, he said, he found strength in knowing he was a POW and should have been treated according to the articles of the Geneva Conventions.

Boyles said the new $80,000 exhibit might explode a few myths and start a few arguments over the definition of POWs.

For example, of the 52 Americans held hostage at the U.S. embassy in Tehran in 1979, only 13, the uniformed Marine security guards, were considered POWs.

And Francis Gary Powers, the U-2 pilot shot down and imprisoned in the Soviet Union in 1960, initially was not considered a POW because he was working for the CIA. Later, when it was discovered he also had an Air Force mission, his designation was changed.

The issue of who is a POW, Boyles said, "is something I've been scratching my head over for a long time."

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Bush Fails To Recapture The Nation's Post-9/11 Unity (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 17, 2006

It's a truism that the world of Sept. 10, 2001, is gone, vaporized in the attacks of the next day.

But the world of Sept. 12 is gone too.

In the aftermath of Sept. 11, Americans came together in shock and sorrow and resolve. Members of Congress, from both parties, symbolized that powerful connection when they stood on the Capitol steps and sang "God Bless America" hours after the attacks.

Last week, on the fifth anniversary of Sept. 11, they tried that again. Not that many legislators showed up. The ones who did couldn't decide whether they wanted to hold hands. The whole thing fizzled out.

The symbolism couldn't be much plainer. The national unity that emerged from the rubble of New York's twin towers is gone too. Even President Bush's nationally televised speech commemorating the attacks, a surprisingly pointed defense of his decision to invade Iraq, drew angry criticism from Democrats who said he politicized the anniversary.

Across the range of national security issues, the two parties now agree on virtually nothing. The war in Iraq is dividing Congress and the country more than any military commitment since Vietnam. Full-scale confrontations between the White House and most Democrats joined by some Republicans are gathering over the rules for the warrantless National Security Agency wiretapping Bush authorized in 2001 and the procedures for bringing to trial detainees in the war on terrorism.

These conflicts hardly seem remarkable in an era when the two parties wage political war about almost everything. And yet from other angles, the degree of division over national security five years after Sept. 11 is extraordinary.

The struggle against Islamic radicalism is not like the Vietnam War, when a meaningful share of Americans questioned our stake in the outcome. Virtually all Americans recognize the nihilism symbolized by Osama bin Laden as a threat to our values and interests. In that specific sense, the fight against Islamic extremism is much more like World War II, when almost all Americans condemned the goals, methods and beliefs of our fascist enemies.

Given that starting point, it was not inevitable that America would divide so sharply over the strategy for combating that enemy. Looking back, there's plenty of blame to go around. Bush's decision to invade Iraq amid ambivalence at home and widespread resistance abroad was obviously a critical fork in the road.

Looking forward, there's no question that Bush has the greatest opportunity to bridge today's divisions. The president sets the tone for America's debates, especially on foreign policy. Except for the period immediately after Sept. 11, Bush simply hasn't placed a high priority on establishing consensus for his national security strategy.

It's easy to understand why he felt a sense of urgency and mission about constructing a comprehensive response to the threats that crystallized on that late-summer's day five years ago. But by pursuing a course that concedes so little to contrasting views, Bush has dissipated one of any democracy's greatest assets: a united sense of purpose. He has also virtually ensured that America will reopen almost all of his decisions as soon as he leaves office. A narrow consensus is rarely a lasting one.

In his various remarks last week remembering the Sept. 11 attacks, Bush — as he has before — invoked Presidents Franklin D. Roosevelt and Harry S. Truman. But Bush still shows no indication of having learned from their approach to building domestic support for foreign policy.

As America moved into World War II, Roosevelt named Republican Henry Stimson, President Hoover's secretary of State, as his secretary of war. He also tapped Frank Knox, the Republican vice presidential nominee in 1936, as his secretary of the Navy. And FDR sent Wendell Willkie, his GOP opponent in 1940, on a global goodwill mission.

After the war, Truman built bipartisan support in Congress by consulting exhaustively, and compromising regularly, with Republican Sen. Arthur Vandenberg of Michigan over every aspect of America's emerging strategy for the Cold War. They built a consensus broad enough to endure: Truman's strategy of containment guided American policy for more than 40 years.

Neither Roosevelt nor Truman was a saint. Both sought to squeeze political advantage from their role as commander in chief. But they set boundaries on the mingling of war and politics. When Edward J. Flynn, the Democratic National Committee chairman, suggested in 1942 that a Republican takeover of the House might hurt the war effort, Roosevelt publicly rebuked him .

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Bush has set a very different tone. He has provided Democrats and even skeptical Republicans little voice in shaping his national security strategy. Bush has also shown himself to be willing, even eager, to frame national security debates in ways that maximize their political impact. In 2002, Congress spent the last weeks before the midterm election arguing over guidelines for the Department of Homeland Security and authorization for the use of force in Iraq. Now the White House is pressing Congress to act on the NSA surveillance and the detainee trials just weeks before another critical election.

Let's be clear. Debate is good. Argument is healthy. In a democracy, dissent is not only a right, but an obligation, especially during wartime. It's pointless to deny the presence of genuine disagreements. But after all the arguments have been raised, all the dissent and disagreements aired, and all the debates conducted, political leaders' responsibility is to build a consensus most of their citizens can accept.

Both parties have failed that test too often since Sept. 11. But the president has the greatest opportunity to create that consensus and so he bears the greatest responsibility for its absence. The hole in the skyline of Lower Manhattan, and in the hearts of many Americans, is now matched by the tear in the sense of common purpose that inspired so much of the country five years ago.

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How The Presidency Regained Its Balance (NYT)

By John Yoo

The New York Times, September 17, 2006

Berkeley, Calif.

FIVE years after 9/11, President Bush has taken his counterterrorism case to the American people. That's because he has had to. This summer, a plurality of the Supreme Court found, in Hamdan v. Rumsfeld, that Congress must explicitly approve military commissions to try suspected terrorists. So Mr. Bush has proposed legislation seeking to place the tribunals, and other aggressive antiterrorism measures, on a sounder footing.

But the president has broader goals than even fighting terrorism — he has long intended to make reinvigorating the presidency a priority. Vice President Dick Cheney has rightly deplored the "erosion of the powers and the ability of the president of the United States to do his job" and noted that "we are weaker today as an institution because of the unwise compromises that have been made over the last 30 to 35 years."

Thus the administration has gone to war to pre-empt foreign threats. It has data-mined communications in the United States to root out terrorism. It has detained terrorists without formal charges, interrogating some harshly. And it has formed military tribunals modeled on those of past wars, as when we tried and executed a group of Nazi saboteurs found in the United States.

To his critics, Mr. Bush is a "King George" bent on an "imperial presidency." But the inescapable fact is that war shifts power to the branch most responsible for its waging: the executive. Harry Truman sent troops to fight in Korea without Congressional authority. George H. W. Bush did not have the consent of Congress when he invaded Panama to apprehend Manuel Noriega. Nor did Bill Clinton when he initiated NATO's air war over Kosovo.

The Bush administration's decisions to terminate the 1972 antiballistic missile treaty and to withdraw from the International Criminal Court and the Kyoto accords on global warming rested on constitutional precedents going all the way back to Abraham Lincoln.

The administration has also been energetic on the domestic front. It has re-classified national security information made public in earlier administrations and declined, citing executive privilege, to disclose information to Congress or the courts about its energy policy task force. The White House has declared that the Constitution allows the president to sidestep laws that invade his executive authority. That is why Mr. Bush has issued hundreds of signing statements — more than any previous president — reserving his right not to enforce unconstitutional laws.

A reinvigorated presidency enrages President Bush's critics, who seem to believe that the Constitution created a system of judicial or congressional supremacy. Perhaps this is to be expected of the generation of legislators that views the presidency through the lens of Vietnam and Watergate. But the founders intended that wrongheaded or obsolete legislation and judicial decisions would be checked by presidential action, just as executive overreaching is to be checked by the courts and Congress.

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The changes of the 1970's occurred largely because we had no serious national security threats to United States soil, but plenty of paranoia in the wake of Richard Nixon's use of national security agencies to spy on political opponents. Congress enacted the War Powers Resolution, which purports to cut off presidential uses of force abroad after 60 days. It passed the Budget and Impoundment Act to eliminate the modest presidential power to rein in wasteful spending. The Foreign Intelligence and Surveillance Act required the government to get a warrant from a special court to conduct wiretapping for national security reasons.

These statutes have produced little but dysfunction, from flouting of the war powers law, to ever-higher pork barrel spending, to the wall between intelligence and law enforcement that contributed to our failure to stop the 9/11 attacks.

The 1970's shifted power from the president to Congress, and the latter proved a far more accommodating boss to federal agencies looking for budget dollars — a fragmented legislature is obviously much easier to game than a chief executive. But 535 members of Congress cannot manage day-to-day policy. A legislature's function is to draft the laws of the land, set broad goals and spend taxpayer revenues in the national interest, not to micromanage.

The judiciary, too, has been increasingly assertive over the last three decades. It has shown far less deference to the executive in this war than in past conflicts. This energetic judiciary is partly a response to Congress's bulked-up power; the courts have had to step in to try to repair the problems created by vague laws that try to do too much, that state grandiose goals, while avoiding hard policy choices.

Congress's vague legal mandates are handed off to the states or the agencies or the courts to sort out. Our legislators rarely turn their attention to the problems created by laws that are old and obsolete, or of dubious relevance to new issues. (This is why the Hamdan decision was less a rebuke of the presidency than a sign of frustration with Congress's failure to update our laws to deal with the terrorist menace.)

Unfortunately, much of the public misunderstands the true role of the executive branch — in large part because today's culture transforms presidents into celebrities. On TV, a president's every move seems central to the universe, so he has the image of power that far exceeds the reality. But as the presidential scholar Richard Neustadt, a liberal icon, argued, the presidency is inherently weak, while mythic things are expected of and attributed to it — like maintaining national security and economic growth.

Today many pundits and political scientists seem to want the president's power to be the sum of his communication and political skills, his organizational ability, his cognitive style and emotional intelligence. It is almost as if any president who uses the constitutional powers allocated to his office to effect policy has failed, not succeeded.

But the presidency, unlike Congress, is the only office elected by and accountable to the nation as a whole. The president has better access to expertise from the unified executive branch — including its top secret data — than the more ad hoc information Congress develops through hearings and investigations.

That is why, while jealous of its prerogatives, Congress usually goes along with a president's policy decisions. A strong executive can accept responsibility for difficult choices that Congress wants to avoid. The Republican Congress, for instance, wanted to give President Bill Clinton a line-item veto, only to be blocked by the Supreme Court. Despite hearings and criticism of the energetic executive, Congress has yet to pass laws reining in Mr. Bush very much.

Congress has for years been avoiding its duty to revamp or repeal outmoded parts of bygone laws in the light of contemporary threats. We have needed energy in the executive branch to fill in that gap. Congress now must act to guide our counterterror policy, but it should not try to micromanage the executive branch, particularly in war, where flexibility of action is paramount.

Bush Untethered (NYT)

The New York Times, September 17, 2006

Watching the president on Friday in the Rose Garden as he threatened to quit interrogating terrorists if Congress did not approve his detainee bill, we were struck by how often he acts as though there were not two sides to a debate. We have lost count of the number of times he has said Americans have to choose between protecting the nation precisely the way he wants, and not protecting it at all.

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On Friday, President Bush posed a choice between ignoring the law on wiretaps, and simply not keeping tabs on terrorists. Then he said the United States could rewrite the Geneva Conventions, or just stop questioning terrorists. To some degree, he is following a script for the elections: terrify Americans into voting Republican. But behind that seems to be a deeply seated conviction that under his leadership, America is right and does not need the discipline of rules. He does not seem to understand that the rules are what makes this nation as good as it can be.

The debate over prisoners is not about whether some field agent can dunk Osama bin Laden's head to learn the location of the ticking bomb, as one senator suggested last week. It is about whether the United States can confront terrorism without shredding our democratic heritage. This nation is built on the notion that the rules restrain our behavior, because we know we're fallible. Just look at the hundreds of men in Guantánamo Bay, many guilty of nothing, facing unending detention because Mr. Bush did not want to follow the rules after 9/11.

Now Mr. Bush insists that in cleaning up his mess, Congress should exempt C.I.A. interrogators from the Geneva Conventions. "The bottom line is simple: If Congress passes a law that does not clarify the rules — if they do not do that — the program's not going forward," Mr. Bush said. But clarity is not the issue. The Geneva Conventions are clear and provide ample room for interrogating terrorists. Similarly, in the debate over eavesdropping on terrorists' conversations, Mr. Bush says that if he has to get a warrant, he can't do it at all. Actually, he has ample authority to eavesdrop on terrorists, under the very law he is breaking, the 1978 Foreign Intelligence Surveillance Act.

Senator Dianne Feinstein, a Democrat who is on the Senate Intelligence Committee, says that after being briefed on the wiretapping, she concluded that "this surveillance can be done, without sacrifice to our national security," within the law. She has introduced a bill to affirm FISA's control over all wiretapping. It would also give the authorities far more flexibility to listen first and get a warrant later when it's really urgent. But the only bill Mr. Bush wants is a co-production of Vice President Dick Cheney and Arlen Specter, chairman of the Senate Judiciary Committee, that gives the president more room to ignore FISA and chokes off any court challenges.

The best thing Congress could do for America right now is to drop this issue and let the courts decide the matter. Mr. Bush can't claim urgency; it's not as though he has stopped the wiretapping.

Legislation is needed on the prisoner issue, although not as urgently as Mr. Bush says. Three Republican senators, John McCain, John Warner, and Lindsey Graham, have a bill that is far better than the White House version but it, too, has some huge flaws that will take time to fix. It will be hard in an election year, but if the Republicans stand firm, and Democrats insist on the needed changes, they might just require Mr. Bush to recognize that he is subject to the same restraints that applied to every other president of this nation of laws.

A License To Abuse (WP)

The Washington Post, September 17, 2006

Mr. Bush says he has "one question" for Congress. The right answer to it is "no."

PRESIDENT BUSH made crystal clear Friday that he has one overriding concern about the legislation on foreign detainees before Congress. His "one test," he said, was whether Congress would authorize what he repeatedly called "the program" -- that is, the CIA's network of secret prisons and its brutal treatment of the people in them. "Congress has got a decision to make," Mr. Bush declared during a news conference. "Do you want the program to go forward or not?"

That is indeed the most important question before Congress and the nation. So allow us to elaborate, again, exactly what Mr. Bush means by "the program." He's talking about the practice of sequestering terrorist suspects indefinitely and without charge in secret foreign locations and holding them incommunicado even from the International Red Cross. Until recently, such "disappearances" were the signature of Third World dictatorships. U.S. adoption of them has roiled relations with our closest European allies and impeded collaboration with foreign police and intelligence services.

Mr. Bush also wants the CIA to be able to treat its detainees to such practices as "cold cell," or induced hypothermia, in which detainees are held naked in near-freezing temperatures and repeatedly doused with water; "long standing," in which prisoners are handcuffed in an uncomfortable standing position and forced to remain there for up to 40 hours; and prolonged sleep deprivation.

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Throughout the world and for decades, such practices have been called torture. That's what the United States called them when they were used by the Soviet KGB. As the president himself tacitly acknowledges, they violate Geneva and other international conventions as well as current U.S. law. News that the United States has used these techniques -- as well as waterboarding, an ancient torture technique that simulates drowning -- has gravely damaged U.S. standing in the world and the fight against terrorism. It increases the danger that captured U.S. servicemen will be exposed to similar treatment by nations that might otherwise feel obliged to respect the Geneva standards.

When Mr. Bush was asked Friday whether he wasn't in effect seeking sanction for torture, he responded with an evasion. He claimed that the Geneva Conventions' Common Article 3 is "very vague" and that his proposal would provide "clarity" for CIA professionals. In fact, the opposite is true.

Common Article 3, which prohibits cruel treatment and humiliation, is an inflexible standard. The U.S. military, which lived with it comfortably for decades before the Bush administration, just reembraced it after a prolonged battle with the White House. The Army issued a thick manual this month that tells interrogators exactly what they can and cannot do in complying with the standard. The nation's most respected military leaders have said that they need and want nothing more to accomplish the mission of detaining and interrogating enemy prisoners -- and that harsher methods would be counterproductive.

Mr. Bush wants to replace these clear rules with a flexible and subjective standard -- one that would legalize any method that does not "shock the conscience." What shocks the conscience? According to Mr. Bush's Justice Department, the torture techniques described above -- and at least in the past, waterboarding -- do not, "in certain circumstances." So Mr. Bush's real objection to Common Article 3 is not that it is vague. It is that it will not permit abusive practices that he isn't willing publicly to discuss or defend.

Rather than admit that he wants to legalize disappearances and torture, Mr. Bush ominously warns that "the program" won't continue unless Congress passes his bill. He says "time's running out," even though it's not. There are no detainees in the CIA prisons at the moment, according to the president, and the only clock running out is that measuring the midterm election campaign. There is no need for Congress to act in the next two weeks. But if it does, the clear answer to Mr. Bush's question, endorsed by Sen. John W. Warner (R-Va.), Sen. John McCain (R-Ariz.), former secretary of state Colin L. Powell and a host of other responsible Republican and military leaders, is "no." For both moral and practical reasons, the country should reject this fundamental violation of its principles.

No Rubber Stamp For Bush (LAT)

The Los Angeles Times, September 17, 2006

The president deserves even more resistance to his method of waging war on terror.

PRESIDENT BUSH MADE FULL USE of the 9/11 anniversary last week. In his speeches and remarks, he reminded the nation of the stakes involved in what he calls the war on terror, and he conveyed a renewed sense of urgency to prevent attacks and bring those responsible for 9/11 to justice. Yet if his goal was also to pressure Congress into acting as a rubber stamp for the administration's questionable legal tactics in conducting this war, it was a disappointing week for the president — and a heartening one for anyone outside the White House.

On the treatment of detainees, the president has been especially disingenuous. He has never been a fan of international law, so it's absurd for him to pretend to want to "clarify" the Geneva Convention. What he clearly wants to do is gut the treaty's humanitarian protections for wartime detainees, with an eye toward retroactively legitimizing abusive CIA interrogation tactics used on terrorism suspects.

In what has to be considered one of the high points of this so-called war on terror — if one considers democracy and the rule of law among the prime targets of "terror"— last week prominent Republicans blocked the White House's cynical move.

Backed by Colin L. Powell, former secretary of State and former chairman of the Joint Chiefs of Staff, four Republican senators — John McCain of Arizona, Susan Collins of Maine, John W. Warner of Virginia and Lindsey Graham of South Carolina — joined the 11 Democrats on the Senate Armed Services Committee in rejecting the White House's proposal to weaken detainees' protections in the judicial process. Legislation authorizing military tribunals to try terror suspects was mandated by June's Supreme Court ruling invalidating the White House's attempts to create the tribunals, and their rules, on its own.

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The committee transcended partisanship to protect not only constitutional norms but the interests of U.S. troops who may be detained overseas in the course of active duty. How would you like to be a prisoner of war in a world in which the U.S. government is encouraging others to "clarify" the Geneva Convention to serve their own purposes?

At issue is the Convention's Common Article 3, drafted in 1949, barring "outrages upon personal dignity, in particular humiliating and degrading treatment." The administration considers this language inconveniently vague and would like to tinker with it to legalize an "alternative set of procedures" employed by CIA operatives in secret facilities.

The bill passed by the Senate committee doesn't reinterpret the Convention, and it preserves some important procedural guarantees that the White House would deny its military commissions — including the right of defendants to confront the evidence against them. Bush was flustered that Senate Republicans hadn't fallen into line. In his news conference Friday morning, the president said: "The intelligence community must be able to tell me that the bill Congress sends to my desk will allow this vital program to continue. That's what I'm going to ask."

On another front in the nation's war on terror and the administration's war to expand executive powers, the Senate Judiciary Committee took up the issue of how to bring the National Security Agency's warrantless wiretapping of Americans under legal control. And on this matter, like small children at a birthday party, everyone was a winner last week.

The committee approved a bill by Sen. Mike DeWine (R-Ohio) that would essentially legalize what the Bush administration has been doing outside the Foreign Intelligence Surveillance Act. But the committee also approved two other bills — one by Sen. Arlen Specter (R-Pa.) that would allow a secret court to rule on the constitutionality of what Bush calls the Terrorist Surveillance Program, and another by Sen. Dianne Feinstein (D-Calif.) that would reiterate that FISA governs all domestic electronic surveillance while making it easier for the NSA to act without a court order in a terrorist emergency.

Instead of hedging its bets, the committee should have approved the Feinstein bill and discarded the others.

Some defenders of the spying program have hinted that it cannot be pursued under FISA because its courts deal with permission to listen in on the conversations of individuals, as opposed to "data mining" of telephone and e-mail records that might throw up hundreds or thousands of exchanges or e-mail addresses. It is also argued that the FISA approval process is too sluggish — something that can be remedied by more permissive procedures for emergencies. The Bush administration has only itself to blame if there is confusion about what exactly the NSA is doing and why it cannot be squared with FISA. Feinstein, who as a member of the Intelligence Committee is privy to details about the NSA program that are denied the rest of us, is confident that it can continue to operate under a modification of the FISA scheme. If she is wrong, the administration has not made the case.

All three bills that emerged from the Senate Judiciary Committee acknowledge what the administration is loath to admit: that Congress was improperly excluded from the design and implementation of this spying program. But the Specter bill gives too much to the president and limits the role of the FISA court to a "program-wide" determination of the program's constitutionality. The DeWine bill, while providing for congressional oversight, is also too deferential to the president.

Whether the issue is NSA spying or the application of the Geneva Convention to the interrogation of suspected terrorists, the administration makes the same argument: "Trust us." This is not healthy.

As Powell wrote in a letter to McCain, speaking in support of the Geneva Convention, "The world is beginning to doubt the moral basis of our fight against terrorism." No matter how grave the challenges the nation faces, those doubts spread every day that Bush refuses to accept that there are checks and balances on his power.

The View From Guantánamo (NYT)

By Abu Bakker Qassim

The New York Times, September 17, 2006

Tirana, Albania

I HAVE been greatly saddened to hear that the Congress of the United States, a country I deeply admire, is considering new laws that would deny prisoners at Guantánamo Bay the right to challenge their detentions in federal court.

I learned my respect for American institutions the hard way. When I was growing up as a Uighur in China, there were no independent courts to review the imprisonment and oppression of people who, like me, peacefully opposed the Communists. But I learned my hardest lesson from the United States: I spent four long years behind the razor wire of its prison in Cuba.

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I was locked up and mistreated for being in the wrong place at the wrong time during America's war in Afghanistan. Like hundreds of Guantánamo detainees, I was never a terrorist or a soldier. I was never even on a battlefield. Pakistani bounty hunters sold me and 17 other Uighurs to the United States military like animals for $5,000 a head. The Americans made a terrible mistake.

It was only the country's centuries-old commitment to allowing habeas corpus challenges that put that mistake right — or began to. In May, on the eve of a court hearing in my case, the military relented, and I was sent to Albania along with four other Uighurs. But 12 of my Uighur brothers remain in Guantánamo today. Will they be stranded there forever?

Without my American lawyers and habeas corpus, my situation and that of the other Uighurs would still be a secret. I would be sitting in a metal cage today. Habeas corpus helped me to tell the world that Uighurs are not a threat to the United States or the West, but an ally. Habeas corpus cleared my name — and most important, it let my family know that I was still alive.

Like my fellow Uighurs, I am a great admirer of the American legal and political systems. I have the utmost respect for the United States Congress. So I respectfully ask American lawmakers to protect habeas corpus and let justice prevail. Continuing to permit habeas rights to the detainees in Guantánamo will not set the guilty free. It will prove to the world that American democracy is safe and well.

I am from East Turkestan on the northwest edge of China. Communist China cynically calls my homeland "Xinjiang," which means "new dominion" or "new frontier." My people want only to be treated with respect and dignity. But China uses the American war on terrorism as a pretext to punish those who peacefully dissent from its oppressive policies. They brand as "terrorism" all political opposition from the Uighurs.

Amnesty International reports that East Turkistan is the only province in China where people may face the death penalty for political offenses. Chinese leaders brag about the number of Uighur political prisoners shot in the head. I was punished for speaking against China's unjust policies, and I left because of the threat to my life. My search for work and refuge took me from Kyrgyzstan to Afghanistan and Pakistan.

I heard about the Sept. 11 attacks for the first time in Guantánamo. I was not aware of their magnitude until after my release, when a reporter showed me images online at an Internet cafe in Tirana. It was a terrible thing. But I too was its victim. I would never have experienced the ordeal and humiliation of Guantánamo if this horrific event had not taken place.

I feel great sadness for the families who lost their loved ones on that horrible day five years ago. And I would be sadder still to see the freedom-loving American people walk away from their respect for the rule of law. I want America to be a strong and respected nation in the world. Only then can it continue to be the source of hope for the hopeless — like my people.

Yemen Arrests Militants Accused In Plot (AP)

By Donna Abu-nasr

AP, September 17, 2006

Four suspected al-Qaida members who were plotting attacks for Yemen's capital were arrested Saturday, a day after security forces foiled near-simultaneous attempts to blow up two oil installations, authorities said.

Interior Minister Rashad Rashad al-Eleimi said the suspects had links to the four suicide bombers who tried to strike the oil installations Friday but were killed during the attacks.

Security forces confiscated 12 bags each containing about 88 to 110 pounds of highly explosive material Saturday as well as masks and women's clothing, which militants sometimes use to disguise themselves, al-Eleimi said.

He said the four arrested men planned to stage attacks on Yemeni and foreign targets in San`a but did not provide any details.

The arrests were made Saturday morning after an hours-long standoff that began Friday night when security forces surrounded the militants. The interior minister said the alleged militants opened fire but no one was hurt.

"We are certain that this cell has links with the al-Qaida network and with those who carried out the attacks in Mareb and Hadarmut," al-Eleimi told reporters, referring to the areas targeted Friday.

The violence coincided with an election campaign in which President Ali Abdullah Saleh, facing his first real challenge since he became head of state in 1978, has been reaching out to the country's fundamentalist Islamic movement.

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Saleh offered a $26,000 reward Saturday for information leading to the arrest of terrorists in Yemen. He said the money would go to anyone "who gives information about or arrests a wanted terrorist," according to the official SABA news agency.

On Friday, four suicide bombers tried to attack a refinery in Mareb and an oil storage facility in Hadarmut but failed. They were killed when their cars blew up in an exchange of fire with security forces.

Al-Eleimi said the vehicles that blew up were loaded with up to 10 gas canisters each as well as explosives.

He said the attacks Friday and the alleged militants arrested Saturday were linked to a videotape aired Monday of al-Qaida's No. 2 leader, Ayman al-Zawahri, threatening attacks in the Persian Gulf region and on facilities he accused of stealing Muslim oil.

"There is no doubt that there are sleepers cells" in Yemen, al-Eleimi said.

Al-Qaida has an active presence in Yemen, the ancestral home of Osama bin Laden, despite government efforts to fight the network. The group was blamed for the 2000 bombing of the USS Cole in Aden that killed 17 American sailors and the attack on a French oil tanker that killed one person two years later.

There have been fears of an al-Qaida attack in Yemen since 23 members of the terror network tunneled out of a Yemeni jail in February with help from prison guards. Fourteen prisoners remain at large.

After the Cole bombing and the Sept. 11 attacks in the United States, the West began pressuring Yemen to join the war against terror groups. Saleh has launched several crackdowns against extremists, winning praise from the United States.

Tribesmen Use Captives To Pressure Yemen (AP)

By Donna Abu-nasr

AP, September 17, 2006

When a French hostage mentioned to Yemeni kidnappers this week that he needed his blood pressure medication, they retrieved it for him.

The word "hostage" these days conjures images of gaunt men and women pleading for their lives, but captives in Yemen get hospitality.

While militants in places like Iraq hold and sometimes murder prisoners, Yemini tribes take hostages to pressure the government for relatively simple demands, such as freeing clan members from jail or improving roads, hospitals and schools.

The tribes have been doing it for years, and they believe the traditions of Arab hospitality dictate that their hostages be treated well.

"The four French hostages are honored guests, and we try to make sure they lack for nothing," said Almulla Zabara, a leader in the Al-Abdullah tribe that seized the four men and their Yemeni translator a week ago.

The abductors are demanding the release of some fellow tribesmen imprisoned by the government of this nation on the southwestern corner of the Saudi Arabian peninsula.

Although there aren't any recent figures, according to government officials and media reports, as many as 325 people were kidnapped in Yemen between 1991 and 2001. They included 91 French, 80 Germans, 37 Britons, 23 Americans and 22 Dutch.

Until 1998, all the captives were released unharmed. But late that year, four tourists grabbed in the first kidnapping by a Muslim extremist group rather than a tribe died during a botched rescue attempt by Yemeni security forces.

Zabara's assertion that tribal hostages are treated well is supported by the accounts of former detainees, who tell of sightseeing trips, parting gifts of pendants, incense or traditional curved daggers, wine served with dinner despite a ban on liquor and afternoons spent shooting — a popular sport among tribesmen.

In one case, the captors of American diplomat Haynes Mahoney were so concerned his captivity be comfortable that they tailed him to a supermarket to find out his food preferences and bought the items he had shopped for before kidnapping him in 1993.

Jean-Jack Abassin, a retired French nuclear engineer who was snatched in 1996, described the conditions of the four days he spent as a hostage as "very nice" and said he sent copies of pictures he took during captivity to his kidnappers.

Abassin and his wife, Monique, were on the final day of a two-week group tour when their group of 17 French citizens was taken hostage by 15 tribesmen armed with Kalashnikov assault rifles.

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"It was the month of Ramadan, so they weren't eating themselves, but they prepared typical meals from the region — rice and chicken — for us," Abassin told The Associated Press from his home in Beviers, France. "At first we had to eat with our fingers, like they do, but later they gave us spoons."

He said the tribesmen also took the group sightseeing, showing them archaeological sites and ruins that the Frenchman believes had "never before been seen by Westerners."

Patrizia Rossi, one of four Italians kidnapped last January, told AP that when the group was snatched, "We got into a panic with those machine guns pointed at us."

"The kidnappers did not speak any language we knew so we couldn't communicate," she said, speaking from her home in Basiglio, Italy.

But they felt more at ease over the days as the tribesmen repeatedly reassured them that they would be released, she added. The kidnappers were trying to secure the freedom of jailed members of the al-Zaydi tribe, they told the Italians.

The hostages were given bread, rice, lamb and tea, and were even offered khat, a leaf that is a mild stimulant chewed by many Yemenis every afternoon, Rossi recalled. She said one kidnapper gave her a pendant as a gift.

Although hostages have been treated well, some were terrified to be held in remote hideouts filled with weapons.

Fabian Chrobog, who works at an investment firm in London, was kidnapped along with his family in December and held for four days.

In an account he wrote for AP, Chrobog, the son of former German Deputy Foreign Minister Juergen Chrobog, said the tribesmen demanded the release of five jailed members of their clan.

"These men weren't terrorists — they were goat herders and honey producers," he wrote. "But even when they treat you nicely, when you're in an environment with that many guns and 12-year-olds who carry Kalashnikovs, you're not safe."

When the Chrobogs were released, the captors expected their five fellow tribesmen to be freed. But they weren't, and the tribesmen who kidnapped the four French tourists Sept. 10 are seeking the release of the same prisoners.

Zabara insisted the Frenchmen were safe and said his tribesmen would protect them if the government tried to use force to free them.

Interior Minister Rashad al-Eleimi said at a news conference Saturday that the hostages were "in excellent health" and that the government would use peaceful means to secure their release.

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Associated Press writers Marta Falconi in Rome and Jenny Barchfield in Paris contributed to this report.

Defining Today's Moderate Muslim (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, September 17, 2006

Who is a moderate Muslim?

Is it Maher Hathout, the Los Angeles Muslim leader who has promoted interfaith relations and women's equality but denounced Israel as a brutal apartheid regime?

Is it Tashbih Sayyed, a journalist based in Alta Loma, Calif., who praises Israel's behavior toward Palestinians as tolerant and criticizes Muslims for corrupting Islam?

The question has come under intense debate since 9/11 as the public struggles to distinguish peaceful Muslims from Al Qaeda terrorists, and is at the heart of two Southern California skirmishes over who represents moderate Islam.

In a dinner scheduled for tonight, the American Jewish Congress plans to honor Sayyed and four others for what it sees as their friendly attitudes toward Israel and courageous efforts to reform Islam.

Gary Ratner, executive director of the Congress' Western region office in Los Angeles, said the tribute is part of the organization's global efforts to reach out to moderate Muslims in Pakistan, Indonesia, Albania and elsewhere, including sponsoring a dinner in New York last year for Pakistan President Pervez Musharraf.

"Israel is going to be a fixture in the Mideast," Ratner said. "If there is ever going to be peace, there has to be accommodation with Muslims."

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The organization's choice of honorees, however, has offended some Muslims, in part because three of them no longer practice the faith.

In contrast, a different award has offended some Jewish sensibilities: the decision by the Los Angeles County Human Relations Commission to honor Hathout as a model of harmonious interfaith relations.

Hathout's critics argue that his controversial statements supporting Hezbollah and denouncing Israel have exposed him as an extremist. The Egyptian native and retired cardiologist, saying his opponents have twisted his record, asserts that he has long condemned terrorism, launched interfaith dialogues and promoted an American Islamic identity that celebrates pluralism, democracy and women's rights.

The commission is to vote Monday on whether to reaffirm or rescind the award.

Despite the dissent, Muslims, Christians and Jews named similar attributes when asked to define religious moderation. They included problem-solving without violence, affirmation of human rights, religious freedom and other Western values, and respectful attitudes toward women.

But on one key issue, there was sharp disagreement: attitudes toward Israel.

Ratner said his group believes support for Israel's right to exist as a Jewish state is central to the definition of a moderate because it speaks to the larger qualities of tolerance and acceptance.

Others, however, reject that as a litmus test.

"It's un-American," said John Esposito, Georgetown University professor of religion and international affairs. "Your principal and only obligation in terms of loyalty as an American is to America. You can have a variety of positions regarding foreign policy."

Still others say labels and litmus tests aren't terribly useful for either side.

"The question is … can we find points of agreement, a place from which to build trust and move forward?" asked Rob Eshman, editor of the Jewish Journal of Greater Los Angeles. "I deal with Jews every day whom I don't consider moderate, but I don't write them off. And we can't afford to write off Muslims."

Since 9/11, Esposito and others said, the quest for moderate Muslims has become widespread as policymakers, journalists, terrorism experts and religious leaders seek to understand Islam and assess who is "safe" and who is extremist.

Often, those seeking moderate Muslims are looking for people to affirm their own values, said Reuven Firestone, a professor of medieval Jewish and Islamic studies at Hebrew Union College-Jewish Institute of Religion in Los Angeles.

"When we say we want moderate Muslims, what we are really saying is that we want Westernized Muslims who have the same kinds of sensibilities we have," Firestone said. "But that's not realistic. It's a false but human assumption that moderates must agree with us on most issues."

To Firestone, moderates are those committed to settling disputes without violence and willing to hear and consider other points of view, especially those contrary to their own.

Others said that whatever yardstick is chosen must be consistently applied. If Muslims who condemn Israeli treatment of Palestinians are extremists, all Christians, Jews and atheists who feel likewise must be similarly described, said Khaled Abou El Fadl, a UCLA Islamic law professor and author of "The Great Theft: Wrestling Islam from the Extremists."

Many said a key criterion for Muslim moderates is that they in fact be Muslim.

Among the Jewish Congress honorees are Indian-born British author Salman Rushdie, a self-described atheist, and two women who say they left the faith years ago, Wafa Sultan and Nonie Darwish.

Darwish is a Southern California writer and founder of Arabs for Israel. Sultan is a Corona psychiatrist, writer and activist who has said she is particularly concerned about women's status in Islam.

"By honoring Muslims who are not practicing Muslims, the given message, even if unintentional, is that these people are good because they left the faith," said Firestone, who recently returned from a six-month sabbatical in Cairo. "But there are hundreds of millions of moral, deeply believing Muslims."

Ibrahim Hooper, spokesman for the Council on American-Islamic Relations, said Jewish groups have long tried to promote alternative Islamic leaders who may be friendly to Israel but in fact have little following among Muslims. "It's a slap in the face," he said.

But Ratner defended the selections.

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"To me it's a phonetic debate," he said, referring to whether the awardees were practicing Muslims or not. "It's about the reform of Islam so that the Muslim world and the West can live in peace and tolerance with each other's values and beliefs."

Two of the honorees say they are practicing Muslims deeply concerned about their tradition's future and are unafraid to speak about it. Both Salim Mansur, a Calcutta native and Canadian political science professor, and Sayyed, the newspaper editor, said the Muslim world must stop blaming the West for its own ailments, including poverty, illiteracy, injustice or extremism.

Sayyed, 64, immigrated to the United States in 1981 to escape what he described as an increasingly radical practice of Islam in Pakistan. He said Muslims must reinvigorate their tradition with open debate even on sensitive questions. That includes, he said, whether Islam was spread by the sword or ideas, whether shariah is an outdated legal system for Muslims and whether the Prophet Muhammad's actions were all divinely inspired.

But when he wrote an article last year calling for Islam's reinterpretation, Sayyed said, he was widely condemned and threatened by fellow Muslims.

Mansur, too, said he was ostracized after writing columns for the Toronto Sun five years ago condemning the Taliban's destruction of ancient Buddhist statues in Afghanistan and comparing it to the murderous Khmer Rouge of Cambodia. The backlash prompted him to stop going to his local mosque.

Both men, however, said they have no intention of falling silent.

"Because I love my faith, I have to raise my voice and challenge it from within," Sayyed said.

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HOMELAND RESPONSE:

Spy Agencies Outsourcing To Fill Key Jobs (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 17, 2006

Contractors, many of them former employees, are doing sensitive work, such as handling agents. A review of the practice has been ordered.

WASHINGTON — At the National Counterterrorism Center — the agency created two years ago to prevent another attack like Sept. 11 — more than half of the employees are not U.S. government analysts or terrorism experts. Instead, they are outside contractors.

At CIA headquarters in Langley, Va., senior officials say it is routine for career officers to look around the table during meetings on secret operations and be surrounded by so-called green-badgers — nonagency employees who carry special-colored IDs.

Some of the work being outsourced is extremely sensitive. Abraxas Corp., a private company in McLean, Va., founded by a group of CIA veterans, devises "covers," or false identities, for an elite group of overseas case officers, according to current and former U.S. intelligence officials familiar with the arrangement.

Contractors also are turning up in increasing numbers in clandestine facilities around the world. At the CIA station in Islamabad, Pakistan, as many as three-quarters of those on hand since the Sept. 11 attacks have been contractors. In Baghdad, site of the agency's largest overseas presence, contractors have at times outnumbered full-time CIA employees, according to officials who have held senior positions in the station.

The post-9/11 period has brought sweeping changes to the U.S. intelligence community. Spy budgets have swelled by more than $10 billion a year, and agencies have seen their roles and authorities altered by legislation.

Largely because of the demands of the war on terrorism and the drawn-out conflict in Iraq, U.S. spy agencies have turned to unprecedented numbers of outside contractors to perform jobs once the domain of government-employed analysts and secret agents.

The proliferation of contractors has outstripped the intelligence community's ability to keep track of them.

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Former intelligence officials said most U.S. spy agencies did not have even approximate counts of the numbers of contractors they were employing — although several officials said the number at the CIA had nearly doubled in the last five years and now surpassed the full-time workforce of about 17,500. Often, the contract employees had previous ties to the agencies.

Concerned by the lack of data and direction, Director of National Intelligence John D. Negroponte this year ordered a comprehensive study of the use of contractors.

Ronald Sanders, a senior intelligence official in charge of the examination, said that all 16 U.S. intelligence agencies had been instructed to turn over records on contractors, and that one focus of the study would be whether outsourcing highly sensitive jobs was appropriate.

"We have to come to some conclusion about what our core intelligence mission is and how many [full-time employees] it's going to take to accomplish that mission," Sanders said, adding that the growth in contracting over the last five years had been driven by necessity and was extremely haphazard.

"I wish I could tell you it's by design," he said. "But I think it's been by default."

Senior U.S. intelligence officials said that the reliance on contractors was so deep that agencies couldn't function without them.

"If you took away the contractor support, they'd have to put yellow tape around the building and close it down," said a former senior CIA official who was responsible for overseeing contracts before leaving the agency earlier this year.

This former official and more than a dozen other current and former U.S. intelligence officials interviewed for this story spoke on condition of anonymity because of the classified nature of intelligence contracting work.

The use of outside firms has enabled spy agencies to tap a deep reservoir of talent during a period of unprecedented demand. Many of those hired have been retired case officers and analysts who were eager to contribute to the response to the Sept. 11 attacks and who have more expertise and operational experience than agency insiders. In fact, the CIA has created its own roster of retired case officers — known as the "cadre" — who are eligible to be hired as independent contractors for temporary assignments.

Even so, the trend has alarmed some intelligence professionals, who are concerned that using contractors to do spying work carries security risks and higher costs. They point to soaring profits being made by contracting firms, and a parade of veteran officers who have left intelligence agencies only to return with green badges and higher salaries.

Even those quick to praise the contributions of contractors express discomfort with the mercenary aspect of modern intelligence work.

"There's a commercial side to it that I frankly don't like," said James L. Pavitt, who retired in 2004 as head of the CIA's clandestine service. "I would much prefer to see staff case officers who are in the chain of command and making a day-in and day-out conscious decision as civil servants in the intelligence business."

The CIA declined to comment on specific contracts but defended the use of contractors for intelligence work.

"Contractors give the agency enormous flexibility and are an important part of our workforce," said Paul Gimigliano, a spokesman for the CIA. "As partners, they help us build or enhance specific capabilities we need for a finite period."

U.S. intelligence agencies have used contractors for decades. Corporate giants such as Lockheed Martin Corp. have long competed for classified contracts to build spy planes and satellites. Spy services routinely use private companies to handle support functions, such as providing security or building classified computer networks.

In fact, two-thirds of the contractors at the counter-terrorism center are information technology workers who manage computer systems. And independent contractors have at times played significant roles in overseas operations, including pilots who flew clandestine supply runs for the CIA in Vietnam.

But current and former officials said spy agencies now depended on contractors to a greater extent than ever envisioned to carry out their basic spying missions.

The trend is particularly pronounced at the CIA. Whereas other intelligence agencies can take advantage of employees detailed to them from branches of the military, the CIA is more dependent on a civilian workforce.

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The CIA has been hiring at a record pace in recent years. But it takes years to train new case officers, let alone to develop seasoned operatives capable of delicate missions in global hot spots. The agency has also turned to contractors to plug deep holes left by staff cuts and hiring freezes in the 1990s.

Meanwhile, new intelligence entities created to fix Sept. 11-related failures — including the intelligence director's office and centers tracking terrorism and weapons proliferation — have created thousands of new positions and cannibalized the ranks of the CIA and other agencies.

One former senior CIA official said the agency had outsourced an array of core jobs in its own counter-terrorism center, including the task of posting names of new terrorism suspects to immigration and law enforcement watch lists.

And despite restrictions that bar contractors from holding positions of authority over agency personnel, current and former U.S. intelligence officials said that contractors functioned as de facto team leaders in numerous stations around the world, and routinely handled clandestine meetings with CIA sources.

In Baghdad, contractors "do everything, especially 'ops' work," a former CIA officer who has served extensively in Iraq said of the operations functions. "They're recruiting [informants], managing the major relationships we have with the military, handling agents in support of frontline combat units. The guys doing that work are contractors. They're not staff officers."

Contractors have played similarly significant roles in Afghanistan. Gary C. Schroen, who was among the first CIA employees to enter the country after the Sept. 11 attacks, continued to travel to Pakistan and Afghanistan after retiring and going to work as a CIA contractor. Among his assignments was to monitor relationships with regional warlords as well as the head of the Afghan government's intelligence service.

There are other restrictions on contract employees. At the CIA, contractors cannot disburse money or handle personnel matters such as filling out employee evaluation forms. For high-ranking officials who leave, there are other restrictions, including a required "cool down" period of one year during which they are barred from returning to the agency to solicit business.

But former CIA leaders are in high demand and frequently serve as officers in companies that have contracts with their former agencies.

John Brennan, for example, retired last year as head of the National Counterterrorism Center and is now chief executive of the Analysis Corp., which supplies contract analysts to the center. In an interview, Brennan said that any contracts with the counter-terrorism center predated his arrival at the Analysis Corp.

Contractors are subject to the same background checks and security clearance requirements as full-time employees, officials said. But some of that clearance work itself has been outsourced, officials said, and even the screening done by the CIA hasn't been infallible.

In one well-known case, David A. Passaro was hired as a contractor with the CIA's paramilitary service even though he had a record of abusive behavior and had been fired by a Connecticut police department. Passaro was convicted of felony assault earlier this year in federal court in North Carolina for his role in the beating of a detainee who died in Afghanistan in 2003.

U.S. intelligence officials said that Passaro's case was an aberration and that security problems had not been more frequent among contractors than among career officers.

In another high-profile case, the CIA inspector general is investigating whether the agency's former No. 3 official, Kyle Dustin "Dusty" Foggo, improperly accepted expensive vacations and other rewards for awarding CIA contracts to a lifelong friend who is linked to the bribery scandal surrounding ex-Rep. Randy "Duke" Cunningham.

Some officials fear that the growth in contracting is fueling a so-called spy drain, in which talented officers are being lured to the private sector by firms offering pay increases of 50% or more.

At the CIA, poaching became such a problem that former Director Porter J. Goss had to warn several firms to stop recruiting employees in the agency cafeteria, according to former officials familiar with the matter. One recently retired case officer said he had been approached twice while in line for coffee.

"It's like sharks in the water," said the officer, an overseas veteran who has handled assignments in Iraq and elsewhere in the Middle East. "As soon as the word went around that I was leaving, my e-mail in-box was pinging. People were calling me at home."

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Sanders, the official in Negroponte's office, said it was unclear whether the spy drain problem was real. Anecdotal evidence suggests that some officers are leaving early, he said, but attrition rates have not risen in recent years.

Another worry is that the reliance on contractors is eroding agency budgets. Sanders said a recent personnel study by the Senate Intelligence Committee found that contractors were typically paid 50% to 100% more than staff officers to perform comparable work — a disparity that can create internal tensions.

"It's a serious morale problem when you've got a guy in the field making $80,000 and a contractor making $150,000," said the former case officer who served in Iraq. "And the [staff employee] is supposed to supervise the guy making twice the money."

The spike in the use of contractors is likely to diminish as the bumper crop of recruits at the CIA and other agencies rises through the ranks. However, officials said that was a process that would take years.

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A Bold Upstart With CIA Roots (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 17, 2006

Fast-growing Abraxas Corp. was founded after 9/11 by agency veterans. But some fear security risks in such work.

WASHINGTON — In the burgeoning field of intelligence contractors, an especially aggressive upstart is Abraxas Corp., a privately held company that has assembled a deep roster of CIA veterans to handle a wide range of clandestine assignments — including secret work for an elite team of overseas case officers.

The company was founded by a group of former high-ranking agency employees, led by Richard "Hollis" Helms, a longtime overseas officer in the Middle East and onetime head of the CIA's European division, and Richard Calder, who was the agency's deputy director for administration.

In a radio interview last year, Calder said the firm was launched shortly after the Sept. 11 attacks by a group of retirees who felt spurned that the agency had not called to enlist their help. "We were all eager to do whatever we could do," Calder said. But, he said, "the phone never rang." Company officials did not respond to repeated requests for comment.

The company occupies an unmarked, third-floor office suite in McLean, Va., two miles from CIA headquarters. It has mainly specialized in providing veteran operatives and reports officers for positions in overseas stations and at CIA headquarters.

After the Sept. 11 attacks, "they went and signed up all these retired, Arabic-speaking officers and sold them back to the agency on contract," said a former CIA official familiar with the company, who spoke on condition of anonymity. "That's how Abraxas was born."

But Abraxas has also been tapped for unusual assignments. Several former CIA officials said Abraxas had been given a highly classified contract to craft "covers" — false identities and front companies — for the agency's nonofficial cover program.

The NOC program is one of the most sensitive and carefully guarded operations in the CIA. Most overseas case officers work under diplomatic cover, meaning they pose as State Department officials working at U.S. embassies and missions. If they are caught spying, they are typically protected from prosecution by diplomatic immunity.

Officers in the NOC program have no such protections, and therefore operate under substantially greater risk. Major corporations traditionally have cooperated with the CIA to allow case officers to hold positions in overseas branches. But since the Sept. 11 attacks, the CIA has been under increased pressure to devise more imaginative cover arrangements that might give operatives closer access to terrorist networks.

Former CIA officials said that Abraxas had played a leading role in this effort to craft new covers and that the firm had assembled a group of employees with experience in such work. Among them is Fred Turco, former head of the external operations and cover unit, which oversees the NOC program inside the agency.

Several former officials questioned the arrangement, saying that whatever talent Abraxas had assembled, outsourcing any work in such a sensitive program posed an inherent security risk. But others were more sanguine, saying that the CIA's failures to penetrate Al Qaeda and other terrorist groups underscored the need for fresh ideas and a more experimental approach.

"They're going where the expertise lies," said a former senior CIA official, who spoke on condition of anonymity. "It's a good example of them doing what they should be doing."

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Abraxas declined to comment. Approached by a reporter outside the company's office, Helms said that speaking publicly about such matters "doesn't serve the public at all and damages the country."

Abraxas is part of a new breed of companies known in intelligence circles as "body shops" because — unlike firms that provide manufacturing, engineering or technical services — they are mainly in the business of supplying bodies for analysis centers, headquarters positions and overseas assignments.

A recent posting on Abraxas' website lists openings for computer programmers and intelligence analysts "for a broad spectrum of clients in and outside the national security arena."

In his radio interview, Calder said Abraxas got as much as 90% of its revenue from government contracts, though it has sought more business from the private sector through new products including computer software.

Office parks in suburban Virginia are increasingly cluttered with companies like Abraxas, as upstarts such as SpecTal move into territory long dominated by behemoths including Booz Allen Hamilton Inc. and Science Applications International Corp.

But few companies have taken advantage of the surge in contractor spending as adroitly as Abraxas. The company does not publicly report its financial results. But it was recognized last year by the Deloitte & Touche accounting firm as one of the nation's fastest growing young companies, posting revenue growth of 714% over three years.

This year, accounting firm Ernst & Young named Helms its Washington-area entrepreneur of the year.

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American Intelligence -- Still Stupid (LAT)

By Amy Zegart, Amy Zegart Is Associate Professor Of Public Policy At Ucla And The Author Of A Forthcoming Book Abou

The Los Angeles Times, September 17, 2006

We haven't been attacked since 2001, but don't thank the country's cumbersome, redundant intelligence bureaucracy.

FIVE YEARS AFTER the most devastating terrorist attack in U.S. history, all our worst intelligence deficiencies remain. Intelligence is spread across 16 agencies that operate as warring tribes more than a team. The CIA is in disarray. And the FBI's information technology is stuck in the dark ages.

There are more intelligence agencies to coordinate than ever but still no one in firm charge of them all. In 2004, Congress established the post of director of national intelligence. Rather than integrating intelligence, however, the job's creation has triggered huge turf wars. For the last two years, while the office of the intelligence director has been fighting over who briefs the president and who staffs assignments, the Pentagon has quietly expanded its intelligence activities at home and abroad.

This is bad. Pentagon units now duplicate such intelligence activities as conducting secret counter-terrorism operations, collecting information abroad and monitoring Americans inside the U.S. without warrants, presidential authorizations or meaningful supervision by the director of national intelligence and Congress.

One little-known Pentagon unit, the Counterintelligence Field Activity, began in 2002 to protect U.S. forces from terrorist attacks, but has since grown into a sprawling counter-terrorism agency with wide-ranging duties and authority over 4,000 active and reserve military investigators.

Information sharing among intelligence agencies has improved — but that's not saying much. The poster child of intelligence reform is a new agency called the National Counterterrorism Center, where officials from different agencies sit in the same room and draft collective reports. The center has even developed a classified website that provides synthesized terrorism intelligence for government officials.

Sounds good. But because analysts at the National Counterterrorism Center have varying levels of security clearances and come from different intelligence agencies, they see different pieces of information. Intelligence still isn't shared even when the rules allow it. Information is stored on nearly 30 incompatible networks. To access them all, analysts must use six computers.

"It's a little scary," Sen. Mike DeWine (R-Ohio), who sits on the Senate Select Committee on Intelligence, said during the confirmation hearing for Gen. Michael Hayden as CIA director. "It's like we have duct-taped our systems together. Surely we can do better than this."

Apparently, Senator, we can't. Information sharing outside the National Counterterrorism Center is worse. In its 2005 report card, the 9/11 commission gave such efforts a "D." A recent study by the Markle Foundation Task Force on national security found that information sharing continued to be hampered by "turf wars and unclear lines of authority," officials who "still cling" to old ways of doing business and a diminishing sense of commitment. The task force concluded that despite dozens of initiatives, guidelines and statutory requirements, "systematic, trusted information sharing remains more of an aspiration than a reality."

That's the good news. The bad news is called the CIA and the FBI.

The CIA's current strategy for penetrating Al Qaeda? More of the same. The agency has been on a hiring binge, tripling the number of clandestine operatives since 2001 rather than improving the quality of its personnel or developing new ways to recruit jihadists who skip the embassy cocktail party circuit. As one former spy put it, hiring 50% more agents without fundamentally changing how they do business just makes you stupid.

Meanwhile, the agency formerly known as Central still struggles to produce big-picture analyses about America's enemies. Last year, a presidential commission chaired by federal Judge Laurence Silberman and former Sen. Charles Robb (D-Va.) concluded that strategic intelligence was bad and worsening. "Across the board," the commission concluded, "the intelligence community knows disturbingly little about the nuclear programs of many of the world's most dangerous actors. In some cases, it knows less now than it did five or 10 years ago."

Ironically, 9/11 has made matters worse, focusing analysts on today's threat list rather than anticipating tomorrow's enemies. Many insiders worry that the CIA has become "CNN with secrets," responding to headlines rather than undertaking more over-the-horizon analysis. Even Hayden warned Congress that unless we get serious about thinking long term, the United States would be "endlessly surprised."

These surprises are not good.

Meanwhile, over at the FBI, Director Robert Mueller told Congress in May that his bureau has "expanded [its] mission, radically overhauled our intelligence programs and capabilities, and … undergone tremendous personnel growth."

I'm not sure what FBI he's talking about. Last year, the Justice Department's inspector general found that FBI analysts — the people who are supposed to connect the dots — spent only half their time actually doing analysis. What were they busy doing instead? Taking out the trash and answering telephones, the same menial tasks they were assigned before 9/11.

It is often said that change takes time. But history is filled with examples in which more was accomplished in less. In 1865, less than five years after the Civil War began, the nation had reunited and abolished slavery. Four years after Japan attacked Pearl Harbor, U.S. forces had crossed two oceans and won the war. The founders managed to draft the Constitution in 100 working days.

Speaking from the Oval Office on Monday night, President Bush delivered his annual 9/11 refrain: We are safer than before.

The president is right about one thing: Five years after 9/11, we have not been attacked. But we should not confuse luck with effectiveness.

5 Years After Terror Of Anthrax, Case Grows Colder (HC)

By Eric Rosenberg

Houston Chronicle, September 17, 2006

Deadly germs in the mail rattled the nation in 2001, but time hasn't yielded many clues

WASHINGTON — Five years after anthrax killed five people and introduced America to high-tech bioterrorism, one of the biggest crime mysteries of our times remains unsolved.

FBI agents and U.S. postal inspectors have pursued hundreds of leads and interviewed scores of scientists who work with the deadly anthrax bacteria, but the investigation now appears to be languishing.

"No matter what anybody says, if it is five years out, and we are not even seeing any smoke from the investigation, then I would say definitely that this case is cold right now," said Christopher Hamilton, a former FBI counter-terrorism official who worked on the anthrax investigation and is now a counter-terrorism expert at the Washington Institute for Near East Policy, a non-partisan think tank. "This thing is just sitting out there with nothing happening."

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The murders-by-germ in the weeks immediately after the Sept. 11, 2001, terrorist attacks added to the nation's anxieties and triggered a massive hunt for the perpetrator who used the mail to spread the bacteria.

Hundreds of FBI personnel worked the case at the outset, struggling to discern whether the Sept. 11 al-Qaida attacks and the anthrax murders were connected before eventually concluding that they were not.

A senior law enforcement official familiar with the investigation insisted that "the investigation is still ongoing and intensely active." The official, who requested anonymity because he was not authorized to speak publicly, said there "are a number of pending and very important leads that are being pursued."

There are 23 FBI agents and 12 postal inspectors on the case, dubbed the Amerithrax investigation inside the FBI, he said.

The anthrax investigation began after a Florida photojournalist died on Oct. 5, 2001, from an infection produced by the bacteria. Within days, anthrax-laced letters were uncovered at news outlets in New York City and at the Washington office of Sen. Tom Daschle, D-S.D., then the top Democrat in the Senate. In November, anthrax turned up in a letter sent to Sen. Patrick Leahy, D-Vt.

The letters contained similar handwritten notes. The letter to Leahy read: "You cannot stop us. We have the anthrax. You die now. Are you afraid? Death to America. Death to Israel. Allah is great."

In addition to the Florida victim, two U.S. postal workers in Washington, a New York hospital worker and an elderly Connecticut woman died from anthrax-borne infections.

The federal government reacted by shutting some congressional offices and the Supreme Court building, while postal facilities throughout the U.S. were put on high alert.

The anthrax attacks led governments and businesses around the nation to devise new safety procedures for handling mail. Some mail handlers wore surgical masks and plastic gloves for protection.

Mail sent to government offices in Washington is irradiated to destroy any dangerous bacteria.

Anthrax is a naturally occurring bacteria and only rarely infects humans. However, the anthrax used in the attacks had been finely milled to make it more easily inhaled, thus increasing its lethality and suggesting a high degree of scientific competence.

Inhaled anthrax can trigger a deadly infection by swelling body parts, flooding the lungs with fluid and igniting internal hemorrhaging.

The FBI has spent much of the ensuing five years in efforts to identify the laboratory where the anthrax — dubbed the Ames strain — originated. This is a challenging task because the Ames strain has been widely studied in research centers.

The FBI has enlisted the help of 29 government, commercial and university laboratories to develop a profile of the anthrax used in the attacks. They are looking for a microbial fingerprint based on the theory that different scientists use different production techniques to make anthrax spores, and these varied production techniques impart different chemical and physical signatures.

Transit-Worker ID Program Stalled (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, September 17, 2006

Years of Trouble in National Effort Bodes Ill for High-Tech Licenses, Passports

A Bush administration initiative to secure the nation's ports is bogged down in industry opposition, technology flaws and evidence that it fails to safeguard workers' privacy, according to industry and government analysts.

The rocky launch of the Transportation Worker Identification Credential threatens to delay what Homeland Security Secretary Michael Chertoff declared his highest priority after the Dubai port controversy in February: starting by year's end to screen the backgrounds of 750,000 U.S. workers at critical sea, air and land transportation facilities, and issuing them microchip-equipped ID cards.

More broadly, the long-overdue ID program foreshadows concerns that hundreds of millions of Americans soon may encounter as the government starts issuing similarly equipped driver's licenses, passports, federal-worker badges and immigrant-guest-worker cards in coming years.

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"It's discouraging to see how really difficult it is to implement this sort of thing," said Doris Meissner, a former commissioner of the U.S. Immigration and Naturalization Service who tracks identification measures as a senior fellow at the Migration Policy Institute.

"And it's probably going to get more complicated before it gets simpler," she added.

The transportation credential, one of the first security measures initiated after the Sept. 11, 2001, terrorist attacks, was envisioned as a model for new, "smart" ID cards. But a familiar list of hurdles has tripped up the program, including poor administration, indifferent oversight by Congress, insufficient funding, technological glitches and resistance from the private sector, said industry and government officials.

President Bush signed the worker-ID program into law in November 2002 as part of broader maritime security legislation. It called for vetting workers at more than 300 ports and 3,700 cargo and passenger terminals using technology that incorporates fingerprints, iris scans or digital photographs.

The program would streamline checks of criminal-background files, terrorist watch lists and immigration status for truckers, stevedores, rail and airport terminal employees, and other transit workers, among others. The new "biometric" data would make it virtually impossible for anyone other than the cardholder to use the ID.

Department of Homeland Security officials initially told port operators that they expected to start issuing credit-card-size ID cards to transportation workers by the end of 2003.

Then the troubles began.

Management turnover and indecision delayed prototype testing until late 2004. Instead of the 200,000 cards planned for the pilot program, only 4,000 were issued, even as the cost rose from $12 million to $23 million.

Rep. Harold Rogers (R-Ky.), chairman of the House Appropriations subcommittee that oversees the department, insisted that the TSA adopt technology currently used for U.S. "green cards," which are produced in his district. The TSA paused to complete a study concluding that its alternative to the green-card technology was superior. Prototype card production was delayed again in 2005 so it could be moved to the Kentucky plant.

It took an election-year political furor over the attempt by a Dubai company to take over operations at six U.S. seaports to jump-start the project. Faced with a reminder of how little has been done to secure facilities from infiltration by potential terrorists, lawmakers called the administration's bungling of the transportation-worker IDs the Achilles' heel of the nation's port security.

But when Homeland Security officials rushed out long-delayed rules in May, labor and the nation's port operators, truckers, barge companies and tugboat companies revolted.

Industry groups and technology providers warned that complex systems for personal identification numbers and card reading could be prone to time-consuming breakdowns in saltwater environments on boats and docks. Marine executives said requiring new workers to wait as long as 60 days to clear security checks would cripple small and seasonal operators that already face worker shortages. Unions warned that without strict limits and an appeals process, workers could be denied jobs because of mistaken identity or past offenses unrelated to terrorism.

"It just doesn't make any sense given the real-world operations of the tugboat industry," said Thomas A. Allegretti, president of American Waterways Operators, which represents 500 tug and barge firms.

In July, the Homeland Security inspector general reported that hundreds of critical security vulnerabilities in proposed cards, card readers and other parts of the system posed unacceptable risks of the theft of sensitive data. Other problems include evolving federal technology standards and a projected cost to industry and workers of $2 billion to $3 billion.

Officials said these concerns are a preview of what could happen on a much larger scale with the broader government use of "smart" cards.

"You have to have a single way of identifying people as who they are that is authentic, that maintains their confidentiality and that is secure," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies.

Experts caution that Americans may not want to submit their fingerprints and eye and facial scans to the government. Privacy advocates want to know who will be in charge of keeping and discarding sensitive personal information, and how that data will be kept secure.

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They are concerned about the types of government databases that would be linked to such ID records and who would see them. And even if there is consensus on the security needs, others are skeptical that the technology can be implemented without creating bottlenecks and backlogs.

"There's this idea that an ID card or ID credential is this kind of panacea," said Lee Tien, senior staff attorney for the Electronic Frontier Foundation. "But they are difficult to design and implement . . . and what we're seeing is every attempt to do so is fraught with serious, serious problems."

The questions are not hypothetical. By year's end, Homeland Security is expected to roll out national standards for driver's licenses, which would affect 200 million Americans when the rules take effect by May 2008. The change was mandated by the Real ID Act, which was enacted to make it more difficult for criminals and potential terrorists to obtain driver's licenses.

Last month, the State Department began small-scale production of the first microchip-equipped "e-passports" that over the next 11 years will replace all 60 million U.S.-issued passports and could be upgraded to include fingerprints or other biometric data.

Up to 4 million federal workers and contractors are to be next, receiving new IDs over two years starting in October. Then will come cards allowing tens of millions of residents of the United States, Canada, Mexico and many Caribbean nations to cross each other's borders without a passport. And the White House has proposed issuing similar tamper-proof biometric cards to 2 million guest workers under its contested immigration overhaul.

Analysts cite clear lessons from the transportation-worker ID program's struggles as warnings for programs such as Real ID, which they say will have to be delayed given its far greater size, cost and complexity.

As for the Transportation Worker Identification Credential program, Homeland Security announced last month that after missing a July deadline, it will postpone the installation of card readers. Critics say that for now the department has simply created a $150-per-worker photo ID. The Senate on Thursday passed port-security legislation that would force the department to ease requirements for certain short-term workers and issue rules for card readers by Dec. 31, start more test programs and report back in 2008.

"It's clear the department seems unable to complete the task and control access to our ports, which is a fundamental aspect of security," said Sen. Susan M. Collins (R-Maine), chairman of the Senate homeland security committee and co-sponsor of the bill.

Chertoff maintained that conducting background checks and issuing conventional ID cards are progress. "The fact that we may not have the full-blown perfect system doesn't mean we can't take a big step forward," he said earlier this month.

In a Sept. 8 speech, he went further, blaming the lack of progress on unnamed critics who object to tamper-resistant IDs as too burdensome or expensive, or say they amount to a national ID card.

"That kind of backsliding runs directly contrary to the lessons of 9/11," Chertoff said, noting that nearly all the Sept. 11 hijackers had obtained IDs, in some cases through fraud. He contended that a secure ID system would have prevented the attacks. "If we'd had it five years ago, there would not have been a 9/11," Chertoff said.

U.S. And State Plan To Occupy Freedom Tower (NYT)

By Charles V. Bagli

The New York Times, September 17, 2006

The federal and New York State governments have tentatively agreed to become anchor tenants in the Freedom Tower, the tallest, most symbolic and most scrutinized skyscraper project at ground zero, under a plan expected to be announced today by Mayor Michael R. Bloomberg and the governors of New York and New Jersey.

The agreements, which would cover about 1 million of the 2.6 million square feet in the building, are a significant step forward in the development of the tower, which is seen by Gov. George E. Pataki and others as a symbol of the city's resilience, but regarded by some critics as folly.

The building has been bedeviled by squabbling and delays, as well as questions about design and security and whether there would be enough demand for office space downtown to keep it financially sound.

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The Freedom Tower, which would rise to the emblematic height of 1,776 feet, including the antenna, is one of four office towers planned for the 16-acre site.

With the governor and the mayor eager to show progress five years after the terrorist attack on the trade center, the lease agreements would be the latest in a flurry of announcements, which included a tentative agreement in April to speed the reconstruction of the site and the creation in May of a $500 million plan for a memorial to the victims of the attack.

But significant questions remain about the lease agreements, including whether they would actually become signed contracts. The federal leases need Congressional approval, and the state leases would require approval by the governor, comptroller and attorney general.

The leading candidate to succeed Mr. Pataki, Eliot Spitzer, the Democratic attorney general, has questioned the economic viability of the tower, calling it a "white elephant." His campaign declined to comment on the agreements.

Officials sought to lure public agencies to the Freedom Tower when they failed to interest any private companies. Critics say one major concern is that the building will be a target for terrorists, but state officials have said that the tower, after a recent redesign at the behest of the police department, is safe.

The Port Authority of New York and New Jersey, which owns the site, and the Pataki administration have signed an outline of lease terms with the State Office of General Services on a 15-year lease for 415,000 square feet of space in the Freedom Tower. General Services is likely to move the State Labor Department, as well as the Insurance and Finance Departments, into the tower.

State officials said they expected to sign a formal lease in the coming months and have the option of taking as much as 1 million square feet in the future.

The federal General Services Administration has signed a memorandum of agreement to move the Customs and Border Protection agency, as well as other federal agencies, into more than 600,000 square feet.

The agencies have tentatively agreed to pay an initial annual rent of $59 per square foot, or about $59 million a year, at the building, which is scheduled to open in 2012.

"I was very confident from the beginning that it could work," Mr. Pataki said in an interview. "Now with this commitment of 1 million square feet of leases, it is clearly not just economically viable, but now it will be built and it will be occupied. We will have a new tower that sends a powerful message of restoration and resurgence."

Both Gov. Jon S. Corzine of New Jersey and Mayor Bloomberg issued statements hailing the agreements as a significant step toward restoring the World Trade Center site as a commercial hub in Lower Manhattan.

The tentative agreements reflect progress in Governor Pataki's nearly four-year effort to build the Freedom Tower. But final approval of the project by the Port Authority may be months away, which could put it in the hands of the next New York governor, who takes office in January.

When the Port Authority agreed in April to take over responsibility for building the $2.3 billion tower from the developer Larry A. Silverstein, it set several conditions. The authority, which leased the property to Mr. Silverstein, was seeking a viable financial plan, including signed leases for 1 million square feet in the Freedom Tower by the time its board meets on Thursday.

The authority expects to get $973 million in insurance proceeds from the destruction of the twin towers, as well as $250 million from the Pataki administration, but it wanted a cash flow from leases to pay its mortgage.

"We're pleased with the progress that's been made regarding the commitments by state and federal agencies at the Freedom Tower," said Anthony R. Coscia, chairman of the authority. "We're hopeful that we will be able to develop an acceptable plan of finance that will allow its construction to proceed uninterrupted and in a manner that's financially responsible to the Port Authority, the city and the region."

Mr. Coscia said it was unlikely that the Port Authority would grant final approval of the Freedom Tower project on Thursday, but he said it would probably go forward with the development of three office towers on the eastern side of the site, along Church Street. The Freedom Tower would sit at the northwest corner of the trade center site on West Street, south of Vesey Street. It has had a somewhat tortured history. The architect Daniel Libeskind's initial master plan for rebuilding the trade center site recommended building the memorial to the victims of Sept. 11 first, the Church Street towers second, and the tallest tower in the

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third phase. Mr. Silverstein, who had an obligation to rebuild the trade center complex, also argued that it made sense to start with the towers closest to the PATH station on Church Street.

But at a downtown breakfast meeting more than three years ago, Mr. Pataki named the tallest of the proposed buildings at ground zero the Freedom Tower. He said it would be built first and by 2008. That time goal has been abandoned, but the desire to build the skyscraper remains.

The design for the building was selected by Governor Pataki after he overruled a committee that had chosen a different architectural scheme. But then it had to be redrawn to accommodate the Police Department's security concerns, because the building would sit on West Street. The design now calls for a 186-foot-tall fortified concrete base sheathed in prismatic glass. Work on the foundation and footings has begun.

Urban planners, civic groups and some real estate executives have questioned the wisdom of building the Freedom Tower, which, they say, is too expensive, farther away from the transportation hub than the other towers, and is unlikely to attract corporate tenants, most of which regard the skyscraper as a potential target for terrorists. Indeed, the Port Authority declined to move into the building, saying it would be traumatic for its employees, who lost 84 coworkers in the Sept. 11 attacks.

Under the standard of 250 square feet per worker, the space under consideration could accommodate 4,000 government employees. Officials of the unions representing federal and state workers could not be reached for comment yesterday.

"It's going to be one of the most expensive buildings ever built in Manhattan," said the developer Douglas Durst, who owns a number of Midtown office buildings and is building a skyscraper on 42nd Street. "To saddle already overburdened taxpayers of New York with the rent necessary to pay for it makes no sense at all."

Critics say that current plans to build more than eight million square feet of office space at the trade center site recall the plans for the original complex, which depressed the downtown real estate market for years when the Port Authority built 10 million square feet of publicly-subsidized office space at one time.

With few tenant prospects, the Port Authority and the state were forced to fill much of the space with public agencies. It was not until the mid-1980's that the state began relocating to other buildings.

Some real estate executives said the government agencies will be paying a premium over the lower rents in older buildings downtown. But John Cahill, who oversees ground zero development for Governor Pataki, said that the Freedom Tower would have more-efficient floors that would allow for technological innovation and consolidation.

Although it is not a formal lease, Mr. Cahill said that Governor Pataki had gotten a "firm commitment from the White House" that the Customs Service would return to the trade center site. He added that the agreement with the federal General Services Administration and the state agencies should "enhance the attractiveness" of the Freedom Tower to corporate tenants.

There may also be a financial incentive, since about $345 million in insurance proceeds from the destruction of the old Customs building can be used to build its space in the Freedom Tower. State officials said they did not think that the money could be transferred elsewhere.

Lurita Doan, administrator of the General Services Administration, said in a statement that "the return of the federal government to Lower Manhattan and their presence in the Freedom Tower is more than symbolic; it is a commitment to the building of a memorial that captures the American spirit."

Governor Pataki said that all the signature elements of the trade center master plan are now in place, from the $2.2 billion PATH train station to the memorial, the office buildings and the Freedom Tower.

Some officials involved in rebuilding say that the final decision may go to the next governor. "We're six to months away from the point that we're full steam ahead," said a senior executive, who requested anonymity because he did not want a public spat with Governor Pataki.

The governor said he was confident that nothing could stop construction of the Freedom Tower.

"The commitments we're making now will apply into the future," he said. "I'm very confident that the brilliance of the plan and the momentum with actual construction will continue regardless of who the next governor is."

Under the April agreement, between New York State, New York City, New Jersey and Mr. Silverstein, the Port Authority took responsibility for the Freedom Tower, which, officials said, Mr. Silverstein was reluctant to build without any anchor tenants. The developer, in turn, retained the right to build three towers along Church Street.

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But he was put on a strict schedule requiring him to complete the buildings by 2012.

State and Port Authority executives have been working round the clock in recent weeks with Mr. Silverstein to complete the agreement struck in April. Both sides say they have made considerable progress in narrowing their differences.

Renewal Money For New Orleans Bypasses Renters (NYT)

By Susan Saulny And Gary Rivlin

The New York Times, September 17, 2006

NEW ORLEANS — As billions in housing aid begins to flow here in the next few weeks, most of it will go to homeowners, who have been appointed by city officials as the true architects of this city's recovery, despite the fact that roughly half the city's residents rented housing before Hurricane Katrina.

The renters of New Orleans, it seems, are on their own.

Rents are skyrocketing across the city, up an average of 39 percent since Hurricane Katrina. The city has announced that it plans to refurbish only a small fraction of its traditional public housing units. Some neighborhoods are campaigning to tear down sturdy apartment buildings and build parks in their place. Though some aid has been set aside for landlords, many lower-income residents who say they are unable to return have been priced out.

"I want to come back, but who's going to help me build my life?" asked Lionel Smith, 46, a longtime resident of the Lower Ninth Ward and a driving school instructor whose apartment building was destroyed by the floodwaters. "There's this plan in place to take care of homeowners, but I've heard nothing about helping renters. Where are we supposed to live? Will they help rebuild apartment buildings?"

From a renter's point of view, New Orleans has become off-limits to all but prosperous tenants, as rents have increased significantly in the pockets of the city that did not flood. Before the storm, the fair market rent for a two-bedroom unit in the city was $676; it is now $940, according to the Brookings Institution.

Before the hurricane, it would not have been unusual to find a two-story, three-bedroom house in Gentilly, a solidly middle-class neighborhood, renting for less than $1,000 a month. Today, that area, north of downtown toward Lake Pontchartrain, does not exist as a functioning neighborhood.

By contrast these days, $1,000 might get a tenant half a refurbished duplex on a trash-strewn street in Mid-City — an area that also flooded, but not to the same extent — and it would most likely be offered without major appliances or air-conditioning.

Henry Jones, a New Orleans East homeowner, said that roughly half the owners in his subdivision, Wimbledon, were coming back, which he contrasted with the lack of activity he has observed in neighborhoods like Central City and Mid-City, where there are far more rental units than single-family homes.

"You drive around those neighborhoods and you pretty much see nothing going on," Mr. Jones said. "It's depressing."

Those communities that were home to the greatest concentration of rental properties are also those areas that still lie in ruins 12 months after the storm. The longer properties languish, rotting in the humid heat, the harder they are to restore to habitable conditions. With no concrete plan in place to help landlords, a large part of the rental stock has been festering for a year now, preventing residents from returning and depleting the work force.

"I'll confess to being frustrated," said Norman C. Francis, the chairman of the Louisiana Recovery Authority, the agency distributing federal aid, and the president of Xavier University here. "Most of the people who need to come back aren't homeowners at this point but renters."

State officials acknowledged that renters were not their first priority.

"We wanted to get the homeowner assistance plan off and running, because it affects more people," said Walter Leger, the chairman of the authority's housing committee.

The lack of affordable rental housing is yet another factor making it more difficult for low-income residents to return. The city has also lost its extensive health care system for the poor; its school system is only partially functioning; and there is little public transportation.

In some areas, in fact, homeowners are trying to use the recovery process to rid their neighborhoods of long-standing apartment buildings that were damaged during the storm. Building parks in the place of apartments that neighbors said lowered

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property values is "killing two birds with one stone," said Joseph St. Martin, an architect hired by homeowner groups in New Orleans East to work on the community development plan the city has asked every neighborhood to devise.

Unlike some other urban areas, New Orleans's rental market was dominated by small-scale local landlords before the storm. Many say they lack the resources needed to resuscitate their properties, especially when so many of them are struggling to repair their own homes.

The Louisiana Recovery Authority has set aside $859 million to help landlords (compared with $7.5 billion that has been set aside for homeowners). The goal, officials said, is to start distributing that money in the next month or so, but they acknowledge they are still working out the details of the plan.

Officials estimate that at least 30,000 units will be improved through this program, which is expected to offer no-interest 10-year mortgages of up to $75,000 a unit to landlords who agree to rent at or below the market rate. No direct subsidies to tenants are being planned.

State officials said they would offer a combination of low-income housing tax credits and financial grants to entice larger developers to build mixed-income rental properties. In New Orleans, most large-scale developments — those with more than 200 apartments — were in the eastern part of the city. Nearly all those developments are still damaged and vacant; some are for sale, while others have been torn down.

"The impact on the renters is that the cost of renting has increased," Mr. Leger said. "So our theory is if we can bring the cost of renting back down, we can put people back in the position they were in prestorm."

Critics of the proposed plan say 30,000 units is not nearly enough to make a big difference in New Orleans. The Brookings Institution estimates that more than 48,000 rental units were destroyed or heavily damaged in the flood, or about 40 percent of the original stock of apartments and rental houses.

William Quigley, director of the Gillis Long Poverty Law Center at Loyola University here, said the number could even be higher, and that many of the units were occupied by low- and middle-income families.

"The state has misleadingly named its programs as 'The Road Home Housing Programs' despite the fact that the planned expenditures will not provide a realistic road home for most of the people with low and moderate incomes," Dr. Quigley wrote recently in a complaint to federal housing officials.

A lack of information even 12 months after the hurricane has caused confusion and frustration.

"There is no real identifiable plan that anyone can point to that would enable people to say, 'I can rely on this,' " said Jerome Anderson, an assistant dean at Tulane Law School who owns five units around the city. The storm destroyed Mr. Anderson's home and all his rental properties, putting tremendous financial pressure on his resources to rebuild. His situation is typical among local landlords.

Mr. Anderson said he was constantly hearing from prospective tenants wanting to know when he might have apartments available for rent. "Anyone who owns property is probably being bombarded with questions as to when will their properties be available for rental," he said. "There's a lot of vacant property that's not available, and that is affecting the recovery, in that people don't have places to live."

Ted Quant, director of the Twomey Center for Peace Through Justice at Loyola University, owned a home in Gentilly and two rental units in New Orleans East. He is part of a new group, the African American Landlords Association, made up primarily of property owners who lost both a home and rental units. This loosely knit group is pushing for both information and assistance.

"It seems that the people who were here and didn't flood are saying to the people who flooded, 'We don't need you, stay out of town,' " Mr. Quant said. "My tenants came back and recovered what wasn't looted. They were asking when they could come back for good. I had to tell them I didn't know."

Gov.: New Orleans Crime Calls For Military Presence (AP)

AP, September 17, 2006

NEW ORLEANS, Louisiana (AP) -- National Guard troops and state police will patrol the city through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina.

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"Crime has no role in recovery," Blanco said. "It limits our ability to recover."

Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently.

The summit opened hours after an early morning killing brought the city's homicide count for the year to 100.

New Orleans, with a pre-Katrina population of 455,000, had virtually no crime in the months after the storm hit on August 29, 2005, when the city was largely empty.

That changed as the evacuees started returning. In April murders began occurring regularly, sometimes in groups. The current population is uncertain, though various estimates put it at 200,000 to 250,000.

Guard members and state police were sent to New Orleans shortly after what police called one of the city's worst acts of violence in 10 years: the fatal shooting of five teenagers in mid-June.

Over Labor Day weekend, four people died in 13 shootings in the New Orleans area.

The Guard members and state troopers have helped bolster a police department whose membership fell after the storm by more than 200 to about 1,420. Blanco said the cost to the state will be about $14 million.

On Saturday, the governor called the use of troops and state police a stopgap measure to help safeguard the city while other means to deal with crime are developed.

The summit shows the city will no longer tolerate crime, Mayor Ray Nagin said.

"Any crime committed with a gun should be charged at the highest possible count, attempted murder at a minimum," Nagin said. "And all those crimes must be expedited, put to the front of the line and prosecuted."

The city also needs to crack down on illegal firearms, Browning said. In 2004 and 2005, police recovered about 1,800 illegal firearms per year, he said.

"So far they this year they have recovered 1,300," Browning said. "Which is on track to remove the same number with half the population."

Also Saturday, former state Attorney General Richard leyoub, head of a commission Nagin set up to examine criminal justice, said renovations of the criminal court and parish prison should be completed next month.

Twelve criminal court judges are sharing seven courtrooms, and so only seven can hear cases at any time. Each can handle no more than six cases a day because the sheriff's department can't transport and provide security for more.

"Once we have the building back, all of us can hold court every day," Judge Calvin Johnson said.

WAR NEWS:

Called From Diplomatic Reserve (WP)

By Michael Abramowitz, Washington Post Staff Writer

The Washington Post, September 17, 2006

Former Secretary of State Leads Attempt to Salvage Iraq Mission

Is Jim Baker bailing out the Bushes once again?

The former secretary of state, James A. Baker III, a confidant of President George H.W. Bush, visited Baghdad two weeks ago to take a look at the vexing political and military situation. He was there as co-chairman of the bipartisan Iraq Study Group, put together by top think tanks at the behest of Congress to come up with ideas about the way forward in Iraq.

The group has attracted little attention beyond foreign policy elites since its formation this year. But it is widely viewed within that small world as perhaps the last hope for a midcourse correction in a venture they generally agree has been a disaster.

The reason, by and large, is the involvement of Baker, 76, the legendary troubleshooter who remains close to the first President Bush and cordial with the second. Many policy experts think that if anyone can forge bipartisan consensus on a plan for extricating the United States from Iraq -- and then successfully pitch that plan to a president who has so far seemed impervious to

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outside pressure -- it is the man who put together the first Gulf War coalition, which evicted Saddam Hussein from Kuwait in 1991.

Rep. Frank R. Wolf (R-Va.), who came up with the idea for the study group and pushed for its formation, said he thinks the administration is "waiting anxiously" for the group's recommendations. He cited the "impeccable credentials" of the 10-member group, which also includes former Supreme Court justice Sandra Day O'Connor, former New York mayor Rudolph W. Giuliani, investment banker and Bill Clinton adviser Vernon E. Jordan Jr., and former White House chief of staff Leon E. Panetta. The other co-chairman is the Democratic former Indiana congressman Lee H. Hamilton, who also co-chaired the commission that investigated the Sept. 11, 2001, attacks.

"Their recommendations will carry a lot of weight," said Wolf. "If they come up with a unanimous opinion, the administration, Congress and the American people will have to listen."

Baker is not revealing much of his hand. He has indicated that recommendations will not be forthcoming until after the November elections, in an effort to keep the group above the political fray. He has also asked those involved in the study group -- members and staffers alike -- not to talk to the media, so most of those interviewed for this article spoke only on the condition of anonymity. Baker's assistant said the co-chairman would not be available to be interviewed.

Baker has offered some hints of his thinking -- and his dismay with the way the Iraq occupation has been handled by the administration.

"The difficulty of winning the peace was severely underestimated," Baker wrote in a recent memoir, citing "costly mistakes" by the Pentagon. These included, he wrote, disbanding the Iraqi army, not securing weapons depots and "perhaps never having committed enough troops to successfully pacify the country."

But in an interview in the current issue of Texas Monthly, Baker dashed the idea of "just picking up and pulling out" of Iraq. "Even though it's something we need to find a way out of, the worst thing in the world we could do would be to pick up our marbles and go home," he said, "because then we will trigger, without a doubt, a huge civil war. And every one of the regional actors -- the Iranians and everybody else -- will come in and do their thing."

The study group appears to be struggling to find some middle ground between such a pullout and the administration's strategy of keeping a heavy American troop presence until the Iraqi government can maintain security on its own.

"If this war is consumed by partisan attacks, if the choice is presented as simply one between 'stay the course' or 'cut and run,' we will never be able to do what is right," panel member Panetta wrote following the group's trip to Iraq in an article for his hometown paper, the Monterey County Herald in California.

Baker and panel members have been exploring different ideas, such as a greater degree of regional autonomy for Kurdish, Sunni and Shiite regions. But those familiar with the group's work said there is far from a consensus yet on what to do. One well-placed source said panel members came away from their trip sobered, with "a sense that we can't continue to do what we have been doing," adding that Baker was not simply looking to protect the administration.

"I think he basically wants to call it the way he sees it," said this source, a critic of the administration's approach to Iraq. "He's also been frustrated by the mistakes that have been made. In many ways, it has damaged the legacy he established as secretary of state."

Some are skeptical that the president will be open to advice seeming to come from one of his father's top advisers. In some ways, Bush has distanced himself from the people and policies of the first Bush administration -- though Baker has been called on occasion to perform sensitive missions, such as heading the Bush campaign's efforts in the 2000 Florida recount and leading negotiations to provide debt relief to Iraq.

The administration's more hawkish supporters, meanwhile, are nervous about Baker's involvement, counting him as one of the "realist" foreign policy proponents they see as having allowed threats against the United States to grow in the '80s and '90s. Gary J. Schmitt of the American Enterprise Institute voiced concern that the Iraq group was not listening to those advocating a more muscular military strategy to defeat the insurgency.

But Schmitt added: "People can worry about what Baker is going to say, but the president has a way of doing what he is going to do. There could be a lot of wishful thinking on the part of the older Bush crowd that the son got into trouble and now he's going to listen to Baker the strategist."

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Publicly, the administration is supportive, though inside the foreign policy apparatus there appears to be skepticism that the Iraq Study Group will come up with any breakthroughs. At first, the administration was divided about whether to cooperate with the panel. Secretary of State Condoleezza Rice gave her support only after being assured by officials with the federally funded U.S. Institute of Peace, under whose aegis the group was formed, and other think tanks involved in the project that the venture would be a forward-looking exercise and not an examination of past mistakes, according to people familiar with the project.

Baker himself secured the personal approval of President Bush before signing on. "As I always do," Baker told Texas Monthly, "I said . . . I want him to look me in the eye and tell me he wants me to do this."

The 'Sunk-cost Fallacy' (LAT)

By Barry Schwartz, Barry Schwartz Is A Professor Of Psychology At Swarthmore College And The Author Of "The Paradox Of

The Los Angeles Times, September 17, 2006

There are reasons to stay in Iraq. But doing so because we 'owe' it to the dead isn't one of them.

YOU'VE PAID $10 to get into the movie and it just plain stinks. The plot is ridiculous, the acting is terrible, the violence is excessive. But you've already watched half of it. Do you sit through the movie to the end or do you leave?

Just a month ago, you spent $2,000 getting your 10-year-old car's transmission rebuilt. Now you find out the car is leaking oil and needs a ring job. Do you spend the next thousand or buy a new car?

You've been living with your romantic partner for 10 years. The relationship has had its ups and downs, and both of you have invested a lot in keeping it going. But every day it seems to involve more work and less joy. Is it time to move on?

You work for a private equity firm and personally persuaded your skeptical partners to invest $2 million in a high-tech start-up. Now the chief executive comes to see you with the news that they've hit some snags in developing their product, and they'll need at least another million to bring it to market. Do you write the check?

We've all encountered situations like these. We make a significant investment — of money, time or emotion — in some project, relationship or business deal, and it doesn't seem to be working out. Do we continue to "throw good money after bad" or do we "cut and run" and "stop wasting time"? What's the right way to think about such decisions?

Psychologists, decision scientists and economists have an answer. They tell us that it's a mistake to continue with a project or an activity because of what you have already invested in it. The time or money you've already spent is gone. You can't reclaim it. Using a past investment to justify a future investment is what they call the "sunk-cost fallacy."

Instead of thinking about the past, what we should be doing is thinking about the future. "Will my life be better if I leave this terrible movie or if I stay to the bitter end?" "Will my car give me 20,000 more trouble-free miles if I just do this one last repair?" None of these questions have sure answers. Life is full of uncertainty. But what we can say is that if the reason for "staying the course" is past commitment — sunk costs — we need to find a better one.

"Cut and run." "Stay the course." Where have we heard these phrases lately? Oh, yes, we've heard them trotted out in defense of continued U.S. involvement in Iraq as death, injury and insurgency mount. President Bush has offered several reasons for staying the course. And one of them is the more than 2,600 Americans who have already died in Iraq.

"I'm going to make you this promise," the president said at Ft. Bragg, N.C., on July 4. "I'm not going to allow the sacrifice of 2,527 troops who have died in Iraq to be in vain by pulling out before the job is done." And Bush has not cornered the market on this kind of reasoning. Bill Clinton said it too, more than a year ago. Asked about Iraq, he said that "we've all got a stake in its succeeding." Why? "We've got over 600 dead Americans since the conflict was ended."

We heard this argument often enough in the 1960s. As casualties mounted in Vietnam, it became more difficult to withdraw because withdrawal would have "cheapened" the lives of those already sacrificed. We "owed" it to the dead and wounded to "stay the course." What staying the course produced was thousands more dead and wounded. "Knee deep in the big muddy" is how folk singer Pete Seeger described it. The question should never have been, "What have we invested so far?" but "What are our objectives for the future and can we attain them at a reasonable cost?"

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The sunk-cost fallacy took many lives in Vietnam. Whether Iraq is or is not another quagmire I leave to others, and to history, to determine. But there is one respect in which we must not allow Iraq to become another Vietnam: Continued involvement must not be justified by appealing to the imperative not to allow the dead to have "died in vain."

HOW SHOULD WE honor the sacrifices of those who have died or suffered serious injury in a U.S. military conflict? The best way to show how much we respect and value their lives is by not risking other lives unless future prospects for success fully justify putting more people in harm's way. Therefore, our standards for putting more people at risk should, if anything, become more rigorous, not less, as casualties mount.

To change course under such circumstances need not be an admission of foolishness — even if enemies do accuse the decision-maker of "flip-flopping." One can think through a problem in a logical and rigorous way, and formulate a sensible course of action, only to discover that it doesn't work out. Good decisions do not guarantee good results (just as bad decisions don't guarantee bad ones).

Yet people seem willing to waste even more (time, money or lives) to justify what they have already spent and avoid that sick feeling of failure. Think about it. You haven't really lost money on a stock whose share price keeps plummeting until after you sell it. So you keep holding on, in the hope that your judgment as an investor will eventually be vindicated. And troops haven't really "died in vain" as long as you continue to press on in the fight, no matter how disastrous the results.

I am not arguing that we should "declare victory and leave" Iraq. Nor am I suggesting that the only justification being offered for continued U.S. involvement in Iraq is the "sunk cost" in American lives. I am not saying that obligations from the past should never enter into one's consideration about the future. And I certainly don't propose that we should think about death and injury, war and peace in exactly the same way we think about car transmissions and investments in start-ups.

My suggestion here is more modest. You may attempt to justify the continued Iraq occupation in many ways, as the Bush administration has. Perhaps you think it will prevent further terror, democratize the Middle East or restrain Iran. Perhaps you think that leaving Iraq before "the job is done" will undermine the world's confidence in U.S. promises to other nations.

But it is unacceptable to justify continued involvement in Iraq or any other conflict on the grounds that we "owe" it to those who have already fallen. That is a justification that has strong emotional appeal, but it is fallacious, and no one should be allowed to get away with it.

Whatever the differences between Iraq in 2006 and Vietnam in 1968, if we allow policymakers to use our "sunk costs" — our dead military — to justify further conflict, we will have turned Iraq into another Vietnam. And if we do, we will be shamed by Iraq just as we were shamed by Vietnam.

Get Real, George (NYDN)

By Andrew Krepinevich

New York Daily News, September 17, 2006

On the fifth anniversary of the 9/11 attacks, President Bush warned the nation that the Iraq war is being fought for the highest of stakes. He characterized the conflict as "a struggle for civilization," and warned that "the safety of America depends upon the outcome of the battle in the streets of Baghdad."

Given the President's stark words, you would think we're pulling out every stop and marshaling every available resource to win. And you'd be wrong. The sad but simple truth: In many ways this war is still being fought with a "business as usual" approach, and that's hurting our chances of victory.

For example, it is stunning that three-plus years into this war — a war that requires a high level of coordination between security, intelligence and reconstruction operations, and their integration with political negotiations between Iraq's competing factions — we still do not have any single individual in overall control of the war effort. Neither Ambassador Zalmay Khalilzad nor Gen. George Casey, our senior political and military leaders in Baghdad, is in charge.

This is a striking violation of one of the most basic principles of war: unity of command. Apparently neither the State nor Defense departments wants to yield bureaucratic turf, and President Bush doesn't feel inclined to force them.

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The same holds back in Washington, where the President has yet to establish a "war cabinet" that meets to oversee the war's conduct on a daily basis. The lessons of history are clear on this. If you want to win a war, you must be prepared to adapt more quickly than the enemy to changes in the conflict's dynamics — from the top on down.

Take another example. In a championship football game, would you constantly rotate your star players in and out of the game? Of course not. But that's exactly what the administration has done with its best generals. Three years into the war, where are generals like David Petraeus, David Barno and Peter Chiarelli — all of whom earned reputations for their skill in Afghanistan or Iraq? Petraeus was ordered back to Fort Leavenworth in Kansas. Barno has inexplicably been retired, while Chiarelli — who is leading the do-or-die fight in Baghdad — is scheduled to be replaced in December.

Can anyone imagine pulling Gen. George Patton from command halfway through his campaign in France during World War II? Bush has repeatedly said that as Iraqi Security Forces stand up, our forces can begin to withdraw. But doing that hinges on successfully embedding American officers and sergeants into the new Iraqi battalions. These advisers provide the stiff backbone the Iraqi forces need to accelerate their development. The quicker they become proficient, the sooner we can reduce our troop levels.v But we have only about a dozen advisers in Iraqi battalions, when three times as many are required. As one senior Army officer recently told me, "I think the Army would rather lose this war than change its personnel system."

Finally, we have the homefront effort — or, I should say, the lack of one. Not long ago, an Army officer remarked that "The United States is not at war. The Army is at war. The United States is at the mall."

Indeed, given the stakes involved, it remains shocking that the administration has asked nothing of the American people. No tax surcharge to pay for the war. Not even a war bond drive — or a call to conserve energy.

Fixing the problems of unity of command, of playing merry-go-round with generals, of taking a pickup team approach to the adviser effort and of refusing to demand some sacrifices here at home may not guarantee success, but the administration's failures on all fronts are a down payment on failure.

I believe Bush when he says the United States "is being tested in a way that we have not been since the start of the Cold War." But the President seems to be having a hard time convincing himself.

Krepinevich, who has served on the personal staff of three secretaries of defense, is executive director of the Center for Strategic and Budgetary Assessments and author of the book "The Army and Vietnam."

Training Iraqi Troops A Logistical Feat (AP-Y)

By Rebecca Santana, Associated Press Writer

AP, September 17, 2006

Iraq has one of the world's largest oil reserves, but the Iraqi army can't get enough fuel for its tanks. It also can't get spare parts for its trucks or supply ammunition on its own.

While the U.S. training program has made great progress teaching Iraqi soldiers how to fight, the force still relies on American help for distributing supplies — a dependency that is another obstacle to sending U.S. troops home.

"Just because you stand up all the fighters, all the combat arms organizations, they're not self-sustaining until they have some form of a logistics system," said Brig. Gen. Rebecca Halstead, commander of the 3rd Corps Support Command. "It's not there yet."

As U.S. commanders worked the past three years to build Iraqi security forces, priority went to forming combat units capable of fighting Sunni Arab insurgents.

The task of maintaining those troops was left to U.S.-led coalition forces — who got Iraqis to their missions, gave them ammunition, fed them and, in many cases, even gave them their pay.

Even in areas where Iraqis have taken over security duties, they need help getting supplies from central and regional storage facilities. In volatile Anbar province, a hot bed of insurgents, it has been especially challenging for the Iraqis to keep troops supplied with food and water.

So there is now an emphasis on building an effective Iraqi logistics operation.

Of the roughly 120,000 Iraqi soldiers, about 10 percent to 15 percent are involved in supply-related activities, said Maj. Gerald Ostlund, a coalition spokesman.

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By contrast, for every combat soldier in American and other foreign contingents, there are three performing support or logistics roles, U.S. officials say.

The Iraqi military won't need quite the same ratio since they have a local economy to rely on for food, housing, equipment and repairs, unlike the Americans who need to import just about everything, said Michael O'Hanlon of the Brookings Institution, a Washington D.C. think tank.

Brig. Gen. Terry Wolff, commander of the Coalition Military Assistance and Training Team that is helping Iraqis build their army, said Iraq also won't need the resources for moving troops around the world.

But many Iraqi logistical units are still understaffed, Wolff said.

For example, here at the Taji National Depot, a clearinghouse for supplies going to units across Iraq, the goal is to have about 1,200 Iraqi soldiers working at the post 12 miles north of Baghdad, but there are only about 300 now.

The American military's logistics system uses high-tech tracking devices such as radio monitors that allow items to be followed from when they leave storage in the U.S. until they arrive in Iraq.

The Iraqis use a low-tech system. Some is computerized. But records are mostly kept on paper, which means supplies can easily be lost or stolen before they get to the units that need them.

It's a system ripe for corruption, said John Pike, director of Globalsecurity.org, a research group in Washington.

"The prevailing community standard is steal everything that isn't nailed down. And when you find something that is nailed down, to go to find a crowbar," Pike said.

In one particularly egregious incident, Iraqi officials last year found that widespread fraud and corruption under former Defense Minister Hazem Shalaan led to the disappearance of $1 billion, almost the entire budget to buy new equipment.

Col. Kenneth Kirkpatrick, who advises Iraqi supply officers at Taji, said making sure everything in the depot is accounted for is a key goal.

"I think it has been a problem," he said. "Early on, things were moving through here so fast that they were just coming in on the trucks and moving out as fast as they could. Sometimes the boxes just weren't sealed properly or containers weren't locked, and that opened it up to pilferage along the route."

The depot's Iraqi deputy commander, who did not want his name used out of fear insurgents would kill him for working with the Americans, said shipping containers sometimes arrive without his staff having any idea what is in them before they are opened.

Kirkpatrick said that is mostly the case with supplies donated by other countries.

Iraqi commanders and troops in the field complain that Iraqi officials in Baghdad fail to get them essentials like fuel and spare parts for vehicles.

Lt. Col. Hassan Falah, with the highway police, likened the situation to carrying a block of ice from Baghdad to distant provinces — by the time it arrives, most of it has melted away. Falah said only four of his 20 vehicles were working due to lack of parts.

Adding to the supply problem, many Iraqi soldiers and police operate with an eclectic assortment of purchased and donated vehicles that run on various types of fuel and need different spare parts.

Then there are the fuel shortages.

An American soldier helping train the Iraqi border patrol said that when his unit pulls into a town or Iraqi base, Iraqi troops try to siphon off fuel from the U.S. Humvees because they are so low on supplies.

Wolff said the defense forces aren't allocated enough fuel from the Iraqi government. "Where do they sit on the pecking order? We believe that they're on the bottom third," he said.

In the past, when Iraqi units needed fuel, they turned to the Americans. But U.S. commanders say they have begun withholding supplies in an effort to force Iraqis to look to their own supply chains.

"For a while we really spiked where we were giving them, I would say, a majority of their fuel," said Halstead, the 3rd Corps Support Command chief. "If I keep giving you something, you'll just keep taking it."

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As for maintenance of Iraqi military vehicles, the work is now being done by private contractors hired by the Ministry of Defense. But that contract expires in March, and the Iraqi army needs to decide whether to renew it or do the work itself, Wolff said.

Despite the problems, U.S. officers say they are making progress in getting Iraqis to take over more of their supply operations.

Lt. Col. William Schiek, who supervised training of the Iraqi army's 6th Motorized Transportation Regiment, said the unit has been planning, coordinating and executing its own missions for months with little direct U.S. involvement.

"They're doing 100 percent of the heavy lifting," Schiek said. "This is not a U.S. show by any means."

Yes, More Troops Would Help, A Bit (NYT)

By Thom Shanker

The New York Times, September 17, 2006

WASHINGTON

IN the lawless villages and empty deserts of Anbar Province, the Sunni heartland that provides safe haven for indigenous insurgents and foreign terrorists, what could an American commander do if more troops showed up?

This tantalizing "what if?" is being debated with renewed intensity after it was revealed last week that a Marine Corps intelligence assessment said Anbar's dire security situation could be improved only by injecting more economic aid and a division's worth of troops to reinforce the current 30,000-strong coalition contingent.

In a way, the argument over more troops in Anbar plays out along lines familiar from the early stages of the Iraq war, when Congress and the Pentagon's civilian leaders traded words over whether enough troops were committed to the invasion and its aftermath.

But given the current debate, the question becomes how would more troops help in Anbar? And for how long?

The answer is, they would help, in the short term. But many military analysts also warn that sending in another division — anywhere from 12,00 to 15,000 troops — could create more problems. An extra division could flood the zone in Anbar, a province the size of Louisiana stretching from the west of Baghdad to the Syrian border.

Currently, the American military is continuing its "clear, hold and build" policy: pushing insurgents from key towns, sending in Iraqi and coalition forces to maintain security and trying to rebuild local governments and businesses. Despite the return of some insurgents, the military points to successes in cities like Falluja. But troops can't begin to secure other important towns like Ramadi, Haditha and Hit.

Adding soldiers could both accelerate efforts to eradicate insurgents and terrorists, as well as help stanch the flow of foreign fighters and cash that support the homegrown insurgency across Iraq.

The addition of troops, military experts said, could increase the number of border posts along the lengthy frontier with Syria. Extra cavalry in Humvees or light-armored vehicles could mount more raids along the historical smuggling routes — the military calls them "ratlines" — that are not being choked off today.

Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies, whose assessments of security in Iraq have become required reading in Washington, said he thought the military was at least a full division short of troop levels required across Iraq. Yet even with more troops, he said, the empty swaths of desert would not be worth securing, even though insurgents are free to maneuver there.

"But more troops could help in specific cities," Mr. Cordesman said. He suggested focusing on the towns and cities along the river west of Baghdad, as well as the roads from Falluja toward Syria. "You want the main cities along the road system between Syria and Baghdad," he said.

Military experts said that extra troops could also assist in the nation-building part of the mission. An influx of combat engineers could more rapidly repair and rebuild power grids, sanitation and water systems. Military engineers could train and guide Iraqis in those jobs, which would add the benefit of employing young, disaffected Sunnis.

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And a larger deployment of civil affairs officers — many drawn from the reserves who work as lawyers, city managers or teachers back in the civilian world — could add spine and muscle to efforts to establish democratic city councils, to open schools and to restart businesses. Extra officers and sergeants could also accelerate the training of Iraqi security forces.

But all those arguments for more troops founder on a tyrannical fact. Many more troops are not available. Iraqi forces are generating slowly. Foreign partners don't seem eager to add troops. And because of the new military operation to secure Baghdad, American forces have actually been pulled from Anbar, although not from the critical cities.

There's also the matter of whether more troops help in the long term. Many senior officers and military analysts argue that more soldiers conducting more combat missions would only add to a sense among many Iraqis that the United States is a clumsy and violent occupying power.

"I'll state emphatically that our job is to win in Al Anbar," said Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq. "But it is not the kind of fight that is going to be won by military kinetic action alone. It's a combination across all the lines of operations."

General Chiarelli, the commander of day-to-day military operations in Iraq, is one of the Army's leading advocates of using a broad spectrum of military and government-wide capabilities to solve Iraq's security problems.

In a 2005 article in Military Review, an official Army journal, he described how "kinetic action" — combat operations — must be combined with other "lines of operation," which include training Iraqi security forces, establishing democratic government, improving municipal services and building the economy.

The senior Marine commander in Anbar, Maj. Gen. Richard C. Zilmer, said that more troops may help, but only so much.

"I think the introduction of further U.S. forces out here will certainly give short-term affect," General Zilmer said. "But at the end of the day, I don't believe it's going to be the significant change that is necessary to achieve long-term security and stability out here in Anbar. That, we still believe, has got to be an Iraqi solution to that piece."

The Longer The War, The Larger The Lies (NYT)

By Frank Rich

The New York Times, September 17, 2006

RARELY has a television network presented a more perfectly matched double feature. President Bush's 9/11 address on Monday night interrupted ABC's "Path to 9/11" so seamlessly that a single network disclaimer served them both: "For dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, as well as time compression."

No kidding: "The Path to 9/11" was false from the opening scene, when it put Mohamed Atta both in the wrong airport (Boston instead of Portland, Me.) and on the wrong airline (American instead of USAirways). It took Mr. Bush but a few paragraphs to warm up to his first fictionalization for dramatic purposes: his renewed pledge that "we would not distinguish between the terrorists and those who harbor or support them." Only days earlier the White House sat idly by while our ally Pakistan surrendered to Islamic militants in its northwest frontier, signing a "truce" and releasing Al Qaeda prisoners. Not only will Pakistan continue to harbor terrorists, Osama bin Laden probably among them, but it will do so without a peep from Mr. Bush.

You'd think that after having been caught concocting the scenario that took the nation to war in Iraq, the White House would mind the facts now. But this administration understands our culture all too well. This is a country where a cable news network (MSNBC) offers in-depth journalism about one of its anchors (Tucker Carlson) losing a prime-time dance contest and where conspiracy nuts have created a cottage industry of books and DVD's by arguing that hijacked jets did not cause 9/11 and that the 9/11 commission was a cover-up. (The fictionalized "Path to 9/11," supposedly based on the commission's report, only advanced the nuts' case.) If you're a White House stuck in a quagmire in an election year, what's the percentage in starting to tell the truth now? It's better to game the system.

The untruths are flying so fast that untangling them can be a full-time job. Maybe that's why I am beginning to find Dick Cheney almost refreshing. As we saw on "Meet the Press" last Sunday, these days he helpfully signals when he's about to lie. One dead giveaway is the word context, as in "the context in which I made that statement last year." The vice president invoked

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"context" to try to explain away both his bogus predictions: that Americans would be greeted as liberators in Iraq and that the insurgency (some 15 months ago) was in its "last throes."

The other instant tip-off to a Cheney lie is any variation on the phrase "I haven't read the story." He told Tim Russert he hadn't read The Washington Post's front-page report that the bin Laden trail had gone "stone cold" or the new Senate Intelligence Committee report(PDF) contradicting the White House's prewar hype about nonexistent links between Al Qaeda and Saddam. Nor had he read a Times front-page article about his declining clout. Or the finding by Mohamed ElBaradei of the International Atomic Energy Agency just before the war that there was "no evidence of resumed nuclear activities" in Iraq. "I haven't looked at it; I'd have to go back and look at it again," he said, however nonsensically.

These verbal tics are so consistent that they amount to truth in packaging — albeit the packaging of evasions and falsehoods. By contrast, Condi Rice's fictions, also offered in bulk to television viewers to memorialize 9/11, are as knotty as a David Lynch screenplay. Asked by Chris Wallace of Fox News last Sunday if she and the president had ignored prewar "intelligence that contradicted your case," she refused to give up the ghost: "We know that Zarqawi was running a poisons network in Iraq," she insisted, as she continued to state again that "there were ties between Iraq and Al Qaeda" before the war.

Ms. Rice may be a terrific amateur concert pianist, but she's an even better amateur actress. The Senate Intelligence Committee report released only two days before she spoke dismissed all such ties. Saddam, who "issued a general order that Iraq should not deal with Al Qaeda," saw both bin Laden and Abu Musab al-Zarqawi as threats and tried to hunt down Zarqawi when he passed through Baghdad in 2002. As for that Zarqawi "poisons network," the Pentagon knew where it was and wanted to attack it in June 2002. But as Jim Miklaszewski of NBC News reported more than two years ago, the White House said no, fearing a successful strike against Zarqawi might "undercut its case for going to war against Saddam." Zarqawi, meanwhile, escaped.

It was in an interview with Ted Koppel for the Discovery Channel, though, that Ms. Rice rose to a whole new level of fictionalizing by wrapping a fresh layer of untruth around her most notorious previous fiction. Asked about her dire prewar warning that a smoking gun might come in the form of a mushroom cloud, she said that "it wasn't meant as hyperbole." She also rewrote history to imply that she had been talking broadly about the nexus between "terrorism and a nuclear device" back then, not specifically Saddam — a rather deft verbal sleight-of-hand.

Ms. Rice sets a high bar, but Mr. Bush, competitive as always, was not to be outdone in his Oval Office address. Even the billing of his appearance was fiction. "It's not going to be a political speech," Tony Snow announced, knowing full well that the 17-minute text was largely Cuisinarted scraps from other recent political speeches, including those at campaign fund-raisers. Moldy canards of yore (Saddam "was a clear threat") were interspersed with promising newcomers: Iraq will be "a strong ally in the war on terror." As is often the case, the president was technically truthful. Iraq will be a strong ally in the war on terror — just not necessarily our ally. As Mr. Bush spoke, the Iraqi prime minister, Nuri al-Maliki, was leaving for Iran to jolly up Mahmoud Ahmadinejad.

Perhaps the only way to strike back against this fresh deluge of fiction is to call the White House's bluff. On Monday night, for instance, Mr. Bush flatly declared that "the safety of America depends on the outcome of the battle in the streets of Baghdad." He once again invoked Franklin Roosevelt and Harry Truman, asking, "Do we have the confidence to do in the Middle East what our fathers and grandfathers accomplished in Europe and Asia?"

Rather than tune this bluster out, as the country now does, let's try a thought experiment. Let's pretend everything Mr. Bush said is actually true and then hold him to his word. If the safety of America really depends on the outcome of the battle in the streets of Baghdad, then our safety is in grave peril because we are losing that battle. The security crackdown announced with great fanfare by Mr. Bush and Mr. Maliki in June is failing. Rosy American claims of dramatically falling murder rates are being challenged by the Baghdad morgue. Perhaps most tellingly, the Pentagon has nowstopped including in its own tally the large numbers of victims killed by car bombings and mortar attacks in sectarian warfare.

And that's the good news. Another large slice of Iraq, Anbar Province (almost a third of the country), is slipping away so fast that a senior military official told NBC News last week that 50,000 to 60,000 additional ground forces were needed to secure it, despite our huge sacrifice in two savage battles for Falluja. The Iraqi troops "standing up" in Anbar are deserting at a rate as high as 40 percent.

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"Even the most sanguine optimist cannot yet conclude we are winning," John Lehman, the former Reagan Navy secretary, wrote of the Iraq war last month. So what do we do next? Given that the current course is a fiasco, and that the White House demonizes any plan or timetable for eventual withdrawal as "cut and run," there's only one immediate alternative: add more manpower, and fast. Last week two conservative war supporters, William Kristol and Rich Lowry, called for exactly that — "substantially more troops." These pundits at least have the courage of Mr. Bush's convictions. Shouldn't Republicans in Congress as well?

After all, if what the president says is true about the stakes in Baghdad, it's tantamount to treason if Bill Frist, Rick Santorum and John Boehner fail to rally their party's Congressional majority to stave off defeat there. We can't emulate our fathers and grandfathers and whip today's Nazis and Communists with 145,000 troops. Roosevelt and Truman would have regarded those troop levels as defeatism.

The trouble, of course, is that we don't have any more troops, and supporters of the war, starting with Mr. Bush, don't want to ask American voters to make any sacrifices to provide them. They don't want to ask because they know the voters will tell them no. In the end, that is the hard truth the White House is determined to obscure, at least until Election Day, by carpet-bombing America with still more fictions about Iraq.

Ties To GOP Trumped Know-How Among Staff Sent To Rebuild Iraq (WP)

By Rajiv Chandrasekaran, Washington Post Staff Writer

The Washington Post, September 17, 2006

Adapted from "Imperial Life in the Emerald City," by Rajiv Chandrasekaran, copyright Knopf 2006

After the fall of Saddam Hussein's government in April 2003, the opportunity to participate in the U.S.-led effort to reconstruct Iraq attracted all manner of Americans -- restless professionals, Arabic-speaking academics, development specialists and war-zone adventurers. But before they could go to Baghdad, they had to get past Jim O'Beirne's office in the Pentagon.

To pass muster with O'Beirne, a political appointee who screens prospective political appointees for Defense Department posts, applicants didn't need to be experts in the Middle East or in post-conflict reconstruction. What seemed most important was loyalty to the Bush administration.

O'Beirne's staff posed blunt questions to some candidates about domestic politics: Did you vote for George W. Bush in 2000? Do you support the way the president is fighting the war on terror? Two people who sought jobs with the U.S. occupation authority said they were even asked their views on Roe v. Wade .

Many of those chosen by O'Beirne's office to work for the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, lacked vital skills and experience. A 24-year-old who had never worked in finance -- but had applied for a White House job -- was sent to reopen Baghdad's stock exchange. The daughter of a prominent neoconservative commentator and a recent graduate from an evangelical university for home-schooled children were tapped to manage Iraq's $13 billion budget, even though they didn't have a background in accounting.

The decision to send the loyal and the willing instead of the best and the brightest is now regarded by many people involved in the 3 1/2 -year effort to stabilize and rebuild Iraq as one of the Bush administration's gravest errors. Many of those selected because of their political fidelity spent their time trying to impose a conservative agenda on the postwar occupation, which sidetracked more important reconstruction efforts and squandered goodwill among the Iraqi people, according to many people who participated in the reconstruction effort.

The CPA had the power to enact laws, print currency, collect taxes, deploy police and spend Iraq's oil revenue. It had more than 1,500 employees in Baghdad at its height, working under America's viceroy in Iraq, L. Paul Bremer, but never released a public roster of its entire staff.

Interviews with scores of former CPA personnel over the past two years depict an organization that was dominated -- and ultimately hobbled -- by administration ideologues.

"We didn't tap -- and it should have started from the White House on down -- just didn't tap the right people to do this job," said Frederick Smith, who served as the deputy director of the CPA's Washington office. "It was a tough, tough job. Instead we got people who went out there because of their political leanings."

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Endowed with $18 billion in U.S. reconstruction funds and a comparatively quiescent environment in the immediate aftermath of the U.S. invasion, the CPA was the U.S. government's first and best hope to resuscitate Iraq -- to establish order, promote rebuilding and assemble a viable government, all of which, experts believe, would have constricted the insurgency and mitigated the chances of civil war. Many of the basic tasks Americans struggle to accomplish today in Iraq -- training the army, vetting the police, increasing electricity generation -- could have been performed far more effectively in 2003 by the CPA.

But many CPA staff members were more interested in other things: in instituting a flat tax, in selling off government assets, in ending food rations and otherwise fashioning a new nation that looked a lot like the United States. Many of them spent their days cloistered in the Green Zone, a walled-off enclave in central Baghdad with towering palms, posh villas, well-stocked bars and resort-size swimming pools.

By the time Bremer departed in June 2004, Iraq was in a precarious state. The Iraqi army, which had been dissolved and refashioned by the CPA, was one-third the size he had pledged it would be. Seventy percent of police officers had not been screened or trained. Electricity generation was far below what Bremer had promised to achieve. And Iraq's interim government had been selected not by elections but by Americans. Divisive issues were to be resolved later on, increasing the chances that tension over those matters would fuel civil strife.

To recruit the people he wanted, O'Beirne sought rÃ©sumÃ©s from the offices of Republican congressmen, conservative think tanks and GOP activists. He discarded applications from those his staff deemed ideologically suspect, even if the applicants possessed Arabic language skills or postwar rebuilding experience.

Smith said O'Beirne once pointed to a young man's rÃ©sumÃ© and pronounced him "an ideal candidate." His chief qualification was that he had worked for the Republican Party in Florida during the presidential election recount in 2000.

O'Beirne, a former Army officer who is married to prominent conservative commentator Kate O'Beirne, did not respond to requests for comment.

He and his staff used an obscure provision in federal law to hire many CPA staffers as temporary political appointees, which exempted the interviewers from employment regulations that prohibit questions about personal political beliefs.

There were a few Democrats who wound up getting jobs with the CPA, but almost all of them were active-duty soldiers or State Department Foreign Service officers. Because they were career government employees, not temporary hires, O'Beirne's office could not query them directly about their political leanings.

One former CPA employee who had an office near O'Beirne's wrote an e-mail to a friend describing the recruitment process: "I watched rÃ©sumÃ©s of immensely talented individuals who had sought out CPA to help the country thrown in the trash because their adherence to 'the President's vision for Iraq' (a frequently heard phrase at CPA) was 'uncertain.' I saw senior civil servants from agencies like Treasury, Energy . . . and Commerce denied advisory positions in Baghdad that were instead handed to prominent RNC [Republican National Committee] contributors."

As more and more of O'Beirne's hires arrived in the Green Zone, the CPA's headquarters in Hussein's marble-walled former Republican Palace felt like a campaign war room. Bumper stickers and mouse pads praising President Bush were standard desk decorations. In addition to military uniforms and "Operation Iraqi Freedom" garb, "Bush-Cheney 2004" T-shirts were among the most common pieces of clothing.

"I'm not here for the Iraqis," one staffer noted to a reporter over lunch. "I'm here for George Bush."

When Gordon Robison, who worked in the Strategic Communications office, opened a care package from his mother to find a book by Paul Krugman, a liberal New York Times columnist, people around him stared. "It was like I had just unwrapped a radioactive brick," he recalled.Finance Background Not Required

Twenty-four-year-old Jay Hallen was restless. He had graduated from Yale two years earlier, and he didn't much like his job at a commercial real-estate firm. His passion was the Middle East, and although he had never been there, he was intrigued enough to take Arabic classes and read histories of the region in his spare time.

He had mixed feelings about the war in Iraq, but he viewed the American occupation as a ripe opportunity. In the summer of 2003, he sent an e-mail to Reuben Jeffrey III, whom he had met when applying for a White House job a year earlier. Hallen had a simple query for Jeffrey, who was working as an adviser to Bremer: Might there be any job openings in Baghdad?

"Be careful what you wish for," Jeffrey wrote in response. Then he forwarded Hallen's resume to O'Beirne's office.

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Three weeks later, Hallen got a call from the Pentagon. The CPA wanted him in Baghdad. Pronto. Could he be ready in three to four weeks?

The day he arrived in Baghdad, he met with Thomas C. Foley, the CPA official in charge of privatizing state-owned enterprises. (Foley, a major Republican Party donor, went to Harvard Business School with President Bush.) Hallen was shocked to learn that Foley wanted him to take charge of reopening the stock exchange.

"Are you sure?" Hallen said to Foley. "I don't have a finance background."

It's fine, Foley replied. He told Hallen that he was to be the project manager. He would rely on other people to get things done. He would be "the main point of contact."

Before the war, Baghdad's stock exchange looked nothing like its counterparts elsewhere in the world. There were no computers, electronic displays or men in colorful coats scurrying around on the trading floor. Trades were scrawled on pieces of paper and noted on large blackboards. If you wanted to buy or sell, you came to the exchange yourself and shouted your order to one of the traders. There was no air-conditioning. It was loud and boisterous. But it worked. Private firms raised hundreds of thousands of dollars by selling stock, and ordinary people learned about free enterprise.

The exchange was gutted by looters after the war. The first wave of American economic reconstruction specialists from the Treasury Department ignored it. They had bigger issues to worry about: paying salaries, reopening the banks, stabilizing the currency. But the brokers wanted to get back to work and investors wanted their money, so the CPA made the reopening a priority.

Quickly absorbing the CPA's ambition during the optimistic days before the insurgency flared, Hallen decided that he didn't just want to reopen the exchange, he wanted to make it the best, most modern stock market in the Arab world. He wanted to promulgate a new securities law that would make the exchange independent of the Finance Ministry, with its own bylaws and board of directors. He wanted to set up a securities and exchange commission to oversee the market. He wanted brokers to be licensed and listed companies to provide financial disclosures. He wanted to install a computerized trading and settlement system.

Iraqis cringed at Hallen's plan. Their top priority was reopening the exchange, not setting up computers or enacting a new securities law. "People are broke and bewildered," broker Talib Tabatabai told Hallen. "Why do you want to create enemies? Let us open the way we were."

Tabatabai, who held a doctorate in political science from Florida State University, believed Hallen's plan was unrealistic. "It was something so fancy, so great, that it couldn't be accomplished," he said.

But Hallen was convinced that major changes had to be enacted. "Their laws and regulations were completely out of step with the modern world," he said. "There was just no transparency in anything. It was more of a place for Saddam and his friends to buy up private companies that they otherwise didn't have a stake in."

Opening the stock exchange without legal and structural changes, Hallen maintained, "would have been irresponsible and short-sighted."

To help rewrite the securities law, train brokers and purchase the necessary computers, Hallen recruited a team of American volunteers. In the spring of 2004, Bremer approved the new law and simultaneously appointed the nine Iraqis selected by Hallen to become the exchange's board of governors.

The exchange's board selected Tabatabai as its chairman. The new securities law that Hallen had nursed into life gave the board control over the exchange's operations, but it didn't say a thing about the role of the CPA adviser. Hallen assumed that he'd have a part in decision-making until the handover of sovereignty. Tabatabai and the board, however, saw themselves in charge.

Tabatabai and the other governors decided to open the market as soon as possible. They didn't want to wait several more months for the computerized trading system to be up and running. They ordered dozens of dry-erase boards to be installed on the trading floor. They used such boards to keep track of buying and selling prices before the war, and that's how they'd do it again.

The exchange opened two days after Hallen's tour in Iraq ended. Brokers barked orders to floor traders, who used their trusty white boards. Transactions were recorded not with computers but with small chits written in ink. CPA staffers stayed away, afraid that their presence would make the stock market a target for insurgents.

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When Tabatabai was asked what would have happened if Hallen hadn't been assigned to reopen the exchange, he smiled. "We would have opened months earlier. He had grand ideas, but those ideas did not materialize," Tabatabai said of Hallen. "Those CPA people reminded me of Lawrence of Arabia."'Loyalist' Replaces Public Health Expert

The hiring of Bremer's most senior advisers was settled upon at the highest levels of the White House and the Pentagon. Some, like Foley, were personally recruited by Bush. Others got their jobs because an influential Republican made a call on behalf of a friend or trusted colleague.

That's what happened with James K. Haveman Jr., who was selected to oversee the rehabilitation of Iraq's health care system.

Haveman, a 60-year-old social worker, was largely unknown among international health experts, but he had connections. He had been the community health director for the former Republican governor of Michigan, John Engler, who recommended him to Paul D. Wolfowitz, the deputy secretary of defense.

Haveman was well-traveled, but most of his overseas trips were in his capacity as a director of International Aid, a faith-based relief organization that provided health care while promoting Christianity in the developing world. Before his stint in government, Haveman ran a large Christian adoption agency in Michigan that urged pregnant women not to have abortions.

Haveman replaced Frederick M. Burkle Jr., a physician with a master's degree in public health and postgraduate degrees from Harvard, Yale, Dartmouth and the University of California at Berkeley. Burkle taught at the Johns Hopkins School of Public Health, where he specialized in disaster-response issues, and he was a deputy assistant administrator at the U.S. Agency for International Development, which sent him to Baghdad immediately after the war.

He had worked in Kosovo and Somalia and in northern Iraq after the 1991 Persian Gulf War. A USAID colleague called him the "single most talented and experienced post-conflict health specialist working for the United States government."

But a week after Baghdad's liberation, Burkle was informed he was being replaced. A senior official at USAID sent Burkle an e-mail saying the White House wanted a "loyalist" in the job. Burkle had a wall of degrees, but he didn't have a picture with the president.

Haveman arrived in Iraq with his own priorities. He liked to talk about the number of hospitals that had reopened since the war and the pay raises that had been given to doctors instead of the still-decrepit conditions inside the hospitals or the fact that many physicians were leaving for safer, better paying jobs outside Iraq. He approached problems the way a health care administrator in America would: He focused on preventive measures to reduce the need for hospital treatment.

He urged the Health Ministry to mount an anti-smoking campaign, and he assigned an American from the CPA team -- who turned out to be a closet smoker himself -- to lead the public education effort. Several members of Haveman's staff noted wryly that Iraqis faced far greater dangers in their daily lives than tobacco. The CPA's limited resources, they argued, would be better used raising awareness about how to prevent childhood diarrhea and other fatal maladies.

Haveman didn't like the idea that medical care in Iraq was free. He figured Iraqis should pay a small fee every time they saw a doctor. He also decided to allocate almost all of the Health Ministry's $793 million share of U.S. reconstruction funds to renovating maternity hospitals and building new community medical clinics. His intention, he said, was "to shift the mind-set of the Iraqis that you don't get health care unless you go to a hospital."

But his decision meant there were no reconstruction funds set aside to rehabilitate the emergency rooms and operating theaters at Iraqi hospitals, even though injuries from insurgent attacks were the country's single largest public health challenge.

Haveman also wanted to apply American medicine to other parts of the Health Ministry. Instead of trying to restructure the dysfunctional state-owned firm that imported and distributed drugs and medical supplies to hospitals, he decided to try to sell it to a private company.

To prepare it for a sale, he wanted to attempt something he had done in Michigan. When he was the state's director of community health, he sought to slash the huge amount of money Michigan spent on prescription drugs for the poor by limiting the medications doctors could prescribe for Medicaid patients. Unless they received an exemption, physicians could only prescribe drugs that were on an approved list, known as a formulary.

Haveman figured the same strategy could bring down the cost of medicine in Iraq. The country had 4,500 items on its drug formulary. Haveman deemed it too large. If private firms were going to bid for the job of supplying drugs to government hospitals,

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they needed a smaller, more manageable list. A new formulary would also outline new requirements about where approved drugs could be manufactured, forcing Iraq to stop buying medicines from Syria, Iran and Russia, and start buying from the United States.

He asked the people who had drawn up the formulary in Michigan whether they wanted to come to Baghdad. They declined. So he beseeched the Pentagon for help. His request made its way to the Defense Department's Pharmacoeconomic Center in San Antonio.

A few weeks later, three formulary experts were on their way to Iraq.

The group was led by Theodore Briski, a balding, middle-aged pharmacist who held the rank of lieutenant commander in the U.S. Navy. Haveman's order, as Briski remembered it, was: "Build us a formulary in two weeks and then go home." By his second day in Iraq, Briski came to three conclusions. First, the existing formulary "really wasn't that bad." Second, his mission was really about "redesigning the entire Iraqi pharmaceutical procurement and delivery system, and that was a complete change of scope -- on a grand scale." Third, Haveman and his advisers "really didn't know what they were doing."

Haveman "viewed Iraq as Michigan after a huge attack," said George Guszcza, an Army captain who worked on the CPA's health team. "Somehow if you went into the ghettos and projects of Michigan and just extended it out for the entire state -- that's what he was coming to save."

Haveman's critics, including more than a dozen people who worked for him in Baghdad, contend that rewriting the formulary was a distraction. Instead, they said, the CPA should have focused on restructuring, but not privatizing, the drug-delivery system and on ordering more emergency shipments of medicine to address shortages of essential medicines. The first emergency procurement did not occur until early 2004, after the Americans had been in Iraq for more than eight months.

Haveman insisted that revising the formulary was a crucial first step in improving the distribution of medicines. "It was unwieldy to order 4,500 different drugs, and to test and distribute them," he said.

When Haveman left Iraq, Baghdad's hospitals were as decrepit as the day the Americans arrived. At Yarmouk Hospital, the city's largest, rooms lacked the most basic equipment to monitor a patient's blood pressure and heart rate, operating theaters were without modern surgical tools and sterile implements, and the pharmacy's shelves were bare.

Nationwide, the Health Ministry reported that 40 percent of the 900 drugs it deemed essential were out of stock in hospitals. Of the 32 medicines used in public clinics for the management of chronic diseases, 26 were unavailable.

The new health minister, Aladin Alwan, beseeched the United Nations for help, and he asked neighboring nations to share what they could. He sought to increase production at a state-run manufacturing plant in the city of Samarra. And he put the creation of a new formulary on hold. To him, it was a fool's errand.

"We didn't need a new formulary. We needed drugs," he said. "But the Americans did not understand that."A 9/11 Hero's Public Relations Blitz

In May 2003, a team of law enforcement experts from the Justice Department concluded that more than 6,600 foreign advisers were needed to help rehabilitate Iraq's police forces.

The White House dispatched just one: Bernie Kerik.

Bernard Kerik had more star power than Bremer and everyone else in the CPA combined. Soldiers stopped him in the halls of the Republican Palace to ask for his autograph or, if they had a camera, a picture. Reporters were more interested in interviewing him than they were the viceroy.

Kerik had been New York City's police commissioner when terrorists attacked the World Trade Center on Sept. 11, 2001. His courage (he shouted evacuation orders from a block away as the south tower collapsed), his stamina (he worked around the clock and catnapped in his office for weeks), and his charisma (he was a master of the television interview) turned him into a national hero. When White House officials were casting about for a prominent individual to take charge of Iraq's Interior Ministry and assume the challenge of rebuilding the Iraqi police, Kerik's name came up. Bush pronounced it an excellent idea.

Kerik had worked in the Middle East before, as the security director for a government hospital in Saudi Arabia, but he was expelled from the country amid a government investigation into his surveillance of the medical staff. He lacked postwar policing experience, but the White House viewed that as an asset.

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Veteran Middle East hands were regarded as insufficiently committed to the goal of democratizing the region. Post-conflict experts, many of whom worked for the State Department, the United Nations or nongovernmental organizations, were deemed too liberal. Men such as Kerik -- committed Republicans with an accomplished career in business or government -- were ideal. They were loyal, and they shared the Bush administration's goal of rebuilding Iraq in an American image. With Kerik, there were bonuses: The media loved him, and the American public trusted him.

Robert Gifford, a State Department expert in international law enforcement, was one of the first CPA staff members to meet Kerik when he arrived in Baghdad. Gifford was the senior adviser to the Interior Ministry, which oversaw the police. Kerik was to take over Gifford's job.

"I understand you are going to be the man, and we are here to support you," Gifford told Kerik.

"I'm here to bring more media attention to the good work on police because the situation is probably not as bad as people think it is," Kerik replied.

As they entered the Interior Ministry office in the palace, Gifford offered to brief Kerik. "It was during that period I realized he wasn't with me," Gifford recalled. "He didn't listen to anything. He hadn't read anything except his e-mails. I don't think he read a single one of our proposals."

Kerik wasn't a details guy. He was content to let Gifford figure out how to train Iraqi officers to work in a democratic society. Kerik would take care of briefing the viceroy and the media. And he'd be going out for a few missions himself.

Kerik's first order of business, less than a week after he arrived, was to give a slew of interviews saying the situation was improving. He told the Associated Press that security in Baghdad "is not as bad as I thought. Are bad things going on? Yes. But is it out of control? No. Is it getting better? Yes." He went on NBC's "Today" show to pronounce the situation "better than I expected." To Time magazine, he said that "people are starting to feel more confident. They're coming back out. Markets and shops that I saw closed one week ago have opened."

When it came to his own safety, Kerik took no chances. He hired a team of South African bodyguards, and he packed a 9mm handgun under his safari vest.

The first months after liberation were a critical period for Iraq's police. Officers needed to be called back to work and screened for Baath Party connections. They'd have to learn about due process, how to interrogate without torture, how to walk the beat. They required new weapons. New chiefs had to be selected. Tens of thousands more officers would have to be hired to put the genie of anarchy back in the bottle.

Kerik held only two staff meetings while in Iraq, one when he arrived and the other when he was being shadowed by a New York Times reporter, according to Gerald Burke, a former Massachusetts State Police commander who participated in the initial Justice Department assessment mission. Despite his White House connections, Kerik did not secure funding for the desperately needed police advisers. With no help on the way, the task of organizing and training Iraqi officers fell to U.S. military police soldiers, many of whom had no experience in civilian law enforcement.

"He was the wrong guy at the wrong time," Burke said later. "Bernie didn't have the skills. What we needed was a chief executive-level person. . . . Bernie came in with a street-cop mentality."

Kerik authorized the formation of a hundred-man Iraqi police paramilitary unit to pursue criminal syndicates that had formed since the war, and he often joined the group on nighttime raids, departing the Green Zone at midnight and returning at dawn, in time to attend Bremer's senior staff meeting, where he would crack a few jokes, describe the night's adventures and read off the latest crime statistics prepared by an aide. The unit did bust a few kidnapping gangs and car-theft rings, generating a stream of positive news stories that Kerik basked in and Bremer applauded. But the all-nighters meant Kerik wasn't around to supervise the Interior Ministry during the day. He was sleeping.

Several members of the CPA's Interior Ministry team wanted to blow the whistle on Kerik, but they concluded any complaints would be brushed off. "Bremer's staff thought he was the silver bullet," a member of the Justice Department assessment mission said. "Nobody wanted to question the [man who was] police chief during 9/11."

Kerik contended that he did his best in what was, ultimately, an untenable situation. He said he wasn't given sufficient funding to hire foreign police advisers or establish large-scale training programs.

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Three months after he arrived, Kerik attended a meeting of local police chiefs in Baghdad's Convention Center. When it was his turn to address the group, he stood and bid everyone farewell. Although he had informed Bremer of his decision a few days earlier, Kerik hadn't told most of the people who worked for him. He flew out of Iraq a few hours later.

"I was in my own world," he said later. "I did my own thing."

Mistakes Were Made (WP)

Reviewed By Moisã©s Naã-m

The Washington Post, September 17, 2006

How L. Paul Bremer's occupation paved the way for today's chaos in Baghdad.

IMPERIAL LIFE IN THE EMERALD CITY

Inside Iraq's Green Zone

By Rajiv Chandrasekaran

Knopf. 320 pp. $25.95

When President Bush announced in May 2003 that he was appointing L. Paul Bremer as the top U.S. civilian official in Iraq, I received an e-mail from one of his former business colleagues: "I just heard that Jerry [Bremer's nickname] will be running Iraq. And the Iraqis thought that the worst we could do was to bomb them."

At the time, I just smiled and dismissed the message. Three years later, Rajiv Chandrasekaran's extraordinary book made me realize how tragically prescient that e-mail had been. Imperial Life in the Emerald City is full of jaw-dropping tales of the myriad large and small ways in which Bremer and his team poured fuel into the lethal cauldron that is today's Iraq. He was not alone and had many eager and powerful partners in Washington, Baghdad and elsewhere. Still, by reporting on daily life and decision making inside the Green Zone, the cloistered compound that housed Bremer's Coalition Provisional Authority (CPA), Chandrasekaran shows how incomplete our conventional wisdom is about what went wrong in Iraq.

That common wisdom holds that while the decision to invade Iraq and topple Saddam Hussein is still open to debate, American mismanagement of the country after the invasion is not. Even the Bush administration's staunchest supporters now accept that "mistakes were made" and admit that, for example, dismantling the Iraqi army and driving out officials tied to the old dictatorship's Baath Party (both policies that Bremer championed) were bad ideas. But often implicit in this dominant interpretation is a complacent understanding, even a justification, of U.S. mistakes made during the occupation. After all, goes the thinking, ethnic divisions, suicidal Islamist fanatics, decades of oppression and decay, and all sorts of other obstacles conspired against the success of the bold American enterprise.

It is hard to hold that view after reading this book. Chandrasekaran, now an assistant managing editor of The Washington Post, was The Post's Baghdad bureau chief in 2003-04 and has a keen eye for the small detail that illuminates larger truths. He clearly suggests that the self-inflicted wounds created by CPA ineptitude, arrogance and ignorance were far from inevitable. Nor, he shows, were they minor causes of the mess the United States faces today in Iraq. Imperial Life in the Emerald City documents the way that an avalanche of unjustifiable mistakes transformed a difficult mission into an impossible one.

Take, for example, the story of Frederick M. Burkle Jr., a Navy reserve officer and physician with two Bronze Stars whom a colleague describes as "the single most talented and experienced post-conflict health specialist working for the United States government." Burkle was ousted a week after Baghdad's liberation because, he was told by his superiors, the White House preferred to have a Bush "loyalist" in charge of health matters in Iraq. Burkle was replaced (fully two months later) by James K. Haveman Jr., a social worker whose experience as the community-health director for Michigan's former Republican governor, John Engler, had followed a stint running "a large Christian adoption agency in Michigan that urged pregnant women not to have abortions." Haveman had also traveled widely "in his capacity as a director of International Aid, a faith-based relief organization that provided health care while promoting Christianity in the developing world." (That pro-life stance was not uncommon in the CPA: Two staffers report being asked during their job interviews if they supported the Supreme Court's Roe v. Wade ruling.) Chandrasekaran's rendition of Haveman's performance in Iraq makes for unnerving reading: the launch of an antismoking campaign while hospitals lacked pain killers; the emphasis on preventive medicine in a country ravaged by a bloody insurgency;

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an attempt to refashion Iraq's health care system with a U.S.-inspired model based on private providers, co-payments and primary care while newborns routinely died for lack of incubators.

Or take the case of Capt. John Smathers, a reservist and personal-injury lawyer charged with bringing some order to the chaotic traffic jams that ensued after U.S. authorities eliminated all import duties and the country was flooded by imported used cars. The solution? Download Maryland's motor-vehicle code from the Internet, translate it into Arabic and, after much haggling and revision, have Bremer sign it into law. CPA Order 86 included provisions such as, "Pedestrians walking during darkness or cloudy weather shall wear light or reflective clothing."

Micromanaging and emulating U.S. institutions was also the instinct of Jay Hallen, the clueless 24-year-old in charge of reopening the Baghdad stock market. His approach was to create one patterned after the New York Stock Exchange. (No, it didn't work.) Nor was Hallen the only inexperienced twentysomething CPA staffer given responsibilities for which he was utterly unprepared. Six of the "ten young gofers" that the CPA had requested from the Pentagon to handle minor administrative tasks found themselves managing Iraq's $13-billion budget. Where did the Pentagon recruit them? From the Heritage Foundation; they had sent their resumes there, looking for work in that conservative think tank.

When so much money is combined with organizational chaos, a state of emergency and the expectation that powerful friends in Washington would provide any needed cover, corruption is inevitable. Sure enough, Chandrasekaran offers tales of corruption among American contractors that read like dispatches from a kleptocratic banana republic.

Readers should avoid the temptation to dismiss Imperial Life in the Emerald City as yet another book documenting America's misadventures in Iraq. That of course it is, but the book offers more than a dispatch from the trenches. Chandrasekaran does not set out to score partisan points or unveil large geopolitical lessons; he is, essentially, a reporter telling readers what he saw. Yet it is impossible to read his book without thinking about the larger implications of the story he tells.

What caused the massive collapse of common sense that doomed the CPA and undermined the U.S. gamble in Iraq? That is the question that every page tacitly forces on the reader. American ingenuity, pragmatism and practical approaches to problem-solving are legendary. But Chandrasekaran shows that what reigned in Iraq was massive incompetence, patently unfeasible schemes, naive expectations and arrogance fueled by ignorance. His book methodically documents the baffling ineptitude that dominated U.S. attempts to influence Iraq's fiendish politics, rebuild the electrical grid, privatize the economy, run the oil industry, recruit expert staff or instill a modicum of normalcy to the lives of Iraqis. Nor are the book's complaints Monday-morning quarterbacking. The CPA's failings caused widespread grumbling at the time. Chandrasekaran tells of a message board on which some Marines had drawn a gravestone inscribed with the words "COMMON SENSE." The caption underneath it read: "Killed by the CPA."

Why? What happened? Chandrasekaran does not try to answer these questions directly. But his indispensable book offers powerful hints as to what the likely answers are. Bremer's regency suffered from too much unaccountable political power, too much carelessly spent money and too many ideological certitudes. Those conditions allowed incompetence, petty partisanship, patronage, nepotism and corruption to thrive. That is why "mistakes were made" -- and Chandrasekaran gets us away from that passive-voice formulation to show who, precisely, made them. Those mistakes go a long way toward explaining why success in Iraq is proving so tragically elusive. Â·

MoisÃ©s NaÃ-m is editor in chief of Foreign Policy magazine and the author of "Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy."

A Liberal Hawk Strikes Back (LAT)

Jonathan Chait

The Los Angeles Times, September 17, 2006

THE CIRCULAR firing squad is the signature practice of the Democratic Party. Think of 1968, or 1972, or everything that happened during the Clinton presidency except impeachment, or the Howard Dean campaign. Democrats are never truly happy unless they're at each others' throats.

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It has been a while since the Democratic Party had a good, old-fashioned internal bloodbath. The Bush years have had a unifying effect. But as Bush begins to recede from the scene, the prospect of controlling Congress looms and the presidential primaries appear over the horizon, the cherished habits are bound to resume.

In fact, the infighting has started. The new Democratic civil war, which is already burbling up in liberal magazines, blogs and opinion columns, centers on whether the Bush administration screwed up Iraq or whether the project was doomed to failure regardless.

This may sound like a trivial subject for a vicious ideological bloodbath. (Leave it to Democrats to tear each other to shreds over a counter-factual historical argument.) But it's actually a crucial question. At stake is nothing less than who gets to direct the party's foreign policy.

The liberal wing of the party has long been aware that although Democratic voters are generally dovish, the party's foreign policy elite is fairly hawkish. Liberals, understandably, want to depose that hawkish elite and replace it with a dovish one. Flynt Leverett, a foreign policy advisor to John Kerry, complained that "Democrats have fallen into a 'soft neoconservatism' that has dulled the party's voice on foreign policy." John Tirman, in his book, "100 Ways America Is Screwing Up the World," writes, "When I see a liberal hawk, I smell a rat."

The Iraq debacle (which most liberal hawks supported) has given the doves new ammunition. In some ways it resembles the fallout from the Vietnam War, when liberals such as George McGovern — who were skeptical of the Cold War — unseated the Kennedy-era hawks who had led the country into a quagmire in Southeast Asia. One difference between Vietnam and Iraq is that the former was conducted mostly by Democratic administrations, while the latter has been conducted by a Republican one. Liberal hawks (like me) believe that this mostly absolves us; it wasn't us who conducted this debacle.

Doves, naturally, want to hang the war around our necks anyway. They say blaming Bush is a cop-out. Last year, Sam Rosenfeld and Matthew Yglesias wrote an article in the American Prospect attacking those who fault the conduct of the Iraq war. "Administration bungling," they wrote, "is simply not the root source of America's failure in Iraq." Those hawks who believe otherwise, they wrote, are engaging in what they called the "incompetence dodge" — a phrase that continues to circulate among liberal doves.

The argument that the Iraq war had no chance to succeed has an undeniable surface appeal. Things are going so badly there that it's hard to imagine how it could have turned out differently.

But the more we learn about the war's conduct, the more we learn that the administration didn't just make the normal sorts of mistakes that inevitably occur in wartime; it was almost criminally negligent. The Bush administration literally refused to do any planning for the occupation. They invaded before all the available troops were in place, staffed the Coalition Provisional Authority with underqualified hacks vetted solely on the basis of ideological loyalty and rashly disbanded the Iraqi army, which could have provided some early order.

One might counter that none of this was really decisive because Iraq is so deeply riven with sectarian feuds that brutal fighting between Sunnis and Shiites was inevitable. But this misunderstands a lot about human behavior. When the authority of government dissolves, people retreat to the safety of tribal solidarity, and under such conditions they can do savage things of which they never thought themselves capable. Once the expectation of chaos sets in, it can spiral out of control.

Many doves on the left and right looked at the savagery in Sarajevo in the 1990s and saw a never-ending tribal war, but in fact Serbs, Bosnians and Croats had peacefully coexisted in a multiethnic city for decades.

Even in the United States we have seen outbreaks of racial violence and looting in Bensonhurst, Crown Heights and elsewhere. This doesn't mean blacks and whites are doomed to fight a race war.

The funny thing is that, in other contexts, liberals don't dispute the notion that Bush administration incompetence caused otherwise preventable catastrophes. Almost no liberal believes otherwise when it comes to, say, the response to Hurricane Katrina. If Bush could have bungled Katrina this badly, isn't it just possible he could have done the same thing in Iraq?

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Iraq Stumbling In Bid To Purge Its Rogue Police (NYT)

By Edward Wong And Paul Von Zielbauer

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The New York Times, September 17, 2006

BAGHDAD, Sept. 16 — Shiite militiamen and criminals entrenched throughout Iraq's police and internal security forces are blocking recent efforts by some Iraqi leaders and the American military to root them out, a step critical to winning the trust of skeptical Sunni Arabs and quelling the sectarian conflict, Iraqi and Western officials say.

The new interior minister, Jawad al-Bolani, who oversees the police, lacks the political support to purge many of the worst offenders, including senior managers who tolerated or encouraged the infiltration of Shiite militias into the police under the previous government, according to interviews with more than a dozen officials who work with the ministry and the police.

No one expected a housecleaning to be easy, and some headway has been made in firing people. But despite that progress, recent difficulties reveal the magnitude of the task facing Mr. Bolani and Prime Minister Nuri Kamal al-Maliki. When he took office in late May, Mr. Maliki said one of his top goals was to reform the Shiite-led Interior Ministry, which had, to the minority Sunni Arabs, become synonymous with government complicity in abduction, torture and killing.

The ministry recently discovered that more than 1,200 policemen and other employees had been convicted years ago of murder, rape and other violent crimes, said a Western diplomat who has close contact with the ministry. Some were even on death row. Few have been fired.

Despite the importance American commanders place on hiring more Sunni Arabs for the overwhelmingly Shiite police force, the ministry still has no way to screen recruits by sect or for militia allegiance. Such loyalties are the root cause of the ministry's problems.

A senior American commander said that of the 27 paramilitary police battalions, "we think 5 or 6 battalions probably have leaders that have led that part of the organization in a way that is either criminal or sectarian or both."

Death squads in uniforms could be responsible for the recent surge in sectarian violence, with at least 165 bodies found across Baghdad since Wednesday.

There is little accountability. The government has stopped allowing joint Iraqi and American teams to inspect Iraqi prisons. No senior ministry officials have been prosecuted on charges of detainee mistreatment, in spite of fresh discoveries of abuse and torture, including a little-reported case involving children packed into a prison of more than 1,400 inmates. Internal investigations into secret prisons, corruption and other potential criminal activity are often blocked.

The Americans view an overhaul of the Ministry of the Interior as a crucial step in helping rein in the growing sectarian conflict.

"I think there are some definite issues in the M.O.I.," Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, said in an interview. "I think there probably needs to be some leadership changes. But I know the minister of interior himself is working those."

Mr. Bolani, a Shiite engineer appointed last May, sincerely wants to purge the ministry of Shiite partisans brought in by his predecessor, the officials interviewed said. But his independence from powerful Shiite political leaders — the very quality that earned him the job — also means Mr. Bolani has limited power to remove politically connected subordinates and enact changes.

"He's got to be careful about what he does, just to stay alive," the Western diplomat said.

An American adviser to the ministry said Mr. Bolani was unavailable for an interview last week.

A New Security Plan

Some tentative progress has been made under the new government. Death squads in police uniforms no longer kidnap and kill with absolute impunity in parts of Sunni-dominated western Baghdad, many Iraqis say. The American military estimates there was a 52 percent drop in the daily rate of execution-style killings from July to August.

Officials attribute the decline to a new Baghdad security plan, more police oversight by American trainers and policy changes in the ministry. Military officials say the killings in the past week took place in neighborhoods not yet cleared out by security sweeps and are not necessarily the work of policemen — imposters are rife throughout Iraq.

"The performance has improved slightly," said Ayad al-Samarraie, a legislator and senior official in the Iraqi Islamic Party, a Sunni Arab group that is sharply critical of the Interior Ministry. "Less people are kidnapped, and there are less raids by the militias on the people."

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Brig. Gen. Abdul Karim Khalaf, an Interior Ministry spokesman, said the ministry had fired 1,500 employees since June. They include senior officers like the police chief of Anbar Province. Mr. Bolani is pushing to enact a law that would ban the ministry's 167,000 employees from belonging to a political party.

Yet, a powerful official suspected of aiding the Shiite militias, Adnan al-Asadi — nicknamed Triple A by the Americans — still holds the job of deputy minister of administration. Mr. Asadi is "the one who really runs the M.O.I.," said Saleh Mutlak, a Sunni Arab legislator. Mr. Bolani wants to oust Mr. Asadi but does not have the political backing to do so, leaving American advisers frustrated, said an American official who was not authorized to talk publicly on the subject and spoke on the condition of anonymity.

Mr. Asadi supports the ministry's inspector general, whom the advisers consider wholly ineffective. American advisers set up an internal affairs unit late last year to conduct honest in-house inquiries. But the two offices feud, and the internal affairs unit lacks full authority to investigate the police in the provinces.

A recent fingerprinting campaign throughout the ministry showed that 1,228 police officers and ministry employees had been convicted of violent crimes under Saddam Hussein's government, said the Western diplomat, who spoke only on the condition of anonymity because of protocol. A handful had been sentenced to death.

"These are rapists, murderers, drug dealers," the diplomat said. "The impression I got is that there are a lot more out there."

Mr. Bolani has said he intends to fire some of them. But a complete purging of the ministry's most criminally violent employees is impossible, the diplomat said, because "they're going to go straight to the militias, or set up their own criminal gangs."

Even top Pentagon officials now acknowledge the ministry's deeply rooted dysfunctions. "Corruption, illegal activity and sectarian bias have constrained progress in developing M.O.I. forces," according to a Pentagon report issued to Congress at the end of August. "Inappropriate tolerance of and infiltration by Shia militias, some of which are influenced by Iran, is the primary concern of the government of Iraq."

Trouble With Elite Units

Since May, when Shiite politicians fought to keep control of the ministry under the new government, the ministry's total force has grown to more than 167,000 from 146,000. It is divided into 118,000 regular police officers, 24,400 paramilitary troops and 24,700 border guards.

Of those, the paramilitary units now called the national police are the most feared. Under Bayan Jabr, a conservative Shiite politician who was Mr. Bolani's predecessor, fighters from the two most powerful Shiite militias, the Badr Organization and the Mahdi Army, were recruited into the ranks of those elite units.

Assaults on civilians by gunmen in paramilitary uniforms have continued in some predominantly Sunni or mixed areas of Baghdad.

A woman who asked to be identified as Umm Shahad said in an interview that her 24-year-old son, a Sunni Arab, was recently taken from his car at a checkpoint run by paramilitary officers in their neighborhood, Jihad. She said she went to the unit's local stationhouse and to the Interior Ministry to search for him. Officials at each place said they had no idea where he was. "These were real commandos," she said of her son's abductors. "We are so afraid."

Col. Damon Penn, the senior American adviser to the national police's 9,000-member Second Division, acknowledged that "there are still some militias operating within the national police."

"I think there are some individuals and small cells that they need to purge to make this a truly governmental force," he said. But progress had been made, he insisted.

So suspect are the national police that the American military and Iraqi Army began inspections of each battalion in August. The reviews include recording the serial numbers of all national police weapons and vehicles. Twelve battalions have already been inspected, and the rest are to be completed by October, when the units will get new blue uniforms.

Each brigade will be pulled from the field and put through a six-week training course in policing and the rule of law, Colonel Penn said.

Four of the eight police brigades are to be deployed soon from Baghdad to the provinces, so building public confidence in them is critical.

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Prisoner Abuse by the Police

The Iraqi and American inspectors assigned to the police prison known as Site 4 found themselves walking through a chamber of horrors at the end of May.

More than 1,400 prisoners had been packed into a small area by the Wolf Brigade, a national police unit accused of abuses by Sunni Arabs.

Prisoners with "lesions resulting from torture" were found during the inspection in eastern Baghdad on May 30, as was "equipment used for this purpose," according to a human rights report recently released by the United Nations mission here.

Some prisoners had been beaten, others bound and hung by their arms, an American officer said. There were at least 37 children or teenagers.

The discovery showed that torture by the police was still rampant despite promises by government officials to end it. Right after Site 4 was examined, the government stopped allowing joint Iraqi and American teams to inspect Iraqi prisons.

American commanders and Iraqi human rights officials say the treatment of detainees remains troubling. "New evidence has continued to emerge pointing to torture and other cruel, inhumane or degrading treatment in detention centers," the United Nations report said.

The Ministry of Human Rights reported that 4,331 detainees were being held in Interior Ministry prisons as of Aug. 31. Yet no one has a clear estimate of the number of prisons run by the Interior Ministry, because some elite police brigades operate detention centers on their bases.

The Second Division of the national police, for instance, holds 250 detainees in four cramped rooms at Camp Justice, the division headquarters in northern Baghdad. That number is down from 650 last March. But American advisers there recently found 12 prisoners with bruises and black eyes.

The possible existence of secret prisons like the torture compound discovered in the Jadriya neighborhood last year continues to worry American commanders.

"It's obviously a concern," said Brig. Gen. Dana J. H. Pittard, who is in charge of the operational training of the national police. "The pessimistic side of me says they exist."

Crowding and a lack of access to judges are widespread problems, despite Mr. Maliki's order for a mass prisoner release in June, said Wijdan M. Salim, the minister of human rights. Detainees can languish in prison for months before seeing a judge. Some in Camp Justice have gone six months without appearing before a judge.

Sectarianism and the Police

As long as police units remain overwhelmingly Shiite, the distrust of them that is prevalent among Sunni Arabs will be tough to overcome, Sunni leaders say. Yet, Mr. Bolani has avoided putting in place a policy that would diversify or even track the sectarian makeup of police units and recruits. A ministry spokesman said Mr. Bolani preferred not to think in those terms.

But General Chiarelli, the senior American commander, said: "I'm concerned with some of the ethnic makeup of some of the stations. Our goal was to take a look at that, to work with the minister of interior to get a balance, because I think that's absolutely essential."

The weaknesses in having an unrepresentative police force became more evident this summer. In one incident, American and Iraqi commanders tried to move the headquarters of a national police brigade from eastern Baghdad, which is mostly Shiite, to Dora, an extremely volatile area that is majority Sunni. A fifth of the 1,500 members quit, Colonel Penn said. "There are some dedicated Sunni areas that the Shia aren't comfortable going into, and vice versa," he said.

The Americans have pushed the ministry to change the Shiite makeup of the national police by filling academy classes with Sunni Arabs. The Second Division was only 7 or 8 percent Sunni Arab at the start of the summer. It is now 20 percent Sunni.

The Iraqi population is estimated to be 60 percent Shiite Arab, 20 percent Sunni Arab and 20 percent Kurd. Asked what the breakdown of the overall police force was, General Chiarelli said he was trying to find out himself.

Getting the balance right is "absolutely critical," he said, because hostility among Sunni Arabs is still high.

In the southern half of the Ghazaliya neighborhood, a mostly Sunni area in northwest Baghdad, "there is no trust between the people and the Iraqi police," said a man who called himself Abu Jafr, a guard at a sewage pumping station surrounded by small lakes of raw waste.

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"Every time the Iraqi police come to the neighborhood, they get shot at, because people here think they're from the militias," he said.

To help change that perception, American commanders across Baghdad are trying a new tactic: having neighborhood police units work alongside Iraqi Army units, which enjoy a modicum of trust even among Sunni Arabs. The Americans have also placed an advisory team in most of the city's police stations.

At the main station in Ghazaliya, staffed almost entirely by Shiite officers, a group of policemen and Iraqi Army soldiers prepared to roll out on a joint patrol on a recent afternoon. The American battalion commander of the area, Lt. Col. Avanulas Smiley, pointed to the vehicles as he strode from his armored carrier into the walled compound. "That is huge for the Ghazaliyans to see," he said.

A few days later, six headless bodies turned up in the neighborhood. No one knew who was responsible.

Where Iraq Itself Finds Hope (WP)

By Barham Salih

The Washington Post, September 17, 2006

From my experiences visiting the United States, it is easy for me to understand how disappointed and saddened Americans must be at the scenes of violence from Iraq. For Iraq's leaders, the carnage is a source of deep frustration. The pace of what we can achieve, relative to what we aspire to, is simply not what the people of Iraq and the generous people of the United States deserve.

We must change the dynamic of violence. The Iraqi government has undertaken a searching analysis and is responding with a strategy on two fronts: national and international.

We have a sense of urgency, but we refuse to give in to panic. While it is important to highlight the progress made, particularly given the extremely pessimistic tone of debate in Washington, we know we must confront many grave challenges. The unrelenting security problem, sectarian polarization, corruption and the inability of the government to deliver services are all threats to the transition. They could prove fatal if not dealt with urgently.

We Iraqis must recognize that it is up to us to resolve our problems. Outsiders cannot deliver for us. The Iraqi leadership must assume responsibility, deal with these challenges and turn the tide. This can be done by Iraqis, but they will undoubtedly need sustained support from the international community and particularly the United States.

The key planks of the national side of our strategy -- embodied in a "national compact" -- are national reconciliation, democratic federalism, political inclusion and a fair and rational oil policy. To achieve these things, the Iraqi Policy Council on National Security, composed of key elected officials, has adopted an intensive legislative timetable. This agenda is vital: It is the political part of our approach to ending the violence.

We have imposed a tough timetable because we owe it to our own people to press harder and to advance, no matter how intense the assault upon us by the terrorists. For example, this month we should pass our investment law and establish a Parliamentary Commission for the Review of the Constitution. Next month the parliament should vote on legislation to reform the de-Baathification commission. In December it should pass legislation on disarmament, demobilization and reintegration of former combatants.

These laws will move us toward a viable political equilibrium inside Iraq. Because Iraq is an inherently diverse country we need a balance that protects diversity and encourages a voluntary, democratic, federal national unity. This will benefit the entire region.

For most of its existence as a modern state, Iraq was profoundly unbalanced politically. Power was concentrated in the hands of the few, the benefits of the state denied to the many. The liberation of Iraq in 2003 temporarily created a new, if fundamentally democratic, imbalance. Almost overnight, the Kurds and Shiite Arabs were enfranchised, while many -- too many -- Sunni Arabs did not participate in the new political process.

We must defend diversity. Those responsible for the violence, the Baathist-jihadist terrorist axis, hate and reject diversity and democracy. They seek supremacy and theocracy.

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Yet another force that the national compact must address is the disequilibrium that comes from majoritarianism. This is an issue not just for Iraq but for its regions, because those who are a majority in one part of the country are a minority in other areas. To prevent tyranny of the majority, Iraq now has a bill of rights that requires practical political enforcement.

Balance is critical. Without it, there could be disintegration of the country. Within the national reconciliation program outlined by Prime Minister Nouri al-Maliki, we must seek balance on de-Baathification -- balance between the need for justice for the victims of the Saddam Hussein regime and the need to politically rehabilitate those whose crimes were not beyond the pale.

Similarly, in our counterterrorism and anti-militia strategy, we must balance political and security measures. There is no pure security solution to the terrorism and militia challenges -- just as there is no neat, "politics only" way of settling these issues. We need both approaches. The door to the political process must always remain open; our security forces must be ever vigilant.

The second part of our strategy is international. The Iraqi government understands that it must end terrorist violence not just for Iraq's sake but also for the region. If Iraq plunges into a full-blown civil war, so will the rest of the Middle East. This is not a theory but a fact that our wiser neighbors comprehend.

Resolved to avoid past mistakes, we announced the plan for an "International Compact With Iraq" in a statement with the United Nations on July 27. At a recent productive meeting in the United Arab Emirates, with the assistance of the United Nations, Iraq sat down with other interested parties to develop this compact.

It involves a road map for economic development. In a nation weaned on war, we need to give the bored young men of Iraq employment and the pride that comes from hard work -- instead of the easy swagger of the gunman. We should invest our oil revenue in infrastructure. We must aim to create jobs and distribute the benefits of the current oil boom widely.

We want a partnership, not unconditional aid. We are adopting a structured plan for economic development, not issuing a laundry list of financial demands. In utilities and hydrocarbons there has to be transparency and accountability, a dialogue between the federal government and the federal regions and equitable development.

Moreover, we are promising clear targets for economic restructuring, accompanied by mechanisms for intelligence cooperation and security coordination. Such an approach, with broad international support, is something new and, we hope, a harbinger of a Middle East characterized by cooperation, not conflict.

The writer is deputy prime minister of Iraq.

Oops, There Goes Basra (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 17, 2006

BAGHDAD, Iraq

ABDUL AZIZ AL-HAKIM wears the black turban signifying descent from the prophet Muhammad. He leads a powerful Shiite party with close ties to Iran. And he heads the United Iraqi Alliance, the Shiite coalition that has been the dominant force in post-invasion Iraqi politics.

Yet early this month this powerful leader made what some politicians here thought a rookie mistake. He tried — and failed — to rush through Parliament a bill giving Shiite-dominated provinces in southern Iraq a procedure to form autonomous states that could take control of much of Iraq's oil reserves.

When his bid failed, it appeared to unmask a weakness that emboldened his opponents to fight him harder on the larger issue: how soon autonomous regions can be formed in Iraq. Instead of a quick decision, he got a protracted debate that continued into the weekend.

The slipup shows how steep the learning curve may be for Iraq's legislators — even the most wily — as they observe democratic procedures.

"He obviously lost this round," said Adnan Pachachi, a secular Sunni Arab and former Iraqi foreign minister. "That's not a good thing for a politician. And he lost because many people in his own alliance were against him."

Even by the standards of the Iraqi Parliament, the argument was nasty. The Sunni speaker, Mahmoud al-Mashhadani, accused supporters of the proposal of trying to sneak it past him. Other Sunni leaders hinted that the legislation could lead them to pull out of the so-called unity government of Shiites, Sunnis and Kurds.

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Those objections were not a surprise. Everyone knew Sunni Arabs are desperately afraid that Iraq will be split into three parts and leave them with little oil.

The surprise was how quickly and widely Mr. Hakim's gambit seemed to unite others against him, including a substantial portion of his own Shiite coalition that has its own doubts about moving quickly to regional autonomy. These legislators include a faction led by Moktada al-Sadr, the firebrand cleric who has wide support among Shiites in city slums and poor rural regions and is a rival of Mr. Hakim's for power in the coalition.

Regardless of whether the federalism proposal eventually passes, the fight has now exposed the divisions within the Shiite coalition in the Parliament itself, and it has illustrated the growth of Mr. Sadr's influence relative to Mr. Hakim.

Mr. Hakim's party, the Supreme Council for Islamic Revolution in Iraq, or Sciri, wants the Shiite-dominated southern provinces to be allowed to form one huge autonomous state, beneath which would lie billions of barrels of oil.

But other Shiite parties, some analysts say, are hesitant to back so grand a vision because such a huge autonomous region could one day fall under the sway of one party — Mr. Hakim's. And that could marginalize the power of others like the Sadr and Fadhila parties, whose support is more concentrated in distinct areas.

Those loyal to Mr. Hakim contend he will ultimately prevail on the federalism proposal, which has the support of the Kurdish political bloc. They say meetings of political leaders in coming days may lead to a deal as soon as Tuesday. But even they admit this is not for certain.

"We are still in the middle of discussions," said Haitham al-Husseini, an adviser to Mr. Hakim. A Sunni sense of indignity figures strongly in those discussions. The new Constitution allows federal states, but it was approved in last October's referendum only after Sunni leaders won a provision requiring Parliament to reconsider provisions promptly that troubled the Sunnis. The charter also requires Parliament to define, by a set deadline, how autonomous regions could be formed. Neither has happened.

Mr. Husseini denied that Mr. Hakim's party had tried to rush the bill through. "In fact, we think it is a bit late," he said, citing the time limit in the Constitution.

But Basim Sharif, a leader of the Fadhila Party, says Iraq needs better security, and political and social foundations before autonomous states form.

So the opposition can take heart that it has delayed the proposal. The Sadr coalition takes the position that any move to split Iraq into federal states should be delayed until the "occupiers" — meaning the Americans — leave.

"We know the Americans interfere even in minor things," said Bahaa al-Aaraji, a top Sadr aide. "What about an important issue like federalism?" There is no room for compromise, he says. "We refuse it. That's it."

As Deaths Rise, Sunnis Criticize Baghdad Plan (NYT)

By Richard A. Oppel Jr.

The New York Times, September 17, 2006

BAGHDAD, Sept. 16 — Dozens more bodies have been discovered in Baghdad in the past two days, bringing the four-day total to at least 165 and prompting some Sunni Arab leaders to raise new questions about the recent security operation intended take back Baghdad from the insurgents, deaths squads and militias who have been waging sectarian warfare.

"If the result of the security plan is an increase in bodies and killings according to their identification, I think it moves toward a catastrophe," said Dhafir al-Ani, a senior member of the main Sunni Arab political bloc in Parliament.

At least 21 bodies were discovered throughout the capital on Saturday after 35 were found Friday, Iraqi police officials said.

Most of those bodies were found between 6 a.m. Friday and 6 a.m. Saturday, according to an Interior Ministry official. He said many victims had clear signs of torture or had been blindfolded, gagged or shot in the head at close range.

On Thursday, the senior American military spokesman in Iraq, Maj. Gen. William B. Caldwell IV, said scores of mutilated bodies found in the middle of the week appeared to be "from murder execution-style type activity." He said the rise in killings was occurring in parts of Baghdad where American forces had not swept through as part of the new security push.

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A senior Iraqi police spokesman, Brig. Gen. Abdul Karim Khalaf, said in an interview on Saturday that the bodies discovered over the past two days were being found "all over Baghdad." He blamed "insurgents, Al Qaeda, and groups related to the Baath Party." These perpetrators, he said, "know how to kill and how to torture."

Yet Sunni Arab leaders have voiced increasing concern that the Iraqi government has failed to crack down on death squads linked to Shiite militias that have run rampant since the bombing of a Shiite shrine in Samarra in February unleashed a wave of sectarian violence.

"The government should be brave this time and work seriously to end the militias that now work freely" throughout the capital, Mr. Ani said in an interview on Saturday. Many people who are killed are not identified, or the government never announces their names, he said, adding, "The real number of the people who are killed is more than what is announced."

48 More Bodies Found Dumped In Baghdad (LAT)

By Louise Roug

The Los Angeles Times, September 17, 2006

Most of the victims were bound, tortured and shot, the Interior Ministry says. Bombings and gun battles around Iraq add to the toll.

BAGHDAD — Police said Saturday that they had recovered 48 bodies throughout Baghdad, bringing the toll from clandestine killings since Monday to about 190 people, most of them shot execution-style.

The vast majority of the bodies found during a 24-hour period in Baghdad were of young men who had been tortured, blindfolded and handcuffed before being shot several times, said Capt. Mohammed Hanoon of the Interior Ministry.

Securing the capital has become the top priority for American commanders in Iraq, who have deployed an additional 8,000 troops there in an effort to halt escalating sectarian violence.

To prevent fighters from entering Baghdad and to counter trafficking of explosives and arms, U.S. and Iraqi security forces are digging ditches and building berms around the capital, creating a 60-mile security perimeter, U.S. officials say.

Lt. Col. Barry Johnson, a military spokesman, said Saturday that the plan would also use existing topographical features such as canals and rivers to stem the flow of contraband.

In the past, the military has built sand barriers around cities such as Fallouja and Tall Afar before major combat operations there. But Baghdad is a far more complex problem.

The deadliest threat is not explosives or large-scale attacks by Sunni-led insurgents but rather secret executions. Shiite-dominated Iraqi security forces have been accused of carrying out systematic killings of Sunni residents in the capital.

During a news conference Saturday, Iraqi Interior Ministry spokesman Brig. Abdul Khalaf said digging a trench around Baghdad was just one idea among many.

"It's still under discussion," he said.

As police recovered the bodies Saturday, several bombs targeted civilians, politicians and security forces in the capital.

In one attack, insurgents had allegedly placed explosives in or near a corpse, detonating the bomb when the Iraqi army arrived to pick up the body. One soldier died and three people were injured.

Armed men attacked police at a Baghdad checkpoint near the Sheraton Hotel, starting a gun battle with hotel guards, authorities said.

Meanwhile, a suicide attacker killed one civilian and injured 22 in an attack on a police station in the Dora neighborhood of southern Baghdad.

North of Baghdad near Baqubah, a bomb exploded near a police patrol, killing three officers and injuring one.

A second bomb — left in a bag near a downtown shopping area — killed one person and injured four.

A third bomb killed three police officers and injured two in Zafarniya.

In Saddam Hussein's hometown, Tikrit, north of Baghdad, police and witnesses described intense fighting involving rifles, machine guns and rocket-propelled grenades.

One witness, Salim Shammari, a 43-year-old taxi driver, said he watched four armed men attack the municipal building, which was guarded by American troops.

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Four armed men "shouted to everybody to leave the place," Shammari said.

They were well armed, he said.

"One of them said, 'We do not want anybody to stay here,' " Shammari recalled. "We immediately ran away." Hiding in a house, he heard fierce shooting, he said.

Police Lt. Saad Jabir said the gun battle injured several people.

Farther north, in the oil-rich city of Kirkuk, a roadside bomb exploded near a police patrol; the casualty toll was unclear. Gunmen also attacked a police checkpoint on the northern highway between Hawija and Kirkuk, injuring two policemen, officials said. Two attackers also died.

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Times staff writers Saif Rasheed and Saif Hameed contributed to this report.

Explosions Kill 17 In Baghdad; Maliki Appeals For Unity (WSJ/AP)

Associated Press

The Wall Street Journal/AP, September 17, 2006

BAGHDAD, Iraq -- After a one-day lull, bloodshed surged again in the capital Saturday, with at least 17 people dead in attacks and 27 probable victims of sectarian killings found dumped in the streets as Iraq's prime minister launched a fresh appeal for reconciliation.

Violence has escalated sharply in Baghdad over the past week, except for Friday, when only three killings were recorded -- two Iraqis shot to death and a U.S. soldier killed by a bomb. Saturday's toll raised the city's violent deaths to more than 180 just since Wednesday -- either slain by bombs and gunfire or tortured and shot before being dumped, a hallmark of reprisal killings being waged between Shiite and Sunni Muslims.

Shiite Prime Minister Nouri al-Maliki urged Iraqis Saturday to cast aside their sectarian, ethnic and political differences and embrace his national reconciliation plan. The appeal came as Iraqi security forces announced they will dig trenches around Baghdad in an attempt to prevent insurgents and explosive-laden cars from getting into the sprawling city of 6 million.

The U.S. military confirmed Saturday that there was a plan in progress to create a "security belt" around the capital. "There is a plan in progress for a security belt around Baghdad that includes trenches and other obstacles for channeling exit from and entry to the city through checkpoints controlled by Iraqi forces. This is a cooperative effort between the Iraqi government and the Coalition," said Lt Col. Barry Johnson, a spokesman for Multinational Forces in Iraq.

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The trenches are intended to curb attacks such as three car bombings Saturday morning in Baghdad that killed at least nine people and wounded dozens.

"No one should be part of the national reconciliation plan unless they recognize others, accept them as partners and totally reject any sectarian, ethnic or political differences," Mr. Maliki told a gathering of Iraqi non-governmental organizations

Addressing groups that represent children orphaned by terrorism and those disabled by war, Mr. Maliki said it was the responsibility of all Iraqis to join the effort. "National reconciliation is a correct way of thinking and carries a high feeling of responsibility," Mr. Maliki said. "To succeed in this today, we have to embrace the culture of dialogue and reconciliation."

Mr. Maliki unveiled a 24-point reconciliation plan in June that he hopes will bridge the religious, ethnic and political divisions feeding Iraq's violence. The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, and calls for disarming primarily Shiite sectarian militias.

But no major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves. Car bombings, mortar attacks and shootings have killed hundreds of Iraqis the past few weeks.

Mr. Maliki said that once the plan managed to create an "atmosphere of reconciliation and dialogue," his government would take decisions based on the views expressed both by NGO's and tribal leaders -- who last month agreed to back his effort.

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"These decisions will be historic and they should be shouldered by all the groups participating in the political process, because participation means sharing responsibilities. There are no rights without a price. Those who do not take the responsibly of defending the state and its laws will would no longer be our partners in the political process."

In Saturday's violence, gunmen killed the former spokesman of a defunct political coalition that included Shiite, Sunni, Kurdish and independent parties. Mohammed Shihab al-Dulaimi was shot in central Baghdad, the leader of the Iraqi Accordance Front, Adnan Al-Duleymi, said.

A suicide car bomb aimed at U.S. and Iraqi vehicles in the capital's southern Dora district killed three Iraqis who were shopping in a market and wounded 19 people, police 1st Lt. Maitham Abdul-Razaq said. He said another car bomb killed two soldiers and a civilian downtown.

Police also reported three policemen slain by a car bomb, the shooting deaths of two civilians in separate incidents, and three civilians killed by two roadside bombs. Gunmen also killed three civilians and wounded eight in a drive-by shooting in central Baghdad, Lt. Bilal Ali Mejeed of the Risafa police station said.

In the volatile western city of Ramadi, meanwhile, a suicide bomber on a motorcycle killed three Iraqi policemen outside a hospital and a car bomb killed four officers at a checkpoint, a police official said, speaking on condition of anonymity because he was not authorized to speak to the media..

Inspired by Islamic history, the plan for a ditch around Baghdad is the newest twist in what has so far been a losing battle to prevent suicide car bombs and other weapons from being smuggled into the capital.

"Trenches will be dug around Baghdad in the coming weeks," the Interior Ministry spokesman, Brig. Abdul-Kareem Khalaf, told the Associated Press on Friday. "They will surround Baghdad." He provided no details of what distance the trenches would cover, nor how deep or wide they would be. It is about 60 miles around the edge of the city.

In Washington, U.S. President George W. Bush also mentioned a new plan to safeguard Baghdad -- but he spoke of using an earthen mound rather than a ditch.

Brig. Khalaf said the trench plan would restrict vehicle and pedestrian traffic to just 28 entry points, all with guarded checkpoints. Similar checkpoints are set up now on some central routes through Baghdad, including the highway to the airport, but they need hundreds of soldiers to man them.

He said the plan was inspired by the Battle of Khandaq -- Arabic for Battle of the Trench -- in 627, during which Prophet Muhammad protected the city of Medina from an army by digging trenches.

Vehicle bombs have killed at least 960 Iraqis and wounded 2,763 in Baghdad this year, according to an AP count. That's just over a fifth of the city's deaths from war-related violence and nearly a half of its wounded. Most of the car bombs are thought to be assembled in areas just south of Baghdad, in the so-called Triangle of Death.

There have been past operations seeking to prevent bombs from being smuggled into the capital. The first such plan -- Operation Lightning -- was launched with much fanfare in May 2005. More than 40,000 Iraqi police and soldiers, backed by U.S. troops and air support. But they failed to cut down on bombings.

A year later, as killings in Baghdad surged, a joint U.S.-Iraqi security offensive known as Operation Together Forward was launched June 15. It too has made little headway, with the city's death toll surpassing 1,500 in July and triggering fears among U.S. commanders that civil war could break out.

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GIs Spared In Sectarian Strife (WT)

By Aqeel Hussein, London Sunday Telegraph

The Washington Times, September 17, 2006

BAGHDAD -- The sectarian violence that has brought Iraq to the verge of civil war has had one unexpected benefit: a marked fall in the number of American military casualties in Baghdad.

American combat deaths in the capital are down 50 percent from the same three-month period last year and some terrorists say the United States has succeeded in deflecting attention from its own troops.

"Now we are fighting each other," said one insurgent. "That is what the Americans wanted and now they are winning."

From July to September last year, 44 U.S. personnel were killed in Baghdad. In the corresponding period this year, the figure fell to 24, a reflection, according to militia leaders, of the changing priorities of the insurgents.

Although the number of attacks on American forces in Baghdad has dropped, sectarian violence in the capital has snowballed in recent months as Sunni and Shi'ite gunmen attack each other.

Dozens of bodies turn up around the city each day, many the victims of summary execution, as Iraq edges closer to civil war.

Yesterday, another 35 bodies were found around Baghdad, bringing the total since Wednesday to more than 150. Many of the victims had been bound, tortured and shot.

With Sunnis and Shi'ites concentrating on attacking each other, they admit that they are struggling to find the time and resources to target Americans.

Hanza al Nasawi, a spokesman for Sheik Muqtada al-Sadr's Mahdi army, said it was not possible to keep fighting on two fronts.

"We stopped the fight against the Americans and now we are fighting against the terrorists because they are killing the Shia," he said. "We want to defend the Shia."

Nahid al Gertani, a former officer in the Republican Guard and one of the leaders of the Sunni fighters in southern Baghdad, said his forces were defending the Sunnis against the Shi'ite militias. "Our first target is the Shia militia," he said. "We made an agreement with the American Army four months ago to stop the fight."

Mr. al Gertani said the insurgents had decided to stop fighting the Americans so they could concentrate on tackling the Shi'ite militias, but emphasized that this did not reflect any thaw in relations between the two sides. "They are not our friends, and we will fight another day."

Iraqi civilians say they had recently been surprised to see U.S. troops in parts of the city where they previously would have been attacked had they ventured out. U.S. forces also are reported to have intervened to keep the warring parties apart, placing guards on the Alkubasey mosque -- a known base for Sunni fighters -- to protect it from Shi'ite attacks.

Abu Tayseer, a Baghdad councilor, said he was angry that the militias were fighting each other instead of the Americans.

"That is what the Americans wanted and now they are winning," he said.

The Pentagon said it is making progress in restoring order to Baghdad.

"Under Iraqi leadership, Operation Together Forward is continuing its advances toward reducing sectarian violence and terrorist attacks," said Lt. Col. Todd Vician, a Pentagon spokesman.

"We are cautiously optimistic that the cycle of retaliatory violence has slowed in targeted areas, but we also recognize that the real measurement of this progress must be seen over time."

How Bad Is The Senate Intelligence Report? (WKST)

By Stephen F. Hayes

Weekly Standard, September 17, 2006

Very Bad

According to a report released September 8 by the Senate Select Committee on Intelligence, Saddam Hussein "was resistant to cooperating with al Qaeda or any other Islamist groups." It's an odd claim. Saddam Hussein's regime has a long and well-documented history of cooperating with Islamists, including al Qaeda and its affiliates.

As early as 1982, the Iraqi regime was openly supporting, training, and funding the Syrian Muslim Brotherhood, an Islamist organization opposed to the secular regime of Hafez Assad. For years, Saddam Hussein cultivated warm relations with Hassan al-Turabi, the Islamist who was the de facto leader of the Sudanese terrorist state, and a man Bill Clinton described as "a buddy of [Osama] bin Laden's."

Throughout the 1990s, the Iraqi regime hosted Popular Islamic Conferences in Baghdad, gatherings modeled after conferences Turabi hosted in Khartoum. Mark Fineman, a reporter for the Los Angeles Times, attended one of the conferences and filed a story about his experience on January 26, 1993. "There are delegates from the most committed Islamic organizations on Earth," he wrote. "Afghan mujahedeen (holy warriors), Palestinian militants, Sudanese fundamentalists, the Islamic

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Brotherhood and Pakistan's Party of Islam." Newsweek's Christopher Dickey attended the same conference and wrote about it in 2002. "Islamic radicals from all over the Middle East, Africa, and Asia converged on Baghdad," he wrote, "to show their solidarity with Iraq in the face of American aggression. . . . Every time I hear diplomats and politicians, whether in Washington or the capitals of Europe, declare that Saddam

Hussein is a 'secular Baathist ideologue' who has nothing to do with Islamists or terrorist calls to jihad, I think of that afternoon and I wonder what they're talking about. If that was not a fledgling Qaeda itself at the Rashid convention, it sure was Saddam's version of it."

Iraqi leaders frequently touted their Islamist credentials. "We are blessed in this country for having the Islamic holy warrior Saddam Hussein as a leader, who is guiding the country in a religious holy war against the infidels and nonbelievers," said Izzat Ibrahim al-Douri, one of Saddam's top deputies, in an address to the terrorist confab. On August 27, 1998, 20 days after al Qaeda attacked the U.S. embassies in Africa, Babel, the government newspaper run by Saddam's son Uday Hussein, published an editorial proclaiming Osama bin Laden "an Arab and Islamic hero."

None of this is a secret, as the press coverage attests. But the authors of the Senate report seem determined to write it out of the history. On what basis do the authors claim that Saddam Hussein was "resistant" to cooperation with Islamists? The finding is sourced to "postwar detainee debriefs--including debriefs of Saddam Hussein and Tariq Aziz." Well then, that settles it.

But why take Saddam's word for it? This is, after all, the same man who claims that he is the president of Iraq. Even assuming the man isn't a pathological liar, isn't it the case that detainees interrogated by a government fighting a global war on terror might have an incentive to understate their complicity in global terror?

This appears to have occurred to the report's authors. "The Committee believes that the results of detainee debriefs largely comport with documentary evidence, but the Committee cannot definitively judge the accuracy of statements made by individuals in custody and cannot, in every case, confirm that detainee statements are truthful and accurate."

In fact, it's not clear that the results of the detainee debriefs do, in fact, largely comport with the documentary evidence. What is clear is that where there was a conflict, the committee almost always chose to disregard the documentary evidence in favor of the debriefings, sometimes to comical effect. According to the report, Saddam Hussein was asked whether he might cooperate with al Qaeda because "the enemy of the enemy is my friend." The report dutifully--and uncritically--offers his response. "Saddam answered that the United States was not Iraq's enemy. He claimed that Iraq only opposed U.S. policies."

Really? That's hard to reconcile with these instructions from Saddam Hussein in a 1993 address. "Attack them, our beloved people," Saddam ordered in a speech broadcast on Iraqi television. "You are the glory of our nation. Attack them." Or this editorial: "American and British interests, embassies, and naval ships in the Arab region should be the targets of military operations and commando attacks by Arab political forces," argued Uday Hussein's newspaper Babel on November 15, 1997.

A statement from Saddam's Baath party on November 8, 1998, called for "the highest levels of jihad" against American interests. "The escalation of the confrontation and the disclosure of its

dimensions and the aggressive intentions now require an organized, planned, influential and conclusive enthusiasm against U.S. interests."

And Saddam Hussein celebrated the attacks on September 11, 2001. "The American cowboys are reaping the fruit of their crimes against humanity," he declared just days after the worst terrorist attack on American soil.

These are just four examples out of dozens. Despite his claims to the contrary, Saddam Hussein regarded the United States as an enemy. And for years he demonstrated his willingness to work with Islamists by, among other things, working with Islamists. The Senate report fails to provide any of this contextual balance to the denials of detained Iraqi officials. It is a revealing omission that raises serious doubts about the quality of the reporting throughout the 52 pages examining Iraq's links to al Qaeda.

There is much to quarrel with in the report. But it is worth spending a moment to consider the vast amount of information that was left out of the committee's treatment of Iraq's links to al Qaeda. A few examples:

There is no mention in the report of Abdul Rahman Yasin, an Iraqi who admitted mixing the chemicals for the bomb used in the 1993 World Trade Center attack, cited in the July 2004 Senate report as an al Qaeda operation. The mastermind of that attack, Ramzi Yousef, is the nephew of 9/11 mastermind Khalid Sheikh Mohammed. Two weeks after the bombing, according a

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July 2004 report issued by the same Senate Select Committee on Intelligence, Yasin fled to Iraq with Iraqi assistance. ABC News reported in 1994 that a Baghdad neighbor of Yasin's told them that he travels freely and "works for the government."

There is no mention of documents recovered in postwar Iraq confirming that the Iraqi regime provided Yasin with housing and funding after his return to Iraq until the beginning of the Iraq War in 2003. Vice President Dick Cheney has discussed these documents in television and radio interviews.

There is no mention of documents unearthed by reporters with the Toronto Star and the London Telegraph. The documents, expense reports from the Iraqi Intelligence Service, contain an exchange of memos between IIS officers about who will pay for a March 1998 trip to Baghdad by a "trusted confidante" of Osama bin Laden. The documents were provided to the U.S. intelligence community. "I have no doubt that what we found is the real thing," wrote Mitch Potter, a reporter for the Toronto Star, and one of the journalists who found the documents in the bombed-out headquarters of the Iraqi Intelligence Service days after the fall of Baghdad. Intelligence and military sources tell THE WEEKLY STANDARD that the documents are corroborated by telephone intercepts from March 1998.

There is no mention of documents showing that the Iraqi regime cultivated a relationship with bin Laden's chief deputy, Ayman al-Zawahiri, throughout the 1990s. Time magazine's Joe Klein, an Iraq War critic who is dubious of a broader Iraq-al Qaeda relationship, noted last week: "Documents indicate that Saddam had long-term, low-level ties with regional terrorist groups--including Ayman al-Zawahiri, dating back to his time with the Egyptian Muslim Brotherhood. There is strong evidence as well that elements of the Special Republican Guard ran terrorist training camps." (One quibble: Is it possible for the leader of Iraq to have "low-level" ties with the leader of Egyptian Islamic Jihad?) The 9/11 Commission reported that Zawahiri "had ties of his own to the Iraqis." In June 2003, U.S. News & World Report described what a defense official called a "potentially significant link" between Iraq and al Qaeda that came, at that early date, from a single source. "A captured senior member of the Mukhabarat, Iraq's intelligence service, has told interrogators about meetings between Iraqi intelligence officials and top members of the Egyptian Islamic Jihad, a group that merged with al Qaeda in the 1990s. The prisoner also described $300,000 in Iraqi transfers to the organization to pay for attacks in Egypt. The transfers were said to have been authorized by Saddam Hussein."

There is no mention of captured Iraqi documents that indicate the regime was providing financial support to Abu Sayyaf, an al Qaeda affiliate group in the Philippines. On June 6, 2001, the Iraqi ambassador to the Philippines, Salah Samarmad, faxed an eight-page report on an Abu Sayyaf kidnapping to the Iraqi Foreign Ministry. According to the fax, the Iraqi Intelligence Service had provided assistance to Abu Sayyaf, but following the high-profile kidnapping decided to suspend this support. According to the document: "The kidnappers were formerly (from the previous year) receiving money and purchasing combat weapons. From now on we (IIS) are not giving them this opportunity and are not on speaking terms with them."

There is no mention of alleged Iraqi complicity in Abu Sayyaf attacks in October 2002 that claimed the life of U.S. Special Forces soldier Mark Wayne Jackson. One week after that attack, Filipino authorities recovered a cell phone that was to have detonated a bomb placed on the playground of a local elementary school. The cell phone , which belonged to an Abu Sayyaf terrorist, had been used to make calls to Abu Sayyaf leaders. Investigators also discovered that the phone had also been used to call Hisham Hussein, the second secretary of the Iraqi Embassy in Manila, just 17 hours after the attack that took the life of the American soldier. Hussein was ordered out of the Philippines for his associations with terrorist groups, including Abu Sayyaf.

There is no mention of the Clinton administration's 1998 indictment of Osama bin Laden, which noted that al Qaeda had "reached an understanding with the government of Iraq that al Qaeda would not work against that government and that on particular projects, specifically including weapons development, al Qaeda would work cooperatively with the Government of Iraq." The language was dropped from a superseding indictment of bin Laden, after the August 7, 1998, East Africa embassy bombings allowed prosecutors to narrow their charges. Patrick Fitzgerald, a U.S. attorney involved in preparing the original indictment (who would later gain national prominence in the CIA leak case), testified before the 9/11 Commission. He told the panel that the claim in the indictment came from Jamal al Fadl, who told prosecutors that a senior Iraqi member of al Qaeda, Mamdouh Mahmud Salim, had worked out the agreement between Iraq and al Qaeda. According to Fitzgerald's testimony, Salim "tried to reach a sort of agreement where they wouldn't work against each other--sort of the enemy of my enemy is my friend--and that there were indications that within Sudan when al Qaeda was there, which al Qaeda left in the summer of '96, or the spring of '96, there were efforts to work on jointly acquiring weapons."

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There is no mention of the Clinton administration's many public claims that Iraq was working with al Qaeda on chemical weapons development in Sudan. According to the 9/11 Commission Report, the passage in the indictment of bin Laden "led [Richard] Clarke, who for years had read intelligence reports on Iraqi-Sudanese cooperation on chemical weapons, to speculate to [National Security Adviser Sandy] Berger that a large Iraqi presence at chemical facilities in Khartoum was 'probably a direct result of the Iraq-al Qaeda agreement.' Clarke added that VX precursor traces found near al Shifa were the 'exact formula used by Iraq.'"

There is no mention of telephone intercepts, cited by a "senior intelligence official" in August 1998, connecting al Shifa officials with Emad al Ani, the father of Iraq's VX program. William Cohen, secretary of defense under Bill Clinton, reviewed the intelligence in testimony before the 9/11 Commission on March 23, 2004, and claimed that the plant owner had visited Baghdad to meet al Ani. "This particular facility [al Shifa], according to the intelligence we had at that time, had been constructed under extra ordinary security circumstances, even with some surface-to-air missile capability or defense capabilities; that the plant itself had been constructed under these security measures; that the--that the plant had been funded, in part, by the so-called Military Industrial Corporation; that bin Laden had been living there; that he had, in fact, money that he had put into this Military Industrial Corporation; that the owner of the plant had traveled to Baghdad to meet with the father of the VX program."

On it goes. In addition, there are numerous omissions that could shed light on Iraq's involvement in trans regional terrorism more broadly.

There is no mention of Iraqi documents first reported in a monograph published by the Joint Forces Command after 18 months' study of prewar Iraq. According to their report, called The Iraqi Perspectives Project:

Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 "good men racing full with courage and enthusiasm" in the first year. Beginning in 1998, these camps began hosting "Arab volunteers from Egypt, Palestine, Jordan, 'the Gulf,' and Syria." It is not clear from available evidence where all of these non-Iraqi volunteers who were "sacrificing for the cause" went to ply their newfound skills. Before the summer of 2002, most volunteers went home upon the completion of training. But these camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special training event called the "Heroes Attack." This training event was designed in part to prepare regional Fedayeen Saddam commands to "obstruct the enemy from achieving his goal and to support keeping peace and stability in the province."

There is no mention of Iraqi documents discussing "Blessed July," a planned wave of terrorist attacks that was also first reported in The Iraqi Perspectives Project study.

According to the report: "The Saddam Fedayeen also took part in the regime's domestic terrorism operations and planned for attacks throughout Europe and the Middle East. In a document dated May 1999, Saddam's older son, Uday, ordered preparations for 'special operations, assassinations, and bombings, for the centers and traitor symbols in London, Iran and the self-ruled areas [Kurdistan].' Preparations for 'Blessed July,' a regime-directed wave of 'martyrdom' operations against targets in the West, were well under way at the time of the coalition invasion."

It is the uneven treatment of Iraqi documents that provides perhaps the best window into the mindset of the writers of the Iraq-al Qaeda section of the Senate report. The first sentence of that section reads: "The purpose of this section is to assess the accuracy of the Intelligence Community's prewar analysis on links between the regime of Saddam Hussein and al Qaeda using information collected since Operation Iraqi Freedom."

The Senate report concedes that the document exploitation process in Iraq is incomplete, but it cavalierly assures readers that nothing significant will be found. "While document exploitation continues, additional reviews of documents recovered in Iraq are unlikely to provide information that would contradict the Committee's findings or conclusions."

Such an assessment is at best premature according to intelligence officials familiar with the document exploitation project. "Given my past participation in this realm and my current status it would be imprudent to get into detail," writes Michael Tanji, a former senior Defense Intelligence Agency official who helped lead the document exploitation effort for 18 months. "Suffice it to say that when you are counting sheets of paper by hundreds-of-millions (not to mention other forms of media that have been obtained that threaten to dwarf paper holdings) and your methodology is somewhere between inadequate and woeful, saying that

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you have a strong grasp on what was and wasn't going on in Iraq based on an 'initial review' is akin to saying that you don't need to read the bible because you've memorized the ten commandments . . . in pig Latin."

As of March 2006, three years after the start of the Iraq War, the document exploitation project run by the Defense Intelligence Agency had fully translated fewer than 5 percent of the documents captured in postwar Iraq. The Senate report, in an apparent effort to appear more authoritative, uses a different measurement. The authors tell us that 34 million pages out of some 120 million have been "translated and summarized to some extent." Thirty-four millions pages seems like an impressive number. But think about it. Just 28 percent of captured Iraqi documents have been "translated and summarized to some extent." That is hardly the kind of exhaustive analysis that would permit meaningful conclusions.

And, in any case, there are reasons to be skeptical of those estimates. Intelligence officials familiar with the DOCEX project say that the numbers in the report are inflated in an effort to impress congressional overseers. If just the cover sheet on a 200-page document has been read once and summarized, for example, all 200 pages are counted toward the total number of documents that have been exploited "to some extent." A translator who read only the cover sheet on the eight-page fax from Manila to Baghdad would have missed the revelation that Iraq had been providing money and arms to Abu Sayyaf. But for the purposes of the Senate report, that important document would have made the list of documents "translated and summarized to some extent." The real number of fully exploited documents, according to those familiar with the DOCEX project, remains in the single digits. The report's oracular assurances--that further exploitation is "unlikely" to change our understanding of Iraqi links to al Qaeda--is both deeply revealing and deeply troubling.

Where the report isn't tendentious, it is sloppy. Key names are misspelled; it's "Shakir" on one page, and "Shakhir" on another, which might be thought trivial. But consider: The writers of the report seem not to understand that "Shaykh Salman al-Awdah" and "Shaikh Sulayman al-Udah" is the same person and that he was an important spiritual mentor to al Qaeda and its leadership. At another point, the report claims that Saddam Hussein considered al Qaeda leader Abu Musab al Zarqawi an "outlaw." In the body of the report, the claim is attributed to a senior Iraqi official; in its conclusions the same information is attributed to an "al Qaeda detainee."

Where the report isn't tendentious and sloppy, it's confused. Saddam Hussein and his cronies disclaim any relationship and yet the Senate report itself cites two authenticated documents in which the Iraqi Intelligence Service (IIS) itself discussed the "relationship" between Iraq and al Qaeda. A 1992 document notes that bin Laden is "a Saudi opposition official in Afghanistan" and claims "the Syria [IIS] section has a relationship with him." An Iraqi Intelligence document describing the connections between Iraq and al Qaeda in 1997 notes that "through dialogue and agreements we will leave the door open to further develop the relationship and cooperation between both sides."

In its conclusions, the Senate report once again sets aside this documentary evidence of a relationship between Iraq and al Qaeda and defers to the claims of Saddam Hussein and other Iraqi detainees. "Postwar findings indicate that Saddam Hussein was distrustful of al Qaeda and viewed Islamic extremists as a threat to his regime, refusing all requests from al Qaeda to provide material or operational support." Perhaps the documents don't count as "findings."

The Senate report is rife with such selective reading of the evidence. Consider the case of Ahmed Hikmat Shakir. Here is the report's treatment of Shakir.

The second lead centered on contact between Ahmad Hikat Shakir al-Azzawi, an Iraqi national, and [9/11] hijacker Khalid al-Mihdhar, in Malaysia in January 2000. Shakir was a part-time facilitator of Arab visitors at the Kuala Lumpur airport for the Iraqi embassy. Some information alleged that the Iraqi Embassy employee who gave Shakhir [sic] his job was a former IIS officer.

The CIA assessed that Shakir, "apparently acting in his capacity as an airport facilitator, met al-Mihdhar at the airport. The two then shared a taxi to a Kuala Lumpur hotel, although airport facilitators were not responsible for providing land transportation for passengers." The two were not spotted together again. The CIA noted that Shakir's departure from Malaysia only one week after helping al-Mihdhar, "raised suspicion about his connections and intentions." The CIA added that, "Shakir's travel and past contacts linked him to a worldwide network of Sunni extremist groups and personalities including suspects in the bombing of the 1993 World Trade Center and indirectly to senior al Qaeda associates. His relationship with the embassy employee could suggest a link between Baghdad and Shakir's extremist contacts, but it could also be a case of an Iraqi expatriate finding a temporary job for a fellow national.

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After Shakir's capture in 2002, a foreign government service working in partnership with the CIA reported that Shakir was not affiliated with al Qaeda and had no connections to the IIS. The information said there was "no link, clue or hint to any foreign intelligence service, radical religious group or terrorist operation."

To summarize what the report acknowledges: An Iraqi national with known contacts to Sunni extremists and employed by the Iraqi Embassy in Malaysia, facilitated the travel of a 9/11 hijacker and then disappeared one week after the encounter. That alone is interesting. Now consider what the report leaves out.

Not only did Shakir abruptly leave Malaysia one week after he helped al-Mihdhar, he had begun his job at the Iraqi Embassy only two months earlier. The Iraqi Embassy controlled his schedule. Among Shakir's "contacts" with men the report describes only as "Sunni extremists" were Musab Yasin, an Iraqi who is the brother of Abdul Rahman Yasin, discussed above for his participation in the 1993 World Trade Center attack; Ibrahim Suleiman, a Kuwaiti native whose fingerprints were found on the bombmaking manuals authorities allege were used in preparation for that attack; Zahid Sheikh Mohammed, brother of Khalid Sheikh Mohammed, the mastermind of the September 11 attacks; and Abu Hajer al Iraqi, described in U.S. court documents as Osama bin Laden's "best friend."

The Senate report tells us that "some information alleged" that Shakir's Iraqi Embassy contact had been affiliated with Iraqi Intelligence. That information also came from an Iraqi detainee. Why is it treated with skepticism when the claims of other detainees are accepted as fact?

We cite the Shakir case not because it indicates that the Iraqi regime had foreknowledge or directed the 9/11 attacks. Rather, it stands as yet another example of the Senate report's selective use of evidence and the alacrity with which its authors sought to reject alleged Iraqi ties to al Qaeda.

One of the few areas where the Senate report provides new information concerns the presence of Abu Musab al Zarqawi in Iraq before the war. According to the Senate report: "A postwar CIA assessment on al-Zarqawi notes that both captured former regime documents and former regime officials show that the IIS did respond to a foreign request for assistance in finding and extraditing al-Zarqawi for his role in the murder of U.S. diplomat Lawrence [sic] Foley. In the spring of 2002, the IIS formed a 'special committee' to track down al-Zarqawi, but was unable to locate and capture him." Those documents "also show that lower-level IIS units attempted to search for the individual."

Taken together with detainee debriefings, the documents, if authentic, certainly raise questions about the Bush administration's prewar claims, backed by CIA director George Tenet, that Zarqawi was being harbored by the Iraqi regime. The Senate report quotes a 2005 CIA analysis that concluded: "The regime did not have a relationship, harbor, or turn a blind eye toward Zarqawi and his associates."

The CIA report may be right. But there are several additional facts to consider in evaluating the Zarqawi-Iraq relationship, only one of which made it into the Senate report. The report notes that the Iraqi Intelligence Service received information from a foreign government service on five individuals suspected of playing a role in the assassination of U.S. AID worker Laurence Foley. One of those individuals, Abu Yasim Sayyem, was captured in early 2003.

According to the Senate report an IIS officer "was shocked when the Director of his division ordered Sayyem to be released. According to the Iraqi official, the Director of his division told him that Saddam Hussein ordered Sayyem's release." The IIS officer dismissed the possibility that the IIS was involved with al Qaeda or Zarqawi and speculated that Saddam intervened to free Sayyem because he might fight U.S. forces in the event of an invasion of Iraq.

Five additional facts not included in the Senate report provide important context. According to the July 2004 Senate Select Committee on Intelligence report on Iraq, Abu Zubaydah, a top-ranking al Qaeda official in U.S. custody, told interrogators "that he was not aware of a relationship between Iraq and al Qaeda" and that he found such a relationship "unlikely." Zubaydah "also said, however, that any relationship would be highly compartmented and went on to name al Qaeda members who he thought had good relations with the Iraqis." Among those he named? Abu Musab al Zarqawi. From the July 2004 Senate report: "Abu Zubaydah indicated that he had heard that an important al Qaeda associate, Abu Musab al Zarqawi, and others had good relationships with Iraqi Intelligence." As noted, detainee testimony should be treated with skepticism. But Zubaydah, who provided both good information and bad in his debriefings, was in a position to know about Zarqawi's associations. The two men planned a millennium attack on the Radisson Hotel in Amman, Jordan, in 1999.

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Zarqawi received medical treatment at a Baghdad hospital known for treating senior Iraqi regime officials. (Initial reports that he had his leg amputated were wrong. Subsequent reporting suggests Zarqawi was treated for nasal problems.) In a 2005 interview with Al-Hayat, Jordan's King Abdullah said: "We had information that he entered Iraq from a neighboring country, where he lived, and what he was doing. We informed the Iraqi authorities about all this detailed information we had, but they didn't respond." Jordanian intelligence continues to believe that the Iraqi regime knowingly harbored Zarqawi.

Muhammad al Masari, a known al Qaeda mouthpiece, told the editor of the Arabic-language newspaper Al-Quds Al-Arabi, Abdel Bari Atwan, that Saddam reached out to al Qaeda--and Zarqawi--after the fall of the Taliban in 2001 and provided funding for al Qaeda operatives to relocate to Iraq. "According to Masari, Saddam saw that Islam would be key to a cohesive resistance in the event of invasion. Iraqi army commanders were ordered to become practicing Muslims and to adopt the language and spirit of the jihadis. On arrival in Iraq, Al-Qaeda operatives were put in touch with these commanders, who later facilitated the distribution of arms and money from Saddam's caches."

Finally, when Zarqawi returned to Iraq after the war, he teamed up almost immediately with a cadre of former Iraqi Intelligence officials to conduct attacks on U.S. troops and softer targets in Iraq.

Not only is the Senate report's section on Zarqawi woefully incomplete, it is contradictory. The report's conclusions echo the CIA finding: "Postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi." That Saddam Hussein himself ordered a Zarqawi associate freed--if the IIS officer's reporting is accurate--suggests that the Iraqi regime at the very least turned a blind eye toward Zarqawi and his network.

The mainstream press has treated the Senate report as the definitive word on Iraqi links to al Qaeda. It is not. It is worth remembering that while critics of the Bush administration have long since decided that there was no relationship at all between the Iraqi regime and al Qaeda, there are many observers who continue to hold a different view. If these individuals disagree on the extent of the relationship and its meaning, they agree that there was one.

"There was no question in our minds that there was a relationship between Iraq and al Qaeda," said 9/11 Commission co-chairman Thomas Kean.

"Saddam Hussein's regime welcomed them with open arms and young al Qaeda members entered Iraq in large numbers, setting up an organization to confront the occupation," said Hudayfa Azzam, the son of bin Laden's longtime mentor Abdullah Azzam.

"I believe very strongly that Saddam had relations with al Qaeda," said former Iraqi prime minister and longtime CIA asset Ayad Allawi. "And these relations started in Sudan. We know Saddam had relationships with a lot of terrorists and international terrorism."

"What our report said really supports what the administration, in its straight presentations, has said," noted 9/11 Commissioner John Lehman. "There were numerous contacts; there's evidence of collaboration on weapons. And we found earlier, we reported earlier, that there was VX gas that was clearly from Iraq in the Sudan site that President Clinton hit. And we have significant evidence that there were contacts over the years and cooperation, although nothing that would be operational."

And late last week, following the release of the Senate report, Barham Salih, deputy prime minister of Iraq, had this to say: "The alliance between the Baathists and jihadists which sustains al Qaeda in Iraq is not new, contrary to what you may have been told." Salih continued: "I know this at first hand. Some of my friends were murdered by jihadists, by al Qaeda-affiliated operatives who had been sheltered and assisted by Saddam's regime."

Some day there will be an authoritative and richly detailed history of the nature of the relationship between the Iraqi regime of Saddam Hussein and Osama bin Laden's al Qaeda and other Islamist terror groups. This latest product of the Senate Select Committee on Intelligence is unlikely to merit even a footnote in this history.

Stephen F. Hayes is a senior writer at THE WEEKLY STANDARD.

Terrorist Ties (WT)

By Deroy Murdock

The Washington Times, September 17, 2006

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Iraq war critics trumpet a Sept. 8 Senate Intelligence Committee report that concluded Saddam Hussein knew nothing about the September 11, 2001, attacks. Hence, the argument goes, he had no connection to al Qaeda, and therefore lacked ties to Islamic terrorists. In short: "Bush Lied, People Died."

This seriously flawed report relies on unreliable witnesses, ignores potential and actual evidence of Saddam's philanthropy of terror, and yet quietly acknowledges he, in fact, worked with terrorists. If Saddam's lawyers seek a clean bill of health for their client, this isn't it.

For starters, the report's sources include "multiple detainees -- including Saddam and former Deputy Prime Minister Tariq Aziz." Both are on trial and could face severe punishment. Their exculpatory remarks should be highly suspect, but appear valid to Senate Intelligence staffers. On Page 67, their report paraphrases Saddam's statement that he eschewed al Qaeda's anti-Americanism because "the United States was not Iraq's enemy." Perhaps he merely was being playful when he fired almost daily at U.S. aircraft patrolling the No-Fly Zone and attempted to assassinate former President George H.W. Bush in 1993. Indeed, on Page 68, Mr. Aziz offers the FBI Saddam's response to al Qaeda's August 1998 bombing of U.S. Embassies in Kenya and Tanzania. Saddam "was pleased at the act of terrorism because the U.S. had bombed Iraq during the first Gulf war and tried to kill Saddam. Saddam thought al Qaeda was an effective organization."

The report also quotes captured Iraqi documents. Among some 120 million such papers, only 34 million have been "translated and summarized to some extent" to speed analysis. Nevertheless, with nearly 72 percent of these records still unusable, the report concludes: "additional reviews of documents in Iraq are unlikely to provide information that would contradict the committee's findings or conclusions." Or, in plain English: "Don't confuse us with data. Trust us. We're psychic."

This report overlooks numerous indications, some firmer than others, that Saddam supported the September 11 conspiracy specifically and al Qaeda broadly, among other Islamic terrorist groups. Consider:

The report disregards the May 7, 2003, decision of Clinton-appointed U.S. District Court Judge Harold Baer Jr. that Baghdad backed the September 11 attack. Judge Baer awarded $104 million in damages from the Ba'athist regime to the families of George Eric Smith and Timothy Soulas, both killed at the World Trade Center. As Judge Baer ruled: "I conclude that plaintiffs have shown, albeit barely --by evidence satisfactory to the court -- that Iraq provided material support to bin Laden and al Qaeda."

The report misses the fact that the architect of the 1993 World Trade Center attack, Ramzi Yousef -- nephew of September 11 mastermind Khalid Sheik Mohammed -- landed in America on an Iraqi passport. Nor does it mention Indiana-born, Iraqi-bred Abdul Rahman Yasin, the al Qaeda operative who built the 1993 WTC bomb that killed six and injured 1,040. He fled to Iraq and, documents show, received a house and salary from Saddam's regime. As Sheila MacVicar reported for ABC News on July 27, 1994: "Last week, [TV program] 'Day One' confirmed [Yasin] is in Baghdad. Just a few days ago, he was seen at [his father's] house by ABC News. Neighbors told us Yasin comes and goes freely."

The report forgets that President Clinton's State Department designated Iraq a state sponsor of terrorism as early as 1993. "Iraq continued to plan and sponsor international terrorism in 1999," State later declared. Baghdad "continued to provide safe haven and support to various terrorist groups."

The Senate document concedes "Saddam's record of support for secular terrorist organizations like the Palestinian Liberation Front," but then breezes past his $10,000, then $25,000, reward checks to the families of Palestinian homicide bombers. Between the $15,000 boost in these bonuses on March 11, 2002, and the March 20, 2003, launch of Operation Iraqi Freedom, 28 such killers wounded 1,209 people and murdered 223 more, including at least eight Americans.

While Vice President Dick Cheney and Secretary of State Condoleezza Rice have tried to answer this paper, President Bush himself should deliver several major addresses detailing Saddam's extensive terror record.

Educating the public with new, declassified information would help counteract the "Bush lied us into war" chorus. If this left-wing cantata goes unchallenged, it could cost Republicans control of Congress and leave Mr. Bush exposed to greater indignities -- including impeachment.

Deroy Murdock is a columnist with the Scripps Howard News Service and a senior fellow with the Atlas Economic Research Foundation in Arlington, Va.

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U.S., Afghan Troops Launch Offensive (AP)

By Fisnik Abrashi, Associated Press Writer

AP, September 17, 2006

Thousands of American and Afghan troops unleashed a new offensive against Taliban militants in eastern Afghanistan on Saturday in an effort to expand the government's reach into the volatile Pakistani border region.

The operation comes as a NATO-led force, including 2,500 U.S. soldiers, is launching heavy attacks on militants in Afghanistan's south, claiming to have killed hundreds of guerrillas over the past two weeks.

In London, the commander of NATO forces in Afghanistan said Saturday he expects the military campaign against the Taliban to last another three to five years.

The new offensive is "just one part of a series of coordinated operations placing continuous pressure on Taliban extremists ... in order to provide security to the population, extend the government to the people and to increase reconstruction," the military said in a statement.

Dubbed Operation Mountain Fury, the offensive involves 7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar, the military said. Fighter planes and helicopters will back the forces.

Taliban and other Islamic extremist groups, including al-Qaida, are known to operate in the region, especially in the area bordering Pakistan where the reach of the government is weak and militants find sanctuaries.

Highlighting the dangers the troops face, two separate insurgent attacks on a military base in Khost province killed a U.S.-led coalition soldier and wounded another on Friday, the military said. A number of Afghan troops also were wounded, a statement said.

A suspected suicide bomber also blew himself up in the same province when explosives strapped to his body went off prematurely as he approached a police checkpoint on Saturday. Nobody else was injured in the blast, police said.

The U.S. military said troops have been preparing for weeks for Mountain Fury but launched its "maneuver phase" early Saturday. A separate U.S.-led operation called Big Northern Wind has been under way in neighboring Kunar province's Korangal Valley since late August.

The offensives come as the country is going through its bloodiest phase since the U.S.-led invasion ousted the hard-line Taliban from power in 2001.

Lt. Gen. David Richards of Britain, who took command of the 8,000-strong NATO force last month, said predicted the campaign to crush the Taliban would take three to five more years and added he was determined to succeed.

He told Channel 4 News fighting in the turbulent southern province of Helmand had been "very intense" until about two weeks ago but that the Taliban had lost many fighters.

"Although in a way we were not able to maneuver as freely as we would have wished perhaps, we have, I think, created an environment in which most people, including many Taliban, have just had enough fighting."

According to an Associated Press count based on reports from U.S., NATO and Afghan officials, 2,800 people have died so far this year in violence nationwide, including militants and civilians — about 1,300 more than the toll for all of 2005.

"Mountain Fury will continue until the conditions of bringing security, construction and growth are met," Maj. Gen. Benjamin Freakley, the top U.S. operational commander, said in a statement.

"The Afghan people are tired of war. They want what their government is capable of providing: security, employment, education and a better way of life," Freakley said.

Elsewhere, NATO troops and aircraft in the country's southern Uruzgan province killed 17 suspected insurgents placing roadside bombs near a military base Friday, the alliance said.

About 60 suspected Taliban militants also attacked a police checkpoint in southern Afghanistan Friday, sparking a battle in which four militants died, police said.

NATO and Afghan soldiers came to the aid of police after the insurgents attacked the checkpoint near the district police headquarters in the Khas Uruzgan district of southern Uruzgan province, said Mohammad Zahir, the district police chief.

Afghan security forces and NATO suffered no casualties. Police recovered the bodies of four suspected Taliban fighters along with their weapons, Zahir said.

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Separately, a bomb blast south of the Afghan capital killed three security guards and wounded another on Saturday, police said.

The remote-controlled device went off as a car carrying four Afghans passed on the main road in the Musayi district of Kabul province, said Ali Shah Paktiawal, a police official.

The victims were all working for local private security firms which provides services to local and international non-governmental organizations, said Mohammad Daud Nadim, regional police chief. All four were armed at the time of the blast, he said.

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Associated Press writers Rahim Faiez in Kabul and Noor Khan in Kandahar contributed to this report.

Road Blast In Afghanistan Kills Three Aid Workers (WP)

By Pamela Constable

The Washington Post, September 17, 2006

Anti-Taliban Offensive Launched in 5 Provinces

KABUL, Afghanistan, Sept. 16 -- Three Afghan aid workers were killed Saturday when their vehicle hit a bomb on a highway just south of the capital, while 7,000 Afghan and U.S. troops launched an operation against Taliban insurgents in five eastern and central provinces.

Police said the unidentified aid workers were killed and a fourth was injured when a remote-controlled bomb exploded under their vehicle. The attack was the fourth major bombing in eight days.

Aside from insurgent and military activity, the populace remained calm Saturday as news began to circulate of comments about Islam made earlier this week by Pope Benedict XVI. The remarks, which included a medieval reference to Islam as "evil and inhuman" and "spread by the sword," have angered Muslims around the world.

"We heard about it on the radio, and it seems the pope wants to create a crisis. This is an insult to all Muslims and an ignorant attack on Islam," said Enayatullah Balegh, a leading cleric. But he added: "We do not favor any violence or protest, because Kabul is not secure and someone might take advantage of it. We will show our anger in words."

The Foreign Affairs Ministry said the pope's words showed an "improper understanding of Islam" and called on him to apologize to all Muslims. In a statement, the ministry said that world leaders, instead of "inciting violence and tension," should help bring followers of different religions "closer to each other."

Afghanistan, a conservative Muslim country run by a moderate, elected government, is experiencing an insurgency by thousands of fighters loyal to the Taliban, an extremist Islamic movement that ruled for six years and was ousted by a U.S.-led invasion in 2001.

In recent months, the Taliban has unleashed the worst wave of violence in more than four years across southern Afghanistan and in other provinces. Attacks have been carried out by several hundred forces and by lone suicide bombers.

In the latest of several offensives against the Taliban, officials said that 4,000 Afghan soldiers and police accompanied by 3,000 U.S. troops began moving Saturday into five provinces that have experienced increasing insurgent violence -- Khost, Ghazni, Paktia, Paktika and Logar.

U.S. military officials here said the operation, called Mountain Fury, was one of several aimed at "placing continuous pressure on Taliban extremists" in order to bring security, governance and development to impoverished rural regions.

The officials said the operation would be accompanied by $43 million in aid projects, including new schools, roads, bridges and 26 district administration centers. Taliban forces have attacked and destroyed such district centers in remote areas of several provinces.

"While we offer stability, governance and reconstruction, the Taliban offer oppression and violence in the form of killing innocent Afghans attending funerals, burning schools and murdering effective governors," Maj. Gen. Benjamin Freakley, senior commander of U.S. forces here, said in a statement.

Hakim Taniwal, 63, the governor of Paktia province, was assassinated by a suicide bomber last Sunday. The next day, a suicide bomber detonated explosives at Taniwal's funeral in the governor's native Khost province, killing six people.

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In the southern province of Kandahar, where 10,000 NATO troops have been battling Taliban fighters for nearly two weeks, NATO officials said Saturday that they had killed more than 500 insurgents and liberated two districts near the provincial capital that the Taliban had attempted to capture and hold.

The NATO forces are being assisted by 2,500 U.S. soldiers, including helicopter crews.

"This was a decisive success," said Mark Laity, a NATO spokesman in Kabul. He said the Taliban had drawn fighters from many areas to take a stand in the Panjwai and Zhari districts. "They fought for a long time, and they lost," he said. "This will force the Taliban to think seriously about whether they can stand and fight elsewhere."

But Taliban forces took their fight to other parts of the country, including previously calm regions as well as the national capital area. The governor of remote Nimruz province in the southwest appealed for help after insurgents seized a stretch of a highway that connects Afghanistan with Iran.

In Khost province, an American soldier was killed in an attack on a U.S. base. Officials said he was training troops in the new Afghan army. Several other Afghan and U.S. soldiers were wounded in that attack and a second one on the same base.

U.S. troops are also involved in a separate anti-Taliban operation in the eastern province of Konar, where they are fighting insurgents and assisting in development projects. A major new bridge over the Pech River will be inaugurated by U.S. and Afghan officials next week.

When Hit By The Enemy, Troops Are Taught To Send This Strong Message: Ordinary Afghans Can Trust Them. (PHI)

By Andrew Maykuth

The Philadelphia Inquirer, September 17, 2006

One in an occasional series.

INQUIRER STAFF WRITER

PECH RIVER VALLEY, Afghanistan - The soldiers of C Company huddled around the radio as the bad news spread: Insurgents had ambushed a platoon about 10 miles upriver, killing the turret gunner of an armored humvee.

"One KIA," said First Sgt. John Mengels, a 20-year veteran, swearing under his breath. "One wounded."

A quiet rage ran through the main camp in eastern Afghanistan that day, Aug. 17. Army Capt. Robert Stanton, the company commander, hovered over a topographical map with one of his platoon leaders, jabbing at routes the Taliban might take to flee into the Hindu Kush mountains.

The Americans' instincts told them to strike back with great force - to send a strong message to anyone associated with the militants who had set up the ambush. But their training instructed them to retaliate only when the time was right, at precisely the right target - that winning over the population was just as important as killing the enemy.

"A lot of Afghans are sitting on the fence," said Mengels, 43, who has also served in Iraq. "If you are careful, they see that, and they come to your side. But if you kill the wrong people, it's damage that takes months - years - to recover from."

Five years after America launched the war on terrorism here after the 9/11 attacks, the battle in Afghanistan has evolved into a protracted counterinsurgency campaign stretching along much of the 1,500-mile Pakistani border, where resurgent Taliban forces live among the Afghans or find sanctuary in tribal areas across the border.

U.S. conventional military forces, trained to employ shock-and-awe power, have retooled for a more sophisticated mission. For a year before C Company and the other units of the 10th Mountain Division's Third Brigade Combat Team were deployed to Afghanistan in March, even the lowest infantryman was drilled in the new doctrine. The soldiers learned Afghan language, culture and history. No more calling the enemy Haji - not when the Afghan government that the Americans are supporting is Muslim, too.

"We are trying to advance the state of the art in counterinsurgency here," said Col. John W. Nicholson Jr., the brigade commander whose forces are stationed in eastern Afghanistan.

But the mission is difficult and frustrating, particularly when the Taliban get infusions of money, recruits and arms from outside Afghanistan. The enemy is clever and elusive, preferring to fight from afar, using rockets or improvised explosive devices (IEDs).

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"Whenever they attack us directly, we win," Mengels said. "But they fire rockets at us, and they run. Or they leave IEDs. They're like ghosts out there."

While NATO troops fighting in Afghanistan's southern deserts have received much attention, Americans are dying here in mountainous eastern Afghanistan. It's the forgotten front in a forgotten war.

Of 28 coalition deaths in Afghanistan in the last month - 10 Americans, eight Britons, eight Canadians and two French - a quarter occurred here in Konar and Nurestan provinces, a few miles from Pakistan.

In a little more than a week in August when an Inquirer reporter and photographer were embedded with forces, seven Americans died in engagements near the Pech valley.

This is the territory of the First Battalion, 32d Regiment - one of the Third Brigade's light infantry battalions now deployed in eastern Afghanistan. During six months in Afghanistan, the 1-32 has taken more casualties than it did during its yearlong deployment to Iraq.

"When I first came to Afghanistan, I actually thought it was more of a peacekeeping mission at the time," said Pvt. Adam Boguskie, a humvee gunner from Kentucky. "I couldn't have been more wrong."

Into the teeth of al-Qaeda

The Afghanistan government has never exerted much control in the severe highlands of Konar and Nurestan, where the mountains contain some of Afghanistan's only forests. Nurestan, the more northern province, is so isolated that its inhabitants converted to Islam only in the 19th century, more than a thousand years after the rest of the country.

This region traditionally has been governed by tribal groups, who conspire with smugglers and insurgents to transit arms and fighters on narrow footpaths that thread through the valleys. Before the Taliban fell, Islamic militants trained here without much risk of detection. Even after the Americans in 2002 established a base in Konar's capital, Asadabad, coalition control did not extend far beyond the wire.

"The terrorists who attacked the Trade Center were trained up here," said Stanton, the C Company commander. "It's a traditional safe haven for al-Qaeda... . They're here, they're in the country, they're very prevalent, and they don't want us here. More specifically, they don't want the government of Afghanistan to succeed."

In 2005, three members of a four-man Navy SEAL team were killed in an ambush in Konar, in the hills along the Korengal River, a Pech tributary. The militants shot down a Chinook helicopter sent to rescue the SEALs, killing all 16 aboard, the biggest blow against U.S. forces in Afghanistan since 2001.

The Americans responded with an intense campaign in the Korengal valley last fall, and followed in the spring with an assault called Operation Mountain Lion. But the militants only fled deeper into the mountains until the operations ended.

This summer, American commanders have changed their strategy. They launched an aggressive road-building program, replacing rutted gravel tracks with roads that can accommodate two lanes of traffic. The new roads allow more rapid troop movement, spur economic growth and loyalty to the government, and are far more difficult for the enemy to mine.

"Where the road ends, that's where the influence of the antigovernment elements begins," said Lt. Gen. Karl Eikenberry, the overall commander of the coalition forces.

To protect the road builders and expand the government's influence, the Army established small valley outposts manned by one or two platoons in spartan conditions.

They have crude latrines, no showers, minimal fortifications and no tents. The soldiers can shower and call their families once every two weeks, during 24-hour "refits" at the big operating bases.

"There's no Internet, no phones, no television, no radio," Stanton said. "It's literally a patch of dirt on the side of the road."

C Company moved into the Pech valley in June to protect a contractor rebuilding the 20-mile road between the American forward operating bases at Asadabad and Nangalam. Before the company established itself, IEDs routinely filled the road.

Three months later, American patrols move up and down there 24 hours a day. "Now we own this road," said Lt. Christopher Haynes, a platoon leader.

But ownership has come at a price.

The militants initially rained down rockets on the American bases or peppered them with machine gun fire at dusk.

And then there were IEDs. Even with greater control, fears lingered that militants might slip in and bury a bomb.

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"There are days when I spend the whole patrol staring at the road thinking, 'It's going to blow up,' " Haynes said.

On June 16, militants exploded a bomb beneath a six-wheeled all-terrain vehicle that carried Lt. Forrest Ewens and Sgt. Ian T. Sanchez. They were killed instantly.

As is typical after many IED strikes, a firefight broke out immediately between the Americans on the road and the militants on the high ground. The Americans said they had returned fire into the nearby village of Dag. An undetermined number of civilians were killed.

Two days later, a jittery private guarding one of the U.S. outposts fired on a car bristling with rocket-propelled grenades as it sped past the camp. It turned out to be a friendly, unmarked police vehicle. Three officers were killed.

In both cases, the soldiers have attempted to mend relations by meeting with villagers and police officers.

In a meeting in Dag, Haji Osman Jan told Lt. Timothy Lo that many villagers were still wary of the Americans, but appreciated the road project.

"People are happier, now that they know you are helping our country to rebuild," he said.

'It has become personal'

A big part of C Company's routine is "village assessments," which often last a week. A platoon of foot soldiers, each hauling 100 pounds of equipment and Kevlar body armor, hikes into the mountains to live in small villages, gathering intelligence and information on the local needs.

On July 24, one such patrol received intelligence that a militant group had abducted a civilian friendly with the Americans, and the soldiers went in pursuit. Soon they were engaged in an intense firefight. Even Stanton, the company commander, was pinned down.

Six insurgents died, but so did David M. Hierholzer, a popular squad leader from Tennessee. The loss of Hierholzer - along with Ewens and Sanchez - stung the company.

"It took me 20 years in the Army to lose somebody close to me," Mengels said, "and it was real bad."

The soldiers blame a local militia commander, Habib Jan.

"It has become personal," Mengels said. "I don't want to leave Afghanistan with Habib Jan still alive."

More killed, then attack

There was no sign of Habib Jan in the Pech valley in August. But other militants were active.

On Aug. 11, insurgents attacked a B Company foot convoy, and three soldiers died.

On Aug. 17, A Company took the next casualty, in the Korengal valley, where the militants had supposedly been cleared out. In that ambush, turret gunner Pvt. Joseph R. Blake, 34, was shot in the head, showering blood and brains over the soldiers in his vehicle.

It was the radio news of that attack that so enraged C Company, even though it held back from pursuit.

On Aug. 19, two days later, the radio crackled again with another grim report from the Korengal.

The insurgents had struck A Company again, this time with a roadside bomb that set a humvee ablaze. Three soldiers were wounded and three killed.

The response that night was swift and powerful.

From 10 miles away, the sky rumbled with thunder from artillery fire and the primal buzz-saw of an A-10 Thunderbolt raking the mountains with its lethal Gatling gun.

The ridge line erupted in light - the soldiers said a plane had dropped a phosphorous bomb - and for a few seconds the horizon turned crimson, like hell on earth.

This time there was no holding back.

The Death Of An Afghan Optimist (WP)

By Barnett R. Rubin

The Washington Post, September 17, 2006

Hekmat Karzai, a cousin of President Hamid Karzai of Afghanistan, called me from Kabul last Sunday. "Barney," he said. "We lost a friend today." A suicide bomber had blown up the car of Hakim Taniwal, the governor of Paktia province on

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Afghanistan's frontier with Pakistan, killing him and two aides. The attack took place outside Taniwal's office, where I had gotten into the same car with him five weeks earlier, and where we had our final conversation.

I first met Taniwal in 1985 in Peshawar, Pakistan, where he had joined other intellectuals fleeing the Soviet occupation of his homeland. After the scholar and poet Said Bahauddin Majrooh was gunned down in his Peshawar home in February 1988 by radical Islamists favored by Pakistan and the CIA, these scholars started to disperse. Taniwal left for Australia, and would return to his native Afghanistan only after the Karzai government came to power.

As his name indicated, this bearded sociologist was part of the Tanai tribe, one of Afghanistan's border groups so often depicted as fierce and warlike. But Taniwal, educated in Europe, exemplified another side of tribal life -- the soft-spoken elder who leads and reconciles by wisdom and eloquence.

Hekmat Karzai, who has documented how tactics such as suicide bombing have migrated to Afghanistan from the new terrorist haven of Iraq, told me that after learning of Taniwal's death, he had walked with President Karzai in the garden of Afghanistan's presidential palace. How, they wondered, could they still ask Afghanistan's professionals to help govern the country? Yet without them, the government could not possibly meet popular expectations, could not begin to restore hope to a nation nearly bereft of that emotion.

The last time we spoke, Taniwal repeatedly emphasized that stability was possible only with the support of ordinary Afghans. "We should invest in peace," he said, "not in fighting." He backed military operations based on precise intelligence, but such operations, he believed -- even if they killed, captured or routed some Taliban -- would have little long-lasting effect without popular support and economic development. Elders from 10 provinces, whom I met the day before my visit with Taniwal, had agreed, denouncing corrupt state officials. The people have totally lost trust in the government, they told me.

The Taliban "are slowly neutralizing the people," Taniwal said. "The government can't protect them, so they will go to the other side. They will not help the government to keep security." An elder from the neighboring province had offered a similar conclusion: "If the people were not distressed with the current government, the Taliban could not do anything. If the government starts negotiation with the elders and recognizes them, then we will be the police for the government." A minister in Kabul estimated the annual cost of putting elders in each district on the government payroll at $5 million -- a small price to pay for greater stability in a country where violence such as the suicide bomb that killed Taniwal is increasingly resembling that of Iraq in intensity, if not yet in scope.

Taniwal and I did not debate whether Pakistan was supporting the Taliban. As we sat a few miles from the frontier between the two countries -- the Pakistani tribal district of North Waziristan was a two-hour drive away on a dangerous road -- the answer was too obvious. "All the Taliban were once in Afghanistan," Taniwal said. "Now they are in Pakistan. The Taliban are helped by the [Pakistani] government." As we ate lunch at his home, a call from the police told of a suicide attack against a convoy on that very road to Pakistan.

Taniwal opposed big offensives by the U.S.-led coalition. "They roll over and flatten the whole area," he said. "But the enemy just goes from our side to the other side." The other side, of course, was Pakistan, where Taniwal, like so many other Afghans, had found a combination of refuge and persecution.

Pakistan was then negotiating a truce with Taliban who had gained control of most of North Waziristan. The final agreement, announced four days before Taniwal's killing, ceded control of the area to the militants in return for expelling "foreigners" (Arabs, Chechens, Uzbeks and others) and ending infiltration into Afghanistan. According to reports from the region, however, the suicide bomber who killed Taniwal four days later may have been sent on his mission from Waziristan.

Taniwal wanted the coalition to "pressure Pakistan more and more to keep the people there and also arrest and send them to Afghanistan." But for him, pressuring Pakistan was aimed not at destroying the Taliban but at reintegrating them. He wanted them, and all Afghans, "not to solve problems with the Kalashnikov. The Taliban should join with the government, the society, and have their own party," like the Taliban's sympathizers in Pakistan, who run in elections.

Though he asked me to keep this confidential, his death allows me -- indeed, it obligates me -- to reveal that he also advocated settling Afghanistan's historic conflict with Pakistan over the Pashtun territories across the frontier known as the Durand Line, which Afghanistan has never recognized as a border, even under the Taliban. "All the troubles up until now have been because of this problem," Taniwal said. Afghanistan built its army with Soviet aid to counter Pakistan, a U.S. ally. As a result,

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he said, "we did not gain Pashtunistan, but we almost lost Afghanistan." If international mediators can help resolve this conflict, "then there will be peace, development, business," Taniwal said. "Then Pakistan will be secure, and Afghanistan will be secure."

Taniwal feared that the United States and the current Afghan government would make the same errors as the Soviets and the governments they supported, but he recognized the difference between the two eras. "This is not an occupation," he said. "Afghanistan was a base for terrorists. These bases have been destroyed. Now they are trying again, and we have to fight back. But we should not make mistakes. Afghanistan is slowly going to be like the problem in Iraq if we don't solve these problems."

He put on his turban. We left his office, accompanied by a few lightly armed guards, and walked toward his car.

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Nobel Laureates Call For Peace, Slam Bush (WT)

By Valerie Richardson, The Washington Times

The Washington Times, September 17, 2006

DENVER -- Ten Nobel Peace Prize winners gathered here this weekend to issue a worldwide call for peace and understanding toward all people, with the possible exception of those in the Bush administration.

The laureates, who met here to celebrate the 10th anniversary of PeaceJam, an international education organization, opened the three-day event by excoriating the White House for its invasion of Iraq and subsequent increases in military spending.

"I honestly wonder how any of them can think for a nanosecond how having civil war in Iraq has made us safer," said Jody Williams of Vermont, who won the peace prize in 1997 for her work toward clearing land mines.

Billed as the largest U.S. gathering of Nobel Peace Prize winners in history, the event served as a starting point for the laureates' "Global Call to Action," an initiative aimed at urging young people to record 1 billion "acts of peace" over the next 10 years.

About 3,000 young people from 31 countries attended the event, held at the University of Denver.

The event's biggest names, the Dalai Lama and Archbishop Desmond Tutu, steered clear of politics. The Dalai Lama was greeted like a rock star yesterday before a one-hour speech in which he urged young people to embrace globalization.

"There are no national boundaries. The whole globe is becoming one body," the Tibetan spiritual leader said. "In these circumstances, I think war is outdated -- destruction of your neighbor is actually destruction of yourself."

At a press conference Friday, however, other peace prize winners criticized U.S. foreign policy, saying the focus should be on social and economic justice.

Adolfo Perez Esquivel, the 1980 winner for his Latin American human-rights work, took it a step further with a personal shot at President Bush.

"Bush says he prays. But I think God covers up His ears when George Bush prays," Mr. Esquivel said through a Spanish translator.

The Nobel Peace Prize winners also issued a statement identifying 10 "barriers to global peace." They included disease, poverty, nuclear weapons, social injustice, racism, access to natural resources and the rights of women and children.

Conspicuously absent from the list was global terrorism. Several laureates said that terrorism was an outgrowth of ignorance, prejudice and inequality, and that it cannot be eradicated until those underlying social issues are addressed.

Mrs. Williams said the September 11 attacks were a response to U.S. aggression around the world, and that the White House should have tried to understand the reasons behind them before invading Iraq.

"They do not like the aggressive policies of the country and they don't like that we're ignorant of that," she said.

Mr. Esquivel compared the nearly 3,000 persons killed on September 11 with the tens of thousands of children who die every day of hunger. "I call that economic terrorism," he said.

Shirin Ebadi, who won the peace prize in 2003 for advocating democracy and human rights in the Middle East, said she was "very sorry for the sad events of September 11," but added that it would have been better for the United States to build a school in Afghanistan for each victim, rather than invading the country.

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The founders of PeaceJam, Dawn Engle and Ivan Suvanjieff, said one of the event's goals was for the laureates to become as popular with young people as actors and musicians.

"I want the Nobel laureates to be icons, [instead of] some thumb-sucking [celebrities]," Mr. Suvanjieff said. "I want peace to be hip, sexy and cool."

c This article is based in part on wire service reports.

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Task Force Receives Top Award (HC)

Houston Chronicle, September 17, 2006

U.S. Attorney General Alberto Gonzales this week bestowed his office's top annual award to federal prosecutors, FBI agents and paralegals who have served on the Justice Department's Enron Task Force, including those involved in this year's fraud and conspiracy trial of former Enron chairman Ken Lay and former CEO Jeff Skilling.

The recipients of the Attorney General's Award for Exceptional Service included Sean Berkowitz, Kathryn Ruemmler, John Hueston and Cliff Stricklin, the lead prosecutors in the four-month trial of Lay and Skilling.

Other team members who received the award were prosecutors Robb Adkinds and Andrew Stolper and appellate specialists Douglas Wilson and John Drennan.

The award was also given to previous task force attorneys and leaders, including its first director, Leslie Caldwell; her successor as director, Andrew Weissmann; and former task force prosecutors Samuel Buell, Matthew Friedrich, Lisa Monaco, Benton Campbell and Linda Lacewell.

CRIMINAL LAW:

'Continued Criminal Conduct' Leads To Longer Sentence (SELMATJ)

By Victor Inge, THE SELMA TIMES-JOURNAL

Selma (AL) Times-Journal, September 17, 2006

MOBILE - A Selma man who federal authorities say "continued criminal conduct" will get a longer sentence than recommended.

DeWayne Lewis, 34, pleaded guilty to a felon in possession of a handgun in May 2006 and faced a sentencing range of 63 to 78 months in prison, under the federal advisory sentencing guidelines.

In the plea agreement, prosecutors had recommended the low end of the guidelines, court officials said.

However, after Lewis testified in his own behalf at the sentencing hearing this week, senior U.S. District Judge Charles R. Butler ruled that Lewis had perjured himself during his testimony and therefore "lacked acceptance of responsibility for his actions."

While on release awaiting sentencing, Lewis tested positive for cocaine use.

In addition, Lewis was a passenger in a vehicle stopped by the Selma Police Department when a gun was found next to where Lewis was seated.

Judge Butler then sentenced Lewis to the maximum term of 78 months in federal prison, to be followed by three years of supervised probation, according to information obtained from the U.S. Justice Department.

Deborah J. Rhodes, U.S. attorney for the Southern District of Alabama, said the charges resulted from a joint investigation conducted by the ATF&E, The SPD and the Dallas County Sheriff's Office.

Federal law enforcement authorities have been vigilant about gun crimes in Selma lately, as ATF&E officers have worked for the past two years to help bring charges against more than 15 individuals from the St. Phillips Street area.

Authorities say they operated as "a street gang," and used guns to protect their turf.

Rodriguez Trial Entering Final Stage (STPPP)

By Dave Kolpack

The St. Paul Pioneer-Press, September 17, 2006

FARGO, N.D. - The trial of Alfonso Rodriguez Jr. is entering its final stage, and jurors may begin deliberating this week over whether he should be the first person sentenced to death in North Dakota in nearly 100 years.

The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez, 53, of Crookston, Minn., to be sentenced to death instead of life in prison. He was convicted late last month of kidnapping resulting in the death of University of North Dakota student Dru Sjodin.

"I think this part is much harder to predict than when he was found guilty," said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez case. "In North Dakota, jurors are not used to dealing with death penalty cases."

North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty.

"I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen," Gonzales said.

Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an "especially heinous, cruel and depraved manner."

Sjodin disappeared from a Grand Forks mall parking lot in November 2003. Her body was found in a ravine near Crookston the following April. Authorities said she had been beaten, raped and stabbed.

Defense attorneys say several factors favor a sentence of life in prison for Rodriguez. They say he was sexually abused as a child and may have suffered brain damage from farm chemicals, leading to psychological and behavioral problems.

Rodriguez's attorneys are expected to wrap up their testimony on Monday. U.S. District Judge Ralph Erickson said he believes jurors could began deliberating his sentence by the middle of the week, after prosecutors present rebuttal evidence.

Rodriguez's mother and two of his sisters testified last week about their struggles as a poor migrant farm family, living in a house with no electricity or running water. They said children teased Rodriguez about his race and physical appearance.

"It's not so easy to put aside that kind of heartfelt feeling of a mother and his background," Daly said Sunday. "I think it will have some effect on the jurors ... and you only need to affect one juror."

Prosecutors say another factor favoring the death penalty is that jurors found Rodriguez caused serious injury in three earlier assaults on women.

The government also believes that testimony by friends and family of Sjodin in the last phase of the trial points to a death sentence.

Daly said he expects the case to be appealed, whether Rodriguez receives the death penalty or life in prison. Death penalty appeals would be more prolonged, Daly said.

"It's possible her parents will never see him executed," he said.

FBI Sex Raises Privacy Issues (PTR)

By Carl Prine, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 17, 2006

It's a steamy story of sex, lies and videotape, told in an obscure federal court case the FBI doesn't want you to hear about.

But the Pittsburgh Tribune-Review uncovered the hidden details of "Dale J. Herr vs. the Department of Justice" at the normally staid U.S. Merit Systems Protection Board in Washington, the agency where fired federal workers go to get their jobs back.

The Federal Bureau of Investigation's quest to keep its dirty laundry from public sight concerns civil libertarians, who worry 9/11 turned a naturally secretive agency into a place that now walls off even routine litigation. Labor lawyers also fear federal courts are letting agencies pry too far into the private lives of employees.

FBI officials, however, insist they will continue to evict X-rated G-men.

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The salacious Herr dossier makes the FBI's Cleveland field office into Hugh Hefner's Playboy Mansion. Herr, 38, a West Point grad and former special agent, concedes in court documents that in 2002 he videotaped his sexual exploits with three women -- two co-workers and one from outside the agency.

One female agent "had consented to videotaping of her sexual activities with (Herr) on other occasions," but he later filmed her "when she had not consented to and was not aware of the taping," according to court records.

FBI files also reveal two other women had no clue they were caught on film, footage Herr kept solely "for his own use."

"Based on conversations I had with (one of the women), I believed she would not be comfortable making videotapes of our sexual encounters," Herr admitted in court papers. FBI files say Herr knew at the time it "was not ... the right thing to do."

One of the female agents found the tapes in 2002 and told co-workers. Scuttlebutt about the amateur pornos swept the Cleveland field office, and the FBI began to question Herr's integrity and hold "much less confidence in his abilities to perform ... any job," according to legal filings.

An unnamed Cleveland supervisor testified he had to counsel two filmed female feds and make sure that "they and other employees concentrated on their work, rather than on the gossip and rumors." But Cleveland superiors never questioned Herr's job as a high-ranking agent. His office even recommended only a 30-day suspension, according to his attorney, Richard L. Swick of Washington.

The FBI brass overruled that recommendation. On June 9, 2004 -- 20 months after Herr's blue movies triggered an internal investigation -- he lost his badge. His appeal is pending.

Agents at field offices nationwide who knew Herr declined to speak on the record about the matter, saying they didn't want to jeopardize the litigation or incur agency discipline. Herr's attorney advised his client not to talk to the news media.

Girls on film

Special Agent Jeffrey B. Killeen, an attorney representing the Department of Justice in the matter, is so close-mouthed he won't even admit Herr exists. Killeen, assigned to the Pittsburgh office, often works on internal FBI investigations.

Although one of the taped women continued a romantic relationship with Herr after the brouhaha -- according to Herr's attorney -- Killeen persuaded administrative law judges to remove her name from documents because she was a "victim." Killeen also got judges to erase mention of the Cleveland field office and the identities of anyone who gave testimony.

When Herr's lawyer moved to rename his client "John Doe," not only did the FBI not oppose it, but also begged the court to seal every aspect of the case.

Senior FBI officials declined to discuss the Herr case.

"Decisions like that are never made lightly," said Patrick W. Kelley, FBI's deputy general counsel. "It's a process. We have to keep in mind that there may be victims, and we have a duty to protect them from an unwarranted invasion of their privacy. To do that, we must look even at singularly identifying details in cases. We do this to ensure that more damage isn't done to the victims."

Administrative law judges hear nearly 12,000 appeals annually for the Merit Systems Protection Board from federal workers who say they've been unjustly fired, furloughed or demoted. Judges rarely close hearings, disguise the identities of participants or bar taxpayers from reading testimony. Over the past 33 years, the board's panel in Washington has cloaked only three cases out of almost 300,000. The last "John Doe" caption came in a 1981 case involving a spy accused of molesting his daughter.

Against FBI wishes, the Washington panel published some details of Herr's case. But at the FBI's insistence, judges continue to keep citizens from attending Herr's Chicago hearings, reading transcripts or accessing court filings. Judges and their clerks in Washington and Chicago declined comment.

Contacted by the Trib, nearly a dozen top civil libertarians said FBI and board actions in the Herr matter raise questions about when it's appropriate to hide agent misconduct. At issue: Did the FBI push so hard to protect alleged victims, or did the agency fear embarrassment from a salacious story?

"The FBI and the board went too far, in my opinion," said attorney David K. Colapinto of Washington, an expert on government secrecy. "They could've blacked out the names of the women without putting the case under seal. The danger in all of this is that they could turn future proceedings in cases like this into a Star Chamber, which has happened before and which has been shown to have violated both the U.S. Constitution and the public's right to know.

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"But does it surprise me? No. We're living in an era of secrecy. After 9/11, the FBI and the courts are making everything 'confidential' or 'secret,' and I'm afraid that mentality now might be extended even to the Merit Systems Protection Board."

NeXXXus of Evil?

Some labor lawyers fear the board's ruling reached too far into the private lives of federal workers. Herr's Chicago judge initially found the FBI failed to find a link between his boorish behavior and how he fought crime. That's important because FBI policies let agents engage in legal sexual conduct that some people find morally objectionable -- including adultery, homosexuality and gender-bending wardrobe choices.

"That's the key. It was none of the FBI's business," said attorney Swick. "They were just upset about what he did, and they can't say what he did was illegal. He didn't violate the FBI's own personnel policies, so why are they doing this to him?"

Swick says it's a shame the nation lost a dedicated agent and vows to reinstate him. The FBI concedes what Herr did in Ohio in 2002 wasn't illegal, but Pennsylvania and 47 other states now have "video voyeurism" laws banning what he did.

The Board tribunal reasoned that making pornos didn't get Herr in trouble, it was his "clearly dishonest" conduct that "caused emotional distress to the FBI employees he had videotaped." Judges said the fallout from his bedroom behavior snarled FBI operations, and an agency charged with collaring corrupt city cops can hold its own law enforcement officers to "a high standard of conduct."

FBI leaders consider the "high standard of conduct" the agency's cornerstone. They take pride in a rigorous vetting process that weeds out most applicants. To refresh academy ethics training, the FBI routinely posts e-mails to agents detailing bad behavior in their ranks. Strict standards govern much of a G-man's professional life, and agents are warned to never project an "appearance of impropriety."

"It's important for agents to understand that their conduct outside the agency can have repercussions in the office," said the FBI's Kelley. "And just because something isn't illegal doesn't mean it won't affect what we do."

Ralph Smith says the FBI's culture won't allow seamy conduct to go unpunished. The former civil service supervisor, best-selling author and staffing firm owner published some "John Doe" details on his popular Fedsmith.com Web site.

"Imagine a case like this one, with all the sex and videotaping, the gossiping and the long investigation that followed," said Smith. "There are issues of privacy and trust involved in all of that, and those are important concepts to FBI supervisors. The culture of the FBI won't tolerate that kind of behavior, even if it's not illegal."

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CIVIL RIGHTS:

In Shadow Of 70's Racism, Recent Violence Stirs Rage (NYT)

By Dan Frosch

The New York Times, September 17, 2006

FARMINGTON, N.M. — The memory of 1974 still hangs heavily over this troubled New Mexico town, like a bad spirit drifting down from the sandpaper mesas and scrub-speckled hillsides.

That was the year the bodies of three Navajo men were found in nearby Chokecherry Canyon, burned and bludgeoned. The three white high school students charged in their killings were sent not to prison but to reform school.

The violence and mild sentences incited marches by Navajos through Farmington's streets and exposed tensions between them and the town's largely white residents. The United States Commission on Civil Rights eventually investigated and found widespread mistreatment and prejudice against Navajos.

Now, more than three decades later, Navajo leaders here are again calling for federal intervention.

On June 4, the police said, three white men beat a Navajo man, William Blackie, 46, and shouted racial slurs at him after asking him to buy beer for them. The men were charged with kidnapping, robbery and assault, and are being prosecuted under the state hate crimes law, which allows for longer sentences.

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Six days later, a white Farmington police officer killed a Navajo man, Clint John, 21, after a struggle in a Wal-Mart parking lot. The police said Mr. John had assaulted his girlfriend and attacked the officer — grabbing his baton and moving aggressively toward him — before the officer shot Mr. John four times. Mr. John had a history of violence, the police said.

Mr. John's family says he did not have the baton when he was shot and is filing a wrongful death lawsuit against city officials, the Police Department and the officer.

The San Juan County Sheriff's Office, which investigated Mr. John's death, concluded that the shooting was justified. But after an outcry from Navajo Nation officials, the United States Justice Department is reviewing the matter to determine if a federal inquiry is necessary.

Both events have rocked this commercial hub of about 42,000 residents on the eastern edge of the Navajo Nation. After Mr. John's shooting, the Navajo Council allocated $300,000 to study racial violence in the 11 towns that border Navajo land and to finance the John family's lawsuit.

On Sept. 2, amid growing unease, Navajo leaders organized a march they said drew 1,000 participants. The march snaked along Highway 64, which leads to the Navajo community of Shiprock.

"We marched to memorialize the people that have died because of racial violence here," said Duane Yazzie, president of the Shiprock chapter of the Navajo Nation. "This was an outlet for people who are frustrated and angry."

Similar marches 32 years ago protested the severe, sometimes violent treatment of Navajos, like the practice of beating drunken Navajos passed out on Farmington's streets.

In 1975, the Civil Rights Commission released "The Farmington Report: A Conflict of Cultures," which described widespread prejudice against American Indians in Farmington and said they had suffered in almost every area from injustice and maltreatment.

These days, Farmington is no longer the Selma, Ala., of the Southwest, as some derisively called it then. The town has more Indians — about 17 percent of its residents, compared with less than 10 percent in the mid-1970's. The Civil Rights Commission, revisiting Farmington in 2004, found marked progress.

Mayor Bill Standley cited improvements including the creation of a citizen police advisory committee, an intertribal service organization and a Navajo behavioral health center. Mayor Standley categorized this year's violence as isolated.

"When these things happen, we still have to be concerned, and we have to listen," he said. "We have thousands of interactions between people in Farmington where nothing happens. But when things do go wrong, the culprit is usually alcohol. For the most part, it's not racism that drives Farmington's problems today, it's alcohol."

Indeed, a study this year by the Police Department showed that most crimes against Indians in Farmington were committed by Indians.

Police Chief Mike Burridge said the 12 Indians among the 124 officers on his force had supported the department after Mr. John's shooting.

"They told me they wished it was a Native American officer that was involved," said Mr. Burridge, adding that his officers underwent cultural sensitivity training that specifically addressed Navajo issues.

But Larry Emerson, chairman of the New Mexico Indian Education Advisory Council, said white residents had not absorbed the history of Indian subjugation and its psychological and social effects.

"The bias, the unfairness, this has been going on all along," said Mr. Emerson, who is Navajo. "Our people have suffered intergenerational trauma. They're so numb to it, they can't feel own their feelings anymore."

Racial violence — like the bludgeoning death in 2000 of a 36-year-old Navajo woman by two white men — still occurs, if less frequently. Mr. Emerson and Mr. Yazzie said many crimes against Navajos went unreported.

"We've become so accustomed to our treatment by the Anglo community, we just accept it as normal," said Mr. Yazzie, who was shot by a white hitchhiker in 1978 and lost an arm in the attack.

Mr. Yazzie said he believed outsiders, new to Farmington and its complicated racial dynamic, were to blame for the upswing in violence. He said he considered Mr. John's shooting unjustified and wanted the federal government to intervene, as it did in the 1970's. Other tribal leaders agree.

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"We've come a long way since 1974, but sometimes it takes the feds to move things in the right direction, said Joe Shirley Jr., the president of the Navajo Nation. "Otherwise, it doesn't get done."

A stroll down Main Street, lined with antique shops and Navajo art galleries, reveals familiar divisions.

"The majority of Navajos are good people," said Joann Carney, a white saleswoman at a clothing shop. "But a few give them a bad name."

"Navajos get a lot of looks walking down the streets here," said Patrick John, an American Indian from Shiprock. "There's a lot of tension here. This is a border town."

For George Arthur, a Navajo Nation delegate who lives near Farmington, the problems are escalating. A few years ago, Mr. Arthur said, his son was beaten by white youths who tried unsuccessfully to set him on fire. Mr. Arthur said no one was charged in the crime.

"The Navajo are a proud people," he said. "We've learned to survive, and we can tolerate certain aspects of life. But not when it comes to our dignity."

Report Sizes Up The Toll Of Human Trafficking In Minnesota (MINNST)

By Myron P. Medcalf And Howie Padilla, Star Tribune Staff Writers

Minneapolis Star Tribune, September 17, 2006

About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years.

The exploitation in Minnesota of victims lured into forced labor and sex should be addressed on an "organized, statewide" level, according to a Minnesota Department of Public Safety report on human trafficking.

About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years. Some victims had been trafficked from Minneapolis, St. Paul, Roseville and the Mall of America, according to the report.

Without statewide data on trafficking-related arrests, the numbers don't represent the fullness of the crime, according to the report, which was prepared for the Legislature.

Someone is trafficked when "forced, defrauded or coerced into service regardless of movement," but sometimes the offense involves transporting people across borders, domestic and international.

"This is an issue Minnesota is beginning to pay attention to," said Danette Buskovick of the Department of Public Safety, who wrote the report.

Also this week, the St. Paul Police Department's Gerald D. Vick Human Trafficking Task Force held its first meeting.

In a teleconference that lasted about four hours, St. Paul Sgt. John Bandemer and Cmdr. Todd Axtell -- along with other federal, state and local law enforcement officials -- heard from Houston officials about how they battle the problem. A federal grant honoring Vick helped fund the department's work on human trafficking. The slain St. Paul police sergeant was known for his zeal in fighting human trafficking and helping prostitutes turn their lives around.

But cracking down on leaders of human-trafficking rings has proven challenging because of scare tactics used to silence victims, some of whom are threatened because of their immigrant status, said Gail Pendleton, a national consultant on immigration issues who was in St. Paul on Friday for a conference on domestic violence in immigrant and refugee communities.

"The challenge is finding them," she said. "They generally are held captive. ... The first people they're not going to talk to are law enforcement."

Also at the conference was Joy Friedman, a former prostitute who was trafficked between states and now works with Breaking Free, a St. Paul group that assists females fleeing prostitution. Said Friedman: "This is something that's happening in our own back yard."

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Woman Seeks To Take Monkey Into Restaurants For 'support' (AP)

THE ASSOCIATED PRESS

AP, September 17, 2006

SPRINGFIELD, MO. -- A woman from southwestern Missouri has asked the Springfield-Greene County Health Department to allow her to take her pet monkey into restaurants as a service animal.

The woman, Debby Rose, of Springfield, says Richard, her bonnet macaque monkey, provides emotional support that allows her to overcome an anxiety disorder and go out in public places. Rose said the federal Americans With Disabilities Act should allow the practice.

Health department officials met Friday with a local service agency, the Southwest Center for Independent Living, which is acting as an agent for Rose. The health department told the agency that Rose must produce some kind of federal ruling or certification that the monkey is a service animal under the ADA before it will consider allowing her to take the monkey into public places, said Kevin Gipson, director of health.

Family members said Rose's anxiety was disabling. Without her monkey, she's less able to manage normal tasks, such as grocery shopping and dining out, because of severe anxiety.

Cynthia Magnuson, a spokeswoman from the Justice Department in Washington, said that although the law was somewhat vague regarding emotional-support animals, they were covered.

"It's kind of a fine line, but the law errs on the side of protecting individuals that are disabled," she said.

Major Problems At Polls Feared (WP)

By Dan Balz And Zachary A. Goldfarb, Washington Post Staff Writers

The Washington Post, September 17, 2006

Some Officials Say Voting Law Changes And New Technology Will Cause Trouble

An overhaul in how states and localities record votes and administer elections since the Florida recount battle six years ago has created conditions that could trigger a repeat -- this time on a national scale -- of last week's Election Day debacle in the Maryland suburbs, election experts said.

In the Nov. 7 election, more than 80 percent of voters will use electronic voting machines, and a third of all precincts this year are using the technology for the first time. The changes are part of a national wave, prompted by the federal Help America Vote Act of 2002 and numerous revisions of state laws, that led to the replacement of outdated voting machines with computer-based electronic machines, along with centralized databases of registered voters and other steps to refine the administration of elections.

But in Maryland last Tuesday, a combination of human blunders and technological glitches caused long lines and delays in vote-counting. The problems, which followed ones earlier this year in Ohio, Illinois and several other states, have contributed to doubts among some experts about whether the new systems are reliable and whether election officials are adequately prepared to use them.

In a polarized political climate, in which elections are routinely marked by litigation and allegations of incompetent administration or outright tampering, some worry that voting problems could cast a Florida-style shadow over this fall's midterm elections.

"We could see that control of Congress is going to be decided by races in recount situations that might not be determined for several weeks," said Paul S. DeGregorio, chairman of the federal Election Assistance Commission, although he added that he does not expect problems of this magnitude.

"It's hard to put a factor on how ill-prepared we are," said former Ohio governor Richard F. Celeste, a Democrat who recently co-chaired a study of new machines with Republican Richard L. Thornburgh, former governor of Pennsylvania, for the National Research Council. They advised local election officials to prepare backup plans for November.

"What we know is, these technologies require significant testing and debugging to make them work," added Celeste, now president of Colorado College. "Our concern -- particularly as we look to the November election, when there is a lot of pressure on -- is that election officials consider what kinds of fallbacks they can put in place."

The main focus is on whether people know how to properly use the machines, particularly the large army of volunteers who staff the polls at most precincts.

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"We know the equipment works because it's been qualified to federal standards," said Kevin J. Kennedy, executive director of the Wisconsin State Elections Board and president of the National Association of State Election Directors. "The real challenge is to make sure our poll workers are trained and make sure voters have been educated so that we don't have an experience like Maryland had."

What is clear is that a national effort to improve election procedures six years ago -- after the presidential election ended with ambiguous ballots and allegations of miscounted votes and partisan favoritism in Florida -- has failed to restore broad public confidence that the system is fair.

To the contrary, litigation is on the rise. Rick Hasen, a law professor at Loyola Law School in Los Angeles and the author of Election Law Blog, found that the number of election challenges filed in court had risen sharply from 2000 to 2004 -- from 197 per year to 361. "Parties have become more willing to go to court," Hasen said.

In 2004, some Democrats alleged widespread voting irregularities in Ohio, including questionable vote-counting and problems with machines in Democratic-leaning precincts. Nonpartisan election experts have said the problems were not so severe to call President Bush's victory, by about 119,000 votes, into question.

This year, there are debates over standards for keeping voter registration rolls up to date; for the handling of "provisional ballots" used by people who do not show up on those rolls but believe they are legally qualified to vote; and for assuring the validity of electronic vote counts through the use of paper trails for all electronic machines. State legislation requiring state or federal identification for all voters has been challenged in courts.

One reason many issues are coming to a head this year is that the Help America Vote Act set the start of 2006 as the deadline for states to comply fully with its regulations.

Help America Vote does not mandate electronic voting, but it has greatly accelerated that trend. The law banned lever machines and punch cards to end debates about ambiguous "hanging chads" of the sort that occurred in Florida in 2000. What is clear is that electronic machines have their own imponderables.

In Montgomery County, the breakdown came when election officials failed to provide precinct workers with the access cards needed to operate electronic voting machines. In Prince George's County, computers misidentified some voters' party affiliation and failed to transmit data to the central election office. At least nine other states have had trouble this year with new voting technology.

During Illinois's March primary, poll workers in Cook County (Chicago) experienced problems at hundreds of sites with new voting technology, delaying results in a crucial vote for the county's board.

In Ohio, results from the May primary election were delayed for nearly a week in Cuyahoga County (Cleveland) when thousands of absentee ballots were incorrectly formatted for electronic scanners and had to be counted by hand.

Twenty-seven states require electronic voting machines to produce a paper trail available for auditing during a recount, but an analysis of Cuyahoga County's paper trail by the nonpartisan Election Science Institute showed that a tenth of the receipts were uncountable.

So far, none of these problems has prompted lingering legal challenges. But experts say turnout in general elections is much higher than in primaries and will put new stresses on the election system.

Although Help America Vote imposed national standards, it did not impose a uniform system. There are different styles and brands of equipment in use, with the potential for different bugs. The main systems are optical-scan machines and touch-screen machines. The potential problems election officials cite include machines breaking down or paper ballots not being read by optical-scan machines.

Beyond technical bugs, questions remain about whether the machines are vulnerable to vote fraud by hackers.

For several years, prominent computer scientists have taken aim at the electronic voting machines, which in essence are computers. In analyses of the software that runs widely used models of the machines, and in tests on specific brands, the scientists have shown how they could manipulate the machine to report a vote total that differed from the actual total cast by voters.

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Machine vendors and some election officials have said that, while changing vote totals may be possible for someone with sophisticated technical knowledge in a controlled experiment, it is highly unlikely in a real election, given the security and oversight.

In the wake of Help America Vote, Congress has appropriated more than $3 billion to states to upgrade equipment, and Vermont Secretary of State Deb Markowitz, the president of the National Association of Secretaries of State, said many states have met all of Help America Vote's requirements. Backers credit the law with making voting easier for the disabled and people for whom English is not a primary language. And they say that when machines and databases work properly, they make voting more accurate.

As Election Day nears, however, states remain embroiled in legal disputes growing out of Help America Vote's requirements for centralized voter databases and for some first-time voters to show identification at the polls. The Justice Department has sued New York state for failing to comply with Help America Vote requirements, such as upgrading machines and building a central voter database.

Democrats and Republicans remain at odds over voter registration rolls. The Brennan Center for Justice, a liberal advocacy group, recently showed that properly registered voters in Florida, New Jersey and Kentucky were being removed from voter databases through electronic purges.

"Voter suppression doesn't happen with intimidation on Election Day, but rather through silent and sometimes secret government actions in the weeks leading up to an election," said Michael Waldman, the center's executive director.

Republicans have pressed for laws requiring voters to show a state or federal identification card -- a requirement Democrats say could disenfranchise low-income and minority voters.

A handful of states have passed expansive laws requiring voters to show state or federal ID at the polls. On Thursday, a circuit court judge in Missouri struck down as unconstitutional that state's ID requirement. That ruling followed a similar decision by a court in Georgia. A court in Indiana, however, upheld the requirement.

Further clouding the election process is the fact that, in many states, the administration of elections remains in political hands -- run by secretaries of state or other officials who run for office with partisan affiliations and who often have designs on higher office.

Robert Pastor, director of a commission on election reform organized by American University and headed by former president Jimmy Carter and former secretary of state James A. Baker III, said this tradition should be abandoned.

"The Carter-Baker commission identified 87 steps that need to be undertaken," he said. "Regrettably, almost none of them are being done right now. I would start by establishing statewide, nonpartisan election administration."

Md. Election Problems Fuel Push For Paper Record (WP)

By Cameron W. Barr, Washington Post Staff Writer

The Washington Post, September 17, 2006

After Primary Day Fiasco, Some Area Officials and Activists Say Electronic Voting Systems Need Backup

The primary day debacle in Montgomery and Prince George's counties will add momentum to regional efforts to ensure that election systems create a paper record of each vote, according to some elected officials and activists critical of paperless balloting.

They say the crisis at the polls in Florida during the 2000 presidential race, which prompted many states to switch to electronic voting, forced the adoption of overly complex systems that now must be simplified.

An aide to Maryland Gov. Robert L. Ehrlich Jr. (R), who is seeking reelection in November, said heightened concerns about electronic voting in last week's primary would strengthen calls for a return to a paper-based system.

Precinct judges in Montgomery and Prince George's counties have reported various machine-related problems, including computers that misidentified the party affiliations of voters, electronic voter registration lists that froze and voting-machine memory cards whose contents could not be electronically transmitted. The electronic voter lists, or "e-poll books," were used for the first time in Maryland.

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Ehrlich remains "wary about the use of these machines in the upcoming elections," said policy adviser Joseph M. Getty, though the governor has announced he will take whatever steps are necessary to protect the security and reliability of the state's voting system.

Activists in Virginia said they hope Maryland's problems will inspire renewed efforts to require that all voting systems in the commonwealth produce a paper record of each vote. The voting in Virginia's June primary went smoothly, and Jean Jensen, secretary of the State Board of Elections, said she has not felt "a lot of unease in the population" over electronic voting.

Jensen said she is worried that opponents of electronic voting will exploit Maryland's troubles, which were partially the result of human error, and "turn this into a machine issue."

The District has a dual system in which voters at each polling station have a choice between voting electronically or casting a paper ballot that is read by an optical scanner. There were no significant problems at the polls Tuesday, but community activist Dorothy Brizill said she hopes the Board of Elections and Ethics will still conduct a review.

In Maryland, Ehrlich has requested that Linda H. Lamone, the administrator of the State Board of Elections, appear Wednesday before a three-member panel that includes the governor. Ehrlich, who has clashed frequently with Lamone, told her in a letter that last week's problems "raise questions about insufficient training, management and oversight of Maryland elections."

Deputy Administrator Ross Goldstein said Lamone "is reviewing the letter and will respond."

The outcomes of primary races for a congressional seat and two General Assembly seats remain undetermined as a result of voting irregularities.

In Montgomery County, where primary day began in chaos after election workers forgot to provide the plastic cards needed to access the machines, 10,000 to 12,000 voters had to use provisional paper ballots. The counting of provisional votes statewide will begin tomorrow and in Montgomery could take two or three days because of the volume, county officials said.

Meanwhile, Donna Edwards, who ran against Rep. Albert R. Wynn for the 4th District Democratic nomination, has said she will file a lawsuit because of concerns about the security of voting machines that were not returned promptly to the Prince George's Board of Elections.

Wynn leads by fewer than 3,000 votes in a district that stretches from Prince George's into a slice of Montgomery.

Both candidates in the close race for the Democratic nomination for Prince George's executive -- the disappointed challenger, Rushern L. Baker III, and the victorious incumbent, Jack B. Johnson -- also have called for an investigation of the county's voting process.

Kevin Zeese, an independent candidate for Maryland's open U.S. Senate seat and a longtime critic of electronic systems that do not provide a "paper trail," acknowledged that many problems in Maryland were caused by human error. Even so, he said, "the real problem [with electronic machines] continues. We can't tell whether the result really reflects the will of the people. There's no way to audit an electronic count."

Ehrlich pushed legislation this year that would have required Maryland to adopt paper ballots and optical scanners, but the measure died in the state Senate.

Several efforts to institute a paper record also died in the Virginia legislature this year. Carrie Nixon, a lawyer who leads the New Electoral Reform Alliance for Virginia, a nonpartisan group that has pressed for changes in the commonwealth's election system, said she hopes that Maryland's problems will give the initiatives another life.

Virginia's elections have run well in recent years, but Nixon said volunteer lawyers participating in an election-monitoring program organized by the Democratic National Committee in 2004 reported 117 problems with individual machines at about 600 polling stations. "These types of problems do give people pause with respect to the integrity of the system," she said.

Jensen said that not a single vote was lost in 2004 and that 8,000 to 10,000 voting machines were in use on Election Day.

In the District, voters have been able to choose between casting electronic and paper ballots since 2004, said Alice P. Miller, executive director of the Board of Elections and Ethics. Most voters still prefer paper, she said, but the number opting for an electronic ballot has risen with each election.

Brizill, the community activist, said she has visited polling sites where the electronic voting machine "sits vacant and not used, all day long."

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Staff writer Christian Davenport contributed to this report.

Missouri, Other States Grapple With New Voting Requirements (SLPD)

By Bill Lambrecht And Adam Sichko, POST-DISPATCH WASHINGTON BUREAU

St. Louis Post-Dispatch, September 17, 2006

WASHINGTON In the Arizona primary election last week, some Navajo Indians who don't drive and have no use for U.S. government-issued photo IDs didn't vote because of a new state law requiring identification to vote.

"Probably in the future, a lot of our elders just won't show up, and they're dedicated voters," said Isabelle Walker, the Navajo Nation's deputy chief of staff.

But in Macon, Ga., which tested Georgia's controversial photo identification law for the first time last week, only one voter of more than 200 who turned out for a school board special election lacked a picture ID — even though he had driven to the polling place.

"It went well. We feel like voters are grasping the idea," said Twiggs County Election Superintendent Marette Fair.

Missouri — where a judge last week struck down a new state photo ID law — is not alone in grappling with new voting requirements. More courtroom maneuvering is expected over the Missouri law, which requires voters to produce a valid Missouri drivers license, nondrivers ID, U.S. passport or military ID.

In at least eight states, political activists are squaring off over new rules requiring photo IDs as well as proof of citizenship and other identification for voter registration. In most cases, Republicans are supporting the restrictions, and Democratic-leaning groups are fighting them.

In Georgia, a federal judge ruled last week that voters in his state will not have to produce picture IDs in 30 special elections next week. But the ruling doesn't prevent Georgia from moving ahead with its new photo-ID law in November.

Other voting glitches

Ongoing confusion in several states is just part of the nation's unsettled election machinery less than two months before elections that will decide control of Congress.

Some states still are struggling with federal legislation requiring computerized voter registration lists. About one-third of the country — including parts of Missouri and Illinois — will deploy new voting machines for the first time in a general election. Serious glitches last week in Maryland's primary showed the need for well-trained poll workers in the new era of electronic voting.

The disputes over registration and voter identification add to pre-election anxieties.

In Florida, the League of Women Voters stopped registering voters earlier this year rather than risk penalties under a new state law putting requirements on civic organizations' voter drives. A federal judge intervened to stop the law — saying it "chills" First Amendment rights — and the league is back in the registration business and trying to make up for lost time, its president, Dianne Wheatley-Giliotti, said last week.

How much impact?

In Missouri and elsewhere, analysts say that the final outcome of the court challenges could have a bearing on close elections in November.

The voter ID requirements, along with the new registration rules "could have a potentially enormous impact on elections and could unquestionably swing the results of elections one way or the other," asserted Daniel Tokaji, an Ohio State University assistant law professor who writes a Weblog on election-law disputes.

Court cases have featured wildly varying estimates about who might end up not voting because they don't have photo IDs and lack the wherewithal or patience to get them. In Missouri, Secretary of State Robin Carnahan said that 240,000 voters could lack the necessary ID under the new law; the state Department of Revenue put that number at 138,000.

A St. Louis election-law attorney, Mark "Thor" Hearne, disputes that thousands of people will end up not voting.

Hearne, 45, who helped the Bush-Cheney campaign prevail in the Florida recount of 2000, has emerged as a key player nationally in arguing the case for voter ID laws. He is chief legal adviser to the American Center for Voting Rights, a northern Virginia advocacy group that has been a driving force in legislation demanding photo identification to vote.

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"You get all these dire predictions of hundreds of thousands of people disenfranchised. But when they finally run an election, they find that it's no big deal," he said.

Hearne disputed those who say that the new laws fall unfairly on those least able to produce a photo ID, much the way poll taxes once kept people from the polls.

"This isn't singling people out," he said. "This is a feature of modern life. You need a photo to get on a plane, cash a check, receive government benefits."

Courtroom disputes

The ID movement is a product of outrages from voter fraud as well as the nation's post-9/11 security mind-set. The 2002 Help America Vote Act requires that first-time voters who register by mail produce government-issued IDs when they cast ballots.

The movement picked up steam a year ago when the Commission on Federal Election Reform, headed by former President Jimmy Carter and ex-Secretary of State James Baker, concluded that a uniform voter identification system could help rebuild confidence in voting.

The bipartisan panel added that such a system should not impede participation. Whether it does — and ultimately will — is the crux of courtroom disputes.

In Missouri, Cole County Circuit Judge Richard Callahan concluded that the ultimate effect of the law was an unconstitutional new qualification to vote. Supporters say it can be fixed with legislative tinkering.

Arizona is one state where the pro-ID forces have prevailed in court, much to the dismay of Indian tribes and partisans who relish the heavily Democratic vote from the 250,000-strong Navajo Nation.

Many older Navajo were born at home and don't have birth certificates, tribal officials said. And even if they can afford the IDs, some simply reject state dictates.

"It offended our elders very much. They say, 'Now you end up telling me I have to prove who I am to you?' That's not right given that we were the indigenous people of this country even before laws were created," said Leonard Gorman, a Navajo elections expert.

Joe Kanefield, state election director in Arizona, countered that tribes in his state were given special consideration, allowing them to show just one form of ID proving tribal membership, whether or not it had a photo.

Last week's election, he said, "went very smooth. There were very few problems, if any. . . . We don't think this law in any way discouraged people from voting."

Meanwhile, Marette Fair, the election head in Twiggs County, Ga., had this message for Missourians after hearing that her state's on-again, off-again voter ID law had been temporarily suspended.

"I hope your election in Missouri goes well and you don't get jerked around like us," she said.

City's Vote Recount Ends (MJS)

By Derrick Nunnally And Dave Umhoefer

Milwaukee Journal Sentinel, September 17, 2006

46,500, not 80,000, people turned out, agency says

Milwaukee officials announced Saturday that after a three-day manual count of ballots, Tuesday's primary election brought 46,500 voters to the polls in Milwaukee, not 80,000 as the city previously reported.

City Election Commission chief Susan Edman said the ward-by-ward review of turnout confirmed the city's suspicion that a computer programming error by her office caused the misreporting.

The new turnout count, which still needs confirmation by county officials, means that 15.5% of the city's registered voters came to the polls.

The earlier report of nearly 27% turnout had generated confusion because it suggested that tens of thousands of people showed up to vote but ignored or voted incorrectly in the top races on the ballot, including state attorney general and Milwaukee County district attorney and sheriff.

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The discrepancy was brought to the city's attention by the Journal Sentinel, which reported on it Thursday. Its cause, Edman said, was a double and triple count at polling sites containing multiple wards. The duplicated figures showed up in 198 of the city's 314 wards, the paper found. 2004 election

After consulting with state and county election officials, the city did a full ballot count to assure public confidence in the system. That confidence had already been shaken by highly publicized problems the city had in the 2004 presidential election.

"The public should be very pleased with the outcome of this joint canvass," Edman said.

The laborious manual review was not a recount of votes cast for individual candidates. Milwaukee Mayor Tom Barrett and Edman have said repeatedly that the computer error was isolated to total turnout and did not affect the reporting of results in any race.

Those statements seemed to satisfy all the candidates on the ballot except Vince Bobot, an assistant city attorney who lost a fairly close race for the Democratic Party nomination for sheriff. Bobot is considering seeking a recount of votes in the sheriff's race, for which the total vote tally - 39,285, including write-in votes - is in line with vote counts for other races.

The hand count was conducted by the city with help from the county at the city's warehouse on N. Hawley Road. The count was completed Saturday and turned up 46,413 ballots, compared with the original report of 80,064, a difference of 33,651.

Based on city officials' diagnosis of the computer miscalculation, city officials believe instead of 46,413 that 46,548 people actually voted last week. The gap of 135 between that machine count and the hand count is mostly due to 101 ballots cast at 53rd Street School, 3618 N. 53rd St., that were tallied the night of the election but could not be located for the hand count, Edman said. A search is under way.

The remaining variance of 34 ballots will be reconciled when city officials review polling lists and other election materials before turning its numbers over to the Milwaukee County Election Commission. The county does the official canvass of vote totals and reports that to the State Elections Board.

Edman said she was satisfied by the outcome of the unusual ballot count because of the small variance.

"It really confirms the fact that the system works," she said. Programming error

The programming error has been fixed and will not be repeated in the November general election, Edman said.

The city initially said the computer error had affected tallies at every ward located in a multiward voting site.

But in the city's original turnout report, seven wards at multiward polling locations did not show duplicated turnout figures, seemingly in contradiction to the city's description of the computer error. Edman said Saturday, however, that there was a simple explanation for that: in those seven multiward sites, more than one voting machine was present.

Janice Dunn, county Election Commission manager, said she expects to complete the canvass of Milwaukee and suburbs by the end of the week. From the Sept. 17, 2006 editions of the Milwaukee Journal Sentinel

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Global Gun Rights? (NYT)

By Joshua Kurlantzick

The New York Times, September 17, 2006

In July, as rifle-wielding militias in Iraq slaughtered civilians, the United Nations held a conference on small arms. The conference aimed at creating an international treaty limiting the trade in small arms — weapons designed for personal use, which cause about a thousand deaths worldwide each day. But after intensive debate, and despite the support of many nations, even the normally sunny Kofi Annan had to admit that the conference had collapsed or, as he put it, had “ended without agreeing on an outcome.”

One group represented at the conference had reason to celebrate: the National Rifle Association, which in the past decade has been refining its own version of globalization. At first, the group openly fought gun control abroad, but that enabled gun-control advocates to accuse local gun lobbies of selling out to America. In Brazil, the N.R.A. tried a new approach. Brazil has the most gun deaths annually of any country, and last October it held a referendum on a nationwide gun ban. In the run-up to the vote, polls suggested that more than 70 percent of Brazilians supported the ban. Then the Brazilian gun lobby, which previously

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had emphasized the desirability of gun ownership, began running advertisements that instead suggested that if the government could take away the right to own a weapon (though Brazilians have no constitutional right to bear arms), it could steal other civil liberties. This argument took gun-control advocates by surprise, and on voting day, 64 percent of Brazilians voted against the gun ban. "We gun-control groups failed to anticipate this idea of focusing on rights," admits Denis Mizne of Sou da Paz, a Brazilian public-policy institute. As a report in Foreign Policy revealed, the National Rifle Association lobbyist Charles Cunningham had traveled to Brazil as early as 2003 to impart strategy to local gun advocates, teaching them to emphasize rights instead of weapons.

Around the world, the N.R.A. is finding that a rights-based approach translates into many languages. As the N.R.A.'s executive vice president, Wayne LaPierre, says: "They made the rights argument [in Brazil.] They made the argument that this was being taken away from the people." He pauses. "It caught Iansa" — the International Action Network on Small Arms — "by surprise. They already had the Champagne on ice." In the mid-1990's, the N.R.A. became a nongovernmental observer at the United Nations and helped form a global coalition of pro-gun groups to match disarmament coalitions. At U.N. conferences, this coalition then uses success in national referendums to argue against global treaties. "The vote in Brazil on last Oct. 23 was a mandate," the head of one gun-advocacy group argued at the U.N. conference this July. "The international anti-gun community, especially powerful NGO's, was intimately and extensively involved in supporting the gun-ban referendum. They lost. They did not receive the mandate."

The N.R.A. is in the conservative vanguard: in recent years many conservative groups have been increasingly willing to engage abroad. Going global has several advantages. Organizations get more leverage over U.S. policy: conservative groups' growing knowledge of H.I.V. issues in Africa has given them more say over America's global AIDS policies, leverage that conservatives have used to press abstinence as a leading strategy. Going global also can provide a defense against the influence of international law, which judges like Supreme Court Justice Stephen Breyer have increasingly introduced into American courts. Conservative legal organizations like the Alliance Defense Fund have headed to countries like Sweden to combat international precedent on issues ranging from human cloning to home schooling. And conservatives now realize that by co-opting the language of rights, traditionally employed by the political left, they can export their own ideas of universal rights, whether that means the White House's democratization program or a universal right to bear arms.

ANTITRUST:

Lee Hospital Deal Scrutinized (FMNP)

By Jennifer Booth Reed

Fort Myers (FL) News-Press, September 17, 2006

The state attorney general is looking into Lee Memorial Health System's acquisition of Southwest Florida Regional Medical Center and Gulf Coast Hospital.

"We are aware of this potential merger, or purchase, and we're in the process of reviewing the situation," spokeswoman JoAnn Carrin said.

In the 1990s, the attorney general had filed an amicus brief on Lee Memorial's behalf during the system's bid to acquire Cape Coral Hospital. At that time, the Federal Trade Commission was challenging Lee Memorial, saying the purchase would have given Lee Memorial too much control of the market.

District and appeals courts rejected the FTC argument and ruled Lee's status as a public hospital exempted it from antitrust action and the FTC did not have jurisdiction over the matter. The FTC dropped its complaint because Health Management Associates, or HMA, purchased it.

Cape Coral Hospital ultimately merged with Lee Memorial in June 1996. At the time of that merger, the state was seeking to block Hospital Corporation of America from taking over Cape Hospital because it would have too much power.

"The theory of antitrust is to protect the public," said Charles Bigelow, a retired attorney who used to work for Lee Memorial and is familiar with its status as a public agency. "If you apply antitrust to a public hospital, you're protecting the public from itself."

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Carrin said there had been changes to the law in 2000, and state lawyers are looking to see whether those amendments have impact on the previous court rulings in Lee Memorial's favor.

"If we see an issue we would contact the parties," Carrin said.

ENVIRONMENT:

U.S. Says Plan To Expand Alaska Oil Drilling Should Proceed (BLOOM)

By Jim Efstathiou Jr.

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- The Bush administration said a Sept. 27 sale of oil drilling leases in Alaska should go forward and rejected a court's objections that environmental effects have not been properly addressed.

The U.S. Interior Department said in a court filing yesterday that the impact of expanded drilling on air, water, wetlands and wildlife had been properly considered in the plan to expand drilling in the National Petroleum Reserve.

Earlier this month, U.S. District Judge James Singleton in Anchorage ruled that an environmental impact statement prepared by the agency failed ``to adequately address the cumulative effects" of drilling.

``Depending on the resource or activity, the cumulative impacts throughout the entire North Slope are discussed," the Interior Department said in the filing. The agency ``conducted the required `hard look' at those impacts given the limited nature of information available at the leasing stage."

Singleton's preliminary decision threatened plans to proceed with the lease sale and drew praise from groups including the National Audubon Society. The sale includes 400,000 acres around Teshekpuk Lake, an area environmental groups consider a critical Arctic wildlife habitat.

Expanding domestic oil and natural gas supplies was a cornerstone of the energy plan President George W. Bush unveiled early in his first term. Bush has so far failed to persuade Congress to allow drilling in Alaska's Arctic National Wildlife Refuge, 300 miles to the east of the petroleum reserve.

Teshekpuk Lake

The 23-million acre National Petroleum Reserve, on the Beaufort Sea between Barrow and the Colville River, was established in 1923 as a source of oil for the U.S. Navy. Environmental groups and some lawmakers oppose drilling in the area between Teshekpuk Lake and the Beaufort Sea.

Thousands of geese gather to molt in the area, and caribou birth their calves there, according to the National Audubon Society. Two oil spills from BP Plc pipelines this year further east in Prudhoe Bay have stirred concern about drilling for oil on Alaska's tundra.

The leasing plan acknowledged environmental concerns by imposing limits on surface structures and drilling activity during periods when wildlife could be impacted, the Bureau of Land Management said. The bureau oversees oil and gas drilling on federal lands for the Interior Department. Drilling would not be permitted in Teshekpuk Lake.

Prudhoe Bay Spill

The entire petroleum reserve could hold 9.3 billion barrels of crude, a 2002 U.S. Geological Survey report said. About 87 percent of the petroleum reserve has previously been available for drilling. The planned Sept. 27 lease sale would boost that to 95 percent.

BP in March reported the largest-ever oil spill on Alaska's North Slope, and last month the company partially shut Prudhoe Bay, the largest U.S. oil field, after discovering pipeline leaks and corrosion.

BP, the world's third-biggest oil company, neglected its Prudhoe Bay oil pipelines for years and may have suppressed worker complaints, U.S. lawmakers said at a Sept. 7 hearing in Washington. Senate Republicans who support expanded drilling in Alaska last week said BP's problems may set back efforts to tap Alaska's resources.

A Bloomberg/Los Angeles Times poll of 1,321 people in June found that 61 percent blamed Bush for high gasoline prices. In a July survey of 1,011 people, 32 percent said they have been forced to cut spending in other areas and to conserve energy. In the same poll, 51 percent were opposed to drilling in the Arctic National Wildlife Refuge while 45 percent were in favor.

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To contact the reporter on this story: Jim Efstathiou Jr. in Washington at jefstathiou@bloomberg.net .

Gulf Oil Discovery Adds Pressure To Offshore Drilling Debate (FLSUNSEN)

By William E. Gibson, Washington Bureau Chief

South Florida Sun-Sentinel, September 17, 2006

WASHINGTON -- Discovery of a vast oil deposit deep under the Gulf of Mexico has put additional pressure on Congress as it considers legislation on whether to allow offshore drilling closer to the Florida coast.

The undersea oil field 270 miles southwest of New Orleans, which could expand U.S. reserves by as much as 50 percent, provides new arguments for both sides of a contentious debate over legislation to expand offshore drilling.

Proponents say the discovery shows the great potential for tapping the Outer Continental Shelf closer to shore to boost energy supplies.

Opponents contend it proves energy companies have plenty of tracts to explore without moving into more environmentally sensitive areas near Florida, California and other states dependent on clean beaches and tourism.

Opponents already are on the defensive because of a rising demand for supplies amid high fuel costs, though prices have eased lately. They fear the discovery will prompt Congress to allow exploration in areas where drilling now is banned.

``It gives us [drilling opponents] a steeper hill to climb, now that the news of the size and scope of this find has been all over the country," said U.S. Rep. Mark Foley, R-Fort Pierce. ``This is welcome good news for energy independence and gives us new capacity. But I remain troubled by the prospect of putting more rigs in vulnerable areas along the main path of hurricanes."

The discovery comes as Congress is grappling over conflicting offshore drilling bills, written to boost domestic supplies and reduce U.S. dependence on foreign sources of oil and natural gas.

Most Florida leaders are rallying around a Senate-passed bill that would open 8.3 million acres of the Gulf to energy production but keep rigs more than 125 miles from the state's shores. Most drilling proponents prefer a House-passed version that would allow exploration as close as 50 miles from shore.

Drilling forces immediately hailed the discovery in the central Gulf as proof that the Outer Continental Shelf contains much more oil and gas than previously suspected.

A trio of energy companies dug a test well into ultra-deep waters below salt formations to find an oil supply undetected by more superficial seismic testing. The test well is spouting 6,000 barrels of oil a day, prompting estimates that the area contains 3 billion to 15 billion barrels.

``It's a big deal and very important," said Allan Pulsipher, executive director of the Center for Energy Studies at Louisiana State University. ``It will enable the U.S. to maintain its domestic supply of oil and gas at a level similar to where we are now. We'll still be dependent on oil imports, but less dependent than if this reserve were not there."

While significant, even 15 billion barrels would be tiny compared to Saudi Arabia's reserves of 250 billion barrels. The U.S. currently imports about 60 percent of its oil supplies and consumes about 20.6 million barrels a day, according to the U.S. Energy Information Administration. Fifteen billion barrels would cover the nation's petroleum needs for about two years.

Proponents say expanding oil exploration could reveal there is much more than 3 billion to 15 billion barrels beneath the Gulf.

``This shows us the potential is there for America to not be so dependent on foreign sources," said U.S. Rep. John Peterson, R-Pa., a leading proponent of natural gas drilling.

Peterson has taunted Florida, whose members represent the biggest obstacle to his drilling plans, in the House debate. He once exhorted the White House to ``get its head out of the Florida sands" rather than accommodate the state's concerns.

``Florida has carved out a position that is actually thwarting America's opportunity to become energy self-sufficient," he said in an interview. ``The OCS is a safe place to produce. It's not a threat to Florida tourism or its beaches."

Foley and many environmentalists remain unconvinced, pointing to other recent developments that show vulnerabilities in oil drilling and distribution.

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These include leaks found in an Alaska pipeline and a federal report citing 124 spills from offshore rigs and pipelines in the Gulf last year caused by Hurricanes Rita and Katrina. Most of the 124 spills were minor, but all told, they spewed 741,384 gallons of toxic petroleum into Gulf waters.

``This new find will alleviate some of our dependence," Foley said, ``but at what cost and what risk?"

Hunt For Source Of Bad Spinach Carries On (NYT)

By Julia Preston And Carolyn Marshall

The New York Times, September 17, 2006

SALINAS, Calif., Sept. 16 — Packaged spinach salad disappeared from store shelves across the country Saturday, as investigators searched for the source of bacterial contamination that has now sickened more than 100 people.

Officials said Saturday that the number of people affected by the E. coli outbreak now stood at 102, up from 94 the day before. Dr. David Acheson, director of food safety at the Food and Drug Administration, reported no additional deaths beyond one that had occurred in Wisconsin.

At this point, Dr. Acheson said, federal officials do not know how or when the spinach was contaminated.

"We advise consumers not to eat fresh spinach or fresh-spinach-containing products until further notice,'' he said Saturday night. The advice applies to food purchased at restaurants and supermarkets, he said.

Officials at the F.D.A. announced Friday that they had detected an "epidemiological link" between the outbreak of infections of E. coli O157:H7 and spinach produced by Natural Selection Foods, a company that grows and packages fresh greens in San Juan Bautista, Calif., and is best known for its organic Earthbound Farm brand.

But company executives and health officials emphasized Saturday that no E. coli bacteria had been found in Natural Selection plants or on any salad the company had distributed.

Federal officials initially advised consumers not to eat fresh spinach that had been packed in plastic bags. But Dr. Acheson said consumers should avoid eating fresh spinach in general because it might have come from such packages before it was displayed or served.

"Consumers may not be aware that the spinach available to them was prepackaged,'' he said.

With the wide publication of the Earthbound Farm name in connection with the outbreak, consumers wondered whether organic farm practices were implicated in the contamination. But no conclusive link has emerged between the infection and organic farming, Natural Selection executives and organic farming experts said.

Natural Selection distributes many products grown by its farmers that are not certified organic, and it has a large business packing fresh greens for other nonorganic growers, including Dole.

Growers and scientists were beginning to grasp the serious difficulties the F.D.A. faces in trying to pinpoint the source of the bacteria and eliminate it from the food supply. Health and agriculture experts said E. coli could creep into fresh leafy food at many points, from the field to the packing plant to the store.

In response to a question, Dr. Acheson said water used to irrigate spinach and lettuce fields was a possible source of the latest contamination, though he said officials had no evidence for or against that hypothesis.

"E. coli resides in the intestinal tract of cattle,'' he said. "When cattle manure gets into the water system, it can spread and contaminate anything the water gets into contact with.''

Natural Selection packs produce from 150 organic farmers in four states who are its direct partners in Earthbound Farm, and from farmers whose produce sells under at least two dozen other brands.

The 102 cases of illness have been reported from 19 states. In 16 of the 102 cases, Dr. Acheson said, patients developed a form of kidney failure called hemolytic uremic syndrome.

Natural Selection has issued a voluntary recall of all its products containing spinach carrying "Best if used by" dates from Aug. 17 to Oct. 1. F.D.A. officials said a number of people who were infected had reported eating spinach salads from brands that the company packs. But officials warned that their investigation could still point to other companies.

In California, growers said virtually all harvesting and production of spinach products, whether bagged or canned, had come to a halt.

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Growers said the complexities in the process of farming, picking, washing and packing fresh leafy greens could make the contamination extraordinarily difficult to detect.

"To trace this you can go from the ground up," said Tim Chelling, a spokesman for Western Growers, which represents 3,000 growers and shippers in California and Arizona. "Testing the soil and the growing area would be the first possible point of entry."

Farming procedures in conventional, nonorganic fields are not regulated by the government. The production process, Mr. Chelling said, involves a host of people, like pickers and produce stockers, as well as many kinds of farm equipment and cleaning machinery.

Earlier this summer, the F.D.A detected a pattern of E. coli bacteria in fresh leafy vegetables, primarily lettuce, and focused its attention on the Salinas Valley in California. Since August, officials have been inspecting lettuce farms and packing plants in the valley, said Patti Roberts, a spokeswoman for the California Department of Health Services.

On Thursday and Friday, F.D.A. inspectors examined the huge Earthbound Farm packing plant, set among long rows of leafy vegetable crops, and found no evidence of bacteria, company executives said.

"Earthbound Farm has been making fresh salads for more than 20 years, and there has never been a safety problem associated with any of our products," Myra Goodman, a founder and vice president of the company, said Saturday. "Any association with this tragedy is obviously devastating to us."

Natural Selection's association with the infection was to some extent a result of its own success. Founded in 1984 on a three-acre farm, Natural Selection Foods now distributes produce farmed on 26,000 acres of certified organic fields in Arizona, California, Colorado and Washington.

Even within its organic operations, the company generates substantial sales of nonorganic products, Ms. Goodman said. As the organic food market expands, the company is converting new fields to organic farming, which does not use chemicals and pesticides. A field must be farmed organically for three years before its produce can be certified organic. During the transition, Natural Selection markets produce under nonorganic brand names.

Growers said they had set up rigorous safety systems, especially in the fresh produce industry. But contamination remains a constant challenge. "You can't just boil bacteria," said Hank Giclas, vice president of Western Growers. "It will kill the bacteria, but it also will kill some of the desirable features of the product."

Department Of Billion-dollar Bungling (TIME)

By Douglas Waller, Washington

Time, September 17, 2006

How the Interior Department managed to lose about $2 billion of the public's money. Can this mess be cleaned up?

Complaints are beginning to pile up against the U.S. Interior Department. And they're coming not just from outside critics but also from people in the agency. The problems surfacing are serious: managerial incompetence, bureaucratic snafus that are costing taxpayers billions of dollars, and a pervasive forgive-and-forget attitude toward senior department officials who cross ethical lines.

The Project on Government Oversight, a private watchdog group, released a study this week charging that Interior's Minerals and Management Service (MMS) has become far more lax the past four years in collecting unpaid royalties from the land it leases to oil and natural gas companies. From 2002 to 2005, MMS's auditing and compliance division collected $48 million not paid on mineral leases, which is "less than half the average $115 million collected annually in the division's first 20 years," according to Beth Daley, the watchdog organization's director of investigations. The drop in collections, Daley says, came after the auditing and compliance division cut its staff by 26% and began relying more on a computerized checking system of the leases "based upon information provided from the industry."

But the watchdog group's beef with Interior is tepid compared with the blast delivered a day earlier by the department's own inspector general, Earl Devaney. In scorching testimony before a House Government Reform subcommittee the no-nonsense Devaney charged that during his seven years as Interior's IG his revelations of misdeeds and foul-ups have been routinely "disregarded by the department." Numerous IG reports on regulations circumvented, procurement irregularities, project failures

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and bureaucrats being awarded bonuses despite their failures have been met with "vehement challenges" by Interior officials "to the quality of our audits, evaluations and investigations," he told lawmakers.

One of the most expensive examples of "bureaucratic bungling," according to Devaney, was a department program in the late 1990s to encourage oil-company exploration in deep waters of the Gulf of Mexico, where it's more difficult than it is on land to extract the crude. Those leases exempted the companies from having to pay royalties to the federal government. The agreements, however, were supposed to have a clause in them that lifted the exemption if oil prices shot past $36 a barrel. (Oil currently sells for more than $60 a barrel.) But because of a foul-up in drafting the deepwater leases, 1,000 of them issued in 1998 and 1999 didn't contain the language lifting the exemption for higher prices. And, Devaney says, mid-level Interior bureaucrats kept their superiors in the dark about the omission for five years. The Government Accountability Office estimates that the mistake has so far cost taxpayers $2 billion in lost royalty revenue and that number could eventually soar to $10 billion.

Rather than heads rolling for infractions, the Cabinet agency has become a fault-free zone, Devaney claims. "Short of a crime, anything goes at the highest levels of the Department of Interior," says the former Secret Service agent. "Ethics failures on the part of senior department officials—taking the form of appearances of impropriety, favoritism, and bias—have been routinely dismissed with a promise 'not to do it again.'" In numerous instances top officials who leave the department under a cloud, said Devaney, "are sent off with a party paying tribute to their good service."

A case Devaney found particularly troubling was that of Steven Griles, Interior's deputy secretary in George W. Bush's first term. Devaney in 2004 referred 25 possible ethics violations by Griles to the Office of Government Ethics outside of Interior. That office cleared Griles of 23 of the violations but referred the remaining two to then-Secretary Gale Norton for a decision. Devaney says Norton refused, over his objections, to take any action against her deputy.

Griles, who left the department in January 2005, says he was cleared because all the allegations investigated by the IG were "conclusively and unquestionably proven to be false." Norton tells TIME that of the two potential violations the ethics office kicked back to her, "one was about a dinner Steve Griles had in the home of a lobbyist (which Griles paid for), and the other was a question about the definition of a 'particular matter' under federal ethics guidelines. On that latter point, I simply viewed Mr. Devaney's interpretation as legally incorrect."

Meanwhile, Dirk Kempthorne, who replaced Norton as Interior Secretary last July, insists he's taking Devaney's "allegations concerning issues dating back to 1998 very seriously." Kempthorne points out that his first day on the job he sent a letter to Interior employees titled "Our Ethical Responsibilities." Since then, the new Interior chief says he's been preaching to his workers that when they're unsure whether something is ethical or not, "if in doubt... don't."

Congress, however, wants to see more than employee pep talks. "The Interior Department breached its fiduciary duty to the American people," says Republican Rep. Darrell Issa, who chairs the government reform panel's Energy and Resources Subcommittee. "It is charged with holding our natural resources in trust." Instead, he complains, the department "squandered billions."

Issues Of Ecology, Theology Collide (KCS)

By Rick Montgomery

The Kansas City Star, September 17, 2006

Before watching the end of the world, hundreds of movie viewers bowed their heads.

“Guard us against the historical arrogance of our own species,” a Methodist minister prayed recently at the Glenwood Arts Theatre in Overland Park. Then lights dimmed for the Midwest premiere of “The Great Warming.”

The documentary on the man-made dangers of global warming is being released for church groups to review before the Nov. 7 elections. While its plot is an easy sell to this invited crowd — more left than right, plenty of hybrid cars parked outside — the film raises spiritual questions that could carve up evangelical voting blocs in new ways.

Is protecting Earth a moral value, an act of stewardship?

Seeking to nudge more social conservatives into the ecological fold, bumper stickers are asking, “What Would Jesus Drive?”

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"This movement in the last six to nine months has mushroomed," said Chuck Gillam, a one-time Republican who is a representative to the Sustainable Sanctuary Coalition, an interfaith group that meets monthly in Prairie Village. "Global warming could be the one thing where you can get a united front between the secular and religious."

Cracks are appearing within evangelical communities once inclined to dismiss environmental protection as a scientific rush to big government. Many conservative pastors remain skeptical — not because the science is wrong, but because they say their congregations would rather take on abortion, stem-cell research and same-sex marriage.

The harmful effects of those issues will "come kicking at our door far quicker than global warming will," said the Rev. Jerry Johnston of First Family Church in Overland Park.

But in February, an unlikely coalition of church, corporate and seminary leaders called for the U.S. government to aggressively curb greenhouse-gas emissions. Their TV ad campaign urged Americans to "stop global warming for our kids, our world and our Lord."

Backers of this so-called Evangelical Climate Initiative include Rick Warren, author of the best-selling book The Purpose-Driven Life, and leaders of the National Association of Evangelicals — a group comprising 60 denominations representing 45,000 churches.

In July, an opposition group fired back.

More than 100 Christian pastors, economists and climate researchers calling themselves the Interfaith Stewardship Alliance signed a 12,000-word manifesto debunking the science that blames global warming on human activity and the burning of fossil fuels.

Saying that global warming exists but probably by natural causes, the group questioned whether humans can or should do anything to correct it.

"It is immoral and harmful to Earth's poorest citizens to deny them the benefits of abundant, reliable, affordable electricity and other forms of energy," the policy statement noted.

Still, groups such as Green Cross International and the Evangelical Environmental Network hope "The Great Warming" will prompt some social conservatives to slide left on this one topic.

The campaign aims to schedule special screenings for large churches nationwide before the film hits theaters in late October. About 500 pastors have been asked to give Earth-friendly sermons and urge their flocks to quiz candidates on environmental positions.

"There are socially conservative business leaders frustrated with the current administration when it comes to energy policy," said Troy Helming, a "green Republican" and founder of Lenexa-based Krystal Planet Corp., a renewable-energy company that is backing the film.

"Some feel they can't speak up without alienating themselves."

A crossover issue

An August poll by the Pew Forum on Religion & Public Life found global warming was considered a serious problem by 79 percent of Americans — and 68 percent of "white evangelical Protestants."

Nearly half of white evangelicals who responded to the poll said stricter environmental laws were "worth the cost," still less than Catholics, mainline Protestants and "secular" respondents.

"There's a real potential for this to become a crossover issue," said John Green, a Pew Forum fellow.

"White evangelical Protestants are much more sympathetic to environmental problems than other people might think," Green said. "It could be that their attitudes are changing. It could be they're just beginning to form opinions as more becomes known" about global warming.

The Rev. Richard Cizik pushes "creation care" — a crusade against climate change. Cizik, the former head of the National Association of Evangelicals, calls ecological degradation "an offense against God."

Weighing in last month in The New Republic was Harvard University biologist Edward O. Wilson, the winner of the National Medal of Science and two Pulitzer Prizes.

"Despite all that divides science from religion, there is good reason to hope that an alliance on environment issues is possible," Wilson wrote in an open letter to an imagined Southern Baptist pastor.

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"While the Old Testament God commands humanity to take dominion over the Earth, the decree is not … an excuse to trash the planet."

That was the broadside attack in 1967, when historian Lynn White Jr. wrote in Science magazine that Christianity "bears a huge burden of guilt" for raping the planet. He blamed a dominion theology spelled out in the book of Genesis for allowing centuries of misuse of the environment.

"You don't hear those arguments about dominion anymore," said Bill Stancil, the chairman of the theology department at Rockhurst University.

However, Armageddon and the end of days remain popular concepts, evidenced by huge worldwide sales of the Left Behind series of novels by Tim LaHaye and J.B. Jenkins. Those beliefs may work against efforts to spur Christian conservatives to rally against climate change.

After all, said Stancil, "what instigates the second coming of Christ is the world getting worse, not better."

'A matter of priorities'

Says Johnston of First Family Church: "I doubt you'll have more than a small handful of churches that will get on this global-warming bandwagon." Johnston is the host of a conservative radio show and leads a congregation of 6,000.

It is not so much a matter of religion versus science, said Johnston. "It's a matter of priorities. On the list of priorities of most evangelical churches, it would be way down the ladder," he said of global warming.

At a meeting of the Sustainable Sanctuary Coalition last week at Village Presbyterian Church, a dozen volunteers from 10 congregations discussed how best to spread the bad news about God's green Earth. Many weren't sure their pastors were willing to extol a message that some churchgoers may see as too political.

And their own politics?

Only one coalition member professed to be Republican. Another proudly flashed a sticker thumping the GOP as the "Grand Oil Party."

None who spoke up agreed with the Bush administration's position on the Iraq war or the president's ban on funding embryonic stem-cell research.

Meet the religious right's alter ego — the social-justice left. Beyond politics dividing the two, theological differences can lead to stalemate.

"The fork in the road is when you question whether the world is unfolding according to God's plan or we're just messing it up on our own," said coalition leader Margaret Thomas.

There is one sure way to end the conversation, said Stancil, the Rockhurst theologian.

"We've become so polarized, the easy thing is to fall into group think: 'That's your group's issue — not my group's issue.' "

FBI/DEA/ATF/USMS:

Alabama Guns In Criminal Hands Across Country (BN)

By Carol Robinson, News Staff Writers

The Birmingham News (AL), September 17, 2006

Lenient laws blamed for supplying black market of crime weapons

Guns, bought easily and legally in Alabama and other states, are landing in the hands of criminals elsewhere, drawing the ire of leaders who have sued to stop the flow and pledged to fight what they say is a deadly export.

Alabama's role as a Top 10 supply state for "crime guns" - weapons purchased legally here but transferred illegally to others and sometimes used in crimes - is undisputed.

New York City police say that 5 percent of the guns recovered at crimes in the first half of 2005 were last sold at retail in Alabama.

"Alabama ranks, along with some other Southern states and some Midwestern states, in being a supply state because of its traditionally more lenient lifestyle and gun laws," said Jim Cavanaugh, who supervises ATF operations in portions of the South. "Guns are more readily available, more easily traded, plentiful. It's real."

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Guns trafficked out of Alabama have turned up during all kinds of investigations in other locations - robberies, assaults, sex crimes, drug crimes and at least 10 homicides - in the past several years, according to the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Special Agent Eric Kehn said Alabama guns have shown up from coast to coast: from Landover, Md., to Los Angeles; from Chicago to cities throughout Florida.

New York City has sued in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - and pledged to sue wherever needed - alleging a handful of gun dealers have created a public nuisance and are negligent in selling weapons that eventually land in the hands of criminals.

Outlined in the suit is the purchase of 60 weapons in Ohio and Alabama, including some guns later sold in the New York City's Mott Haven public housing community.

The New York City actions and scrutiny of crime guns have set off a congressional fight about the release of information used to trace the weapons, data compiled by the ATF. While the bureau continues to provide trace information in criminal cases, it has been blocked by special amendment in Congress from making the information public.

28 Alabama cases

ATF concentrates its investigations on firearms traffickers who divert guns from lawful commerce into the hands of criminals. Nationally, ATF investigations resulted in the convictions of 1,448 firearms traffickers in 2005. Alabama had 28 cases and 29 convictions that year, mostly from the greater Birmingham area, Kehn said.

Two 2005 Alabama cases accounted for hundreds of firearms.

ATF said a Hazel Green man and a man and wife from Huntsville were sentenced for dealing firearms without a license, obliterating serial numbers and conspiracy. The cases - involving the illegal sale of several hundred weapons - included guns recovered in New York, New Jersey, Florida and elsewhere.

Also in 2005, ATF and 20 other law enforcement agencies cooperated in Operation Flea Collar, an effort to stop illegal arms sales at flea markets and gun shows in Collinsville, Dutton and Birmingham. Eleven people were indicted and 556 weapons seized. The investigators recovered guns previously purchased from the defendants in Texas, Illinois, New York, Michigan, California, Georgia and North Carolina, according to the ATF.

Joe Vince Sr., former chief of gun analysis at ATF and now a partner in a firm called Crime Gun Solutions, said 86 percent of all firearms dealers never have a crime gun traced back to their business. The New York City suit, citing ATF research, says only about 1 percent of gun dealers are responsible for 57 percent of illegally possessed guns nationwide.

Easy smuggling

ATF's Cavanaugh said traffickers choose Alabama because they can get guns easier here than in other states.

"Cities in the North create stringent laws so a black market is created," Cavanaugh said. "Criminal firearms traffic doesn't have to cross a national border. So the smuggling across state lines becomes easy for a criminal to do. He's not going to run into border checkpoints and be questioned. Once he acquires the guns, he has an unfettered route."

New York Mayor Michael R. Bloomberg not only had his city file suit but also has formed a coalition that has drawn more than 80 mayors to share information about guns and to fight for stricter controls and reporting.

"This is not a question of ideologies or a referendum on the Second Amendment," Bloomberg said when the group was formed. "This is about public safety and making sure that illegal guns never make their way into the hands of criminals and onto our streets."

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Gun-ownership Case Is Going To Trial In Wyoming (AP)

By Ben Neary, Associated Press

AP, September 17, 2006

State aims to help some domestic abusers regain right

CHEYENNE — Arguments are scheduled next month in a case in which Wyoming is seeking a federal court ruling affirming its authority to help some people convicted of misdemeanor domestic violence regain their right to own a firearm.

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Federal law prohibits people with such convictions from owning guns.

U.S. District Judge Alan Johnson is scheduled to hear arguments in the case Oct. 6 in Cheyenne.

The state alleges that the federal Bureau of Alcohol, Tobacco, Firearms and Explosives acted illegally when it threatened to disallow about 11,000 concealed weapons permits the state issued as a substitute for federal background checks for firearms purchases.

The federal agency threatened to take that step unless the state repealed a 2004 law that allows people to expunge a first conviction for misdemeanor domestic violence.

State Sen. Cale Case said he and former state Rep. Mike Baker, both Republicans, sponsored the Wyoming expungement law after Case heard from a constituent who had lost his right to own firearms because of a misdemeanor domestic violence conviction and then discovered there was no way to appeal.

"I just look at it as constitutional; it is the Second Amendment," Case said. "And to me, one of the fundamental rights in society shouldn't be lost for anything less than a felony conviction."

Wyoming Attorney General Pat Crank says the current lawsuit comes down to an issue of states' rights. The National Rifle Association and the Gun Owners Foundation in Washington, D.C., have both filed briefs supporting the state's position.

"We believe that Congress has very explicitly said that you look to state law to see if someone's firearms rights have been restored," Crank said.

Federal officials, however, say the issue is more narrow. They contend the state law fails to meet the legal standard for expungement.

Although the law allows people to petition in court to expunge a first misdemeanor conviction, it specifies that the record of that first conviction remains on the books for purposes of enhancing penalties for any subsequent crime.

"The nuts and bolts of the government's position is that an expungement of a conviction wipes the slates clean, and that an expungement erases a conviction," said Assistant U.S. Attorney Carol A. Statkus, one of the lawyers representing the ATF. "The Wyoming statute that's at issue in this case doesn't do that."

Mike Blonigen, the district attorney in Casper and vice president of the Wyoming Prosecutors Association, said the state needs to know either way whether its expungement law is valid in the eyes of the nation.

"I feel very uncomfortable telling people they're OK, when we don't know that they are," Blonigen said. "That's the biggest thing we're worried about: We do the expungement, they think they're OK, and they get into trouble in another state."

Case, however, says the lawsuit has become "a test case for the entire nation, and boy, I'm glad to have a small part in that. If we can get the constitutional rights remedied, that would be a great thing."

Daniel Webster, co-director for the Center for Gun Policy and Research at Johns Hopkins Bloomberg School of Public Health in Baltimore, says he worked on a national study that found that the risk women face of being killed in an abusive relationship increases approximately fivefold when their male partners have access to guns.

Webster said Wyoming's effort to restore gun rights to people who have been convicted of domestic violence "suggests that there's greater value being placed on guns than on individual's lives, and I think that's very sad."

A School Day Of Reckoning Over Steroids? (WP)

By Fay Vincent

The Washington Post, September 17, 2006

It was a long time ago, but the memories of those first days of football practice linger with me the way the taste of sweet little cakes did with Proust. For me, the smell of freshly cut grass does it. I am immediately drawn back to a time some 50 years ago when I would stretch out on the field at my little New England college doing what we called "grass drills."

Next to us was a river, and beyond, a display of autumn foliage so stunning that it became a major distraction for young players trying to focus on the guttural directions of their coaches.

I remember looking at that scene and having a distinctly religious experience. I knew God was somewhere in those hills. And then I was back on the grass pushing my 18-year-old frame against a classmate and trying to learn how to block and tackle.

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For a lineman, there was only so much to the skill part of football. The bulk of it was a function of size, which I had, and strength, which I had in some lesser measure. For I was a 6-foot-2 tackle weighing 230 pounds, which in those days meant I was considered a big guy.

Not anymore. The other day I went down to my old college field to watch the current generation begin to get ready for their season, and the size of the kids was astonishing. Not only were they enormous, they were also exceptionally muscular. As they stood there with shirts off, I could see the effects of all their weight training -- even on the smaller backs and receivers. Some of the linemen were obviously pushing 300 pounds -- and it wasn't fat.

My immediate thought was how fortunate I was to have played when I did. For while I may envy today's players their youth, I have to wonder about their size. Is it all diet, exercise, training? Or is some of it attributable to chemicals?

Another former player at my college, who went on to a distinguished career in medicine, marvels at the size of even Division III players. (That's the NCAA division where they don't give athletic scholarships.) He told me he was certain some of these kids were taking supplements to reach the sizes they did at such young ages. "You cannot get that big eating your Wheaties" is how he put it.

It got me thinking of the possible consequences of what has been going on the past few years with young athletes in virtually all sports. If, as seems likely, many of this generation have been taking such things as steroids and human growth hormones, they have been doing so with the benign neglect of their coaches and school officials. It is inconceivable that the people who are around these kids a lot don't know, or at least suspect, that something is going on.

And yet we are doing little to educate young athletes to the risks of using such chemicals. Perhaps some of us believe we're excused because we have no hard data on the long-term medical consequences of taking whatever these kids have been taking. But I wonder about the risks for the schools.

Let us shift forward several decades. Now the players are returning to their old fields, as I did to mine, to sit in the shadows of advancing age and watch others sweat in the grass. I wonder whether they'll feel as warm and fuzzy about their colleges and their experiences on the field as I do. Or will some be coping with serious medical ailments and disabilities -- problems they now attribute to the failure of others to have warned them against using chemicals that inflated their bodies but also injured them and distorted their genes?

Will our universities and colleges be like the tobacco companies, forced to argue in court that these kids knew, or should have known, that the substances they were using weren't good for their health? I wonder whether the schools will be faced with lawsuits based on the mounting numbers of former athletes who might allege that they were victims of neglectful abuse by their onetime educational mentors.

And I wonder whether those former athletes taking their alma maters to court might not have a pretty good case.

The writer is a former commissioner of baseball.

IMMIGRATION:

Contractors At Federal Detention Facility Detained -- For Fake Immigration Documents (MH)

The Miami Herald, September 17, 2006

Immigration officers have detained 15 foreign nationals and accused them of using fake documents while working for a company doing roofing contract work at a federal detention facility in South Miami-Dade, ICE said Friday.

Barbara Gonzalez, the agency's spokeswoman in Miami, said the 15 men were detained Sept. 7 after officers from the bureau of prisons at the Federal Correctional Institution stopped three of them because they suspected their immigration documents were fraudulent.

Gonzalez said the officers contacted ICE, which dispatched investigators. Gonzalez said the three detained initially were scheduled to work at the facility with a roofing contractor.

"Further information developed by ICE agents revealed that 15 individuals working as contractors were illegal aliens," Gonzalez said. ``They had fraudulent immigration documents."

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Gonzalez said 13 of the detained men came from Mexico and the other two came from Guatemala. Twelve of the men had fraudulent green cards, and three had fraudulent Social Security cards, she said.

All were transported to the Krome detention center in West Miami-Dade and put in deportation proceedings, Gonzalez said.

Disclosure of the Miami detentions came three days after two alleged leaders of a nationwide "employee-leasing conspiracy," allegedly involving hundreds of undocumented foreign nationals, pleaded guilty in Fort Lauderdale before U.S. District Judge Kenneth Marra, who sentenced a third defendant in the case.

The Justice Department and ICE said Jaroslaw Sawczuk, 39, a Polish citizen formerly of Coral Springs, and Jozef Bronislaw Bogacki, 43, a Polish-born naturalized U.S. citizen living in Clearwater, pleaded guilty to charges of conspiracy to transport, house and encourage undocumented immigrants to remain in the United States, commit visa, wire, mail and tax fraud, and money laundering.

Marra sentenced a third defendant, Pavel Preus, 39, a Polish citizen residing in Pompano Beach, to 37 months in prison and 36 months of supervised release. He pleaded guilty to similar charges on Wednesday, the agency said.

Three other Slovak defendants -- Lucia Kanis, 31, Ivan Kanis, 39, and Andor Pikali, 37 -- are at large and believed to be abroad, the agency said.

Day Laborers' Lawsuit Casts Spotlight On A Nationwide Conflict (NYT)

By Fernanda Santos

The New York Times, September 17, 2006

WHITE PLAINS, Sept. 14 — The 36-year-old Mexican man has lived in Mamaroneck for eight years, trekking each morning to Columbus Park near the village center to wait for contractors who might pay him $10 an hour at best. But the village closed the hiring site in the park in February, and after that, he testified in court here last week, the police often chased away the employers with tickets, and the workers with fear.

"An officer stands very close, sometimes within a foot or 18 inches, to where I or a group of day laborers stand," the man told a judge, speaking through a Spanish translator. "He crosses his arms and stares at us for long periods of time until we eventually feel compelled to change our location.

"Sometimes," he added, "he places his hand on his gun while he stares at us."

The man, identified in court as John Doe No. 6, is one of six anonymous day laborers whose federal lawsuit against the Village of Mamaroneck could set a new national standard for the way local governments deal with the fast-growing influx of day laborers in their communities. For a week, Judge Colleen McMahon in Federal District Court heard testimony in a nonjury trial from the laborers, the police, contractors, merchants and village officials. Lawyers in the case said they hoped a decision would be reached by mid-October.

The case accuses village officials of harassing the workers as part of a "deliberate and coordinated" campaign to drive them off the streets, and rests on the workers' 14th Amendment claim that they are discriminated against because they are Hispanic. At the start of the trial, they dropped their original First Amendment claims — that the village had violated their rights to free speech and free association — out of concern that it would force them to reveal their immigration status. The plaintiffs say they are remaining anonymous because they fear retaliation from the authorities. Their lawyer said some of the workers were here legally, while others are not.

"If we lose, the signal that is being sent is that towns and villages can aggressively enforce ordinances in a way that might make it impossible for the day laborers to find work," said Cesar A. Perales, president of the Puerto Rican Legal Defense and Education Fund. "That's what's being tested here."

Across the country, the proliferation of day laborers has yielded disjointed responses, both in traditional immigrant hubs such as Texas and California and in suburban communities like Mamaroneck that have experienced sudden and sharp increases in immigration. Advocates and local officials place the blame, in part, on the federal government's inconsistent enforcement of immigration policies.

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In Burbank, Calif., local officials required a new Home Depot store to build a day labor site, but five miles to the southeast, the City of Glendale passed a law barring day laborers from soliciting work from curbs. In May, a federal judge sided with the laborers in Glendale in a suit claiming that the law violated their free speech rights; the city has appealed the decision.

Fort Worth opened an official hiring site to get the workers off street corners and out of shopping center parking lots. In Herndon, Va., a Washington suburb, a similar move last year drew protests from the Minutemen Project, a group intent on fighting illegal immigration.

After years of recoiling in the face of opposition, the laborers are now fighting back, in court and on the streets. In Freehold, N.J., for example, after officials shuttered a hiring site two years ago, the workers filed a class-action suit, and though they now lack a place to gather, they have organized to keep daily lists of everyone seeking jobs.

"The day-laborer issue is very controversial and emotional," said Edwin Meléndez, a professor at Milano The New School for Management and Urban Policy and co-author of a recent study of day laborers.

"These workers are highly visible, which makes them an easy target. And then you have the neighbors complaining that they drink, loiter, urinate in public. When you have this equation that your safety is being threatened and your quality of life is being affected, the sort of knee-jerk reaction is to conclude that the day laborers have to go."

Here in Westchester County, day laborers had flocked to Mamaroneck, a village of 19,000 on the edge of Long Island Sound, for at least a decade, turning the parking lot of Columbus Park into an unofficial hiring site. Many worked regularly for the same contractors; many of the contractors relied on them during the hectic summer months.

Two years ago, the Hispanic Resource Center in Mamaroneck proposed building a hiring site on a piece of village-owned land near Interstate 95, but residents objected, saying it would clog traffic on an already busy strip. Instead, village officials soon decided to formally designate the parking lot as a sanctioned hiring spot. On warm days, as many as 200 men converged at the park, coming from across Westchester County and from as far south as the Bronx.

Residents charged that the workers urinated in public, defecated, fought with one another, littered and slept in the park overnight. Parents bringing children to a nearby day-care center told the police that the men's presence made them feel uneasy, and a developer of luxury condominiums being built across from the park urged officials to make the laborers go elsewhere.

In August 2004, the Police Department began posting two patrol cars at the park, which the laborers said scared away the contractors. At a public hearing in January, one village trustee compared the laborers to locusts, and then joined in a 3-2 vote to shut down the site on Feb. 1, 2006. In April, Mamaroneck's mayor, Philip J. Trifiletti, defending the decision, accused the workers of "trashing" the park and straining village finances.

The workers moved to the streets after that, and the police followed them, particularly along Mamaroneck Avenue and Van Ranst Place, where most of the men gathered between 7 and 10 a.m. every day but Sunday, according to court testimony. At times, the laborers said, police officers used words or gestures to order the workers to move; other times, they just stared.

Two contractors testified that they were ticketed for minor traffic violations after picking up workers in Mamaroneck, suggesting it was retaliation for supporting the day laborers. None of the workers have been arrested or ticketed. But the village's police chief, Edward E. Flynn, a defendant in the lawsuit, along with Mayor Trifiletti and the village itself, said his officers were simply enforcing the law by citing drivers who violate traffic regulations. "At no time was the police presence ever undertaken to restrict or impede laborers from soliciting or obtaining work," Chief Flynn testified.

He said he had gotten complaints from residents about laborers running across the street and blocking traffic or sticking their heads into cars to solicit work. "There was definitely increased police activity in that area, but that was because of the complaints we had received."

The village's lawyer, Kevin J. Plunkett, added, "What they're trying to do now is beat up our Police Department, and we're simply not going to allow that."

As the trial progressed through the week here, day laborers continued to pace the streets six miles away in Mamaroneck, searching for work.

Testimony for two of the plaintiffs had to be postponed because they were working when they were scheduled to be in court. "What choice to I have?" asked one of those plaintiffs, a 24-year-old man from Guatemala. "I have a family to support at home, and I still have to pay my rent."

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Guardsmen's Behavior Called Isolated Incident (HC)

By John W. Gonzalez

Houston Chronicle, September 17, 2006

•'Operation Jump Start' is dealt a setback after gunfire at cookout

EAGLE PASS - Nobody said it would be a thrill for National Guard troops to help the U.S. Border Patrol with administrative and other tasks, allowing scores of patrol agents to resume law enforcement duties.

But the two-year military mission known as "Operation Jump Start" wasn't supposed to be such a tedious assignment that highly trained troops would bide their off-duty time with beer-fueled joyriding and reckless gunfire.

That's what may have happened here earlier this month in an incident that has disappointed Texas National Guard officials during an otherwise successful deployment.

Three soldiers from North Texas, at least one of whom had served in Iraq, were arrested the evening of Sept. 6 on felony deadly-conduct charges after several shots were fired from their private vehicle as it passed a family cookout in a modest Maverick County subdivision, officials said.

Several adults and children "hit the dirt" fearing a drive-by attack, Sheriff Tomas S. Herrera said, but no one was targeted or injured by the gunshots and no property damage was reported.

"Apparently the family was having a carne asada outside and they saw this vehicle drive by, stop in front of the residence and shoot several times. Then they took off and made a U-turn and came back and did the same thing," Herrera said.

Reputation damageTwo cases of beer — minus three brews — were found in the car when the suspects were located at a convenience store soon after the gunfire was reported to sheriff's dispatchers, Herrera said.

None of the soldiers appeared intoxicated upon arrest, Herrera said. The 9mm pistol, owned by one of the soldiers, and several spent shells were in the car, the sheriff said. The suspects took turns firing, he added.

After being held nearly a week on $50,000 bond each, the suspects were freed Tuesday after bond was reduced to $15,000. Charged were Pfc. Brandon Leland Jones, 23, of Saint Jo; Pvt. David Wayne Hampton, 23; and Spc. Corey Lydell Sampract, 24, both of McKinney. Their cases may be submitted to a grand jury later this month, the sheriff said.

Damage to the Guard's reputation still was being assessed last week.

"Obviously we're very disappointed. We're addressing this as an isolated incident where three individuals made some really, really bad choices," said Guard headquarters spokesman Chief Master Sgt. Gonda Moncada at Camp Mabry in Austin.

"We are praying that this does not reflect on the overall view our citizens have on what the Texas National Guard does, because we have 20,000 folks doing the right thing," she said.

Investigation continuesAfter posting bond, the soldiers, who could face military sanctions, were reassigned to Camp Mabry while the sheriff completes his investigation, Guard officials said. Military prosecutors await the same findings.

So far, it looks like a case of boredom getting the better of young troops far from home, Herrera said.

"They were not on duty at the time. They were not in uniform. The weapon they used was not a field weapon that belonged to the federal government. They were just bored from not doing anything and decided to go out on a joyride," Herrera said.

Lodged in motels, the troops were among 1,500 soldiers stationed along the Texas border since June to bolster the Border Patrol while it trains new agents. Barred from enforcing immigration laws, the troops handle jobs from surveillance to truck repair, serving tours of duty usually spanning several months.

In training, troops learn about the communities where they're stationed and are reminded of the conduct expected, officials said. With ample volunteers for the border operation, Guard officials insist they assign soldiers who are best suited for the mission.

No change in trainingThe way troops prepare for border duty won't dramatically change as a result of the arrests, which captured the attention of Guard leaders, said Capt. Dick Jinks, spokesman for Operation Jump Start in Texas.

"I don't see any impact on our training per se, but I can tell you that the chain of command for all of Texas Operation Jump Start is taking this very seriously and addressing it at every level, reiterating to the soldiers about responsibility," he said.

"With 1,500 people over a given amount of time, you're going to have small things here and there," he added.

County Judge Jose A. Aranda Jr. agreed the arrests were "isolated," but he said they were puzzling because the community has welcomed the troops, even though some residents disapproved of their presence.

Options are limitedAranda, who opposes the deployment, sympathizes with soldiers assigned here because entertainment options are limited to restaurants, bars, the Kickapoo casino and the Mexican border town of Piedras Negras, he said.

"You send in a group of people who are actually trained to do something else, you put them behind a desk, you've got them stashed away in a hotel. They're bored and they were out having fun," Aranda said.

Renewing his claim that troops wouldn't fully appreciate border culture, Aranda said the soldiers' random gunfire in the Deer Run subdivision showed insensitivity.

"They don't understand how our neighborhoods are, and you're not supposed to be out there shooting on the roads. That can lead to something," Aranda said.

Guarding The Country From The Border Line (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 17, 2006

In Ariz., Maryland National Guardsmen keep watch in the immigration fight -- even on sovereign land

Sells, Ariz. -- Even from this height, almost 100 feet above the cactus-covered desert floor and armed with high-powered binoculars, Spc. Donald Neuer struggles to identify the small black dots scurrying down the Baboquivari Mountains near the Mexican border.

Cattle? Horses? People?

The 21-year-old Maryland National Guard soldier immediately radios in a report to the U.S. Border Patrol. His confidence grows quickly: There are more than 30, he concludes, and they're human. He quickly tags them as UDAs -- undocumented aliens.

And they are still running, heading toward the thick mesquite brush along a bone-dry streambed known as a desert wash. He's about to lose them in the twilight.

"We're going after the guy with the tan shirt. He gave us, uh, the gesture," Neuer says.

In a few minutes, before day folds into night, Border Patrol agents swing into action.

Guided by Neuer and his fellow soldiers, they storm the darkened site about a mile away with an armada of ATVs and motorcycles and their noisy helicopter hovering over it all.

Neuer and 120 fellow volunteers from the Maryland National Guard have been dispatched to the Sonoran Desert as part of a stopgap interdiction measure announced in May by President Bush.

Critics have questioned whether sending up to 6,500 part-time soldiers to watch the southern border is wise for a National Guard still saddled with commitments in Iraq and Afghanistan. They asked whether the Guard should be engaged in a seemingly extracurricular homeland security mission when its leaders struggle to recruit more soldiers and retain the guardsmen in their ranks today.

Before Sept. 11, 2001, signing up for the National Guard largely meant spending weekends doing training exercises, protecting communities during natural disasters and answering a rare call to defend abroad. Now, those who join could be serving in wars in Iraq and Afghanistan and standing on the Mexican border.

Watching the flow of people crossing the border every day, some of the Marylanders admit, has been eye-opening and disturbing, causing some to question the nation's immigration policies. Several guardsmen here are still waiting to become citizens and sympathize with those seeking to come to America.

Feel like strangers Moreover, the Marylanders say they sometimes feel like strangers in a strange land, conducting operations in the country's second-largest Native American reservation.

But they also believe their efforts are paying off. Their presence, they said, also gives the Border Patrol extra time to train 6,000 new agents over the next two years.

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"I think the biggest surprise was the level of activity of people crossing the border and what the Border Patrol agents have been up against for the last several years," said Capt. Brian Perez, commander of the Maryland unit here. "The number of people coming across daily is just incredible."

More than a million suspected illegal immigrants were caught last year along the southwest border alone. The Border Patrol does not estimate how many its agents failed to catch.

The guardsmen knew their assignment would take them to south-central Arizona for about 60 days, a tour that ends later this month. Once they arrived in early August, the guardsmen learned more about their unusual destination: All of their surveillance outposts are within the independent Tohono O'odham nation.

Bordered by Arizona to the north, east and west and to the south for 74 miles with Mexico, about 14,000 Native Americans, live on these traditional lands that match the size of Connecticut and straddle the U.S.-Mexican border.

Its sparsely populated and unforgiving topography -- with miles to go before reaching a town or city, much less a decent drink of water -- has turned the Tohono O'odham lands into one of the deadliest illegal border crossings. In parts, its plains stretch out unmercifully, littered with empty water bottles and discarded clothing. This year, 56 immigrants have died here.

"We found some of them hanging who committed suicide," said the tribe's assistant police chief, Joseph Delgado. "One time, we found they were close to death and they had buried themselves in the dirt because of the heat."

Sgt. Tobias Nez joined the Nation's police department 25 years ago when it had about 20 officers. Today, inundated by illegal immigrants, his department has 70 officers.

While most illegal immigrants only seek safe passage, he said, tribal members have also seen their homes broken into and occasionally have become victims of assaults and kidnappings. Last year, Tohono O'odham officials estimate its tribe spent $2.7 million in border-related expenditures, from death investigations to drug-smuggling cases.

Still, not every tribal member was pleased about the Guard's arrival. Their legislative body unanimously passed a law this summer to permit the Guard, but the legislation contains restrictions governing how and where the soldiers can operate.

In addition to the soldiers, about 800 American border guards swarm over traditional Native American lands.

"By militarizing the border, the federal government is violating the sovereignty of the Tohono O'odham nation in the name of homeland security," James Riding In, associate professor of American Indian studies at Arizona State University, told Indian Today in July.

Officials also worry that some tribal members benefit from the illegal migration.

"People need to acknowledge that some of us make money from the smuggling that goes on here," said David Garcia, 54, a former member of one of the tribe's 11 district legislative councils in Itak.

The soldiers say they try to tread softly while carrying their M-16s.

They walk as gingerly around the spindly ocotillo plants as they do around the flutter of pink flags that tribal members use to mark their sacred sites. A Native American ecologist warned them to enter sensitively and leave their rocky observation posts as they found them.

A seemingly random pile of rocks, according to tribal archeologists, might in fact be a burial marker or the crumbling wall of an ancestral ruin.

"It's definitely been a learning experience," Perez said. "There have been a number of cultural challenges. It's not where we normally go. Once again, they own this land, they govern this land. ... They have been really wonderful."

Because the tribe's traditional boundaries stretch across the U.S.-Mexico border, armed Border Patrol agents are empowered to stop residents and request that they produce papers proving their citizenship.

"It's a unique challenge for the Border Patrol," said Gustavo Soto, a spokesman for the Border Patrol's Tucson sector.

Critics inside the Nation sometimes complain that agents rotate in and out so often they don't get to know who are the legitimate tribal members. They also point to the accidental road death of a young O'odham man who was struck and killed by a border agent's vehicle in 2002.

How well the Maryland guardsmen perform could help determine how long tribal leaders support the president's strategy. For now, it's seen as a successful but uneasy alliance.

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'We live in fear' "We live in fear," Tohono O'Odham Nation Chairwoman Vivian Juan Saunders says. "It's why tribal members have taken a position that they would not have 10 or 15 years ago. We're continuing to improve our communication. The Guard has many troops coming and going. We're trying to keep track of them."

So does Perez.

In 24-hour shifts, his soldiers in four-man teams occupy seven hilltops with sweeping views of the desert plain: Little Egypt, Topawa, North and South Animos, Chi Chi, Cow Hill and No Hair.

Before heading into the desert, soldiers stop about 20 miles from their Tucson hotel at the local armory of the Arizona National Guard, where soldiers sit at long tables, check and clean their weapons and slide their rounds into M-16 magazines.

They also take night-vision goggles, thermal detectors and infrared flashlights to aid their search for immigrants who regularly travel under the cover of night.

Electronic sensors along the border alert agents to crossers, but hundreds a day escape capture.

From their rocky vantage points, Maryland's citizen soldiers sleep under the stars, swat away buzzing flies and try to stay cool under large blue tarps when the temperature tops 100 degrees. The Maryland Guardsmen largely expressed support for their assignment.

"I figured my family came up here the right way, why can't they?" said Pfc. Colin Dawkins, 19, of Silver Spring. His mother is Guyanese, and his father hails from Jamaica.

Sgt. Dan Atkinson, a 38-year-old landscape contractor from Millsboro who likes to stand on top of his Humvee and scan the horizon here for hours, however, said it was common and distressing to see illegal immigrants in his industry.

"They're poor people, and employers are taking advantage of them," he said "I think it should be a little easier for them to get into this country legally."

The deployed Maryland soldiers are largely drawn from the Annapolis-based 1st Squadron, 158th Cavalry of the 58th Infantry Brigade Combat Team. They also include members of an Olney-based infantry company just home from a year in Iraq.

"Compared to Iraq, I don't have to worry about IEDs," said Spc. Sergio Cruz, 33, of Gaithersburg, referring to improvised explosive devices. "We have to worry about drug smugglers."

New perspective The Peruvian carpenter said he understands the well-meaning Mexicans who yearn to cross the border for a better life.

But he and his friend, Spc. Doug Wildenberg, 34, of Towson, both believe any letdown in the security of the border would also encourage criminals to enter the country.

"You have to remember national security," said Cruz, who served in combat before he became an American citizen.

"It's given me a whole new perspective," Wildenberg said. "I mean, I think I appreciate more why people would want to come. But they need to come the right way."

Despite the challenges, the Border Patrol praises the Guard's effort, saying its soldiers have sent out a clear message to potential crossers to stay away.

So far this year, apprehensions are down about 9 percent in the Tucson sector, which includes the Tohono O'odham Nation.

"Personally, I feel that they are needed out there," Delgado of the Nation's police department says. "In the short time that they have been out there, I think we've seen a decrease in the UDAs out there and the amount of time the Nation police department is spending dealing with illegal immigration."

As Perez describes it: "We've gotten into a groove."

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18 Wheels And Countless Dangers (DMN)

By Gregg Jones, Holly Becka, Jennifer Lafleur And Steve McGonigle, The Dallas Morning News

The Dallas Morning News, September 17, 2006

Trucking companies often put non-English speakers, felons, addicts in driver's seat, but rarely take blame in fatal crashes

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SMILEY N. POOL/DMN Traffic moves along State Highway 114 near Paradise. On this stretch of road, Kim Hughes, Shiloh Hughes, Afton Hughes Royse and Joyce Watkins were killed in an accident involving a gravel truck in December of 2002.

First of three parts

On a sunny December afternoon, Kim Hughes turned onto State Highway 114 in Wise County and headed west toward home in Paradise. Christmas was eight days away. Four generations were crammed into her GMC Yukon after a morning of holiday shopping.

In the cab of an 18-wheeler leased to TXI Transportation Co., Ricardo Rodriguez drove east on Highway 114, riding herd on 73,000 pounds of truck and a trailerload of sand. An illegal immigrant from Mexico, Mr. Rodriguez had used a fake Social Security number to get a Texas commercial driver's license six years earlier. He had found steady work around North Texas driving rock trucks and other 18-wheelers, his history of immigration arrests and truck safety violations ignored or overlooked.

Just east of Paradise, on a flat stretch of road, the mom and the trucker met.

Mr. Rodriguez crossed the center line of the two-lane road and barreled head-on toward Ms. Hughes at 60 to 65 mph, a civil jury later concluded. With trees and a creek bed blocking her escape to the right, Ms. Hughes turned left, into the oncoming eastbound lane.

Just then, Mr. Rodriguez turned back toward his lane. Too late, Ms. Hughes swerved right. The Yukon struck the big rig on the driver's side, scraped along the trailer and spun off the back. A Ford pickup behind the truck smashed into the Yukon, injuring the pickup's occupants and nearly tearing apart the SUV.

Ms. Hughes' 14-year-old son, Shiloh, and 70-year-old mother, Joyce Watkins, died almost instantly. Ms. Hughes, 38, and her 17-year-old daughter, Afton Hughes Royse, pregnant with twins, died later in a Fort Worth hospital, without regaining consciousness.

In Texas ...

502 people died in big-truck accidents in 2005.

•9,807 were injured last year.

•344,000 trucks were registered here.

•632 state troopers enforce truck safety on nearly 302,000 miles of roadway.

Amid the Christmas presents and holiday treats, the only sounds of life from the shattered SUV were the screams of Afton's 14-month- old son, Jagr Royse, and the frantic shouts of a female voice on Shiloh's cellphone.

Mr. Rodriguez climbed from his truck, uninjured.

Trucking companies in Texas often gamble on drivers such as Mr. Rodriguez, a seven-month Dallas Morning News investigation has found. They hire illegal immigrants who struggle to read road signs and communicate in English with police and emergency personnel. They hire felons, drunks and drug addicts. Sometimes, they make only cursory checks of work history and driving records, then put the new hires behind the wheel of rigs with the destructive potential of guided missiles.

When accidents occur, trucking companies defend their drivers and often blame the other vehicles – and in many cases the dead occupants – regardless of the evidence. They typically fight any release of information about their drivers and vehicles, and wage protracted legal battles to avoid blame.

Beyond that, the companies suffer few consequences, in part because the soaring number of trucks on Texas highways are overwhelming regulators and law enforcement officers. Mr. Rodriguez was never ticketed by the Texas Department of Public Safety or charged with a crime. Federal immigration authorities didn't deport him. State officials didn't suspend his license.

DPS never took action against TXI for its role in putting Mr. Rodriguez on the road that day and continuing to employ him, even after he admitted under oath that he entered the U.S. illegally, exaggerated his truck-driving experience on his job application and had a fake Social Security number. Mr. Rodriguez continued driving for TXI for at least another six months after he made those disclosures in front of a company lawyer.

Road Hazards

18 wheels and countless dangers

Crash took 4 lives, stole 1 more

After lives are lost, records often go missing

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Online Only: TXI trucks involved in 31 accidents over the last two years

Tell Us: Share your encounters with big trucks on the road

Special Report: Stories, graphics, multimedia and more

DPS did not even subject TXI to a compliance review – a procedure by which trucking companies can be fined or forced out of business for failing to comply with rules and one which regulators say promotes greater road safety.

Ultimately, Mr. Rodriguez and TXI, part of Dallas-based Texas Industries Inc., were held accountable by the recourse of last resort for many truck accident victims: a lawsuit.

On May 13, 2004, a Wise County civil jury unanimously found Mr. Rodriguez, TXI and the owner of the leased truck, Aurelio Melendez, negligent: Mr. Rodriguez for his operation of the rock truck, Mr. Melendez for entrusting the rig to him, and TXI for hiring the truck and its driver. The jury awarded $23.5 million in damages to the victims' families.

TXI, which under federal regulations is responsible for the damages against Mr. Rodriguez and Mr. Melendez, is appealing the verdict. It contends the dead driver, not the trucker, caused the accident.

"We had an experienced driver with a good driving record with good equipment," said Mark Stradley, a Dallas attorney who represents TXI in the Wise County lawsuit. He described the 46-year-old Mr. Rodriguez as a hard-working father of three.

Randy Hughes, who lost his ex-wife and children in the accident, feels betrayed by the trucking industry that once was his livelihood and by authorities responsible for enforcing trucking regulations.

"It feels like you've been let down, that people didn't do their job right or he wouldn't have been here and maybe my family would," he said. "I think every day, how many more is out there that's like this guy was? Whose family is he going to run over?"

Profits soar, safety drops

More than 5,200 people died in accidents involving large trucks in the U.S. last year – 502 in Texas. The state consistently leads the nation in fatalities, in part because it has more roadway miles and the second-highest number of registered trucks.

The state's fatality rate, measured in truck crash deaths per 100,000 people, was 24th nationwide. California, the only state whose volume of truck traffic exceeds Texas, ranked No. 38. Another 10,000 people, on average, are injured in Texas each year in crashes involving big trucks.

Responsibility for these accidents is hotly contested; DPS investigators typically don't assess blame. Even the department's database refers only to "contributing factors" not "cause."

The most comprehensive national study, released in March by the U.S. Department of Transportation, found that truck drivers were at fault in at least 44 percent of all accidents between cars and big trucks. The American Trucking Associations, which represents the industry's biggest companies, says trucks cause only about 25 percent of fatal accidents involving cars.

When trucking companies are to blame, records show, it's because truckers drive too fast, don't pay attention, work too many hours or take to the road in poorly maintained equipment – sometimes with the knowledge and encouragement of their employers.

Many Texas trucking companies and their drivers also flout safety laws with little fear of punishment. Only about 1,000 of the state's more than 64,000 registered trucking companies faced compliance reviews last year. And only about 37 percent of the trucks inspected in Texas last year underwent the most thorough inspection, known as a Level 1. The majority of those were done on Mexican trucks that travel only a few miles north of the border before returning home.

Nationwide, the rates of fatal crashes and fatalities have declined about 24 percent in the last decade, in part because of rising seat-belt usage and safety innovations, such as airbags and anti-lock brakes. But the number of deaths in large-truck accidents is about the same as it was in 1994 because more trucks are on the road, driving more miles than ever.

"If you have enough trucks on the road, I don't care how confident your safety director is and how closely you adhere to the guidelines, you're going to have accidents," said Tom Fee, a Dallas lawyer who defends trucking companies. "It's unfair to paint with a broad brush that this is a dirty industry that is cutting corners just to put money in their pocket. But there are bad apples, fly-by-night operators that spoil the whole apple cart."

In Texas, the number of intrastate carriers increased 43 percent in the past five years, with a similar increase in the number of interstate carriers based here. The number of registered large trucks in the U.S. increased 24 percent from 1994 to 2004.

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Business is so good, in fact, that U.S. trucking companies reported a record year in 2005: They generated $623 billion in revenue while hauling nearly 70 percent of the nation's freight.

Trucking boom costly

The Dallas-Fort Worth area is both an important hub for the nation's trucking companies and a crossroads in the movement of goods. On the streets and highways of Dallas and surrounding counties, long-haul, interstate trucks moving food, appliances and other commodities vie for space with short-haul, intrastate trucks carrying rock, sand and gravel to area construction sites.

The trucking industry's growth has overwhelmed law enforcement agencies. The problem is especially acute in Texas, where U.S.-based trucks pick up loads at the Mexican border and fan out across the country. U.S.-Mexico trade has more than doubled since the North American Free Trade Agreement was implemented in 1994, according to federal data. About 68 percent of truck traffic from Mexico enters the U.S. at the Texas border.

In the late 1990s, DPS asked the state Legislature for additional enforcement officers to keep weigh stations open and conduct roadside inspections. The Legislature cut in half one department request. Two years later, it slashed DPS' request for 127 more troopers to five.

Since then, DPS has had to rely on federal money for additional truck inspectors, almost all of whom have been assigned to the border. That has left staffing throughout the rest of Texas stagnant, at slightly more than 300 inspectors.

"The whole attitude is the industry will regulate itself," said Alan Powers, a Decatur attorney who represented victims in the TXI accident.

Maj. Mark Rogers of the DPS Commercial Vehicle Enforcement service in Austin said his force had no permanent presence in 128 of the state's 254 counties.

He also said some trucking companies openly taunt the state's overwhelmed commercial vehicle officers.

Trooper Randy McDonald, based in Decatur, northwest of Fort Worth, said that when he recently ticketed a big-rig driver for a local oil company, the trucker passed on a message from his boss: The troopers could write all the tickets they wanted, but it wouldn't change anything. The company was willing to break truck weight limits and other safety rules to maximize profits.

"I've been here a long time," said Maj. Rogers, "and they've been saying that same thing for a long time."

Pressures of low pay

One of the chief legacies of the federal government's deregulation of shipping rates in the early 1980s, which made it possible for virtually anyone with a truck to go into business, is that trucking has become fiercely competitive. The vast majority of trucking companies operate along the margins of profitability, and about 40,000 go out of business every year, said Jerry Donaldson, senior research director for the nonprofit Advocates for Highway and Auto Safety.

Corporate America has leveraged this competition to push shipping rates even lower. It has also put more pressure on trucking companies to deliver loads at a specific time, as part of "just-in-time" inventory management that lets companies keep fewer products and spare parts on hand and use trucks as rolling warehouses. Late drivers can lose a load, money, even a customer.

In response, trucking companies push their truckers hard.

"The managers, the owners of trucking companies unquestionably put the dollar above the safety of the traveling public," said Frank Branson, a Dallas plaintiff's attorney who has handled hundreds of truck accident cases. "They treat mutilations and deaths as the cost of doing business."

Trucking companies say a shortage of drivers, not safety shortcuts, is the biggest problem facing their industry. Long-haul trucking companies need 20,000 additional drivers, and that could exceed 100,000 drivers over the next eight years, according to a 2005 study commissioned by the American Trucking Associations.

Industry experts and independent truckers say the problem is a lack of drivers willing to work for such low pay in a business notorious for long hours, extended time away from home, delivery deadlines that don't accommodate bad weather or traffic and unpaid downtime waiting for loads.

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Some of the biggest carriers have tried to stem the declining pool of experienced drivers by increasing wages and benefits. They pay drivers by the hour rather than by the load or mile, a practice safety experts say encourages drivers to speed and drive fatigued.

Drivers for J.B. Hunt Transport Inc. had fewer accidents after the Arkansas- based company increased driver pay in 1997, University of Michigan researchers found. A 1 percent increase in pay rate resulted in a 1.33 percent decrease in crash risk, said Daniel Rodriguez, one of the study's authors who is now a professor at the University of North Carolina at Chapel Hill.

Lax vetting of drivers

Regardless of pay, companies are supposed to hire safe drivers and make sure they follow the rules.

Federal regulations require prospective drivers to disclose in writing such information as the previous three years' employers, motor vehicle accidents and traffic tickets, and the reason for leaving a job. The company is supposed to verify that information and check a driver's motor vehicle and safety performance records for the previous three years. Although the law doesn't require companies to do criminal background checks, it does ban truckers convicted of certain crimes from driving for a period of time.

Every driver a company hires is supposed to read and speak English well enough to converse with the general public, understand highway traffic signs and signals, respond to official inquiries and make entries on reports and records.

Texas doesn't require intrastate truck drivers to speak English and doesn't enforce the English- language requirement on interstate drivers unless "it becomes a true safety issue," said Maj. Rogers. He said the law was never intended to be enforced in roadside inspections, rather by the companies themselves.

The employer's responsibilities also apply to leased trucks and drivers, which companies often use to lower overhead costs.

But some companies do nothing more than make a phone call or send a fax to one of the former employers listed, court documents reviewed by The News show. If the former employer doesn't respond, the company is supposed to make a note of that in the driver investigation file and report the failure to the Federal Motor Carrier Safety Administration, but that often doesn't happen.

Clay Miller, a Dallas lawyer who has sued trucking companies in dozens of wrongful death and injury cases, said inadequate vetting of drivers "is a huge issue," especially with smaller companies. Larger companies often subscribe to a service that does a cursory background check on a driver, he said, allowing companies to say they've fulfilled their legal obligations.

Trucking's day laborers

Driver vetting is especially lax in the sand and gravel hauling business, an industry crucial to North Texas' booming construction sector. Dallas County leads the state in the number of active gravel pits and rock quarries, with 40. Nationally, Texas ranks second to California in construction sand and gravel sold or used.

Many sand and gravel haulers are the trucking industry's equivalent of undocumented day laborers. Paid by the load, they are frequently hired by homebuilders and construction contractors, even though they often lack proper insurance or registration.

"You can sit outside any rock quarry in Texas and find them," said Bill Webb, former president of the Texas Motor Transportation Association, the state's largest trucking industry group.

Questions about a trucker's training and experience surfaced soon after Wise County resident Pamela Nielsen sued Aggregate Haulers Inc. in 2002, two years after being seriously injured when one of the company's 18-wheel rock trucks forced her off the road on Highway 114 between Boyd and Paradise.

The truck driver, Esteban Hernandez, was ticketed for an improper lane change at the accident scene. He testified in a deposition that he had driven a bus for the El Conejo line in Texas before buying a big truck and signing an exclusive lease agreement with Aggregate Haulers to transport sand and gravel.

The San Antonio-based company hired Mr. Hernandez in violation of its own guidelines that required drivers to have a minimum of two years of verifiable experience, Ms. Nielsen's attorneys argued in court filings. Mr. Hernandez testified he had only 10 months of experience driving a rock hauler in the U.S.

Aggregate also didn't verify his previous three years' experience, as required by federal law, but played down the importance of that requirement.

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"We don't get responses very often, in fact, and we put people to work every day that we get absolutely no response from previous employers," testified Jay Griffin, Aggregate's director of safety. "The fact of the matter is we still put them to work. We still feel confident that we're putting a safe driver on the road."

The company contended that Ms. Nielsen caused the accident by suddenly passing its truck in the right lane. But in October 2003, it agreed to pay the woman an undisclosed amount and to set up $100,000 trust funds for each of her two daughters. The company did not admit liability.

JTM Materials of Denton broke no laws in employing Jerry Lee Largent as a rock hauler under a lease agreement with Hammer Trucking Co., but was apparently unaware of his criminal record and traffic violations, court records show.

In his job application for JTM, Mr. Largent noted his 15 years of experience driving rock trucks for small Wise County companies. He disclosed that he had been involved in a fatal accident in November 1993, had received a speeding ticket in June 1996 and temporarily lost driving privileges for not having insurance on his personal vehicle. He checked "no" beside the question: Have you ever been convicted of a crime?

JTM used a private service to obtain a driver's record report that stated Mr. Largent's driving record contained "no reported convictions or accidents" in the three years preceding Sept. 12, 1996.

The trucking company didn't obtain a DPS report on Mr. Largent's driving record or run a criminal background check on him, according to court documents. If it had, JTM would have learned that Mr. Largent had been arrested for burglary in the early 1970s, convicted of driving while intoxicated in 1980 and convicted of methamphetamine possession in 1984 and sentenced to three months in jail. He was charged with driving while intoxicated in February 1994 but pleaded guilty to reckless conduct, received deferred adjudication and was sentenced to community service. He also had been ticketed five times between 1982 and 1990 for driving without liability insurance, a DPS report showed.

Mr. Largent was hired in September 1996 to haul crushed rock from a JTM quarry in Wise County to Dallas-area construction sites. Late one Saturday evening two months later, Mr. Largent's 18-wheeler collided with a car driven by Grant Morris on a Bridgeport street. Mr. Morris was seriously injured; Mr. Largent pleaded guilty to driving while drunk. After a protracted legal battle, Mr. Morris received a $1.9 million settlement.

Cutting corners

An attempt to require quarries and concrete plants to check the insurance and state registrations of trucks picking up loads failed last year when sand and gravel producers used their political clout in Austin to defeat legislation proposed by the Texas Motor Transportation Association.

Leading the effort to kill the legislation were the Texas Aggregates and Concrete Association and the Associated General Contractors, said Mr. Webb.

"When we start talking to them about policing the unregistered trucks, they say they can't do it – it would drive up their costs," he said.

Jennifer Newton, a spokeswoman for the Associated General Contractors in Austin, said she was unfamiliar with the legislation cited by Mr. Webb and would have no comment on it.

Michael Stewart, executive director of the Texas Aggregates and Concrete Association in Austin, said operators of quarries and concrete plants already check the insurance and registration of haulers to protect themselves from liability. "If they don't they're foolish, and they're playing Russian roulette with the system," he said.

Maintaining big trucks also drives up costs, so some companies try to run the rigs as long as possible between overhauls. They seek maximum mileage from tires. They ignore worn brake pads or maladjusted air brakes. They overlook or miss loose lug nuts and cracked trailer frames, as seen in recent spot truck inspections in Wise County.

State and federal inspectors ordered off the road about one-third of the trucks they stopped in each of three recent crackdowns. Some drivers said they had reported the maintenance problems to their employers but were told to keep driving.

With an 80,000-pound rig, the consequences of ignoring a problem are sometimes deadly.

In March 2002, Nelta Osborn was driving her rig for Celadon Trucking Service Inc. west along Interstate 30 in southwest Arkansas when another trucker radioed that a hose on her trailer was dragging the ground. Ms. Osborn pulled over and found a

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tiny hole had been worn in one of her air brake hoses. Her co-driver, husband Tom Osborn, stuck a toothpick in the hole and wrapped it with electrical tape, according to court records.

Back on the road, Mr. Osborn described the fix to a Celadon dispatcher. The dispatcher advised the trucker to get the hose fixed at a garage but remarked on his ingenuity: "Were you a Boy Scout?"

As they roared southwest along I-30 into Texas, the Osborns passed truck garages where they could have had the brake hose repaired or replaced, but they drove on. Just west of Texarkana, the hose failed, and the air brakes locked. The 18-wheeler screeched to a stop in the interstate's passing lane. Matthew Giuliano, a 23-year-old newly commissioned Army second lieutenant driving to Fort Hood for his first assignment, slammed into the back of the truck and was killed.

"If you look behind the curtain, you tend to see an industry that is paying truck drivers less because of the fierce competition," said Fort Worth attorney Steve Laird, who represented the Giuliano family in a lawsuit against Celadon. "And when truck drivers are not paid as well as they once were, they feel that there is an incentive to not only push the envelope but to sometimes break the rules."

In April 2005, a Waco jury found Indiana-based Celadon at fault and awarded the Giuliano family $17.5 million. Celadon settled the case by agreeing to pay the family $1.25 million, with no admission of liability. After the jury trial, Celadon chairman and chief executive officer Steve Russell extended condolences to the family and defended his company's business practices.

"This tragic situation was an isolated incident and is not reflective of the way our company does business," he said in a statement. "The owner-operator team involved was immediately suspended after the accident and never drove for the company again."

A history of problems

In the December 2002 accident that killed four members of the Hughes family, investigators determined the TXI-leased truck was properly maintained. Driver log records showed that Mr. Rodriguez was under the state daily driving limit of 12 hours at the time. His driving record wasn't even particularly alarming by rock hauler standards: He overturned an 18-wheeler leased to TXI and got three speeding tickets in the late 1990s.

The case against TXI came down to whether the company had fulfilled its legal obligations to check the driver's qualifications and prior work history. Regulations didn't require TXI to road-test Mr. Rodriguez.

There were several problems with the application Mr. Rodriguez filled out for TXI. For starters, he didn't say why he had left three trucking jobs in three years, as federal regulations required. There were also questions about his experience.

Mr. Rodriguez later testified he had 20 years of experience in trucking and had driven for "many, many companies" in Mexico over several years. But he could identify only one by name.

On his TXI application, Mr. Rodriguez listed a series of truck-driving jobs in the U.S. dating to 1994. However, he told U.S. immigration officers on two occasions that he didn't enter the U.S. until 1996. He testified in his civil trial deposition that he had worked in the U.S. in the 1980s and returned in 1996. But state records showed he didn't obtain a Texas commercial driver's license until October 1996.

TXI's transportation manager, Jonathan Kennemer, testified that he believed the company had tried, but failed, to confirm Mr. Rodriguez's claim to have worked for a Coronado Trucking in Dallas from 1994 to 1996. "If I remember correctly, they were out of business," said Mr. Kennemer, who recently left the company.

Mr. Rodriguez also stated that he had driven for a company called Data Documents from February 1996 to January 1997. It turned out he had worked at the company, but not as a truck driver. And he had claimed to have driven a truck for Aggregate Haulers from December 1999 until May 2001; Aggregate later informed TXI that Mr. Rodriguez had driven for the company for only three months, according to court records.

Mr. Rodriguez also stated on his job application that he left a job with Aggregate Haulers for a better paying job, when actually he had been deported by U.S. immigration authorities.

Mr. Kennemer would later describe Mr. Rodriguez's job application as "incomplete," but said it didn't raise concerns.

The trucker testified that he used the fake Social Security number to take his commercial driver's license test in Texas in 1996. Under state law, he was allowed to take the test in Spanish. Even in his native tongue, Mr. Rodriguez failed the general knowledge and air brake tests on his first try, according to DPS records.

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His shaky knowledge of trucks and spotty English didn't hurt his ability to find work driving 18-wheelers in the Dallas area. After six years of driving, interrupted only by two arrests by U.S. immigration authorities as he went back and forth to Mexico, Mr. Rodriguez went to work driving trucks for a Dallas man named Aurelio Melendez in 2002.

Mr. Melendez owned nine trucks at the time, all leased to TXI. He testified that he road-tested Mr. Rodriguez but didn't make any record of it, as federal rules require. He also testified that he wasn't familiar with the Texas Motor Carrier Safety Regulations, which govern trucking companies.

Mr. Rodriguez was hauling his last load of the day to a construction site in Richardson when he collided with the Hughes family. He told the lead DPS investigator that the SUV was in his lane and that he tried to avoid it by steering to the right. Mr. Rodriguez was the only eyewitness. The trooper working the case had never been lead investigator on a fatal accident, and she accepted Mr. Rodriguez's version of events as fact. The trooper found Ms. Hughes at fault, and no charges were filed.

TXI stands by its driver

Attorneys for TXI and the plaintiffs continue to contest most of the key facts as to what happened, and an appeal is pending.

TXI blames Ms. Hughes, suggesting that she crossed the center line either because she was eating, talking on a cellphone or had a tire blow out.

The judge hearing the civil case, however, rejected the company's request to introduce phone records showing that Ms. Hughes' ex-husband had called her around the time of the accident. The court ruled there was no evidence that a phone call might have caused the accident.

Attorneys for the family said Ms. Hughes' son, Shiloh, was the only person in the Yukon on a cellphone at the time of the accident. When a motorist approached the Yukon to render assistance, she heard Shiloh's friend screaming through the open line.

Another crucial point of dispute is who crossed the center line first. At the accident scene, and in a later deposition, Mr. Rodriguez said it was Ms. Hughes. He said he steered to the right "for two or three seconds" in an attempt to avoid the Yukon. The DPS investigator and experts for the plaintiffs and TXI all agreed that a gouge mark 6 inches inside Mr. Rodriguez's lane was a point of impact. But they disagreed over whether it was the initial point of impact.

Plaintiffs' attorneys argued that if Mr. Rodriguez had steered to the right for two or three seconds, or even one second, and if initial impact was just 6 inches inside his lane, he must have started his turn on the wrong side of the center line.

Mr. Rodriguez changed his statement when he took the witness stand, now saying he had turned to the right for only one second. Under questioning from plaintiffs' attorneys, Mr. Rodriguez testified that he never crossed the center line while driving, on this or any other day.

Mr. Rodriguez continued driving for TXI after the accident, using his fraudulently obtained commercial driver's license. DPS and U.S. immigration didn't file charges against him, and the state didn't revoke his license.

In July 2003, as part of a broader security check following the 9/11 terrorist attacks, DPS notified Mr. Rodriguez by form letter that the Social Security Administration had noticed a discrepancy in the number he used to obtain his commercial driver's license and asked him to report to his local driver's license office to verify his information or risk losing his license.

Mr. Rodriguez didn't respond, DPS spokeswoman Tela Mange said.

In July 2005, Mr. Rodriguez went to a Dallas-area DPS office to renew his commercial driver's license. But he could not verify his Social Security number and was denied. He was allowed to renew his regular driver's license, which according to DPS is valid until May 2, 2011. The News tried to find Mr. Rodriguez at four Dallas addresses listed for him in public records but was unsuccessful.

TXI's attorney said Mr. Rodriguez stopped driving for TXI in late May or early June 2004 after the company was convinced he was in the U.S. illegally.

"I think everybody would have assumed that he would be deported," said Michael Simpson, the attorney who represented the victims' families. "But he kept driving, just like nothing occurred."

TAX:

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Partisan Battle Trips Up Popular Tax Benefits (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, September 17, 2006

Both parties want to extend a package of credits and deductions. But lawmakers are deadlocked over the bill it's attached to.

WASHINGTON — Just about every lawmaker in Congress favors extending a batch of popular tax benefits approved during President Bush's first years in office and authorized through 2005.

But in a case study of the tortuous process that can surround even the most highly regarded proposal on Capitol Hill, extension of the tax benefits appears to face an uphill road as Congress nears adjournment.

The benefits, claimed by more than 10 million taxpayers last year, give those who live in states without income taxes a deduction for their state sales taxes. They allow a deduction for some college tuition. Teachers may deduct the costs of buying supplies for their classrooms. And a research and development tax credit — hugely popular in the business community — is also part of the package.

But so far, these and 43 other tax benefits have become ensnared in a partisan battle over a minimum-wage increase, which Democrats and some moderate Republicans want, and a sharp reduction in the estate tax, dear to the hearts of conservative Republicans.

In July, Republicans thought they had scored a strategic coup when they stitched the minimum-wage increase and the estate tax cuts into a single bill that, they hoped, offered something for everybody to love. The trouble was, there was also something for almost everybody to hate.

So to sweeten the pie — and appeal to lawmakers of both parties — Republicans added an extension of the expiring tax breaks.

The maneuver was to no avail; the bill containing these disparate elements was derailed. And two months later, the tax benefits are still hanging as wrangling over the other issues continues.

Some lawmakers, including at least one powerful Republican, are pushing for Congress to break the deadlock.

"Taxpayers could miss out on valuable benefits through no fault of theirs," Sen. Charles E. Grassley (R-Iowa), chairman of the tax-writing Finance Committee, said last week. "I urge the House and Senate leadership, both Republican and Democrat, to take this problem seriously."

Grassley warned that time is of the essence, saying that Internal Revenue Service officials have told him Congress must approve the benefits extensions by Oct. 15 if the changes are to be included in 2006 tax forms. That means Congress, which plans to adjourn at the end of this month to campaign for the November elections, has only two weeks to act.

Sen. Max Baucus of Montana, the top Democrat on Grassley's committee, recently accused other lawmakers of "ineptitude" for not having acted sooner on the tax benefits.

Baucus also decried the continuing GOP reluctance to allow a separate vote on the extension effort, noting that Sen. Judd Gregg (R-N.H.) was quoted in the Wall Street Journal characterizing the tax benefits as "hostage" to the estate tax dispute.

Baucus responded: "It is time we end these threats and get back to the business of legislating."

But when Baucus tried to bring to a vote a bill focused only on the extension of the tax benefits, Senate Majority Leader Bill Frist (R-Tenn.) blocked him.

Frist said he wanted to preserve the option of a second chance for the full Senate to vote on the estate tax cut, the minimum-wage increase and extension of the tax benefits as a package.

The most expensive benefit is the tax credit businesses can claim for research and development conducted in the United States. A two-year extension would cost $16.5 billion.

The most widely used benefit — claimed on more than 8 million tax forms last year — is the deduction for state sales tax payments in places with no state income taxes. The cost of extending this provision for two years: $5.5 billion.

Nearly 2.7 million teachers who paid for classroom supplies out of their own pockets took a maximum deduction of $250 last year. Extending this provision would cost less than $400 million in 2006 and 2007.

Altogether, extending the miscellaneous tax benefits, most of them for two years, would cost $38 billion.

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CONGRESS-ADMINISTRATION:

Your Money: Pentagon Travel System Under Attack (ABC)

By John Cochran

ABC News, September 17, 2006

Critics Say It's Actually Cheaper to Book Travel Outside the Program

Sept. 16, 2006 — - The Defense Department is the world's biggest purchaser of airline tickets -- so the Pentagon bought its own online booking system called the "defense travel system," which was supposed to save money on travel agents and paperwork.

The defense travel system was also supposed to buy only the cheapest seats. But many in Congress say the system is a disaster -- four years behind schedule and $200 million over budget.

"It will take 200 years to ever pay back the cost of this contract in terms of that savings," Sen. Tom Coburn, R-Okla., told ABC News, "especially when you consider they're not getting the best price."

Four years ago, the Pentagon's inspector general recommended killing the defense travel system altogether, but it survived. Investigators say 70 percent of Pentagon travelers refuse to use DTS because of faulty software or because they believe they can get a better price elsewhere.

"In many cases," said Tom Schatz of the private group Citizens Against Government Waste, "they're simply finding it easier to pick up the phone and call the travel agent and say, 'I'd like to go from here to there. Can you do this for me?' "

In fact, critics say the Pentagon could get cheaper air fares simply by using discount online travel sites that many bargain-hunters use -- such as Travelocity or Expedia.

But Northrup Grumman, the company that devised the defense travel system for the Pentagon, said that's not true. Darryl Fraser of Northrup Grumman told ABC News the system will be up to speed sometime this fall.

"This is a program that the American taxpayer [and] the Department of Defense can be proud of," he said. "It is actually being deployed. It is being used, and it is going to save the Department of Defense money."

The company says part of the problem was that some Defense employees were reluctant to use DTS, and were more comfortable using the old travel system. That has changed, said the company, as more workers have gradually become more familiar with the new system and realized it is better.

Sen. Coburn is not buying that, and said it is time to kill a failed program.

"There are other systems out there," he said. "There's a better way to do it. We should not perpetuate this hoax on the American taxpayer."

Congress is deciding now whether to spend another $60 million toward the defense travel system, for a total cost of $474 million.

Inner Circle Taking More Of C.D.C. Bonuses (NYT)

By Gardiner Harris

The New York Times, September 17, 2006

Top officials at the Centers for Disease Control and Prevention received premium bonuses in recent years at the expense of scientists and others who perform much of the agency's scientific work, agency records show.

Those inside the office of the centers' director, Dr. Julie L. Gerberding, have benefited the most, the records show.

Using the Freedom of Information Act, The New York Times requested records of all cash awards of $2,500 or greater granted to current and former C.D.C. employees from 2000 to mid-2006. The most recent awards are dated July 21.

Dr. Gerberding, whose leadership of the agency is the subject of an inquiry by the Senate Finance Committee, was not immediately available for comment, said Tom Skinner, a spokesman for the centers.

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From 2002 through mid-2006, William H. Gimson III, the agency's chief operating officer, received bonuses totaling $147,863, which included seven cash awards of more than $2,500. Mr. Gimson's bonuses were about twice the amount granted to any other C.D.C. employee, the agency's records show.

Mr. Skinner said Mr. Gimson was not immediately available for comment.

Mr. Gimson's deputy, Barbara W. Harris, received six premium bonuses of $2,500 or more from 2002 through mid-2006 for a total of $84,894, agency records show.

Mr. Skinner said Ms. Harris was also not available for comment.

Mr. Gimson and Ms. Harris are part of the federal government's Senior Executive Service, a cadre of top civil servants whose salaries are generally among the highest in government. The salaries of Mr. Gimson and Ms. Harris were not included in the records requested by The Times.

The increase in bonuses to these officials was part of a decision by the Bush administration to make transformation of the management of the centers a top priority, said Glen Nowak, chief of media relations at the centers. "If we want to retain people, we need to recognize them," Mr. Nowak said Friday in an interview. "We are operating in a highly competitive environment."

Before Dr. Gerberding's appointment, members of the C.D.C. director's inner circle rarely received premium bonuses of $2,500 or more. After her arrival, in July 2002, such cash awards increased, the records obtained by The Times show.

In 2000, officials in the office of the director, Dr. Jeffrey P. Koplan, received bonuses totaling $30,000, which included eight premium bonuses of $2,500 or more. The bonuses represented 0.4 percent of all bonuses granted within the centers that year.

In 2005, the records show that officials in Dr. Gerberding's office received 60 premium bonuses totaling $515,075, or about 4 percent of all bonuses granted within the centers.

Because bonus money is limited — about 1.5 percent of the total personnel budget, Mr. Skinner said — the growing share of premium bonuses for Dr. Gerberding's closest advisers has meant less money is available for some scientists and other workers.

In an e-mail message on Friday afternoon, Dr. Gerberding informed workers at the centers that information about the agency's bonus program might soon be made public.

"It is important to remember one thing, though: that those of you who have received a monetary award, or will in the future, received it for your superior performance and special acts, which merit these awards," Dr. Gerberding wrote.

The agency's Executive Leadership Board recently voted to create a committee to review the cash awards process and address "any shortcomings," she wrote.

In addition to those within Dr. Gerberding's inner circle, the increase in large cash awards within the centers has mostly benefited employees in the agency's financial, computer and human resources departments — not its scientists.

"You have the administration signaling that these are the areas that they want to see significant improvements on, and they want that to happen as quickly as possible," Mr. Nowak said.

The administration also made security a priority, Mr. Nowak said. He said that helped to explain $41,485 in premium bonuses given since 2002 to William T. Porter, the agency's head of security.

"I'm sure Bill Porter's peers in the corporate world are being paid at a higher level," Mr. Nowak said.

Members of the Public Health Service are not eligible to receive cash awards, Mr. Nowak said. That is part of the reason so few scientists appear among the top recipients of premium bonuses, he said.

Soon after arriving at the centers, Dr. Gerberding began a comprehensive reorganization of the agency. In its wake, many of the agency's senior scientists and leaders either left or have announced that they are planning to leave.

The Washington Post and The Atlanta Journal-Constitution have reported on the turmoil at the centers in articles quoting disgruntled former senior scientists who said the changes had undermined the agency.

Five of the six former directors who led the agency in the past 40 years recently wrote a letter to Dr. Gerberding expressing concerns over the exodus of crucial administrative and scientific leaders and scientists, The Journal-Constitution reported.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Finance Committee, has announced that the committee is trying to determine whether upheaval at the agency has jeopardized its scientific mission.

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In another e-mail message, on Sept. 11, Dr. Gerberding noted the departures of top agency leaders and acknowledged that change was difficult.

"I respect those who don't believe these changes are needed, and I respect even more all those who are actively and constructively engaged in helping us find the best way forward," Dr. Gerberding wrote.

Among the other recipients of large cash awards since 2002 were James D. Seligman, the agency's chief information officer, who received $62,455 in premium bonuses; John C. Tibbs, director of the agency's financial management office, who received $52,880; and Kimberly S. Lane, a senior adviser to the Coordinating Center for Infectious Diseases, who received $50,565.

None could immediately be reached for comment.

Report: Most CDC Bonuses Go To Managers (AP)

AP, September 17, 2006

The employees at the Centers for Disease Control and Prevention who get bonuses most frequently are not scientists, but instead are accountants, budget analysts, computer experts and other administrative managers, according to a published report Sunday.

The data appear to reinforce the findings of an internal CDC survey last year that found one of the top concerns among the agency's employees was a "loss of public health focus/mission in exchange for inappropriate business focus."

The 72 CDC employees who received five or more awards of at least $2,500 from 2000 through July 21 work primarily in non-science jobs, according an analysis by The Atlanta Journal-Constitution of agency data obtained under the Freedom of Information Act.

Some of those employees got $30,000, $50,000 and, in one case, more than $140,000 in cumulative bonuses during the period, the paper reported.

The CDC has about 9,000 employees, and 4,200 of them are considered scientific staff.

CDC officials said the agency is examining its system of awarding employees.

"We want to make sure that the system we have in place is equitable and that it rewards everyone, if in fact they are eligible for the award and if in fact they're deserving of it," spokesman Tom Skinner said.

In an e-mail to CDC employees Friday, in anticipation of the Journal-Constitution's report, director Julie Gerberding stressed that the agency was reviewing the program, Skinner said.

"You all work hard every day and often accomplish seemingly impossible feats within incredible time constraints," she wrote. "Without question, people at CDC who do exceptional work should be recognized with awards, including monetary awards."

Gerberding was not available to comment Saturday, Skinner said.

Skinner and other CDC officials said several factors may explain the frequent large awards skewed in favor of financial staff and administrative managers instead of core scientific staff.

One could be that not all front-line managers may be aware of or regularly use the awards. Another is that all federal agencies are being pushed to improve budget systems, technology and the like. There hasn't been such a push on the scientific side, said Glen Nowak, another CDC spokesman.

Also, about 800 of the CDC's 4,200 scientific employees are members of the U.S. Public Health Service Commissioned Corps, a uniformed service that operates under a different personnel system and is not eligible for the awards, CDC officials said. And about 600 distinguished scientists are in another classification that did not become eligible for annual performance awards until last fall, they said.

Cash awards given to CDC and other federal employees fall under two general categories: special act cash awards, which reward for a specific accomplishment or activity; and annual performance bonuses, tied to a percentage of the person's salary.

Since 2000, the CDC distributed about 2,500 special act and performance awards worth at least $2,500 to about 1,450 employees, the Journal-Constitution reported. About 560 received two or more of these awards, and 72 received five or more.

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Three employees — a financial systems branch chief, a deputy director of budget and management, and another budget official — received 10 awards each. Their cumulative awards totaled $35,000, $34,326 and $32,000 respectively.

Five employees — working in facilities operations, budget, accounting and technical information — received nine awards each. Their cumulative totals ranged from $25,326 to $50,565.

CDC officials did not release copies of the award nominations or justification forms for the most frequent recipients.

Democrats Rap GOP For Medicare Rate Hike (AP)

By Andrew Miga, Associated Press Writer

AP, September 17, 2006

Democrats say failed Republican policies are behind rising Medicare premiums that are leaving millions of older Americans scrambling for basic health care.

Democrat Chris Murphy, a Connecticut state senator who is challenging 12-term Republican Rep. Nancy Johnson, criticized the GOP for failing to embrace the reforms needed to give seniors a break from increased health care costs.

"It's time for new leadership in Congress, to take on President Bush's bad plan and take the Medicare drug program in a new direction," Murphy said Saturday in his party's weekly radio address.

Murphy warned that unless Democrats can step in with new ideas, such as allowing the government to negotiate for lower Medicare prescription drug prices, health costs will continue rising for seniors.

"The Bush administration announced this week that Medicare premiums will be going up again, and could even carry a new, expensive monthly fee," Murphy said. "This new tax on seniors will affect millions of Americans, and thousands of people in Connecticut."

Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated.

"Being healthy should be a right, not a privilege available only to those that can afford it," said Murphy. "Over the past decade, seniors in this country have been hit with more and more bad news. They face confusing rules, added fees and now higher premiums. What's worse, Republicans in Congress have done nothing to ease the burden on American seniors."

Johnson, a major player in Congress on Medicare and other health care issues, is among three GOP House incumbents in Connecticut whom national Democrats have targeted in hopes of gaining the 15 seats they need to control the House.

"My opponent, Nancy Johnson, deserves part of the blame," said Murphy. "She wrote the confusing Medicare law in 2003. She is also one of many Republicans who opposes allowing Medicare to negotiate for lower drug prices — a Democratic idea, and more importantly, a good idea."

The new Medicare prescription drug benefit is the biggest change since the health program's beginning. Under the program, elderly beneficiaries enroll in plans administered by private insurers. Seniors had dozens of plans to pick from, leaving many of them confused and frustrated when the program was launched.

Medicare Part B Fees Head For A Sliding Scale (LAT)

Kathy M. Kristof Personal Finance

The Los Angeles Times, September 17, 2006

All recipients will pay more next year to adjust for inflation, but those with higher incomes will face bigger increases.

High-income retirees may be in for an unpleasant surprise this winter.

It involves the monthly premiums that older Americans pay for Medicare Part B, which helps pay the cost of doctor visits, diagnostic tests and other routine care. The premiums, which are automatically deducted from Social Security checks, are currently $88 a month.

In January, everyone's premiums will go up to adjust for healthcare inflation, but higher-income recipients will see even larger hikes.

As a result, a single retiree with an annual income of $80,000 or less (and a married person earning less than $160,000), could pay $98 a month next year, according to estimates, while a single person earning $81,000 would pay $110 a month. And

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under the same scenario a single person earning $200,000 would pay $170 a month — or 73% more than lower-income Medicare recipients. (See chart for more details.)

Medicare will calculate your premium based on your income in your most recent tax return.

Congress approved tying premiums to income to raise money to offset some of the cost in 2003's Medicare Modernization Act, which ushered in prescription drug coverage for seniors.

The sliding scale phases in over three years. As a result, those in the highest-income group will find their premiums soaring to more than three times the fees paid by those in the lowest-income group.

Of the 40 million Medicare beneficiaries, about 2 million will be adversely affected by the sliding scale.

But they will officially receive that news only a few weeks before their Social Security checks are docked for the higher cost.

"We will be notifying participants later in the fall — late November or early December," said Mark Lassiter, a spokesman for the Social Security Administration.

And, experts warn, some of those paying more will not necessarily be wealthy.

One-time events, such as the sale of stock or rental property, can temporarily knock otherwise lower-income retirees into a high-paying group, said Paul N. Van de Water, vice president for health policy at the National Academy of Social Insurance in Washington.

So could converting a traditional individual retirement account to a Roth IRA, or taking a lump-sum distribution from a retirement account.

"This is really a big deal," said Jill Allagood, a certified financial planner at Tarbox Group in Newport Beach. "It's pretty easy to kick over the top of the threshold if you're not careful."

Consider Susan, a hypothetical retiree with $49,000 in taxable income who converted a $100,000 traditional IRA into a Roth last year. This one-time event boosted her 2005 taxable income to $149,000. So, instead of paying $98 a month in premiums next year, as she would have if her 2005 income had remained at $49,000, she will pay $130 a month, about 30% more. If she instead converted the IRA in 2007, she would pay $245 in 2009, almost doubling her cost.

The law does give retirees with "a major life-changing event" the option to dispute their premiums. But it's too soon to say how this dispute process will work or whether premium adjustments would be slow, swift, partial or full.

The government currently pays 75% of the cost of Medicare Part B, with recipients picking up the rest of the tab through their premiums. Under the new formula, higher-income recipients will pay 28% to 80% of the cost of their coverage under Part B.

The flat monthly premium of $88 this year reflected a 13% increase from 2005. If medical cost inflation remains at 13% a year, even beneficiaries in the lowest-income group will pay $98 a month in 2007 and $125 a month in 2009, Allagood calculated. But with the sliding scale, those who earn more will pay $175 to $400 a month in 2009.

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(INFOBOX BELOW)

Premium hikes on the horizon

How much might Medicare premiums, currently $88 a month for all recipients, rise in the next few years? Here's an estimate based on a 13% medical cost inflation rate and the income-sensitive payment structure required under a new law.

Adjusted Gross Income

Single

$80,000 or less

$80,001 to $100,000

$100,001 to $150,000

$150,001 to $200,000

More than $200,000

Adjusted Gross Income

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Married
$160,000 or less
$160,001 to $200,000
$200,001 to $300,000
$300,001 to $400,000
More than $400,000

Estimated Monthly Premium
Source: Tarbox Group

AARP Begins Ad Blitz For Foreign Rx Drugs (MH)

The Miami Herald, September 17, 2006

The AARP is launching a $500,000 ad campaign today in 14 states pushing for Senate action on legislation that would let consumers buy U.S.-made prescription drugs from Canada and other countries.

David Certner, legislative policy director for the advocacy group, said the campaign focuses on the home states of senators who have shown some openness to letting people buy U.S.-made medicine shipped abroad.

"This is going on right now regardless of the law. People are going outside the country to buy their medicine," he said. ``We want to make sure the system is as safe as we can make it."

The bill that AARP supports, written by Sen. Byron Dorgan, D-N.D., has bipartisan support from 31 co-sponsors. It would allow consumers to buy U.S.-made prescription drugs from Canada and eventually from other countries such as Australia, Japan and nations within the European Union.

WASHINGTON, D.C.

SENATORS AGREE TO FEMA COMPROMISE

Senators have agreed on a compromise to restructure and expand the Federal Emergency Management Agency, restoring some of its responsibilities.

The FEMA director, currently David Paulison, would have direct access to the president in a crisis, but the agency would remain a part of the Homeland Security Department. The compromise will be included in a budget bill Congress is scheduled to vote on this month.

Republican Sen. Susan Collins of Maine, who heads the Senate Homeland Security and Governmental Affairs Committee, worked out the compromise late Friday with Sen. Joe Lieberman of Connecticut, the committee's top Democrat.

The plan, which now goes to House-Senate negotiators, includes stricter requirements for who could serve as FEMA director.

MISSOURI

GRANDMOTHER PLEAS FOR BABY'S RETURN

UNION -- A grandmother of a newborn girl stolen from a rural home pleaded Saturday for the baby's safe return, as authorities searched for an abductor who stabbed and seriously injured the infant's mother before fleeing with the child.

"The family's in agony," Raylene Ochsenbine said at a news conference. ``Just give her back."

The attacker walked into the home, told Abby Woods' mother, "I'm here to take your child," then slashed the young mother's throat and fled with the 1-week-old child.

Stephanie Ochsenbine, 21, was in stable condition Saturday following surgery. She told police she did not know her attacker.

LOUISIANA

GUARD TO REMAIN IN NEW ORLEANS

NEW ORLEANS -- National Guard troops and state police will patrol the city through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina.

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Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently.

CALIFORNIA

ORGANIC GROWER UNDER SCRUTINY

SAN JUAN BAUTISTA -- Earthbound Farm, the country's largest grower of organic produce, is facing unwelcome scrutiny after federal officials linked a nationwide E. coli outbreak to its bagged spinach.

The company, also known by its legal name Natural Selection Foods LLC, recalled and stopped shipping all its spinach products after E. coli outbreaks killed one person and sickened more than 100 others in 19 states.

Earthbound officials were working with state and federal health inspectors to pinpoint the source of the contamination, spokeswoman Samantha Cabaluna said.

The Backdrop (WP)

The Washington Post, September 17, 2006

The House is considering a bill, crafted by Rep. Thomas M. Davis III (R-Va.), to give the District a representative with full voting rights. The bill would add two seats to the House, one for the District and one for the state next in line to expand its congressional delegation based on population -- currently Utah. A House subcommittee held a hearing on the matter on Thursday.

Congress Has The Authority To Do Right By D.C. (WP)

The Washington Post, September 17, 2006

More than 40 years ago, the Supreme Court declared that "no right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live." And yet, for more than 200 years the citizens of the District have been denied this right because they have no voting representation in Congress. To its credit, Congress is taking steps to begin correcting this longstanding injustice.

Specifically, the House Government Reform Committee has approved, and the House Judiciary Committee is considering, a bill that would give D.C. residents the right to full voting representation in the House. While conferring this right is surely the right thing to do, a legitimate question has been raised concerning Congress's authority to confer the right by simple legislation, rather than through constitutional amendment. We have carefully considered this question and believe for three reasons the bill is within Congress's authority: It is consistent with fundamental constitutional principles; it is consistent with the language of Congress's constitutional power; and it is consistent with the governing legal precedents.

First, interpretation of Congress's Article I legislative authority should always be guided by the fundamental principles upon which the nation and the Constitution were founded. Those principles include a commitment to a republican form of government and to the proposition that the laws enacted by the legislature should be based on the consent of the governed. There is nothing in our Constitution's history or its fundamental principles suggesting that the Framers intended to deny the precious right to vote to those who live in the capital of the great democracy they founded.

Second, Congress's specific power over the District of Columbia is one of the broadest of all its powers. In the words of the Constitution, "Congress shall have power . . . to exercise exclusive legislation in all cases whatsoever" over the District. In a 1984 case decided by the U.S. Court of Appeals for the D.C. Circuit, on which we both sat, Judge Abner Mikva noted that through this constitutional provision, the Framers gave Congress "a unique and sovereign power" over the District. In that same case, Judge (now Justice) Antonin Scalia wrote that the broad language of the power gave Congress "extraordinary and plenary" power over our nation's capital. And in another case, that same court held that this broad power gave Congress authority to "provide for the general welfare of citizens within the District of Columbia by any and every act of legislation which it may deem conducive to that end." It is hard to imagine a broader, more comprehensive congressional power than this; and it is also hard to imagine that the

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power could not be used to advance a fundamental principle of our Constitution -- that the right to vote should be extended to all citizens.

Finally, and equally important, the most analogous legal precedent addressing Congress's authority over the District confirms that Congress can act now to give the vote to D.C. residents. That precedent concerned the fact that Article III of the Constitution confers on federal courts jurisdiction to hear suits brought by citizens of different states against each other. But the Constitution did not give any such express jurisdiction over suits brought by or against citizens of the District of Columbia. As a result, Congress, relying on its broad Article I power over the District of Columbia, remedied that unfairness through legislation that extended the right to District residents. In a 1949 case called National Mutual Insurance Co. v. Tidewater , the Supreme Court upheld that extension and also said that Congress was entitled to great deference in its determination that it had power to address this inequity. The logic of this case applies here, and supports Congress's determination to give the right to vote for a representative to citizens of the District of Columbia, even though the Constitution itself gives that right only to citizens of states.

It is not a surprise that our Constitution, ratified in 1789, contemplated that the right to vote would be enjoyed only by "the people of the several states." After all, in 1789, all U.S. citizens lived in a state. It was not until 1801, when the process Congress authorized by statute in 1791 to create the District out of lands ceded by Virginia and Maryland was completed, that District residents lost their federal voting rights. There is no reason to believe the Framers intended for this to happen. And in any case they gave Congress power to address the problem. Congress has initiated a process to do so, and we urge it to quickly complete the task. As George Washington said in his first inaugural address, the American people are entrusted with "the preservation of the sacred fire of liberty and the destiny of the republican model of government." It is time to extend that model to the citizens of the nation's capital.

-- Kenneth Starr

Malibu, Calif.

-- Patricia M. Wald

Washington

Kenneth Starr, dean of Pepperdine Law School, is a former independent counsel and U.S. solicitor general; Patricia M. Wald is a retired chief judge of the U.S. Court of Appeals for the D.C. Circuit.

Astronauts Allowed Extra Hour Of Sleep (AP)

By Seth Borenstein, Ap Science Writer

AP, September 17, 2006

With their hardest tasks behind them, space shuttle Atlantis' six astronauts got time to relax Saturday after almost a week of nonstop work adding a new 17 1/2-ton addition with wing-like solar power panels to the international space station.

NASA even let the crew sleep an extra hour before waking them with Jimmy Buffett's beach song "Twelve Volt Man."

"We said good morning to them, then a little housekeeping and then left them alone, gave them a chance to enjoy their time on orbit and wind down from what has been a very, very busy series of days on the flight," said flight director Paul Dye.

The astronauts were grateful and echoed Dye's description.

"We've been very, very busy so the chance to sleep in was very much appreciated," rookie astronaut Heide Stefanyshyn-Piper said during a news conference from space.

Saturday was the last full day at the space station for Atlantis' crew. Besides relaxing and enjoying the view from 220 miles above Earth, they still had to unload supplies for the space station, including 90 pounds of oxygen.

The Atlantis astronauts were to say their goodbyes to the space station's three crew members and undock early Sunday. Once undocked, the crew planned to fly around the space station to get the first complete view of the orbiting space lab in several years.

"We're leaving it in an entirely different configuration than it was when we arrived," said Atlantis pilot Chris Ferguson. "So it would be very good ... to get a good look at the overall configuration and condition of the station."

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The Atlantis crew delivered to the space station a 17 1/2-ton addition and, during three spacewalks, hooked up the new segment and prepared it so the 240-foot solar energy arrays could be opened up. The solar arrays will provide a quarter of the space station's electricity when it is finished in 2010.

It was the first shuttle mission devoted to space station construction since December 2002. The Columbia accident in early 2003 halted all construction while NASA worked to fix problems with the shuttles' external fuel tanks.

Contrary to appearances, this past week's spacewalks were difficult, said astronaut Joe Tanner, who went on two of the mission's three spacewalks with Piper.

"I want to squash that bug right now," said Tanner when told by CBS News that he made the spacewalks look easy. "These (spacewalks) were not easy."

Also not easy was getting used to zero gravity for Atlantis' rookies, Ferguson and Piper, who said they kept banging into things.

"I feel really clumsy in space," Piper said. "Because you think ... you're going to make it from point A to point B, and you kind of go to point C, D, and E, getting to point B."

Even Tanner, 56, who had been on three previous space flights, said getting used to zero gravity again was more difficult than when he was younger.

However, despite their initial wobbliness in orbit, the crew earned high praise from the mission's flight director.

"I rate this crew 110 percent. They've done an outstanding job up to this point," Dye said. "We're not going to lose our focus until we get on the ground so we'll keep our game face on. But I suspect everything's going to keep going pretty darn well."

Losing It, 200 Miles Above The Earth (NYT)

By John Schwartz

The New York Times, September 17, 2006

In space, junk can kill.

When two bolts slipped away from spacewalking astronauts last week, astronauts and controllers expressed concern that the small objects might have floated into the moving parts of the $372 million truss that had just been added to the station.

One astronaut, Joseph R. Tanner, sounding glum, described the trajectory of a lost bolt to mission control and fretted about its possible effects. “I just hope that bolt is on its way to Mother Earth right now and not hanging around” in the truss, he said.

Space junk is nothing new. During the first American spacewalk, in 1965, Edward White lost a glove — though not one that he was wearing, fortunately. It was a spare that floated out of his Gemini capsule. NASA also had astronauts toss away a solar array for the Hubble Space Telescope during a mission in 1993. (As it drifted off, one exclaimed, “It looks like a bird!”)

So when a bolt is lost in space, should anyone care? Once analysts determined that the bolts had floated away, they dismissed the incident as trivial. But NASA also recognizes that the thousands of pieces of debris in orbit are potential hazards.

The concerns tend to focus on the risk of collision with objects moving at high speed, however; the relative velocity of something that has simply drifted away is low. Still, NASA mission planners require tethers for tools and objects during spacewalks.

Despite those efforts, astronauts commonly lose small objects. During the last shuttle mission, Piers Sellers lost a spatula used to test repair techniques. “It was my favorite spatula,” he joked during the mission. John McCullough, the lead flight director for the station, said last week that on Russian spacewalks, “they throw things away all the time.”

They hit things away sometimes, too. A Russian astronaut is planning to drive a golf ball in a coming space walk, part of a marketing agreement with a golf club company.

Timely Transcripts At Last (WP)

The Washington Post, September 17, 2006

The Supreme Court becomes a bit less bashful.

WHEN THE Supreme Court opens its term next month, it will finally begin making transcripts of its oral arguments available -- free, online and on the day of the arguments. That this represents a breakthrough shows how dramatically behind the times the justices are. But it is a breakthrough, nonetheless, that will dramatically improve the public's access to court proceedings.

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Until now, the justices not only prohibited cameras and typically waited months to release audiotapes of arguments, they also waited weeks to release free transcripts. The public had to depend on the media to know in a timely fashion what happened. This was unfortunate, both because oral arguments are among the most majestic events in American democracy and because even excellent news stories often can't capture the full texture of arguments over complicated and nuanced points of law. For anyone interested in a particular case or the court as an institution, there is no substitute for knowing exactly what questions each justice asked and how counsel answered.

Timely transcripts are a half-measure. They imperfectly convey the atmospherics of an argument -- the tone a justice might strike, for example -- that sometimes indicate the court's direction more than dry words on paper. But given the implacable hostility some of the justices feel toward cameras, the move is a huge step forward.

Daydream Believers (NYT)

By Tim Weiner

The New York Times, September 17, 2006

A tremendous story is trapped inside this slim book: the triumph of technological fantasy at the Pentagon. The Defense Department controls the biggest and most inviting pool of public capital available to private contractors in the United States. Over the years, much of this 12-figure sum has gone down the drain in pursuit of wonder weapons. To take just one example, the Pentagon has so far spent roughly $100 billion on missile defense — which is serious money, levee-fixing money, cancer-curing money — but has produced only an insubstantial shield.

Almost no one says no to new weapons proposals nowadays — not Congress, not the Pentagon. As becomes clear from Sharon Weinberger's even-tempered "Imaginary Weapons," the planning process is beyond parody. The different branches of the armed forces conjure up dream weapons, setting technological requirements for them far beyond the state of science or the art of war. Once an idea is born, it goes through two stages of research and development: too soon to tell and too late to stop. Contractors cross their fingers while promising to fulfill the Pentagon's visions, whether or not those visions comply with the laws of physics. Occasionally the planned weapons are actually produced, though almost always at many multiples of their promised cost.

Weinberger, the editor of Defense Technology International, writes with enthusiasm and well-calibrated skepticism. She argues, irrefutably, that fringe science has reached ever greater heights in military circles. Since the United States has fewer and fewer real scientific experts in the government, fringe-science projects can receive the backing of the Pentagon without a semblance of peer review or the application of the scientific method.

"Imaginary Weapons" sets out to tell the story of one such project, the so-called hafnium bomb, a weapon that never existed and likely never will. Its progenitor, the book's protagonist, is Carl Collins, a physics professor from Texas who has been bumping around the lower echelons of military science for 35 years. Collins claimed in 1998 that he had used a dental X-ray machine to trigger the release of an enormous amount of energy from a trace of the isomer of hafnium-178. Isomers are atomic nuclei in an excited state. They hold tremendous potential energy. The trick is unlocking it.

If Collins was right, he was on the verge of a breakthrough in weaponry on the order of the invention of the catapult and the crossbow. A hafnium bomb the size of a hand grenade could have the force of a small tactical nuclear weapon. Better still, because the triggering was an electromagnetic phenomenon, not nuclear fission, a hafnium bomb might not be covered by nuclear treaties.

One small problem: the science properly belonged in The Journal of Irreproducible Results. As Weinberger writes, the breakthrough claimed by Collins could not be replicated. Nonetheless, the hafnium project received a $30 million budget — a pittance by Pentagon standards, but still a substantial amount — before it disappeared into justly deserved obscurity after five years of fruitless effort. In a nice piece of reporting, Weinberger quotes an expert's comparison of the military utility of the hafnium bomb to that of a jelly doughnut.

"Imaginary Weapons" wants to make the hafnium bomb a symbol of bad weapons science masquerading as good old American know-how at the Pentagon. It almost succeeds. Weinberger has talked to the right people and has done her homework on the hafnium bomb. And she valiantly translates the gobbledygook of Pentagon-speak and the jargon of physics into English,

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even if she has a tendency to leave a reader lost in minutiae and the repetition of minutiae. But a book about the Pentagon's scientific underworld requires a deeper analysis than a dissection of a single crackpot project.

The hafnium bomb was a very small example of a huge problem: the way the Pentagon wastes money on unworkable weapons. "Imaginary Weapons" leaps back and forth across years and decades, and performs loop-the-loops into projects like cold fusion and parapsychology (which are exemplars of bad science but have little or nothing to do with wonder weapons). Yet it never delivers a sense of the Pentagon itself, the institution that creates imaginary weapons. This is a little bit like writing "Moby-Dick" and leaving out the Pequod.

By focusing on one tiny target, Weinberger has missed the big picture. An array of military programs now under way is predicated on technological fantasy, the scientific equivalent of a wing and a prayer. A classic example is the Army's Future Combat Systems, with a cost well in excess of $100 billion. Weinberger could have asked why two generations of scientists and engineers have worshiped at the five-sided temple of the Pentagon, selling their genius for projects that have yielded very little of lasting value. That's a subject that will require a better book with a bigger bang.

OTHER NEWS:

Paulson Tells G-7 Not To Fret Over U.S. Housing Slump (BLOOM)

By Kevin Carmichael

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson, making his debut at a meeting of Group of Seven economy chiefs, told his counterparts they needn't worry about a housing-led collapse of the world's largest economy.

``U.S. economic growth is settling into ranges more in line with our long-term potential," Paulson said in a statement after meeting G-7 finance ministers and central bank governors in Singapore today. ``The residential housing market is cooling from record unsustainable growth rates, but growth in the U.S. economy is being supported by other components."

Sales of U.S. existing homes have declined every month since G-7 officials last met in April, and the National Association of Realtors predicts house prices may decline in the remaining months of 2006, which would be the first year-over- year drops since 1993. The International Monetary Fund on Sept. 14 branded the slowing U.S. housing market a ``key risk" to global expansion.

U.S. economic growth slowed to an annual rate of 2.9 percent in the second quarter from 5.6 percent in the first three months of the year. Higher wages, ``strong" company profits and business spending will offset a weaker housing market, Paulson said. U.S. economic growth will average 3.4 percent in 2006, the median estimate of 80 economists surveyed by Bloomberg News Sept. 1 to 7.

Paulson, who replaced John Snow in July, said in the statement that protectionist pressures remain a ``serious threat." China needs greater currency flexibility to help even lopsided flows of trade and investment, reflected in the U.S.'s record current-account deficit, Paulson said.

No Currency Target

Paulson said he ``will listen" to China's government rather than just make prescriptions and it would be ``presumptuous" to set any type of target regarding a change in currency policy.

The U.S. would do its part to reduce the so-called imbalances by reducing its budget deficit. Europe and Japan must boost consumer demand, and oil exporters should invest more of their profits at home, Paulson said.

Like China, some of those oil exporters should permit greater currency flexibility, Paulson said, without naming particular countries.

To contact the reporter responsible for this story: Kevin Carmichael

Someone's Spoiling The Party, The Housing Market Says (NYT)

By Vikas Bajaj

The New York Times, September 17, 2006

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TO hear some people in the real estate industry tell it, one of the biggest problems with the housing market is what is being said about it in the news media.

Agents and industry executives say reporters, editors and news anchors are making a cooling market sound worse than it is. While the number of sales may have dropped from 2005 (which was a record-setting year, the end of a five-year run) and more homes stay on the market longer, real estate professionals note that sale prices in much of the country are still higher than they were a year ago.

Richard A. Smith, vice chairman and president of the Realogy Corporation, the nation's largest residential real estate broker, said there was a "constant flood of media that is so negative" that it was discouraging many potential buyers and sellers.

"Nobody wants to be foolish in this kind of market," he said. "No one wants to sell too low or buy too high."

The news media have always helped shape public perception of markets, whether for houses, stocks or tulips. But exactly how much the press influences mass consumer behavior is subject to debate.

Robert J. Shiller, the Yale economist and author of "Irrational Exuberance," said the news media played an important role in molding public opinion as markets both rise and fall. But he said he generally approved of the skeptical tone of many news reports about both the real estate boom and subsequent downturn. "The media has been pretty on top of this story, that this might be a psychological event," he said.

One of the industry's frequent complaints is that journalists do not put the current situation in context.

"The doom and gloomers out there are saying business is dropping 'x' percent," said Dave Liniger, chairman and co-founder of Re/Max, the real estate franchiser. "But you have to realize it doubled over the last five years."

Critics point to an article in Fortune magazine in October 2002 that they say illustrates how reporting can distort the market picture. The article, which was about housing on both coasts, argued that prices were rising so fast they were unsustainable, and that a bubble might be created that would inevitably burst.

An example of the problem, the article noted, was a San Francisco Victorian that sold for $285,000 in 1996 and was listed for $1.2 million in 2002. Coldwell Banker, which listed the home, complained that Fortune should have noted that the home had been significantly renovated, which would account for much of the price increase.

That year, in an interview with Real Trends, a trade publication, Alexander E. Perriello III, who ran Coldwell Banker then and now heads all five of Realogy's franchise brands, criticized the article. "I'm getting sick and tired of irresponsible journalism that attacks one of the few bright spots in the U.S. economy," he said.

But the real estate agent who listed the house, Al Rodriguez, said last week that home's value had soared even before it was put on the market in 2002. The couple that was selling it then had bought it the year before in a frenzied bidding war for $1.1 million.

Shawn Tully, who wrote the Fortune article, said in general it was the price of the land, not the homes, that was soaring. At any rate, he said, he wasn't sure what all the criticism was about. "If my story was so influential," he said, "why did the prices increase another 50 percent between 2002 and 2005?"

Indeed, home values climbed an average of 12.5 percent annually in the San Francisco area from 2002 to 2006, according to a government home price index.

Many journalists who cover the real estate market said they expected, and were not worried by, criticism from the industry. They said they were more concerned about whether the news media were skeptical enough about the boom while it was continuing.

"We were late to the savings and loan crisis and we were definitely late to the dot-com crash," said Bradley J. Inman, publisher of Inman News, a real estate news service, who said he believed that the news media have done a better job covering the housing boom.

Some critics say the news media did not include enough contrary viewpoints during the run-up in home prices.

"Obviously, people get carried away," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who runs a press criticism blog called Beat the Press. "But if there are voices that challenge it, it stops some people."

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But Mr. Shiller said he was not so sure it did. In reviewing historical news clips, he said, he found that the press had frequently questioned the premise of booms, including the 1920's stock market boom. "Newspaper people do that more than their audience demands," he said. But it appears, he added, that people "read it blandly and it doesn't sink in."

A Fable, Adapted From Aesop (NYT)

By Eduardo Porter

The New York Times, September 17, 2006

THERE is an Aesop fable about a man — Greek, of course — who sees a swallow fluttering about on an unusually warm winter day. Leaping to the conclusion that summer has arrived, the man sells his only coat to buy himself a good time.

Some economists say you merely need to replace the Greek with an American, and the coat with a house or condominium to understand the force powering the American economy during the recent housing boom.

In this updated version of the fable, Americans were intoxicated by the leaps in the value of their real estate. Assuming the good times were here to stay, they were unable to resist temptation, impulsively calling the mortgage broker to get another loan to pay for the plasma TV set, the Caribbean vacation and the three-burner barbecue grill.

Between the third quarter of 2005 and the first quarter of this year, home equity withdrawals were running at an annual rate of more than $850 billion, according to the Federal Reserve, and amounted to about 9 percent of disposable personal income. The personal savings rate declined into negative territory last year for the first time since 1933. And the economy surged.

In Aesop's world, winter set in again, the swallow died and the coatless man blamed the bird for his misfortune: "By appearing before the springtime you have not only killed yourself," he moaned, "but you have wrought my destruction, too."

Yet in American morality tales, it seems, spendthrifts aren't always punished. Winter has surely engulfed the housing market. But to the befuddlement of many economists, who had been expecting consumers to rein in their spending when the price of their homes stopped rising, America's happy consumers have so far eluded the payback.

"There is no sign of weaker consumer confidence raising the savings rate yet," wrote Charles Dumas, chief economist for the United States at Lombard Street Research, an economic research firm in London. "People have not yet started to pull in their horns in response to house price horrors."

Home prices have not yet fallen nationwide, but have declined in areas like Florida and California. And most other measures of housing activity look ugly. Sales of existing homes declined 11 percent over the last 12 months; mortgage lending fell more than a third since June 2005; construction of new homes has plummeted.

But consumers haven't blinked. Spending jumped 0.5 percent in July; the sharpest increase since December of last year, exceeding consumers' income by some $85 billion.

Of course, rising employment and income this year have helped keep spending afloat. But some economists are starting to question the magnitude of housing's impact on national habits of spending and thrift, concluding that the effect may be smaller than expected: tumbling home prices might not pull consumer spending into the abyss after all.

To begin with, much of the money extracted by Americans from their homes was never spent. Some was used to pay down liabilities like credit-card debt, a sound strategy when credit-card rates are about 8 percentage points higher than rates on a typical mortgage and mortgage interest payments can be deducted from income when paying taxes.

Money was put to other uses. One survey commissioned by the Federal Reserve of people who refinanced their mortgages in 2001 and the first half of 2002 found that only 45 percent had withdrawn any equity at all. About 26 percent of this money was used to pay down debt, 11 percent to buy stocks or other financial assets, 10 percent to buy real estate or make other business investments and 35 percent to finance home improvements. Only 16 percent of the money was used to finance consumption.

This doesn't mean that a decline in home equity extraction wouldn't hurt the economy. Residential investment would decline. Consumption would probably respond to declining house prices in indirect ways.

But relentless spending and a declining savings rate over the last few years seem mostly driven by other factors that occurred at the same time as rising home prices — notably, low interest rates — but were not caused by rising home prices. So the direct impact of falling home prices on spending is likely to be more muted than expected. "I think the slowdown will come," Mr. Dumas said. "But it is likely to be much more slow in operating than is being supposed."

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In one recent study, Vladimir Klyuev and Paul S. Mills, two economists from the International Monetary Fund, suggested that the long-term decline in the propensity to save in the United States has to do primarily with financial innovations that have made borrowing easier and quicker, reducing the need for precautionary savings.

Mr. Klyuev and Mr. Mills untangled the effects of home equity withdrawals on savings from other factors, like inflation and interest rates, and found that for every dollar withdrawn from home equity, the savings rate declined by 20 cents in the short run but recovered in the long run.

LOOKING at it the other way around, they found that even if the amount of home equity withdrawal plunged from its current level of 9 percent of disposable income to 1 percent — its long-term average — savings as a share of income would rise by about 1.25 percentage points. Consumption might decline somewhat as a result, but that would hardly be a devastating blow. "There will be a pick-up in savings, but it won't be catastrophic," Mr. Mills said.

In America, the fable is likely to have a happier ending. It may no longer be the best of times, but consumers still own their homes and their barbecue grills — and the swallow still lives.

Who Bears The Risk? (NYT)

The New York Times, September 17, 2006

The housing boom would never have lasted as long as it did if mortgage lenders had to worry about being paid back in full. But instead of relying on borrowers to repay, most lenders quickly sell the loans, generating cash to make more mortgages.

For the past few years, the most voracious loan buyers have been private investment banks, followed by government-sponsored housing agencies, like Fannie Mae. The buyers carve up the loans into mortgage-backed securities — complex i.o.u.'s with various terms, yields and levels of risk. They then sell the securities to investors the world over, at breathtaking profit. The investors earn relatively high returns as homeowners repay their mortgages.

The process has encouraged homeownership and created wealth. But there is a downside, too, which demands attention.

As the boom thundered on, the pool of available credit grew larger than the pool of creditworthy borrowers, resulting in an explosion of risky mortgages with features like no money down, interest-only payments and super-low teaser rates. Investors — including mutual funds, pension funds, hedge funds, insurance companies and foreign central banks, to name a few — currently hold $2 trillion in mortgage-backed securities from investment banks, triple the amount from three years ago. Investors also own $4 trillion in mortgage-backed securities from government-sponsored agencies.

In a market so vast and dynamic, everyone knows that if mortgage defaults should rise, damage could reverberate throughout the financial system. So far, defaults have inched up. But many homeowners are at a dangerous juncture. Interest rates on adjustable mortgages are rising as home values are weakening, precluding for many the chance to refinance. Economists calculate that $750 billion of outstanding mortgage debt is now at measurable risk of default — about 7 percent of the total.

No one can predict the depth of the housing slowdown or its effect on the global economy. Even the Federal Reserve has taken, for now, a wait-and-see approach. Meanwhile, markets seems to take comfort in the belief that if housing hit the skids, the Fed would exert damage control by aggressively lowering interest rates. There is no guarantee, however, that interest-rate easing would have the same powerful effect it had in the past.

What if it didn't? Market makers and central bankers don't talk about that, for fear of unleashing a self-fulfilling prophecy. But we sure hope someone in charge has a fallback plan.

Balancing Act Begins With Bonds (WP/AP)

By Tim Paradise, Associated Press

The Washington Post, September 17, 2006

Interest Rate Volatility Brings Need for Equilibrium Into Focus

NEW YORK -- With some investors wringing their hands about inflation and the Federal Reserve's efforts to keep it in check, those with bond fund holdings could be forgiven for wanting to take their money and run. But while some market observers see volatility ahead, few are ready to call it quits.

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"I would say things are going to get a little bumpy here in September for the bond market, but I don't think it's the end of the world," said Jeff Tjornehoj, a senior analyst at Lipper Inc. He contends that there are still smart plays to be made.

Bonds have faced a more difficult environment in the past two years as the Federal Reserve raised interest rates 17 consecutive times before pausing last month. While the rate increases hurt bond funds, leaving some investors wary, sentiment changed in late June after Fed comments led investors to believe the rate hikes had come to an end.

Bond prices move in the opposite direction of their yield. So as interest rates rise, the prices of bonds often fall because investors are not willing to pay as much for a bond that has a lower yield.

"Investors are saying that the Fed is done raising rates, and so that's why you see people taking more risk now," said Jim Kauffmann, head of fixed income at ING Investment Management. He noted that it became more acceptable to take risk in areas such as high-yield bonds, which have lower credit-quality ratings.

Kauffmann said the Fed's comments turned investors' attention to growth from inflation, with the notion that if growth in the economy moderates, then so, too, will inflation. "Now that's a huge leap of faith for investors to make," he said.

Still, Kauffmann believes that if interest rates hold, bond funds should have an easier time showing the returns investors are looking for.

The amount of money invested in bond funds is about $1.41 trillion, or about 15 percent of the amount invested in mutual funds overall, according to the Investment Company Institute, the mutual fund industry trade group. Displeased with lackluster returns for intermediate to long-term bonds, investors snipped their bond fund holdings in 2004 after having added since 2001.

But the funds saw renewed interest last year, with investors adding $31.3 billion to the sector, according to the ICI. The group attributes the increased investment in part to growth in funds that snap up shares of other funds, such as life-cycle funds. These funds, which aim for a balanced investment portfolio, generally include bond funds.

This year has seen a mixed performance for bond funds, with many of the year-to-date gains occurring in the three months since investors interpreted that the Fed was done raising interest rates.

Through July, however, investors added an impressive $22.7 billion to bond funds this year, ICI figures show.

"The summer has been a great time for bond funds to get back on track," Tjornehoj said.

Kauffmann expects that the Fed won't adjust interest rates when it meets this week, but he remains concerned that the effects of the earlier increases haven't been fully absorbed by the markets.

"There still remains a significant question whether inflation is going to become a problem," he said. "Typically inflation does not peak until after the Fed is done" raising rates.

A cautious investor, perhaps someone closer to retirement, will likely be more comfortable investing in funds focused on shorter-term bonds, not those whose focus is bonds with 10- and 15-year maturities, said Steve Schoepke, vice president of research and product development at AIG SunAmerica Asset Management. Still, he said investors shouldn't necessarily shun longer-term maturities. He noted that as the Fed has tightened rates, short-term interest rates have advanced but longer-term rates haven't acted in tandem, therefore holding down how much some of these bonds pay out.

He prescribes diversification and, as an example, offered a strategy in which an investor's holdings are a mix of short-term and long-term maturities with few intermediate-term bonds. "It's certainly a strategy to mitigate risk and at the same time be positioned, maybe, if you're on the fence," Schoepke said.

Tjornehoj also preaches diversification. "I would want to have several maturities represented." He believes too many investors are convinced they need to be invested solely in funds that focus on maturities of a year or less.

He counsels investors to focus on funds that invest in high-quality bonds and to limit how deeply they venture into bond funds made up of tempting, but riskier, investments such as debt with lower credit quality or in developing nations. Such funds have shown strong performance but could suffer deep setbacks should there be a downturn in the bond markets. Too often, Tjornehoj said, he sees investors "chasing performance" and arriving late.

Rather than focusing on flashy emerging markets funds or high-yield bonds, he suggests that investors reexamine corporate and municipal bond funds. "I still think corporates are a pretty good play. I think they can finish the year out stronger than treasuries."

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Diversification could simply help investors stomach swings that could occur as the markets await answers about everything from inflation and interest rates.

"We may be in for volatile times for the rest of the year," Tjornehoj said.

Retirement, Squeezed (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, September 17, 2006

As Traditional Plans Decline, Workers Face a Less Certain Future

Sean Schuback, a 15-year veteran of Verizon, arrived at work one morning last December to unsettling news: A company e-mail sent the night before announced that the telecommunications giant was freezing its pension plan.

In a instant, Schuback, 33, who joined the company as a phone operator right out of high school, saw the $469,286 pension payout he was told he could receive by working another 15 years sliced to $245,494, where it would stay no matter how many more years he put in.

"When I started, I thought, 'This is just a job for a while,' but the benefits were so good I stayed," said the Eastchester, N.Y., resident, who worked his way up to a managerial position. Now, his plan to retire early at 48 and work part time is dashed.

What happened to Schuback's pension is part of a long-running trend, as otherwise healthy companies -- not only Verizon Communications Inc., but also International Business Machines Corp. and, most recently, DuPont Co. -- freeze, terminate or alter the terms of their employees' retirement packages. Most of these companies increased other retirement offerings, which don't include fixed payouts.

Today, about 22 million workers, 19 percent of active private-sector employees, have traditional pension plans, compared with 39 percent three decades ago, according to federal government statistics.

Despite Schuback's financial setback, any retirement expert would say that Schuback should count his blessings as one of a dwindling number of U.S. workers who have a benefit that many say is quickly becoming a dinosaur.

"There's no doubt, if you have some guaranteed retirement from your employer, you are definitely in the lucky minority," said Jack VanDerhei, a professor in the business school at Temple University and a research fellow at the nonprofit Employee Benefit Research Institute.

He and other financial experts say workers fortunate enough to still have traditional pensions should not rely on them too much for retirement, as the long-term prospects of such plans are increasingly in doubt. While a new law signed last month by President Bush aims to shore up the private pension system by forcing companies to fund their plans more fully, some retirement consultants say the added expense may the trend of companies limiting their plans for existing employees or dropping them for new hires.

As workers make their retirement calculations, they should keep in mind the two, sometimes opposing, principles that govern the U.S. pension system and that the new law, the Pension Protection Act, reaffirmed: An accrued pension can't be wiped out, but companies can walk away from promised future benefits at any time.

That means workers who still have pensions will have to do more homework to determine how much money their plans are likely to provide, experts say. And they should be prepared for the worst-case scenario.

"It's always wise to cast a jaundiced eye on a pension and ask what happens if it doesn't deliver as promised," said James McGrath, a financial planner in Rockville.Changing Times

The traditional pension, also known as a "defined-benefit plan," is typically funded entirely by the employer and offers a steady monthly income, or a lump sum, upon retirement, based on a person's age, salary and years of service. Pension benefits typically accrue most of their value in the last few years of a 20- to 30-year employment cycle. Employers bear the risk and burden of properly investing the pension's funds to ensure full payout of promised benefits.

The costs of maintaining such plans have climbed sharply in the past six years because companies have been forced to put more money into pensions to compensate for lower-than-anticipated returns on investments stemming from low interest rates and declines in stock market values, said Matt Moore, senior analyst at the National Center for Policy Analysis, a nonpartisan think tank in Dallas.

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As a result, employers are increasingly embracing other options, especially "defined-contribution plans," the most common of which is the 401(k). Under such plans, companies contribute a set amount each month, ask employees to bear the responsibility of deciding how that money will be invested and then hand over a check at retirement for whatever each account is worth at that moment. In 1978, only 17 percent of the workforce had a defined-contribution benefit. By 2003, the latest numbers available, it was 56 percent.

A smaller number have converted pensions to "cash-balance plans." They work like a pension because a worker gets a specified amount at retirement, but also like a 401(k) because the company puts in a set contribution for each worker -- regardless of age or seniority -- and specifies how the money will increase in value, for example at 1 percent above the interest on 10-year Treasury note. Thirty years ago, no pension plan had been converted to a cash-balance model. Today, an estimated 5.5 million people have converted to a cash-balance program.

Cash-balance plans appeal to a younger, more mobile workforce for two reasons, said J. Mark Iwry, a lawyer who is a senior fellow at the Brookings Institution and a one of the co-founders of the nonprofit Retirement Security Project. Benefits accrue steadily rather than accelerate sharply after a worker has been at one company for 20 or 30 years. And they are portable: Workers can take what they've accrued when they change jobs.

Those shifts mean that some workers with pensions have the added benefit of a second plan, such as a 401(k), though VanDerhei said that no one knows exactly how big the overlap is. Even so, a sudden drop in the future value of a person's traditional pension can change the retirement picture. Workers have only three options to close or at least narrow the gap between what they thought they would get and what they will get, financial planners say: Postpone retirement and work longer, save more to make up the difference, or accept a lower standard of living in retirement.Prepare for the Worst

The good news for workers with traditional pensions, retirement experts say, is that most plans are fully funded and will probably pay out as expected. And even if a plan isn't fully funded -- which means the employer has not set enough aside to pay all promised benefits -- there is a federally run safety net called the Pension Benefit Guaranty Corp., which ensures that workers owed a pension get at least something. If a firm goes into bankruptcy protection and is permitted under its reorganization to dump its pension, the PBGC will pay retirees a portion of what they are owed, up to an inflation-adjusted maximum of $47,659, for those who leave the workforce at 65.

Except for well-publicized instances, such as in the airline industry -- where pilots and others at carriers under bankruptcy protection have had to take a cut from the six-figure retirement packages they were owed -- 90 percent of workers paid by the PBGC get 100 percent of what they were due, said PBGC spokesman Randy Clerihue.

The bad news, though, is that no one can bank on a pension benefit continuing to grow as originally promised. So while many private-sector retirement experts say pension holders have many reasons to justify hoping for the best, they recommend preparing for the worst.

Pension holders should have sound estimates of how much they will need during retirement and how much they can expect from their pension, Social Security and personal savings, including 401(k)s and IRAs. Financial planners can help calculate that number and offer advice on how to adjust savings, if necessary. Internet-based retirement calculators are also available on the Web sites of many mutual fund companies and securities firms and some nonprofit consumer groups.

Retirement experts say workers often underestimate what they need. A paper published last week by EBRI concludes that an old rule of thumb that retirees need 75 percent to 85 percent of their pre-retirement income to live comfortably is outdated. A person today probably needs closer to 100 percent, said VanDerhei, the paper's author, because people are living longer and they need to include money for health care not covered by Medicare.

Workers also should check the financial health of their company's plan. The new law requires employers to send workers regular pension statements in plain English -- without misleading accounting tricks -- but not until the end of April 2009, according to the ERISA Industry Committee, a trade group representing the nation's biggest employers on benefit issues. Until then, workers will have to put in extra work to get a clear picture of their pensions. They should contact their company's benefits department for information, though it may be hard to decipher the numbers, retirement consultants say. Employees concerned about their company's plan might consider pooling resources to hire an outside pension consultant to analyze the data.

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Clerihue, the PBGC spokesman, said workers also should remember that a fund that looks healthy today, even under the stricter requirements of the new pension law, can quickly fall behind, depending on the economy's, or an industry's, health. He said that in 2000, using an agency calculation that is more conservative than what most companies use, the PBGC had a $23 billion shortfall for about $1.3 trillion in owed pension benefits. Within three years, however, the underfunded amount had grown to $450 billion of $1.6 trillion owed.

Underfunded plans, even at a healthy company, are more likely to be frozen, financial experts say. The benefits consulting firm Watson Wyatt Worldwide Inc. said that last year, 113 of the 1,000 biggest companies in the United States had frozen or terminated a pension plan or had announced plans to do so, nearly double the number in 2004 and 2003 combined.

"If it's not being funded currently, you can expect problems sooner or later," said McGrath, the Rockville financial planner. "If it's healthy, you still need to see how well prepared you'd be if the pension were frozen today, in a year, in five years. It all depends on how old the worker is."Frozen Out

Pensions freezes can happen two ways, said Karen Ferguson, director of the Pension Rights Center, a nonprofit advocacy group. In a "soft freeze," benefits continue as usual for existing employees, but the pension is closed to new hires. In a "hard freeze," such as the one Schuback experienced at Verizon, everyone is affected.

Younger workers stand a greater chance of not getting all they were hoping to get from their pensions. But they have the advantage of having more years to work and save to make up for shortfalls under various scenarios, planners and other experts say. For example, the $223,792 drop in potential value of Schuback's pension isn't as devastating, largely because he's relatively young. And the $245,494 he is on track to get puts him way ahead of many of his peers: It's more than six times the average, $40,000, most people in their thirties have saved, according to EBRI.

Older workers are more likely to have accrued much of their pension benefits. But they will have less time to save for any shortfalls. Financial planners say this group should take full advantage of catch-up programs that allow workers over 50 to put more pretax money into 401(k)s and IRAs.

By assuming a worst-case scenario and bolstering personal savings to compensate, the worst that can happen, McGrath said, "is that you'll retire with too much money. Is that bad?"

Workers within a year or two of retirement who have worked at a company long enough to have locked in full benefits might find they can invest a bigger slice of their savings in stocks than conventional investment wisdom advises for older investors. For example, if a soon-to-retire worker has accrued a pension benefit of $50,000 a year, he might want to take a few bigger risks with other income -- investing in equities rather than bonds, for example, which could help a retiree stand a better chance of keeping up with inflation, McGrath and others said.

Those retiring should take special care when deciding whether to take a lump sum or monthly payments, experts say, because the interest rate companies can use to compute lump-sum payments can disadvantage a worker.

But no advice can help some older employees who have not locked in the full benefits of working two or three decades and did not factor in the possibility that their pensions would be curtailed. For this group, financial consultants say, a freeze or termination amounts to a pay cut. Verizon network services manager Margo Bryerton, 57, who has worked at the company for 18 years, estimated that the freeze lopped $300,000 from the retirement package she expected when she retires at 65. Now, she said, she will have to work past 65, take a second job or possibly sell her house to make up the difference.

"I based everything on faulty thinking. I assumed it would be there," she said. "I'm in that age group where I'm too young to retire but I'm too old to start over. It really is a pay cut for me."

Pension Plans On Ice (KCS)

By Gene Meyer

The Kansas City Star, September 17, 2006

More than 40 million Americans in the nation's nongovernmental work force are either covered by traditional pension plans or expect to be, authorities estimate.

Potentially, three things will happen to the lifetime income streams that these workers and current retirees are expecting after they leave the work force. And two of those — a pension plan being frozen or one being terminated — aren't pretty.

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Congress passed, and President Bush signed, legislation last month to strengthen traditional pensions with mandates for employers to increase funding, faster repair requirements for underfunded plans, and some special provisions for troubled airlines with potentially whopping pension problems.

The new law also significantly improved many features of 401(k) plans and other similar products that increasingly have supplanted traditional pensions over the last two decades.

Although surviving pension plans will be stronger, many observers bet that employers will turn even more to 401(k) plans and shift an unprecedented share of the retirement funding load onto workers and their families.

"Of the traditional three-legged stool you use in retirement planning — your pension, your Social Security and your personal savings — you better look in the mirror hardest" to find your most likely source of retirement security, said Sandi Weaver, president of Financial Security Advisors Inc. in Prairie Village.

Some pension plans will be OK because employers will remain flush with funds and can cover the costs of running the accounts.

Having prepared wisely for longer-living retirees and rising costs, these companies will continue mailing out the monthly checks that help put gilt in their workers' golden years.

That's the best outcome. It also is becoming rarer.

Over the past 20 years, the number of traditional pension plans provided by companies — which generations of workers grew to count on — has declined about 73 percent, reports the Pension Benefit Guaranty Corp., the federally chartered insurer of last resort for the plans. The list of corporations turning to the guaranty corporation seemingly grows every week. Delta Air Lines is the latest notable casualty.

Alternately, a company might freeze its pension plan, a strategy that has become increasingly common. Freezing a plan, such as what happened at Sprint Nextel Corp., preserves the benefits that workers and retirees have earned, but requires employees to chip in more of their own money from then on to help provide secure retirements.

Freezing pensions hits hardest middle-tenure employees who haven't yet hit those peak earning years that plump up their retirement checks and may not have much time left to build big retirement stashes.

Stay ahead of the pain

"This is going to hurt a lot of people if they don't understand the benefits of a 401(k) plan," said Cindy Smith, 46, a Sprint Nextel worker.

In January, Smith's pension funds were frozen along with those of about 39,000 workers. Those workers were urged to enroll in a sweetened matched-contribution 401(k) plan.

Smith already was a 401(k) believer and plan participant when the freeze was declared. She said she didn't expect to feel pinched when her eventual Sprint pension check reflected only the benefits she earned in her first 10 years with the company. She said she thought that for her the enhanced 401(k) benefits Sprint was offering would make up the difference.

Others won't be so lucky.

Boston College's Center for Retirement Research calculates that a 50-year-old, $48,000-a-year worker with 10 years vesting a typical traditional pension plan might see a more than 17 percent reduction in retirement income, to $7,200 a month, if the plan were frozen and replaced with a 401(k).

Individual workers' results will vary widely because their work histories, their pension plans' benefit formulas and the performances of the 401(k) portfolios will differ.

"My dad's generation really counts on pensions, but we need to do more for ourselves," Smith said

Federal solution

Growing numbers of companies have cut back on their traditional pension benefits, either by freezing the plans or paying workers to walk away from the plans.

Others are going or have gone a step further and turned their plans over to the Pension Benefit Guaranty Corp. to run.

Delta, for example, chose this month to end its plan and turn it over to federal insurers.

That's where the federal guaranty corporation steps in, often covering 50 cents or less of each dollar in originally promised benefits.

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That could be the most devastating scenario for workers and retirees, especially for lifelong workers who are relying heavily on pension checks for secure retirements, said Doug Black, a financial planner and president of Larson Financial Services Inc.

"There is no easy answer if you haven't been putting aside other funds too," Black said. "Pray, maybe."

Research shows that although Americans in general are abysmal savers, their behavior is all over the lot.

For example, more than a third of the nation's 18- to 44-year-olds have no retirement savings, but some 80 percent of 55-year-olds have at least something stashed away, a recent A.G. Edwards survey found.

Just under 52 percent of an estimated 53 million 25- to 64-year-olds whose employers offer retirement plans of any kind are participating in those plans, which is a nearly two percentage point drop from 2004, the Congressional Research Service reports.

Not money in the bank

Traditional pensions — or defined benefit plans, as they are more formally known — remain squeezed by rising costs, squishier investment returns and the pressure that sponsoring employers feel from global competitors.

"It really has changed the way I advise people," said Kevin Taylor, a financial planner with H&R Block Financial Advisors in Overland Park.

Ten years ago, Taylor might have presumed that pension benefits were like future money in clients' bank accounts, he said. Now he checks to see whether it's possible — and possibly more prudent — for clients to pull lump sums out of the pension now and invest them directly for income in the future.

Taylor and other planners increasingly consider "what if" questions.

What if your company, for example, freezes its pension plan and encourages workers to open 401(k)s instead?

Many planners say that, in general, workers younger than 50 win — if they start putting as much money as possible into the 401(k)s and especially if the employer sweetens those plans as Sprint did.

Workers older than about 60 should be OK too if they've built up enough pension benefits over a couple of decades that a freeze nips only a bit of their accounts. Workers in between are the ones facing the biggest challenge, a broad consensus holds.

Also, rolling lump sums from frozen pension plans into personally managed retirement accounts, as Taylor suggests, won't always be possible. Some plans might not allow that, or they may require you to quit work first.

New breaks

Pension legislation signed last month allows companies to amend their existing plans, if they choose, to allow 62-year-olds to take what are known as in-service distributions, or money from the plans while they remain at their jobs.

These potentially more liberal withdrawal rules also may apply to frozen pension money, though that isn't clear yet.

Be warned: Serious saving will be required to make up lost ground at any stage.

Richard Salmen, a senior vice president at GTrust in Overland Park, said that if savers aren't maxing out their 401(k) contributions already, at a minimum they should notch up savings with at least half of each future pay raise.

Terminated pensions, the ones taken over by the guaranty corporation, are trickier.

First, federal payouts are far less generous than those promised by the companies whose plans failed. Look for your pension check from a guaranty-corporation-run plan to be half or less of what you expected.

Second, the federal insurers have different priorities than the companies whose plans were taken over. Those broadly are to pay retirees who already were receiving benefits first, then split what's left among workers with future claims. .

So workers approaching retirement with lots of benefits in shaky pension plans need to consider staying with their employers until they become first in line for the reduced benefits that the guaranty corporation pays, Weaver said.

"Take a job sweeping the floors if you have to," Weaver said.

VANISHING PLANS

Number of employers offering pension plans to workers:

1985

114,396

1990

93,882

1995

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55,468
2000
37,117
2005
30,336
Source: Pension Benefit Guaranty Corp.
More on pensions
For more information on pensions and retirement planning compiled by the Johnson County Library, go to KansasCity.com and click on Business.
Surviving the cut
•Make up for your reduced pension benefits by putting as much as possible in 401(k) or other plans your employer switches to, and in IRAs.
•Consider rolling your accumulated pension benefits into an IRA if your plan allows that. Many won't allow it unless you retire or change jobs, however.
•You may need to postpone your retirement, scale back your expected retirement lifestyle or take a part-time job to make up for pension cuts.
•Pare down your current living expenses now to save additional money on your own for retirement later.

Visions Of The Golden Years Dim As Pension Promises Fade (BOS)

By Robert Gavin, Globe Staff
The Boston Globe, September 17, 2006
ESSEX JUNCTION, Vt. -- After the collapse of Digital Equipment Corp. cost him a 16-year career, Larry Millette started over, taking an entry-level factory job at the IBM plant in this Vermont village.
The pay wasn't great. But to Millette, then in his late 40s, IBM offered something more valuable: a generous pension. By working another 15 years or so, then cobbling together his IBM and Digital pensions, Millette figured he could yet enjoy a decent retirement.
But Millette's hopes have vanished in recent years as IBM all but abandoned the pension first promised to him. Today, after 11 years of 12-hour shifts, Millette has just $30,000 in his IBM pension account. He also has a new retirement strategy: ``Work until I can't work anymore."
Millette, now 59, is among hundreds of thousands of workers whose dreams of long, comfortable retirements are getting upended as US corporations shed both the costs and responsibilities of traditional pensions. Faced with intense competition in a global economy, and huge obligations as baby boomers retire, many of the nation's biggest companies are rewriting the social contract that for 60 or more years has bound them to workers.
Since last year, at least a dozen corporations with nearly 1 million US employees either froze pension benefits for current workers, eliminated pension plans for new ones, or both. Today, just over one-third of Fortune 100 companies still offer traditional pensions to new employees, down from one-half in 2002 and 89 percent in 1985, according to Watson Wyatt Worldwide Inc., an Arlington, Va., consulting firm.
The decline reflects a broader retreat by corporate America from its long-standing role as a provider of social safety net programs such as pensions and health insurance. Under pressure from investors to produce bigger profits and global competitors that don't provide similar benefits, US firms are withdrawing from these obligations and shifting risks, responsibilities, and costs to their workers.
The shift comes as both corporate profits and executive pay soar. Combined profits of the nation's 500 biggest public corporations are at record levels, having grown at double-digit rates for three years, according to Thomson First Call, a Boston research firm that surveys stock analysts and tracks corporate earnings. In about the same period, the average compensation of chief executives at these companies jumped more than 40 percent to $11.7 million a year, according to the Corporate Library, a research firm in Portland, Maine.

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At IBM, for example, profits rose 7 percent in 2005, while Chief Executive Samuel J. Palmisano's pay jumped 29 percent to $11.4 million, including salary, bonus, and incentives, according to Securities and Exchange Commission filings. Palmisano, 55, who has worked more than 30 years at IBM, will receive a pension of about $4 million a year when he retires.

Certainly, by today's standards, IBM remains a generous employer. For example, unlike many companies that neglected to set aside enough money to cover future pension payouts, IBM has contributed $6.4 billion in the past four years to keep its US plans well-funded.

IBM once epitomized the old social contract of employee loyalty and corporate paternalism, refraining from layoffs during the Great Depression. The company promised lifetime employment, cradle-to-grave benefits, and a relationship built on the principle ``Respect for the individual."

But in the tumultuous 1990s, battered by changing technology and fierce competition, IBM began to reduce pensions and to redefine its relationship with workers. During a major pension redesign in the late 1990s, company memos described the need to ``eliminate the concept of retirement to the extent possible" and ``not create long-term incentives to remain at IBM."

The traditional pension was the cornerstone of the old paternalism. Companies made contributions to pension funds on their workers' behalf; managed the investment of the funds; and assumed the risks of generating enough income to support retired workers until death. Regardless of market conditions, retirees got their pension checks each month.

Now companies are replacing traditional pensions with saving plans such as 401(k)s, which can cut companies' costs by as much as half. Employers make set contributions to individual retirement accounts, and they're done. Choosing investments, navigating the ups and downs of financial markets, and putting aside enough money to last through retirement become the problems of workers.

Given disciplined savings, smart choices, and especially time, 401(k)s can produce greater retirement income than traditional pensions. But for Millette and other workers nearing retirement, time is something they don't have.

Millette knew the world was changing when he joined IBM. His layoff from Digital had taught him that. Still, during his orientation at IBM, which included an entire day to explain benefits, Millette was assured he could yet find security.

``They kept telling us, `If you're a good employee, a loyal employee, and you do your job, you're going to get all these benefits'," Millette said. ``Then someone signs a paper, and you get almost nothing."

Pensions are born Millette works seven 12-hour shifts over the course of two weeks. He's on the manufacturing floor of IBM's semiconductor plant by 6:45 a.m., 15 minutes before his shift starts.

Dressed head-to-toe in a white ``bunny" suit, he spends 10 of the next 12 hours on his feet in an IBM clean room, shuttling between nine tools that plate silicon wafers used in computer chips. When Millette gets home shortly before 8 p.m, he can barely stay awake another hour.

Millette never had big plans for retirement. He just looked forward to puttering around his home in Milton, Vt., tending to the tomatoes, cucumbers, and peppers in his garden; pruning the fruit trees he planted; making wine from his home-grown fruit. He thought he'd see more of his four grandchildren, and maybe even take a trip with his wife of 31 years, Rose.

``You know," he said, ``just enjoying whatever time we had left."

The idea of retirement as a time to relax, travel, and pursue interests put aside during working years is a modern phenomenon. A century ago, two of three men worked past the age of 64. The average age of retirement was 74. The average length of retirement: three years.

``If you look at people in the past, they continued to work in incredible amounts of pain," said Dora L. Costa, an MIT economics professor and author of ``The Evolution of Retirement." ``When they couldn't work anymore, they moved in with their children."

Social Security, enacted in 1935, began to change the nature of retirement. At the time, pensions were unusual. But with the outbreak of World War II and the drain on the labor force, more firms offered pensions, health insurance, and other so-called fringe benefits to attract and retain workers.

Meanwhile, high tax rates to finance the war made these programs attractive to both companies and workers, since firms could deduct their contributions and workers didn't have to pay income taxes on the benefits. The system eventually became institutionalized in company policies and union contracts. The result: Corporate-sponsored cradle-to-grave social insurance.

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In 1950, the average retirement age was still 70. By 1983, it had slipped to 63, where it remains. Many analysts, however, now expect the age to rise as pension benefits dwindle and health-care costs increase.

Dreams of security Millette's views of retirement were shaped by his late father, Joseph, who worked for 35 years as a toolmaker at General Electric Co. in Burlington, Vt., retiring nearly 20 years ago with a pension, health benefits, and the economic security the next generation of workers would come to expect.

Millette grew up in Burlington, one of six children. He dropped out of high school to join the Army and spent four years in the service, including a tour in Vietnam. Stationed at a medivac hospital that came under regular mortar fire, he fought in the Tet Offensive, the fierce 1968 attack by North Vietnam that changed the course of the war. He returned home with two service medals, a general equivalency diploma, and a hearing loss that requires him to wear a hearing aid.

In 1977, after several modest jobs, he heard Digital Equipment Corp. was opening a plant in South Burlington. Like IBM, which had opened its Essex Junction plant in 1957, Digital boasted good pay, generous benefits, and a chance for the long-term security that Millette's father had earned.

``The attitude then was, `Thank you for working for us, for being a loyal employee,' '' recalled Millette, who still has his Digital badge, No. 61763, and proudly notes he was Digital's 62d hire in Vermont. ``I thought if I worked hard, did a good job, I wouldn't have anything to worry about.''

Millette started at $2.85 an hour, but double-digit raises came every six months as Digital grew rapidly. He was promoted from solderer to inspector, technician, supervisor, and manager. He bought a three-bedroom home on a half-acre, for $41,000.

At the time, Millette's brother, John, worked for IBM, making for explosive family get-togethers. The brothers would argue the superiority of IBM or Digital with the intensity of Yankees and Red Sox fans. Eventually, their relatives imposed a new rule: No more talking about work.

``We both thought we worked for the best companies in the world,'' John Millette said. ``I ate, slept, and drank IBM. It was all first-class. If you worked hard and kept your nose clean, you had opportunity. You had a job for life.''

Enter the `new economy' Thomas J. Watson Sr., a one-time traveling salesman, built IBM from a struggling conglomerate that made scales, time clocks, and mechanical accounting machines. Assuming the company's leadership in 1914, he forged IBM into a progressive employer, offering good pay, reasonable hours, safe conditions, and even vacations in an era before such policies were common. He once lectured executives that their prime duty was to employ people.

His son and successor, Thomas Watson Jr., brought the company into the computer age, stressing his father's principles of loyalty, dedication, and corporate responsibility. ``I wanted IBM to be recognized as one of the most generous employers in America,'' the younger Watson wrote in his memoir.

Watson Jr. retired as chairman and CEO in 1971. By the 1980s, IBM and its core product, the mainframe computer, were under assault from new technologies and new competitors, such as Microsoft Corp.

The ``new economy'' firms had different relationships with employees, market-based rather than paternalistic. Instead of security, they offer the chance of big payoffs through stock and stock options. Instead of the stability of traditional pensions, they offered the growth potential and mobility of 401(k) plans.

The 401(k), a tax-deferred savings plan, was created in 1978 and named for the section of the US tax code in which its rules are spelled out. A 401(k) is a ``defined contribution'' plan, because employers contribute a set amount to employee retirement, often tied to how much workers themselves contribute. Ultimately, this form of retirement plan depends heavily on workers' investment decisions and the performance of financial markets.

A traditional pension, on the other hand, is known as a defined benefit plan. Employers promise to pay workers a set benefit for life after they retire, based on earnings and years of service.

As the cost to companies has escalated, the number of defined benefit plans has fallen by half since 1980, while defined contribution plans have quadrupled, according to the Center for Retirement Research at Boston College. Sixty-five percent of workers with pensions were covered by defined benefit plans in 1980, compared to 30 percent in 2003, the most recent data available.

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Several factors are driving the transformation. Many companies view 401(k)s as more attractive because workers, now more mobile, can take the money they build up with them to new jobs. A 401(k) typically costs less for companies. Perhaps most important, the costs, essentially fixed by contribution levels, are predictable.

That's hardly the case with traditional pensions. To meet long-term obligations, companies invest pension funds in stocks and bonds, and make additional contributions as needed. But the amounts can swing wildly, with rising markets reducing corporate contributions and declining markets having the opposite effect.

During the bull markets of the 1980s and 1990s, US corporations made average pension contributions of about $30 billion a year, according to the Center for Retirement Research. When the stock market crashed, the contributions jumped to $45 billion in 2001, and $100 billion in each of the next two years.

Many analysts expect the recently enacted pension reform law to accelerate the shift to 401(k)s, because the law requires bigger corporate contributions to underfunded pension plans and increases exposure to market swings.

``Firms want to get rid of uncertainty, and they're basically shifting it to employees," said Jack VanDerhei, a fellow at the Employee Benefit Research Institute, a think tank in Washington.

Handing out layoff notices In the early 1990s, the same competitive forces buffeting IBM slammed Digital Equipment Corp. After nearly 16 years at Digital, Millette had risen from the factory floor to a manager's office. Now, he was handing out layoff notices.

``What do you mean?" he still remembers stunned co-workers saying. ``I'm doing my job."

Millette's own layoff came at the end of 1992. A few months later, Digital shuttered its Vermont plant.

Millette was 45, and, for the first time in his life, worried about retirement. He had always counted on a 30-year career at Digital and the healthy Digital pension, so he hadn't saved a lot. His wife, then a self-employed hair dresser working in her own small shop in Burlington, had no pension at all.

Millette soon found a job in quality control at a pharmaceutical company in St. Albans, near the Canadian border. But two years later, when he heard IBM was hiring in Essex Junction, east of Burlington, he jumped at the chance.

The commute was shorter and he preferred working in technology. Most important, the entry-level job, although paying about half his last Digital salary of about $23 an hour, offered a pension that would help fund his retirement.

``You get to a point in life where you say, `I'm 40-something-years old, and I'm looking for a job,' " Millette said. ``I needed a bridge to retirement. IBM gave me an opportunity to recover from my layoff."

Changes begin at IBM

By the time Millette joined IBM in 1995, it was undergoing dramatic changes. Two years earlier, bleeding revenues, profits, and market share, IBM abandoned its no-layoff policy and began slashing tens of thousands of jobs. The company then turned to Louis V. Gerstner Jr. to save it from collapse.

Gerstner, the first outsider to lead IBM, arrived via RJR Nabisco Inc. He engineered what became a legendary turnaround. He also re-engineered the relationship with workers. In 1997, IBM launched a redesign of the employee pension plan that cut benefits, laying the groundwork for further reductions later.

As a February 1998 IBM draft memo explained, new retirement policies should ``move away from entitlement focus; eliminate the concept of retirement to the extent possible;" and ``not create long-term incentives to remain at IBM."

The memo was one of many filed as evidence in an age discrimination lawsuit brought by employees after IBM completed the pension redesign in 1999. A federal appeals court in Chicago recently ruled IBM's plan did not discriminate, but plaintiffs plan to appeal to the Supreme Court.

The revamped pension adopted by IBM is known as a cash-balance plan, which has features similar to 401(k)s. Companies essentially make annual contributions to individual employee retirement accounts, which grow at interest rates tied to short-term Treasury bills.

When workers retire, they can take their pension earnings as lump sums or convert them to annuities, which provide monthly payouts for life. As with 401(k)s, workers also can take these retirement accounts with them when they change jobs.

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Employers, in turn, get more predictable costs, typically lower than traditional pensions. IBM, for example, estimated the cash-balance conversion would cut pension costs by as much as $472 million annually in the first 10 years, according to IBM memos filed in the age-discrimination suit.

IBM was one of several companies converting to cash-balance plans in the 1990s in the face of projections that pension obligations would balloon. Retirees were living far longer than they did when traditional plans were adopted, and the approaching retirement of some 78 million baby boomers only promised to add costs. What's more, the company was locked in competition with younger technology companies that had never offered traditional pensions.

The problem with IBM's pension plan, an undated memo argued, was that it provided ``benefits that substantially exceed'' IBM's competitors while continuing ``to reflect a lifetime employment model, which is no longer presumptively the right model.'' Instead, IBM needed to expose its workers to market forces, so they would ``share in the rewards and risks, along with IBM's shareholders,'' according to the February 1998 draft memo.

IBM executives also said they were competing for talent, and the portability of cash-balance would appeal to younger workers who didn't expect or seek lifetime employment. But, they acknowledged, it wouldn't be so good for older employees -- particularly those with short tenures, such as Millette, who could lose nearly half their benefits.

IBM officials declined to comment on the memos because the case is still in court. But generally, said Randy MacDonald, IBM's senior vice president for human resources, the company has changed benefits as the competition and workforce have changed.

Executive pay soars With a job at IBM, Larry Millette's life had at last stabilized. His performance ratings were high. Raises followed. His benefits seemed solid. He was perfectly content working on the manufacturing floor.

As he settled onto IBM's production line, taking less than one sick day a year, Millette had no idea executives were embarking on a course that would cut his promised pension in half. There was little reason to suspect it.

Gerstner's turnaround strategy had succeeded. Profits totaled about $20 billion from 1997 to 1999, and IBM's stock price hit new highs. The pension fund was healthy, too. At the end of 1997, shortly after IBM began efforts to cut pension costs, the fund had a surplus -- $8 billion more than needed to cover obligations.

The pension fund, in fact, was generating profits for IBM. Under accounting rules, pension fund investment returns that exceed current and some previous costs increase a company's earnings, just as investment returns that fall short of such costs reduce earnings. By 2001, excess returns grew to 13 percent of IBM's profit, up from 8 percent in 1999, when the cash balance plan was put in place.

The impact of pension income on IBM's bottom line was important to company executives, whose compensation was increasingly based on IBM's financial performance. Gerstner believed executives should face the same risks as shareholders, and tied compensation to profits and stock price through bonuses, stock options, and other incentives.

During his tenure, the top five executives, Gerstner included, were awarded options for around 6 million shares, valued at the time between $300 million and $900 million, depending on possible appreciation, according to SEC filings. These executives received the most options in 1997, just as the project to cut pension costs got underway.

Gerstner, through an IBM spokesman, declined to be interviewed. MacDonald, the human resources executive, said potential stock gains for executives never played a role in pension changes. ``To suggest a quid pro quo is completely irresponsible,'' he said.

Still, surging executive pay in boardrooms across America has likely played a role in the erosion of traditional pensions, said Alicia Munnell, director of the Center for Retirement Research. Employee pension plans cap benefits at about four times average wages to qualify for federal tax breaks. But as CEO pay soared to nearly 400 times average wages, these benefits became inconsequential to executives.

``The conventional pension system is really not something they relate to,'' Munnell said.

Many companies, including IBM, created separate executive pension plans to provide retirement benefits above the cap, further disconnecting corporate officers from employee pensions, Munnell said. In Gerstner's case, his $1.1 million-a-year pension was negotiated in his contract, and unaffected by changes to the employee and executive pensions.

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Gerstner retired from IBM in 2002, at 60, having engineered one of the greatest corporate turnarounds in history. On top of his pension, he was granted 125,000 shares of IBM stock, with an estimated value of about $14 million, and a 10-year consulting contract that gives him access to IBM perks, such as corporate cars and aircraft. As a consultant, he gets daily fees based on his final salary of $2 million a year. He also held nearly $150 million in unexercised stock options.

`The rules have changed' IBM unveiled the cash-balance plan in 1999, but it sparked such outrage among employees that the company allowed those over 40, with at least 10 years of service, the choice of keeping the old pension. Millette, with only four years at IBM, didn't get the choice. He was 52.

Today, seven years later, Millette's pension is changing again, and he's not sure it's for the better. In January, IBM said it would freeze pension benefits at the end of 2007 and put in place one of the nation's most generous 401(k) plans, more than doubling IBM contributions to employee accounts.

The company projects that that move and changes in other countries will cut pension costs by as much as $3 billion through 2010. MacDonald, the human resources executive, said IBM faces competitors from Asia and Latin America with far lower costs. If IBM fails to control costs, MacDonald said, the company risks the fate of US steelmakers, automakers, and airlines, which have plunged into or near bankruptcy, slashed tens of thousands of jobs, and, in some cases, abandoned pension obligations altogether.

``We have to evolve with our competition," MacDonald said. ``In the end, our employees understand, this is all about their employment security."

The 26,000 employees still in the traditional-type plan feel the greatest impact from the freeze. But IBM estimates 401(k) contributions -- up to 10 percent of pay -- and investment returns will offset benefit losses. Most of these workers will lose 5 percent or less of their retirement benefits, IBM said.

For employees in the cash-balance plan, IBM will contribute the same amount to their retirement -- up to 8 percent of pay -- but all of it will go into 401(k)s, instead of being divided between cash-balance and 401(k) accounts.

But not ending up worse is cold comfort to Millette, who lost about half his promised pension in the cash-balance conversion.

Millette's retirement problems really began with his Digital layoff. Traditional pensions are structured to gain their greatest value in the final few years of a 30- or 35-year career, so Millette never had the chance to earn those benefits. And he could never make them up.

When the IBM pension freeze goes into effect at the end of next year, Millette will be 60. Using his current earnings of about $40,000 a year, and assuming an annual rate of return of 8 percent, Millette would have to work at least 12 more years before IBM's additional 401(k) contributions equal the benefits he would have received at 65 under the pension he was first promised. That would make him 72.

Millette once thought he might be able to stop working at 62 or 63, but not anymore. Still, he considers himself lucky. He at least has some pension benefits coming from IBM as well as nearly $800 a month from his Digital plan. He has also boosted his 401(k) savings to 17 percent from 15 percent of his pay.

Still with his retirement increasingly dependent on Wall Street, it's hard to feel very secure, Millette said. In addition, health care costs are surging, and could very quickly gobble up retirement income.

``We're comfortable and I'd like to keep this same comfortable feeling," said Millette's wife, Rose, 56. ``I'm worried we won't be able to."

Sitting in the living room of their home, Millette recalled his early days at Digital, when everything seemed secure, and the day he was hired at IBM, when it seemed all right again. Today, Millette says he feels lucky to have a job at all.

IBM laid off hundreds of workers in Vermont a few years ago, and has shed some manufacturing operations. Last year, for example, IBM sold its personal computer unit to Chinese computer maker Lenovo, which later cut 1,000 jobs.

IBM arrived in Essex Junction a half century ago, providing new hope to a community reeling from the shutdown of three textile mills. A job at IBM quickly came to mean good pay, expansive benefits, and lifetime employment.

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In recent months, as Millette pulled into work in dusk of early morning, he was reminded how much things have changed. Stretched at the entrance of sprawling complex, a sign advertised for temporary manufacturing workers. Length of job: No more than three years.

``My father, he was in the generation where you worked for a company your whole life, and everything was taken care of," Millette said. ``But all the attitudes have changed. All the rules have changed."

In Campaign Ads For Democrats, Bush Is The Star (NYT)

By Adam Nagourney

The New York Times, September 17, 2006

WASHINGTON, Sept. 16 — From Rhode Island to New Mexico, from Connecticut to Tennessee, President Bush is emerging as the marquee name in this fall's Congressional elections — courtesy not of his Republican Party but of the Democrats.

A review of dozens of campaign commercials finds that Mr. Bush has become the star of the Democrats' advertisement war this fall. He is pictured standing alone and next to Republican senators and members of Congress, his name intoned by ominous-sounding announcers. Republican candidates are damned in the advertisements by the number of times they have voted with Mr. Bush in Congress.

Not surprisingly, given that Mr. Bush's job approval rating continues to hover around 40 percent, it is hard to spot the president in any of the Republican advertisements that were reviewed. In what may be taken as an indication of changing Republican tastes, Senator John McCain of Arizona is popping up everywhere.

There is Mr. Bush on television screens in Colorado, in an advertisement urging the election of Angie Paccione, a Democrat, leaning over to plant a big kiss on the forehead of Representative Marilyn Musgrave, a Republican.

There is Mr. Bush on the television screens in New Mexico, standing on a stage shoulder-to-shoulder with Representative Heather A. Wilson, a Republican struggling to keep her seat. "Heather Wilson supports George Bush on the war in Iraq with no questions asked," the announcer says, in an advertisement for Patricia Madrid, the Democrat.

The White House has entered this campaign season looking to seize control of the political dialogue by moving the debate away from issues like Iraq and to Mr. Bush's role in the campaign against terrorism. The decision by Democrats to invest in advertising directly attacking the war in Iraq, the administration's war on terrorism and the once overwhelmingly popular president is a marked turn from how they handled these issues in 2002 and 2004.

The emergence of this recurrent theme in Democratic advertising is not a coordinated push by the legions of consultants, party leaders, campaign managers and candidates. Democrats said using advertisements involving Mr. Bush was almost an obvious thing to do, given his lack of popularity, and reflects the effort by many in the party to turn this election into a national referendum on Mr. Bush.

"In certain districts he's exactly who we want to pivot off," said Representative Rahm Emanuel, the Illinois Democrat leading the effort to win the House. "I tell all the candidates: Him and his agenda are on the ballot this year."

Evan Tracey, chief operating officer of the Campaign Media Analysis Group, a firm based in Virginia that tracks advertising, said Saturday that candidates and independent issue groups had already spent $900 million on statewide and national campaigns this year. Mr. Tracey said he expected that by Election Day, the spending would be $1.6 billion, a new record. At a minimum, millions are being spent by the Democrats on ads featuring Mr. Bush.

The strategy has risks. In part, the goal of the Democrats' advertisements is to rile up their base. But Glen Bolger, a Republican pollster, said that the constant attacks on Mr. Bush appeared to be accomplishing something Republicans had been unable to do: riling up Republican base voters.

"One thing we are seeing in our polling is that the Democratic campaign is helping to jazz up Republican voters," Mr. Bolger said. "There are two concerns among Republicans: Is our base going to turn out, and how are we going to get out swing voters. The Democrats are taking care of our first concern."

Many Republicans, and some Democrats, say it will be hard for Democrats to win unless they go beyond attacking Republicans and offer a program of their own. And Ken Mehlman, the Republican national chairman, said the Republicans' own

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experience in politics suggested that running against someone who is not on the ballot is challenging. "The last time this kind of morph ad was tried was in '98 when we tried to nationalize the races against Clinton and it didn't work," he said.

Kenneth M. Goldstein, an associate professor of political science at the University of Wisconsin who studies campaign advertisements, said the focus by Democrats on Iraq and security was a sharp shift from what he had observed in the last two election cycles. Then, Mr. Bush was far more popular and public opinion on the war had not changed, but Mr. Goldstein argued that the Democrats still might have made a mistake in not trying to at least challenge Republicans on the war.

"If you're running a campaign, you try to engage on a subject or change the subject," Mr. Goldstein said. "The Democratic strategy in 2002 and 2004 was very much to change the subject."

This time around, Mr. Bush can be found in Democratic advertisements running in Pennsylvania, Rhode Island, Arizona, Tennessee, New Jersey and other states.

In New Jersey, Senator Robert Menendez, a Democrat facing a tough election battle, strode along the New Jersey waterfront, attacking the president — rather than, say, the Republican he is running against this fall, Thomas H. Kean Jr. — as failing to improve security in the nation's ports.

"Five years after 9/11, President Bush still doesn't get it: homeland security starts here," Mr. Menendez says.

In Rhode Island, Sheldon Whitehouse, the Democratic challenger to Senator Lincoln Chafee, turns to a room of voters and says, "I want to make it absolutely clear that we need to effect a responsible deployment of our troops out of Iraq." In South Florida, Representative E. Clay Shaw Jr. is pictured between photographs of Mr. Bush and Vice President Dick Cheney, under the words, "Shaw votes for the Bush/Cheney agenda 90 percent of the time." The announcer says that Mr. Shaw, who is facing a tough challenge from Ron Klein, is "refusing to question their handling of the war in Iraq."

Howard Wolfson, a Democratic consultant, produced a television advertisement for Kirsten Gillibrand, the Democratic challenger to Representative John E. Sweeney of New York, that opens with the image of Mr. Bush saying, "We are making good progress in Iraq."

"You wouldn't have done that two years ago," Mr. Wolfson said.

Republicans have responded with advertisements attacking Democrats for raising taxes and as being weak on national security. And they have invoked their own political totems: In Indiana, Republicans use a picture of Representative Nancy Pelosi of California, the Democratic leader who would probably become the next speaker should Democrats take the House, in an advertisement attacking Brad Ellsworth, a Democratic sheriff running a very threatening challenge to Representative John Hostettler.

"Pelosi and other Democrats want to raise your taxes, cut and run in Iraq and give amnesty to illegal immigrants," the announcer says.

The Republicans have turned to images of Mr. McCain in ads, including one for Mr. Kean in New Jersey.

But for sheer star power, nothing matches a president, as Republicans certainly demonstrated in 2002 and 2004, when Mr. Bush was a constant presence in almost all the Republican campaigns. Mr. Bush's image this fall is being invoked by Democrats as a proxy for Americans who want change in Washington; who oppose the war in Iraq; who think Mr. Bush has not done enough to protect the nation from future terrorist attacks; or who are angry with changes Mr. Bush has pressed in Medicare.

"It's not just photos," said John Lapp, who runs the Democratic campaign committee's independent advertising program. "It's statements and actions and votes that show a pattern of people being with Bush."

Steve Murphy, a consultant whose firm made the Iraq advertisement for Ms. Madrid of New Mexico, said: "The war is a dominant issue. For all these Republican candidates who are going through gyrations to distance themselves from Bush — well, if they support Bush on the war, there is nothing more illustrative of the fact that they are in bed with Bush."

Senator Charles E. Schumer, the New York Democrat leading his party's campaign to take back the Senate, said: "In 2004, people were still happy with Bush's course in Iraq. Now they are not."

That shows in terrorism, too. Representative Harold E. Ford Jr., a Democratic candidate for Senate in Tennessee, walks through an airplane as he criticizes the administration's efforts in protecting the nation from terrorism, and mocks any suggestion that the White House deserves credit for the arrests in Britain of a ring of terror suspects accused of plotting to bomb airlines headed for the United States.

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"Thank God the British stopped them," Mr. Ford says, adding: "Today our ports and borders remain vulnerable to terrorists."

Is The Incumbent Too Close To Bush? Or Not Close Enough? (NYT)

By Robert Pear

The New York Times, September 17, 2006

In this television commercial, Patricia Madrid, a Democrat from New Mexico running for the House of Representatives, highlights a theme of her campaign: that her opponent, Representative Heather A. Wilson, a Republican, is too close to President Bush on Iraq and other issues.

THE SCRIPT "It's a simple choice. Heather Wilson voted for the Bush-Cheney energy plan. She voted for their Medicare plan that gives pharmaceutical companies $139 billion, instead of requiring Medicare to negotiate lower prescription drug prices. And Heather Wilson supports George Bush on the war in Iraq with no questions asked. If you agree, you should vote for Heather Wilson. But if you want change in Washington, Patricia Madrid for Congress."

ON THE SCREEN The spot opens with a picture of Ms. Madrid, the state attorney general, in what appears to be a courtroom. It then shows drilling operations and a pharmacy counter, with headlines that say "Elderly will have to pay for government's sellout'' and "Insurance, drug industries will benefit most from bill." When the commercial focuses on Iraq, it shows Ms. Wilson standing shoulder to shoulder with Mr. Bush.

ACCURACY In 2005, Ms. Wilson voted for an omnibus energy bill that followed the general outlines of Mr. Bush's energy program, emphasizing greater production of oil, gas and coal. In 2003, she voted with most Republicans for the bill that added a prescription drug benefit to Medicare. Republicans say the new Medicare program has been a boon to older Americans. Under the law, Medicare officials cannot negotiate prices with drug manufacturers. But Republicans say that private insurers have negotiated substantial discounts for Medicare beneficiaries who enroll in their prescription drug plans.

Ms. Wilson, a former Air Force officer, has generally supported the war in Iraq, saying Americans would be less safe if the United States abruptly pulled out its troops without completing the mission set by the Bush administration.

On the other hand, in recent months, she has displayed a large degree of independence on some issues. In February, she broke ranks with Mr. Bush and said she had "serious concerns" about the administration's wiretapping program. She has led House efforts to regulate the use of such surveillance, by imposing more restrictions than the White House wants. Ms. Wilson is chairwoman of a subcommittee of the House Permanent Select Committee on Intelligence that monitors the National Security Agency, but she said she learned of the wiretapping program from news accounts in December.

In this advertisement, Representative Nancy L. Johnson, Republican of Connecticut, portrays her Democratic opponent, Chris Murphy, as weak on national security issues.

THE SCRIPT The narrator, speaking in urgent tones, says: "A call is placed from New York to a known terrorist in Pakistan. A terrorist plot may be unfolding. Should the government intercept that call or wait until the paperwork is filed? Nancy Johnson says: 'Act immediately. Lives may be at stake.' Liberal Chris Murphy says: 'No. Apply for a court warrant even if valuable time is lost.' Chris Murphy — wrong on security, wrong for America."

ON THE SCREEN The commercial creates the feel of a military or intelligence command center, full of high technology and grainy pictures with an eerie green tint. The spot begins with a satellite image of Earth and focuses in on North America. A yellow line arcs from the United States to Pakistan as the narrator describes the telephone call to a terrorist. When the narrator suggests that Mr. Murphy would delay electronic surveillance, words flash across the television screen: "Signal lost. Access denied. Data inaccessible due to regulation DD247/22Y. All further intel denied. Authorization code 7726C." A few seconds later the viewer sees a similar message: "Access denied. Court order required." The screen shows a blur of government paperwork, including a document from the Senate Judiciary Committee. The spot concludes with a picture of Mrs. Johnson, her right hand over her heart, and four veterans in the act of saluting. All look upward, as if to a flag in the distance.

ACCURACY Mrs. Johnson, a member of Congress since 1983, is best known for her work on Medicare and insurance issues. But this commercial underlines her contention that her top priority is to protect the nation against terrorist attacks and that electronic surveillance is needed to "protect American lives."

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Mr. Murphy, a state senator, says the commercial misrepresents his position. He says he would not force the government to delay wiretaps on calls involving suspected terrorists, but would require officials to follow procedures set forth in existing law: the attorney general can authorize the emergency use of electronic surveillance if he seeks court authorization within 72 hours. Mr. Murphy maintains that the administration has flouted the requirements of current law, and in a statement this week he said, "Nancy Johnson's loyalty to President Bush is so strong that she supports him even when he breaks the law."

Candidate Agonistes And Iraq (WP)

By David S. Broder

The Washington Post, September 17, 2006

The headline Thursday morning from Iraq read: "Nearly 100 Killed in Baghdad During 24 Brutal Hours." That's what faced embattled Republican Rep. Chris Shays of Connecticut -- along with a plate of lukewarm scrambled eggs and a tableful of reporters at a press breakfast sponsored by the Christian Science Monitor.

Shays waved away the breakfast plate, but he had a harder time dismissing his own doubts about what he terms "the noble mission" that brought the United States to Iraq.

By the end of an hour, it was clear to everyone that the war has reduced this 60-year-old, nine-term veteran of the House to a complete head case -- consumed by the convoluted efforts to square the circle of his own conflicting impulses.

Shays's symptoms are important, because he is no ordinary member of Congress. He has made 14 trips to Iraq in the past three years as chairman of a subcommittee on national security -- more, he says, than any other legislator.

He made news in August by saying that, as a longtime supporter of the war, he thought it was time to tell the Iraqi government that unless it acted promptly to unify the country, U.S. forces would have no choice but to withdraw.

What emerged at breakfast was a far more nuanced -- and tortured -- set of views and a self-absorbed soliloquy that may reveal what is going on inside the heads of other politicians less prone than Shays to treat a breakfast for reporters as a session on the psychiatrist's couch.

Shays brought a bundle of contradictions to the Iraq issue. A conscientious objector during the Vietnam War, he had to wrestle with his conscience and, he said, his religious faith as a Christian Scientist before he could support President George H.W. Bush's decision to use force to repel Saddam Hussein's invasion of Kuwait.

But he had no qualms about the current president's decision to invade Iraq, because he believed Hussein had weapons of mass destruction. And even now he expresses scorn for those who say they regret their votes to authorize this war because the weapons were not there. "I would never back away from my vote," he said.

On the other hand . . . .

"The president has no credibility," Shays said, because of that intelligence blunder and because management of the war has been awful. Notable as he found the Iraqis' political achievement in writing and ratifying a constitution and electing a government in Baghdad, he said: "Since January, there has been no progress" toward reconciling Shiite-Sunni conflicts and transferring the responsibility for policing the country to the growing army of Iraqis.

Shays said he has become skeptical that the Shiite-dominated government on which the administration has placed its reliance will ever take the necessary steps -- unless the United States makes them a condition for its remaining.

On the other hand . . . .

It would be "immoral," Shays says, simply to set a date or a timetable for withdrawal, as Ned Lamont, who won the Democratic Senate nomination in Connecticut over Sen. Joseph Lieberman, has suggested. Rather, Shays said, withdrawal should be conditioned on the Iraqis reaching certain specified troop levels, after which every new Iraqi soldier or police officer would mean another American could come home, until only a residual force was left.

Shays's position now is almost identical to that of his Democratic challenger, Diane Farrell, who has continued to attack President Bush's policies and fault Shays and the Republican Congress for "lax oversight" of the war.

But Shays says that, unlike his critics, he believes fervently that the threat of Islamic terrorism is real and growing and that the president's second inaugural speech, calling for a worldwide offensive for democracy, represents a "historic" redefinition of American purpose.

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Shays stopped off at Scotland Yard on his way home from Iraq last month, and what he learned from the British alarmed him: Al-Qaeda cells with technology more advanced than those arrested in August for planning to blow up airplanes on transatlantic flights are probably operating today. He is convinced that we will be attacked some day with chemical, biological and possibly nuclear weapons. He feels like a lonely Paul Revere, trying to warn people to take precautions.

But ultimately, he acknowledged, "my only concern is my own credibility." It is terribly important to Shays that his agonizing over Iraq not be confused with any worry about reelection. His race is very much in doubt, but he wants everyone to know that "if Iraq costs me election," it will not bother him. He just wants his constituents to know he cares.

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O'Malley, Cardin Hope To Link Rivals To Bush (WP)

By Matthew Mosk And John Wagner, Washington Post Staff Writers

The Washington Post, September 17, 2006

Republicans Say Tactic Won't Work

The campaigns are for high political office in Maryland, but the Democratic candidates' toughest attacks are focused on a man from Texas: George W. Bush.

Baltimore Mayor Martin O'Malley, who is challenging incumbent Republican Gov. Robert L. Ehrlich Jr., calls his opponent "the George Bush Mini-Me of Maryland," and he has plastered the same photo on three recent campaign mailers. It shows Ehrlich and the president arm in arm.

Benjamin L. Cardin (D), the 10-term congressman from Baltimore who is taking on Republican Lt. Gov. Michael S. Steele in the race for an open U.S. Senate seat, mentions his opponent on the stump. But he saves a battery of attacks for Bush and urges voters to elect Cardin because "George Bush is leading this nation in the wrong direction."

The Democratic effort to nationalize the two high-profile Maryland campaigns is unmistakable, the latest sign that party leaders believe anger at the president might be the decisive emotion that drives voters to the polls in November.

Republicans, however, say it won't sell.

"They don't seem to realize that George Bush isn't running for Senate or governor in Maryland," said state GOP Chairman John Kane. "I think they're so lost for something to grab onto to move this state forward that this is all they can talk about."

Republicans aren't countering by embracing Bush, though -- Steele and Ehrlich skipped the president's recent Labor Day visit to Maryland. Instead, they have been running campaigns that never mention their party affiliation, casting themselves as party-neutral moderates.

In his ubiquitous first campaign ad, Steele tells viewers he'll "talk straight about what's wrong in both parties."

Ehrlich's campaign is more issue-oriented, but he also has used advertising to try to convey a centrist, party-neutral image. In his first commercial, supporters tell viewers: "He doesn't govern from the right. Or the left. But the center, where most of us are."

Parris N. Glendening (D), a former two-term Maryland governor, said the Steele and Ehrlich campaigns offer the best evidence that the Democrats are onto something.

"To me, the strongest sign that this strategy is going to work is in the way the Republicans are responding," Glendening said. "Look at them. They're running as fast as they can from their party."

Glendening said Maryland Democrats are following a road map that is being used in contests throughout the country. It's a strategy that mirrors the 1994 Republican plan, in which GOP candidates across the country sought to tar opponents by linking them to a then-unpopular President Bill Clinton, said Jim Jordan, a national Democratic strategist.

"Especially in a Democrat-dominated state like Maryland, where there's a thirst for change, it's smart politics to try to tap into that kind of passion," Jordan said.

Democrats received the same advice in a March strategy memo that advised linking Steele to Bush. The party followed suit, going so far as launching a Web site to highlight those ties.

A Washington Post poll in June found that the president had a 33 percent approval rating in the state and that 56 percent of voters would be less likely to support a candidate who they knew had Bush's support.

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Two months before Ehrlich was elected in November 2002, Bush was seen favorably by 56 percent and unfavorably by 29 percent of Maryland voters, according to a Gonzales/Arscott Research and Communications poll.

In appearances since winning the Democratic nomination Tuesday, Cardin has repeatedly linked Bush to Steele. At a Democratic rally Friday in Annapolis, Cardin said Bush should be held accountable for "blocking" stem cell research and shortchanging education funding.

Yesterday, at a rally in Baltimore, Cardin said Steele sounded like a Democrat when he made his acceptance speech as the Republican nominee.

"Isn't this the same Michael Steele that George Bush recruited to run for the United States Senate?" Cardin asked the crowd.

Bush has not been as central a focus of O'Malley's effort to unseat Ehrlich, but references to Bush have been sprinkled throughout his speeches, mailings and campaign commercials.

O'Malley speeches include a section about the federal government's slow response to Hurricane Katrina, widely considered a low point in Bush's presidency.

At a recent forum on disability issues, O'Malley invoked Bush's name more than a dozen times as Ehrlich stood on stage looking befuddled by the line of attack. O'Malley said that federal spending cuts were hampering state programs to aid the disabled.

"We need a governor who can stand up against the wrongheaded, mean-spirited . . . cuts being shoved down on the state . . . by the Bush administration and the Republican Congress," O'Malley said.

O'Malley has repeatedly said Bush and Ehrlich are "in lock step" and in an interview Friday gave several examples, including Ehrlich's refusal this year to fight a Bush administration plan to allow a company owned by the government of Dubai to manage the Port of Baltimore. O'Malley said Ehrlich and Bush oppose raising the minimum wage, oppose allowing reimportation of drugs from Canada and support tax cuts that have disproportionately benefited the wealthy.

"I think he tries to emulate George Bush in every way," O'Malley said.

Anthony G. Brown, the Prince George's County delegate who is O'Malley's running mate, repeated that line -- "in lock step" -- five times during an interview Friday. The campaign is trying to reinforce that idea, Brown said, because the governor is "trying to portray this image that he's in the center."

For the most part, Ehrlich shrugged off O'Malley's efforts to link him to Bush, as he did when asked about it by reporters last week.

"I can't wait for the next person he wants to demonize," said Ehrlich, suggesting that the focus of the race should be on their respective records.

"Obviously, I agree with the president on a lot of issues," Ehrlich said. "I disagree on some."

The most notable differences are stem cell research and abortion rights, both of which Ehrlich supports.

Hans Kaiser, head of the Annapolis office of the GOP polling firm Moore Information, said Ehrlich is right to shrug off efforts to nationalize the campaign.

"The problem with it is, governors are very different than the national figures," said Kaiser, who is not working on any Maryland races. "It may work to generate enthusiasm with the Democratic base, but the people in the middle, those are the folks who don't respond to that argument. And they're the ones who will determine the outcome of the race."

Ehrlich, Kaiser said, should continue running on his record.

Ads the governor is airing in the Washington market target voters from both parties by focusing on issues with broad appeal in Maryland -- boosting funding for education, providing state money for stem cell research and cleaning up Chesapeake Bay.

Ehrlich's television spots in Baltimore, meanwhile, have for weeks focused narrowly on the performance of Baltimore schools -- an issue as local as they come.

In recent candidate forums, Ehrlich stressed how successful his administration has been in getting "waivers" to allow the state additional discretion on how it spends federal dollars on state programs.

But in making his case, Ehrlich never mentioned the president by name.

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What Would The Democrats Do? (NYT)

By John M. Broder

The New York Times, September 17, 2006

WASHINGTON

FOR Democrats in Congress and those hoping to join them, the troublesome war in Iraq presents both a significant political opportunity and an exquisite dilemma.

Some recent polls show that voters consider the war the most important issue facing the country today and are very uneasy about the way the Bush administration is handling it.

Yet the public appears evenly split on what to do about it. Half say the United States should keep its troops in Iraq and the other half want the soldiers brought home. Half support a firm timetable for withdrawal; the other half think that's a bad idea.

So what's a Democratic candidate for Congress to say about Iraq, beyond articulating a broad antiwar message? Should he or she present a detailed plan for extricating the country from the increasingly unpopular war? Offer support for a firm timetable for withdrawal but leave the start and end dates vague? Say that such decisions are best left to the generals on the ground? Or just keep pounding President Bush, Secretary of Defense Donald H. Rumsfeld and the Republicans in Congress for starting a misbegotten war with no way out?

Democratic candidates around the country are trying each of these approaches in a cacophony of frustration and sorrow, reflecting divisions in the party at the national level. If it is hard to see a Democratic plan to end the war, it's because there isn't one.

"It's a dog's breakfast," said Andrew Kohut, president of the Pew Research Center for the People and the Press, which has done extensive polling on public attitudes toward the war. "The reason that Democrats aren't talking about specific plans to end the war is because it's hard to figure out what to say without alienating a broad swath of the electorate."

Among the Democrats trying to find the right message on Iraq is Eric Massa, a United States Naval Academy graduate who spent 24 years on active duty and then worked as a staff member in Congress. He is challenging a freshman Republican representative, John R. Kuhl Jr., for a seat in western New York State. Mr. Massa offers a thought-out critique of the Bush policy in Iraq, based on his years in uniform and his service as a senior NATO officer dealing with the civil warfare in Bosnia.

"We will never be successful in creating a Jeffersonian democracy in Iraq at the tip of a bayonet," he said. "That's a fool's errand. The longer we try it, the more dire the consequences."

He gave qualified support for a plan devised by Senator Joseph R. Biden Jr., Democrat of Delaware, to create three semiautonomous regions in Iraq to keep the Kurds, the Shiites and the Sunnis from each others' throats. Mr. Biden's plan is one of the most detailed Democratic blueprints for ending American involvement and has been embraced by a number of Democratic House and Senate candidates.

But even a staunch antiwar candidate like Mr. Massa, backed by the liberal group MoveOn.org and Senator John Kerry, now one of the strongest antiwar voices in Congress, flinches from calling for an immediate withdrawal from Iraq.

"Even if we started today," Mr. Massa said, "it would take 6 to 18 months to make it happen. But if we don't start today, we will never withdraw."

Mr. Massa's opponent pounced, calling that position tantamount to surrender. "That's the old cut and run," Mr. Kuhl said. "I will not send up the white flag as my opponent says he will."

The Kuhl-Massa debate, if you can call it that, illuminates the difficulties at least some Democrats are having talking about Iraq. The more specific they are in proposing solutions to the impasse in Iraq, the more they open themselves to Republican charges of defeatism, or worse.

"Is the 'cutting and running' charge working?" asked Douglas Foyle, a professor of political science at Wesleyan University. "My sense is it's not working so far, but that's not to say that it won't work later. The public doesn't really like the way things are going, but it isn't yet ready to run away."

A Pew Research Center poll released last week found that Democratic candidates attract strong support among Democratic voters by advocating immediate withdrawal, but that position tends to repel independents. The safest position appears to be supporting a timetable for withdrawal, which independents favor by 35 to 20 percent.

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Professor Foyle said the situation Democrats face today is in some ways reminiscent of the 1968 election, in which neither President Lyndon Johnson nor the Democratic nominee for president, Vice President Hubert Humphrey, could answer growing public restiveness about Vietnam.

"L.B.J. lamented that he would listen to anyone who had a plan that met American goals and got the troops out of Vietnam," Mr. Foyle said. "Nobody had one."

THAT gave Richard Nixon freedom to run on a vague antiwar platform, promising to achieve "peace with honor" without having to say how he would do it. Some parodied his position as Mr. Nixon's "secret plan." But as a political strategy it worked. He won the White House, while it was five years before American troops were out of Vietnam.

Some Democratic candidates believe it is enough for them to point out the problems with the Iraq war and ride the tide of dissatisfaction into office. Others feel some duty to offer an alternative.

James Webb, a former marine and secretary of the Navy who is challenging Senator George Allen, the Virginia Republican, said that Mr. Allen and his allies ridicule him for criticizing the American war effort without offering a concrete plan to salvage it.

"The political conundrum that the Republicans really like is that they want the Democrats to step forward and say here's the timetable so they can attack the timetable," Mr. Webb said in an interview last week. "But my question is, 'What is your plan?' You say, 'Stay the course.' What does that mean?"

For his part, Mr. Allen hews quite closely to the White House on Iraq, and attacks Mr. Webb for offering what he says is a hodgepodge of proposals that do not deal with the immediate security crisis on the ground. "Like the Democrats nationally, Jim Webb cannot present any kind of clear position about where to go from here," said Mr. Allen's campaign manager, Dick Wadhams.

In New Mexico, Patricia Madrid, the Democratic attorney general, is trying to unseat Representative Heather Wilson, a Republican on the House Intelligence Committee. Ms. Wilson is an Air Force Academy graduate, a Rhodes Scholar and a former National Security Council staff member.

Ms. Madrid said that she entered the race specifically to challenge Representative Wilson on Iraq, saying she bore particular responsibility by failing to exercise oversight of intelligence agencies that produced inaccurate reports on Iraqi weapons programs. "With all her experience, she should have known better," Ms. Madrid said.

Ms. Madrid has demanded that the administration produce a plan to end American involvement within a year, but she does not feel compelled to offer a specific plan of her own. "My proposal is to get out as soon as possible," she said. "I'm not a general, but this plan could involve some sort of redeployment of our troops in the region."

Representative Wilson, while expressing some misgivings about the conduct of the war, hits back at the early exit idea, framing the debate as "a choice between resolve and retreat."

Senator Biden, a once and possibly future presidential candidate, said that the Democrats probably can make substantial gains in the House and the Senate simply by pointing out how badly things are going in Iraq. But he said that Democrats and the public would be better served by a detailed discussion about how to get out of Iraq without leaving chaos behind.

"Pulling our troops out might be a last-ditch requirement, but it's not a plan," Mr. Biden said. He said that his proposal for partitioning the county could form the basis for a lasting solution that allowed American forces to exit in a reasonable time.

Bruce W. Jentleson, a professor of public policy at Duke University and an official in the State Department's office of policy planning under President Bill Clinton, said it may be unrealistic for some candidates to be so specific. "Most Congressional candidates don't have the savvy or experience to present a detailed plan for Iraq," said Mr. Jentleson, who advised Al Gore in the 2000 campaign but who is not working with any candidates this year. "If they're asked one hard question past their talking points, they won't be able to answer it.

"Many of them think it's enough to run on negativity on the Bush policy. I'm not convinced that's true. That feeds the perception that Democrats know what they're against but not what they're for."

Save Yourself, Blame Bush (WP)

By Joe Scarborough

The Washington Post, September 17, 2006

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I can't help but feel sorry for my old Republican friends in Congress who are fighting for their political lives. After all, it must be tough explaining to voters at their local Baptist church's Keep Congress Conservative Day that it was their party that took a $155 billion surplus and turned it into a record-setting $400 billion deficit.

How exactly does one convince the teeming masses that Republicans deserve to stay in power despite botching a war, doubling the national debt, keeping company with Jack Abramoff, fumbling the response to Hurricane Katrina, expanding the government at record rates, raising cronyism to an art form, playing poker with Duke Cunningham, isolating America and repeatedly electing Tom DeLay as their House majority leader?

How does a God-fearing Reagan Republican explain all that away?

Easy. Blame George W. Bush.

Escaping political death by attacking an unpopular president is hardly new -- especially since most endangered politicians have the loyalty of a starving billy goat. But this is Dubya's Washington, where the White House has pushed around, bullied and betrayed GOP lawmakers for years.

Republican House members and senators always believed that this White House took them for granted. But after the attacks of Sept. 11, 2001, most of them had no choice but to sulk in their cloakrooms, listen to Debby Boone on their iPods and take it like a man. Bush was a rock star among the party faithful through the 2004 election, so crossing this popular commander in chief was not an option. That's not to say that Old Bulls didn't privately growl about how they were treated better when their old nemesis was still frolicking with an intern. So what if Bill Clinton misbehaved? At least that president found time to personally negotiate terms of subcommittee markups -- even if he was defiling the Oval Office at the same time.

But that kind of give-and-take between presidents and members of Congress ended once Clinton retired to Chappaqua. For the next five years, Republicans on the Hill would do little more than rubber-stamp Bush's domestic and international agenda because lawmakers were intimidated by his power and his popularity with the Republican base.

Even when the administration would not give generals the troops they needed to win the war in Iraq, Republican leaders did nothing. When the president refused to veto a single spending bill while the deficit spiraled upward, Republican leaders looked away. And when chaos was reigning in the streets of New Orleans and across the Gulf Coast in Katrina's horrific aftermath, Republican leaders remained mute.

That silence -- proof that it is better to be feared than loved in politics -- has had devastating results. The United States is more divided than ever, our leaders are despised around the world, our fiscal situation is catastrophic and congressional approval ratings are the lowest ever. Since nothing sharpens the mind like a political hanging, Republican leaders in the Senate and House are finally considering doing what effete newspaper editorialists have suggested for years: throwing Bush overboard.

Of course, the mere suggestion makes some Republican loyalists shudder. Being a faithful follower of Brother Bush has long been synonymous with loving Jesus, supporting the troops and taking a stand against sodomy. But no more. Many of the conservatives who put Ronald Reagan and Newt Gingrich in power are counting the days until Bush goes to Crawford for good. Some mutter that their leader's governing style looks more like Jimmy Carter's every day -- and among that crowd, there is no harsher insult.

I recently ran a segment on my MSNBC show asking whether Bush was an idiot. After the show, I actually received positive feedback from conservative friends, along with the predictable condemnation from White House staffers. The response was telling and suggested that attacking Bush from the right carries no political risk -- a useful pointer for House members facing tough campaigns.

If I were a GOP candidate this year, I would not call the president an idiot (he isn't). But I would spend the next 50 days of the campaign telling conservatives and liberals alike that even though I voted for this war once and this president twice, time has proved that Bush and Defense Secretary Donald H. Rumsfeld were wrong to think that the nation could win Iraq on the cheap. I would also look them in the eye and say that our president was wrong to believe that the United States could fight a war, cut taxes and increase federal spending, all at once. I would castigate my president for claiming to support homeland security while allowing our borders to remain wide open.

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I suspect that voters of all persuasions would like that message. Independence is almost always rewarded at the polls. I learned this by accident while running for Congress in 1994, when the local, state and national Republican machines worked overtime to elect my opponent in the primary. I was considered too young, too inexperienced and too conservative.

But after winning 62 percent of the vote, I arrived in Washington an independent man. I criticized Clinton for vetoing welfare reform; I went after Gingrich for backing off spending cuts. Both times, my constituents roared with approval. The best part is that I was rewarded for saying what I believed -- another pointer for today's Republicans.

Using a midterm campaign to run away from your party's president is not unprecedented. In 1994, Democrats did it while GOP challengers were busy tying Clinton's political carcass around their necks. Some Southern Democrats were so desperate to run away from Clinton's tax increase and health care debacle that they in effect told White House operatives that any attempt to send Air Force One to their districts would be met with antiaircraft fire.

In the end, Democrats' efforts to save their majorities in the House and Senate were futile. Right-wing barbarians like me were elected because after two long years of political bumbling, voters were tired of Clinton. Unfortunately for endangered Republicans 12 years later, Clinton's poll numbers during that campaign were 15 percentage points higher than Bush's now. That suggests that the Democratic tidal wave this year will rival that of the Republicans in 1994.

But these Republicans have one advantage that Clinton's party lacked in 1994: Their opponents are Democrats. The Party of Pelosi. The party that is so tongue-tied on its best political issue that I still can't tell you where it stands on Iraq. Nor can they explain how they would balance the budget or stop Iran from developing nuclear weapons.

That failure to present an alternative vision is in stark contrast with Gingrich & Co., who spent 1994 drawing up a legislative package, a plan to balance the budget and enough position papers to strip an Amazon rain forest.

This year, maybe Democrats can beat something with nothing. As for Republicans, their only chance of survival is blasting the president for mistakes of the past and attacking the Democrats for their failings of the future.

Of course, you GOP candidates can be sure that such attacks will annoy Bush, even though your survival may be all that stands between him and a crazy Democratic chairman launching impeachment hearings. But if you win this fall only to face his stern rebuke next winter, just tell him it was schadenfreude for all the times the White House treated you badly. With any luck, Bush will think you are talking about that Berlin disco that Moammar Gaddafi bombed back in 1986 and then dismiss you like the worthless billy goat he always suspected you were.

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What About George? (WP)

By Stuart Stevens

The Washington Post, September 17, 2006

As far as organizing principles of life go, I've never found anything that beat the theory that all life imitates high school. It's pretty much foolproof and covers almost all of the universe's difficult questions, such as why scientific studies show 82 percent of all males want to punch Tucker Carlson when he wears a bow tie and why some political candidates react the way they do to a president's popularity.

Visualize, if you will, the president of the United States as the ultimate high school quarterback. When the team is winning and he's on a hot streak, all flock to him in the great cafeteria of life. But when the team is losing, suddenly there are a lot of empty seats at his lunch table and downcast eyes as he's passed in the hall. If you're that quarterback, you find out pretty quickly who your real friends are.

Most Democrats and the vast majority of what passes for the intelligentsia in this country simply don't understand the appeal of President Bush, much the way Republicans never got that Clinton guy. So now that the president's public approval numbers have fallen from historic highs, there seems to be great salivating at the notion that the country is finally getting what has been so obvious to them for so long and that a national day of reckoning is nigh.

This view of Bush transformed from Leader of the Free World into Election Jeremiah is so wrong that it should be laughable. Except that a lot of Republicans seem to believe it's true. They're certainly behaving that way on the campaign trail,

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acting as though they're sure that a spy camera photo of a candidate caught with the president will be a death sentence in November. And that's a problem -- not for the president but for the candidates and the GOP.

One of the dirty little secrets of politics is that presidential endorsements rarely have any positive impact. In 1986, Republicans went into the off-year elections believing that their strongest card was the popularity of President Ronald Reagan, especially in those red states. It seemed axiomatic to end the campaign by giving the ball to the Big Guy, and race after race closed with endorsement spots of Reagan doing what he did best, looking straight at the camera and suggesting that if you wanted to help him, you'd vote for Candidate X. And then most of those candidates proceeded to lose. In one tight race after another -- such as those involving GOP Sens. Mack Mattingly of Georgia, Jeremiah Denton of Alabama and Paula Hawkins of Florida -- candidates saw their numbers flatten when the Reagan endorsement aired, then spike downward to defeat. These were all states in which Reagan's numbers were through-the-roof positive, but voters seemed to say, "Thanks very much, Mr. President, it's nice that you're supporting a fellow Republican, but what does that have to do with me?"

The flip side of the marginal positive effect of a presidential endorsement is the limited negative impact that comes from being associated with a president of your own party, regardless of his popularity. It's hardly a secret that if you're a Republican candidate you happen to be in the same party as Bush. If there's a Republican candidate out there who thinks he or she can slip that little factoid past the electorate, well, good luck, and good riddance.

Candidates need to worry less about Bush and more about their own agendas. The truth is that there is ample reason to believe that the president is well-liked among voters who might consider voting Republican. But the nation is fighting a tough and nasty war and there's little joy in the day-to-day slog of winning that war. Which makes it just like every other war the nation has waged.

My advice to Republican candidates is that they first must come to grips with the rationale for their own election: Why me? Why now? If in their hearts they disagree with the Iraq war, they should call it like they see it, but without trying to nuance a response seven ways from Sunday in hopes of pleasing all sides. That's French for ending up like John Kerry. Elections are littered with losers who have a need to be loved by everyone.

But I'd also caution any GOP candidate: Remember that Bush is the dominant political figure of the day and, well, he is president and head of the Republican Party and you're not. He has a distinct worldview that places the United States in the lead in a war against Islamic fascism. Whether you believe he is destined to be remembered as one of America's great presidents, as I do, or you think we have adopted a disastrous course, trying to ignore the president is likely to be as successful as a Democrat trying to ignore FDR in 1936. Running for the House or Senate and not having a clear and articulated position on Iraq is a recipe for disaster.

The War on Terror is clearly the new Cold War, the key in which our politics is to be played for a very long time. As a human, it's permissible to be conflicted. As a politician, conflicted equals confused -- and that's a particularly unappealing position when men and women are dying. The problem for Democrats is that they really believe this War on Terror is worth winning, they just wish somebody else would do it.

That's the same mix of hand-wringing and handshaking that the Europeans engaged in while the Serbs set up rape camps a four-hour drive from Harry's Bar in Venice. It has the dubious virtue of being both understandable in motive and reprehensible in result.

The simple truth is that Republican candidates should be running basically the same race regardless of the president's poll numbers. Which is to say running their race. There is a rumbling out there that this may be a terrible year for Republicans, one of those tsunami elections like those in 1974 or 1994. And, who knows, the rumbling may be right. But if so, that will have less to do with the president's personal approval rating than the general mood of the country and the election agenda. If this year turns out to be a referendum on the Iraq war and the numbers on Iraq are negative, those in both parties who support the war are likely to suffer.

The president understands this perfectly well. He is not trying to change the subject from Iraq and the fight against terrorism, which may very well be the best way to pump up his job-approval numbers. What he's doing is the hard stuff of continuing to make the case for why the Iraq war is essential and explaining its role in a global and historical sense. Like the war itself, it's a long, tough haul but he's out there doing it day after day.

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In the 2000 campaign, we made a commercial that opened with then-Gov. Bush looking at the camera and asking, "Why don't the hard things get done? Because they're hard." So now he's doing the hard things. If Republican candidates run from this rare display of leadership just because there are a lot of rough days, they most likely will lose.

GOP candidates should take their lead from the president -- take a stand and fight. As I often heard the late Lee Atwater say, "It's time to dig the ditch we're going to die in."

Stuart Stevens is an author and a partner in the Stevens and Schriefer Group, a Republican media firm that advised George W. Bush's presidential campaigns.

Words To Win By (WP)

The Washington Post, September 17, 2006

Dept. of Advice

An election that becomes a referendum only on the president's popularity or the success or failure of the war is a sure loser for Republicans. Remember: It is not your job to defend the president! He's a big boy. He and Dick Cheney have more than sufficient White House staff to defend them. But don't be critical of him. Most Republican voters still support the president even if they disagree with the war. Getting the base out is all-important and may be the difference between winning and losing.

-- Edward J. Rollins, Republican strategist and Reagan campaign manager

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Republicans don't have to convince Cindy Sheehan that prevailing in Iraq is crucial to our national security, but they must and can persuade former hawks to support what has to be done in Iraq. President Bush's approval ratings are up following his own recent speeches on the war on terror and the ideological struggle we confront. Republican candidates should read them. Conservative voters face a choice in November and should be fearful of political leadership that diminishes the threat we face and lacks the resolve to confront it. Republican candidates should emphasize this. Fear is their friend.

-- Kate O'Beirne, Washington editor, National Review

* * *

Be proud of the party and be proud of the contrasts. Elections are about choices, so we must draw clear differences and reveal the Democratic candidates for the rogue extremists they truly are. Does their position on Iraq blow around like a tumbleweed? Do they support higher gas taxes? Is this candidate a prosecutor who plea-bargains with illegal aliens? The fact that these candidates would be tangibly harmful to the daily lives of most Americans will matter more than Democrats putting your picture next to the president's and saying "Supports Bush 92 percent of the time."

-- Dan Hazelwood, Republican strategist

* * *

Surprisingly, Bush's unpopularity can represent a strategic opportunity for House Republicans, especially conservatives. Here's why:

The administration has one large, unfinished domestic initiative left: Its big plan to legalize most illegal aliens, import millions of guest workers and increase total permanent immigration. The president believes strongly in more open immigration, and his plans are supported by most senators and by House Democrats. But they are strongly opposed by House Republicans -- and most American voters.

So here's a slogan for enforcement-first House Republicans: " Stop the Bush Amnesty Plan -- Vote GOP ."

-- David Frum, former Bush speechwriter

* * *

Unfortunately for the GOP, the nation is suffering from party-in-power fatigue. Unless given compelling reasons not to, the electorate will be inclined to give the other side a chance to govern. The toughest to convince that Republicans deserve more time may be true conservatives, those who believe that their party must reflect the ideals of Abraham Lincoln and Ronald Reagan. They worry that the Republican Senate has sold them out on immigration and that the party as a whole has "become what we defeated." We can still retain both houses come November, but we must first remind ourselves what we stand for.

-- Douglas MacKinnon, press secretary to former senator Robert J. Dole

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Republicans running from the president on critical issues is a problem. If you run and cower from topics such as Iraq, the benefits of tax cuts and personal accounts for Social Security, the Democrats and the left will define your position for you. When you articulate the difference between the president and Democrats on taxes, immediate withdrawal from Iraq and Social Security, the voters respond that they are not interested in a tax hike, understand that it is not wise to arbitrarily withdraw from Iraq and want someone to seriously engage in fixing our collapsing retirement system.

-- Richard K. Armey, former House majority leader

* * *

Republican candidates should talk about the Democrats. The Democrats want to pull out of Iraq, shut down Guantanamo, open the nation's borders, abandon the Patriot Act and the NSA spying program and extend full constitutional protections to people like Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. We got critical information from Mohammed that helped us prevent future terror attacks by subjecting him to mild coercive techniques during questioning -- and the Democrats want to impeach the president for authorizing that! If this nation returns to the Democratic national security policy known in military circles as "unconditional surrender," two years of the Democrats could get us all killed.

-- Ann Coulter, GOP pundit

* * *

GOP candidates can't do much about the underlying problem: Republicans are in charge. It's hard to govern. Grievances accumulate, and you get no credit for successes. What's to be done?

The RNC can go on the air with a massive TV ad buy in October, introducing voters in key states and districts to the two Democratic congressional leaders -- the dour Harry Reid and the frenetic Nancy Pelosi. The message: When Harry Meets Nancy, and they're in charge, they'll raise your taxes and weaken our efforts in the war on terror. The Dems and media will respond, we'll have a taxes and terror debate -- and the Republicans might be okay.

-- William Kristol, editor, the Weekly Standard

* * *

Congressional Republicans should use the remaining days of this session to put Democrats on record on key national security votes. These votes and previous actions will reveal a political abyss between the two parties over how to protect America in an era of grave threats. At the same time, Republicans should embrace the current economic prosperity, brought about by the Bush/Republican tax cuts with little Democratic support, and point out that a Democrat-controlled Congress will allow popular pro-growth tax cuts to expire.

-- Scott W. Reed, 1996 Dole presidential campaign manager

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The 212 Republican congressmen running for reelection won in these very districts in 2002, the year of Enron, when $7 trillion disappeared with the stock market drop and Iraq loomed. They won in 2004 when Bush limped across the finish line with 51 percent and Iraq was a boat anchor. No one was elected on Bush's coattails. Democrats who think they can win running against Bush and Iraq should remember GOP hopes in 1998. Iraq is Monica Lewinsky: tough on the president's poll numbers but not a reason to vote against your congressman.

-- Grover G. Norquist , president, Americans for Tax Reform

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Republicans should heed those who want the war on terror won without the abridgement of civil liberties. They should allow Korean War veteran John Warner, Vietnam POW John McCain and Gulf War military lawyer Lindsey Graham to speak for them, to show that they are not wholly taken by the imperial claims of an increasingly unpopular president.

-- David Boaz, executive vice president, Cato Institute

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If Republican candidates can demonstrate a lengthy record of accomplishment, they will survive the political wave. If voters see Republicans fighting for them, they'll win. If they see them fighting to keep their jobs, they won't. And if Republicans want to

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increase turnout, they need to be strong advocates for cutting wasteful Washington spending and against illegal immigration. Any weakness on either issue is political suicide.

-- Frank Luntz, GOP pollster

* * *

Lead with solutions and ignore your critics. Let them fester in the corner mumbling about low approval ratings and ridiculing the president. It will underscore how bitter and disorganized they are without your saying it.

Preview life under the Democrats. Show a blank piece of paper and title it, "The Democratic Vision and Concrete Alternatives for a Better America."

Apologize to conservatives. Many in your own base are smarting over Iraq, federal spending and the lack of movement on immigration. Admit missteps and engage them, because if they stay home, it is trouble.

-- Kellyanne Conway, Republican pollster

Don't Lose Like Me (WP)

By Joe Schwarz

The Washington Post, September 17, 2006

I am the political equivalent of a woolly mammoth, a rarity heading for extinction. Yes, I'm a moderate.

Our plight today is dire. Even though more than half of all American voters consider themselves centrists, the Republican and Democratic parties are finding themselves controlled to an ever-greater extent by their more extreme elements. On the Republican side, the "religious right," the quasi-theocrats, are infiltrating the party power structure quite effectively. On the left, the moneyed Eastern establishment and California liberals shrilly tell Americans that the sky is falling, that the world hates us and that Republican policies are all wrong. Yet they offer no viable alternatives. As a result, they have managed to alienate much of the traditional working-class Democratic base, good people caught between Republicans they don't like and Democrats who have abandoned them. What's a moderate to do?

In my case, lose an election.

It wasn't President Bush who proved to be the kiss of death to my candidacy for a second term in the House. The president's poll numbers may not be very good in many places, but he's still well-liked in my neck of the woods -- south-central Michigan. So when I geared up to run again this year, I was pleased to have his endorsement. My loss had nothing to do with his popularity, or national issues such as the war in Iraq. What did me in was voter apathy, and moral absolutist groups supported by a vitriolic negative-ad campaign funded by organizations on the far right.

Michigan's 7th Congressional District borders on Indiana and Ohio, extending west to Battle Creek, east to Ann Arbor and north to Lansing. It's a real slice of Middle America. I was born and raised in Battle Creek. I've practiced medicine there for 32 years. My dad was a physician there, too. I was educated at the University of Michigan, and I'm chairman of the board of the alumni association of that great university. I bleed Maize and Blue. If ever there was a local, I'm it.

After 16 years in the Michigan Senate and service as mayor of Battle Creek, I was elected to Congress in 2004. But my moderate positions on Roe v. Wade (I do not support overturning it, believing that a woman has the right to choose) and embryonic stem cell research (I strongly support it), as well as my general feeling that religion and moral and ethical issues are private matters, did not sit well with those who would mix church and state in a way that is antithetical to the principles of separation on which our country was founded -- in other words, the hard right.

So in the Republican primary, the opposition got its vote out. The effort was funded, probably to the tune of $1 million or so, by the Club for Growth, a Washington outfit supported by plutocrats nationwide who apparently have nothing better to do with their money than give it to an organization that stands for nothing -- though it says it's "anti-tax" -- and likes to play in elections in which it has no logical interest.

I had a great campaign organization, willing volunteers and was well-funded. Key endorsements rolled in: from the Farm Bureau, police and fire organizations, teachers, medical groups, some unions, key GOP officeholders. My supporters thought I couldn't lose -- and as a result, I did. It was a classic example of a motivated minority -- just 7.8 percent of the Republican electorate districtwide -- nominating a congressional candidate. The moderates stayed home in droves, felt horrible the next day,

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and vowed never to miss another vote. They will. The hard right won't. And fewer and fewer sensible "let's take the broad view" candidates will have any chance of being elected.

But politics needs a middle. Communication across the aisle in Congress and in legislatures is the sine qua non of effective public policy formulation. The reluctance -- at times, the near-total unwillingness -- to consider the other side's position has hamstrung political bodies from coast to coast.

Moderates aren't organized, and because they straddle party lines, they may never be much of a cohesive group with the ability to move a policy agenda. But they must begin fighting back -- rationally always, gloves off if necessary. Congratulations to Sen. Lincoln D. Chafee, a moderate Republican from Rhode Island, for his primary victory last week. He did fight back, and effectively.

Somehow, some way, moderates must understand that they will go the way of the moa, the dodo and, appropriately, the woolly mammoth unless they learn to fight as hard for the policies of the sane and rational center as the far right and far left fight for the extremes.

Jschwarz@fhcbc.org

Joe Schwarz is a Republican congressman from Michigan.

Bush In A Bind With Southern Women, Poll Shows (HC/AP)

By Shannon Mccaffrey, Associated Press

Houston Chronicle, September 17, 2006

Dwindling trust in president could bring down GOP gains in Congress

MACON, GA. — President Bush's once-solid relationship with Southern women is on the rocks.

"I think history will show him to be the worst president since Ulysses S. Grant," said Barbara Knight, a self-described Republican since birth and the mother of three. "He's been an embarrassment."

In the heart of Dixie, comparisons to Grant, a symbol of the Union, are the worst sort of insult, especially from a Macon woman who voted for Bush in 2000 but turned away in 2004.

In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters, while women nationally favored Democrat John Kerry, 51 percent to 48 percent.

"In 2004, you saw an utter collapse of the gender gap in the South," said Karen Kaufmann, a professor of government at the University of Maryland who has studied women's voting patterns. White Southern women liked Bush because "he spoke their religion, and he spoke their values."

Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress.

Republicans on the ballot this November have reason to worry. An Associated Press-Ipsos poll found that three out of five Southern women plan to vote for a Democrat. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP.

Democrats need to gain 15 seats in the House and six in the Senate to seize control.

In a sign of how crucial races in the South will be to the GOP national strategy, Bush recently traveled to Georgia to help former Rep. Max Burns raise money in his bid to unseat Democratic Rep. John Barrow. The president also gave a speech in Atlanta.

Knight lives in another congressional district considered competitive. Republicans hope to oust Democratic Rep. Jim Marshall, whose district was redrawn by the GOP-controlled Georgia Legislature to make it more conservative.

Voters like Knight could prove to be spoilers. The 66-year-old real estate agent doesn't particularly like Marshall, a hawkish Democrat and former Army Ranger, but she said she'll vote for him because she likes his conservative Republican opponent, former Rep. Mac Collins, even less.

"I'm going to go for the moderate, and these days that tends to be Democrats," Knight said.

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Sandy Rubin, a high school teacher in Macon, voted for Bush and said she's also likely to vote for Marshall. Rubin said the GOP's focus on issues that appeal to social conservatives, such as gay marriage and abortion, have turned her off.

"I care about job security and education. The things I hear the Republicans emphasizing in their campaigns are not things that affect me or my family," said the 39-year-old mother of two.

The movement of some Southern women away from the Republican Party tracks with national poll results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country.

"I'm a mother, and that makes me think differently about (Iraq)," Teresa Cranford, 39, also of Macon said.

Lynn Hamilton, 44, said she supports Bush even though her backing for the war has waned.

"As a mother you worry, 'Am I going to lose my baby boy?' " said the Gray, Ga., resident. "A mother's view about war is often going to be a lot different than dad's is."

Neither Cranford nor Hamilton has not decided how she plans to vote in the midterm elections, although neither ruled out voting for a Democrat.

Still, some Southern women remain supporters of the president and the GOP. At a watermelon festival in Chickamauga, in the mountains of northwest Georgia, substitute teacher Clydeen Tomanio said she remains committed to the party.

"There are some people, and I'm one of them, that believe George Bush was placed where he is by the Lord," Tomanio said. "I don't care how he governs, I will support him. I'm a Republican through and through."

GOP Detects Break In Gloom Over Congressional Elections (HC)

By Bennett Roth

Houston Chronicle, September 17, 2006

9/11 anniversary sees rise in Bush's approval ratings

A bleak landscape for Republicans in the upcoming congressional elections appeared to brighten ever so slightly last week.

The president's aggressive campaign to emphasize terrorism and tie it to the conflict in Iraq has helped nudge upward his still-low approval ratings.

Experts say the ratings are an important gauge of how the president's party will fare in the congressional elections. The polls also showed a slight improvement in the public view of his handling of Iraq, an issue Democrats are hoping to use to make big gains.

The latest surveys also show a narrowing in the percentage of voters who in general favor Democrats over Republicans in the Nov. 7 elections, although Democrats still hold a lead of about 9 percentage points.

Thomas Mann, a congressional expert at the liberal-leaning Brookings Institution, said he is skeptical Republicans could sustain momentum generated by the fifth anniversary of Sept. 11.

"My view is it will be a one-week phenomenon," he said.

Senate Republicans also are breathing a sigh of relief that GOP Sen. Lincoln Chafee defeated his conservative challenger, Stephen Laffey, in the Rhode Island primary — despite the fact Chafee often votes against administration initiatives. Republicans think Chafee will be a stronger contender in the general election in the overwhelmingly Democratic state. However, polls still show Chafee running about even with Democrat Sheldon Whitehouse.

Both parties indicated they intend to dump substantial sums of money into key races in the final weeks.

The Democratic National Committee announced it would spend $12 million to get out the vote. For his part, Republican National Committee Chairman Ken Mehlman said he expects to spend $60 million on advertising and voter turnout. Mehlman told reporters he expected the party would lose seats in November but retain its majority in both chambers in part because of the party's strong grass-roots operations.

South Texas could hold key to the HouseA South Texas congressional district could be political ground zero this year in a scenario envisioned by some analysts if the Nov. 7 elections fail to result in a majority for either party in the House.

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To break the tie, money and operatives from across the country likely would flood into the district now represented by GOP Rep. Henry Bonilla, who could face a runoff after the Nov. 7 elections.

Bonilla's district lines were altered after the U.S. Supreme Court ruled part of a Texas redistricting plan was unconstitutional. Bonilla, six Democrats and one independent are running in a district that is less Republican and more Hispanic than the previous one. There would be a runoff if none of the candidates receives more than 50 percent of the vote.

Larry Sabato, political science professor at the University of Virginia, said on his Web site that if that happened, GOP and Democratic House leaders would be "furiously brushing up on their Spanish, desperately seeking to avoid Davy Crockett's fate."

Local builder Perry bankrolling groupBob Perry, the Houston homebuilder and GOP donor who helped bankroll the Swift Boat Veterans for Truth, which attacked John Kerry's military credentials during the 2004 presidential election, is back in the political fray as the top donor to a conservative group running ads against Democrats.

Perry gave $5 million to the Economic Freedom Fund, a California-based group, according to a Sept. 8 filing with the Federal Election Commission. The group is a so-called 527 entity, not subject to campaign finance limits. The fund, headed by Charles Bell Jr., general counsel to the California Republican Party, has spent $500,000 in TV ads against Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia.

Public Money May Not Be Enough In 2008 (AP)

By Jim Kuhnhenn, Associated Press Writer

AP, September 17, 2006

Those three dollars you've set aside in your tax returns as a good deed toward clean presidential elections? Forget about it. Nobody wants them anymore.

Strategists from both parties estimate the White House race in 2008 could cost each nominee $500 million — far more than the Presidential Election Campaign Fund can afford. As a result, this next presidential campaign could mark the first time in 30 years that the Democratic and Republican nominees turn down the fund's millions in both the primary and the general elections.

"The public financing system was a great system, but it's broke," said Steve Elmendorf, the deputy campaign manager for Democrat John Kerry when the Massachusetts senator ran in 2004.

"There's not enough money in it anymore. It's highly unlikely that any candidate in any party will stay in the public funding system," Elmendorf said.

The decision has precedent.

George W. Bush declined the public money in the 2000 GOP primaries, when he was a first-time candidate, and did so again in 2004, when he sought re-election. Democrats Howard Dean and John Kerry made the same choice in 2004.

Still, Bush and Kerry each accepted $74.5 million from the fund to run their general election campaigns. For 2008, the amount could reach $85 million per nominee.

If the major party candidates decline the general election funds in two years, they in effect would kill one of the chief post-Watergate overhauls in campaign law.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

More than ever, the first cut in the presidential sweepstakes will not result from the early contests of 2008, but from candidates' ability to stockpile huge amounts of money the previous year. That means potential candidates will ramp up their fundraising far sooner than they ever have in the past.

"The 2008 presidential election is going to be the Wild West," said Michael Toner, the Republican chairman of the Federal Election Commission. "Upward of $500 million is the likely goal of presidential fundraising per candidate."

So far, the best test of potential candidates' fundraising is the political action committees they have formed to probe the political environment and seed the landscape with donations. That money cannot be transferred into their election accounts.

Of Republicans considering a run, the four whose PACs have raised the most money are Sens. John McCain of Arizona and Bill Frist of Tennessee, former New York Mayor Rudy Giuliani and Massachusetts Gov. Mitt Romney.

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At the top of the Democratic money list are former Virginia Gov. Mark Warner and Sens. Kerry, Hillary Rodham Clinton of New York, Evan Bayh of Indiana and Barack Obama of Illinois.

Clinton stands out above the rest because as of Aug. 23, she also had $22 million in her Senate campaign fund. She can transfer this money directly into a presidential contest.

No one represents the crossroads of presidential ambition and campaign finance activism more than McCain. His name is synonymous with tough election laws that have banned parties from collecting unrestricted and unlimited amounts of money.

But McCain is among those prepared to forgo the public financing system in 2008, according to strategists working with him.

He caused a stir this summer when he did not sign on as one of the congressional supporters of legislation that would overhaul the system. The main proponents were his old allies on the campaign finance law — Sen. Russ Feingold, D-Wis., and Reps. Christopher Shays, R-Conn., and Martin Meehan, D-Mass.

The measure would triple the amount available to candidates during state primaries and eliminate the state spending limits. It also would offer more money to candidates whose opponents chose to decline the money and raise more on their own.

In an interview, McCain said he supported the measure and said that if it passed he would live by the new rules.

"We're either going to upgrade it like it's envisioned in this legislation or nobody's going to take it, or very rarely will people take it," McCain said. But he added, "If you have to play by the rules as they are, that's very different."

Under current rules, no one can take the public money without agreeing to strict spending restrictions. Had Bush or Kerry accepted the money in 2004, they would have been limited to spending less than $45 million each in the primaries. Operating outside the system, Bush raised nearly $270 million and Kerry $235 million.

What's more, not everyone assigns $3 to the presidential campaign fund in tax returns. That has left periodic shortfalls in the fund, forcing the FEC and the Treasury to lower the initial payout to primary election candidates. In every case, the government has paid the full match after April 15 with the arrival of more tax revenue.

Campaign strategists and campaign finance analysts say they can imagine the new crop of presidential candidates concluding that the entire government handout is not worth the trouble.

"Anybody who takes federal funding will do so at their own peril because they will be dramatically outspent," said Tom Rath, a Republican National Committee member from New Hampshire

Rath, echoing others, believes the minimum that top tier candidates will have to have in hand at the end of 2007 will be "clearly north of $50 million."

Some people, such as the FEC's Toner, predict the number will be closer to $100 million. By comparison, Dean had $41 million at the end of 2003, double the amount Kerry had in hand.

Once the parties have their nominees, the candidates will have to decide whether to settle for the guaranteed total — estimated up to $85 million depending on inflation — or decline the money and raise more on their own. It seems inevitable, though, that if one party's nominee declines the money, the other will, too.

Under existing law, the party nominees get their general election money after their respective political conventions, typically held in August. Some strategists and analysts believe raising money for the general election will cut into valuable campaign time. And they say the public money should be more than enough for a 100-day contest.

"If you don't accept public money in the general there is a much greater chance that you will suffer from public criticism and reprobation because it'll look like you're just going to buy the election," said Don Fowler, chairman of the Democratic Party during Bill Clinton's 1996 re-election.

McCain, for one, said he has not made that decision yet. Kerry has told fundraisers he is prepared to raise his own general election money. He nearly came to that conclusion in 2004.

Elmendorf said the question Kerry faced in 2004 was whether he would be able to raise more than the $74.5 million available to him from the presidential campaign fund. "It was unknowable at the time," he said. "In hindsight, the answer was yes."

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On the Net:

Federal Election Commission background on public funding of presidential elections:

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http://www.fec.gov/pages/brochures/pubfund.shtml

Clinton-Gore Could Take On New Meaning For 2008 (HC)

By Judy Holland

Houston Chronicle, September 17, 2006

Former VP opens door to face-off with senator for Dems' nomination

WASHINGTON — Al Gore's statement that he wouldn't rule out running for president raises the possibility of a Democratic duel between the former vice president and Sen. Hillary Rodham Clinton.

Gore, who steadily has dismissed questions about his plans for 2008, created a stir when he told reporters: "I haven't completely ruled out running for president again in the future, but I don't expect to."

That slight deviation from his past denials of presidential dreams has spurred speculation that Gore might suit up again for a presidential bid, leading Sen. Barbara Boxer, D-Calif., to enthuse that it would be "fabulous" if Clinton and Gore both ran for the Democratic presidential nomination.

"The two of them are very strong candidates," she said.

Gore, 58, who won the popular vote in the 2000 presidential election but lost the White House after a blizzard of ballot recounts in Florida and Supreme Court intervention, is on the lecture circuit to talk about global warming.

His best-selling book and documentary film, An Inconvenient Truth, in which global warming is described as the greatest crisis the world has ever faced, have opened up global speaking opportunities.

John Zogby, an independent pollster with Zogby International, sees "a battle royal shaping up."

"Frankly, this is Al Gore's year and it's Al Gore's turn and that's the thing — it's also Hillary's turn," Zogby says.

Gore is "in a very second tier after Hillary, who is in a league by herself," Zogby says. He says Clinton "really sucks the air out of the contest because she's new, she's a woman and she's Hillary — no last name needed."

On the other hand, Gore has "two aces in the hole," Zogby said. Unlike Clinton, he opposed the Iraq war from the start. And he is known as an expert on the environment.

Clinton, who was first lady for eight years while Gore was No. 2 to her husband, praises his work on global warming, calls his film "excellent."

But when asked about a Gore candidacy in 2008, Clinton laughs and curtly moves on, saying: "You'd have to talk to him about that."

Marshall Wittmann, a senior fellow with the Progressive Policy Institute, a Democratic policy group, says Gore is "clearly and certainly leaving the door open."

Wittmann says Gore is "probably reading up on what Richard Nixon's path out of the wilderness was," in 1968 after he spent several years out of public life.

While Nixon lightened his image by appearing on the comedy show Laugh-in, Gore put the nation in stitches appearing on Saturday Night Live, in a series of skits that included impersonations of Sen. Trent Lott, R-Miss., his own refusal to leave the Oval Office and being shot with a stun gun after a long kiss with his wife, Tipper.

Barack Obama: Could He Be Too Popular? (SLPD)

By Kevin McDermott, POST-DISPATCH SPRINGFIELD BUREAU

St. Louis Post-Dispatch, September 17, 2006

SPRINGFIELD, ILL.

For a politician, is there such a thing as too much popularity?

If there's any cloud over U.S. Sen. Barack Obama's seemingly charmed political life, it may be that one.

With national political pundits now using words such as "messiah" in connection with the Chicago Democrat - and one former campaign opponent calling on him to run for president - some say he could ultimately be rising so fast and high in the American consciousness that he may end up with nowhere to go but down.

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"It's a cliche, but it's true: The higher you go, the harder you fall," warned pollster Del Ali of Research 2000, which conducted a poll for the Post-Dispatch last month that showed Obama with an unheard-of 70 percent approval rating among Illinoisans.

One rule of thumb in politics is to keep expectations low so that any mistake the politician makes looks smaller while any accomplishment looks bigger. For Obama, sitting on a runaway train of gushing publicity, that kind of "expectation control" has become impossible.

"One of the obvious dangers is that no one's perfect," said Mike Lawrence, director of the Paul Simon Public Policy Institute at Southern Illinois University and a longtime Illinois political aide. "His mistakes could become magnified if the expectations are unreasonable."

Obama's staff is aware of that danger.

"I think, honestly, expectations became basically uncontrollable about 10 minutes after he finished his speech at the (2004 Democratic National) Convention," said Robert Gibbs, Obama's communications director. "I've had people say, 'You guys should really tamp things down,' but it's hard to do."

Newsweek hasn't helped. An essay published in the magazine last week described the reception that Obama received on his recent trip to Africa as "befitting a messiah."

"It is not too early to pronounce Barack Obama a political phenomenon unlike any previously seen on the American scene," the essay declares. It then, nonetheless, goes on to offer a previously seen example: John F. Kennedy.

Illinois Comptroller Daniel Hynes suggested last week that Obama could follow that path. In an unusual official statement on Thursday, Hynes pressed Obama to run for president in 2008, calling him "the person for these times."

"You and you alone can best put together the broadest possible coalition with the charisma and the excitement, as well as the substance, to win," Hynes wrote in an open letter to Obama, who beat Hynes in Illinois' 2004 Democratic U.S. Senate primary. Hynes' statement went on to vow to "impress upon (Obama) the breadth of support he has throughout the country."

Obama (whose office reiterated last week that he isn't running for president in 2008) hardly needs his own startling popularity impressed upon him. He has quipped about it himself, joking to reporters at a dinner in Washington in March, for example: "I want to thank you for all the generous advance coverage you've given me in anticipation of a successful career. When I actually do something, we'll let you know."

By most accounts, Obama has had a strong debut in the Senate in terms of legislative accomplishments. But the continuing demand for him to appear at political events across the nation clearly is out of proportion with any mere legislative agenda.

Pundits have offered various explanations for Obama's "rock star" phenomenon, from his multicultural background (immigrant Kenyan father, white Kansan mother) to his intellectual credentials (first black Harvard Law Review president, bestselling author) to his political style (optimistic and conciliatory). Obama did win a Grammy earlier this year for the spoken-word version of his autobiography, "Dreams From My Father."

The moment that lit the match was his speech to the 2004 Democratic National Convention in Boston, which caught the attention of the national media for its eloquent statement of Democratic principles. His subsequent huge win in the Senate race in Illinois - though clearly aided by a series of self-destructing opponents - was hailed as further proof that a major new figure had stepped onto the national political stage.

"One of the weirdest things I ever saw was on the day before he was sworn in" to his Senate seat, recalled Gibbs, amused, "and somebody asked him what his place in history is."

Lawrence, of the SIU institute, said one trap Obama would have to watch for was not to forget the Illinois voters who put him in office - and who (assuming he runs for a second term in 2010) will decide whether to keep him there.

"He doesn't get elected in Africa, he doesn't get elected in Iowa," said Lawrence. "He's in demand around the world, but he needs to make sure to stay close to the (voters of) Illinois."

Robert D. Novak: Obama For President? (UL)

By ROBERT D. NOVAK

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Union Leader, September 17, 2006

WASHINGTON – Prominent Illinois Democrats are advising Sen. Barack Obama, now finishing his second year in the Senate, to consider making a run for the 2008 Presidential nomination.

One such Democratic stalwart is telling the 45-year-old Obama to run only if prospective front-runner Sen. Hillary Clinton does not. But others are advising the popular freshman senator to go for it even if Clinton is a candidate.

These boosters calculate that Obama, the son of a black father and a white mother, could break the Republican Presidential hold on the South by maximizing the African-American vote in states such as South Carolina, Georgia and Mississippi.

TAXES AND POLITICS

Rep. Tom Reynolds, the campaign manager in charge of keeping the Republican majority in the House, gave his approval to a bid by House Ways and Means Committee Chairman Bill Thomas to force a tax bill through the September session of Congress.

Reynolds's opinion is given the highest weight, even more than Speaker Dennis Hastert's, in the current House Republican leadership meetings. These sessions have concentrated on what might help elect Republicans in November. Reynolds previously had been skeptical about the political value of a pre-election tax measure.

Thomas, in his typical style, has kept quiet on the details of what would be his final tax bill as he ends his congressional career. Not as usual, Thomas has been in contact with the Senate, indicating he means business.

KATHERINE'S WOES

Jim Dornan, one of the former managers of Rep. Katherine Harris's beleaguered Republican Senate candidacy in Florida, has told associates he was startled by how aggressively the FBI questioned him Sept. 6.

Dornan was interrogated for an hour and a half by federal agents as part of their inquiry into Harris's political contributions from defense contractor Mitchell Wade, who has pleaded guilty to bribery in another case. Dornan described the FBI as pressing him hard about Harris.

Dornan, a lobbyist and fund-raiser, is currently consulting for Rep. John Sweeney's re-election campaign in upstate New York. He left the Harris campaign last November.

DEMOCRATS AGAINST CHAFEE

The Democratic Senatorial Campaign Committee (DSCC), headed by Sen. Charles Schumer, made an unusual intervention in a Republican primary by financing negative telephone calls in an unsuccessful effort to block liberal Sen. Lincoln Chafee from renomination in Rhode Island.

The DSCC spent $14,300 for anti-Chafee calls last Saturday and another $11,700 on Monday, for a total of $26,000. Chafee's conservative challenger in the GOP primary, Cranston Mayor Stephen Laffey, was considered a sure loser in the general election if he were nominated.

Chafee was vigorously backed by the National Republican Senatorial Committee, the Republican National Committee and the White House. In comparison, the DSCC spent only $62 helping Sen. Joseph Lieberman's losing candidacy in the Connecticut Democratic primary.

BOWLING FOR REPUBLICANS

Republicans in Washington were urged to take time off work from 4 to 6 p.m. last Wednesday and go to the Lucky Strike Bowling Alley in an unusual fund-raiser for seven GOP House members in need of late campaign money.

The National Republican Congressional Committee called the event BOMP (Bowling for Our Majority Program). The beneficiaries were Reps. Steve Chabot of Ohio, Thelma Drake of Virginia, Jeff Fortenberry of Nebraska, J.D. Hayworth of Arizona, Marilyn Musgrave of Colorado, John Sweeney of New York and Curt Weldon of Pennsylvania.

The solicitation for BOMP asserted that the seven incumbents "all have a real need for additional resources in the last couple of months before the election," either because of a "well-funded" Democratic opponent or especially high local television costs.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

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Iraq Looms Large In Senate Race (SLPD)

By Deirdre Shesgreen, POST-DISPATCH WASHINGTON BUREAU
St. Louis Post-Dispatch, September 17, 2006

Every which way they turn, Sen. Jim Talent and state Auditor Claire McCaskill face voters' unease and anger about the war in Iraq.

"There's no winning that," said Nell Cowden, 58, a retiree, as she waited in the buffet line last month at a Democratic dinner in Maryville featuring McCaskill. It doesn't make sense, she said, "to throw more money and lives" into the effort.

Talent says he frequently hears from voters who "want us to win and want us to win faster than we're winning. And they're frustrated that we're not doing that."

But Missourians looking for a dramatic new direction on Iraq from the two candidates competing for the U.S. Senate seat may not be happy with what either Talent or McCaskill has to say.

To be sure, Talent, the Republican incumbent, and McCaskill, his Democratic challenger, have sharply different positions on the best course forward in Iraq, as well as whether it was a good idea to strike in the first place. Indeed, Iraq may be the strongest point of disagreement on a broad range of foreign policy questions.

Talent was among the staunchest proponents of the war and remains unwavering, like many other Republicans, in his belief that setting any timetable for withdrawal would be a terrible mistake. He voted against two recent Democratic resolutions, one calling for the start of U.S. troop withdrawal this year and another calling for nearly all U.S. troops to be out of Iraq by July 31 next year.

Despite spiraling violence and a mounting death toll in Iraq, Talent says the United States is making progress and must stick it out. He sees positive developments in the election of an Iraqi government and other steps.

"We don't need complete peace in Iraq" before U.S. troops can leave, said Talent, a member of the Senate Armed Services Committee, which oversees the Pentagon. "We need a fundamental level of stability that the government can maintain on its own. And we are making progress towards that."

Any early withdrawal, he said, would be "a signal to our enemies that if they can fight on long enough, that eventually we'll leave. It will just encourage them."

McCaskill says the war was a mistake and is now a quagmire that has compromised America's strength and bred terrorism in new corners of the world. But she has not bowed to the most fiery anti-war wing of her party - voters like Cowden who say "bring the troops home tomorrow" - or even to some Democratic senators who have called for withdrawing all U.S. troops by the middle of next year.

McCaskill advocates a two-year phased pullout, to begin this year, with American troops eventually replaced by a multinational force - time enough, she says, to allow the Iraqi government to achieve stability.

"We have become a crutch in terms of (the Iraqis) moving forward," McCaskill said. "As long as they can rely on American lives and American resources, it allows them the luxury of not getting to work and figuring out how they can live together. . . . We are never going to build democracy at the barrel of a gun."

Asked about Talent's charge that setting a date for withdrawal will bolster the insurgents and spark chaos once American troops leave, McCaskill said: "It's complete and total chaos now. I don't think our presence now is contributing to a political solution, and it may even be a hindrance. . . . I'm not sure anyone understands what our mission is now in Iraq."

No easy solution

Talent and McCaskill both acknowledge problems with their positions.

Talent concedes that he underestimated how long it would take U.S. troops to establish security in central Iraq. And he said his hope earlier this summer that the United States would be able to withdraw troops this year has been proved wrong by the

relentless sectarian flare-ups. But he still believes the war's broader goal - to foster democracy in other places like Iran and Syria - is viable.

"Part of winning this is defeating the terrorists' view of Islam," he said. "We need to be part of a partnership that's showing this part of the world that democracy will work here."

McCaskill acknowledges that putting together a multinational force to replace U.S. troops in Iraq would be a hard sell, at best, given the continued violence and the strong anti-war sentiments around the world. "It is incredibly difficult now, because of what this administration has done," McCaskill said. "We need to get to work" to rebuild alliances, she added, particularly with moderate Arab nations.

Far from fostering democracy in the Middle East, McCaskill said, the Iraq war has increased terrorism and emboldened rogue regimes like Iran and North Korea. "They know that we are weakened by our tunnel vision in Iraq," she said.

McCaskill has also blasted Iraq war spending, saying that no-bid contracts and other favoritism have cost U.S. taxpayers billions of dollars. She has called for a new "Truman Commission" to expose "war profiteering."

"It is time for a reckoning, a time for real oversight and true accountability," McCaskill said in a speech in May unveiling the plan.

Talent said Congress "constantly needs to make sure the money is being spent wisely" but that there is no need for a new commission.

"We've got all kinds of oversight committees" both in Congress and at the Pentagon, he said. "I've sat through hours and hours and hours of hearings on all kinds of issues, from Abu Ghraib to the (Boeing) tanker lease deal."

Lieberman Pleads For Unity Against `Barbarians' (HARTC)

By Mark Pazniokas, Courant Staff Writer

The Hartford Courant, September 17, 2006

FAIRFIELD -- Using apocalyptic imagery of civilization lost, Sen. Joseph I. Lieberman blamed politics Friday for undermining the war on terror and leaving the U.S. vulnerable to "barbarians at our gates."

The U.S. faces a patient and ruthless enemy in Islamic extremists, an enemy that "threatens not just America, but all of civilization," Lieberman said in a national security speech at Fairfield University.

"We remain too divided as a nation, and in Washington, spend too much time fighting each other rather than coming together to make our country safer," Lieberman said. "At stake is the kind of world we will live in, not far away abroad but right here, home in Connecticut."

His 25-minute address repeatedly called for bipartisanship in Washington, reinforcing the central theme of his re-election campaign as an independent since losing the Democratic primary in August to his main rival, Ned Lamont.

He was introduced by Mary Fetchet of New Canaan, whose son, Brad, was lost in the 2001 attack on the World Trade Center. Fetchet helped lead the relatives of victims in lobbying Congress for the creation of the 9/11 commission supported by Lieberman.

Lieberman faulted the Bush administration for alienating potential allies in the war on terror, though he gave no examples of an administration miscue. He never mentioned the war in Iraq, a topic he intends to address with another policy speech.

The senator blamed the terror attacks of 9/11 on a generation of leaders lulled into complacency as tensions eased with the Soviet Union.

A string of Islamic assaults on American interests, beginning with the takeover of the U.S. Embassy in Iran in 1979, should have served notice that the U.S. faced a new and dangerous world even after the close of the Cold War in 1989, Lieberman said.

"But as a nation, we remained asleep, unwilling to see the gathering storm," Lieberman said.

While criticizing Bush, he effectively buttressed comments the president made Friday that the world remains a dangerous place.

"We cannot ever again let down our guard or allow ourselves to go into denial," Lieberman said. "We must stay alert and engage in this war against the barbarians, because that is what they are - modern barbarians at our gates. Our enemies are patient and purposeful. They are ruthless. They are lethal."

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His line about barbarians was one of Lieberman's many departures from a six-page text that was copied and distributed to reporters minutes before the speech at Fairfield's school of business.

Lieberman said Islamic terrorists are a threat to Americans of all races and creeds.

"They hate us all because we are Americans. And yet, we remain divided among ourselves in responding to them," he said. "It's really outrageous that that continues to be the case. We have got to move forward together."

He faulted some on the right for implying that Democrats do not care if terrorists succeed and some on the left for going "beyond dissent to demonize the president" and impugn the motives of those who support him.

Lieberman said Congress and the president must work in a bipartisan fashion. Sprinkled through his speech was praise for Republican senators with whom he has worked cooperatively: Susan Collins of Maine, Chuck Hagel of Nebraska, John McCain of Arizona, and Arlen Specter of Pennsylvania. He singled out no Democrat.

The senior Democrat on the Senate Homeland Security Committee, Lieberman also touted a port security bill the panel endorsed this week on a vote that crossed party lines.

"When we work together across party lines in Washington, when we put principles ahead of politics, the national interest ahead of our parties' interest, we have made progress in making America safer," he said.

Liz Dupont-Diehl, Lamont's press secretary, said Lieberman tried Friday to criticize Bush, yet he used the same fear tactics as the president.

"Sen. Lieberman's Houdini-esque contortions today, an effort to make believe that he is above the fray, will not fool Connecticut voters," she said.

The Lamont campaign said Lieberman's rhetoric is belied by his missed votes as a committee member on homeland security funding.

"He skipped all of these votes after issuing at least 8 press releases claiming he was outraged at President Bush's inadequate budget proposals," the Lamont campaign said in a written statement.

Lieberman, 64, a three-term incumbent, faces a five-way race for re-election, though polls show Lamont is his main rival. The field also includes Republican Alan Schlesinger, Ralph A. Ferrucci of the Green Party and Timothy A. Knibbs of the Concerned Citizens.

Lamont, 52, a cable-television entrepreneur, delivered his own national security speech Wednesday at Yale University, accusing Lieberman of breaking faith with a half-century of U.S. foreign policy by backing Bush's pre-emptive invasion of Iraq.

On Friday, Lamont stood at the Legislative Office Building in Hartford with Democratic gubernatorial candidate John DeStefano Jr. to blame Lieberman and Republican Gov. M. Jodi Rell for failing to lobby for legislation that would have targeted homeland security funds to urban areas, which could have brought federal aid for security to the ports of Bridgeport, New Haven and New London.

Lieberman missed a Senate floor vote on the legislation, which then failed on a tie vote. "Sen. Lieberman's vote would have made the difference, and Sen. Lieberman wasn't there to cast that vote," Lamont said.

Tammy Sun, Lieberman's campaign press secretary, said the senator was touring the Sikorsky Aircraft plant in Connecticut on the day of the vote, discussing how to secure more business for the helicopter maker.

Rich Harris, a spokesman for the Rell campaign, said the governor did object "vehemently" to the funding cuts.

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Lieberman Stresses Dire Threat Of Terrorism (NYT)

By Jennifer Medina

The New York Times, September 17, 2006

FAIRFIELD, Conn., Sept. 15 — Under attack for his support of the war in Iraq, Senator Joseph I. Lieberman gave a 25-minute national security speech Friday without ever mentioning that conflict, instead arguing that the broad threat of international terrorism demands a continued aggressive stance. He said Osama bin Laden was “free and fomenting hatred against the United States.”

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"We must stay alert and engage in this war against the barbarians, because that is what they are: modern barbarians at our gates," Mr. Lieberman said before an audience of about 200 here at Fairfield University. "Our enemies are patient and purposeful. They are ruthless. They are lethal."

It was Mr. Lieberman's first major speech since he was defeated in the Democratic primary last month, and aides said it was intended to be a policy update rather than a political statement. A Democrat now running as an independent, Mr. Lieberman criticized both major parties, highlighting his odd political position now.

"It is wrong for some on the right to imply that some Democrats don't care if the terrorists succeed, or that debating the merits of the president's policies on the war on terrorism emboldens our enemies," Mr. Lieberman said.

That kind of attack on people's motives "divides and weakens us as a nation," he said.

But Mr. Lieberman, who is trying to strike a careful balance as he seeks Republican and unaffiliated votes in November, also criticized some of the president's detractors.

"It is wrong for some on the left who go beyond dissent and demonize the president and impugn the motives of all those who support him," Mr. Lieberman said. "Like it or not, we are in this war against terror, and we are in it together."

That brought a response from Ned Lamont, the Democratic candidate for Senate, who suggested earlier in the week in his own foreign policy speech that the United States should refocus its anti-terror efforts on Afghanistan.

"I don't think anybody's demonizing anything," Mr. Lamont told reporters at a news conference in Hartford. "I think we're talking about the fact that this country's not on the right course in Iraq, and we're having a good, honest debate about what that course ought to be."

Mr. Lieberman, whose support for President Bush's efforts in Iraq was the core of Mr. Lamont's case in the Democratic primary, also made sure to chastise the White House. He said the administration had formed important alliances but also "alienated too many potential friends who could help lighten America's burden in this fight against our common enemy."

It is "an enemy that threatens not just America but all of civilization, or all of the civilized world," he added.

After the speech, members of the audience challenged Mr. Lieberman's Democratic credentials.

John Orman, a Fairfield University professor who considered a bid against Mr. Lieberman before Mr. Lamont entered the race, was the first in line. He asked the senator why he did not talk about Iraq.

Mr. Lieberman smiled and said he planned to make a speech on the war by the end of the month, and that he feared he "wouldn't do justice to either" subject if he combined them.

"I wanted to focus on homeland security in this speech," he said, adding that he believed the United States did the right thing in going into Iraq.

Mr. Lieberman said the Bush administration had made several mistakes after Saddam Hussein was overthrown but that Iraq had become a front in the "war on terrorism."

"I have no doubt that we will defeat the terrorists who started this war against us," Mr. Lieberman said in his speech. "That's not in question in my mind. It will not happen overnight, but I am confident we will ultimately prevail."

Suggesting that the United States had ignored threats after the cold war, Mr. Lieberman said that in the 1990's a "dangerous enemy began to take root in the backwaters of the Islamic world."

Citing the 1993 World Trade Center bombing, the 2000 attack on the destroyer Cole and the Iranian hostage crisis of 1979, he said, "As a nation, we remained asleep, unwilling to see the gathering storm."

Mr. Lieberman added that the American public had grown weary of war after World War II, Korea and Vietnam and had become complacent.

"We don't have the luxury of that ever again," he said. "We cannot ever again let down our guard."

New Jersey Is As Democratic As It Gets. For One Democrat, That's A Problem. (NYT)

By Peter Applebome

The New York Times, September 17, 2006

Newark

DOJ_NMG_0064785

IT'S possible, but not easy, to find a more dismal way to spend a morning than slogging through Newark in a downpour to witness the guilty plea of yet another disgraced New Jersey politician. Friday it was John A. Lynch Jr., the former State Senate president and Democratic power broker, who pleaded guilty to corruption charges that could lead to a prison term of as much as 41 months.

But bit by bit, a far drearier and not entirely unrelated picture, at once far-fetched and somehow perversely credible, is beginning to take form in the fevered brains of Democrats in Washington.

It goes like this: Riding a tide of anger against the war in Iraq, they manage to take away six Republican Senate seats in places like Missouri, Tennessee and Ohio to take back the Senate. And then, oops, they find they've lost an unlosable seat in New Jersey to render the whole thing moot.

"Believe me, there are Democrats who are having that nightmare already," said Jennifer E. Duffy, with the Cook Political Report, a nonpartisan newsletter in Washington. "And if it happens, there will be people leaping from tall buildings. What's staggering to us is it's still a viable option for a Republican to win this year in a blue state like New Jersey. I promise you I never thought I'd be talking about New Jersey after Labor Day."

In fact, the Cook Report, like all the major political newsletters, is now calling the race between State Senator Thomas H. Kean Jr., the Republican, and Senator Robert Menendez, the Democrat, a toss-up. And, whether or not control of the Senate ends up hinging on the answer, it's clear that this is yet another toxic soufflé of New Jersey politics that will revolve around this question: Who seems scarier — the Republicans in Washington or the Democrats in New Jersey?

This, of course, was not supposed to be the story line in a year when the Democrats are poised to make major gains, even if winning the House still remains a challenge and taking back the Senate a major long shot. But the longer that polls show the New Jersey race in a dead heat, the more people wonder just what script gets written in the end.

The betting for most is still that things eventually revert to form. New Jersey has not elected a Republican to the Senate since Clifford Case 34 years ago. Polls show the Iraq war wildly unpopular in New Jersey and President Bush getting a favorable approval rating from about a third of state voters. And in tough races, the Democrats almost always manage to turn out big enough numbers in North Jersey cities to push the sick and frail over the finish line.

"A month ago I said Menendez would win by between seven and 10 points, and I'm getting teased about it," said David Rebovich, director of the Institute for New Jersey Politics at Rider University. "I still think a Democrat has to be favored, but we're looking at a much tighter race."

And somewhere in the reptile brain of voters, where gut rules, there are plenty of reasons to hedge one's bets. Many voters may still not know that the Kean who is running is not the former governor but his 38-year-old son. And they might not care. In America, where nothing beats a good brand, we elect Kennedys and Bushes and Cuomos and Keans, and there's always room for a fresh product line.

Voters might not approve of President Bush or his war, but as Mr. Lynch's plea yesterday shows, New Jersey Democrats never run out of reasons to give voters pause. Maybe you could dream up a worse election-season front page for New Jersey Democrats than Friday's Star-Ledger, but it wouldn't be easy. Splashed across the top was the Lynch story. Dominating the rest of the page was another headlined "McGreevey 'In Love' From the First Kiss."

And for all the Democrats' advantage in money and base, this race remains full of questions. With almost no really competitive races for Democratic congressmen, can they guarantee the urban turnout they need? In a state where a Hispanic candidate has never been elected statewide, what role will Mr. Menendez's ethnicity have both on white suburban voters and on black urban ones?

And if ethics is a major issue and an aggressive Republican United States attorney keeps it that way, can Mr. Menendez convince voters he's clean and the election is about Iraq and control of the Senate, not Hudson County and New Jersey politics?

So we'll see what race wins out. If it's about Washington, Mr. Menendez almost surely wins. If it's about New Jersey, the Democrats have reason to be nervous.

Marriage Vote Seen As Lifeline For Allen (WT)

By Christina Bellantoni, The Washington Times

DOJ_NMG_0064786

The Washington Times, September 17, 2006

Virginia's constitutional amendment on marriage will attract conservative voters who otherwise would have stayed home in frustration with national Republicans, grass-roots activists say.

The bump in turnout in November likely will benefit U.S. Sen. George Allen, a Republican who until recently appeared a lock for re-election and poised for a 2008 White House bid.

"Marriage amendments do drive turnout," said Victoria Cobb, executive director of Virginia's Family Foundation.

Mrs. Cobb said ballot questions defining traditional marriage in more than a dozen states in 2004 helped secure President Bush's re-election.

"People came out to support it who would not have come out otherwise," she said.

Mr. Allen favors amending the state constitution, but his challenger, Democrat James H. Webb Jr., opposes the constitutional change as broad and discriminatory.

Democrats say Republicans should not be so confident that the measure will pass with a large margin. They say its placement on the ballot -- once considered a gift from Republican state legislators so Mr. Allen could get a landslide win -- is stirring opposition in the more liberal areas of the state.

A recent Mason-Dixon poll showed the amendment winning but losing support.

"It worked in other states, but what was thought to be an asset to Senator Allen no longer will be a benefit," said Delegate Brian J. Moran of Alexandria, who leads the state Democratic House Caucus.

Mr. Moran said Democrats can link the amendment to Mr. Allen's highly publicized use of the word "macaca" last month to address a 20-year-old Webb volunteer who was videotaping his campaign stops.

Mr. Allen, who made the crack at a rally in Southwest Virginia, apologized within days to the Webb worker, S.R. Sidarth, who is of Indian descent. The senator has apologized repeatedly in front of other audiences.

"You'll see a lot of people connect the dots between discrimination and macaca," Mr. Moran said. "This is the politics of division, and there is a relationship between the two."

Pollsters agree the remark damaged Mr. Allen's re-election bid, eroding a double-digit lead. He and Mr. Webb are nearly tied in several polls.

The Allen-Webb race attracted national attention, and the candidates were set to meet this morning in a debate on NBC's "Meet the Press."

The outcome of the race could decide control of the Senate if Democrats win enough seats elsewhere.

Though Mr. Allen has the advantage in fundraising and name recognition, the momentum is held by the Democrats and Mr. Webb, a former Republican secretary of the Navy under President Reagan.

Activists familiar with the grass-roots efforts of both parties in Virginia say the Democrats have the organizational advantage and can build on the successes of the current governor and his predecessor, both Democrats.

"I'm getting the largest turnouts at my rallies since I had in 1992 when [Bill] Clinton was running for president," said Rep. Rick Boucher, a Democrat from Southwest Virginia, a traditionally Republican region.

Dan Drummond, chairman of the Fairfax City Democratic Committee, agreed, saying that "grass-roots is going to win this campaign."

Some Republicans predict that a large turnout will not be enough to save Mr. Allen from conservatives irritated about immigration policy and other voters angry at President Bush over the war in Iraq.

"There is a growing frustration that maybe it's time for a change, maybe it is time for the Republicans to lose some power," said Brag Bowling, a commander in Virginia's Sons of Confederate Veterans and, until recently, a loyal Allen supporter. "They can't wage a winning war, they can't balance our budget, they can't protect our borders."

Mr. Bowling also said Mr. Allen insulted his Southern heritage when he said at a conference of historically black colleges and universities that he has come to understand that the Confederate flag is a symbol of hate and intolerance for blacks and regrets once having displayed it.

A Bad Amendment (WP)

DOJ_NMG_0064787

The Washington Post, September 17, 2006

Even if you oppose gay marriage, Virginia's ban would go too far.

SINCE 1998, 20 states have adopted constitutional amendments banning gay marriage. But not all of them have been drafted so expansively, and so carelessly, as the measure that will appear on Virginia's ballot in November, which would recognize no "union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities or effects of marriage." The amendment is muddle-headed and absurdly broad, duplicates what is already in state law and carries the germ of a thousand unintended consequences. Virginia voters should reject it.

Gov. Timothy M. Kaine (D) opposes gay marriage, but he shares with its defenders the concern that the wording of Virginia's amendment could imperil the rights of individuals to enter into private contracts or employers to extend benefits such as health care coverage to unmarried couples. Plenty of the state's most prominent employers might face a more vexing recruiting environment if the amendment is approved.

The governor seems prepared to spend some political capital opposing the amendment but not too much; his aides say not to expect a full-court press. He has recognized from the outset that the amendment can be construed not only as banning same-sex marriages and civil unions but also as putting thousands of unmarried couples at risk of losing a host of benefits. But he is loath to hit the hustings in an all-out effort to defeat the measure, which will appear on the statewide ballot Nov. 7.

We believe that all such measures enshrine intolerance and may have cruel and discriminatory effects. Around the country, there are encouraging signs that voters and legislatures in some states that have not already adopted such amendments are balking at jumping on the bandwagon. The tide that has carried these proposals may be receding somewhat, which may be one reason for Mr. Kaine's ambivalence. He has said he would support a narrowly drawn amendment that defines marriage as the union of a man and a woman, as a number of states have done.

Like any politician, Mr. Kaine is entitled to pick his battles, and there's no doubt that this one would be an uphill struggle. He would have to tackle the reality of a majority of Virginians who start out opposed to gay marriage, as well as that of the state's attorney general, Robert F. McDonnell (R), who backs the measure and dismisses the idea that it is legally problematic. But the stakes, as the governor himself has defined them, are high. Defeating the amendment is a fight worth fighting wholeheartedly.

Paid Bloggers Stoke Senate Battle In Va. (WP)

By Michael D. Shear And Tim Craig, Washington Post Staff Writers

The Washington Post, September 17, 2006

Campaigns Test Limits of Finance Laws

RICHMOND -- Virginia's U.S. Senate race has catapulted bloggers into the middle of electioneering and controversy as campaign supporters use their online forums to connect with voters, raise money and spread gossip.

Liberal bloggers -- two of whom are on the payroll of Democratic challenger James Webb -- fanned the flames last month after Sen. George Allen aimed a derogatory remark at a young Webb volunteer. That hype has helped Webb close a double-digit Allen lead in public polls and was a blow to the Republican senator's possible presidential bid in 2008.

The lack of an effective response from conservative bloggers has prompted Allen to hire a Virginia blogger as his "new media coordinator" to goose GOP supporters into action. And four of Virginia's most popular conservative bloggers launched http://www.allens-a-team.com last week to counter what they call liberal attacks.

Together, the Webb and Allen campaigns are transforming the image of the independent blogger, clicking away on his own dime from his basement. And they are pushing the boundaries of federal campaign finance laws as blogs that once were personal diaries have come to resemble full-blown campaign operations that don't have to be reported as expenses.

The goal of the paid bloggers, both campaigns say, is to deluge online political journals with positive tidbits about their candidate and draw attention to the most negative news about their opponent. The campaign bloggers sometimes write their own bits. Other times, they spread gossip generated by others.

"We just feel like if the left is going to run rampant, we have to respond in some way," said Chad Dotson, one of the new pro-Allen bloggers and the prosecutor in Wise County. "We decided enough is enough. It's something we should have done before."

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Jon Henke, Allen's new blog guru, said he will try to do in the eight weeks until the Nov. 7 election what Democrats have been doing online for months in Virginia. "Our goal is to engage the blogosphere to get our message out," he said.

Bloggers first appeared on the national political scene in 2003 and 2004 during the presidential contest. Democratic candidate Howard Dean was the first to harness the energy from thousands of online journals, whose tiny readership is multiplied by the Internet's ability to link readers from one blog to the next.

They have made little splash in Maryland and the District. But in Virginia, bloggers have mushroomed into a political force to whom politicians cater. Last month, Gov. Timothy M. Kaine (D) held a morning conference call just for political bloggers. Attorney General Robert F. McDonnell (R) regularly does a "live blog" on several conservative Web sites.

And nowhere is their presence felt more than on the campaign trail in the Senate race.

"It does seem to have gone up another notch," said Lowell Feld, founder of Raising Kaine, a liberal blog whose monthly visits are on track to be more than 100,000, up from 15,000 in December.

Bloggers were all over last week's campaign developments as the two sides traded accusations about the candidates' views on women. The bloggers' posts often are over the top. One entry on the A-Team blog offered the following quote: "Who is more modern in their attitude towards women: the Taliban, or . . . Webb? Tough call."

But it is Feld's Virginia site, at http://www.raisingkaine.com , that has been at the center of blogging influence and of controversy.

A former federal employee with degrees in psychology and Middle East studies, Feld helped blog Kaine into office last year (thus the site's name) and runs a state political action committee that he said has been largely dormant since the end of the governor's race.

This year, Feld was one of several bloggers who launched online petitions to help persuade Webb to get into the race against Allen. Feld blogged furiously on behalf of Webb during his primary fight against Fairfax Democrat and lobbyist Harris Miller.

Shortly after Webb won the primary in June, Feld announced that he had been hired as Webb's "netroots coordinator." The campaign pays him $2,500 a month to help the Democrat interact with the online community. Feld's partner, Josh Chernila, is the campaign's grass-roots coordinator.

Both offer disclaimers that their opinions are their own, but they have continued to blog on Raising Kaine, using the site to launch sometimes blistering critiques of Allen and often going further than Webb's spokeswoman.

In recent posts, Feld has referred to Republicans as "rightwing crazies" and has changed the name of Allen's campaign manager, Dick Wadhams, to a locker room epithet.

Recently, Feld wrote about a picture that shows Allen standing next to a group of white men who allegedly belonged to a white supremacist group.

"Finally! I mean, seriously, how long does it take the supposedly 'mainstream media' to pick up on evidence that a man who wants to be President is a racist?" Feld wrote.

Asked whether she believes Allen is racist, Webb spokeswoman Kristian Denny Todd said: "I don't know. You'll have to ask George Allen." Told about Feld's post, she added, "Well, you know, Lowell doesn't speak for the campaign."

Feld's online statements -- and the Webb campaign's attempts to distance itself -- have outraged conservatives who accuse Webb of illegally using the Raising Kaine site and its bloggers as a vehicle for election-year messages without officially reporting it as a 2006 campaign expense.

Dotson accused Feld and other liberal bloggers of making "huge misrepresentations" on their sites and said the Webb campaign should be held accountable.

"His campaign has been so inept that if he didn't have left-wing bloggers screaming at the top of their lungs, he wouldn't have a campaign," Dotson said.

On the Virginia Virtual Conservative blog, http://virtuconindustries.blogspot.com , Jim Riley penned an entry titled "Raising Kaine PAC in violation of Federal Election law."

Riley wrote: "The gang at Raising Kaine PAC better start looking around for a good Democrat federal election law attorney. Something tells me that they'll be needing one."

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Feld said lawyers have told him neither he nor the campaign is doing anything wrong. "We're very confident. They've assured us time and again [that we] not only meet the letter of the law, but exceed it."

Federal election laws largely exempt blogging and other online activity from reporting requirements in much the same way that newspapers and television programs are free to comment without fear of government regulation.

In March, the Federal Election Commission issued rules that require campaigns to report when they buy banner ads on Web sites. But those same regulations appear to give bloggers such as Feld and Henke virtually unlimited freedom.

In documents accompanying the regulations, the FEC wrote, "The new rules exempt Internet activity by individuals acting both with and without the knowledge or consent of a candidate, authorized committee, or political party committee."

But Feld and Henke are testing the federal laws by claiming to be members of a campaign staff one moment and independent campaign bloggers the next.

What is clear, said political activists on the left and the right, is that campaigns such as the ones in Virginia are changing the way bloggers are perceived.

"Blogging is evolving," Feld said. "You are moving into the point where bloggers who before were making no money are starting to become more like professionals, like journalists and other campaign people."

Democrats Lose In Chafee Victory (WT)

By Amy Fagan, The Washington Times

The Washington Times, September 17, 2006

Senate Democrats last week lost a key chance in their battle to retake the Senate, when top Republicans helped one of their most liberal members, Sen. Lincoln Chafee of Rhode Island, defeat a more conservative challenger who both sides thought would lose to Democrats in November.

"Republicans are breathing a sigh of relief," Republican pollster Scott Reed said. "And the Democrats' momentum has been halted. ... This just would have made them one step closer."

Democrats have to gain six seats in order to retake the Senate. Senate Minority Leader Harry Reid, Nevada Democrat, said last year that a "miracle" would be needed for them to do so.

Senate Democrats strongly disagree that Mr. Chafee's win was a setback for them. They argue that they can still win the seat because Mr. Chafee was weakened by the bitter primary and polls show a tight race between him and Democratic nominee Sheldon Whitehouse, a former state attorney general.

But the hill is now a bit steeper for Democrats than it would have been had the more conservative Stephen Laffey won the Republican primary in the Democratic state.

To gain a majority, Democrats would have to win Mr. Chafee's seat, as well as four vulnerable Republican seats in Missouri, Montana, Ohio and Pennsylvania, said Jennifer Duffy, editor and political analyst for the nonpartisan Cook Political Report. Then, they would have to pick up a sixth seat from among three slightly less vulnerable Republican seats in Arizona, Tennessee and Virginia, she said. And they would have to do all of this without losing any of their current seats.

In addition, Democrats are trying to deal with reports that Sen. Robert Menendez, New Jersey Democrat, is the subject of a federal investigation. The Star Ledger reported on Sept. 8 that the federal government is investigating a rental deal between Mr. Menendez and a nonprofit group in the state that received millions in federal funds. A Republican poll taken last weekend showed Republican challenger Tom Kean Jr. with a four-point lead.

Meanwhile, last week's Rhode Island primary was a focus for both parties because polls showed Mr. Laffey likely would lose to Mr. Whitehouse, giving Democrats a victory in the state. National Republicans gave ample money, time and resources to Mr. Chafee to ensure that didn't happen.

"It makes the math a lot harder for [Democrats]," Dan Ronayne, spokesman for the National Republican Senatorial Committee, said of the outcome. He noted that Democrats were so intent on a Laffey win that they spent $26,000 making phone calls against Mr. Chafee leading up to the race, according to a Federal Election Commission filing by the Democratic Senatorial Campaign Committee (DSCC).

But the DSCC is now wholly focused on the general election.

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It says Mr. Chafee will have a difficult time trying to woo left-leaning voters after top Republicans such as first lady Laura Bush traveled to Rhode Island to campaign for him.

"Chafee's going to have a harder time shifting to a general election after using page after page of the Republican playbook in the primary," DSCC spokesman Phil Singer said.

In a strategy memo the day after the primary, DSCC Chairman Sen. Charles E. Schumer of New York noted that Mr. Whitehouse got roughly the same number of votes as both the Republican candidates combined.

He said the primary showed that "candidates who were perceived as the most anti-Bush won -- an ominous sign for the GOP and a good sign for Democrats."

Clinton Stars At Klobuchar Event (MINNST)

By Josephine Marcotty, Star Tribune

Minneapolis Star Tribune, September 17, 2006

The former president, ever-popular among Democrats, lent his charm and fundraising mettle to the DFL candidate.

Former President Bill Clinton, the Democrats' favorite Democrat, stood with U.S. Senate candidate Amy Klobuchar before a crowd of more than 1,400 people Saturday night to shed some of his rainmaking power on her and her political party.

Clinton raised cheers at the fundraising dinner held at the RiverCentre in St. Paul when he said that Klobuchar "may be the very best we have in the United States."

His presence in Minnesota, and that of President Bush at a Republican fundraiser in August, illustrates the importance that both parties place on this Senate race.

"It's the most competitive race in the country," said Mark Drake, communications director for the Republican Party in Minnesota. "It speaks to the fact that they have to bring in their most important fundraiser," he said.

Questions were raised about whether Bush would help or hurt Minnesota Republican candidates during his fundraising swing here.

But that's not an issue for Clinton or the candidates he supports in Minnesota, experts said.

"There is no more popular Democrat than Bill Clinton," said Steve Smith, a professor of political science at Washington University in St. Louis. "If you are putting on a fundraiser, you want Bill Clinton."

When Bush came to Minnesota for a Republican fundraiser in August, some questioned whether the political fallout from the war in Iraq and Hurricane Katrina would steer voters away from Republican congressional candidate Michele Bachmann and Senate candidate Mark Kennedy. In fact, a running theme of the coverage of the race between Kennedy and Klobuchar has been that Kennedy is trying to overcome his image as a Bush Republican.

Kennedy's answer to that was to ride in Bush's motorcade, and shake his hand during the Minnesota visit.

However, when Clinton left office he was one of the most popular presidents ever, said Stephen Frank, a political science professor at St. Cloud State University, and that was especially true in Minnesota.

"And we love former presidents," he said.

In fact, Clinton's appearance beside Klobuchar at the event might raise her appeal to a broader spectrum of voters, he said.

"She's modeled herself on Clinton," Smith said. "He was known for his success in taking a moderate approach. And [Klobuchar] has attempted to stake a claim in the middle of spectrum."

In fact, Clinton said during his speech Saturday that the "Democratic party has actually become both the liberal and the conservative party in America today." The Republicans have been taken over by a narrow group of extreme conservatives, he said.

That's in sharp contrast to what Republicans have been saying about Minnesota Democrats since Keith Ellison won the Democratic primary last week in the Fifth District Congressional race.

"Clinton, coming to town on the heels of Ellison's victory, really underscores just how much Minnesota Democrats have abandoned his Democratic legacy," Drake said.

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Ellison has been subjected to heated attacks by his Republican opponent in the race because of his past ties to Nation of Islam leader Louis Farrakhan. Ellison, a Muslim, has said his ties were limited to helping organize the Million Man March in Washington.

Campaign officials for Klobuchar said the event was sold out, and they added spots for 200 more people at the last minute. However, they were unable to say how much money was raised because Clinton's schedule changed at the last minute, forcing the Klobuchar campaign to cancel a fundraising event with him that was to be held before the dinner. Earlier Saturday he attended the funeral of former Texas Gov. Ann Richards, who died Thursday of cancer.

A spokesperson for the Minnesota DFL said its share of the proceeds would be about $500,000.

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'Values Voters' Up For Grabs In State's Senate Race (PPG)

By James O'Toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / U.S. SENATE

Bob Casey returned to his law school, Catholic University, last week, to deliver a message on how his faith informs his public life.

This Wednesday, Dr. James Dobson, the popular and influential evangelical broadcaster, will appear at the Mellon Arena.

Sen. Rick Santorum, whose reelection is being challenged by Mr. Casey, won't be there and won't be endorsed formally at the gathering, but the selection of Pittsburgh as a site for pre-election Stand for the Family rallies shows how highly the conservative Republican is valued by Dr. Dobson and his colleagues.

"Pennsylvania is too important for us not to be here ... especially in your Senate race," Dr. Dobson said in a radio interview last week. "Get to the polls. You know who to vote for. I won't tell you, because you already know."

The two events highlight the importance of religion in this race and in the broader national struggle between parties eager to appeal to "the values voter," that many analysts saw as a decisive factor in the 2004 presidential race. Since that election, Democrats nationally have struggled to find a natural voice on religious issues.

"I really think they understand that they've missed the boat and they've ceded all this territory to the Republican Party," said Laura Olson, a Clemson University scholar and the author of "Religion and Politics in America: Faith, Culture and Strategic Choices."

"On the other hand," she said, "you can't really turn around all of a sudden and say, 'OK, I'm going to talk about religion.' "

A recent survey by researchers at Baylor University confirmed earlier findings that regular church attendance had a high correlation to support for Republican candidates. The latest in a series of surveys on religion and politics by the Pew Forum on Religion and Public Life offered similar conclusions. Both surveys noted that white evangelical Protestants were the most monolithic of religious groups in their support for conservative candidates and issues.

That tendency should be unmistakable in the presentation by Dr. Dobson and his colleagues. While, for tax reasons, the group is barred from making formal endorsements in the race, anyone who walks away not knowing their preference won't have been paying attention. Mr. Santorum, while a Roman Catholic himself, had a prominent place in a Time Magazine survey of the most influential figures in the evangelical movement.

"Obviously, we're coming to a state where the stakes are pretty high," said Tom Minnery, Focus on the Family's vice president for public policy and the leader of its political arm. "We won't be telling people how to vote, but we'll be laying out the differences."

If the electorate were limited to religious conservatives, Mr. Casey would face prohibitive odds in November. But some analysts see a broader problem for a party whose brand name has become associated with a more secular approach to public issues.

"The root of the Democratic Party's religious woes may not lie solely in the fact that they have been spurned by religious conservatives," Pew researchers Gregory Smith and Peyton Craighill wrote in a commentary on the latest survey. "Contributing to

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the party's electoral misfortunes may be that even moderate citizens and voters view the Democrats as being unfriendly toward religion."

The introduction to the report itself said the Democrats have a "God Problem," with only a quarter of voters saying that the party is friendly toward religion. It went on to note, however, that "the proportion of Americans who say the Republican Party is friendly to religion, while much larger, has fallen from 55 [percent] to 47 [percent] in the past year, with a particularly sharp decline coming among white evangelical Protestants (14 percentage points)."

Mr. Casey's Catholic University speech was an implicit effort to counter his party's image.

Mr. Casey, like his opponent an observant Roman Catholic, invoked the Conference of Catholic Bishops' "Guide to Faithful Citizenship," and said, "My understanding of the common good also comes from my faith: faith in God, that all things will ultimately work to his greater good."

Back in the 'public square'

Mr. Santorum, in his book, "It Takes a Family" and in numerous speeches has complained about a society that would ban religion from the public square. He argues in his book: "Most liberals seem really to believe that this widespread worry about values is nothing more than a version of the Marxist 'false consciousness,' a form of mass hysteria created by urban legends and stoked by talk show hosts like Sean Hannity, Dr. Laura, and Rush Limbaugh and evangelicals like Dr. James Dobson."

Jay Reiff, Mr. Casey's campaign manager, argues that such a characterization can't be tagged on the challenger

"Bob is a new kind of Democrat and is hoping to be a model of bringing faith to the public square," he said.

One of the factors cited by analysts in Democrat Timothy Kaine's victory in last year's Virginia governor's race was his ability to speak comfortably about his faith. Early in the campaign, the Virginian-Pilot reported, he ran radio ads on small Christian broadcasting stations saying that, "My family and Christian faith are the core values that guide me."

Handicapping the Virginia race in an appearance on "Meet the Press," Howard Dean, the Democratic National chairman, said, "We ought to talk about our values. Tim Kaine did it. I don't think that's the only reason he won, but it's certainly one of them."

This rebranding effort has skeptics, however, both in and outside the party.

"I'm not comfortable with the way the Democratic Party has tried to become religious," the Rev. George Regas, pastor emeritus of All Saints Church in Pasadena, Calif., said at a panel discussion on religion and politics last week at the Warhol Museum. "There's an inauthenticity about it."

The Rev. Regas, who supports abortion rights, said he was frustrated at Democratic efforts to defend liberal positions on issues such as abortion and gay marriage from a civil liberties standpoint rather than a moral one.

Some Democrats eager to portray their candidates as more friendly to religious audiences have launched the Web site, FaithfulDemocrats.com. One of its key figures is a former DNC chairman, David Wilhelm, an investment banker and practicing Methodist.

The site describes itself as "an online community of Christian Democrats -- religious leaders, political leaders, writers, and regular Americans who are committed to the Gospel and the common good. ... We don't believe that good Christians have to be Democrats. Nor do we believe that one religion has a monopoly on faith. But we make no apologies for rooting our identity as Democrats in our faith as Christians."

To the Democratic hierarchy, a big part of Mr. Casey's appeal as a candidate was based in part on his ability to fit a similar profile. He shares Mr. Santorum's overall positions on abortion and stem cell research. Both support the death penalty. Like the incumbent, Mr. Casey opposes gay marriage, but supports civil unions for gay couples. And while he supports previous legislative definitions of marriage as a bond between a man and a woman, he derided the effort to insert similar language as an amendment to the Constitution as a partisan ploy by congressional Republicans.

Abortion off the table?

At a recent Labor Day picnic, while Mr. Casey worked the crowd a few feet away, Westmoreland County Commissioner Tom Balya said he expected Mr. Casey to run well in his socially conservative county because, in his view, he takes the polarizing issues of abortion, along with gun control, off the board.

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That Democratic hope won't be realized for every voter, however. Referring to the premise that Mr. Casey's candidacy moots the abortion issues, Helen Cindrich, president of People Concerned for the Unborn Child, said, "He's going to be surprised if he thinks that's true."

LifePAC, the political arm of Mrs. Cindrich's group, endorsed Mr. Santorum last week. The veteran anti-abortion activist described herself as a longtime admirer of Mr. Casey's father, the late governor, who was an outspoken foe of abortion and who even considered running for president on a pro-life platform.

"We interviewed him before the primary," she said of the Democratic candidate. "We were kind of thinking, 'Here comes Robert P. Casey all over again.' He said to me, 'I'm not my father.' "

"The fact that he says that Plan B is a good thing really rankles," Mrs. Cindrich said.

Mr. Casey supports the so-called morning after pill -- Plan B -- and the recent FDA decision to allow its sale over-the-counter, an issue that both Mrs. Cindrich and Mr. Minnery, of Focus on the Family, cited as important to their constituencies.

In his recent appearance on "Meet the Press," Mr. Casey said that the Plan B pill is a contraceptive. Mr. Santorum and many abortion foes oppose it, however, arguing that it can, in some instances, be tantamount to an abortion.

Mr. Casey also differs from Mr. Santorum in supporting government aid to family planning organizations. He has argued repeatedly that both pro-life and pro-choice groups can find common ground in supporting polices that reduce the number of abortions.

"In my view, neither party has gotten it right when it comes to life issues," Mr. Casey said in his Catholic University address. "We can't realistically tackle the difficult question of abortion without embracing the 'radical solidarity' with women who face pregnancy that Pope John Paul spoke of many years ago. If we are going to be pro-life, we cannot say we are against abortion of unborn children and then let our children suffer in degraded inner city schools and broken homes."

Mr. Reiff, the Democrat's campaign manager, pointed out that Mr. Casey has made efforts to reach out to a variety of faith-based groups, including the Pennsylvania Pastors Network, a coalition of nonprofit groups, working to increase the turnout of religious voters in November. Mr. Casey spoke to a meeting of the group in July, but its first session, early this year, featured a seven-minute videotaped greeting by Mr. Santorum.

In Pennsylvania and elsewhere in the country, GOP outreach to such church groups proved a decisive factor in the 2004 presidential results.

All of this suggests several tactical issues about this Senate campaign. Mr. Santorum seems certain of retaining the allegiance of most of the more conservative religious groups, but will Mr. Casey's relatively conservative social positions, and comfort in discussing his faith, allow him to peel off at least some of that conservative support?

Conversely, will more socially liberal voters, such as those in the crucial Philadelphia suburbs, perceive Mr. Casey as relatively moderate compared to the incumbent, or will they place both candidates in the same pro-life niche?

"Because Casey is able to present himself as a moderate, it creates a strategic opportunity for the Democrats to peel off moderates," said Ms. Olson, the Clemson scholar. "It seems to me that the 2006 elections are not going to be decided on the same culture wars as in the past."

Al Franken: Formidable Fundraiser (MINNST)

By Rob Hotakainen, Star Tribune

Minneapolis Star Tribune, September 17, 2006

The potential 2008 U.S. Senate hopeful is helping DFLers and candidates around the country.

WASHINGTON - A new Democratic powerhouse is emerging in Minnesota this campaign season: comedian Al Franken.

His political-action committee, which is called Midwest Values, has raised more than $800,000 that he's spreading to Democratic candidates in Minnesota and across the country.

"He's potentially a huge player." said David Schultz, a professor at Hamline University in St. Paul who studies money in politics.

Schultz said that if Franken spends all of the political funds he is raising, his group would be one of the "top two or three PACs expending money in the state of Minnesota."

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But Franken, a bestselling author and radio talk-show host who grew up in St. Louis Park, could be the ultimate beneficiary if he cashes in his chits and runs for the Senate in 2008 against Minnesota Republican Sen. Norm Coleman.

Franken, who moved from New York to Minneapolis this year, said he might form an exploratory committee for that race early next year.

He is raising campaign money from a variety of sources -- from the entertainment industry on both coasts, his stand-up comedy shows and elsewhere.

"If I do run against Norm Coleman in '08, I'll be the only New York Jew in the race who actually grew up in Minnesota," Franken quipped to about 200 DFL activists gathered at a picnic in Fridley recently.

Hollywood ties

Contributors to Franken's PAC include Barbra Streisand, Phil Donahue, Larry Hagman and Norman Lear from the entertainment industry, former Minnesota Gov. Wendell Anderson and Minneapolis attorney Sam Kaplan.

That list of contributors prompted Coleman to say that Franken "obviously has a sense of humor" by calling his PAC Midwest Values.

"Hollywood values aren't Midwest," Coleman said, "and the money isn't Midwest."

Coleman, who has raised nearly $4 million for his reelection bid, said he expects Franken to be "a very strong voice for the far left" and a strong fundraiser.

"There's a lot of Hollywood money out there, a lot of ultra-liberal money out there," Coleman said. "I have no doubt that Al Franken will be very, very formidable. ... He can probably self-fund."

Franken said he chose the name Midwest Values for his group because he is tired of Republicans claiming those values as their own. He said that Hollywood contributors have provided only $60,000 to his PAC and that Minnesotans have given much more.

Franken would not be allowed to use his PAC money to finance a run for the Senate.

So far, Franken has distributed $10,000 each to Senate hopeful Amy Klobuchar and House candidates Patty Wetterling, Tim Walz and Coleen Rowley. He gave $5,000 each to Democrats in tight Senate races: Claire McCaskill in Missouri, Sherrod Brown in Ohio and Jon Tester in Montana. He gave $20,000 to the DFL Party and $500 each to more than 30 legislative candidates.

He is aiming his money at contested races where he believes it will help most.

Wetterling said that Franken is bringing a new perspective to politics: "This is Minnesota. We elected Jesse Ventura. We elected Rod Grams, the TV anchorman," she said. "We've elected different people."

Franken has been doing a lot of politicking around Minnesota since January, when he moved his show on the Air America radio network from Manhattan to Minneapolis.

The night after he appeared in Fridley, Franken went to Tonka Bay to raise money for Wetterling. The next night, he rallied DFLers at the Wellstone Dinner in St. Cloud. Two nights later, he was in Minneapolis, raising money for abortion-rights advocates. The next week, Franken went to Denver and San Francisco to do stand-up shows. Last Tuesday night, he attended a political event in Rochester.

Republicans take notice

Franken's political rounds in the state are not going unnoticed by opponents.

Last week, State Republican chairman Ron Carey called him one of the "true finance chairs" behind DFL gubernatorial candidate Mike Hatch. Carey described Franken as "an angry liberal."

Franken said he is ready for attacks. "I admit, I've been angry at times. ... I don't know how you don't get angry at what's going on," he said.

As he travels throughout Minnesota, Franken is staying true to his trade, often relying on humor at political events. He calls the No Child Left Behind law for schools "the most ironically named piece of legislation since the 1942 Japanese Family Leave Act." He says Republicans are "stealing God," adding that the Bible is filled with references to helping the poor. If you cut all those references out, he says, "you'd have the perfect box to smuggle Rush Limbaugh's drugs in."

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At the Fridley picnic, Franken got a big laugh when he read from the GOP's Contract With America in 1994, recalling how Republicans promised to end a cycle of political scandal.

"On September 27th, 1994, on the steps the Capitol, they said this: 'If we break the contract, throw us out,' " he said.

After the crowd's hooting ended, Franken yelled: "Sounds like a plan to me!"

Rob Hotakainen is a correspondent in the Star Tribune Washington Bureau: 202-383-0009

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Jindal, Vitter Back Romero For House Seat (BRADV)

By Patrick Courreges, Acadiana Bureau

Baton Rouge Advocate, September 17, 2006

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single page view

HOUMA — The Louisiana Republican Party's two hottest political acts traveled to Houma Saturday to declare their support for Republican Louisiana 3rd Congressional District challenger Craig Romero.

U.S. Rep. Bobby Jindal, R-Kenner, and U.S. Sen. David Vitter, R-Metairie, held a news conference with state Sen. Romero, R-New Iberia, in front of the Terrebonne Parish Courthouse where they praised Romero's values and work ethic.

Romero is the best-known and best-funded of three challengers attempting to unseat first-term incumbent U.S. Rep. Charlie Melancon, D-Napoleonville, in the Nov. 7 election. The other two are Franklin Libertarian James Lee Blake Jr. and LaPlace Democrat Olangee "OJ" Breech.

"I am absolutely convinced we need Craig Romero in our delegation, especially in these challenging times," Vitter said.

He said that trying to bring more funding to the state to help restore its eroding coast and continue the recovery from 2005's hurricanes Katrina and Rita are crucial issues for the state's delegation.

Romero is uniquely qualified to deal with hurricane recovery, having served as Iberia Parish president and helping oversee that parish's recovery from Hurricane Andrew in 1992, Vitter said.

"He has the knowledge and the experience," Vitter said.

He said another reason for his endorsement is that Romero best represents the conservative values that Vitter believes Louisiana wants.

Vitter said he does not believe Melancon's claims to share those conservative values.

"I think the record shows that he doesn't," Vitter said.

The first vote Melancon or Romero would cast in Congress would be a choice for Speaker of the House, and while Romero would certainly vote for a strong conservative, Melancon would have to vote with the rest of his party for U.S. Rep. Nancy Pelosi, D-Calif., Vitter said.

He said a Pelosi-led House would be for abortion, for gun control and for tax increases.

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Story originally published in The Advocate

GOP's Attack On Ellison Focuses On U.S. Muslim (MINNST)

By Sharon Schmickle, Star Tribune

Minneapolis Star Tribune, September 17, 2006

Nihad Awad is head of the Council of American-Islamic Relations. Conservatives say it is rooted in Hamas and secretly supports Hezbollah in Lebanon.

When Nihad Awad flew to Minneapolis to attend a fundraiser for state Rep. Keith Ellison in August, following him was a simmering debate in American politics: What constitutes support for terrorism?

Last week, Minnesota Republicans thrust that issue to the forefront after Ellison won the DFL primary in the Fifth Congressional District. In a letter to Republicans statewide afterward, state GOP chairman Ron Carey accused Ellison of trying to hide his backing from "a self-identified supporter" of the Palestinian group Hamas.

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Carey was referring to Awad, a former Minnesotan and executive director of the Council on American-Islamic Relations (CAIR) in Washington, one of the nation's most prominent Muslim groups. Awad has been a frequent commentator on national television and appeared with President Bush after the Sept. 11, 2001, attacks.

But many conservatives and Jewish groups say that CAIR is rooted in the Hamas movement and that its leaders also secretly support Hezbollah in Lebanon. The United States counts Hamas and Hezbollah as terrorist organizations.

Awad donated $2,000 to Ellison's campaign in July, and at least one other CAIR employee gave $1,000. The donations are listed on Ellison's campaign finance reports, and he said he has nothing to hide.

"The Republicans are in a tough situation," Ellison said. "Iraq is a failed policy."

Ellison added, "They haven't done much for homeland security. We still have a health care crisis. The Earth is warming up, and they're not doing anything about it. What are they going to do? They have to try to engage in smear politics."

If he wins, Ellison will be the first Muslim elected to Congress. He called Awad an "acquaintance," saying he has known the CAIR leader for many years but not well enough to be able to "account for everything he has ever done, everybody he knows or everything he has ever said."

But after Awad attended the Ellison fundraiser on Aug. 25, conservative blogs, some Jewish groups and some Democrats objected.

Awad dismissed the attacks as an effort to crush Ellison with unfounded guilt-by-association innuendo. He predicted that it will backfire. "The Twin Cities has broken the historical ice of stereotypes and fear that American Muslims cannot make it," Awad said.

But some observers neutral-to-supportive on Ellison said it's valid for voters to examine a candidate's associations.

Jewish voters, for example, are concerned about Israel's security, and they scrutinize all candidate positions as they relate to Hamas and Hezbollah, said Julie Swiler, a spokeswoman for the Jewish Community Relations Council of Minnesota and the Dakotas.

Many Jewish voters apparently were satisfied with Ellison even after Awad stepped forth to support him. Prominent Jewish politicians continued to campaign for him, and an influential newspaper, the American Jewish World, endorsed him.

The debate goes back to the late 1980s, when Awad, a Palestinian refugee, left Jordan to study at the University of Minnesota, where he was active in Muslim student groups. That's where he met Ellison, a law student at the time.

Awad frequently accepted invitations to explain Islam at Twin Cities area schools and churches, sometimes collaborating with another Minnesotan, Ibrahim Hooper. In 1994 they took their outreach nationwide, with money raised by Omar Ahmad, president of the Islamic Association for Palestine, where Awad worked as public relations director.

The organization that Awad and Hooper opened in a two-room office in Washington that year now has 32 chapters and affiliates in the United States and Canada. Its stated mission is to enhance understanding of Islam and defend civil liberties. But its leaders also have criticized U.S. policy in the Middle East.

Controversy began even before the doors opened to CAIR's first office.

In March 1994, Awad said at Barry University in Florida, "I am in support of the Hamas movement more than the PLO," a reference to the Palestine Liberation Organization, which was widely seen as corrupt. Awad went on to say that Hamas and other Islamic movements were gaining popularity in the Middle East in part because they "respond to the daily needs of the people." He added, "There are radicals in every movement and every sect, but we have to look at the moderate side."

The statement came before Hamas had set off its first car bomb in Israel and more than a year before the United States designated it as a terrorist organization. Since then, CAIR has issued dozens of statements condemning terrorism.

But critics continue to cite the phrase "I am in support of the Hamas movement" as evidence that Awad supports a terrorist organization. He reiterated last week, "I don't support any organization that is designated by the State Department on the list of terrorism, and we respect the law."

Awad's original statement reflected a nuanced view common in the Middle East, said Prof. J. Andrew Overman of Macalester College, who leads study groups to the region.

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A typical response from a Palestinian voter, Overman said, is "this suicide bomber stuff is insane, and I am scared to death that my 14-year-old son is going to be talked into being one. But the only way I can get penicillin for my son is from Hamas. So do I support Hamas? I do, but I do not support suicide bombing."

CAIR's critics cite other worries, though. One is that groups associated with it have been linked to terrorism-related activity. For example, after the Sept. 11 attacks, CAIR invited visitors to its website to help victims by contributing to a charity called the Holy Land Foundation. In December 2001 the United States blocked Holy Land's assets, saying it supported Hamas.

And the Islamic Association for Palestine, instrumental in launching CAIR, was found liable in a 2004 lawsuit in Chicago for contributing to the terrorist killing of a U.S. citizen by providing support to Hamas. Further, former CAIR employees and volunteers have been convicted on terrorism-related charges in Virginia and Texas.

Debate over CAIR has raged through Congress and courts. Voters in the Fifth District, which includes Minneapolis and nearby suburbs, are unlikely to resolve it.

Instead, their challenge will be to distinguish between issues and hardball politics, said John Green, a senior fellow at the Pew Forum on Religion & Public Life in Washington.

"It would be legitimate for someone to say, 'I don't want to vote for Mr. Ellison because he gets support from CAIR, and I don't agree with CAIR,' " Green said. "But it would be quite another thing to say, "Because CAIR supports Ellison, then there's somehow a tie to terrorists.' That involves taking several steps for which there is probably no evidence."

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Patrick Outpaces Two Rivals In New Poll Democrat Surges To A 21-point Lead As Vote Nears (BOS)

By Frank Phillips

The Boston Globe, September 17, 2006

Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV.

Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent.

The survey found voters shifted to Patrick in the last few weeks, despite the millions of dollars that Gabrieli and Reilly have spent on television advertising since late August. A Globe poll, taken Aug. 18-23, showed that the three were in a virtual dead heat, with Patrick at 31 percent, Gabrieli 30 percent, and Reilly 27 percent. In March, a similar poll gave Reilly a strong lead in the race.

Patrick took support from both of his rivals in the intervening weeks, though Reilly seems to have suffered the greatest, according to Andrew E. Smith, the director of the University of New Hampshire's Survey Center, which conducted the poll.

Smith said that Patrick has succeeded in building his support beyond his base of liberal, upper income, well-educated voters that made up the initial core of his coalition. Patrick, who began the race 18 months ago as a political novice who was virtually unknown to voters, now leads in almost all the categories of the primary electorate, the survey shows.

``Patrick has broadened his support across the board," Smith said.

He said Reilly, the state's two-term attorney general, and Gabrieli, a wealthy venture capitalist, lost ground partly because some of the moderate and conservative voters -- a group Smith says are less politically involved and less motivated to vote in a Democratic primary -- have decided not to participate in the election. Support for Reilly and Gabrieli is rooted among moderates and conservative Democrats and independents.

In contrast to the contest for the gubernatorial nomination, the three-way primary race for lieutenant governor appears to be wide open. Deborah Goldberg, the former chairwoman of the Brookline Board of Selectmen, received 26 percent support in the

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survey; Tim Murray, the mayor of Worcester, 20 percent; and business consultant Andrea Silbert, 18 percent. Twenty-seven percent are undecided.

But among those who say they will definitely vote, the race tightens. Goldberg and Murray both get 27 percent, and Silbert gets 16 percent. The margin of error for those 300 likely voters in the sample is about 5.5 percent.

In the only other Democratic contest, Secretary of State William F. Galvin, seeking his fourth term, is far out in front of his challenger, voting rights lawyer John Bonifaz, getting 45 percent support from the respondents. Bonifaz received only 7 percent, while 38 percent are undecided.

In the race for governor, voters seem to be making their decisions because they generally like the candidates or their overall philosophies, rather than basing the decision on the candidates' stances on specific policies. While all three candidates have different views on rolling back the income tax rate from 5.3 percent to 5 percent -- the most hotly debated issue in the race -- only 11 percent cited the issue as the reason for supporting their candidate.

The current survey found 70 percent of the Democratic primary view Patrick favorably, 9 percent unfavorably. The poll three weeks ago found Patrick with a 51 percent favorable, 10 percent unfavorable rating.

The voters' view of Reilly has dropped dramatically in the last weeks. Forty-two percent of those surveyed viewed Reilly favorably, down from 52 percent in the Globe's August poll. His unfavorable rating jumped from 24 percent to 38 percent. Most analysts, including his closest advisers, attribute Reilly's free-fall to his poor debate performance on Sept. 7, when he went on the attack against both Gabrieli and Patrick.

But the second televised debate, held Wednesday, in the middle of the four-day survey, did not seem to hurt Patrick, even though he was seen as defensive under questioning by Reilly and Gabrieli.

The poll also found that Reilly's strategy of drawing on union support does not appear to have worked. In a small sample of 88 respondents, Patrick holds a 3-to-1 margin over Reilly among those identifying themselves as living in union households. Reilly, who has portrayed himself as a champion of working middle class voters running against two multimillionaires, receives his strongest support from older voters, those with lower levels of income and lower levels of education, according to the survey.

Patrick gets his strongest support from liberals and those with incomes of $100,000 a year or more, those with postgraduate educations, and those with no religious preference. He is especially strong among respondents who say they are most interested in the race and those who say they will definitely vote on Tuesday.

But Patrick's broader appeal is evident in the views of Sonja Bryant of Waltham, a 51-year-old hospital worker and a registered Democrat. She said that Patrick's positions on issues such as housing, crime, education, and affirmative action appeal to her. ``He will be do something about the causes that affect my family, some of his causes are my causes," said Bryant, a survey respondent who agreed to be interviewed after the poll.

Bryant, an African-American woman who describes herself as a liberal, said she was impressed with Patrick's ability to rise from a poor childhood to jobs as a top Clinton administration official and later a corporate executive. ``If you're able to do that with from where you came from, you can do something for the state," she said.

Gabrieli, despite spending over $2 million in ads in the last three weeks, has actually dropped slightly since the August poll. The recent survey gives him a 59 percent favorable rating, up four percentage points from August, but his unfavorable rating rose from 14 percent to 17 percent. He drew slightly more support from those who identify themselves as conservatives, but trailed Patrick among moderates, a targeted group that Gabrieli was hoping to use as a base for victory. Gabrieli also is trailing Patrick by a significant margin among independents, another primary voting bloc that he is counting on to carry.

Gabrieli has portrayed himself as bi partisan and results oriented. ``I don't think he is one of the insiders," said Joe Rosseau, a survey respondent and partially retired state worker from Methuen, explaining why he is supporting Gabrieli.

Rosseau, a 63-year-old registered independent who describes himself as a conservative, said he considered Patrick ``seriously" but worries that he would not get state spending under control. He rejected Reilly because he felt had not done enough to investigate the Big Dig problems.

Rosseau says he is more concerned about the state controlling spending that an immediate income tax cut. Indeed, only 15 percent of those surveyed favor Reilly's position for an immediate rollback, while 48 percent support Gabrieli's plan for a phased in cutback. Patrick's position of keeping the tax at 5.3 percent gets support from 30 percent of the respondents.

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Gabrieli's hope for overtaking Patrick may lie with those who say they are most likely to change their minds, the survey findings show. Greg Gullotti of Waltham, self-employed antiques dealer, said he has been divided over whether to vote for Patrick or Gabrieli, but is moving toward Gabrieli.

``I'm leaning in his direction, because he appears to have the sense of self-convictions and has a personality that he would not be swayed by the stress and potential political ramifications of any given situation," said Gullotti, a registered independent who said he generally votes for Democrats. ``He strikes me as a fair and even keeled administrator."

But Gullotti, 37, said he is also drawn to Patrick, but finds off-putting what many say is his strength as a candidate. ``He is a fresh face, with a fairly good track record," he said. ``And he is certainly charismatic and energetic, but that is finally what is turning me against him," Gullotti said. ``The more support Deval Patrick gets, the more he is talking like a politician."

Patrick was considered by the likely primary voters to be the strongest candidate for the Democrats to run against the Republican s' choice, Lieutenant Governor Kerry Healey. Some 40 percent in the survey say he has the best chance of winning in November, while 22 percent name Gabrieli, and 19 percent, Reilly.

The August survey found that 37 percent of voters believed Reilly would be the strongest Democrat, with Patrick and Reilly trailing.

Also running in the general election are independent Christy Mihos and Green Rainbow Party candidate Grace Ross.

Asked which of the candidates cares most about ``people like you," 38 percent of those questioned chose Patrick, 23 percent said Reilly, and 20 percent said Gabrieli. Asked which candidate had the best television ads, 36 percent chose Gabrieli, 26 percent said Patrick and 12 percent said Reilly.

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Pawlenty And Hatch Are Tied At 42% (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, September 17, 2006

With the rivals having locked in their bases, winning support of undecided and independent voters will be crucial.

Gov. Tim Pawlenty and Attorney General Mike Hatch are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll.

Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent.

With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters.

The results mirror a Minnesota Poll on the governor's race in July that showed Pawlenty with 43 percent support and Hatch with 41 percent.

"We've known all along this was going to be a close race," Hatch's campaign manager Jon Youngdahl said Saturday. "How we are going to win this race is with a positive message."

Pawlenty spokesman Brian McClung said Saturday that another finding in the poll -- the governor's lead among independents -- is "good news and reflects his mainstream appeal and success at growing jobs and strengthening Minnesota's economy."

Hutchinson, a former Minneapolis schools superintendent, went from 5 percent to 7 percent in the latest poll. Although he still struggles with name recognition among voters, he says Pawlenty and Hatch have stalled.

"Roughly 20 percent of the voters are saying, 'I know them well and don't want them.' My job is still visibility," Hutchinson said as he headed off to a parade in Plymouth on Saturday. When voters see a third option, he said, "They're going to take it."

Candidates Ken Pentel and Walt Brown each registered only 1 percent.

The results of the poll have a margin of sampling error no greater than 3.4 percentage points, plus or minus.

Hatch and Pawlenty have secured their party faithful, according to the poll. Hatch has 85 percent of those who identify as Democrats. Pawlenty has 87 percent who identify as Republicans.

Meanwhile, Pawlenty has an edge over Hatch and Hutchinson among independents, according to the poll. Pawlenty gets 40 percent of those votes to 30 percent for Hatch and 13 percent for Hutchinson.

Hatch does best in Hennepin and Ramsey counties, with 47 percent of voters polled to 35 percent for Pawlenty and 8 percent for Hutchinson. Hatch and Pawlenty are at near parity for the other metro counties. a change from July.

In Anoka, Dakota, Scott, Washington and Carver counties, Pawlenty stands at 43 percent, while Hatch has 40 percent support. In July, the poll showed Pawlenty leading in those places 51 to 34 percent.

The governor's job-approval rating is unchanged since the July poll. He is at 54 percent now, compared with 55 percent then. About two in five voters rated him poorly in July; that number is at 41 percent now.

The poll also asked about the state's direction. Nearly half of voters, 48 percent, say Minnesota is headed in the right direction, while 42 percent say things are off on the wrong track.

Both Hatch and Pawlenty have a good image among likely voters. Fifty-three percent view Hatch favorably, compared with 50 percent for Pawlenty. The governor's unfavorable rating is 41 percent; Hatch's is 24 percent.

The good news for Hutchinson is that his name recognition is up from 27 percent in July to 37 percent now. But more than three-fifths of likely voters do not know his name.

Some voters' views

Some of those polled offered views on the candidates.

Lee Hammock is a Republican retiree from Hayfield who thinks Pawlenty is doing "a good job with what he's got." Hammock said he likes that Pawlenty signed a bill making it easier to get permits to carry handguns, but he thinks roads are falling apart.

Mike Carlson, an electrical engineer in Chaska who leans Republican, said he's not sure yet how to vote. "Hatch is probably a pretty good guy. Pawlenty, I don't think he's been doing that bad," he said.

Fred Ventura is an independent in Owatonna who works as a paraprofessional in schools and thinks the state is on the right track. "I'll probably vote for Tim Pawlenty. "He has a genuine interest in the education of the children. I don't think it's just lip service," Ventura said.

Peter Degeus of Rochester is an independent supporting Hatch. "I call our governor two-faced Tim, so I'm not voting for him," Degeus said. "He ran on this campaign pledge of no new taxes. Hennepin County's getting new taxes and they don't get to vote."

He was referring to the new sales tax for the Minnesota Twins ballpark. The state gave the county authority to levy it.

Degeus said he also supports gay rights. "I'm not gay. I don't know anyone who's gay, but it's got to do with taking away somebody's rights. That's what the Republican Party seems to about these days," he said.

Diane Weiss, a typist from Barnum, is also an independent concerned about gay rights and keeping abortion legal. She said she doesn't know who she will vote for and doesn't think Pawlenty has done too badly. But she's upset with him because he "tried to strong-arm Indian tribes into giving the state more money. I thought that showed a lack of integrity."

But Rebecca Grundhoefer, a Democrat from Foley, said the state is going in the wrong direction because of tight school and public safety budgets. She isn't sure who she will vote for, but she's not happy.

"You don't see any police," she said. "It kind of feels like we're on our own a lot out here, and that's kind of scary. It seems like so many things are eroding."

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'Teflon Ed' Rendell Unbruised Despite Tough Year (PPG)

By Tom Barnes, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / GOVERNOR

HARRISBURG -- In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate.

So his bid for re-election has to be in trouble, right?

Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll.

"I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently.

"Rendell is the consummate politician," added Mr. Richards. "He can neutralize defeats and even use them to his advantage. He came into office promising property tax relief and he hasn't really delivered on it, but he's able to put the blame for that on the Legislature.

"Even though he signed the pay raise, he hasn't paid any political price for that, while many of the legislators who voted for it have been defeated."

Perhaps the highest-profile issue of Mr. Rendell's first term was the advent of 14 casinos in Pennsylvania, with as many as 61,000 one-armed bandits. The first ones could open early in 2007.

Politically, slots have been a two-edged sword. Gamblers are happy because they won't have to trek to Atlantic City casinos or racetracks in West Virginia or Delaware to get their slots kick. And the state's horse-racing industry is pleased because some of the revenue generated at casinos will go to boost prize money for thoroughbred and harness races and help the horse-breeding and agricultural industry.

But religious conservatives and others think easier access to slots will just increase gambling addiction and generate huge social costs.

There also have been complaints that the promise of $1 billion in slots revenue to lower property taxes has been too slow in coming and won't be fully realized until 2009 at the earliest. Even then, critics say, it won't help average homeowners that much, trimming most annual property tax burdens by only $200 to $250.

Mr. Rendell, 62, took office in January 2003 and spent his first 18 months pushing for Act 71, the slots law. It was finally enacted on July 4, 2004, and he signed it one day later.

In Western Pennsylvania, it authorized one slots parlor in Pittsburgh and another at The Meadows racetrack in Washington County, each with up to 5,000 slots. There also will be smaller casinos (with 500 slots each) at two resorts, Nemacolin Woodlands and Seven Springs.

While some skeptics claim Mr. Rendell is overestimating the $1 billion he expects to get from slots, he say he's sticking with his forecast once all 14 casinos are fully up and running.

In his television commercials, Mr. Rendell boasts that 200,000 low-income seniors already have had their property taxes eliminated as a result of the anticipated slots revenue, and more modest reductions for the bulk of the state's seniors already have been enacted.

High-energy booster

One reason for Mr. Rendell's steady lead in the polls is his high level of energy and savvy use of the power of incumbency. Not bad for a guy who's 62 and fighting his weight. Last week he checked in at a hefty 257 pounds.

He has been tireless in flying around the commonwealth, handing out checks for local economic development projects.

Asked once what's the best perk about being governor, he quipped, "The plane."

Sometimes he even crisscrosses the entire state in one day -- hitting a breakfast in Pittsburgh and a dinner in Philadelphia, for example.

Much of what he doles out comes from the $650 million state capital fund, something all governors have used. But he also persuaded the Republican-controlled Legislature two years ago to approve a $1.3 billion economic stimulus package, another source of bond funds (i.e., borrowed money) to pay for projects.

The list of booster projects is seemingly endless: a new museum in downtown Hershey about the life of chocolate king Milton Hershey; the expansion of a museum dedicated to author James Michener near Philadelphia; Civil War trails near Gettysburg; a photographic equipment plant in Allentown; a music academy in Lancaster; a Dupont plant in Bradford County; a biomedical plant in Montgomery County, and many more.

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In the Pittsburgh area, Mr. Rendell developed "Plan B" for ensuring the financing of a new $290 million multi-purpose arena for hockey and other events. He also agreed to advance the city and county $26.5 million to do site preparation work for a new arena.

At a recent Allegheny County Democratic picnic, Mr. Rendell had to correct County Chief Executive Dan Onorato when he thanked the governor for giving the county "about $1 billion."

"It's $1.1 billion," Mr. Rendell said, adding the Allegheny County share is the highest of any county.

That comment was aimed at deflecting criticism from Republicans who are fond of jibing that Mr. Rendell is "the governor of Philadelphia."

They cite items such as Mr. Rendell having state troopers patrol state roads in Philadelphia and help the city reduce costs; advancing planning funds for a major expansion of the city's 13-year-old convention center; and the $42 million from the state for a new Comcast skyscraper being built in Philadelphia.

Republicans claim Mr. Rendell has a conflict of interest on the latter item because he earns $20,000 a year as a Comcast football commentator on Sundays after Philadelphia Eagles games. Mr. Rendell said he donates the money to charity and said he saved several thousand Comcast jobs from going to New Jersey. Pointing out that state troopers patrol state roads in Pittsburgh and all other cities, the governor said he was merely putting Philadelphia on the same footing.

Working the crowd

One reason Mr. Rendell is a successful politician is that he genuinely seems at home in a crowd of people, even those he hardly knows.

At public events like the Harrisburg Farm Show each January, he wolfs down sausages and milk shakes as he shakes the hands of hundreds of show-goers. It's the same gregariousness he's displayed throughout his 30-year political career, which included eight years as Philadelphia district attorney and two terms as mayor of the city, a time when he garnered national attention for turning the economy of the city around. His success as mayor, and as a fund-raiser, led to Mr. Rendell serving as Democratic national committee chairman in 2000-01.

He showed the same affability in late August, when he went to two African-American churches in East Liberty to deliver a short secular sermon.

The pastor of Pentecostal Temple Church of God in Christ, the Rev. Loran Mann, a former television reporter, gave the governor a warm introduction, calling him "my friend" and thanking him for "naming me last year to the commission that sets policy for public television in the state."

A few blocks away, Mr. Rendell walked up to the pulpit of the St. James AME Church to the sound of hands clapping, tambourines banging and voices raised in shouts of "Amen" and "Praise Jesus."

"My core belief is that government can and should do things that make a difference in people's lives and take care of our vulnerable citizens, older people, poor people and young people," he said.

He listed what he considers his proudest achievements as governor: increasing state funding for public schools, for tutoring in math, pre-kindergarten education and all-day kindergarten; funds to put laptop computers in all high school classrooms within four years; for not cutting anyone off welfare rolls despite decreased federal funding; raising more money through Lottery sales to increase drug coverage for senior citizens; trying to reduce gun violence by limiting handgun sales to one per month.

He said Republicans are always "yelling about Democrats spending money. Well, we're not just spending money. We're spending money to improve education and that is investing in our future."

Mr. Rendell might have been expected to be at a political disadvantage in Pittsburgh's black neighborhoods, since Mr. Swann is black, lives in Allegheny County and remains popular among sports fans from his starring days as a receiver with the Steelers' Super Bowl teams of the 1970s.

But St. James choir member Genie Beckom said that even though she and Mr. Swann are black, it was Mr. Swann's political party that she had a problem with.

"I personally wouldn't put any Republican in the governor's office," she said. "It's not to the advantage of my race. Republicans are about cutting back on things we need, such as health care, welfare and education."

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Sylvia Allen, another St. James member, also likes Mr. Rendell, saying of Mr. Swann, "I'm not getting the feeling he's tuned in to us [African Americans] or connected to our problems. He's of a different status."

Obviously Mr. Rendell is pleased about his continuing lead in the polls, but when talking to supporters he downplays it, noting that in 2002, he trailed his Democratic primary opponent, then-Auditor General Robert P. Casey Jr., but came back to win the Democratic nomination for governor.

"No poll three months before an election means a thing," he told an Allegheny County Democratic picnic three weeks ago. "Don't get complacent. Work like heck. This is our year if we don't get overconfident."

Taylor, Perdue Talk The Talk Of Tax Cuts (AJC)

By Jim Galloway, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 17, 2006

Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners.

Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house.

"There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts," Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park.

Local government and school taxes make up the largest part of property taxes on Georgia homes. Campaign spokesman Rick Dent admitted that eliminating the state's share wouldn't have a huge impact on most taxpayers' household budgets.

"We won't say that it's a lot, but it's more than they've gotten from Sonny Perdue in four years. And it doesn't mean that's where [Taylor] is going to stop," Dent said.

Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65.

Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people.

Derrick Dickey, a spokesman for Perdue, belittled Taylor's property tax proposal — pointing out that the Democrat was also promising increases in state spending on health insurance for children and education.

"He will no doubt promise every Georgian a Porsche and a shiny new toaster by Election Day," Dickey said on Saturday.

Neither Taylor nor Perdue offered budget cuts to offset their proposed reductions in state income. However, after three years of tight budgets, a strengthening economy and increased tax collections have resulted in a significant surplus.

The one-day gathering of Democrats was a chance for party activists to see the statewide and congressional candidates they had nominated in sometimes fierce primary battles over the summer.

Trying to broaden support base

As each candidate spoke, a common theme was the need for Democrats — ousted from power in the state Capitol in 2002 and 2004 — to broaden their base of support.

"Even if we turn out every Democratic vote, that will not be enough. We have to reach out to every independent, every Libertarian. Democrats have to move away from their comfort zone," said state Labor Commissioner Michael Thurmond, who faces Republican Brent Brown in November.

A platform passed by the convention backed positions staked out by Taylor, including a call to help local governments build more jail space in order to keep more violent offenders off the street.

The party platform took several shots at Perdue, with references to news reports of 2005 legislation sponsored by a business associate and state legislator that gave the governor a $100,000 tax deferral on a land sale.

"Public officials should not use their office for private

enrichment," the platform reads, adding that future governors should be required to place their holdings in a blind trust.

Perdue also was a major foil for Taylor — on the issue of tax cuts.

"Sonny Perdue gave Georgia corporations a billion-dollar tax cut. But you didn't get a tax cut.

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"He could find the money for corporations, but he couldn't find the money for you. How did Sonny pay for his corporate giveaway? He

cut your local schools by over $1 billion," Taylor said.

A spokesman for Perdue pointed out that the Republican governor had permanently extended the homestead exemption on property taxes, worth $434 million in the state's 2007 budget.

Taylor noted that Perdue had tried unsuccessfully to eliminate that exemption, which would have resulted in an increase in property taxes, when he first became governor in 2003.

Blue America, In More Ways Than One (WP)

By George F. Will

The Washington Post, September 17, 2006

In this autumn of their discontent, Republicans tremble as November nears. But now comes yet another book by a gloomy liberal anticipating permanent Republican dominance. Thomas B. Edsall of The New Republic, in "Building Red America: The New Conservative Coalition and the Drive for Permanent Power," argues that inexorable social forces, augmented by the conservatives' superior reservoirs of anger, ruthlessness and cynicism -- he neglects only the word "wickedness" -- favor Republicans, "the party of the socially and economically dominant."

The parties are almost at numerical parity, but Edsall, who until recently was a Washington Post political reporter, says Republicans represent people "more broadly skilled in economic combat" and "more accustomed to the rigors of the market." Hence Republicans can maintain "a thin but durable margin of victory." Their technique is "the symbolic manipulation of controversial sociocultural issues touching upon national security, patriotism, race, sex, and religion."

"The GOP," Edsall laments, "has achieved a gradual erosion of the popular consensus behind the major progressive and social-egalitarian movements of the twentieth century." But what actually "achieved" that? Edsall says the principal Republican objective has been to break "the trust . . . between the government and millions of its less advantaged citizens." But he acknowledges that Republicans have been helped "inestimably" by "the daily inefficiencies of government": "The monopoly nature of government guarantees that the public services will often lag in quality behind those delivered in the competitive private sector." Hence "the declining credibility of non-market solutions to economic problems" and the demoralization of "backers of a redistributive agenda."

Edsall complains that conservatives pursue an agenda that does not have the public's "decisive support." Whatever that means, liberals such as Edsall are ineligible to make that complaint. They increasingly have abandoned persuasion and legislation and resorted to litigation and judicial fiats to advance an agenda the public finds unpersuasive.

If Edsall is symptomatic, liberalism is lost in a time warp, thinking in antiquated categories. Edsall approvingly quotes a Democratic activist's opinion that there are twice as many angry conservatives as there are angry liberals: "Liberals by their very nature don't get as angry as conservatives do." Edsall, who evidently has not noticed the vitriol of the liberal blogosphere, is so blinded by his own anger he misperceives Republican realities.

The GOP, he says, courts whites "whose interests are overwhelmingly focused on tempering, if not altogether rolling back, the civil rights movement." Please. Who favors rolling back guarantees of voting rights and equal access to public accommodations?

If Edsall really thinks Republicans are marching efficiently in lock step, he has missed bitter intraparty arguments about spending, immigration and nation-building. Edsall says the conservative agenda is "to dismantle the welfare state." Oh? With a prescription drug entitlement that is the largest expansion of the welfare state since enactment of Medicare in 1965? With a 38 percent increase in discretionary domestic spending unrelated to homeland security -- including a 135 percent increase in the Education Department's budget -- since 2001?

When Edsall says middle- and working-class cultural conservatives vote for Republicans who then use their power "for noncultural objectives," he is voicing a familiar liberal lament: All would be well if voters would vote based on important issues -- material, economic concerns; their wallets -- rather than unimportant ones such as abortion, the definition of marriage, the coarsening of the culture and other moral anxieties. But if those issues are unimportant, why is it that liberals, adamantly

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supporting partial-birth abortion and celebrating judicial redefinitions of marriage, are so uncompromising about them? As Edsall says, liberalism has become bifurcated. The largest faction looks to government for material help. But the socially liberal "post-materialist" cadre "overwhelmingly sets" the party's agenda.

Edsall notes that one-third of American children -- and almost 70 percent of African American children -- are born to unmarried mothers. Then, in an astonishing passage about this phenomenon, which is the cause of most social pathologies, from crime to schools that cannot teach, he explains how Americans differ concerning what he calls "freedom from the need to maintain the marital or procreative bond."

"To social conservatives," he writes, "these developments have signaled an irretrievable and tragic loss. Their reaction has fueled, on the right, a powerful traditionalist movement and a groundswell of support for the Republican Party. To modernists, these developments constitute, at worst, the unfortunate costs of progress, and, at best -- and this is very much the view on the political left as well as of Democratic Party loyalists -- they constitute a triumph over unconscionable obstacles to the liberation and self-realization of much of the human race."

Looking for the real reason for the rise of "Red America"? Read that paragraph again.

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At Ford, Restructuring Now Job 1 (WT)

By Sean Lengell, The Washington Times

The Washington Times, September 17, 2006

When he stepped down this month as Ford Motor Co.'s president and chief executive, Bill Ford Jr. acknowledged the ailing, 103-year-old automaker must reinvent itself to survive in an increasingly competitive industry.

With the company announcing a deeper and accelerated restructuring plan Friday, it's obvious the auto giant's new chief executive, Alan Mulally, formerly executive vice president of Boeing, will lead a leaner, smaller and possibly more focused automaker.

But will that be enough?

"Right now, with so many variables, I would have to say the jury's still out," said Jeff Schuster, automotive analyst with J.D. Power and Associates, a global marketing information services firm. "I don't think Ford is going to disappear. ... But they will not recover that ground they've lost in the marketplace.

"So the question is: Can they operate profitably and can they have the image they once had? And I think it's all possible."

The road won't be simple or easy.

The company founded by Mr. Ford's great-grandfather, Henry Ford, lost $1.4 billion during the first half of the year. It is under pressure from Wall Street to make more cuts and roll out new cars and trucks more quickly.

Ford on Friday announced it was cutting more than 10,000 additional salaried jobs, offering buyouts to all of its 75,000 U.S. hourly workers and shutting down two more plants than previously announced.

The cuts are on top of Ford's previous plans to close 14 plants and will reduce its North American work force by almost one-third.

About 6,500 of the 82,000 Ford workers represented by the UAW have taken buyout and early-retirement offers made earlier this year, mainly at plants slated for closure.

The announcement came after the board of directors met for two days last week to discuss plans to cut jobs and shut factories at a rate faster than previously planned.

Wall Street didn't think the moves were enough, sending Ford shares down nearly 12 percent Friday to $8.02 on the New York Stock Exchange.

The cuts have the UAW's blessing.

"Once again, our members are stepping up to make hard choices under difficult circumstances," UAW President Ron Gettelfinger said.

Blurry focus

The biggest challenge for Ford is simple, analysts say: Produce cars and trucks the public wants.

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Ford's U.S. vehicle sales in August dropped 11.6 percent from a year earlier as the market continued to shift away from trucks and sport utility vehicles. Sales of SUVs and trucks, which the automaker has depended on for most of its revenue, fell 20.8 percent, compared with August 2005.

"Ford is really in the middle of a crisis right now that has been unfolding for some time," said Charlie Hughes, former head of North American operations for Land Rover and Mazda. "Certainly, the seeds of the problems were sown before [Mr. Ford] took over."

Ford had success in the 1980s with smaller cars such as the Escort and particularly the Taurus, which sold nearly 7 million vehicles during the past 20 years and had a longer run as the country's top seller than the Model T.

The company's F-series pickups and high-end sport utility vehicles also sold well from the 1990s through last year.

"Ford has three pillars of profitability, and they're all trucks: full-size pickups, full-size sport utilities and midsize sport utilities," said John Wolkonowicz, an automotive analyst with Global Insight, an automotive research and consulting firm. "Those are the products that make up about 100 percent of Ford's corporate profitability."

But they aren't enough to sustain the company, industry analysts say.

And with the SUV and pickup market as competitive as ever, and higher gasoline prices slowing sales of larger vehicles, Ford's future profitability remains in question.

"They're not producing very many products that get the consumer very excited," Mr. Wolkonowicz said. "When you have a product that the customer gets excited about, they beat a path to your showroom."

'Late in the game'

With the exception of the popular Mustang, the company's car lineup has been devoid of top sellers that can help offset slowing sales in the SUV and truck divisions.

"The market is much more competitive, and the margin of error is just so much smaller than it was, so you really can't afford to make any mistakes in terms of product," Mr. Schuster said. "Right now, that's the difference between Ford's position and GM's position; GM is showing some progress on the product side, and while at Ford there have been some bright spots, if you look at their whole [vehicle] lineup, they're lacking in that area with what the market has shifted toward."

The company turned to a large incentive and rebate program in an effort to attract customers.

"Ford is selling cars at incredible incentives and rebates with zero-percent financing and all these things that in my opinion tends to devalue the brand," said Laurie Harbour-Felax, a manufacturing analyst who specializes in the automotive and aerospace industries.

The company has high expectations for its new CUV, or cross-utility vehicle, called the Edge -- a smaller, more fuel-efficient version of larger SUVs.

"CUVs really are where the market is going, and Ford is a little bit late in the game," Mr. Schuster said.

Still, the Edge, scheduled to hit the showrooms later this year, has potential to be a big winner for Ford, analysts say.

"This will be an important vehicle for Ford," Mr. Schuster said.

Partnership options

A merger of Ford with another automaker, similar to the German-American partnership of DaimlerChrysler, remains a possibility.

"Mr. Ford himself said that a merger is something he would certainly entertain," Mr. Wolkonowicz said. "And I don't think you'd need to limit it to a European company."

Automakers Renault SA and Nissan Motor Co. are interested in purchasing a significant stake in Ford rival General Motors. A similar partnership with an Asian automaker "could help" Ford, Mr. Wolkonowicz said.

Others aren't so sure, saying a joint venture with another automaker would do little to cure Ford's ills.

"Would a merger help? In my opinion, no, because the issues they face are things that they need to clean up within the company," Mr. Hughes said.

A less formal relationship, such as the partnership between Japan's Nissan and France's Renault, is more likely, Mrs. Harbour-Felax said.

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Ford was reported this summer to be considering taking the company private, but on Friday denied it was entertaining that option.

"I wouldn't rule anything out," Mrs. Harbour-Felax said. "These guys surprise me every day."

Expand or streamline?

Rather than expanding through a merger, many specialists say Ford instead should streamline its product line, which they say is bogged down with too many poor sellers. It already is getting out of the minivan business.

Mr. Hughes said Ford overextended itself by acquiring so many companies over the years, which muddied the automaker's focus and diluted its image.

Ford has sought a buyer for its Aston Martin division. Some analysts add the company also should consider eliminating some other properties, which include Land Rover, Mazda, Volvo, Jaguar and its American icon Lincoln-Mercury line.

"The world we live in today is an oversaturated world. There are too many brands and too many products which are not distinguishable," Mr. Hughes said.

Ford must focus on strengthening its identity and image by producing more signature products such as the Mustang and F-series trucks, Mr. Hughes said. It also must do a better job branding and marketing those products.

He added the company should focus on its Ford, Volvo and Jaguar lines because each is a well-known worldwide brand.

"A signature product should be an extension of what the brand promises. It can't be something you stick a badge on at the end," Mr. Hughes said. "To set yourself apart in the marketplace, you have to stand for something. And whatever you stand for has to permeate in every bit of the company -- in everything you do."

Ford officials Friday made a point of saying that the exclusive Jaguar brand would not be sold.

"Jaguar is not for sale, and we'll let you know if that changes," Mark Schulz, president of Ford's international operations, said during a conference call with analysts after the restructuring announcement.

Selling off divisions may be a tough call for Ford because the company has invested heavily in "commonalization," a process of sharing parts and designs among many car platforms.

"So to sell off one of those brands I think poses some challenges for Ford if they want to move forward," Mrs. Harbour-Felax said. "The reason the Japanese are beating us is they have common platforms and common components that you can share."

Cutting costs

No matter what restructuring path Ford takes, the company will have fewer employees, factories and expenses in coming years.

The company announced in January a "Way Forward" restructuring plan intended to restore it to profitability by 2008. The plan called for $5.5 billion to $6 billion in cuts companywide, primarily centering on reduced hourly labor costs. As many as 30,000 jobs may be cut and 14 facilities closed by 2012.

Ford accelerated those plans in July when the Japanese automaker Toyota Motor Corp. outsold Ford in the U.S. for the first month ever.

On Friday, Ford announced it was cutting an additional 10,000 salaried jobs and closing two more plants.

Despite the cuts, relations between Ford and its unions may not be as frosty as in the past. Industry specialists say there seems to be a willingness in the UAW and other auto-related unions to work with Ford on drafting long-range plans to save the company.

"The unions seem to realize that it's in their best interest to at least try to be part of a solution and not hold steady to a position that is just outdated," Mr. Schuster said.

Mr. Mulally is an aggressive leader not shy to make cuts. He cut or outsourced some 50,000 positions at Boeing, his former company, and streamlined its product line.

His tactics paid off, and Mr. Mulally is credited with turning around the once-struggling airplane manufacturer.

"If anyone has a chance to turn around Ford, it's him," said Richard Aboulafia, an aviation analyst with the Teal Group. "He's got tremendous success. He's got virtually limitless energy, a lot of charisma -- he's a great leader."

'No time to waste'

Still, the challenges Mr. Mulally faces at Ford are daunting.

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"A lot of people have tried to change the Big Three and failed," Mr. Aboulafia said.

And Ford lacks a key executive who can foster product development and branding, Mr. Schuster said.

"Ford is only halfway there," he said. "They have the turnaround guy. They don't have a product guy."

Product development in the industry is a laboriously slow process, typically taking five years or more from conception to production. But whatever changes occur must be done quickly, analysts say.

"Nobody in this industry has any time to sit back and be patient," Mrs. Harbour-Felax said. "Things [in the automotive industry] are moving almost as rapidly as the computer industry.

"There's no time to waste."

Richards 'Never Gave Up On Texas,' Clinton Says (DMN)

By Karen Brooks, The Dallas Morning News

The Dallas Morning News, September 17, 2006

Tearful leader praises former governor while crowd lines up to pay respects

AP Cecile Richards, daughter of former Texas Gov. Ann Richards, escorts former President Bill Clinton past her mother's flag-draped casket to introduce him to family members during a ceremony in the Capitol Rotunda.

AUSTIN – Former President Bill Clinton wiped away tears as he stood near his friend Ann Richards' flag-draped casket at the Texas Capitol on Saturday, describing a woman with "big hair, big bright eyes, big blinding smile ... big heart and big dreams."

"We loved her," he said of the former Texas governor. "We loved her because we knew she loved us, and because she made us bigger. ... I love that she never gave up on Texas."

Nearby, her granddaughter Lily Adams, whom Ms. Richards bragged about in her famous speech at the 1988 Democratic convention, cried as she hugged the flag that was flying over the Texas Capitol on the day Ms. Richards died – a gift from Gov. Rick Perry.

A friend of Bill and Hillary Clinton for three decades, Ms. Richards, 73, died of esophageal cancer at her home in Austin on Wednesday. Mr. Clinton joined the Richards family Saturday in escorting the casket to the rotunda; Ms. Richards' body is lying in state there over the weekend.

Somber setting

Her painted portrait, draped by a black scarf, hangs among those of myriad male governors, a few frames away from the painting of the only other female Texas governor, Ma Ferguson.

Sprays of white tulips and lilies on either side of her casket adorned the intimate elegance of the rotunda, in the center of the Capitol. It's where tour groups usually gather to take pictures and listen to their voices bounce off the marble floors and up inside the massive dome.

Ann Richards: 1933-2006

'Epitome of Texas politics'

• WFAA-TV's Brad Watson reports

• Read, sign the Guest Book

• Log on to DallasNews.com Monday for live streaming coverage of Ann Richards' memorial service.

Photos

• Her life and career in politics

• Saturday's memorial ceremony at the state Capitol

More stories:

• 'She never gave up on Texas,' Clinton says

• She captivated crowd

• She made room for all Texans

• A strong voice in their lives

• All Texans invited to service

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• Bush, father: Texas will miss her

Opinion:

• Editorial: She personified - and changed - Texas

• Hoppe: She blazed the trail and inspired us to keep up

• Pederson: Behind her wit, she was devoted to Texas

• All the Opinions That Fit: Ann Richards' death

A Richards family friend, advertising executive Roy Spence, contributed short scaffolds with more than two dozen images of Ms. Richards: arms in the air during a speech, shaking hands with supporters, beaming her megawatt smile in almost all of them.

Outside, Texans from all over the state stood in line, waiting to pay their respects to the governor they said made an immeasurable impact on their lives – as friends, as strangers, as women and minorities and children and grandparents.

"I was in the front line when Ann took the governor's office. I walked up Congress Avenue that day," said Austin resident Melissa Gonzales, who came with her 13-year-old daughter, Elena Gonzales-Melinger. "It was kind of important for me to be here when she was back in the Capitol, as sad as it is. And it's nice that it's the same color line. It's all women, and women of color."

Inside the building, a small group of Ms. Richards' loved ones listened as Mr. Clinton spoke for about eight minutes about his "spontaneous, unedited, earthy and hilarious" friend.

Then he walked over to the casket, touched the Texas flag draped over it, bowed his head, and then nodded and began comforting her friends and family members.

In the balcony overhead, the Conspirare Children's Choir of Austin sang a somber, melodic version of "Sing a Song," a tune first performed by The Carpenters for an episode of Sesame Street, with lyrics that seemed written for Ms. Richards.

"Sing, sing a song/Sing out loud/Sing out strong."

Mr. Clinton, who struggled to compose himself as the casket was brought out of the hearse and into the Capitol, was escorted through the building by Ms. Richards' daughter Cecile Richards.

Ms. Richards' daughter Ellen and son Daniel cried as they thanked him for being a friend and honorary pallbearer.

Mr. Perry and his wife, Anita, greeted the family in a private gathering in the lieutenant governor's meeting room before attending Mr. Clinton's remarks in the rotunda.

It took Mr. Clinton several seconds to control his emotions and start speaking. He told of a woman of inspiration, fire and humor, and, as most do, he had stories.

In New York a few years ago, Ms. Richards invited him to lunch. At the table were Billy Crystal, Robin Williams, Diane Sawyer, friend Liz Smith and a few others.

After two hours of laughing so hard he was crying, Mr. Clinton said, he thought to himself, "I bet this is the first time in their lives that Billy Crystal and Robin Williams have been the second- and third-funniest people at the table."

"I've had three people tell me since she died that they only wish they had written down every single thing she ever said," he said.

Saturday was the first time the public was able to pay respects to the popular governor. Austin resident Bobby Adcock was there at 7 a.m. to be first in line. By 9 a.m., the crowd was lined up around the side of the building.

The closed-casket public visitation lasts through today.

'Wonderful person'

"I appointed myself as Ann's stalker many years ago," said Ms. Adcock, a retired state employee who has a framed, autographed picture she says she'll "cherish for the rest of my life."

"Every time I saw her I'd say, 'Hey, Annie! Go get 'em!' I just really loved her," Ms. Adcock said. "I admired her for what she stood for, her integrity, her honesty, her wit. She was a wonderful, wonderful person."

Students from Austin school bands paid her a tribute before a scheduled parade down Congress Avenue. People left flowers – yellow roses, mostly – and candles and notes of admiration next to the Capitol steps.

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Marjorie and Jaime Garcia of Corpus Christi were in town visiting. "We admired her for years. I never met her, but every time she came on TV, we would watch her," Ms. Garcia said. "This is my chance to honor a great lady."

Former Texas Governor Richards Lies In Repose (WP/AP)

By April Castro, Associated Press

The Washington Post, September 17, 2006

Clinton Recalls the Champion of a 'New Texas' as a Woman With 'Big Dreams'

AUSTIN, Sept. 16 -- Former president Bill Clinton on Saturday tearfully escorted the flag-draped casket of former governor Ann Richards into the state Capitol, where she will lie in repose for two days until her funeral and burial.

Clinton delivered poignant and at times funny recollections of the woman he called "spontaneous, unedited, earthy, hilarious."

He told mourners about a lunch he shared in New York with a group that included Richards.

"I thought to myself, I bet this is the only time in their entire lives that Billy Crystal and Robin Williams are the second- and third-funniest people at the table," he said, drawing chuckles from misty-eyed family members.

Richards, the Democrat known for her big, frosty-white hair and sharp wit, died Wednesday at the age of 73 from esophageal cancer.

"In this case, goodbye is also a celebration, because of the big things that Ann Richards did," Clinton said.

A Texas Department of Public Safety honor guard rolled the casket into the Capitol rotunda, followed by Clinton and Richards's daughter Cecile, as a girls' choir sang a hymn from a gallery above. Across the rotunda, Richards's portrait hung next to one of President Bush, her successor as Texas governor, among their predecessors. Her portrait was draped in black.

Clinton called Richards "Texas on parade."

"For 30-plus years, that is certainly what she was to me and Hillary," he said. "First she was big: big hair, big bright eyes, big blinding smile. She also had a big heart, big dreams, did big deeds."

During her one term as governor, from 1991 to 1995, she championed what she called the "New Texas," appointing more women and minorities to state posts than any of her predecessors.

Clinton described the world that Richards wanted for her grandchildren as one "where young girls grew up to be scientists, engineers, police officers and teachers . . . where the dreams and the spirit were as big as the sky in her beloved home."

When Clinton finished speaking, Richards's daughter Ellen thanked him for "all the great times that you shared with our mom."

Clinton paused for a moment beside the casket, then greeted family members, hugging or shaking hands with each one in attendance. At one point, he bent down to comfort Richards's 8-year-old grandson Wyatt, who broke down in sobs.

The Academic Blues (NYT)

By Michael Bérubé

The New York Times, September 17, 2006

So far as I know, my department, like many university departments of English, consists of wall-to-wall Democrats. If my faculty colleagues have any good words to say about George Bush's fiscal or foreign policies, they're keeping them to themselves.

Every year around this time, you'll hear complaints about the liberal campus elite — usually from the political right, one wing of which has talked itself into believing that, as George Will phrased it in The Washington Post two years ago, "Many campuses are intellectual versions of one-party nations — except such nations usually have the merit, such as it is, of candor about their ideological monopolies." The political tilt of American college faculties is a fact well established, though the actual ratio of liberals to conservatives — just under 3 to 1, according to the most comprehensive survey, conducted by U.C.L.A. researchers — is routinely exaggerated (10 to 1! 20! 30!) by those who believe that we liberals are actively conspiring to keep dissenting voices off the faculty roster. But the truth is that no one knows what the applicant pool looks like. For all we know, in the arts and humanities (and even some of the biological sciences), the number of bright young conservative aspirants may be no greater than it is for your average Broadway production of "Torch Song Trilogy." But charges of pervasive "liberal bias" on

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campus tend to play better than demographic reports on how young conservatives go about choosing their career paths, so every year the preponderance of Democrats in English departments is trotted out as if it were a decisive refutation of everything for which liberalism claims to stand.

Last year, legislators in my home state, Pennsylvania, were so perturbed by reports of liberal bias that they created a House committee on academic freedom to determine whether conservative students were subject to discrimination at Pennsylvania's public universities. In one way, the very formation of the committee was a triumph for conservative culture warriors — in particular, the conservative culture warrior David Horowitz, who has spent the past three years promoting his "Academic Bill of Rights," which seeks to protect students from "biased" courses and lecturers. But the committee also dealt a blow to Horowitz's campaign: in his own testimony to the committee, Horowitz himself admitted that he had no evidence for his claim that a Penn State biology professor subjected his class to Michael Moore's "Fahrenheit 9/11" on the eve of the 2004 election, and Penn State revealed that it had received all of 13 student complaints about political "bias" over the past five years — on a campus with a student population of 40,000. Those 13 complaints didn't fit any clear red-blue pattern either: a Muslim student suggested that a professor was disrespectful to Islam; another student said that a professor was too conservative.

Last February, Horowitz also published "The Professors: The 101 Most Dangerous Academics in America," a book in which I was pleased to be included — until I learned that the dangerous were merely listed alphabetically, and that I was not assigned a rank or degree of dangerosity. And every so often, someone on the academic left does Horowitz and company the favor of saying something foolish or simply outrageous about 9/11 or Iraq, and the grist meets the mill once again.

Whenever that happens, people lose sight of two critical features of campus life. The first is that most cases of "politically correct" limits on student speech do not involve radical teachers in the classroom; rather, they tend to arise from clashes between students and university administrations, as when a Penn State art student was told by a campus gallery that he could not exhibit his paintings of various Palestinian leaders, which he'd titled "Portraits of Terror" (a decision later reversed). Sometimes, when college administrations and student-affairs offices ask that everyone treat everyone else with civility and respect (whether out of liberal convictions, or a simple desire to keep the boat from rocking), they do it incompetently or counterproductively. But those episodes are not the work of Dangerous Professors.

The second is that classroom dynamics are more dynamic than most accounts admit. In a discussion of Richard Powers's novel "Prisoner's Dilemma," I had a student who insisted that the wartime internment of Japanese-Americans was perfectly justified; in a class on bioethics, a colleague of mine had a student who complained that the class wasn't doing justice to all the benefits of experimenting on unwitting human subjects. There is no easy way for professors to handle these remarks, no matter what their political convictions; all we know is that we must try to treat our students fairly — and try to make sure their peers treat them fairly, a far more difficult task — even when they say things we might consider uninformed or obnoxious, no matter where on the ideological spectrum those remarks might fall.

Every responsible teacher should think of the classroom as a relatively safe space, free of intimidation or coercion. But in return, every responsible student should realize that the classroom is only relatively safe, because arguing about ideas isn't risk-free. Of course, students sometimes have qualms about taking classes with overtly partisan professors. "As conservatives," Julie Aud, a student at the University of Indiana and press secretary for her chapter of the College Republicans, told CBS News, "we should never have to feel uncomfortable in the classroom because of our beliefs." Perhaps so, but as students, you should expect to feel uncomfortable about your beliefs as a matter of course — that is, if your professors are doing their job properly, and keeping the floor open for every reasonable form of debate and disagreement.

U.S. Asks Finance Chiefs To Limit Iran's Access To Banks (NYT)

By Steven R. Weisman

The New York Times, September 17, 2006

SINGAPORE, Sept. 16 — The United States pressed the top finance officials of the world's leading industrial nations on Saturday to crack down on what Treasury Secretary Henry M. Paulson Jr. said was the exploitation of their banking systems by at least 30 Iranian front companies involved in illicit activities.

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Mr. Paulson said he had told the finance and economic ministers that the front companies were identified by American intelligence agencies as funneling money to terrororist groups using banks in Europe and elsewhere, many of them "blue chip banks."

Mr. Paulson said that many leading trading companies in Iran with legitimate business operations were also involved in the illicit activities, and that it behooved any legitimate bank to realize that it was risky to continue doing even legitimate business with the companies.

He called on banks around the world to be "vigilant" in opposing such risks and to avoid "inadvertently facilitating the kinds of activities that they wouldn't want to facilitate."

"Iran is a country that has broad, deep and commercial relationships with much of the world that have gone on for some time," Mr. Paulson told reporters here. "This was nothing more than an educational briefing to prepare financial institutions for dealing with some of the risks that are out there."

He said banks around the world also needed to stop doing business with North Korea, but added that North Korea was already almost entirely isolated from the world's financial system. By contrast, Iran is still a major player globally.

The Treasury chief's comments came after he met with his counterparts from Britain, France, Germany, Italy, Canada, Japan and the European Union, who had come for the annual gathering of the World Bank and the International Monetary Fund.

The comments appeared to reflect the emerging Bush administration strategy on Iran as efforts to impose sanctions by the United Nations Security Council have faltered.

The administration charges that Iran has a secret nuclear weapons program, a charge that Iran denies. Iran is also accused of transferring funds to Hezbollah and other Islamic militant organizations through regular commercial banks.

Last week, in what administration officials call a major escalation in the effort to squeeze Iran economically, the Treasury Department announced that Bank Saderat, a major bank in Iran, would no longer have even indirect access to the United States financial system.

Banking experts say that the decree means that Iran will have difficulty selling anything for dollars through Bank Saderat, because any commercial exchange that uses dollars normally obtains them from an American bank. Oil in particularly is always traded in dollars. Many banking experts say the administration may make other banks off-limits soon.

After the announcement on Bank Saderat, two senior Treasury officials visited Europe to try to persuade regulators and banks to stop doing business with Bank Saderat and any other banks that are alleged to be involved in illicit activities. Some European banks have already curtailed their activities with Iran, but many leading banks have refused.

Stuart Levey, under secretary of the Treasury for terrorism and financial intelligence, visited Britain, France, Switzerland, Italy and Germany, and the deputy Treasury secretary, Robert Kimmitt, went to Germany. France, Italy and Germany have extensive commercial relations with Iran and its trading companies.

The Treasury Department has declined to say whom they met with.

Iran was only one of many subjects in Mr. Paulson's meetings with the finance ministers. Also on the agenda was a discussion of the world economy, which Mr. Paulson said had grown in recent years at rates that he and others had not seen in a generation. Despite that, he acknowledged risks arising from the failure of recent global trade talks, high energy prices and the problem of what are called "economic imbalances."

That phrase is a euphemism for a broad set of problems, including the fact that the United States imports much more than it exports and has thus become the world's leading debtor, owing hundreds of billions of dollars to China, Japan and other trading partners. The United States says this problem can be remedied by the trading partners importing more from the United States and also by China allowing its currency to rise in value in relation to the dollar.

In a statement Saturday, the finance ministers of the leading industrial countries said, "Greater exchange rate flexibility is desirable in emerging economies with large current-account surpluses, especially China."

As the finance ministers hold their meetings, representatives of more than 500 nongovernmental groups — many of them dissenting from the policies of the bank, the fund and rich countries — are holding meetings on the sidelines.

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But Singapore's initial refusal to allow many of the representatives into the country gave them too little time to get here, even after Singapore relented under political pressure. As a result, several of the most outspoken critics of globalization are not at the meetings.

Treasury Warns G-7 About Iran (WP)

By Peter S. Goodman

The Washington Post, September 17, 2006

Paulson Describes Financial Network to Help Nuclear Drive

SINGAPORE, Sept. 16 -- U.S. Treasury Secretary Henry M. Paulson Jr. used his first meeting of world finance chiefs on Saturday as a venue to press the Bush administration's mission to isolate Iran and choke its nuclear aspirations.

Emerging from a meeting of finance ministers representing the Group of Seven industrialized nations, Paulson said he urged his counterparts to intensify efforts to prevent banks and private companies in their countries from being used as unwitting conduits for financing and materials aiding Iran's ambitions. He said scores of seemingly legitimate businesses are fronts in what the United States contends is a broad Iranian campaign to gain weapons of mass destruction and support terrorist groups such as Hezbollah and Hamas.

"There's a broad network of front companies, and these are not front companies that say 'Nuclear Acquisition Corp.' or 'Weapons Production Corp.,' " Paulson said at a news conference after the meeting. "These are mundane-sounding companies that do many legitimate activities, but in addition, do some of these untoward and illicit activities."

The Treasury Department's campaign comes after the Bush administration's failure to secure United Nations sanctions against Iran. Paulson portrayed the initiative as "an education job," giving his counterparts the ability to act voluntarily. Treasury officials have been dispatched worldwide in recent days to meet with finance ministers, banks and private companies, sharing intelligence aimed at illuminating how the Iranian network operates.

"There are finance ministers all over the world who want to do the right thing," Paulson said.

In a statement issued after the meeting, the G-7 finance ministers lent general support.

"We agreed to intensify our efforts to combat money laundering, proliferation network[s], as well as terrorist and illicit financing by addressing global financial vulnerabilities, particularly those associated with jurisdictions that have failed to recognize international standards," they said. (The G-7 consists of the United States, Japan, Britain, Germany, France, Canada and Italy.)

Paulson also pressed to resurrect a stalled effort aimed at boosting global trade. The Doha round of trade talks disbanded in July after years of fruitless wrangling, with poor countries accusing the United States and Europe of killing the chance for a deal by refusing to sufficiently reduce protective tariffs on agricultural goods. Paulson said the Bush administration remains willing to lift more tariffs, provided that U.S. exporters gain greater rights to sell their products abroad.

Paulson, who is to visit China on Tuesday, also reiterated the administration's long-standing contention that China must increase the value of its currency, the yuan. Manufacturers in the United States and elsewhere complain that a low-price Chinese currency makes Chinese goods unfairly cheap on world markets, effectively stealing jobs. China maintains that it is being cast as a scapegoat for the demise of U.S. manufacturing.

"I discourage high expectations for immediate results," Paulson said of his trip. "That's not the way the world works when you're dealing with important issues. I'm going to be listening."

He declined to put a number to his hopes for the yuan's increase.

"I certainly don't have a specific target for China," he said. "That would be presumptuous of me."

Echoing language it used in April, the G-7 singled out China and its controls over the value of its money as a source of "disorderly movements" in the global economy. "Greater exchange rate flexibility is desirable in emerging economies with large current account surpluses, especially China, for necessary adjustments to occur," the finance ministers said in their statement.

Paulson was largely focused on Iran, which stems not from any new intelligence but rather from having come to the job fresh in June, and then absorbing briefings, Treasury Department officials said on condition of anonymity because they were not authorized to speak as individuals.

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Paulson realized that while North Korea -- another source of concern about nuclear weapons -- was already sealed off from the international financial system, Iran remains integrated, with banks and trading firms throughout the world, including Western Europe, continuing to do business with the country.

Last week, the Bush administration announced that it had shut down access to the U.S. financial system for an Iranian state-owned institution, Bank Saderat, asserting that in recent years it has funneled some $50 million to organizations branded terrorist by the United States and the European Union.

Overall, Iran has in recent years delivered about $200 million a year to terrorist groups, including $50 million to Hezbollah in 2001 and again in 2002, said Stuart Levey, Treasury undersecretary for terrorism and financial intelligence.

In recent days, Levey and other Treasury officials have been in England, France, Switzerland, Italy, Germany and the United Arab Emirates to meet with officials of banks and private companies, offering counsel on how to limit their vulnerability to being used by Iran. Visits are planned in Asia.

U.S. Lobbies Countries, Bankers To Sever Financial Ties With Iran (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 17, 2006

SINGAPORE -- Frustrated in its efforts to secure U.N. sanctions on Iran, the Bush administration is trying to convince individual governments and banks to sever financial relationships that allegedly allow Tehran to finance its nuclear ambitions and foreign terrorist groups.

Speaking to reporters on the sidelines of the Group of Seven meeting, Treasury Secretary Henry Paulson said he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions.

"There are a lot of ministers and banks around the world that are honorable and want to do the right thing," Mr. Paulson said.

The lobbying campaign comes on the heels of Treasury's decision this month to ban Iran's Bank Saderat from access to the U.S. financial system, either directly or through its relationships with foreign banks. Stuart Levey, undersecretary of the Treasury for terrorism and financial intelligence, claimed that, among other transactions, the bank had helped funnel $200 million to Hezbollah, the Shiite Muslim extremist group whose capture of two Israeli soldiers touched off the recent spate of fighting between Israel and Lebanon.

Mr. Paulson, the former chief executive of Goldman Sachs Group Inc., decided to approach banks and foreign governments individually not long after he took over at Treasury in June. After a staff briefing on Iran's use of front companies to move money illicitly, Mr. Paulson wondered aloud whether commercial bankers knew they were, in essence, doing business with sponsors of terrorism.

He then instructed Mr. Levey to put together an unclassified road show that would detail Iranian practices. Last week Mr. Levey presented it to bankers and officials in Britain, France, Italy and Switzerland, with other Treasury aides presenting the case in Germany, the United Arab Emirates and elsewhere. Treasury plans to continue the campaign indefinitely, regardless of whether the U.N. Security Council decides to impose sanctions on Tehran.

The officials selected banks and countries they felt confident would use the information to shut down illicit flows.

Mr. Paulson himself discussed the situation with his G7 counterparts during Saturday's Singapore meeting. "We agreed to intensify our efforts to combat money laundering, proliferation network[s], as well as terrorist and illicit financing by addressing global financial vulnerabilities, particularly those associated with jurisdictions that have failed to recognize international standards," the G7 ministers said in a communiqué issued that evening.

The G7 includes the U.S., Britain, Germany, Japan, France, Italy and Canada.

Paulson Surprised By Iran `Front' Companies' Access (Update2) (BLOOM)

By Kevin Carmichael

Bloomberg, September 17, 2006

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Sept. 16 (Bloomberg) -- Henry Paulson, who left Goldman Sachs Group Inc. in May to become the U.S. Treasury Secretary, said he was surprised to learn the extent to which Iranian front companies had infiltrated the financial system, prompting him to organize an ``education'' program for banks and governments.

``This is a perspective that I brought to Treasury,'' Paulson said today at a press conference in Singapore. ``In my former job, if there was a risk like that, I would have liked someone to explain it to me. It would be quite easy for a financial institution to inadvertently facilitate the kinds of activities they wouldn't want to facilitate.''

The remarks help explain a stronger focus on Iran at the Treasury in the past couple of weeks.

On Sept. 9, the Treasury barred Americans from doing business with Bank Saderat, one of Iran's biggest state-owned lenders. Stuart Levey, Paulson's top lieutenant for terror finance, followed that move with a week-long trip to Europe, where he presented banks and governments with evidence of how Iran might be using the financial system to funnel money to terrorists and buy materials to build a nuclear weapon.

Paulson continued the effort today in Singapore, where he used a meeting of finance ministers and central bankers from the Group of Seven nations to encourage his counterparts to disrupt the financing of illicit activities in Iran and North Korea. He told reporters that his department had evidence that many banks, including ``blue chip'' institutions, are ``inadvertently'' supporting nefarious activities in Iran.

`Broad Network'

``There's a broad network of front companies, and these are not front companies that say `Nuclear Acquisition Corp.' or `Weapons Production Corp,'" Paulson, who quit as Goldman's chief executive officer to replace John Snow at Treasury, said at the press conference. ``These are mundane sounding companies that do many legitimate activities, but in addition, do some of these untoward and illicit activities.''

Treasury's effort comes with a veiled warning that international banks risk losing access to the U.S. financial system by doing business with the wrong Iranian company.

``Our goal is to make it harder, costlier and riskier to raise funds and move the funds through the international financial system,'' Daniel Glaser, Treasury's deputy assistant secretary for terror finance, said in an interview in Washington on Sept. 12.

UN Sanctions

The Bush administration also is pushing the United Nations to sanction Iran for defying a UN demand that the Islamic Republic stop enriching uranium. European nations are taking a more conciliatory approach, seeking talks with Iran before penalties are imposed. Iran said it's willing to talk and is seeking negotiations without delay.

The U.S. accuses Iran, which has the world's second-biggest oil and natural gas reserves, of trying to make a nuclear weapon. Iran says its program is intended only to fuel power stations.

International banks including HSBC Group and Credit Suisse Group are doing less business with Iran after the U.S. said they risk being cut off from the U.S. banking system, said Daniel Glaser, a Treasury deputy assistant secretary.

HSBC and Credit Suisse have ``limited their exposure to Iranian business,'' and UBS AG cut off all dealings with Iran earlier this year, Glaser said in testimony to the Senate Banking Committee on Sept. 12. Other banks have refused to issue new letters of credit to Iran, he said.

``This is noting more than an educational briefing to prepare financial institutions for the risks that are out there,'' Paulson said in Singapore. ``The point I made to finance ministers is that we have a job to do.''

To contact the reporter on this story: Kevin Carmichael in Singapore at kcarmichael@bloomberg.net

Two Tracks On Iran: Keep Talking, And Weigh Penalties (NYT)

By Helene Cooper And Elaine Sciolino

The New York Times, September 17, 2006

WASHINGTON, Sept. 16 — After intense talks about Iran's nuclear program, the United States and other major world powers face two unappealing choices as the United Nations General Assembly opens this week: introduce a resolution in the Security Council for sanctions against Tehran that may not be tough enough to make a difference, or delay any punitive measures, rendering their diplomacy on Iran meaningless.

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So the Bush administration, along with Russia, China, France, Britain and Germany, have quietly shifted their strategy.

In June, the six global powers offered Iran a take-it-or-leave-it package of incentives in an effort to persuade the country to abandon its nuclear ambitions. No negotiations would start unless Iran first froze its uranium enrichment activities.

Now the six countries have offered a major concession. They are embarking on a two-track approach that allows the European Union foreign policy chief, Javier Solana, to conduct open-ended negotiations with Iran on the conditions for a suspension while the Security Council weighs punitive measures.

Mr. Solana and Iran's chief negotiator, Ali Larijani, met twice last weekend and plan to hold talks on Sunday in New York, a senior Bush administration official said.

"I think there's a chance that Iran sees it has to move," a European diplomat said Friday. "We want to get those people to the table. The key thing here is to leave the door open."

In diplomatic terms, the embrace of what is being called the practical, two-track approach looks like a subtle change. But in reality it is a fundamental shift and an admission of how few options President Bush and his European allies have.

The Iran negotiations have a certain "Groundhog Day'' quality. In the fall of 2003, the United States was raising pressure on its European allies to refer Iran to the Security Council for sanctions. But with Russia and China threatening to veto, Britain, France and Germany worked out a deal with Iran: no referral of Iran's nuclear program to the Security Council if Iran suspended uranium enrichment, the first step in making fuel for nuclear power or a bomb.

A lot has happened since then, but one thing is the same: Iran is still enriching uranium.

The Bush administration is again ready to push forward on a sanctions package at the United Nations, but it is doubtful whether the United States and Europe will get Russia and China to sign on to anything but relatively mild sanctions, at least at first. Many analysts contend that Iran can withstand most of the measures under consideration, which include a travel ban against Iranian officials working in the nuclear program and restrictions on the sale of nuclear components to Tehran.

If Europe and the United States insist on tougher sanctions, Russia and China might balk, and the coalition — fragile, but a conduit for pressure nonetheless — could fall apart. That is why, despite the expiration of the Aug. 31 deadline for Iran to suspend enrichment or face sanctions, the United States and Europe remain willing to keep talking.

Or rather, the United States remains willing to speak through Europe.

Secretary of State Condoleezza Rice pushed President Bush to offer to end Washington's policy of nearly three decades against direct talks with Iran if it suspended uranium enrichment. Iran has been seeking direct talks on any subject, seeking recognition of its growing regional influence and validation from its longstanding opponent.

But even though the Iranian president, Mahmoud Ahmadinejad, is also scheduled to be in New York for the General Assembly, Mr. Bush has dismissed the possibility of the two meeting.

At a news conference on Friday, he said: "I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program. I meant what I said."

Nor will Ms. Rice or R. Nicholas Burns, the undersecretary of state for political affairs, meet with Mr. Larijani, American officials said.

But, they said, administration officials will certainly be monitoring the Larijani-Solana talks.

Foreign ministers from the six countries are planning to meet to discuss Iran on Tuesday or Wednesday.

European and American diplomats, who spoke on condition of anonymity according to normal diplomatic protocol, are still trying to determine whether Iran is serious about an offer they say Mr. Larijani made to suspend uranium enrichment for two months.

The diplomats say that Mr. Larijani has made the same overture several times, only to take it back, leaving the impression that he does not have the full authority to negotiate and that Iran's leadership is divided on nuclear strategy. The Iranians' 20-page response to the European Union on the proffered incentives — rambling and imprecise — strongly suggests that there are differing camps within Iran.

Indeed, in remarks to reporters on Friday, Mr. Solana acknowledged that there are divisions in Tehran, which he said were the reason he did not meet with Mr. Larijani this week. "A little bit more time was needed in order to reach a consensus in his own country among his own leadership" to "convey to me a possible positive answer," Mr. Solana said.

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The European foreign policy chief's inclination to continue talking, meanwhile, has frustrated the Bush administration.

"Larijani and Solana have been engaged in this minuet," a senior Bush administration official said. "The U.S. view is that those talks are worthwhile, but not sufficient. We will be moving early in the week to move forward on a sanctions resolution."

If Iran does take up the offer, it is one that the United States and Europe should not refuse, said Robert J. Einhorn, a senior adviser at the Center for Strategic and International Studies and former assistant secretary of state for nonproliferation under President Bill Clinton.

"If the Europeans and Iranians can cobble together even a limited-duration suspension, we could dodge another bullet, at least for a while," Mr. Einhorn said. But, he added, "it's not at all clear we're going to get to that point. Even their initial offer had a lot of provisos."

Some analysts say that neither the international pressure on Iran, nor Iran's enrichment program, is likely to end soon.

"Next year," said George Perkovich, a nonproliferation expert at the Carnegie Endowment for International Peace in Washington, "we're going to be at the same spot still."

Analysis: Bush Sees Fewer Policy Options (AP)

By Anne Gearan

AP, September 17, 2006

When President Bush addresses world leaders at the United Nations this week, he will have fewer options and lower expectations on almost every major foreign policy front than a year ago.

The United States is relying more readily on international institutions and alliances for help in Iran, Lebanon, North Korea, Sudan and elsewhere. Yet, according to analysts, the Bush administration has less room to maneuver.

Bush and his foreign policy advisers have tried with some success to dispel the caricature of Bush abroad as a Texas cowboy riding alone and herding the U.S. into an unpopular war in Iraq.

But the war, now in its fourth year, devours resources and energy for other global objectives and feeds mistrust about U.S. intentions, experts say.

"I'm not sure they have changed their mind about to what extent to proceed unilaterally and how much to use military force so much as they have run out of options," said Richard Stoll, a political science professor at Rice University who studies foreign policy and national security.

With Bush nearly halfway through his final term, time is dwindling for him to accomplish his signature goals of confronting terrorism and spreading democracy, and he faces more distractions at home, said Andrew Bacevich, a professor of international relations at Boston University.

When the president speaks to the U.N. General Assembly on Tuesday, he plans to carry a strong message, "based upon hope, and my belief that the civilized world must stand with moderate, reformist-minded people and help them realize their dreams.

"I believe that's the call of the 21st century," Bush told reporters Friday.

A scan of the globe, however, points up the defensive posture for the U.S. these days and the changed circumstances from a year ago:

_In Afghanistan, a military setback at the hands of a reconstituted Taliban took the administration by surprise this summer. Five years after the U.S.-led invasion ousted the Taliban from political power, the militant Islamic group is proving a resilient enemy for NATO forces in the south while suicide attacks have spread to the capital, Kabul. President Hamid Karzai's credibility has been undermined by the bloodiest fighting since the Taliban's fall, failure to control the drug trade and wide disparities between rich and poor. Karzai is a U.S. favorite whom Bush will see at the White House this month.

_In North Korea, the breakthrough weapons agreement announced during last year's U.N. opening session fell apart weeks later. Now the communist government is boycotting talks with the United States and other nations. The situation worsened when North Korea tested a long-range missile theoretically capable of reaching the U.S.

_In Iraq, political gains and the capture of a terrorist leader have not stopped the wholesale killing. U.S.-backed Prime Minister Nouri al-Maliki, whom Bush will see in New York, has failed to make his security plan stick. Washington shelved plans to

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withdraw some American troops this year despite declining public support in the U.S. for the war and growing calls from Congress for a phased withdrawal. Bush has acknowledged that U.S. forces will remain there for years.

_In Iran, the government has accelerated its nuclear program and defied U.N. demands. The U.S. is still the main force for U.N. penalties that allies find unappealing or of questionable value. With Tehran trying to undermine a fragile U.S.-built consensus, the weeks ahead may show whether the U.S. can persuade the Security Council to impose meaningful penalties or whether the administration will concede the futility of a course pursued for more than two years. Meanwhile, Secretary of State Condoleezza Rice is trying to deflect suspicion that the U.S. intends to topple Iran's ruling mullahs or bomb its nuclear sites.

_In the Mideast, the prospects for progress for peace between Israel and the Palestinians look more remote than at this time in 2005. Former Israeli Prime Minister Ariel Sharon is unconscious from a stroke; his successor, Ehud Olmert, has political problems after an inconclusive war with Hezbollah militants in Lebanon. Humanitarian and political crises followed the victory of Hamas militants in Palestinian elections and Palestinian President Mahmoud Abbas was vastly weakened.

_Hamas' victory was the biggest blow to Bush's goal of spreading democracy in the region. Yet the U.S. said little about political reform in Egypt and Saudi Arabia while appealing to those Arab allies for help during the recent Israeli-Hezbollah war.

Bush may need help around the globe, but he could not resist taking a swipe at the United Nations during his White House press conference Friday. He stopped just short of calling the United Nations feckless in its response to the death and destruction in Sudan's Darfur region.

"I think a lot of Americans are frustrated with the United Nations, to be frank with you," Bush said.

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EDITOR'S NOTE — Anne Gearan covers diplomacy and foreign affairs in Washington.

Europeans May Meet With Iran, Sans U.S. (AP)

By Deb Riechmann, Associated Press Writer

AP, September 17, 2006

European diplomats are considering a meeting with Iran on the sidelines of next week's U.N. General Assembly in hopes of de-escalating the standoff over Tehran's nuclear program — but the United States won't be getting an invitation.

The Bush administration, which is pushing for U.N. sanctions against Iran, has said it will join European-led negotiations with Iran only if it stops its uranium enrichment work first.

That has led European negotiators to work on having a meeting — without America — in which Iran could say it is temporarily suspending enrichment activities because new negotiations had indeed begun.

A U.S. official confirmed that European diplomats were contemplating the meeting, but White House spokeswoman Emily Lawrimore would say only that President Bush has consistently supported talks with Iran, led by Britain, France and Germany. "He is hopeful that ongoing negotiations will encourage the Iranian government to suspend its enrichment and reprocessing activities," she said.

The U.S. official, who spoke on condition of anonymity because of the volatile nature of the discussions, said the Bush administration is not expecting that such a meeting would be a major turning point in the dispute. The Bush administration has little confidence that "Iran will come through to meet the conditions" of verifiably suspending its enrichment work, the official said.

At a news conference Friday, Bush said he will send a signal at the United Nations that the United States will not tolerate delay tactics by Tehran. "Stalling shouldn't be allowed," Bush said.

Bush also stressed that he believes there is a strong consensus in the international community to prevent Iran from developing a nuclear weapon, although Russia and China — two members of the U.N. Security Council that have veto power — have been hesitant about imposing U.N. sanctions against the Iranian government.

Javier Solana, the European Union's foreign policy chief, is to meet Sunday in New York with Ali Larijani, Iran's chief nuclear negotiator. If their discussion goes well, then the meeting — without the U.S. — could be arranged, the U.S. official said.

The idea would be to schedule such a meeting ahead of another gathering Tuesday night that's being attended by representatives of the five permanent members of the U.N. Security Council and a few other nations. In that meeting, Secretary of State Condoleezza Rice is poised to push for more clarity about sanctions that could be imposed on Iran.

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"Absent that change in the status quo, our plan is to push ahead on Tuesday," the U.S. official said.

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AP Diplomatic Writer Anne Gearan contributed to this report.

Abbas And Bush To Meet On U.N. Sidelines (NYT/AP)

By The Associated Press

The New York Times, September 17, 2006

RAMALLAH, West Bank, Sept. 16 (AP) — The Palestinian president, Mahmoud Abbas, will meet with President Bush in New York on Wednesday, on the sidelines of the United Nations General Assembly, a Palestinian official said Saturday.

The meeting will be preceded by talks on Monday between Mr. Abbas and Secretary of State Condoleezza Rice, the official, Saeb Erekat, said.

Mr. Bush and Mr. Abbas last met in October 2005 at the White House.

Mr. Erekat said the discussion would touch on a wide range of issues, including the coalition government that Mr. Abbas is trying to form with the Hamas political movement and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June. Mr. Abbas is seeking United States support for the coalition government, in hopes of restoring international aid to the cash-starved Palestinian Authority. The foreign money dried up after Hamas, regarded by Europe and the United States as a terrorist organization, came to power in March.

The United States wants clearer statements that Hamas recognizes Israel and renounces violence.

Palestinian President Abbas To Meet Bush (AP)

By Sarah El Deeb

AP, September 17, 2006

Palestinian President Mahmoud Abbas will meet President Bush in New York next week and will likely seek to promote his planned coalition with Hamas, a Palestinian official said Saturday.

Palestinian negotiator Saeb Erekat said the meeting with Bush would take place Wednesday on the sidelines of the U.N. General Assembly. The White House would not confirm the meeting and it was not clear whether Bush's final schedule in New York had been set. The two men last met in October 2005 in Washington.

Abbas, a moderate who leads the Fatah Party, and the militant Islamic group Hamas, which currently rules alone, agreed last week to form a national unity government that would strive to establish a Palestinian state alongside Israel — implying recognition of the Jewish state.

Hamas, which is committed to Israel's destruction, swept to victory in January legislative elections, defeating Fatah, and formed a government by itself. The West and Israel reacted by cutting off hundreds of millions of dollars in aid, accusing Hamas of being a terrorist group.

Without the foreign aid, the Hamas-led Palestinian government has been unable to pay salaries to its tens of thousands of civil servants, causing widespread hardship. In a sign of desperation, women have parted with their dowry of gold jewelry — their only financial security in the event of divorce.

Abbas hopes a unity government with Hamas could restore international funding to the cash-starved Palestinian Authority. But the United States has said it wants clearer statements from Hamas that it recognizes Israel, accepts existing peace deals and renounces violence.

The European Union on Friday held off on renewing direct aid to the Palestinian Authority. EU ministers said they supported Abbas' steps to form a broader coalition, but wanted assurances the new government would back peace efforts.

Erekat said Abbas would discuss with Bush the emerging coalition and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June, whose capture led to an Israeli military offensive in Gaza.

Erekat said delegations led by Abbas and Israeli Foreign Minister Tzipi Livni would also meet next week, but would not say what would be on the agenda.

Israeli Foreign Ministry spokesman Mark Regev had no comment on the reported meeting, which would be a precursor to expected talks between Abbas and Israeli Prime Minister Ehud Olmert.

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Hamas has been pressured by tough international sanctions to force it to temper its anti-Israel stance. But Palestinian Prime Minister Ismail Haniyeh of Hamas suggested Saturday that his group would go no further than it already has in agreeing to the unity government.

The agreement on the national unity government "does not discuss the recognition of (peace) agreements signed with the Israeli occupation," Haniyeh told Associated Press Television News. "We will work with these agreements according to what serves the higher Palestinian interests, but that does not mean we recognize them."

Israel has been boycotting the Hamas government but considers Abbas, who favors peacemaking, an acceptable partner for talks.

Israelis Lose Faith In New Generation Of Leaders (WP)

By Scott Wilson

The Washington Post, September 17, 2006

Doubts Heightened By War in Lebanon

JERUSALEM, Sept. 16 -- Frustration over the outcome of the war in Lebanon has spurred many Israelis to question the abilities of a new class of political professionals who are stepping into roles long held by the men and women who founded the Jewish state.

The mostly East European immigrants who brought Israel into being are steadily ceding power to a more ethnically and ideologically diverse generation raised here. Now the uncertain aftermath of the first war to be managed by a prime minister from outside Israel's founding generation -- Ehud Olmert, a 60-year-old lawyer elected this year -- has sharpened debate over whether the best of the new generation are entering public life.

"How have we left our leadership to such mediocre people?" said Eliad Shraga, 46, head of the nonpartisan Movement for Quality Government in Israel who staged a nearly three-week hunger strike outside Olmert's office after returning from reserve duty in the Lebanon war. "We are asking ourselves how this has happened to us."

Olmert and others of his political generation embody a leadership shift that highlights the Jewish state's changing values and demographics.

Israel's original socialist character has evolved into a more free-market economy and less centralized government. The private sector and town councils are turning into training grounds for new political leaders, who once emerged largely from the labor movement, the kibbutz collective-farm enterprise and the military. There are more former mayors than generals in Olmert's cabinet, which also includes ministers from university faculties and the secret services.

But prospective Israeli leaders have found the diverse economy more attractive than public life, a notoriously treacherous arena given the country's cutthroat political culture. Israel's mainstream political leadership now consists mostly of pragmatic men and women who have made politics their profession -- a sharp contrast to the ideological volunteers, shaped by persecution, who founded Israel nearly six decades ago.

Historians and sociologists describe the change as the kind of natural evolution that occurs in most countries. But it is proving more complicated here because of Israel's unique circumstances -- a state still defining its borders, in a region where many countries dispute its right to exist.

"A nation cannot always be in a revolutionary spirit," said Ephraim Yaar, a professor of sociology at Tel Aviv University who runs the Evens Program in Mediation and Conflict Resolution. "People want to live normal lives. But in some ways, Israel cannot give up this spirit because of the peculiar existential threat it faces. We are still in the process of nation-building."

Isaac Herzog, the 46-year-old tourism minister, is one of Israel's political "princes."

His father, Chaim Herzog, built Israel's military intelligence agency before serving as ambassador to the United Nations and the country's president. His grandfather was Israel's first chief rabbi, and one of his handwritten prayers for the new state hangs on Herzog's office wall.

As a boy, Herzog's neighbors in Zahala, a suburb of Tel Aviv, included Moshe Dayan, Yitzhak Rabin and Ariel Sharon, hero-generals of the wars and political battles that helped define the modern state.

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"My father and his compatriots focused on security and the economy, but I became interested early on with talking to the Palestinians and in issues like the environment and human rights," said Herzog, who speaks Arabic.

"The whole system of values has changed," he continued. "I would say our generation is more willing to compromise, less willing to see ideology as holy."

Olmert is also a second-generation politician. Elected to parliament at the age of 28, he is Israel's third prime minister from outside the founding generation. When Sharon, 78, was felled by a stroke in January, Olmert assumed the top job and was elected on his own in March, on a platform to withdraw Israel from parts of the West Bank and define the state's final borders. The plan has been shelved since the war, and the Israeli public is waiting for another to replace it.

Olmert's foreign minister, Tzipi Livni, whose popularity plummeted during the war, is the daughter of a leader of Irgun, the Zionist militia that attacked British forces and civilian targets before Israel's creation.

Both Olmert and Livni, 48, also a lawyer by training, left the Likud party last year to join Sharon's Kadima movement -- evidence, political analysts say, that the politicians now in charge are less ideological than those of the past.

The only member of Olmert's cabinet who played a vital role in Israel's political life before the founding of the state is Shimon Peres, the 83-year-old vice prime minister and Nobel Peace laureate who left the Labor Party last year after losing his bid to lead it.

"I think this shows we are now a more normal society, one without stars," Herzog said. "Stars just fall into the bureaucracy."

Recent opinion polls show that a large majority of Israelis believe the previous leaders were better than the current ones, while one in five Israelis does not think any of the senior party leaders is suitable to be prime minister. When the Marker, a business supplement published by the daily newspaper Haaretz, revealed its picks for the 100 Israelis with the most influence over the economy, no name appeared in the top slot, only the words: "Leader Wanted!"

"These new politicians don't regard themselves as mythological figures, nor does the public view them that way," said Tom Segev, a prominent Israeli historian and author of several influential books on the state's formative years. "And on the healthy side, the public no longer has giants it will blindly trust."

Segev contends that "for most Israelis, the founding giants are more about what they symbolized than who they actually were. They were overly mythologized, and now many enjoy an image that is just not justified."

While less trusting, the public is also more angry, particularly over a flurry of corruption scandals involving Israel's senior politicians and Olmert's refusal to allow an independent commission to examine the recent war's management.

The military, traditionally the country's most esteemed institution, is investigating itself at a time of pervasive anger among reserve officers. Many of them have criticized military commanders and civilian leaders for providing insufficient supplies and equipment during the fight, as well as for a tentative battle plan they contend prolonged the conflict and endangered Israeli soldiers and civilians.

Yaar's monthly "peace index" tracking poll showed a large drop last month in support for the military, along with other public institutions. Yaar noted that the marks for Olmert's government and the parliament "were already extremely low in the past and they did not have much space to shrink further."

"A war we don't win is a war we lose," said Zeev Sternhell, who fought in four of Israel's wars and is author of "The Founding Myths of Israel." "We have never been through such a loss of faith in the political and military leadership at the same time. I'm afraid people are beginning to lose confidence in the system itself."

Israeli politicians say the business sector could be the next source of political leadership. But sociologists argue that Israel's high-tech entrepreneurs, known for risk-taking and creativity, will likely be discouraged from entering the rough spectacle of Israeli politics.

"Israel has been very rude to people who want to volunteer their talents to public life, and by that I mean cynicism, which just kills everything," said Erel Margalit, managing partner of Jerusalem Venture Partners, a venture-capital firm with interests in high-tech businesses. "I think a few of us will jump, whether it's me or someone else. It depends on the timing and opportunity."

Margalit, 45, is mentioned frequently as a possible candidate for mayor of Jerusalem, where he lives and supports a number of arts projects. He was raised on a kibbutz and supported Labor Party leader Amir Peretz's bid for the prime ministership

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in March. Peretz, now Israel's highly unpopular defense minister, once embodied the promising rise of Jewish immigrants of North African and Middle Eastern descent in a society long dominated by European Jews.

"For a lot of us, the legacy of our grandfathers -- that we came here not just to make a profit -- is still there," Margalit said. "We don't want to be socialist, or at least not a part of the 1917 revolution. But we do want to use the same kind of sensitivities found on the kibbutz when things get difficult."

The idealists of today are lonely.

Daniel Kayros, 35, passed up the large-salary life of a corporate lawyer to run the fiscal litigation department of the Movement for Quality Government in Israel. He manned a tent for weeks across from Olmert's office festooned with banners declaring, "You Lost The North," a play on words meaning the government had lost both its support in the Galilee region and its direction.

"Against the backdrop of the amazing historic story of this country, to see the crumbling of government morals is extremely discouraging," said Kayros, who immigrated to Israel from Wisconsin at 19. "To me, it is an emergency call to the flag. I only wish more of the country felt that way."

Nonaligned Nations Blast Israel Attacks (AP)

By OLGA R. RODRIGUEZ, Associated Press Writer

AP, September 17, 2006

Representatives of 118 Nonaligned Movement nations condemned Israel's attacks on Lebanon and supported a peaceful resolution to the U.S.-Iran nuclear dispute in the final declaration Saturday of a summit that brought together some of the United States' staunchest foes.

The 92-page declaration also broadly condemned terrorism. But it said movements for self-determination and battles against foreign occupiers should not be considered terrorism.

And while declaring democracy to be a universal value, the movement said no one country or region should define it for the whole world and defended the right of Venezuela and other countries to determine their own forms of government.

The final statements, many of which contain veiled criticisms of the U.S., were approved by unanimous consent after another round of speeches Saturday night by leaders of the movement.

"No one in the Nonaligned Movement thinks that the United States is responsible for all the problems, but many think that it is for some," Cuba's Foreign Minister Felipe Perez Roque said.

An ailing Fidel Castro was named president of the movement, but he stayed home on doctors' orders while acting Cuban President Raul Castro presided over the meeting of two-thirds of the world's nations.

The meeting brought together the leaders of Iran, Venezuela, North Korea, Zimbabwe among other leading U.S. adversaries. Raul joined them in saying a bellicose America had made the world more dangerous.

North Korea's No. 2 leader, Kim Yong Nam, claimed his communist nation "would not need even a single nuclear weapon if there no longer existed a U.S. threat," and said U.S. financial sanctions have "driven the situation into an unpredictable phase."

Kim, the leader of Parliament, blamed the lack of world peace on the United States, saying its failure to respect the sovereignty of other nations has destroyed "the international order."

The resulting imbalance in global politics constitutes "grave threats to world peace and security," he said.

The United States declined an invitation to the summit and said it would have no comment on any of the proceedings.

Many at the summit demanded the United Nations take action against U.S. veto power in the Security Council.

"The U.S. is turning the Security Council into a base for imposing its politics," Iran's President Mahmoud Ahmadinejad complained. "Why should people live under the nuclear threat of the U.S.?"

Some leaders tried to resolve disputes with their neighbors: Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed Saturday to resume peace talks, and Bolivian President Evo Morales tried to reassure Brazilians angered by tough energy negotiations.

Others held onto hard-line positions: North Korea defended its nuclear weapons program, Sudan's leader rejected a U.N. peacekeeping mission for Darfur and Ahmadinejad insisted on Iran's right to develop nuclear energy.

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The final document supported Iran's position while encouraging it to continue cooperating with the International Atomic Energy Agency, the U.N. nuclear watchdog.

Earlier on Saturday, Iraq's vice president, Tariq al-Hashimi, asked the movement for a statement calling on all countries to stop interfering in Iraq and to recognize the sovereignty of his nation's land and airspace. He complained that "life has degenerated" in his country and Iraqis are suffering because "a war machine has destroyed the infrastructure."

U.N. Secretary-General Kofi Annan agreed the Security Council must be more responsive to less powerful countries.

"The Security Council must reform - for the sake of the developing world, and for the sake of the United Nations itself," Annan told the Nonaligned leaders.

The Nonaligned Movement was formed in 1961 to establish a neutral third path in a world divided by the United States and the Soviet Union. Cuba last hosted the group in Havana 27 years ago.

It was unclear whether the 80-year-old Castro will recover enough from intestinal surgery to guide the group for the next three years. The ailing rebel icon met in his home with a handful of leaders including Annan and Venezuelan President Hugo Chavez.

The Fight To Rebuild Lebanon (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, September 17, 2006

Sunni governments vie with Shiite-ruled Iran and Hezbollah to prove who is doing more.

BEIRUT — The rush to rebuild this war-crushed country has gotten tangled up with a high-stakes sectarian competition, as Sunni Arab governments in the region race against Shiite-ruled Iran and its ally Hezbollah to prove political clout and capture grass-roots loyalty, analysts say.

A steady stream of foreign delegations crunches over the rubble of the southern suburbs for photo opportunities; spokespeople churn out competing press releases; catty cut-downs are exchanged between Hezbollah and the Lebanese government. Milk trucks on remote farm roads near the Israeli border proclaim that their boxed milk is a gift from the Saudi people; an Iranian flag emblazons water tanks in Beirut.

For decades, Lebanon has been an oft-abused host to its neighbors — a sun-warmed playground for the wealthy, but also a proxy battlefield for tensions that wash over the Middle East. In the current struggle, the region's power players jockey not with guns but with charity dollars, boxed food and showy displays of compassion.

"There's a kind of competition between the Arab governments and Iran," said Kamel Mohanna, general coordinator for Arab NGOs Forum. "It's a competition to have political influence here … to decrease the influence of Iran, to show that not only Iran has sent money to this area."

The unmistakable oneupmanship is a stark reminder of the panic that has gripped the region as the power of Iran has swelled. Animosities between Sunnis and Shiites stretch back into the origins of Islam, and have sharpened in recent years as the oil-rich Sunni Arab states of the Persian Gulf compete for influence against Iran. Sunni Arabs watched with unease as Iranian influence spread among Shiites in Iraq after the 2003 U.S.-led invasion, and sat by nervously while Tehran squared off against the West over Iran's nuclear program.

This summer's war in Lebanon upped the ante. The perception that Hezbollah guerrillas drove Israel out of Lebanon has swept the coffee shops and streets of the Arab world. Hezbollah chief Sheik Hassan Nasrallah has been lionized, even among Sunni Arabs who might previously have viewed the Shiite with suspicion, analysts say.

As soon as the bombing stopped, Hezbollah foot soldiers waded into devastated streets and handed bundles of cash to families that had lost homes to Israeli bombing. Hezbollah has been coy about its ties to Iran, but most of the cash is presumed to have come from Tehran.

The Lebanese government, dominated by Sunnis and Christians, has struggled to counteract the perception that Hezbollah is chiefly responsible for the aid and reconstruction efforts.

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"Iran may be trying to come into play here, saying, 'Hey, we're not bad guys, we're benevolent,' " said Mohammed Mamlouk, the prime minister's aide in charge of coordinating foreign aid. "But they're not fooling anybody. I bet even the Shiites here know better."

Mamlouk sat among a sea of chiming telephones and scurrying people in Beirut's government center. Aid was pouring into government coffers from all over the Arab world and beyond, but not from Iran. The money from Tehran was going straight to Hezbollah, Mamlouk said.

"It's our government, and our job to take care of the people," he said. "Every time you send an engineer, you don't send a TV crew with him just to show that the government is working."

Persian Gulf states, including Saudi Arabia, Kuwait, Qatar and the United Arab Emirates, have come forward with immense donations, Mamlouk said. He is careful to note the Saudi prince who stayed on the Syrian border all night to supervise the transfer of aid into Lebanon during the Israeli bombardment.

"Hezbollah believes it's important to show they're paying and taking care of their own people. They're overplaying it with the media," Mamlouk said. "So we're making shows now. We're drumming it up."

Lebanon's Shiites, believed to be the largest sect in the country's religious mosaic, have a long-standing tradition of taking care of their own, developed in response to government neglect.

Now the central government is working to show Shiites that their needs are taken seriously in Beirut. The outreach is driven in part, analysts say, by suspicions across the region that Shiite Arabs are secretly more loyal to their Iranian coreligionists than to their countrymen.

"Arabs are trying to get the Shias to integrate more in Lebanon and forget Iran," said Hilal Khashan, an expert on the region's Shiites and a professor at the American University of Beirut. "This is the challenge: How do you get Shias to pledge allegiance to the Lebanese state and forget foreign influence?"

Hezbollah hasn't helped. Its political leaders dismiss government aid efforts as corruption-riddled traps that snare money long before it reaches the needy. They sometimes speak of the government as a foreign force, and accuse Beirut of secretly rooting for Israel to win the war and obliterate Hezbollah.

"We are ready to rebuild Lebanon, we are planning to do that, and the Shia of the world will help us," said Khodor Nour Eddin, a senior political officer for Hezbollah. "It's better for us to do that. We don't want to take money from the government, like charity."

In the heart of the destruction wrought by Israeli bombs, Nour Eddin sat in the sprawling tent erected by Jihad Construction, Hezbollah's large band of reconstruction workers. Behind him, a delegation of religious leaders from Syria gave speeches and posed for photographs.

Dust choked the air, and the streets rang with the clang of steel and the scrape of machinery. The long yellow arm of a Caterpillar pawed at the piles of debris. Women picked their way through the rubble of their homes, holding the hems of their chadors out of the dust.

"If Hezbollah didn't give us money to rent a house, we'd be on the street," said Muna Raed, whose home was ground to rubble in the bombardment.

"The government?" She paused. "There's a promise. We'll see. We've learned from previous wars that the government will steal and we won't see anything."

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Vatican Says Pope Benedict Regrets Offending Muslims (NYT)

By Ian Fisher

The New York Times, September 17, 2006

ROME, Sept. 16 — A top Vatican official said Saturday that Pope Benedict XVI “deeply regretted” that a speech he made this week “sounded offensive to the sensibility of Muslim believers.”

The statement, by Cardinal Tarcisio Bertone, the new Vatican secretary of state, was made as denunciations from Muslim leaders over the speech continued for a third day around the world.

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And in the West Bank town of Nablus on Saturday, a day after street protests and grenades were thrown at a church in the Gaza Strip, two churches were lightly damaged in fire bombings. A group calling itself the "Lions of Monotheism" said the attacks were in reaction to the pope's remarks.

The Vatican statement stopped short of the direct personal apology from Benedict that many Muslims have been demanding. Still, the statement tried to tamp down rising anger among Muslims about the speech, in which Benedict quoted a 14th-century Byzantine emperor as calling Islam "evil and inhuman."

Cardinal Bertone, named the second-in-command at the Vatican on Friday, said that the pope's comments had been interpreted in a way that "absolutely did not correspond to his intentions." He said that Benedict, whose stance on Islam has generally been more skeptical than that of his predecessor, John Paul II, respected Islam and believed strongly in dialogue among faiths.

The quotations, Cardinal Bertone said, were part of a scholarly address aimed at refuting a "religious motivation for violence, no matter where it comes from."

On Tuesday, at Regensburg University in Germany, Benedict delivered a long, scholarly address on reason and faith in the West. But he began his speech by recounting a conversation on the truths of Christianity and Islam that took place between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"The emperor comes to speak about the issue of jihad, holy war," the pope said.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

While making clear that he was quoting someone else, Benedict did not say whether he agreed or not. He also briefly discussed the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion is contrary to God's nature and to reason.

He also suggested reason as the basis for "that genuine dialogue of cultures and religions so urgently needed today."

Nonetheless, Muslims around the world called the speech provocative, especially coming from the leader of the world's billion Roman Catholics.

In Jordan, the state-owned daily newspaper Al Rai said called the pope's statements "shocking." It said the pope should apologize "so as to ease the fears of Muslims who sense they are becoming the target of an orchestrated campaign."

Prime Minister Nuri Kamal al-Maliki of Iraq called on Iraqis to refrain from violent protest over the remarks, urging people not to "carry out actions that will harm our Christian brothers here," according to his spokesman, Ali Dabbagh.

Mr. Dabbagh said he had heard only one unofficial and unconfirmed report of any violence in Iraq related to anger over the pope's comments. That episode involved a church in Basra, but he said he had no details.

"The pope misinterpreted Islam," he said. "The most important thing is that such incidents should not be converted into violence in Iraq."

Morocco recalled its ambassador to the Vatican over the remarks, according to the official MAP news agency.

And the president of Yemen, Ali Abdullah Saleh, threatened to sever diplomatic ties unless Benedict apologized.

In Somalia, a radical cleric was reported to have urged Muslims to "hunt down" the pope for remarks that he called "barbaric."

"Whoever offends our Prophet Muhammad should be killed on the spot by the nearest Muslim," the cleric, Sheik Abubakar Hassan Malin, told worshipers in Mogadishu on Friday, Agence France-Presse reported.

But in Turkey, amid questions about the pope's planned visit in November, the main English-language newspaper, The Daily News, urged an end to the criticism.

While denouncing his comments, the paper said, "We just disagree with this vendettalike approach of continuing to abuse the pope after his spokesman made a statement saying that he respected Islam and did not intend to offend Muslims."

The newspaper was printed before Cardinal Bertone spoke Saturday and was referring to a Vatican statement released on Thursday.

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Security around the pope's residence at Castel Gandolfo, near Rome, would be strengthened for the pope's Sunday blessing, Agence France-Presse quoted the Italian ANSA news agency as saying. "Meticulous" security checks over an extended area were planned.

Aide Says Pope 'Regrets' Comments On Islam (WP/AP)

By Frances D'emilio, Associated Press

The Washington Post, September 17, 2006

VATICAN CITY, Sept. 16 -- Pope Benedict XVI "sincerely regrets" offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman," a senior Vatican official said in a statement Saturday.

But the comment stopped short of the apology demanded by Islamic leaders around the world, and anger among Muslims remained intense. Palestinians attacked five churches in the West Bank and Gaza over the pope's remarks in a speech Tuesday to university professors in his native Germany.

In a broader talk rejecting any religious motivation for violence, Benedict cited the words of a 14th-century Byzantine emperor who characterized some of the teachings of the prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith he preached."

The pontiff did not endorse that description, but he did not question it, and his words set off a firestorm of protests across the Muslim world.

The new Vatican secretary of state, Cardinal Tarcisio Bertone, said the pope's position on Islam is unmistakably in line with Vatican teaching that says the church "esteems" Muslims.

Benedict "thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful and should have been interpreted in a manner that in no way corresponds to his intentions," Bertone said in the statement.

Bertone said the pontiff sought in his speech to condemn all religious motivation for violence, "from whatever side it may come." But the pope's words only appeared to fan outrage.

Bertone's statement, released by the Vatican press office, failed to satisfy critics.

Mohammed Bishr, a senior member of the Muslim Brotherhood in Egypt, said the statement "was not an apology" but a "pretext that the pope was quoting somebody else as saying so and so."

"We need the pope to admit the big mistake he has committed and then agree on apologizing, because we will not accept others to apologize on his behalf," Bishr said.

Morocco recalled its ambassador to the Vatican on Saturday to protest the pope's "offensive" remarks, and Afghanistan's parliament and the Foreign Ministry demanded that the pope apologize.

Turkish Prime Minister Recep Tayyip Erdogan insisted the pope apologize, saying he had spoken "not like a man of religion but like a usual politician." Benedict plans to go to Turkey in November in what would be his first papal visit to a Muslim nation.

Ecumenical Patriarch Bartholomew I, spiritual leader of the world's 200 million Orthodox Christians, issued a statement saying he was "deeply" saddened by the tensions sparked by the pope's comments.

"We have to show the determination and care not to hurt one another and avoid situations where we may hurt each others' beliefs," the Istanbul-based Patriarchate said.

In the West Bank, Palestinians used guns, firebombs and lighter fluid in attacks on four churches, leaving church doors charred and walls scorched by flames and pocked with bullet holes. Nobody was reported injured. A Greek Orthodox church in Gaza City also was attacked.

A group calling itself "Lions of Monotheism" told The Associated Press by phone that the attacks were a protest of the pope's remarks on Islam.

The grand sheik of Cairo's al-Azhar mosque, the Sunni Arab world's most powerful institution, condemned the pope's remarks as "reflecting ignorance."

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Malaysian Prime Minister Abdullah Ahmad Badawi, whose Southeast Asian country has a large Muslim population, demanded that Benedict retract his remarks and not "take lightly the spread of outrage that has been created."

Coptic Pope Shenouda III, head of Egypt's Coptic Orthodox Church, criticized Benedict, saying, "Any remarks which offend Islam and Muslims are against the teachings of Christ," according to the pro-government newspaper al-Ahram.

British Muslims sought to calm the situation, praising the Vatican statement on behalf of the pope.

"We welcome his apology and we hope now we can work together and build bridges. At the same time we would condemn all forms of violent demonstration," Muhammad Umar, chairman of Britain's Ramadhan Foundation, a youth organization, told Sky News.

But Muhammad Abdul Bari, secretary general of the Muslim Council of Britain, said the pontiff needed to repudiate the views of the emperor he quoted in order to restore relations between Muslims and the Roman Catholic Church.

Pope Is Regretful That His Speech Angered Muslims (LAT)

By Tracy Wilkinson

The Los Angeles Times, September 17, 2006

A Vatican statement includes no apology, though, saying his words were misunderstood.

VATICAN CITY — With furor spreading throughout the Islamic world, Pope Benedict XVI expressed deep regret Saturday that a speech he gave at a German university last week had offended Muslims.

A statement released by his new secretary of State said of Benedict: "In reiterating his respect and esteem for those who profess Islam, he hopes they will be helped to understand the correct meaning of his words."

It did not seem likely that the expression of regret would satisfy clamor from many corners of the world that the pope apologize. He distanced himself from the language that Muslims found objectionable, but he did not retract the words or ask for forgiveness.

The Muslim Brotherhood, one of the largest and most influential Islamic organizations in the Middle East, issued an initial response that Benedict's overture was insufficient.

Hostility to the pope's speech — a dense lecture in which he quoted a medieval Byzantine emperor as saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman" — has plunged Benedict's 17-month-old papacy into its most difficult diplomatic crisis.

Muslim communities in Europe, Egypt, Pakistan and elsewhere have expressed anger at the pontiff.

His effigy was burned in India, and he has been compared to Hitler and Mussolini.

Morocco on Saturday became the first Islamic country to recall its Holy See ambassador.

In Cairo, Coptic Christian leaders joined their Muslim counterparts in condemning the pope.

Earlier on Saturday, Palestinians firebombed four churches in the West Bank city of Nablus and shot at one in the Gaza Strip. No injuries were reported. And Iraqi and Somalian militants threatened to kill the pope or attack Rome.

Turkish Prime Minister Recep Tayyip Erdogan demanded a retraction of Benedict's "ugly and unfortunate" comments, saying that "the pope spoke like a politician rather than as a man of religion." Benedict's scheduled trip to Turkey in November, his first to a Muslim country, may be in jeopardy, though Vatican officials hoped Saturday's statement would help clear the air.

Cardinal Tarcisio Bertone, the secretary of State who issued the communique, said the pope in no way endorsed the passage he quoted from Emperor Manuel II Paleologus and meant only to illustrate the rejection of religious motivation for violence.

"The Holy Father thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful, and should have been interpreted in a manner that in no way corresponds to his intentions," Bertone said.

The pope expressed hope of "quickly surmounting this present uneasy moment," Bertone added.

Tuesday's speech was delivered at the University of Regensburg, where Benedict, when he was known as Joseph Ratzinger, taught theology in the 1970s.

Benedict's return was part of a six-day tour of his native Bavaria.

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The Regensburg speech was meant to be one of the most important documents of his papacy. Benedict labored long hours drafting it over his summer holidays. It lays out the central tenets of his papacy, including the importance of the partnership of reason and faith in Western Christianity.

His few references to Islam seemed to portray it as a historically violent faith reliant on forced conversions and jihad, which he translated as holy war. Christianity's own bloodstained past was not mentioned.

Vatican experts were divided over whether Benedict miscalculated the depth of anger his words would inspire, or whether he might not care. As a consummate theologian, the role he played for the last quarter-century, he is not averse to debate and controversy, and he clearly wanted to stake out his positions in stark and dramatic terms.

But it is one thing to conduct such discussions as an academic and another to do so as pope, who is also a world leader, a politician and head of 1.2 billion Roman Catholics.

"Pushing these buttons of protest will not help the future of religious dialogue, neither for Muslims nor for us," said Alberto Melloni, a church historian. "The pope does not live on an island but in Rome, and it's hard to see that this controversy will simply be disregarded."

Perhaps more important, the Regensburg speech reflected Benedict's conviction that Christianity is a superior religion and that Islam must be treated more cautiously. His predecessor, John Paul II, frequently embraced Christians, Muslims and Jews as "the children of Abraham" and promoted interfaith dialogue.

In his first homily as pontiff, Benedict dropped any reference to Islam when mentioning respect for other faiths. This year, he demoted the Pontifical Council for Interreligious Dialogue, which oversees relations with Muslims and members of other religions. He sent its Rome-based president, a leading expert on Islam, to Cairo to serve as an envoy to Egypt instead.

In Regensburg, "the pope was thinking he was writing an academic treatise, but in writing an academic treatise, his deep mistrust of at least part of Islam came to the surface," said Marco Politi, Vatican specialist for the Italian newspaper La Repubblica.

Several Vatican watchers said Saturday's more conciliatory statement reflected the hand of Benedict's newly installed aides, most notably Bertone, a longtime associate. Bertone assumed the post of secretary of State, No. 2 in the Vatican, on Friday.

Vatican officials were said to have been especially taken aback by criticism from moderate European Muslims.

Benedict's associates, Politi said, "understood that more than 40 years of evolving good relations between the Catholic Church and the Islamic world were at stake."

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Muslims Erupt In Anger At Pope's Comments About Muhammad (MCT)

By Miret El Naggar

McClatchy Newspapers, September 17, 2006

CAIRO, Egypt - Gunmen firebombed five churches in the Palestinian territories Saturday over remarks by Pope Benedict XVI this week that outraged Muslims and prompted the Vatican to issue a mildly worded apology.

The pope "sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful," said Deputy Pope Cardinal Tarcisio Bertone, insisting that the pontiff didn't mean to portray Islam as violent. Instead, the pope meant only to stress his "clear and radical rejection of religiously motivated violence," Bertone said.

Muslims around the world interpreted the pope's words as criticism that Islam endorses violence.

Pope Benedict XVI made the remarks earlier this week during a trip to his native Germany as he was citing a conversation between a Byzantine Christian emperor, Manuel Paleologos II, and a Persian Muslim scholar on the truths of Christianity and Islam.

"Show me just what Muhammad brought that was new and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached," were the emperor's words that the pope read before a group of professors at Regensburg University in Germany, without commenting on them.

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In the days since, fear has spread of a wave of violence like what followed a Danish newspaper's publication last year of cartoons that lampooned Islam's prophet Mohammed

Palestinian gunmen targeted five churches in Gaza and the West Bank with firebombs, causing charred doors and bullet holes in walls, but no one was injured.

A day earlier some 2,000 Palestinians demonstrated in Gaza against the pope's remarks.

Elsewhere in the Muslim world politicians and clerics in Lebanon, Egypt, Malaysia, Pakistan, Turkey and several other countries all reproached the pope.

The Grand Sheikh of al-Azhar institution in Cairo, the highest religious authority in the Sunni world, issued a statement criticizing the pope for repeating the emperor's quotes without further explanation.

Egypt's Parliament demanded an immediate apology. Speaker of Parliament Fathy Sorour said the remarks showed a "severe ignorance of Islam."

Egyptian Foreign Minister Ahmed Aboul Gheit issued a statement in which he expressed "concern that the Pope's comments would spark clashes between cultures and weaken efforts to narrow the gap between East and West."

Egypt's Muslim Brotherhood discarded the Vatican's mild apology as "insufficient."

"This statement is not enough," said the Brotherhood's deputy leader Mohamed Habib. "The pope's comments insulted Muslims' feelings and revered beliefs to an extent that can only be mended by a personal apology."

Turkey's ruling party compared the pope to Hitler and Mussolini.

In Pakistan, scores of people demonstrated and parliament unanimously passed a resolution condemning the pope for making "derogatory" comments about Islam.

Morocco's official news agency announced that King Mohammed VI had recalled his ambassador to the Vatican for consultations.

Malaysia's Prime Minister Abdullah Ahmed Badawi commented that the Pope should not take the public outrage lightly.

"It is unfortunate that such an eminent figure like the pope has not shown leadership in promoting good relations between religions," Badawi said in a statement.

Sudan's President Rejects U.N. Troops (AP)

By Olga R. Rodriguez

AP, September 17, 2006

Sudan's president again rejected the deployment of U.N. peacekeeping troops in the war-torn Darfur region during a meeting with U.N. Secretary-General Kofi Annan on Saturday. But one of the country's two vice presidents said he would accept international intervention.

Annan urged the government of Sudan in an editorial distributed Saturday to accept the U.N. Security Council's decision to replace the largely ineffective African Union peacekeeping force in Darfur with better-equipped U.N. troops.

"There can be no military solution to the crisis in Darfur," Annan wrote. "All parties should have understood by now, after so much death and destruction, that only a political agreement in which all stakeholders are fully engaged can bring real peace to the region."

Sudanese President Omar al-Bashir rejected his appeal.

"Justice is and remains our objective but through diplomatic, political and other means," he said, according to the English translation of his speech in Arabic. "That's why we reject this position." Al-Bashir made the remarks at a news conference in Cuba, where he and Annan were attending the Nonaligned Movement summit.

At least 200,000 people have been killed in Darfur and more than 2 million have fled their homes since 2003 when ethnic African tribes revolted against the Arab-led government. The government is accused of unleashing brutal Arab militiamen known as janjaweed in the remote western province.

First Vice President Salva Kiir Mayardit welcomed U.N. intervention. He heads the Sudan People's Liberation Movement — a former southern rebel group that made peace with Khartoum in January 2005.

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"The aggravation of the humanitarian and security situation in Darfur necessitates intervention of international forces to protect civilians from the atrocities of the janjaweed militias so long as the government is not capable of protecting them," Kiir was quoted as saying in remarks published Saturday by the independent Al-Sudani daily.

The Darfur Peace Agreement, signed in May, calls for a cease-fire, disarmament of militias and a protection force for civilians — but does not specify the composition of such a force.

Last month, the Security Council passed a resolution demanding a better-funded, larger and more well-equipped U.N. mission take over Darfur peacekeeping duties from the African Union, whose mandate expires Sept. 30.

But the resolution was unlikely to take effect without the consent of the Sudanese government, something nations including the United States have worked — without success — to acquire. Al-Bashir has said that a switch in command would violate the country's sovereignty and has warned that his army would fight any U.N. forces sent to Darfur.

On Friday, President Bush said it could be time to send international peacekeepers into Darfur over the objections of the government in Khartoum.

"What you'll hear is, 'Well the government of Sudan must invite the United Nations in for us to act,'" Bush said. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

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Associated Press Writer Mohammed Osman in Khartoum, Sudan, contributed to this report.

Sudanese VP Backs U.N. Troops In Darfur (AP)

By Mohammed Osman

AP, September 17, 2006

One of two vice presidents in Sudan's power-sharing government said in remarks published Saturday that he would accept the deployment of U.N. peacekeepers in the country's war-torn Darfur region.

First Vice President Salva Kiir Mayardit told the independent Al-Sudani daily that the Sudanese government was incapable of protecting civilians in Darfur, and called on the U.N. to intervene.

He spoke at a meeting Friday of his former rebel group, the Sudan People's Liberation Movement, in the southern city of Juba.

"The aggravation of the humanitarian and security situation in Darfur necessitates intervention of international forces to protect civilians from the atrocities of the Janjaweed militias so long as the government is not capable of protecting them," Kiir was quoted as saying.

Kiir's group signed a peace agreement with the Sudanese government in January 2005, laying down its arms after 21 years of civil war — Africa's longest conflict.

Some see that peace deal as a model for resolving the conflict in the western region of Darfur. Kiir's organization is believed to have influence over the Darfur rebels, though the conflicts were not related.

Sudan VP Takes Issue With President On UN Darfur Force (AFP)

By Mohammed Ali Saeed

AFP, September 17, 2006

Sudan Vice President Salva Kiir said a UN peacekeeping force is vital for the protection of civilians in Darfur, putting himself at odds with the country's veteran president.

Kiir, whose southern former rebel movement forms part of a national unity government with President Omar al-Beshir's National Congress, said UN peacekeepers were essential to protect civilians from the "atrocities" of Arab militias.

"The aggravation of the humanitarian and security situation in Darfur necessitates the intervention of international forces to protect civilians from the atrocities of the Janjaweed militias so long as the government is not capable of protecting them," Kiir told the independent daily Al-Sudani Saturday.

"Our National Congress partners believe that peace in Darfur can only be achieved by ... military force," the vice president was quoted as saying at a meeting Friday of the politburo of his Sudan People's Liberation Movement in the southern regional capital of Juba.

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The SPLM, which signed a January 2005 peace deal with Beshir's regime that paved the way for the national unity government, said it would press the president to heed mounting international pressure to accept the UN force.

The SPLM's stance on the presence of international troops could threaten the implementation of peace accords, an analyst said.

"This position announced by the SPLM by welcoming international troops in Darfur will definitely weaken the position of the government in front of the international community," Adel Al-Baz an independent Sudanese analyst told AFP.

"The government will not find any support from its smaller partner if it insists on its position and tries to impose security and stability in Darfur alone without international troops," he said.

"But while this position will not lead to a split between the National Congress and the SPLM, it will shake the required trust needed to implement the peace agreement," he said.

Before the talks that led to last year's peace deal, the SPLM championed the rights of all Sudan's ethnic minorities, including those in the western region of Darfur, the central Nuba mountains and the east, as well as the south where it fought a two-decade war with the Arab-dominated regime.

Ethnic minority rebels launched their own uprising in Darfur in early 2003, prompting Beshir's regime to unleash the Janjaweed militias in a scorched earth policy which Washington has described as genocide.

The UN Security Council adopted a resolution late last month calling for an extension of the UN peacekeeping mission in south Sudan to Darfur to take over from an overstretched two-year-old African Union force.

But the resolution called for the government's approval of the UN mission, something Beshir has so far defiantly withheld.

British Prime Minister Tony Blair criticised the Sudanese government Saturday over the "completely unacceptable" situation in Darfur and accused it of breaking ceasefire agreements signed with the rebels.

"I am committed to stepping up international efforts to bring a change of mind and action from the government of Sudan," he said, adding that the international community could not "just watch as this tragedy deepens".

Darfur has been in the throes of a civil war since 2003 which has pitched rebel groups against the Khartoum government and allied Arab militia.

The conflict has killed around 300,000 people and displaced more than 2.5 million, according to the UN.

Letter From A Sudanese Prison (WP)

By Craig Timberg

The Washington Post, September 17, 2006

EL FASHER, Sudan

I came bearing gifts I imagined would be useful to a foreign correspondent trapped in a grubby African prison -- mosquito repellent, books, two recent issues of the Economist and an oversized bar of dark Lindt chocolate. And I came with one big question: How did Paul Salopek, a two-time Pulitzer Prize winner for the Chicago Tribune, a veteran of dicey Third World travel, land himself in a Sudanese lockup?

The answer, on the surface, seemed simple enough. Salopek, 44, had been on assignment for National Geographic when, on Aug. 6, he crossed over the border from Chad, entering the intractable war zone of the Darfur region without a visa. Within two hours, he was picked up by former rebels who had cut a deal with the government. A few days later, including one when a helicopter carrying him took ground fire, Salopek was in the hands of Sudan's notorious secret police. The charges included not just the visa violation, but also espionage and writing "false news." The possible punishments included many years in prison.

I met Salopek four weeks later while on a reporting trip to Darfur. With stamped and signed travel papers in my pocket, I walked into the sandy court compound that had, at this late stage in his captivity, become his home. In late afternoons, the steel-barred doors to his concrete-box lockup were left open, allowing Salopek and his two Chadian colleagues -- a driver and an interpreter -- to move about freely, talk on the phone, chat with visitors and order out for dinner from one of El Fasher's few restaurants.

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Salopek, lean and bookish-looking in short hair and glasses, had approached his time in prison as he would a story -- immersing himself in the place with the passion of a devoted observer. He picked up a bit of Arabic, and studied the names and personalities of his captors, all of whom eventually came to treat him as a friend. They talked and shared food and played soccer. And when a senior guard challenged him at chess, Salopek wisely lost 10 of 13 games and muffled his shock that the queen in the Sudanese version is called "the minister," stripping the game of its legacy of female power.

Most of all, he appeared at peace with his situation, which I knew took much effort for a man uncomfortable in the spotlight. The Tribune, National Geographic and a host of U.S. officials were working hard for his release, and despite some encouraging signs, Salopek was preparing himself and his two Chadian associates for a long stay. "If I have to spend two years in Shalla prison," he said, referring to North Darfur's prison, "I'll work on my Arabic."

He said this in an even tone, without a smile or bravado. In fact, the only time his blood pressure seemed to rise was when he contemplated another possible outcome of his captivity -- that he would go free but that other journalists, chastened by his experience, would stop coming to Darfur. It pained him to imagine that his plight might lead to less attention for one of the world's great ongoing tragedies.

Salopek knew better than most what the stakes were. For whatever he learned before entering Sudan (including through visits with rebels and refugees in Chad) he had spent a month mastering firsthand the brutality of the government here. And despite what he suffered -- I leave this for him to tell, but he came far closer to death than has been widely reported -- Salopek expressed much more concern for the hundreds of thousands of people who had died and 2 million made homeless in Darfur.

Salopek was convinced, as was every aid official and African Union officer I met here, that the conflict was about to become worse as the government moved to finish off the rebels who had not signed a May peace deal. With the AU preparing to leave and a planned U.N. mission blocked by the government, the thin margin of safety for journalists and aid groups was about to disappear as well. Salopek was distraught over what could happen to civilians once all the outside witnesses left Darfur, as the government seemed determined to make happen.

When I questioned him about his decision to enter without a visa -- something many foreign correspondents have done in recent years -- he acknowledged the misjudgment. He was in a hurry to complete a project on the Sahel region running along the Sahara's southern edge. Obtaining a visa to Sudan took months, if it came at all, and he wanted a single scene from Darfur for his story. With luck, he would have been back in Chad the next day. But all his luck that day was bad. And he made other mistakes, too, such as carrying several notebooks that he had filled in Chad. They gave Sudan's government plenty of evidence to convict him. To make matters worse, rain flooded a gully on his potential escape route. When the rebels arrived, there was nowhere to retreat to.

Salopek had made a career of illuminating the lives of the world's least powerful people caught in forces beyond their control; now, he had become a character in a quintessential Paul Salopek-type story, though when I spoke to him it was not clear whether he would ever publish it.

He seemed untroubled when I left each night, usually after two hours or more of conversation. He was ready to stay if that was his fate. But he appeared frustrated, knowing that I was leaving to report on the conflict that had drawn him here, but that was now out of his reach.

The last few days we met, it became clear that Salopek's situation was set to improve. His wife, Linda Lynch, Tribune Editor Ann Marie Lipinski and National Geographic Editor Chris Johns were on their way to Khartoum, the capital of Sudan, as part of a mission led by Gov. Bill Richardson of New Mexico, where Salopek has a home. It was unlikely, we all knew, that President Omar Hassan al-Bashir had summoned them only to send them away empty-handed. As the endgame approached, the small contingent of U.S. diplomatic and military officials who had made it their mission to keep Salopek as safe and comfortable as possible began preparing for his departure. A Marine major wielding electric clippers gave him a high-and-tight haircut beneath a full moon. An Air Force lieutenant colonel shared some of his stash of premium cigars. The Americans also stepped up their quiet campaign of bribery for the courthouse staff -- delivering food, water and the occasional plastic tarp to make sure the mood at the prison stayed upbeat.

The day Salopek was freed, Saturday, Sept. 9, he and his two Chadian colleagues sat behind a small row of orange-painted bars, waiting for the judge to rule. It was the only time I saw Salopek bend his head in the pose of defeat, though maybe it

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was submission or exhaustion or relief. Moments later, at Bashir's request, the judge pardoned them all. They walked out free men, after 35 days in captivity.

In the glare of sunlight, Salopek exchanged hugs with most of his captors, including the judge, who urged him to write "a good story" about his time in Sudan. Salopek's many saviors -- his wife, his editors, Richardson and the U.S. officials -- were jubilant as he drove away, then boarded a plane to Khartoum for the first leg of the long journey home to New Mexico. I could see by the body language of the guards, who had grown accustomed to the warm smiles and steady bribes delivered by their star prisoner, that they were sorry to see him go.

In a strange, selfish way, so was I.

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The Washington Post.

North Korea's No. 2 Leader Blasts U.S. (AP)

By Vanessa Arrington, Associated Press Writer

AP, September 17, 2006

North Korea's No. 2 leader blamed the lack of world peace on the United States Saturday at the Nonaligned Summit, saying that because of its failure to respect the sovereignty of other nations, "the international order is destroyed."

Parliament leader Kim Yong Nam said desires for peace by the 118 countries in the Nonaligned Movement were "confronted with grave challenges owing to the high-handed acts and unilateralism of the superpower, which denies countries and nations the independent choice of development."

The resulting imbalance in global politics constitutes "grave threats to world peace and security," he said.

It was the latest anti-American statement at a meeting that has brought together some of the staunchest U.S. foes, including the presidents of Iran, Venezuela and Zimbabwe.

The summit opened Friday when Cuba took over the three-year leadership of the group from Malaysia. Cuba's Defense Minister Raul Castro stood in place of his ailing brother, Fidel Castro, who is recovering from intestinal surgery.

The United States has declined an invitation to attend the Nonaligned summit in Havana and said it would have no comment on any of the proceedings.

Fidel Castro has yet to make an appearance at the summit, but has met with individual leaders in private, including U.N. Secretary-General Kofi Annan, Venezuelan President Hugo Chavez and Algerian President Abdelaziz Bouteflika. Photos and video of the one-on-one encounters in Cuban state media show Castro in his pajamas — likely an unusual sight for summit participants.

Kim also defended the North's nuclear program amid concerns the communist country may be preparing to carry out an atomic weapons test.

North Korea "has been left with no other option but to possess nuclear weapons as a self-defensive deterrent," he said. "The DPRK would not need even a single nuclear weapon if there no longer existed a U.S. threat."

DPRK stands for Democratic People's Republic of Korea, the North's official name.

Kim said U.S. financial restrictions aimed at Pyongyang have created a deadlock in six-nation talks on its nuclear program, pushing the issue into "an unpredictable phase."

Recently, the United States has moved to sever North Korea's connections to outside banks, alleging any transactions conducted by the Pyongyang regime are suspect and could be connected to illegal activity — including money laundering and counterfeiting U.S. dollars.

Nuclear talks among the two Koreas, China, Japan, Russia and the United States were last held in November, when negotiators failed to make progress on implementing an agreement in which the North pledged to give up its nuclear programs in exchange for aid and security guarantees.

"The DPRK will never go back to the talks under U.S. sanctions," Kim said.

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Also Saturday, Pakistan and India agreed to restart peace talks that were suspended after train bombings killed more than 200 people in Mumbai in June — part of a wave of attacks India blames on Pakistan-based militants.

Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed to Cabinet-level talks by their foreign secretaries after meeting on the sidelines of the summit. Singh also accepted an invitation to travel to Pakistan to further the peace process.

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Singh said after the meeting with Musharraf.

The Pakistani leader added: "We had a cordial, frank exchange of views on all aspects of India and Pakistan relations. It was agreed that the peace process must be obtained."

New Delhi blames Pakistan's support of the militants for stalling the peace process between the nuclear-armed neighbors, which have fought three wars since gaining independence from Britain in 1947, two over the Himalayan region of Kashmir.

More than a dozen militant groups are fighting to make Kashmir independent from Hindu-majority India or merge it with Muslim-dominated Pakistan. The insurgency has claimed 65,000 lives.

The Nonaligned Movement was formed during the Cold War to establish a neutral third path in a world divided by the United States and the Soviet Union.

Anti-U.S. Allies Back Iran Nukes (WT)

The Washington Times, September 17, 2006

From combined dispatches

HAVANA -- Developing countries yesterday wrapped up a multinational summit with North Korea charging that U.S. threats drove it to acquire deterrent atomic weapons and Iran winning solid support for its nuclear ambitions.

Iran, Venezuela and Cuba joined North Korea in leading efforts to forge an anti-U.S. alliance. Summit leaders, in a statement on Iran, "reaffirmed the basic and inalienable right of all states to develop research, production and use of atomic energy for peaceful purposes."

They warned that any attack or threat against any nuclear facility used for peaceful purposes was a violation of international law.

North Korea took the opportunity to assail the United States for unilateral actions against individual countries and called for a revitalization of the 118-nation Non-Aligned Movement (NAM).

"The United States is attempting to deprive other countries of even their legitimate right to peaceful nuclear activities," said North Korea's second-ranking leader, Kim Yong-nam.

Mr. Kim blamed Washington for "threatening Korea using all sorts of maneuvers, accusing it of being part of an 'Axis of Evil.'"

He added: "Korea has nuclear arms as a deterrent to firmly guarantee the peace and security of the Korean Peninsula and the region."

The leaders' statement on Iran, released as the meeting ended, was an updated version of a document adopted in May at a NAM ministerial meeting in Malaysia.

They stressed that the U.N. International Atomic Energy Agency found that all nuclear material declared by Iran had been accounted for.

Governments with friendly ties to Washington, among them India, Pakistan, Chile, Peru and Colombia, sought to steer the summit away from confrontation and finger-pointing at the United States.

"I do not see this summit as anti-U.S.," Malaysian Prime Minister Abdullah Ahmad Badawi told reporters. "NAM has been set up not to be anti-any country."

The NAM leaders called for a negotiated settlement to the nuclear dispute with Iran. The United States is pushing for sanctions to force Tehran to stop producing enriched uranium, which can be used both for both nuclear power and atomic weapons.

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Leaders took turns on the podium to decry global poverty, unfair trade practices and "arbitrary" actions by the United States and other powerful nations that they complained controlled the United Nations.

In a concrete result, nuclear-armed neighbors India and Pakistan agreed to resume formal peace negotiations that were frozen after the July train bombings in Bombay that killed nearly 200 people.

Cuban President Fidel Castro, a symbol of opposition to Washington, was scheduled to preside over the summit, but was too ill to attend.

Mr. Castro received U.N. Secretary-General Kofi Annan in a dressing gown in his hospital room. The 80-year-old communist leader, who took power in a revolution in 1959, ceded power temporarily to his brother, Raul, on July 31 after undergoing surgery to stop intestinal bleeding.

Venezuelan President Hugo Chavez, with his penchant for banter and controversy, dominated the summit opening Friday, pledging support for Iran if it is attacked by the United States.

Other countries called for moderation. A Colombian delegate said friendlier nations had tried to soften the anti-U.S. content of the final statement.

The summit brought together some states not only impatient with what they see as a U.S.-dominated United Nations, but eager to strengthen the NAM as an alternative and to foster cooperation within the Third World.

"The United States is turning the Security Council into a platform for imposing its policies. ... We should reinforce NAM, and it should play its role more efficiently," Iranian President Mahmoud Ahmadinejad said Friday at the summit.

Group Puts Focus On N. Korea Rights (WT)

By Se Jeong Kim, The Washington Times

The Washington Times, September 17, 2006

Liberty in North Korea, a 2-year-old organization with a global reach, has found success drawing attention to human rights atrocities in the isolated communist state.

Its latest effort featured an airing of the movie "Seoul Train" at the American University in Northwest last week. The film opens with a small North Korean boy wandering around a market, searching the ground for bits of food to eat.

In another scene, a family of five attempts to enter the Japanese Embassy in Beijing, but Chinese guards drag them out. According to the film, all were arrested but were eventually granted asylum in South Korea.

The 1995 documentary by filmmakers Jim Butterworth, Lisa Sleeth and Aaron Lubarsky depicts the life-and-death struggle faced by North Koreans who attempt to flee their homeland through China.

"I didn't know specifically how many refugees there were, how many people tried to leave so often, how many were sent back, and how hard it was at all," said Mark Devries, a sophomore at the American University.

Established in 2004, Liberty in North Korea (LINK) coordinates programs raising awareness of North Korean human rights issues, said its executive director, Adrian Hong. LINK has 70 chapters around the world, including in Japan, South Korea and Belgium.

"The more public opinion is shaped on the issue, the more likely governments [will] move on the issue," Mr. Hong said.

That awareness, he said, is bringing tangible results. In 2004, Congress passed the North Korean Human Rights Act unanimously.

In 2005, Jay Lefkowitz was appointed as special envoy for North Korean human rights by President Bush. This year, for the first time, the United States granted asylum to six North Korean refugees.

"Silence is death. By purposefully ignoring the suffering that's happening there [North Korea], it causes more death and despair to North Korean people," said Suzanne Scholte, chairman of a separate organization, North Korean Freedom Coalition. "South Korea must stand up for the rights of the Korean people, whether born in the North or South," she said. Mrs. Scholte's group is part of Freedom House, founded by Eleanor Roosevelt.

The North Korea regime of President Kim Jong-il has endured famine during the past decade, leaving millions of people dead. Tens of thousands have fled to China, hoping to eventually resettle in South Korea or some other country. If caught they are automatically repatriated to North Korea, where they are sent to detention camps and sometimes beaten to death.

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Far Across The DMZ (NYT)

By Mary Chi-whi Kim

The New York Times, September 17, 2006

Last December, after 55 years, members of our South Korean family reunited with northern relatives for two hours via satellite. It was one of hundreds of such virtual reunions that the Red Cross has organized for families who have been separated since the 1953 armistice split the country in half.

This was the first time I had ever seen my aunt Bo Ok. My father talked about her in his long prayers blessing our Thanksgiving feasts in America, where we have made our home, but he had not seen her since he was 14. Living in Seoul decades ago, my grandfather could not raise school tuition for both Bo Ok, his firstborn, and my father, his eldest son. He chose his eldest son and sent Bo Ok away to a country village to take the government-financed teacher training there. Persuaded by teachers to pursue more free education, she chose to go north. My grandfather was the last family member to see her; this was on Sept. 27, 1950, just before the United States reoccupied Seoul, still smoldering from bombardment.

On screen, in front of tan drapes in a modest office, Bo Ok flickered alive — a gray-haired matriarch sitting upright at a conference table stocked with bottled water. Her black traditional hanbok dress glimmered with silver beading and 12 military medals. I was startled to see her plump cheeks; I wondered if perhaps extra rations had been allotted before this reunion. She resembled my grandmother, but her fierce eyes cut through the screen. Seated to her right was her eldest son, in his 30's, with jutting cheekbones and a crew cut, dressed just as an American would dress for a funeral. He folded his handkerchief into a perfect square and repeatedly swabbed his gaunt forehead, cheeks, chin and eyes.

In a half-strangled voice, Father read his six-page letter, prepared over the previous two weeks. He had heard about the experience of others who participated in these reunions, in which the northern relatives kept expounding Communist rhetoric, essentially blocking dialogue with southerners. So Father spoke without letting up for an hour and a half, releasing 50 years of memories and dreams about his sister. He told her of our family's life in the United States.

"Sister, in his last moments, our father called for you," he said. "Our mother, on your birthday every March, stared out the window for you. We all did. I'm 70 now. Whenever I see a high-school girl with hair like yours, I become 14 again, searching for my big sister. Had I known, I would have told you this: I love you."

I was stunned by his open declaration. Bo Ok smiled, seemingly indulgent of the American influence that would allow him to speak this way. But sobs escaped from other constricted throats, and tears glistened on both sides of the Demilitarized Zone and on both sides of the Pacific.

He described their ancestral graveyard, which rests on a hometown hillside in the South. "When we got your letter in 2002, we were able finally to have every descendant's name engraved in the lineage on the back of headstones. When you come south," he paused for one second, "you will see all your names waiting there for you." He detailed the lineage on the southern side, counting off the children of his other sister and brother and introducing us, his four grown daughters.

"Rich in daughters, eh?" Bo Ok said. Everyone laughed.

"I have three daughters," she said. "Two sons." Her eyes lighted up. "My eldest daughter is a basketball player who heads the athletic program. Lots of awards. Takes after me, good athlete, good runner."

Bo Ok took 15 minutes to recount 50 years. She was serving as a nurse during the Korean War when a bomb severed her left leg. She was working as a technical editor when she met her husband. After another bomb, both his legs were amputated. "Two cripples married and raised five kids," she said. "Only possible through government help.

"Since I came north, the Honorable Leader cared for us — no hardship, plenty of food, enough to live. How else could two cripples do it? Fifty-five years since I left, I am treated well as a wounded veteran." I looked to my cousin's hollowed cheeks and then at Bo Ok's medal-covered chest.

My father spoke up: "Let us sing 'Tong Il Jang' together." The song was written by southerners to blend the national anthems of both Koreas and is now well known in the North and the South alike. My father's tenor took up the words: "Our hope is for one country, we pray even in dreams." We clapped and sang in unison, and the two-hour satellite meeting began to end.

My aunt's eyes clouded as the screen darkened to black.

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Peacekeeping Grows, Strains U.N. (WP)

By Colum Lynch

The Washington Post, September 17, 2006

Group's Troop Numbers Across Globe to Hit New High

UNITED NATIONS -- The United Nations is set to field its largest peacekeeping enterprise in its 61-year history, with more than 100,000 troops and police to be deployed by year's end in missions around the world.

The number could climb -- past 115,000 -- if Sudan accepts a new peacekeeping mission for Darfur, and costs for the forces could surpass $7 billion a year, more than double the $3 billion spent in 2000.

The unprecedented growth in peacekeeping operations is placing strains on the United Nations' capacity to respond to emerging crises in various parts of the world and is draining the pool of available troops both for the world body and for NATO. Global leaders will address those issues this week at annual appearances before the U.N. General Assembly. "When you look around the world today, we are stretched," U.N. Secretary General Kofi Annan told reporters last week as he highlighted major themes for the session.

The latest surge in U.N. peacekeeping surpasses the previous peak, in the early 1990s, when more than 80,000 troops served in more than a dozen international missions, including major operations in Cambodia, Bosnia and Somalia.

It also marks the end of a retreat in funding for new missions by the United States, which was reluctant to approve risky and costly undertakings in Rwanda and other conflict zones after the deaths in 1993 of more than 18 U.S. Army Rangers at the hands of Somali militias. The United States still refuses to place its ground troops under U.N. command.

John R. Bolton, the U.S. ambassador to the United Nations, said that the Bush administration continues to have misgivings about the organization's fitness to effectively manage its peacekeeping operations but that a proliferation of crises has forced U.S. support. "The requirements to establish or change existing peacekeeping missions are dictated by circumstances in the world, and that's why we have responded as we have," Bolton said.

The U.N. Security Council last month authorized an increase of more than 40 percent in the overall size of the peacekeeping force, including 1,600 police officers for East Timor and 13,000 additional troops for Lebanon, where the United Nations is trying to prevent a resumption of fighting between Israel and Hezbollah. The council also authorized more than 22,000 peacekeepers for Darfur, where government-backed militias are believed responsible for the deaths of hundreds of thousands of civilians and the displacement of more than 2 million people.

The Sudanese government, however, has refused to allow the United Nations to send peacekeepers to Darfur and has ably played on Western fears of entering a military quagmire. "The Sudanese have been very clear in exploiting some of these issues, saying, 'If you want to have another Iraq, come,' and this scared away some governments," Annan said.

U.N. officials have expressed concern that creation of these large missions carries risks for some of the organization's less visible operations, particularly in African countries such as Ivory Coast and Congo.

"The risk that there is going to be political neglect is high," Jean-Marie GuÃ©henno, the U.N.'s undersecretary for peacekeeping, said in an interview. "Darfur could be a victim of that overstretch."

According to a paper by Security Council Report, a private monitoring group, "There is simply no precedent in the United Nations for an increase in operations of this magnitude in the space of twenty days." The paper added: "It will present huge management challenges for the United Nations, which has been struggling to improve its capacity to manage the growth in peacekeeping operations."

The United Nations' critics in Congress have highlighted its failure to stamp out corruption in spending programs and to rein in sexual abuses against minors in several peacekeeping missions. The House has passed legislation threatening to cut off funding to the organization if it fails to prove it can better manage its costs.

"I can't say we go into this with a great deal of confidence, but we go into this with a sense that this has got to be done," Sen. Norm Coleman (R-Minn.) said of the new missions in Lebanon and Sudan. "The bottom line is right now there aren't a lot of choices."

The Bush administration has struggled to contain U.N. peacekeeping costs by ending or scaling back existing operations to make way for new ones. That strategy backfired in East Timor, where violence erupted between military factions after U.N.

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troops pulled out. The United States and other Security Council members responded last month by approving a new force of 1,600 U.N. police for East Timor.

Despite its initial reservations about the virtues of U.N. nation-building, the Bush administration has led efforts to reinforce existing operations and create new ones for Haiti, Liberia, Sudan and Lebanon. It has repeatedly approved operations in countries where it has few national interests.

"You still have this rhetoric about the United Nations being a broken, fractured, incompetent and undependable organization," said James Dobbins, a senior foreign policy emissary for the Clinton and Bush administrations and author of a recent study by the Rand Corp. on U.N. peacekeeping. However, "There is no doubt that the Bush administration . . . embraces the concept of nation-building to a degree the Clinton administration couldn't have gotten away with it."

Dobbins credits the United Nations with providing some of the most inexpensive peacekeeping services in the world, saying it costs $45,000 a year to fund a U.N. peacekeeper, compared with $200,000 to deploy one NATO soldier. He also said the organization relies on a small number of military planners and headquarters staff members to launch a mission. "Four hundred to 600 people are managing the largest expeditionary force in the world other than that of the United States. It's bigger than NATO and the European Union put together," he said.

The World's Elder Statesman (LAT)

By James Traub, James Traub's Latest Book, "The Best Intentions: Kofi Annan And The U.n. In The Era Of American Worl

The Los Angeles Times, September 17, 2006

Kofi Annan has revalidated and sharpened the U.N.'s role, regardless of his reputation to the contrary.

THE CAREER of U.N. Secretary-General Kofi Annan, which will come to an end Dec. 31 with the completion of his second five-year term, has been bookended by dramatic peacemaking trips to the Middle East.

During the first, in February 1998, he headed off an impending U.S. bombing attack on Iraq by persuading Saddam Hussein to permit U.N. weapons inspectors to return to the country. The Daniel-in-the-lions'-den imagery of that meeting cemented his budding reputation as a moral hero. Last month, the 68-year-old Ghanaian returned from a lightning tour of Middle Eastern states with an agreement to lift Israel's suffocating embargo of Lebanon and reassurances about the brittle cease-fire established by a Security Council resolution.

This is the stuff of diplomatic melodrama — save that the props often turn out to be made of papier-mache. The Baghdad entente of 1998 began to fall apart soon after Annan returned to New York, and by December, British and American warplanes were striking targets in Iraq during four nights of heavy bombardment. As for the recent cease-fire between Israel and Hezbollah, it could give way at any moment because the United Nations lacks the mandate and the capability to disarm the Shiite militia.

In both cases, Annan did everything humanly possible, but a secretary-general, for all that we romanticize him, can do very little to alter the fundamental calculations of states. As the United Nations begins in earnest to choose a replacement for Annan, we must bear in mind that a secretary-general is, in the end, a creature of the geopolitical moment.

A U.N. truism holds that secretaries-general have good first terms and bad second ones. The arc of Annan's career certainly conforms to type. But that's not because he ran out of gas or because he exhausted his store of political capital. Rather, Annan had good luck followed by very, very bad luck.

From 1997 through 2000, the world was largely at peace, none of the horrific civil wars in the Third World rose to genocidal proportions, and the White House was occupied by an internationalist Democrat. Then, in rapid succession, a unilaterally-minded Republican took office, 9/11 shattered the interval of peace, the U.S. invaded Iraq in the teeth of international opposition and one of Sudan's interminable ethnic conflicts erupted into a scorched-earth war. The man who had won the Nobel Peace Prize in 2001 suddenly looked hapless, even pitiful.

Annan's detractors see it differently. They believe that he is very much the author of his own misfortunes. In late 2004, Sen. Norm Coleman (R-Minn.) called for the secretary-general to resign, accusing him of tolerating an atmosphere of corruption inside the U.N. as the Iraqi oil-for-food scandal unfolded. Others critics in the West have insisted that Annan is hostile to Israel and to Washington's legitimate security interests.

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In the developing world, on the other hand, Annan is regularly denounced as Washington's puppet, a charge often flung in his face during his recent swing through the Middle East. Others with no ideological ax to grind, including U.N. insiders, feel that Annan is far too much a creature of the U.N. (where he spent about 30 years before becoming secretary-general) to change its entrenched culture of patronage and idle paper-pushing.

But secretaries-general should be judged according to what they can do, and not what they can't. Even the great Dag Hammarskjold, the Swedish diplomat who served as the second U.N. chief, could do nothing to blunt the hostilities of the Cold War, including the Soviet invasion of Hungary in 1956. Hammarskjold's greatness lay elsewhere: in the immense prestige he lent to his office through the sheer force of his rhetoric and majestic impartiality, and in the development of a wholly new form of intervention known as peacekeeping. Hammarskjold made the U.N. matter as it had not before. Under him, it grew; under his successors — at least until Annan took over — it generally shrank. Boutros Boutros-Ghali, the gifted but sharp-tongued and imperious Egyptian who preceded Annan, so irked policymakers in Washington, including U.N. supporters, that he practically put the institution out of business.

Annan did not get the Nobel Peace Prize for temporarily averting war in Iraq. In fact, he did something harder: He restored the relevance of the U.N. The new U.N. head brought Washington back into the fold through a combination of unflagging solicitude and gentle prodding. Annan's promulgation of a new spirit of self-criticism brought the U.N. to anatomize the mistakes that led to the peacekeeping fiascos in Somalia, Bosnia and Rwanda in the 1990s. This, in turn, encouraged the U.S. and other states to fund new ventures in Sierra Leone, East Timor, the Congo and elsewhere. Finally, Annan restored the status of moral arbiter — of "secular pope" — with which Hammarskjold had first imbued the office.

Here one comes to the aspect of the job easiest to underestimate, or even to ridicule: The power of words. Does it really matter that in 1997, during his first trip to Africa as secretary-general, Annan preached to the continent's gathered heads of state about respect for human rights, admonishing them that to "treat it as an imposition, if not a plot, by the industrialized West" is "demeaning of the yearning for human dignity that resides in every African heart"?

Nine years later, that yearning for dignity is still routinely trampled. Yet Annan's insistence on the universality of human rights has produced a kind of atmospheric change: Third World potentates no longer dismiss human rights as a Western preoccupation. And Annan's willingness to upbraid African leaders on behalf of Western principles — something Boutros-Ghali would never do — gave him the freedom to make demands of the West on issues of development.

The U.N. Annan inherited was a protector of states and their prerogatives; the one he wishes, somewhat forlornly, to leave behind would be a protector of individuals — even against the state. Perhaps the most resonant words he has spoken during his decade in office came during his 1999 address to the General Assembly, when he defined the "core challenge" of the institution as ensuring that "massive and systematic violations of human rights — wherever they may take place — should not be allowed to stand."

Annan's support for the doctrine of "humanitarian intervention" was widely praised in the West and almost as widely condemned in the developing world, where it was seen as a license to violate sovereignty. The issue became unavoidable, and in its 60th anniversary meeting last year, the General Assembly formally accepted the principle that states had a responsibility to protect their own citizens and a duty to intervene to stop extreme cases of abuse in other countries.

To which, of course, one might say: Words are cheap. Indeed, Darfur's endless agonies seem to have been scheduled in order to expose the gross hypocrisy of "the international community." No country, including the U.S., which has been in the forefront of efforts to respond to the atrocities, has suggested sending troops against the will of the Sudanese government — the ultimate "responsibility" entailed in the responsibility to protect. But Annan, who as head of U.N. peacekeeping in 1994 was famously silent about the growing threat in Rwanda, has been a voice in the wilderness when it comes to Darfur.

In the end, the U.N. may be institutionally incapable of meeting this core challenge, in which case Annan's perverse achievement has been to demonstrate the limits of the institution to which he has devoted his life. But the moral imperative remains, as a club with which to beat the recalcitrant and a goad with which to prod the reluctant.

No matter what one thinks of Annan, there can be no doubt about the success of his campaign to revalidate the U.N. (for which many others also deserve to share credit). The U.N. fields more than 80,000 peacekeepers, and by deploying a muscular force in Lebanon, it is playing an indispensable role in the Mideast for the first time in decades. On matters such as development,

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in which in the past it had only a peripheral role, the U.N. has helped shape the debate by promulgating the Millennium Development Goals in 2000.

Annan wants the U.N. to be so much more than it is, but it sometimes feels like he's the only one who does. His highly ambitious campaign to reform the institution's doctrines and machinery barely avoided catastrophic failure; the achievements, on humanitarian intervention and human rights enforcement and "peace-building," were almost eclipsed by the divisiveness of the debate itself. And despite Annan's very cordial relations with President Bush and Secretary of State Condoleezza Rice, the next secretary-general may face an even tougher job of incorporating the U.S. into the U.N. than Annan did.

One comes back, always, to the geopolitical facts of life. The U.N., at least that part dealing with issues of peace and security, cannot be any more effective than its most powerful members want or permit it to be. If China and Russia defend the sovereign rights of abusive regimes tooth and nail, if the U.S. treats the Security Council as either a nuisance or a rubber stamp, if leading Third World nations view reform as a conspiracy designed to rob them of power, then it won't make much difference who succeeds Annan.

The common ground to which Annan is forever beckoning his refractory members seems to exist mostly in his mind. For all Annan's emollient efforts, the atmosphere at U.N. headquarters right now is suffused with acrimony. You do have to wonder sometimes why anybody would want the job at all.

The Place Is A Mess, But It Beats Plan B (LAT)

By David Rieff, David Rieff Is The Author Of "At The Point Of A Gun: Democratic Dreams And Armed Intervention" And "

The Los Angeles Times, September 17, 2006

AS KOFI ANNAN'S tenure as United Nations secretary-general limps to its inglorious close, the prestige and even the future of the world organization he came into office determined to revitalize could scarcely seem bleaker.

In the minds of many Americans, the U.N. is little more than a glorified talking shop in which hostility to the United States is perhaps the only common denominator and whose impotence is matched only by its corruption.

Though popular with Americans when he first took over in 1997, Annan — who unwisely came back from a meeting with Saddam Hussein proclaiming that the Iraqi dictator was a man he could "do business with" — soon came to be seen as exemplifying all of the U.N.'s faults. Paradoxically, in much of the world, the U.N. and Annan are denounced for being too servile to Washington — an impression that was certainly bolstered during the recent G-8 meeting near St. Petersburg, Russia, when President Bush was caught saying on an open microphone that he was tempted to "tell Kofi" to call Syrian President Bashar Assad to get him to rein in Hezbollah.

In such an atmosphere of poisonous disenchantment, it is hardly surprising that many U.N. officials (including Annan himself, according to some insiders) despair of the organization's prospects. A few senior people remain upbeat, notably Undersecretary-General Shashi Tharoor, a longtime member of Annan's inner circle who is mounting a strong campaign to succeed him.

But for the most part, pessimism reigns, and understandably so: After all, the U.N., which was intended by its founders to be the premier institution for assuring peace and security in the world, now seems to lurch from crisis to crisis in a global environment that offers little peace and even less security.

In fact, despite the personal popularity Annan enjoyed before 9/11, the U.N. already had been marginalized institutionally as a guarantor of peace and security. The dismal failures of its peacekeeping operations in Bosnia (where at least 8,000 people died in Srebrenica alone in a U.N.-protected "safe area" in 1995) and Rwanda (where more than 800,000 Tutsis and moderate Hutus were killed while U.N. peacekeepers looked on impotently in 1994) seemed to suggest that the U.N. was simply too divided and too weak to keep peace, let alone restore it in a conflict zone.

By the same token, NATO's success (undertaken without Security Council authorization) in rolling back Slobodan Milosevic's campaign of mass deportation in Kosovo and other unilateral interventions, like that of the British military in Sierra Leone in 2000, which succeeded where a U.N.-sanctioned mission had failed, offered the prospect of effective global peace and security initiatives in which the U.N. would play little or no role. Instead of the sclerotic multilateralism that had failed to save the Rwandans or the Bosnians, we had entered an age of dynamic, unilateral peacekeeping and humanitarian intervention.

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Or so ran the conventional wisdom, anyway. In retrospect, viewed through the prism of seemingly unwinnable wars in Afghanistan and Iraq, the picture looks rather different. In a world in which the so-called clash of civilizations is no longer an academic hypothesis but increasingly a reality, at least in the minds and hearts of enormous numbers of ordinary Muslims and Christians who each see the other as bent on all-out war (call it jihad or crusade, it makes little difference), the limits of what Western militaries can accomplish politically has become obvious.

To cite only one obvious example: If the population of Darfur were Buddhist, Hindu or Christian, there would be little risk in sending U.S. or Western European troops to protect them. But because Sudan is a Muslim country, the dispatch of a Christian army there is, rightly or wrongly, almost certain to be understood by much of the Muslim world at large not as a humanitarian effort but as an extension of the wars in Afghanistan and Iraq. Or, to put it another way, one of the unintended consequences of the Iraq war has been to render unilateral humanitarian intervention by the West in the Islamic world suspect in the eyes of many Muslims.

What this means is that unilateralism — and the reliance on "coalitions of the willing" — which seemed so promising in the late-1990s, has turned out not to be a viable alternative to the U.N. system after all. Anyone doubting this need only look at the central role that Annan and the U.N. Security Council played in halting the recent fighting between Israel and Hezbollah. From the outset, it was clear that the Bush administration would have to work through the U.N. and that only a peacekeeping force sanctioned by the world body could possibly be viewed as legitimate by the Lebanese or be effective in maintaining the cease-fire.

Even in the case of the Iranian nuclear program, which the Bush administration has described as posing an existential threat to U.S. security, Washington has opted to work through the traditional channels of Security Council resolutions and U.N.-sanctioned multilateral diplomacy.

In other words, and certainly not through lack of trying, even the most die-hard unilateralists have come to the realization that there is really no viable alternative to the U.N., however much they might wish it otherwise. How else to explain U.S. Ambassador to the United Nations John Bolton — a man who is on record as having said that if 10 stories were removed from the U.N. headquarters building no one would notice the difference — behaving these days like a U.N. booster?

The hard fact is that, despite its fallen reputation and its many failures, the U.N.'s future is perfectly viable because no one has a good alternative to propose. Iraq has certainly demonstrated the American public's lack of willingness to tolerate long, costly exercises in imperial nation-building. And neither former colonial powers like Britain and France nor rising new powers like China and India want the job of securing peace and security in the world. Which leaves … the U.N.

Obviously, this is a negative endorsement, not a ringing accolade, and there is no reason to think that the world body is suddenly going to become more effective in guaranteeing global stability. But just as even Annan's severest critics have ended up appealing to him in many of the gravest international crises of the last decade, so they will likely tread the same path to the door of his successor, whether it turns out to be Shashi Tharoor of India, South Korean Foreign Minister Ban Ki-moon or some other candidate.

Doubtless they will do so with bad grace, reluctantly and with the full knowledge of how powerless the U.N. actually is. But they will do so nonetheless because there is no viable alternative and because, in this age of civilizational clash and global turbulence, it is far too dangerous for them to do anything else.

Lighten Up On Bolton (LAT)

Jonah Goldberg

The Los Angeles Times, September 17, 2006

He's smart, tough and willing to stick it to the U.N.

I SPEAK NOW not so much in praise of John Bolton as in dispraise of Boltophobia. Bolton is a fine man, a sharp intellectual, a committed public servant and has the most aggressive mustache in American politics today. He's done a first-rate job as U.S. ambassador to the United Nations during his yearlong interim appointment, and were it not for the waffling of Republican Sen. Lincoln Chafee, who has sorta-kinda-maybe changed his mind on Bolton in order to get reelected in liberal Rhode Island, we wouldn't be having this conversation.

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Even Sen. George Voinovich (R-Ohio), who's had a feck transplant since his acute bout of fecklessness last year — when he melodramatically decided that he couldn't support Bolton — has changed his mind. His reason for his opposition back then: Bolton was a meanie. The U.N., Voinovich seemed to be suggesting, needs more Hallmark card moments, and Bolton doesn't come with heart-shaped candies and a tickle-me button on his tummy for the ambassador from Syria to poke when he's blue.

Instead, in Voinovich's view, Bolton was a "kiss-up, kick-down" kind of guy, which made a weepy Voinovich "worried about my kids and my grandchildren." We now know that Voinovich was simply a victim of Boltophobia, a kind of St. Vitus' dance that causes otherwise reasonable people to go into twitching fits over the fact that Bolton doesn't love the U.N. enough. The problem is most Americans agree with Bolton that the U.N. is a cesspool of its own crapulence, stealing American tax dollars intended for global do-goodery while working against American interests.

"We can't argue that this guy is unfit just because he's said mean things about the U.N.," a "top Senate Democrat" admitted to Time magazine last year. "Don't forget, most Americans agree with him."

So instead, his opponents went after him by launching a bizarre assault on his character, using partisan and sometimes loopy accounts of his behavior from more than a decade ago. (Remember Melody Townsel? The Dallas woman who said that Bolton had chased her down the halls of a hotel in Moscow in 1994, throwing things at her and "behaving like a madman.") Sen. Christopher J. Dodd of Connecticut — who's reportedly hated Bolton for decades because of disagreements over Latin America policy — hysterically claimed that Bolton's behavior toward subordinates "ought to be indictable," and California Sen. Barbara Boxer wanted to send him to "anger management counseling." It was all nonsense, and everyone knew it.

The real, underlying issue was that Bolton (like most Americans) thinks that the U.N. is the problem, while those infected with Boltophobia think that it's the solution — and that the U.S. is the problem.

It is a conflict of visions. Bolton thinks that his role is to use the U.N. as a tool for advancing American interests, and if that means we need to work with others, then hurray for working with others. Boltophobes believe that working with others is its own reward and that any talk of U.S. interests that doesn't involve ceding more sovereignty to Turtle Bay is denounced as "cowboy unilateralism." Bolton believes that his job is to conduct the foreign policy of the president of the United States. Boltophobes think our ambassador to the U.N. should also work as the U.N.'s goodwill ambassador to us. Bolton thinks that he should follow the examples of Jeane Kirkpatrick and Daniel Patrick Moynihan as a vocal and principled defender of American ideals. Boltophobes think that this is hubristic Bush-speak.

Depending on which of these visions you subscribe to, Bolton has either been terrible or terrific. He has rallied the Security Council behind important resolutions on Iran, North Korea and the Israel-Hezbollah cease-fire. He scuttled Kofi Annan's attempts to ban weapons in space and to, in effect, tax wealthy nations through a wealth transfer scheme that ignores U.N. inefficiency and corruption. He stood on principle against the whitewash restructuring of the U.N. Human Rights Commission, which has been more likely to include human rights abusers than to condemn them (earning him praise from the New York Times). And he has put the onus on the U.N. to prove its relevance by fighting genocide in Darfur and cleaning its own Augean stables on the East River.

There's no cure for Boltophobia. The best we can do is keep it from controlling our lives. And that means Bolton should be confirmed. Let the man do his job.

Give Bolton The Boot (LAT)

By Stephen Schlesinger, Stephen Schlesinger Is The Author, Most Recently, Of "Act Of Creation," On The Founding Of The Unite

The Los Angeles Times, September 17, 2006

The U.S. shouldn't have an ineffective bully as its U.N. envoy.

ALL SUMMER, the Bush administration has been pressuring the Senate Foreign Relations Committee to make John Bolton the permanent U.S. envoy to the United Nations. Bolton is serving until January on a temporary assignment because his notorious anti-U.N. reputation and difficult temperament (among other things) made the Republican-controlled committee unwilling to confirm him to the post last year.

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Now, Bolton has had 12 months to show his stuff. And frankly, there is still no evidence to suggest that he deserves a full-time posting.

Bolton has never been a diplomat — which, among his supporters, is regarded as a mark of honor. He hails from the Republican Party's extreme conservative wing. Bush chose him to please the most fervent right-wingers in his administration, most of whom either scorn or want to terminate the United Nations.

Bolton has for a long time been an excessive and unrestrained critic of the U.N. Among his infamous utterances: that it wouldn't make a difference if 10 stories were sliced off the U.N. building; that the U.S. has no obligation to pay its dues to the organization; that the Security Council should be reduced to one member, namely the U.S. And, perhaps his most notable sally, that "there's no such thing as the United Nations."

His record since taking over as ambassador in August 2005 has shown that his adversarial stance toward the institution has not softened. In his first month as U.N. envoy, he gleefully undermined the most comprehensive reform movement in U.N. history by insisting on the adoption of hundreds of irrelevant amendments that were never going to be accepted by the General Assembly.

Later, when the U.N. did agree on one important change — creating a new, reformed Human Rights Council — he argued furiously against it, rallied just three other nations to the cause (out of 191) and eventually saw the U.S. go down to a humiliating defeat. Then he turned around and said he would work with the council and help it financially but not join it. Which left Washington looking not just like a loser, but a whiny one at that. As Sen. Christopher Dodd (D-Conn.) remarked, Bolton was not just a bully, but an "ineffective" one.

In furtherance of his mission, Bolton also has promoted various pet causes at the institution. For example, when issues of population control or limiting the use of small arms come up, he brings into his office antiabortion activists and National Rifle Assn. members, respectively, to take the other side.

He has, on occasion, reportedly sneaked around his own nominal boss, Secretary of State Condoleezza Rice, to Vice President Dick Cheney's office to get support for his own hard-line views at the U.N. — for example, his refusal last summer to endorse the U.N.'s Millennium Development Goals aimed at reducing poverty in the developing world. Rice eventually forced him to reverse that stance.

To the extent that he has been able to operate at all at the United Nations — most recently in the Israel-Hezbollah cease-fire — he has had to bow to a new realism within the Bush administration, and yes, sometimes, to international pressure. Even then, though, according to published news reports, he doesn't get along well with our allies. His bristling nature has left many bruised feelings among his colleagues. His accomplishments are marginal at best. He may be among the most ineffective envoys the United States has ever sent to the U.N.

Just when the administration thought Bolton was finally going to be approved by the Senate Foreign Relations Committee, Sen. Lincoln Chafee (R-R.I.) began to raise questions about Bolton's performance and pushed to delay the vote. The Bush administration is said to be exploring other ways to keep Bolton in the job.

A responsible nation that intends to harmonize differing viewpoints and work out compromises to further U.S. national security interests makes a serious error in appointing a Jacobin to work inside a collegial global body.

Bolton's presence on the same roster with previous U.S. envoys such as Henry Cabot Lodge, Adlai Stevenson, Arthur Goldberg, Daniel Patrick Moynihan, Madeleine Albright, Richard Holbrooke and Bush appointees John Negroponte and John Danforth — or, for that matter, with George H.W. Bush — is a blemish on our nation. His nomination should be rejected again by the Senate.

Cambodia Greets A Cash Invasion (LAT)

By Don Lee, Times Staff Writer

The Los Angeles Times, September 17, 2006

The fledging democracy has opened its arms to a Chinese spending spree, but U.S. officials are watching warily

American diplomats made a big splash early this year when they opened an embassy near Wat Phnom, the sacred hill of temples where Phnom Penh was founded.

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U.S. Ambassador Joseph A. Mussomeli trumpeted the three-story marble-and-granite outpost as a "powerful symbol" of American interests in the impoverished country.

On the other side of the capital, the Chinese also are giving their embassy a makeover. But they're doing a lot more in Cambodia.

The Chinese are digging up minerals and exploring for oil. They are cutting down forests and in some places planting saplings. And across Cambodia, they are building garment factories, power plants, bridges and roads, some into neighboring Laos.

For centuries, the Kingdom of Cambodia has tried to fend off greater powers such as Thailand, Vietnam and France. But today Phnom Penh is welcoming the Chinese with open arms, praising Beijing as a government that offers its largess unconditionally.

By Phnom Penh's tally, Chinese state-owned and private companies plowed more than $450 million into Cambodia last year — a 460% increase over 2004 — making China by far the nation's top foreign investor. Beijing says it is also giving hundreds of millions of dollars in loans and aid to Cambodia, easily surpassing the $62 million in loans and aid from the U.S.

Some Western diplomats see China's growing influence here as a threat to American political interests in the region. Cambodia, a nation of 14 million, is a fledgling democracy. It conducted open elections in the wake of civil war a decade ago and the brutal Khmer Rouge regime in the 1970s. Its constitutional monarchy provides for a multiparty system, unlike neighbors Vietnam, Laos and China, each ruled by an unopposed Communist Party.

Cambodian politics are dominated by Prime Minister Hun Sen — who came to power in a bloody 1997 coup but has overseen the country's democratic reforms — and analysts say the rule of law and press freedoms have not taken root. Washington has tried to exert influence on Cambodia through its aid, which is earmarked mostly for health and education. But as Chinese support increases, some U.S. officials worry that it will ease the pressure on Phnom Penh to fight pervasive corruption and build democratic institutions.

Cambodia has embraced the Middle Kingdom because "China has proven different from other donors. They don't impose conditions," Cham Prasidh, the minister of commerce, said in an interview here. "Others say, 'You have to do this with human rights, you have to do that with democratic reforms.' China doesn't do that."

China's interest in this country — where income per person was $350 in 2004 — is largely driven by the same need that is sending Chinese to remote regions in Africa, Central Asia and South America: to secure natural resources to fuel its expanding economy and enhance its global political muscle.

China's trek is often secretive, as banker John Brinsden has learned.

The Briton is vice chairman of locally owned Acleda Bank. A field representative in Rovieng, a tiny farming village, recently called by shortwave radio to tell him that a potential client had moved to the remote area.

Brinsden drove eight hours north along mostly dirt roads to the village, which is surrounded by jungle — and land mines.

Next to the bank's outpost, Brinsden could see that a mining company was setting up offices behind a corrugated fence. But in his research later, he could find no permits or other records of the company. To the veteran banker, this was the Chinese way of doing business in Cambodia.

"They're very low-key," he said.

China's spending spree has helped Cambodia's economy come out of the doldrums. Tourism and garment production are growing briskly. Luxury sport utility vehicles are a common sight in the streets of Phnom Penh. The country's banks hold 30% more in deposits than a year ago.

The cash is certainly flowing at Naga's casino next to Buddhist temples on the eastern end of town. A construction firm from China is building a 500-room hotel by the gambling hall for its Chinese Malaysian owner.

"The big rollers are from mainland China," said Michael Nen, a former Long Beach policeman who runs security for Naga Resorts & Casinos here.

Yet many Cambodians are wary of China's growing presence in their homeland. Some talk bitterly about Beijing's support for Pol Pot, the man who engineered the Khmer Rouge's reign of terror, which left more than 1 million Cambodians dead on killing fields or from hunger.

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Other Cambodians complain that the Chinese, along with other foreign companies, are plundering the nation and buying up vast swaths of land in secret deals with corrupt local officials. Such trade has uprooted families and made life harder for many people, they say.

Companies are racing to exploit oil and natural gas deposits found beneath Cambodia's waters last year. Chevron Corp. has locked up key drilling sites, but Chinese enterprises, including state-owned CNOOC Ltd., which lost its bid for Unocal Corp. to Chevron last year, are jockeying for an advantage in Cambodia.

Chinese officials in Beijing and Cambodia declined to talk about China's presence here.

Chinese academics said Beijing had good reason to extend its hand toward Cambodia.

"China needs Cambodia's cooperation on many important issues, such as Taiwan, Tibet and human rights," said Shen Shishun, director of Asia-Pacific studies at the China Institute of International Studies in Beijing.

Throughout Phnom Penh, hundreds of storefront signs are written in both Khmer and Chinese. Ethnic Chinese account for just 1% of Cambodia's population, but as in other Southeast Asian countries, they play a significant role in commerce. Chinese businesspeople are helping to build a $10-million Chinatown near the French Embassy.

Pung Kheav Se, who is ethnic Chinese and was born in Cambodia, is the founder of Canadia Bank, which holds one-fourth of the nation's bank deposits. He fled the country in the late 1970s and made a fortune trading gold bars in Montreal before returning to Phnom Penh in 1991. Pung said China Development Bank officials recently paid him a visit to discuss aid to Cambodia.

"I see a lot of change for the better," he said.

On a recent weekend, the city of Chongqing in central China was recruiting students for its schools at a domed conference center here. Across town, behind the gates of Universal Apparel Co., a red banner welcomed governors from China's Fujian province.

Cham Prasidh, the commerce minister, said the Chinese were not given preferential treatment.

If the United States has lost economic influence in Cambodia to China, the minister suggested, Americans have only themselves to blame.

"The investors from the U.S. say they want more transparency. They don't understand the Asian mentality; they are not flexible in negotiating," he said. "The Chinese feel very much at home in Cambodia."

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The Rise Of Baidu (That's Chinese For Google) (NYT)

By David Barboza

The New York Times, September 17, 2006

BEIJING

IN the summer of 1998 at a picnic in Silicon Valley, Eric Xu, a 34-year-old biochemist, introduced his shy, reserved friend Robin Li to John Wu, then the head of Yahoo's search engine team.

Mr. Li, 30 at the time, was a frustrated staff engineer at Infoseek, an Internet search engine partly owned by Disney, a company whose fading commitment to Infoseek did not mesh with Mr. Li's ongoing passion for search. Like Disney, Mr. Wu and Yahoo were also losing interest in the business prospects of search, and Yahoo — in a colossal corporate blunder — eventually outsourced all of its search functions to a little startup named Google.

Mr. Xu, who had called together some friends for a documentary he was making on Silicon Valley, thought the two search guys would hit it off. Mr. Wu says he exchanged greetings with Robin Li, but what most impressed him was that despite all of the pessimism surrounding search, Mr. Li remained undaunted.

"The people at Yahoo didn't think search was all that important, and so neither did I," says Mr. Wu, who is now the chief technology officer at the Chinese Internet company Alibaba.com. "But Robin, he seemed very determined to stick with it. And you have to admire what he accomplished."

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Indeed. A year after the picnic, in 1999, Mr. Li founded his own search company in China, naming it Baidu (pronounced "by-DOO"). Today, Baidu has a market value of $3 billion and operates the fourth-most trafficked Web site in the world. And Baidu is doing what no other Internet company has been able to do: clobbering Google and Yahoo in its home market.

While Baidu continues to gain market share in China — and does so with a Web site that the Chinese government heavily censors and that gives priority to advertising rather than relevant search results — some analysts question whether Baidu can withstand competition from Google and Yahoo, which possess superior technology and global work forces.

But Baidu's evolution, and Mr. Li's journey as an entrepreneur, offer textbook examples of the payoffs and perils of doing business in China and suggest that Baidu may prove to be far more resilient than some analysts believe. China has a population of 1.3 billion, about 130 million of whom are Internet users, an online market second in size only to the American market. Because China is the world's fastest-growing major economy, analysts consider it the next great Internet battleground, with Baidu uniquely positioned to prosper from that competition.

In exchange for letting censors oversee its Web site, Baidu has sealed its dominance with support from the Chinese government, which regularly blocks Google here and imposes strict rules and censorship on other foreign Internet companies.

In addition, analysts say, entrepreneurs in China have a knack for pummeling American Internet giants. "The globally dominant U.S. Internet companies have failed to take the No. 1 market share position in any category," says Jason D. Brueschke, a Citigroup analyst, of the Chinese market. "And they came with more money and major brand names. And so there's something fundamentally different about this market."

So fundamentally different, Mr. Brueschke believes, that Baidu will retain its hammerlock on the Chinese search industry. "The real battle in the competitive landscape is not about who's No. 1, it's about who's going to be No. 2," he says.

Google, of course, will have none of this, stressing the independence of its search results and the international reach it offers users. "People want information and they want global information," says Kaifu Lee, the president of Google in China. "We can't be bought."

But Mr. Li says Baidu's model is working supremely well and that the company has built a loyal base of users who value its search capabilities. "At the end of the day, if a user finds relevant information, they'll come back," he says.

ON its corporate Web site, Baidu says that it takes its name from a Song Dynasty poem written several centuries ago that "compares the search for a retreating beauty amid chaotic glamour with the search for one's dream while confronted by life's many obstacles."

Mr. Li, born Li Yanhong in 1968 in what was then an impoverished city 200 miles southwest of Beijing, is familiar with life's obstacles. The fourth of five children, he grew up during China's brutal Cultural Revolution. Despite the oppression that surrounded him, he said he was always able to focus on stamp collecting, performing traditional opera and other interests — including, eventually, computers. He was bright enough to get into the country's most prestigious school, Beijing University, where he majored in library science and dabbled in computer science.

The government infamously cracked down on pro-democracy demonstrations in Tiananmen Square in 1989 when Mr. Li was a sophomore, causing his college campus to be shut down. Mr. Li is mum on the events that followed, saying only that he was apolitical. But he does say that a year later he started thinking of studying abroad and that by the time he graduated in 1991 he was ready to leave his homeland.

"China was a depressing place," he says. "I thought there was no hope."

He applied to the top three graduate programs in computer science in America, but did not get into any of them (perhaps, he says, because China was considered an also-ran in technology). "I blindly sent out 20 applications," he says. "SUNY Buffalo was the only program willing to give me a fellowship."

He enrolled at Buffalo planning to earn a Ph.D. in computer science but grew disillusioned with academia. He completed his master's degree in 1994 and then joined a New Jersey division of Dow Jones & Company, where he helped develop a software program for The Wall Street Journal's online edition. During that time, he also became enamored of the technology boom taking shape in Silicon Valley. He spent much of his time trying to solve one of the Internet industry's earliest problems: sorting information.

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A breakthrough came in 1996, he says, when he developed a search mechanism he called "link analysis," which involved ranking the popularity of a Web site based on how many other Web sites had linked to it.

"The moment I created this thing I was very excited," he says. "I told my boss and pushed him. But he wasn't very excited." Soon after, he attended a computer conference in Silicon Valley and set up his own booth to demonstrate his search findings.

William I. Chang, then the chief technology officer at Infoseek, met Mr. Li at the conference and recruited him to oversee search engine development.

"Robin is possibly the single most brilliant and focused person I know," Mr. Chang says. "And his inventions, now widely adopted, are still the gold standards in Web search relevance."

After Disney acquired the small fraction of Infoseek stock it did not already own in 1999, it shifted the company's focus away from search and toward content, leading Mr. Li to form his own Internet company with Eric Xu, who had a Ph.D. in biochemistry and good contacts in Silicon Valley.

The partners raised $1.2 million from two Silicon Valley venture capital firms, Integrity Partners and Peninsula Capital, and with their seed money in hand flew to China and founded Baidu in a hotel room overlooking Beijing University's campus. Nine months later, in September 2000, two other venture capital firms, Draper Fisher Jurvetson and IDG Technology Venture, pumped another $10 million into the startup.

So it was that on the eve of the Internet bubble bursting in the United States, Baidu took off in China.

"When I came back I was prepared for a rough life," Mr. Li says. "It turns out it wasn't so bad."

Baidu started out offering search services to other Chinese portals before developing its own stand-alone search engine. Some members of Baidu's board of directors opposed the shift, saying it would turn customers into competitors. But Mr. Li said he sensed a shift in the market after watching the success of Overture, a company in Pasadena, Calif., that sold advertising space correlated with search results (which meant, for example, that ads for dental clinics might pop up next to search results for cavities).

"We were skeptical about search," says Scott Walchek, a partner at Integrity Partners and a member of Baidu's board. "But we weren't as smart as Robin. Robin said he had a unique opportunity to build a brand around search. And he was right."

In September 2001, Baidu began its own site — Baidu.com — which looked almost exactly like Google's no-frills home page. And even before Google did it, Baidu allowed advertisers to bid for ad space and then pay Baidu every time a customer clicked on an ad. Small and medium-size companies loved it, the site became deluged with traffic and Baidu turned a profit in 2004. By then, Mr. Li was pushing for an initial public offering in the United States, insisting it would be a huge branding event for a company that had come to be called "China's Google."

BAIDU went public on Aug. 5, 2005, at $27 a share. When trading ended that day, shares of Baidu closed at $122, up 354 percent, the biggest opening on Nasdaq since the dot-com peak in 2000. Suddenly, Baidu was a $4 billion company and Mr. Li held stock worth more than $900 million. But not everyone cheered. Many analysts said that by almost every measure Baidu's stock was ridiculously over-valued. It eventually tumbled to as low as $44 before rebounding. On Friday, its shares closed up $3.03 in regular trading, to $87.75, giving the company a market capitalization of about $2.94 billion.

At the time of the I.P.O., some critics attacked Baidu's zealousness for ad revenues. They noted, for example, that a Baidu search for the word "cancer" turned up ads for hospitals that paid for top spots in results rather than returning information on cancer itself. In comparison, Google and Yahoo more clearly separate ads from relevant search results by placing them on the right side of the page.

The company's revenue jumped 190 percent in the first half of this year, to $40.9 million; profit soared 550 percent, to $11.7 million. Baidu's Web site is drawing millions of young people eager to download music files, create blogs or search for pictures of China's "10 Most Beautiful Women." While Baidu is growing fast, its revenue is still anemic compared with Google's, which is expected to top $7 billion this year.

Analysts say Baidu is playing to a different audience than Western Internet companies because the Chinese are far more interested in entertainment than news, books or car rental rates. "The fact is 70 percent of China's Internet users are under the age of 30," says Richard Ji, an analyst with Morgan Stanley. "Most of them are single, only children. They're looking for entertainment."

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That may explain why China's dominant Internet companies are all entertainment focused, like Tencent (which hosts online communities and instant messaging) and Netease and Shanda (which are online gaming sites).

Yet no Internet company in China is growing as fast as Baidu, which had more than 50 percent of the pay-per-click market in the first half of year, up from a 37 percent share in the same period a year ago, according to Analysys, a research firm in Beijing. Google and Yahoo both lost ground, with each company holding 16 percent pay-per-click shares for the first six months of 2006.

Still, Baidu faces significant challenges. The company's stock is in the stratosphere, putting pressure on management to deliver knockout growth every quarter. Google's shares closed up $5.90 Friday in regular trading, to $409.88, meaning investors pay a hefty $60 for every $1 of profit in the stock, far more than other Internet companies. But Baidu investors pay a whopping $190 for every $1 of profit.

Baidu also faces legal challenges, including lawsuits claiming it violates copyright laws on music files. Baidu has been sued over the issue, but continues to provide links to sites that offer music files. The company says it does not believe it should be held responsible for simply offering linking to other sites. In a country rampant with claims of click fraud, a Beijing hospital recently claimed that Baidu orchestrated a scheme in which a Baidu affiliate kept clicking on the hospital's ads to fatten the fees it had to pay Baidu. A Baidu spokeswoman says the company has not reviewed the case, but actively polices click fraud.

LOOMING on the horizon are Google and Yahoo. Google says it plans to spend hundreds of millions of dollars to compete in China, and Yahoo has merged its operations here with Chinese Internet behemoth Alibaba.com.

"Google is fierce," Morgan Stanley's Mr. Ji says. "And Alibaba has the best sales force. Baidu could get hurt on the technical side."

But the Chinese market is littered with the wreckage of American Internet companies that have failed to dominate here. In 2003, eBay bought the largest Chinese auction company — and then lost market share. In 2004, Amazon bought the largest Chinese online merchandiser — and then lost market share.

Now, the real fight begins. Google, which invested $5 million in Baidu just before its public offering last year, sold that stake for a hefty $60 million in June. And now, Google is building up a huge research team in Beijing, not far from Baidu's headquarters. But analysts say it won't be easy for Google.

"The American Internet giants are dominant in the U.S. and dominant in Europe," Mr. Brueschke at Citigroup says. "And then they come to China and fail. And so what I want to know is: What is Google going to do differently?"

For his part, Robin Li seems undaunted.

"Our traffic keeps increasing," he says confidently. "We're now the No. 1 Web site in China."

India And Pakistan To Resume Talks (NYT/AP)

By The Associated Press

The New York Times, September 17, 2006

HAVANA, Sept. 16 (AP) — Pakistan and India agreed Saturday to restart peace talks suspended since train bombings killed more than 200 people in Mumbai in July, part of a wave of attacks for which India blames Pakistan-based militants.

Describing their meeting as a breakthrough for peace, the Pakistani president, Gen. Pervez Musharraf, and the Indian prime minister, Manmohan Singh, agreed on cabinet-level talks. Mr. Singh also said he had accepted an invitation to travel to Pakistan to further the process.

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Mr. Singh said after the leaders worked out the details Saturday morning on the sidelines of the Nonaligned Movement summit meeting in Havana.

"I am very happy — it's very good," General Musharraf said. "We had a cordial, frank exchange of views on all aspects of India and Pakistan relations. It was agreed that the peace process must be obtained."

Both leaders also said in a joint statement that they rejected "all acts of terrorism."

India, Pakistan Agree To Restart Talks (AP)

By Vanessa Arrington

AP, September 17, 2006

DOJ_NMG_0064849

Pakistan and India agreed Saturday to restart peace talks suspended since train bombings killed more than 200 people in Mumbai in July as part of a wave of attacks India blames on Pakistan-based militants.

Describing their meeting as a breakthrough for peace, Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed their foreign secretaries would pursue the talks, and said Singh had accepted an invitation to go to Pakistan.

Their joint statement said they had a "cordial, frank exchange of views on all aspects of India and Pakistan relations" and they "strongly condemn all acts of terrorism."

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Singh said after the leaders reached agreement Saturday morning on the sidelines of the Nonaligned Movement summit in Havana.

"I am very happy — It's very good," Musharraf said.

The breakthrough came when both sides agreed to set up a joint working group to identify and stop terrorists, said Shivshankar Menon, who becomes India's foreign secretary next month. India already has such anti-terrorism groups with more than 20 countries and regional groups such as the European Union, but working with Pakistan this way is unprecedented, he said.

"We're working at eliminating the trust deficit," he said. "This is a new step, a new way."

Earlier, Musharraf had expressed optimism that his meeting with Singh could lead to a cease-fire along their common border in the Himalayan mountains.

"A historic opportunity like this must be seized by the leadership of the two countries to bring to a close the chapter and tension in our region," Musharraf said in his address to the Nonaligned Movement meeting.

But Singh has said Pakistan must do more to control militant groups based in its territory.

"This terrorism will surely act as a dampener. I have said more than once, that I can't carry the Indian public opinion with me if terrorist acts continue to plague our polity," Singh said on his way to Havana.

A series of terrorist bombings have ripped across India in the past year. The most recent was the July 11 attack that hit seven Mumbai commuter trains during peak evening traffic, killing more than 200 people. The bombings have been blamed on Pakistan-based Muslim militants.

New Delhi blames Pakistan's support of the militants for stalling the peace process between the nuclear-armed neighbors, which have fought three wars since gaining independence from Britain in 1947, two over the Himalayan region of Kashmir.

Pakistan's government denies training and funding the Islamic militants, and said it had nothing to do with the train bombings, but it has acknowledged offering the rebels moral and political support.

More than a dozen militant groups are fighting to make Kashmir independent from Hindu-majority India or to merge it with Muslim-dominated Pakistan. The insurgency has claimed about 65,000 lives.

Mumbai was formerly known as Bombay.

Indian, Pakistani Leaders Agree To Resume Talks (AFP)

By Patrick Moser

AFP, September 17, 2006

Pakistani President Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed at breakthrough talks in Havana to resume negotiations on the disputed Kashmir region and jointly battle terrorism.

"The leaders decided to continue the joint search for mutually acceptable options for a peaceful negotiated settlement on all issues between India and Pakistan, including Jammu and Kashmir," the Indian premier said, reading a joint statement.

"It was agreed the peace process must be maintained and respected," said Singh, who was flanked by Musharaf.

"In this context, we have directed our foreign secretaries to resume dialogue," he said, adding they would meet "shortly" in New Dehli.

Saturday's talks, held on the sideline of a Non Aligned Movement (NAM) summit in Havana, were the first high-level meeting between the two countries since deadly bombings in Mumbai on July 11. India accused its neighbor of not reining in "terrorists."

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"We met in the aftermath of the Mumbai blasts. We strongly condemned all acts of terrorism and agreed terrorism was a scourge that needs to be dealt with," Singh said.

The leaders also agreed the two countries would put in place a joint system to "identify and implement counter-terrorism initiatives and investigations."

India had earlier indicated a condemnation of terrorism was key to reaching an agreement on the resumption of negotiations over Kashmir.

The Himalayan territory is shared by the two countries but claimed in its entirety by both. It has been the source of three wars since 1947, and at least 44,000 people have been killed since the outbreak of an Islamic insurgency in Indian Kashmir in 1989.

Indian foreign secretary designate Shivshankar Menon said the agreement on terrorism "has made it possible for us to clear resumption of the dialogue."

"What we see is elements in Pakistan connected to terrorism in India. This is one way of dealing with it," he said of the agreement to set up an "anti-terrorism institutional mechanism."

"Terrorist incidents make it very difficult to deal with business as usual. Particularly if they come from Pakistan," he said at a news conference.

The Indian prime minister also held private talks with several of the leaders attending the NAM summit, including Iranian President Mahmoud Ahmadinejad, and Hugo Chavez of Venezuela.

Singh also met with Cuba's acting president Raul Castro, 75, who represented his convalescing brother Fidel Castro, 80 at the NAM summit.

Fidel Castro was named president of the NAM, taking over from Malaysian Prime Minister Abdullah Badawi, but officials said he would only assume those functions once he has fully recovered from intestinal surgery he underwent in July.

In Russia, Business-Class Killings (NYT)

By C. J. Chivers

The New York Times, September 17, 2006

MOSCOW

VIOLENT deaths continuously punctuate the civic discourse in Russia. The list of victims and motives is grim and long: contract hits on rivals, bombs to settle business disputes, racist attacks on laborers from the Caucasus or Central Asia and students from Africa or South America, and the almost regular killings of police officers in Russian republics where ethnic and religious tensions are inflamed. These are all part of the unsettled life in a nation still recovering from Lenin's failed experiment.

But the murder last week of Andrei Kozlov, one of Russia's top bank regulators, served as a reminder that even the upper strata of society here are not immune from the vicious rules of the Russian street. Mr. Kozlov, who had been spearheading banking reform, was ambushed Wednesday night as he left a soccer game. Two assassins shot him in the torso and the head, then threw their pistols to the ground as they ran away. No arrests have been made.

Investigators and Mr. Kozlov's colleagues say he was almost certainly killed because of his work. He had been closing disreputable banks and pressuring money launderers — risky endeavors by any estimate. As Russia's middle class has grown and its larger cities have undergone surges of development, the image of a nation in the grip of businessmen flanked by thick-necked men with assault rifles has softened. But the violence continues, at a slower pace since President Vladimir V. Putin came to power in 2000, but alarming nonetheless.

The crusading Russian-American journalist, Paul Klebnikov, was murdered by contract killers in 2004; Mr. Klebnikov, an editor at Forbes, specialized in describing the links of Russian money and power. Anatoly Chubais, the architect of privatization who is now head of Russia's electricity monopoly, narrowly dodged a bomb-and-rifle ambush in 2005; he was saved by his armored car as his bodyguards opened fire to allow his escape.

Although the victims are rarely of such high stature, new examples abound of business disputes or efforts at business protection leading to gunfire and bombings. The nation reacts with resigned familiarity. Few foreign business executives have

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bodyguards, but the possibility of violence is part of the business fabric, along with endemic corruption and an arbitrary state bureaucracy.

While the squeamish may be steering clear, investors seem undeterred. The Russian economy is booming. There is money to be made. On the day Mr. Kozlov was pronounced dead, there was public hand-wringing, but the Russian stock market rose.

The Post-Putin Russia (WP)

By Jim Hoagland

The Washington Post, September 17, 2006

A Smooth Succession Doesn't Guarantee a Prosperous Future

MOSCOW -- Democracy does not march very long or very far. It lunges forward into vacuums created by the collapse of colonial, communist or imperial systems. Democratic reforms must then often creep or ooze or simply abide until the next turn of the political wheel makes new progress possible.

That frustrating zigzag pattern is at work today in Russia as President Vladimir Putin deepens an authoritarian transformation underwritten by surging oil and gas revenue that buys him public calm. But the political and economic centralization he manages may carry the seeds of its own demise.

This transformation of Russia -- as dispiriting as it has seemed recently to many in the West and here -- is not carved in stone. The deep concern that the Kremlin's rulers show for the opinion of their relatively well-educated public is one sign that not even they believe democracy is totally dead here.

"They have created a political theater in which they write the script and set the stage," says a Western diplomat. "But the interesting thing is that they still care what the spectators think of the show."

That reflex surfaces in the already visible efforts being tested by the Kremlin to stage-manage the 2008 presidential elections. "Reformers" inside the Kremlin are said to be grouping around Deputy Prime Minister Dmitry Medvedev, while "conservatives" cluster with Defense Minister Sergei Ivanov. Who says the voters won't have a choice?

Issues for the campaign are also being shaped. The Kremlin team is building up the image of a Communist Party resurgence that must be turned back at the polls, even though most independent analysts fail to detect signs of any such comeback.

Meanwhile, Western governments are being subtly advised that they should do nothing to undermine Putin's ability to choose his successor. That would play into the hands of a newly threatening left. Dead as a tactic in the West, the Red Scare is being resurrected in a land where communism was decisively rejected 15 years ago.

Not even Putin pretends that the managed democracy he has imposed on Russia is true democracy. He is too smart for that. He acknowledged last week while meeting with foreign visitors that Russia "lacks a real multiparty system." While declaring a hope to create such a system at an undetermined future moment, Putin offered no clues as to how he would do this.

His vagueness on the political future contrasted sharply with the detailed specifics he offered on Russia's economic outlook; he expects growth to reach 7 percent again this year. Windfall profits from the energy industry will be used to establish "high-technology zones" for new industry and increase social welfare spending, he claimed.

Economic power is also being concentrated in the hands of the state and of a small circle of Putin's advisers who sit on the boards of the nation's key natural gas and oil companies. His devotion to centralization also surfaced in his insistence on the need for long-term government-to-government contracts to cut out "intermediaries and speculators" who drive up world energy prices.

Putin's confidence and his competence in the art of control are impressive seen at close range. But will his highly centralized system be responsive when Russia has to face up to the pervasive "disease" of energy-exporting countries, which invariably fail to develop financial infrastructure, labor-intensive industries and the skills to run them?

"This is the Russian disease, which is even worse: We export our resources, our capital and our best people," senior economist Leonid Grigoriev said.

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He is actually understating. The Russian population is shrinking not only because of emigration but because of a staggering mortality rate (double that of the United States) and a sharply declining birthrate. The population has fallen from 150 million to 142 million over the past decade, and the public health system is widely acknowledged to be a continuing disaster.

Putin is a successful manager of a Russia benefiting from good times. But it is far from clear that he, or the stand-in he hopes to name to succeed him, could muster the public support that would be needed to lead the country through crises that may lie ahead. It may take leaders with real democratic legitimacy.

An ambitious American effort to spread democracy into Russia under President Bill Clinton in the 1990s faltered and was stalemated when Putin came to power. But seen from today, it did help create a reference point and toehold for future advances. This should offer some solace to Clinton, and perhaps for President Bush's beleaguered push for democracy in the Middle East as well.

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From A Literary Lion In Caracas, Advice On Must-Reads (NYT)

By Simon Romero

The New York Times, September 17, 2006

CARACAS, Venezuela

PRESIDENT HUGO CHÁVEZ, it is well known, talks a lot. Whether at home or on the road, in Damascus or Minsk, his speeches can last hours.

Often, as he talks on, Mr. Chávez drops the names of books he is reading or has grown to love, giving insight into the various intellectual and literary influences on his thinking and what he calls his Bolivarian Revolution, an amalgam of socialist-inspired and anti-American policies.

Favorite authors include Victor Hugo, with "Les Misérables" at the top of his must-read list, with its description of passion amid revolutionary barricades. At the swearing-in of ministers for nutrition and the people's economy, Mr. Chávez recited a passage from the introduction about the need to stamp out ignorance and poverty.

"Don Quixote" by Cervantes also features prominently in his speeches, with Mr. Chávez identifying with the eccentric knight errant fighting injustice. To celebrate the 400th anniversary of the book's publication, the government last year paid for a million copies to be distributed free. Venezuela also paid for 70,000 copies in English for Caribbean neighbors and 5,000 in French for Haiti.

Mr. Chávez's supporters, who remain the majority in this country, love such displays, pointing to strides made in reducing illiteracy in recent years. His critics suggest that it is yet another way for the government to boost public spending.

If there is a whiff of 1970's-style third-world intellectual pretension in the populism of his campaign and his championing of certain books, Mr. Chávez does not seem to mind. Indeed, it reflects what seems a wider strategy on his part: he seems determined to articulate and spread a national ideology, in the way of a Castro or Perón.

The government is making more books available to the population through programs like the Kuai Mare Foundation, which operates a chain of more than 50 bookstores stocked largely with nationalist or left-leaning books sold at bargain prices.

Beyond the classics of European literature, Mr. Chávez recommends works by Latin American political theorists and historians and even the occasional North American. Mr. Chávez says he read John Kenneth Galbraith as a boy growing up humbly in Barinas, where his parents taught school.

Galbraith's "Economics of Innocent Fraud," a witty critique of the American economy, stands out for Mr. Chávez. Galbraith, who died this year at the age of 97, "is not a socialist but still he is a critic of capitalism," Mr. Chávez recently said on his Sunday television program, "Hello, President." He has described himself as "Galbraithiano."

Some of Mr. Chávez's reading preferences may be predictable, given his dislike of just about anything to do with President Bush. One of his anti-Bush staples is "Dude, Where's My Country?," a book by the filmmaker Michael Moore.

Other references are a bit more obscure, like "The Turning Point," by Fritjof Capra, an Austrian-born physicist. Mr. Chávez plucked a theme in the book, on moving away from centuries of exploitation, to discuss his opposition to American efforts to form a free trade zone across the Americas. Mr. Chávez cites books recommended to him by Mr. Castro, another voracious reader,

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including "The Hydrogen Economy," by Jeremy Rifkin, a look at moving the world beyond its dependence on oil. "The book is based on something which is no longer a hypothesis — it is a thesis," he said on a visit to Tehran in July. "Oil will run out one day."

Here in Venezuela, which has the largest oil reserves outside the Middle East, people have become accustomed to Mr. Chávez's literary recommendations. What really seems to interest many Venezuelans are books about Mr. Chávez himself.

Bookstores in Caracas carry more than a dozen titles about him, from unauthorized biographies to exposés of Bush administration efforts to oppose his government. Cristina Marcano, the co-author of a best-selling biography, "Hugo Chávez Without His Uniform," said that in his army days Mr. Chávez cited the influence of "The Green Book" by Col. Muammar el-Qaddafi of Libya, first published in the mid-1970's. "Chávez read Qaddafi with great admiration," Ms. Marcano said in an interview. One of Mr. Qaddafi's ideas was to ban commercial retail activity, an event inducing economic chaos that the Venezuelan leader has wisely ignored.

How does Mr. Chávez, burdened by other responsibilities, manage to read so much? One possibility is offered by Herma Marksman, the subject of "The Other Chávez," one of 16 books on Mr. Chávez by Alberto Garrido, a noted political analyst here.

Ms. Marksman, a history professor who was Mr. Chávez's mistress from 1984 to 1993, said he would often have her read aloud to him from books while he drove a car. "He would hang on every word, especially if it was fiction by García Márquez," she said in an interview.

However eclectic Mr. Chávez's taste in books might appear, there is one constant on his bookshelf. Mr. Chávez often refers to maxims by military or guerrilla leaders, admiring their rise to power through the barrel of a gun.

They include Simón Bolívar, the father of Venezuelan independence, Napoleon, Che Guevara and Mao Zedong. In an appearance this month at the national military academy, Mr. Chávez read from Mao's writings.

"No one does this anymore in China," the newspaper El Nacional said in an editorial, "though he hasn't figured this out in his five trips to the country of Deng Xiaoping."

Throng Calls Loser Mexico's 'Legitimate' President (NYT)

By James C. Mckinley Jr.

The New York Times, September 17, 2006

MEXICO CITY, Sept. 16 — More than 150,000 supporters of the losing leftist candidate for president flooded into the capital's historic square on Saturday and declared him "the legitimate president" of Mexico.

As his supporters roared approval, the candidate, Andrés Manuel López Obrador, a former Mexico City mayor, vowed to set up his own government and to fight against "a band of white-collar crooks and corrupt politicians" who he has said stole the election from him.

"I accept the responsibility of being president because I reject the imposition of their candidate and rupture of the constitutional order," he said. "They can keep their pirated institutions and their phony president, but they cannot keep our fatherland and our national dignity."

Described as a national democratic convention, the massive rally seemed intended to keep Mr. López Obrador and his political agenda from fading out of the national debate.

Mexico's highest electoral court ruled Sept. 5 that Mr. López Obrador narrowly lost the July 2 election to Felipe Calderón, a conservative from President Vicente Fox's party. The leftist maintains there was a broad conspiracy among business leaders, the Fox administration and news media barons to keep him from winning, using tactics like illegal attack ads and old-fashioned fraud.

Having lost a court battle for a full recount, Mr. López Obrador resorted Saturday to a tactic with deep roots in Mexican history: he convened a "national convention" of his supporters to draw up a new agenda for the country.

By a show of hands, the crowd unanimously denied Mr. Calderón had won. They declared Mr. López Obrador president, asked him to form a cabinet and supported a constitutional convention. "It's an honor to be with Obrador," they chanted.

Some historians said the convention echoed the alternative plans for Mexico put forward by revolutionary heroes like Emilio Zapata and Francisco I. Madero 100 years ago.

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"The slow, difficult, incremental construction of the Mexican nation and state has passed through dozens of plans, made in the heat of political conflict," said one historian, Lorenzo Meyer. "The idea of conventions and plans is something very much part of Mexican history."

Mexican Left Creates 'Parallel Gov't' (AP)

By Lisa J. Adams, Associated Press Writer

AP, September 17, 2006

Hundreds of thousands of supporters of leftist Andres Manuel Lopez Obrador elected him the leader Saturday of a "parallel government" opposed to President-elect Felipe Calderon's administration.

The symbolic "vote" — a show of hands in the packed Zocalo plaza — was the latest development in Mexico's nearly three month electoral dispute. Lopez Obrador claims fraud and illegal government spending were responsible for Calderon's victory by less than 234,000 votes in the July 2 election, and he has vowed to be the new leader's biggest opponent.

It was unclear what the "parallel government," complete with its own Cabinet, would entail.

Lopez Obrador supporters said they would travel the country and set up committees to spread Lopez Obrador's message of helping the nation's millions of poor and opposing the elite.

They also said they would continue protests against the government.

"This is the firm and honorable response to those who have converted our political institutions into a grotesque farce," Lopez Obrador said.

Lopez Obrador will be "sworn in" to his new post on Nov. 20. Calderon will be inaugurated on Dec. 1.

"They won't move forward. Today in our country there exists the collective will to stop them," Lopez Obrador said.

Convention delegates also agreed to boycott major national and international companies that they say supported Calderon's campaign, and agreed to support the formation of a "Progressive Front" to replace the former coalition of leftist parties that backed Lopez Obrador in the national election.

Lopez Obrador said the Front's principal objective would be to fight what he called a large right-wing bloc formed by Calderon's conservative National Action Party and the former ruling Institutional Revolutionary Party.

"Two groups will exist in the country: The rightists and the progressives," he said.

Lopez Obrador retains a strong following despite a Federal Electoral Tribunal ruling this month that rejected most of his fraud allegations and awarded the presidency to Calderon.

Organizers claimed 1.2 million packed the Zocalo and surrounding streets.

"This convention is the most palpable proof of how the people of Mexico feel," said Antonio Romano Hernandez, a 56-year-old baker from Mexico City.

Deeply Divided Mexico Marks Independence Day (AFP)

By Alexandre Peyrille

AFP, September 17, 2006

Hundreds of thousands of Mexicans turned independence day into a protest for a losing presidential candidate in Mexico City, while President Vicente Fox and the president-elect celebrated outside the capital citing fears of violence.

Organizers said 750,000 to a million of Andres Manuel Lopez Obrador's supporters chanted "The people united will never be defeated" in the capital's Zocalo square.

The crowd convened a so-called National Democratic Convention, which proclaimed Lopez Obrador the "legitimate president" of Mexico, set his inauguration for November 20, and, despite driving rain, even set to work on his political agenda.

Lopez Obrador, a former Mexico City mayor, has organized massive protests since his narrow July 2 defeat to conservative Felipe Calderon.

Calderon, a member of Fox's conservative National Action Party, is to be inaugurated December 1 as Mexico's new president after winning by less than a one percent of the vote.

Mexico's electoral court only last week handed down its final decision, declaring Calderon as Mexico's president-elect.

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The ruling, which cannot be appealed, came after the losing side launched weeks of street protests and filed dozens of corruption allegations and scores of legal objections.

Although Obrador lost the election by a narrow margin, his protest campaign has drawn dwindling support among the wider public. A poll released last week showed some 74 percent accept the decision of the electoral court declaring Calderon the winner.

Lopez Obrador, however, vows to set up a parallel government. The three leftist parties that had formed a coalition for the presidential election have extended their alliance through 2009 and adopted as their campaign slogan: "For the Good of All, the Poor First."

Lopez Obrador's supporters temporarily struck their tent city in the heart of the capital for the independence day military parade, which took place without incident.

The occupation began July 30 to block major streets, at a cost in disrupted business estimated by a business group Friday at 709 million dollars.

For weeks, Fox had insisted he would not deviate from the regular presidential agenda, but on Thursday the Mexican Senate ordered him to find an alternative after reported threats of disruptions from the leftists.

The Mexican president traditionally appears on the balcony of the National Palace, rings a historic bell and leads crowds in chants of "Viva Mexico!" on the eve of the September 16 holiday.

However, on Friday, Fox backed down on appearing at the public ceremony for security reasons.

"The government had learned from intelligence services that some of the radical organizations within 'For the Good of All' plan violence against those attending celebrations in the Zocalo," presidential spokesman Ruben Aguilar said Friday.

Lopez Obrador vowed to deliver a rival ceremonial public call for independence late Friday at the Zocalo, the giant downtown square where the protests are centered.

Instead of marking the day in the capital, Fox celebrated in Dolores Hidalgo, 260 kilometers (160 miles) from Mexico City.

Dolores Hidalgo, in the central Guanajuato state, is where Father Miguel Hidalgo rang church bells and called on Mexicans to take up arms against Spain in 1810, starting the revolution that culminated in Mexico's independence from Spain in 1821.

Lopez Obrador insists he is the rightful leader of Mexico, and this week rejected Calderon as an "illegitimate president" responsible for a "coup d'etat" which he said was sending "Mexico's institutions to hell."

It was the second time in two weeks the leftists forced Fox to break with tradition.

On September 1, lawmakers from the opposition Party of the Democratic Revolution blocked Fox, who supported Calderon in the presidential race, from taking the podium to deliver his annual address to Congress.

He delivered the speech via television instead.

Mexico Crowd Vows Loyalty To Runner-Up (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, September 17, 2006

Rally participants agree to recognize leftist Lopez Obrador as the rightful president and join his campaign of boycotts and civil disobedience.

MEXICO CITY — Hundreds of thousands of Mexicans celebrated their Independence Day in a mass rally to denounce the winner of the July 2 presidential election and pledge their allegiance to the losing candidate.

With a show of hands, the huge crowd of delegates to the so-called National Democratic Convention on Saturday agreed to recognize leftist politician Andres Manuel Lopez Obrador as the country's rightful president and join a campaign of boycotts and civil disobedience under his direction.

"This is the beginning of the road to building a new republic," Lopez Obrador said in an acceptance speech that lashed out at Mexico's rich and politicians who protect them.

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Although it was unclear how Lopez Obrador would establish a parallel government, or whether the vote was merely a political threat, the rally was a strong rebuke of National Action Party candidate Felipe Calderon, who defeated Lopez Obrador by slightly more than half a percentage point.

Lopez Obrador's presidency has no legal standing, and federal government officials had no response to the convention late Saturday.

Delegates agreed Lopez Obrador should take office Nov. 20, a national holiday commemorating the start of Mexico's 1910 revolution. They also supported a boycott of major firms, such as Wal-Mart and Coca-Cola, that are among a group of businesses Lopez Obrador accused of illegally supporting Calderon's campaign.

The presidential election divided Mexico between those who believed the country was advancing well enough with expanded trade and investment, and Lopez Obrador supporters, who believed the global market was leaving many people behind.

Lopez Obrador, a charismatic speaker and hard-ball politician, has energized core supporters and alienated many others for failing to accept the election outcome.

International observers said the vote count was legitimate, but Lopez Obrador alleged it was illegally tilted in favor of Calderon.

After Lopez Obrador lost his court battle for a national recount, he began building an opposition movement that he promised would reduce Mexico's poverty, end corruption and expand public social services.

Critics say Lopez Obrador is more like an autocratic politician out of Mexico's past than a progressive democratic leader. The convention appeared mainly a popularity contest with no doubt as to the outcome.

The dozen questions put to a vote by delegates were printed before Saturday's assembly. One asked, for example: "Should Lopez Obrador be recognized as president? Or coordinator of the resistance?"

When the question was put to the multitude, the crowd began to chant, "Presidente, presidente, presidente," and it was quickly approved. When the convention's moderator asked whether anyone was opposed, the crowd jeered.

Delegates, unanimous in their support, appeared to represent a broad economic group.

"Everybody's trying to paint him as some kind of messiah figure, and that his supporters are fanatics," said Alfredo Campos Martinez, 51, who traveled nine hours from Tampico by bus. "But look at me. I'm a lawyer. The seeds of this movement may be among the poor, but it has support among the middle class. We just haven't seen this economic system working very well."

Saturday's rally filled Mexico City's central square, known as the Zocalo, and spilled into surrounding blocks.

Hours earlier, President Vicente Fox presided over the annual Independence Day military parade at the spot, drawing a few hecklers.

Fox had planned to give the traditional shout for independence — an echo of Miguel Hidalgo's call for rebellion against Spain 196 years ago — from a balcony overlooking the Zocalo on Friday night, as he did last year.

But Lopez Obrador, whose supporters had transformed the square into a protest camp, said he also planned to give the shout there.

Fears of confrontation with Lopez Obrador supporters forced Fox in last-minute negotiations to move his ceremony to Dolores Hidalgo, the site of Hidalgo's original call. The mayor of Mexico City, a Lopez Obrador ally, gave the cry in the Zocalo.

It is the second time this month that Lopez Obrador has faced down Fox.

The losing candidate had promised to block Fox's annual State of the Nation address to a joint session of Congress. Soldiers formed a perimeter around the congressional hall, expecting a wave of street protesters. Instead, congressional members of Lopez Obrador's Democratic Revolution Party took over the dais and turned Fox away.

Fox, who made history in 2000 by ending seven decades of single-party rule by the Institutional Revolutionary Party, leaves Calderon a country divided.

Both men have supported Mexico's decade-long transition to a more open, free-market economy that relies on private investment to create new jobs.

Now Calderon, who takes office Dec. 1, faces the difficult task of persuading Lopez Obrador supporters that he too is serious about Mexico's lackluster job growth, high rate of poverty and the concentration of wealth among a small elite.

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Lopez Obrador appears ready to wage a civil resistance campaign that will use both street protests and his party's growing political clout to pressure the incoming administration on behalf of Mexico's poor. Delegates agreed to try to block Calderon's inauguration.

So far, the Fox government has resisted pressure to crack down on demonstrators who blocked streets in the capital for much of the summer.

Elected members of Lopez Obrador's party will also face pressure in the coming weeks as they decide whether to remain loyal to their leader as his movement shifts further left.

Lopez Obrador and his supporters seized the capital's central square and main boulevard July 30. He joined thousands of protesters who lived in tents through summer rain and hailstorms until the camps came down Friday.

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Carlos Martínez in The Times' Mexico City Bureau contributed to this report.

Elections May Bring More Woe For Merkel (KCS)

By Stephen Graham

The Kansas City Star, September 17, 2006

BERLIN - Elections in a northeastern German state this weekend could prove a breakthrough for a far-right party and bring more woe for Chancellor Angela Merkel.

Mecklenburg-Western Pomerania, a depressed state of isolated hamlets and tree-lined lakes in former East Germany, elects a new legislature on Sunday, as does the capital Berlin.

Polls indicate the Social Democrat governors of both areas should hold on to power in coalition with the former communist Left Party. But the extreme-right National Democratic Party is expected to make significant gains in Mecklenburg, clearing the 5-percent vote hurdle to enter the state's parliament for the first time.

"We must do everything in our power to prevent this," said Till Backhaus, the leader of the Social Democrats in the state, who fears desperately courted investors would ignore the region. "The damage would be enormous."

The far right is a fringe player at the national level, where its affinities with Adolf Hitler's Nazis turns off the vast majority of voters. But it has found relatively fertile ground in the economically struggling east, where it already sits in the parliament in Saxony state.

Successive governments have failed to tackle the massive unemployment that has afflicted much of the east since German reunification in 1990. The unemployment rate in Mecklenburg was 18.2 percent in August - the highest in the country.

Leaders of the state, which abuts Poland and the Baltic Sea and has Germany's best beaches, insist it is on the right track. Backhaus claims that hundreds of new firms have set up in the region in recent years and the state's farming and tourism sectors are thriving.

But the National Democratic Party, known by its German initials NPD, looks set to make large gains after a campaign designed to tap growing disillusionment with the main parties.

The NPD has campaigned for more help for working parents in order to reverse falling birth rates. It has also made no secret of its harsh anti-foreigner stance and expressed sympathy for Nazi-era economic and education policies.

If the polls prove accurate, the elections would be a setback for Merkel's Christian Democrats, whose popularity is sinking nationally amid a dispute over health service reform.

Merkel's party still has an outside chance of winning the most votes in Sunday's election, which could see them lead a coalition with the Social Democrats - mirroring the left-right government that Merkel leads at the federal level.

In Berlin, Social Democrat mayor Klaus Wowereit is expected to remain in office. Wowereit remains highly popular, despite cutting thousands of jobs in a bid to contain Berlin's $76 billion debt.

Algerian Program Offers Amnesty, But Not Answers About Past (WP)

By Craig Whitlock

The Washington Post, September 17, 2006

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BLIDA, Algeria -- For nearly a decade, this city nestled at the foot of the Atlas Mountains anchored one corner of Algeria's "triangle of death," a killing field overrun by bomb throwers, throat-slitters and masked gunmen during an apocalyptic civil war that killed an estimated 200,000 people.

Peace has gradually returned to Blida, an oasis of orchards and fields north of the Sahara. Stability has been restored as well to most other parts of Algeria where a military-controlled government fought Islamic radicals, although clashes are reported almost daily in remote areas.

Now, in an effort to bring a final end to violence that began in 1992, the Algerian government is pinning its hopes on an ambitious national reconciliation program, which grants official forgiveness to combatants if they set aside their weapons.

Under terms of the reconciliation, which expired Aug. 31 but might be extended, about 2,500 prisoners convicted or accused of terrorism have gone free. Also covered by the amnesty are members of the Algerian security services, blamed for the disappearance of 8,000 civilians and accused of systematic torture. The only people not eligible: rapists and those responsible for mass murder or planting bombs in public places.

Reconciliation and amnesty programs have been embraced by other nations plagued by enduring conflicts. After the end of apartheid in South Africa, a Truth and Reconciliation Commission pardoned human rights violators who confessed their crimes in public. In Morocco last year, a similar commission collected testimony on more than 22,000 documented cases of political repression that occurred under the reign of King Hassan II. The Moroccan and the Algerian programs both include provisions to compensate victims and their families.

More recently, some government officials in Iraq have raised the prospect of offering an amnesty in a bid to end the sectarian warfare that followed the U.S.-led invasion.

Although Algerian voters overwhelmingly approved the terms of their national reconciliation in a referendum last year, few people are predicting that it will heal the rifts and psychological wounds that run deep here.

In dozens of interviews, Algerians said they hoped the amnesty would stop the lingering violence. But many lamented that it would not provide any accountability or answers regarding the countless atrocities that occurred.

Fatima Yous, president of SOS Disappeared, a group that investigates missing persons believed to have been abducted by the government, called the reconciliation an attempt to bury the past. She said she still aches to know what happened to her 20-year-old grandson, who was detained by police in 1997 and has not been seen since.

"All we want is the truth," she said. "We are ready to forgive, but we want our families back and we want the truth. We are not going to sue the guy who killed him. But I do want to know if they killed him, why they killed him and where his bones are."

No one here will be able to forget what happened anytime soon.

Mass graves are still exhumed in sandy ditches and dry outdoor wells. Houses remain pockmarked by bullet holes. Razor wire and uniformed patrols are omnipresent.

But supporters of the amnesty warn that tougher measures -- anything designed to seek justice or dig up the past -- could easily backfire and drag the country back into civil war.

"What we survived was just horrible, terrible," said Mustapha Farouk Ksentini, a lawyer in Blida who serves as chairman of an official human rights commission that has advised the government on the reconciliation plan. "The country is tired. The national unity is very fragile."

"We know that this national reconciliation will forgive a lot of criminals, but it's the price we have to pay to turn the page," he added. "Algeria doesn't have the means to press ahead with trials. We made a choice and said the national interests of Algeria are more important than this."

The reconciliation is only the latest attempt by the Algerian government to bring stability to a country that has suffered greatly over the past half-century.

The second-largest country on the African continent, Algeria won independence from France in 1962, but only after a war that lasted eight years. Three subsequent decades of a military-led government and socialist policies failed to modernize the economy.

In 1992, after Islamic fundamentalists appeared on the verge of winning power in national elections, the military intervened and dissolved the government. That led to civil war, as Islamic radicals took up arms.

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The conflict spiraled as rebel factions embraced terrorism and targeted civilians, annihilating entire villages as part of a strategy to weaken popular support for the government. Government security forces also showed little regard for human rights, relying on torture and other tough tactics to break the rebellion.

By 2000, the violence was starting to ebb. Voters in a referendum that year approved a "civil concord," Algeria's first attempt to end the conflict by offering amnesty to those fighting the government. While thousands of Islamic guerrillas accepted pardons, many continued to fight because the measure effectively disenfranchised Islamic political parties.

More disasters followed, both natural and political. In 2001, ethnic Berbers rioted for weeks to protest their treatment by the government. A few months later, several hundred people were killed by floods in Algiers. Another low point was reached in 2003, when more than 2,000 people died in a massive earthquake.

"We lost 15 years of our history," said Aboudjerra Soltani, chairman of Movement of Society for Peace, a party of Islamic fundamentalists that professes nonviolence and is part of the ruling government coalition. "Our economy crumbled. We lost a lot of confidence. It takes a lot of strength to recover from this."

Since then, however, signs of hope have emerged. A global rise in energy prices has lifted the economy and has helped Algeria, the world's second-leading exporter of natural gas, erase foreign debts and invest billions in public works projects.

In 2004, in an election that international observers judged as legitimate, Algerian voters gave a second term to President Abdelaziz Bouteflika. Soon after, he announced another amnesty program, which took effect in March.

According to government officials, about 300 Islamic fighters have accepted the new deal. They estimate that another 800 to 1,000 guerrillas remain at large, down from about 50,000 in the mid-1990s.

While the amnesty offers reconciliation to terrorists and others with blood on their hands, opponents say some provisions in the law are far from conciliatory.

For instance, the measure clamps down on public debate over what happened during the civil war, making it a crime to criticize government actions of that period "or to tarnish the image of Algeria internationally." It has been assailed for those reasons by rights groups, including Amnesty International and Human Rights Watch.

Mostefa Bouchachi, a human rights lawyer in Algiers, said it was unrealistic to expect Algeria to prosecute large numbers of people. "It would result in another bloodbath. But at least we would like to know who did what, and why, and who is responsible. In the Algerian reconciliation, they just tell you to turn the page. We think it's a culturalization of impunity for both camps: the security forces and the Islamists."

Some military officials, however, have complaints of their own. After struggling for 15 years to win the civil war, they questioned whether it made sense to release 2,500 enemies of the state from prison.

Gen. Fodil Cherif Brahim, the army commander in charge of the region surrounding the capital, Algiers, until he retired in 2004, predicted that many former prisoners would return to the mountains or the desert and resume their fight.

"These people are fanatics to the extreme," he said. "They don't know anything about the real Islam. This is what they did: They committed horrible crimes. They put knives in the bellies of pregnant women."

"These people, you have to kill them," he added. "They will never give up."

Such sentiments are common in Blida, where few families escaped the violence of the war.

Zohra Khelafi, 51, said her husband was killed by Islamic radicals in a 1997 firebombing because he worked for the local government as a municipal guard. That same year, militants murdered two dozen other members of Khelafi's family, including a 3-year-old niece who was stuffed into a giant kettle and boiled alive.

"I want the government to punish them, to kill them, just like they did to us," she said. "Instead, the government has released them and they are back on the streets."

‘Save My Wife’ (NYT)

By Nicholas D. Kristof

The New York Times, September 17, 2006

YOKADOUMA, Cameroon

DOJ_NMG_0064860

Prudence Lemokouno was lying motionless on a bed in the bleak hospital here, her stomach swelled with a fetus that had just died, her eyes occasionally flickering with fright but mostly dull and empty.

Dr. Pascal Pipi, the lone doctor in the public hospital, said she had a few more hours to live, and then she would join the half-million women a year who die around the world in pregnancy and childbirth.

Her husband, Alain Awona, was beside himself. "Save my wife," he pleaded. "My baby is dead. Save my wife."

In the spring, I held a contest to choose a student to take with me on a reporting trip to Africa, and now I'm on that trip with the winner, Casey Parks of Mississippi. I had wanted to introduce Casey to the catastrophic problem of maternal mortality in the developing world, because it should be an international scandal that the number of women dying in pregnancy worldwide has been stuck at a half-million for a quarter-century.

Indeed, here in Cameroon the maternal mortality rate has risen since 1998, and over all an African woman now has one chance in 20 of dying in pregnancy. In much of the world, the most dangerous thing a woman can do is to become pregnant.

When we arrived on Friday at the hospital here in the remote southeastern corner of Cameroon, we found Prudence dying for the reason that usually accounts for maternal death — a complicated childbirth with no emergency obstetric service available.

Prudence, a 24-year-old who has three children, went into labor on Monday. A village midwife assisted her, and after three days she was hoisted onto the back of a motorcycle and carried to this hospital.

And then nothing happened. The hospital demanded $100 worth of surgical supplies for a Caesarian section, and family members said they could raise only $20. I asked the chief nurse, Emilienne Mouassa, how often a woman dies in the hospital because the family can't pay. She hesitated. "Not often," she replied.

She said that when patients like Prudence are at death's door, the hospital sometimes prefers not to operate. It is easier to explain a pregnant woman who has not been treated at all and died than one who has undergone an emergency Caesarian and then died.

Dr. Pipi, a bit embarrassed that a patient was dying in front of foreign journalists, said that he could find a way to operate without the money. But in addition Prudence had lost so much blood that she needed a transfusion.

"We don't have a blood bank here," he explained, "so we sent someone off to bring in other relatives to see if they are compatible. But the village is far, 120 kilometers away, and it takes a long time to bring them here." A few more hours, he estimated, and she would be dead.

These women die because they are poor and female and rural — the most overlooked and disposable people throughout the developing world.

Politics also complicates Western efforts to help. The United Nations Population Fund has helped lead the effort to reduce maternal deaths — yet the Bush administration has cut off all U.S. funding for the agency because of (false) accusations that it supports abortions in China.

We inquired what Prudence's blood type was. The nurse checked and reported that it was A positive. We looked at each other.

I'm also A positive. Casey's blood did not seem to be compatible. But Naka Nathaniel, the Times multimedia maven who often travels with me, is O positive and thus compatible.

Would Dr. Pipi really operate if he could obtain blood? He said he would.

So Naka and I each gave blood, after a nurse went into town to find a plastic bag to put it in. It was promptly pumped into Prudence, and she began to look a bit better. Dr. Pipi promised to operate on her shortly.

Her husband cried with joy, but begged us not to leave. "If you go," he warned, "Prudence will die."

We waited, and six hours passed. The hospital began shaking down Prudence's family for more money before the surgery could begin. The husband had nothing, so we chipped in.

Then when everything seemed to be ready, Dr. Pipi simply vanished. "Oh, he's gone home," a nurse explained. "He'll operate tomorrow."

We cajoled, pleaded and threatened, but the hospital staff was unmoved. "What if Prudence dies in the night?" I asked.

The nurse shrugged and said: "That would be God's will."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Digs In Heels Over Detainee Bill (AP)

By Deb Riechmann, Associated Press Writer

AP, September 17, 2006

President Bush is standing firm in his battle to get Congress to approve the White House plan for detaining, interrogating and prosecuting suspected terrorists. The Senate, though, isn't backing away from its plan either.

The president's standoff with lawmakers is over legislation authorizing military tribunals and harsh interrogations of terror suspects.

In his radio address Saturday, Bush said his proposal provides clear rules for U.S. personnel involved in detaining and questioning alleged terrorists held by the CIA.

"The information the Central Intelligence Agency has obtained by questioning men like Khalid Sheikh Mohammed (the alleged mastermind of the Sept. 11 attacks) has helped disrupt terrorist plots, including planned strikes inside the United States and on a U.S. Marine base in East Africa, an American consulate in Pakistan and Britain's Heathrow Airport," Bush said.

"This CIA program has saved American lives, and the lives of people in other countries," he said.

The Senate Armed Services Committee defied Bush on Thursday and approved legislation the president has vowed to block.

The president's measure would go further than the Senate measure, allowing classified evidence to be withheld from defendants in terror trials and using coerced testimony. The legislation approved by the Senate panel also would change the law that interprets the nation's obligations under the Geneva Conventions — the treaty that sets the standard for treatment of war prisoners — so that harsh interrogations of detainees would not be questioned in court.

Republican Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina oppose the legislation drafted by the White House because they say barring a defendant from access to evidence — even if it's done under rare circumstances — would undermine the credibility of the court.

"Weakening the Geneva protections is not only unnecessary, but would set an example to other countries, with less respect for basic human rights, that they could issue their own legislative 'reinterpretations,'" McCain said in a statement released Friday. "This puts our military personnel and others directly at risk in this and future wars."

McCain said there is nothing in the Senate bill that would require the administration to close its CIA detainee program. He said it protects CIA interrogators from unfair exposure to criminal and civil liability and keeps intact international obligations that protect the rights of U.S. personnel.

"To do any less risks our reputation, our moral standing and the lives of those Americans who risk everything to defend our country," McCain said.

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Graham, likewise, remained insistent on the Senate approach, saying his legislation accomplishes the necessary goals of protecting CIA personnel from legal liability "without destroying Geneva Convention protections."

"What is being billed as clarifying our treaty obligations will be seen as withdrawing from the treaty obligations," Graham said in a statement. "It will set precedent which could come back to haunt us."

Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee, supports a House bill that takes the administration's position to move the process along, but he said he will attempt to amend the measure next week to look more like the McCain-Warner-Graham measure. He said the Senate bill would be less likely to be challenged by the Supreme Court as unlawful and violating the nation's treaty obligations.

"I don't want to give any terrorist a free pass or get-out-of-jail-free card," Skelton said.

Bush Urges Congress To Act On His National Security Measures (BLOOM)

By Catherine Dodge

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- President George W. Bush, facing resistance from his own party over part of his national-security plan, urged Congress to pass two measures he called essential to winning the war on terrorism.

``By passing these critical bills, we will bring terrorists to justice, continue collecting vital intelligence from captured terrorists in a lawful way and monitor terrorist communications," Bush said in his weekly radio broadcast.

The president in a news conference yesterday said CIA intelligence-gathering that has thwarted terrorist attacks would stop unless Congress passes his proposed rules for the treatment of suspected terrorists.

Members of his own Republican Party are objecting to parts of Bush's proposal. The Senate Armed Services Committee this week approved a measure that would give more legal protection to suspected terrorists than the administration wants.

Republicans are focusing on security issues as they try to retain their majorities in the House and Senate in the November midterm elections. The intra-party squabble over the treatment of suspected terrorists has disrupted Republican plans to highlight their differences with Democrats over national security before the elections.

``There is debate about the specific proposals in this bill, and my administration will work with Congress to find common ground," Bush said.

The legislation is needed to restart war-crimes tribunals Bush set up at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated those tribunals in June, ruling that they fail to incorporate the 1949 Geneva Conventions on the treatment of war prisoners.

The second measure, which would authorize Bush's domestic eavesdropping program to monitor calls between al-Qaeda operatives overseas and suspected confederates in the U.S. without court warrants, was passed by a separate Senate committee this week.

To contact the reporter on this story: Catherine Dodge in Washington at Cdodge1@bloomberg.net

Frist Expects A Deal On Detainee Bill (AP)

By Jim Davenport, Associated Press Writer

AP, September 17, 2006

Senate Majority Leader Bill Frist, R-Tenn., said Saturday he has to do more to get Sen. Lindsey Graham, R-S.C., in line with other Republicans and the White House on how terrorist suspects should be prosecuted.

Graham and Sen. John McCain, R-Ariz., helped Democrats push a bill through the Armed Services Committee that Frist said doesn't come close to what the White House wants or what is needed to let CIA officials interrogate suspected terrorists without fear of lawsuits.

Getting his GOP members in line "is a fundamental challenge from a leadership standpoint," said Frist, a potential candidate for president in 2008. He said he expects a compromise to emerge in the next two weeks, even though McCain and Graham haven't budged.

Frist spoke about Graham at a fundraiser Saturday for Lt. Gov. Andre Bauer's re-election bid. The event raised more than $30,000 and Frist's Volunteer PAC donated $3,500 to the campaign.

—

COLUMBIA, S.C. (AP) — Massachusetts Gov. Mitt Romney also talked Saturday about the need for legislation to help CIA officials question suspected terrorists.

"I'm foursquare behind the president on this," Romney said. "We need to provide to the interrogators the definitive rules that they need" so that they are "not be subject to lawsuits" that might come from their work.

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"The people we are facing are individuals who have no interest in the Geneva Convention," Romney said. "They slit the throats of our servicemen. They target civilian populations for terror and destruction."

Romney, a potential GOP presidential candidate in 2008, was in Columbia to speak to the state Republican Party's leadership.

—

HARTFORD, Conn. (AP) — Sen. Joe Lieberman on Saturday launched his second radio ad since losing Connecticut's Democratic primary last month, touting his record and ability to work with both Democrats and Republicans.

The 60-second ad, which is running statewide for a week, casts the three-term incumbent as a principled leader who has helped keep Americans safe from terrorism, stood up to big oil companies and worked to lower gas prices. His campaign is spending $70,000 on the spot.

"I'm sticking with Joe because he stands up for what he believes in," a supporter says in the ad.

"He works with both parties. He works for the people," says another.

Lieberman is running as an independent after losing the primary to Greenwich businessman Ned Lamont. The Senate race is seen as a referendum on President Bush's policies and the Iraq war.

Lieberman, the Democrats' nominee for vice president in 2000, has long been a maverick in his own party, but his support of the war helped fuel Lamont's victory. Lamont spent more than $4 million of his own money in attacking Lieberman's support of the war and his perceived closeness to Bush.

Lamont launched a new 30-second spot Saturday that evokes the storied rivalry between the New York Yankees and the Boston Red Sox, two teams that split Connecticut's baseball loyalties. In the ad, a Yankees fan and a Red Sox fan agree that "Lieberman's gotta go."

Lamont spokeswoman Liz Dupont-Diehl said Saturday that the amount being spent on the ad was not available.

—

Associated Press writer Dave Collins in Hartford contributed to this report.

How 3 G.O.P. Veterans Stalled Bush Detainee Bill (NYT)

By Carl Hulse, Kate Zernike And Sheryl Gay Stolberg

The New York Times, September 17, 2006

WASHINGTON, Sept. 16 — Senators John McCain and Lindsey Graham cornered their partner, Senator John W. Warner, on the Senate floor late Wednesday afternoon.

Mr. Warner, the courtly Virginian who is chairman of the Armed Services Committee, had been trying for weeks to quietly work out the three Republicans' differences with the Bush administration's proposal to bring terrorism suspects to trial. But Senators McCain, of Arizona, and Graham, of South Carolina, who are on the committee with Mr. Warner, convinced him that the time for negotiation was over.

The three senators, all military veterans, marched off to an impromptu news conference to lay out their deep objections to the Bush legislation. Mr. Warner then personally broke the news to Senator Bill Frist of Tennessee, the majority leader, and the next day the Armed Services Committee voted to approve a firm legislative rebuke to the president's plan to reinterpret the Geneva Conventions.

It was a stinging defeat for the White House, not least because the views of Mr. Warner, a former Navy secretary, carry particular weight. With a long history of ties to the military, Mr. Warner, 79, has a reputation as an accurate gauge to views that senior officers are reluctant to express in public. Notably, in breaking ranks with the White House, Mr. Warner was joined by Colin L. Powell, the former chairman of the Joint Chiefs of Staff, in a rare public breach with the administration he served as secretary of state.

As Mr. Warner left his Senate office on Friday afternoon, he carried a briefcase of material to prepare for a potential legislative showdown in the coming days. At stake, he said, was more than the fate of "these 20-odd individuals," a reference to the high-level terrorism suspects awaiting possible trial at Guantánamo Bay, Cuba.

"It's how America's going to be perceived in the world, how we're going to continue the war against terror," Mr. Warner said.

Then he showed off the motto on his necktie: "Democracy is not a spectator sport." Ronald Reagan had a similar tie, Mr. Warner said, and had given him a copy.

Democrats and Republicans alike had assumed that Mr. Warner, a smooth negotiator not given to public confrontation, would relent to the administration, especially considering the importance Republicans had placed on passing the legislation as midterm elections approached.

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The thinking was that Mr. McCain, who was tortured as a Vietnam prisoner of war, would not budge, nor would Mr. Graham, a military lawyer and zealous guardian of military standards. That left Mr. Warner as the best potential target for the White House. But as he considered the consequences of the proposal, the chairman decided to stick to his guns, saying he believed the nation's reputation was at stake.

"He is a man of the Senate," said Mr. Graham, arguing that Mr. Warner's stance spoke volumes because it went against his nature to have so visible a conflict. "He is also a military man and has thought long and hard about this."

Mr. Bush seems equally determined to win provisions he says are needed to interrogate and prosecute terrorism suspects. He and his allies are ratcheting up pressure on Senate Republicans who support alternate rules adopted this week by the Armed Services Committee. Mr. Warner, like his two colleagues, has a network of high-ranking current and retired military officers who provide regular guidance and support. While he has been consulting them privately, some are expected to weigh in publicly in the days ahead. One aide said on Saturday that the number of Senate Republicans behind the three senators was widening beyond the 8 or 10 they had anticipated, with lawmakers — heavily influenced by Mr. Powell's stance — preparing to soon go public with their views.

In interviews, two senior Bush administration officials acknowledged that the White House had underestimated the depth of opposition Mr. Bush's proposal would provoke. They also said they had focused mostly on gaining Mr. Graham's support and mistakenly believed they had it, based on statements he made about the Geneva Conventions in Senate hearings. A Republican senator separately described the clash between the White House and Mr. Warner's group as "a train wreck."

The administration officials and the Republican senator were granted anonymity because they would not openly discuss negotiations between the White House and Congress.

Mr. Warner's convictions about how military trials should proceed appear to stem largely from his personal experience, beginning with his Navy service in World War II. Hanging with the photographs on his office wall is a worn, small placard that his mother displayed on the door of their Washington home from 1944 to 1946: "There's a Man from this family in the Navy."

"I'm a man that's been through a lot," Mr. Warner said, recounting his days as secretary of the Navy in the early 1970's when he was personally confronted with issues of military prisoners. "I mean, I've been through this before."

Mr. Graham has similarly drawn on his legal and military background in challenging the White House. "The Geneva Convention means more to me than the average person," he said. He said "some people" considered the conventions "a waste of time, but I know they have been helpful."

Mr. Graham acknowledged that the political battle was bruising, but said he could not tolerate a change in the American interpretation of the conventions if it meant short-term benefits at long-term costs.

"President Bush is very sincere in wanting the tools he needs to fight the war on terror," Mr. Graham said in an interview. "I don't want the tools they are given to become clubs to be used against our people."

In a letter sent Friday to Condoleezza Rice, the secretary of state, Mr. Graham also took issue with a provision of the administration's approach that would allow the use of secret evidence in trials of terrorism suspects.

"Where in American jurisprudence do you find support for the concept that a person accused can be tried and convicted on evidence which that person has no opportunity to see, confront or rebut?" Mr. Graham wrote. The bonds between Mr. Warner, Mr. McCain and Mr. Graham were forged in difficult times. Mr. Warner and Mr. McCain first met when Mr. Warner was the Navy secretary and Mr. McCain was returning to his Navy career after his captivity. Mr. McCain and Mr. Graham became close during the 2000 primaries in South Carolina, when Mr. McCain came under attack from Bush Republicans. They teamed up last year in forcing the White House to accept a ban on torture.

After the Supreme Court struck down the administration's earlier plan for military tribunals in June, they joined with top military lawyers to form the chief bulwark against what they said were efforts to undermine military law and the 60-year-old protections of the Geneva Conventions.

"It's not a question of defiance or intransigence, it's the way we've worked," Mr. Warner said. "We've continued to indicate a willingness to look at situations — is there a bridge that we can build between certain provisions? And our core principles are very rooted in the three of us."

Mr. Graham added, "There are three branches of government, not one."

Mr. Warner sought to serve as a counterbalance to the occasionally combative Mr. McCain and Mr. Graham during a turbulent week that fractured the Republican majority on its signature issue, national security. It saw Mr. Powell enlisting with the three Republicans against Mr. Bush, and left Mr. Graham chewing out General Michael V. Hayden, the C.I.A director, in a closed meeting.

In the Senate, Mr. Warner is known for hearing out colleagues and trying to find consensus.

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"John Warner is always very gracious," said Senator Susan Collins, Republican of Maine, who is also on the Armed Services Committee and sided with Senators Warner, McCain and Graham. "He is patient and he is thoughtful. And people sometimes mistake that for uncertainty about his position."

Administration officials said they had focused on Mr. Warner as the key to overcoming Republican opposition in the Senate. When he raised a question with General Hayden about the State Department's view on the matter, Mr. Warner received a phone call within hours from Ms. Rice.

Ms. Rice followed up with a letter to Mr. Warner, which administration officials distributed on Capitol Hill on Thursday to counter the letter from Mr. Powell, which had objected to the administration's plan to redefine Common Article 3 of the Geneva Conventions.

But once it became clear that Mr. Warner was dug in, the administration began setting its sights on other senators, inviting them to the White House. On Friday afternoon, Mr. Frist's office arranged a conference call between staff members for Senate Republicans and Tony Snow, the White House press secretary, to emphasize talking points for making the administration's case on Capitol Hill.

As the fight swirled around him last week, Mr. Warner got a call from his grandson, Nicholas, a boarding school student who was an intern in his office this summer, asking what all the fuss on television was about.

"I took the time to try to explain it to him," Mr. Warner said. "That's one of the jobs we have to do, explain to the American people." He added: "Neither McCain nor Graham nor I nor anybody wants to tie the hands of the intelligence community."

Tribunal Dispute Could Ruin GOP Strategy (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 17, 2006

Bush-McCain Standoff Over Terrorism Trials Overshadows Electoral Battle

Congressional Republicans had carefully orchestrated the finale of the legislative year to be a showdown with Democrats over which party is best equipped to keep the country safe, a handpicked fight on traditional Republican turf.

But the high-stakes standoff between President Bush and Sen. John McCain (R-Ariz.) over military tribunals could ruin that legislative strategy, political analysts and strategists say. Instead of fighting Democrats, Republicans find themselves in the middle of an intraparty struggle between an embattled president and two of the most respected figures in their party, McCain and his ally on the issue, former secretary of state Colin L. Powell.

"Purely from a strategic point of view, this is another mess," said Stuart Rothenberg, a political analyst and editor of the nonpartisan Rothenberg Political Report. "Every time Republicans think they have an issue to unite them and divide the Democrats, the Republicans end up spending most of the time fighting among themselves."

Republican pollster Tony Fabrizio agreed: "If the goal of this process was to show stark differences between Republicans and Democrats, what is being portrayed is stark differences between George Bush and some Republicans. From that standpoint, you aren't hitting the message mark."

When Congress returned from its August recess, GOP leaders understood that they had four weeks to regain political momentum or face the real prospect of losing control of one or both chambers of Congress. Two court decisions seemed to give them an opening: the Supreme Court's ruling that Bush's military tribunals are unconstitutional and a Detroit federal judge's opinion that the National Security Agency's warrantless surveillance program is also illegal.

By codifying the president's military commissions and ratifying what they called his "terrorist surveillance program," Republican leaders had hoped to dare Democrats to vote against programs framed as insurance policies against terrorism.

It has not worked out that way. Three Republican senators -- McCain, Senate Armed Services Committee Chairman John W. Warner (Va.) and Lindsey O. Graham (S.C.) -- have stood in the way of Bush's tribunal plan, saying it violates basic principles of American fairness and would endanger U.S. troops. A rebellion of civil-liberties-oriented Republicans on the House Judiciary Committee has stymied legislation that would allow warrantless wiretapping to continue. At a closed-door pep rally with Republicans on Thursday, Bush received pointed questions on both policy initiatives, according to participants.

"Congress needs to give this the intensity of consideration necessary," said Rep. Daniel E. Lungren (R-Calif.), a supporter of both programs. "We are not going to be led around by the nose."

House Majority Leader John A. Boehner (R-Ohio) acknowledged: "It's the legislative process. It's never predictable."

But Boehner and other Republicans remain confident that they are on the right track. Republicans point to recent polls showing a slight uptick in the president's popularity and say that the focus on national security issues is working. A spate of new polling also indicates that the race between Republicans and Democrats for control of Congress has tightened slightly, although Democrats still maintain a lead.

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Indeed, Charlie Cook, a nonpartisan congressional analyst, said any day the media is not focused on Iraq is a good day for Republicans. For most voters, he said, the tribunal flap will be seen as politicians fighting with politicians -- "not exactly man bites dog," but a good diversion from troubling war news.

Rep. Ray LaHood (R-Ill.) noted that the unfavorable political landscape leaves GOP leaders little choice but to fight it out on defense and terrorism.

"People aren't paying attention to the economy. We've given up on immigration. We need to send people home with some significant accomplishments, and we have no other choice," LaHood said. "We have no other issue."

But misgivings over the agenda set out by the president and GOP leaders are growing. Rep. Steve Buyer (R-Ind.) said he told Bush on Thursday that he should heed the military's top uniformed lawyers, who have opposed some provisions of the president's tribunal plan. Rep. Charles Bass (R-N.H.), one of several moderate Northeasterners in tough reelection campaigns, said he has no problem with Bush's bills. He is likely to vote against them.

The problem, Lungren said, is that the complexity of the tribunal and wiretapping issues do not lend themselves to the quick action Bush wants.

"This is a big deal to drop in our laps," he added. "There is some discomfort with the time period we've been given."

Then there's McCain, a decorated Vietnam War veteran who spent years as a captive of the North Vietnamese.

"If Americans know anything about John McCain, it's the guy was tortured. People listen to him on this issue," said John J. Pitney Jr., a professor of politics at Claremont McKenna College who studies House Republicans.

Last week, House Armed Services Committee Chairman Duncan Hunter (R-Calif.) did his best to ignore McCain's position on the tribunals and to blame Democrats for the stalemate. But Democrats are using McCain and his allies as a shield.

"Instead of picking fights with Colin Powell, John McCain and other military experts, President Bush should change course," Senate Minority Leader Harry M. Reid (Nev.) said Friday.

Fabrizio and other analysts said that argument is smart politics.

"It appears John McCain has given Democrats body armor against Republican attacks," Pitney said.

Moreover, the showdown between Bush and McCain is grabbing the spotlight from Republican initiatives that were supposed to undergird their case that they are the stronger party on national and homeland security. Just Thursday, the House passed legislation that would authorize the construction of 700 miles of double-layered fencing on the U.S.-Mexico border, while the Senate approved a long-promised port security bill. Both actions were buried by media coverage of the tribunal battle.

And the intraparty fights over tribunals and wiretapping are likely to dominate Congress until the lawmakers adjourn for their campaigns at month's end. That could swamp any uptick that Bush and the GOP enjoyed before the fights broke out.

"Even the best start with a bad finish doesn't help," Fabrizio said.

CIA In Middle Of Election-year Battle (AP)

By Katherine Shrader, Associated Press Writer

AP, September 17, 2006

The CIA believed it was operating lawfully in detaining and interrogating 96 suspected terrorists at locations from Thailand to Europe, until the Supreme Court this summer demolished that legal foundation.

The CIA is now squarely in the middle of election-year politics as Congress tries to write new definitions that could reshape the intelligence agency's program.

"At the end of the day, the director — any director — of the CIA must be confident that what he has asked an agency officer to do under this program is lawful," CIA Director Michael Hayden wrote employees on Thursday.

President Bush was more blunt: "They don't want to be tried as war criminals," he said at a news conference Friday.

The high court's ruling in June, in a case involving Salim Ahmed Hamdan, essentially said that the Geneva Conventions on the rights of wartime prisoners should apply to the suspected terrorists in CIA custody.

That meant that for the first time since the interrogation program was born in 2002, the Justice Department could not give the CIA a written opinion on whether its techniques still were legal.

Spy agencies rely on such opinions to justify activities that get little, if any, public scrutiny.

To Bush, the CIA and their allies, the law urgently needs to be changed to protect the interrogation program, which they consider one of the most important ways to deter attacks against the United States.

"The Hamdan decision in effect calls a time-out in the war on terror," said Senate Majority Whip Mitch McConnell, R-Ky.

But the program's detractors say a fix is needed to prevent further damage to the U.S. image abroad and to reduce risks to U.S. military personnel who may be caught by enemies.

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"The world is beginning to doubt the moral basis of our fight against terrorism," retired Gen. Colin Powell, the former secretary of state, wrote Sen. John McCain. The Arizona Republican is resisting Bush's call for more lenient rules on interrogations.

The CIA's practices raised concerns almost from the day that the agency began questioning detainees suspected of terrorist links.

Early in the U.S. invasion of Afghanistan in 2001, senior military officers were so concerned about the CIA's practices that they took steps to ensure that military personnel were not in the room during CIA interrogations, said a government official familiar with both military and intelligence operations. The official and others in government and on Capitol Hill spoke recently about the sensitive CIA activities on the condition they not be identified.

But Gary Berntsen, the commander of a CIA team in Afghanistan in the fall of 2001, said CIA personnel initially did not have time for interrogations — a term from the military and intelligence world that implies the use of specific techniques to coerce information from prisoners.

Instead, he said, intelligence officers conducted cursory interviews of newly captured fighters to see if they had information they wanted to share.

"We were seizing one city after the next," Berntsen said. "There were hundreds of people" in custody.

He credits a British team in Afghanistan with finding a tipster in December 2001 who knew the details of a Singapore plot to use 21 tons of explosives to try to blow up the U.S., British, Israeli and Australian embassies in a follow-up attack to the Sept. 11 strikes. "We were desperate to find the next attack," Berntsen said.

Not long after the March 2002 capture of top al-Qaida operative Abu Zubaydah, the CIA's practices became more formal. Agency operatives knew Zubaydah had a wealth of information because of his role as a recruiter and his close ties to al-Qaida's senior leadership, but he was not cooperative.

The CIA decided it would need to hold high-value terrorists such as Zubaydah for an extended periods in an effort to extract information. They also began using some "enhanced interrogation techniques" with success.

One senior U.S. official said "only a fraction" of the agency's 96 high-value detainees have experienced those techniques because "the least obtrusive means are used."

Yet by mid-2004, the CIA's inspector general had completed a report on the treatment of detainees after the possible involvement of CIA personnel in the deaths of at least four prisoners. The review covered interrogation tactics.

Current and former U.S. officials say some techniques are well-known: exposing prisoners to cold, disorienting them or depriving them of sleep. The most controversial is waterboarding, when a detainee is strapped to a board and has water run over him to simulate drowning.

Bush administration officials say the Justice Department has deemed the CIA's practices lawful. In addition, the senior U.S. official said the House and Senate Intelligence committees have now been told everything about the CIA's overseas prisons and interrogation program, except the countries where the prisons were.

But a congressional aide disputed that. The aide said briefings for the Senate committee took place only recently and that the administration has denied the committee access to materials it needs to fulfill its oversight role of the CIA. For example, the committee's top Democrat, West Virginia Sen. Jay Rockefeller, has not been able to see the Justice Department's legal opinions.

The Supreme Court's decision froze the interrogations and led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

The next step is up to Congress. Lawmakers are struggling over how to write legislation creating rules for how to try suspected terrorists and how to specify the lengths that authorities can go in questioning these detainees.

A bill favored by McCain and two other influential Republican senators would prevent CIA personnel involved in the detention program from being sued or prosecuted for their actions. The CIA wants the Congress to go one step further and bless its actions.

In his memo last week to CIA personnel, Hayden also said he wants Congress to define in U.S. law terms of the Geneva Conventions that bar "humiliating and degrading treatment" and "outrages upon personal dignity."

Human rights groups see the effort as an end run and contend established military rules could be applied to all government agencies, including the CIA.

Said Tom Malinowski, Washington director for Human Rights Watch: "The only point in having a CIA program is to use techniques that go well beyond what is permitted by the Army Field Manual."

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Associated Press writer Anne Plummer Flaherty contributed to this report.

The Battle For Guantánamo (NYT)

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By Tim Golden

The New York Times, September 17, 2006

1. A Warning From Shaker Aamer

Col. Mike Bumgarner took over as the warden of Guantánamo Bay in April 2005. He had been hoping to be sent to Iraq; among senior officers of the Army's military police corps, the job of commanding guards at the American detention camp in Cuba was considered not particularly challenging and somewhat risky to a career. He figured it would mean spending at least a year away from his family, managing the petty insurgencies of hundreds of angry, accused terrorists.

"Is this what I went to bed at night thinking about?" he would ask nearly a year later, as he whacked at mosquitoes on a muggy Cuban night. "No."

Bumgarner, then 45, received his marching orders from the overall commander of the military's joint task force at Guantánamo, Maj. Gen. Jay W. Hood. A few weeks earlier, General Hood dispatched the previous head of his guard operation and two other senior officers for fraternizing with female subordinates. He was known as a flinty, detail-oriented boss with low tolerance for bad judgment, and his instructions to the colonel were brief: He should keep the detainees and his guards safe, Bumgarner says Hood told him. He should prevent any escapes. He should also study the Third Geneva Convention, on the treatment of prisoners of war, and begin thinking about how to move Guantánamo more into line with its rules.

It had been three years since President Bush declared that the United States would not be bound by any part of the Geneva treaties in dealing with prisoners in the fight against terrorism. He ordered that American forces treat captives in ways "consistent" with the conventions but hadn't explained what that meant. Now, Bumgarner thought, the mandate seemed to be shifting a little. He was being asked to get more specific.

In the cramped bungalow headquarters of his Joint Detention Operations Group at Guantánamo, Bumgarner had his operations officer look up the conventions on the Internet and print out a copy. After nearly 24 years as a military police officer, Bumgarner knew the document well. He thought it obvious that many of the rights would never apply to Guantánamo detainees. No one was going to allow the distribution of "musical instruments" to suspected terrorists, as the 1940's-era conventions stipulated for the captured soldiers of another army. No one was going to pay the detainees a stipend to spend at a base canteen.

But the assignment was more complicated than just cutting and pasting where he could. On some level, Bumgarner thought, he was being asked to weigh how far the military should go to improve the lives of prisoners whom the president and his aides had labeled some of the most dangerous terrorists alive. Or, as the colonel put it to me during our first conversation at Guantánamo in March: "How do you deal with an individual whom the president of the United States and the secretary of defense have called the worst of the worst?"

At that point, in the spring of 2005, he had little time to consider an answer. Tensions in the camp were surging, as the detainees tested a fresh rotation of Army and Navy guards. Of the 530 prisoners then being held at Guantánamo, most were classified as "noncompliant." The two segregation blocks, which held prisoners who had assaulted guards, were full. So were two other blocks where detainees were sent for lesser infractions. "People were in a waiting pattern to get in and serve their time there," Bumgarner said.

In older parts of the camp, the detainees would sometimes bang for hours on the steel mesh of their cells, smashing out a beat that rattled up over the razor wire into the thick, tropical air. Occasionally they would swipe at the guards with metal foot pads ripped from their squat-style toilets, declassified military reports say. The detainees rarely tried to fashion the sort of shanks or knives made by violent prisoners in the United States. But they did manage to unnerve and incite the young guards, often by splattering them with mixtures of bodily excretions known on the blocks as "cocktails."

By the time Bumgarner took command at Guantánamo, information had emerged to suggest that many of the detainees were not, in fact, the hardened terrorists whom Pentagon officials had claimed to be holding there. Bumgarner did not doubt that his new prisoners were dangerous, but neither was he wary of getting to know them better. As he walked the blocks in Camp Delta, the fenced-in core of the prison, he soon began trying to engage some of the more influential detainees.

Military and C.I.A. analysts had been studying the Guantánamo population since the camp opened in January 2002. They observed that there were detainee spokesmen, who tended to speak English, and religious leaders, or "sheiks," who issued opinions on questions of Islamic law. There was also a more hidden cadre, whose leadership the analysts defined as "political" or, when they could direct the protests of others, "military." Nonetheless, there was much debate over who the most important leaders were, intelligence officials later told me. Like most guard officers before him, Bumgarner gravitated toward those who spoke English.

His ambitions were modest. "I was looking for a way, with what General Hood was wanting, just to have a peaceful camp," he recalled recently. He said his initial message to the detainees was "Look, I'm willing to give you things, to make life better for ya, if y'all will reciprocate." What he asked in return was "Just do not attack my guards."

Bumgarner considered himself a take-charge, solve-the-problem kind of commander. A big, balding, garrulous man who speaks with a faint Carolina drawl and carries his 250 pounds easily on a 6-foot-2-inch frame, he grew up the son of a career Army sergeant in a family where military service was proudly taken for granted. In high school in Kings Mountain, N.C., a small town in the Blue Ridge foothills, he played quarterback for the football team and applied to West Point at his father's urging. He quit the academy after only a few months but joined the R.O.T.C. to help pay his way through Western Carolina University. At Guantánamo, he was one of those officers who seemed to relish calling out, "Honor bound!" (shorthand for the camp motto, "Honor bound to defend freedom"), when a soldier saluted. Saying goodbye, he favored "Hoo-rah" over "See you later."

But that image could be deceiving. Before deploying to Cuba, Bumgarner oversaw the development of detention doctrine at the Army's Military Police School at Fort Leonard Wood, Mo. Like many military police officers, he had been deeply embarrassed when the Abu Ghraib scandal erupted in May 2004 and was determined to see its legacy undone. "We were not going to let that happen to us," he said.

At Guantánamo, Bumgarner moved quickly to try to reduce tensions in the camp. If the detainees wanted clocks on the cellblock walls, he saw no reason they shouldn't have them. In response to endless complaints from the detainees about their tap water, he persuaded Hood to approve the distribution of bottled water at mealtimes. The only stocks available were the soldiers' own, bottled with a stars-and-stripes label under the vanity brands Patriot's Choice and Freedom Springs. To avoid any problems, guards were ordered to peel off the labels before they passed out the bottles.

The detainees did not respond as the military authorities hoped. In late June 2005, two months after Bumgarner took command, some prisoners went on a hunger strike, calling for better living conditions, more respectful treatment of the Koran by guards and — most important — fair trials or freedom. Although it was hardly the first such protest, the camp's medical staff worried about the unusually large number of prisoners involved.

Soon after the strike began, Bumgarner was alerted to a disturbance in Camp Echo, an area of more isolated cells on the eastern edge of the detention center. The problem was with a 38-year-old Saudi named Shaker Aamer. The colonel had not previously encountered Aamer, but he was already familiar with the legend of detainee No. 239 — the one his guards called the Professor. They marveled at his English, which was eloquent, and his presence, which was formidable. Some intelligence officials said they believed he had been an important Qaeda operative in London, where he lived and married before moving to Afghanistan in the summer of 2001. (Aamer has denied having anything to do with Al Qaeda or terrorism.)

The colonel's immediate concern was that Aamer was giving his guards fits, pressing one of the sporadic civil disobedience campaigns for which he was famous. "I finally said: 'That's it! I'm gonna go down to talk to him myself.'" As Bumgarner remembers it, he burst into the small, hospital-white room as Aamer sat on his bunk, fuming behind the painted mesh that caged him into one corner. "You're either gonna start complying with the rules," Bumgarner recalls warning him, "or life's gonna get really rough." The colonel said he did not mean to threaten physical force, only to emphasize strongly that Aamer's few privileges — like, say, his use of a toothbrush — hung in the balance.

Aamer, who wore a thick black beard and had his hair pulled back in a ponytail, was unimpressed. The prisoner, who was not wearing his glasses, squinted for a moment, trying to read the officer's insignia. "Colonel," he finally said, "don't come in here giving me that."

As Bumgarner settled into a white plastic chair, Aamer crossed his legs on the bunk and began to talk about his life. He spoke about his family, his travel to Afghanistan, his feelings about the United States. He told of working as an interpreter for American troops in Saudi Arabia during the first gulf war, and of later working at a coffee shop outside Atlanta.

"I got the impression that he was hanging around in clubs, drinking," Bumgarner told me. "He loved women. But he said he had realized the error of his ways." Aamer had a revelation, he told the colonel, "that this life of running around with women and boozing it up was the wrong path."

"It was part of his charisma, that drawing me in," Bumgarner said later. "He became a person."

Much of the conversation centered on Aamer's thoughts on the detention operation and what could be done to improve it. The Saudi's ideas, it seemed, were perhaps not so far from Hood's. "His implication was that if you applied the Geneva Conventions fully, everything would be just fine in the camps," Bumgarner recalled.

After almost five hours, Aamer asked the colonel if he had made someone very angry. "Otherwise, you wouldn't be in Guantánamo.

"Nobody survives Guantánamo," he added. "You won't survive, either."

II. A Permanent Place

As part of the military's standard tour of Guantánamo, visitors are driven to the end of a two-lane road that winds up to the northeast corner of the naval base on which the prison sits. They pause there on a small hill overlooking a locked gate that leads into Fidel Castro's part of the island. The tour guide, usually a young Marine corporal with a black Beretta pistol strapped to his thigh, then recounts a brief history of Communist efforts to drive the American forces away.

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At one point, the corporal says, the Cubans tried to cut off the Americans' water supply. They trained floodlights on an American guardhouse to keep the soldiers inside from getting any sleep. But such annoyances were merely that. The United States never surrendered an inch of the 45 square miles it has occupied under a disputed lease since 1903, following the Spanish-American War. "We're not as big a presence as we once were," one tour guide, Cpl. Denis R. Espinoza, who is 22, said earlier this year. "But we're still here, and we're going to stay."

In the Land of Unsubtle Metaphors that is Guantánamo Bay, the message of the tour is transparent: the United States fought a dangerous, implacable enemy here once before, in another war that seemed without end. Had we not held our ground then, the argument goes, the world might now be a darker place.

Despite the intense criticism it has drawn, the detention camp at Guantánamo has proved one of the more resilient institutions of the Bush administration's fight against terror. It has weathered a 2004 Supreme Court decision that allows prisoners to challenge their detention in the federal courts. Scandals over the abuse of the detainees have come and gone, but Guantánamo has endured.

When President Bush announced broad changes in policies for the detention and prosecution of terror suspects on Sept. 6, he said the government "will move toward the day when we can eventually close the detention facility at Guantánamo Bay." But by sending 14 important C.I.A. captives there and pushing to try prisoners before reconstituted military tribunals, he appeared to be extending the life of the detention center for the foreseeable future. Even if many more detainees are sent home and dozens are tried, administration officials acknowledged, the United States could easily end up with 150 or 200 others whom it would want to hold indefinitely and without charge. As to how the military should treat such men, Washington offered only the most general guidance.

What impact the C.I.A.'s prisoners might have on the camp's operations is unclear. Already, though, Guantánamo has been the scene of an extraordinary struggle between the detainees and their guards. Only a few episodes of this conflict have come to light, like the suicides of three prisoners in June. But what has hardly been glimpsed is the dynamic that developed as military officers tried to deal more closely with the detainees, easing the harsh conditions in which they have been held and asking for compliance in return.

This article presents a view inside the prison based on interviews with more than 100 military and intelligence officials, guards, former detainees and others. It shows that as pressure built among the prisoners and some threatened even to kill themselves in protest, Bumgarner and other guard officers — acting as much on instinct as policy — took surprising steps to contain the upheaval.

That experiment illuminates the challenge the United States faces in continuing to detain indefinitely some 460 men at Guantánamo, only 10 of whom have been formally charged with crimes. Perhaps not surprisingly, the military has sought to keep what has taken place there under wraps. Asked recently about his dealings with the detainees and those of his staff officers, General Hood would respond only through an Army spokesman, saying, "Operational security precludes any public discussions that could potentially jeopardize the lives of detainees or the security force at Guantánamo."

Rather than making Guantánamo go away, the administration has tried to make it smaller and less objectionable. The ruins of Camp X-Ray, the provisional facility where the first prisoners were held in cages, are slowly being swallowed by the jungle. Tour guides display them as proof of Guantánamo's progress. Inside the existing camp, a barricaded precinct of the quaint, 50's-era naval base where off-duty soldiers play softball and stop to eat at McDonald's, the guides point out Camp 6, a new $30 million facility modeled after a county jail in southern Michigan.

But the detainees have long memories, and the portraits drawn by those who have been released — sometimes horrific, often impossible to verify — have shaped global perceptions in ways that the Bush administration has been unable to overcome. Their stories have been set down in books, films, plays and raps, most of which depict an Orwellian world that is by turns brutal, calculated and inept.

"Every country has its own way of torturing people," Rustam Akhmiarov, a 26-year-old Russian who was arrested in Pakistan and ended up in Guantánamo, told me after his release. "In Russia, they beat you up; they break you straightaway. But the Americans had their own way, which is to make you go mad over a period of time. Every day they thought of new ways to make you feel worse."

Over the last two years, human rights groups and the International Red Cross have noted some improvements. Hood said that the use of more extreme interrogation methods was curtailed within months of his taking command, around the time that the Abu Ghraib scandal became public. Yet the larger questions that indefinite detention at Guantánamo raises — how to forestall the radicalization of the detainees; how to control men who have only the slimmest hope of freedom — have never been resolved by senior policy makers. They have been left to military officers on the ground.

III. Out of the Dark Ages

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As Colonel Bumgarner landed at Guantánamo in April 2005, he sensed that the military was in the midst of what he called "sort of an effort to normalize things." The Pentagon wanted to streamline the guard operation as part of a push toward a more modern, less labor-intensive detention facility. It also wanted to present a more humane face to the world. Both goals required lowering the level of conflict within the camp.

After his first briefing from Hood, Bumgarner put the printout of the Geneva Conventions on his desk and left it there. "I had my staff look at it," he said. "For me, it was the only black-and-white piece of something that I could reach out and grab for guidance."

At that point, White House officials were still opposed to adopting even the most basic Geneva standard for the treatment of prisoners, a provision that bans "outrages upon personal dignity, in particular humiliating and degrading treatment." Bumgarner considered such issues above his pay grade. He tried to deal with the detainees man to man. "Human beings are human beings," he said in one of a series of conversations. "I always think that I can deal with anybody. I feel like dialogue can't hurt."

Weeks before he would meet the Saudi prisoner Shaker Aamer, Bumgarner came across a tall, wild-eyed detainee who was screaming at the guards in British-accented English. It wasn't clear what his problem was, but when the colonel asked, the man quickly calmed down. "You are creating these problems by the way you are treating us," the prisoner said.

A day or two later, Bumgarner had guards deliver the man to Juliet block, a small, fenced-in courtyard beside his command center where Red Cross representatives meet with detainees at aluminum picnic tables. He asked a guard to uncuff the prisoner's hands. "It puts them in a much better mood to talk to you," the colonel explained.

Prisoner No. 590, Ahmed Errachidi, was a handsome 39-year-old Moroccan who spent 17 years in London. He worked as a chef at a string of restaurants, including the Hard Rock Cafe, before traveling to Afghanistan after the United States began bombing the country in October 2001. The military authorities accused him of belonging to a radical Moroccan Islamist group and training at a Qaeda camp in Afghanistan, charges that his lawyers have disputed. Intelligence officials told me they did not consider him a high-value detainee and noted that he had been hospitalized for manic depression. But the guards, impressed by his influence and sense of self-importance, had nicknamed him the General.

Errachidi seemed rather surprised to be sitting down with the commander of the detention group, Bumgarner told me. But in that meeting on June 6 and a second, longer one two days later, Errachidi seized the chance to inventory the prisoners' grievances: The water was foul, he said, and the food terrible. The detainees were angry about the guards' habit of walking loudly through the cellblocks at prayer times and even angrier that "The Star-Spangled Banner" sometimes played over distant naval-base loudspeakers during or right after the evening call to prayer.

The General "kept talking about 'the dark ages,'" Bumgarner would later recall. The prisoner complained, for example, that the guards often referred to the detainees in demeaning ways, calling out when they were moving a prisoner that they had "a package" ready.

"We are not 'packages,'" Errachidi told the colonel. "We are human beings."

After the first meeting, Bumgarner received a piece of paper from a guard. It was a drawing by Errachidi, a sort of map. In one corner, it showed a shaded area labeled "the Dark Ages." From there, a path wound through a thicket of obstacles. They had labels like "No 'packages,'" "Better food" and "Turn the lights down." At the end of the path, Errachidi had drawn what looked like an oasis, with water and palm trees.

Back at Bumgarner's command center, some of his staff officers wondered about the wisdom of trying to solve such complaints. They were used to their commanders walking the blocks and occasionally speaking to prisoners; they were not accustomed to sit-downs. Nor did they see why they should be the ones to pick through the Geneva provisions and suggest whether the detainees might be entitled to elect their own representatives or attend educational programs.

"We're the guys on the ground," the detention group's former operations officer, Maj. Joseph M. Angelo, told me not long ago. "So why was I making recommendations on what portions of the Geneva Conventions we should implement? That just struck me as kind of weird."

Still, the unease of Bumgarner's staff did not compare with the reaction he got from the intelligence side of the Guantánamo task force. There had long been tension between the two military units, but this time members of the Joint Intelligence Group "were furious," one staff officer recalled. There were few privileges to give out at Guantánamo, this officer and others said, and interrogators felt they should be the ones to dispense them — in return for cooperation from the detainees.

Before he deployed to Cuba, Bumgarner's military police superiors had been emphatic that he should stick to his responsibilities and leave his counterparts in military intelligence to their interrogations and analysis. Bumgarner wasn't worried about stepping out of his lane. "I run the camps," he said.

Bumgarner set about trying to solve the problems he saw. He instructed members of the guard force to stop referring to the detainees as "packages." On compliant blocks, he had guards start turning down the lights between 10 p.m. and 4 a.m. and stop

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moving prisoners during those hours to allow the detainees to sleep. To avoid disturbing their prayers, he ordered guards to place yellow traffic cones spray-painted with a "P" in the cellblock halls at prayer times. He asked his aides to see that "The Star-Spangled Banner" recording would be played at least three minutes before the call to prayer.

Another of Bumgarner's senior staff officers, Maj. Timothy O'Reilly, a reservist who is a lawyer in civilian life, began to recognize some of what he was seeing from jails and prisons in the United States. "The ultimate nirvana for anybody in law enforcement or corrections is compliance," he said earlier this year. "In order to run an effective prison, you need to have people comply with your orders, and that's no different from the smallest jail to the biggest high-security prison."

But Guantánamo was clearly unlike other prisons in one important respect: The detainees found much less incentive to obey the rules. To some, exile to the discipline or segregation blocks was a source of status and pride, military intelligence officials said. And the punishments were limited. Striking or spraying urine on a guard brought 30 days' segregation, the maximum length of any punishment under Geneva rules. There was no such thing as getting a few more years tacked on to your sentence.

In an American prison, O'Reilly and others noted, an inmate could be a sworn enemy of the prison authorities, respected among other prisoners, and still try to "run a good program" — avoiding trouble in an effort to reduce his time behind bars. At Guantánamo, compliance with the rules brought only prayer beads, packets of hot sauce, a slightly thicker mattress. It would not bring early parole.

Former detainees I met insisted that their defiance was provoked not only by their despair over their uncertain futures but also by unnecessarily harsh and arbitrary treatment from the guards. "If people's basic human rights were respected, I don't think they would have had any of these problems," said Abdul Salam Zaeef, a former Taliban cabinet minister and ambassador to Pakistan who was the pre-eminent leader of Afghan prisoners at Guantánamo before his release in the late summer of 2005. "There were no rules and no law. Any guard could do whatever they wanted to do."

Like other small, insular groups that live at the mercy of a more powerful force, the detainees have woven intricate, conspiratorial theories about their fate. In a closed world where prayer gives structure to daily life and the Koran is the one possession guards are never supposed to take away, prisoners were acutely sensitive to any perceived disrespect for their faith. But there were many other grievances. Some former detainees told me that early on, they were injected at Guantánamo with psychotropic drugs, a claim that military officials denied. Later, detainees continued to suspect hidden agents of social control in everything from the cloudy tap water to the configuration of their cells.

"Those blocks are designed so that you will not rest," says Mohammed al-Daihani, a government accountant from Kuwait who was sent home last November. "There is metal everywhere. If anyone drops anything, you hear it. If anyone shouts or talks loudly, it disturbs everyone. If there is a problem at the other end of the block, you cannot possibly rest. After two or three weeks, you think you will lose your mind."

Although the detainees came from diverse backgrounds and more than three dozen countries, there was only one real prison gang at Guantánamo. The authorities were convinced it was controlled by Al Qaeda members. An August 2002 study by the C.I.A. asserted that Qaeda detainees at Guantánamo had quickly begun "establishing cellblock leaders and dividing responsibility among deputies for greeting new arrivals, assessing interrogations, monitoring the guard force and providing moral support to fellow detainees, among other tasks." (The study was posted in July on the Web site The Smoking Gun; two officials confirmed its authenticity to me.)

Such conclusions may have been drawn from the actions of detainees like Shaker Aamer, the man with whom Bumgarner spoke for hours at the end of June. Abdullah al-Noaimi, a Bahraini student who was released from Guantánamo last November, described in interviews at his home in Bahrain in June how Aamer initially organized their cellblock through sheer force of personality. "He's always laughing and talking, very extroverted," al-Noaimi said. "He was born to be a leader."

Soon after his own arrival in Cuba, al-Noaimi recalled, Aamer rallied the detainees on the block to refuse to be weighed by the medical staff — a largely meaningless protest, he said, but one that infuriated the guards and thrilled the detainees. Eventually, he added, Aamer organized the 48-cell block into four groups of 12, with representatives for each unit and a spokesman for the block. "It's the same thing John McCain did in Vietnam," said Lieut. Col. Kevin Burk, who commanded the army's first military police battalion at Guantánamo. "You continue your resistance."

Some parts of the camp were easier to manage than others. The guards looked on the roughly 110 Afghans then at Guantánamo as relatively cooperative. They filled much of Camp 4, the newer wing where Level 1, or "highly compliant," prisoners were allowed to live in communal barracks, serving their own food and moving freely in and out of small recreation yards. Most of the rest of the Afghans were in Camp 1, for Level 2, or "compliant," detainees. Only a handful were held in Camp 5, the maximum-security area. Yet as more prisoners were released, the remainder were becoming a more cohesive group, military officials and former detainees said. They were also overwhelmingly Arab, and more likely to have endured more extreme interrogation techniques like sleep deprivation, sexual humiliation and threats.

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Several former detainees insisted that it was not Al Qaeda that bound them at Guantánamo but a common adversary. In standard prison fashion, they developed ingenious ways to organize and communicate. They attached messages to long threads from their clothing with wads of hardened toothpaste and then cast them into neighboring cells. They shouted into the plumbing to talk between floors in the maximum-security unit. And as their frustration grew, their ability to organize was brought to bear in new ways.

IV. Aamer the Hero

The hunger strike that confronted Colonel Bumgarner in mid-June 2005 escalated quickly. Of the many strikes since early 2002, few had gone far enough to prompt doctors to force-feed the detainees through stomach tubes. This time, however, there were not a handful of hunger-strikers but dozens.

As they often had before, military spokesmen dismissed the protest as a publicity bid typical of Al Qaeda-trained terrorists. Officers at Guantánamo had tabulated hundreds of incidents of what they termed "manipulative, self-injurious behavior." Privately, though, they began to discuss how to respond to a potential suicide. At the Pentagon, officials dusted off contingency plans for dealing with a body that would need prompt burial under Islamic law.

Senior members of the Guantánamo staff began to meet regularly with General Hood to monitor the strike. The chief medical officer, Navy Capt. John S. Edmondson, M.D., worried about the prospect of having to force-feed large numbers of detainees. The medical risk was relatively low, but there were other considerations. "Anytime you're doing a procedure that the patient doesn't want, it's not a place you want to be," he would tell me later. "What takes precedence? The patient's rights, or their life? It's not an easy question."

Bumgarner soon turned to Aamer, who had been on strike since around the time of their first meeting in Camp Echo. During that first encounter, he said, the prisoner had been "trying to convince me, in a very subtle way, that he could help control things in the camp." He decided to consider the proposal.

Over a couple of more conversations with Aamer, Bumgarner made his case: He wanted the detention camp to run more smoothly, to make things easier for detainees who obeyed the rules. He was prepared to move closer to the standards of the Geneva Conventions in some parts of the operation, including discipline. What did Aamer think it would take, the colonel wanted to know, for the hunger strike to end?

Aamer summarized his discussions with Bumgarner in a statement he dated Aug. 11, 2005, and later gave to his lawyer, Clive Stafford Smith. In it, he said the hunger-strikers demanded ending "the secret abuse project of Camp 5" (which he did not explain) and either bringing the detainees to trial or sending them home. Meanwhile, they wanted better medical and living conditions. Aamer wrote that the colonel promised him "that justice would come to Guantánamo at last." The prisoner, his lawyer said later, had "decided that this was a man who he could trust."

Bumgarner said he tried always to bring the talks back to what he could deliver: modest improvements in the detainees' living conditions. He said Aamer told him: "'If you can get me to go around the camps, I can turn this off.'"

There were no precedents for chaperoned consultations among detainees. But by July 26, 2005, the number of detainees refusing to eat was at 56, and doctors were becoming concerned about the health of several of them. Bumgarner decided to act. "I saw the chance to end it, and I just did it," he said.

The colonel went to see Aamer at a small hospital inside the detention camp. He was sitting on a bed, one ankle chained to the frame, surrounded by some of the other more determined hunger-strikers. According to Bumgarner, Aamer told him that several of the detainees had had a "vision," in which three of them had to die for the rest to be freed. Still, he agreed to try to persuade them to drop the protest.

Aamer agreed to suspend his own strike on July 26, his lawyer said, but was unsuccessful in persuading others. That evening or the next, Bumgarner said, he had guards retrieve Aamer from the hospital and meet him at Camp 5, the imposing maximum-security unit. Once inside the heavy doors, they went through the cellblocks one by one, as Aamer spoke with a handful of the most influential detainees.

Aamer went first to see Saber Lahmar, an Algerian-born Islamic scholar who was arrested in Bosnia in a supposed conspiracy to bomb the American Embassy in Sarajevo. (Lahmar denied any involvement in such a plot.) Trailed by the colonel and a military interpreter, Aamer continued through the tiers, crouching down to speak to a handful of others through the slots by which they received their food. His last stop was the cell of Ghassan al-Sharbi, a 30-year-old Saudi who studied electrical engineering in Prescott, Ariz. Al-Sharbi, who was later charged in the military tribunals with joining in an Al Qaeda conspiracy to manufacture bombs for attacks in Afghanistan, was reluctant to give up the strike. When he finally agreed, the others went along, two military officials said.

As they prepared to leave Camp 5, Bumgarner says, he asked Aamer if he needed to speak with some of the other hunger-strikers there as well. "No," Aamer answered matter-of-factly. "The others will put the word out."

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The colonel and his prisoner drove to Camps 2 and 3. As they entered some of the blocks — Bumgarner in his camouflage fatigues, Aamer handcuffed to a chain around his waist — the cells erupted with applause.

"He was treated like a rock star, some of the places we would go in," Bumgarner recalls. "I have never seen grown men — with beards, hardened men — crying at the sight of another man." He paused, searching for an analogy. "It was like I was with Bon Jovi or something," he said.

Former detainees who witnessed the visits recounted to me that Aamer, speaking in Arabic, proposed to end the hunger strike and explained that other detainees in Camp 5 were in agreement. In return, he said, the military authorities promised to try to resolve problems the prisoners faced and to observe parts of the Geneva Conventions.

The colonel's subordinates had grown accustomed to his hands-on style of leadership. But they worried more openly about his meetings with Aamer. The Saudi, one officer pointedly said, "has an almost hypnotic power over some people." Two others referred to Aamer as "Svengali."

Bumgarner himself struggled with Aamer's frequent demands. One morning, as Aamer was being sent off with other officers to brief detainees, he had a new one for the colonel: Now he wanted to move around without the leg shackles that were standard for detainees being transported outside their cellblocks.

"Look, Shaker, don't make a big deal out of this," Bumgarner recalled telling him. "Let's get on to the bigger thing here. I can't take you out of those shackles."

"I'm not going unless you just handcuff me," the prisoner responded.

"Shaker, don't do this to me," the colonel said. "It's just going to make it harder."

"No," he quoted Aamer as saying. "I'm not doing any of this."

Bumgarner ordered the shackles removed. The handcuffs stayed on. Aamer finally went ahead with his briefings to the other prisoners. "It was clearly a risk — not in terms of putting anybody in danger, but in terms of perception," Bumgarner told me later. "But I thought that in the end, in order to keep things going, I was going to have to do it."

Mullah Zaeef, the former Taliban ambassador, had just finished his prayers in Camp 4 when a sergeant came to his dormitory. "There is someone who wants to see you," the sergeant said. Zaeef had never had an unannounced visitor at Guantánamo before.

He found Aamer waiting. The two men had known each other in Camp 1, where they were briefly neighbors. Zaeef, who spoke Arabic, noted that many of the Arabs respected the Saudi's leadership. Aamer told Zaeef about his conversations with the colonel.

"We thought maybe they were becoming softer in their policies," Zaeef recalls. "Or we thought maybe they were trying to trick us. But we thought that we should see which one it was."

When I met him in Afghanistan almost a year later, Zaeef still seemed a bit uncertain about what had taken place. He is an elegant, professorial man who wears wire-rimmed glasses and the black silk turban favored by the Taliban. He described the episode during two long interviews in the well-guarded government guest house on the dusty outskirts of Kabul, where he has lived since returning home last September.

According to Zaeef, Aamer described a scheme of representation for the detainees that he had worked out with Bumgarner — one that vaguely echoed the Third Geneva Convention's rules for a prisoner-of-war camp. Detainees in Camp 4 were to choose two inmates to represent them, one for the Afghans and another for the rest. With guards by his side, Zaeef said he then went from one block to the next, explaining the situation. After some discussion, he was chosen by acclamation to represent all of the Camp 4 detainees. Still, Zaeef recalled, "people were very skeptical."

Nonetheless, most of the hunger-strikers suspended their protests by July 28. Disciplinary problems on the blocks eased. The mood in the camps swelled palpably, some military officials told me. Later Bumgarner would refer to this interlude as "the Period of Peace."

The colonel then turned to some of the issues the detainees had raised during their strike. He and Aamer were sitting at one of the picnic tables near his office, debating the camp food, when Aamer insisted that the detainees' meals were being poisoned.

"That's asinine!" Bumgarner said.

"I don't see you eating the stuff," he said Aamer shot back.

Over a dinner of fish sticks and fries, they began working out a solution. Not long after, Aamer sat down with the head of the mess hall, the base nutritionist and a logistics officer on the military staff. According to one officer briefed on the meeting, Aamer unfolded a piece of paper on which he had drawn up an elaborate two-week meal plan with daily suggestions for four different diets: a standard menu, a vegetarian menu, a vegetarian-with-fish option and a bland diet for older prisoners and those with intestinal problems. Two officials said Aamer's proposal eventually became the basis for a new meal plan that raised the amount of food offered to detainees each day from 2,800 calories to 4,200 calories.

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After weeks of discussion with his aides, Bumgarner also instituted a new program to simplify the discipline in the camp. Under the previous four-level system, misdeeds were punished with the loss of various "comfort items" like prayer beads and books, or stints in the discipline or segregation blocks. The system was so complicated, military officials said, that its application often seemed arbitrary.

The new plan called for all or nothing. Every detainee was restored to compliant status and issued all of the comfort items generally available, including prayer beads and bigger bars of soap. Those who broke the rules would be busted down to "basic issue," or B.I., with nothing in between. To symbolize the new order, all detainees in punishment-orange uniforms would be reoutfitted in tan.

The change might have made a dent in the prisoners' abiding sense of humiliation. The problem, some officers said, was that the plan was set in motion before enough tan clothing could be requisitioned to outfit all the detainees. Some of those left in orange complained loudly.

"We did not think that through like we were playing chess," Major Angelo said. "We thought like we were playing checkers. And that didn't work."

V. The End of Peace

A couple of days after Aamer visited Zaeef to explain the new plan for prisoner representation, a guard approached Zaeef with a cryptic message. "At 6 o'clock you are going to go somewhere," he said. At the appointed hour, Zaeef was led out of the camp and put on the rumble seat of one of the small John Deere utility vehicles used to transport detainees around the detention center and driven to Camp 1.

The guards led him to the small, fenced-in exercise yard for Alpha block, where two picnic tables had been placed. Ala Muhammad Salim, an influential Egyptian religious leader in the camp who was known as Sheik Ala, was already there. The two prisoners sat down and began quizzing each other about what was going on. Four others trickled in. They included Aamer and two of the men he met with in Camp 5: Saber Lahmar, the Algerian scholar, and Ghassan al-Sharbi, the Saudi engineer. The sixth was Adel Fattoh Algazzar, a former Egyptian Army officer with a master's degree in economics. Bumgarner did not attend the meeting, but when all of the detainees were seated, his deputy arrived with two other officers. Al-Sharbi acted as the Arabic interpreter.

According to other officers I spoke with, the deputy delivered a simple message: The six were being asked to provide their input on how to improve conditions in the camp. Each of the detainees responded in turn.

"Do not mistreat us anymore," Zaeef recalled saying. "Be respectful of our religion and our Koran. Respect us as human beings, because we are human beings. If we are criminals, take us to court. But if we are innocent, let us go."

News of the meeting buzzed through the camp. Right away, several former detainees said, the prisoners began to debate what was taking place. "We had never talked to the colonels before," Abdulaziz al-Shammari, a Kuwaiti teacher, said. "But this Bumgarner came around all the time, wanting to negotiate with us."

The younger detainees pressed Aamer to push past the matter of living conditions and focus on their demands for trial or release. "The shabab said to him, 'We must not go only for the small things; we should go to the core issues,'" al-Shammari said, using the Arabic word for "young people" or "youth."

Mohammed al-Daihani, the Kuwaiti accountant, now released, said that soon after the colonel and Aamer visited his cellblock, Ahmed Errachidi, the Moroccan known as the General, challenged others there to analyze the possible motives of their captors. "He said: 'Why is a colonel from the most powerful country in the world coming to negotiate with the detainees? They must be under some kind of pressure.'"

The skeptics on Bumgarner's side were also growing more vocal. "I was one of the few who thought we should let the leaders come talk to us," the colonel acknowledged. Hood was clearly uneasy with the negotiations, other officers said. He told aides not to refer to the six as "the council," as the detainees did. Still, several officers emphasized, the talks would never have gone forward if Hood had not approved them.

On the evening of Saturday, Aug. 6, shortly after the council's first meeting, the colonel convened the six again, officers said. This time, he sat with the group himself. Aamer had insisted that they should not be handcuffed or shackled. "These are leaders," he told the colonel.

Bumgarner agreed, and the handcuffs were removed. Guards armed with pepper spray stood by, while an immediate-reaction team waited just out of sight. The colonel later summarized his introduction thusly: "You're here. I'm here. You've got my attention. Tell me what the grievances are, and we'll work through them." He added, "This place ain't going away, so we might as well make the best of it."

As Zaeef recalled the encounter, Bumgarner made several promises: He would allow the circulation of religious books among the detainees and try to resolve problems that arose with the guards. He would assure that the prisoners' food was "adequate." Zaeef said the most important thing the colonel pledged was to send another official who would be able to speak

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with the detainees about their "future." Bumgarner said he promised only that guards would act "in the spirit of the Geneva Conventions" and that he would see that Guantánamo's discipline was consistent with its terms.

On the following Monday, the officers said, the six detainees were allowed to meet alone in the fenced-in yard. A pair of military interpreters were positioned nearby to monitor their conversation, officers said. According to both Zaeef and military officials, the detainees began using pens and paper they had been given to write notes. An officer observing the meeting interrupted them: they were not to pass notes, he said. When they insisted on confidentiality, he stepped forward again. But as the officer moved to confiscate the notes, some of the detainees popped them into their mouths and began chewing.

Hood pronounced the experiment over. "'This group is not meeting anymore,'" the colonel recounts him saying. "'And you are not going to be meeting with them anymore.'"

The "period of peace" came to an abrupt end. According to various sources — military officials, former detainees and Aamer's lawyer, Clive Stafford Smith — the detainees were also angered by a few incidents that had taken place over the weekend before the second council meeting. In one case, a prisoner had been forcibly extracted from his cell, only to sit waiting for hours to be interrogated. In another, the questioning of a slight Tunisian detainee by a much larger criminal investigator ended in a violent scuffle involving a cut nose, the possible hurling of a mini-refrigerator and the investigator's being ordered off the island.

A couple of days after the negotiations were shut down, officials said, a riot broke out in Camps 2 and 3. Dozens of detainees tore up their cells, wrenching foot pegs from their toilets and using them to try to pry loose the mesh that separated them. Guards were pulled from the tiers and deployed to surround the perimeter of the blocks. Water and electricity were shut off, and Bumgarner finally got on a bullhorn with an Arabic interpreter to persuade the detainees to be escorted from their ruined cells. The repairs took weeks.

The guard officers were unsure what the detainee leaders had been up to. According to military and intelligence officials, there were indications that Aamer and al-Sharbi had been at odds. Al-Sharbi, the accused Al Qaeda bomb maker, once told a military review panel it was his "honor" to be classified as an enemy combatant, declaring, "May God help me to fight the infidels!" Paradoxically, he was believed to be the more pragmatic negotiator, urging that the detainees try to improve conditions in the camp. But Aamer, who had denied any involvement in militant activities, took a different position. According to the officials, he argued more directly that the detainees should use the talks to pressure the military into either trying them fairly or setting them free.

Aamer told his lawyer the military had "sadly betrayed its word on every occasion a promise has been made." He blamed the colonel personally. At the time, Bumgarner said, he felt similarly betrayed. But when he recounted the story months later, he sounded merely disappointed. "We almost liked each other," he said of the two Saudis, Aamer and al-Sharbi. "I shouldn't say we liked each other, but when we spoke together, there was no animosity."

By mid-August, the hunger strike that military commanders thought they had resolved was picking up strength. Complaints about living conditions were de-emphasized, military officials and lawyers for the detainees told me. Instead, the prisoners focused on their future legal status. The renewed protest hit a peak just after Sept. 11 of last year, with 131 prisoners refusing meals for at least three straight days, officials said.

Many of the officers doubted that the protesters were willing to take their own lives. Islamic law strongly forbids suicide. Abdulaziz al-Shammari, the Kuwaiti teacher who was one of the most frequent hunger-strikers, said he never considered taking his own life. "We saw that they would not let us die," he said of the military doctors. "This was merely the most extreme side of the protests."

Al-Shammari, who has a university degree in Islamic law, was one of a half-dozen more learned detainees to whom others turned for religious rulings on countless problems of their captivity. He said he knew of no relevant exceptions to the prohibition against suicide.

Two officials familiar with intelligence reporting from Guantánamo said that sometime in the late summer of 2005, Saber Lahmar, the Algerian religious leader who served on the six-man council, told other detainees of a fatwa that said it was lawful to take your own life in order to protect state secrets or to defend the common good. Other detainees spoke about the prophetic dream that Shaker Aamer mentioned to Bumgarner, in which three prisoners had to die for the rest to be free, the officials said.

As doctors began to tube-feed the more recalcitrant hunger-strikers, the strike consumed the medical staff. Specialists were flown in from naval hospitals in Florida. Most of the detainees maintained their weight at above or near 80 percent of their so-called ideal body weight. But as the strike dragged on, several slipped below 75 or even 70 percent of that measure, doctors said.

For detainees who obeyed the rules, the military offered new perks. Exercise time was extended once more. On Hood's instructions, Gatorade and energy bars were given out during recreation periods. Wednesday became pizza night. Guard officers suggested soccer and volleyball tournaments to the compliant detainees in Camp 4. The detainees came back asking that a

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prize — two-liter bottles of Pepsi — be awarded to the winners. (The detainees disdained Coca-Cola, guards said.) Before the games could begin, however, the detainees changed their minds, the officers said. They had concluded that the contest was a scheme by the military to divide them.

While increasing the incentives for compliance, the colonel also tried to clamp down on disruptive behavior. The segregation and discipline blocks were overhauled. The rules became stricter, the guards tougher. When detainees in segregation tried to shout to one another through the walls, the guards were to turn on large, noisy fans to drown them out.

Worried about Shaker Aamer's influence, Bumgarner also took an unusual step. In September, he had Aamer moved to Camp Echo, where he would be even more isolated than he would be on the segregation blocks. But Bumgarner did not cut off contacts with the detainee leaders entirely. He approached Zaeef to assure him that he wanted to continue to improve things for compliant detainees. He also developed a rapport with Ghassan al-Sharbi.

Al-Sharbi was described by people who know him as an intelligent, almost ethereal man from a wealthy Saudi family. (In an appearance before a military tribunal, he sat placidly with his hands folded at the defense table and told the presiding officer in plain English: "I'm going to make it easy for you guys. I fought against the United States.") The colonel said he found al-Sharbi a useful interlocutor and met with him repeatedly. After August, he never spoke with Aamer again.

The guard officers saw some indications that the tougher approach was working. The number of detainees in the discipline and segregation blocks fell substantially. Only later did the officers begin to suspect that the more combative detainees were so focused on the hunger strike that they had little energy for other protests.

VI. The Suicides

To some of Colonel Bumgarner's officers, it seemed that the latest group of hunger-strikers were being allowed to get too comfortable. They had hospital beds, air-conditioning, attentive nurses and a choice of throat lozenges to ease the pain of their feeding tubes. The arrangement also allowed some of the hospitalized detainees to communicate relatively easily.

By late November, while many of the strikers were maintaining their weight, four or five of them were becoming dangerously malnourished, Dr. Edmondson said. By sucking on their feeding tubes, they had figured out how to siphon out the contents of their stomachs. Others simply vomited after they had been fed.

On Dec. 5, the guard force ordered five "restraint chairs" from a small manufacturer in Iowa. If obdurate detainees could be strapped down during and after their feedings, the guard officers hoped, it might ensure that they digested what they were fed.

Days later, a Navy forensic psychiatrist arrived at Guantánamo, followed by three experts from a Bureau of Prisons medical center in Missouri. Bumgarner said the visitors agreed with him that the strike was a "discipline issue": "If you don't eat, it's the same as an attempted suicide. It's a violation of camp rules." In addition to feeding prisoners in the chair, some of the more influential hunger-strikers were sent off to Camp Echo with the hope of weakening the others' resolve. The number of strikers, which was at 84 in early January, soon fell to a handful.

Lawyers for the detainees were appalled. The lawyers quoted their clients as saying detainees had been strapped into the chairs for several hours at a time, even as they defecated or urinated on themselves. The doctors told me later that they had run out of options. "I would have preferred to have waited," said Dr. Edmondson, the chief base physician, who other officials said opposed the restraint chairs. But he added, "I seriously believed that we were going to lose one of those guys if we didn't do something different."

In the spring of 2006, General Hood and Colonel Bumgarner were suggesting that the mood at Guantánamo had turned. A handful of hunger-strikers were still at it — a few young Saudis and Yemenites, and Ghassan al-Sharbi. But the officers saw them as zealots whose threat to the smooth operation of the camp could be controlled. Otherwise, disciplinary infractions and attacks on the guards were down, they said, and many of the detainees were responding positively to new incentives for good behavior.

In an interview in late March, Hood said he believed that many young Arab detainees — sheltered, passionate young men who had gone to Afghanistan to fight what they thought would be a noble jihad — were beginning to see the light. They hadn't been radicalized at Guantánamo, he insisted. Rather, as conditions at the camp had improved, their preconceptions about Americans had worn away. "They discover, 'You guys aren't so bad.'"

"I think the hard-core people have lost ground over the last four years," Hood said. "They are clearly losing ground."

As he prepared to turn over his command in April to Rear Adm. Harry B. Harris Jr., Hood was upbeat about the future. "We are going to establish the most world-class detention facilities, and we are going to show the world that we're doing this right," he said. "Every provision of the Geneva Conventions related to the safe custody of the detainees is being adhered to. Today at Guantánamo — and, in fact, for a long time — the American people would be proud of the discipline that is demonstrated here."

Six weeks later, as guards in Camp 1 patrolled one of the blocks, they came upon a detainee comatose in his cell and frothing at the mouth — symptoms of an apparent overdose. "Snowball" — the guards' radio code for a suicide attempt — was called out over and over. In all, five detainees were found to have ingested medication that they and others had hoarded, and

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guard officers concluded that at least three were making serious suicide attempts. (Military spokesmen said that only two had really tried to kill themselves.)

Later that afternoon, May 18, a riot broke out among the "highly compliant" detainees in Camp 4 as guards moved to search their dormitories — and their Korans — for pills and other contraband, officials said. Detainees in one block of the camp set on guards who stormed their barracks after another guard saw a staged hanging and mistakenly called out "blizzard," the code for multiple suicide attempts. The guards' quick-reaction force fired rounds of rubber bullets and voluminous blasts of pepper spray to contain the disturbance.

Doctors later determined that the detainees had ingested sleeping pills, antianxiety medication and antipsychotics — whatever they could get their hands on. Since none of the men had been prescribed the medicines they took, it was evident that other detainees had colluded in the plan. (A cache of about 20 more pills was later found in one prisoner's prosthetic leg.) Still, the military authorities seemed uncertain how to respond.

Some officials recalled the detainees' premonition about three of them having to die. The medical staff tried to more closely monitor detainees with mental-health problems. But that screening apparently did not factor in the possibility that the men might have been determined to kill themselves for other reasons — like loyalty to a cause.

Sometime before midnight on June 9, three young Arab men, who were being held near one another in a single block of Camp 1, moved quietly to the backs of their small cells and began to string up nooses that had been elaborately made from torn linens and clothing. The bright lights had been turned down for the night. Still, the prisoners had to work quickly: guards were supposed to walk the block every three minutes.

After anchoring the nooses in the steel mesh walls of their cells, the three — Mani al-Utaybi, and Yasser Talal al-Zahrani, both Saudis, and Ali Abdullah Ahmed, of Yemen — piled clothing under their bedsheets to make it appear that they were asleep. They stuffed wads of fabric into their mouths, either to muffle their cries or perhaps to help themselves suffocate. At least one of the men also bound his legs, military officials said, apparently so he would not be able to kick as he died.

With the nooses pulled over their heads, the prisoners slipped behind blankets they had hung over the back corners of their cells and stepped onto their small, stainless-steel sinks. The drop was short — only about 18 inches — but adequate. By the time they were discovered, doctors surmised, the men had been asphyxiated for at least 20 minutes and probably longer. Military and intelligence officials said it appeared that the other 20-odd prisoners on the block knew that the suicides were being prepared. Some may have prayed with the men, the officials said, and a few may have assisted in carrying out the plan. What is certain is that in contrast to most previous suicide attempts at the camp, none of the detainees made any effort to alert the guards.

When doctors reviewed their files on the three men, they found that none of them had shown signs of depression or other psychological problems. All three had been on hunger strikes — one of them since the previous August — and at least two of them had been evaluated when they abandoned their protests. One doctor recalled one of the men telling him brightly: "I'm sleeping well. I feel well. No problems."

What the men hoped to communicate by their deaths may have been contained in brief notes they left behind in Arabic. The notes have not been made public, and a Navy investigation into the suicides continues. But military leaders at Guantánamo were not waiting on its outcome. They concluded immediately that the suicides were a blitzkrieg in the detainees' long campaign of protest. At a news conference hours after the suicides, the new Guantánamo commander, Admiral Harry Harris, described them as an act of "asymmetric warfare."

VII. Tightening Up

I sat down with Colonel Bumgarner one blazing afternoon in late June, as he was preparing to give up command. He looked tired and stressed, and slumped into a chair in his small, cluttered office. As Shaker Aamer did the previous summer, Bumgarner used words like "trust" and "betrayal." Bumgarner, at the time we spoke, was briefly suspended from duty while the military investigated whether he improperly disclosed classified information to a North Carolina newspaper reporter who, around the time the suicides occurred, had been in Bumgarner's headquarters reporting a feature article on the colonel from Kings Mountain. (He was absolved of any wrongdoing.) But he seemed more worried by something else: Had he completely misunderstood the prisoners he was trying to reach?

"We tried to improve their lives to the extent that we can — to the point that we may have gone overboard, not recognizing the real nature of who we're dealing with," he said. "I thought they had proven themselves. I'm ashamed to admit it, but I did not think that they would kill themselves."

Bumgarner said he could not discuss the suicides because of the Navy's continuing investigation. But several officials said that the three detainees had taken advantage of some of the colonel's quality-of-life reforms, including the nighttime dimming of lights and the availability of extra clothing. There were also indications that Ghassan al-Sharbi, the colonel's onetime interlocutor, had helped plan the suicides, two of the officials said.

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Looking back, Col. Kevin Burk, the commander of the military police battalion, said: “With any population like this, you’re going to have a battle. It wasn’t like we were all going to ‘Kumbaya’ together. But we were trying to find that middle ground, where the tension in the camp would even out. As far as we could see, no one had really tried to find that equilibrium before.”

It is unclear if or when the military might try again. By most appearances, Guantánamo has been tightening up. Since the May riot and the suicides, the military has increased security to prevent further disturbances or deaths. In its ruling on the military tribunals in June, the Supreme Court left the government no choice but to abide by the minimum standards of treatment contained in the Geneva Conventions. But what other privileges and freedoms the detainees are allowed may come even more into question as the Guantánamo population is winnowed down to a harder core and joined by the most notorious terror suspects captured by the C.I.A.

One hint of Guantánamo’s future may lie in the retrofitting of Camp 6, the brand-new medium-security facility that was to have opened this summer. Until this spring, the new camp was to embody the sort of conditions Colonel Bumgarner and other officials had hoped to institutionalize, with spaces for communal meals and larger recreation areas where compliant detainees could play soccer and other sports. After the riot and the suicides, the camp was substantially remade. When it eventually opens, military officials said, it will look somewhat more like Camp 5, the maximum-security unit down the road.

Don't Jettison Geneva Conventions, Ex-POWs Say (FLSUNSEN)

By Howard Goodman

South Florida Sun-Sentinel, September 17, 2006

Morton Brooks was only 19 when captured by German soldiers in World War II.

The Germans herded him up with 80 other American soldiers who were Jewish, like Brooks -- and another 270 who looked Jewish or were otherwise "undesirable," the Germans thought.

They were shipped by cattle car to a satellite of the notorious Buchenwald death camp called Berga. They were put to work as slave laborers: mining tunnels for a planned underground factory.

"When we brought up the Geneva Conventions," says Brooks, "they laughed in our faces."

It was a chapter of the war that lay buried for years, a story of soldiers who were treated more like Holocaust victims than captured combatants.

They were denied their rights as prisoners of war. Starved. Brutalized.

Down to 140 men, weakened from lack of food, they were sent on a death march as the Allies closed in on Germany, Brooks said. Their ordeal ended only with liberation.

Brooks had been imprisoned four months, and he weighed no more than 75 pounds. But he was alive.

"Forty percent of our group died," Brooks says.

A retired psychologist, he now lives in Boynton Beach.

Larry Treff, also of Boynton Beach, was only 20 years old when he was put in charge of 42 men during the Allied push into Germany.

Treff was leading his platoon up a hill when machine-gunned, hit twice in the leg and captured by Germans. Behind their lines, he was nearly killed in a U.S. artillery bombardment that was "the most horrible 10 minutes of my life."

Mel Pollack, of Delray Beach, spent almost six years in captivity after his fighter jet was shot down in 1967.

He was held at the notorious "Hanoi Hilton" prison, where the beds were concrete and the captors were vicious.

He was a cellmate of the future senator, John McCain, a man he admires immensely.

"He fought the North Vietnamese with his crutches," Pollack said.

On Friday, the three bowed their heads in memory of men who didn't make it. They saluted as they said the Pledge of Allegiance and never hesitated to say "under God." They shook hands with their thinning ranks of fellows.

It was National POW/MIA Recognition Day, and about 35 people gathered in the chapel of the VA Medical Center in West Palm Beach.

Fifteen had been prisoners of war in the Second World War. Two were held during the Vietnam War. Along with the white hair and polo shirts, there were erect postures in that room.

And a lot of courage.

"Through their strength and perseverance," Pamela McFrederick, a VA social-services supervisor, said in apt remarks of tribute, "They give the rest of us hope."

We live in a complicated time, when the Bush White House is pressing for permission to loosen time-honored rules regarding our treatment of war captives.

There's some logic to this. As Bill Acuri, a Vietnam POW, noted, the Geneva Conventions make sense in terms of opposing armies. "And the terrorists don't have an army."

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But Treff, who felt lucky to spend only 17 days as a captive in an impoverished German hospital before the war ended, says the United States must treat prisoners of war "with dignity and not abuse them."

Prisoners "must be interrogated toughly," Treff said, but never tortured. Brooks, who suffered so greatly at Nazi hands, concurred.

"The experts say that when you torture, you don't get adequate information anyway," he said.

And Pollack, who knows first-hand the brutal realities of war, says the United States must resist the calls to jettison the Geneva Convention on the humane treatment of war prisoners.

"If we abandon it," Pollack says, "then everybody is going to do it against us."

Call me crazy, but I trust ex-POWs on this more than a president and vice president who never were imprisoned and never went to war.

Howard Goodman's column is published Tuesday, Thursday and Sunday. He can be reached at hgoodman@sun-sentinel.com or 561-243-6638.

Who, Exactly, Is A POW? Museum Exhibit Asks Visitors To Think On It (AJC)

The Atlanta Journal-Constitution, September 17, 2006

Andersonville — His captors branded him a war criminal, but for the more than seven years Bill Robinson spent in North Vietnamese prison camps, he knew exactly what he was: a prisoner of war.

"When you wear the uniform of your country and are held by a foreign government, you are in a POW status," said Robinson, a retired Air Force captain from Madisonville, Tenn., who frequently comes to the National POW Museum here to talk to visitors about his experiences.

The question of who was a POW, and who was not, once seemed to have a relatively easy answer.

But the wars in Iraq and Afghanistan have made that answer less clear. The only two service members unaccounted for since the Persian Gulf War, Navy Capt. Scott Speicher and Army Staff Sgt. Matt Maupin, are referred to by their own government as "missing/captured," not as POWs.

On Friday, National POW/MIA Recognition Day, officials at the infamous Civil War prison camp here opened a new exhibit posing the question: "Who is a POW?"

Fred Boyles, superintendent of the Andersonville National Historic Site, said the exhibit is an expansion of a portion of the POW Museum.

"What this exhibit seeks to do is to ask our 150,000 annual visitors to ponder this question, which is often difficult to answer," Boyles said.

The confusion over who is a POW and who is not dates back to the Revolutionary War, Boyles said, when Americans captured while fighting the British were considered war criminals and not legitimate prisoners.

It remains an issue of debate as the U.S. government struggles with its definition of those captured in the wars in Iraq and Afghanistan, and the Americans still unaccounted for there.

The fact that the U.S. government has virtually abandoned the designation POW has raised the ire of some former POWs and activists who are keeping alive the issue of missing Americans from all wars.

"It diminishes the focus on the issue of prisoners of war and missing in action. It makes it sound like those people are not missing or unaccounted for," said JoAnne Shirley of Dalton, chairman of the board of the National League of POW/MIA Families.

Shirley, whose brother, Air Force Maj. Bobby Jones, is unaccounted for in Vietnam, said more than 1,800 service members are still missing in Southeast Asia, some of whom were known to be alive when captured.

Larry Greer, spokesman for the Pentagon's POW/MIA office, said the terminology "prisoner of war" was one used by the Geneva Conventions and other nations, not the Pentagon.

"The distinction is that missing/captured is a Department of Defense term," Greer said. "To the layman, it means the same."

Not so, said Lynn O'Shea, director of research for the National Alliance of Families, a POW/MIA activist group.

"When you don't give [a prisoner] the designation that the international community under the Geneva Conventions gives, we're just diminishing the value of our captured personnel if we can't say the words 'prisoner of war,' " she said.

O'Shea said there are literally tens of thousands of pages of Pentagon documents from the Vietnam War that frequently refer to America's POWs. And, as recently as the 2003 invasion of Iraq, the Pentagon referred to captured Americans, including Pfc. Jessica Lynch, as POWs.

"We've been trying to get the Defense Department to acknowledge the reality that when the enemy parades a battered serviceman or woman on TV, it is an insult to call him or her missing/captured and not a prisoner of war," O'Shea said.

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Speicher, a Navy pilot, was shot down the first day of the Gulf War in 1991. Originally listed as Killed in Action/Body Not Recovered, his status was changed late last year to missing/captured when accumulated evidence indicated he may have survived the shootdown and been taken prisoner by Iraqi forces.

"There were intelligence reports that seemed to give enough credence to doubts for the secretary of navy that he was killed in action," Greer said of the reason for the change.

"We still have people on the ground investigating where he might be," he added.

Maupin, an Army Reservist, was captured by insurgents in April 2004 when his convoy was ambushed near Baghdad.

A few weeks later the Arabic television network Al-Jazeera showed a video of Maupin in captivity. Later, another video was aired in which a group calling itself "The Sharp Sword Against the Enemies of God and His Prophet" claimed to have executed Maupin.

Greer said there are also teams in Iraq still looking for Maupin, but declined to provide any information about their progress.

"In the case of Matt Maupin, it's a different environment. It's not a nation-state holding him, so we use the term missing/captured," Greer said.

While Article 4 of the Geneva Conventions has an extensive list of those who should be considered a POW, there is no mention of the status missing/captured.

"This missing in action/captured is very impersonal," O'Shea said. "You don't have to explain prisoner of war to anybody. But if you say missing in action/captured, what does that mean?"

Retired Army Col. Ben Purcell of Clarkesville, who spent more than five years in North Vietnamese prison camps, said he never considered himself anything other than a POW, despite the best efforts of his interrogators to convince him otherwise.

Eventually, Purcell said, "I became a prisoner at war. I argued with my interrogators, I went on hunger strikes and I tried to escape."

But, he said, he found strength in knowing he was a POW and should have been treated according to the articles of the Geneva Conventions.

Boyles said the new $80,000 exhibit might explode a few myths and start a few arguments over the definition of POWs.

For example, of the 52 Americans held hostage at the U.S. embassy in Tehran in 1979, only 13, the uniformed Marine security guards, were considered POWs.

And Francis Gary Powers, the U-2 pilot shot down and imprisoned in the Soviet Union in 1960, initially was not considered a POW because he was working for the CIA. Later, when it was discovered he also had an Air Force mission, his designation was changed.

The issue of who is a POW, Boyles said, "is something I've been scratching my head over for a long time."

Bush Fails To Recapture The Nation's Post-9/11 Unity (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 17, 2006

It's a truism that the world of Sept. 10, 2001, is gone, vaporized in the attacks of the next day.

But the world of Sept. 12 is gone too.

In the aftermath of Sept. 11, Americans came together in shock and sorrow and resolve. Members of Congress, from both parties, symbolized that powerful connection when they stood on the Capitol steps and sang "God Bless America" hours after the attacks.

Last week, on the fifth anniversary of Sept. 11, they tried that again. Not that many legislators showed up. The ones who did couldn't decide whether they wanted to hold hands. The whole thing fizzled out.

The symbolism couldn't be much plainer. The national unity that emerged from the rubble of New York's twin towers is gone too. Even President Bush's nationally televised speech commemorating the attacks, a surprisingly pointed defense of his decision to invade Iraq, drew angry criticism from Democrats who said he politicized the anniversary.

Across the range of national security issues, the two parties now agree on virtually nothing. The war in Iraq is dividing Congress and the country more than any military commitment since Vietnam. Full-scale confrontations between the White House and most Democrats joined by some Republicans are gathering over the rules for the warrantless National Security Agency wiretapping Bush authorized in 2001 and the procedures for bringing to trial detainees in the war on terrorism.

These conflicts hardly seem remarkable in an era when the two parties wage political war about almost everything. And yet from other angles, the degree of division over national security five years after Sept. 11 is extraordinary.

The struggle against Islamic radicalism is not like the Vietnam War, when a meaningful share of Americans questioned our stake in the outcome. Virtually all Americans recognize the nihilism symbolized by Osama bin Laden as a threat to our values

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and interests. In that specific sense, the fight against Islamic extremism is much more like World War II, when almost all Americans condemned the goals, methods and beliefs of our fascist enemies.

Given that starting point, it was not inevitable that America would divide so sharply over the strategy for combating that enemy. Looking back, there's plenty of blame to go around. Bush's decision to invade Iraq amid ambivalence at home and widespread resistance abroad was obviously a critical fork in the road.

Looking forward, there's no question that Bush has the greatest opportunity to bridge today's divisions. The president sets the tone for America's debates, especially on foreign policy. Except for the period immediately after Sept. 11, Bush simply hasn't placed a high priority on establishing consensus for his national security strategy.

It's easy to understand why he felt a sense of urgency and mission about constructing a comprehensive response to the threats that crystallized on that late-summer's day five years ago. But by pursuing a course that concedes so little to contrasting views, Bush has dissipated one of any democracy's greatest assets: a united sense of purpose. He has also virtually ensured that America will reopen almost all of his decisions as soon as he leaves office. A narrow consensus is rarely a lasting one.

In his various remarks last week remembering the Sept. 11 attacks, Bush — as he has before — invoked Presidents Franklin D. Roosevelt and Harry S. Truman. But Bush still shows no indication of having learned from their approach to building domestic support for foreign policy.

As America moved into World War II, Roosevelt named Republican Henry Stimson, President Hoover's secretary of State, as his secretary of war. He also tapped Frank Knox, the Republican vice presidential nominee in 1936, as his secretary of the Navy. And FDR sent Wendell Willkie, his GOP opponent in 1940, on a global goodwill mission.

After the war, Truman built bipartisan support in Congress by consulting exhaustively, and compromising regularly, with Republican Sen. Arthur Vandenberg of Michigan over every aspect of America's emerging strategy for the Cold War. They built a consensus broad enough to endure: Truman's strategy of containment guided American policy for more than 40 years.

Neither Roosevelt nor Truman was a saint. Both sought to squeeze political advantage from their role as commander in chief. But they set boundaries on the mingling of war and politics. When Edward J. Flynn, the Democratic National Committee chairman, suggested in 1942 that a Republican takeover of the House might hurt the war effort, Roosevelt publicly rebuked him.

Bush has set a very different tone. He has provided Democrats and even skeptical Republicans little voice in shaping his national security strategy. Bush has also shown himself to be willing, even eager, to frame national security debates in ways that maximize their political impact. In 2002, Congress spent the last weeks before the midterm election arguing over guidelines for the Department of Homeland Security and authorization for the use of force in Iraq. Now the White House is pressing Congress to act on the NSA surveillance and the detainee trials just weeks before another critical election.

Let's be clear. Debate is good. Argument is healthy. In a democracy, dissent is not only a right, but an obligation, especially during wartime. It's pointless to deny the presence of genuine disagreements. But after all the arguments have been raised, all the dissent and disagreements aired, and all the debates conducted, political leaders' responsibility is to build a consensus most of their citizens can accept.

Both parties have failed that test too often since Sept. 11. But the president has the greatest opportunity to create that consensus and so he bears the greatest responsibility for its absence. The hole in the skyline of Lower Manhattan, and in the hearts of many Americans, is now matched by the tear in the sense of common purpose that inspired so much of the country five years ago.

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How The Presidency Regained Its Balance (NYT)

By John Yoo

The New York Times, September 17, 2006

Berkeley, Calif.

FIVE years after 9/11, President Bush has taken his counterterrorism case to the American people. That's because he has had to. This summer, a plurality of the Supreme Court found, in Hamdan v. Rumsfeld, that Congress must explicitly approve military commissions to try suspected terrorists. So Mr. Bush has proposed legislation seeking to place the tribunals, and other aggressive antiterrorism measures, on a sounder footing.

But the president has broader goals than even fighting terrorism — he has long intended to make reinvigorating the presidency a priority. Vice President Dick Cheney has rightly deplored the "erosion of the powers and the ability of the president of the United States to do his job" and noted that "we are weaker today as an institution because of the unwise compromises that have been made over the last 30 to 35 years."

Thus the administration has gone to war to pre-empt foreign threats. It has data-mined communications in the United States to root out terrorism. It has detained terrorists without formal charges, interrogating some harshly. And it has formed

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military tribunals modeled on those of past wars, as when we tried and executed a group of Nazi saboteurs found in the United States.

To his critics, Mr. Bush is a "King George" bent on an "imperial presidency." But the inescapable fact is that war shifts power to the branch most responsible for its waging: the executive. Harry Truman sent troops to fight in Korea without Congressional authority. George H. W. Bush did not have the consent of Congress when he invaded Panama to apprehend Manuel Noriega. Nor did Bill Clinton when he initiated NATO's air war over Kosovo.

The Bush administration's decisions to terminate the 1972 antiballistic missile treaty and to withdraw from the International Criminal Court and the Kyoto accords on global warming rested on constitutional precedents going all the way back to Abraham Lincoln.

The administration has also been energetic on the domestic front. It has re-classified national security information made public in earlier administrations and declined, citing executive privilege, to disclose information to Congress or the courts about its energy policy task force. The White House has declared that the Constitution allows the president to sidestep laws that invade his executive authority. That is why Mr. Bush has issued hundreds of signing statements — more than any previous president — reserving his right not to enforce unconstitutional laws.

A reinvigorated presidency enrages President Bush's critics, who seem to believe that the Constitution created a system of judicial or congressional supremacy. Perhaps this is to be expected of the generation of legislators that views the presidency through the lens of Vietnam and Watergate. But the founders intended that wrongheaded or obsolete legislation and judicial decisions would be checked by presidential action, just as executive overreaching is to be checked by the courts and Congress.

The changes of the 1970's occurred largely because we had no serious national security threats to United States soil, but plenty of paranoia in the wake of Richard Nixon's use of national security agencies to spy on political opponents. Congress enacted the War Powers Resolution, which purports to cut off presidential uses of force abroad after 60 days. It passed the Budget and Impoundment Act to eliminate the modest presidential power to rein in wasteful spending. The Foreign Intelligence and Surveillance Act required the government to get a warrant from a special court to conduct wiretapping for national security reasons.

These statutes have produced little but dysfunction, from flouting of the war powers law, to ever-higher pork barrel spending, to the wall between intelligence and law enforcement that contributed to our failure to stop the 9/11 attacks.

The 1970's shifted power from the president to Congress, and the latter proved a far more accommodating boss to federal agencies looking for budget dollars — a fragmented legislature is obviously much easier to game than a chief executive. But 535 members of Congress cannot manage day-to-day policy. A legislature's function is to draft the laws of the land, set broad goals and spend taxpayer revenues in the national interest, not to micromanage.

The judiciary, too, has been increasingly assertive over the last three decades. It has shown far less deference to the executive in this war than in past conflicts. This energetic judiciary is partly a response to Congress's bulked-up power; the courts have had to step in to try to repair the problems created by vague laws that try to do too much, that state grandiose goals, while avoiding hard policy choices.

Congress's vague legal mandates are handed off to the states or the agencies or the courts to sort out. Our legislators rarely turn their attention to the problems created by laws that are old and obsolete, or of dubious relevance to new issues. (This is why the Hamdan decision was less a rebuke of the presidency than a sign of frustration with Congress's failure to update our laws to deal with the terrorist menace.)

Unfortunately, much of the public misunderstands the true role of the executive branch — in large part because today's culture transforms presidents into celebrities. On TV, a president's every move seems central to the universe, so he has the image of power that far exceeds the reality. But as the presidential scholar Richard Neustadt, a liberal icon, argued, the presidency is inherently weak, while mythic things are expected of and attributed to it — like maintaining national security and economic growth.

Today many pundits and political scientists seem to want the president's power to be the sum of his communication and political skills, his organizational ability, his cognitive style and emotional intelligence. It is almost as if any president who uses the constitutional powers allocated to his office to effect policy has failed, not succeeded.

But the presidency, unlike Congress, is the only office elected by and accountable to the nation as a whole. The president has better access to expertise from the unified executive branch — including its top secret data — than the more ad hoc information Congress develops through hearings and investigations.

That is why, while jealous of its prerogatives, Congress usually goes along with a president's policy decisions. A strong executive can accept responsibility for difficult choices that Congress wants to avoid. The Republican Congress, for instance, wanted to give President Bill Clinton a line-item veto, only to be blocked by the Supreme Court. Despite hearings and criticism of the energetic executive, Congress has yet to pass laws reining in Mr. Bush very much.

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Congress has for years been avoiding its duty to revamp or repeal outmoded parts of bygone laws in the light of contemporary threats. We have needed energy in the executive branch to fill in that gap. Congress now must act to guide our counterterror policy, but it should not try to micromanage the executive branch, particularly in war, where flexibility of action is paramount.

Bush Untethered (NYT)

The New York Times, September 17, 2006

Watching the president on Friday in the Rose Garden as he threatened to quit interrogating terrorists if Congress did not approve his detainee bill, we were struck by how often he acts as though there were not two sides to a debate. We have lost count of the number of times he has said Americans have to choose between protecting the nation precisely the way he wants, and not protecting it at all.

On Friday, President Bush posed a choice between ignoring the law on wiretaps, and simply not keeping tabs on terrorists. Then he said the United States could rewrite the Geneva Conventions, or just stop questioning terrorists. To some degree, he is following a script for the elections: terrify Americans into voting Republican. But behind that seems to be a deeply seated conviction that under his leadership, America is right and does not need the discipline of rules. He does not seem to understand that the rules are what makes this nation as good as it can be.

The debate over prisoners is not about whether some field agent can dunk Osama bin Laden's head to learn the location of the ticking bomb, as one senator suggested last week. It is about whether the United States can confront terrorism without shredding our democratic heritage. This nation is built on the notion that the rules restrain our behavior, because we know we're fallible. Just look at the hundreds of men in Guantánamo Bay, many guilty of nothing, facing unending detention because Mr. Bush did not want to follow the rules after 9/11.

Now Mr. Bush insists that in cleaning up his mess, Congress should exempt C.I.A. interrogators from the Geneva Conventions. "The bottom line is simple: If Congress passes a law that does not clarify the rules — if they do not do that — the program's not going forward," Mr. Bush said. But clarity is not the issue. The Geneva Conventions are clear and provide ample room for interrogating terrorists. Similarly, in the debate over eavesdropping on terrorists' conversations, Mr. Bush says that if he has to get a warrant, he can't do it at all. Actually, he has ample authority to eavesdrop on terrorists, under the very law he is breaking, the 1978 Foreign Intelligence Surveillance Act.

Senator Dianne Feinstein, a Democrat who is on the Senate Intelligence Committee, says that after being briefed on the wiretapping, she concluded that "this surveillance can be done, without sacrifice to our national security," within the law. She has introduced a bill to affirm FISA's control over all wiretapping. It would also give the authorities far more flexibility to listen first and get a warrant later when it's really urgent. But the only bill Mr. Bush wants is a co-production of Vice President Dick Cheney and Arlen Specter, chairman of the Senate Judiciary Committee, that gives the president more room to ignore FISA and chokes off any court challenges.

The best thing Congress could do for America right now is to drop this issue and let the courts decide the matter. Mr. Bush can't claim urgency; it's not as though he has stopped the wiretapping.

Legislation is needed on the prisoner issue, although not as urgently as Mr. Bush says. Three Republican senators, John McCain, John Warner, and Lindsey Graham, have a bill that is far better than the White House version but it, too, has some huge flaws that will take time to fix. It will be hard in an election year, but if the Republicans stand firm, and Democrats insist on the needed changes, they might just require Mr. Bush to recognize that he is subject to the same restraints that applied to every other president of this nation of laws.

A License To Abuse (WP)

The Washington Post, September 17, 2006

Mr. Bush says he has "one question" for Congress. The right answer to it is "no."

PRESIDENT BUSH made crystal clear Friday that he has one overriding concern about the legislation on foreign detainees before Congress. His "one test," he said, was whether Congress would authorize what he repeatedly called "the program" -- that is, the CIA's network of secret prisons and its brutal treatment of the people in them. "Congress has got a decision to make," Mr. Bush declared during a news conference. "Do you want the program to go forward or not?"

That is indeed the most important question before Congress and the nation. So allow us to elaborate, again, exactly what Mr. Bush means by "the program." He's talking about the practice of sequestering terrorist suspects indefinitely and without charge in secret foreign locations and holding them incommunicado even from the International Red Cross. Until recently, such "disappearances" were the signature of Third World dictatorships. U.S. adoption of them has roiled relations with our closest European allies and impeded collaboration with foreign police and intelligence services.

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Mr. Bush also wants the CIA to be able to treat its detainees to such practices as "cold cell," or induced hypothermia, in which detainees are held naked in near-freezing temperatures and repeatedly doused with water; "long standing," in which prisoners are handcuffed in an uncomfortable standing position and forced to remain there for up to 40 hours; and prolonged sleep deprivation.

Throughout the world and for decades, such practices have been called torture. That's what the United States called them when they were used by the Soviet KGB. As the president himself tacitly acknowledges, they violate Geneva and other international conventions as well as current U.S. law. News that the United States has used these techniques -- as well as waterboarding, an ancient torture technique that simulates drowning -- has gravely damaged U.S. standing in the world and the fight against terrorism. It increases the danger that captured U.S. servicemen will be exposed to similar treatment by nations that might otherwise feel obliged to respect the Geneva standards.

When Mr. Bush was asked Friday whether he wasn't in effect seeking sanction for torture, he responded with an evasion. He claimed that the Geneva Conventions' Common Article 3 is "very vague" and that his proposal would provide "clarity" for CIA professionals. In fact, the opposite is true.

Common Article 3, which prohibits cruel treatment and humiliation, is an inflexible standard. The U.S. military, which lived with it comfortably for decades before the Bush administration, just reembraced it after a prolonged battle with the White House. The Army issued a thick manual this month that tells interrogators exactly what they can and cannot do in complying with the standard. The nation's most respected military leaders have said that they need and want nothing more to accomplish the mission of detaining and interrogating enemy prisoners -- and that harsher methods would be counterproductive.

Mr. Bush wants to replace these clear rules with a flexible and subjective standard -- one that would legalize any method that does not "shock the conscience." What shocks the conscience? According to Mr. Bush's Justice Department, the torture techniques described above -- and at least in the past, waterboarding -- do not, "in certain circumstances." So Mr. Bush's real objection to Common Article 3 is not that it is vague. It is that it will not permit abusive practices that he isn't willing publicly to discuss or defend.

Rather than admit that he wants to legalize disappearances and torture, Mr. Bush ominously warns that "the program" won't continue unless Congress passes his bill. He says "time's running out," even though it's not. There are no detainees in the CIA prisons at the moment, according to the president, and the only clock running out is that measuring the midterm election campaign. There is no need for Congress to act in the next two weeks. But if it does, the clear answer to Mr. Bush's question, endorsed by Sen. John W. Warner (R-Va.), Sen. John McCain (R-Ariz.), former secretary of state Colin L. Powell and a host of other responsible Republican and military leaders, is "no." For both moral and practical reasons, the country should reject this fundamental violation of its principles.

No Rubber Stamp For Bush (LAT)

The Los Angeles Times, September 17, 2006

The president deserves even more resistance to his method of waging war on terror.

PRESIDENT BUSH MADE FULL USE of the 9/11 anniversary last week. In his speeches and remarks, he reminded the nation of the stakes involved in what he calls the war on terror, and he conveyed a renewed sense of urgency to prevent attacks and bring those responsible for 9/11 to justice. Yet if his goal was also to pressure Congress into acting as a rubber stamp for the administration's questionable legal tactics in conducting this war, it was a disappointing week for the president — and a heartening one for anyone outside the White House.

On the treatment of detainees, the president has been especially disingenuous. He has never been a fan of international law, so it's absurd for him to pretend to want to "clarify" the Geneva Convention. What he clearly wants to do is gut the treaty's humanitarian protections for wartime detainees, with an eye toward retroactively legitimizing abusive CIA interrogation tactics used on terrorism suspects.

In what has to be considered one of the high points of this so-called war on terror — if one considers democracy and the rule of law among the prime targets of "terror"— last week prominent Republicans blocked the White House's cynical move.

Backed by Colin L. Powell, former secretary of State and former chairman of the Joint Chiefs of Staff, four Republican senators — John McCain of Arizona, Susan Collins of Maine, John W. Warner of Virginia and Lindsey Graham of South Carolina — joined the 11 Democrats on the Senate Armed Services Committee in rejecting the White House's proposal to weaken detainees' protections in the judicial process. Legislation authorizing military tribunals to try terror suspects was mandated by June's Supreme Court ruling invalidating the White House's attempts to create the tribunals, and their rules, on its own.

The committee transcended partisanship to protect not only constitutional norms but the interests of U.S. troops who may be detained overseas in the course of active duty. How would you like to be a prisoner of war in a world in which the U.S. government is encouraging others to "clarify" the Geneva Convention to serve their own purposes?

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At issue is the Convention's Common Article 3, drafted in 1949, barring "outrages upon personal dignity, in particular humiliating and degrading treatment." The administration considers this language inconveniently vague and would like to tinker with it to legalize an "alternative set of procedures" employed by CIA operatives in secret facilities.

The bill passed by the Senate committee doesn't reinterpret the Convention, and it preserves some important procedural guarantees that the White House would deny its military commissions — including the right of defendants to confront the evidence against them. Bush was flustered that Senate Republicans hadn't fallen into line. In his news conference Friday morning, the president said: "The intelligence community must be able to tell me that the bill Congress sends to my desk will allow this vital program to continue. That's what I'm going to ask."

On another front in the nation's war on terror and the administration's war to expand executive powers, the Senate Judiciary Committee took up the issue of how to bring the National Security Agency's warrantless wiretapping of Americans under legal control. And on this matter, like small children at a birthday party, everyone was a winner last week.

The committee approved a bill by Sen. Mike DeWine (R-Ohio) that would essentially legalize what the Bush administration has been doing outside the Foreign Intelligence Surveillance Act. But the committee also approved two other bills — one by Sen. Arlen Specter (R-Pa.) that would allow a secret court to rule on the constitutionality of what Bush calls the Terrorist Surveillance Program, and another by Sen. Dianne Feinstein (D-Calif.) that would reiterate that FISA governs all domestic electronic surveillance while making it easier for the NSA to act without a court order in a terrorist emergency.

Instead of hedging its bets, the committee should have approved the Feinstein bill and discarded the others.

Some defenders of the spying program have hinted that it cannot be pursued under FISA because its courts deal with permission to listen in on the conversations of individuals, as opposed to "data mining" of telephone and e-mail records that might throw up hundreds or thousands of exchanges or e-mail addresses. It is also argued that the FISA approval process is too sluggish — something that can be remedied by more permissive procedures for emergencies. The Bush administration has only itself to blame if there is confusion about what exactly the NSA is doing and why it cannot be squared with FISA. Feinstein, who as a member of the Intelligence Committee is privy to details about the NSA program that are denied the rest of us, is confident that it can continue to operate under a modification of the FISA scheme. If she is wrong, the administration has not made the case.

All three bills that emerged from the Senate Judiciary Committee acknowledge what the administration is loath to admit: that Congress was improperly excluded from the design and implementation of this spying program. But the Specter bill gives too much to the president and limits the role of the FISA court to a "program-wide" determination of the program's constitutionality. The DeWine bill, while providing for congressional oversight, is also too deferential to the president.

Whether the issue is NSA spying or the application of the Geneva Convention to the interrogation of suspected terrorists, the administration makes the same argument: "Trust us." This is not healthy.

As Powell wrote in a letter to McCain, speaking in support of the Geneva Convention, "The world is beginning to doubt the moral basis of our fight against terrorism." No matter how grave the challenges the nation faces, those doubts spread every day that Bush refuses to accept that there are checks and balances on his power.

The View From Guantánamo (NYT)

By Abu Bakker Qassim

The New York Times, September 17, 2006

Tirana, Albania

I HAVE been greatly saddened to hear that the Congress of the United States, a country I deeply admire, is considering new laws that would deny prisoners at Guantánamo Bay the right to challenge their detentions in federal court.

I learned my respect for American institutions the hard way. When I was growing up as a Uighur in China, there were no independent courts to review the imprisonment and oppression of people who, like me, peacefully opposed the Communists. But I learned my hardest lesson from the United States: I spent four long years behind the razor wire of its prison in Cuba.

I was locked up and mistreated for being in the wrong place at the wrong time during America's war in Afghanistan. Like hundreds of Guantánamo detainees, I was never a terrorist or a soldier. I was never even on a battlefield. Pakistani bounty hunters sold me and 17 other Uighurs to the United States military like animals for $5,000 a head. The Americans made a terrible mistake.

It was only the country's centuries-old commitment to allowing habeas corpus challenges that put that mistake right — or began to. In May, on the eve of a court hearing in my case, the military relented, and I was sent to Albania along with four other Uighurs. But 12 of my Uighur brothers remain in Guantánamo today. Will they be stranded there forever?

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Without my American lawyers and habeas corpus, my situation and that of the other Uighurs would still be a secret. I would be sitting in a metal cage today. Habeas corpus helped me to tell the world that Uighurs are not a threat to the United States or the West, but an ally. Habeas corpus cleared my name — and most important, it let my family know that I was still alive.

Like my fellow Uighurs, I am a great admirer of the American legal and political systems. I have the utmost respect for the United States Congress. So I respectfully ask American lawmakers to protect habeas corpus and let justice prevail. Continuing to permit habeas rights to the detainees in Guantánamo will not set the guilty free. It will prove to the world that American democracy is safe and well.

I am from East Turkestan on the northwest edge of China. Communist China cynically calls my homeland "Xinjiang," which means "new dominion" or "new frontier." My people want only to be treated with respect and dignity. But China uses the American war on terrorism as a pretext to punish those who peacefully dissent from its oppressive policies. They brand as "terrorism" all political opposition from the Uighurs.

Amnesty International reports that East Turkistan is the only province in China where people may face the death penalty for political offenses. Chinese leaders brag about the number of Uighur political prisoners shot in the head. I was punished for speaking against China's unjust policies, and I left because of the threat to my life. My search for work and refuge took me from Kyrgyzstan to Afghanistan and Pakistan.

I heard about the Sept. 11 attacks for the first time in Guantánamo. I was not aware of their magnitude until after my release, when a reporter showed me images online at an Internet cafe in Tirana. It was a terrible thing. But I too was its victim. I would never have experienced the ordeal and humiliation of Guantánamo if this horrific event had not taken place.

I feel great sadness for the families who lost their loved ones on that horrible day five years ago. And I would be sadder still to see the freedom-loving American people walk away from their respect for the rule of law. I want America to be a strong and respected nation in the world. Only then can it continue to be the source of hope for the hopeless — like my people.

Yemen Arrests Militants Accused In Plot (AP)

By Donna Abu-nasr

AP, September 17, 2006

Four suspected al-Qaida members who were plotting attacks for Yemen's capital were arrested Saturday, a day after security forces foiled near-simultaneous attempts to blow up two oil installations, authorities said.

Interior Minister Rashad Rashad al-Eleimi said the suspects had links to the four suicide bombers who tried to strike the oil installations Friday but were killed during the attacks.

Security forces confiscated 12 bags each containing about 88 to 110 pounds of highly explosive material Saturday as well as masks and women's clothing, which militants sometimes use to disguise themselves, al-Eleimi said.

He said the four arrested men planned to stage attacks on Yemeni and foreign targets in San`a but did not provide any details.

The arrests were made Saturday morning after an hours-long standoff that began Friday night when security forces surrounded the militants. The interior minister said the alleged militants opened fire but no one was hurt.

"We are certain that this cell has links with the al-Qaida network and with those who carried out the attacks in Mareb and Hadarmut," al-Eleimi told reporters, referring to the areas targeted Friday.

The violence coincided with an election campaign in which President Ali Abdullah Saleh, facing his first real challenge since he became head of state in 1978, has been reaching out to the country's fundamentalist Islamic movement.

Saleh offered a $26,000 reward Saturday for information leading to the arrest of terrorists in Yemen. He said the money would go to anyone "who gives information about or arrests a wanted terrorist," according to the official SABA news agency.

On Friday, four suicide bombers tried to attack a refinery in Mareb and an oil storage facility in Hadarmut but failed. They were killed when their cars blew up in an exchange of fire with security forces.

Al-Eleimi said the vehicles that blew up were loaded with up to 10 gas canisters each as well as explosives.

He said the attacks Friday and the alleged militants arrested Saturday were linked to a videotape aired Monday of al-Qaida's No. 2 leader, Ayman al-Zawahri, threatening attacks in the Persian Gulf region and on facilities he accused of stealing Muslim oil.

"There is no doubt that there are sleepers cells" in Yemen, al-Eleimi said.

Al-Qaida has an active presence in Yemen, the ancestral home of Osama bin Laden, despite government efforts to fight the network. The group was blamed for the 2000 bombing of the USS Cole in Aden that killed 17 American sailors and the attack on a French oil tanker that killed one person two years later.

There have been fears of an al-Qaida attack in Yemen since 23 members of the terror network tunneled out of a Yemeni jail in February with help from prison guards. Fourteen prisoners remain at large.

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After the Cole bombing and the Sept. 11 attacks in the United States, the West began pressuring Yemen to join the war against terror groups. Saleh has launched several crackdowns against extremists, winning praise from the United States.

Tribesmen Use Captives To Pressure Yemen (AP)

By Donna Abu-nasr

AP, September 17, 2006

When a French hostage mentioned to Yemeni kidnappers this week that he needed his blood pressure medication, they retrieved it for him.

The word "hostage" these days conjures images of gaunt men and women pleading for their lives, but captives in Yemen get hospitality.

While militants in places like Iraq hold and sometimes murder prisoners, Yemini tribes take hostages to pressure the government for relatively simple demands, such as freeing clan members from jail or improving roads, hospitals and schools.

The tribes have been doing it for years, and they believe the traditions of Arab hospitality dictate that their hostages be treated well.

"The four French hostages are honored guests, and we try to make sure they lack for nothing," said Almulla Zabara, a leader in the Al-Abdullah tribe that seized the four men and their Yemeni translator a week ago.

The abductors are demanding the release of some fellow tribesmen imprisoned by the government of this nation on the southwestern corner of the Saudi Arabian peninsula.

Although there aren't any recent figures, according to government officials and media reports, as many as 325 people were kidnapped in Yemen between 1991 and 2001. They included 91 French, 80 Germans, 37 Britons, 23 Americans and 22 Dutch.

Until 1998, all the captives were released unharmed. But late that year, four tourists grabbed in the first kidnapping by a Muslim extremist group rather than a tribe died during a botched rescue attempt by Yemeni security forces.

Zabara's assertion that tribal hostages are treated well is supported by the accounts of former detainees, who tell of sightseeing trips, parting gifts of pendants, incense or traditional curved daggers, wine served with dinner despite a ban on liquor and afternoons spent shooting — a popular sport among tribesmen.

In one case, the captors of American diplomat Haynes Mahoney were so concerned his captivity be comfortable that they tailed him to a supermarket to find out his food preferences and bought the items he had shopped for before kidnapping him in 1993.

Jean-Jack Abassin, a retired French nuclear engineer who was snatched in 1996, described the conditions of the four days he spent as a hostage as "very nice" and said he sent copies of pictures he took during captivity to his kidnappers.

Abassin and his wife, Monique, were on the final day of a two-week group tour when their group of 17 French citizens was taken hostage by 15 tribesmen armed with Kalashnikov assault rifles.

"It was the month of Ramadan, so they weren't eating themselves, but they prepared typical meals from the region — rice and chicken — for us," Abassin told The Associated Press from his home in Beviers, France. "At first we had to eat with our fingers, like they do, but later they gave us spoons."

He said the tribesmen also took the group sightseeing, showing them archaeological sites and ruins that the Frenchman believes had "never before been seen by Westerners."

Patrizia Rossi, one of four Italians kidnapped last January, told AP that when the group was snatched, "We got into a panic with those machine guns pointed at us."

"The kidnappers did not speak any language we knew so we couldn't communicate," she said, speaking from her home in Basiglio, Italy.

But they felt more at ease over the days as the tribesmen repeatedly reassured them that they would be released, she added. The kidnappers were trying to secure the freedom of jailed members of the al-Zaydi tribe, they told the Italians.

The hostages were given bread, rice, lamb and tea, and were even offered khat, a leaf that is a mild stimulant chewed by many Yemenis every afternoon, Rossi recalled. She said one kidnapper gave her a pendant as a gift.

Although hostages have been treated well, some were terrified to be held in remote hideouts filled with weapons.

Fabian Chrobog, who works at an investment firm in London, was kidnapped along with his family in December and held for four days.

In an account he wrote for AP, Chrobog, the son of former German Deputy Foreign Minister Juergen Chrobog, said the tribesmen demanded the release of five jailed members of their clan.

"These men weren't terrorists — they were goat herders and honey producers," he wrote. "But even when they treat you nicely, when you're in an environment with that many guns and 12-year-olds who carry Kalashnikovs, you're not safe."

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When the Chrobogs were released, the captors expected their five fellow tribesmen to be freed. But they weren't, and the tribesmen who kidnapped the four French tourists Sept. 10 are seeking the release of the same prisoners.

Zabara insisted the Frenchmen were safe and said his tribesmen would protect them if the government tried to use force to free them.

Interior Minister Rashad al-Eleimi said at a news conference Saturday that the hostages were "in excellent health" and that the government would use peaceful means to secure their release.

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Associated Press writers Marta Falconi in Rome and Jenny Barchfield in Paris contributed to this report.

Defining Today's Moderate Muslim (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, September 17, 2006

Who is a moderate Muslim?

Is it Maher Hathout, the Los Angeles Muslim leader who has promoted interfaith relations and women's equality but denounced Israel as a brutal apartheid regime?

Is it Tashbih Sayyed, a journalist based in Alta Loma, Calif., who praises Israel's behavior toward Palestinians as tolerant and criticizes Muslims for corrupting Islam?

The question has come under intense debate since 9/11 as the public struggles to distinguish peaceful Muslims from Al Qaeda terrorists, and is at the heart of two Southern California skirmishes over who represents moderate Islam.

In a dinner scheduled for tonight, the American Jewish Congress plans to honor Sayyed and four others for what it sees as their friendly attitudes toward Israel and courageous efforts to reform Islam.

Gary Ratner, executive director of the Congress' Western region office in Los Angeles, said the tribute is part of the organization's global efforts to reach out to moderate Muslims in Pakistan, Indonesia, Albania and elsewhere, including sponsoring a dinner in New York last year for Pakistan President Pervez Musharraf.

"Israel is going to be a fixture in the Mideast," Ratner said. "If there is ever going to be peace, there has to be accommodation with Muslims."

The organization's choice of honorees, however, has offended some Muslims, in part because three of them no longer practice the faith.

In contrast, a different award has offended some Jewish sensibilities: the decision by the Los Angeles County Human Relations Commission to honor Hathout as a model of harmonious interfaith relations.

Hathout's critics argue that his controversial statements supporting Hezbollah and denouncing Israel have exposed him as an extremist. The Egyptian native and retired cardiologist, saying his opponents have twisted his record, asserts that he has long condemned terrorism, launched interfaith dialogues and promoted an American Islamic identity that celebrates pluralism, democracy and women's rights.

The commission is to vote Monday on whether to reaffirm or rescind the award.

Despite the dissent, Muslims, Christians and Jews named similar attributes when asked to define religious moderation. They included problem-solving without violence, affirmation of human rights, religious freedom and other Western values, and respectful attitudes toward women.

But on one key issue, there was sharp disagreement: attitudes toward Israel.

Ratner said his group believes support for Israel's right to exist as a Jewish state is central to the definition of a moderate because it speaks to the larger qualities of tolerance and acceptance.

Others, however, reject that as a litmus test.

"It's un-American," said John Esposito, Georgetown University professor of religion and international affairs. "Your principal and only obligation in terms of loyalty as an American is to America. You can have a variety of positions regarding foreign policy."

Still others say labels and litmus tests aren't terribly useful for either side.

"The question is … can we find points of agreement, a place from which to build trust and move forward?" asked Rob Eshman, editor of the Jewish Journal of Greater Los Angeles. "I deal with Jews every day whom I don't consider moderate, but I don't write them off. And we can't afford to write off Muslims."

Since 9/11, Esposito and others said, the quest for moderate Muslims has become widespread as policymakers, journalists, terrorism experts and religious leaders seek to understand Islam and assess who is "safe" and who is extremist.

Often, those seeking moderate Muslims are looking for people to affirm their own values, said Reuven Firestone, a professor of medieval Jewish and Islamic studies at Hebrew Union College-Jewish Institute of Religion in Los Angeles.

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"When we say we want moderate Muslims, what we are really saying is that we want Westernized Muslims who have the same kinds of sensibilities we have," Firestone said. "But that's not realistic. It's a false but human assumption that moderates must agree with us on most issues."

To Firestone, moderates are those committed to settling disputes without violence and willing to hear and consider other points of view, especially those contrary to their own.

Others said that whatever yardstick is chosen must be consistently applied. If Muslims who condemn Israeli treatment of Palestinians are extremists, all Christians, Jews and atheists who feel likewise must be similarly described, said Khaled Abou El Fadl, a UCLA Islamic law professor and author of "The Great Theft: Wrestling Islam from the Extremists."

Many said a key criterion for Muslim moderates is that they in fact be Muslim.

Among the Jewish Congress honorees are Indian-born British author Salman Rushdie, a self-described atheist, and two women who say they left the faith years ago, Wafa Sultan and Nonie Darwish.

Darwish is a Southern California writer and founder of Arabs for Israel. Sultan is a Corona psychiatrist, writer and activist who has said she is particularly concerned about women's status in Islam.

"By honoring Muslims who are not practicing Muslims, the given message, even if unintentional, is that these people are good because they left the faith," said Firestone, who recently returned from a six-month sabbatical in Cairo. "But there are hundreds of millions of moral, deeply believing Muslims."

Ibrahim Hooper, spokesman for the Council on American-Islamic Relations, said Jewish groups have long tried to promote alternative Islamic leaders who may be friendly to Israel but in fact have little following among Muslims. "It's a slap in the face," he said.

But Ratner defended the selections.

"To me it's a phonetic debate," he said, referring to whether the awardees were practicing Muslims or not. "It's about the reform of Islam so that the Muslim world and the West can live in peace and tolerance with each other's values and beliefs."

Two of the honorees say they are practicing Muslims deeply concerned about their tradition's future and are unafraid to speak about it. Both Salim Mansur, a Calcutta native and Canadian political science professor, and Sayyed, the newspaper editor, said the Muslim world must stop blaming the West for its own ailments, including poverty, illiteracy, injustice or extremism.

Sayyed, 64, immigrated to the United States in 1981 to escape what he described as an increasingly radical practice of Islam in Pakistan. He said Muslims must reinvigorate their tradition with open debate even on sensitive questions. That includes, he said, whether Islam was spread by the sword or ideas, whether shariah is an outdated legal system for Muslims and whether the Prophet Muhammad's actions were all divinely inspired.

But when he wrote an article last year calling for Islam's reinterpretation, Sayyed said, he was widely condemned and threatened by fellow Muslims.

Mansur, too, said he was ostracized after writing columns for the Toronto Sun five years ago condemning the Taliban's destruction of ancient Buddhist statues in Afghanistan and comparing it to the murderous Khmer Rouge of Cambodia. The backlash prompted him to stop going to his local mosque.

Both men, however, said they have no intention of falling silent.

"Because I love my faith, I have to raise my voice and challenge it from within," Sayyed said.

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HOMELAND RESPONSE:

Spy Agencies Outsourcing To Fill Key Jobs (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 17, 2006

Contractors, many of them former employees, are doing sensitive work, such as handling agents. A review of the practice has been ordered.

WASHINGTON — At the National Counterterrorism Center — the agency created two years ago to prevent another attack like Sept. 11 — more than half of the employees are not U.S. government analysts or terrorism experts. Instead, they are outside contractors.

At CIA headquarters in Langley, Va., senior officials say it is routine for career officers to look around the table during meetings on secret operations and be surrounded by so-called green-badgers — nonagency employees who carry special-colored IDs.

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Some of the work being outsourced is extremely sensitive. Abraxas Corp., a private company in McLean, Va., founded by a group of CIA veterans, devises "covers," or false identities, for an elite group of overseas case officers, according to current and former U.S. intelligence officials familiar with the arrangement.

Contractors also are turning up in increasing numbers in clandestine facilities around the world. At the CIA station in Islamabad, Pakistan, as many as three-quarters of those on hand since the Sept. 11 attacks have been contractors. In Baghdad, site of the agency's largest overseas presence, contractors have at times outnumbered full-time CIA employees, according to officials who have held senior positions in the station.

The post-9/11 period has brought sweeping changes to the U.S. intelligence community. Spy budgets have swelled by more than $10 billion a year, and agencies have seen their roles and authorities altered by legislation.

Largely because of the demands of the war on terrorism and the drawn-out conflict in Iraq, U.S. spy agencies have turned to unprecedented numbers of outside contractors to perform jobs once the domain of government-employed analysts and secret agents.

The proliferation of contractors has outstripped the intelligence community's ability to keep track of them.

Former intelligence officials said most U.S. spy agencies did not have even approximate counts of the numbers of contractors they were employing — although several officials said the number at the CIA had nearly doubled in the last five years and now surpassed the full-time workforce of about 17,500. Often, the contract employees had previous ties to the agencies.

Concerned by the lack of data and direction, Director of National Intelligence John D. Negroponte this year ordered a comprehensive study of the use of contractors.

Ronald Sanders, a senior intelligence official in charge of the examination, said that all 16 U.S. intelligence agencies had been instructed to turn over records on contractors, and that one focus of the study would be whether outsourcing highly sensitive jobs was appropriate.

"We have to come to some conclusion about what our core intelligence mission is and how many [full-time employees] it's going to take to accomplish that mission," Sanders said, adding that the growth in contracting over the last five years had been driven by necessity and was extremely haphazard.

"I wish I could tell you it's by design," he said. "But I think it's been by default."

Senior U.S. intelligence officials said that the reliance on contractors was so deep that agencies couldn't function without them.

"If you took away the contractor support, they'd have to put yellow tape around the building and close it down," said a former senior CIA official who was responsible for overseeing contracts before leaving the agency earlier this year.

This former official and more than a dozen other current and former U.S. intelligence officials interviewed for this story spoke on condition of anonymity because of the classified nature of intelligence contracting work.

The use of outside firms has enabled spy agencies to tap a deep reservoir of talent during a period of unprecedented demand. Many of those hired have been retired case officers and analysts who were eager to contribute to the response to the Sept. 11 attacks and who have more expertise and operational experience than agency insiders. In fact, the CIA has created its own roster of retired case officers — known as the "cadre" — who are eligible to be hired as independent contractors for temporary assignments.

Even so, the trend has alarmed some intelligence professionals, who are concerned that using contractors to do spying work carries security risks and higher costs. They point to soaring profits being made by contracting firms, and a parade of veteran officers who have left intelligence agencies only to return with green badges and higher salaries.

Even those quick to praise the contributions of contractors express discomfort with the mercenary aspect of modern intelligence work.

"There's a commercial side to it that I frankly don't like," said James L. Pavitt, who retired in 2004 as head of the CIA's clandestine service. "I would much prefer to see staff case officers who are in the chain of command and making a day-in and day-out conscious decision as civil servants in the intelligence business."

The CIA declined to comment on specific contracts but defended the use of contractors for intelligence work.

"Contractors give the agency enormous flexibility and are an important part of our workforce," said Paul Gimigliano, a spokesman for the CIA. "As partners, they help us build or enhance specific capabilities we need for a finite period."

U.S. intelligence agencies have used contractors for decades. Corporate giants such as Lockheed Martin Corp. have long competed for classified contracts to build spy planes and satellites. Spy services routinely use private companies to handle support functions, such as providing security or building classified computer networks.

In fact, two-thirds of the contractors at the counter-terrorism center are information technology workers who manage computer systems. And independent contractors have at times played significant roles in overseas operations, including pilots who flew clandestine supply runs for the CIA in Vietnam.

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But current and former officials said spy agencies now depended on contractors to a greater extent than ever envisioned to carry out their basic spying missions.

The trend is particularly pronounced at the CIA. Whereas other intelligence agencies can take advantage of employees detailed to them from branches of the military, the CIA is more dependent on a civilian workforce.

The CIA has been hiring at a record pace in recent years. But it takes years to train new case officers, let alone to develop seasoned operatives capable of delicate missions in global hot spots. The agency has also turned to contractors to plug deep holes left by staff cuts and hiring freezes in the 1990s.

Meanwhile, new intelligence entities created to fix Sept. 11-related failures — including the intelligence director's office and centers tracking terrorism and weapons proliferation — have created thousands of new positions and cannibalized the ranks of the CIA and other agencies.

One former senior CIA official said the agency had outsourced an array of core jobs in its own counter-terrorism center, including the task of posting names of new terrorism suspects to immigration and law enforcement watch lists.

And despite restrictions that bar contractors from holding positions of authority over agency personnel, current and former U.S. intelligence officials said that contractors functioned as de facto team leaders in numerous stations around the world, and routinely handled clandestine meetings with CIA sources.

In Baghdad, contractors "do everything, especially 'ops' work," a former CIA officer who has served extensively in Iraq said of the operations functions. "They're recruiting [informants], managing the major relationships we have with the military, handling agents in support of frontline combat units. The guys doing that work are contractors. They're not staff officers."

Contractors have played similarly significant roles in Afghanistan. Gary C. Schroen, who was among the first CIA employees to enter the country after the Sept. 11 attacks, continued to travel to Pakistan and Afghanistan after retiring and going to work as a CIA contractor. Among his assignments was to monitor relationships with regional warlords as well as the head of the Afghan government's intelligence service.

There are other restrictions on contract employees. At the CIA, contractors cannot disburse money or handle personnel matters such as filling out employee evaluation forms. For high-ranking officials who leave, there are other restrictions, including a required "cool down" period of one year during which they are barred from returning to the agency to solicit business.

But former CIA leaders are in high demand and frequently serve as officers in companies that have contracts with their former agencies.

John Brennan, for example, retired last year as head of the National Counterterrorism Center and is now chief executive of the Analysis Corp., which supplies contract analysts to the center. In an interview, Brennan said that any contracts with the counter-terrorism center predated his arrival at the Analysis Corp.

Contractors are subject to the same background checks and security clearance requirements as full-time employees, officials said. But some of that clearance work itself has been outsourced, officials said, and even the screening done by the CIA hasn't been infallible.

In one well-known case, David A. Passaro was hired as a contractor with the CIA's paramilitary service even though he had a record of abusive behavior and had been fired by a Connecticut police department. Passaro was convicted of felony assault earlier this year in federal court in North Carolina for his role in the beating of a detainee who died in Afghanistan in 2003.

U.S. intelligence officials said that Passaro's case was an aberration and that security problems had not been more frequent among contractors than among career officers.

In another high-profile case, the CIA inspector general is investigating whether the agency's former No. 3 official, Kyle Dustin "Dusty" Foggo, improperly accepted expensive vacations and other rewards for awarding CIA contracts to a lifelong friend who is linked to the bribery scandal surrounding ex-Rep. Randy "Duke" Cunningham.

Some officials fear that the growth in contracting is fueling a so-called spy drain, in which talented officers are being lured to the private sector by firms offering pay increases of 50% or more.

At the CIA, poaching became such a problem that former Director Porter J. Goss had to warn several firms to stop recruiting employees in the agency cafeteria, according to former officials familiar with the matter. One recently retired case officer said he had been approached twice while in line for coffee.

"It's like sharks in the water," said the officer, an overseas veteran who has handled assignments in Iraq and elsewhere in the Middle East. "As soon as the word went around that I was leaving, my e-mail in-box was pinging. People were calling me at home."

Sanders, the official in Negroponte's office, said it was unclear whether the spy drain problem was real. Anecdotal evidence suggests that some officers are leaving early, he said, but attrition rates have not risen in recent years.

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Another worry is that the reliance on contractors is eroding agency budgets. Sanders said a recent personnel study by the Senate Intelligence Committee found that contractors were typically paid 50% to 100% more than staff officers to perform comparable work — a disparity that can create internal tensions.

"It's a serious morale problem when you've got a guy in the field making $80,000 and a contractor making $150,000," said the former case officer who served in Iraq. "And the [staff employee] is supposed to supervise the guy making twice the money."

The spike in the use of contractors is likely to diminish as the bumper crop of recruits at the CIA and other agencies rises through the ranks. However, officials said that was a process that would take years.

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A Bold Upstart With CIA Roots (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 17, 2006

Fast-growing Abraxas Corp. was founded after 9/11 by agency veterans. But some fear security risks in such work.

WASHINGTON — In the burgeoning field of intelligence contractors, an especially aggressive upstart is Abraxas Corp., a privately held company that has assembled a deep roster of CIA veterans to handle a wide range of clandestine assignments — including secret work for an elite team of overseas case officers.

The company was founded by a group of former high-ranking agency employees, led by Richard "Hollis" Helms, a longtime overseas officer in the Middle East and onetime head of the CIA's European division, and Richard Calder, who was the agency's deputy director for administration.

In a radio interview last year, Calder said the firm was launched shortly after the Sept. 11 attacks by a group of retirees who felt spurned that the agency had not called to enlist their help. "We were all eager to do whatever we could do," Calder said. But, he said, "the phone never rang." Company officials did not respond to repeated requests for comment.

The company occupies an unmarked, third-floor office suite in McLean, Va., two miles from CIA headquarters. It has mainly specialized in providing veteran operatives and reports officers for positions in overseas stations and at CIA headquarters.

After the Sept. 11 attacks, "they went and signed up all these retired, Arabic-speaking officers and sold them back to the agency on contract," said a former CIA official familiar with the company, who spoke on condition of anonymity. "That's how Abraxas was born."

But Abraxas has also been tapped for unusual assignments. Several former CIA officials said Abraxas had been given a highly classified contract to craft "covers" — false identities and front companies — for the agency's nonofficial cover program.

The NOC program is one of the most sensitive and carefully guarded operations in the CIA. Most overseas case officers work under diplomatic cover, meaning they pose as State Department officials working at U.S. embassies and missions. If they are caught spying, they are typically protected from prosecution by diplomatic immunity.

Officers in the NOC program have no such protections, and therefore operate under substantially greater risk. Major corporations traditionally have cooperated with the CIA to allow case officers to hold positions in overseas branches. But since the Sept. 11 attacks, the CIA has been under increased pressure to devise more imaginative cover arrangements that might give operatives closer access to terrorist networks.

Former CIA officials said that Abraxas had played a leading role in this effort to craft new covers and that the firm had assembled a group of employees with experience in such work. Among them is Fred Turco, former head of the external operations and cover unit, which oversees the NOC program inside the agency.

Several former officials questioned the arrangement, saying that whatever talent Abraxas had assembled, outsourcing any work in such a sensitive program posed an inherent security risk. But others were more sanguine, saying that the CIA's failures to penetrate Al Qaeda and other terrorist groups underscored the need for fresh ideas and a more experimental approach.

"They're going where the expertise lies," said a former senior CIA official, who spoke on condition of anonymity. "It's a good example of them doing what they should be doing."

Abraxas declined to comment. Approached by a reporter outside the company's office, Helms said that speaking publicly about such matters "doesn't serve the public at all and damages the country."

Abraxas is part of a new breed of companies known in intelligence circles as "body shops" because — unlike firms that provide manufacturing, engineering or technical services — they are mainly in the business of supplying bodies for analysis centers, headquarters positions and overseas assignments.

A recent posting on Abraxas' website lists openings for computer programmers and intelligence analysts "for a broad spectrum of clients in and outside the national security arena."

In his radio interview, Calder said Abraxas got as much as 90% of its revenue from government contracts, though it has sought more business from the private sector through new products including computer software.

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Office parks in suburban Virginia are increasingly cluttered with companies like Abraxas, as upstarts such as SpecTal move into territory long dominated by behemoths including Booz Allen Hamilton Inc. and Science Applications International Corp.

But few companies have taken advantage of the surge in contractor spending as adroitly as Abraxas. The company does not publicly report its financial results. But it was recognized last year by the Deloitte & Touche accounting firm as one of the nation's fastest growing young companies, posting revenue growth of 714% over three years.

This year, accounting firm Ernst & Young named Helms its Washington-area entrepreneur of the year.

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American Intelligence -- Still Stupid (LAT)

By Amy Zegart, Amy Zegart Is Associate Professor Of Public Policy At Ucla And The Author Of A Forthcoming Book Abou

The Los Angeles Times, September 17, 2006

We haven't been attacked since 2001, but don't thank the country's cumbersome, redundant intelligence bureaucracy.

FIVE YEARS AFTER the most devastating terrorist attack in U.S. history, all our worst intelligence deficiencies remain. Intelligence is spread across 16 agencies that operate as warring tribes more than a team. The CIA is in disarray. And the FBI's information technology is stuck in the dark ages.

There are more intelligence agencies to coordinate than ever but still no one in firm charge of them all. In 2004, Congress established the post of director of national intelligence. Rather than integrating intelligence, however, the job's creation has triggered huge turf wars. For the last two years, while the office of the intelligence director has been fighting over who briefs the president and who staffs assignments, the Pentagon has quietly expanded its intelligence activities at home and abroad.

This is bad. Pentagon units now duplicate such intelligence activities as conducting secret counter-terrorism operations, collecting information abroad and monitoring Americans inside the U.S. without warrants, presidential authorizations or meaningful supervision by the director of national intelligence and Congress.

One little-known Pentagon unit, the Counterintelligence Field Activity, began in 2002 to protect U.S. forces from terrorist attacks, but has since grown into a sprawling counter-terrorism agency with wide-ranging duties and authority over 4,000 active and reserve military investigators.

Information sharing among intelligence agencies has improved — but that's not saying much. The poster child of intelligence reform is a new agency called the National Counterterrorism Center, where officials from different agencies sit in the same room and draft collective reports. The center has even developed a classified website that provides synthesized terrorism intelligence for government officials.

Sounds good. But because analysts at the National Counterterrorism Center have varying levels of security clearances and come from different intelligence agencies, they see different pieces of information. Intelligence still isn't shared even when the rules allow it. Information is stored on nearly 30 incompatible networks. To access them all, analysts must use six computers.

"It's a little scary," Sen. Mike DeWine (R-Ohio), who sits on the Senate Select Committee on Intelligence, said during the confirmation hearing for Gen. Michael Hayden as CIA director. "It's like we have duct-taped our systems together. Surely we can do better than this."

Apparently, Senator, we can't. Information sharing outside the National Counterterrorism Center is worse. In its 2005 report card, the 9/11 commission gave such efforts a "D." A recent study by the Markle Foundation Task Force on national security found that information sharing continued to be hampered by "turf wars and unclear lines of authority," officials who "still cling" to old ways of doing business and a diminishing sense of commitment. The task force concluded that despite dozens of initiatives, guidelines and statutory requirements, "systematic, trusted information sharing remains more of an aspiration than a reality."

That's the good news. The bad news is called the CIA and the FBI.

The CIA's current strategy for penetrating Al Qaeda? More of the same. The agency has been on a hiring binge, tripling the number of clandestine operatives since 2001 rather than improving the quality of its personnel or developing new ways to recruit jihadists who skip the embassy cocktail party circuit. As one former spy put it, hiring 50% more agents without fundamentally changing how they do business just makes you stupid.

Meanwhile, the agency formerly known as Central still struggles to produce big-picture analyses about America's enemies. Last year, a presidential commission chaired by federal Judge Laurence Silberman and former Sen. Charles Robb (D-Va.) concluded that strategic intelligence was bad and worsening. "Across the board," the commission concluded, "the intelligence community knows disturbingly little about the nuclear programs of many of the world's most dangerous actors. In some cases, it knows less now than it did five or 10 years ago."

Ironically, 9/11 has made matters worse, focusing analysts on today's threat list rather than anticipating tomorrow's enemies. Many insiders worry that the CIA has become "CNN with secrets," responding to headlines rather than undertaking

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more over-the-horizon analysis. Even Hayden warned Congress that unless we get serious about thinking long term, the United States would be "endlessly surprised."

These surprises are not good.

Meanwhile, over at the FBI, Director Robert Mueller told Congress in May that his bureau has "expanded [its] mission, radically overhauled our intelligence programs and capabilities, and … undergone tremendous personnel growth."

I'm not sure what FBI he's talking about. Last year, the Justice Department's inspector general found that FBI analysts — the people who are supposed to connect the dots — spent only half their time actually doing analysis. What were they busy doing instead? Taking out the trash and answering telephones, the same menial tasks they were assigned before 9/11.

It is often said that change takes time. But history is filled with examples in which more was accomplished in less. In 1865, less than five years after the Civil War began, the nation had reunited and abolished slavery. Four years after Japan attacked Pearl Harbor, U.S. forces had crossed two oceans and won the war. The founders managed to draft the Constitution in 100 working days.

Speaking from the Oval Office on Monday night, President Bush delivered his annual 9/11 refrain: We are safer than before.

The president is right about one thing: Five years after 9/11, we have not been attacked. But we should not confuse luck with effectiveness.

5 Years After Terror Of Anthrax, Case Grows Colder (HC)

By Eric Rosenberg

Houston Chronicle, September 17, 2006

Deadly germs in the mail rattled the nation in 2001, but time hasn't yielded many clues

WASHINGTON — Five years after anthrax killed five people and introduced America to high-tech bioterrorism, one of the biggest crime mysteries of our times remains unsolved.

FBI agents and U.S. postal inspectors have pursued hundreds of leads and interviewed scores of scientists who work with the deadly anthrax bacteria, but the investigation now appears to be languishing.

"No matter what anybody says, if it is five years out, and we are not even seeing any smoke from the investigation, then I would say definitely that this case is cold right now," said Christopher Hamilton, a former FBI counter-terrorism official who worked on the anthrax investigation and is now a counter-terrorism expert at the Washington Institute for Near East Policy, a non-partisan think tank. "This thing is just sitting out there with nothing happening."

The murders-by-germ in the weeks immediately after the Sept. 11, 2001, terrorist attacks added to the nation's anxieties and triggered a massive hunt for the perpetrator who used the mail to spread the bacteria.

Hundreds of FBI personnel worked the case at the outset, struggling to discern whether the Sept. 11 al-Qaida attacks and the anthrax murders were connected before eventually concluding that they were not.

A senior law enforcement official familiar with the investigation insisted that "the investigation is still ongoing and intensely active." The official, who requested anonymity because he was not authorized to speak publicly, said there "are a number of pending and very important leads that are being pursued."

There are 23 FBI agents and 12 postal inspectors on the case, dubbed the Amerithrax investigation inside the FBI, he said.

The anthrax investigation began after a Florida photojournalist died on Oct. 5, 2001, from an infection produced by the bacteria. Within days, anthrax-laced letters were uncovered at news outlets in New York City and at the Washington office of Sen. Tom Daschle, D-S.D., then the top Democrat in the Senate. In November, anthrax turned up in a letter sent to Sen. Patrick Leahy, D-Vt.

The letters contained similar handwritten notes. The letter to Leahy read: "You cannot stop us. We have the anthrax. You die now. Are you afraid? Death to America. Death to Israel. Allah is great."

In addition to the Florida victim, two U.S. postal workers in Washington, a New York hospital worker and an elderly Connecticut woman died from anthrax-borne infections.

The federal government reacted by shutting some congressional offices and the Supreme Court building, while postal facilities throughout the U.S. were put on high alert.

The anthrax attacks led governments and businesses around the nation to devise new safety procedures for handling mail. Some mail handlers wore surgical masks and plastic gloves for protection.

Mail sent to government offices in Washington is irradiated to destroy any dangerous bacteria.

Anthrax is a naturally occurring bacteria and only rarely infects humans. However, the anthrax used in the attacks had been finely milled to make it more easily inhaled, thus increasing its lethality and suggesting a high degree of scientific competence.

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Inhaled anthrax can trigger a deadly infection by swelling body parts, flooding the lungs with fluid and igniting internal hemorrhaging.

The FBI has spent much of the ensuing five years in efforts to identify the laboratory where the anthrax — dubbed the Ames strain — originated. This is a challenging task because the Ames strain has been widely studied in research centers.

The FBI has enlisted the help of 29 government, commercial and university laboratories to develop a profile of the anthrax used in the attacks. They are looking for a microbial fingerprint based on the theory that different scientists use different production techniques to make anthrax spores, and these varied production techniques impart different chemical and physical signatures.

Transit-Worker ID Program Stalled (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, September 17, 2006

Years of Trouble in National Effort Bodes Ill for High-Tech Licenses, Passports

A Bush administration initiative to secure the nation's ports is bogged down in industry opposition, technology flaws and evidence that it fails to safeguard workers' privacy, according to industry and government analysts.

The rocky launch of the Transportation Worker Identification Credential threatens to delay what Homeland Security Secretary Michael Chertoff declared his highest priority after the Dubai port controversy in February: starting by year's end to screen the backgrounds of 750,000 U.S. workers at critical sea, air and land transportation facilities, and issuing them microchip-equipped ID cards.

More broadly, the long-overdue ID program foreshadows concerns that hundreds of millions of Americans soon may encounter as the government starts issuing similarly equipped driver's licenses, passports, federal-worker badges and immigrant-guest-worker cards in coming years.

"It's discouraging to see how really difficult it is to implement this sort of thing," said Doris Meissner, a former commissioner of the U.S. Immigration and Naturalization Service who tracks identification measures as a senior fellow at the Migration Policy Institute.

"And it's probably going to get more complicated before it gets simpler," she added.

The transportation credential, one of the first security measures initiated after the Sept. 11, 2001, terrorist attacks, was envisioned as a model for new, "smart" ID cards. But a familiar list of hurdles has tripped up the program, including poor administration, indifferent oversight by Congress, insufficient funding, technological glitches and resistance from the private sector, said industry and government officials.

President Bush signed the worker-ID program into law in November 2002 as part of broader maritime security legislation. It called for vetting workers at more than 300 ports and 3,700 cargo and passenger terminals using technology that incorporates fingerprints, iris scans or digital photographs.

The program would streamline checks of criminal-background files, terrorist watch lists and immigration status for truckers, stevedores, rail and airport terminal employees, and other transit workers, among others. The new "biometric" data would make it virtually impossible for anyone other than the cardholder to use the ID.

Department of Homeland Security officials initially told port operators that they expected to start issuing credit-card-size ID cards to transportation workers by the end of 2003.

Then the troubles began.

Management turnover and indecision delayed prototype testing until late 2004. Instead of the 200,000 cards planned for the pilot program, only 4,000 were issued, even as the cost rose from $12 million to $23 million.

Rep. Harold Rogers (R-Ky.), chairman of the House Appropriations subcommittee that oversees the department, insisted that the TSA adopt technology currently used for U.S. "green cards," which are produced in his district. The TSA paused to complete a study concluding that its alternative to the green-card technology was superior. Prototype card production was delayed again in 2005 so it could be moved to the Kentucky plant.

It took an election-year political furor over the attempt by a Dubai company to take over operations at six U.S. seaports to jump-start the project. Faced with a reminder of how little has been done to secure facilities from infiltration by potential terrorists, lawmakers called the administration's bungling of the transportation-worker IDs the Achilles' heel of the nation's port security.

But when Homeland Security officials rushed out long-delayed rules in May, labor and the nation's port operators, truckers, barge companies and tugboat companies revolted.

Industry groups and technology providers warned that complex systems for personal identification numbers and card reading could be prone to time-consuming breakdowns in saltwater environments on boats and docks. Marine executives said requiring new workers to wait as long as 60 days to clear security checks would cripple small and seasonal operators that

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already face worker shortages. Unions warned that without strict limits and an appeals process, workers could be denied jobs because of mistaken identity or past offenses unrelated to terrorism.

"It just doesn't make any sense given the real-world operations of the tugboat industry," said Thomas A. Allegretti, president of American Waterways Operators, which represents 500 tug and barge firms.

In July, the Homeland Security inspector general reported that hundreds of critical security vulnerabilities in proposed cards, card readers and other parts of the system posed unacceptable risks of the theft of sensitive data. Other problems include evolving federal technology standards and a projected cost to industry and workers of $2 billion to $3 billion.

Officials said these concerns are a preview of what could happen on a much larger scale with the broader government use of "smart" cards.

"You have to have a single way of identifying people as who they are that is authentic, that maintains their confidentiality and that is secure," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies.

Experts caution that Americans may not want to submit their fingerprints and eye and facial scans to the government. Privacy advocates want to know who will be in charge of keeping and discarding sensitive personal information, and how that data will be kept secure.

They are concerned about the types of government databases that would be linked to such ID records and who would see them. And even if there is consensus on the security needs, others are skeptical that the technology can be implemented without creating bottlenecks and backlogs.

"There's this idea that an ID card or ID credential is this kind of panacea," said Lee Tien, senior staff attorney for the Electronic Frontier Foundation. "But they are difficult to design and implement . . . and what we're seeing is every attempt to do so is fraught with serious, serious problems."

The questions are not hypothetical. By year's end, Homeland Security is expected to roll out national standards for driver's licenses, which would affect 200 million Americans when the rules take effect by May 2008. The change was mandated by the Real ID Act, which was enacted to make it more difficult for criminals and potential terrorists to obtain driver's licenses.

Last month, the State Department began small-scale production of the first microchip-equipped "e-passports" that over the next 11 years will replace all 60 million U.S.-issued passports and could be upgraded to include fingerprints or other biometric data.

Up to 4 million federal workers and contractors are to be next, receiving new IDs over two years starting in October. Then will come cards allowing tens of millions of residents of the United States, Canada, Mexico and many Caribbean nations to cross each other's borders without a passport. And the White House has proposed issuing similar tamper-proof biometric cards to 2 million guest workers under its contested immigration overhaul.

Analysts cite clear lessons from the transportation-worker ID program's struggles as warnings for programs such as Real ID, which they say will have to be delayed given its far greater size, cost and complexity.

As for the Transportation Worker Identification Credential program, Homeland Security announced last month that after missing a July deadline, it will postpone the installation of card readers. Critics say that for now the department has simply created a $150-per-worker photo ID. The Senate on Thursday passed port-security legislation that would force the department to ease requirements for certain short-term workers and issue rules for card readers by Dec. 31, start more test programs and report back in 2008.

"It's clear the department seems unable to complete the task and control access to our ports, which is a fundamental aspect of security," said Sen. Susan M. Collins (R-Maine), chairman of the Senate homeland security committee and co-sponsor of the bill.

Chertoff maintained that conducting background checks and issuing conventional ID cards are progress. "The fact that we may not have the full-blown perfect system doesn't mean we can't take a big step forward," he said earlier this month.

In a Sept. 8 speech, he went further, blaming the lack of progress on unnamed critics who object to tamper-resistant IDs as too burdensome or expensive, or say they amount to a national ID card.

"That kind of backsliding runs directly contrary to the lessons of 9/11," Chertoff said, noting that nearly all the Sept. 11 hijackers had obtained IDs, in some cases through fraud. He contended that a secure ID system would have prevented the attacks. "If we'd had it five years ago, there would not have been a 9/11," Chertoff said.

U.S. And State Plan To Occupy Freedom Tower (NYT)

By Charles V. Bagli

The New York Times, September 17, 2006

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The federal and New York State governments have tentatively agreed to become anchor tenants in the Freedom Tower, the tallest, most symbolic and most scrutinized skyscraper project at ground zero, under a plan expected to be announced today by Mayor Michael R. Bloomberg and the governors of New York and New Jersey.

The agreements, which would cover about 1 million of the 2.6 million square feet in the building, are a significant step forward in the development of the tower, which is seen by Gov. George E. Pataki and others as a symbol of the city's resilience, but regarded by some critics as folly.

The building has been bedeviled by squabbling and delays, as well as questions about design and security and whether there would be enough demand for office space downtown to keep it financially sound.

The Freedom Tower, which would rise to the emblematic height of 1,776 feet, including the antenna, is one of four office towers planned for the 16-acre site.

With the governor and the mayor eager to show progress five years after the terrorist attack on the trade center, the lease agreements would be the latest in a flurry of announcements, which included a tentative agreement in April to speed the reconstruction of the site and the creation in May of a $500 million plan for a memorial to the victims of the attack.

But significant questions remain about the lease agreements, including whether they would actually become signed contracts. The federal leases need Congressional approval, and the state leases would require approval by the governor, comptroller and attorney general.

The leading candidate to succeed Mr. Pataki, Eliot Spitzer, the Democratic attorney general, has questioned the economic viability of the tower, calling it a "white elephant." His campaign declined to comment on the agreements.

Officials sought to lure public agencies to the Freedom Tower when they failed to interest any private companies. Critics say one major concern is that the building will be a target for terrorists, but state officials have said that the tower, after a recent redesign at the behest of the police department, is safe.

The Port Authority of New York and New Jersey, which owns the site, and the Pataki administration have signed an outline of lease terms with the State Office of General Services on a 15-year lease for 415,000 square feet of space in the Freedom Tower. General Services is likely to move the State Labor Department, as well as the Insurance and Finance Departments, into the tower.

State officials said they expected to sign a formal lease in the coming months and have the option of taking as much as 1 million square feet in the future.

The federal General Services Administration has signed a memorandum of agreement to move the Customs and Border Protection agency, as well as other federal agencies, into more than 600,000 square feet.

The agencies have tentatively agreed to pay an initial annual rent of $59 per square foot, or about $59 million a year, at the building, which is scheduled to open in 2012.

"I was very confident from the beginning that it could work," Mr. Pataki said in an interview. "Now with this commitment of 1 million square feet of leases, it is clearly not just economically viable, but now it will be built and it will be occupied. We will have a new tower that sends a powerful message of restoration and resurgence."

Both Gov. Jon S. Corzine of New Jersey and Mayor Bloomberg issued statements hailing the agreements as a significant step toward restoring the World Trade Center site as a commercial hub in Lower Manhattan.

The tentative agreements reflect progress in Governor Pataki's nearly four-year effort to build the Freedom Tower. But final approval of the project by the Port Authority may be months away, which could put it in the hands of the next New York governor, who takes office in January.

When the Port Authority agreed in April to take over responsibility for building the $2.3 billion tower from the developer Larry A. Silverstein, it set several conditions. The authority, which leased the property to Mr. Silverstein, was seeking a viable financial plan, including signed leases for 1 million square feet in the Freedom Tower by the time its board meets on Thursday.

The authority expects to get $973 million in insurance proceeds from the destruction of the twin towers, as well as $250 million from the Pataki administration, but it wanted a cash flow from leases to pay its mortgage.

"We're pleased with the progress that's been made regarding the commitments by state and federal agencies at the Freedom Tower," said Anthony R. Coscia, chairman of the authority. "We're hopeful that we will be able to develop an acceptable plan of finance that will allow its construction to proceed uninterrupted and in a manner that's financially responsible to the Port Authority, the city and the region."

Mr. Coscia said it was unlikely that the Port Authority would grant final approval of the Freedom Tower project on Thursday, but he said it would probably go forward with the development of three office towers on the eastern side of the site, along Church Street. The Freedom Tower would sit at the northwest corner of the trade center site on West Street, south of Vesey Street. It has had a somewhat tortured history. The architect Daniel Libeskind's initial master plan for rebuilding the trade center site recommended building the memorial to the victims of Sept. 11 first, the Church Street towers second, and the tallest tower in the

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third phase. Mr. Silverstein, who had an obligation to rebuild the trade center complex, also argued that it made sense to start with the towers closest to the PATH station on Church Street.

But at a downtown breakfast meeting more than three years ago, Mr. Pataki named the tallest of the proposed buildings at ground zero the Freedom Tower. He said it would be built first and by 2008. That time goal has been abandoned, but the desire to build the skyscraper remains.

The design for the building was selected by Governor Pataki after he overruled a committee that had chosen a different architectural scheme. But then it had to be redrawn to accommodate the Police Department's security concerns, because the building would sit on West Street. The design now calls for a 186-foot-tall fortified concrete base sheathed in prismatic glass. Work on the foundation and footings has begun.

Urban planners, civic groups and some real estate executives have questioned the wisdom of building the Freedom Tower, which, they say, is too expensive, farther away from the transportation hub than the other towers, and is unlikely to attract corporate tenants, most of which regard the skyscraper as a potential target for terrorists. Indeed, the Port Authority declined to move into the building, saying it would be traumatic for its employees, who lost 84 coworkers in the Sept. 11 attacks.

Under the standard of 250 square feet per worker, the space under consideration could accommodate 4,000 government employees. Officials of the unions representing federal and state workers could not be reached for comment yesterday.

"It's going to be one of the most expensive buildings ever built in Manhattan," said the developer Douglas Durst, who owns a number of Midtown office buildings and is building a skyscraper on 42nd Street. "To saddle already overburdened taxpayers of New York with the rent necessary to pay for it makes no sense at all."

Critics say that current plans to build more than eight million square feet of office space at the trade center site recall the plans for the original complex, which depressed the downtown real estate market for years when the Port Authority built 10 million square feet of publicly-subsidized office space at one time.

With few tenant prospects, the Port Authority and the state were forced to fill much of the space with public agencies. It was not until the mid-1980's that the state began relocating to other buildings.

Some real estate executives said the government agencies will be paying a premium over the lower rents in older buildings downtown. But John Cahill, who oversees ground zero development for Governor Pataki, said that the Freedom Tower would have more-efficient floors that would allow for technological innovation and consolidation.

Although it is not a formal lease, Mr. Cahill said that Governor Pataki had gotten a "firm commitment from the White House" that the Customs Service would return to the trade center site. He added that the agreement with the federal General Services Administration and the state agencies should "enhance the attractiveness" of the Freedom Tower to corporate tenants.

There may also be a financial incentive, since about $345 million in insurance proceeds from the destruction of the old Customs building can be used to build its space in the Freedom Tower. State officials said they did not think that the money could be transferred elsewhere.

Lurita Doan, administrator of the General Services Administration, said in a statement that "the return of the federal government to Lower Manhattan and their presence in the Freedom Tower is more than symbolic; it is a commitment to the building of a memorial that captures the American spirit."

Governor Pataki said that all the signature elements of the trade center master plan are now in place, from the $2.2 billion PATH train station to the memorial, the office buildings and the Freedom Tower.

Some officials involved in rebuilding say that the final decision may go to the next governor. "We're six to months away from the point that we're full steam ahead," said a senior executive, who requested anonymity because he did not want a public spat with Governor Pataki.

The governor said he was confident that nothing could stop construction of the Freedom Tower.

"The commitments we're making now will apply into the future," he said. "I'm very confident that the brilliance of the plan and the momentum with actual construction will continue regardless of who the next governor is."

Under the April agreement, between New York State, New York City, New Jersey and Mr. Silverstein, the Port Authority took responsibility for the Freedom Tower, which, officials said, Mr. Silverstein was reluctant to build without any anchor tenants. The developer, in turn, retained the right to build three towers along Church Street.

But he was put on a strict schedule requiring him to complete the buildings by 2012.

State and Port Authority executives have been working round the clock in recent weeks with Mr. Silverstein to complete the agreement struck in April. Both sides say they have made considerable progress in narrowing their differences.

Renewal Money For New Orleans Bypasses Renters (NYT)

By Susan Saulny And Gary Rivlin

The New York Times, September 17, 2006

NEW ORLEANS — As billions in housing aid begins to flow here in the next few weeks, most of it will go to homeowners, who have been appointed by city officials as the true architects of this city's recovery, despite the fact that roughly half the city's residents rented housing before Hurricane Katrina.

The renters of New Orleans, it seems, are on their own.

Rents are skyrocketing across the city, up an average of 39 percent since Hurricane Katrina. The city has announced that it plans to refurbish only a small fraction of its traditional public housing units. Some neighborhoods are campaigning to tear down sturdy apartment buildings and build parks in their place. Though some aid has been set aside for landlords, many lower-income residents who say they are unable to return have been priced out.

"I want to come back, but who's going to help me build my life?" asked Lionel Smith, 46, a longtime resident of the Lower Ninth Ward and a driving school instructor whose apartment building was destroyed by the floodwaters. "There's this plan in place to take care of homeowners, but I've heard nothing about helping renters. Where are we supposed to live? Will they help rebuild apartment buildings?"

From a renter's point of view, New Orleans has become off-limits to all but prosperous tenants, as rents have increased significantly in the pockets of the city that did not flood. Before the storm, the fair market rent for a two-bedroom unit in the city was $676; it is now $940, according to the Brookings Institution.

Before the hurricane, it would not have been unusual to find a two-story, three-bedroom house in Gentilly, a solidly middle-class neighborhood, renting for less than $1,000 a month. Today, that area, north of downtown toward Lake Pontchartrain, does not exist as a functioning neighborhood.

By contrast these days, $1,000 might get a tenant half a refurbished duplex on a trash-strewn street in Mid-City — an area that also flooded, but not to the same extent — and it would most likely be offered without major appliances or air-conditioning.

Henry Jones, a New Orleans East homeowner, said that roughly half the owners in his subdivision, Wimbledon, were coming back, which he contrasted with the lack of activity he has observed in neighborhoods like Central City and Mid-City, where there are far more rental units than single-family homes.

"You drive around those neighborhoods and you pretty much see nothing going on," Mr. Jones said. "It's depressing."

Those communities that were home to the greatest concentration of rental properties are also those areas that still lie in ruins 12 months after the storm. The longer properties languish, rotting in the humid heat, the harder they are to restore to habitable conditions. With no concrete plan in place to help landlords, a large part of the rental stock has been festering for a year now, preventing residents from returning and depleting the work force.

"I'll confess to being frustrated," said Norman C. Francis, the chairman of the Louisiana Recovery Authority, the agency distributing federal aid, and the president of Xavier University here. "Most of the people who need to come back aren't homeowners at this point but renters."

State officials acknowledged that renters were not their first priority.

"We wanted to get the homeowner assistance plan off and running, because it affects more people," said Walter Leger, the chairman of the authority's housing committee.

The lack of affordable rental housing is yet another factor making it more difficult for low-income residents to return. The city has also lost its extensive health care system for the poor; its school system is only partially functioning; and there is little public transportation.

In some areas, in fact, homeowners are trying to use the recovery process to rid their neighborhoods of long-standing apartment buildings that were damaged during the storm. Building parks in the place of apartments that neighbors said lowered property values is "killing two birds with one stone," said Joseph St. Martin, an architect hired by homeowner groups in New Orleans East to work on the community development plan the city has asked every neighborhood to devise.

Unlike some other urban areas, New Orleans's rental market was dominated by small-scale local landlords before the storm. Many say they lack the resources needed to resuscitate their properties, especially when so many of them are struggling to repair their own homes.

The Louisiana Recovery Authority has set aside $859 million to help landlords (compared with $7.5 billion that has been set aside for homeowners). The goal, officials said, is to start distributing that money in the next month or so, but they acknowledge they are still working out the details of the plan.

Officials estimate that at least 30,000 units will be improved through this program, which is expected to offer no-interest 10-year mortgages of up to $75,000 a unit to landlords who agree to rent at or below the market rate. No direct subsidies to tenants are being planned.

State officials said they would offer a combination of low-income housing tax credits and financial grants to entice larger developers to build mixed-income rental properties. In New Orleans, most large-scale developments — those with more than

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200 apartments — were in the eastern part of the city. Nearly all those developments are still damaged and vacant; some are for sale, while others have been torn down.

"The impact on the renters is that the cost of renting has increased," Mr. Leger said. "So our theory is if we can bring the cost of renting back down, we can put people back in the position they were in prestorm."

Critics of the proposed plan say 30,000 units is not nearly enough to make a big difference in New Orleans. The Brookings Institution estimates that more than 48,000 rental units were destroyed or heavily damaged in the flood, or about 40 percent of the original stock of apartments and rental houses.

William Quigley, director of the Gillis Long Poverty Law Center at Loyola University here, said the number could even be higher, and that many of the units were occupied by low- and middle-income families.

"The state has misleadingly named its programs as 'The Road Home Housing Programs' despite the fact that the planned expenditures will not provide a realistic road home for most of the people with low and moderate incomes," Dr. Quigley wrote recently in a complaint to federal housing officials.

A lack of information even 12 months after the hurricane has caused confusion and frustration.

"There is no real identifiable plan that anyone can point to that would enable people to say, 'I can rely on this,' " said Jerome Anderson, an assistant dean at Tulane Law School who owns five units around the city. The storm destroyed Mr. Anderson's home and all his rental properties, putting tremendous financial pressure on his resources to rebuild. His situation is typical among local landlords.

Mr. Anderson said he was constantly hearing from prospective tenants wanting to know when he might have apartments available for rent. "Anyone who owns property is probably being bombarded with questions as to when will their properties be available for rental," he said. "There's a lot of vacant property that's not available, and that is affecting the recovery, in that people don't have places to live."

Ted Quant, director of the Twomey Center for Peace Through Justice at Loyola University, owned a home in Gentilly and two rental units in New Orleans East. He is part of a new group, the African American Landlords Association, made up primarily of property owners who lost both a home and rental units. This loosely knit group is pushing for both information and assistance.

"It seems that the people who were here and didn't flood are saying to the people who flooded, 'We don't need you, stay out of town,' " Mr. Quant said. "My tenants came back and recovered what wasn't looted. They were asking when they could come back for good. I had to tell them I didn't know."

Gov.: New Orleans Crime Calls For Military Presence (AP)

AP, September 17, 2006

NEW ORLEANS, Louisiana (AP) -- National Guard troops and state police will patrol the city through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina.

"Crime has no role in recovery," Blanco said. "It limits our ability to recover."

Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently.

The summit opened hours after an early morning killing brought the city's homicide count for the year to 100.

New Orleans, with a pre-Katrina population of 455,000, had virtually no crime in the months after the storm hit on August 29, 2005, when the city was largely empty.

That changed as the evacuees started returning. In April murders began occurring regularly, sometimes in groups. The current population is uncertain, though various estimates put it at 200,000 to 250,000.

Guard members and state police were sent to New Orleans shortly after what police called one of the city's worst acts of violence in 10 years: the fatal shooting of five teenagers in mid-June.

Over Labor Day weekend, four people died in 13 shootings in the New Orleans area.

The Guard members and state troopers have helped bolster a police department whose membership fell after the storm by more than 200 to about 1,420. Blanco said the cost to the state will be about $14 million.

On Saturday, the governor called the use of troops and state police a stopgap measure to help safeguard the city while other means to deal with crime are developed.

The summit shows the city will no longer tolerate crime, Mayor Ray Nagin said.

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"Any crime committed with a gun should be charged at the highest possible count, attempted murder at a minimum," Nagin said. "And all those crimes must be expedited, put to the front of the line and prosecuted."

The city also needs to crack down on illegal firearms, Browning said. In 2004 and 2005, police recovered about 1,800 illegal firearms per year, he said.

"So far they this year they have recovered 1,300," Browning said. "Which is on track to remove the same number with half the population."

Also Saturday, former state Attorney General Richard Ieyoub, head of a commission Nagin set up to examine criminal justice, said renovations of the criminal court and parish prison should be completed next month.

Twelve criminal court judges are sharing seven courtrooms, and so only seven can hear cases at any time. Each can handle no more than six cases a day because the sheriff's department can't transport and provide security for more.

"Once we have the building back, all of us can hold court every day," Judge Calvin Johnson said.

WAR NEWS:

Called From Diplomatic Reserve (WP)

By Michael Abramowitz, Washington Post Staff Writer

The Washington Post, September 17, 2006

Former Secretary of State Leads Attempt to Salvage Iraq Mission

Is Jim Baker bailing out the Bushes once again?

The former secretary of state, James A. Baker III, a confidant of President George H.W. Bush, visited Baghdad two weeks ago to take a look at the vexing political and military situation. He was there as co-chairman of the bipartisan Iraq Study Group, put together by top think tanks at the behest of Congress to come up with ideas about the way forward in Iraq.

The group has attracted little attention beyond foreign policy elites since its formation this year. But it is widely viewed within that small world as perhaps the last hope for a midcourse correction in a venture they generally agree has been a disaster.

The reason, by and large, is the involvement of Baker, 76, the legendary troubleshooter who remains close to the first President Bush and cordial with the second. Many policy experts think that if anyone can forge bipartisan consensus on a plan for extricating the United States from Iraq -- and then successfully pitch that plan to a president who has so far seemed impervious to outside pressure -- it is the man who put together the first Gulf War coalition, which evicted Saddam Hussein from Kuwait in 1991.

Rep. Frank R. Wolf (R-Va.), who came up with the idea for the study group and pushed for its formation, said he thinks the administration is "waiting anxiously" for the group's recommendations. He cited the "impeccable credentials" of the 10-member group, which also includes former Supreme Court justice Sandra Day O'Connor, former New York mayor Rudolph W. Giuliani, investment banker and Bill Clinton adviser Vernon E. Jordan Jr., and former White House chief of staff Leon E. Panetta. The other co-chairman is the Democratic former Indiana congressman Lee H. Hamilton, who also co-chaired the commission that investigated the Sept. 11, 2001, attacks.

"Their recommendations will carry a lot of weight," said Wolf. "If they come up with a unanimous opinion, the administration, Congress and the American people will have to listen."

Baker is not revealing much of his hand. He has indicated that recommendations will not be forthcoming until after the November elections, in an effort to keep the group above the political fray. He has also asked those involved in the study group -- members and staffers alike -- not to talk to the media, so most of those interviewed for this article spoke only on the condition of anonymity. Baker's assistant said the co-chairman would not be available to be interviewed.

Baker has offered some hints of his thinking -- and his dismay with the way the Iraq occupation has been handled by the administration.

"The difficulty of winning the peace was severely underestimated," Baker wrote in a recent memoir, citing "costly mistakes" by the Pentagon. These included, he wrote, disbanding the Iraqi army, not securing weapons depots and "perhaps never having committed enough troops to successfully pacify the country."

But in an interview in the current issue of Texas Monthly, Baker dashed the idea of "just picking up and pulling out" of Iraq. "Even though it's something we need to find a way out of, the worst thing in the world we could do would be to pick up our marbles and go home," he said, "because then we will trigger, without a doubt, a huge civil war. And every one of the regional actors -- the Iranians and everybody else -- will come in and do their thing."

The study group appears to be struggling to find some middle ground between such a pullout and the administration's strategy of keeping a heavy American troop presence until the Iraqi government can maintain security on its own.

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"If this war is consumed by partisan attacks, if the choice is presented as simply one between 'stay the course' or 'cut and run,' we will never be able to do what is right," panel member Panetta wrote following the group's trip to Iraq in an article for his hometown paper, the Monterey County Herald in California.

Baker and panel members have been exploring different ideas, such as a greater degree of regional autonomy for Kurdish, Sunni and Shiite regions. But those familiar with the group's work said there is far from a consensus yet on what to do. One well-placed source said panel members came away from their trip sobered, with "a sense that we can't continue to do what we have been doing," adding that Baker was not simply looking to protect the administration.

"I think he basically wants to call it the way he sees it," said this source, a critic of the administration's approach to Iraq. "He's also been frustrated by the mistakes that have been made. In many ways, it has damaged the legacy he established as secretary of state."

Some are skeptical that the president will be open to advice seeming to come from one of his father's top advisers. In some ways, Bush has distanced himself from the people and policies of the first Bush administration -- though Baker has been called on occasion to perform sensitive missions, such as heading the Bush campaign's efforts in the 2000 Florida recount and leading negotiations to provide debt relief to Iraq.

The administration's more hawkish supporters, meanwhile, are nervous about Baker's involvement, counting him as one of the "realist" foreign policy proponents they see as having allowed threats against the United States to grow in the '80s and '90s. Gary J. Schmitt of the American Enterprise Institute voiced concern that the Iraq group was not listening to those advocating a more muscular military strategy to defeat the insurgency.

But Schmitt added: "People can worry about what Baker is going to say, but the president has a way of doing what he is going to do. There could be a lot of wishful thinking on the part of the older Bush crowd that the son got into trouble and now he's going to listen to Baker the strategist."

Publicly, the administration is supportive, though inside the foreign policy apparatus there appears to be skepticism that the Iraq Study Group will come up with any breakthroughs. At first, the administration was divided about whether to cooperate with the panel. Secretary of State Condoleezza Rice gave her support only after being assured by officials with the federally funded U.S. Institute of Peace, under whose aegis the group was formed, and other think tanks involved in the project that the venture would be a forward-looking exercise and not an examination of past mistakes, according to people familiar with the project.

Baker himself secured the personal approval of President Bush before signing on. "As I always do," Baker told Texas Monthly, "I said . . . I want him to look me in the eye and tell me he wants me to do this."

The 'Sunk-cost Fallacy' (LAT)

By Barry Schwartz, Barry Schwartz Is A Professor Of Psychology At Swarthmore College And The Author Of "The Paradox Of

The Los Angeles Times, September 17, 2006

There are reasons to stay in Iraq. But doing so because we 'owe' it to the dead isn't one of them.

YOU'VE PAID $10 to get into the movie and it just plain stinks. The plot is ridiculous, the acting is terrible, the violence is excessive. But you've already watched half of it. Do you sit through the movie to the end or do you leave?

Just a month ago, you spent $2,000 getting your 10-year-old car's transmission rebuilt. Now you find out the car is leaking oil and needs a ring job. Do you spend the next thousand or buy a new car?

You've been living with your romantic partner for 10 years. The relationship has had its ups and downs, and both of you have invested a lot in keeping it going. But every day it seems to involve more work and less joy. Is it time to move on?

You work for a private equity firm and personally persuaded your skeptical partners to invest $2 million in a high-tech start-up. Now the chief executive comes to see you with the news that they've hit some snags in developing their product, and they'll need at least another million to bring it to market. Do you write the check?

We've all encountered situations like these. We make a significant investment — of money, time or emotion — in some project, relationship or business deal, and it doesn't seem to be working out. Do we continue to "throw good money after bad" or do we "cut and run" and "stop wasting time"? What's the right way to think about such decisions?

Psychologists, decision scientists and economists have an answer. They tell us that it's a mistake to continue with a project or an activity because of what you have already invested in it. The time or money you've already spent is gone. You can't reclaim it. Using a past investment to justify a future investment is what they call the "sunk-cost fallacy."

Instead of thinking about the past, what we should be doing is thinking about the future. "Will my life be better if I leave this terrible movie or if I stay to the bitter end?" "Will my car give me 20,000 more trouble-free miles if I just do this one last repair?" None of these questions have sure answers. Life is full of uncertainty. But what we can say is that if the reason for "staying the course" is past commitment — sunk costs — we need to find a better one.

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"Cut and run." "Stay the course." Where have we heard these phrases lately? Oh, yes, we've heard them trotted out in defense of continued U.S. involvement in Iraq as death, injury and insurgency mount. President Bush has offered several reasons for staying the course. And one of them is the more than 2,600 Americans who have already died in Iraq.

"I'm going to make you this promise," the president said at Ft. Bragg, N.C., on July 4. "I'm not going to allow the sacrifice of 2,527 troops who have died in Iraq to be in vain by pulling out before the job is done." And Bush has not cornered the market on this kind of reasoning. Bill Clinton said it too, more than a year ago. Asked about Iraq, he said that "we've all got a stake in its succeeding." Why? "We've got over 600 dead Americans since the conflict was ended."

We heard this argument often enough in the 1960s. As casualties mounted in Vietnam, it became more difficult to withdraw because withdrawal would have "cheapened" the lives of those already sacrificed. We "owed" it to the dead and wounded to "stay the course." What staying the course produced was thousands more dead and wounded. "Knee deep in the big muddy" is how folk singer Pete Seeger described it. The question should never have been, "What have we invested so far?" but "What are our objectives for the future and can we attain them at a reasonable cost?"

The sunk-cost fallacy took many lives in Vietnam. Whether Iraq is or is not another quagmire I leave to others, and to history, to determine. But there is one respect in which we must not allow Iraq to become another Vietnam: Continued involvement must not be justified by appealing to the imperative not to allow the dead to have "died in vain."

HOW SHOULD WE honor the sacrifices of those who have died or suffered serious injury in a U.S. military conflict? The best way to show how much we respect and value their lives is by not risking other lives unless future prospects for success fully justify putting more people in harm's way. Therefore, our standards for putting more people at risk should, if anything, become more rigorous, not less, as casualties mount.

To change course under such circumstances need not be an admission of foolishness — even if enemies do accuse the decision-maker of "flip-flopping." One can think through a problem in a logical and rigorous way, and formulate a sensible course of action, only to discover that it doesn't work out. Good decisions do not guarantee good results (just as bad decisions don't guarantee bad ones).

Yet people seem willing to waste even more (time, money or lives) to justify what they have already spent and avoid that sick feeling of failure. Think about it. You haven't really lost money on a stock whose share price keeps plummeting until after you sell it. So you keep holding on, in the hope that your judgment as an investor will eventually be vindicated. And troops haven't really "died in vain" as long as you continue to press on in the fight, no matter how disastrous the results.

I am not arguing that we should "declare victory and leave" Iraq. Nor am I suggesting that the only justification being offered for continued U.S. involvement in Iraq is the "sunk cost" in American lives. I am not saying that obligations from the past should never enter into one's consideration about the future. And I certainly don't propose that we should think about death and injury, war and peace in exactly the same way we think about car transmissions and investments in start-ups.

My suggestion here is more modest. You may attempt to justify the continued Iraq occupation in many ways, as the Bush administration has. Perhaps you think it will prevent further terror, democratize the Middle East or restrain Iran. Perhaps you think that leaving Iraq before "the job is done" will undermine the world's confidence in U.S. promises to other nations.

But it is unacceptable to justify continued involvement in Iraq or any other conflict on the grounds that we "owe" it to those who have already fallen. That is a justification that has strong emotional appeal, but it is fallacious, and no one should be allowed to get away with it.

Whatever the differences between Iraq in 2006 and Vietnam in 1968, if we allow policymakers to use our "sunk costs" — our dead military — to justify further conflict, we will have turned Iraq into another Vietnam. And if we do, we will be shamed by Iraq just as we were shamed by Vietnam.

Get Real, George (NYDN)

By Andrew Krepinevich

New York Daily News, September 17, 2006

On the fifth anniversary of the 9/11 attacks, President Bush warned the nation that the Iraq war is being fought for the highest of stakes. He characterized the conflict as "a struggle for civilization," and warned that "the safety of America depends upon the outcome of the battle in the streets of Baghdad."

Given the President's stark words, you would think we're pulling out every stop and marshaling every available resource to win. And you'd be wrong. The sad but simple truth: In many ways this war is still being fought with a "business as usual" approach, and that's hurting our chances of victory.

For example, it is stunning that three-plus years into this war — a war that requires a high level of coordination between security, intelligence and reconstruction operations, and their integration with political negotiations between Iraq's competing

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factions — we still do not have any single individual in overall control of the war effort. Neither Ambassador Zalmay Khalilzad nor Gen. George Casey, our senior political and military leaders in Baghdad, is in charge.

This is a striking violation of one of the most basic principles of war: unity of command. Apparently neither the State nor Defense departments wants to yield bureaucratic turf, and President Bush doesn't feel inclined to force them.

The same holds back in Washington, where the President has yet to establish a "war cabinet" that meets to oversee the war's conduct on a daily basis. The lessons of history are clear on this. If you want to win a war, you must be prepared to adapt more quickly than the enemy to changes in the conflict's dynamics — from the top on down.

Take another example. In a championship football game, would you constantly rotate your star players in and out of the game? Of course not. But that's exactly what the administration has done with its best generals. Three years into the war, where are generals like David Petraeus, David Barno and Peter Chiarelli — all of whom earned reputations for their skill in Afghanistan or Iraq? Petraeus was ordered back to Fort Leavenworth in Kansas. Barno has inexplicably been retired, while Chiarelli — who is leading the do-or-die fight in Baghdad — is scheduled to be replaced in December.

Can anyone imagine pulling Gen. George Patton from command halfway through his campaign in France during World War II? Bush has repeatedly said that as Iraqi Security Forces stand up, our forces can begin to withdraw. But doing that hinges on successfully embedding American officers and sergeants into the new Iraqi battalions. These advisers provide the stiff backbone the Iraqi forces need to accelerate their development. The quicker they become proficient, the sooner we can reduce our troop levels.v But we have only about a dozen advisers in Iraqi battalions, when three times as many are required. As one senior Army officer recently told me, "I think the Army would rather lose this war than change its personnel system."

Finally, we have the homefront effort — or, I should say, the lack of one. Not long ago, an Army officer remarked that "The United States is not at war. The Army is at war. The United States is at the mall."

Indeed, given the stakes involved, it remains shocking that the administration has asked nothing of the American people. No tax surcharge to pay for the war. Not even a war bond drive — or a call to conserve energy.

Fixing the problems of unity of command, of playing merry-go-round with generals, of taking a pickup team approach to the adviser effort and of refusing to demand some sacrifices here at home may not guarantee success, but the administration's failures on all fronts are a down payment on failure.

I believe Bush when he says the United States "is being tested in a way that we have not been since the start of the Cold War." But the President seems to be having a hard time convincing himself.

Krepinevich, who has served on the personal staff of three secretaries of defense, is executive director of the Center for Strategic and Budgetary Assessments and author of the book "The Army and Vietnam."

Training Iraqi Troops A Logistical Feat (AP-Y)

By Rebecca Santana, Associated Press Writer

AP, September 17, 2006

Iraq has one of the world's largest oil reserves, but the Iraqi army can't get enough fuel for its tanks. It also can't get spare parts for its trucks or supply ammunition on its own.

While the U.S. training program has made great progress teaching Iraqi soldiers how to fight, the force still relies on American help for distributing supplies — a dependency that is another obstacle to sending U.S. troops home.

"Just because you stand up all the fighters, all the combat arms organizations, they're not self-sustaining until they have some form of a logistics system," said Brig. Gen. Rebecca Halstead, commander of the 3rd Corps Support Command. "It's not there yet."

As U.S. commanders worked the past three years to build Iraqi security forces, priority went to forming combat units capable of fighting Sunni Arab insurgents.

The task of maintaining those troops was left to U.S.-led coalition forces — who got Iraqis to their missions, gave them ammunition, fed them and, in many cases, even gave them their pay.

Even in areas where Iraqis have taken over security duties, they need help getting supplies from central and regional storage facilities. In volatile Anbar province, a hot bed of insurgents, it has been especially challenging for the Iraqis to keep troops supplied with food and water.

So there is now an emphasis on building an effective Iraqi logistics operation.

Of the roughly 120,000 Iraqi soldiers, about 10 percent to 15 percent are involved in supply-related activities, said Maj. Gerald Ostlund, a coalition spokesman.

By contrast, for every combat soldier in American and other foreign contingents, there are three performing support or logistics roles, U.S. officials say.

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The Iraqi military won't need quite the same ratio since they have a local economy to rely on for food, housing, equipment and repairs, unlike the Americans who need to import just about everything, said Michael O'Hanlon of the Brookings Institution, a Washington D.C. think tank.

Brig. Gen. Terry Wolff, commander of the Coalition Military Assistance and Training Team that is helping Iraqis build their army, said Iraq also won't need the resources for moving troops around the world.

But many Iraqi logistical units are still understaffed, Wolff said.

For example, here at the Taji National Depot, a clearinghouse for supplies going to units across Iraq, the goal is to have about 1,200 Iraqi soldiers working at the post 12 miles north of Baghdad, but there are only about 300 now.

The American military's logistics system uses high-tech tracking devices such as radio monitors that allow items to be followed from when they leave storage in the U.S. until they arrive in Iraq.

The Iraqis use a low-tech system. Some is computerized. But records are mostly kept on paper, which means supplies can easily be lost or stolen before they get to the units that need them.

It's a system ripe for corruption, said John Pike, director of Globalsecurity.org, a research group in Washington.

"The prevailing community standard is steal everything that isn't nailed down. And when you find something that is nailed down, to go to find a crowbar," Pike said.

In one particularly egregious incident, Iraqi officials last year found that widespread fraud and corruption under former Defense Minister Hazem Shalaan led to the disappearance of $1 billion, almost the entire budget to buy new equipment.

Col. Kenneth Kirkpatrick, who advises Iraqi supply officers at Taji, said making sure everything in the depot is accounted for is a key goal.

"I think it has been a problem," he said. "Early on, things were moving through here so fast that they were just coming in on the trucks and moving out as fast as they could. Sometimes the boxes just weren't sealed properly or containers weren't locked, and that opened it up to pilferage along the route."

The depot's Iraqi deputy commander, who did not want his name used out of fear insurgents would kill him for working with the Americans, said shipping containers sometimes arrive without his staff having any idea what is in them before they are opened.

Kirkpatrick said that is mostly the case with supplies donated by other countries.

Iraqi commanders and troops in the field complain that Iraqi officials in Baghdad fail to get them essentials like fuel and spare parts for vehicles.

Lt. Col. Hassan Falah, with the highway police, likened the situation to carrying a block of ice from Baghdad to distant provinces — by the time it arrives, most of it has melted away. Falah said only four of his 20 vehicles were working due to lack of parts.

Adding to the supply problem, many Iraqi soldiers and police operate with an eclectic assortment of purchased and donated vehicles that run on various types of fuel and need different spare parts.

Then there are the fuel shortages.

An American soldier helping train the Iraqi border patrol said that when his unit pulls into a town or Iraqi base, Iraqi troops try to siphon off fuel from the U.S. Humvees because they are so low on supplies.

Wolff said the defense forces aren't allocated enough fuel from the Iraqi government. "Where do they sit on the pecking order? We believe that they're on the bottom third," he said.

In the past, when Iraqi units needed fuel, they turned to the Americans. But U.S. commanders say they have begun withholding supplies in an effort to force Iraqis to look to their own supply chains.

"For a while we really spiked where we were giving them, I would say, a majority of their fuel," said Halstead, the 3rd Corps Support Command chief. "If I keep giving you something, you'll just keep taking it."

As for maintenance of Iraqi military vehicles, the work is now being done by private contractors hired by the Ministry of Defense. But that contract expires in March, and the Iraqi army needs to decide whether to renew it or do the work itself, Wolff said.

Despite the problems, U.S. officers say they are making progress in getting Iraqis to take over more of their supply operations.

Lt. Col. William Schiek, who supervised training of the Iraqi army's 6th Motorized Transportation Regiment, said the unit has been planning, coordinating and executing its own missions for months with little direct U.S. involvement.

"They're doing 100 percent of the heavy lifting," Schiek said. "This is not a U.S. show by any means."

Yes, More Troops Would Help, A Bit (NYT)

By Thom Shanker

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The New York Times, September 17, 2006

WASHINGTON

IN the lawless villages and empty deserts of Anbar Province, the Sunni heartland that provides safe haven for indigenous insurgents and foreign terrorists, what could an American commander do if more troops showed up?

This tantalizing "what if?" is being debated with renewed intensity after it was revealed last week that a Marine Corps intelligence assessment said Anbar's dire security situation could be improved only by injecting more economic aid and a division's worth of troops to reinforce the current 30,000-strong coalition contingent.

In a way, the argument over more troops in Anbar plays out along lines familiar from the early stages of the Iraq war, when Congress and the Pentagon's civilian leaders traded words over whether enough troops were committed to the invasion and its aftermath.

But given the current debate, the question becomes how would more troops help in Anbar? And for how long?

The answer is, they would help, in the short term. But many military analysts also warn that sending in another division — anywhere from 12,00 to 15,000 troops — could create more problems. An extra division could flood the zone in Anbar, a province the size of Louisiana stretching from the west of Baghdad to the Syrian border.

Currently, the American military is continuing its "clear, hold and build" policy: pushing insurgents from key towns, sending in Iraqi and coalition forces to maintain security and trying to rebuild local governments and businesses. Despite the return of some insurgents, the military points to successes in cities like Falluja. But troops can't begin to secure other important towns like Ramadi, Haditha and Hit.

Adding soldiers could both accelerate efforts to eradicate insurgents and terrorists, as well as help stanch the flow of foreign fighters and cash that support the homegrown insurgency across Iraq.

The addition of troops, military experts said, could increase the number of border posts along the lengthy frontier with Syria. Extra cavalry in Humvees or light-armored vehicles could mount more raids along the historical smuggling routes — the military calls them "ratlines" — that are not being choked off today.

Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies, whose assessments of security in Iraq have become required reading in Washington, said he thought the military was at least a full division short of troop levels required across Iraq. Yet even with more troops, he said, the empty swaths of desert would not be worth securing, even though insurgents are free to maneuver there.

"But more troops could help in specific cities," Mr. Cordesman said. He suggested focusing on the towns and cities along the river west of Baghdad, as well as the roads from Falluja toward Syria. "You want the main cities along the road system between Syria and Baghdad," he said.

Military experts said that extra troops could also assist in the nation-building part of the mission. An influx of combat engineers could more rapidly repair and rebuild power grids, sanitation and water systems. Military engineers could train and guide Iraqis in those jobs, which would add the benefit of employing young, disaffected Sunnis.

And a larger deployment of civil affairs officers — many drawn from the reserves who work as lawyers, city managers or teachers back in the civilian world — could add spine and muscle to efforts to establish democratic city councils, to open schools and to restart businesses. Extra officers and sergeants could also accelerate the training of Iraqi security forces.

But all those arguments for more troops founder on a tyrannical fact. Many more troops are not available. Iraqi forces are generating slowly. Foreign partners don't seem eager to add troops. And because of the new military operation to secure Baghdad, American forces have actually been pulled from Anbar, although not from the critical cities.

There's also the matter of whether more troops help in the long term. Many senior officers and military analysts argue that more soldiers conducting more combat missions would only add to a sense among many Iraqis that the United States is a clumsy and violent occupying power.

"I'll state emphatically that our job is to win in Al Anbar," said Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq. "But it is not the kind of fight that is going to be won by military kinetic action alone. It's a combination across all the lines of operations."

General Chiarelli, the commander of day-to-day military operations in Iraq, is one of the Army's leading advocates of using a broad spectrum of military and government-wide capabilities to solve Iraq's security problems.

In a 2005 article in Military Review, an official Army journal, he described how "kinetic action" — combat operations — must be combined with other "lines of operation," which include training Iraqi security forces, establishing democratic government, improving municipal services and building the economy.

The senior Marine commander in Anbar, Maj. Gen. Richard C. Zilmer, said that more troops may help, but only so much.

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"I think the introduction of further U.S. forces out here will certainly give short-term affect," General Zilmer said. "But at the end of the day, I don't believe it's going to be the significant change that is necessary to achieve long-term security and stability out here in Anbar. That, we still believe, has got to be an Iraqi solution to that piece."

The Longer The War, The Larger The Lies (NYT)

By Frank Rich

The New York Times, September 17, 2006

RARELY has a television network presented a more perfectly matched double feature. President Bush's 9/11 address on Monday night interrupted ABC's "Path to 9/11" so seamlessly that a single network disclaimer served them both: "For dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, as well as time compression."

No kidding: "The Path to 9/11" was false from the opening scene, when it put Mohamed Atta both in the wrong airport (Boston instead of Portland, Me.) and on the wrong airline (American instead of USAirways). It took Mr. Bush but a few paragraphs to warm up to his first fictionalization for dramatic purposes: his renewed pledge that "we would not distinguish between the terrorists and those who harbor or support them." Only days earlier the White House sat idly by while our ally Pakistan surrendered to Islamic militants in its northwest frontier, signing a "truce" and releasing Al Qaeda prisoners. Not only will Pakistan continue to harbor terrorists, Osama bin Laden probably among them, but it will do so without a peep from Mr. Bush.

You'd think that after having been caught concocting the scenario that took the nation to war in Iraq, the White House would mind the facts now. But this administration understands our culture all too well. This is a country where a cable news network (MSNBC) offers in-depth journalism about one of its anchors (Tucker Carlson) losing a prime-time dance contest and where conspiracy nuts have created a cottage industry of books and DVD's by arguing that hijacked jets did not cause 9/11 and that the 9/11 commission was a cover-up. (The fictionalized "Path to 9/11," supposedly based on the commission's report, only advanced the nuts' case.) If you're a White House stuck in a quagmire in an election year, what's the percentage in starting to tell the truth now? It's better to game the system.

The untruths are flying so fast that untangling them can be a full-time job. Maybe that's why I am beginning to find Dick Cheney almost refreshing. As we saw on "Meet the Press" last Sunday, these days he helpfully signals when he's about to lie. One dead giveaway is the word context, as in "the context in which I made that statement last year." The vice president invoked "context" to try to explain away both his bogus predictions: that Americans would be greeted as liberators in Iraq and that the insurgency (some 15 months ago) was in its "last throes."

The other instant tip-off to a Cheney lie is any variation on the phrase "I haven't read the story." He told Tim Russert he hadn't read The Washington Post's front-page report that the bin Laden trail had gone "stone cold" or the new Senate Intelligence Committee report(PDF) contradicting the White House's prewar hype about nonexistent links between Al Qaeda and Saddam. Nor had he read a Times front-page article about his declining clout. Or the finding by Mohamed ElBaradei of the International Atomic Energy Agency just before the war that there was "no evidence of resumed nuclear activities" in Iraq. "I haven't looked at it; I'd have to go back and look at it again," he said, however nonsensically.

These verbal tics are so consistent that they amount to truth in packaging — albeit the packaging of evasions and falsehoods. By contrast, Condi Rice's fictions, also offered in bulk to television viewers to memorialize 9/11, are as knotty as a David Lynch screenplay. Asked by Chris Wallace of Fox News last Sunday if she and the president had ignored prewar "intelligence that contradicted your case," she refused to give up the ghost: "We know that Zarqawi was running a poisons network in Iraq," she insisted, as she continued to state again that "there were ties between Iraq and Al Qaeda" before the war.

Ms. Rice may be a terrific amateur concert pianist, but she's an even better amateur actress. The Senate Intelligence Committee report released only two days before she spoke dismissed all such ties. Saddam, who "issued a general order that Iraq should not deal with Al Qaeda," saw both bin Laden and Abu Musab al-Zarqawi as threats and tried to hunt down Zarqawi when he passed through Baghdad in 2002. As for that Zarqawi "poisons network," the Pentagon knew where it was and wanted to attack it in June 2002. But as Jim Miklaszewski of NBC News reported more than two years ago, the White House said no, fearing a successful strike against Zarqawi might "undercut its case for going to war against Saddam." Zarqawi, meanwhile, escaped.

It was in an interview with Ted Koppel for the Discovery Channel, though, that Ms. Rice rose to a whole new level of fictionalizing by wrapping a fresh layer of untruth around her most notorious previous fiction. Asked about her dire prewar warning that a smoking gun might come in the form of a mushroom cloud, she said that "it wasn't meant as hyperbole." She also rewrote history to imply that she had been talking broadly about the nexus between "terrorism and a nuclear device" back then, not specifically Saddam — a rather deft verbal sleight-of-hand.

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Ms. Rice sets a high bar, but Mr. Bush, competitive as always, was not to be outdone in his Oval Office address. Even the billing of his appearance was fiction. "It's not going to be a political speech," Tony Snow announced, knowing full well that the 17-minute text was largely Cuisinarted scraps from other recent political speeches, including those at campaign fund-raisers. Moldy canards of yore (Saddam "was a clear threat") were interspersed with promising newcomers: Iraq will be "a strong ally in the war on terror." As is often the case, the president was technically truthful. Iraq will be a strong ally in the war on terror — just not necessarily our ally. As Mr. Bush spoke, the Iraqi prime minister, Nuri al-Maliki, was leaving for Iran to jolly up Mahmoud Ahmadinejad.

Perhaps the only way to strike back against this fresh deluge of fiction is to call the White House's bluff. On Monday night, for instance, Mr. Bush flatly declared that "the safety of America depends on the outcome of the battle in the streets of Baghdad." He once again invoked Franklin Roosevelt and Harry Truman, asking, "Do we have the confidence to do in the Middle East what our fathers and grandfathers accomplished in Europe and Asia?"

Rather than tune this bluster out, as the country now does, let's try a thought experiment. Let's pretend everything Mr. Bush said is actually true and then hold him to his word. If the safety of America really depends on the outcome of the battle in the streets of Baghdad, then our safety is in grave peril because we are losing that battle. The security crackdown announced with great fanfare by Mr. Bush and Mr. Maliki in June is failing. Rosy American claims of dramatically falling murder rates are being challenged by the Baghdad morgue. Perhaps most tellingly, the Pentagon has nowstopped including in its own tally the large numbers of victims killed by car bombings and mortar attacks in sectarian warfare.

And that's the good news. Another large slice of Iraq, Anbar Province (almost a third of the country), is slipping away so fast that a senior military official told NBC News last week that 50,000 to 60,000 additional ground forces were needed to secure it, despite our huge sacrifice in two savage battles for Falluja. The Iraqi troops "standing up" in Anbar are deserting at a rate as high as 40 percent.

"Even the most sanguine optimist cannot yet conclude we are winning," John Lehman, the former Reagan Navy secretary, wrote of the Iraq war last month. So what do we do next? Given that the current course is a fiasco, and that the White House demonizes any plan or timetable for eventual withdrawal as "cut and run," there's only one immediate alternative: add more manpower, and fast. Last week two conservative war supporters, William Kristol and Rich Lowry, called for exactly that — "substantially more troops." These pundits at least have the courage of Mr. Bush's convictions. Shouldn't Republicans in Congress as well?

After all, if what the president says is true about the stakes in Baghdad, it's tantamount to treason if Bill Frist, Rick Santorum and John Boehner fail to rally their party's Congressional majority to stave off defeat there. We can't emulate our fathers and grandfathers and whip today's Nazis and Communists with 145,000 troops. Roosevelt and Truman would have regarded those troop levels as defeatism.

The trouble, of course, is that we don't have any more troops, and supporters of the war, starting with Mr. Bush, don't want to ask American voters to make any sacrifices to provide them. They don't want to ask because they know the voters will tell them no. In the end, that is the hard truth the White House is determined to obscure, at least until Election Day, by carpet-bombing America with still more fictions about Iraq.

Ties To GOP Trumped Know-How Among Staff Sent To Rebuild Iraq (WP)

By Rajiv Chandrasekaran, Washington Post Staff Writer

The Washington Post, September 17, 2006

Adapted from "Imperial Life in the Emerald City," by Rajiv Chandrasekaran, copyright Knopf 2006

After the fall of Saddam Hussein's government in April 2003, the opportunity to participate in the U.S.-led effort to reconstruct Iraq attracted all manner of Americans -- restless professionals, Arabic-speaking academics, development specialists and war-zone adventurers. But before they could go to Baghdad, they had to get past Jim O'Beirne's office in the Pentagon.

To pass muster with O'Beirne, a political appointee who screens prospective political appointees for Defense Department posts, applicants didn't need to be experts in the Middle East or in post-conflict reconstruction. What seemed most important was loyalty to the Bush administration.

O'Beirne's staff posed blunt questions to some candidates about domestic politics: Did you vote for George W. Bush in 2000? Do you support the way the president is fighting the war on terror? Two people who sought jobs with the U.S. occupation authority said they were even asked their views on Roe v. Wade .

Many of those chosen by O'Beirne's office to work for the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, lacked vital skills and experience. A 24-year-old who had never worked in finance -- but had applied for a White House job -- was sent to reopen Baghdad's stock exchange. The daughter of a prominent neoconservative commentator

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and a recent graduate from an evangelical university for home-schooled children were tapped to manage Iraq's $13 billion budget, even though they didn't have a background in accounting.

The decision to send the loyal and the willing instead of the best and the brightest is now regarded by many people involved in the 3 1/2 -year effort to stabilize and rebuild Iraq as one of the Bush administration's gravest errors. Many of those selected because of their political fidelity spent their time trying to impose a conservative agenda on the postwar occupation, which sidetracked more important reconstruction efforts and squandered goodwill among the Iraqi people, according to many people who participated in the reconstruction effort.

The CPA had the power to enact laws, print currency, collect taxes, deploy police and spend Iraq's oil revenue. It had more than 1,500 employees in Baghdad at its height, working under America's viceroy in Iraq, L. Paul Bremer, but never released a public roster of its entire staff.

Interviews with scores of former CPA personnel over the past two years depict an organization that was dominated -- and ultimately hobbled -- by administration ideologues.

"We didn't tap -- and it should have started from the White House on down -- just didn't tap the right people to do this job," said Frederick Smith, who served as the deputy director of the CPA's Washington office. "It was a tough, tough job. Instead we got people who went out there because of their political leanings."

Endowed with $18 billion in U.S. reconstruction funds and a comparatively quiescent environment in the immediate aftermath of the U.S. invasion, the CPA was the U.S. government's first and best hope to resuscitate Iraq -- to establish order, promote rebuilding and assemble a viable government, all of which, experts believe, would have constricted the insurgency and mitigated the chances of civil war. Many of the basic tasks Americans struggle to accomplish today in Iraq -- training the army, vetting the police, increasing electricity generation -- could have been performed far more effectively in 2003 by the CPA.

But many CPA staff members were more interested in other things: in instituting a flat tax, in selling off government assets, in ending food rations and otherwise fashioning a new nation that looked a lot like the United States. Many of them spent their days cloistered in the Green Zone, a walled-off enclave in central Baghdad with towering palms, posh villas, well-stocked bars and resort-size swimming pools.

By the time Bremer departed in June 2004, Iraq was in a precarious state. The Iraqi army, which had been dissolved and refashioned by the CPA, was one-third the size he had pledged it would be. Seventy percent of police officers had not been screened or trained. Electricity generation was far below what Bremer had promised to achieve. And Iraq's interim government had been selected not by elections but by Americans. Divisive issues were to be resolved later on, increasing the chances that tension over those matters would fuel civil strife.

To recruit the people he wanted, O'Beirne sought rÃ©sumÃ©s from the offices of Republican congressmen, conservative think tanks and GOP activists. He discarded applications from those his staff deemed ideologically suspect, even if the applicants possessed Arabic language skills or postwar rebuilding experience.

Smith said O'Beirne once pointed to a young man's rÃ©sumÃ© and pronounced him "an ideal candidate." His chief qualification was that he had worked for the Republican Party in Florida during the presidential election recount in 2000.

O'Beirne, a former Army officer who is married to prominent conservative commentator Kate O'Beirne, did not respond to requests for comment.

He and his staff used an obscure provision in federal law to hire many CPA staffers as temporary political appointees, which exempted the interviewers from employment regulations that prohibit questions about personal political beliefs.

There were a few Democrats who wound up getting jobs with the CPA, but almost all of them were active-duty soldiers or State Department Foreign Service officers. Because they were career government employees, not temporary hires, O'Beirne's office could not query them directly about their political leanings.

One former CPA employee who had an office near O'Beirne's wrote an e-mail to a friend describing the recruitment process: "I watched rÃ©sumÃ©s of immensely talented individuals who had sought out CPA to help the country thrown in the trash because their adherence to 'the President's vision for Iraq' (a frequently heard phrase at CPA) was 'uncertain.' I saw senior civil servants from agencies like Treasury, Energy . . . and Commerce denied advisory positions in Baghdad that were instead handed to prominent RNC [Republican National Committee] contributors."

As more and more of O'Beirne's hires arrived in the Green Zone, the CPA's headquarters in Hussein's marble-walled former Republican Palace felt like a campaign war room. Bumper stickers and mouse pads praising President Bush were standard desk decorations. In addition to military uniforms and "Operation Iraqi Freedom" garb, "Bush-Cheney 2004" T-shirts were among the most common pieces of clothing.

"I'm not here for the Iraqis," one staffer noted to a reporter over lunch. "I'm here for George Bush."

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When Gordon Robison, who worked in the Strategic Communications office, opened a care package from his mother to find a book by Paul Krugman, a liberal New York Times columnist, people around him stared. "It was like I had just unwrapped a radioactive brick," he recalled.Finance Background Not Required

Twenty-four-year-old Jay Hallen was restless. He had graduated from Yale two years earlier, and he didn't much like his job at a commercial real-estate firm. His passion was the Middle East, and although he had never been there, he was intrigued enough to take Arabic classes and read histories of the region in his spare time.

He had mixed feelings about the war in Iraq, but he viewed the American occupation as a ripe opportunity. In the summer of 2003, he sent an e-mail to Reuben Jeffrey III, whom he had met when applying for a White House job a year earlier. Hallen had a simple query for Jeffrey, who was working as an adviser to Bremer: Might there be any job openings in Baghdad?

"Be careful what you wish for," Jeffrey wrote in response. Then he forwarded Hallen's resume to O'Beirne's office.

Three weeks later, Hallen got a call from the Pentagon. The CPA wanted him in Baghdad. Pronto. Could he be ready in three to four weeks?

The day he arrived in Baghdad, he met with Thomas C. Foley, the CPA official in charge of privatizing state-owned enterprises. (Foley, a major Republican Party donor, went to Harvard Business School with President Bush.) Hallen was shocked to learn that Foley wanted him to take charge of reopening the stock exchange.

"Are you sure?" Hallen said to Foley. "I don't have a finance background."

It's fine, Foley replied. He told Hallen that he was to be the project manager. He would rely on other people to get things done. He would be "the main point of contact."

Before the war, Baghdad's stock exchange looked nothing like its counterparts elsewhere in the world. There were no computers, electronic displays or men in colorful coats scurrying around on the trading floor. Trades were scrawled on pieces of paper and noted on large blackboards. If you wanted to buy or sell, you came to the exchange yourself and shouted your order to one of the traders. There was no air-conditioning. It was loud and boisterous. But it worked. Private firms raised hundreds of thousands of dollars by selling stock, and ordinary people learned about free enterprise.

The exchange was gutted by looters after the war. The first wave of American economic reconstruction specialists from the Treasury Department ignored it. They had bigger issues to worry about: paying salaries, reopening the banks, stabilizing the currency. But the brokers wanted to get back to work and investors wanted their money, so the CPA made the reopening a priority.

Quickly absorbing the CPA's ambition during the optimistic days before the insurgency flared, Hallen decided that he didn't just want to reopen the exchange, he wanted to make it the best, most modern stock market in the Arab world. He wanted to promulgate a new securities law that would make the exchange independent of the Finance Ministry, with its own bylaws and board of directors. He wanted to set up a securities and exchange commission to oversee the market. He wanted brokers to be licensed and listed companies to provide financial disclosures. He wanted to install a computerized trading and settlement system.

Iraqis cringed at Hallen's plan. Their top priority was reopening the exchange, not setting up computers or enacting a new securities law. "People are broke and bewildered," broker Talib Tabatabai told Hallen. "Why do you want to create enemies? Let us open the way we were."

Tabatabai, who held a doctorate in political science from Florida State University, believed Hallen's plan was unrealistic. "It was something so fancy, so great, that it couldn't be accomplished," he said.

But Hallen was convinced that major changes had to be enacted. "Their laws and regulations were completely out of step with the modern world," he said. "There was just no transparency in anything. It was more of a place for Saddam and his friends to buy up private companies that they otherwise didn't have a stake in."

Opening the stock exchange without legal and structural changes, Hallen maintained, "would have been irresponsible and short-sighted."

To help rewrite the securities law, train brokers and purchase the necessary computers, Hallen recruited a team of American volunteers. In the spring of 2004, Bremer approved the new law and simultaneously appointed the nine Iraqis selected by Hallen to become the exchange's board of governors.

The exchange's board selected Tabatabai as its chairman. The new securities law that Hallen had nursed into life gave the board control over the exchange's operations, but it didn't say a thing about the role of the CPA adviser. Hallen assumed that he'd have a part in decision-making until the handover of sovereignty. Tabatabai and the board, however, saw themselves in charge.

Tabatabai and the other governors decided to open the market as soon as possible. They didn't want to wait several more months for the computerized trading system to be up and running. They ordered dozens of dry-erase boards to be installed on

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the trading floor. They used such boards to keep track of buying and selling prices before the war, and that's how they'd do it again.

The exchange opened two days after Hallen's tour in Iraq ended. Brokers barked orders to floor traders, who used their trusty white boards. Transactions were recorded not with computers but with small chits written in ink. CPA staffers stayed away, afraid that their presence would make the stock market a target for insurgents.

When Tabatabai was asked what would have happened if Hallen hadn't been assigned to reopen the exchange, he smiled. "We would have opened months earlier. He had grand ideas, but those ideas did not materialize," Tabatabai said of Hallen. "Those CPA people reminded me of Lawrence of Arabia."'Loyalist' Replaces Public Health Expert

The hiring of Bremer's most senior advisers was settled upon at the highest levels of the White House and the Pentagon. Some, like Foley, were personally recruited by Bush. Others got their jobs because an influential Republican made a call on behalf of a friend or trusted colleague.

That's what happened with James K. Haveman Jr., who was selected to oversee the rehabilitation of Iraq's health care system.

Haveman, a 60-year-old social worker, was largely unknown among international health experts, but he had connections. He had been the community health director for the former Republican governor of Michigan, John Engler, who recommended him to Paul D. Wolfowitz, the deputy secretary of defense.

Haveman was well-traveled, but most of his overseas trips were in his capacity as a director of International Aid, a faith-based relief organization that provided health care while promoting Christianity in the developing world. Before his stint in government, Haveman ran a large Christian adoption agency in Michigan that urged pregnant women not to have abortions.

Haveman replaced Frederick M. Burkle Jr., a physician with a master's degree in public health and postgraduate degrees from Harvard, Yale, Dartmouth and the University of California at Berkeley. Burkle taught at the Johns Hopkins School of Public Health, where he specialized in disaster-response issues, and he was a deputy assistant administrator at the U.S. Agency for International Development, which sent him to Baghdad immediately after the war.

He had worked in Kosovo and Somalia and in northern Iraq after the 1991 Persian Gulf War. A USAID colleague called him the "single most talented and experienced post-conflict health specialist working for the United States government."

But a week after Baghdad's liberation, Burkle was informed he was being replaced. A senior official at USAID sent Burkle an e-mail saying the White House wanted a "loyalist" in the job. Burkle had a wall of degrees, but he didn't have a picture with the president.

Haveman arrived in Iraq with his own priorities. He liked to talk about the number of hospitals that had reopened since the war and the pay raises that had been given to doctors instead of the still-decrepit conditions inside the hospitals or the fact that many physicians were leaving for safer, better paying jobs outside Iraq. He approached problems the way a health care administrator in America would: He focused on preventive measures to reduce the need for hospital treatment.

He urged the Health Ministry to mount an anti-smoking campaign, and he assigned an American from the CPA team -- who turned out to be a closet smoker himself -- to lead the public education effort. Several members of Haveman's staff noted wryly that Iraqis faced far greater dangers in their daily lives than tobacco. The CPA's limited resources, they argued, would be better used raising awareness about how to prevent childhood diarrhea and other fatal maladies.

Haveman didn't like the idea that medical care in Iraq was free. He figured Iraqis should pay a small fee every time they saw a doctor. He also decided to allocate almost all of the Health Ministry's $793 million share of U.S. reconstruction funds to renovating maternity hospitals and building new community medical clinics. His intention, he said, was "to shift the mind-set of the Iraqis that you don't get health care unless you go to a hospital."

But his decision meant there were no reconstruction funds set aside to rehabilitate the emergency rooms and operating theaters at Iraqi hospitals, even though injuries from insurgent attacks were the country's single largest public health challenge.

Haveman also wanted to apply American medicine to other parts of the Health Ministry. Instead of trying to restructure the dysfunctional state-owned firm that imported and distributed drugs and medical supplies to hospitals, he decided to try to sell it to a private company.

To prepare it for a sale, he wanted to attempt something he had done in Michigan. When he was the state's director of community health, he sought to slash the huge amount of money Michigan spent on prescription drugs for the poor by limiting the medications doctors could prescribe for Medicaid patients. Unless they received an exemption, physicians could only prescribe drugs that were on an approved list, known as a formulary.

Haveman figured the same strategy could bring down the cost of medicine in Iraq. The country had 4,500 items on its drug formulary. Haveman deemed it too large. If private firms were going to bid for the job of supplying drugs to government hospitals, they needed a smaller, more manageable list. A new formulary would also outline new requirements about where approved

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drugs could be manufactured, forcing Iraq to stop buying medicines from Syria, Iran and Russia, and start buying from the United States.

He asked the people who had drawn up the formulary in Michigan whether they wanted to come to Baghdad. They declined. So he beseeched the Pentagon for help. His request made its way to the Defense Department's Pharmacoeconomic Center in San Antonio.

A few weeks later, three formulary experts were on their way to Iraq.

The group was led by Theodore Briski, a balding, middle-aged pharmacist who held the rank of lieutenant commander in the U.S. Navy. Haveman's order, as Briski remembered it, was: "Build us a formulary in two weeks and then go home." By his second day in Iraq, Briski came to three conclusions. First, the existing formulary "really wasn't that bad." Second, his mission was really about "redesigning the entire Iraqi pharmaceutical procurement and delivery system, and that was a complete change of scope -- on a grand scale." Third, Haveman and his advisers "really didn't know what they were doing."

Haveman "viewed Iraq as Michigan after a huge attack," said George Guszcza, an Army captain who worked on the CPA's health team. "Somehow if you went into the ghettos and projects of Michigan and just extended it out for the entire state -- that's what he was coming to save."

Haveman's critics, including more than a dozen people who worked for him in Baghdad, contend that rewriting the formulary was a distraction. Instead, they said, the CPA should have focused on restructuring, but not privatizing, the drug-delivery system and on ordering more emergency shipments of medicine to address shortages of essential medicines. The first emergency procurement did not occur until early 2004, after the Americans had been in Iraq for more than eight months.

Haveman insisted that revising the formulary was a crucial first step in improving the distribution of medicines. "It was unwieldy to order 4,500 different drugs, and to test and distribute them," he said.

When Haveman left Iraq, Baghdad's hospitals were as decrepit as the day the Americans arrived. At Yarmouk Hospital, the city's largest, rooms lacked the most basic equipment to monitor a patient's blood pressure and heart rate, operating theaters were without modern surgical tools and sterile implements, and the pharmacy's shelves were bare.

Nationwide, the Health Ministry reported that 40 percent of the 900 drugs it deemed essential were out of stock in hospitals. Of the 32 medicines used in public clinics for the management of chronic diseases, 26 were unavailable.

The new health minister, Aladin Alwan, beseeched the United Nations for help, and he asked neighboring nations to share what they could. He sought to increase production at a state-run manufacturing plant in the city of Samarra. And he put the creation of a new formulary on hold. To him, it was a fool's errand.

"We didn't need a new formulary. We needed drugs," he said. "But the Americans did not understand that."A 9/11 Hero's Public Relations Blitz

In May 2003, a team of law enforcement experts from the Justice Department concluded that more than 6,600 foreign advisers were needed to help rehabilitate Iraq's police forces.

The White House dispatched just one: Bernie Kerik.

Bernard Kerik had more star power than Bremer and everyone else in the CPA combined. Soldiers stopped him in the halls of the Republican Palace to ask for his autograph or, if they had a camera, a picture. Reporters were more interested in interviewing him than they were the viceroy.

Kerik had been New York City's police commissioner when terrorists attacked the World Trade Center on Sept. 11, 2001. His courage (he shouted evacuation orders from a block away as the south tower collapsed), his stamina (he worked around the clock and catnapped in his office for weeks), and his charisma (he was a master of the television interview) turned him into a national hero. When White House officials were casting about for a prominent individual to take charge of Iraq's Interior Ministry and assume the challenge of rebuilding the Iraqi police, Kerik's name came up. Bush pronounced it an excellent idea.

Kerik had worked in the Middle East before, as the security director for a government hospital in Saudi Arabia, but he was expelled from the country amid a government investigation into his surveillance of the medical staff. He lacked postwar policing experience, but the White House viewed that as an asset.

Veteran Middle East hands were regarded as insufficiently committed to the goal of democratizing the region. Post-conflict experts, many of whom worked for the State Department, the United Nations or nongovernmental organizations, were deemed too liberal. Men such as Kerik -- committed Republicans with an accomplished career in business or government -- were ideal. They were loyal, and they shared the Bush administration's goal of rebuilding Iraq in an American image. With Kerik, there were bonuses: The media loved him, and the American public trusted him.

Robert Gifford, a State Department expert in international law enforcement, was one of the first CPA staff members to meet Kerik when he arrived in Baghdad. Gifford was the senior adviser to the Interior Ministry, which oversaw the police. Kerik was to take over Gifford's job.

"I understand you are going to be the man, and we are here to support you," Gifford told Kerik.

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"I'm here to bring more media attention to the good work on police because the situation is probably not as bad as people think it is," Kerik replied.

As they entered the Interior Ministry office in the palace, Gifford offered to brief Kerik. "It was during that period I realized he wasn't with me," Gifford recalled. "He didn't listen to anything. He hadn't read anything except his e-mails. I don't think he read a single one of our proposals."

Kerik wasn't a details guy. He was content to let Gifford figure out how to train Iraqi officers to work in a democratic society. Kerik would take care of briefing the viceroy and the media. And he'd be going out for a few missions himself.

Kerik's first order of business, less than a week after he arrived, was to give a slew of interviews saying the situation was improving. He told the Associated Press that security in Baghdad "is not as bad as I thought. Are bad things going on? Yes. But is it out of control? No. Is it getting better? Yes." He went on NBC's "Today" show to pronounce the situation "better than I expected." To Time magazine, he said that "people are starting to feel more confident. They're coming back out. Markets and shops that I saw closed one week ago have opened."

When it came to his own safety, Kerik took no chances. He hired a team of South African bodyguards, and he packed a 9mm handgun under his safari vest.

The first months after liberation were a critical period for Iraq's police. Officers needed to be called back to work and screened for Baath Party connections. They'd have to learn about due process, how to interrogate without torture, how to walk the beat. They required new weapons. New chiefs had to be selected. Tens of thousands more officers would have to be hired to put the genie of anarchy back in the bottle.

Kerik held only two staff meetings while in Iraq, one when he arrived and the other when he was being shadowed by a New York Times reporter, according to Gerald Burke, a former Massachusetts State Police commander who participated in the initial Justice Department assessment mission. Despite his White House connections, Kerik did not secure funding for the desperately needed police advisers. With no help on the way, the task of organizing and training Iraqi officers fell to U.S. military police soldiers, many of whom had no experience in civilian law enforcement.

"He was the wrong guy at the wrong time," Burke said later. "Bernie didn't have the skills. What we needed was a chief executive-level person. . . . Bernie came in with a street-cop mentality."

Kerik authorized the formation of a hundred-man Iraqi police paramilitary unit to pursue criminal syndicates that had formed since the war, and he often joined the group on nighttime raids, departing the Green Zone at midnight and returning at dawn, in time to attend Bremer's senior staff meeting, where he would crack a few jokes, describe the night's adventures and read off the latest crime statistics prepared by an aide. The unit did bust a few kidnapping gangs and car-theft rings, generating a stream of positive news stories that Kerik basked in and Bremer applauded. But the all-nighters meant Kerik wasn't around to supervise the Interior Ministry during the day. He was sleeping.

Several members of the CPA's Interior Ministry team wanted to blow the whistle on Kerik, but they concluded any complaints would be brushed off. "Bremer's staff thought he was the silver bullet," a member of the Justice Department assessment mission said. "Nobody wanted to question the [man who was] police chief during 9/11."

Kerik contended that he did his best in what was, ultimately, an untenable situation. He said he wasn't given sufficient funding to hire foreign police advisers or establish large-scale training programs.

Three months after he arrived, Kerik attended a meeting of local police chiefs in Baghdad's Convention Center. When it was his turn to address the group, he stood and bid everyone farewell. Although he had informed Bremer of his decision a few days earlier, Kerik hadn't told most of the people who worked for him. He flew out of Iraq a few hours later.

"I was in my own world," he said later. "I did my own thing."

Mistakes Were Made (WP)

Reviewed By Moisã©s Naã-m

The Washington Post, September 17, 2006

How L. Paul Bremer's occupation paved the way for today's chaos in Baghdad.

IMPERIAL LIFE IN THE EMERALD CITY

Inside Iraq's Green Zone

By Rajiv Chandrasekaran

Knopf. 320 pp. $25.95

When President Bush announced in May 2003 that he was appointing L. Paul Bremer as the top U.S. civilian official in Iraq, I received an e-mail from one of his former business colleagues: "I just heard that Jerry [Bremer's nickname] will be running Iraq. And the Iraqis thought that the worst we could do was to bomb them."

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At the time, I just smiled and dismissed the message. Three years later, Rajiv Chandrasekaran's extraordinary book made me realize how tragically prescient that e-mail had been. Imperial Life in the Emerald City is full of jaw-dropping tales of the myriad large and small ways in which Bremer and his team poured fuel into the lethal cauldron that is today's Iraq. He was not alone and had many eager and powerful partners in Washington, Baghdad and elsewhere. Still, by reporting on daily life and decision making inside the Green Zone, the cloistered compound that housed Bremer's Coalition Provisional Authority (CPA), Chandrasekaran shows how incomplete our conventional wisdom is about what went wrong in Iraq.

That common wisdom holds that while the decision to invade Iraq and topple Saddam Hussein is still open to debate, American mismanagement of the country after the invasion is not. Even the Bush administration's staunchest supporters now accept that "mistakes were made" and admit that, for example, dismantling the Iraqi army and driving out officials tied to the old dictatorship's Baath Party (both policies that Bremer championed) were bad ideas. But often implicit in this dominant interpretation is a complacent understanding, even a justification, of U.S. mistakes made during the occupation. After all, goes the thinking, ethnic divisions, suicidal Islamist fanatics, decades of oppression and decay, and all sorts of other obstacles conspired against the success of the bold American enterprise.

It is hard to hold that view after reading this book. Chandrasekaran, now an assistant managing editor of The Washington Post, was The Post's Baghdad bureau chief in 2003-04 and has a keen eye for the small detail that illuminates larger truths. He clearly suggests that the self-inflicted wounds created by CPA ineptitude, arrogance and ignorance were far from inevitable. Nor, he shows, were they minor causes of the mess the United States faces today in Iraq. Imperial Life in the Emerald City documents the way that an avalanche of unjustifiable mistakes transformed a difficult mission into an impossible one.

Take, for example, the story of Frederick M. Burkle Jr., a Navy reserve officer and physician with two Bronze Stars whom a colleague describes as "the single most talented and experienced post-conflict health specialist working for the United States government." Burkle was ousted a week after Baghdad's liberation because, he was told by his superiors, the White House preferred to have a Bush "loyalist" in charge of health matters in Iraq. Burkle was replaced (fully two months later) by James K. Haveman Jr., a social worker whose experience as the community-health director for Michigan's former Republican governor, John Engler, had followed a stint running "a large Christian adoption agency in Michigan that urged pregnant women not to have abortions." Haveman had also traveled widely "in his capacity as a director of International Aid, a faith-based relief organization that provided health care while promoting Christianity in the developing world." (That pro-life stance was not uncommon in the CPA: Two staffers report being asked during their job interviews if they supported the Supreme Court's Roe v. Wade ruling.) Chandrasekaran's rendition of Haveman's performance in Iraq makes for unnerving reading: the launch of an antismoking campaign while hospitals lacked pain killers; the emphasis on preventive medicine in a country ravaged by a bloody insurgency; an attempt to refashion Iraq's health care system with a U.S.-inspired model based on private providers, co-payments and primary care while newborns routinely died for lack of incubators.

Or take the case of Capt. John Smathers, a reservist and personal-injury lawyer charged with bringing some order to the chaotic traffic jams that ensued after U.S. authorities eliminated all import duties and the country was flooded by imported used cars. The solution? Download Maryland's motor-vehicle code from the Internet, translate it into Arabic and, after much haggling and revision, have Bremer sign it into law. CPA Order 86 included provisions such as, "Pedestrians walking during darkness or cloudy weather shall wear light or reflective clothing."

Micromanaging and emulating U.S. institutions was also the instinct of Jay Hallen, the clueless 24-year-old in charge of reopening the Baghdad stock market. His approach was to create one patterned after the New York Stock Exchange. (No, it didn't work.) Nor was Hallen the only inexperienced twentysomething CPA staffer given responsibilities for which he was utterly unprepared. Six of the "ten young gofers" that the CPA had requested from the Pentagon to handle minor administrative tasks found themselves managing Iraq's $13-billion budget. Where did the Pentagon recruit them? From the Heritage Foundation; they had sent their resumes there, looking for work in that conservative think tank.

When so much money is combined with organizational chaos, a state of emergency and the expectation that powerful friends in Washington would provide any needed cover, corruption is inevitable. Sure enough, Chandrasekaran offers tales of corruption among American contractors that read like dispatches from a kleptocratic banana republic.

Readers should avoid the temptation to dismiss Imperial Life in the Emerald City as yet another book documenting America's misadventures in Iraq. That of course it is, but the book offers more than a dispatch from the trenches. Chandrasekaran does not set out to score partisan points or unveil large geopolitical lessons; he is, essentially, a reporter telling readers what he saw. Yet it is impossible to read his book without thinking about the larger implications of the story he tells.

What caused the massive collapse of common sense that doomed the CPA and undermined the U.S. gamble in Iraq? That is the question that every page tacitly forces on the reader. American ingenuity, pragmatism and practical approaches to problem-solving are legendary. But Chandrasekaran shows that what reigned in Iraq was massive incompetence, patently unfeasible schemes, naive expectations and arrogance fueled by ignorance. His book methodically documents the baffling

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ineptitude that dominated U.S. attempts to influence Iraq's fiendish politics, rebuild the electrical grid, privatize the economy, run the oil industry, recruit expert staff or instill a modicum of normalcy to the lives of Iraqis. Nor are the book's complaints Monday-morning quarterbacking. The CPA's failings caused widespread grumbling at the time. Chandrasekaran tells of a message board on which some Marines had drawn a gravestone inscribed with the words "COMMON SENSE." The caption underneath it read: "Killed by the CPA."

Why? What happened? Chandrasekaran does not try to answer these questions directly. But his indispensable book offers powerful hints as to what the likely answers are. Bremer's regency suffered from too much unaccountable political power, too much carelessly spent money and too many ideological certitudes. Those conditions allowed incompetence, petty partisanship, patronage, nepotism and corruption to thrive. That is why "mistakes were made" -- and Chandrasekaran gets us away from that passive-voice formulation to show who, precisely, made them. Those mistakes go a long way toward explaining why success in Iraq is proving so tragically elusive. Â·

MoisÃ©s NaÃ-m is editor in chief of Foreign Policy magazine and the author of "Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy."

A Liberal Hawk Strikes Back (LAT)

Jonathan Chait

The Los Angeles Times, September 17, 2006

THE CIRCULAR firing squad is the signature practice of the Democratic Party. Think of 1968, or 1972, or everything that happened during the Clinton presidency except impeachment, or the Howard Dean campaign. Democrats are never truly happy unless they're at each others' throats.

It has been a while since the Democratic Party had a good, old-fashioned internal bloodbath. The Bush years have had a unifying effect. But as Bush begins to recede from the scene, the prospect of controlling Congress looms and the presidential primaries appear over the horizon, the cherished habits are bound to resume.

In fact, the infighting has started. The new Democratic civil war, which is already burbling up in liberal magazines, blogs and opinion columns, centers on whether the Bush administration screwed up Iraq or whether the project was doomed to failure regardless.

This may sound like a trivial subject for a vicious ideological bloodbath. (Leave it to Democrats to tear each other to shreds over a counter-factual historical argument.) But it's actually a crucial question. At stake is nothing less than who gets to direct the party's foreign policy.

The liberal wing of the party has long been aware that although Democratic voters are generally dovish, the party's foreign policy elite is fairly hawkish. Liberals, understandably, want to depose that hawkish elite and replace it with a dovish one. Flynt Leverett, a foreign policy advisor to John Kerry, complained that "Democrats have fallen into a 'soft neoconservatism' that has dulled the party's voice on foreign policy." John Tirman, in his book, "100 Ways America Is Screwing Up the World," writes, "When I see a liberal hawk, I smell a rat."

The Iraq debacle (which most liberal hawks supported) has given the doves new ammunition. In some ways it resembles the fallout from the Vietnam War, when liberals such as George McGovern — who were skeptical of the Cold War — unseated the Kennedy-era hawks who had led the country into a quagmire in Southeast Asia. One difference between Vietnam and Iraq is that the former was conducted mostly by Democratic administrations, while the latter has been conducted by a Republican one. Liberal hawks (like me) believe that this mostly absolves us; it wasn't us who conducted this debacle.

Doves, naturally, want to hang the war around our necks anyway. They say blaming Bush is a cop-out. Last year, Sam Rosenfeld and Matthew Yglesias wrote an article in the American Prospect attacking those who fault the conduct of the Iraq war. "Administration bungling," they wrote, "is simply not the root source of America's failure in Iraq." Those hawks who believe otherwise, they wrote, are engaging in what they called the "incompetence dodge" — a phrase that continues to circulate among liberal doves.

The argument that the Iraq war had no chance to succeed has an undeniable surface appeal. Things are going so badly there that it's hard to imagine how it could have turned out differently.

But the more we learn about the war's conduct, the more we learn that the administration didn't just make the normal sorts of mistakes that inevitably occur in wartime; it was almost criminally negligent. The Bush administration literally refused to do any planning for the occupation. They invaded before all the available troops were in place, staffed the Coalition Provisional Authority with underqualified hacks vetted solely on the basis of ideological loyalty and rashly disbanded the Iraqi army, which could have provided some early order.

One might counter that none of this was really decisive because Iraq is so deeply riven with sectarian feuds that brutal fighting between Sunnis and Shiites was inevitable. But this misunderstands a lot about human behavior. When the authority of

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government dissolves, people retreat to the safety of tribal solidarity, and under such conditions they can do savage things of which they never thought themselves capable. Once the expectation of chaos sets in, it can spiral out of control.

Many doves on the left and right looked at the savagery in Sarajevo in the 1990s and saw a never-ending tribal war, but in fact Serbs, Bosnians and Croats had peacefully coexisted in a multiethnic city for decades.

Even in the United States we have seen outbreaks of racial violence and looting in Bensonhurst, Crown Heights and elsewhere. This doesn't mean blacks and whites are doomed to fight a race war.

The funny thing is that, in other contexts, liberals don't dispute the notion that Bush administration incompetence caused otherwise preventable catastrophes. Almost no liberal believes otherwise when it comes to, say, the response to Hurricane Katrina. If Bush could have bungled Katrina this badly, isn't it just possible he could have done the same thing in Iraq?

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Iraq Stumbling In Bid To Purge Its Rogue Police (NYT)

By Edward Wong And Paul Von Zielbauer

The New York Times, September 17, 2006

BAGHDAD, Sept. 16 — Shiite militiamen and criminals entrenched throughout Iraq's police and internal security forces are blocking recent efforts by some Iraqi leaders and the American military to root them out, a step critical to winning the trust of skeptical Sunni Arabs and quelling the sectarian conflict, Iraqi and Western officials say.

The new interior minister, Jawad al-Bolani, who oversees the police, lacks the political support to purge many of the worst offenders, including senior managers who tolerated or encouraged the infiltration of Shiite militias into the police under the previous government, according to interviews with more than a dozen officials who work with the ministry and the police.

No one expected a housecleaning to be easy, and some headway has been made in firing people. But despite that progress, recent difficulties reveal the magnitude of the task facing Mr. Bolani and Prime Minister Nuri Kamal al-Maliki. When he took office in late May, Mr. Maliki said one of his top goals was to reform the Shiite-led Interior Ministry, which had, to the minority Sunni Arabs, become synonymous with government complicity in abduction, torture and killing.

The ministry recently discovered that more than 1,200 policemen and other employees had been convicted years ago of murder, rape and other violent crimes, said a Western diplomat who has close contact with the ministry. Some were even on death row. Few have been fired.

Despite the importance American commanders place on hiring more Sunni Arabs for the overwhelmingly Shiite police force, the ministry still has no way to screen recruits by sect or for militia allegiance. Such loyalties are the root cause of the ministry's problems.

A senior American commander said that of the 27 paramilitary police battalions, "we think 5 or 6 battalions probably have leaders that have led that part of the organization in a way that is either criminal or sectarian or both."

Death squads in uniforms could be responsible for the recent surge in sectarian violence, with at least 165 bodies found across Baghdad since Wednesday.

There is little accountability. The government has stopped allowing joint Iraqi and American teams to inspect Iraqi prisons. No senior ministry officials have been prosecuted on charges of detainee mistreatment, in spite of fresh discoveries of abuse and torture, including a little-reported case involving children packed into a prison of more than 1,400 inmates. Internal investigations into secret prisons, corruption and other potential criminal activity are often blocked.

The Americans view an overhaul of the Ministry of the Interior as a crucial step in helping rein in the growing sectarian conflict.

"I think there are some definite issues in the M.O.I.," Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, said in an interview. "I think there probably needs to be some leadership changes. But I know the minister of interior himself is working those."

Mr. Bolani, a Shiite engineer appointed last May, sincerely wants to purge the ministry of Shiite partisans brought in by his predecessor, the officials interviewed said. But his independence from powerful Shiite political leaders — the very quality that earned him the job — also means Mr. Bolani has limited power to remove politically connected subordinates and enact changes.

"He's got to be careful about what he does, just to stay alive," the Western diplomat said.

An American adviser to the ministry said Mr. Bolani was unavailable for an interview last week.

A New Security Plan

Some tentative progress has been made under the new government. Death squads in police uniforms no longer kidnap and kill with absolute impunity in parts of Sunni-dominated western Baghdad, many Iraqis say. The American military estimates there was a 52 percent drop in the daily rate of execution-style killings from July to August.

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Officials attribute the decline to a new Baghdad security plan, more police oversight by American trainers and policy changes in the ministry. Military officials say the killings in the past week took place in neighborhoods not yet cleared out by security sweeps and are not necessarily the work of policemen — imposters are rife throughout Iraq.

"The performance has improved slightly," said Ayad al-Samarraie, a legislator and senior official in the Iraqi Islamic Party, a Sunni Arab group that is sharply critical of the Interior Ministry. "Less people are kidnapped, and there are less raids by the militias on the people."

Brig. Gen. Abdul Karim Khalaf, an Interior Ministry spokesman, said the ministry had fired 1,500 employees since June. They include senior officers like the police chief of Anbar Province. Mr. Bolani is pushing to enact a law that would ban the ministry's 167,000 employees from belonging to a political party.

Yet, a powerful official suspected of aiding the Shiite militias, Adnan al-Asadi — nicknamed Triple A by the Americans — still holds the job of deputy minister of administration. Mr. Asadi is "the one who really runs the M.O.I.," said Saleh Mutlak, a Sunni Arab legislator. Mr. Bolani wants to oust Mr. Asadi but does not have the political backing to do so, leaving American advisers frustrated, said an American official who was not authorized to talk publicly on the subject and spoke on the condition of anonymity.

Mr. Asadi supports the ministry's inspector general, whom the advisers consider wholly ineffective. American advisers set up an internal affairs unit late last year to conduct honest in-house inquiries. But the two offices feud, and the internal affairs unit lacks full authority to investigate the police in the provinces.

A recent fingerprinting campaign throughout the ministry showed that 1,228 police officers and ministry employees had been convicted of violent crimes under Saddam Hussein's government, said the Western diplomat, who spoke only on the condition of anonymity because of protocol. A handful had been sentenced to death.

"These are rapists, murderers, drug dealers," the diplomat said. "The impression I got is that there are a lot more out there."

Mr. Bolani has said he intends to fire some of them. But a complete purging of the ministry's most criminally violent employees is impossible, the diplomat said, because "they're going to go straight to the militias, or set up their own criminal gangs."

Even top Pentagon officials now acknowledge the ministry's deeply rooted dysfunctions. "Corruption, illegal activity and sectarian bias have constrained progress in developing M.O.I. forces," according to a Pentagon report issued to Congress at the end of August. "Inappropriate tolerance of and infiltration by Shia militias, some of which are influenced by Iran, is the primary concern of the government of Iraq."

Trouble With Elite Units

Since May, when Shiite politicians fought to keep control of the ministry under the new government, the ministry's total force has grown to more than 167,000 from 146,000. It is divided into 118,000 regular police officers, 24,400 paramilitary troops and 24,700 border guards.

Of those, the paramilitary units now called the national police are the most feared. Under Bayan Jabr, a conservative Shiite politician who was Mr. Bolani's predecessor, fighters from the two most powerful Shiite militias, the Badr Organization and the Mahdi Army, were recruited into the ranks of those elite units.

Assaults on civilians by gunmen in paramilitary uniforms have continued in some predominantly Sunni or mixed areas of Baghdad.

A woman who asked to be identified as Umm Shahad said in an interview that her 24-year-old son, a Sunni Arab, was recently taken from his car at a checkpoint run by paramilitary officers in their neighborhood, Jihad. She said she went to the unit's local stationhouse and to the Interior Ministry to search for him. Officials at each place said they had no idea where he was. "These were real commandos," she said of her son's abductors. "We are so afraid."

Col. Damon Penn, the senior American adviser to the national police's 9,000-member Second Division, acknowledged that "there are still some militias operating within the national police."

"I think there are some individuals and small cells that they need to purge to make this a truly governmental force," he said. But progress had been made, he insisted.

So suspect are the national police that the American military and Iraqi Army began inspections of each battalion in August. The reviews include recording the serial numbers of all national police weapons and vehicles. Twelve battalions have already been inspected, and the rest are to be completed by October, when the units will get new blue uniforms.

Each brigade will be pulled from the field and put through a six-week training course in policing and the rule of law, Colonel Penn said.

Four of the eight police brigades are to be deployed soon from Baghdad to the provinces, so building public confidence in them is critical.

Prisoner Abuse by the Police

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The Iraqi and American inspectors assigned to the police prison known as Site 4 found themselves walking through a chamber of horrors at the end of May.

More than 1,400 prisoners had been packed into a small area by the Wolf Brigade, a national police unit accused of abuses by Sunni Arabs.

Prisoners with "lesions resulting from torture" were found during the inspection in eastern Baghdad on May 30, as was "equipment used for this purpose," according to a human rights report recently released by the United Nations mission here.

Some prisoners had been beaten, others bound and hung by their arms, an American officer said. There were at least 37 children or teenagers.

The discovery showed that torture by the police was still rampant despite promises by government officials to end it. Right after Site 4 was examined, the government stopped allowing joint Iraqi and American teams to inspect Iraqi prisons.

American commanders and Iraqi human rights officials say the treatment of detainees remains troubling. "New evidence has continued to emerge pointing to torture and other cruel, inhumane or degrading treatment in detention centers," the United Nations report said.

The Ministry of Human Rights reported that 4,331 detainees were being held in Interior Ministry prisons as of Aug. 31. Yet no one has a clear estimate of the number of prisons run by the Interior Ministry, because some elite police brigades operate detention centers on their bases.

The Second Division of the national police, for instance, holds 250 detainees in four cramped rooms at Camp Justice, the division headquarters in northern Baghdad. That number is down from 650 last March. But American advisers there recently found 12 prisoners with bruises and black eyes.

The possible existence of secret prisons like the torture compound discovered in the Jadriya neighborhood last year continues to worry American commanders.

"It's obviously a concern," said Brig. Gen. Dana J. H. Pittard, who is in charge of the operational training of the national police. "The pessimistic side of me says they exist."

Crowding and a lack of access to judges are widespread problems, despite Mr. Maliki's order for a mass prisoner release in June, said Wijdan M. Salim, the minister of human rights. Detainees can languish in prison for months before seeing a judge. Some in Camp Justice have gone six months without appearing before a judge.

Sectarianism and the Police

As long as police units remain overwhelmingly Shiite, the distrust of them that is prevalent among Sunni Arabs will be tough to overcome, Sunni leaders say. Yet, Mr. Bolani has avoided putting in place a policy that would diversify or even track the sectarian makeup of police units and recruits. A ministry spokesman said Mr. Bolani preferred not to think in those terms.

But General Chiarelli, the senior American commander, said: "I'm concerned with some of the ethnic makeup of some of the stations. Our goal was to take a look at that, to work with the minister of interior to get a balance, because I think that's absolutely essential."

The weaknesses in having an unrepresentative police force became more evident this summer. In one incident, American and Iraqi commanders tried to move the headquarters of a national police brigade from eastern Baghdad, which is mostly Shiite, to Dora, an extremely volatile area that is majority Sunni. A fifth of the 1,500 members quit, Colonel Penn said. "There are some dedicated Sunni areas that the Shia aren't comfortable going into, and vice versa," he said.

The Americans have pushed the ministry to change the Shiite makeup of the national police by filling academy classes with Sunni Arabs. The Second Division was only 7 or 8 percent Sunni Arab at the start of the summer. It is now 20 percent Sunni.

The Iraqi population is estimated to be 60 percent Shiite Arab, 20 percent Sunni Arab and 20 percent Kurd. Asked what the breakdown of the overall police force was, General Chiarelli said he was trying to find out himself.

Getting the balance right is "absolutely critical," he said, because hostility among Sunni Arabs is still high.

In the southern half of the Ghazaliya neighborhood, a mostly Sunni area in northwest Baghdad, "there is no trust between the people and the Iraqi police," said a man who called himself Abu Jafr, a guard at a sewage pumping station surrounded by small lakes of raw waste.

"Every time the Iraqi police come to the neighborhood, they get shot at, because people here think they're from the militias," he said.

To help change that perception, American commanders across Baghdad are trying a new tactic: having neighborhood police units work alongside Iraqi Army units, which enjoy a modicum of trust even among Sunni Arabs. The Americans have also placed an advisory team in most of the city's police stations.

At the main station in Ghazaliya, staffed almost entirely by Shiite officers, a group of policemen and Iraqi Army soldiers prepared to roll out on a joint patrol on a recent afternoon. The American battalion commander of the area, Lt. Col. Avanulas

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Smiley, pointed to the vehicles as he strode from his armored carrier into the walled compound. “That is huge for the Ghazaliyans to see,” he said.

A few days later, six headless bodies turned up in the neighborhood. No one knew who was responsible.

Where Iraq Itself Finds Hope (WP)

By Barham Salih

The Washington Post, September 17, 2006

From my experiences visiting the United States, it is easy for me to understand how disappointed and saddened Americans must be at the scenes of violence from Iraq. For Iraq's leaders, the carnage is a source of deep frustration. The pace of what we can achieve, relative to what we aspire to, is simply not what the people of Iraq and the generous people of the United States deserve.

We must change the dynamic of violence. The Iraqi government has undertaken a searching analysis and is responding with a strategy on two fronts: national and international.

We have a sense of urgency, but we refuse to give in to panic. While it is important to highlight the progress made, particularly given the extremely pessimistic tone of debate in Washington, we know we must confront many grave challenges. The unrelenting security problem, sectarian polarization, corruption and the inability of the government to deliver services are all threats to the transition. They could prove fatal if not dealt with urgently.

We Iraqis must recognize that it is up to us to resolve our problems. Outsiders cannot deliver for us. The Iraqi leadership must assume responsibility, deal with these challenges and turn the tide. This can be done by Iraqis, but they will undoubtedly need sustained support from the international community and particularly the United States.

The key planks of the national side of our strategy -- embodied in a "national compact" -- are national reconciliation, democratic federalism, political inclusion and a fair and rational oil policy. To achieve these things, the Iraqi Policy Council on National Security, composed of key elected officials, has adopted an intensive legislative timetable. This agenda is vital: It is the political part of our approach to ending the violence.

We have imposed a tough timetable because we owe it to our own people to press harder and to advance, no matter how intense the assault upon us by the terrorists. For example, this month we should pass our investment law and establish a Parliamentary Commission for the Review of the Constitution. Next month the parliament should vote on legislation to reform the de-Baathification commission. In December it should pass legislation on disarmament, demobilization and reintegration of former combatants.

These laws will move us toward a viable political equilibrium inside Iraq. Because Iraq is an inherently diverse country we need a balance that protects diversity and encourages a voluntary, democratic, federal national unity. This will benefit the entire region.

For most of its existence as a modern state, Iraq was profoundly unbalanced politically. Power was concentrated in the hands of the few, the benefits of the state denied to the many. The liberation of Iraq in 2003 temporarily created a new, if fundamentally democratic, imbalance. Almost overnight, the Kurds and Shiite Arabs were enfranchised, while many -- too many -- Sunni Arabs did not participate in the new political process.

We must defend diversity. Those responsible for the violence, the Baathist-jihadist terrorist axis, hate and reject diversity and democracy. They seek supremacy and theocracy.

Yet another force that the national compact must address is the disequilibrium that comes from majoritarianism. This is an issue not just for Iraq but for its regions, because those who are a majority in one part of the country are a minority in other areas. To prevent tyranny of the majority, Iraq now has a bill of rights that requires practical political enforcement.

Balance is critical. Without it, there could be disintegration of the country. Within the national reconciliation program outlined by Prime Minister Nouri al-Maliki, we must seek balance on de-Baathification -- balance between the need for justice for the victims of the Saddam Hussein regime and the need to politically rehabilitate those whose crimes were not beyond the pale.

Similarly, in our counterterrorism and anti-militia strategy, we must balance political and security measures. There is no pure security solution to the terrorism and militia challenges -- just as there is no neat, "politics only" way of settling these issues. We need both approaches. The door to the political process must always remain open; our security forces must be ever vigilant.

The second part of our strategy is international. The Iraqi government understands that it must end terrorist violence not just for Iraq's sake but also for the region. If Iraq plunges into a full-blown civil war, so will the rest of the Middle East. This is not a theory but a fact that our wiser neighbors comprehend.

Resolved to avoid past mistakes, we announced the plan for an "International Compact With Iraq" in a statement with the United Nations on July 27. At a recent productive meeting in the United Arab Emirates, with the assistance of the United Nations, Iraq sat down with other interested parties to develop this compact.

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It involves a road map for economic development. In a nation weaned on war, we need to give the bored young men of Iraq employment and the pride that comes from hard work -- instead of the easy swagger of the gunman. We should invest our oil revenue in infrastructure. We must aim to create jobs and distribute the benefits of the current oil boom widely.

We want a partnership, not unconditional aid. We are adopting a structured plan for economic development, not issuing a laundry list of financial demands. In utilities and hydrocarbons there has to be transparency and accountability, a dialogue between the federal government and the federal regions and equitable development.

Moreover, we are promising clear targets for economic restructuring, accompanied by mechanisms for intelligence cooperation and security coordination. Such an approach, with broad international support, is something new and, we hope, a harbinger of a Middle East characterized by cooperation, not conflict.

The writer is deputy prime minister of Iraq.

Oops, There Goes Basra (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 17, 2006

BAGHDAD, Iraq

ABDUL AZIZ AL-HAKIM wears the black turban signifying descent from the prophet Muhammad. He leads a powerful Shiite party with close ties to Iran. And he heads the United Iraqi Alliance, the Shiite coalition that has been the dominant force in post-invasion Iraqi politics.

Yet early this month this powerful leader made what some politicians here thought a rookie mistake. He tried — and failed — to rush through Parliament a bill giving Shiite-dominated provinces in southern Iraq a procedure to form autonomous states that could take control of much of Iraq's oil reserves.

When his bid failed, it appeared to unmask a weakness that emboldened his opponents to fight him harder on the larger issue: how soon autonomous regions can be formed in Iraq. Instead of a quick decision, he got a protracted debate that continued into the weekend.

The slipup shows how steep the learning curve may be for Iraq's legislators — even the most wily — as they observe democratic procedures.

"He obviously lost this round," said Adnan Pachachi, a secular Sunni Arab and former Iraqi foreign minister. "That's not a good thing for a politician. And he lost because many people in his own alliance were against him."

Even by the standards of the Iraqi Parliament, the argument was nasty. The Sunni speaker, Mahmoud al-Mashhadani, accused supporters of the proposal of trying to sneak it past him. Other Sunni leaders hinted that the legislation could lead them to pull out of the so-called unity government of Shiites, Sunnis and Kurds.

Those objections were not a surprise. Everyone knew Sunni Arabs are desperately afraid that Iraq will be split into three parts and leave them with little oil.

The surprise was how quickly and widely Mr. Hakim's gambit seemed to unite others against him, including a substantial portion of his own Shiite coalition that has its own doubts about moving quickly to regional autonomy. These legislators include a faction led by Moktada al-Sadr, the firebrand cleric who has wide support among Shiites in city slums and poor rural regions and is a rival of Mr. Hakim's for power in the coalition.

Regardless of whether the federalism proposal eventually passes, the fight has now exposed the divisions within the Shiite coalition in the Parliament itself, and it has illustrated the growth of Mr. Sadr's influence relative to Mr. Hakim.

Mr. Hakim's party, the Supreme Council for Islamic Revolution in Iraq, or Sciri, wants the Shiite-dominated southern provinces to be allowed to form one huge autonomous state, beneath which would lie billions of barrels of oil.

But other Shiite parties, some analysts say, are hesitant to back so grand a vision because such a huge autonomous region could one day fall under the sway of one party — Mr. Hakim's. And that could marginalize the power of others like the Sadr and Fadhila parties, whose support is more concentrated in distinct areas.

Those loyal to Mr. Hakim contend he will ultimately prevail on the federalism proposal, which has the support of the Kurdish political bloc. They say meetings of political leaders in coming days may lead to a deal as soon as Tuesday. But even they admit this is not for certain.

"We are still in the middle of discussions," said Haitham al-Husseini, an adviser to Mr. Hakim. A Sunni sense of indignity figures strongly in those discussions. The new Constitution allows federal states, but it was approved in last October's referendum only after Sunni leaders won a provision requiring Parliament to reconsider provisions promptly that troubled the Sunnis. The charter also requires Parliament to define, by a set deadline, how autonomous regions could be formed. Neither has happened.

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Mr. Husseini denied that Mr. Hakim's party had tried to rush the bill through. "In fact, we think it is a bit late," he said, citing the time limit in the Constitution.

But Basim Sharif, a leader of the Fadhila Party, says Iraq needs better security, and political and social foundations before autonomous states form.

So the opposition can take heart that it has delayed the proposal. The Sadr coalition takes the position that any move to split Iraq into federal states should be delayed until the "occupiers" — meaning the Americans — leave.

"We know the Americans interfere even in minor things," said Bahaa al-Aaraji, a top Sadr aide. "What about an important issue like federalism?" There is no room for compromise, he says. "We refuse it. That's it."

As Deaths Rise, Sunnis Criticize Baghdad Plan (NYT)

By Richard A. Oppel Jr.

The New York Times, September 17, 2006

BAGHDAD, Sept. 16 — Dozens more bodies have been discovered in Baghdad in the past two days, bringing the four-day total to at least 165 and prompting some Sunni Arab leaders to raise new questions about the recent security operation intended take back Baghdad from the insurgents, deaths squads and militias who have been waging sectarian warfare.

"If the result of the security plan is an increase in bodies and killings according to their identification, I think it moves toward a catastrophe," said Dhafir al-Ani, a senior member of the main Sunni Arab political bloc in Parliament.

At least 21 bodies were discovered throughout the capital on Saturday after 35 were found Friday, Iraqi police officials said.

Most of those bodies were found between 6 a.m. Friday and 6 a.m. Saturday, according to an Interior Ministry official. He said many victims had clear signs of torture or had been blindfolded, gagged or shot in the head at close range.

On Thursday, the senior American military spokesman in Iraq, Maj. Gen. William B. Caldwell IV, said scores of mutilated bodies found in the middle of the week appeared to be "from murder execution-style type activity." He said the rise in killings was occurring in parts of Baghdad where American forces had not swept through as part of the new security push.

A senior Iraqi police spokesman, Brig. Gen. Abdul Karim Khalaf, said in an interview on Saturday that the bodies discovered over the past two days were being found "all over Baghdad." He blamed "insurgents, Al Qaeda, and groups related to the Baath Party." These perpetrators, he said, "know how to kill and how to torture."

Yet Sunni Arab leaders have voiced increasing concern that the Iraqi government has failed to crack down on death squads linked to Shiite militias that have run rampant since the bombing of a Shiite shrine in Samarra in February unleashed a wave of sectarian violence.

"The government should be brave this time and work seriously to end the militias that now work freely" throughout the capital, Mr. Ani said in an interview on Saturday. Many people who are killed are not identified, or the government never announces their names, he said, adding, "The real number of the people who are killed is more than what is announced."

48 More Bodies Found Dumped In Baghdad (LAT)

By Louise Roug

The Los Angeles Times, September 17, 2006

Most of the victims were bound, tortured and shot, the Interior Ministry says. Bombings and gun battles around Iraq add to the toll.

BAGHDAD — Police said Saturday that they had recovered 48 bodies throughout Baghdad, bringing the toll from clandestine killings since Monday to about 190 people, most of them shot execution-style.

The vast majority of the bodies found during a 24-hour period in Baghdad were of young men who had been tortured, blindfolded and handcuffed before being shot several times, said Capt. Mohammed Hanoon of the Interior Ministry.

Securing the capital has become the top priority for American commanders in Iraq, who have deployed an additional 8,000 troops there in an effort to halt escalating sectarian violence.

To prevent fighters from entering Baghdad and to counter trafficking of explosives and arms, U.S. and Iraqi security forces are digging ditches and building berms around the capital, creating a 60-mile security perimeter, U.S. officials say.

Lt. Col. Barry Johnson, a military spokesman, said Saturday that the plan would also use existing topographical features such as canals and rivers to stem the flow of contraband.

In the past, the military has built sand barriers around cities such as Fallouja and Tall Afar before major combat operations there. But Baghdad is a far more complex problem.

The deadliest threat is not explosives or large-scale attacks by Sunni-led insurgents but rather secret executions. Shiite-dominated Iraqi security forces have been accused of carrying out systematic killings of Sunni residents in the capital.

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During a news conference Saturday, Iraqi Interior Ministry spokesman Brig. Abdul Khalaf said digging a trench around Baghdad was just one idea among many.

"It's still under discussion," he said.

As police recovered the bodies Saturday, several bombs targeted civilians, politicians and security forces in the capital.

In one attack, insurgents had allegedly placed explosives in or near a corpse, detonating the bomb when the Iraqi army arrived to pick up the body. One soldier died and three people were injured.

Armed men attacked police at a Baghdad checkpoint near the Sheraton Hotel, starting a gun battle with hotel guards, authorities said.

Meanwhile, a suicide attacker killed one civilian and injured 22 in an attack on a police station in the Dora neighborhood of southern Baghdad.

North of Baghdad near Baqubah, a bomb exploded near a police patrol, killing three officers and injuring one.

A second bomb — left in a bag near a downtown shopping area — killed one person and injured four.

A third bomb killed three police officers and injured two in Zafarniya.

In Saddam Hussein's hometown, Tikrit, north of Baghdad, police and witnesses described intense fighting involving rifles, machine guns and rocket-propelled grenades.

One witness, Salim Shammari, a 43-year-old taxi driver, said he watched four armed men attack the municipal building, which was guarded by American troops.

Four armed men "shouted to everybody to leave the place," Shammari said.

They were well armed, he said.

"One of them said, 'We do not want anybody to stay here,' " Shammari recalled. "We immediately ran away." Hiding in a house, he heard fierce shooting, he said.

Police Lt. Saad Jabir said the gun battle injured several people.

Farther north, in the oil-rich city of Kirkuk, a roadside bomb exploded near a police patrol; the casualty toll was unclear. Gunmen also attacked a police checkpoint on the northern highway between Hawija and Kirkuk, injuring two policemen, officials said. Two attackers also died.

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Times staff writers Saif Rasheed and Saif Hameed contributed to this report.

Explosions Kill 17 In Baghdad; Maliki Appeals For Unity (WSJ/AP)

Associated Press

The Wall Street Journal/AP, September 17, 2006

BAGHDAD, Iraq -- After a one-day lull, bloodshed surged again in the capital Saturday, with at least 17 people dead in attacks and 27 probable victims of sectarian killings found dumped in the streets as Iraq's prime minister launched a fresh appeal for reconciliation.

Violence has escalated sharply in Baghdad over the past week, except for Friday, when only three killings were recorded -- two Iraqis shot to death and a U.S. soldier killed by a bomb. Saturday's toll raised the city's violent deaths to more than 180 just since Wednesday -- either slain by bombs and gunfire or tortured and shot before being dumped, a hallmark of reprisal killings being waged between Shiite and Sunni Muslims.

Shiite Prime Minister Nouri al-Maliki urged Iraqis Saturday to cast aside their sectarian, ethnic and political differences and embrace his national reconciliation plan. The appeal came as Iraqi security forces announced they will dig trenches around Baghdad in an attempt to prevent insurgents and explosive-laden cars from getting into the sprawling city of 6 million.

The U.S. military confirmed Saturday that there was a plan in progress to create a "security belt" around the capital. "There is a plan in progress for a security belt around Baghdad that includes trenches and other obstacles for channeling exit from and entry to the city through checkpoints controlled by Iraqi forces. This is a cooperative effort between the Iraqi government and the Coalition," said Lt Col. Barry Johnson, a spokesman for Multinational Forces in Iraq.

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The trenches are intended to curb attacks such as three car bombings Saturday morning in Baghdad that killed at least nine people and wounded dozens.

"No one should be part of the national reconciliation plan unless they recognize others, accept them as partners and totally reject any sectarian, ethnic or political differences," Mr. Maliki told a gathering of Iraqi non-governmental organizations

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Addressing groups that represent children orphaned by terrorism and those disabled by war, Mr. Maliki said it was the responsibility of all Iraqis to join the effort. "National reconciliation is a correct way of thinking and carries a high feeling of responsibility," Mr. Maliki said. "To succeed in this today, we have to embrace the culture of dialogue and reconciliation."

Mr. Maliki unveiled a 24-point reconciliation plan in June that he hopes will bridge the religious, ethnic and political divisions feeding Iraq's violence. The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, and calls for disarming primarily Shiite sectarian militias.

But no major Sunni Arab insurgent group has publicly agreed to join the plan, and many Shiite militias are controlled by legislators themselves. Car bombings, mortar attacks and shootings have killed hundreds of Iraqis the past few weeks.

Mr. Maliki said that once the plan managed to create an "atmosphere of reconciliation and dialogue," his government would take decisions based on the views expressed both by NGO's and tribal leaders -- who last month agreed to back his effort.

"These decisions will be historic and they should be shouldered by all the groups participating in the political process, because participation means sharing responsibilities. There are no rights without a price. Those who do not take the responsibly of defending the state and its laws will would no longer be our partners in the political process."

In Saturday's violence, gunmen killed the former spokesman of a defunct political coalition that included Shiite, Sunni, Kurdish and independent parties. Mohammed Shihab al-Dulaimi was shot in central Baghdad, the leader of the Iraqi Accordance Front, Adnan Al-Duleymi, said.

A suicide car bomb aimed at U.S. and Iraqi vehicles in the capital's southern Dora district killed three Iraqis who were shopping in a market and wounded 19 people, police 1st Lt. Maitham Abdul-Razaq said. He said another car bomb killed two soldiers and a civilian downtown.

Police also reported three policemen slain by a car bomb, the shooting deaths of two civilians in separate incidents, and three civilians killed by two roadside bombs. Gunmen also killed three civilians and wounded eight in a drive-by shooting in central Baghdad, Lt. Bilal Ali Mejeed of the Risafa police station said.

In the volatile western city of Ramadi, meanwhile, a suicide bomber on a motorcycle killed three Iraqi policemen outside a hospital and a car bomb killed four officers at a checkpoint, a police official said, speaking on condition of anonymity because he was not authorized to speak to the media..

Inspired by Islamic history, the plan for a ditch around Baghdad is the newest twist in what has so far been a losing battle to prevent suicide car bombs and other weapons from being smuggled into the capital.

"Trenches will be dug around Baghdad in the coming weeks," the Interior Ministry spokesman, Brig. Abdul-Kareem Khalaf, told the Associated Press on Friday. "They will surround Baghdad." He provided no details of what distance the trenches would cover, nor how deep or wide they would be. It is about 60 miles around the edge of the city.

In Washington, U.S. President George W. Bush also mentioned a new plan to safeguard Baghdad -- but he spoke of using an earthen mound rather than a ditch.

Brig. Khalaf said the trench plan would restrict vehicle and pedestrian traffic to just 28 entry points, all with guarded checkpoints. Similar checkpoints are set up now on some central routes through Baghdad, including the highway to the airport, but they need hundreds of soldiers to man them.

He said the plan was inspired by the Battle of Khandaq -- Arabic for Battle of the Trench -- in 627, during which Prophet Muhammad protected the city of Medina from an army by digging trenches.

Vehicle bombs have killed at least 960 Iraqis and wounded 2,763 in Baghdad this year, according to an AP count. That's just over a fifth of the city's deaths from war-related violence and nearly a half of its wounded. Most of the car bombs are thought to be assembled in areas just south of Baghdad, in the so-called Triangle of Death.

There have been past operations seeking to prevent bombs from being smuggled into the capital. The first such plan -- Operation Lightning -- was launched with much fanfare in May 2005. More than 40,000 Iraqi police and soldiers, backed by U.S. troops and air support. But they failed to cut down on bombings.

A year later, as killings in Baghdad surged, a joint U.S.-Iraqi security offensive known as Operation Together Forward was launched June 15. It too has made little headway, with the city's death toll surpassing 1,500 in July and triggering fears among U.S. commanders that civil war could break out.

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GIs Spared In Sectarian Strife (WT)

By Aqeel Hussein, London Sunday Telegraph

The Washington Times, September 17, 2006

BAGHDAD -- The sectarian violence that has brought Iraq to the verge of civil war has had one unexpected benefit: a marked fall in the number of American military casualties in Baghdad.

American combat deaths in the capital are down 50 percent from the same three-month period last year and some terrorists say the United States has succeeded in deflecting attention from its own troops.

"Now we are fighting each other," said one insurgent. "That is what the Americans wanted and now they are winning."

From July to September last year, 44 U.S. personnel were killed in Baghdad. In the corresponding period this year, the figure fell to 24, a reflection, according to militia leaders, of the changing priorities of the insurgents.

Although the number of attacks on American forces in Baghdad has dropped, sectarian violence in the capital has snowballed in recent months as Sunni and Shi'ite gunmen attack each other.

Dozens of bodies turn up around the city each day, many the victims of summary execution, as Iraq edges closer to civil war.

Yesterday, another 35 bodies were found around Baghdad, bringing the total since Wednesday to more than 150. Many of the victims had been bound, tortured and shot.

With Sunnis and Shi'ites concentrating on attacking each other, they admit that they are struggling to find the time and resources to target Americans.

Hanza al Nasawi, a spokesman for Sheik Muqtada al-Sadr's Mahdi army, said it was not possible to keep fighting on two fronts.

"We stopped the fight against the Americans and now we are fighting against the terrorists because they are killing the Shia," he said. "We want to defend the Shia."

Nahid al Gertani, a former officer in the Republican Guard and one of the leaders of the Sunni fighters in southern Baghdad, said his forces were defending the Sunnis against the Shi'ite militias. "Our first target is the Shia militia," he said. "We made an agreement with the American Army four months ago to stop the fight."

Mr. al Gertani said the insurgents had decided to stop fighting the Americans so they could concentrate on tackling the Shi'ite militias, but emphasized that this did not reflect any thaw in relations between the two sides. "They are not our friends, and we will fight another day."

Iraqi civilians say they had recently been surprised to see U.S. troops in parts of the city where they previously would have been attacked had they ventured out. U.S. forces also are reported to have intervened to keep the warring parties apart, placing guards on the Alkubasey mosque -- a known base for Sunni fighters -- to protect it from Shi'ite attacks.

Abu Tayseer, a Baghdad councilor, said he was angry that the militias were fighting each other instead of the Americans.

"That is what the Americans wanted and now they are winning," he said.

The Pentagon said it is making progress in restoring order to Baghdad.

"Under Iraqi leadership, Operation Together Forward is continuing its advances toward reducing sectarian violence and terrorist attacks," said Lt. Col. Todd Vician, a Pentagon spokesman.

"We are cautiously optimistic that the cycle of retaliatory violence has slowed in targeted areas, but we also recognize that the real measurement of this progress must be seen over time."

How Bad Is The Senate Intelligence Report? (WKST)

By Stephen F. Hayes

Weekly Standard, September 17, 2006

Very Bad

According to a report released September 8 by the Senate Select Committee on Intelligence, Saddam Hussein "was resistant to cooperating with al Qaeda or any other Islamist groups." It's an odd claim. Saddam Hussein's regime has a long and well-documented history of cooperating with Islamists, including al Qaeda and its affiliates.

As early as 1982, the Iraqi regime was openly supporting, training, and funding the Syrian Muslim Brotherhood, an Islamist organization opposed to the secular regime of Hafez Assad. For years, Saddam Hussein cultivated warm relations with Hassan al-Turabi, the Islamist who was the de facto leader of the Sudanese terrorist state, and a man Bill Clinton described as "a buddy of [Osama] bin Laden's."

Throughout the 1990s, the Iraqi regime hosted Popular Islamic Conferences in Baghdad, gatherings modeled after conferences Turabi hosted in Khartoum. Mark Fineman, a reporter for the Los Angeles Times, attended one of the conferences and filed a story about his experience on January 26, 1993. "There are delegates from the most committed Islamic organizations on Earth," he wrote. "Afghan mujahedeen (holy warriors), Palestinian militants, Sudanese fundamentalists, the Islamic Brotherhood and Pakistan's Party of Islam." Newsweek's Christopher Dickey attended the same conference and wrote about it in 2002. "Islamic radicals from all over the Middle East, Africa, and Asia converged on Baghdad," he wrote, "to show their solidarity with Iraq in the face of American aggression. . . . Every time I hear diplomats and politicians, whether in Washington or the capitals of Europe, declare that Saddam

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Hussein is a 'secular Baathist ideologue' who has nothing to do with Islamists or terrorist calls to jihad, I think of that afternoon and I wonder what they're talking about. If that was not a fledgling Qaeda itself at the Rashid convention, it sure was Saddam's version of it."

Iraqi leaders frequently touted their Islamist credentials. "We are blessed in this country for having the Islamic holy warrior Saddam Hussein as a leader, who is guiding the country in a religious holy war against the infidels and nonbelievers," said Izzat Ibrahim al-Douri, one of Saddam's top deputies, in an address to the terrorist confab. On August 27, 1998, 20 days after al Qaeda attacked the U.S. embassies in Africa, Babel, the government newspaper run by Saddam's son Uday Hussein, published an editorial proclaiming Osama bin Laden "an Arab and Islamic hero."

None of this is a secret, as the press coverage attests. But the authors of the Senate report seem determined to write it out of the history. On what basis do the authors claim that Saddam Hussein was "resistant" to cooperation with Islamists? The finding is sourced to "postwar detainee debriefs--including debriefs of Saddam Hussein and Tariq Aziz." Well then, that settles it.

But why take Saddam's word for it? This is, after all, the same man who claims that he is the president of Iraq. Even assuming the man isn't a pathological liar, isn't it the case that detainees interrogated by a government fighting a global war on terror might have an incentive to understate their complicity in global terror?

This appears to have occurred to the report's authors. "The Committee believes that the results of detainee debriefs largely comport with documentary evidence, but the Committee cannot definitively judge the accuracy of statements made by individuals in custody and cannot, in every case, confirm that detainee statements are truthful and accurate."

In fact, it's not clear that the results of the detainee debriefs do, in fact, largely comport with the documentary evidence. What is clear is that where there was a conflict, the committee almost always chose to disregard the documentary evidence in favor of the debriefings, sometimes to comical effect. According to the report, Saddam Hussein was asked whether he might cooperate with al Qaeda because "the enemy of the enemy is my friend." The report dutifully--and uncritically--offers his response. "Saddam answered that the United States was not Iraq's enemy. He claimed that Iraq only opposed U.S. policies."

Really? That's hard to reconcile with these instructions from Saddam Hussein in a 1993 address. "Attack them, our beloved people," Saddam ordered in a speech broadcast on Iraqi television. "You are the glory of our nation. Attack them." Or this editorial: "American and British interests, embassies, and naval ships in the Arab region should be the targets of military operations and commando attacks by Arab political forces," argued Uday Hussein's newspaper Babel on November 15, 1997.

A statement from Saddam's Baath party on November 8, 1998, called for "the highest levels of jihad" against American interests. "The escalation of the confrontation and the disclosure of its

dimensions and the aggressive intentions now require an organized, planned, influential and conclusive enthusiasm against U.S. interests."

And Saddam Hussein celebrated the attacks on September 11, 2001. "The American cowboys are reaping the fruit of their crimes against humanity," he declared just days after the worst terrorist attack on American soil.

These are just four examples out of dozens. Despite his claims to the contrary, Saddam Hussein regarded the United States as an enemy. And for years he demonstrated his willingness to work with Islamists by, among other things, working with Islamists. The Senate report fails to provide any of this contextual balance to the denials of detained Iraqi officials. It is a revealing omission that raises serious doubts about the quality of the reporting throughout the 52 pages examining Iraq's links to al Qaeda.

There is much to quarrel with in the report. But it is worth spending a moment to consider the vast amount of information that was left out of the committee's treatment of Iraq's links to al Qaeda. A few examples:

There is no mention in the report of Abdul Rahman Yasin, an Iraqi who admitted mixing the chemicals for the bomb used in the 1993 World Trade Center attack, cited in the July 2004 Senate report as an al Qaeda operation. The mastermind of that attack, Ramzi Yousef, is the nephew of 9/11 mastermind Khalid Sheikh Mohammed. Two weeks after the bombing, according a July 2004 report issued by the same Senate Select Committee on Intelligence, Yasin fled to Iraq with Iraqi assistance. ABC News reported in 1994 that a Baghdad neighbor of Yasin's told them that he travels freely and "works for the government."

There is no mention of documents recovered in postwar Iraq confirming that the Iraqi regime provided Yasin with housing and funding after his return to Iraq until the beginning of the Iraq War in 2003. Vice President Dick Cheney has discussed these documents in television and radio interviews.

There is no mention of documents unearthed by reporters with the Toronto Star and the London Telegraph. The documents, expense reports from the Iraqi Intelligence Service, contain an exchange of memos between IIS officers about who will pay for a March 1998 trip to Baghdad by a "trusted confidante" of Osama bin Laden. The documents were provided to the U.S. intelligence community. "I have no doubt that what we found is the real thing," wrote Mitch Potter, a reporter for the Toronto Star, and one of the journalists who found the documents in the bombed-out headquarters of the Iraqi Intelligence Service days

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after the fall of Baghdad. Intelligence and military sources tell THE WEEKLY STANDARD that the documents are corroborated by telephone intercepts from March 1998.

There is no mention of documents showing that the Iraqi regime cultivated a relationship with bin Laden's chief deputy, Ayman al-Zawahiri, throughout the 1990s. Time magazine's Joe Klein, an Iraq War critic who is dubious of a broader Iraq-al Qaeda relationship, noted last week: "Documents indicate that Saddam had long-term, low-level ties with regional terrorist groups--including Ayman al-Zawahiri, dating back to his time with the Egyptian Muslim Brotherhood. There is strong evidence as well that elements of the Special Republican Guard ran terrorist training camps." (One quibble: Is it possible for the leader of Iraq to have "low-level" ties with the leader of Egyptian Islamic Jihad?) The 9/11 Commission reported that Zawahiri "had ties of his own to the Iraqis." In June 2003, U.S. News & World Report described what a defense official called a "potentially significant link" between Iraq and al Qaeda that came, at that early date, from a single source. "A captured senior member of the Mukhabarat, Iraq's intelligence service, has told interrogators about meetings between Iraqi intelligence officials and top members of the Egyptian Islamic Jihad, a group that merged with al Qaeda in the 1990s. The prisoner also described $300,000 in Iraqi transfers to the organization to pay for attacks in Egypt. The transfers were said to have been authorized by Saddam Hussein."

There is no mention of captured Iraqi documents that indicate the regime was providing financial support to Abu Sayyaf, an al Qaeda affiliate group in the Philippines. On June 6, 2001, the Iraqi ambassador to the Philippines, Salah Samarmad, faxed an eight-page report on an Abu Sayyaf kidnapping to the Iraqi Foreign Ministry. According to the fax, the Iraqi Intelligence Service had provided assistance to Abu Sayyaf, but following the high-profile kidnapping decided to suspend this support. According to the document: "The kidnappers were formerly (from the previous year) receiving money and purchasing combat weapons. From now on we (IIS) are not giving them this opportunity and are not on speaking terms with them."

There is no mention of alleged Iraqi complicity in Abu Sayyaf attacks in October 2002 that claimed the life of U.S. Special Forces soldier Mark Wayne Jackson. One week after that attack, Filipino authorities recovered a cell phone that was to have detonated a bomb placed on the playground of a local elementary school. The cell phone , which belonged to an Abu Sayyaf terrorist, had been used to make calls to Abu Sayyaf leaders. Investigators also discovered that the phone had also been used to call Hisham Hussein, the second secretary of the Iraqi Embassy in Manila, just 17 hours after the attack that took the life of the American soldier. Hussein was ordered out of the Philippines for his associations with terrorist groups, including Abu Sayyaf.

There is no mention of the Clinton administration's 1998 indictment of Osama bin Laden, which noted that al Qaeda had "reached an understanding with the government of Iraq that al Qaeda would not work against that government and that on particular projects, specifically including weapons development, al Qaeda would work cooperatively with the Government of Iraq." The language was dropped from a superseding indictment of bin Laden, after the August 7, 1998, East Africa embassy bombings allowed prosecutors to narrow their charges. Patrick Fitzgerald, a U.S. attorney involved in preparing the original indictment (who would later gain national prominence in the CIA leak case), testified before the 9/11 Commission. He told the panel that the claim in the indictment came from Jamal al Fadl, who told prosecutors that a senior Iraqi member of al Qaeda, Mamdouh Mahmud Salim, had worked out the agreement between Iraq and al Qaeda. According to Fitzgerald's testimony, Salim "tried to reach a sort of agreement where they wouldn't work against each other--sort of the enemy of my enemy is my friend--and that there were indications that within Sudan when al Qaeda was there, which al Qaeda left in the summer of '96, or the spring of '96, there were efforts to work on jointly acquiring weapons."

There is no mention of the Clinton administration's many public claims that Iraq was working with al Qaeda on chemical weapons development in Sudan. According to the 9/11 Commission Report, the passage in the indictment of bin Laden "led [Richard] Clarke, who for years had read intelligence reports on Iraqi-Sudanese cooperation on chemical weapons, to speculate to [National Security Adviser Sandy] Berger that a large Iraqi presence at chemical facilities in Khartoum was 'probably a direct result of the Iraq-al Qaeda agreement.' Clarke added that VX precursor traces found near al Shifa were the 'exact formula used by Iraq.'"

There is no mention of telephone intercepts, cited by a "senior intelligence official" in August 1998, connecting al Shifa officials with Emad al Ani, the father of Iraq's VX program. William Cohen, secretary of defense under Bill Clinton, reviewed the intelligence in testimony before the 9/11 Commission on March 23, 2004, and claimed that the plant owner had visited Baghdad to meet al Ani. "This particular facility [al Shifa], according to the intelligence we had at that time, had been constructed under extra ordinary security circumstances, even with some surface-to-air missile capability or defense capabilities; that the plant itself had been constructed under these security measures; that the--that the plant had been funded, in part, by the so-called Military Industrial Corporation; that bin Laden had been living there; that he had, in fact, money that he had put into this Military Industrial Corporation; that the owner of the plant had traveled to Baghdad to meet with the father of the VX program."

On it goes. In addition, there are numerous omissions that could shed light on Iraq's involvement in trans regional terrorism more broadly.

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There is no mention of Iraqi documents first reported in a monograph published by the Joint Forces Command after 18 months' study of prewar Iraq. According to their report, called The Iraqi Perspectives Project:

Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 "good men racing full with courage and enthusiasm" in the first year. Beginning in 1998, these camps began hosting "Arab volunteers from Egypt, Palestine, Jordan, 'the Gulf,' and Syria." It is not clear from available evidence where all of these non-Iraqi volunteers who were "sacrificing for the cause" went to ply their newfound skills. Before the summer of 2002, most volunteers went home upon the completion of training. But these camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special training event called the "Heroes Attack." This training event was designed in part to prepare regional Fedayeen Saddam commands to "obstruct the enemy from achieving his goal and to support keeping peace and stability in the province."

There is no mention of Iraqi documents discussing "Blessed July," a planned wave of terrorist attacks that was also first reported in The Iraqi Perspectives Project study.

According to the report: "The Saddam Fedayeen also took part in the regime's domestic terrorism operations and planned for attacks throughout Europe and the Middle East. In a document dated May 1999, Saddam's older son, Uday, ordered preparations for 'special operations, assassinations, and bombings, for the centers and traitor symbols in London, Iran and the self-ruled areas [Kurdistan].' Preparations for 'Blessed July,' a regime-directed wave of 'martyrdom' operations against targets in the West, were well under way at the time of the coalition invasion."

It is the uneven treatment of Iraqi documents that provides perhaps the best window into the mindset of the writers of the Iraq-al Qaeda section of the Senate report. The first sentence of that section reads: "The purpose of this section is to assess the accuracy of the Intelligence Community's prewar analysis on links between the regime of Saddam Hussein and al Qaeda using information collected since Operation Iraqi Freedom."

The Senate report concedes that the document exploitation process in Iraq is incomplete, but it cavalierly assures readers that nothing significant will be found. "While document exploitation continues, additional reviews of documents recovered in Iraq are unlikely to provide information that would contradict the Committee's findings or conclusions."

Such an assessment is at best premature according to intelligence officials familiar with the document exploitation project. "Given my past participation in this realm and my current status it would be imprudent to get into detail," writes Michael Tanji, a former senior Defense Intelligence Agency official who helped lead the document exploitation effort for 18 months. "Suffice it to say that when you are counting sheets of paper by hundreds-of-millions (not to mention other forms of media that have been obtained that threaten to dwarf paper holdings) and your methodology is somewhere between inadequate and woeful, saying that you have a strong grasp on what was and wasn't going on in Iraq based on an 'initial review' is akin to saying that you don't need to read the bible because you've memorized the ten commandments . . . in pig Latin."

As of March 2006, three years after the start of the Iraq War, the document exploitation project run by the Defense Intelligence Agency had fully translated fewer than 5 percent of the documents captured in postwar Iraq. The Senate report, in an apparent effort to appear more authoritative, uses a different measurement. The authors tell us that 34 million pages out of some 120 million have been "translated and summarized to some extent." Thirty-four millions pages seems like an impressive number. But think about it. Just 28 percent of captured Iraqi documents have been "translated and summarized to some extent." That is hardly the kind of exhaustive analysis that would permit meaningful conclusions.

And, in any case, there are reasons to be skeptical of those estimates. Intelligence officials familiar with the DOCEX project say that the numbers in the report are inflated in an effort to impress congressional overseers. If just the cover sheet on a 200-page document has been read once and summarized, for example, all 200 pages are counted toward the total number of documents that have been exploited "to some extent." A translator who read only the cover sheet on the eight-page fax from Manila to Baghdad would have missed the revelation that Iraq had been providing money and arms to Abu Sayyaf. But for the purposes of the Senate report, that important document would have made the list of documents "translated and summarized to some extent." The real number of fully exploited documents, according to those familiar with the DOCEX project, remains in the single digits. The report's oracular assurances--that further exploitation is "unlikely" to change our understanding of Iraqi links to al Qaeda--is both deeply revealing and deeply troubling.

Where the report isn't tendentious, it is sloppy. Key names are misspelled; it's "Shakir" on one page, and "Shakhir" on another, which might be thought trivial. But consider: The writers of the report seem not to understand that "Shaykh Salman al-Awdah" and "Shaikh Sulayman al-Udah" is the same person and that he was an important spiritual mentor to al Qaeda and its leadership. At another point, the report claims that Saddam Hussein considered al Qaeda leader Abu Musab al Zarqawi an "outlaw." In the body of the report, the claim is attributed to a senior Iraqi official; in its conclusions the same information is attributed to an "al Qaeda detainee."

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Where the report isn't tendentious and sloppy, it's confused. Saddam Hussein and his cronies disclaim any relationship and yet the Senate report itself cites two authenticated documents in which the Iraqi Intelligence Service (IIS) itself discussed the "relationship" between Iraq and al Qaeda. A 1992 document notes that bin Laden is "a Saudi opposition official in Afghanistan" and claims "the Syria [IIS] section has a relationship with him." An Iraqi Intelligence document describing the connections between Iraq and al Qaeda in 1997 notes that "through dialogue and agreements we will leave the door open to further develop the relationship and cooperation between both sides."

In its conclusions, the Senate report once again sets aside this documentary evidence of a relationship between Iraq and al Qaeda and defers to the claims of Saddam Hussein and other Iraqi detainees. "Postwar findings indicate that Saddam Hussein was distrustful of al Qaeda and viewed Islamic extremists as a threat to his regime, refusing all requests from al Qaeda to provide material or operational support." Perhaps the documents don't count as "findings."

The Senate report is rife with such selective reading of the evidence. Consider the case of Ahmed Hikmat Shakir. Here is the report's treatment of Shakir.

The second lead centered on contact between Ahmad Hikat Shakir al-Azzawi, an Iraqi national, and [9/11] hijacker Khalid al-Mihdhar, in Malaysia in January 2000. Shakir was a part-time facilitator of Arab visitors at the Kuala Lumpur airport for the Iraqi embassy. Some information alleged that the Iraqi Embassy employee who gave Shakhir [sic] his job was a former IIS officer.

The CIA assessed that Shakir, "apparently acting in his capacity as an airport facilitator, met al-Mihdhar at the airport. The two then shared a taxi to a Kuala Lumpur hotel, although airport facilitators were not responsible for providing land transportation for passengers." The two were not spotted together again. The CIA noted that Shakir's departure from Malaysia only one week after helping al-Mihdhar, "raised suspicion about his connections and intentions." The CIA added that, "Shakir's travel and past contacts linked him to a worldwide network of Sunni extremist groups and personalities including suspects in the bombing of the 1993 World Trade Center and indirectly to senior al Qaeda associates. His relationship with the embassy employee could suggest a link between Baghdad and Shakir's extremist contacts, but it could also be a case of an Iraqi expatriate finding a temporary job for a fellow national.

After Shakir's capture in 2002, a foreign government service working in partnership with the CIA reported that Shakir was not affiliated with al Qaeda and had no connections to the IIS. The information said there was "no link, clue or hint to any foreign intelligence service, radical religious group or terrorist operation."

To summarize what the report acknowledges: An Iraqi national with known contacts to Sunni extremists and employed by the Iraqi Embassy in Malaysia, facilitated the travel of a 9/11 hijacker and then disappeared one week after the encounter. That alone is interesting. Now consider what the report leaves out.

Not only did Shakir abruptly leave Malaysia one week after he helped al-Mihdhar, he had begun his job at the Iraqi Embassy only two months earlier. The Iraqi Embassy controlled his schedule. Among Shakir's "contacts" with men the report describes only as "Sunni extremists" were Musab Yasin, an Iraqi who is the brother of Abdul Rahman Yasin, discussed above for his participation in the 1993 World Trade Center attack; Ibrahim Suleiman, a Kuwaiti native whose fingerprints were found on the bombmaking manuals authorities allege were used in preparation for that attack; Zahid Sheikh Mohammed, brother of Khalid Sheikh Mohammed, the mastermind of the September 11 attacks; and Abu Hajer al Iraqi, described in U.S. court documents as Osama bin Laden's "best friend."

The Senate report tells us that "some information alleged" that Shakir's Iraqi Embassy contact had been affiliated with Iraqi Intelligence. That information also came from an Iraqi detainee. Why is it treated with skepticism when the claims of other detainees are accepted as fact?

We cite the Shakir case not because it indicates that the Iraqi regime had foreknowledge or directed the 9/11 attacks. Rather, it stands as yet another example of the Senate report's selective use of evidence and the alacrity with which its authors sought to reject alleged Iraqi ties to al Qaeda.

One of the few areas where the Senate report provides new information concerns the presence of Abu Musab al Zarqawi in Iraq before the war. According to the Senate report: "A postwar CIA assessment on al-Zarqawi notes that both captured former regime documents and former regime officials show that the IIS did respond to a foreign request for assistance in finding and extraditing al-Zarqawi for his role in the murder of U.S. diplomat Lawrence [sic] Foley. In the spring of 2002, the IIS formed a 'special committee' to track down al-Zarqawi, but was unable to locate and capture him." Those documents "also show that lower-level IIS units attempted to search for the individual."

Taken together with detainee debriefings, the documents, if authentic, certainly raise questions about the Bush administration's prewar claims, backed by CIA director George Tenet, that Zarqawi was being harbored by the Iraqi regime. The Senate report quotes a 2005 CIA analysis that concluded: "The regime did not have a relationship, harbor, or turn a blind eye toward Zarqawi and his associates."

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The CIA report may be right. But there are several additional facts to consider in evaluating the Zarqawi-Iraq relationship, only one of which made it into the Senate report. The report notes that the Iraqi Intelligence Service received information from a foreign government service on five individuals suspected of playing a role in the assassination of U.S. AID worker Laurence Foley. One of those individuals, Abu Yasim Sayyem, was captured in early 2003.

According to the Senate report an IIS officer "was shocked when the Director of his division ordered Sayyem to be released. According to the Iraqi official, the Director of his division told him that Saddam Hussein ordered Sayyem's release." The IIS officer dismissed the possibility that the IIS was involved with al Qaeda or Zarqawi and speculated that Saddam intervened to free Sayyem because he might fight U.S. forces in the event of an invasion of Iraq.

Five additional facts not included in the Senate report provide important context. According to the July 2004 Senate Select Committee on Intelligence report on Iraq, Abu Zubaydah, a top-ranking al Qaeda official in U.S. custody, told interrogators "that he was not aware of a relationship between Iraq and al Qaeda" and that he found such a relationship "unlikely." Zubaydah "also said, however, that any relationship would be highly compartmented and went on to name al Qaeda members who he thought had good relations with the Iraqis." Among those he named? Abu Musab al Zarqawi. From the July 2004 Senate report: "Abu Zubaydah indicated that he had heard that an important al Qaeda associate, Abu Musab al Zarqawi, and others had good relationships with Iraqi Intelligence." As noted, detainee testimony should be treated with skepticism. But Zubaydah, who provided both good information and bad in his debriefings, was in a position to know about Zarqawi's associations. The two men planned a millennium attack on the Radisson Hotel in Amman, Jordan, in 1999.

Zarqawi received medical treatment at a Baghdad hospital known for treating senior Iraqi regime officials. (Initial reports that he had his leg amputated were wrong. Subsequent reporting suggests Zarqawi was treated for nasal problems.) In a 2005 interview with Al-Hayat, Jordan's King Abdullah said: "We had information that he entered Iraq from a neighboring country, where he lived, and what he was doing. We informed the Iraqi authorities about all this detailed information we had, but they didn't respond." Jordanian intelligence continues to believe that the Iraqi regime knowingly harbored Zarqawi.

Muhammad al Masari, a known al Qaeda mouthpiece, told the editor of the Arabic-language newspaper Al-Quds Al-Arabi, Abdel Bari Atwan, that Saddam reached out to al Qaeda--and Zarqawi--after the fall of the Taliban in 2001 and provided funding for al Qaeda operatives to relocate to Iraq. "According to Masari, Saddam saw that Islam would be key to a cohesive resistance in the event of invasion. Iraqi army commanders were ordered to become practicing Muslims and to adopt the language and spirit of the jihadis. On arrival in Iraq, Al-Qaeda operatives were put in touch with these commanders, who later facilitated the distribution of arms and money from Saddam's caches."

Finally, when Zarqawi returned to Iraq after the war, he teamed up almost immediately with a cadre of former Iraqi Intelligence officials to conduct attacks on U.S. troops and softer targets in Iraq.

Not only is the Senate report's section on Zarqawi woefully incomplete, it is contradictory. The report's conclusions echo the CIA finding: "Postwar information indicates that Saddam Hussein attempted, unsuccessfully, to locate and capture al-Zarqawi and that the regime did not have a relationship with, harbor, or turn a blind eye toward Zarqawi." That Saddam Hussein himself ordered a Zarqawi associate freed--if the IIS officer's reporting is accurate--suggests that the Iraqi regime at the very least turned a blind eye toward Zarqawi and his network.

The mainstream press has treated the Senate report as the definitive word on Iraqi links to al Qaeda. It is not. It is worth remembering that while critics of the Bush administration have long since decided that there was no relationship at all between the Iraqi regime and al Qaeda, there are many observers who continue to hold a different view. If these individuals disagree on the extent of the relationship and its meaning, they agree that there was one.

"There was no question in our minds that there was a relationship between Iraq and al Qaeda," said 9/11 Commission co-chairman Thomas Kean.

"Saddam Hussein's regime welcomed them with open arms and young al Qaeda members entered Iraq in large numbers, setting up an organization to confront the occupation," said Hudayfa Azzam, the son of bin Laden's longtime mentor Abdullah Azzam.

"I believe very strongly that Saddam had relations with al Qaeda," said former Iraqi prime minister and longtime CIA asset Ayad Allawi. "And these relations started in Sudan. We know Saddam had relationships with a lot of terrorists and international terrorism."

"What our report said really supports what the administration, in its straight presentations, has said," noted 9/11 Commissioner John Lehman. "There were numerous contacts; there's evidence of collaboration on weapons. And we found earlier, we reported earlier, that there was VX gas that was clearly from Iraq in the Sudan site that President Clinton hit. And we have significant evidence that there were contacts over the years and cooperation, although nothing that would be operational."

And late last week, following the release of the Senate report, Barham Salih, deputy prime minister of Iraq, had this to say: "The alliance between the Baathists and jihadists which sustains al Qaeda in Iraq is not new, contrary to what you may have

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been told." Salih continued: "I know this at first hand. Some of my friends were murdered by jihadists, by al Qaeda-affiliated operatives who had been sheltered and assisted by Saddam's regime."

Some day there will be an authoritative and richly detailed history of the nature of the relationship between the Iraqi regime of Saddam Hussein and Osama bin Laden's al Qaeda and other Islamist terror groups. This latest product of the Senate Select Committee on Intelligence is unlikely to merit even a footnote in this history.

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Terrorist Ties (WT)

By Deroy Murdock

The Washington Times, September 17, 2006

Iraq war critics trumpet a Sept. 8 Senate Intelligence Committee report that concluded Saddam Hussein knew nothing about the September 11, 2001, attacks. Hence, the argument goes, he had no connection to al Qaeda, and therefore lacked ties to Islamic terrorists. In short: "Bush Lied, People Died."

This seriously flawed report relies on unreliable witnesses, ignores potential and actual evidence of Saddam's philanthropy of terror, and yet quietly acknowledges he, in fact, worked with terrorists. If Saddam's lawyers seek a clean bill of health for their client, this isn't it.

For starters, the report's sources include "multiple detainees -- including Saddam and former Deputy Prime Minister Tariq Aziz." Both are on trial and could face severe punishment. Their exculpatory remarks should be highly suspect, but appear valid to Senate Intelligence staffers. On Page 67, their report paraphrases Saddam's statement that he eschewed al Qaeda's anti-Americanism because "the United States was not Iraq's enemy." Perhaps he merely was being playful when he fired almost daily at U.S. aircraft patrolling the No-Fly Zone and attempted to assassinate former President George H.W. Bush in 1993. Indeed, on Page 68, Mr. Aziz offers the FBI Saddam's response to al Qaeda's August 1998 bombing of U.S. Embassies in Kenya and Tanzania. Saddam "was pleased at the act of terrorism because the U.S. had bombed Iraq during the first Gulf war and tried to kill Saddam. Saddam thought al Qaeda was an effective organization."

The report also quotes captured Iraqi documents. Among some 120 million such papers, only 34 million have been "translated and summarized to some extent" to speed analysis. Nevertheless, with nearly 72 percent of these records still unusable, the report concludes: "additional reviews of documents in Iraq are unlikely to provide information that would contradict the committee's findings or conclusions." Or, in plain English: "Don't confuse us with data. Trust us. We're psychic."

This report overlooks numerous indications, some firmer than others, that Saddam supported the September 11 conspiracy specifically and al Qaeda broadly, among other Islamic terrorist groups. Consider:

The report disregards the May 7, 2003, decision of Clinton-appointed U.S. District Court Judge Harold Baer Jr. that Baghdad backed the September 11 attack. Judge Baer awarded $104 million in damages from the Ba'athist regime to the families of George Eric Smith and Timothy Soulas, both killed at the World Trade Center. As Judge Baer ruled: "I conclude that plaintiffs have shown, albeit barely --by evidence satisfactory to the court -- that Iraq provided material support to bin Laden and al Qaeda."

The report misses the fact that the architect of the 1993 World Trade Center attack, Ramzi Yousef -- nephew of September 11 mastermind Khalid Sheik Mohammed -- landed in America on an Iraqi passport. Nor does it mention Indiana-born, Iraqi-bred Abdul Rahman Yasin, the al Qaeda operative who built the 1993 WTC bomb that killed six and injured 1,040. He fled to Iraq and, documents show, received a house and salary from Saddam's regime. As Sheila MacVicar reported for ABC News on July 27, 1994: "Last week, [TV program] 'Day One' confirmed [Yasin] is in Baghdad. Just a few days ago, he was seen at [his father's] house by ABC News. Neighbors told us Yasin comes and goes freely."

The report forgets that President Clinton's State Department designated Iraq a state sponsor of terrorism as early as 1993. "Iraq continued to plan and sponsor international terrorism in 1999," State later declared. Baghdad "continued to provide safe haven and support to various terrorist groups."

The Senate document concedes "Saddam's record of support for secular terrorist organizations like the Palestinian Liberation Front," but then breezes past his $10,000, then $25,000, reward checks to the families of Palestinian homicide bombers. Between the $15,000 boost in these bonuses on March 11, 2002, and the March 20, 2003, launch of Operation Iraqi Freedom, 28 such killers wounded 1,209 people and murdered 223 more, including at least eight Americans.

While Vice President Dick Cheney and Secretary of State Condoleezza Rice have tried to answer this paper, President Bush himself should deliver several major addresses detailing Saddam's extensive terror record.

Educating the public with new, declassified information would help counteract the "Bush lied us into war" chorus. If this left-wing cantata goes unchallenged, it could cost Republicans control of Congress and leave Mr. Bush exposed to greater indignities -- including impeachment.

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U.S., Afghan Troops Launch Offensive (AP)

By Fisnik Abrashi, Associated Press Writer

AP, September 17, 2006

Thousands of American and Afghan troops unleashed a new offensive against Taliban militants in eastern Afghanistan on Saturday in an effort to expand the government's reach into the volatile Pakistani border region.

The operation comes as a NATO-led force, including 2,500 U.S. soldiers, is launching heavy attacks on militants in Afghanistan's south, claiming to have killed hundreds of guerrillas over the past two weeks.

In London, the commander of NATO forces in Afghanistan said Saturday he expects the military campaign against the Taliban to last another three to five years.

The new offensive is "just one part of a series of coordinated operations placing continuous pressure on Taliban extremists ... in order to provide security to the population, extend the government to the people and to increase reconstruction," the military said in a statement.

Dubbed Operation Mountain Fury, the offensive involves 7,000 U.S. and Afghan soldiers in the central and eastern provinces of Paktika, Khost, Ghazni, Paktya and Logar, the military said. Fighter planes and helicopters will back the forces.

Taliban and other Islamic extremist groups, including al-Qaida, are known to operate in the region, especially in the area bordering Pakistan where the reach of the government is weak and militants find sanctuaries.

Highlighting the dangers the troops face, two separate insurgent attacks on a military base in Khost province killed a U.S.-led coalition soldier and wounded another on Friday, the military said. A number of Afghan troops also were wounded, a statement said.

A suspected suicide bomber also blew himself up in the same province when explosives strapped to his body went off prematurely as he approached a police checkpoint on Saturday. Nobody else was injured in the blast, police said.

The U.S. military said troops have been preparing for weeks for Mountain Fury but launched its "maneuver phase" early Saturday. A separate U.S.-led operation called Big Northern Wind has been under way in neighboring Kunar province's Korangal Valley since late August.

The offensives come as the country is going through its bloodiest phase since the U.S.-led invasion ousted the hard-line Taliban from power in 2001.

Lt. Gen. David Richards of Britain, who took command of the 8,000-strong NATO force last month, said predicted the campaign to crush the Taliban would take three to five more years and added he was determined to succeed.

He told Channel 4 News fighting in the turbulent southern province of Helmand had been "very intense" until about two weeks ago but that the Taliban had lost many fighters.

"Although in a way we were not able to maneuver as freely as we would have wished perhaps, we have, I think, created an environment in which most people, including many Taliban, have just had enough fighting."

According to an Associated Press count based on reports from U.S., NATO and Afghan officials, 2,800 people have died so far this year in violence nationwide, including militants and civilians — about 1,300 more than the toll for all of 2005.

"Mountain Fury will continue until the conditions of bringing security, construction and growth are met," Maj. Gen. Benjamin Freakley, the top U.S. operational commander, said in a statement.

"The Afghan people are tired of war. They want what their government is capable of providing: security, employment, education and a better way of life," Freakley said.

Elsewhere, NATO troops and aircraft in the country's southern Uruzgan province killed 17 suspected insurgents placing roadside bombs near a military base Friday, the alliance said.

About 60 suspected Taliban militants also attacked a police checkpoint in southern Afghanistan Friday, sparking a battle in which four militants died, police said.

NATO and Afghan soldiers came to the aid of police after the insurgents attacked the checkpoint near the district police headquarters in the Khas Uruzgan district of southern Uruzgan province, said Mohammad Zahir, the district police chief.

Afghan security forces and NATO suffered no casualties. Police recovered the bodies of four suspected Taliban fighters along with their weapons, Zahir said.

Separately, a bomb blast south of the Afghan capital killed three security guards and wounded another on Saturday, police said.

The remote-controlled device went off as a car carrying four Afghans passed on the main road in the Musayi district of Kabul province, said Ali Shah Paktiawal, a police official.

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The victims were all working for local private security firms which provides services to local and international non-governmental organizations, said Mohammad Daud Nadim, regional police chief. All four were armed at the time of the blast, he said.

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Associated Press writers Rahim Faiez in Kabul and Noor Khan in Kandahar contributed to this report.

Road Blast In Afghanistan Kills Three Aid Workers (WP)

By Pamela Constable

The Washington Post, September 17, 2006

Anti-Taliban Offensive Launched in 5 Provinces

KABUL, Afghanistan, Sept. 16 -- Three Afghan aid workers were killed Saturday when their vehicle hit a bomb on a highway just south of the capital, while 7,000 Afghan and U.S. troops launched an operation against Taliban insurgents in five eastern and central provinces.

Police said the unidentified aid workers were killed and a fourth was injured when a remote-controlled bomb exploded under their vehicle. The attack was the fourth major bombing in eight days.

Aside from insurgent and military activity, the populace remained calm Saturday as news began to circulate of comments about Islam made earlier this week by Pope Benedict XVI. The remarks, which included a medieval reference to Islam as "evil and inhuman" and "spread by the sword," have angered Muslims around the world.

"We heard about it on the radio, and it seems the pope wants to create a crisis. This is an insult to all Muslims and an ignorant attack on Islam," said Enayatullah Balegh, a leading cleric. But he added: "We do not favor any violence or protest, because Kabul is not secure and someone might take advantage of it. We will show our anger in words."

The Foreign Affairs Ministry said the pope's words showed an "improper understanding of Islam" and called on him to apologize to all Muslims. In a statement, the ministry said that world leaders, instead of "inciting violence and tension," should help bring followers of different religions "closer to each other."

Afghanistan, a conservative Muslim country run by a moderate, elected government, is experiencing an insurgency by thousands of fighters loyal to the Taliban, an extremist Islamic movement that ruled for six years and was ousted by a U.S.-led invasion in 2001.

In recent months, the Taliban has unleashed the worst wave of violence in more than four years across southern Afghanistan and in other provinces. Attacks have been carried out by several hundred forces and by lone suicide bombers.

In the latest of several offensives against the Taliban, officials said that 4,000 Afghan soldiers and police accompanied by 3,000 U.S. troops began moving Saturday into five provinces that have experienced increasing insurgent violence -- Khost, Ghazni, Paktia, Paktika and Logar.

U.S. military officials here said the operation, called Mountain Fury, was one of several aimed at "placing continuous pressure on Taliban extremists" in order to bring security, governance and development to impoverished rural regions.

The officials said the operation would be accompanied by $43 million in aid projects, including new schools, roads, bridges and 26 district administration centers. Taliban forces have attacked and destroyed such district centers in remote areas of several provinces.

"While we offer stability, governance and reconstruction, the Taliban offer oppression and violence in the form of killing innocent Afghans attending funerals, burning schools and murdering effective governors," Maj. Gen. Benjamin Freakley, senior commander of U.S. forces here, said in a statement.

Hakim Taniwal, 63, the governor of Paktia province, was assassinated by a suicide bomber last Sunday. The next day, a suicide bomber detonated explosives at Taniwal's funeral in the governor's native Khost province, killing six people.

In the southern province of Kandahar, where 10,000 NATO troops have been battling Taliban fighters for nearly two weeks, NATO officials said Saturday that they had killed more than 500 insurgents and liberated two districts near the provincial capital that the Taliban had attempted to capture and hold.

The NATO forces are being assisted by 2,500 U.S. soldiers, including helicopter crews.

"This was a decisive success," said Mark Laity, a NATO spokesman in Kabul. He said the Taliban had drawn fighters from many areas to take a stand in the Panjwai and Zhari districts. "They fought for a long time, and they lost," he said. "This will force the Taliban to think seriously about whether they can stand and fight elsewhere."

But Taliban forces took their fight to other parts of the country, including previously calm regions as well as the national capital area. The governor of remote Nimruz province in the southwest appealed for help after insurgents seized a stretch of a highway that connects Afghanistan with Iran.

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In Khost province, an American soldier was killed in an attack on a U.S. base. Officials said he was training troops in the new Afghan army. Several other Afghan and U.S. soldiers were wounded in that attack and a second one on the same base.

U.S. troops are also involved in a separate anti-Taliban operation in the eastern province of Konar, where they are fighting insurgents and assisting in development projects. A major new bridge over the Pech River will be inaugurated by U.S. and Afghan officials next week.

When Hit By The Enemy, Troops Are Taught To Send This Strong Message: Ordinary Afghans Can Trust Them. (PHI)

By Andrew Maykuth

The Philadelphia Inquirer, September 17, 2006

One in an occasional series.

INQUIRER STAFF WRITER

PECH RIVER VALLEY, Afghanistan - The soldiers of C Company huddled around the radio as the bad news spread: Insurgents had ambushed a platoon about 10 miles upriver, killing the turret gunner of an armored humvee.

"One KIA," said First Sgt. John Mengels, a 20-year veteran, swearing under his breath. "One wounded."

A quiet rage ran through the main camp in eastern Afghanistan that day, Aug. 17. Army Capt. Robert Stanton, the company commander, hovered over a topographical map with one of his platoon leaders, jabbing at routes the Taliban might take to flee into the Hindu Kush mountains.

The Americans' instincts told them to strike back with great force - to send a strong message to anyone associated with the militants who had set up the ambush. But their training instructed them to retaliate only when the time was right, at precisely the right target - that winning over the population was just as important as killing the enemy.

"A lot of Afghans are sitting on the fence," said Mengels, 43, who has also served in Iraq. "If you are careful, they see that, and they come to your side. But if you kill the wrong people, it's damage that takes months - years - to recover from."

Five years after America launched the war on terrorism here after the 9/11 attacks, the battle in Afghanistan has evolved into a protracted counterinsurgency campaign stretching along much of the 1,500-mile Pakistani border, where resurgent Taliban forces live among the Afghans or find sanctuary in tribal areas across the border.

U.S. conventional military forces, trained to employ shock-and-awe power, have retooled for a more sophisticated mission. For a year before C Company and the other units of the 10th Mountain Division's Third Brigade Combat Team were deployed to Afghanistan in March, even the lowest infantryman was drilled in the new doctrine. The soldiers learned Afghan language, culture and history. No more calling the enemy Haji - not when the Afghan government that the Americans are supporting is Muslim, too.

"We are trying to advance the state of the art in counterinsurgency here," said Col. John W. Nicholson Jr., the brigade commander whose forces are stationed in eastern Afghanistan.

But the mission is difficult and frustrating, particularly when the Taliban get infusions of money, recruits and arms from outside Afghanistan. The enemy is clever and elusive, preferring to fight from afar, using rockets or improvised explosive devices (IEDs).

"Whenever they attack us directly, we win," Mengels said. "But they fire rockets at us, and they run. Or they leave IEDs. They're like ghosts out there."

While NATO troops fighting in Afghanistan's southern deserts have received much attention, Americans are dying here in mountainous eastern Afghanistan. It's the forgotten front in a forgotten war.

Of 28 coalition deaths in Afghanistan in the last month - 10 Americans, eight Britons, eight Canadians and two French - a quarter occurred here in Konar and Nurestan provinces, a few miles from Pakistan.

In a little more than a week in August when an Inquirer reporter and photographer were embedded with forces, seven Americans died in engagements near the Pech valley.

This is the territory of the First Battalion, 32d Regiment - one of the Third Brigade's light infantry battalions now deployed in eastern Afghanistan. During six months in Afghanistan, the 1-32 has taken more casualties than it did during its yearlong deployment to Iraq.

"When I first came to Afghanistan, I actually thought it was more of a peacekeeping mission at the time," said Pvt. Adam Boguskie, a humvee gunner from Kentucky. "I couldn't have been more wrong."

Into the teeth of al-Qaeda

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The Afghanistan government has never exerted much control in the severe highlands of Konar and Nurestan, where the mountains contain some of Afghanistan's only forests. Nurestan, the more northern province, is so isolated that its inhabitants converted to Islam only in the 19th century, more than a thousand years after the rest of the country.

This region traditionally has been governed by tribal groups, who conspire with smugglers and insurgents to transit arms and fighters on narrow footpaths that thread through the valleys. Before the Taliban fell, Islamic militants trained here without much risk of detection. Even after the Americans in 2002 established a base in Konar's capital, Asadabad, coalition control did not extend far beyond the wire.

"The terrorists who attacked the Trade Center were trained up here," said Stanton, the C Company commander. "It's a traditional safe haven for al-Qaeda... . They're here, they're in the country, they're very prevalent, and they don't want us here. More specifically, they don't want the government of Afghanistan to succeed."

In 2005, three members of a four-man Navy SEAL team were killed in an ambush in Konar, in the hills along the Korengal River, a Pech tributary. The militants shot down a Chinook helicopter sent to rescue the SEALs, killing all 16 aboard, the biggest blow against U.S. forces in Afghanistan since 2001.

The Americans responded with an intense campaign in the Korengal valley last fall, and followed in the spring with an assault called Operation Mountain Lion. But the militants only fled deeper into the mountains until the operations ended.

This summer, American commanders have changed their strategy. They launched an aggressive road-building program, replacing rutted gravel tracks with roads that can accommodate two lanes of traffic. The new roads allow more rapid troop movement, spur economic growth and loyalty to the government, and are far more difficult for the enemy to mine.

"Where the road ends, that's where the influence of the antigovernment elements begins," said Lt. Gen. Karl Eikenberry, the overall commander of the coalition forces.

To protect the road builders and expand the government's influence, the Army established small valley outposts manned by one or two platoons in spartan conditions.

They have crude latrines, no showers, minimal fortifications and no tents. The soldiers can shower and call their families once every two weeks, during 24-hour "refits" at the big operating bases.

"There's no Internet, no phones, no television, no radio," Stanton said. "It's literally a patch of dirt on the side of the road."

C Company moved into the Pech valley in June to protect a contractor rebuilding the 20-mile road between the American forward operating bases at Asadabad and Nangalam. Before the company established itself, IEDs routinely filled the road.

Three months later, American patrols move up and down there 24 hours a day. "Now we own this road," said Lt. Christopher Haynes, a platoon leader.

But ownership has come at a price.

The militants initially rained down rockets on the American bases or peppered them with machine gun fire at dusk.

And then there were IEDs. Even with greater control, fears lingered that militants might slip in and bury a bomb.

"There are days when I spend the whole patrol staring at the road thinking, 'It's going to blow up,' " Haynes said.

On June 16, militants exploded a bomb beneath a six-wheeled all-terrain vehicle that carried Lt. Forrest Ewens and Sgt. Ian T. Sanchez. They were killed instantly.

As is typical after many IED strikes, a firefight broke out immediately between the Americans on the road and the militants on the high ground. The Americans said they had returned fire into the nearby village of Dag. An undetermined number of civilians were killed.

Two days later, a jittery private guarding one of the U.S. outposts fired on a car bristling with rocket-propelled grenades as it sped past the camp. It turned out to be a friendly, unmarked police vehicle. Three officers were killed.

In both cases, the soldiers have attempted to mend relations by meeting with villagers and police officers.

In a meeting in Dag, Haji Osman Jan told Lt. Timothy Lo that many villagers were still wary of the Americans, but appreciated the road project.

"People are happier, now that they know you are helping our country to rebuild," he said.

'It has become personal'

A big part of C Company's routine is "village assessments," which often last a week. A platoon of foot soldiers, each hauling 100 pounds of equipment and Kevlar body armor, hikes into the mountains to live in small villages, gathering intelligence and information on the local needs.

On July 24, one such patrol received intelligence that a militant group had abducted a civilian friendly with the Americans, and the soldiers went in pursuit. Soon they were engaged in an intense firefight. Even Stanton, the company commander, was pinned down.

Six insurgents died, but so did David M. Hierholzer, a popular squad leader from Tennessee. The loss of Hierholzer - along with Ewens and Sanchez - stung the company.

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"It took me 20 years in the Army to lose somebody close to me," Mengels said, "and it was real bad."

The soldiers blame a local militia commander, Habib Jan.

"It has become personal," Mengels said. "I don't want to leave Afghanistan with Habib Jan still alive."

More killed, then attack

There was no sign of Habib Jan in the Pech valley in August. But other militants were active.

On Aug. 11, insurgents attacked a B Company foot convoy, and three soldiers died.

On Aug. 17, A Company took the next casualty, in the Korengal valley, where the militants had supposedly been cleared out. In that ambush, turret gunner Pvt. Joseph R. Blake, 34, was shot in the head, showering blood and brains over the soldiers in his vehicle.

It was the radio news of that attack that so enraged C Company, even though it held back from pursuit.

On Aug. 19, two days later, the radio crackled again with another grim report from the Korengal.

The insurgents had struck A Company again, this time with a roadside bomb that set a humvee ablaze. Three soldiers were wounded and three killed.

The response that night was swift and powerful.

From 10 miles away, the sky rumbled with thunder from artillery fire and the primal buzz-saw of an A-10 Thunderbolt raking the mountains with its lethal Gatling gun.

The ridge line erupted in light - the soldiers said a plane had dropped a phosphorous bomb - and for a few seconds the horizon turned crimson, like hell on earth.

This time there was no holding back.

The Death Of An Afghan Optimist (WP)

By Barnett R. Rubin

The Washington Post, September 17, 2006

Hekmat Karzai, a cousin of President Hamid Karzai of Afghanistan, called me from Kabul last Sunday. "Barney," he said. "We lost a friend today." A suicide bomber had blown up the car of Hakim Taniwal, the governor of Paktia province on Afghanistan's frontier with Pakistan, killing him and two aides. The attack took place outside Taniwal's office, where I had gotten into the same car with him five weeks earlier, and where we had our final conversation.

I first met Taniwal in 1985 in Peshawar, Pakistan, where he had joined other intellectuals fleeing the Soviet occupation of his homeland. After the scholar and poet Said Bahauddin Majrooh was gunned down in his Peshawar home in February 1988 by radical Islamists favored by Pakistan and the CIA, these scholars started to disperse. Taniwal left for Australia, and would return to his native Afghanistan only after the Karzai government came to power.

As his name indicated, this bearded sociologist was part of the Tanai tribe, one of Afghanistan's border groups so often depicted as fierce and warlike. But Taniwal, educated in Europe, exemplified another side of tribal life -- the soft-spoken elder who leads and reconciles by wisdom and eloquence.

Hekmat Karzai, who has documented how tactics such as suicide bombing have migrated to Afghanistan from the new terrorist haven of Iraq, told me that after learning of Taniwal's death, he had walked with President Karzai in the garden of Afghanistan's presidential palace. How, they wondered, could they still ask Afghanistan's professionals to help govern the country? Yet without them, the government could not possibly meet popular expectations, could not begin to restore hope to a nation nearly bereft of that emotion.

The last time we spoke, Taniwal repeatedly emphasized that stability was possible only with the support of ordinary Afghans. "We should invest in peace," he said, "not in fighting." He backed military operations based on precise intelligence, but such operations, he believed -- even if they killed, captured or routed some Taliban -- would have little long-lasting effect without popular support and economic development. Elders from 10 provinces, whom I met the day before my visit with Taniwal, had agreed, denouncing corrupt state officials. The people have totally lost trust in the government, they told me.

The Taliban "are slowly neutralizing the people," Taniwal said. "The government can't protect them, so they will go to the other side. They will not help the government to keep security." An elder from the neighboring province had offered a similar conclusion: "If the people were not distressed with the current government, the Taliban could not do anything. If the government starts negotiation with the elders and recognizes them, then we will be the police for the government." A minister in Kabul estimated the annual cost of putting elders in each district on the government payroll at $5 million -- a small price to pay for greater stability in a country where violence such as the suicide bomb that killed Taniwal is increasingly resembling that of Iraq in intensity, if not yet in scope.

Taniwal and I did not debate whether Pakistan was supporting the Taliban. As we sat a few miles from the frontier between the two countries -- the Pakistani tribal district of North Waziristan was a two-hour drive away on a dangerous road -- the answer

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was too obvious. "All the Taliban were once in Afghanistan," Taniwal said. "Now they are in Pakistan. The Taliban are helped by the [Pakistani] government." As we ate lunch at his home, a call from the police told of a suicide attack against a convoy on that very road to Pakistan.

Taniwal opposed big offensives by the U.S.-led coalition. "They roll over and flatten the whole area," he said. "But the enemy just goes from our side to the other side." The other side, of course, was Pakistan, where Taniwal, like so many other Afghans, had found a combination of refuge and persecution.

Pakistan was then negotiating a truce with Taliban who had gained control of most of North Waziristan. The final agreement, announced four days before Taniwal's killing, ceded control of the area to the militants in return for expelling "foreigners" (Arabs, Chechens, Uzbeks and others) and ending infiltration into Afghanistan. According to reports from the region, however, the suicide bomber who killed Taniwal four days later may have been sent on his mission from Waziristan.

Taniwal wanted the coalition to "pressure Pakistan more and more to keep the people there and also arrest and send them to Afghanistan." But for him, pressuring Pakistan was aimed not at destroying the Taliban but at reintegrating them. He wanted them, and all Afghans, "not to solve problems with the Kalashnikov. The Taliban should join with the government, the society, and have their own party," like the Taliban's sympathizers in Pakistan, who run in elections.

Though he asked me to keep this confidential, his death allows me -- indeed, it obligates me -- to reveal that he also advocated settling Afghanistan's historic conflict with Pakistan over the Pashtun territories across the frontier known as the Durand Line, which Afghanistan has never recognized as a border, even under the Taliban. "All the troubles up until now have been because of this problem," Taniwal said. Afghanistan built its army with Soviet aid to counter Pakistan, a U.S. ally. As a result, he said, "we did not gain Pashtunistan, but we almost lost Afghanistan." If international mediators can help resolve this conflict, "then there will be peace, development, business," Taniwal said. "Then Pakistan will be secure, and Afghanistan will be secure."

Taniwal feared that the United States and the current Afghan government would make the same errors as the Soviets and the governments they supported, but he recognized the difference between the two eras. "This is not an occupation," he said. "Afghanistan was a base for terrorists. These bases have been destroyed. Now they are trying again, and we have to fight back. But we should not make mistakes. Afghanistan is slowly going to be like the problem in Iraq if we don't solve these problems."

He put on his turban. We left his office, accompanied by a few lightly armed guards, and walked toward his car.

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Nobel Laureates Call For Peace, Slam Bush (WT)

By Valerie Richardson, The Washington Times

The Washington Times, September 17, 2006

DENVER -- Ten Nobel Peace Prize winners gathered here this weekend to issue a worldwide call for peace and understanding toward all people, with the possible exception of those in the Bush administration.

The laureates, who met here to celebrate the 10th anniversary of PeaceJam, an international education organization, opened the three-day event by excoriating the White House for its invasion of Iraq and subsequent increases in military spending.

"I honestly wonder how any of them can think for a nanosecond how having civil war in Iraq has made us safer," said Jody Williams of Vermont, who won the peace prize in 1997 for her work toward clearing land mines.

Billed as the largest U.S. gathering of Nobel Peace Prize winners in history, the event served as a starting point for the laureates' "Global Call to Action," an initiative aimed at urging young people to record 1 billion "acts of peace" over the next 10 years.

About 3,000 young people from 31 countries attended the event, held at the University of Denver.

The event's biggest names, the Dalai Lama and Archbishop Desmond Tutu, steered clear of politics. The Dalai Lama was greeted like a rock star yesterday before a one-hour speech in which he urged young people to embrace globalization.

"There are no national boundaries. The whole globe is becoming one body," the Tibetan spiritual leader said. "In these circumstances, I think war is outdated -- destruction of your neighbor is actually destruction of yourself."

At a press conference Friday, however, other peace prize winners criticized U.S. foreign policy, saying the focus should be on social and economic justice.

Adolfo Perez Esquivel, the 1980 winner for his Latin American human-rights work, took it a step further with a personal shot at President Bush.

"Bush says he prays. But I think God covers up His ears when George Bush prays," Mr. Esquivel said through a Spanish translator.

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The Nobel Peace Prize winners also issued a statement identifying 10 "barriers to global peace." They included disease, poverty, nuclear weapons, social injustice, racism, access to natural resources and the rights of women and children.

Conspicuously absent from the list was global terrorism. Several laureates said that terrorism was an outgrowth of ignorance, prejudice and inequality, and that it cannot be eradicated until those underlying social issues are addressed.

Mrs. Williams said the September 11 attacks were a response to U.S. aggression around the world, and that the White House should have tried to understand the reasons behind them before invading Iraq.

"They do not like the aggressive policies of the country and they don't like that we're ignorant of that," she said.

Mr. Esquivel compared the nearly 3,000 persons killed on September 11 with the tens of thousands of children who die every day of hunger. "I call that economic terrorism," he said.

Shirin Ebadi, who won the peace prize in 2003 for advocating democracy and human rights in the Middle East, said she was "very sorry for the sad events of September 11," but added that it would have been better for the United States to build a school in Afghanistan for each victim, rather than invading the country.

The founders of PeaceJam, Dawn Engle and Ivan Suvanjieff, said one of the event's goals was for the laureates to become as popular with young people as actors and musicians.

"I want the Nobel laureates to be icons, [instead of] some thumb-sucking [celebrities]," Mr. Suvanjieff said. "I want peace to be hip, sexy and cool."

c This article is based in part on wire service reports.

DOJ:

Task Force Receives Top Award (HC)

Houston Chronicle, September 17, 2006

U.S. Attorney General Alberto Gonzales this week bestowed his office's top annual award to federal prosecutors, FBI agents and paralegals who have served on the Justice Department's Enron Task Force, including those involved in this year's fraud and conspiracy trial of former Enron chairman Ken Lay and former CEO Jeff Skilling.

The recipients of the Attorney General's Award for Exceptional Service included Sean Berkowitz, Kathryn Ruemmler, John Hueston and Cliff Stricklin, the lead prosecutors in the four-month trial of Lay and Skilling.

Other team members who received the award were prosecutors Robb Adkinds and Andrew Stolper and appellate specialists Douglas Wilson and John Drennan.

The award was also given to previous task force attorneys and leaders, including its first director, Leslie Caldwell; her successor as director, Andrew Weissmann; and former task force prosecutors Samuel Buell, Matthew Friedrich, Lisa Monaco, Benton Campbell and Linda Lacewell.

CRIMINAL LAW:

'Continued Criminal Conduct' Leads To Longer Sentence (SELMATJ)

By Victor Inge, THE SELMA TIMES-JOURNAL

Selma (AL) Times-Journal, September 17, 2006

MOBILE - A Selma man who federal authorities say "continued criminal conduct" will get a longer sentence than recommended.

DeWayne Lewis, 34, pleaded guilty to a felon in possession of a handgun in May 2006 and faced a sentencing range of 63 to 78 months in prison, under the federal advisory sentencing guidelines.

In the plea agreement, prosecutors had recommended the low end of the guidelines, court officials said.

However, after Lewis testified in his own behalf at the sentencing hearing this week, senior U.S. District Judge Charles R. Butler ruled that Lewis had perjured himself during his testimony and therefore "lacked acceptance of responsibility for his actions."

While on release awaiting sentencing, Lewis tested positive for cocaine use.

In addition, Lewis was a passenger in a vehicle stopped by the Selma Police Department when a gun was found next to where Lewis was seated.

Judge Butler then sentenced Lewis to the maximum term of 78 months in federal prison, to be followed by three years of supervised probation, according to information obtained from the U.S. Justice Department.

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Deborah J. Rhodes, U.S. attorney for the Southern District of Alabama, said the charges resulted from a joint investigation conducted by the ATF&E, The SPD and the Dallas County Sheriff's Office.

Federal law enforcement authorities have been vigilant about gun crimes in Selma lately, as ATF&E officers have worked for the past two years to help bring charges against more than 15 individuals from the St. Phillips Street area.

Authorities say they operated as "a street gang," and used guns to protect their turf.

Rodriguez Trial Entering Final Stage (STPPP)

By Dave Kolpack

The St. Paul Pioneer-Press, September 17, 2006

FARGO, N.D. - The trial of Alfonso Rodriguez Jr. is entering its final stage, and jurors may begin deliberating this week over whether he should be the first person sentenced to death in North Dakota in nearly 100 years.

The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez, 53, of Crookston, Minn., to be sentenced to death instead of life in prison. He was convicted late last month of kidnapping resulting in the death of University of North Dakota student Dru Sjodin.

"I think this part is much harder to predict than when he was found guilty," said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez case. "In North Dakota, jurors are not used to dealing with death penalty cases."

North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty.

"I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen," Gonzales said.

Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an "especially heinous, cruel and depraved manner."

Sjodin disappeared from a Grand Forks mall parking lot in November 2003. Her body was found in a ravine near Crookston the following April. Authorities said she had been beaten, raped and stabbed.

Defense attorneys say several factors favor a sentence of life in prison for Rodriguez. They say he was sexually abused as a child and may have suffered brain damage from farm chemicals, leading to psychological and behavioral problems.

Rodriguez's attorneys are expected to wrap up their testimony on Monday. U.S. District Judge Ralph Erickson said he believes jurors could began deliberating his sentence by the middle of the week, after prosecutors present rebuttal evidence.

Rodriguez's mother and two of his sisters testified last week about their struggles as a poor migrant farm family, living in a house with no electricity or running water. They said children teased Rodriguez about his race and physical appearance.

"It's not so easy to put aside that kind of heartfelt feeling of a mother and his background," Daly said Sunday. "I think it will have some effect on the jurors ... and you only need to affect one juror."

Prosecutors say another factor favoring the death penalty is that jurors found Rodriguez caused serious injury in three earlier assaults on women.

The government also believes that testimony by friends and family of Sjodin in the last phase of the trial points to a death sentence.

Daly said he expects the case to be appealed, whether Rodriguez receives the death penalty or life in prison. Death penalty appeals would be more prolonged, Daly said.

"It's possible her parents will never see him executed," he said.

FBI Sex Raises Privacy Issues (PTR)

By Carl Prine, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 17, 2006

It's a steamy story of sex, lies and videotape, told in an obscure federal court case the FBI doesn't want you to hear about.

But the Pittsburgh Tribune-Review uncovered the hidden details of "Dale J. Herr vs. the Department of Justice" at the normally staid U.S. Merit Systems Protection Board in Washington, the agency where fired federal workers go to get their jobs back.

The Federal Bureau of Investigation's quest to keep its dirty laundry from public sight concerns civil libertarians, who worry 9/11 turned a naturally secretive agency into a place that now walls off even routine litigation. Labor lawyers also fear federal courts are letting agencies pry too far into the private lives of employees.

FBI officials, however, insist they will continue to evict X-rated G-men.

The salacious Herr dossier makes the FBI's Cleveland field office into Hugh Hefner's Playboy Mansion. Herr, 38, a West Point grad and former special agent, concedes in court documents that in 2002 he videotaped his sexual exploits with three women -- two co-workers and one from outside the agency.

One female agent "had consented to videotaping of her sexual activities with (Herr) on other occasions," but he later filmed her "when she had not consented to and was not aware of the taping," according to court records.

FBI files also reveal two other women had no clue they were caught on film, footage Herr kept solely "for his own use."

"Based on conversations I had with (one of the women), I believed she would not be comfortable making videotapes of our sexual encounters," Herr admitted in court papers. FBI files say Herr knew at the time it "was not ... the right thing to do."

One of the female agents found the tapes in 2002 and told co-workers. Scuttlebutt about the amateur pornos swept the Cleveland field office, and the FBI began to question Herr's integrity and hold "much less confidence in his abilities to perform ... any job," according to legal filings.

An unnamed Cleveland supervisor testified he had to counsel two filmed female feds and make sure that "they and other employees concentrated on their work, rather than on the gossip and rumors." But Cleveland superiors never questioned Herr's job as a high-ranking agent. His office even recommended only a 30-day suspension, according to his attorney, Richard L. Swick of Washington.

The FBI brass overruled that recommendation. On June 9, 2004 -- 20 months after Herr's blue movies triggered an internal investigation -- he lost his badge. His appeal is pending.

Agents at field offices nationwide who knew Herr declined to speak on the record about the matter, saying they didn't want to jeopardize the litigation or incur agency discipline. Herr's attorney advised his client not to talk to the news media.

Girls on film

Special Agent Jeffrey B. Killeen, an attorney representing the Department of Justice in the matter, is so close-mouthed he won't even admit Herr exists. Killeen, assigned to the Pittsburgh office, often works on internal FBI investigations.

Although one of the taped women continued a romantic relationship with Herr after the brouhaha -- according to Herr's attorney -- Killeen persuaded administrative law judges to remove her name from documents because she was a "victim." Killeen also got judges to erase mention of the Cleveland field office and the identities of anyone who gave testimony.

When Herr's lawyer moved to rename his client "John Doe," not only did the FBI not oppose it, but also begged the court to seal every aspect of the case.

Senior FBI officials declined to discuss the Herr case.

"Decisions like that are never made lightly," said Patrick W. Kelley, FBI's deputy general counsel. "It's a process. We have to keep in mind that there may be victims, and we have a duty to protect them from an unwarranted invasion of their privacy. To do that, we must look even at singularly identifying details in cases. We do this to ensure that more damage isn't done to the victims."

Administrative law judges hear nearly 12,000 appeals annually for the Merit Systems Protection Board from federal workers who say they've been unjustly fired, furloughed or demoted. Judges rarely close hearings, disguise the identities of participants or bar taxpayers from reading testimony. Over the past 33 years, the board's panel in Washington has cloaked only three cases out of almost 300,000. The last "John Doe" caption came in a 1981 case involving a spy accused of molesting his daughter.

Against FBI wishes, the Washington panel published some details of Herr's case. But at the FBI's insistence, judges continue to keep citizens from attending Herr's Chicago hearings, reading transcripts or accessing court filings. Judges and their clerks in Washington and Chicago declined comment.

Contacted by the Trib, nearly a dozen top civil libertarians said FBI and board actions in the Herr matter raise questions about when it's appropriate to hide agent misconduct. At issue: Did the FBI push so hard to protect alleged victims, or did the agency fear embarrassment from a salacious story?

"The FBI and the board went too far, in my opinion," said attorney David K. Colapinto of Washington, an expert on government secrecy. "They could've blacked out the names of the women without putting the case under seal. The danger in all of this is that they could turn future proceedings in cases like this into a Star Chamber, which has happened before and which has been shown to have violated both the U.S. Constitution and the public's right to know.

"But does it surprise me? No. We're living in an era of secrecy. After 9/11, the FBI and the courts are making everything 'confidential' or 'secret,' and I'm afraid that mentality now might be extended even to the Merit Systems Protection Board."

NeXXXus of Evil?

Some labor lawyers fear the board's ruling reached too far into the private lives of federal workers. Herr's Chicago judge initially found the FBI failed to find a link between his boorish behavior and how he fought crime. That's important because FBI

policies let agents engage in legal sexual conduct that some people find morally objectionable -- including adultery, homosexuality and gender-bending wardrobe choices.

"That's the key. It was none of the FBI's business," said attorney Swick. "They were just upset about what he did, and they can't say what he did was illegal. He didn't violate the FBI's own personnel policies, so why are they doing this to him?"

Swick says it's a shame the nation lost a dedicated agent and vows to reinstate him. The FBI concedes what Herr did in Ohio in 2002 wasn't illegal, but Pennsylvania and 47 other states now have "video voyeurism" laws banning what he did.

The Board tribunal reasoned that making pornos didn't get Herr in trouble, it was his "clearly dishonest" conduct that "caused emotional distress to the FBI employees he had videotaped." Judges said the fallout from his bedroom behavior snarled FBI operations, and an agency charged with collaring corrupt city cops can hold its own law enforcement officers to "a high standard of conduct."

FBI leaders consider the "high standard of conduct" the agency's cornerstone. They take pride in a rigorous vetting process that weeds out most applicants. To refresh academy ethics training, the FBI routinely posts e-mails to agents detailing bad behavior in their ranks. Strict standards govern much of a G-man's professional life, and agents are warned to never project an "appearance of impropriety."

"It's important for agents to understand that their conduct outside the agency can have repercussions in the office," said the FBI's Kelley. "And just because something isn't illegal doesn't mean it won't affect what we do."

Ralph Smith says the FBI's culture won't allow seamy conduct to go unpunished. The former civil service supervisor, best-selling author and staffing firm owner published some "John Doe" details on his popular Fedsmith.com Web site.

"Imagine a case like this one, with all the sex and videotaping, the gossiping and the long investigation that followed," said Smith. "There are issues of privacy and trust involved in all of that, and those are important concepts to FBI supervisors. The culture of the FBI won't tolerate that kind of behavior, even if it's not illegal."

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CIVIL RIGHTS:

In Shadow Of 70's Racism, Recent Violence Stirs Rage (NYT)

By Dan Frosch

The New York Times, September 17, 2006

FARMINGTON, N.M. — The memory of 1974 still hangs heavily over this troubled New Mexico town, like a bad spirit drifting down from the sandpaper mesas and scrub-speckled hillsides.

That was the year the bodies of three Navajo men were found in nearby Chokecherry Canyon, burned and bludgeoned. The three white high school students charged in their killings were sent not to prison but to reform school.

The violence and mild sentences incited marches by Navajos through Farmington's streets and exposed tensions between them and the town's largely white residents. The United States Commission on Civil Rights eventually investigated and found widespread mistreatment and prejudice against Navajos.

Now, more than three decades later, Navajo leaders here are again calling for federal intervention.

On June 4, the police said, three white men beat a Navajo man, William Blackie, 46, and shouted racial slurs at him after asking him to buy beer for them. The men were charged with kidnapping, robbery and assault, and are being prosecuted under the state hate crimes law, which allows for longer sentences.

Six days later, a white Farmington police officer killed a Navajo man, Clint John, 21, after a struggle in a Wal-Mart parking lot. The police said Mr. John had assaulted his girlfriend and attacked the officer — grabbing his baton and moving aggressively toward him — before the officer shot Mr. John four times. Mr. John had a history of violence, the police said.

Mr. John's family says he did not have the baton when he was shot and is filing a wrongful death lawsuit against city officials, the Police Department and the officer.

The San Juan County Sheriff's Office, which investigated Mr. John's death, concluded that the shooting was justified. But after an outcry from Navajo Nation officials, the United States Justice Department is reviewing the matter to determine if a federal inquiry is necessary.

Both events have rocked this commercial hub of about 42,000 residents on the eastern edge of the Navajo Nation. After Mr. John's shooting, the Navajo Council allocated $300,000 to study racial violence in the 11 towns that border Navajo land and to finance the John family's lawsuit.

On Sept. 2, amid growing unease, Navajo leaders organized a march they said drew 1,000 participants. The march snaked along Highway 64, which leads to the Navajo community of Shiprock.

"We marched to memorialize the people that have died because of racial violence here," said Duane Yazzie, president of the Shiprock chapter of the Navajo Nation. "This was an outlet for people who are frustrated and angry."

Similar marches 32 years ago protested the severe, sometimes violent treatment of Navajos, like the practice of beating drunken Navajos passed out on Farmington's streets.

In 1975, the Civil Rights Commission released "The Farmington Report: A Conflict of Cultures," which described widespread prejudice against American Indians in Farmington and said they had suffered in almost every area from injustice and maltreatment.

These days, Farmington is no longer the Selma, Ala., of the Southwest, as some derisively called it then. The town has more Indians — about 17 percent of its residents, compared with less than 10 percent in the mid-1970's. The Civil Rights Commission, revisiting Farmington in 2004, found marked progress.

Mayor Bill Standley cited improvements including the creation of a citizen police advisory committee, an intertribal service organization and a Navajo behavioral health center. Mayor Standley categorized this year's violence as isolated.

"When these things happen, we still have to be concerned, and we have to listen," he said. "We have thousands of interactions between people in Farmington where nothing happens. But when things do go wrong, the culprit is usually alcohol. For the most part, it's not racism that drives Farmington's problems today, it's alcohol."

Indeed, a study this year by the Police Department showed that most crimes against Indians in Farmington were committed by Indians.

Police Chief Mike Burridge said the 12 Indians among the 124 officers on his force had supported the department after Mr. John's shooting.

"They told me they wished it was a Native American officer that was involved," said Mr. Burridge, adding that his officers underwent cultural sensitivity training that specifically addressed Navajo issues.

But Larry Emerson, chairman of the New Mexico Indian Education Advisory Council, said white residents had not absorbed the history of Indian subjugation and its psychological and social effects.

"The bias, the unfairness, this has been going on all along," said Mr. Emerson, who is Navajo. "Our people have suffered intergenerational trauma. They're so numb to it, they can't feel own their feelings anymore."

Racial violence — like the bludgeoning death in 2000 of a 36-year-old Navajo woman by two white men — still occurs, if less frequently. Mr. Emerson and Mr. Yazzie said many crimes against Navajos went unreported.

"We've become so accustomed to our treatment by the Anglo community, we just accept it as normal," said Mr. Yazzie, who was shot by a white hitchhiker in 1978 and lost an arm in the attack.

Mr. Yazzie said he believed outsiders, new to Farmington and its complicated racial dynamic, were to blame for the upswing in violence. He said he considered Mr. John's shooting unjustified and wanted the federal government to intervene, as it did in the 1970's. Other tribal leaders agree.

"We've come a long way since 1974, but sometimes it takes the feds to move things in the right direction, said Joe Shirley Jr., the president of the Navajo Nation. "Otherwise, it doesn't get done."

A stroll down Main Street, lined with antique shops and Navajo art galleries, reveals familiar divisions.

"The majority of Navajos are good people," said Joann Carney, a white saleswoman at a clothing shop. "But a few give them a bad name."

"Navajos get a lot of looks walking down the streets here," said Patrick John, an American Indian from Shiprock. "There's a lot of tension here. This is a border town."

For George Arthur, a Navajo Nation delegate who lives near Farmington, the problems are escalating. A few years ago, Mr. Arthur said, his son was beaten by white youths who tried unsuccessfully to set him on fire. Mr. Arthur said no one was charged in the crime.

"The Navajo are a proud people," he said. "We've learned to survive, and we can tolerate certain aspects of life. But not when it comes to our dignity."

Report Sizes Up The Toll Of Human Trafficking In Minnesota (MINNST)

By Myron P. Medcalf And Howie Padilla, Star Tribune Staff Writers

Minneapolis Star Tribune, September 17, 2006

About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years.

The exploitation in Minnesota of victims lured into forced labor and sex should be addressed on an "organized, statewide" level, according to a Minnesota Department of Public Safety report on human trafficking.

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About 120 social-service groups in Minnesota that responded to a survey estimated that they had worked with more than 500 sex trafficking victims and 55 labor trafficking victims over the past three years. Some victims had been trafficked from Minneapolis, St. Paul, Roseville and the Mall of America, according to the report.

Without statewide data on trafficking-related arrests, the numbers don't represent the fullness of the crime, according to the report, which was prepared for the Legislature.

Someone is trafficked when "forced, defrauded or coerced into service regardless of movement," but sometimes the offense involves transporting people across borders, domestic and international.

"This is an issue Minnesota is beginning to pay attention to," said Danette Buskovick of the Department of Public Safety, who wrote the report.

Also this week, the St. Paul Police Department's Gerald D. Vick Human Trafficking Task Force held its first meeting.

In a teleconference that lasted about four hours, St. Paul Sgt. John Bandemer and Cmdr. Todd Axtell -- along with other federal, state and local law enforcement officials -- heard from Houston officials about how they battle the problem. A federal grant honoring Vick helped fund the department's work on human trafficking. The slain St. Paul police sergeant was known for his zeal in fighting human trafficking and helping prostitutes turn their lives around.

But cracking down on leaders of human-trafficking rings has proven challenging because of scare tactics used to silence victims, some of whom are threatened because of their immigrant status, said Gail Pendleton, a national consultant on immigration issues who was in St. Paul on Friday for a conference on domestic violence in immigrant and refugee communities.

"The challenge is finding them," she said. "They generally are held captive. ... The first people they're not going to talk to are law enforcement."

Also at the conference was Joy Friedman, a former prostitute who was trafficked between states and now works with Breaking Free, a St. Paul group that assists females fleeing prostitution. Said Friedman: "This is something that's happening in our own back yard."

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Woman Seeks To Take Monkey Into Restaurants For 'support' (AP)

THE ASSOCIATED PRESS

AP, September 17, 2006

SPRINGFIELD, MO. -- A woman from southwestern Missouri has asked the Springfield-Greene County Health Department to allow her to take her pet monkey into restaurants as a service animal.

The woman, Debby Rose, of Springfield, says Richard, her bonnet macaque monkey, provides emotional support that allows her to overcome an anxiety disorder and go out in public places. Rose said the federal Americans With Disabilities Act should allow the practice.

Health department officials met Friday with a local service agency, the Southwest Center for Independent Living, which is acting as an agent for Rose. The health department told the agency that Rose must produce some kind of federal ruling or certification that the monkey is a service animal under the ADA before it will consider allowing her to take the monkey into public places, said Kevin Gipson, director of health.

Family members said Rose's anxiety was disabling. Without her monkey, she's less able to manage normal tasks, such as grocery shopping and dining out, because of severe anxiety.

Cynthia Magnuson, a spokeswoman from the Justice Department in Washington, said that although the law was somewhat vague regarding emotional-support animals, they were covered.

"It's kind of a fine line, but the law errs on the side of protecting individuals that are disabled," she said.

Major Problems At Polls Feared (WP)

By Dan Balz And Zachary A. Goldfarb, Washington Post Staff Writers

The Washington Post, September 17, 2006

Some Officials Say Voting Law Changes And New Technology Will Cause Trouble

An overhaul in how states and localities record votes and administer elections since the Florida recount battle six years ago has created conditions that could trigger a repeat -- this time on a national scale -- of last week's Election Day debacle in the Maryland suburbs, election experts said.

In the Nov. 7 election, more than 80 percent of voters will use electronic voting machines, and a third of all precincts this year are using the technology for the first time. The changes are part of a national wave, prompted by the federal Help America Vote Act of 2002 and numerous revisions of state laws, that led to the replacement of outdated voting machines with computer-

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based electronic machines, along with centralized databases of registered voters and other steps to refine the administration of elections.

But in Maryland last Tuesday, a combination of human blunders and technological glitches caused long lines and delays in vote-counting. The problems, which followed ones earlier this year in Ohio, Illinois and several other states, have contributed to doubts among some experts about whether the new systems are reliable and whether election officials are adequately prepared to use them.

In a polarized political climate, in which elections are routinely marked by litigation and allegations of incompetent administration or outright tampering, some worry that voting problems could cast a Florida-style shadow over this fall's midterm elections.

"We could see that control of Congress is going to be decided by races in recount situations that might not be determined for several weeks," said Paul S. DeGregorio, chairman of the federal Election Assistance Commission, although he added that he does not expect problems of this magnitude.

"It's hard to put a factor on how ill-prepared we are," said former Ohio governor Richard F. Celeste, a Democrat who recently co-chaired a study of new machines with Republican Richard L. Thornburgh, former governor of Pennsylvania, for the National Research Council. They advised local election officials to prepare backup plans for November.

"What we know is, these technologies require significant testing and debugging to make them work," added Celeste, now president of Colorado College. "Our concern -- particularly as we look to the November election, when there is a lot of pressure on -- is that election officials consider what kinds of fallbacks they can put in place."

The main focus is on whether people know how to properly use the machines, particularly the large army of volunteers who staff the polls at most precincts.

"We know the equipment works because it's been qualified to federal standards," said Kevin J. Kennedy, executive director of the Wisconsin State Elections Board and president of the National Association of State Election Directors. "The real challenge is to make sure our poll workers are trained and make sure voters have been educated so that we don't have an experience like Maryland had."

What is clear is that a national effort to improve election procedures six years ago -- after the presidential election ended with ambiguous ballots and allegations of miscounted votes and partisan favoritism in Florida -- has failed to restore broad public confidence that the system is fair.

To the contrary, litigation is on the rise. Rick Hasen, a law professor at Loyola Law School in Los Angeles and the author of Election Law Blog, found that the number of election challenges filed in court had risen sharply from 2000 to 2004 -- from 197 per year to 361. "Parties have become more willing to go to court," Hasen said.

In 2004, some Democrats alleged widespread voting irregularities in Ohio, including questionable vote-counting and problems with machines in Democratic-leaning precincts. Nonpartisan election experts have said the problems were not so severe to call President Bush's victory, by about 119,000 votes, into question.

This year, there are debates over standards for keeping voter registration rolls up to date; for the handling of "provisional ballots" used by people who do not show up on those rolls but believe they are legally qualified to vote; and for assuring the validity of electronic vote counts through the use of paper trails for all electronic machines. State legislation requiring state or federal identification for all voters has been challenged in courts.

One reason many issues are coming to a head this year is that the Help America Vote Act set the start of 2006 as the deadline for states to comply fully with its regulations.

Help America Vote does not mandate electronic voting, but it has greatly accelerated that trend. The law banned lever machines and punch cards to end debates about ambiguous "hanging chads" of the sort that occurred in Florida in 2000. What is clear is that electronic machines have their own imponderables.

In Montgomery County, the breakdown came when election officials failed to provide precinct workers with the access cards needed to operate electronic voting machines. In Prince George's County, computers misidentified some voters' party affiliation and failed to transmit data to the central election office. At least nine other states have had trouble this year with new voting technology.

During Illinois's March primary, poll workers in Cook County (Chicago) experienced problems at hundreds of sites with new voting technology, delaying results in a crucial vote for the county's board.

In Ohio, results from the May primary election were delayed for nearly a week in Cuyahoga County (Cleveland) when thousands of absentee ballots were incorrectly formatted for electronic scanners and had to be counted by hand.

Twenty-seven states require electronic voting machines to produce a paper trail available for auditing during a recount, but an analysis of Cuyahoga County's paper trail by the nonpartisan Election Science Institute showed that a tenth of the receipts were uncountable.

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So far, none of these problems has prompted lingering legal challenges. But experts say turnout in general elections is much higher than in primaries and will put new stresses on the election system.

Although Help America Vote imposed national standards, it did not impose a uniform system. There are different styles and brands of equipment in use, with the potential for different bugs. The main systems are optical-scan machines and touch-screen machines. The potential problems election officials cite include machines breaking down or paper ballots not being read by optical-scan machines.

Beyond technical bugs, questions remain about whether the machines are vulnerable to vote fraud by hackers.

For several years, prominent computer scientists have taken aim at the electronic voting machines, which in essence are computers. In analyses of the software that runs widely used models of the machines, and in tests on specific brands, the scientists have shown how they could manipulate the machine to report a vote total that differed from the actual total cast by voters.

Machine vendors and some election officials have said that, while changing vote totals may be possible for someone with sophisticated technical knowledge in a controlled experiment, it is highly unlikely in a real election, given the security and oversight.

In the wake of Help America Vote, Congress has appropriated more than $3 billion to states to upgrade equipment, and Vermont Secretary of State Deb Markowitz, the president of the National Association of Secretaries of State, said many states have met all of Help America Vote's requirements. Backers credit the law with making voting easier for the disabled and people for whom English is not a primary language. And they say that when machines and databases work properly, they make voting more accurate.

As Election Day nears, however, states remain embroiled in legal disputes growing out of Help America Vote's requirements for centralized voter databases and for some first-time voters to show identification at the polls. The Justice Department has sued New York state for failing to comply with Help America Vote requirements, such as upgrading machines and building a central voter database.

Democrats and Republicans remain at odds over voter registration rolls. The Brennan Center for Justice, a liberal advocacy group, recently showed that properly registered voters in Florida, New Jersey and Kentucky were being removed from voter databases through electronic purges.

"Voter suppression doesn't happen with intimidation on Election Day, but rather through silent and sometimes secret government actions in the weeks leading up to an election," said Michael Waldman, the center's executive director.

Republicans have pressed for laws requiring voters to show a state or federal identification card -- a requirement Democrats say could disenfranchise low-income and minority voters.

A handful of states have passed expansive laws requiring voters to show state or federal ID at the polls. On Thursday, a circuit court judge in Missouri struck down as unconstitutional that state's ID requirement. That ruling followed a similar decision by a court in Georgia. A court in Indiana, however, upheld the requirement.

Further clouding the election process is the fact that, in many states, the administration of elections remains in political hands -- run by secretaries of state or other officials who run for office with partisan affiliations and who often have designs on higher office.

Robert Pastor, director of a commission on election reform organized by American University and headed by former president Jimmy Carter and former secretary of state James A. Baker III, said this tradition should be abandoned.

"The Carter-Baker commission identified 87 steps that need to be undertaken," he said. "Regrettably, almost none of them are being done right now. I would start by establishing statewide, nonpartisan election administration."

Md. Election Problems Fuel Push For Paper Record (WP)

By Cameron W. Barr, Washington Post Staff Writer

The Washington Post, September 17, 2006

After Primary Day Fiasco, Some Area Officials and Activists Say Electronic Voting Systems Need Backup

The primary day debacle in Montgomery and Prince George's counties will add momentum to regional efforts to ensure that election systems create a paper record of each vote, according to some elected officials and activists critical of paperless balloting.

They say the crisis at the polls in Florida during the 2000 presidential race, which prompted many states to switch to electronic voting, forced the adoption of overly complex systems that now must be simplified.

An aide to Maryland Gov. Robert L. Ehrlich Jr. (R), who is seeking reelection in November, said heightened concerns about electronic voting in last week's primary would strengthen calls for a return to a paper-based system.

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Precinct judges in Montgomery and Prince George's counties have reported various machine-related problems, including computers that misidentified the party affiliations of voters, electronic voter registration lists that froze and voting-machine memory cards whose contents could not be electronically transmitted. The electronic voter lists, or "e-poll books," were used for the first time in Maryland.

Ehrlich remains "wary about the use of these machines in the upcoming elections," said policy adviser Joseph M. Getty, though the governor has announced he will take whatever steps are necessary to protect the security and reliability of the state's voting system.

Activists in Virginia said they hope Maryland's problems will inspire renewed efforts to require that all voting systems in the commonwealth produce a paper record of each vote. The voting in Virginia's June primary went smoothly, and Jean Jensen, secretary of the State Board of Elections, said she has not felt "a lot of unease in the population" over electronic voting.

Jensen said she is worried that opponents of electronic voting will exploit Maryland's troubles, which were partially the result of human error, and "turn this into a machine issue."

The District has a dual system in which voters at each polling station have a choice between voting electronically or casting a paper ballot that is read by an optical scanner. There were no significant problems at the polls Tuesday, but community activist Dorothy Brizill said she hopes the Board of Elections and Ethics will still conduct a review.

In Maryland, Ehrlich has requested that Linda H. Lamone, the administrator of the State Board of Elections, appear Wednesday before a three-member panel that includes the governor. Ehrlich, who has clashed frequently with Lamone, told her in a letter that last week's problems "raise questions about insufficient training, management and oversight of Maryland elections."

Deputy Administrator Ross Goldstein said Lamone "is reviewing the letter and will respond."

The outcomes of primary races for a congressional seat and two General Assembly seats remain undetermined as a result of voting irregularities.

In Montgomery County, where primary day began in chaos after election workers forgot to provide the plastic cards needed to access the machines, 10,000 to 12,000 voters had to use provisional paper ballots. The counting of provisional votes statewide will begin tomorrow and in Montgomery could take two or three days because of the volume, county officials said.

Meanwhile, Donna Edwards, who ran against Rep. Albert R. Wynn for the 4th District Democratic nomination, has said she will file a lawsuit because of concerns about the security of voting machines that were not returned promptly to the Prince George's Board of Elections.

Wynn leads by fewer than 3,000 votes in a district that stretches from Prince George's into a slice of Montgomery.

Both candidates in the close race for the Democratic nomination for Prince George's executive -- the disappointed challenger, Rushern L. Baker III, and the victorious incumbent, Jack B. Johnson -- also have called for an investigation of the county's voting process.

Kevin Zeese, an independent candidate for Maryland's open U.S. Senate seat and a longtime critic of electronic systems that do not provide a "paper trail," acknowledged that many problems in Maryland were caused by human error. Even so, he said, "the real problem [with electronic machines] continues. We can't tell whether the result really reflects the will of the people. There's no way to audit an electronic count."

Ehrlich pushed legislation this year that would have required Maryland to adopt paper ballots and optical scanners, but the measure died in the state Senate.

Several efforts to institute a paper record also died in the Virginia legislature this year. Carrie Nixon, a lawyer who leads the New Electoral Reform Alliance for Virginia, a nonpartisan group that has pressed for changes in the commonwealth's election system, said she hopes that Maryland's problems will give the initiatives another life.

Virginia's elections have run well in recent years, but Nixon said volunteer lawyers participating in an election-monitoring program organized by the Democratic National Committee in 2004 reported 117 problems with individual machines at about 600 polling stations. "These types of problems do give people pause with respect to the integrity of the system," she said.

Jensen said that not a single vote was lost in 2004 and that 8,000 to 10,000 voting machines were in use on Election Day.

In the District, voters have been able to choose between casting electronic and paper ballots since 2004, said Alice P. Miller, executive director of the Board of Elections and Ethics. Most voters still prefer paper, she said, but the number opting for an electronic ballot has risen with each election.

Brizill, the community activist, said she has visited polling sites where the electronic voting machine "sits vacant and not used, all day long."

Staff writer Christian Davenport contributed to this report.

Missouri, Other States Grapple With New Voting Requirements (SLPD)

By Bill Lambrecht And Adam Sichko, POST-DISPATCH WASHINGTON BUREAU

St. Louis Post-Dispatch, September 17, 2006

WASHINGTON In the Arizona primary election last week, some Navajo Indians who don't drive and have no use for U.S. government-issued photo IDs didn't vote because of a new state law requiring identification to vote.

"Probably in the future, a lot of our elders just won't show up, and they're dedicated voters," said Isabelle Walker, the Navajo Nation's deputy chief of staff.

But in Macon, Ga., which tested Georgia's controversial photo identification law for the first time last week, only one voter of more than 200 who turned out for a school board special election lacked a picture ID — even though he had driven to the polling place.

"It went well. We feel like voters are grasping the idea," said Twiggs County Election Superintendent Marette Fair.

Missouri — where a judge last week struck down a new state photo ID law — is not alone in grappling with new voting requirements. More courtroom maneuvering is expected over the Missouri law, which requires voters to produce a valid Missouri drivers license, nondrivers ID, U.S. passport or military ID.

In at least eight states, political activists are squaring off over new rules requiring photo IDs as well as proof of citizenship and other identification for voter registration. In most cases, Republicans are supporting the restrictions, and Democratic-leaning groups are fighting them.

In Georgia, a federal judge ruled last week that voters in his state will not have to produce picture IDs in 30 special elections next week. But the ruling doesn't prevent Georgia from moving ahead with its new photo-ID law in November.

Other voting glitches

Ongoing confusion in several states is just part of the nation's unsettled election machinery less than two months before elections that will decide control of Congress.

Some states still are struggling with federal legislation requiring computerized voter registration lists. About one-third of the country — including parts of Missouri and Illinois — will deploy new voting machines for the first time in a general election. Serious glitches last week in Maryland's primary showed the need for well-trained poll workers in the new era of electronic voting.

The disputes over registration and voter identification add to pre-election anxieties.

In Florida, the League of Women Voters stopped registering voters earlier this year rather than risk penalties under a new state law putting requirements on civic organizations' voter drives. A federal judge intervened to stop the law — saying it "chills" First Amendment rights — and the league is back in the registration business and trying to make up for lost time, its president, Dianne Wheatley-Giliotti, said last week.

How much impact?

In Missouri and elsewhere, analysts say that the final outcome of the court challenges could have a bearing on close elections in November.

The voter ID requirements, along with the new registration rules "could have a potentially enormous impact on elections and could unquestionably swing the results of elections one way or the other," asserted Daniel Tokaji, an Ohio State University assistant law professor who writes a Weblog on election-law disputes.

Court cases have featured wildly varying estimates about who might end up not voting because they don't have photo IDs and lack the wherewithal or patience to get them. In Missouri, Secretary of State Robin Carnahan said that 240,000 voters could lack the necessary ID under the new law; the state Department of Revenue put that number at 138,000.

A St. Louis election-law attorney, Mark "Thor" Hearne, disputes that thousands of people will end up not voting.

Hearne, 45, who helped the Bush-Cheney campaign prevail in the Florida recount of 2000, has emerged as a key player nationally in arguing the case for voter ID laws. He is chief legal adviser to the American Center for Voting Rights, a northern Virginia advocacy group that has been a driving force in legislation demanding photo identification to vote.

"You get all these dire predictions of hundreds of thousands of people disenfranchised. But when they finally run an election, they find that it's no big deal," he said.

Hearne disputed those who say that the new laws fall unfairly on those least able to produce a photo ID, much the way poll taxes once kept people from the polls.

"This isn't singling people out," he said. "This is a feature of modern life. You need a photo to get on a plane, cash a check, receive government benefits."

Courtroom disputes

The ID movement is a product of outrages from voter fraud as well as the nation's post-9/11 security mind-set. The 2002 Help America Vote Act requires that first-time voters who register by mail produce government-issued IDs when they cast ballots.

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The movement picked up steam a year ago when the Commission on Federal Election Reform, headed by former President Jimmy Carter and ex-Secretary of State James Baker, concluded that a uniform voter identification system could help rebuild confidence in voting.

The bipartisan panel added that such a system should not impede participation. Whether it does — and ultimately will — is the crux of courtroom disputes.

In Missouri, Cole County Circuit Judge Richard Callahan concluded that the ultimate effect of the law was an unconstitutional new qualification to vote. Supporters say it can be fixed with legislative tinkering.

Arizona is one state where the pro-ID forces have prevailed in court, much to the dismay of Indian tribes and partisans who relish the heavily Democratic vote from the 250,000-strong Navajo Nation.

Many older Navajo were born at home and don't have birth certificates, tribal officials said. And even if they can afford the IDs, some simply reject state dictates.

"It offended our elders very much. They say, 'Now you end up telling me I have to prove who I am to you?' That's not right given that we were the indigenous people of this country even before laws were created," said Leonard Gorman, a Navajo elections expert.

Joe Kanefield, state election director in Arizona, countered that tribes in his state were given special consideration, allowing them to show just one form of ID proving tribal membership, whether or not it had a photo.

Last week's election, he said, "went very smooth. There were very few problems, if any. . . . We don't think this law in any way discouraged people from voting."

Meanwhile, Marette Fair, the election head in Twiggs County, Ga., had this message for Missourians after hearing that her state's on-again, off-again voter ID law had been temporarily suspended.

"I hope your election in Missouri goes well and you don't get jerked around like us," she said.

City's Vote Recount Ends (MJS)

By Derrick Nunnally And Dave Umhoefer

Milwaukee Journal Sentinel, September 17, 2006

46,500, not 80,000, people turned out, agency says

Milwaukee officials announced Saturday that after a three-day manual count of ballots, Tuesday's primary election brought 46,500 voters to the polls in Milwaukee, not 80,000 as the city previously reported.

City Election Commission chief Susan Edman said the ward-by-ward review of turnout confirmed the city's suspicion that a computer programming error by her office caused the misreporting.

The new turnout count, which still needs confirmation by county officials, means that 15.5% of the city's registered voters came to the polls.

The earlier report of nearly 27% turnout had generated confusion because it suggested that tens of thousands of people showed up to vote but ignored or voted incorrectly in the top races on the ballot, including state attorney general and Milwaukee County district attorney and sheriff.

The discrepancy was brought to the city's attention by the Journal Sentinel, which reported on it Thursday. Its cause, Edman said, was a double and triple count at polling sites containing multiple wards. The duplicated figures showed up in 198 of the city's 314 wards, the paper found. 2004 election

After consulting with state and county election officials, the city did a full ballot count to assure public confidence in the system. That confidence had already been shaken by highly publicized problems the city had in the 2004 presidential election.

"The public should be very pleased with the outcome of this joint canvass," Edman said.

The laborious manual review was not a recount of votes cast for individual candidates. Milwaukee Mayor Tom Barrett and Edman have said repeatedly that the computer error was isolated to total turnout and did not affect the reporting of results in any race.

Those statements seemed to satisfy all the candidates on the ballot except Vince Bobot, an assistant city attorney who lost a fairly close race for the Democratic Party nomination for sheriff. Bobot is considering seeking a recount of votes in the sheriff's race, for which the total vote tally - 39,285, including write-in votes - is in line with vote counts for other races.

The hand count was conducted by the city with help from the county at the city's warehouse on N. Hawley Road. The count was completed Saturday and turned up 46,413 ballots, compared with the original report of 80,064, a difference of 33,651.

Based on city officials' diagnosis of the computer miscalculation, city officials believe instead of 46,413 that 46,548 people actually voted last week. The gap of 135 between that machine count and the hand count is mostly due to 101 ballots cast at 53rd Street School, 3618 N. 53rd St., that were tallied the night of the election but could not be located for the hand count, Edman said. A search is under way.

The remaining variance of 34 ballots will be reconciled when city officials review polling lists and other election materials before turning its numbers over to the Milwaukee County Election Commission. The county does the official canvass of vote totals and reports that to the State Elections Board.

Edman said she was satisfied by the outcome of the unusual ballot count because of the small variance.

"It really confirms the fact that the system works," she said. Programming error

The programming error has been fixed and will not be repeated in the November general election, Edman said.

The city initially said the computer error had affected tallies at every ward located in a multiward voting site.

But in the city's original turnout report, seven wards at multiward polling locations did not show duplicated turnout figures, seemingly in contradiction to the city's description of the computer error. Edman said Saturday, however, that there was a simple explanation for that: in those seven multiward sites, more than one voting machine was present.

Janice Dunn, county Election Commission manager, said she expects to complete the canvass of Milwaukee and suburbs by the end of the week. From the Sept. 17, 2006 editions of the Milwaukee Journal Sentinel

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Global Gun Rights? (NYT)

By Joshua Kurlantzick

The New York Times, September 17, 2006

In July, as rifle-wielding militias in Iraq slaughtered civilians, the United Nations held a conference on small arms. The conference aimed at creating an international treaty limiting the trade in small arms — weapons designed for personal use, which cause about a thousand deaths worldwide each day. But after intensive debate, and despite the support of many nations, even the normally sunny Kofi Annan had to admit that the conference had collapsed or, as he put it, had "ended without agreeing on an outcome."

One group represented at the conference had reason to celebrate: the National Rifle Association, which in the past decade has been refining its own version of globalization. At first, the group openly fought gun control abroad, but that enabled gun-control advocates to accuse local gun lobbies of selling out to America. In Brazil, the N.R.A. tried a new approach. Brazil has the most gun deaths annually of any country, and last October it held a referendum on a nationwide gun ban. In the run-up to the vote, polls suggested that more than 70 percent of Brazilians supported the ban. Then the Brazilian gun lobby, which previously had emphasized the desirability of gun ownership, began running advertisements that instead suggested that if the government could take away the right to own a weapon (though Brazilians have no constitutional right to bear arms), it could steal other civil liberties. This argument took gun-control advocates by surprise, and on voting day, 64 percent of Brazilians voted against the gun ban. "We gun-control groups failed to anticipate this idea of focusing on rights," admits Denis Mizne of Sou da Paz, a Brazilian public-policy institute. As a report in Foreign Policy revealed, the National Rifle Association lobbyist Charles Cunningham had traveled to Brazil as early as 2003 to impart strategy to local gun advocates, teaching them to emphasize rights instead of weapons.

Around the world, the N.R.A. is finding that a rights-based approach translates into many languages. As the N.R.A.'s executive vice president, Wayne LaPierre, says: "They made the rights argument [in Brazil.] They made the argument that this was being taken away from the people." He pauses. "It caught Iansa" — the International Action Network on Small Arms — "by surprise. They already had the Champagne on ice." In the mid-1990's, the N.R.A. became a nongovernmental observer at the United Nations and helped form a global coalition of pro-gun groups to match disarmament coalitions. At U.N. conferences, this coalition then uses success in national referendums to argue against global treaties. "The vote in Brazil on last Oct. 23 was a mandate," the head of one gun-advocacy group argued at the U.N. conference this July. "The international anti-gun community, especially powerful NGO's, was intimately and extensively involved in supporting the gun-ban referendum. They lost. They did not receive the mandate."

The N.R.A. is in the conservative vanguard: in recent years many conservative groups have been increasingly willing to engage abroad. Going global has several advantages. Organizations get more leverage over U.S. policy: conservative groups' growing knowledge of H.I.V. issues in Africa has given them more say over America's global AIDS policies, leverage that conservatives have used to press abstinence as a leading strategy. Going global also can provide a defense against the influence of international law, which judges like Supreme Court Justice Stephen Breyer have increasingly introduced into American courts. Conservative legal organizations like the Alliance Defense Fund have headed to countries like Sweden to combat international precedent on issues ranging from human cloning to home schooling. And conservatives now realize that by co-opting the language of rights, traditionally employed by the political left, they can export their own ideas of universal rights, whether that means the White House's democratization program or a universal right to bear arms.

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ANTITRUST:

Lee Hospital Deal Scrutinized (FMNP)

By Jennifer Booth Reed

Fort Myers (FL) News-Press, September 17, 2006

The state attorney general is looking into Lee Memorial Health System's acquisition of Southwest Florida Regional Medical Center and Gulf Coast Hospital.

"We are aware of this potential merger, or purchase, and we're in the process of reviewing the situation," spokeswoman JoAnn Carrin said.

In the 1990s, the attorney general had filed an amicus brief on Lee Memorial's behalf during the system's bid to acquire Cape Coral Hospital. At that time, the Federal Trade Commission was challenging Lee Memorial, saying the purchase would have given Lee Memorial too much control of the market.

District and appeals courts rejected the FTC argument and ruled Lee's status as a public hospital exempted it from antitrust action and the FTC did not have jurisdiction over the matter. The FTC dropped its complaint because Health Management Associates, or HMA, purchased it.

Cape Coral Hospital ultimately merged with Lee Memorial in June 1996. At the time of that merger, the state was seeking to block Hospital Corporation of America from taking over Cape Hospital because it would have too much power.

"The theory of antitrust is to protect the public," said Charles Bigelow, a retired attorney who used to work for Lee Memorial and is familiar with its status as a public agency. "If you apply antitrust to a public hospital, you're protecting the public from itself."

Carrin said there had been changes to the law in 2000, and state lawyers are looking to see whether those amendments have impact on the previous court rulings in Lee Memorial's favor.

"If we see an issue we would contact the parties," Carrin said.

ENVIRONMENT:

U.S. Says Plan To Expand Alaska Oil Drilling Should Proceed (BLOOM)

By Jim Efstathiou Jr.

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- The Bush administration said a Sept. 27 sale of oil drilling leases in Alaska should go forward and rejected a court's objections that environmental effects have not been properly addressed.

The U.S. Interior Department said in a court filing yesterday that the impact of expanded drilling on air, water, wetlands and wildlife had been properly considered in the plan to expand drilling in the National Petroleum Reserve.

Earlier this month, U.S. District Judge James Singleton in Anchorage ruled that an environmental impact statement prepared by the agency failed ``to adequately address the cumulative effects'' of drilling.

``Depending on the resource or activity, the cumulative impacts throughout the entire North Slope are discussed,'' the Interior Department said in the filing. The agency ``conducted the required `hard look' at those impacts given the limited nature of information available at the leasing stage.''

Singleton's preliminary decision threatened plans to proceed with the lease sale and drew praise from groups including the National Audubon Society. The sale includes 400,000 acres around Teshekpuk Lake, an area environmental groups consider a critical Arctic wildlife habitat.

Expanding domestic oil and natural gas supplies was a cornerstone of the energy plan President George W. Bush unveiled early in his first term. Bush has so far failed to persuade Congress to allow drilling in Alaska's Arctic National Wildlife Refuge, 300 miles to the east of the petroleum reserve.

Teshekpuk Lake

The 23-million acre National Petroleum Reserve, on the Beaufort Sea between Barrow and the Colville River, was established in 1923 as a source of oil for the U.S. Navy. Environmental groups and some lawmakers oppose drilling in the area between Teshekpuk Lake and the Beaufort Sea.

Thousands of geese gather to molt in the area, and caribou birth their calves there, according to the National Audubon Society. Two oil spills from BP Plc pipelines this year further east in Prudhoe Bay have stirred concern about drilling for oil on Alaska's tundra.

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The leasing plan acknowledged environmental concerns by imposing limits on surface structures and drilling activity during periods when wildlife could be impacted, the Bureau of Land Management said. The bureau oversees oil and gas drilling on federal lands for the Interior Department. Drilling would not be permitted in Teshekpuk Lake.

Prudhoe Bay Spill

The entire petroleum reserve could hold 9.3 billion barrels of crude, a 2002 U.S. Geological Survey report said. About 87 percent of the petroleum reserve has previously been available for drilling. The planned Sept. 27 lease sale would boost that to 95 percent.

BP in March reported the largest-ever oil spill on Alaska's North Slope, and last month the company partially shut Prudhoe Bay, the largest U.S. oil field, after discovering pipeline leaks and corrosion.

BP, the world's third-biggest oil company, neglected its Prudhoe Bay oil pipelines for years and may have suppressed worker complaints, U.S. lawmakers said at a Sept. 7 hearing in Washington. Senate Republicans who support expanded drilling in Alaska last week said BP's problems may set back efforts to tap Alaska's resources.

A Bloomberg/Los Angeles Times poll of 1,321 people in June found that 61 percent blamed Bush for high gasoline prices. In a July survey of 1,011 people, 32 percent said they have been forced to cut spending in other areas and to conserve energy. In the same poll, 51 percent were opposed to drilling in the Arctic National Wildlife Refuge while 45 percent were in favor.

To contact the reporter on this story: Jim Efstathiou Jr. in Washington at jefstathiou@bloomberg.net .

Gulf Oil Discovery Adds Pressure To Offshore Drilling Debate (FLSUNSEN)

By William E. Gibson, Washington Bureau Chief

South Florida Sun-Sentinel, September 17, 2006

WASHINGTON -- Discovery of a vast oil deposit deep under the Gulf of Mexico has put additional pressure on Congress as it considers legislation on whether to allow offshore drilling closer to the Florida coast.

The undersea oil field 270 miles southwest of New Orleans, which could expand U.S. reserves by as much as 50 percent, provides new arguments for both sides of a contentious debate over legislation to expand offshore drilling.

Proponents say the discovery shows the great potential for tapping the Outer Continental Shelf closer to shore to boost energy supplies.

Opponents contend it proves energy companies have plenty of tracts to explore without moving into more environmentally sensitive areas near Florida, California and other states dependent on clean beaches and tourism.

Opponents already are on the defensive because of a rising demand for supplies amid high fuel costs, though prices have eased lately. They fear the discovery will prompt Congress to allow exploration in areas where drilling now is banned.

``It gives us [drilling opponents] a steeper hill to climb, now that the news of the size and scope of this find has been all over the country," said U.S. Rep. Mark Foley, R-Fort Pierce. ``This is welcome good news for energy independence and gives us new capacity. But I remain troubled by the prospect of putting more rigs in vulnerable areas along the main path of hurricanes."

The discovery comes as Congress is grappling over conflicting offshore drilling bills, written to boost domestic supplies and reduce U.S. dependence on foreign sources of oil and natural gas.

Most Florida leaders are rallying around a Senate-passed bill that would open 8.3 million acres of the Gulf to energy production but keep rigs more than 125 miles from the state's shores. Most drilling proponents prefer a House-passed version that would allow exploration as close as 50 miles from shore.

Drilling forces immediately hailed the discovery in the central Gulf as proof that the Outer Continental Shelf contains much more oil and gas than previously suspected.

A trio of energy companies dug a test well into ultra-deep waters below salt formations to find an oil supply undetected by more superficial seismic testing. The test well is spouting 6,000 barrels of oil a day, prompting estimates that the area contains 3 billion to 15 billion barrels.

``It's a big deal and very important," said Allan Pulsipher, executive director of the Center for Energy Studies at Louisiana State University. ``It will enable the U.S. to maintain its domestic supply of oil and gas at a level similar to where we are now. We'll still be dependent on oil imports, but less dependent than if this reserve were not there."

While significant, even 15 billion barrels would be tiny compared to Saudi Arabia's reserves of 250 billion barrels. The U.S. currently imports about 60 percent of its oil supplies and consumes about 20.6 million barrels a day, according to the U.S. Energy Information Administration. Fifteen billion barrels would cover the nation's petroleum needs for about two years.

Proponents say expanding oil exploration could reveal there is much more than 3 billion to 15 billion barrels beneath the Gulf.

``This shows us the potential is there for America to not be so dependent on foreign sources," said U.S. Rep. John Peterson, R-Pa., a leading proponent of natural gas drilling.

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Peterson has taunted Florida, whose members represent the biggest obstacle to his drilling plans, in the House debate. He once exhorted the White House to ``get its head out of the Florida sands'' rather than accommodate the state's concerns.

``Florida has carved out a position that is actually thwarting America's opportunity to become energy self-sufficient,'' he said in an interview. ``The OCS is a safe place to produce. It's not a threat to Florida tourism or its beaches.''

Foley and many environmentalists remain unconvinced, pointing to other recent developments that show vulnerabilities in oil drilling and distribution.

These include leaks found in an Alaska pipeline and a federal report citing 124 spills from offshore rigs and pipelines in the Gulf last year caused by Hurricanes Rita and Katrina. Most of the 124 spills were minor, but all told, they spewed 741,384 gallons of toxic petroleum into Gulf waters.

``This new find will alleviate some of our dependence,'' Foley said, ``but at what cost and what risk?''

Hunt For Source Of Bad Spinach Carries On (NYT)

By Julia Preston And Carolyn Marshall

The New York Times, September 17, 2006

SALINAS, Calif., Sept. 16 — Packaged spinach salad disappeared from store shelves across the country Saturday, as investigators searched for the source of bacterial contamination that has now sickened more than 100 people.

Officials said Saturday that the number of people affected by the E. coli outbreak now stood at 102, up from 94 the day before. Dr. David Acheson, director of food safety at the Food and Drug Administration, reported no additional deaths beyond one that had occurred in Wisconsin.

At this point, Dr. Acheson said, federal officials do not know how or when the spinach was contaminated.

“We advise consumers not to eat fresh spinach or fresh-spinach-containing products until further notice,” he said Saturday night. The advice applies to food purchased at restaurants and supermarkets, he said.

Officials at the F.D.A. announced Friday that they had detected an “epidemiological link” between the outbreak of infections of E. coli O157:H7 and spinach produced by Natural Selection Foods, a company that grows and packages fresh greens in San Juan Bautista, Calif., and is best known for its organic Earthbound Farm brand.

But company executives and health officials emphasized Saturday that no E. coli bacteria had been found in Natural Selection plants or on any salad the company had distributed.

Federal officials initially advised consumers not to eat fresh spinach that had been packed in plastic bags. But Dr. Acheson said consumers should avoid eating fresh spinach in general because it might have come from such packages before it was displayed or served.

“Consumers may not be aware that the spinach available to them was prepackaged,” he said.

With the wide publication of the Earthbound Farm name in connection with the outbreak, consumers wondered whether organic farm practices were implicated in the contamination. But no conclusive link has emerged between the infection and organic farming, Natural Selection executives and organic farming experts said.

Natural Selection distributes many products grown by its farmers that are not certified organic, and it has a large business packing fresh greens for other nonorganic growers, including Dole.

Growers and scientists were beginning to grasp the serious difficulties the F.D.A. faces in trying to pinpoint the source of the bacteria and eliminate it from the food supply. Health and agriculture experts said E. coli could creep into fresh leafy food at many points, from the field to the packing plant to the store.

In response to a question, Dr. Acheson said water used to irrigate spinach and lettuce fields was a possible source of the latest contamination, though he said officials had no evidence for or against that hypothesis.

“E. coli resides in the intestinal tract of cattle,” he said. “When cattle manure gets into the water system, it can spread and contaminate anything the water gets into contact with.”

Natural Selection packs produce from 150 organic farmers in four states who are its direct partners in Earthbound Farm, and from farmers whose produce sells under at least two dozen other brands.

The 102 cases of illness have been reported from 19 states. In 16 of the 102 cases, Dr. Acheson said, patients developed a form of kidney failure called hemolytic uremic syndrome.

Natural Selection has issued a voluntary recall of all its products containing spinach carrying “Best if used by” dates from Aug. 17 to Oct. 1. F.D.A. officials said a number of people who were infected had reported eating spinach salads from brands that the company packs. But officials warned that their investigation could still point to other companies.

In California, growers said virtually all harvesting and production of spinach products, whether bagged or canned, had come to a halt.

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Growers said the complexities in the process of farming, picking, washing and packing fresh leafy greens could make the contamination extraordinarily difficult to detect.

"To trace this you can go from the ground up," said Tim Chelling, a spokesman for Western Growers, which represents 3,000 growers and shippers in California and Arizona. "Testing the soil and the growing area would be the first possible point of entry."

Farming procedures in conventional, nonorganic fields are not regulated by the government. The production process, Mr. Chelling said, involves a host of people, like pickers and produce stockers, as well as many kinds of farm equipment and cleaning machinery.

Earlier this summer, the F.D.A detected a pattern of E. coli bacteria in fresh leafy vegetables, primarily lettuce, and focused its attention on the Salinas Valley in California. Since August, officials have been inspecting lettuce farms and packing plants in the valley, said Patti Roberts, a spokeswoman for the California Department of Health Services.

On Thursday and Friday, F.D.A. inspectors examined the huge Earthbound Farm packing plant, set among long rows of leafy vegetable crops, and found no evidence of bacteria, company executives said.

"Earthbound Farm has been making fresh salads for more than 20 years, and there has never been a safety problem associated with any of our products," Myra Goodman, a founder and vice president of the company, said Saturday. "Any association with this tragedy is obviously devastating to us."

Natural Selection's association with the infection was to some extent a result of its own success. Founded in 1984 on a three-acre farm, Natural Selection Foods now distributes produce farmed on 26,000 acres of certified organic fields in Arizona, California, Colorado and Washington.

Even within its organic operations, the company generates substantial sales of nonorganic products, Ms. Goodman said. As the organic food market expands, the company is converting new fields to organic farming, which does not use chemicals and pesticides. A field must be farmed organically for three years before its produce can be certified organic. During the transition, Natural Selection markets produce under nonorganic brand names.

Growers said they had set up rigorous safety systems, especially in the fresh produce industry. But contamination remains a constant challenge. "You can't just boil bacteria," said Hank Giclas, vice president of Western Growers. "It will kill the bacteria, but it also will kill some of the desirable features of the product."

Department Of Billion-dollar Bungling (TIME)

By Douglas Waller, Washington

Time, September 17, 2006

How the Interior Department managed to lose about $2 billion of the public's money. Can this mess be cleaned up?

Complaints are beginning to pile up against the U.S. Interior Department. And they're coming not just from outside critics but also from people in the agency. The problems surfacing are serious: managerial incompetence, bureaucratic snafus that are costing taxpayers billions of dollars, and a pervasive forgive-and-forget attitude toward senior department officials who cross ethical lines.

The Project on Government Oversight, a private watchdog group, released a study this week charging that Interior's Minerals and Management Service (MMS) has become far more lax the past four years in collecting unpaid royalties from the land it leases to oil and natural gas companies. From 2002 to 2005, MMS's auditing and compliance division collected $48 million not paid on mineral leases, which is "less than half the average $115 million collected annually in the division's first 20 years," according to Beth Daley, the watchdog organization's director of investigations. The drop in collections, Daley says, came after the auditing and compliance division cut its staff by 26% and began relying more on a computerized checking system of the leases "based upon information provided from the industry."

But the watchdog group's beef with Interior is tepid compared with the blast delivered a day earlier by the department's own inspector general, Earl Devaney. In scorching testimony before a House Government Reform subcommittee the no-nonsense Devaney charged that during his seven years as Interior's IG his revelations of misdeeds and foul-ups have been routinely "disregarded by the department." Numerous IG reports on regulations circumvented, procurement irregularities, project failures and bureaucrats being awarded bonuses despite their failures have been met with "vehement challenges" by Interior officials "to the quality of our audits, evaluations and investigations," he told lawmakers.

One of the most expensive examples of "bureaucratic bungling," according to Devaney, was a department program in the late 1990s to encourage oil-company exploration in deep waters of the Gulf of Mexico, where it's more difficult than it is on land to extract the crude. Those leases exempted the companies from having to pay royalties to the federal government. The agreements, however, were supposed to have a clause in them that lifted the exemption if oil prices shot past $36 a barrel. (Oil currently sells for more than $60 a barrel.) But because of a foul-up in drafting the deepwater leases, 1,000 of them issued in

1998 and 1999 didn't contain the language lifting the exemption for higher prices. And, Devaney says, mid-level Interior bureaucrats kept their superiors in the dark about the omission for five years. The Government Accountability Office estimates that the mistake has so far cost taxpayers $2 billion in lost royalty revenue and that number could eventually soar to $10 billion.

Rather than heads rolling for infractions, the Cabinet agency has become a fault-free zone, Devaney claims. "Short of a crime, anything goes at the highest levels of the Department of Interior," says the former Secret Service agent. "Ethics failures on the part of senior department officials—taking the form of appearances of impropriety, favoritism, and bias—have been routinely dismissed with a promise 'not to do it again.'" In numerous instances top officials who leave the department under a cloud, said Devaney, "are sent off with a party paying tribute to their good service."

A case Devaney found particularly troubling was that of Steven Griles, Interior's deputy secretary in George W. Bush's first term. Devaney in 2004 referred 25 possible ethics violations by Griles to the Office of Government Ethics outside of Interior. That office cleared Griles of 23 of the violations but referred the remaining two to then-Secretary Gale Norton for a decision. Devaney says Norton refused, over his objections, to take any action against her deputy.

Griles, who left the department in January 2005, says he was cleared because all the allegations investigated by the IG were "conclusively and unquestionably proven to be false." Norton tells TIME that of the two potential violations the ethics office kicked back to her, "one was about a dinner Steve Griles had in the home of a lobbyist (which Griles paid for), and the other was a question about the definition of a 'particular matter' under federal ethics guidelines. On that latter point, I simply viewed Mr. Devaney's interpretation as legally incorrect."

Meanwhile, Dirk Kempthorne, who replaced Norton as Interior Secretary last July, insists he's taking Devaney's "allegations concerning issues dating back to 1998 very seriously." Kempthorne points out that his first day on the job he sent a letter to Interior employees titled "Our Ethical Responsibilities." Since then, the new Interior chief says he's been preaching to his workers that when they're unsure whether something is ethical or not, "if in doubt... don't."

Congress, however, wants to see more than employee pep talks. "The Interior Department breached its fiduciary duty to the American people," says Republican Rep. Darrell Issa, who chairs the government reform panel's Energy and Resources Subcommittee. "It is charged with holding our natural resources in trust." Instead, he complains, the department "squandered billions."

Issues Of Ecology, Theology Collide (KCS)

By Rick Montgomery

The Kansas City Star, September 17, 2006

Before watching the end of the world, hundreds of movie viewers bowed their heads.

“Guard us against the historical arrogance of our own species,” a Methodist minister prayed recently at the Glenwood Arts Theatre in Overland Park. Then lights dimmed for the Midwest premiere of “The Great Warming.”

The documentary on the man-made dangers of global warming is being released for church groups to review before the Nov. 7 elections. While its plot is an easy sell to this invited crowd — more left than right, plenty of hybrid cars parked outside — the film raises spiritual questions that could carve up evangelical voting blocs in new ways.

Is protecting Earth a moral value, an act of stewardship?

Seeking to nudge more social conservatives into the ecological fold, bumper stickers are asking, “What Would Jesus Drive?”

“This movement in the last six to nine months has mushroomed,” said Chuck Gillam, a one-time Republican who is a representative to the Sustainable Sanctuary Coalition, an interfaith group that meets monthly in Prairie Village. “Global warming could be the one thing where you can get a united front between the secular and religious.”

Cracks are appearing within evangelical communities once inclined to dismiss environmental protection as a scientific rush to big government. Many conservative pastors remain skeptical — not because the science is wrong, but because they say their congregations would rather take on abortion, stem-cell research and same-sex marriage.

The harmful effects of those issues will “come kicking at our door far quicker than global warming will,” said the Rev. Jerry Johnston of First Family Church in Overland Park.

But in February, an unlikely coalition of church, corporate and seminary leaders called for the U.S. government to aggressively curb greenhouse-gas emissions. Their TV ad campaign urged Americans to “stop global warming for our kids, our world and our Lord.”

Backers of this so-called Evangelical Climate Initiative include Rick Warren, author of the best-selling book The Purpose-Driven Life, and leaders of the National Association of Evangelicals — a group comprising 60 denominations representing 45,000 churches.

In July, an opposition group fired back.

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More than 100 Christian pastors, economists and climate researchers calling themselves the Interfaith Stewardship Alliance signed a 12,000-word manifesto debunking the science that blames global warming on human activity and the burning of fossil fuels.

Saying that global warming exists but probably by natural causes, the group questioned whether humans can or should do anything to correct it.

"It is immoral and harmful to Earth's poorest citizens to deny them the benefits of abundant, reliable, affordable electricity and other forms of energy," the policy statement noted.

Still, groups such as Green Cross International and the Evangelical Environmental Network hope "The Great Warming" will prompt some social conservatives to slide left on this one topic.

The campaign aims to schedule special screenings for large churches nationwide before the film hits theaters in late October. About 500 pastors have been asked to give Earth-friendly sermons and urge their flocks to quiz candidates on environmental positions.

"There are socially conservative business leaders frustrated with the current administration when it comes to energy policy," said Troy Helming, a "green Republican" and founder of Lenexa-based Krystal Planet Corp., a renewable-energy company that is backing the film.

"Some feel they can't speak up without alienating themselves."

A crossover issue

An August poll by the Pew Forum on Religion & Public Life found global warming was considered a serious problem by 79 percent of Americans — and 68 percent of "white evangelical Protestants."

Nearly half of white evangelicals who responded to the poll said stricter environmental laws were "worth the cost," still less than Catholics, mainline Protestants and "secular" respondents.

"There's a real potential for this to become a crossover issue," said John Green, a Pew Forum fellow.

"White evangelical Protestants are much more sympathetic to environmental problems than other people might think," Green said. "It could be that their attitudes are changing. It could be they're just beginning to form opinions as more becomes known" about global warming.

The Rev. Richard Cizik pushes "creation care" — a crusade against climate change. Cizik, the former head of the National Association of Evangelicals, calls ecological degradation "an offense against God."

Weighing in last month in The New Republic was Harvard University biologist Edward O. Wilson, the winner of the National Medal of Science and two Pulitzer Prizes.

"Despite all that divides science from religion, there is good reason to hope that an alliance on environment issues is possible," Wilson wrote in an open letter to an imagined Southern Baptist pastor.

"While the Old Testament God commands humanity to take dominion over the Earth, the decree is not … an excuse to trash the planet."

That was the broadside attack in 1967, when historian Lynn White Jr. wrote in Science magazine that Christianity "bears a huge burden of guilt" for raping the planet. He blamed a dominion theology spelled out in the book of Genesis for allowing centuries of misuse of the environment.

"You don't hear those arguments about dominion anymore," said Bill Stancil, the chairman of the theology department at Rockhurst University.

However, Armageddon and the end of days remain popular concepts, evidenced by huge worldwide sales of the Left Behind series of novels by Tim LaHaye and J.B. Jenkins. Those beliefs may work against efforts to spur Christian conservatives to rally against climate change.

After all, said Stancil, "what instigates the second coming of Christ is the world getting worse, not better."

'A matter of priorities'

Says Johnston of First Family Church: "I doubt you'll have more than a small handful of churches that will get on this global-warming bandwagon." Johnston is the host of a conservative radio show and leads a congregation of 6,000.

It is not so much a matter of religion versus science, said Johnston. "It's a matter of priorities. On the list of priorities of most evangelical churches, it would be way down the ladder," he said of global warming.

At a meeting of the Sustainable Sanctuary Coalition last week at Village Presbyterian Church, a dozen volunteers from 10 congregations discussed how best to spread the bad news about God's green Earth. Many weren't sure their pastors were willing to extol a message that some churchgoers may see as too political.

And their own politics?

Only one coalition member professed to be Republican. Another proudly flashed a sticker thumping the GOP as the "Grand Oil Party."

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None who spoke up agreed with the Bush administration's position on the Iraq war or the president's ban on funding embryonic stem-cell research.

Meet the religious right's alter ego — the social-justice left. Beyond politics dividing the two, theological differences can lead to stalemate.

"The fork in the road is when you question whether the world is unfolding according to God's plan or we're just messing it up on our own," said coalition leader Margaret Thomas.

There is one sure way to end the conversation, said Stancil, the Rockhurst theologian.

"We've become so polarized, the easy thing is to fall into group think: 'That's your group's issue — not my group's issue.' "

FBI/DEA/ATF/USMS:

Alabama Guns In Criminal Hands Across Country (BN)

By Carol Robinson, News Staff Writers

The Birmingham News (AL), September 17, 2006

Lenient laws blamed for supplying black market of crime weapons

Guns, bought easily and legally in Alabama and other states, are landing in the hands of criminals elsewhere, drawing the ire of leaders who have sued to stop the flow and pledged to fight what they say is a deadly export.

Alabama's role as a Top 10 supply state for "crime guns" - weapons purchased legally here but transferred illegally to others and sometimes used in crimes - is undisputed.

New York City police say that 5 percent of the guns recovered at crimes in the first half of 2005 were last sold at retail in Alabama.

"Alabama ranks, along with some other Southern states and some Midwestern states, in being a supply state because of its traditionally more lenient lifestyle and gun laws," said Jim Cavanaugh, who supervises ATF operations in portions of the South. "Guns are more readily available, more easily traded, plentiful. It's real."

Guns trafficked out of Alabama have turned up during all kinds of investigations in other locations - robberies, assaults, sex crimes, drug crimes and at least 10 homicides - in the past several years, according to the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Special Agent Eric Kehn said Alabama guns have shown up from coast to coast: from Landover, Md., to Los Angeles; from Chicago to cities throughout Florida.

New York City has sued in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - and pledged to sue wherever needed - alleging a handful of gun dealers have created a public nuisance and are negligent in selling weapons that eventually land in the hands of criminals.

Outlined in the suit is the purchase of 60 weapons in Ohio and Alabama, including some guns later sold in the New York City's Mott Haven public housing community.

The New York City actions and scrutiny of crime guns have set off a congressional fight about the release of information used to trace the weapons, data compiled by the ATF. While the bureau continues to provide trace information in criminal cases, it has been blocked by special amendment in Congress from making the information public.

28 Alabama cases

ATF concentrates its investigations on firearms traffickers who divert guns from lawful commerce into the hands of criminals. Nationally, ATF investigations resulted in the convictions of 1,448 firearms traffickers in 2005. Alabama had 28 cases and 29 convictions that year, mostly from the greater Birmingham area, Kehn said.

Two 2005 Alabama cases accounted for hundreds of firearms.

ATF said a Hazel Green man and a man and wife from Huntsville were sentenced for dealing firearms without a license, obliterating serial numbers and conspiracy. The cases - involving the illegal sale of several hundred weapons - included guns recovered in New York, New Jersey, Florida and elsewhere.

Also in 2005, ATF and 20 other law enforcement agencies cooperated in Operation Flea Collar, an effort to stop illegal arms sales at flea markets and gun shows in Collinsville, Dutton and Birmingham. Eleven people were indicted and 556 weapons seized. The investigators recovered guns previously purchased from the defendants in Texas, Illinois, New York, Michigan, California, Georgia and North Carolina, according to the ATF.

Joe Vince Sr., former chief of gun analysis at ATF and now a partner in a firm called Crime Gun Solutions, said 86 percent of all firearms dealers never have a crime gun traced back to their business. The New York City suit, citing ATF research, says only about 1 percent of gun dealers are responsible for 57 percent of illegally possessed guns nationwide.

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Easy smuggling

ATF's Cavanaugh said traffickers choose Alabama because they can get guns easier here than in other states.

"Cities in the North create stringent laws so a black market is created," Cavanaugh said. "Criminal firearms traffic doesn't have to cross a national border. So the smuggling across state lines becomes easy for a criminal to do. He's not going to run into border checkpoints and be questioned. Once he acquires the guns, he has an unfettered route."

New York Mayor Michael R. Bloomberg not only had his city file suit but also has formed a coalition that has drawn more than 80 mayors to share information about guns and to fight for stricter controls and reporting.

"This is not a question of ideologies or a referendum on the Second Amendment," Bloomberg said when the group was formed. "This is about public safety and making sure that illegal guns never make their way into the hands of criminals and onto our streets."

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Gun-ownership Case Is Going To Trial In Wyoming (AP)

By Ben Neary, Associated Press

AP, September 17, 2006

State aims to help some domestic abusers regain right

CHEYENNE — Arguments are scheduled next month in a case in which Wyoming is seeking a federal court ruling affirming its authority to help some people convicted of misdemeanor domestic violence regain their right to own a firearm.

Federal law prohibits people with such convictions from owning guns.

U.S. District Judge Alan Johnson is scheduled to hear arguments in the case Oct. 6 in Cheyenne.

The state alleges that the federal Bureau of Alcohol, Tobacco, Firearms and Explosives acted illegally when it threatened to disallow about 11,000 concealed weapons permits the state issued as a substitute for federal background checks for firearms purchases.

The federal agency threatened to take that step unless the state repealed a 2004 law that allows people to expunge a first conviction for misdemeanor domestic violence.

State Sen. Cale Case said he and former state Rep. Mike Baker, both Republicans, sponsored the Wyoming expungement law after Case heard from a constituent who had lost his right to own firearms because of a misdemeanor domestic violence conviction and then discovered there was no way to appeal.

"I just look at it as constitutional; it is the Second Amendment," Case said. "And to me, one of the fundamental rights in society shouldn't be lost for anything less than a felony conviction."

Wyoming Attorney General Pat Crank says the current lawsuit comes down to an issue of states' rights. The National Rifle Association and the Gun Owners Foundation in Washington, D.C., have both filed briefs supporting the state's position.

"We believe that Congress has very explicitly said that you look to state law to see if someone's firearms rights have been restored," Crank said.

Federal officials, however, say the issue is more narrow. They contend the state law fails to meet the legal standard for expungement.

Although the law allows people to petition in court to expunge a first misdemeanor conviction, it specifies that the record of that first conviction remains on the books for purposes of enhancing penalties for any subsequent crime.

"The nuts and bolts of the government's position is that an expungement of a conviction wipes the slates clean, and that an expungement erases a conviction," said Assistant U.S. Attorney Carol A. Statkus, one of the lawyers representing the ATF. "The Wyoming statute that's at issue in this case doesn't do that."

Mike Blonigen, the district attorney in Casper and vice president of the Wyoming Prosecutors Association, said the state needs to know either way whether its expungement law is valid in the eyes of the nation.

"I feel very uncomfortable telling people they're OK, when we don't know that they are," Blonigen said. "That's the biggest thing we're worried about: We do the expungement, they think they're OK, and they get into trouble in another state."

Case, however, says the lawsuit has become "a test case for the entire nation, and boy, I'm glad to have a small part in that. If we can get the constitutional rights remedied, that would be a great thing."

Daniel Webster, co-director for the Center for Gun Policy and Research at Johns Hopkins Bloomberg School of Public Health in Baltimore, says he worked on a national study that found that the risk women face of being killed in an abusive relationship increases approximately fivefold when their male partners have access to guns.

Webster said Wyoming's effort to restore gun rights to people who have been convicted of domestic violence "suggests that there's greater value being placed on guns than on individual's lives, and I think that's very sad."

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A School Day Of Reckoning Over Steroids? (WP)

By Fay Vincent

The Washington Post, September 17, 2006

It was a long time ago, but the memories of those first days of football practice linger with me the way the taste of sweet little cakes did with Proust. For me, the smell of freshly cut grass does it. I am immediately drawn back to a time some 50 years ago when I would stretch out on the field at my little New England college doing what we called "grass drills."

Next to us was a river, and beyond, a display of autumn foliage so stunning that it became a major distraction for young players trying to focus on the guttural directions of their coaches.

I remember looking at that scene and having a distinctly religious experience. I knew God was somewhere in those hills. And then I was back on the grass pushing my 18-year-old frame against a classmate and trying to learn how to block and tackle.

For a lineman, there was only so much to the skill part of football. The bulk of it was a function of size, which I had, and strength, which I had in some lesser measure. For I was a 6-foot-2 tackle weighing 230 pounds, which in those days meant I was considered a big guy.

Not anymore. The other day I went down to my old college field to watch the current generation begin to get ready for their season, and the size of the kids was astonishing. Not only were they enormous, they were also exceptionally muscular. As they stood there with shirts off, I could see the effects of all their weight training -- even on the smaller backs and receivers. Some of the linemen were obviously pushing 300 pounds -- and it wasn't fat.

My immediate thought was how fortunate I was to have played when I did. For while I may envy today's players their youth, I have to wonder about their size. Is it all diet, exercise, training? Or is some of it attributable to chemicals?

Another former player at my college, who went on to a distinguished career in medicine, marvels at the size of even Division III players. (That's the NCAA division where they don't give athletic scholarships.) He told me he was certain some of these kids were taking supplements to reach the sizes they did at such young ages. "You cannot get that big eating your Wheaties" is how he put it.

It got me thinking of the possible consequences of what has been going on the past few years with young athletes in virtually all sports. If, as seems likely, many of this generation have been taking such things as steroids and human growth hormones, they have been doing so with the benign neglect of their coaches and school officials. It is inconceivable that the people who are around these kids a lot don't know, or at least suspect, that something is going on.

And yet we are doing little to educate young athletes to the risks of using such chemicals. Perhaps some of us believe we're excused because we have no hard data on the long-term medical consequences of taking whatever these kids have been taking. But I wonder about the risks for the schools.

Let us shift forward several decades. Now the players are returning to their old fields, as I did to mine, to sit in the shadows of advancing age and watch others sweat in the grass. I wonder whether they'll feel as warm and fuzzy about their colleges and their experiences on the field as I do. Or will some be coping with serious medical ailments and disabilities -- problems they now attribute to the failure of others to have warned them against using chemicals that inflated their bodies but also injured them and distorted their genes?

Will our universities and colleges be like the tobacco companies, forced to argue in court that these kids knew, or should have known, that the substances they were using weren't good for their health? I wonder whether the schools will be faced with lawsuits based on the mounting numbers of former athletes who might allege that they were victims of neglectful abuse by their onetime educational mentors.

And I wonder whether those former athletes taking their alma maters to court might not have a pretty good case.

The writer is a former commissioner of baseball.

IMMIGRATION:

Contractors At Federal Detention Facility Detained -- For Fake Immigration Documents (MH)

The Miami Herald, September 17, 2006

Immigration officers have detained 15 foreign nationals and accused them of using fake documents while working for a company doing roofing contract work at a federal detention facility in South Miami-Dade, ICE said Friday.

Barbara Gonzalez, the agency's spokeswoman in Miami, said the 15 men were detained Sept. 7 after officers from the bureau of prisons at the Federal Correctional Institution stopped three of them because they suspected their immigration documents were fraudulent.

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Gonzalez said the officers contacted ICE, which dispatched investigators. Gonzalez said the three detained initially were scheduled to work at the facility with a roofing contractor.

"Further information developed by ICE agents revealed that 15 individuals working as contractors were illegal aliens," Gonzalez said. ``They had fraudulent immigration documents."

Gonzalez said 13 of the detained men came from Mexico and the other two came from Guatemala. Twelve of the men had fraudulent green cards, and three had fraudulent Social Security cards, she said.

All were transported to the Krome detention center in West Miami-Dade and put in deportation proceedings, Gonzalez said.

Disclosure of the Miami detentions came three days after two alleged leaders of a nationwide "employee-leasing conspiracy," allegedly involving hundreds of undocumented foreign nationals, pleaded guilty in Fort Lauderdale before U.S. District Judge Kenneth Marra, who sentenced a third defendant in the case.

The Justice Department and ICE said Jaroslaw Sawczuk, 39, a Polish citizen formerly of Coral Springs, and Jozef Bronislaw Bogacki, 43, a Polish-born naturalized U.S. citizen living in Clearwater, pleaded guilty to charges of conspiracy to transport, house and encourage undocumented immigrants to remain in the United States, commit visa, wire, mail and tax fraud, and money laundering.

Marra sentenced a third defendant, Pavel Preus, 39, a Polish citizen residing in Pompano Beach, to 37 months in prison and 36 months of supervised release. He pleaded guilty to similar charges on Wednesday, the agency said.

Three other Slovak defendants -- Lucia Kanis, 31, Ivan Kanis, 39, and Andor Pikali, 37 -- are at large and believed to be abroad, the agency said.

Day Laborers' Lawsuit Casts Spotlight On A Nationwide Conflict (NYT)

By Fernanda Santos

The New York Times, September 17, 2006

WHITE PLAINS, Sept. 14 — The 36-year-old Mexican man has lived in Mamaroneck for eight years, trekking each morning to Columbus Park near the village center to wait for contractors who might pay him $10 an hour at best. But the village closed the hiring site in the park in February, and after that, he testified in court here last week, the police often chased away the employers with tickets, and the workers with fear.

"An officer stands very close, sometimes within a foot or 18 inches, to where I or a group of day laborers stand," the man told a judge, speaking through a Spanish translator. "He crosses his arms and stares at us for long periods of time until we eventually feel compelled to change our location.

"Sometimes," he added, "he places his hand on his gun while he stares at us."

The man, identified in court as John Doe No. 6, is one of six anonymous day laborers whose federal lawsuit against the Village of Mamaroneck could set a new national standard for the way local governments deal with the fast-growing influx of day laborers in their communities. For a week, Judge Colleen McMahon in Federal District Court heard testimony in a nonjury trial from the laborers, the police, contractors, merchants and village officials. Lawyers in the case said they hoped a decision would be reached by mid-October.

The case accuses village officials of harassing the workers as part of a "deliberate and coordinated" campaign to drive them off the streets, and rests on the workers' 14th Amendment claim that they are discriminated against because they are Hispanic. At the start of the trial, they dropped their original First Amendment claims — that the village had violated their rights to free speech and free association — out of concern that it would force them to reveal their immigration status. The plaintiffs say they are remaining anonymous because they fear retaliation from the authorities. Their lawyer said some of the workers were here legally, while others are not.

"If we lose, the signal that is being sent is that towns and villages can aggressively enforce ordinances in a way that might make it impossible for the day laborers to find work," said Cesar A. Perales, president of the Puerto Rican Legal Defense and Education Fund. "That's what's being tested here."

Across the country, the proliferation of day laborers has yielded disjointed responses, both in traditional immigrant hubs such as Texas and California and in suburban communities like Mamaroneck that have experienced sudden and sharp increases in immigration. Advocates and local officials place the blame, in part, on the federal government's inconsistent enforcement of immigration policies.

In Burbank, Calif., local officials required a new Home Depot store to build a day labor site, but five miles to the southeast, the City of Glendale passed a law barring day laborers from soliciting work from curbs. In May, a federal judge sided with the laborers in Glendale in a suit claiming that the law violated their free speech rights; the city has appealed the decision.

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Fort Worth opened an official hiring site to get the workers off street corners and out of shopping center parking lots. In Herndon, Va., a Washington suburb, a similar move last year drew protests from the Minutemen Project, a group intent on fighting illegal immigration.

After years of recoiling in the face of opposition, the laborers are now fighting back, in court and on the streets. In Freehold, N.J., for example, after officials shuttered a hiring site two years ago, the workers filed a class-action suit, and though they now lack a place to gather, they have organized to keep daily lists of everyone seeking jobs.

"The day-laborer issue is very controversial and emotional," said Edwin Meléndez, a professor at Milano The New School for Management and Urban Policy and co-author of a recent study of day laborers.

"These workers are highly visible, which makes them an easy target. And then you have the neighbors complaining that they drink, loiter, urinate in public. When you have this equation that your safety is being threatened and your quality of life is being affected, the sort of knee-jerk reaction is to conclude that the day laborers have to go."

Here in Westchester County, day laborers had flocked to Mamaroneck, a village of 19,000 on the edge of Long Island Sound, for at least a decade, turning the parking lot of Columbus Park into an unofficial hiring site. Many worked regularly for the same contractors; many of the contractors relied on them during the hectic summer months.

Two years ago, the Hispanic Resource Center in Mamaroneck proposed building a hiring site on a piece of village-owned land near Interstate 95, but residents objected, saying it would clog traffic on an already busy strip. Instead, village officials soon decided to formally designate the parking lot as a sanctioned hiring spot. On warm days, as many as 200 men converged at the park, coming from across Westchester County and from as far south as the Bronx.

Residents charged that the workers urinated in public, defecated, fought with one another, littered and slept in the park overnight. Parents bringing children to a nearby day-care center told the police that the men's presence made them feel uneasy, and a developer of luxury condominiums being built across from the park urged officials to make the laborers go elsewhere.

In August 2004, the Police Department began posting two patrol cars at the park, which the laborers said scared away the contractors. At a public hearing in January, one village trustee compared the laborers to locusts, and then joined in a 3-2 vote to shut down the site on Feb. 1, 2006. In April, Mamaroneck's mayor, Philip J. Trifiletti, defending the decision, accused the workers of "trashing" the park and straining village finances.

The workers moved to the streets after that, and the police followed them, particularly along Mamaroneck Avenue and Van Ranst Place, where most of the men gathered between 7 and 10 a.m. every day but Sunday, according to court testimony. At times, the laborers said, police officers used words or gestures to order the workers to move; other times, they just stared.

Two contractors testified that they were ticketed for minor traffic violations after picking up workers in Mamaroneck, suggesting it was retaliation for supporting the day laborers. None of the workers have been arrested or ticketed. But the village's police chief, Edward E. Flynn, a defendant in the lawsuit, along with Mayor Trifiletti and the village itself, said his officers were simply enforcing the law by citing drivers who violate traffic regulations. "At no time was the police presence ever undertaken to restrict or impede laborers from soliciting or obtaining work," Chief Flynn testified.

He said he had gotten complaints from residents about laborers running across the street and blocking traffic or sticking their heads into cars to solicit work. "There was definitely increased police activity in that area, but that was because of the complaints we had received."

The village's lawyer, Kevin J. Plunkett, added, "What they're trying to do now is beat up our Police Department, and we're simply not going to allow that."

As the trial progressed through the week here, day laborers continued to pace the streets six miles away in Mamaroneck, searching for work.

Testimony for two of the plaintiffs had to be postponed because they were working when they were scheduled to be in court. "What choice to I have?" asked one of those plaintiffs, a 24-year-old man from Guatemala. "I have a family to support at home, and I still have to pay my rent."

Guardsmen's Behavior Called Isolated Incident (HC)

By John W. Gonzalez

Houston Chronicle, September 17, 2006

·'Operation Jump Start' is dealt a setback after gunfire at cookout

EAGLE PASS - Nobody said it would be a thrill for National Guard troops to help the U.S. Border Patrol with administrative and other tasks, allowing scores of patrol agents to resume law enforcement duties.

But the two-year military mission known as "Operation Jump Start" wasn't supposed to be such a tedious assignment that highly trained troops would bide their off-duty time with beer-fueled joyriding and reckless gunfire.

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That's what may have happened here earlier this month in an incident that has disappointed Texas National Guard officials during an otherwise successful deployment.

Three soldiers from North Texas, at least one of whom had served in Iraq, were arrested the evening of Sept. 6 on felony deadly-conduct charges after several shots were fired from their private vehicle as it passed a family cookout in a modest Maverick County subdivision, officials said.

Several adults and children "hit the dirt" fearing a drive-by attack, Sheriff Tomas S. Herrera said, but no one was targeted or injured by the gunshots and no property damage was reported.

"Apparently the family was having a carne asada outside and they saw this vehicle drive by, stop in front of the residence and shoot several times. Then they took off and made a U-turn and came back and did the same thing," Herrera said.

Reputation damageTwo cases of beer — minus three brews — were found in the car when the suspects were located at a convenience store soon after the gunfire was reported to sheriff's dispatchers, Herrera said.

None of the soldiers appeared intoxicated upon arrest, Herrera said. The 9mm pistol, owned by one of the soldiers, and several spent shells were in the car, the sheriff said. The suspects took turns firing, he added.

After being held nearly a week on $50,000 bond each, the suspects were freed Tuesday after bond was reduced to $15,000. Charged were Pfc. Brandon Leland Jones, 23, of Saint Jo; Pvt. David Wayne Hampton, 23; and Spc. Corey Lydell Sampract, 24, both of McKinney. Their cases may be submitted to a grand jury later this month, the sheriff said.

Damage to the Guard's reputation still was being assessed last week.

"Obviously we're very disappointed. We're addressing this as an isolated incident where three individuals made some really, really bad choices," said Guard headquarters spokesman Chief Master Sgt. Gonda Moncada at Camp Mabry in Austin.

"We are praying that this does not reflect on the overall view our citizens have on what the Texas National Guard does, because we have 20,000 folks doing the right thing," she said.

Investigation continuesAfter posting bond, the soldiers, who could face military sanctions, were reassigned to Camp Mabry while the sheriff completes his investigation, Guard officials said. Military prosecutors await the same findings.

So far, it looks like a case of boredom getting the better of young troops far from home, Herrera said.

"They were not on duty at the time. They were not in uniform. The weapon they used was not a field weapon that belonged to the federal government. They were just bored from not doing anything and decided to go out on a joyride," Herrera said.

Lodged in motels, the troops were among 1,500 soldiers stationed along the Texas border since June to bolster the Border Patrol while it trains new agents. Barred from enforcing immigration laws, the troops handle jobs from surveillance to truck repair, serving tours of duty usually spanning several months.

In training, troops learn about the communities where they're stationed and are reminded of the conduct expected, officials said. With ample volunteers for the border operation, Guard officials insist they assign soldiers who are best suited for the mission.

No change in trainingThe way troops prepare for border duty won't dramatically change as a result of the arrests, which captured the attention of Guard leaders, said Capt. Dick Jinks, spokesman for Operation Jump Start in Texas.

"I don't see any impact on our training per se, but I can tell you that the chain of command for all of Texas Operation Jump Start is taking this very seriously and addressing it at every level, reiterating to the soldiers about responsibility," he said.

"With 1,500 people over a given amount of time, you're going to have small things here and there," he added.

County Judge Jose A. Aranda Jr. agreed the arrests were "isolated," but he said they were puzzling because the community has welcomed the troops, even though some residents disapproved of their presence.

Options are limitedAranda, who opposes the deployment, sympathizes with soldiers assigned here because entertainment options are limited to restaurants, bars, the Kickapoo casino and the Mexican border town of Piedras Negras, he said.

"You send in a group of people who are actually trained to do something else, you put them behind a desk, you've got them stashed away in a hotel. They're bored and they were out having fun," Aranda said.

Renewing his claim that troops wouldn't fully appreciate border culture, Aranda said the soldiers' random gunfire in the Deer Run subdivision showed insensitivity.

"They don't understand how our neighborhoods are, and you're not supposed to be out there shooting on the roads. That can lead to something," Aranda said.

Guarding The Country From The Border Line (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 17, 2006

In Ariz., Maryland National Guardsmen keep watch in the immigration fight -- even on sovereign land

Sells, Ariz. -- Even from this height, almost 100 feet above the cactus-covered desert floor and armed with high-powered binoculars, Spc. Donald Neuer struggles to identify the small black dots scurrying down the Baboquivari Mountains near the Mexican border.

Cattle? Horses? People?

The 21-year-old Maryland National Guard soldier immediately radios in a report to the U.S. Border Patrol. His confidence grows quickly: There are more than 30, he concludes, and they're human. He quickly tags them as UDAs -- undocumented aliens.

And they are still running, heading toward the thick mesquite brush along a bone-dry streambed known as a desert wash. He's about to lose them in the twilight.

"We're going after the guy with the tan shirt. He gave us, uh, the gesture," Neuer says.

In a few minutes, before day folds into night, Border Patrol agents swing into action.

Guided by Neuer and his fellow soldiers, they storm the darkened site about a mile away with an armada of ATVs and motorcycles and their noisy helicopter hovering over it all.

Neuer and 120 fellow volunteers from the Maryland National Guard have been dispatched to the Sonoran Desert as part of a stopgap interdiction measure announced in May by President Bush.

Critics have questioned whether sending up to 6,500 part-time soldiers to watch the southern border is wise for a National Guard still saddled with commitments in Iraq and Afghanistan. They asked whether the Guard should be engaged in a seemingly extracurricular homeland security mission when its leaders struggle to recruit more soldiers and retain the guardsmen in their ranks today.

Before Sept. 11, 2001, signing up for the National Guard largely meant spending weekends doing training exercises, protecting communities during natural disasters and answering a rare call to defend abroad. Now, those who join could be serving in wars in Iraq and Afghanistan and standing on the Mexican border.

Watching the flow of people crossing the border every day, some of the Marylanders admit, has been eye-opening and disturbing, causing some to question the nation's immigration policies. Several guardsmen here are still waiting to become citizens and sympathize with those seeking to come to America.

Feel like strangers Moreover, the Marylanders say they sometimes feel like strangers in a strange land, conducting operations in the country's second-largest Native American reservation.

But they also believe their efforts are paying off. Their presence, they said, also gives the Border Patrol extra time to train 6,000 new agents over the next two years.

"I think the biggest surprise was the level of activity of people crossing the border and what the Border Patrol agents have been up against for the last several years," said Capt. Brian Perez, commander of the Maryland unit here. "The number of people coming across daily is just incredible."

More than a million suspected illegal immigrants were caught last year along the southwest border alone. The Border Patrol does not estimate how many its agents failed to catch.

The guardsmen knew their assignment would take them to south-central Arizona for about 60 days, a tour that ends later this month. Once they arrived in early August, the guardsmen learned more about their unusual destination: All of their surveillance outposts are within the independent Tohono O'odham nation.

Bordered by Arizona to the north, east and west and to the south for 74 miles with Mexico, about 14,000 Native Americans, live on these traditional lands that match the size of Connecticut and straddle the U.S.-Mexican border.

Its sparsely populated and unforgiving topography -- with miles to go before reaching a town or city, much less a decent drink of water -- has turned the Tohono O'odham lands into one of the deadliest illegal border crossings. In parts, its plains stretch out unmercifully, littered with empty water bottles and discarded clothing. This year, 56 immigrants have died here.

"We found some of them hanging who committed suicide," said the tribe's assistant police chief, Joseph Delgado. "One time, we found they were close to death and they had buried themselves in the dirt because of the heat."

Sgt. Tobias Nez joined the Nation's police department 25 years ago when it had about 20 officers. Today, inundated by illegal immigrants, his department has 70 officers.

While most illegal immigrants only seek safe passage, he said, tribal members have also seen their homes broken into and occasionally have become victims of assaults and kidnappings. Last year, Tohono O'odham officials estimate its tribe spent $2.7 million in border-related expenditures, from death investigations to drug-smuggling cases.

Still, not every tribal member was pleased about the Guard's arrival. Their legislative body unanimously passed a law this summer to permit the Guard, but the legislation contains restrictions governing how and where the soldiers can operate.

In addition to the soldiers, about 800 American border guards swarm over traditional Native American lands.

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"By militarizing the border, the federal government is violating the sovereignty of the Tohono O'odham nation in the name of homeland security," James Riding In, associate professor of American Indian studies at Arizona State University, told Indian Today in July.

Officials also worry that some tribal members benefit from the illegal migration.

"People need to acknowledge that some of us make money from the smuggling that goes on here," said David Garcia, 54, a former member of one of the tribe's 11 district legislative councils in Itak.

The soldiers say they try to tread softly while carrying their M-16s.

They walk as gingerly around the spindly ocotillo plants as they do around the flutter of pink flags that tribal members use to mark their sacred sites. A Native American ecologist warned them to enter sensitively and leave their rocky observation posts as they found them.

A seemingly random pile of rocks, according to tribal archeologists, might in fact be a burial marker or the crumbling wall of an ancestral ruin.

"It's definitely been a learning experience," Perez said. "There have been a number of cultural challenges. It's not where we normally go. Once again, they own this land, they govern this land. ... They have been really wonderful."

Because the tribe's traditional boundaries stretch across the U.S.-Mexico border, armed Border Patrol agents are empowered to stop residents and request that they produce papers proving their citizenship.

"It's a unique challenge for the Border Patrol," said Gustavo Soto, a spokesman for the Border Patrol's Tucson sector.

Critics inside the Nation sometimes complain that agents rotate in and out so often they don't get to know who are the legitimate tribal members. They also point to the accidental road death of a young O'odham man who was struck and killed by a border agent's vehicle in 2002.

How well the Maryland guardsmen perform could help determine how long tribal leaders support the president's strategy. For now, it's seen as a successful but uneasy alliance.

'We live in fear' "We live in fear," Tohono O'Odham Nation Chairwoman Vivian Juan Saunders says. "It's why tribal members have taken a position that they would not have 10 or 15 years ago. We're continuing to improve our communication. The Guard has many troops coming and going. We're trying to keep track of them."

So does Perez.

In 24-hour shifts, his soldiers in four-man teams occupy seven hilltops with sweeping views of the desert plain: Little Egypt, Topawa, North and South Animos, Chi Chi, Cow Hill and No Hair.

Before heading into the desert, soldiers stop about 20 miles from their Tucson hotel at the local armory of the Arizona National Guard, where soldiers sit at long tables, check and clean their weapons and slide their rounds into M-16 magazines.

They also take night-vision goggles, thermal detectors and infrared flashlights to aid their search for immigrants who regularly travel under the cover of night.

Electronic sensors along the border alert agents to crossers, but hundreds a day escape capture.

From their rocky vantage points, Maryland's citizen soldiers sleep under the stars, swat away buzzing flies and try to stay cool under large blue tarps when the temperature tops 100 degrees. The Maryland Guardsmen largely expressed support for their assignment.

"I figured my family came up here the right way, why can't they?" said Pfc. Colin Dawkins, 19, of Silver Spring. His mother is Guyanese, and his father hails from Jamaica.

Sgt. Dan Atkinson, a 38-year-old landscape contractor from Millsboro who likes to stand on top of his Humvee and scan the horizon here for hours, however, said it was common and distressing to see illegal immigrants in his industry.

"They're poor people, and employers are taking advantage of them," he said "I think it should be a little easier for them to get into this country legally."

The deployed Maryland soldiers are largely drawn from the Annapolis-based 1st Squadron, 158th Cavalry of the 58th Infantry Brigade Combat Team. They also include members of an Olney-based infantry company just home from a year in Iraq.

"Compared to Iraq, I don't have to worry about IEDs," said Spc. Sergio Cruz, 33, of Gaithersburg, referring to improvised explosive devices. "We have to worry about drug smugglers."

New perspective The Peruvian carpenter said he understands the well-meaning Mexicans who yearn to cross the border for a better life.

But he and his friend, Spc. Doug Wildenberg, 34, of Towson, both believe any letdown in the security of the border would also encourage criminals to enter the country.

"You have to remember national security," said Cruz, who served in combat before he became an American citizen.

"It's given me a whole new perspective," Wildenberg said. "I mean, I think I appreciate more why people would want to come. But they need to come the right way."

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Despite the challenges, the Border Patrol praises the Guard's effort, saying its soldiers have sent out a clear message to potential crossers to stay away.

So far this year, apprehensions are down about 9 percent in the Tucson sector, which includes the Tohono O'odham Nation.

"Personally, I feel that they are needed out there," Delgado of the Nation's police department says. "In the short time that they have been out there, I think we've seen a decrease in the UDAs out there and the amount of time the Nation police department is spending dealing with illegal immigration."

As Perez describes it: "We've gotten into a groove."

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18 Wheels And Countless Dangers (DMN)

By Gregg Jones, Holly Becka, Jennifer Lafleur And Steve McGonigle, The Dallas Morning News

The Dallas Morning News, September 17, 2006

Trucking companies often put non-English speakers, felons, addicts in driver's seat, but rarely take blame in fatal crashes

SMILEY N. POOL/DMN Traffic moves along State Highway 114 near Paradise. On this stretch of road, Kim Hughes, Shiloh Hughes, Afton Hughes Royse and Joyce Watkins were killed in an accident involving a gravel truck in December of 2002.

First of three parts

On a sunny December afternoon, Kim Hughes turned onto State Highway 114 in Wise County and headed west toward home in Paradise. Christmas was eight days away. Four generations were crammed into her GMC Yukon after a morning of holiday shopping.

In the cab of an 18-wheeler leased to TXI Transportation Co., Ricardo Rodriguez drove east on Highway 114, riding herd on 73,000 pounds of truck and a trailerload of sand. An illegal immigrant from Mexico, Mr. Rodriguez had used a fake Social Security number to get a Texas commercial driver's license six years earlier. He had found steady work around North Texas driving rock trucks and other 18-wheelers, his history of immigration arrests and truck safety violations ignored or overlooked.

Just east of Paradise, on a flat stretch of road, the mom and the trucker met.

Mr. Rodriguez crossed the center line of the two-lane road and barreled head-on toward Ms. Hughes at 60 to 65 mph, a civil jury later concluded. With trees and a creek bed blocking her escape to the right, Ms. Hughes turned left, into the oncoming eastbound lane.

Just then, Mr. Rodriguez turned back toward his lane. Too late, Ms. Hughes swerved right. The Yukon struck the big rig on the driver's side, scraped along the trailer and spun off the back. A Ford pickup behind the truck smashed into the Yukon, injuring the pickup's occupants and nearly tearing apart the SUV.

Ms. Hughes' 14-year-old son, Shiloh, and 70-year-old mother, Joyce Watkins, died almost instantly. Ms. Hughes, 38, and her 17-year-old daughter, Afton Hughes Royse, pregnant with twins, died later in a Fort Worth hospital, without regaining consciousness.

In Texas ...

502 people died in big-truck accidents in 2005.

·9,807 were injured last year.

·344,000 trucks were registered here.

·632 state troopers enforce truck safety on nearly 302,000 miles of roadway.

Amid the Christmas presents and holiday treats, the only sounds of life from the shattered SUV were the screams of Afton's 14-month- old son, Jagr Royse, and the frantic shouts of a female voice on Shiloh's cellphone.

Mr. Rodriguez climbed from his truck, uninjured.

Trucking companies in Texas often gamble on drivers such as Mr. Rodriguez, a seven-month Dallas Morning News investigation has found. They hire illegal immigrants who struggle to read road signs and communicate in English with police and emergency personnel. They hire felons, drunks and drug addicts. Sometimes, they make only cursory checks of work history and driving records, then put the new hires behind the wheel of rigs with the destructive potential of guided missiles.

When accidents occur, trucking companies defend their drivers and often blame the other vehicles – and in many cases the dead occupants – regardless of the evidence. They typically fight any release of information about their drivers and vehicles, and wage protracted legal battles to avoid blame.

Beyond that, the companies suffer few consequences, in part because the soaring number of trucks on Texas highways are overwhelming regulators and law enforcement officers. Mr. Rodriguez was never ticketed by the Texas Department of Public Safety or charged with a crime. Federal immigration authorities didn't deport him. State officials didn't suspend his license.

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DPS never took action against TXI for its role in putting Mr. Rodriguez on the road that day and continuing to employ him, even after he admitted under oath that he entered the U.S. illegally, exaggerated his truck-driving experience on his job application and had a fake Social Security number. Mr. Rodriguez continued driving for TXI for at least another six months after he made those disclosures in front of a company lawyer.

Road Hazards

18 wheels and countless dangers

Crash took 4 lives, stole 1 more

After lives are lost, records often go missing

Online Only: TXI trucks involved in 31 accidents over the last two years

Tell Us: Share your encounters with big trucks on the road

Special Report: Stories, graphics, multimedia and more

DPS did not even subject TXI to a compliance review – a procedure by which trucking companies can be fined or forced out of business for failing to comply with rules and one which regulators say promotes greater road safety.

Ultimately, Mr. Rodriguez and TXI, part of Dallas-based Texas Industries Inc., were held accountable by the recourse of last resort for many truck accident victims: a lawsuit.

On May 13, 2004, a Wise County civil jury unanimously found Mr. Rodriguez, TXI and the owner of the leased truck, Aurelio Melendez, negligent: Mr. Rodriguez for his operation of the rock truck, Mr. Melendez for entrusting the rig to him, and TXI for hiring the truck and its driver. The jury awarded $23.5 million in damages to the victims' families.

TXI, which under federal regulations is responsible for the damages against Mr. Rodriguez and Mr. Melendez, is appealing the verdict. It contends the dead driver, not the trucker, caused the accident.

"We had an experienced driver with a good driving record with good equipment," said Mark Stradley, a Dallas attorney who represents TXI in the Wise County lawsuit. He described the 46-year-old Mr. Rodriguez as a hard-working father of three.

Randy Hughes, who lost his ex-wife and children in the accident, feels betrayed by the trucking industry that once was his livelihood and by authorities responsible for enforcing trucking regulations.

"It feels like you've been let down, that people didn't do their job right or he wouldn't have been here and maybe my family would," he said. "I think every day, how many more is out there that's like this guy was? Whose family is he going to run over?"

Profits soar, safety drops

More than 5,200 people died in accidents involving large trucks in the U.S. last year – 502 in Texas. The state consistently leads the nation in fatalities, in part because it has more roadway miles and the second-highest number of registered trucks.

The state's fatality rate, measured in truck crash deaths per 100,000 people, was 24th nationwide. California, the only state whose volume of truck traffic exceeds Texas, ranked No. 38. Another 10,000 people, on average, are injured in Texas each year in crashes involving big trucks.

Responsibility for these accidents is hotly contested; DPS investigators typically don't assess blame. Even the department's database refers only to "contributing factors" not "cause."

The most comprehensive national study, released in March by the U.S. Department of Transportation, found that truck drivers were at fault in at least 44 percent of all accidents between cars and big trucks. The American Trucking Associations, which represents the industry's biggest companies, says trucks cause only about 25 percent of fatal accidents involving cars.

When trucking companies are to blame, records show, it's because truckers drive too fast, don't pay attention, work too many hours or take to the road in poorly maintained equipment – sometimes with the knowledge and encouragement of their employers.

Many Texas trucking companies and their drivers also flout safety laws with little fear of punishment. Only about 1,000 of the state's more than 64,000 registered trucking companies faced compliance reviews last year. And only about 37 percent of the trucks inspected in Texas last year underwent the most thorough inspection, known as a Level 1. The majority of those were done on Mexican trucks that travel only a few miles north of the border before returning home.

Nationwide, the rates of fatal crashes and fatalities have declined about 24 percent in the last decade, in part because of rising seat-belt usage and safety innovations, such as airbags and anti-lock brakes. But the number of deaths in large-truck accidents is about the same as it was in 1994 because more trucks are on the road, driving more miles than ever.

"If you have enough trucks on the road, I don't care how confident your safety director is and how closely you adhere to the guidelines, you're going to have accidents," said Tom Fee, a Dallas lawyer who defends trucking companies. "It's unfair to paint with a broad brush that this is a dirty industry that is cutting corners just to put money in their pocket. But there are bad apples, fly-by-night operators that spoil the whole apple cart."

In Texas, the number of intrastate carriers increased 43 percent in the past five years, with a similar increase in the number of interstate carriers based here. The number of registered large trucks in the U.S. increased 24 percent from 1994 to 2004.

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Business is so good, in fact, that U.S. trucking companies reported a record year in 2005: They generated $623 billion in revenue while hauling nearly 70 percent of the nation's freight.

Trucking boom costly

The Dallas-Fort Worth area is both an important hub for the nation's trucking companies and a crossroads in the movement of goods. On the streets and highways of Dallas and surrounding counties, long-haul, interstate trucks moving food, appliances and other commodities vie for space with short-haul, intrastate trucks carrying rock, sand and gravel to area construction sites.

The trucking industry's growth has overwhelmed law enforcement agencies. The problem is especially acute in Texas, where U.S.-based trucks pick up loads at the Mexican border and fan out across the country. U.S.-Mexico trade has more than doubled since the North American Free Trade Agreement was implemented in 1994, according to federal data. About 68 percent of truck traffic from Mexico enters the U.S. at the Texas border.

In the late 1990s, DPS asked the state Legislature for additional enforcement officers to keep weigh stations open and conduct roadside inspections. The Legislature cut in half one department request. Two years later, it slashed DPS' request for 127 more troopers to five.

Since then, DPS has had to rely on federal money for additional truck inspectors, almost all of whom have been assigned to the border. That has left staffing throughout the rest of Texas stagnant, at slightly more than 300 inspectors.

"The whole attitude is the industry will regulate itself," said Alan Powers, a Decatur attorney who represented victims in the TXI accident.

Maj. Mark Rogers of the DPS Commercial Vehicle Enforcement service in Austin said his force had no permanent presence in 128 of the state's 254 counties.

He also said some trucking companies openly taunt the state's overwhelmed commercial vehicle officers.

Trooper Randy McDonald, based in Decatur, northwest of Fort Worth, said that when he recently ticketed a big-rig driver for a local oil company, the trucker passed on a message from his boss: The troopers could write all the tickets they wanted, but it wouldn't change anything. The company was willing to break truck weight limits and other safety rules to maximize profits.

"I've been here a long time," said Maj. Rogers, "and they've been saying that same thing for a long time."

Pressures of low pay

One of the chief legacies of the federal government's deregulation of shipping rates in the early 1980s, which made it possible for virtually anyone with a truck to go into business, is that trucking has become fiercely competitive. The vast majority of trucking companies operate along the margins of profitability, and about 40,000 go out of business every year, said Jerry Donaldson, senior research director for the nonprofit Advocates for Highway and Auto Safety.

Corporate America has leveraged this competition to push shipping rates even lower. It has also put more pressure on trucking companies to deliver loads at a specific time, as part of "just-in-time" inventory management that lets companies keep fewer products and spare parts on hand and use trucks as rolling warehouses. Late drivers can lose a load, money, even a customer.

In response, trucking companies push their truckers hard.

"The managers, the owners of trucking companies unquestionably put the dollar above the safety of the traveling public," said Frank Branson, a Dallas plaintiff's attorney who has handled hundreds of truck accident cases. "They treat mutilations and deaths as the cost of doing business."

Trucking companies say a shortage of drivers, not safety shortcuts, is the biggest problem facing their industry. Long-haul trucking companies need 20,000 additional drivers, and that could exceed 100,000 drivers over the next eight years, according to a 2005 study commissioned by the American Trucking Associations.

Industry experts and independent truckers say the problem is a lack of drivers willing to work for such low pay in a business notorious for long hours, extended time away from home, delivery deadlines that don't accommodate bad weather or traffic and unpaid downtime waiting for loads.

Some of the biggest carriers have tried to stem the declining pool of experienced drivers by increasing wages and benefits. They pay drivers by the hour rather than by the load or mile, a practice safety experts say encourages drivers to speed and drive fatigued.

Drivers for J.B. Hunt Transport Inc. had fewer accidents after the Arkansas- based company increased driver pay in 1997, University of Michigan researchers found. A 1 percent increase in pay rate resulted in a 1.33 percent decrease in crash risk, said Daniel Rodriguez, one of the study's authors who is now a professor at the University of North Carolina at Chapel Hill.

Lax vetting of drivers

Regardless of pay, companies are supposed to hire safe drivers and make sure they follow the rules.

Federal regulations require prospective drivers to disclose in writing such information as the previous three years' employers, motor vehicle accidents and traffic tickets, and the reason for leaving a job. The company is supposed to verify that

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information and check a driver's motor vehicle and safety performance records for the previous three years. Although the law doesn't require companies to do criminal background checks, it does ban truckers convicted of certain crimes from driving for a period of time.

Every driver a company hires is supposed to read and speak English well enough to converse with the general public, understand highway traffic signs and signals, respond to official inquiries and make entries on reports and records.

Texas doesn't require intrastate truck drivers to speak English and doesn't enforce the English- language requirement on interstate drivers unless "it becomes a true safety issue," said Maj. Rogers. He said the law was never intended to be enforced in roadside inspections, rather by the companies themselves.

The employer's responsibilities also apply to leased trucks and drivers, which companies often use to lower overhead costs.

But some companies do nothing more than make a phone call or send a fax to one of the former employers listed, court documents reviewed by The News show. If the former employer doesn't respond, the company is supposed to make a note of that in the driver investigation file and report the failure to the Federal Motor Carrier Safety Administration, but that often doesn't happen.

Clay Miller, a Dallas lawyer who has sued trucking companies in dozens of wrongful death and injury cases, said inadequate vetting of drivers "is a huge issue," especially with smaller companies. Larger companies often subscribe to a service that does a cursory background check on a driver, he said, allowing companies to say they've fulfilled their legal obligations.

Trucking's day laborers

Driver vetting is especially lax in the sand and gravel hauling business, an industry crucial to North Texas' booming construction sector. Dallas County leads the state in the number of active gravel pits and rock quarries, with 40. Nationally, Texas ranks second to California in construction sand and gravel sold or used.

Many sand and gravel haulers are the trucking industry's equivalent of undocumented day laborers. Paid by the load, they are frequently hired by homebuilders and construction contractors, even though they often lack proper insurance or registration.

"You can sit outside any rock quarry in Texas and find them," said Bill Webb, former president of the Texas Motor Transportation Association, the state's largest trucking industry group.

Questions about a trucker's training and experience surfaced soon after Wise County resident Pamela Nielsen sued Aggregate Haulers Inc. in 2002, two years after being seriously injured when one of the company's 18-wheel rock trucks forced her off the road on Highway 114 between Boyd and Paradise.

The truck driver, Esteban Hernandez, was ticketed for an improper lane change at the accident scene. He testified in a deposition that he had driven a bus for the El Conejo line in Texas before buying a big truck and signing an exclusive lease agreement with Aggregate Haulers to transport sand and gravel.

The San Antonio-based company hired Mr. Hernandez in violation of its own guidelines that required drivers to have a minimum of two years of verifiable experience, Ms. Nielsen's attorneys argued in court filings. Mr. Hernandez testified he had only 10 months of experience driving a rock hauler in the U.S.

Aggregate also didn't verify his previous three years' experience, as required by federal law, but played down the importance of that requirement.

"We don't get responses very often, in fact, and we put people to work every day that we get absolutely no response from previous employers," testified Jay Griffin, Aggregate's director of safety. "The fact of the matter is we still put them to work. We still feel confident that we're putting a safe driver on the road."

The company contended that Ms. Nielsen caused the accident by suddenly passing its truck in the right lane. But in October 2003, it agreed to pay the woman an undisclosed amount and to set up $100,000 trust funds for each of her two daughters. The company did not admit liability.

JTM Materials of Denton broke no laws in employing Jerry Lee Largent as a rock hauler under a lease agreement with Hammer Trucking Co., but was apparently unaware of his criminal record and traffic violations, court records show.

In his job application for JTM, Mr. Largent noted his 15 years of experience driving rock trucks for small Wise County companies. He disclosed that he had been involved in a fatal accident in November 1993, had received a speeding ticket in June 1996 and temporarily lost driving privileges for not having insurance on his personal vehicle. He checked "no" beside the question: Have you ever been convicted of a crime?

JTM used a private service to obtain a driver's record report that stated Mr. Largent's driving record contained "no reported convictions or accidents" in the three years preceding Sept. 12, 1996.

The trucking company didn't obtain a DPS report on Mr. Largent's driving record or run a criminal background check on him, according to court documents. If it had, JTM would have learned that Mr. Largent had been arrested for burglary in the early 1970s, convicted of driving while intoxicated in 1980 and convicted of methamphetamine possession in 1984 and sentenced to

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three months in jail. He was charged with driving while intoxicated in February 1994 but pleaded guilty to reckless conduct, received deferred adjudication and was sentenced to community service. He also had been ticketed five times between 1982 and 1990 for driving without liability insurance, a DPS report showed.

Mr. Largent was hired in September 1996 to haul crushed rock from a JTM quarry in Wise County to Dallas-area construction sites. Late one Saturday evening two months later, Mr. Largent's 18-wheeler collided with a car driven by Grant Morris on a Bridgeport street. Mr. Morris was seriously injured; Mr. Largent pleaded guilty to driving while drunk. After a protracted legal battle, Mr. Morris received a $1.9 million settlement.

Cutting corners

An attempt to require quarries and concrete plants to check the insurance and state registrations of trucks picking up loads failed last year when sand and gravel producers used their political clout in Austin to defeat legislation proposed by the Texas Motor Transportation Association.

Leading the effort to kill the legislation were the Texas Aggregates and Concrete Association and the Associated General Contractors, said Mr. Webb.

"When we start talking to them about policing the unregistered trucks, they say they can't do it – it would drive up their costs," he said.

Jennifer Newton, a spokeswoman for the Associated General Contractors in Austin, said she was unfamiliar with the legislation cited by Mr. Webb and would have no comment on it.

Michael Stewart, executive director of the Texas Aggregates and Concrete Association in Austin, said operators of quarries and concrete plants already check the insurance and registration of haulers to protect themselves from liability. "If they don't they're foolish, and they're playing Russian roulette with the system," he said.

Maintaining big trucks also drives up costs, so some companies try to run the rigs as long as possible between overhauls. They seek maximum mileage from tires. They ignore worn brake pads or maladjusted air brakes. They overlook or miss loose lug nuts and cracked trailer frames, as seen in recent spot truck inspections in Wise County.

State and federal inspectors ordered off the road about one-third of the trucks they stopped in each of three recent crackdowns. Some drivers said they had reported the maintenance problems to their employers but were told to keep driving.

With an 80,000-pound rig, the consequences of ignoring a problem are sometimes deadly.

In March 2002, Nelta Osborn was driving her rig for Celadon Trucking Service Inc. west along Interstate 30 in southwest Arkansas when another trucker radioed that a hose on her trailer was dragging the ground. Ms. Osborn pulled over and found a tiny hole had been worn in one of her air brake hoses. Her co-driver, husband Tom Osborn, stuck a toothpick in the hole and wrapped it with electrical tape, according to court records.

Back on the road, Mr. Osborn described the fix to a Celadon dispatcher. The dispatcher advised the trucker to get the hose fixed at a garage but remarked on his ingenuity: "Were you a Boy Scout?"

As they roared southwest along I-30 into Texas, the Osborns passed truck garages where they could have had the brake hose repaired or replaced, but they drove on. Just west of Texarkana, the hose failed, and the air brakes locked. The 18-wheeler screeched to a stop in the interstate's passing lane. Matthew Giuliano, a 23-year-old newly commissioned Army second lieutenant driving to Fort Hood for his first assignment, slammed into the back of the truck and was killed.

"If you look behind the curtain, you tend to see an industry that is paying truck drivers less because of the fierce competition," said Fort Worth attorney Steve Laird, who represented the Giuliano family in a lawsuit against Celadon. "And when truck drivers are not paid as well as they once were, they feel that there is an incentive to not only push the envelope but to sometimes break the rules."

In April 2005, a Waco jury found Indiana-based Celadon at fault and awarded the Giuliano family $17.5 million. Celadon settled the case by agreeing to pay the family $1.25 million, with no admission of liability. After the jury trial, Celadon chairman and chief executive officer Steve Russell extended condolences to the family and defended his company's business practices.

"This tragic situation was an isolated incident and is not reflective of the way our company does business," he said in a statement. "The owner-operator team involved was immediately suspended after the accident and never drove for the company again."

A history of problems

In the December 2002 accident that killed four members of the Hughes family, investigators determined the TXI-leased truck was properly maintained. Driver log records showed that Mr. Rodriguez was under the state daily driving limit of 12 hours at the time. His driving record wasn't even particularly alarming by rock hauler standards: He overturned an 18-wheeler leased to TXI and got three speeding tickets in the late 1990s.

The case against TXI came down to whether the company had fulfilled its legal obligations to check the driver's qualifications and prior work history. Regulations didn't require TXI to road-test Mr. Rodriguez.

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There were several problems with the application Mr. Rodriguez filled out for TXI. For starters, he didn't say why he had left three trucking jobs in three years, as federal regulations required. There were also questions about his experience.

Mr. Rodriguez later testified he had 20 years of experience in trucking and had driven for "many, many companies" in Mexico over several years. But he could identify only one by name.

On his TXI application, Mr. Rodriguez listed a series of truck-driving jobs in the U.S. dating to 1994. However, he told U.S. immigration officers on two occasions that he didn't enter the U.S. until 1996. He testified in his civil trial deposition that he had worked in the U.S. in the 1980s and returned in 1996. But state records showed he didn't obtain a Texas commercial driver's license until October 1996.

TXI's transportation manager, Jonathan Kennemer, testified that he believed the company had tried, but failed, to confirm Mr. Rodriguez's claim to have worked for a Coronado Trucking in Dallas from 1994 to 1996. "If I remember correctly, they were out of business," said Mr. Kennemer, who recently left the company.

Mr. Rodriguez also stated that he had driven for a company called Data Documents from February 1996 to January 1997. It turned out he had worked at the company, but not as a truck driver. And he had claimed to have driven a truck for Aggregate Haulers from December 1999 until May 2001; Aggregate later informed TXI that Mr. Rodriguez had driven for the company for only three months, according to court records.

Mr. Rodriguez also stated on his job application that he left a job with Aggregate Haulers for a better paying job, when actually he had been deported by U.S. immigration authorities.

Mr. Kennemer would later describe Mr. Rodriguez's job application as "incomplete," but said it didn't raise concerns.

The trucker testified that he used the fake Social Security number to take his commercial driver's license test in Texas in 1996. Under state law, he was allowed to take the test in Spanish. Even in his native tongue, Mr. Rodriguez failed the general knowledge and air brake tests on his first try, according to DPS records.

His shaky knowledge of trucks and spotty English didn't hurt his ability to find work driving 18-wheelers in the Dallas area. After six years of driving, interrupted only by two arrests by U.S. immigration authorities as he went back and forth to Mexico, Mr. Rodriguez went to work driving trucks for a Dallas man named Aurelio Melendez in 2002.

Mr. Melendez owned nine trucks at the time, all leased to TXI. He testified that he road-tested Mr. Rodriguez but didn't make any record of it, as federal rules require. He also testified that he wasn't familiar with the Texas Motor Carrier Safety Regulations, which govern trucking companies.

Mr. Rodriguez was hauling his last load of the day to a construction site in Richardson when he collided with the Hughes family. He told the lead DPS investigator that the SUV was in his lane and that he tried to avoid it by steering to the right. Mr. Rodriguez was the only eyewitness. The trooper working the case had never been lead investigator on a fatal accident, and she accepted Mr. Rodriguez's version of events as fact. The trooper found Ms. Hughes at fault, and no charges were filed.

TXI stands by its driver

Attorneys for TXI and the plaintiffs continue to contest most of the key facts as to what happened, and an appeal is pending.

TXI blames Ms. Hughes, suggesting that she crossed the center line either because she was eating, talking on a cellphone or had a tire blow out.

The judge hearing the civil case, however, rejected the company's request to introduce phone records showing that Ms. Hughes' ex-husband had called her around the time of the accident. The court ruled there was no evidence that a phone call might have caused the accident.

Attorneys for the family said Ms. Hughes' son, Shiloh, was the only person in the Yukon on a cellphone at the time of the accident. When a motorist approached the Yukon to render assistance, she heard Shiloh's friend screaming through the open line.

Another crucial point of dispute is who crossed the center line first. At the accident scene, and in a later deposition, Mr. Rodriguez said it was Ms. Hughes. He said he steered to the right "for two or three seconds" in an attempt to avoid the Yukon. The DPS investigator and experts for the plaintiffs and TXI all agreed that a gouge mark 6 inches inside Mr. Rodriguez's lane was a point of impact. But they disagreed over whether it was the initial point of impact.

Plaintiffs' attorneys argued that if Mr. Rodriguez had steered to the right for two or three seconds, or even one second, and if initial impact was just 6 inches inside his lane, he must have started his turn on the wrong side of the center line.

Mr. Rodriguez changed his statement when he took the witness stand, now saying he had turned to the right for only one second. Under questioning from plaintiffs' attorneys, Mr. Rodriguez testified that he never crossed the center line while driving, on this or any other day.

Mr. Rodriguez continued driving for TXI after the accident, using his fraudulently obtained commercial driver's license. DPS and U.S. immigration didn't file charges against him, and the state didn't revoke his license.

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In July 2003, as part of a broader security check following the 9/11 terrorist attacks, DPS notified Mr. Rodriguez by form letter that the Social Security Administration had noticed a discrepancy in the number he used to obtain his commercial driver's license and asked him to report to his local driver's license office to verify his information or risk losing his license.

Mr. Rodriguez didn't respond, DPS spokeswoman Tela Mange said.

In July 2005, Mr. Rodriguez went to a Dallas-area DPS office to renew his commercial driver's license. But he could not verify his Social Security number and was denied. He was allowed to renew his regular driver's license, which according to DPS is valid until May 2, 2011. The News tried to find Mr. Rodriguez at four Dallas addresses listed for him in public records but was unsuccessful.

TXI's attorney said Mr. Rodriguez stopped driving for TXI in late May or early June 2004 after the company was convinced he was in the U.S. illegally.

"I think everybody would have assumed that he would be deported," said Michael Simpson, the attorney who represented the victims' families. "But he kept driving, just like nothing occurred."

TAX:

Partisan Battle Trips Up Popular Tax Benefits (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, September 17, 2006

Both parties want to extend a package of credits and deductions. But lawmakers are deadlocked over the bill it's attached to.

WASHINGTON — Just about every lawmaker in Congress favors extending a batch of popular tax benefits approved during President Bush's first years in office and authorized through 2005.

But in a case study of the tortuous process that can surround even the most highly regarded proposal on Capitol Hill, extension of the tax benefits appears to face an uphill road as Congress nears adjournment.

The benefits, claimed by more than 10 million taxpayers last year, give those who live in states without income taxes a deduction for their state sales taxes. They allow a deduction for some college tuition. Teachers may deduct the costs of buying supplies for their classrooms. And a research and development tax credit — hugely popular in the business community — is also part of the package.

But so far, these and 43 other tax benefits have become ensnared in a partisan battle over a minimum-wage increase, which Democrats and some moderate Republicans want, and a sharp reduction in the estate tax, dear to the hearts of conservative Republicans.

In July, Republicans thought they had scored a strategic coup when they stitched the minimum-wage increase and the estate tax cuts into a single bill that, they hoped, offered something for everybody to love. The trouble was, there was also something for almost everybody to hate.

So to sweeten the pie — and appeal to lawmakers of both parties — Republicans added an extension of the expiring tax breaks.

The maneuver was to no avail; the bill containing these disparate elements was derailed. And two months later, the tax benefits are still hanging as wrangling over the other issues continues.

Some lawmakers, including at least one powerful Republican, are pushing for Congress to break the deadlock.

"Taxpayers could miss out on valuable benefits through no fault of theirs," Sen. Charles E. Grassley (R-Iowa), chairman of the tax-writing Finance Committee, said last week. "I urge the House and Senate leadership, both Republican and Democrat, to take this problem seriously."

Grassley warned that time is of the essence, saying that Internal Revenue Service officials have told him Congress must approve the benefits extensions by Oct. 15 if the changes are to be included in 2006 tax forms. That means Congress, which plans to adjourn at the end of this month to campaign for the November elections, has only two weeks to act.

Sen. Max Baucus of Montana, the top Democrat on Grassley's committee, recently accused other lawmakers of "ineptitude" for not having acted sooner on the tax benefits.

Baucus also decried the continuing GOP reluctance to allow a separate vote on the extension effort, noting that Sen. Judd Gregg (R-N.H.) was quoted in the Wall Street Journal characterizing the tax benefits as "hostage" to the estate tax dispute.

Baucus responded: "It is time we end these threats and get back to the business of legislating."

But when Baucus tried to bring to a vote a bill focused only on the extension of the tax benefits, Senate Majority Leader Bill Frist (R-Tenn.) blocked him.

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Frist said he wanted to preserve the option of a second chance for the full Senate to vote on the estate tax cut, the minimum-wage increase and extension of the tax benefits as a package.

The most expensive benefit is the tax credit businesses can claim for research and development conducted in the United States. A two-year extension would cost $16.5 billion.

The most widely used benefit — claimed on more than 8 million tax forms last year — is the deduction for state sales tax payments in places with no state income taxes. The cost of extending this provision for two years: $5.5 billion.

Nearly 2.7 million teachers who paid for classroom supplies out of their own pockets took a maximum deduction of $250 last year. Extending this provision would cost less than $400 million in 2006 and 2007.

Altogether, extending the miscellaneous tax benefits, most of them for two years, would cost $38 billion.

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CONGRESS-ADMINISTRATION:

Your Money: Pentagon Travel System Under Attack (ABC)

By John Cochran

ABC News, September 17, 2006

Critics Say It's Actually Cheaper to Book Travel Outside the Program

Sept. 16, 2006 — - The Defense Department is the world's biggest purchaser of airline tickets -- so the Pentagon bought its own online booking system called the "defense travel system," which was supposed to save money on travel agents and paperwork.

The defense travel system was also supposed to buy only the cheapest seats. But many in Congress say the system is a disaster -- four years behind schedule and $200 million over budget.

"It will take 200 years to ever pay back the cost of this contract in terms of that savings," Sen. Tom Coburn, R-Okla., told ABC News, "especially when you consider they're not getting the best price."

Four years ago, the Pentagon's inspector general recommended killing the defense travel system altogether, but it survived. Investigators say 70 percent of Pentagon travelers refuse to use DTS because of faulty software or because they believe they can get a better price elsewhere.

"In many cases," said Tom Schatz of the private group Citizens Against Government Waste, "they're simply finding it easier to pick up the phone and call the travel agent and say, 'I'd like to go from here to there. Can you do this for me?' "

In fact, critics say the Pentagon could get cheaper air fares simply by using discount online travel sites that many bargain-hunters use -- such as Travelocity or Expedia.

But Northrup Grumman, the company that devised the defense travel system for the Pentagon, said that's not true. Darryl Fraser of Northrup Grumman told ABC News the system will be up to speed sometime this fall.

"This is a program that the American taxpayer [and] the Department of Defense can be proud of," he said. "It is actually being deployed. It is being used, and it is going to save the Department of Defense money."

The company says part of the problem was that some Defense employees were reluctant to use DTS, and were more comfortable using the old travel system. That has changed, said the company, as more workers have gradually become more familiar with the new system and realized it is better.

Sen. Coburn is not buying that, and said it is time to kill a failed program.

"There are other systems out there," he said. "There's a better way to do it. We should not perpetuate this hoax on the American taxpayer."

Congress is deciding now whether to spend another $60 million toward the defense travel system, for a total cost of $474 million.

Inner Circle Taking More Of C.D.C. Bonuses (NYT)

By Gardiner Harris

The New York Times, September 17, 2006

Top officials at the Centers for Disease Control and Prevention received premium bonuses in recent years at the expense of scientists and others who perform much of the agency's scientific work, agency records show.

Those inside the office of the centers' director, Dr. Julie L. Gerberding, have benefited the most, the records show.

Using the Freedom of Information Act, The New York Times requested records of all cash awards of $2,500 or greater granted to current and former C.D.C. employees from 2000 to mid-2006. The most recent awards are dated July 21.

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Dr. Gerberding, whose leadership of the agency is the subject of an inquiry by the Senate Finance Committee, was not immediately available for comment, said Tom Skinner, a spokesman for the centers.

From 2002 through mid-2006, William H. Gimson III, the agency's chief operating officer, received bonuses totaling $147,863, which included seven cash awards of more than $2,500. Mr. Gimson's bonuses were about twice the amount granted to any other C.D.C. employee, the agency's records show.

Mr. Skinner said Mr. Gimson was not immediately available for comment.

Mr. Gimson's deputy, Barbara W. Harris, received six premium bonuses of $2,500 or more from 2002 through mid-2006 for a total of $84,894, agency records show.

Mr. Skinner said Ms. Harris was also not available for comment.

Mr. Gimson and Ms. Harris are part of the federal government's Senior Executive Service, a cadre of top civil servants whose salaries are generally among the highest in government. The salaries of Mr. Gimson and Ms. Harris were not included in the records requested by The Times.

The increase in bonuses to these officials was part of a decision by the Bush administration to make transformation of the management of the centers a top priority, said Glen Nowak, chief of media relations at the centers. "If we want to retain people, we need to recognize them," Mr. Nowak said Friday in an interview. "We are operating in a highly competitive environment."

Before Dr. Gerberding's appointment, members of the C.D.C. director's inner circle rarely received premium bonuses of $2,500 or more. After her arrival, in July 2002, such cash awards increased, the records obtained by The Times show.

In 2000, officials in the office of the director, Dr. Jeffrey P. Koplan, received bonuses totaling $30,000, which included eight premium bonuses of $2,500 or more. The bonuses represented 0.4 percent of all bonuses granted within the centers that year.

In 2005, the records show that officials in Dr. Gerberding's office received 60 premium bonuses totaling $515,075, or about 4 percent of all bonuses granted within the centers.

Because bonus money is limited — about 1.5 percent of the total personnel budget, Mr. Skinner said — the growing share of premium bonuses for Dr. Gerberding's closest advisers has meant less money is available for some scientists and other workers.

In an e-mail message on Friday afternoon, Dr. Gerberding informed workers at the centers that information about the agency's bonus program might soon be made public.

"It is important to remember one thing, though: that those of you who have received a monetary award, or will in the future, received it for your superior performance and special acts, which merit these awards," Dr. Gerberding wrote.

The agency's Executive Leadership Board recently voted to create a committee to review the cash awards process and address "any shortcomings," she wrote.

In addition to those within Dr. Gerberding's inner circle, the increase in large cash awards within the centers has mostly benefited employees in the agency's financial, computer and human resources departments — not its scientists.

"You have the administration signaling that these are the areas that they want to see significant improvements on, and they want that to happen as quickly as possible," Mr. Nowak said.

The administration also made security a priority, Mr. Nowak said. He said that helped to explain $41,485 in premium bonuses given since 2002 to William T. Porter, the agency's head of security.

"I'm sure Bill Porter's peers in the corporate world are being paid at a higher level," Mr. Nowak said.

Members of the Public Health Service are not eligible to receive cash awards, Mr. Nowak said. That is part of the reason so few scientists appear among the top recipients of premium bonuses, he said.

Soon after arriving at the centers, Dr. Gerberding began a comprehensive reorganization of the agency. In its wake, many of the agency's senior scientists and leaders either left or have announced that they are planning to leave.

The Washington Post and The Atlanta Journal-Constitution have reported on the turmoil at the centers in articles quoting disgruntled former senior scientists who said the changes had undermined the agency.

Five of the six former directors who led the agency in the past 40 years recently wrote a letter to Dr. Gerberding expressing concerns over the exodus of crucial administrative and scientific leaders and scientists, The Journal-Constitution reported.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Finance Committee, has announced that the committee is trying to determine whether upheaval at the agency has jeopardized its scientific mission.

In another e-mail message, on Sept. 11, Dr. Gerberding noted the departures of top agency leaders and acknowledged that change was difficult.

"I respect those who don't believe these changes are needed, and I respect even more all those who are actively and constructively engaged in helping us find the best way forward," Dr. Gerberding wrote.

Among the other recipients of large cash awards since 2002 were James D. Seligman, the agency's chief information officer, who received $62,455 in premium bonuses; John C. Tibbs, director of the agency's financial management office, who

received $52,880; and Kimberly S. Lane, a senior adviser to the Coordinating Center for Infectious Diseases, who received $50,565.

None could immediately be reached for comment.

Report: Most CDC Bonuses Go To Managers (AP)

AP, September 17, 2006

The employees at the Centers for Disease Control and Prevention who get bonuses most frequently are not scientists, but instead are accountants, budget analysts, computer experts and other administrative managers, according to a published report Sunday.

The data appear to reinforce the findings of an internal CDC survey last year that found one of the top concerns among the agency's employees was a "loss of public health focus/mission in exchange for inappropriate business focus."

The 72 CDC employees who received five or more awards of at least $2,500 from 2000 through July 21 work primarily in non-science jobs, according an analysis by The Atlanta Journal-Constitution of agency data obtained under the Freedom of Information Act.

Some of those employees got $30,000, $50,000 and, in one case, more than $140,000 in cumulative bonuses during the period, the paper reported.

The CDC has about 9,000 employees, and 4,200 of them are considered scientific staff.

CDC officials said the agency is examining its system of awarding employees.

"We want to make sure that the system we have in place is equitable and that it rewards everyone, if in fact they are eligible for the award and if in fact they're deserving of it," spokesman Tom Skinner said.

In an e-mail to CDC employees Friday, in anticipation of the Journal-Constitution's report, director Julie Gerberding stressed that the agency was reviewing the program, Skinner said.

"You all work hard every day and often accomplish seemingly impossible feats within incredible time constraints," she wrote. "Without question, people at CDC who do exceptional work should be recognized with awards, including monetary awards."

Gerberding was not available to comment Saturday, Skinner said.

Skinner and other CDC officials said several factors may explain the frequent large awards skewed in favor of financial staff and administrative managers instead of core scientific staff.

One could be that not all front-line managers may be aware of or regularly use the awards. Another is that all federal agencies are being pushed to improve budget systems, technology and the like. There hasn't been such a push on the scientific side, said Glen Nowak, another CDC spokesman.

Also, about 800 of the CDC's 4,200 scientific employees are members of the U.S. Public Health Service Commissioned Corps, a uniformed service that operates under a different personnel system and is not eligible for the awards, CDC officials said. And about 600 distinguished scientists are in another classification that did not become eligible for annual performance awards until last fall, they said.

Cash awards given to CDC and other federal employees fall under two general categories: special act cash awards, which reward for a specific accomplishment or activity; and annual performance bonuses, tied to a percentage of the person's salary.

Since 2000, the CDC distributed about 2,500 special act and performance awards worth at least $2,500 to about 1,450 employees, the Journal-Constitution reported. About 560 received two or more of these awards, and 72 received five or more.

Three employees — a financial systems branch chief, a deputy director of budget and management, and another budget official — received 10 awards each. Their cumulative awards totaled $35,000, $34,326 and $32,000 respectively.

Five employees — working in facilities operations, budget, accounting and technical information — received nine awards each. Their cumulative totals ranged from $25,326 to $50,565.

CDC officials did not release copies of the award nominations or justification forms for the most frequent recipients.

Democrats Rap GOP For Medicare Rate Hike (AP)

By Andrew Miga, Associated Press Writer

AP, September 17, 2006

Democrats say failed Republican policies are behind rising Medicare premiums that are leaving millions of older Americans scrambling for basic health care.

Democrat Chris Murphy, a Connecticut state senator who is challenging 12-term Republican Rep. Nancy Johnson, criticized the GOP for failing to embrace the reforms needed to give seniors a break from increased health care costs.

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"It's time for new leadership in Congress, to take on President Bush's bad plan and take the Medicare drug program in a new direction," Murphy said Saturday in his party's weekly radio address.

Murphy warned that unless Democrats can step in with new ideas, such as allowing the government to negotiate for lower Medicare prescription drug prices, health costs will continue rising for seniors.

"The Bush administration announced this week that Medicare premiums will be going up again, and could even carry a new, expensive monthly fee," Murphy said. "This new tax on seniors will affect millions of Americans, and thousands of people in Connecticut."

Most elderly and disabled people on Medicare will see their premiums rise to $93.50 a month next year, a 5.6 percent increase that is much lower than had been anticipated.

"Being healthy should be a right, not a privilege available only to those that can afford it," said Murphy. "Over the past decade, seniors in this country have been hit with more and more bad news. They face confusing rules, added fees and now higher premiums. What's worse, Republicans in Congress have done nothing to ease the burden on American seniors."

Johnson, a major player in Congress on Medicare and other health care issues, is among three GOP House incumbents in Connecticut whom national Democrats have targeted in hopes of gaining the 15 seats they need to control the House.

"My opponent, Nancy Johnson, deserves part of the blame," said Murphy. "She wrote the confusing Medicare law in 2003. She is also one of many Republicans who opposes allowing Medicare to negotiate for lower drug prices — a Democratic idea, and more importantly, a good idea."

The new Medicare prescription drug benefit is the biggest change since the health program's beginning. Under the program, elderly beneficiaries enroll in plans administered by private insurers. Seniors had dozens of plans to pick from, leaving many of them confused and frustrated when the program was launched.

Medicare Part B Fees Head For A Sliding Scale (LAT)

Kathy M. Kristof Personal Finance

The Los Angeles Times, September 17, 2006

All recipients will pay more next year to adjust for inflation, but those with higher incomes will face bigger increases.

High-income retirees may be in for an unpleasant surprise this winter.

It involves the monthly premiums that older Americans pay for Medicare Part B, which helps pay the cost of doctor visits, diagnostic tests and other routine care. The premiums, which are automatically deducted from Social Security checks, are currently $88 a month.

In January, everyone's premiums will go up to adjust for healthcare inflation, but higher-income recipients will see even larger hikes.

As a result, a single retiree with an annual income of $80,000 or less (and a married person earning less than $160,000), could pay $98 a month next year, according to estimates, while a single person earning $81,000 would pay $110 a month. And under the same scenario a single person earning $200,000 would pay $170 a month — or 73% more than lower-income Medicare recipients. (See chart for more details.)

Medicare will calculate your premium based on your income in your most recent tax return.

Congress approved tying premiums to income to raise money to offset some of the cost in 2003's Medicare Modernization Act, which ushered in prescription drug coverage for seniors.

The sliding scale phases in over three years. As a result, those in the highest-income group will find their premiums soaring to more than three times the fees paid by those in the lowest-income group.

Of the 40 million Medicare beneficiaries, about 2 million will be adversely affected by the sliding scale.

But they will officially receive that news only a few weeks before their Social Security checks are docked for the higher cost.

"We will be notifying participants later in the fall — late November or early December," said Mark Lassiter, a spokesman for the Social Security Administration.

And, experts warn, some of those paying more will not necessarily be wealthy.

One-time events, such as the sale of stock or rental property, can temporarily knock otherwise lower-income retirees into a high-paying group, said Paul N. Van de Water, vice president for health policy at the National Academy of Social Insurance in Washington.

So could converting a traditional individual retirement account to a Roth IRA, or taking a lump-sum distribution from a retirement account.

"This is really a big deal," said Jill Allagood, a certified financial planner at Tarbox Group in Newport Beach. "It's pretty easy to kick over the top of the threshold if you're not careful."

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Consider Susan, a hypothetical retiree with $49,000 in taxable income who converted a $100,000 traditional IRA into a Roth last year. This one-time event boosted her 2005 taxable income to $149,000. So, instead of paying $98 a month in premiums next year, as she would have if her 2005 income had remained at $49,000, she will pay $130 a month, about 30% more. If she instead converted the IRA in 2007, she would pay $245 in 2009, almost doubling her cost.

The law does give retirees with "a major life-changing event" the option to dispute their premiums. But it's too soon to say how this dispute process will work or whether premium adjustments would be slow, swift, partial or full.

The government currently pays 75% of the cost of Medicare Part B, with recipients picking up the rest of the tab through their premiums. Under the new formula, higher-income recipients will pay 28% to 80% of the cost of their coverage under Part B.

The flat monthly premium of $88 this year reflected a 13% increase from 2005. If medical cost inflation remains at 13% a year, even beneficiaries in the lowest-income group will pay $98 a month in 2007 and $125 a month in 2009, Allagood calculated. But with the sliding scale, those who earn more will pay $175 to $400 a month in 2009.

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(INFOBOX BELOW)

Premium hikes on the horizon

How much might Medicare premiums, currently $88 a month for all recipients, rise in the next few years? Here's an estimate based on a 13% medical cost inflation rate and the income-sensitive payment structure required under a new law.

Adjusted Gross Income
Single
$80,000 or less
$80,001 to $100,000
$100,001 to $150,000
$150,001 to $200,000
More than $200,000

Adjusted Gross Income
Married
$160,000 or less
$160,001 to $200,000
$200,001 to $300,000
$300,001 to $400,000
More than $400,000

Estimated Monthly Premium
Source: Tarbox Group

AARP Begins Ad Blitz For Foreign Rx Drugs (MH)

The Miami Herald, September 17, 2006

The AARP is launching a $500,000 ad campaign today in 14 states pushing for Senate action on legislation that would let consumers buy U.S.-made prescription drugs from Canada and other countries.

David Certner, legislative policy director for the advocacy group, said the campaign focuses on the home states of senators who have shown some openness to letting people buy U.S.-made medicine shipped abroad.

"This is going on right now regardless of the law. People are going outside the country to buy their medicine," he said. ``We want to make sure the system is as safe as we can make it."

The bill that AARP supports, written by Sen. Byron Dorgan, D-N.D., has bipartisan support from 31 co-sponsors. It would allow consumers to buy U.S.-made prescription drugs from Canada and eventually from other countries such as Australia, Japan and nations within the European Union.

WASHINGTON, D.C.

SENATORS AGREE TO FEMA COMPROMISE

Senators have agreed on a compromise to restructure and expand the Federal Emergency Management Agency, restoring some of its responsibilities.

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The FEMA director, currently David Paulison, would have direct access to the president in a crisis, but the agency would remain a part of the Homeland Security Department. The compromise will be included in a budget bill Congress is scheduled to vote on this month.

Republican Sen. Susan Collins of Maine, who heads the Senate Homeland Security and Governmental Affairs Committee, worked out the compromise late Friday with Sen. Joe Lieberman of Connecticut, the committee's top Democrat.

The plan, which now goes to House-Senate negotiators, includes stricter requirements for who could serve as FEMA director.

MISSOURI

GRANDMOTHER PLEAS FOR BABY'S RETURN

UNION -- A grandmother of a newborn girl stolen from a rural home pleaded Saturday for the baby's safe return, as authorities searched for an abductor who stabbed and seriously injured the infant's mother before fleeing with the child.

"The family's in agony," Raylene Ochsenbine said at a news conference. ``Just give her back."

The attacker walked into the home, told Abby Woods' mother, "I'm here to take your child," then slashed the young mother's throat and fled with the 1-week-old child.

Stephanie Ochsenbine, 21, was in stable condition Saturday following surgery. She told police she did not know her attacker.

LOUISIANA

GUARD TO REMAIN IN NEW ORLEANS

NEW ORLEANS -- National Guard troops and state police will patrol the city through December, Gov. Kathleen Blanco said Saturday at a summit of law enforcement officials and crime experts called to address a spate of killings marring the recovery from Hurricane Katrina.

Police are on pace to recover as many illegal firearms this year as they did in the two previous years -- even though half as many people live in the city now, said Robert Browning, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

But in a positive sign, court and prison repairs should be done next month, an official said, which means the city's crippled criminal justice system will be able to process its influx of suspects more efficiently.

CALIFORNIA

ORGANIC GROWER UNDER SCRUTINY

SAN JUAN BAUTISTA -- Earthbound Farm, the country's largest grower of organic produce, is facing unwelcome scrutiny after federal officials linked a nationwide E. coli outbreak to its bagged spinach.

The company, also known by its legal name Natural Selection Foods LLC, recalled and stopped shipping all its spinach products after E. coli outbreaks killed one person and sickened more than 100 others in 19 states.

Earthbound officials were working with state and federal health inspectors to pinpoint the source of the contamination, spokeswoman Samantha Cabaluna said.

The Backdrop (WP)

The Washington Post, September 17, 2006

The House is considering a bill, crafted by Rep. Thomas M. Davis III (R-Va.), to give the District a representative with full voting rights. The bill would add two seats to the House, one for the District and one for the state next in line to expand its congressional delegation based on population -- currently Utah. A House subcommittee held a hearing on the matter on Thursday.

Congress Has The Authority To Do Right By D.C. (WP)

The Washington Post, September 17, 2006

More than 40 years ago, the Supreme Court declared that "no right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live." And yet, for more than 200 years the citizens of the District have been denied this right because they have no voting representation in Congress. To its credit, Congress is taking steps to begin correcting this longstanding injustice.

Specifically, the House Government Reform Committee has approved, and the House Judiciary Committee is considering, a bill that would give D.C. residents the right to full voting representation in the House. While conferring this right is surely the right thing to do, a legitimate question has been raised concerning Congress's authority to confer the right by simple legislation, rather than through constitutional amendment. We have carefully considered this question and believe for three reasons the bill

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is within Congress's authority: It is consistent with fundamental constitutional principles; it is consistent with the language of Congress's constitutional power; and it is consistent with the governing legal precedents.

First, interpretation of Congress's Article I legislative authority should always be guided by the fundamental principles upon which the nation and the Constitution were founded. Those principles include a commitment to a republican form of government and to the proposition that the laws enacted by the legislature should be based on the consent of the governed. There is nothing in our Constitution's history or its fundamental principles suggesting that the Framers intended to deny the precious right to vote to those who live in the capital of the great democracy they founded.

Second, Congress's specific power over the District of Columbia is one of the broadest of all its powers. In the words of the Constitution, "Congress shall have power . . . to exercise exclusive legislation in all cases whatsoever" over the District. In a 1984 case decided by the U.S. Court of Appeals for the D.C. Circuit, on which we both sat, Judge Abner Mikva noted that through this constitutional provision, the Framers gave Congress "a unique and sovereign power" over the District. In that same case, Judge (now Justice) Antonin Scalia wrote that the broad language of the power gave Congress "extraordinary and plenary" power over our nation's capital. And in another case, that same court held that this broad power gave Congress authority to "provide for the general welfare of citizens within the District of Columbia by any and every act of legislation which it may deem conducive to that end." It is hard to imagine a broader, more comprehensive congressional power than this; and it is also hard to imagine that the power could not be used to advance a fundamental principle of our Constitution -- that the right to vote should be extended to all citizens.

Finally, and equally important, the most analogous legal precedent addressing Congress's authority over the District confirms that Congress can act now to give the vote to D.C. residents. That precedent concerned the fact that Article III of the Constitution confers on federal courts jurisdiction to hear suits brought by citizens of different states against each other. But the Constitution did not give any such express jurisdiction over suits brought by or against citizens of the District of Columbia. As a result, Congress, relying on its broad Article I power over the District of Columbia, remedied that unfairness through legislation that extended the right to District residents. In a 1949 case called National Mutual Insurance Co. v. Tidewater , the Supreme Court upheld that extension and also said that Congress was entitled to great deference in its determination that it had power to address this inequity. The logic of this case applies here, and supports Congress's determination to give the right to vote for a representative to citizens of the District of Columbia, even though the Constitution itself gives that right only to citizens of states.

It is not a surprise that our Constitution, ratified in 1789, contemplated that the right to vote would be enjoyed only by "the people of the several states." After all, in 1789, all U.S. citizens lived in a state. It was not until 1801, when the process Congress authorized by statute in 1791 to create the District out of lands ceded by Virginia and Maryland was completed, that District residents lost their federal voting rights. There is no reason to believe the Framers intended for this to happen. And in any case they gave Congress power to address the problem. Congress has initiated a process to do so, and we urge it to quickly complete the task. As George Washington said in his first inaugural address, the American people are entrusted with "the preservation of the sacred fire of liberty and the destiny of the republican model of government." It is time to extend that model to the citizens of the nation's capital.

-- Kenneth Starr
Malibu, Calif.
-- Patricia M. Wald
Washington

Kenneth Starr, dean of Pepperdine Law School, is a former independent counsel and U.S. solicitor general; Patricia M. Wald is a retired chief judge of the U.S. Court of Appeals for the D.C. Circuit.

Astronauts Allowed Extra Hour Of Sleep (AP)

By Seth Borenstein, Ap Science Writer
AP, September 17, 2006

With their hardest tasks behind them, space shuttle Atlantis' six astronauts got time to relax Saturday after almost a week of nonstop work adding a new 17 1/2-ton addition with wing-like solar power panels to the international space station.

NASA even let the crew sleep an extra hour before waking them with Jimmy Buffett's beach song "Twelve Volt Man."

"We said good morning to them, then a little housekeeping and then left them alone, gave them a chance to enjoy their time on orbit and wind down from what has been a very, very busy series of days on the flight," said flight director Paul Dye.

The astronauts were grateful and echoed Dye's description.

"We've been very, very busy so the chance to sleep in was very much appreciated," rookie astronaut Heide Stefanyshyn-Piper said during a news conference from space.

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Saturday was the last full day at the space station for Atlantis' crew. Besides relaxing and enjoying the view from 220 miles above Earth, they still had to unload supplies for the space station, including 90 pounds of oxygen.

The Atlantis astronauts were to say their goodbyes to the space station's three crew members and undock early Sunday. Once undocked, the crew planned to fly around the space station to get the first complete view of the orbiting space lab in several years.

"We're leaving it in an entirely different configuration than it was when we arrived," said Atlantis pilot Chris Ferguson. "So it would be very good ... to get a good look at the overall configuration and condition of the station."

The Atlantis crew delivered to the space station a 17 1/2-ton addition and, during three spacewalks, hooked up the new segment and prepared it so the 240-foot solar energy arrays could be opened up. The solar arrays will provide a quarter of the space station's electricity when it is finished in 2010.

It was the first shuttle mission devoted to space station construction since December 2002. The Columbia accident in early 2003 halted all construction while NASA worked to fix problems with the shuttles' external fuel tanks.

Contrary to appearances, this past week's spacewalks were difficult, said astronaut Joe Tanner, who went on two of the mission's three spacewalks with Piper.

"I want to squash that bug right now," said Tanner when told by CBS News that he made the spacewalks look easy. "These (spacewalks) were not easy."

Also not easy was getting used to zero gravity for Atlantis' rookies, Ferguson and Piper, who said they kept banging into things.

"I feel really clumsy in space," Piper said. "Because you think ... you're going to make it from point A to point B, and you kind of go to point C, D, and E, getting to point B."

Even Tanner, 56, who had been on three previous space flights, said getting used to zero gravity again was more difficult than when he was younger.

However, despite their initial wobbliness in orbit, the crew earned high praise from the mission's flight director.

"I rate this crew 110 percent. They've done an outstanding job up to this point," Dye said. "We're not going to lose our focus until we get on the ground so we'll keep our game face on. But I suspect everything's going to keep going pretty darn well."

Losing It, 200 Miles Above The Earth (NYT)

By John Schwartz

The New York Times, September 17, 2006

In space, junk can kill.

When two bolts slipped away from spacewalking astronauts last week, astronauts and controllers expressed concern that the small objects might have floated into the moving parts of the $372 million truss that had just been added to the station.

One astronaut, Joseph R. Tanner, sounding glum, described the trajectory of a lost bolt to mission control and fretted about its possible effects. “I just hope that bolt is on its way to Mother Earth right now and not hanging around” in the truss, he said.

Space junk is nothing new. During the first American spacewalk, in 1965, Edward White lost a glove — though not one that he was wearing, fortunately. It was a spare that floated out of his Gemini capsule. NASA also had astronauts toss away a solar array for the Hubble Space Telescope during a mission in 1993. (As it drifted off, one exclaimed, “It looks like a bird!”)

So when a bolt is lost in space, should anyone care? Once analysts determined that the bolts had floated away, they dismissed the incident as trivial. But NASA also recognizes that the thousands of pieces of debris in orbit are potential hazards.

The concerns tend to focus on the risk of collision with objects moving at high speed, however; the relative velocity of something that has simply drifted away is low. Still, NASA mission planners require tethers for tools and objects during spacewalks.

Despite those efforts, astronauts commonly lose small objects. During the last shuttle mission, Piers Sellers lost a spatula used to test repair techniques. “It was my favorite spatula,” he joked during the mission. John McCullough, the lead flight director for the station, said last week that on Russian spacewalks, “they throw things away all the time.”

They hit things away sometimes, too. A Russian astronaut is planning to drive a golf ball in a coming space walk, part of a marketing agreement with a golf club company.

Timely Transcripts At Last (WP)

The Washington Post, September 17, 2006

The Supreme Court becomes a bit less bashful.

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WHEN THE Supreme Court opens its term next month, it will finally begin making transcripts of its oral arguments available -- free, online and on the day of the arguments. That this represents a breakthrough shows how dramatically behind the times the justices are. But it is a breakthrough, nonetheless, that will dramatically improve the public's access to court proceedings.

Until now, the justices not only prohibited cameras and typically waited months to release audiotapes of arguments, they also waited weeks to release free transcripts. The public had to depend on the media to know in a timely fashion what happened. This was unfortunate, both because oral arguments are among the most majestic events in American democracy and because even excellent news stories often can't capture the full texture of arguments over complicated and nuanced points of law. For anyone interested in a particular case or the court as an institution, there is no substitute for knowing exactly what questions each justice asked and how counsel answered.

Timely transcripts are a half-measure. They imperfectly convey the atmospherics of an argument -- the tone a justice might strike, for example -- that sometimes indicate the court's direction more than dry words on paper. But given the implacable hostility some of the justices feel toward cameras, the move is a huge step forward.

Daydream Believers (NYT)

By Tim Weiner

The New York Times, September 17, 2006

A tremendous story is trapped inside this slim book: the triumph of technological fantasy at the Pentagon. The Defense Department controls the biggest and most inviting pool of public capital available to private contractors in the United States. Over the years, much of this 12-figure sum has gone down the drain in pursuit of wonder weapons. To take just one example, the Pentagon has so far spent roughly $100 billion on missile defense — which is serious money, levee-fixing money, cancer-curing money — but has produced only an insubstantial shield.

Almost no one says no to new weapons proposals nowadays — not Congress, not the Pentagon. As becomes clear from Sharon Weinberger's even-tempered "Imaginary Weapons," the planning process is beyond parody. The different branches of the armed forces conjure up dream weapons, setting technological requirements for them far beyond the state of science or the art of war. Once an idea is born, it goes through two stages of research and development: too soon to tell and too late to stop. Contractors cross their fingers while promising to fulfill the Pentagon's visions, whether or not those visions comply with the laws of physics. Occasionally the planned weapons are actually produced, though almost always at many multiples of their promised cost.

Weinberger, the editor of Defense Technology International, writes with enthusiasm and well-calibrated skepticism. She argues, irrefutably, that fringe science has reached ever greater heights in military circles. Since the United States has fewer and fewer real scientific experts in the government, fringe-science projects can receive the backing of the Pentagon without a semblance of peer review or the application of the scientific method.

"Imaginary Weapons" sets out to tell the story of one such project, the so-called hafnium bomb, a weapon that never existed and likely never will. Its progenitor, the book's protagonist, is Carl Collins, a physics professor from Texas who has been bumping around the lower echelons of military science for 35 years. Collins claimed in 1998 that he had used a dental X-ray machine to trigger the release of an enormous amount of energy from a trace of the isomer of hafnium-178. Isomers are atomic nuclei in an excited state. They hold tremendous potential energy. The trick is unlocking it.

If Collins was right, he was on the verge of a breakthrough in weaponry on the order of the invention of the catapult and the crossbow. A hafnium bomb the size of a hand grenade could have the force of a small tactical nuclear weapon. Better still, because the triggering was an electromagnetic phenomenon, not nuclear fission, a hafnium bomb might not be covered by nuclear treaties.

One small problem: the science properly belonged in The Journal of Irreproducible Results. As Weinberger writes, the breakthrough claimed by Collins could not be replicated. Nonetheless, the hafnium project received a $30 million budget — a pittance by Pentagon standards, but still a substantial amount — before it disappeared into justly deserved obscurity after five years of fruitless effort. In a nice piece of reporting, Weinberger quotes an expert's comparison of the military utility of the hafnium bomb to that of a jelly doughnut.

"Imaginary Weapons" wants to make the hafnium bomb a symbol of bad weapons science masquerading as good old American know-how at the Pentagon. It almost succeeds. Weinberger has talked to the right people and has done her homework on the hafnium bomb. And she valiantly translates the gobbledygook of Pentagon-speak and the jargon of physics into English, even if she has a tendency to leave a reader lost in minutiae and the repetition of minutiae. But a book about the Pentagon's scientific underworld requires a deeper analysis than a dissection of a single crackpot project.

The hafnium bomb was a very small example of a huge problem: the way the Pentagon wastes money on unworkable weapons. "Imaginary Weapons" leaps back and forth across years and decades, and performs loop-the-loops into projects like

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cold fusion and parapsychology (which are exemplars of bad science but have little or nothing to do with wonder weapons). Yet it never delivers a sense of the Pentagon itself, the institution that creates imaginary weapons. This is a little bit like writing "Moby-Dick" and leaving out the Pequod.

By focusing on one tiny target, Weinberger has missed the big picture. An array of military programs now under way is predicated on technological fantasy, the scientific equivalent of a wing and a prayer. A classic example is the Army's Future Combat Systems, with a cost well in excess of $100 billion. Weinberger could have asked why two generations of scientists and engineers have worshiped at the five-sided temple of the Pentagon, selling their genius for projects that have yielded very little of lasting value. That's a subject that will require a better book with a bigger bang.

OTHER NEWS:

Paulson Tells G-7 Not To Fret Over U.S. Housing Slump (BLOOM)

By Kevin Carmichael

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson, making his debut at a meeting of Group of Seven economy chiefs, told his counterparts they needn't worry about a housing-led collapse of the world's largest economy.

``U.S. economic growth is settling into ranges more in line with our long-term potential," Paulson said in a statement after meeting G-7 finance ministers and central bank governors in Singapore today. ``The residential housing market is cooling from record unsustainable growth rates, but growth in the U.S. economy is being supported by other components."

Sales of U.S. existing homes have declined every month since G-7 officials last met in April, and the National Association of Realtors predicts house prices may decline in the remaining months of 2006, which would be the first year-over- year drops since 1993. The International Monetary Fund on Sept. 14 branded the slowing U.S. housing market a ``key risk" to global expansion.

U.S. economic growth slowed to an annual rate of 2.9 percent in the second quarter from 5.6 percent in the first three months of the year. Higher wages, ``strong" company profits and business spending will offset a weaker housing market, Paulson said. U.S. economic growth will average 3.4 percent in 2006, the median estimate of 80 economists surveyed by Bloomberg News Sept. 1 to 7.

Paulson, who replaced John Snow in July, said in the statement that protectionist pressures remain a ``serious threat." China needs greater currency flexibility to help even lopsided flows of trade and investment, reflected in the U.S.'s record current-account deficit, Paulson said.

No Currency Target

Paulson said he ``will listen" to China's government rather than just make prescriptions and it would be ``presumptuous" to set any type of target regarding a change in currency policy.

The U.S. would do its part to reduce the so-called imbalances by reducing its budget deficit. Europe and Japan must boost consumer demand, and oil exporters should invest more of their profits at home, Paulson said.

Like China, some of those oil exporters should permit greater currency flexibility, Paulson said, without naming particular countries.

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Someone's Spoiling The Party, The Housing Market Says (NYT)

By Vikas Bajaj

The New York Times, September 17, 2006

TO hear some people in the real estate industry tell it, one of the biggest problems with the housing market is what is being said about it in the news media.

Agents and industry executives say reporters, editors and news anchors are making a cooling market sound worse than it is. While the number of sales may have dropped from 2005 (which was a record-setting year, the end of a five-year run) and more homes stay on the market longer, real estate professionals note that sale prices in much of the country are still higher than they were a year ago.

Richard A. Smith, vice chairman and president of the Realogy Corporation, the nation's largest residential real estate broker, said there was a "constant flood of media that is so negative" that it was discouraging many potential buyers and sellers.

"Nobody wants to be foolish in this kind of market," he said. "No one wants to sell too low or buy too high."

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The news media have always helped shape public perception of markets, whether for houses, stocks or tulips. But exactly how much the press influences mass consumer behavior is subject to debate.

Robert J. Shiller, the Yale economist and author of "Irrational Exuberance," said the news media played an important role in molding public opinion as markets both rise and fall. But he said he generally approved of the skeptical tone of many news reports about both the real estate boom and subsequent downturn. "The media has been pretty on top of this story, that this might be a psychological event," he said.

One of the industry's frequent complaints is that journalists do not put the current situation in context.

"The doom and gloomers out there are saying business is dropping 'x' percent," said Dave Liniger, chairman and co-founder of Re/Max, the real estate franchiser. "But you have to realize it doubled over the last five years."

Critics point to an article in Fortune magazine in October 2002 that they say illustrates how reporting can distort the market picture. The article, which was about housing on both coasts, argued that prices were rising so fast they were unsustainable, and that a bubble might be created that would inevitably burst.

An example of the problem, the article noted, was a San Francisco Victorian that sold for $285,000 in 1996 and was listed for $1.2 million in 2002. Coldwell Banker, which listed the home, complained that Fortune should have noted that the home had been significantly renovated, which would account for much of the price increase.

That year, in an interview with Real Trends, a trade publication, Alexander E. Perriello III, who ran Coldwell Banker then and now heads all five of Realogy's franchise brands, criticized the article. "I'm getting sick and tired of irresponsible journalism that attacks one of the few bright spots in the U.S. economy," he said.

But the real estate agent who listed the house, Al Rodriguez, said last week that home's value had soared even before it was put on the market in 2002. The couple that was selling it then had bought it the year before in a frenzied bidding war for $1.1 million.

Shawn Tully, who wrote the Fortune article, said in general it was the price of the land, not the homes, that was soaring. At any rate, he said, he wasn't sure what all the criticism was about. "If my story was so influential," he said, "why did the prices increase another 50 percent between 2002 and 2005?"

Indeed, home values climbed an average of 12.5 percent annually in the San Francisco area from 2002 to 2006, according to a government home price index.

Many journalists who cover the real estate market said they expected, and were not worried by, criticism from the industry. They said they were more concerned about whether the news media were skeptical enough about the boom while it was continuing.

"We were late to the savings and loan crisis and we were definitely late to the dot-com crash," said Bradley J. Inman, publisher of Inman News, a real estate news service, who said he believed that the news media have done a better job covering the housing boom.

Some critics say the news media did not include enough contrary viewpoints during the run-up in home prices.

"Obviously, people get carried away," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who runs a press criticism blog called Beat the Press. "But if there are voices that challenge it, it stops some people."

But Mr. Shiller said he was not so sure it did. In reviewing historical news clips, he said, he found that the press had frequently questioned the premise of booms, including the 1920's stock market boom. "Newspaper people do that more than their audience demands," he said. But it appears, he added, that people "read it blandly and it doesn't sink in."

A Fable, Adapted From Aesop (NYT)

By Eduardo Porter

The New York Times, September 17, 2006

THERE is an Aesop fable about a man — Greek, of course — who sees a swallow fluttering about on an unusually warm winter day. Leaping to the conclusion that summer has arrived, the man sells his only coat to buy himself a good time.

Some economists say you merely need to replace the Greek with an American, and the coat with a house or condominium to understand the force powering the American economy during the recent housing boom.

In this updated version of the fable, Americans were intoxicated by the leaps in the value of their real estate. Assuming the good times were here to stay, they were unable to resist temptation, impulsively calling the mortgage broker to get another loan to pay for the plasma TV set, the Caribbean vacation and the three-burner barbecue grill.

Between the third quarter of 2005 and the first quarter of this year, home equity withdrawals were running at an annual rate of more than $850 billion, according to the Federal Reserve, and amounted to about 9 percent of disposable personal income. The personal savings rate declined into negative territory last year for the first time since 1933. And the economy surged.

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In Aesop's world, winter set in again, the swallow died and the coatless man blamed the bird for his misfortune: "By appearing before the springtime you have not only killed yourself," he moaned, "but you have wrought my destruction, too."

Yet in American morality tales, it seems, spendthrifts aren't always punished. Winter has surely engulfed the housing market. But to the befuddlement of many economists, who had been expecting consumers to rein in their spending when the price of their homes stopped rising, America's happy consumers have so far eluded the payback.

"There is no sign of weaker consumer confidence raising the savings rate yet," wrote Charles Dumas, chief economist for the United States at Lombard Street Research, an economic research firm in London. "People have not yet started to pull in their horns in response to house price horrors."

Home prices have not yet fallen nationwide, but have declined in areas like Florida and California. And most other measures of housing activity look ugly. Sales of existing homes declined 11 percent over the last 12 months; mortgage lending fell more than a third since June 2005; construction of new homes has plummeted.

But consumers haven't blinked. Spending jumped 0.5 percent in July; the sharpest increase since December of last year, exceeding consumers' income by some $85 billion.

Of course, rising employment and income this year have helped keep spending afloat. But some economists are starting to question the magnitude of housing's impact on national habits of spending and thrift, concluding that the effect may be smaller than expected: tumbling home prices might not pull consumer spending into the abyss after all.

To begin with, much of the money extracted by Americans from their homes was never spent. Some was used to pay down liabilities like credit-card debt, a sound strategy when credit-card rates are about 8 percentage points higher than rates on a typical mortgage and mortgage interest payments can be deducted from income when paying taxes.

Money was put to other uses. One survey commissioned by the Federal Reserve of people who refinanced their mortgages in 2001 and the first half of 2002 found that only 45 percent had withdrawn any equity at all. About 26 percent of this money was used to pay down debt, 11 percent to buy stocks or other financial assets, 10 percent to buy real estate or make other business investments and 35 percent to finance home improvements. Only 16 percent of the money was used to finance consumption.

This doesn't mean that a decline in home equity extraction wouldn't hurt the economy. Residential investment would decline. Consumption would probably respond to declining house prices in indirect ways.

But relentless spending and a declining savings rate over the last few years seem mostly driven by other factors that occurred at the same time as rising home prices — notably, low interest rates — but were not caused by rising home prices. So the direct impact of falling home prices on spending is likely to be more muted than expected. "I think the slowdown will come," Mr. Dumas said. "But it is likely to be much more slow in operating than is being supposed."

In one recent study, Vladimir Klyuev and Paul S. Mills, two economists from the International Monetary Fund, suggested that the long-term decline in the propensity to save in the United States has to do primarily with financial innovations that have made borrowing easier and quicker, reducing the need for precautionary savings.

Mr. Klyuev and Mr. Mills untangled the effects of home equity withdrawals on savings from other factors, like inflation and interest rates, and found that for every dollar withdrawn from home equity, the savings rate declined by 20 cents in the short run but recovered in the long run.

LOOKING at it the other way around, they found that even if the amount of home equity withdrawal plunged from its current level of 9 percent of disposable income to 1 percent — its long-term average — savings as a share of income would rise by about 1.25 percentage points. Consumption might decline somewhat as a result, but that would hardly be a devastating blow. "There will be a pick-up in savings, but it won't be catastrophic," Mr. Mills said.

In America, the fable is likely to have a happier ending. It may no longer be the best of times, but consumers still own their homes and their barbecue grills — and the swallow still lives.

Who Bears The Risk? (NYT)

The New York Times, September 17, 2006

The housing boom would never have lasted as long as it did if mortgage lenders had to worry about being paid back in full. But instead of relying on borrowers to repay, most lenders quickly sell the loans, generating cash to make more mortgages.

For the past few years, the most voracious loan buyers have been private investment banks, followed by government-sponsored housing agencies, like Fannie Mae. The buyers carve up the loans into mortgage-backed securities — complex i.o.u.'s with various terms, yields and levels of risk. They then sell the securities to investors the world over, at breathtaking profit. The investors earn relatively high returns as homeowners repay their mortgages.

The process has encouraged homeownership and created wealth. But there is a downside, too, which demands attention.

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As the boom thundered on, the pool of available credit grew larger than the pool of creditworthy borrowers, resulting in an explosion of risky mortgages with features like no money down, interest-only payments and super-low teaser rates. Investors — including mutual funds, pension funds, hedge funds, insurance companies and foreign central banks, to name a few — currently hold $2 trillion in mortgage-backed securities from investment banks, triple the amount from three years ago. Investors also own $4 trillion in mortgage-backed securities from government-sponsored agencies.

In a market so vast and dynamic, everyone knows that if mortgage defaults should rise, damage could reverberate throughout the financial system. So far, defaults have inched up. But many homeowners are at a dangerous juncture. Interest rates on adjustable mortgages are rising as home values are weakening, precluding for many the chance to refinance. Economists calculate that $750 billion of outstanding mortgage debt is now at measurable risk of default — about 7 percent of the total.

No one can predict the depth of the housing slowdown or its effect on the global economy. Even the Federal Reserve has taken, for now, a wait-and-see approach. Meanwhile, markets seems to take comfort in the belief that if housing hit the skids, the Fed would exert damage control by aggressively lowering interest rates. There is no guarantee, however, that interest-rate easing would have the same powerful effect it had in the past.

What if it didn't? Market makers and central bankers don't talk about that, for fear of unleashing a self-fulfilling prophecy. But we sure hope someone in charge has a fallback plan.

Balancing Act Begins With Bonds (WP/AP)

By Tim Paradise, Associated Press

The Washington Post, September 17, 2006

Interest Rate Volatility Brings Need for Equilibrium Into Focus

NEW YORK -- With some investors wringing their hands about inflation and the Federal Reserve's efforts to keep it in check, those with bond fund holdings could be forgiven for wanting to take their money and run. But while some market observers see volatility ahead, few are ready to call it quits.

"I would say things are going to get a little bumpy here in September for the bond market, but I don't think it's the end of the world," said Jeff Tjornehoj, a senior analyst at Lipper Inc. He contends that there are still smart plays to be made.

Bonds have faced a more difficult environment in the past two years as the Federal Reserve raised interest rates 17 consecutive times before pausing last month. While the rate increases hurt bond funds, leaving some investors wary, sentiment changed in late June after Fed comments led investors to believe the rate hikes had come to an end.

Bond prices move in the opposite direction of their yield. So as interest rates rise, the prices of bonds often fall because investors are not willing to pay as much for a bond that has a lower yield.

"Investors are saying that the Fed is done raising rates, and so that's why you see people taking more risk now," said Jim Kauffmann, head of fixed income at ING Investment Management. He noted that it became more acceptable to take risk in areas such as high-yield bonds, which have lower credit-quality ratings.

Kauffmann said the Fed's comments turned investors' attention to growth from inflation, with the notion that if growth in the economy moderates, then so, too, will inflation. "Now that's a huge leap of faith for investors to make," he said.

Still, Kauffmann believes that if interest rates hold, bond funds should have an easier time showing the returns investors are looking for.

The amount of money invested in bond funds is about $1.41 trillion, or about 15 percent of the amount invested in mutual funds overall, according to the Investment Company Institute, the mutual fund industry trade group. Displeased with lackluster returns for intermediate to long-term bonds, investors snipped their bond fund holdings in 2004 after having added since 2001.

But the funds saw renewed interest last year, with investors adding $31.3 billion to the sector, according to the ICI. The group attributes the increased investment in part to growth in funds that snap up shares of other funds, such as life-cycle funds. These funds, which aim for a balanced investment portfolio, generally include bond funds.

This year has seen a mixed performance for bond funds, with many of the year-to-date gains occurring in the three months since investors interpreted that the Fed was done raising interest rates.

Through July, however, investors added an impressive $22.7 billion to bond funds this year, ICI figures show.

"The summer has been a great time for bond funds to get back on track," Tjornehoj said.

Kauffmann expects that the Fed won't adjust interest rates when it meets this week, but he remains concerned that the effects of the earlier increases haven't been fully absorbed by the markets.

"There still remains a significant question whether inflation is going to become a problem," he said. "Typically inflation does not peak until after the Fed is done" raising rates.

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A cautious investor, perhaps someone closer to retirement, will likely be more comfortable investing in funds focused on shorter-term bonds, not those whose focus is bonds with 10- and 15-year maturities, said Steve Schoepke, vice president of research and product development at AIG SunAmerica Asset Management. Still, he said investors shouldn't necessarily shun longer-term maturities. He noted that as the Fed has tightened rates, short-term interest rates have advanced but longer-term rates haven't acted in tandem, therefore holding down how much some of these bonds pay out.

He prescribes diversification and, as an example, offered a strategy in which an investor's holdings are a mix of short-term and long-term maturities with few intermediate-term bonds. "It's certainly a strategy to mitigate risk and at the same time be positioned, maybe, if you're on the fence," Schoepke said.

Tjornehoj also preaches diversification. "I would want to have several maturities represented." He believes too many investors are convinced they need to be invested solely in funds that focus on maturities of a year or less.

He counsels investors to focus on funds that invest in high-quality bonds and to limit how deeply they venture into bond funds made up of tempting, but riskier, investments such as debt with lower credit quality or in developing nations. Such funds have shown strong performance but could suffer deep setbacks should there be a downturn in the bond markets. Too often, Tjornehoj said, he sees investors "chasing performance" and arriving late.

Rather than focusing on flashy emerging markets funds or high-yield bonds, he suggests that investors reexamine corporate and municipal bond funds. "I still think corporates are a pretty good play. I think they can finish the year out stronger than treasuries."

Diversification could simply help investors stomach swings that could occur as the markets await answers about everything from inflation and interest rates.

"We may be in for volatile times for the rest of the year," Tjornehoj said.

Retirement, Squeezed (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, September 17, 2006

As Traditional Plans Decline, Workers Face a Less Certain Future

Sean Schuback, a 15-year veteran of Verizon, arrived at work one morning last December to unsettling news: A company e-mail sent the night before announced that the telecommunications giant was freezing its pension plan.

In a instant, Schuback, 33, who joined the company as a phone operator right out of high school, saw the $469,286 pension payout he was told he could receive by working another 15 years sliced to $245,494, where it would stay no matter how many more years he put in.

"When I started, I thought, 'This is just a job for a while,' but the benefits were so good I stayed," said the Eastchester, N.Y., resident, who worked his way up to a managerial position. Now, his plan to retire early at 48 and work part time is dashed.

What happened to Schuback's pension is part of a long-running trend, as otherwise healthy companies -- not only Verizon Communications Inc., but also International Business Machines Corp. and, most recently, DuPont Co. -- freeze, terminate or alter the terms of their employees' retirement packages. Most of these companies increased other retirement offerings, which don't include fixed payouts.

Today, about 22 million workers, 19 percent of active private-sector employees, have traditional pension plans, compared with 39 percent three decades ago, according to federal government statistics.

Despite Schuback's financial setback, any retirement expert would say that Schuback should count his blessings as one of a dwindling number of U.S. workers who have a benefit that many say is quickly becoming a dinosaur.

"There's no doubt, if you have some guaranteed retirement from your employer, you are definitely in the lucky minority," said Jack VanDerhei, a professor in the business school at Temple University and a research fellow at the nonprofit Employee Benefit Research Institute.

He and other financial experts say workers fortunate enough to still have traditional pensions should not rely on them too much for retirement, as the long-term prospects of such plans are increasingly in doubt. While a new law signed last month by President Bush aims to shore up the private pension system by forcing companies to fund their plans more fully, some retirement consultants say the added expense may the trend of companies limiting their plans for existing employees or dropping them for new hires.

As workers make their retirement calculations, they should keep in mind the two, sometimes opposing, principles that govern the U.S. pension system and that the new law, the Pension Protection Act, reaffirmed: An accrued pension can't be wiped out, but companies can walk away from promised future benefits at any time.

That means workers who still have pensions will have to do more homework to determine how much money their plans are likely to provide, experts say. And they should be prepared for the worst-case scenario.

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"It's always wise to cast a jaundiced eye on a pension and ask what happens if it doesn't deliver as promised," said James McGrath, a financial planner in Rockville.Changing Times

The traditional pension, also known as a "defined-benefit plan," is typically funded entirely by the employer and offers a steady monthly income, or a lump sum, upon retirement, based on a person's age, salary and years of service. Pension benefits typically accrue most of their value in the last few years of a 20- to 30-year employment cycle. Employers bear the risk and burden of properly investing the pension's funds to ensure full payout of promised benefits.

The costs of maintaining such plans have climbed sharply in the past six years because companies have been forced to put more money into pensions to compensate for lower-than-anticipated returns on investments stemming from low interest rates and declines in stock market values, said Matt Moore, senior analyst at the National Center for Policy Analysis, a nonpartisan think tank in Dallas.

As a result, employers are increasingly embracing other options, especially "defined-contribution plans," the most common of which is the 401(k). Under such plans, companies contribute a set amount each month, ask employees to bear the responsibility of deciding how that money will be invested and then hand over a check at retirement for whatever each account is worth at that moment. In 1978, only 17 percent of the workforce had a defined-contribution benefit. By 2003, the latest numbers available, it was 56 percent.

A smaller number have converted pensions to "cash-balance plans." They work like a pension because a worker gets a specified amount at retirement, but also like a 401(k) because the company puts in a set contribution for each worker -- regardless of age or seniority -- and specifies how the money will increase in value, for example at 1 percent above the interest on 10-year Treasury note. Thirty years ago, no pension plan had been converted to a cash-balance model. Today, an estimated 5.5 million people have converted to a cash-balance program.

Cash-balance plans appeal to a younger, more mobile workforce for two reasons, said J. Mark Iwry, a lawyer who is a senior fellow at the Brookings Institution and a one of the co-founders of the nonprofit Retirement Security Project. Benefits accrue steadily rather than accelerate sharply after a worker has been at one company for 20 or 30 years. And they are portable: Workers can take what they've accrued when they change jobs.

Those shifts mean that some workers with pensions have the added benefit of a second plan, such as a 401(k), though VanDerhei said that no one knows exactly how big the overlap is. Even so, a sudden drop in the future value of a person's traditional pension can change the retirement picture. Workers have only three options to close or at least narrow the gap between what they thought they would get and what they will get, financial planners say: Postpone retirement and work longer, save more to make up the difference, or accept a lower standard of living in retirement.Prepare for the Worst

The good news for workers with traditional pensions, retirement experts say, is that most plans are fully funded and will probably pay out as expected. And even if a plan isn't fully funded -- which means the employer has not set enough aside to pay all promised benefits -- there is a federally run safety net called the Pension Benefit Guaranty Corp., which ensures that workers owed a pension get at least something. If a firm goes into bankruptcy protection and is permitted under its reorganization to dump its pension, the PBGC will pay retirees a portion of what they are owed, up to an inflation-adjusted maximum of $47,659, for those who leave the workforce at 65.

Except for well-publicized instances, such as in the airline industry -- where pilots and others at carriers under bankruptcy protection have had to take a cut from the six-figure retirement packages they were owed -- 90 percent of workers paid by the PBGC get 100 percent of what they were due, said PBGC spokesman Randy Clerihue.

The bad news, though, is that no one can bank on a pension benefit continuing to grow as originally promised. So while many private-sector retirement experts say pension holders have many reasons to justify hoping for the best, they recommend preparing for the worst.

Pension holders should have sound estimates of how much they will need during retirement and how much they can expect from their pension, Social Security and personal savings, including 401(k)s and IRAs. Financial planners can help calculate that number and offer advice on how to adjust savings, if necessary. Internet-based retirement calculators are also available on the Web sites of many mutual fund companies and securities firms and some nonprofit consumer groups.

Retirement experts say workers often underestimate what they need. A paper published last week by EBRI concludes that an old rule of thumb that retirees need 75 percent to 85 percent of their pre-retirement income to live comfortably is outdated. A person today probably needs closer to 100 percent, said VanDerhei, the paper's author, because people are living longer and they need to include money for health care not covered by Medicare.

Workers also should check the financial health of their company's plan. The new law requires employers to send workers regular pension statements in plain English -- without misleading accounting tricks -- but not until the end of April 2009, according to the ERISA Industry Committee, a trade group representing the nation's biggest employers on benefit issues. Until then, workers will have to put in extra work to get a clear picture of their pensions. They should contact their company's benefits

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department for information, though it may be hard to decipher the numbers, retirement consultants say. Employees concerned about their company's plan might consider pooling resources to hire an outside pension consultant to analyze the data.

Clerihue, the PBGC spokesman, said workers also should remember that a fund that looks healthy today, even under the stricter requirements of the new pension law, can quickly fall behind, depending on the economy's, or an industry's, health. He said that in 2000, using an agency calculation that is more conservative than what most companies use, the PBGC had a $23 billion shortfall for about $1.3 trillion in owed pension benefits. Within three years, however, the underfunded amount had grown to $450 billion of $1.6 trillion owed.

Underfunded plans, even at a healthy company, are more likely to be frozen, financial experts say. The benefits consulting firm Watson Wyatt Worldwide Inc. said that last year, 113 of the 1,000 biggest companies in the United States had frozen or terminated a pension plan or had announced plans to do so, nearly double the number in 2004 and 2003 combined.

"If it's not being funded currently, you can expect problems sooner or later," said McGrath, the Rockville financial planner. "If it's healthy, you still need to see how well prepared you'd be if the pension were frozen today, in a year, in five years. It all depends on how old the worker is."Frozen Out

Pensions freezes can happen two ways, said Karen Ferguson, director of the Pension Rights Center, a nonprofit advocacy group. In a "soft freeze," benefits continue as usual for existing employees, but the pension is closed to new hires. In a "hard freeze," such as the one Schuback experienced at Verizon, everyone is affected.

Younger workers stand a greater chance of not getting all they were hoping to get from their pensions. But they have the advantage of having more years to work and save to make up for shortfalls under various scenarios, planners and other experts say. For example, the $223,792 drop in potential value of Schuback's pension isn't as devastating, largely because he's relatively young. And the $245,494 he is on track to get puts him way ahead of many of his peers: It's more than six times the average, $40,000, most people in their thirties have saved, according to EBRI.

Older workers are more likely to have accrued much of their pension benefits. But they will have less time to save for any shortfalls. Financial planners say this group should take full advantage of catch-up programs that allow workers over 50 to put more pretax money into 401(k)s and IRAs.

By assuming a worst-case scenario and bolstering personal savings to compensate, the worst that can happen, McGrath said, "is that you'll retire with too much money. Is that bad?"

Workers within a year or two of retirement who have worked at a company long enough to have locked in full benefits might find they can invest a bigger slice of their savings in stocks than conventional investment wisdom advises for older investors. For example, if a soon-to-retire worker has accrued a pension benefit of $50,000 a year, he might want to take a few bigger risks with other income -- investing in equities rather than bonds, for example, which could help a retiree stand a better chance of keeping up with inflation, McGrath and others said.

Those retiring should take special care when deciding whether to take a lump sum or monthly payments, experts say, because the interest rate companies can use to compute lump-sum payments can disadvantage a worker.

But no advice can help some older employees who have not locked in the full benefits of working two or three decades and did not factor in the possibility that their pensions would be curtailed. For this group, financial consultants say, a freeze or termination amounts to a pay cut. Verizon network services manager Margo Bryerton, 57, who has worked at the company for 18 years, estimated that the freeze lopped $300,000 from the retirement package she expected when she retires at 65. Now, she said, she will have to work past 65, take a second job or possibly sell her house to make up the difference.

"I based everything on faulty thinking. I assumed it would be there," she said. "I'm in that age group where I'm too young to retire but I'm too old to start over. It really is a pay cut for me."

Pension Plans On Ice (KCS)

By Gene Meyer

The Kansas City Star, September 17, 2006

More than 40 million Americans in the nation's nongovernmental work force are either covered by traditional pension plans or expect to be, authorities estimate.

Potentially, three things will happen to the lifetime income streams that these workers and current retirees are expecting after they leave the work force. And two of those — a pension plan being frozen or one being terminated — aren't pretty.

Congress passed, and President Bush signed, legislation last month to strengthen traditional pensions with mandates for employers to increase funding, faster repair requirements for underfunded plans, and some special provisions for troubled airlines with potentially whopping pension problems.

The new law also significantly improved many features of 401(k) plans and other similar products that increasingly have supplanted traditional pensions over the last two decades.

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Although surviving pension plans will be stronger, many observers bet that employers will turn even more to 401(k) plans and shift an unprecedented share of the retirement funding load onto workers and their families.

"Of the traditional three-legged stool you use in retirement planning — your pension, your Social Security and your personal savings — you better look in the mirror hardest" to find your most likely source of retirement security, said Sandi Weaver, president of Financial Security Advisors Inc. in Prairie Village.

Some pension plans will be OK because employers will remain flush with funds and can cover the costs of running the accounts.

Having prepared wisely for longer-living retirees and rising costs, these companies will continue mailing out the monthly checks that help put gilt in their workers' golden years.

That's the best outcome. It also is becoming rarer.

Over the past 20 years, the number of traditional pension plans provided by companies — which generations of workers grew to count on — has declined about 73 percent, reports the Pension Benefit Guaranty Corp., the federally chartered insurer of last resort for the plans. The list of corporations turning to the guaranty corporation seemingly grows every week. Delta Air Lines is the latest notable casualty.

Alternately, a company might freeze its pension plan, a strategy that has become increasingly common. Freezing a plan, such as what happened at Sprint Nextel Corp., preserves the benefits that workers and retirees have earned, but requires employees to chip in more of their own money from then on to help provide secure retirements.

Freezing pensions hits hardest middle-tenure employees who haven't yet hit those peak earning years that plump up their retirement checks and may not have much time left to build big retirement stashes.

Stay ahead of the pain

"This is going to hurt a lot of people if they don't understand the benefits of a 401(k) plan," said Cindy Smith, 46, a Sprint Nextel worker.

In January, Smith's pension funds were frozen along with those of about 39,000 workers. Those workers were urged to enroll in a sweetened matched-contribution 401(k) plan.

Smith already was a 401(k) believer and plan participant when the freeze was declared. She said she didn't expect to feel pinched when her eventual Sprint pension check reflected only the benefits she earned in her first 10 years with the company. She said she thought that for her the enhanced 401(k) benefits Sprint was offering would make up the difference.

Others won't be so lucky.

Boston College's Center for Retirement Research calculates that a 50-year-old, $48,000-a-year worker with 10 years vesting a typical traditional pension plan might see a more than 17 percent reduction in retirement income, to $7,200 a month, if the plan were frozen and replaced with a 401(k).

Individual workers' results will vary widely because their work histories, their pension plans' benefit formulas and the performances of the 401(k) portfolios will differ.

"My dad's generation really counts on pensions, but we need to do more for ourselves," Smith said

Federal solution

Growing numbers of companies have cut back on their traditional pension benefits, either by freezing the plans or paying workers to walk away from the plans.

Others are going or have gone a step further and turned their plans over to the Pension Benefit Guaranty Corp. to run.

Delta, for example, chose this month to end its plan and turn it over to federal insurers.

That's where the federal guaranty corporation steps in, often covering 50 cents or less of each dollar in originally promised benefits.

That could be the most devastating scenario for workers and retirees, especially for lifelong workers who are relying heavily on pension checks for secure retirements, said Doug Black, a financial planner and president of Larson Financial Services Inc.

"There is no easy answer if you haven't been putting aside other funds too," Black said. "Pray, maybe."

Research shows that although Americans in general are abysmal savers, their behavior is all over the lot.

For example, more than a third of the nation's 18- to 44-year-olds have no retirement savings, but some 80 percent of 55-year-olds have at least something stashed away, a recent A.G. Edwards survey found.

Just under 52 percent of an estimated 53 million 25- to 64-year-olds whose employers offer retirement plans of any kind are participating in those plans, which is a nearly two percentage point drop from 2004, the Congressional Research Service reports.

Not money in the bank

Traditional pensions — or defined benefit plans, as they are more formally known — remain squeezed by rising costs, squishier investment returns and the pressure that sponsoring employers feel from global competitors.

"It really has changed the way I advise people," said Kevin Taylor, a financial planner with H&R Block Financial Advisors in Overland Park.

Ten years ago, Taylor might have presumed that pension benefits were like future money in clients' bank accounts, he said. Now he checks to see whether it's possible — and possibly more prudent — for clients to pull lump sums out of the pension now and invest them directly for income in the future.

Taylor and other planners increasingly consider "what if" questions.

What if your company, for example, freezes its pension plan and encourages workers to open 401(k)s instead?

Many planners say that, in general, workers younger than 50 win — if they start putting as much money as possible into the 401(k)s and especially if the employer sweetens those plans as Sprint did.

Workers older than about 60 should be OK too if they've built up enough pension benefits over a couple of decades that a freeze nips only a bit of their accounts. Workers in between are the ones facing the biggest challenge, a broad consensus holds.

Also, rolling lump sums from frozen pension plans into personally managed retirement accounts, as Taylor suggests, won't always be possible. Some plans might not allow that, or they may require you to quit work first.

New breaks

Pension legislation signed last month allows companies to amend their existing plans, if they choose, to allow 62-year-olds to take what are known as in-service distributions, or money from the plans while they remain at their jobs.

These potentially more liberal withdrawal rules also may apply to frozen pension money, though that isn't clear yet.

Be warned: Serious saving will be required to make up lost ground at any stage.

Richard Salmen, a senior vice president at GTrust in Overland Park, said that if savers aren't maxing out their 401(k) contributions already, at a minimum they should notch up savings with at least half of each future pay raise.

Terminated pensions, the ones taken over by the guaranty corporation, are trickier.

First, federal payouts are far less generous than those promised by the companies whose plans failed. Look for your pension check from a guaranty-corporation-run plan to be half or less of what you expected.

Second, the federal insurers have different priorities than the companies whose plans were taken over. Those broadly are to pay retirees who already were receiving benefits first, then split what's left among workers with future claims. .

So workers approaching retirement with lots of benefits in shaky pension plans need to consider staying with their employers until they become first in line for the reduced benefits that the guaranty corporation pays, Weaver said.

"Take a job sweeping the floors if you have to," Weaver said.

VANISHING PLANS

Number of employers offering pension plans to workers:

1985
114,396
1990
93,882
1995
55,468
2000
37,117
2005
30,336

Source: Pension Benefit Guaranty Corp.

More on pensions

For more information on pensions and retirement planning compiled by the Johnson County Library, go to KansasCity.com and click on Business.

Surviving the cut

·Make up for your reduced pension benefits by putting as much as possible in 401(k) or other plans your employer switches to, and in IRAs.

·Consider rolling your accumulated pension benefits into an IRA if your plan allows that. Many won't allow it unless you retire or change jobs, however.

·You may need to postpone your retirement, scale back your expected retirement lifestyle or take a part-time job to make up for pension cuts.

·Pare down your current living expenses now to save additional money on your own for retirement later.

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Visions Of The Golden Years Dim As Pension Promises Fade (BOS)

By Robert Gavin, Globe Staff

The Boston Globe, September 17, 2006

ESSEX JUNCTION, Vt. -- After the collapse of Digital Equipment Corp. cost him a 16-year career, Larry Millette started over, taking an entry-level factory job at the IBM plant in this Vermont village.

The pay wasn't great. But to Millette, then in his late 40s, IBM offered something more valuable: a generous pension. By working another 15 years or so, then cobbling together his IBM and Digital pensions, Millette figured he could yet enjoy a decent retirement.

But Millette's hopes have vanished in recent years as IBM all but abandoned the pension first promised to him. Today, after 11 years of 12-hour shifts, Millette has just $30,000 in his IBM pension account. He also has a new retirement strategy: ``Work until I can't work anymore."

Millette, now 59, is among hundreds of thousands of workers whose dreams of long, comfortable retirements are getting upended as US corporations shed both the costs and responsibilities of traditional pensions. Faced with intense competition in a global economy, and huge obligations as baby boomers retire, many of the nation's biggest companies are rewriting the social contract that for 60 or more years has bound them to workers.

Since last year, at least a dozen corporations with nearly 1 million US employees either froze pension benefits for current workers, eliminated pension plans for new ones, or both. Today, just over one-third of Fortune 100 companies still offer traditional pensions to new employees, down from one-half in 2002 and 89 percent in 1985, according to Watson Wyatt Worldwide Inc., an Arlington, Va., consulting firm.

The decline reflects a broader retreat by corporate America from its long-standing role as a provider of social safety net programs such as pensions and health insurance. Under pressure from investors to produce bigger profits and global competitors that don't provide similar benefits, US firms are withdrawing from these obligations and shifting risks, responsibilities, and costs to their workers.

The shift comes as both corporate profits and executive pay soar. Combined profits of the nation's 500 biggest public corporations are at record levels, having grown at double-digit rates for three years, according to Thomson First Call, a Boston research firm that surveys stock analysts and tracks corporate earnings. In about the same period, the average compensation of chief executives at these companies jumped more than 40 percent to $11.7 million a year, according to the Corporate Library, a research firm in Portland, Maine.

At IBM, for example, profits rose 7 percent in 2005, while Chief Executive Samuel J. Palmisano's pay jumped 29 percent to $11.4 million, including salary, bonus, and incentives, according to Securities and Exchange Commission filings. Palmisano, 55, who has worked more than 30 years at IBM, will receive a pension of about $4 million a year when he retires.

Certainly, by today's standards, IBM remains a generous employer. For example, unlike many companies that neglected to set aside enough money to cover future pension payouts, IBM has contributed $6.4 billion in the past four years to keep its US plans well-funded.

IBM once epitomized the old social contract of employee loyalty and corporate paternalism, refraining from layoffs during the Great Depression. The company promised lifetime employment, cradle-to-grave benefits, and a relationship built on the principle ``Respect for the individual."

But in the tumultuous 1990s, battered by changing technology and fierce competition, IBM began to reduce pensions and to redefine its relationship with workers. During a major pension redesign in the late 1990s, company memos described the need to ``eliminate the concept of retirement to the extent possible" and ``not create long-term incentives to remain at IBM."

The traditional pension was the cornerstone of the old paternalism. Companies made contributions to pension funds on their workers' behalf; managed the investment of the funds; and assumed the risks of generating enough income to support retired workers until death. Regardless of market conditions, retirees got their pension checks each month.

Now companies are replacing traditional pensions with saving plans such as 401(k)s, which can cut companies' costs by as much as half. Employers make set contributions to individual retirement accounts, and they're done. Choosing investments, navigating the ups and downs of financial markets, and putting aside enough money to last through retirement become the problems of workers.

Given disciplined savings, smart choices, and especially time, 401(k)s can produce greater retirement income than traditional pensions. But for Millette and other workers nearing retirement, time is something they don't have.

Millette knew the world was changing when he joined IBM. His layoff from Digital had taught him that. Still, during his orientation at IBM, which included an entire day to explain benefits, Millette was assured he could yet find security.

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``They kept telling us, `If you're a good employee, a loyal employee, and you do your job, you're going to get all these benefits'," Millette said. ``Then someone signs a paper, and you get almost nothing."

Pensions are born Millette works seven 12-hour shifts over the course of two weeks. He's on the manufacturing floor of IBM's semiconductor plant by 6:45 a.m., 15 minutes before his shift starts.

Dressed head-to-toe in a white ``bunny" suit, he spends 10 of the next 12 hours on his feet in an IBM clean room, shuttling between nine tools that plate silicon wafers used in computer chips. When Millette gets home shortly before 8 p.m, he can barely stay awake another hour.

Millette never had big plans for retirement. He just looked forward to puttering around his home in Milton, Vt., tending to the tomatoes, cucumbers, and peppers in his garden; pruning the fruit trees he planted; making wine from his home-grown fruit. He thought he'd see more of his four grandchildren, and maybe even take a trip with his wife of 31 years, Rose.

``You know," he said, ``just enjoying whatever time we had left."

The idea of retirement as a time to relax, travel, and pursue interests put aside during working years is a modern phenomenon. A century ago, two of three men worked past the age of 64. The average age of retirement was 74. The average length of retirement: three years.

``If you look at people in the past, they continued to work in incredible amounts of pain," said Dora L. Costa, an MIT economics professor and author of ``The Evolution of Retirement." ``When they couldn't work anymore, they moved in with their children."

Social Security, enacted in 1935, began to change the nature of retirement. At the time, pensions were unusual. But with the outbreak of World War II and the drain on the labor force, more firms offered pensions, health insurance, and other so-called fringe benefits to attract and retain workers.

Meanwhile, high tax rates to finance the war made these programs attractive to both companies and workers, since firms could deduct their contributions and workers didn't have to pay income taxes on the benefits. The system eventually became institutionalized in company policies and union contracts. The result: Corporate-sponsored cradle-to-grave social insurance.

In 1950, the average retirement age was still 70. By 1983, it had slipped to 63, where it remains. Many analysts, however, now expect the age to rise as pension benefits dwindle and health-care costs increase.

Dreams of security Millette's views of retirement were shaped by his late father, Joseph, who worked for 35 years as a toolmaker at General Electric Co. in Burlington, Vt., retiring nearly 20 years ago with a pension, health benefits, and the economic security the next generation of workers would come to expect.

Millette grew up in Burlington, one of six children. He dropped out of high school to join the Army and spent four years in the service, including a tour in Vietnam. Stationed at a medivac hospital that came under regular mortar fire, he fought in the Tet Offensive, the fierce 1968 attack by North Vietnam that changed the course of the war. He returned home with two service medals, a general equivalency diploma, and a hearing loss that requires him to wear a hearing aid.

In 1977, after several modest jobs, he heard Digital Equipment Corp. was opening a plant in South Burlington. Like IBM, which had opened its Essex Junction plant in 1957, Digital boasted good pay, generous benefits, and a chance for the long-term security that Millette's father had earned.

``The attitude then was, `Thank you for working for us, for being a loyal employee,' " recalled Millette, who still has his Digital badge, No. 61763, and proudly notes he was Digital's 62 d hire in Vermont. ``I thought if I worked hard, did a good job, I wouldn't have anything to worry about."

Millette started at $2.85 an hour, but double-digit raises came every six months as Digital grew rapidly. He was promoted from solderer to inspector, technician, supervisor, and manager. He bought a three-bedroom home on a half-acre, for $41,000.

At the time, Millette's brother, John, worked for IBM, making for explosive family get-togethers. The brothers would argue the superiority of IBM or Digital with the intensity of Yankees and Red Sox fans. Eventually, their relatives imposed a new rule: No more talking about work.

``We both thought we worked for the best companies in the world," John Millette said. ``I ate, slept, and drank IBM. It was all first-class. If you worked hard and kept your nose clean, you had opportunity. You had a job for life."

Enter the `new economy' Thomas J. Watson Sr., a one-time traveling salesman, built IBM from a struggling conglomerate that made scales, time clocks, and mechanical accounting machines. Assuming the company's leadership in 1914, he forged IBM into a progressive employer, offering good pay, reasonable hours, safe conditions, and even vacations in an era before such policies were common. He once lectured executives that their prime duty was to employ people.

His son and successor, Thomas Watson Jr., brought the company into the computer age, stressing his father's principles of loyalty, dedication, and corporate responsibility. ``I wanted IBM to be recognized as one of the most generous employers in America," the younger Watson wrote in his memoir.

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Watson Jr. retired as chairman and CEO in 1971. By the 1980s, IBM and its core product, the mainframe computer, were under assault from new technologies and new competitors, such as Microsoft Corp.

The ``new economy" firms had different relationships with employees, market-based rather than paternalistic. Instead of security, they offer the chance of big payoffs through stock and stock options. Instead of the stability of traditional pensions, they offered the growth potential and mobility of 401(k) plans.

The 401(k), a tax-deferred savings plan, was created in 1978 and named for the section of the US tax code in which its rules are spelled out. A 401(k) is a ``defined contribution" plan, because employers contribute a set amount to employee retirement, often tied to how much workers themselves contribute. Ultimately, this form of retirement plan depends heavily on workers' investment decisions and the performance of financial markets.

A traditional pension, on the other hand, is known as a defined benefit plan. Employers promise to pay workers a set benefit for life after they retire, based on earnings and years of service.

As the cost to companies has escalated, the number of defined benefit plans has fallen by half since 1980, while defined contribution plans have quadrupled, according to the Center for Retirement Research at Boston College. Sixty-five percent of workers with pensions were covered by defined benefit plans in 1980, compared to 30 percent in 2003, the most recent data available.

Several factors are driving the transformation. Many companies view 401(k)s as more attractive because workers, now more mobile, can take the money they build up with them to new jobs. A 401(k) typically costs less for companies. Perhaps most important, the costs, essentially fixed by contribution levels, are predictable.

That's hardly the case with traditional pensions. To meet long-term obligations, companies invest pension funds in stocks and bonds, and make additional contributions as needed. But the amounts can swing wildly, with rising markets reducing corporate contributions and declining markets having the opposite effect.

During the bull markets of the 1980s and 1990s, US corporations made average pension contributions of about $30 billion a year, according to the Center for Retirement Research. When the stock market crashed, the contributions jumped to $45 billion in 2001, and $100 billion in each of the next two years.

Many analysts expect the recently enacted pension reform law to accelerate the shift to 401(k)s, because the law requires bigger corporate contributions to underfunded pension plans and increases exposure to market swings.

``Firms want to get rid of uncertainty, and they're basically shifting it to employees," said Jack VanDerhei, a fellow at the Employee Benefit Research Institute, a think tank in Washington.

Handing out layoff notices In the early 1990s, the same competitive forces buffeting IBM slammed Digital Equipment Corp. After nearly 16 years at Digital, Millette had risen from the factory floor to a manager's office. Now, he was handing out layoff notices.

``What do you mean?" he still remembers stunned co-workers saying. ``I'm doing my job."

Millette's own layoff came at the end of 1992. A few months later, Digital shuttered its Vermont plant.

Millette was 45, and, for the first time in his life, worried about retirement. He had always counted on a 30-year career at Digital and the healthy Digital pension, so he hadn't saved a lot. His wife, then a self-employed hair dresser working in her own small shop in Burlington, had no pension at all.

Millette soon found a job in quality control at a pharmaceutical company in St. Albans, near the Canadian border. But two years later, when he heard IBM was hiring in Essex Junction, east of Burlington, he jumped at the chance.

The commute was shorter and he preferred working in technology. Most important, the entry-level job, although paying about half his last Digital salary of about $23 an hour, offered a pension that would help fund his retirement.

``You get to a point in life where you say, `I'm 40-something-years old, and I'm looking for a job,' " Millette said. ``I needed a bridge to retirement. IBM gave me an opportunity to recover from my layoff."

Changes begin at IBM

By the time Millette joined IBM in 1995, it was undergoing dramatic changes. Two years earlier, bleeding revenues, profits, and market share, IBM abandoned its no-layoff policy and began slashing tens of thousands of jobs. The company then turned to Louis V. Gerstner Jr. to save it from collapse.

Gerstner, the first outsider to lead IBM, arrived via RJR Nabisco Inc. He engineered what became a legendary turnaround. He also re-engineered the relationship with workers. In 1997, IBM launched a redesign of the employee pension plan that cut benefits, laying the groundwork for further reductions later.

As a February 1998 IBM draft memo explained, new retirement policies should ``move away from entitlement focus; eliminate the concept of retirement to the extent possible;" and ``not create long-term incentives to remain at IBM."

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The memo was one of many filed as evidence in an age discrimination lawsuit brought by employees after IBM completed the pension redesign in 1999. A federal appeals court in Chicago recently ruled IBM's plan did not discriminate, but plaintiffs plan to appeal to the Supreme Court.

The revamped pension adopted by IBM is known as a cash-balance plan, which has features similar to 401(k)s. Companies essentially make annual contributions to individual employee retirement accounts, which grow at interest rates tied to short-term Treasury bills.

When workers retire, they can take their pension earnings as lump sums or convert them to annuities, which provide monthly payouts for life. As with 401(k)s, workers also can take these retirement accounts with them when they change jobs.

Employers, in turn, get more predictable costs, typically lower than traditional pensions. IBM, for example, estimated the cash-balance conversion would cut pension costs by as much as $472 million annually in the first 10 years, according to IBM memos filed in the age-discrimination suit.

IBM was one of several companies converting to cash-balance plans in the 1990s in the face of projections that pension obligations would balloon. Retirees were living far longer than they did when traditional plans were adopted, and the approaching retirement of some 78 million baby boomers only promised to add costs. What's more, the company was locked in competition with younger technology companies that had never offered traditional pensions.

The problem with IBM's pension plan, an undated memo argued, was that it provided ``benefits that substantially exceed'' IBM's competitors while continuing ``to reflect a lifetime employment model, which is no longer presumptively the right model.'' Instead, IBM needed to expose its workers to market forces, so they would ``share in the rewards and risks, along with IBM's shareholders,'' according to the February 1998 draft memo.

IBM executives also said they were competing for talent, and the portability of cash-balance would appeal to younger workers who didn't expect or seek lifetime employment. But, they acknowledged, it wouldn't be so good for older employees -- particularly those with short tenures, such as Millette, who could lose nearly half their benefits.

IBM officials declined to comment on the memos because the case is still in court. But generally, said Randy MacDonald, IBM's senior vice president for human resources, the company has changed benefits as the competition and workforce have changed.

Executive pay soars With a job at IBM, Larry Millette's life had at last stabilized. His performance ratings were high. Raises followed. His benefits seemed solid. He was perfectly content working on the manufacturing floor.

As he settled onto IBM's production line, taking less than one sick day a year, Millette had no idea executives were embarking on a course that would cut his promised pension in half. There was little reason to suspect it.

Gerstner's turnaround strategy had succeeded. Profits totaled about $20 billion from 1997 to 1999, and IBM's stock price hit new highs. The pension fund was healthy, too. At the end of 1997, shortly after IBM began efforts to cut pension costs, the fund had a surplus -- $8 billion more than needed to cover obligations.

The pension fund, in fact, was generating profits for IBM. Under accounting rules, pension fund investment returns that exceed current and some previous costs increase a company's earnings, just as investment returns that fall short of such costs reduce earnings. By 2001, excess returns grew to 13 percent of IBM's profit, up from 8 percent in 1999, when the cash balance plan was put in place.

The impact of pension income on IBM's bottom line was important to company executives, whose compensation was increasingly based on IBM's financial performance. Gerstner believed executives should face the same risks as shareholders, and tied compensation to profits and stock price through bonuses, stock options, and other incentives.

During his tenure, the top five executives, Gerstner included, were awarded options for around 6 million shares, valued at the time between $300 million and $900 million, depending on possible appreciation, according to SEC filings. These executives received the most options in 1997, just as the project to cut pension costs got underway.

Gerstner, through an IBM spokesman, declined to be interviewed. MacDonald, the human resources executive, said potential stock gains for executives never played a role in pension changes. ``To suggest a quid pro quo is completely irresponsible,'' he said.

Still, surging executive pay in boardrooms across America has likely played a role in the erosion of traditional pensions, said Alicia Munnell, director of the Center for Retirement Research. Employee pension plans cap benefits at about four times average wages to qualify for federal tax breaks. But as CEO pay soared to nearly 400 times average wages, these benefits became inconsequential to executives.

``The conventional pension system is really not something they relate to,'' Munnell said.

Many companies, including IBM, created separate executive pension plans to provide retirement benefits above the cap, further disconnecting corporate officers from employee pensions, Munnell said. In Gerstner's case, his $1.1 million-a-year pension was negotiated in his contract, and unaffected by changes to the employee and executive pensions.

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Gerstner retired from IBM in 2002, at 60, having engineered one of the greatest corporate turnarounds in history. On top of his pension, he was granted 125,000 shares of IBM stock, with an estimated value of about $14 million, and a 10-year consulting contract that gives him access to IBM perks, such as corporate cars and aircraft. As a consultant, he gets daily fees based on his final salary of $2 million a year. He also held nearly $150 million in unexercised stock options.

`The rules have changed' IBM unveiled the cash-balance plan in 1999, but it sparked such outrage among employees that the company allowed those over 40, with at least 10 years of service, the choice of keeping the old pension. Millette, with only four years at IBM, didn't get the choice. He was 52.

Today, seven years later, Millette's pension is changing again, and he's not sure it's for the better. In January, IBM said it would freeze pension benefits at the end of 2007 and put in place one of the nation's most generous 401(k) plans, more than doubling IBM contributions to employee accounts.

The company projects that that move and changes in other countries will cut pension costs by as much as $3 billion through 2010. MacDonald, the human resources executive, said IBM faces competitors from Asia and Latin America with far lower costs. If IBM fails to control costs, MacDonald said, the company risks the fate of US steelmakers, automakers, and airlines, which have plunged into or near bankruptcy, slashed tens of thousands of jobs, and, in some cases, abandoned pension obligations altogether.

``We have to evolve with our competition," MacDonald said. ``In the end, our employees understand, this is all about their employment security."

The 26,000 employees still in the traditional-type plan feel the greatest impact from the freeze. But IBM estimates 401(k) contributions -- up to 10 percent of pay -- and investment returns will offset benefit losses. Most of these workers will lose 5 percent or less of their retirement benefits, IBM said.

For employees in the cash-balance plan, IBM will contribute the same amount to their retirement -- up to 8 percent of pay -- but all of it will go into 401(k)s, instead of being divided between cash-balance and 401(k) accounts.

But not ending up worse is cold comfort to Millette, who lost about half his promised pension in the cash-balance conversion.

Millette's retirement problems really began with his Digital layoff. Traditional pensions are structured to gain their greatest value in the final few years of a 30- or 35-year career, so Millette never had the chance to earn those benefits. And he could never make them up.

When the IBM pension freeze goes into effect at the end of next year, Millette will be 60. Using his current earnings of about $40,000 a year, and assuming an annual rate of return of 8 percent, Millette would have to work at least 12 more years before IBM's additional 401(k) contributions equal the benefits he would have received at 65 under the pension he was first promised. That would make him 72.

Millette once thought he might be able to stop working at 62 or 63, but not anymore. Still, he considers himself lucky. He at least has some pension benefits coming from IBM as well as nearly $800 a month from his Digital plan. He has also boosted his 401(k) savings to 17 percent from 15 percent of his pay.

Still with his retirement increasingly dependent on Wall Street, it's hard to feel very secure, Millette said. In addition, health care costs are surging, and could very quickly gobble up retirement income.

``We're comfortable and I'd like to keep this same comfortable feeling," said Millette's wife, Rose, 56. ``I'm worried we won't be able to."

Sitting in the living room of their home, Millette recalled his early days at Digital, when everything seemed secure, and the day he was hired at IBM, when it seemed all right again. Today, Millette says he feels lucky to have a job at all.

IBM laid off hundreds of workers in Vermont a few years ago, and has shed some manufacturing operations. Last year, for example, IBM sold its personal computer unit to Chinese computer maker Lenovo, which later cut 1,000 jobs.

IBM arrived in Essex Junction a half century ago, providing new hope to a community reeling from the shutdown of three textile mills. A job at IBM quickly came to mean good pay, expansive benefits, and lifetime employment.

In recent months, as Millette pulled into work in dusk of early morning, he was reminded how much things have changed. Stretched at the entrance of sprawling complex, a sign advertised for temporary manufacturing workers. Length of job: No more than three years.

``My father, he was in the generation where you worked for a company your whole life, and everything was taken care of," Millette said. ``But all the attitudes have changed. All the rules have changed."

In Campaign Ads For Democrats, Bush Is The Star (NYT)

By Adam Nagourney

The New York Times, September 17, 2006

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WASHINGTON, Sept. 16 — From Rhode Island to New Mexico, from Connecticut to Tennessee, President Bush is emerging as the marquee name in this fall's Congressional elections — courtesy not of his Republican Party but of the Democrats.

A review of dozens of campaign commercials finds that Mr. Bush has become the star of the Democrats' advertisement war this fall. He is pictured standing alone and next to Republican senators and members of Congress, his name intoned by ominous-sounding announcers. Republican candidates are damned in the advertisements by the number of times they have voted with Mr. Bush in Congress.

Not surprisingly, given that Mr. Bush's job approval rating continues to hover around 40 percent, it is hard to spot the president in any of the Republican advertisements that were reviewed. In what may be taken as an indication of changing Republican tastes, Senator John McCain of Arizona is popping up everywhere.

There is Mr. Bush on television screens in Colorado, in an advertisement urging the election of Angie Paccione, a Democrat, leaning over to plant a big kiss on the forehead of Representative Marilyn Musgrave, a Republican.

There is Mr. Bush on the television screens in New Mexico, standing on a stage shoulder-to-shoulder with Representative Heather A. Wilson, a Republican struggling to keep her seat. "Heather Wilson supports George Bush on the war in Iraq with no questions asked," the announcer says, in an advertisement for Patricia Madrid, the Democrat.

The White House has entered this campaign season looking to seize control of the political dialogue by moving the debate away from issues like Iraq and to Mr. Bush's role in the campaign against terrorism. The decision by Democrats to invest in advertising directly attacking the war in Iraq, the administration's war on terrorism and the once overwhelmingly popular president is a marked turn from how they handled these issues in 2002 and 2004.

The emergence of this recurrent theme in Democratic advertising is not a coordinated push by the legions of consultants, party leaders, campaign managers and candidates. Democrats said using advertisements involving Mr. Bush was almost an obvious thing to do, given his lack of popularity, and reflects the effort by many in the party to turn this election into a national referendum on Mr. Bush.

"In certain districts he's exactly who we want to pivot off," said Representative Rahm Emanuel, the Illinois Democrat leading the effort to win the House. "I tell all the candidates: Him and his agenda are on the ballot this year."

Evan Tracey, chief operating officer of the Campaign Media Analysis Group, a firm based in Virginia that tracks advertising, said Saturday that candidates and independent issue groups had already spent $900 million on statewide and national campaigns this year. Mr. Tracey said he expected that by Election Day, the spending would be $1.6 billion, a new record. At a minimum, millions are being spent by the Democrats on ads featuring Mr. Bush.

The strategy has risks. In part, the goal of the Democrats' advertisements is to rile up their base. But Glen Bolger, a Republican pollster, said that the constant attacks on Mr. Bush appeared to be accomplishing something Republicans had been unable to do: riling up Republican base voters.

"One thing we are seeing in our polling is that the Democratic campaign is helping to jazz up Republican voters," Mr. Bolger said. "There are two concerns among Republicans: Is our base going to turn out, and how are we going to get out swing voters. The Democrats are taking care of our first concern."

Many Republicans, and some Democrats, say it will be hard for Democrats to win unless they go beyond attacking Republicans and offer a program of their own. And Ken Mehlman, the Republican national chairman, said the Republicans' own experience in politics suggested that running against someone who is not on the ballot is challenging. "The last time this kind of morph ad was tried was in '98 when we tried to nationalize the races against Clinton and it didn't work," he said.

Kenneth M. Goldstein, an associate professor of political science at the University of Wisconsin who studies campaign advertisements, said the focus by Democrats on Iraq and security was a sharp shift from what he had observed in the last two election cycles. Then, Mr. Bush was far more popular and public opinion on the war had not changed, but Mr. Goldstein argued that the Democrats still might have made a mistake in not trying to at least challenge Republicans on the war.

"If you're running a campaign, you try to engage on a subject or change the subject," Mr. Goldstein said. "The Democratic strategy in 2002 and 2004 was very much to change the subject."

This time around, Mr. Bush can be found in Democratic advertisements running in Pennsylvania, Rhode Island, Arizona, Tennessee, New Jersey and other states.

In New Jersey, Senator Robert Menendez, a Democrat facing a tough election battle, strode along the New Jersey waterfront, attacking the president — rather than, say, the Republican he is running against this fall, Thomas H. Kean Jr. — as failing to improve security in the nation's ports.

"Five years after 9/11, President Bush still doesn't get it: homeland security starts here," Mr. Menendez says.

In Rhode Island, Sheldon Whitehouse, the Democratic challenger to Senator Lincoln Chafee, turns to a room of voters and says, "I want to make it absolutely clear that we need to effect a responsible deployment of our troops out of Iraq." In South

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Florida, Representative E. Clay Shaw Jr. is pictured between photographs of Mr. Bush and Vice President Dick Cheney, under the words, "Shaw votes for the Bush/Cheney agenda 90 percent of the time." The announcer says that Mr. Shaw, who is facing a tough challenge from Ron Klein, is "refusing to question their handling of the war in Iraq."

Howard Wolfson, a Democratic consultant, produced a television advertisement for Kirsten Gillibrand, the Democratic challenger to Representative John E. Sweeney of New York, that opens with the image of Mr. Bush saying, "We are making good progress in Iraq."

"You wouldn't have done that two years ago," Mr. Wolfson said.

Republicans have responded with advertisements attacking Democrats for raising taxes and as being weak on national security. And they have invoked their own political totems: In Indiana, Republicans use a picture of Representative Nancy Pelosi of California, the Democratic leader who would probably become the next speaker should Democrats take the House, in an advertisement attacking Brad Ellsworth, a Democratic sheriff running a very threatening challenge to Representative John Hostettler.

"Pelosi and other Democrats want to raise your taxes, cut and run in Iraq and give amnesty to illegal immigrants," the announcer says.

The Republicans have turned to images of Mr. McCain in ads, including one for Mr. Kean in New Jersey.

But for sheer star power, nothing matches a president, as Republicans certainly demonstrated in 2002 and 2004, when Mr. Bush was a constant presence in almost all the Republican campaigns. Mr. Bush's image this fall is being invoked by Democrats as a proxy for Americans who want change in Washington; who oppose the war in Iraq; who think Mr. Bush has not done enough to protect the nation from future terrorist attacks; or who are angry with changes Mr. Bush has pressed in Medicare.

"It's not just photos," said John Lapp, who runs the Democratic campaign committee's independent advertising program. "It's statements and actions and votes that show a pattern of people being with Bush."

Steve Murphy, a consultant whose firm made the Iraq advertisement for Ms. Madrid of New Mexico, said: "The war is a dominant issue. For all these Republican candidates who are going through gyrations to distance themselves from Bush — well, if they support Bush on the war, there is nothing more illustrative of the fact that they are in bed with Bush."

Senator Charles E. Schumer, the New York Democrat leading his party's campaign to take back the Senate, said: "In 2004, people were still happy with Bush's course in Iraq. Now they are not."

That shows in terrorism, too. Representative Harold E. Ford Jr., a Democratic candidate for Senate in Tennessee, walks through an airplane as he criticizes the administration's efforts in protecting the nation from terrorism, and mocks any suggestion that the White House deserves credit for the arrests in Britain of a ring of terror suspects accused of plotting to bomb airlines headed for the United States.

"Thank God the British stopped them," Mr. Ford says, adding: "Today our ports and borders remain vulnerable to terrorists."

Is The Incumbent Too Close To Bush? Or Not Close Enough? (NYT)

By Robert Pear

The New York Times, September 17, 2006

In this television commercial, Patricia Madrid, a Democrat from New Mexico running for the House of Representatives, highlights a theme of her campaign: that her opponent, Representative Heather A. Wilson, a Republican, is too close to President Bush on Iraq and other issues.

THE SCRIPT "It's a simple choice. Heather Wilson voted for the Bush-Cheney energy plan. She voted for their Medicare plan that gives pharmaceutical companies $139 billion, instead of requiring Medicare to negotiate lower prescription drug prices. And Heather Wilson supports George Bush on the war in Iraq with no questions asked. If you agree, you should vote for Heather Wilson. But if you want change in Washington, Patricia Madrid for Congress."

ON THE SCREEN The spot opens with a picture of Ms. Madrid, the state attorney general, in what appears to be a courtroom. It then shows drilling operations and a pharmacy counter, with headlines that say "Elderly will have to pay for government's sellout'' and "Insurance, drug industries will benefit most from bill." When the commercial focuses on Iraq, it shows Ms. Wilson standing shoulder to shoulder with Mr. Bush.

ACCURACY In 2005, Ms. Wilson voted for an omnibus energy bill that followed the general outlines of Mr. Bush's energy program, emphasizing greater production of oil, gas and coal. In 2003, she voted with most Republicans for the bill that added a prescription drug benefit to Medicare. Republicans say the new Medicare program has been a boon to older Americans. Under the law, Medicare officials cannot negotiate prices with drug manufacturers. But Republicans say that private insurers have negotiated substantial discounts for Medicare beneficiaries who enroll in their prescription drug plans.

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Ms. Wilson, a former Air Force officer, has generally supported the war in Iraq, saying Americans would be less safe if the United States abruptly pulled out its troops without completing the mission set by the Bush administration.

On the other hand, in recent months, she has displayed a large degree of independence on some issues. In February, she broke ranks with Mr. Bush and said she had "serious concerns" about the administration's wiretapping program. She has led House efforts to regulate the use of such surveillance, by imposing more restrictions than the White House wants. Ms. Wilson is chairwoman of a subcommittee of the House Permanent Select Committee on Intelligence that monitors the National Security Agency, but she said she learned of the wiretapping program from news accounts in December.

In this advertisement, Representative Nancy L. Johnson, Republican of Connecticut, portrays her Democratic opponent, Chris Murphy, as weak on national security issues.

THE SCRIPT The narrator, speaking in urgent tones, says: "A call is placed from New York to a known terrorist in Pakistan. A terrorist plot may be unfolding. Should the government intercept that call or wait until the paperwork is filed? Nancy Johnson says: 'Act immediately. Lives may be at stake.' Liberal Chris Murphy says: 'No. Apply for a court warrant even if valuable time is lost.' Chris Murphy — wrong on security, wrong for America."

ON THE SCREEN The commercial creates the feel of a military or intelligence command center, full of high technology and grainy pictures with an eerie green tint. The spot begins with a satellite image of Earth and focuses in on North America. A yellow line arcs from the United States to Pakistan as the narrator describes the telephone call to a terrorist. When the narrator suggests that Mr. Murphy would delay electronic surveillance, words flash across the television screen: "Signal lost. Access denied. Data inaccessible due to regulation DD247/22Y. All further intel denied. Authorization code 7726C." A few seconds later the viewer sees a similar message: "Access denied. Court order required." The screen shows a blur of government paperwork, including a document from the Senate Judiciary Committee. The spot concludes with a picture of Mrs. Johnson, her right hand over her heart, and four veterans in the act of saluting. All look upward, as if to a flag in the distance.

ACCURACY Mrs. Johnson, a member of Congress since 1983, is best known for her work on Medicare and insurance issues. But this commercial underlines her contention that her top priority is to protect the nation against terrorist attacks and that electronic surveillance is needed to "protect American lives."

Mr. Murphy, a state senator, says the commercial misrepresents his position. He says he would not force the government to delay wiretaps on calls involving suspected terrorists, but would require officials to follow procedures set forth in existing law: the attorney general can authorize the emergency use of electronic surveillance if he seeks court authorization within 72 hours. Mr. Murphy maintains that the administration has flouted the requirements of current law, and in a statement this week he said, "Nancy Johnson's loyalty to President Bush is so strong that she supports him even when he breaks the law."

Candidate Agonistes And Iraq (WP)

By David S. Broder

The Washington Post, September 17, 2006

The headline Thursday morning from Iraq read: "Nearly 100 Killed in Baghdad During 24 Brutal Hours." That's what faced embattled Republican Rep. Chris Shays of Connecticut -- along with a plate of lukewarm scrambled eggs and a tableful of reporters at a press breakfast sponsored by the Christian Science Monitor.

Shays waved away the breakfast plate, but he had a harder time dismissing his own doubts about what he terms "the noble mission" that brought the United States to Iraq.

By the end of an hour, it was clear to everyone that the war has reduced this 60-year-old, nine-term veteran of the House to a complete head case -- consumed by the convoluted efforts to square the circle of his own conflicting impulses.

Shays's symptoms are important, because he is no ordinary member of Congress. He has made 14 trips to Iraq in the past three years as chairman of a subcommittee on national security -- more, he says, than any other legislator.

He made news in August by saying that, as a longtime supporter of the war, he thought it was time to tell the Iraqi government that unless it acted promptly to unify the country, U.S. forces would have no choice but to withdraw.

What emerged at breakfast was a far more nuanced -- and tortured -- set of views and a self-absorbed soliloquy that may reveal what is going on inside the heads of other politicians less prone than Shays to treat a breakfast for reporters as a session on the psychiatrist's couch.

Shays brought a bundle of contradictions to the Iraq issue. A conscientious objector during the Vietnam War, he had to wrestle with his conscience and, he said, his religious faith as a Christian Scientist before he could support President George H.W. Bush's decision to use force to repel Saddam Hussein's invasion of Kuwait.

But he had no qualms about the current president's decision to invade Iraq, because he believed Hussein had weapons of mass destruction. And even now he expresses scorn for those who say they regret their votes to authorize this war because the weapons were not there. "I would never back away from my vote," he said.

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On the other hand . . . .

"The president has no credibility," Shays said, because of that intelligence blunder and because management of the war has been awful. Notable as he found the Iraqis' political achievement in writing and ratifying a constitution and electing a government in Baghdad, he said: "Since January, there has been no progress" toward reconciling Shiite-Sunni conflicts and transferring the responsibility for policing the country to the growing army of Iraqis.

Shays said he has become skeptical that the Shiite-dominated government on which the administration has placed its reliance will ever take the necessary steps -- unless the United States makes them a condition for its remaining.

On the other hand . . . .

It would be "immoral," Shays says, simply to set a date or a timetable for withdrawal, as Ned Lamont, who won the Democratic Senate nomination in Connecticut over Sen. Joseph Lieberman, has suggested. Rather, Shays said, withdrawal should be conditioned on the Iraqis reaching certain specified troop levels, after which every new Iraqi soldier or police officer would mean another American could come home, until only a residual force was left.

Shays's position now is almost identical to that of his Democratic challenger, Diane Farrell, who has continued to attack President Bush's policies and fault Shays and the Republican Congress for "lax oversight" of the war.

But Shays says that, unlike his critics, he believes fervently that the threat of Islamic terrorism is real and growing and that the president's second inaugural speech, calling for a worldwide offensive for democracy, represents a "historic" redefinition of American purpose.

Shays stopped off at Scotland Yard on his way home from Iraq last month, and what he learned from the British alarmed him: Al-Qaeda cells with technology more advanced than those arrested in August for planning to blow up airplanes on transatlantic flights are probably operating today. He is convinced that we will be attacked some day with chemical, biological and possibly nuclear weapons. He feels like a lonely Paul Revere, trying to warn people to take precautions.

But ultimately, he acknowledged, "my only concern is my own credibility." It is terribly important to Shays that his agonizing over Iraq not be confused with any worry about reelection. His race is very much in doubt, but he wants everyone to know that "if Iraq costs me election," it will not bother him. He just wants his constituents to know he cares.

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O'Malley, Cardin Hope To Link Rivals To Bush (WP)

By Matthew Mosk And John Wagner, Washington Post Staff Writers

The Washington Post, September 17, 2006

Republicans Say Tactic Won't Work

The campaigns are for high political office in Maryland, but the Democratic candidates' toughest attacks are focused on a man from Texas: George W. Bush.

Baltimore Mayor Martin O'Malley, who is challenging incumbent Republican Gov. Robert L. Ehrlich Jr., calls his opponent "the George Bush Mini-Me of Maryland," and he has plastered the same photo on three recent campaign mailers. It shows Ehrlich and the president arm in arm.

Benjamin L. Cardin (D), the 10-term congressman from Baltimore who is taking on Republican Lt. Gov. Michael S. Steele in the race for an open U.S. Senate seat, mentions his opponent on the stump. But he saves a battery of attacks for Bush and urges voters to elect Cardin because "George Bush is leading this nation in the wrong direction."

The Democratic effort to nationalize the two high-profile Maryland campaigns is unmistakable, the latest sign that party leaders believe anger at the president might be the decisive emotion that drives voters to the polls in November.

Republicans, however, say it won't sell.

"They don't seem to realize that George Bush isn't running for Senate or governor in Maryland," said state GOP Chairman John Kane. "I think they're so lost for something to grab onto to move this state forward that this is all they can talk about."

Republicans aren't countering by embracing Bush, though -- Steele and Ehrlich skipped the president's recent Labor Day visit to Maryland. Instead, they have been running campaigns that never mention their party affiliation, casting themselves as party-neutral moderates.

In his ubiquitous first campaign ad, Steele tells viewers he'll "talk straight about what's wrong in both parties."

Ehrlich's campaign is more issue-oriented, but he also has used advertising to try to convey a centrist, party-neutral image. In his first commercial, supporters tell viewers: "He doesn't govern from the right. Or the left. But the center, where most of us are."

Parris N. Glendening (D), a former two-term Maryland governor, said the Steele and Ehrlich campaigns offer the best evidence that the Democrats are onto something.

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"To me, the strongest sign that this strategy is going to work is in the way the Republicans are responding," Glendening said. "Look at them. They're running as fast as they can from their party."

Glendening said Maryland Democrats are following a road map that is being used in contests throughout the country. It's a strategy that mirrors the 1994 Republican plan, in which GOP candidates across the country sought to tar opponents by linking them to a then-unpopular President Bill Clinton, said Jim Jordan, a national Democratic strategist.

"Especially in a Democrat-dominated state like Maryland, where there's a thirst for change, it's smart politics to try to tap into that kind of passion," Jordan said.

Democrats received the same advice in a March strategy memo that advised linking Steele to Bush. The party followed suit, going so far as launching a Web site to highlight those ties.

A Washington Post poll in June found that the president had a 33 percent approval rating in the state and that 56 percent of voters would be less likely to support a candidate who they knew had Bush's support.

Two months before Ehrlich was elected in November 2002, Bush was seen favorably by 56 percent and unfavorably by 29 percent of Maryland voters, according to a Gonzales/Arscott Research and Communications poll.

In appearances since winning the Democratic nomination Tuesday, Cardin has repeatedly linked Bush to Steele. At a Democratic rally Friday in Annapolis, Cardin said Bush should be held accountable for "blocking" stem cell research and shortchanging education funding.

Yesterday, at a rally in Baltimore, Cardin said Steele sounded like a Democrat when he made his acceptance speech as the Republican nominee.

"Isn't this the same Michael Steele that George Bush recruited to run for the United States Senate?" Cardin asked the crowd.

Bush has not been as central a focus of O'Malley's effort to unseat Ehrlich, but references to Bush have been sprinkled throughout his speeches, mailings and campaign commercials.

O'Malley speeches include a section about the federal government's slow response to Hurricane Katrina, widely considered a low point in Bush's presidency.

At a recent forum on disability issues, O'Malley invoked Bush's name more than a dozen times as Ehrlich stood on stage looking befuddled by the line of attack. O'Malley said that federal spending cuts were hampering state programs to aid the disabled.

"We need a governor who can stand up against the wrongheaded, mean-spirited . . . cuts being shoved down on the state . . . by the Bush administration and the Republican Congress," O'Malley said.

O'Malley has repeatedly said Bush and Ehrlich are "in lock step" and in an interview Friday gave several examples, including Ehrlich's refusal this year to fight a Bush administration plan to allow a company owned by the government of Dubai to manage the Port of Baltimore. O'Malley said Ehrlich and Bush oppose raising the minimum wage, oppose allowing reimportation of drugs from Canada and support tax cuts that have disproportionately benefited the wealthy.

"I think he tries to emulate George Bush in every way," O'Malley said.

Anthony G. Brown, the Prince George's County delegate who is O'Malley's running mate, repeated that line -- "in lock step" -- five times during an interview Friday. The campaign is trying to reinforce that idea, Brown said, because the governor is "trying to portray this image that he's in the center."

For the most part, Ehrlich shrugged off O'Malley's efforts to link him to Bush, as he did when asked about it by reporters last week.

"I can't wait for the next person he wants to demonize," said Ehrlich, suggesting that the focus of the race should be on their respective records.

"Obviously, I agree with the president on a lot of issues," Ehrlich said. "I disagree on some."

The most notable differences are stem cell research and abortion rights, both of which Ehrlich supports.

Hans Kaiser, head of the Annapolis office of the GOP polling firm Moore Information, said Ehrlich is right to shrug off efforts to nationalize the campaign.

"The problem with it is, governors are very different than the national figures," said Kaiser, who is not working on any Maryland races. "It may work to generate enthusiasm with the Democratic base, but the people in the middle, those are the folks who don't respond to that argument. And they're the ones who will determine the outcome of the race."

Ehrlich, Kaiser said, should continue running on his record.

Ads the governor is airing in the Washington market target voters from both parties by focusing on issues with broad appeal in Maryland -- boosting funding for education, providing state money for stem cell research and cleaning up Chesapeake Bay.

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Ehrlich's television spots in Baltimore, meanwhile, have for weeks focused narrowly on the performance of Baltimore schools -- an issue as local as they come.

In recent candidate forums, Ehrlich stressed how successful his administration has been in getting "waivers" to allow the state additional discretion on how it spends federal dollars on state programs.

But in making his case, Ehrlich never mentioned the president by name.

What Would The Democrats Do? (NYT)

By John M. Broder

The New York Times, September 17, 2006

WASHINGTON

FOR Democrats in Congress and those hoping to join them, the troublesome war in Iraq presents both a significant political opportunity and an exquisite dilemma.

Some recent polls show that voters consider the war the most important issue facing the country today and are very uneasy about the way the Bush administration is handling it.

Yet the public appears evenly split on what to do about it. Half say the United States should keep its troops in Iraq and the other half want the soldiers brought home. Half support a firm timetable for withdrawal; the other half think that's a bad idea.

So what's a Democratic candidate for Congress to say about Iraq, beyond articulating a broad antiwar message? Should he or she present a detailed plan for extricating the country from the increasingly unpopular war? Offer support for a firm timetable for withdrawal but leave the start and end dates vague? Say that such decisions are best left to the generals on the ground? Or just keep pounding President Bush, Secretary of Defense Donald H. Rumsfeld and the Republicans in Congress for starting a misbegotten war with no way out?

Democratic candidates around the country are trying each of these approaches in a cacophony of frustration and sorrow, reflecting divisions in the party at the national level. If it is hard to see a Democratic plan to end the war, it's because there isn't one.

"It's a dog's breakfast," said Andrew Kohut, president of the Pew Research Center for the People and the Press, which has done extensive polling on public attitudes toward the war. "The reason that Democrats aren't talking about specific plans to end the war is because it's hard to figure out what to say without alienating a broad swath of the electorate."

Among the Democrats trying to find the right message on Iraq is Eric Massa, a United States Naval Academy graduate who spent 24 years on active duty and then worked as a staff member in Congress. He is challenging a freshman Republican representative, John R. Kuhl Jr., for a seat in western New York State. Mr. Massa offers a thought-out critique of the Bush policy in Iraq, based on his years in uniform and his service as a senior NATO officer dealing with the civil warfare in Bosnia.

"We will never be successful in creating a Jeffersonian democracy in Iraq at the tip of a bayonet," he said. "That's a fool's errand. The longer we try it, the more dire the consequences."

He gave qualified support for a plan devised by Senator Joseph R. Biden Jr., Democrat of Delaware, to create three semiautonomous regions in Iraq to keep the Kurds, the Shiites and the Sunnis from each others' throats. Mr. Biden's plan is one of the most detailed Democratic blueprints for ending American involvement and has been embraced by a number of Democratic House and Senate candidates.

But even a staunch antiwar candidate like Mr. Massa, backed by the liberal group MoveOn.org and Senator John Kerry, now one of the strongest antiwar voices in Congress, flinches from calling for an immediate withdrawal from Iraq.

"Even if we started today," Mr. Massa said, "it would take 6 to 18 months to make it happen. But if we don't start today, we will never withdraw."

Mr. Massa's opponent pounced, calling that position tantamount to surrender. "That's the old cut and run," Mr. Kuhl said. "I will not send up the white flag as my opponent says he will."

The Kuhl-Massa debate, if you can call it that, illuminates the difficulties at least some Democrats are having talking about Iraq. The more specific they are in proposing solutions to the impasse in Iraq, the more they open themselves to Republican charges of defeatism, or worse.

"Is the 'cutting and running' charge working?" asked Douglas Foyle, a professor of political science at Wesleyan University. "My sense is it's not working so far, but that's not to say that it won't work later. The public doesn't really like the way things are going, but it isn't yet ready to run away."

A Pew Research Center poll released last week found that Democratic candidates attract strong support among Democratic voters by advocating immediate withdrawal, but that position tends to repel independents. The safest position appears to be supporting a timetable for withdrawal, which independents favor by 35 to 20 percent.

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Professor Foyle said the situation Democrats face today is in some ways reminiscent of the 1968 election, in which neither President Lyndon Johnson nor the Democratic nominee for president, Vice President Hubert Humphrey, could answer growing public restiveness about Vietnam.

"L.B.J. lamented that he would listen to anyone who had a plan that met American goals and got the troops out of Vietnam," Mr. Foyle said. "Nobody had one."

THAT gave Richard Nixon freedom to run on a vague antiwar platform, promising to achieve "peace with honor" without having to say how he would do it. Some parodied his position as Mr. Nixon's "secret plan." But as a political strategy it worked. He won the White House, while it was five years before American troops were out of Vietnam.

Some Democratic candidates believe it is enough for them to point out the problems with the Iraq war and ride the tide of dissatisfaction into office. Others feel some duty to offer an alternative.

James Webb, a former marine and secretary of the Navy who is challenging Senator George Allen, the Virginia Republican, said that Mr. Allen and his allies ridicule him for criticizing the American war effort without offering a concrete plan to salvage it.

"The political conundrum that the Republicans really like is that they want the Democrats to step forward and say here's the timetable so they can attack the timetable," Mr. Webb said in an interview last week. "But my question is, 'What is your plan?' You say, 'Stay the course.' What does that mean?"

For his part, Mr. Allen hews quite closely to the White House on Iraq, and attacks Mr. Webb for offering what he says is a hodgepodge of proposals that do not deal with the immediate security crisis on the ground. "Like the Democrats nationally, Jim Webb cannot present any kind of clear position about where to go from here," said Mr. Allen's campaign manager, Dick Wadhams.

In New Mexico, Patricia Madrid, the Democratic attorney general, is trying to unseat Representative Heather Wilson, a Republican on the House Intelligence Committee. Ms. Wilson is an Air Force Academy graduate, a Rhodes Scholar and a former National Security Council staff member.

Ms. Madrid said that she entered the race specifically to challenge Representative Wilson on Iraq, saying she bore particular responsibility by failing to exercise oversight of intelligence agencies that produced inaccurate reports on Iraqi weapons programs. "With all her experience, she should have known better," Ms. Madrid said.

Ms. Madrid has demanded that the administration produce a plan to end American involvement within a year, but she does not feel compelled to offer a specific plan of her own. "My proposal is to get out as soon as possible," she said. "I'm not a general, but this plan could involve some sort of redeployment of our troops in the region."

Representative Wilson, while expressing some misgivings about the conduct of the war, hits back at the early exit idea, framing the debate as "a choice between resolve and retreat."

Senator Biden, a once and possibly future presidential candidate, said that the Democrats probably can make substantial gains in the House and the Senate simply by pointing out how badly things are going in Iraq. But he said that Democrats and the public would be better served by a detailed discussion about how to get out of Iraq without leaving chaos behind.

"Pulling our troops out might be a last-ditch requirement, but it's not a plan," Mr. Biden said. He said that his proposal for partitioning the county could form the basis for a lasting solution that allowed American forces to exit in a reasonable time.

Bruce W. Jentleson, a professor of public policy at Duke University and an official in the State Department's office of policy planning under President Bill Clinton, said it may be unrealistic for some candidates to be so specific. "Most Congressional candidates don't have the savvy or experience to present a detailed plan for Iraq," said Mr. Jentleson, who advised Al Gore in the 2000 campaign but who is not working with any candidates this year. "If they're asked one hard question past their talking points, they won't be able to answer it.

"Many of them think it's enough to run on negativity on the Bush policy. I'm not convinced that's true. That feeds the perception that Democrats know what they're against but not what they're for."

Save Yourself, Blame Bush (WP)

By Joe Scarborough

The Washington Post, September 17, 2006

I can't help but feel sorry for my old Republican friends in Congress who are fighting for their political lives. After all, it must be tough explaining to voters at their local Baptist church's Keep Congress Conservative Day that it was their party that took a $155 billion surplus and turned it into a record-setting $400 billion deficit.

How exactly does one convince the teeming masses that Republicans deserve to stay in power despite botching a war, doubling the national debt, keeping company with Jack Abramoff, fumbling the response to Hurricane Katrina, expanding the

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government at record rates, raising cronyism to an art form, playing poker with Duke Cunningham, isolating America and repeatedly electing Tom DeLay as their House majority leader?

How does a God-fearing Reagan Republican explain all that away?

Easy. Blame George W. Bush.

Escaping political death by attacking an unpopular president is hardly new -- especially since most endangered politicians have the loyalty of a starving billy goat. But this is Dubya's Washington, where the White House has pushed around, bullied and betrayed GOP lawmakers for years.

Republican House members and senators always believed that this White House took them for granted. But after the attacks of Sept. 11, 2001, most of them had no choice but to sulk in their cloakrooms, listen to Debby Boone on their iPods and take it like a man. Bush was a rock star among the party faithful through the 2004 election, so crossing this popular commander in chief was not an option. That's not to say that Old Bulls didn't privately growl about how they were treated better when their old nemesis was still frolicking with an intern. So what if Bill Clinton misbehaved? At least that president found time to personally negotiate terms of subcommittee markups -- even if he was defiling the Oval Office at the same time.

But that kind of give-and-take between presidents and members of Congress ended once Clinton retired to Chappaqua. For the next five years, Republicans on the Hill would do little more than rubber-stamp Bush's domestic and international agenda because lawmakers were intimidated by his power and his popularity with the Republican base.

Even when the administration would not give generals the troops they needed to win the war in Iraq, Republican leaders did nothing. When the president refused to veto a single spending bill while the deficit spiraled upward, Republican leaders looked away. And when chaos was reigning in the streets of New Orleans and across the Gulf Coast in Katrina's horrific aftermath, Republican leaders remained mute.

That silence -- proof that it is better to be feared than loved in politics -- has had devastating results. The United States is more divided than ever, our leaders are despised around the world, our fiscal situation is catastrophic and congressional approval ratings are the lowest ever. Since nothing sharpens the mind like a political hanging, Republican leaders in the Senate and House are finally considering doing what effete newspaper editorialists have suggested for years: throwing Bush overboard.

Of course, the mere suggestion makes some Republican loyalists shudder. Being a faithful follower of Brother Bush has long been synonymous with loving Jesus, supporting the troops and taking a stand against sodomy. But no more. Many of the conservatives who put Ronald Reagan and Newt Gingrich in power are counting the days until Bush goes to Crawford for good. Some mutter that their leader's governing style looks more like Jimmy Carter's every day -- and among that crowd, there is no harsher insult.

I recently ran a segment on my MSNBC show asking whether Bush was an idiot. After the show, I actually received positive feedback from conservative friends, along with the predictable condemnation from White House staffers. The response was telling and suggested that attacking Bush from the right carries no political risk -- a useful pointer for House members facing tough campaigns.

If I were a GOP candidate this year, I would not call the president an idiot (he isn't). But I would spend the next 50 days of the campaign telling conservatives and liberals alike that even though I voted for this war once and this president twice, time has proved that Bush and Defense Secretary Donald H. Rumsfeld were wrong to think that the nation could win Iraq on the cheap. I would also look them in the eye and say that our president was wrong to believe that the United States could fight a war, cut taxes and increase federal spending, all at once. I would castigate my president for claiming to support homeland security while allowing our borders to remain wide open.

I suspect that voters of all persuasions would like that message. Independence is almost always rewarded at the polls. I learned this by accident while running for Congress in 1994, when the local, state and national Republican machines worked overtime to elect my opponent in the primary. I was considered too young, too inexperienced and too conservative.

But after winning 62 percent of the vote, I arrived in Washington an independent man. I criticized Clinton for vetoing welfare reform; I went after Gingrich for backing off spending cuts. Both times, my constituents roared with approval. The best part is that I was rewarded for saying what I believed -- another pointer for today's Republicans.

Using a midterm campaign to run away from your party's president is not unprecedented. In 1994, Democrats did it while GOP challengers were busy tying Clinton's political carcass around their necks. Some Southern Democrats were so desperate to run away from Clinton's tax increase and health care debacle that they in effect told White House operatives that any attempt to send Air Force One to their districts would be met with antiaircraft fire.

In the end, Democrats' efforts to save their majorities in the House and Senate were futile. Right-wing barbarians like me were elected because after two long years of political bumbling, voters were tired of Clinton. Unfortunately for endangered Republicans 12 years later, Clinton's poll numbers during that campaign were 15 percentage points higher than Bush's now. That suggests that the Democratic tidal wave this year will rival that of the Republicans in 1994.

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But these Republicans have one advantage that Clinton's party lacked in 1994: Their opponents are Democrats. The Party of Pelosi. The party that is so tongue-tied on its best political issue that I still can't tell you where it stands on Iraq. Nor can they explain how they would balance the budget or stop Iran from developing nuclear weapons.

That failure to present an alternative vision is in stark contrast with Gingrich & Co., who spent 1994 drawing up a legislative package, a plan to balance the budget and enough position papers to strip an Amazon rain forest.

This year, maybe Democrats can beat something with nothing. As for Republicans, their only chance of survival is blasting the president for mistakes of the past and attacking the Democrats for their failings of the future.

Of course, you GOP candidates can be sure that such attacks will annoy Bush, even though your survival may be all that stands between him and a crazy Democratic chairman launching impeachment hearings. But if you win this fall only to face his stern rebuke next winter, just tell him it was schadenfreude for all the times the White House treated you badly. With any luck, Bush will think you are talking about that Berlin disco that Moammar Gaddafi bombed back in 1986 and then dismiss you like the worthless billy goat he always suspected you were.

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Joe Scarborough, a Republican congressman from Florida from 1995 to 2001, is host of MSNBC's "Scarborough Country."

What About George? (WP)

By Stuart Stevens

The Washington Post, September 17, 2006

As far as organizing principles of life go, I've never found anything that beat the theory that all life imitates high school. It's pretty much foolproof and covers almost all of the universe's difficult questions, such as why scientific studies show 82 percent of all males want to punch Tucker Carlson when he wears a bow tie and why some political candidates react the way they do to a president's popularity.

Visualize, if you will, the president of the United States as the ultimate high school quarterback. When the team is winning and he's on a hot streak, all flock to him in the great cafeteria of life. But when the team is losing, suddenly there are a lot of empty seats at his lunch table and downcast eyes as he's passed in the hall. If you're that quarterback, you find out pretty quickly who your real friends are.

Most Democrats and the vast majority of what passes for the intelligentsia in this country simply don't understand the appeal of President Bush, much the way Republicans never got that Clinton guy. So now that the president's public approval numbers have fallen from historic highs, there seems to be great salivating at the notion that the country is finally getting what has been so obvious to them for so long and that a national day of reckoning is nigh.

This view of Bush transformed from Leader of the Free World into Election Jeremiah is so wrong that it should be laughable. Except that a lot of Republicans seem to believe it's true. They're certainly behaving that way on the campaign trail, acting as though they're sure that a spy camera photo of a candidate caught with the president will be a death sentence in November. And that's a problem -- not for the president but for the candidates and the GOP.

One of the dirty little secrets of politics is that presidential endorsements rarely have any positive impact. In 1986, Republicans went into the off-year elections believing that their strongest card was the popularity of President Ronald Reagan, especially in those red states. It seemed axiomatic to end the campaign by giving the ball to the Big Guy, and race after race closed with endorsement spots of Reagan doing what he did best, looking straight at the camera and suggesting that if you wanted to help him, you'd vote for Candidate X. And then most of those candidates proceeded to lose. In one tight race after another -- such as those involving GOP Sens. Mack Mattingly of Georgia, Jeremiah Denton of Alabama and Paula Hawkins of Florida -- candidates saw their numbers flatten when the Reagan endorsement aired, then spike downward to defeat. These were all states in which Reagan's numbers were through-the-roof positive, but voters seemed to say, "Thanks very much, Mr. President, it's nice that you're supporting a fellow Republican, but what does that have to do with me?"

The flip side of the marginal positive effect of a presidential endorsement is the limited negative impact that comes from being associated with a president of your own party, regardless of his popularity. It's hardly a secret that if you're a Republican candidate you happen to be in the same party as Bush. If there's a Republican candidate out there who thinks he or she can slip that little factoid past the electorate, well, good luck, and good riddance.

Candidates need to worry less about Bush and more about their own agendas. The truth is that there is ample reason to believe that the president is well-liked among voters who might consider voting Republican. But the nation is fighting a tough and nasty war and there's little joy in the day-to-day slog of winning that war. Which makes it just like every other war the nation has waged.

My advice to Republican candidates is that they first must come to grips with the rationale for their own election: Why me? Why now? If in their hearts they disagree with the Iraq war, they should call it like they see it, but without trying to nuance a

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response seven ways from Sunday in hopes of pleasing all sides. That's French for ending up like John Kerry. Elections are littered with losers who have a need to be loved by everyone.

But I'd also caution any GOP candidate: Remember that Bush is the dominant political figure of the day and, well, he is president and head of the Republican Party and you're not. He has a distinct worldview that places the United States in the lead in a war against Islamic fascism. Whether you believe he is destined to be remembered as one of America's great presidents, as I do, or you think we have adopted a disastrous course, trying to ignore the president is likely to be as successful as a Democrat trying to ignore FDR in 1936. Running for the House or Senate and not having a clear and articulated position on Iraq is a recipe for disaster.

The War on Terror is clearly the new Cold War, the key in which our politics is to be played for a very long time. As a human, it's permissible to be conflicted. As a politician, conflicted equals confused -- and that's a particularly unappealing position when men and women are dying. The problem for Democrats is that they really believe this War on Terror is worth winning, they just wish somebody else would do it.

That's the same mix of hand-wringing and handshaking that the Europeans engaged in while the Serbs set up rape camps a four-hour drive from Harry's Bar in Venice. It has the dubious virtue of being both understandable in motive and reprehensible in result.

The simple truth is that Republican candidates should be running basically the same race regardless of the president's poll numbers. Which is to say running their race. There is a rumbling out there that this may be a terrible year for Republicans, one of those tsunami elections like those in 1974 or 1994. And, who knows, the rumbling may be right. But if so, that will have less to do with the president's personal approval rating than the general mood of the country and the election agenda. If this year turns out to be a referendum on the Iraq war and the numbers on Iraq are negative, those in both parties who support the war are likely to suffer.

The president understands this perfectly well. He is not trying to change the subject from Iraq and the fight against terrorism, which may very well be the best way to pump up his job-approval numbers. What he's doing is the hard stuff of continuing to make the case for why the Iraq war is essential and explaining its role in a global and historical sense. Like the war itself, it's a long, tough haul but he's out there doing it day after day.

In the 2000 campaign, we made a commercial that opened with then-Gov. Bush looking at the camera and asking, "Why don't the hard things get done? Because they're hard." So now he's doing the hard things. If Republican candidates run from this rare display of leadership just because there are a lot of rough days, they most likely will lose.

GOP candidates should take their lead from the president -- take a stand and fight. As I often heard the late Lee Atwater say, "It's time to dig the ditch we're going to die in."

Stuart Stevens is an author and a partner in the Stevens and Schriefer Group, a Republican media firm that advised George W. Bush's presidential campaigns.

Words To Win By (WP)

The Washington Post, September 17, 2006

Dept. of Advice

An election that becomes a referendum only on the president's popularity or the success or failure of the war is a sure loser for Republicans. Remember: It is not your job to defend the president! He's a big boy. He and Dick Cheney have more than sufficient White House staff to defend them. But don't be critical of him. Most Republican voters still support the president even if they disagree with the war. Getting the base out is all-important and may be the difference between winning and losing.

-- Edward J. Rollins, Republican strategist and Reagan campaign manager

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Republicans don't have to convince Cindy Sheehan that prevailing in Iraq is crucial to our national security, but they must and can persuade former hawks to support what has to be done in Iraq. President Bush's approval ratings are up following his own recent speeches on the war on terror and the ideological struggle we confront. Republican candidates should read them. Conservative voters face a choice in November and should be fearful of political leadership that diminishes the threat we face and lacks the resolve to confront it. Republican candidates should emphasize this. Fear is their friend.

-- Kate O'Beirne, Washington editor, National Review

* * *

Be proud of the party and be proud of the contrasts. Elections are about choices, so we must draw clear differences and reveal the Democratic candidates for the rogue extremists they truly are. Does their position on Iraq blow around like a tumbleweed? Do they support higher gas taxes? Is this candidate a prosecutor who plea-bargains with illegal aliens? The fact

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that these candidates would be tangibly harmful to the daily lives of most Americans will matter more than Democrats putting your picture next to the president's and saying "Supports Bush 92 percent of the time."

-- Dan Hazelwood, Republican strategist

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Surprisingly, Bush's unpopularity can represent a strategic opportunity for House Republicans, especially conservatives. Here's why:

The administration has one large, unfinished domestic initiative left: Its big plan to legalize most illegal aliens, import millions of guest workers and increase total permanent immigration. The president believes strongly in more open immigration, and his plans are supported by most senators and by House Democrats. But they are strongly opposed by House Republicans -- and most American voters.

So here's a slogan for enforcement-first House Republicans: " Stop the Bush Amnesty Plan -- Vote GOP ."

-- David Frum, former Bush speechwriter

* * *

Unfortunately for the GOP, the nation is suffering from party-in-power fatigue. Unless given compelling reasons not to, the electorate will be inclined to give the other side a chance to govern. The toughest to convince that Republicans deserve more time may be true conservatives, those who believe that their party must reflect the ideals of Abraham Lincoln and Ronald Reagan. They worry that the Republican Senate has sold them out on immigration and that the party as a whole has "become what we defeated." We can still retain both houses come November, but we must first remind ourselves what we stand for.

-- Douglas MacKinnon, press secretary to former senator Robert J. Dole

* * *

Republicans running from the president on critical issues is a problem. If you run and cower from topics such as Iraq, the benefits of tax cuts and personal accounts for Social Security, the Democrats and the left will define your position for you. When you articulate the difference between the president and Democrats on taxes, immediate withdrawal from Iraq and Social Security, the voters respond that they are not interested in a tax hike, understand that it is not wise to arbitrarily withdraw from Iraq and want someone to seriously engage in fixing our collapsing retirement system.

-- Richard K. Armey, former House majority leader

* * *

Republican candidates should talk about the Democrats. The Democrats want to pull out of Iraq, shut down Guantanamo, open the nation's borders, abandon the Patriot Act and the NSA spying program and extend full constitutional protections to people like Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. We got critical information from Mohammed that helped us prevent future terror attacks by subjecting him to mild coercive techniques during questioning -- and the Democrats want to impeach the president for authorizing that! If this nation returns to the Democratic national security policy known in military circles as "unconditional surrender," two years of the Democrats could get us all killed.

-- Ann Coulter, GOP pundit

* * *

GOP candidates can't do much about the underlying problem: Republicans are in charge. It's hard to govern. Grievances accumulate, and you get no credit for successes. What's to be done?

The RNC can go on the air with a massive TV ad buy in October, introducing voters in key states and districts to the two Democratic congressional leaders -- the dour Harry Reid and the frenetic Nancy Pelosi. The message: When Harry Meets Nancy, and they're in charge, they'll raise your taxes and weaken our efforts in the war on terror. The Dems and media will respond, we'll have a taxes and terror debate -- and the Republicans might be okay.

-- William Kristol, editor, the Weekly Standard

* * *

Congressional Republicans should use the remaining days of this session to put Democrats on record on key national security votes. These votes and previous actions will reveal a political abyss between the two parties over how to protect America in an era of grave threats. At the same time, Republicans should embrace the current economic prosperity, brought about by the Bush/Republican tax cuts with little Democratic support, and point out that a Democrat-controlled Congress will allow popular pro-growth tax cuts to expire.

-- Scott W. Reed, 1996 Dole presidential campaign manager

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The 212 Republican congressmen running for reelection won in these very districts in 2002, the year of Enron, when $7 trillion disappeared with the stock market drop and Iraq loomed. They won in 2004 when Bush limped across the finish line with 51 percent and Iraq was a boat anchor. No one was elected on Bush's coattails. Democrats who think they can win running

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against Bush and Iraq should remember GOP hopes in 1998. Iraq is Monica Lewinsky: tough on the president's poll numbers but not a reason to vote against your congressman.

-- Grover G. Norquist , president, Americans for Tax Reform

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Republicans should heed those who want the war on terror won without the abridgement of civil liberties. They should allow Korean War veteran John Warner, Vietnam POW John McCain and Gulf War military lawyer Lindsey Graham to speak for them, to show that they are not wholly taken by the imperial claims of an increasingly unpopular president.

-- David Boaz, executive vice president, Cato Institute

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If Republican candidates can demonstrate a lengthy record of accomplishment, they will survive the political wave. If voters see Republicans fighting for them, they'll win. If they see them fighting to keep their jobs, they won't. And if Republicans want to increase turnout, they need to be strong advocates for cutting wasteful Washington spending and against illegal immigration. Any weakness on either issue is political suicide.

-- Frank Luntz , GOP pollster

* * *

Lead with solutions and ignore your critics. Let them fester in the corner mumbling about low approval ratings and ridiculing the president. It will underscore how bitter and disorganized they are without your saying it.

Preview life under the Democrats. Show a blank piece of paper and title it, "The Democratic Vision and Concrete Alternatives for a Better America."

Apologize to conservatives. Many in your own base are smarting over Iraq, federal spending and the lack of movement on immigration. Admit missteps and engage them, because if they stay home, it is trouble.

-- Kellyanne Conway, Republican pollster

Don't Lose Like Me (WP)

By Joe Schwarz

The Washington Post, September 17, 2006

I am the political equivalent of a woolly mammoth, a rarity heading for extinction. Yes, I'm a moderate.

Our plight today is dire. Even though more than half of all American voters consider themselves centrists, the Republican and Democratic parties are finding themselves controlled to an ever-greater extent by their more extreme elements. On the Republican side, the "religious right," the quasi-theocrats, are infiltrating the party power structure quite effectively. On the left, the moneyed Eastern establishment and California liberals shrilly tell Americans that the sky is falling, that the world hates us and that Republican policies are all wrong. Yet they offer no viable alternatives. As a result, they have managed to alienate much of the traditional working-class Democratic base, good people caught between Republicans they don't like and Democrats who have abandoned them. What's a moderate to do?

In my case, lose an election.

It wasn't President Bush who proved to be the kiss of death to my candidacy for a second term in the House. The president's poll numbers may not be very good in many places, but he's still well-liked in my neck of the woods -- south-central Michigan. So when I geared up to run again this year, I was pleased to have his endorsement. My loss had nothing to do with his popularity, or national issues such as the war in Iraq. What did me in was voter apathy, and moral absolutist groups supported by a vitriolic negative-ad campaign funded by organizations on the far right.

Michigan's 7th Congressional District borders on Indiana and Ohio, extending west to Battle Creek, east to Ann Arbor and north to Lansing. It's a real slice of Middle America. I was born and raised in Battle Creek. I've practiced medicine there for 32 years. My dad was a physician there, too. I was educated at the University of Michigan, and I'm chairman of the board of the alumni association of that great university. I bleed Maize and Blue. If ever there was a local, I'm it.

After 16 years in the Michigan Senate and service as mayor of Battle Creek, I was elected to Congress in 2004. But my moderate positions on Roe v. Wade (I do not support overturning it, believing that a woman has the right to choose) and embryonic stem cell research (I strongly support it), as well as my general feeling that religion and moral and ethical issues are private matters, did not sit well with those who would mix church and state in a way that is antithetical to the principles of separation on which our country was founded -- in other words, the hard right.

So in the Republican primary, the opposition got its vote out. The effort was funded, probably to the tune of $1 million or so, by the Club for Growth, a Washington outfit supported by plutocrats nationwide who apparently have nothing better to do with their money than give it to an organization that stands for nothing -- though it says it's "anti-tax" -- and likes to play in elections in which it has no logical interest.

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I had a great campaign organization, willing volunteers and was well-funded. Key endorsements rolled in: from the Farm Bureau, police and fire organizations, teachers, medical groups, some unions, key GOP officeholders. My supporters thought I couldn't lose -- and as a result, I did. It was a classic example of a motivated minority -- just 7.8 percent of the Republican electorate districtwide -- nominating a congressional candidate. The moderates stayed home in droves, felt horrible the next day, and vowed never to miss another vote. They will. The hard right won't. And fewer and fewer sensible "let's take the broad view" candidates will have any chance of being elected.

But politics needs a middle. Communication across the aisle in Congress and in legislatures is the sine qua non of effective public policy formulation. The reluctance -- at times, the near-total unwillingness -- to consider the other side's position has hamstrung political bodies from coast to coast.

Moderates aren't organized, and because they straddle party lines, they may never be much of a cohesive group with the ability to move a policy agenda. But they must begin fighting back -- rationally always, gloves off if necessary. Congratulations to Sen. Lincoln D. Chafee, a moderate Republican from Rhode Island, for his primary victory last week. He did fight back, and effectively.

Somehow, some way, moderates must understand that they will go the way of the moa, the dodo and, appropriately, the woolly mammoth unless they learn to fight as hard for the policies of the sane and rational center as the far right and far left fight for the extremes.

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Joe Schwarz is a Republican congressman from Michigan.

Bush In A Bind With Southern Women, Poll Shows (HC/AP)

By Shannon Mccaffrey, Associated Press

Houston Chronicle, September 17, 2006

Dwindling trust in president could bring down GOP gains in Congress

MACON, GA. — President Bush's once-solid relationship with Southern women is on the rocks.

"I think history will show him to be the worst president since Ulysses S. Grant," said Barbara Knight, a self-described Republican since birth and the mother of three. "He's been an embarrassment."

In the heart of Dixie, comparisons to Grant, a symbol of the Union, are the worst sort of insult, especially from a Macon woman who voted for Bush in 2000 but turned away in 2004.

In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters, while women nationally favored Democrat John Kerry, 51 percent to 48 percent.

"In 2004, you saw an utter collapse of the gender gap in the South," said Karen Kaufmann, a professor of government at the University of Maryland who has studied women's voting patterns. White Southern women liked Bush because "he spoke their religion, and he spoke their values."

Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress.

Republicans on the ballot this November have reason to worry. An Associated Press-Ipsos poll found that three out of five Southern women plan to vote for a Democrat. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP.

Democrats need to gain 15 seats in the House and six in the Senate to seize control.

In a sign of how crucial races in the South will be to the GOP national strategy, Bush recently traveled to Georgia to help former Rep. Max Burns raise money in his bid to unseat Democratic Rep. John Barrow. The president also gave a speech in Atlanta.

Knight lives in another congressional district considered competitive. Republicans hope to oust Democratic Rep. Jim Marshall, whose district was redrawn by the GOP-controlled Georgia Legislature to make it more conservative.

Voters like Knight could prove to be spoilers. The 66-year-old real estate agent doesn't particularly like Marshall, a hawkish Democrat and former Army Ranger, but she said she'll vote for him because she likes his conservative Republican opponent, former Rep. Mac Collins, even less.

"I'm going to go for the moderate, and these days that tends to be Democrats," Knight said.

Sandy Rubin, a high school teacher in Macon, voted for Bush and said she's also likely to vote for Marshall. Rubin said the GOP's focus on issues that appeal to social conservatives, such as gay marriage and abortion, have turned her off.

"I care about job security and education. The things I hear the Republicans emphasizing in their campaigns are not things that affect me or my family," said the 39-year-old mother of two.

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The movement of some Southern women away from the Republican Party tracks with national poll results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country.

"I'm a mother, and that makes me think differently about (Iraq)," Teresa Cranford, 39, also of Macon said.

Lynn Hamilton, 44, said she supports Bush even though her backing for the war has waned.

"As a mother you worry, 'Am I going to lose my baby boy?' " said the Gray, Ga., resident. "A mother's view about war is often going to be a lot different than dad's is."

Neither Cranford nor Hamilton has not decided how she plans to vote in the midterm elections, although neither ruled out voting for a Democrat.

Still, some Southern women remain supporters of the president and the GOP. At a watermelon festival in Chickamauga, in the mountains of northwest Georgia, substitute teacher Clydeen Tomanio said she remains committed to the party.

"There are some people, and I'm one of them, that believe George Bush was placed where he is by the Lord," Tomanio said. "I don't care how he governs, I will support him. I'm a Republican through and through."

GOP Detects Break In Gloom Over Congressional Elections (HC)

By Bennett Roth

Houston Chronicle, September 17, 2006

9/11 anniversary sees rise in Bush's approval ratings

A bleak landscape for Republicans in the upcoming congressional elections appeared to brighten ever so slightly last week.

The president's aggressive campaign to emphasize terrorism and tie it to the conflict in Iraq has helped nudge upward his still-low approval ratings.

Experts say the ratings are an important gauge of how the president's party will fare in the congressional elections. The polls also showed a slight improvement in the public view of his handling of Iraq, an issue Democrats are hoping to use to make big gains.

The latest surveys also show a narrowing in the percentage of voters who in general favor Democrats over Republicans in the Nov. 7 elections, although Democrats still hold a lead of about 9 percentage points.

Thomas Mann, a congressional expert at the liberal-leaning Brookings Institution, said he is skeptical Republicans could sustain momentum generated by the fifth anniversary of Sept. 11.

"My view is it will be a one-week phenomenon," he said.

Senate Republicans also are breathing a sigh of relief that GOP Sen. Lincoln Chafee defeated his conservative challenger, Stephen Laffey, in the Rhode Island primary — despite the fact Chafee often votes against administration initiatives. Republicans think Chafee will be a stronger contender in the general election in the overwhelmingly Democratic state. However, polls still show Chafee running about even with Democrat Sheldon Whitehouse.

Both parties indicated they intend to dump substantial sums of money into key races in the final weeks.

The Democratic National Committee announced it would spend $12 million to get out the vote. For his part, Republican National Committee Chairman Ken Mehlman said he expects to spend $60 million on advertising and voter turnout . Mehlman told reporters he expected the party would lose seats in November but retain its majority in both chambers in part because of the party's strong grass-roots operations.

South Texas could hold key to the HouseA South Texas congressional district could be political ground zero this year in a scenario envisioned by some analysts if the Nov. 7 elections fail to result in a majority for either party in the House.

To break the tie, money and operatives from across the country likely would flood into the district now represented by GOP Rep. Henry Bonilla, who could face a runoff after the Nov. 7 elections.

Bonilla's district lines were altered after the U.S. Supreme Court ruled part of a Texas redistricting plan was unconstitutional. Bonilla, six Democrats and one independent are running in a district that is less Republican and more Hispanic than the previous one. There would be a runoff if none of the candidates receives more than 50 percent of the vote.

Larry Sabato, political science professor at the University of Virginia, said on his Web site that if that happened, GOP and Democratic House leaders would be "furiously brushing up on their Spanish, desperately seeking to avoid Davy Crockett's fate."

Local builder Perry bankrolling groupBob Perry, the Houston homebuilder and GOP donor who helped bankroll the Swift Boat Veterans for Truth, which attacked John Kerry's military credentials during the 2004 presidential election, is back in the political fray as the top donor to a conservative group running ads against Democrats.

Perry gave $5 million to the Economic Freedom Fund, a California-based group, according to a Sept. 8 filing with the Federal Election Commission. The group is a so-called 527 entity, not subject to campaign finance limits. The fund, headed by

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Charles Bell Jr., general counsel to the California Republican Party, has spent $500,000 in TV ads against Democratic Reps. Jim Marshall of Georgia and Alan Mollohan of West Virginia.

Public Money May Not Be Enough In 2008 (AP)

By Jim Kuhnhenn, Associated Press Writer

AP, September 17, 2006

Those three dollars you've set aside in your tax returns as a good deed toward clean presidential elections? Forget about it. Nobody wants them anymore.

Strategists from both parties estimate the White House race in 2008 could cost each nominee $500 million — far more than the Presidential Election Campaign Fund can afford. As a result, this next presidential campaign could mark the first time in 30 years that the Democratic and Republican nominees turn down the fund's millions in both the primary and the general elections.

"The public financing system was a great system, but it's broke," said Steve Elmendorf, the deputy campaign manager for Democrat John Kerry when the Massachusetts senator ran in 2004.

"There's not enough money in it anymore. It's highly unlikely that any candidate in any party will stay in the public funding system," Elmendorf said.

The decision has precedent.

George W. Bush declined the public money in the 2000 GOP primaries, when he was a first-time candidate, and did so again in 2004, when he sought re-election. Democrats Howard Dean and John Kerry made the same choice in 2004.

Still, Bush and Kerry each accepted $74.5 million from the fund to run their general election campaigns. For 2008, the amount could reach $85 million per nominee.

If the major party candidates decline the general election funds in two years, they in effect would kill one of the chief post-Watergate overhauls in campaign law.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

More than ever, the first cut in the presidential sweepstakes will not result from the early contests of 2008, but from candidates' ability to stockpile huge amounts of money the previous year. That means potential candidates will ramp up their fundraising far sooner than they ever have in the past.

"The 2008 presidential election is going to be the Wild West," said Michael Toner, the Republican chairman of the Federal Election Commission. "Upward of $500 million is the likely goal of presidential fundraising per candidate."

So far, the best test of potential candidates' fundraising is the political action committees they have formed to probe the political environment and seed the landscape with donations. That money cannot be transferred into their election accounts.

Of Republicans considering a run, the four whose PACs have raised the most money are Sens. John McCain of Arizona and Bill Frist of Tennessee, former New York Mayor Rudy Giuliani and Massachusetts Gov. Mitt Romney.

At the top of the Democratic money list are former Virginia Gov. Mark Warner and Sens. Kerry, Hillary Rodham Clinton of New York, Evan Bayh of Indiana and Barack Obama of Illinois.

Clinton stands out above the rest because as of Aug. 23, she also had $22 million in her Senate campaign fund. She can transfer this money directly into a presidential contest.

No one represents the crossroads of presidential ambition and campaign finance activism more than McCain. His name is synonymous with tough election laws that have banned parties from collecting unrestricted and unlimited amounts of money.

But McCain is among those prepared to forgo the public financing system in 2008, according to strategists working with him.

He caused a stir this summer when he did not sign on as one of the congressional supporters of legislation that would overhaul the system. The main proponents were his old allies on the campaign finance law — Sen. Russ Feingold, D-Wis., and Reps. Christopher Shays, R-Conn., and Martin Meehan, D-Mass.

The measure would triple the amount available to candidates during state primaries and eliminate the state spending limits. It also would offer more money to candidates whose opponents chose to decline the money and raise more on their own.

In an interview, McCain said he supported the measure and said that if it passed he would live by the new rules.

"We're either going to upgrade it like it's envisioned in this legislation or nobody's going to take it, or very rarely will people take it," McCain said. But he added, "If you have to play by the rules as they are, that's very different."

Under current rules, no one can take the public money without agreeing to strict spending restrictions. Had Bush or Kerry accepted the money in 2004, they would have been limited to spending less than $45 million each in the primaries. Operating outside the system, Bush raised nearly $270 million and Kerry $235 million.

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What's more, not everyone assigns $3 to the presidential campaign fund in tax returns. That has left periodic shortfalls in the fund, forcing the FEC and the Treasury to lower the initial payout to primary election candidates. In every case, the government has paid the full match after April 15 with the arrival of more tax revenue.

Campaign strategists and campaign finance analysts say they can imagine the new crop of presidential candidates concluding that the entire government handout is not worth the trouble.

"Anybody who takes federal funding will do so at their own peril because they will be dramatically outspent," said Tom Rath, a Republican National Committee member from New Hampshire

Rath, echoing others, believes the minimum that top tier candidates will have to have in hand at the end of 2007 will be "clearly north of $50 million."

Some people, such as the FEC's Toner, predict the number will be closer to $100 million. By comparison, Dean had $41 million at the end of 2003, double the amount Kerry had in hand.

Once the parties have their nominees, the candidates will have to decide whether to settle for the guaranteed total — estimated up to $85 million depending on inflation — or decline the money and raise more on their own. It seems inevitable, though, that if one party's nominee declines the money, the other will, too.

Under existing law, the party nominees get their general election money after their respective political conventions, typically held in August. Some strategists and analysts believe raising money for the general election will cut into valuable campaign time. And they say the public money should be more than enough for a 100-day contest.

"If you don't accept public money in the general there is a much greater chance that you will suffer from public criticism and reprobation because it'll look like you're just going to buy the election," said Don Fowler, chairman of the Democratic Party during Bill Clinton's 1996 re-election.

McCain, for one, said he has not made that decision yet. Kerry has told fundraisers he is prepared to raise his own general election money. He nearly came to that conclusion in 2004.

Elmendorf said the question Kerry faced in 2004 was whether he would be able to raise more than the $74.5 million available to him from the presidential campaign fund. "It was unknowable at the time," he said. "In hindsight, the answer was yes."

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On the Net:

Federal Election Commission background on public funding of presidential elections:

http://www.fec.gov/pages/brochures/pubfund.shtml

Clinton-Gore Could Take On New Meaning For 2008 (HC)

By Judy Holland

Houston Chronicle, September 17, 2006

Former VP opens door to face-off with senator for Dems' nomination

WASHINGTON — Al Gore's statement that he wouldn't rule out running for president raises the possibility of a Democratic duel between the former vice president and Sen. Hillary Rodham Clinton.

Gore, who steadily has dismissed questions about his plans for 2008, created a stir when he told reporters: "I haven't completely ruled out running for president again in the future, but I don't expect to."

That slight deviation from his past denials of presidential dreams has spurred speculation that Gore might suit up again for a presidential bid, leading Sen. Barbara Boxer, D-Calif., to enthuse that it would be "fabulous" if Clinton and Gore both ran for the Democratic presidential nomination.

"The two of them are very strong candidates," she said.

Gore, 58, who won the popular vote in the 2000 presidential election but lost the White House after a blizzard of ballot recounts in Florida and Supreme Court intervention, is on the lecture circuit to talk about global warming.

His best-selling book and documentary film, An Inconvenient Truth, in which global warming is described as the greatest crisis the world has ever faced, have opened up global speaking opportunities.

John Zogby, an independent pollster with Zogby International, sees "a battle royal shaping up."

"Frankly, this is Al Gore's year and it's Al Gore's turn and that's the thing — it's also Hillary's turn," Zogby says.

Gore is "in a very second tier after Hillary, who is in a league by herself," Zogby says. He says Clinton "really sucks the air out of the contest because she's new, she's a woman and she's Hillary — no last name needed."

On the other hand, Gore has "two aces in the hole," Zogby said. Unlike Clinton, he opposed the Iraq war from the start. And he is known as an expert on the environment.

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Clinton, who was first lady for eight years while Gore was No. 2 to her husband, praises his work on global warming, calls his film "excellent."

But when asked about a Gore candidacy in 2008, Clinton laughs and curtly moves on, saying: "You'd have to talk to him about that."

Marshall Wittmann, a senior fellow with the Progressive Policy Institute, a Democratic policy group, says Gore is "clearly and certainly leaving the door open."

Wittmann says Gore is "probably reading up on what Richard Nixon's path out of the wilderness was," in 1968 after he spent several years out of public life.

While Nixon lightened his image by appearing on the comedy show Laugh-in, Gore put the nation in stitches appearing on Saturday Night Live, in a series of skits that included impersonations of Sen. Trent Lott, R-Miss., his own refusal to leave the Oval Office and being shot with a stun gun after a long kiss with his wife, Tipper.

Barack Obama: Could He Be Too Popular? (SLPD)

By Kevin McDermott, POST-DISPATCH SPRINGFIELD BUREAU

St. Louis Post-Dispatch, September 17, 2006

SPRINGFIELD, ILL.

For a politician, is there such a thing as too much popularity?

If there's any cloud over U.S. Sen. Barack Obama's seemingly charmed political life, it may be that one.

With national political pundits now using words such as "messiah" in connection with the Chicago Democrat - and one former campaign opponent calling on him to run for president - some say he could ultimately be rising so fast and high in the American consciousness that he may end up with nowhere to go but down.

"It's a cliche, but it's true: The higher you go, the harder you fall," warned pollster Del Ali of Research 2000, which conducted a poll for the Post-Dispatch last month that showed Obama with an unheard-of 70 percent approval rating among Illinoisans.

One rule of thumb in politics is to keep expectations low so that any mistake the politician makes looks smaller while any accomplishment looks bigger. For Obama, sitting on a runaway train of gushing publicity, that kind of "expectation control" has become impossible.

"One of the obvious dangers is that no one's perfect," said Mike Lawrence, director of the Paul Simon Public Policy Institute at Southern Illinois University and a longtime Illinois political aide. "His mistakes could become magnified if the expectations are unreasonable."

Obama's staff is aware of that danger.

"I think, honestly, expectations became basically uncontrollable about 10 minutes after he finished his speech at the (2004 Democratic National) Convention," said Robert Gibbs, Obama's communications director. "I've had people say, 'You guys should really tamp things down,' but it's hard to do."

Newsweek hasn't helped. An essay published in the magazine last week described the reception that Obama received on his recent trip to Africa as "befitting a messiah."

"It is not too early to pronounce Barack Obama a political phenomenon unlike any previously seen on the American scene," the essay declares. It then, nonetheless, goes on to offer a previously seen example: John F. Kennedy.

Illinois Comptroller Daniel Hynes suggested last week that Obama could follow that path. In an unusual official statement on Thursday, Hynes pressed Obama to run for president in 2008, calling him "the person for these times."

"You and you alone can best put together the broadest possible coalition with the charisma and the excitement, as well as the substance, to win," Hynes wrote in an open letter to Obama, who beat Hynes in Illinois' 2004 Democratic U.S. Senate primary. Hynes' statement went on to vow to "impress upon (Obama) the breadth of support he has throughout the country."

Obama (whose office reiterated last week that he isn't running for president in 2008) hardly needs his own startling popularity impressed upon him. He has quipped about it himself, joking to reporters at a dinner in Washington in March, for example: "I want to thank you for all the generous advance coverage you've given me in anticipation of a successful career. When I actually do something, we'll let you know."

By most accounts, Obama has had a strong debut in the Senate in terms of legislative accomplishments. But the continuing demand for him to appear at political events across the nation clearly is out of proportion with any mere legislative agenda.

Pundits have offered various explanations for Obama's "rock star" phenomenon, from his multicultural background (immigrant Kenyan father, white Kansan mother) to his intellectual credentials (first black Harvard Law Review president,

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bestselling author) to his political style (optimistic and conciliatory). Obama did win a Grammy earlier this year for the spoken-word version of his autobiography, "Dreams From My Father."

The moment that lit the match was his speech to the 2004 Democratic National Convention in Boston, which caught the attention of the national media for its eloquent statement of Democratic principles. His subsequent huge win in the Senate race in Illinois - though clearly aided by a series of self-destructing opponents - was hailed as further proof that a major new figure had stepped onto the national political stage.

"One of the weirdest things I ever saw was on the day before he was sworn in" to his Senate seat, recalled Gibbs, amused, "and somebody asked him what his place in history is."

Lawrence, of the SIU institute, said one trap Obama would have to watch for was not to forget the Illinois voters who put him in office - and who (assuming he runs for a second term in 2010) will decide whether to keep him there.

"He doesn't get elected in Africa, he doesn't get elected in Iowa," said Lawrence. "He's in demand around the world, but he needs to make sure to stay close to the (voters of) Illinois."

Robert D. Novak: Obama For President? (UL)

By ROBERT D. NOVAK

Union Leader, September 17, 2006

WASHINGTON – Prominent Illinois Democrats are advising Sen. Barack Obama, now finishing his second year in the Senate, to consider making a run for the 2008 Presidential nomination.

One such Democratic stalwart is telling the 45-year-old Obama to run only if prospective front-runner Sen. Hillary Clinton does not. But others are advising the popular freshman senator to go for it even if Clinton is a candidate.

These boosters calculate that Obama, the son of a black father and a white mother, could break the Republican Presidential hold on the South by maximizing the African-American vote in states such as South Carolina, Georgia and Mississippi.

TAXES AND POLITICS

Rep. Tom Reynolds, the campaign manager in charge of keeping the Republican majority in the House, gave his approval to a bid by House Ways and Means Committee Chairman Bill Thomas to force a tax bill through the September session of Congress.

Reynolds's opinion is given the highest weight, even more than Speaker Dennis Hastert's, in the current House Republican leadership meetings. These sessions have concentrated on what might help elect Republicans in November. Reynolds previously had been skeptical about the political value of a pre-election tax measure.

Thomas, in his typical style, has kept quiet on the details of what would be his final tax bill as he ends his congressional career. Not as usual, Thomas has been in contact with the Senate, indicating he means business.

KATHERINE'S WOES

Jim Dornan, one of the former managers of Rep. Katherine Harris's beleaguered Republican Senate candidacy in Florida, has told associates he was startled by how aggressively the FBI questioned him Sept. 6.

Dornan was interrogated for an hour and a half by federal agents as part of their inquiry into Harris's political contributions from defense contractor Mitchell Wade, who has pleaded guilty to bribery in another case. Dornan described the FBI as pressing him hard about Harris.

Dornan, a lobbyist and fund-raiser, is currently consulting for Rep. John Sweeney's re-election campaign in upstate New York. He left the Harris campaign last November.

DEMOCRATS AGAINST CHAFEE

The Democratic Senatorial Campaign Committee (DSCC), headed by Sen. Charles Schumer, made an unusual intervention in a Republican primary by financing negative telephone calls in an unsuccessful effort to block liberal Sen. Lincoln Chafee from renomination in Rhode Island.

The DSCC spent $14,300 for anti-Chafee calls last Saturday and another $11,700 on Monday, for a total of $26,000. Chafee's conservative challenger in the GOP primary, Cranston Mayor Stephen Laffey, was considered a sure loser in the general election if he were nominated.

Chafee was vigorously backed by the National Republican Senatorial Committee, the Republican National Committee and the White House. In comparison, the DSCC spent only $62 helping Sen. Joseph Lieberman's losing candidacy in the Connecticut Democratic primary.

BOWLING FOR REPUBLICANS

Republicans in Washington were urged to take time off work from 4 to 6 p.m. last Wednesday and go to the Lucky Strike Bowling Alley in an unusual fund-raiser for seven GOP House members in need of late campaign money.

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The National Republican Congressional Committee called the event BOMP (Bowling for Our Majority Program). The beneficiaries were Reps. Steve Chabot of Ohio, Thelma Drake of Virginia, Jeff Fortenberry of Nebraska, J.D. Hayworth of Arizona, Marilyn Musgrave of Colorado, John Sweeney of New York and Curt Weldon of Pennsylvania.

The solicitation for BOMP asserted that the seven incumbents "all have a real need for additional resources in the last couple of months before the election," either because of a "well-funded" Democratic opponent or especially high local television costs.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

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PRIOR EDITIONS

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Iraq Looms Large In Senate Race (SLPD)

By Deirdre Shesgreen, POST-DISPATCH WASHINGTON BUREAU

St. Louis Post-Dispatch, September 17, 2006

Every which way they turn, Sen. Jim Talent and state Auditor Claire McCaskill face voters' unease and anger about the war in Iraq.

"There's no winning that," said Nell Cowden, 58, a retiree, as she waited in the buffet line last month at a Democratic dinner in Maryville featuring McCaskill. It doesn't make sense, she said, "to throw more money and lives" into the effort.

Talent says he frequently hears from voters who "want us to win and want us to win faster than we're winning. And they're frustrated that we're not doing that."

But Missourians looking for a dramatic new direction on Iraq from the two candidates competing for the U.S. Senate seat may not be happy with what either Talent or McCaskill has to say.

To be sure, Talent, the Republican incumbent, and McCaskill, his Democratic challenger, have sharply different positions on the best course forward in Iraq, as well as whether it was a good idea to strike in the first place. Indeed, Iraq may be the strongest point of disagreement on a broad range of foreign policy questions.

Talent was among the staunchest proponents of the war and remains unwavering, like many other Republicans, in his belief that setting any timetable for withdrawal would be a terrible mistake. He voted against two recent Democratic resolutions, one calling for the start of U.S. troop withdrawal this year and another calling for nearly all U.S. troops to be out of Iraq by July 31 next year.

Despite spiraling violence and a mounting death toll in Iraq, Talent says the United States is making progress and must stick it out. He sees positive developments in the election of an Iraqi government and other steps.

"We don't need complete peace in Iraq" before U.S. troops can leave, said Talent, a member of the Senate Armed Services Committee, which oversees the Pentagon. "We need a fundamental level of stability that the government can maintain on its own. And we are making progress towards that."

Any early withdrawal, he said, would be "a signal to our enemies that if they can fight on long enough, that eventually we'll leave. It will just encourage them."

McCaskill says the war was a mistake and is now a quagmire that has compromised America's strength and bred terrorism in new corners of the world. But she has not bowed to the most fiery anti-war wing of her party - voters like Cowden who say "bring the troops home tomorrow" - or even to some Democratic senators who have called for withdrawing all U.S. troops by the middle of next year.

McCaskill advocates a two-year phased pullout, to begin this year, with American troops eventually replaced by a multinational force - time enough, she says, to allow the Iraqi government to achieve stability.

"We have become a crutch in terms of (the Iraqis) moving forward," McCaskill said. "As long as they can rely on American lives and American resources, it allows them the luxury of not getting to work and figuring out how they can live together. . . . We are never going to build democracy at the barrel of a gun."

Asked about Talent's charge that setting a date for withdrawal will bolster the insurgents and spark chaos once American troops leave, McCaskill said: "It's complete and total chaos now. I don't think our presence now is contributing to a political solution, and it may even be a hindrance. . . . I'm not sure anyone understands what our mission is now in Iraq."

No easy solution

Talent and McCaskill both acknowledge problems with their positions.

Talent concedes that he underestimated how long it would take U.S. troops to establish security in central Iraq. And he said his hope earlier this summer that the United States would be able to withdraw troops this year has been proved wrong by the

relentless sectarian flare-ups. But he still believes the war's broader goal - to foster democracy in other places like Iran and Syria - is viable.

"Part of winning this is defeating the terrorists' view of Islam," he said. "We need to be part of a partnership that's showing this part of the world that democracy will work here."

McCaskill acknowledges that putting together a multinational force to replace U.S. troops in Iraq would be a hard sell, at best, given the continued violence and the strong anti-war sentiments around the world. "It is incredibly difficult now, because of what this administration has done," McCaskill said. "We need to get to work" to rebuild alliances, she added, particularly with moderate Arab nations.

Far from fostering democracy in the Middle East, McCaskill said, the Iraq war has increased terrorism and emboldened rogue regimes like Iran and North Korea. "They know that we are weakened by our tunnel vision in Iraq," she said.

McCaskill has also blasted Iraq war spending, saying that no-bid contracts and other favoritism have cost U.S. taxpayers billions of dollars. She has called for a new "Truman Commission" to expose "war profiteering."

"It is time for a reckoning, a time for real oversight and true accountability," McCaskill said in a speech in May unveiling the plan.

Talent said Congress "constantly needs to make sure the money is being spent wisely" but that there is no need for a new commission.

"We've got all kinds of oversight committees" both in Congress and at the Pentagon, he said. "I've sat through hours and hours and hours of hearings on all kinds of issues, from Abu Ghraib to the (Boeing) tanker lease deal."

Lieberman Pleads For Unity Against `Barbarians' (HARTC)

By Mark Pazniokas, Courant Staff Writer

The Hartford Courant, September 17, 2006

FAIRFIELD -- Using apocalyptic imagery of civilization lost, Sen. Joseph I. Lieberman blamed politics Friday for undermining the war on terror and leaving the U.S. vulnerable to "barbarians at our gates."

The U.S. faces a patient and ruthless enemy in Islamic extremists, an enemy that "threatens not just America, but all of civilization," Lieberman said in a national security speech at Fairfield University.

"We remain too divided as a nation, and in Washington, spend too much time fighting each other rather than coming together to make our country safer," Lieberman said. "At stake is the kind of world we will live in, not far away abroad but right here, home in Connecticut."

His 25-minute address repeatedly called for bipartisanship in Washington, reinforcing the central theme of his re-election campaign as an independent since losing the Democratic primary in August to his main rival, Ned Lamont.

He was introduced by Mary Fetchet of New Canaan, whose son, Brad, was lost in the 2001 attack on the World Trade Center. Fetchet helped lead the relatives of victims in lobbying Congress for the creation of the 9/11 commission supported by Lieberman.

Lieberman faulted the Bush administration for alienating potential allies in the war on terror, though he gave no examples of an administration miscue. He never mentioned the war in Iraq, a topic he intends to address with another policy speech.

The senator blamed the terror attacks of 9/11 on a generation of leaders lulled into complacency as tensions eased with the Soviet Union.

A string of Islamic assaults on American interests, beginning with the takeover of the U.S. Embassy in Iran in 1979, should have served notice that the U.S. faced a new and dangerous world even after the close of the Cold War in 1989, Lieberman said.

"But as a nation, we remained asleep, unwilling to see the gathering storm," Lieberman said.

While criticizing Bush, he effectively buttressed comments the president made Friday that the world remains a dangerous place.

"We cannot ever again let down our guard or allow ourselves to go into denial," Lieberman said. "We must stay alert and engage in this war against the barbarians, because that is what they are - modern barbarians at our gates. Our enemies are patient and purposeful. They are ruthless. They are lethal."

His line about barbarians was one of Lieberman's many departures from a six-page text that was copied and distributed to reporters minutes before the speech at Fairfield's school of business.

Lieberman said Islamic terrorists are a threat to Americans of all races and creeds.

"They hate us all because we are Americans. And yet, we remain divided among ourselves in responding to them," he said. "It's really outrageous that that continues to be the case. We have got to move forward together."

He faulted some on the right for implying that Democrats do not care if terrorists succeed and some on the left for going "beyond dissent to demonize the president" and impugn the motives of those who support him.

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Lieberman said Congress and the president must work in a bipartisan fashion. Sprinkled through his speech was praise for Republican senators with whom he has worked cooperatively: Susan Collins of Maine, Chuck Hagel of Nebraska, John McCain of Arizona, and Arlen Specter of Pennsylvania. He singled out no Democrat.

The senior Democrat on the Senate Homeland Security Committee, Lieberman also touted a port security bill the panel endorsed this week on a vote that crossed party lines.

"When we work together across party lines in Washington, when we put principles ahead of politics, the national interest ahead of our parties' interest, we have made progress in making America safer," he said.

Liz Dupont-Diehl, Lamont's press secretary, said Lieberman tried Friday to criticize Bush, yet he used the same fear tactics as the president.

"Sen. Lieberman's Houdini-esque contortions today, an effort to make believe that he is above the fray, will not fool Connecticut voters," she said.

The Lamont campaign said Lieberman's rhetoric is belied by his missed votes as a committee member on homeland security funding.

"He skipped all of these votes after issuing at least 8 press releases claiming he was outraged at President Bush's inadequate budget proposals," the Lamont campaign said in a written statement.

Lieberman, 64, a three-term incumbent, faces a five-way race for re-election, though polls show Lamont is his main rival. The field also includes Republican Alan Schlesinger, Ralph A. Ferrucci of the Green Party and Timothy A. Knibbs of the Concerned Citizens.

Lamont, 52, a cable-television entrepreneur, delivered his own national security speech Wednesday at Yale University, accusing Lieberman of breaking faith with a half-century of U.S. foreign policy by backing Bush's pre-emptive invasion of Iraq.

On Friday, Lamont stood at the Legislative Office Building in Hartford with Democratic gubernatorial candidate John DeStefano Jr. to blame Lieberman and Republican Gov. M. Jodi Rell for failing to lobby for legislation that would have targeted homeland security funds to urban areas, which could have brought federal aid for security to the ports of Bridgeport, New Haven and New London.

Lieberman missed a Senate floor vote on the legislation, which then failed on a tie vote. "Sen. Lieberman's vote would have made the difference, and Sen. Lieberman wasn't there to cast that vote," Lamont said.

Tammy Sun, Lieberman's campaign press secretary, said the senator was touring the Sikorsky Aircraft plant in Connecticut on the day of the vote, discussing how to secure more business for the helicopter maker.

Rich Harris, a spokesman for the Rell campaign, said the governor did object "vehemently" to the funding cuts.

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Lieberman Stresses Dire Threat Of Terrorism (NYT)

By Jennifer Medina

The New York Times, September 17, 2006

FAIRFIELD, Conn., Sept. 15 — Under attack for his support of the war in Iraq, Senator Joseph I. Lieberman gave a 25-minute national security speech Friday without ever mentioning that conflict, instead arguing that the broad threat of international terrorism demands a continued aggressive stance. He said Osama bin Laden was “free and fomenting hatred against the United States.”

“We must stay alert and engage in this war against the barbarians, because that is what they are: modern barbarians at our gates,” Mr. Lieberman said before an audience of about 200 here at Fairfield University. “Our enemies are patient and purposeful. They are ruthless. They are lethal.”

It was Mr. Lieberman’s first major speech since he was defeated in the Democratic primary last month, and aides said it was intended to be a policy update rather than a political statement. A Democrat now running as an independent, Mr. Lieberman criticized both major parties, highlighting his odd political position now.

“It is wrong for some on the right to imply that some Democrats don’t care if the terrorists succeed, or that debating the merits of the president’s policies on the war on terrorism emboldens our enemies,” Mr. Lieberman said.

That kind of attack on people’s motives “divides and weakens us as a nation,” he said.

But Mr. Lieberman, who is trying to strike a careful balance as he seeks Republican and unaffiliated votes in November, also criticized some of the president’s detractors.

“It is wrong for some on the left who go beyond dissent and demonize the president and impugn the motives of all those who support him,” Mr. Lieberman said. “Like it or not, we are in this war against terror, and we are in it together.”

That brought a response from Ned Lamont, the Democratic candidate for Senate, who suggested earlier in the week in his own foreign policy speech that the United States should refocus its anti-terror efforts on Afghanistan.

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"I don't think anybody's demonizing anything," Mr. Lamont told reporters at a news conference in Hartford. "I think we're talking about the fact that this country's not on the right course in Iraq, and we're having a good, honest debate about what that course ought to be."

Mr. Lieberman, whose support for President Bush's efforts in Iraq was the core of Mr. Lamont's case in the Democratic primary, also made sure to chastise the White House. He said the administration had formed important alliances but also "alienated too many potential friends who could help lighten America's burden in this fight against our common enemy."

It is "an enemy that threatens not just America but all of civilization, or all of the civilized world," he added.

After the speech, members of the audience challenged Mr. Lieberman's Democratic credentials.

John Orman, a Fairfield University professor who considered a bid against Mr. Lieberman before Mr. Lamont entered the race, was the first in line. He asked the senator why he did not talk about Iraq.

Mr. Lieberman smiled and said he planned to make a speech on the war by the end of the month, and that he feared he "wouldn't do justice to either" subject if he combined them.

"I wanted to focus on homeland security in this speech," he said, adding that he believed the United States did the right thing in going into Iraq.

Mr. Lieberman said the Bush administration had made several mistakes after Saddam Hussein was overthrown but that Iraq had become a front in the "war on terrorism."

"I have no doubt that we will defeat the terrorists who started this war against us," Mr. Lieberman said in his speech. "That's not in question in my mind. It will not happen overnight, but I am confident we will ultimately prevail."

Suggesting that the United States had ignored threats after the cold war, Mr. Lieberman said that in the 1990's a "dangerous enemy began to take root in the backwaters of the Islamic world."

Citing the 1993 World Trade Center bombing, the 2000 attack on the destroyer Cole and the Iranian hostage crisis of 1979, he said, "As a nation, we remained asleep, unwilling to see the gathering storm."

Mr. Lieberman added that the American public had grown weary of war after World War II, Korea and Vietnam and had become complacent.

"We don't have the luxury of that ever again," he said. "We cannot ever again let down our guard."

New Jersey Is As Democratic As It Gets. For One Democrat, That's A Problem. (NYT)

By Peter Applebome

The New York Times, September 17, 2006

Newark

IT'S possible, but not easy, to find a more dismal way to spend a morning than slogging through Newark in a downpour to witness the guilty plea of yet another disgraced New Jersey politician. Friday it was John A. Lynch Jr., the former State Senate president and Democratic power broker, who pleaded guilty to corruption charges that could lead to a prison term of as much as 41 months.

But bit by bit, a far drearier and not entirely unrelated picture, at once far-fetched and somehow perversely credible, is beginning to take form in the fevered brains of Democrats in Washington.

It goes like this: Riding a tide of anger against the war in Iraq, they manage to take away six Republican Senate seats in places like Missouri, Tennessee and Ohio to take back the Senate. And then, oops, they find they've lost an unlosable seat in New Jersey to render the whole thing moot.

"Believe me, there are Democrats who are having that nightmare already," said Jennifer E. Duffy, with the Cook Political Report, a nonpartisan newsletter in Washington. "And if it happens, there will be people leaping from tall buildings. What's staggering to us is it's still a viable option for a Republican to win this year in a blue state like New Jersey. I promise you I never thought I'd be talking about New Jersey after Labor Day."

In fact, the Cook Report, like all the major political newsletters, is now calling the race between State Senator Thomas H. Kean Jr., the Republican, and Senator Robert Menendez, the Democrat, a toss-up. And, whether or not control of the Senate ends up hinging on the answer, it's clear that this is yet another toxic soufflé of New Jersey politics that will revolve around this question: Who seems scarier — the Republicans in Washington or the Democrats in New Jersey?

This, of course, was not supposed to be the story line in a year when the Democrats are poised to make major gains, even if winning the House still remains a challenge and taking back the Senate a major long shot. But the longer that polls show the New Jersey race in a dead heat, the more people wonder just what script gets written in the end.

The betting for most is still that things eventually revert to form. New Jersey has not elected a Republican to the Senate since Clifford Case 34 years ago. Polls show the Iraq war wildly unpopular in New Jersey and President Bush getting a favorable

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approval rating from about a third of state voters. And in tough races, the Democrats almost always manage to turn out big enough numbers in North Jersey cities to push the sick and frail over the finish line.

"A month ago I said Menendez would win by between seven and 10 points, and I'm getting teased about it," said David Rebovich, director of the Institute for New Jersey Politics at Rider University. "I still think a Democrat has to be favored, but we're looking at a much tighter race."

And somewhere in the reptile brain of voters, where gut rules, there are plenty of reasons to hedge one's bets. Many voters may still not know that the Kean who is running is not the former governor but his 38-year-old son. And they might not care. In America, where nothing beats a good brand, we elect Kennedys and Bushes and Cuomos and Keans, and there's always room for a fresh product line.

Voters might not approve of President Bush or his war, but as Mr. Lynch's plea yesterday shows, New Jersey Democrats never run out of reasons to give voters pause. Maybe you could dream up a worse election-season front page for New Jersey Democrats than Friday's Star-Ledger, but it wouldn't be easy. Splashed across the top was the Lynch story. Dominating the rest of the page was another headlined "McGreevey 'In Love' From the First Kiss."

And for all the Democrats' advantage in money and base, this race remains full of questions. With almost no really competitive races for Democratic congressmen, can they guarantee the urban turnout they need? In a state where a Hispanic candidate has never been elected statewide, what role will Mr. Menendez's ethnicity have both on white suburban voters and on black urban ones?

And if ethics is a major issue and an aggressive Republican United States attorney keeps it that way, can Mr. Menendez convince voters he's clean and the election is about Iraq and control of the Senate, not Hudson County and New Jersey politics?

So we'll see what race wins out. If it's about Washington, Mr. Menendez almost surely wins. If it's about New Jersey, the Democrats have reason to be nervous.

Marriage Vote Seen As Lifeline For Allen (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, September 17, 2006

Virginia's constitutional amendment on marriage will attract conservative voters who otherwise would have stayed home in frustration with national Republicans, grass-roots activists say.

The bump in turnout in November likely will benefit U.S. Sen. George Allen, a Republican who until recently appeared a lock for re-election and poised for a 2008 White House bid.

"Marriage amendments do drive turnout," said Victoria Cobb, executive director of Virginia's Family Foundation.

Mrs. Cobb said ballot questions defining traditional marriage in more than a dozen states in 2004 helped secure President Bush's re-election.

"People came out to support it who would not have come out otherwise," she said.

Mr. Allen favors amending the state constitution, but his challenger, Democrat James H. Webb Jr., opposes the constitutional change as broad and discriminatory.

Democrats say Republicans should not be so confident that the measure will pass with a large margin. They say its placement on the ballot -- once considered a gift from Republican state legislators so Mr. Allen could get a landslide win -- is stirring opposition in the more liberal areas of the state.

A recent Mason-Dixon poll showed the amendment winning but losing support.

"It worked in other states, but what was thought to be an asset to Senator Allen no longer will be a benefit," said Delegate Brian J. Moran of Alexandria, who leads the state Democratic House Caucus.

Mr. Moran said Democrats can link the amendment to Mr. Allen's highly publicized use of the word "macaca" last month to address a 20-year-old Webb volunteer who was videotaping his campaign stops.

Mr. Allen, who made the crack at a rally in Southwest Virginia, apologized within days to the Webb worker, S.R. Sidarth, who is of Indian descent. The senator has apologized repeatedly in front of other audiences.

"You'll see a lot of people connect the dots between discrimination and macaca," Mr. Moran said. "This is the politics of division, and there is a relationship between the two."

Pollsters agree the remark damaged Mr. Allen's re-election bid, eroding a double-digit lead. He and Mr. Webb are nearly tied in several polls.

The Allen-Webb race attracted national attention, and the candidates were set to meet this morning in a debate on NBC's "Meet the Press."

The outcome of the race could decide control of the Senate if Democrats win enough seats elsewhere.

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Though Mr. Allen has the advantage in fundraising and name recognition, the momentum is held by the Democrats and Mr. Webb, a former Republican secretary of the Navy under President Reagan.

Activists familiar with the grass-roots efforts of both parties in Virginia say the Democrats have the organizational advantage and can build on the successes of the current governor and his predecessor, both Democrats.

"I'm getting the largest turnouts at my rallies since I had in 1992 when [Bill] Clinton was running for president," said Rep. Rick Boucher, a Democrat from Southwest Virginia, a traditionally Republican region.

Dan Drummond, chairman of the Fairfax City Democratic Committee, agreed, saying that "grass-roots is going to win this campaign."

Some Republicans predict that a large turnout will not be enough to save Mr. Allen from conservatives irritated about immigration policy and other voters angry at President Bush over the war in Iraq.

"There is a growing frustration that maybe it's time for a change, maybe it is time for the Republicans to lose some power," said Brag Bowling, a commander in Virginia's Sons of Confederate Veterans and, until recently, a loyal Allen supporter. "They can't wage a winning war, they can't balance our budget, they can't protect our borders."

Mr. Bowling also said Mr. Allen insulted his Southern heritage when he said at a conference of historically black colleges and universities that he has come to understand that the Confederate flag is a symbol of hate and intolerance for blacks and regrets once having displayed it.

A Bad Amendment (WP)

The Washington Post, September 17, 2006

Even if you oppose gay marriage, Virginia's ban would go too far.

SINCE 1998, 20 states have adopted constitutional amendments banning gay marriage. But not all of them have been drafted so expansively, and so carelessly, as the measure that will appear on Virginia's ballot in November, which would recognize no "union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities or effects of marriage." The amendment is muddle-headed and absurdly broad, duplicates what is already in state law and carries the germ of a thousand unintended consequences. Virginia voters should reject it.

Gov. Timothy M. Kaine (D) opposes gay marriage, but he shares with its defenders the concern that the wording of Virginia's amendment could imperil the rights of individuals to enter into private contracts or employers to extend benefits such as health care coverage to unmarried couples. Plenty of the state's most prominent employers might face a more vexing recruiting environment if the amendment is approved.

The governor seems prepared to spend some political capital opposing the amendment but not too much; his aides say not to expect a full-court press. He has recognized from the outset that the amendment can be construed not only as banning same-sex marriages and civil unions but also as putting thousands of unmarried couples at risk of losing a host of benefits. But he is loath to hit the hustings in an all-out effort to defeat the measure, which will appear on the statewide ballot Nov. 7.

We believe that all such measures enshrine intolerance and may have cruel and discriminatory effects. Around the country, there are encouraging signs that voters and legislatures in some states that have not already adopted such amendments are balking at jumping on the bandwagon. The tide that has carried these proposals may be receding somewhat, which may be one reason for Mr. Kaine's ambivalence. He has said he would support a narrowly drawn amendment that defines marriage as the union of a man and a woman, as a number of states have done.

Like any politician, Mr. Kaine is entitled to pick his battles, and there's no doubt that this one would be an uphill struggle. He would have to tackle the reality of a majority of Virginians who start out opposed to gay marriage, as well as that of the state's attorney general, Robert F. McDonnell (R), who backs the measure and dismisses the idea that it is legally problematic. But the stakes, as the governor himself has defined them, are high. Defeating the amendment is a fight worth fighting wholeheartedly.

Paid Bloggers Stoke Senate Battle In Va. (WP)

By Michael D. Shear And Tim Craig, Washington Post Staff Writers

The Washington Post, September 17, 2006

Campaigns Test Limits of Finance Laws

RICHMOND -- Virginia's U.S. Senate race has catapulted bloggers into the middle of electioneering and controversy as campaign supporters use their online forums to connect with voters, raise money and spread gossip.

Liberal bloggers -- two of whom are on the payroll of Democratic challenger James Webb -- fanned the flames last month after Sen. George Allen aimed a derogatory remark at a young Webb volunteer. That hype has helped Webb close a double-digit Allen lead in public polls and was a blow to the Republican senator's possible presidential bid in 2008.

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The lack of an effective response from conservative bloggers has prompted Allen to hire a Virginia blogger as his "new media coordinator" to goose GOP supporters into action. And four of Virginia's most popular conservative bloggers launched http://www.allens-a-team.com last week to counter what they call liberal attacks.

Together, the Webb and Allen campaigns are transforming the image of the independent blogger, clicking away on his own dime from his basement. And they are pushing the boundaries of federal campaign finance laws as blogs that once were personal diaries have come to resemble full-blown campaign operations that don't have to be reported as expenses.

The goal of the paid bloggers, both campaigns say, is to deluge online political journals with positive tidbits about their candidate and draw attention to the most negative news about their opponent. The campaign bloggers sometimes write their own bits. Other times, they spread gossip generated by others.

"We just feel like if the left is going to run rampant, we have to respond in some way," said Chad Dotson, one of the new pro-Allen bloggers and the prosecutor in Wise County. "We decided enough is enough. It's something we should have done before."

Jon Henke, Allen's new blog guru, said he will try to do in the eight weeks until the Nov. 7 election what Democrats have been doing online for months in Virginia. "Our goal is to engage the blogosphere to get our message out," he said.

Bloggers first appeared on the national political scene in 2003 and 2004 during the presidential contest. Democratic candidate Howard Dean was the first to harness the energy from thousands of online journals, whose tiny readership is multiplied by the Internet's ability to link readers from one blog to the next.

They have made little splash in Maryland and the District. But in Virginia, bloggers have mushroomed into a political force to whom politicians cater. Last month, Gov. Timothy M. Kaine (D) held a morning conference call just for political bloggers. Attorney General Robert F. McDonnell (R) regularly does a "live blog" on several conservative Web sites.

And nowhere is their presence felt more than on the campaign trail in the Senate race.

"It does seem to have gone up another notch," said Lowell Feld, founder of Raising Kaine, a liberal blog whose monthly visits are on track to be more than 100,000, up from 15,000 in December.

Bloggers were all over last week's campaign developments as the two sides traded accusations about the candidates' views on women. The bloggers' posts often are over the top. One entry on the A-Team blog offered the following quote: "Who is more modern in their attitude towards women: the Taliban, or . . . Webb? Tough call."

But it is Feld's Virginia site, at http://www.raisingkaine.com , that has been at the center of blogging influence and of controversy.

A former federal employee with degrees in psychology and Middle East studies, Feld helped blog Kaine into office last year (thus the site's name) and runs a state political action committee that he said has been largely dormant since the end of the governor's race.

This year, Feld was one of several bloggers who launched online petitions to help persuade Webb to get into the race against Allen. Feld blogged furiously on behalf of Webb during his primary fight against Fairfax Democrat and lobbyist Harris Miller.

Shortly after Webb won the primary in June, Feld announced that he had been hired as Webb's "netroots coordinator." The campaign pays him $2,500 a month to help the Democrat interact with the online community. Feld's partner, Josh Chernila, is the campaign's grass-roots coordinator.

Both offer disclaimers that their opinions are their own, but they have continued to blog on Raising Kaine, using the site to launch sometimes blistering critiques of Allen and often going further than Webb's spokeswoman.

In recent posts, Feld has referred to Republicans as "rightwing crazies" and has changed the name of Allen's campaign manager, Dick Wadhams, to a locker room epithet.

Recently, Feld wrote about a picture that shows Allen standing next to a group of white men who allegedly belonged to a white supremacist group.

"Finally! I mean, seriously, how long does it take the supposedly 'mainstream media' to pick up on evidence that a man who wants to be President is a racist?" Feld wrote.

Asked whether she believes Allen is racist, Webb spokeswoman Kristian Denny Todd said: "I don't know. You'll have to ask George Allen." Told about Feld's post, she added, "Well, you know, Lowell doesn't speak for the campaign."

Feld's online statements -- and the Webb campaign's attempts to distance itself -- have outraged conservatives who accuse Webb of illegally using the Raising Kaine site and its bloggers as a vehicle for election-year messages without officially reporting it as a 2006 campaign expense.

Dotson accused Feld and other liberal bloggers of making "huge misrepresentations" on their sites and said the Webb campaign should be held accountable.

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"His campaign has been so inept that if he didn't have left-wing bloggers screaming at the top of their lungs, he wouldn't have a campaign," Dotson said.

On the Virginia Virtual Conservative blog, http://virtuconindustries.blogspot.com , Jim Riley penned an entry titled "Raising Kaine PAC in violation of Federal Election law."

Riley wrote: "The gang at Raising Kaine PAC better start looking around for a good Democrat federal election law attorney. Something tells me that they'll be needing one."

Feld said lawyers have told him neither he nor the campaign is doing anything wrong. "We're very confident. They've assured us time and again [that we] not only meet the letter of the law, but exceed it."

Federal election laws largely exempt blogging and other online activity from reporting requirements in much the same way that newspapers and television programs are free to comment without fear of government regulation.

In March, the Federal Election Commission issued rules that require campaigns to report when they buy banner ads on Web sites. But those same regulations appear to give bloggers such as Feld and Henke virtually unlimited freedom.

In documents accompanying the regulations, the FEC wrote, "The new rules exempt Internet activity by individuals acting both with and without the knowledge or consent of a candidate, authorized committee, or political party committee."

But Feld and Henke are testing the federal laws by claiming to be members of a campaign staff one moment and independent campaign bloggers the next.

What is clear, said political activists on the left and the right, is that campaigns such as the ones in Virginia are changing the way bloggers are perceived.

"Blogging is evolving," Feld said. "You are moving into the point where bloggers who before were making no money are starting to become more like professionals, like journalists and other campaign people."

Democrats Lose In Chafee Victory (WT)

By Amy Fagan, The Washington Times

The Washington Times, September 17, 2006

Senate Democrats last week lost a key chance in their battle to retake the Senate, when top Republicans helped one of their most liberal members, Sen. Lincoln Chafee of Rhode Island, defeat a more conservative challenger who both sides thought would lose to Democrats in November.

"Republicans are breathing a sigh of relief," Republican pollster Scott Reed said. "And the Democrats' momentum has been halted. ... This just would have made them one step closer."

Democrats have to gain six seats in order to retake the Senate. Senate Minority Leader Harry Reid, Nevada Democrat, said last year that a "miracle" would be needed for them to do so.

Senate Democrats strongly disagree that Mr. Chafee's win was a setback for them. They argue that they can still win the seat because Mr. Chafee was weakened by the bitter primary and polls show a tight race between him and Democratic nominee Sheldon Whitehouse, a former state attorney general.

But the hill is now a bit steeper for Democrats than it would have been had the more conservative Stephen Laffey won the Republican primary in the Democratic state.

To gain a majority, Democrats would have to win Mr. Chafee's seat, as well as four vulnerable Republican seats in Missouri, Montana, Ohio and Pennsylvania, said Jennifer Duffy, editor and political analyst for the nonpartisan Cook Political Report. Then, they would have to pick up a sixth seat from among three slightly less vulnerable Republican seats in Arizona, Tennessee and Virginia, she said. And they would have to do all of this without losing any of their current seats.

In addition, Democrats are trying to deal with reports that Sen. Robert Menendez, New Jersey Democrat, is the subject of a federal investigation. The Star Ledger reported on Sept. 8 that the federal government is investigating a rental deal between Mr. Menendez and a nonprofit group in the state that received millions in federal funds. A Republican poll taken last weekend showed Republican challenger Tom Kean Jr. with a four-point lead.

Meanwhile, last week's Rhode Island primary was a focus for both parties because polls showed Mr. Laffey likely would lose to Mr. Whitehouse, giving Democrats a victory in the state. National Republicans gave ample money, time and resources to Mr. Chafee to ensure that didn't happen.

"It makes the math a lot harder for [Democrats]," Dan Ronayne, spokesman for the National Republican Senatorial Committee, said of the outcome. He noted that Democrats were so intent on a Laffey win that they spent $26,000 making phone calls against Mr. Chafee leading up to the race, according to a Federal Election Commission filing by the Democratic Senatorial Campaign Committee (DSCC).

But the DSCC is now wholly focused on the general election.

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It says Mr. Chafee will have a difficult time trying to woo left-leaning voters after top Republicans such as first lady Laura Bush traveled to Rhode Island to campaign for him.

"Chafee's going to have a harder time shifting to a general election after using page after page of the Republican playbook in the primary," DSCC spokesman Phil Singer said.

In a strategy memo the day after the primary, DSCC Chairman Sen. Charles E. Schumer of New York noted that Mr. Whitehouse got roughly the same number of votes as both the Republican candidates combined.

He said the primary showed that "candidates who were perceived as the most anti-Bush won -- an ominous sign for the GOP and a good sign for Democrats."

Clinton Stars At Klobuchar Event (MINNST)

By Josephine Marcotty, Star Tribune

Minneapolis Star Tribune, September 17, 2006

The former president, ever-popular among Democrats, lent his charm and fundraising mettle to the DFL candidate.

Former President Bill Clinton, the Democrats' favorite Democrat, stood with U.S. Senate candidate Amy Klobuchar before a crowd of more than 1,400 people Saturday night to shed some of his rainmaking power on her and her political party.

Clinton raised cheers at the fundraising dinner held at the RiverCentre in St. Paul when he said that Klobuchar "may be the very best we have in the United States."

His presence in Minnesota, and that of President Bush at a Republican fundraiser in August, illustrates the importance that both parties place on this Senate race.

"It's the most competitive race in the country," said Mark Drake, communications director for the Republican Party in Minnesota. "It speaks to the fact that they have to bring in their most important fundraiser," he said.

Questions were raised about whether Bush would help or hurt Minnesota Republican candidates during his fundraising swing here.

But that's not an issue for Clinton or the candidates he supports in Minnesota, experts said.

"There is no more popular Democrat than Bill Clinton," said Steve Smith, a professor of political science at Washington University in St. Louis. "If you are putting on a fundraiser, you want Bill Clinton."

When Bush came to Minnesota for a Republican fundraiser in August, some questioned whether the political fallout from the war in Iraq and Hurricane Katrina would steer voters away from Republican congressional candidate Michele Bachmann and Senate candidate Mark Kennedy. In fact, a running theme of the coverage of the race between Kennedy and Klobuchar has been that Kennedy is trying to overcome his image as a Bush Republican.

Kennedy's answer to that was to ride in Bush's motorcade, and shake his hand during the Minnesota visit.

However, when Clinton left office he was one of the most popular presidents ever, said Stephen Frank, a political science professor at St. Cloud State University, and that was especially true in Minnesota.

"And we love former presidents," he said.

In fact, Clinton's appearance beside Klobuchar at the event might raise her appeal to a broader spectrum of voters, he said.

"She's modeled herself on Clinton," Smith said. "He was known for his success in taking a moderate approach. And [Klobuchar] has attempted to stake a claim in the middle of spectrum."

In fact, Clinton said during his speech Saturday that the "Democratic party has actually become both the liberal and the conservative party in America today." The Republicans have been taken over by a narrow group of extreme conservatives, he said.

That's in sharp contrast to what Republicans have been saying about Minnesota Democrats since Keith Ellison won the Democratic primary last week in the Fifth District Congressional race.

"Clinton, coming to town on the heels of Ellison's victory, really underscores just how much Minnesota Democrats have abandoned his Democratic legacy," Drake said.

Ellison has been subjected to heated attacks by his Republican opponent in the race because of his past ties to Nation of Islam leader Louis Farrakhan. Ellison, a Muslim, has said his ties were limited to helping organize the Million Man March in Washington.

Campaign officials for Klobuchar said the event was sold out, and they added spots for 200 more people at the last minute. However, they were unable to say how much money was raised because Clinton's schedule changed at the last minute, forcing the Klobuchar campaign to cancel a fundraising event with him that was to be held before the dinner. Earlier Saturday he attended the funeral of former Texas Gov. Ann Richards, who died Thursday of cancer.

A spokesperson for the Minnesota DFL said its share of the proceeds would be about $500,000.

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'Values Voters' Up For Grabs In State's Senate Race (PPG)

By James O'Toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / U.S. SENATE

Bob Casey returned to his law school, Catholic University, last week, to deliver a message on how his faith informs his public life.

This Wednesday, Dr. James Dobson, the popular and influential evangelical broadcaster, will appear at the Mellon Arena.

Sen. Rick Santorum, whose reelection is being challenged by Mr. Casey, won't be there and won't be endorsed formally at the gathering, but the selection of Pittsburgh as a site for pre-election Stand for the Family rallies shows how highly the conservative Republican is valued by Dr. Dobson and his colleagues.

"Pennsylvania is too important for us not to be here ... especially in your Senate race," Dr. Dobson said in a radio interview last week. "Get to the polls. You know who to vote for. I won't tell you, because you already know."

The two events highlight the importance of religion in this race and in the broader national struggle between parties eager to appeal to "the values voter," that many analysts saw as a decisive factor in the 2004 presidential race. Since that election, Democrats nationally have struggled to find a natural voice on religious issues.

"I really think they understand that they've missed the boat and they've ceded all this territory to the Republican Party," said Laura Olson, a Clemson University scholar and the author of "Religion and Politics in America: Faith, Culture and Strategic Choices."

"On the other hand," she said, "you can't really turn around all of a sudden and say, 'OK, I'm going to talk about religion.' "

A recent survey by researchers at Baylor University confirmed earlier findings that regular church attendance had a high correlation to support for Republican candidates. The latest in a series of surveys on religion and politics by the Pew Forum on Religion and Public Life offered similar conclusions. Both surveys noted that white evangelical Protestants were the most monolithic of religious groups in their support for conservative candidates and issues.

That tendency should be unmistakable in the presentation by Dr. Dobson and his colleagues. While, for tax reasons, the group is barred from making formal endorsements in the race, anyone who walks away not knowing their preference won't have been paying attention. Mr. Santorum, while a Roman Catholic himself, had a prominent place in a Time Magazine survey of the most influential figures in the evangelical movement.

"Obviously, we're coming to a state where the stakes are pretty high," said Tom Minnery, Focus on the Family's vice president for public policy and the leader of its political arm. "We won't be telling people how to vote, but we'll be laying out the differences."

If the electorate were limited to religious conservatives, Mr. Casey would face prohibitive odds in November. But some analysts see a broader problem for a party whose brand name has become associated with a more secular approach to public issues.

"The root of the Democratic Party's religious woes may not lie solely in the fact that they have been spurned by religious conservatives," Pew researchers Gregory Smith and Peyton Craighill wrote in a commentary on the latest survey. "Contributing to the party's electoral misfortunes may be that even moderate citizens and voters view the Democrats as being unfriendly toward religion."

The introduction to the report itself said the Democrats have a "God Problem," with only a quarter of voters saying that the party is friendly toward religion. It went on to note, however, that "the proportion of Americans who say the Republican Party is friendly to religion, while much larger, has fallen from 55 [percent] to 47 [percent] in the past year, with a particularly sharp decline coming among white evangelical Protestants (14 percentage points)."

Mr. Casey's Catholic University speech was an implicit effort to counter his party's image.

Mr. Casey, like his opponent an observant Roman Catholic, invoked the Conference of Catholic Bishops' "Guide to Faithful Citizenship," and said, "My understanding of the common good also comes from my faith: faith in God, that all things will ultimately work to his greater good."

Back in the 'public square'

Mr. Santorum, in his book, "It Takes a Family" and in numerous speeches has complained about a society that would ban religion from the public square. He argues in his book: "Most liberals seem really to believe that this widespread worry about values is nothing more than a version of the Marxist 'false consciousness,' a form of mass hysteria created by urban legends and stoked by talk show hosts like Sean Hannity, Dr. Laura, and Rush Limbaugh and evangelicals like Dr. James Dobson."

Jay Reiff, Mr. Casey's campaign manager, argues that such a characterization can't be tagged on the challenger

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"Bob is a new kind of Democrat and is hoping to be a model of bringing faith to the public square," he said.

One of the factors cited by analysts in Democrat Timothy Kaine's victory in last year's Virginia governor's race was his ability to speak comfortably about his faith. Early in the campaign, the Virginian-Pilot reported, he ran radio ads on small Christian broadcasting stations saying that, "My family and Christian faith are the core values that guide me."

Handicapping the Virginia race in an appearance on "Meet the Press," Howard Dean, the Democratic National chairman, said, "We ought to talk about our values. Tim Kaine did it. I don't think that's the only reason he won, but it's certainly one of them."

This rebranding effort has skeptics, however, both in and outside the party.

"I'm not comfortable with the way the Democratic Party has tried to become religious," the Rev. George Regas, pastor emeritus of All Saints Church in Pasadena, Calif., said at a panel discussion on religion and politics last week at the Warhol Museum. "There's an inauthenticity about it."

The Rev. Regas, who supports abortion rights, said he was frustrated at Democratic efforts to defend liberal positions on issues such as abortion and gay marriage from a civil liberties standpoint rather than a moral one.

Some Democrats eager to portray their candidates as more friendly to religious audiences have launched the Web site, FaithfulDemocrats.com. One of its key figures is a former DNC chairman, David Wilhelm, an investment banker and practicing Methodist.

The site describes itself as "an online community of Christian Democrats -- religious leaders, political leaders, writers, and regular Americans who are committed to the Gospel and the common good. ... We don't believe that good Christians have to be Democrats. Nor do we believe that one religion has a monopoly on faith. But we make no apologies for rooting our identity as Democrats in our faith as Christians."

To the Democratic hierarchy, a big part of Mr. Casey's appeal as a candidate was based in part on his ability to fit a similar profile. He shares Mr. Santorum's overall positions on abortion and stem cell research. Both support the death penalty. Like the incumbent, Mr. Casey opposes gay marriage, but supports civil unions for gay couples. And while he supports previous legislative definitions of marriage as a bond between a man and a woman, he derided the effort to insert similar language as an amendment to the Constitution as a partisan ploy by congressional Republicans.

Abortion off the table?

At a recent Labor Day picnic, while Mr. Casey worked the crowd a few feet away, Westmoreland County Commissioner Tom Balya said he expected Mr. Casey to run well in his socially conservative county because, in his view, he takes the polarizing issues of abortion, along with gun control, off the board.

That Democratic hope won't be realized for every voter, however. Referring to the premise that Mr. Casey's candidacy moots the abortion issues, Helen Cindrich, president of People Concerned for the Unborn Child, said, "He's going to be surprised if he thinks that's true."

LifePAC, the political arm of Mrs. Cindrich's group, endorsed Mr. Santorum last week. The veteran anti-abortion activist described herself as a longtime admirer of Mr. Casey's father, the late governor, who was an outspoken foe of abortion and who even considered running for president on a pro-life platform.

"We interviewed him before the primary," she said of the Democratic candidate. "We were kind of thinking, 'Here comes Robert P. Casey all over again.' He said to me, 'I'm not my father.' "

"The fact that he says that Plan B is a good thing really rankles," Mrs. Cindrich said.

Mr. Casey supports the so-called morning after pill -- Plan B -- and the recent FDA decision to allow its sale over-the-counter, an issue that both Mrs. Cindrich and Mr. Minnery, of Focus on the Family, cited as important to their constituencies.

In his recent appearance on "Meet the Press," Mr. Casey said that the Plan B pill is a contraceptive. Mr. Santorum and many abortion foes oppose it, however, arguing that it can, in some instances, be tantamount to an abortion.

Mr. Casey also differs from Mr. Santorum in supporting government aid to family planning organizations. He has argued repeatedly that both pro-life and pro-choice groups can find common ground in supporting polices that reduce the number of abortions.

"In my view, neither party has gotten it right when it comes to life issues," Mr. Casey said in his Catholic University address. "We can't realistically tackle the difficult question of abortion without embracing the 'radical solidarity' with women who face pregnancy that Pope John Paul spoke of many years ago. If we are going to be pro-life, we cannot say we are against abortion of unborn children and then let our children suffer in degraded inner city schools and broken homes."

Mr. Reiff, the Democrat's campaign manager, pointed out that Mr. Casey has made efforts to reach out to a variety of faith-based groups, including the Pennsylvania Pastors Network, a coalition of nonprofit groups, working to increase the turnout of religious voters in November. Mr. Casey spoke to a meeting of the group in July, but its first session, early this year, featured a seven-minute videotaped greeting by Mr. Santorum.

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In Pennsylvania and elsewhere in the country, GOP outreach to such church groups proved a decisive factor in the 2004 presidential results.

All of this suggests several tactical issues about this Senate campaign. Mr. Santorum seems certain of retaining the allegiance of most of the more conservative religious groups, but will Mr. Casey's relatively conservative social positions, and comfort in discussing his faith, allow him to peel off at least some of that conservative support?

Conversely, will more socially liberal voters, such as those in the crucial Philadelphia suburbs, perceive Mr. Casey as relatively moderate compared to the incumbent, or will they place both candidates in the same pro-life niche?

"Because Casey is able to present himself as a moderate, it creates a strategic opportunity for the Democrats to peel off moderates," said Ms. Olson, the Clemson scholar. "It seems to me that the 2006 elections are not going to be decided on the same culture wars as in the past."

Al Franken: Formidable Fundraiser (MINNST)

By Rob Hotakainen, Star Tribune

Minneapolis Star Tribune, September 17, 2006

The potential 2008 U.S. Senate hopeful is helping DFLers and candidates around the country.

WASHINGTON - A new Democratic powerhouse is emerging in Minnesota this campaign season: comedian Al Franken.

His political-action committee, which is called Midwest Values, has raised more than $800,000 that he's spreading to Democratic candidates in Minnesota and across the country.

"He's potentially a huge player." said David Schultz, a professor at Hamline University in St. Paul who studies money in politics.

Schultz said that if Franken spends all of the political funds he is raising, his group would be one of the "top two or three PACs expending money in the state of Minnesota."

But Franken, a bestselling author and radio talk-show host who grew up in St. Louis Park, could be the ultimate beneficiary if he cashes in his chits and runs for the Senate in 2008 against Minnesota Republican Sen. Norm Coleman.

Franken, who moved from New York to Minneapolis this year, said he might form an exploratory committee for that race early next year.

He is raising campaign money from a variety of sources -- from the entertainment industry on both coasts, his stand-up comedy shows and elsewhere.

"If I do run against Norm Coleman in '08, I'll be the only New York Jew in the race who actually grew up in Minnesota," Franken quipped to about 200 DFL activists gathered at a picnic in Fridley recently.

Hollywood ties

Contributors to Franken's PAC include Barbra Streisand, Phil Donahue, Larry Hagman and Norman Lear from the entertainment industry, former Minnesota Gov. Wendell Anderson and Minneapolis attorney Sam Kaplan.

That list of contributors prompted Coleman to say that Franken "obviously has a sense of humor" by calling his PAC Midwest Values.

"Hollywood values aren't Midwest," Coleman said, "and the money isn't Midwest."

Coleman, who has raised nearly $4 million for his reelection bid, said he expects Franken to be "a very strong voice for the far left" and a strong fundraiser.

"There's a lot of Hollywood money out there, a lot of ultra-liberal money out there," Coleman said. "I have no doubt that Al Franken will be very, very formidable. ... He can probably self-fund."

Franken said he chose the name Midwest Values for his group because he is tired of Republicans claiming those values as their own. He said that Hollywood contributors have provided only $60,000 to his PAC and that Minnesotans have given much more.

Franken would not be allowed to use his PAC money to finance a run for the Senate.

So far, Franken has distributed $10,000 each to Senate hopeful Amy Klobuchar and House candidates Patty Wetterling, Tim Walz and Coleen Rowley. He gave $5,000 each to Democrats in tight Senate races: Claire McCaskill in Missouri, Sherrod Brown in Ohio and Jon Tester in Montana. He gave $20,000 to the DFL Party and $500 each to more than 30 legislative candidates.

He is aiming his money at contested races where he believes it will help most.

Wetterling said that Franken is bringing a new perspective to politics: "This is Minnesota. We elected Jesse Ventura. We elected Rod Grams, the TV anchorman," she said. "We've elected different people."

Franken has been doing a lot of politicking around Minnesota since January, when he moved his show on the Air America radio network from Manhattan to Minneapolis.

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The night after he appeared in Fridley, Franken went to Tonka Bay to raise money for Wetterling. The next night, he rallied DFLers at the Wellstone Dinner in St. Cloud. Two nights later, he was in Minneapolis, raising money for abortion-rights advocates. The next week, Franken went to Denver and San Francisco to do stand-up shows. Last Tuesday night, he attended a political event in Rochester.

Republicans take notice

Franken's political rounds in the state are not going unnoticed by opponents.

Last week, State Republican chairman Ron Carey called him one of the "true finance chairs" behind DFL gubernatorial candidate Mike Hatch. Carey described Franken as "an angry liberal."

Franken said he is ready for attacks. "I admit, I've been angry at times. ... I don't know how you don't get angry at what's going on," he said.

As he travels throughout Minnesota, Franken is staying true to his trade, often relying on humor at political events. He calls the No Child Left Behind law for schools "the most ironically named piece of legislation since the 1942 Japanese Family Leave Act." He says Republicans are "stealing God," adding that the Bible is filled with references to helping the poor. If you cut all those references out, he says, "you'd have the perfect box to smuggle Rush Limbaugh's drugs in."

At the Fridley picnic, Franken got a big laugh when he read from the GOP's Contract With America in 1994, recalling how Republicans promised to end a cycle of political scandal.

"On September 27th, 1994, on the steps the Capitol, they said this: 'If we break the contract, throw us out,' " he said.

After the crowd's hooting ended, Franken yelled: "Sounds like a plan to me!"

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Jindal, Vitter Back Romero For House Seat (BRADV)

By Patrick Courreges, Acadiana Bureau

Baton Rouge Advocate, September 17, 2006

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single page view

HOUMA — The Louisiana Republican Party's two hottest political acts traveled to Houma Saturday to declare their support for Republican Louisiana 3rd Congressional District challenger Craig Romero.

U.S. Rep. Bobby Jindal, R-Kenner, and U.S. Sen. David Vitter, R-Metairie, held a news conference with state Sen. Romero, R-New Iberia, in front of the Terrebonne Parish Courthouse where they praised Romero's values and work ethic.

Romero is the best-known and best-funded of three challengers attempting to unseat first-term incumbent U.S. Rep. Charlie Melancon, D-Napoleonville, in the Nov. 7 election. The other two are Franklin Libertarian James Lee Blake Jr. and LaPlace Democrat Olangee "OJ" Breech.

"I am absolutely convinced we need Craig Romero in our delegation, especially in these challenging times," Vitter said.

He said that trying to bring more funding to the state to help restore its eroding coast and continue the recovery from 2005's hurricanes Katrina and Rita are crucial issues for the state's delegation.

Romero is uniquely qualified to deal with hurricane recovery, having served as Iberia Parish president and helping oversee that parish's recovery from Hurricane Andrew in 1992, Vitter said.

"He has the knowledge and the experience," Vitter said.

He said another reason for his endorsement is that Romero best represents the conservative values that Vitter believes Louisiana wants.

Vitter said he does not believe Melancon's claims to share those conservative values.

"I think the record shows that he doesn't," Vitter said.

The first vote Melancon or Romero would cast in Congress would be a choice for Speaker of the House, and while Romero would certainly vote for a strong conservative, Melancon would have to vote with the rest of his party for U.S. Rep. Nancy Pelosi, D-Calif., Vitter said.

He said a Pelosi-led House would be for abortion, for gun control and for tax increases.

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Story originally published in The Advocate

GOP's Attack On Ellison Focuses On U.S. Muslim (MINNST)

By Sharon Schmickle, Star Tribune

Minneapolis Star Tribune, September 17, 2006

Nihad Awad is head of the Council of American-Islamic Relations. Conservatives say it is rooted in Hamas and secretly supports Hezbollah in Lebanon.

When Nihad Awad flew to Minneapolis to attend a fundraiser for state Rep. Keith Ellison in August, following him was a simmering debate in American politics: What constitutes support for terrorism?

Last week, Minnesota Republicans thrust that issue to the forefront after Ellison won the DFL primary in the Fifth Congressional District. In a letter to Republicans statewide afterward, state GOP chairman Ron Carey accused Ellison of trying to hide his backing from "a self-identified supporter" of the Palestinian group Hamas.

Carey was referring to Awad, a former Minnesotan and executive director of the Council on American-Islamic Relations (CAIR) in Washington, one of the nation's most prominent Muslim groups. Awad has been a frequent commentator on national television and appeared with President Bush after the Sept. 11, 2001, attacks.

But many conservatives and Jewish groups say that CAIR is rooted in the Hamas movement and that its leaders also secretly support Hezbollah in Lebanon. The United States counts Hamas and Hezbollah as terrorist organizations.

Awad donated $2,000 to Ellison's campaign in July, and at least one other CAIR employee gave $1,000. The donations are listed on Ellison's campaign finance reports, and he said he has nothing to hide.

"The Republicans are in a tough situation," Ellison said. "Iraq is a failed policy."

Ellison added, "They haven't done much for homeland security. We still have a health care crisis. The Earth is warming up, and they're not doing anything about it. What are they going to do? They have to try to engage in smear politics."

If he wins, Ellison will be the first Muslim elected to Congress. He called Awad an "acquaintance," saying he has known the CAIR leader for many years but not well enough to be able to "account for everything he has ever done, everybody he knows or everything he has ever said."

But after Awad attended the Ellison fundraiser on Aug. 25, conservative blogs, some Jewish groups and some Democrats objected.

Awad dismissed the attacks as an effort to crush Ellison with unfounded guilt-by-association innuendo. He predicted that it will backfire. "The Twin Cities has broken the historical ice of stereotypes and fear that American Muslims cannot make it," Awad said.

But some observers neutral-to-supportive on Ellison said it's valid for voters to examine a candidate's associations.

Jewish voters, for example, are concerned about Israel's security, and they scrutinize all candidate positions as they relate to Hamas and Hezbollah, said Julie Swiler, a spokeswoman for the Jewish Community Relations Council of Minnesota and the Dakotas.

Many Jewish voters apparently were satisfied with Ellison even after Awad stepped forth to support him. Prominent Jewish politicians continued to campaign for him, and an influential newspaper, the American Jewish World, endorsed him.

The debate goes back to the late 1980s, when Awad, a Palestinian refugee, left Jordan to study at the University of Minnesota, where he was active in Muslim student groups. That's where he met Ellison, a law student at the time.

Awad frequently accepted invitations to explain Islam at Twin Cities area schools and churches, sometimes collaborating with another Minnesotan, Ibrahim Hooper. In 1994 they took their outreach nationwide, with money raised by Omar Ahmad, president of the Islamic Association for Palestine, where Awad worked as public relations director.

The organization that Awad and Hooper opened in a two-room office in Washington that year now has 32 chapters and affiliates in the United States and Canada. Its stated mission is to enhance understanding of Islam and defend civil liberties. But its leaders also have criticized U.S. policy in the Middle East.

Controversy began even before the doors opened to CAIR's first office.

In March 1994, Awad said at Barry University in Florida, "I am in support of the Hamas movement more than the PLO," a reference to the Palestine Liberation Organization, which was widely seen as corrupt. Awad went on to say that Hamas and other Islamic movements were gaining popularity in the Middle East in part because they "respond to the daily needs of the people." He added, "There are radicals in every movement and every sect, but we have to look at the moderate side."

The statement came before Hamas had set off its first car bomb in Israel and more than a year before the United States designated it as a terrorist organization. Since then, CAIR has issued dozens of statements condemning terrorism.

But critics continue to cite the phrase "I am in support of the Hamas movement" as evidence that Awad supports a terrorist organization. He reiterated last week, "I don't support any organization that is designated by the State Department on the list of terrorism, and we respect the law."

Awad's original statement reflected a nuanced view common in the Middle East, said Prof. J. Andrew Overman of Macalester College, who leads study groups to the region.

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A typical response from a Palestinian voter, Overman said, is "this suicide bomber stuff is insane, and I am scared to death that my 14-year-old son is going to be talked into being one. But the only way I can get penicillin for my son is from Hamas. So do I support Hamas? I do, but I do not support suicide bombing."

CAIR's critics cite other worries, though. One is that groups associated with it have been linked to terrorism-related activity. For example, after the Sept. 11 attacks, CAIR invited visitors to its website to help victims by contributing to a charity called the Holy Land Foundation. In December 2001 the United States blocked Holy Land's assets, saying it supported Hamas.

And the Islamic Association for Palestine, instrumental in launching CAIR, was found liable in a 2004 lawsuit in Chicago for contributing to the terrorist killing of a U.S. citizen by providing support to Hamas. Further, former CAIR employees and volunteers have been convicted on terrorism-related charges in Virginia and Texas.

Debate over CAIR has raged through Congress and courts. Voters in the Fifth District, which includes Minneapolis and nearby suburbs, are unlikely to resolve it.

Instead, their challenge will be to distinguish between issues and hardball politics, said John Green, a senior fellow at the Pew Forum on Religion & Public Life in Washington.

"It would be legitimate for someone to say, 'I don't want to vote for Mr. Ellison because he gets support from CAIR, and I don't agree with CAIR,' " Green said. "But it would be quite another thing to say, "Because CAIR supports Ellison, then there's somehow a tie to terrorists.' That involves taking several steps for which there is probably no evidence."

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Patrick Outpaces Two Rivals In New Poll Democrat Surges To A 21-point Lead As Vote Nears (BOS)

By Frank Phillips

The Boston Globe, September 17, 2006

Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV.

Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent.

The survey found voters shifted to Patrick in the last few weeks, despite the millions of dollars that Gabrieli and Reilly have spent on television advertising since late August. A Globe poll, taken Aug. 18-23, showed that the three were in a virtual dead heat, with Patrick at 31 percent, Gabrieli 30 percent, and Reilly 27 percent. In March, a similar poll gave Reilly a strong lead in the race.

Patrick took support from both of his rivals in the intervening weeks, though Reilly seems to have suffered the greatest, according to Andrew E. Smith, the director of the University of New Hampshire's Survey Center, which conducted the poll.

Smith said that Patrick has succeeded in building his support beyond his base of liberal, upper income, well-educated voters that made up the initial core of his coalition. Patrick, who began the race 18 months ago as a political novice who was virtually unknown to voters, now leads in almost all the categories of the primary electorate, the survey shows.

``Patrick has broadened his support across the board," Smith said.

He said Reilly, the state's two-term attorney general, and Gabrieli, a wealthy venture capitalist, lost ground partly because some of the moderate and conservative voters -- a group Smith says are less politically involved and less motivated to vote in a Democratic primary -- have decided not to participate in the election. Support for Reilly and Gabrieli is rooted among moderates and conservative Democrats and independents.

In contrast to the contest for the gubernatorial nomination, the three-way primary race for lieutenant governor appears to be wide open. Deborah Goldberg, the former chairwoman of the Brookline Board of Selectmen, received 26 percent support in the survey; Tim Murray, the mayor of Worcester, 20 percent; and business consultant Andrea Silbert, 18 percent. Twenty-seven percent are undecided.

But among those who say they will definitely vote, the race tightens. Goldberg and Murray both get 27 percent, and Silbert gets 16 percent. The margin of error for those 300 likely voters in the sample is about 5.5 percent.

In the only other Democratic contest, Secretary of State William F. Galvin, seeking his fourth term, is far out in front of his challenger, voting rights lawyer John Bonifaz, getting 45 percent support from the respondents. Bonifaz received only 7 percent, while 38 percent are undecided.

In the race for governor, voters seem to be making their decisions because they generally like the candidates or their overall philosophies, rather than basing the decision on the candidates' stances on specific policies. While all three candidates

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have different views on rolling back the income tax rate from 5.3 percent to 5 percent -- the most hotly debated issue in the race -- only 11 percent cited the issue as the reason for supporting their candidate.

The current survey found 70 percent of the Democratic primary view Patrick favorably, 9 percent unfavorably. The poll three weeks ago found Patrick with a 51 percent favorable, 10 percent unfavorable rating.

The voters' view of Reilly has dropped dramatically in the last weeks. Forty-two percent of those surveyed viewed Reilly favorably, down from 52 percent in the Globe's August poll. His unfavorable rating jumped from 24 percent to 38 percent. Most analysts, including his closest advisers, attribute Reilly's free-fall to his poor debate performance on Sept. 7, when he went on the attack against both Gabrieli and Patrick.

But the second televised debate, held Wednesday, in the middle of the four-day survey, did not seem to hurt Patrick, even though he was seen as defensive under questioning by Reilly and Gabrieli.

The poll also found that Reilly's strategy of drawing on union support does not appear to have worked. In a small sample of 88 respondents, Patrick holds a 3-to-1 margin over Reilly among those identifying themselves as living in union households. Reilly, who has portrayed himself as a champion of working middle class voters running against two multimillionaires, receives his strongest support from older voters, those with lower levels of income and lower levels of education, according to the survey.

Patrick gets his strongest support from liberals and those with incomes of $100,000 a year or more, those with postgraduate educations, and those with no religious preference. He is especially strong among respondents who say they are most interested in the race and those who say they will definitely vote on Tuesday.

But Patrick's broader appeal is evident in the views of Sonja Bryant of Waltham, a 51-year-old hospital worker and a registered Democrat. She said that Patrick's positions on issues such as housing, crime, education, and affirmative action appeal to her. ``He will be do something about the causes that affect my family, some of his causes are my causes," said Bryant, a survey respondent who agreed to be interviewed after the poll.

Bryant, an African-American woman who describes herself as a liberal, said she was impressed with Patrick's ability to rise from a poor childhood to jobs as a top Clinton administration official and later a corporate executive. ``If you're able to do that with from where you came from, you can do something for the state," she said.

Gabrieli, despite spending over $2 million in ads in the last three weeks, has actually dropped slightly since the August poll. The recent survey gives him a 59 percent favorable rating, up four percentage points from August, but his unfavorable rating rose from 14 percent to 17 percent. He drew slightly more support from those who identify themselves as conservatives, but trailed Patrick among moderates, a targeted group that Gabrieli was hoping to use as a base for victory. Gabrieli also is trailing Patrick by a significant margin among independents, another primary voting bloc that he is counting on to carry.

Gabrieli has portrayed himself as bi partisan and results oriented. ``I don't think he is one of the insiders," said Joe Rosseau, a survey respondent and partially retired state worker from Methuen, explaining why he is supporting Gabrieli.

Rosseau, a 63-year-old registered independent who describes himself as a conservative, said he considered Patrick ``seriously" but worries that he would not get state spending under control. He rejected Reilly because he felt had not done enough to investigate the Big Dig problems.

Rosseau says he is more concerned about the state controlling spending that an immediate income tax cut. Indeed, only 15 percent of those surveyed favor Reilly's position for an immediate rollback, while 48 percent support Gabrieli's plan for a phased in cutback. Patrick's position of keeping the tax at 5.3 percent gets support from 30 percent of the respondents.

Gabrieli's hope for overtaking Patrick may lie with those who say they are most likely to change their minds, the survey findings show. Greg Gullotti of Waltham, self-employed antiques dealer, said he has been divided over whether to vote for Patrick or Gabrieli, but is moving toward Gabrieli.

``I'm leaning in his direction, because he appears to have the sense of self-convictions and has a personality that he would not be swayed by the stress and potential political ramifications of any given situation," said Gullotti, a registered independent who said he generally votes for Democrats. ``He strikes me as a fair and even keeled administrator."

But Gullotti, 37, said he is also drawn to Patrick, but finds off-putting what many say is his strength as a candidate. ``He is a fresh face, with a fairly good track record," he said. ``And he is certainly charismatic and energetic, but that is finally what is turning me against him," Gullotti said. ``The more support Deval Patrick gets, the more he is talking like a politician."

Patrick was considered by the likely primary voters to be the strongest candidate for the Democrats to run against the Republican s' choice, Lieutenant Governor Kerry Healey. Some 40 percent in the survey say he has the best chance of winning in November, while 22 percent name Gabrieli, and 19 percent, Reilly.

The August survey found that 37 percent of voters believed Reilly would be the strongest Democrat, with Patrick and Reilly trailing.

Also running in the general election are independent Christy Mihos and Green Rainbow Party candidate Grace Ross.

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Asked which of the candidates cares most about ``people like you," 38 percent of those questioned chose Patrick, 23 percent said Reilly, and 20 percent said Gabrieli. Asked which candidate had the best television ads, 36 percent chose Gabrieli, 26 percent said Patrick and 12 percent said Reilly.

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Pawlenty And Hatch Are Tied At 42% (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, September 17, 2006

With the rivals having locked in their bases, winning support of undecided and independent voters will be crucial.

Gov. Tim Pawlenty and Attorney General Mike Hatch are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll.

Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent.

With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters.

The results mirror a Minnesota Poll on the governor's race in July that showed Pawlenty with 43 percent support and Hatch with 41 percent.

"We've known all along this was going to be a close race," Hatch's campaign manager Jon Youngdahl said Saturday. "How we are going to win this race is with a positive message."

Pawlenty spokesman Brian McClung said Saturday that another finding in the poll -- the governor's lead among independents -- is "good news and reflects his mainstream appeal and success at growing jobs and strengthening Minnesota's economy."

Hutchinson, a former Minneapolis schools superintendent, went from 5 percent to 7 percent in the latest poll. Although he still struggles with name recognition among voters, he says Pawlenty and Hatch have stalled.

"Roughly 20 percent of the voters are saying, 'I know them well and don't want them.' My job is still visibility," Hutchinson said as he headed off to a parade in Plymouth on Saturday. When voters see a third option, he said, "They're going to take it."

Candidates Ken Pentel and Walt Brown each registered only 1 percent.

The results of the poll have a margin of sampling error no greater than 3.4 percentage points, plus or minus.

Hatch and Pawlenty have secured their party faithful, according to the poll. Hatch has 85 percent of those who identify as Democrats. Pawlenty has 87 percent who identify as Republicans.

Meanwhile, Pawlenty has an edge over Hatch and Hutchinson among independents, according to the poll. Pawlenty gets 40 percent of those votes to 30 percent for Hatch and 13 percent for Hutchinson.

Hatch does best in Hennepin and Ramsey counties, with 47 percent of voters polled to 35 percent for Pawlenty and 8 percent for Hutchinson. Hatch and Pawlenty are at near parity for the other metro counties. a change from July.

In Anoka, Dakota, Scott, Washington and Carver counties, Pawlenty stands at 43 percent, while Hatch has 40 percent support. In July, the poll showed Pawlenty leading in those places 51 to 34 percent.

The governor's job-approval rating is unchanged since the July poll. He is at 54 percent now, compared with 55 percent then. About two in five voters rated him poorly in July; that number is at 41 percent now.

The poll also asked about the state's direction. Nearly half of voters, 48 percent, say Minnesota is headed in the right direction, while 42 percent say things are off on the wrong track.

Both Hatch and Pawlenty have a good image among likely voters. Fifty-three percent view Hatch favorably, compared with 50 percent for Pawlenty. The governor's unfavorable rating is 41 percent; Hatch's is 24 percent.

The good news for Hutchinson is that his name recognition is up from 27 percent in July to 37 percent now. But more than three-fifths of likely voters do not know his name.

Some voters' views

Some of those polled offered views on the candidates.

Lee Hammock is a Republican retiree from Hayfield who thinks Pawlenty is doing "a good job with what he's got." Hammock said he likes that Pawlenty signed a bill making it easier to get permits to carry handguns, but he thinks roads are falling apart.

Mike Carlson, an electrical engineer in Chaska who leans Republican, said he's not sure yet how to vote. "Hatch is probably a pretty good guy. Pawlenty, I don't think he's been doing that bad," he said.

Fred Ventura is an independent in Owatonna who works as a paraprofessional in schools and thinks the state is on the right track. "I'll probably vote for Tim Pawlenty. "He has a genuine interest in the education of the children. I don't think it's just lip service," Ventura said.

Peter Degeus of Rochester is an independent supporting Hatch. "I call our governor two-faced Tim, so I'm not voting for him," Degeus said. "He ran on this campaign pledge of no new taxes. Hennepin County's getting new taxes and they don't get to vote."

He was referring to the new sales tax for the Minnesota Twins ballpark. The state gave the county authority to levy it.

Degeus said he also supports gay rights. "I'm not gay. I don't know anyone who's gay, but it's got to do with taking away somebody's rights. That's what the Republican Party seems to about these days," he said.

Diane Weiss, a typist from Barnum, is also an independent concerned about gay rights and keeping abortion legal. She said she doesn't know who she will vote for and doesn't think Pawlenty has done too badly. But she's upset with him because he "tried to strong-arm Indian tribes into giving the state more money. I thought that showed a lack of integrity."

But Rebecca Grundhoefer, a Democrat from Foley, said the state is going in the wrong direction because of tight school and public safety budgets. She isn't sure who she will vote for, but she's not happy.

"You don't see any police," she said. "It kind of feels like we're on our own a lot out here, and that's kind of scary. It seems like so many things are eroding."

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'Teflon Ed' Rendell Unbruised Despite Tough Year (PPG)

By Tom Barnes, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / GOVERNOR

HARRISBURG -- In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate.

So his bid for re-election has to be in trouble, right?

Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll.

"I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently.

"Rendell is the consummate politician," added Mr. Richards. "He can neutralize defeats and even use them to his advantage. He came into office promising property tax relief and he hasn't really delivered on it, but he's able to put the blame for that on the Legislature.

"Even though he signed the pay raise, he hasn't paid any political price for that, while many of the legislators who voted for it have been defeated."

Perhaps the highest-profile issue of Mr. Rendell's first term was the advent of 14 casinos in Pennsylvania, with as many as 61,000 one-armed bandits. The first ones could open early in 2007.

Politically, slots have been a two-edged sword. Gamblers are happy because they won't have to trek to Atlantic City casinos or racetracks in West Virginia or Delaware to get their slots kick. And the state's horse-racing industry is pleased because some of the revenue generated at casinos will go to boost prize money for thoroughbred and harness races and help the horse-breeding and agricultural industry.

But religious conservatives and others think easier access to slots will just increase gambling addiction and generate huge social costs.

There also have been complaints that the promise of $1 billion in slots revenue to lower property taxes has been too slow in coming and won't be fully realized until 2009 at the earliest. Even then, critics say, it won't help average homeowners that much, trimming most annual property tax burdens by only $200 to $250.

Mr. Rendell, 62, took office in January 2003 and spent his first 18 months pushing for Act 71, the slots law. It was finally enacted on July 4, 2004, and he signed it one day later.

In Western Pennsylvania, it authorized one slots parlor in Pittsburgh and another at The Meadows racetrack in Washington County, each with up to 5,000 slots. There also will be smaller casinos (with 500 slots each) at two resorts, Nemacolin Woodlands and Seven Springs.

While some skeptics claim Mr. Rendell is overestimating the $1 billion he expects to get from slots, he say he's sticking with his forecast once all 14 casinos are fully up and running.

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In his television commercials, Mr. Rendell boasts that 200,000 low-income seniors already have had their property taxes eliminated as a result of the anticipated slots revenue, and more modest reductions for the bulk of the state's seniors already have been enacted.

High-energy booster

One reason for Mr. Rendell's steady lead in the polls is his high level of energy and savvy use of the power of incumbency. Not bad for a guy who's 62 and fighting his weight. Last week he checked in at a hefty 257 pounds.

He has been tireless in flying around the commonwealth, handing out checks for local economic development projects.

Asked once what's the best perk about being governor, he quipped, "The plane."

Sometimes he even crisscrosses the entire state in one day -- hitting a breakfast in Pittsburgh and a dinner in Philadelphia, for example.

Much of what he doles out comes from the $650 million state capital fund, something all governors have used. But he also persuaded the Republican-controlled Legislature two years ago to approve a $1.3 billion economic stimulus package, another source of bond funds (i.e., borrowed money) to pay for projects.

The list of booster projects is seemingly endless: a new museum in downtown Hershey about the life of chocolate king Milton Hershey; the expansion of a museum dedicated to author James Michener near Philadelphia; Civil War trails near Gettysburg; a photographic equipment plant in Allentown; a music academy in Lancaster; a Dupont plant in Bradford County; a biomedical plant in Montgomery County, and many more.

In the Pittsburgh area, Mr. Rendell developed "Plan B" for ensuring the financing of a new $290 million multi-purpose arena for hockey and other events. He also agreed to advance the city and county $26.5 million to do site preparation work for a new arena.

At a recent Allegheny County Democratic picnic, Mr. Rendell had to correct County Chief Executive Dan Onorato when he thanked the governor for giving the county "about $1 billion."

"It's $1.1 billion," Mr. Rendell said, adding the Allegheny County share is the highest of any county.

That comment was aimed at deflecting criticism from Republicans who are fond of jibing that Mr. Rendell is "the governor of Philadelphia."

They cite items such as Mr. Rendell having state troopers patrol state roads in Philadelphia and help the city reduce costs; advancing planning funds for a major expansion of the city's 13-year-old convention center; and the $42 million from the state for a new Comcast skyscraper being built in Philadelphia.

Republicans claim Mr. Rendell has a conflict of interest on the latter item because he earns $20,000 a year as a Comcast football commentator on Sundays after Philadelphia Eagles games. Mr. Rendell said he donates the money to charity and said he saved several thousand Comcast jobs from going to New Jersey. Pointing out that state troopers patrol state roads in Pittsburgh and all other cities, the governor said he was merely putting Philadelphia on the same footing.

Working the crowd

One reason Mr. Rendell is a successful politician is that he genuinely seems at home in a crowd of people, even those he hardly knows.

At public events like the Harrisburg Farm Show each January, he wolfs down sausages and milk shakes as he shakes the hands of hundreds of show-goers. It's the same gregariousness he's displayed throughout his 30-year political career, which included eight years as Philadelphia district attorney and two terms as mayor of the city, a time when he garnered national attention for turning the economy of the city around. His success as mayor, and as a fund-raiser, led to Mr. Rendell serving as Democratic national committee chairman in 2000-01.

He showed the same affability in late August, when he went to two African-American churches in East Liberty to deliver a short secular sermon.

The pastor of Pentecostal Temple Church of God in Christ, the Rev. Loran Mann, a former television reporter, gave the governor a warm introduction, calling him "my friend" and thanking him for "naming me last year to the commission that sets policy for public television in the state."

A few blocks away, Mr. Rendell walked up to the pulpit of the St. James AME Church to the sound of hands clapping, tambourines banging and voices raised in shouts of "Amen" and "Praise Jesus."

"My core belief is that government can and should do things that make a difference in people's lives and take care of our vulnerable citizens, older people, poor people and young people," he said.

He listed what he considers his proudest achievements as governor: increasing state funding for public schools, for tutoring in math, pre-kindergarten education and all-day kindergarten; funds to put laptop computers in all high school classrooms within four years; for not cutting anyone off welfare rolls despite decreased federal funding; raising more money through Lottery sales to increase drug coverage for senior citizens; trying to reduce gun violence by limiting handgun sales to one per month.

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He said Republicans are always "yelling about Democrats spending money. Well, we're not just spending money. We're spending money to improve education and that is investing in our future."

Mr. Rendell might have been expected to be at a political disadvantage in Pittsburgh's black neighborhoods, since Mr. Swann is black, lives in Allegheny County and remains popular among sports fans from his starring days as a receiver with the Steelers' Super Bowl teams of the 1970s.

But St. James choir member Genie Beckom said that even though she and Mr. Swann are black, it was Mr. Swann's political party that she had a problem with.

"I personally wouldn't put any Republican in the governor's office," she said. "It's not to the advantage of my race. Republicans are about cutting back on things we need, such as health care, welfare and education."

Sylvia Allen, another St. James member, also likes Mr. Rendell, saying of Mr. Swann, "I'm not getting the feeling he's tuned in to us [African Americans] or connected to our problems. He's of a different status."

Obviously Mr. Rendell is pleased about his continuing lead in the polls, but when talking to supporters he downplays it, noting that in 2002, he trailed his Democratic primary opponent, then-Auditor General Robert P. Casey Jr., but came back to win the Democratic nomination for governor.

"No poll three months before an election means a thing," he told an Allegheny County Democratic picnic three weeks ago. "Don't get complacent. Work like heck. This is our year if we don't get overconfident."

Taylor, Perdue Talk The Talk Of Tax Cuts (AJC)

By Jim Galloway, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 17, 2006

Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners.

Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house.

"There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts," Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park.

Local government and school taxes make up the largest part of property taxes on Georgia homes. Campaign spokesman Rick Dent admitted that eliminating the state's share wouldn't have a huge impact on most taxpayers' household budgets.

"We won't say that it's a lot, but it's more than they've gotten from Sonny Perdue in four years. And it doesn't mean that's where [Taylor] is going to stop," Dent said.

Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65.

Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people.

Derrick Dickey, a spokesman for Perdue, belittled Taylor's property tax proposal — pointing out that the Democrat was also promising increases in state spending on health insurance for children and education.

"He will no doubt promise every Georgian a Porsche and a shiny new toaster by Election Day," Dickey said on Saturday.

Neither Taylor nor Perdue offered budget cuts to offset their proposed reductions in state income. However, after three years of tight budgets, a strengthening economy and increased tax collections have resulted in a significant surplus.

The one-day gathering of Democrats was a chance for party activists to see the statewide and congressional candidates they had nominated in sometimes fierce primary battles over the summer.

Trying to broaden support base

As each candidate spoke, a common theme was the need for Democrats — ousted from power in the state Capitol in 2002 and 2004 — to broaden their base of support.

"Even if we turn out every Democratic vote, that will not be enough. We have to reach out to every independent, every Libertarian. Democrats have to move away from their comfort zone," said state Labor Commissioner Michael Thurmond, who faces Republican Brent Brown in November.

A platform passed by the convention backed positions staked out by Taylor, including a call to help local governments build more jail space in order to keep more violent offenders off the street.

The party platform took several shots at Perdue, with references to news reports of 2005 legislation sponsored by a business associate and state legislator that gave the governor a $100,000 tax deferral on a land sale.

"Public officials should not use their office for private

enrichment," the platform reads, adding that future governors should be required to place their holdings in a blind trust.

Perdue also was a major foil for Taylor — on the issue of tax cuts.

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"Sonny Perdue gave Georgia corporations a billion-dollar tax cut. But you didn't get a tax cut.

"He could find the money for corporations, but he couldn't find the money for you. How did Sonny pay for his corporate giveaway? He

cut your local schools by over $1 billion," Taylor said.

A spokesman for Perdue pointed out that the Republican governor had permanently extended the homestead exemption on property taxes, worth $434 million in the state's 2007 budget.

Taylor noted that Perdue had tried unsuccessfully to eliminate that exemption, which would have resulted in an increase in property taxes, when he first became governor in 2003.

Blue America, In More Ways Than One (WP)

By George F. Will

The Washington Post, September 17, 2006

In this autumn of their discontent, Republicans tremble as November nears. But now comes yet another book by a gloomy liberal anticipating permanent Republican dominance. Thomas B. Edsall of The New Republic, in "Building Red America: The New Conservative Coalition and the Drive for Permanent Power," argues that inexorable social forces, augmented by the conservatives' superior reservoirs of anger, ruthlessness and cynicism -- he neglects only the word "wickedness" -- favor Republicans, "the party of the socially and economically dominant."

The parties are almost at numerical parity, but Edsall, who until recently was a Washington Post political reporter, says Republicans represent people "more broadly skilled in economic combat" and "more accustomed to the rigors of the market." Hence Republicans can maintain "a thin but durable margin of victory." Their technique is "the symbolic manipulation of controversial sociocultural issues touching upon national security, patriotism, race, sex, and religion."

"The GOP," Edsall laments, "has achieved a gradual erosion of the popular consensus behind the major progressive and social-egalitarian movements of the twentieth century." But what actually "achieved" that? Edsall says the principal Republican objective has been to break "the trust . . . between the government and millions of its less advantaged citizens." But he acknowledges that Republicans have been helped "inestimably" by "the daily inefficiencies of government": "The monopoly nature of government guarantees that the public services will often lag in quality behind those delivered in the competitive private sector." Hence "the declining credibility of non-market solutions to economic problems" and the demoralization of "backers of a redistributive agenda."

Edsall complains that conservatives pursue an agenda that does not have the public's "decisive support." Whatever that means, liberals such as Edsall are ineligible to make that complaint. They increasingly have abandoned persuasion and legislation and resorted to litigation and judicial fiats to advance an agenda the public finds unpersuasive.

If Edsall is symptomatic, liberalism is lost in a time warp, thinking in antiquated categories. Edsall approvingly quotes a Democratic activist's opinion that there are twice as many angry conservatives as there are angry liberals: "Liberals by their very nature don't get as angry as conservatives do." Edsall, who evidently has not noticed the vitriol of the liberal blogosphere, is so blinded by his own anger he misperceives Republican realities.

The GOP, he says, courts whites "whose interests are overwhelmingly focused on tempering, if not altogether rolling back, the civil rights movement." Please. Who favors rolling back guarantees of voting rights and equal access to public accommodations?

If Edsall really thinks Republicans are marching efficiently in lock step, he has missed bitter intraparty arguments about spending, immigration and nation-building. Edsall says the conservative agenda is "to dismantle the welfare state." Oh? With a prescription drug entitlement that is the largest expansion of the welfare state since enactment of Medicare in 1965? With a 38 percent increase in discretionary domestic spending unrelated to homeland security -- including a 135 percent increase in the Education Department's budget -- since 2001?

When Edsall says middle- and working-class cultural conservatives vote for Republicans who then use their power "for noncultural objectives," he is voicing a familiar liberal lament: All would be well if voters would vote based on important issues -- material, economic concerns; their wallets -- rather than unimportant ones such as abortion, the definition of marriage, the coarsening of the culture and other moral anxieties. But if those issues are unimportant, why is it that liberals, adamantly supporting partial-birth abortion and celebrating judicial redefinitions of marriage, are so uncompromising about them? As Edsall says, liberalism has become bifurcated. The largest faction looks to government for material help. But the socially liberal "post-materialist" cadre "overwhelmingly sets" the party's agenda.

Edsall notes that one-third of American children -- and almost 70 percent of African American children -- are born to unmarried mothers. Then, in an astonishing passage about this phenomenon, which is the cause of most social pathologies,

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from crime to schools that cannot teach, he explains how Americans differ concerning what he calls "freedom from the need to maintain the marital or procreative bond."

"To social conservatives," he writes, "these developments have signaled an irretrievable and tragic loss. Their reaction has fueled, on the right, a powerful traditionalist movement and a groundswell of support for the Republican Party. To modernists, these developments constitute, at worst, the unfortunate costs of progress, and, at best -- and this is very much the view on the political left as well as of Democratic Party loyalists -- they constitute a triumph over unconscionable obstacles to the liberation and self-realization of much of the human race."

Looking for the real reason for the rise of "Red America"? Read that paragraph again.

georgewill@washpost.com

At Ford, Restructuring Now Job 1 (WT)

By Sean Lengell, The Washington Times

The Washington Times, September 17, 2006

When he stepped down this month as Ford Motor Co.'s president and chief executive, Bill Ford Jr. acknowledged the ailing, 103-year-old automaker must reinvent itself to survive in an increasingly competitive industry.

With the company announcing a deeper and accelerated restructuring plan Friday, it's obvious the auto giant's new chief executive, Alan Mulally, formerly executive vice president of Boeing, will lead a leaner, smaller and possibly more focused automaker.

But will that be enough?

"Right now, with so many variables, I would have to say the jury's still out," said Jeff Schuster, automotive analyst with J.D. Power and Associates, a global marketing information services firm. "I don't think Ford is going to disappear. ... But they will not recover that ground they've lost in the marketplace.

"So the question is: Can they operate profitably and can they have the image they once had? And I think it's all possible."

The road won't be simple or easy.

The company founded by Mr. Ford's great-grandfather, Henry Ford, lost $1.4 billion during the first half of the year. It is under pressure from Wall Street to make more cuts and roll out new cars and trucks more quickly.

Ford on Friday announced it was cutting more than 10,000 additional salaried jobs, offering buyouts to all of its 75,000 U.S. hourly workers and shutting down two more plants than previously announced.

The cuts are on top of Ford's previous plans to close 14 plants and will reduce its North American work force by almost one-third.

About 6,500 of the 82,000 Ford workers represented by the UAW have taken buyout and early-retirement offers made earlier this year, mainly at plants slated for closure.

The announcement came after the board of directors met for two days last week to discuss plans to cut jobs and shut factories at a rate faster than previously planned.

Wall Street didn't think the moves were enough, sending Ford shares down nearly 12 percent Friday to $8.02 on the New York Stock Exchange.

The cuts have the UAW's blessing.

"Once again, our members are stepping up to make hard choices under difficult circumstances," UAW President Ron Gettelfinger said.

Blurry focus

The biggest challenge for Ford is simple, analysts say: Produce cars and trucks the public wants.

Ford's U.S. vehicle sales in August dropped 11.6 percent from a year earlier as the market continued to shift away from trucks and sport utility vehicles. Sales of SUVs and trucks, which the automaker has depended on for most of its revenue, fell 20.8 percent, compared with August 2005.

"Ford is really in the middle of a crisis right now that has been unfolding for some time," said Charlie Hughes, former head of North American operations for Land Rover and Mazda. "Certainly, the seeds of the problems were sown before [Mr. Ford] took over."

Ford had success in the 1980s with smaller cars such as the Escort and particularly the Taurus, which sold nearly 7 million vehicles during the past 20 years and had a longer run as the country's top seller than the Model T.

The company's F-series pickups and high-end sport utility vehicles also sold well from the 1990s through last year.

"Ford has three pillars of profitability, and they're all trucks: full-size pickups, full-size sport utilities and midsize sport utilities," said John Wolkonowicz, an automotive analyst with Global Insight, an automotive research and consulting firm. "Those are the products that make up about 100 percent of Ford's corporate profitability."

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But they aren't enough to sustain the company, industry analysts say.

And with the SUV and pickup market as competitive as ever, and higher gasoline prices slowing sales of larger vehicles, Ford's future profitability remains in question.

"They're not producing very many products that get the consumer very excited," Mr. Wolkonowicz said. "When you have a product that the customer gets excited about, they beat a path to your showroom."

'Late in the game'

With the exception of the popular Mustang, the company's car lineup has been devoid of top sellers that can help offset slowing sales in the SUV and truck divisions.

"The market is much more competitive, and the margin of error is just so much smaller than it was, so you really can't afford to make any mistakes in terms of product," Mr. Schuster said. "Right now, that's the difference between Ford's position and GM's position; GM is showing some progress on the product side, and while at Ford there have been some bright spots, if you look at their whole [vehicle] lineup, they're lacking in that area with what the market has shifted toward."

The company turned to a large incentive and rebate program in an effort to attract customers.

"Ford is selling cars at incredible incentives and rebates with zero-percent financing and all these things that in my opinion tends to devalue the brand," said Laurie Harbour-Felax, a manufacturing analyst who specializes in the automotive and aerospace industries.

The company has high expectations for its new CUV, or cross-utility vehicle, called the Edge -- a smaller, more fuel-efficient version of larger SUVs.

"CUVs really are where the market is going, and Ford is a little bit late in the game," Mr. Schuster said.

Still, the Edge, scheduled to hit the showrooms later this year, has potential to be a big winner for Ford, analysts say.

"This will be an important vehicle for Ford," Mr. Schuster said.

Partnership options

A merger of Ford with another automaker, similar to the German-American partnership of DaimlerChrysler, remains a possibility.

"Mr. Ford himself said that a merger is something he would certainly entertain," Mr. Wolkonowicz said. "And I don't think you'd need to limit it to a European company."

Automakers Renault SA and Nissan Motor Co. are interested in purchasing a significant stake in Ford rival General Motors. A similar partnership with an Asian automaker "could help" Ford, Mr. Wolkonowicz said.

Others aren't so sure, saying a joint venture with another automaker would do little to cure Ford's ills.

"Would a merger help? In my opinion, no, because the issues they face are things that they need to clean up within the company," Mr. Hughes said.

A less formal relationship, such as the partnership between Japan's Nissan and France's Renault, is more likely, Mrs. Harbour-Felax said.

Ford was reported this summer to be considering taking the company private, but on Friday denied it was entertaining that option.

"I wouldn't rule anything out," Mrs. Harbour-Felax said. "These guys surprise me every day."

Expand or streamline?

Rather than expanding through a merger, many specialists say Ford instead should streamline its product line, which they say is bogged down with too many poor sellers. It already is getting out of the minivan business.

Mr. Hughes said Ford overextended itself by acquiring so many companies over the years, which muddied the automaker's focus and diluted its image.

Ford has sought a buyer for its Aston Martin division. Some analysts add the company also should consider eliminating some other properties, which include Land Rover, Mazda, Volvo, Jaguar and its American icon Lincoln-Mercury line.

"The world we live in today is an oversaturated world. There are too many brands and too many products which are not distinguishable," Mr. Hughes said.

Ford must focus on strengthening its identity and image by producing more signature products such as the Mustang and F-series trucks, Mr. Hughes said. It also must do a better job branding and marketing those products.

He added the company should focus on its Ford, Volvo and Jaguar lines because each is a well-known worldwide brand.

"A signature product should be an extension of what the brand promises. It can't be something you stick a badge on at the end," Mr. Hughes said. "To set yourself apart in the marketplace, you have to stand for something. And whatever you stand for has to permeate in every bit of the company -- in everything you do."

Ford officials Friday made a point of saying that the exclusive Jaguar brand would not be sold.

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"Jaguar is not for sale, and we'll let you know if that changes," Mark Schulz, president of Ford's international operations, said during a conference call with analysts after the restructuring announcement.

Selling off divisions may be a tough call for Ford because the company has invested heavily in "commonalization," a process of sharing parts and designs among many car platforms.

"So to sell off one of those brands I think poses some challenges for Ford if they want to move forward," Mrs. Harbour-Felax said. "The reason the Japanese are beating us is they have common platforms and common components that you can share."

Cutting costs

No matter what restructuring path Ford takes, the company will have fewer employees, factories and expenses in coming years.

The company announced in January a "Way Forward" restructuring plan intended to restore it to profitability by 2008. The plan called for $5.5 billion to $6 billion in cuts companywide, primarily centering on reduced hourly labor costs. As many as 30,000 jobs may be cut and 14 facilities closed by 2012.

Ford accelerated those plans in July when the Japanese automaker Toyota Motor Corp. outsold Ford in the U.S. for the first month ever.

On Friday, Ford announced it was cutting an additional 10,000 salaried jobs and closing two more plants.

Despite the cuts, relations between Ford and its unions may not be as frosty as in the past. Industry specialists say there seems to be a willingness in the UAW and other auto-related unions to work with Ford on drafting long-range plans to save the company.

"The unions seem to realize that it's in their best interest to at least try to be part of a solution and not hold steady to a position that is just outdated," Mr. Schuster said.

Mr. Mulally is an aggressive leader not shy to make cuts. He cut or outsourced some 50,000 positions at Boeing, his former company, and streamlined its product line.

His tactics paid off, and Mr. Mulally is credited with turning around the once-struggling airplane manufacturer.

"If anyone has a chance to turn around Ford, it's him," said Richard Aboulafia, an aviation analyst with the Teal Group. "He's got tremendous success. He's got virtually limitless energy, a lot of charisma -- he's a great leader."

'No time to waste'

Still, the challenges Mr. Mulally faces at Ford are daunting.

"A lot of people have tried to change the Big Three and failed," Mr. Aboulafia said.

And Ford lacks a key executive who can foster product development and branding, Mr. Schuster said.

"Ford is only halfway there," he said. "They have the turnaround guy. They don't have a product guy."

Product development in the industry is a laboriously slow process, typically taking five years or more from conception to production. But whatever changes occur must be done quickly, analysts say.

"Nobody in this industry has any time to sit back and be patient," Mrs. Harbour-Felax said. "Things [in the automotive industry] are moving almost as rapidly as the computer industry.

"There's no time to waste."

Richards 'Never Gave Up On Texas,' Clinton Says (DMN)

By Karen Brooks, The Dallas Morning News

The Dallas Morning News, September 17, 2006

Tearful leader praises former governor while crowd lines up to pay respects

AP Cecile Richards, daughter of former Texas Gov. Ann Richards, escorts former President Bill Clinton past her mother's flag-draped casket to introduce him to family members during a ceremony in the Capitol Rotunda.

AUSTIN – Former President Bill Clinton wiped away tears as he stood near his friend Ann Richards' flag-draped casket at the Texas Capitol on Saturday, describing a woman with "big hair, big bright eyes, big blinding smile ... big heart and big dreams."

"We loved her," he said of the former Texas governor. "We loved her because we knew she loved us, and because she made us bigger. ... I love that she never gave up on Texas."

Nearby, her granddaughter Lily Adams, whom Ms. Richards bragged about in her famous speech at the 1988 Democratic convention, cried as she hugged the flag that was flying over the Texas Capitol on the day Ms. Richards died – a gift from Gov. Rick Perry.

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A friend of Bill and Hillary Clinton for three decades, Ms. Richards, 73, died of esophageal cancer at her home in Austin on Wednesday. Mr. Clinton joined the Richards family Saturday in escorting the casket to the rotunda; Ms. Richards' body is lying in state there over the weekend.

Somber setting

Her painted portrait, draped by a black scarf, hangs among those of myriad male governors, a few frames away from the painting of the only other female Texas governor, Ma Ferguson.

Sprays of white tulips and lilies on either side of her casket adorned the intimate elegance of the rotunda, in the center of the Capitol. It's where tour groups usually gather to take pictures and listen to their voices bounce off the marble floors and up inside the massive dome.

Ann Richards: 1933-2006

'Epitome of Texas politics'

· WFAA-TV's Brad Watson reports

· Read, sign the Guest Book

· Log on to DallasNews.com Monday for live streaming coverage of Ann Richards' memorial service.

Photos

· Her life and career in politics

· Saturday's memorial ceremony at the state Capitol

More stories:

· 'She never gave up on Texas,' Clinton says

· She captivated crowd

· She made room for all Texans

· A strong voice in their lives

· All Texans invited to service

· Bush, father: Texas will miss her

Opinion:

· Editorial: She personified - and changed - Texas

· Hoppe: She blazed the trail and inspired us to keep up

· Pederson: Behind her wit, she was devoted to Texas

· All the Opinions That Fit: Ann Richards' death

A Richards family friend, advertising executive Roy Spence, contributed short scaffolds with more than two dozen images of Ms. Richards: arms in the air during a speech, shaking hands with supporters, beaming her megawatt smile in almost all of them.

Outside, Texans from all over the state stood in line, waiting to pay their respects to the governor they said made an immeasurable impact on their lives – as friends, as strangers, as women and minorities and children and grandparents.

"I was in the front line when Ann took the governor's office. I walked up Congress Avenue that day," said Austin resident Melissa Gonzales, who came with her 13-year-old daughter, Elena Gonzales-Melinger. "It was kind of important for me to be here when she was back in the Capitol, as sad as it is. And it's nice that it's the same color line. It's all women, and women of color."

Inside the building, a small group of Ms. Richards' loved ones listened as Mr. Clinton spoke for about eight minutes about his "spontaneous, unedited, earthy and hilarious" friend.

Then he walked over to the casket, touched the Texas flag draped over it, bowed his head, and then nodded and began comforting her friends and family members.

In the balcony overhead, the Conspirare Children's Choir of Austin sang a somber, melodic version of "Sing a Song," a tune first performed by The Carpenters for an episode of Sesame Street, with lyrics that seemed written for Ms. Richards.

"Sing, sing a song/Sing out loud/Sing out strong."

Mr. Clinton, who struggled to compose himself as the casket was brought out of the hearse and into the Capitol, was escorted through the building by Ms. Richards' daughter Cecile Richards.

Ms. Richards' daughter Ellen and son Daniel cried as they thanked him for being a friend and honorary pallbearer.

Mr. Perry and his wife, Anita, greeted the family in a private gathering in the lieutenant governor's meeting room before attending Mr. Clinton's remarks in the rotunda.

It took Mr. Clinton several seconds to control his emotions and start speaking. He told of a woman of inspiration, fire and humor, and, as most do, he had stories.

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In New York a few years ago, Ms. Richards invited him to lunch. At the table were Billy Crystal, Robin Williams, Diane Sawyer, friend Liz Smith and a few others.

After two hours of laughing so hard he was crying, Mr. Clinton said, he thought to himself, "I bet this is the first time in their lives that Billy Crystal and Robin Williams have been the second- and third-funniest people at the table."

"I've had three people tell me since she died that they only wish they had written down every single thing she ever said," he said.

Saturday was the first time the public was able to pay respects to the popular governor. Austin resident Bobby Adcock was there at 7 a.m. to be first in line. By 9 a.m., the crowd was lined up around the side of the building.

The closed-casket public visitation lasts through today.

'Wonderful person'

"I appointed myself as Ann's stalker many years ago," said Ms. Adcock, a retired state employee who has a framed, autographed picture she says she'll "cherish for the rest of my life."

"Every time I saw her I'd say, 'Hey, Annie! Go get 'em!' I just really loved her," Ms. Adcock said. "I admired her for what she stood for, her integrity, her honesty, her wit. She was a wonderful, wonderful person."

Students from Austin school bands paid her a tribute before a scheduled parade down Congress Avenue. People left flowers – yellow roses, mostly – and candles and notes of admiration next to the Capitol steps.

Marjorie and Jaime Garcia of Corpus Christi were in town visiting. "We admired her for years. I never met her, but every time she came on TV, we would watch her," Ms. Garcia said. "This is my chance to honor a great lady."

Former Texas Governor Richards Lies In Repose (WP/AP)

By April Castro, Associated Press

The Washington Post, September 17, 2006

Clinton Recalls the Champion of a 'New Texas' as a Woman With 'Big Dreams'

AUSTIN, Sept. 16 -- Former president Bill Clinton on Saturday tearfully escorted the flag-draped casket of former governor Ann Richards into the state Capitol, where she will lie in repose for two days until her funeral and burial.

Clinton delivered poignant and at times funny recollections of the woman he called "spontaneous, unedited, earthy, hilarious."

He told mourners about a lunch he shared in New York with a group that included Richards.

"I thought to myself, I bet this is the only time in their entire lives that Billy Crystal and Robin Williams are the second- and third-funniest people at the table," he said, drawing chuckles from misty-eyed family members.

Richards, the Democrat known for her big, frosty-white hair and sharp wit, died Wednesday at the age of 73 from esophageal cancer.

"In this case, goodbye is also a celebration, because of the big things that Ann Richards did," Clinton said.

A Texas Department of Public Safety honor guard rolled the casket into the Capitol rotunda, followed by Clinton and Richards's daughter Cecile, as a girls' choir sang a hymn from a gallery above. Across the rotunda, Richards's portrait hung next to one of President Bush, her successor as Texas governor, among their predecessors. Her portrait was draped in black.

Clinton called Richards "Texas on parade."

"For 30-plus years, that is certainly what she was to me and Hillary," he said. "First she was big: big hair, big bright eyes, big blinding smile. She also had a big heart, big dreams, did big deeds."

During her one term as governor, from 1991 to 1995, she championed what she called the "New Texas," appointing more women and minorities to state posts than any of her predecessors.

Clinton described the world that Richards wanted for her grandchildren as one "where young girls grew up to be scientists, engineers, police officers and teachers . . . where the dreams and the spirit were as big as the sky in her beloved home."

When Clinton finished speaking, Richards's daughter Ellen thanked him for "all the great times that you shared with our mom."

Clinton paused for a moment beside the casket, then greeted family members, hugging or shaking hands with each one in attendance. At one point, he bent down to comfort Richards's 8-year-old grandson Wyatt, who broke down in sobs.

The Academic Blues (NYT)

By Michael Bérubé

The New York Times, September 17, 2006

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So far as I know, my department, like many university departments of English, consists of wall-to-wall Democrats. If my faculty colleagues have any good words to say about George Bush's fiscal or foreign policies, they're keeping them to themselves.

Every year around this time, you'll hear complaints about the liberal campus elite — usually from the political right, one wing of which has talked itself into believing that, as George Will phrased it in The Washington Post two years ago, "Many campuses are intellectual versions of one-party nations — except such nations usually have the merit, such as it is, of candor about their ideological monopolies." The political tilt of American college faculties is a fact well established, though the actual ratio of liberals to conservatives — just under 3 to 1, according to the most comprehensive survey, conducted by U.C.L.A. researchers — is routinely exaggerated (10 to 1! 20! 30!) by those who believe that we liberals are actively conspiring to keep dissenting voices off the faculty roster. But the truth is that no one knows what the applicant pool looks like. For all we know, in the arts and humanities (and even some of the biological sciences), the number of bright young conservative aspirants may be no greater than it is for your average Broadway production of "Torch Song Trilogy." But charges of pervasive "liberal bias" on campus tend to play better than demographic reports on how young conservatives go about choosing their career paths, so every year the preponderance of Democrats in English departments is trotted out as if it were a decisive refutation of everything for which liberalism claims to stand.

Last year, legislators in my home state, Pennsylvania, were so perturbed by reports of liberal bias that they created a House committee on academic freedom to determine whether conservative students were subject to discrimination at Pennsylvania's public universities. In one way, the very formation of the committee was a triumph for conservative culture warriors — in particular, the conservative culture warrior David Horowitz, who has spent the past three years promoting his "Academic Bill of Rights," which seeks to protect students from "biased" courses and lecturers. But the committee also dealt a blow to Horowitz's campaign: in his own testimony to the committee, Horowitz himself admitted that he had no evidence for his claim that a Penn State biology professor subjected his class to Michael Moore's "Fahrenheit 9/11" on the eve of the 2004 election, and Penn State revealed that it had received all of 13 student complaints about political "bias" over the past five years — on a campus with a student population of 40,000. Those 13 complaints didn't fit any clear red-blue pattern either: a Muslim student suggested that a professor was disrespectful to Islam; another student said that a professor was too conservative.

Last February, Horowitz also published "The Professors: The 101 Most Dangerous Academics in America," a book in which I was pleased to be included — until I learned that the dangerous were merely listed alphabetically, and that I was not assigned a rank or degree of dangerosity. And every so often, someone on the academic left does Horowitz and company the favor of saying something foolish or simply outrageous about 9/11 or Iraq, and the grist meets the mill once again.

Whenever that happens, people lose sight of two critical features of campus life. The first is that most cases of "politically correct" limits on student speech do not involve radical teachers in the classroom; rather, they tend to arise from clashes between students and university administrations, as when a Penn State art student was told by a campus gallery that he could not exhibit his paintings of various Palestinian leaders, which he'd titled "Portraits of Terror" (a decision later reversed). Sometimes, when college administrations and student-affairs offices ask that everyone treat everyone else with civility and respect (whether out of liberal convictions, or a simple desire to keep the boat from rocking), they do it incompetently or counterproductively. But those episodes are not the work of Dangerous Professors.

The second is that classroom dynamics are more dynamic than most accounts admit. In a discussion of Richard Powers's novel "Prisoner's Dilemma," I had a student who insisted that the wartime internment of Japanese-Americans was perfectly justified; in a class on bioethics, a colleague of mine had a student who complained that the class wasn't doing justice to all the benefits of experimenting on unwitting human subjects. There is no easy way for professors to handle these remarks, no matter what their political convictions; all we know is that we must try to treat our students fairly — and try to make sure their peers treat them fairly, a far more difficult task — even when they say things we might consider uninformed or obnoxious, no matter where on the ideological spectrum those remarks might fall.

Every responsible teacher should think of the classroom as a relatively safe space, free of intimidation or coercion. But in return, every responsible student should realize that the classroom is only relatively safe, because arguing about ideas isn't risk-free. Of course, students sometimes have qualms about taking classes with overtly partisan professors. "As conservatives," Julie Aud, a student at the University of Indiana and press secretary for her chapter of the College Republicans, told CBS News, "we should never have to feel uncomfortable in the classroom because of our beliefs." Perhaps so, but as students, you should expect to feel uncomfortable about your beliefs as a matter of course — that is, if your professors are doing their job properly, and keeping the floor open for every reasonable form of debate and disagreement.

U.S. Asks Finance Chiefs To Limit Iran's Access To Banks (NYT)

By Steven R. Weisman

DOJ_NMG_0065042

The New York Times, September 17, 2006

SINGAPORE, Sept. 16 — The United States pressed the top finance officials of the world's leading industrial nations on Saturday to crack down on what Treasury Secretary Henry M. Paulson Jr. said was the exploitation of their banking systems by at least 30 Iranian front companies involved in illicit activities.

Mr. Paulson said he had told the finance and economic ministers that the front companies were identified by American intelligence agencies as funneling money to terrororist groups using banks in Europe and elsewhere, many of them "blue chip banks."

Mr. Paulson said that many leading trading companies in Iran with legitimate business operations were also involved in the illicit activities, and that it behooved any legitimate bank to realize that it was risky to continue doing even legitimate business with the companies.

He called on banks around the world to be "vigilant" in opposing such risks and to avoid "inadvertently facilitating the kinds of activities that they wouldn't want to facilitate."

"Iran is a country that has broad, deep and commercial relationships with much of the world that have gone on for some time," Mr. Paulson told reporters here. "This was nothing more than an educational briefing to prepare financial institutions for dealing with some of the risks that are out there."

He said banks around the world also needed to stop doing business with North Korea, but added that North Korea was already almost entirely isolated from the world's financial system. By contrast, Iran is still a major player globally.

The Treasury chief's comments came after he met with his counterparts from Britain, France, Germany, Italy, Canada, Japan and the European Union, who had come for the annual gathering of the World Bank and the International Monetary Fund.

The comments appeared to reflect the emerging Bush administration strategy on Iran as efforts to impose sanctions by the United Nations Security Council have faltered.

The administration charges that Iran has a secret nuclear weapons program, a charge that Iran denies. Iran is also accused of transferring funds to Hezbollah and other Islamic militant organizations through regular commercial banks.

Last week, in what administration officials call a major escalation in the effort to squeeze Iran economically, the Treasury Department announced that Bank Saderat, a major bank in Iran, would no longer have even indirect access to the United States financial system.

Banking experts say that the decree means that Iran will have difficulty selling anything for dollars through Bank Saderat, because any commercial exchange that uses dollars normally obtains them from an American bank. Oil in particularly is always traded in dollars. Many banking experts say the administration may make other banks off-limits soon.

After the announcement on Bank Saderat, two senior Treasury officials visited Europe to try to persuade regulators and banks to stop doing business with Bank Saderat and any other banks that are alleged to be involved in illicit activities. Some European banks have already curtailed their activities with Iran, but many leading banks have refused.

Stuart Levey, under secretary of the Treasury for terrorism and financial intelligence, visited Britain, France, Switzerland, Italy and Germany, and the deputy Treasury secretary, Robert Kimmitt, went to Germany. France, Italy and Germany have extensive commercial relations with Iran and its trading companies.

The Treasury Department has declined to say whom they met with.

Iran was only one of many subjects in Mr. Paulson's meetings with the finance ministers. Also on the agenda was a discussion of the world economy, which Mr. Paulson said had grown in recent years at rates that he and others had not seen in a generation. Despite that, he acknowledged risks arising from the failure of recent global trade talks, high energy prices and the problem of what are called "economic imbalances."

That phrase is a euphemism for a broad set of problems, including the fact that the United States imports much more than it exports and has thus become the world's leading debtor, owing hundreds of billions of dollars to China, Japan and other trading partners. The United States says this problem can be remedied by the trading partners importing more from the United States and also by China allowing its currency to rise in value in relation to the dollar.

In a statement Saturday, the finance ministers of the leading industrial countries said, "Greater exchange rate flexibility is desirable in emerging economies with large current-account surpluses, especially China."

As the finance ministers hold their meetings, representatives of more than 500 nongovernmental groups — many of them dissenting from the policies of the bank, the fund and rich countries — are holding meetings on the sidelines.

But Singapore's initial refusal to allow many of the representatives into the country gave them too little time to get here, even after Singapore relented under political pressure. As a result, several of the most outspoken critics of globalization are not at the meetings.

Treasury Warns G-7 About Iran (WP)

DOJ_NMG_0065043

By Peter S. Goodman

The Washington Post, September 17, 2006

Paulson Describes Financial Network to Help Nuclear Drive

SINGAPORE, Sept. 16 -- U.S. Treasury Secretary Henry M. Paulson Jr. used his first meeting of world finance chiefs on Saturday as a venue to press the Bush administration's mission to isolate Iran and choke its nuclear aspirations.

Emerging from a meeting of finance ministers representing the Group of Seven industrialized nations, Paulson said he urged his counterparts to intensify efforts to prevent banks and private companies in their countries from being used as unwitting conduits for financing and materials aiding Iran's ambitions. He said scores of seemingly legitimate businesses are fronts in what the United States contends is a broad Iranian campaign to gain weapons of mass destruction and support terrorist groups such as Hezbollah and Hamas.

"There's a broad network of front companies, and these are not front companies that say 'Nuclear Acquisition Corp.' or 'Weapons Production Corp.,' " Paulson said at a news conference after the meeting. "These are mundane-sounding companies that do many legitimate activities, but in addition, do some of these untoward and illicit activities."

The Treasury Department's campaign comes after the Bush administration's failure to secure United Nations sanctions against Iran. Paulson portrayed the initiative as "an education job," giving his counterparts the ability to act voluntarily. Treasury officials have been dispatched worldwide in recent days to meet with finance ministers, banks and private companies, sharing intelligence aimed at illuminating how the Iranian network operates.

"There are finance ministers all over the world who want to do the right thing," Paulson said.

In a statement issued after the meeting, the G-7 finance ministers lent general support.

"We agreed to intensify our efforts to combat money laundering, proliferation network[s], as well as terrorist and illicit financing by addressing global financial vulnerabilities, particularly those associated with jurisdictions that have failed to recognize international standards," they said. (The G-7 consists of the United States, Japan, Britain, Germany, France, Canada and Italy.)

Paulson also pressed to resurrect a stalled effort aimed at boosting global trade. The Doha round of trade talks disbanded in July after years of fruitless wrangling, with poor countries accusing the United States and Europe of killing the chance for a deal by refusing to sufficiently reduce protective tariffs on agricultural goods. Paulson said the Bush administration remains willing to lift more tariffs, provided that U.S. exporters gain greater rights to sell their products abroad.

Paulson, who is to visit China on Tuesday, also reiterated the administration's long-standing contention that China must increase the value of its currency, the yuan. Manufacturers in the United States and elsewhere complain that a low-price Chinese currency makes Chinese goods unfairly cheap on world markets, effectively stealing jobs. China maintains that it is being cast as a scapegoat for the demise of U.S. manufacturing.

"I discourage high expectations for immediate results," Paulson said of his trip. "That's not the way the world works when you're dealing with important issues. I'm going to be listening."

He declined to put a number to his hopes for the yuan's increase.

"I certainly don't have a specific target for China," he said. "That would be presumptuous of me."

Echoing language it used in April, the G-7 singled out China and its controls over the value of its money as a source of "disorderly movements" in the global economy. "Greater exchange rate flexibility is desirable in emerging economies with large current account surpluses, especially China, for necessary adjustments to occur," the finance ministers said in their statement.

Paulson was largely focused on Iran, which stems not from any new intelligence but rather from having come to the job fresh in June, and then absorbing briefings, Treasury Department officials said on condition of anonymity because they were not authorized to speak as individuals.

Paulson realized that while North Korea -- another source of concern about nuclear weapons -- was already sealed off from the international financial system, Iran remains integrated, with banks and trading firms throughout the world, including Western Europe, continuing to do business with the country.

Last week, the Bush administration announced that it had shut down access to the U.S. financial system for an Iranian state-owned institution, Bank Saderat, asserting that in recent years it has funneled some $50 million to organizations branded terrorist by the United States and the European Union.

Overall, Iran has in recent years delivered about $200 million a year to terrorist groups, including $50 million to Hezbollah in 2001 and again in 2002, said Stuart Levey, Treasury undersecretary for terrorism and financial intelligence.

In recent days, Levey and other Treasury officials have been in England, France, Switzerland, Italy, Germany and the United Arab Emirates to meet with officials of banks and private companies, offering counsel on how to limit their vulnerability to being used by Iran. Visits are planned in Asia.

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U.S. Lobbies Countries, Bankers To Sever Financial Ties With Iran (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 17, 2006

SINGAPORE -- Frustrated in its efforts to secure U.N. sanctions on Iran, the Bush administration is trying to convince individual governments and banks to sever financial relationships that allegedly allow Tehran to finance its nuclear ambitions and foreign terrorist groups.

Speaking to reporters on the sidelines of the Group of Seven meeting, Treasury Secretary Henry Paulson said he has dispatched aides to Europe and the Persian Gulf in recent days, where he has instructed them to lay out the U.S. case that Iran has been using dozens of front companies to fool banks into facilitating illicit financial transactions.

"There are a lot of ministers and banks around the world that are honorable and want to do the right thing," Mr. Paulson said.

The lobbying campaign comes on the heels of Treasury's decision this month to ban Iran's Bank Saderat from access to the U.S. financial system, either directly or through its relationships with foreign banks. Stuart Levey, undersecretary of the Treasury for terrorism and financial intelligence, claimed that, among other transactions, the bank had helped funnel $200 million to Hezbollah, the Shiite Muslim extremist group whose capture of two Israeli soldiers touched off the recent spate of fighting between Israel and Lebanon.

Mr. Paulson, the former chief executive of Goldman Sachs Group Inc., decided to approach banks and foreign governments individually not long after he took over at Treasury in June. After a staff briefing on Iran's use of front companies to move money illicitly, Mr. Paulson wondered aloud whether commercial bankers knew they were, in essence, doing business with sponsors of terrorism.

He then instructed Mr. Levey to put together an unclassified road show that would detail Iranian practices. Last week Mr. Levey presented it to bankers and officials in Britain, France, Italy and Switzerland, with other Treasury aides presenting the case in Germany, the United Arab Emirates and elsewhere. Treasury plans to continue the campaign indefinitely, regardless of whether the U.N. Security Council decides to impose sanctions on Tehran.

The officials selected banks and countries they felt confident would use the information to shut down illicit flows.

Mr. Paulson himself discussed the situation with his G7 counterparts during Saturday's Singapore meeting. "We agreed to intensify our efforts to combat money laundering, proliferation network[s], as well as terrorist and illicit financing by addressing global financial vulnerabilities, particularly those associated with jurisdictions that have failed to recognize international standards," the G7 ministers said in a communiqué issued that evening.

The G7 includes the U.S., Britain, Germany, Japan, France, Italy and Canada.

Paulson Surprised By Iran `Front' Companies' Access (Update2) (BLOOM)

By Kevin Carmichael

Bloomberg, September 17, 2006

Sept. 16 (Bloomberg) -- Henry Paulson, who left Goldman Sachs Group Inc. in May to become the U.S. Treasury Secretary, said he was surprised to learn the extent to which Iranian front companies had infiltrated the financial system, prompting him to organize an ``education" program for banks and governments.

``This is a perspective that I brought to Treasury," Paulson said today at a press conference in Singapore. ``In my former job, if there was a risk like that, I would have liked someone to explain it to me. It would be quite easy for a financial institution to inadvertently facilitate the kinds of activities they wouldn't want to facilitate."

The remarks help explain a stronger focus on Iran at the Treasury in the past couple of weeks.

On Sept. 9, the Treasury barred Americans from doing business with Bank Saderat, one of Iran's biggest state-owned lenders. Stuart Levey, Paulson's top lieutenant for terror finance, followed that move with a week-long trip to Europe, where he presented banks and governments with evidence of how Iran might be using the financial system to funnel money to terrorists and buy materials to build a nuclear weapon.

Paulson continued the effort today in Singapore, where he used a meeting of finance ministers and central bankers from the Group of Seven nations to encourage his counterparts to disrupt the financing of illicit activities in Iran and North Korea. He told reporters that his department had evidence that many banks, including ``blue chip" institutions, are ``inadvertently" supporting nefarious activities in Iran.

`Broad Network'

``There's a broad network of front companies, and these are not front companies that say `Nuclear Acquisition Corp.' or `Weapons Production Corp,'" Paulson, who quit as Goldman's chief executive officer to replace John Snow at Treasury, said at

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the press conference. ``These are mundane sounding companies that do many legitimate activities, but in addition, do some of these untoward and illicit activities."

Treasury's effort comes with a veiled warning that international banks risk losing access to the U.S. financial system by doing business with the wrong Iranian company.

``Our goal is to make it harder, costlier and riskier to raise funds and move the funds through the international financial system," Daniel Glaser, Treasury's deputy assistant secretary for terror finance, said in an interview in Washington on Sept. 12.

UN Sanctions

The Bush administration also is pushing the United Nations to sanction Iran for defying a UN demand that the Islamic Republic stop enriching uranium. European nations are taking a more conciliatory approach, seeking talks with Iran before penalties are imposed. Iran said it's willing to talk and is seeking negotiations without delay.

The U.S. accuses Iran, which has the world's second-biggest oil and natural gas reserves, of trying to make a nuclear weapon. Iran says its program is intended only to fuel power stations.

International banks including HSBC Group and Credit Suisse Group are doing less business with Iran after the U.S. said they risk being cut off from the U.S. banking system, said Daniel Glaser, a Treasury deputy assistant secretary.

HSBC and Credit Suisse have ``limited their exposure to Iranian business," and UBS AG cut off all dealings with Iran earlier this year, Glaser said in testimony to the Senate Banking Committee on Sept. 12. Other banks have refused to issue new letters of credit to Iran, he said.

``This is noting more than an educational briefing to prepare financial institutions for the risks that are out there," Paulson said in Singapore. ``The point I made to finance ministers is that we have a job to do."

To contact the reporter on this story: Kevin Carmichael in Singapore at kcarmichael@bloomberg.net

Two Tracks On Iran: Keep Talking, And Weigh Penalties (NYT)

By Helene Cooper And Elaine Sciolino

The New York Times, September 17, 2006

WASHINGTON, Sept. 16 — After intense talks about Iran's nuclear program, the United States and other major world powers face two unappealing choices as the United Nations General Assembly opens this week: introduce a resolution in the Security Council for sanctions against Tehran that may not be tough enough to make a difference, or delay any punitive measures, rendering their diplomacy on Iran meaningless.

So the Bush administration, along with Russia, China, France, Britain and Germany, have quietly shifted their strategy.

In June, the six global powers offered Iran a take-it-or-leave-it package of incentives in an effort to persuade the country to abandon its nuclear ambitions. No negotiations would start unless Iran first froze its uranium enrichment activities.

Now the six countries have offered a major concession. They are embarking on a two-track approach that allows the European Union foreign policy chief, Javier Solana, to conduct open-ended negotiations with Iran on the conditions for a suspension while the Security Council weighs punitive measures.

Mr. Solana and Iran's chief negotiator, Ali Larijani, met twice last weekend and plan to hold talks on Sunday in New York, a senior Bush administration official said.

"I think there's a chance that Iran sees it has to move," a European diplomat said Friday. "We want to get those people to the table. The key thing here is to leave the door open."

In diplomatic terms, the embrace of what is being called the practical, two-track approach looks like a subtle change. But in reality it is a fundamental shift and an admission of how few options President Bush and his European allies have.

The Iran negotiations have a certain "Groundhog Day'' quality. In the fall of 2003, the United States was raising pressure on its European allies to refer Iran to the Security Council for sanctions. But with Russia and China threatening to veto, Britain, France and Germany worked out a deal with Iran: no referral of Iran's nuclear program to the Security Council if Iran suspended uranium enrichment, the first step in making fuel for nuclear power or a bomb.

A lot has happened since then, but one thing is the same: Iran is still enriching uranium.

The Bush administration is again ready to push forward on a sanctions package at the United Nations, but it is doubtful whether the United States and Europe will get Russia and China to sign on to anything but relatively mild sanctions, at least at first. Many analysts contend that Iran can withstand most of the measures under consideration, which include a travel ban against Iranian officials working in the nuclear program and restrictions on the sale of nuclear components to Tehran.

If Europe and the United States insist on tougher sanctions, Russia and China might balk, and the coalition — fragile, but a conduit for pressure nonetheless — could fall apart. That is why, despite the expiration of the Aug. 31 deadline for Iran to suspend enrichment or face sanctions, the United States and Europe remain willing to keep talking.

Or rather, the United States remains willing to speak through Europe.

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Secretary of State Condoleezza Rice pushed President Bush to offer to end Washington's policy of nearly three decades against direct talks with Iran if it suspended uranium enrichment. Iran has been seeking direct talks on any subject, seeking recognition of its growing regional influence and validation from its longstanding opponent.

But even though the Iranian president, Mahmoud Ahmadinejad, is also scheduled to be in New York for the General Assembly, Mr. Bush has dismissed the possibility of the two meeting.

At a news conference on Friday, he said: "I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program. I meant what I said."

Nor will Ms. Rice or R. Nicholas Burns, the undersecretary of state for political affairs, meet with Mr. Larijani, American officials said.

But, they said, administration officials will certainly be monitoring the Larijani-Solana talks.

Foreign ministers from the six countries are planning to meet to discuss Iran on Tuesday or Wednesday.

European and American diplomats, who spoke on condition of anonymity according to normal diplomatic protocol, are still trying to determine whether Iran is serious about an offer they say Mr. Larijani made to suspend uranium enrichment for two months.

The diplomats say that Mr. Larijani has made the same overture several times, only to take it back, leaving the impression that he does not have the full authority to negotiate and that Iran's leadership is divided on nuclear strategy. The Iranians' 20-page response to the European Union on the proffered incentives — rambling and imprecise — strongly suggests that there are differing camps within Iran.

Indeed, in remarks to reporters on Friday, Mr. Solana acknowledged that there are divisions in Tehran, which he said were the reason he did not meet with Mr. Larijani this week. "A little bit more time was needed in order to reach a consensus in his own country among his own leadership" to "convey to me a possible positive answer," Mr. Solana said.

The European foreign policy chief's inclination to continue talking, meanwhile, has frustrated the Bush administration.

"Larijani and Solana have been engaged in this minuet," a senior Bush administration official said. "The U.S. view is that those talks are worthwhile, but not sufficient. We will be moving early in the week to move forward on a sanctions resolution."

If Iran does take up the offer, it is one that the United States and Europe should not refuse, said Robert J. Einhorn, a senior adviser at the Center for Strategic and International Studies and former assistant secretary of state for nonproliferation under President Bill Clinton.

"If the Europeans and Iranians can cobble together even a limited-duration suspension, we could dodge another bullet, at least for a while," Mr. Einhorn said. But, he added, "it's not at all clear we're going to get to that point. Even their initial offer had a lot of provisos."

Some analysts say that neither the international pressure on Iran, nor Iran's enrichment program, is likely to end soon.

"Next year," said George Perkovich, a nonproliferation expert at the Carnegie Endowment for International Peace in Washington, "we're going to be at the same spot still."

Analysis: Bush Sees Fewer Policy Options (AP)

By Anne Gearan

AP, September 17, 2006

When President Bush addresses world leaders at the United Nations this week, he will have fewer options and lower expectations on almost every major foreign policy front than a year ago.

The United States is relying more readily on international institutions and alliances for help in Iran, Lebanon, North Korea, Sudan and elsewhere. Yet, according to analysts, the Bush administration has less room to maneuver.

Bush and his foreign policy advisers have tried with some success to dispel the caricature of Bush abroad as a Texas cowboy riding alone and herding the U.S. into an unpopular war in Iraq.

But the war, now in its fourth year, devours resources and energy for other global objectives and feeds mistrust about U.S. intentions, experts say.

"I'm not sure they have changed their mind about to what extent to proceed unilaterally and how much to use military force so much as they have run out of options," said Richard Stoll, a political science professor at Rice University who studies foreign policy and national security.

With Bush nearly halfway through his final term, time is dwindling for him to accomplish his signature goals of confronting terrorism and spreading democracy, and he faces more distractions at home, said Andrew Bacevich, a professor of international relations at Boston University.

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When the president speaks to the U.N. General Assembly on Tuesday, he plans to carry a strong message, "based upon hope, and my belief that the civilized world must stand with moderate, reformist-minded people and help them realize their dreams.

"I believe that's the call of the 21st century," Bush told reporters Friday.

A scan of the globe, however, points up the defensive posture for the U.S. these days and the changed circumstances from a year ago:

_In Afghanistan, a military setback at the hands of a reconstituted Taliban took the administration by surprise this summer. Five years after the U.S.-led invasion ousted the Taliban from political power, the militant Islamic group is proving a resilient enemy for NATO forces in the south while suicide attacks have spread to the capital, Kabul. President Hamid Karzai's credibility has been undermined by the bloodiest fighting since the Taliban's fall, failure to control the drug trade and wide disparities between rich and poor. Karzai is a U.S. favorite whom Bush will see at the White House this month.

_In North Korea, the breakthrough weapons agreement announced during last year's U.N. opening session fell apart weeks later. Now the communist government is boycotting talks with the United States and other nations. The situation worsened when North Korea tested a long-range missile theoretically capable of reaching the U.S.

_In Iraq, political gains and the capture of a terrorist leader have not stopped the wholesale killing. U.S.-backed Prime Minister Nouri al-Maliki, whom Bush will see in New York, has failed to make his security plan stick. Washington shelved plans to withdraw some American troops this year despite declining public support in the U.S. for the war and growing calls from Congress for a phased withdrawal. Bush has acknowledged that U.S. forces will remain there for years.

_In Iran, the government has accelerated its nuclear program and defied U.N. demands. The U.S. is still the main force for U.N. penalties that allies find unappealing or of questionable value. With Tehran trying to undermine a fragile U.S.-built consensus, the weeks ahead may show whether the U.S. can persuade the Security Council to impose meaningful penalties or whether the administration will concede the futility of a course pursued for more than two years. Meanwhile, Secretary of State Condoleezza Rice is trying to deflect suspicion that the U.S. intends to topple Iran's ruling mullahs or bomb its nuclear sites.

_In the Mideast, the prospects for progress for peace between Israel and the Palestinians look more remote than at this time in 2005. Former Israeli Prime Minister Ariel Sharon is unconscious from a stroke; his successor, Ehud Olmert, has political problems after an inconclusive war with Hezbollah militants in Lebanon. Humanitarian and political crises followed the victory of Hamas militants in Palestinian elections and Palestinian President Mahmoud Abbas was vastly weakened.

_Hamas' victory was the biggest blow to Bush's goal of spreading democracy in the region. Yet the U.S. said little about political reform in Egypt and Saudi Arabia while appealing to those Arab allies for help during the recent Israeli-Hezbollah war.

Bush may need help around the globe, but he could not resist taking a swipe at the United Nations during his White House press conference Friday. He stopped just short of calling the United Nations feckless in its response to the death and destruction in Sudan's Darfur region.

"I think a lot of Americans are frustrated with the United Nations, to be frank with you," Bush said.

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EDITOR'S NOTE — Anne Gearan covers diplomacy and foreign affairs in Washington.

Europeans May Meet With Iran, Sans U.S. (AP)

By Deb Riechmann, Associated Press Writer

AP, September 17, 2006

European diplomats are considering a meeting with Iran on the sidelines of next week's U.N. General Assembly in hopes of de-escalating the standoff over Tehran's nuclear program — but the United States won't be getting an invitation.

The Bush administration, which is pushing for U.N. sanctions against Iran, has said it will join European-led negotiations with Iran only if it stops its uranium enrichment work first.

That has led European negotiators to work on having a meeting — without America — in which Iran could say it is temporarily suspending enrichment activities because new negotiations had indeed begun.

A U.S. official confirmed that European diplomats were contemplating the meeting, but White House spokeswoman Emily Lawrimore would say only that President Bush has consistently supported talks with Iran, led by Britain, France and Germany. "He is hopeful that ongoing negotiations will encourage the Iranian government to suspend its enrichment and reprocessing activities," she said.

The U.S. official, who spoke on condition of anonymity because of the volatile nature of the discussions, said the Bush administration is not expecting that such a meeting would be a major turning point in the dispute. The Bush administration has little confidence that "Iran will come through to meet the conditions" of verifiably suspending its enrichment work, the official said.

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At a news conference Friday, Bush said he will send a signal at the United Nations that the United States will not tolerate delay tactics by Tehran. "Stalling shouldn't be allowed," Bush said.

Bush also stressed that he believes there is a strong consensus in the international community to prevent Iran from developing a nuclear weapon, although Russia and China — two members of the U.N. Security Council that have veto power — have been hesitant about imposing U.N. sanctions against the Iranian government.

Javier Solana, the European Union's foreign policy chief, is to meet Sunday in New York with Ali Larijani, Iran's chief nuclear negotiator. If their discussion goes well, then the meeting — without the U.S. — could be arranged, the U.S. official said.

The idea would be to schedule such a meeting ahead of another gathering Tuesday night that's being attended by representatives of the five permanent members of the U.N. Security Council and a few other nations. In that meeting, Secretary of State Condoleezza Rice is poised to push for more clarity about sanctions that could be imposed on Iran.

"Absent that change in the status quo, our plan is to push ahead on Tuesday," the U.S. official said.

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AP Diplomatic Writer Anne Gearan contributed to this report.

Abbas And Bush To Meet On U.N. Sidelines (NYT/AP)

By The Associated Press

The New York Times, September 17, 2006

RAMALLAH, West Bank, Sept. 16 (AP) — The Palestinian president, Mahmoud Abbas, will meet with President Bush in New York on Wednesday, on the sidelines of the United Nations General Assembly, a Palestinian official said Saturday.

The meeting will be preceded by talks on Monday between Mr. Abbas and Secretary of State Condoleezza Rice, the official, Saeb Erekat, said.

Mr. Bush and Mr. Abbas last met in October 2005 at the White House.

Mr. Erekat said the discussion would touch on a wide range of issues, including the coalition government that Mr. Abbas is trying to form with the Hamas political movement and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June. Mr. Abbas is seeking United States support for the coalition government, in hopes of restoring international aid to the cash-starved Palestinian Authority. The foreign money dried up after Hamas, regarded by Europe and the United States as a terrorist organization, came to power in March.

The United States wants clearer statements that Hamas recognizes Israel and renounces violence.

Palestinian President Abbas To Meet Bush (AP)

By Sarah El Deeb

AP, September 17, 2006

Palestinian President Mahmoud Abbas will meet President Bush in New York next week and will likely seek to promote his planned coalition with Hamas, a Palestinian official said Saturday.

Palestinian negotiator Saeb Erekat said the meeting with Bush would take place Wednesday on the sidelines of the U.N. General Assembly. The White House would not confirm the meeting and it was not clear whether Bush's final schedule in New York had been set. The two men last met in October 2005 in Washington.

Abbas, a moderate who leads the Fatah Party, and the militant Islamic group Hamas, which currently rules alone, agreed last week to form a national unity government that would strive to establish a Palestinian state alongside Israel — implying recognition of the Jewish state.

Hamas, which is committed to Israel's destruction, swept to victory in January legislative elections, defeating Fatah, and formed a government by itself. The West and Israel reacted by cutting off hundreds of millions of dollars in aid, accusing Hamas of being a terrorist group.

Without the foreign aid, the Hamas-led Palestinian government has been unable to pay salaries to its tens of thousands of civil servants, causing widespread hardship. In a sign of desperation, women have parted with their dowry of gold jewelry — their only financial security in the event of divorce.

Abbas hopes a unity government with Hamas could restore international funding to the cash-starved Palestinian Authority. But the United States has said it wants clearer statements from Hamas that it recognizes Israel, accepts existing peace deals and renounces violence.

The European Union on Friday held off on renewing direct aid to the Palestinian Authority. EU ministers said they supported Abbas' steps to form a broader coalition, but wanted assurances the new government would back peace efforts.

Erekat said Abbas would discuss with Bush the emerging coalition and the fate of an Israeli soldier seized by Hamas-allied militants in Gaza in June, whose capture led to an Israeli military offensive in Gaza.

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Erekat said delegations led by Abbas and Israeli Foreign Minister Tzipi Livni would also meet next week, but would not say what would be on the agenda.

Israeli Foreign Ministry spokesman Mark Regev had no comment on the reported meeting, which would be a precursor to expected talks between Abbas and Israeli Prime Minister Ehud Olmert.

Hamas has been pressured by tough international sanctions to force it to temper its anti-Israel stance. But Palestinian Prime Minister Ismail Haniyeh of Hamas suggested Saturday that his group would go no further than it already has in agreeing to the unity government.

The agreement on the national unity government "does not discuss the recognition of (peace) agreements signed with the Israeli occupation," Haniyeh told Associated Press Television News. "We will work with these agreements according to what serves the higher Palestinian interests, but that does not mean we recognize them."

Israel has been boycotting the Hamas government but considers Abbas, who favors peacemaking, an acceptable partner for talks.

Israelis Lose Faith In New Generation Of Leaders (WP)

By Scott Wilson

The Washington Post, September 17, 2006

Doubts Heightened By War in Lebanon

JERUSALEM, Sept. 16 -- Frustration over the outcome of the war in Lebanon has spurred many Israelis to question the abilities of a new class of political professionals who are stepping into roles long held by the men and women who founded the Jewish state.

The mostly East European immigrants who brought Israel into being are steadily ceding power to a more ethnically and ideologically diverse generation raised here. Now the uncertain aftermath of the first war to be managed by a prime minister from outside Israel's founding generation -- Ehud Olmert, a 60-year-old lawyer elected this year -- has sharpened debate over whether the best of the new generation are entering public life.

"How have we left our leadership to such mediocre people?" said Eliad Shraga, 46, head of the nonpartisan Movement for Quality Government in Israel who staged a nearly three-week hunger strike outside Olmert's office after returning from reserve duty in the Lebanon war. "We are asking ourselves how this has happened to us."

Olmert and others of his political generation embody a leadership shift that highlights the Jewish state's changing values and demographics.

Israel's original socialist character has evolved into a more free-market economy and less centralized government. The private sector and town councils are turning into training grounds for new political leaders, who once emerged largely from the labor movement, the kibbutz collective-farm enterprise and the military. There are more former mayors than generals in Olmert's cabinet, which also includes ministers from university faculties and the secret services.

But prospective Israeli leaders have found the diverse economy more attractive than public life, a notoriously treacherous arena given the country's cutthroat political culture. Israel's mainstream political leadership now consists mostly of pragmatic men and women who have made politics their profession -- a sharp contrast to the ideological volunteers, shaped by persecution, who founded Israel nearly six decades ago.

Historians and sociologists describe the change as the kind of natural evolution that occurs in most countries. But it is proving more complicated here because of Israel's unique circumstances -- a state still defining its borders, in a region where many countries dispute its right to exist.

"A nation cannot always be in a revolutionary spirit," said Ephraim Yaar, a professor of sociology at Tel Aviv University who runs the Evens Program in Mediation and Conflict Resolution. "People want to live normal lives. But in some ways, Israel cannot give up this spirit because of the peculiar existential threat it faces. We are still in the process of nation-building."

Isaac Herzog, the 46-year-old tourism minister, is one of Israel's political "princes."

His father, Chaim Herzog, built Israel's military intelligence agency before serving as ambassador to the United Nations and the country's president. His grandfather was Israel's first chief rabbi, and one of his handwritten prayers for the new state hangs on Herzog's office wall.

As a boy, Herzog's neighbors in Zahala, a suburb of Tel Aviv, included Moshe Dayan, Yitzhak Rabin and Ariel Sharon, hero-generals of the wars and political battles that helped define the modern state.

"My father and his compatriots focused on security and the economy, but I became interested early on with talking to the Palestinians and in issues like the environment and human rights," said Herzog, who speaks Arabic.

"The whole system of values has changed," he continued. "I would say our generation is more willing to compromise, less willing to see ideology as holy."

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Olmert is also a second-generation politician. Elected to parliament at the age of 28, he is Israel's third prime minister from outside the founding generation. When Sharon, 78, was felled by a stroke in January, Olmert assumed the top job and was elected on his own in March, on a platform to withdraw Israel from parts of the West Bank and define the state's final borders. The plan has been shelved since the war, and the Israeli public is waiting for another to replace it.

Olmert's foreign minister, Tzipi Livni, whose popularity plummeted during the war, is the daughter of a leader of Irgun, the Zionist militia that attacked British forces and civilian targets before Israel's creation.

Both Olmert and Livni, 48, also a lawyer by training, left the Likud party last year to join Sharon's Kadima movement -- evidence, political analysts say, that the politicians now in charge are less ideological than those of the past.

The only member of Olmert's cabinet who played a vital role in Israel's political life before the founding of the state is Shimon Peres, the 83-year-old vice prime minister and Nobel Peace laureate who left the Labor Party last year after losing his bid to lead it.

"I think this shows we are now a more normal society, one without stars," Herzog said. "Stars just fall into the bureaucracy."

Recent opinion polls show that a large majority of Israelis believe the previous leaders were better than the current ones, while one in five Israelis does not think any of the senior party leaders is suitable to be prime minister. When the Marker, a business supplement published by the daily newspaper Haaretz, revealed its picks for the 100 Israelis with the most influence over the economy, no name appeared in the top slot, only the words: "Leader Wanted!"

"These new politicians don't regard themselves as mythological figures, nor does the public view them that way," said Tom Segev, a prominent Israeli historian and author of several influential books on the state's formative years. "And on the healthy side, the public no longer has giants it will blindly trust."

Segev contends that "for most Israelis, the founding giants are more about what they symbolized than who they actually were. They were overly mythologized, and now many enjoy an image that is just not justified."

While less trusting, the public is also more angry, particularly over a flurry of corruption scandals involving Israel's senior politicians and Olmert's refusal to allow an independent commission to examine the recent war's management.

The military, traditionally the country's most esteemed institution, is investigating itself at a time of pervasive anger among reserve officers. Many of them have criticized military commanders and civilian leaders for providing insufficient supplies and equipment during the fight, as well as for a tentative battle plan they contend prolonged the conflict and endangered Israeli soldiers and civilians.

Yaar's monthly "peace index" tracking poll showed a large drop last month in support for the military, along with other public institutions. Yaar noted that the marks for Olmert's government and the parliament "were already extremely low in the past and they did not have much space to shrink further."

"A war we don't win is a war we lose," said Zeev Sternhell, who fought in four of Israel's wars and is author of "The Founding Myths of Israel." "We have never been through such a loss of faith in the political and military leadership at the same time. I'm afraid people are beginning to lose confidence in the system itself."

Israeli politicians say the business sector could be the next source of political leadership. But sociologists argue that Israel's high-tech entrepreneurs, known for risk-taking and creativity, will likely be discouraged from entering the rough spectacle of Israeli politics.

"Israel has been very rude to people who want to volunteer their talents to public life, and by that I mean cynicism, which just kills everything," said Erel Margalit, managing partner of Jerusalem Venture Partners, a venture-capital firm with interests in high-tech businesses. "I think a few of us will jump, whether it's me or someone else. It depends on the timing and opportunity."

Margalit, 45, is mentioned frequently as a possible candidate for mayor of Jerusalem, where he lives and supports a number of arts projects. He was raised on a kibbutz and supported Labor Party leader Amir Peretz's bid for the prime ministership in March. Peretz, now Israel's highly unpopular defense minister, once embodied the promising rise of Jewish immigrants of North African and Middle Eastern descent in a society long dominated by European Jews.

"For a lot of us, the legacy of our grandfathers -- that we came here not just to make a profit -- is still there," Margalit said. "We don't want to be socialist, or at least not a part of the 1917 revolution. But we do want to use the same kind of sensitivities found on the kibbutz when things get difficult."

The idealists of today are lonely.

Daniel Kayros, 35, passed up the large-salary life of a corporate lawyer to run the fiscal litigation department of the Movement for Quality Government in Israel. He manned a tent for weeks across from Olmert's office festooned with banners declaring, "You Lost The North," a play on words meaning the government had lost both its support in the Galilee region and its direction.

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"Against the backdrop of the amazing historic story of this country, to see the crumbling of government morals is extremely discouraging," said Kayros, who immigrated to Israel from Wisconsin at 19. "To me, it is an emergency call to the flag. I only wish more of the country felt that way."

Nonaligned Nations Blast Israel Attacks (AP)

By OLGA R. RODRIGUEZ, Associated Press Writer

AP, September 17, 2006

Representatives of 118 Nonaligned Movement nations condemned Israel's attacks on Lebanon and supported a peaceful resolution to the U.S.-Iran nuclear dispute in the final declaration Saturday of a summit that brought together some of the United States' staunchest foes.

The 92-page declaration also broadly condemned terrorism. But it said movements for self-determination and battles against foreign occupiers should not be considered terrorism.

And while declaring democracy to be a universal value, the movement said no one country or region should define it for the whole world and defended the right of Venezuela and other countries to determine their own forms of government.

The final statements, many of which contain veiled criticisms of the U.S., were approved by unanimous consent after another round of speeches Saturday night by leaders of the movement.

"No one in the Nonaligned Movement thinks that the United States is responsible for all the problems, but many think that it is for some," Cuba's Foreign Minister Felipe Perez Roque said.

An ailing Fidel Castro was named president of the movement, but he stayed home on doctors' orders while acting Cuban President Raul Castro presided over the meeting of two-thirds of the world's nations.

The meeting brought together the leaders of Iran, Venezuela, North Korea, Zimbabwe among other leading U.S. adversaries. Raul joined them in saying a bellicose America had made the world more dangerous.

North Korea's No. 2 leader, Kim Yong Nam, claimed his communist nation "would not need even a single nuclear weapon if there no longer existed a U.S. threat," and said U.S. financial sanctions have "driven the situation into an unpredictable phase."

Kim, the leader of Parliament, blamed the lack of world peace on the United States, saying its failure to respect the sovereignty of other nations has destroyed "the international order."

The resulting imbalance in global politics constitutes "grave threats to world peace and security," he said.

The United States declined an invitation to the summit and said it would have no comment on any of the proceedings.

Many at the summit demanded the United Nations take action against U.S. veto power in the Security Council.

"The U.S. is turning the Security Council into a base for imposing its politics," Iran's President Mahmoud Ahmadinejad complained. "Why should people live under the nuclear threat of the U.S.?"

Some leaders tried to resolve disputes with their neighbors: Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed Saturday to resume peace talks, and Bolivian President Evo Morales tried to reassure Brazilians angered by tough energy negotiations.

Others held onto hard-line positions: North Korea defended its nuclear weapons program, Sudan's leader rejected a U.N. peacekeeping mission for Darfur and Ahmadinejad insisted on Iran's right to develop nuclear energy.

The final document supported Iran's position while encouraging it to continue cooperating with the International Atomic Energy Agency, the U.N. nuclear watchdog.

Earlier on Saturday, Iraq's vice president, Tariq al-Hashimi, asked the movement for a statement calling on all countries to stop interfering in Iraq and to recognize the sovereignty of his nation's land and airspace. He complained that "life has degenerated" in his country and Iraqis are suffering because "a war machine has destroyed the infrastructure."

U.N. Secretary-General Kofi Annan agreed the Security Council must be more responsive to less powerful countries.

"The Security Council must reform - for the sake of the developing world, and for the sake of the United Nations itself," Annan told the Nonaligned leaders.

The Nonaligned Movement was formed in 1961 to establish a neutral third path in a world divided by the United States and the Soviet Union. Cuba last hosted the group in Havana 27 years ago.

It was unclear whether the 80-year-old Castro will recover enough from intestinal surgery to guide the group for the next three years. The ailing rebel icon met in his home with a handful of leaders including Annan and Venezuelan President Hugo Chavez.

The Fight To Rebuild Lebanon (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, September 17, 2006

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Sunni governments vie with Shiite-ruled Iran and Hezbollah to prove who is doing more.

BEIRUT — The rush to rebuild this war-crushed country has gotten tangled up with a high-stakes sectarian competition, as Sunni Arab governments in the region race against Shiite-ruled Iran and its ally Hezbollah to prove political clout and capture grass-roots loyalty, analysts say.

A steady stream of foreign delegations crunches over the rubble of the southern suburbs for photo opportunities; spokespeople churn out competing press releases; catty cut-downs are exchanged between Hezbollah and the Lebanese government. Milk trucks on remote farm roads near the Israeli border proclaim that their boxed milk is a gift from the Saudi people; an Iranian flag emblazons water tanks in Beirut.

For decades, Lebanon has been an oft-abused host to its neighbors — a sun-warmed playground for the wealthy, but also a proxy battlefield for tensions that wash over the Middle East. In the current struggle, the region's power players jockey not with guns but with charity dollars, boxed food and showy displays of compassion.

"There's a kind of competition between the Arab governments and Iran," said Kamel Mohanna, general coordinator for Arab NGOs Forum. "It's a competition to have political influence here … to decrease the influence of Iran, to show that not only Iran has sent money to this area."

The unmistakable oneupmanship is a stark reminder of the panic that has gripped the region as the power of Iran has swelled. Animosities between Sunnis and Shiites stretch back into the origins of Islam, and have sharpened in recent years as the oil-rich Sunni Arab states of the Persian Gulf compete for influence against Iran. Sunni Arabs watched with unease as Iranian influence spread among Shiites in Iraq after the 2003 U.S.-led invasion, and sat by nervously while Tehran squared off against the West over Iran's nuclear program.

This summer's war in Lebanon upped the ante. The perception that Hezbollah guerrillas drove Israel out of Lebanon has swept the coffee shops and streets of the Arab world. Hezbollah chief Sheik Hassan Nasrallah has been lionized, even among Sunni Arabs who might previously have viewed the Shiite with suspicion, analysts say.

As soon as the bombing stopped, Hezbollah foot soldiers waded into devastated streets and handed bundles of cash to families that had lost homes to Israeli bombing. Hezbollah has been coy about its ties to Iran, but most of the cash is presumed to have come from Tehran.

The Lebanese government, dominated by Sunnis and Christians, has struggled to counteract the perception that Hezbollah is chiefly responsible for the aid and reconstruction efforts.

"Iran may be trying to come into play here, saying, 'Hey, we're not bad guys, we're benevolent,' " said Mohammed Mamlouk, the prime minister's aide in charge of coordinating foreign aid. "But they're not fooling anybody. I bet even the Shiites here know better."

Mamlouk sat among a sea of chiming telephones and scurrying people in Beirut's government center. Aid was pouring into government coffers from all over the Arab world and beyond, but not from Iran. The money from Tehran was going straight to Hezbollah, Mamlouk said.

"It's our government, and our job to take care of the people," he said. "Every time you send an engineer, you don't send a TV crew with him just to show that the government is working."

Persian Gulf states, including Saudi Arabia, Kuwait, Qatar and the United Arab Emirates, have come forward with immense donations, Mamlouk said. He is careful to note the Saudi prince who stayed on the Syrian border all night to supervise the transfer of aid into Lebanon during the Israeli bombardment.

"Hezbollah believes it's important to show they're paying and taking care of their own people. They're overplaying it with the media," Mamlouk said. "So we're making shows now. We're drumming it up."

Lebanon's Shiites, believed to be the largest sect in the country's religious mosaic, have a long-standing tradition of taking care of their own, developed in response to government neglect.

Now the central government is working to show Shiites that their needs are taken seriously in Beirut. The outreach is driven in part, analysts say, by suspicions across the region that Shiite Arabs are secretly more loyal to their Iranian coreligionists than to their countrymen.

"Arabs are trying to get the Shias to integrate more in Lebanon and forget Iran," said Hilal Khashan, an expert on the region's Shiites and a professor at the American University of Beirut. "This is the challenge: How do you get Shias to pledge allegiance to the Lebanese state and forget foreign influence?"

Hezbollah hasn't helped. Its political leaders dismiss government aid efforts as corruption-riddled traps that snare money long before it reaches the needy. They sometimes speak of the government as a foreign force, and accuse Beirut of secretly rooting for Israel to win the war and obliterate Hezbollah.

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"We are ready to rebuild Lebanon, we are planning to do that, and the Shia of the world will help us," said Khodor Nour Eddin, a senior political officer for Hezbollah. "It's better for us to do that. We don't want to take money from the government, like charity."

In the heart of the destruction wrought by Israeli bombs, Nour Eddin sat in the sprawling tent erected by Jihad Construction, Hezbollah's large band of reconstruction workers. Behind him, a delegation of religious leaders from Syria gave speeches and posed for photographs.

Dust choked the air, and the streets rang with the clang of steel and the scrape of machinery. The long yellow arm of a Caterpillar pawed at the piles of debris. Women picked their way through the rubble of their homes, holding the hems of their chadors out of the dust.

"If Hezbollah didn't give us money to rent a house, we'd be on the street," said Muna Raed, whose home was ground to rubble in the bombardment.

"The government?" She paused. "There's a promise. We'll see. We've learned from previous wars that the government will steal and we won't see anything."

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Vatican Says Pope Benedict Regrets Offending Muslims (NYT)

By Ian Fisher

The New York Times, September 17, 2006

ROME, Sept. 16 — A top Vatican official said Saturday that Pope Benedict XVI "deeply regretted" that a speech he made this week "sounded offensive to the sensibility of Muslim believers."

The statement, by Cardinal Tarcisio Bertone, the new Vatican secretary of state, was made as denunciations from Muslim leaders over the speech continued for a third day around the world.

And in the West Bank town of Nablus on Saturday, a day after street protests and grenades were thrown at a church in the Gaza Strip, two churches were lightly damaged in fire bombings. A group calling itself the "Lions of Monotheism" said the attacks were in reaction to the pope's remarks.

The Vatican statement stopped short of the direct personal apology from Benedict that many Muslims have been demanding. Still, the statement tried to tamp down rising anger among Muslims about the speech, in which Benedict quoted a 14th-century Byzantine emperor as calling Islam "evil and inhuman."

Cardinal Bertone, named the second-in-command at the Vatican on Friday, said that the pope's comments had been interpreted in a way that "absolutely did not correspond to his intentions." He said that Benedict, whose stance on Islam has generally been more skeptical than that of his predecessor, John Paul II, respected Islam and believed strongly in dialogue among faiths.

The quotations, Cardinal Bertone said, were part of a scholarly address aimed at refuting a "religious motivation for violence, no matter where it comes from."

On Tuesday, at Regensburg University in Germany, Benedict delivered a long, scholarly address on reason and faith in the West. But he began his speech by recounting a conversation on the truths of Christianity and Islam that took place between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"The emperor comes to speak about the issue of jihad, holy war," the pope said.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

While making clear that he was quoting someone else, Benedict did not say whether he agreed or not. He also briefly discussed the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion is contrary to God's nature and to reason.

He also suggested reason as the basis for "that genuine dialogue of cultures and religions so urgently needed today."

Nonetheless, Muslims around the world called the speech provocative, especially coming from the leader of the world's billion Roman Catholics.

In Jordan, the state-owned daily newspaper Al Rai said called the pope's statements "shocking." It said the pope should apologize "so as to ease the fears of Muslims who sense they are becoming the target of an orchestrated campaign."

Prime Minister Nuri Kamal al-Maliki of Iraq called on Iraqis to refrain from violent protest over the remarks, urging people not to "carry out actions that will harm our Christian brothers here," according to his spokesman, Ali Dabbagh.

Mr. Dabbagh said he had heard only one unofficial and unconfirmed report of any violence in Iraq related to anger over the pope's comments. That episode involved a church in Basra, but he said he had no details.

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"The pope misinterpreted Islam," he said. "The most important thing is that such incidents should not be converted into violence in Iraq."

Morocco recalled its ambassador to the Vatican over the remarks, according to the official MAP news agency.

And the president of Yemen, Ali Abdullah Saleh, threatened to sever diplomatic ties unless Benedict apologized.

In Somalia, a radical cleric was reported to have urged Muslims to "hunt down" the pope for remarks that he called "barbaric."

"Whoever offends our Prophet Muhammad should be killed on the spot by the nearest Muslim," the cleric, Sheik Abubakar Hassan Malin, told worshipers in Mogadishu on Friday, Agence France-Presse reported.

But in Turkey, amid questions about the pope's planned visit in November, the main English-language newspaper, The Daily News, urged an end to the criticism.

While denouncing his comments, the paper said, "We just disagree with this vendettalike approach of continuing to abuse the pope after his spokesman made a statement saying that he respected Islam and did not intend to offend Muslims."

The newspaper was printed before Cardinal Bertone spoke Saturday and was referring to a Vatican statement released on Thursday.

Security around the pope's residence at Castel Gandolfo, near Rome, would be strengthened for the pope's Sunday blessing, Agence France-Presse quoted the Italian ANSA news agency as saying. "Meticulous" security checks over an extended area were planned.

Aide Says Pope 'Regrets' Comments On Islam (WP/AP)

By Frances D'emilio, Associated Press

The Washington Post, September 17, 2006

VATICAN CITY, Sept. 16 -- Pope Benedict XVI "sincerely regrets" offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman," a senior Vatican official said in a statement Saturday.

But the comment stopped short of the apology demanded by Islamic leaders around the world, and anger among Muslims remained intense. Palestinians attacked five churches in the West Bank and Gaza over the pope's remarks in a speech Tuesday to university professors in his native Germany.

In a broader talk rejecting any religious motivation for violence, Benedict cited the words of a 14th-century Byzantine emperor who characterized some of the teachings of the prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith he preached."

The pontiff did not endorse that description, but he did not question it, and his words set off a firestorm of protests across the Muslim world.

The new Vatican secretary of state, Cardinal Tarcisio Bertone, said the pope's position on Islam is unmistakably in line with Vatican teaching that says the church "esteems" Muslims.

Benedict "thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful and should have been interpreted in a manner that in no way corresponds to his intentions," Bertone said in the statement.

Bertone said the pontiff sought in his speech to condemn all religious motivation for violence, "from whatever side it may come." But the pope's words only appeared to fan outrage.

Bertone's statement, released by the Vatican press office, failed to satisfy critics.

Mohammed Bishr, a senior member of the Muslim Brotherhood in Egypt, said the statement "was not an apology" but a "pretext that the pope was quoting somebody else as saying so and so."

"We need the pope to admit the big mistake he has committed and then agree on apologizing, because we will not accept others to apologize on his behalf," Bishr said.

Morocco recalled its ambassador to the Vatican on Saturday to protest the pope's "offensive" remarks, and Afghanistan's parliament and the Foreign Ministry demanded that the pope apologize.

Turkish Prime Minister Recep Tayyip Erdogan insisted the pope apologize, saying he had spoken "not like a man of religion but like a usual politician." Benedict plans to go to Turkey in November in what would be his first papal visit to a Muslim nation.

Ecumenical Patriarch Bartholomew I, spiritual leader of the world's 200 million Orthodox Christians, issued a statement saying he was "deeply" saddened by the tensions sparked by the pope's comments.

"We have to show the determination and care not to hurt one another and avoid situations where we may hurt each others' beliefs," the Istanbul-based Patriarchate said.

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In the West Bank, Palestinians used guns, firebombs and lighter fluid in attacks on four churches, leaving church doors charred and walls scorched by flames and pocked with bullet holes. Nobody was reported injured. A Greek Orthodox church in Gaza City also was attacked.

A group calling itself "Lions of Monotheism" told The Associated Press by phone that the attacks were a protest of the pope's remarks on Islam.

The grand sheik of Cairo's al-Azhar mosque, the Sunni Arab world's most powerful institution, condemned the pope's remarks as "reflecting ignorance."

Malaysian Prime Minister Abdullah Ahmad Badawi, whose Southeast Asian country has a large Muslim population, demanded that Benedict retract his remarks and not "take lightly the spread of outrage that has been created."

Coptic Pope Shenouda III, head of Egypt's Coptic Orthodox Church, criticized Benedict, saying, "Any remarks which offend Islam and Muslims are against the teachings of Christ," according to the pro-government newspaper al-Ahram.

British Muslims sought to calm the situation, praising the Vatican statement on behalf of the pope.

"We welcome his apology and we hope now we can work together and build bridges. At the same time we would condemn all forms of violent demonstration," Muhammad Umar, chairman of Britain's Ramadhan Foundation, a youth organization, told Sky News.

But Muhammad Abdul Bari, secretary general of the Muslim Council of Britain, said the pontiff needed to repudiate the views of the emperor he quoted in order to restore relations between Muslims and the Roman Catholic Church.

Pope Is Regretful That His Speech Angered Muslims (LAT)

By Tracy Wilkinson

The Los Angeles Times, September 17, 2006

A Vatican statement includes no apology, though, saying his words were misunderstood.

VATICAN CITY — With furor spreading throughout the Islamic world, Pope Benedict XVI expressed deep regret Saturday that a speech he gave at a German university last week had offended Muslims.

A statement released by his new secretary of State said of Benedict: "In reiterating his respect and esteem for those who profess Islam, he hopes they will be helped to understand the correct meaning of his words."

It did not seem likely that the expression of regret would satisfy clamor from many corners of the world that the pope apologize. He distanced himself from the language that Muslims found objectionable, but he did not retract the words or ask for forgiveness.

The Muslim Brotherhood, one of the largest and most influential Islamic organizations in the Middle East, issued an initial response that Benedict's overture was insufficient.

Hostility to the pope's speech — a dense lecture in which he quoted a medieval Byzantine emperor as saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman" — has plunged Benedict's 17-month-old papacy into its most difficult diplomatic crisis.

Muslim communities in Europe, Egypt, Pakistan and elsewhere have expressed anger at the pontiff.

His effigy was burned in India, and he has been compared to Hitler and Mussolini.

Morocco on Saturday became the first Islamic country to recall its Holy See ambassador.

In Cairo, Coptic Christian leaders joined their Muslim counterparts in condemning the pope.

Earlier on Saturday, Palestinians firebombed four churches in the West Bank city of Nablus and shot at one in the Gaza Strip. No injuries were reported. And Iraqi and Somalian militants threatened to kill the pope or attack Rome.

Turkish Prime Minister Recep Tayyip Erdogan demanded a retraction of Benedict's "ugly and unfortunate" comments, saying that "the pope spoke like a politician rather than as a man of religion." Benedict's scheduled trip to Turkey in November, his first to a Muslim country, may be in jeopardy, though Vatican officials hoped Saturday's statement would help clear the air.

Cardinal Tarcisio Bertone, the secretary of State who issued the communique, said the pope in no way endorsed the passage he quoted from Emperor Manuel II Paleologus and meant only to illustrate the rejection of religious motivation for violence.

"The Holy Father thus sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful, and should have been interpreted in a manner that in no way corresponds to his intentions," Bertone said.

The pope expressed hope of "quickly surmounting this present uneasy moment," Bertone added.

Tuesday's speech was delivered at the University of Regensburg, where Benedict, when he was known as Joseph Ratzinger, taught theology in the 1970s.

Benedict's return was part of a six-day tour of his native Bavaria.

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The Regensburg speech was meant to be one of the most important documents of his papacy. Benedict labored long hours drafting it over his summer holidays. It lays out the central tenets of his papacy, including the importance of the partnership of reason and faith in Western Christianity.

His few references to Islam seemed to portray it as a historically violent faith reliant on forced conversions and jihad, which he translated as holy war. Christianity's own bloodstained past was not mentioned.

Vatican experts were divided over whether Benedict miscalculated the depth of anger his words would inspire, or whether he might not care. As a consummate theologian, the role he played for the last quarter-century, he is not averse to debate and controversy, and he clearly wanted to stake out his positions in stark and dramatic terms.

But it is one thing to conduct such discussions as an academic and another to do so as pope, who is also a world leader, a politician and head of 1.2 billion Roman Catholics.

"Pushing these buttons of protest will not help the future of religious dialogue, neither for Muslims nor for us," said Alberto Melloni, a church historian. "The pope does not live on an island but in Rome, and it's hard to see that this controversy will simply be disregarded."

Perhaps more important, the Regensburg speech reflected Benedict's conviction that Christianity is a superior religion and that Islam must be treated more cautiously. His predecessor, John Paul II, frequently embraced Christians, Muslims and Jews as "the children of Abraham" and promoted interfaith dialogue.

In his first homily as pontiff, Benedict dropped any reference to Islam when mentioning respect for other faiths. This year, he demoted the Pontifical Council for Interreligious Dialogue, which oversees relations with Muslims and members of other religions. He sent its Rome-based president, a leading expert on Islam, to Cairo to serve as an envoy to Egypt instead.

In Regensburg, "the pope was thinking he was writing an academic treatise, but in writing an academic treatise, his deep mistrust of at least part of Islam came to the surface," said Marco Politi, Vatican specialist for the Italian newspaper La Repubblica.

Several Vatican watchers said Saturday's more conciliatory statement reflected the hand of Benedict's newly installed aides, most notably Bertone, a longtime associate. Bertone assumed the post of secretary of State, No. 2 in the Vatican, on Friday.

Vatican officials were said to have been especially taken aback by criticism from moderate European Muslims.

Benedict's associates, Politi said, "understood that more than 40 years of evolving good relations between the Catholic Church and the Islamic world were at stake."

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Muslims Erupt In Anger At Pope's Comments About Muhammad (MCT)

By Miret El Naggar

McClatchy Newspapers, September 17, 2006

CAIRO, Egypt - Gunmen firebombed five churches in the Palestinian territories Saturday over remarks by Pope Benedict XVI this week that outraged Muslims and prompted the Vatican to issue a mildly worded apology.

The pope "sincerely regrets that certain passages of his address could have sounded offensive to the sensitivities of the Muslim faithful," said Deputy Pope Cardinal Tarcisio Bertone, insisting that the pontiff didn't mean to portray Islam as violent. Instead, the pope meant only to stress his "clear and radical rejection of religiously motivated violence," Bertone said.

Muslims around the world interpreted the pope's words as criticism that Islam endorses violence.

Pope Benedict XVI made the remarks earlier this week during a trip to his native Germany as he was citing a conversation between a Byzantine Christian emperor, Manuel Paleologos II, and a Persian Muslim scholar on the truths of Christianity and Islam.

"Show me just what Muhammad brought that was new and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached," were the emperor's words that the pope read before a group of professors at Regensburg University in Germany, without commenting on them.

In the days since, fear has spread of a wave of violence like what followed a Danish newspaper's publication last year of cartoons that lampooned Islam's prophet Mohammed

Palestinian gunmen targeted five churches in Gaza and the West Bank with firebombs, causing charred doors and bullet holes in walls, but no one was injured.

A day earlier some 2,000 Palestinians demonstrated in Gaza against the pope's remarks.

Elsewhere in the Muslim world politicians and clerics in Lebanon, Egypt, Malaysia, Pakistan, Turkey and several other countries all reproached the pope.

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The Grand Sheikh of al-Azhar institution in Cairo, the highest religious authority in the Sunni world, issued a statement criticizing the pope for repeating the emperor's quotes without further explanation.

Egypt's Parliament demanded an immediate apology. Speaker of Parliament Fathy Sorour said the remarks showed a "severe ignorance of Islam."

Egyptian Foreign Minister Ahmed Aboul Gheit issued a statement in which he expressed "concern that the Pope's comments would spark clashes between cultures and weaken efforts to narrow the gap between East and West."

Egypt's Muslim Brotherhood discarded the Vatican's mild apology as "insufficient."

"This statement is not enough," said the Brotherhood's deputy leader Mohamed Habib. "The pope's comments insulted Muslims' feelings and revered beliefs to an extent that can only be mended by a personal apology."

Turkey's ruling party compared the pope to Hitler and Mussolini.

In Pakistan, scores of people demonstrated and parliament unanimously passed a resolution condemning the pope for making "derogatory" comments about Islam.

Morocco's official news agency announced that King Mohammed VI had recalled his ambassador to the Vatican for consultations.

Malaysia's Prime Minister Abdullah Ahmed Badawi commented that the Pope should not take the public outrage lightly.

"It is unfortunate that such an eminent figure like the pope has not shown leadership in promoting good relations between religions," Badawi said in a statement.

Sudan's President Rejects U.N. Troops (AP)

By Olga R. Rodriguez

AP, September 17, 2006

Sudan's president again rejected the deployment of U.N. peacekeeping troops in the war-torn Darfur region during a meeting with U.N. Secretary-General Kofi Annan on Saturday. But one of the country's two vice presidents said he would accept international intervention.

Annan urged the government of Sudan in an editorial distributed Saturday to accept the U.N. Security Council's decision to replace the largely ineffective African Union peacekeeping force in Darfur with better-equipped U.N. troops.

"There can be no military solution to the crisis in Darfur," Annan wrote. "All parties should have understood by now, after so much death and destruction, that only a political agreement in which all stakeholders are fully engaged can bring real peace to the region."

Sudanese President Omar al-Bashir rejected his appeal.

"Justice is and remains our objective but through diplomatic, political and other means," he said, according to the English translation of his speech in Arabic. "That's why we reject this position." Al-Bashir made the remarks at a news conference in Cuba, where he and Annan were attending the Nonaligned Movement summit.

At least 200,000 people have been killed in Darfur and more than 2 million have fled their homes since 2003 when ethnic African tribes revolted against the Arab-led government. The government is accused of unleashing brutal Arab militiamen known as janjaweed in the remote western province.

First Vice President Salva Kiir Mayardit welcomed U.N. intervention. He heads the Sudan People's Liberation Movement — a former southern rebel group that made peace with Khartoum in January 2005.

"The aggravation of the humanitarian and security situation in Darfur necessitates intervention of international forces to protect civilians from the atrocities of the janjaweed militias so long as the government is not capable of protecting them," Kiir was quoted as saying in remarks published Saturday by the independent Al-Sudani daily.

The Darfur Peace Agreement, signed in May, calls for a cease-fire, disarmament of militias and a protection force for civilians — but does not specify the composition of such a force.

Last month, the Security Council passed a resolution demanding a better-funded, larger and more well-equipped U.N. mission take over Darfur peacekeeping duties from the African Union, whose mandate expires Sept. 30.

But the resolution was unlikely to take effect without the consent of the Sudanese government, something nations including the United States have worked — without success — to acquire. Al-Bashir has said that a switch in command would violate the country's sovereignty and has warned that his army would fight any U.N. forces sent to Darfur.

On Friday, President Bush said it could be time to send international peacekeepers into Darfur over the objections of the government in Khartoum.

"What you'll hear is, 'Well the government of Sudan must invite the United Nations in for us to act,'" Bush said. "Well, there are other alternatives, like passing a U.N. resolution saying we're coming in with a U.N. force in order to save lives."

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Associated Press Writer Mohammed Osman in Khartoum, Sudan, contributed to this report.

Sudanese VP Backs U.N. Troops In Darfur (AP)

By Mohammed Osman

AP, September 17, 2006

One of two vice presidents in Sudan's power-sharing government said in remarks published Saturday that he would accept the deployment of U.N. peacekeepers in the country's war-torn Darfur region.

First Vice President Salva Kiir Mayardit told the independent Al-Sudani daily that the Sudanese government was incapable of protecting civilians in Darfur, and called on the U.N. to intervene.

He spoke at a meeting Friday of his former rebel group, the Sudan People's Liberation Movement, in the southern city of Juba.

"The aggravation of the humanitarian and security situation in Darfur necessitates intervention of international forces to protect civilians from the atrocities of the Janjaweed militias so long as the government is not capable of protecting them," Kiir was quoted as saying.

Kiir's group signed a peace agreement with the Sudanese government in January 2005, laying down its arms after 21 years of civil war — Africa's longest conflict.

Some see that peace deal as a model for resolving the conflict in the western region of Darfur. Kiir's organization is believed to have influence over the Darfur rebels, though the conflicts were not related.

Sudan VP Takes Issue With President On UN Darfur Force (AFP)

By Mohammed Ali Saeed

AFP, September 17, 2006

Sudan Vice President Salva Kiir said a UN peacekeeping force is vital for the protection of civilians in Darfur, putting himself at odds with the country's veteran president.

Kiir, whose southern former rebel movement forms part of a national unity government with President Omar al-Beshir's National Congress, said UN peacekeepers were essential to protect civilians from the "atrocities" of Arab militias.

"The aggravation of the humanitarian and security situation in Darfur necessitates the intervention of international forces to protect civilians from the atrocities of the Janjaweed militias so long as the government is not capable of protecting them," Kiir told the independent daily Al-Sudani Saturday.

"Our National Congress partners believe that peace in Darfur can only be achieved by ... military force," the vice president was quoted as saying at a meeting Friday of the politburo of his Sudan People's Liberation Movement in the southern regional capital of Juba.

The SPLM, which signed a January 2005 peace deal with Beshir's regime that paved the way for the national unity government, said it would press the president to heed mounting international pressure to accept the UN force.

The SPLM's stance on the presence of international troops could threaten the implementation of peace accords, an analyst said.

"This position announced by the SPLM by welcoming international troops in Darfur will definitely weaken the position of the government in front of the international community," Adel Al-Baz an independent Sudanese analyst told AFP.

"The government will not find any support from its smaller partner if it insists on its position and tries to impose security and stability in Darfur alone without international troops," he said.

"But while this position will not lead to a split between the National Congress and the SPLM, it will shake the required trust needed to implement the peace agreement," he said.

Before the talks that led to last year's peace deal, the SPLM championed the rights of all Sudan's ethnic minorities, including those in the western region of Darfur, the central Nuba mountains and the east, as well as the south where it fought a two-decade war with the Arab-dominated regime.

Ethnic minority rebels launched their own uprising in Darfur in early 2003, prompting Beshir's regime to unleash the Janjaweed militias in a scorched earth policy which Washington has described as genocide.

The UN Security Council adopted a resolution late last month calling for an extension of the UN peacekeeping mission in south Sudan to Darfur to take over from an overstretched two-year-old African Union force.

But the resolution called for the government's approval of the UN mission, something Beshir has so far defiantly withheld.

British Prime Minister Tony Blair criticised the Sudanese government Saturday over the "completely unacceptable" situation in Darfur and accused it of breaking ceasefire agreements signed with the rebels.

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"I am committed to stepping up international efforts to bring a change of mind and action from the government of Sudan," he said, adding that the international community could not "just watch as this tragedy deepens".

Darfur has been in the throes of a civil war since 2003 which has pitched rebel groups against the Khartoum government and allied Arab militia.

The conflict has killed around 300,000 people and displaced more than 2.5 million, according to the UN.

Letter From A Sudanese Prison (WP)

By Craig Timberg

The Washington Post, September 17, 2006

EL FASHER, Sudan

I came bearing gifts I imagined would be useful to a foreign correspondent trapped in a grubby African prison -- mosquito repellent, books, two recent issues of the Economist and an oversized bar of dark Lindt chocolate. And I came with one big question: How did Paul Salopek, a two-time Pulitzer Prize winner for the Chicago Tribune, a veteran of dicey Third World travel, land himself in a Sudanese lockup?

The answer, on the surface, seemed simple enough. Salopek, 44, had been on assignment for National Geographic when, on Aug. 6, he crossed over the border from Chad, entering the intractable war zone of the Darfur region without a visa. Within two hours, he was picked up by former rebels who had cut a deal with the government. A few days later, including one when a helicopter carrying him took ground fire, Salopek was in the hands of Sudan's notorious secret police. The charges included not just the visa violation, but also espionage and writing "false news." The possible punishments included many years in prison.

I met Salopek four weeks later while on a reporting trip to Darfur. With stamped and signed travel papers in my pocket, I walked into the sandy court compound that had, at this late stage in his captivity, become his home. In late afternoons, the steel-barred doors to his concrete-box lockup were left open, allowing Salopek and his two Chadian colleagues -- a driver and an interpreter -- to move about freely, talk on the phone, chat with visitors and order out for dinner from one of El Fasher's few restaurants.

Salopek, lean and bookish-looking in short hair and glasses, had approached his time in prison as he would a story -- immersing himself in the place with the passion of a devoted observer. He picked up a bit of Arabic, and studied the names and personalities of his captors, all of whom eventually came to treat him as a friend. They talked and shared food and played soccer. And when a senior guard challenged him at chess, Salopek wisely lost 10 of 13 games and muffled his shock that the queen in the Sudanese version is called "the minister," stripping the game of its legacy of female power.

Most of all, he appeared at peace with his situation, which I knew took much effort for a man uncomfortable in the spotlight. The Tribune, National Geographic and a host of U.S. officials were working hard for his release, and despite some encouraging signs, Salopek was preparing himself and his two Chadian associates for a long stay. "If I have to spend two years in Shalla prison," he said, referring to North Darfur's prison, "I'll work on my Arabic."

He said this in an even tone, without a smile or bravado. In fact, the only time his blood pressure seemed to rise was when he contemplated another possible outcome of his captivity -- that he would go free but that other journalists, chastened by his experience, would stop coming to Darfur. It pained him to imagine that his plight might lead to less attention for one of the world's great ongoing tragedies.

Salopek knew better than most what the stakes were. For whatever he learned before entering Sudan (including through visits with rebels and refugees in Chad) he had spent a month mastering firsthand the brutality of the government here. And despite what he suffered -- I leave this for him to tell, but he came far closer to death than has been widely reported -- Salopek expressed much more concern for the hundreds of thousands of people who had died and 2 million made homeless in Darfur.

Salopek was convinced, as was every aid official and African Union officer I met here, that the conflict was about to become worse as the government moved to finish off the rebels who had not signed a May peace deal. With the AU preparing to leave and a planned U.N. mission blocked by the government, the thin margin of safety for journalists and aid groups was about to disappear as well. Salopek was distraught over what could happen to civilians once all the outside witnesses left Darfur, as the government seemed determined to make happen.

When I questioned him about his decision to enter without a visa -- something many foreign correspondents have done in recent years -- he acknowledged the misjudgment. He was in a hurry to complete a project on the Sahel region running along the Sahara's southern edge. Obtaining a visa to Sudan took months, if it came at all, and he wanted a single scene from Darfur for his story. With luck, he would have been back in Chad the next day. But all his luck that day was bad. And he made other mistakes, too, such as carrying several notebooks that he had filled in Chad. They gave Sudan's government plenty of evidence to convict him. To make matters worse, rain flooded a gully on his potential escape route. When the rebels arrived, there was nowhere to retreat to.

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Salopek had made a career of illuminating the lives of the world's least powerful people caught in forces beyond their control; now, he had become a character in a quintessential Paul Salopek-type story, though when I spoke to him it was not clear whether he would ever publish it.

He seemed untroubled when I left each night, usually after two hours or more of conversation. He was ready to stay if that was his fate. But he appeared frustrated, knowing that I was leaving to report on the conflict that had drawn him here, but that was now out of his reach.

The last few days we met, it became clear that Salopek's situation was set to improve. His wife, Linda Lynch, Tribune Editor Ann Marie Lipinski and National Geographic Editor Chris Johns were on their way to Khartoum, the capital of Sudan, as part of a mission led by Gov. Bill Richardson of New Mexico, where Salopek has a home. It was unlikely, we all knew, that President Omar Hassan al-Bashir had summoned them only to send them away empty-handed. As the endgame approached, the small contingent of U.S. diplomatic and military officials who had made it their mission to keep Salopek as safe and comfortable as possible began preparing for his departure. A Marine major wielding electric clippers gave him a high-and-tight haircut beneath a full moon. An Air Force lieutenant colonel shared some of his stash of premium cigars. The Americans also stepped up their quiet campaign of bribery for the courthouse staff -- delivering food, water and the occasional plastic tarp to make sure the mood at the prison stayed upbeat.

The day Salopek was freed, Saturday, Sept. 9, he and his two Chadian colleagues sat behind a small row of orange-painted bars, waiting for the judge to rule. It was the only time I saw Salopek bend his head in the pose of defeat, though maybe it was submission or exhaustion or relief. Moments later, at Bashir's request, the judge pardoned them all. They walked out free men, after 35 days in captivity.

In the glare of sunlight, Salopek exchanged hugs with most of his captors, including the judge, who urged him to write "a good story" about his time in Sudan. Salopek's many saviors -- his wife, his editors, Richardson and the U.S. officials -- were jubilant as he drove away, then boarded a plane to Khartoum for the first leg of the long journey home to New Mexico. I could see by the body language of the guards, who had grown accustomed to the warm smiles and steady bribes delivered by their star prisoner, that they were sorry to see him go.

In a strange, selfish way, so was I.

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The Washington Post.

North Korea's No. 2 Leader Blasts U.S. (AP)

By Vanessa Arrington, Associated Press Writer

AP, September 17, 2006

North Korea's No. 2 leader blamed the lack of world peace on the United States Saturday at the Nonaligned Summit, saying that because of its failure to respect the sovereignty of other nations, "the international order is destroyed."

Parliament leader Kim Yong Nam said desires for peace by the 118 countries in the Nonaligned Movement were "confronted with grave challenges owing to the high-handed acts and unilateralism of the superpower, which denies countries and nations the independent choice of development."

The resulting imbalance in global politics constitutes "grave threats to world peace and security," he said.

It was the latest anti-American statement at a meeting that has brought together some of the staunchest U.S. foes, including the presidents of Iran, Venezuela and Zimbabwe.

The summit opened Friday when Cuba took over the three-year leadership of the group from Malaysia. Cuba's Defense Minister Raul Castro stood in place of his ailing brother, Fidel Castro, who is recovering from intestinal surgery.

The United States has declined an invitation to attend the Nonaligned summit in Havana and said it would have no comment on any of the proceedings.

Fidel Castro has yet to make an appearance at the summit, but has met with individual leaders in private, including U.N. Secretary-General Kofi Annan, Venezuelan President Hugo Chavez and Algerian President Abdelaziz Bouteflika. Photos and video of the one-on-one encounters in Cuban state media show Castro in his pajamas — likely an unusual sight for summit participants.

Kim also defended the North's nuclear program amid concerns the communist country may be preparing to carry out an atomic weapons test.

North Korea "has been left with no other option but to possess nuclear weapons as a self-defensive deterrent," he said. "The DPRK would not need even a single nuclear weapon if there no longer existed a U.S. threat."

DPRK stands for Democratic People's Republic of Korea, the North's official name.

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Kim said U.S. financial restrictions aimed at Pyongyang have created a deadlock in six-nation talks on its nuclear program, pushing the issue into "an unpredictable phase."

Recently, the United States has moved to sever North Korea's connections to outside banks, alleging any transactions conducted by the Pyongyang regime are suspect and could be connected to illegal activity — including money laundering and counterfeiting U.S. dollars.

Nuclear talks among the two Koreas, China, Japan, Russia and the United States were last held in November, when negotiators failed to make progress on implementing an agreement in which the North pledged to give up its nuclear programs in exchange for aid and security guarantees.

"The DPRK will never go back to the talks under U.S. sanctions," Kim said.

Also Saturday, Pakistan and India agreed to restart peace talks that were suspended after train bombings killed more than 200 people in Mumbai in June — part of a wave of attacks India blames on Pakistan-based militants.

Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed to Cabinet-level talks by their foreign secretaries after meeting on the sidelines of the summit. Singh also accepted an invitation to travel to Pakistan to further the peace process.

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Singh said after the meeting with Musharraf.

The Pakistani leader added: "We had a cordial, frank exchange of views on all aspects of India and Pakistan relations. It was agreed that the peace process must be obtained."

New Delhi blames Pakistan's support of the militants for stalling the peace process between the nuclear-armed neighbors, which have fought three wars since gaining independence from Britain in 1947, two over the Himalayan region of Kashmir.

More than a dozen militant groups are fighting to make Kashmir independent from Hindu-majority India or merge it with Muslim-dominated Pakistan. The insurgency has claimed 65,000 lives.

The Nonaligned Movement was formed during the Cold War to establish a neutral third path in a world divided by the United States and the Soviet Union.

Anti-U.S. Allies Back Iran Nukes (WT)

The Washington Times, September 17, 2006

From combined dispatches

HAVANA -- Developing countries yesterday wrapped up a multinational summit with North Korea charging that U.S. threats drove it to acquire deterrent atomic weapons and Iran winning solid support for its nuclear ambitions.

Iran, Venezuela and Cuba joined North Korea in leading efforts to forge an anti-U.S. alliance. Summit leaders, in a statement on Iran, "reaffirmed the basic and inalienable right of all states to develop research, production and use of atomic energy for peaceful purposes."

They warned that any attack or threat against any nuclear facility used for peaceful purposes was a violation of international law.

North Korea took the opportunity to assail the United States for unilateral actions against individual countries and called for a revitalization of the 118-nation Non-Aligned Movement (NAM).

"The United States is attempting to deprive other countries of even their legitimate right to peaceful nuclear activities," said North Korea's second-ranking leader, Kim Yong-nam.

Mr. Kim blamed Washington for "threatening Korea using all sorts of maneuvers, accusing it of being part of an 'Axis of Evil.'"

He added: "Korea has nuclear arms as a deterrent to firmly guarantee the peace and security of the Korean Peninsula and the region."

The leaders' statement on Iran, released as the meeting ended, was an updated version of a document adopted in May at a NAM ministerial meeting in Malaysia.

They stressed that the U.N. International Atomic Energy Agency found that all nuclear material declared by Iran had been accounted for.

Governments with friendly ties to Washington, among them India, Pakistan, Chile, Peru and Colombia, sought to steer the summit away from confrontation and finger-pointing at the United States.

"I do not see this summit as anti-U.S.," Malaysian Prime Minister Abdullah Ahmad Badawi told reporters. "NAM has been set up not to be anti-any country."

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The NAM leaders called for a negotiated settlement to the nuclear dispute with Iran. The United States is pushing for sanctions to force Tehran to stop producing enriched uranium, which can be used both for both nuclear power and atomic weapons.

Leaders took turns on the podium to decry global poverty, unfair trade practices and "arbitrary" actions by the United States and other powerful nations that they complained controlled the United Nations.

In a concrete result, nuclear-armed neighbors India and Pakistan agreed to resume formal peace negotiations that were frozen after the July train bombings in Bombay that killed nearly 200 people.

Cuban President Fidel Castro, a symbol of opposition to Washington, was scheduled to preside over the summit, but was too ill to attend.

Mr. Castro received U.N. Secretary-General Kofi Annan in a dressing gown in his hospital room. The 80-year-old communist leader, who took power in a revolution in 1959, ceded power temporarily to his brother, Raul, on July 31 after undergoing surgery to stop intestinal bleeding.

Venezuelan President Hugo Chavez, with his penchant for banter and controversy, dominated the summit opening Friday, pledging support for Iran if it is attacked by the United States.

Other countries called for moderation. A Colombian delegate said friendlier nations had tried to soften the anti-U.S. content of the final statement.

The summit brought together some states not only impatient with what they see as a U.S.-dominated United Nations, but eager to strengthen the NAM as an alternative and to foster cooperation within the Third World.

"The United States is turning the Security Council into a platform for imposing its policies. ... We should reinforce NAM, and it should play its role more efficiently," Iranian President Mahmoud Ahmadinejad said Friday at the summit.

Group Puts Focus On N. Korea Rights (WT)

By Se Jeong Kim, The Washington Times

The Washington Times, September 17, 2006

Liberty in North Korea, a 2-year-old organization with a global reach, has found success drawing attention to human rights atrocities in the isolated communist state.

Its latest effort featured an airing of the movie "Seoul Train" at the American University in Northwest last week. The film opens with a small North Korean boy wandering around a market, searching the ground for bits of food to eat.

In another scene, a family of five attempts to enter the Japanese Embassy in Beijing, but Chinese guards drag them out. According to the film, all were arrested but were eventually granted asylum in South Korea.

The 1995 documentary by filmmakers Jim Butterworth, Lisa Sleeth and Aaron Lubarsky depicts the life-and-death struggle faced by North Koreans who attempt to flee their homeland through China.

"I didn't know specifically how many refugees there were, how many people tried to leave so often, how many were sent back, and how hard it was at all," said Mark Devries, a sophomore at the American University.

Established in 2004, Liberty in North Korea (LINK) coordinates programs raising awareness of North Korean human rights issues, said its executive director, Adrian Hong. LINK has 70 chapters around the world, including in Japan, South Korea and Belgium.

"The more public opinion is shaped on the issue, the more likely governments [will] move on the issue," Mr. Hong said.

That awareness, he said, is bringing tangible results. In 2004, Congress passed the North Korean Human Rights Act unanimously.

In 2005, Jay Lefkowitz was appointed as special envoy for North Korean human rights by President Bush. This year, for the first time, the United States granted asylum to six North Korean refugees.

"Silence is death. By purposefully ignoring the suffering that's happening there [North Korea], it causes more death and despair to North Korean people," said Suzanne Scholte, chairman of a separate organization, North Korean Freedom Coalition. "South Korea must stand up for the rights of the Korean people, whether born in the North or South," she said. Mrs. Scholte's group is part of Freedom House, founded by Eleanor Roosevelt.

The North Korea regime of President Kim Jong-il has endured famine during the past decade, leaving millions of people dead. Tens of thousands have fled to China, hoping to eventually resettle in South Korea or some other country. If caught they are automatically repatriated to North Korea, where they are sent to detention camps and sometimes beaten to death.

Far Across The DMZ (NYT)

By Mary Chi-whi Kim

The New York Times, September 17, 2006

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Last December, after 55 years, members of our South Korean family reunited with northern relatives for two hours via satellite. It was one of hundreds of such virtual reunions that the Red Cross has organized for families who have been separated since the 1953 armistice split the country in half.

This was the first time I had ever seen my aunt Bo Ok. My father talked about her in his long prayers blessing our Thanksgiving feasts in America, where we have made our home, but he had not seen her since he was 14. Living in Seoul decades ago, my grandfather could not raise school tuition for both Bo Ok, his firstborn, and my father, his eldest son. He chose his eldest son and sent Bo Ok away to a country village to take the government-financed teacher training there. Persuaded by teachers to pursue more free education, she chose to go north. My grandfather was the last family member to see her; this was on Sept. 27, 1950, just before the United States reoccupied Seoul, still smoldering from bombardment.

On screen, in front of tan drapes in a modest office, Bo Ok flickered alive — a gray-haired matriarch sitting upright at a conference table stocked with bottled water. Her black traditional hanbok dress glimmered with silver beading and 12 military medals. I was startled to see her plump cheeks; I wondered if perhaps extra rations had been allotted before this reunion. She resembled my grandmother, but her fierce eyes cut through the screen. Seated to her right was her eldest son, in his 30's, with jutting cheekbones and a crew cut, dressed just as an American would dress for a funeral. He folded his handkerchief into a perfect square and repeatedly swabbed his gaunt forehead, cheeks, chin and eyes.

In a half-strangled voice, Father read his six-page letter, prepared over the previous two weeks. He had heard about the experience of others who participated in these reunions, in which the northern relatives kept expounding Communist rhetoric, essentially blocking dialogue with southerners. So Father spoke without letting up for an hour and a half, releasing 50 years of memories and dreams about his sister. He told her of our family's life in the United States.

"Sister, in his last moments, our father called for you," he said. "Our mother, on your birthday every March, stared out the window for you. We all did. I'm 70 now. Whenever I see a high-school girl with hair like yours, I become 14 again, searching for my big sister. Had I known, I would have told you this: I love you."

I was stunned by his open declaration. Bo Ok smiled, seemingly indulgent of the American influence that would allow him to speak this way. But sobs escaped from other constricted throats, and tears glistened on both sides of the Demilitarized Zone and on both sides of the Pacific.

He described their ancestral graveyard, which rests on a hometown hillside in the South. "When we got your letter in 2002, we were able finally to have every descendant's name engraved in the lineage on the back of headstones. When you come south," he paused for one second, "you will see all your names waiting there for you." He detailed the lineage on the southern side, counting off the children of his other sister and brother and introducing us, his four grown daughters.

"Rich in daughters, eh?" Bo Ok said. Everyone laughed.

"I have three daughters," she said. "Two sons." Her eyes lighted up. "My eldest daughter is a basketball player who heads the athletic program. Lots of awards. Takes after me, good athlete, good runner."

Bo Ok took 15 minutes to recount 50 years. She was serving as a nurse during the Korean War when a bomb severed her left leg. She was working as a technical editor when she met her husband. After another bomb, both his legs were amputated. "Two cripples married and raised five kids," she said. "Only possible through government help.

"Since I came north, the Honorable Leader cared for us — no hardship, plenty of food, enough to live. How else could two cripples do it? Fifty-five years since I left, I am treated well as a wounded veteran." I looked to my cousin's hollowed cheeks and then at Bo Ok's medal-covered chest.

My father spoke up: "Let us sing 'Tong Il Jang' together." The song was written by southerners to blend the national anthems of both Koreas and is now well known in the North and the South alike. My father's tenor took up the words: "Our hope is for one country, we pray even in dreams." We clapped and sang in unison, and the two-hour satellite meeting began to end.

My aunt's eyes clouded as the screen darkened to black.

Peacekeeping Grows, Strains U.N. (WP)

By Colum Lynch

The Washington Post, September 17, 2006

Group's Troop Numbers Across Globe to Hit New High

UNITED NATIONS -- The United Nations is set to field its largest peacekeeping enterprise in its 61-year history, with more than 100,000 troops and police to be deployed by year's end in missions around the world.

The number could climb -- past 115,000 -- if Sudan accepts a new peacekeeping mission for Darfur, and costs for the forces could surpass $7 billion a year, more than double the $3 billion spent in 2000.

The unprecedented growth in peacekeeping operations is placing strains on the United Nations' capacity to respond to emerging crises in various parts of the world and is draining the pool of available troops both for the world body and for NATO.

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Global leaders will address those issues this week at annual appearances before the U.N. General Assembly. "When you look around the world today, we are stretched," U.N. Secretary General Kofi Annan told reporters last week as he highlighted major themes for the session.

The latest surge in U.N. peacekeeping surpasses the previous peak, in the early 1990s, when more than 80,000 troops served in more than a dozen international missions, including major operations in Cambodia, Bosnia and Somalia.

It also marks the end of a retreat in funding for new missions by the United States, which was reluctant to approve risky and costly undertakings in Rwanda and other conflict zones after the deaths in 1993 of more than 18 U.S. Army Rangers at the hands of Somali militias. The United States still refuses to place its ground troops under U.N. command.

John R. Bolton, the U.S. ambassador to the United Nations, said that the Bush administration continues to have misgivings about the organization's fitness to effectively manage its peacekeeping operations but that a proliferation of crises has forced U.S. support. "The requirements to establish or change existing peacekeeping missions are dictated by circumstances in the world, and that's why we have responded as we have," Bolton said.

The U.N. Security Council last month authorized an increase of more than 40 percent in the overall size of the peacekeeping force, including 1,600 police officers for East Timor and 13,000 additional troops for Lebanon, where the United Nations is trying to prevent a resumption of fighting between Israel and Hezbollah. The council also authorized more than 22,000 peacekeepers for Darfur, where government-backed militias are believed responsible for the deaths of hundreds of thousands of civilians and the displacement of more than 2 million people.

The Sudanese government, however, has refused to allow the United Nations to send peacekeepers to Darfur and has ably played on Western fears of entering a military quagmire. "The Sudanese have been very clear in exploiting some of these issues, saying, 'If you want to have another Iraq, come,' and this scared away some governments," Annan said.

U.N. officials have expressed concern that creation of these large missions carries risks for some of the organization's less visible operations, particularly in African countries such as Ivory Coast and Congo.

"The risk that there is going to be political neglect is high," Jean-Marie GuÃ©henno, the U.N.'s undersecretary for peacekeeping, said in an interview. "Darfur could be a victim of that overstretch."

According to a paper by Security Council Report, a private monitoring group, "There is simply no precedent in the United Nations for an increase in operations of this magnitude in the space of twenty days." The paper added: "It will present huge management challenges for the United Nations, which has been struggling to improve its capacity to manage the growth in peacekeeping operations."

The United Nations' critics in Congress have highlighted its failure to stamp out corruption in spending programs and to rein in sexual abuses against minors in several peacekeeping missions. The House has passed legislation threatening to cut off funding to the organization if it fails to prove it can better manage its costs.

"I can't say we go into this with a great deal of confidence, but we go into this with a sense that this has got to be done," Sen. Norm Coleman (R-Minn.) said of the new missions in Lebanon and Sudan. "The bottom line is right now there aren't a lot of choices."

The Bush administration has struggled to contain U.N. peacekeeping costs by ending or scaling back existing operations to make way for new ones. That strategy backfired in East Timor, where violence erupted between military factions after U.N. troops pulled out. The United States and other Security Council members responded last month by approving a new force of 1,600 U.N. police for East Timor.

Despite its initial reservations about the virtues of U.N. nation-building, the Bush administration has led efforts to reinforce existing operations and create new ones for Haiti, Liberia, Sudan and Lebanon. It has repeatedly approved operations in countries where it has few national interests.

"You still have this rhetoric about the United Nations being a broken, fractured, incompetent and undependable organization," said James Dobbins, a senior foreign policy emissary for the Clinton and Bush administrations and author of a recent study by the Rand Corp. on U.N. peacekeeping. However, "There is no doubt that the Bush administration . . . embraces the concept of nation-building to a degree the Clinton administration couldn't have gotten away with it."

Dobbins credits the United Nations with providing some of the most inexpensive peacekeeping services in the world, saying it costs $45,000 a year to fund a U.N. peacekeeper, compared with $200,000 to deploy one NATO soldier. He also said the organization relies on a small number of military planners and headquarters staff members to launch a mission. "Four hundred to 600 people are managing the largest expeditionary force in the world other than that of the United States. It's bigger than NATO and the European Union put together," he said.

The World's Elder Statesman (LAT)

By James Traub, James Traub's Latest Book, "The Best Intentions: Kofi Annan And The U.n. In The Era Of American Worl

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Kofi Annan has revalidated and sharpened the U.N.'s role, regardless of his reputation to the contrary.

THE CAREER of U.N. Secretary-General Kofi Annan, which will come to an end Dec. 31 with the completion of his second five-year term, has been bookended by dramatic peacemaking trips to the Middle East.

During the first, in February 1998, he headed off an impending U.S. bombing attack on Iraq by persuading Saddam Hussein to permit U.N. weapons inspectors to return to the country. The Daniel-in-the-lions'-den imagery of that meeting cemented his budding reputation as a moral hero. Last month, the 68-year-old Ghanaian returned from a lightning tour of Middle Eastern states with an agreement to lift Israel's suffocating embargo of Lebanon and reassurances about the brittle cease-fire established by a Security Council resolution.

This is the stuff of diplomatic melodrama — save that the props often turn out to be made of papier-mache. The Baghdad entente of 1998 began to fall apart soon after Annan returned to New York, and by December, British and American warplanes were striking targets in Iraq during four nights of heavy bombardment. As for the recent cease-fire between Israel and Hezbollah, it could give way at any moment because the United Nations lacks the mandate and the capability to disarm the Shiite militia.

In both cases, Annan did everything humanly possible, but a secretary-general, for all that we romanticize him, can do very little to alter the fundamental calculations of states. As the United Nations begins in earnest to choose a replacement for Annan, we must bear in mind that a secretary-general is, in the end, a creature of the geopolitical moment.

A U.N. truism holds that secretaries-general have good first terms and bad second ones. The arc of Annan's career certainly conforms to type. But that's not because he ran out of gas or because he exhausted his store of political capital. Rather, Annan had good luck followed by very, very bad luck.

From 1997 through 2000, the world was largely at peace, none of the horrific civil wars in the Third World rose to genocidal proportions, and the White House was occupied by an internationalist Democrat. Then, in rapid succession, a unilaterally-minded Republican took office, 9/11 shattered the interval of peace, the U.S. invaded Iraq in the teeth of international opposition and one of Sudan's interminable ethnic conflicts erupted into a scorched-earth war. The man who had won the Nobel Peace Prize in 2001 suddenly looked hapless, even pitiful.

Annan's detractors see it differently. They believe that he is very much the author of his own misfortunes. In late 2004, Sen. Norm Coleman (R-Minn.) called for the secretary-general to resign, accusing him of tolerating an atmosphere of corruption inside the U.N. as the Iraqi oil-for-food scandal unfolded. Others critics in the West have insisted that Annan is hostile to Israel and to Washington's legitimate security interests.

In the developing world, on the other hand, Annan is regularly denounced as Washington's puppet, a charge often flung in his face during his recent swing through the Middle East. Others with no ideological ax to grind, including U.N. insiders, feel that Annan is far too much a creature of the U.N. (where he spent about 30 years before becoming secretary-general) to change its entrenched culture of patronage and idle paper-pushing.

But secretaries-general should be judged according to what they can do, and not what they can't. Even the great Dag Hammarskjold, the Swedish diplomat who served as the second U.N. chief, could do nothing to blunt the hostilities of the Cold War, including the Soviet invasion of Hungary in 1956. Hammarskjold's greatness lay elsewhere: in the immense prestige he lent to his office through the sheer force of his rhetoric and majestic impartiality, and in the development of a wholly new form of intervention known as peacekeeping. Hammarskjold made the U.N. matter as it had not before. Under him, it grew; under his successors — at least until Annan took over — it generally shrank. Boutros Boutros-Ghali, the gifted but sharp-tongued and imperious Egyptian who preceded Annan, so irked policymakers in Washington, including U.N. supporters, that he practically put the institution out of business.

Annan did not get the Nobel Peace Prize for temporarily averting war in Iraq. In fact, he did something harder: He restored the relevance of the U.N. The new U.N. head brought Washington back into the fold through a combination of unflagging solicitude and gentle prodding. Annan's promulgation of a new spirit of self-criticism brought the U.N. to anatomize the mistakes that led to the peacekeeping fiascos in Somalia, Bosnia and Rwanda in the 1990s. This, in turn, encouraged the U.S. and other states to fund new ventures in Sierra Leone, East Timor, the Congo and elsewhere. Finally, Annan restored the status of moral arbiter — of "secular pope" — with which Hammarskjold had first imbued the office.

Here one comes to the aspect of the job easiest to underestimate, or even to ridicule: The power of words. Does it really matter that in 1997, during his first trip to Africa as secretary-general, Annan preached to the continent's gathered heads of state about respect for human rights, admonishing them that to "treat it as an imposition, if not a plot, by the industrialized West" is "demeaning of the yearning for human dignity that resides in every African heart"?

Nine years later, that yearning for dignity is still routinely trampled. Yet Annan's insistence on the universality of human rights has produced a kind of atmospheric change: Third World potentates no longer dismiss human rights as a Western

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preoccupation. And Annan's willingness to upbraid African leaders on behalf of Western principles — something Boutros-Ghali would never do — gave him the freedom to make demands of the West on issues of development.

The U.N. Annan inherited was a protector of states and their prerogatives; the one he wishes, somewhat forlornly, to leave behind would be a protector of individuals — even against the state. Perhaps the most resonant words he has spoken during his decade in office came during his 1999 address to the General Assembly, when he defined the "core challenge" of the institution as ensuring that "massive and systematic violations of human rights — wherever they may take place — should not be allowed to stand."

Annan's support for the doctrine of "humanitarian intervention" was widely praised in the West and almost as widely condemned in the developing world, where it was seen as a license to violate sovereignty. The issue became unavoidable, and in its 60th anniversary meeting last year, the General Assembly formally accepted the principle that states had a responsibility to protect their own citizens and a duty to intervene to stop extreme cases of abuse in other countries.

To which, of course, one might say: Words are cheap. Indeed, Darfur's endless agonies seem to have been scheduled in order to expose the gross hypocrisy of "the international community." No country, including the U.S., which has been in the forefront of efforts to respond to the atrocities, has suggested sending troops against the will of the Sudanese government — the ultimate "responsibility" entailed in the responsibility to protect. But Annan, who as head of U.N. peacekeeping in 1994 was famously silent about the growing threat in Rwanda, has been a voice in the wilderness when it comes to Darfur.

In the end, the U.N. may be institutionally incapable of meeting this core challenge, in which case Annan's perverse achievement has been to demonstrate the limits of the institution to which he has devoted his life. But the moral imperative remains, as a club with which to beat the recalcitrant and a goad with which to prod the reluctant.

No matter what one thinks of Annan, there can be no doubt about the success of his campaign to revalidate the U.N. (for which many others also deserve to share credit). The U.N. fields more than 80,000 peacekeepers, and by deploying a muscular force in Lebanon, it is playing an indispensable role in the Mideast for the first time in decades. On matters such as development, in which in the past it had only a peripheral role, the U.N. has helped shape the debate by promulgating the Millennium Development Goals in 2000.

Annan wants the U.N. to be so much more than it is, but it sometimes feels like he's the only one who does. His highly ambitious campaign to reform the institution's doctrines and machinery barely avoided catastrophic failure; the achievements, on humanitarian intervention and human rights enforcement and "peace-building," were almost eclipsed by the divisiveness of the debate itself. And despite Annan's very cordial relations with President Bush and Secretary of State Condoleezza Rice, the next secretary-general may face an even tougher job of incorporating the U.S. into the U.N. than Annan did.

One comes back, always, to the geopolitical facts of life. The U.N., at least that part dealing with issues of peace and security, cannot be any more effective than its most powerful members want or permit it to be. If China and Russia defend the sovereign rights of abusive regimes tooth and nail, if the U.S. treats the Security Council as either a nuisance or a rubber stamp, if leading Third World nations view reform as a conspiracy designed to rob them of power, then it won't make much difference who succeeds Annan.

The common ground to which Annan is forever beckoning his refractory members seems to exist mostly in his mind. For all Annan's emollient efforts, the atmosphere at U.N. headquarters right now is suffused with acrimony. You do have to wonder sometimes why anybody would want the job at all.

The Place Is A Mess, But It Beats Plan B (LAT)

By David Rieff, David Rieff Is The Author Of "At The Point Of A Gun: Democratic Dreams And Armed Intervention" And "

The Los Angeles Times, September 17, 2006

AS KOFI ANNAN'S tenure as United Nations secretary-general limps to its inglorious close, the prestige and even the future of the world organization he came into office determined to revitalize could scarcely seem bleaker.

In the minds of many Americans, the U.N. is little more than a glorified talking shop in which hostility to the United States is perhaps the only common denominator and whose impotence is matched only by its corruption.

Though popular with Americans when he first took over in 1997, Annan — who unwisely came back from a meeting with Saddam Hussein proclaiming that the Iraqi dictator was a man he could "do business with" — soon came to be seen as exemplifying all of the U.N.'s faults. Paradoxically, in much of the world, the U.N. and Annan are denounced for being too servile to Washington — an impression that was certainly bolstered during the recent G-8 meeting near St. Petersburg, Russia, when President Bush was caught saying on an open microphone that he was tempted to "tell Kofi" to call Syrian President Bashar Assad to get him to rein in Hezbollah.

In such an atmosphere of poisonous disenchantment, it is hardly surprising that many U.N. officials (including Annan himself, according to some insiders) despair of the organization's prospects. A few senior people remain upbeat, notably

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Undersecretary-General Shashi Tharoor, a longtime member of Annan's inner circle who is mounting a strong campaign to succeed him.

But for the most part, pessimism reigns, and understandably so: After all, the U.N., which was intended by its founders to be the premier institution for assuring peace and security in the world, now seems to lurch from crisis to crisis in a global environment that offers little peace and even less security.

In fact, despite the personal popularity Annan enjoyed before 9/11, the U.N. already had been marginalized institutionally as a guarantor of peace and security. The dismal failures of its peacekeeping operations in Bosnia (where at least 8,000 people died in Srebrenica alone in a U.N.-protected "safe area" in 1995) and Rwanda (where more than 800,000 Tutsis and moderate Hutus were killed while U.N. peacekeepers looked on impotently in 1994) seemed to suggest that the U.N. was simply too divided and too weak to keep peace, let alone restore it in a conflict zone.

By the same token, NATO's success (undertaken without Security Council authorization) in rolling back Slobodan Milosevic's campaign of mass deportation in Kosovo and other unilateral interventions, like that of the British military in Sierra Leone in 2000, which succeeded where a U.N.-sanctioned mission had failed, offered the prospect of effective global peace and security initiatives in which the U.N. would play little or no role. Instead of the sclerotic multilateralism that had failed to save the Rwandans or the Bosnians, we had entered an age of dynamic, unilateral peacekeeping and humanitarian intervention.

Or so ran the conventional wisdom, anyway. In retrospect, viewed through the prism of seemingly unwinnable wars in Afghanistan and Iraq, the picture looks rather different. In a world in which the so-called clash of civilizations is no longer an academic hypothesis but increasingly a reality, at least in the minds and hearts of enormous numbers of ordinary Muslims and Christians who each see the other as bent on all-out war (call it jihad or crusade, it makes little difference), the limits of what Western militaries can accomplish politically has become obvious.

To cite only one obvious example: If the population of Darfur were Buddhist, Hindu or Christian, there would be little risk in sending U.S. or Western European troops to protect them. But because Sudan is a Muslim country, the dispatch of a Christian army there is, rightly or wrongly, almost certain to be understood by much of the Muslim world at large not as a humanitarian effort but as an extension of the wars in Afghanistan and Iraq. Or, to put it another way, one of the unintended consequences of the Iraq war has been to render unilateral humanitarian intervention by the West in the Islamic world suspect in the eyes of many Muslims.

What this means is that unilateralism — and the reliance on "coalitions of the willing" — which seemed so promising in the late-1990s, has turned out not to be a viable alternative to the U.N. system after all. Anyone doubting this need only look at the central role that Annan and the U.N. Security Council played in halting the recent fighting between Israel and Hezbollah. From the outset, it was clear that the Bush administration would have to work through the U.N. and that only a peacekeeping force sanctioned by the world body could possibly be viewed as legitimate by the Lebanese or be effective in maintaining the cease-fire.

Even in the case of the Iranian nuclear program, which the Bush administration has described as posing an existential threat to U.S. security, Washington has opted to work through the traditional channels of Security Council resolutions and U.N.-sanctioned multilateral diplomacy.

In other words, and certainly not through lack of trying, even the most die-hard unilateralists have come to the realization that there is really no viable alternative to the U.N., however much they might wish it otherwise. How else to explain U.S. Ambassador to the United Nations John Bolton — a man who is on record as having said that if 10 stories were removed from the U.N. headquarters building no one would notice the difference — behaving these days like a U.N. booster?

The hard fact is that, despite its fallen reputation and its many failures, the U.N.'s future is perfectly viable because no one has a good alternative to propose. Iraq has certainly demonstrated the American public's lack of willingness to tolerate long, costly exercises in imperial nation-building. And neither former colonial powers like Britain and France nor rising new powers like China and India want the job of securing peace and security in the world. Which leaves … the U.N.

Obviously, this is a negative endorsement, not a ringing accolade, and there is no reason to think that the world body is suddenly going to become more effective in guaranteeing global stability. But just as even Annan's severest critics have ended up appealing to him in many of the gravest international crises of the last decade, so they will likely tread the same path to the door of his successor, whether it turns out to be Shashi Tharoor of India, South Korean Foreign Minister Ban Ki-moon or some other candidate.

Doubtless they will do so with bad grace, reluctantly and with the full knowledge of how powerless the U.N. actually is. But they will do so nonetheless because there is no viable alternative and because, in this age of civilizational clash and global turbulence, it is far too dangerous for them to do anything else.

Lighten Up On Bolton (LAT)

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Jonah Goldberg

The Los Angeles Times, September 17, 2006

He's smart, tough and willing to stick it to the U.N.

I SPEAK NOW not so much in praise of John Bolton as in dispraise of Boltophobia. Bolton is a fine man, a sharp intellectual, a committed public servant and has the most aggressive mustache in American politics today. He's done a first-rate job as U.S. ambassador to the United Nations during his yearlong interim appointment, and were it not for the waffling of Republican Sen. Lincoln Chafee, who has sorta-kinda-maybe changed his mind on Bolton in order to get reelected in liberal Rhode Island, we wouldn't be having this conversation.

Even Sen. George Voinovich (R-Ohio), who's had a feck transplant since his acute bout of fecklessness last year — when he melodramatically decided that he couldn't support Bolton — has changed his mind. His reason for his opposition back then: Bolton was a meanie. The U.N., Voinovich seemed to be suggesting, needs more Hallmark card moments, and Bolton doesn't come with heart-shaped candies and a tickle-me button on his tummy for the ambassador from Syria to poke when he's blue.

Instead, in Voinovich's view, Bolton was a "kiss-up, kick-down" kind of guy, which made a weepy Voinovich "worried about my kids and my grandchildren." We now know that Voinovich was simply a victim of Boltophobia, a kind of St. Vitus' dance that causes otherwise reasonable people to go into twitching fits over the fact that Bolton doesn't love the U.N. enough. The problem is most Americans agree with Bolton that the U.N. is a cesspool of its own crapulence, stealing American tax dollars intended for global do-goodery while working against American interests.

"We can't argue that this guy is unfit just because he's said mean things about the U.N.," a "top Senate Democrat" admitted to Time magazine last year. "Don't forget, most Americans agree with him."

So instead, his opponents went after him by launching a bizarre assault on his character, using partisan and sometimes loopy accounts of his behavior from more than a decade ago. (Remember Melody Townsel? The Dallas woman who said that Bolton had chased her down the halls of a hotel in Moscow in 1994, throwing things at her and "behaving like a madman.") Sen. Christopher J. Dodd of Connecticut — who's reportedly hated Bolton for decades because of disagreements over Latin America policy — hysterically claimed that Bolton's behavior toward subordinates "ought to be indictable," and California Sen. Barbara Boxer wanted to send him to "anger management counseling." It was all nonsense, and everyone knew it.

The real, underlying issue was that Bolton (like most Americans) thinks that the U.N. is the problem, while those infected with Boltophobia think that it's the solution — and that the U.S. is the problem.

It is a conflict of visions. Bolton thinks that his role is to use the U.N. as a tool for advancing American interests, and if that means we need to work with others, then hurray for working with others. Boltophobes believe that working with others is its own reward and that any talk of U.S. interests that doesn't involve ceding more sovereignty to Turtle Bay is denounced as "cowboy unilateralism." Bolton believes that his job is to conduct the foreign policy of the president of the United States. Boltophobes think our ambassador to the U.N. should also work as the U.N.'s goodwill ambassador to us. Bolton thinks that he should follow the examples of Jeane Kirkpatrick and Daniel Patrick Moynihan as a vocal and principled defender of American ideals. Boltophobes think that this is hubristic Bush-speak.

Depending on which of these visions you subscribe to, Bolton has either been terrible or terrific. He has rallied the Security Council behind important resolutions on Iran, North Korea and the Israel-Hezbollah cease-fire. He scuttled Kofi Annan's attempts to ban weapons in space and to, in effect, tax wealthy nations through a wealth transfer scheme that ignores U.N. inefficiency and corruption. He stood on principle against the whitewash restructuring of the U.N. Human Rights Commission, which has been more likely to include human rights abusers than to condemn them (earning him praise from the New York Times). And he has put the onus on the U.N. to prove its relevance by fighting genocide in Darfur and cleaning its own Augean stables on the East River.

There's no cure for Boltophobia. The best we can do is keep it from controlling our lives. And that means Bolton should be confirmed. Let the man do his job.

Give Bolton The Boot (LAT)

By Stephen Schlesinger, Stephen Schlesinger Is The Author, Most Recently, Of "Act Of Creation," On The Founding Of The Unite

The Los Angeles Times, September 17, 2006

The U.S. shouldn't have an ineffective bully as its U.N. envoy.

ALL SUMMER, the Bush administration has been pressuring the Senate Foreign Relations Committee to make John Bolton the permanent U.S. envoy to the United Nations. Bolton is serving until January on a temporary assignment because his notorious anti-U.N. reputation and difficult temperament (among other things) made the Republican-controlled committee unwilling to confirm him to the post last year.

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Now, Bolton has had 12 months to show his stuff. And frankly, there is still no evidence to suggest that he deserves a full-time posting.

Bolton has never been a diplomat — which, among his supporters, is regarded as a mark of honor. He hails from the Republican Party's extreme conservative wing. Bush chose him to please the most fervent right-wingers in his administration, most of whom either scorn or want to terminate the United Nations.

Bolton has for a long time been an excessive and unrestrained critic of the U.N. Among his infamous utterances: that it wouldn't make a difference if 10 stories were sliced off the U.N. building; that the U.S. has no obligation to pay its dues to the organization; that the Security Council should be reduced to one member, namely the U.S. And, perhaps his most notable sally, that "there's no such thing as the United Nations."

His record since taking over as ambassador in August 2005 has shown that his adversarial stance toward the institution has not softened. In his first month as U.N. envoy, he gleefully undermined the most comprehensive reform movement in U.N. history by insisting on the adoption of hundreds of irrelevant amendments that were never going to be accepted by the General Assembly.

Later, when the U.N. did agree on one important change — creating a new, reformed Human Rights Council — he argued furiously against it, rallied just three other nations to the cause (out of 191) and eventually saw the U.S. go down to a humiliating defeat. Then he turned around and said he would work with the council and help it financially but not join it. Which left Washington looking not just like a loser, but a whiny one at that. As Sen. Christopher Dodd (D-Conn.) remarked, Bolton was not just a bully, but an "ineffective" one.

In furtherance of his mission, Bolton also has promoted various pet causes at the institution. For example, when issues of population control or limiting the use of small arms come up, he brings into his office antiabortion activists and National Rifle Assn. members, respectively, to take the other side.

He has, on occasion, reportedly sneaked around his own nominal boss, Secretary of State Condoleezza Rice, to Vice President Dick Cheney's office to get support for his own hard-line views at the U.N. — for example, his refusal last summer to endorse the U.N.'s Millennium Development Goals aimed at reducing poverty in the developing world. Rice eventually forced him to reverse that stance.

To the extent that he has been able to operate at all at the United Nations — most recently in the Israel-Hezbollah cease-fire — he has had to bow to a new realism within the Bush administration, and yes, sometimes, to international pressure. Even then, though, according to published news reports, he doesn't get along well with our allies. His bristling nature has left many bruised feelings among his colleagues. His accomplishments are marginal at best. He may be among the most ineffective envoys the United States has ever sent to the U.N.

Just when the administration thought Bolton was finally going to be approved by the Senate Foreign Relations Committee, Sen. Lincoln Chafee (R-R.I.) began to raise questions about Bolton's performance and pushed to delay the vote. The Bush administration is said to be exploring other ways to keep Bolton in the job.

A responsible nation that intends to harmonize differing viewpoints and work out compromises to further U.S. national security interests makes a serious error in appointing a Jacobin to work inside a collegial global body.

Bolton's presence on the same roster with previous U.S. envoys such as Henry Cabot Lodge, Adlai Stevenson, Arthur Goldberg, Daniel Patrick Moynihan, Madeleine Albright, Richard Holbrooke and Bush appointees John Negroponte and John Danforth — or, for that matter, with George H.W. Bush — is a blemish on our nation. His nomination should be rejected again by the Senate.

Cambodia Greets A Cash Invasion (LAT)

By Don Lee, Times Staff Writer

The Los Angeles Times, September 17, 2006

The fledging democracy has opened its arms to a Chinese spending spree, but U.S. officials are watching warily

American diplomats made a big splash early this year when they opened an embassy near Wat Phnom, the sacred hill of temples where Phnom Penh was founded.

U.S. Ambassador Joseph A. Mussomeli trumpeted the three-story marble-and-granite outpost as a "powerful symbol" of American interests in the impoverished country.

On the other side of the capital, the Chinese also are giving their embassy a makeover. But they're doing a lot more in Cambodia.

The Chinese are digging up minerals and exploring for oil. They are cutting down forests and in some places planting saplings. And across Cambodia, they are building garment factories, power plants, bridges and roads, some into neighboring Laos.

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For centuries, the Kingdom of Cambodia has tried to fend off greater powers such as Thailand, Vietnam and France. But today Phnom Penh is welcoming the Chinese with open arms, praising Beijing as a government that offers its largess unconditionally.

By Phnom Penh's tally, Chinese state-owned and private companies plowed more than $450 million into Cambodia last year — a 460% increase over 2004 — making China by far the nation's top foreign investor. Beijing says it is also giving hundreds of millions of dollars in loans and aid to Cambodia, easily surpassing the $62 million in loans and aid from the U.S.

Some Western diplomats see China's growing influence here as a threat to American political interests in the region. Cambodia, a nation of 14 million, is a fledgling democracy. It conducted open elections in the wake of civil war a decade ago and the brutal Khmer Rouge regime in the 1970s. Its constitutional monarchy provides for a multiparty system, unlike neighbors Vietnam, Laos and China, each ruled by an unopposed Communist Party.

Cambodian politics are dominated by Prime Minister Hun Sen — who came to power in a bloody 1997 coup but has overseen the country's democratic reforms — and analysts say the rule of law and press freedoms have not taken root. Washington has tried to exert influence on Cambodia through its aid, which is earmarked mostly for health and education. But as Chinese support increases, some U.S. officials worry that it will ease the pressure on Phnom Penh to fight pervasive corruption and build democratic institutions.

Cambodia has embraced the Middle Kingdom because "China has proven different from other donors. They don't impose conditions," Cham Prasidh, the minister of commerce, said in an interview here. "Others say, 'You have to do this with human rights, you have to do that with democratic reforms.' China doesn't do that."

China's interest in this country — where income per person was $350 in 2004 — is largely driven by the same need that is sending Chinese to remote regions in Africa, Central Asia and South America: to secure natural resources to fuel its expanding economy and enhance its global political muscle.

China's trek is often secretive, as banker John Brinsden has learned.

The Briton is vice chairman of locally owned Acleda Bank. A field representative in Rovieng, a tiny farming village, recently called by shortwave radio to tell him that a potential client had moved to the remote area.

Brinsden drove eight hours north along mostly dirt roads to the village, which is surrounded by jungle — and land mines.

Next to the bank's outpost, Brinsden could see that a mining company was setting up offices behind a corrugated fence. But in his research later, he could find no permits or other records of the company. To the veteran banker, this was the Chinese way of doing business in Cambodia.

"They're very low-key," he said.

China's spending spree has helped Cambodia's economy come out of the doldrums. Tourism and garment production are growing briskly. Luxury sport utility vehicles are a common sight in the streets of Phnom Penh. The country's banks hold 30% more in deposits than a year ago.

The cash is certainly flowing at Naga's casino next to Buddhist temples on the eastern end of town. A construction firm from China is building a 500-room hotel by the gambling hall for its Chinese Malaysian owner.

"The big rollers are from mainland China," said Michael Nen, a former Long Beach policeman who runs security for Naga Resorts & Casinos here.

Yet many Cambodians are wary of China's growing presence in their homeland. Some talk bitterly about Beijing's support for Pol Pot, the man who engineered the Khmer Rouge's reign of terror, which left more than 1 million Cambodians dead on killing fields or from hunger.

Other Cambodians complain that the Chinese, along with other foreign companies, are plundering the nation and buying up vast swaths of land in secret deals with corrupt local officials. Such trade has uprooted families and made life harder for many people, they say.

Companies are racing to exploit oil and natural gas deposits found beneath Cambodia's waters last year. Chevron Corp. has locked up key drilling sites, but Chinese enterprises, including state-owned CNOOC Ltd., which lost its bid for Unocal Corp. to Chevron last year, are jockeying for an advantage in Cambodia.

Chinese officials in Beijing and Cambodia declined to talk about China's presence here.

Chinese academics said Beijing had good reason to extend its hand toward Cambodia.

"China needs Cambodia's cooperation on many important issues, such as Taiwan, Tibet and human rights," said Shen Shishun, director of Asia-Pacific studies at the China Institute of International Studies in Beijing.

Throughout Phnom Penh, hundreds of storefront signs are written in both Khmer and Chinese. Ethnic Chinese account for just 1% of Cambodia's population, but as in other Southeast Asian countries, they play a significant role in commerce. Chinese businesspeople are helping to build a $10-million Chinatown near the French Embassy.

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Pung Kheav Se, who is ethnic Chinese and was born in Cambodia, is the founder of Canadia Bank, which holds one-fourth of the nation's bank deposits. He fled the country in the late 1970s and made a fortune trading gold bars in Montreal before returning to Phnom Penh in 1991. Pung said China Development Bank officials recently paid him a visit to discuss aid to Cambodia.

"I see a lot of change for the better," he said.

On a recent weekend, the city of Chongqing in central China was recruiting students for its schools at a domed conference center here. Across town, behind the gates of Universal Apparel Co., a red banner welcomed governors from China's Fujian province.

Cham Prasidh, the commerce minister, said the Chinese were not given preferential treatment.

If the United States has lost economic influence in Cambodia to China, the minister suggested, Americans have only themselves to blame.

"The investors from the U.S. say they want more transparency. They don't understand the Asian mentality; they are not flexible in negotiating," he said. "The Chinese feel very much at home in Cambodia."

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The Rise Of Baidu (That's Chinese For Google) (NYT)

By David Barboza

The New York Times, September 17, 2006

BEIJING

IN the summer of 1998 at a picnic in Silicon Valley, Eric Xu, a 34-year-old biochemist, introduced his shy, reserved friend Robin Li to John Wu, then the head of Yahoo's search engine team.

Mr. Li, 30 at the time, was a frustrated staff engineer at Infoseek, an Internet search engine partly owned by Disney, a company whose fading commitment to Infoseek did not mesh with Mr. Li's ongoing passion for search. Like Disney, Mr. Wu and Yahoo were also losing interest in the business prospects of search, and Yahoo — in a colossal corporate blunder — eventually outsourced all of its search functions to a little startup named Google.

Mr. Xu, who had called together some friends for a documentary he was making on Silicon Valley, thought the two search guys would hit it off. Mr. Wu says he exchanged greetings with Robin Li, but what most impressed him was that despite all of the pessimism surrounding search, Mr. Li remained undaunted.

"The people at Yahoo didn't think search was all that important, and so neither did I," says Mr. Wu, who is now the chief technology officer at the Chinese Internet company Alibaba.com. "But Robin, he seemed very determined to stick with it. And you have to admire what he accomplished."

Indeed. A year after the picnic, in 1999, Mr. Li founded his own search company in China, naming it Baidu (pronounced "by-DOO"). Today, Baidu has a market value of $3 billion and operates the fourth-most trafficked Web site in the world. And Baidu is doing what no other Internet company has been able to do: clobbering Google and Yahoo in its home market.

While Baidu continues to gain market share in China — and does so with a Web site that the Chinese government heavily censors and that gives priority to advertising rather than relevant search results — some analysts question whether Baidu can withstand competition from Google and Yahoo, which possess superior technology and global work forces.

But Baidu's evolution, and Mr. Li's journey as an entrepreneur, offer textbook examples of the payoffs and perils of doing business in China and suggest that Baidu may prove to be far more resilient than some analysts believe. China has a population of 1.3 billion, about 130 million of whom are Internet users, an online market second in size only to the American market. Because China is the world's fastest-growing major economy, analysts consider it the next great Internet battleground, with Baidu uniquely positioned to prosper from that competition.

In exchange for letting censors oversee its Web site, Baidu has sealed its dominance with support from the Chinese government, which regularly blocks Google here and imposes strict rules and censorship on other foreign Internet companies.

In addition, analysts say, entrepreneurs in China have a knack for pummeling American Internet giants. "The globally dominant U.S. Internet companies have failed to take the No. 1 market share position in any category," says Jason D. Brueschke, a Citigroup analyst, of the Chinese market. "And they came with more money and major brand names. And so there's something fundamentally different about this market."

So fundamentally different, Mr. Brueschke believes, that Baidu will retain its hammerlock on the Chinese search industry. "The real battle in the competitive landscape is not about who's No. 1, it's about who's going to be No. 2," he says.

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Google, of course, will have none of this, stressing the independence of its search results and the international reach it offers users. “People want information and they want global information,” says Kaifu Lee, the president of Google in China. “We can’t be bought.”

But Mr. Li says Baidu’s model is working supremely well and that the company has built a loyal base of users who value its search capabilities. “At the end of the day, if a user finds relevant information, they’ll come back,” he says.

ON its corporate Web site, Baidu says that it takes its name from a Song Dynasty poem written several centuries ago that “compares the search for a retreating beauty amid chaotic glamour with the search for one’s dream while confronted by life’s many obstacles.”

Mr. Li, born Li Yanhong in 1968 in what was then an impoverished city 200 miles southwest of Beijing, is familiar with life’s obstacles. The fourth of five children, he grew up during China’s brutal Cultural Revolution. Despite the oppression that surrounded him, he said he was always able to focus on stamp collecting, performing traditional opera and other interests — including, eventually, computers. He was bright enough to get into the country’s most prestigious school, Beijing University, where he majored in library science and dabbled in computer science.

The government infamously cracked down on pro-democracy demonstrations in Tiananmen Square in 1989 when Mr. Li was a sophomore, causing his college campus to be shut down. Mr. Li is mum on the events that followed, saying only that he was apolitical. But he does say that a year later he started thinking of studying abroad and that by the time he graduated in 1991 he was ready to leave his homeland.

“China was a depressing place,” he says. “I thought there was no hope.”

He applied to the top three graduate programs in computer science in America, but did not get into any of them (perhaps, he says, because China was considered an also-ran in technology). “I blindly sent out 20 applications,” he says. “SUNY Buffalo was the only program willing to give me a fellowship.”

He enrolled at Buffalo planning to earn a Ph.D. in computer science but grew disillusioned with academia. He completed his master’s degree in 1994 and then joined a New Jersey division of Dow Jones & Company, where he helped develop a software program for The Wall Street Journal’s online edition. During that time, he also became enamored of the technology boom taking shape in Silicon Valley. He spent much of his time trying to solve one of the Internet industry’s earliest problems: sorting information.

A breakthrough came in 1996, he says, when he developed a search mechanism he called “link analysis,” which involved ranking the popularity of a Web site based on how many other Web sites had linked to it.

“The moment I created this thing I was very excited,” he says. “I told my boss and pushed him. But he wasn’t very excited.” Soon after, he attended a computer conference in Silicon Valley and set up his own booth to demonstrate his search findings.

William I. Chang, then the chief technology officer at Infoseek, met Mr. Li at the conference and recruited him to oversee search engine development.

“Robin is possibly the single most brilliant and focused person I know,” Mr. Chang says. “And his inventions, now widely adopted, are still the gold standards in Web search relevance.”

After Disney acquired the small fraction of Infoseek stock it did not already own in 1999, it shifted the company’s focus away from search and toward content, leading Mr. Li to form his own Internet company with Eric Xu, who had a Ph.D. in biochemistry and good contacts in Silicon Valley.

The partners raised $1.2 million from two Silicon Valley venture capital firms, Integrity Partners and Peninsula Capital, and with their seed money in hand flew to China and founded Baidu in a hotel room overlooking Beijing University’s campus. Nine months later, in September 2000, two other venture capital firms, Draper Fisher Jurvetson and IDG Technology Venture, pumped another $10 million into the startup.

So it was that on the eve of the Internet bubble bursting in the United States, Baidu took off in China.

“When I came back I was prepared for a rough life,” Mr. Li says. “It turns out it wasn’t so bad.”

Baidu started out offering search services to other Chinese portals before developing its own stand-alone search engine. Some members of Baidu’s board of directors opposed the shift, saying it would turn customers into competitors. But Mr. Li said he sensed a shift in the market after watching the success of Overture, a company in Pasadena, Calif., that sold advertising space correlated with search results (which meant, for example, that ads for dental clinics might pop up next to search results for cavities).

“We were skeptical about search,” says Scott Walchek, a partner at Integrity Partners and a member of Baidu’s board. “But we weren’t as smart as Robin. Robin said he had a unique opportunity to build a brand around search. And he was right.”

In September 2001, Baidu began its own site — Baidu.com — which looked almost exactly like Google’s no-frills home page. And even before Google did it, Baidu allowed advertisers to bid for ad space and then pay Baidu every time a customer clicked on an ad. Small and medium-size companies loved it, the site became deluged with traffic and Baidu turned a profit in

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2004. By then, Mr. Li was pushing for an initial public offering in the United States, insisting it would be a huge branding event for a company that had come to be called "China's Google."

BAIDU went public on Aug. 5, 2005, at $27 a share. When trading ended that day, shares of Baidu closed at $122, up 354 percent, the biggest opening on Nasdaq since the dot-com peak in 2000. Suddenly, Baidu was a $4 billion company and Mr. Li held stock worth more than $900 million. But not everyone cheered. Many analysts said that by almost every measure Baidu's stock was ridiculously over-valued. It eventually tumbled to as low as $44 before rebounding. On Friday, its shares closed up $3.03 in regular trading, to $87.75, giving the company a market capitalization of about $2.94 billion.

At the time of the I.P.O., some critics attacked Baidu's zealousness for ad revenues. They noted, for example, that a Baidu search for the word "cancer" turned up ads for hospitals that paid for top spots in results rather than returning information on cancer itself. In comparison, Google and Yahoo more clearly separate ads from relevant search results by placing them on the right side of the page.

The company's revenue jumped 190 percent in the first half of this year, to $40.9 million; profit soared 550 percent, to $11.7 million. Baidu's Web site is drawing millions of young people eager to download music files, create blogs or search for pictures of China's "10 Most Beautiful Women." While Baidu is growing fast, its revenue is still anemic compared with Google's, which is expected to top $7 billion this year.

Analysts say Baidu is playing to a different audience than Western Internet companies because the Chinese are far more interested in entertainment than news, books or car rental rates. "The fact is 70 percent of China's Internet users are under the age of 30," says Richard Ji, an analyst with Morgan Stanley. "Most of them are single, only children. They're looking for entertainment."

That may explain why China's dominant Internet companies are all entertainment focused, like Tencent (which hosts online communities and instant messaging) and Netease and Shanda (which are online gaming sites).

Yet no Internet company in China is growing as fast as Baidu, which had more than 50 percent of the pay-per-click market in the first half of year, up from a 37 percent share in the same period a year ago, according to Analysys, a research firm in Beijing. Google and Yahoo both lost ground, with each company holding 16 percent pay-per-click shares for the first six months of 2006.

Still, Baidu faces significant challenges. The company's stock is in the stratosphere, putting pressure on management to deliver knockout growth every quarter. Google's shares closed up $5.90 Friday in regular trading, to $409.88, meaning investors pay a hefty $60 for every $1 of profit in the stock, far more than other Internet companies. But Baidu investors pay a whopping $190 for every $1 of profit.

Baidu also faces legal challenges, including lawsuits claiming it violates copyright laws on music files. Baidu has been sued over the issue, but continues to provide links to sites that offer music files. The company says it does not believe it should be held responsible for simply offering linking to other sites. In a country rampant with claims of click fraud, a Beijing hospital recently claimed that Baidu orchestrated a scheme in which a Baidu affiliate kept clicking on the hospital's ads to fatten the fees it had to pay Baidu. A Baidu spokeswoman says the company has not reviewed the case, but actively polices click fraud.

LOOMING on the horizon are Google and Yahoo. Google says it plans to spend hundreds of millions of dollars to compete in China, and Yahoo has merged its operations here with Chinese Internet behemoth Alibaba.com.

"Google is fierce," Morgan Stanley's Mr. Ji says. "And Alibaba has the best sales force. Baidu could get hurt on the technical side."

But the Chinese market is littered with the wreckage of American Internet companies that have failed to dominate here. In 2003, eBay bought the largest Chinese auction company — and then lost market share. In 2004, Amazon bought the largest Chinese online merchandiser — and then lost market share.

Now, the real fight begins. Google, which invested $5 million in Baidu just before its public offering last year, sold that stake for a hefty $60 million in June. And now, Google is building up a huge research team in Beijing, not far from Baidu's headquarters. But analysts say it won't be easy for Google.

"The American Internet giants are dominant in the U.S. and dominant in Europe," Mr. Brueschke at Citigroup says. "And then they come to China and fail. And so what I want to know is: What is Google going to do differently?"

For his part, Robin Li seems undaunted.

"Our traffic keeps increasing," he says confidently. "We're now the No. 1 Web site in China."

India And Pakistan To Resume Talks (NYT/AP)

By The Associated Press

The New York Times, September 17, 2006

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HAVANA, Sept. 16 (AP) — Pakistan and India agreed Saturday to restart peace talks suspended since train bombings killed more than 200 people in Mumbai in July, part of a wave of attacks for which India blames Pakistan-based militants.

Describing their meeting as a breakthrough for peace, the Pakistani president, Gen. Pervez Musharraf, and the Indian prime minister, Manmohan Singh, agreed on cabinet-level talks. Mr. Singh also said he had accepted an invitation to travel to Pakistan to further the process.

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Mr. Singh said after the leaders worked out the details Saturday morning on the sidelines of the Nonaligned Movement summit meeting in Havana.

"I am very happy — it's very good," General Musharraf said. "We had a cordial, frank exchange of views on all aspects of India and Pakistan relations. It was agreed that the peace process must be obtained."

Both leaders also said in a joint statement that they rejected "all acts of terrorism."

India, Pakistan Agree To Restart Talks (AP)

By Vanessa Arrington

AP, September 17, 2006

Pakistan and India agreed Saturday to restart peace talks suspended since train bombings killed more than 200 people in Mumbai in July as part of a wave of attacks India blames on Pakistan-based militants.

Describing their meeting as a breakthrough for peace, Pakistani President Gen. Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed their foreign secretaries would pursue the talks, and said Singh had accepted an invitation to go to Pakistan.

Their joint statement said they had a "cordial, frank exchange of views on all aspects of India and Pakistan relations" and they "strongly condemn all acts of terrorism."

"I look forward to a purposeful visit at a time to be determined through diplomatic channels," Singh said after the leaders reached agreement Saturday morning on the sidelines of the Nonaligned Movement summit in Havana.

"I am very happy — It's very good," Musharraf said.

The breakthrough came when both sides agreed to set up a joint working group to identify and stop terrorists, said Shivshankar Menon, who becomes India's foreign secretary next month. India already has such anti-terrorism groups with more than 20 countries and regional groups such as the European Union, but working with Pakistan this way is unprecedented, he said.

"We're working at eliminating the trust deficit," he said. "This is a new step, a new way."

Earlier, Musharraf had expressed optimism that his meeting with Singh could lead to a cease-fire along their common border in the Himalayan mountains.

"A historic opportunity like this must be seized by the leadership of the two countries to bring to a close the chapter and tension in our region," Musharraf said in his address to the Nonaligned Movement meeting.

But Singh has said Pakistan must do more to control militant groups based in its territory.

"This terrorism will surely act as a dampener. I have said more than once, that I can't carry the Indian public opinion with me if terrorist acts continue to plague our polity," Singh said on his way to Havana.

A series of terrorist bombings have ripped across India in the past year. The most recent was the July 11 attack that hit seven Mumbai commuter trains during peak evening traffic, killing more than 200 people. The bombings have been blamed on Pakistan-based Muslim militants.

New Delhi blames Pakistan's support of the militants for stalling the peace process between the nuclear-armed neighbors, which have fought three wars since gaining independence from Britain in 1947, two over the Himalayan region of Kashmir.

Pakistan's government denies training and funding the Islamic militants, and said it had nothing to do with the train bombings, but it has acknowledged offering the rebels moral and political support.

More than a dozen militant groups are fighting to make Kashmir independent from Hindu-majority India or to merge it with Muslim-dominated Pakistan. The insurgency has claimed about 65,000 lives.

Mumbai was formerly known as Bombay.

Indian, Pakistani Leaders Agree To Resume Talks (AFP)

By Patrick Moser

AFP, September 17, 2006

Pakistani President Pervez Musharraf and Indian Prime Minister Manmohan Singh agreed at breakthrough talks in Havana to resume negotiations on the disputed Kashmir region and jointly battle terrorism.

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"The leaders decided to continue the joint search for mutually acceptable options for a peaceful negotiated settlement on all issues between India and Pakistan, including Jammu and Kashmir," the Indian premier said, reading a joint statement.

"It was agreed the peace process must be maintained and respected," said Singh, who was flanked by Musharaf.

"In this context, we have directed our foreign secretaries to resume dialogue," he said, adding they would meet "shortly" in New Dehli.

Saturday's talks, held on the sideline of a Non Aligned Movement (NAM) summit in Havana, were the first high-level meeting between the two countries since deadly bombings in Mumbai on July 11. India accused its neighbor of not reining in "terrorists."

"We met in the aftermath of the Mumbai blasts. We strongly condemned all acts of terrorism and agreed terrorism was a scourge that needs to be dealt with," Singh said.

The leaders also agreed the two countries would put in place a joint system to "identify and implement counter-terrorism initiatives and investigations."

India had earlier indicated a condemnation of terrorism was key to reaching an agreement on the resumption of negotiations over Kashmir.

The Himalayan territory is shared by the two countries but claimed in its entirety by both. It has been the source of three wars since 1947, and at least 44,000 people have been killed since the outbreak of an Islamic insurgency in Indian Kashmir in 1989.

Indian foreign secretary designate Shivshankar Menon said the agreement on terrorism "has made it possible for us to clear resumption of the dialogue."

"What we see is elements in Pakistan connected to terrorism in India. This is one way of dealing with it," he said of the agreement to set up an "anti-terrorism institutional mechanism."

"Terrorist incidents make it very difficult to deal with business as usual. Particularly if they come from Pakistan," he said at a news conference.

The Indian prime minister also held private talks with several of the leaders attending the NAM summit, including Iranian President Mahmoud Ahmadinejad, and Hugo Chavez of Venezuela.

Singh also met with Cuba's acting president Raul Castro, 75, who represented his convalescing brother Fidel Castro, 80 at the NAM summit.

Fidel Castro was named president of the NAM, taking over from Malaysian Prime Minister Abdullah Badawi, but officials said he would only assume those functions once he has fully recovered from intestinal surgery he underwent in July.

In Russia, Business-Class Killings (NYT)

By C. J. Chivers

The New York Times, September 17, 2006

MOSCOW

VIOLENT deaths continuously punctuate the civic discourse in Russia. The list of victims and motives is grim and long: contract hits on rivals, bombs to settle business disputes, racist attacks on laborers from the Caucasus or Central Asia and students from Africa or South America, and the almost regular killings of police officers in Russian republics where ethnic and religious tensions are inflamed. These are all part of the unsettled life in a nation still recovering from Lenin's failed experiment.

But the murder last week of Andrei Kozlov, one of Russia's top bank regulators, served as a reminder that even the upper strata of society here are not immune from the vicious rules of the Russian street. Mr. Kozlov, who had been spearheading banking reform, was ambushed Wednesday night as he left a soccer game. Two assassins shot him in the torso and the head, then threw their pistols to the ground as they ran away. No arrests have been made.

Investigators and Mr. Kozlov's colleagues say he was almost certainly killed because of his work. He had been closing disreputable banks and pressuring money launderers — risky endeavors by any estimate. As Russia's middle class has grown and its larger cities have undergone surges of development, the image of a nation in the grip of businessmen flanked by thick-necked men with assault rifles has softened. But the violence continues, at a slower pace since President Vladimir V. Putin came to power in 2000, but alarming nonetheless.

The crusading Russian-American journalist, Paul Klebnikov, was murdered by contract killers in 2004; Mr. Klebnikov, an editor at Forbes, specialized in describing the links of Russian money and power. Anatoly Chubais, the architect of privatization who is now head of Russia's electricity monopoly, narrowly dodged a bomb-and-rifle ambush in 2005; he was saved by his armored car as his bodyguards opened fire to allow his escape.

Although the victims are rarely of such high stature, new examples abound of business disputes or efforts at business protection leading to gunfire and bombings. The nation reacts with resigned familiarity. Few foreign business executives have

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bodyguards, but the possibility of violence is part of the business fabric, along with endemic corruption and an arbitrary state bureaucracy.

While the squeamish may be steering clear, investors seem undeterred. The Russian economy is booming. There is money to be made. On the day Mr. Kozlov was pronounced dead, there was public hand-wringing, but the Russian stock market rose.

The Post-Putin Russia (WP)

By Jim Hoagland

The Washington Post, September 17, 2006

A Smooth Succession Doesn't Guarantee a Prosperous Future

MOSCOW -- Democracy does not march very long or very far. It lunges forward into vacuums created by the collapse of colonial, communist or imperial systems. Democratic reforms must then often creep or ooze or simply abide until the next turn of the political wheel makes new progress possible.

That frustrating zigzag pattern is at work today in Russia as President Vladimir Putin deepens an authoritarian transformation underwritten by surging oil and gas revenue that buys him public calm. But the political and economic centralization he manages may carry the seeds of its own demise.

This transformation of Russia -- as dispiriting as it has seemed recently to many in the West and here -- is not carved in stone. The deep concern that the Kremlin's rulers show for the opinion of their relatively well-educated public is one sign that not even they believe democracy is totally dead here.

"They have created a political theater in which they write the script and set the stage," says a Western diplomat. "But the interesting thing is that they still care what the spectators think of the show."

That reflex surfaces in the already visible efforts being tested by the Kremlin to stage-manage the 2008 presidential elections. "Reformers" inside the Kremlin are said to be grouping around Deputy Prime Minister Dmitry Medvedev, while "conservatives" cluster with Defense Minister Sergei Ivanov. Who says the voters won't have a choice?

Issues for the campaign are also being shaped. The Kremlin team is building up the image of a Communist Party resurgence that must be turned back at the polls, even though most independent analysts fail to detect signs of any such comeback.

Meanwhile, Western governments are being subtly advised that they should do nothing to undermine Putin's ability to choose his successor. That would play into the hands of a newly threatening left. Dead as a tactic in the West, the Red Scare is being resurrected in a land where communism was decisively rejected 15 years ago.

Not even Putin pretends that the managed democracy he has imposed on Russia is true democracy. He is too smart for that. He acknowledged last week while meeting with foreign visitors that Russia "lacks a real multiparty system." While declaring a hope to create such a system at an undetermined future moment, Putin offered no clues as to how he would do this.

His vagueness on the political future contrasted sharply with the detailed specifics he offered on Russia's economic outlook; he expects growth to reach 7 percent again this year. Windfall profits from the energy industry will be used to establish "high-technology zones" for new industry and increase social welfare spending, he claimed.

Economic power is also being concentrated in the hands of the state and of a small circle of Putin's advisers who sit on the boards of the nation's key natural gas and oil companies. His devotion to centralization also surfaced in his insistence on the need for long-term government-to-government contracts to cut out "intermediaries and speculators" who drive up world energy prices.

Putin's confidence and his competence in the art of control are impressive seen at close range. But will his highly centralized system be responsive when Russia has to face up to the pervasive "disease" of energy-exporting countries, which invariably fail to develop financial infrastructure, labor-intensive industries and the skills to run them?

"This is the Russian disease, which is even worse: We export our resources, our capital and our best people," senior economist Leonid Grigoriev said.

He is actually understating. The Russian population is shrinking not only because of emigration but because of a staggering mortality rate (double that of the United States) and a sharply declining birthrate. The population has fallen from 150 million to 142 million over the past decade, and the public health system is widely acknowledged to be a continuing disaster.

Putin is a successful manager of a Russia benefiting from good times. But it is far from clear that he, or the stand-in he hopes to name to succeed him, could muster the public support that would be needed to lead the country through crises that may lie ahead. It may take leaders with real democratic legitimacy.

An ambitious American effort to spread democracy into Russia under President Bill Clinton in the 1990s faltered and was stalemated when Putin came to power. But seen from today, it did help create a reference point and toehold for future advances.

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This should offer some solace to Clinton, and perhaps for President Bush's beleaguered push for democracy in the Middle East as well.

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From A Literary Lion In Caracas, Advice On Must-Reads (NYT)

By Simon Romero

The New York Times, September 17, 2006

CARACAS, Venezuela

PRESIDENT HUGO CHÁVEZ, it is well known, talks a lot. Whether at home or on the road, in Damascus or Minsk, his speeches can last hours.

Often, as he talks on, Mr. Chávez drops the names of books he is reading or has grown to love, giving insight into the various intellectual and literary influences on his thinking and what he calls his Bolivarian Revolution, an amalgam of socialist-inspired and anti-American policies.

Favorite authors include Victor Hugo, with "Les Misérables" at the top of his must-read list, with its description of passion amid revolutionary barricades. At the swearing-in of ministers for nutrition and the people's economy, Mr. Chávez recited a passage from the introduction about the need to stamp out ignorance and poverty.

"Don Quixote" by Cervantes also features prominently in his speeches, with Mr. Chávez identifying with the eccentric knight errant fighting injustice. To celebrate the 400th anniversary of the book's publication, the government last year paid for a million copies to be distributed free. Venezuela also paid for 70,000 copies in English for Caribbean neighbors and 5,000 in French for Haiti.

Mr. Chávez's supporters, who remain the majority in this country, love such displays, pointing to strides made in reducing illiteracy in recent years. His critics suggest that it is yet another way for the government to boost public spending.

If there is a whiff of 1970's-style third-world intellectual pretension in the populism of his campaign and his championing of certain books, Mr. Chávez does not seem to mind. Indeed, it reflects what seems a wider strategy on his part: he seems determined to articulate and spread a national ideology, in the way of a Castro or Perón.

The government is making more books available to the population through programs like the Kuai Mare Foundation, which operates a chain of more than 50 bookstores stocked largely with nationalist or left-leaning books sold at bargain prices.

Beyond the classics of European literature, Mr. Chávez recommends works by Latin American political theorists and historians and even the occasional North American. Mr. Chávez says he read John Kenneth Galbraith as a boy growing up humbly in Barinas, where his parents taught school.

Galbraith's "Economics of Innocent Fraud," a witty critique of the American economy, stands out for Mr. Chávez. Galbraith, who died this year at the age of 97, "is not a socialist but still he is a critic of capitalism," Mr. Chávez recently said on his Sunday television program, "Hello, President." He has described himself as "Galbraithiano."

Some of Mr. Chávez's reading preferences may be predictable, given his dislike of just about anything to do with President Bush. One of his anti-Bush staples is "Dude, Where's My Country?," a book by the filmmaker Michael Moore.

Other references are a bit more obscure, like "The Turning Point," by Fritjof Capra, an Austrian-born physicist. Mr. Chávez plucked a theme in the book, on moving away from centuries of exploitation, to discuss his opposition to American efforts to form a free trade zone across the Americas. Mr. Chávez cites books recommended to him by Mr. Castro, another voracious reader, including "The Hydrogen Economy," by Jeremy Rifkin, a look at moving the world beyond its dependence on oil. "The book is based on something which is no longer a hypothesis — it is a thesis," he said on a visit to Tehran in July. "Oil will run out one day."

Here in Venezuela, which has the largest oil reserves outside the Middle East, people have become accustomed to Mr. Chávez's literary recommendations. What really seems to interest many Venezuelans are books about Mr. Chávez himself.

Bookstores in Caracas carry more than a dozen titles about him, from unauthorized biographies to exposés of Bush administration efforts to oppose his government. Cristina Marcano, the co-author of a best-selling biography, "Hugo Chávez Without His Uniform," said that in his army days Mr. Chávez cited the influence of "The Green Book" by Col. Muammar el-Qaddafi of Libya, first published in the mid-1970's. "Chávez read Qaddafi with great admiration," Ms. Marcano said in an interview. One of Mr. Qaddafi's ideas was to ban commercial retail activity, an event inducing economic chaos that the Venezuelan leader has wisely ignored.

How does Mr. Chávez, burdened by other responsibilities, manage to read so much? One possibility is offered by Herma Marksman, the subject of "The Other Chávez," one of 16 books on Mr. Chávez by Alberto Garrido, a noted political analyst here.

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Ms. Marksman, a history professor who was Mr. Chávez's mistress from 1984 to 1993, said he would often have her read aloud to him from books while he drove a car. "He would hang on every word, especially if it was fiction by García Márquez," she said in an interview.

However eclectic Mr. Chávez's taste in books might appear, there is one constant on his bookshelf. Mr. Chávez often refers to maxims by military or guerrilla leaders, admiring their rise to power through the barrel of a gun.

They include Simón Bolívar, the father of Venezuelan independence, Napoleon, Che Guevara and Mao Zedong. In an appearance this month at the national military academy, Mr. Chávez read from Mao's writings.

"No one does this anymore in China," the newspaper El Nacional said in an editorial, "though he hasn't figured this out in his five trips to the country of Deng Xiaoping."

Throng Calls Loser Mexico's 'Legitimate' President (NYT)

By James C. Mckinley Jr.

The New York Times, September 17, 2006

MEXICO CITY, Sept. 16 — More than 150,000 supporters of the losing leftist candidate for president flooded into the capital's historic square on Saturday and declared him "the legitimate president" of Mexico.

As his supporters roared approval, the candidate, Andrés Manuel López Obrador, a former Mexico City mayor, vowed to set up his own government and to fight against "a band of white-collar crooks and corrupt politicians" who he has said stole the election from him.

"I accept the responsibility of being president because I reject the imposition of their candidate and rupture of the constitutional order," he said. "They can keep their pirated institutions and their phony president, but they cannot keep our fatherland and our national dignity."

Described as a national democratic convention, the massive rally seemed intended to keep Mr. López Obrador and his political agenda from fading out of the national debate.

Mexico's highest electoral court ruled Sept. 5 that Mr. López Obrador narrowly lost the July 2 election to Felipe Calderón, a conservative from President Vicente Fox's party. The leftist maintains there was a broad conspiracy among business leaders, the Fox administration and news media barons to keep him from winning, using tactics like illegal attack ads and old-fashioned fraud.

Having lost a court battle for a full recount, Mr. López Obrador resorted Saturday to a tactic with deep roots in Mexican history: he convened a "national convention" of his supporters to draw up a new agenda for the country.

By a show of hands, the crowd unanimously denied Mr. Calderón had won. They declared Mr. López Obrador president, asked him to form a cabinet and supported a constitutional convention. "It's an honor to be with Obrador," they chanted.

Some historians said the convention echoed the alternative plans for Mexico put forward by revolutionary heroes like Emilio Zapata and Francisco I. Madero 100 years ago.

"The slow, difficult, incremental construction of the Mexican nation and state has passed through dozens of plans, made in the heat of political conflict," said one historian, Lorenzo Meyer. "The idea of conventions and plans is something very much part of Mexican history."

Mexican Left Creates 'Parallel Gov't' (AP)

By Lisa J. Adams, Associated Press Writer

AP, September 17, 2006

Hundreds of thousands of supporters of leftist Andres Manuel Lopez Obrador elected him the leader Saturday of a "parallel government" opposed to President-elect Felipe Calderon's administration.

The symbolic "vote" — a show of hands in the packed Zocalo plaza — was the latest development in Mexico's nearly three month electoral dispute. Lopez Obrador claims fraud and illegal government spending were responsible for Calderon's victory by less than 234,000 votes in the July 2 election, and he has vowed to be the new leader's biggest opponent.

It was unclear what the "parallel government," complete with its own Cabinet, would entail.

Lopez Obrador supporters said they would travel the country and set up committees to spread Lopez Obrador's message of helping the nation's millions of poor and opposing the elite.

They also said they would continue protests against the government.

"This is the firm and honorable response to those who have converted our political institutions into a grotesque farce," Lopez Obrador said.

Lopez Obrador will be "sworn in" to his new post on Nov. 20. Calderon will be inaugurated on Dec. 1.

"They won't move forward. Today in our country there exists the collective will to stop them," Lopez Obrador said.

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Convention delegates also agreed to boycott major national and international companies that they say supported Calderon's campaign, and agreed to support the formation of a "Progressive Front" to replace the former coalition of leftist parties that backed Lopez Obrador in the national election.

Lopez Obrador said the Front's principal objective would be to fight what he called a large right-wing bloc formed by Calderon's conservative National Action Party and the former ruling Institutional Revolutionary Party.

"Two groups will exist in the country: The rightists and the progressives," he said.

Lopez Obrador retains a strong following despite a Federal Electoral Tribunal ruling this month that rejected most of his fraud allegations and awarded the presidency to Calderon.

Organizers claimed 1.2 million packed the Zocalo and surrounding streets.

"This convention is the most palpable proof of how the people of Mexico feel," said Antonio Romano Hernandez, a 56-year-old baker from Mexico City.

Deeply Divided Mexico Marks Independence Day (AFP)

By Alexandre Peyrille

AFP, September 17, 2006

Hundreds of thousands of Mexicans turned independence day into a protest for a losing presidential candidate in Mexico City, while President Vicente Fox and the president-elect celebrated outside the capital citing fears of violence.

Organizers said 750,000 to a million of Andres Manuel Lopez Obrador's supporters chanted "The people united will never be defeated" in the capital's Zocalo square.

The crowd convened a so-called National Democratic Convention, which proclaimed Lopez Obrador the "legitimate president" of Mexico, set his inauguration for November 20, and, despite driving rain, even set to work on his political agenda.

Lopez Obrador, a former Mexico City mayor, has organized massive protests since his narrow July 2 defeat to conservative Felipe Calderon.

Calderon, a member of Fox's conservative National Action Party, is to be inaugurated December 1 as Mexico's new president after winning by less than a one percent of the vote.

Mexico's electoral court only last week handed down its final decision, declaring Calderon as Mexico's president-elect.

The ruling, which cannot be appealed, came after the losing side launched weeks of street protests and filed dozens of corruption allegations and scores of legal objections.

Although Obrador lost the election by a narrow margin, his protest campaign has drawn dwindling support among the wider public. A poll released last week showed some 74 percent accept the decision of the electoral court declaring Calderon the winner.

Lopez Obrador, however, vows to set up a parallel government. The three leftist parties that had formed a coalition for the presidential election have extended their alliance through 2009 and adopted as their campaign slogan: "For the Good of All, the Poor First."

Lopez Obrador's supporters temporarily struck their tent city in the heart of the capital for the independence day military parade, which took place without incident.

The occupation began July 30 to block major streets, at a cost in disrupted business estimated by a business group Friday at 709 million dollars.

For weeks, Fox had insisted he would not deviate from the regular presidential agenda, but on Thursday the Mexican Senate ordered him to find an alternative after reported threats of disruptions from the leftists.

The Mexican president traditionally appears on the balcony of the National Palace, rings a historic bell and leads crowds in chants of "Viva Mexico!" on the eve of the September 16 holiday.

However, on Friday, Fox backed down on appearing at the public ceremony for security reasons.

"The government had learned from intelligence services that some of the radical organizations within 'For the Good of All' plan violence against those attending celebrations in the Zocalo," presidential spokesman Ruben Aguilar said Friday.

Lopez Obrador vowed to deliver a rival ceremonial public call for independence late Friday at the Zocalo, the giant downtown square where the protests are centered.

Instead of marking the day in the capital, Fox celebrated in Dolores Hidalgo, 260 kilometers (160 miles) from Mexico City.

Dolores Hidalgo, in the central Guanajuato state, is where Father Miguel Hidalgo rang church bells and called on Mexicans to take up arms against Spain in 1810, starting the revolution that culminated in Mexico's independence from Spain in 1821.

Lopez Obrador insists he is the rightful leader of Mexico, and this week rejected Calderon as an "illegitimate president" responsible for a "coup d'etat" which he said was sending "Mexico's institutions to hell."

It was the second time in two weeks the leftists forced Fox to break with tradition.

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On September 1, lawmakers from the opposition Party of the Democratic Revolution blocked Fox, who supported Calderon in the presidential race, from taking the podium to deliver his annual address to Congress.

He delivered the speech via television instead.

Mexico Crowd Vows Loyalty To Runner-Up (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, September 17, 2006

Rally participants agree to recognize leftist Lopez Obrador as the rightful president and join his campaign of boycotts and civil disobedience.

MEXICO CITY — Hundreds of thousands of Mexicans celebrated their Independence Day in a mass rally to denounce the winner of the July 2 presidential election and pledge their allegiance to the losing candidate.

With a show of hands, the huge crowd of delegates to the so-called National Democratic Convention on Saturday agreed to recognize leftist politician Andres Manuel Lopez Obrador as the country's rightful president and join a campaign of boycotts and civil disobedience under his direction.

"This is the beginning of the road to building a new republic," Lopez Obrador said in an acceptance speech that lashed out at Mexico's rich and politicians who protect them.

Although it was unclear how Lopez Obrador would establish a parallel government, or whether the vote was merely a political threat, the rally was a strong rebuke of National Action Party candidate Felipe Calderon, who defeated Lopez Obrador by slightly more than half a percentage point.

Lopez Obrador's presidency has no legal standing, and federal government officials had no response to the convention late Saturday.

Delegates agreed Lopez Obrador should take office Nov. 20, a national holiday commemorating the start of Mexico's 1910 revolution. They also supported a boycott of major firms, such as Wal-Mart and Coca-Cola, that are among a group of businesses Lopez Obrador accused of illegally supporting Calderon's campaign.

The presidential election divided Mexico between those who believed the country was advancing well enough with expanded trade and investment, and Lopez Obrador supporters, who believed the global market was leaving many people behind.

Lopez Obrador, a charismatic speaker and hard-ball politician, has energized core supporters and alienated many others for failing to accept the election outcome.

International observers said the vote count was legitimate, but Lopez Obrador alleged it was illegally tilted in favor of Calderon.

After Lopez Obrador lost his court battle for a national recount, he began building an opposition movement that he promised would reduce Mexico's poverty, end corruption and expand public social services.

Critics say Lopez Obrador is more like an autocratic politician out of Mexico's past than a progressive democratic leader. The convention appeared mainly a popularity contest with no doubt as to the outcome.

The dozen questions put to a vote by delegates were printed before Saturday's assembly. One asked, for example: "Should Lopez Obrador be recognized as president? Or coordinator of the resistance?"

When the question was put to the multitude, the crowd began to chant, "Presidente, presidente, presidente," and it was quickly approved. When the convention's moderator asked whether anyone was opposed, the crowd jeered.

Delegates, unanimous in their support, appeared to represent a broad economic group.

"Everybody's trying to paint him as some kind of messiah figure, and that his supporters are fanatics," said Alfredo Campos Martinez, 51, who traveled nine hours from Tampico by bus. "But look at me. I'm a lawyer. The seeds of this movement may be among the poor, but it has support among the middle class. We just haven't seen this economic system working very well."

Saturday's rally filled Mexico City's central square, known as the Zocalo, and spilled into surrounding blocks.

Hours earlier, President Vicente Fox presided over the annual Independence Day military parade at the spot, drawing a few hecklers.

Fox had planned to give the traditional shout for independence — an echo of Miguel Hidalgo's call for rebellion against Spain 196 years ago — from a balcony overlooking the Zocalo on Friday night, as he did last year.

But Lopez Obrador, whose supporters had transformed the square into a protest camp, said he also planned to give the shout there.

Fears of confrontation with Lopez Obrador supporters forced Fox in last-minute negotiations to move his ceremony to Dolores Hidalgo, the site of Hidalgo's original call. The mayor of Mexico City, a Lopez Obrador ally, gave the cry in the Zocalo.

It is the second time this month that Lopez Obrador has faced down Fox.

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The losing candidate had promised to block Fox's annual State of the Nation address to a joint session of Congress. Soldiers formed a perimeter around the congressional hall, expecting a wave of street protesters. Instead, congressional members of Lopez Obrador's Democratic Revolution Party took over the dais and turned Fox away.

Fox, who made history in 2000 by ending seven decades of single-party rule by the Institutional Revolutionary Party, leaves Calderon a country divided.

Both men have supported Mexico's decade-long transition to a more open, free-market economy that relies on private investment to create new jobs.

Now Calderon, who takes office Dec. 1, faces the difficult task of persuading Lopez Obrador supporters that he too is serious about Mexico's lackluster job growth, high rate of poverty and the concentration of wealth among a small elite.

Lopez Obrador appears ready to wage a civil resistance campaign that will use both street protests and his party's growing political clout to pressure the incoming administration on behalf of Mexico's poor. Delegates agreed to try to block Calderon's inauguration.

So far, the Fox government has resisted pressure to crack down on demonstrators who blocked streets in the capital for much of the summer.

Elected members of Lopez Obrador's party will also face pressure in the coming weeks as they decide whether to remain loyal to their leader as his movement shifts further left.

Lopez Obrador and his supporters seized the capital's central square and main boulevard July 30. He joined thousands of protesters who lived in tents through summer rain and hailstorms until the camps came down Friday.

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Carlos Martínez in The Times' Mexico City Bureau contributed to this report.

Elections May Bring More Woe For Merkel (KCS)

By Stephen Graham

The Kansas City Star, September 17, 2006

BERLIN - Elections in a northeastern German state this weekend could prove a breakthrough for a far-right party and bring more woe for Chancellor Angela Merkel.

Mecklenburg-Western Pomerania, a depressed state of isolated hamlets and tree-lined lakes in former East Germany, elects a new legislature on Sunday, as does the capital Berlin.

Polls indicate the Social Democrat governors of both areas should hold on to power in coalition with the former communist Left Party. But the extreme-right National Democratic Party is expected to make significant gains in Mecklenburg, clearing the 5-percent vote hurdle to enter the state's parliament for the first time.

"We must do everything in our power to prevent this," said Till Backhaus, the leader of the Social Democrats in the state, who fears desperately courted investors would ignore the region. "The damage would be enormous."

The far right is a fringe player at the national level, where its affinities with Adolf Hitler's Nazis turns off the vast majority of voters. But it has found relatively fertile ground in the economically struggling east, where it already sits in the parliament in Saxony state.

Successive governments have failed to tackle the massive unemployment that has afflicted much of the east since German reunification in 1990. The unemployment rate in Mecklenburg was 18.2 percent in August - the highest in the country.

Leaders of the state, which abuts Poland and the Baltic Sea and has Germany's best beaches, insist it is on the right track. Backhaus claims that hundreds of new firms have set up in the region in recent years and the state's farming and tourism sectors are thriving.

But the National Democratic Party, known by its German initials NPD, looks set to make large gains after a campaign designed to tap growing disillusionment with the main parties.

The NPD has campaigned for more help for working parents in order to reverse falling birth rates. It has also made no secret of its harsh anti-foreigner stance and expressed sympathy for Nazi-era economic and education policies.

If the polls prove accurate, the elections would be a setback for Merkel's Christian Democrats, whose popularity is sinking nationally amid a dispute over health service reform.

Merkel's party still has an outside chance of winning the most votes in Sunday's election, which could see them lead a coalition with the Social Democrats - mirroring the left-right government that Merkel leads at the federal level.

In Berlin, Social Democrat mayor Klaus Wowereit is expected to remain in office. Wowereit remains highly popular, despite cutting thousands of jobs in a bid to contain Berlin's $76 billion debt.

Algerian Program Offers Amnesty, But Not Answers About Past (WP)

DOJ_NMG_0065082

By Craig Whitlock

The Washington Post, September 17, 2006

BLIDA, Algeria -- For nearly a decade, this city nestled at the foot of the Atlas Mountains anchored one corner of Algeria's "triangle of death," a killing field overrun by bomb throwers, throat-slitters and masked gunmen during an apocalyptic civil war that killed an estimated 200,000 people.

Peace has gradually returned to Blida, an oasis of orchards and fields north of the Sahara. Stability has been restored as well to most other parts of Algeria where a military-controlled government fought Islamic radicals, although clashes are reported almost daily in remote areas.

Now, in an effort to bring a final end to violence that began in 1992, the Algerian government is pinning its hopes on an ambitious national reconciliation program, which grants official forgiveness to combatants if they set aside their weapons.

Under terms of the reconciliation, which expired Aug. 31 but might be extended, about 2,500 prisoners convicted or accused of terrorism have gone free. Also covered by the amnesty are members of the Algerian security services, blamed for the disappearance of 8,000 civilians and accused of systematic torture. The only people not eligible: rapists and those responsible for mass murder or planting bombs in public places.

Reconciliation and amnesty programs have been embraced by other nations plagued by enduring conflicts. After the end of apartheid in South Africa, a Truth and Reconciliation Commission pardoned human rights violators who confessed their crimes in public. In Morocco last year, a similar commission collected testimony on more than 22,000 documented cases of political repression that occurred under the reign of King Hassan II. The Moroccan and the Algerian programs both include provisions to compensate victims and their families.

More recently, some government officials in Iraq have raised the prospect of offering an amnesty in a bid to end the sectarian warfare that followed the U.S.-led invasion.

Although Algerian voters overwhelmingly approved the terms of their national reconciliation in a referendum last year, few people are predicting that it will heal the rifts and psychological wounds that run deep here.

In dozens of interviews, Algerians said they hoped the amnesty would stop the lingering violence. But many lamented that it would not provide any accountability or answers regarding the countless atrocities that occurred.

Fatima Yous, president of SOS Disappeared, a group that investigates missing persons believed to have been abducted by the government, called the reconciliation an attempt to bury the past. She said she still aches to know what happened to her 20-year-old grandson, who was detained by police in 1997 and has not been seen since.

"All we want is the truth," she said. "We are ready to forgive, but we want our families back and we want the truth. We are not going to sue the guy who killed him. But I do want to know if they killed him, why they killed him and where his bones are."

No one here will be able to forget what happened anytime soon.

Mass graves are still exhumed in sandy ditches and dry outdoor wells. Houses remain pockmarked by bullet holes. Razor wire and uniformed patrols are omnipresent.

But supporters of the amnesty warn that tougher measures -- anything designed to seek justice or dig up the past -- could easily backfire and drag the country back into civil war.

"What we survived was just horrible, terrible," said Mustapha Farouk Ksentini, a lawyer in Blida who serves as chairman of an official human rights commission that has advised the government on the reconciliation plan. "The country is tired. The national unity is very fragile."

"We know that this national reconciliation will forgive a lot of criminals, but it's the price we have to pay to turn the page," he added. "Algeria doesn't have the means to press ahead with trials. We made a choice and said the national interests of Algeria are more important than this."

The reconciliation is only the latest attempt by the Algerian government to bring stability to a country that has suffered greatly over the past half-century.

The second-largest country on the African continent, Algeria won independence from France in 1962, but only after a war that lasted eight years. Three subsequent decades of a military-led government and socialist policies failed to modernize the economy.

In 1992, after Islamic fundamentalists appeared on the verge of winning power in national elections, the military intervened and dissolved the government. That led to civil war, as Islamic radicals took up arms.

The conflict spiraled as rebel factions embraced terrorism and targeted civilians, annihilating entire villages as part of a strategy to weaken popular support for the government. Government security forces also showed little regard for human rights, relying on torture and other tough tactics to break the rebellion.

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By 2000, the violence was starting to ebb. Voters in a referendum that year approved a "civil concord," Algeria's first attempt to end the conflict by offering amnesty to those fighting the government. While thousands of Islamic guerrillas accepted pardons, many continued to fight because the measure effectively disenfranchised Islamic political parties.

More disasters followed, both natural and political. In 2001, ethnic Berbers rioted for weeks to protest their treatment by the government. A few months later, several hundred people were killed by floods in Algiers. Another low point was reached in 2003, when more than 2,000 people died in a massive earthquake.

"We lost 15 years of our history," said Aboudjerra Soltani, chairman of Movement of Society for Peace, a party of Islamic fundamentalists that professes nonviolence and is part of the ruling government coalition. "Our economy crumbled. We lost a lot of confidence. It takes a lot of strength to recover from this."

Since then, however, signs of hope have emerged. A global rise in energy prices has lifted the economy and has helped Algeria, the world's second-leading exporter of natural gas, erase foreign debts and invest billions in public works projects.

In 2004, in an election that international observers judged as legitimate, Algerian voters gave a second term to President Abdelaziz Bouteflika. Soon after, he announced another amnesty program, which took effect in March.

According to government officials, about 300 Islamic fighters have accepted the new deal. They estimate that another 800 to 1,000 guerrillas remain at large, down from about 50,000 in the mid-1990s.

While the amnesty offers reconciliation to terrorists and others with blood on their hands, opponents say some provisions in the law are far from conciliatory.

For instance, the measure clamps down on public debate over what happened during the civil war, making it a crime to criticize government actions of that period "or to tarnish the image of Algeria internationally." It has been assailed for those reasons by rights groups, including Amnesty International and Human Rights Watch.

Mostefa Bouchachi, a human rights lawyer in Algiers, said it was unrealistic to expect Algeria to prosecute large numbers of people. "It would result in another bloodbath. But at least we would like to know who did what, and why, and who is responsible. In the Algerian reconciliation, they just tell you to turn the page. We think it's a culturalization of impunity for both camps: the security forces and the Islamists."

Some military officials, however, have complaints of their own. After struggling for 15 years to win the civil war, they questioned whether it made sense to release 2,500 enemies of the state from prison.

Gen. Fodil Cherif Brahim, the army commander in charge of the region surrounding the capital, Algiers, until he retired in 2004, predicted that many former prisoners would return to the mountains or the desert and resume their fight.

"These people are fanatics to the extreme," he said. "They don't know anything about the real Islam. This is what they did: They committed horrible crimes. They put knives in the bellies of pregnant women."

"These people, you have to kill them," he added. "They will never give up."

Such sentiments are common in Blida, where few families escaped the violence of the war.

Zohra Khelafi, 51, said her husband was killed by Islamic radicals in a 1997 firebombing because he worked for the local government as a municipal guard. That same year, militants murdered two dozen other members of Khelafi's family, including a 3-year-old niece who was stuffed into a giant kettle and boiled alive.

"I want the government to punish them, to kill them, just like they did to us," she said. "Instead, the government has released them and they are back on the streets."

‘Save My Wife’ (NYT)

By Nicholas D. Kristof

The New York Times, September 17, 2006

YOKADOUMA, Cameroon

Prudence Lemokouno was lying motionless on a bed in the bleak hospital here, her stomach swelled with a fetus that had just died, her eyes occasionally flickering with fright but mostly dull and empty.

Dr. Pascal Pipi, the lone doctor in the public hospital, said she had a few more hours to live, and then she would join the half-million women a year who die around the world in pregnancy and childbirth.

Her husband, Alain Awona, was beside himself. “Save my wife,” he pleaded. “My baby is dead. Save my wife.”

In the spring, I held a contest to choose a student to take with me on a reporting trip to Africa, and now I’m on that trip with the winner, Casey Parks of Mississippi. I had wanted to introduce Casey to the catastrophic problem of maternal mortality in the developing world, because it should be an international scandal that the number of women dying in pregnancy worldwide has been stuck at a half-million for a quarter-century.

Indeed, here in Cameroon the maternal mortality rate has risen since 1998, and over all an African woman now has one chance in 20 of dying in pregnancy. In much of the world, the most dangerous thing a woman can do is to become pregnant.

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When we arrived on Friday at the hospital here in the remote southeastern corner of Cameroon, we found Prudence dying for the reason that usually accounts for maternal death — a complicated childbirth with no emergency obstetric service available.

Prudence, a 24-year-old who has three children, went into labor on Monday. A village midwife assisted her, and after three days she was hoisted onto the back of a motorcycle and carried to this hospital.

And then nothing happened. The hospital demanded $100 worth of surgical supplies for a Caesarian section, and family members said they could raise only $20. I asked the chief nurse, Emilienne Mouassa, how often a woman dies in the hospital because the family can't pay. She hesitated. "Not often," she replied.

She said that when patients like Prudence are at death's door, the hospital sometimes prefers not to operate. It is easier to explain a pregnant woman who has not been treated at all and died than one who has undergone an emergency Caesarian and then died.

Dr. Pipi, a bit embarrassed that a patient was dying in front of foreign journalists, said that he could find a way to operate without the money. But in addition Prudence had lost so much blood that she needed a transfusion.

"We don't have a blood bank here," he explained, "so we sent someone off to bring in other relatives to see if they are compatible. But the village is far, 120 kilometers away, and it takes a long time to bring them here." A few more hours, he estimated, and she would be dead.

These women die because they are poor and female and rural — the most overlooked and disposable people throughout the developing world.

Politics also complicates Western efforts to help. The United Nations Population Fund has helped lead the effort to reduce maternal deaths — yet the Bush administration has cut off all U.S. funding for the agency because of (false) accusations that it supports abortions in China.

We inquired what Prudence's blood type was. The nurse checked and reported that it was A positive. We looked at each other.

I'm also A positive. Casey's blood did not seem to be compatible. But Naka Nathaniel, the Times multimedia maven who often travels with me, is O positive and thus compatible.

Would Dr. Pipi really operate if he could obtain blood? He said he would.

So Naka and I each gave blood, after a nurse went into town to find a plastic bag to put it in. It was promptly pumped into Prudence, and she began to look a bit better. Dr. Pipi promised to operate on her shortly.

Her husband cried with joy, but begged us not to leave. "If you go," he warned, "Prudence will die."

We waited, and six hours passed. The hospital began shaking down Prudence's family for more money before the surgery could begin. The husband had nothing, so we chipped in.

Then when everything seemed to be ready, Dr. Pipi simply vanished. "Oh, he's gone home," a nurse explained. "He'll operate tomorrow."

We cajoled, pleaded and threatened, but the hospital staff was unmoved. "What if Prudence dies in the night?" I asked.

The nurse shrugged and said: "That would be God's will."

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Block, Jonathan

From: Block, Jonathan
Sent: Monday, September 18, 2006 8:39 AM
To: Block, Jonathan; 'Ed.Cogswell@ic.fbi.gov'; 'William.Carter@ic.fbi.gov'; Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); McNulty, Paul J; Goodling, Monica; Moschella, William; Brand, Rachel; Courtney, Garrison K.; Jezierski, Crystal; Gorsuch, Neil M; 'Michael.Kortan@ic.fbi.gov'; 'Richard.Kolko@ic.fbi.gov'; 'John.Miller@ic.fbi.gov'; 'K.Hoffman@ic.fbi.gov'; Macklin, Kristi R; Knocke, William (DHS); Bergman, Cynthia (DHS); DeZulovich, Mavis (USMS); Hines, Don (USMS); Marianos, Richard W.; Mixell, Sheree L.; Payne, Lawrence R.; Truman, Michael; Turner, David (USMS); Billingsley, Traci L; Cooper, Mary Irene; Seidel, Rebecca; Hertling, Richard; Clinger, James H; Beck, Michael (OAG); 'Paul.Bresson@ic.fbi.gov'
Subject: Sunday Show Transcripts 9/17/06
Attachments: SUNDAY SHOW TRANSCRIPTS 9.17.doc
Importance: Low

Attached, please find the Sunday Show transcripts from September 17, 2006.

Jonathan
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SUNDAY SHOW TRANSCRIPTS
9/17/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: Only 51 days until the midterm elections. The Democrats must gain six seats to take control of the U.S. Senate. This morning, our Senate Debate series continues with another one of the most closely watched races of the year, Virginia, where incumbent Republican Senator George Allen faces off against Democratic challenger Jim Webb. Allen has served in the U.S. House of Representatives and as governor of the state of Virginia. He was elected to the U.S. Senate in 2000 and is a son of the legendary NFL coach George Allen. Webb attended the U.S. Naval Academy, where he was a varsity boxer, even sparring with fellow classmate Oliver North. As a Marine, his service in Vietnam earned him several medals for valor. He later served as secretary of the Navy. George Allen vs. Jim Webb, only on MEET THE PRESS.

MR. TIM RUSSERT: And they are both with us here now.

Mr. Allen, Mr. Webb, welcome both.

MR. JIM WEBB: Thank you.

SEN. GEORGE ALLEN (R-VA): Good morning.

MR. RUSSERT: Let me go back, Mr. Webb, to November of 2000. Here you are, standing with George Allen, endorsing him for the United States Senate, saying this: You endorse George Allen, "Webb said he believes Allen would be a better representative in the Senate on national security issues." How can you endorse someone and then run against him?

MR. WEBB: I--for two reasons. First of all, I had thought George Allen would be bringing better leadership to the United States Senate, and I have not seen that kind of leadership, particularly in the area of national security, where we have become so vulnerable as a nation. The second is that if you look at what's happened to the Republican Party over this period, they're--I'm like a lot of people in this country who affiliated with the Republican Party based on national security issues toward the end of the Vietnam War, were never particularly comfortable with them, particularly on economic issues. And what you've seen over the last six years is a war that is an incredible strategic blunder of historic proportions. We're now getting the--American people are now beginning to understand how bad that decision was. We need to do something about it, and we're seeing the budget busted, and we're seeing the divisions in our, our work force based along class lines as never before.

So A, I thought George Allen would be a leader, and B, I think that the Republican Party has reached the point where, in its Karl Rove era, it's mostly negativity rather than affirmative leadership.

MR. RUSSERT: Did you go see Senator Allen and talk to him about the war in Iraq before it began?

MR. WEBB: Yes, I did. I wrote a piece for The Washington Post six months before we went into Iraq, laying out in my view this was not about WMDs, it was about our troops being turned into terrorist targets, and that there was not an exit strategy because the people in this administration who were doing this did not intend to leave. I went and saw Senator Hagel, I went and saw Senator Allen. I spent an hour with Senator Allen discussing this with him. And from that point forward I decided that, although I had perhaps a, you know, a political--a personal regard for him on one level, politically that I could not support him anymore.

MR. RUSSERT: According to The Virginian-Pilot, Senator Allen, "[Webb] says he became disillusioned with Allen several years ago when he personally warned the senator of the perils of invading Iraq. `The only thing I got out of him was, basically, "You're asking me to be disloyal to the president."'" Is that what you said to Mr. Webb?

SEN. ALLEN: President...

MR. RUSSERT: You supported the war as a way of showing loyalty to the president?

SEN. ALLEN: First of all, I've, I've shown great leadership for the people of Virginia as governor, as United States senator, making this country more safe and also more prosperous. And while my opponent now is upset with tax cuts and upset with energy ideas and education improvements for this country, make sure we are a land of opportunity for all, I'm going to keep fighting for those ideas because they will make our country more prosperous and more safe.

Insofar as leading up to the military action in Iraq: The issues were before us on a resolution, a resolution that stated that Saddam had 17 times defied and violated U.N. resolutions. It wasn't just the United States, it was Britain and indeed the entire world community. There was good evidence that he had weapons of mass destruction--in particular, chemical and biological weapons. The resolution wanted to get the, the whole world community to enforce that resolution, and ultimately the president, in the event that he felt that it was important for the security of our country, may need to act, and need to act as best as possible in coordination, in concert with other countries.

Now, that action was taken, and I think the world's better off with Saddam Hussein not in power. Saddam Hussein was one who was paying $35,000 to parents so they'd send their sons or daughter on these murder/suicide missions into Israel.

This has been a tough war, it's not been easy. I was just with--at a funeral for a young man, Private Wolf. His mother held my hands--this was just on Monday, on 9/11. She wanted to be--have him buried, laid to rest that day. And she held my hands, and she said, "We can't quit. We can't give up." And so this...

MR. RUSSERT: Well, let's just stop right there. And let me, let me...

SEN. ALLEN: ...this--so it is tough. But...

MR. RUSSERT: But let me ask you a simple question. If the CIA said in 2003, "Saddam does not have weapons of mass destruction. That is now our--the finding," would you still have voted to go to war?

SEN. ALLEN: Tim, we, we made decisions. You can't say, "Gosh," five years later--and this is what my opponent's campaign's about is the second-guessing.

MR. RUSSERT: No, but it's a serious question. People are saying, knowing what they know today, they still would have gone in. It's a serious question. If you knew Saddam did not have weapons of mass destruction, was it still worth going to war?

SEN. ALLEN: I stand by my vote, and the vote was based on the evidence and information before us. And we had a choice. We had a choice whether to listen to the critics and do nothing, and then have this world more dangerous if, if we were right.

MR. WEBB: We were...(unintelligible).

SEN. ALLEN: And if we were wrong, and if we were wrong, and, and deposed Saddam Hussein, the world's still better off. Now, my opponent--now, you need, need to understand...

MR. WEBB: Define that.

SEN. ALLEN: No, hold it. My opponent...

MR. WEBB: I mean, this is the third time you've said "my opponent." You know. When, when...

SEN. ALLEN: All right. Well, Jim, hold it. Hold it, Jim.

MR. WEBB: ...when, when we went in...

SEN. ALLEN: Let me finish this.

MR. WEBB: ...when we went...

SEN. ALLEN: Jim was opposed not only to the military action now to get rid of--and recently, but he--if it were up to him, Saddam Hussein would not only be in his palaces in Iraq now, he would actually be in Kuwait, because he was opposed to military action back in 1991.

MR. WEBB: That's an absurd analogy. That's an absurd analogy.

SEN. ALLEN: Heck, heck, the French were even for military action in 1991.

MR. RUSSERT: All right, just, just one second, Mr. Webb.

MR. WEBB: Yes.

MR. RUSSERT: Before I let Mr. Webb respond, did you say to Jim Webb you were voting for the war so as to not be disloyal to President Bush?

SEN. ALLEN: I was supporting our efforts of our administration. It was bipartisan support for this resolution, because I thought we needed to show unity of resolve so that Saddam Hussein, it was my hope, would see how resolved, how unified the United States was, as well as the United Nations, and would actually comply with the weapons inspections.

MR. RUSSERT: The, the concern being if in fact you cast that vote out of loyalty to President Bush...

SEN. ALLEN: No, it's loyalty to this country, and making sure that our country is unified in, in this, in this effort to disarm Saddam Hussein. That was the point.

MR. RUSSERT: I'll give you a chance to respond.

MR. WEBB: First of all, with respect to Gulf War I, I was testifying in the Nunn hearings. I was warning, 16 years ago, that the, that the worse job we did on Iraq, the more powerful Iran would become. And with respect to the French analogy, which he's used before, my, my Marine son was home, and he said, "Wait a minute, OK, the French did support Gulf War I. Dad, you were--you fought in Vietnam, George Allen didn't fight in Vietnam. Even the French fought in Vietnam." I mean, what have the French got to do with any of this?

With respect to going in, in, in this situation, we did have other options. This was not a war of necessity at the time. We had inspectors on the ground, as opposed to the situation in 1998 when there were no inspectors on the ground. And we had plenty of strong military advice, not just from people like me, people like Tony Zinni, and other strongly--people with strong backgrounds, military backgrounds, who have endorsed my campaign, who were saying the same thing. This was a case, as you--last week Vice President Cheney was on your show, and he even declined to comment about the Senate Intelligence Committee report that showed how this--the intelligence that would be--was being used had been cooked. A lot of people on the outside knew that. There was no urgency to go into this war at the time that we went into it. And if we had the right people in the Senate, there would have been more questions asked and a better policy in place in order to defeat international terrorism. That is the focus of our country. We didn't go into Iraq because of terrorism, we have terrorists in Iraq because we went in there.

MR. RUSSERT: Let me...

SEN. ALLEN: I'm sorry...

MR. RUSSERT: Senator Allen, let me, let me just show you The Washington Times op-ed piece that you wrote in January of '05, and here's the headline: "Stay the course." What does that mean? How do you define victory in Iraq, and can it be won militarily?

SEN. ALLEN: Military and security aspects of it are absolutely essential. The people of Iraq have voted--last year three times, 70 percent turnout, walking like slow-moving targets to vote. And they do want a free and just society there, a country that does have respect for, for...

MR. RUSSERT: But what is staying the course?

SEN. ALLEN: Stay, staying the course is meaning that we don't tuck tail and run, that we don't retreat, that we don't surrender. This is a central battle front in the war on terror, and it's not just the president or the vice president or me saying that, that's what al-Qaeda says, because al-Qaeda's designs and their goals are to have a caliphate, Islamic caliphate from, from Indonesia to Spain, with the capital being in Iraq, an oil-rich area. And we cannot allow Iraq, which--where al-Qaeda was and is now, we cannot allow them...

MR. RUSSERT: Now, let me, let me show you, let me show, let me...

SEN. ALLEN: ...to have that haven for terrorist activity.

MR. RUSSERT: Let, let me show you a map of Iraq, and there on the west is Anbar Province. And this is what the Marine Corps has said about Anbar Province. "The chief of intelligence for the Marine Corps in Iraq recently filed an unusual secret report concluding that the prospects for securing that country's western Anbar province are dim and that there is almost nothing the U.S. military can do to improve the political and social situation there, said several military officers and intelligence officials familiar with its contents." That's the military talking. What do we do? Do we seek a, seek a diplomatic solution, or stay the course militarily for years and years and years?

SEN. ALLEN: Anbar was always difficult to govern. The focus now is on the Baghdad area. When I was over in Iraq back in June, whether they were Kurds, Sunni or Shiites, they were all very grateful to Americans for liberating them from Saddam's tyrannical regime. They all also recognize that the key for the country is to make sure there is better security in the Baghdad, the central area. The northern part, the Kurdish area, is doing very well. Gosh, they're even running advertisements for investment in the Kurdish area. They're building homes, there's a convention center. And the southern part, the Shiite part, is, is, is fairly stable, too. The key right now, the focus, the adjustments, the adaptations that have been made, is to focus on the Baghdad area.

MR. RUSSERT: Two supporters of the war, William Kristol of The Weekly Standard, Rich Lowry of the National Review, said, "We are at a crucial moment in Iraq. Supporters of the war, like us, have in the past differed over tactics. But at this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq."

TEXT:

Reinforce Baghdad

We are at a crucial moment in Iraq. Supporters of the war, like us, have in the past differed over tactics. But at this urgent pass, there can be no doubt that we need to stop the downward slide in Iraq by securing Baghdad.

There is no mystery as to what can make the crucial difference in the battle of Baghdad: American troops. ...

We need substantially more troops in Iraq. Sending them would be a courageous act of presidential leadership appropriate to the crisis we face.

RUSSERT: They end, "We need substantially more troops in Iraq. Sending them would be a courageous act of presidential leadership appropriate to the crisis we face." Would you be in favor of putting more troops in Iraq, more American troops?

SEN. ALLEN: We're going to need to do what it takes to succeed. Because...

RUSSERT: Including more troops?

SEN. ALLEN: Because it's so essential to the security of the United States of America. Moreover, that is actually happening right now. If you look at the troop levels in Iraq, they are higher than they were several months ago. Moreover, they have been concentrated in the Baghdad area, so the troops are going to where they're needed.

I would also point out, Tim, to you and, and fellow Americans, is that every single week you see more and more Iraqis and their military taking control. And many of the--now it's probably about a third of the military options are being--military operations--are being led by Iraqis with the U.S. in a supportive role. And as more and more Iraqis take over those military operations, it'll be ultimately up to them, their backbone, their minds, and their hands to build that free and just society that is safe and an ally in the war on terror rather than, than an enemy.

RUSSERT: Mr. Webb, should we increase American troop levels in Iraq?

MR. WEBB: We don't have the troops. I think that you, you, you heard from--you've heard from other military observers on that. We, you know, we've got people now in the Army and the Marine Corps pulling their, their third and sometimes their fourth tours into Iraq. We're burning out our people. It's one of the things I was warning about early on when I said that this was a, a double strategic mouse trap. First of all, a mouse trap with--that was going to burn out our conventional forces, and second of all, a mouse trap in the sense that we have gotten so engaged in fighting the Sunni insurgency that we have allowed the Shia to get more power inside Iraq.

Now, we need, we need to make a couple of clarifications here. Saddam Hussein was not aligned with al-Qaeda, they were natural enemies. And this came out in, in the Senate Intelligence report--Committee report of last week, where we, we were being told that by our, our intelligence advisers, whether it filtered through this administration to get to the Senate or not.

And I agree on one thing, let's be clear: We made a strategic error in going into Iraq, but we have a responsibility to, to reduce our presence in Iraq in a way that will stabilize the region. What I've been saying for two years is we need a commitment from this administration that we, the United States, do not want to be in Iraq as a permanent presence and a long-term presence. But secondly, that we have to get these other countries involved, the other countries tangential to Iraq, the countries that have cultural and historical interests in Iraq, involved in an overt way to move toward a diplomatic process.

I know what it's like to be on the ground. I know what it's like to fight a war like this. And there's--there are limits to what the military can do. Eventually, this is going to have to move into a diplomatic environment. Now, that's where this administration seems to have blinders. They're not talking to Syria, they're not talking to Iran. And there are ways that we can do this, move this forward.

If you look at what we did after Afghanistan, in the invasion of Afghanistan, we actually brought the countries around Afghanistan to the table--including Iran, by the way. Iran was cooperating at that time, before President Bush made his "axis of evil" speech and they stopped cooperating. The eventual way out of this--and it can be done soon, with the right leadership--is for us to get something similar to what we had with the, the Madrid conference in 1991 after Gulf War I, get these countries to the table, and have them work out a formula. Sooner or later, we're going to leave. And when we leave, the countries that are tangential to Iraq are going to be players. We should overtly push that now.

MR. RUSSERT: Let me ask one...

MR. WEBB: Well, all...

MR. RUSSERT: Let me ask one question on troops. When you were last on this program in 1985, you said that conscription, the draft, was good for the military, the country, and the individual. Would you vote to reinstate the draft?

MR. WEBB: I don't believe that this--right now, this country needs a draft. What I've done--one of the things I've done is I've proposed a 5 percent tax break for all people who serve honorably in the military. And one of the reasons that I have done that...

MR. RUSSERT: How much would that cost?

MR. WEBB: If, if you go to the, the typical income of a veteran, it's about $30-something-thousand, so it's not a high-cost program. And it's targeted to people who've served. And one of the things that that would do, by the way, in my view, is to bring more people from across class lines into the military. One of the, one of the great problems we have right now in, in, in discussing this war is that very few people who have brought us this war have served and very, very few of the children of these people who have brought us this war have served. And if you have to wake up every morning wondering about a loved one, you will look at, at words like this much differently.

MR. RUSSERT: But you did say that "We have a lot of cleaning up to do: Number One is to end the war" and that you think that we can be out of Iraq within two years. How would you do that?

MR. WEBB: Well, I--you know, here's--the problem that we have with, like, this Karl Rove approach is every time you put a date on it, people are saying, "Oh, you're trying to give a deadline." I go back to what President Eisenhower said during the dark days of the Korean War when he said, "First of all, the administration that created this disaster is not the administration that's going to repair it." And then he said, "Anyone who can give you a date certain for the end of a war is--has not, does not know war." But...

MR. RUSSERT: But how do you get troops out?

MR. WEBB: Here's--you, you, you get, you get the other countries in this region overtly involved in the diplomatic process, you can get our conventional forces out. Some of them could come straight home. Some of them could be relocated to bases in the region. And you can still have the capability to fight international terrorism. Iraqis don't like terrorism inside their country, either. You should--we should remember that when we got Zarqawi, we did not get Zarqawi by--from troops based inside Iraq. This was a unit that was based outside of Iraq. And you could do that. You could retrograde some of these troops to places like Kuwait and Qatar until we're sure that the region is stabilized, and then bring them back.

MR. RUSSERT: Senator Allen, you said we're making process. This was the picture on Tuesday when the prime minister of Iraq went to, where? Iran. There he is, meeting, hugging, kissing, the president of Iran. The speaker of the parliament in Iran--Iraq. The speaker of the Iraqi parliament, the Dennis Hastert of Iraq, this is what he said, "The speaker of [the Iraqi] parliament accused `Jews' of financing acts of violence in Iraq in order to discredit Islamists who control the parliament and government so they can install their `agents' in power. ...

"`Some people say, "We saw you beheading, kidnapping and killing,"' said the speaker. `These acts are not the work of Iraqis. I am sure that he who does this is a Jew and the son of a Jew. I can tell you about these Jewish, Israelis and Zionists who are using Iraqi money and oil to frustrate the Islamic movement in Iraq. ... No one deserves to rule Iraq other than Islamists.'"

That's the speaker of the parliament. Have we created a fundamentalist Islamic regime in Iraq?

SEN. ALLEN: No, we have not. I deplore those words, the fact that the elected leader of the unity government in Iraq meets with the leader of Iran, a, a country that is a state sponsor of terror who is providing rockets to Hezbollah, their surrogates in southern Lebanon, to rain in on Israel. There's a concern; however, what, what my opponent was saying...

MR. RUSSERT: And the...(unintelligible)...leader of Iraq also refused to say Hezbollah is a terrorist group.

SEN. ALLEN: Yes, and they--and that--and they are a terrorist group.

MR. RUSSERT: So what have we created?

SEN. ALLEN: What we have created and helped create in Iraq is indeed, I think, a much freer and more just society than what they had under the regime of Saddam Hussein, who was, as I said earlier--and please remember--was paying families $35,000 to send their sons and daughters on, on these suicide missions, killing people in Israel. They do have freedom of religion in their constitution where rights are not enhanced nor diminished on account of religious beliefs. They do have the right of women and men to express themselves without fear of retribution. They do have a judicial system that they're trying to put together.

It is a fledgling representative democracy. It is like an infant. We're trying to help them learn and just normal things, like procurement and budgets. And they--because all the decisions previously were centrally decided by Baghdad, by Saddam Hussein, and there wasn't any decision-making or discretion at the provincial level. But, but they are trying and we're trying to stand them up.

And the key, there's two or three key issues of matrixes of, of where you can see advances in Iraq. Number one is the training of Iraqis, their military forces and their police forces. The military forces are getting stronger every single day. And in fact the Iraqis, again, are leading those forces, not the U.S., and leading operational endeavors. The police need to get more, more up to speed.

The other aspect of this that I've, I've asked Maliki, I've said it to Jafari and all the ministers, is the key for that country, for their economy is oil. And I think that their oil ought to be a national asset, and they ought to create something like the Alaska Permanent Fund where everybody in Iraq, regardless of where they live, regardless of their ethnicity, has a share in that oil. They'll care about building up the oil capacity, upgrading it--and they'll certainly care about anybody who's blowing up the pipelines, because that would be money out of their pockets. Alaska they get a dividend. Every citizen ought to get a dividend in Iraq as well.

MR. RUSSERT: Yeah. Let, let, let me ask you one, one final question on Iraq. In your mind, in your judgment, could the $300 billion we spent on Iraq had been better spent in other aspects of the war on terror: homeland security, port security, airline security, securing Afghanistan? Was this the best expenditure of $300 billion?

SEN. ALLEN: We have spent money on all those things. In homeland security, we just passed a port security bill this past week. And...

MR. RUSSERT: Yeah, but, but my question is $300 billion in Iraq. Could it have been better spent?

SEN. ALLEN: The point is, is we made a decision. You got to stand by your decision and you can't be constantly second-guessing, Monday-morning quarterbacking. My opponent is--the whole theme of his campaign is we should not have gone in. The question is: where do we go from now? And as a practical matter, listening to Mr. Webb's...

MR. WEBB: Let's not go into that, too, George.

SEN. ALLEN: ...listening to Mr. Webb's statements...

MR. WEBB: I don't--I'm waiting for you to say where you want to go.

SEN. ALLEN: ...there isn't, there isn't that much of a difference insofar as the future.

MR. RUSSERT: Is that true?

MR. WEBB: That's absolutely not true, you know. I, I have not...

MR. RUSSERT: Could the money have been better spent?

MR. WEBB: Yes. We could have, we could have contained Iraq. If you want to take out Saddam Hussein, there are ways to take out Saddam Hussein. We did not need to go into a country, decapitate the government and inherit the, the responsibility of rebuilding it. And eventually that is going to fall to the other countries in the region. It's just going to.

MR. RUSSERT: Senator Allen said your views are not much different in terms of the future.

MR. WEBB: I think, I think we have dramatically different views on how to approach this, because what I'm saying is what we need now a clear statement--if he agrees with this, then, then fine--we need a clear statement from this administration that we have no desire for a long-term presence in Iraq. And we need to convene an international conference with the countries in, in tangential and the countries that have cultural and historic ties to Iraq in order to have them move forward with us and, and assume some responsibility for the future of Iraq. The United States can't do this.

MR. RUSSERT: Would you--wait, wait.

SEN. ALLEN: We have absolutely no interest--I have no interest and I--for us to be permanently in Iraq.

MR. RUSSERT: So, no permanent basis.

SEN. ALLEN: I want our...

MR. WEBB: Then would you vote against...

SEN. ALLEN: I--of--I, I have voted...

MR. WEBB: ...would you vote against the appropriations for these four large bases in the remote areas of Iraq?

SEN. ALLEN: Look, we have voted three...

MR. WEBB: This came up again, this came up again this weekend.

SEN. ALLEN: It sure did. It sure did. I'm glad you noticed that this time.

MR. WEBB: Mm-hmm.

SEN. ALLEN: The, the point of the matter is, is I have no interest and the United States has no interest to be permanently in Iraq. I want our troops home the second possible.

MR. RUSSERT: So, no permanent bases.

SEN. ALLEN: Of course no permanent U.S. bases. But the four bases that my opponent will talk about all the time, that we're building these bases, is a consolidation. It's for force protection and so have...

MR. WEBB: And so how long are we going to be in these, in these bases?

SEN. ALLEN: Well, no longer than necessary. The Iraqis...

MR. WEBB: If your--if, if, if our conventional mission is done in the cities of Iraq, we should be getting our conventional forces out of Iraq.

SEN. ALLEN: Sure, of course. And you...

MR. WEBB: Not into the remote areas of Iraq.

SEN. ALLEN: Well, no, there--look, you cannot...

MR. RUSSERT: Let me...

SEN. ALLEN: Jim, you know this, it's important for force protection. It's important to have the military...

MR. WEBB: There is no--as long as the United States forces...

SEN. ALLEN: ...options, whether it's ground forces or air forces.

MR. WEBB: ...conventional forces are in Iraq there will not be peace in the Middle East.

SEN. ALLEN: No, that's not the...

MR. WEBB: That is the point. That is different from Kuwait, that is different from Qatar.

MR. RUSSERT: All right. Let, let, let me turn...

SEN. ALLEN: No, no, no, no, no. Let's get on these bases. The bases are to protect our forces. They're hardened, they're buffered so they can't be hit by, by terrorist attacks. They are being shared, they are being...

MR. WEBB: I think George has a fundamental misunderstanding of how the military is, is used...

SEN. ALLEN: ...they, they are being shared--no, you don't under...

MR. WEBB: ...if he believes that you can--if that--you're still going to be able to assist in these city areas like Ramadi from remote bases somewhere. That's just not true. That's just not true.

MR. RUSSERT: All right. Let me...

SEN. ALLEN: Hold it, whoa, whoa, whoa. Tim, you're saying...

MR. RUSSERT: No, no, no, we, we have a...

SEN. ALLEN: ...you're saying, you're saying that we ought to move...

MR. RUSSERT: ...we obviously have a disagreement on this...

SEN. ALLEN: ...all these folks out of the area and, and that's the way to handle it by moving them to Kuwait and elsewhere.

MR. RUSSERT: All right.

SEN. ALLEN: The point of the matter is, is the Iraqis will ultimately take over these bases.

MR. WEBB: Then we do not need bases--we do not need American bases in Iraq. That's the point.

MR. RUSSERT: All right. Let me, let me move...

SEN. ALLEN: We need to protect our forces.

MR. WEBB: Iraqis can build their own bases. You're not protecting forces if you're sitting in one area.

MR. RUSSERT: This is obviously an area of disagreement. But we have to move on. We, we have a limited amount of...

MR. WEBB: So let, let the record show that we are not totally aligned on this issue.

MR. RUSSERT: All right. Then let me move on to a different issue.

Senator Allen, this week you have to cast a vote. Senator John Warner, John McCain, Lindsey Graham, but your senior colleague in Virginia, John Warner, has a view about interrogating and prosecuting enemy combatants. It is different than George W. Bush. Will you vote for Senator Warner or for President Bush?

SEN. ALLEN: I'm going to make a determination once I get some more facts. There, there are three key differences in this, but there's one that matters the most to me, and it's not all the evidentiary aspects which I think we can do a better job than various proposals on that, and that has to do with the--some of the evidentiary aspects. The key--the two key points for people to understand as this debate goes forward, and whether we vote this week or next week, I will vote on it, you'll know where I stand, but I want to let you know what I'm going to look at.

Number one, these interrogations have helped protect American lives and not just here at home but also in the battlefield. Secondly, the Geneva Convention is very important, and I don't want to set a precedent that we change the Geneva Convention and then other countries will change theirs, and if one of our troops or one of our CIA agents is, is caught...

MR. RUSSERT: In Iran.

SEN. ALLEN: ...or captured--in Iran or Cuba or Venezuela...

MR. RUSSERT: Well, that's Senator Warner's view.

SEN. ALLEN: Right. Now, the key in all of this is I don't want to stop these interrogations. I'm not for torture, I'm not for waterboarding, but some of these techniques have been very helpful to us, whether, whether they are sleep deprivation, or whether there's loud music. And I need to be absolutely certain that what the interrogations--interrogators are doing now--which is completely fine as far as I'm concerned, protecting Americans--will not be harmed by the proposal.

MR. RUSSERT: You know, your critics say that you voted with George Bush 96 percent of the time your five years in the Senate. This time, would you vote for Senator Warner, or President Bush?

SEN. ALLEN: I'm going to vote for what's in the best interests of protecting this country, and making sure that our people here at home, as well as our troops abroad and, and undercover agents for our country are protected. I believe it can be done. I think there can be changes. I actually look forward to taking action, to be a bridge--a bridge between these two proposals, which all have as the same purpose protecting America, and upholding our values. But they, but, but...

MR. RUSSERT: Colin Powell, Colin Powell, who's a constituent of yours, said, "The world is beginning to doubt the moral basis of our fight against terrorism. To redefine Common Article 3" of the Geneva Convention "would add to those doubts. Furthermore, it would put our own troops at risk." Do you agree with Secretary Powell that the world is beginning to doubt the moral basis of our fight against terrorism?

SEN. ALLEN: I, I don't believe that the world is doubting our commitment and our resolve to fight these maniacal terrorists. I think...

MR. RUSSERT: No, the moral basis of our fight, is his quote.

SEN. ALLEN: The moral, the moral basis of our fight against terror, and these maniacal deviants...

MR. RUSSERT: So you disagree with Secretary Powell?

SEN. ALLEN: I'm not saying I disagree, I'd just use a different point of view. And our point of view is we, we need to win against these, these terrorist organizations.

MR. RUSSERT: Where do you come down on this? Are you with the Senator Warner-McCain version, or President Bush's version of dealing with interrogating and prosecuting enemy combatants?

MR. WEBB: I, I'm with Senator Warner on this, and I think in terms of what Colin Powell is saying, that's, that's a very important piece of how we view--how we deal long-term with the Islamic world particularly, that we have to stay on the moral high ground. And what you're seeing here is, is a split between the theorists, who have controlled so much of the policy in this administration, theorists who have never been on a battlefield, who have never put a uniform on, and who are looking at this thing in a totally different way from people who have had to, to worry about their troops and themselves possibly coming under enemy hands. This is a very easy issue for, for me to, to decide on.

MR. RUSSERT: But you would not end interrogation?

MR. WEBB: No. Obviously we have to protect ourselves, and we have to be able to get information out. But if you, if you in any way abrogate...

MR. RUSSERT: And you would protect the CIA officers...

MR. WEBB: If you, if you abrogate the, the standards of the Geneva Accords, you give other nations who have less fair standards than ours the, the justification, the moral justification to do that. We, we saw that in a, in a, in a way--I'm sure Senator McCain has, has long memories about this--during the Vietnam War when the North Vietnamese refused to call our prisoners of war prisoners of war. They simply called them war criminals. They said they, they weren't a part of the, the Geneva Accords, and they didn't respect the Geneva Accords. And I'm sure that's on, on people's minds. That's certainly on my mind when I think about troops over in Iraq right now.

MR. RUSSERT: We're going to take...

SEN. ALLEN: That's--and that's why the precedent here is so important. And we've got to get this right. We cannot shut down this interrogation effort and the techniques that we have been

using that have protected Americans. I believe that people of good will can come together and, and craft that language.

MR. RUSSERT: We're going to take...

MR. WEBB: But you have to worry about one thing also here, that tainted evidence often comes from torture, and I think John McCain has made that point very well. If we're coercing...

SEN. ALLEN: Well, we're, we're not for torture.

MR. WEBB: ...coercing information--not all--you don't always have the right information. That's how we ended up in Iraq.

MR. RUSSERT: We have to take a quick break. We'll be right back with more of our discussion, our debate, the state of Virginia, the U.S. Senate seat, George Allen and Jim Webb, right after this.

(Announcements)

MR. RUSSERT: The Virginia U.S. Senate debate: Republican George Allen, Democrat Jim Webb, after this station break.

(Announcements)

MR. RUSSERT: And we're back with the two candidates for the U.S. Senate; from Virginia: Republican George Allen, Democrat Jim Webb.

Mr. Webb, an issue that has now been raised in this campaign, an article you wrote in 1979. Here's the headline: "Women Can't Fight." And you write: "No benefit can come to anyone from women serving in combat. ... Their presence at institutions dedicated to the preparation of men for combat command is poisoning that preparation. By attempting to sexually sterilize the Naval Academy environment in the name of equality, this country has sterilized the whole process of combat leadership training, and our military forces are doomed to suffer the consequences. ...

"I have never met a woman, including the dozens of female midshipmen I encountered during my recent semester as a professor at the Naval Academy, whom I would trust to provide those men with combat leadership."

Kathleen Murray, who entered the Naval Academy in 1984, had a news conference the other day, and this is what she said. Let's watch.

(Videotape, Wednesday):

CMDR. KATHLEEN MURRAY: There is no question that James Webb's attitudes and philosophy were major factors behind the unnecessary abuse and hazing received by me and my

fellow women midshipmen. This article was brandished repeatedly by our male upperclassmen. They quoted it and they used it as an excuse to mistreat us.

(End videotape)

MR. RUSSERT: Now, you issued a statement said, "To the extent my writing caused hardship," you were sorry. "And Ms. Murray has sent me a letter saying, `That's not enough.' It's not to the extent that my writing caused hardship, the content of the article was just plain wrong and Mr. Webb should say that." Do you agree?

MR. WEBB: I--this article was written from the perspective of a Marine rifle platoon and company commander, and to that extent, I think it was way too narrowly based. I wrote that article...

MR. RUSSERT: But was it wrong? Was it wrong?

MR. WEBB: I don't think it was wrong to participate in the debate at that time. It's, it's been 27 years, it's a magazine article, and it's something, if, if I may say, I am fully comfortable with the roles of women in the military today. I've been all around the world at the, at the request of many, you know, women commanders. This issue was vetted twice in, in Senate confirmation hearings, 1984, 1987, and both times I, I expressed my views on women in, in military billets. And when I was secretary of the Navy, on my own initiative, I put together a task force where we ended up opening up more, more billets, operational billets, to women than any other secretary of the Navy in history.

MR. RUSSERT: When you say "Being in the Naval Academy is a horny woman's dream," you regret that.

MR. WEBB: Well, I do regret that. And I, you know, I've said...

MR. RUSSERT: There's been, there's been...

MR. WEBB: ...you know, I've said--there's many, there's many pieces in this article that if, if I were a, you know, a more mature individual, I wouldn't have written. And I've, and I've tried to say that and I've tried to show by my conduct when I had positions in government that I, I am open to, to assisting women succeed in all the areas where that's possible.

MR. RUSSERT: Twenty-two percent of the incoming class will be women. We've had 2700 graduates, women graduates, of the Naval Academy. But you also followed it up with an article in 1997. This is more recent.

MR. WEBB: Right.

MR. RUSSERT: In The Weekly Standard, "The War on the Military Culture." And you write, "Political and military leaders must have the courage to ask clearly in what areas our current policies toward women in the military are hurting, rather than helping, the task of defending the

United States." I'll ask you, where are our current policies towards women hurting the defense of the U.S.?

MR. WEBB: Well, I think one of the things I was pointing out in that article was the--was where the political process interferes with the military being able to make its own decision on those matters. And one of the things that I did when I was secretary of the Navy was I turned this over to the military side, to the uniformed side. As you know, I grew up in the military, my father was a career military officer. I had the military side go out--I, I put a task force together that was 50 percent male, 50 percent female, with a truth-teller on it, a woman officer who could walk into my office anytime she wanted. They went to all the Navy installations around the world. And then instead of reporting to me, the political side, they reported to the, the chiefs of the warfare specialties and then as the, the uniformed service reported to me. And that's how we opened up all of those wells, so...

MR. RUSSERT: Bottom line, do you now believe that women can, in fact, provide men with combat leadership?

MR. WEBB: Absolutely. Other than that they're...

MR. RUSSERT: So that's a change.

MR. WEBB: Well, no, no. What I'm saying is, right now, I believe the situation is where a lot of people wanted it to be back in 1970, 19--9--1980 when people--social experimentation was in place rather than allowing the military to make these decisions. When I was in Afghanistan two years ago as a journalist, I went nine different places in Afghanistan. One place I was driven around in a CH-46 with a, with a woman pilot. You know, she gave me the ride of my life. We landed, she came over and had her picture taken with me.

MR. RUSSERT: But it is 2006. You have not changed your mind at all about women's ability to lead men?

MR. WEBB: No. I did not say that. I--I'm fully comfortable with women's ability to lead men.

MR. RUSSERT: So you have changed your mind?

MR. WEBB: What, what, what I'm saying is, in areas like the infantry and the artillery, where--which now remain all-male, I'm comfortable with that, too. And Senator Allen has his own issues on this, by the way. As recently as 2000, saying women didn't belong in fox holes, and maybe you should ask him about that.

MR. RUSSERT: Well, I will. In fact, I want to ask Senator Allen about this. From American Enterprise magazine, "If [Virginia Military Institute] admitted women, it wouldn't be the VMI that we've known for 154 years. You just don't treat women the way you treat fellow cadets. If you did, it would be ungentlemanly, it would be improper." Men and women shouldn't be treated the same at a military institution?

SEN. ALLEN: The, the regiment at VMI and the way that it was--the curriculum, the training would, would be ungentlemanly to treat women the way that they were doing it. In Virginia, at Virginia Tech, we had women and opportunities for women to get military training in a co-ed approach. VMI and their board for many years, including with Governor Wilder, felt that they should continue the way that they had in the past. Now, here's the difference.

MR. RUSSERT: But has women at VMI worked?

SEN. ALLEN: Yes, it has.

MR. RUSSERT: So you were wrong.

SEN. ALLEN: Yeah, it has worked, and we have been able...

MR. RUSSERT: So you were wrong?

SEN. ALLEN: Well, we were wrong. But here's the point, here's the difference: the Supreme Court said we were wrong, we applied--we complied with that decision. And here's the difference: Mr. Webb goes and gives that--writes that, that piece, gives speeches criticizing women at the Naval Academies, three and four and five, six years after they were admitted. What we said, and what I said, is I'm going to deplore anybody who demeans women. And, in fact, what I was trying to do as governor was to make sure that we protected women from the demeaning, disrespectful viewpoints of people like Jim Webb.

MR. WEBB: I don't--wait, I can't, I can't let that sit. That's just ridiculous. I mean, I, I was not allowed to speak at the Naval Academy for, for several years after this occurred. When I went back there, when I spoke, one, one of the things that I said was a strong voice saying women--men and women, need to get along, they need to respect each other. And when I was secretary of the Navy, I, on my own initiative, strengthened rules against sexual harassment.

MR. RUSSERT: Right now...

SEN. ALLEN: And what would you--what, what would you say to the women with the comments you've made about the witch hunt of the Tailhook matter?

MR. WEBB: The Tailhook issue was a very complicated issue, and what was happening on that was the leadership of the Navy was not standing up for its own culture. They were allowing their culture to be torn apart rather than...

SEN. ALLEN: But you called that a witch hunt.

MR. WEBB: You know, I went on, I went on "Nightline" right after Tailhook, and I was asked what I would've done, and I said if I had been president at Tailhook, I would've relieved the senior officer present in that corridor.

MR. RUSSERT: Mister...

MR. WEBB: What they've done is they took one incident in one corridor and and tried to damn the entire culture of the Navy, and that was wrong.

MR. RUSSERT: Mr. Webb, there are 23,000 women involved in the war in Iraq or Afghanistan, we've had 62 women killed, more than Vietnam, Korea and the first Gulf War combined. What happens now is that the Pentagon, rather than assigning women to combat, attaches them to combat.

MR. WEBB: Right.

MR. RUSSERT: You know that.

MR. WEBB: Well, here's the...

MR. RUSSERT: Shouldn't we just be honest and say women can be in combat?

MR. WEBB: Well, I think what you have is a misunderstanding of the term that was, was being debated back in 1979. Women have always been in combat. We had women win Silver Stars in World War II. The question in place was combat military occupational specialties. That's what, that's what the issue was. Should, should all occupational specialties be open? Now, when I was in Afghanistan two years ago, I was with the Marine unit which had women attached to it for purposes of interrogating Afghani women, you know. And that was a, you know, they were in the same environment as the infantry troops...

MR. RUSSERT: Absolutely.

MR. WEBB: And that was an absolutely valid use of women.

MR. RUSSERT: LeeAnn Webster got the Silver Star for heroism.

MR. WEBB: Sure. And that's, that's an absolutely valid use.

MR. RUSSERT: For being shot at.

MR. WEBB: The question is, let the military decide whether, let's say, in a rifle platoon, you want to bring women in. That's the position that I had. The dead hand should not steer the rudder, and I'm very comfortable with where the military is right now on these issues.

MR. RUSSERT: Senator Allen, you, too, have gotten in trouble with words that you've uttered. Let me bring you back to August 11th. You were at a campaign stop, and a young man who was videotaping it for the Webb campaign was there also. Let's watch.

(Videotape, August 11, 2006):

SEN. ALLEN: This fellow here--over here in the yellow shirt, macaca, or whatever his name is, he's with my opponent. And let's give a welcome to macaca here. Welcome to America and the real world of Virginia.

(End videotape)

RUSSERT: And here's the young man, S.R. Sidarth, he's a resident of Virginia, an American citizen, straight-A student at Fairfax High School and now goes to the University of Virginia. Critics say that "macaca" is a racist slur, and that you used it because he was dark-skinned. What did you specifically mean when you said, "Welcome to America and the real Virginia"? Why did you use those words toward a dark-skinned American?

SEN. ALLEN: Tim, I made a mistake. I said things thoughtlessly. I've apologized for it, as well I should. But there was no racial or ethnic intent to slur anyone. If I had any idea that, that that word, and to some people in some parts of the world, world, was an insult, I would never do it, because it's contrary to what I believe and who I am.

MR. RUSSERT: Well, where'd the word come from? It must've been in your consciousness.

SEN. ALLEN: Oh, it's just made up.

MR. RUSSERT: Made up?

SEN. ALLEN: Just made up. Made-up word.

MR. RUSSERT: You'd never heard it before?

SEN. ALLEN: Never heard it before.

MR. RUSSERT: What did you mean...

SEN. ALLEN: And if, and if I did, honestly, Tim, if I thought that that was slurring anybody based on their ethnicity or their race or their religion, I would never do it. It's not who I am. It's not how I was raised.

MR. RUSSERT: But why would you say to someone "Welcome to America, welcome to the real Virginia"?

SEN. ALLEN: Because he was the cameraman for, for Jim Webb. He was following us around all over, all over the state. And we were going to small towns and rural areas and places that, while my opponent that week was out in Hollywood raising money, and I was talking about Virginia values. And so the point was, as you're talking to the cameraman, to talk to Mr. Webb, to say, "Hey, here's--welcome to the real world of Virginia," as opposed to Hollywood, which is a world of make-believe.

MR. RUSSERT: This is not the first time that people have looked at your record, and, and, and raised questions. The New York Times said, "In 1984, as a member of the Virginia House of Delegates, Mr. Allen opposed a state holiday honoring the Rev. Dr. Martin Luther King Jr. After being elected governor in 1993, he issued a proclamation honoring Confederate History Month." And the Associated Press says, "Allen used to keep a Confederate flag in his living room, a noose in his law office and a picture of Confederate troops in his governor's office." Can you imagine black Americans, black Virginians reading that? What would they be thinking about George Allen, and why did you do that?

SEN. ALLEN: There are a lot of things that I wish I had learned earlier in life. I grew up in a football family, as you well know, and my parents and, and those teams taught me a lot. And one of the things that you learn in football is that you don't care about someone's race or ethnicity or religion, it's a meritocracy, it's a level playing field, and it's what we should aspire to in our society. And that's why I've always been advocating, making sure America and Virginia's a land of opportunity for all.

There's a reason why state Senator Benny Lambert, a Democrat, an African-American, the senior African-American in the legislature, this past week endorsed me, because he knows my record on a variety of issues, particularly in education, and improving the opportunities at historically black colleges and universities. Through the years I've learned and I've grown, and I've learned from people. I've learned in the civil rights pilgrimage that I went down to Selma and Montgomery and Birmingham, and, and listened to heroes of the civil rights struggle...

MR. RUSSERT: So no more, no more Confederate flags?

SEN. ALLEN: On the Confederate flag--look, I wish I had had these experiences earlier in life, because I would have made decisions differently. The Confederate flag--as, as a kid, I was rebellious, anti-establishment, I still am. And I looked at the flag as a symbol for that.

MR. RUSSERT: But you were governor.

SEN. ALLEN: Now as--and I look at the flag, also, and some others do, as heritage and as regional pride. But I've also seen, over the years, talking and listening and learning and growing, that that flag, to African-Americans, represents repression, segregation and violence against them. And I would never want to have anything to insult or offend someone, and so that's why I would not be utilizing that flag, because that's not who I am, and I would never want to have that image or, or harmful impact on fellow human beings who I want to make sure are part of team America, because we do need to compete much better against countries in six and seven times our population. We need more women, we need more African-Americans, more Latinos interested in science and technology and engineering for us to be the world capital of innovation.

MR. RUSSERT: I want you to respond to that, but also address your comments about affirmative action being "state-sponsored racism."

MR. WEBB: May I respond first to what he just said?

MR. RUSSERT: Please.

MR. WEBB: I mean, start off with--I think this, this campaign, the Allen campaign, is like the a lot of the Karl Rove campaigns. They, they focus on personal invective, you can see it in the ads that they've already run against me. I may have been in Hollywood, what--or in L.A. doing fund-raising. I'm--you know, Senator Allen's going to have an awful lot of money. Senator Allen's raised a lot more money in Hollywood than I have.

But let's talk about this incident. He not only bullied an, an individual in my campaign--and I know how hard it is, I've had a camera three foot from my face for eight months now in any public place--he not only bullied an individual, whether he was of Indian descent or not, but before he, he did that, he made comments that were deliberately misrepresentative of my own experiences in southwest Virginia. Ironically, he was standing in a place where 40 miles on one side my great-grandfather had been born, 40 miles on the other side my grandfather had been born. And I've spent a great deal of my adult life in southwest Virginia personally, not politically, in connection with relatives I have down there. In fact, Sidarth, the night before you insulted him, was spending the night at the home of one of my relatives in Gate City, Virginia. And I believe that, that the insinuation out of this, that, that person was separate, insulted a lot of the people down there, because that's not their culture. That's a very inclusive culture down there.

Now, with respect to affirmative action, my view on affirmative action has been that--and, and remains that it's a 13th Amendment program. If you go back to the Johnson administration's executive order on affirmative action, it was based on the 13th Amendment and the Civil Rights Act of 1866, designed to remove the badges of slavery. African-Americans are the only ethnic group in this country that have suffered from deliberate discrimination and, and exclusion by the government over generations. When this program expanded to the present day diversity programs, where essentially every ethnic group other than Caucasians are included, then that becomes state-sponsored racism. And we should either move this program back to its original intent, which I support, or we should open up diversity programs to the point where poor white cultures--and they are cultures, as in southwest Virginia--have some opportunity.

MR. RUSSERT: We are out of time. Before we go, Senator Allen, you have said, "The Senate is too slow for me." Would you pledge to serve a full six-year term if re-elected to the Senate?

SEN. ALLEN: The Senate does move too slowly. Having been governor I like action and I wish the Senate would move faster. But my focus is to keep fighting in the Senate for these ideas.

MR. RUSSERT: For six--will you serve a six-year term?

SEN. ALLEN: I'm the only candidate running on ideas on education...

MR. RUSSERT: OK.

SEN. ALLEN: ...and on energy independence. And I am focused...

MR. RUSSERT: I, I, I've read the--I've read the brochure. I've read the brochure.

SEN. ALLEN: ...and I want--I will...

MR. RUSSERT: But will you serve...

SEN. ALLEN: Sure, and you can put it in as a...(unintelligible)...of my family.

MR. RUSSERT: ...will you pledge to serve a full six-year term?

SEN. ALLEN: I pledge that I'm going to fight as hard as I can for our shared values and vision for Virginia for the next six years in Washington.

MR. RUSSERT: The one thing you both have in common is you both chew tobacco. Is that the right image for young people? It's a serious question.

SEN. ALLEN: I don't--I, I don't advise young people. That's another one of the...

MR. RUSSERT: What about you? What about you?

SEN. ALLEN: By the way--by the way, I picked that up from the Chicago Bears training camp.

MR. WEBB: We all have--we all have our vices, Tim. And I've been chewing tobacco since I was 14 and it's...

MR. RUSSERT: But is it a good example for young people?

SEN. ALLEN: No.

MR. WEBB: Probably, probably not, but it's something that I've done for a long time outdoors. I don't chew indoors, I don't chew at ceremonies, I don't chew when I'm in any official function, but there are times when I chew tobacco.

MR. RUSSERT: You're both going to...(unintelligible).

SEN. ALLEN: Fine, fine, fine. Yes, I do dip. But let me, let me finish with Mark Twain's quote: "Nothing needs more reforming than somebody's else's habit."

MR. RUSSERT: To be continued. Jim Webb the Democrat, George Allen the Republican. A lot more to talk about. I wish we had three hours.

We'll be right back. Our Senate Debate series will continue. Two weeks another closely watched Senate race: Ohio Republican Mike DeWine debates his Democratic opponent Sherrod Brown. Two weeks right here on MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: Will the president's plan expose American POWs to torture? Will McCain's plan expose American interrogators to prosecution? What does this say about who we are, and what will it mean for our politics? That debate this morning with our headliners, Senator John McCain and National Security Adviser Stephen Hadley from the White House. George Will, Cokie Roberts and Sam Donaldson debate the week's politics on our roundtable.

Plus, Jewel.

(BEGIN VIDEO CLIP)

JEWEL (singing): Who will save your soul?

We're really simply asking for 48 hours, not to let an insurance company force you out before you're ready.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, the Sunday Funnies.

(BEGIN VIDEO CLIP)

CONAN O'BRIEN, HOST, LATE NIGHT WITH CONAN O'BRIEN : Today, of course, the Democratic and Republican primaries were held all across the country. Yeah. So far it's evenly split between those who forgot to vote and those who chose not to vote.

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone. The Republican debate over how to fight the war on terror broke open late this week when Colin Powell broke with President Bush on the rules for interrogating enemy prisoners. The world is beginning to doubt the moral basis of our fight against terrorism, he wrote. To redefine Common Article 3 of the Geneva Conventions would add to those doubts. On Friday, President Bush punched back.

(BEGIN VIDEO CLIP)

BUSH: I simply can't accept that. It's unacceptable to think that there's any kind of comparison between the behavior of the United States of America and the action of Islamic extremists who kill innocent women and children.

(END VIDEO CLIP)

STEPHANOPOULOS: And we begin this morning with Powell's chief Senate ally in this fight, John McCain. Welcome back to This Week, sir.

MCCAIN: Good morning. Thanks, George.

STEPHANOPOULOS: You heard the president there. He said your logic is flawed, and he suggests you and Secretary Powell are equating America and al Qaida. Is that accusation fair?

MCCAIN: Well, I just don't think it's right. What General Powell was saying in his statement, and I think very clearly, is that the difference between us and al Qaida is that they are very bad people.

They are people that, when they are in our custody, they deserve nothing except the fundamental rights that all prisoners under the Geneva Conventions -- and for the benefit of our viewers, the Geneva Conventions were signed and agreed to by the United States and literally every other country in the world in 1949. We have been adhering to that through many wars: Vietnam, Korea and the conflicts since then.

And the administration's proposal, as I'm sure Mr. Hadley will articulate, is they want to modify the conventions. General Vessey, General Powell, me, literally -- General Shalikashvili, many military leaders believe that we should not modify it.

STEPHANOPOULOS: Well, the administration might take issue with the word modify. They say they want to interpret the Geneva Conventions. And Secretary Rice in her letter to you in the Senate said that is accepted practice in international law.

MCCAIN: Well, of course it's not -- when we ratify a treaty, when the Senate ratifies a treaty, which we did 50-some years ago, that was the time to, quote, interpret, or make reservations.

Here's the situation. Suppose the Iranians capture an American, and this Common Article 3 -- and I don't mean to get too esoteric -- applies to all prisoners...

STEPHANOPOULOS: And it bans outrages against personal dignity.

MCCAIN: Yes, but it applies to all prisoners. For example, suppose that one of our Special Forces, not in uniform, or a CIA person or DEA or something. Suppose the Iranians capture an American, and they decided that they would modify the Common Article 3 to suit their purposes.

STEPHANOPOULOS: But the administration... MCCAIN: Suppose that any nation in the world -- and our Americans -- Americans have more exposure than any other nationality in the world because we have people all over the world.

STEPHANOPOULOS: But the administration says all they're doing is taking the McCain ban on torture, the McCain ban...

MCCAIN: Yes.

STEPHANOPOULOS: ... which passed overwhelmingly last year, and applying it to the CIA program. What is wrong with that?

MCCAIN: We want to do that, and we want to do it by amending the War Powers Act. What we don't want to do is have nations in the world interpret or, quote, modify, depending on what you say, the Geneva Conventions. They have not been touched for 57 years. They are the standard.

The Vietnamese treated us rather badly for quite a period of time. That didn't mean that the United States of America wanted to interpret the Geneva Conventions any other way. In fact, they insisted that the Vietnamese treat us under those, and indeed for reasons that are still not clear to me, it was improved.

The gold standard throughout the world...

STEPHANOPOULOS: You bring that up...

MCCAIN: ... is the Geneva Conventions.

STEPHANOPOULOS: For example, you brought up the Vietnamese. You, of course, as everyone knows, spent several years in a Vietnamese prison camp.

Do you think the fact that America was holding the Geneva Conventions had any impact on how the Vietnamese treated you? 1 MCCAIN: Sure, it does. We have to hold the moral high ground. We're the nation that people look up to. We can't lower our standards because others do.

We hold no grief for Al Qaida. We don't think Al Qaida will ever observe those conventions, but we're going to be in other wars.

And there's two reasons all these retired military guys, who are not soft on terror or Al Qaida, are coming down vehemently against modifying the Geneva Conventions.

There's two reasons. One is the moral high ground. We are not like Al Qaida. We're not like the bad guys. We're the nation that people look up to.

There's a war on the battlefield and a psychological, an ideological struggle going on.

And the second is, they're very worried about American military personnel falling into the hands of enemies who will, quote, modify or reinterpret the Geneva Conventions to their liking.

STEPHANOPOULOS: As you know, the president is worried and the administration is worried that interrogators will be subject to prosecution.

And they look at this clause of Article 3, which bans outrages on personal dignity, humiliating treatment, and they say that's going to expose officers to prosecution, for example, if they put two prisoners in a cell without a screened toilet, if they don't allow someone to go out for enough exercise during the day. They say European courts have already made those determinations.

Isn't that a concern?

MCCAIN: Of course not. What we propose is to add and amend to the War Crimes Act. The War Crimes Act is a piece of legislation concerning activities during the commission of war crimes, and we provide for provisions, as long as they do not breach -- have severe breaches of conduct, they then will have protection from both criminal and civil liability. And we spell out what those serious breaches are.

Then the others are open to political dialogue or discussion. The CIA may do something that I disagree with, but we will provide them, as long as there are not grave breaches, with the protections that they need.

STEPHANOPOULOS: The president also makes the point that this program simply has worked, that we've gotten valuable intelligence. Take a look.

(BEGIN VIDEO CLIP)

BUSH: Were it not for this program, our intelligence community believes that Al Qaida and its allies would have succeeded in launching another attack against the American homeland. Making us -- giving us information about terrorist plans we couldn't get anywhere else, this program has saved innocent lives.

(END VIDEO CLIP)

STEPHANOPOULOS: Are you worried about the intelligence loss if this program is shut down?

MCCAIN: I am not saying we should shut down the program. In fact, we should have a program.

What I'm saying is that we should not do things which would be condemned by everyone in the world, number one, which would lower our moral standing, as Secretary Powell and others are concerned about.

And second of all, we should be very aware that, if we engage in these activities, which are then condemned by all and violate the standards by which we behaved for the last 57 years, the world will condemn us and we will lose the high ground.

And what happens to Americans who are captives in future wars?

STEPHANOPOULOS: You say you don't want to shut down the program, but the president was pretty clear at his press conference on Friday. He says, unless the CIA, unless the intelligence community says we can go forward -- and we can't, they believe, under the rules you are suggesting -- the program is shut down. It's simply not going to exist.

MCCAIN: Well, we are confident that they can continue the program, that they can continue to adhere to the Geneva Conventions, which have been in effect in many wars, and in fact, some wars which were far more dangerous in some ways than this, and that they can meet the intelligence requirements of this country.

By the way, I get that from the former chief of the British armed forces, who was involved in Northern Ireland.

Look, this is a matter of conscience and American conscience. Are we going to be like the enemy, or are we going to be the United States of America?

There is a war that we are losing in some ways, as General Powell pointed out, and that's our standing in the world because of our treatment at Abu Ghraib, Guantanamo, et cetera. We have to keep the moral high ground.

STEPHANOPOULOS: Does that mean we're losing the overall war on terror, because of that?

MCCAIN: I think that it puts it in danger if we do, if our friends and our enemies believe we are no different from them. But we can win this war.

I believe we will win this war, and I believe that we can have a program that's effective and gather the intelligence we need without changing the Geneva Conventions, which would then be condemned by all, and also then interpreted to the satisfaction of our enemies.

STEPHANOPOULOS: I was talking to Stephen Hadley in the green room before you came out. As you know, he's going to be following you on this program. He still thinks a compromise is possible, that this doesn't have to come down to a showdown on the Senate floor. Do you agree, and are the talks continuing?

MCCAIN: Absolutely, the talks are continuing. I've supported this president in the war on terror. I've supported him on the war in Iraq. I think he's a friend. I hope he considers me a friend. I believe we can sit down, we can work this out, preserve our Common Article 3 of the Geneva Conventions...

STEPHANOPOULOS: Why didn't it happen before the hearing last week? Why this eruption?

MCCAIN: Well, we had many conversations before it and during. And I still believe that we'll be able to work this out to the satisfaction of everybody concerned. I really do, and I am committed to that, as are Lindsey Graham and John Warner and many others. But again, to ignore people like General Jack Vessey, one of our great heroes, Secretary Powell...

STEPHANOPOULOS: Former chairman of the Joint Chiefs of Staff.

MCCAIN: Yeah, former chairman of the Joint Chiefs of Staff, so many others, who are deeply concerned about this issue because they care deeply about the men and women who are serving. They care nothing about Al Qaida.

STEPHANOPOULOS: This has become a political issue as well, as you know, and you're of course looking at a run for president in 2008. Two early primary states, South Carolina and New Hampshire. Look at what the chairman of the South Carolina Republican Party said just

yesterday. Obviously, the president is right on this issue. I think John McCain thinks he's right. McCain and Warner and Graham, I think people on the ground think they are wrong.

The Manchester Union Leader in New Hampshire yesterday -- you're going there later today -- wrote an editorial: Senator McCain is fighting the wrong war when he equates stateless Islamic jihadists with nations with whom we have fought in the past. You don't read Miranda rights to barbarians, or worry about 'what the world thinks' when you're fighting an enemy that is out to destroy you. If McCain can't understand that, New Hampshire's citizens must question why they should support him for president.

Is this going to hurt your run for president?

MCCAIN: Mr. McQuaid and I are friendly. He has not supported me in the past. I respect those views. I respect more the views of those who have been in wars and worn the uniform.

I believe that this has nothing to do with politics. I tell you very frankly, no matter what the political impact is, this is a matter of conscience.

STEPHANOPOULOS: And how much of it is driven, in the end, by your personal experience, by the fact that you spent five years in a Vietnamese prison camp?

MCCAIN: I think it gives me a certain amount of expertise, but why would General Vessey and General Powell and General Shalikashvili and all of these other people who have served in many more wars, with far more distinction than I have, share the views that I have? And that's because they are very worried about how we win wars, and they are very worried about the men and woman who may have to serve in future wars. And by the way, this has nothing to do with Al Qaida. It has everything to do with America.

STEPHANOPOULOS: Finally, sir, I began with that quote from President Bush. The rhetoric truly does seem to be ratcheting up this week. Let me end with a quote from House Majority Leader John Boehner, talking about the Democrats, Republicans and the war on terror.

(BEGIN VIDEO CLIP)

REP. JOHN BOEHNER (R-OH), MAJORITY LEADER: Sometimes based on the votes that get cast, you wonder whether they're more interested in the rights of the terrorists than in protecting the American people.

(END VIDEO CLIP)

STEPHANOPOULOS: Is that appropriate?

MCCAIN: I don't think we should question people's patriotism, but there are differences of opinion about how we conduct the war on terror and in Iraq, and I think those views -- it's legitimate to air those views.

STEPHANOPOULOS: And thank you for sharing your views today.

MCCAIN: Thank you.

STEPHANOPOULOS: Senator McCain, thanks very much.

The national security adviser, Stephen Hadley, is next. And later, the Sunday Funnies.

(BEGIN VIDEO CLIP)

JAY LENO, HOST, THE TONIGHT SHOW : Hillary Clinton's opponent in the U.S. Senate race, the Republican she's going to be running against, has been married three times, had an affair with his chief of staff, had two kids with her while he was still married to his second wife. This is the first time in history that a Clinton is the family values candidate.

(COMMERCIAL BREAK)

STEPHANOPOULOS: And we are back now with the president's national security adviser, Stephen Hadley. Welcome.

HADLEY: Nice to be here.

STEPHANOPOULOS: Well, you heard Senator McCain. He uses the word modify. You use the word interpret, on the Geneva Conventions. But his basic point is, we've never done it before; we shouldn't start now.

How do you respond?

HADLEY: When the treaties are enacted by the Senate, it is very typical for Congress then to pass implementing legislation that clarifies what treaty requirements mean under U.S. law.

STEPHANOPOULOS: But as he points out, that's the only way to ratify it, isn't it, not...

(CROSSTALK)

HADLEY: It's done both ways. It's done, sometimes, by reservation at the time of ratification, as the convention against torture. But it's also done routinely after a treaty has been ratified by the Senate to implement it.

Because the point is to take international law and define what it means under U.S. law. We do that all the time, routinely, on implementing legislation for treaty provisions.

STEPHANOPOULOS: Have we ever done it with the Geneva Convention?

HADLEY: We haven't done it with the Geneva Convention, and particularly, Common Article 3, because, for 40 years, nobody thought that it applied to the conflict with Al Qaida.

We didn't. And that was a change that was made in the law, in June, by the Supreme Court's decision in Hamdan.

And that's why we're in the situation we are in now. Something that everyone thought, for 40 years, did not apply to Al Qaida, did not apply to treatment of Al Qaida terrorists held in detention, now suddenly was applied by the Supreme Court.

And the question is how to define what that means. Because, as you rightly pointed out, the terms are very vague, very ambiguous. And we owe our men and women, who are conducting interrogations and questioning these folks, clear lines.

STEPHANOPOULOS: Are you saying, then, that you have to do this interpretation now because Al Qaida prisoners are different from other kinds of prisoners of war?

HADLEY: Yes, one of the, I think, the confusions out here is that Common Article 3 does not apply to men and women in uniform, ours or others.

Men and women in uniform, if taken on the battlefield, are subject, have POW prisoner of war status and are subject to a different set of rules.

What we're talking, in terms of Common Article 3, is a minimum set of standards that would apply to what's called unlawful combatants, people like Al Qaida terrorists.

And let's be clear who these people are. These are people who don't wear uniforms, who hide among civilian populations and, quite frankly, use war crimes, killing innocent civilians as a tactic. So let's be clear what we're talking about here.

Nonetheless, notwithstanding the fact these are people who don't detain Americans on the battlefield; they kill them, we have said that we are going to provide the kinds of standards of treatment that are in the Detainee Treatment Act, sponsored by Senator McCain, approved by the Congress in December of last year.

And we're adopting that standard, agreed on by the Congress, defining a treatment of all these Al Qaida detainees, wherever held. We're using that to make up and solve the problem you identified, that the language of Common Article 3 is simply too ambiguous to give clear guidance to our CIA...

STEPHANOPOULOS: But the opponents say that it's -- what you're trying to do is impose a flexible standard. And there must be a reason you're fighting for this so fiercely. And I'm wondering, what is it?

What are the techniques that will be permitted under the president's bill that would be prohibited by the McCain bill?

What is it you're trying to do?

HADLEY: What we're trying to do is answer a call that comes from the men and women at the CIA, that are responsible for questioning AL Qaida detainees.

And what they've asked for, very simply, is, let us have clear standards.

These are good men and women.

They're professionals. They want to know that they're complying with the law. All the law. Not just U.S. law, but also our treaty obligations. And they say, tell us what the law is. It's ambiguous.

Tell us what the law is, and make it clear that the Congress of the United States supports what we're doing. That is not too much to ask. And it is terribly important because if they will not do what we've asked them to do, there will be no program.

And remember, George, we're talking about a program that everyone concedes is the best source of information we have on Al Qaida, and is something that allowed us to disrupt plots and save American lives.

STEPHANOPOULOS: Well, let's get into that.

HADLEY: This is the best tool we have.

STEPHANOPOULOS: Let's get into that. Because the president cited Abu Zubaydah, the questioning of Abu Zubaydah as one that yielded very valuable intelligence. And The New York Times wrote about his interrogation. It said that Mr. Zubaydah was stripped and placed in a cell without a bunk or blankets. He stood or lay on the bare floor, sometimes with air-conditioning adjusted so he seemed to turn blue. At other times, the interrogators piped in deafening blasts of music by groups -- this is a little strange -- like the Red Hot Chili Peppers.

Is this the kind of interrogation that you're trying to protect?

HADLEY: We obviously can't go into the details what have we are doing. Let me be clear the process that the president set forward. We do not at this point have any Al Qaida detainees in the CIA program. They are all now at Guantanamo Bay.

What the president is trying to do is get clarity as to what is the legal standard that applies to the questioning of these people. Once we have clarity on that, Mike Hayden is going up to Congress, the key committees of Congress and leadership and explaining exactly the kind of program that we think is appropriate.

And the reason we have this program -- it was very clear in the president's statement and speech of a week ago Wednesday -- these kind of hard-core terrorists who are most likely to have information to allow us to protect America are trained in counter interrogation techniques. Everybody knows what the military does. They're trained to resist them. And what we found in

those cases the president talked about, it was only when they went into this CIA program were we able to get information that saved American lives.

Now, this is not torture. This is not a program out of control. This is a program that is conducted pursuant to law by professionals who receive a lot of training.

STEPHANOPOULOS: But, sir, as you know, that has been disputed by some in the FBI, others. The deputy chief of army intelligence, General Kimmons, says that no good intelligence has ever come from physically abusive practices. And your basic point on the not revealing the techniques, you're basically saying, trust us. But after Abu Ghraib, after the misleading statements on weapons of mass destruction and Iraq's links to Al Qaida, isn't it asking a lot of Congress and the country and the world simply to take your arguments on faith?

HADLEY: We're not saying trust us. We're not saying trust us. What the president, one, the president made clear, and he gave some examples of the effectiveness of this program and the essential contribution it made to getting information that we needed to protect Americans.

Secondly, we are going and Michael Hayden is going to the Congress of the United States, the key committees and the key leadership, and is laying out exactly what we are doing. But to have a public discussion of specific techniques simply gives information to the enemy that allows them to train against the techniques and neutralize their effect.

So one of the things -- you know, in a war on terror there are some things that have to remain secret if they are to be effective, but it is not out of control and we're not saying trust us. We're going to the Congress trying to get clear legal standards, and then Mike Hayden is going to the Congress and explaining the program that he will run.

STEPHANOPOULOS: Newsweek reported this week, just this morning, that in those briefings of the Congress, CIA officials have assured the senators that water boarding, simulated drowning, is no longer going to be used. Is that true?

HADLEY: As I said, we can't go into the details of that he programs but I would say -- I would emphasize, Mike Hayden is going into detail with members of the Congress. He is going into detail with Senator John McCain. So this is going to be a program that will be clear in law, that will have the support of the Congress.

That's what the men and women who run this program request. That's what they deserve. But, remember, what we're talking about, there's a simple question here: Are we going to continue to have a program that effectively and lawfully questioning Al Qaida detainees, or are we not?

That is the question. If we want that program, then we owe the men and women who are going to run it to give them clear guidance on terms of what law applies, what it requires of them and clear Congressional support.

STEPHANOPOULOS: Senator McCain says if you insist on your position you're going to be putting American soldiers, American service people at risk.

HADLEY: As I said, what we're talking about, the standards that apply, not to men and women in uniform, but to Al Qaida. Men and women in uniform have prisoner of war protections. That's a separate set of higher standards.

STEPHANOPOULOS: But what about a Delta Force, special force who's not in uniform?

HADLEY: It's interesting. What we are doing, of course, is not amending Common Article 3. We are clarifying it. We are giving guidance to the people who do the questioning, what the standard is.

And are using the standard Senator McCain sponsored, and the Congress sponsored, in December.

But it's interesting that the Department of Defense, the Joint Chiefs of Staff, the director of Central Intelligence, the agencies whose men and women are on the front lines on the war on terror and are at risk every day, support this legislative approach we have proposed.

Why do they do that? Why do they do that? Because all of them want their men and women to have clear lines of what is lawful and what is unlawful.

And secondly, they know that this program has not only provided intelligence that has frustrated attacks on the homeland. It has also provided intelligence that has saved lives of men and women.

STEPHANOPOULOS: But this is also an ideological war, a political war, a cultural war.

Secretary of State Powell, in this morning's Newsweek Magazine: Part of the war on terror is an ideological and political struggle. Our moral posture is one of our best weapons. We're not doing so well on the public diplomacy front. This would be the wrong signal to send to the world.

HADLEY: I think it's the right signal to send to the world, in the same way that everybody heralded the passage of the Detainee Treatment Act, sponsored by Senator McCain last December.

Everybody gave a sigh of relief, said, at last America has a clear standard. It violates cruel, inhuman and degrading treatment. Those terms are defined and understood under U.S. law. They give clear guidance to our people.

That was the right solution. And it is the solution, now, for solving the problem of having a Supreme Court decision that says, for the first time, Common Article 3, with its vague terms, applies to this conflict. STEPHANOPOULOS: We're just about out of time. Senator McCain says this can be worked out. Do you agree?

HADLEY: I do. I think what we have to do is work for a solution that does three things: that makes sure that we continue to have this terribly important program for protecting the country, as

the president requires, that gives the men and women who carry out this program clear guidance and clear congressional support and also achieves Senator McCain's requirement that we don't amend or change Common Article 3.

We need to find a way through that obstacle course, and I think we can.

STEPHANOPOULOS: Stephen Hadley, thanks very much.

HADLEY: Thank you.

STEPHANOPOULOS: The roundtable is next, with George Will, Cokie Roberts and Sam Donaldson.

And later, Jewel.

(BEGIN VIDEO CLIP)

JEWEL: ... leave the hospital or be forced to leave before you've healed, or had time to heal.

(COMMERCIAL BREAK)

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our Voice this week, Jewel. The singer's been making her mark on pop ever since her debut, Pieces of You.

(BEGIN VIDEO CLIP)

JEWEL (SINGING): You were meant for me, and I was meant for you.

(END VIDEO CLIP)

STEPHANOPOULOS: This week, she heads to Washington to help pass legislation for women facing breast cancer.

(BEGIN VIDEOTAPE)

JEWEL: This is something many of us haven't thought about, should the horror happen of getting breast cancer and the trauma of having to deal with that, and then also being asked to leave immediately after a mastectomy when you may not be ready.

(BEGIN VIDEO CLIP)

JEWEL: Did you know after getting a mastectomy, too often women are forced out of the hospital before they have a chance to recover, sometimes just hours after the surgery. They're called drive-through mastectomies, and the first time I heard that I wanted to scream.

(END VIDEO CLIP)

JEWEL: You know, insurance companies and HMOs have decided it's an outpatient procedure, and women must be out of the hospital within the same day, and many women go home and actually get infections when they could still use some doctor's care. So, this bill basically is asking, you know, Congress and billmakers to try and pass a law that says we can, you know, let a woman and her doctor decide how long they should remain in the hospital.

This certainly isn't a merely feminist issue. This is about the care of our loved ones. And I'm pretty certain that everybody, no matter what health issue it is, you don't want to have to leave the hospital or be forced to leave it before you've healed or had time to heal.

(END VIDEOTAPE)

STEPHANOPOULOS: More than 12 million people have joined Jewel to petition for this bill. And you can find out more about it by going to voicesplusabcnews.com.

And now, the Sunday Funnies.

(SUNDAY FUNNIES)

(COMMERCIAL BREAK)

STEPHANOPOULOS: That's our show for today. Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. The pope says he's sorry about the violent reaction to his comments about Islam -- next, on Fox News Sunday.

A Republican family feud erupts over how to handle terror detainees.

(BEGIN VIDEO CLIP)

U.S. SENATOR LINDSEY GRAHAM (R-SC): We need to take the moral high ground without compromising our national security.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: So Congress has got a decision to make: Do you want the program to go forward or not?

(END VIDEO CLIP)

WALLACE: We'll talk about where the issue goes now with the director of national intelligence, John Negroponte, in his first Sunday interview.

Congressional Republicans rush to pass bills that will help them and hurt Democrats. But will it work in November? We'll find out from House Majority Leader John Boehner.

Plus, a White House offensive pops the president's poll numbers. But is it a blip or a trend? We'll ask our panel: Brit Hume, Mara Liasson, Bill Kristol and Nina Easton.

And our power player of the week -- how the mighty have fallen.

All right now on Fox News Sunday.

And good morning again from Fox News in Washington. Here's a quick check of the latest headlines.

Pope Benedict said today he's deeply sorry for the angry reaction in the Arab world to his recent comments about Islam. But in Somalia, a nun was killed in a shooting reportedly connected to the controversy. Earlier this week, the pope quoted from a medieval text which said some teachings of the Prophet Muhammad were evil and inhuman. The pope said today those words do not reflect his personal beliefs.

In Iraq, a deadly suicide truck bomb attack in the northern Kurdish town of Kirkuk. At least 24 people were killed and many more injured. And in Afghanistan, U.S. forces are fighting on two fronts against the Taliban. There's a new offensive along the border with Pakistan, and in the south NATO troops successfully completed heavy attacks against insurgents there.

Well, joining us now for his first Sunday show interview as director of national intelligence is John Negroponte.

And, Director, good to have you here.

NEGROPONTE: Good morning.

WALLACE: The president said this week that he will be forced to end CIA interrogations of terror detainees unless he gets clarification of the Geneva Conventions, because intelligence officers are unwilling to risk being charged with war crimes.

Let me see if I've got this straight. If you were to capture a high-value Al Qaida terrorist who might have information about a threat on this country, is the administration saying that the CIA would not interrogate that person?

NEGROPONTE: What the president is saying is that since the Supreme Court has ruled that the Common Article 3 of the Geneva Convention applies, we need to now clarify, in terms of our domestic law, exactly what that means.

And the proposal he has sent to the Congress sets a way forward to clarify that, in terms of our own domestic legislation. And, in fact, the point of reference is the Detainee Treatment Act that was passed last year with the full support of Senator John McCain.

WALLACE: But if I may press my original question, Director Negroponte, what he said -- he challenged Congress. He said, If you don't clarify, this program will end.

Question: Does that mean that if you capture a high-value Al Qaida target, CIA officers will not interrogate him?

NEGROPONTE: That person may be questioned, but using the kinds of aggressive techniques, the tough techniques that the president was referring to the other day may be problematic because of the uncertainty that has been introduced by the current situation.

So all these patriotic, professional agents are looking for is the kind of clarity to ensure that they will not be violating the law when they carry out these interrogations.

WALLACE: But you're saying the full array of interrogation techniques that they've used in the past they might not use now?

NEGROPONTE: At this particular point in time, that issue is up in the air.

WALLACE: Since the Supreme Court said in June that these interrogations are now covered by the Geneva Conventions, have any CIA officers refused to carry out any interrogations?

NEGROPONTE: Well, I think what you're getting me into here is the conduct of the program, Chris.

WALLACE: No, I'm asking a simple question. Have any CIA officers refused to carry out...

NEGROPONTE: I think the way I would answer you in regard to that question is there's been precious little activity of that kind for a number of months now and certainly since the Supreme Court decision.

WALLACE: That has curtailed the kind of questioning that they have done.

NEGROPONTE: There just simply hasn't been that kind of activity.

WALLACE: Because of their concerns about...

NEGROPONTE: Well, the legal uncertainties surrounding the entire program and which we think must be clarified.

WALLACE: The question I have then: If this program is so vital, as the president says and I think all Americans would agree, and if it's impossible to go forward with the full array of tactics to question these people without clarifying the Geneva Conventions, why did the president wait all the way from June 29th, when the Supreme Court ruled on the Hamdan case, until last week to push this?

NEGROPONTE: Well, the court, as you know, ruled that we ought to come to the Congress, both with respect to military commissions and with respect to Common Article 3. And so, it was decided to wait until Congress came back into session.

Meanwhile, during that two-month period, July and August, a lot of time was spent consulting within the administration amongst experts as to how best to accomplish this.

But let me reiterate: What we're seeking here is not to alter Geneva, not to dilute the impact of Common Article 3. It's simply to find the clearest and most concise way to implement it under United States domestic law. That's all we're seeking.

Our CIA interrogators and our CIA agents want to and are committed to behaving in a constitutional, a legal and lawful manner, and in a way that is consistent with our international obligations.

WALLACE: Let me ask you a question some skeptics are raising. The president says time is running out; it is vital that Congress pass this clarifying legislation.

At the current time, you have no CIA prisoners because the president announced they've all been moved to Guantanamo. As far as the tribunals are concerned, none of these people have been brought to trial for five years, so they could wait a little longer.

Is the timing here really about national security, or is it more about having a good issue for the November elections?

NEGROPONTE: I think the timing here is a consequence of the Supreme Court decision and also the fact that we need to have -- even though the number of detainees has gone down to zero, this is a very, very important capability to have.

This has been one of the most valuable, if not the most valuable intelligence, human intelligence program with respect to Al Qaida. It has given us invaluable information that has saved American lives. So it is very, very important that we have this kind of capability.

WALLACE: OK. Let's talk about the capability and how much it is interfered with now. Common Article 3 of the Geneva Conventions was ratified by the United States in 1955. Since

then, we've interrogated Soviet spies during the height of the Cold War, we've interrogated the Vietcong during the height of Vietnam. Why is this now a problem?

NEGROPONTE: Well, because we're talking about a different kind of war, and in this particular case we're talking about illegal enemy combatants, who, I would remind you, until the Supreme Court decision was handed down in June, we did not believe came under the purview of Common Article 3.

But now that that court decision has been made and in an effort to comply with that decision, we are seeking the clarity to define our obligations under Common Article 3 in terms of United States domestic law.

WALLACE: But, Director, the reason that the Supreme Court had to rule -- or, it didn't have to make that decision, but the reason that it ruled that Geneva covered these terror detainees was because of the fact that the president explicitly put a waiver that said Geneva did not cover them in 2002.

The fact is, for the previous 47 years -- and there were other illegal enemy combatants: Soviet spies, Vietcong -- somehow the U.S. was able to interrogate those kinds of prisoners and not run afoul of Geneva for 47 years. Why is this a problem?

NEGROPONTE: Well, the fact of the matter is I think the president, when he made this determination, was -- the Common Article 3 was passed with reference to civil wars, not with respect to this kind of a conflict.

But, in any event, we are where we are at this particular point in time. And I can't think of anything more logical than trying to define our obligations with respect to Common Article 3 under U.S. domestic law. It's a practice that we've carried out many, many times in the past.

And the standard we're actually proposing be applied is what is known as the McCain amendment in the Detainee Treatment Act of 2005. So that we would hope that the senators would be comfortable with applying that standard.

WALLACE: Before you became director of national intelligence, you were a diplomat, and over the years you worked with Colin Powell. This week, Secretary Powell wrote this -- and let's put it on the screen.

The world is beginning to doubt the moral basis of our fight against terrorism. To redefine Common Article 3 would add to those doubts. Furthermore, it would put our own troops at risk.

Director, John McCain (sic) says, for the U.S. to be the first country ever to redefine the Geneva Conventions, will some day put our troops in danger.

NEGROPONTE: Well, look, let me emphasize first that this is not about redefining. It's about clarifying. It's, in fact, about defining our obligations under Common Article 3.

WALLACE: So it's not about redefining, it's about defining?

NEGROPONTE: It's not about changing anything. It is about clarifying, under U.S. domestic law, what our obligations are.

Let me make another point, because I think it bears mentioning. Throughout the conduct of this program, over the years of its existence, the comportment of the CIA agents who have been conducting these interrogations have been entirely within United States law and the Constitution.

These programs have been under a very, very strict supervision carried out by very, very professional officers who are totally committed to complying with United States law. And I wouldn't want there to be any suggestion that this had not been the case.

WALLACE: No, I don't know that there is any suggestion of that, and obviously they were following orders.

One of the reasons -- you keep bringing up the fact that John McCain, this was what was in his amendment that was agreed to last December. One of the problems, apparently, for Senator McCain is he felt that the limits that were put on interrogation last December were ignored by the CIA, that the administration used them for the military but didn't use them for the CIA. In fact, he got rolled on that. And so, now he's trying to insist that it doesn't happen again.

NEGROPONTE: Well, what I would say to that is, first of all, it's not the case. I would respectfully disagree with that.

And, secondly, even in Senator McCain's legislation, in the Detainee Treatment Act, there is a distinction made between interrogation of detainees held by the Department of Defense and detainees held by entities other than Department of Defense. So that distinction is foreseen right in that legislation.

WALLACE: You know, I don't have to tell you this is kind of an ugly dispute involving a lot of very patriotic men: the White House, the president on the one hand; real patriots like John McCain and Colin Powell and John Warner on the other hand.

What's the possibility of a compromise?

NEGROPONTE: I think we're going to have to wait and see.

I think it's very, very important that this program go forth. It's provided invaluable information that has saved lives of Americans, and significant plots against our homeland have been disrupted as a result.

And, surely, there is a way of finding a way forward that would permit this program to continue and, at the same time, do it in a way that is both respectful of our law and Constitution and our international obligations.

WALLACE: But the legislation, as passed by the Senate Armed Services Committee and drafted by Warner and McCain and Graham, is unacceptable?

NEGROPONTE: Well, the director of the CIA tells me that, if it were passed in that form, he does not believe it would be possible for the program to go forward. And I accept his judgment on that.

WALLACE: You have to understand there's obviously some confusion on the part of the American people. On the one hand, you've got John McCain, spent 5 1/2 years as a prisoner of war in Vietnam. You've got John Warner, who spent -- and we have the pictures up here on the screen -- the chairman of the Senate Armed Services Committee, who enlisted in the Navy at age 17 to fight World War II. You have Colin Powell, chairman of the Joint Chiefs of Staff, who was wounded in Vietnam.

Compared to the leaders in this administration, who, in all honesty, did not see combat, don't those fellows up there on the screen, don't they have more credibility when it comes to the rule of law and putting U.S. soldiers in danger -- rather, the rules of war and putting U.S. soldiers in danger?

NEGROPONTE: Well, I think certainly they have a great deal of credibility. And I have the highest respect for the senators and, of course, for my friend and former boss, Colin Powell.

But this is a complicated legal argument, and we're talking about a number of very important equities here. And I think that we should be able to find a way forward, but it's got to be one that permits this program to continue.

WALLACE: Finally, this was an issue that was raised, in fact, by Steve Buyer, a conservative congressman from Indiana who used to be a military lawyer. He points out that the administration is also at odds with the military's top lawyers about the tribunals for these prisoners, what evidence can be used against them in cases.

The president always says that he listens to his commanders in the field. Why, in this case, is he refusing to listen to his legal commanders? The judge advocate general of every branch of the military opposes the president's plan for these tribunals. NEGROPONTE: Well, their views have certainly been taken into account. And, as the legislation was formulated, the judge advocates general were consulted along the way. And on some points there may be differences, but I believe that they also were in agreement with significant parts of the legislation.

WALLACE: Director Negroponte, we're going to have to leave it there. We want to thank you so much for coming in today.

NEGROPONTE: Thank you.

WALLACE: Up next, House Majority Leader John Boehner on the war on terror, the work ahead for Congress, and prospects for Republicans in November. Our exclusive interview, right after this.

WALLACE: Joining us now, the House majority leader, Republican John Boehner.

Congressman, welcome back to Fox News Sunday.

BOEHNER: Good to be with you, Chris.

WALLACE: You created quite a stir this week when you said the following -- and let's put it on the screen.

I listen to my Democratic friends, and I wonder if they're more interested in protecting the terrorists than protecting the American people.

Now, President Bush distanced himself from your remarks, saying that leaders don't question the patriotism of people who disagree with them. And a Democratic congressman was much rougher. Let's watch.

(BEGIN VIDEO CLIP)

U.S. REPRESENTATIVE DAVID OBEY (D-WI): I come from the state of Joe McCarthy. I know a first-rate McCarthy when I see one. And I also know a third-rate McCarthy when I see one, and we saw one yesterday.

(END VIDEO CLIP)

WALLACE: Congressman, do you take back your remarks?

BOEHNER: Chris, the point I was trying to make is that there's a very big difference between the two parties in terms of how best to protect the American people from terrorists.

I could have articulated this much better, but the fact is, is that, if you look at the USA Patriot Act, we're trying to give the president tools to protect Americans; they fought against us.

You look at the Hamdan decision that came down from the Supreme Court. Democrats were jubilant that the court was taking away the president's ability to do these military tribunals.

And then when the leak came out on the terrorist surveillance program over at NSA, the Democrats were jubilant that this had been exposed and began to press the administration. So the point I'm making is that I think these programs have helped protect the American people, helped uncover terrorist plots before they happened, and they're necessary programs. And we're willing to give the president the tools that he needs to take on the terrorists. And many times, they stand in the way and try to fight us giving the president these tools. And that's the point I was trying to make.

WALLACE: All right, fair enough. But now you've got Republicans, like John McCain and Lindsay Graham and Colin Powell, raising questions about the president's treatment of terror detainees.

Here's what Senator Lindsay Graham said this week about Mr. Bush's proposal about military tribunals.

(BEGIN VIDEO CLIP)

GRAHAM: Anybody who says that you can have a trial to convict someone on evidence given to the jury and not shared with the accused I think is wrong.

(END VIDEO CLIP)

WALLACE: In the same way you said it about Democrats, are McCain and Graham and Powell also more interested in protecting terrorists than the American people?

BOEHNER: No, there's a big difference here. I think when you see Lindsey Graham and John McCain, they want to help the president get the tools to take on the terrorists. We have differences over what those tools look like. But they weren't out there celebrating when the Supreme Court handed down the Hamdan decision. They believe that there ought to be military tribunals; many Democrats don't.

And that's the point I'm trying to make. We'll work out the differences with Senator McCain and Mr. Graham to give the president the tools he needs to effectively protect the American people.

WALLACE: In a sense, though, have McCain and Graham and Warner and Arlen Specter, by their opposition to elements of the president's plans, have they given Democrats political cover on the national security issue for this November?

BOEHNER: Chris, this is not about political cover. This is about a serious disagreement over the details of the tools that we want to give to the president.

WALLACE: But national security is an issue in this...

BOEHNER: It certainly is, but protecting the American people is above and beyond politics on either side of the aisle. And so, I would never suggest that this gets in the way of an election.

We need to work out a way to give the president the tools that he needs to protect the American people before a terrorist incident happens here again. WALLACE: Let's turn to the legislative agenda you've got for the next few weeks before Congress goes home to campaign. The House this week passed a measure to build a 700-mile-long fence along the Mexico border. But Senate leaders, including Republicans, continue to hold out for a comprehensive legislative package.

Question: Will some form of immigration reform end up on the president's desk before you go home at the end of this month?

BOEHNER: House Republicans believe that if we're going to have real immigration reform, the first step has to be to secure the borders. Anything after that is only going to invite another wave of illegal immigration.

Chairman Sensenbrenner, Chairman Specter and others have continued to work on a broader illegal immigration reform plan, and we're hopeful that they can come to some agreement. But in the meantime, House Republicans are going to continue to insist that we do everything possible to secure our borders.

We've made a lot of progress over the last five years. If you look at the number of incursions of our border over the last six months, those numbers are down significantly. We've got the National Guard down there. We've got a lot of new activity, more fences being built.

And what we want to do is to speed up the process of making sure that we have secure borders while we're working with the Senate to come up with a more comprehensive plan.

WALLACE: But what you're basically saying is you're going to hold to your guns on enforcement first. Meanwhile, you've got Republican senators like Arlen Specter and John McCain saying they want a comprehensive package.

If Republicans, with majorities in both houses, fail to come up with any legislation the president can sign this year on immigration reform, which I think we all agree is a big issue, isn't that a serious problem?

BOEHNER: I believe that we will have a piece of legislation that the president can sign this year. I'm not going to suggest to you whether it be before or after the election, because I don't know. But the fact is, is that House Republicans are going to stick to our guns to insist that we secure the border before we do anything else.

WALLACE: So you're saying that this bill that the president's going to get on his desk is going to be enforcement first?

BOEHNER: I didn't say that. I'm saying there are a lot of things we can do, we have been doing and will do. We've got the Homeland Security appropriations conference report coming up. We believe there are things that we can do in that bill that will be on the president's desk before the election that will help us better secure our border. WALLACE: All right. The House voted this week for disclosure of earmarks, to make public which congressman is behind a narrow interest tax or spending proposal.

But broader ethics reform, which a lot of House Republicans were talking about at the beginning of the year when the Abramoff scandal was a bigger deal than it is now, things like bans on privately funded travel or limits on contacts with lobbyists, that's gone nowhere.

Why is it that the Republican Congress has failed to pass true ethics reform?

BOEHNER: Well, both the House and Senate have passed bills that would deal with ethics reform and lobbying reform. We've been in conversations to try to resolve the differences between the two bodies.

There are big differences between the House and Senate. We've been unable to come to an agreement. That's why I insisted about six weeks ago that the House would take up earmark reform and do it now.

If members are going to ask the American taxpayers to fund some project in their district, they ought to be willing to have it disclosed and have their name attached to it.

And I believe that if you look at the problems that we've seen on both sides of the aisle with members, it goes to the issue of the illicit use of being able to earmark money in spending bills and authorization bills for special projects.

WALLACE: On this same subject, this week Congressman Bob Ney, one of your Republican colleagues in the House, agreed to plead guilty to influence-peddling. Now, he has stepped down as chairman; he's still a member of Congress.

This is a man who is basically admitting that he sold his vote. Should he spend another day in the House?

BOEHNER: Bob Ney clearly admitted to making some big mistakes. And he's going to pay dearly for the mistakes that he's admitted to.

But he's also checked himself in for alcohol abuse. And right now my prayers are with him and his family. It's a sad day for the Congress and a sad day for Bob Ney.

WALLACE: Should he resign from the House?

BOEHNER: That's a decision that he and his family are going to have to make.

WALLACE: I want to come at you from a different side, if I can, here.

BOEHNER: Well, you've come at me from every side so far, so...

WALLACE: That's right, exactly. I want to show you an article that was published this week from a senior editor at the conservative National Review. Take a look.

He wrote, The congressional wing of the Republican Party lost its reformist zeal years ago and has been trying to win elections based on pork and incumbency. An election victory would reward that strategy, leaving the congressmen even less interested in restraining spending, reforming government programs, and revamping the tax code.

I'm sure you've heard this from some conservatives, Congressman. They say a defeat in November would be good for the House Republicans, because you've lost your way and this would give you time to understand and remember what you stand for.

BOEHNER: Nonsense. I can go through program after program that we've reformed. And you're talking with someone here who was involved in exposing the House bank scandal, the House restaurant scandal, the post office scandal. I've been involved in reforming this institution since the day I got here 16 years ago.

This week, this effort on earmark reform is a substantial step forward in providing sunshine and transparency on a very deep, dark practice that's gone on here for many, many years.

But I don't think losing the majority is the way for our colleagues to learn a lesson. I think that if you've watched what I've done over the last seven months, we've pushed our members hard to come back to the principles that put us in the majority.

And it's those principles of reforming government, controlling spending and trying to keep the economy strong that have kept our party the party in power in Congress, and it will be the principles that bring us back in November.

WALLACE: Well, that's -- we have 20 seconds left. The Democrats need to pick up 15 seats to take over the House, regain control of the House. What's going to happen on Election Day?

BOEHNER: Republicans are going to maintain control of both the House and the Senate by comfortable margins.

WALLACE: Comfortable. Win the House by how many?

BOEHNER: Plenty.

WALLACE: Plenty. Double digits?

BOEHNER: We've got a couple of tough seats, but let me tell you what, I've been in all these tough seats. Our members are ready for the battle, they're engaged in the battle, and their numbers look very good.

WALLACE: Congressman Boehner, thank you. Thanks for coming back.

BOEHNER: Thank you.

WALLACE: Up next, our Sunday panel on that political firefight within the Republican Party over treatment of terror detainees. Stay tuned.

(BEGIN VIDEO CLIP)

BUSH: We can debate this issue all we want, but the practical matter is, if our professionals don't have clear standards in the law, the program is not going to go forward.

(END VIDEO CLIP)

WALLACE: That was President Bush on Friday, vigorously defending his plan for the interrogation of terror detainees. And it's panel time now for Brit Hume, Washington managing editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of The Weekly Standard, and Nina Easton of Fortune magazine.

So we have this fascinating fight among Republicans this week over the proper way to interrogate and to try terror prisoners. And I've got to say that my big surprise is that the White House on the one hand and Republican senators like McCain and Graham and John Warner, loyal Republicans all, have been unable to work something out.

Brit, why not?

HUME: Well, I think -- well, for one thing, I think that the Republican senators are being pretty mulish about it so far. You know, I greatly admire John McCain, but there are times when it's very hard to understand him. This is such a time.

McCain got introduced and passed, in the Detainee Treatment Act that passed last year, a standard for the treatment by Americans of captured detainees. That standard is the one the administration now proposes to enshrine into law as our implementation of Common Article 3 of the Geneva Convention, which we didn't previously believe applied to terrorists or terror suspects.

Senator McCain is now saying, No, no, that's not good enough. Other countries will say that we're reinterpreting or trying to pull out of Common Article 3.

Well, you heard Director Negroponte on that subject this morning. It's terribly unclear why the language which McCain thought was ideal for governing the treatment of prisoners last year is not good enough this year. It's his own language.

WALLACE: Well, the other thing is -- I'll ask you about this, Mara, and I don't know if it's true or not, but supposedly the McCain people claim that the language that was passed last year didn't alter CIA behavior. So they feel they got fooled last time and...

LIASSON: That's right. And they don't want to -- that's what they think.

HUME: I know, but this would apply to the CIA behavior.

LIASSON: Yes, but they don't feel that that language had the effect that they wanted.

Look, I think these are big, profound disagreements. When the president says, We have to have a clear standard, McCain and Warner and Lindsey Graham say, Our bill provides a clear standard. There's not even agreement on that.

And I think, actually, the key player here is not just John McCain, who of course has tremendous standing -- he was a prisoner of war, he did get tortured -- but is John Warner, who usually is someone who negotiates with the White House. He's not an iconoclastic Republican.

And he really is holding firm here. And, although I understand that today McCain was saying that maybe there could be some kind of compromise with the administration, so far there hasn't been.

And these are profound disagreements about what is necessary. The McCain camp seems to think that even the attempt to interpret Article 3 in any way sends the wrong signal.

WALLACE: Bill, let me ask you about this, because we were all witnesses last December when the president and vice president tried to stand up to John McCain on this terror amendment and got rolled. Whether he deserves it or not, whether he's right or wrong, can anybody beat John McCain when it comes to an issue like the treatment of prisoners?

KRISTOL: Yes, because John McCain was a prisoner of war, who was tortured terribly and unconscionably. These are terrorists. John McCain is not a terrorist. And he is applying the lessons of his own captivity, and he cites all these generals, General Powell and others, that this might lead to the mistreatment of U.S. soldiers. Does anyone think Al Qaida respects these conventions?

Incidentally, I'm very concerned about U.S. soldiers in the field. I was with the parents of a young man serving in Iraq last night. They're for Bush, not for McCain. Do we think if we polled the soldiers in Iraq, they would be with McCain on this, not with Bush? I rather doubt it.

This is an issue of how tough we can be on the very few high- value terrorists whom we choose to have the CIA interrogate. It has nothing to do with the military treatment of other military prisoners.

And on this issue, I think the country is with Bush. I think the enlisted men in the military are with Bush. And Bush is going to win. EASTON: I have to say, I think this is a play that we've seen before. You talk about the Detainee Treatment Act, McCain's treatment act. The White House threatened to veto that. Vice President Cheney tried to get a CIA exemption and failed. But at the end of the day, it passed. The president signed it.

And, look, these legal realities I think are open to debate in part because there's so much that remains classified, but the political reality is clear. I mean, this president is up against a November election. If things are difficult now, imagine what they could be after November. He's up against some very prominent senators.

And for all of the talk about how he was, kind of, had his stand pat on Friday and how he seemed angry and prickly, if you listen between the lines -- not even between the lines -- he was saying, I want to work with Congress.

And I think, at the end of the day -- and McCain suggested this today -- that there will be a compromise, and it will happen before the election.

HUME: Which will set off no end of speculation and discussion about whether the compromise language was a victory for McCain or a victory for President Bush.

I might add this about McCain, that he is seeking the Republican nomination for president of the United States. It's pretty clear. He's supposedly the frontrunner.

Another week of this, he won't be the frontrunner. In fact, I would say if this ends in some kind of a confrontation in which he, quote, wins, I think his chances of becoming the nominee of the Republican Party are basically out the window.

WALLACE: I was going to ask about that, Mara, because McCain has been one of the staunchest supporters of the president when it comes to the war on terror and especially the war in Iraq, when a lot of other Republicans haven't been so outspoken about it. And yet it would seem to me this would hurt him with a lot of conservatives for the 2008 nomination.

LIASSON: You know what? This might hurt him. Whether it would be the thing that would actually deny him the nomination, I don't know if I'm willing to go as far as Brit. I mean, there's a lot of time between now and the 2008 nominating battles. A lot of other things are going to go on. This is one issue.

He has been a very strong supporter of the president on almost everything involving the war on terror and certainly on Iraq. So I think this might cause him some trouble, but I certainly don't think he's doing this with the nomination in mind.

WALLACE: Bill, you're pretty close to John McCain. One, why do you think he's doing this? Obviously, he believes it. But why do you think he seems to have his feet so set in stone on this? And, two, politically, how big a mistake for him?

KRISTOL: He's doing it because he believes it. He says it's a matter of conscience for him.

It's a huge political mistake, and it's going to hurt -- mistake is not the right word. He's doing what he thinks is right. It's not what most Republican voters are going to think is right.

Bush is going to win, incidentally. I don't buy the argument that he's going to -- the House of Representatives is going to pass Bush's language this week. It's going to put an awful lot of pressure on senators to come to a compromise if -- well, I'm not sure that they can't even win on the Senate floor over McCain, incidentally.

It's a tough vote for Democrats. The Democrats are living in a world where they think having John McCain on their side gives them a huge amount of political cover. I don't buy it.

If you're in a real competitive Senate race and a Republican says, I'm with Bush, and I'm with the CIA director, and I'm with the intelligence officers in the field who have to buy litigation insurance now because of the illegal uncertainty, and I think we need to be tough on people like Abu Zubaydah, what's the Democratic Party going to say? Well, gee, I'm with Senator McCain.

Well, fine, but what's your substantive position? If your substantive position is you can't be tough with the Al Qaida terrorists, that is a winning fight for Bush, and McCain being on the opposite side of it is hurting him badly.

WALLACE: Let me bring in one other player before we take a break here, and that is former Secretary of State Powell, who sent a letter this week, Nina, in which he said that the world is beginning to doubt the moral basis for our war on terror.

I have to say -- it may be just me -- but what I got out of that letter is that Secretary Powell has been waiting for some time to distance himself from this president on some of these issues, and that that really got under the president's skin.

EASTON: I think that's right. I think Colin Powell -- he's been a team player while he was in the administration. He's been pretty quiet since he's been out. As we know, particularly with a lot of accounts that are coming out now about the lead-up to the war in Iraq, that he wasn't always on the same page. And I do think he's taking this opportunity to step out, and I bet we'll see more of it.

WALLACE: Brit, what do you make of the Powell-Bush dynamics on this?

HUME: I'm struck by the idea that he has been a team player. Perhaps in some personal way he was. But let's not forget the fact that he presided over the State Department that was in all but open rebellion against the president and his policies.

Let's not forget the fact that Colin Powell, like Richard Armitage, knew who the source of Valerie Plame's so-called leak was and knew it all along. No one told the president who the source of the leak was, even when he was trying to find out. Colin Powell kept silent and let Karl Rove and others in the White House close to the president twist in the wind.

Team player? Maybe.

WALLACE: All right.

We need to take a quick break here, but we'll continue with this discussion about the war on terror and the politics of it right after this.

WALLACE: On this day in 1787, delegates to the Constitutional Convention gathered in Philadelphia's Independence Hall to sign the Constitution. Since then, it's been amended only 27 times.

Stay tuned for more from our panel and our power player of the week.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

U.S. REPRESENTATIVE NANCY PELOSI (D-CA): We will not be swift- voted on the issue of security, and that is what the Republicans are trying to do.

(END VIDEO CLIP)

WALLACE: That was House Democratic Leader Pelosi blasting Republicans who she says are trying to use the war on terror for partisan advantage.

And we're back now with Brit, Mara, Bill and Nina.

Mara, Democrats are thoroughly enjoying this family feud amongst the Republicans, among other reasons, because they think that this is going to provide them with political cover on the national security issue. Will it?

LIASSON: Well, I think it does for a moment. The question is, for how long?

I think that we don't know yet whether this fight with the Republicans, the intramural fight, is a speedbump, or is it really the end of the very carefully orchestrated White House plans to make national security the centerpiece of this election and to set up some clean debates with Democrats about who is for giving special rights to terrorists in trials or who is for wiretapping terrorists? That debate has certainly been muddied for now.

But, as you heard John Boehner earlier say, you know, he still believes that Republicans can make the arguments that, when it came to the Patriot Act and other tools that the president needed, that Democrats were on the other side. I suspect that a lot of the Democrats who are in tight races are not going to be voting with the rest of their party on some of these issues when they come to a vote. They're probably going to be voting with the president.

I mean, there is a whole array of Democratic positions and responses to these issues depending on what kind of race they're in.

WALLACE: I know, Bill -- and you referred to it a little bit in the first segment -- that you don't think the Democrats hardly get any cover from this.

KRISTOL: No. And I don't think they've enjoyed this last week, actually. They do not want to have this general election, this congressional election, this set of congressional elections become a referendum on who will help the president protect us against the terrorists.

The Fox News poll is out on that recently, and Republicans -- will the Republican Congress help make the country safer from terror, or a Democratic Congress? It's 34-22; 37 percent say no difference. The Republicans task -- 34-22 for Republicans. And they don't win most of these matchups that they're behind in the general congressional ballot.

The Republican task is to drive those numbers up, to take some of those 37 percent who say it doesn't make a difference and say, You know what? It does make a difference if there's a Republican Congress or a Democratic Congress.

WALLACE: So you're saying that even if they're fighting amongst themselves, the Republicans, the very fact that they're talking about the war on terror and not the war in Iraq and not other issues is good for Republicans?

KRISTOL: Yes, because the actual Republican candidates in the 50 congressional districts and 10 Senate states that are really at risk, or in play, are not going to be fighting among themselves. They're going to be with Bush. And the Democrats are against Bush.

Now, it makes them feel better here in the Capitol to have McCain and Lindsey Graham with them. But in the real races in Missouri and in Minnesota and in Washington state, where there are real races going on, I think it's a winning fight for the Republicans.

HUME: And not only that, Chris. That's not the only fight that's going on, the one over detainee treatment and trial. There's also a battle going on over whether the president should have the legal authority granted him specifically by Congress to conduct this electronic eavesdropping on telephone calls from suspected Al Qaida people into and out of the United States without a warrant.

The public, I think, widely supports that program. The Democrats in the Senate Judiciary Committee this week, for example, made a tremendous stink in opposition to it, accused the president of all kinds of things. You've got Leahy and Senator Feingold and those people out arguing against the president on this.

And that goes into the memory banks, as well, I think. And so, it's not just this one fight. Democrats are against the president on a number of issues here.

WALLACE: So, Nina, I mean, did the Democrats once again, as in 2002 and 2004, walk into the Republican trap?

EASTON: I don't know about -- I think a couple things about what's coming up is that -- I don't know that they walked into the trap. I think it's too early to see how this particular issue will play out. And it's an issue that's in a basket of issues, including immigration, including gas prices.

And the other thing that came out...

WALLACE: Which are going down.

EASTON: Which are going down, which is helpful to the Republicans.

But the other thing that was less noticed this week is the, sort of, operational get-out-the-vote and how much that will have an effect on these tight races. Because what happened this week, Lincoln Chafee was very much helped by a Republican...

WALLACE: This is a Republican incumbent in Rhode Island.

EASTON: In Rhode Island, Senate incumbent, very much helped by a very strong get-out-the-vote effort on the part of the Republicans.

The other thing that happened this week was that Howard Dean announced that he's going to put all of $2.4 million into House races. Well, this is going to be competing against tens of millions of dollars that the national Republicans are going to put into House races, on top of what those House races are spending.

So you just look at, on the ground, the operational advertising, get-out-the-vote, and it was not a good week for the Democrats.

WALLACE: Mara, let's bring in the polls, too, this week, because there was a very interesting Fox News-Opinion Dynamics poll that came out. Let's put it up on the screen.

It showed that the president's approval rating is now 40 percent, and that he's gone from minus-18 a month ago to minus-9.

And on the generic congressional question of, How will you vote in November? , Democrats have dropped from a 16-point lead in August to just 3 points now.

Mara, how do you explain...

LIASSON: And that's registered voters, too.

WALLACE: How do you explain... (CROSSTALK)

LIASSON: ... this time registered last time.

WALLACE: How do you explain the swing to Republicans? And do you think it's a blip or a trend, or can we...

LIASSON: Well, that's clearly the question, whether it's a blip or a trend. There are a lot of polls out this week. Some of them showed a tightening like that. Others showed the generic still being in double digits. All of them showed the president's approval rating coming up. So I think there's

a consensus about that; he's doing better. That makes Republicans a little less panicky about November. That certainly helps.

I think that some of the polls were taken during the 9/11 celebrations, commemorations, and some of them were taken before. So I think we're going to have to wait to see if that holds up.

But, look, there's no doubt that the race is tightening. NPR has done polling only in the 50 top House races, and certainly show that there is a little bit of a tightening.

I think the landscape is still tilted against Republicans, but I agree with Nina. I think the advantages that they have, the sophisticated turnout operation, the superior fundraising abilities, I mean, that helps protect incumbents against a kind of anti-Republican tide.

WALLACE: Bill, are you fed up with this Howard Dean and Democratic bashing that's going on here?

(LAUGHTER)

KRISTOL: It's distressing to me, you know...

(LAUGHTER)

... and I think Howard Dean needs someone to stand up for him.

The president's had a good couple of weeks. The underlying environment is difficult. It's hard to govern. The history of one party controlling the presidency and Congress is very bad for that party in an off-year election. People don't remember the good things that have been done, and they take out their grievances on them.

Bush has had a very good two weeks. The question for me is, will he keep it up? He has absolutely got to keep on the pressure. He can't compromise. He's got to force this to a vote in the Senate.

Even if they lose the Senate vote, in my view, he's got to get 45 Republican senators voting for this and 45 Democratic senators voting against it. And if eight or 10 or 12 Republican senator desert, so be it. It still clarifies the difference between the parties.

And they've got to keep the pressure up on the war on terror at home and the war abroad. He's been talking much more about Iraq in the last two weeks, and guess what? His poll numbers are up. If he frames it as a national security election, I think Republicans have a chance to hold on to both houses.

WALLACE: All right. We're going to have to leave it there.

Thank you, panel. That's it for today. See you next week.

Time now for some mail. During last week's power player segment, I made a reference to the 9/11 attack on the Pentagon as, quote, the accident.

Dennis Dollar from Louisiana was one of several viewers who wrote to us, Deliberately crashing an aircraft into a building cannot be characterized as an accident. Hopefully your use of the term was accidental.

Dennis, indeed it was. What happened at the Pentagon was cold- blooded, premeditated murder.

Be sure to let us know your thoughts by e-mailing us at fnsfoxnews.com.

Up next, our power player of the week.

(COMMERCIAL BREAK)

WALLACE: Given the ways of Washington, it was only a matter of time before one of the people we profiled at the end of this show got in trouble with the law. Well, this week it happened to Congressman Bob Ney, who, two years ago, was one of the big guns on Capitol Hill when we made him our power player of the week.

(BEGIN VIDEOTAPE)

U.S. REPRESENTATIVE ROBERT NEY (R-OH): The internal workings of House I believe are crucial. If the House doesn't work correctly, then all the members of Congress cannot literally serve their constituents.

WALLACE (voice-over): Bob Ney is a six-term congressman from eastern Ohio, who was chairman of the House Administration Committee. If you've never heard of him, you can be sure everyone in Congress knows exactly who he is.

WALLACE (on-camera): I understand that you have a nickname up here.

NEY: The mayor of Capitol Hill.

WALLACE (on-camera): And why do they call you that?

NEY: This is an entire world for a lot of people during the working hours and afterwards, and so it's like our own little government, in a sense. I guess that's why they call me the mayor.
WALLACE (voice-over): It's not such a little government. More than 10,000 people work on the House side, and Ney ran everything from funding for committees to furniture for offices. Wherever Ney went, he says colleagues were always asking for something.

NEY: Every time during a vote, we'll have 20 or 30 members, either side of the aisle, that will come up and they'll ask about things. Some requests are pretty good, and some are pretty bizarre.

WALLACE (voice-over): Such as the idea to seal the House chamber under Plexiglas to protect it from the public.

Security was part of Ney's job. After 9/11, he put up barriers and organized evacuation plans, but also maintained a balance set by the speaker of the House.

NEY: Speaker Hastert has said hundreds of times directly that this House will be as safe and secure as it can be but open to the public. So we've had a balance.

WALLACE (voice-over): We were the first television crew to see part of that balancing act.

NEY: There's a door which, frankly, a lot of people aren't even aware of that takes you up to the dome.

WALLACE (voice-over): Ney took us up 210 feet to the top of the Capitol dome, reopened to the public on a limited basis for the first time since 9/11.

NEY: A lot of members are happy. They wanted it done. And so, the dome's open again.

WALLACE (voice-over): From up here, you can see the small city Ney ran. He acknowledged his power over his colleagues gave him extra clout that he used to help his district back in Ohio.

NEY: It's not beyond me to obviously take care of how the institution runs. And if we do that, I also would expect my constituents will benefit out of any clout I've got. I haven't used it as a bully tool, but just because I'm not a bully with it doesn't mean that I will allow people to walk on me.

WALLACE (voice-over): Which may explain Ney's other nickname: the velvet hammer.

NEY: We're fair, but if we have to lay the hammer down and a rule is a rule, we'll run it that way.

(END VIDEOTAPE)

WALLACE: On Friday, Ney agreed to plead guilty to charges he performed official acts in return for gifts from lobbyists. Prosecutors say they plan to seek a prison term of 27 months for Bob Ney.

Now, this programming note: Next week we'll have the show's first one-on-one interview ever with former President Bill Clinton.

And that's it for today. Have a great week. And we'll see you next Fox News Sunday.

CBS – FACE THE NATION

BOB SCHIEFFER, host:

And we start this morning with Senator Graham, who's in the studio with us here in Washington.

Senator LINDSEY GRAHAM (Republican, South Carolina; Member, Armed Services Committee): Good morning.

SCHIEFFER: In Philadelphia, the Senate Judiciary Committee chairman Arlen Specter. With us from Detroit, Senator Carl Levin, who of course is the ranking Democrat on the Armed Services Committee.

Senator Graham, I want to talk to you first for a little bit. The president said last week that if the Congress does not write some sort of authority defining basically what the CIA can do in its interrogation, that the CIA will simply have to stop interrogating people. Number one, do you believe that's going to happen? And number two, could you live with that if that's what it came to?

Sen. GRAHAM: Well, the problem we're facing as a nation is sort of like seeing sausage being made, that there are three branches of government. The president assumed the Geneva Convention did not apply to the war on terror, humane treatment did. I agreed with that. The Supreme Court says the Geneva Convention applies. So what I would like to do is give our president the tools that we need to defend ourselves, an effective CIA program where our agents can't be prosecuted for war crimes ill-defined. They can't be sued and lose their houses because they're doing their job. They can defend themselves in court if they're ever accused of doing something by saying, `I was following orders.' The way we do that is very important. The tools that we give them could become clubs to be used against us if we don't watch it.

SCHIEFFER: Well, we'll talk about that. What is wrong, in your view, with what the president wants to do?

Sen. GRAHAM: Well, there's two things after Hamdan decision. The first thing...

SCHIEFFER: What's Hamdan decision?

Sen. GRAHAM: That was the Supreme Court decision that struck down the military trials of enemy terrorists.

SCHIEFFER: All right.

Sen. GRAHAM: We got to deal with getting the trials back on track, and how can we interrogate people within the Geneva Convention. If it's seen that our country is trying to redefine the Geneva Convention to mit the--to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police? It would be disaster. We can protect the program, the program is people, but we need not, in my opinion, go down the road of being seen as redefining treaty obligations that have been long-standing.

The Geneva Convention, Bob, is just not some concept; it has saved lives. We adhere to it, and we expect others to do it. I know al-Qaeda and Taliban will butcher our people, but this is not the only war we're going to be in, and I can give you plenty of examples of--for downed pilots, people caught in foreign countries, who were saved from torture and death because we insisted the Geneva Convention be applied. So that's my concern. I want to create a CIA program that fits within our domestic laws, where people won't be charged with ill-defined crimes, they won't be frivolously sued, but we cannot and must not and need not change the Geneva Convention in a way that would be perceived as backing out of it. There's a way to get there from here.

SCHIEFFER: Well, explain to me what you mean when you say if an American is captured...

Sen. GRAHAM: Let me give you a good example.

SCHIEFFER: Well, let's say in Iran. What would...

Sen. GRAHAM: Well, this war can take on many different dimensions. Nation-states could become involved, not just rogue people like al-Qaeda and Taliban. There are CIA agents all over the world trying to protect us. What would happen if a CIA agent were captured in Iran trying to suppress their nuclear program, and the Iranian government put this person on trial as a war criminal, and the Iranian prosecutor had a file marked "secret," gave it to their judge and their jury, and said, `Convict this man,' and they never shared the evidence with the American agent? We would go nuts. We would say that secret trial violates the Geneva Convention standards for trying people. What if the Iranians gave him a lawyer, and allowed the lawyer to look at the evidence the jury had, but would not allow the lawyer to talk to the agent about the case against him? What would we do if the Iranians sentenced an American to death based on evidence the American never saw? We would go crazy.

Unfortunately, there's 90 percent agreement on how to do these trials after the Supreme Court ruling, but there's a provision in the military commission model of the president's proposal that would allow the jury to get evidence not seen by the accused, call it classified, and the person go to jail never knowing what the jury convicted him of. I'm all for protecting classified information from being unfairly disclosed, but you cannot have a trial and call it an American trial, have a Geneva Convention trial where the person goes to jail and never saw what the jury saw.

What does confrontation rights mean? It means you can tell your side of the story. Pedophiles and terrorists, everybody we try, deserves to know what they're accused of so they can defend themselves. And if we do it differently now, different than we done in 200 years, it will come back to haunt us, because other people will start doing this. And imagine an American in a foreign land going to the death chamber never seeing the evidence against them. It would be an outrage against our people, and we can't legitimize that.

SCHIEFFER: Senator, what, in your view, from your point of view, is worse, the impression that you think it would send to other countries and other people around the world or the tactical restraints that it would put on our interrogators?

Sen. GRAHAM: Well, I think that it would be a substantive difference. If you do a trial in America where we legitimize the jury seeing something the accused can't defend himself against, it's going to come back to haunt us. The Iranian situation could be very real in the coming future.

The worst thing we could do, in my opinion, is to create tools that are seen as legal shortcuts that erode our standing in the world. We need to change our laws to make them more clear. They are confusing. The president does need a program. The CIA does need a program to get good information. We can do that together.

My goal is simple: I want to give the tools to the president to defend us that the Congress can feel good about, that the courts will accept as legal. We need all three branches of government onboard.

SCHIEFFER: Let me ask you. I'll just ask you, and I'll bring in the other senators in a minute. This would seem to me to be a huge political risk for you. You come from a very conservative state, a state that is probably one of the strongest states for President Bush.

Sen. GRAHAM: Right. Right.

SCHIEFFER: You're taking on the president on this. I'll bet you that you get a primary opponent as a result of this.

Sen. GRAHAM: Well, I'm getting pounded at home by some people, `Why can't you work with the president? The president wants to defend us. He needs--the CIA needs to get good information. These guys are barbarians. Why're you standing in the way?' I'm not standing in the way. I share the same goals. But I'm a military lawyer, 22 years as a member of the Air Force JAG Corps. When I put that uniform on, I took an obligation as a military officer. Now I have an obligation as a senator. I admire the president and I want to help him, but the biggest risk in the world is not Lindsey Graham loses an election. We can have a good country without Lindsey Graham being in the Senate. We cannot have a great nation when we start redefining who we are under the guise of redefining our law.

My biggest fear is that, as we try to solve these complicated legal procedures and problems, that we're seen as taking shortcuts, and we don't redefine the law, we redefine America in a way so we can't win this war. That's what Colin Powell's saying; that's what General Batiste's saying. It's not about my political career. America can do well without me, but we cannot do well if we're seen to abandon our principals and the rule of law.

SCHIEFFER: All right. Well, let's bring in the other senators.

Senator Specter, you are, of course, the chairman of the Judiciary Committee. I'm not clear on where you stand on all of this. Are you with Lindsey Graham on this or are you with the president?

Senator ARLEN SPECTER (Republican, Pennsylvania; Chairman, Judiciary Committee): Bob, I agree with Senator Graham, Warner, and McCain, that you cannot have classified information

which is not shown to the defendant. I agree with them that you cannot use coerced confessions because they're unfair and unreliable. I disagree with Senator McCain, Graham and Warner and the president, trying to eliminate habeas corpus--that is, judicial review, because we have so many complicated matters. When you come to the Geneva Convention, we have to follow the Geneva Convention.

But what I'm looking for is a way to accommodate both interests, and I think that is--that is possible. We did some additional research yesterday, and find that in the Geneva Convention of 1990 on torture, they incorporated our constitutional standards on due process and coerced confession and cruel and unusual punishment. My people are meeting with Senator McCain's people this afternoon, tomorrow morning with Lindsey Graham's people and John Warner's people and John McCain's people.

I think we have to have the definition so we know where they stand, both for the interrogators--who ought not to be sued, they ought to have the clear standards--and also for the people who are being questioned. And I think we can comply with the Geneva Convention and satisfy the needs to question people to protect America from terrorists.

SCHIEFFER: All right. So you see a way possibly out of this. Well, let's go to Senator Levin, who, of course, is the ranking Democrat on the Armed Services Committee.

Where are you on all this, and especially after hearing Senator Graham this morning, Senator Levin?

Senator CARL LEVIN (Democrat, Michigan; Ranking Member, Armed Services Committee): Well, I was with Senator Graham, Senator McCain, Senator Warner, of course, on Thursday when the Armed Services Committee rejected the administration's approach. We adopted one which is something which not only upholds our values but protects our troops from the kind of action which will be taken against us if we don't live up to Geneva.

We cannot claim that we are abiding by international treaties such as the protections in Geneva that protect our troops if we decide unilaterally that we're going to modify Geneva. And the problem with this administration is that it's had this unilateral approach to law and to many other things in this world and it's coming back to haunt us. And if we modi--(clears throat)--excuse me, and if we modify Geneva unilaterally, it's going to come back to haunt us, because other countries are going to say, `You people don't live up to obligations. What we saw at Abu Ghraib is what the CIA is all about, and don't complain when we treat your people the way you treat detainees.'

And so, that's what the stakes are here. All the 11 Democrats on the Armed Services Committee, everyone of us were in agreement with Senator Warner, Senator McCain, Senator Graham. And by the way, if anybody knows about Geneva, up close and personal, it's Senator McCain. He's had to live in conditions when he was treated--when he was tortured, which violated Geneva. He understands the importance of complying with Geneva both in terms of protecting our troops, but also in terms of winning a war on terrorism and not handing, as Senator Graham said, our opponents a club that we're a bunch of hypocrites and we violated international law.

SCHIEFFER: Senator, from a practical standpoint, do you think that Democrats and these dissident Republicans, as it were right now, can find a way to resolve this before the Congress adjourns?

Sen. LEVIN: Well, I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva.

I don't know if the Republicans you describe are dissident Republicans. There may be many, many more Republicans who will stand with Senators McCain and Graham and Warner.

But I do believe that we've got to stay with the position that protects American troops, that protects American values, and avoids handing our enemy, the terrorists, the weapon which they want more than anything else, probably, which is that America are hypocrites, that America mistreats prisoners. That plays into their hands. That's the propaganda tool that they want, and we should not hand it to them. And I hope the Senate will stand with the Armed Services Committee and not with the unilateralist administration which we now have.

SCHIEFFER: Senator Graham, the president really drew the line this--last week. There's no question about that. Do you think your side has picked up any support since the president? Or do you think the president brought some people over to his side?

Sen. GRAHAM: Well, this is like watching sausage being made, the old joke is true. These are complicated issues. The president is standing on principle. I share his goals. I want a CIA program that's classified, that has aggressive techniques that will allow us to be safe. I want to make sure that our agents can't be prosecuted for ill-defined crimes, and we need to change Title 18. Senator Specter's done a pretty good job of doing that. We need to make sure they're not sued.

I guess the big difference here is that when you try to redefine the treaty obligations--not the criminal statutes protecting people, but treaty obligations of the nation--you walk down the road that Senator Levin is talking about. I think we can get there from here. I'm willing to compromise. I hope common sense will prevail and we'll get it right. This won't be the last war we're in. And you've got to not just talk the talk, you've got to walk the walk.

SCHIEFFER: One final question to Senator Specter. Senator Specter, do you see a way out here?

Sen. SPECTER: I definitely do. It is our job in the Congress, in the Senate, to solve these problems. And if we sit down and work on it, the research we found yesterday, which hadn't been discussed before, where you have the Geneva Convention of 1990 on torture incorporating just the provisions that Senator McCain is concerned about. And when you have the judge advocate generals in this, I think we, perhaps, ought to have another hearing. We had a letter which was constructed with the Department of Defense last week which has been subject to challenge as to whether the JAG officers were pressured. The Judiciary Committee has the primary responsibility on war crimes and on the Geneva Convention. And I think that we can really find out where those JAG officers stand if we have a question-and-answer session, so that

our people are going to be at work this afternoon with Senator McCain's staff and tomorrow morning with Senator Warner and Senator Graham's staff. And our job is to find an answer, and I think we can give the CIA the tools it needs to protect Americans and to question terrorists and to comply with the Geneva Convention. That's our job and we can do it.

SCHIEFFER: All right. Well, gentlemen, I want to thank all of you. We could continue this on for most of the morning, but we want to give the White House a chance to give us their side of all this, and we'll be back in a minute with that.

BOB SCHIEFFER, host:

And joining us now, the White House national security adviser, Stephen Hadley.

Mr. Hadley, you heard what the senators said, and I would point out that everybody seems to think there's a way to compromise here. But Senator Levin, the Democrat, said not if the president insists on modifying the Geneva Convention. Now what would your--and I know you're going to say he's doesn't want to modify it--but what would be your reaction to that?

Mr. STEPHEN HADLEY (White House National Security Advisor): The most important thing here and the question before the Congress and the American people is, `Do we want a program run by the Central Intelligence Agency that questions these al-Qaeda terrorists like Khalid Shaikh Mohammed and Hamzi Rabita? If you do--and we think this is an important program, the information from it has disrupted plots and saved lives, we think it's critical to have this program going forward--if we do, then there's some things we need to do.

We need to have clear legal guidance for the men and women who carry out this program. We have to make clear that it has congressional support. That's the real issue. Do you want the program? If so, we need to give clear guidance to the men and women who front it. And if you don't want the program, then you explain why you're willing to give up a tool which really has gotten more information about al-Qaeda and made more of a contribution in preventing attacks on this country and our troops abroad than almost any other country. That's the--any other program--that's the issue.

SCHIEFFER: Mr. Hadley, let me just ask you this. As I listen to this discussion, this thought occurred to me: Why couldn't you just say `Use the rules that the FBI uses'? We've been getting along fine for a long, long time and they certainly have rules that they follow. Why couldn't you just do that?

Mr. HADLEY: Well, there are rules, of course, that the Department of Defense uses when they question people picked up on the battlefield. But the truth is, they're not trained for the kind of program we're talking about now. The question is, `How do you deal with the most dangerous terrorists most likely to have information that we need to protect the country?' And our experience has been that the military rules don't work. Why? Because they're public, they're printed in an Army field manual, that allows the terrorists to train against them. These folks are very well-trained. And what the experience has been, and the president set this out...

SCHIEFFER: Well, wait, let me just interrupt you here.

Mr. HADLEY: Yes, sir.

SCHIEFFER: Then why is it you want to codify what it is that the CIA can do and can't do?

Mr. HADLEY: We don't want to codify what they do and they can't do. We want to know clearly what the legal standard is. And the problem here, of course, is because of the decision by the Supreme Court that said for the first time in 40 years that what's called Common Article 3 applies to the conflict with al-Qaeda. It imports some new standards that have very ambiguous language in them: outrages against personal dignity, humiliating treatment. Nobody knows what those mean. And the men and women of the intelligence community are saying...

SCHIEFFER: So you're going to publish what that means? Is that what you want to do?

Mr. HADLEY: You're simply going to--we want to do what the Congress did in December of last year and say that means the McCain Amendment, the Detainee Treatment Act, which procluded cruel, inhuman and degrading treatment and defined what those terms meant by reference US law.

SCHIEFFER: But...

Mr. HADLEY: This is about--it's very simple, Bob--a clear standard recognized under US law that the Congress of the United States adopted in December to great applause, sponsored by Senator McCain, adopting that as our standard so that the men and the women in the Central Intelligence Agency can run a program, which is probably the most important tool we have in the war on terror. That's what this is about.

SCHIEFFER: Well, what about the--leaving the impression that what you're saying is--I'm not saying this is what you're going to do, but I'm saying you're--aren't you leaving the impression that these are such mean people we will have to torture them...

Mr. HADLEY: No.

SCHIEFFER: ...to find out what they--what it is that they're about.

Mr. HADLEY: President said very clear this is not about torture. This is about a program that is going to be professionally run by people who have been highly trained. But the president made very clear in his speech a week ago Wednesday, and gave some examples where people like Khalid Shaikh Mohammed, using traditional questioning rules gave us nothing. And only when he was put into the CIA program did he give us information that allowed us to disrupt plots and save lives. This is not about torture, it's about a professional program which we need to defend the country, and defend our men and women on the battlefield.

SCHIEFFER: You and Senator Graham, back in the green room before this broadcast, had quite an interesting discussion about all of this. And I'm not going--I understand that that was off the

record. Do you think, just as a result of that, or just because it's today and not last Thursday, are you any closer to coming to some agreement with these Republicans who don't agree with you right now, than you were, say, two days ago?

Mr. HADLEY: I was very pleased to hear Senator Graham say very clearly that he believes we need a program of aggressive questioning run by the CIA. That's very important. I think the way ahead here is to all come together behind the proposition that the president has made, that we need this CIA program. That's the first thing. Secondly, we need to give the CIA clear guidance, and third, we need to do it without modifying or amending Common Article 3. I--we need to work towards that outcome.

SCHIEFFER: But do you think you might be able to do that?

Mr. HADLEY: I think people need to sit down and find a way forward with some language that meets those three objectives, yes, sir.

SCHIEFFER: All right. Thank you, Mr. Hadley. Thanks.

We'll be back in a minute.

BOB SCHIEFFER, host:

Well, you just heard it. For the Bush administration, this was the week that wasn't--the week that just wasn't the way it was supposed to be. In a carefully orchestrated campaign built around the fifth anniversary of 9/11, the president had hoped to convince the nation the war on terror was the most serious issue of our time. I happen to believe he's right about that.

But when he turned his prime-time speech on 9/11 into a defense of his decision to go to war in Iraq, Democrats accused him of playing politics. Worse for the president was the rebellion we just talked about that broke out among his supporters--Republicans all--about whether the president's ideas about handling enemy prisoners might be endangering our own troops. Some of the president's most conservative supporters said yes, those ideas would put our troops in danger.

When you consider these critics' credentials--McCain, once a prisoner of war himself; South Carolina's Senator Graham, a member of the Judge Advocate General's Corps in the Air Force Reserves; John Warner, who is the hawkish chairman of the Senate Armed Services Committee; and then Colin Powell, of all people, once the president's Secretary of State--you have to wonder how this president got himself on this side of this issue in opposition to this group.

Whatever the answer to that, it left Democrats in an unaccustomed position. They no longer had to quote themselves in their opposition to the president's plan. For now, they can just refer all questions to Republicans. That is a place no president or his party wants to be, heading into an election.

CNN – LATE EDITION

WOLF BLITZER, CNN ANCHOR: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: This enemy has struck us, and they want to strike us again. And we'll give our folks the tools necessary to protect the country. That's our job.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN, R-ARIZONA: We have the moral high ground because we adhere to the Geneva Conventions, and we're not like these other countries.

(END VIDEO CLIP)

BLITZER: The raging debate over how to conduct the war on terror. Is the Bush administration going too far? We'll ask the president's national security adviser, Stephen Hadley. Plus, two key U.S. senators on the armed services committee weigh in, Republican John Cornyn and Democrat Evan Bayh.

Then, are U.S. allies doing enough to help in the fight against terror? We'll ask Pakistan's foreign minister, Khurshid Kasuri.

A grim assessment on the military situation in western Iraq. Iraq's national security adviser, Mowaffak Al-Rubaie, speaks out about the violent insurgency and his country's next steps.

(BEGIN VIDEO CLIP)

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: We want to give the keys to responsible adults.

(END VIDEO CLIP)

BLITZER: Uncertainty on the Israeli-Lebanese border. What will it take to keep the peace with Hezbollah? We have an exclusive Sunday interview with the Israeli foreign minister, Tzipi Livni.

Plus, billionaire businessman George Soros gave millions last election season to Democrats. Will he do the same again this year?

"Late Edition's" lineup begins right now.

It's 10 a.m. here in Chicago, 11 a.m. back in Washington, 8 a.m. in Los Angeles, 4 p.m. in London and 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks very

much for joining us for "Late Edition." We're standing by to speak with two foreign ministers, both Sunday exclusives, and two national security advisers. First, though, let's go to Fredricka Whitfield at the CNN Center in Atlanta for a quick check of what's in the news right now. Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks very much, Fred. The Bush administration is facing strong opposition from Democrats and several Congressional Republicans over how terror suspects should be treated. It's a huge debate in Washington with enormous ramifications in the war on terror. And it comes at a time when the president is preparing to address the United Nations General Assembly on Tuesday.

Just a short while ago, I spoke with Stephen Hadley, President Bush's national security advisor.

(BEGIN VIDEOTAPE)

BLITZER: Stephen Hadley, thanks very much for joining us. The president has a major fight on his hands right now as far as the treatment of terror detainees are concerned. And it's not just a fight with Democrats but with some serious Republicans, including Senator John McCain, Senator John Warner, the chairman of the Armed Services Committee, and Lindsay Graham. Is there a compromise? Is the president ready to make concessions in order to work out a deal with these lawmakers?

STEPHEN HADLEY, NATIONAL SECURITY ADVISER: Wolf, let's be clear what's at stake here. What's at stake is a program run by the CIA for questioning some of the world's most dangerous terrorists, Abu Zubaydah, Khalid Sheikh Mohammed. This is a program that has gotten information that has saved American lives, disrupted attacks both here at home and on our men and women in the field.

And the issue, as the president put it before, the country, here on Friday, is this very important program going to go forward. If it is, we need to give clear guidance for the men and women who run it. We need to give clear congressional support, and we need to get on with it. So it's a very important issue. And the key question is, are we going to have this terribly important program for our national security or are we not? The president's clear, we need this program, needs to go forward.

BLITZER: Is the president ready to meet these senators halfway?

HADLEY: The way forward on this, I think, has to start with an agreement that we need this very important program. That's what the president has said is so critically important for the country. The second thing that we all need to agree on is that the men and women at the Central Intelligence Agency who run this program deserve clear legal standards and clear congressional support. But then the third thing I think is also clear, we need to find a way so that we can do this without changing or modifying what's called Common Article 3. That is what Senator McCain

thinks is so important. And so the challenge before us in the days ahead is to find a way through language that meets all three of those requirements. I think it can be done.

BLITZER: All right, well let's listen to what Senator McCain said the other day because he had some powerful words. Listen to this.

(BEGIN VIDEO CLIP)

MCCAIN: We understand that Al Qaida will never observe it, but many of us are afraid there will be additional wars in the history of the United States.

(END OF VIDEO CLIP)

BLITZER: His fear is that if you reinterpret what's called Common Article 3 of the Geneva Conventions, other countries are going to do the same thing, and that could seriously endanger U.S. troops who could be held as POWs in future wars. Does he have a realistic fear?

HADLEY: Let's be clear what's involved here. The men and women in uniform, whether ours or in other nations, are not covered by this Common Article 3. They, if they're captured on the battlefield, have prisoner of war status, and they are subject to a different set of rules and protections.

What we're talking about here under so-called Common Article 3 is the standard of treatment that applies to terrorists who have been captured on the battlefield, people like Al Qaida. These are people who are so-called unlawful combatants. They don't wear uniforms, they hide among civilians and they have used what many would consider a war crime as their principal vehicle for achieving their ends, namely killing innocent civilians. So let's be candid the kinds of people we're talking about here. These are terrorists.

But that said, let me be clear, what we're saying is that the treatment that these individuals are subject to should be subject to the standards that we have adopted in terms of the McCain amendment or the detainee treatment act that was passed last December, and which sets the standard for treatment of detainees, Al Qaida detainees here at home or abroad. All we're saying is that that standard needs to be adopted to clarify the fact that the so-called Common Article 3 has very vague language, things like outrages on personal dignity, humiliating treatment, words that are not self-defining. And our men and women at the CIA are saying simply tell us what the standard is so we can be confident that we can meet the law.

BLITZER: Let me read what Common Article 3 says, and we're going to go through it point by point, and you tell me what has to be redefined. The following acts are and shall remain prohibited at any time. A) Violence to life and person, mutilation, cruel treatment and torture. B) Taking of hostages. C) Outrages of personal dignity, humiliating or degrading treatment. D) Sentences or executions without previous judgment by a regularly constituted court affording all guarantees which are recognized as indispensable by civilized peoples. Which article specifically do you say need, in your words, clarification?

HADLEY: C) Humiliating treatment and outrages upon personal dignity.

BLITZER: Outrages of personal dignity, humiliating and degrading treatment. In other words, are you saying that terror detainees -- that the U.S., the civilian interrogators at the CIA or other agencies should be able to engage in outrages of personal dignity, humiliating or degrading treatment of these suspects?

HADLEY: I'm saying that nobody knows what humiliating treatment is. What does it mean? And the concern is that these people are being asked to take on very tough assignments. They want to be clear as to what is required, and they want it to be interpreted by U.S. law, not by opinions of European courts or other courts.

They want it to be interpreted under U.S. law and they want things clarified now. So if they take action now in reliance on an understanding of what these terms mean, that understanding will not be changed at some future time by some future court. They want clarity now in order to go forward with this program.

BLITZER: The U.S. argument -- and then I'll read to you what former Secretary of State Colin Powell, himself a retired chairman of the Joint Chiefs of Staff, said in a letter to Senator McCain: "The world is beginning to doubt the moral basis of our fight against terrorism. To redefine Common Article 3 would add to those doubts. Furthermore, it would put our own troops at risk."

Once again, he's suggesting that if the U.S. redefines Common Article three, the C section of that, then other countries will do the same thing.

HADLEY: We're not redefining it, because nobody knows what it means. What we are doing is telling the men and women who will do this program that it means what the Detainee Treatment Act says, that it prohibits cruel, inhumane and degrading treatment.

That is a standard that has been interpreted under U.S. law. Lots of cases have applied it. And we know what it means. It gives clear guidance to the men and women in uniform, and at the CIA, who will do this questioning of detainees.

And let me make a very important point. The Department of Defense, including the Joint Chiefs of Staff, and the Central Intelligence Agency -- those are the agencies whose people are on the front line against the war on terror every day.

They support the clarification we are trying to achieve. Why? Because they also believe they owe their men and women clear, legal standards. And secondly, they know that it is so important for this program to go forward because the information obtained has not only prevented attacks here at home; it has also saved lives on the battlefield.

So these key departments, on behalf of the men and women in uniform and the Central Intelligence Agency, who are on the front lines every day on the war on terror -- they support the clarification that the president is seeking.

Lastly, let me just make the point that the president did. We are not redefining. We are taking what Congress has agreed as the standard and using it to clarify these vague terms.

And if other nations would adopt that standard, that would be progress. It would strengthen Common Article 3. It wouldn't weaken it.

BLITZER: The other point of contention, major point of contention, is that you'd want to be able to use evidence in convicting these terror detainees, evidence based on classified information, secret information that you're not even going to make available to these terror suspects or their lawyers.

The question is this: How can they defend themselves if they have no idea what the evidence against them is?

HADLEY: Wolf, with all due respect that's not quite our position.

The problem is, we do not, obviously, want to pass classified information to terrorists. And so the challenge is to be able to continue to prosecute and bring to justice terrorists, where a lot of the evidence is classified evidence.

It's a tension. And we've resolved it in the following way, that in order for classified evidence to be used without showing it to the defendant, the head of the military tribunal must make a determination that it would not deprive the defendant of a fair trial.

The information must be provided to his attorney, so the attorney would have access to the classified evidence. And where at all possible the accused will have a declassified summary of that information.

So it's a much more narrow exception to reflect the realities of, while a war is going on, having to bring to justice terrorists. Most people would simply hold these terrorists until the end of the war. We think it's important for them to be brought to justice.

But to do that in the context, when we're fighting the war on terror, requires an accommodation that respects the rights of the defendant for a fair trial but also ensures that we don't give classified information to the enemy. We think we've got a good approach...

BLITZER: I want to be precise on this, Mr. Hadley, that the attorneys representing these terror suspects will be given all of that classified information.

HADLEY: Yes, sir.

BLITZER: All right, unfortunately we've got to leave it right there. A lot more to talk about, but we'll have to do it on another occasion. Stephen Hadley is the president's national security adviser.

Thanks very much for joining us.

HADLEY: Nice to be with you.

(END VIDEOTAPE)

BLITZER: And this note: President Bush will address the United Nations on Tuesday. On Wednesday, I'll sit down with the president in New York for a special one-on-one interview. That interview will air Wednesday in "The Situation Room" on CNN.

Just ahead, can U.N. peacekeepers in Lebanon prevent another war between Israel and Hezbollah?

We'll ask Israeli foreign minister, Tzipi Livni, in an exclusive Sunday interview. That's coming up.

And why can't the U.S. and its allies find Osama bin Laden? Pakistan's foreign minister, standing by live, to weigh in. Stay with us. "Late Edition will continue right after this.

BLITZER: It's been just over one month since the cease-fire between Israel and Hezbollah went into effect, after 34 days of intense fighting. Hundreds of people on both sides were killed.

Now there's a relative quiet along the border. But how long will that last?

Back in Washington, this week, I spoke with the Israeli foreign minister, Tzipi Livni, for this exclusive Sunday interview.

(BEGIN VIDEOTAPE)

BLITZER: Foreign Minister, thanks very much for joining us here on "Late Edition."

LIVNI: Thank you.

BLITZER: 1701, the U.N. Security Council resolution -- you're on your way, now, to the United Nations General Assembly. You'll be speaking there.

Is this resolution being fully implemented right now?

LIVNI: Not yet. This is only the beginning. We are now a few weeks after Resolution 1701 was adopted by the Security Council. We can see the signs that this is the beginning of implementation. The Lebanese army deploys to the south part of Lebanon, but not yet fully.

Plus, the international forces, effective forces, some forces come to replace Israel in terms of enforcing the arms embargo from the sea side.

But there are two problematic issue which are not being implemented. One is the release of the Israeli hostages. This is a very sensitive humanitarian issue -- in a way, an open wound for Israeli society.

BLITZER: The two Israeli soldiers.

LIVNI: Yes, the two -- well, this was the attack, the unprovoked attack to begin with, started with the kidnapping of these Israeli soldiers.

And the other issue which is not being implemented right now is the armed -- the enforcement of the arms embargo on the Lebanese- Syrian border.

BLITZER: All right, I want to get to both of those issues. There are still Israeli forces in South Lebanon.

LIVNI: Yes.

BLITZER: How many are there?

LIVNI: Well, there are some troops waiting for the international forces to come with the Lebanese army in order to replace them.

(CROSSTALK)

BLITZER: What do you estimate?

How much longer will it take before all Israeli forces are out of Lebanon?

LIVNI: It's not a matter of time, but a matter of performance. We are waiting for the Lebanese army to come with international forces. We want to give the keys to responsible adults, you know. We are not going to leave the south part of Lebanon to Hezbollah. This is not the reason for the operation, and these are the terms which are part of Resolution 1701.

BLITZER: Speaking of Hezbollah, the leader of Hezbollah, Hassan Nasrallah, said on Al Jazeera on Wednesday, "We are present on the border with Israel. There is no demilitarized zone south of the Litani River. Hezbollah is present south of the Litani and is present in all of south Lebanon." Is that true?

LIVNI: There are some Hezbollah members, Hezbollah militia members in the south part of Lebanon also, but the idea -- and this is part of Resolution 1701 -- was -- is to keep this as a free zone between the Litani River and the Israeli border, and at the end of the war, to dismantle Hezbollah. Now, I think that Nasrallah regretted already the attack on Israel. He said so, to the Lebanese people. He had to explain to the Lebanese people whether it was worthy (ph) or not, and I think that the answer is clear. So I just suggest to Hezbollah, if I may, right now, to work according to Resolution 1701, not for the benefit of Israel but for the benefit of the Lebanese people.

BLITZER: Your predecessor, Sylvan Shalom, foreign minister -- former foreign minister of Israel, was quoted in The Jerusalem Post on September 7th as saying this -- very strong words -- "The diplomatic results were not favorable to Israel. Israel did not achieve any of its declared war objectives: freeing Israel's kidnapped soldiers, disarming Hezbollah and removing all long-range and short mid-range missiles from Lebanon. Israel's exit strategy illustrated poor judgment, and it weakened the State of Israel."

Was the Israeli response to the kidnapping of those two Israeli soldiers, with hindsight, a mistake?

LIVNI: No. Israel had to respond. The idea that we're living in a neighborhood in which somebody like Nasrallah can attack Israel, an unprovoked attack, kidnap soldiers, kill others without any response, this would have been the wrong message. So the idea and the decisions that we took on July 12th was to attack back.

Now, let's compare the situation that Israel was and Lebanon was before the attack, or before the military operation, and let's see what is the situation right now, and let's make this compare. I mean...

BLITZER: Because, as you know, there is a lot of anger within Israel right now over the tactics, the strategy...

LIVNI: I know.

BLITZER: ... how this war unfolded.

LIVNI: I know that. I mean, I am a member of the Israeli government, and there are some demonstrations in Israel and some frustration. But I think that if we -- the Israeli public will stop, in a way, licking the wounds of the last month and see and look at the process, maybe from the outside we can see -- they will see the advantages of the process and -- can I compare because...

BLITZER: Please.

LIVNI: OK. So at the day before the attack, the Lebanese army was not in the south part of Lebanon, which was Hezbollah land. The Lebanese government couldn't reach an understanding or couldn't reach a resolution to deploy the forces to the south part. To transfer arms to Hezbollah was legitimate. There was no arm embargo. It was totally legitimate.

And the Iranians, plus the Syrians transferred weapon on a daily basis. And right now, what we can see is that the Lebanese army deploys, plus international forces. There is an arm embargo, even though it should be enforced fully and completely, and there is, as I said before, the two hostages, which any military operation couldn't bring them back.

BLITZER: So you're saying Israel won this war.

LIVNI: I say that the situation of Israel is better right now. And in terms of process, the military operation plus Resolution 1705 represents the interests of Israel, and brings us to a better situation.

BLITZER: Resolution 1701, you mean.

LIVNI: Yes.

BLITZER: Let me read to you what the former Israel Defense Forces chief of staff, Lieutenant General Moshe Ya'alon said...

LIVNI: I came to Washington in order to...

BLITZER: He was very, very forceful, and I just wanted to get your sense on the final days of the war...

LIVNI: OK.

BLITZER: ... very bitter words from a respected retired Israeli officer. "That was a spin move." He's referring to the offensive of the last few days that the Israelis launched. "It had no substantive security political goal, only a spin goal. It was meant to supply the missing victory picture. You don't do that. You don't send soldiers to carry out a futile mission after a political outcome has already been set. I consider that corrupt. That is why people have to resign. For that, you don't even need a commission of inquiry. Whoever made that decision has to assume responsibility and resign."

In effect, he's calling on Prime Minister Olmert, Defense Minister Amir Peretz and the chief of staff, Dan Halutz, to resign.

LIVNI: This is not true. And I'm not going to argue now somebody who was the former chief of staff, but I would like to say something because this is important, especially to the Israeli public. And maybe some of us have done mistakes during this operation, and we've had some discussions, and we had different ideas even during the operation. I'm talking about the cabinet, the Israeli cabinet.

But for sure, and even though I could agree with some of the decisions and disputed others, but the main goal was the safety of Israel. And the idea, or that we -- some of us were not thinking about the lives of the Israeli soldiers is more than nonsense. This is something which is not acceptable, and this is something which is against our values. And the fact is that the Israeli government -- and it's now going to be part of the future inquiry, but it was all with good faith. Even though maybe we made some mistakes during the operation.

(END VIDEOTAPE) BLITZER: And coming up, part two of my interview with the Israeli foreign minister, Tzipi Livni. I'll ask her how close she thinks Iran is right now to developing a nuclear weapon. You might be surprised by her answer.

But up next, a quick check of what's in the news right now, including the closing of the non-aligned nations summit in Cuba. Stay with us. We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer, reporting today from Chicago. Here's part two of my exclusive Sunday interview with the Israeli foreign minister, Tzipi Livni.

(BEGIN VIDEOTAPE)

BLITZER: The biggest criticism, internationally, was the destruction of so much of Lebanon's civilian infrastructure -- the roads, the airports, the ports, the environmental disaster along the Mediterranean coast of Lebanon.

Looking back, was that military attack justified?

LIVNI: You know, the first decision that the Israelis had to make was whether to attack Lebanon as such, as a state, or to attack Hezbollah. And Israel answered, because, from the international community, not to undermine the Siniora government.

And the fact is that we tried to attack Hezbollah, these terrorists, which were hiding and still are among the civilian population, which is a more complicated operation.

I mean, we could have ended this operation in days if we would have attacked Lebanon as a state, because it is more weak and it is less complicated.

So this was the decision that we made at the beginning.

Now, this infrastructure served not only civilians but also the terrorists. I mean, if we attack a road, from the north part of Lebanon to the south part of Lebanon, maybe it serves, also, civilians -- I'm sure that it does -- but it also served as a way, as a road to transfer weapons to the south part of Lebanon.

These were the instructions, the idea that the Israeli forces got from the cabinet. The idea was to hit infrastructure with dual use military and civilian.

BLITZER: We're almost out of time, but I want to get through a few quick issues, if you can.

As far as Syria is concerned, is there a possibility that you would be open to meeting with your Syrian counterpart, who is going to be at the United Nations also, and get this dialogue between Israel and Syria going? LIVNI: If Syria wants to be part of the international community, there are some conditions that they have to meet. And the first one is to stop embracing the terrorism.

I mean, it is not only about Lebanon and Hezbollah. They are hosting, in Damascus, also, the leaders, the most extreme leaders of Hamas, Khaled Mashal.

And the fact that the first abducted soldiers are not released yet is, unfortunately, partly is the role, the negative role of Syria, in supporting the extremists of Hamas. So I think...

BLITZER: So opening a dialogue, negotiations...

LIVNI: No, I think it's too early.

BLITZER: ... with Syria, which occurred in the past, is not going to happen?

LIVNI: I think it's too early to do it. There are some conditions that they have to meet.

BLITZER: How much time do you believe the international community has before Iran crosses into an area of no return, in effect has a nuclear bomb?

LIVNI: The crucial moment is not the day of the bomb. The crucial moment is the day in which Iran will master the enrichment, the knowledge of enrichment.

BLITZER: And how long is that?

LIVNI: A few months from now.

BLITZER: What does that mean, a few months?

LIVNI: A few months, I mean...

BLITZER: Six months?

LIVNI: No, I don't know for sure, because it takes time and this something that they have to try, in doing so...

BLITZER: Because other Israelis have said that would be the point of no return.

LIVNI: I don't want to use the words "point of no return," because the Iranians are using it against the international community. They are trying to send a message that it's too late; you can stop your attempts because it's too late.

It's not too late. They have a few more months. And it is crucial because this is in the interests of the international community. The world cannot afford a nuclear Iran. It's not only a threat to Israel. The recent understanding, also, of moderate Arab states is that Iran is a threat to the region. And I believe that this is time for sanctions.

BLITZER: Is this the biggest threat facing Israel?

LIVNI: Well, unfortunately, even though Israel was established about 60 years ago, it is still fighting for its existence.

And we just saw what the threats from Hezbollah, which is the long arm, the proxy of Iran in the region, and we have the Hamas and the terrorist organizations, and the global terrorism, and the Palestinians, and Iran.

So should I choose between the threats? I don't think so.

BLITZER: The president of the Palestinian Authority, Mahmoud Abbas, says he's ready for unconditional peace negotiations with the prime minister of Israel, Ehud Olmert. And the prime minister has responded positively to that.

Is there the possibility that Israeli-Palestinian negotiations are about to resume?

LIVNI: Israel made it clear, a few weeks ago, that we are willing to meet Abu Mazen, Mahmoud Abbas, but there are other open issues that the Palestinian government is to do. And this is to adapt to meet the requirements of the international community.

So Israel is willing to discuss with Mahmoud Abbas, the Israeli- Palestinian open issues, but yet there is a need for the Palestinian government to meet these requirements. And there is an open, very painful open issue, also, on this track, and this is the first abducted soldier, Gilad Shalit. And we hope that he will be released to his family soon.

BLITZER: The soldier who was kidnapped along the border with Gaza.

LIVNI: Yes.

BLITZER: Do you see any movement on the part of the Hamas government toward the conditions that Israel, the United States, the Europeans have set forward, that it should accept Israel's right to exist?

LIVNI: I don't think so, but I believe that the next few weeks are crucial. Because until now, and since the Hamas won the election, the international community was united in demanding the Hamas to meet these requirements.

And now, I think, we can see the first signs of demonstrations in the Palestinian streets against the Hamas government. And if the international community shows determination in the next few weeks, maybe this is the moment in which Abu Mazen can be strengthened and Hamas will have to do something about it.

Our idea -- and this also refers to your question about meetings with Abu Mazen -- is to strengthen Abu Mazen as the moderate side in the Palestinian Authority.

BLITZER: One final question: The last foreign minister of Israel who was a woman was Golda Meir. She went on to become the prime minister of Israel. You have a political future ahead of you. Do you see yourself someday as a potential prime minister of Israel?

LIVNI: I am trying to do my current job the best way I can, I know.

BLITZER: It sounds like you're open to that possibility.

LIVNI: As I said before, I believe in doing the best or acting the best in every position that I was until now, and it worked for me, and I hope that this can work for the state of Israel what I'm doing as a foreign minister.

BLITZER: Foreign Minister, thanks very much.

LIVNI: Thanks.

(END VIDEOTAPE)

BLITZER: And coming up next on "Late Edition," another foreign minister. Has the cease-fire between Pakistan made the fight for U.N. troops in Afghanistan more difficult? We'll talk about it with Pakistan's foreign minister, Khurshid Kasuri, when "Late Edition" continues. We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer, reporting from Chicago today. Are U.S. allies doing enough in the search for Osama bin Laden and in the overall war on terror? Joining us now from New York, Pakistan's foreign minister, Khurshid Kasuri. Foreign Minister, welcome back to "Late Edition." Thank you very much for joining us.

Let's get right to this very sensitive issue of this deal, this truce that the Pakistani government has forged with pro-Taliban militias in North Waziristan, one of your provinces along the border with Afghanistan. A lot of Americans, as you know, are confused. They're concerned that you're easing up in trying to find Osama bin Laden, Al Qaida members, and the Taliban.

KHURSHID KASURI, PAKISTAN'S FOREIGN MINISTER: Well, Wolf, thank you for providing me the opportunity to be on your show and to respond to some of your questions. Nothing could be further from the truth. Pakistan's commitment to the war against extremism and terrorism is very much in place. President Musharraf is a strong leader. And I think the time has come where President Musharraf's leadership on this issue should not be questioned.

Now, you asked me -- I can understand why people are confused, but, you know, there's a time when not just brawn but brains are also needed. What are we doing? First of all, there's no question of withdrawing the army from those areas. What we are doing is, yes, redeployment is involved. And, you know, sometimes what happens when you have acts of violence, you end up alienating the local populations.

So the jerga, the sort of jerga that is tried in those areas, even in Afghanistan you have the loya jerga. The jerga involves involving all the tribal leaders. So what we've got is involved tribal leaders, and there's been long negotiations which are being conducted through the governor of the frontier province because these tribal agencies on the border between Pakistan and Afghanistan really never been completely tamed, as it were. Even when the British were there...

BLITZER: Well, let me interrupt, Foreign Minister, with respect, and read to you what one terrorism analyst, Peter Bergen, wrote in The Washington Post the other day. Because it's very biting, and it makes a serious allegation about your government: "The key to the resurgent Taliban can be summarized in one word, Pakistan. The Pakistani government has proved unwilling or incapable (or both) of clamping down on the religious militia, even though the headquarters of the Taliban and its key allies are in Pakistan. According to a U.S. military official, not one senior Taliban leader has been arrested or killed in Pakistan since 2001."

What's your reaction to that?

KASURI: Well, many have been arrested. Even last month, I think some were arrested. And furthermore, let me make it abundantly clear, there's very close cooperation between the Inter Services Intelligence of Pakistan and the CIA in the United States. They operate very closely. There's very close intelligence sharing.

It is inconceivable that if somebody like Mullah Omar or Osama bin Laden or Ayman al-Zawahiri, if their whereabouts were known, they would be only known to the Inter Services Intelligence of Pakistan and not to the CIA. And furthermore, when some of our friends in Afghanistan complain, we say to them, please give us actionable intelligence.

Actionable intelligence is always intelligence regarding the time and place. It's not six months after the event. And the CIA would know more than anybody else does. They are there in big force in Afghanistan. And, of course, as I said, we share intelligence with CIA. Pakistan currently shares intelligence with about 50 countries in the world.

And leading among those is United States CIA. It's inconceivable. I know the level of commitment the United States has. And how could it be that President Bush, Secretary of State Condoleezza Rice, General Abizaid, the sort of people who know about what they're talking, they are very grateful to Pakistan for the sort of cooperation that we are providing under very testing circumstances.

BLITZER: I think it's fair to say, Foreign Minister, that there is really high regard in Washington for the president of Pakistan, Pervez Musharraf. But there isn't such high regard necessarily for everyone else who works for him in the military and the security services.

I'll read to you from another article that appeared in The Washington Post recently. It said this: "A Muslim country where many consider bin Laden a hero, Pakistan has grown increasingly reluctant to help the U.S. search. The army lost its best source of intelligence in 2004, after it began raids inside the tribal areas. Pakistani and U.S. counterterrorism and military officials admit that Pakistan has now all but stopped looking for bin Laden."

I assume you saw that article, and I wonder if that's true.

KASURI: No, it is not true. And partly what I said in response to your first question holds for this one as well. Now, you see, bin Laden is not the sort of person -- I mean, he's not really somebody who can hide very easily.

Now, where is he? It's very tempting to say, as your, as the editorial or the articles suggests, because you have not been able to find him on the Afghan side. But where is he likely to be? He's likely to be largely where he has gotten accustomed to, where people know him.

Now, previously, fingers were pointed at Chitral. Chitral, they don't even speak Pashto, and they are not ethnic Pashtuns.

BLITZER: Chitral is part of Pakistan right now.

KASURI: Yes. Chitral is on the border.

BLITZER: But what you're...

KASURI: On the other side, there is Nuristan, which is a wooded area. And in fact, it is thought that Khitmatiar (ph), who is a former colleague during the Soviet Union's invasion of Afghanistan, colleague of Osama bin Laden, he is more likely to be there. But since nobody knows where he is, it is very unfair to indulge in finger-pointing of that nature.

BLITZER: But you're suggesting, therefore, that he's still in Afghanistan. Is that right?

KASURI: It is more likely because he would be among people where he can get support, and also in that part where they normally think he is, that part of Pakistan and Afghanistan, our part is less wooded. Theirs is more wooded. Our people don't speak Pashto in Chitral area, whereas on the other side, in Afghanistan, they do speak Pashto.

BLITZER: All right. Because the Afghans and a lot of U.S. experts think that he's probably someplace in Pakistan. And they also go further and say that Mullah Mohammed Omar, the former leader of the Taliban, is probably in Pakistan, in Quetta, right now. Is there information that you have that Mullah Mohammed Omar is in Pakistan?

KASURI: Well, it's absolutely essential to go into the history of this. You know, last year, there were accusations.

I do not wish to -- because we worked hard at improving our relations with Afghanistan. They are very good.

But I will have to, now, say that some of the leaders in Afghanistan said that he was seen in a mosque in Quetta. I mean, frankly, this is so outlandish.

And people from the American television and Western agencies went to that mosque. The mosque hardly existed. Now, why in hell (ph) would Mullah Omar expose himself in that manner?

And why should he not be among the people who love him or respect him or who have led him? And that is the Kandahar area. Why should he come to Pakistan, and particularly in Quetta, which is also Baluchi and Pashtun?

So therefore, it is unlikely that he would be there. And then, that is an urban area. Why should he go to urban areas when he can more easily hide himself in wooded areas or in caves?

BLITZER: We only have less than a minute left. But I want a quick question and answer, if possible, Mr. Foreign minister, on your summit yesterday between the leaders of Pakistan and India, both nuclear nations.

As you know, some Indians recently suggested that Pakistani groups were responsible for a series of horrible terror attacks inside India.

Give our viewers a sense of what, if anything, emerged from this summit yesterday between the prime minister of India and the president of Pakistan?

KASURI: Well, the meeting was very successful. And I say this not because I'm foreign minister of Pakistan. The prime minister of India, directly told me, himself, when I entered the room, because the president of Pakistan, the prime minister of India first had a one-to- one.

And the prime minister of India himself told me that it was a very good meeting. And the president of Pakistan also said so. Now, they have agreed on a lot of things.

They've said that the stalled peace process will start again, that they will address the issue of Kashmir in a purposeful manner. And Pakistan has, in turn, also agreed to a mechanism on terrorism because, even in the past -- and this is nothing new -- we have made offers to India to investigate acts of terrorism.

And this time, both the leaders have agreed on a mechanism regarding this scourge which is affecting both Pakistan and India.

BLITZER: Khurshid Kasuri is the foreign minister of Pakistan.

Mr. Minister, always good to have you here on "Late Edition."

KASURI: It's always a pleasure to be with you, Wolf. Thank you very much. BLITZER: Thank you.

And coming up, another deadly day of attacks in Iraq, especially in Kirkuk.

What will it take to secure Iraq? We'll ask two top U.S. senators, members of the Armed Services Committee.

(BEGIN VIDEOTAPE)

BLITZER (voice over): Roh Moo-hyun: What's his story?

The South Korean leader met with President Bush at the White House this week to discuss North Korea's nuclear program. Both countries want to return to the negotiating table, but North Korean leader Kim Jong Il has refused a new round of talks since November.

Despite humble beginnings in a small farming village, Roh had a successful career as a human rights lawyer before becoming a prominent politician.

He was elected president in 2002 with a mandate to clean up corruption in Korean politics. But his own administration has been plagued by scandal for violating election laws.

(END VIDEOTAPE)

BLITZER: And there's much more ahead on "Late Edition." How far is too far in the name of fighting terror?

Senators John Cornyn and Evan Bayh, standing by to weigh in, live, on the big debate this week: How should terror suspects be treated? we'll be right back.

BLITZER: Let's take a close look at what's on the covers of this week's major news magazines here in the United States. Time Magazine looks at what war with Iran would look like and how to avoid it.

Newsweek features "The Next Generation: 20 Powerful Women on How to Take Charge."

And U.S. News and World Report focuses in on "Capitol Crime: How a New Washington Scandal Could Bring Congress to its Knees."

And this is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

BUSH: It is vital that our folks on the front line have the tools necessary to protect the American people.

(END VIDEO CLIP) (BEGIN VIDEO CLIP)

U.S. SENATOR JOSEPH BIDEN, D-DELAWARE: You don't make international laws to accommodate that extraordinary circumstance.

(END VIDEO CLIP)

BLITZER: A growing rift in the U.S. over how terror suspects should be treated. Hanging in the balance, the Geneva Convention. Is it time for a change? Two key U.S. senators on the U.S. Armed Services Committee debate, Republican John Cornyn and Democrat Evan Bayh.

A blood-drenched week in Iraq and a surge in deadly attacks. We'll get a status report on Iraq from that country's national security adviser, Mowaffak Al-Rubaie.

(BEGIN VIDEO CLIP)

GEORGE SOROS, BUSINESSMAN AND PHILANTHROPIST: The war on terror is a false and misleading metaphor. We have to fight terrorism, but war is the wrong way to do it.

(END VIDEO CLIP)

BLITZER: And a controversial book from billionaire businessman and philanthropist George Soros. He says the war on terror cannot be won.

Welcome back. We'll get to my interview with senators John Cornyn and Evan Bayh in just a moment. First, though, let's check in with CNN's Fredricka Whitfield for a quick check of what's in the news right now. Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks very much, Fred. A huge issue in Washington this week has been how the United States detains and questions suspects in the war on terror. It's turning into a tug of war between President Bush and key members of the U.S. Senate Armed Services Committee, Democrats and Republicans.

Joining us now, two key members of that panel. From Austin, Texas, Senator John Cornyn. He's a Republican from the state of Texas. And in Washington, D.C., Senator Evan Bayh. He's a Democrat from the state of Indiana. Senators, thanks very much to both of you for joining us.

And Senator Bayh, I'll start with you. We heard in the first hour of "Late Edition" the president's national security adviser, Stephen Hadley, say that one article of this U.N. -- excuse me, of this Geneva Convention, what's called Common Article 3, needs clarification. And it needs it right now if civilian personnel are going to be able to interrogate effectively suspected terror suspects.

The element of "outrages of personal dignity, humiliating or degrading treatment," that needs clarification and definition. Is he right?

SEN. EVAN BAYH (D), INDIANA: He is right, Wolf, but we can accomplish that without gutting the Geneva Convention. And let me be clear about a couple of things first. Our principal concern is not about the detainees. Our concern is about U.S. military personnel and intelligence operatives who themselves might be subjected to torture and inhumane treatment someday.

We don't want to do anything to make that more likely, and don't want to do anything that undermines the moral standing of our country across the world in this fight against terror, because that is a great asset and strength of ours. We are morally superior to those we're fighting, and we don't want to confuse that issue. So, we can get the intelligence we need, Wolf.

BLITZER: But why are you suggesting, Senator...

BAYH: We can be true to the Geneva Convention, but we can do it by amending the War Crimes Act to give clarity to our agents so they can conduct these intelligence interrogations, get the information we need to protect our country but protect our own people and be true to our own values in the process.

BLITZER: All right. Well, let me let Senator Cornyn, himself a former judge, respond. What about that proposal from Senator Bayh?

SEN. JOHN CORNYN (R), TEXAS: Well, I'm glad to hear Senator Bayh talk about the importance of this program. We've gotten information from high-value detainees which have literally detected, disrupted and deterred terrorist attacks against our troops abroad and Americans here at home. And the issue really is, do we provide clear rules for our civilian interrogators so they know what is permitted and what is not permitted?

We thought we'd actually done that last year, and Senator McCain championed the passage of the Detainee Treatment Act, which by its name you can tell defined what American law said with regard to how detainees shut be treated. And then the United States Supreme Court came in in June and said Common Article 3 with this hopelessly ambiguous standard of outrages against personal dignity applied.

All we want to do is tie that standard to the Detainee Treatment Act, and I think we're done.

BLITZER: What he's suggesting -- Senator Bayh, I don't want to put words in your mouth, but explain what you meant, and then I'll let Senator Cornyn react, when you say what the president wants to do is effectively gut the Geneva Conventions.

BAYH: Well, that's what John McCain, Colin Powell, Lindsey Graham, John Warner, who is the chairman, as you know, Wolf, of the Armed Services Committee, former head of the Navy, they're all concerned that if we basically back away from the explicit requirements of the Geneva Convention, that will create confusion around the world about what standard that we adhered to. Then there's a separate question that John is speaking to, and I do think there needs to be some clarification here to give our operatives -- we don't want them sued. We don't want them prosecuted and brought into court and that kind of thing, so we do need to lay out very explicitly what they can and cannot do.

But we need to do that while still sending a clear message to the rest of the world that we adhere to the Geneva Convention because that is the accepted international norm. And if we back away from that, as I said, we endanger our own people, and we undermine our own moral standing, which is a great sense of strength for us.

BLITZER: All right. Senator Cornyn, I want you to listen to what your Republican colleague John McCain said earlier in the week on this very sensitive point.

(BEGIN VIDEO CLIP)

MCCAIN: Suppose that we amend the Geneva Conventions to our interpretation of it. Then another country that is not quite as democratic as ours decides they will amend their version. A Special Forces person is captured by them, and their attorney general tells their secret police, OK, here's our interpretation of Common Article 3 of the Geneva Conventions, have at him. That's what people are worried about.

(END VIDEO CLIP)

BLITZER: All right, Senator Cornyn, what do you say?

CORNYN: Well, first of all, the United States complies with the Geneva Conventions in their entirety, and we expect that chain of command will be honored and that the laws of war will be observed. But actually what Senator McCain is suggesting is something that I think the president is suggesting, and that is not to abrogate, not to amend the Geneva Convention Common Article 3, but rather to give it definition.

This is something that Congress does every time an international convention like the one banning torture that was ratified in 1994, that the Congress does as a matter of definition to make clear that the U.S. as a matter of sovereignty determines what's lawful and unlawful with regard to its activities, while adhering to these international conventions like Common Article 3.

BLITZER: Well, what do you think, Senator Cornyn, of Senator Bayh's proposal? He's got a different idea, a different method for clarifying that article as opposed to what the president would like. What do you think of his proposal to get around this impasse?

CORNYN: Well, I welcome it. I'm glad to hear what he said, and I think we need to get more people into this discussion so we can explore all the range of ideas. But I do think it's going to take more than amending the War Crimes Act because when the Department of Justice passes judgment on whether an interrogation technique is lawful or unlawful, they're going to look at the whole range of laws, not just the War Crimes Act, to determine that. That's why we need the clarity that would be provided by the Detainee Treatment Act.

BLITZER: Senator Bayh, the president had a bottom line, a short bottom line. He said that will force him to conclude whether any compromise with you and the U.S. Senate and the House of Representatives is possible. Here's how he put it the other day.

(BEGIN VIDEO CLIP)

BUSH: I asked General Casey today if you got what you need. He said, yeah, I got what I need.

(END VIDEO CLIP)

BLITZER: I apologize. That's not the right clip from the president. I'll read to you what the president basically said. He said, "The point is that the program is not going to go forward if our professionals do not have clarity in the law." That's his bottom line.

BAYH: By the way, Wolf, I suspect General Casey doesn't have what he needs either, but to get to your question, look, we need to keep this program. We do get valuable information from it, but we can do it in a way that uses methods that don't approach torture. And that's important for the reasons John and I and all of us appreciate: protecting our people, maintaining our moral standing.

And we need to do that while providing the clarity our people need. So, look, the president's threat, I think, frankly, is hollow because the program should stay in place. It can stay in place. And we can do it while protecting our country and our values and our people at the same time.

So let's look at the War Crimes Act. Let's look at the Detainee Act that John mentioned. Let's find that common ground. But look, the president shouldn't try and push something through that even members of his own party with deep national security experience like John McCain and Colin Powell think would undermine our standing, our security in the world.

BLITZER: General Powell, Senator Cornyn, wrote to Senator McCain this past week, and there was one very strong line in there. He said, "The world is beginning to doubt the moral basis of our fight against terrorism." A powerful assertion by a retired four-star general.

CORNYN: Well, General Powell is a great patriot. I actually think, when you read the first paragraph of that letter, he said he didn't want to water down the Detainee Treatment Act which we passed last year.

I actually think there's more basis for common ground and agreement between General Powell, the administration and Senator McCain than first meets the eye.

But clearly, we treat our detainees well. The fact is we would be happy if Al Qaida would treat any prisoners of war they take of ours -- but he don't take prisoners of war; they behead them. And they don't respect any international conventions, including the Geneva Conventions.

BLITZER: We're going to take a quick break, but a quick question, Senator Cornyn and a quick question to Senator Bayh: Can you reach a compromise deal between the president and the U.S. Congress in the next two weeks or so before the Congress goes into recess?

CORNYN: I certainly hope so. It's very important that we begin to try these detainees who have been kept for a long time and interrogated because they need to be held accountable for the war crimes they've committed.

BLITZER: Senator Bayh?

BAYH: I think we can, Wolf, and I hope we can. But, look, it's better that we get it right than we get it quick. There are no detainees in the CIA program anymore. They've all been shifted over to the military side. These people aren't going anywhere. They'll ultimately be tried.

We need to make sure we do it the right way.

BLITZER: Senators, stand by. We're going to continue this conversation. I'll also be asking them about the situation in Iraq and, potentially, the need for more U.S. troops to be dispatched there.

Also ahead: a capital in chaos. Iraq's national security adviser, Mowaffak al-Rubaie in Baghdad on why we saw another deadly week in the battle for the Iraqi capital. That conversation coming up.

And later, my conversation about money, politics and opposition to the war in Iraq with the billionaire George Soros. I'll ask him why he continues to make comparisons between President Bush's policies and Nazis.

Stay with us.

BLITZER: Welcome back to "Late edition." I'm Wolf Blitzer, reporting today from Chicago.

We're continuing our conversation, now, with Senators John Cornyn and Evan Bayh, both members of the Armed Services Committee.

Senator Bayh, I want to button up the whole issue of terror detainees. In the first hour, we spoke with President Bush's national security adviser, Stephen Hadley.

He said, now, what the administration is ready to do, as far as making classified information, classified evidence available to terror detainees, is to make that classified information available to their lawyers and to try to clean it up to make a declassified version available to the actual terror detainees themselves. What do you make of this proposal?

BAYH: Well, I think that's a reasonable proposal to start from, Wolf.

Look, you can't try people and have any kind of process that is consistent with any notion of judgment without at least letting people know, who are accused of a crime, what the evidence is that supports the accusation.

But at the same time, we can't undermine our country's security by revealing national security information to accused terrorists. So an unclassified summary of the evidence, redacted documents that take out anything related to sources and methods -- that may give us some common ground we can work to get a reasonable compromise that, again, is true to our values but also protects this country.

BLITZER: Are you comfortable with this proposed compromise, Senator Cornyn?

CORNYN: Well, I think, if it were up to Senator Bayh and myself, we could work this out.

Unfortunately, other people are going to get to weigh in. But this is a very important issue because we know that, in past prosecutions, that classified evidence has made its way into Al Qaida's hands after the fact.

And we simply have to protect our sources and methods, as Senator Bayh says. And, obviously most of these detainees are not going to be particularly apologetic about their role in trying to take down the West and kill Americans and kill civilians. That's what they do. That's their ideology that is so problematic.

BLITZER: But Senator Cornyn, if a man, or a woman, for that matter, is potentially going to be sentenced to death based on evidence -- maybe that evidence comes from hearsay, comes from torture victims who have been tortured or whatever -- shouldn't that person have a right to see the evidence before being judged?

CORNYN: Well, let me be clear, Wolf. We don't torture our detainees. What we do is we can use aggressive interrogation techniques which might be different from our use criminal law standards...

BLITZER: Let me just point out, though, Senator Cornyn, other countries provide information to the United States that do use torture.

CORNYN: Well, it's certainly our policy not to do that. But the point is that I do believe these detainees can be treated -- excuse me -- tried using evidence that can be provided, if it's classified, to their lawyers and unclassified summaries provided to the detainees. I believe they can get a fair trial. If not, they can appeal that case and then have the judge determine based upon the ruling of the trial judge, the tribunal and whether or not fair standards were applied.
BLITZER: And Senator Bayh, are you comfortable that the individual could be convicted of a crime based on evidence that that person doesn't know what it really is?

BAYH: Well, of course, you have to get to the question -- the word the lawyers use is probative value. You know, how reliable is the information? What does it mean?

And you've got to know some things about it, Wolf. But the question is, what can you learn about it without divulging national security secrets? You can't do that.

And so it's just going to have to be handled on a case-by-case basis. And perhaps -- you know, if you just can't reveal some things, then maybe you don't seek the death penalty; you seek life in prison.

It's just something you've got to handle on a case-by-case basis. But we've got to protect the nation's security. We've got to protect our values and not having people being tried when we don't tell them what the facts are.

BLITZER: Senator Cornyn, it's only about -- you want to add one point, Senator Cornyn?

CORNYN: Well, I agree with Senator Bayh. At this point, we're doing all this, prospectively, on the front end. I think what we're going to have to do is pass some reasonable rules; let trials go forward; and then have them reviewed on a case-by-case basis by the appellate courts, including the Supreme Court. And I think that would be the appropriate way to go.

BLITZER: A recent Gallup poll, Senator Cornyn, shows that the Republicans are in trouble going into the midterm elections: 53 percent of registered voters say they prefer Democrats; 41 percent say they prefer Republicans.

How worried are you, Senator Cornyn, right now, that the Democrats could become the majority party in the House and maybe even in the Senate?

CORNYN: Well, I do believe the Republicans will retain the majority in the United States Senate. I appreciate those polls, but I think most people focus on the candidates, the choices they've been given.

And they'll make their individualized judgment based on how well the incumbent, if there is an incumbent, has performed, or the choice given to them based on these key issues, some of which we've been talking about today. So I think Republicans will do well.

BLITZER: The Republicans were encouraged somewhat, Senator Bayh, by this ABC News poll which asks which party is better able to handle Iraq. Forty-four percent said Republicans; 43 percent said Democrats. And on the question, which party would better handle terrorism, 48 percent said Republicans, 41 percent said Democrats. You see this election, the midterm election, from the Democratic perspective perhaps slipping away?

BAYH: No, I don't, Wolf. I think most people know that we can do better. We can do a better job of securing our nation's physical security. I mean, look, Iraq is not going as well as it should.

And when you have the vice president, who I take it spoke for the administration a week ago today, coming out and saying it they had to do it all over again they'd do the same thing, the same way, that's not only alarming, that's dangerous. We can do better than that.

Afghanistan is not heading in the right direction. That's the place from which we were attacked on 9/11. Iran, which is everything we thought Iraq was but wasn't, is not going well under this administration. Homeland security, we need to do more in ports and rail facilities. So the list goes on and on, Wolf.

We have to offer a program that is both tough and smart to show that we can do a better job of securing this country, and I think we can. I think most Americans will realize that and vote for a change.

BLITZER: We're going to be out of time in a second, Senator Bayh, but when are you going to announce your run for the presidency?

BAYH: Well, it's kind of you to ask, Wolf, but I hope I don't disappoint you by saying not today. Maybe a scoop on another Sunday.

BLITZER: All right, we'll be waiting. Senator Bayh, always good to have you on the program. Senator Cornyn, if you want to run for the presidency, we'd be anxious to hear that, as well. Thanks to both of you for joining us.

And this note to our viewers: President Bush addresses the United Nations on Tuesday. On Wednesday, I'll sit down with him in New York City for a special one-on-one interview. That interview will air Wednesday in "The Situation Room" on CNN.

And coming up next, is Iraq on the brink of civil war, and is Iran undermining or helping Iraq? We'll ask Iraq's national security adviser, Mowaffak Al-Rubaie. He's in Baghdad.

But up next, we'll get a quick check of what's in the news right now, including peaceful gatherings around the globe to try to bring attention to the crisis in Darfur. Stay with "Late Edition."

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer reporting today from Chicago. Still to come, my interview with George Soros, the billionaire philanthropist. Earlier today, though, I spoke with Iraq's national security adviser, Dr. Mowaffak Al Rubaie.

(BEGIN VIDEOTAPE) BLITZER: Mowaffak al-Rubaie, thanks very much for joining us once again on "Late Edition."

There has been this very, very disturbing trend developing in and around Baghdad, elsewhere in Iraq: A lot of bodies. People not just killed but horribly mutilated, tortured, killed execution-style. Explain to our viewers what's going on in Iraq.

MOWAFFAK AL-RUBAIE, IRAQI NATIONAL SECURITY ADVISER: Well, Wolf, let me put this in a wider perspective. There are a lot of good news in Iraq, which unfortunately has not been shown in the media. There is going to be a handover of the command of the fourth Iraqi division very, very soon. And also, there is going to be assuming of responsibility of security in Dhi Qar province down south.

The other thing is the Iraqi security forces, combined the army and the police, have reached to a level of 300,000 now. And the maximum number we were planning to go to is the 325,000 by the end of the year.

So we're nearly there. And a lot of them, they are fully trained, they are prepared very well, and there are good arms they're carrying.

The good news, as well, in Baghdad's security plan, which a lot of people have overlooked this, is that, although we have started this Baghdad security plan a few weeks ago, several weeks ago, there was no fierce fighting. And a lot of the neighborhood we went in, very peacefully.

We injected cash in the local economy; we created jobs in there; we've done cleaning of the street; we've done a lot of beautification of these neighborhoods and provided extra serviced like extra hours of electrical power and clean water and so on and so forth. So there are a lot of good news coming from the...

BLITZER: All right, Dr. al-Rubaie, let me interrupt for a moment, Dr. al-Rubaie...

(CROSSTALK)

AL-RUBAIE: There's an international (inaudible).

BLITZER: Let me interrupt for a moment, because I want to get to all those issues, especially the troop levels. But we see on television, we read about these scores of bodies showing up at the morgue in Baghdad, almost on a daily basis, mutilated, tortured, killed execution style.

Explain what's going on. Why are all these people being slaughtered?

AL-RUBAIE: There are three sources of these horrible crimes. Number one is the organized criminals basically trying to frighten people, the local people in Baghdad. And number two is the rogue elements of some of the militias taking on, basically, with a sectarian motivation, taking on the other sects, and the Shia killing Sunnis and Sunnis killing Shia. But these are rogue elements of these militias around Baghdad. And Al Qaida is using this in their tactics as well. Basically, they are trying to create a maximum psychological impact by showing these horrible crimes, decapitation, killing, execution-style killing, mysterious killing and mutilation. This is Al Qaida, using this tactic to drive to demoralize our Iraqi security forces and also to frighten the local people in Baghdad.

BLITZER: Dr. al-Rubaie, are you seriously thinking of building a trench around the entire Iraqi capital, around Baghdad, and limiting access to the Iraqi capital, at what, 28 checkpoints?

AL-RUBAIE: To be quite honest with you, this, what I call the physical barrier around Baghdad, is already there. It's the soil and it's the river; it's some trenches as well. It was already built during the old regime, around Baghdad.

And basically, we are making use of that to try to impede and impair the movement, basically, making the movement of terrorists coming from outside Baghdad to inside Baghdad, make it more difficult. That's what we are doing.

It's a physical barrier of water and soil is there -- and trenches. It's already there. We're basically putting a number of entry points to Baghdad and these checkpoints. And we're making more careful search during -- going in and out of Baghdad. And there are a certain number of entries in Baghdad that people are allowed to go into.

BLITZER: You went to Iran this past week with the prime minister, Nouri al-Maliki. You met with the president of Iran, Mahmoud Ahmadinejad.

As you know, the U.S. ambassador in Baghdad, Zalmay Khalilzad, has accused Iran of interfering and fomenting, if you will, the insurgency, the sectarian violence inside Iraq.

Did you get any assurances from the Iranian leadership that they would stop providing weapons, improvised explosive devices, support for the insurgents?

AL-RUBAIE: We made it absolutely crystal clear to the Iranians that we do not want any intervention in our internal affairs. And we promised them that we will respect their sovereignty and we expect them to respect our sovereignty and do not interfere in the internal affairs of Iraq.

And we also have good promises from the president, from the other officials, ministers, security ministers, that they will help in economy and services and in the security.

And I believe we've got very good reassurances from the Iranians that they will not interfere in the internal affairs of Iraq. And this is going to be a mutual respect to the sovereignty and independency of both countries to each other.

We wanted to make a good relationship with Iran on the basis of mutual and bilateral respect to each other.

BLITZER: Dr. al-Rubaie, I want to get back to what you said at the beginning, because we're almost out of time, that the Iraqi army, almost 300,000. What does that mean in terms of the U.S. presence, military presence in Iraq?

When will U.S. troops be able to start leaving?

Because as you know, in recent weeks, they have increased the level of U.S. military forces in Iraq.

AL-RUBAIE: It's a very simple formula. The more we get in number and preparedness and in the readiness of the Iraqi security forces, the less we need the American forces and American troops in Iraq.

And so we have a very clear idea, timetable if you like, for the Iraqi security forces' development, preparedness and readiness to assume battle state and to assume security responsibility in different provinces.

A delegation, going from tomorrow, from the National Security Council in Baghdad, going to Kurdistan, trying to negotiate a time for foreign troops to leave the Kurdistan, three provinces there -- we have time to leave Kurdistan, and for the Kurdish or Kurdistan regional forces to assume responsibility in the three provinces.

So we are gradually going about assuming more responsibilities in different provinces, up north, down south, and even in the middle, with growing number and readiness of our security forces.

BLITZER: Dr. al-Rubaie, as usual, thanks very much for joining us.

AL-RUBAIE: Thank you, Wolf, for having me.

BLITZER: And coming up next on "Late Edition," from Iraq to the war on terror, why the outspoken billionaire and philanthropist, the author George Soros thinks the terrorism fight has no end and no victory. Stay with "Late Edition."

(BEGIN VIDEOTAPE)

BLITZER: Ann Richards, what's her story? The former Texas governor passed away Wednesday at her home in Austin, Texas, following a six-month battle with esophageal cancer. Richards achieved national attention in 1988 as the keynote speaker in the Democratic National Convention, saying that Republican presidential nominee George H.W. Bush was born with a silver foot in his mouth.

In 1991, she became just the second female Texas governor, a post she held until 1995. While in office she pushed for civil rights for women and minorities, calling for a new Texas. Richards is survived by her four children and eight grandchildren. Her funeral will be held tomorrow in Austin.

(END VIDEOTAPE)

BLITZER: And coming up next, why investor and author George Soros finds similarities between the Bush administration and the Nazis, what he calls the politics of fear. You're watching "Late Edition."

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer reporting from Chicago. Earlier this week, I spoke to investor and billionaire George Soros about terrorism, politics and the future.

(BEGIN VIDEOTAPE)

BLITZER: George Soros, thanks very much for coming in.

SOROS: A pleasure.

BLITZER: Let's talk about your new book, "The Age of Fallibility: Consequences of the War on Terror." I want to read to you a quote that sort of startled me, I'm sure a lot of your readers, once they read it: "The Bush administration and the Nazi and Communist regimes all engaged in the politics of fear. Indeed, the Bush administration has been able to improve on the technique used by the Nazi and Communist propaganda machines by drawing on the innovations of the advertising and marketing industries."

Now, when a lot of people hear comparisons between President Bush and Nazis and Communists, they're going to say, George Soros, you've gone over the top.

SOROS: You actually picked up the most incendiary part of the book. And I am very careful to draw a clear distinction between the Nazi regime and our open society, because we are a democracy, but there are some similarities in the propaganda method, which I pointed out.

BLITZER: But, George Soros, you lived through the Holocaust. You know firsthand what the Nazis were doing. You lived through the Cold War, the worst of the Stalinist era. To make comparisons between the president of the United States and these regimes, a lot of people are going to say, what are you thinking?

SOROS: Well, that is unfortunate because I think there are some serious arguments about our open society being endangered by the policies followed by the Bush administration. The war on terror, which does not have an end, changes -- it leads to an undue extension of executive powers. It has stifled debate. Criticizing the president is considered unpatriotic, and as a result, we have been following policies which endanger our position in the world. BLITZER: A lot of people will agree with you on that but where they will starkly disagree is to then bring in the whole Nazi and Communist comparison.

SOROS: Actually, it's a valid point, and maybe I did go over the line, but I think that on the whole, my assessment is a balanced one. And the fact that, frankly, when President Bush said, you are either with us or you are with the terrorists, that's when I was reminded, but I should have probably kept it to myself.

BLITZER: Because I'll read to you what you wrote in The Washington Post in 2003. You said, "When I hear Bush say, 'You're either with us or against us,' it reminds me of the Germans. My experiences under Nazi and Soviet rule have sensitized me. Bush feels that on September 11th he was anointed by God. He is leading the U.S. and the world toward a vicious circle of escalating violence."

That's what you said then. Now I guess you acknowledge you went over the top.

SOROS: Well, unfortunately, if you look at it five years later, we are, in fact, caught in a vicious circle of escalating violence. If you now look at it, we have been misled, and we are still caught in this metaphor of -- false metaphor of the war on terror. And that is a point that I really want to emphasize.

BLITZER: Because one of the themes of the book, "The Age of Fallibility," you sort of summarized in a recent article in The Wall Street Journal, which I read, you write this, and this raised some eyebrows, at least my eyebrows, as well: "The war on terror," you write, "cannot be won. An endless war waged against an unseen enemy is doing great damage to our power and prestige abroad. The world is in danger of sliding into a vicious circle of escalating violence. We can escape it only if we Americans repudiate the war on terror."

What are we supposed to do, just sort of give up and let the terrorists win?

SOROS: No, but when you fight the terrorists, you have to pick up off the terrorists and not wage war, which creates innocent victims, which fuels rage and resentment, which feeds right into the terrorists' cause. I mean, you know, Al Qaida and bin Laden did attack us, and we have to get rid of them. And we were right to go into Afghanistan because that's where he lived.

And if he had stuck to it, and if he had rebuilt Afghanistan as we could have, we would have gotten him. He would have no place to go, but we turned away. Instead of that, went into Iraq, which had nothing to do with 9/11.

BLITZER: But, so what I hear you saying is, the United States has to fight the war on terror. The United States can win the war on terror, but if it does it the right way.

SOROS: What I'm trying to say is that the war on terror is a false and misleading metaphor. We have to fight terrorism, but war is the wrong way to do it, and that is actually what I tried to explain. It creates innocent victims. It is an abstraction so that we can't distinguish between Al Qaida and Hamas and Hezbollah and the Sunni insurrection. It drives a gap between us and the terrorists so that we are the victims, they are the perpetrators, so that we don't realize that our actions have an effect on how people relate to it.

BLITZER: All right. Let me move on to some politics. Because a lot of our viewers will remember in 2004 you gave a lot of your own wealth -- and you're a very wealthy man -- what, between 25 and $30 million to try to defeat George Bush back in 2004. That, as we all know, failed.

Here's what you write in "The Age of Fallibility," your new book: "We cannot count on the Democrats, because they are afraid of being depicted as weak on defense. They will not be able to climb out of the box into which the Bush administration has put them without confronting the war on terror." Well, now you're talking about the war on terror, which a moment ago you were saying shouldn't be called the war on terror. But you seem to be losing confidence in the Democrats.

SOROS: Look, I'm afraid that Democrats have bought into the war on terror. The whole population, we, all of us, got caught in this false metaphor, which is a very powerful metaphor because we have, of course, to deal with terrorism, and what's more natural than waging war? But then turning a figure of speech into reality, we are now fighting real wars on a global scale.

BLITZER: Well, here's the bottom-line question: Are you going to give another 25, $30 million or more next time around, either in this midterm election contest or looking toward 2008 to try to beat the Republicans?

SOROS: I think it's very important that there should be a better balance, and I think it would be very healthy for our democracy if the House at least was in Democratic hands. But I'm much more interested in policy than I am in politics.

BLITZER: So what are we talking about? How much money are you looking forward to making available?

SOROS: Nothing like I did in '04 because that was an exceptional situation. I felt that if we could possibly remove President Bush from the White House, we would spare ourselves the terrible things that have happened since, the deterioration in our power and influence in the world and the increase in stability in the world.

BLITZER: You'll be a little less generous this time?

SOROS: Much more so.

BLITZER: Is there a Democratic candidate among any of the Democrats right now you like for 2008?

SOROS: I think it's too early. I think -- the election is in 2006. BLITZER: So you're not throwing your hat into anybody's ring right now?

SOROS: No.

BLITZER: George Soros, "The Age of Fallibility: Consequences of the War on Terror," thanks very much for coming in.

SOROS: My pleasure.

(END VIDEOTAPE)

BLITZER: And coming up next here on "Late Edition, in case you missed it, our Sunday morning talk-show roundup. Were interrogation techniques used on the war on terror? the main topic of the day.

And for our North American viewers, coming up at the top of the hour, "This Week at War" looks at Iraq, Afghanistan and the terror fight.

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States, all of them focused on the battle between the president and key Congressional leaders over controversial interrogation techniques used to combat terrorism.

(BEGIN VIDEO CLIP)

MCCAIN: There's two reasons why all these retired military guys, who are not soft on terror or Al Qaida, are coming down vehemently against modifying the Geneva Conventions. There's two reasons. One is the moral high ground. We are not like Al Qaida. We are not like the bad guys. We're the nation that people look up to. There's a war on the battlefield and a psychological or ideological struggle going on. And the second is, they are very worried about American military

personnel falling into the hands of enemies who will, quote, "modify" or reinterpret the Geneva conventions to their liking.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR GEORGE ALLEN, R-VIRGINIA: I do not want to stop these interrogations. I'm not for torture. I'm not for waterboarding. But some of these techniques have been very helpful to us, whether they are sleep deprivation or whether it's loud music, and I need to be absolutely certain that what the interrogations, interrogators are doing now, which is completely fine as far as I'm concerned, protecting Americans will not be harmed by the proposal.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP) U.S. SENATOR CARL LEVIN, D-MICHIGAN: We've got to stay with the position that protects American troops, that protects American values and avoids handing our enemy, the terrorists, the weapon which they want more than anything else probably, which is that America are hypocrites, that America mistreats prisoners. That plays into their hands. That's the propaganda tool that they want, and we should not hand it to them.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. REPRESENTATIVE JOHN BOEHNER, R-OHIO: I think these programs have helped protect the American people, helped uncover terrorist plots before they happened. And they're necessary programs, and we're willing to give the president the tools he needs to take on the terrorists. And many times, they stand in the way and try to fight giving the president these tools.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here on "Late Edition," the last word in Sunday talk. And that is your "Late Edition" for this Sunday, September 17th. Please be sure to join us next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk.

I'm also in "The Situation Room" Monday through Friday 4 to 6 p.m. Eastern, for another hour at 7 p.m. Eastern. And this note, on Wednesday, my special one-on-one interview with President Bush. Until then, thanks very much for watching. I'm Wolf Blitzer in Chicago.

For our North American viewers, "This Week at War" is just ahead, right after a check of what's in the news right now.

From: USDOJ- Office of Public Affairs
Sent: Monday, September 18, 2006 10:06 AM
To: USDOJ- Office of Public Affairs
Subject: PREPARED REMARKS OF ATTORNEY GENERAL ALBERTO R. GONZALES AT THE NATIONAL CONFERENCE ON CITIZENSHIP

Department of Justice

FOR IMMEDIATE RELEASE — AG
MONDAY, SEPTEMBER 18, 2006 — (202) 514-2007
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PREPARED REMARKS OF ATTORNEY GENERAL ALBERTO R. GONZALES AT THE NATIONAL CONFERENCE ON CITIZENSHIP

WASHINGTON, D.C.

Good morning, and thank you for having me here.

I'm an admirer of this group and of your purpose. Because we live in an incredible country, the greatest on the face of the planet, leading the world in freedom and prosperity… and you have rightly identified the fact that if we don't participate in politics, government and community service, if we aren't aware of why the American fabric is special and engage in its development – we risk the decline of our greatness, a diminution of our influence.

Even in a democracy – in our case a representative republic – the people can lose their influence if they choose not to participate. A disengaged populous leaves a small, self-selected group of people in charge. And of course, what we are designed to achieve here in America is a government of the people, by the people, and for the people.

Your purpose, and our collective purpose here today, is to keep an eye on whether our citizens are participating in President Lincoln's hope, Dr. King's dream, our founding fathers' vision.

I want to say a few words here about an issue currently in the news that implicates American history and civic and political participation, and that is the current discussion about our treaty obligations under Common Article 3 of the Geneva Convention. It seems that criticism of the tactics used by the Government in the war on terror are often framed in the context of the Government not respecting our values, our civil liberties, and our rights under the Constitution. Clearly, we all believe that we should follow the Constitution, but what does that mean?

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For example, our due process rights under the 5th and 14th Amendments and our right to be free from unreasonable searches under the 4th Amendment are susceptible to many interpretations. Thus their meaning have been informed throughout American history by court decisions and by related statutes passed by Congress. The interpretations by our branches of government reinforce respect for the Constitution by providing clarity and definition to ambiguous words and phrases. Such actions I would argue, strengthen the Constitution and no one would seriously argue that seeking Supreme Court review of the Constitution is an effort to strips away our rights or an attempt to weaken or redefine the Constitution.

The same logic applies to the current discussion of our obligations under Common Article 3. Because of the Supreme Court's decision in the Hamdan case, we now understand that Common Article 3 applies to our conflict with Al Qaida. But aside from the important requirement of humane treatment (which, by the way, the United States was already providing) it is perfectly reasonable to ask what Common Article 3 requires.

Common Article 3 prohibits outrages upon personal dignity and humiliating and degrading treatment. Such phrases standing alone mean different things to Americans. Think of the differences in interpretation that will exist between differing legal systems and cultures of the nations of the world. Much as we are informed by the courts and Congress as to the meaning of due process and unreasonable searches under the Constitution the President believes it is important for the Congress to provide clarity to the meaning of Common Article 3 consistent with our values, using a U.S. Constitutional based standard. The President is advocating a standard that prohibits cruel, inhumane and degrading treatment—a standard based on years of U.S. Court decisions interpreting the constitutional prohibitions on cruel and unusual punishment that protect U.S. citizens in custody. This standard was overwhelmingly supported by the Congress last year in the Detainee Treatment Act.

Seeking this clarity is important to our efforts to continue gathering information about our enemies. In all that we do in the war on terror we seek to promote the rule of law and protect freedom. Defining our treaty obligations after the fact through domestic legislation has been done many times by our Congress and it ensures an understanding of our treaty obligations that is consistent with our values.

As Attorney General, I attend a good number of naturalization ceremonies, which are focus-studies on the meaning of citizenship and I think provide an interesting backdrop for your work.

The ceremonies are always very personal for me. My parents were both children of immigrants and they instilled in me a deep appreciation for being an American. They never let me forget that being a citizen of this great country means having limitless chances – if you work hard and are prepared for that once in a lifetime opportunity!

It is a natural phenomenon that with every generation that we are removed from our immigrant roots, we lose some of that passion. Someone who chooses to be an American has probably thought more about what makes this country special… what makes it better than the country they are leaving behind.

The new citizen even takes a profound oath – swearing to "support and defend the Constitution and laws of the United States of America against all enemies, foreign and domestic" – and most of the new citizens I have seen

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take the oath have tears in their eyes when they repeat the words. Because they are so very proud to become Americans.

I often leave naturalization ceremonies wondering: when is that moment of pride and allegiance for those of us who were fortunate enough to be born here? And how can we inspire that feeling in those who may not know how fortunate they are?

Tragedy can inspire feelings of pride, gratitude and patriotism, though it seems like a terrible way to get there.

Five years ago last week, Americans took flags out of their closets, pinned them on their lapels and sang the national anthem at sporting events with deepened emotion. Thousands joined America's armed forces to fight for the freedom and the life they saw brutally attacked on that day.

I had a chance, two weeks ago, to visit for the second time the front-lines of the war on terror in Iraq. And the steadfast resolve of our men and women in uniform, as well as our civil servants who are there to help the Iraqi people stand up their new government, was inspirational.

These men and women work in a dangerous environment, with daily temperatures well over 100 degrees. They are away from their families. But everyone I met was energetic and proud…so proud to serve a country that has given us all so much. The Americans on the front lines believe what they are doing is important, so important that they are willing to risk their lives for the mission. Just being in their presence made this grandson of immigrants so incredibly proud to be an American.

To have seen these men and women at work in Iraq is to know that <u>we will prevail</u> in this decisive ideological struggle.

To have seen them is also to have learned something about citizenship.

That post-9/11 spirit of citizenship is so vibrant among our troops, but I know that it is not universal in our country. I think we all thought, and hoped, that the renewed sense of citizenship and patriotism would last… and that it would be one more way in which we show our enemies that they won't win this war on terror.

The study you have released today, unfortunately, indicates that while 9/11 does seem to have increased community and national service and voting, we aren't seeing the full-fledged civic renewal that we'd hoped for.

We can take heart in the progress, but must take stock of what is still missing.

I agree there are three key elements to American citizenship; they form a starting point in terms of teaching and inspiring civic involvement:

- First, learning and appreciating America's history and foundations – in our day-to-day lives that translates to a respect for the rule of law.

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- Second, voting – We cannot expect to have populist government if the public does not broadly exercise their right to hire and fire their representatives.
- And third, volunteerism – While I believe strongly that the best "hand-up" ever given is freedom, we cannot take pride in ourselves or our nation if we are not taking care of our neighbors when they need us.

Respect for our Foundations: History and the Law

In my job, I am sworn to protect and defend the Constitution. I am humbled by that duty, as I believe our Constitution is one of the most important documents in the history of humankind.

I believe that we might find a re-birth of citizenship in a renewed emphasis on the Constitution in American history classes. Wouldn't you like to see a graduating high school class who can at least recite the preamble?

I offer it here, today, as a refresher course… and to emphasize my point:

"We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

I wish I could bring every American to the National Archives to see the documents that our country is built on. At this point that is unrealistic, but in the mean time, I feel strongly that this group and, indeed, every leader in public life, should call on American schools and teachers to spend more time studying the Declaration of Independence and the Constitution with their students.

The founding of our country was a very special time in world history – let's teach it with a certain amount of reverence.

Voting

When they are old enough – again, around the time they graduate from high school – I'd like to see every young American declare their own independence and respect their Constitution by voting.

After all, the right to vote, and to have that vote count, is absolutely central to the existence of freedom. When President Johnson signed the Voting Rights Act of 1965 he said the right to vote is the lifeblood of our democracy. In Afghanistan and Iraq young American soldiers have fought and died so that Afghans and Iraqis could vote. And despite continuing danger, the citizens of those countries have participated in the millions.

This forum is an ideal place to brainstorm about how we might inspire younger generations to do better than their parents and grandparents have done in turns of voter participation.

I think we can start – as leaders, parents and teachers – by emphasizing that all elections are important, not just

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Presidential elections.

And it isn't enough to simply cast a vote. It is equally important that the voter's choices be informed about the qualifications of each candidate and the merits of each referendum or initiative. As a former Secretary of State and Chief Elections Officer for Texas, I know well the challenges of motivating our citizens on elections day.

Voting needs to be a habit, as regular as celebrating holidays. An enthusiasm for the act can be contagious – so let's show our kids that voting, for a grown-up, is a special occasion.

This group is in a unique position to put a challenge to the American people – why not ask that, this November, every voter bring a friend, relative or colleague who doesn't normally vote to the polls with them? Let's set the bar high: Americans love a challenge.

Volunteerism

The last element of citizenship to emphasize is volunteerism.

I found it compelling that your civic health index showed a correlation between voting and volunteering at the state level. I hope you are able to dig deeper on this and see if one inspires the other, and if there are things that federal, state and local governments can do to inspire both.

Whenever I speak to young lawyers I always encourage them to consider public service because in giving to others we rekindle and refine ourselves. It feels good to help others…to know that you have made a difference in someone's life. Such opportunities not only make you a better lawyer, they also make you a better person.

There can be no question that volunteerism is good for society and good for the soul. I'm also interested in what it can do for a nation that is so blessed, so prosperous, that we may have lost a bit of perspective on our own fortune.

I am proud to serve a President who has put an emphasis on volunteering, on giving back. As he has said, "The great hope of the country lies in the hearts and the souls of its people."

The President has also spoken about the Armies of Compassion that make our country so great. Whether it is the war on poverty, the war on drugs or the war on illiteracy we have citizen soldiers who confront daily the evils of our society so that our country remains a place where dreams still come true.

I am but one soldier in the Armies of Compassion. But I commit to you to do my part, working shoulder to shoulder, side by side with you for our beloved America.

Thank you again for having me here today, and thank you for your important work. May God bless you, may He guide your decisions and may He continue to bless the United States of America.

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Image not available for this document, ID: 0.7.10316.31816-000002

Miller, Charles S

From: Miller, Charles S
Sent: Monday, September 18, 2006 10:39 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 9/19/06 Civil Division News

Meehan backs plan to offer 9/11 compensation for toxic exposure

McCain blasts administration for inaction on Indian case

Agencies crack down on Medicare fraud

New Supreme Court Term Promises Early Drama

Canada to release inquiry report into deportation and torture of citizen in Syria

Ottawa to censor portions of Arar report; Deletions on national-security grounds will face legal challenge later, panel says

Op-Ed: The View From Guantánamo

Lowell Sun

9/17/2006

Meehan backs plan to offer 9/11 compensation for toxic exposure

By RICK HELLER, Sun Statehouse Bureau

BOSTON -- Five years after Sept. 11, the families of 64 Massachusetts residents who died in the terrorist attacks are among those who have received settlements from the federal September 11th Victim Compensation Fund.

Across the country, families of 2,973 victims of the attack were eligible to file claims, according to Charles

Miller, a spokesman for the U.S. Department of Justice, which oversaw the fund. All but 90 filed claims, resulting in a federal distribution of over $7 billion.

The federal fund was created by Congress to provide compensation to families of those killed and to survivors who were physically injured in the attacks. The fund made its last compensation award in 2004.

Families and individuals who accepted compensation gave up the right to sue aviation and security companies for possible negligence related to the terrorist attacks. Some of the 90 families who have not accepted compensation have filed lawsuits at the U.S. District Court for the Southern District of New York, though Miller could not say how many.

U.S. Rep. Marty Meehan is critical of the way the money was distributed.

"The rules prohibited some people from being fairly compensated -- people from the Merrimack Valley whom I represent," said Meehan, a Lowell Democrat.

Two members of Congress from New York have proposed legislation that would reopen the fund to police and firefighters who were exposed to toxins at the disaster site in New York but became ill after the cutoff date for filing a claim.

Meehan has backed the proposal offered by U.S. Rep. Carolyn Maloney, D-New York. "I would support re-opening and support her legislation," Meehan said. He warned that the prospects for passage are uncertain. "It will be a difficult battle," he added.

While the federal fund has ceased operations, families and individuals affected by Sept. 11 still have somewhere to turn. The Massachusetts 9/11 Fund is a nonprofit organization funded by private donations that provides financial assistance and medical reimbursements to victims' families.

It is no longer raising money, but continues to receive income from Massachusetts "United We Stand" license plates, according to John Curtis, interim executive director of the fund.

END

Arizona Republic

September 18, 2006

McCain blasts administration for inaction on Indian case

Sept. 18, 2006 12:00 AM

Sen. John McCain gave an earful Thursday to President Bush's nominee to be the assistant secretary of Indian Affairs at the Department of the Interior, blasting as "incomprehensible" the administration's inaction on a proposed settlement to the 10-year-old Indian trust case.

The Arizona Republican, overseeing a hearing of his Senate Indian Affairs Committee, told the nominee, Carl Artman, that it's been five weeks since he and Sen. Byron Dorgan of North Dakota, the top Democrat on the committee, met with Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales.

McCain said he and Dorgan presented "what we believed to be a reasonable solution."

"Both the secretary and attorney general said they'd circulate that within the administration and get back to us," McCain told Artman.

At issue in the case is billions of dollars in land lease and mineral royalties owed by the government to Native American landowners in Arizona and across the nation because of government mismanagement over their trust accounts.

Lawyers for the lead plaintiff, Elouise Cobell, have alleged that Indian landowners are owed at least $100 billion in royalties tied to farming, grazing, mining, logging and other activities on tribal lands.

They have said they would consider the Arizona senator's compromise bill, which has been explained to them as offering $8 billion in settlement money.

However, McCain said on Thursday that, to date, "we've had no official response" from the administration, "and the window for action this year is closing fast."

McCain is expected to leave the committee's chairmanship at the end of this year, which concludes the two-year congressional session.

"Therefore, we've sent a letter to the secretary and the attorney general again asking for a final assessment and response," McCain said.

He asked Artman to take a message back to the administration, as well.

"It's incomprehensible that the administration not be able to come up with at least a response to what is the product of years of effort on the part of this committee and the interested parties," McCain said.

If left to linger unresolved in the courts, Dorgan warned, this trust case "will weigh over all the other issues and have profound impact on virtually everything else" that the Department of the Interior is trying to do with respect to Indian issues.

Told of McCain's comments, Interior Department spokesman Shane Wolfe said, "We continue to have excellent discussions with congressional staff and look forward to bringing the issue to closure with a mutually acceptable resolution."

In his testimony to the committee, Artman, a former chief counsel and member of the Oneida Tribe of Indians of Wisconsin, said resolution of the case is critical, "whether it comes from Congress, the administration or the courts."

"The sooner this litigation ends, the sooner we improve our relationship with tribes, and the sooner we increase for Indians and Alaska Natives the benefits of that relationship," Artman said.

END

AP

September 18, 2006

Agencies crack down on Medicare fraud

By Curt Anderson
The Associated Press

MIAMI · Medicare recipient J.D. got a $3,500 artificial leg and a $2,900 arm prosthesis. For F.R., it was a $2,320 prosthetic arm with locking elbow and a $6,840 artificial leg. Medicare provided M.C. with a $1,200 shoulder apparatus and a $1,700 device for a below-knee amputation.

Each of those people, identified in court documents only by their initials, is a real Medicare beneficiary who lives in the Miami area. But none lost a finger, much less two limbs.

Instead, federal prosecutors say, they were paid by a crooked medical devices company for use of their Medicare status to steal more than $3 million from the nation's health care program for the elderly. The company's owners also paid doctors kickbacks to write false prescriptions for the devices, investigators say.

Such schemes are all too common in the retirement haven of Florida, which is second only to California with more than 3 million Medicare recipients, according to 2005 Medicare data. Three urban counties in South Florida -- Broward, Miami-Dade and Palm Beach -- are home to almost a third of all Florida's recipients and have become a national hotbed for fraud.

Borrowing a tactic used successfully against drug traffickers, federal prosecutors in Miami are attacking the problem by focusing on both the "street-level" scams that typically involve between $1 million and $5 million in fraud, as well as the high-dollar cases involving large health-care providers.

Since October, that effort has resulted in criminal charges against more than 100 people in 63 separate cases and civil lawsuits against 38 additional defendants. All told, the cases over this one-year period involved more than $100 million in Medicare fraud, said Miami U.S. Attorney R. Alexander Acosta.

In past years, Acosta said, criminals may have thought investigators wouldn't waste much time on relatively small-dollar fraud amounts of $1 million or $2 million.

"Word on the street that you could fly under the federal radar is not a good thing," Acosta said in an interview. "We're talking real money here. I think this is a serious problem."

The crackdown involves federal, state and local agencies. Miami and Los Angeles are the only two cities where investigators are using sophisticated data analysis techniques to uncover Medicare fraud patterns, said Medicare spokesman Peter Ashkenaz.

"When we see there is a pattern, we start looking into it," he said.

These patterns include unusual surges in Medicare billings from particular clinics or medical suppliers. Analysts also focus on billings for certain items that are prone to fraud. For example, investigators in Florida focused on AIDS drug fraud when they encountered more claims for certain drugs than there are AIDS patients in the entire state.

Two Miami men were arrested this month for running a clinic that altered blood samples so the "patients" -- paid with cash or gift cards -- appeared to be in need of a serious and costly AIDS drug treatment. That scheme defrauded Medicare of $1.4 million.

"This scam kept others from receiving funds that could have provided essential health care," said Florida Attorney General and gubernatorial candidate Charlie Crist, whose office is part of the Medicare fraud task force.

One factor in the fraud is that Medicare, by law, is required to immediately pay claims, forcing investigators to look into suspicious situations after the money is already gone, Ashkenaz said.

Acosta said about 20 prosecutors from his office are assigned to Medicare fraud in an area where more than 800,000 beneficiaries live.

"We're putting all the resources we can spare into this effort," Acosta said. "There's a lot more that could be done."

END

The National Law Journal
09-18-2006

New Supreme Court Term Promises Early Drama

Marcia Coyle

The U.S. Supreme Court's new term, which already offers controversial challenges involving abortion, affirmative action, punitive damages and global warming, promises to add significantly to the emerging portrait of the newly constituted Roberts court.

The justices will open the 2006-2007 term on the traditional first Monday in October -- Oct. 2 -- but in an untraditional way. There will be no oral arguments because of the Jewish holy day, Yom Kippur.

But on that day, or as has become more routine in recent years, on the Friday before the first Monday, the Court will announce new grants of review -- as well as denials -- of cases gleaned from the thousands that came into the Court throughout the summer.

The justices approach the opening day with a relatively spare argument docket, having agreed to hear arguments in 31 cases, fewer than the number granted review at this time a year ago. But there is none of the uncertainty that surrounded them last fall as they awaited the arrival of a new chief justice and dealt with the impending departure of Justice Sandra Day O'Connor.

But even if the high court only decided the 31 cases currently on the docket, there is plenty of potential drama and legal significance in that group, say scholars and court watchers.

"There are some stand-out cases and each of them will test whether this is a 'restrained' Court," said constitutional law scholar Douglas Kmiec of Pepperdine University School of Law, referring to the abortion, affirmative action and punitive damages challenges.

Each of those "headline" cases, he added, also reflects the influence of Justice Anthony M. Kennedy, who has played a major role or has cast the decisive vote in the precedents or doctrines underlying those challenges.

The balance of the current docket, said Kmiec, is not like those cases but is "wonderfully lawyerly," many dealing with such issues as retroactivity or administrative law.

"One trend from last term which I really hope will continue is that the chief justice seems to be oriented toward trying to find, where he can, an opportunity for consensus resolution of cases," said high court scholar Mark Rahdert of Temple University James E. Beasley School of Law. One of the weaknesses of the last chief justice, William H. Rehnquist, said Rahdert, was that he made no serious effort to achieve consensus, and that resulted in many splintered decisions and a huge increase in concurrences.

"It was really kind of messy," said Rahdert. "Roberts seems not to like that and to think the Court should speak with something more nearly approaching a single voice. That's not to say he is afraid of dispute."

FACING DISPUTE

Roberts' consensus-building efforts surely will be tested early in the new term in two of the most divisive issues for the high court -- abortion and affirmative action.

"I think the handwriting is pretty clear in both areas that the law is going to change significantly," said

Rahdert. "If you just line up the votes -- replacing O'Connor with [Justice Samuel A.] Alito [Jr.] on both issues. The committed minority in the past that was opposed to affirmative action and any kind of permission for partial-birth abortion is set to become a majority."

The real question in both, added Rahdert, is how dramatically will the law change. "Will the Court announce some sort of bold, new set of principles or apply the existing framework in a different fashion and weigh the values in a different way?"

In *Gonzales v. Carhart*, No. 05-380, and *Gonzales v. Planned Parenthood*, No. 05-1382, the Bush administration seeks to overturn rulings by the 8th and 9th circuits that struck down the federal Partial Birth Abortion Ban Act of 2003.

Every court to review the law has found it invalid, generally because it is overbroad and because it lacks an exception to protect the health of the woman -- a requirement established by a 5-4 high court decision in 2000 in *Stenberg v. Carhart*, 530 U.S. 914, which held that Nebraska's partial-birth abortion law was unconstitutional. O'Connor was the critical fifth vote to invalidate the law. Kennedy wrote a bitter dissent.

In enacting the federal ban, Congress explicitly found that a health exception was not necessary for this type of medical procedure.

"Rather than enacting a law that conformed to *Stenberg*, Congress sought to overturn that ruling and made findings in the act that criticized factual findings of numerous federal district courts," wrote Priscilla J. Smith of the Center for Reproductive Rights, who is high court counsel to Dr. LeRoy Carhart and three other physicians in the 8th Circuit case.

"There are two aspects to the case that are intriguing: the extent to which Congress has found the facts, and [that Congress is] owed deference under Section 5 of the 14th Amendment," said Pepperdine's Kmiec.

That has implications that extend beyond abortion, he said. "And the particular issue of the health exception, which has been, for conservatives, one of the more duplicitous aspects of the entire body of abortion jurisprudence."

Kmiec concedes that it is "very difficult at first blush" to see why a conservative, restrained court would take the abortion challenges, since there is no circuit split and there is a recent precedent.

"Maybe the answer is: It's not a fully restrained court, especially in this case where Justice Kennedy has been waiting to prevail, and justices [Clarence] Thomas and [Antonin] Scalia have not fully signed on yet to the Roberts-Alito method of decision-making," said Kmiec.

The replacement of O'Connor with Alito may also be determinative in the Court's two key affirmative action cases: *Parents Involved in Community Schools v. Seattle School District #1*, No. 05-908, and *Meredith v. Jefferson County Board of Education*, No. 05-915.

Parents in both cases are challenging school integration guidelines that prevented their children from attending their school of choice because of their race or ethnicity. The Bush administration has intervened in the cases on the side of the parents, arguing that the guidelines involve "outright racial balancing" which is "patently unconstitutional."

The high court last visited the issue of affirmative action in 2003 when it upheld the affirmative-action admissions policy at the University of Michigan Law School, but struck down a differently constituted admissions policy at the undergraduate school. *Gratz v. Bollinger*, 539 U.S. 244 (2003); *Grutter v. Bollinger*, 539 U.S. 306 (2003). O'Connor was the key vote and voice in the law school ruling; Kennedy was in dissent. If the school districts here lose, "It would really, in the context it is before the Court, signal the end of the Brown v. Board of Education desegregation era," said Temple's Rahdert. "What's left of school desegregation are these voluntary plans that try, at the margins, to combat the tendency of having patterns of one-race schools."

REGULATING WARMING

The high court takes up one of the most hotly debated environmental issues of the time-global warming-in a challenge to the Environmental Protection Agency's interpretation of the Clean Air Act. *Massachusetts v. EPA*, No. 05-1120.

The case involves whether greenhouse gas emissions from cars and light trucks should be regulated by the EPA under the Clean Air Act because of their contribution to global warming. The agency in 2003 concluded that it had no authority to regulate air pollutants associated with climate change, regardless of the state of the scientific evidence. It also concluded that the four substances covered by a petition seeking regulatory standards were not "air pollutants" within the meaning of the Clean Air Act.

Thirty parties, including 16 states, unsuccessfully appealed the agency's decision to the U.S. Circuit Court of Appeals for the District of Columbia.

In the high court, Massachusetts Attorney General Thomas Reilly argues, "The ruling in this case is an extreme departure from this Court's precedents on statutory interpretation. To allow this decision to stand would be to sanction an enormous shift of power to administrative agencies, effectively letting them dismantle statutory regimes they simply do not like."

The Bush administration argues that petitioners have no standing and that the agency identified "a variety of sensible and appropriate reasons -- including the complex and highly uncertain nature of the scientific record" for its conclusion that even if it had authority to regulate greenhouse gas emissions from motor vehicles, "an endangerment finding would be inappropriate at this time."

While global warming is a "first" for the Supreme Court, a key sentencing challenge in the new term is continuation of fallout from the justices' sentencing revolution begun with *Apprendi v. New Jersey*, 540 U.S. 446 (2000). In *Apprendi*, the Court held that the Sixth Amendment prohibits judges from enhancing sentences beyond statutory maximums based on facts not found by a jury.

In *Cunningham v. California*, No. 05-6551, the justices will examine California's three-tiered, determinate sentencing system for compliance with the Sixth Amendment and *Apprendi* and its progeny. *Cunningham* is significant for at least two reasons, said sentencing scholar Michael O'Hear of Marquette University Law School. "We're talking here about potentially devastating results for the largest state criminal justice system in the country," he said. "If the state loses, it's going to result in chaos in this enormous system."

A decision, he added, also may result in the Court saying important things about the federal system, in which, because of *U.S. v. Booker*, 543 U.S. 220 (2005), sentencing guidelines are no longer mandatory. "The state in its brief is trying to analogize its system to the federal system," said O'Hear. "If the Court declares the state system unconstitutional, then there is a question about what has been happening in the federal system since *Booker* was decided and the Court may feel obliged to talk about that."

Other cases to watch include:

Burton v. Waddington, No. 05-9222: Is the sentencing decision, *Blakely v. Washington*, 542 U.S. 296 (2004), retroactive?

Lopez v. Gonzales, No. 05-547; *Toldeo-Flores v. U.S.*, No. 05-7664: Is the commission of a controlled substance offense that is a felony under state law, but a misdemeanor under federal law, is an "aggravated felony" under the Immigration and Nationality Act and thus a deportable offense?

Carey v. Muladin, No. 05-785: Is a defendant's right to a fair trial violated when family of the dead victim wore buttons bearing his picture during trial?

END

AP

September 18, 2006

Canada to release inquiry report into deportation and torture of citizen in Syria

By ROB GILLIES

Associated Press Writer

TORONTO_The final report from an inquiry established to determine the role Canadian officials played in the deportation\l "l" and torture of a Canadian in Syria will be released Monday.

Justice Dennis O'Connor will deliver his report into the ordeals of Maher Arar, who claims he is a victim of extraordinary rendition _ the policy of transferring foreign terror suspects to third countries without court approval.

Arar, a Syrian-born Canadian, was traveling on a Canadian passport when he was grabbed at a New York airport in September 2002 during a stopover on his way home to Canada from vacation in Tunisia. He said U.S. authorities sent him to Syria for interrogation on suspicion of being a member of al-Qaida, an allegation he denied.

After being released in 2003, Arar made detailed allegations about extensive interrogation, beatings and whippings with electrical cable in grim Syrian prison cells.

Canada's federal government established an inquiry in 2004 to determine the role Canadian officials played in the case of Arar, who has been cleared of any terrorist connections.

In their public testimony, Royal Canadian Mounted Police investigators acknowledged they were tipped in advance by the U.S. authorities that Arar would be detained in New York, and that they shared information about him with their U.S. counterparts.

They deny, however, that they played any role in the U.S. decision to send him to Syria.

Canada's spy service, CSIS, has been accused by officials at Canada's Foreign Affairs Department of preferring to keep Arar in Syria rather than let him return to Canada _ a claim the spy service denies.

Arar, 36, will be in Ottawa on Monday when O'Connor's report is released.

Arar wants to know whether Canada is complicit in contracting out torture to a country known to use violent methods to extract information from prisoners.

"Of course, I would like to know why I was sent to Syria and whether Canadian officials were complicit," he said.

He hopes the report will completely clear his name. He also wants to make sure what happened to him does not occur to anyone else.

O'Connor sifted through thousands of pages of documents and sat through testimony from more than 40 witnesses.

O'Connor will deliver two versions of his report to the government: one classified, the other public. But portions of even the public edition of the long-awaited document will be withheld due to security concerns.

END

Globe and Mail

September 16, 2006

Ottawa to censor portions of Arar report; Deletions on national-security grounds will face legal challenge later, panel says

JEFF SALLOT

OTTAWA The official report on the torture case of Maher Arar will be censored because of government fears that publication of some of the evidence could hurt national security, federal sources say.

The long-awaited report, which is to be released Monday by a judicial commission of inquiry, will have parts deleted that officials fear could identify informants or could hurt diplomatic relations with countries that provided Ottawa with intelligence reports in confidence, the sources say.

However, lawyers for the commission plan to take the government to court to force the eventual release of information that Mr. Justice Dennis O'Connor, the head of the inquiry, wants disclosed because it is in the public interest.

The deletions will not prevent the commission from completing one of its chief objectives, determining the extent of Canadian government complicity in Mr. Arar's 2002 arrest in New York and deportation to Syria as a suspected terrorist, according to the federal sources who cannot be identified because they have not been authorized by the Conservative government to speak to reporters.

The commission agreed to the release of a censored version of the report next week -- and to fight the deletions issue later in court -- rather than delay publication of its conclusions and recommendations any longer.

Lawyers for the commission and government have been at loggerheads for 17 months about what must remain secret for reasons of state security. They have narrowed their differences considerably, but a number of issues will have to be thrashed out in the courts, the sources said.

The previous Liberal government set up the public inquiry Feb. 5, 2004, to determine whether any Canadian officials were complicit in the deportation of Mr. Arar, an Ottawa software engineer, from the United States to Syria where he was brutally interrogated by military intelligence officers. Then-prime-minister Paul Martin said, 'I want to get to the bottom of this.'

But national security issues arose almost immediately. Judge O'Connor, the associate chief justice of Ontario, has conducted a number of hearings in camera because of government objections to the disclosure of some of the evidence.

The issue came to a head in April last year when Judge O'Connor tried to publish a summary of in-camera evidence from the Canadian Security Intelligence Service and the Royal Canadian Mounted Police. He had already vetted the material and removed references he had decided might cause a legitimate security problem.

But the Justice Department and the Privy Council Office threatened to go over the commissioner's head to get an order from the Federal Court to block publication.

Anticipating a lengthy legal battle that could stall commission work, Judge O'Connor agreed to withhold that summary of evidence for the time being and litigate disputes after writing his report.

Meanwhile, he appointed an expert in diplomacy and security, Reid Morden, to advise him on what might safely be released publicly and what disclosures might harm Canadian interests. Mr. Morden is a former deputy minister of foreign affairs and former CSIS director.

The censorship issue has prevented Mr. Arar, 35, from testifying at the inquiry. Judge O'Connor ruled that it would be unfair to subject him to cross-examination by government\l "l" lawyers\l "l" who had access to confidential information that had not been seen by Mr. Arar or his own lawyers.

Mr. Arar, who was held in Syrian military intelligence prisons for more than a year without being charged, says he fears that a heavily censored commission report will make it hard to fully clear his name.

END

New York Times

September 17, 2006

Op-Ed: The View From Guantánamo

By ABU BAKKER QASSIM

Tirana, Albania

I HAVE been greatly saddened to hear that the Congress of the United States, a country I deeply admire, is considering new laws that would deny prisoners at Guantánamo Bay the right to challenge their detentions in federal court.

I learned my respect for American institutions the hard way. When I was growing up as a Uighur in China, there were no independent courts to review the imprisonment and oppression of people who, like me, peacefully opposed the Communists. But I learned my hardest lesson from the United States: I spent four long years behind the razor wire of its prison in Cuba.

I was locked up and mistreated for being in the wrong place at the wrong time during America's war in Afghanistan. Like hundreds of Guantánamo detainees, I was never a terrorist or a soldier. I was never even on a battlefield. Pakistani bounty hunters sold me and 17 other Uighurs to the United States military like animals for $5,000 a head. The Americans made a terrible mistake.

It was only the country's centuries-old commitment to allowing habeas corpus challenges that put that mistake right — or began to. In May, on the eve of a court hearing in my case, the military relented, and I was sent to Albania along with four other Uighurs. But 12 of my Uighur brothers remain in Guantánamo today. Will they be stranded there forever?

Without my American lawyers and habeas corpus, my situation and that of the other Uighurs would still be a secret. I would be sitting in a metal cage today. Habeas corpus helped me to tell the world that Uighurs are not a threat to the United States or the West, but an ally. Habeas corpus cleared my name — and most important, it let my family know that I was still alive.

Like my fellow Uighurs, I am a great admirer of the American legal and political systems. I have the utmost respect for the United States Congress. So I respectfully ask American lawmakers to protect habeas corpus and let justice prevail. Continuing to permit habeas rights to the detainees in Guantánamo will not set the guilty free. It will prove to the world that American democracy is safe and well.

I am from East Turkestan on the northwest edge of China. Communist China cynically calls my homeland "Xinjiang," which means "new dominion" or "new frontier." My people want only to be treated with respect

and dignity. But China uses the American war on terrorism as a pretext to punish those who peacefully dissent from its oppressive policies. They brand as “terrorism” all political opposition from the Uighurs.

Amnesty International reports that East Turkistan is the only province in China where people may face the death penalty for political offenses. Chinese leaders brag about the number of Uighur political prisoners shot in the head. I was punished for speaking against China’s unjust policies, and I left because of the threat to my life. My search for work and refuge took me from Kyrgyzstan to Afghanistan and Pakistan.

I heard about the Sept. 11 attacks for the first time in Guantánamo. I was not aware of their magnitude until after my release, when a reporter showed me images online at an Internet cafe in Tirana. It was a terrible thing. But I too was its victim. I would never have experienced the ordeal and humiliation of Guantánamo if this horrific event had not taken place.

I feel great sadness for the families who lost their loved ones on that horrible day five years ago. And I would be sadder still to see the freedom-loving American people walk away from their respect for the rule of law. I want America to be a strong and respected nation in the world. Only then can it continue to be the source of hope for the hopeless — like my people.

Abu Bakker Qassim was imprisoned at Guantánamo Bay, Cuba, from 2002 to May. This article was translated from the Uighur by Nury Turael.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, September 19, 2006 9:55 AM
To:	USDOJ- Office of Public Affairs
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 19, 20067:45 AM EDT

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TERRORISM NEWS:

White House Revises Terror Proposal (USAT)

USA Today, September 19, 2006

The White House plans to send lawmakers a revised proposal for trying terrorism suspects as President Bush's plan met more resistance among Republicans.

DOJ_NMG_0065207

White House spokeswoman Dana Perino said Monday that the administration was sending the new language in hopes of reaching an agreement. Republican senators have written their own proposal giving terror detainees more rights than the administration wants.

Less than a week after a Republican-led Senate committee defied Bush and approved terrorism-detainee legislation that the president vowed to block, three more GOP senators said they oppose the administration's version.

GOP Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia Snowe of Maine said they favor Virginia Sen. John Warner's alternative bill.

Official tells of nomineefor cybersecurity job

President Bush has chosen an industry information security specialist to be the Department of Homeland Security's assistant secretary for cybersecurity and telecommunications, a department official said.

Greg Garcia, vice president of the Information Technology Association of America, will be nominated for the post, the department official told the Associated Press on condition of anonymity because the announcement is pending.

The cybersecurity job, created in July 2005, has been filled by acting director Donald Purdy who was on loan from Carnegie Mellon University under a two-year contract.

Last week, a test of mock Internet attacks found that government and industry officials were unable to fight back quickly and effectively against simulated hackings that sought to halt subways and cause power outages.

Ney to resign from twoHouse leadership posts

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions but did not say whether he would leave Congress.

Ney, R-Ohio, headed the Housing and Community Opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings.

Ney agreed Friday to plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. Soon after that announcement, Ohio Republican Party Chairman Bob Bennett called for Ney to resign.

David Popp, Ney's chief of staff, would not say whether the congressman would return to his duties before his term expires in January. He is not seeking re-election.

Republican NYC mayorto campaign for Lieberman

Republican New York Mayor Michael Bloomberg will host a fundraiser for Sen. Joe Lieberman, D-Conn., at the mayor's Manhattan town house, according to Lieberman's campaign. Lieberman is seeking re-election as an independent after losing the Democratic primary to Ned Lamont. Dan Gerstein, a spokesman for Lieberman's campaign, said the fundraiser will be held Nov. 1 and will be co-chaired by former senator Alfonse D'Amato, another New York Republican, and former Democratic New York mayor Ed Koch.

Poll shows Democrat aheadfor open Minn. Senate seat

Democrat Amy Klobuchar, county attorney in Minneapolis, led GOP Rep. Mark Kennedy, 56%-32% in the U.S. Senate race, a Star Tribune poll found. Klobuchar led 50%-31% in the same poll in July. The two seek the seat of Democrat Mark Dayton. The poll of 820 likely voters was conducted Wednesday through Friday and has a margin of error of +/-3.4 percentage points.

White House To Revise Terror Proposal (AP-Y)

By Anne Plummer Flaherty

AP, September 19, 2006

The White House said Monday it will send lawmakers a revised proposal for dealing with terrorism suspects as indications grew that President Bush's plan was meeting increased resistance among Republicans in both chambers of Congress.

White House Deputy Press Secretary Dana Perino said the administration was sending the new language in hopes of reaching an agreement. A revolt by GOP senators, who have written their own proposal giving terror detainees more rights than

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the administration wants, has embarrassed the White House at a time when Republicans want to use their security policies as a main platform in November's congressional elections.

"Our commitment to finding a resolution is strong," Perino said.

A week after a Republican-led Senate committee defied Bush and approved terror-detainee legislation that the president vowed to block, three more GOP senators said they now opposed the administration's version, joining the four Republicans who had already come out against it.

If all 44 Democrats plus the chamber's Democratic-leaning independent also vote for the alternative by Sen. John Warner, R-Va., as expected, that would give it a majority in the 100-member Senate.

In a further hint of problems for the administration, House officials said their chamber was postponing a vote planned for Wednesday on a bill mirroring Bush's proposal.

Republican officials, speaking on condition of anonymity, said they have encountered resistance and were no longer certain they had enough votes to push the measure to passage through the GOP-run House.

Kevin Madden, spokesman for House Majority Leader John Boehner, R-Ohio, said the vote would be rescheduled to next week and blamed the delay on a request by the House Judiciary Committee to study the bill.

An administration official, who declined to be identified because of the sensitivity surrounding the negotiations, said the new language only addresses a dispute over the nation's obligations under the Geneva Conventions, which set the standard for treatment of prisoners taken during hostilities.

No other details of the new administration plan were initially available.

"This legislation, once finished, will provide not only a way to bring the mastermind of 9/11 to justice, but also provide clarity to our men and women in the intelligence community who are interrogating these high-value detainees who helped provide information that allowed us to disrupt and prevent additional terrorist plots against America," the White House's Perino said.

The president's measure would go further than Warner's bill, allowing classified evidence to be withheld from defendants in terror trials and allowing coerced testimony. Bush also favors a narrower interpretation of the Geneva Conventions that would make it harder to prosecute U.S. interrogators for using harsh techniques.

Neither side is saying how an agreement can be achieved on whether to allow the CIA to use highly controversial methods such as disorientation, forced nakedness and waterboarding, in which a subject is made to think he is drowning. Without confirming any specific techniques used by the CIA, the Bush administration says the agency's program has foiled terror plots. Opponents say the techniques verge on torture.

Last week, Warner, normally a Bush supporter, pushed his measure through his Senate Armed Services Committee by a 15-9 vote. The White House argued that the Senate proposal would end the CIA program to interrogate terrorists.

Whether Bush would have enough votes to win on the Senate floor seemed in question. On Monday, Warner appeared to have the majority of support in the Senate, with at least 52 votes in his favor if Democrats backed him, as expected.

GOP Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia Snowe of Maine said they favor Warner's bill, joining Warner and three others who voted for it during the committee meeting last week.

Neither side has been able to muster definitively the 60 votes necessary to prevent a Senate filibuster of their proposal. This uncertainty — along with hope that the White House and Warner would reach an agreement to stave off a Republican showdown on the Senate floor_ has kept the bill from being voted on.

Senate Majority Leader Bill Frist, R-Tenn., who supports the president's bill, has said he wants to pass it before lawmakers recess at the end of the month. Doing so would allow the president to proceed with prosecutions of 14 "high-value" terrorists before the midterm elections.

The president's plan has encountered resistance in the House as well, with Rep. Steve Buyer, R-Ind., urging Bush to heed the military's top uniformed lawyers, who have previously opposed some provisions of the president's plan.

An agreement would keep Republicans from having to choose between backing Bush, as they have done in the past on anti-terror issues, and three Republicans known as leaders on national security issues: Warner, R-Va., a former Navy secretary; John McCain, R-Ariz., a former prisoner of war who last year pushed through legislation banning mistreatment of detainees; and Lindsey Graham, R-S.C., a reserve judge for the Air Force Court of Criminal Appeals.

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White House Offers New Proposal On Interrogations (WP)

By Jonathan Weisman And Peter Baker

The Washington Post, September 19, 2006

White House officials sent Congress a revised proposal last night on rules governing the interrogation of detainees at secret CIA prisons, bending to the opposition of a growing group of Republicans who have balked at President Bush's proposal on military trials for suspected terrorists.

Senate aides and White House officials did not divulge the changes to the initial proposal, but they made it clear that negotiations were restarting after days of heated charges and countercharges. Sen. Lindsey O. Graham (R-S.C.), a central figure in the dispute, said there is now a "50-50 chance" of a deal being struck by week's end.

At issue is legislation authorizing the creation of "military commissions" that would try terrorist suspects. But the central dispute is whether language should be included to "clarify" the responsibilities that intelligence operatives have under the Geneva Conventions in the treatment of detainees in secret prisons.

A group of dissident Republicans, led by Senate Armed Services Chairman John W. Warner (Va.), Sen. John McCain (Ariz.) and Graham, say that would be tantamount to abrogating the Geneva Conventions and would invite other countries to reinterpret the treaty as they wish.

"We appear to be moving towards a possible resolution," said a senior Bush aide, who, like others, spoke on the condition of anonymity because he was not authorized to discuss negotiations. Another official said both sides decided to cool down the debate after days of pitched rhetoric when they concluded they were getting nowhere.

Since the dispute burst into the open Wednesday, five other Republican senators -- Susan Collins (Maine), Olympia J. Snowe (Maine), Chuck Hagel (Neb.), John E. Sununu (N.H.) and Lincoln D. Chafee (R.I.) -- have indicated they will side with the dissidents, and the numbers were threatening to grow.

"Obviously, the debate has raised a couple decibel levels," the second White House official said. "We could block whatever they want, and they could block whatever we want. Nobody wants that kind of impasse." Congressional leaders had hoped that the commissions bill would be the centerpiece of a legislative month dedicated to national security issues.

After yesterday's talks, the official said, "there was a general tone of cautious optimism."

The dissidents' hand has only grown stronger. House Republican leaders decided yesterday to drop a vote planned for this week on Bush's bill on military trials, agreeing instead to refer it to the Judiciary Committee for further consideration. White House and GOP leaders had hoped an overwhelming vote in the House this week would increase the pressure on McCain, Graham and Warner to relent.

More troubling to the White House and GOP leaders, Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, indicated he may ask to examine portions of the bill pertaining to international treaties, leadership aides acknowledged.

GOP leaders are concerned that would open a second front on the debate over the Geneva Conventions. Hyde would also like to examine a section of the bill suspending detainees' right of habeas corpus, a provision that civil libertarians strongly criticize but that so far has not been controversial in Congress.

A White House official expressed confidence that House GOP leaders will bring to a vote a bill of the president's liking. Still, the delay in the House marked a fresh setback for Bush, who had demanded that Congress send him a bill this month authorizing the creation of the commissions.

Beyond the dispute over the Geneva Conventions, the White House and the dissidents are clashing on how and whether classified information should be divulged to commission defendants, and whether evidence obtained through coercive interrogations should be admissible at trials.

The White House would like more latitude to withhold classified information, but the dissidents say it is a fundamental rule of jurisprudence that defendants be able to confront the evidence being used against them. The dissidents are also concerned that the use of coerced evidence could open convictions to appeal.

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White House and Senate officials indicated that yesterday's counterproposal from the Bush administration deals primarily with the Geneva Conventions issue. Once agreement can be reached on that, they said, the other matters should be resolved quickly.

Mark Salter, McCain's chief of staff, said the Arizona senator is hoping for assurances from the White House that CIA interrogators would abide by the standards of treatment for detainees codified last year after a fight with the White House over interrogation at military prisons. But such assurances would not be enough unless Bush agrees to drop any new definitions of treatment under the Geneva Conventions.

A third White House official said the administration would tone down its public discussion of the matter as long as talks proceeded. "As long as there's a sense that there's a deal to be had and everyone's trying to get there, you won't see much public chatter out there," the official said.

Bush Offers Concession On Terror Suspects' Rights (WT)

By Joseph Curl

The Washington Times, September 19, 2006

President Bush yesterday offered to compromise on his hard-line stance that Congress curb rights for terrorism suspects, as the White House announced it will send lawmakers a revised proposal intended to overcome increasing resistance from Republicans on Capitol Hill.

White House deputy press secretary Dana Perino said the administration would send new language to the Hill in hopes of reaching an agreement and quell a Republican revolt. Last week, four Republicans, led by Chairman John W. Warner of Virginia, joined all Democrats on the Senate Armed Services Committee, voting 15-9 to expand the rights of terror suspects.

"Our commitment to finding a resolution is real and that's why we're going to be sharing some language, because we are eager to find a resolution," Mrs. Perino said.

An administration official said last night that the new language offered by the White House pertains only to U.S. obligations under the Geneva Conventions, which govern treatment of prisoners of war. The president has questioned the conventions rule that prisoners not be subject to "outrages upon human dignity."

"That's a statement that is wide open to interpretation," Mr. Bush said in a press conference Friday. "And what I am proposing is that there be clarity in the law so that our professionals will have no doubt that that which they are doing is legal."

Mr. Bush said, "The piece of legislation I sent up there provides our professionals that which is needed to go forward."

The president also contends that without such clarity, the program cannot proceed. He said Friday, "If not for this program, our intelligence community believes al Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Mr. Warner and fellow Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina were to get the latest proposal on the president's bill late last night, and Mr. Graham said that the outreach is appreciated.

"Like all negotiations, this is and will continue to be a back-and-forth exchange of thoughts and proposals," Mr. Graham said. "We share the president's goal of enacting legislation preserving an effective CIA program to make us safe, upholding Geneva Convention protections for our troops and passing constitutional muster."

A week after the Senate committee defied Mr. Bush, three more Republican senators said they oppose the administration's version, joining the four committee Republicans who voted against it. Republican Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia J. Snowe of Maine said they favor Mr. Warner's bill.

Although the Republican Party holds 55 seats in the 100-member Senate, Mr. Bush's proposal would fail if Democrats vote against the measure in a unified bloc, as expected.

In a further setback for the White House, the House announced yesterday that it would postpone a vote planned for tomorrow on a bill mirroring Mr. Bush's proposal.

White House Revises Plan For Detainees (FT)

By Caroline Daniel In Washington

Financial Times, September 19, 2006

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The battle between the White House and Republican senators at odds over interrogation techniques at secret Central Intelligence Agency prisons moved closer to resolution on Monday night when the White House sent a new draft bill to Congress.

"The senators at the weekend suggested they would re-open negtotiations and asked us to send some language. Since we are eager to find a solution we are sending up draft language to the Hill for consideration to help them find a way forward," said a White House spokeswoman.

Progress in the talks was noted on Monday by Senator John McCain, the Arizona Republican who has led resistance to the White House interpretation of Article 3 of the Geneva Convention, which governs the rights of wartime detainees.

"We are certainly making progress and I'm hopeful we can get it completed soon," he said. Mr McCain, with John Warner, chairman of the Senate Armed Services Committee and Lindsey Graham, have taken on the Senate leadership, by opposing the White House effort, citing fears it could compromise the treatment of US military personnel captured overseas.

"If it's seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can't every other country redefine the Geneva Convention to meet the needs of their secret police?'" Mr Graham asked.

The White House has been conscious of two critical political deadlines. Congress has just two weeks left to act to pass a bill before gearing up for the mid-term elections. If it fails, President George W Bush could face a much more hostile Congress after the elections.

Mr McCain said he had the backing of George Shultz, former secretary of state, joining Colin Powell, another former secretary of state, who joined the debate last week with a letter warning of the moral damage to the reputation of the US.

Mr Shultz told the FT. "My concern is not doing anything to change the Geneva Convention. I believe the ability to use aggressive questioning is important and I understand the objectives of the administration and Mr McCain can be achieved without touching the Geneva Convention, and dealing with the War Crimes Act.

"The US War Crimes Act of 1996 makes it a felony to commit grave violations of the Geneva Conventions. Mr Shultz warned that the US should "not to mess around with the Geneva Convention. There has been a long tradition of the Convention. As a former secretary of state I know how important reciprocity is to military people….It is very important for us to be defining ourselves with the highest ideals, but you also have to protect yourselves."

Jennifer Daskal of Human Rights Watch, said that approach, "certainly seems to be a reasonable compromise," in that it could protect CIA personnel carrying out any tough interrogations in secret prisons from prosecution.

"It could allow it to go forward. It might be violating the law, but they [the interrogators] could not be held criminally accountable under the War Crimes Act."

Frist Could 'Fill The Tree' On Rival Detainee Bill (RC)

By Emily Pierce

Roll Call, September 19, 2006

As the man who decides how issues are brought to the Senate floor, Majority Leader Bill Frist (R-Tenn.) could use a few procedural tricks up his sleeve to stack the deck in favor of President Bush if he decides to force an intraparty showdown this week over the treatment and interrogation of detainees in the war on terrorism.

Though much has been made of the support Senate Armed Services Chairman

John Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) have garnered for their proposal on how to prosecute suspected terrorists and Bush's fervent opposition to it, there is no guarantee that Senators will get a chance to vote in a head-to-head matchup between the differing bills proposed by the two sides.

"You don't always know what options you're going to have," warned a senior Senate GOP aide.

Senate Majority Whip Mitch McConnell (Ky.) began surveying the Republican Conference on Friday to find out Members' positions on the president's detainee bill and whether they would oppose a filibuster of the Bush plan, said a well-placed Senate Republican aide.

However, as of press time Monday, Senate GOP leaders were still waiting for today's Senate Republican policy lunch to gauge the level of dissension or consensus in their ranks.

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"When people get back to town, it's a whole lot easier to see where they are," explained the senior Senate GOP aide. "We can't do anything until Wednesday anyway."

That's true, considering the Senate will finish up work on a U.S.-Oman free-trade agreement today and is expected to move on to the nomination of Alice Fisher to be assistant attorney general this afternoon.

The remainder of the week is anybody's guess, as Frist must decide whether it's worth going forward with debate on detainee legislation. He still has not ruled out combining the president's plan with another lightning-rod issue within the GOP ranks, the National Security Agency's warrantless wiretapping program.

On the detainee question, Frist could decide to give Senators only one option and then dare wavering Democrats and Republicans who are up for re-election or from politically marginal states to vote against the president's plan, which would allow the government to try suspected terrorists by military tribunal.

By most counts, Warner, McCain and Graham have at least eight other GOP supporters — Sens. Susan Collins (Maine), Olympia Snowe (Maine), Dick Lugar (Ind.), Mike DeWine (Ohio), Gordon Smith (Ore.), John Sununu (N.H.), Lincoln Chafee (R.I.) and Chuck Hagel (Neb.) — for their bill, which would give terrorist suspects more rights during trials and omits language the Bush administration says is necessary to protect U.S. interrogators from being charged with ambiguous war crimes.

With 11 GOP supporters and the expected backing of a majority of Democrats, the Armed Services proposal, which passed the panel with largely Democratic support last week, could draw as many as 56 votes.

But the senior Senate GOP aide noted that that count would apply only if those Senators actually have an opportunity to vote for the Warner-McCain-Graham alternative to the president's bill. Frist could decide to use a procedural maneuver, known as filling the amendment tree, to prevent an up-or-down vote on the trio's proposal. Still, Frist would need 60 votes to choke off any potential filibuster of the president's plan — a tall order.

While it is always possible that Frist could decide to bring up one or both proposals with no restrictions on amendments, giving opponents an opportunity to present their alternatives, the more likely scenario is one in which Frist tries to restrict the debate in an attempt to minimize the damage that already has been done to a national security message that was supposed to be the Republicans' ace in the hole going into the Nov. 7 elections. Additionally, adding structure and limits to the debate could also serve to head-off the potential of Democratic attempts to hijack the proceedings with other issues.

Of course, Frist also could decide to punt the issue into next week or beyond if talks between the warring parties appear to be bearing fruit.

"Ideally, we'd still like to see a compromise," said Frist spokeswoman Amy Call, who said that "as long as things are moving forward," Frist is unlikely to make any decisions about floor proceedings.

GOP sources indicated that little progress was expected given the heightened rhetoric emanating from the Bush administration over the weekend.

In fact, Warner spokesman John Ullyot said Warner and the White House had no scheduled meetings on the detainee issue.

"He remains interested in talking with the administration, but nothing is scheduled right now," Ullyot said. Still, Ullyot noted that the "Senators on the committee feel very strongly about their position."

Senate Democrats, meanwhile, will continue to focus heavily on national security issues as well, with the minority scheduled to do press events today and Wednesday focused on the issue.

Talking points distributed to Democratic offices for this week largely reflect the party's months-long effort to portray the GOP as ineffective on national security and to tar House and Senate Republicans with Bush's low approval ratings.

Democrats argued they have established a strong footing in the minds of the public on national security issues over the past several months and said the issue will remain a central component of their messaging work even as lawmakers turn to more domestic concerns as the election approaches.

John Stanton contributed to this report.

Attorney General Gonzales Defends Interrogation Methods, Says Geneva Conventions Too Vague (AP)

DOJ_NMG_0065213

By Hope Yen, Associated Press Writer

AP, September 19, 2006

WASHINGTON — Attorney General Alberto Gonzales on Monday defended the Bush administration's strategy for interrogating terror suspects, calling it legal and critical to "continue gathering information about our enemies."

In a speech, Gonzales said CIA interrogators lack guidance on how to comply with the international Geneva Conventions, saying the provisions banning "humiliating and degrading treatment" and "outrages upon personal dignity" are too vague.

"Such phrases standing alone mean different things to Americans," he said at a conference on citizenship. "Think of the differences in interpretation that will exist between differing legal systems and cultures of the nations of the world."

"Seeking this clarity is important to our efforts to continue gathering information about our enemies," Gonzales said. "In all that we do in the war on terror, we seek to promote the rule of law and protect freedom."

Trying to end a protest by dissident Senate Republicans, the White House says it's confident it can reach a compromise on proposed rules for interrogating terror suspects.

But neither side is saying how an agreement can be achieved on whether to allow highly controversial methods by the CIA, such as electric shock, forced nakedness and waterboarding, in which a subject is made to think he is drowning. The Bush administration says those techniques have foiled terror plots. Opponents say they verge on torture.

The full Senate was expected to take up the issue as early as this week.

"The reason we have this program is these kind of hard-core terrorists who are most likely to have information to allow us to protect America are trained in counterinterrogation techniques," Stephen Hadley, President Bush's national security adviser, said Sunday.

"It was only when they went into this CIA program we were able to get information," he said. "This is not torture. This is not a program out of control. This is a program that is conducted pursuant to law."

Sen. John McCain, R-Ariz., one of the Republicans not satisfied with the White House proposal, said he was committed to working out a deal but insisted that the United States must hold the moral high ground.

"They are people that when they are in our custody, they deserve nothing except the fundamental rights that all prisoners have under the Geneva Conventions," said McCain, a former prisoner of war. "We should not do things which would be condemned by everyone in the world."

First lady Laura Bush, in New York for an international literacy conference, said Monday she was confident that her husband and congressional Republicans would "come to some consensus" on the legislation. Bush was not upset, she said, when McCain and two other Senate Republicans broke with the administration last week over the detainee interrogation bill.

"He knows these men very well, obviously," Mrs. Bush said in an interview on NBC's "Today" show. "He knows what their issues are... Obviously he thinks it's very important to be able to interrogate in a way that's not demeaning."

The Supreme Court in June ruled the Geneva Conventions on the rights of wartime detainees should apply to suspected terrorists in CIA custody. The decision froze the interrogations and led the Bush administration to turn over the last 14 prisoners in CIA custody to military officials at Guantanamo Bay, Cuba.

At issue is Common Article 3 of the conventions, which ban in part inhuman treatment of captives as well as "outrages upon personal dignity."

Legal experts say that under international law, the provision would likely bar the CIA's more aggressive tactics. Bush contends it is too vague. He wants a narrower interpretation that would permit the program to continue and shield CIA interrogators from lawsuits.

McCain, as well as Senate Armed Services Chairman John Warner, R-Va., and Sen. Lindsey Graham, R-S.C., say that would redefine the broader legal understanding of the conventions in the international community.

Their Senate proposal is silent as to what types of CIA tactics might be permissible under the broader conception of Article 3.

On Sunday, Bush's national intelligence director, John Negroponte, said that after the Supreme Court ruling, the aggressive interrogation program has had "precious little activity of that kind for a number of months now" because of questions about its legality.

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Hadley declined to say what specific techniques, such as waterboarding or prolonged sleep deprivation, would likely be considered illegal if Congress doesn't pass Bush's proposal.

But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator McCain's requirement that we don't amend or change" the Geneva Conventions.

Hadley appeared on ABC's "This Week," CBS' "Face the Nation" and CNN's "Late Edition." Negroponte was on "Fox News Sunday," McCain on ABC and Graham on CBS.

Support U.S. Intelligence (USAT)

By John D. Negroponte

USA Today, September 19, 2006

One critical way to help prevent terrorist attacks against Americans is interrogating key al-Qaeda leaders and operatives. The Bush administration has proposed a bill that would allow the CIA to conduct such interrogations — interrogations that have helped stop terrorist attacks — in a way that gives our personnel clear legal standards.

The simple question, therefore, is whether we will allow intelligence professionals on the front lines to keep using a tool that has saved American lives.

The current debate centers on legal questions concerning Common Article 3 of the Geneva Conventions. In June, the Supreme Court determined that Common Article 3 applies to al-Qaeda terrorists.

The administration is committed to complying with the law of the land, and we must ensure our laws provide clarity on the vague standards contained in Common Article 3, such as “outrages upon personal dignity.” Thus, the president has asked that Congress clarify our treaty obligations just as it has done on many other occasions. Absent such clarification, our intelligence professionals would be subject to unpredictable legal interpretations, including those of foreign courts. This vital program cannot go forward unless the law is clarified.

The administration's proposal would not redefine Common Article 3. It would provide clarity by mirroring language written by Sen. John McCain, R-Ariz., and passed by Congress less than a year ago as part of the Detainee Treatment Act.

Under this approach, our intelligence professionals would know what they can and can't do because the standard would be one that is well established in U.S. law as determined by U.S. courts.

Clarifying our laws would not jeopardize our troops. Lawful combatants such as U.S. soldiers would continue to be fully protected by all aspects of the Geneva Conventions. Nothing in the administration's proposal in any way would undercut these fundamental protections. The issue we are debating is the standard of treatment for unlawful combatants — those who hide among civilian populations and plot attacks on innocents.

The CIA needs to interrogate al-Qaeda operatives to gather intelligence where traditional questioning tactics do not work. The program has in the past helped us foil several publicly disclosed plots, including attacks on tall buildings in the USA, a U.S. Marine base in East Africa, the American consulate in Pakistan and Britain's Heathrow Airport.

Once intelligence has been obtained, terrorists can be brought to justice. The administration's proposal would provide for the trial of terrorists in a way that ensures that sensitive intelligence sources and methods — which must remain secret to be effective against other terrorists in the future — are not provided to the terrorists themselves.

As President Bush reminded the nation, it is “vital that our folks on the front line have the tools necessary to protect the American people.” We are prepared to work with Congress to ensure this remains the case.

John D. Negroponte is Director of National Intelligence.

Bush Detainee Plan Adds To World Doubts Of U.S., Powell Says (WP)

By Karen Deyoung And Peter Baker, Washington Post Staff Writers

The Washington Post, September 19, 2006

Ex-Secretary of State Defends Conventions

Former secretary of state Colin L. Powell said yesterday that he decided to publicly oppose the Bush administration's proposed rules for the treatment of terrorism suspects in part because the plan would add to growing doubts about whether the United States adheres to its own moral code.

"If you just look at how we are perceived in the world and the kind of criticism we have taken over Guantanamo, Abu Ghraib and renditions," Powell said in an interview, "whether we believe it or not, people are now starting to question whether we're following our own high standards."

Powell, elaborating on a position first expressed last week in a letter to Sen. John McCain (R-Ariz.), also argued that the administration's plan to "clarify" U.S. obligations under the Geneva Conventions would set a precedent for other nations that would endanger U.S. troops.

"Suppose North Korea or somebody else wants to redefine or 'clarify' " Geneva Conventions provisions prohibiting "outrages against personal dignity" and "humiliating and degrading treatment" of prisoners, he said.

Powell's opposition marks a rare public breach with the administration he left 20 months ago. As secretary of state, he repeatedly clashed privately with Vice President Cheney and others who had more hard-line foreign policy views. But since leaving office he has declined nearly all opportunities to publicly criticize even those policies he opposed internally.

Powell has said he regrets that the Iraq invasion was launched on the basis of false intelligence about Saddam Hussein's weapons programs and Hussein's relationship with al-Qaeda, information that he vouched for in an address before a hostile United Nations. He has also said that he believes the administration should have sent more troops to invade Iraq and provided a better postwar plan.

Powell also allowed his name to be identified among those opposed to Bush's nomination of his former State Department subordinate, John R. Bolton, as Washington's U.N. ambassador.

But he has reserved his strongest opposition for administration efforts to preserve controversial methods for interrogating terrorism suspects, techniques that others have defined as torture. While it is not clear exactly what techniques the White House wishes to keep, sources have said those previously used include nakedness, prolonged sensory assault and deprivation, the imposition of "stress" positions, and water submersion to the verge of drowning. Bush has said none of those amounts to torture.

Powell strenuously objected to Bush's February 2002 decision that the United States was not obliged to adhere to Geneva Conventions rules in its treatment of captured al-Qaeda and Taliban prisoners. Subsequent scandals over military treatment of prisoners at the U.S. facility at Guantanamo Bay, Cuba, and at Abu Ghraib in Iraq, and over the CIA's establishment of secret prisons abroad, further cemented his views that the decision was unnecessary in terms of prisoner interrogation and is harmful to the armed forces.

Last fall, over administration opposition, Powell publicly supported McCain's successful effort to ensure that restrictions in the Army Field Manual outlawing torture be adopted as the definitive guidance for military treatment of detainees. His position owed as much to his 35 years as an Army officer as to his tenure as the nation's chief diplomat.

The current dispute is over how the provisions of Common Article 3 of the 1949 Geneva Conventions against inhumane and degrading treatment bind the CIA and other non-military interrogators.

The administration has argued that the article is too vague and ties the CIA's hands in extracting crucial information from terrorists. Last week, Powell joined dozens of other retired military officers and former government officials in objecting to proposed administration legislation "clarifying" the article to ensure that certain unspecified interrogation methods can continue.

In his letter to McCain, Powell said the effort to "redefine" the article was "inconsistent" with his previous opposition to the use of torture. "The world," he wrote, "is beginning to doubt the moral basis of our fight against terrorism." On Friday, the Senate Armed Services Committee voted 15 to 9 to endorse an alternative bill offered by McCain, Sen. Lindsey O. Graham (R-S.C.) and Sen. John W. Warner (R-Va.).

Bush aides said they appreciated that Powell did not make the matter personal or engage in cutting rhetoric. But the White House did not hesitate to push back strongly, even at the risk of further alienating Powell. White House spokesman Tony Snow said last Thursday that Powell was "confused" about the administration's proposal. The president followed up the next day with a stern reaction at a Rose Garden news conference, when he reinterpreted Powell's position to suggest that the former secretary of state was equating U.S. tactics to those of terrorists.

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Powell declined yesterday to address Bush's comments. "To say that we want to modify, clarify or redefine Common Article 3, which has not been modified for the 57 years of its history, I think adds to the doubt" about U.S. morality, he said. "Plus I believe that the legitimate concerns that the administration has can be dealt with in other ways."

Yesterday, another prominent Republican weighed in. In a statement released by his office in California, former secretary of state George P. Shultz said he believes that a compromise can be reached that "leaves the Geneva Convention alone and achieves the specificity that the administration wants."

Meanwhile, former president Jimmy Carter, a leading voice on human rights, said yesterday that he is "filled with admiration" for McCain, Powell and others who have joined in opposition.

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Experts Say Bush's Goal In Terrorism Bill Is Latitude For Interrogators' Methods (NYT)

By Sheryl Gay Stolberg

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — In his showdown with rebellious Senate Republicans over bills to bring terrorism suspects to trial, President Bush has repeatedly called for clarity in the rules for what he calls "alternative interrogation techniques" used by the Central Intelligence Agency.

What Mr. Bush really wants, legal experts on both sides of the debate say, is latitude so the interrogators can use methods that the military is barred from using under a recently issued Army field manual.

Despite his call for clarity, the president has been vague in talking about the alternatives, which have in the past included sleep deprivation, playing ear-splittingly loud music and waterboarding, which induces a feeling of drowning.

"They can't come out and say we want more leeway to rough these people up," said John Radsan, who was assistant general counsel for the intelligence agency from 2002 to 2004 and now teaches at the William Mitchell College of Law in St. Paul. "That doesn't sell. So he says we need clarity. It doesn't play well to say we need to deprive them of sleep and play loud music."

On Monday, the Bush administration appeared to make the first stab at compromise, telling senators, including John W. Warner, the Virginia Republican who is chairman of the Senate Armed Services Committee and who is leading the opposition to the president's plan, to expect a counterproposal.

White House officials would not release details of the administration's new proposal, except to say late Monday night that it involved the part of the Geneva Conventions known as Common Article 3.

At the same time, the House decided to postpone its vote on Mr. Bush's proposal until at least next week. That was a setback for the White House, which had been counting on the House to pass the measure this week, a step that it hoped would prod the Senate into action before lawmakers break at the end of the month for the midterm elections.

The Supreme Court ruled in June that Common Article 3, which legal experts agree would prohibit the intelligence agency's techniques, applies to the treatment of terrorism suspects.

So the White House wants Congress to pass measures redefining Article 3 to say it bars "cruel, inhuman and degrading treatment," language that the administration borrowed from a bill written by Senator John McCain, the Arizona Republican who was tortured while a prisoner in the Vietnam War.

"The president is advocating a standard that prohibits cruel, inhumane and degrading treatment, a standard based on years of U.S. Court decisions interpreting the constitutional prohibitions on cruel and unusual punishment that protect U.S. citizens in custody," Attorney General Alberto R. Gonzales said Monday in a speech at a conference on citizenship. "Seeking this clarity is important to our efforts to continue gathering information about our enemies."

Some Senate Republicans, including Mr. Warner and Mr. McCain, are pushing back. They say redefining Article 3 would send a message that the United States was not serious about living up to the Geneva Conventions, a view shared by former Secretary of State Colin L. Powell, and are pressing an alternative bill.

Part of the dispute revolves around protection for military and intelligence agency interrogators. The White House says Article 3 is too vague and leaves interrogators open to being sued.

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The senators do not disagree. But they propose to clarify Article 3 by amending the War Crimes Act to specify exactly what abuses of the article constitute war crimes.

Jeffrey H. Smith, a general counsel for the intelligence agency under President Bill Clinton, said that the language in the Senate bill would not bar the controversial techniques, but that the White House bill appeared to give the agency greater latitude.

"The senators seem to be prepared to allow some techniques, but not nearly as many as the administration wants," Mr. Smith said.

Since his speech nearly two weeks ago announcing that he was transferring 14 prominent terrorism suspects, including the reported mastermind of the Sept. 11 attacks, to the detention center at Guantánamo Bay, Cuba, Mr. Bush has said the previously secret program under which they were interrogated was invaluable in thwarting terrorism plots.

The president has said he will have no choice but to stop the program if Congress does not pass his bill.

The legislation does not explicitly state what the permissible techniques are, and the president and White House officials, including Gen. Michael V. Hayden, director of the intelligence agency, have steadfastly refused to discuss them.

Tony Snow, the White House spokesman, has been repeatedly asked about waterboarding, for example, and whether Mr. Bush has ruled it out.

"I'm not going to go into what's ruled in and ruled out," Mr. Snow told reporters last week, saying to do so would tip the interrogators' hand with suspects.

In a setback for the White House, the top uniformed lawyer for the Army has now told Mr. Warner that he prefers the Senate approach. The lawyer, Maj. Gen. Scott C. Black, joined military lawyers last week in a letter saying he did not object to the administration bill.

But on Friday, General Black sent a second letter to Mr. Warner in which he said that the Senate bill was preferable and that "further redefinition of Common Article 3 is unnecessary and could be seen as a weakening of our treaty obligations."

Whether the two sides can reach an agreement is unclear. Mr. Warner and another rebelling Republican senator, Lindsey Graham of South Carolina, spoke to reporters late Monday, saying the two sides were exchanging, in Mr. Warner's words, "ideas and words here and there."

Mr. Graham said the real work toward compromise started on Sunday, after appearances on Sunday by senators and administration officials on televised news and interview programs.

Mr. Graham said, "Everybody felt like what we were telling each other is: 'We share the same goals. We have a different way of achieving them. Let's see if we can write the legislation to meet our goals.' "

Torture Is Torture (WP)

By Eugene Robinson

The Washington Post, September 19, 2006

Bush's 'Program' Disgraces All Americans

I wish I could turn to cheerier matters, but I just can't get past this torture issue -- the fact that George W. Bush, the president of the United States of America, persists in demanding that Congress give him the right to torture anyone he considers a "high-value" terrorist suspect. The president of the United States. Interrogation by torture. This just can't be happening.

It's past time to stop mincing words. The Decider, or maybe we should now call him the Inquisitor, sticks to anodyne euphemisms. He speaks of "alternative" questioning techniques, and his umbrella term for the whole shop of horrors is "the program." Of course, he won't fully detail the methods that were used in the secret CIA prisons -- and who knows where else? -- but various sources have said they have included not just the infamous "waterboarding," which the administration apparently will reluctantly forswear, but also sleep deprivation, exposure to cold, bombardment with ear-splitting noise and other assaults that cause not just mental duress but physical agony. That is torture, and to call it anything else is a lie.

It is not possible for our elected representatives to hold any sort of honorable "debate" over torture. Bush says he is waging a "struggle for civilization," but civilized nations do not debate slavery or genocide, and they don't debate torture, either. This spectacle insults and dishonors every American.

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There is one ray of encouragement: the crystal-clear evidence that the men and women of our armed forces want no part of torturing anybody. The members of the Republican resistance -- Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina -- have impeccable Pentagon connections and are not operating in a vacuum. Bush admitted in his news conference Friday that he had spoken to "the professionals" and that they would not carry out "the program" unless Congress specifically told them to.

In support of its torture bill, all the White House could manage to squeeze out of five top Pentagon lawyers was a four-sentence letter of non-objection that had all the enthusiasm of a hostage tape.

Colin Powell's strongly worded rejection of torture should have embarrassed and chastened the White House, but this is a president who refuses to listen to critics of his "war on terrorism" -- even critics who helped design and lead it.

There should be no need to spell out the practical reasons against torture, but, for the record, they are legion. As Powell and others have argued, if the United States unilaterally reinterprets Common Article 3 of the Geneva Conventions to permit torture, potential adversaries in future conflicts will feel justified in doing the same thing. Does the president want some captured pilot to be subjected to the tortures applied in the CIA prisons?

And, as has been pointed out by experts, torture works -- far too well. Torture victims will tell what they know, and when their knowledge is exhausted they will tell their torturers what they want to hear, even if they have to invent conspiracies. The president says that torturing al-Qaeda kingpins foiled serious plots against America, but how do we know those plots were real? How can we be sure that some of the detainees at Guantanamo aren't shopkeepers or taxi drivers who were snatched because Khalid Sheik Mohammed ran out of real terrorists to implicate and began naming acquaintances so he wouldn't get waterboarded again?

But we shouldn't have to talk about the practicalities of torture, because the real question is moral: What kind of nation are we? What kind of people are we?

Bush's view of the world is based on the idea of American exceptionalism: that this country is unique, that its ideas and values are not just worthy or admirable but superior to any others. This attitude annoys the rest of the world to no end -- a lot of other countries think they're pretty special, too -- but accept for the moment that the American system is in fact the best of all systems and that the great experiment begun by the Founding Fathers was a signal event in the history of mankind. Accept, if you will, Bush's view that the United States is steadfastly blessed by a loving God.

What do you imagine God might think about torture, Mr. President?

FBI Agent: Informant Was Convicted In DMV Fraud Case (NSDY/AP)

Long Island Newsday, September 19, 2006

ALBANY, N.Y. (AP) _ The informant who posed as an arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims was arrested in 2001 for helping immigrants fraudulently obtain drivers' licenses, an FBI agent testified Monday.

"He was not truthful at all," special agent Timothy Coll acknowledged of Shahed Hussain in the document fraud. Coll arrested the Pakistani emigre, whom he called "Malik" and who subsequently agreed to cooperate with the FBI.

He is central to the case against Yassin Aref and Mohammed Hossain, both accused of laundering $50,000 that Malik claimed came from the sale of a shoulder-fired missile to terrorists. Defense lawyers say he lied to the FBI about their clients, who thought he was joking about a terrorist plot.

He is expected to testify later this week, and his credibility is a key question for jurors. Coll testified Monday that Malik's cooperation agreement required him to be truthful from the time he signed it.

Malik first helped the FBI with the document case, which resulted in his identifying two state Department of Motor Vehicles employees he bribed in Albany and the suspension of 80 drivers' licenses, Coll said.

Under his guilty plea in 2003 to one federal charge of attempted unlawful transfer of an identification document, he could face up to 15 years in prison and a $250,000 fine at sentencing Oct. 27, court papers show. As a non-citizen, he could also face deportation.

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A contract translator for the DMV in 2001, Malik had answered the written permit tests for a fee, and in one case arranged for a DMV clerk to issue an interim license under a false name, Coll said. He received $300 to $500 for the usual permit/license package, depending on factors like the number of times a road test applicant hit the curb.

"They hit the curb often," Coll said, and several people in the courtroom laughed.

Coll also acknowledged under cross-examination by defense attorney Kent Sprotbery that Malik has received almost $37,000 for relocation, office rent and cell phone expenses from the FBI in the two cases. Coll has not yet finished his reports to the sentencing judge and immigration officials about the informant's help, he said.

The FBI agent said Malik's "story" to Aref and Hossain was that he was doing a "substantial" import-export business, while in fact he owned a gas station near the Albany office of the DMV and had a small import-export business.

Coll acknowledged that Malik's first mention of a part-time business as an arms dealer came up with Hossain and Aref only later. He also said more than 90 percent of the three men's meetings were taped, though some were not, that many parts had to be translated, and he sometimes had to listen several times to decipher the English.

Aref, 36, and Hossain, 51, maintain their transaction was a simple loan from Malik to Hossain, common under Islamic law and custom, where Aref acted as witness and insisted on writing receipts.

Details About Informant In Aref And Hossain Trial (CAPN9)

Capital News 9, September 19, 2006

A big day for the defense, as it tried to poke holes in the investigation that led to Mohammed Hossain and Yassin Aref facing terrorism-related charges of money laundering.

The FBI agent who oversaw the sting operation, Timothy Coll, testified about how credible the informant, known as "Malik," was as he tried to act as an arms importer.

Defense teams spent hours pointing out that "Malik" had not only been arrested for fraud, but that the F-B-I agent had to rely on some of the information which he provided.

Coll admitted Malik's reports had some inconsistencies, and also said the informant made decent money for cooperating with the government. Malik's cell phone bills were also covered, $1,900 worth of charges that included his own personal usage.

WATCH THE VIDEO

Jurors hear more testimony

Testimony continued Monday in the trial of two Albany mosque leaders accused of supporting terrorism.

The informant was tasked with catching the defendants laundering money for the purchase of a missile. The defense has tried to show that he was not very clear in his dealings with Aref and Hossain. In court today, jurors saw a video clip from January 2, 2004 that featured the following conversation:

Informant: This is the part of the missile that I showed you.

Hossain: Oh yeah?

Informant: So as soon as it comes. I'll give you...this is $5,000. Over the next couple of weeks, I'll get you more money.

Hossain: I don't need that all...just so I can pay the bills.

During that conversation, Malik held up a trigger for the fake missile system. But Aref, who was also sitting there, may never have seen it, because he was counting the money at the time. Did both defendants know the sting operation, if real, would have resulted in the sale of a missile to terrorists? In another video clip dated December 5, 2003, Malik told Hossain:

Informant: Whatever I'm doing, I'm not doing anything wrong nor am I breaking any law. I do not sell any weapons that could cause a man to be killed.

Hossain: This is good. What you're saying now is good.

All of this has left the jury with some very complicated questions, including some over the credibility of the government's cooperating witness.

Plots Traced To Prison (NSDY)

By Carol Eisenberg, Washington Bureau

Long Island Newsday, September 19, 2006

Concern grows over signs that recent terror plans were hatched among converts to Islam doing hard time

WASHINGTON - The terror plots unfolded on different sides of the Atlantic, with different targets and casts of characters. But they had one thing in common: They traced back to jailhouse conversions to radical Islam.

The four young men indicted in California last summer in connection with an alleged plot to attack National Guard facilities, the Israeli consulate and several synagogues around Los Angeles, had hatched the plan in New Folsom State Prison outside Sacramento.

Muktar Said Ibrahim, who had converted to Islam in a British prison, was also arrested last summer, in connection with a bomb left on a London bus.

Convicted shoe-bomber Richard Reid, who had once been held in the same youth facility as Ibrahim and who was also a jailhouse convert, attempted to blow up an American Airlines flight from Paris to Miami in December 2001.

With concerns about homegrown terrorism mounting, a panel of homeland security experts planned today to warn of the potential threat posed by prison converts to radical Islam, and ask Congress to set up a commission to investigate the matter. Two congressional committees are holding hearings on the issue this week.

"Prisoner radicalization is a potentially significant threat to U.S. national security," said the head of the panel, Frank Cilluffo, director of the Homeland Secu- rity Policy Institute at George Washington University in Washington, D.C. "The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries."

Most troubling, Cilluffo said, is "we don't know what we don't know. We need to be proactive. We need to get people in there who can be part of the solution. ... We don't want to be doing a report after an attack."

An estimated 6 percent of 150,000 federal prison inmates are Muslim. No nationwide figures on Muslims in state prisons exist, but experts say the largest number are in New York, where they make up about 18 percent of 63,700 state inmates.

The chairman of the House Homeland Security Committee said he welcomed the group's proposal. "It's a very real problem in California and New York," said Rep. Peter King (R-Seaford). "I know of several radical mosques in New York that hire these guys after they get out of prison." He did not name the mosques.

Civil rights advocate Ibrahim Hooper of the Council on American-Islamic Relations said his group would support such a probe "as long as it's examined by neutral parties who aren't basing their judgments on stereotypes."

For decades, Islam has been a regular part of prison culture, with tens of thousands of Muslims practicing their faith behind bars. But since the 2002 arrest of Jose Padilla, a felon and American Muslim convert who authorities say planned a "dirty bom b" after he left jail, officials have warned that prisons are a "fertile ground for extremists" in the words of FBI Director Robert Mueller.

A report prepared by Cilluffo's group and The Critical Incident Analysis Group at the University of Virginia School of Medicine, acknowledges that the problem is not new, or unique to Islam. Right-wing groups connected with "Christian Identity" ideology, including Posse Comitatus and Aryan Nation, have long existed in prisons.

Most prison converts are not potential extremists, the report notes. But it said that some gangs have adopted a "jailhouse Islam," that incorporates "cut-and-paste versions of Islam" with gang loyalty and violence. And it stressed that even "a single radicalized inmate can be a significant threat."

It quotes California officials as saying that every investigation into radical prison groups had uncovered new leads, "but they simply do not have enough investigators to follow every case of radicalization."

The report also cited indications that terrorist groups are increasingly exploiting drug trafficking and other illegal activi ties to finance their operations. The attack on the Madrid rail system, for instance, involved cooperation between terrorists and gan gs. And the alleged California plot was uncovered after police made arrests in a series of gas station robberies orchestrated to help finance the attacks.

Canadians Fault U.S. For Its Role In Torture Case (NYT)

By Ian Austen

The New York Times, September 19, 2006

DOJ_NMG_0065221

OTTAWA, Sept. 18 — A government commission on Monday exonerated a Canadian computer engineer of any ties to terrorism and issued a scathing report that faulted Canada and the United States for his deportation four years ago to Syria, where he was imprisoned and tortured.

The report on the engineer, Maher Arar, said American officials had apparently acted on inaccurate information from Canadian investigators and then misled Canadian authorities about their plans for Mr. Arar before transporting him to Syria.

"I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constituted a threat to the security of Canada," Justice Dennis R. O'Connor, head of the commission, said at a news conference.

The report's findings could reverberate heavily through the leadership of the Royal Canadian Mounted Police, which handled the initial intelligence on Mr. Arar that led security officials in both Canada and the United States to assume he was a suspected Al Qaeda terrorist.

The report's criticisms and recommendations are aimed primarily at Canada's own government and activities, rather than the United States government, which refused to cooperate in the inquiry. But its conclusions about a case that had emerged as one of the most infamous examples of rendition — the transfer of terrorism suspects to other nations for interrogation — draw new attention to the Bush administration's handling of detainees. And it comes as the White House and Congress are contesting legislation that would set standards for the treatment and interrogation of prisoners.

"The American authorities who handled Mr. Arar's case treated Mr. Arar in a most regrettable fashion," Justice O'Connor wrote in a three-volume report, not all of which was made public. "They removed him to Syria against his wishes and in the face of his statements that he would be tortured if sent there. Moreover, they dealt with Canadian officials involved with Mr. Arar's case in a less than forthcoming manner."

A spokesman for the United States Justice Department, Charles Miller, and a White House spokesman traveling with President Bush in New York said officials had not seen the report and could not comment.

Canada's prime minister, Stephen Harper, said his government planned to act on the report but offered no details. "Probably in the few weeks to come we'll be able to give you more details on that,'' he told reporters. The Syrian-born Mr. Arar was seized on Sept. 26, 2002, after he landed at Kennedy Airport in New York on his way home from a holiday in Tunisia. On Oct. 8, he was flown to Jordan in an American government plane and taken overland to Syria, where he says he was held for 10 months in a tiny cell and beaten repeatedly with a metal cable. He was freed in October 2003, after Syrian officials concluded that he had no connection to terrorism and returned him to Canada.

Mr. Arar's case attracted considerable attention in Canada, where critics viewed it as an example of the excesses of the campaign against terror that followed the Sept. 11 attacks. The practice of rendition has caused an outcry from human rights organizations as "outsourcing torture," because suspects often have been taken to countries where brutal treatment of prisoners is routine.

The commission supports that view, describing a Mounted Police force that was ill-prepared to assume the intelligence duties assigned to it after the Sept. 11 attacks.

Mr. Arar, speaking at a news conference, praised the findings.

"Today Justice O'Connor has cleared my name and restored my reputation," said Mr. Arar, who has been unemployed since his return to Canada in 2003. "I call on the government of Canada to accept the findings of this report and hold these people responsible."

His lawyer, Marlys Edwardh, said the report affirmed that Mr. Arar was deported and tortured because of "a breathtakingly incompetent investigation."

The commission found that Mr. Arar first came to police attention on Oct. 12, 2001, when he met with Abdullah Almalki, a man already under surveillance by a newly established Mounted Police intelligence unit known as Project A-O Canada. Mr. Arar has said in interviews that the meeting at Mango's Cafe in Ottawa, and a subsequent 20-minute conversation outside the restaurant, was mostly about finding inexpensive ink jet printer cartridges.

The meeting set off a chain of actions by the police.

Investigators obtained a copy of Mr. Arar's rental lease. After finding Mr. Almalki listed as an emergency contact, they stepped up their investigation of Mr. Arar.

At the end of that month, the police asked customs officials to include Mr. Arar and his wife on a "terrorist lookout" list, which would subject them to more intensive question when re-entering Canada.

However, the commission found that the designation should have only been applied to people who are members or associates of terrorist networks. Neither the police nor customs had any such evidence of that concerning Mr. Arar or his wife, an economist.

From there, the Mounted Police asked that the couple be included in a database that alerts United States border officers to suspect individuals. The police described Mr. Arar and his wife as, the report said, "Islamic extremists suspected of being linked to the al Qaeda movement."

The commission said that all who testified before it accepted that the description was false.

According to the inquiry's finding, the Mounted Police gave the F.B.I. and other American authorities material from Project A-O Canada, which included suggestions that Mr. Arar had visited Washington around Sept. 11 and had refused to cooperate with the Canadian police. The handover of the data violated the force's own guidelines, but was justified on the basis that such rules no longer applied after 2001.

In July 2002, the Mounted Police learned that Mr. Arar and his family were in Tunisia, and incorrectly concluded that they had left Canada permanently.

On Sept. 26, 2002, the F.B.I. called Project A-O and told the Canadian police that Mr. Arar was scheduled to arrive in about one hour from Zurich. The F.B.I. also said it planned to question Mr. Arar and then send him back to Switzerland. Responding to a fax from the F.B.I., the Mounted Police provided the American investigators with a list of questions for Mr. Arar. Like the other information, it included many false claims about Mr. Arar, the commission found.

The Canadian police "had no idea of what would eventually transpire,'' the commission said. "It did not occur to them that the American authorities were contemplating sending Mr. Arar to Syria."

While the F.B.I. and the Mounted Police kept up their communications about Mr. Arar, Canada's Department of Foreign Affairs was not told about his detention for almost three days. Its officials, acting on calls from worried relatives, had been trying to find him. Similarly, American officials denied Mr. Arar's requests to speak with the Canadian Consulate in New York, a violation of international agreements.

Evidence presented to the commission, said Paul J. J. Cavalluzzo, its lead counsel, showed that the F.B.I. continued to keep its Canadian counterparts in the dark even while an American jet was carrying Mr. Arar to Jordan.

The panel found that American officials "believed — quite correctly — that, if informed, the Canadians would have serious concerns about the plan to remove Mr. Arar to Syria."

Mr. Arar arrived in Syria on Oct. 9, 2002, and was imprisoned there until Oct. 5, 2003. It took Canadian officials, however, until Oct. 21 to locate him in Syria. The commission concludes that Syrian officials at first denied knowing Mr. Arar's whereabouts to hide the fact that he was being tortured. It says that, among other things, he was beaten with a shredded electrical cable until he was disoriented.

American officials have not discussed the case publicly. But in an interview last year, a former official said on condition of anonymity that the decision to send Mr. Arar to Syria had been based chiefly on the desire to get more information about him and the threat he might pose. The official said Canada did not intend to hold him if he returned home.

Mr. Arar said he appealed a recent decision by a federal judge in New York dismissing the suit he brought against the United States. The report recommends that the Canadian government, which is also being sued by Mr. Arar, offer him compensation and possibly a job.

Mr. Arar recently moved to Kamloops, British Columbia, where his wife found a teaching position.

Canadian Was Falsely Accused, Panel Says (WP)

By Doug Struck, Washington Post Foreign Service

The Washington Post, September 19, 2006

DOJ_NMG_0065223

Muslim Held by U.S. Was Sent to Syria For Interrogation

TORONTO, Sept. 18 -- Canadian intelligence officials passed false warnings and bad information to American agents about a Muslim Canadian citizen, after which U.S. authorities secretly whisked him to Syria, where he was tortured, a judicial report found Monday.

The report, released in Ottawa, was the result of a 2 1/2-year inquiry that represented one of the first public investigations into mistakes made as part of the United States' "extraordinary rendition" program, which has secretly spirited suspects to foreign countries for interrogation by often brutal methods.

The inquiry, which focused on the Canadian intelligence services, found that agents who were under pressure to find terrorists after the attacks of Sept. 11, 2001, falsely labeled an Ottawa computer consultant, Maher Arar, as a dangerous radical. They asked U.S. authorities to put him and his wife, a university economist, on the al-Qaeda "watchlist," without justification, the report said.

Arar was also listed as "an Islamic extremist individual" who was in the Washington area on Sept. 11. The report concluded that he had no involvement in Islamic extremism and was on business in San Diego that day, said the head of the inquiry commission, Ontario Justice Dennis O'Connor.

Arar, now 36, was detained by U.S. authorities as he changed planes in New York on Sept. 26, 2002. He was held for questioning for 12 days, then flown by jet to Jordan and driven to Syria. He was beaten, forced to confess to having trained in Afghanistan -- where he never has been -- and then kept in a coffin-size dungeon for 10 months before he was released, the Canadian inquiry commission found.

O'Connor concluded that "categorically there is no evidence" that Arar did anything wrong or was a security threat.

Although the report centered on Canadian actions, the counsel for the commission, Paul Cavalluzzo, said the results show that the U.S. practice of renditions "ought to be reviewed."

"This is really the first report in the Western world that has had access to all of the government documents we wanted and saw the practice of extraordinary rendition in full color," he said in an interview from Ottawa. "The ramifications were that an innocent Canadian was tortured, his life was put upside down, and it set him back years and years."

Arar, who came to Canada from Syria when he was 17, said in Ottawa that he was thankful that he had been vindicated. He expressed surprise and anger at learning Monday that Canadian authorities also had asked U.S. authorities to put his wife on the al-Qaeda watchlist.

"Today Justice O'Connor has cleared my name and restored my reputation," he said at a news conference. He said the individual Canadian officials should be held accountable: "Justice requires no less."

O'Connor said it was beyond his mandate to recommend discipline for any individual.

"He really is a victim of authorities in three governments, as well as being an innocent man," Irwin Cotler, a member of parliament from the Liberal Party, said after the report was issued.

Stockwell Day, the federal government's public safety minister, said the treatment of Arar was "regrettable. We hope, with any future situations, never to see this happen again."

Since Sept. 11, the CIA, working with other intelligence agencies, has captured an estimated 3,000 people in its effort to dismantle terrorist networks. Many of them have been secretly taken by "extraordinary rendition" to other countries, hidden from U.S. legal requirements and often subject to torture.

Those renditions are often carried out by CIA agents dressed head to toe in black, wearing masks, who blindfold their subjects and dress them in black. The practice is generating increased opposition by other countries; Italy is seeking to prosecute CIA officers who allegedly abducted a Muslim cleric in Milan in February 2003, and German prosecutors are investigating the CIA's activities in their country.

Although details of the renditions and the destinations of those held are secret, President Bush has confirmed the existence of CIA-run prisons throughout the world. Some of the subjects of renditions have been held in those prisons.

O'Connor also recommended that the government review the case of three other Muslim Canadian citizens, who were detained when they traveled through Syria, to determine what role Canadian authorities played in their imprisonment.

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But it was the case of Arar, a reserved, soft-spoken father of two, that created outrage in Canada after he returned in 2003 and said he wanted the public to know what had happened to him.

The report said agents of the Royal Canadian Mounted Police "overstated" Arar's importance in the broad investigation they began of potential Canadian suspects after Sept. 11.

Canadian police opened a file on Arar after seeing him talking to two other Muslim Canadians they were watching, authorities have acknowledged. Arar insisted the men were casual acquaintances in the small Muslim community in Montreal, where he lived before moving to British Columbia.

O'Connor said Monday that police agents told the Americans that Arar was "suspected of being linked to the al Qaeda movement." The judge concluded: "The RCMP had no basis for this description."

The Mounties also falsely claimed Arar had refused to be interviewed and had "suddenly" left for Tunisia. It listed him as a business associate of another man they called a "Bin Laden associate." Those descriptions were "either completely inaccurate" or overstated his casual connections, O'Connor said in an 822-page, three-volume report.

That information "very likely" led to his rendition, the report said. U.S. officials refused to cooperate with the Canadian inquiry.

Cavalluzzo said the Canadian agents apparently operated without proper training. "The best one can say is that it was sheer incompetence. They did not appreciate the fact that the branding of someone as a 'target' or 'suspect' or 'Islamic extremist' to Americans in 2002 could lead to disastrous consequences."

After Arar was detained in New York, Canadian authorities apparently were unaware the Americans were preparing to send him to Syria, according to the commission finding.

The RCMP contact, Inspector Michel Cabana, "was under the impression that Mr. Arar would only be detained for a short time," O'Connor's report said. "In his view, Mr. Arar was being held in a country with many of the same values as Canada."

Arar filed a lawsuit in U.S. federal court, but the case was dismissed by a judge citing "national security" issues. Arar is also seeking compensation from the Canadian government.

Some crucial questions about the incident remain unanswered, at least publicly. Over the repeated objections of O'Connor, the federal government censored much of the testimony given during the proceedings as well as some of the final report. O'Connor's report said a federal court should be asked to decide whether to disclose some of the censored items.

Arar was not permitted to testify; the judge ruled it would be unfair to subject him to questioning based on secret information. He has testified before a European Parliament committee in Brussels.

Special correspondent Natalia Alexandrova contributed to this report.

HOMELAND RESPONSE:

FEMA Revamp Snubs Homeland Security Chief (WSJ)

By Robert Block

The Wall Street Journal, September 19, 2006

WASHINGTON -- Homeland Security Secretary Michael Chertoff was dealt a major blow by congressional negotiators' deal to overhaul the Federal Emergency Management Agency, in which lawmakers forced a major reorganization of the sprawling department and unraveled changes he had personally backed.

FEMA would be strengthened and become an independent entity within the Department of Homeland Security under the deal worked out late Friday night between Senate staff and representatives of several House committees. But DHS would be barred from changing FEMA's budget, personnel or structure, giving the agency the same protections currently provided to the U.S. Coast Guard and the Secret Service.

The deal, if approved, would authorize an annual 10% increase of FEMA's $2.4 billion budget for the next three years. It now moves to a House-Senate panel that is hammering out a $34.8 billion bill funding the Homeland Security department for the new fiscal year that begins Oct. 1.

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Until now, Mr. Chertoff had the authority to move money, people and programs out of FEMA and 19 other agencies in the department to use elsewhere to meet an ever-changing terrorist threat. But critics said that funds taken from FEMA's budget undermined the agency's effectiveness and contributed to the bungled federal response to Hurricane Katrina last year.

Moreover, under the congressional deal, the FEMA administrator -- not the Homeland Security secretary -- would be the principal adviser to the president during an emergency. The structure is modeled after the Joint Chiefs of Staff.

DHS officials fiercely opposed it in part because it would do away with new units created by Mr. Chertoff last year as part of his much touted "Second Stage Review" to improve the department. Of particular concern: The pact would fold the Directorate for Preparedness, headed by DHS Undersecretary George Foresman, into FEMA. The directorate handles all first-responder and homeland-security grant programs and works with state, local and private-sector officials to identify threats and determine vulnerabilities of infrastructure to terrorist attack.

According to Senate negotiators, the deal dissolves the directorate, passing all of its programs -- except for the Office of Infrastructure Protection, the National Communications System and the National Cyber Security Division -- into FEMA.

They said Mr. Chertoff was free to recommend Mr. Foresman for FEMA administrator, or he could become a deputy administrator. Currently, R. David Paulison, a former Miami fire chief, is the FEMA director.

Many observers saw the deal as a setback for Mr. Chertoff, who has come under scrutiny for his handling of the department.

DHS spokesman Russ Knocke said, "We will continue to work with Congress toward a satisfactory outcome."

His ability to change the bill at this point may be severely limited. Congressional staffers from both parties say that with important midterm elections just weeks away no one wants to be accused of moving to undermine the nation's ability to handle a disaster and even White House officials have indicated that they won't oppose the bill.

Sen. Joseph Lieberman (D., Conn.), who along with Sen. Susan Collins (R., Maine) drafted the legislation to overhaul FEMA, praised the deal, saying it will "reverse the department's misguided decision to separate those who are supposed to prepare for disasters from those who are supposed to respond to them."

Write to Robert Block at bobby.block@wsj.com1

House, Senate Near Agreement On Homeland-Security Budget (WSJ)

By David Rogers

The Wall Street Journal, September 19, 2006

WASHINGTON -- House-Senate negotiators are nearing agreement on a homeland-security budget that includes $1.82 billion in emergency funds, blessed by the White House to burnish Republican credentials on border security before the fall elections.

Even with the infusion of funds, the $34.8 billion package falls short of what the Senate promised last week for port-security grants. But between $1 billion and $1.2 billion would be provided as a down payment toward fencing the U.S.-Mexico border and about $350 million of the emergency funds are expected to be split among Coast Guard procurement, new customs inspectors and X-ray equipment at ports of entry.

Republican leaders are determined to complete the homeland measure and a larger Pentagon appropriations bill before lawmakers go home at the end of next week to campaign. The defense and homeland bills fit into the Republican national-security theme this fall, and negotiators want to finish the talks this week.

Domestic agencies will have to wait until after the elections before their 2007 funding is resolved, but they will be affected by the defense talks now.

After failing to get a budget for fiscal 2007, which begins Oct. 1, because of disagreements over spending, the majority party and White House are using emergency funds -- counted outside appropriations caps -- to resolve their differences.

The proposed $375.4 billion Pentagon bill, for example, carries with it a "bridge fund" -- ostensibly to fund military operations in Iraq and Afghanistan but also allowing Republicans to borrow about $5.9 billion from President Bush's defense budget to offset cuts in domestic programs.

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The House had set aside $50 billion for the bridge fund; the Senate added another $13.1 billion. Negotiators are expected to raise this to at least $70 billion. Access to emergency funds during wartime has made it easier for Republicans to disguise their divisions over domestic spending. But the bridge fund also reflects the stress felt by military services after more than three years in Iraq.

This is especially the case with the Army. To meet this month's payroll, for example, service commanders this summer proposed taking money from maintenance and procurement accounts, including hundreds of millions of dollars Congress had added in the spring to buy radios and trucks to reconstitute units.

The House Appropriations Committee resisted, forcing some changes. Democrats on the panel last week released a staff report detailing the need for more money for the service. In the partisan atmosphere now in Congress, Democrats have tried to make an issue of defense readiness, but the report itself is respected on both sides of the aisle given the history of the defense-appropriations panel.

Among major points, the report found that many Army combat and support units scheduled to deploy to Iraq will have less than the required one-year period for rest and retraining. The report also found that funding shortfalls have created backlogs at all the Army's depot maintenance locations, and 20% to 30% of Army equipment isn't in service, because it is either in transit or undergoing maintenance.

In testimony before Congress, Gen. Peter Schoomaker, the Army chief of staff, argued for more money. The Democratic staff report cites specific cases of delays in maintenance at major facilities.

At Anniston Army Depot in Alabama, for example, the report estimated about 600 M1 tanks sit in disuse. At Red River Army Depot in Texas, 700 Bradley fighting vehicles and more than 450 trucks haven't been serviced.

The problem is often less one of capacity than lack of money to run shifts with the full work hours required. In this fiscal year, for example, the Anniston depot had plans for 7.2 million man-hours of work, the report says. But funding cuts by Congress, the Army and Defense Department limited workload levels to 6.3 million man-hours.

Write to David Rogers at david.rogers@wsj.com1

Congress Bustles With Busywork (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, September 19, 2006

With 10 days left before the scheduled Sept. 29 recess, Congress's much-trumpeted national security agenda is becalmed and awaiting a stiff wind to get it to port. This week, there doesn't even seem to be a gentle breeze on the horizon.

Senate Majority Leader Bill Frist (R-Tenn.) had hoped to begin work on legislation authorizing military commissions to try terrorism suspects or a bill on President Bush's warrantless wiretapping program. But for the moment, the only bill on military trials that can pass the Senate is the one Bush opposes -- the bill drafted by Senate Armed Services Committee Chairman John W. Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.).

The surveillance bill negotiated by Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and Vice President Cheney is ready for consideration, but with at least half a dozen Republicans expressing reservations, it may not have the votes for passage.

So while Frist tries to decide between the frying pan and the fire, the Senate will keep busy with consideration of the Oman Free Trade Agreement and the nomination of Alice S. Fisher to serve as assistant attorney general. If those items are dispensed with quickly, the Senate may have to be content with reauthorizing the Commodity Futures Trading Commission and Amtrak.

The situation in the House is only a tad brighter. House leaders had scheduled consideration of Bush's military trials bill for midweek. But the notoriously cantankerous chairman of the House Judiciary Committee, F. James Sensenbrenner Jr. (R-Wis.), asked for time for his committee to consider it, and GOP leaders relented, pushing back a floor vote at least another week.

Instead, the centerpiece of the House's floor schedule will be a package of immigration and border security bills designed to demonstrate GOP toughness ahead of the election. Never mind that much of the legislation -- three bills in all -- already passed the House in December as part of a broad crackdown on illegal immigration.

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The first bill would bolster the secretary of homeland security's authority to detain dangerous illegal immigrants and to clarify the authority of state and local enforcement officers to assist in the enforcement of federal immigration laws. Some police officials in border regions have expressed concern that by deputizing them in the hunt for undocumented workers, the law will jeopardize the relations they have established with immigrant communities on other law enforcement matters. But support in the House for putting the local cop on the immigration beat is overwhelming.

Another bill would streamline immigration litigation procedures. Republicans say it is needed to unclog courts bogged down with deportation appeals, but immigration and civil liberties groups say the measure would deny due process to some immigrants who are seeking political asylum.

Finally, the House will consider a bill requiring voters to prove citizenship before registering or re-registering to vote in a federal election. A coalition of groups -- including the Mexican American Legal Defense and Educational Fund, the NAACP, and AARP -- is holding a conference call today to denounce what it says is legislation to create a national, government-issued identification card.

But GOP leaders are showing no qualms about such opposition. The spate of immigration-related legislation -- including last week's authorization of a 700-mile-long, double-layered fence on the U.S.-Mexican border -- is designed to appeal to the dispirited Republican base.

What's Left

So, with less than two weeks to go before recess, prospects look bleak for the big pending bills. Aside from the national security battles that are dominating debate in both chambers, GOP leaders are punting all leftover business until after the November elections -- at the earliest.

The list includes most appropriations bills. House and Senate GOP leaders still hope to complete spending measures for the Defense and Homeland Security departments before adjourning, fearing that voters could punish them at the polls if they do not. But a veterans spending bill has stalled. And the packages that fund health, science, transportation and education programs are not even close.

A bill that would fund water projects has been left hanging, despite the election-year appeal of its many pork-rich contents. Also headed nowhere: the permanent estate tax repeal that Republicans have tried all year to push across the finish line. A port security bill faces better odds, congressional aides said, but its "must pass" status has made it a magnet for unrelated earmarks.

House and Senate GOP negotiators are way behind schedule on a defense authorization bill, but as they make a final push before next Friday, new obstacles keep surfacing.

Of all pressing federal government priorities, fixing the Federal Emergency Management Agency would presumably rank at the top of the list. Last week, the House and Senate reached agreement on how to reform the troubled agency, incorporating recommendations from post-Katrina investigations. But the proposal would increase FEMA's budget, and it is unclear whether House and Senate appropriators -- who are negotiating a final fiscal 2007 spending bill -- will include the extra money.

FBI Raids Muslim Charity (DETNEWS)

By Paul Egan And Francis X. Donnelly

Detroit News, September 19, 2006

SOUTHFIELD -- FBI agents from the Joint Terrorism Task Force raided the Southfield offices of a highly regarded American Muslim relief organization Monday, but would not disclose the nature of their criminal investigation.

The FBI executed a search warrant at the offices of Life for Relief & Development on 10 Mile Road about 9 a.m. and remained there copying documents and computer files until late afternoon.

The FBI also searched the Ypsilanti home of the group's chief executive officer, Khalil Jassemm; a home on Indiana Street in Dearborn owned by Jassemm; and the Dearborn office of a nonprofit group opposed to the Iraq war called Focus on American & Arab Interests and Relations, headed by Muthanna Al-Hanooti, who until recently worked for Life for Relief & Development.

Al-Hanooti, an Iraqi expatriate and community activist, was out of the country visiting the United Arab Emirates, but was informed of the search, said Imad Hamad, regional director of the American Arab Anti-Discrimination Committee.

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The reasons given to U.S. District Judge Nancy G. Edmunds to obtain the search warrants were sealed, and no arrests have been made. The search is "pertaining to a criminal matter," FBI Special Agent Dawn Clenney said. A federal official in Detroit said the investigation was being run out of the Justice Department in Washington, D.C.

Lawyer Ihsan Alkhatib, Life for Relief's legal director, said Internal Revenue Service agents accompanied the FBI. Agents told him the investigation was tax-related and not terrorism-related, Alkhatib said.

"They've been professional, courteous and polite," Alkhatib said of the agents.

The main concern, Alkhatib said, is the timing of the raid, less than a week before the start of the Muslim holy month of Ramadan. That's the peak time for donations to Life for Relief, which had been hard-hit like all Muslim charities after the Sept. 11 attacks and was just beginning to see a recovery in levels of giving, he said.

Group is cooperating

Jassemm, Life for Relief's chief executive officer, said his group is cooperating with the investigation. "We understand that the government has to do its job," he said.

Life for Relief describes itself on its Web site as the largest American Muslim humanitarian relief organization. The nonprofit organization was founded in 1992 by concerned Iraqi-American professionals in response to the crisis in Iraq following the 1991 Gulf War, the Web site says.

The charity says it has provided more than $50 million in aid to more than 13 million people around the world.

The group's most recent IRS filing, for 2004, said it had revenues of $10.6 million and spent $8.8 million that year on humanitarian and relief programs.

Life for Relief once had North American offices in California and Canada, but no longer does, Alkhatib said. But the group has offices associated with its relief efforts in Iraq, Jordan, Pakistan, Dubai, Syria, Sierra Leone and Israel, he said.

In addition to providing emergency relief in the form of food and medicine, Life for Relief runs programs for orphans and built a computer center in Iraq, Alkhatib said. Its Web site says it has improved schools in countries such as Iraq and Afghanistan and worked to improve Iraq's drinking water infrastructure.

Hamad said he believes Life for Relief is the only Muslim charity licensed to work in Israel and the occupied territories. To hear its offices were raided would not be unlike a Westerner hearing the offices of the Red Cross had been raided, he said.

A former Life for Relief chief executive officer, Ghanim al-Jumaily, was named Iraqi ambassador to Japan in 2004.

FBI seizes files, computers

On Monday afternoon in a light rain, more than a half dozen FBI agents streamed in and out of the rear entrance of the Life for Relief & Development building on 10 Mile, carrying with them dozens of file boxes and at least two computers.

The materials were loaded into a packed box truck parked in the rear. A Michigan State Police trooper secured the area for the FBI.

Al-Hanooti, the man associated with the other office targeted by the FBI, recently launched a lobbying and consulting firm, Focus on Advocacy & Advancement of International Relations LLC, which is aimed at improving Iraqi-American relations, Hamad said. It has offices in Dearborn and Washington, D.C.

Susan Lindauer, a Takona Park, Md., woman who has worked with Al-Hanooti on Muslim causes in Washington, said he met monthly with the local FBI task force in Detroit on anti-terrorism and was a liaison between Arab-Americans and the community. He's spent considerable time in Iraq since the start of the recent war acting as a bridge between the U.S. troops and Iraqi citizens, she said.

"I'm amazed, given all the excellent work he's done, that they would come after him," Lindauer said.

Life for Relief was one of two groups that funded a 2002 trip to Baghdad by three Democratic congressmen who opposed the Iraq war.

The congressmen were Rep. David Bonior of Mount Clemens, who has since left office and teaches labor studies at Wayne State University; Rep. Mike Thompson of California and Rep. Jim McDermott of Washington. The other group paying for the trip was the Church Council of Greater Seattle, a church group opposed to the war.

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"They're a four-star charity, and they do work through the United Nations, and they have a good reputation for doing humanitarian work," said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations, said. "I was totally surprised."

The Joint Terrorism Task Force is made up of the FBI and more than 20 other law enforcement agencies, including the Michigan State Police.

Bill Pierre, regional director for the Middle East for the American Friends Service Committee, said his group has worked closely with Life for Relief in providing aid to Iraq.

"I'm very much surprised," Pierre said. "They have been steadfast in being open and above-board."

Raid On Metro Charity Troubles Area Muslims (FREEP)

By Niraj Warikoo

Detroit Free Press, September 19, 2006

Counterterrorism agents of the FBI and IRS raided what is believed to be one of the biggest Muslim charities in the United States on Monday, hauling away a truckload of documents and computers from its Southfield office.

The raid was based on sealed search warrants, but the charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country.

Alkhatib said Life for Relief and Development "did everything by the book.

"They knew the government was looking at them through a magnifying glass," he said.

Tax records show that Life raised about $10.6 million in 2004. The charity has distributed money in Pakistan, Iraq, Lebanon, the Palestinian territories, and in the United States after Hurricane Katrina, among other places. A senior federal official with knowledge of investigations related to the raid said that agents are probing whether Life officials violated the International Emergency Economic Powers Act, a federal law that allows the government to prohibit economic activity with countries that are deemed security threats.

According to the official, who spoke on condition of anonymity, agents are investigating whether Life may have illegally distributed money and medical supplies inside Iraq.

Agents of the FBI and IRS seized cabinet files and hard drives from the office of Life, a nonprofit group that Muslim leaders say is the biggest Islamic charity headquartered in Michigan.

Southfield police and Michigan State Police officers were also at the scene Monday.

Federal agents also raided the Ypsilanti home of the charity's chief executive officer, Khalil Jassemm, and the Dearborn office of Muthanna Alhanooti, a former official of the charity who has ties to an Islamic party in Iraq.

No one was arrested.

The agents were from the Joint Terrorism Task Force, and they spent hours interviewing Jassemm, as well as Life's office manager, Kudama Kaluan, accountant Nael Zenhom, and marketing manager Mohammed Abaza, Alkhatib said.

The raids are part of a major effort by the FBI and other federal agencies to investigate the flow of money from the United States to terrorist groups in the Muslim world, current and former FBI agents said Monday.

"It's logical to assume that many Islamic terrorist organizations have representation here in the U.S., and sources of funding," said Christopher Hamilton, a former FBI agent who investigated terrorism cases and is now a senior fellow at the Washington Institute for Near East Policy, based in Washington, D.C.

Many of the efforts of counterterrorism officials in southeastern Michigan focus on how money from the region ends up in Middle Eastern and other Muslim countries such as Iran and Pakistan.

Earlier this year, the Treasury Department shut a charity based in Toledo, with Michigan ties, for alleged links to Hamas.

And the FBI said in May that the owner of the La Shish chain of restaurants, Talal Chahine, raised money for Hizballah through a charity in Lebanon that has an office in Dearborn.

Last month, Alhanooti left Life for Relief and Development to consider being the U.S. representative of the Iraqi Islamic Party.

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Another Life official, Mohammed Alomari, was involved with Sunni political parties in Iraq, say charity officials.

Founded in 1992, the charity was started by Iraqi-American Sunnis who said they were concerned about the plight of Iraqis and the effect of United Nations sanctions imposed after the 1991 Persian Gulf War, according to charity officials.

Life officials have traveled to Iraq often over the years and had an office that distributed aid after the fall of Saddam Hussein's government in 2003, say charity officials.

Coming days before the start of Ramadan, the raids concerned some Muslims in metro Detroit, but some said they were not surprised.

"The community was expecting to give Ramadan gifts, but we're wondering, who's next" to be raided, Jassemm said. "And apparently, Life is next."

The raids were based on several search warrants that dealt with possible violations of criminal laws, said FBI spokeswoman Dawn Clenney. Affidavits filed in support of the warrants have been sealed.

Life for Relief and Development is actively involved in metro Detroit's Arab-American and Muslim communities. It is part of the Congress of Arab American Organizations.

And the Life group has worked with and donated supplies to the Michigan branch of the American-Arab Anti-Discrimination Committee.

The head of the committee, Imad Hamad, urged the public not to rush to judgment.

But federal agents say they worry whether the group may have violated federal laws.

The group can still operate, but Alkhatib said that will be hard to do because they have no computers and hard drives.

Federal Agents Raid Islamic Charity In Suburban Detroit (AP)

AP, September 18, 2006

SOUTHFIELD, Michigan Federal counterterrorism officials on Monday raided the suburban Detroit offices of an international Muslim humanitarian organization.

FBI and Joint Terrorism Task Force agents executed search warrants at the headquarters of Life for Relief and Development in the Detroit suburb of Southfield.

The warrants were based on a criminal assertion, but the affidavits in support of the warrants are sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press.

"The warrants have been signed off by a judge, and it pertains to an ongoing criminal matter," FBI spokeswoman Dawn Clenney told The Associated Press. She did not give additional details.

Agents hauled away documents, letters and ledgers starting at about 9 a.m. (1300 GMT), said Dawud Walid, head of the Michigan branch of the Council on American Islamic Relations. Walid said agents told officials at the charity that the raid was related to criminal activity.

"They're seizing documents," Walid said. "They haven't closed down the charity, they haven't filed any charges against the organization nor have they arrested anyone. It was totally unexpected and they're baffled."

Mohammed Alomari, spokesman for Life for Relief and Development, described the federal agents as courteous and said staff members who remained in the office were cooperating. He said much of the staff was sent home for the day after agents arrived.

"They didn't really give a reason, but . . . I guess they're looking for some financial information," Alomari said.

"What we asked them is, can we still continue operating the charity, and they said yes," he said.

Alomari said the organization raises money for humanitarian relief efforts and for development projects such as building schools, water treatment plants, computer centers and sewing centers for women. He said the organization has offices in Iraq, Pakistan, Jordan, Israel, Syria and Sierra Leone and employs 25 people at its Southfield headquarters.

A statement on the organization's Web site said it "has provided over $50 million (€39.48 million) in humanitarian assistance to more than 13 million beneficiaries worldwide."

The group was founded by Iraqi Americans in 1992.

FBI Searches Islamic Leader's Home (COLMISS)

DOJ_NMG_0065231

By Derek Kravitz And Anna Scianna

Columbia Missourian, September 19, 2006

FBI agents searched the home of a prominent Islamic community leader Monday, three days after FBI officials met with community members at the Columbia mosque to improve the bureau's often frosty relations with Muslims.

A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife, Lamya Mukhlef Najem, on Monday, said FBI spokesman Jeff Lanza. Agents showed up at Hamoodi's southwest Columbia home about 8 a.m. Monday, seizing boxes and computer equipment throughout the day, neighbors said, before leaving the quiet residential neighborhood about 4 p.m.

Lanza said agents only searched Hamoodi's home, located at 2701 Woodberry Court, in The Pines subdivision, in connection with the search warrant. The reason for the raid has not been disclosed because details of the warrant are sealed.

On Monday, federal agents also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development. Lanza would neither confirm nor deny whether the two searches were connected.

Last February, Stephens College held a tsunami relief concert and gave all the proceeds to the Life for Relief and Development.

Muslim leaders said that the timing of the two searches raised suspicions.

"After learning about the Columbia raid, I have to say the timings are odd," said Ibrahim Hooper, the national communications director for the Washington, D.C.-based Council on American-Islamic Relations.

Reached at his home by phone Monday afternoon, Hamoodi said he cooperated fully with federal investigators.

"They came in, asked questions, I told them the answers and they left," he said. He declined to discuss the nature of the questions he was asked.

Hamoodi, 54, grew up in Anah, a town in central Iraq, and studied in Iraq, Scotland and France. After he immigrated to Columbia in 1985 with his wife, Lamya, 40. Hamoodi studied at MU and worked as an assistant research professor for the school's College of Engineering, before leaving that position. According to an article published in the Missourian in March 2003, Hamoodi has hundreds of relatives still in Iraq, including his parents and several brothers and sisters. Hamoodi and Najem have five American-born children.

Hamoodi has owned and operated a grocery store, World Harvest International and Gourmet Foods, on Nifong Boulevard, since 2004. Najem is a teacher at the Islamic School of Columbia Missouri.

Hamoodi was the former outreach coordinator for the Islamic Center of Central Missouri, organizing interfaith meetings with community leaders and peace demonstrations. Corey Brand, the center's president, described Hamoodi as a prominent and well-respected member of Columbia's Muslim community.

"I've known him for a number of years, and to think he'd be capable of anything criminal. ... I just can't possibly believe that," Brand said.

Brand said Hamoodi actively spoke out against the war in Iraq and was involved with several charitable organizations.

"I've been opposed to sanctions, and I'm opposed to the United States' current foreign policy in the region," Hamoodi said in the 2003 Missourian article following the U.S. invasion of Iraq. "I sincerely do not find any justification for this."

Monday's raid came three days after FBI agents met with Muslim community members at the Islamic Center of Central Missouri.

At the meeting, community members raised concerns about being racially profiled following the October 2004 federal raid of the Islamic American Relief Agency's U.S. headquarters in Columbia. Hamoodi attended the meeting, organizers said.

The U.S. Treasury Department has linked the IARA charity to the Sudan-based Islamic African Relief Agency, which they say has ties to Osama Bin Laden, al-Qaida and Hamas. No one has been charged in connection with that case. Brand said he did not know if Hamoodi donated any of his time or money to the IARA, which housed its U.S. headquarters in offices at 201 E. Cherry St.

Several Columbia Muslim leaders said they felt personally targeted after the raid, which they said caused lasting damage within the Muslim community.

Brand said he hopes the ongoing federal investigation doesn't undo the progress made at the last week's forum.

"I think it has the danger of erasing the whole purpose of Friday — to reassure the Muslim community," Brand said.

FBI Searches Home Of Muslim Family (COLTRIB)

By Jacob Lueke

Columbia Tribune, September 18, 2006

FBI agents today searched the home of a Columbia businessman and former Iraqi who has been an outspoken critic of the war in Iraq.

About a dozen FBI vehicles parked this morning in front of the home of Shakir Hamoodi, 54, at 2701 Woodberry Court, in the upscale The Pines neighborhood in southwest Columbia, neighbors said.

At exactly 9 a.m., the FBI agents left their cars and rushed the house. Two teenagers inside the house were brought outside and escorted to the family car and drove off, said a neighbor who did not want to be identified. The neighbor said the agents entered the house and removed boxes and other items. Some agents stood on the lawn and examined papers pulled from the house.

Hamoodi owns World Harvest International and Gourmet Foods on Nifong Boulevard. County records show he owns the Woodberry Court home with Lamya Najem, 40, who a neighbor said teaches at the Islamic School of Columbia Missouri.

Hamoodi

Jeff Lanza, a spokesman for the FBI in Kansas City, would not say what prompted the raid, but he said the home was not a threat to the community.

Neither Hamoodi nor Najem could be reached for comment this morning. A neighbor who requested anonymity said police told him Hamoodi was out of the state this morning.

Several neighbors who watched the ongoing raid and requested anonymity said they didn't know much about the family. "They have been nothing but very, very nice," one neighbor said.

Around 9:30 a.m. a Columbia police officer was rummaging through the home's open garage while neighbors loitered outside and gawked. Shortly after a reporter arrived, the officer closed the garage door.

Officer Bill Lee turned away an attempt to question the FBI agents and asked a Tribune reporter and photographer to leave the property. He declined to answer questions.

Hamoodi is an Iraq native who lived in Scotland and France before moving to Columbia in 1985. He studied at the University of Missouri-Columbia and later became an engineering research assistant professor at the school. He left the school and opened World Harvest in 2004, according to a 2005 Tribune story about his business.

Hamoodi has been identified as an outreach coordinator for the Islamic Center.

"He's been involved with charity. He's a good human being and does a lot of charitable work," said Ahmed Habib, who knows Hamoodi and his family through the mosque. "He's well respected in the community."

Neighbors said the home was generally quiet, although once every few months several cars would park there for about an hour. They speculated Hamoodi hosted religious gatherings.

Hamoodi has made several public appearances in opposition to the U.S. war in Iraq. At one event, a July 2005 speech at a Rotary Club event in Jefferson City, he was identified as a nuclear engineer living in Columbia.

In 2003 he participated in an MU forum on the war and said: "The U.S. Army is as unwanted as Saddam Hussein. The U.S. Army is probably more unwanted than Saddam Hussein."

After Saddam's capture, Hamoodi told the Tribune the event was insignificant. "They found him in a hole, he can't lead the resistance from a hole," Hamoodi was quoted as saying. "The war was a lie. Innocent people were killed. Is this worth finding weapons of mass destruction?"

Their home on Woodberry Court was recently defaced with spray-painted anarchist graffiti, neighbors said.

Islamic Center 'surprised' By Timing Of Raid. (COLTRIB)

By Janease Heavin

Columbia Tribune, September 18, 2006

An FBI visit this morning to the Columbia home of a Muslim family could undo any bridge-building efforts between law enforcement and members of the Islamic community, the president of the local mosque said this morning.

The FBI search of the home of Shakir Hamoodi, 54, and Lamya Najem, 40, this morning came as a surprise to Corey Brand, president of the Islamic Center of Central Missouri.

"I could not believe that he would be involved in anything evil," Brand said. "I've known Shakir Hamoodi for years, and he's quite highly respected. This is absolutely going to damage relationships."

Hamoodi, Brand and others in the Muslim community met with FBI Supervisory Special Agent Richard Thornton on Friday at the Islamic center in an effort to improve communications. Islamic center member Ahmed Habib said Thornton asked for the meeting; however, Thornton told the Tribune on Friday that Habib invited him to speak.

During the more than two-hourlong meeting on Friday, Thornton explained FBI procedure and assured the group that if any of them "ever come under scrutiny," the FBI would "do it fairly and constitutionally."

Habib said Hamoodi and Thornton talked during the social hour, but Hamoodi did not publicly ask questions.

During Friday's meeting, many Muslims shared concerns about the FBI shutdown of the Islamic American Relief Agency in Columbia two years ago. U.S. Treasury officials contend the Columbia-based charity was the U.S. affiliate of a Sudanese charity, the Islamic African Relief Agency, which is accused of supporting terrorist organizations, including al-Qaida.

Thornton on Friday told Muslims that those who contributed large amounts of money to that charity could face FBI questioning. Brand said this morning he did not know whether Hamoodi contributed to the IARA.

Although Habib seemed surprised this morning to hear of the raid on Hamoodi's home, he was careful not to speculate whether it would undo any positive relations built Friday night.

"We wanted to show them that the mosque is open to them," Habib said. "I'm surprised this type of thing would happen so soon afterward."

White House Selects Cybersecurity Chief (AP)

By Lara Jakes Jordan

The AP, September 18, 2006

The Homeland Security Department picked an industry information security specialist Monday as its cybersecurity chief, filling a job that has had no permanent director for a year.

Greg Garcia was appointed assistant secretary for cybersecurity and telecommunications, Homeland Security Secretary Michael Chertoff said. The cybersecurity job was created in July 2005, but department officials have struggled to find candidates willing to take significant pay cuts from industry jobs to fill it.

Part of Garcia's job will be to oversee the department's National Cyber Security Division. For the last two years, that office has been run by Donald "Andy" Purdy Jr., who is a two-year contract employee on loan from Carnegie Mellon University in Pittsburgh. Carnegie Mellon has received $19 million in contracts from Homeland Security's cybersecurity office under Purdy's management.

Garcia "brings the right mix of experience in government and the private sector to continue to strengthen our robust partnerships that are essential to this field," Chertoff said in a statement.

A test of mock Internet attacks concluded last week that many government and industry officials were unable to fight back quickly and effectively against a series of simulated hackings that aimed to halt subways and trigger power outages.

WAR NEWS:

Dozens Die In Blasts In Northern, Western Iraq (WP)

By Amit R. Paley

The Washington Post, September 19, 2006

BAGHDAD, Sept. 18 -- Suicide bombers killed at least 34 people in attacks in western and northern Iraq on Monday, underscoring the continuing violence throughout the country as U.S. and Iraqi forces focus on tamping down attacks in the capital.

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In Tal Afar, north of Baghdad, a man wearing an explosive vest blew himself up at 6:15 p.m. in a line of residents waiting to buy cylinders of cooking gas, killing 21 people and wounding 18 others, said Brig. Gen. Saeed Jubury, a police spokesman in Mosul.

Earlier in the afternoon, a suicide car bomber slammed into a recruiting center for Iraqi security forces in Ramadi, capital of Anbar province, killing 13 recruits and wounding 10 others, said Talib Mushtaq al-Obaydi, a doctor at Ramadi General Hospital. A statement from the insurgent group al-Qaeda in Iraq asserted responsibility for the attack.

Mohammed al-Askari, a spokesman for the Defense Ministry, said in a statement that the recent violence in outlying provinces is a result of the new security plan in the capital, which "has not left room for terrorism in Baghdad."

Still, horrific bloodshed remains routine in Baghdad, where nearly 100 people were found dead in one 24-hour period last week. Many residents remain fearful of security forces meant to protect them, particularly police from the Interior Ministry, which is thought to be infiltrated by militias and death squads.

Starting next month, Iraq's entire national police force will undergo a month-long training course that includes inspections of individual units that could identify corrupt officers or militia members, according to a Western adviser to the Interior Ministry.

The adviser, who spoke on condition of anonymity because he was not authorized to speak to the press, said the inspections, which have already begun, include reviews of payroll and inventory records. "If you have a police chief that is selling weapons or body armor on the black market," he said, "that is going to be discovered. If someone is getting rid of Sunnis on the force, there's an administrative trail to get rid of them."

Brig. Gen. Abdul-Karim Khalaf, an Interior Ministry spokesman, confirmed the training program but said there would not be any effort to root out rogue elements or death squads thought to be rampant among the police ranks.

"We will not lose trust with our forces by doing tests on them," he said. "Cleaning the bad elements out of the Interior Ministry is the duty of the inspector general, it's not our duty."

In the southern city of Basra, about 600 protesters gathered in the streets and burned an effigy of Pope Benedict XVI to decry a speech last week quoted a 14th-century Byzantine emperor as saying that the prophet Muhammad brought "only evil and inhuman" things to the world. The pope said in a statement Sunday that he was "deeply sorry" about the reaction in some countries to his remarks.

The U.S. military on Monday also announced the deaths of two soldiers in Baghdad on Sunday, one killed by small arms fire and the other when his vehicle was struck by a roadside bomb. No other details were released.

Special correspondents K.I. Ibrahim and Naseer Nouri contributed to this report.

Attacks In Iraq Leave 23 Dead As Talks Lag On Autonomy (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 19, 2006

BAGHDAD, Tuesday, Sept. 19 — Suicide bombers attacked a market in Tal Afar and the Iraqi police in Ramadi on Monday, killing at least 23 people, as political leaders in the capital struggled to reach a deal that would end the fight over splitting Iraq into autonomous states.

The worst attack was in Tal Afar, where a bomber wearing an vest filled with explosives killed 21 people and wounded 17 others when he blew himself up near a line of people waiting to receive their allotment of cooking fuel, according to Iraqi state television.

Tal Afar, a dusty, agrarian city of a quarter million in northwestern Iraq, has been the scene of fierce battles over the past two years as American troops have fought to wrest control of the area from groups affiliated with Al Qaeda and from other insurgents.

Two suicide bombs struck the police in Ramadi, the restive capital of Anbar Province west of Baghdad. News agencies quoted Iraqi officials as saying that 13 people had been killed. But an American military spokeswoman said United States forces in the area had counted two dead, both Iraqi policemen.

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Early Tuesday morning, the American military released statements disclosing two new combat deaths. One soldier was killed by a roadside bomb in northeastern Baghdad on Sunday afternoon, and another was killed by small-arms fire in north-central Baghdad, also on Sunday afternoon.

Negotiators from major political blocs met late Monday in an effort to resolve the bitter fight over how soon Shiite provinces in the south can break off into autonomous regions with substantial control over their security and the billions of barrels of oil beneath southern Iraq.

A faction of Shiites and Kurds led by the Supreme Council for Islamic Revolution in Iraq, or Sciri, a powerful Shiite party with close ties to Iran, proposed a compromise on Monday, said an adviser to Khalid al-Atiya, a deputy speaker of Parliament and one of the faction's negotiators.

Sciri wants to pass a bill in Parliament giving provinces a quick route to forming autonomous regions, which are allowed by the Constitution's federalism provisions.

But furious Sunni Arab leaders say the Constitution might not have even been approved in the referendum last October had it not been for their last-minute support. They gave that support only after a provision was added that called for portions of the Constitution to be renegotiated as soon as Parliament was called into session. But that has not happened.

Under the new proposal, according to the aide to Mr. Atiya, Parliament would form a committee to propose constitutional amendments, as sought by the Sunnis. At the same time, Parliament would proceed with the federalism proposal backed by Sciri and the Kurds, but the law would not become effective for one year, or until after the constitutional committee finished deciding whether to propose amendments.

But one of the negotiators for the Sunni members of Parliament, Ayad al-Samarrai, said the Sunnis did not want to move ahead with any aspect of federalism until the constitutional questions were resolved.

And even then, he said in an interview on Monday night, Sunnis do not want to create any autonomous states that have the same level of independence as Iraqi Kurdistan.

A committee is needed to study how federalism would work in the Arab regions of Iraq, he said, "because we can't use the Kurdish style." Iraq will always require a strong central government to settle problems in the regions, he added.

In Baghdad, the government released a statement on Monday saying it would shut down the offices of the Kurdistan Workers' Party, or P.K.K. Rebels from the P.K.K., who live in the mountains of Iraqi Kurdistan near Iran and Turkey, favor an independent Kurdistan. They are enemies of Turkey and Iran, which have sizable Kurdish populations and reject calls for an independent Kurdish nation.

However, a senior Kurdish official in Baghdad said he strongly doubted that the decree would mean that the Kurdish militia, the pesh merga, would be called on to crack down on the rebels.

At the genocide trial of Saddam Hussein on Monday, prosecutors called the latest witness to describe the so-called Anfal military campaign of 1988, in which Mr. Hussein faces charges of gassing and killing more than 50,000 Kurds.

Darwan Abdullah Ali Tawfiq, a former pesh merga fighter, testified that he was left with permanent eye damage after he was gassed in 1988 when a rocket fell next to his tent. "After that, I ran toward a hill behind us," he testified, a pool report said. "While I was running, I was jumping over bodies of children and old people. I saw severed body parts.

"Until now, I suffer from the pain," he said. "When I take my glasses off in front of my children, they tell me to put them back on because they get scared of the way my eyes look."

Iraq Violence Kills At Least 41 People (AP)

By Elena Becatoros

AP, September 19, 2006

Bombers and gunmen killed at least 41 people and wounded dozens across Iraq on Monday, while parliament leaders again put off debate on legislation that some Iraqis fear could threaten the country's unity and bring even more violence.

The U.S. military relinquished control of a second Iraqi army division as Iraqi officials prepared to further tighten security ahead of the Muslim holy month of Ramadan, when insurgent attacks tend to spike.

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In a positive development for Iraq's leaders, predominantly Sunni Arab tribes in a volatile western province have joined to fight insurgents in the region and want the government and the U.S.-led coalition to supply them with weapons, a tribal leader said.

Tribal leaders and clerics in Ramadi, capital of violent Anbar province, met last week and set up a force of about 20,000 men "ready to purge the city of these infidels," Sheik Fassal al-Guood, a tribal leader from Ramadi, told The Associated Press.

"People are fed up with the acts of those criminals who take Islam as a cover for their crimes," he said. "The situation in the province is unbearable, the city is abandoned, most of the families have fled the city and all services are poor."

An indication of the situation came Monday when two suicide car bombers attacked a police station in Ramadi, killing at least two police officers and wounding 26 people, the Interior Ministry and U.S. military said. Al-Arabiya and al-Jazeera television put the death toll much higher, saying 13 people were killed.

A suicide bomber also struck in Tal Afar, a city 260 miles northwest of Baghdad that has seen much insurgent activity in the past, killing at least 20 people and wounding 17. Bombings and shootings in and around Baqouba, 35 miles northeast of the capital, killed 12 people.

At least six more people died in other incidents around Iraq, and authorities found at least five bodies, including two women, that probably were victims of the sectarian reprisal killings being waged between Shiite and Sunni Arabs.

In Baghdad, political leaders from Shiite, Kurdish and Sunni Arab groups met to discuss the federalism bill submitted to parliament this month by the largest Shiite bloc, the United Iraqi Alliance. They canceled a formal parliament debate scheduled for Tuesday.

The head of the largest Sunni Arab alliance, Adnan al-Dulaimi, said the faction leaders would meet again to discuss the issue Tuesday, but said the bill would not be debated until a later — as yet unspecified — date.

The legislation calls for setting up a system to allow creation of autonomous regions in the predominantly Shiite south much like the self-ruling Kurdish region in northern Iraq. Sunni Arabs fear that would split Iraq apart and fuel sectarian bloodshed.

The Kurdish north and Shiite south hold Iraq's oil fields, while the predominantly Sunni Arab areas don't have any.

Sunni Arabs say that before autonomy legislation can be passed, parliament must name a committee to amend the constitution — a key demand they made when they agreed to join Shiite Prime Minister Nouri al-Maliki's government. One of the amendments they seek would weaken the ability to set up self-ruling cantons.

Al-Dulaimi, as well as Shiite and Kurdish lawmakers, said the Kurds had proposed setting up the committee simultaneously with submitting the draft bill for debate sometime in the future.

Monday's violence came as the government prepared to announce new security measures for Baghdad ahead of Ramadan, which is expected to start Sept. 24.

Defense Ministry spokesman Mohammed al-Askari told the AP the measures would be adopted two or three days before the holy month begins to "protect citizens from terrorists attacks."

The Iraqi army's 4th Division also came under Iraqi control in central Salahuddin province Monday, the government said.

It was the second of Iraq's 10 divisions to be put under direct Iraqi control since Sept. 7, when coalition forces handed over control of Iraq's armed forces command to the government.

Zarqawi Had Foes Within Al Qaeda (WT)

By Sharon Behn, The Washington Times

The Washington Times, September 19, 2006

Iraq's national security adviser yesterday released a letter captured after the death of terrorist leader Abu Musab Zarqawi, in which he was criticized by another al Qaeda figure for his brutal methods.

Mowaffak al-Rubaie cited several points in English from the Arabic-language document, saying the letter reveals Zarqawi's intention to spur sectarian violence in the country.

The long letter was from Attyia al-Jaza'ri, purportedly an al Qaeda leader of Algerian origin, to Zarqawi before he was killed in an air strike on June 7.

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Mr. al-Rubaie's statement and the letter were given to journalists by the U.S. military at the request of the adviser with the caveat: "We have no knowledge of the matters contained in this message. If you have any questions, please contact the government of Iraq."

According to Mr. al-Rubaie, in the letter "the leader of al Qaeda criticizes Zarqawi for making decisions without seeking the counsel of senior al Qaeda leadership [and] reminds Zarqawi that he is not on the same level of these historic leaders."

Al-Jaza'ri also reprimanded the Jordanian-born terrorist for putting military acts above political action, expressed his reservations on Zarqawi's attempts "to prematurely declare war on the Shi'ites," and chastised him for not cooperating with Sunni scholars and tribal leaders.

The letter "expressed that al Qaeda leadership in Pakistan and Afghanistan are unhappy with [al Qaeda in Iraq] methods in Iraq [and] criticized [its] method of selectively choosing brutality and violence over mercy and kindness."

Zarqawi was the mastermind behind a number of gruesome videotaped beheadings, executions and kidnappings in Iraq, making him one of the most wanted men in Iraq.

U.S. military spokesman Maj. Gen. William Caldwell told reporters on June 8 that Zarqawi's death and 17 simultaneous raids in Baghdad and the city's outskirts led to a "treasure trove" of information and intelligence.

But the euphoria over Zarqawi's death quickly faded as sectarian violence dramatically increased in the capital, leaving thousands dead in the past three months, their tortured and bound bodies found strewn around the city.

There was no immediate independent confirmation of the veracity of the documents released. Phone calls to the Iraqi national security council spokesman were not answered.

The President Of Iraq, Jalal Talabani, Shares His Views In 'Dear Americans' (MCT)

McClatchy Newspapers, September 19, 2006

Dear Americans:

As I am visiting the United States for the second time representing free and democratic Iraq, I felt it my duty to give you an update on what has been achieved in Iraq over the past year and on the challenges that lie ahead.

The first thing I would like to convey is the gratitude of all Iraqis, who are fighting for a democratic government and a civil society, to the Americans. Without your commitment, our struggle against despotism could not have made the progress that we have achieved. No expression of thanks could be enough for those who lost loved ones in Iraq. We feel your pain, we honor your sacrifice and we will never forget you.

To those of you who have family and friends in Iraq today, we say: Your sons and daughters are helping us through a historic transition. We will always remember the enormous sacrifice that America is making for Iraq.

Thanks to the United States, we are transforming Iraq from a country that was ruled by fear, repression and dictatorship into a country that is ruled by democracy and has the values of equality, tolerance, human rights and the rule of law at its heart.

April 9, 2003, the day of liberation, heralded a new era in the history of Iraq and the region. That day triggered a sequence of events that laid the foundation of a modern Iraq that is at peace with itself and the world.

All segments of Iraqi society have benefited from liberation.

Under Saddam Hussein, the majority of the Sunni Arabs of Iraq were marginalized, Saddam and his gang were ruling in the name of this community. But in reality, the Sunni Arabs never had the chance to choose their representatives democratically and have a say about their future. Today, they have 58 deputies in Parliament, a vice president, a deputy prime minister and a speaker of Parliament; all were elected by the people of Iraq.

The Shia majority of Iraq was for decades oppressed and discriminated against. They did not even have the right to practice their religious ceremonies. Now, they are equal citizens and hold key posts in government and parliament through their democratically elected representatives. Kurds were second-class citizens. They suffered from genocide and chemical bombardment; now they are equal members of Iraqi society and active participants in the running of their country, Iraq.

The same applies to the Turkomens, Assyrians and other groups of Iraqi society.

Iraq finally has an elected and representative government, a huge contrast to the authority of a vicious tyrant. In other words, Iraq is no longer the property of a gang that ruled by fear and repression. Every Iraqi today feels they have a stake in the new Iraq.

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With the regime of Saddam gone, the countries of the Middle East no longer worry about the threat of new adventures by Saddam and his army across Iraq's international borders.

Every time that I visit the United States, I am convinced anew of the virtues and health of the American idea of government, and of the generosity of its people.

I was here around the same time last year. Here is what has happened between then and now, although I must say that I do not think that our situation can be understood simply by following the latest news. A much broader view of Iraq must be taken.

For this, I will start with the economy.

The economic conditions for most Iraqis have improved. The economy was liberated from the control of the state and we are now taking the first steps in creating a vibrant private sector.

Thanks to our independent businesspeople, our market places are bustling despite the unsettled security situation.

A new investment law is before our Parliament. It will further invigorate our private sector, streamline the procedures for starting a new business, and open the country to greater foreign participation and investment.

Salaries of government employees were raised 100 times or more. A policeman under Saddam received $2 to $3 dollars a month. Now a policeman is paid at least $200 a month.

The financial and economic boom is mostly noticed in the safer parts of Iraq. The city of Sulaymaniyah in Iraqi Kurdistan region now has more than 2,000 millionaires. Before liberation, the city had 12.

Politically, we had an eventful year. For the first time in Iraq's history, we ratified a constitution that enshrines many of the democratic values of human rights, equality, rule of law and good government.

After three historic ballots that remain landmarks in the history of the Middle East, we now have a government that arises out of the people, instead of over the people, to use the words of a great American patriot, Thomas Paine.

Unlike the previous election, last December more people voted - 10.5 million - and a more representative parliament and a national unity government are now in place.

Taking part in the national election and referendum on the constitution were the first steps in our national reconciliation efforts; we opted for the ballots and not the bullets to resolve our differences.

We consolidated this by the National Reconciliation Plan of Prime Minister Nouri al-Maliki. The plan aims at bringing into the political process all elements of the Iraqi political spectrum that condemn terror and violence.

In the period between the election and the formation of the national unity government, the political blocs - which formed the government later - agreed on the political program for the government and agreed on forming the Political Council for National Security.

An important event that marked the new Iraq over the past year is the trial of Saddam Hussein and his aides for the crimes that were committed against the people of Iraq.

We offered him the justice that he denied Iraqis for decades. The trials, the testimonies of the witnesses and those of the defendants are stark reminders and indications of what Iraq was like in the past and what the new Iraq is about.

Through the constitution and other legal means, we are redefining the foundations that Iraq was built on and are rebuilding what the country's bloody past has destroyed. We have no choice but to succeed.

Our enemy attempts to destroy and disrupt any part of the political process, not because they disagree with the tenets of the Iraqi constitution, but because they do not want a constitution.

This contingent of international terrorists and the supporters and beneficiaries of the old regime - the devotees of Saddam Hussein - constitute the driving force of our enemy.

They attempt to turn Iraqis against each other, and take Iraq back to its brutal and bloody past.

Their tactics of suicide bombings and beheadings make it obvious that they mean to govern by inciting terror and fear, just as Saddam did. Although portions of Iraq are already safe and secure, certain parts are still coming under attack from the vicious, bloodthirsty enemy.

With the support of the citizens of Baghdad, the government started its Baghdad Security Plan. This plan is already showing signs of success, with a marked drop in the reported incidents of violence over the last month.

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The battle in Iraq today is not between the various communities. Their elected representatives have agreed on a government of national unity and on national reconciliation. Nor is it a battle between civilizations, as some have seen it.

It is a war "about civilization" as Prime Minister Tony Blair has phrased it so well - the conflict is between those who believe in having a civilization and those who don't believe in having one at all.

As you no doubt already understand, we are fighting a terribly difficult war in Iraq. We are doing everything within our power to protect our people from this clear form of fascism that seduces them into civil war.

The calculated crime of Abu Musab al-Zarqawi and his henchmen in bombing the Shrine of Samarra, one of Iraq's religious and cultural treasures, is a prime example of their agenda. They wanted to slide the country into civil war.

Thanks to the presence of the U.S. forces in Iraq and the wisdom of my colleagues in the leadership of Iraq, that plan was thwarted and the short spate of violence was contained.

I want to be frank here. In order to rid Iraq of the constant threat of violence, we still need your help. As long as we are determent to outlast and outsmart our enemy, we shall reach our common goals.

Iraq is slowly gaining the ability to fight this war with its own soldiers, evidenced recently by the relinquishing of complete control of coalition forces to the Iraqi government. The coalition now employs more soldiers from Iraq than any other nation.

Slowly but surely, Iraq will be able to protect itself on its own.

The stakes of Iraq are enormous, world-shifting even. This is why our country should be a point of concern for every democratic country of the world.

I can assure you that the immediate departure of coalition forces would only unleash tensions between different communities; the prospect of a safe Iraq would be completely lost; and the previous descriptions of a civil war would seem insufficient and tame compared to the bloodshed of an Iraq that loses its international support.

And although I cannot promise when or how the American presence will completely end in Iraq, I can promise that American soldiers do not fight in vain.

We in Iraq recognize that an incredible amount of American resources have been offered to us. And we understand that many Americans are frustrated with the course of the war, and we understand that doubt naturally coincides with difficulty.

I realize that many Americans were apprehensive about the decision to go to war.

But I ask that you put this behind you in favor of supporting a democratic and free Iraq, and a future for Iraqis that excludes the threat of violence and extremism.

I ask that you consider what the terms of failure in Iraq would actually look like, and what they would mean for Iraq, the United States and the international community.

I would venture to say that the interest of Iraq and the United States are one in this matter.

The United States carries a heavy responsibility in helping us. As complicated as the relationship may be, America and Iraq are now siblings in the world.

ABOUT THE WRITER

Jalal Talabani is the President of Iraq. He wrote this for McClatchy Newspapers.

Ex-Workers Testify About Halliburton (WP)

By Griff Witte

The Washington Post, September 19, 2006

Edward V. Sanchez, a truck driver for Halliburton, had just passed under a bridge near Baghdad on April 9, 2004, when another truck in his convoy hit a mine and "all hell broke loose."

"We began taking rounds of small arms fire from both sides," Sanchez said at a Capitol Hill hearing yesterday. "The shots were coming like a hail storm."

By day's end, seven civilians from the fuel convoy were dead and seven more were injured. Surviving convoy members and the families of the dead now claim the incident could have been prevented. Halliburton, they argue in a suit filed in federal court, had ample warning the route was unsafe to travel because of reports of a running battle between insurgents and the U.S. Army.

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That allegation was at the center of a Democratic Policy Committee hearing that renewed attention on Halliburton Co., which has come under intense scrutiny as the largest U.S. contractor in Iraq.

Past criticism has focused on accusations that the firm, once run by Vice President Cheney, is squandering taxpayer money. Testimony by two former Halliburton truck drivers yesterday raised the question of whether the company was protecting its workers. The firm's KBR subsidiary has lost 91 employees and subcontractors to violence in Iraq since the war began in March 2003.

In response to the lawsuit, the company has said decisions about convoy activity are out of its hands. "The U.S. military has command and control of all KBR convoys in Iraq . . . and is required to provide security for KBR's employees through the company's contract with the Army," the company said in a statement.

Halliburton has sought to have the suit thrown out, arguing the company is immune from litigation related to its work in Iraq for the U.S. government.

The drivers did sign liability waivers before heading to Iraq. But T. Scott Allen Jr., the attorney representing the drivers and their families, said yesterday that Halliburton should have to answer for sending the convoy despite knowing the roads were the scene of "active combat, that the areas were closed and off limits to civilian personnel."

Sean A. Larvenz, a former Halliburton driver who was traveling in another convoy on the day of the attacks, said he had to turn his truck around that morning because he saw insurgents firing at vehicles ahead of his. He said he notified his bosses at Halliburton. Sanchez's convoy was sent later that day.

Larvenz said he believed financial motivations had guided the firm's decision. "As long as the trucks rolled," he told senators, "they got paid."

Also testifying was Julie McBride, a former Halliburton employee who alleged the company inflated its profit by overstating the number of soldiers using Halliburton recreation facilities. Halliburton has a multibillion-dollar contract to provide the Army with logistics support, including gyms and computer clusters. McBride, who helped run those facilities at an Army base in Fallujah, said the firm lied about the number of soldiers who used them because it got reimbursed for its costs and then received a percentage for profit.

"Under its contract, the more facilities, equipment, staff and administrators Halliburton can show a need for, the more profit Halliburton makes," she said. "As the mantra at Halliburton camps goes, 'It's cost-plus, baby.' "

In a statement, Halliburton denied McBride's allegations and said they "clearly demonstrate a complete misinterpretation of facts."

The Army said this summer that it would not renew Halliburton's contract for another year, and instead would divide it up among three firms following a new bidding competition.

The hearing yesterday was the latest in a series held by Democrats who say they feel Republicans have failed to aggressively oversee spending on the war.

"There's something dreadfully wrong with the way that money has been spent and the lack of accountability," said Sen. Byron L. Dorgan (D-N.D.), who chaired the hearing.

Halliburton Ignored Dangers, Drivers Say (HC)

By David Ivanovich

Houston Chronicle, September 19, 2006

WASHINGTON - Halliburton Co. officials knew a highway intersection near Iraq's Abu Ghraib prison was fraught with danger hours before the deadly ambush of a truck convoy known as the Good Friday Massacre, former company truck drivers told Democratic senators Monday.

And the Houston-based contracting giant may have tried to shield itself from lawsuits by including a clause in an application for a Defense of Freedom Medal, in which survivors would sign away their rights to sue, according to a document unveiled by the panel Monday.

"That is almost an unbelievable piece of paper," said Sen. Byron Dorgan, D-S.D., chairman of the Senate Democratic Policy Committee.

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Asked about the clause, Halliburton spokeswoman Cathy Mann said: "It was never KBR's intention to utilize any such release to preclude claims by current or former employees against the company. And we have no intention of doing so in the future."

Appearing before Dorgan's panel of Democrats, former workers accused Halliburton subsidiary KBR of sending unarmed civilians into an area they had been warned was the site of attacks by insurgents.

"One question haunts me: Why would KBR/Halliburton knowingly send unarmed noncombatant civilians in military tankers down a closed road where there was an ongoing battle?" said Ed Sanchez of Silver City, N.M., who survived the Good Friday Massacre.

Six KBR truck drivers and two soldiers were killed in that ambush. Another driver and one soldier are still listed as missing.

The leader of the convoy, Tommy Hamill, was kidnapped. He later escaped.

Mann said Halliburton's "priority has always been the safety and security of its employees, regardless of where they work around the world.

"The U.S. military," Mann added, "has command and control of all KBR convoys in Iraq, such as supplying pre-trip threat assessments and determining routes, and is required to provide security for KBR's employees through the company's contract with the Army."

Giving a warningSean Larvenz, a former civilian convoy commander for Halliburton subsidiary KBR, told the panel he had driven near that same intersection near Baghdad International Airport the morning of April 9, 2004.

Larvenz's convoy was attacked by small-arms fire, mortars and rocket-propelled grenades.

He said he could see mortar fire landing in the road at the interchange of two main supply routes, called Tampa and Sword. Over his radio, he could hear the sound of explosions and the chatter of drivers as their convoys were attacked.

Larvenz sent a text message to company managers warning of the danger.

"There is absolutely no question in my mind that ... KBR/Halliburton was aware of the hostilities that existed at the juncture," he said.

Three hours later, Sanchez's convoy, trying to deliver jet fuel to the airport, came under attack in the same area.

Sanchez told senators he was shot twice but managed to help two other truck drivers escape. During the attack his tanker truck caught fire, and Sanchez and the others had to abandon the vehicle.

When he was picked up by a military Humvee crowded with survivors he was handed an M-16.

"I fired that weapon for the first time in my life," he said.

Appears in a movieSanchez is one of the former Halliburton workers who appear in a recently released film, Iraq for Sale: The War Profiteers, directed by Robert Greenwald, who also produced The Crooked E: The Unshredded Truth about Enron. The film had its Houston-area theatrical release on Sept. 8.

Sanchez, along with other survivors of the ambush and family members of those who were killed, have filed suit against Halilburton in U.S. District Court in Houston.

Mann could not comment on the lawsuit, except to say that "Halliburton and KBR deny any allegations of wrongdoing and fully intend to vigorously defend our position."

T. Scott Allen Jr., a Houston-based attorney handling the case, said Halliburton is trying to get the case dismissed.

Release from liabilityThe panel also unveiled a letter from Halliburton's government operations office in Houston sent in November 2004 to one survivor of the ambush, Ray Stannard of El Paso.

Enclosed with the letter was a "medical records release form" which "authorizes me to share your medical records with the Pentagon Review Board for the purposes of awarding you the Secretary of Defense Medal for the Defense of Freedom."

The Defense of Freedom award, the civilian equivalent of a Purple Heart, was inaugurated in the wake of the Sept. 11, 2001, terrorist attacks to recognize civilians hurt or killed while aiding the military.

"You most certainly qualify," the letter assured Stannard.

Clause 9 of the form, however, would release KBR and the military "from any and all claims and any and all causes of action ... I may have against any of them."

Stannard could not be reached for immediate comment.

Democrats held the hearing on their own, arguing Republicans who control the Senate have showed little interest in pursuing the issues.

Afghan Bombings Kill 19, Including Four Canadians (WP/AP)

By Noor Khan

The Washington Post/AP, September 19, 2006

KAFIR BAND, Afghanistan, Sept. 18 -- Three suicide bombers killed at least 19 people across Afghanistan on Monday, including four Canadian soldiers in an attack that tested the NATO alliance's claim of success in driving insurgents from this volatile southern region.

The deadliest attack was in the usually calm western city of Herat, where an attacker strapped with explosives on a motorbike killed 11 people and wounded 18, including the deputy police chief, officials said.

The third attack, a car bombing in the capital, Kabul, killed at least four policemen and wounded one officer and 10 civilians.

In recent weeks, Afghanistan has been suffering the heaviest insurgent attacks since the Taliban was toppled in late 2001. The suicide bombings came a day after NATO troops in the region ended a two-week offensive that the commander called a "significant success."

"It does appear that they are resorting to these despicable tactics after the pressure we have them under in their strongholds," a NATO spokesman, Maj. Luke Knittig, said in Kabul.

NATO's Operation Medusa centered on southern Kandahar province's Panjwai district, where the first of Monday's suicide bombings killed four Canadian infantrymen delivering aid and wounded an unspecified number of other troops, the Canadian military said.

A purported Taliban spokesman, Qari Yousaf Ahmadi, asserted responsibility for the bombing in a telephone call to the Associated Press.

NATO said 25 civilians also were wounded in the blast in Kafir Band, a clutch of mud-brick homes surrounded by grape and pomegranate orchards.

"Fifty to 60 soldiers were patrolling on the main street when a man on a bicycle stopped and blew himself up near the forces," said Fazel Mohammed, a farmer who lives near the blast site.

"This attack amounts to a serious violation of international humanitarian law," said Tom Koenigs, the top U.N. official in Afghanistan.

The commander of NATO forces in Afghanistan, Lt. Gen. David Richards, said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers in the district, which suffered heavy damage during the NATO offensive.

Reacting to the recent surge of western attacks, Afghan and foreign troops launched an operation Monday in Farah province, where a dozen Taliban fighters and Afghan police officers were killed during insurgent raids last week. Operation Wyconda Pincer involves Afghan soldiers and police along with U.S., Italian and Spanish troops, NATO said.

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The Washington Times/AP, September 19, 2006

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Afghanistan has been suffering the heaviest insurgent attacks since the Taliban was toppled in late 2001, and the bombings came a day after NATO ended a two-week offensive against Taliban fighters in this region that the commander called a "significant success."

"It does appear that they are resorting to these despicable tactics after the pressure we have them under in their strongholds," a NATO spokesman, Maj. Luke Knittig, said in Kabul.

NATO's Operation Medusa centered on southern Kandahar province's Panjwayi district, where the first of yesterday's suicide bombings killed four Canadian infantrymen delivering aid and wounded an unspecified number of other troops, the Canadian military said.

The bombing was claimed by a purported Taliban spokesman, Qari Yousaf Ahmadi, in a telephone call.

NATO said 25 civilians also were wounded in the blast in Kafir Band, a clutch of mud-brick homes surrounded by grape and pomegranate orchards.

"Fifty to 60 soldiers were patrolling on the main street when a man on a bicycle stopped and blew himself up near the forces," said Fazel Mohammed, a farmer who lives near the blast site.

He said most of the village's 25 families fled the fighting and only the poor stayed behind.

The explosion tore through the Canadian patrol, shredding uniforms and military equipment.

The commander of NATO forces in Afghanistan, Lt. Gen. David Richards, said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers in the district, which suffered heavy damage during the NATO offensive.

"It is beyond comprehension that a suicide bomber should choose this time to attack, knowing that he could kill innocent children," Gen. Richards said.

At least 36 Canadian soldiers have been killed in Afghanistan since 2002. Five died during Operation Medusa, in which NATO estimated it killed at least 510 insurgents with air strikes and ground assaults.

On Sunday, Gen. Richards called Operation Medusa a success and said NATO had reclaimed crucial territory from the Taliban.

Afghan Suicide Bombs Kill 18, Including 4 Canadian Soldiers (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, September 19, 2006

KABUL, Afghanistan, Sept. 18 — Afghanistan was hit by three devastating suicide bomb attacks on Monday, killing 18 people and wounding more than 60, many of them children, in one of the country's worst days of violence against civilians.

Four Canadian soldiers were killed in one explosion, when a suicide bomber on a bicycle set off a bomb as the soldiers were handing out gifts to children in a village in southern Afghanistan.

Eleven other soldiers were wounded as well as 27 villagers, many of them children, local government officials said.

The bombing was in the southern village of Char Kota, in Pashmul, one of the areas that NATO troops had only just wrested from the control of Taliban fighters after two weeks of heavy fighting.

The NATO commander in Afghanistan, Lt. Gen. David Richards, declared victory in the area on Sunday, saying that NATO had taken control of the area and had forced out the remaining Taliban fighters.

NATO confirmed that four soldiers from its International Security Assistance Force had been killed and several wounded but did not confirm their nationality.

NATO said the four were on patrol in a village and talking to children when the bomber approached on his bicycle.

"This action was as much an attack on the Afghan people as an attack on'' the military force, General Richards said in a statement issued in Kabul.

"This patrol was arranging the requirement for aid, reconstruction and development in the Zhare and Panjwai areas," his statement said. "It is beyond comprehension that a suicide bomber should choose this time to attack, knowing that he could kill innocent children." Another suicide bomber struck in the western town of Herat, killing 11 people and wounding 18, and a third blew up his car in Kabul, killing three policemen and wounding nine other people.

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A Taliban spokesman, reached by telephone, claimed responsibility for the attack in southern Afghanistan, identifying the bomber as a man from the southern city of Kandahar.

The attacks came a day after President Hamid Karzai left to attend the United Nations General Assembly and then to make state visits to Canada and Washington.

Mr. Karzai is hoping to win more support for his beleaguered country as violence worsens, and in particular to ask President Bush to bring more pressure to bear on neighboring Pakistan to help prevent the violence.

The Afghan government says Pakistan is providing refuge to the Taliban insurgents across the border.

The attack in Herat came at 7 p.m., as townspeople were leaving the main town mosque after evening prayers, according to the provincial governor's office. It said most of those killed had been young men and the wounded had included a 4-year-old boy.

While the first spokesman said he could not confirm that it was a suicide bombing, another city official said it was the work of a suicide bomber on a bicycle, The Associated Press reported.

In Kabul, a suicide bomber blew up his car as the police approached a suspicious-looking vehicle on the main road leading east out of the city, said an Interior Ministry spokesman, Zemarai Bashari.

Three policemen were killed and one was wounded, said Ali Shah Paktiawal, director of the crime unit for the Kabul police. Eight civilian passers-by were wounded and a civilian truck was damaged.

The three bombings in one day were a clear escalation in insurgent tactics, possibly linked to Mr. Karzai's visit to the United States and to NATO claims of success on the battlefield.

A Poor Yield For Afghans' War On Drugs (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, September 19, 2006

As Opium, Heroin Trade Booms, Police Net Mainly Smaller Players

KABUL, Afghanistan -- The grim-faced man in gray prison pajamas sat on a metal chair Saturday, listening silently while judges and lawyers debated whether he had known about the 37 pounds of heroin found hidden in the car he was driving cross-country to a city near the Iranian border.

No evidence or witnesses were presented. There were glaring gaps in the police report. The car's owner, a man named Shoaib, had not been arrested, so no one could check the defendant's story that Shoaib had given him money and a car to drive home from Kabul after visiting his sister in the hospital.

"People like Shoaib are the smugglers who use poor people like my client for their business," protested the man's attorney, provided by a foreign legal aid foundation. "We should be going after the real criminals who take advantage of the poor."

After a two-hour hearing, the driver, a young house painter and father of two, was sentenced to 16 years in prison. It was a harsh punishment, based on Afghanistan's tough new drug law and meted out by its year-old narcotics court, which is battling corruption, inexperience and a long-broken legal system to crack down on Afghanistan's skyrocketing opium and heroin trade.

Foreign backers of the government of President Hamid Karzai are growing impatient with the continuing production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be "held accountable" and toughen its fight against drugs even further.

"We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance," Bush said in comments accompanying an annually compiled list of major drug-transit or drug-producing countries.

Two weeks ago, the top U.N. anti-drug official aroused new international alarm when he announced here that the cultivation of opium poppies in Afghanistan had increased by 59 percent in the past year. It grew despite a slew of expensive, foreign-funded programs to eradicate poppy fields and motivate Afghan farmers to grow other crops.

Poppy farming, banned in 2000 by the Taliban administration that U.S.-led forces overthrew the following year, quickly revived after the establishment of a U.N.-backed government and has been spreading rapidly ever since. It now accounts for more than half the country's gross national income and provides the raw material for about 75 percent of the world's heroin.

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"It's become an industrial production," said Doris Buddenberg, director of the U.N. Office on Drugs and Crime here, noting that Afghanistan's opium output this year was a staggering 6,700 tons. Rural poverty, dashed hopes for economic recovery, Taliban blandishments and anti-government sentiment "all added up to more families deciding to grow poppy," she said.

But anti-drug officials and experts here say the expansion of drug smuggling and refining is a far more pernicious problem than poppy farming and could easily turn Afghanistan into another Colombia.

"Our main problem is these former commanders and warlords who are still in power. Now they are district chiefs and local police," said Maj. Gen. Sayed Kamal Sadaat, head of the anti-narcotics police force. "The drug mafia is getting more powerful day by day, and the only support we have is from the international community. The senior authorities not only do not cooperate, they get in our way."

Sadaat's force has arrested more than 600 people, but only 35 have been convicted of drug-related crimes. Most, like the house painter, have been small cogs in a fast-growing illicit enterprise. If higher-level traffickers are caught, Sadaat said, "they have personal relations with officials. I get telephone threats. It is a very difficult situation."

Over the past two years, the Bush administration has poured several hundred million dollars into combating drugs here. The money has funded programs to develop alternative crops, eradicate poppy fields, build prisons and train special anti-narcotics police officers, prosecutors and judges. But still production rises.

Thomas A. Schweich, a senior anti-drug official at the State Department, visited Kabul last week for consultations. He told a group of journalists there was no more room for excuses, such as that Afghan farmers are too poor to survive without poppy cultivation or that bureaucrats linked to drugs can be dealt with by rotating them into other jobs.

"We are looking for the government of Afghanistan to start prosecuting corrupt officials," Schweich said. "They must get out the message that if you grow poppy, you will be eradicated, and if you traffic, you will be prosecuted.

"There are a lot of rumors and finger-pointing, but they need to start building cases that will stand up in court."

Another U.S. official, speaking on condition of anonymity, described Afghanistan as "worse than Mexico" in the volume of its drug traffic but said the trade is informal and less organized, although some areas that once merely produced poppies have now built laboratories to refine opium into heroin. "It's bad and it will get worse, but there are more tools to fight it," he said. "What is really needed now is political will."

Senior Afghan anti-drug officials say that even with the training and technology provided by American and British experts, it is hard to do their jobs. They say the danger from Taliban insurgents, inadequate police training and poor government leadership in poppy-growing provinces have created a culture of impunity for drug traffickers.

"Poppy is threatening the existence of this country," said Habibullah Qaderi, the national counter-narcotics minister. "We have a good drug law now. We can record phone conversations, we can seize assets. But most of those arrested are drivers, and nobody investigates who the owner is. We are not going after the people who matter."

Police and other experts here described an efficient smuggling system in which taxi or truck drivers are hired to carry hidden bundles of opium, hashish and sometimes heroin in discrete stages from rural production areas to border-crossing points into Pakistan, Iran and the former Soviet republics to the north. Sometimes the contraband is mixed with shipments of legal exports, such as almonds or dried fruit.

Highway police officers often stop such vehicles, but they may be bribed to let them go or may not know how to conduct a proper investigation. If a person arrested with drugs is well connected, the pressure on police may be intense. Once the case goes to the special drug court in Kabul, the crime scene may be too far away to retrace steps missed by investigators.

In one case the drug court heard this week, an illiterate truck driver's assistant appealed a 10-year sentence for carrying 207 pounds of hashish in the truck's body. He denied knowing about the drugs and said he had been forced to put his thumbprint on a police report he could not read. The driver, who was also arrested, escaped from a jail bathroom. It was later learned that the custody officer was his brother.

The panel of three judges upheld the assistant's sentence, but the prosecutor acknowledged afterward that he could not prove that the man knew about the contraband.

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"We don't have the drugs, we don't have the driver, we don't even have photographs of the truck, and all this happened in Herat," nearly 800 miles away, said the prosecutor, Azim Afzali. "Only God knows if this poor guy was an accomplice to the real smuggler."

Some analysts here say they are pessimistic that the government will begin seriously pursuing drug traffickers and their official accomplices anytime soon, especially given what they call Karzai's chronic reluctance to make difficult decisions.

But others said Karzai is committed to the anti-drug fight. They noted that he recently made a tough speech empowering all provincial governors to take such actions as firing corrupt or incompetent police officers. He also recently named a new attorney general, Abdul Jabbar Sabit, who has a reputation for honesty and determination.

Perhaps most important, they said, the Afghan government, which is protected by tens of thousands of international troops and heavily dependent on foreign aid, knows it is under enormous international pressure to do the right thing on drugs. It has pledged to begin going after major traffickers, no matter how prominent or powerful.

At the special drug court this week, a line of gloomy men in leg irons and handcuffs hunched awkwardly in the hall, awaiting their hearings. The chief judge, a thoughtful man named Mohammad Zaman Sangari, called each one "son" and asked if he understood where he was and if he had an attorney. Most defendants seemed bewildered and resigned, and most were given stiff prison terms.

"As you can see, the real perpetrators are rarely arrested," Sangari said with a sigh after several hearings. "We have a few bigger cases, but this court is new and the law is new. These things take a lot of time and preparation."

He mentioned the names of several men arrested with large amounts of drugs. "Just wait a little while," the judge said, with a gleam in his eye. "We will be bringing in some much bigger fish."

A Voice In The Afghan Wilderness (WP)

By Bob Thompson

The Washington Post, September 19, 2006

Shortly after the Taliban fell in Afghanistan, NPR correspondent Sarah Chayes found herself reporting a story she was sure had enormous implications for both that country and the United States.

She couldn't get it on the air.

Five years later, in her new book, "The Punishment of Virtue: Inside Afghanistan After the Taliban," Chayes returns to this unheard story. It's a starting point for a detailed, highly personal exploration of the enormous price she believes the United States is paying for a mistake now so widely acknowledged it has become a cliche: intervening militarily with "no concept" of how to "create a working society after the intervention."

It goes like this:

In December 2001, Chayes rushed across the Pakistani border in the company of a young fighter affiliated with the forces of Gul Agha Shirzai, a local warlord. Shirzai's militiamen had just taken control of Kandahar, the fabled southern city that had been a key Taliban and al-Qaeda stronghold. The takeover, Chayes knew, was in defiance of the orders of newly anointed Afghan President Hamid Karzai, who had designated another group to hold Kandahar.

What Chayes didn't know was the role played by American Special Forces troops attached to Shirzai's militia. She imagined the Special Forces guys cursing the renegade warlord, then saying: "They're attacking, we'd better go along with them." But when she asked her militiaman escort, "This kid looked at me and said, 'The Americans? They told us to do it!' "

What a story, she thought: No sooner has the new central government taken power -- representing the promise of a better life for the long-suffering Afghan people -- than its authority is undermined by "American soldiers egging on a warlord to snatch Kandahar away from President Karzai."

For whatever reasons, her editors saw it differently. They told her it was nothing but "squabbling among the Afghans" and cut it from her "All Things Considered" report.

Chayes, who grew up in Cambridge, Mass., is a slim woman in her mid-forties with an intense gaze and a deeply bicultural life. She left NPR in 2002, after her reporting tour in Afghanistan ended, and accepted an invitation from Karzai's uncle to help run a fledgling nongovernmental organization called Afghans for Civil Society. At a recent book party in Bethesda, she kept tugging at

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the straps of her little black dress as though it were an unfamiliar foreign garment -- which, in a way, it is. In Afghanistan, she has long dressed like an Afghan man, the better to move around in a male-dominated society.

Earlier in the day, she'd been asked to appear on PBS's "NewsHour." There had been a horrific bombing in Kabul, and the question of the hour, she says, was "Why this uptick in violence now?"

Her answer: Actually, Afghan violence has been spiking higher and higher since late 2002. "You guys have just started to notice it."

Chayes's book represents a paradox of which its author is fully aware. She has used her years of non-journalistic experience to offer an intimate insider's tour through a complex universe Americans need to understand -- one in which warlordism, corruption and renewed Taliban activity have combined to undermine the "civil society" she was trying to nurture. Hers is the kind of fleshed-out portrait that even the best on-the-run journalism rarely provides.

Yet, in book form, her insights may come too late to influence the fate of her adopted home.

This is not to say she hasn't been trying in other ways. "I've been saying this stuff steadily since late 2002," she says: in op-eds, in speeches, in widely circulated e-mails and directly to every influential person she could collar. "Getting into these people's offices and bossing them around" is how she describes these efforts, with a laugh. To get a sense of what she means, you need only read the chapter in which she hands Karzai an unsolicited eight-point plan for ridding Afghanistan of warlords.

One of her Afghans for Civil Society colleagues, she says, believes "that I actually don't see obstacles," so when one appears, "I get all outraged: How dare there be an obstacle in my way!"

There's truth to this, but in the end, she's not so obtuse. Experience has taught her, over and over, how formidable the obstacles to Afghan progress are.

At the book party, she passed around a photograph of Muhammad Akrem Khakrezwal, who was chief of police in Kandahar for much of the time she's lived there. "Akrem won people over, and not just with words," she writes of the man who became a close friend and ally and whose spirit permeates her book. "Akrem won them over because he did something. He was effective. And he had vision."

In June 2005, he was assassinated. "The Punishment of Virtue" begins with a chapter on his funeral.

The Diplomatic Version

When John Brady Kiesling decided, in February 2003, that the looming United States invasion of Iraq would make it impossible for him, in good conscience, to remain in the U.S. Foreign Service, he carefully crafted a letter of resignation from his post as political counselor in the Athens embassy. Widely praised for its eloquence, the letter briefly made Kiesling semi-famous. Eventually, it helped earn him a tiny advance from Potomac Books.

Yet when he later reread the letter, says the author of the newly published "Diplomacy Lessons: Realism for an Unloved Superpower," he was startled to find that it contained a gaping hole.

"It was so obvious to me that Iraq was going to be a disaster," Kiesling says, "that nowhere in my letter had I explained why it was going to be a disaster. . . . My knowledge that Iraq would be a disaster was intuitive."

One way of looking at his book is as a two-year effort "to figure out where that intuition came from."

The short answer is that it came from 20 years of diplomatic postings in places such as Morocco, Greece and Armenia, where he worked extremely hard -- motivated in part by what he calls his "intellectual vanity" -- to understand the way Moroccans, Greeks and Armenians thought and acted. That is a diplomat's fundamental job, he says, and "a resource for the United States of America."

The longer answer involves specific mistakes made and lessons learned.

In a chapter titled "Diplomatic Skepticism and the Lessons of Iraq," for example, he tells the story of his "failure to prevent a Florida con man from bilking the government of Romania out of $250,000." He then speculates pointedly as to whether this kind of humbling experience might have kept Vice President Cheney and Defense Secretary Donald Rumsfeld from falling so hard for Iraqi exile Ahmed Chalabi, "an indicted embezzler who had already been written off by both the CIA and the State Department as a swindler."

Mainly, however, "Diplomacy Lessons" is a plea that Kiesling's old profession be taken more seriously.

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"Diplomacy is not a miracle cure for anything," he says. "Diplomats bust their butts for years, and most of the time what they achieve is that the planet is still spinning around on its axis at about the same speed it was when they started. But that's actually an incredibly important task."

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Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 19, 2006

Bubbapalooza

The Clinton Global Initiative gets under way in Manhattan tomorrow under the tutelage of former President Bill Clinton. The three-day anti-poverty event showcases one particularly piquant cultural moment: a forum featuring first lady Laura Bush, Mr. Clinton, Pakistani President Pervez Musharraf and others, moderated by Thomas Friedman of the New York Times.

Yes, Al Gore will show up later in the week at the "CGI" to air his green laundry; Sen. Hillary Rodham Clinton, New York Democrat, will chat up the empowerment of women. A thousand guests paid $15,000 each to attend what the Wall Street Journal deemed "a cross between a Hollywood premiere and a tent-revival meeting."

Mr. Clinton got burned by a few folks, though.

"A few participants at last year's fest 'pledged' to carry out programs that already were under way. In other words, the initiatives weren't specifically generated by the CGI. Moreover, not all participants followed through on their commitments. That's a no-no," the Journal noted.

"So this year, the Clinton folks have adopted a Reaganesque principle: Trust but verify ... CGI's 10-person 'commitments team' has been working with participants to develop pledges for this year's conference. Some commitments were made months ago. Others will emerge at the meeting itself, as attendees rub elbows and drink cocktails with 60 heads of state and celebrity philanthropists, such as Bill and Melinda Gates and Warren Buffett," Mr. Friedman wrote.

"Those who don't follow through on their pledges won't be invited back. 'Just under 20 participants from last year's conference weren't invited to this year's session,' " said spokesman Jay Carson.

It's a gas

Well, here's one more convenient liberal conspiracy theory put to rest:

"There's no evidence we can find to suggest that anyone in the White House or Congress is manipulating oil or gasoline prices to make for an easier trip on this fall's campaign trail," stated MSNBC's John Schoen yesterday on the network's Web site.

Laura alone

First lady Laura Bush made a broad and gracious global outreach of her own yesterday, appearing with President Bush, his mother -- and a former first lady in her own right -- Barbara Bush, Secretary of State Condoleezza Rice, Secretary of Education Margaret Spellings and other luminaries at the White House Conference on Global Literacy at the New York Public Library.

The first lady is a considerable draw: Thirty nations were represented by their "First Spouse" and 40 nations sent their education ministers. They have their work cut out for them. According to UNESCO, 771 million adults around the world cannot read; 85 percent live in just 35 countries and two-thirds are women.

"Women who can read are advocates for their children's education," Mrs. Bush said. "Literacy helps adults make informed decisions to protect their health and the health of their children, and literacy helps adults -- women and men -- learn the basic financial skills that generate income, that foster independence and that boost local economies."

Sharing the podium, Mr. Bush took it one step further.

"I am deeply concerned about the spread of radicalism," he said. "One reason radicals are able to recruit young men, for example, to become suicide bombers, is because of hopelessness. One way to defeat hopelessness is through literacy, ... giving people the fantastic hope that comes by being able to read and realize dreams."

It's a go for Alice

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Sen. Carl Levin, Michigan Democrat, has released his hold on a senior Justice Department nominee, clearing the way for a confirmation vote today for Alice Fisher to become assistant attorney general for the Justice Department's Criminal Division.

The Republican leadership had forced Mr. Levin's hand through a parliamentary maneuver, according to one GOP staffer, while vowing to press for another nomination the lawmaker has also blocked -- that of Kenneth Wainstein to be head of the Justice Department's new National Security Division.

"Watch this space," the GOP staffer told United Press International.

Mr. Levin has held up the confirmation of Mrs. Fisher for more than two years, maintaining the Bush administration stonewalled his requests for information about her role in handling reports from FBI agents on detainee abuse at U.S. Naval Base Guantanamo Bay, Cuba. Mrs. Fisher was chief of staff to Michael Chertoff, the head of the Criminal Division at the time; Mr. Wainstein was general counsel at the FBI.

A Democratic staffer said Mr. Levin thinks "this stonewalling is part of a pattern of the administration stymieing legitimate oversight," later adding, "There's a lot of smoke, and unfortunately, we are going to be forced to take a vote before we find out whether there's any fire."

Wooing 43 million

Are the young and restless politically engaged? Hardly. A new survey of 18- to 24-year-olds reveals that 81 percent of the age group "aren't aware" that all 435 members of the U.S. House of Representatives, one-third of the U.S. Senate (33 seats) and numerous other public offices are up for election Nov. 7.

Ninety-one percent were also unaware there was a deadline to register to vote, while 22 percent said they did not plan to register. The poll of 2,032 young adults was conducted throughout August by the Ad Council and the Federal Voting Assistance Program (FVAP) and released yesterday. According to Polli Brunelli, director of FVAP, a tidy 43 million votes are at stake.

The two organizations have created a motivational Web site -- complete with cheeky satire and a state-by-state voting guide -- to get their point across (www.payattention.org).

Ney sayer

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions yesterday, the Associated Press reported.

The Ohio Republican said in two letters to House Speaker J. Dennis Hastert, Illinois Republican, that he would resign as chairman of the Financial Services housing and community opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and as head of the House Administration Committee's Franking Commission, which governs lawmakers' use of public money for their mailings.

Ohio Republican Party Chairman Bob Bennett called on Mr. Ney to resign Friday, after it was announced that the lawmaker would plead guilty to making false statements, conspiracy to commit fraud and other charges. The congressman is expected to plead guilty in less than a month.

Mr. Ney has not participated in House floor votes since Sept. 12. Spokesman David Popp would not comment on whether Mr. Ney would return to his elected duties before his term expires in January. Last week, his attorney, William Lawler, disclosed that Mr. Ney wasn't ready to resign and was seeking treatment for alcohol abuse.

•Contact Jennifer Harper at 202/636-3085 or jharper@washingtontimes.com

CORPORATE SCANDALS:

HP's Leak Probe Included Covert Surveillance, Analysis Of Thousands Of Records (SFC)

By Benjamin Pimentel

San Francisco Chronicle, September 19, 2006

Hewlett-Packard deployed covert surveillance teams and analyzed thousands of e-mails and phone records, including those of its executive council members, in its internal probe of media leaks, according to a source familiar with the investigation into the spying scandal.

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HP's investigative team also sent e-mails embedded with software that could pinpoint addresses where the messages are eventually forwarded.

The group also carefully analyzed media reports, comparing quotes from unnamed sources with the language typically used by directors.

The HP probe even delved into the personal ties between former director George Keyworth, who was the main target of the company inquiry, and journalists to whom he was suspected of leaking information, the source said.

For example, HP's investigative team noted that the father of a CNet reporter who contributed to articles that cited an unnamed HP source knew and worked with Keyworth in New Mexico.

The investigation was carried out by a team that included personnel from HP's information technology and global security investigations units, and outside consultants including Ronald DeLia, managing director of Security Outsourcing Solutions of Boston and a Florida agency called Action Research Group.

HP has admitted to using false identities to obtain personal phone records, a practice called "pretexting."

Among the targets of this tactic were current and former directors and executives, including former CEO Carly Fiorina and former board member Thomas Perkins, the source said.

The HP probe also targeted two employees in the company's media relations group, Michael Moeller and Brigida Bergkamp.

Moeller confirmed that he was investigated, but said CEO Mark Hurd and Patricia Dunn have apologized that the probe included him.

"Mark and Pattie have both personally apologized to me," he said. "It speaks volumes that I am still working hard at my job."

Bergkamp said the company has no comment.

The HP team eventually zeroed in on Keyworth, who has resigned from the HP board.

The HP investigators came to their conclusion by tracing records of phone conversations between Keyworth and CNet reporter Dawn Kawamoto.

The company investigators also did a detailed comparison of quotes in articles with the way Keyworth speaks.

For example, an unnamed source quoted in one of Kawamoto's articles used the phrase, "I plan to recommend...," which was typically used by Keyworth at HP meetings.

To collect more information linking Kawamoto to the leaks, the HP team sent her an e-mail using a false account. The e-mail contained a software attachment that could determine to whom the message would be forwarded.

In other news related to the scandal, attorneys for a congressional committee investigating the corporate spying scandal at Hewlett-Packard have begun going through documents and other materials turned over by the company as part of a house investigation.

"We have received a lot of documents," said committee spokesman Terry Lane. "We anticipate revealing what we have learned from these documents at the hearing."

The committee has requested HP executives, including Dunn and in-house counsel Ann Baskins, to testify before the house energy and commerce committee on the panel's probe of HP.

Also invited to testify are Silicon Valley Attorney Larry Sonsini and DeLia, the private investigator involved in the HP probe.

The problems for HP began in early 2005, when then-CEO Fiorina and other directors began looking into leaks of board deliberations to the news media.

After Fiorina was fired, her successor as chairwoman, Dunn, pursued the investigation, which eventually pointed to Keyworth.

Dunn has said she was not aware that potentially illegal methods were used in the investigation. She has agreed to step down as chairwoman in January and will be replaced by Hurd.

HP faces other inquiries, including probes by the Securities and Exchange Commission, the California state Attorney General and the Justice Department.

HP Scandal Shines Light On A Simple, Treacherous Act (WP)

By Ellen Nakashima

The Washington Post, September 19, 2006

When Adam Yuzuk had a question about his cellphone bill, a Cingular Wireless agent told him to check his online account.

The only problem: He hadn't established one.

That day in June 2005, Yuzuk, a former president of a New York leather accessories firm, discovered someone had used his Social Security number and a fake e-mail address to set up his online account and view his calling records.

He learned this year, as part of a legal dispute with his former partners in the firm, that they had paid a private investigator to dig up information on him, including $300 for his phone records.

Yuzuk's case was featured at a congressional hearing in June, part of lawmakers' effort to curb pretexting -- the act of impersonating someone to obtain their personal records. The drive has gained fresh momentum with recent revelations that a firm hired by a Hewlett-Packard Co. subcontractor used the technique to obtain phone records of the firm's directors and journalists. A House subcommittee is probing HP's practices.

Federal legislation is pending that would criminalize the use of pretexting to obtain phone records. Some states have passed laws banning it, and states, phone companies and the Federal Trade Commission are suing data brokers who practice it. Despite such efforts, including a 1999 law banning pretexting to obtain financial records, the industry continues to thrive. It is driven by systemic weaknesses in retail, financial and other sectors; lax company security standards; and demand from lawyers, debt collectors, and even law enforcement and tabloid journalists, experts said.

"The simplicity of acquiring information like this is almost sad," said James Rapp, who made $1 million annually using the technique -- which included getting information on JonBenet Ramsey and Monica Lewinsky-- until he was convicted on racketeering charges and put of out business in 1999.

"Companies make a statement that we have privacy, but when it gets right down to it, if you or anybody calls up and asks for information on me, if you ask nice enough, they'll give it," Rapp said.

In June, Yuzuk, his voice trembling in anger, told a congressional panel his story: After he learned in June 2005 that his Cingular account had been hacked, he had a supervisor put a password on it and red-flag it -- moves that would keep his information safe from prying eyes, the supervisor assured him.

"I wanted the highest level of security possible," he told the House Energy and Commerce investigative subcommittee.

Then last April, Yuzuk legally obtained documents revealing that a former partner, Steve Kahn, had hired Michele Gambino of Gambino Information Services Inc. to retrieve his cellphone records.

Gambino Information Services, whose Web site notes the firm can conduct "informative telephone" conversations to "obtain various types of information," prepared a file for Kahn that included four months of phone bill detail, with two sets of records printed in September and October.

"This means that someone broke into my Cingular account two additional times after my account was password-protected and I was given what I believed was the highest level of security," he said.

In May, Cingular sued Gambino and Kahn in federal court in Atlanta. Kahn settled, but the case against Gambino continues, Cingular attorney David L. Balser said.

On Monday, Yuzuk and his former partners reached a settlement that includes a confidentiality clause forbidding them from discussing the case.

Reached for comment, Gambino said she was not interested in speaking to a reporter and hung up.

Rob Douglas, a former private investigator and now an information security consultant in Colorado, said Gambino has a degree of notoriety in the business.

It was Gambino who made the pretext call that gave a young New Hampshire man the work address of Amy Boyer, a former high school classmate he was obsessed with, according to the Boyer family's lawyer, David Gottesman. In October 1999, Liam Youens shot and killed Boyer at her workplace.

Then he killed himself.

Boyer's mother sued Gambino and the Internet investigative firm that had hired her for wrongful death and invasion of privacy. The case was settled.

"There has been no single event that has changed my life more than the murder of Amy," said Douglas, who was a consultant on the case and left the private investigation business in 2000. He said he is determined to stop the subterfuge. He called the fact that Gambino is still in business "unconscionable."

The business is a booming one, worth at least $30 million annually, congressional investigators estimate. When Rapp, 46, turned off the lights in his office for good, he had 15 employees and 1,500 clients. His employees went to work for others or started their own practices, he said.

"If you can make $200 an hour, literally, and you work a couple of hours a day, that's wonderful," he said. "You can make great money."

Firms that use pretexting, the number of which has multiplied through the ease of Internet advertising, offer quick results.

First Source Information, a Florida company, offered "1 to 2 hour turnaround time" with "volume discounts available," according to records obtained by the House committee. An online subsidiary, LocateCell.com, which offered guarantees of "no data returned, no charge for the search," charged $110 for cellphone call records.

First Source was sued in December by Cingular and then by the state of Florida and other carriers. An Atlanta judge earlier this year ordered it to stop impersonating to obtain phone records, essentially shutting it down.

Douglas said firms that are closed often reappear under different names and that data brokers will repackage their services to get around laws. Despite the 1999 law criminalizing financial pretexting, he said, search firms are advertising services for obtaining financial records.

So how do they get the information? There are myriad ways, all playing off the company's willingness to please.

Setting up an online account is fairly easy once an investigator has a Social Security number, which can be obtained through commercial databases, Douglas said.

"You can go in and convince the phone company that the security code hasn't been set or needs to be reset, then you can go and change it to anything you want," Rapp said.

A more common way, he said, involves two calls.

In the first, an investigator poses as a customer to find out the balance, where to send the payment or how much was paid on the last bill.

With that data, Rapp said, "I call in a little bit later. I say I have an issue. I work for Acme Insurance and I get reimbursed for my expenses. I put out a little over two grand this month. I need that money, but I don't have everything I need."

Knowing the amount paid on the last bill establishes credibility. By saying that the call detail didn't appear on the bill, the investigator can cajole the operator into giving him an item-by-item recount, Rapp said.

E-mails and chat-room discussions on file with the House subcommittee's investigative panel shed more light on the practice.

Michele Yontef, an investigator whose skills have earned her the nickname "Ma Bell," asked a colleague in an August 2005 e-mail to help her get information on a Verizon cellphone number. "Merlindata (a commercial database) usually unblocks last 4 of SSN but on this target I cant get, do you have another database that possibly unblocks, if not, let me know and I will try to pretext it out of operator," she wrote.

Yontef, reached by phone last week, declined a request for an interview.

In a chat-room discussion in December, a participant identified as a Florida investigator wrote: "Many times the phone company will tell you that such and such is not available, but if you talk to the tech people, they'll tell you that they have it."

Authorities have focused their efforts on the data brokers but have largely ignored the brokers' clients. "There is mounting evidence that attorneys are top consumers of pretexting services," Chris Hoofnagle, former West Coast director of the Electronic Privacy Information Center, wrote in a February letter to state bar ethics committees and the American Bar Association. The center has urged state ethics boards to review the technique under their ethical rules.

It also has identified dozens of Web sites that offer to obtain personal information through pretexting and has submitted the names of 40 such sites to the FTC for investigation and petitioned the Federal Communications Commission to protect individuals' phone records.

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Larry Slade, a Los Angeles attorney for several data brokers, said his clients have long provided their services for free to law enforcement agencies. Until recently, that included obtaining phone records.

"I have a two-inch stack of documents, faxed requests from local, state and federal law enforcement," he said. "A lot of them are pre-investigative, whether they should pursue something, to help them identify possible suspects."

Paul Kilcoyne, an investigative director with the Department of Homeland Security's U.S. Immigration and Customs Enforcement, testified in June that agents in the Denver office "appeared to have used (data brokers) to quickly filter out numbers that were not related to their investigation. The data re-sellers were able to respond to these requests for information within a few days, whereas cellular phone companies typically take several weeks."

Kilcoyne's office is drafting guidelines that encourage agents in its field offices to discontinue use of such services. He noted that law enforcement officials have subpoena tools to obtain the data.

The House subcommittee will hold a hearing on HP on Sept. 28 and has called to testify outgoing HP chairman Patricia C. Dunn, general counsel Ann Baskins, global investigations manager Anthony Gentilucci, an outside counsel, a Boston security consultant and a Florida investigator.

The bottom line is, the phone companies need to tighten their security measures, said Jeannine Kenney, a senior policy analyst with Consumers Union.

"The carriers would very much like to act as though the only problem here are the bad actors fraudulently obtaining phone records," she said. But, "they share the records far too liberally with their contractors and other third parties. In some cases, they may sell it. They don't have sufficient safeguards in place to make sure someone can't fraudulently obtain it."

Staff researcher Richard Drezen and research editor Alice Crites contributed to this report.

Internal Security Expert Told H-P Its Leak Probe Might Be Illegal (WSJ)

By Peter Waldman And Steve Stecklow

The Wall Street Journal, September 19, 2006

A computer-crimes specialist with Hewlett-Packard Co. emailed his superiors this year warning that the company's investigation of board leaks -- then still in progress -- was being conducted in a manner that could be illegal, according to people familiar with the situation.

Specifically, Fred Adler, an official in H-P's global security office in Roseville, Calif., wrote that acquiring people's phone records through false pretenses could be against the law, these people said. H-P has since admitted that investigators working for the company used such a method, known as pretexting, in obtaining phone records of its directors, two H-P employees, nine journalists and an unspecified number of outsiders.

It is unclear who in H-P's management received the warning from Mr. Adler, a former Federal Bureau of Investigation special agent. Mr. Adler's unit is headed by Jim Fairbaugh, H-P's head of global security, whom people close to the matter have said worked on the leak probe.

The email raises new questions about when H-P executives and lawyers became aware that their investigators might be breaking the law, a question on which state and federal authorities are focusing. H-P and its contractors are being investigated by the FBI and California's attorney general for the use of pretexting in the probe to identify the source of internal board leaks.

H-P has said the Palo Alto, Calif., company and its chairman, Patricia Dunn, who launched one leak probe in early 2005 and another in January 2006, were assured by lawyers for H-P's private investigators that the techniques they used in the probe were legal.

Additionally, H-P's outside lawyer, Larry Sonsini, wrote in an email in June that the investigation was run by H-P's legal department, with outside experts, and that H-P's general counsel, Ann Baskins, "looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

A person familiar with the matter said Mr. Sonsini, of law firm Wilson, Sonsini, Goodrich & Rosati, also was pretexted in the board-leak probe. Mr. Adler referred questions to H-P's spokesman, Robert Sherbin, who declined to comment. Mr. Fairbaugh didn't return phone calls seeking comment. An assistant for Mr. Sonsini said he wasn't reachable for comment.

What H-P management did or didn't know about the leak probe -- including potential illegalities -- is at the center of the criminal investigation being conducted by California Attorney General Bill Lockyer. Investigators in his office's special-crimes unit are poring over documents obtained from H-P to piece together the chain of events and relationships that led to H-P's March 10 summary report on the leak investigation. That document, which named director George Keyworth as a leaker of information to the news media, summarized the personal-phone data that supported that conclusion. Mr. Keyworth quit the H-P board last week.

The U.S. House Energy and Commerce Committee also is investigating the H-P scandal, and a person close to the committee said Ms. Dunn and Ms. Baskins have indicated they will testify at the committee's hearing on the matter set for Sept. 28. Mr. Sonsini hasn't said whether he will accept the committee's request to testify, this person said.

H-P has said Chief Executive Officer Mark Hurd received that summary information but didn't know until some time later that the evidence may have been obtained improperly. The probe continued into April and possibly into May, said people familiar with H-P's probe.

H-P's investigation was carried out by a network of contractors, said a person familiar with the situation. Part of the investigation was handled out of H-P's Boston security office and by one of its officials there, Tony Gentilucci. Mr. Gentilucci contracted out the investigation to a Needham, Mass., investigator, Ronald DeLia, and his firm, Security Outsourcing Solutions Inc. They in turned employed another contractor, Action Research Group of Melbourne, Fla. Action Research then parceled out some of the investigative work to another company, said this person.

Mr. DeLia couldn't be reached for comment. His attorney, John Kiernan, didn't return phone calls seeking comment. Mr. DeLia has indicated that were he to appear at next week's House hearing he would invoke his Fifth Amendment right against self-incrimination, said a person close to the committee. The link leading from H-P through to Action Research was first reported in The New York Times.

This isn't the first time Action Research Group, an information broker, has been linked to a case involving pretexting. In 2000, Roger Clemons, a private investigator in Nashville, Tenn., sued Action Research in federal court for obtaining his cellular phone records by falsely impersonating him.

Mr. Clemons alleged that another private investigator working on a divorce case hired Action Research to get the phone records. His suit claimed a person working for Action Research contacted Mr. Clemons's cellphone-service provider, impersonated him and obtained phone billing records by fax. Action Research then sold copies of the phone records to the private investigator for $748.25, the suit claimed.

Besides Action Research, Mr. Clemons sued the private investigator and the client, accusing them of violating a federal wiretap statute. He lost the case and an appeal, with the courts ruling that the statute wasn't violated because receiving the faxed phone records didn't constitute an illegal interception.

Mr. Clemons didn't return a call seeking comment. Joseph DePante, owner of Action Research, declined to comment.

Action Research Group's Web site states that the company, founded in 1989, specializes in locating missing debtors. The site states: "When a debtor leaves you with a cell number, PO Box, disconnected number or has changed his number to a non-published number leaving you with nothing current what do you do? CALL US! ALL OF OUR INFORMATION IS 100% CURRENT AS OF TODAY! NO DATABASES OR MONTH OLD INFORMATION HERE!"

Privilege Likely To Be No Protection For HP Execs Summoned By Congress (LAW)

By Susan Beck And Justin Scheck, The Recorder

California Recorder, September 19, 2006

The woes of Larry Sonsini and Hewlett-Packard Co. General Counsel Ann Baskins are growing. On Friday, the House Committee on Energy and Commerce revealed that it has asked both to testify at a Sept. 28 hearing entitled "Hewlett-Packard's Pretexting Scandal."

In most circumstances, lawyers can safely stand behind the attorney-client privilege and refuse to discuss client matters. But congressional committee investigations are a different, and more demanding, creature. "The House in theory does not

recognize the attorney-client privilege," said David Kendall, of Washington, D.C.'s Williams & Connolly, who had frequent contact with House committees when he represented the Clintons in Whitewater investigations.

Leslie Fagen, a partner at New York's Paul, Weiss, Rifkind, Wharton & Garrison, agreed. "Congressional committees don't necessarily acknowledge the attorney-client privilege," he said. In the 1990s, he had to testify before a committee investigating his client, the Metropolitan Transit Authority. Another lawyer who has represented clients before House committees says these committees can take a hard line.

"They're virtually intolerant of the attorney-client privilege -- and you can easily imagine a contempt citation if the witness refuses to testify."

In addition to Sonsini and Baskins, the committee has asked HP Chairwoman Patricia Dunn to testify, along with Ronald DeLia, the Boston private investigator who allegedly accessed the phone records of directors and reporters.

The Hewlett-Packard mess began when Dunn ordered an investigation to identify the source of leaks about board deliberations. On Saturday, Hewlett-Packard acknowledged that it improperly accessed phone records of two employees, including its own spokesman, during its internal investigation of media leaks. The company spokesman, Michael Moeller, said that Dunn and Chief Executive Mark Hurd both apologized to him.

Sonsini is the board's longtime outside counsel, but it's not entirely clear what role he played in the probe. In a June e-mail to former HP director Thomas Perkins, Sonsini wrote: "I was not involved in the design or conduct of the investigation," but instead that it was run by the HP legal department. "I am sure that Ann Baskins looked into the legality of every step of the inquiry," he added in the e-mail. Perkins resigned in May because of the probe and its methods.

Sonsini, who was asked to review the probe, also told Perkins that the pretexting -- in which someone lied about his identity to get the phone records -- was "within legal limits." He later told The Wall Street Journal that he was relying on the conclusion of an in-house lawyer. Sonsini has continued to advise the board on the controversy, according to press reports.

The committee's letters to Sonsini, Baskins and the others are cast as "invitations" to testify. But, according to one lawyer whose clients have received similar letters, the invited witness has little choice. "We've never declined [an invitation]," says this lawyer. "I can't imagine declination is a viable option." The committee also has the power to issue subpoenas to compel witnesses to appear.

Wilson Sonsini Goodrich & Rosati spokesperson Courtney Dorman did not respond to questions asking whether Sonsini plans to testify or whether he plans to assert privilege. It's also not clear if Sonsini has retained a lawyer.

HP spokesperson Ryan Donovan declined to comment Monday on whether Dunn or Baskins intended to appear at the upcoming hearing. While it is not known if DeLia will appear at the hearing, his lawyer John Kiernan has told The Boston Globe that DeLia is cooperating with investigations of Hewlett-Packard Co.'s conduct, saying, "We are trying to cooperate with everybody."

According to Kendall, the penalty for asserting the privilege could be more severe than a contempt citation. "If somebody asserts [the privilege], the House could lock that person up in the House of Representatives detention facility." Kendall notes, however, that he's not aware of that happening.

The parties usually negotiate a nonwaiver agreement that allows a witness to testify about specified matters, with the House agreeing that it won't assert that the witness has waived the privilege on all matters. Paul Weiss' Fagen says he negotiated with congressional staff which topics he would discuss. But even a nonwaiver agreement creates risk. "The danger with that," said Kendall, "is that [the agreement] is not binding on third parties." California Attorney General Bill Lockyer, for example, could assert that Sonsini or Baskins waived the privilege by testifying.

Another possible problem for Sonsini and Baskins is the so-called crime-fraud exception to the attorney-client privilege. Under that doctrine, the privilege is invalidated if a client used a lawyer to commit a fraud or crime. "The conduct would have had to have broached the possibility of criminal conduct," said Deborah Rhode, a Stanford Law School professor. If so, Sonsini and Baskins would clearly not be bound by privilege, she said. She adds that it doesn't matter whether they had criminal intent, or whether they were responsible for any crime.

The Associated Press contributed to this article.

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Enron Ex-Officer Delainey Sentenced To 2 1/2 Years (Update4) (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- Former Enron Corp. executive David Delainey was sentenced to 2 1/2 years in prison after prosecutors urged leniency, saying he helped unravel crimes at the energy company.

U.S. District Judge Kenneth Hoyt in Houston imposed the prison term and a $60,000 fine for insider trading today on Delainey, 40, former head of Enron energy trading and retail energy services. Prosecutors asked for a light sentence, citing Delainey's cooperation after he pleaded guilty in 2003.

Delainey is the first former Enron executive ordered to prison since the Houston-based company's former top executives, Kenneth Lay, 64, and Jeffrey Skilling, 52, were convicted in May of spearheading the fraud that destroyed the company. Lay died six weeks later.

``You were not middle management," Hoyt said, ordering Delainey taken into custody. ``You were upper management. Eight or 10 of you represented the heart and soul of Enron."

Two other lower-ranking Enron defendants have been granted probation since the Lay-Skilling trial.

Timothy DeSpain, 41, a former assistant treasurer, was sentenced Sept. 15 to four months' house arrest and four years' probation for manipulating Enron's credit rating. Lawrence Lawyer, 38, a finance executive who didn't report income from an off-books partnership disguising debt, got two years' probation in June.

Two ex-prosecutors, now criminal defense lawyers, called Delainey's sentence fair.

Fair Sentence

``If the government believes in the seriousness of the offense, then even people who cooperate and testified should expect to do some time," said Ed Tomko, who is defending an Enron Broadband Services executive, Rex Shelby, on fraud and insider-trading charges. ``Otherwise, the government is saying Enron was the crime of the century, but if you help us it ain't so bad."

Brian Wice, a specialist in criminal appeals, said Delainey should serve time despite his cooperation.

``You shouldn't be able to walk out scot-free because you sang the government's song," Wice said. ``People who weren't innocent bystanders have to understand there are consequences for their actions, and that doesn't include catching the elevator with the jury when it's over."

Delainey admitted selling more than $4.26 million in Enron stock from January 2000 to October 2001 using inside knowledge of distortions of company financial statements.

`Herculean' Help

The former senior manager forfeited nearly $8 million in illegal profits as part of his plea deal.

Delainey's cooperation in the investigation of Enron corruption was ``nothing short of Herculean,'' prosecutors said, asking for a sentence substantially below federal guidelines.

Without specifically recommending probation, the government praised Delainey for his role in the investigation.

``Mr. Delainey's assistance at that early stage was critical to the government's efforts to work its way up the chain of responsibility at Enron," Assistant U.S. Attorney Kathryn Ruemmler wrote last week to the court. ``The timing of Mr. Delainey's assistance was one of the turning points in the government's investigation of wrongdoing at Enron."

Delainey was the first high-ranking Enron operating executive to enter a cooperation deal with the government describing Enron as a criminal enterprise where numerous employees engaged in frauds designed to disguise debt and make the company appear healthy.

Need for Insiders

``The government could not have gotten to the bottom of what happened at Enron without the assistance of insiders," Ruemmler wrote. ``Put simply, Mr. Delainey stepped up to the plate at a critical juncture in the government's investigation and at a time when others did not."

Delainey testified Skilling and others restructured business units to hide losses in Enron's retail energy services division. The collapse of Enron, once the world's largest energy company, wiped out more than 5,000 jobs and $1 billion in employee retirement money.

Delainey agreed when he pleaded guilty to serve as long as 10 years, the statutory maximum for one count of insider trading. His deal said he might be granted probation, if prosecutors felt his cooperation was substantial enough.

Before his sentencing, Delainey wrote a seven-page memo to Hoyt telling how he slipped into criminal conduct.

`Intoxicating' Success

``The promotions and success became intoxicating," Delainey wrote, even as he ``participated in a number of financial statement manipulations and misrepresentations that I knew were wrong."

In refusing to let Delainey stay out of prison, the judge said the single count of insider trading wasn't all he might have been charged with.

``You and I both know there was a substantial amount of uncharged conduct that could've been charged in your case," Hoyt said.

To prosecutors, he said, ``I am not an instrument of the Department of Justice nor an arm of the defense bar."

Hoyt imposed the $60,000 fine, saying it costs $2,000 a month to house a federal prisoner and he wanted Delainey to pay for his 30 months of incarceration.

``You made a lot of money," Hoyt told Delainey. ``You really haven't lost any of it."

Victims' Fund

The judge directed that the fine go to an SEC-administered fund to compensate Enron victims.

When the judge said Delainey must be jailed today, Ruemmler started to protest.

``He's going to go into custody today," Hoyt said. ``I have already spoken."

Delainey shook hands with his lawyer, John Dowd, embraced his tearful wife and left the courtroom with a U.S. marshal.

Ruemmler and Sean Berkowitz, head of the Justice Department's Enron Task Force, left without commenting.

Delainey will be on probation for two years after completing his 30-month sentence. If he goes home to Calgary, his probation will be suspended while he is out of the country and resume when he re-enters the U.S.

Lay, a former ex-chairman and chief executive officer, and Skilling, a former CEO, were convicted May 25 of deceiving shareholders about the company's performance and finances.

Skilling faces more than 20 years in prison and forfeiture of as much as $184 million when he is sentenced Oct. 23. He said he will appeal his conviction.

Lay died in July, before being sentenced. His estate has asked that his conviction be thrown out under a legal principle that erases convictions of people who die without exhausting their appeals.

The case is U.S. v. Delainey, H-03-420, U.S. District Court, Southern District of Texas (Houston).

To contact the reporter on this story: Laurel Brubaker Calkins in Houston at laurel@calkins.us.com .

Ex-Enron Exec Gets 2 1/2 Years In Prison (AP-Y)

By Juan A. Lozano, Associated Press Writer

AP, September 19, 2006

A former high-ranking Enron Corp. trading and retail energy executive was sentenced to 2 1/2 years in prison Monday for insider trading in connection with the energy company's financial collapse.

David Delainey, who pleaded guilty in October 2003, had admitted to participating in schemes to manipulate earnings to please Wall Street. Prosecutors said he sold $4.25 million in stock throughout 2001 when he knew of a wide-ranging scheme to make Enron appear financially robust and inflate the company's stock.

"I'm so very sorry for my conduct," Delainey, 40, said before he was sentenced by U.S. District Judge Kenneth Hoyt.

The Canadian citizen faced up to 10 years in prison. Prosecutors had recommended he receive a sentence on the lower end of the guideline range due to his cooperation in their investigation of Enron's collapse. He testified earlier this year in the trial of company founder Kenneth Lay and former chief executive Jeffrey Skilling.

His defense attorney, John Dowd, asked Hoyt to give his client probation, adding that Delainey had already made restitution — agreeing to pay $4.25 million to the Justice Department and $3.74 million to the Securities and Exchange Commission — and had suffered public humiliation.

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"He never gave in to the temptation to cover up," Dowd told Hoyt. "He made an extraordinary effort to tell the whole truth."

Prosecutor Kathryn Ruemmler told Hoyt that Delainey's help in their investigation of Enron's collapse was "critical to the case" and he was always forthcoming with information.

"He has never wavered from accepting responsibility for what he did," she said.

But Hoyt dismissed the request for probation, telling Delainey that any public humiliation he had faced was "a consequence of your conduct, not a punishment for it" and that any punishment he handed down would have to be a reflection of all of Delainey's actions and not just of the specific crime he pleaded guilty to.

"You and I know that this conduct (regarding) the Enron scheme is a lot deeper, a lot wider, even on your part," he told Delainey, who agreed.

Hoyt also ordered that Delainey, who had been free on his own recognizance, be taken into federal custody immediately.

After the court hearing ended, Delainey held his crying wife Dawna's hand for a few minutes before he was escorted away.

Hoyt also ordered that Delainey pay the SEC another $60,000 to be given to victims of Enron's collapse.

Enron crumbled into bankruptcy proceedings in December 2001, obliterating thousands of jobs and $60 billion in market value.

In February, during the trial of Lay and Skilling, Delainey testified he reluctantly acquiesced to a Skilling-approved plan to hide $200 million in losses.

Delainey ran the wholesale trading franchise until 2001, when he was chosen to take the helm of a highly touted retail energy unit, Enron Energy Services. Delainey testified Skilling gave the go-ahead to a plan to move the retail unit's trading arm into the larger trading franchise to hide the losses.

Delainey also said Enron wrongly dipped into reserves from the company's wholesale division to meet and beat earnings targets under pressure from Skilling.

Lay and Skilling's 16-week trial ended in May when a federal court jury convicted the two men.

Skilling, who faces sentencing Oct. 23, was convicted of 19 counts of conspiracy, securities fraud, lying to auditors and insider trading. Jurors acquitted him of nine counts of insider trading regarding a series of Enron stock trades in 2000.

Lay was convicted of six counts of conspiracy, securities fraud and wire fraud and in a separate case was convicted by a federal judge of one count of bank fraud and three counts of making false statements to banks.

He died of heart disease July 5 while vacationing with his wife in Aspen, Colo. Lay's attorneys have filed motions arguing that his death "necessitates" erasing his convictions. Prosecutors are hoping that Congress passes legislation that will prevent Lay's record from being wiped clean due to his death.

Former Enron Executive Sentenced (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, September 19, 2006

Delainey Aided Prosecutors in Fraud Trial of Lay, Skilling

A former high-ranking Enron Corp. executive was sentenced to 2 1/2 years in prison yesterday by a federal judge who acknowledged the official's cooperation with prosecutors but refused to give him the substantial break he requested.

David W. Delainey, 40, led two of the Houston energy trader's most important divisions before Enron filed for Chapter 11 bankruptcy protection in December 2001. He pleaded guilty to a single count of insider trading and became a central witness against former chief executives Kenneth L. Lay and Jeffrey K. Skilling in their fraud trial this year.

Delainey admitted to selling Enron stock at the same time he knew the company was manipulating its financial statements. As part of his October 2003 guilty plea, Delainey turned over about $8 million to the government to resolve criminal and civil charges.

The insider-trading charge carried a maximum penalty of 10 years in prison. But John M. Dowd, a defense lawyer based in the District, had sought probation, given Delainey's detailed testimony about face-to-face meetings with Skilling and Lay, who were convicted by a jury in May. Delainey was the second senior Enron insider to admit wrongdoing and to help prosecutors in their long-running investigation.

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Kathryn H. Ruemmler, deputy director of the Justice Department's Enron Task Force, filed court papers Friday citing Delainey's "impressive and extraordinary" assistance. She wrote that he "stepped up to the plate at a critical juncture in the government's investigation and at a time when others did not."

But U.S. District Judge Kenneth Hoyt in Houston rejected the defense's bid for probation, telling Delainey, a Canadian citizen, that he could have faced far more extensive criminal charges for his conduct at Enron.

Hoyt directed U.S. marshals to take Delainey into custody minutes after handing down the sentence, which includes two years of probation and a $60,000 payment to a victim fund. The marshals allowed Delainey to remove his tie and belt and to share a moment with his crying wife, Dawna, according to people in the courtroom at the time. The couple's two daughters, ages 9 and 12, were not present.

In advance of the proceeding, Delainey had written the judge a seven-page, single-spaced letter saying that Enron's "mercenary culture . . . was always very fast and loose with the rules." He said that his compensation and frequent promotions "blurred the line between right and wrong."

Dowd, of the law firm Akin Gump Strauss Hauer & Feld LLP, said he is considering options for appeal of the sentence and the judge's decision to remand Delainey into custody without bond.

Delainey's sentence came three days after a different federal judge in Houston sentenced former Enron assistant treasurer Timothy DeSpain to four months of house arrest and four years of probation for conspiring to commit securities fraud. The company's onetime finance chief, Andrew S. Fastow, is to be sentenced by Hoyt on Sept. 26.

CA Negotiating Profit Recovery With Ex-Officials, Swainson Says (BLOOM)

By Ron Day

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- CA Inc., the world's second-largest maker of mainframe computer software, is negotiating with former employees to return money they made in a $2.2 billion accounting fraud, Chief Executive Officer John Swainson said.

CA is talking with ex-officials who have pleaded guilty to participating in the fraud, Swainson said, without naming the executives, after CA's annual meeting in New York. At least eight former employees, including ex-CEO Sanjay Kumar, admitted to illegally inflating sales by backdating contracts.

CA, formerly known as Computer Associates, will submit a plan to a Delaware judge in about a month outlining how it wishes to recover the money. Swainson said the money should be returned to current CA shareholders. CA paid a $225 million fine and is operating under the watch of the U.S. Justice Department.

``The company has funded largely this investigation that resulted in the conviction or the pleading guilty of the individuals, and the money belongs to our current shareholders and we should return it to them," Swainson said. The court will decide if former or current shareholders get the money, he said.

The plan to recover the money is being written by a board of directors committee that includes Renato Zambonini and William McCracken, Swainson said.

Shares of Islandia, New York-based CA rose 11 cents to $23.61 at 3:23 p.m. in New York Stock Exchange composite trading. The shares had lost 17 percent this year before today.

Besides Kumar, former executives who have pleaded guilty include sales executive Stephen Richards, finance chief Ira Zar, general counsel Steven Woghin, and vice presidents Thomas Bennett, David Kaplan, David Rivard and Lloyd Silverstein.

Shareholders today elected all 11 company nominations to its board, including former U.S. Senator Alfonse D'Amato, who had been opposed by three proxy advisers.

Swainson, 52, also said he hopes the company reaches $6 billion in annual bookings by 2009, up from about $4 billion currently.

To contact the reporter on this story: Ron Day in New York at rday1@bloomberg.net .

CRIMINAL LAW:

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FBI Says Violent Crime Rose In 2005 (WP/AP)

By Hope Yen, The Associated Press

The Washington Post, September 19, 2006

WASHINGTON -- Violent crime rose 2.3 percent last year, the first increase since 2001, the FBI reported Monday. The agency found there were 1.39 million violent crimes _ which include rape, murder, robbery and aggravated assault _ reported in the United States in 2005, up from 1.36 million the previous year.

The figures from the FBI's 2005 annual report largely track preliminary results from earlier this year.

The percentage jump was violent crime's largest increase since 1991, with only rape showing a decline in the past year.

The report comes as mayors and police chiefs at a recent crime conference said they were seeing spikes in violent crime for 2006. They have called for greater support from federal law enforcement, expressing concern that the Bush administration might be too complacent as it devotes time and attention to the war on terror.

In a briefing with reporters, Deputy Attorney General Paul McNulty said it was still too soon to tell whether the numbers reflect ordinary year-to-year fluctuations. The figures are good news in the sense that violent crime has dropped 3.4 percent since 2001 and declined 17.6 percent since 1996, he said.

"It's certainly caused us to remain vigilant especially considering the anecdotal information in 2006 indicates there might be a rise in violent crime in several jurisdictions," McNulty said. "I'm anxious to spend more time with the police chiefs."

But he reiterated comments by Attorney General Alberto Gonzales earlier this month that additional crime-fighting funds for cities were not in the offing, noting that the war on terror remains the greater priority. "We have a problem of limited resources," McNulty said.

Chuck Wexler, executive director of the Police Executive Research Forum, which organized the recent conference on violent crime, said his group is looking forward to additional meetings with McNulty to find ways to combat the problem.

Property crime, including car theft, larceny and burglary, fell 1.5 percent in 2005.

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On the Net:

The report can be found at: http://www.fbi.gov/

Violent Crimes Rise After Years Of Falling (USAT)

By Kevin Johnson

USA Today, September 19, 2006

WASHINGTON — The nation's murder rate rose 1.8% last year after hitting a two-decade low in 2004, the FBI said Monday in a report that raised questions about whether violent crime rates will continue to head up after years of decline.

The overall rate for violent crimes — murder, rape, robbery and aggravated assault — rose 1.3% in 2005 but remained far below the high set in 1991, when homicide rates in many cities soared amid a sluggish economy and gang wars. Last year, in fact, the rate for rapes alone fell 2.2% and was the lowest it had been in more than 20 years.

The jump in the overall rate for violent crimes, however, gave ammunition to several police officials who have complained that the U.S. government has allowed anti-crime initiatives to languish as it has focused on anti-terrorism efforts here and abroad.

“This report should serve as a strong wake-up call,” said Police Chief Gil Kerlikowske in Seattle, which recorded a 25% increase in gun-related crime last year. “We better realign our focus to the war going on in some of our cities.”

Edward Flynn, police commissioner in Springfield, Mass., said local police agencies have yet to recover from the aftermath of the Sept. 11, 2001, terrorist attacks, which led the federal government to redirect tens of millions of dollars in grants away from policing projects and toward homeland security programs.

“Police can't be good homeland security partners if they cannot do their core missions,” said Flynn, whose city of 155,000 had 18 homicides last year, double the number from 2000. “People need to see this as a sign for concern.”

Deputy Attorney General Paul McNulty said Monday that it was “too soon” to determine whether the FBI report represented a significant departure from the annual declines in crime recorded during much of the past decade.

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During a briefing at the Justice Department, McNulty said anecdotal evidence from the first part of this year suggests there "might be a rise in violent crime in some jurisdictions." However, he noted that the overall crime rate — for violent and property offenses — remained low compared with the past 30 years.

McNulty said the recent increases in violent offenses could reflect a convergence of factors: a rise in gang membership, the spread of highly addictive methamphetamine and the increasing numbers of young people who are 18 to 24, the age group that generally commits the most crimes.

"The terrorism mission," he said, "has not cost us anything" in fighting crime domestically.

Chuck Wexler, executive director of the Police Executive Research Forum, a national association of law enforcement officials, said the FBI report was "not all gloom and doom." He cited declines in reported property crimes.

However, Wexler said members of his group are concerned about increasing violence across the nation. "We believe we're on the front end of a tipping point on violent crime."

Violent Crime In U.S. Rises For First Time Since 2001 (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- Violent crime in the U.S. rose 2.3 percent last year, the first increase since 2001, according to an FBI study.

Murders increased by 3.4 percent over 2004 in the annual report on crime released by the Federal Bureau of Investigation in Washington. Property crime, including motor vehicle theft, larceny and burglary, fell 1.5 percent. Victims of property crimes lost an estimated $16.5 billion last year, the report said.

The report ``overall is good news," said Deputy Attorney General Paul McNulty because it shows the total crime rate is at its lowest in more than 30 years. Still, he said the increase in violent crime ``certainly causes us to remain vigilant."

The report may give more ammunition to critics of the Bush administration's crime policies, including local police chiefs and mayors. State and local officials say violent crime has been ignored at the federal level because terrorism and homeland security are a bigger priority.

Providence, Rhode Island, Police Chief Dean Esserman earlier this month said the federal government's overriding attention to terrorism ``concerns me the most" when looking at the rise in violent crime.

``Why can't we focus on domestic crime as well as homeland defense?" he said in an interview. ``We seem to have abandoned one to focus on the other."

Gang Membership

McNulty, speaking with reporters at Justice Department headquarters, said he has heard the local chiefs' complaints. While McNulty said it is ``too soon to know" why violent crime is up, he cited increases in gang membership and methamphetamine use as possible causes.

Today's survey contrasts with a Justice Department report last week that found the 2005 violent crime rate unchanged from the year before. That study didn't count murders. Both reports say that longer-term statistics show an overall decrease in crime.

While violent crime rose last year, it has fallen 17.6 percent since 1996, the FBI said.

The FBI report -- compiled from information provided by more than 17,000 city, county, state, tribal and federal law enforcement agencies -- said there were 1,390,695 violent crimes reported nationwide in 2005. There were 10,166,159 property crimes reported.

Law enforcement agencies made about 14.1 million arrests in 2005, the study found.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

FBI Says Violent Crime Up In 2005 (WT)

By Jerry Seper

The Washington Times, September 19, 2006

Violent crime nationwide rose last year by 2.3 percent, while property crime fell 1.5 percent during the same period, according to a report released yesterday by the FBI.

FBI spokesman Bill Carter said the bureau's 2005 annual report on crime said 1.39 million violent crimes occurred nationwide in 2005, including incidents of murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault.

Although violent crime totals grew over 2004, Mr. Carter said, they have dropped 3.4 percent since 2001 and 17.6 percent since 1996. He said murders were up 3.4 percent and arrests of juveniles for murder were up nearly 20 percent over 2004, while forcible rapes decreased 1.2 percent, the only violent crime category to fall.

According to the FBI report, there were 469.2 violent crimes per 100,000 inhabitants. The report said aggravated assault accounted for 62.1 percent, robbery accounted for 30 percent, forcible rape accounted for 6.8 percent, and murder accounted for 1.2 percent of the violent crimes reported in 2005.

Mr. Carter said that of the 14.1 million arrests made by law enforcement in 2005, drug violations accounted for more than any other offense. He said that according to the "Crime Clock 2005," a violent crime took place every 22.7 seconds and a property crime every 3.1 seconds in this country.

The report said 10.2 million property crimes were reported nationwide during 2005 and that an examination of two- and 10-year trends shows the number of property crimes last year decreased by 1.5 percent from 2004 and declined 13.9 percent when compared with 1996.

Mr. Carter said there were 3,429.8 property crimes per 100,000 inhabitants, two-thirds of which were larceny-theft. He said reported incidents of burglaries were up 0.5 percent, the only property crime to rise in 2005, and property crimes accounted for an estimated $16.5 billion dollars in losses in 2005.

In the FBI's Uniform Crime Reporting (UCR) Program, property crime includes the offenses of burglary, larceny-theft, motor vehicle theft and arson.

According to the report, 45.5 percent of the violent crimes and 16.3 percent of the property crimes reported nationwide were cleared by arrest or other means.

New York Is Safest Big City, F.B.I. Report Shows (NYT)

By Emily Vasquez

The New York Times, September 19, 2006

New York City remained the safest big city in the nation in 2005, according to an F.B.I. report released yesterday. The report also showed that the city experienced a 4.3 percent drop in overall reported crime last year compared with a nationwide drop of 1.2 percent.

“Today’s final 2005 report by the F.B.I. shows that our innovative efforts to reduce crime and increase New Yorkers’ quality of life are working,” Mayor Bloomberg said in a statement.

The data, almost 10 months old, show that while the number of reported homicides increased nationwide last year by 3.4 percent, the number reported in the city fell by 5.4 percent. Police statistics, however, show that through this Sept. 10, the number of reported killings is up 2.1 percent compared with the same period last year.

In 2005, the number of robberies reported nationwide increased by 3.9 percent,

while in the city it increased by 1.4 percent. Over all, reported violent crime fell last year by 1.9 percent in the city, while nationwide it rose by 2.3 percent.

The city’s Total Crime Index ranked lowest for crime in 2005 among the nation’s 10 largest cities, including Dallas, Phoenix, Houston, Philadelphia and Los Angeles. Dallas had the worst index ranking, with 8,484.4 reported crimes per 100,000 people. That represents about one crime for each 12 people. Los Angeles, which ranked eighth, experienced 3,850.4 crimes per 100,000 people, or one crime per 26 people. New York City experienced 2,675.5 crimes per 100,000 people, or about one crime per 37 people.

Thus far in 2006, overall reported crime in New York City continues to fall, down 5.04 percent by Sept. 10 compared with the same period last year.

Though no specific national data is yet available for the year to date, law enforcement officials and crime analysts have noted a continued rise in crime in some areas across the country.

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David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice, said yesterday that many crime analysts believe the causes for that increase vary by region, but include traditional issues like illegally obtained firearms and drug availability. But some newer issues may also be at the root, he said.

"It's very hard to put your finger on, but a lot of us are convinced there's a very real spreading and intensifying of this street subculture" involving issues of "honor, respect, and issues of manhood inextricably tied up with violent responses," Mr. Kennedy said.

He added that some police departments across the country have cited a lack of resources.

Violent Crime Up In Minneapolis (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, September 19, 2006

The city's crime rate has bypassed that of 2005, but police say a focus on juvenile offenses has helped to slow the increase.

Minneapolis' violent crime rate continues to outpace that of 2005, but authorities said Monday that a recent crackdown on juvenile crime is slowing the increase.

The violent crime rate from January to Sept. 11, 2006, was 25.8 percent higher than the same period last year, according to Minneapolis police. That includes murder, robbery, aggravated assaults and rape. The increase from 2005 was as high as 60 percent in January and stayed above 30 percent for most of the year.

Interim Police Chief Tim Dolan said a steady decline in the increase that began in June can be attributed to the department's focus on juvenile crime, juvenile curfews and the recovery of guns. Overall juvenile arrests between May and September were up 22 percent from 2005, and charges against juveniles are up 17 percent in 2006 compared with 2005, according to police.

Minneapolis police statistics show an increase in juvenile curfew arrests for every month this year, topping in July with 666 curfew arrests compared with 172 in 2005.

In addition, 726 guns were recovered so far this year compared with 631 during the same period last year. Dolan said 10 guns were seized from juveniles last week.

"So much of the uptick in crime in Minneapolis ... was among younger teenagers," said City Council Member Don Samuels, who agreed with Dolan's assessment that police are getting a better handle on the problem. "You have to concentrate on kids if you're going to address the crime issues."

It's an issue championed by Dolan, who was nominated to be chief by Mayor R.T. Rybak and who reestablished the juvenile crime unit earlier this year.

Despite the reports of progress, every category of violent crime continues to show an increase over the same period of 2005. According to preliminary crime reports from the department, homicides are up 18 percent, rape is up 22 percent, robbery is up 29 percent and aggravated assaults are up 24 percent.

Dolan said that an additional four or five homicides can bump up the percentage dramatically and that some crimes, such as rape, are difficult to stem because they are often committed by someone the victim knows.

On Monday, the FBI also released final crime numbers for 2005, which showed Minneapolis' violent crime rate for that year increased 13.5 percent over 2004. Nationwide, violent crime increased 2.3 percent from 2004 to 2005, with rape down by 1.2 percent. Robbery increased 3.9 percent and murder and non-negligent manslaughter was up 3.4 percent in 2005 across the country.

In St. Paul, where rallies have recently sprung up calling for city officials to fund as many as 200 additional police officers, violent crimes rose by a modest 1.5 percent from 2004 to 2005, the FBI numbers showed.

St. Paul Mayor Chris Coleman recently announced the funding for a total of 15 more officers next year and has pledged to work toward a goal of hiring an additional 100 by 2009.

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Reports of aggravated assaults, an area St. Paul Police Chief John Harrington has repeatedly said was a high crime-fighting priority, decreased by 70 last year compared with 1,491 such reports filed in 2004. It was the first time in three years that the figure had fallen.

Staff writer Howie Padilla contributed to this report. Chao Xiong • 612-673-4391 • cxiong@startribune.com

Violent Crime Reports Drop In City, FBI Says (PTR)

By Tony LaRussa, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 19, 2006

The number of violent crimes in Pittsburgh dropped by nearly 10 percent in 2005, according to an FBI report released Monday.

At the same time, the incidence of such crimes increased both statewide and across the United States.

In Pittsburgh, 3,385 violent crimes were reported last year, compared to 3,739 in 2004, a decrease of 9.5 percent. During 2005, the city reported 63 murders, 117 rapes, 1,617 robberies and 1,588 aggravated assaults, according to the FBI report.

Property crimes -- burglaries, thefts and arsons -- increased. In 2005, there were 15,628 property crimes reported in Pittsburgh, compared to 15,278 a year earlier, an increase of 2.3 percent.

The drop in violent crimes in Pittsburgh contrasts sharply with national and state crime figures released by the FBI.

The data show that such crime rose 2.3 percent last year in the United States, the first increase since 2001. The FBI said there were 1.39 million violent crimes reported in the United States last year, up from 1.36 million in 2004.

The number of violent crimes in Pennsylvania also increased, from 50,998 in 2004 to 52,761 last year, an increase of 3.5 percent.

The FBI report is compiled from information provided by more than 17,000 city, county, state, tribal and federal law enforcement agencies nationwide. Figures were not available for counties.

Pittsburgh police Chief Dominic J. Costa said while he has not yet analyzed the FBI's crime statistics, he has noticed a trend in law enforcement here in recent years that makes the decrease in violent crime understandable.

"One of the biggest thing we've seen in the past several years has been the increase in the level of cooperation between police officers and residents," he said. "Community groups, churches and residents in general are reaching out to help police do their jobs."

Costa said officer training has improved, and more and better technology is being employed.

Around the region, statistics for violent crimes last year in major population areas were:

= Westmoreland County: Greensburg, down 25.5 percent, with four rapes, nine robberies and 22 aggravated assaults; New Kensington, down 12 percent with six rapes, 18 robberies and 57 aggravated assaults.

= Fayette County: Uniontown, down 18.8 percent, with two rapes, 25 robberies and 25 aggravated assaults.

= Butler County: City of Butler, down 8.8 percent, with seven rapes, 15 robberies and 133 aggravated assaults; Butler Township, up 100 percent, with one rape, six robberies and 23 aggravated assaults.

= Beaver County: Aliquippa, up 10 percent, with one murder, two rapes, 25 robberies and 49 aggravated assaults.

The increase in violent crime nationally is due in part to growing numbers of people involved in gangs and the spreading methamphetamine problem, U.S. Deputy Attorney General Paul McNulty said.

But crime rates, which are on the rise particularly in small and mid-sized cities, could continue to increase, he said.

The report "overall is good news," said McNulty, because it shows the total crime rate is at its lowest in more than 30 years. Still, he said the increase in violent crime "certainly causes us to remain vigilant."

The recent shift in violent crime trends has raised questions about whether police are fighting terrorism at the expense of crime. Some criminal justice experts and local police have suggested that the increase in violent crime may reflect the decreased funding for police work not related to terrorism.

Violent Crime Down In Oregon, Up Elsewhere (KOIN-TV)

KOIN-TV, September 19, 2006

WASHINTON, D.C. - New FBI figures show a decrease in Oregon violent crime from 2004 to 2005.

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That's the reverse of the national trend, where violent crime overall is on the increase. In figures released Monday, the FBI says there was a 2.3 percent increase in violent crime across the nation. But the opposite happened in Oregon, where there was a 2.5 percent decrease.

Oregon also showed declines in most other crime categories -- except auto theft, where there was a four percent increase.

The FBI compiled its figures from data submitted by nearly 17,000 law enforcement agencies across the nation.

Utah, U.S. Report Jump In Crimes (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 19, 2006

Violent crime is on the increase across the country, and Utah is no exception.

Deseret Morning News graphic A violent crime is being committed in the United States every 22.7 seconds. Every 3.1 seconds someone is the victim of a property crime, the FBI said in its annual crime report released Monday.

According to the FBI's Uniform Crime Statistics report, a homicide occurs in the United States every 31.5 minutes; a rape every 5.6 minutes; a robbery every 1.3 minutes; and an aggravated assault every 36.5 seconds.

According to raw numbers from the FBI's Uniform Crime Statistics report, violent crime rose 2.3 percent in America this past year. Property crimes dropped by only 1.5 percent. Homicides and robberies increased nationwide; rapes decreased. In the West, car thefts increased by 4.5 percent over the past year. The numbers have been published on the FBI's Web site, www.fbi.gov.

In Utah, preliminary numbers compiled by the Utah Department of Public Safety revealed that violent crimes increased slightly — up 1.24 percent in 2005. Robberies decreased by more than 10 percent, rapes increased 1.44 percent and aggravated assaults increased more than 5 percent.

"Violent crime increased, but property crime decreased," said Mary Ann Curtis, a data collections specialist for the Utah Bureau of Criminal Identification (BCI). "We didn't have a real big increase in crime."

The FBI reported 56 homicides and non-negligent manslaughters in Utah in 2005. BCI's report said there were 54 reported homicides in 2005, compared to 42 in 2004. BCI's definition of homicide includes murder and manslaughter.

"We may get updated reports," said Curtis, explaining the difference in homicide numbers. "It could be they were reported as a homicide and later found out it really was an accidental death."

The FBI has a cut-off date for its statistics, while BCI allows police departments to amend their reports.

"We look relatively safe," said Mike Haddon, director of research for the Utah Commission on Criminal and Juvenile Justice. He noted an increase in homicides in Utah and said car thefts have jumped nearly 9 percent for the population. Breaking it down by population, Haddon felt crime overall was declining.

In St. George, growth and construction is booming. So is property crime, police said.

"We've really been going on a lot of burglary and construction calls," St. George Police Sgt. Craig Harding said Monday. "The crimes that I think we're going out on are opportunistic crimes. We leave things out at and the criminal takes them."

More than $97 million in property was stolen in Utah in 2005. Only $31 million was recovered by police agencies in the state.

D.C. Corruption Eruption (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 19, 2006

WASHINGTON - There is so much political corruption on Capitol Hill that the FBI has had to triple the number of squads investigating lobbyists, lawmakers and influence peddlers, the Daily News has learned.

For decades, only one squad in Washington handled corruption cases because the crimes were seen as local offenses handled by FBI field offices in lawmakers' home districts.

But in recent years, the Jack Abramoff lobbying scandal and other abuses of power and privilege have prompted the FBI to assign 37 agents full-time to three new squads in an office near Capitol Hill.

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FBI Assistant Director Chip Burrus told The News yesterday that he wants to detail even more agents to the Washington field office for a fourth corruption squad because so much wrongdoing is being uncovered.

"Traditionally, a congressional bribery case might be conducted on Main Street U.S.A., but a lot of the stuff we're finding these days is here in Washington," said Burrus, who heads the FBI's criminal division.

He said typical crimes involve lawmakers' illegal interactions with lobbyists and "people who have a lot of savvy about how the congressional process works and appropriations."

Plus, the electronic and legislative paper trail that winds up as evidence is in Washington, as Rep. Bob Ney (R-Ohio) and ex-Rep. Randy (Duke) Cunningham (R-Calif.) can attest.

Ney has agreed to plead guilty to corruption charges. Cunningham was sentenced to eight years in the slammer for taking bribes.

Two years ago, only 400 agents worked on public corruption cases. Now, 615 agents nationwide - including 30 in New York - are trying to nail public servants for betraying the public trust in 2,200 ongoing cases.

A recent FBI search of the Alaska Statehouse was a first of its kind.

In Washington, agents conducted unprecedented searches of the offices of the CIA's third-ranking executive and the House office of Rep. William Jefferson (D-La.).

Both stemmed from bribery allegations.

Burrus wouldn't speculate about why there is so much graft, but said, "We have to pull the whole weed up or it's just going to grow back again."

Sketch Of Baby Kidnap Suspect Released (CO)

By Jeff Douglas

The Charlotte Observer, September 19, 2006

UNION, Mo. - Police released a sketch Monday of a woman they believe stole a baby after slashing the mother's throat, hoping to generate new clues in the four-day old case.

Stephenie Ochsenbine, 21, helped police artists with the composite drawing of the woman she said attacked her at her home on Friday and snatched her baby, Abigale Lynn Woods, now 10 days old.

Franklin County Sheriff Gary Toelke hoped the drawing, as well as a picture of a black scarf that was recovered near the home on Saturday, would generate new clues. Authorities also hoped the child was alive and well.

"From history, if somebody wants a child, I would assume that child's being taken care of," FBI agent Roland Corvington said.

The drawing shows a woman with dark hair wearing a baseball cap. Franklin County Sheriff Gary Toelke said the suspect is believed to be between 5 feet 4 and 5 feet 8 and weighs about 200 pounds.

Toelke said Ochsenbine "wasn't completely happy" with the sketch, "but it's the best we could come up with." He said more than 300 leads have come in so far.

"The phones have been ringing off the walls," he said at a news conference.

Ochsenbine did not attend the news conference. Her grandfather, James Ochsenbine, declined to comment on behalf of the family and declined an interview request with his granddaughter, saying they wanted her to rest.

Ochsenbine told police she did not know the woman who came to her door and entered the house asking to use the telephone. Ochsenbine's 1-year-old son, Connor, also was in the house but was unharmed.

Corvington said authorities were still awaiting lab results on fingerprints from a knife found near the home, about 45 miles southwest of St. Louis.

The mother and others close to her are not considered suspects, but Toelke said no one has been ruled out.

Authorities have asked hospitals and doctors to be on the lookout for anyone bringing in a newborn. Fliers showing the baby were posted in gas stations and restaurants in Union. The 6-pound girl, born Sept. 8, has dark hair and a strawberry birthmark on her forehead.

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The abductor has been profiled as someone who had a child die recently or as someone who could not have children, told people she was pregnant and needed to steal a child so her lie would not be found out.

"Historically, these types of people have cased hospitals," Corvington said.

About 100 members of the Missouri National Guard who have assisted in the investigation have ended their grid search of the area near the home. Toelke said authorities will rely on tips and interviews, though additional searches are planned.

From 1983 to 2002, there were 217 reported cases of non-family infant abductions, and all but a few babies were recovered safely within 25 miles of where they had been taken, according to a 2003 study by the National Center for Missing and Exploited Children. About three-quarters of the kidnapped infants were recovered in fewer than five days.

ON THE NET

Missouri Amber Alert: http://www.missouriamberalert.com

Sketch Puts Face To Baby Case (SLPD)

By Todd C. Frankel, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 19, 2006

ST. CLAIR -- Rose Arnold studied the eyes. There was a fleeting feeling of recognition as she stared Monday at the just-released sketch of the suspect in the kidnapping of a baby, now 10 days old.

The shaded drawing showed a masculine woman with wavy hair, heavy eyebrows and unusually large, dark eyes. Arnold stepped closer to the picture posted in a gas station window. Next to it was the "Amber Alert" flyer for the missing baby, little Abby Woods, who is Arnold's grand-niece.

"I've seen somebody with eyes like those," Arnold, 54, said. "But I don't know where."

And then the feeling was gone.

The FBI and Franklin County authorities released the sketch Monday, along with a photograph of a scarf that may have been worn by the kidnapper, in hopes of developing new leads in a bewildering case. The baby was abducted from her mother's home in nearby Lonedell on Friday when a stranger held her mother at gunpoint and stabbed her, then barricaded her in the bathroom while fleeing with the infant, officials said.

"Lots of good tips"

More than 300 tips had been called in, some from as far away as Texas and Virginia, officials said. And a fresh wave of calls was prompted by the release of the sketch, which was quickly posted around the rural county and broadcast by the media.

"The phones have been ringing off the walls. We've been getting lots of good tips," Franklin County Sheriff Gary Toelke said.

The release of details about the scarf raised concerns about the investigation's progress. The baby's mother, Stephenie Ochsenbine, told authorities that the kidnapper either wore or carried a scarf. The scarf in the picture, which is black with fringe on both ends, was discovered Saturday during the National Guard's search of Ochsenbine's property, Toelke said. But the sheriff also said that Ochsenbine "does not recognize the scarf."

That was on top of a sketch which Ochsenbine was not entirely happy with, but "it got to the point where she felt she couldn't improve upon it," so they decided to release it, Toelke said.

Toelke and Roland Corvington, special agent in charge of the FBI in St. Louis, stressed they were making progress. A fillet knife recovered outside Ochsenbine's house was being tested for forensic evidence. Both Ochsenbine and the baby's father, James Woods, had been cooperative with authorities, they said. And although authorities do not consider the parents to be suspects, nothing has been ruled out, Corvington said.

"They stabbed me"

Ochsenbine was not yet "in an emotional state" in which she could talk publicly about the kidnapping, Toelke said.

Woods works in a scrap metal business run by Kinney "Konny" Arnold, who is Arnold's husband. Woods was at work on Friday until they learned of the kidnapping, she said. Arnold answered the phone early Friday afternoon when a panicked and crying Ochsenbine, 21, called looking for her live-in boyfriend. The young mother, cut and bleeding, had walked to a neighbor's house with her 1-year-old son, Connor.

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"I got on the phone and she was crying," Arnold recalled. "She said, 'Auntie Rose, is James there?' I said no. And she said, 'Is Konny?' And I said no. And she was just crying. 'They stabbed me,' she said. And I said, 'They?' She said, 'A woman stabbed me and took Abby.'"

Arnold said Woods walked in the door at that moment, briefly talked with Ochsenbine and then sped home.

"They had nothing to do with it," Arnold said.

The hunt for Abby and the mystery of why someone abducted her has consumed this community. As the days pass without answers, there has been more speculation about what happened - what local police call "seeing ghosts."

"You hear so many stories, especially in a little town," said Tena Sohn, who was eating lunch at Lewis Cafe with her daughters and a newborn grandson, just six days old.

Sohn wondered why authorities hadn't tested - or released the results - for fingerprints on the knife that was recovered. Her daughter, Angela, 25, wondered why they hadn't done the same for the doorknobs. The second-guessing was caused by a desire to see little Abby returned home safely.

"I just pray to God they find her," Tena Sohn said.

At a Casey's gas station across the street from the FBI's command post, a clerk called in a tip when she spotted a customer fitting the suspect's description on Sunday afternoon. The customer was a heavy-set woman with a female moustache - a detail that stood out for many people here, said Assistant Manager Deidre Merritt. The customer purchased a jar of petroleum jelly and left. The clerk then called police, who asked the clerk to download the store's surveillance tape. The clerk called Merritt to come to work and burn the footage onto a CD. But authorities did not pick up the CD until the next morning.

Merritt figured authorities must have determined it was not worth pursuing. Still, it struck her.

"It's really weird being in a small town," Merritt said, "and they can't find anything."

U.S. Appeals Court Freezes Wecht's Trial (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 19, 2006

Considers request from ex-coroner to remove judge

The 3rd U.S. Circuit Court of Appeals has stayed the criminal trial of former Allegheny County Coroner Dr. Cyril H. Wecht pending its decision on whether the judge hearing the case should be removed.

Last week, attorneys for Dr. Wecht argued to a three-judge panel that U.S. District Judge Arthur J. Schwab has not been impartial in his rulings, and because of that, their client cannot receive a fair trial.

The appeals court has not issued a formal ruling, but late Friday, it issued an order staying the trial. That order became public early yesterday morning as the parties met before Judge Schwab for the final pretrial conference in the case.

Dr. Wecht's trial on 84 counts, including mail and wire fraud, was scheduled to begin Oct. 16. Dr. Wecht's lawyers declined comment on the development, as did Judge Schwab.

Recusals are very rare, so the court's action staying the case is noteworthy, experts say.

John Burkoff, a professor at the University of Pittsburgh School of Law, said it's "almost impossible" to win a recusal case.

"That's a real slap from the appellate court to the trial court, and that doesn't happen very often," he said. "It's an easy thing to say but very difficult to prove. A recusal based on an allegation of bias [is] very rarely [granted]."

The federal judiciary does not keep a tally of how often such motions are granted.

Though issuing a stay is an unusual step, it does not automatically mean the appeals court is planning to remove Judge Schwab.

It might indicate that there is some potential substance in the argument raised by the defense that the appeals court wants to review.

Mr. Burkoff believes that the issue before the court isn't whether Judge Schwab issued the wrong decisions, but whether he abused his discretion in not recusing himself when the defense attorneys asked.

"You can have a judge who's done everything right, but is there an appearance of impropriety?" Mr. Burkoff said. "He may not have done anything wrong, but the appellate court could think it looks like he did."

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Dr. Wecht's attorneys said they would seek Judge Schwab's recusal in June after he said he would pursue contempt proceedings against them after the trial because they did not follow his orders.

The defense contends that the judge had improper, secret communications with the prosecution; that he has shown bias against Dr. Wecht in his court rulings; that the judge improperly reviewed potential evidence in the case on his own and then used that information in a ruling; and that he has prohibited Dr. Wecht's attorneys from pursuing a zealous defense.

During oral arguments, at least one of the appellate judges, Julio Fuentes, might have shown which way he was leaning in the case when he said, "In listening to [defense attorney Jerry] McDevitt, he makes a pretty good case. It's an extraordinary remedy, but he's putting together a series of events that he says show bias on his client."

Former 3rd Circuit Judge Timothy K. Lewis, who left the federal bench in 2000, said that issuing a stay in the trial proceedings is the right thing to do to be fair to all the parties involved.

"That said," he continued, "this is not by any means a tip of the hand they're going to rule in favor of Wecht," he said. "It's an indication only that they have not found it to be a frivolous matter, and they're considering it seriously.

U.S. Attorney Mary Beth Buchanan said she would not comment, other than to say, "It's impossible to read anything into the court's order."

In an opinion by the 3rd Circuit Court in August 2004, Judge Schwab was chastised for taking the entirety of a proposed opinion filed by a defense attorney and using it as his own.

He had granted a dismissal of a lawsuit filed by John Bright, whose 8-year-old daughter, Annette, was murdered in 2001 by a man on probation. Mr. Bright sued probation officers in Westmoreland County for not doing enough to keep the killer away from her.

Judge Schwab asked for a "consolidated statement" of the defense position, and after the lawyers submitted a proposed opinion, he adopted it without making any substantive changes, other than those for style, and never gave Mr. Bright a chance to reply.

"Courts and judges exist to provide neutral [forums] in which persons and entities can have their professional disputes and personal crises resolved," wrote Judge Richard Nygaard in a 2004 opinion. "Any degree of impropriety, or even the appearance thereof, undermines our legitimacy and effectiveness."

If Judge Schwab is removed from the case, a newly appointed judge would meet with the lawyers to discuss what motions and arguments need to be resubmitted and decide how the case will proceed.

"A new judge would want to be extremely careful to review everything that had been disputed to make sure improper appearance is corrected," Mr. Burkoff said.

Judge Schwab, who sought a seat on the federal bench for 17 years, was appointed to the court in the Western District of Pennsylvania in September 2002.

He first was considered for the district court in 1985. Then in 1988, Judge Schwab, now 59, of Butler County, was considered a lock for a position on the 3rd Circuit Court of Appeals when Judge Joseph F. Weis Jr. took senior status. But his nomination was foiled when the American Bar Association gave him an "unqualified" rating.

At the time, Judge Schwab said he believed the rating was based on his conservative religious and political beliefs. He is an evangelical Christian.

But the chairman of the bar association's screening committee said Judge Schwab received the unfavorable rating because he lacked experience in federal court.

Before joining the district court, Judge Schwab worked at the law firm Buchanan Ingersoll, serving for his last two years as chief counsel for complex litigation.

The judge served as a federal court clerk out of law school, and began his career in private practice in 1973 at Reed Smith, where he served as deputy head of the litigation group and was the first chairman of the firm's Techlex Group, which specialized in legal services for high-tech firms. He left Reed Smith in 1990.

U.S. Court Stays Wecht Trial (PTR)

By Jason Cato

DOJ_NMG_0065270

Pittsburgh Tribune-Review, September 19, 2006

The long-awaited public corruption trial of Dr. Cyril H. Wecht might be further off than its scheduled Oct. 16 start date.

The 3rd U.S. Circuit Court of Appeals in Philadelphia ordered a stay of the trial while it considers a number of appeals in the case, including whether to remove U.S. District Judge Arthur J. Schwab, 59, of Sewickley.

Wecht's lawyers have accused Schwab of bias, saying the judge has made a number of rulings that unfairly favor prosecutors. Their principal complaints are that Schwab admitted all of the prosecution's evidence and that he thwarted their efforts to question the lead FBI agent about his disciplinary records after having secret communication with prosecutors.

Getting a judge disqualified from a case isn't easy, and nothing should be read into the court's decision, former 3rd Circuit Judge Timothy Lewis said.

"This doesn't mean they've decided to remove him at all," said Lewis, 51, a Squirrel Hill native who now practices law in Washington, D.C. "It just means they need time to examine the issues carefully. This is not a tip of the hand by the court."

A two-hour court hearing was held Sept. 12 before 3rd Circuit Judges Julio M. Fuentes, D. Michael Fisher and Myron H. Bright. Following the hearing, the judges retreated to chambers to discuss the case, take an initial vote and decide who would write the opinion.

The stay might indicate the judges are split, or that one judge isn't certain, Lewis said.

Fisher openly questioned Schwab's decision to allow prosecutors to use all 1,352 exhibits at trial after defense lawyers failed to meet a court-ordered deadline to file objections. He said he was troubled that Schwab seemed to be more concerned with his schedule than anything else. Fuentes said Wecht's lawyers made some compelling arguments.

Howard J. Bashman, a lawyer in suburban Philadelphia who hosts a Web log on appellate issues, said the stay indicates the judges see merit in at least some of the defense's contentions and want time to carefully review the matter.

"In complicated cases, it is not unusual for the 3rd Circuit to take from six months to a year to issue a decision on appeal," Bashman said. "To be sure, the 3rd Circuit sometimes decides complex cases very quickly, but here a stay avoids the need for such a rush to judgment."

Approximately 60,000 appeals have been filed annually over the past six years in the 12 federal appellate courts across the country, according to data from the Administrative Office of the U.S. Courts. The agency does not track how many times district judges are removed from cases, a spokeswoman said.

The number is "infinitesimal," Lewis said.

In 2004, the 3rd Circuit removed U.S. District Judge Alfred M. Wolin from three asbestos bankruptcy cases and reassigned them to Joy Flowers Conti, a federal district judge in Pittsburgh.

Parties in the case questioned Wolin's impartiality after he appointed lawyers to assist him who also were representing clients in other asbestos cases. The court said it could not find "even the slightest hint of any actual bias or partisanship by Judge Wolin." However, Wolin was still removed because the judges said the test was not "actual bias" but the "perception of bias."

Should Schwab be removed, Wecht's lawyers told the appeals court they also would like a number of his rulings vacated, including those relating to evidence and a request to dismiss charges.

Wecht, 75, of Squirrel Hill, was charged in January with 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office while Allegheny County coroner for private financial gain.

His trial has not been cancelled. Schwab told lawyers yesterday to continue preparing. If the appeals court decision is not made by Oct. 10, however, Schwab said he will release the approximately 300 people in the jury pool, which will effectively postpone the trial.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Wecht Trial Delayed While Attorneys Wait For Appeals Court Ruling (SCCD)

By Joe Mandak

The State College Centre Daily, September 19, 2006

PITTSBURGH - Former Allegheny County coroner Dr. Cyril Wecht's federal corruption trial has been delayed until an appeals court rules whether a judge is biased and should be removed from the case.

The stay was issued by the 3rd U.S. Circuit Court of Appeals on Friday. On Monday, U.S. District Judge Arthur Schwab issued an order postponing a pretrial hearing that was to be held Tuesday.

A three-judge appeals court panel heard arguments last week in Philadelphia about whether Schwab should be removed from Wecht's upcoming trial on an 84-count indictment charging him with theft of honest services, mail fraud and wire fraud.

Federal prosecutors in Pittsburgh contend that Wecht used his county staff to do work for his multimillion-dollar private pathology practice, traded cadavers for lab space at a local college, and overbilled clients using faked limousine bills.

Wecht is a renowned pathologist who has consulted on high-profile deaths including those of Elvis Presley and JonBenet Ramsey and, most recently, the son of former Playboy model Anna Nicole Smith. He resigned from county office in January after he was indicted.

If the appeals court does not rule by Oct. 10, Schwab said he would cancel jury selection that was to begin Oct. 11 and release a pool of 300 potential jurors. Opening statements in Wecht's trial had been scheduled for Oct. 16.

Wecht's attorneys appealed after Schwab upheld FBI searches for Wecht's records and computers. Wecht's attorneys had attacked the credibility of the FBI agent who obtained the search warrants. Schwab overruled some defense objections because he said Wecht's attorneys missed a deadline for filing them.

Wecht's attorneys contend Schwab has favored prosecutors in his rulings. The judge has threatened to hold a contempt hearing for Wecht's attorneys after the trial.

Malone Pleads Guilty In Las Vegas Strip Club Bribery Case (AP)

AP, September 19, 2006

LAS VEGAS (AP) - A former county commissioner accused of arranging and delivering bribes for a strip club owner pleaded guilty to conspiracy Monday in a deal with prosecutors that could result in a 20-year prison term.

Former Clark County Commissioner Lance Malone, 44, agreed in U.S. District Court to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act. With his trial nearing, Malone negotiated the plea last week with U.S. Attorney Daniel Bogden, who said the guilty plea was a victory for people in the county.

"These offenses strike at the very foundation of our government, and it reaffirms that elected public elected are not above the law," Bogden said Monday in a statement.

Authorities have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a federal jury in San Diego levied against him last summer for similar charges.

Malone has agreed to drop his appeal in the San Diego case and forfeit up to $750,000 in assets.

A sentencing hearing was set for Dec. 18. He faces a maximum of 20 years in prison and a fine of up to $250,000.

Malone's trial was to cap a three-year FBI investigation into corruption and bribery on the Clark County commission, the major political decision-making body in southern Nevada.

The center of the probe was Michael Galardi, the former owner of three strip clubs who claimed to have paid off dozens of politicians in Nevada and Southern California with cash and favors.

Authorities said Malone, who was hired as Galardi's lobbyist after losing a bid for re-election, acted as Galardi's bagman, delivering wads of cash to his former colleagues. In return, Galardi said he sought favorable votes on the commission, which was reviewing plans to expand one of his clubs.

The FBI recorded many of the transactions through hours of wiretapped phone calls.

Galardi, 44, pleaded guilty in 2003 and testified in Las Vegas and in a related San Diego federal bribery case. He is expected to get no more than five years in prison when he is sentenced in November. Former Clark County commissioner Erin Kenny also pleaded guilty and testified in May in the trial of former commissioners Mary Kincaid-Chauncey and Dario Herrera.

The plea agreement describes more than 16 payments made by Galardi or Malone to Herrera, Kenny and Kincaid-Chauncey from October 2000 to November 2002, according to Bogden.

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In his trial, Herrera, 33, a one-time Democratic candidate for Congress and former state assemblyman, acknowledged taking cash from Malone and knowing it was from Galardi, though he said he did not consider it a bribe. He was found guilty and sentenced to 50 months after being convicted of 17 of 19 charges of conspiracy, wire fraud and extortion.

Kincaid-Chauncey was sentenced to 2 1/2 years in federal prison on similar charges.

"Mr. Malone is now the third person to admit there was a coordinated effort to defraud Clark County and its citizens of the honest services of public officials for the benefit of Michael Galardi and his businesses, and the fifth person to be convicted of these crimes," Bogden said.

Malone's lawyer, Dominic Gentile, did not immediately return a call for comment.

Guilty Plea Seals Malone Deal (LVRJ)

By Adrienne Packer, Review-Journal

Las Vegas Review-Journal, September 19, 2006

Severity of sentence for ex-commissioner to be decided in December

The 3-year-old political corruption case against Lance Malone took an anticlimactic turn Monday when the soft-spoken former Clark County commissioner formally entered a guilty plea before a federal judge.

A few reporters attended Malone's hearing Monday, in contrast to the crowds that watched as co-defendants Mary Kincaid-Chauncey and Dario Herrera, both former county commissioners, were convicted and sentenced earlier this year.

Sitting expressionless next to his attorney, Dominic Gentile, Malone formally changed his plea from innocent to guilty after signing an agreement with the government last week.

The deal allowed Malone to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organization Act, a charge that stemmed from paying Clark County politicians cash bribes on behalf of strip club owner Michael Galardi. The other 32 counts against Malone were dropped.

Malone took a deal only after government officials stopped insisting that he admit accepting illegal gifts or money from Galardi or anyone else during his four-year term, Gentile said last week.

Gentile and the 44-year-old Malone declined to comment Monday.

U.S. District Judge Larry Hicks scheduled Malone's sentencing for Dec. 18. He set aside the entire day to hear the government and Gentile argue over the severity of the sentence.

Assistant U.S. Attorney Daniel Schiess indicated that he will prove that Malone accepted illegal cash and other gifts while he served on the commission from 1996 through 2000. Malone's sentence could be enhanced if the judge believes Schiess' argument.

Also, the government will push for a tougher sentence because prosecutors think Malone was a leader in a scheme to bribe elected officials for favorable treatment of Galardi's strip clubs. Malone, who lost his bid for re-election in 2000, went to work for Galardi and became his go-between with commissioners.

"We will be arguing to the court whether an adjustment can be made for leadership," Schiess told Hicks.

The prosecution agreed in the plea deal to recommend that Malone's sentence run concurrently with the three-year term levied in San Diego last summer after he was convicted of bribing three city councilmen. Schiess said the law mandates concurrent sentences if the same course of conduct can be proven in two separate cases.

But Hicks warned Malone that he has the authority to impose consecutive sentences.

"It is possible the court may or may not make the same finding" as the government, the judge said.

In changing his plea on Monday, Malone admitted that he paid off Herrera, Kincaid-Chauncey and former Commissioner Erin Kenny.

Galardi, the money source, pleaded guilty in 2003. Herrera and Kincaid-Chauncey unsuccessfully fought the charges they took the payments. Kenny pleaded guilty.

That left Galardi's bagman, Malone, to battle the case or sign an agreement. He opted for the latter four days before his trial was scheduled to start.

A remaining question for Malone is how much time he will spend in prison.

Hicks explained he could face a maximum prison sentence of 20 years. And, the judge said, no matter what sentence is levied, Malone's agreement denies him of the right to appeal his sentence or withdraw his plea.

Malone is unlikely to serve two decades in jail, but the severity of the sentence will be up to Hicks to decide after hearing arguments from both sides.

Herrera received the harshest treatment from Hicks last month. Hicks ordered Herrera to spend 50 months in prison, one month less than what the government recommended. He also must pay $16,600 in fines and forfeit $60,000.

Hicks sentenced Kincaid-Chauncey to 30 months in prison and ordered her to pay $8,800 in fines and forfeit $19,000.

Although Galardi pleaded guilty early on, he was ordered to forfeit $3.8 million and sell his lucrative strip clubs. For his cooperation, the government agreed he would not spend more than five years in prison. Galardi is scheduled to be sentenced in November.

Because Kenny signed an agreement in 2003 and worked with prosecutors, her prison sentence will be no longer than 46 months. She was forced to forfeit $70,000.

The forfeiture amounts were based on how much money the government could prove each elected official received in bribes. For Malone, forfeiture will be calculated based on how much the judge believes the prosecutors could prove he paid out to politicians.

Malone's plea agreement said he will forfeit up to $750,000. His fine will be a maximum of $250,000.

Hicks read the 14-page agreement to Malone in court on Monday, ensuring that he understood each element.

When he determined Malone was not signing a deal under a threat, he asked Malone to enter his new plea.

"Guilty, your honor," Malone said quietly, staring straight ahead.

Sen. Bryant's UMDNJ Job Was No-show One (AP)

AP, September 19, 2006

State Sen. Wayne R. Bryant, D-Camden is accused of being paid $35,000 a year for a no-work job at UMDNJ while helping the school garner millions of new dollars in funding.

Document: View the Report (Requires Adobe Reader) A powerful southern New Jersey politician was paid for a no-work job at the scandal-ridden University of Medicine and Dentistry of New Jersey while helping the school garner millions of taxpayer dollars, according to a report made public Monday.

The school paid state Sen. Wayne Bryant $35,000 a year "to lobby himself in his capacity as state senator," according to the report of a federal monitor who had been checking into the school's finances.

The report said that all Bryant appeared to do at the university's School of Osteopathic Medicine was show up for three hours most Tuesday mornings and read newspapers. He produced no memos, reports or other evidence of doing work, though, the report said.

Herbert J. Stern, a former federal prosecutor and judge, was appointed to investigate the state university in December after the school admitted overbilling Medicaid by more than $5 million. The probe quickly broadened: Another report he has issued suggested losses from fraud and abuse there could exceed $243 million.

Bryant, D-Camden, was the sole subject of the report by Stern released Monday. It quickly spawned criticism of Bryant from the governor's office and some Republican lawmakers. Federal prosecutors also said they would look into its allegations.

Bryant was scheduled to attend a groundbreaking for a college building in Bloomfield on Monday morning, but he did not show up. He did not return calls seeking comment.

The monitor's report said he also did not grant an interview to investigators.

One of the state's most influential elected officials, Bryant worked for the university's School of Osteopathic Medicine from March 2003 until February 2006. During that time, the school's allocation from the state skyrocketed.

According to the report, he helped deliver a total of $12.8 million over the three years - up from about $2.8 million per year before the school created a job for him.

In 2002, Bryant met with Stuart Cook, then the president of UMDNJ, according to the report. Cook told investigators that Bryant explained that the university would have to pay taxes in Camden if it opened a facility in the city - even though it is a nonprofit organization normally exempt from taxes. Then, Cook said, Bryant asked about a job at the medical school.

The report said Cook said he ended the conversation before Bryant would say exactly what he would do if he had such a job.

In 2003, the osteopathic school created a position for Bryant and did not advertise it publicly, the report found.

John Crosbie, an official at the school, told the investigators that Bryant was hired only for his "political juice."

Bryant was initially hired as a part-time employee ineligible for benefits or pension credits. But by the time the paperwork went through, he was getting benefits and pension credits.

The report suggested that Bryant also influenced UMDNJ to help his political cronies. He said, for instance, that spending $32,000 to sponsor a designated driver program at the Tweeter Center "had to be done." The program was run by Jodi Nash, the wife of Jeff Nash, who at the time was director of the Board of Chosen Freeholders in Camden County.

Ultimately, UMDNJ gave $20,000 to the program.

Stern, the federal monitor, said it's up to prosecutors to determine whether Bryant should face criminal charges. Michael Drewniak, a spokesman for U.S. Attorney Christopher J. Christie, said his office would study the report.

Meanwhile, Gov. Jon S. Corzine, also a Democrat, suggested Monday that Bryant consider stepping down as chairman of the powerful Senate Budget Committee while the investigation runs its course. But the governor said that decision should be made by legislators. Some Republican lawmakers used the report to argue for reforming state ethics rules.

Bryant and his family's personal finances and his political work have been closely tied before.

From 2002 until earlier this year, he worked at Rutgers University in Camden, where he gave lectures and mentored students. His final contract there was for $35,000. It was not renewed this year because of a budget crunch, said university spokesman Michael Sepanic.

Bryant was a key force in getting New Jersey to agree in 2002 to put $175 million to fix infrastructure and attract private investment to Camden, which was recently named America's poorest city.

The revitalization efforts focused on expanding the universities and health care providers in the city.

Within a year after the legislation was signed, Bryant had jobs at Rutgers and UMDNJ. Another recipient of money from the state was CAMcare, a nonprofit system of medical clinics run by Bryant's brother, Mark Bryant.

Bryant's wife and his son, who died earlier this year, both have held jobs for public entities, as have several other relatives.

Report Takes Bryant To Task (CHCP)

By Sarah Greenblatt, Courier-Post Staff

Cherry Hill Courier-Post, September 19, 2006

Gov. Jon S. Corzine hinted that state Sen. Wayne Bryant should step aside as head of a key budget panel following the release of a scathing report that said he pressured officials at the University of Medicine and Dentistry of New Jersey to hire him for a no-show job.

Bryant, D-Lawnside, the powerful chairman of the Senate Budget and Appropriations Committee, "was paid $35,000 per year by UMDNJ to lobby himself," according to a report released Monday by Herbert J. Stern, the federal monitor appointed to investigate the university's finances.

The report said UMDNJ administrators created a job description to fit Bryant's credentials and then provided full benefits, although he spent about three hours on campus each week.

While on campus, the report said, Bryant read newspapers but did not produce any reports or provide other tangible evidence of work.

"He didn't perform any duties," said John Ingelsino, an attorney in the office of the monitor who is overseeing UMDNJ as part of a deferred prosecution agreement.

During Bryant's tenure from 2003 to 2006, the fiscal picture brightened for UMDNJ's School of Osteopathic Medicine in Stratford, where state support climbed to a total of $12.8 million, up from a total of $8.4 million for the three years prior to Bryant's tenure.

Bryant declined to answer investigators' questions, according to the report, which was forwarded to U.S. Attorney Christopher Christie.

The senator did not return calls seeking comment on Monday.

Stern, a former federal prosecutor and judge, was appointed to investigate the state university in December after the school admitted overbilling Medicaid by more than $5 million. The inquiry quickly broadened: Another report he has issued suggested losses from fraud and abuse there could exceed $243 million.

Corzine stopped short of calling for Bryant's ouster but acknowledged that other elected officials under investigation have stepped aside.

"There are many precedents where people step aside while an investigation goes on," Corzine said, adding that the decision is up to legislators.

Senate President Richard J. Codey, D-West Orange, took a neutral stance.

"There's a process under way here and I think we owe it to everyone involved to let that process take its course before we make any judgments or decisions," Codey said in a prepared statement.

Senate Minority Leader Leonard Lance, R-Clinton Twp., Hunterdon County, said that whether Bryant continues as committee chairman is Codey's call.

"If I were Senate president, overseeing Republican committee chairs, I would expect them to uphold the highest ethical standards," Lance said, adding that he is "very disturbed" by the monitor's report.

Assemblyman Alex DeCroce, R-Parsippany-Troy Hills, issued a statement contending that the new report underscores the need for a special session of the state Legislature to address ethics reform.

The monitor's report said Bryant used his position at UMDNJ to help political allies.

The administrator who supervised Bryant told investigators he had no control of the senator's activities and said the politician's chief contact at UMDNJ was the former dean, R. Michael Gallagher. In April, Gallagher resigned after the monitor found he improperly billed UMDNJ $200,000 for extravagances and pressed subordinates to doctor financial records to help him qualify for a $15,000 bonus.

UMDNJ witnesses told investigators that Bryant, through Gallagher, pressured them to pay $20,000 to sponsor a designated driver program at the Tweeter Center, where Jodi Nash, the wife of then-Camden County Freeholder-Director Jeffrey Nash, worked on marketing.

Jeffrey Nash did not return a call Monday seeking comment.

The report said Gallagher, whose fortunes at the university stood to benefit from additional funding, instructed his staff to create a job for Bryant, who had already asked then-president of UMDNJ Dr. Stuart Cook to hire him.

Gallagher's attorney, Jeremy Frey, could not be reached for comment.

Cook told investigators he was uncomfortable with Bryant's request and abruptly ended a conversation on the topic with the senator. But members of Cook's staff said he ultimately relented, seeking political allies to fend off a proposal to merge the university with Rutgers.

According to the report, Cook directed his legal staff to determine if hiring Bryant would create a conflict of interest. The monitor said, however, that there is no documented analysis of potential conflicts by former UMDNJ general counsel Vivian Sanks-King, who resigned in December.

Ingelsino said the position Bryant eventually filled was never posted outside UMDNJ, which violated university policy.

Coincidentally, Ingelsino said, a visitor who happened to be qualified for the job and saw an announcement about it on a UMDNJ bulletin board applied for the post, complicating Bryant's appointment.

The university hired that applicant for a different job, Ingelsino said.

UMDNJ spokeswoman Anna Farneski said in a prepared statement that elected officials would not be able to manipulate the university's system today.

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"The kinds of actions described in the monitor's report would not be tolerated now, and will not be tolerated in the future," Farneski said.

The report, which relied on interviews with 35 UMDNJ sources, said many university employees had voiced concerns about Bryant's appointment before he was hired.

Reach Sarah Greenblatt at (856) 486-2457 or at sgreenb@courierpostonline.com

U.S. Says Politician A UMDNJ No-show (PHI)

By Jennifer Moroz And Troy Graham

The Philadelphia Inquirer, September 19, 2006

State Sen. Wayne Bryant was given a no-show job at the University of Medicine and Dentistry of New Jersey to mask what he was really hired to do - use his political influence to secure more state funding for the school - a federal monitor concluded yesterday.

In a report submitted to U.S. Attorney Christopher Christie, former federal Judge Herbert J. Stern said Bryant, chairman of the powerful Senate Budget and Appropriations Committee, ultimately was "paid $35,000 per year by UMDNJ to lobby himself."

The findings, which invited immediate criticism from some legislators, were enough to prompt Gov. Corzine to suggest the veteran Democratic lawmaker consider giving up his chairmanship duties.

Stern, who was appointed by Christie in December to review practices at the scandal-ridden university, said Bryant, 58, asked for a job and was rewarded, in March 2003, with a part-time "program support coordinator" position created especially for him at UMDNJ's School of Osteopathic Medicine in Stratford.

Stern said Bryant, who did not return messages left at his legislative and law offices yesterday, did not cooperate in the investigation. But based on more than 35 interviews with current and former UMDNJ officials and "supporting documentary evidence," Stern concluded that university officials, led by R. Michael Gallagher, then dean of the osteopathic school, skirted hiring procedures to bring the Camden County Democrat on board. And once he was hired, Stern wrote, Bryant "performed little to no work."

Stern said that the senator, who was getting paid about $38,000 a year when he left the job in February, generally spent three hours a week at his office at the school and that the only activity observed "by anyone was that he read the newspapers."

Bryant, the most prominent figure to be trapped in the federal monitor's net, was being compensated for his "political juice," Stern concluded.

In that regard, the report said, Bryant was successful. According to Stern, the osteopathic school was getting about $2.8 million a year from the state before Bryant was brought on board. In the three years Bryant worked for the school, it received a total of $12.8 million, Stern said.

The report also said Bryant used his ties at the school to help his political allies. According to Stern, the senator leaned on the school to sponsor a Tweeter Center program affiliated with the wife of Jeff Nash, then director of Camden County's freeholder board. In the end, UMDNJ gave $20,000 to the program.

Bryant's attorney, Carl Poplar, did not return messages yesterday.

The findings invited immediate criticism from Republicans.

Senate Minority Leader Leonard Lance (R., Hunterdon) said he was "very disturbed by the report," adding there should be a ban on legislators doubling up in public jobs.

Corzine, a fellow Democrat, suggested that Bryant consider stepping down as chairman of the Senate Budget and Appropriations Committee until the matter was cleared up. But the governor said that decision was up to legislative leaders.

Feds Visit Wellington In Masilotti Probe (PALMBEACHP)

By Dwayne Robinson, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 19, 2006

WELLINGTON — Federal investigators are interviewing village employees and have subpoenaed records in their ongoing probe of land deals involving beleaguered Palm Beach County Commission Chairman Tony Masilotti, village officials said.

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Wellington, the largest community in Masilotti's district, joins the county and Royal Palm Beach as part of the federal investigation of Masilotti's role in a series of complicated land deals.

The exact focus of the probe in Wellington was unclear Monday.

"I have been instructed that there is an ongoing federal investigation, and it's inappropriate for me to comment at this time," Village Manager Charlie Lynn said.

Masilotti said he knew nothing about the investigators' visit to Wellington.

"The investigation on me is basically over," Masilotti said. "It's just political nonsense. Nope, nope, I have no comment and I can guarantee it has nothing to do with me."

Village employees were hesitant to discuss the probe, and some were noticeably tense. By midday Monday, the news had spread to village satellite offices.

"There's some interviews going on, but I don't know who they're interviewing or what they're interviewing about," said Gary Clough, director of environmental and engineering services.

Other high-ranking village officials confirmed that investigators have been talking to employees since last week. More appointments are scheduled in the next few days.

The interviews appeared to be focused on the village's community services department, which oversees code enforcement, zoning, development and annexation.

FBI spokeswoman Judy Orihuela declined to comment, citing an ongoing investigation.

A federal grand jury began investigating Masilotti in May, after The Palm Beach Post reported that a Masilotti family trust made as much as $1.3 million in connection with the South Florida Water Management District's 2003 purchase of 3,000 acres in Martin County.

Later reports showed that Masilotti pushed for the district's land buy without revealing his family's financial stake. Records show that Masilotti ultimately profited from the transactions in his divorce settlement.

In 2003, Masilotti promoted a private land deal in Royal Palm Beach that was supposed to include a public park. The Diocese of Palm Beach sold the land after being told that Masilotti and the village were working on it. No park was built and Royal Palm Beach Mayor David Lodwick says he knew nothing about any plan for it.

Attorneys Wrap Up Third Gotti Trial (WP/AP)

By Larry Neumeister, The Associated Press

The Washington Post, September 19, 2006

NEW YORK -- A prosecutor presented a Top 20 list of reasons John "Junior" Gotti never quit the mob, and his defense lawyer played taped conversations to prove he did, as they wrapped up arguments in Gotti's third racketeering trial on Monday.

Whether Gotti quit the mob is considered critical because he can win an acquittal if the jury concludes he left the mob before summer 1999, That would mean the five-year statute of limitations had expired by the time prosecutors brought the current case.

If he is convicted of racketeering and ordering two assaults on the founder of the Guardian Angels, Gotti could face up to 30 years in prison. He is free on $7 million bail. Jury deliberations were to begin Tuesday.

Assistant U.S. Attorney Victor Hou created a Top 20 list including allegations the Gotti continued communicating with Gambino colleagues and living off the millions of dollars he made as the crime family's street boss for years.

Then Hou put a picture of a bloody Guardian Angels shirt on a large screen before the jury and again accused Gotti of ordering two 1992 attacks on radio talk show host Curtis Sliwa, who started the crimefighting group.

"Picture yourself in the cab having to fight just to save your life," he said of the attack, which occurred after Sliwa's on-air criticism of Gotti's father, John Gotti, who died in prison in 2002.

Hou urged jurors to "follow the money" to a conviction and then described how Gotti continued to benefit from finances earned through mob crimes.

"You don't retire from the Mafia," Hou said. "You have all their secrets."

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When Hou finished, defense lawyer Charles Carnesi got in the last word, saying his client left the mob and never looked back.

He said jurors could find evidence in tapes of Gotti's prison conversations in which he said he wanted nothing to do with mob life anymore.

"Is he in danger today?" Carnesi asked the jury, suggesting Gotti might face retaliation for announcing that he had quit the mob.

"I don't know," the lawyer said. "But I do know his commitment to his wife, his children and his family is stronger than any fear he has."

Earlier, Hou had referenced Gotti's two earlier trials, which ended in deadlocked juries.

"You may be asking yourself why we are doing this again," the prosecutor said. "Very simple: Nobody is above the law."

For Gotti Jury, A Test Of Time (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 19, 2006

In considering fate of 'Junior' in racketeering trial, panel will have to decide when he severed his once-revered ties to the mob

In the summer of 1990 at the now defunct Ravenite Social Club on Mulberry Street in Little Italy, the late Gambino crime boss John Gotti asked some friends to recommend his son John A. Gotti to be a captain in the mob.

It was a supreme act of nepotism and no one would argue with the elder Gotti.

Gotti's friends, underboss Frank LoCascio and Sammy Gravano, then formally introduced the younger, "Junior", Gotti to his father as a captain and both Gotti men locked in a close embrace, according to an FBI report cited on The Smoking Gun Web site.

But in recent days, the younger Gotti, 42, in an effort to fight racketeering charges that could send him to prison for a maximum of 20 years, has been trying to prove to a federal court jury in Manhattan that he had distanced himself from the mob and his father's criminal legacy.

Today, the jury will begin to decide Gotti's fate after prosecution and defense attorneys spent part of yesterday arguing in rebuttal summations over a central issue: Did the younger Gotti abandon his mob membership in 1999?

That date is crucial because it could put the indictment outside the statute of limitations. If the jurors find that he did leave mob life behind, Gotti will walk away a free man. If the decision favors the prosecution, then Gotti is assured of some time behind bars when he is sentenced.

The issue of Gotti's withdrawal from the mob also arose in his two previous federal trials last year and earlier this year on the same racketeering charges. Both resulted in mistrials. Since 2005, Gotti had been under house arrest on his Oyster Bay estate.

Before Judge Shira Scheindlin charged the jury yesterday, both lead defense attorney Charles Carnesi and assistant U.S. attorney Victor Hou gave rebuttal summations - the main summations took place on Friday - that focused on the evidence for or against the withdrawal defense.

Hou argued that prison tapes made while Gotti was in jail on an earlier federal case, as well as the testimony of cooperating witnesses, showed that Gotti continued to reap the benefits of the spoils of Gambino family rackets well into 2000 and beyond.

"There is no legitimate money," Hou argued to the jury, pointing to evidence that Gotti received allegedly illicit funds from extortion and construction rackets through businesses he had stakes in.

"You can retire from the mob, but you can't take the money with you," Hou said.

Carnesi also used extracts from prison tapes, including some of Gotti talking with his imprisoned father in 1999, to make the case that he had withdrawn. At one point, Carnesi used a chart to show that in 1997 most of the men allegedly in the younger Gotti's crew had been promoted away from him or were in jail. The attorney also played other prison tapes of Gotti railing against the mobster life and telling friends not to be part of it.

"I think my family suffered enough, I believe they suffered enough," said Gotti on one tape. "My mother suffered enough and my family."

GOING AFTER 'JUNIOR'

Previous trials

Prosecution case: Prosecutors alleged that John A. Gotti was a key member of Gambino crime family racketeering conspiracy.

Defense case: Gotti dropped out of membership and an active role in the mob by July 21, 1999.

Results: On eve of 2005 trial, government dropped murder conspiracy charges. In September 2005, jury acquitted Gotti on securities fraud and couldn't reach a verdict on remaining charges. A mistrial resulted. In March retrial, jury couldn't come to a unanimous agreement on Gotti's withdrawal from mob defense. A mistrial resulted.

Current trial

Prosecution case: The government added an obstruction of justice charge related to alleged attempt to get Michael "Mickey Scars" DiLeonardo, Gotti's former friend and mob crony, not to become a government witness in 2002 and 2003.

Defense case: The withdrawal from the mob defense is still key.

- Trial and court records, interviews, news accounts

You Know You're Wiseguy When... (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 19, 2006

From the home office in Howard Beach, the Top 10 signs John A. (Junior) Gotti never left the Mafia:

10. Velour sweatsuits still in the closet.

9. Stash of frozen horse heads in the garage.

8. Friends who go by nicknames like Johnny Boy, Tommy Sneakers and Jackie Nose. ...

For a while yesterday, it sounded like the taping of the "Late Show with David Letterman" had moved to Manhattan Federal Court as prosecutors listed their own - decidedly serious - Top 20 reasons for believing the mob scion had never left the family business.

Jurors are expected to begin deliberations today in a racketeering case that ended in mistrial the last two times out.

Among prosecutor Victor Hou's "Top 20 Reasons Gotti Never Withdrew," displayed on a large screen in court:

Gotti passed mob messages to pals while he was imprisoned after pleading guilty to separate racketeering charges in 1999.

Gotti was demoted to captain in 2001, causing him to rail at his uncles, whom he was convinced had gone behind his back to tell his father that he was "a greedy mobster."

Gotti continued to reap the profits of his life of crime by collecting rents on properties purchased with mob money.

"You can retire from the mob, but you can't take the money with you," Hou said. "There's simply been no withdrawal."

Both sides used closing arguments to jurors to focus attention on the centerpiece of Gotti's defense - that he bailed from the mob life he inherited from his father, Dapper Don John Gotti.

Junior Gotti must prove that he was out of the Mafia - by July 1999, five years before his 2004 indictment. Prosecutors must prove that at least one act in the wide-ranging conspiracy was committed after that date.

Gotti, 42, is accused of ordering thugs to attack radio host Curtis Sliwa in June 1992 after the Guardian Angels founder called his father "a drug dealer" and worse on the air.

Gotti's attorneys pointed jurors to his repeated disavowals of the mob, captured on audiotape intercepted by the feds in 2003 and 2004 while he was serving a six-year term at an upstate New York prison.

"Tell me my son is involved in the street, and I'll go hang myself," Gotti tells pal John Ruggiero. "I couldn't do another day in jail."

Later, he adds: "If we are stupid enough to raise our children around this, then we deserve to die in jail."

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Hou mocked a witness-stand claim by one of Gotti's friends, who said the ex-Gambino boss quizzed him about Mafia gossip while he was in prison, just as a football player might read the sports page to find out how his old teammates were doing.

"John Gotti Jr. is not a retired football player looking back fondly on his career," Hou said, "... because you don't retire from the Mafia."

FEDS' 20 REASONS TO CONVICT 'JUNIOR' (NYPOST)

By Kati Cornell

The New York Post, September 19, 2006

A federal jury will soon begin its deliberations in the trial of John "Junior" Gotti - after prosecutors yesterday borrowed from David Letterman and listed the "Top 20" reasons why the former Gambino leader never retired from the Mafia.

Assistant U.S. Attorney Victor Hou said the top reason was the money, arguing that Gotti has continued to live richly off ill-gotten gains he reaped as head of the Gambino crime family, hiding his wealth in real estate and shell companies.

"You can retire from the mob, but you can't take the money with you," Hou said in his closing argument yesterday.

The prosecutor quoted a prison conversation in which Gotti allegedly lambasted his uncles for demoting him and stealing cash.

"What's my father's money is my money. My money was my father's money. You understand me?" Gotti ranted to a pal visiting him in Ray Brook federal prison in 2003.

Also in the Top 20, prosecutors claim Gotti continued to pass messages to his criminal associates, received regular updates on Gambino affairs, tampered with a witness and collected $50,000 in loan-sharking proceeds.

Gotti is on trial for a third time for racketeering charges after two previous juries failed to reach a verdict.

3 Charged In Embezzlement Scheme (MH)

By Patrick Danner And Dan Christensen

The Miami Herald, September 19, 2006

A former top executive of giant Miami engineering firm PBS&J was charged Monday in a $36 million embezzlement scheme and in the contribution of $11,000 to the campaign of Florida U.S. Sen. Mel Martinez through ``strawmen."

The charges came out of a federal grand jury investigation into the embezzlement and whether PBS&J illegally reimbursed employees for thousands of dollars in political contributions to disguise their source. Ex-Chief Financial Officer W. Scott DeLoach and two former underlings also cited in the investigation, Maria Garcia and Rosario Licata, waived indictment Monday in federal court. Their lawyers said they will plead guilty, possibly by the end of the week.

The charges are a first step in an unfolding scandal at one of South Florida's biggest companies, with almost 4,000 employees. The case also carries national implications because PBS&J does business with and contributes to politicians across the country. Fort Lauderdale attorney Benson Weintraub, one of Garcia's lawyers, said he expects other company officials and possibly the company itself to be indicted as the investigation continues.

"This is just the tip of the iceberg," Weintraub said.

Mark Schnapp, a Miami lawyer for PBS&J, acknowledged that company money apparently was used in the 1990s to make illegal reimbursements but said they ``were not of any significant magnitude."

"Charges shouldn't be on the table, and as far as I know they aren't," Schnapp said.

Schnapp said DeLoach carried out the reimbursement scheme described by the government in court papers alone to put "himself into a highly visible position in the Mel Martinez campaign." He did not elaborate.

PBS&J has made more than $500,000 in political contributions since 2003. The alleged scheme to repay contributions emerged during a probe into the embezzlement led by the U.S. Attorney's Office and the FBI, which has gone on for a year.

In court documents, prosecutors allege DeLoach made six contributions totaling $11,000 to Martinez's 2004 Senate campaign through straw donors. The donors are identified only by their initials and apparently are cooperating with authorities.

It's unclear why DeLoach wasn't charged in connection with contributions he made to Martinez and other candidates under his own name. Assistant U.S. Attorney Joan Silverstein declined to comment.

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The case comes on top of another campaign flap that ensnared Martinez earlier this year, when he shed a $2,500 contribution from Ohio U.S. Rep. Bob Ney tied to disgraced lobbyist Jack Abramoff. Last week, Ney agreed to plead guilty to corruption charges.

Campaigns can sometimes be forced to disgorge illegal contributions. Martinez's office could not be reached late Monday evening.

Also under investigation is the embezzlement, which occurred between 1993 and 2005. The scheme, according to court documents: DeLoach, Garcia and Licata issued company checks to themselves and funneled money from the company's healthcare-benefit fund into secret bank accounts under their control. They concealed the theft by doctoring the books.

PBS&J has said the former employees overcharged various state transportation agencies, including Florida's, but there was no such mention in the court papers.

The trio used the proceeds to "fund lavish lifestyles," according to the documents. DeLoach bought Florida Keys property and luxury sports cars, Garcia acquired an interest in a local restaurant and Licata bought property in Florida and Nicaragua and engaged in ``high-dollar gambling activities."

The trio is cooperating with investigators, according to their lawyers. Said Jane Moscowitz, DeLoach's lawyer: "He gave the company everything he owned, easily worth over $16 million." That included his homesteaded property and proceeds from his 401(k) retirement account.

Garcia's attorney credited her with tipping off the authorities and returning about $2.5 million to $3 million. "Right down to the rings on her fingers," said lawyer Paul Petruzzi.

Licata's attorney, Jay Moskowitz, declined to offer any details of her cooperation.

"Rosario has done everything she can to make amends for this unfortunate chapter in an otherwise law-abiding life," he said.

Company attorney Schnapp said PBS&J is negotiating with state and federal agencies to decide how much to reimburse its government clients. Bond for each defendant was set at $100,000. The sentencing guidelines call for prison terms of between 78 and 97 months.

PBS&J is a major government contractor in South Florida, based in Miami since 1960. About 300 of its 3,900 employees are in South Florida. The employee-owned firm, with 75 offices and $530 million in 2005 revenue, plans to move its headquarters to Tampa next week.

Ex-Fruit Of Loom Exec Charged With Conspiracy, Money Laundering (FWST)

By Brett Barrouquere

The Fort Worth Star-Telegram, September 19, 2006

LOUISVILLE, Ky. - A former environmental manager for Fruit of the Loom was charged with hiring friends to do work that was never performed, then taking kickbacks for awarding the contracts, prosecutors said Monday.

A federal grand jury in Bowling Green charged Kalen W. Watkins, 44, of Bowling Green, with conspiracy to commit mail fraud, money laundering and obstruction of justice.

The owners of the companies hired - Laura Leigh Wells, 31, of Lexington; Kenneth Scott Harris, 44, of Euless, Texas; Curtis Hopkins, 43, of Corbin; Ronald R. Pollock, 48, of Bowling Green; and Tyrone N. Tackett, 35, of Pensacola, Fla. - were also charged in the indictment returned Wednesday.

They face the charges of conspiracy to commit mail fraud and money laundering.

In a lawsuit, Bowling Green-based Fruit of the Loom accused Watkins of paying more than $1.7 million to companies run by Wells and Harris for little work done.

Watkins served as environmental manager for Fruit of the Loom from February 1997 until September 2003. The company said in the lawsuit that Watkins was fired for misconduct related to conflicts of interest and violating company policies related to business ethics.

The indictment alleges that Watkins, who worked at the Bowling Green plant, doled out contracts to the five companies run by her associates from May 1, 1998, until Sept. 30, 2003, then approved fraudulent invoices submitted by those companies.

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In exchange for approving the invoices, the companies paid hundreds of thousands of dollars back to Watkins, the indictments say.

Watkins faces a charge of obstruction of justice for fabricating documents after a grand jury issued a subpoena in the case, prosecutors said. Hopkins also faces a charge of obstruction of justice. Prosecutors said he attempted to persuade a witness to provide inaccurate information to an FBI agent.

The lawsuit is pending in U.S. District Court in Bowling Green. It lists as defendants Watkins; his wife, Lori Watkins; Wells; her company, Environmental Technology Associates; Harris; and his company, Risk Management Group.

In filings in the lawsuit, Watkins and Harris deny any wrongdoing.

Lori Watkins is not charged in the indictment. Hopkins is listed as the owner of Cobra Coal Co., Pollock is listed as owner of Pollock & Associates and Tackett is listed as owner of Cyclone Inc.

Attempts to locate the defendants on Monday were unsuccessful. A Fruit of the Loom spokesman did not immediately return a message seeking comment.

Justice Dept. Defends Mandatory Web-labeling Bill (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 19, 2006

Bush administration dismisses free-speech impact of prison time for not labeling "sexually explicit" Web pages.

WASHINGTON--The U.S. Department of Justice has stepped up its defense of a proposal to imprison Web site operators who don't label pages containing sexually explicit material.

The idea, outlined in an April speech by Attorney General Alberto Gonzales, is approaching a vote in Congress. Even though there have been no hearings, the legislation has been attached to two separate measures--a massive communications bill and a bill to fund large portions of the federal government including the State Department--that are likely to be considered by the full Senate this fall.

The proposed restrictions are no different from requiring multipurpose stores like 7-Eleven to shield pornographic magazines with so-called blinder racks, Larry Rothenberg, an attorney in the Justice Department's Office of Legal Policy, said at a panel discussion here hosted by the Internet Caucus Advisory Committee on Friday.

"We have what we consider to be a rather modest (proposal) to protect consumers," Rothenberg said. "This is not censorship. It's not a major break with First Amendment principles."

His critics, however, remained unconvinced. "There's no way to avoid vagueness, no way to avoid overbreadth, and, more important, no way to avoid chilling free speech," said Leslie Harris, executive director of the Center for Democracy and Technology.

Under the proposal, all commercial Web site operators would have to place "identifiable marks or notices," to be determined by the Federal Trade Commission, in the code of each page that contains "sexually explicit material" as defined by existing U.S. criminal statute. The idea, supporters maintain, is to make it easier for Web-filtering programs to pick up objectionable sites.

Sen. Jon Kyl, an Arizona Republican, was the first politician to latch onto the Justice Department's plan, introducing a bill in June that mirrored its demands but upped the possible prison sentence to a 15-year maximum.

That bill hasn't gone anywhere on its own, but its major components have since appeared in two seemingly unlikely places: as amendments to the massive communications bill approved earlier this summer by the Senate Commerce Committee and to a 2007 spending bill that will fund the Commerce Department, the Justice Department and some science-related agencies. Both amendments reduced the possible prison sentence to two and five years respectively.

Although the future of the Senate's communications bill remains up in the air, thanks to an ongoing tussle over the concept of Net neutrality, the spending bill's approval is a virtual inevitability.

The question that remains is whether the Web-labeling proposal will be altered or rewritten, as it's hardly unusual for amendments to be altered at the last moment. The issue may not be resolved for several weeks. An aide to Senate Majority Leader Bill Frist, who spoke on condition of anonymity, said it's unlikely the spending bill will be voted on until after the November

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elections. (This is not the first time a measure designed to target sexually explicit speech on the Internet would be attached to a spending bill: It's happened at least once before.)

Civil liberties advocates blast the approach as overly sweeping. That's in part because courts in the past have ruled that the same definition of "sexually explicit" referenced in the legislative proposal could be applied to fully clothed genital areas, making perhaps unintended sites fair game. The proposals do offer one minor carve-out: Content that constitutes only a "small and insignificant part" of a large Web site does not need to be labeled.

"When you have a label that applies to hard-core porn, Victoria's Secret, an episode of 'The Sopranos' from HBO, and an outsider artist that has a Web site, and all of them put the same label on, you don't have a label that empower parents," the CDT's Harris said. "You just have a label that will disappear vast swaths of the Internet from peoples' viewing."

An absence of hearings on the Justice Department's proposal and the hasty amendments indicate that Congress is trying to sneak through a bad proposal without proper vetting, opponents argued. The best way to protect consumers and children from Web content they don't wish to see, they said, is for the government to encourage education, innovation on the filter and parental-control front, and collaboration with the Internet industry.

It may be a good idea for Congress to hear additional testimony on the matter, but that wouldn't diminish the need for such a law, the Justice Department's Rothenberg said, adding: "At the moment we happen to think we're well-intentioned and rightly guided, and that's why we're moving forward."

CNET News.com's Declan McCullagh contributed to this report.

Seeing Is Believing (WT)

By Kathleen Maloney-dunn

The Washington Times, September 19, 2006

When my son offered to help his 13-year-old friend shovel driveways in our neighborhood last winter, I felt a surge of maternal pride in his 10-year-old enthusiasm for volunteerism. His spontaneous act of service reminded me of what my parents and grandparents called "the good ol' days." Little did I know that this wholesome outing would cost my son's innocence. While they worked to clear one neighbor's driveway, my son's teen-age friend asked, "Hey, have you looked up porn on the Internet yet?" My son asked, "What's porn?" His friend replied, "You don't know? Look it up on the computer." I found out about this neighborly exchange only after my son followed his friend's suggestion. My son "Googled" the mysterious four-letter word when he got home and a voluminous list of sites to explore popped up on his computer screen. One touch of the mouse prompted another. Days later, a suspiciously quick click to close a "window" as his father entered the computer room triggered our son's confession of what he had been doing and why. He had ventured into a growing wasteland of smut and slime. Mini-porn has become a mega-business. Revenues from mobile porn sales globally reached $1 billion last year. The Mobile Adult Content Congress met in Miami this year for its first-ever trade show. The event was such a success and interest in mobile porn services so profitable that another Congress will convene in Reno next month. Porn on the go is the reality in America, available to anyone, including -- and no doubt particularly -- children. I learned, painfully, just how and why this industry is so successful. After my son told me what he had done, I asked him: "Why did you keep searching after you saw what was on the first site?" I expected him to say he was just curious, but instead he answered, "Because, Mom, it's addictive." I was stunned. How insightful. And how painfully true -- for millions of Internet porn users around the world. I scrutinized my son's face. I had never seen such sadness, shame and disgust on my son's smooth young face before and it shocked me to see unfamiliar emotions contorting his features. "Mom," he said quietly, "I saw things I wish I had never seen." He suddenly resembled a veteran of war. I struggled to comfort him, to help him make sense of the twisted images he had absorbed. After he went to sleep, I reviewed the sites he had visited. The graphic digital displays I encountered disturbed and traumatized me, even though I am an adult with sexual experiences spanning almost three decades. How could my 10-year-old son, who has never thrilled to his first kiss, digest these degrading, unnatural images? I felt as if someone had ripped my newborn away from me and fed him garbage before he had tasted the natural sweetness of milk or whole foods. How would his taste buds recover? After this unwelcome exposure, could our son hang onto what we have taught him about sex? Could he recapture the view of girls and women as whole persons to appreciate, to treasure, rather than as piecemeal objects merely to use and demean? My husband and I berated ourselves for not having installed filtering software on

our computer. We foolishly thought we had a couple of more years before having to worry about our young son doing an on-line porn search. I tried to get the coarse images I saw that night out of mind. I wish I could persuade the purveyors of porn of how insidious it is to expose unwitting Internet users, especially children, to their freely accessible trash. I want to impress on them how wrong, how immoral it is, to profit from the most common typos, female name searches and innocuous entries that lead computer users inadvertently to "adult entertainment" sites which are illegal for minors to visit. But of course they know all that, and relish the vulnerability of our children. Most of all, I hope my son has somehow erased from his memory, visual and emotional, the ugly scenes that stole his sexual innocence from him. Now we supervise his computer use much more closely. Help may be on the way. Several Internet providers, including Comcast, Cox and Verizon, are introducing features enabling parents to receive daily e-mail notifications of the Web sites their children visit. AOL will enable parents to see a daily log of screen names and e-mail addresses their children communicate with. But we're bracing ourselves for the new wave of porn photos and videos being made available on pocketsize, portable, wireless devices. We're determined to be ahead of the curve this time. But a computer desktop is much easier for parents to monitor than downloads or pop-ups to mobile phones, handheld computers, or portable game and digital music players. Soon there will be no limit to what our children can be exposed to when they, a friend, or a stranger press the "on" button of any cell or electronic device in any location. The purveyors of digital porn are mobilizing. Shouldn't we?

Former LA School Teacher Pleads Guilty To Child Porn Charge (MERCN)

The San Jose Mercury News, September 19, 2006

LOS ANGELES - A former elementary school teacher faces up to 10 years in federal prison after he pleaded guilty to possessing child pornography, authorities announced Monday.

David Stein, 46, of Hollywood pleaded guilty last week to a single-count indictment charging him with possession of child pornography, officials said.

As part of a plea deal, prosecutors recommended that he serve 21 to 27 months in prison and register as a sex offender, said Thom Mrozek, a spokesman for the U.S. Attorney's office.

However, the charge is punishable by up to 10 years in prison. A judge will make the decision at Stein's sentencing scheduled for January 8.

Authorities began investigating in August 2003 when Croatian officials provided the FBI with information about a U.S. citizen transmitting child pornography on the Internet, said J. Stephen Tidwell, the bureau's assistant director in charge in Los Angeles.

Further investigation led to Stein, a teacher at the Pacific Boulevard School in Huntington Park. Agents searched his home and found a computer and several compact discs containing sexually explicit images of minors, the FBI said.

Stein was transferred to an administrative office after Los Angeles Unified School District officials learned of the federal probe. He worked there until his arrest in May 2005, the FBI said.

Man Arrested In Henderson For Child Pornography, Enticement (AP)

AP, September 19, 2006

LAS VEGAS Las Vegas police say they have arrested a man in Henderson on child pornography charges after a two-month investigation.Police arrested Stanley Jenchowski Saturday morning after he corresponded over the Internet with a Navy investigator who purported to be a boy.Jenchowski allegedly sent child porn to the undercover officer.The local F-B-I was contacted and conducted a follow-up investigation.Authorities issued a search warrant and searched Jenchowski's residence, where they found thousands of images of child pornography on his computer.The man is charged with transporting, receiving and possessing child pornography as well as coercion and enticement.

Armed Man Runs Vehicle Into Barrier, Rushes Capitol (USAT/AP)

By Jim Abrams

USA Today/AP, September 19, 2006

WASHINGTON — An armed man ran through the U.S. Capitol after crashing his vehicle on the Capitol grounds Monday in the worst breach of security since a gunman killed two police officers in 1998.

Acting Capitol Police Chief Christopher McGaffin identified the intruder as Carlos Greene, 20, of Silver Spring, Md. He said Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession.

Greene appeared to be under the influence of a controlled substance and "exhibited signs of seizure," McGaffin said.

He was taken to Greater Southeast Community Hospital.

Police planned to charge Greene with federal felony possession of a handgun and assault of a police officer, McGaffin said.

"This was unacceptable by my expectations for Capitol Police," McGaffin said. "It was an unfortunate breach of our security."

The incident happened shortly before 8 a.m. The House of Representatives was not in session, and the Senate didn't convene until the afternoon.

McGaffin said Greene, driving an SUV stolen earlier in the day, slammed into a police vehicle blocking an entrance to a major construction site on the Capitol's east side, across from the Supreme Court.

Greene drove onto the site, McGaffin said, then bolted up the Capitol steps, entering the building through a third-floor construction door. He made his way to the basement on the opposite side of the building before being subdued by police outside an office for distribution of flags that lawmakers present to constituents.

McGaffin said there was no information that Greene was brandishing his weapon and said police chasing him chose not to use deadly force. He praised Capitol Police for their actions in capturing the intruder but said there would be a review of security measures and protocols.

Greene entered at "an access point that must be available to construction vehicles," he said, and "there is a risk. That's why we have concentric rings of security."

The Capitol was locked down for about an hour before reopening for staff and tourists.

"I would say this Capitol is a safe building," McGaffin said. "It was safe this morning, and it is safe tonight."

Angry Gunman Finally Tackled In U.S. Capitol (WT/AP)

By Jim Abrams

The Washington Times/AP, September 19, 2006

An armed man ran through the U.S. Capitol after crashing a sport utility vehicle on the Capitol grounds yesterday in the worst breach of security since a gunman killed two police officers in 1998.

Acting Capitol Police Chief Christopher M. McGaffin identified the intruder as Carlos Greene, 20, of Silver Spring. He said Mr. Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession.

Mr. Greene appeared to be under the influence of a controlled substance and "exhibited signs of seizure," Chief McGaffin said. He was taken to Greater Southeast Community Hospital.

Police planned to charge Mr. Greene with federal felony possession of a handgun and assault of a police officer, Chief McGaffin said.

"This was unacceptable by my expectations for Capitol Police," Chief McGaffin said. "It was an unfortunate breach of our security."

He said Mr. Greene, driving a silver SUV stolen earlier, slammed into a police vehicle blocking an entrance to a major construction site on the Capitol's east side, across from the Supreme Court.

Mr. Greene drove into the site, stopping at a skylight for the new Capitol Visitor Center, which is scheduled to open next year, Chief McGaffin said, adding that Mr. Greene then bolted up the Capitol steps, entering the building through a third-floor construction door. He then made his way to the basement on the opposite side of the building before being subdued by police outside an office for distribution of flags that lawmakers present to constituents.

Chief McGaffin said there was no information that Mr. Greene was brandishing his weapon and said police chasing him chose not to use deadly force. "That should have been a last resort," the chief said.

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He praised Capitol Police for their actions in capturing the intruder, but said there would be a review of security measures and protocols.

Mr. Greene entered at "an access point that must be available to construction vehicles," he said, and "there is a risk. That's why we have concentric rings of security."

The incident occurred shortly before 8 a.m., and the Capitol was locked down for about an hour before reopening for staff and tourists.

Pfc. W. Scott Humphrey of the Capitol Police went on duty yesterday at 7 a.m. at the north entrance of the Capitol. Although Officer Humphrey did not see Mr. Greene, he said he had heard the crash and estimated that Mr. Greene had run about 50 yards, from the crash site into the Capitol.

"He was fast, very fast," Officer Humphrey said.

The House was not in session yesterday, and the Senate didn't convene until yesterday afternoon.

The visitors center is being built in part to provide an extra layer of security before people enter the Capitol following the 1998 shooting deaths of two Capitol police officers.

In that case, a man with a history of mental illness ran through a first-floor door of the Capitol, fatally shot one officer at the door and another inside the adjacent office of then-House Majority Leader Tom DeLay, Texas Republican.

Security around the Capitol increased significantly after that shooting, and again after the September 11 attacks.

Chief McGaffin defended a delay of more than nine hours before police released any official details of the intrusion.

"This is a very unusual event for us, fortunately. I wanted to make sure that we had addressed all of the security needs of the complex before I took time to come forward and share any information with you," he told reporters.

"I would say this Capitol is a safe building. It was safe this morning, and it is safe tonight," he said.

•Staff writer Arlo Wagner contributed to this report.

Armed Man Crashes Through Barricade, Arrested At Capitol (HILL)

By Jackie Kucinich

The Hill, September 19, 2006

Capitol Police apprehend armed man at Capitol as lawmakers raise concern over security protocol.

The Capitol Police apprehended an armed man carrying crack cocaine yesterday inside the U.S. Capitol after he crashed his car through a Capitol Visitor Center (CVC) barricade into a fountain and sprinted into the building, according to the acting chief of police.

At a briefing over nine hours after the incident, Acting Chief Christopher McGaffin said the 20-year old suspect from Silver Spring, Md., Carlos Greene, drove through a construction barrier at First Street and Maryland Avenue at approximately 7:45 yesterday morning.

The vehicle, a light colored Chevrolet SUV which was reported stolen in Montgomery County, was stopped by the seat wall surrounding an 8-foot-wide, 18-inch deep pool of water that surround one of the two Great Hall skylights of the CVC complex.

Greene ran up the Capitol steps and entered the building on the third floor and was subsequently caught by Capitol Police on the first floor.

In addition to a loaded small pistol, Greene was in possession of crack cocaine.

“We believe this individual was under the influence of a controlled substance,” McGaffin told reporters.

Shortly after he was apprehended, he suffered a seizure and was transported to Greater Southeast Community Hospital where he has remained under police supervision.

McGaffin said while the breach was unacceptable, officers followed protocol. He praised officers on the interior of the Capitol for their quick reaction to the unauthorized individual.

Asked why Greene was not shot before entering the building, McGaffin replied that lethal force is the last resort and that officers used “perfect judgment.”

He said that Greene would be charged with a number of offenses, including assaulting a police officer.

McGaffin said Greene has a criminal record, but declined to elaborate.

The Capitol was locked down for approximately one hour following the incident.

A CVC spokesman referred all inquiries to Capitol Police, as did the Architect of the Capitol.

For many on Capitol Hill, this incident brought back memories of July 24, 1998 when Russell Eugene Weston Jr. shot and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson outside of then House Majority Leader Tom DeLay's (R-Texas) office.

That incident caused the police to revamp and add security procedures inside the building.

A spokeswoman for the House Administration Committee said staff intends to work with the police to examine yesterday's events so a similar incident could be avoided in the future.

"The committee has been briefed on this incident by the Capitol Hill Police," said House Administration Committee spokeswoman Salley Collins.

A spokeswoman for the Senate Rules Committee said the committee staff director had received preliminary information from the police and had no intention of holding hearings to examine the incident.

Sen. Wayne Allard (R-Colo.) who oversees the U.S. Capitol Police in his role as the chairman of the Senate Appropriations subcommittee on the Legislative Branch, said, "Capitol Police Acting Chief Christopher M. McGaffin said that [yesterday's] security breach was not a funding or resources issue, but a hole in the security plan. The Capitol Police are completing an after action report to study this gap in security and other possible security issues."

He added, "It's unacceptable that there was a security breach and I expect Capitol Police to work to ensure that this kind of security breach does not happen again."

In May, reports of gunfire locked down the Rayburn House Office Building for hours; however, the sound turned out to be construction equipment.

Spokeswomen for the House and Senate sergeant at arms did not return calls for comment.

Armed Man Bursts Into Capitol, Leads Police On Four-Floor Chase (WP)

By Allison Klein And Mary Beth Sheridan

The Washington Post, September 19, 2006

A man drove past security and onto the grounds of the U.S. Capitol yesterday morning and then ran deep inside the building, leading police on a wild chase covering all four main floors before he was cornered in the basement.

More than 25 officers pursued the man, and some managed to wrestle him to the floor outside a room where flags are stored. It was only after they searched him that they found a loaded gun in his waistband. No shots were fired, and no one was injured.

The man, identified as Carlos Greene, 20, also was carrying crack cocaine and cash, authorities said. He suffered a seizure after his arrest and was hospitalized last night.

Police said they had been unable to interview Greene and had not determined why he went to the Capitol in a borrowed sport-utility vehicle.

The episode raised questions about security, and authorities have promised a thorough investigation. Besides getting onto the grounds by crashing through a construction site just behind the Capitol, Greene apparently had little trouble getting inside the building through a restricted entrance on the third floor.

The incident was remarkable in light of the security buildup that followed the slayings of two Capitol Police officers in 1998 and the roughly $2 billion Congress has budgeted for its security since the Sept. 11, 2001, terrorist attacks. It also uncovered weaknesses in a Capitol police force that has grown to 2,300 officers -- bigger than the police departments of some cities.

"It's not a good set of circumstances when a person with a gun can enter the Capitol," said former Capitol Police chief Terrance W. Gainer, who left the department in the spring. "Something didn't happen right."

The incident began about 7:45 a.m. and ended minutes later. Authorities locked down the Capitol until 9 a.m. while they sorted out what had happened, and the security gaps were quickly apparent. It was not until 5:30 p.m. that Acting Capitol Police Chief Christopher M. McGaffin came forward to give the first official account; throughout the day, his spokeswoman declined repeatedly to talk to reporters.

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McGaffin pledged to review security and make all needed improvements.

"This was unacceptable by my expectations for the Capitol Police," he said. "It was an unfortunate breach of our security, but it wasn't a total breach. . . . We isolated this individual. We subdued him. No one was hurt."

Greene, of Silver Spring, had drugs in his system, McGaffin said. Greene, who will be charged with possession of a handgun and related offenses, including assaulting a police officer, McGaffin said, could be in U.S. District Court by today.

Court records show that Greene has had brushes with the law in Maryland and the District in the past three years. He was convicted of disorderly conduct in Montgomery County and of fleeing a law enforcement officer in the District. He is awaiting trial in the District after a June arrest on gun and traffic charges. He was to appear today before a judge in Montgomery for allegedly violating terms of his probation.

Greene was locked up for a short stretch this summer but apparently has been free since late July. Attempts to reach his family members for comment, at home and by telephone, were unsuccessful.

Police said Greene drove the Chevy Trailblazer down First Street NE, near the Supreme Court and the east side of the Capitol.

Accounts varied on how the SUV came to be there. At one time, police said it had been stolen. Later, authorities said they were told it had been rented by a Montgomery man who had then given the keys to a relative.

Montgomery police gave this account: About 8:30 a.m. they received a report that the vehicle, with the key in the ignition, had vanished from near an apartment complex in the 11700 block of Old Columbia Pike in Silver Spring.

After the Capitol incident, Capitol Police talked to the man who made the report. The man, according to Montgomery police, then said that the SUV was not stolen but that it had not been returned as expected. Capitol Police said they could not confirm the account.

At the Capitol, the Trailblazer hit or nicked a Capitol Police vehicle and cruised through an open gate to a construction site on Capitol grounds, where workers were erecting the Capitol Visitor Center, police said. The center -- a project budgeted at more than $550 million -- is set to open next summer and has been under construction for several years.

The Capitol Police vehicle was supposed to be blocking the gate, McGaffin said. But Greene got past it and crashed the SUV into a concrete barrier that was protecting a skylight at the visitor center. He then bailed out of the truck, ran about 150 feet and darted up the east stairs to the rotunda and into the building.

Greene first tried to enter the Capitol on the second floor but was unsuccessful, police said. He got in through a construction entrance on the third floor, McGaffin said.

That door was open because construction workers were working inside the entrance, law enforcement sources said. That entrance did not have a metal detector and was not open to the public. McGaffin said he had no information about whether the entrance was guarded.

Once inside, Greene raced past the second floor, which houses offices of Senate Majority Leader Bill Frist (R-Tenn.) and of House Speaker J. Dennis Hastert (R-Ill.). Next he went downstairs to the area known as the Crypt, according to a law enforcement source who spoke on condition of anonymity because the investigation is ongoing. Greene fled down another set of stairs and into the basement, where he was caught, authorities said.

Because of the early morning hour, the building was not crowded with staffers and visitors.

Del. Eleanor Holmes Norton (D-D.C.) said the incident represented the most serious security breach at the Capitol since July 1998, when a former mental patient stormed past a screening device and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson.

Norton said police acted heroically yesterday, but would have to scrutinize security, especially at the entrances. "He did penetrate the Capitol," she said.

McGaffin said police use rings of security, including technology, alarms, officers and barriers. He added that authorities are going over surveillance tapes, protocol and procedures and will make improvements.

"This is not the fault of a police officer," McGaffin said. "We're taking a look at our systems."

The Capitol is a "safe building . . . safe this morning, and . . . safe tonight," he said yesterday.

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Staff writers Charles Babington, Henri E. Cauvin, Spencer S. Hsu, Allan Lengel, Ernesto LondoÃ±o, Robert Samuels and Martin Weil and staff researcher Meg Smith contributed to this report.

Man With Gun Leads Police On Chase Through The Capitol (NYT)

By John Files

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — A man crashed his vehicle into a security barricade near the Capitol on Monday morning and ran into the building with a loaded handgun before being arrested, the authorities said.

The man, Carlos Greene, led police officers on a chase through the building, past the offices of the Congressional leadership, and into the basement where the police captured him. The acting chief of the Capitol Police, Christopher M. McGaffin, said the police found that Mr. Greene was carrying a loaded gun and what appeared to be crack cocaine.

"This was unacceptable by my expectation for the Capitol Police," Mr. McGaffin said at a news conference. "It was an unfortunate breach of our security."

Mr. McGaffin said he had ordered a review of his department's security measures.

Mr. Greene, 20, of Silver Spring, Md., had a seizure after he was apprehended him, the police said, and was taken to a Washington hospital for treatment. He was charged with felony possession of a firearm, and other charges were pending the result of further investigation.

Shortly before 8 a.m., Mr. Greene drove a sport utility vehicle through a barricade at the construction site for the Capitol Visitors Center, the future entry and screening point for visitors. The site is on the east side of the Capitol, across from the Supreme Court.

The Capitol was closed briefly, and staff members of lawmakers were instructed to remain in their offices while the authorities investigated. Neither the House nor the Senate were in session at the time.

Eleanor Holmes Norton, the District of Columbia's delegate in the House, called the episode "the most serious breach of the Capitol since we lost two Capitol police a few years ago."

Ms. Norton pointed out that Mr. Greene entered the building through a construction site, rather than through one of the visitor entrances. She urged the Capitol Police to ensure that such sites would be made more secure.

In the summer of 1998, two Capitol Police officers were shot to death when a man darted beyond a weapons detector just inside the building and opened fire.

Entrances to the Capitol are well-guarded, and visitors must pass through metal detectors to come into the building.

The latest episode was unsettling, in part, because the Capitol Police waited much of Monday before addressing it publicly.

"People are wondering how it happened," a senior House leadership aide said. "Nobody has all the facts."

While security around the Capitol increased significantly after the 1998 shooting, and again after the terrorist attacks of September 2001, there have been several security alerts involving the office buildings for members of Congress and their employees.

Killer Of Police Officer Asks U.S. Supreme Court To Stay His Execution Again (LAW/AP)

By Ron Word, The Associated Press

AP, September 19, 2006

A condemned cop killer who received a stay of execution from the U.S. Supreme Court because of his challenge of lethal injections appealed to the Court for a second stay of execution on Monday.

A three-judge panel of the 11th U.S. Circuit Court of Appeals turned down Clarence Hill's appeal Friday night, leaving him with only limited court options to escape Wednesday's scheduled execution for the 1982 murder of a police officer in a savings and loan robbery.

Defense attorney D. Todd Doss said he had filed a petition and an application for a stay with the Supreme Court, which in January stopped his execution minutes before he was to die. Hill claims the chemicals used in lethal injections are too painful and constitute cruel and unusual punishment.

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Doss contends the state, by setting an execution date, is "manipulating the process" and denying Hill the right to challenge the chemicals used. He declined to comment on his next move if the appeal to the High Court is unsuccessful.

"This was done to preclude judicial resolution and violated Mr. Hill's right to due process," Doss' motion to the U.S. Supreme Court states.

Doss also said that inmates facing death in different parts of the country are treated differently.

"Condemned inmates in similar positions to Mr. Hill have been allowed to pursue litigation in order to have the merits of their claim reviewed. In other circuits, however, inmates with the exact same constitutional challenge have been executed without consideration of their claims," Doss said.

Carolyn Snurkowski, a death appeals attorney for the state Attorney General's Office, said she would file court papers attempting to block Hill's appeals.

Hill, 48, was strapped to a gurney and had intravenous tubes attached to his arms in January when the Supreme Court stopped the execution. In an 9-0 ruling in June, the high court ruled that Hill could lodge a civil rights challenge to the chemicals Florida uses in its lethal injection.

Hill has argued that the three chemicals -- sodium pentothal, pancuronium bromide and potassium chloride -- can cause excruciating pain. The first drug is a painkiller. The second one paralyzes the inmate and the third causes a fatal heart attack.

However, neither the federal court in Tallahassee nor the Atlanta appeals court have agreed to consider Hill's challenges to the chemicals.

Both courts have said Hill should have made those arguments years ago. Doss said he could not challenge the chemicals until Florida Gov. Jeb Bush signed a death warrant.

Hill was convicted of first-degree murder for killing Pensacola police Officer Stephen Taylor and was sentenced to death in May 1983. The Florida Supreme Court ordered a new sentencing hearing in October 1985. In April 1986, Hill was again sentenced to death.

States Await Ruling On Use Of Lethal Injection (NYT)

By Abby Goodnough

The New York Times, September 19, 2006

MIAMI, Sept. 18 — Clarence E. Hill was strapped to a gurney last winter, a few moments from death, when the United States Supreme Court halted his execution.

Mr. Hill had claimed that Florida's lethal injection method caused so much pain that it violated the Constitution's ban on cruel and unusual punishment. The Supreme Court said in June that the federal district court in Tallahassee had to consider the argument on procedural grounds. That cleared the way for death row inmates around the country to file lawsuits that would otherwise have been prohibited by tight restrictions on petitions for habeas corpus.

But last month, before the district court could review the case, Gov. Jeb Bush rescheduled Mr. Hill's death for Sept. 20. Then, to the surprise of death penalty opponents who thought the district court would take testimony on the state's lethal injection method, the court swiftly rejected the case again. In Atlanta, the United States Court of Appeals for the 11th Circuit upheld the decision last week.

Now, with Mr. Hill scheduled to die Wednesday, he has again appealed to the Supreme Court. And lawyers on both sides of the debate are waiting to see how his case may affect the way lethal drugs are administered in 37 states.

Courts in California and Missouri have allowed extensive hearings this year on the lethal injection process, delaying executions until they can study the question of just how painful the current methods are.

Oklahoma recently changed its protocol so that the condemned receive more anesthesia before they are killed, and a federal judge in North Carolina ordered that a brain monitor be used to make sure an inmate was unconscious when the final drug was given. South Dakota delayed its first execution in 59 years last month after Gov. Michael Rounds said lawmakers needed time to review lethal injection protocols.

Other states, including Texas and Virginia, have continued to execute inmates since the Supreme Court's ruling on the Hill case without holding evidentiary hearings on the specific procedures and combinations of chemicals used.

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"Nationally there is an inconsistency in the review of lethal injection challenges," said Richard C. Dieter, executive director of the Death Penalty Information Center, a research group that opposes capital punishment. "If the Florida case was that serious for the Supreme Court, I would think at a minimum in Florida they would hold an evidentiary hearing to hear from both sides about whether there are particular problems."

The case of Mr. Hill, who killed a police officer in a 1982 robbery in Pensacola, is peaking days after the American Bar Association called for substantial changes in Florida's death penalty laws. In March, the Florida Supreme Court urged the Legislature to require jury decisions to be unanimous in capital cases. Florida is one of the few states without such a rule.

Florida switched to lethal injection in 2000 after flames shot from an inmate's head during his execution by electric chair.

When he reinstated Mr. Hill's death warrant last month, Governor Bush said in a letter to prison officials that the stay from the Supreme Court had expired. But Mr. Hill's lawyer, D. Todd Doss, said Mr. Bush, a Republican who supports the death penalty, could instead have filed a motion to accelerate the rehearing of the case.

On Monday, Mr. Bush said the delays in Mr. Hill's case had made "a mockery" of the judicial system.

"The challenges have been exhausted," he told reporters in Tallahassee. "Unless there's other challenges, I have a duty to sign death warrants, and the system has a duty to carry out the sentence."

Like most other death-penalty states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill, 48, has based his case on a 2005 study published in the British medical journal The Lancet that concluded that the anesthetic could wear off before an inmate died.

The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the manner in which they are administered.

In rejecting Mr. Hill's civil rights claim a second time, a three-judge panel of the 11th Circuit court in Atlanta said he had waited too long to file it — he did so four days before he was to be executed in January — and was merely trying to stall.

Mr. Hill's complaint charged that Florida had adopted its lethal injection procedure without medical research or expertise; that "unqualified" prison officials carried it out; and that the drugs used would "create a dangerous likelihood that Mr. Hill will be conscious throughout the execution process and, as a result, will experience an excruciatingly painful and protracted death."

Mr. Doss, his lawyer, said he had hoped for a hearing in which witnesses could testify to whether Florida's method of lethal injection caused undue pain. But Carolyn M. Snurkowski, assistant deputy attorney general for Florida, said the Supreme Court had made no such guarantee.

"No one has thus far suggested that he is entitled to any kind of hearing," Ms. Snurkowski said. "The Supreme Court said the equities lie with the state, and if he's too late in filing this, he might not have a vehicle by which he can get relief."

In California, a federal judge is to review the state's lethal injection method in a hearing scheduled to start next week and is to decide whether it presents an unacceptable risk of inflicting extreme pain in violation of the Eighth Amendment. And in Missouri, a federal judge ruled last week that a new protocol for lethal injection still fell short of providing constitutional protections, preventing executions there.

"Whether we win or lose," Mr. Doss said, "it's not going to go away. Each and every person coming up behind us is going to raise this issue."

Stay of Execution in Tennessee

NASHVILLE, Sept. 18 (AP) — A federal appeals court issued a stay of execution on Monday for a convicted killer who was to die early Tuesday in Tennessee's first electric chair execution in 46 years.

The killer, Daryl K. Holton, confessed to the 1997 assault rifle killings of his three young sons and their half-sister. In granting the stay, the court said it wanted to review the district court's ruling that Mr. Holton's lawyers had failed to prove he was not competent to abandon a federal appeal of his sentence.

Court Issues Stay In Tenn. Execution (FINDLAW/AP)

By Lucas L. Johnson Ii, Associated Press Writer

AP, September 19, 2006

DOJ_NMG_0065292

(AP) - NASHVILLE, Tenn.-A federal appeals court issued a stay of execution Monday for a convicted killer who had stopped appealing his death sentence and was set to be die in the electric chair.

Daryl Keith Holton, who confessed to the assault rifle slayings of his three young sons and their half-sister, had been set to die Tuesday in Tennessee's first electric chair execution in 46 years.

He had resumed appealing his death sentence.

Kelly Gleason, a post-conviction defender working with Holton, confirmed the stay issued by the 6th U.S. Circuit Court of Appeals and also acknowledged she typed and sent a handwritten petition from Holton to the U.S. Supreme Court requesting that his execution be stopped.

"We discussed it and I filed it over the weekend," Gleason said.

Holton, 44, who turned himself in within hours of the 1997 slayings, chose earlier this year to stop appealing his death sentence.

He also chose to be put to death in the electric chair rather than by state's preferred method of lethal injection. Tennessee allows death row inmates to choose between the two execution methods if their crimes were committed before 1999.

Three Cleveland Charter School Operators Indicted (WKYC)

By Kim Wheeler

WKYC-TV Cleveland, Ohio, September 18, 2006

Three former Cleveland charter school operators are facing charges for allegedly defrauding the Ohio Department of Education.

Channel 3's Education Reporter Kim Wheeler broke the story of problems at the Cleveland Academy of Math, Science and Technology back in November of 2003.

Three years later, Auditor of State Betty Montgomery, U.S. Attorney's office, FBI and Labor Department have finished their investigation.

The former charter school officials are charged with defrauding the state out of nearly $2.2 million.

Former officers Shirley Haynes, Timothy Daniels and developer Mark Olds all face charges.

The Auditor's office says the defendants used charter school money for their personal bank accounts, inflated student enrollment, housed children in a building without heat and did not provide sufficient food for students.

Charter schools are supported by tax dollars.

Inmate Tracking Systems Breed Errors (WP)

By Theresa Vargas

The Washington Post, September 19, 2006

Christopher T. Broady appeared last week on a wanted poster under the words printed in bold: "PRISONER ESCAPE."

But he didn't escape. He didn't even run. Instead, the accused killer was allowed to walk out of the Prince William County jail in a moment of confusion between court and jail officials.

Months earlier, the same jail had kept another inmate, Fernando Cruz, confined two months too long. The problem, officials said, was that his last name was listed in court computers as "Antonio Cruz." To the jail, it was just "Cruz."

The disconnect between two branches of the criminal justice system highlights a fragmented method of tracking inmates in Prince William and other jurisdictions in the Washington region. Although many cities and counties across the country -- particularly those with large immigrant populations -- have used computerized criminal databases for decades that seamlessly share information between courts and jails, the system in area jurisdictions, for the most part, remains disjointed, officials say.

For some, it can create a situation in which a deleted hyphen or a "Smith" spelled "Smyth" can mean an inmate's jail records won't match the court records. The growing immigrant population is particularly susceptible because of the less obvious spellings and the tendency for some to use two last names.

Across the region, officials say they recognize the need to make their court and jail data compatible within each jurisdiction. But for now, most use safeguards that are inconsistent from one area to the next. Some fingerprint all inmates; some don't. Others type in a slew of aliases, while others shun names for numbers.

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"The easiest thing would be if the systems could talk, if we could have systems that just work together," said Susie Doyel of the Arlington County Sheriff's Office. "I think September 11 brought that home. We had so many systems that didn't talk to each other."

Arlington's system is similar to Prince William's, in which officials question whether the current system can keep up with an ever-growing and diversifying population.

"We've watched this place grow for years and years, and the complexity of the town has changed," said Col. Charles "Skip" Land, who heads the Prince William jail. "You can't live in the 1980s and expect to get your job done. You have to learn and grow with the population. Otherwise it'll eat you up."

General District Court Clerk Tawny G. Hays agreed. "There is so much that can be done, that should be done. The longer we wait, the harder it's going to be."

Those who work in the criminal justice system will readily admit that errors happen, especially when dealing with inmates, who are not always cooperative, not always willing to offer up personal information.

Corrections officers tell story after story of inmates lying about their identities -- the scared 19-year-old who gives his neighbor's name and address, the convicted felon who claims to be a sibling with a clean record, the inmate who memorizes another inmate's Social Security number and personal information in hopes of sneaking out early.

The only defense, all agreed, is to put in place as many safeguards as possible.

In such cities as Miami, San Antonio and Los Angeles, which have large, diverse populations, criminal justice officials learned long ago not to depend on names to track inmates. Instead, inmates are fingerprinted and assigned an identifying number that stays with them for life. Their numbers are used to access information in a centralized database that is shared by the courts and jails.

"If a woman was arrested as Delafuente the first time and Flores the second time, it still would always come back to Delafuente," said Lt. Tim Murphy, the watch commander of the inmate reception center in Los Angeles. When there is an error, he added, it is almost always a clerical mistake.

"The system is almost foolproof," Murphy said.

About two years before the Cruz and Broady incidents, a group of Fairfax County officials traveled to Los Angeles to study its criminal tracking system.

"I have never seen coordination that close between those different agencies," Sheriff Stan G. Barry said of the police, courts and jails. "It was as if it was just one agency."

"The information was just much more central, much more accessible to everybody," he said.

The Fairfax sheriff's office is transforming its system, but it has been susceptible to some of the same struggles as Prince William's, officials said. Second Lt. Jason Travis, a supervisor in charge of booking for the jail, said that once every few months, he catches a situation in which an inmate's name was changed just slightly and two separate booking files were created as a result.

In Prince William, officials said they struggle with Hispanic names that tend to be long and reflect both a mother's and father's surname, as was the case with Cruz.

"It's not always limited to ethnicity, but it is a little bit higher [among Hispanics], and the reason for that is the language barrier," Travis said. "If we don't know how to totally ask for their name, they could say Jose Palacio and they are Jose Palacio-Hernandez."

In Northern Virginia, most of the jails use a local system, and the courts tap into a state-operated system managed by the Supreme Court of Virginia. Karl R. Hade, executive secretary for the Supreme Court, said that there is movement toward creating a centralized offense-tracking database but that it might be snagged because the jails are not yet on one system.

In Alexandria, the system is integrated.

"If I'm looking for an inmate in the system, he's in here," said Veronica Mitchell, chief deputy of the Alexandria sheriff's office. "We have a good record. We make very sure no one stays not a day longer than they're supposed to and that those that are supposed to stay really do stay."

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Montgomery County jail officials said they are also moving to an integrated countywide system. Arthur M. Wallenstein, the director of the correction and rehabilitation department, described it as the county's highest information-technology priority.

"All of the departments have gotten together and agreed to play in the same sandbox, for lack of a better word," said Carl Furr, records manager for the corrections department.

Beverly Young, a spokeswoman for the D.C. Department of Corrections, said that there is an effort to move toward a seamless system but that for now the department relies on various safeguards.

D.C. inmates are given numbers that stay with them for life. A comprehensive jail management system put into place in the late 1990s also records massive amounts of information, such as warrants, detainers, commissary accounts and visitor information. Jail and court officials can read information in each other's systems, and as a matter of policy jail officials must check a court database before releasing an inmate.

Both of the Prince William mistakes might have been avoided if jail and court officials were working off of the same information base -- if they could peek in on what each other was doing.

Broady, 19, who was charged with shooting a District man in the head over a drug dispute, was released Sept. 8 as a result of confusion caused when the murder charge was dropped in Circuit Court but was still pending in a lower court. He was captured Thursday and returned to jail.

In Cruz's case, he should have been released when the charges against him were dropped in December, but he wasn't let go until February.

Because of confusion over his name, jail officials failed to bring him to court Dec. 12, when the assault charge against him was dropped. The General District Court clerk's office then failed to issue a release order. He was released but only after a clerk took the time to listen to his brother, who spoke Spanish and had already come to the courthouse several times.

Afterward, four Prince William jail employees spent a week poring over about 800 criminal files, checking names, typing in aliases and paying special attention to the records of Hispanic inmates.

"With the newer people coming in, you have to be more creative," said Land, the head of the jail.

Lt. Victor Quintanilla, the booking supervisor at Bexar County jail in San Antonio, where about 80 percent of inmates are Hispanic, said it might be costly for smaller jurisdictions to move toward a centralized tracking system like the one Bexar has used for some time. But, he said, every place must weigh the money against the possibility of a mistake.

"You look at the liabilities that are involved here," Quintanilla said. "What is more cost-effective here? You walking the tightwire or just playing it by chance that nothing is going to happen?"

CIVIL LAW:

Anti-Abortion Group Fights Campaign Law (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, September 19, 2006

(AP) - WASHINGTON-Barring corporations and unions from buying political advertisements during peak election season amounts to government censorship, a Wisconsin anti-abortion group argued Monday.

Wisconsin Right to Life is challenging a ban on corporate ads that mention candidates two months before a general election. The Wisconsin nonprofit group wants to run advertisements telling voters to contact their senators about political issues. The Federal Election Commission says the ads would influence the election.

"You're going to outlaw everything: Rush Limbaugh, the evening news, everything because it has an electoral impact," attorney James Bopp Jr. told a three-judge panel.

Congress passed the advertising restrictions in 2002 to curb the ability of advocacy groups to run attack ads that say they are about political issues. Wisconsin Right to Life says such phony ads may be banned but not at the expense of legitimate political speech.

If the group prevails, Sen. John McCain, R-Ariz., and other lawmakers fear it will open a loophole.

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Wisconsin Right to Life has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens. Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees.

Because Feingold was running for re-election in 2004, the ad was prohibited. Wisconsin Right to Life argued that it wasn't trying to influence an election and said the law restricted its constitutional right to petition the government.

The FEC says the government has an interest in regulating campaign speech and says the Wisconsin group isn't harmed by the restriction because it can either not name the candidates or purchase advertisements through its political action committee, which isn't covered by the law.

If the government prevails, the opponents said, advocacy groups will be prohibited from publicly debating legitimate political issues that arise around election time.

"It would go so far, the First Amendment would be a farce," Bopp said.

The federal panel did not rule Monday. It had dismissed the case last year but the Supreme Court overturned the dismissal and said Wisconsin Right to Life could argue its case before the lower court.

CIVIL RIGHTS:

Feds Monitor SoCal City's Recall Election (AP)

AP, September 19, 2006

ROSEMEAD, Calif. - A recall election of two longtime councilmen will proceed Tuesday under the watchful eye of U.S. Justice Department observers.

A court ordered the observers after the councilmen facing recall, Gary Taylor and Jay Imperial, complained their opponents had violated the Voting Rights Act by distributing petitions that were only in English.

Eighty percent of Rosemead residents speak a language other than English at home, according to Census records.

A lawsuit initially delayed the recall effort, led by residents who opposed the pair's vote in support of bringing a Wal-Mart Supercenter to the suburban city 10 miles east of Los Angeles. A higher court ultimately allowed the recall to move forward.

Rosemead's City Council has paid a price for approving the Wal-Mart in 2004. Two incumbents were voted out of office the following year and replaced by Wal-Mart opponents.

The Wal-Mart opened last week.

Feds To Monitor Polling Places In Boston, Springfield (AP)

AP, September 19, 2006

BOSTON - Federal observers will monitor polling places in Boston and Springfield on Tuesday to determine if those cities are protecting the voting rights of Hispanic, Chinese, Vietnamese and other immigrant voters.

Both cities were sued by the Justice Department for alleged polling place violations and the sides settled their cases before trial.

Springfield announced last week that 73 new bilingual poll workers were hired to help Spanish-speaking residents at the polls. One in four poll workers are bilingual, city officials say. The city says it will have 95 bilingual poll workers for the November election.

Last September, Boston agreed to provide ballots, registration notices, and other forms in Spanish, Chinese and Vietnamese.

Boston also agreed to provide more training to poll workers regarding the Voting Rights Act, and to hire more bilingual poll workers.

Hispanic residents comprise 14 percent of Boston's 590,000 residents, while Chinese and Vietnamese residents make up just more than 5 percent, according to 2000 Census figures.

Twenty-seven percent of Springfield's 152,000 residents are Hispanic, according to Census figures.

The lawsuits were part of a national initiative to ensure compliance with the Voting Rights Act in various cities.

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The observers and monitors will gather information concerning compliance.

The Voting Rights Act requires communities with a minority voter population of at least 5 percent or 10,000 people to provide election help in that group's language.

Osceola's Voting System Faces Legal Test (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, September 19, 2006

The federal trial will examine whether the at-large setup is unfair to Hispanic voters.

Three days in federal court this week could rewrite the course of politics in Osceola County if a federal judge decides the at-large system for electing county commissioners should be abolished because it dilutes the voting power of the county's growing Hispanic population.

U.S. District Judge Gregory A. Presnell essentially ruled that to be the case in June when he indefinitely halted this fall's scheduled commission elections. The action put nine commission hopefuls in limbo until the case is resolved. And the resolution could result in a completely different way of selecting commissioners, allowing only those who live in their district to vote for them.

The trial that starts today in federal court in Orlando is set for three days, but implementing the judge's ruling could take months with commission elections expected in March.

"It's going to be one of the most interesting six months in the political life of Osceola County," said Atlee Mercer, now property appraiser who was a commissioner when the Justice Department sued the county last year regarding the way it elects commissioners. "It's going to be a bumpy ride."

About 38 percent of the electorate in Osceola is Hispanic, according to court documents. Presnell gave a clear indication of his thinking when he issued the injunction, finding that " . . . Hispanics in Osceola County are politically cohesive, and that the Anglo majority vote is racially polarized."

"I think this case has been 95 percent tried already," Presnell said at the time. "Yes, I could change my mind in a trial on the merits; but I think you can see that I have been attentive to the evidence presented. I've reviewed all of the evidence. I think I've dealt with all of the issues, and I'm not sure what more there is to try in a merits trial with the possible exception of the issue of proportionality."

A Hispanic-majority district would have to be similar in size to the other districts so that votes wouldn't have unequal weight in different districts.

In a pretrial brief submitted last week, the county argues that cannot be done. Attorneys for the Justice Department counter with experts who say it is possible.

"If you took the county's defense to its logical conclusion, there never would be a remedy to a voting-rights case mid-decade," Jon Greenbaum, director of The Voting Rights Project at the Lawyers' Committee for Civil Rights Under Law in Washington, D.C., said referring to the interim between censuses.

And historically, that hasn't been the case.

"There is no good legal reason for the county to continue to fight," said Greenbaum, a former Justice Department attorney. "The court also found intentional discrimination [during the injunction hearing]. Normally, that is very hard to overturn on appeal."

If Presnell rules against the county, the next step would be the remedy phase.

Greenbaum said the county gets the first shot at a solution and could propose several alternatives. At the same, the Justice Department will be preparing potential plans. Ultimately, it's up to the judge, who could implement his own plan, he said.

Commissioners have refused to negotiate with the Justice Department, and the acting county manager said she wasn't aware of any settlement offers or negotiations since Presnell delayed elections -- including a round of commission primaries that would have been held Sept. 5. Osceola has spent more than $1 million defending itself in the meantime.

In a document filed last week, the county says that failure to elect Hispanic candidates is "caused by the apathy and indifference of the Hispanic electorate."

But Armando Ramirez, a proponent of single-member districts, disagrees.

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"Perhaps the apathy that exists right now may be due to the discriminatory system of electing our leaders," Ramirez said. "Perhaps many Hispanic voters feel helpless and because of that they have said, 'Why should I vote? My vote will not mean anything.'"

Ramirez is confident that single-member districts are coming, and he said the county is losing its opportunity for input by not negotiating during the ongoing litigation. He thinks the judge will want to see a new system by the end of October.

Mercer has confidence in the county's position, but he said that if the federal government prevails, the process to create new districts will be complicated.

"You will have to completely redesign all of the districts, because if you change one, you've got to change them all," he said.

Greenbaum goes a step further and says a sitting commissioner could find himself drawn out of a district.

"Typically that's why governments negotiate. The danger is that the judge may not be concerned with where the incumbents live."

Mercer worries that the delay will translate into poor voter turnout. He points to the recent 13 percent turnout in the primary.

"You can't predict who will be elected."

Presnell had no doubt in June about how a Hispanic-majority district would perform.

"There is no reason to believe that a majority Hispanic district will not perform, that is, exercise its franchise to elect candidates of their choice," he said.

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Prince George's Officer Kills Unarmed Man (WP)

By Ruben Castaneda

The Washington Post, September 19, 2006

A Prince George's County police officer responding to an assault call in District Heights yesterday morning fatally shot an unarmed man who allegedly made a threatening movement, police said.

It was the fourth shooting by county officers in three weeks and the second killing.

Cpl. Diane Richardson provided this account of yesterday's incident:

About 1:30 a.m., a county patrol officer from District III went to the 1900 block of Rochelle Avenue in response to a report of a man assaulting a woman. The officer arrived and saw a man later identified as Gregory B. Boggs Jr., 24, standing over a woman, who was on the ground beside an apartment building.

The officer ordered Boggs away from the woman. Boggs picked up the woman, and the officer told him to let her go. The woman either fell or was pushed away.

When the officer ordered Boggs to put his hands up, he reached for his waistband. Fearing that Boggs was reaching for a weapon, the officer fired one round into his upper body.

Boggs was unarmed, police said. He was taken to an area hospital and pronounced dead.

The officer, who was not immediately identified, was placed on administrative leave pending an internal investigation. A county grand jury will also investigate.

Boggs's relatives said yesterday that they did not believe the police account.

Boggs, who lived with his family in a townhouse in Upper Marlboro, went to the District Heights apartment complex to watch a football game with his girlfriend, relatives said.

Boggs was arguing with her when police arrived, said Mary Pitt, Boggs's aunt. Pitt said relatives have spoken with the woman, who Pitt said was not injured.

Pitt said she didn't believe Boggs would do anything to provoke deadly force.

Relatives said Boggs graduated in 2001 from Suitland High School, where he played on the school's football team.

According to Prince George's Circuit Court records, Boggs was facing charges of possession with intent to distribute about $4,000 worth of crack cocaine, second-degree assault and resisting arrest in connection with an incident June 4 in Upper Marlboro.

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Charging documents allege that Boggs pushed and ran away from an officer who tried to conduct a traffic stop about 3 a.m. As he ran, Boggs dropped two bags of crack cocaine, and a loaded .40-caliber handgun was found in his vehicle, the documents said. Boggs was charged with a handgun violation, which was dismissed by a judge Friday.

Richardson said so many police shootings occurring in a short period is an aberration.

In each of the four incidents, officers feared for their lives or for the lives of civilians, Richardson said.

"You can't put all these cases together," Richardson said. "Each should be viewed individually. In each case, the officer had real fear and reacted to that fear."

On Sept. 4, two county police officers, Robert E. Lee and Bruce Bowen, fatally shot a man in District Heights who allegedly drew a .40-caliber handgun, police said. The man, Anthony A. Johnson, 35, had threatened two workers at a nearby grocery store, police said.

The other two recent shootings occurred Sept. 3. In one, Officer David Cheatham Jr. wounded his mother in the Landover home they shared. Cheatham believed his mother was an intruder, police said.

In the other incident, Officer Curtis Gouldin shot a man he believed to be holding a weapon in Clinton. The man, who was wounded in the wrist, was holding a cellphone.

Few Black Churches Get Funds (WP)

By Michael A. Fletcher

The Washington Post, September 19, 2006

The Bush administration's faith-based initiative is reaching only a tiny percentage of the nation's black churches, most of which have limited capacity to run social programs, hampering the initiative's promise of empowering those congregations to help the needy, according to a study to be released today.

The national survey of 750 black churches by the Joint Center for Political and Economic Studies found that fewer than 3 percent are participating in the program, which funnels at least $2 billion a year in federal social services spending to religious organizations.

Black churches in the Northeast and those with self-identified progressive congregations and liberal theologies were most likely to be taking part in the program, a finding that surprised the researchers, who concluded that the White House has not used the program as a political tool as some critics have suspected.

"Those people who were most worried can exhale," said Robert M. Franklin, a professor of social ethics at Emory University who worked as a consultant on the survey. "Churches have not been manipulated by Karl Rove. They have not sold out."

Despite instances of grants going to political and ideological supporters of President Bush, the survey found that, overall, liberal-leaning churches were more likely to apply for and receive the grants, even though they tend to view the program more skeptically than their conservative counterparts do.

"The thing is that the churches that are most likely to actually do social outreach or social ministry are liberal churches, they are not conservative churches," said David A. Bositis, a senior research associate at the center who conducted the study. "Those churches may have significant reservations about the program. But if the money is there, they are going to take it. They are the ones who have the capacity and the infrastructure to get grants and administer them."

While many of the churches surveyed had an interest in assisting those in need and frequently offered small-scale programs such as food pantries or used-clothing giveaways, most had neither the money nor the expertise to do more -- or even to seek more resources.

Most of the nation's estimated 50,000 black churches are led by pastors who work other jobs full time and have little more than administrative help in running their churches. The survey found that more than one in four black churches had annual revenue of less than $100,000 and half had revenue of less than $250,000. Only 12 percent reported taking in more than $1 million a year.

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"The survey reveals for us the breadth of churches in the African American community, and it shows how churches that already have capacity have a leg up on churches that may do some good things" but are not in a position to do them on a larger scale, said Harold Dean Trulear, a professor of religion at Howard University who was an adviser on the study.

Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said that while participation in the initiative among African American churches may not be high, interest is. He said his office has trained thousands of community leaders in the mechanics of the program and has encouraged state and local governments to do the same.

Under Bush's initiative, federal departments have worked to make it easier for religious groups to compete for federal grants to operate programs including drug treatment counseling and Head Start. Bush signed executive orders authorizing the initiative in 2002. It allows religious groups to receive federal grants while exempting them from certain civil rights statutes.

Bush, who has said he wanted to level the playing field between religious and secular organizations, has often said he believes that faith-based groups are more efficient and effective in helping the needy than many government-run social services programs.

"Some Republican strategists had thought of charitable choice as a way to broaden the appeal for the Republican Party among African Americans," said John C. Green, a senior fellow in religion and American politics at the Pew Forum on Religion and Public Life.

Green said many people had asked him whether the Bush administration was being political or sincere in launching the initiative. "I think both," he said. "What you may be seeing in this survey is evidence of the sincere part of the program."

ANTITRUST:

Smithfield Foods To Buy Premium Standard For $674 Million (AP)

AP, September 19, 2006

SMITHFIELD, Va. - Leading pork products maker Smithfield Foods Inc. said Monday it agreed to buy Kansas City, Mo.-based rival Premium Standard Farms Inc. for $674 million in cash and stock.

Smithfield Foods is the leading processor and marketer of fresh pork and processed meats in the United States and the largest producer of hogs. Premium Standard Farms is the second-largest pork producer and sixth-largest pork processor.

The deal represents the latest expansion for Smithfield. It recently agreed to acquire most assets of the branded meats business of ConAgra Foods Inc., giving it well-known brands such as Butterball, with its premium turkeys, in time for the holidays.

Hours after the announcement, Sen. Jim Talent, R-Mo., called on U.S. Attorney General Alberto Gonzales to review the merger to assess how it would impact competition in the pork industry.

Talent said he wanted the Justice Department to make sure the merger would fairly treat Missouri pork producers who contract with PSF and that competition in the marketplace is not harmed.

Missouri Gov. Matt Blunt also sent a letter to Gonzales, seeking assurances that the merger fully complies with antitrust laws.

Smithfield already owns Farmland Foods, Inc., in Kansas City, Mo., and Murphy-Brown, LLC, in Nevada. About 244 employees work for Farmland Foods in Platte County, Mo., and 32 work for Murphy-Brown in Vernon County, Mo.

PSF has more than 2,100 employees in Missouri. About 40 employees work in Kansas City, with another 2100 divided between facilities in Mercer and Sullivan Counties.

"This merger is an exciting announcement for these valued Missouri employers," Blunt said in a statement. "While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs."

The Justice Department typically reviews most major corporate mergers to make sure the action does not reduce competition.

Smithfield, in partnership with investment group Oaktree Capital Management LLC, also recently bought the European meats business of food and apparel company Sara Lee Corp.

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Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per PSF share based on Smithfield's closing price on Friday, and was a 13 percent premium over Premium Standard's closing price Friday.

Smithfield will also assume about $117 million of Premium Standard's debt as part of the deal.

ContiGroup Cos., which owns 38.8 percent of Premium Standard Farms, has agreed to vote its shares in favor of the deal, Smithfield said.

The deal is expected to close in the first quarter of 2007, after which it is expected to be beneficial to Smithfield earnings.

"We have strong expertise in both live hog production and in fresh pork processing," said C. Larry Pope, Smithfield's president and chief executive. "Strategically, this is a very good long-term fit and near-term, this combination should generate benefits for both organizations and our customers."

The agreement enables PSF shareholders to receive an immediate premium for their shares, said John M. Meyer, president and CEO of PSF.

Smithfield will issue about 21.9 million shares in exchange for PSF shares. PSF has about 32 million shares outstanding.

All current PSF hog production contracts will be honored and Smithfield will remain committed to purchasing "significant" numbers of hogs on the open market, Smithfield said.

Smithfield added that PSF plants will remain open and operating at least at current production levels.

Premium Standard Farms shares rose $2.26, or 12.8 percent, to close at $19.99 on the Nasdaq Stock Market, while Smithfield shares fell $1.02, or 3.5 percent, to end at $28.22 on the New York Stock Exchange.

ON THE NET

Smithfield Foods: http://www.smithfieldfoods.com

Premium Standard Farms: http://www.psfarms.com

Smithfield Foods To Purchase Rival (RTD)

Richmond Times-Dispatch, September 19, 2006

Meat company sets $674 million deal for Premium Standard

SMITHFIELD -- Smithfield Foods Inc. said yesterday that it agreed to buy rival Premium Standard Farms Inc. for $674 million in cash and stock.

Smithfield, based in Isle of Wight County, is the largest pork company and one of the largest meat-processing companies in the world.

It has been on an acquisition binge in recent years, but company executives made it clear in a conference call yesterday that they would be concentrating now on integrating the company's acquisitions rather than making new ones.

Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per Premium Standard share based on Smithfield's closing price on Friday, or a 13 percent premium over Premium Standard's closing price Friday.

Smithfield also will assume about $117 million of Premium Standard's debt.

ContiGroup Cos., which owns 38.8 percent of Premium Standard, has agreed to vote its shares in favor of the deal, Smithfield said.

The deal is expected to close in the first quarter of 2007 and will be reviewed by the Justice Department and Federal Trade Commission.

"We believe this transaction . . . will result in positive benefits for consumers," Smithfield spokesman Adam Weiner said.

As for the impact on Virginia farmers who contract with Smithfield, Weiner said the company will honor all hog-production contracts and will remain committed to buying hogs on the open market.

Times-Dispatch staff writer Greg Edwards contributed to this report.

Blunt Seeks Anti-trust Investigation Of Merger (SLBIZ)

St Louis Business Journal, September 19, 2006

DOJ_NMG_0065301

Missouri Gov. Matt Blunt sent a letter Monday to U.S. Attorney General Alberto Gonzales calling for an anti-trust investigation into the merger deal between Smithfield Food Inc. and Premium Standard Farms Inc.

In his letter, Blunt requests a stringent and thorough review to ensure that the merger is fully compliant with all antitrust laws and regulations of the United States.

"This merger is an exciting announcement for these valued Missouri employers. While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs," Blunt said in a statement.

Smithfield and Premium Standard Farms have Missouri operations.

Smithfield, the nation's largest hog producer, owns Farmland Foods Inc. in Kansas City, Mo., and Murphy-Brown LLC in Nevada. About 244 people work for Farmland Foods in Platte County and 32 for Murphy-Brown in Vernon County.

Premium Standard Farms Inc., the second largest pork producer, is headquartered in Kansas City and represents about 2,140 Missouri jobs. An estimated 40 people work in Kansas City with another 2,100 divided between facilities in Mercer and Sullivan counties.

Ford, GM Fleetingly Considered A Marriage (USAT)

By Sharon Silke Carty, Usa Today

USA Today, September 19, 2006

DETROIT — General Motors (GM) and Ford Motor (F) briefly explored the idea of an alliance this summer, but the talks stopped shortly after they began and likely won't turn into anything more, said a source at one of the automakers who was briefed on the discussions.

The source doesn't want to be named because the information is not being made public.

The discussions, first reported Monday in Automotive News, happened in July after news that investor Kirk Kerkorian was pressuring GM into exploring an alliance with Renault and Nissan, both headed by CEO Carlos Ghosn. Ghosn is widely regarded as an automotive turnaround expert.

A Ford spokesman declined to comment. GM spokesman Steve Harris said the company routinely talks with other automakers about possible strategic partnerships, but "as a policy, we don't comment on those discussions."

Both automakers, plagued with financial woes, are looking for ways out of their current problems. The idea of GM partnering with France's Renault and Japan's Nissan excited investors and led to speculation about what kinds of cost savings GM could gain from a deal.

GM CEO Rick Wagoner is heading a committee looking into possible benefits of teaming up with the two automakers. The automakers are about two-thirds of the way through a 90-day study.

Ghosn has said he would only undertake an alliance if the benefits were substantial.

David Cole of the Center for Automotive Research said the amount of talk among top automotive leaders is unusually high lately.

"What is interesting to me is that, by and large, industry leaders are talking with each other fairly regularly; it's just not in the public view," he said. "It's important not to read too much into these things. There's a lot of discussions going on between companies right now."

Elevated gas prices throughout much of 2006 have pushed sales of large SUVs and pickups, the big moneymakers for the domestic automakers, down nearly 10% through the end of August. That, coupled with high raw material, health care and labor costs, has caused financial problems for both Ford and GM. In the first half of the year, GM lost $2.9 billion and Ford $1.4 billion.

It's unclear what benefits either would gain from an alliance. "An outright merger would be almost impossible to fathom," said Lowell Peterson, a labor and bankruptcy attorney at Meyer Suozzi English & Klein. The automakers have different cultures, overlapping product lines and competing dealerships throughout the country.

"Even with diminished market shares, together Ford and GM have a large percentage of the U.S. market, which could raise antitrust issues," Peterson said.

Analysts: GM-Ford Talks Sign Of Times (AP)

By David N. Goodman, Associated Press

DOJ_NMG_0065302

AP, September 19, 2006

Automakers constantly seek ways to collaborate even amid fierce competition. Both companies mum.

DETROIT — General Motors' talks with Renault and Nissan on a possible alliance and reports that Ford may be pursuing a big deal with one or more of the three are examples of how today's automakers constantly look for ways to collaborate even amid fierce industry competition.

GM and Ford declined comment Monday on an Automotive News article that their high-level executives discussed a merger or alliance. Ford Motor Co. also declined comment on last month's Wall Street Journal report that Ford proposed its own deal with Renault and Nissan.

In July, General Motors Corp., Renault SA of France and Nissan Motor Co. of Japan announced a 90-day review of a possible alliance among them.

Auto executives talk frequently about "what-if scenarios" and possible deals large and small, said David Cole, chairman of the Center for Automotive Research in Ann Arbor.

These talks have yielded a growing number of joint efforts on everything from hybrid vehicles to better automatic transmissions, he said.

GM and Ford have been slashing their work forces and closing plants in efforts to reverse multibillion-dollar losses in the face of tough competition from Asia-based automakers.

Both companies declined comment on the Automotive News article that quoted several unidentified people who said senior GM and Ford executives had begun talks in July but that the talks are not taking place now.

Cole said an outright GM-Ford merger is unlikely and said that the companies carefully weigh antitrust issues during the lower-level cooperation that now takes place on such issues as hybrid vehicles.

Sessions Is House Point Man For Wright (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 19, 2006

WASHINGTON — The ball is now in Pete Session's court.

As Wright Amendment legislative issues bounce between the Senate and House, Sessions, a five-term Republican congressman from Dallas, is now House point man for the bill that would repeal federal flight restrictions at Dallas Love Field after eight years.

"What we're trying to do is accomplish the deal," Sessions, 51, said in an interview. Sessions is Texas' only member of the House Rules Committee — a relatively obscure but extremely powerful panel that decides the terms under which the House will consider a bill, notably whether it will be subject to amendment.

In this case, the committee must decide which of two proposed versions of the bill will be the base legislation for a potential full House vote. The first version, approved by the House Transportation and Infrastructure Committee, incorporates the Love Field deal, reached in June by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. The House Judiciary Committee approved a competing version of the legislation, removing antitrust immunity.

With the rules committee poised to decide as soon as this week what to do with Wright, Sessions is in center court.

In a meeting Thursday, the power players trying to get the agreement into law — Sen. Kay Bailey Hutchison, R-Texas; House Energy and Commerce Chairman Joe Barton, R-Arlington; Reps. Kay Granger, R-Fort Worth, and Eddie Bernice Johnson, D-Dallas; and Sessions — decided that Sessions will take the lead in the House.

"The agreement is to let me work on it," said Sessions, who has served on the committee for eight years. "There are five or six ways of getting this done. I am low-keying this and looking for the best option."

Sessions said he anticipated knowing by Wednesday what course to take. He said he will talk to members about the best "vehicle," meaning legislation, the best "avenue," such as various routes through the rules committee or even under suspension of the rules, and the best "timing."

"I want to accomplish this as quickly as possible," Sessions said. But "I don't want to give any member the chance to say, 'Damn Texans think they run the place.' "

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Sessions is aware of the delicacy of coming across too strong, especially where House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is concerned. The temperamental Sensenbrenner led the fight to strip the agreement of antitrust protection and could force a showdown on the House floor.

House Speaker Dennis Hastert, R-Ill., has to balance the interests of competing chairmen: Sensenbrenner and Don Young, R-Alaska, of the House Transportation and Infrastructure Committee.

"We believe the speaker is favorable to moving the legislation," Sessions said. "We have to come to him with a final agreement."

Rep. Kenny Marchant, R-Coppell, said in an interview, "There's several ways for it to go. There's a lot of respect being given to Mr. Sensenbrenner."

Meanwhile, in the Senate, Hutchison continues to try to mediate the antitrust issue with Arlen Specter, R-Pa., the Judiciary Committee chairman, and Patrick Leahy, D-Vt., the ranking member.

"The staffs have continued to talk through the weekend and today," said Marc Short, Hutchison spokesman. "The senator remains optimistic that we will find language that is amenable to the parties and Sen. Specter and Sen. Leahy."

If an agreement on language that satisfies antitrust advocates and the stakeholders is reached, it would become part of legislation in the Senate and House.

The agreement can be voided if Congress doesn't approve it by year's end.

The House and Senate have named a target adjournment date of Oct. 6; Senate leaders are aiming for Sept. 29. In any case, both houses are expected to return after elections for a "lame-duck" session. Why you should care

Congress is debating legislation that would lift the federal Wright Amendment, which today limits most scheduled passenger flights at Dallas Love Field to Texas and nearby states.

The legislation is based on an agreement reached by American Airlines, Southwest Airlines, Fort Worth, Dallas and D/FW Airport. It must be passed by Congress before it can take effect. It would repeal Wright after eight years but immediately allow connecting, one-stop and multistop flights to faraway cities, so long as the first leg of the trip ended within the current Wright zone. It would also cut Love's size to 20 gates from 32.

Proponents of the deal say it would increase competition in the North Texas air market and push airfares down. Critics say the proposed law is overrated and would preserve near-monopolies by American at D/FW and Southwest at Love.

SOURCE: Star-Telegram Maria Recio, 202-383-6103 mrecio@krwashington.com

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http://www.dfw.com

Reynolds Merger Passes Antitrust Test (DAYTBIZ)

Dayton Business Journal, September 19, 2006

The federal government has approved Reynolds and Reynolds Co.'s merger into Universal Computer Systems Holding Inc. and the deal now only awaits shareholder votes.

The Federal Trade Commission has granted early termination to the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Completion of the buyout also is subject to other closing conditions, Reynolds announced late Monday.

The special meeting for shareholders to vote on the proposal is scheduled for Oct. 23. The meeting will be at Reynolds' (NYSE: REY) Research Park headquarters in Kettering and definitive proxy material is scheduled to be sent around Sept. 22.

Reynolds agreed in August to be acquired and merged into privately held UCS in a deal valued at about $2.8 billion. Reynolds stockholders will receive $40 per share in the transaction.

Reynolds develops management software for the automotive retail industry, with more than 20,000 customers in North America. It has 1,700 local employees and 4,300 total workers globally.

Houston-based UCS is also a dealership technology company with about 2,600 employees.

Outdated Court Rulings Stymie Mergers Regulators, Says Former FTC Official (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, September 19, 2006

Courts are behind the times when it comes to reviewing merger cases, making it harder for regulators to block the ones that may harm competition, according to an antitrust lawyer who recently left a senior post at the Federal Trade Commission.

Speaking to a gathering of fellow antitrust attorneys on Wednesday, Susan Creighton, formerly the head of the FTC's Bureau of Competition and now a partner at Wilson, Sonsini, Goodrich & Rosati, said federal judges continue to base merger review decisions on court precedents established in the 1960s that emphasize the number of players remaining in a market post-merger.

That's a big problem today for antitrust enforcers at the FTC and the Department of Justice because they place primary focus on assessing the potential competitive harms of a merger, with much less importance put on the market's structure.

In typical merger reviews today, regulators analyze a range of economic data to assess whether the deal will likely cause prices to increase and only then focus on which other competitors exist and how they manage to constrain prices. That market structure data, she explained, is really secondary to the harm caused to consumers.

The disconnect between current regulatory techniques and the longstanding methods the courts use explains some of the most high-profile losses regulators suffered when they have tried to block mergers in the past few years.

When the Justice Department tried to stop the Oracle Corp.-PeopleSoft Inc. merger, U.S. District Court Judge Vaughn Walker began his ruling against the government with a careful analysis of the market structure, Creighton said, and "the analysis the judge did was completely backward." After 29 pages discussing the structure of the market for enterprise application software, he discussed competitive effects for "five pages at the end."

Walker's decision said that since there were other competitors, the government's arguments to block the merger weren't persuasive.

Creighton said the court's continuing focus on market structure can probably be attributed to a judge's need to base decisions on precedential merger cases and the dearth of recent Supreme Court merger rulings.

Existing precedents are decades old and tend to focus on the number of competitors in a market.

This prevailing judicial process was cast by a Supreme Court case decided in 1962, when the government tried to block Brown Shoe Co.'s 1955 purchase of G. R. Kinney Shoe Co. The analysis of Chief Justice Earl Warren began with a careful review of the market for shoes and ended up with the decision that the merger, which would have resulted in one company having less than 10 percent of the shoe sales in the country, would harm competition.

That antiquated process is not how today's enforcers evaluate mergers, according to Creighton. "My pervasive experience at the FTC is the first question is, 'Do we think it will be causing competitive effects?'"

Today, if there is evidence of uniform pricing, no price drop when new competitors enter a market or a price hike when other competition leaves the market, deal approval is likely without an intense review of market structure, Creighton said.

But if there is a high probability of price increases if a merger is completed, she suggested parties may have to head to court and hope for a judge who is willing to hear arguments about the range of competitors, including those who may be entering a market, and so on.

If you don't have a good story about why the merger is good, there may be some reasons to advise clients to quit negotiating for antitrust approval with agency attorneys and "go straight to court," if their arguments about competition in the market is better, she said.

Despite their outdatedness, most antitrust lawyers agree that Brown Shoe and cases like it are unlikely to be replaced as controlling precedent soon because merger cases rarely make it to the Supreme Court. Because few companies can afford to keep a deal on hold for the three years or so appeals take to reach the top court, most deals unwind if the government successfully blocks them at a lower court level. The merger between H. J. Heinz Co. and Beech-Nut Nutrition Corp. in 2001 was one of the few deals that made it even to the appeals court level. The FTC convinced the appeals panel to stop the deal.

Major Music Labels Negotiate With YouTube (AP)

By Rachel Konrad, AP Technology Writer

AP, September 19, 2006

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SAN JOSE, Calif. (AP) A revenue-sharing deal between video startup YouTube Inc. and Warner Music Group Corp. is likely to be the first of a spate of content distribution partnerships between Web sites and music companies, industry officials say.

Warner Music Group Corp., the country's third-largest recording company with annual revenue of $3.5 billion, announced Monday a deal to distribute and license its copyrighted songs and other material through YouTube. The agreement means that millions of YouTube users can legally watch music videos or include popular songs in their own homemade videos that they post on YouTube.

Universal Music Group spokesman Peter LoFrumento confirmed Monday that Universal the top record label in the world, representing artists such as Eminem, Melissa Etheridge, Snoop Dogg, Shania Twain, Stevie Wonder and Sting is also negotiating with YouTube to strike a distribution deal.

Last week, Universal Music Group CEO Doug Morris said that the company had to figure out some way to stop ``copyright infringers'' such as YouTube and News Corp.'s social networking site MySpace.com. Morris implied that, if YouTube negotiations fell through, Universal might resort to lawsuits or other measures.

Sony BMG Music Entertainment is also negotiating with YouTube, but a representative for New York-based Sony BMG said Monday that the company wouldn't comment on ongoing negotiations. Sony BMG labels include Arista Records, Columbia Records, Epic Records, Sony BMG Nashville and Sony Urban Music.

Negotiations between the 19-month-old startup YouTube and the biggest players in the recording industry mark a major change in the previously chilly relationship between Hollywood and Silicon Valley.

For years, music and movie companies were reluctant to use the Internet to disseminate content because of the threat of piracy and copyright infringement. But business experts say the phenomenon of YouTube and MySpace particularly among young consumers have forced the labels to venture online.

Simultaneously, startups seem increasingly willing to come up with revenue-sharing business models that compensate recording executives and their artists, said Phil Leigh, president of market reseach group Inside Digital Media.

``The Warner deal is one more piece of evidence that the record labels are comprehending the value of free music distribution,'' Leigh said. ``Instead of insisting on being paid every time, they're realizing they can use the Internet to popularize music and stimulate demand for both CD and digital downloads.''

The Warner-YouTube deal, announced Monday, means that Warner will transfer thousands of its music videos, artist interviews and other digital content to San Mateo, Calif.-based YouTube, a Web site launched 19 months ago by two 20-something buddies.

Industry analysts praised the deal. Instead of protesting free digital distribution by sending cease and desist orders or lawsuits, as record labels did several years ago with Napster and other emerging sites, Warner and YouTube can work together.

Consumers will likely have access to Warner music videos and songs by the end of the year, when YouTube rolls out an advanced content identification and royalty reporting system to help minimize copyright infringement.

``Warner has been the most aggressive in all things digital, whether downloads or ring tones and now video,'' said American Technology Research Senior Analyst P.J. McNealy. ``This is a natural progression and a pre-emptive strike to help eliminate potential copyright concerns.''

Besides the namesake label, Warner is releasing titles from the Atlantic, Asylum, Elektra and Rhino labels, which feature artists Led Zeppelin, the Doors and Ray Charles, as well recent hit makers Linkin Park, Green Day and Faith Hill.

YouTube and Warner will share revenue from advertising on both Warner videos and videos that YouTube users upload that include content from Warner's music video library. YouTube users view more than 100 million videos per day.

Pacific Crest Securities analyst Steve Lidberg expects the Warner deal to be the first of many in upcoming months.

``The labels still want to be paid each time. What's changed is that they've found new monetization models where they can get paid,'' Lidberg said. ``It's a new revenue source for Warner that they weren't getting paid from before. ... I'd expect this to be the foundation by which YouTube could have other discussions with the major labels in the marketplace.''

Warner stock closed at $24.40 Monday, down 10 cents from Friday on the Nasdaq Stock Exchange.

YouTube Model Is Compromise Over Copyrights (WSJ)

By Kevin J. Delaney And Ethan Smith

The Wall Street Journal, September 19, 2006

Video-sharing site YouTube Inc., in a move that could defuse the threat of legal action against it, is racing to overhaul the way media and entertainment companies view unlicensed online use of their content.

YouTube is rolling out technology designed to automatically spot copyrighted material that users upload without the permission of media companies, and then to share ad revenue with those companies.

Consumers go to YouTube to watch videos ranging from music videos to footage of a napping cat more than 100 million times a day and submit more than 65,000 videos a day.

YouTube's new system, announced yesterday and set for release in the next few months, is an ambitious effort to give media companies more control over the video on the site and to address their fears that others will profit from consumers' piracy of their content. The first entertainment company to embrace the system is Warner Music Group. The two companies have agreed that Warner Music will post its catalog of music videos on YouTube and collect an unspecified percentage of the revenue from advertising appearing alongside them. The deal doesn't cover live performances captured on video cameras or other devices, because Warner doesn't own the copyrights to those recordings.

In addition, the new system will give YouTube users a legitimate way to create videos with soundtracks that use music from Warner artists. (Videos of amateurs' lip syncing or juggling to popular songs are among the most viewed on video-sharing sites.) YouTube's system will identify such videos and give Warner a share of the revenue for any ads that appear alongside these videos, if Warner opts for that rather than having the videos removed.

For YouTube, a closely held San Mateo, Calif., company, the new system offers the chance to bring revenue, users and a legitimacy to content that, in many cases, probably would otherwise infringe on copyrights. Consumers get free, legal use of Warner music for their videos -- although there wasn't much standing in their way before. Warner gets ad revenue it wasn't otherwise receiving.

YouTube and Warner declined to discuss specifics of their agreement. Alex Zubillaga, Warner's executive vice president for digital strategy and business development, said the terms are "comparable" to those of its other video-licensing deals. Existing video-licensing deals currently don't generate significant revenue for music companies. People who work in the industry estimate Vivendi SA's Universal Music Group, the world's largest recorded music company, earns around $15 million a year, or less than 0.5% of its annual revenue, from hundreds of online video licensees. But the money these deals generate is growing rapidly, these people add.

YouTube's new system is the latest attempt by an online startup to transition from disputed copyright practices to a less-controversial business model. TV and movie companies are just starting to come to grips with how to manage video-sharing technology. There are signs they could be interested in cutting deals: Several TV executives say they have been in talks with YouTube and other video sites about ways to make some content freely available. General Electric Co.'s NBC Universal signed an advertising and content deal with YouTube in June.

YouTube's agreement with Warner hinges on a digital system YouTube is developing to identify automatically copyrighted music or other audio, and related video its users upload. The system relies partly on what's known as "fingerprinting" -- comparing audio uploaded to the site to unique attributes of copyrighted content it already knows. YouTube's planned system is similar in some respects to one proposed last year by an online music startup, Snocap Inc., which was launched by Shawn Fanning, the founder of Napster. Snocap is seeking to help peer-to-peer music services and other online outlets become legitimate music distributors. YouTube said the audio-identification system could potentially be used to locate non-music content such as video clips from TV shows, and that it could eventually use video-identification technology as well.

While YouTube's services are focused on video, the most significant challenge could come from the music industry, which remains divided on how to protect its content online. EMI Group PLC has said it, too, is in talks with YouTube. A spokesman for the world's No. 2 music company, the joint venture Sony BMG, declined to comment.

Universal appears poised to put up a fight. Universal CEO Doug Morris last week told investors that YouTube violates copyright laws by allowing users to post music videos and other Universal content. He said YouTube and News Corp.'s MySpace

social-networking site "owe us tens of millions of dollars." (Universal's Interscope Records is a partner in the MySpace Records label.) A Universal spokesman declined to comment.

"We've reached out to [Universal Music] to let them know we're willing to work with them," said Chad Hurley, chief executive of YouTube.

In announcing the system, YouTube could open itself up to a flood of requests by creators of videos looking for their own share of advertising revenue. Other sites such as Revver Inc. currently give amateur video creators a percentage of ad revenue. YouTube in the future will explore options for sharing online ad revenue with smaller, or amateur creators, Mr. Hurley said. But "right now we're building tools for record labels, TV networks and movie studios."

YouTube currently faces legal challenges. Robert Tur, the owner of Los Angeles News Service, named YouTube in a complaint filed in July in U.S. District Court in Los Angeles. He alleges copyright infringement in connection with several videos that were available through YouTube. YouTube has said Mr. Tur's suit is "without merit." A similar case, which an adult-entertainment company, Io Group Inc., brought against a video-sharing site, Veoh Networks Inc., in June in U.S. District Court for California's Northern District, makes a similar claim. A ruling against Veoh could potentially set a precedent affecting YouTube.

YouTube and other video sites currently follow a so-called safe-harbor process, enshrined in the Digital Millennium Copyright Act of 1998. Under that process, they have to comply with "takedown" notices that copyright holders may send when they become aware of content uploaded without their permission. Some entertainment companies have privately expressed frustration with the process, since it requires them to track down infringing works on a multitude of video-sharing sites.

Under YouTube's system, media companies will have a way to have their content removed without resorting to separately sending takedown letters: YouTube plans to provide them with tools to directly request either to remove or to share ad revenue for specific videos.

No Microsoft Vendetta, Says Kroes (FT)

By Tobias Buck In Brussels

Financial Times, September 19, 2006

The war of words between Microsoft and the European Commission over the software group's new flagship product has escalated, with Neelie Kroes, EU competition commissioner, denouncing what she calls "a co-ordinated campaign" to discredit the regulator.

Ms Kroes, in a letter to the Financial Times, insists that the Commission is not conducting a "vendetta" against Microsoft. Brussels, she says, is simply trying to ensure that Vista, the operating system set to replace Microsoft Windows next year, complies with EU competition rules.

The Commission is concerned about Vista because it bundles a string of new programmes and functions into the operating system, for example an internet search engine and a fixed-document reader.

It fears that the product will undermine competition from software makers that sell similar products on a standalone basis.

Microsoft warned last week that the Commission's actions could delay the launch of Vista in Europe, and could even prevent the group from improving the security of the new operating system.

The group has also published a study claiming that Vista will create thousands of new jobs in Europe and boost other companies' revenues.

But Ms Kroes says in her letter: "I have seen it suggested that the Commission may seek to prevent Microsoft from improving the security of its operating system. This is categorically not the case. We do nevertheless seek to ensure that rival security software vendors . . . are able to compete on a level playing field."

She adds: "Similarly, I have noted attempts to link the ongoing Vista discussions to the purported creation of jobs in Europe that a Microsoft-sponsored study claims will result from Vista, It would be wrong to imagine such a link. If jobs are to be created as a result of Vista's release, any such job creation would only be enhanced with the release of a version of Vista which allowed others to compete on the merits of their products."

Ms Kroes also disputes complaints that the Commission failed to issue sufficient guidance showing how Microsoft could avoid new antitrust trouble on Vista.

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Microsoft said yesterday: “We look forward to constructive discussions with the Commission that we hope will yield clarity on how we should proceed.”

The Commission’s concerns regarding Vista are based on its landmark ruling against Microsoft in March 2004, when it found the software group had abused its dominant market position and imposed a record €497m ($630m) fine.

See Letters

Scania Rejects Bid From MAN (WSJ)

By Christoph Rauwald And Maria Akerhielm

The Wall Street Journal, September 19, 2006

STOCKHOLM -- Swedish truck maker Scania AB and its largest shareholders rejected MAN AG's takeover bid, putting pressure on the German company to sweeten its offer.

MAN, based in Munich, had offered €9.6 billion ($12.2 billion) in cash and shares yesterday in a widely expected move, seeking to form Europe's largest commercial-vehicle maker.

"Scania rejects the bid in its entirety," company spokeswoman Cecilia Edstroem said. She declined to comment on details of the offer.

German car maker Volkswagen AG, Scania's biggest shareholder with 34% of the voting rights, said that accepting MAN's offer wouldn't be in the strategic and industrial interests of the company. Scania's board, which unanimously rejected the bid, is headed by Volkswagen Chairman Bernd Pischetsrieder.

The second-largest shareholder, Investor AB, the main investment vehicle of Sweden's powerful Wallenberg family, said the offer doesn't "reflect the fair value and potential of Scania." Through Investor and family foundations, the Wallenbergs control about 29% of the votes in Scania.

Despite the rejections, MAN Chief Executive Hakan Samuelsson said he expects a deal to be closed in the first half of next year at the latest. He said that further down the line, he has even larger ambitions for a combined MAN-Scania, and that he is open either to acquisitions or deeper pacts with truck makers in North America and Asia. "We want to be one of the global leaders. We are open to all possibilities," Mr. Samuelsson said.

MAN had offered €38.35 ($48.56) cash and 0.151 of its own shares for both the Class A and Class B shares of Scania. On the Stockholm Stock Exchange yesterday, Scania A and B shares both closed at 449.50 kronor ($62), up 5.3% and 5.9%, respectively. Scania's A and B shares are identical apart from voting rights, with the A shares having 10 times the votes of the B shares.

Shares of MAN dropped 4.6% to €61.10 in Frankfurt.

MAN said that combined with Scania, it would be the world's third-largest truck maker by market share, behind Volvo AB of Sweden and DaimlerChrysler AG of Germany. Mr. Samuelsson said the new company would be "a European champion and a global player positioned to achieve profitable growth in existing and new markets."

MAN said it would reap at least €500 million a year in synergies within three years if it succeeded in the deal, with integration costs of €150 million.

MAN said French car maker Renault SA has agreed to sell the company its 5.6 million Scania A shares, which represent 2.9% of the share capital and 5.2% of the votes.

The company said no sites would be closed if the deal went through and management would be shared between executives from the two companies, with Scania executives joining the combined group's management board. It said the transaction would be accretive to MAN earnings in the first year.

In a statement, Mr. Samuelsson said: "The enlarged group will be able to increase its competitiveness, whilst also securing jobs in Germany and Sweden. The combination of two successful companies will be positioned to grow faster from a position of strength."

Sales of new trucks soared this year, but analysts expect demand to slow next year in top markets such as North America and Western Europe because the industry's cycle is passing its peak, raising the pressure for consolidation.

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ENVIRONMENT:

Tainted Spinach Strikes In 20th State (LAT)

By Deborah Schoch, Rong-gong Lin li And Howard Blume

The Los Angeles Times, September 19, 2006

Illinois today became the 20th state to report an illness associated with eating spinach.

In a press release posted on its website, the Illinois Department of Public Health said an elderly woman from north-central Illinois was the first state resident whose illness was associated with the outbreak that has sickened at least 109 people in 19 other states.

The woman, who was not identified, was hospitalized in August with a form of kidney failure associated with E. coli O157:H7, believed to be responsible for the current outbreak. The woman has a history of consumption of fresh spinach, the department said.

According to the federal Food and Drug Administration, half of the E. coli victims were hospitalized; one person died in Wisconsin.

Dates of the illness ranged from Aug. 2 to Sept. 9.

The states that have reported cases are: California (1 case), Connecticut (2), Idaho (4), Indiana (8), Kentucky (4), Maine (2), Michigan (6), Minnesota (1), New Mexico (5), Nevada (1), New York (7), Ohio (10), Oregon (5), Pennsylvania (3), Utah (14), Virginia (1), Washington (2), Wisconsin (32), and Wyoming (1).

Meanwhile, another packager recalled three brands of its fresh spinach products Sunday.

Salinas-based River Ranch Fresh Foods, one of the nation's top five produce processors, was recalling three of its spring mix salad brands Sunday that include spinach: Farmers Market, Hy Vee, and Fresh and Easy, Acheson said in a conference call.

Robert Jenkins, president and chief executive of River Ranch, said Sunday evening he was confident that the source of the contamination will be found.

"We are not aware of any illnesses that have been linked to the consumption of spring mix," he said. "We're obviously very supportive of the work the FDA is doing."

The River Ranch products were distributed to customers in Iowa, Texas and New Mexico.

"I'm confident we're going to figure this one out. There's just too much talent, too many people, not to figure this out and regain the confidence of consumers," Jenkins said.

The company buys in bulk from Natural Selection Foods, one of the nation's largest producers of organic produce.

Since last week, Natural Selection has been the primary focus of the investigation into the source of the outbreak, because many of those sickened apparently ate its packaged spinach. However, E. coli has not been found in the company's bags of spinach, and health officials have said others could be implicated. Natural Selection issued its own recall of 31 brand names.

The recalls come as the FDA has warned consumers not to eat any fresh spinach or products containing it until further notice. Erring on the side of caution, officials did not recommend cooking the fresh greens. Canned and frozen spinach are not included in the warning.

The dangerous E. coli strain is O157:H7. It can cause bloody diarrhea and cramps and can trigger a rare complication leading to kidney failure.

The bacteria can be found in the manure of cattle and some other grazing animals, which can harmlessly carry the strain in their intestines. It can be passed to humans when they ingest the bacteria in contaminated produce.

Over the weekend, federal and state investigators continued to pore over records at Natural Selection headquarters in San Juan Bautista, Calif., hoping to trace the outbreak to its source.

Across the Salinas Valley, the heart of spinach country, farmers are increasingly anxious. California produces nearly three-quarters of the nation's spinach.

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Dale Huss, vice president of production at Ocean Mist, which does not grow for Natural Selection, was among the few spinach growers willing to speak openly about his plight.

At an Ocean Mist field in Castroville on Sunday, Huss pulled up a fistful of spinach leaves and took a bite.

"Nothing wrong with it," he said, chewing slowly. "Gorgeous, really. It's good."

Huss expects that in the next few days, he will dig up this 20-acre expanse, an $80,000 investment.

"We can't wait. We'll essentially have to put a disk in this," Huss said, referring to a machine that will chop the spinach and turn it back into the soil. "We can't hold on."

Huss may wait a few days, hoping against hope that the scare will pass, but time is against him. Within a week, the spinach will get long and dog-eared, and then start to yellow.

"We're running up against Mother Nature," Huss said.

He doubts he could sell his crop for freezing, since that market probably is inundated, he said.

Huss recalled how the phone began ringing before 6 a.m. Friday as clients began canceling spinach orders less than 24 hours after the initial warning. By 9 a.m., he sent about 100 workers home.

"No sense in putting spinach in a box if no one's going to buy."

At the consumer end of the food chain, spinach was hard to find.

"We just pulled all our spinach because customers aren't going to buy it now anyway," said Cathy Dominguez, a seller at the Sunday farmers market in Hollywood. "Everybody's pretty scared and nervous. So it's easier for us just not to bring it."

On Saturday, she lost about $420 in sales at the Pasadena farmers market.

Her customers Sunday included Fred Eric, the chef/owner of Tiara Cafe in Los Angeles. He's been fielding e-mails from customers who want to know two things: "Where are you getting your spinach from? And what are you going to do?"

For one thing, he's replaced the spinach in his $3.50-quiche slices with arugula. And spinach has been thrown out of the Ty Cobb Freshwich, a sub-like concoction in a rice noodle roll.

Half a block away, Allyson McBayne was doing brisk business because of her spin on spinach: It's hydroponic — grown in water behind a home in Reseda, which was enough to reassure customers. Only one shopper, she said, made a point of shunning her spinach.

Despite the warnings, Arturo Reyes of McGrath Farms set out his normal complement of spinach, though he judged business a little slow.

Brett Gathrid and Jennifer Yandell of Hancock Park approached the spinach with confusion. Yandell, a recent arrival from Nashville, paused then reached for the greens before Gathrid stopped her.

"Our confusion is that they haven't said exactly what and where the problem is," Gathrid explained.

"I was going to buy it," complained Yandell. "I wouldn't let her buy it," Gathrid said.

Angela Gygi of Beachwood Canyon had no such qualms: "I'm not terribly concerned because I buy my produce from farmers, and I think they take good care of it."

And chef Sandy Gendel, on a $2,000 shopping spree for Pace, in Laurel Canyon, took a reporter's query as a reminder to buy the otherwise shunned produce. "I almost forgot. Arturo, where's your spinach?"

Although the FDA has not placed restrictions on selling spinach, it was nowhere to be found at a Vons near Los Feliz.

The tag marking it as a sale item was still in place below an empty shelf. Like other markets, Vons was refunding money for all spinach, no questions asked.

Trader Joe's in Silver Lake also was a spinach-free zone. One manager ruefully noted the benefits of all the vitamins in spinach: "That's why I only buy spinach."

Across the street, at Gelson's Market, assistant manager Manny Vong had accepted three packages of returned spinach on his shift.

Some customers have been returning half-finished bags.

Santi Reng, of the produce department, said one of his customers had just finished eating a raw spinach concoction with dinner guests when they saw the alert on television.

The customer is saving the empty bag as evidence, just in case. deborah, schoch@latimes.com

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Schoch reported from Castroville, Lin and Blume from Los Angeles. Staff writer Michael Muskal contributed from Los Angeles.

Search For E. Coli Source Broadens (WP)

By Annys Shin And Michael Rosenwald

The Washington Post, September 19, 2006

State health officials in Ohio are investigating whether a second death is the result of a deadly outbreak of E. coli linked to fresh spinach, as federal regulators expanded their search for the source of the contamination.

The Food and Drug Administration and California state officials yesterday dispatched additional inspectors to farms in the state to examine irrigation, soil, and machinery, said David W. Acheson, the head of the FDA Center for Food Safety and Applied Nutrition.

The contaminated spinach was initially connected to Natural Selection Foods LLC, a producer in San Juan Bautista, Calif., that sells spinach and salads containing spinach under many brands, including Dole and Earthbound Farm. But the FDA is not limiting its probe to Natural Selection.

So far, 114 people in 21 states have become ill, including 18 who have experienced kidney failure. The first death was reported in Wisconsin, which has had 32 Escherichia coli cases, the highest number reported of any state. Seventy-five percent of the victims are women, Acheson said.

Virginia has one confirmed case, but state health department officials declined to provide further details, citing privacy concerns.

Of the 114 cases, FDA officials have detailed information about what 73 of the victims ate -- 66 ate spinach, including about 40 who ate bagged spinach, Acheson said.

"We don't know everything comes from Natural Selections. All the information we have says the implicated brands were grown in California. That could change," Acheson said. "We are still not ruling out the possibility that other spinach from other states may be implicated."

Natural Selection Foods said yesterday in a statement on its Web site that "based on its work" with California and FDA officials, its organic spinach has not been confirmed as the source of the E. coli outbreak.

But FDA officials refused to clear organic spinach and stressed that consumers should avoid all fresh spinach, organic and conventional, bagged and loose.

"We recognize a need to get our arms around this . . . and begin to focus on which spinach was not involved in this outbreak," Acheson said.

The FDA can recommend a recall of produce but cannot mandate one. While the Agriculture Department inspects meat processing facilities daily, the FDA does not inspect and test produce as frequently before it reaches grocery stores.

"Getting on a farm and testing things ahead of time is not a good use of resources," Acheson said.

Last November, the FDA sent a letter to the lettuce-growing industry urging it to improve produce safety. The letter came a month after Dole recalled several types of bagged salad mix as a result of an E. coli outbreak that sickened 11 people in Minnesota.

In April, lettuce growers drafted a set of best practices for farmers to prevent E. coli contamination. Last month, as part of "The Lettuce Safety Initiative" that was later expanded to include spinach, the FDA and California officials began inspecting farms for compliance with the best practices.

"The FDA is not saying this is the result of a few bad actors but truly an issue of 'we don't understand where this is coming from and we want to work collaboratively together,' " said Tim Chelling, a spokesman for United Fresh Produce Association, a trade group representing growers, shippers, retailers and processors.

Consumer advocates contend that self-regulation is not enough to protect consumers from contaminated produce.

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"No agency has authority on the farm until an outbreak occurs," said Caroline Smith DeWaal, food safety director of the Center for Science in the Public Interest. "The FDA is responsible for everything other than meat and poultry . . . the FDA doesn't have the tools in place."

Enforcing a food recall relies on the efforts of grocery stores, restaurants and other food retailers, and it can be a significant expense for them. Ted Keany, a vice president of Keany Produce Co. of Landover, said he may be stuck with spinach and salad losses of up to $90,000 a week.

"We are legally bound to pay for it, even though we can't sell it," Keany said. "No one wants it."

In a survey of grocery stores in the Rockville-Bethesda area, a Washington Post reporter found two brands of Giant packaged salads containing baby spinach at the grocer's store on Old Georgetown Road. A manager of the store was alerted and, along with a produce staffer, immediately removed about a dozen bagged salads.

Giant spokesman Jamie Miller said "it should have been located" by the store's staff, but said scanners at the cash register would have rejected the purchase.

Safeway pulled O brand organic bagged spinach from its shelves and was holding it, spokesman Greg TenEyck said. Food Lion is destroying its stock of spinach, said food safety director James Ball. So is Whole Foods Market, said mid-Atlantic spokeswoman Sarah Kenney.

At organic Restaurant Nora, owner Nora Pouillon originally did not pull menu items with spinach. She orders most of her spinach from a co-op of 30 organic farmers in Pennsylvania and said there was no chance it came from California.

After numerous questions from customers, however, she decided to take spinach items off of the menu.

Staff writers Kim Hart, Chris Kirkham and Ylan Q. Mui contributed to this report.

Killer Bacteria Hunted In Fields Of California (USAT)

By Dan Vergano And Judy Keen

USA Today, September 19, 2006

Elizabeth Rhodes, a 22-year-old senior at Morehead State University in Kentucky, loves spinach. “I put it in everything,” she says.

When she became violently ill in the early morning of Aug. 31, she didn't suspect the spinach she'd had a couple of nights earlier. “I noticed that the spinach tasted different, but I thought it was just the dressing,” she says.

A friend insisted on taking her to the emergency room. “But it was more scary once the nurses were like, ‘This is the worst we've seen; she's really bad off,' ” Rhodes says. “And this was after they had given me morphine and I was still in such pain.”

Rhodes was one of 114 people in 21 states who have been sickened since Aug. 23 in a deadly outbreak of E. coli that claimed the life of a Wisconsin woman. Federal officials are inspecting farms in California's Salinas Valley, nicknamed “America's Salad Bowl,” in an urgent search to find the source of a deadly bacteria.

The cases include 18 cases of hemolytic uremic syndrome, which causes kidney failure, and 60 hospitalizations, the FDA announced Monday night.

There's no evidence that bags of spinach believed to have carried the deadly E. coli 0157:H7 bacteria were tampered with, says Susan Bro of the Food and Drug Administration. The FDA is advising people not to eat fresh spinach “until further notice.”

The single confirmed fatality was Marion Graff, 77, of Manitowoc, Wis., who died of kidney failure Sept. 7 at a hospital in Green Bay. The FDA's David Acheson said cases may continue to appear for three weeks, because E. coli can take a week to infect patients and two weeks more to confirm.

The Wisconsin Department of Health and Family Services says the state has 33 confirmed cases now, more than any other state. Twenty-six of the Wisconsin victims are women. Federal officials have said 75% of the victims nationwide are women, who surveys show eat more bagged produce than men.

Officials in Ohio are investigating whether the death of a 23-month-old girl is tied to the outbreak, says Jen Fannin, spokeswoman for the Cambridge-Guernsey County Health Department. Four children from the same family tested positive for E. coli, but the exact cause of the youngest child's death Aug. 22 and a link to spinach have not been established, Fannin says.

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Investigators explored Salinas Valley spinach farms Monday, sampling irrigation water and soils, as well as examining harvesting and processing equipment. It will take at least a week for the findings to come back, Acheson says.

But investigations of earlier E. coli outbreaks involving Salinas-grown produce have proven inconclusive.

Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with other salad greens, with "best if used by" dates from Aug. 17 to Oct. 1.

A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought mixed greens from Natural Selection, issued a recall of three packaged salad mixes, Acheson says. The "spring mix" brands containing spinach are: Farmers Market, Hy-Vee and Fresh and Easy.

Barry Eisenberg of River Ranch says none of those brands has been linked to the outbreak, "but we would rather play things safe."

In California, which has one confirmed case of E. coli, state health department investigators are "looking at all possible points from the field to the plate" where contamination could have occurred, says Patti Roberts, spokeswoman for the California Department of Health Services.

Today, investigators fan out into fields. Their tasks include evaluating day-to-day practices, looking for obvious sources of potential contamination sources, reviewing the farm's history of flooding and noting whether livestock are kept close to the spinach field.

"It's a complex investigation," Roberts says. "There's no smoking gun because there isn't a bag of spinach we're able to test. This product's shelf life is too short. It's like investigating a car crash two weeks later when both cars are gone."

Because E. coli illnesses are not uncommon, public health officials don't sound alarms until there are more cases than they expect to see. Those bells began to sound on Sept. 8 when Wisconsin officials alerted the Centers for Disease Control and Prevention (CDC) that it had a cluster.

A few days earlier, Wisconsin officials had learned of a cluster of five E. coli cases, but they were not overly concerned because four of the infected had attended the Manitowoc County Fair and had all visited livestock barns. (Ultimately, only one case from that cluster turned out to be spinach-based.)

But when reports started coming in from other counties, says Jason Helgerson, spokesman for the Wisconsin Department of Health and Family Services, "staff mobilized to take a very close look at a potentially very significant event."

At the CDC headquarters in Atlanta, officials turned to the PulseNet database. Created after an 1993 E. coli outbreak in undercooked hamburger meat sickened hundreds and killed four people in Western states, the database allows federal and state public health officials to quickly compare the genetic fingerprint of E. coli. If the bug's DNA is the same in different patients, they know they have a link.

When the bug is the same, officials look for similarities in food consumption to pinpoint the culinary culprit. As Wisconsin officials searched the memories of their victims about what they had eaten in the past week, they were developing a hunch about spinach.

By Sept. 13, an Oregon health official who did not yet know about the Wisconsin cases called the CDC to report five illnesses caused by E. coli with the same DNA fingerprint. The next day, state epidemiologists shared information on a conference call with the CDC and FDA, and spinach became more than just a hunch. Before 7 a.m. the following day, Sept. 14, the FDA issued its warning to consumers.

The earliest case appears to have cropped up Aug. 2 and the most recent one on Sept. 9, Acheson said Monday.

Coincidentally, experts from the FDA and California agriculture and health officials met in Salinas on Aug. 24 with the Western Growers Association and the California Lettuce Research Board to discuss ways to reverse a rising trend in potentially deadly E. coli outbreaks.

Jerry Gillespie, director of Western Institute for Food Safety and Security at the University of California, Davis, says the institute is offering $300,000 for research into preventing outbreaks in vegetables.

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Contamination of Salinas-grown spinach and lettuce was blamed for three E. coli outbreaks between July 2002 and October 2003, but investigators never found the bacteria's source. Those outbreaks killed an elderly woman and sickened 114 others.

The Salinas Californian obtained health department reports through the state's public records act and reported that investigators inspected harvesting methods and processing and packaging plants but couldn't determine whether the produce was contaminated before or after it was shipped.

Even so, the state recommended that growers clean and sanitize harvesting tools, make sure water used in fields is suitable and test compost that contains manure. Growers told the Californian that they were following those steps.

An investigation of an E. coli outbreak in October 2005 after 11 people became ill in Minnesota was traced to bagged salad products from the Salinas Valley, but it was also inconclusive.

Although the FDA linked those illnesses to the salad, tests of a partial bag recovered from a store customer came up negative. Typically lettuce and spinach go through three washes during processing, including two that have chlorine designed to kill bacteria.

Food-borne illnesses kill about 5,000 people nationwide every year and sicken an estimated 76 million, the CDC says. During her hospitalization, Rhodes says, she was so sick that "at points I was ready to just be gone." She's back in classes now but still experiences cramping. Doctors have told her it will be a month before she's back to full strength.

Experts say the very young, the elderly and people with weakened immune systems are most at risk. "The numbers for food-borne illnesses in this country are way too high," says food safety expert Douglas Powell of Kansas State University in Manhattan, Kan.

Most often, a series of errors lead to contamination, Powell says. First, a field is contaminated through manure used as fertilizer or through dirty irrigation water. Then a processor uses weakly chlorinated or non-chlorinated wash water to clean the produce. And last, the processor doesn't control temperatures in the packing facility, creating a hothouse for bacteria.

Michael Doyle, director of food safety at the University of Georgia and an authority on E. coli 0157:H7, says outbreaks are increasing in number in part because of the way big farms handle produce —for example, some are bagging and cutting the spinach right in the field — which increases the chance for contamination.

State officials have mobilized. But some cases may pass under the states' radar. In Pennsylvania, where there are four confirmed cases, the Department of Health's Richard McGarvey notes that if infected people "don't get a test done or don't go to a doctor or hospital, we don't find out about them. Those people wouldn't even know themselves."

Lawsuits are already being filed.

Drew Falkenstein of Marler Clark LLP in Seattle is representing 15 to 20 victims of the outbreak. The suits, against Dole and Natural Selection Foods, include filings by Anna and Paul Zientek of Milwaukee, whose two children were hospitalized after eating spinach; and Gwyn Wellborn, a Salem, Ore., woman who became sick after eating Dole brand baby spinach. She was hospitalized and received multiple transfusions, the suit says.

Net Loss Inside The Failure Of $8 Billion Effort To Save Prized Fish (WSJ)

By John J. Fialka

The Wall Street Journal, September 19, 2006

For more than a quarter of a century, a federal agency in the Pacific Northwest has been running the world's most expensive wildlife restoration program, designed to save 13 species of endangered salmon and steelhead.

The Bonneville Power Administration, responding to concern about dwindling fish populations, has spent more than $8 billion helping salmon travel from the mountain streams of their birth to the Pacific Ocean and back again, where they lay eggs for the next generation. Impeding their journey are several hydroelectric dams.

The agency has little to show for its efforts. In any given year, only 1% to 3.5% of the fish complete the 1,800-mile round-trip fish trek, which begins 20 miles northeast of Lewiston, Idaho, and continues down the Snake and Columbia rivers. Fish scientists say the success rate should be at least double that.

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With the help of elaborate handling and tracking equipment, Bonneville is beginning to figure out what has gone wrong. Previously overlooked dangers abound. Some of the perils, including federally protected birds and sea lions -- as well as Canadian fishermen -- are beyond the agency's control.

Others, it turns out, include Bonneville's own efforts. In one well-intended move, the agency transports some salmon around the dams on special barges. After being deposited clear of the whirring turbines, the disoriented fish are easy pickings for predators.

The outlook remains gloomy next year, says Michael Ford, who directs the conservation biology division at the National Oceanic and Atmospheric Administration's fishery science center in Seattle. Because of shifting currents, he says, the ocean is expected to be warmer, which is worse for the fish; warm waters carry less food. "We can't be confident that these populations are viable in the long term," he says.

The population of salmon and other fish has been declining here for more than a hundred years, caused initially by overfishing in the early 20th century. Critics say the dams accelerated the trend. The annual catch of salmon and steelhead in the Columbia River has dropped to less than five million today from a high of 50 million pounds in 1911. Meanwhile, this year's count of salmon running through the dams is below the 10-year average.

Congress established the Bonneville Power Administration in 1937 as a self-financing agency to provide power to the region. It supplies about 40% of the electricity in the Pacific Northwest through 31 hydroelectric dams, including eight on the Columbia and Snake rivers built from the 1930s through 1970.

In 1980, federal lawmakers, worried about the decline of the salmon, ordered Bonneville to "protect, mitigate, and enhance fish and wildlife" affected by the dams. Bonneville spends so much to that end that it is affectionately called "Aunt Bonnie" by the small army of scientists and others working to save the salmon. The effort includes four states, four federal agencies, the Bush Administration, Canada, several federal judges and an assortment of Indian tribes.

Most of the salmon spawned in Idaho, Montana, eastern Washington and Oregon navigate Bonneville's dams twice during their lives. Their first journey takes them downstream to the Pacific, where they spend one to three years growing into adults. Then they return, leaping up steps built next to the dams known as fish ladders, a stream of water flowing over stairs that somewhat mimic the unencumbered rapids their ancestors knew. Once home, they lay and fertilize their eggs.

To further help the fish, Bonneville this year will spend almost $700 million. That includes the cost of spilling water over dams to create a cooler, more rapid-flowing stream, which is supposed to help salmon reach the sea. The water otherwise would be used to produce $356 million of electricity. Other fish-friendly improvements include special chutes for young fish and electronic transponders to track their journey.

"There are light years of difference between the way the fish were handled in the 1970s and the way they are now," says John W. Ferguson, a top fish biologist for the National Oceanic and Atmospheric Administration.

The price tag -- which adds 30% to the electric bills of some Northwest consumers -- upsets lawmakers on both sides of the aisle. They are pushing legislation to require the power authority to list the cost separately on electric bills. In a recent survey, consumers said they thought the fish-saving effort added 5%, at most, to their tabs.

"Lately this has been used as a kind of unlimited fund," fumes Republican Sen. Larry Craig of Idaho. "If I had to go before Congress every year to get $700 million to provide for habitat and other improvements for salmon, I wouldn't get anywhere near that amount of money."

Stephen J. Wright, Bonneville's administrator, says the new accounting proposal "makes sense," but adds that he would prefer to show the cost as a percentage of Bonneville's $3 billion annual budget.

Bonneville defenders say Congress has complicated efforts to save the salmon. Under the Endangered Species Act, for example, Indian and commercial fishermen are allowed to catch and sell wild salmon scooped up accidentally during the harvesting of hatchery fish. Legal battles between various interest groups dating back decades haven't made matters easier.

First Major Obstacle

For many salmon, the first major obstacle on their swim to the Pacific starts at Lower Granite, a 3,200-foot dam jutting across the Snake River about 70 miles south of Spokane. Until the mid-1980s, the baby salmon, four to six inches long, had to

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survive a churning, pressurized plunge through whirling turbines. An early attempt to provide an alternative sent the fish zooming through fast-moving spillways where they bounced off the cement walls. As many as 10% of the fish were killed at each dam.

Today, fish that arrive at the top of this dam are sucked into a "juvenile bypass system," a series of pipes and chutes where the water moves more slowly to minimize bruising. Many are steered into a special fish-handling room, knocked out by a bath of mild anesthetic and injected with tiny transponders about the size of a grain of rice. Bonneville buys two million a year at $2 a piece, enabling scientists to track the salmon's journey.

After the transponders are inserted, some fish are gently returned to the river to navigate the other seven dams, which are equipped with similar bypasses. The majority are pumped into the tanks of one of eight specially designed barges that deposit them in the Columbia River estuary beyond the last dam. In the tranquil, 36-hour cruise, 98% of the salmon survive, according to Bonneville.

The barges were supposed to be a temporary fix to give the salmon population a chance to recuperate. New data from the transponders show that a quarter of the salmon are dying in the estuary. "That has been an eye-opener," Dr. Ferguson says.

Scientists are hotly debating the cause. Some blame an unusual concentration of predatory birds at the mouth of the river, including Caspian terns, which are protected as an endangered species, and double-crested cormorants, which come under another federal law protecting migratory birds. These birds hit the young salmon like feathery dive-bombers and may cause as many as 4% of the estuary deaths, NOAA says. Thousands of transponders are being recovered from piles of bird dung.

Ed Bowles, chief of fisheries for the state of Oregon, says Bonneville -- not the birds -- is to blame. He says many of the fish left to navigate the dams alone are too stressed and weakened to survive the rigors of the estuary. The barges, he says, just make things worse. "Collection and handling causes a lot of stress," he says. The barged fish become disoriented and aren't skilled at avoiding predators. Studies suggest they are dying at twice the rate of other fish, Mr. Bowles says.

To settle the controversy, NOAA persuaded Bonneville to buy "acoustic tags." The devices, which are inserted into the salmon as they leave the last dam, are larger than the transponders, which can be detected only when the fish swim through narrow tunnels in the dams. The bigger devices give off a distinctive ping that can be picked up by underwater microphones, enabling scientists, for the first time, to track the fish in the estuary via computers. So far, Bonneville has implanted 14,000 tags at a cost of $270 each.

When, at a year old, the salmon leave the estuary -- heading into the Pacific Ocean and then north into Canadian waters -- they face other threats. Canada changes the times and locations where fishing is allowed to protect endangered Canadian salmon species during their peak migration periods. That move pushes Canadian fishermen to catch more American salmon, say critics in Congress. According to some U.S. fishing groups, 40% of the Canadian commercial salmon catch consists of U.S. endangered species.

Terry Beacham, a research scientist for Fisheries and Oceans Canada, a government agency, admits it is "a possibility" that Canadian fishermen are catching more U.S. salmon, although that is "not the intent of the [fishery] managers." The government's goal, he says, is "to reduce the exploitation of fishing stocks that are of concern in Canada."

Salmon remain as long as three years in the ocean, where they mature and take on weight. Some are caught by Japanese and Russian fishing trawlers. Ocean conditions are the single biggest factor that determines whether the fish return to spawn or die at sea, according to NOAA. Food-filled cold currents are good for the fish, warm currents bad.

Salmon that make it through Canadian waters and start their trip homeward have to run a gauntlet of new perils. On the return journey, the dams are a less of a concern, since all are equipped with fish ladders. Instead a population of voracious male sea lions waits to ambush the salmon below the first dam. The sea lions tear off and eat the egg sacs of returning females. The fattening fish oil in the eggs makes them more attractive to female sea lions during summer mating season.

Commercial fishermen used to shoot the sea lions but that is now banned by the 1972 Marine Mammal Protection Act. As their population increases, some sea lions have learned to climb the fish ladder of the first dam. Crews hired by Bonneville have tried rubber bullets, rubber-tipped arrows, fireworks and special cages. The sea lions, which destroyed 3.4% of the returning spring Chinook last year, have ignored the fireworks and are learning to get through the special cages.

Above the Bonneville Dam -- 140 miles into the salmon's return journey -- the human threat looms large. There, Indian tribes and other fishermen are permitted to fish for salmon under not only the Endangered Species Act but also under various

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treaties and state laws. Indians have had the right to fish for salmon for more than a century in return for turning over their land to the federal government.

Legal Loophole

The result of this legal loophole: The tastiest of the salmon species, the spring Chinook, is served up at Seattle restaurants that pay as much as $26 a pound. Having an endangered-species law that allows people to catch and eat salmon, an endangered species, "seems curiously out of synch," James L. Connaughton, chairman of the White House Council on Environmental Quality, said in a speech this year.

Indian salmon hatcheries and fish-preservation programs are financed, in part, by salmon sales. "We must have salmon to save salmon," Billy Frank, the spokesman for 20 fishing tribes, explained to a congressional panel last year.

State laws, meanwhile, allow fishermen to take as much as 50% of the returning fish in any given season. That right is defended fiercely by powerful groups, including the Northwest Sportfishing Industry Association, which says it represents business interests such as boat and tackle makers with total annual sales of $3.5 billion. The group would like to see four of the eight Bonneville dams torn down to restore the wild river. It helped persuade a federal judge to order Bonneville to spill more water over the dams to increase water flow.

Northwest River Partners, a group that represents local utilities, farm groups and others that use the river for transportation, would rather not spend any more money to help the salmon. They also maintain that water spills don't help.

Over the years, head-butting between sportsmen and local businesses has stymied government policy by making a comprehensive solution harder to achieve. There are currently 22 separate cases asking judges to intervene in various parts of the salmon problem. One dates to 1969.

At Lower Granite, the salmon face one last man-made diversion before getting to their spawning grounds. A computerized piping system shunts some into a room where they are anesthetized in a bath of sweet-smelling clove oil. There, biologists examine them for marks that tell more about their adventures.

Some have "golden arches," crescent-shaped scars on their bellies left by seal teeth. Others have red lines around their gills, showing where they wriggled out of nets that would otherwise have suffocated them.

"If they weren't as flexible as they are, these species would have been gone a long time ago," says Dr. Ferguson, the NOAA biologist.

Write to John J. Fialka at john.fialka@wsj.com1

Talks Continue, But No Breakthrough On Drilling Bill (HILL)

By Jim Snyder

The Hill, September 19, 2006

Business groups last week voiced support for a Senate bill that would open fewer areas offshore to oil and gas drilling than its House companion, in hopes of breaking a legislative impasse before lawmakers return to the campaign trail.

Groups such as the American Chemistry Council, American Gas Association and National Association of Manufacturers, which collectively have formed the Consumer Alliance for Energy Security, favor the House bill because it allows drilling along the East and West Coasts.

The business groups say the federal moratorium on drilling over most of the Outer Continental Shelf has helped to drive up fuel prices by restricting domestic production.

But in a letter sent last week the groups said the Senate measure, which continues to limit offshore drilling to the Gulf, is good enough for now.

“We have come too far to go away empty handed,” the letter states.

“We think it is important to get something done this session,” said Jack Gerard, president and CEO of the American Chemistry Council. That group has argued high natural gas prices have forced its members to outsource thousands of jobs to areas with lower natural gas costs.

“The House has done yeoman’s work, but both bills produce gas,” Gerard said.

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The basic difference is that the House would allow oil companies to drill 100 miles off the coast. States could also allow drilling closer to the shore. States would get a share of royalties paid on both new and existing oil leases, under the House bill.

During his trip to Capitol Hill last week, President Bush urged members to pass an OCS bill, congressional sources said.

The Senate measure, meanwhile, expands drilling in the Gulf, principally in an area known as Lease 181.

It would also allow Gulf states to share royalty revenue, but only on new leases. It also creates a 125-mile buffer along Florida's coasts where drilling would not be allowed and extends the moratorium there until 2022.

Senate leaders have said that their bill is the only pro-production measure that could pass that body. But while business leaders are ready to accept the less ambitious Senate measure, House negotiators apparently continue to hold out for expansion beyond Gulf waters.

"We are not going to support a weak bill to score some political points," said Chris Tucker, a spokesman for Rep. John Peterson, the Pennsylvania Republican who has taken a lead in pushing for drilling expansion.

Conferees have yet to be named but congressional sources said discussions have continued behind the scenes.

Gulf Coast senators met last week to discuss strategy. Later, Sen. Trent Lott, a Mississippi Republican, met with House Resources Chairman Richard Pombo (R-Calif.) to discuss the measure.

One House aide said a compromise that has been discussed would limit the states that can opt-out of the federal moratorium to Georgia and Virginia, which are thought to possess significant gas reserves offshore.

A Senate aide, however, said lawmakers from border states that could be affected by an oil spill have objected to that compromise.

The Senate bill is already a "carefully crafted compromise," said the source.

Another House strategy, according to the Senate source, is to accept the Senate version and then try to open drilling along the East and West Coasts on another "must pass" measure,

But a House aide said that proposal has also been rejected.

Gore Calls For Action On Global Warming (AP)

By Beth Fouhy

AP, September 19, 2006

Former Vice President Al Gore on Monday called for immediate action to stop global warming, calling the phenomenon a "climate crisis" that demands attention from American leaders.

Gore, a Democrat who narrowly lost the 2000 presidential race to George W. Bush, decried the lack of action on global warming by politicians across the ideological spectrum.

"When we make big mistakes in America, it is usually because the people have not been given an honest accounting of the choices before us," Gore said in an hour-long speech at New York University Law School. "It also is often because too many members of both parties who knew better did not have the courage to do better."

But he implicitly criticized the Bush administration, which has been accused of editing official scientific studies to downplay the impact of global warming and asking scientists at federal agencies to refrain from speaking out on the phenomenon.

Future generations, Gore said, "deserve better than the spectacle of censorship of the best scientific evidence about the truth of our situation and harassment of honest scientists who are trying to warn us about the looming catastrophe."

"Each passing day brings yet more evidence that we are now facing a planetary emergency, a climate crisis that demands immediate attention," Gore said.

While the administration has acknowledged the effects of global warming on the environment, President Bush has rejected mandatory controls on carbon dioxide, the chief gas blamed for the phenomenon. He also has kept the country out of the Kyoto treaty, which called for mandatory reductions of greenhouse gases among the signing nations. He has said the pact would harm the U.S. economy.

Gore has brought considerable attention to the global warming phenomenon since last spring, when his documentary film, "An Inconvenient Truth," was released to wide critical praise. The movie has become one of the highest-grossing documentaries, while a companion book on the topic has become a best-seller.

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The resulting wave of publicity has raised questions about whether Gore intends to run for president again in 2008. While he has said he doesn't intend to be a candidate, he hasn't ruled out a run.

In his speech, Gore framed the pursuit of renewable energy as an economic and national security issue for the United States, besides being an environmental imperative. But he also said the challenge of global climate change offered opportunities for innovation and investment.

"We can change this by inventing and manufacturing new solutions to stop global warming right here in America," he said, adding that venture capitalists are eager to put money behind effective technologies to cut greenhouse gases.

Gore Calls For Immediate Freeze On Heat-Trapping Gas Emissions (NYT)

By Andrew C. Revkin

The New York Times, September 19, 2006

Former Vice President Al Gore called yesterday for a popular movement in the United States to seek an "immediate freeze" in heat-trapping smokestack and tailpipe gases linked by most scientists to global warming.

Speaking at the New York University law school, Mr. Gore said that rising temperatures posed an enormous threat and that only a movement akin to the nuclear freeze campaign for arms control a generation ago, which he said he opposed at the time, would push elected officials out of longstanding deadlock on the issue.

"Merely engaging in high-minded debates about theoretical future reductions while continuing to steadily increase emissions represents a self-delusional and reckless approach," Mr. Gore said. "In some ways, that approach is worse than doing nothing at all, because it lulls the gullible into thinking that something is actually being done, when in fact it is not."

President Bush has opposed requiring cuts in heat-trapping gases like carbon dioxide, saying a better payoff will come from a long-term effort to find or improve technologies that provide energy without emissions. The White House last night defended that approach.

"This administration is not just talking about climate change," said Kristen A. Hellmer, a White House spokeswoman. "There are more than 60 programs in place aimed at reducing greenhouse gas emissions that do not hurt the economy or move jobs overseas."

Senator James M. Inhofe, Republican of Oklahoma and chairman of the Environment and Public Works Committee, said the Gore proposals would create "economic calamity."

Several representatives of industry groups said yesterday that the White House had been consulting with industry officials to consider a new energy initiative.

In his speech, Mr. Gore also renewed a longstanding proposal to replace all payroll taxes with taxes on pollution, including carbon dioxide. And he said the United States should rejoin the Kyoto Protocol, the climate treaty, rejected by President Bush that requires industrialized countries to cut emissions.

Mr. Gore has ridden a wave of attention since spring over "An Inconvenient Truth," the popular film and best-selling book built around an illustrated talk on what he calls a "planetary emergency."

His speech in Manhattan came ahead of a burst of planned discourse on global warming this week, including five Congressional hearings and three days of workshops at the Clinton Global Initiative, which are intended to solve the biggest problems hampering international development.

Philip E. Clapp, the president of the National Environmental Trust, a Washington group pressing for limits on heat-trapping gases, said he welcomed Mr. Gore's speech.

"There is no excuse anymore to continue to increase our emissions," Mr. Clapp said.

Gore Unveils Global-Warming Plan (WP)

By Michael Powell

The Washington Post, September 19, 2006

NEW YORK, Sept. 18 -- Former vice president Al Gore laid out his prescription for an ailing and overheated planet Monday, urging a series of steps from freezing carbon dioxide emissions to revamping the auto industry, factories and farms.

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Gore proposed a Carbon Neutral Mortgage Association ("Connie Mae," to echo the familiar Fannie Mae) devoted to helping homeowners retrofit and build energy-efficient homes. He urged creation of an "electranet," which would let homeowners and business owners buy and sell surplus electricity.

"This is not a political issue. This is a moral issue -- it affects the survival of human civilization," Gore said in an hour-long speech at the New York University School of Law. "Put simply, it is wrong to destroy the habitability of our planet and ruin the prospects of every generation that follows ours."

Gore was one of the first U.S. politicians to raise an alarm about the dangers of global warming. He produced a critically well-received documentary movie, "An Inconvenient Truth," that chronicles his warnings that Earth is hurtling toward a vastly warmer future. Gore's speech was in part an effort to move beyond jeremiads and put the emphasis on remedies.

He took a veiled shot at the Bush administration: "The debate over solutions has been slow to begin in earnest . . . because some of our leaders still find it more convenient to deny the reality of the crisis." But he saluted a Republican, California Gov. Arnold Schwarzenegger, for helping to push through sharp reductions in carbon emissions.

Gore noted that few politicians of any party are willing to step into the "no politician zone" of tough steps needed to address global warming.

Gore cautioned against looking for a "silver bullet" policy reform that would address global warming, a view many scientists share.

"There are things that you can do today and in the midterm, and things to tend to in the long term," said Gavin A. Schmidt, a climate scientist at the NASA Goddard Institute for Space Studies. "You have to think on all the scales at once, and even that will only help you avoid the worst scenarios."

A spokeswoman for the President's Council on Environmental Quality said Monday that the Bush administration has committed $29 billion to climate research and programs and has reduced greenhouse gas intensity. That is not, however, the same matter as reducing total carbon emissions, which continue to rise.

Gore touched on nuclear power as a palliative for global warming but made it clear that this is at best a partial solution. Nuclear power inevitably raises questions of nuclear arms proliferation, he said.

And he warned against thinking that the recent drop in oil prices offers much help: "Our current ridiculous dependence on oil endangers not only our national security, but also our economic security."

FBI/DEA/ATF/USMS:

Arellano Felix Brother Pleads Not Guilty To Cocaine Charges (AP)

By Allison Hoffman

AP, September 19, 2006

SAN DIEGO - An accused leader of the Arellano Felix drug cartel pleaded not guilty to cocaine charges Monday, a month after the U.S. Coast Guard arrested his younger brother in international waters off the Mexican coast.

Francisco Rafael Arellano Felix, one of seven brothers allegedly behind the Tijuana-based gang, is accused of selling about a half-pound of cocaine to an undercover police officer in a San Diego motel in 1980.

Arellano Felix, a trim, balding man, said nothing during a brief hearing in San Diego federal court. A federal defender entered not guilty pleas on his behalf to one count of distributing cocaine and one count of conspiracy to distribute cocaine.

Each of the two counts carries a maximum sentence of 15 years in prison, said Assistant U.S. Attorney Laura Duffy.

The government would consider dropping charges against Arellano Felix if he cooperates with authorities in other cases linked to the cartel, Duffy told reporters.

Arellano Felix, 56, arrived in San Diego on Saturday night aboard a commercial flight, escorted by two federal marshals, making him the first key Mexican cartel figure extradited to the United States.

The U.S. ambassador to Mexico, Tony Garza, and other U.S. officials hailed the development.

Arellano Felix fled San Diego before facing trial on the cocaine charges. He was arrested in December 1993 in Tijuana and served a 10-year prison sentence in Mexico for violating that country's tough weapons laws.

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U.S. authorities requested his extradition in 2003, and a Mexican judge approved it in 2004. He was remanded to U.S. custody in Brownsville, Texas, on Saturday.

The extradition comes one month after Francisco Javier Arellano Felix, 36, was captured by the Coast Guard aboard a sport-fishing yacht in international waters off La Paz, Mexico, and taken to San Diego to face drug charges.

The younger Arellano Felix has pleaded not guilty to drug trafficking, money laundering and conspiracy charges.

Four other men captured with him, including a suspected senior figure in the cartel, are being held in a federal jail in San Diego as material witnesses. A fifth man taken into custody aboard the boat was charged Friday with making false statement to federal authorities.

U.S. authorities have requested the extradition of Benjamin Arellano Felix, reputedly the planning chief of the gang, who was arrested in 2002 in Puebla, east of Mexico City. He is being held in a Mexican jail.

Another brother, Ramon Arellano Felix, was shot to death that same year in the Pacific tourist port of Mazatlan. Authorities say he had been the group's feared enforcer, in charge of killing to settle scores.

Eldest Arellano Felix Brother Arraigned In S.D. (SDUT)

The San Diego Union-Tribune, September 18, 2006

SAN DIEGO – The oldest brother of the man authorities say is the leader of one of the largest drug cartels in Mexico pleaded not guilty in San Diego federal court Monday to drug charges two days after being turned over to U.S. officials.

Francisco Rafael Arellano Felix is charged with conspiracy to distribute cocaine and cocaine distribution under a 1980 grand jury indictment issued here. He faces up to 30 years in prison. U.S. Magistrate Judge Anthony Battaglia scheduled a bail hearing for Thursday. Arellano is currently being held in a location that prosecutors would not reveal.

Assistant U.S. Attorney Laura Duffy told the judge that Arellano poses a flight risk and that bail should be denied.

Arellano was represented by a federal public defender, who did not comment during the brief court hearing.

Duffy said after the hearing that under the terms of an extradition agreement between Mexico and the United States, Arellano cannot face any additional charges.

Arellano, 56, was extradited by the Mexican government to the United States and arrived in San Diego on Sept. 16 after being handed over to authorities in Brownsville, Texas.

He was arrested in 1980 on suspicion of trying to sell nine ounces of cocaine to an undercover officer at a motel on Midway Drive in San Diego but he fled the country after posting bail.

He was charged with conspiracy to distribute cocaine and distribution of cocaine as well as jumping bail.

Arellano fled to Mexico, where he ran a nightclub in the resort town of Mazatlan until he was arrested in 1993 in a police raid in Tijuana. He was sentenced to 10 years in prison on weapons and bribery charges. The U.S. has been trying to extradite him for two years and asked that he be sent here after he finished his term at a maximum-security prison outside Mexico City.

Although the order was approved by a Mexican federal judge in 2004, it took two years for Mexico's Foreign Ministry to sign off on it.

U.S. authorities were informed just last week that Arellano was being sent back to the U.S. While Drug Enforcement Administration officials acknowledge that Arellano did not play a key role in running the Arellano Felix drug cartel they said he is still a “player” and that his extradition is a major victory in the ongoing negotiations between the U.S. and Mexico on the extradition of drug traffickers.

Rafael Arellano is the oldest of four brothers suspected in having roles within the cartel.

Benjamin Arellano Felix, the suspected leader of the organization, has been in prison in Mexico since 2002, fighting drug charges.

Francisco Javier Arellano Felix was arrested in August while on a fishing boat off the Mexican coast and is being held in federal prison in San Diego. He has already pleaded not guilty to racketeering, drug trafficking and money laundering charges.

Ramon Arellano Felix was killed in a shootout with Mexican police in 2002.

The fourth brother, Eduardo Arellano Felix, is considered to be one of the top leaders of the organization. His whereabouts are unknown. The DEA has offered a $5 million reward for information leading to his arrest.

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The DEA says the Arellano Felix cartel has been smuggling tons of cocaine and other drugs into the U.S. for decades and is responsible for bribing public officials as well as murdering people on both sides of the border.

Possible U.S.-Mexico Drug Tunnel DiscoveredTunnel Connects Calexico To Mexicali (AP)

AP, September 18, 2006

EL CENTRO, Calif. -- A man accused of receiving more than a half-ton of marijuana smuggled into the United States from Mexico in a secret cross-border tunnel pleaded not guilty Monday to drug charges.

A criminal complaint in El Centro federal court charges that Jesus Bernardo Aguila Agundez loaded drugs into his truck at a house in Calexico, about 120 miles east of San Diego.

The tunnel allegedly runs 400 feet from a the Calexico house to another house across the border in Mexicali, Mexico. It is about 20 feet underground and is equipped with lighting and supported by wooden beams, according to the Drug Enforcement Administration.

Aguila was charged with one count of possessing marijuana with intent to distribute. He was arrested Friday after DEA agents followed his truck from the Calexico house to a nearby swap meet. According to the complaint, agents found 100 packages of marijuana weighing 1,143 pounds concealed under a tarp in the bed of Aguila's blue pickup truck.

The name of Aguila's attorney was not immediately known.

Authorities have discovered about 40 secret tunnels on the U.S.-Mexico border since Sept. 11, 2001, the vast majority in and around San Diego and Nogales, Ariz.

Cross-border Tunnel Found By Federal Authorities (AP)

AP, September 18, 2006

A 400-foot tunnel has been discovered along the U.S.-Mexico border that was likely used to funnel drugs between the two countries, authorities said Monday.

The secret passage connected a home in Calexico, Calif. to another house 400 feet away in Mexicali, Mexico, federal officials said. The tunnel was about 20 feet underground and was equipped with lighting and supported by wooden beams.

"Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S.," said John Fernandes, a special agent in charge with the Drug Enforcement Administration.

It wasn't immediately known whether anyone was arrested or who was responsible for the tunnel.

"This is clearly not the effort of one person," Fernandes said.

Authorities have discovered at least 39 secret tunnels on the U.S.-Mexico border since Sept. 11, 2001, the vast majority in and around San Diego and Nogales, Ariz., according to U.S. Sen. Dianne Feinstein's office.

Cross-border Drug Tunnel Found (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 19, 2006

U.S. Drug Enforcement Administration agents in San Diego yesterday announced the discovery of a cross-border drug-smuggling tunnel beneath a private residence in Calexico, Calif., that extended nearly 400 feet to a house in Mexicali, Mexico.

The tunnel, which ran 20 feet underground and was accessible by a ladder, was equipped with lighting and supported by wooden beams every few feet, said John S. Fernandes, DEA special agent in charge.

"Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S.," Mr. Fernandes said.

The tunnel was the focus of an investigation by DEA agents, U.S. Immigration and Customs Enforcement (ICE) agents, the U.S. Border Patrol and the Calexico Police Department.

A Border Patrol special-response team entered the Calexico residence and also secured the tunnel.

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While the agency said it would continue to work as a team with DEA and ICE to "bring down anyone involved in using tunnels to smuggle terrorists and their weapons of mass destruction," there was no indication the tunnel had been used for anything but drugs.

"Whether they are designed to smuggle drugs, people, weapons or other contraband, these tunnels pose a threat to our nation's security," said Miguel Unzueta, special agent in charge for ICE investigations in San Diego.

DEA spokesman Garrison K. Courtney said it wasn't clear who was responsible for this tunnel, although the agency said it obviouslywas not the effort of one person.

"A tunnel is an enormous undertaking, and those responsible are now on notice. We have found the hole, and the DEA is now looking for you," Mr. Fernandes said.

At least 39 tunnels along the U.S.-Mexico border have been discovered by authorities since the September 11 attacks, the vast majority in and around San Diego and Nogales, Ariz.

A bipartisan group of U.S. senators has asked the Mexican government to enact legislation to criminalize the construction or financing of border tunnels between the United States and Mexico. Led by Sen. Dianne Feinstein, California Democrat, the lawmakers urged the Mexican officials to enact legislation to crack down on those involved.

In March, Mrs. Feinstein introduced a bill to prohibit the unauthorized construction or financing of, or permitting on one's land the construction or use of, a tunnel or subterranean passageway between the United States and another country. It has since been referred to the Senate Judiciary Committee.

The senators said they were concerned tunnels could also be used to smuggle weapons and terrorists into the United States.

The January discovery of the largest and most sophisticated illegal cross-border underpass Mexican and U.S. authorities said they had ever found prompted the request to Mexican authorities.

Equipped with a pulley and ventilation system, the tunnel was 6 feet wide and 12 feet high. It had a cement floor and lights.

Arrest Made In Connection With Calexico Border Tunnel (KPBS)

KPBS, September 18, 2006

SAN DIEGO (2006-09-18) Drug Enforcement Agents have made an arrest in connection with a 400-foot long tunnel discovered under the U.S. Mexico border in Calexico. KPBS Reporter Amy Isackson has details.

The tunnel runs from a back bedroom in a Calexico house under the border and pops up in the bedroom of a house in Mexicali. The passageway is about 20 feet underground. It has cement floors and wood paneled walls. The tunnel is equipped with lighting and ventilation systems, and the ceiling is supported by wood beams.

Drug Enforcement Administration spokesman Dan Simmons says his agency has not yet linked the tunnel to a drug cartel.

But obviously, a tunnel is a tremendous undertaking. And the very nature of a tunnel speaks to the fact that there must be some sort of organization behind it.

The DEA has arrested Jesus Aguila Agundez in connection with the tunnel. A federal complaint says DEA agents believe Aguila loaded more than one thousand pounds of marijuana into his pickup truck at the Calexico house. Amy Isackson, KPBS News.

Officials Search For Clues After Discovery Of Drug Smuggling Tunnel (KESQ)

KESQ-TV, September 18, 2006

Drug enforcement and immigration officials are on the hunt tonight, searching for the people responsible for building an underground tunnel that stretched from a home in California to another home in Mexico. Investigators believe it may have been used to smuggle drugs into the U.S.

The tunnel was found when investigators entered the house located at 932 East Second street in Calexico last week.

Both agencies were tight-lipped about what they've found and why they targeted that home. They say the investigation is on-going and they can't reveal too much while suspects remain at large. A neighbor says he's noticed strange things at the house for months.

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Jose Adaverto Gonzalez has lived at his home on second street for 15 years and for the past six months, he says he's noticed strange behavior from the people living across the street. Last Friday, Gonzalez noticed border agents at his neighbor's house setting up crime-scene tape.

But it wasn't until he went to Mexicali for the weekend that he got an idea of what was going on. While there, Gonzalez saw another house with the same crime-scene tape.

He put two and two together and ealized the homes were connected.

A 400 foot-long tunnel dug 20 feet underground connected the two homes on opposite sides of the border. And the tunnel had some work put into it--there were lights and wooden support beams.It is large enough to walk through hunched over.

The question is, how may people used it...and what for?

"We don't know what's coming through the tunnels exactly, because we haven't spoken to anyone who built the tunnels. So we don't know and that's always a safety issue."

The DEA did say that there were no drugs found and no arrests made. The house was mostly barren except for a few couches and a TV.

Though the tunnel's exact use is unknown, investigators are confident it was for illegal purposes.

Special Agent John Fernandes of the DEA says the tunnel was an enormous undertaking. And those responsible are now on notice. He says the DEA is looking for them.

Our View Tainted Drugs Led To Creative Approach In U.S. Attorney's Charges (NEWSJ)

The News Journal, September 19, 2006

The message that U.S. Attorney Colm Connolly sent on Thursday to dealers of deadly fentanyl-laced heroin was needed.

They face mandatory federal jail time -- from 20 years to as much as life in prison -- when their tainted batches of dope kill or seriously harm buyers.

This is the first time in Delaware that prosecutors have invoked a federal law with no regard for a criminal's intent. It's a tough call needed for tough times in drug enforcement.

Across the country, at least 300 deaths, and hundreds more non-fatal overdoses, have been blamed on fentanyl-laced heroin just this year.

Since April, more than 30 heroin overdoses have been reported in Delaware, including nine known deaths.

A Dover man was among those deaths. He allegedly purchased the tainted heroin from Joseph Bentley, a suspected New Castle-area drug dealer.

Three days after the user's death, wiretaps of phone conversations between Bentley and his father, a Delaware Correctional Center inmate, recorded the son learning that his batches were tainted. He also said a second person died, but gave no name.

But even this news did not stop Joseph Bentley from selling his bad batches; that is until his May 5 arrest, police say.

Mr. Connolly's use of this law is meant to address this kind of egregious disregard for life.

Tainted drugs are not likely to go away. A criminally minded genius keeps them fueling the illegal drug trade around the world. Consequently, law enforcement authorities must be equally imaginative and creative within the bounds of the law.

Critics worried about the de-emphasis on dealers' intent should weigh that concern against the consequences of a dealer's lack of regard for their victims' lives.

U.S. Uploads Anti-Drug Videos To YouTube (AP)

By Ted Bridis

AP, September 19, 2006

Bush administration distributes anti-drug, public service announcements over YouTube

(AP) The Bush administration is taking its fight against illegal drugs to YouTube, the trendy Internet video service that already features clips of wacky, drug-induced behavior and step-by-step instructions for growing marijuana plants.

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The decision to distribute anti-drug, public service announcements and other videos over YouTube represents the first concerted effort by the U.S. government to influence customers of the popular service, which shows more than 100 million videos per day.

The administration was expected to announce the decision formally on Tuesday. It said it was not paying any money to load its previously produced videos onto YouTube's service, so the program is effectively free.

"If just one teen sees this and decides illegal drug use is not the path for them, it will be a success," said Rafael Lemaitre, a spokesman for the drug office.

The government's YouTube videos include a previously televised, 30-second ad of a teenager running from a snarling dog and bemoaning pressure from his friends to smoke marijuana.

"Then today, they said I should try to out run Tic Tic, the lumber-yard dog," the teen says. "And I don't think I can. I'm an idiot."

YouTube, a San Mateo, Calif.-based startup, has become one of the Internet's hottest properties since two 20-something friends started the company 19 months ago. The free service allows users to share and view videos, most of which are amateurishly produced and include clips of young people singing and dancing _ usually badly.

The government's short public service announcements _ all of which were produced previously for television _ are highly polished. They will compete for viewership against hundreds of existing, drug-related videos that include shaky footage of college-age kids smoking marijuana and girls dancing wildly after purportedly using cocaine. Other YouTube videos describe how to grow marijuana and how to cook with it.

"Welcome to the great experiment," said Lee Rainie, director of the Pew Internet & American Life Project. He predicted computer-savvy critics of U.S. drug policies will quickly edit the government's videos to produce parodies and distribute those on YouTube. "This seems pretty new and pretty adventurous."

The government linked its videos with the terms "war on drugs," "peer-pressure," "marijuana," "weed," "ONDCP" and "420," so anyone searching for those words on YouTube could find its anti-drug messages. All the videos were associated with a YouTube account named "ONDCPstaff" and identified as an 18-year-old living in Washington. The term 420 is a popular reference for marijuana.

Michael Bugeja, who studies how different groups use the Internet, said the White House plan is misdirected because online video services don't afford serious consideration to weighty topics.

"It's the wrong forum and the wrong target," said Bugeja, an author and director of the journalism school at Iowa State University.

U.S. Raps Venezuela, Myanmar Over Drugs (XINHUA)

Xinhua News Agency, September 19, 2006

The United States accused Venezuela and Myanmar of doing too little to fight the drug trade and expressed deep concerns about failings in Afghanistan and Bolivia.

In its annual report on the global drug trade, the Bush administration identified Afghanistan, The Bahamas, Bolivia, Brazil, Myanmar, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela as major drug-transit or major illicit drug-producing countries.

"The president (Bush) has determined that two countries -- Burma (Myanmar) and Venezuela -- failed demonstrably during the previous 12 months to make substantial efforts to adhere to their obligations," Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Christy McCampbell said at a news briefing here.

Venezuela, the world's fifth largest oil exporter, has been given a waiver to possible sanctions under U.S. law because support for the programs to aid Venezuela's democratic institutions and community development projects is vital to the national interests of the United States, McCampbell said.

U.S.-Venezuelan relations have been fraught with tension with President Hugo Chavez saying that the United States is planning an invasion of his country, while the United States says Chavez is destabilizing the region.

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Referring to Myanmar, McCampbell said the country has not taken decisive action against drug gangs, and it is actions against methamphetamine are unsatisfactory.

Burma's performances also lack luster in the areas of demand reduction, interdiction, anti-money laundering and combating corruption, she said.

U.S. Faults Bolivia Anti - Drug Efforts (AP)

AP, September 19, 2006

WASHINGTON (AP) -- The Bush administration said Monday it sees disturbing trends in Bolivia's dealings with efforts to combat illicit drugs.

Concerns about contributions to the illegal drug trade by the South American nation came as the White House released the U.S. government's annual list of major drug-transit or drug-producing countries.

The list remained unchanged from a year ago, with 20 nations cited: Afghanistan, the Bahamas, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Myanmar, Nigeria, Pakistan, Panama, Paraguay, Peru and Venezuela.

President Bush sent a report to Congress that also noted that Myanmar and Venezuela, for the second year in a row, were determined to have "failed demonstrably" to meet their obligations under international counternarcotics requirements.

The report singled out Bolivia, the world's third-largest producer of cocaine, for particular emphasis.

"Despite increased drug interdiction, Bolivia has undertaken policies that have allowed the expansion of coca cultivation and have significantly curtailed eradication," White House press secretary Tony Snow.

The Bolivian government has focused almost solely on interdiction, without a focus on eradication and the development of alternative crops, the report said.

Snow said the U.S. government will establish benchmarks by which to further judge Bolivia, such as eradicating minimum acreages, including in the Chapare region, making changes to Bolivian law and tightly controlling the legitimate sale of the coca leaf for traditional use. An interim assessment of any progress will come in March, he said.

Bolivian Vice President Alvaro Garcia Linera met with senior administration officials last week to discuss narcotics issues.

Christy McCampbell, of the State Department's counterdrug office, said Monday that the meeting yielded little headway.

"We expressed our concerns; he listened to it. And there was not any kind of meeting of the minds at this meeting," she said.

On Afghanistan, Snow credited President Hamid Karzai's strong stance against the country's huge opium poppy cultivation but said the Afghan government must do more to deter the problem, including a crackdown on traffickers.

Snow also credited Ecuador with making considerable progress in combatting narcotics trafficking destined for the United States. But, the report said, there has been a dramatic increase in U.S.-bound cocaine sent by Ecuadorian-registered ships.

Snow also offered harsh criticism of Venezuela's counternarcotics record. "Venezuela's importance as a transshipment point for drugs bound for the United States and Europe has continued to increase in the past 12 months, a situation both enabled and exploited by corrupt Venezuelan officials," he said.

Bush waived provisions of U.S. law that could have subjected Venezuela to a cutoff of U.S. assistance because of the designation. The president said he would maintain U.S. programs that aid Venezuela's democratic institutions, establish community development projects and strengthen Venezuela's political party system.

The administration also decided not to cut these programs last year because they promote democracy in Venezuela, a key U.S. goal in a country where, officials say, the commitment to democratic norms has been eroding under President Hugo Chavez.

Associated Press writer George Gedda contributed to this report.

IMMIGRATION:

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Senate To Consider Border Fence Bill (AP)

By Suzanne Gamboa

AP, September 19, 2006

The Senate will consider a bill calling for erecting 700 miles of fencing on the U.S-Mexican border, a proposal that has been approved twice by the House.

Senate Majority Leader Bill Frist, R-Tenn., used a legislative maneuver to get the bill to the floor as early as Wednesday, when the Senate could decide whether to move forward on the legislation.

"Border security is the essential first step of any effort to enact immigration reform. Only when we have convinced the American people of our commitment to securing our borders will we be able reach a consensus on comprehensive immigration reform," Frist said in a statement.

Democrats are likely to try to block the bill. They may try to attach the comprehensive immigration bill the Senate passed in May as an amendment and push debate into next week. A delay could be a problem as Congress tries to wrestle with legislation addressing treatment of terrorism suspects.

"This smacks of desperation and a clear repudiation of President Bush's support for comprehensive immigration reform. It's obviously designed to play to the base. Sen. Frist was for comprehensive immigration reform before he was against it," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, D-Nev.

House Republicans, trying to keep the illegal immigration issue before voters, passed the fence bill last week by a vote of 283-138. The House had approved the same amount of fencing last December as part of a broader bill that would have made being in the country illegally a felony. That bill is stalled.

The nearly 2,000-mile U.S.-Mexican border now has about 75 miles of fencing.

The Senate's immigration bill calls for 370 miles of triple-layer fencing along the Mexican border. The Senate approved $1.8 billion in a defense spending bill for the construction. The House has not provided funding for the fence it approved.

The House and Senate passed far different immigration bills. Republican leaders in the House have resisted compromise. Heading into elections, they chose instead to take out parts of their bill and pass them separately to keep the focus on border security, which plays well with conservative voters.

The fence bill to be considered in the Senate is HR 6061

Senate Set To Consider Fence Bill (WT)

By Charles Hurt

The Washington Times, September 19, 2006

The Senate, which has been the major obstacle to strict border-security legislation this year, will take up a bill this week that calls for constructing 700 more miles of fencing along the U.S.-Mexico border.

"It's time to secure the border with Mexico," Majority Leader Bill Frist said last night before filing the parliamentary motions to force the House-passed bill onto the Senate floor in a final effort to get a major immigration bill on the president's desk before the elections.

Jim Manley, a spokesman for Minority Leader Harry Reid, said the move "smacks of desperation" and was a "clear repudiation of President Bush's call for comprehensive legislation."

The Secure Fence Act of 2006, which was easily approved by the House last week, contains none of the "comprehensive" measures that President Bush, Democrats and some Senate Republicans have demanded. Those include provisions to grant citizenship rights to about 10 million illegal aliens living in the country and a guest-worker program that would usher hundreds of thousands more foreign laborers into the U.S.

"Mr. Frist was for comprehensive reform before he was against it," Mr. Manley said.

On the Senate floor last night, Mr. Frist said he still supports comprehensive immigration reform legislation. But, he said, because no consensus can now be reached on other issues, Congress should move ahead with border security. It's not "enforcement only," he said, but "enforcement first."

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"Border security is the essential first step of any effort to enact immigration reform," Mr. Frist said. "Only when we have convinced the American people of our commitment to securing our borders will we be able to reach a consensus on comprehensive immigration reform."

The last time the Senate considered a border-security-only bill, the measure failed, with all but two Democrats and 20 Republicans refusing even to debate it. Since then, several Republicans bent on comprehensive reform have told The Washington Times that they would now consider legislation that dealt only with stopping the flow of illegal aliens into the country.

Among the most adamant supporters of comprehensive reform have been Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina, who helped form a coalition earlier this year to derail any legislation that failed to grant broad citizenship rights to illegals and create a guest-worker program. The group of Republican defectors also included Sen. John W. Warner of Virginia.

Mr. McCain, Mr. Warner and Mr. Graham also have bolted party leadership by opposing Mr. Bush's proposed legislation for handling the terror suspects held at Guantanamo Bay. The specter of a showdown this week over both the Guantanamo detainees and immigration had some Republican staffers on Capitol Hill wondering whether the trio could wage a two-front battle against their own party during an election season in which control of both chambers is in question.

By filing last night a cloture motion that will limit debate and let the Senate vote on the bill, Mr. Frist hopes to get the measure to the floor by week's end. If Democrats stall, they could push the debate well into next week. And if, as is expected, Mr. Frist introduces the bill so that amendments cannot be offered, the battle in the Senate likely will take even longer and could end in yet another stalemate.

But the House's approval of the bill suggests that Mr. Frist might see some converts on both sides of the aisle in favor of a bill that deals only with border security.

When the House last year approved its border-security legislation, it included almost exactly the same fencing provisions. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants.

But last week, the stand-alone fence bill was approved 283-138, with support from more than 20 Democrats and a handful of Republicans who dropped opposition to the earlier fence proposal.

Still, most Democrats are adamantly opposed to the fence bill, calling it a new "Berlin Wall" and an election-year "gimmick" intended to portray them as weak on security measures. In addition, internal Republican polling has found that immigration is as powerful a motivator for voters as any issue with which Congress is grappling.

"They're obviously done with legislating for the year," Mr. Manley said. "Now, they're just playing to their base."

If approved by the Senate before month's end, the bill would reach President Bush's desk before the November elections.

In addition to building double-layered fences along 700 miles of the southern border, the Secure Fence Act also calls for changing Border Patrol policy to allow agents to forcibly disable fleeing vehicles along the border. The measure also would deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

"This border-security package, coupled with the increased appropriations for border security, will have a real impact on our homeland security and is a vital step forward toward fixing the problem of illegal immigration," Majority Whip Mitch McConnell said yesterday.

"We've added thousands of new Border Patrol agents and nearly 10,000 new detention beds and hundreds of miles of fencing along the border. But this legislation will take us much closer to the operational control of our border that our homeland security requires and provide law enforcement with the tools they need to get the job done," the Kentucky Republican said.

Immigration's Lost Year (NYT)

The New York Times, September 19, 2006

Congressional leaders and President Bush insisted for months that they were serious about fixing the immigration system. They weren't, and the more talk you hear about border security, about building walls and getting tough this time, the clearer it will be that hopes for effective immigration reform this year are past saving, pinned down by strong arms in the Republican-controlled House and kicked until dead.

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The latest proposals are the product of a Republicans-only "forum" last week that distilled the bilge water of a summer's worth of immigration "hearings," which were actually badly disguised campaign events. The hearings — with titles like "How Does Illegal Immigration Impact American Taxpayers and Will the Reid-Kennedy Amnesty Worsen the Blow?" — were show trials put on to destroy comprehensive reform by any means necessary. "What I wanted was witnesses who agree with me, not disagree with me," said Representative Charlie Norwood of Georgia, putting it perfectly.

The "Reid-Kennedy Amnesty," by the way, refers to the now-defunct Senate immigration bill, which passed that Republican-controlled body with the support of stalwarts like Arlen Specter, John McCain, Mel Martinez, Bill Frist, Chuck Hagel and the most prominent Republican of all, Mr. Bush. One of the many signs of the hysteria accompanying this election season is the way their moderate approach to immigration has been tarred as wholesale "amnesty" for lawbreakers.

Like the summer hearings, the latest G.O.P. legislation is an empty vessel, a sham product aimed at the November elections that sells the test-marketed concept of "security" with little to back it up. By decreeing that a 700-mile fence should be the nation's top immigration priority while rabidly opposing a path to legal status for illegal immigrants, the House Republicans are hotly pursing a failed strategy. What satisfies the talk-radio appetite for justice — wall 'em out and deport the rest — is not just needlessly cruel. It also won't work.

If the House Republicans have their way and enforcement-only becomes our national policy, illegal immigrants will keep their heads down and keep working, cowed into accepting low pay and abuse, dragging down working conditions for everybody else. Lawlessness among the employers who hire them will be encouraged. If you like this world of illegality, anonymity and under-the-table cash, then the House Republican approach is the one for you.

Real immigration security means separating the harmful from the hard-working. It means imposing the rule of law on the ad-hoc immigrant economy. It means freeing up resources so that overburdened law-enforcement agencies can restore order at the border and in the workplace. It means holding employers, not just workers, responsible for obeying the law. And it means tapping the energy of vast numbers of immigrants who dream of becoming citizens and who can make the country stronger.

These are huge tasks, and the anti-immigrant forces have nothing to contribute. They are out of ideas, except about getting re-elected. Their calculated inaction and half-measures mock Americans' support for comprehensive reform, which has been repeatedly confirmed in opinion polls.

We will see whether the November elections will make the travesty worth it for the immigrant-bashers, but for the nation it has become a lost year.

As US Nears Milestone, A Rising Mix Of Immigrants (CSM)

By Brad Knickerbocker And Patrik Jonsson

The Christian Science Monitor, September 19, 2006

What keeps America's population clock ticking are people like Dominic Paz.

On a busy day running Alpha Taxi in Lawrenceville, Ga., he flips through a wad of $10s and $20s as he chats in both English and Spanish on two cellphones while dispatching cabs from a croaking CB radio. An immigrant from Honduras, Mr. Paz points to the blur of cars passing his home base - a bench at a strip mall that caters to Hispanics. "Two, three years ago, it was nothing like this, nothing."

Lawrenceville has grown 27 percent in five years, and a big reason is immigration. In all of Gwinnett County, the number of foreign-born residents has nearly doubled in that time. "It's 80 percent Hispanic," Paz says. "There's a brown face everywhere you look."

While growth is slowing almost everywhere in the developed world, three factors are powering the US population toward the 300 million mark. Couples are having enough babies to replace themselves. People are living longer. And the biggest reason: Immigration to the US has sharply increased in recent decades.

Immigration is not only boosting America's numbers, it's changing the face of the country. That 300 millionth new person, expected in a few weeks, is just as likely to fly in from China (or wade across the Rio Grande from Mexico) as he or she is to be born here. To put it another way: Every 31 seconds another person from abroad is added to the US population roll.

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The rise in newcomers - nearly quadruple the number in 1970 - has fueled a widespread backlash against illegal immigrants. That's half the story. The less familiar but also important trend is the influx of highly skilled workers and highly motivated entrepreneurs who have helped the US economy grow. Some immigrants have high-end jobs

While 23 percent of the nation's cooks and 20 percent of its janitors were immigrants in 2000, 27 percent of new computer-software engineers were also immigrants, according to a recent Migration Policy Institute study.

Indeed, the more technically educated the group, the more likely immigrants are to be overrepresented in it. While the foreign born make up 15 percent of the overall workforce, according to the 2000 census, they constitute approximately 17 percent of those with a bachelor's degree in science and engineering occupations, 29 percent of those with a master's degree, and 39 percent of those with a doctoral degree.

Already, 1 in 5 US doctors is foreign born, as are 2 in 5 medical scientists, 1 in 5 computer specialists, 1 in 6 people in engineering or science occupations, 1 in 4 astronomers, physicists, chemical, and material scientists, and 1 in 6 biological scientists, according to another Migration Policy Institute study.

"Plainly, high-skilled immigrants are a critical resource for the knowledge-driven economy and play an important role in the country's global dominance in science and engineering and its leadership in technology," write the study's authors, Columbia University economist Neeraj Kaushal and Migration Policy Institute vice president Michael Fix.

In some ways, the nation's big population milestones - America at 100 million, 200 million, and 300 million - bookend the ebb and flow of immigrants.

In 1910, at the height of the last immigration boom and just five years shy of reaching the 100 million mark, nearly 15 percent of Americans were foreign born. For the next 60 years, that percentage dropped steadily, down to less than 5 percent.

But in 1970, not long after the US population reached 200 million, the figure began to climb again. Today, it's back up to over 12 percent.

The result: a smaller share of immigrants than in 1910, but a far greater number. Estimates put the total near 35 million (legal and illegal). That's 2-1/2 times as many immigrants as there were in 1910. Hispanics take the lead

There's another difference: Whereas the early 1900s saw thousands of Europeans arriving through Ellis Island, then filling up New York's tenement buildings or pushing on to become factory workers, farmers, and shopkeepers in the Midwest, most immigrants today come from Latin America or Asia. As of 2000, 52 percent were from Latin America, 26 percent from Asia, and only 19 percent from Europe.

Immigrants are also spreading out, changing the complexion of corners of the country unaccustomed to waves of foreign-speaking newcomers.

The South, in particular, has seen rapid change: Eastern European dealers at casinos in Mobile, Ala.; Korean shopkeepers in Atlanta; Mexican Christmas tree harvesters on North Carolina's Appalachian slopes.

Some of the states with the fastest- growing immigrant populations lie in the South. Some parts of the region have seen up to 300 percent growth in immigrant populations since 1990.

Such growth is evident in Lawrenceville, the seat of Gwinnett County. Planners see a vibrant future. The county school system has set up a special language center to test new students. There are enough new immigrant children here each year to fill a new school, as they make up about 1,500 of the 7,000 additional students flowing into the school district each year. Ban on taco stands

But there's another side. County commissioners earlier this year banned mobile taco stands for being too trashy looking. This year, the Georgia legislature passed the Security and Immigration Compliance Act, one of the nation's toughest bills to curb illegal immigration.

The law caused a ripple of fear, says Paz in Lawrenceville. As he talks to one Mexican woman grabbing a ride, she says she'll go to Canada when the law takes effect next summer. "People are afraid," says Paz.

So are many American workers, who fear that immigrants will take their jobs. The data are inconclusive.

The Pew Hispanic Center recently used US census information to compare increases in the foreign-born population with employment opportunities at the state level. It looked at two periods in particular: the boom years of the 1990s and the downturn and recovery since 2000.

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The bottom line, according to Pew associate research director Rakesh Kochhar: "The size of the foreign-born workforce in a state appears to have no relationship to the employment prospects for native-born workers."

In general, other experts agree.

"While the number of immigrants is very large, the impact on the overall economy is very small," says Steven Camarota, director of research for the Center for Immigration Studies.

But, he added in recent testimony before the House Judiciary Committee, "While the impact on the economy as a whole may be tiny, the effect on some Americans, particularly workers at the bottom of the labor market, may be quite large."

That's a major concern for those who want to see the federal government change what they see as too-liberal immigration policies and not enough border security.

"It certainly has resulted in the importation of labor substitutes for a wide variety of American workers, with the result that we're widening the wage gap for less skilled workers who've seen real wages declining," says Dan Stein, executive director of the Federation for American Immigration Reform (FAIR) in Washington. "Substitutes erode bargaining leverage and decrease offered wages. Supply and demand works here as everywhere else." Illegals: 11 million or 20 million?

Even the number of illegal immigrants is in dispute. About 30 percent of immigrants - an estimated 11 million - are here illegally, according to most government and private sources. That figure is believed to be growing by some 500,000 a year, according to the US Citizenship and Immigration Services (formerly the Immigration and Naturalization Service).

But one research team posited last year that as many as 20 million illegal immigrants may be living in the US today. Robert Justich and Betty Ng of Bear Stearns, a global investment banking, securities trading, and brokerage firm, based their conclusion on a study of public school enrollment, language-proficiency programs, building permits, and the significant amount of money being sent home by undocumented workers.

One of their conclusions: "Four [million] to six million jobs have shifted to the underground market as small businesses take advantage of the vulnerability of illegal residents."

There's another kind of vulnerability as well. In an investigative report this month, the Chicago Tribune found that illegal immigrants face disproportionate injuries and fatalities - often unreported - doing hazardous jobs like meat-cutting and dry-cleaning.

About half the total US population increase these days is Hispanic, according to the US Census Bureau, making Hispanics the largest and fastest-growing racial or ethnic minority. Part of that rise is children born to Hispanics already in the country. The rest comes from immigration. Fifty-seven percent of those newcomers are from Mexico, and another 24 percent are from other Latin American countries, according to the Pew Hispanic Center, a nonpartisan research group in Washington. Influx helps Social Security

On average, Hispanics in the US are considerably younger than the population as a whole: Their median age is about 27 compared with about 36 for the country generally. That means that as older non-Hispanics retire, there will be relatively more workers to pay into Social Security. It also means more Hispanics in the future. About one-third of them are under 18 - just entering the years when they'll have children of their own.

"People come for a place to raise their kids, where there's a future," says Marcel Cueva, a Lawrenceville cab driver who came from the Dominican Republic 18 years ago and recently became a US citizen.

"Other places like New York have become too expensive," says Mr. Cueva, who has four children and soon may be joined here by his father. "You can make money, but the money is gone. Here you can keep some of it."

The fact that the US has recently become home to an extraordinary number of immigrants also may indicate a new direction for the country as it moves on toward 400 million people, probably sometime in the middle of the century.

"It says that we're going to be a country that is more outwardly reaching to the rest of the world, that we'll be more multicultural than we've been in the recent past," says William Frey, a demographer at the University of Michigan and the Brookings Institution think tank in Washington.

Out Town -- Or Is It Theirs? (LAT)

By Maria L. La Ganga

DOJ_NMG_0065332

The Los Angeles Times, September 19, 2006

WILLIAMS, Calif. — There has been discord enough in the shady streets of this rice-growing city north of San Francisco, where the population has shifted from three-quarters white to nearly three-quarters Latino in just two decades.

Anyone wanting some heated conversation need only mention the time six years ago when the board of education extended the Christmas break to three weeks to give Mexican families more time to go home for the holidays.

The realignment of the calendar maximized classroom time, resulting in lower truancy and improved test scores. But it also set off a cultural debate that continues to this day.

"The Caucasian community didn't want the change," which meant trimming the treasured summer vacation by a week, said Colusa County Supervisor Mark Marshall. "It was very controversial."

Now, if this were a story about Hazleton, Pa., or San Bernardino, places where federal immigration battles ring as loudly through City Hall as they have at recent congressional hearings, it might have culminated in angry denunciations, protests and television cameras capturing them-against-us conflict.

But in Williams, a place that demographer Hans Johnson describes as "the most ethnically transformed city in California," the story is not that simple.

Williams "serves as an almost natural experiment about what these changes mean for all of us," said Johnson, of the Public Policy Institute of California, who estimates that as much as 20% of the city's population could be undocumented.

This city of 5,087 (and rising fast) is the closest thing to a "Petri dish" for observing the effects of immigration in their most concentrated form, said Roberto Suro, director of the Pew Hispanic Center.

The experiment has not always had predictable results. Practical people, for the most part, residents of this agricultural outpost are slowly — sometimes reluctantly — coming to terms with the dramatic changes wrought by immigration.

"All of the families like mine and my husband's, who grew up here all their lives, have had problems with the change in culture," said Kara Alvernaz, who works for the local fire district. But the last thing she'd do is give up on the schools — calendar change or no. "I chose to keep my kids here. They've gotten a good education."

It was Monica Ordaz, a business owner of Mexican descent, who issued her daughter's teacher an ultimatum last year, when bilingual Nicole hit kindergarten: "If my daughter was ever used as a translator, taken away from her time to learn to teach someone else, I'd take her out of the school," she recalled saying.

"I just don't think it's fair for the kids," said Ordaz, who with her husband runs El Campesino, the combination general store, tax service and translation center that largely caters to farmworkers.

As immigration touches nearly every facet of life here, it's been a slow march of two steps forward and one step back, of honest effort meeting harsh reality.

The police and fire departments now have healthy percentages of bilingual members, but elected boards lag far behind in representing the Latino supermajority. An expensive subdivision largely for commuters has been welcomed; expanded housing for farmworkers has not.

At the Church of the Annunciation, Spanish Masses outnumber English 2 to 1. But when a shortage of priests drove Father Francisco Hernandez Gomez to trim one poorly attended English Mass a month, white parishioners revolted. "They thought I was favoring the Hispanics," he recounted, "and that I was kicking out the whites from their own church."

Hernandez Gomez, who has reinstated the English Mass, said the prejudice he sometimes senses in Williams is mostly passive and, perhaps, rooted in feelings of fear and loss.

"Yes, after being the majority just a few years ago, now they are just a few people among a big new community," he said. "The whites could feel they are losing their town, their church, their school, their stores, their language."

Small enough to be featured in a guidebook called "Wide Places in the California Roads," Williams has been a farm town since its early history. Today, it is part of the No. 1 rice-growing county in California.

But rice's dominance is slipping in the region — and therein lies one key to the city's metamorphosis.

Rice is a relatively low-labor crop, with increasingly slim returns. So farmers have been planting other things. Agriculture Commissioner Harry Krug predicts that, for the first time, almond revenues will surpass rice in Colusa County this year.

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"The almond orchards have increased dramatically," said Krug. "Tomatoes came in. We grow a lot of seed crops … They needed more labor. That's where the influx came from."

Changing immigration law also has boosted Williams' population. The federal amnesty program in 1986 paved the way for thousands of illegal immigrants to become legal residents. Since the Sept. 11, 2001, terrorist attacks, those who used to regularly travel back and forth from Mexico have been more likely to stay put, fearful of being caught at the border.

Most of the city's new small businesses cater to Latinos: Toro Loco Mercado; Pita's Restaurant; Roberta's Taqueria, which sells lengua (tongue) and cabeza (head) tacos hard by the Burger King.

Even longtime grocery stores like Shop n' Save stock pork skins in vinegar, mango lollipops, bottled cactus and cones of dark sugar called piloncillo, along with Campbell's soups and People magazine.

Members of Alicia Zamudio's family have trekked to Williams since the 1940s — three generations of campesinos from the central Mexican state of Guanajuato, all in search of work.

Her parents were the first to come. Zamudio, 49, her husband and children started coming each summer in 1990. Today, two of her children, grown and married, have settled in Williams. She would stay too if housing weren't so dear.

"There are many more Latinos here," said Zamudio, who works in the fields six days a week tending tomatoes and vine crops grown for seed. "I see a lot less Anglos now. Maybe because the work here in Williams is farm work and not a lot of Anglos want to be in the field hoeing and picking tomatoes."

When Linda Granzella describes the Williams High School homecoming game of 1993, her words come out in an emotional rush. She is sitting in the office of her family's combination restaurant, motel and olive packing company, barely looking up as the tale bursts forth.

Granzella was in the bleachers, waiting for the Yellowjackets to take the field, when the high school band struck up the national anthem. The loudspeaker's disembodied voice asked everyone to stand.

What happened next "put me over the edge," she said. "Eighty percent of the stadium wouldn't stand. They were Hispanic children, and they didn't stand for the national anthem … I asked them why. They said, 'This is not our country.' "

The indignant mother's response was visceral: She took her daughter out of Williams Elementary School and sent her 10 miles east to a public school in the county seat of Colusa.

"I didn't want her to be in a school where she was a minority in her own country, and they didn't have respect," Granzella said.

Families like Granzella's began transferring their children to nearby districts with fewer Latino students a decade or so before the school board began debating a change in the academic calendar. Tiny Maxwell, 10 miles north on Interstate 5, has been a popular destination, with its plush athletic fields and a high school that's more than twice as white as school enrollment countywide.

"The calendar was a good excuse," said Williams Elementary School Principal Cyndee Engrahm, to explain what for years has been "white flight, pure and simple."

Changing the calendar took a year of acrimonious debate and laid bare the chasm between white and Latino work lives. To some, it also became an argument over whose time was worth more.

"The Anglos wanted more time during the summer. They thought that their time was more important during summer than winter break," said Carlos Velazquez, a real estate agent and chairman of the Williams planning commission.

Three weeks was actually a hard-won compromise. "We'd like a month," Velazquez said. "Most of us are off during the winter, at least three months."

Rice farmer Bob Freed, a school board member at the time, said the final result rankled nearly everyone.

"I had people call me on it: 'You're giving in to the Hispanic population,' " he recounted. "That's not true. Basically it was the answer to the problem."

The moment was not lost on new Police Chief Jim Saso. As he walked into his department's small offices one steamy July day, a resident was conducting a bit of routine business. Two police officers, the records clerk and the city's code enforcement officer were all chiming in — in Spanish.

"I realized we've come a long way," Saso said.

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When Saso joined the Williams Police Department as a sergeant in 2001, there was one bilingual police officer. Today the department is more than 50% bilingual, a change Saso credits to recently retired Chief Dick Waugh, who Saso said recognized "that the demographics are changing."

Similarly, the volunteer Fire Department, which once was nearly all white and open to candidates by invitation only, just promoted Jaime Davalos to captain. He is the first Latino to hold the post.

Twelve of Williams' 42 volunteer firefighters are Latino, seven joining up in the last six months alone. Most of the new recruits, drawn by word of mouth, are people who have lived in the agricultural city for many years. To Chief Jeff Gilbert, who has headed the department since 2003, it's a sign that the Latino community is changing: "We're getting into a new generation. They care about the community."

The Latino majority remains largely outside the political arena, however.

Mayor Virginia Frias was appointed in 2004 to fill a vacant seat on the City Council; if she wins this November, she would be the first Latino elected to that body. The school board is entirely white, as is the Colusa County Board of Supervisors.

Some here fault discrimination, "cultural differences" or long hours in the fields for the discrepancy between population and representation. Others cite language ability and citizenship — or the lack thereof. Almost half of the Latino immigrants in Williams had arrived in the last decade, according to the 2000 census, and only 6% were naturalized.

Velazquez, 38, is someone whose name comes up regularly in conversations about possible Latino candidates. Born near Guadalajara, he is the son of farmworkers and has lived in the area since he was 12.

He wavers on whether he'd ever run, but either way, he believes the city's politics need someday to mirror its population. Part of the problem for Latinos, he said, is lingering mistrust arising from experiences in their home countries.

"I think a lot of us don't want to make waves," Velazquez said. But "we've got to be able to represent our population…. We've got to get over our fear of government."

A lot is at stake. Consider housing policies.

The city has embraced an earth-tone development where single-family houses fetch $400,000, while balking at a proposal to build 50 units of what some consider desperately needed dwellings for year-round farmworkers.

Officials say the project's biggest hurdle is the city's outdated sewer system. Some project supporters see darker motives.

"The city put every roadblock in our way," said Agriculture Commissioner Krug, who runs the seasonal housing complex for migrant workers and wants to see it grow.

"The one thing I've been telling my manager: Get these people to run for office. Get them on the City Council and the school board. They need some representation."

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CONGRESS-ADMINISTRATION:

CIA Reviewing Use Of Contractors (AP)

By Katherine Shrader

AP, September 19, 2006

CIA Director Michael Hayden is reviewing his agency's use of private contractors and the number of people who are resigning to fill the often lucrative positions.

"I am going to investigate to see how much of an issue it is, and then we will take some action," Hayden said during a telephone interview with The Associated Press on Monday, after he spoke to CIA personnel about his vision for the agency.

He is in his fourth month as chief.

Current and former government officials have expressed concern about a so-called "brain drain" to the private sector, which is impossible to quantify publicly because the contracts and personnel figures at spy agencies are secret.

CIA employees generally can retire with full benefits after a career of at least two decades, and some return as contractors. But Hayden said he's more concerned about another issue: the early resignation of employees who get CIA training, leave their jobs and return in higher paying, private-sector contracting positions.

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If resignations are higher than historic norms, "you begin to look like the farm system for contractors around here," Hayden said.

In its Sunday editions, the Los Angeles Times provided new evidence about the trend among spy agencies to hire contractors for roles once filled by U.S. government personnel. The work is particularly bountiful given the war on terror and the extended conflict in Iraq.

Jim Pavitt, who headed the CIA's clandestine service from 1999 to 2004, said the CIA has to rely on contractors because its mission expanded rapidly after the terror attacks of Sept. 11, 2001, and budget cuts in the 1990s meant the CIA hadn't hired enough people.

"It was on the 12th of September, when just about anything I asked for — dollars or more people — everyone was willing to give me," he said.

Hayden did not speak to the CIA work force Monday about contractors specifically, but he did tell the thousands gathered in person and on closed-circuit television about the need to focus on developing new leaders.

As part of the massive boost in national security spending following 9/11, the agency's ranks have grown by about 17 percent, with a roughly 6 percent increase last year, according to CIA spokesman Mark Mansfield.

Some of that growth stems from President Bush's November 2004 order to boost the number of CIA operatives and analysts by 50 percent. Yet intelligence veterans say the challenge is to get quality with the quantity.

"We need a lot of coaching and mentoring," Hayden said in the interview.

He also said the CIA needs to be able to support its personnel — with everything from office space to better technology. He noted that the power went out in June for several hours at the agency's suburban Virginia headquarters, calling attention to the need for an uninterruptible power supply.

While essential work continued thanks to backup power generation, Hayden said, "you had a lot of people sitting around, looking at computers that now became bookends."

Speaking to the work force, Hayden also said he wants to focus on relationships with allied intelligence services, send more U.S.-based intelligence analysts overseas to get them on-the-ground experience and put an even greater emphasis on the clandestine work that's done around the globe.

He only briefly touched on the issue of detainees, which has dominated headlines since Bush announced that the CIA's last 14 high-value detainees had been transferred to military custody.

With the move, the administration also asked Congress for legislation that would clarify in law that the CIA's program is appropriate and legal, allowing it to continue in the future. "All I want to say on that subject is that this agency will continue to reflect the conscience of the republic in everything we do," Hayden said.

New Chief Is Critical Of Barriers Within CIA (WP)

By Walter Pincus

The Washington Post, September 19, 2006

The CIA's new director, Gen. Michael V. Hayden, told agency employees yesterday that their intelligence activities are too segmented, saying that operations officers who collect intelligence need to work more closely with the analysts who interpret what it means.

Four months after taking over, Hayden presented his strategic vision to a CIA workforce that has been battered by years of investigations into the failures of the Sept. 11, 2001, attacks and prewar intelligence about Iraq's weapons programs, as well as a reorganization that lowered the agency's status with the creation of a director of national intelligence.

"The collectors are over here and the analysts over there. We are too segmented, and thinking has been driven by focusing on their own piece of the action," Hayden said in an interview, in which he expanded on the remarks to his staff.

He said he has created a new "board of directors" inside the agency that will begin breaking down walls that have separated the Directorate of Operations, which is the clandestine service, and the Directorate of Intelligence, which is the analytic arm, and even the science and technology group, which comes up with new ideas. One result will be to limit much of the independence each directorate had in the past and centralize more authority with Hayden.

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In the past, the CIA director was partially diverted from details of agency operations because, as director of central intelligence, he had to spend time as leader of the 16 agencies that make up the intelligence community. John D. Negroponte, as national intelligence director, now plays that role.

As part of his integration planning, Hayden wants to have new employees, no matter which career path they follow, spend more than the current day-and-a-half orientation period together learning about the agency.

"There could be a basic training period of up to two weeks," he said, before those destined for clandestine service head down to "the Farm" for six months' training at Camp Peary near Williamsburg, while analysts remain in the Washington area for courses in analytic tradecraft termed in the past "CIA 101" and "CIA 201."

Human intelligence expansion is another goal of Hayden's, as it has been for his two predecessors since the Sept. 11 attacks showed a lack of on-the-ground intelligence sources in the world of terrorism.

One facet of intelligence reorganization that works in the CIA's favor is that the agency now oversees the National Clandestine Service, coordinating all overseas spying activities whether carried on by the CIA, the Pentagon or the FBI.

Hayden said Clandestine Service leadership has begun setting uniform standards for human intelligence training so that case officers for all U.S. overseas spying efforts follow the same standards for vetting potential agents, writing reports and sharing information when appropriate.

For the analysts, Hayden said he plans to put more emphasis on "expertise and time on target and experience," along with "pushing analysts overseas." This continues efforts to reform past practices, in which promotions went to analysts who had served in different types of jobs instead of to those who developed deep expertise in one area. "That reward now could go to someone who has been looking at Iran for 14 years," Hayden said.

He also promised there will be a study of the trend of contracting out intelligence jobs with private firms. "We don't want to be a farm system for these new firms," Hayden said, noting that private companies sometimes lure away young officers and analysts once they have their security clearances and have completed a few years with the agency.

Proposal On Military Chaplains And Prayer Holds Up Bill (NYT)

By Neela Banerjee

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — A bill that sets the Pentagon's spending levels is being held up by controversy over a provision that would allow military chaplains to offer sectarian prayers at nondenominational military events.

The provision, which is being pushed by Representative Duncan Hunter, Republican of California, the chairman of the House Armed Services Committee, says "chaplains in each of the military services would have the prerogative to pray according to the dictates of their own conscience." The Senate version of the spending bill, the National Defense Authorization Act, has no such language.

Chaplains can pray according to the traditions of their faith at worship services, where attendance is voluntary. But they are also called upon to offer prayers at mandatory functions, like changes of command, banquets and speeches.

The provision's backers, among them Representative Walter B. Jones, Republican of North Carolina, contend that Christian chaplains in such cases have long invoked Christ.

"What is happening is a move toward more political correctness, towards more secularism in the military," Mr. Jones said. "I cannot believe that the majority of Americans would be offended that a person prayed to his God."

Opponents of the provision and other chaplains dispute Mr. Jones's version of chaplaincy tradition. They say that at mandatory events, the longstanding custom has been to offer a nonsectarian prayer, for example, citing God, rather than Christ.

The Defense Department, the main military chaplains association and a variety of ecumenical groups have spoken against the provision, saying that sectarian prayer would create division within the military.

"This provision could marginalize chaplains who, in exercising their conscience, generate discomfort at mandatory formations," the Pentagon said in a written statement. "Such erosion of unit cohesion is avoided by the military's present insistence on inclusive prayer at interfaith gatherings — something that the House legislation would operate against."

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The provision is passionately supported, however, by many House Republicans and evangelical Christian groups, like Focus on the Family, who say that refusing chaplains, especially evangelicals, the chance to pray in Jesus' name infringes on their religious liberty.

"What was a celebration of diversity is now a celebration of exclusion, because they don't want people to be offended except evangelical Christians, when our ordination vows call for us to pray a certain way," said Billy Baugham, a retired Army chaplain and executive director of the International Conference of Evangelical Chaplain Endorsers, a consortium of nine denominations that sponsor members of the clergy in military chaplaincy.

Staff members of the Senate and House Armed Services Committees have been trying to reconcile the differences between their versions of the bill for two weeks. A vote on the bill is scheduled for Tuesday, though that might be scuttled because of disagreements over the chaplain provision, Congressional staff members said.

In the last two years, the military has faced several disputes over religion. In 2004, some staff members, alumni and cadets at the Air Force Academy accused evangelical Christians in leadership posts of aggressive proselytizing and discrimination. A group of evangelical chaplains have filed a class-action suit against the Navy saying they were dismissed or denied promotions. Last week, the Navy court-martialed an evangelical chaplain, Lt. Gordon J. Klingenschmitt, for disobeying an order and wearing his uniform to a March protest before the White House.

Those disputes and now the fight over the provision stem in large part from changes in the composition of the armed forces and the chaplain corps that have tested religious tolerance, said the Rev. Herman Keizer Jr., chairman of the National Conference on Ministry to the Armed Forces, the largest chaplaincy organization and an opponent of the legislation.

More atheists and people from minority religions serve in the military now, compared with the Vietnam era, and more evangelical Christians do, too. Similarly, more evangelicals are in the chaplaincy than a generation ago, in part because the military lost favor with many mainline Christians during the Vietnam War, said Mr. Keizer, who served in Vietnam and retired in 2002 after 40 years in the Army.

Supporters and opponents of the provision do not think the Defense Authorization Act will founder on the dispute over the chaplaincy. But a compromise has not emerged.

Senator John W. Warner, Republican of Virginia and chairman of the Senate Armed Services Committee, said the issue was so significant that perhaps it should be addressed in legislation separate from the Defense Authorization Act.

"Somehow chaplains have managed these issues and managed them very well over the years," Mr. Warner said. "I'm concerned about Congress darting in to select one or two sentences without hearing the full spectrum of views on this."

Representative Steve Israel, Democrat of New York, had asked that the wording of the provision remain, but that a clause be added that chaplains behave "with sensitivity, respect and tolerance" to service members of all faiths. That clause was voted down by the House Rules Committee along party lines, Mr. Israel said.

He said he had called for such language because of his concerns about discrimination and coercion by evangelical Christians. Mr. Jones and other supporters of the provision said such language was unnecessary.

"Sensitivity is only a word," Mr. Jones said. "You don't have to tell people of faith to be sensitive."

U.S. Has A Duty To End Illiteracy, Bush Says (NYSun)

By Matthew Chayes

The New York Sun, September 19, 2006

Part of America's duty in its effort to spread freedom around the world and make terrorism less attractive is to stamp out illiteracy, President Bush told a gathering of first ladies — including his wife — and education ministers at New York Public Library yesterday.

"One reason radicals are able to recruit young men, for example, to become suicide bombers, is because of hopelessness. One way to defeat hopelessness is through literacy, is to giving people the fantastic hope that comes by being able to read and realize dreams," the president said.

The Bush administration has persistently argued that the decision to invade Iraq and depose dictator Saddam Hussein in 2003 rested upon a desire to democratize the Middle East and stabilize the region. In their defense of the war, Mr. Bush and his

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political allies have often said that all people in the world have a right to freedom and democracy. The right to be able to read and write is a prerequisite to achieving the freedom enjoyed by Americans, the president said.

"We believe here in America in the universality of freedom. We don't believe freedom belongs only to the United States of America," Mr. Bush said, adding that, as literacy spreads, so will prosperity and harmony. "We also believe strongly that, as the world becomes more free, we'll see peace."

The president's comments came just hours after first lady Laura Bush, a former librarian and schoolteacher, announced a $1 million contribution by America to a United Nations project to promote literacy. She called on other countries similarly to invest in reading and writing education.

The audience included the president's mother, Barbara Bush, another prominent advocate of reading.

Opening the White House Conference on Global Literacy at the library, the first lady drew attention to her longtime aim of educating some of the estimated 771 million — 18% of the world's population — who can't read and write. Mrs. Bush noted that most of the world's illiterate are women. The first lady said that higher literacy rates will mean less poverty and more economic self-sufficiency. "We can help building a healthier, more prosperous and more hopeful world," she said.

Secretary of State Rice, who attended the conference with Secretary of Education Margaret Spellings, introduced Mrs. Bush. Ms. Rice, who was the provost of Stanford University before she became one of the president's top advisers, spoke from personal experience when she said that literacy had meant freedom for her own family.

"It is our hope to build societies where all individuals can achieve the full extent of their liberty," she said, explaining how her family's devotion to education and book learning transformed her family's life in Jim Crow, Ala.

Ney Resigns From 2 Committee Posts (AP-Y)

By David Hammer

AP, September 19, 2006

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions Monday but did not say whether he would leave Congress.

The Ohio Republican said in two letters to House Speaker Dennis Hastert, R-Ill., that he would immediately give up his positions as chairman of the Housing and Community Opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and as head of the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings.

Ohio Republican Party Chairman Bob Bennett called on Ney to resign Friday, soon after it was announced that Ney would plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. The congressman is expected to plead guilty Oct. 13.

Ney has not participated in House floor votes since Sept. 12, House records show. The House returns to session Tuesday.

When asked if Ney was working Monday, his chief of staff, David Popp, said he could not comment on whether Ney would return to his elected duties before his term expires in January. Ney earlier dropped his re-election bid.

Ney's lawyer William Lawler declined to comment on the committee resignations or if the congressman had made any decisions about keeping or leaving his House seat. Last week, Lawler said Ney wasn't ready to resign and was seeking treatment for alcohol abuse.

Hastert was in Russia on Monday and not available for comment on whether he wants Ney to resign, spokesman Ron Bonjean said.

Ohio Lawmaker Who Took Illegal Gifts Rebuffs Calls To Resign (NYT)

By Philip Shenon

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — Representative Bob Ney of Ohio, who agreed last week to plead guilty to federal corruption charges, has rebuffed demands that he resign, creating a dilemma for Republican strategists who want him off the public stage before he does any more harm to the party ahead of the November elections.

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In letters to the House Republican leadership on Monday, Mr. Ney, who has admitted accepting tens of thousands of dollars' worth of illegal gifts from lobbyists, said he would immediately step down from two House committees. But he made no mention of leaving Congress altogether.

Congressional rules do not require the expulsion of a member of the House or the Senate convicted on criminal charges, which means that unless his colleagues act to oust him or he resigns, Mr. Ney could continue to draw his $165,200-a-year-salary until his term ends next January.

Calls for his resignation have come from fellow Republicans, including the chairman of the Ohio state party, Robert T. Bennett, who said in a statement last week that Mr. Ney had "disgraced his office" and "should resign immediately and begin paying the price for his arrogance and greed."

Mr. Bennett suggested that if Mr. Ney refused to step down, it would play into the hands of Democrats who would offer "their predictable hue and cry about the culture of corruption in politics while they ignore the wrongdoers in their own party."

The Republican nominated to replace Mr. Ney in the House, State Senator Joy Padgett, has also urged him to step down. She was quoted by the Associated Press on Monday as saying, "I truly thought he would resign" last week and "I'm pretty sad that he didn't do the right thing."

Congressional officials said House Republican leaders were also urging Mr. Ney to resign, although they had not done so publicly — yet.

Democrats have seized on Mr. Ney's plea bargain, the result of a larger criminal investigation of Jack Abramoff, the former Republican lobbyist, in urging voters to end Republican control of Congress in the November elections.

Bill Burton, communications director for the Democratic Congressional Campaign Committee, said the guilty plea "shows how widespread the corruption is in Washington — it's time for new leadership and a new direction."

Asked whether Mr. Ney would resign in the wake of his plea agreement, one of his criminal defense lawyers, William E. Lawler, declined to comment on Monday. Mr. Lawler would also not comment on the whereabouts of Mr. Ney, who was reported by friends to have checked into an alcoholism-treatment center last week. He is scheduled to formally enter his guilty plea at a court hearing on Oct. 13.

In the meantime, Mr. Ney's office in Washington and his four district offices in Ohio remained open and staffed on Monday.

Mr. Ney's official House Web site, ney.house.gov, remained up and made no mention of his legal troubles, its home page focusing instead on his visit to the United States-Mexico border last month and his praise for border agents "enforcing our laws."

Mr. Ney would not be the first member of Congress to try to hold on to his seat after admitting to, or being convicted of, criminal charges. In 2002, it took the House four months to expel another Ohioan, James Traficant Jr., a Democrat, after his conviction in federal court in Cleveland of 10 counts of bribery, racketeering and other corruption; he was sentenced to eight years in prison.

In his plea agreement, Mr. Ney admitted that he had essentially sold his office to Mr. Abramoff's lobbying operation and to a Cyprus-based businessman in exchange for a series of lavish gifts.

The gifts included overseas trips, the use of skyboxes at Washington-area sports arenas, meals, concert tickets and thousands of dollars' worth of gambling chips from London casinos; through winnings at the casinos in two visits to London in 2003, Mr. Ney brought home an estimated $50,000.

In a statement last week, he suggested that his crimes might be explained in part by his alcoholism.

Republican Congressional aides, speaking on condition of anonymity because of the politically awkward situation created by his guilty plea, speculated that Mr. Ney, 52, wanted to hold on to his House seat because he needed the paycheck. His recent financial disclosure statements suggest that Mr. Ney does not have a substantial portfolio of investments or other assets.

Despite his acknowledgment of corruption, Mr. Ney may still be able to look forward to a Congressional pension. As a result of the uproar over the lobbying scandals focused on Mr. Abramoff, House leaders proposed new rules this year to block pension benefits for former members convicted of a crime. But the new rules were never approved.

Ney Gives Up His Gavel (HILL)

By Patrick O'connor And Jackie Kucinich

DOJ_NMG_0065340

The Hill, September 19, 2006

Rep. Bob Ney (R-Ohio) resigned his subcommittee chairmanship yesterday, days after agreeing to plead guilty to federal corruption charges, but the Ohio Republican has not stepped down from Congress despite admitting that he performed legislative favors in exchange for trips, meals and other lavish gifts.

Ney sent a letter to House Speaker Dennis Hastert (R-Ill.) yesterday announcing his resignation as chairman of the Financial Services' Subcommittee on Housing and Community Opportunity.

In addition, Ney, who chaired the House Administration Committee before Hastert asked him to step aside earlier this year, sent the Speaker a separate letter informing him that he would relinquish his position on that panel, which monitors the official mail members send from their congressional offices.

Ney does not address how long he will remain in Congress in either letter, nor does he voluntarily remove himself from either committee.

On Friday, the Justice Department announced that Ney had agreed to plead guilty to one count of conspiracy, which included a violation of the one-year lobbying ban on former staff, and one count of making false statements for, among other things, failing to properly document casino winnings during a 2003 trip to London.

Ney is the first lawmaker to plead guilty in the ongoing corruption probe of admitted felon Jack Abramoff, the once powerful lobbyist who maintained close ties to a number of prominent Republicans.

The Ohio Republican, who was known as the mayor of Capitol Hill for his work as chairman of the panel that oversees the Capitol complex's buildings, maintenance and operations, was once considered an up-and-comer. He had strong ties to former Majority Leader Tom DeLay (R-Texas), who was forced to resign his seat earlier this year amid the Abramoff scandal. Two former DeLay staffers and one former Ney aide have pleaded guilty to charges in the case.

The announcement of his plea agreement comes during the final stretch of what has been a difficult election cycle for Republicans in the House stemming, in part, from this illegal behavior.

Ney sent copies of both letters to Minority Leader Nancy Pelosi (D-Calif.) and to the chairmen and ranking members of the Administration and Financial Services committees. In each letter, he thanked the chairmen and staff of both committees.

Hastert could not comment on either letter yesterday because he was returning from the G-8 Summit in St. Petersburg, Russia, his spokesman said. His chief of staff, Scott Palmer, and his chief counsel, Ted Van Der Meid, the Speaker's two top advisers on procedural matters, were traveling with him.

It was unclear who would assume the Financial Services subcommittee chairmanship Ney is leaving behind. Republicans may be forced to reach deep within the panel for a successor. Rep. Gary Miller (R-Calif.) is the vice chairman of the panel, but the California lawmaker has been scrutinized for his own close ties to a land developer.

Neither Ney nor his lawyers have said whether the six-term lawmaker would resign officially from the House before his scheduled appearance in U.S. District Court for the District of Columbia on Oct. 13 before Judge Ellen Segal Huvelle, who has presided over other pleas in this investigation.

William Lawler, an attorney for Vinson & Elkins LLP who is representing Ney, said it was up to the congressman to decide whether he would resign beforehand. On Sunday, House Majority Leader John Boehner (R-Ohio), who earlier this year convinced Ney to withdraw his bid for reelection, made similar remarks to an interviewer on Fox News.

The announcement comes as congressional Republicans try to finish their regular session on a high note with a series of votes to beef up funding for security along the southern border with Mexico and controversial bills to create a legal framework to try suspected terrorists and to monitor their phone calls abroad.

Congressional Democrats remained largely silent over the weekend about Ney's plea.

Joy Padgett, the Republican running to replace him, yesterday called on Ney to resign immediately from Congress, and Republican Reps. Rick Renzi (Ariz.) and Heather Wilson (N.M.) immediately announced that they would donate campaign contributions they received from Ney to charity.

"I am deeply disappointed by today's revelations surrounding Mr. Ney and will donate any contributions I received from him to charity," Renzi said on Friday.

The New Mexico Democratic Party used the occasion of Wilson's donation to condemn her connections to GOP leaders.

"Heather Wilson seems forced to disavow a lot of corrupt Republican contributions lately," said John Wertheim, the state's party chairman.

A lobbying-law overhaul that would strip Ney of his pension remains stalled in negotiations between the House and Senate. In a press release from May, Ney actually trumpeted his own efforts to keep that provision in the broad reform bill.

Official House rules dictate that a "member, delegate or resident commissioner" who has been convicted of a crime that has a sentence of two years or more in prison "should refrain from participation in the business of each committee which he is a member."

The rules further encourage those members not to vote before their committees or the whole House "unless or until judicial or executive proceedings results in reinstatement of the presumption of his innocence" or the member is reelected after a conviction.

If Ney does not resign from the House, members can vote to expel him with a two-thirds majority, but that process can be lengthy.

If a majority of the ethics committee votes to find the member in violation of House rules, any member can bring the question to the House floor for a full vote of the chamber.

— Jonathan Kaplan and Alexander Bolton contributed to this article.

New Pay System Doesn't Affect Performance But Hinders Morale, Survey Finds (WP)

By Stephen Barr

The Washington Post, September 19, 2006

Federal executives find that a new pay-for-performance system has had little effect on their performance, but it has caused morale problems, according to a survey released yesterday.

The new pay system for the Senior Executive Service, a group of about 6,000 career professionals who serve as the government's top day-to-day managers, was put into place in January 2004 and has been touted as a possible model for the rest of the federal workforce. But the executives in the survey reported seeing little connection between their job ratings and their rewards.

Twenty percent of the executives who received a top job rating last year said they received no pay increase, and 82 percent said they had been given more responsibilities but had not received a raise.

"Something has been lost in translation as the system has been implemented," said Carol A. Bonosaro , president of the Senior Executives Association, which sponsored the survey.

In a statement, Linda M. Springer , director of the Office of Personnel Management, said that the OPM plans to study the survey results and will work "to address any problems that exist in the execution of the new system."

Congress set up the new pay system to address complaints that too many career executives were up against salary caps and to give job performance a greater role in determining executive compensation.

The previous pay system, which had six pay levels, was abolished, and agencies were given discretion to set executive salaries in broad ranges. Under the new system, federal executives may be paid up to $165,200 annually, but they are no longer guaranteed annual raises and are no longer entitled to receive locality pay adjustments that go to most other white-collar federal workers.

Parts of the survey showed that executives support the new system: Ninety-six percent of the respondents said they should be held accountable for helping their agency achieve its goals, and 69 percent think it is possible to establish measurable performance standards for their job.

But 53 percent said their agencies rated executives to meet a quota or to produce fewer high ratings. Asked if their ratings were fair and accurate, 17 percent said yes; 27 percent said yes, to a limited degree; and 33 percent said no.

Asked about the effectiveness of the new system, 86 percent said it had not affected their job performance, and 83 percent said they had not seen a change in the performance of their peers.

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As for morale, 47 percent reported a "negative change," 40 percent saw no change in morale, and 13 percent said morale had improved because of the new pay system. Sixteen percent said the new system has led them to accelerate their plans to retire.

The survey was conducted on a voluntary basis over the Internet between April 28 and July 3 and received 849 completed responses. Avue Technologies Corp., a human resource consulting and technology firm, helped the association administer the survey.

Bonosaro and Linda Brooks Rix , co-chief executive of Avue, said the survey respondents were mostly representative of the federal executive corps, though they were a little older and had served longer. About half the respondents were not members of the Senior Executives Association, which was founded in 1980 to represent the interests of top career executives in government. The survey included a safeguard against participation by non-executives.

Bonosaro said she and other association officials plan to brief congressional aides and to work with the Bush administration on improving the pay system. The association's recommendations, she said, include adjusting executive pay according to local market conditions each year and allowing executives to count their bonuses toward retirement.New NARFE President

Margaret L. Baptiste of Mount Pleasant, S.C., has been elected president of the National Active and Retired Federal Employees Association. She is the first woman and the first spouse of a federal retiree to hold the position.

Baptiste, who announced her candidacy last week at NARFE's 29th biennial convention in Albuquerque, won 52.2 percent of the vote. She defeated Dan C. Galvan of Texas and Charles W. Carter of Colorado. She succeeds Charles L. Fallis of Virginia and will take office Nov. 1.

LETTERS (WSJ)

WSJ – Nader letter, earmarks, September 19, 2006

Hang Those Earmarks Out in the Sunshine

Your Sept. 13 editorial "Earmark Showdown" correctly points out that Sen. Tom Coburn's (R., Okla.) bill requiring the dollar amounts and recipients of all grants and earmarked contracts be placed in a publicly accessible database is an important step toward transparency. It is indeed the least that Congress should do.

On Jan. 6, 2000, I wrote to President Bill Clinton and asked him to issue an Executive Order setting procedures for every agency of the federal government to place its contracts online.

On Feb. 8, 2000, President Clinton wrote back saying he had forwarded this request to OMB's Office of Information and Regulatory Affairs for review.

On Sept. 10, 2001, I wrote to Mitchell E. Daniels, Jr., then the director of the Office of Management and Budget, urging him to give taxpayers access to the full text of government contracts. On June 6, 2003, as a result of Mr. Daniels's drive on this issue, a Federal Register Notice was issued asking for public comments on a pilot project to put contracts online. His successors at OMB have not followed up.

We are moving in the right direction with Sen. Coburn's legislation, but as we all know the "devil is in the details." Requiring federal agencies and departments to post online the full text of all federal contracts, as well as task orders worth $1 million or more, would be a wonderful next step. The computer age should make it possible to efficiently allow for certain redactions related to legitimate concerns about business confidentiality and national security in contracts before they are posted online in a publicly available database managed by the General Services Administration.

Already, a large coalition from across the political spectrum has been pushing for increased transparency in government. Increased transparency regarding government contracting is good for a more competitive procurement process, the taxpayer and our democracy.

Contracting out what the federal government does and contracting to obtain what government needs is a large part of our economy. The former includes letting corporations perform more military and intelligence functions; while the latter has included buying supplies like fuel, paper, food, medicines and vehicles. Taken together, they amount to spending trillions of dollars over the past decade -- our tax dollars.

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Putting the full text of these contracts online will give taxpayers both savings and higher quality performances, let the media focus more incisively on this vast area of government disbursements to inform the wider public, encourage constructive comments and alarms from the citizenry, and stimulate legal and economic research by scholars interested in structural topics related to government procurement, transfers, subsidies and giveaways.

Ralph Nader

Washington

Needless Furor Harms Outstanding Psychiatrist

The furor arising from your article about the absence of a potential conflict of information statement in a scientific paper on vagal nerve stimulation therapy for depression ("Medical Journal Editor Nemeroff Steps Down Over Undisclosed Ties," Aug. 28) has potentially harmed the fields of medicine and psychiatry.

Dr. Nemeroff was the lead author of the article in question, and all of the required individual conflicts were submitted to the journal, of which he was the editor, but they weren't included due to a regrettable oversight at the level of administrative publication. Thus, the concern about this is much overdone, as Dr. Nemeroff has reported his collaboration with the maker of vagal nerve stimulators in numerous other publications, as well as public and academic presentations. Dr. Nemeroff's decision not to pursue another appointment as editor of Neuropsychopharmacology is highly unfortunate, as this journal is more focused on the biological mechanisms of psychiatric diseases and their treatments than any other, and Dr. Nemeroff is extremely well-qualified to lead it.

Due to Dr. Nemeroff's extremely productive and successful career as a leader in academic psychiatry, he and others like him are asked to be on the boards of many pharmaceutical firms specializing in central nervous system agents. Through such collaborations, the development and testing of novel treatments are greatly enhanced and the safety of research subjects strengthened. Yes, these companies must make profits, but they also share with researchers a desire to find scientific truth, which usually isn't as clear-cut as many believe. The overwhelming majority of academic researchers are proud of their independence and are dedicated to advancing their fields through quality research. At a time of diminishing funding, does it not make sense for industry-sponsored support to provide a viable alternative, especially if available in a no-strings-attached way with sufficient academic research oversight?

We are academic psychiatrists and researchers who are colleagues of Charles Nemeroff, and we have the utmost respect for his science and ethics. Some of us receive research support from pharmaceutical companies, some from federal agencies, some from both and some from neither. All of us want the best for the fields of science, medicine and psychiatry in their endeavors to better humanity.

Boadie Dunlop, M.D.

Kerry Ressler, M.D., Ph.D.

Atlanta

(This letter was also signed by 45 other professional colleagues of Dr. Nemeroff.)

Business Ethics Professor's Weak Grasp of Capitalism

As an alumnus of Notre Dame's MBA program, I am genuinely appalled by the Notre Dame business ethics professor's comments calling the dramatic increase in hotel rates during football weekends "an act of moral abdication," especially when he engages in precisely the same behavior with his own home ("Notre Dame Football Introduces Its Fans to Inflationary Spiral," page one, Sept. 7). After all, since he has a second home in Chicago, the marginal cost of letting others stay at his house in South Bend is extremely low relative to what he is charging them.

"An act of moral abdication" may possibly occur when a company temporarily increases its prices during a catastrophe, but the article is talking about a football game, hardly a calamity (unless Notre Dame loses, of course).

I wonder if the professor's notion of moral abdication also applies to hotels charging more on weekends than on weeknights in Las Vegas or more during the summer than during the winter at the New Jersey shore, or airline pricing.

The notion of moral abdication implies that companies should use some basis other than the fundamental, elementary law of supply and demand to set prices, which smacks of something other than free-market capitalism. Since they are expected to

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maximize a company's value, business executives would do well to disregard the professor's admonishment, especially in the case of Notre Dame football weekends.

Associate Professor of Logistics Management
Robert H. Smith School of Business
University of Maryland
College Park, Md.

Ivory Tower Residents Ignore Corporate Reality

Your article "Majoring in IBM: Dissatisfied With Graduates, Companies Design and Fund Curricula at Universities" (Personal Journal, Sept. 12) demonstrates the disconnect between higher education and the realities of job seekers. The concern, expressed by New America Foundation fellow Jennifer Washburn, that a corporate influence on education "is a breach of academic integrity" illustrates the problem.

As an MBA student at Purdue University I have seen the detachment between academia and the rest of the world. Most students don't aspire to be a professor. Rather, they attend universities to land corporate jobs. Universities shouldn't be ivory towers, isolated from the rest of society, producing students who are unprepared for the realities they are soon to face.

I applaud IBM and other corporations for taking the initiative. Corporate involvement in education is a must, and university administrators should take an example from Marketing 101 and look at the needs of their consumers, the students.

Transparently Inadequate (WP)

The Washington Post, September 19, 2006

ONE AMAZING thing about the House passage of "earmark reform" last week was how much labor it took to bring forth this tiny mouse of change. A more amazing thing is that the Senate may not bestir itself to change its rules even that much -- though it has already voted to require such disclosure as part of the lobbying reform bill now mired in a separate disagreement with the House. All this in a year when challengers on the left and right campaign against the "bridge to nowhere" mentality of free-spending lawmakers; when lawmakers themselves acknowledge that the practice of setting aside money for pet projects is out of control; and when a congressman is serving time for taking bribes in exchange for earmarks.

How modest -- pathetic would be a more apt term -- is the House change? Henceforth, members will be required to disclose their sponsorship of certain earmarks, and by no means all of them. Beyond this limited disclosure: nothing. No provision for an up-or-down vote on such spending. No prohibition on earmarks to benefit lawmakers' relatives. No limitation on last-minute additions that offer no opportunity for scrutiny or debate.

Disclosure is useful but insufficient. Sponsors of some of the most egregious earmarks have been eager to have their names attached to the pork-barrel spending. Remember "Don Young's Way"? This $230 million earmark for a bridge in Anchorage was part of a transportation spending bill that the Alaska Republican, who chairs the House transportation committee, bragged was "stuffed like a turkey." Somehow, we doubt that forcing Mr. Young to disclose his sponsorship of Don Young's Way would have done much to persuade him to spend taxpayer dollars any more wisely.

This kind of transparency ought to be a no-brainer minimum requirement. But, in a reflection of the degree to which lawmakers have become addicted to earmarking, the change almost failed to win passage because Republican appropriators revolted against what they viewed, with justification, as unequal treatment: While earmarked funding would be covered, the sponsors of special-interest tax breaks would have to be listed only if the break was limited to a single beneficiary. Of course the definition should be broader than that.

But the fundamental points are these: First, no one should be fooled into thinking that the House's minor, loophole-ridden change is anywhere near enough. And no one should tolerate the Senate's failing to live up to even the low standard set by the other body.

Bush's Limited-time Engagement Yields Laughs (HILL)

By Emily Heil

The Hill, September 19, 2006

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So last week, the president came to the Hill to convince lawmakers to approve his legislation allowing interrogation of detainees. Hilarity ensued.

We're sure there was plenty of serious policy talk. But anytime the seldom-seen-on-the-Hill president ventures into the Capitol, there's bound to be some funny encounters.

On the way to a meeting of Republican members, an entourage that included the president, the vice-president, Karl Rove, and other top West Wingers were walking through the Capitol basement, only to be joined by a very unexpected guest. House Minority Leader Nancy Pelosi (D-Calif.) and her gang of staffers just happened to be entering the hallway behind the executive-branch types.

Pelosi seemed a bit surprised to find herself practically steps away from Rove, but took it all in stride.

"We're not part of this party," she joked to the gaggle of reporters staked out nearby.

Just in case they were confused on that point.

Then, during a closed-door meeting of Republicans, there were some cracks made about the Ohio State University's Buckeyes defeat of Bush's home-state Texas Longhorns the previous weekend. Republicans in the Ohio delegation presented Bush with an OSU flag, according to our spies. And when fellow Texan Rep. Louie Gohmert (R-Texas) stood up to ask Bush a question, he told the president that he didn't shed a tear when the Longhorns lost. Gohmert cheers for the Aggies as a graduate of Texas A&M, one of UT's biggest rivals.

Bush, to plenty of good-natured snickers from the audience, then asked the freshman Republican whether his remarks were on the record, since they might prevent the former judge from running statewide.

Yes, he just flew in from 1600 Pennsylvania, and boy, are his arms tired …

Spoiler alert: staffer from 'Hill' show weds

For those of you who like to read the last page of a book first, here's a spoiler. On the Sundance Channel's series "The Hill," which chronicles the everyday work lives of staffers for Rep. Robert Wexler (D-Fla.), Wexler's foreign policy adviser Haley Soifer ditches her Republican boyfriend for a Democratic one.

Though he's never identified by full name on screen, Hill hands will recognize the new, blue paramour as Andrew Kauders, the former executive director of the House Democratic Caucus and aide to Sen. Robert Menendez (D-N.J.) who is now a principal with government-relations firm PodestaMattoon.

The four of six filmed episodes that have aired so far have delved into Kauder and Soifer's debate over whether they should move in together.

Unlike so many other reality-TV couples (i.e., Whitney and Bobby, and nearly every couple from the Bachelor), the two are now blissfully married.

They tied the knot Aug. 19 in Lansing, Michigan.

Another update: Soifer has left Wexler's office to pursue a master's degree at Johns Hopkins in foreign policy with an emphasis in the Middle East. Soifer says she misses life on the Hill, particularly her old colleagues in Wexler's office. But now she's happily busy with subjects such as Arabic language and economics, which she says she wouldn't have been able to pick up on the job.

Still, Soifer says she'd like to come back to the Hill, work for a campaign, or maybe in the executive branch someday.

"There's something very addictive about the Hill," she says.

Haliburton film, hearings get cross-promotion

Robert Greenwald, the maker of scathing documentaries who has previously turned his yellow lens on favorite Democratic targets like Tom DeLay and Wal-Mart, has found another subject. And it's (drum roll, please) Halliburton!

Greenwald, whose credits include Wal-Mart: the High Cost of Low Price and The Big Buy: Tom DeLay's Stolen Congress, held a press conference on Monday in the Senate Dirksen building to promote his new film, Iraq for Sale: The War Profiteers. The film delves into the Pentagon's use of contractors in Iraq, and we're guessing the depiction isn't a flattering one.

Sen. Byron Dorgan (D-N.D.), whose Democratic Policy Committee is coincidentally holding hearings on that very same topic (imagine that!) joined Greenwald at the press conference. And though the director hailed Dorgan as a hero for shedding

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light on contractor improprieties in Iraq, Dorgan himself emphasized he was not "promoting" the film but rather the idea that "there needs to be accountability" in Iraq. Dorgan called on GOP colleagues to convene hearings on the matter.

The American people "expect things to be done right," Dorgan said.

Ned Lamont's shifting "part"-isan politics

Connecticut Senate candidate Ned Lamont rode his liberal bona fides to a victory in the Democratic primary over Sen. Joe Leiberman. But now is Lamont moving to the right?

It seems, at least, that his hair is making a decidedly rightward march. Make that his part, specifically. The first pictures that pop up on Lamont' s campaign website show the telegenic candidate with a part that sits on the right side of his tousled 'do.

But when you look at other photos of Lamont posted on the site, it seems that he is and always has been a left parter. Part-switchers (not unlike party-switchers) particularly among men, are few and far between.

But a Lamont source says it's all a big misunderstanding. The pictures featuring the right-side part are just from flipped negatives, adjusted to get the proper angle for their spots on the website's front page.

Pun gives press release relief

We get mountains of press releases, some straightforward, others painfully full of exclamation points and purple prose. We're offering a special and occasional award for pun-iness that makes us laugh/groan to this missive sent from a House Energy and Commerce subcommittee.

"Panel to Eye Contact Lens Sale," the release is headlined.

To those who say puns are the lowest form of humor, we say, lighten up.

Frist and wife heart Romanian ambassador

Who knew? He's huge in Romanian circles. At Romanian Ambassador Sorin Ducaru's farewell fete last Wednesday, none other than Senate Majority Leader Bill Frist (R-Tenn.) and his wife Karyn became the life of the party.

Frist clearly did not want to steal the ambassador's thunder, but after a heartfelt speech wishing Ducaru well, he was surrounded by guests who wanted to shake his hand.

The Frists did not appear to be new to the Romanian Embassy circle. Mrs. Frist remarked that Romania has had some wonderful ambassadors. She was referring to Mircea Geoana, Ducaru's photogenic predecessor, and of course Ducaru himself, who was pivotal in promoting Romania during its ascension to NATO two years ago.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 19, 2006

A TV News Newbie, but Ready for Her Close-Up

Some people get all the good genes: Pamela Brown , a rookie reporter at NewsChannel8, inherited her looks and broadcasting bug from mom Phyllis George (Miss America 1971, CBS sportscaster) and her political passion from dad John Brown (former governor of Kentucky).

No, she's not a pageant queen -- though her mom hosted an annual Miss America party for her friends. "No, no, no," says Brown. "I'm trying to get away from that." The 22-year-old blonde graduated in May with a journalism degree from UNC-Chapel Hill, where she was a reporter on the university's "Carolina Week"; in summer 2004 she interned for Sen. Hillary Clinton. A family friend suggested Channel 8 would be a good place to launch her career; she started as a general assignment reporter three weeks ago.

Pretty nice for a first job! News veep Bill Lord denied whispers that Brown's pedigree got her the gig. "We do have a number of entry-level positions, but it's unusual for it to be an on-air position," Lord acknowledged. "She had a very good tape. She's very poised on the air. She has a lot of abilities that indicate she's going to be a very strong player."

Said Brown: "I'm here to work hard, and I'm not going to let petty gossip get in the way."If There's One Thing Millionaires Know, It's the Value of a Dollar

The Rich Get Richer, Part 1 : They were throwing money around -- literally -- at Saturday's final polo match on Great Meadow's field in Fauquier County. At halftime of the U.S. vs. England match (Yanks won, 8-4), about 300 smartly dressed guests

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-- millionaires, diplomats, socialites -- headed onto the field for the traditional divot stomp, in which patrons replace dislodged clumps of Bermuda grass. No one paid much attention when two guys in a pickup threw T-shirts onto the field, but they perked up when $1,000 in cash began fluttering onto the grass. "They went wild," said Great Meadow Executive Director Leslie VanSant. The swells were busy scrambling for the 700 one-dollar bills when the announcer added that there were three $100 bills in the mix, too. Hey, you can be too thin, but you can never be too rich.

The Rich Get Richer, Part 2: Somehow, two of the three big raffle prizes at Jeffrey and Juleanna Glover Weiss's fundraiser for the Washington Scholarship Fund on Saturday night went unclaimed. No wonder -- who could hear numbers being called over the lively din of media-political-business-elite cocktail chatter? So check your pockets, socialites: Ticket No. 0962043 gets you $750 worth of Gold Cup passes, movie premiere tix and dinner; No. 0962043 is $1,200 worth of yoga classes.GET THIS!

Â· Willie Nelson , his sister, Bobbie, and three others got misdemeanor citations when Louisiana state police found psychedelic 'shrooms and 1.5 pounds of marijuana on their tour bus yesterday morning. Hmm, wonder what made them look? All were released, pending court dates.

Â· Phish bassist Mike Gordon debuted his first "experimental" film at the DC Shorts festival Saturday in front of a sold-out audience, a seven-minute animated bit, "Cabin Thing." Alas, the film, about a cabin in the woods magically constructing itself, did not win a prize. Later, he breezed through a festival brunch at Clyde's Sunday and graciously chatted up hyperventilating Phish Heads.HEY, ISN'T THAT . . . ?

Â· Likely new mayor Adrian Fenty breakfasting yesterday at the Four Seasons with D.C. Council member Jack Evans , both presumably getting over the fact that Evans supported Linda Cropp . Granola for Fenty, Raisin Bran for Evans.

Â· Tony Snow flying first-class from Orlando to Reagan National; the WH flack wore both a yellow "Livestrong" wristband and a dark-green one, which he's told reporters was a gift from the family of Flight 93 pilot Jason Dahl to memorialize terror victims.

* * *

"The number one concern that I get about rap music is that they can't understand what the hell we're saying. It's like a whole bunch of mumbo-jumbo. . . . I make it a point to enunciate every damn word to make sure you understand every word I say."

-- Centreville's own Ludacris, speculating on why he has so many fans over 40, in an interview last week at XM Satellite Radio to air early next month. Also explaining why he lost the braids: "I wasn't going over 30 with cornrows."

Loving Jenna (RC)

By Mary Ann Akers

Roll Call, September 19, 2006

The co-writer and producer of the zany award-winning satire “The Miss Education of Jenna Bush” is just a tad obsessed with his character. His fantasy is to have the real first daughter fly to Los Angeles this week to see the one-woman play named for her before she settles into her new gig teaching English in Latin America.

“We want the real Jenna to see the fictionalized one and let us know how off-base we are or how off-target,” the producer, Winston Beigel, said. “That’s what’s driving us nuts: We really want someone to tap her on the shoulder, tell her to please get on Air Force One, come to Los Angeles and see this show about you.”

The “we” is Beigel and actress Melissa Rauch, who portrays Jenna as a down-to-earth but spoiled party girl transitioning into adulthood. The play, which won the Outstanding Solo Show award at last year’s New York International Fringe Festival, runs Sept. 27-30 in L.A.’s Cornet Theater.

Beigel and Rauch, ramping up the publicity, are trying to solicit help from their friends in the media to reach the first twins, who they’re certain would love them just as much as they love the twins they parody.

“Melissa and I really do feel very close to Jenna somehow,” Beigel told HOH. “Maybe that’s just what happens when you spend a lot of time with a fictionalized version of a real person, I’m not sure — but we’re convinced, if faced with the real thing — we’d all end up as friends. Can you imagine, grabbing some lobster and margaritas with Jenna and Babs in Kennebunkport, just ‘cause? Now that would be awesome!”

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And Beigel said he believes the real Jenna would like the show, which New York Magazine called "riotously funny" and the Dallas Morning News described as "a rather touching story about a young woman on the verge of the rest of her life."

Beigel says the play should be coming to a theater in Washington, D.C., sometime next year for Washingtonians' last chance to "savor Jenna."

Fore, Jack!!! Life's not all bad for Jack Abramoff. The corrupt former lobbyist, who is awaiting sentencing for his role in the lobbying scandal of the century, enjoyed playing golf Sunday at Woodmore Country Club, where he is a member.

No clue who he played with.

DeLay Papers. What were all those boxes marked "Tom DeLay" doing lining the wall in the subbasement of the Rayburn House Office Building on Monday? On their way to the archivist, perhaps?

A Roll Call photographer counted about 150 boxes, some of which were open, exposing lots of photographs, briefing books and official documents. Some boxes were marked "videos," which made us wonder whether, like the Nixon tapes, we'll one day find out more about this once-powerful and complex man known as the Hammer.

All-Star Game — Sort of. Tonight, the best of the House Softball League and the Senate Softball League will square off at 7:30 p.m. in a mano-a-mano fight for king-of-the-Hill bragging rights. But what we don't get is, how can you have a House-vs.-Senate showdown and not have teams that represent, well, the House and the Senate?

It appears that, at least for this season, the House wasn't strong enough to serve in its own league: House champion Potomac Fever represents The Washington Center for Internships and Academic Seminars.

At least the Senate winner, The RBIs of Texas, is made up of staffers from Texas Senate offices. Though the team also includes players from "Denny's Grand Slam," the team out of Speaker Dennis Hastert's (R-Ill.) office.

RBI's captain Bill Christian is trying to rally Texas Sens. Kay Bailey Hutchison (R) and John Cornyn (R) to attend tonight's game — though even he admits it might be a long shot.

The Fever will be playing with a depleted roster. In the last inning of Saturday's House tournament, extra hitter Rob Stacy separated his shoulder sliding into home plate and was sent to the hospital. "His shoulder's back in place, they popped it back into the joint," Fever captain Robert Walter said. "He's a little groggy on morphine right now."

Even without Mr. Morphine Drip playing, Walker predicts, "We're going to give them a good fight, it's probably going to be a close game."

Get Real About Budgeting Before It's Too Late (RC)

By Rep. Jim Cooper

Roll Call, September 19, 2006

Budget debates on Capitol Hill will never be the same, now that we have proof that presidential budgets have failed us, not because of their spending priorities but because of bad accounting. The Bush administration keeps two sets of books but shows Congress only one of them.

Don't take my word for it. Read "The Financial Report of the United States," issued by the U.S. Treasury every year but suppressed by the White House. Never heard of it? You are in good company. David Broder of The Washington Post called it one of the most secretive documents in Washington, D.C. It is issued just before Christmas without a press release, and with a print run of 2,100 copies. That's why I persuaded a publisher to release the "Financial Report" in every bookstore in America, just in time for the fall campaigns.

If you use proper accounting, federal budget deficits are at least two, and probably 10, times larger than President Bush will admit. Remember President Bush's press conference last month claiming that his deficits are smaller than expected? He simply wasn't counting veterans' benefits, civil service retirement, Social Security or Medicare. We can't pretend that we care about those benefits if we don't count them.

How large is the deficit? Was the 2005 deficit $318 billion as the president admits, or $760 billion, or even $3.3 trillion? Is it 2.6 percent of gross domestic product, 6.2 percent or 26 percent? History will not be kind to governments that cannot put the decimal point in the right place.

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Congress is clueless on this issue. More Members were briefed on the ultra-secret National Security Agency wiretapping than on this report. The Budget committees ignore it. Most Members have no idea that Congress and the White House have been using old, outmoded bookkeeping while the White House keeps the real numbers hidden.

The president himself is in the dark. I recently asked the new director of the Office of Management and Budget, Rob Portman, to tell the president about the report. I told him that he couldn't be fired for delivering bad news on his first day on the job. But Director Portman apparently chickened out. The president has given no indication that he is aware of the Treasury Department numbers. As the first MBA president in history, Mr. Bush has a particular obligation to use modern accounting.

Congress also has ignored one of the most important news events of the summer. For the first time in history, the White House may be forced to tell the truth about Social Security and Medicare. The Federal Accounting Standards Advisory Board voted 6-4 to include Social Security and Medicare obligations as liabilities on our national balance sheet. Incredibly, we elected officials have been promising the benefits without bothering to budget for them. The FASAB vote will change that.

Fiscal problems such as these are literally destroying America's credit. Standard & Poor's, the nation's leading credit analyst, is projecting that the United States will lose its AAA bond rating by 2012 and fall to junk bond status by 2025. S&P obviously sees larger deficits than President Bush does.

Do you trust Standard & Poor's, or Bush and Cheney, on this issue?

How could Washington be so confused? Just the word "accounting" can make people's eyes glaze over, but, as they say in business, "If you can't measure it, you can't manage it." Today Congress cannot accurately measure its debts or manage its deficits. We cannot even monitor the use of the national credit card because our accounting methods are so primitive. No large business in America or nonprofit is allowed to rely on our method of accounting. We've literally made it illegal for everyone else.

The first plank of the Republican "Contract with America" demanded that Congress live by the laws it passed for the rest of the nation. Surprise! We've been exempting ourselves from the most important one of all: telling the truth about our own budget problems.

Meanwhile, the coming debt crisis is best described by Peter Fisher, a former Bush Treasury official: "Think of the federal government as a giant insurance company (with a sideline business in defense and homeland security) which only does its accounting on a cash basis. ... An insurance company with cash accounting is not an insurance company. It is an accident waiting to happen."

An accident waiting to happen! America deserves better than that.

Rep. Jim Cooper (D-Tenn.) wrote the foreword in "The Financial Report of the United States," published by Nelson Current.

Your Medical History, To Go (opinion) (NYT)

By David J. Brailer

The New York Times, September 19, 2006

IT is obvious to any patient that most of his health information is on paper. Hurricane Katrina evacuees learned this when they arrived in shelters where their medical histories had to be manually — and often incompletely — reconstructed. Paper histories might eventually get where they are needed, but too late to be useful.

As the government's first national coordinator for health information technology, I began our nation's effort to convert health care from paper charts to electronic health records. America's leading doctors and hospitals have been using electronic records to reduce deaths from mistakes, injuries from prescribing errors and waste from unnecessary treatments. Steps are now under way to bring these lifesaving tools to every hospital and doctor's office in the United States. And consumers are even exploring personal health records to view their own health information and shape treatments in ways they couldn't before.

But Congress is considering a bill that would make it harder to allow your information to follow you throughout your health care treatment.

The key to digital medicine is portability. Imagine arriving at an emergency room, swiping a security card and having your medical records appear instantly. Health information portability also allows dissatisfied consumers to more easily switch doctors, hospitals or health plans, intensifying the competition to provide good quality care.

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Moving from paper to digital medicine is costly — more than $100 billion for the nation by some estimates. Only the very largest doctors' practices can afford electronic health records. This is why the federal government recently published rules allowing hospitals and others to donate electronic health records to doctors. There is one critical requirement, however: the information must be standardized and portable. These rules help doctors improve care, and at the same time push health information portability into the mainstream.

None of us would want to be treated any place where health information is proprietary and shared only in order to advance business interests. Think what it would be like to be in an emergency room where a doctor can't make lifesaving decisions because your health information is at a competing hospital. Proprietary health information impairs delivery of good care and deepens barriers to switching doctors, hospitals or health plans. Compared to this, keeping your phone number when you switch cellular carriers is a vanity.

The House and the Senate have passed separate bills that seek to encourage electronic health records. They agree on many things, like codifying into statute the health information technology office that I started. They disagree on the most important issue, however: whether portability should be a condition for electronic health record donations. The Senate version links portability to donations, whereas the House version does not.

Opponents of the House bill argue that it is too early to set standards for portability, that portability will slow adoption of electronic health records or that electronic health record donations should be prohibited altogether. These points are valid and worth consideration, but they miss the fundamental and overarching issue that Congress must confront as it tries to reconcile the competing versions of the bill: opposition to portable health information is, by definition, support for proprietary health information. As the era of digital medicine begins, we have one chance to get it right, and that means making portable health information our priority.

Congress should pass a health information technology bill, but it should include the existing federal rules for portable health information technology donations. In no place else does medicine's principal adage "first do no harm" apply more than to the action that Congress is about to take.

OTHER NEWS:

U.S. Current-Account Gap Widens (WSJ)

By Greg Hitt

The Wall Street Journal, September 19, 2006

WASHINGTON -- The U.S. reported that the deficit in its current account, the broadest measure of trade, widened further in the second quarter -- underscoring concerns about economic imbalances voiced by global finance ministers this past weekend.

Finance officials have long warned that the dimensions of U.S. borrowing from abroad -- reflected in the current-account figures -- threaten the stability of the world economy. The current account measures not just trade in goods and services, but also some financial flows; the deficit effectively amounts to how much the nation borrows abroad to finance U.S. consumers' appetite for imported goods and services.

Yesterday, the Commerce Department said that the U.S. current-account gap widened by $5.21 billion to $218.41 billion in the second quarter. The wider deficit was due in large measure to soaring global oil prices, which raised the U.S. bill for imported petroleum. The deficit remained 6.6% of the U.S. economy, the Commerce Department said, a large slice of the U.S. economy.

Critics say huge current-account deficits, which approached $800 billion last year, can't be sustained forever and warn there may be a heavy price to pay -- in the form of higher interest rates and falling stock values -- if foreign investors ever decide to pull back.

Speaking this weekend in Singapore, where finance ministers of leading industrialized nations were gathered, Treasury Secretary Henry Paulson suggested that fixing broader global imbalances is a "shared responsibility" that will require reductions in the U.S. budget deficit and more growth by Europe and Japan, in addition to "currency flexibility" by China. Critics say Beijing

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has kept the yuan's value artificially low as part of a policy that helped China run a big trade surplus with the U.S. and amass a stockpile of U.S. financial assets.

Harvard University Professor Kenneth Rogoff suggested a big move by China to lift the value of the yuan would stimulate needed currency adjustments throughout Asia. That would trim the U.S. current account modestly, he said, but, more important, it would lessen the "the risk of a fast unwinding" of global imbalances over the long term.

For now, though, expectations are low that Mr. Paulson, who travels to Beijing this week, can win any changes in China policy. And after yesterday's report, analysts suggest there is no immediate current-account crisis on the horizon. Nouriel Roubini, chairman of Roubini Global Economics, which publishes the RGE Monitor, said China and other emerging economies will likely continue to be able to finance the U.S. current account "smoothly for another year," with only modest increases in global long-term interest rates and little depreciation in the dollar, among other things.

The U.S. current-account deficit in the April-to-June quarter was the second-highest on record, pushed up by increased imports of goods, especially oil and petroleum products, as well a $1.63 billion increase in the deficit on investment income, the Commerce Department said. It was the third consecutive quarter the U.S. reported a widening in the deficit on such income.

Notably, net foreign purchases of U.S. private securities totaled $121.56 billion for the second quarter, down from $186.01 billion in the previous quarter. At the same time, foreign direct investment in the U.S. -- which covers hard assets such as manufacturing plants -- increased $48.41 billion, compared with an increase of $45.27 billion in the first quarter.

Separately, the Treasury Department reported net foreign purchases of $32.9 billion in July, down from $75.1 billion in June. During the month, foreign investors purchased $54.5 billion in U.S. securities. Of that total, $31.8 billion in purchases were made by private investors, down from $82.4 billion the previous month. Meanwhile, U.S. investors spent $21.6 billion on securities issued abroad.

Write to Greg Hitt at greg.hitt@wsj.com1

Prices At The Pump Keep Tumbling (USAT)

By James R. Healey

USA Today, September 19, 2006

Gasoline prices continue to tumble briskly, dropping Monday to a U.S. average of less than $2.50 a gallon for the first time since March.

Service stations even are beginning old-fashioned gas wars to avoid losing customers to price-cutting rivals.

“Traders were racing to see how high they could take it. Now, retailers are racing to see how low. It's crazy,” says Mike O'Connor, president of the Virginia Petroleum, Convenience and Grocery Association.

A Wawa station in Gainesville, just off Interstate 66 in Northern Virginia, dropped to $1.999 Sunday, prompting competing 7-Eleven stations to match. That triggered lines and drained at least one station's tanks.

“We never have been that busy on a Sunday. I was supposed to leave at 5, but I stayed until 8,” says Faisal Haq, assistant manager of a 7-Eleven about a quarter-mile from the Wawa. “We had about 600 customers. Other Sundays, maybe 300. We ran out of gas sometime after 7 p.m.,” he says.

In Virginia Beach, half a dozen stations in one area that sell more-profitable items inside were selling gas for $1.999 Monday, to “get people onto the lot to make money off cigarettes, coffee, sandwiches. We haven't seen this kind of marketing in a while,” says O'Connor.

Terrible's, a convenience store near Interstate 35 at Osceola, Iowa, was at $1.969 over the weekend to attract business to the affiliated casino next door. “Our intent is to be the cheapest fuel in our immediate area,” manager Di Boone says.

The U.S. Energy Information Administration reported Monday that the national average for regular grade is $2.497 a gallon, down 12.1 cents in a week. Travel organization AAA reported a U.S. average Monday of $2.495, down 1.6 cents overnight.

Last time gasoline was less than $2.50 was March 27 in EIA's survey, March 19 in AAA's.

A hefty 42% of Americans polled over the weekend said they think fuel prices are being manipulated by the Bush administration to help Republicans in an election year. The USA TODAY/Gallup Poll has a margin of error of 3 percentage points.

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Petroleum analysts say the reasons are less Machiavellian: Supplies are above average, partly because summer's high prices attracted record imports. Hurricanes haven't knocked out Gulf of Mexico production. U.S. regulations permit a cheaper-to-make fuel blend in fall and winter.

"Without a shadow of a doubt, there is not any manipulation, and it has nothing to do with the approaching election," says Peter Beutel, head of energy-price consultant Cameron Hanover. The petroleum market is "too big a market to manipulate. The price just … could not sustain itself."

Gas Price Decline May Spur Inflation (USAT)

By Barbara Hagenbaugh

USA Today, September 19, 2006

WASHINGTON — The recent sharp decline in gasoline prices may help consumers. But it also may stoke inflationary fires, perhaps forcing the Federal Reserve to raise interest rates again later this year, some economists, such as those at Merrill Lynch and the Bank of Tokyo-Mitsubishi, say.

The argument: If consumers spend the cash in their wallets left over from filling their gas tanks, the economy may speed up and businesses will have greater power to raise prices. That could lead to higher inflation — not lower, as some may expect — and renewed action from the Fed.

"It's going to put a lot of money back into consumers' pockets, money they can spend in the shops and the malls," Bank of Tokyo-Mitsubishi chief financial economist Christopher Rupkey says. "The inflation pressures will intensify."

But Wachovia economist Jason Schenker says the drop in gasoline prices will have little impact on consumers because it is coming after the busy summer driving season. With winter approaching, heating costs are more important now, and the outlook for those are unclear, he says.

NO CHANGE LIKELY: Rates not expected to go up this week

Federal Reserve policymakers are widely expected to leave their target for short-term interest rates, which influence borrowing costs across the economy, unchanged when they meet Wednesday.

After raising rates 17 times from June 2004 to June 2006, Fed Chairman Ben Bernanke and his colleagues last month voted to leave rates unchanged. Although inflation measures have been elevated recently, Bernanke and others have argued that slowing growth should relieve price pressures.

But an energy price decline may pump up the economy in the months ahead, warns Rupkey and others. Rupkey says the Fed may raise rates as early as October.

In large part because of a steep drop in oil costs, gasoline prices have fallen more than 15% in the last month.

"The Fed should take notice," Merrill Lynch chief investment strategist Richard Bernstein said in a recent research note to clients. "The rationale for pausing ... was that economic growth was weakening. The fall in energy prices and the equity markets' (positive) reactions suggest that rationale is now less appropriate."

Higher energy prices can lower economic growth by forcing consumers to spend less money in the broad economy because they are forced to pay more on energy. They can also lead to higher inflation if businesses pass along added costs to consumers.

While the higher prices seen earlier this year led to lower economic growth, it is still unclear how big of an impact they had on inflation.

Lehman Bros. senior economist Drew Matus says the energy price retreat should cut expectations that the Fed may soon cut rates.

"The market is expecting a Fed rate cut in early 2007. We think that's a little aggressive," he says.

Fresh Delay For BP Field Drives Oil Higher (FT)

By Sheila Mcnulty

Financial Times, September 19, 2006

BP was hit by yet another setback on Monday when the company was forced to announce that production at its showcase Thunder Horse oil and gas field will not start until mid-2008,18 months later than planned.

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News of the delay, caused by problems with the project's subsea infrastructure, caused oil prices to jump, ending the decline of recent weeks.

In New York, crude oil for October delivery rose 47 cents to $63.80 a barrel. BP shares closed 6p higher at 579p.

For BP, the delay is the latest in a succession of problems in its US operations, including the explosion at its Texas City refinery last year and the shutdown of its Prudhoe Bay field in Alaska following leaks from a corroded pipe. Analysts had said the start-up of Thunder Horse had been the only good news on the horizon for BP.

On Monday, some were questioning the returns the project will make. The company has touted the field will deliver 1.5bn barrels of oil, making it the biggest find yet in the Gulf of Mexico.

One BP employee said the UK oil and gas company was moving to revise down expectations from the field, with new estimates that it might contain just 600m barrels of oil.

One analyst said: "The field may now come on stream after the peak in the oil price."

BP discovered the Thunder Horse field in July 1999 and set January 2005 as a production target, with about 50 wells. BP has delayed the project several times.

The oil and gas platform, the world's largest of its type, was found to be listing badly after its evacuation during Hurricane Dennis in July last year.

On September 10, BP took a key manifold – the central structure of the platform – to a shipyard in Houston for hydro-testing, in which water is pumped in at high pressures to ensure the system is intact.

"In this case, it blew apart and didn't hold pressure,'' said a BP employee. "Things shot 60ft in the air. It is very clear there is a system-wide problem.''

Two other manifolds, in the northern section of the field, were also found to have cracked insulation, which was a precursor to the failure of the welding on the other manifold, he said.

BP said no parts came free and the welds it used were common elsewhere in the industry. It suspected problems on Thunder Horse resulted from the high pressure and high temperature on the oil reservoir, the highest under development in the Gulf.

One BP employee said project costs were rising significantly, with an additional $500,000 on the more than $1bn project being one estimate. BP said it was too early to estimate cost overruns.

The Organisation of the Petroleum Exporting Countries and the International Energy Agency are expected to revise downward their oil supply forecasts because of the delay, which will probably reduce US supply growth to zero in 2007. An Opec official said: "This is amazing. Thunder Horse was absolutely key."

He said this would give Opec members more flexibility and might mean they would not have to reduce output next year to shore up prices.

BP Extends Gulf Of Mexico Delay As Tests Show Failing Equipment (WSJ)

By Chip Cummins

The Wall Street Journal, September 19, 2006

BP PLC said it will further postpone the start-up of its long-delayed Thunder Horse oil field in the Gulf of Mexico, making its long-term production goals harder to achieve.

BP said it will replace much of the field's underwater equipment because of a failure during recent testing. The delay will push first production from the field to 2008, instead of 2007 as previously projected.

While BP said it was too early to determine the cost of the additional repairs, the move is an operational setback. The London company already is coping with a series of environmental, safety and compliance problems in the U.S.

The problems with Thunder Horse -- which is 75%-owned by BP and 25%-owned by Exxon Mobil Corp. -- demonstrate the risks involved in such deep-water projects, which are finding increasing appeal amid high oil prices and the scramble to secure new reserves. BP's announcement also contributed to a 47-cent rise in oil futures to $63.80 a barrel on the New York Mercantile Exchange.

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Thunder Horse is expected to produce a maximum of about 250,000 barrels a day from wells about 6,000 feet deep. BP already is suffering significant lost crude output at an oil field in Alaska, which it partially shut down this summer because of corrosion. The Alaska field, which BP runs on behalf of a consortium of oil companies, is producing just over half of its typical output of some 400,000 barrels a day.

Thunder Horse's most recent estimated start date wasn't until next year, and today's high oil prices will help cushion some of the blow from the late start. But a delay in reaching its longer-term production estimates could further sour investor sentiment on BP, which has suffered since the Alaska shutdown and amid criminal and regulatory probes of its refineries, the Alaska oil field and its energy-trading desk.

BP's American depositary receipts initially fell but finished up 1%, or 69 cents, at $65.55 in New York Stock Exchange 4 p.m. composite trading. In recent weeks, the company's shares have underperformed those of its large, integrated oil-company peers Exxon Mobil and Royal Dutch Shell PLC.

BP had estimated annual production growth of 4% on average from 2005 to 2010, assuming an oil price of $40 a barrel. A BP spokeswoman said the company expects to be able to make up for any shortfall in later years. She said BP doesn't expect similar problems elsewhere because Thunder Horse is "a leading-edge project" using newer and less-tested technology. BP's production for the first half of the year totaled about four million barrels of oil equivalent a day.

As recently as early last year, BP said it still expected Thunder Horse to be pumping oil in 2005. That summer, however, the field's production platform was found listing heavily after Hurricane Dennis ripped through the Gulf of Mexico. The project suffered a series of delays after those repairs.

BP said yesterday that the project failed a series of tests. When water was pumped through a subsea manifold, or pipeline juncture, a weld failed.

The BP spokeswoman said the failure was related to an unexpected metallurgical reaction in the manifolds unique to the field's challenging geology.

The delay comes as BP scrambles to address other problems eating into its bottom line. The company's refinery in Texas City, Texas, is running at reduced capacity since BP closed it after last year's late-summer hurricanes and kept it shuttered to address equipment problems. The refinery was the site of a March 2005 explosion that killed 15 workers.

Write to Chip Cummins at chip.cummins@wsj.com1

Wall Street Mixed As Oil Prices Climb (FT)

By John O'doherty

Financial Times, September 19, 2006

A morning rally on Wall Street fizzled out on Monday as oil prices climbed and investors became cautious ahead of the US Federal Reserve's meeting on interest rate policy on Wednesday.

Energy stocks ticked higher after BP announced production at its Thunder Horse rig in the Gulf of Mexico would be delayed until 2008, and Iran warned against sanctions over its nuclear programme. Schlumberger gained 4.6 per cent to $58.84, and ExxonMobil rose 2.2 per cent to $66.08.

Steelmaker Nucor added 4.3 per cent to $48.77, and copper miner Phelps Dodge rose 3 per cent to $86.21.

First Data, provider of electronic payment systems, sank 7.6 per cent to $41.25 after Standard & Poors cut its rating on the company's debt from A+ to A.

Freescale Semiconductor jumped 5.7 per cent to $39.26 on news that the chipmaker would be bought for $17.6bn by a private equity consortium led by the Blackstone Group.

Symbol Technologies, a maker of barcode scanners and mobile computers, soared 15.4 per cent to $14.67 on reports that it was putting itself up for sale.

Applied Materials, a manufacturer of chipmaking equipment, rose 3.4 per cent to a four-month high of $17.78 after it announced plans to buy back up to $5bn of its own stock over the next three years.

Not all technology stocks were as strong however. Ebay fell 3.6 per cent to $26.84, and Sun Microsystems shed 3 per cent to $5.12.

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At the close, the S&P 500 was up 0.1 per cent, or 1.31 points, at 1,321.18, while the Nasdaq Composite was flat, up 0.16 points, at 2,235.75. The Dow Jones Industrial Average was down 0.1 per cent, or 5.77 points, at 11,555.00.

The Federal Reserve's Open Market Committee meets on Wednesday and is widely expected to keep rates unchanged.

"Confidence seems to be growing that the Fed will pull off a soft landing," said Alfred Goldman, chief market strategist at AG Edwards.

Consumer cyclical stocks came under pressure. Home improvement retailer Home Depot sank 1.7 per cent to $36.58 after Credit Suisse cut its rating on the stock from "outperform" to "neutral", saying a weakening housing market could lead to earnings shortfalls.

Ford Motor continued to slump after it announced steep cost-cutting measures on Friday. The carmaker dropped 2.5 per cent to $7.82.

Intercontinental Exchange gained 2.4 per cent to $76.15, after it was upgraded from "neutral" to "buy" by Bank of America, which cited the exchange's recent announcement that it would buy the New York Board of Trade. Nasdaq also ticked higher, adding 5.2 per cent to $30.85.

Rail stocks pushed higher. Norfolk Southern gained 4.1 per cent to $44.80, and Burlington Northern Santa Fe added 1.9 per cent to $71.15.

Nasdaq Rises Seventh Session In A Row; Investors Await Wednesday's Fed Call (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 19, 2006

Fresh insights from home builders offered more evidence of economic weakness, confirming what many investors and Wall Street denizens already believed ahead of a meeting of Federal Reserve policy makers at midweek.

The Dow Jones Industrial Average slipped 5.77 points to 11555.00, nearly unchanged in percentage terms. The Dow is up nearly 8% so far this year, within shouting distance of its record set in January 2000.

The broad Standard & Poor's 500-stock index rose 1.31 points to 1321.18, up 5.8% on the year. The Nasdaq Composite Index inched up 0.16 point to 2235.75, up 1.4% on the year.

However humble that rise, it was the seventh straight day of gains for the technology-heavy indicator, the longest winning streak since the Nasdaq began 2006 with a weeklong surge.

Investors came into the week already focused on tomorrow's meeting of the Federal Reserve at which the central bank is expected to leave its key interest-rate target unchanged at 5.25%. But unlike the run-ups to past meetings, investors aren't anxiously parsing the economic tea leaves because they figure they already have a handle on the state of things.

"It's still clear the economy is softening at a pretty good pace," said Peter Hooper, chief U.S. economist at Deutsche Bank Securities.

Economy watchers pointed to a report yesterday from the National Association of Home Builders that showed an index of builder confidence falling for September. Among other data, America's current-account deficit, a measure of imports versus exports, grew in the second quarter to $218.4 billion, greater than Wall Street's expectation of a $214 billion gap.

Although the housing market may be topping out or even retreating, Wall Street is banking on consumers continuing to make other purchases that will keep the economy from going into full retreat.

Bulls are banking on a combination of moderate growth and no more rate increases from the central bank.

"There's a lot of room for large-cap growth stocks, in particular, to do well as the Fed moves from a neutral stance to easing rates, which will happen at some point down the line," said Duncan W. Richardson, chief stock-investment officer at Eaton Vance Management.

Today, the government will release the August reading of its producer-price index, which measures wholesale inflation. That report, preceded by a report last week on price pressures at the consumer level, could spur busier stock trading than was seen yesterday.

In major U.S. market action:

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Stocks were mixed. Total trading volume for stocks listed on the New York Stock Exchange was 2.36 billion shares, as 1,631 issues rose and 1,670 declined.

Bond prices declined. The 10-year Treasury note slipped 4/32 point, or $1.25 for each $1,000 invested, pushing the yield up to 4.812%. The 30-year bond slipped 6/32, pushing up the yield to 4.930%.

The dollar was mixed. Against the Japanese currency, the dollar rose to 117.88 yen, compared with 117.56 on Friday. The euro rose to $1.2704, compared with $1.2662.

Write to Peter A. McKay at peter.mckay@wsj.com1

Inflation Fears And Rising Oil Prices Bring Rally To A Halt (NYT/BLOOM)

The New York Times/Bloomberg, September 19, 2006

Stocks failed to extend last week's rally yesterday as oil rose the most this month and inflation concerns spurred investors to sell shares of retailers, the market's best performers in September.

Home Depot, the home improvement chain, led the Dow Jones industrial average lower after Credit Suisse cut its rating, citing potential earnings shortfalls because of a housing slowdown.

Ford Motor fell for a third day after J. P. Morgan Chase analysts said the company's 2006 losses might be larger than forecast.

"You're going to have two things working against these stocks," said Bart Barnett, head of equity trading at Morgan Keegan in Memphis. "First, that they've had a great run. Second, that obviously higher oil prices are inherently negative for the consumer."

Stocks swung between gains and losses throughout the day amid concern that a report on wholesale prices today would show that inflation remains a threat. The Federal Reserve makes its next decision on interest rates tomorrow after leaving them unchanged last month for the first time in two years.

The Dow fell 5.77 points, or 0.1 percent, to 11,555. The Standard & Poor's 500-stock index rose 1.31 points, or 0.1 percent, to 1,321.18. Both benchmarks ended last week at their highest since May 10. The Nasdaq index added 0.16 points, to 2,235.75.

Signs of slowing inflation have pushed the S.& P. 500 within 0.3 percent of a five-year high and have reduced the chances the Fed will resume raising rates. The S.& P. 500 last week had its best week in a month after consumer prices increased in August by half the pace of the previous month and oil prices tumbled.

A measure of retailers fell 0.5 percent among two dozen industry groups in the S& P. 500. So far this month, retailers have gained 8.1 percent as a decline in oil prices has allayed concern that consumer spending will falter.

Crude oil for October delivery rose yesterday on concern that a dispute between Iran and the United States about Iran's nuclear program would intensify and jeopardize oil supplies. The contract closed up 0.7 percent at $63.80 a barrel, the biggest gain since Aug. 24.

Home Depot was the worst performer on the Dow, losing 64 cents, to $36.58. A Credit Suisse analyst, Gary Balter, cut the shares to neutral from outperform.

Ford tumbled 20 cents, to $7.82. Losses this year "are likely to be far wider than current expectations," a J. P. Morgan analyst, Himanshu Patel, wrote to clients.

Sharper Image, a seller of products like robotic vacuum cleaners, dropped 34 cents, to $9.35. The company said it would restate results for the three years that ended in January 2006 after reviewing its stock option practices. Sharper Image also said its loss for the second quarter, compared with a year ago, widened before an income tax benefit.

Applied Materials rose 58 cents, to $17.78, after saying it would buy back $5 billion in stock over three years.

Higher crude prices gave energy shares a lift. A measure of oil-related companies advanced 2.6 percent for the best performance among the 10 industry groups in the S.& P. 500.

Exxon Mobil added $1.65, to $66.30 for the Dow's best performance. Chevron rose $1.06, to $62.85. Even with yesterday's gain, energy shares are down 4 percent this month as oil prices have slumped 9.2 percent.

The price of the benchmark 10-year Treasury note fell 4/32, to 100 17/32. The yield, which moves in the opposite direction from the price, rose to 4.80, from 4.79 on Friday.

Here are the results of yesterday's auction of three-month and six-month Treasury bills:

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Judge Tells Strip Clubs To Abide By Crackdown (WT)

By Jim Mcelhatton

The Washington Times, September 19, 2006

A federal judge has upheld Prince George's County's crackdown on strip clubs, but temporarily ruled against a measure requiring individual strippers to post licenses issued by the county.

U.S. District Court Judge Deborah K. Chasanow on Friday refused to issue a restraining order to block enforcement of the county's laws on adult entertainment, including a ban on nude dancers mingling with club patrons.

The Nico Banquet Hall in Camp Springs, Bazz and Crue in Forestville and the Showcase Theater in Beltsville filed a federal lawsuit against the county last month challenging the constitutionality of the laws.

"The clubs will have to comply" while the case moves ahead, said Tonia Belton-Gofreed, assistant state's attorney for Prince George's County.

The legislation, which an attorney for the clubs called "sweeping and devastating," include a provision that prohibits clubs from operating after 1 a.m. Among other new restrictions, dancers must be on stages that are at least 18 inches high and performances must take place at least six feet from customers.

Judge Chasanow denied the request for a restraining order on all of the measures except for a provision saying that dancers must post their licenses in a work area.

Under the new set of county laws, dancers will have to pay the county $200 a year for a license.

License applications must include proof of identification, age, home address and any stage names or nicknames they use during performances.

Luke Lirot, an attorney for the clubs, had argued that restrictions shouldn't be enforced until the court decides whether they are constitutional.

Mr. Lirot also argued that another measure banning patrons from giving tips to dancers would put many employees out of work.

"Without the tip income from the patrons, many, if not all, of the dancers that perform at these establishments would not do so," he wrote in a 44-page legal brief filed earlier this month.

Mr. Lirot also questioned a consulting study commissioned by county officials before they enacted the legislation.

The study by Pennsylvania-based Gentile-Meinert & Associates Inc. called for tightened regulation of strip clubs and cited "negative secondary effects," including crime and declining property values.

The regulations were enacted in the wake of a community effort to stop the relocation of a Hyattsville strip club to the outskirts of Laurel.

In legal filings, Miss Belton-Gofreed balked at claims by the strip clubs that the new rules were unconstitutional. She stated that the laws aren't overly restrictive because dancers, if clothed, still can mingle with patrons. In addition, strippers still can accept tips, though not directly. They must take tips from business operators or tip jars.

She also said tightened restrictions were justified because a county study found that 8.5 percent of the county's homicides were reported at adult entertainment establishments in 2003. The study also cited links between the establishments and prostitution and declining property values.

Miss Belton-Gofreed also said the enforcement of the rules probably will not begin until next month.

"The county is not banning nudity, dancing or nude dancing," Miss Belton-Gofreed argued in legal filings last week. "If ... patrons will accept no alternative to the experience of 'genitalia-touching lap dances,' frankly, salsa dancing -- or therapy -- would better serve."

Poll Finds Rebound In Bush Approval (USAT)

By Jill Lawrence And Susan Page

USA Today, September 19, 2006

WASHINGTON — Amid falling gas prices and a two-week drive to highlight his administration's efforts to fight terrorism, President Bush's approval rating has risen to 44% in a new USA TODAY/Gallup Poll. That's his highest rating in a year.

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The poll also showed likely voters evenly divided between Democratic and Republican candidates for Congress, 48%-48%. Among registered voters, Democrats had a 51%-42% advantage.

The results come seven weeks before closely contested elections for control of Congress. Republicans have struggled to overcome problems, including Bush's low ratings, continuing violence in Iraq and the bungled response to Hurricane Katrina.

They also come as terrorism is making headlines: an alleged plot to blow up planes headed from Britain to the USA, the fifth anniversary of the 9/11 attacks, and weeks of focus by Bush and other top Republicans on terrorism and whether Democrats can protect the country.

The new findings reflect "a consistent, persistent, tenacious effort to make … the Republican Party's ability to deal with terrorism the No. 1 issue in the campaign," said political scientist Richard Eichenberg of Tufts University, who has studied presidential job ratings during wartime. He called it "a carbon copy" of the successful 2004 playbook.

Bush's approval rating has edged up largely on the strength of Republicans coming back to the fold — 86% with him now compared with 70% in May.

Scott Reed, a Republican strategist who ran Bob Dole's 1996 presidential campaign, said GOP fortunes have turned since Labor Day: "This has been the best two weeks Republicans have had since Bush was re-elected."

Democratic pollster Geoffrey Garin said Bush's approval goes up and down with each poll, and the even division of likely voters has been constant for a month. "There's no momentum here," he said. "The story is Republicans at a standstill."

The new poll found likely voters more prone to vote for candidates who support Bush on terrorism, 45%-28%, and evenly divided on those who support and oppose Bush on Iraq. More than a quarter said Iraq is their top concern this fall. For the first time since December 2005, a majority of people did not say the war there was a mistake; the split was 49%-49%.

Bush's terror-fighting techniques drew mixed reviews. A 55%-42% majority supported his policy of wiretapping phone conversations between U.S. citizens here and suspected terrorists in other countries without getting a court order.

But by 48%-41%, people said it would be worse to convict defendants on evidence they are never shown, as Bush wants, than to let some suspected terrorists go free. And 57% said the United States should abide by the Geneva Conventions that bar humiliating and degrading treatment of prisoners; Bush wants to write U.S. standards that critics such as Sen. Lindsey Graham, R-S.C., say would weaken protections.

The Iraq war continues to be problematic for Bush. Six in 10 people said he does not have a clear plan for handling Iraq (two-thirds said the same for Democrats), and 56% said Congress is not doing enough to oversee U.S. policy there.

Three-quarters said Iraq is in a civil war, though the administration says that is not the case. And 58% said the U.S. goal in Iraq and the Middle East should be stable governments; 33% agreed with Bush's aim of democratic governments.

Democrats' Spending Gives Edge To GOP (AP)

By Jim Kuhnhenn

AP, September 19, 2006

The national Democratic Party has spent millions on raising money, consultants and building state parties, entering the weeks before Election Day with only about one-fifth as much as the Republicans for races that could decide control of Congress.

The Republican National Committee is prepared to spend $60 million over the next seven weeks on advertising and get-out-the-vote efforts to protect the GOP's narrow majorities in the House and Senate.

The Democratic National Committee plans to use about $12 million, all devoted to getting voters to the polls. Even in that effort, though, it has set aside only an average of $60,000 in each of the 40 most competitive congressional races in the country.

Under Democratic Party Chairman Howard Dean, the DNC has delivered more resources than any other toward building the party at the state level. In doing so, the DNC as of July 31 had transferred nearly $17 million to state and local party committees across the country, with significantly more going to states with competitive races, according to party officials.

Between Jan. 1, 2005 and July 31 of this year, the party spent about $90.2 million, about a third of that on fundraising expenses, ranging from more than $8 million in direct mail to $10,500 for an event for donors at the five-star Greenbrier in White Sulphur Springs, W.Va.

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The party has reported spending $2.9 million on political consulting and nearly $1 million on legal consulting fees, according to data compiled by Political Money Line, a data base for political spending. The political consulting figure includes money spent on summer interns, party officials said.

Both parties will rely heavily on their congressional campaign committees for advertising and voter outreach. But while the GOP is operating at a political disadvantage this election, its financial edge could be crucial for Republicans to retain political power.

Republican Party Chairman Ken Mehlman has developed a highly touted voter outreach operation that party operatives say he will blend with targeted television advertising. It is an operation that helped with a Republican victory in a special congressional election in California and with securing Sen. Lincoln Chafee's Republican primary win in Rhode Island.

"Republicans have unlimited resources," said Steve Rosenthal, a Democratic strategist and expert on voter mobilization. He predicted Republicans will "bloody the waters enough with negative ads and come in below that with a campaign that is mailings, phone calls, personal contact with voters they know they need to get out to win."

To be sure, Republicans have long been able to raise more money than Democrats. Dean, a prolific fundraiser, has been successful at bringing in more money by Democratic standards. But his decision to spend more on states has angered Washington-based party operatives who want to place the party's focus on winning control of Congress and set the stage to regain the White House in 2008.

One Democratic strategist, speaking on condition of anonymity so as not to inflame tensions with Dean, pointed out that the chairman has raised and spent a significant amount of money, arguing that winning this year is crucial to the party winning in 2008.

But Dean's strategy has vast support from state party officials who have been pleading for years for help from the Democratic national committee. State party officials say the money, in turn, will help Democrats in races up and down the ballot, from gubernatorial to congressional to state legislative contests.

"The investment in the state parties has made them stronger," said Mark Brewer, the chairman of the Michigan Democratic Party and president of the Association of State Democratic Chairs. "There are more door-to-door canvassers and they're working for the whole ticket. It's a different way of spending the same resources."

Ohio Democratic Chairman Chris Redfern said field operatives hired by the state party with help from the DNC will work together with staffers from the House and Senate campaign committees in mobilizing voters to help all candidates on the Ohio ballot. Ohio is one of the mot competitive states in the country, with close races for governor, Senate, and several House races.

Dean defenders said the party's two campaign committees — the Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee — are focused exclusively on the upcoming race, while Dean needs to have a longer view that builds the party for the future.

"If you want to win the presidency you have to win Ohio," Redfern said.

But the DNC's money has been directed to all states, many of them solidly Republican where Democratic candidates for national office stand little or no chance. Still, DNC officials said the $12 million devoted to a national get-out-the-vote effort is greater than the DNC's commitment in past elections.

The party's campaign committees have taken the lead in supporting Democratic House and Senate candidates in competitive races. The congressional campaign committee is running its own voter mobilization effort with the help of Michael Whouley, a highly regarded party strategist.

Rep. Rahm Emanuel, D-Ill, the DCCC chairman who has quarreled with Dean over DNC spending, last week obtained a $2.4 million pledge from the DNC's get-out-the-vote money to specifically mobilize voters in 40 competitive House seats. Sen. Charles Schumer, a New York Democrat and chairman of the senatorial campaign committee, is still negotiating with the DNC for a sum to help Senate candidates.

Meanwhile, the RNC has already spent more than $300,000 in advertising against Rep. Harold Ford, the Democratic Senate candidate in Tennessee, and more than $1 million against Rep. Sherrod Brown, the Democratic Senate candidate in Ohio. The DNC plans to spend no money advertising, leaving that task to the party's campaign committees.

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Still, some Democratic strategists say their candidates have indeed benefited from Dean's decision to send much of the party's money to the states. Others say the party's decision to overhaul outdated voters files has provided an invaluable service.

"Our campaign would have had to spent our manpower and our resources if we had to build it from scratch," said Michael Malaise, the campaign manager for Nick Lampson, the Democrat seeking to fill the seat formerly held by House Republican Leader Tom DeLay.

Allen, Webb Again Spar Over War In Iraq (RTD)

By Peter Hardin

Richmond Times-Dispatch, September 19, 2006

McLEAN -- Republican Sen. George Allen branded Democratic challenger Jim Webb a single-issue candidate yesterday over Webb's opposition to the Iraq war and its central place in his Senate bid.

"This is the one issue that drives my op- ponent's campaign," contended Allen, forced to defend the divisive war again in a Senate debate, as was the case a day earlier when the candidates clashed on NBC's "Meet the Press."

Webb, a former secretary of the Navy, did not back off from the Iraq issue during the freewheeling debate sponsored by the Fairfax County Chamber of Commerce.

Jim Webb explains his past position against women in the military... Polls show more than two-thirds of Americans believe the situation in Iraq is "headed in the wrong direction," Webb said, adding that he brings varied skills for fresh leadership on that and other issues.

"My view on Iraq is that we got in pre- cipitously. We need to get out carefully. But that does not mean that we should take a great deal of time in order to do that," Webb said.

The scrapping candidates also faced some different questions:

When a reporter pointed to speculation by "the Jewish press" and asked if Allen had Jewish forebears, some in the audience booed. A visibly irritated Allen teed off on the panelist, dismissing the question as irrelevant. But Allen also gave an answer. His mother is "French-Italian with a little Spanish blood in her," he said, and he was raised "as she was, as far as I know, raised as a Christian."

The Jewish Daily Forward published an article Aug. 25 about Allen's heritage after the controversy over his use of the term "macaca" to address a volunteer of Indian-American descent for the Webb campaign.

Webb called for a move toward a health-care system such as one in Massachusetts that requires all adults to have health insurance.

The candidates found something to agree about. Webb said he went along with Allen's effort to generally require states to recognize one another's permits for carrying concealed firearms.

"I have a permit to carry [a firearm]," Webb said. "I've had guns since I was 8 years old and was raised in a family where hunting and self-defense is part of the culture."

With control of the GOP-led Congress at issue in the upcoming midterm elections and polls showing a close contest in Virginia, the race has attracted national attention.

Webb is a newcomer to elective politics who is not nearly as well-known in Virginia as Allen, a former governor, state legislator and U.S. House member.

The challenger is an author, former Republican and decorated Marine veteran of Vietnam combat. For the second day, he appeared confident and pugnacious in debating, a marked contrast to the contest's first debate in July.

Allen again attacked Webb over writings critical of women in the military from a 1979 article for Washingtonian magazine.

"Women still today are dismayed that you continue to rationalize those words," Allen told his foe, who issued an apologetic statement last week.

"I guess this is my 'macaca' payback," Webb replied to an eruption of laughter in the audience. "Keep trying, George."

Allen has apologized repeatedly over calling the volunteer "macaca," saying it was a mistake and that he had made up the word without knowing what it meant. It means a genus of monkey. The Webb volunteer recorded the incident on videotape, which was circulated widely.

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Yesterday, a panelist said the word is used as a racial slur in French-influenced African nations and mentioned that Allen's mother is French-Tunisian. Was Allen sure he had never heard the word, the panelist asked. "I hope you're not trying to bring my mother into this matter," he shot back crossly at the questioner.

He never heard it from her or anyone else and did not intend to disparage Webb volunteer S.R. Sidarth, Allen replied.

He added an emotional note about his mother. Her father was incarcerated by the Nazis in World War II, Allen said, and he learned an important lesson from her.

"Of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother," he said.

Allen voted in 2002 to authorize use of military force in Iraq. He assailed Webb's suggesting that Iran and Syria might be drawn into talks over a diplomatic outcome.

"It doesn't make much sense to me to have a country like Iran, it's clearly a state sponsor of terrorism . . . to have them forming the future of Iraq," Allen said.

Webb retorted that "no great country should be afraid to talk to any other country" and accused Allen of feeling comfortable with the notion of a U.S. presence in Iraq for 20 to 30 years.

In reply to a question, Webb said he would not support it if there were a bid in Congress to cut off appropriations for the war.

Yesterday's debate was moderated by George Stephanopoulos of ABC News. A final debate, sponsored by the League of Women Voters, will be aired Oct. 9 on WTVR-Channel 6 in Richmond.

The Fairfax County meeting was broadcast by C-SPAN2 and is expected to be rebroadcast. Sunday's "Meet the Press" debate can be viewed on that show's Web site, where a transcript is also available.

Iraq, Stem Cell Research, Racial Comments Key Debate (AP)

By Bob Lewis

AP, September 19, 2006

Republican Sen. George Allen criticized his Democratic challenger, Jim Webb, in a debate Monday for suggesting that Iraq and Syria be part of a multinational settlement to end sectarian bloodshed in Iraq.

In Virginia's close race, Allen and Webb reflect deep national divisions over U.S. involvement in Iraq, an issue that polls indicate could shift Congress from GOP to Democratic control in the Nov. 7 election.

Allen attacked Webb for saying in Sunday morning's debate on NBC's "Meet The Press" that Iran and Syria needed to be part of a multinational discussion on Iraq.

"It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror, ... to have them forming the future of Iraq," Allen said during the Fairfax Chamber of Commerce Debate.

Monday's debate was the second in as many days. An independent candidate, Gail Parker, sat wearing a white cowboy hat amid a luncheon crowd of 600 business executives.

Allen said the idea of involving adversaries in the region in a settlement is the only significant difference between himself and Webb.

But Webb, an outspoken opponent of 2003 Iraq invasion, said he and Allen differed profoundly about nearly every aspect of the war.

"We've been divided from Day One — whether we should have gone in, which I believe was a strategic error," said Webb, who left the Republican Party partly because of the invasion that Webb says destabilized the region and strengthened Iran's hand.

Webb said a ceasefire in Afghanistan was possible only because its neighbors, including Iran, were involved. "No great country ought to be afraid to talk to any other country," he said.

"The problem with this administration is it has blinders on on this issue," Webb said.

Both candidates, however, said they would not vote to cut off congressional funding for the war to end the lingering military entanglement.

On other issues, Allen said he opposes the use of human embryos for medical research that scientists say could result in cures for maladies such as cancer, diabetes and Alzheimer's disease.

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Federal funding for embryonic stem cell research has divided Republicans. President Bush used his veto for the first time this year to kill a bill that would have expanded the research with government money. The measure passed with the support of many Senate Republicans and the blessing of former First Lady Nancy Reagan, whose husband suffered from Alzheimer's. Allen voted against it.

Allen said there are alternatives to human embryos in stem cell experimentation.

George Stephanopoulos, the debate moderator and host of ABC's weekly political program "This Week With George Stephanopoulos," asked Allen if he also opposed in-vitro fertilization, in which unused embryos are destroyed.

"The distinction is I don't think human embryos should be created just to be destroyed," Allen said.

Webb said he supports federal spending for research on embryos, and that scientists should have access to unused in-vitro embryos.

"We all need to be respectful of human life, but my understanding of this in my reading of it is that these were embryos that were created (and) were not going to become human life as we know it," Webb said.

On the issue of granting the District of Columbia a seat in the U.S. House, Webb said he would support the measure while Allen said he would have to see the legislation first.

Allen proposed as an alternative keeping core national holdings within the district — the Capitol, White House, Supreme Court, monuments — and ceding the rest to Maryland, just as Arlington was once ceded back to Virginia.

The emotional apex of the debate, however, came near the beginning when a panelist asked Allen whether the word he applied to a Webb campaign volunteer of Indian descent, "Macaca," was learned from his mother.

At an Aug. 11 campaign appearance before a mostly white crowd, Allen singled out S.R. Sidarth, who was following and videotaping Allen's campaign, and used the word, considered a racial slur in some languages and cultures, including Tunisia. The questioner noted that his mother, Etty Allen, is French Tunisian.

Allen glared toward the panelist for an uncomfortable moment. "I hope you're not trying to bring my mother into this matter," he shot back.

He said he made up the word on the spot, intended no racial disparagement by it and apologized personally to Sidarth, a 20-year-old University of Virginia senior who was born in Fairfax.

"I have never heard that word before from my mother or from anyone else," Allen said.

"More than anyone else, it was my mother, whose father was incarcerated by the Nazis in World War II. Of all the people in my life who told me about tolerance and not judging other people by their religious beliefs or their ethnicity or their race, it is my mother," Allen said.

This Time, Focus Is Domestic Issues (WP)

By Tim Craig And Michael D. Shear

The Washington Post, September 19, 2006

Virginia Sen. George Allen (R) and Democratic challenger James Webb turned to domestic issues yesterday as they sparred during a debate in Northern Virginia over health care, the economy, transportation and stem cell research.

At their second meeting in two days, Allen urged voters to return him to the Senate because he's a familiar face ("you know me") with a record of service. Webb, a former Marine and secretary of the Navy who has never run for office, countered that the country is "breaking apart" and needs fresh blood in Washington.

More than 600 people jammed a hotel ballroom in Tysons Corner for the hour-long debate, the only time Allen and Webb are scheduled to square off in Northern Virginia before the Nov. 7 election. The event, sponsored by the Fairfax County Chamber of Commerce, was moderated by George Stephanopoulos of ABC News and televised by NewsChannel 8 and C-SPAN.

The debate -- as well as one Sunday on NBC's "Meet the Press" -- brought a new intensity to the Virginia campaign, but political observers said neither event was likely to alter a close race.

"I don't think we saw any changed dynamics," Rep. Thomas M. Davis III (R-Va.) said. "But seven weeks is an eternity in politics."

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At times the candidates' responses got heated. One of the journalists who asked questions forced Allen to defend his mother, while Webb again was dogged by charges that he is insensitive to women in the military. The candidates also argued over how best to fight the war in Iraq and whether the United States should involve Iran in Iraq's future.

Allen sought to convince the audience that the Iraq war is only part of the race. "My friends, this is not a one-issue campaign," said Allen, a former governor and state legislator. "There are many issues important for the security, safety and prosperity of this country."

Anger about the war has turned the race into one of the most closely watched in the nation. But yesterday's matchup also gave the candidates an opportunity to talk about local and domestic issues that are often deciding factors for voters.

"We are breaking apart in a way we have never had before," Webb said. "The people at the top of society have never had it so good. . . . The middle class, with the rising cost of health care and stagnation of income levels, is in great danger right now."

Allen discussed his plans for health savings accounts, support for small businesses and efforts to invest in technology. He often stressed the contrast in experience, portraying himself as "somebody [who] has the concrete, verifiable record for performance with actual plans on ideas that can actually, tangibly have an impact on people's lives."

Webb criticized Allen for voting against minimum-wage increases and said the Republican-controlled Congress has failed to provide health insurance to an estimated 46 million Americans.

Allen said he supports legislation that makes it easier for small businesses to band together to buy health care for their employees. Webb countered that Allen's solution is insufficient, saying the federal government should move toward a system in which health care is expanded to everyone.

Turning to stem cell research, Allen defended his vote this year to oppose federal funding for embryonic stem cell research, saying he can't support a procedure that destroys a human embryo. Webb said he supports federal funding because he doesn't believe an embryo is a human life.

Although many in the audience of business leaders support higher state taxes for transportation improvements, neither candidate was willing to wade into that thorny issue. The Virginia General Assembly will take up transportation spending next week.

Allen and Webb said the state should make it easier for private companies to build and maintain for-profit roads. But several audience members said they wished Allen and Webb had talked more about solutions to the region's traffic woes.

"That, to me, is the issue in Northern Virginia," said state Del. Thomas Davis Rust (R-Fairfax), who has proposed tax increases to pay for road and transit fixes.

Both candidates said they support federal legislation to allow gun owners to carry weapons between states. Webb, who is trying to reach out to Republican-leaning rural voters, noted that he has a permit to carry a concealed weapon.

The candidates had several sharp exchanges, such as on their ties to southwest Virginia, an area that sometimes has been key to Democratic wins.

"I've been coming to southwest Virginia since George Allen was a Californian," said Webb, who has relatives in that area. Allen shot back that he started his law career in the region. "For me, it's a place in my heart, not a place on a map."

Allen hammered Webb for saying Sunday that solving hostilities in the Middle East would require the help of neighboring countries, including Iran and Syria. Allen said involving Iran, which sponsors terrorism, in Iraq's future "wouldn't make Iraq more secure, nor would it make Americans more secure."

Webb responded by noting that the United States has a long history of talking to its enemies, including China and Russia during the Cold War.

Both candidates were forced to address character issues that have distracted their campaigns. Webb gave his most direct apology yet for a 1979 magazine article opposing women in combat that some women said was offensive.

Allen couldn't escape additional questions about his calling a young Webb aide of Indian descent "macaca," a slur in some cultures, including France. A panelist asked Allen, who says the word was made up, if he might have learned "macaca" from his mother, who is part French Tunisian. The panelist also asked whether his mother was Jewish.

"I hope you are not bringing my mother into this," Allen said.

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Allen Calls Webb A One-note (WT)

By Seth Mclaughlin

The Washington Times, September 19, 2006

Republican Sen. George Allen, in the second of back-to-back debates in the U.S. Senate race yesterday, tried to portray Democratic challenger James H. Webb Jr. as a one-issue candidate who focuses on the war in Iraq.

The showdown in Tysons Corner also saw Mr. Webb, Navy secretary under President Reagan, argue that several issues divide the front-runners for one of the U.S. Senate seats in Virginia.

During the debate, both candidates spelled out their differences on the federal government's handling of the war in Iraq, embryonic stem-cell research and increasing health-insurance options. They also weighed in on the possibility of granting the District a vote in the U.S. House of Representatives.

"[The war in Iraq] is the one issue that drives my opponent's campaign," Mr. Allen, 54, said.

Mr. Allen said he does not share Mr. Webb's view that the U.S. immediately must work with the countries neighboring Iraq, including Iran and Syria, on a diplomatic plan that allows American troops to pull out without jeopardizing the region's stability.

"It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror ... forming the future of Iraq," Mr. Allen said.

In response, Mr. Webb, 60, reminded Mr. Allen of the comments the senator made last year in which he said, "We should be talking to our enemies."

After the debate, Mr. Webb told reporters that Mr. Allen is like other Republicans who say Democrats lack a plan but then express their stance through vague slogans like "stay the course."

"Where is their plan?" Mr. Webb asked. "They are the ones running the war, and they are not even able to articulate what the endpoints should look like."

The debate was organized by the Fairfax County Chamber of Commerce and moderated by George Stephanopoulos, host of ABC's "This Week."

About 600 business executives attended the event. Independent candidate Gail Parker, who did not participate in the debate, sat in the crowd, wearing a white cowboy hat.

On embryonic stem-cell research, Mr. Webb said he -- like former first lady Nancy Reagan -- supports federal funding for the research. Mr. Allen, like President Bush, said he opposes federal funding for such programs because advancements in science have allowed adult stem cells to fill a similar scientific role without destroying human embryos.

"This is an issue that has the weight of medical science with it," Mr. Webb said in support of using tax dollars for the research. "My understanding is these were embryos that were created ... [and are] not going to become human life as we know it."

When asked whether they support Rep. Thomas M. Davis III's bill that would grant the District a vote in the U.S. House, Mr. Allen said he would rather see the non-federal part of the District ceded to Maryland. Mr. Webb said he would vote in favor of the bill.

Mr. Allen said he supports giving small businesses the ability to band together to buy health-insurance coverage for their employees, making it more affordable by spreading risk among a bigger group.

Mr. Webb said he favors a system similar to a mandatory health insurance plan that Massachusetts Gov. Mitt Romney recently signed into law. That plan forces people to have health coverage and subsidizes uninsured residents who fall under income brackets of up to three times the federal poverty level.

The candidates once again had to explain past statements that have fueled questions about each candidate's character.

Mr. Allen apologized for calling a worker from Mr. Webb's campaign a "macaca" at a rally in Southwest Virginia last month. The word refers to a genus of monkey and is considered a racial slur in some cultures.

Mr. Allen said he made up the word and added that he recently received an endorsement from state Sen. Benjamin J. Lambert III, a Richmond Democrat who is black, because of his support of historically black colleges and universities in Virginia.

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Mr. Webb apologized for the tone of a magazine article he wrote in 1979 that questioned the role women should have in the military. The article recently drew the ire of some female graduates of the U.S. Naval Academy, who said it fed an atmosphere of sexual harassment during their time at the academy.

As Fall Approaches, Va. Race Gauges Influence Of Bush, Iraq (WP)

By Robert Barnes

The Washington Post, September 19, 2006

After a 24-hour Iraq-a-thon, Sen. George Allen was clearly hoping that yesterday's debate in front of the Fairfax County Chamber of Commerce would offer up a different topic of conversation. So what does he get? A question about whether his mother taught him a racial slur and whether he's tried to cover up that his grandfather might have been a Jew.

It's been that kind of a month for the Republican once hailed as Virginia's sunniest politician. August's "listening tour" of the commonwealth, meant to display his great connection to the state he's served as governor and senator as well as voters' appreciation of that service, might as well have ground to a halt after his words to a dark-skinned volunteer for his opponent James Webb hit YouTube. Even conservative talk radio now defines an ill-fated blunder by a politician as a "macaca moment."

According to polls, his once double-digit lead over Webb has dwindled to the margin of error, and Virginians no longer think it a good idea that he run for president in 2008. Last summer, a Mason-Dixon poll said the commonwealth's voters would go for the notion of a President Allen 47 to 41 percent; the poll earlier this month showed it 52 to 39 the other way.

After Allen was grilled Sunday morning by NBC's Tim Russert on his stay-the-course approach to the war in Iraq, Webb and Allen were back at it yesterday before the chamber in a big ballroom in Tysons Corner. The questioning yesterday touched on other issues -- economic disparity, stem cell research, transportation -- but even Allen seemed to acknowledge that, in the end, it returned to the war.

"My friends, this is not a one-issue campaign," Allen pleaded.

Webb agreed, only to a point. He said voters want "to see strong, effective leadership on many issues, not one issue -- although that issue tends to dominate a lot of our minds every day, as well it should."

Despite Allen's protests, and his contention that he and Webb are not that different on what should happen next in Iraq, Virginia might be the most stark test in the country about whether the unpopularity of the war and the Bush administration could lead to an incumbent losing his job.

Allen is one of the president's most loyal friends in the Senate, although he no longer jokes, when Webb charges that he's supported President Bush 97 percent of the time, that he wishes he could persuade the president to do the right thing all the time. The Republican he has most mentioned recently is the state's more moderate senior senator, John Warner, whom Allen introduced to the crowd yesterday as his "teammate."

Still, Allen has remained steadfast. "Staying the course is meaning that we don't tuck tail and run, that we don't retreat, that we don't surrender," Allen said Sunday on "Meet the Press." "This is a central battlefront in the war on terror, and it's not just the president or the vice president or me saying that. That's what al-Qaeda says."

Webb said: "If we had the right people in the Senate, there would have been more questions asked and a better policy in place in order to defeat international terrorism. . . . We didn't go into Iraq because of terrorism; we have terrorists in Iraq because we went in there."

If it has been Democratic strategy to try to keep Senate races across the country focused on national issues, the Republican plan has been to localize the issues and to personalize the contest.

To that end, Webb has found himself this week answering questions -- and doing his own apologizing -- about the sharp-tongued piece decrying women in combat generally and at the Naval Academy specifically that he wrote for Washingtonian magazine 27 years ago. The Allen campaign engineered a news conference last week at which several women who were former midshipmen said the article had been used to humiliate them and led to harassment.

"I apologize to anyone who was offended by the tone of the article," said Webb, who again was forced to express regret about referring to the academy dorm as a "horny woman's dream."

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When Allen said that "women today are still dismayed" by the article, Webb replied: "I guess this is my macaca payback? Keep trying, George."

Of course, no Webb-Allen debate is complete without more macaca, and yesterday's came from WUSA-TV anchor Peggy Fox, who pointed out that one of the places the word is an insult is in Tunisia, where Allen's French-Tunisian mother was born.

"I hope you're not trying to bring my mother into this," Allen warned. He said again that he made up the word on the spot and never heard it from his mother. He said his mother taught him tolerance above all, especially because her father had been incarcerated by the Nazis.

Which led Fox to reference a Jewish Forward article that said Allen's grandfather might have been a Jew, and when did the family stop acknowledging that? Which led to lusty booing from the crowd and outrage from Allen. "I'd like to ask you, why is that relevant?"

In the end, Allen's smile returned when he said, for the record, that his mother is "French-Italian with a little bit of Spanish blood" and that, as far as he knows, she was raised a Christian.

It is a race with a little bit of everything, including two of the most different candidates ever thrown together. The taciturn Webb rarely asks for votes and yesterday said in his closing statement both that he would give "every ounce of my energy" to working on the nation's problems over the next six years and that "when I go to my grave, whether I was a United States senator or not is not going to be high on my agenda."

Not so Allen, who never fails to include his wife in the bargain. "I thank you all for allowing Susan and me to serve you, and I hope and I pray and I ask you most humbly that you all will continue to allow us to work for you and our shared values and our shared vision for Virginia's future."

The Senator's Gentile Rebuke (WP)

By Dana Milbank

The Washington Post, September 19, 2006

First came Sen. George Allen's Macaca Moment. Then we learned of challenger Jim Webb's thoughts on the "horny" women of the Naval Academy.

Now, just when you thought Virginia's U.S. Senate race couldn't get any weirder, the Jews of Tunis are making a cameo.

At a debate in Tysons Corner yesterday between Republican Allen and Democrat Webb, WUSA-TV's Peggy Fox asked Allen, the tobacco-chewing, cowboy-boot-wearing son of a pro football coach, if his Tunisian-born mother has Jewish blood.

"It has been reported," said Fox, that "your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebears include Jews and, if so, at which point Jewish identity might have ended?"

Allen recoiled as if he had been struck. His supporters in the audience booed and hissed. "To be getting into what religion my mother is, I don't think is relevant," Allen said, furiously. "Why is that relevant -- my religion, Jim's religion or the religious beliefs of anyone out there?"

"Honesty, that's all," questioner Fox answered, looking a bit frightened.

"Oh, that's just all? That's just all," the senator mocked, pressing his attack. He directed Fox to "ask questions about issues that really matter to people here in Virginia" and refrain from "making aspersions."

"Let's move on," proposed the moderator, George Stephanopoulos of ABC News.

Yes, let's -- but not before we figure out what that was all about. Turns out the Forward, a Jewish newspaper, reported that the senator's mother, Etty, "comes from the august Sephardic Jewish Lumbroso family" and continued: "If both of Etty's parents were born Jewish -- which, given her age and background, is likely -- Senator Allen would be considered Jewish in the eyes of traditional rabbinic law, which traces Judaism through the mother."

If that's true, the Presbyterian Allen joins public figures Madeleine Albright and John Kerry in discovering his Jewish roots. Of the three, the 6-foot-4-inch Allen, a down-home former college quarterback known for opposing laws to keep children out of the back of pickups, seems the least likely candidate for inclusion among the Chosen People. It would be no more surprising to learn that Sen. Charles Schumer (D-N.Y.) has Southern Baptist ancestry.

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Fox's question, while a matter of some intrigue, seemed out of place in the debate, which focused on more urgent matters such as Iraq. But Allen turned on the questioner with ferocity. He may have been irked that the question was a follow-up to one noting that "macaca" was a racial slur that his mother may have learned in Tunisia. He may have been concerned that Jewish roots wouldn't play well in parts of Virginia.

Or he may just have been in a quarreling mood. Allen protested frequently when Stephanopoulos tried to move the debate along. "I thought we had rebuttal," the senator complained at one point, tossing down his pen. He voiced suspicions at one questioner's motives, accused another of contradicting himself, and charged Webb with "continuing to degrade and disrespect women."

But that was nothing compared with what Allen gave Fox.

The anchor may have thought she had license to pop the Jewish question when Allen, reacting to the "macaca" question, volunteered that his grandfather "was incarcerated by the Nazis in World War II."

Citing reports about his "possible Jewish ancestry," Fox questioned Allen's past denial that his mother is Jewish.

"I'm glad you all have that reaction," Allen said to the audience as people jeered the questioner. Allen lectured Fox about the importance of "freedom of religion and not making aspersions about people because of their religious beliefs."

In between his heckling of Fox, Allen reported that "my mother is French-Italian with a little bit of Spanish blood in her, and I've been raised, and she was, as far as I know, raised as a Christian." That's not inconsistent with the Forward report, which said the Lumbrosos, forcibly converted in Portugal, escaped to Livorno and became traders with branches in Tunis.

Fox took a long drink from her water bottle. In the second round of questions, she chose the relative safety of Iraq, saying, "I don't think this question will get me booed."

"I was shocked," she said after the event. Disclosing that her great-grandfather was a Mormon polygamist, she added: "Why would he get so angry at the suggestion there might be something in your background that's Jewish? I don't think that's a bad thing at all."

Fox said her motive was curiosity. "I thought it was important to find out is this part of his heritage, because if it is nobody knows it. Do you deny part of your heritage for political reasons?"

Allen, surrounded by cameras and microphones after the event, hadn't cooled down. "What do you mean, 'make me so angry'?" he demanded angrily when asked why Fox's query had made him so angry.

"To make whatever sort of comment that was, you just don't judge people by their ethnicity or their religion," Allen said, fuming that Fox would "drag my mother into this." The senator said his mother was the one who taught him about tolerance. "Because," he repeated, "my mother's father was incarcerated by the Nazis in World War II."

Burns On Vonage Plane After Pushing Bill (AP)

By Mary Clare Jalonick

AP, September 19, 2006

Montana Sen. Conrad Burns, a Republican in a tight re-election race, flew on a private plane chartered by Vonage Holdings Corp., just days after he pushed legislation that the company has advocated for more than a year.

Burns accompanied Vonage lobbyist Frank Cavaliere on the company's chartered plane to and from the "13th Annual Burns Classic Golf Weekend" in Bigfork, Mont., on Saturday. Cavaliere and a Burns spokesman both confirmed the plane trip to The Associated Press on Monday.

Campaign finance rules allow members of Congress to fly on corporate aircraft as long as they reimburse the company for the equivalent of first-class airfare. Jason Klindt, a spokesman for Burns, said the senator will reimburse the company.

The fundraiser was held two days after the Senate passed a Burns-sponsored amendment that was pushed in various forms by Vonage and several public safety groups. The amendment was added to a port security bill that the Senate approved 98-0 on Sept. 14.

The legislation, originally sponsored by Democratic Sen. Bill Nelson of Florida, would give Internet phone companies the ability to better provide their consumers access to 911 services.

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Vonage and other companies that connect calls over the Web have been under fire for problems with connecting its customers to reliable emergency service, and had asked Congress for the tools to help them.

Among the lobbying firms working for Vonage has been Gage, a group founded by Burns' former chief of staff Leo Giacometto.

Vonage CEO Jeffrey Citron has contributed $4,000 to Burns' campaign since March 2005 and the company paid $75,000 to Gage for lobbying on various bills last year, according to campaign and lobbying disclosure reports. Brooke Schulz, senior vice president of corporate communications for Vonage, said the lobbying firm does not lobby Burns on the company's behalf.

Calls to Gage were not returned Monday.

Burns, a three-term incumbent, is in a competitive race against Democrat Jon Tester, who has attempted to make ethics a central issue of the campaign.

The Burns amendment would give Vonage and other Internet phone companies access to the 911 infrastructure used by traditional phone companies. It would also provide liability protection for the Internet phone companies and phone centers that handle emergency calls.

In March, Vonage CEO Jeffrey Citron said these two provisions were important to help the company comply with a Federal Communications Commission mandate to provide enhanced 911 service to its customers.

Some provisions pushed by Vonage did not make it into the bill, however. Two provisions that could have given the company more leeway to comply with the FCC mandate were stripped from Burns' final version of the amendment.

Schulz said the omitted provisions were those that the company most wanted.

"It's odd to suggest this was somehow a 'thank you,'" Schulz said in a statement.

Klindt echoed Schulz.

"Frankly it is a wonder that they are still speaking to us," he said. "Conrad has been working since July to remove their provisions from the bill. He was ultimately successful and that's why it passed unanimously."

Tester has played up the ethics issue and lobbyist Jack Abramoff, who was convicted on federal corruption charges earlier this year. Burns' campaign took about $150,000 in donations from Abramoff, his clients and associates, all of which he has since returned or given to charity.

Lisa Sutherland, staff director for the Senate Commerce Committee, which passed the Vonage-friendly provisions late last year, said Burns' amendment will save lives.

"He has been the strongest advocate on our committee for emergency response systems," she said.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", September 18, 2006

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Political Insight and Analysis From The Wall Street Journal's Capital Bureau

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September 17, 2006, 3:09 pm Making Nice, but No Progress

The standoff continues between the Bush administration and some senators over limits on CIA interrogations of suspected terrorists, raising questions on whether Congress will act on the matter before it leaves town later this month for the fall campaigns.

Making the rounds of the Sunday talk shows, National Security Adviser Stephen Hadley declined to say what specific techniques would be illegal if Congress didn't pass Mr. Bush's proposal. But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator [John]

McCain's requirement that we don't amend or change" the Geneva Conventions. "We need to find a way through that obstacle course, and I think we can," Mr. Hadley said.

Michigan Sen. Carl Levin said he wasn't certain a compromise was possible. "I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva," he told CBS' "Face the Nation"

A Supreme Court ruling in June essentially said the Geneva Conventions on the rights of wartime prisoners should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Read more: Global, Homeland Security, Foreign Policy

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September 17, 2006, 1:11 pm Chewing Over the Virginia Senate Race

Republican Sen. George Allen, who has seen his big lead over former Navy Secretary Jim Webb deflate since he flung the "macaca" comment at a Webb volunteer of Indian descent last month, squared off with his opponent on NBC's "Meet the Press," where both men found themselves on the defensive. Webb had to answer charges that a magazine article he wrote 27 years paved the way for harrassment and abuse of women at the U.S. Naval Academy. In fact, after some early argument over Iraq and detainee interrogations, the debate turned to dealing with all the baggage.

Allen didn't really need to apologize for his remark, he's already done so repeatedly. Nonetheless, he called it "a mistake" and said "there was no racial or ethnic intent to slur anyone." When pressed on his past embrace of the Confederate flag, Allen said there are "a lot of things I wish I'd learned earlier in life," and pledged to help people of all races become a part of "team America."

Webb said he regretted "many pieces" of the article, such as one passage that referred to Naval Academy dormitories as "a horny woman's dream" and another in which Mr. Webb wrote that he had never met a female he would "trust to provide" combat leadership." Mr. Webb then tried to shift attention back to Allen's previous opposition to admitting women to the Virginia Military Institute. He later noted that he agrees with the Army's current policy of having women "attached" to combat — 62 have died serving in Iraq over the last three years - -but not directly fighting as part of infantry units.

In the end,the two came to agreement on something: chewing tobacco. Show host Tim Russert pressed them both on their long-time tobacco habits, asking if that was a good example for children. Both candidates agreed it was a bad example, but, perhaps in deference to the presence of major tobacco firms in Virginia, neither said they planned to quit. "Yes I do dip," Allen said, striking a softly defiant tone. He then quoted Mark Twain: "Nothing needs more reforming than someone else's habit." –Christopher Conkey

Read more: Global, Campaign Journal

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September 15, 2006, 6:27 pm Wait, Who's on the Ballot?

The White House this afternoon released the president's schedule for next week, which includes one intriguing entry. On Thursday, President Bush will be in Orlando, Fla., to attend a "Charlie Christ for Governor" event.

We'll take a guess they meant Charlie Crist , the Republican candidate for Florida governor. It's an easy enough mistake to make.

On the subject of religion, President Bush at a Rose Garden news conference this morning did talk about what he sees as America's changing attitudes. Responding to question about his address to conservative columnists earlier this week in which he brought up a "Third Awakening" of religious devotion, the president said: "It seems like to me that something is happening in the religious life of America… But I'm able to see a lot of people, and from my perspective, people are coming to say, I'm praying for you. And it's an uplifting part of being the president; it inspires me. And I'm grateful that a fellow citizen would say a prayer for me and Laura." –Amy Schatz

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September 15, 2006, 5:34 pm Dodging a Dukakis Moment

DOJ_NMG_0065370

While touring a high-tech plant today, Massachusetts Lt. Gov. Kerry Healey , the Republican candidate for governor, apparently refused to be seen wearing goggles and a hard hat by waiting photographers, according to the Patriot Ledger. The incident in Quincy follows a similar one last month in New Bedford, the AP reports, when Healey's campaign staff barred photographers from snapping photos "while she was wearing a hair net at a fish processing plant."

Seems to Washington Wire that doing anything to avoid a Dukakis moment, particularly in Massachusetts, is only prudent. Also, let's be honest: Who looks good in a hair net?!

Healey's decision to nix the goggles photo op means the Democratic winner of the state's Sept. 19 primary will have one less photo to choose from when the attack ads start. Three Democrats are currently trying to win the nomination to take on Healey in November. At this point, the governor's race is considered a toss-up. –Amy Schatz

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September 15, 2006, 4:31 pm You Gotta…Know When to Fold 'Em

Among the allegations the Justice Department today announced against Rep. Bob Ney (R, Ohio): on two occasions in 2003, he accepted thousands of dollars of gambling chips from a "foreign businessman" for use at private London casinos. In exchange, he lobbied the State Department for an exemption to a trade embargo against a country to which the businessman wanted to sell U.S.-made aircraft and airplane parts, the Justice Department says.

Ney The Justice Department wouldn't divulge the businessman's nationality or the country to which he sought the embargo exception. But according to numerous media accounts, the London rendezvous included British resident Nigel Winfield and Syrian-born Fouad al Zayat, co-owners of Cyprus-based FN Aviation. Their intended market: Iran. (Ney, who once lived in Iran, is the only member of Congress fluent in Farsi.)

Under the gifts section of his 2004 financial disclosure report, Ney listed $34,000 from a "game of chance" at the Ambassador's Club, a London casino. The Justice Department said his combined winnings exceeded $50,000. In June, Ney was one of just 17 Republican to vote against a bill to crack down on Internet gambling. –Ben Winograd

Read more: Global, Congress

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September 15, 2006, 4:19 pm Not Buying

The new Wall Street Journal/NBC News poll shows that a 59% majority of voters rejects President Bush's recent comparison of the war on terrorism to earlier struggles against Nazism and fascism. In equal proportions, nembers of families including a current soldier or military veteran join other voters in calling that "an inappropriate comparison that is only being made to justify the Bush policy."

Americans of all ages, incomes and demographic groups agree on the point; only Republicans and conservatives side with the president. Asked about the war in Iraq at today's Rose Garden news conference, Bush said he's prosecuting "the ideological war of the 21st century" but did not repeat the comparison to the battle against Nazism. –John Harwood

Read more: Global, Iraq, White House

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September 15, 2006, 3:10 pm Indiana Voters Leaning Leftward?

When he worked at the White House, Mitch Daniels wasn't always the most popular guy in the room. It's not an uncommon problem for the head of the Office of Management and Budget, whose job includes telling the president and federal agencies how much less money they'll have to spend than they want.

Daniels That's one reason why Daniels, who as Indiana governor has spent a lot of time trying to balance the state's budget, probably won't be fazed by new poll from WISH-TV in Indianapolis, showing Hoosiers aren't very happy with him. Daniels, a Republican, was rated in the fair or poor categories by 57% of all respondents (although just 35% of Republicans). The poll of 800 likely voters conducted from Sept. 5 to Sept. 8 found that 55% think the country is headed in the wrong direction while 41% say its going the right way.

Daniels isn't up for re-election this fall. But three Indiana congressional seats are in play, which is why both Republicans and Democrats are pouring money and resources into the conservative state. Among local issues, voters appear to still be miffed

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about Daniels's decision to lease a northern Indiana toll road to an international conglomerate as well as the continuing drama over the state's effort to pick a time zone. Consequently, the answer to one poll question–"Would you like to see more Democrats or Republicans elected to Congress this year?"– may be somewhat troubling.

In all, 46% said they'd prefer more Democrats while 41% chose Republican. Among women, 50% preferred Democrats, and 35% favored Republicans. –Amy Schatz

Read more: Global, Campaign 2006

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September 15, 2006, 1:17 pm Scrubbing the Numbers

The Citizenship and Immigration Service says its once-monumental backlog for green card, asylum and naturalization requests has almost disappeared—except for the 1.1 million people still in it.

USCIS Director Emilio Gonzalez called a news conference to announce that the service's "net backlog" had been winnowed to 139,000 by the end of July—down from 3.8 million in January 2004—and that he expects to eliminate it by Oct. 1. The backlog includes people applying to join family members, those who want to live and work here permanently, political refugees and those seeking asylum, and people who already are here and want to gain their citizenship.

The news should have come as a relief to certain categories of Filipinos, who have been waiting since 1984 for permission to join family members. Some categories of Mexicans have been waiting since 1993, and some Indians and Chinese have been on the wait list since 1995, according to a monthly government bulletin advising immigrants how long they can expect to wait.

But USCIS, which replaced the old Immigration and Naturalization Service, says it still has a "gross backlog" of a million people whose applications are being held up by other agencies and by situations over which it has no control. About 100,000 of those cases are waiting for the FBI to complete background checks. But most of the gross backlog is because Congress limits the number of new immigrants from any one country to 7% of the yearly total, regardless of the country's size or the number of its people who want to immigrate. Under that rule, tiny Singapore is entitled to as many green cards yearly as China.

The USCIS defines a backlogged case as one that's been in the works longer than six months. That means immigrants from small countries who are applying to join their families face a fairly speedy route through the immigration system. But for those long-waiting Filipinos and Mexicans, the wait could be almost as long as ever. –June Kronholz

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September 15, 2006, 11:40 am Activists Call for IMF/World Bank Boycott

Antipoverty activists announce a boycott of the International Monetary Fund/World Bank annual meetings to protest Singapore's refusal to let some of them enter the country.

After massive antiglobalization demonstrations over the last decade, the international lenders have tried to incorporate nongovernmental organizations into their decision-making. But the relationship isn't always smooth.

Now 163 such groups say they won't participate in official events in Singapore. They had planned to raise concerns about the often-austere economic policies the IMF urges its 184 member nations to implement, as well as the environmental impact of dams and other big World Bank projects.

World Bank President Paul Wolfowitz condemned Singapore's "authoritarian" actions. "The one thing I think I would say is that a lot of that damage has been done to Singapore and it's self-inflicted," Wolfowitz told activists at a roundtable, before they walked out. "It is unacceptable."

An IMF spokesman said of the activist groups: "We have been having productive discussions, and we expect them to continue."

In a statement issued Friday, the World Bank said the Government of Singapore informed the organization that it will remove the objections to 22 of the 27 accredited civil society representatives whom they had previously said would be barred from participating in the annual meetings. "We are notifying those persons of their change in status," the World Bank said.

The World Bank said it would continue to urge the Government of Singapore to allow "all accredited individuals be permitted to participate," because "open dialogue with civil society is important for the effective operation of our institutions." –Michael M. Phillips

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September 15, 2006, 11:31 am Gee, Thanks

For a moment, imagine that you are state Sen. Joy Padgett of Ohio. You're 59 years old and you've been kicking around local politics for years, paying your dues in both the state House and Senate. After all this time you've finally got a shot at the big-time, the local congressman has retired and endorsed you for the job.

Unfortunately, that congressman is Bob Ney, a six-term member who was forced to resign earlier this year over his shady dealings with lobbyist Jack Abramoff. And on Thursday, the day you win a special primary, beating four other candidates for the chance to take on Democratic lawyer Zack Space to win Ney's seat in November, lawyers close to his case begin leaking word that he will plead guilty to federal criminal conspiracy charges Friday. Plus, he's now in rehab.

Do you:

a.) Curse, letting loose such a long string of expletives that even your 20-something campaign staffers look on in awe

b.) Call state party leaders to complain Ney's trying to torpedo your campaign

c.) Put on a brave face, telling reporters you have no need to distance yourself from the Ney scandal since voters in the district know and trust you

d.) All of the above

Washington Wire is betting Padgett goes with option "c," although it would be hard to blame her for choosing "d" instead.

The AP, which caught up with Padgett this morning in Columbus, reports that she wouldn't comment on the Ney case but says she doesn't worry about distancing herself from the former congressman. "I don't think I have to do that at all. There was an attempt in 2004 to try to Velcro me to (Republican Gov.) Bob Taft, and that didn't work," she said. –Amy Schatz

Read more: Campaign 2006, Congress

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September 15, 2006, 11:22 am Bush Approval Rating Rebounds

President Bush's job-approval rating rebounded in the latest Harris Interactive poll, rising to 38% from 34% in August. The poll numbers come in the wake of a Wall Street Journal/NBC News Poll that also showed a modest gain, following a series of speeches by President Bush on the Iraq war.

Still, less than one-third of those polled believe the country is going in the right direction–but that's up from last month's 26%. The Harris Interactive poll surveyed 1,004 U.S. adults by telephone from Sept. 8 to Sept. 11.

Capitol Hill figures of both parties, as well as cabinet officials, continued to draw low marks. The top issues on Americans' minds? Iraq–though down slightly–followed by the economy, health care and immigration.

Graphic: Compare Bush's approval ratings across multiple polls.

Read more: Global, Campaign 2006, White House

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September 15, 2006, 6:00 am So How Bad Is Wal-Mart's Image?

Well, the big retailer's image is better than President Bush's, Defense Secretary Donald Rumsfeld's, Vice President Dick Cheney's, but not as good as Secretary of State Condoleezza Rice's.

Here's what the Wall Street Journal/NBC News poll found when it asked respondents to "rate your feelings" toward the following.

28%

And for comparison…

Target

51%

10%

(Rows don't add to 100 because remainder were neutral or weren't sure.)

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DOJ_NMG_0065373

September 15, 2006, 6:00 am The Power of Markets

Whether it's President Bush talking more about terrorism, gas prices dropping or something else, Republicans have improved their prospects of holding onto both houses of Congress in recent weeks, according to an analysis of trading in the Iowa Electronics Market by Moody's Economy.com.

As of Thursday, traders placed a 49% probability that Republicans will lose seats in the House, down from 56% a month ago. In the Senate, where only one-third of the seats are up for grabs, traders see only a 16% likelihood that Republicans will lose seats, down from 27% in August. The probability of Republicans holding onto their current total of 55 seats rose to 73% last night from 67% last month.

The IEM is a Web-based, real-money futures market operated for research purposes by professors at the University of Iowa. Investors can trade between $5 and $500 in a variety of futures contracts, such as whether the unemployment rate will drop or whether the Federal Reserve will raise interest rates later this month, and it opens trading on political outcomes in the months leading up to a major election. Probabilities are determined based on where traders put the price of a typical contract.

Think it doesn't have solid predictive power? Think again. On the eve of the 2004 presidential election, traders forecast President Bush would receive 50.45% of the vote to Sen. John Kerry's 49.55%. Pretty spot on. –Christopher Conkey

Read more: Campaign 2006, Congress

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September 15, 2006, 12:00 am Poll Finds Support for Iran Strike

Voters talk tough on Iran's nuclear program.

In new Wall Street Journal/NBC News poll, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

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NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues. – John Harwood

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September 14, 2006, 7:29 pm Ballot Battle in Pennsylvania

Pennsylvania's Green Party candidate for Senate can't appear on the Nov. 7 ballot unless he can prove to a state court that nearly 3,000 signatures on his nominating petitions are indeed valid.

That's a big issue for Democrats, who worry that Carl Romanelli could siphon crucial votes from their candidate, Bob Casey Jr., who's locked in a tight race with Rick Santorum, the Republican incumbent. "We feel very strongly that [Romanelli's] candidacy will take away votes from Bob Casey and we're hopeful the court agrees with us," said Pennsylvania Democratic Party spokesman Abe Amoros.

Democrats filed suit challenging signatures on Romanelli's petition for listing on the ballot. A month-long review found some 30,000 invalid signatures — ones that are faked, illegible, or aren't those of registered voters — leaving him about 3,000 signatures short of the 67,070 needed. Romanelli lawyer Lawrence M. Otter argues that some of the signatures were incorrectly labeled invalid.

Pennsylvania Democrats accuse Santorum and the Republicans of helping Romanelli's climb to the ballot by financing the candidate's signature campaign and helping in the petition drive.

The Romanelli camp has until his scheduled Sept. 25 court date to rehab the 3,000 mislabeled signatures.

In the meantime, Romanelli's not showing concern. "I am confident I will remain on the ballot — definitely," he said. – Erika Lovley

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September 14, 2006, 6:07 pm Dueling Letters Over Judicial Appointee

Trying to revive the nomination of one of President Bush's most controversial judicial appointments, a group of 18 retired military officers sent a letter to top Senate Judiciary Committee members in support of Williams J. Haynes II.

Yesterday's letter sought to debunk a July letter signed by 19 retired military officers that expressed "deep concern" with Haynes' nomination. Haynes, general counsel to the Defense Department, was first nominated to the Fourth Circuit Court of Appeals in 2003, but his nomination has stalled over apprehension about his involvement in crafting legal policies toward detainees in Iraq, Afghanistan and Guantanamo Bay, Cuba.

According to the July letter, "Mr. Haynes was arguably in the strongest position of any other senior government official to sound the alarm about the likely consequences for military personnel of the views being put forward by the Justice Department" offering legal cover for the use torture during interrogations. Haynes also helped craft the military commission system the Supreme Court struck down in June for departing from the Uniform Code of Military Justice.

Yesterday's letter said the July letter created a "highly misleading impression of Jim Haynes" by "asserting that Jim ignored the advice of Judge Advocates with respect to the policy on interrogation of detainees." This morning, the Senate Judiciary

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Committee was scheduled to discuss Mr. Haynes and four other appeals court candidates President Bush re-nominated earlier this month. The committee could not reach a quorum. – Ben Winograd

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September 14, 2006, 5:58 pm FCC's Martin Says AT&T-BellSouth Review on Track

A federal judge's ongoing review of two telecom deals won't slow the government's review of AT&T's pending $67 billion deal to acquire BellSouth Corp., Federal Communications Commission Chairman Kevin Martin said Thursday.

In a conference call with UBS investors and analysts, Martin was asked about whether a federal judge's antitrust review might delay the government's review of AT&T's current acquisition. The court review focuses on the Justice Department's approval of the SBC Communications Inc. and AT&T Corp. deal as well as Verizon Communication Inc.'s purchase of MCI Inc.

Noting the FCC hopes to complete its review of the BellSouth deal by mid or late October, Mr. Martin said the court review wasn't a problem. "It doesn't really have an impact from our agency's standpoint," he said. "There's not a deadline for us other than a self-imposed" 180-day clock. — Amy Schatz

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September 14, 2006, 4:41 pm Run, Don't Walk

The Republican National Committee issued a call to arms, part of its much-admired get-out-the-vote effort. The RNC's "September Sprint to Victory" asks supporters to hold house parties, set up a home-based phone bank and go door-to-door in their neighborhoods in support of local Republican candidates.

Acknowledging that most people have lives to lead and aren't going to put them on hold for political races, Republicans are offering supporters three ways to help (beyond the obvious option of giving $$). There is Turnout Tuesday, in which you can invite a few friends over and turn your house into a mini-call center, using your cellphones; House Party Thursdays, where absentee ballots can be distributed or local candidates invited to speak; or Super Saturday on Sept. 30, which features a walk around the 'hood to spread the word before "invit(ing) folks back home to watch the big game."

Not clear what game that is, although it's a safe bet it's on a campus and involves a football. The volunteer who makes "the biggest impact" during the drive–including volunteers recruited, new voters registered, etc. – will "receive a special surprise gift autographed by President Bush ," (RNC's emphasis).

A spokeswoman said the campaign was an "invaluable part of our broader effort to contact millions of voters in the coming days." She declined to provide any hints about the special prize (although we note the RNC loves handing out autographed photos). –Amy Schatz

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September 14, 2006, 4:04 pm Bayh Calls for Meeting of the Minds

It's been months since President Bush first planned to meet with the CEOs of Detroit's Big 3 auto makers—a meeting now postponed until after the November elections. The White House has taken flak from Michiganders about the perceived snub, but today it got a missile lobbed from a neighboring state. Sen. Evan Bayh (D., Ind.), a potential presidential candidate in 2008, wrote Bush that "a sense of urgency is required" in addressing the issues that the domestic auto industry faces.

"Our working men and women deserve leadership and results," he wrote in the letter. "They cannot afford to wait." –- Laura Meckler

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September 14, 2006, 2:38 pm Agency Unveils Car-Safety Rules

The Bush administration says proposed rules on electronic stability control systems for all new passenger vehicles would save between 5,300 and 10,300 lives annually and prevent between 168,000 and 252,000 injuries.

Electronic stability control, already available on some vehicles, helps keep cars from veering out of control and tipping over. The National Highway Traffic Safety Administration proposal would require manufacturers to begin installing the technology on

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SUVs, minivans and pickup trucks under 10,000 pounds, beginning with the 2009 fleet and have it on all such vehicles by model year 2012. The agency figures it will add $111 to the cost of vehicles that already have antilock brake systems, which are needed for stability control to work. –Laura Meckler

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September 14, 2006, 2:21 pm Seeing Red in Pennsylvania

Recently, it seemed like Pennsylvania Sen. Rick Santorum was gaining some momentum in his effort to hold his seat from challenger Bob Casey Jr., the Democratic state treasurer. Warm and fuzzy television ads that played all over the state this summer (see "Polka" and "Hoedown") were widely credited with reintroducing the conservative Republican in a good way to the state — and erasing the scary double-digit lead Casey had built-up. When the two debated for an hour on NBC's Meet the Press, many political observers dubbed the Sept. 3 match a draw.

Santorum

Which brings us to a negative television ad the senator's campaign launched yesterday, dubbed "Corner Bar." It suggests Casey's political team contains a bunch of unethical hacks who are halfway to landing in a jail cell, if they aren't there already. It will be interesting to see what–if any–impact this has on the race, particularly given that one of the allegedly shady characters on Team Casey has apparently been dead for almost two years. –Amy Schatz

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September 14, 2006, 2:02 pm Michele Davis Tapped for Treasury Post

Treasury Secretary Henry Paulson has picked Michele A. Davis for the top public affairs position in the department, a role she filled during the tumultuous tenure of President Bush's first Treasury secretary, Paul O'Neill. Bush is expected to announce his intent to nominate her for the assistant secretary's post this afternoon. The position requires Senate confirmation.

While it's a job title she's held before, Davis is expected to play an expanded role, serving as a senior strategist for Paulson on policy as well as communications matters. Davis has been serving as deputy national security advisor at the White House's National Security Council. After leaving Treasury the first time, Davis served as senior vice president of regulatory policy at mortgage giant Fannie Mae. She also served as communications director for former House Majority Leader Richard Armey, (R., Texas).

Davis is one of several hires Paulson has made since taken over at Treasury earlier this year. –Deborah Solomon

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September 14, 2006, 12:05 pm Lobbying Group Presses for FDA Money

The FDA Alliance, a new lobbying group that includes a number of former Food and Drug Administration officials, launched its effort to press Congress to increase federal funding for the agency. The group, which has been quietly discussing its plans with FDA-watchers for months, is backed by patient groups, trade associations and drug companies, among others.

The biotech industry is also expected to lobby strongly for more appropriations for FDA. The agency, saying it needs more money to fund important initiatives including drug-safety programs, has been seeking higher user-fee payments from drug companies. –Anna Wilde Mathews

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September 14, 2006, 11:59 am Paulson: Fodder for Bloggers

In a blog post on RGEmonitor.com, Brad Setser praises parts of Wednesday's speech by the new Treasury secretary, but pokes a couple of holes.

Paulson

"It was rather surprising that Paulson's speech didn't explicitly allude to any risks from the rising financial imbalances that have been associated with the current form of globalization. After all there is no intrinsic reason why globalization implies that emerging economies should be financing the world's advanced economies," he says. "I was a bit concerned that Paulson may

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be putting a bit too much emphasis on domestic capital market reform and opening up China's domestic banking markets to foreign competition and too little emphasis on currency reform…..(L)etting US financial institutions operate Chinese banks won't do much (if anything) to address the concerns of American auto parts workers. …

"Above all, though, I was struck by the irony of the United States – and particularly the Bush Administration – emphasizing how important it is that all countries like up to their international responsibilities…. Wasn't the Bush Administration elected, in part, to make sure that the United States own policies – including its economic policies — weren't subject to any global tests?"

And Brad Delong, the Berkeley blogger who did a stint at the Clinton Treasury, writes that Paulson "appears to have decided to be Secretary of the U.S.-China Relationship. It's an honorable job, and one well worth his considerable talents." Why this approach? "Given the White House he has to deal with, he can do nothing to undo the disastrous fiscal policies of the Bush administration," DeLong suggests. "Given the White House he has to deal with, he can do nothing to bring the resources devoted to entitlement programs into long-run balance with the spending plans of the programs."

At billsdue, a blog that focuses on the improbable combination of China and video games, comes this nugget: "He was definitely trying to speak in language the Chinese government understands, and even cribbed a phrase almost directly from the latest Hu-Wen economic stump speech: China needs a more harmonious, more balanced pattern of growth that gives Chinese households more income and the confidence to spend it."

The blog maintained by the National Association of Manufacturers – whose chief, John Engler, attended the speech, was full of praise: "a clear appreciation of the place and of the nuances of the global trading system." Foreign Policy magazine's blog boiled 4,000 words of rhetoric into a single sentence: "Treasury Secretary Hank Paulson to China: We want you to succeed." – David Wessel

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September 14, 2006, 11:21 am Remembering Ann Richards

Richards It's slightly too early in the day for the Washington Wire to imbibe, but we're raising a margarita tonight (frozen, no salt), in honor of Ann Richards, a true giant of Texas politics and one of the wittiest pols in the business, Democrat or Republican. President Bush, who ended her political career by defeating her in the 1994 governor's race and became her verbal pincushion, had nice words to say.

The 73-year-old former governor died yesterday from esophageal cancer, and the Texas statehouse political reporters paid homage today in Dallas, Austin and Houston.

Here's a sampling of the governor's greatest lines, beyond her classic: "Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

"I thought I knew Texas pretty well, but I had no notion of its size until I campaigned it."

"I have always had the feeling I could do anything and my dad told me I could. I was in college before I found out he might be wrong."

"Poor George [H.W. Bush], he can't help it. He was born with a silver foot in his mouth."

"There is a lot more to life than just struggling to make money."

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone.'"

–Amy Schatz

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September 14, 2006, 6:00 am 54 Days Left to Go

Seven-term Republican congressman Jack Kingston's Georgia seat doesn't exactly appear to be in jeopardy. Running against Democrat Rev. Jim Nelson, a United Methodist pastor and author ("Where Would Jesus Put the Sidewalks? A Study Of Faith and Politics"), political prognosticators suggest Kingston needn't give up his Washington digs.

Never hurts to reward the faithful, however, which is why Kingston's campaign committee sent out a desktop flip calendar this summer so supporters could track the last 100 days until Election Day—from Sunday, July 30 to Tuesday, Nov. 7.

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Dubbed "100 Reasons to Vote Republican," the calendar is liberally sprinkled with quotes from prominent conservatives, including Rush Limbaugh and President Reagan (Aug. 11: "It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first." Sept. 21: "The trouble with our liberal friends is not that they're ignorant: It's just that they know so much that isn't so."). It's peppered, too, with quotes from those on the other end of the spectrum, including Dixie Chick Natalie Maines (Sept. 14: "The entire country may disagree with me, but I don't understand the necessity for patriotism.").

The calendar has 200 pages, but the ones after Nov. 7 are blank. Unfortunately, the Friends of Jack Kingston apparently couldn't fill all 200 of them with reasons to vote Republican.

"It's for notes," explained Rob Asbell, a Kingston spokesman, who said this is the second campaign in which the congressman has sent out the calendar/notepad to supporters. — Amy Schatz

Indiana Voters Leaning Leftward?

Sep.15, 2006

Scrubbing the Numbers

Sep.15, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Critics Of War Spare Senator In Close Race (NYT)

By William Yardley

The New York Times, September 19, 2006

SEATTLE, Sept. 18 — Even as Senator Maria Cantwell of Washington has faced frequent criticism for having voted for the war in Iraq, her re-election campaign appears to be benefiting from a cold dose of pragmatism among many of her fellow Democrats.

After looking east to Connecticut, where another supporter of the war, Senator Joseph I. Lieberman, lost the Democratic primary last month, many Democrats here say attacking Ms. Cantwell in Tuesday's primary seems flat-out foolish because it could benefit the well-financed Republican challenger in November.

"Those people were looking for a reason to vote for her anyway," said Hong Tran, an antiwar advocate running against Ms. Cantwell who has stayed in the primary race despite polling in the low single digits and raising about $40,000.

Cathy Allen, a longtime Democratic consultant here who is not involved directly in the race, said, "If anything, what you would succeed in is poking yourself in the eye."

After all, unlike in Connecticut, the question here is not whether another Democrat will unseat Ms. Cantwell. Instead, the wild card is whether antiwar opponents will peel away enough support to leave her vulnerable to the Republican opponent, Mike McGavick, a former insurance executive who recently put $2 million of his own money into his campaign.

With a practical eye on that very different political reality, Ms. Cantwell and many of her antiwar critics have moved closer to each other, and the senator's lead over Mr. McGavick has increased to double digits in some polls.

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If the primary in Connecticut proved the power of the war issue among Democrats, it has not necessarily been a template for other prominent races in which Democrats have been criticized for their war stance.

"People are not saying 'Throw the bums out' in these other races," said James H. Dean, chairman of Democracy for America, the national coalition that played a crucial role in Ned Lamont's victory in the Connecticut primary.

"In Connecticut," Mr. Dean said, "we didn't have to worry about a Republican becoming a senator."

Mr. Lamont had voter demographics, liberal bloggers and a strong grass-roots operation on his side. And he had money, putting $4 million of his own into his campaign.

Here in Washington, the two most prominent antiwar candidates still running against Ms. Cantwell are polling in the low single digits and have little money. One, Aaron Dixon, is a former Black Panther who is running as the Green Party nominee in the general election in November on an antiwar platform. The other is Ms. Tran, a lawyer for a nonprofit organization who said that if she lost she would vote for Ms. Cantwell.

Ms. Cantwell, who was first elected in 2000 by just 2,229 votes, has strong union support and has won praise from environmentalists for helping to fight oil drilling in the Arctic National Wildlife Refuge.

With Washington's history of close elections, both national parties consider the race critical and plan to spend time and money here this fall.

The war is far from the only campaign issue. Democrats and outside analysts say Mr. McGavick has stumbled in discussing events in his past, while some Republicans say Ms. Cantwell has had a recent rise in the polls largely because she ran new television advertisements when Mr. McGavick was off the air.

Ms. Cantwell had $5.1 million in her campaign account at the end of August, compared with about $2.8 million for Mr. McGavick, including his own money.

The first lady, Barbara Bush, campaigned over the summer for Mr. McGavick, as have Republicans including Senators Bill Frist of Tennessee and John McCain of Arizona. Former President Bill Clinton and other Democrats have campaigned on behalf of Ms. Cantwell.

Asked whether Ms. Cantwell had changed her position on the war, Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said: "No, I think people have become more familiar with her position. And unlike Joe Lieberman, she has not been afraid to criticize the president on the war."

Still, Ms. Cantwell has made a clear effort to offset antiwar opposition.

" 'Do you really want a Republican representing Washington?' That's the question she's asking," said Chad Lupkes, a Washington coordinator for Democracy for America.

In July, Ms. Cantwell hired two of her potential Democratic primary challengers, both critics of the war, to work on her campaign. The move drew charges from both sides that she was paying off opponents; one of those hired, Mark Wilson, is paid $8,000 a month. The other person hired was Dal LaMagna.

Mr. Wilson, now a Cantwell campaign outreach director, did not respond to a request for an interview. Mr. Lupkes said Mr. Wilson was far from a sellout. He said it had been "critical" for Mr. Wilson to join the Cantwell campaign.

"The progressives really want to learn how the system works," Mr. Lupkes said. "You've got a bunch of people who say that the war is their top, only issue. Those people are fools. They're going to vote for Aaron Dixon. Maybe 5 percent of the vote goes for him?"

Ms. Cantwell has made other overtures to antiwar voters. On Aug. 9, the day after Mr. Lamont won in Connecticut, she was among many Democrats nationwide who congratulated the new nominee. Six days after that, she released a statement on her campaign blog about her initial vote in favor of authorizing the war in Iraq: "If I knew then everything that I know today and the Republican leadership still brought it up for a vote, I would have voted no."

The comments echoed those of other Democrats in Washington who voted for the war, but for Ms. Cantwell they were new.

Michael Meehan, her campaign strategist, said the comments did not reflect a shift in her position. Rather than playing "a hypothetical game of looking backwards," Mr. Meehan said, the senator "thinks it was more important to say, 'How are you going to hold them accountable now?' "

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Ms. Cantwell, in a brief interview after attending a Labor Day picnic with union members in Chehalis, about 85 miles southwest of Seattle, said her position on the war had not changed this year but that campaigning during the August break had helped her clarify her stance with voters.

She said she supported a Senate resolution in November calling for 2006 to be a "period of significant transition to full Iraqi sovereignty." She backed a Democratic plan in June calling for troops to start coming home this year. And in July, she sponsored a measure with Senator Joseph R. Biden Jr. of Delaware that said no permanent American military bases would be established in Iraq.

Mr. McGavick, who has largely echoed Ms. Cantwell's views on the war, has been on the defensive himself recently.

Last month, his voluntary acknowledgment that he had been charged with driving under the influence of alcohol in Maryland more than a decade ago backfired somewhat after The Herald of Everett, Wash., reported that he had not disclosed all the details of the arrest. The newspaper reported that Mr. McGavick had also run a red light, had been handcuffed and had fallen asleep at the police station.

"I fully disclosed everything I remembered, period," Mr. McGavick said in an interview.

Mr. McGavick and Ms. Cantwell disagree on several national issues. Mr. McGavick has accused the senator of helping kill a Senate bill that would have increased the federal minimum wage, while Ms. Cantwell has said the bill would have cut incomes for workers who earn tips. Mr. McGavick supports letting some workers invest in voluntary private accounts as part of Social Security, an idea Ms. Cantwell opposes.

Republicans have portrayed Ms. Cantwell as a tax-and-spend liberal, while Democrats have cast him as a cheerleader for President Bush.

Beyond specific policy differences, Mr. McGavick said his campaign was centered on "the need for civility and the need for common sense and problem solving."

"That's what has gotten me this far," he said, "and that's what will carry me on to victory."

He acknowledged that dissent among Democrats could help him. "They're not going to take votes from me," he said.

Ms. Cantwell drew criticism from Republicans, too, after The Associated Press reported that she once lent $15,000 to $50,000 to Ron Dotzauer, a lobbyist and political consultant, and later helped steer federal money to his clients. The senator's staff has said there is no connection between the loan and the federal spending.

But with the senator and some of her antiwar critics now appearing less divided, said Mark A. Smith, an associate professor of political science at the University of Washington, Mr. McGavick may need to sharpen his message.

"I think he's almost hoping for self-immolation on the Democratic side," Mr. Smith said. "That seemed like a pretty decent strategy three or four months ago. I don't think that looks like such a decent strategy now."

Cantwell Polls Higher As She Adjusts War View (HILL)

By Aaron Blake

The Hill, September 19, 2006

Sen. Maria Cantwell (D-Wash.) does not face nearly as strong an anti-war primary challenger today as Sen. Joe Lieberman (D-Conn.) did a month ago, but she has taken about as much flak for her support of the war in Iraq.

Cantwell, who like Lieberman comes from a blue state with a strong anti-war segment of the electorate, has sought, unlike him, to distance herself from the unpopular war.

Her opponents say that the shifts are cosmetic, but Cantwell's poll numbers have jumped in recent weeks, undermining what had been Republicans' hopes of a dramatic pick-up in the Senate.

Today's primary, which includes anti-war Democrat Hong Tran, could provide an indication of how many anti-war Democrats remain unhappy enough with Cantwell to cast a protest vote against her. She will face two third-party anti-war candidates in November, and in a close race that could cost Cantwell her seat.

While Cantwell and her Republican rival, Mike McGavick, have been polled as close as four percentage points from each other recently, Cantwell enters the primary leading by 17 points, 52-35, according to an independent Rasmussen Reports poll released last Tuesday. The results closely resemble a SurveyUSA poll from late August, which had Cantwell up 53-36.

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McGavick's campaign attributed the poll results to his decision to reveal his 1993 drunken driving arrest, and subsequent reports that show he misstated details of it. He said later it was due to faulty memory.

"That poll is a snapshot of a period immediately after Mike took what many called a courageous act in the self-revelation of mistakes and when we had just gone on TV in Seattle for the first time in months," McGavick spokesman Elliott Bundy said.

Cantwell's campaign said the bump is a result of the senator's increased visibility, in person and in ads.

The poll was also conducted before reports surfaced about Cantwell's role steering $11 million to projects that benefited clients of a lobbyist who had worked as her campaign manager. Ethics experts have criticized Cantwell, but she says she did nothing wrong.

However these issues play out, the war will continue to be at the forefront of the race.

In addition to the primary challenger, Cantwell will face two third-party anti-war candidates, the Green Party's Aaron Dixon and Libertarian Bruce Guthrie. Neither is likely to take more than a few percentage points in the general election, but their support could come almost exclusively at Cantwell's expense.

Sen. Hillary Rodham Clinton (D-N.Y.), who like Cantwell has been criticized for not speaking out more forcefully against the war, took 83 percent of the vote in her primary against anti-war challenger Jonathan Tasini. But unlike Cantwell, Clinton does not face a difficult reelection bid.

Cantwell faced another anti-war Democrat, Mark Wilson, until he dropped his bid and joined her campaign in a paid position, a move criticized by her opponents.

Cantwell voted for the resolution authorizing President Bush to use force in Iraq and for subsequent spending bills, but in June she supported a Democratic amendment urging the president to begin troop withdrawals this year (Lieberman opposed it), and in the ensuing months has been more critical of the execution of the mission.

By July, she was calling for a "change of course," and in August, after McGavick said he would not have voted for the war if he knew then what he knows today, Cantwell recanted on earlier statements and agreed.

Both have rejected a call for immediate withdrawal but say if progress is not made this year, the mission should be reevaluated.

Cantwell's spokeswoman, Katharine Lister, said the difference between Cantwell and McGavick is that McGavick is for "staying the course" while Cantwell and congressional Democrats are holding the administration responsible.

But both Dixon and McGavick said Cantwell still holds a view on Iraq that barely differs from McGavick's.

"I do think that she's been trying to moderate her position, and if she continues to, then we will be in disagreement," said McGavick, a former Safeco CEO. "But there's nothing that is substantive yet."

Dixon, a community activist and former Black Panther Party leader, said he has noticed Cantwell trying to shift her stance, so far without significant steps. He said he hopes she will support an immediate withdrawal.

"The war is becoming so unpopular … we're just hoping that she is beginning to listen to them," Dixon said. "But her record has proven that she's not to be trusted."

Dixon said part of his campaign's purpose was to "put some pressure" on Cantwell. He said he's not wary of stealing votes from her in November because the two major parties haven't differed much and the country needs a multi-party political system.

The SurveyUSA poll showed Dixon and Guthrie each taking 3 percent of the vote.

Party Rival Says Cantwell Deserves To Lose Over War (WT)

By Christina Bellantoni

The Washington Times, September 19, 2006

SEATTLE -- Hong Tran tells voters she is giving them an opportunity to "Vote no on war" in today's Democratic primary election for U.S. Senate.

Though she knows she is highly unlikely to beat incumbent Sen. Maria Cantwell, she says her fellow Democrat's October 2002 vote in favor of the Iraq war is worthy of electoral punishment.

Mrs. Tran has received little of the national attention enjoyed by anti-war candidate Ned Lamont, who used that momentum to beat Sen. Joe Lieberman in the Connecticut Democratic primary, but she campaigns on a similar message.

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"The war is a big issue for all voters, not just Democratic voters, and it's really dismaying that Maria Cantwell is so out of step with people," Mrs. Tran said yesterday. "She is completely unresponsive to her constituency, and we need to have someone stronger as our senator."

Miss Cantwell on Aug. 15 released a statement about her vote authorizing President Bush to use force in Iraq.

"If I knew then everything that I know today," she said on her Web site, "I would have voted no."

She said the United States should start to bring troops home this year.

She also painted a difference between herself and Republican front-runner Mike McGavick, who is poised to win his own primary today.

"I am for changing the course in Iraq; my opponent is for staying the course," Miss Cantwell said. "The Iraqis must take over responsibility for their own security this year."

In addition to the war, Mrs. Tran disagrees with the freshman senator on trade policy, and says Miss Cantwell votes to help special interests instead of working people.

Miss Cantwell has the money, name recognition and the state and national party machines behind her, all things that will probably propel her to victory today. She also currently holds a wide lead over Mr. McGavick.

But several voters here said they will issue a "protest" vote for Mrs. Tran, a lawyer with a nonprofit agency, to send a message they are frustrated with their senator.

"I'm sure not going to vote for her in the primary, because she voted for the Iraq war," saidlongtime Democrat Toni Ameslav of Seattle, a medical social worker. "I don't know what I'll do in the general election. I definitely won't vote Republican, but I might just stay home."

Miss Cantwell held a weekend rally with Sens. Patty Murray of Washington and Barbara Boxer of California, but then returned to the Capitol for her "day job," according to campaign staffers. Instead of doing the last-minute campaigning yesterday and today, she sent in her own primary ballot by mail, as do most voters in the state.

Mrs. Tran says state and national Democrats have openly tried to keep her from getting attention, forbidding her from putting up signs at Democratic events. Miss Cantwell, whose campaign hired two of her early critics, has also refused to debate Mrs. Tran.

Democratic voter Steve Brunner, who works in interior design, said he completely disagrees with the administration's war policy, and called the Iraq conflict the "Vietnam of our generation."

Still, Mr. Brunner, 40, said he will "stick with" Miss Cantwell in the primary because she has a proven track record.

"Somebody needs to take back Republican control, and we can't lose this seat," he said. "I'd rather have a lousy Democrat than a good Republican."

Mrs. Tran, 40, said she is relying on grass-roots support and has not done much fundraising. She has radio ads running but nothing on television.

By contrast, Miss Cantwell has television ads blanketing the state saying she is an environmental leader and understands the plight of working people. She had more than $5 million in the bank as of Aug. 30.

Mr. McGavick, a former insurance executive and a millionaire like Miss Cantwell, had $2.8 million on hand at the end of August. He also is running TV ads portraying himself as independent-minded.

Mrs. Tran said she would not vote for a Republican in the general election, but added that if she does not win today, she will "certainly not" endorse Miss Cantwell.

Cantwell's Ties To Lobbyist Aired (RC)

By Nicole Duran

Roll Call, September 19, 2006

Sen. Maria Cantwell's (D-Wash.) personal ties to a prominent Washington state lobbyist have come under intense scrutiny in recent weeks. But it is unclear if their friendship will hurt Cantwell re-election efforts.

Ron Dotzauer has been involved in every race Cantwell has ever run. Cantwell worked for him at his former consulting firm, Northwest Strategies. At one point they were a couple and when he fell on hard times financially, Cantwell loaned him money.

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When she sought to unseat then-Sen. Slade Gorton (R-Wash.) in 2000, Dotzauer shelved his business to manage Cantwell's campaign.

After their victory Dotzauer went on to found Strategies 360, a firm whose clients have secured more than $11.6 million in federal appropriations.

Republicans strategists think that in a year when GOP candidates have been on their heels for lobbyist ties — think superlobbyist-turned-felon Jack Abramoff and his tentacles, or disgraced former Rep. Duke Cunningham (R-Calif.) — the Cantwell-Dotzauer connection may blunt the image of the GOP as the party of special interests.

The case could be especially helpful to Republicans in the Evergreen State, where former insurance company CEO Mike McGavick (R) is campaigning as an outsider who is tired of partisan bickering and politics as usual in Washington, D.C.

"Maria Cantwell has bent over backwards to do the bidding of lobbyist Ron Dotzauer, even changing her vote on key legislation before the Senate," alleged Brian Nick, a spokesman for the National Republican Senatorial Committee. "And while Cantwell delivers millions of dollars in earmarks for her lobbyist pal, his grateful clients have showered her with thousands of dollars in campaign contributions.

"If you're looking to build a federal lobbying client base, apparently it's good to know Maria Cantwell," he said.

Democrats say Republicans are looking for scandal where none exists. They also point out that McGavick is no political novice — he worked as Gorton's chief of staff and managed his successful 1988 campaign — and is hardly free from special interests, given his insurance industry background.

"McGavick's campaign is in the toilet so NRSC surrogates are grasping at any straws to take a shot at Sen. Cantwell," said Kelly Steele, a spokesman for the Washington state Democratic Party.

After showing some momentum, McGavick's campaign was dealt a setback in August when he volunteered past mistakes, including a traffic stop for driving under the influence.

But when reporters unearthed the actual police report, it showed that McGavick, in his mea culpa, left out some key details of the drunk driving incident, including the fact that he was arrested.

The focus in the campaign now seems to be back on Cantwell, which is exactly how national Republicans would have it.

"The Republicans are trying to keep it alive but it just hasn't shown up anywhere," said Stuart Elway, an independent Seattle-based pollster.

"It would be worse if he lent her the money," Elway added.

According to Cantwell's personal financial report, Dotzauer still owes her between $15,000 and $50,000.

Exactly what the loan was for is unclear. Dotzauer has said in the past that he could not remember.

He did not return a call seeking comment for this story.

According to Senate records, Dotzauer's career as a federal lobbyist coincides somewhat with Cantwell's time in federal office.

For instance, he had only two clients in 1995, the year after Cantwell lost her bid for a second term in the House. He then did not begin lobbying Congress again until 2002, two years after she was elected to the Senate.

Knowledgeable sources say that tracks with a difficult period in Dotzauer's personal life during which time his business suffered.

Cantwell's campaign dismisses the allegation that she did Dotzauer any special favors. Cantwell does not sit on the Senate Appropriations Committee, though Sen. Patty Murray (D-Wash.) does.

Michael Meehan, Cantwell's senior political adviser, notes that the bulk of the appropriations under scrutiny were for projects supported by most the delegation — and Republicans back in the state.

Steele added: "Slade Gorton, George W. Bush and Rep. Dave Reichert all supported these appropriations; this is a pathetic smear."

Meehan also pointed out that the Senate Ethics Committee has never questioned the relationship between Cantwell and the lobbyist.

Since arriving in the Senate, Cantwell has reported the loan to Dotzauer, Meehan said.

"If the Ethics Committee hasn't had a problem with it, I don't think the voters of Washington state will have a problem with it," Meehan said.

Melanie Sloane, executive director of the watchdog group Citizens for Responsibility and Ethics in Washington, agreed that the appropriations appeared benign.

Nevertheless, she said Cantwell and all lawmakers need to be beyond reproach.

"In an ideal world she wouldn't let him lobby her and she'd get her money back," Sloane said. "Members should be more careful."

The financial connection does not end at the loan or the appropriations. Cantwell has also received at least $65,700 in campaign contributions from clients of Strategies 360, according to Federal Election Commission records.

Democrats say that is only logical given that Dotzauer's group represents many Pacific Northwest interests.

His clients include the Cascade Water Alliance, a nonprofit corporation representing municipalities in the suburban Lake Tapp area; Inologic, a biotechnology firm; and the West Coast Seafood Processors Association.

T.J. Petrizzo, a Republican lobbyist who has paired with Strategies 360 on occasion, says he does not believe Dotzauer's group gets any special access.

"We share a client and not once have I seen even an appearance of a conflict of interest," Petrizzo said.

Where's The Party? Nowhere To Be Found In Steele Ads (WP)

By Paul Farhi

The Washington Post, September 19, 2006

In his latest TV commercial, Maryland senatorial candidate Michael Steele looks and sounds like a man running for talk show host. Seated informally on a big letter "S," jazzy music playing in the background, Steele takes a bold stand on . . . puppies.

"Hey, me again, Michael Steele," says the lieutenant governor, pretending to knock from the inside of the TV screen. "Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies. And I think you deserve better -- some real ideas for change."

The slightly self-amused tone is just one of the things that make Steele's ads for his U.S. Senate campaign one of the more unusual of this, or any, election season. Political ads tend to come in two flavors: the kind in which candidates shake hands with supporters and embrace schoolkids, and the kind in which basso-voiced announcers warn that the opponent is bad news.

So far, Steele has taken a third approach: the candidate as your pal, the friendly, reasonable guy who's beyond politics.

In two of his first three campaign ads, Steele doesn't appear on the campaign trail or some other traditional political backdrop. He doesn't slam his Democratic opponent, Rep. Ben Cardin, or even mention that he has an opponent. Instead, he talks casually while perched on a stool or an oversize sculpture of his last name. The setting is odd and stark -- a blue-and-white backdrop that evokes the Nowhereland of Apple's iPod commercials (the Steele spots were shot in a local TV studio).

"I know what you're thinking," Steele says without a word of introduction in his first commercial, which debuted in late August. "I know what you're feeling. Washington has no clue of what's going on in your life. They blame each other, they work the angles while you're just trying to make today better than yesterday. . . . Instead of the spin, I'll talk straight about what's wrong in both parties."

The much buzzed-about spots -- created by veteran Republican adman Brad Todd of Alexandria's OnMessage Inc. -- are designed to reinforce Steele's assertion that he would be a different kind of senator. (That, in fact, is the title of the first commercial.)

To drive that message home, says political scientist Thomas Schaller, Steele had to break the conventions of political advertising. "These aren't just another red-white-and-blue, glad-hand-at-the-parade, here-are-my-three-talking-points-about-health-care ads," says Schaller, of the University of Maryland Baltimore County. "The fact is, people are talking about them and you're writing about them. That tells you how effective they are, and it compounds and magnifies their impact."

What's different, too, is what's not said in Steele's commercials.

The spots never mention that Steele is running as a Republican, or that he is the second-highest-ranking member of his party in Maryland. Or that he was once chairman of the Maryland Republican Party. Indeed, the word "Republican" doesn't

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appear anywhere on Steele's Web site, and his official bio omits his tenure as party chairman. When Steele won the Republican Senate primary last week, his campaign's official news release reported only that he won "his party's primary" without bothering to say which one.

This may be a bow to political reality. Registered Democrats outnumber Republicans by almost 2 to 1 in Maryland.

Steele also has played down any association with President Bush, whose approval ratings have been in a long slump. Steele's Web site notes the endorsements of two moderate Republicans, Sen. John McCain of Arizona and former New York mayor Rudy Giuliani, but never mentions that Bush helped raise $500,000 for his campaign last year.

Which prompts Cardin's campaign to accuse Steele of running from his party and his president. "Michael Steele's ads don't change the fact that he's a conservative Republican who has embraced President Bush's agenda," says Cardin spokesman Oren Shur, "from his support of the war in Iraq to his opposition to stem cell research to his endorsement of the president's plan to privatize Social Security."

Several other Republican candidates have been less than eager to wave the GOP banner this year. In New Jersey, Senate candidate Tom Kean Jr. calls himself an "Independent Reformer" in his ads. Sen. Mike DeWine of Ohio uses the slogan "Independent Fighter for Ohio Families," while Rep. Curt Weldon of Pennsylvania and Rep. Vito Fossella of New York both use the same phrase, "Independent Fighter for Us."

Steele himself said to The Washington Post in July that running as a Republican candidate this year was akin to wearing "a scarlet letter" (he later maintained that he was joking). Nevertheless, his campaign says he is not trying to avoid the subject in his TV spots.

The ads emphasize that "he approaches issues as a different kind of candidate," said Steele's spokesman, Doug Heye. "What he has done is to build bridges against the things that divide us -- racial, economic and geographic. He has never made any bones about being a Republican."

High Stakes In Governors' Races (CSM)

By Linda Feldmann

The Christian Science Monitor, September 19, 2006

By many indicators, Democrat Jennifer Granholm should be heading for certain defeat in her reelection race as Michigan's governor. State unemployment is at 7.1 percent, well above the nation's 4.7 percent. Sixty percent of Michigan voters give Governor Granholm a negative job rating. And her Republican opponent, multimillionaire Dick DeVos, can spend freely - and has - to try to unseat her.

For sure, Granholm is in a tough race; she's probably the most embattled Democratic governor in the country. But in a year when Republican candidates nationally are laboring under an unpopular President Bush, an unpopular Iraq war, and negative perceptions about the national economy, even Granholm might survive. The latest polls show her either ahead or in a statistical dead heat against Mr. DeVos.

Overall, the Democratic Party may well emerge from the November elections with a majority of governors' seats for the first time since 1994.

The Republicans are "going to lose governors' seats, there's no question," says Jennifer Duffy, an expert on gubernatorial races for the nonpartisan Cook Political Report. She predicts a net Democratic gain of four to six seats.

Currently, the GOP majority in governors' mansions stands at 28 to Democrats' 22, but the Republican Party is defending far more seats this fall than are the Democrats. Of the 36 seats on the ballot, 22 are held by Republicans and 14 by Democrats. Among the 10 incumbents vacating their seats, nine are Republicans, including Alaska Gov. Frank Murkowski, who lost in a rare primary defeat for a sitting governor.

Unlike in the House and Senate, winning a majority of governors' seats holds mainly symbolic importance. But it is still in each party's interest to control as many governorships as possible. Governors' mansions are the training ground of future presidents. (Four of the past five presidents were ex-governors.) Governors who aren't running for president can lend the support of their local political infrastructure to politicians from their party who are.

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In the event of a disputed result in a key state, as happened in the past two presidential elections, having friendly statewide elected officials is a bonus.

Governors can also turn their states into laboratories for policy innovations with potential national applications.

New York is the Democrats' top takeover opportunity, with state Attorney General Eliot Spitzer running far ahead of former state Assembly minority leader John Faso to replace GOP Gov. George Pataki.

The Democrats' next best takeover hope is Ohio, where the state's retiring Republican governor, Bob Taft, has been mired in scandal and has at times posted single-digit job approvals. Nonpartisan political handicappers (Cook Political Report, Rothenberg Political Report, and CQPolitics.com) give the edge to Democrat Rep. Ted Strickland, despite the state's close partisan divide, as the beneficiary of a voter desire for change.

Beyond those two, analysts are less in accord, though they all list more Republican-held than Democratic-held seats as "potential takeovers."

Among Republican governors running for reelection, the most endangered is Robert Ehrlich of Maryland. Independent pollster Del Ali, who is based in Maryland, sees the state going back to its "true blue" roots this fall.

"This problem for Ehrlich is he's on the record supporting the war in Iraq, very strongly," Mr. Ali says. Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, "will dig up all the video he had in 2005 talking about standing behind the president."

Among the other biggest Democratic pickup possibilities are Colorado, Arkansas, Massachusetts, and Alaska.

Besides Michigan, Republicans are most hopeful about taking over in Wisconsin and Iowa. In Wisconsin, Gov. Jim Doyle (D) has struggled with ethics charges - and though he has now been cleared of wrongdoing by the state ethics board, the odor of impropriety lingers in a state that prides itself on clean government. Muddying the picture for GOP challenger Rep. Mark Green is a recent judgment that he return $467,844 in donations from out-of-state political action committees, a ruling he is fighting in court. Polls show a tight race - and both men are pounding each other hard in ads.

The Republican Party is not pretending this will be an easy election year, at any level of government. And in races where a member of Congress is running for governor, that link to Washington can be an anchor around the congressman's neck.

Take Iowa, where Rep. Jim Nussle (R) and Iowa Secretary of State Chet Culver are dueling to replace retiring Gov. Tom Vilsack (D).

"Nussle's a good guy, but it [being a Republican in Congress] probably at the end sinks him," says Ali, who notes that the popular Vilsack will likely provide coattails for Mr. Culver. Still, Ali adds, the race is "closer than five points."

Phil Musser, executive director of the Republican Governors Association, predicts Mr. Nussle can overcome his Washington label by focusing on Iowa-specific proposals in areas such as the economy, energy, and education.

"It's not the best year to be running as a member of Congress for state office, but in the end it's about local issues," says Mr. Musser.

In Colorado, a Democratic pickup hope, Rep. Bob Beauprez (R) is struggling, too, with his Washington tag - perhaps more than Nussle is in Iowa - as he seeks to replace retiring Republican Gov. Bill Owens.

Independent Colorado pollster Floyd Ciruli sees Representative Beauprez losing traction in his governor's race, in a combination of local and Washington-related factors. On the local front, the state's fractured Republican Party has hurt Beauprez, and nationally, says Ciruli, "the war and just general aggravation with Republicans and the president are hurting him."

Still, the anti-Washington model doesn't apply everywhere. In Nevada, Rep. Jim Gibbons (R) doesn't seem to be suffering for his membership in Congress, and is leading in polls to replace retiring Gov. Kenny Guinn (R), whose coattails seem to be helping Mr. Gibbons.

"Guinn is a popular governor, and Gibbons is well known; the good economy in Nevada also helps Gibbons," says Ali. "It's Gibbons's race to lose. If he supports the war, he hasn't said [much] about it."

Confident Of Sweep, State Democrats Set Sights On Pataki And Bush (NYT)

By Patrick Healy

The New York Times, September 19, 2006

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SMITHTOWN, N.Y., Sept. 18 — Chest-thumping leaders of the New York Democratic Party rallied here on Monday and predicted a clean sweep of statewide offices in the November election over the enemy — identified by one Democratic speaker after another as "the two Georges," Messrs. Bush and Pataki.

The party's tight focus on President Bush and Gov. George E. Pataki, instead of the actual Republican candidates this fall, is the latest sign of the low regard in which Democrats say they hold their opponents. They are so confident of outright victory that they are now shooting for bigger game — an electoral rebuke of Mr. Bush and Mr. Pataki.

The Democrats were also eager on Monday to convey a degree of party unity that they have not shown in years. Eliot Spitzer, the Democratic nominee for governor, called and asked Thomas R. Suozzi, the man he defeated for the nomination, to attend the party conclave, though the two men are not close.

Mr. Suozzi did not give a speech, but he did stand for a photo with Mr. Spitzer and an even greater foe, Assembly Speaker Sheldon Silver.

It was not all unity, however: Andrew M. Cuomo, the Democratic nominee for attorney general, did not make the same gesture to invite his runner-up, Mark Green. Mr. Green said he had received no invitation to the event from anyone. Another failed candidate for attorney general, Sean Patrick Maloney, who said he had been invited by the state party, did show up, though he — unlike Mr. Green — has not ruled out running for office again.

The event, technically a business meeting, was striking in comparison with dealings among the Republicans. John Spencer, the Republican nominee facing Senator Hillary Rodham Clinton, has refused to take telephone calls, including a concession call on primary night, from the woman he defeated, Kathleen Troia McFarland.

Both camps confirmed on Monday that Mr. Spencer had not called her back, with Spencer aides saying there was no point. Forty percent of Republicans voted for Ms. McFarland in last week's primary. During the campaign, she and her aides made some personally nasty remarks about Mr. Spencer, a former Yonkers mayor, and he openly resented her challenge.

Mr. Spencer's name did not even come up at the Democratic event; nor did that of John Faso, the Republican candidate for governor.

A poll released on Monday by the Siena Research Institute showed Mr. Spitzer with a lead of 51 percentage points over Mr. Faso, and Mrs. Clinton with a 29-point lead over Mr. Spencer. The poll, conducted by telephone, surveyed 625 likely New York voters and had a margin of sampling error of plus or minus four percentage points.

The Democrat facing the greatest competition this fall, Mr. Cuomo, led the rhetorical assault on Monday by telling hundreds of party faithful here that his opponent, Jeanine F. Pirro, was a lackey of the Republican leadership. Mr. Cuomo had a 17-point lead over Ms. Pirro in the Siena poll.

"My Republican opponent is a devout disciple of the Bush doctrine, and she is a protégée of George Pataki," Mr. Cuomo said. "We don't need a follower of the two Georges to lead us as the next attorney general."

While Ms. Pirro is a moderate Republican who favors abortion rights, Mr. Cuomo said after his speech that she is nevertheless a Bush supporter and that it is fair to hold her accountable for what he called administration failures to enforce clear air and clean water rules and ensure integrity in the financial markets.

In response, Ms. Pirro's spokesman, John Gallagher, said: "Andrew Cuomo is using phony political attacks to distract voters from paying attention to his failed record at HUD and his lack of experience as a prosecutor. It's sad."

In Albany on Monday, Ms. Pirro held a news conference calling the civil confinement of sex offenders "the most important public safety issue of our time." Ms. Pirro, a former district attorney of Westchester County, has sometimes seemed preoccupied by civil confinement, bringing it up frequently in remarks; she tried to explain why after a reporter asked if it was a more important safety issue than terrorism.

"Terrorism, obviously, is an overwhelmingly important issue for safety in New York," she said. "But as it concerns families, there isn't a family that I come across that isn't concerned about children going to school and possibly being abducted or confronting a sexual predator."

In Smithtown, Mr. Cuomo said that he also supported a civil confinement bill.

By and large, the Democrats focused on the politics of optimism instead of any substantive agenda. The chairman of the state party, Assemblyman Herman D. Farrell Jr., who was re-elected by the party to a new two-year term on Monday, said this

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would be a "historic year" for Democratic victories. Mr. Silver said "it would take the invasion of the body snatchers" for any Republican candidate for major office to win this year.

Mr. Spitzer said he looked forward to Speaker Silver being his partner, and joked that they would surely agree on everything; Mr. Silver is known as a skilled negotiator who fights for his own agenda. Democrats need to stay together because, he added, referring to Republicans, "the mess they're leaving behind is pretty bad."

Ryan Moses, the executive director of the State Republican Party, parried by tweaking the Democrats for their predictions of victory over Mr. Pataki in 2002 and Mayor Michael R. Bloomberg in 2005, neither of which came to pass.

Campaign Gifts From Big Insurer Elude The Limit (NYT)

By Mike Mcintire

The New York Times, September 19, 2006

New York law prevents corporations from contributing more than $5,000 a year to candidates for state office, but one of the world's largest insurance companies has skirted those limits in giving almost 20 times that amount to some of New York's most prominent politicians, according to a review of contribution data.

The company, American International Group, has enlisted dozens of obscure subsidiaries to distribute contributions, all drawn from a common A.I.G. bank account and often through sequentially numbered checks, totaling hundreds of thousands of dollars.

A.I.G. defends the contributions, which seem to comply with the law as interpreted by the State Board of Elections.

The donations in recent years include totals of $50,000 to the gubernatorial campaign of Attorney General Eliot Spitzer; $335,000 to those of Gov. George E. Pataki; $34,300 to the campaign of Lt. Gov. Mary O. Donohue; and $25,000 to the 2006 campaign of Comptroller Alan G. Hevesi.

Often, the subsidiaries' identities give no hint of their affiliation with A.I.G., making it difficult to determine the extent of A.I.G.'s giving. For example, 10 companies — with names like Green Hills Corporation and Yosemite Insurance — gave $5,000 checks to Mr. Spitzer's campaign on a single day in December 2003. The only clues that the checks came from a common source were that they all had sequential numbers and bore an address of 70 Pine Street in Manhattan, A.I.G.'s headquarters.

Those contributions were made before Mr. Spitzer's office began investigating insurance industry practices, including those of A.I.G., in mid-2004. A.I.G. has made no further contributions to the Spitzer campaign since then.

A.I.G. and 33 subsidiaries used the same approach to direct hundreds of thousands of dollars to Mr. Pataki's campaigns beginning in 2001, in six batches of sequentially numbered checks. A.I.G.-related companies have also contributed to the New York State Democratic Party and to several campaigns for the New York State Senate.

Joe Norton, a spokesman for A.I.G., said that although the company's subsidiaries use checks drawn from a common account maintained by A.I.G., the contributions are charged back to each subsidiary's budget, so that, ultimately, the money comes from the subsidiaries. He said, however, that even though the contributions were made by the subsidiaries, A.I.G. usually decided what candidates to support, a process he said was within the law.

"There's no requirement that decisions about contributions be made by the subsidiaries," Mr. Norton said. "The parent company can recommend that a contribution be made."

A.I.G.'s practices are an example of how corporations have found ways to get around contribution limits in New York's porous campaign finance laws.

Last month, Common Cause New York, a watchdog group, did an analysis showing how limited liability corporations, which are allowed to contribute up to $50,100 to a candidate, were becoming a preferred vehicle for individuals and partnerships to effectively double or triple their contributions. (L.L.C.'s are business entities that can be easily established and provide special tax benefits as well as limits on financial liability.)

As a conventional corporation, A.I.G. is bound by the limit of $5,000 in total campaign contributions each year. The state's election law permits subsidiaries, even those wholly owned by a parent company, to make their own contributions as well. But the elections board issued an opinion in 1977 clarifying that a subsidiary must not receive money from its parent to make the contributions.

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Rachel Leon, executive director of Common Cause New York, said A.I.G.'s methods, including the use of a common bank account to write checks for its subsidiaries, "clearly violate the spirit of the law."

"This is definitely one of those cases where it fails the common-sense test," she said.

While it is difficult to determine A.I.G.'s motivation in making contributions to state candidates, its business as an insurer is heavily regulated by state government. A.I.G., though it is based in New York, has also made contributions to candidates in other states and at the federal level.

Asked about the propriety of practices like those of A.I.G. in New York, Robert Brehm, a spokesman for the elections board, initially said that a determining factor would be whether the subsidiaries were making their own decisions, independent of the parent company, when contributing to candidates.

"The regulation and guideline is that the contribution come from a distinct group using its own money, not a situation where the parent company reaches down and makes the decision for them," he said. "What is important is who are the decision makers and that each distinct subsidiary is making those decisions."

But two lawyers with years of experience in New York election law said that the contributions appeared to be legal.

"There are no bright lines" in New York's laws governing contributions by subsidiaries, said Lawrence A. Mandelker, an election lawyer in New York City, adding that A.I.G.'s methods were "probably legal."

Kenneth A. Gross, a prominent election lawyer in Washington who has advised New York candidates on the state law, said there "is nothing that requires the decision to make the contribution be made independently" by each subsidiary.

As for the use of a common bank account, Mr. Gross said: "As long as the subsidiary is being charged back, say on the profit and loss statement, then the method that is used, whether it's through a single paymaster or a common check ledger, is not a concern to the New York Board of Elections."

Mr. Brehm later said that he "may have misspoke" on the issue of whether the subsidiary needs to make its own decisions. The board's position, he said, is that it is acceptable for parent companies to make decisions on contributions for their subsidiaries, since not all subsidiaries have executives on staff to make those decisions.

"The only requirement," he said, "is that the money a subsidiary uses to make a contribution must be its own and not come from the parent company."

The section of the law dealing with corporate contributions takes up only a couple of paragraphs and has been the subject of dispute over the years. In 1975, the board declined to issue an opinion on the legality of subsidiary contributions, saying the Legislature needed to clarify the law, whose intent was to limit the influence of corporations in politics.

But in 1977 the board issued an opinion saying that as long as a subsidiary was a "distinct legal entity," its contributions would not be counted against the limit imposed on its corporate parent.

The lone caveat was that the parent company could not "transfer funds to the subsidiary for the purpose of furthering the subsidiary's political activities," or vice versa.

Since then, the board has had a record of loosely interpreting contribution limits on corporations.

Three years ago, Matthew Lee, a lawyer and community advocate in the Bronx, filed a complaint with the board accusing a large housing lender of using 13 subsidiaries to improperly channel contributions to a number of state candidates. Mr. Lee said that his complaint went nowhere.

"I was amazed that this state agency couldn't seem to articulate a clear answer as to what the law is," he said.

An added wrinkle in the A.I.G. contributions is that two of the companies that made use of A.I.G.'s common account are not actually A.I.G. subsidiaries. Starr Technical Risk Agency and Starr Associates of Massachusetts, which together gave a total of $20,000 to the Spitzer, Pataki and Donohue campaigns, are affiliates of the privately owned C. V. Starr & Company, which is controlled by Maurice R. Greenberg, chairman of A.I.G. until 2005.

Before Mr. Greenberg's departure, the Starr companies shared office space, personnel and administrative services with A.I.G., whose brokerage commissions were the sole source of income for the companies, according to securities filings and news releases by A.I.G. Although not owned by A.I.G., the Starr entities would appear to fall within the election law's description of a subsidiary, as any corporation "financially supported, in whole or in part," by another company.

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Mr. Greenberg was ousted at A.I.G. after Mr. Spitzer and federal regulators accused the company of manipulating its accounting practices to raise its stock price.

Mr. Spitzer's campaign has said that its policy is not to accept contributions from anyone who is the subject of an investigation by the attorney general's office, but that it will not return contributions made by companies or individuals before they come under investigation.

Schwarzenegger Signs L.A. Schools Overhaul Into Law (LAT)

By Michael Muskal

The Los Angeles Times, September 19, 2006

Gov. Arnold Schwarzenegger today signed a bill that gave the mayor of Los Angeles greater control over the Los Angeles Unified School District and could change how the city's 730,000 students are taught.

At a ceremony at the Central Library in downtown L.A., Schwarzenegger signed the bill that gives Mayor Antonio Villaraigosa a leading role among other mayors in the school district's affairs. The bill also gives Villaraigosa direct control over three high schools and their feeder schools.

"Today we are proclaiming a victory for the students of LAUSD and their parents. I want to congratulate Mayor Antonio Villaraigosa for having the vision and fortitude to put our children first with this effort to increase accountability in LA public schools," Schwarzenegger said in a statement.

"With this bill, schools with the biggest problems can get the most attention and direct oversight by the mayor, so he can focus on what counts — moving test scores up and dropout rates down."

The signing is the latest — but probably not the last -- step in the political infighting as Villaraigosa pushed to get a voice in educational affairs. The school board, which loses power under the bill, has said it will sue to overturn the measure whose constitutionality has been questioned.

The new bill, which goes into effect in January, is far less than Villaraigosa had sought to fulfill his election promise to take over the school district.

Instead of complete control, Villaraigosa will share authority with the school board, the superintendent and a newly created council of mayors. The superintendent will gain new budget responsibilities. The school board will have limited power to review the budget and no direct management of its own staff.

As the largest city in the district, Los Angles will have the most power on the new mayors council, but the L.A. mayor will need allies.

For example, the new district superintendent must be a consensus choice by Villaraigosa, a school board majority and the mayors of cities that constitute at least half of the district's students who live outside the city of Los Angeles.

The three high schools that the mayor will take over have yet to be named. The mayor's office has requested information on six high schools, district sources recently said. They are Crenshaw and Dorsey in South Los Angeles; Sylmar and Monroe in the San Fernando Valley; Belmont, west of downtown; and Roosevelt in Boyle Heights.

Ill feelings between the mayor's office and the district were apparent at the signing. The top school officials, who have opposed the bill, were absent.

Villaraigosa and Schwarzenegger had planned to stage the signing at Roosevelt High School, but the school board refused to allow one of its campuses to be used during school hours, forcing the ceremony to be moved to the library.

In a recent statement, board President Marlene Canter said, "Serious questions have been raised regarding the constitutionality of a number of the provisions," after the board voted 6 to 1 to sue to block the law.

The only school board member to support the mayor was Monica Garcia, a close ally.

"It makes sense to avoid implementing changes that could later be declared unconstitutional," Canter said. "As a number of interested parties have urged, we will ask the courts to review this measure and to determine the constitutionality of these provisions as quickly as possible."

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Even though it was expected, the signing presented some intriguing political problems. Republican Schwarzenegger, who is running for reelection and is courting Latino voters, has strongly backed Democratic Mayor Villaraigosa, who has endorsed his party's nominee, Phil Angelides.

The depth of Villaraigosa's support for Angelides is unclear because the mayor is considered a gubernatorial hopeful in 2010.

McCain's Stand On Detainees May Pose Risk For 2008 Bid (WP)

By Charles Babington And Peter Baker

The Washington Post, September 19, 2006

Sen. John McCain's bid to position himself as the natural heir to President Bush as a wartime commander in chief and to court conservative leaders in advance of his likely 2008 presidential campaign has threatened to run aground in recent days, as the two men clash over how to detain and try terrorism suspects.

For months, McCain has been wooing Bush's donors, hiring his former advisers and standing by him in the Iraq debate. But the fragile rapprochement between two men who were once bitter rivals for the presidency is facing a sharp new test over McCain's rejection of Bush's pleas to let the administration interpret the Geneva Conventions as it sees fit.

The impasse, which has preoccupied Congress this month, is likely to be settled within a few days but could remain hanging when lawmakers adjourn in a few days. Either way, it is likely to carry a long echo -- especially if the senator from Arizona forces Bush to back down.

Substantively, the legislative battle will shape what limits the administration will face on its anti-terrorism policies in the final two years of Bush's term. Politically, McCain's willingness once again to confront Bush raises questions about how he will position himself toward the Republican Party's conservative base, which he has aggressively cultivated over the past year as he pursues the presidency.

In a reprise of criticism showered on McCain during his 2000 campaign, some prominent conservatives are branding him a disloyal Republican and an unreliable conservative because of his assertiveness on the detainee issue.

The senator's actions "are blocking our ability to gain from terrorist captives the vital information we need," said a front-page editorial Saturday in the Union Leader of Manchester, N.H., the largest newspaper in the state with the first presidential primary. Conservative radio talker Rush Limbaugh said Friday that opposition to Bush's approach "is going to go down as the event that will result in us getting hit again, and if we do, and if McCain, et al. , prevail, I can tell you where fingers are going to be pointed."

If McCain or his backers worry that such pointed criticism threatens his presidential hopes, they do not admit it, calling the issue a matter of principle on which the senator has had a long record. But his camp acknowledges being well aware of the potential political ramifications.

For now, those ramifications remain uncertain. McCain's maverick style has long been popular with GOP voters in New Hampshire, where he bested Bush in the 2000 primary, said Andy Smith, a pollster who directs the University of New Hampshire's Survey Center.

"I don't think this impacts him too much in New Hampshire," Smith said yesterday. Polls consistently show McCain well ahead of potential Republican rivals there, Smith said, and the Union Leader's once-feared editorial page "is nowhere near as strong as it used to be."

McCain's defiance of the administration could prove particularly troublesome in South Carolina, the early-primary state where Bush's hard-hitting attacks in 2000 killed McCain's momentum and put the Texas governor on the road to the White House. Yet McCain's most outspoken ally in the detainee dispute is the state's senior senator, freshman Republican Lindsey O. Graham, who spent years as a military lawyer.

In a telephone interview from South Carolina yesterday, Graham said: "What I hear is, people respect the commitment of the president to the [CIA interrogation] program, and they respect my commitment and Senator McCain's commitment to the troops."

Graham added: "Every editorial in the state has understood Senator McCain's and my concerns, and believe they are legitimate." The Geneva Conventions say wartime detainees must be "treated humanely." Bush says the United States complies

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so long as CIA interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives. McCain and his allies say that the requirement is too narrow, and that they are concerned Bush's approach would invite other nations to interpret the conventions in lax ways that could lead to abusive treatment of captive U.S. troops.

Joined by virtually all 44 Senate Democrats, McCain and his supporters appear to have a solid majority in the 100-member chamber, where Bush's initiative is stalled.

From the moment the Supreme Court ruled in June that the Geneva Conventions cover U.S. detainees, the White House understood that McCain -- who was tortured as a Vietnam War prisoner -- would be the key voice on the issue. Bush aides hoped to persuade him to follow their approach. But they said they were not surprised when he did not, and in recent days they have been tempered in their comments about him.

"There's no question of motives that there may have been a couple years ago," said a senior administration official, who declined to speak for attribution about a powerful senator. "My sense is, this is paining him and this pains us. Neither of us wants to be in the position to have to do this and have it spill out into public."

If anything, the White House appears more irked by Graham, who Bush advisers believed had been supportive of their position until a few weeks ago. But the White House did not shy away from a fight with McCain, convinced that the politics would favor the president's side.

"They're not spooked by the opposition by McCain," said William Kristol, editor of the conservative Weekly Standard. "They believe they can win the issue legislatively . . . and if a few Republicans join all the Democrats, so be it." Although he professed respect for the senator for following his principles, Kristol said "it hurts McCain" politically because "it's just not where most Republicans are."

John Weaver, McCain's top political adviser, said it is possible the move will hurt his presidential hopes but added: "I don't see evidence of it so far, other than the armchair quarterbacking that we've experienced."

"When John does what he think is right, it usually works out in all ways, including politically," Weaver said. "When we take the expedient route, it doesn't work out."

Asked for an example, he cited the 2000 debate over public display of the Confederate battle flag in South Carolina. McCain initially called the flag "a symbol of racism" but softened his views, leading to accusations of waffling and pandering.

Nonetheless, a Republican strategist close to the White House said McCain risks alienating his primary base in the detainee dispute.

"The politics of this for him are pretty dangerous," said the strategist, who spoke anonymously to avoid antagonizing the senator. "This is an issue that's the most important issue to the Republican base overall, and they're strongly with the president on this."

The strategist added: "This is a manageable issue today. But I don't know that it's manageable if Congress leaves without doing anything."

McCain's Interrogation Stance May Cost Him Conservatives (LAT)

By Janet Hook And Richard Simon

The Los Angeles Times, September 19, 2006

WASHINGTON — Conservative activists are heaping criticism on Sen. John McCain for fighting President Bush over proposed rules for the interrogation of terrorism suspects, a dispute that has reopened long-standing divisions between the maverick Republican lawmaker and his party's establishment.

The attack from the right, which coalesced over the weekend, could undercut McCain's effort to woo Bush backers and other party regulars for an anticipated 2008 presidential bid. His position on terrorism prisoners has fueled critics' skepticism about McCain's conservative credentials.

"This very definitely is going to put a chilling effect on the tremendous strides he has made in the conservative evangelical community," said the Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, one of several conservative activists who support Bush's proposal on interrogation techniques.

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Even as conservative leaders berated McCain for refusing to yield to Bush, the high-profile battle could burnish the Arizonan's credentials among admirers who have been concerned about his moves to court the GOP establishment.

His aides say McCain's position in the interrogation dispute is a matter of conscience — not calculation — but they still see a political upside.

"When he does the right thing and he knows it, that works out well for him," said John Weaver, a top political advisor to McCain. "He's going to see this through."

The administration took a possible step toward breaking the deadlock late Monday, when it sent a new proposal to Capitol Hill. Details were not immediately available and Sen. Lindsey Graham (R-S.C.), a military judge in the Air Force Reserve who is a key McCain ally in the fight, was noncommittal in responding.

"The parties continue to share ideas with each other," Graham said in a statement.

Referring to the back-and-forth, Graham told reporters, "Have y'all ever bought a car? This is how you buy a car."

The episode underscores the complexity of McCain's political position as the perceived front-runner in a potentially crowded field of GOP presidential candidates. He must please the GOP activists who play a big role in choosing the party's nominee while demonstrating the independent streak that could appeal to moderates in a general election.

As McCain's profile in the interrogation debate has risen, other potential GOP presidential candidates have weighed in.

Massachusetts Gov. Mitt Romney, widely seen as a leading competitor for McCain's centrist appeal, has forcefully endorsed Bush's position.

"I am four square behind President Bush," Romney said in an interview. "Sen. McCain's position is mistaken on this issue."

One key issue is a section of the Geneva Convention, which sets international standards for the treatment of wartime prisoners. Known as Common Article 3, the section bans "outrages upon personal dignity, in particular humiliating and degrading treatment."

Bush says this language is vague, and it leaves intelligence agents in doubt about whether some of the harsher interrogation tactics they have employed are legal. He has asked Congress to clarify the language.

But McCain and his allies say Congress should not unilaterally set a definition, or other nations may do the same — to the detriment of U.S. personnel in captivity.

The House is expected easily to approve the White House proposal next week. But in the Senate, McCain is expected to prevail with the support of most Senate Democrats and, according to a GOP leadership aide, at least 11 Republicans.

The dispute between McCain and Bush is especially charged because their competing views are shaped by experiences at the core of their political identities.

For Bush, a revised interrogation policy is an essential tool for what he considers the historic mission of his presidency: waging a global war on terrorism unlike any other struggle the U.S. has confronted.

But McCain sees the debate through the prism of his own defining experience: the torture he endured as a prisoner during the Vietnam War.

The faceoff is the latest chapter in a complicated political relationship. McCain was Bush's chief rival for the 2000 GOP presidential nomination. During Bush's first term, McCain was at odds with the White House on major issues, including campaign finance reform and the Medicare prescription drug benefit. Last winter, he fought the administration for a measure to curb the use of torture in Iraq and elsewhere.

But he campaigned hard for Bush's reelection in 2004. And McCain has been a notable and loyal ally on Bush's policy in Iraq. He has also taken several steps aimed at smoothing relations with conservatives who long have doubted his commitment to their agendas. Most prominently, he delivered the commencement speech this year at Liberty University, a Baptist school in Virginia founded by the Rev. Jerry Falwell, a leader of the Christian conservative movement.

A White House official said Monday that Bush is not personally upset with McCain over the interrogation impasse. But the official, speaking on condition of anonymity when discussing White House deliberations, said others in the administration were offended by McCain's criticism last week of CIA Director Michael V. Hayden, who is pushing for the redefinition of the interrogation language.

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And the White House has been encouraging conservative activists to defend Bush's position — and, by extension, undercut McCain.

Grover Norquist, president of Americans for Tax Reform and a frequent McCain critic, said he and other conservative leaders had been briefed about the flap at the White House in the last week.

Norquist, in an interview Monday, accused McCain of "showboating" and foiling a White House political strategy of framing this year's midterm elections as a choice between Republicans who support tough treatment of terrorists and Democrats who are standing in the president's way.

The White House "would like to have a conversation between now and the election about punishing the people who did 9/11," said Norquist. "McCain is interrupting that conversation and confusing the message."

Rush Limbaugh, the conservative radio talk show host, charged on Monday that McCain was part of a "cabal" in Washington that is "trying to thwart the policies of the Bush administration."

This weekend, McCain was criticized in an editorial of the Union Leader, an influential conservative newspaper in New Hampshire. The editorial was published Saturday, the day before McCain visited the state that traditionally hosts the first presidential primary.

"Sen. McCain comes here because he wants to be our next President," the editorial said. "But the question is being asked, in the midst of the most difficult and challenging war we have ever faced, can the nation afford a President McCain?"

McCain, appearing on ABC's "This Week" on Sunday, dismissed the criticism.

"I believe that this has nothing to do with politics," McCain said. "I tell you very frankly, no matter what the political impact is, this is a matter of conscience."

Despite the fire from the right, McCain remains in great demand as a campaigner for Republicans facing tough fights for reelection, said Carl Forti, spokesman for the National Republican Congressional Campaign. On Monday, he headlined a fundraiser in the district of Rep. Nancy L. Johnson of Connecticut, one of several GOP House members who depend on strong support from centrists.

"He's one of the more popular figures out there on the trail," Forti said. "This is just one controversy."

Time For Integrity (WP)

By Richard Cohen

The Washington Post, September 19, 2006

In the early 1960s, Johnny Carson hosted an afternoon TV show called "Who Do You Trust?" The title was grammatically incorrect, but I will use it anyway to pose a question regarding the current fuss over the Geneva Conventions: When it comes to George Bush and John McCain, who -- or whom -- do you trust?

This is about as dumb a question as the Groucho Marx standard from "You Bet Your Life," yet another old TV show: Who's buried in Grant's Tomb? The contest, after all, is between a president who has repeatedly broken faith with the American people over the war in Iraq -- everything from weapons of mass destruction to disingenuous assurances that torture has not been used in the interrogation of suspects -- and a former Vietnam War prisoner who was tortured by his jailers because, among other things, he refused an offer of early release. There is nothing in George Bush's life that even approaches what McCain has done.

Of course, McCain does not stand alone against Bush. He was joined on the Senate Armed Services Committee by three other Republicans: Lindsey Graham, Susan Collins and, importantly, the chairman, John W. Warner. They were in turn joined by the Democrats, who, for once, have wisely stepped out of the way to allow the Republicans to duke it out among themselves. But it is McCain who gets the lion's share of attention, and it was McCain who elicited that letter from Colin Powell saying, among other things, that under Bush's proposals to amend the Geneva Conventions, the world would "doubt the moral basis of our fight against terrorism." The lion had finally roared.

In New Hampshire, the state's largest newspaper, the reactionary Union Leader, opened up on McCain for opposing the president. But McCain has carried New Hampshire before, over the protestations of the Union Leader, and could do so again. Still, the all-but-declared presidential candidate -- McCain now has a staff about as big as FEMA's -- has plenty of opposition

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within his own party. Between his temper and his iconoclastic positions -- campaign finance, for instance -- he has made loads of enemies.

For the moment, the spotlight is on McCain and Bush -- a delightful GOP squabble. But it is the Democrats who ought to be paying close attention. For while the Democrats are awash in potential presidential candidates, they have nobody who even remotely approaches McCain's stature. I say this not because I agree with McCain across the board -- not on abortion, for sure, and not on Iraq, and not with his bellicose statements regarding North Korea -- but because he embodies a quality for which the country yearns: integrity. He is a man of his word.

The conventional wisdom is that the Senate is the graveyard of presidential ambitions. In recent times only John F. Kennedy has gone directly from there to the White House, while countless others have gone grimly back to Capitol Hill, John Kerry being just the latest example. McCain, though, has so far figured out how to leverage his Senate seat without falling prey to the sort of institutional problems that have bedeviled others -- a clotted verbosity, for instance. McCain somehow still speaks English.

The prime issue facing this country is not the war in Iraq. It is the people's loss of faith in their own government. In that, Iraq has played an important part but so, too, have campaign spending and fiscal idiocy of the sort represented by Sen. Ted Stevens's notorious "bridge to nowhere." Those of us who have been with McCain when he speaks of restoring faith in government know the effect on his audience. The man and his message are one and the same.

To restore trust, many Democrats and independents might be willing to overlook disagreements with McCain on issues of lesser importance -- including, maybe, even his rah-rah support for the war in Iraq (after all, how different is he from Hillary Clinton in this regard?) and his disquieting move to make nice with his former enemies on the religious right. But if that is to be the case, McCain must remain true to the principles he has enunciated in his disagreement with Bush over the Geneva Conventions and similar matters. Compromise is not a dirty word, but abandonment of principle is a different matter entirely.

The United States cannot conduct itself as its enemies have. We do not torture. We do not have kangaroo courts. We are John McCain, not his North Vietnamese jailers. As he did back in the Hanoi Hilton, this is McCain's moment to once again make that clear.

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Kerry Speaks About Faith, 'Godly Tasks' (AP)

By Michael R. Blood

AP, September 19, 2006

Democratic Sen. John Kerry on Monday urged people of faith to work cooperatively on problems such as poverty, global warming and reducing the number of abortions — "godly tasks" that transcend the nation's culture wars.

In a speech laced with anecdotes of his own journey of faith, Kerry, a Roman Catholic, told students in a speech at Pepperdine University that "we can take up God's work as our own.

"Shame on us if we use our faith to divide and alienate people from one another, or if we draft God into partisan service," Kerry said. "As God gives us the ability to see, let us take up the tasks associated with loving our neighbors as ourselves."

Even with the nation riven over reproductive rights, Kerry said a shared goal should be reducing the high number of abortions. The first step, he said, it to accept the responsibility of making abortion rare.

"Even as a supporter of Roe v. Wade, I am compelled to acknowledge that the language both sides use on this subject can be unfortunately misleading and unconstructive. ... Everyone is worse off for it," the Massachusetts senator said.

The 2004 Democratic nominee is a potential candidate for the party nod in the next presidential election.

Kerry's remarks were among his most extensive ever on religion. He alluded to the 2004 election, saying his past reticence to openly discuss his faith allowed others to "draw the caricature for me. I will never let that happen again."

In the election, a national debate over religion and politics was touched off after St. Louis Archbishop Raymond Burke said he would deny the Eucharist to Kerry, who supports abortion rights.

Anti-abortion advocates pressured more bishops to follow Burke's lead. Kerry supporters accused Catholic leaders of trying to help re-elect President Bush, a Methodist whose position on abortion is more in line with Catholic teaching.

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Exit polls in 2004 showed Kerry losing Protestants by a wide margin; Bush won the backing of six in 10. Among Catholics, Bush also prevailed although narrowly, 52 percent to 47 percent.

Kerry said although he was raised Catholic, it wasn't until years after the Vietnam War that he came to a deeper understanding about his faith.

"For 12 years I wandered in the wilderness, went through a divorce and struggled with questions about my direction. Then suddenly and movingly, I had a revelation about the connection between the work I was doing as a public servant and my formative teachings. Indeed, the scriptures provided a firmer guide about values applied to life," he said.

Kerry Talks Of Loss, Renewal Of His Catholic Faith (WP)

By Alan Cooperman

The Washington Post, September 19, 2006

In a speech he said he wishes he had given before the 2004 presidential election, Sen. John F. Kerry (D-Mass.) yesterday described his religious life in greater candor and detail than ever before.

Kerry said in Malibu, Calif., that he "wandered in the wilderness" after the Vietnam War but came back to the Roman Catholic Church after a sudden and moving revelation in the late 1980s.

Kerry expressed regret over his reluctance to talk publicly about his faith during his failed presidential campaign. "I learned that if I didn't fill in the picture myself, others would draw the caricature for me. I will never let that happen again -- and neither should you," he told students at Pepperdine University.

Kerry is the third high-profile Democrat to give a reflective, deeply personal speech on religion and politics in recent weeks, following Sen. Barack Obama (Ill.) and Robert P. Casey Jr., the Democratic nominee for U.S. Senate in Pennsylvania.

The addresses fit into a broader effort by liberal religious groups and Democratic candidates to appeal to religiously motivated voters in November's midterm elections. A pair of opposing events in Washington this week neatly encapsulates the battle.

Yesterday, a new group called Red Letter Christians, named for the colored type that highlights the words of Jesus in popular editions of the Bible, called for Christians to "vote their values" by considering the war in Iraq, torture, environmental degradation and helping the poor to be vital religious issues.

"We believe in a Jesus who said 'Blessed are the peacemakers,' " said the Rev. Tony Campolo, a founder of the group, which says it is forming a grass-roots network of 7,000 clergy members.

Meanwhile, conservative advocacy groups are planning a four-day "Values Voter Summit," starting Friday, that is expected to draw 1,500 religious and political leaders to Washington. The goal of the conference is to "bring back to the forefront the issues that motivated and drove values voters to the polls in 2004 -- protecting human life, defending traditional marriage and preserving our religious liberties," said Tony Perkins, president of the Washington-based Family Research Council.

Kerry's speech "almost sounds like a speech that I might give," Perkins said. "It sounds good." But he added, "The pickle that some of these liberal policymakers find themselves in is, they know that faith is important to people, but when they get pinned down on their policy positions that are inconsistent with the tenets of their faith, they start hedging and talking about other factors in their decision."

Kerry, who supports abortion rights, was pilloried in the 2004 campaign by conservative Catholics, including a small minority of U.S. bishops who threatened to deny him Holy Communion.

In yesterday's speech, Kerry said he was "born, baptized and raised a Catholic." In Vietnam, he said, "my relationship with God was a dependent one -- a 'God, get me through this and I'll be good' relationship." As he became disillusioned with the war, he said, he struggled with "the problem of evil, the difficulty of explaining why terrible and senseless events are part of God's plan."

"For 12 years I wandered in the wilderness, went through a divorce and struggled with questions about my direction. Then suddenly and movingly, I had a revelation about the connection between the work I was doing as a public servant and my formative teachings," he said.

Kerry did not describe the revelation in the speech. But in a telephone interview afterward, he said it occurred in 1987 or 1988 after a friend, whom he declined to name, died of cancer.

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"I have a very vivid image of the loss of that friend and of his words about why he had to die, how it was part of God's purpose. And out of that came a sense of acceptance," he said.

It was "a stark awakening about how you reconcile some of these difficulties I had about . . . the suffering, about the problem of evil," Kerry added. "I understood that to be part of the test of faith."

Liberal Evangelicals Begin Campaign (AP)

By Philip Elliott

AP, September 19, 2006

Liberal evangelicals, weary of a Republican-centric image, launched a campaign Monday to promote Christian values beyond the issues of abortion and same-sex marriage.

Red Letter Christians, a project of Sojurners/Call to Renewal, announced plans to establish a grass-roots network of 7,000 moderate and progressive clergy members.

"A debate on moral issues should be central to American politics, but how should we define religious values?" said Jim Wallis, an activist and executive director of the Christian ministry, which also publishes the liberal Sojourners Magazine.

The project's name comes from the color of some Bible's type, with words directly attributed to Jesus appearing in red.

Wallis said Christian conservatives have limited the discussion to abortion and same-sex marriage, two fears that mobilized voters in 2004, and that voters care about more than two the issues.

"We must insist that the ethics of war — and whether we tell the truth about going to war — these are moral values issues too," Wallis said. Democrats have pinned part of their midterm strategy on voters' restlessness with the war in Iraq.

The Red Letter Christians campaign plans to use voter guides for congregants and briefings for their leaders to argue education, poverty and the environment are all evangelical issues. Wallis also launched a new blog this week at BeliefNet.com , debating with former Christian Coalition head and failed Republican Georgia lieutenant governor candidate Ralph Reed.

The faith-based group also hired a full-time coordinator in Ohio, where conservative Ken Blackwell is running against Rep. Ted Strickland, a former Methodist pastor. Another coordinator is soon to arrive in Pennsylvania, where Sen. Rick Santorum faces a tough re-election bid.

Faith-based get-out-the-vote efforts registered scores of new voters during 2004's presidential election. The Southern Baptist Convention's iVoteValues.com campaign alone reached 400,000 voters, the majority of whom voted for President Bush.

And later this week, the Family Research Council will have its Values Voters Summit in Washington, D.C. Speakers will include Attorney General Alberto Gonzales, Massachusetts Gov. Mitt Romney and Arkansas Gov. Mike Huckabee.

Wallis said the Christian conservatives have lost their independence with too-cozy ties to the Republican Party. He also is quick to note his group is not an extension of the Democratic Party. He is openly critical of Democratic politicians and titled his best-selling book "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It."

Religious Left To Reclaim Its Faith (WT)

By Julia Duin

The Washington Times, September 19, 2006

A new group representing values voters on the religious left castigated the religious right yesterday, announcing plans to counter conservatives with a series of candidate fairs, voters guides and Web logs.

Fourteen activists, some of whom portrayed themselves as disenchanted evangelicals, announced the formation of "Red Letter Christians," a group that says it bases its actions and political philosophy on the words of Jesus, which appear in red lettering in some versions of the Bible.

"The evangelical faith has been hijacked by right-wing zealots," said Columbia University professor Randall Balmer, adding that when he quizzed eight conservative religious organizations on their positions on torture of terrorism suspects, only two responded. Both backed the Bush administration's stance.

"I happen to think that's morally bankrupt," he said.

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The event was a pre-emptive strike against the 1,500 to 2,000 people set to gather for a "Values Voter Summit" at the Omni Shoreham this weekend. The conference will feature activists such as American Values President Gary Bauer, columnist Ann Coulter, former Education Secretary William J. Bennett and several members of Congress.

"The liberal elite is surprisingly intolerant of democratic activity they don't approve of," Mr. Bauer said in response, "consistently condemning pro-marriage referendums, parental involvement in the schools and now the peaceful assembly of their fellow citizens to talk about the most important issues of the day."

Red Letter Christians was organized by the evangelical left Sojourners magazine and its affiliate, Call to Renewal.

The Rev. Jim Wallis, founder of the magazine, said he will be debate former Christian Coalition head Ralph Reed this week on a new blog at www.godpolitics.com. Sojourners also plans to issue 200,000 "Voting God's Politics" voter guides and sponsor an Oct. 2 candidates' forum in the key electoral state of Ohio.

"The monologue of the religious right is finally over, and a new dialogue has just begun," Mr. Wallis said. "That's good news for churches, for politics and really, for both parties. We believe the debate on values should be central in American politics. The question is: Which values, whose values and how should we define moral values?"

The right has concentrated on opposition to same-sex "marriage" and abortion, he said, adding that the war in Iraq, poverty and the environment should equally concern evangelicals.

Also yesterday, Americans United for Separation of Church and State announced its new initiative against election-year politicking in churches. It will mail more than 117,000 letters to churches in 11 competitive election states informing them of Internal Revenue Service regulations.

Its executive director, the Rev. Barry Lynn, said the IRS has issued new guidelines to ensure churches don't endanger their tax-exempt status by endorsing or opposing candidates. He criticized Focus on the Family for seeking coordinators in evangelical churches to distribute voter guides and engage voters.

"This is nothing less than an old-fashioned political machine," Mr. Lynn said. "Why would [Focus founder] James Dobson want a specific contact in every church to coordinate election-year efforts if he did not want to use those churches to influence the outcome of the elections?"

He added, "I'm convinced this year that the IRS thinks things have gotten out of control, that church politicking has become a major problem, and they're putting real teeth into their enforcement efforts."

"Our guides are definitely not biased and fit within IRS law," responded Focus Senior Vice President Tom Minnery. "We have expert attorneys who advise us every step of the way."

Report Critical Of Training Of Teachers (NYT)

By Alan Finder

The New York Times, September 19, 2006

Most American teachers are trained in university programs with low admission and graduation standards, and with faculty members and courses that are often unimpressive and disconnected from what takes place in elementary and secondary schools, according to a study released yesterday.

Some education departments and schools should be shut down and others need vast improvement, said the report, “Educating School Teachers,” released by the Education Schools Project, a research group.

“Teacher education right now is the Dodge City of education, unruly and chaotic,” said the author of the report, Arthur Levine, the president of the Woodrow Wilson National Fellowship Foundation and the former president of Teachers College at Columbia University.

“There is a chasm between what goes on in the university and what goes on in the classroom,” Dr. Levine said yesterday at a news conference in Washington.

Among other problems, he said, is that states and universities differ over how much education teachers need, what kinds of courses they should take and how much time they should spend as student teachers.

The report was based on surveys of alumni of education schools, deans and professors of education, and school principals, along with visits to 28 education schools.

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Among its findings was that 54 percent of American teachers graduate from small universities that grant bachelor's and master's degrees, but not doctoral degrees. On average, students at these universities have lower high school grades and lower standardized test scores than students at research universities that award doctoral degrees.

The study determined that high school and grade school students taught by graduates of these less prestigious universities had smaller increases in their math and reading test scores than did students taught by graduates of more prestigious doctoral universities.

Arthur E. Wise, president of the National Council for Accreditation of Teacher Education, rejected what he called the elitism in the report and in Dr. Levine's views. Most teachers graduate from regional state colleges and universities. They do not "spend over $160,000 in four years, in order to prepare for a job that pays $30,000 a year," Mr. Wise said.

Dr. Levine recommended that some teacher education programs at universities granting only bachelor's and master's degrees be dropped, and he proposed expansion of the teacher training programs at major research universities.

Dr. Levine's report also said teachers should be trained for five years, with four years in a traditional subject like English or chemistry and one year of learning how to teach. He suggested that education programs be refocused as professional schools.

Several critics said it would be impractical to shut down programs at less selective universities.

"We should not abandon the schools that produce the highest number of teachers," Sharon Robinson, president of the American Association of Colleges of Teacher Education, said at the news conference. "Rather, we should focus on them."

Teacher Training Is Chaotic, Study Says (AP)

By Ben Feller

AP, September 19, 2006

WASHINGTON — Aspiring teachers emerge from college woefully unprepared for their jobs, according to a study that depicts most teacher education programs as deeply flawed.

The damning review comes from Arthur Levine, former president of Teachers College at Columbia University.

His report, released Monday, comes as public schools are under federal orders to have a qualified teacher for every class. It casts doubts on the most basic aspects of how teachers are taught. Teacher quality has a huge influence on whether students pass or fail.

The coursework in teacher education programs is in disarray nationwide, the report says. Unlike other professions such as law and medicine, there is no common length of study or set of required skills.

Then there are a host of other problems: low admissions standards, disengaged college faculty, insufficient classroom practice and poor oversight, according to Levine's study.

"Teacher education right now is the Dodge City of education: unruly and chaotic," said Levine, who now heads the Woodrow Wilson National Fellowship Foundation. "There's a chasm between what goes on in the university and what goes on in the classroom."

In taking on his own field, Levine said he is not out to bash teacher education. Rather, he said he hopes his candid assessment and recommendations will lead to changes.

He found some exemplary programs but said most are poor or mediocre. He called for turning education schools into professional schools, rooted in practical experience.

The response from Levine's peers was mixed. Representatives of the teaching profession embraced many of Levine's themes but took exception to some ideas as misguided or elitist.

The four-year study is based on surveys of deans, faculty, alumni and school principals, along with 28 case studies of various kinds of education schools.

In those surveys, school principals gave teacher education programs low grades. Many teachers who graduated from the programs said they were often unprepared for their jobs.

"The findings are sobering, and we take them seriously," said Sharon Robinson, president and CEO of the American Association of Colleges for Teacher Education, which represents 800 schools. She said Levine's motives are true and his "tough love" findings have credibility.

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But she took issue with some ideas, such as shifting more teacher training to the top doctoral universities, where Levine said the programs are strongest. Bolstering programs at public colleges and universities makes more sense, Robinson said.

"That's what people can afford," added Donna Cooper, Pennsylvania's secretary of planning and policy, who joined other speakers for the report's release in Washington.

Levine said accreditation — the process by which schools are judged for quality — must be revamped to put more focus on how students perform. The National Council for Accreditation of Teacher Education said it has already been working on such measures.

Yet as long as accreditation is optional for teacher colleges, some weak schools and selective schools will keep opting out, said Arthur Wise, president of the council.

"We might all wish that elite institutions would produce a more significant share of America's teachers," Wise said. That's not likely, he said, because "the sad truth is that teacher education is not an important part of the mission at some elite institutions."

The study is the second in a series known as the Education Schools Project. Last year, Levine reported that principals and superintendents also have inadequate training. The research is paid for by the Annenberg Foundation, the Ford Foundation, the Ewing Marion Kauffman Foundation and the Wallace Foundation.

The country has more than 1,200 schools, colleges and departments of education, covering a spectrum of non-profit and for-profit programs, undergraduate and graduate.

Robinson, the leader of the teacher college association, challenged Levine to help turn many of his ideas into action. Levine said he would.

He said his report was meant to be optimistic.

"I've spent most of my career at education schools," he said. "I really believe in them."

Civic Involvement Tied To Education (WP)

By Amy Goldstein

The Washington Post, September 19, 2006

High school dropouts are significantly less likely than better-educated Americans to vote, trust government, do volunteer work, or go to church, according to a new report that reveals a widening gap in "civic health" between the nation's upper and lower classes.

The report, a portrait of civic life in the United States, finds that Americans' disengagement from their communities during the past few decades has been particularly dramatic among adults who have the least education. Among people who lack a high school diploma, the percentage who have voted plummeted from 1976 to 2004 to 31 percent -- half the 62 percent of college graduates who voted in 2004.

The class divide is the most striking finding of the report, prepared by leading social scientists and released yesterday by the National Conference on Citizenship, a nonprofit organization created by Congress. "High school dropouts are . . . nearly voiceless in a system that fails them," said John Bridgeland, a former domestic policy adviser to President Bush who is chief executive officer of Civic Enterprises and leads the conference's advisory board.

Compiled from several national surveys since the mid-1970s, including some that have not been made public before, the report is an attempt to draw attention of the public and policymakers to civic life, in the same way that economic indicators routinely are used to shape the government's economic policy. It examines 40 indicators of nine basic aspects of civic life, including how much people say they trust one another, stay informed, follow the news and express their political views.

Overall, the findings of "Broken Engagement, America's Civic Health Index" reinforce earlier studies that have shown steep declines in civic participation. "The most hopeful signs," the report says, are a recent increase in volunteering, particularly among young people, and an upturn in political involvement since the late 1990s.

Still, it says, the trauma of the Sept. 11, 2001, terrorist attacks and, more recently, Hurricane Katrina, have not been catalysts for "the deeper civic transformation for which many had hoped."

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Yesterday, at a Washington conference to recognize Citizenship Day, a panel of scholars and policy specialists gave a sober view even of such promising signs as the increased volunteer service among people ages 18 to 25. "We have to be a little careful about celebrating this young generation. This is mostly an upper-middle-class phenomenon," said Robert D. Putnam, a Harvard University government professor whose 2000 book, "Bowling Alone," documented the decline in civic participation. "If we continue to have a substantial and growing gap between people coming out of the middle class and people coming out of the lower class, we are going to be in a serious pickle in civic terms."

Putnam said the reasons behind the civic drop-off among people with little income or education are not well understood. He speculated that it could result from the increasing instability of the working class, which he said has caused children to grow up with parents who have less steady jobs and marriages. He said the change also could stem from the weakening of trade unions and other institutions that used to unify working-class people, or by an agenda of political issues that appeals mainly to the upper classes.

William A. Galston, a senior fellow at the Brookings Institution who was a domestic policy adviser to President Bill Clinton, said, "An increase in income inequality is going to produce an increased gap in civic participation" because more affluent people tend to be most engaged in their communities. Galston said low-income people also could be reacting to "the standard view that neither political party has done much" to help them.

Peter Levine, director of the University of Maryland's Center for Information and Research on Civic Learning and Engagement, which helped compile the data, said the gap among the social classes exists in almost all 40 indicators of civic engagement included in the report. Levine said the data show that such differences are not associated with people's race or ethnicity.

For instance, nearly half the adults with a college degree said they had attended a community program last year, compared with fewer than one in five high school dropouts. Similarly, 60 percent of the college graduates said they believe people are honest, compared with 44 percent of the dropouts.

Higher Standards Don't Lead Every Student To Success (WP)

The Washington Post, September 19, 2006

The National Center for Educational Accountability, in a February 2006 brief titled "Orange Juice or Orange Drink? Ensuring that 'Advanced Courses' Live Up to Their Labels," noted that several states are attempting to raise high school standards.

Since the February 2005 National Education Summit on High Schools, the center said, Arkansas, Oklahoma, Illinois, Indiana, Kentucky, Mississippi, Iowa and Louisiana have stiffened course requirements for students to get a diploma. Twelve states have business-sponsored State Scholars programs to encourage students to take college-preparatory courses. All 50 states and the District of Columbia offer incentives for students to take Advanced Placement, International Baccalaureate or dual enrollment courses in cooperation with local colleges, the center said.

But the center's analysis of student progress in Texas found a failure to prepare low-income and minority students adequately for state tests in some demanding subjects.

According to the Texas Education Agency, 58 percent of low-income students, 67 percent of African American students and 59 percent of Hispanic students in Texas who received course credit for algebra 1 in 1999 failed a corresponding state test. The percentages for non-low-income and white students were 39 and 35 percent, respectively.

Among low-income Texas students in the graduating class of 2002 who took AP exams, the center said, fewer than one in four passed. The ratio was roughly the same for African American and Hispanic students.

Among white and non-low-income students in Texas who took AP exams, about 57 percent passed.

Struggle For Sobriety That Knows No Party Lines (NYT)

By Mark Leibovich

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — Scenes from an uncommon political marriage:

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Representative Jim Ramstad, a Republican from Minnesota, and Patrick J. Kennedy, a Democrat from Rhode Island, are deep in conversation on the House floor, Mr. Ramstad's hand draped over his colleague's shoulder.

Later that day, Mr. Ramstad receives a note in the Republican cloakroom from Mr. Kennedy, who needs a ride to a support group they attend in Georgetown. "Patrick's not driving currently, so I'm sort of his chauffeur," Mr. Ramstad says.

After the meeting, Mr. Kennedy and Mr. Ramstad sit with friends in their regular booth at Morton's Steakhouse. The gathering resembles any Washington power table, except the men are sipping Diet Coke and mineral water, have just come from "group" and are occasionally crying. "We love each other for our imperfections and for our common humanity," Mr. Kennedy says.

The dinner last Tuesday celebrated Mr. Kennedy's fourth month of sobriety, a process jolted into motion by an early morning car accident on Capitol Hill in May and a subsequent rehabilitation at the Mayo Clinic in Minnesota, where he was treated for an addiction to painkillers.

In the precarious course of his recovery, Mr. Kennedy, the 39-year-old son of Senator Edward M. Kennedy, Democrat of Massachusetts, has come to rely heavily on Mr. Ramstad, 60. He has served as Patrick Kennedy's sponsor, his primary source of advice and support in what he calls "the daily fight for my life" against addiction.

The day after the accident, Mr. Kennedy received a phone call from Mr. Ramstad, a recovering alcoholic who has been an evangelist in Congress for addiction treatment and 12-step recovery programs. The men did not know each other well.

But in battling their addictions, the two built a fast kinship that flouts the partisan divisions of Congress, their own divergent politics and the conditional nature of so many friendships in Washington. They speak daily, often several times. Mr. Ramstad visited Mr. Kennedy during his 28-day rehabilitation, driving two hours each Saturday from his Minnetonka home. When the Rhode Island Republican Party chairman called for Mr. Kennedy's resignation after his crash, Mr. Ramstad called it "a slap in the face" to all recovering addicts.

Former Senator Max Cleland, a Georgia Democrat who frequently attends the Tuesday dinners, said, "This is a story of a shared and common humanity and overcoming political differences in a town known for its inhumanity." Mr. Cleland, who lost both legs and part of an arm in Vietnam, says he is in recovery from "the trauma of war."

"It's a great brotherhood we all share," he said of the dinner group. "And it has nothing to do with politics except that we're all in it."

The political world could learn much from these gatherings, Mr. Ramstad says. "If we could turn Congress into one big A.A. meeting," he said, referring to Alcoholics Anonymous, "where people would be required to say what they mean and mean what they say, it would be a lot better Congress."

In a joint interview with Mr. Kennedy and Mr. Ramstad in Mr. Ramstad's office, each man nods solemnly while the other speaks. Both are mindful of the confidentiality rules involving recovery groups. They say they agreed to be interviewed because their "sponsorship" relationship was revealed in court as a condition of Mr. Kennedy's probation (he pleaded guilty to impaired driving).

Mr. Kennedy has big expressive eyes, a lanky frame and slightly hunched posture that lends the impression of an overgrown boy. Mr. Ramstad walks chest-out and speaks with the practiced certainty of a man who has counseled numerous addicts over 25 years.

The two men share a keen sense of the twin burdens that being an addict and congressman impose, Mr. Kennedy says. "To some degree, all politicians lead a double life, a public one and a private one," he said. Mr. Ramstad has emphasized the importance of integrating what he calls "the political game face" with "the real person inside."

Being a Kennedy carries its own weight, Mr. Kennedy says, given the legacy of drug and alcohol abuse in his family. His mother, Joan Kennedy, has endured a long battle with alcoholism, and his father was involved in a string of alcohol-related episodes earlier in his career. (Senator Kennedy says he will drink a glass of wine at home at night or in social settings. He describes himself as being "well" over the last 15 years, a recovery he attributes to his current wife, Victoria.)

In a phone interview, Senator Kennedy says he shares a meal with Patrick once a week. His son is doing well, he says, thanks in large part to "the incredible generosity of spirit" of Jim Ramstad.

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Patrick Kennedy makes frequent references to the pressures and expectations inherent in his name. “When you grow up in my family, being somebody meant having power, having status,” he said. “The compensations you got were all material and superficial. I’ve come to realize, in the last few months, that that life made me feel all alone.”

Both Mr. Ramstad and Mr. Kennedy are active in a House caucus of about 60 representatives that promotes legislation for treatment of addiction and mental illness. Some of the members are addicts themselves, or recovering addicts, Mr. Kennedy and Mr. Ramstad say, but neither would estimate how many.

Mr. Ramstad attended support group meetings with former Representative Phil Crane, Republican of Illinois, who battled alcoholism and says his own recovery was nurtured by the late Senator Harold Hughes, Democrat of Iowa, who spoke of his own struggle with drinking.

“There is a very powerful recovering community in this town,” said Capt. Ronald Smith, the former chairman of psychiatry at the National Naval Medical Center in Bethesda, Md., and a regular at the Tuesday dinners. A recovering addict, he has treated many senators and congressmen and leads the support group attended by Mr. Kennedy, Mr. Ramstad and Mr. Cleland.

It is unclear, Captain Smith says, whether addiction is more common among politicians, but alcohol does tend to pervade political life, with its cocktail party fund-raisers, endless dinners and constant travel. Ann Richards, the former Texas governor who was buried Monday, used to visit prison inmates and say, “My name’s Ann, and I’m an alcoholic.”

Mr. Ramstad makes repeated mention of “July 31, 1981,” the day he awoke from an alcohol-induced blackout in a Sioux Falls, S.D., jail after creating a disturbance at a hotel coffee shop. He had just finished his first term as a Minnesota state senator. “If I had not wound up in that jail cell, I would not have sought treatment,” Mr. Ramstad said. “I would probably be dead today.”

Mr. Kennedy has endured several public battles with mental illness. He was treated for cocaine addiction as a teenager, suffered from depression as a young adult, was given a diagnosis of bipolar disorder after coming to Congress in 1994 and then became addicted to painkillers. He also was prone to binge drinking, which contributed to a scuffle with an airport security guard and a visit from the Coast Guard after a heated argument with a girlfriend aboard a yacht, among other episodes that became public.

The May car crash was the latest embarrassment. The police found Mr. Kennedy disoriented, claiming he was heading to a House vote though Congress was not in session (it was 2:45 a.m.). Mr. Kennedy, who had been driving without headlights before swerving into a police barrier, blamed a mix of prescription medications for the accident.

Both men describe their signature humiliations — Mr. Kennedy’s accident and Mr. Ramstad’s arrest — as “blessings” that spurred them into recovery. “We both totally hit the wall, and it was publicized,” Mr. Kennedy said. “Or the barrier in my case.”

Mr. Ramstad says he has come to “love Patrick like a brother,” although there is more of a paternal tone to his manner when they are together. At one point during the interview, Mr. Ramstad tells him to turn off his hyperactive cellphone. Mr. Kennedy sheepishly obliges. He says he is learning to take instructions from a Republican.

L.A. County Human Rights Panel Reaffirms Award For Muslim Leader Hathout (LAT)

By Teresa Watanabe

The Los Angeles Times, September 19, 2006

The Los Angeles County Human Relations Commission voted Monday to reaffirm its selection of Muslim leader Maher Hathout for a human relations award, ending a bitter, two-week battle that many lamented has seriously set back the region's Muslim-Jewish relations.

After a hearing marked by vitriolic name-calling and the expulsion of one unruly audience member, only four of the 14 commission members voted to support Hathout, chairman of the Islamic Center of Southern California and the first Muslim to receive the county's John Allen Buggs Award. Five members abstained; four were absent.

But Hathout said he was unconcerned by so many abstentions and called the vote a victory for free speech, inclusiveness and a rejection of the "tactics of intimidation."

"We will not allow untouchable and sacred cows in the midst of our democracy," said Hathout, referring to Israel. He added that he was accepting the award for the "Jews, Christians, Buddhists, atheists and Muslims" who supported him.

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The furious fight over what has normally been a quiet award selection process was sparked when some Jewish groups charged that Hathout, a 70-year-old retired cardiologist, was a closet extremist who denounced Israel as an apartheid state and was soft on terrorism. Their opposition prompted the commission to reopen its July decision selecting Hathout.

Hathout's supporters, who spanned a wide ethnic and religious spectrum, called him a pioneer in promoting moderation, tolerance and understanding.

The Muslim leader, in remarks before the commission vote, offered to meet in a dialogue with critics and expressed regrets for harsh language toward Israel.

But his opponents did not seem mollified. They reiterated that they fully supported his right to express his opinions, but believed he was too divisive to merit a human relations award.

"I'm deeply concerned that the selection of Dr. Hathout will further divide our city and will set up extremist rhetoric as a desirable form of public discourse," said Roz Rothstein, national director of StandWithUs, a Los Angeles-based pro-Israel organization.

"It is regrettable that this will now be L.A.'s public image of good human relations," Rothstein said.

Despite the continuing conflict, commission President Adrian Dove said the controversy — which he called the biggest in his 12 years of county human relations work — had presented his group with an opportune chance to begin repairing the region's Muslim-Jewish relations.

Those relations have considerably soured in the last five years, as the Israeli-Palestinian conflict has heightened sensitivities here.

The region's first significant Muslim-Jewish dialogue group, which Hathout and others began in the late 1990s, eventually fell apart as the Middle East conflict grew.

The commission has already begun to plan "human relations summits" between Muslims and Jews in an attempt to bridge their differences, said Dove, who can only cast a vote in the event of a tie.

"We realized by our process that we had opened wounds and now recognize where the healing needs to take place," Dove said.

Similar efforts are underway by Mayor Antonio Villaraigosa, who has asked the Rev. Leonard Jackson, an associate minister of First African Methodist Episcopal Church, to head a weekly meeting among Jews, Muslims and other faith leaders to improve relations.

In deliberating the issue Monday, some commissioners sought to find a middle way out of the conflict that would address the concerns of both sides.

Commissioner Donna Bojarsky, for instance, proposed that the commission honor Hathout not by granting the award, which she said had become tainted with controversy, but by featuring him as a keynote speaker at the commission's award event scheduled for next month.

"This is clearly not the environment we want for the human relations commission and county," she said, adding that the last 12 days had been "one of the most difficult" in her life. She abstained.

Commissioner Vito Cannella, a 24-year veteran of the human relations body, asked Hathout if he would withdraw in the interest of harmony.

The Muslim leader refused to do so, challenging commissioners to "look me in the eye" and find him unworthy of the honor despite a record, he said, that showed his support of Israel's right to exist, condemnation of terrorist actions by Hamas and Hezbollah and years of interfaith work.

Cannella ultimately abstained Monday in a shift from his previous vote of support in July.

He said he changed his mind based on new information received reflecting divided opinion toward Hathout.

He said he believed the commission's vote to reaffirm the selection was a mistake.

"Due to the situation, I think we should refrain from giving the award and try to repair the bridges before this time next year," he said.

But commissioner Albert DeBlanc, who supported Hathout, said his years as an attorney had taught him that judgments should be based on eyewitness testimony rather than hearsay.

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Hathout, he said, had been endorsed by scores of prominent and diverse faith leaders who had worked with him for years.

Meanwhile, Commissioners Ray Bartlett and Judy Coffman, who previously supported Hathout, were absent Monday.

Commissioner Eleanor Montano, who earlier endorsed Hathout, abstained.

Before the vote, the county counsel's office advised the commission that there was a "sufficient basis to have concern" that it may have violated the state's open meetings law in selecting Hathout during two July votes. As a result, the commission began its meeting by first voting to rescind those earlier actions.

It's Time For Unity Among Democrats (RC)

By Donna Brazile

Roll Call, September 19, 2006

Election Day is fast approaching. With seven critical weeks remaining, the stakes are too important for Democrats to be distracted by internal dissension.

Despite the recent uproar by three powerful Republican lawmakers who decided to break ranks with the Bush administration over U.S. policy regarding the interrogation of suspected terrorists, it's time that Democrats put aside their perennial squabbling and unify the party going into Election Day.

Karl Rove understands that midterm elections are not just centered on national issues. They consist of hand-to-hand combat between candidates — their backgrounds, their personalities, their constituents' mood and whatever "smut" can be found on one's opponent. He also understands that it's important to rally and energize the base early to approach unaffiliated voters and disaffected Democrats closer to Election Day.

Now, what are we doing on the Democratic side? Fighting for a seat here or a position there? Sorry — this is no way to galvanize Americans to vote for Democrats on Nov. 7. Most voters fail to recognize what stake they have in the battle between Reps. Rahm Emanuel (Ill.) and James Clyburn (S.C.) for the post of Majority Whip if Democrats take back the House. Or in the leadership battle between Reps. Steny Hoyer (Md.) and John Murtha (Pa.).

One of the few recent midterm elections in which the Democrats actually picked up seats — 1998 — represented something of a high-water mark. We were unified. We were undaunted by the repeated attacks on then-President Bill Clinton and the GOP's rush to impeach, investigate and incriminate Democrats.

Working with the former Democratic Congressional Campaign Committee Chairman Martin Frost (Texas) and Rep. Charlie Rangel (N.Y.), we spent countless hours putting together a creative approach. (When you're short on money, you compensate with imagination.) We tried to reach swing voters with a persuasive message, while also inspiring and motivating base voters to bring others to the polls.

The program was so successful that the GOP has replicated and expanded it in every election since then. It's time we do the same, and realize that money alone will not determine who controls Congress. A winning strategy comes from leadership and fighting for what people care about, as opposed to fighting each other over crumbs.

In poll after poll, voters continue to favor Democrats to handle complex issues such as immigration, health care and even foreign policy. However, when asked which party has better leaders, they favor Republicans despite recent public revelations of cronyism and corruption, starting with former Reps. Tom DeLay (Texas) and Duke Cunningham (Calif.) and Rep. Bob Ney (Ohio).

For once, Democrats need to reach consensus on leadership posts, party direction and resource allocation. Democrats need to face the reality that the public yearns for strong, effective leadership, as opposed to a mere partisan message with a Democratic slant. They want leaders who can get things done without contributing to the mess in Washington, D.C. At least that is my read, and today as I spend time with voters in Peoria, Ill., I'll see how it plays with them.

The GOP may be fragmented on divisive social policy issues such as immigration and budget deficits that are spiraling out of control, but they are unified on the one thing that matters to them: protecting and maintaining their majority status. At times, I have the impression that the Democratic strategy for 2006 rests with the presumption that the voters dislike Republicans more than Democrats. While it is true that there is mounting disdain against incumbents and that there currently are more Republicans than Democrats in federal office, an effective election plan requires more than just relying on bad news from the other side.

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While in Peoria, I intend to discuss the war and whether Republican leadership has made us safer. I will discuss how a new Democratic majority will fix what has been broken by an ideology-driven Bush administration and a sycophantic Republican Congress. This will require that United States push even harder on the Iraqi government, especially on developing a political solution to control the insurgency, even if it requires a short-term increase in troop levels.

Yes, I support the call made by both Democrats and Republicans to develop a timetable for a phased troop withdrawal based on predetermined metrics. I would hope a Democratic Congress would hold our defense officials accountable and replace nonperformers. And we must develop a plan to generate humanitarian and diplomatic aid within the international community to enable a smooth transition to an autonomous Iraq. Sadly, our current rebuilding and reconstruction efforts are a joke.

We Democrats have a lot riding on the November elections, and that includes more than just who wins Congressional leadership races or who benefits in the all-important 2008 presidential sweepstakes. For once, I wish the Democrats would demonstrate a winning attitude, hit back when the GOP starts slinging mud, give the voters a positive agenda that sets forth constructive solutions to issues that matter most to voters — and stand together for the sake of our country.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

The Boom Generation Seventh Decade (WSJ)

By Michael Milken

The Wall Street Journal, September 19, 2006

SANTA MONICA, Calif. -- On July 4, along with more than 9,000 other American post-war babies, I turned 60. Our generation, the 78 million American baby boomers born between 1946 and 1964, has had a profound social and economic impact around the world for more than half a century. As we start moving into our seventh decade, it's logical to ask what effect baby-boomer retirements will have on real estate and financial markets. The question is logical, but it puts the emphasis on the wrong side of the equation. The real future value of U.S. assets won't be determined by retirements, but by policy decisions on education, taxation, regulation, immigration, international investment and the environment.

Baby boomer asset liquidation isn't really a financial market issue because (1) there's plenty of liquidity in the global economy; (2) as the rest of the world becomes wealthier, people outside the U.S. will own a greater percentage of global assets and they'll want to keep a share of their net worth in America; (3) liquidity will grow in both developed and developing nations as they adopt recent American financial innovations and market structures; (4) as baby boomers live longer and healthier, their new mantra will become "Who wants to retire?" and (5) most assets won't need to be sold.

I will examine each of these points. * * *

1. Large parts of the developed world are awash in liquidity -- Japan has more than $10 trillion -- and we're also seeing a buildup in several countries with small populations. Norway, the UAE, Taiwan, Singapore and others each have hundreds of billions of dollars available for investment beyond the immediate needs of their citizens -- in some cases, as much as $50,000 per person. To put that in perspective, Hewitt Associates reports that the median amount in a U.S. 401(k) plan is just $27,100.

2. The "BRIC" nations -- Brazil, Russia, India and China -- will continue to grow faster than the U.S. and, with the U.S. and Japan, will become the world's major economic powers by mid-century. There are 600 million children in China and India whose future buying power will grow at least as fast as their rapidly improving educations. As the BRICs accumulate wealth, they will want to diversify their holdings globally. America stands to benefit as richly from that diversification as it did from European investment in the 19th century.

China and India combined to produce nearly half the world's economic output in 1820 compared to just 1.8% for the U.S. Our remarkable growth since 1820 has benefited from democratic institutions, a belief in capitalism, private property rights, an entrepreneurial culture, abundant resources, openness to foreign investment, the best universities, immigration and relatively transparent markets.

3. Recent U.S. financial innovations -- including new markets for securitized mortgages and credit-card liabilities, collateralized loan and high-yield bond obligations, and financial derivatives -- helped to spread risk and created tens of millions

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of jobs by freeing up investment capital for growing businesses. As these financial technologies are deployed throughout the world, they will increase prosperity by multiplying the value of human capital, social capital and real assets. They have the potential to create as much as $50 trillion to $100 trillion in worldwide liquidity.

In the U.S., the value of home mortgages equals 95% of the nation's gross domestic product. The ratio is considerably lower in other countries: mortgages in Germany total about 69% of GDP; in Japan, it's 36%; and in Russia, less than 1%. A worldwide securitized mortgage market alone could free up some $20 trillion for productive investment by unlocking the unused capital in residential real estate.

4. More baby boomers are asking themselves, Why retire? It's a cliché to say that 60 is the new 40, but it has some biological and psychological validity. Advanced biomedical research is leading to continued progress against cancer, heart disease, arthritis, dementia and other conditions that forced people out of the workforce before they wanted to quit. In the future, aging workers will be healthier and will use broadband technology to live and work from anywhere at the increasing proportion of jobs that involve knowledge rather than physical labor. They'll spend more years earning income, often in multiple careers, instead of selling assets.

Fewer people will retire in their 60s simply because they know that average life expectancy at birth is increasing at an astounding rate. Americans, who could expect to live an average of 47 years in 1900, now enjoy life spans approaching 80 years. (It already exceeds 80 for women.) An American who makes it to age 65 can look forward to living almost two decades more. Worldwide, the increase has been even more dramatic. In a single century -- despite wars, AIDS and other scourges -- the global average more than doubled to 66 years. Nobel laureate Robert Fogel believes it will exceed 100 years within this century.

More than just the length of life, the number of healthy years will also increase. When people are vibrant into their 80s and 90s, 65 will evolve from the traditional retirement age to a mid-career milestone for those who choose to keep working. Who wants to retire when you have fulfilling work, when you earn a good income, and when you feel great? According to a Yahoo! poll, 70% of people over 55 say it's never too late to start a new business.

5. Many baby-boomer assets won't be liquidated. The Federal Reserve reports that the wealthiest 5% of American households own about 60% of the nation's assets. Ninety percent of all stock is owned by 10% of investors. Debate continues about how this concentration of wealth affects our society, but what seems irrefutable is that the owners of most wealth will have no urgent need to raise cash. A retiree with a $10 million net worth doesn't sell stocks to buy groceries or pay the mortgage. He can easily live on dividends and interest while preserving assets for his grandchildren or a favorite charity. And if wealthy retirees don't sell their assets, they won't put pressure on valuations.

In the top 1% of households -- which own a third of U.S. assets -- net worth starts above $10 million and moves well into the billions. Rather than sell assets, these families endow non-profit institutions and give their wealth to foundations, which are growing in number and size.

If the top 5% of wealth holders won't be liquidating their 60% of U.S. assets, what about the remaining 40% of assets owned by 95% of the population? For most baby boomers, the biggest chunk of their net worth is the equity in their house. Many of these houses will be transferred to the next generation through inheritance. For those properties that will be sold, their future prices will be greatly influenced by policy decisions affecting social capital -- things like good schools, clean air, cultural attractions, reasonable regulations and safe streets. A community that ignores the quality of its schools will eventually see that neglect reflected in its real estate market.

The best way to assure the future value of American assets is to focus on succeeding in the worldwide competition for human capital. We have some excellent preschool programs and the world's best system of higher education; but we need to shore up our K-12 educational infrastructure -- especially in science -- to help the next generation compete on a world stage.

When I went to Wall Street in 1969, the major providers of investment capital had adopted regression analysis and concluded that the future would be much like the past. So they financed yesterday's industries. Today's predictions of a coming asset liquidation problem seem to make the same mistake of projecting the past into the future. There's one thing I can predict about the future with complete confidence: it won't be anything like the past. It never is. But as long as we maintain asset values by enhancing human and social capital, I believe the future of the baby boomers -- and their nest eggs -- is secure.

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Mr. Milken is chairman of the Milken Institute. (This essay is the first in a two-part series on baby boomers, which concludes tomorrow with a contribution by Jeremy Siegel.)

Poverty's Changing Faces (WP)

By Bradley R. Schiller

The Washington Post, September 19, 2006

The recently released poverty data paint a grim picture of life in America. Once again the U.S. Census Bureau tells us that 37 million people -- one of every 12 residents -- is living hand-to-mouth in the United States. This is a shocking statistic, especially in view of our extraordinarily high average incomes (around $60,000 per household), three years of robust economic growth, declining unemployment rates and a dramatic drop in welfare rolls.

Critics of the administration, of course, are quick to interpret this picture. They point to "tax cuts for the rich," punitive welfare reforms, a stagnant federal minimum wage, cutbacks in education and increasingly cutthroat international trade as explanations for both persistent poverty and the widening gap between rich and poor Americans. But whatever merit some of these explanations might have, they are not focused on the right subject. The most important picture that emerges from census data is not the size of the poverty population but its transitory nature.

The number of people living in poverty has been in a narrow range of 32 million to 37 million for the past 25 years. The 1991 recession briefly pushed the number of poor people up to 39 million; the 1995-99 economic boom shrank it to 31.6 million. The year-to-year changes have been about a million people, up or down.

Although the size of the poverty population has been fairly stable, its composition has not been. The people who were poor in 1981 aren't poor now. The 4 million poor people who were over 65 back then are mostly dead now. The millions of household heads who were unemployed then are probably retired from their jobs. And all those welfare kids being raised by single moms in 1981 are now grown up.

So who took their place in the poverty ranks? We've got a constant flow of immigrants, for starters. Well over a million immigrants -- both legal and illegal -- enter the country every year. Most come in at the lowest rungs of the economic ladder, working for the minimum wage or less. The household poverty rates among immigrants are twice as high as those of non-immigrants.

Then we've got 5 million or so low-achieving kids dropping out of high school every year. And more than a million births a year to single moms, about a third of whom are teenagers. On top of that, add more than a million divorces every year that often devastate someone's finances. Then there are the persistent scourges of death, disability and illness -- all of which throw families into poverty, often without warning. Finally, there's the economy, in which constantly shifting demands, costs and technology create a continuous profusion of winners and losers. So there's always a flow of new faces into the poverty ranks.

The outflow is just as impressive. Unemployed workers don't stay unemployed -- they do find work and exit the poverty population. Likewise, minimum-wage workers don't keep working for minimum wage. As they gain skills and experience, they command higher wages. Within three years of joining the labor market, 85 percent of minimum-wage entrants (primarily teenagers and immigrants) earn significantly more than the federal minimum.

Immigrants assimilate and move out of poverty as quickly today as in past generations. Most of the single moms will marry (again), gaining the greater economic stability of a two-parent family. Others, perhaps prodded by welfare reforms, will gain employment, particularly once their children start attending school. Inflation-adjusted Social Security and disability benefits will lift millions of older and disabled workers out of poverty.

The reality of our poverty population is constant churn. Some people fall into poverty every year, and just about as many escape its clutches. The popular notion of a "poverty trap" is greatly exaggerated. The flows in and out of poverty are far more impressive than the relatively small subgroup of individuals who stay in poverty for many years. Researchers have observed that three out of five families that fall into poverty in any one year are out of poverty the following year -- making poverty a highly transient state.

Even more impressive statistics were collected over a longer period. A University of Michigan study discovered that one out of three U.S. households experienced poverty in at least one year of a 13-year stretch. But only one out of 20 families was poor in

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at least 10 years, and only one out of 60 stayed poor in all 13 years. Hence, the permanent poverty rate is less than 2 percent, even though the annual poverty rate is closer to 13 percent.

The evident churning in the poverty population doesn't diminish its social importance. But it should change the way we look at poverty statistics and the policy choices we make. We don't have a permanent poverty caste in the United States. Instead we have a very fluid combination of demographic, social and economic forces that propel people in and out of poverty. Policy choices should focus on reducing institutional barriers that slow the poverty outflow and expanding (temporary) safety nets (e.g., unemployment benefits, child support) that reduce the poverty inflow.

The writer is a professor of economics at American University and author of "The Economics of Poverty and Discrimination."

The Deep Roots Of AIDS (NYT)

By Nicholas D. Kristof

The New York Times, September 19, 2006

YOKADOUMA, Cameroon

It was about 70 years ago, evidence suggests, that a man somewhere in this remote forest area of southeastern Cameroon butchered a sick chimpanzee — and the AIDS virus was born.

Chimpanzees here carry a strain of simian immunodeficiency virus (the monkey version of H.I.V.) that is genetically close to the main human variant. So the scientific betting is that the virus jumped to humans here and then traveled with human hosts by river south to Kinshasa, Congo, and then eventually to the wider world. The first proven case dates from Kinshasa in 1959.

I'm traveling with Casey Parks, the student who won my contest to accompany me on a reporting trip, and we've been talking to people about AIDS here in its possible birthplace because the world can't address global poverty unless we tackle AIDS effectively — and in places like this, it's obvious that still isn't happening.

We met the family of Pascal Nttomba beside the fresh mound in the garden where he was buried two weeks ago. Mr. Nttomba was the breadwinner for the 20 people in the family.

The Nttombas were relatively well off, living in a nice wooden house and sending their children to technical schools to learn vocations that would take them up a notch in the world. But then Pascal became sick.

He could no longer work, and the family used all its savings to try to cure him — first paying a traditional healer and then a doctor. Neither did any good, although the doctor charged more.

In theory, antiretrovirals are available here to control the disease. But they are mostly for middle-class victims in the cities, and as in most of Africa, an ordinary person in a remote area has next to no chance of getting the drugs. And so Pascal died, and now the family is destitute.

"There's nothing to eat in the house, since this morning," said his father, Valeré. The women in the family were planning to scour the fields for cassava leaves to cook for dinner. They say they can also go into the forests to look for edible wild plants, but malnutrition looms.

The children in technical school have dropped out, because there is no money. One of them is Hermine, a 19-year-old, who is now at risk of being approached by an older sugar daddy offering gifts in exchange for being his mistress, a common arrangement in Africa that has led to high infection rates among young women.

"I'd do it," she acknowledged — after all, the family needs money.

The family's predicament underscores how the virus not only kills people but also further impoverishes the world's poorest. And while the hardest-hit countries in southern Africa are doing a bit better against AIDS, others in the middle range like Cameroon or India haven't woken up to the severity of the problem.

An essential challenge is that 90 percent of those with H.I.V. worldwide don't know it, and you can't begin to tackle the disease when no one knows who has it. Here, for example, neither Pascal's wife nor any other member of his family has been tested.

The mantra has been "voluntary counseling and testing," but this tip-toeing approach is costing millions of lives.

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It's time to move to routine testing. Sure, that will cause difficulties; despite efforts to safeguard privacy, some who test positive will become pariahs and will be driven from their villages. But the present approach is even worse and is on track for a worldwide death toll of 70 million by 2020.

So unless they specifically opt out, people in high-prevalence countries should be tested whenever they enter the medical system, marry, enter the armed forces, take a job in the civil service, or get pregnant. That should be coupled with a pledge to try to make treatment available to all who test positive.

That emphasis on testing could be incorporated into the extension of President Bush's fine program against AIDS, which will save some nine million lives and is up for renewal next year. That program, which provided huge increases in spending and will be Mr. Bush's best legacy, should be extended with even more money, while dropping its obsession with abstinence-only programs.

With AIDS still killing 8,000 people every day worldwide — and infecting 14,000 more — we need to acknowledge that the present strategy isn't adequate. We need a more aggressive approach, built around greater testing, so that we don't go through another few decades with the Pascals of Africa dying needlessly and the Hermines selling themselves into sexual bondage.

The Critics Who Cried Wolfowitz (LAT)

The Los Angeles Times, September 19, 2006

WHEN PRESIDENT BUSH appointed former Deputy Defense Secretary Paul D. Wolfowitz as head of the World Bank 18 months ago, it was as if John Ashcroft had been tapped to run the American Civil Liberties Union. Not since an architect of another war, Robert McNamara, led the bank has there been such mistrust within the development community, which typically ranges from left-leaning to socialist on the political scale.

The clash of perspectives is part of the reason for the recent tiff over Wolfowitz's drive to root out corruption in poor countries. In advance of this week's meeting of finance ministers in Singapore, Britain threatened to withhold a $94-million contribution to the bank, while debate over Wolfowitz's policies has been roiling the bank's executive board for months.

Critics are irked by Wolfowitz's tendency to cut off money to governments accused of corruption. Last year, he suspended $800 million in loans to a suspect program for maternal and children's health in India, and he suspended debt relief to the Republic of Congo after its president ran up an $80,000 hotel bill in New York. Under his leadership, the bank has blocked more than $1 billion in loans because of illegal practices by recipients.

Other World Bank chiefs have paid lip service to fighting corruption, but none has been so ready to do something about it. Opponents contend that his approach punishes the poor and innocent more than the guilty; even though some of the money in India may have been embezzled, for example, most of it was aiding needy children. Yet this ignores the fact that there is need everywhere, while aid is limited and should go to places it would be best spent. Corruption contributes to political instability, discourages private investment and justifies the views of foreign-aid opponents who argue that it's pointless to give money to poor countries that would only squander it.

This isn't to say that all World Bank policies are beyond reproach. Demands that loan recipients privatize such industries as water delivery have often done more harm than good. Yet the notion of withholding aid from countries that would waste it is sound. Unfortunately, it is also likely to be lost. The bank's policy board demanded on Monday that members have more input on decisions to suspend funding.

Wolfowitz has thwarted most of his critics by consistently doing the right thing. He has increased bank lending, helped lead a drive to forgive the debts of some of the world's poorest nations, spoken out against the developed world's agricultural protectionism and is a tireless advocate for the principle that rich countries are obliged to live up to their past promises to increase foreign aid. He has earned more leeway from his overseers, even if they don't approve of his friends in the White House.

Fun Union Facts (WSJ)

The Wall Street Journal, September 19, 2006

AFL-CIO President John Sweeney boasted recently that the union consortium intended to pour millions of dollars into this year's Congressional elections -- hardly a shocker. What is news is that this year, for the first time, rank-and-file union members

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are getting a look at precisely how much of their mandatory dues money is going to fund Mr. Sweeney's political causes, and plenty of other interesting details as well.

This month marks the deadline for the last of the nation's unions to file newly expanded disclosure reports, known as LM-2 forms. LM-2s have been around a long time, though until Labor Secretary Elaine Chao issued a rule requiring an expanded form in 2004, unions got away with providing the skimpiest details. This proved useful to union bosses who wanted to mask their political spending, or in some cases their corruption.

They are now being dragged into the sunshine. Whereas unions used to lump millions of dollars of disbursements into such vague categories as "sundry expenses," the new regime requires them to provide a detailed breakdown of who or what received union money: issue advocacy groups, political consultants, polling outfits, even hotels at which their members stayed. * * *

Hard-working union members deserve to know, for example, that of the AFL-CIO's $82 million in discretionary disbursements from July 2004 to June 2005, only 36% went to representing members in labor negotiations -- which is what unions were created to do. A whopping $49 million, or 60% of its budget, instead went to political activities and lobbying, while another $2.4 million went to contributions, gifts and grants. The National Education Association was even more skewed toward politics, spending only 33% of its $143 million discretionary budget on improving its members' lots.

By our calculations based on the filings, the AFL-CIO spent at least $2.7 million alone on T-shirts, flyers, telephone calls, Web site hosting, and other support for 2004 Presidential candidate John Kerry. Groups that received AFL-CIO money included Citizens for Tax Justice, an organization devoted to higher tax rates; the Economic Policy Institute, a think-tank that campaigns against Social Security privatization and tax cuts; and the Alliance for Justice, a ferocious opponent of President Bush's Supreme Court nominees.

Dues-paying workers of the world might want to ask: Why is Mr. Sweeney spending more of their money trying to raise taxes, or fighting for the cultural left, than he is on collective bargaining?

The IRS may also want to inspect these forms. That's because, prior to the new LM-2 disclosure rules, at least a dozen large unions had told the tax agency that they spent nothing on politics. The National Education Association's 2004 tax return, for instance, left blank the line for "direct or indirect political expenditures." Yet according to its LM-2, the NEA spent $25 million on such activities from September 2004 to August 2005. Eliot Spitzer could sure have fun with that one -- if he didn't have the NEA's endorsement.

The forms also offer a glimpse at union chief salaries. At least three union heads took home more than a million dollars in compensation in their last fiscal year -- though two were admittedly the heads of the NFL and NBA players unions. The third-fattest union cat was Martin Maddaloni, the chief of the Plumbers and Pipefitters, who took home $1.3 million last year. The Plumbers' "director of training" -- a fellow named George Bliss -- somehow managed to make $456,644 in 2005. Now we know why plumbers are so expensive: They have to make enough to pay the dues that keep their union reps in Armani.

The LM-2 forms show that some 1,015 paid union officers and employees devoted more than 90% of their time to political activities. Combined, these folks took home compensation worth nearly $53 million. Some 1,755 union personnel spent at least 50% of their time on political activities and lobbying.

As for financial management, let's just say some of these union chiefs are having fun in their jobs. United Auto Workers Local 14 reported it spent $67,000 at an amusement park. The International Brotherhood of Electrical Workers spent $124,000 at a hotel resort. And the Plumbers forked over $225,000 on Nascar advertising.

A couple of other fun facts: Of the 100 highest paid union executives, 93% are men. We hope some class-action lawyer isn't looking to sue for gender discrimination. And, believe it or not, unions report that they spent $624,000 at largely non-unionized big box retailers across the country, including Target, Wal-Mart, Sam's Club, Costco and K-Mart. They apparently know a low price when they see one. * * *

When Secretary Chao proposed the new rules, unions were furious and came close to getting them blocked on Capitol Hill, and in court. Mr. Sweeney, the AFL-CIO chief, was quoted as saying the rule "will cost union members an estimated billion dollars a year," and that the average union would have to spend $1.2 million. The actual cost of AFL-CIO compliance turned out to be $54,000, so Mr. Sweeney was only off by 96%.

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Unions should have the right to spend whatever they want on politics, and we've defended that right against McCain-Feingold and other campaign-finance limits. At the same time, however, union members who don't like the way their coerced dues are spent have the right under the Supreme Court's Beck decision to ask for the political and grant portion of that money back. May these illuminating LM-2 disclosures be spread far and wide.

Judicial Politics Run Amok (NYT)

The New York Times, September 19, 2006

Contests for important state judgeships around the country are getting nastier, more partisan and tons more expensive. Monied interests seeking to influence court decisions are spending lavishly to boost preferred candidates, much as they do in campaigns for regular political office. Today's round of judicial elections in Washington State points to the seriousness of the problem and its threat to judicial integrity, independence and impartiality.

With three seats on the Washington State Supreme Court up for grabs, a record amount of money — some $2 million — has poured in to underwrite the contested races. Some of the television and radio attack ads against the incumbent chief justice, Gerry Alexander, were so unfair or misleading they would have seemed out of line even if the contests were for local alderman instead of a lofty position on the state's highest court. The inevitable result: reinforced ties between would-be judges and their partisan supporters, and diminished public respect and confidence in judicial decision making no matter which candidates win today.

The problem is hardly isolated. Thirty-nine states still choose at least some judges by election, instead of some preferable form of nonelective merit selection system. Recent court decisions have loosened restrictions on judicial campaigning without taking adequate care to delineate reasonable ethical boundaries needed to preserve public trust and the courts' special role as a neutral arbiter.

In 2004, spending on campaigns for state supreme courts rose to $42 million nationwide, up from $29 million just two years earlier. This year, spending in these contests is likely to spiral even higher, and pressure on candidates from interest groups seeking firm commitments, in writing, on controversial issues is likely to intensify.

Judges around the country are so concerned that the national Conference of Chief Justices, composed of top jurists from all 50 states, voted last month to start an initiative aimed at changing the deteriorating culture of judicial elections.

There is no perfect way to choose a judge. But to undermine the whole purpose of the court system by allowing special interests to buy judgeships, or at least try to, is the worst system of all.

Electoral Excuses (WP)

The Washington Post, September 19, 2006

INSTEAD OF answers, there were excuses. Instead of a solution, there was whining. Those hoping to understand how and why Montgomery County so thoroughly botched primary day last week were sadly frustrated -- if not enraged -- by the unhelpfulness of top election officials at a County Council hearing on the subject yesterday. Only one thing became clearer: A change in leadership is needed to restore confidence in the county's ability to conduct elections.

Elections Board President Nancy H. Dacek and Election Director Margaret Jurgensen essentially washed their hands of responsibility and blamed state election officials for delays in the delivery of equipment and last-minute changes in procedures. No matter that the mistake that caused the most disruption (someone forgetting to deliver vital computer cards to the precincts) was homegrown. Never mind that county officials had not put in place a way to communicate with polling places in emergencies. Council members should have been allowed to ask questions of Ms. Dacek and Ms. Jurgensen, but Council Vice President Marilyn Praisner, who chaired the meeting, let the two off the hook, ostensibly so they could go help in the counting of provisional ballots.

Council members were properly outraged. As Tom Perez (D-Silver Spring) said, "we continue to have a situation where the county blames the state, the state blames the county and the victims are the voters."

The same could be said in Prince George's County and Baltimore -- which also experienced major breakdowns and which, a week later, appear no closer to a solution than Montgomery. The situation in Prince George's was overshadowed by Montgomery's problems, but voters there should be just as concerned about the competence of their election officials. Questions

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about the absence of judges in key precincts and suspicions about votes not being counted in a prompt manner have been referred to Maryland's state prosecutor, and we hope they will be thoroughly investigated.

There is, as we have said, no doubt that partisan bickering among Gov. Robert L. Ehrlich Jr. (R), the legislature and the state Board of Elections caused stresses and strains that affected local boards of elections. However, the conduct of elections is the responsibility of county boards. While State Elections Administrator Linda H. Lamone could do more, she cannot take over their duties.

The state Board of Public Works is scheduled to hear from Ms. Lamone tomorrow in Annapolis. Let's hope the testimony leads to a plan of action for Nov. 7 and not a repeat of the blame game we saw yesterday in Rockville.

Bush Arrives At UN With Policy Problems (AP)

By Deb Riechmann, Associated Press Writer

AP, September 19, 2006

President Bush faced disagreement Monday over how to confront Iran's nuclear ambitions and skepticism about his approach to Iraq and the Middle East as world leaders gathered for the U.N. General Assembly meeting.

Still, Bush was upbeat, focusing on his push for democratic change and first lady Laura Bush's call for governments to embrace literacy programs to improve lives.

"We don't believe freedom belongs only to the United States of America," Bush said at the White House Conference on Global Literacy hosted by his wife. "We believe that liberty is universal in its applications. We also believe strongly that as the world becomes more free, we'll see peace."

Bush arrived in New York to attend the 61st session of the world body with policy problems at home and abroad that have narrowed his room to maneuver on the international stage.

The U.S.-led war in Iraq is in its fourth year with no end to bloody sectarian violence in sight. International support is dwindling for imposing sanctions against Iran for defying U.N. demands that it halt certain nuclear work. The repressive Taliban regime toppled in Afghanistan is showing new signs of resilience. The Israeli-Palestinian conflict continues and Lebanon's government has, so far, proved too weak to rein in the Islamic militant group Hezbollah.

At home, Bush's approval rating, while experiencing a recent uptick, stands at just 40 percent. Americans are growing weary of the war. The White House is in a showdown with Senate Republicans over the interrogation and trying of terror suspects. And elections that will determine which party controls Congress are seven weeks away.

The president's so-called freedom agenda is the theme of his speech to the U.N. General Assembly on Tuesday. He will focus on democratic reforms in Iraq, Afghanistan and Lebanon and elsewhere in the Middle East. He'll seek to quell skepticism about U.S. motives in the Middle East by working to avoid the impression that he wants to see a U.S.-style democracy imposed on any nation.

In his speech, Bush is expected to say that while military and law enforcement actions are needed to curb terrorism, the ultimate weapons are freedom and opportunity. He is to note two type of states in the Middle East — those with an absence of freedom and weak ones with fragile democracies, such as Iraq and Lebanon.

"I think the president sees this ... as a struggle between the forces of extremism and the forces of moderation in the Middle East," National Security Adviser Stephen Hadley said, previewing Bush's speech. "And it's really a crucial time."

The president also is expected to firmly denounce Iran and Syria, two nations that Bush says are working to thwart freedom in the region. Iranian President Mahmoud Ahmadinejad also planned to be at the United Nations, but Bush had no intention of talking with him.

On Tuesday, Bush will meet with French President Jacques Chirac, who is part of the coalition of nations working with the U.S. to try to stop Iran from doing work that could lead to a nuclear weapon.

Chirac, who is balking at the U.S. drive to sanction Iran for defying U.N. sanctions, proposed a compromise Monday to kickstart talks between Iran and the international community. Chirac suggested that the threat of U.N. sanctions be suspended if Tehran puts a freeze on its uranium enrichment work.

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"I am not pessimistic," Chirac said. "I think that Iran is a great nation, an old culture, an old civilization, and that we can find solutions through dialogue."

On Tuesday, Bush also meets with Iraqi President Jalal Talabani and U.N. Secretary-General Kofi Annan. Annan has been critical of the U.S.-led war in Iraq; Bush, on the other hand, says Americans are frustrated that the international body has been slow to reform.

Bush attended a reception Monday evening at the Manhattan home of Henry Kravis where he helped raise $1.4 million for the Republican National Committee. He spent the day with leaders from Malaysia, a democracy with a moderate Islamic government; El Salvador and Honduras, two Central American nations that have moved from military dictatorships to democracies; and the emerging African democracy of Tanzania.

Bush, who in 2003 warned that the United Nations could fade into history as an "ineffective debating society," now finds the United States relying more on the United Nations to help resolve problem in Iran, Lebanon, North Korea, Sudan and other global hotspots. On Wednesday, the president will meet with Palestinian President Mahmoud Abbas.

Bush Says U.S. Policies Led By 'Freedom Agenda' (WT)

By Stephen Dinan

The Washington Times, September 19, 2006

NEW YORK -- President Bush said yesterday that his "freedom agenda" remains the driving force for U.S. international policy, a day before his address to the U.N. General Assembly, in which he is expected to challenge the world to foster that vision in the Middle East.

"Those of us in a free society must help others realize the benefits of liberty. I believe that. I believe that's part of America's responsibility in the world," Mr. Bush told a gathering of international education officials and government leaders' spouses.

He joined first lady Laura Bush at the first White House Conference on Global Literacy, held at the New York Public Library, to lend support to his wife's signature issue.

The gathering was a warm-up for today's U.N. speech, during which the president is expected to push for a change in policies toward the Middle East, repeating his call that the world no longer should sacrifice freedom for stability.

With Iranian President Mahmoud Ahmadinejad speaking tonight, hours after Mr. Bush, the president is expected to use his time in New York to try to stiffen the resolve of the coalition working to stop Iran's uranium enrichment program. Iran ignored an Aug. 31 deadline imposed by the United Nations.

National Security Adviser Stephen J. Hadley said yesterday that the administration is letting the Europeans take the lead in talking with Iran and that the U.S. will rejoin the talks only after Iran suspends its program.

"What we've always said was not permanent suspension; what we've said is, a verifiable suspension so we can then have a discussion," Mr. Hadley said.

Iran is just one of a series of international issues Mr. Bush will tackle during his three days here. News agencies reported yesterday that Mr. Bush will name a special envoy today to try to end the violence in Sudan's western region of Darfur.

Mr. Bush has labeled the killings there "genocide," but other countries have been reluctant to follow suit. Under international conventions, once a "genocide" is under way, other nations have an obligation to stop it. The news agencies reported that Andrew Natsios, the former chief of the U.S. Agency for International Development, was Mr. Bush's likely pick to be envoy.

Mr. Bush is scheduled to meet today with French President Jacques Chirac, whose nation is one of the three European countries spearheading the diplomatic efforts with Iran.

Yesterday, he met with leaders from Malaysia, Honduras, El Salvador and Tanzania, all democracies. Mr. Bush also has a meeting scheduled with Palestinian Authority President Mahmoud Abbas.

"He's committed to peace, and we have worked with him and would continue to work with him. That's why the president is going to see him," Mr. Hadley said.

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Dan Fisk, senior director for the Western Hemisphere at the National Security Council, said the leaders of El Salvador and Honduras backed the U.S. position in a fight over which nation will take the Latin America slot on the U.N. Security Council that Argentina will vacate at year's end.

Anti-U.S. Venezuelan President Hugo Chavez, backed by Iran, wants the seat for his country, but the U.S. is backing Guatemala.

"Both countries -- Salvador and Honduras -- have expressed their support, by the way, for Guatemala in the U.N. Security Council. So that was reaffirmed by the other countries" in the meeting, Mr. Fisk said.

Mr. Bush touted the benefits of literacy yesterday, linking it to his freedom agenda. He said the ability to read makes for better workers, better consumers and better citizens.

"The goals of this country are to help those who feel hopeless; the goals of this country are to spread liberty; the goals of this country is to enhance prosperity and peace," Mr. Bush said.

U.S. Will Seize Diplomatic Opportunities At U.N. (WT)

By Betsy Pisik

The Washington Times, September 19, 2006

NEW YORK -- U.S. diplomats this week will swallow their frustrations over the unwieldy U.N. bureaucracy and press for diplomatic progress at the annual General Assembly debate -- a global forum that will address issues ranging from Iran's nuclear ambitions to the war in Sudan.

The world body enacted few of the most important reforms proposed last year, but Secretary of State Condoleezza Rice's plans to work in New York for more than a week reflects a recognition that, for better or worse, the United Nations is virtually the only forum to address a growing basket of global problems.

President Bush, by tradition, will address the world body on its opening morning, at about 11:30 today.

The administration plans to stress its "freedom agenda," particularly for the Middle East, a State Department official said last week.

The U.S. program for the session includes a private "democracy round table" for two dozen world leaders, a forum on Burma's human rights violations to be hosted by first lady Laura Bush, and tightly timed bilateral meetings for Mr. Bush and Miss Rice with their foreign counterparts.

U.S. officials said they are hopeful that the reform agenda that dominated last year's discussions will continue through the 61st session of the General Assembly.

During the seven-day debate, scores of world leaders will take the podium to share their views and meet on the sidelines to forge agreements on issues ranging from sanctions to trade and from peace to war.

That, diplomats said, is the power of the United Nations, even with all its imperfections.

"Why do people come to the U.N.?" French Ambassador Jean-Marc de la Sabliere asked last week, even as he lamented the slow progress on reforms. "Because it is needed."

Proposed reforms include a reconfiguration of the U.N. Security Council, whose five permanent members reflect the balance of global power in 1948, and measures to streamline the administration of the organization. The U.N. human rights body was reorganized last year, but the changes fell short of U.S. demands.

The Bush administration, meanwhile, has turned to the United Nations to help shore up Iraq's economy and development. More than a dozen nations participated in a meeting yesterday for the Compact on Iraq, which is seeking new funds for Iraq's reconstruction. Miss Rice represented the United States at the closed-door event.

U.S. officials said they do not expect to make significant progress on Iran or North Korea, both of which are pursuing potentially destabilizing nuclear programs.

The Middle East peace process will be reviewed tomorrow by the Quartet -- the United Nations, the United States, Russia and the European Union. The group is scouring the globe for troops to deploy on the Israel-Lebanon border under a U.N. resolution that ended the 34-day war between the Jewish state and Hezbollah guerrillas.

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Among the leaders en route to New York for the high-security event are: South African President Thabo Mbeki, French President Jacques Chirac; King Abdullah of Jordan; Latvian President Vaira Vike-Freiberga, who has just declared her candidacy to succeed Mr. Annan; Lebanese Prime Minister Fuad Siniora; Cuban acting President Raul Castro; Sudanese President Omar Bashir; Iranian President Mahmoud Ahmadinejad; and Venezuelan President Hugo Chavez, who is seeking a seat on the U.N. Security Council next year.

Bush To Address U.N. General Assembly (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, September 19, 2006

UNITED NATIONS - President Bush addresses world leaders at the United Nations on Tuesday as his administration grapples with crises around the globe and seems to have fewer options for dealing with them.

The nuclear standoffs with Iran and North Korea, the Israeli-Palestinian conflict and attacks in Sudan's Darfur region will top the president's agenda when he speaks to the U.N. General Assembly and privately to foreign leaders.

Bush has expressed frustration over the lack of progress in his key foreign policy initiatives and at times has criticized the United Nations for its deliberative pace and propensity for passing resolutions instead of taking concrete action.

U.N. Secretary-General Kofi Annan and world leaders, in turn, have criticized the White House for the go-it-alone approach it took in Bush's first term.

"Bush is frustrated with the U.N. because the U.N. won't pick up and respond in an immediate way," said Stephen Schlesinger, director of the World Policy Institute at the New School in New York. "Iran remains a big problem for the administration, North Korea is a question mark, and Darfur is in the balance - three issues on the plate of the U.N. with no clear resolution."

On Tuesday, Bush intends to highlight his vision of spreading democracy in the Middle East as a way to combat terrorism.

"He will talk about, and I think really challenge, all of the other countries assembled there, and the United Nations as an institution, to take some responsibility in its role - and step up to the role of encouraging ... the forces of moderation in this struggle against extremism," National Security Adviser Stephen Hadley told reporters Monday.

On Iran, administration officials have put on hold the U.S. drive for sanctions against Tehran if it doesn't suspend uranium enrichment. Although they fear the Iranians are merely playing for more time to develop nuclear weapons, administration officials have little choice but to allow Europe's diplomacy with Iran to play itself out; their push for sanctions has run into resistance from allies.

The administration officials, who spoke on the condition of anonymity because of the sensitivity of the talks, said they wouldn't be able to get European, Russian and Chinese support for sanctions until diplomatic efforts are exhausted. France, Russia and China are veto-holding members of the U.N. Security Council.

French President Jacques Chirac said Monday that Iran's suspension of uranium enrichment shouldn't be a precondition for negotiations. The Bush administration insists that it must be. Chirac also called for the threat of sanctions to be set aside, apparently backing away from a strategy that the European countries, Russia and the United States agreed to in June. Chirac and Bush are to meet on Tuesday.

European Union negotiator Javier Solana will meet here later this week with Iran's senior nuclear negotiator, Ali Larijani. The EU, with U.S. backing, is trying to get Iran to suspend uranium enrichment temporarily, which would open the door to negotiations that the United States would join for the first time.

A senior State Department official, also speaking on condition of anonymity, said Chirac's comments weren't a break with the U.S. approach.

They're "consistent with the principle of suspension for suspension," said the official, referring to a prospective deal in which Iran would suspend uranium enrichment and the major powers would suspend efforts to impose sanctions.

The United States "will continue to actively work to define which sanctions will be in a U.N. Security Council resolution," the official said. "Meanwhile, Solana will keep open the channel with Larijani."

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Bush has said he has no intention of meeting with Iranian President Mahmoud Ahmadinejad, who'll address the general assembly Tuesday night.

Despite the lack of formal diplomatic contact between Tehran and Washington, some Middle East analysts believe progress could be made on the nuclear issue this week because it's in the best interests of both countries.

"Neither Iran nor the United States wants to be isolated," said David Mack, an analyst for the Middle East Institute and a former deputy assistant secretary of state under the first President Bush. "The powers in Tehran have made it clear that there's room for negotiation. The options to going to a unilateral (U.S.) military engagement don't look good. We're maxed out in terms of economic sanctions. There's nothing more that we can do."

White House officials also are looking for ways to end the unrest in Darfur. The White House is expected to announce that former U.S. Agency for International Development administrator Andrew Natsios will be the first presidential envoy for the war-torn region.

Bush told reporters Friday that he's frustrated with the U.N. handling of the situation, where government-backed militias have attacked and displaced millions of people.

A U.S.-sponsored peace pact is failing, and Sudan is opposing deployment of U.N. peacekeepers to replace an African Union peacekeeping force.

Gauging The Likelihood Of A Photo Opportunity Not Taken (NYT)

By Jim Rutenberg

The New York Times, September 19, 2006

The questions began before President Bush's helicopter even touched down in Lower Manhattan yesterday for a three-day visit marking the opening session of the United Nations General Assembly: Would they meet face to face? Even by chance?

The "they" in question were Mr. Bush and President Mahmoud Ahmadinejad of Iran, one of Mr. Bush's most prominent Middle Eastern foils. Mr. Ahmadinejad is scheduled to address the General Assembly just hours after Mr. Bush does today as the tense negotiations over Iran's nuclear program continue.

The United States has refused to join those talks until Iran suspends its nuclear enrichment program, something it has refused to do. Mr. Bush said flatly on Friday that he would not meet with Mr. Ahmadinejad at the United Nations this week — or any other week, anywhere else — if the Iranian leader did not first comply with his demands.

Aides to Mr. Bush bristled yesterday at the notion that they were trying to avoid a chance run-in between Mr. Ahmadinejad and Mr. Bush in the United Nations hallways. Contending that they were giving no extra attention to the possible walking route of the Iranian delegation or the Iranian leader's bathroom schedule, they said that to do so would only help to elevate the stature of a man they would rather diminish.

"This is not Khrushchev and Kennedy taking a measure of one another for the first time," said an administration official who would speak only on condition of anonymity because he was not authorized to speak freely on the matter. "We're talking about the former mayor of Tehran here."

The official said it was possible that the two men could be in close proximity during a luncheon this afternoon that the United Nations secretary general, Kofi Annan, is holding, and that "nobody's going to body-block Ahmadinejad if he comes up with outstretched hand."

If anything, White House officials said they were surprised that so much was being made of a possible encounter. There was no such interest, they noted, when both men were at the United Nations last year.

But Iran's nuclear program is a major agenda item for Mr. Bush at the United Nations now. And Mr. Ahmadinejad's regional influence and ability to rankle the White House have seemed only to have grown in the past year.

Photographs of Mr. Ahmadinejad and Iraq's prime minister, Nuri al-Maliki, embracing in Iran last week became fodder for Democrats to argue that the Bush policy in Iraq was going awry. The White House saw Iran's hand in the Hezbollah offensive against Israel earlier this summer. Mr. Ahmadinejad has also seemed to be competing with himself to make ever more inflammatory remarks about Jews and Israel.

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The atmosphere is certainly ripe for a showdown. Mr. Bush sees Mr. Ahmadinejad as leading a state sponsor of terrorism; Mr. Ahmadinejad has publicly challenged Mr. Bush to a televised debate.

Foreign policy analysts said they had mixed opinions about whether Mr. Ahmadinejad would want to press some sort of hallway confrontation. Edward Luttwak, a senior adviser at the Center for Strategic and International Affairs, said such a confrontation could be used to show a "defiance of the mighty." But, he said, Mr. Ahmadinejad would risk an unflattering comparison with Mr. Bush, who is considerably taller.

The speculation threatened to overshadow what the White House hopes will be a major address defending the president's foreign policy. White House officials said that his address would focus on Iran, as well as Iraq and Afghanistan, but that it would have an overarching theme of what the president frequently describes as "the greater ideological struggle" between radicalism and moderation. Officials said the speech would serve as something of a bookend to Mr. Bush's recent series of addresses on national security and terrorism.

Yesterday, Mr. Bush held a series of meetings with leaders of foreign nations that were intended to highlight the themes of his speech.

In a background session with reporters last week, senior administration officials said Mr. Bush's meeting yesterday with the prime minister of Malaysia, Abdullah Badawi, was intended to highlight a successful Islamic democracy. Administration officials said that Mr. Badawi raised his concern about the recent comments by Pope Benedict XVI about Islam and that Mr. Bush told Mr. Badawi that he believed that the pope's apology had been sincere.

Mr. Bush also met with the leaders of El Salvador, Honduras and Tanzania, before attending a Republican fund-raiser last night at the home of the financier Henry R. Kravis. White House officials said that on Thursday Mr. Bush would focus on Darfur. They hinted that he would appoint a new envoy for the region and did not dispute reports that it would be Andrew S. Natsios, a former United States Agency for International Development administrator.

UN Takes Centre Stage As Mandates Mount (FT)

Financial Times, September 19, 2006

One year ago, the United Nations was in turmoil, reeling from a wave of scandals, hamstrung by disagreements over terrorism, human rights and nuclear proliferation, and caught in an acrimonious and unravelling reform process.

Some asked whether they even might be witnessing the death throes of the 60-year-old organisation, as its creaking architecture struggled to respond to the new challenges.

Yet on Tuesday, as a panoply of leaders assemble to address this week's General Assembly session, the UN is back at the centre of almost every major dispute on the planet.

Despite divisions among its members, the Security Council is tackling crises from Lebanon to Iran, from North Korea to Darfur and the Palestinian territories, let alone a wealth of lesser crises in Africa, Haiti and East Timor.

And notwithstanding its differences, the council has, or is at least trying to craft, joint positions on nearly all of them – albeit often with limited results, such as in Darfur.

The US administration, public pronouncements aside, is embracing the UN in a way few would have imagined a year ago. By dispatching troops to Lebanon, Europe has put itself back in the business of peacekeeping.

The Security Council adopted a resolution threatening sanctions on Iran. Asia broke with precedent and allowed the UN to take a strong stand over North Korea's missile tests. The Middle East welcomed Kofi Annan's mediation on Lebanon and now wants the council to take centre stage on the wider peace process.

As the mandates have mounted, the UN's operational arms have seen unprecedented growth. Were the proposed Darfur mission to proceed, the UN would have more than 100,000 peacekeepers under its command in close to 20 countries: a huge challenge. Its aid agencies, financed by a new standing fund, are active in many more.

The UN is running a crim-inal investigation into the assassination of Lebanon's former prime minister and is conducting elections in the Congo. It handled the transfer of Liberia's former dictator to an international court, and is co-ordinating the worldwide response to avian flu.

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In fact, in stark contrast to last year, UN officials' main fear is no longer in being sidelined but in being asked to do too much, too fast, without adequate tools to do so. "Our new challenge today is in the ricochet of world opinion," says Robert Orr, an adviser to Mr Annan. "Everyone is turning to us but we have the same capacity as on Monday."

Some analysts are asking whether the UN might be facing a new "early-90s" moment, when euphoria over the end of the cold war led to an exponential growth in its missions, followed by a string of catastrophes when they were overwhelmed.

But the atmospherics in 2006 are not the same. Rather than proclaiming the dawn of a new era, diplomats say the world is coming back to the UN, faults and all, because the challenges are so difficult that there is no one left to turn to.

The UN Secretariat, chastened by the disasters of Bosnia and Rwanda, and mismanagement of the oil-for-food programme, has since then become more realistic about what is achiev-able with what resources.

But, as one official suggested, while "the UN has, the member states have not".

UN appeals for more flexibility in hiring staff and allocating resources to manage its mandates were all but rejected by the developing world.

On Eve Of U.N. Speech, Bush Uses Informal Meetings To Set Tone (USAT)

By David Jackson

USA Today, September 19, 2006

NEW YORK — President Bush exercised some personal diplomacy Monday on the eve of his annual address to the United Nations and pushed his hopes for democracy in Iraq and the Middle East with leaders of four smaller nations.

The one-on-one talks — known in diplomatic-speak as bilaterals — with the leaders of Malaysia, El Salvador, Honduras and Tanzania gave Bush a chance to charm and cajole his counterparts in a more intimate setting than before the 192-member U.N. General Assembly. Some countries in the world body, such as France, have criticized the president's decisions on the war in Iraq and other world affairs.

"They don't really set policy so much — they set a tone," Linda Jamison, a senior fellow with the Center for Strategic and International Studies, a Washington think tank, said about the private talks.

For example, during a brief visit Monday with Abdullah Ahmad Badawi, prime minister of Malaysia, the two leaders discussed the U.N.'s continuing role in the Middle East. "The main thing we talked about is how we can work together to keep the peace," Bush said.

The four countries involved in Monday's meetings have something in common: They are emerging democracies. El Salvador, for example, emerged from civil war during the 1980s and Honduras held its first election in 1982 after a decade of military rule.

The political histories of these countries are in keeping with Bush's dominant theme of freedom during his three-day U.N. visit. He is going to "emphasize the fact that countries need to find their way towards free and just societies in their own time consistent with their own culture and traditions," national security adviser Stephen Hadley said.

Michael Green, who worked for Bush at the National Security Council, said bilaterals can provide a relaxed forum to discuss issues such as beef sales to Japan or intellectual property rights in China.

"You drop these things in," Green said, "then the secretary of State or the ambassador can follow up."

Today, Bush meets with French President Jacques Chirac to discuss Iran's nuclear ambitions. Bush will also talk with Iraqi President Jalal Talabani and U.N. Secretary-General Kofi Annan, a critic of the U.S.-led invasion of Iraq.

Hadley said Bush would not meet this week with Iranian President Mahmoud Ahmadinejad, who wants to "debate" his country's controversial nuclear program.

Iran's Freeze On Enrichment Could Wait, France Suggests (NYT)

By Elaine Sciolino

The New York Times, September 19, 2006

PARIS, Sept. 18 — In an effort to jump-start formal negotiations between six world powers and Iran over its nuclear program, President Jacques Chirac of France suggested Monday that Iran would not have to freeze major nuclear activities until the talks began.

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Over the years, Mr. Chirac has consistently taken an extremely hard line against Iran both in public and private. But his remarks in a radio interview could be interpreted as a concession to Iran, whose officials have said they will not suspend their production of enriched uranium as demanded by the United Nations Security Council.

"Iran and the six countries together, we must first find an agenda for negotiations, then start a negotiation," Mr. Chirac told Europe 1 radio. "During this negotiation I propose that on the one hand, the six refrain from referring the issue to the Security Council, and that Iran refrain from uranium enrichment during the duration of the negotiation."

In New York for the opening of the United Nations General Assembly, Bush administration officials insisted that the American position had not changed: that the United States would not join the talks until Iran suspended uranium enrichment. They said that the Europeans and Iranians might hold preliminary talks on suspension, and once Iran verifiably suspended enrichment, America could join those talks.

After reading the text of Mr. Chirac's remarks, a senior administration official, who spoke on the condition of anonymity because he was not authorized to speak publicly on the subject, said he did not believe that Mr. Chirac had said anything that would require the United States to change its position.

"To tell you the truth, there's no suggestion being made that we would sit down with Iran before they suspend," the official said.

The formal position of the six world powers is that Iran must freeze uranium enrichment activities as a condition of the start of negotiations.

Mr. Chirac's remarks were the first time a leader of one of the six countries — the five permanent members of the Security Council (Britain, China, France, Russia and the United States) and Germany — has suggested that the suspension is not a precondition for talks.

In the interview on Monday, Mr. Chirac also made clear his opposition to sanctions. "I am never in favor of sanctions," Mr. Chirac said. "I have never seen that sanctions were very effective.'' He added, "Nothing replaces dialogue, you know."

Clearly, Mr. Chirac's remarks took Bush administration officials by surprise, in particular because ever since the six powers made a proposal to Iran on June 1 to provide a package of incentives in return for suspending enrichment, the Americans and the Europeans have been careful to appear unified. Russia and China might have to be dragged along, the thinking went, but the others would hold fast to the American line on sanctions.

But the United States and Europe have already given some ground by signing off on talks between Javier Solana, the European Union's chief diplomat, and the chief Iranian negotiator, Ali Larijani, about the conditions for suspension. The talks continue even though the deadline for Iran to suspend enrichment or face sanctions passed on Aug. 31.

Iran's nuclear program will be one of the main topics of conversation when President Bush and Mr. Chirac meet in New York on Tuesday during the General Assembly meeting.

In addition, Secretary of State Condoleezza Rice is planning to meet her counterparts in the Iran talks on Tuesday night to discuss how to proceed with a sanctions resolution, American officials said. "We're taking an opportunity to get the lay of the land and to determine what sanctions will be in the U.N. resolution," the Bush administration official said. But, he added, "no one expects that we're ready'' to put a resolution on the table this week.

Asked about Mr. Chirac's remarks concerning the timing of the talks, a senior European official said that Mr. Chirac was not only speaking for France, but also reflecting the current state of play in formal talks between Mr. Solana and Mr. Larijani.

What is currently under discussion is a convoluted formula in which the six powers could meet with Iran to discuss the agenda, but not substance, until Iran froze its nuclear activities, the official added. That approach would allow Iran to claim that negotiations had started; the United States and others could say they had not.

"We're trying to find a gimmick, a face-saving gesture that the Iranians will accept," said the official, speaking on condition of anonymity under normal diplomatic rules. He added that Mr. Chirac "has made explicit and public something that is common knowledge on both sides of the Atlantic."

"The Americans are aware of this discussion," he said.

The official added that American participation was crucial to the success of the talks. "At every step of the way, we need the agreement of the Americans,'' he said.

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Mr. Chirac agrees with the Bush administration's view that Iran is determined to develop a nuclear weapon. Like Mr. Bush, he has been eager to find a formula to induce Iran to stop its production of enriched uranium, which can be used for peaceful energy purposes — which Iran says is its intention — or to fuel a nuclear weapon.

Indeed, France and Britain, both on their own and in tandem with the United States, have worked for months on possible sanctions, and Mr. Chirac's remarks are certain to erode the sense of unity between the United States and the Europeans.

Throughout his long presidency, however, Mr. Chirac has been uncomfortable with the use of economic sanctions as a tool of foreign policy. While his criticism of sanctions on Monday seems to reflect that personal conviction, rather than any shift in French policy, it is likely to erode the sense of unity between the United States and the Europeans.

As for Mr. Chirac's remarks about stopping punitive action in the Security Council once negotiations are under way, that is generally understood by the six power group to be acceptable, as long as Iran has stopped enriching uranium.

In his talks with Mr. Solana, Mr. Larijani has proposed a freeze of uranium enrichment for only about two months, the two European officials said. Iran has accused France, Britain and Germany of dragging their feet in previous negotiations, forcing Iran to freeze major nuclear activities in exchange for rewards that never came.

The Europeans say they have no confidence that Mr. Larijani has full authority to negotiate on behalf of Iran's leadership. They say that at times Mr. Larijani admits he is not sure how far he is authorized to go.

France's Chirac Not In Favor Of Iran Sanctions (WP)

By Glenn Kessler And Michael Abramowitz, Washington Post Staff Writers

The Washington Post, September 19, 2006

On Eve of Bush U.N. Speech, Words Complicate U.S. Push

UNITED NATIONS, Sept. 18 -- In a potential break with the Bush administration, French President Jacques Chirac said Monday that he is "never in favor of sanctions" and suggested that the United States and other nations could begin talks with Iran on its nuclear program before Iran formally suspends its nuclear activities.

Chirac's remarks came as President Bush prepared to address the U.N. General Assembly on Tuesday, part of an intensifying U.S. drive to secure international sanctions against Iran. The French president, in a 45-minute interview on European radio, appeared to upend that diplomatic drive and signaled a widening breach on Iran between the United States and European partners, reminiscent of the debate over the Iraq invasion four years ago.

Perhaps mindful of those tensions, some U.S. officials both publicly and privately played down Chirac's comments, insisting there was little daylight between the U.S. and French positions. But others said that the remarks took them by surprise and that they would seek an explanation from the French at meetings on Tuesday.

In his speech, Bush plans to take a far less aggressive approach to Iran than he did four years ago in arguing for action against Iraq, U.S. officials said, casting the debate over Iran as part of a noble effort to bring democracy to the Middle East. The officials said that Iran will not be the major focus of the speech and that Bush also plans to announce he will name a special envoy to spearhead efforts to end the violence in Sudan's Darfur region.

Chirac's comments represented another potential hurdle for Bush, who is coming to the United Nations this week seeking considerable assistance from the world community, including peacekeeping troops for Lebanon, financial aid for the reconstruction of Iraq and political support for his efforts to shut down Iran's nuclear program. At the same time, however, U.S. leverage has been weakened by the ongoing war in Iraq, and diplomats are skeptical that the lofty theme of Bush's speech Tuesday -- bringing freedom and democracy to the Middle East -- will be of much practical significance in swaying countries to Bush's side.

In fact, Chirac, who will meet with Bush before the American president's speech, noted in the radio interview that the difficulties in Iraq showed he had been right to oppose that war in the first place.

Zbigniew Brzezinski, national security adviser in the Carter administration, said if Bush offers another "pep talk" about democratization in the Middle East, he risks losing an audience skeptical of the U.S. venture in Iraq and what it sees as a lack of American engagement in promoting an Israeli-Palestinian peace deal.

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"The speech is a major challenge, and if he plays it intelligently he can regain some of the ground he has lost," said Brzezinski, a trustee at the Center for Strategic and International Studies. "He would be well advised to take a moderate tone. . . . He hopes to isolate [Iranian President Mahmoud] Ahmadinejad. If he adopts a belligerent tone and makes threats, it will be easy for Ahmadinejad to isolate him."

Bush is clearly hoping to make democracy promotion the theme of this week's meetings marking the opening of the U.N. General Assembly, and he held several meetings Monday with the leaders of countries the White House considers emerging democracies -- El Salvador, Honduras and Tanzania -- as well as Malaysia, whose government advocates a moderate form of Islam.

But Iran was shaping up as his major strategic challenge. In June, the five permanent members of the Security Council, plus Germany, offered to negotiate with Iran on a package of incentives to end its uranium-enrichment program, but only if Iran verifiably froze its nuclear activities first -- a stance that was affirmed in a U.N. Security Council resolution only last month. But under Chirac's formulation, that red line apparently would be erased.

"I believe that on the one hand that Iran and the six countries must first establish a schedule for negotiation, then must embark on negotiations," Chirac said, apparently referring to setting up an agenda for the talks. "And during these negotiations, I suggest that on the one hand the six give up on referring the matter to the Security Council and that Iran should give up the enrichment of uranium for the duration of the negotiations."

Chirac met last week with a senior Iranian envoy, Hashemi Samareh, who appealed to Chirac by saying Iran wanted to be partners with France and the rest of Europe in creating a stable Middle East, according to European diplomats briefed on the talks. Samareh also noted that Iran believed Lebanon's government might soon fall, which some took as a not-so-subtle warning about Iran's influence in a country with close ties to France.

Chirac's comments Monday were sometimes imprecise, leaving them open to interpretation. U.S. officials chose to focus on second half of his statement -- his call for Iran to suspend its nuclear program -- to argue that Chirac was not changing the terms of the agreement. One U.S. official, speaking on the condition of anonymity, said he did not think Chirac was asking for the United States to sit at the table with the Iranians before the Iranian programs were frozen.

Another U.S. official said Chirac's public comments mattered less than what he tells Bush in private Tuesday morning. On Tuesday evening, Rice will hold a dinner with her counterparts from France, Germany, Britain, Russia, China and Italy, in what U.S. officials billed as a session to determine what elements would be in a sanctions resolution.

Nile Gardiner, a foreign policy expert at the conservative Heritage Foundation, said Chirac's remarks were "deeply unhelpful" to U.S. efforts to secure international support for sanctions against Iraq. "It will generally reduce the likelihood of a U.N. Security Council resolution," he said. "The French are going to fight tooth and nail against the imposition of European sanctions, which is certainly a big blow to the U.S. and Britain."

European Union negotiator Javier Solana has been leading talks with a senior Iranian official on the nuclear program, Ali Larijani, in an effort to find a face-saving solution that would permit talks to begin without making it appear that Iran was buckling under pressure.

One of the formulas under discussion would have the European Union countries begin the talks, and then the United States would join them once Iran suspended its programs -- which by itself would be a softening of the original offer that no talks would start until Iran suspends.

While U.S. officials announced Monday that Larijani has not yet come to New York, Solana told reporters he remained confident the two would meet this week.

Staff writer Dafna Linzer contributed to this report.

France Now Opposes Iran Punishments (LAT)

By Maggie Farley

The Los Angeles Times, September 19, 2006

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UNITED NATIONS — As world leaders converged at the United Nations on Monday, French President Jacques Chirac dealt a significant blow to the Bush administration's effort to slow Iran's nuclear development, saying his government would join Russia and China in resisting the U.S. push for sanctions against Tehran.

"I am never in favor of sanctions," Chirac told Europe 1 radio on the eve of the General Assembly's annual debate. "I have never observed that sanctions were very effective."

Chirac proposed a compromise in which the Security Council would suspend the threat of sanctions and Iran would suspend enrichment of uranium while the two sides talked. As a last resort, after diplomacy had been exhausted, France might consider penalties, he said, but only "moderate and adapted" ones.

The division over sanctions seems likely not only to complicate policy on Iran, but also to affect the administration's efforts to win international help on a range of other issues, diplomats and analysts say.

Bush plans to make Iran a centerpiece of his address to the General Assembly today, explaining why he considers the regime in Tehran a grave threat and insisting that sanctions be imposed if negotiations fail.

He will also talk about the administration's Iraq policies and its support for a peacekeeping mission in the Darfur region of Sudan in the face of opposition from the Sudanese government.

But on both issues, Washington finds itself on the opposite side from several Security Council members, including Russia and China, both of which have veto power on the council. In the Sudan case, the two nations, backed by other council members such as Qatar, insist that the U.N. must not intervene in a nation without its government's permission, even when the international community does not agree with the country's actions.

The change of heart by France means three of the five veto-holding members of the Security Council now oppose the U.S. stance on Iran.

"As preceding the Iraq war, Chirac's public comments are unfortunate, because France is a very powerful player," said Judith Kipper, a Middle East expert at the Council on Foreign Relations.

"It could encourage the Iranians and countries that are anti-American to believe that the United States is isolated. And if President Bush believes that there is no cooperation from the Security Council, it may encourage him to believe the only option is to strike Iran."

White House officials said Monday that their position on Iran had not changed, with Secretary of State Condoleezza Rice scheduled to talk with U.S. allies in New York this week about a possible resolution calling for sanctions.

Bush is to meet today with Chirac, and Rice plans to dine tonight with representatives from the countries negotiating with Iran: Britain, China, Russia, France, Germany and, as of Monday, Italy. All have agreed that Iran must stop enriching uranium — a process that can be used to produce energy or a nuclear weapon — in order to create trust before talks on helping Iran create a nuclear energy program can resume.

European diplomats say they want the United States to sit at the same table with Iran before they consider talks to have failed.

"I do not believe in solutions that do not involve dialogue … taken to its limits," Chirac said Monday.

Bush has ruled out discussions with Iranian officials unless they halt their nuclear program, and there will be no U.S. contact with the Iranian delegation this week, officials said.

European diplomats are scrambling to arrange a face-saving compromise that could allow Iran to suspend enrichment after talks resumed — with the U.S. then joining the negotiations. U.S. officials stopped short of ruling out that option Monday.

National security advisor Stephen J. Hadley said the administration was looking first for "a verifiable suspension so we can then have a discussion."

The U.S. also is seeking ways to put pressure on Iran outside the Security Council. At a meeting of Group of 7 finance ministers in Singapore on Monday, U.S. Treasury Secretary Henry M. Paulson Jr. warned Western banks of the "risks" of doing business with Iranian companies suspected of trafficking in materials for the production of nuclear weapons.

Union Bank of Switzerland has already halted business with Iran, and the U.S. this month banned American banking transactions with Bank Saderat, a state-owned Iranian financial institution suspected of channeling funds to terrorists.

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Iran's top nuclear negotiator, Ali Larijani, was expected to continue talks this week with Javier Solana, the European Union's chief diplomat.

On Monday, Larijani had not yet arrived in the U.S. An Iranian diplomat said some members of the Iranian delegation had not received visas, but it was unclear whether that was the reason for Larijani's absence.

Iran is just one intractable problem world leaders will tackle in New York this week. Bush is expected to seek to rally support for his "freedom agenda" in the Middle East, and to paint conflicts there as the clash of extremism and moderation. He is also expected to seek other nations' help in investing in Iraq and supporting its fledgling government as it grapples with sectarian violence.

Additionally, he is likely to urge nations to continue helping shore up the fragile truce in Lebanon and to contain Hezbollah in the aftermath of this summer's conflict between the militant group and Israel. Iran, a Hezbollah sponsor, can make or break the cease-fire.

The continuing violence in Sudan also will be one of the main topics this week at the United Nations, both as an impending crisis and as a test of the world's "responsibility to protect" civilians whose governments have failed them — a tenet world leaders agreed to at last year's session.

The government in Khartoum has refused to allow U.N. peacekeepers into Darfur to help protect the more than 2 million people who have been displaced during three years of attacks by government-aligned militias.

Human rights groups have warned that a massive Sudanese military campaign to put down rebel groups could cause hundreds of thousands of casualties. The government has said it will take care of its own people, alongside a force of about 7,000 African Union troops due to leave at the end of the month.

China, Russia and Qatar insist the Security Council cannot send peacekeepers to the region without Khartoum's consent. But Sen. Barbara Boxer (D-Calif.) said Monday that the Sudanese ambassador to the U.N. had told her Khartoum would allow the African Union force to extend its stay and expand.

U.S. Ambassador John R. Bolton said he would circulate a resolution today for a vote Thursday on allowing an existing U.N. force in southern Sudan to expand into Darfur. Foreign ministers of Security Council members are expected to attend.

Chirac Backs UN Compromise On Iran (FT)

By Martin Arnold In Paris And Daniel Dombey

Financial Times, September 19, 2006

Jacques Chirac, France's president, could be heading for another clash with the US over the Middle East, after pushing the United Nations security council to scale down its threat of sanctions against Iran.

Mr Chirac, who is widely expected to step down next year, on Monday also fired a clear warning shot at Nicolas Sarkozy, his rebellious interior minister and likely successor, who is thought to have infuriated the president with his recent declarations, particularly on Franco-US relations.

Mr Chirac's appeal for the UN Security Council to relax its position on sanctions, made in a rare interview with French radio on Monday, mirrors the recent position of Javier Solana, the European Union's foreign policy chief, who indicated his support for a compromise last week.

Earlier this year the Security Council backed a resolution which called for Iran to suspend uranium enrichment by August 31 and warned of economic sanctions if Tehran failed to do so.

At the same time, the world's big powers also told Iran that it had to suspend enrichment, which can produce both nuclear fuel and weapons grade material, before formal negotiations could begin on improving ties between Tehran and the west.

But some EU diplomats, including Mr Solana, have responded warmly to a compromise floated by Iran in which Tehran would halt enrichment not before but during negotiations.

Mr Chirac explicitly endorsed such a plan of action - even though EU diplomats say they have yet to receive proof that Tehran has committed itself to the proposal.

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"We must first find an agenda for negotiations, then during these negotiations I suggest that, on the one hand, the six (the US, the UK, France, Germany, China and Russia) renounce involving the security council and Iran renounces uranium-enrichment during the negotiations," said the French president.

Mr Chirac said that he had "never seen that sanctions were very effective", and suggested that should they be needed, any sanctions on Iran should be "moderate and adapted". He added that he was "not pessimistic" on the prospect of a deal with Iran.

His comments are likely to worry US officials. Washington is reluctant to give more concessions to Iran and sceptical about how long any suspension would last.

UK diplomats, who are keen to keep the US on board and maintain a common international front, are also upset by Mr Chirac's comments. The UK fears that, by accepting an Iranian compromise before it has even been made, the international community could weaken its hand, so reducing the ultimate chances of a deal.

Mr Chirac is also thought to be furious about Mr Sarkozy's speech in Washington last week. The interior minister criticised French "arrogance" and suggested that Paris had gone too far in 2003 by threatening to use its UN security council veto to block a US-led invasion of Iraq.

The 73-year-old president distanced himself from his interior minister, saying: "We have relations (with the US) that can only be between equals, which cannot be a relationship of submission." His comments were a clear rejection of Mr Sarkozy's call for Franco-US relations to be "rebuilt".

Last week, David Cameron, the leader of Britain's opposition Conservative party, struck a similar note, by saying that the UK should not have a "slavish" relationship with the US.

Mr Chirac defended his opposition to the war in Iraq. "When I look at the situation, I do not fell I have committed an error," he told Europe 1, before flying to New York for Tuesday's meeting of the UN General Assembly, where he will meet George W. Bush, US president.

In a private conversation with aides, Mr Chirac went much further, slamming Mr Sarkozy's speech as "irresponsible" and a "lamentable… error" that was "a danger for France", according to Monday's Libération newspaper.

The fierce criticism exposes deep ideological divisions between the two men over foreign policy, which many observers judge to have been one of the more successful areas of Mr Chirac's rule.

France's president believes France should act as a counter-weight to US hegemony wherever possible. But Mr Sarkozy last week argued for much closer relations between the two countries, declaring: "Never again should we turn our disagreements into a crisis."

The animosity between the two men could influence next April's presidential election. Mr Chirac still has not ruled out standing for a third term as president. But even if he steps aside, as most expect him to do, he could still become a serious nuisance for Mr Sarkozy during the campaign.

French Leader Proposes Iran Compromise (AP)

By Elaine Ganley, Associated Press Writer

AP, September 19, 2006

President Jacques Chirac proposed a compromise Monday to kickstart talks between Iran and the international community, suggesting the threat of U.N. sanctions be suspended in exchange for Tehran halting its uranium enrichment program.

"I don't believe in a solution without dialogue," Chirac said in an interview with Europe-1 radio. He suggested the international community suspend the threat of U.N. sanctions and that Iran, in turn, suspend enrichment while the two sides talk.

"I am not pessimistic," Chirac said. "I think that Iran is a great nation, an old culture, an old civilization, and that we can find solutions through dialogue."

Upbeat about the standoff with Iran over its nuclear program, Chirac said in the wide-ranging radio interview that he was pessimistic about the outcomes in Iraq and Sudan's war-ravaged Darfur region.

Chirac spoke before leaving for New York to attend the annual U.N. General Assembly, which opens Tuesday.

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Asked about Iran, the French president noted that "Iran for years developed a clandestine nuclear program." However, "I am never favorable to sanctions" and, should they be unavoidable, they should be "moderate and adapted," he said.

In Vienna, Iranian Vice President Reza Aghazadeh said his country was "ready for negotiations and political compromise." However, he coupled that remark with a warning that "any hostile action by the U.N. Security Council would lead to limitation of cooperation" with the International Atomic Energy Agency.

The IAEA's inspectors are trying to determine whether Tehran is using its nuclear program to make weapons, as the United States and other countries fear. Iran assures it is for civilian use.

At an IAEA conference, where Aghazadeh spoke, nations called on Iran to freeze enrichment in accordance with a Security Council demand. The U.N. Security Council has passed a resolution providing for possible economic and diplomatic sanctions against Iran for its refusal to halt uranium enrichment.

Chirac suggested Iran and the six nations involved in the issue — France, Germany, Britain, Russia, China and the United States — set an agenda for talks, then move ahead, with both sides removing the burden of threats.

"We must, on the one hand, together, Iran and the six countries, meet and set an agenda, then start negotiations. Then, during these negotiations, I suggest that the six renounce referring (Iran to) the U.N. Security Council and that Iran renounce uranium enrichment during negotiations," Chirac said.

European and U.N. officials said Monday that senior EU and Iranian negotiators planned to meet in New York later this week to try to establish enough common ground to spark negotiations.

The French president said he has no plans to meet with Iranian President Mahmoud Ahmadinejad while in New York, saying he "deplores" the anti-Israeli remarks of the Iranian leader. Ahmadinejad has said Israel should be "wiped off the map."

"I have very clearly stated that ... the conditions for a personal dialogue have not been fulfilled," Chirac said.

The United States and Britain have backed moving quickly to sanctions if Iran does not comply with demands that it cease its enrichment program.

Russia and China have appeared most hesitant to call for sanctions, while French Foreign Minister Philippe Douste-Blazy said earlier this month that a "gradual approach" was needed.

Chirac, responding to questions on other international issues, said:

• On Iraq: "I am not sure we can ever really get out of this, in any case as long as there is no known goal for Iraqis concerning the departure of foreign troops." Asked by CNN, in a separate interview, whether France would help the United States in Iraq, Chirac said, "If the United States and President Bush ... asks me any question on this topic, well of course I will welcome anything he asks and I will answer him."

• On Darfur: Chirac urged Sudan to accept the deployment of U.N. peacekeepers. He told CNN he foresaw "millions" more displaced persons and "possibly even hundreds of thousands" more dead as the rainy season ends.

• On Lebanon, Chirac said the U.N. peacekeeping resolution for Lebanon must be carried out "without reservations" so the government can regain control of its territory. He suggested there is a place for Hezbollah — but in politics, not as an armed militia.

• On French-U.S. ties, Chirac said he has very good relations with Bush, but added, "In our relations we can only be equals. It cannot be a relationship of submission."

Associated Press Writer George Jahn contributed to this story from Vienna, Austria.

In Turnaround, US Sees Two-track Approach To Iran Nuclear Crisis (AFP)

AFP, September 19, 2006

The United States, faced with a growing reluctance among its allies to impose sanctions on Iran, showed a new readiness to accept a two-pronged approach in their bid to end Tehran's suspected nuclear weapons program.

Secretary of State Condoleezza Rice, in New York Monday for the UN General Assembly, said the United States was continuing to press for a UN Security Council resolution imposing sanctions on Iran over its refusal to stop enriching uranium.

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Rice has insisted the sanctions are an essential first response to Iran's refusal to heed an earlier Security Council resolution that gave Tehran until August 31 to freeze its enrichment program -- which can produce fuel for nuclear power generation but also provide the material for atomic weapons.

But the Americans softened their approach Monday after French President Jacques Chirac broke ranks and called for continued negotiations with Iran prior to taking any steps towards sanctions.

It was the first time a European leader has clearly stated that suspending uranium enrichment was not a precondition for opening negotiations on the nuclear dossier -- a stance fiercely defended until now by the United States.

Friday, US President George W. Bush assailed similar suggestions that Tehran be given more time and said he would be seeking to convince fellow leaders on the sidelines of the General Assembly this week that "stalling shouldn't be allowed."

But when asked Monday about ongoing European efforts to negotiate with Iran, Rice declined to repeat her boss's hardline stance, saying only that discussions were continuing with the four other permanent members of the Security Council plus Germany.

"We have a meeting of the P5-plus-1 tomorrow night and we will talk about it," she said.

Her spokesman, Sean McCormack, went further in acknowledging the existence of a two-track approach where the US pursues its campaign for sanctions in parallel with the European negotiating effort.

"It's a strategy to try to do everything possible to convince Iran to take a positive pathway," he said.

Rice discussed the Iran issue Monday with Foreign Minister Li Zhaoxing of China, which has been among the most reticent allies on the sanctions issue.

Bush is scheduled to meet here with Chirac on Tuesday ahead of Rice's evening meeting with her counterparts from Britain, China, France, Germany and Russia, known as the P5-plus-1, as well as Italy's foreign minister.

Iranian President Mahmoud Ahmadinejad will also be in New York, although Bush and Chirac both ruled out meeting the hardline leader.

Chirac Looks To Avoid Iran Standoff (USAT)

By Barbara Slavin

USA Today, September 19, 2006

NEW YORK — French President Jacques Chirac on Monday offered a way around a diplomatic standoff over Iran's nuclear program by saying negotiations could begin before Tehran suspends its uranium enrichment program.

The United States has demanded suspension of the program as a precondition for talks. Chirac, however, said Europe, Russia and China could open negotiations with Iran first and bring the United States into the talks only if Iran agrees to halt its nuclear fuel program.

Iran says its program is for energy purposes and refuses to end its research. The United States has said Iran is trying to make a nuclear bomb.

“I think we should be able to reach a solution,” Chirac said in an interview with USA TODAY. “It's in my nature to be optimistic.”

Chirac made the remarks on the eve of the annual meeting of the United Nations General Assembly, where President Bush has said he will confront Iran about its nuclear program. Chirac will also address the annual meeting of the General Assembly and meet with Bush today. Iranian President Mahmoud Ahmadinejad is scheduled to address the U.N. today as well.

The United States has said it will talk with Iran only if it suspends nuclear enrichment. The United States is pushing the U.N. Security Council to impose sanctions on Iran.

Tom Casey, a State Department spokesman, said “our views haven't changed.”

Clifford Kupchan, an Iran expert at the Eurasia Group, a New York-based consulting firm, said the proposal is “a potentially promising way to get from here to there diplomatically.”

The United States would not have to change its position and would enter talks only if its conditions were met.

Chirac said he didn't rule out sanctions against Iran but doubted they would work. “Experience has shown us that sanctions never lead to anything positive,” he said.

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Chirac, 73, who sat for a 45-minute interview at the Mandarin Hotel, also said:

• He would use his U.N. speech to propose an international peace conference to revive the Middle East peace process.

•The Bush administration should give Iraqis "the sense that there is a cutoff point to the presence of foreign troops." The administration has opposed setting deadlines for troop withdrawal. Chirac expressed support for Iraqi Prime Minster Nouri al-Maliki, but added, "I wouldn't say I'm highly optimistic about his chances of success."

U.S. Encounters EU Opposition To Iran Sanctions (WSJ)

By Neil King Jr.

The Wall Street Journal, September 19, 2006

NEW YORK -- The Bush administration faces stiffening opposition in Europe to its effort to impose sanctions on Iran over its nuclear program, a topic that will be the center of debate this week as world leaders gather at the United Nations.

In another sign that Europe strongly backs further talks with Tehran rather than threats of economic punishment, French President Jacques Chirac said he is "never in favor of sanctions" and believes that "nothing is as good as dialogue."

His remarks in a radio interview dovetail with a growing sentiment among the leaders of Germany, France, Russia and China that the U.S.-led quest for sanctions -- as laid out in a U.N. Security Council resolution in July -- are counterproductive and should be set aside for now as Europe tries to engage Iran in a series of informal talks.

Washington is also showing signs of increased flexibility on the Iran front, largely because it has gained so little support among key countries for imposing sanctions. Instead, the Bush administration is now quietly supporting efforts by the European Union's foreign-policy chief, Javier Solana, to engage Iran in negotiations before Tehran agrees to suspend uranium-enrichment work.

A July U.N. resolution threatened to slap sanctions on Iran if it didn't suspend its controversial enrichment work by Aug. 31 as a precondition to international talks on the future of its nuclear program. Iran insists its enrichment work is for peaceful purposes, but highly enriched uranium is also a key ingredient for making nuclear weapons. President Bush in recent weeks has repeatedly described a potential nuclear Iran as a "grave threat" to Israel and the Middle East.

Iran has since refused to stop its enrichment program while continuing to offer vague hints that it is open to broad nuclear talks.

Mr. Bush's national-security adviser, Stephen Hadley, told reporters on the way to New York yesterday that the U.S. hopes Mr. Solana can broker a deal with Iran's main negotiator, Ali Larijani, in which Tehran agrees to a verifiable suspension of its enrichment program. At that point, he said, the U.S. would be prepared to join a round of larger talks on the future of Iran's nuclear program.

The U.S. and its partners are basically offering Tehran a concession by setting aside the threat of sanctions and agreeing to negotiate over what was just a month ago a hard-and-fast precondition for negotiations.

Mr. Bush endorsed this approach on Friday, when he said he expects Iran to "negotiate with the EU in good faith. And should they choose to verifiably suspend their program -- their enrichment program -- we'll come to the table."

European diplomats are now hailing what they call "dual-track diplomacy" with Iran, in which the U.S. and others talk quietly about a possible sanctions resolution while the EU attempts to hash out a suspension deal with the Iranians. In his remarks to Europe 1 radio, Mr. Chirac said he didn't rule out future sanctions but said that if they come to pass, they should be "moderate and adapted."

Mr. Solana had expected to meet Mr. Larijani in New York this week, although there was no sign that the Iranian negotiator had arrived in the U.S. European officials say there is some chance of broader talks in the next week between the EU and Iran.

Mr. Bush, who is in New York until tomorrow, plans to stress the need for international cohesion toward Iran in his speech before the U.N. today. He will also meet privately with Mr. Chirac, the only other head of state among the five permanent U.N. Security Council members who has come to the annual session. Russia, China and Britain sent their foreign ministers.

European diplomats familiar with the past week's talks between Messrs. Solana and Larijani say the Iranians continue to move exceedingly slowly, making it impossible to predict if they are willing to offer important concessions. A big indication, they say, will come late today when Iranian President Mahmoud Ahmadinejad gives his speech to the U.N.

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Chirac Hits At Sarkozy Over Pro-US Stance (FT)

By Martin Arnold

Financial Times, September 19, 2006

Jacques Chirac, France's president, on Monday exposed deep ideological divisions at the top of the French government by rebuking Nicolas Sarkozy, his rebellious interior minister and likely successor, for toeing an overly pro-US line.

Mr Chirac also set up another possible clash with the US over the Middle East by urging the UN Security Council to scale down its threat of sanctions against Iran, ahead of Tuesday's General Assembly meeting in New York.

The French president, widely expected to step down next year, is thought to be furious about Mr Sarkozy's speech in Washington last week, when the interior minister criticised France's "arrogance" in its relations with the US.

Mr Sarkozy struck at the heart of Mr Chirac's foreign policy legacy by suggesting Paris went too far in 2003 by threatening to use its UN veto to block a US-led invasion of Iraq.

In a rare radio interview, the French president distanced himself from his interior minister, saying: "We have relations [with the US] that can only be between equals, which cannot be a relationship of submission."

The 73-year-old Mr Chirac defended his opposition to the war in Iraq. "When I look at the situation, I do not feel I have committed an error," he told Europe 1, before flying to New York for today's UN meeting, where he will meet US President George W. Bush.

In a private conversation with aides, Mr Chirac went further, slamming Mr Sarkozy's speech as "irresponsible" and a "lamentable . . . error" that was "a danger for France", according to yesterday's Libération newspaper.

The president sees France as a natural counter-weight to US hegemony. But Mr Sarkozy wants closer relations, declaring last week: "We must rebuild the transatlantic relationship on the basis of trust and shared responsibility. I don't want to see an arrogant France with a diminished presence."

Mr Sarkozy's pro-US stance has drawn flak from leftwing opponents. Laurent Fabius, former Socialist premier and presidential hopeful, described Mr Sarkozy as "Mr Bush's future poodle".

The animosity between Mr Chirac and Mr Sarkozy could influence next April's election. Mr Chirac still has not ruled out standing for a record third term, hinting yesterday he would wait until March before announcing his decision.

Venezuela Tightens Iran Links With Trade Pacts (FT)

By Phil Gunson

Financial Times, September 19, 2006

Hugo Chávez's efforts to build an anti-US coalition received a boost on Monday following a visit by Mahmoud Ahmadi-Nejad, Iran's president, to Venezuela and the signing of trade agreements between the two countries.

The two presidents are due to arrive in New York on Tuesday, where both are expected to address the UN General Assembly.

Mr Chávez has been lobbying intensively to win a two-year term on the Security Council. Next month's vote on the seat, which will pit Venezuela against US-backed Guatemala, will be a "thermometer reading of how anti-US the member nations of the UN are", according to Alberto Garrido, a political analyst.

Mr Chávez, who supports Iran's nuclear programme, reiterated with Mr Ahmadi-Nejad their opposition to "US imperialism" and their support for a "multipolar" world order, free of the hegemony of what Mr Ahmadi-Nejad called "the tyrants of the world – above all, the Americans".

The two leaders signed 29 bilateral agreements in areas as diverse as petrochemicals, health, mining and agriculture.

In a series of international tours this year, the Venezuelan leader has secured support for his Security Council seat candidacy from much of Latin America and Africa, along with Russia, China and a large part of the Muslim world.

However, doubts remain as to whether he will obtain the required two-thirds of votes on the first ballot, not least because voting is secret. "Some governments may not be telling the truth," said a European diplomat, "especially among the small Caribbean nations."

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Failure to win outright could lead to a protracted series of inconclusive votes, and possibly the emergence of a compromise candidate.

Venezuela, along with Cuba and Syria, voted in the International Atomic Energy Authority against the referral of Iran's nuclear programme to the Security Council this year.

Mr Chávez has also raised the possibility of collaboration between Iran and Venezuela in the nuclear field, and has vowed to stand with both Iran and Cuba under any circumstances. At last week's meeting of the Non-Aligned Movement in Havana, he reiterated this stance. "We will accompany Iran as we will accompany Cuba," he said. "If the United States were to invade Cuba, Venezuelan blood would flow."

More than the flow of blood, it is the flow of oil that has Washington worried. Between them, Iran and Venezuela produce almost 7m barrels a day, and both have threatened a boycott in the event of US aggression.

U.S., Israel Reach Out To Mahmoud Abbas (AP)

By Anne Gearan

AP, September 19, 2006

The United States and Israel sought on Monday to shore up a sometimes strained relationship with Palestinian President Mahmoud Abbas, who is trying to form a working alliance with Hamas officials who refuse to recognize the Israeli government.

Secretary of State Condoleezza Rice held a private meeting with Abbas without their usual retinue of aides, on the sidelines of the United Nations opening session. Rice's spokesman, Sean McCormack, would not detail U.S. goals for the meeting or say whether Rice carried a warning for Abbas about the consequences of a cozier relationship with Hamas. Her Israeli counterpart, Foreign Minister Tzipi Livni, was meeting with Abbas separately Monday night.

President Bush is to see the Palestinian leader Wednesday, the same day that the United States and other would-be Mideast peacemakers hold their first session since Israel's summer war with Hezbollah militants in Lebanon. The U.N. Security Council also plans an open meeting Thursday that is intended to revive the Mideast peace process.

Meanwhile, U.S. officials said little about reports of an impending release of an Israeli solider captured by Palestinian militants in June. Release now would give all sides some good news to announce during a round of Mideast meetings in New York this week that had been expected to focus on the continued standoff between Hamas and the West.

Egypt has been trying to broker a deal for the release of Cpl. Gilad Shalit. U.N. Secretary-General Kofi Annan also has pushed for the release of Shalit and two other Israeli soldiers.

"I will simply restate what the United States has stated time and time again," Rice said when asked about a possible release as she began a meeting with Livni. "Those prisoners, both the two in Lebanon and the one in the Palestinian territories, should be released and released unconditionally."

Rice's morning session with Livni was their third meeting in a week. Bush saw the Israeli diplomat in Washington last week. Rice and Livni have said they want to work with Abbas, the only senior Palestinian leader their nations will deal with, but are wary of his attempts to form a unity government with Hamas.

Hamas defeated Abbas' Fatah Party in legislative elections in January, although Abbas retains his position as president.

"We support voices of moderation. Obviously, President Abbas is one," national security adviser Stephen Hadley said Monday. "He's committed to peace, and we have worked with him and would continue to work with him. That's why the president is going to see him."

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid. Abbas wants to resolve the political stalemate in hopes of restarting the flow, but discussions have stalled over the U.S. demand that Hamas fully renounce violence, recognize Israel and agree to abide by commitments made by the previous secular Palestinian leaders.

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While stressing that decisions about their political future rests with the Palestinians, McCormack noted mounting unrest and dissatisfaction with the Hamas-led government. He would not say how the United States would respond if Abbas and Hamas forged a new government arrangement without any accommodation by Hamas. "The details matter here," McCormack said.

Hamas has rejected the demands from the U.S. and others, despite the financial crunch that has left the treasury unable to pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

In Cairo, Egyptian President Hosni Mubarak told state media that Israel may be willing to free Palestinian prisoners in exchange for Shalit.

Israeli government spokeswoman Miri Eisin refused to comment on Mubarak's statement.

"We have nothing to say. We respect Mubarak, and Israel does not talk about any of these issues," she said.

Israeli government and security officials said Sunday there was progress in the talks in the first sign of optimism from Israel regarding a possible deal. But the officials said a deal could take a week or more to complete.

Shalit was snatched on June 25 outside the Gaza Strip by Palestinian militants, sparking a military offensive against Gaza. Palestinians affiliated with the ruling Hamas group demanded the release of hundreds of prisoners in exchange for the soldier's release.

Days later, Hezbollah guerrillas abducted two soldiers in northern Israel, triggering a larger assault against Lebanon that lasted a month. A U.N.-brokered cease-fire called for the release of the two Hezbollah-held soldiers, but did not require it as a condition to stop the fighting.

Rice Meets Palestinian Leader Abbas In New York (AFP)

AFP, September 19, 2006

Palestinian President Mahmud Abbas conferred with US Secretary of State Condoleezza Rice in a New York hotel shortly after his arrival to attend the UN General Assembly debate.

Abbas, who is to address the Assembly Thursday, was later Monday to meet with Israeli Foreign Minister Tzipi Livni, who is also in New York.

The Palestinian leader's meeting with Rice came two days before he was due to hold talks with US President George W. Bush here.

"We support voices of moderation. Obviously, President Abbas is one. He's committed to peace, and we have worked with him and would continue to work with him," US national security adviser Stephen Hadley told reporters.

Bush was to meet with Abbas at 9:30 am (1330 GMT) Wednesday. It was to be their first meeting since October 2005.

Abbas froze talks with Hamas Sunday over forming a new unity government in a move that threatens Western aid returning soon to the beleaguered territories.

Meanwhile, Arab countries are pushing for a new mechanism to relaunch the stalled Middle East peace process in the wake of the UN-brokered truce that ended a month-long war between Israel and Hezbollah guerrillas in Lebanon last month.

At their request, the Security Council has tentatively scheduled a ministerial session on Thursday to discuss a "mechanism" based on a 2002 Arab initiative which proposed a full normalization of relations with Israel in exchange for the return of all land occupied by the Jewish state since 1967.

Palestinian PM's Guards Disperse Protest (AP)

By Diaa Hadid, Associated Press Writer

AP, September 19, 2006

Prime Minister Ismail Haniyeh's bodyguards opened fire outside the parliament building Monday to disperse a crowd of protesters angry over the government's failure to end a growing economic crisis in the Gaza Strip.

One woman was wounded in the violence, which was sparked after protesters tried to block Haniyeh's motorcade as it arrived at the parliament building in Gaza.

The demonstration was the latest expression of discontent with the Hamas-led government, which has been unable to pay tens of thousands of civil servants because of international sanctions.

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Yielding to the pressure, Hamas agreed last week to form a coalition with President Mahmoud Abbas' moderate Fatah party in hopes of lifting the boycott imposed by Western countries. The coalition talks have stalled in recent days as the U.S. seeks assurances that Hamas will renounce violence and recognize the Jewish state.

Israel offered its own incentive to the Islamic militant group Monday, saying it would consider releasing millions of dollars and freeing Palestinian prisoners if the government moderates its hard-line views and an Israeli soldier captured in June by Hamas-linked militants is freed.

"If they do that, then the Israeli commitment is to immediately follow through with substantial confidence-building measures that would reinforce a positive momentum," Foreign Ministry Mark Regev said ahead of a meeting in New York between Israeli Foreign Minister Tzipi Livni and Abbas.

Israel and Western donors cut off hundreds of millions of dollars in funding to the Palestinians after Hamas won elections in January. The sanctions have made it impossible for the government to pay its 165,000 workers, causing poverty and unemployment to skyrocket in Gaza.

Several hundred protesters — including unpaid civil servants and laborers who have lost jobs in Israel — greeted Haniyeh's motorcade as it arrived at the parliament building. They had set up a tent about two weeks ago and said they were angry that no government official has talked to them.

When some of the protesters blocked Haniyeh's car, his bodyguards fired in the air to disperse the crowd, setting off a wild scene.

Protesters said one of the demonstration leaders, Jihan Sirsawi, was injured.

"One of the executive forces hit her with his gun on the back of her neck. She was also injured in her leg and foot during the chaos," said Wafa Hasanein, another protester.

More gunfire broke out as Haniyeh stepped out of the car and moved slowly up the steps of the building under heavy guard. He smiled and waved but did not speak to the protesters.

The parliamentary session was canceled after angry Fatah lawmakers boycotted the meeting to protest the violence outside.

Abbas is trying to use a meeting in New York with President Bush this week to try to win support for the prospective coalition and move it along.

The so-called Quartet of Mideast peacemakers — the U.S., European Union, Russia and United Nations — say Hamas must renounce violence, recognize Israel and accept past peace agreements before aid can resume. Abbas has been pushing Hamas to accept those demands.

A copy of the platform for the planned unity government was released Monday. Among its key points are calling for a Palestinian state in areas captured by Israel in 1967. That stance implies recognition of Israel.

It also calls for acceptance of past agreements between the PLO and Israel that "protect the higher interests of our people." The vague language appears to fall short of the Quartet demands.

Hamas leaders have said they will not compromise any further, infuriating Abbas.

Separately Monday, an Israeli military court held off on deciding whether 18 Hamas lawmakers should be released from prison. The court, which ordered the lawmakers freed last week, made no decision on the army prosecutor's appeal and did not say when a ruling would be made.

Israel arrested the lawmakers after Hamas-allied militants captured the Israeli soldier in June. In recent days, officials have reported progress in Egyptian-mediated negotiations to arrange a prisoner swap between Israel and Hamas.

U.N. Commander: Won't Disarm Hezbollah (AP)

By Henry Meyer, Associated Press Writer

AP, September 19, 2006

The French general commanding U.N. peacekeeping forces in Lebanon said Monday his troops would not intervene to disarm Hezbollah, even as French President Jacques Chirac said the militant group should not keep a military wing.

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Maj. Gen. Alain Pelligrini told reporters the main task of his U.N. force is to ensure southern Lebanon cannot be used as a base for attacks on Israel.

"The disarmament of Hezbollah is not the business of UNIFIL. This is a strictly Lebanese affair, which should be resolved at a national level," he said.

Pelligrini's assessment underscored the constraints facing the beefed-up U.N. mission despite a tougher mandate and far greater manpower.

It came as French Defense Minister Michele Alliot-Marie visited hundreds of her country's soldiers about to deploy to southern Lebanon, where they will join the U.N. force that is to maintain the cease-fire between Israel and Hezbollah.

In Paris, Chirac said it was important for the Lebanese government to assert control over its entire territory.

"It is totally normal there be a wing that expresses politically what the Hezbollah think .... What is questionable, is to express this by force, by armed militias," the French leader said in an interview on Europe-1 radio.

U.N. peacekeepers for the first time began checking security measures Monday on Lebanon's border with Syria, part of efforts to help the Lebanese army in monitoring sea and land borders to prevent arms shipments to Hezbollah.

The bulk of the 15,000-strong U.N. force is deploying in the south, and France — contributing the second-largest contingent of 2,000 soldiers — will command it until early next year, when Italy is to take over.

The U.N. cease-fire resolution that ended the 34-day war Aug. 14 stipulated Hezbollah eventually be disarmed, and Chirac said he wanted to see the resolution implemented "without reservations."

But in practice, neither the Lebanese army nor U.N. soldiers want to provoke a confrontation with the well-trained guerrillas in their southern heartland.

Along with the U.N. troops, who currently number 5,000, Lebanon's army is deploying 15,000 soldiers in the southern area that borders Israel.

"Our mission is to have a zone between the Blue Line and the Litani (River) where there is no illegal army and from which you cannot launch hostile acts," Pelligrini said, referring to the area between the U.N.-demarcated border with Israel and the river.

Hezbollah's leader, Sheik Hassan Nasrallah, said in an interview last week that Israel's monthlong offensive had failed to dismantle Hezbollah and boasted that his armed guerrillas were still in the towns and villages near the Israeli border.

Hezbollah fighters, who have controlled parts of southern Lebanon for years, are believed to be lying low and blending in with the local population — as they did before the war.

The weak central government in Lebanon has vowed to re-establish its authority over the Hezbollah stronghold in the south. But Western-backed Prime Minister Fuad Saniora has also made clear the Lebanese troops would not actively hunt for hidden Hezbollah arsenals.

Alliot-Marie told the French soldiers at a temporary base housing them in Beirut that they would be carrying out a mission "whose difficulties and risks I am aware of."

But she said their robust mandate and heavy armor, which includes Leclerc tanks, sophisticated Cobra radar systems and 155 mm howitzers, would deter aggression.

"To avoid clashes sometimes you have to dissuade (the other side) by demonstrating you are stronger," the minister said.

Some 900 French soldiers who have been staying in Beirut are to begin moving Tuesday to a base in Deir Kifa, east of the port of Tyre. The French deployment to southern Lebanon will take about a week; the first convoy will consist of 150 soldiers and four tanks.

China, meanwhile, said it will increase its peacekeeping force in Lebanon to 1,000.

More than 1,000 people died in the fighting between Hezbollah and Israel, most of them Lebanese civilians.

China Plans Peacekeeper, Aid Increases In Lebanon (WSJ/AP)

The Wall Street Journal, September 19, 2006

BEIJING -- Chinese Premier Wen Jiabao said yesterday that China will increase its peacekeeping force in Lebanon to 1,000 and double its pledge of humanitarian aid to the Middle Eastern country.

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The peacekeeping commitment represents a substantial increase in China's presence in the United Nations force in Lebanon and underscores Beijing's growing strategic interest in the oil-rich Middle East.

Mr. Wen made the remarks at a news conference with visiting Italian Premier Romano Prodi, who also said his country was leaning toward supporting the end of a 17-year-old European Union ban on arms sales to China.

China's move to send more peacekeepers, Mr. Prodi said, "shows that China is assuming more and more international responsibility."

A permanent member of the U.N. Security Council for more than three decades, China has been slow to assume an active role in world politics and peacekeeping. The U.S. in particular has urged China to take a diplomatic profile that matches its growing economic clout world-wide.

China sent 182 peacekeepers to Lebanon at the start of the year -- its first peacekeeping contingent to the Middle East -- before the clashes in July and August between Israel and the Lebanon-based militant group Hezbollah.

In announcing the increase in peacekeepers, Mr. Wen said China hoped to see Lebanon achieve stability. Mr. Wen also said China would increase its humanitarian assistance to 40 million yuan ($5 million), half of which has already been provided to Lebanon.

Mr. Prodi's visit indicates a shift in Italian policy toward China from his predecessor, Silvio Berlusconi, who often blamed Chinese imports for Italy's weak economy. The two sides signed 15 agreements on trade, agriculture, medical care and cultural preservation. Details weren't available.

The weapons embargo, imposed after China's 1989 crackdown on the Tiananmen Square pro-democracy protests, has become a political sticking point in China's generally robust relations with the EU.

Poland's President Wants Peace Role (AP)

By Monika Scislowska, Associated Press Writer

AP, September 19, 2006

Poland's president said Monday he wants his country to be an active broker of world peace and his government could send hundreds more troops than it has already pledged to a U.N. force in Lebanon.

Last week, Poland said it would increase its troop contribution to a NATO-led force in Afghanistan from about 100 now to 1,000 in February.

In an interview with The Associated Press in New York, President Lech Kaczynski criticized the European Union, which Poland joined in 2004, for its reluctance to commit more forcefully to peacekeeping missions around the world.

He said it was "one of Europe's maladies" that it was not able to muster the number of troops needed to quell conflicts.

"A union of 25 rich nations should not have trouble getting ready 100,000 well-trained and well-equipped troops," said Kaczynski, who was in New York to attend the U.N. General Assembly this week.

European nations were reluctant to heed the call of NATO's top commander, U.S. Gen. James L. Jones, for extra troops in Afghanistan. NATO has about 20,000 forces in Afghanistan, with almost half deployed in the southern provinces that are the heartland of the Taliban and Afghanistan's powerful opium gangs. Earlier this month, Jones called for extra troops to support the 8,000 British, Canadian, Dutch and American soldiers fighting in that region.

European countries were also slow to commit large forces to a beefed up U.N. peacekeeping force of 15,000 to patrol south Lebanon as part of a U.N.-brokered cease-fire that ended 34 days of fighting between Israel and Hezbollah this summer. France, which leads the force known as UNIFIL, initially disappointed the U.N. and other countries by saying it would merely double its contingent of 200 troops. Later, it committed to send 2,000 troops.

Poland now has about 200 troops in UNIFIL and has said it will raise that number to 500.

"In Lebanon, I do not exclude a possibility of increasing the mission by another 200, 300 troops in 2007," Kaczynski said in the interview. That could boost Poland's total forces in Lebanon to 800, he said.

Noting the strain the various conflicts are placing on the armed forces of this nation of 38 million, Kaczynski reiterated that the 900 Polish troops in south-central Iraq will serve in the U.S.-led coalition there until the end of 2007 "and no longer."

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Despite NATO's call for reinforcements in Afghanistan, Kaczynski said Poland, an alliance member since 1999, cannot commit more than the 1,000 troops already pledged.

"No more troops can be sent to Afghanistan. We have declared the maximum that was taken into consideration," he said.

"We are everywhere where they need us," he added.

Kaczynski, whose identical twin brother, Jaroslaw Kaczynski, is the prime minister, also touched on other topics, noting that in Europe his views on issues like national values are sometimes misunderstood.

"I am aware that often, the things I say are not in line with the European correctness," he said. "Even more: I am ascribed views that are not really mine."

Kaczynski took office in December with a plege to ensure that Poland's traditional Roman Catholic values are not overshadowed by what he called the more liberal trends in Europe.

He has also been criticized for speaking against gay marriage. He says property and inheritance issues of gay couples can be settled by lawyers.

"I do not support the turning back of the wheel of history," Kaczynski said, adding that he is "not an enemy" of gay people.

Iranian Leader Urges More Papal Protests (AP-Y)

By Lee Keath, Associated Press Writer

AP, September 19, 2006

Al-Qaida in Iraq warned Pope Benedict XVI on Monday that its war against Christianity and the West will go on until Islam takes over the world, and Iran's supreme leader called for more protests over the pontiff's remarks on Islam.

Protests broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope.

Islamic leaders around the world issued more condemnations of the pope's comments, but some moderates in the Middle East appeared to be trying to put a damper on the outrage, fearing it could spiral into attacks on Christians in the region.

On Sunday, Benedict said he was "deeply sorry" over any hurt caused by his comments made in a speech last week, in which he quoted a medieval text characterizing some of the Prophet Muhammad's teachings as "evil and inhuman" and calling Islam a religion spread by the sword.

Benedict said the remarks came from a text that didn't reflect his own opinion, but he did not retract what he said or say he was sorry he uttered what proved to be explosive words.

The Vatican on Monday sought to defuse the anger, ordering papal representatives around the world to meet with leaders of Muslim countries to explain the pope's point of view and full context of his speech.

Roman Catholic leaders stepped forward to defend the pontiff. At an Italian bishops' conference, Cardinal Camillo Ruini underlined the bishops' "total closeness and solidarity to the pope" and said they deplored interpretations of the pope's comments "which attribute to the Holy Father ... errors that he has not committed and aim at attacking his person and his ministry."

Few in the Islamic world were satisfied by Benedict's statement of regret.

"The pope's words have caused a deep wound in the hearts of Muslims that won't heal for a long time, and then only after a clear apology to Muslims," Egypt's religious affairs minister, Mahmoud Hamdi Zaqzouq, wrote in a column in the government daily Al-Ahram on Monday.

An influential Egyptian cleric, Sheik Youssef al-Qaradawi, called for protests after weekly prayers on Friday, but maintained they should be peaceful.

Extremists said the pope's comments proved that the West was in a war against Islam.

Al-Qaida in Iraq and its allies said Muslims would be victorious and addressed the pope as "the worshipper of the cross," saying "you and the West are doomed as you can see from the defeat in Iraq, Afghanistan, Chechnya and elsewhere. ... We will break up the cross, spill the liquor and impose the 'jizya' tax, then the only thing acceptable is a conversion (to Islam) or (being killed by) the sword."

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Islam forbids drinking alcohol and requires non-Muslims to pay the "jizya" tax, though those who convert are exempt. The tax, sometimes called a head tax, has not been imposed in Muslim nations in about 100 years, though Islamic militant groups have tried to force non-Muslims to pay it on a local level in some countries.

"You infidels and despots, we will continue our jihad (holy war) and never stop until God avails us to chop your necks and raise the fluttering banner of monotheism, when God's rule is established governing all people and nations," said the statement by the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups in Iraq.

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Islam forbids drinking alcohol and requires non-Muslims to pay the 'jizya' tax, though they were exempt if they converted to Islam.or early 20th century, though Islamic militant groups have tried to force non-Muslims to pay it on a local level in some countries.

Another Iraqi extremist group, Ansar al-Sunna, challenged "sleeping Muslims" to prove their manhood by doing something other than "issuing statements or holding demonstrations."

"If the stupid pig is prancing with his blasphemies in his house," the group said in a Web statement, referring to the pope, "then let him wait for the day coming soon when the armies of the religion of right knock on the walls of Rome."

In Iran, supreme leader Ayatollah Ali Khamenei used the comments to call for protests against the United States. He argued that while the pope may have been deceived into making his remarks, the words give the West an "excuse for suppressing Muslims" by depicting them as terrorists.

"Those who benefit from the pope's comments and drive their own arrogant policies should be targeted with attacks and protests," he said, referring to the United States.

The anger recalled the outrage earlier this year over cartoons depicting the prophet published by a Danish paper. The caricatures, which Muslims saw as insulting Muhammad, set off large, violent protests across the Islamic world.

So far, protests over the pope's comments have been smaller. However, there has been some violence: Attackers hurled firebombs at seven churches in the West Bank and Gaza Strip over the weekend, and a nun was shot to death in Somalia.

Some 200 Khamenei loyalists in the Syrian capital, Damascus, held a protest Monday at an Islamic shrine, dismissing the pope's apology. "The pope's sorrow was equivocal," read one banner.

Dozens protested outside the Vatican Embassy in Jakarta, Indonesia, and schools and shops in the Indian-controlled section of Kashmir shut their doors in protest.

"His comments really hurt Muslims all over the world," Umar Nawawi of the radical Islamic Defenders' Front said in Jakarta. "We should remind him not to say such things which can only fuel a holy war."

Islamic countries also asked the U.N. Human Rights Council to examine the question of religious tolerance. Malaysia's foreign minister, Syed Hamid Albar, said Benedict's apology was "inadequate to calm the anger."

In Egypt, the Muslim Brotherhood said the anger should not be allowed to hurt ties with the Middle East's Christian minorities. But worries among Christians in the region are high.

Guards have been posted around some churches, and the head of Egypt's Orthodox Coptic Church, Pope Shenouda III, disassociated himself from Benedict's statements.

The Dominican mission in Cairo also criticized Benedict's words, saying he chose a text for his speech that "revived the polemics of the past."

"These comments, seen by many Muslims as hurtful, risk encouraging extremists on all sides," it said in a statement, "and put in danger all the advances in dialogue made in recent decades."

Muslim Anger Spreads To South Asia (WT)

The Washington Times, September 19, 2006

DOJ_NMG_0065437

Extremists called yesterday for an Islamic army to march on Rome because of remarks by Pope Benedict XVI, while a well-known Muslim firebrand said in London that the pontiff should face "capital punishment."

Elsewhere, Iran's supreme leader called for more protests over the pontiff's remarks and protests broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope.

In London, police increased patrols near churches and began an inquiry into remarks by Anjem Choudhary, a well-known extremist who had called at a rally outside Westminster Cathedral on Sunday for the pope to be "executed."

The 39-year-old lawyer also had organized a rally earlier this year sparked by cartoons in a Danish newspaper at which some protesters carried placards declaring "Behead Those Who Insult Islam."

"Non-Muslims must ... understand that there may be serious consequences if you insult Islam and the prophet," Mr. Choudhary was quoted as saying on Sunday by the Daily Mail. "Whoever insults the message of Muhammad is going to be subject to capital punishment."

In Iraq yesterday, the extremist group Ansar al-Sunna challenged "sleeping Muslims" to prove their manhood by doing something other than "issuing statements or holding demonstrations."

"If the stupid pig is prancing with his blasphemies in his house," the group said of the pope in a Web statement, "then let him wait for the day coming soon when the armies of the religion of right knock on the walls of Rome."

The protests over the pope's comments have been smaller than those that broke out over cartoons of the prophet Muhammad, but there have been several instances of violence.

Attackers hurled firebombs at seven churches in the West Bank and Gaza Strip over the weekend. The fatal shooting of a nun Sunday in Somalia also could be linked to the dispute.

Extremists said the pope's comments proved that the West is waging a war with Islam.

Al Qaeda in Iraq and its allies issued a statement calling the pope "a cross-worshipper" and warning, "You and the West are doomed, as you can see from the defeat in Iraq, Afghanistan, Chechnya and elsewhere.

"You infidels and despots, we will continue our jihad [holy war] and never stop until God avails us to chop your necks and raise the fluttering banner of monotheism, when God's rule is established governing all people and nations," said the statement by the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups in Iraq.

In Iran, supreme leader Ayatollah Ali Khamenei called for anti-U.S. demonstrations. He argued that although the pope may have been deceived into making his remarks, the words give the West an "excuse for suppressing Muslims" by depicting them as terrorists.

"Those who benefit from the pope's comments and drive their own arrogant policies should be targeted with attacks and protests," he said, referring to the United States.

President Bush yesterday tried to calm the Muslim world during a 50-minute meeting in New York with Malaysian Prime Minister Abdullah Ahmad Badawi.

"The president noted that the pope had made some apologies for his remarks, and the president believed that the pope was sincere in those remarks," said Dennis Wilder, senior director for East Asian affairs at the National Security Council.

Mr. Badawi "accepted the president's position on the subject," Mr. Wilder added. Malaysia's foreign minister has said the pope's words of explanation had been insufficient.

On Sunday, Benedict said he was "deeply sorry" about any hurt caused by a speech last week in which he quoted a medieval text characterizing some of the prophet Muhammad's teachings as "evil and inhuman" and calling Islam a religion spread by the sword.

The Vatican yesterday ordered papal representatives around the world to meet with leaders of Muslim countries to explain the pope's point of view and the full context of his speech.

cStaff writer Stephen Dinan contributed to this report from New York.

Pope’s Regrets Over Statement Fail To Quiet A Storm Of Protests (NYT)

By Ian Fisher

DOJ_NMG_0065438

The New York Times, September 19, 2006

ROME, Sept. 18 — Many Muslims insisted Monday that Pope Benedict XVI did not go far enough in his apology on Sunday for the offense caused by a speech he gave last week that discussed Islam and holy war.

In the southern Iraqi city of Basra, protesters burned an effigy of the pope, and an Iraqi group linked to Al Qaeda posted a warning on a Web site threatening war against "worshipers of the cross."

The supreme leader in Iran, Ayatollah Ali Khamenei, called the pope's remarks "the latest link" in the "chain of conspiracy to set off a crusade."

And, as a Vatican official said its ambassadors would seek to better explain the pope's statement, a Turkish man with a fake gun tried to storm a Protestant church in Turkey's capital, Ankara. He was arrested after worshipers trapped him in the church entryway.

Apart from the continuing anger at the pope's speech, in which he cited a medieval passage that called Islam "evil and inhuman," the debate on Monday seemed to turn on whether the pope had actually apologized.

Many Muslims — and some Catholics — noted that he had said only that he was sorry for the reaction that fanned out across the Muslim world. He did not say he had been wrong to have used the quotations.

"You either have to say 'I'm sorry' in a proper way or don't say it at all," said Mehmet Aydin, a state minister in Turkey, which Benedict is scheduled to visit in November in his first trip to a Muslim country.

But other Muslims either accepted the pope's statement or called it the best they would get.

"The pope has apologized, and that's enough, so let's calm down," said Hasyim Muzadi, head of Indonesia's largest Islamic organization, Nahdlatul Ulama. "If we remain furious, then the pope will be proved correct."

Turkey's most senior Muslim cleric, Ali Bardakoglu, who had been among the most strident in his criticism of the pope, said, "His expression of sadness is a sign that he would work for world peace."

The Muslim Council in Britain called the pope's words "exactly the reassurance many Muslims were looking for."

Benedict ignited a firestorm of protest last week in a speech he made at Regensburg University in Germany. The speech was largely a scholarly address criticizing the West for submitting itself too much to reason, and shutting belief in God out of science and philosophy.

But he began by recounting a discussion of Christianity and Islam between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

Benedict also briefly considered the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion was contrary to God's nature and to reason.

In the speech, Benedict did not say whether he agreed with the quotations he cited. But on Sunday he delivered a rare papal expression of regret, saying, "These were in fact quotations from a medieval text, which do not in any way express my personal thought."

He said his address had been "an invitation to frank and sincere dialogue, with great mutual respect."

Several Christian leaders were quoted Monday defending the pope, saying that his words had been misunderstood by the news media.

"We are faced with a media-driven phenomenon bordering on the absurd," Cardinal Jean-Marie Lustiger, the former archbishop of Paris, told Le Monde. "If the game consists in unleashing the crowd's vindictiveness on words that it has not understood, then the conditions for dialogue with Islam are no longer met."

The Most Rev. Rowan Williams, who as archbishop of Canterbury is the leader of the world's Anglicans, told the BBC, "The pope has already issued an apology, and I think his views on this need to be judged against his entire record, where he has spoken very positively about dialogue" between faiths.

Bush Discusses Flap Over Pope's Remarks (AP)

By Deb Riechmann

DOJ_NMG_0065439

AP, September 19, 2006

President Bush on Monday tried to soothe Muslims' outrage over Pope Benedict XVI's remarks about Islam.

Bush addressed the issue during his meeting Monday with the prime minister of Malaysia.

"The president noted that the pope had made some apologies for his remarks and the president believed that the pope was sincere in those remarks and that's where the discussion was left," Dennis Wilder, senior director for East Asian affairs for the National Security Council, told reporters during a briefing on the meeting held on the sidelines of the U.N. General Assembly.

Benedict has said he "sincerely regrets" offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman."

But the statement stopped short of the apology demanded by Islamic leaders around the globe, and anger among Muslims remained intense.

Malaysian Prime Minister Abdullah Ahmad Badawi, whose Southeast Asian nation has a large Muslim population, demanded that Benedict retract his remarks and not "take lightly the spread of outrage that has been created."

Asked how the prime minister reacted to Bush's comments, Wilder said only that the prime minister "accepted the president's position on the subject."

Pope Provocateur (WSJ)

By Bret Stephens

The Wall Street Journal, September 19, 2006

Five days: That's how long it took Pope Benedict XVI to express regret for all the offense caused by his speech last week at the University of Regensburg, in his native Bavaria. But maybe his apology -- on Sunday, he said he was "deeply sorry for the reactions in some countries to a few passages in my address" -- was as sly as the speech itself.

That speech deserves to be read in its totality, and not simply as the spark that set fire to churches across the West Bank because some Muslim fanatics object to the suggestion that there is too much violence in their religion. And yes: Contrary to nervous Vatican disclaimers, Benedict plainly implies that Islam is a faith of the sword, though he makes the point abstrusely, in the form of an anecdote about the late-14th-century Byzantine emperor Manuel II Paleologus.

But that is neither the central theme of the address nor the main purpose of the anecdote. Benedict begins by recalling his own days as a professor at the university, when every semester faculty members from every department would convene before the student body, "making possible," he says, "a genuine experience of universitas." He goes on to note that the faculty included believers and unbelievers alike: "This profound sense of coherence within the universe of reason was not troubled even when it was once reported that a colleague had said there was something odd about our university: It had two faculties devoted to something that did not exist -- God."

That is the immediate prologue to the story he tells about a conversation between the "erudite" Byzantine emperor and an "educated Persian" in the winter of 1391. In it, the emperor condemns the notion of holy war, calling it "evil and inhuman." This is the line in the speech that inspires the current controversy. Yet the emperor's point -- and the Pope's -- is that "God is not pleased by blood. . . . Whoever would lead someone to faith needs the ability to speak well and to reason properly, without violence and threats."

This story, and Benedict's personal recollections that precede it, have something in common: Both involve dialogue between men of radically different beliefs. The dialogue is possible, Benedict suggests, because despite their differences the respective sides are bound by a "single rationality," capable of inquiring broadly into all fields of knowledge, including the "reasonableness of faith." The more important point for Benedict, however, is that genuine dialogue is possible only if there is a shared conviction among the speakers that the alternatives to dialogue -- violence, forced conversion and so on -- are "contrary to God's nature."

These reflections lead Benedict to a much graver indictment of Islam: "For Muslim teaching," he says, "God is absolutely transcendent. His will is not bound up with any of our categories, even that of rationality." Citing the 11th century polymath Ibn Hazm, Benedict adds that in Islam, "God is not bound even by his own word."

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Let's play that again, since the rest of the media failed to notice: Pope Benedict suggests that the God of Mohammad is, or may seem to humans to be, "not even bound to truth and goodness." Who knows whether that really reflects a consensus view down the ages among Muslim theologians -- Benedict makes his case about Islam by citing one scholar who cites another scholar who cites another. The more interesting question is why Benedict goes out of his way to use Islam as an example, since he also warns against similar tendencies toward insisting on God's radical "otherness" within the Catholic tradition itself. So why can't he simply illustrate the controversies of faith without going outside the boundaries of his own?

In fact, Benedict saves his sharpest barbs for non-Muslim targets: Protestantism, which seeks a "primordial" form of faith; liberal theology, which reduces Jesus to "the father of a humanitarian moral message"; scientific rationalism, the ethics of which are "simply inadequate" to answer the "specifically human questions about our origin and destiny"; and what might be called Catholic pluralism, a culturally adaptive notion of the faith that Benedict denounces as "false" and "coarse."

These aren't mere provocations. There is an overarching philosophical architecture to Benedict's critique, expressed in the notion of the "de-Hellenization of Christianity." Christianity, in his view, is shaped and defined by the great dialogue between Athens and Jerusalem, reason and revelation. When the Apostle John says "In the beginning was the Word," the "word," literally, is logos -- which is reason, or argument. This, according to Benedict, expresses "the intrinsic necessity of a rapprochement between Biblical faith and Greek inquiry."

That rapprochement -- a triumph of dialogue -- lies at the heart of Benedict's theology: Strip faith from reason (as scientific rationalism does), or reason from faith (as Protestant literalism does), and "it is man himself who ends up being reduced."

There is a political subtext. Precisely in the middle of his speech, the Pope describes the convergence of faith and philosophy as decisive to the character of "what can rightly be called Europe." He does not mention Europe again, nor, except obliquely, Islam. But near the end of his speech he warns that the "exclusion of the divine from the universality of reason" may be seen by other cultures "as an attack on their most profound convictions." "Reason which is deaf to the divine," he adds, "is incapable of entering into the dialogue of cultures."

A Europe that cannot understand its own religion, except as a form of subjective irrationalism, cannot possibly engage another. A Christianity that voluntarily recuses itself from reason cannot sustain a belief in the goodness of its convictions, to say nothing of its truth. A West that abandons a critical dialogue between faith and rational inquiry ceases to be the West. It becomes, in a peculiar way, guilty of the same errors Benedict accuses Islam of making. This is the Pope's teaching, and it requires no apology. Notice that he offers none.

Benedict The Brave (WSJ)

The Wall Street Journal, September 19, 2006

It's a familiar spectacle: furious demands for an apology, threats, riots, violence. Anything can trigger so-called Muslim fury: a novel by a British-Indian writer, newspaper cartoons in a small Nordic country or, this past week, a talk on theology by the head of the Roman Catholic Church.

In a lecture on "Faith and Reason" at the University of Regensburg in Germany, Benedict XVI cited one of the last emperors of Byzantium, Manuel II Paleologus. Stressing the 14th-century emperor's "startling brusqueness," the pope quoted him as saying: "Show me just what Mohammed brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Taken alone, these are strong words. However, the pope didn't endorse the comment that he twice emphasized was not his own. No matter. As with Salman Rushdie's "Satanic Verses," which millions of outraged Muslims didn't bother to read (including Ayatollah Khomeini, who put the bounty on the novelist's life), what Benedict XVI meant or even said isn't the issue. Once again, many Muslim leaders are inciting their faithful against perceived slights and trying to proscribe how free societies discuss one of the world's major religions.

Several Iraqi terrorist groups called for attacks on the Vatican. A cleric linked to Somalia's ruling Islamist movement urged Muslims to "hunt down" and kill the pope. In an apparently linked attack Sunday in Mogadishu, a nun was gunned down in a children's hospital. Pakistan's parliament unanimously adopted a resolution condemning the pontiff and demanding an apology.

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Under pressure and no doubt to stop any further violence, the pope on Sunday did so. "I am deeply sorry for the reactions in some countries to a few passages of my address . . . which were considered offensive to the sensibility of Muslims," he told pilgrims at his Castelgandolfo summer residence. The quote doesn't "in any way express my personal thought. I hope this serves to appease hearts."

It was a gracious gesture on the pope's part, especially because his original argument deserves to be heard, not least by Muslims. The offending quotation was a small part in a chain of argument that led to his main thesis about the close relationship between reason and belief. Without the right balance between the two, the pontiff said, mankind is condemned to the "pathologies and life-threatening diseases associated with religion and reason" -- in short, political and religious fanaticism.

In Christianity, God is inseparable from reason. "In the beginning was the Word," the pope quotes from the Gospel according to John. "God acts with logos. Logos means both reason and word," he explained. "The inner rapprochement between Biblical faith and Greek philosophical inquiry was an event of decisive importance not only from the standpoint of history of religions, but also from that of world history. . . . This convergence, with the subsequent addition of the Roman heritage, created Europe."

The question raised by the pope is whether this convergence has taken place in Islam as well. He quotes the Lebanese Catholic theologist Theodore Khoury, who said that "for Muslim teaching, God is absolutely transcendent, his will is not bound up with any of our categories." If this is true, can there be dialogue at all between Islam and the West? For the pope, the precondition for any meaningful interfaith discussions is a religion tempered by reason: "It is to this great logos, to this breadth of reason, that we invite our partners in the dialogue of cultures," he concluded.

This is not an invitation to the usual feel-good interfaith round-tables. It is a request for dialogue with one condition -- that everyone at the table reject the irrationality of religiously motivated violence. The pope isn't condemning Islam; he is inviting it to join rather than reject the modern world.

By their reaction to the pope's speech, some Muslim leaders showed again that Islam has a problem with modernity that is going to have to be solved by a debate within Islam. The day Muslims condemn Islamic terror with the same vehemence they condemn those who criticize Islam, an attempt at dialogue -- and at improving relations between the Western and Islamic worlds -- can begin.

Pope: Wrong Words, Right Concern (LAT)

The Los Angeles Times, September 19, 2006

CONTRARY TO POPULAR BELIEF, the Roman Catholic Church does not hold that the pope is infallible in everything he says. Pope Benedict XVI underscored that doctrinal fine point Sunday when he said he was "deeply sorry" about the controversy concerning his recent comments about Islam.

Attenuated as it was, the apology was in order because the pope's error was significant. Speaking last week in Germany, he quoted a 14th century Byzantine emperor who said that the prophet Muhammad was responsible for "things only evil and inhuman, such as his command to spread by the sword the faith he preached." On Sunday, Benedict insisted that such denunciations of Islam "do not in any way express my personal thought."

Then why cite them? At a time when Osama bin Laden and other Islamic militants are portraying the United States and other Western nations as Crusaders, the pope should have known better.

Forced conversions are not unique to Islam. Nobody on "Monty Python's Flying Circus" may have expected the Spanish Inquisition, but anyone familiar with the history of Christianity knew that the pope's comments would inspire tit-for-tat citations of that shameful institution and other examples of the traditional Christian view, repudiated by the Second Vatican Council, that "error has no rights."

Not just Roman Catholics but other Christians through the centuries have imposed the faith by the sword or through legal penalties. Catholics were persecuted by Protestant monarchs in England and remained second-class citizens until the 19th century. To this day England has an established church, though Christianity obviously doesn't govern public policy in that country the way Islam does in some Middle Eastern countries.

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Intolerance is and always has been an occupational hazard for the preacher of any perceived divine revelation. That said, Christianity in many of its manifestations has moved beyond intimidation. In 1965, Vatican II declared that "the human person has a right to religious freedom" and must be "immune from coercion" in matters of faith.

Even some Muslims acknowledge that Islam often has not made the same accommodation to freedom of conscience. The pope may object to the portrait of Catholicism in "The Da Vinci Code," but he has not threatened the life of author Dan Brown. When Salman Rushdie's "The Satanic Verses" was published, the Ayatollah Ruhollah Khomeini issued a fatwa calling on devout Muslims to kill the Anglo-Indian author. The armchair academic explanation for this disparity is that, however reluctantly, much of Christianity has made peace with the Enlightenment, while much of Islam has not.

That seems to have been the larger point that Benedict was trying to make in Germany, where he began his career as a university professor. The problem is that he isn't a professor now; he's the pope. And although they may be infallible when it comes to faith and morals, popes need to watch their words when they have political consequences.

We Need A Real Dialogue (WP)

By E. J. Dionne Jr.

The Washington Post, September 19, 2006

I was tempted to defend Pope Benedict XVI's comments about Islam on the grounds that we journalists always profess to admire leaders who take risks to say what they really think. In a lecture last week in Germany, Benedict said what he really thought.

The irony is that the pontiff's comments came in an address that took Islam and all other religious faiths more seriously than do many of the pope's secular critics. The whole point of the talk, after all, was to defend the rationality of faith in God.

But there is no getting around it: The pope made a big mistake, creating problems for himself, his church and the West. He spoke in the voice of the academic theologian he once was and not as the leader of one of the world's great religions. Being pope is very different from being Professor Joseph Ratzinger.

In the controversial passage, Benedict recalls a dialogue between "the erudite Byzantine emperor Manuel II Paleologus and an educated Persian on the subject of Christianity and Islam."

The emperor -- "with a startling brusqueness, a brusqueness which leaves us astounded," the pope noted, according to the Vatican's translation -- had this to say: "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

The pope didn't leave it there. He added that the "emperor . . . goes on to explain in detail the reasons why spreading the faith through violence is something unreasonable. Violence is incompatible with the nature of God and the nature of the soul."

What went wrong here? First, if you read his intellectually interesting lecture, you'll see the passage on Islam was not truly essential to the pope's argument. Indeed, he argued at least as strongly against a liberal Christianity in which "the subjective 'conscience' becomes the sole arbiter of what is ethical" and in which Jesus is reduced to being "the father of a humanitarian moral message." (Those quotation marks around the word "conscience" reflect the pope's skepticism of individual moral choice unguided by the church's teachings.) But then why did Benedict take his shot at Islam? And why didn't he pause to acknowledge that at various moments in history, Christians, including Catholics, have themselves been guilty of inappropriate uses of violence?

Pope John Paul II probably would have agreed broadly with Benedict's theological argument. But John Paul saw himself as a leader of a universal church with serious political responsibilities.

I suspect that John Paul, who was always keener on interreligious dialogue than Benedict, would either have cut the passage about Islam or developed it in a way that wouldn't have required the elaborate not-quite-an-apology Benedict issued on Sunday. (Benedict said the words of the "medieval text" he quoted "do not in any way express my personal thought.") John Paul understood that the growth of Christianity requires religious liberty in nations where Christians are a minority. No institution has more of an interest in religious toleration and a sense of interreligious comradeship than the Catholic Church.

Benedict's defenders have a point when they question whether his comments fully justify the explosion against him in the Muslim world. A significant number of Muslim religious leaders have said some harsh things about Christians, Jews and Western

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secularists in recent years. Would that all of Benedict's Muslim critics were as critical of anti-Christian or anti-Jewish statements from their own side.

But that is precisely why all who are hoping for a liberalized Islam should take Benedict to task, and why he needs to use that great intellect of his to move this discussion in a different direction.

The many Muslims who reject the idea that their faith should be "spread by the sword" will not see their cause advanced by Westerners who take us back to arguments rooted in an era when Christianity and Islam were literally at sword's point. We should all struggle to interpret our respective traditions in ways that enhance toleration and respect. Muslims who take risks on behalf of religious freedom need to know that non-Muslims are willing to engage with the best and not just the most extreme currents of Islamic thought.

Benedict made a good point when he said: "A reason which is deaf to the divine and which relegates religion into the realm of subcultures is incapable of entering into the dialogue of cultures."

It's true that Westerners who reject religion altogether may have trouble opening an authentic dialogue with Muslims. But religious dialogue will not progress very far if it starts off with a slap in the face.

Enough Apologies (WP)

By Anne Applebaum

The Washington Post, September 19, 2006

Already, angry Palestinian militants have assaulted seven West Bank and Gaza churches, destroying two of them. In Somalia, gunmen shot dead an elderly Italian nun. Radical clerics from Qatar to Qom have called, variously, for a "day of anger" or for worshipers to "hunt down" the pope and his followers. From Turkey to Malaysia, Muslim politicians have condemned the pope and called his apology "insufficient." And all of this because Benedict XVI, speaking at the University of Regensburg, quoted a Byzantine emperor who, more than 600 years ago, called Islam a faith "spread by the sword." We've been here before, of course. Similar protests were sparked last winter by cartoon portrayals of Muhammad in the Danish press. Similar apologies resulted, though Benedict's is more surprising than those of the Danish government. No one, apparently, can remember any pope, not even the media-friendly John Paul II, apologizing for anything in such specific terms: not for the Inquisition, not for the persecution of Galileo and certainly not for a single comment made to an academic audience in an unimportant German city.

But Western reactions to Muslim "days of anger" have followed a familiar pattern, too. Last winter, some Western newspapers defended their Danish colleagues, even going so far as to reprint the cartoons -- but others, including the Vatican, attacked the Danes for giving offense. Some leading Catholics have now defended the pope -- but others, no doubt including some Danes, have complained that his statement should have been better vetted, or never given at all. This isn't surprising: By definition, the West is not monolithic. Left-leaning journalists don't identify with right-leaning colleagues (or right-leaning Catholic colleagues), and vice versa. Not all Christians, let alone all Catholics -- even all German Catholics -- identify with the pope either, and certainly they don't want to defend his every scholarly quotation.

Unfortunately, these subtle distinctions are lost on the fanatics who torch embassies and churches. And they may also be preventing all of us from finding a useful response to the waves of anti-Western anger and violence that periodically engulf parts of the Muslim world. Clearly, a handful of apologies and some random public debate -- should the pope have said X, should the Danish prime minister have done Y -- are ineffective and irrelevant: None of the radical clerics accepts Western apologies, and none of their radical followers reads the Western press. Instead, Western politicians, writers, thinkers and speakers should stop apologizing -- and start uniting.

By this, I don't mean that we all need to rush to defend or to analyze this particular sermon; I leave that to experts on Byzantine theology. But we can all unite in our support for freedom of speech -- surely the pope is allowed to quote from medieval texts -- and of the press. And we can also unite, loudly, in our condemnation of violent, unprovoked attacks on churches, embassies and elderly nuns. By "we" I mean here the White House, the Vatican, the German Greens, the French Foreign Ministry, NATO, Greenpeace, Le Monde and Fox News -- Western institutions of the left, the right and everything in between. True, these principles sound pretty elementary -- "we're pro-free speech and anti-gratuitous violence" -- but in the days since the

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pope's sermon, I don't feel that I've heard them defended in anything like a unanimous chorus. A lot more time has been spent analyzing what the pontiff meant to say, or should have said, or might have said if he had been given better advice.

All of which is simply beside the point, since nothing the pope has ever said comes even close to matching the vitriol, extremism and hatred that pour out of the mouths of radical imams and fanatical clerics every day, all across Europe and the Muslim world, almost none of which ever provokes any Western response at all. And maybe it's time that it should: When Saudi Arabia publishes textbooks commanding good Wahhabi Muslims to "hate" Christians, Jews and non-Wahhabi Muslims, for example, why shouldn't the Vatican, the Southern Baptists, Britain's chief rabbi and the Council on American-Islamic Relations all condemn them -- simultaneously?

Maybe it's a pipe dream: The day when the White House and Greenpeace can issue a joint statement is surely distant indeed. But if stray comments by Western leaders -- not to mention Western films, books, cartoons, traditions and values -- are going to inspire regular violence, I don't feel that it's asking too much for the West to quit saying sorry and unite, occasionally, in its own defense. The fanatics attacking the pope already limit the right to free speech among their own followers. I don't see why we should allow them to limit our right to free speech, too.

A Challenge, Not A Crusade (NYT)

By John L. Allen Jr.

The New York Times, September 19, 2006

SEEN in context, Pope Benedict XVI's citation last week of a 14th-century Byzantine emperor who claimed that the Prophet Muhammad brought "things only evil and inhuman" to the world was not intended as an anti-Islamic broadside. The pope's real target in his lecture at the University of Regensburg, in Germany, was not Islam but the West, especially its tendency to separate reason and faith. He also denounced religious violence, hardly a crusader's sentiment.

The uproar in the Muslim world over the comments is thus to some extent a case of "German professor meets sound-bite culture," with a phrase from a tightly wrapped academic argument shot into global circulation, provoking an unintended firestorm.

In fact, had Benedict wanted to make a point about Islam, he wouldn't have left us guessing about what he meant. He's spoken and written on the subject before and since his election as pope, and a clear stance has emerged in the first 18 months of his pontificate. Benedict wants to be good neighbors, but he's definitely more of a hawk on Islam than was his predecessor, John Paul II.

The new pope is tougher both on terrorism and on what the Vatican calls "reciprocity" — the demand that Islamic states grant the same rights and freedoms to Christians and other religious minorities that Muslims receive in the West. When Benedict said in his apology on Sunday that he wants a "frank and sincere dialogue," the word "frank" was not an accident. He wants dialogue with teeth.

Roman Catholicism under Benedict is moving into a more critical posture toward Islamic fundamentalism. That could either push Islam toward reform, or set off a global "clash of civilizations" — or, perhaps, both.

Personally, Benedict's graciousness toward Muslims is clear. For example, when Ayatollah Mohammad Emami Kashani, a member of the powerful Guardian Council in Iran, wrote a book comparing Islamic and Christian eschatological themes in the 1990's, Benedict, then Cardinal Joseph Ratzinger, swapped theological ideas with him in the Vatican.

Immediately after his installation Mass last year, Benedict thanked Muslims for attending an inter-faith meeting. "I express my appreciation for the growth of dialogue between Muslims and Christians," he said. "I assure you that the church wants to continue building bridges of friendship with the followers of all religions."

Yet Benedict has also challenged what he sees as Islam's potential for extremism, grounded in a literal reading of the Koran. In a 1997 interview with me, he said of Islam, "One has to have a clear understanding that it is not simply a denomination that can be included in the free realm of pluralistic society."

In the same interview, he accused some Muslims of fomenting a radical "liberation theology," meaning a belief that God approves of violence to achieve liberation from Israel. He also said he opposed Turkey's candidacy to enter the European Union, arguing that it is "in permanent contrast to Europe" and suggesting that it play a leadership role among Islamic states instead.

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Thus it's no surprise that Benedict has struck a different tone from his predecessor. John Paul met with Muslims more than 60 times, and during a 2001 trip to Syria became the first pope to enter a mosque. He reached out to Islamic moderates. He talked of Muslims and Jews along with Christians as the three "sons of Abraham." And he condemned injustices thought to be at the root of Islamic terrorism.

Desire for a more muscular stance, however, has been building among Catholics around the world for some time. In part, it has been driven by persecution of Christians in the Islamic world, like the murder of an Italian missionary, the Rev. Andrea Santoro, in Trabzon, Turkey, in February. A 16-year-old Turk fired two bullets into Father Santoro, shouting "God is great." But perhaps the greatest driving force has been the frustrations over reciprocity. To take one oft-cited example, while Saudis contributed tens of millions of dollars to build Europe's largest mosque in Rome, Christians cannot build churches in Saudi Arabia. Priests in Saudi Arabia cannot leave oil-industry compounds or embassy grounds without fear of reprisals from the mutawa, the religious police. The bishop of the region recently described the situation as "reminiscent of the catacombs."

The pope is sympathetic to these concerns, as several developments at the Vatican have made clear.

At a meeting with Muslims in Cologne, Germany, last summer, Benedict urged joint efforts to "turn back the wave of cruel fanaticism that endangers the lives of so many people and hinders progress toward world peace."

On Feb. 15, he removed Archbishop Michael Fitzgerald, who had been John Paul's expert on Islam, as the president of the Pontifical Council for Interreligious Dialogue, sending him to a diplomatic post in Egypt. Archbishop Fitzgerald was seen as the Vatican's leading dove in its relationship with Muslims.

That same month, Bishop Rino Fisichella, the rector of Rome's Lateran University and a close papal confidant, announced it was time to "drop the diplomatic silence" about anti-Christian persecution, and called on the United Nations to "remind the societies and governments of countries with a Muslim majority of their responsibilities."

In March, Cardinal Camillo Ruini, the pope's vicar for Rome, voiced doubts about calls to teach Islam in Italian schools, saying he wanted assurance that doing so "would not give way to a socially dangerous kind of indoctrination."

And on March 23, Benedict summoned his 179 cardinals for a closed-doors business session. Much conversation turned on Islam, according to participants, and there was agreement over taking a tougher stance on reciprocity.

Through his statements and those of his proxies, Benedict clearly hopes to stimulate Islamic leaders to express their faith effectively in a pluralistic world. The big question is whether it will be received that way, or whether it simply reinforces the conviction of jihadists about eternal struggle with the Christian West.

Bush To Name Envoy For Darfur (WP)

By Colum Lynch And Glenn Kessler, Washington Post Staff Writers

The Washington Post, September 19, 2006

Natsios Will Lead U.S. Effort to Quell the Violence in Sudan

UNITED NATIONS, Sept. 18 -- President Bush has decided to name Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur in the hope of reviving a diplomatic effort to end a 3 1/2 -year spree of violence in Sudan that has left hundreds of thousands dead, according to senior administration officials.

Bush is expected to announce Natsios's appointment Tuesday in a speech to world leaders at the U.N. General Assembly. The initiative follows increasing pressure from Congress and human rights advocates to do more to halt what the Bush administration has termed the world's only ongoing case of genocide.

Secretary of State Condoleezza Rice and Danish Foreign Minister Per Stig Moller on Monday invited counterparts from nearly two dozen governments to participate in a high-level meeting on Darfur at the Waldorf-Astoria Hotel on Friday afternoon.

Rice and British Prime Minister Tony Blair also have appealed to senior Chinese officials in recent days to pressure the Sudanese capital, Khartoum, to allow a U.N. peacekeeping force of nearly 20,000 troops into the Darfur region. China, a major consumer of Sudanese oil, has routinely resisted efforts by the United States to persuade the U.N. Security Council to punish Khartoum for its role in the violence.

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John R. Bolton, the U.S. ambassador to the United Nations, said the United States is planning to introduce a new Security Council resolution aimed at expanding a U.N. peacekeeping force in southern Sudan into Darfur. The U.N. group would replace 7,000 African Union peacekeepers who have struggled with few resources and limited success to stem the bloodshed in Darfur.

African leaders will meet Wednesday in New York to decide whether to extend the AU's mandate, which is set to expire on Sept. 30. The United States and the United Nations are pressing the Africans to remain in Darfur in the hope that Khartoum will ultimately agree to invite the U.N. blue helmets.

The conflict in Darfur began in February 2003 when two Darfurian rebel groups took up arms against the Islamic government in Khartoum, claiming mistreatment of the region's primarily black tribes.

Sudan responded by arming, equipping and supporting Arab militias, known as the Janjaweed, that attacked thousands of villages suspected of supporting the rebels. The attacks have driven more than 2 million people from their homes.

The U.N. special representative to Sudan, Jan Pronk of the Netherlands, declared Monday that the U.S.-brokered peace agreement "is nearly dead. It is in a coma. It ought to be under intensive care, but it isn't." He said fighting has flared up again, with the Sudanese government again launching a major military offensive and a growing number of rebel factions vying for power.

The spiraling violence has heightened criticism of the Bush administration's handling of the Darfur crisis two years after then-Secretary of State Colin L. Powell first called the killing there a genocide.

It has also spurred bipartisan congressional support for greater international action in Darfur. Sens. Barbara Boxer (D-Calif.) and Norm Coleman (R-Minn.) visited the United Nations on Monday, meeting with Sudan's ambassador to press for greater international scrutiny of the atrocities in Darfur.

But Bush had resisted international calls for a special envoy. By selecting Natsios, the administration has chosen a blunt representative with considerable backing among the American aid community and a long record of butting heads with the Sudanese over the delivery of humanitarian assistance.

When Powell traveled to Darfur in July 2004, he was accompanied by Natsios, then USAID administrator. As the plane flew over the blackened remains of ravaged villages, Natsios described his dismay at the Sudanese government in a stream of expletives.

"I think he won't be fooled by these guys," said John Prendergast of the International Crisis Group, a sharp critic of the Bush administration's Darfur policy.

Still, some U.N. officials privately expressed concern that Natsios may pursue a confrontational approach that will harden Khartoum's opposition to a U.N. force in Darfur.

Pronk, meanwhile, joined the British government in proposing that the international community consider offering Sudan a series of incentives -- including debt relief, the lifting of sanctions and greater trade access to Western markets -- in exchange for cooperating with U.N. peace efforts. He also scolded Sudan's leaders for describing U.N. peacekeepers as a Western invasion force. "We do not intend to recolonize, nor are we laying the carpet for others to do so," he said.

Staff writer Michael Abramowitz contributed to this report.

Take The Lead On Darfur (NYT)

The New York Times, September 19, 2006

President Bush will face a tough, and in many cases hostile, crowd when he addresses the United Nations General Assembly today. The mayhem in Iraq, his flouting of the Geneva Conventions, the hectoring tone of his previous appearances will all make it much harder for him to elicit the respect or even the full attention that any American president should command.

Still, Mr. Bush could make a difference if he threw aside his usual script, devoted this speech to the horrors of Darfur, and committed himself personally to stopping the genocide.

The tally of human suffering should make even the most jaded listener take notice: at least 200,000 dead and two million more driven from their homes by three years of rape and mutilation led by Sudanese troops and their proxy Arab militias.

Mr. Bush must leave no doubt who is most responsible. Sudan's president, Omar Hassan al-Bashir, is blocking the Security Council from sending some 20,000 peacekeepers to Darfur, saying that would insult Sudan's sovereignty. Mr. Bush should call

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on all countries — including those like China that have been shielding Mr. Bashir — to demand that Sudan drop its opposition. He should also say that he will press for broad international sanctions if Mr. Bashir does not quickly reverse his position.

But Mr. Bush cannot stop there. A credible presentation would include an assumption of responsibility. His administration was the first to label the Darfur killing genocide, and he can be proud of that. But that was two years ago, and U.S. officials have paid only intermittent attention since then.

Mr. Bush would begin to set that right if he announced that ending the killing in Darfur was now a first-tier foreign policy concern, one on which Washington would judge its relations with other states. Yesterday's news that Mr. Bush would name a special envoy for Darfur was a good start. That message would be even stronger if Mr. Bush said the U.S. would take the lead in soliciting troops for the U.N. and recommended making NATO planners available to help draw up contingency plans for a possible forced entry. If nothing else does, that implicit threat should grab the attention of Khartoum — and Mr. Bush's audience.

Last week, Mr. Bush said he was frustrated with the lack of action in Darfur, calling it an example of why "a lot of Americans" are frustrated with the United Nations. He has a chance to change that.

The Genocide Test (WP)

The Washington Post, September 19, 2006

Surely China does not believe Sudan's brazen lies.

THE NEXT FEW days will show whether China means to let Sudan's dictatorship get away with genocide. A series of meetings at the United Nations in New York offers the best and possibly the last chance to persuade the Sudanese to allow U.N. peacekeepers into Darfur. The deployment is required by a Security Council resolution passed last month. It is supported by nearly all the leading powers and even by factions within Sudan's government. But China has so far refused to tell Sudan's isolated leaders to drop their opposition to a U.N. contingent, even though its extensive investments in Sudan give it the power to do so. If it wants to be regarded as a responsible power, China should use its leverage.

Consider the arguments for not doing so, as presented by Sudan's spokesmen. Yesterday, Sudan's deputy ambassador to the United Nations protested that blaming hundreds of thousands of deaths on his government was unfair: "The armed groups in Darfur are the real culprits," he asserted. But China's leaders surely know this is absurd: The leading murderers in Darfur are the Janjaweed militia, which has been equipped by Sudan's government. Meanwhile, at the World Bank-International Monetary Fund meetings yesterday, Sudan's finance minister argued that "what Darfur needs is not peacekeepers. . . . What Darfur needs most is resources for water, resources for schools, for hospitals."

But Sudan's air force has strafed Darfur's hospitals and schools, and its Janjaweed allies have addressed the region's water scarcity by poisoning wells with corpses.

Sudan's president asserts that "the U.N. forces have a hidden agenda in Sudan because they are not coming for peace in Darfur. They want to recolonize Sudan." His henchmen have indicated that, in place of U.N. peacekeepers, they might be willing to extend the mandate of the African Union force, which is due to leave at the end of this month. Before China accepts this preposterous description of the United Nations and embraces the supposed concession of a renewed African Union mandate, it should read the recent dispatches from journalists inside Darfur. The Post's Craig Timberg reports that Sudan's government has seized A.U. jet fuel and used it to fill its own military aircraft; indeed, the airstrip used by the African Union in North Darfur is controlled by Sudanese government forces at night, so fuel is regularly looted. Meanwhile, Janjaweed fighters recently demonstrated their contempt for the A.U. forces by assaulting civilians who had gathered to speak to them.

In short, Sudan's government is presenting the extension of the African Union's mandate as a concession, even as it destroys the organization's ability to operate. The A.U. presence is not preventing the government from mounting bombing raids on civilians with a frequency not seen since the height of the genocide in 2003; nor is it preventing the obstruction of humanitarian efforts in North Darfur, where more than 300,000 people have been cut off from food aid. The African Union has become almost irrelevant, and no responsible government can accept an extension of its mandate as an alternative to a real peacekeeping force.

Is China's a responsible government?

Darfur's Need For Help Can Be Seen In Refugees' Eyes (USAT)

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By Mia Farrow

USA Today, September 19, 2006

I returned recently from my second visit to the Sudanese region of Darfur, where I traveled to refugee camps, villages and rebel-held territories. While the Middle East and Iraq grab headlines, beneath the media radar screen "something very ugly is brewing" in Darfur, United Nations Deputy Secretary-General Mark Malloch Brown has warned.

Since 2003, the Sudanese government and the Janjaweed, a government-backed Arab militia, have killed hundreds of thousands in Darfur. Now the crisis has come to a terrible fruition. Large-scale military assaults have been launched recently by the genocidal Khartoum regime. Helicopters and warplanes are crossing the skies of north Darfur, bombing and burning villages without regard for human life and leaving crops destroyed, cattle killed and civilians dead and displaced.

The camps I visited, with seas of plastic sheets sprawled across the baked desert floor, are cauldrons of despair, terror and rage. Desperate pleas for protection singe my memories of my time among these increasingly abandoned people. At Zam Zam refugee camp, a woman holding a small child implored me, "Help us. We need help. We have nowhere else to go. We are going to die. We will all be slaughtered."

The need for a robust U.N. peacekeeping operation could not be more evident. The U.N. Security Council passed a resolution based on a proposal by Secretary-General Kofi Annan for 24,000 troops and security personnel.

But the government of Sudan has rejected the proposal, just as it has flouted a number of previous U.N. resolutions. Unless the U.N. can find the political will to deploy protection forces without the consent of Khartoum, the fate of Darfur will remain in the hands of those responsible for the immeasurable suffering and terror of 2.5 million displaced people.

The need to deploy such a force has been made clear to Sudanese President Omar el-Bashir. But he has brazenly asserted, "We are determined to defeat any forces entering the country, just as Hezbollah has defeated the Israeli forces."

While Bashir does not want U.N. intervention, the chorus in refugee camps and the remote rebel-held territories of Darfur was the same: "U.N., U.N., we need U.N. peacekeepers!" Rations of hope are meager in Darfur, but in those moments I did see eyes alight with hope.

Bashir's position is unwavering, yet the world continues to use Sudan's refusal of a U.N. force as an excuse for inaction.

"As long as the government of Sudan does not accept a (U.N.) mission, there will not be one. It's as simple as that," said Jean-Marie Guehenno, undersecretary-general for Peacekeeping Operations.

But I have looked into the eyes of despair itself. As world leaders continue their diplomatic wooing of the regime, conditions in Darfur have gone "from really bad to catastrophic," said Jan Egeland, the U.N.'s top humanitarian official.

Humanitarian organizations have no access to hundreds of thousands of helpless civilians. The badly under-equipped African Union, the only peacekeeping force on the ground, has ceased to function meaningfully. Still, the defiant Sudanese government last week ordered the AU force out of Darfur by Sept. 30 unless it agrees not to be part of the U.N. force.

To date, as many as 500,000 people have died. Hundreds of thousands more will surely die without international protection.

As time runs out for Darfur, we must demand that the international community provide all resources — including military — necessary to protect innocent civilians and courageous humanitarians.

In the face of the first genocide of this century, knowing full well what is required to halt continuing ethnic slaughter, we have been unwilling to take the necessary actions. This is a defining moment.

Even now, from the distance of more than a decade, we look back at Rwanda and despair at our abysmal failure to act.

In Sudan, when the history of this terrible episode in human destruction is written, will we have any less reason to despair about our acquiescence before the ultimate human crime?

Mia Farrow is an actress and goodwill ambassador for UNICEF.

Somali President Survives Suicide Bomb; 8 Others Are Killed (NYT)

By Jeffrey Gettleman

The New York Times, September 19, 2006

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MOGADISHU, Somalia, Sept. 18 — The president of the transitional government of Somalia narrowly escaped an assassination attempt on Monday when a suicide car bomber rammed into his convoy and blew up outside the Parliament building in Baidoa.

President Abdullah Yusuf was not hurt, but at least eight people were killed, according to police officials. One of them was the president's younger brother, Dirie Yusuf Ahmed.

"We are safe," Mr. Yusuf announced on the radio several hours later. "But three of my colleagues were killed, including my brother."

Baidoa is increasingly tense as the transitional government struggles to hold itself together now that the Islamists in Mogadishu wield the real power in this country. Though Mogadishu, Somalia's capital, is notorious for violence and chaos, Baidoa, the seat of the transitional government about 150 miles away, seems to be even more insecure.

Mr. Yusuf went to Parliament on Monday morning to deliver a speech on unity. Afterward, he stepped into his car, the second in a long convoy, he said in his radio address. As his entourage drove off, a Toyota sedan slammed into the lead car and exploded.

Several cars were swallowed by flames, including the president's. Bodyguards yanked Mr. Yusuf out and rushed him to a fortified headquarters not far away, he said. The presidential guard then poured into the streets, cutting off highways to Baidoa and shutting down the city. His soldiers also arrested several journalists who tried to broadcast the news. They were later released.

Mr. Yusuf, a former warlord, is backed by the United Nations but supported by very few people in Somalia. His zone of authority barely extends past the city limits of Baidoa. The transitional government suffers from poisonous clan rivalries, and several government ministers have already been attacked. In July, the constitutional minister was shot to death leaving a mosque. Many people at the time believed that it was an inside job.

Mr. Yusuf immediately blamed Al Qaeda for the attack on Monday. American officials have said Qaeda cells operate out of Mogadishu, with the aid of the Islamist forces in control of the city. But some Somali officials have also worried that different factions within the transitional government in Baidoa have been plotting against each other.

The president said Monday evening that his militia had arrested several people, but he did not disclose who. For several hours on Monday, lawmakers were trapped inside the cavernous Parliament building, afraid to leave because they feared more booby traps, according to witnesses speaking on Somali radio.

As the news spread in Mogadishu, some people celebrated. "God is great!" yelled a pack of Islamist soldiers, sitting in the bed of a pickup truck and listening to the radio.

Ibrahim Hassan Addou, the foreign minister for the Islamists in Mogadishu, said the world needed to realize that the politicians in Baidoa were not very popular.

"But they are our friends and our brothers," he said. "We are concerned for them."

Somalia's President Survives Assassination Attempt (MCT)

By Shashank Bengali

McClatchy Newspapers, September 19, 2006

NAIROBI, Kenya - Somalia braced for increasing violence on Monday after gunmen attempted to assassinate the president of Somalia's weak interim government.

The attack, in the town of Baidoa, where the interim government is headquartered, missed President Abdullah Yusuf, but killed 11 others, including the president's brother.

The attack seemed certain to deepen tensions between Yusuf's government and a federation of Islamic clerics that took control of the capital, Mogadishu, in June. The two groups have been battling for influence since, and U.S. officials worry that the Islamists could make Somalia a new haven and training ground for al-Qaida and other terrorist groups.

"It's a terrible danger," said Mario Raffaelli, Italy's special envoy to Somalia.

Government officials immediately blamed Islamist militias for the attack.

"That's the group that is intent on dismantling the transitional federal government," said Foreign Minister Ismail Hurre.

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Islamist leaders denied carrying out the attack, which came one day after an Italian nun and her Somali bodyguard were slain in an ambush in Mogadishu. Government officials also blamed Islamist militias for those killings.

Somalia's interim government, formed at an international conference in Kenya two years ago, was intended to create the country's first functioning central government since 1991, when the government of Mohamed Siad Barre collapsed, ushering in years of chaos and clan-based violence.

But the government has been too weak to extend its influence much outside of Baidoa. In contrast, Mogadishu's rising Islamist movement quickly took over much of southern Somalia within weeks of defeating armed groups that reportedly were backed by the CIA.

For several weeks the government and the Islamists have been negotiating over power sharing, seen as the best chance to avoid a return to the violence that made Somalia into what's commonly called the world's most failed state.

The two sides are deeply split over an African Union proposal to send peacekeeping troops to the country, with the Islamists vehemently opposed.

Monday's attack came as members of parliament met to endorse the talks and to approve a new Cabinet. After addressing the members, Yusuf's convoy pulled away from the converted grain warehouse that houses the parliament when a car bomb detonated, triggered by a timer or a remote control, Raffaelli said.

Five presidential bodyguards, including Yusuf's younger brother, were killed in the explosion.

Then, according to witnesses, several gunmen opened fire on government security forces. Six gunmen were killed and two captured, Hurre said.

The execution of the attack and the sophisticated trigger on the car bomb were unusual for Somalia, Raffaelli said, and they suggested the involvement of foreign forces. Somalia is nominally under an arms embargo, but since the Islamists took power, illicit shipments of weapons have continued.

"We know that in the last month, arms and sophisticated weapons have been sent inside," Raffaelli said.

Islamist leaders have been credited with restoring a measure of peace to Somalia after 16 years of rule by brutal warlords. But Sunday's murder of 70-year-old nun Leonella Sgorbati and her bodyguard in Mogadishu broke that calm.

Islamist security forces arrested two men in connection with the fatal shootings outside a children's hospital where Sgorbati had worked for the past four years. They said the killers would be punished, and that calm in Mogadishu wouldn't be disturbed.

Somali Leader Escapes Bombing (WP/AP)

By Mohamed Olad Hassan

The Washington Post/AP, September 19, 2006

MOGADISHU, Somalia, Sept. 18 -- Somalia's interim president narrowly escaped an assassination attempt Monday when a suicide car bomber struck outside the parliament building, officials said. The blast and a subsequent gun battle left 11 people dead, including the president's brother.

There was no immediate assertion of responsibility for the attack in Baidoa, the only town controlled by the U.N.-backed interim government. But if it is linked to an Islamic militia that has seized control of much of southern Somalia, it could cause peace talks between the two sides to fall apart.

The Islamic group denied that it had any role. "The perpetrators of Baidoa blast are enemies of Somali people, and Islamic courts have no hand in it," said a spokesman, Abdirahman Mudey.

President Abdullahi Yusuf had given a speech in the parliament building about 10 minutes before the blast occurred, said Mohamed Adawe, a journalist.

Yusuf's bodyguards chased suspected accomplices of the bomber, killing six of them in a gun battle. The five other dead -- including the president's brother -- were in his convoy, officials said. Eight cars were burned in the blast, including three from Yusuf's convoy.

"This explosion was intended to kill the president, but he escaped," government spokesman Abdirahman Dinari said. Ismail Mohamed Hurre, a minister in the interim government, said it was the work of suicide bomber, the first ever to strike in Somalia.

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Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre, pulling the country into anarchy.

The interim government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa. An Islamic militia seized control of Mogadishu and much of the south in recent months.

Somalia Leader Survives Attack (LAT)

By Edmund Sanders

The Los Angeles Times, September 19, 2006

MOGADISHU, Somalia — The transitional president of Somalia narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament.

President Abdullahi Yusuf was unharmed. However, eight other people, including his brother and several security guards, were killed by the blast in Baidoa, the nation's provisional capital.

The attack marked the second consecutive day of bloodshed in the Horn of Africa nation, which has been without a functioning government since 1991. On Sunday, gunmen in Mogadishu shot to death an Italian nun and her bodyguard outside a children's hospital.

Despite years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants. One government minister described the bombing as an "Al Qaeda-type" attack. No one immediately claimed responsibility.

"We hear about this type of thing in Iraq, but not Somalia," said Abdul Fatah Ibrahim Rasheed, a member of parliament. "This is something that is very new for us."

The blast came at a particularly sensitive time for the government. Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year. Some officials in Baidoa accused the group of participating in the attack.

"It will jeopardize the peace process if it becomes very obvious that the Islamists are behind this terrorist act," Foreign Minister Ismail Hurre Buba Hurre said during a visit to Nairobi, the Kenyan capital.

Islamist officials denied any knowledge of the attack.

"We know nothing about it, but we are very sorry for anything that hurts the security of Somalia," said Sheik Mukhtar Robow, deputy security chief for the courts council, an alliance of religious leaders formed in an attempt to bring order to Mogadishu.

Both sides are to meet again in Khartoum, the Sudanese capital, next month to continue negotiations.

Witnesses said the bomb, apparently hidden in a small car outside the parliament compound, detonated as the president's motorcade was leaving the facility. Yusuf had just addressed lawmakers, urging them to put aside their differences and endorse his newly reshuffled Cabinet.

There were conflicting reports about whether the car was parked or was driven by a suicide bomber. In a radio address Monday night, Yusuf said authorities had recovered the remains of a person they believed might have been the suicide driver.

The blast ignited at least seven other cars and flung wreckage more than 100 yards to the doorstep of the parliament building, witnesses said. Inside, panicked lawmakers screamed and fled the building. Security guards fired into the air, adding to the sense of chaos, witnesses said.

"We thought we were under attack," said Ahmed Omar Gagale, a member of parliament. "It sounded like mortars, especially when some of the other cars began to explode from the fire."

After its formation at an internationally sponsored conference in 2004, the transitional government opted to reside in Baidoa rather than Mogadishu because of violence in the nation's traditional capital.

Since Islamists drove out the warlords who had carved up control of the city, security in Mogadishu has improved dramatically, while bloodshed in Baidoa has been rising. In July, gunmen shot a government minister as he left a mosque in Baidoa.

"It's getting very scary there," said Asha Ahmed Abdalla, a member of parliament.

Prime Minister Ali Mohammed Gedi escaped two assassination attempts in 2005.

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Paulson Hopes 'to Set Tone' In China (USAT)

By David J. Lynch

USA Today, September 19, 2006

SINGAPORE — Preparing for his first official trip to China, Treasury Secretary Henry Paulson sought to dampen hopes Monday that he might win early Chinese agreement on revaluing its currency.

"I am not looking for immediate solutions or quick fixes. … I am looking to set a tone and an expectation of working through issues and making progress," Paulson told reporters.

Paulson's reputation for China savvy, based on extensive work with Chinese leaders when he was head of Goldman Sachs, has raised congressional hopes that he might succeed where others have failed. But on the eve of a four-day China visit, he counseled "patience."

In recent years, the value of China's currency, the yuan, has fueled growing congressional irritation with Chinese trade practices. With the U.S. running an escalating annual trade deficit with China of more than $200 billion, U.S. manufacturers complain that China keeps the yuan's value artificially low as an effective export subsidy.

The Chinese government plans to gradually move to a freely trading currency but says it first needs to complete financial reforms.

In July 2005, China raised the yuan's value by 2% and has allowed a further rise of less than 2% since then. Chinese officials fear that a premature move to a floating currency could torpedo job growth in export-oriented factories, raising the prospect of social instability.

Paulson, who attended the annual meetings here of the International Monetary Fund and World Bank, spoke hours before IMF member countries approved a two-step reform. China, South Korea, Turkey and Mexico won an immediate increase in their share of internal IMF votes. A further realignment potentially affecting most of the fund's 184 members is to be worked out over two years.

Meanwhile, the Treasury secretary dined here Monday night with Zhou Xiaochuan, governor of China's central bank, who this weekend dismissed calls for an immediate currency move. "Chinese policy is clear: We are gradually moving toward a flexible exchange rate regime," he said.

Paulson argues that moving toward a freely traded currency is in China's interest. But he said it would take time to bring China around to that view.

"That doesn't mean I don't like results," he said. "I'll be judged by results and hopefully setting a tone and building upon what is already a good relationship."

Developing Nations To Gain More Power At I.M.F. (NYT)

By Steven R. Weisman

The New York Times, September 19, 2006

SINGAPORE, Sept. 18 — Member states of the International Monetary Fund, yielding to demands from China and leading Western countries, voted Monday to adopt a plan to modify the fund's power structure and take steps to expand the voice of China and other rapidly developing nations.

The modification of the governance of the monetary fund, the international agency that monitors the global economy and rescues countries from insolvency, was widely described as the biggest step since the fund was established in the 1940's, the era when the victors of World War II created the vast cooperative superstructure for the world economy.

China's share of the votes at the I.M.F., which has 184 members, would go up only slightly, to 3.719 percent, from 2.98 percent. The shares of South Korea, Turkey and Mexico, the other countries that gained more power from the vote on Monday, also rose a similarly modest amount. But the change was hailed by the United States and other nations as a decisive reform.

"It looks like a small step forward, but it's a large step," said Henry M. Paulson Jr., the United States Treasury Secretary, who was here for the annual meeting of the I.M.F. and the World Bank and participated in morning-until-night sessions assessing the global economy and possible steps to assure its health.

The proposal passed with 90.6 percent of the total vote, the I.M.F. said.

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In a separate development, a committee of finance ministers that oversees the World Bank endorsed in principle a plan by Paul D. Wolfowitz, the bank's president, to crack down on corruption in the bank's lending, but not unreservedly. The ministers added a proviso that the bank's board of executive directors, a separate group that oversees the day-to-day bank operations on behalf of donor and recipient nations, be able to override the way Mr. Wolfowitz carries out the plan.

Mr. Wolfowitz, a conservative intellectual who was an architect of the Iraq war as deputy secretary of defense in President Bush's first term, has stirred unease in the bank with his corruption policy. Many directors fear that it may be overly punitive and lead to cuts in aid to poor countries.

The finance ministers' committee also raised concerns, Mr. Wolfowitz said, about the standards to apply to various countries and the question of how much of the World Bank's resources should go to anticorruption plans.

The finance ministers' committee issued a statement that supported the anticorruption campaign but with what seemed to be muted wording. It supported the bank's "engagement" on the issue but demanded further information on how it would be carried out , and in a suggestion of unhappiness, "stressed the importance of board oversight of the strategy."

Some officials here indicated that the wording of the committee's statement reflected discomfort with Mr. Wolfowitz. But Mr. Wolfowitz said he was pleased the board had given him a green light to proceed with what has become a signature issue for him in his 15 months at the bank.

Throughout the meetings of the last few days in Singapore, much of the criticism of participating countries has focused less on the World Bank than on the overhaul of the I.M.F. The fund vote needed 85 percent of the 184 member countries' voting shares to be adopted.

The United States has about 17 percent of the vote and Europe, in aggregate, about 23 percent. Mr. Paulson and his European counterparts have spent much of their time here lobbying other countries to agree to the change. Japan has a 6.1 percent share.

The vote was not much in doubt, but many countries that voted in favor said they did so under protest and insisted that in a second round of discussions, scores of countries would be demanding a bigger voting share for themselves. India, Argentina, Brazil and Egypt were among those who had announced their opposition to the fund changes, fearing that they may be left out as the new structure is configured.

The change in the fund governance was advocated by the United States and many European countries as a way of getting China and other developing countries to feel more invested in the international economic system.

The I.M.F. is one of many institutions that American and European officials say are in need of change. There are fears of disaffection with the World Trade Organization, the successor of a global trade regime set up 60 years ago, after the collapse of trade talks this past summer.

Western leaders also want to change the composition of the United Nations Security Council, adding some countries to the roster of five permanent veto-bearing members. But they have been unable to agree on which countries to add. The United States wants to add Japan and one of several developing countries seeking membership.

Mr. Wolfowitz has said that the World Bank also needs to change its governance to give more say to China and other fast-growing countries in the developing world.

Under the surface of the I.M.F. vote was another objective of the United States: to engage China in the fund as it expands its role in monitoring currency flows and exchange rates. Washington hopes that the fund will become another voice urging China to let its currency fluctuate more freely in relation to the dollar.

If there is one overriding consensus among European and American finance ministers, it is that China is artificially keeping the value of its currency low in relation to the dollar, and that this is an unhealthy pattern also being followed by Japan and other Asian nations.

As a partial solution, the United States wants China to let its currency, the yuan, float more freely in the marketplace, where it would presumably rise in value and lead to fewer exports to the United States.

But many economists fear that if Asian currencies were to become stronger, that might create a new problem. If a decline in the dollar effectively reduces the hundreds of billions in dollar-denominated securities held overseas, it could lead to a panic-driven sell-off of dollars, driving up interest rates with possible damaging effects to the American economy.

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Mr. Paulson, meeting with reporters, said the monetary fund vote marked an incremental bit of pressure on China to do something about its currency, and he aimed to reinforce American concerns when he goes to China on Tuesday for his first visit as Treasury secretary.

IMF To Boost Growing Economies' Voting Power (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 19, 2006

SINGAPORE -- The International Monetary Fund agreed to give China, South Korea and other up-and-coming nations more say in deciding what rescue loans the controversial institution provides to troubled countries.

The overwhelming vote Monday by the lender's 184 member nations reflects a recognition that its voting shares are out of sync with the distribution of economic power around the world. It also reflects the concern of the U.S. and other major countries that the IMF won't be able to persuade borrowing nations to embrace painful economic overhauls if those borrowers don't feel their voices are being heard.

"It looks like a small step forward, but it's an important step because the global economy is always changing, and it's changing rather dramatically," U.S. Treasury Secretary Henry Paulson told reporters. "For institutions like the IMF to stay relevant, they have to change with the economy."

The proposal was supported by 90.6% of the available votes. To gain approval, proposed major IMF policy changes need 85% majorities. At the IMF, votes are allocated to member countries; the U.S., for example, has 17% of the total.

Monday's IMF decision means that China, South Korea, Mexico and Turkey -- the countries considered to be most severely shortchanged on the IMF board -- will quickly receive token increases in their voting power. In addition, the decision launched what is expected to be a two-year effort to redistribute votes more broadly in ways that will boost the poorest nations of Africa, as well as countries that account for a larger share of the world economy than their current IMF shares would suggest.

After the decision, China's share of votes will increase to about 3.7% from about 2.9%. For South Korea, the vote-share will rise to about 1.3% from about 0.8%. Among the difficult issues IMF members will have to resolve before that 2008 deadline is how to craft a formula that in the future will automatically assign IMF voting shares based on economic strength, openness to trade, foreign-currency reserves and other factors.

U.K. Chancellor of the Exchequer Gordon Brown, speaking at the IMF annual meetings in Singapore, called the decision "the biggest reform to the governance of the International Monetary Fund for 60 years."

Power within the IMF was initially set when the institution was established at the end of World War II and has been occasionally updated since then. But voting shares remain out of whack with countries' relative economic strength. Belgium, for instance, has three times the voting shares of South Korea, whose economy is twice as big. The U.S., while having 17% of the votes, accounts for 30% of global economic activity.

In a gesture to smaller countries, however, President George W. Bush's administration has vowed to forgo any increase in its voting power, as long as the U.S. maintains its existing share. The Treasury Department considers the 17% figure important because it allows the U.S. to veto major IMF policy changes.

Among countries that resisted Monday's changes were those worried they would lose power, those worried they wouldn't gain as much as they hoped, and those angry that some big countries, such as Japan and Germany, wouldn't forgo a share increase.

"The question is will the IMF change to reflect the world it needs to serve," Mr. Paulson said. In addition to strengthening the IMF, the U.S. Treasury team hopes expanding China's role will give Beijing a greater interest in embracing market-oriented policies of the sort the global organization recommends.

IMF Boosts Four Poorer Countries' Power (WP)

By Peter S. Goodman

The Washington Post, September 19, 2006

DOJ_NMG_0065455

SINGAPORE, Sept. 18 -- The International Monetary Fund on Monday gave more influence over its decision-making to four developing countries and pledged to make further changes in the next two years to heighten the power of under-represented and poor nations.

Fund officials cast Monday's decision by the membership as a significant step in the IMF's efforts to gain credibility with poorer countries and to maintain relevance in a world that has recently had little need for an agency whose specialty is stabilizing troubled economies.

On its face, the makeover is largely symbolic. China, Mexico, Turkey and South Korea will gain slightly greater voting power. However, control of the fund will remain solidly in the hands of the United States and Europe, whose contributions to its coffers dwarf those of other countries. Most decisions in the institution's clubby environs are made by consensus.

But policymakers at the IMF argue that symbolic change matters. In leading bailout drives from Asia to Latin America and Russia, the fund gained a reputation for obsessing over austerity and budget-cutting at the expense of the poor. It pressured governments reliant on its largesse to cut subsidies and social services, say critics, generating unemployment while limiting the damage to major financial institutions.

Fund administrators chafe at this narrative, noting that during the Asian financial crisis in particular, the fund adjusted its programs to protect social spending. Yet in reserving a larger space at the table for emerging and poorer nations, fund officials and finance leaders from countries with the largest economies have labored to alter this perception, while making the institution more reflective of the global economy itself.

"For the first time, not only economic weight will be considered, but also the need for low-income countries to be strengthened in voice," said the fund's managing director, Rodrigo de Rato, during a meeting last week with members of anti-poverty groups.

The structure of the fund is closer to the way the world looked at the end of World War II than the way it looks today. China has less voting power than Italy, though its economy is far larger. The fund has 184 member countries, but with its headquarters in Washington, it has a decidedly American and European flavor.

"The world economy has undergone significant change over the last two decades, and the governance of the institution ought to reflect this," said John Lipsky, the fund's first deputy managing director.

The vote on the governance change, conducted here at a meeting of the IMF and the World Bank, was 90 percent in favor. But behind the scenes, the issue was controversial. Some poor nations said the change was too small to matter.

"The voice of poor countries is being lost," said a member of Nigeria's delegation, Amina Ibrahim. "This doesn't do it. The battle goes on."

Such large emerging economies as Brazil, India and Argentina opposed the way the refashioning occurred, asserting that they should be given greater rights.

"It further erodes the credibility and legitimacy of the IMF," these three nations, joined by Egypt, declared in a statement over the weekend.

The most immediate impact of the vote, held late Monday, is to slightly increase the power of four of the most under-represented countries. But it also commits the IMF to reapportion more votes later, with the idea that some will gain more shares, including such Asian nations as Singapore and Malaysia.

The U.S. Treasury says it has been lobbying for the change, partly in hopes that a greater role for China will make it more willing to increase the value of its currency, the yuan. Western manufacturers say undervalued Chinese money has made China's goods unfairly cheap on world markets.

Treasury and IMF policymakers hope that as China gains prominence within the institution, it will take on more responsibility for affairs beyond its borders and see its economic interests as intermingled with global prosperity.

But on the eve of a trip to China to discuss economic and trade policy, U.S. Treasury Secretary Henry M. Paulson Jr. minimized the potential impact of the IMF changes on Chinese thinking.

"It's incremental," he said. "China's going to play its role in the world whether the IMF reforms or not."

For the fund, the most contentious issue lies ahead: Under the plan adopted Monday, fund administrators must craft a formula for apportioning control in the future.

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The United States advocates focusing on the size of an economy to dictate voting power, while also increasing votes for the poorest countries. But European nations -- many of which would lose voting power under such a plan -- want to use additional criteria, including how much trade a country conducts and how open it is to capital flows.

In splitting the reapportioning into two phases, fund officials postponed that debate so they could get something accomplished.

"This reform must be done," said Finland's minister of finance, Eero Heinaluoma, who has coordinated fund policy positions for all nations of the European Union. "It will give more reliability and credibility to the voice of the IMF."

Departing Japanese Leader Shook Up Politics As Usual (NYT)

By Norimitsu Onishi

The New York Times, September 19, 2006

TOKYO, Sept. 18 — Junichiro Koizumi swept to power in 2001 promising to "destroy" his ruling Liberal Democratic Party and, by extension, Japan's encrusted postwar order. To a remarkable extent, he succeeded — though hardly as radically as he had hoped. When Mr. Koizumi, 64, retires on Sept. 26, he will leave a Japan with new bearings: a smaller central government, greater faith in free markets and a new assertiveness in world affairs.

But his vision of a new Japan has already produced a backlash among Japanese who believe he has destroyed, along with the bad, much that was good of the old Japan.

Yet, while his policies were often unpopular, he has consistently drawn high approval ratings from voters hungry for charismatic, strong leadership. Even as Prime Minister Tony Blair of Britain and other politicians have suffered for their endorsement of the war in Iraq, Mr. Koizumi — who to this day has expressed only the staunchest support for the war — has remained unscathed.

He retires with an approval rate hovering around 50 percent, the highest of any long-serving postwar prime minister, perhaps because voters believe that he has fulfilled his promise of shaking up the old Japan and that it will be up to his successors to lead them to a new one.

Clearly, though, there is no going back to the old ways, no matter who is elected as the leader of the Liberal Democrats on Wednesday and then chosen as prime minister next Tuesday.

"He's dramatically changed everything about how Japanese politics worked," said Park Cheol-hee, an expert in Japanese politics at Seoul National University in South Korea. "Future prime ministers will have to follow his path. I don't think they can go back to the good old days of relying on interest groups and bureaucrats. The public will expect prime ministers to take real policy initiatives. Things have fundamentally changed."

How much of that change is attributable to Mr. Koizumi's policies is constantly debated among experts.

The move away from the Liberal Democrats' politics of vested interests and patronage was inevitable, because Japan simply does not have the money it had before the collapse of its real estate-inflated "bubble economy" in the late 1980's, and after the succeeding years of little or no growth.

What's more, far-reaching electoral reforms pushed through by a coalition of minor parties during the Liberal Democrats' 10-month ouster from power in 1993 laid the foundation for the changes under Mr. Koizumi.

He pressed for painful economic reforms despite opposition from inside his own party. These changes included deregulating industries, cleaning up the banking industry's bad loans and slashing the enormous and frequently wasteful public spending that had won his party votes for decades.

But the revival of Japan's economy, many experts say, owes as much, if not more, to private companies' own restructurings and the booming trade with China's explosive economy.

Whatever his share of the credit, Mr. Koizumi articulated more than anybody else the need for Japan to change. In the decade before his election, Japan went through a succession of weak leaders bewildered as to how to even begin guiding the nation out of an all-encompassing malaise.

Mr. Koizumi was blunt. He told the Japanese, in some of his most famous slogans, to expect "pain to accompany structural reforms," and said he would carry out "structural reforms without exceptions."

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To the surprise of almost everyone, his blunt talk and actions won him widespread support.

"The conventional wisdom was that Japanese prime ministers were inherently incapable of exerting leadership," said Takeshi Sasaki, a political scientist at Gakushuin University and a former president of the University of Tokyo. "But Koizumi exercised leadership with great tenacity and tried many new things — things that prime ministers had not said or done until now."

Unlike his predecessors, Mr. Koizumi eschewed the compromises that had led to paralysis. In a society that values consensus, he was famous for making decisions on his own and seemed to excel in making political enemies. He was — in the words of his first foreign minister, Makiko Tanaka — a "weirdo."

And the public loved him. Each time voters had a chance to choose between him and Japan's old-fashioned politicians and bureaucrats, they backed him in large numbers.

Last year, for example, he could have been stymied after members of his own party voted down a bill to reform the country's massive postal savings system — effectively a savings bank that paid very low interest on deposits and had long lubricated the Liberal Democrats' political machine. But Mr. Koizumi responded by calling a snap election.

After winning a landslide, he easily won approval to privatize the post office, potentially freeing its enormous reserves to serve the economy rather than the politicians.

He extended his single-mindedness to foreign policy, cementing Japan's alliance with the United States after a decade in which the value of the alliance had been questioned. He pushed through a special law to deploy humanitarian troops to Iraq, in a move that many Japanese considered to be against the spirit, if not the letter, of the country's pacifist Constitution. He tied the Japanese Self-Defense Forces closer to the American military by participating in missile defense.

"The better our relations with the United States, the easier it will be for us to build good relations with China, South Korea, Asian and other countries in the world," Mr. Koizumi said during a visit to Japan by President Bush last November. "That's my basic belief."

Mr. Koizumi may have nurtured such an ironclad relationship with Mr. Bush that he was rewarded with a farewell road trip to Graceland. But he brought Japan's relations with China to their lowest point in decades, and presided over the rise of a narrow nationalism at home and Japan's diplomatic isolation in the region.

He made annual visits to the Yasukuni Shrine, the Shinto memorial where Japan's war dead and war criminals are enshrined. Most of his predecessors had avoided the shrine, regarded as a symbol of Japanese militarism in this region.

Because of the visits, China and South Korea have refused to hold summit talks with Japan.

Japan's hawks, though, say Mr. Koizumi's priorities were right.

"I give him a perfect score," said Hisahiko Okazaki, a former senior diplomat and a leading conservative commentator.

China's long-term strategy, Mr. Okazaki said, is to weaken the Japan-United States alliance. "If that's the case, Japan's grand diplomatic strategy toward China is obvious," he said. "What Mr. Koizumi did, as a strategy toward China, was correct."

But critics say Mr. Koizumi used foreign opposition to the shrine visits to rally nationalist sentiments among Japanese, who had lost their self-confidence because of the long economic slump and had grown fearful of China's rise.

Under Mr. Koizumi, nationalist politicians and scholars who would like to whitewash Japan's militarist past have found fertile soil and moved into the mainstream. Government-sanctioned school textbooks increasingly omit facts from Japan's wartime history, such as the use of slave labor and "comfort women" during the years it occupied Korea and Manchuria, or the massacre of 100,000 to 300,000 Chinese in Nanjing.

Japan's troubles with its neighbors, especially China, eventually grew so severe that policy makers and scholars in Washington in the past year began expressing worries that Mr. Koizumi's policy was hurting Japanese — and American — interests in Asia. But Mr. Koizumi's open appeals to nationalist symbols like Yasukuni won him and his party votes — a lesson that was absorbed by his likely successor, Shinzo Abe, the chief cabinet secretary.

At home, Mr. Koizumi diminished the role of the central government and the bureaucracy and gave local governments more authority. He deregulated industries, opened opportunities for entrepreneurs and freed big companies to hire a greater percentage of temporary workers.

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Japan's economy has bounced back, though its long-term recovery is uncertain. In a backlash against Mr. Koizumi's pro-market policies, an increasing number of critics have said that the changes have favored the rich and corporations, and that they have contributed to a widening in income gaps and a fraying of Japan's vaunted egalitarianism.

Mr. Koizumi showed little interest in addressing these concerns. After passing the law to change the postal savings system last fall, which Mr. Koizumi had long regarded as the glue that held together the old Japan, he appeared to lose passion for his job. In June, he refused to extend a parliamentary session despite unfinished legislative business. He could not wait to leave the building, it was said, so that he could go to the United States and travel with Mr. Bush to Graceland.

Japan's Abe, Poised To Lead, Offers Nation Vision Of Pride (WP)

By Anthony Faiola, Washington Post Foreign Service

The Washington Post, September 19, 2006

TOKYO -- To glimpse the brave new Japan of Shinzo Abe -- the hawkish 51-year-old poised to replace Junichiro Koizumi as prime minister next week -- take a peek inside the eighth-grade history classes at this city's prestigious Tamagawa Academy.

Using new textbooks with lessons hailed by Abe as the foundation of a more confident nation, junior high students at the elite private school are this year being taught something that has been largely taboo in post-World War II Japan -- to take pride in their country. The texts omit or soften references to atrocities committed by Japanese troops during the war, assure students that the war was waged primarily in self-defense and promote the ideal of a proud and independent Japan.

The controversial books, thus far adopted by only a handful of schools, have the support of the government and are set for wider distribution. But they are only part of Abe's vision for the future. He has vowed to push through a sweeping education bill, strengthening the notion of patriotism in public classrooms in a way not seen since the fall of Imperial Japan, and to rewrite Japan's pacifist constitution to allow the country to again have an official and flexible military.

Abe (pronounced ah-bay) may well get his way. Currently Japan's chief cabinet secretary, he is overwhelmingly favored to succeed the retiring Koizumi in ruling party elections on Wednesday, a win that would effectively guarantee him the prime minister's post after a full vote of parliament on Sept. 26.

Although his proposals have flustered Japan's neighbors in Asia, where war-related grievances linger just below the surface, Abe and others define the changes as a natural maturing of Japanese democracy. Perhaps more importantly, they say the changes reflect the need for Japan to transform itself in the face of new threats.

In the decades after World War II, most Japanese took pride in their country's role as the world's model pacifist society, which operated by the rules of "checkbook diplomacy" and left its defense largely to U.S. military might. But today Japan is confronting the prospect of a nuclear-armed North Korea and the reality of a China that has become a military and economic superpower.

The rise of Abe, an unabashed nationalist set to be Japan's youngest postwar prime minister and its first to be born after the conflict, underscores a profound shift in thinking that has been shaped by those threats.

"Rather than getting praised for wrestling a good round of sumo under the rules that foreign countries make, we should join in the making of the rules," Abe said in a televised debate this month. ". . . I believe I can create a new Japan with a new vision."

Japan's foreign minister, Taro Aso, and its finance minister, Sadakazu Tanigaki, are also competing for the leadership of the ruling Liberal Democratic Party, or LDP. But neither is as pedigreed as Abe to deliver on promises. His father, Shintaro Abe, served as foreign minister; his grandfather, Nobusuke Kishi, was initially arrested as a World War II criminal but escaped the gallows to become prime minister in 1957.

In Abe's latest book, "Toward a Beautiful Country," Japan's presumptive new leader casts doubt on the legitimacy of the Tokyo war crimes tribunal that convicted Japan's wartime leaders. Asked by a foreign journalist last September whether he regretted Japan's defeat in the war, Abe briskly replied, "You refer to me as rather nationalistic, but I say that the person who is not patriotic cannot be the leader of his country."

The handpicked successor of Koizumi, a charismatic leader who laid the groundwork for Japan's gradual emergence from its pacifist shell, Abe has crafted a comparatively ambitious vision. Although he is likely to maintain Koizumi's emphasis on the U.S.-Japan alliance as the basis of national defense, he has also suggested he wants Japan to be a more equal partner. Some

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analysts predict that he will strive for a version of Washington's relationship with Britain, which closely cooperates with the U.S. military but acts on its own as it sees fit.

Analysts also note that Abe is popular largely because of -- not despite -- his unusually hawkish stance. He has been particularly fierce on the subject of communist North Korea, now seen as Japan's greatest security threat. When North Korea launched a battery of new test missiles on July 4, Abe went far beyond the diplomatic talking points, calling for a debate on whether Tokyo could stage a preemptive strike on North Korean missile bases.

Ten years ago, analysts note, such boldness would have sparked a public outcry here for his resignation. Today, it has helped ensure his election as Japan's prodigal samurai returned.

"Abe recognizes that Japan can no longer be the country it has been. We cannot sit back in the face of new dangers," said Ichita Yamamoto, an LDP legislator and close Abe ally. "Under our current constitution, if a U.S. ship is attacked aside a Japanese ship, we cannot even fight to defend our American allies. What kind of partner does that make us? We are living in a more dangerous world and it calls for a strong leader."

Abe's popularity has buoyed conservatives, who see him as the natural heir to Koizumi as the Japanese regain their pride. Though Koizumi infuriated China and the Koreas by visiting a shrine that honors Japan's military dead, including convicted war criminals, he unambiguously upheld the government's landmark 1995 apology, which recognized World War II as an act of Japanese aggression. Abe, in contrast, has been less clear, saying he recognizes the "spirit" of the apology but suggesting that historians should be the final judges of Japan's past actions.

Japanese pacifists, whose shrinking ranks have made them a minority voice here, have become anxious. They point to the continuing influence of rightist groups with armored black vans, whose members use bullhorns to shout racist propaganda on the streets of major Japanese cities. They also cite the punishments meted out to teachers who have refused to comply with recent requirements to stand for the national anthem and bow to the Japanese flag at school graduation and entrance ceremonies.

"I have a sense that the postwar generation of politicians in Japan -- including Abe -- have lost the older generation's sense of war guilt," said Takayoshi Miyagawa, a political strategist and noted pacifist in Tokyo. "This is taking Japan down a path we should not be going down again. It is a path that is leading us back toward a wicked nationalism that the young have now forgotten about."

Advocates of rebuilding Japanese patriotism call such talk alarmist, saying six decades as Asia's leading democracy and dominant economy have earned Japan the right to pride. The movement, they add, is not going forward without caution. At Tamagawa Academy, for instance, students using the revised, and more flattering, history books have also been told to use the old ones as supplemental material to help them formulate their own conclusions.

"We are trying to strike a balance between our role as teachers and our desire to give young Japanese a chance to be proud of their country," said Kiyoaki Ishizuka, Tamagawa's junior high headmaster. "The youth of every other nation enjoys that right. Why shouldn't Japan's?"

Japan Sees Genes Of A Leader In A Grandson (LAT)

By Bruce Wallace

The Los Angeles Times, September 19, 2006

TOKYO — For a man who claims he likes to speak his mind, Shinzo Abe's ambiguity is making him a tough politician to label.

Some say the man poised to become Japan's next prime minister is a hawk, pointing to his hard-line stance on North Korea and his declared intention to rewrite Japan's pacifist constitution.

Others call him a realist, prepared to muffle his tough talk to soften Japan's image and improve its stone-cold relations with China.

Yet almost everyone here agrees there is one label that fits this career politician who is almost certain to be elected head of the governing Liberal Democratic Party, or LDP, on Wednesday and prime minister a week after that.

The grandson.

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To understand Abe, say friends and foes, you must understand his relationship with Nobusuke Kishi, his maternal grandfather, who died in 1987 and was once prime minister.

Kishi was no ordinary politician. He was a key architect of imperial Japan's expansion across Asia in the 1930s, a Cabinet minister who signed the declaration of war against the United States and who was arrested and jailed — though never charged — as part of the select company of about two dozen top war criminals after Japan's surrender.

His comeback as a powerful backroom political fixer, unflinching Japanese nationalist and eventually prime minister from 1957 to 1960 makes Kishi an example of what his grandson admiringly calls "fighting statesmen," the minority of politicians willing to take an unpopular stand and stick to their convictions.

That legacy weighs on Abe, who clearly sees himself in the fighting mold.

With a great-uncle, Eisaku Sato, who was also prime minister in the 1960s, and a father, Shintaro Abe, who was a respected foreign minister and perennial candidate for the top job, the incoming prime minister boasts a pedigree that has Japan's political class talking about his "political DNA."

"Sometimes Abe says he has the combined DNA of his grandfather, who was a very strong figure, and his father, who was softer," says Yoshihide Suga, Japan's senior vice minister for internal affairs who is a close Abe advisor. "But I think the DNA of his grandfather is strongest."

Kishi is more than just a spiritual guide to Abe. Like his grandfather, Abe chafes at living under a war-renouncing constitution written by American occupiers. And while Kishi was prime minister at a time when memories of war were fresh and rewriting the constitution was a political impossibility, Abe comes into office believing conditions are now right to put Japanese pen to the American paper.

"I seek to draft a constitution of our own that fits Japan in the 21st century," he said during one of the candidate debates in this month's leadership race to succeed outgoing Prime Minister Junichiro Koizumi. "I represent the postwar generation."

But that generation's determination to stir up history makes some of Japan's neighbors nervous.

China and the two Koreas have been particularly unsettled by Abe's questioning of the legitimacy of the Tokyo war crimes trials and alarmed by his visits to Yasukuni Shrine, where war criminals are honored along with about 2.5 million other Japanese war dead.

Abe, who turns 52 this week, will be the first Japanese prime minister born after World War II. Every survey shows him with a commanding grip on about 70% of the party delegates who will elect their new leader. Many are young by Japanese political standards, and the hand-over from Koizumi to Abe will mark the ascendancy of these politicians prepared to change a country they believe is crippled by excessive war guilt.

The theme of Abe's campaign is sketched out in his book "Toward the Beautiful Country," a collection of musings on politics and his life published in July. The book contains numerous criticisms of postwar Japan's "masochistic teaching of history" and its collective aversion to anything having to do with the imperial era, which Abe says has left the Japanese with a "bent and narrow" psychology.

"Why not work up a good sweat and unlock the future by being proud of being Japanese rather than belittling ourselves?" he asks.

Abe says he has no plans to turn his back on Koizumi's path of economic liberalization, but will seek ways to deal with growing alarm here over increasing disparities of wealth.

But his ambitions go beyond amending the clauses of the constitution that prevent Japan from going to war unless attacked, even to defend an ally such as the United States. Although they see the alliance with Washington as the cornerstone of Japanese security — a position that his grandfather fought for as prime minister despite massive left-wing protests — Abe and supporters are less pleased with many Western values imported into Japan.

Their nationalism is cultural, not militaristic, they say. They complain that an overdose of "individualism" has been a virus weakening traditional Japanese bonds of family and community. And they blame that disintegration on a 1960s culture that led to more women in the workforce and an education system that is not only slack when it comes to discipline but that fails to raise students with a sense of pride in their country.

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The Abe entourage already has made it clear that its first order of business is a radical overhaul of Japan's public education system, which they say is riddled with leftist teachers. Abe wants patriotism taught and has suggested sending students to do a year of volunteer work before entering university, even if it has to be made compulsory.

"We are not trying to go back to 1945; our conservatism is not the same as prewar politics or militarism," says Hakubun Shimomura, an LDP ally of Abe's and a leading critic of Japan's education system. "We have to educate children to understand that they are not alone, that they are part of a community. So they have to learn to respect the flag, respect the anthem, because they are the symbols of the country and you have to take them seriously."

Abe is the product of private schools. Raised in Tokyo, a second son and middle child, he has described a lonely youth in which his father was a remote figure, seldom home and obsessed with his political career. The two grew close only later, after the elder Abe insisted that his son quit his job at a multinational steel company to work as his secretary in the Foreign Ministry.

His father died of liver failure at 67 in 1991, having never reached the top job that so many had predicted would one day be his.

Abe ran for office two years later, winning his father's old seat, but had an uneventful career until he became an outspoken critic of the government's failure to pursue allegations that North Korea had abducted an unknown number of Japanese citizens during the Cold War.

"Nobody at the top of the party wanted to talk about it," says Abe advisor Suga, another early leader of the campaign to call North Korea to account over the disappearances. "Abe knows that the top duty of politicians is to protect their people and the national interest. He's a politician of strong beliefs who knows that politicians should speak their minds."

The swell of support over his stand on North Korea emboldened Abe, solidifying his belief in the political benefits of being a "fighting statesman," and he has already signaled he plans to tighten the economic screws on Pyongyang.

But he has also tempered some of his language while running for prime minister. Where he once defended his visits to Yasukuni Shrine on grounds of religious freedom, he has refused to say whether he will visit the memorial as prime minister.

Advisors hint that he plans to simply stay away from the shrine without promising to do so, a calculated ambiguity they hope will assuage Chinese fury over the visits while not appearing to bend to any outside pressure.

Another sign of the realist in Abe, perhaps. But it's that sort of muddied message that will make people look to the grandfather's record for clues about where Abe will take Japan.

"Yes, he is a hawk, but not out of a personal conviction forged in debates and discussion," says Akira Asada, an economist and philosopher based at Kyoto University.

"Abe simply wants to be a good boy, a loyal child to the memory of his father and grandfather. And his grandfather just happened to be a hawk."

From The Ground Up, Cuba Is Crumbling (LAT)

By Carol J. Williams

The Los Angeles Times, September 19, 2006

HAVANA — At the intersection of Marina and Jovellar streets, more than 50 people wait along a potholed sidewalk and broken curb for a bus that wheezes up to the stop already full.

Somehow, a dozen or so manage to squeeze into the windowless contraption that dates to the days when Moscow provided much of the means to keep the Cuban economy moving. Today, the buses barely keep Cubans moving. Many people spend as much as two hours each night getting home from their jobs in the center of Havana.

Their homes are also in a sad state, with at least 500 buildings in the capital collapsing each year, by the government's own count. Their utilities are decrepit too: Water and power distribution systems are corroded patchworks predating the 1959 revolution, and olfactory evidence of the state of the sewer system wafts throughout the city.

Cuba is falling apart — literally.

Even as its economy booms thanks to a thriving tourism industry, brisk nickel exports and cheap oil from ideologically aligned Venezuela, the social benefits are difficult to see at street level. Except for a few high-profile historical restoration projects such as the Art Deco buildings of Old Havana, the country's structural decay seems to worsen with each month.

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"It's not a question of repairing anymore. Everything needs to be rebuilt," says Julio, a construction worker who spends more time as an unlicensed cabdriver than on state building sites. "There is no material and no money to buy it, so nothing has been maintained."

Some blame the decrepitude on the U.S. economic embargo that has blocked travel and the flow of goods to the island for nearly 45 years in an effort — through nine U.S. administrations — to starve Cuba into abandoning what Washington sees as a ruinous adherence to communism.

Few Cubans will talk openly about what might be wrong with a political and economic system that even in boom times can't keep the wheels of public transportation turning or the lights on — especially since President Fidel Castro turned over power to his brother six weeks ago for surgery deemed a state secret. But they complain quietly that there is more to their urban squalor than the embargo or the loss of Soviet aid 15 years ago can explain.

"The problem is that the government owns everything, and people only take care of what is their own," says another moonlighting cabdriver, Arturo, who buzzes his plastic-encased motorbike around basketball-sized craters in the asphalt where the Malecon seaside promenade meets 23rd Street. "Cubans are very clever and improvisational. We can fix anything. But there isn't the will to do it unless it is to improve your own conditions."

In self-improvement mode, city dwellers resort to pilferage to "resolve" their problems.

Resolver, Spanish for "to resolve," has long been a euphemism for getting around the system, be it a restaurant cook setting aside a few frozen French fries to take home from each tourist's order, or the filching of park bench planks to patch a gap in the deteriorating walls of an apartment.

The lack of available or affordable parts, tools and building materials has had a cancerous effect on the alreadydegraded infrastructure. Doorknobs disappear from public buildings, screws from wall-mounted shelves and dispensers. Along the Malecon, not a single storm-drain cover survives to prevent rubbish from clogging the sewers, the square metal grates apparently useful to screen windows.

Rampant theft has engendered more bureaucracy, with office workers having to lock their doors when they go for coffee out of fear someone will snatch the wastebasket, stapler, lightbulbs, pens and paper. Inventory lists are posted in government offices, a hedge against the contents disappearing.

But it is the buildings themselves, as well as vehicles and farm equipment, that are at risk of collapse from the pilfering. A tow-truck driver describes how the vehicles he pulls tend to lose their spark plugs, air filters, lug nuts and rear-view mirrors from the point of collection to delivery. Because most cars and trucks are state property, they are seen as fair game by Cubans hoping to make a few dollars by selling the purloined parts.

Even the tourism industry cash cow is vulnerable to widespread theft and minimal investment. Ancient air conditioners blow the smell of mold into "five-star" hotel rooms where renovations have been limited to the lobbies.

Rail tracks link most major cities, offering an affordable means of transportation, but the lines are rusted, engine breakdowns frequent and passenger service so primitive most travelers prefer to hitchhike.

Hope for repair of Cuba's housing, roads, transportation and utilities has risen with the multibillion-dollar investments made by Venezuela in the last few years, including a deal signed this year for Venezuelan engineers to complete the Cienfuegos oil refinery abandoned by the Soviets in the early 1990s.

That and other joint projects to upgrade the electricity grid, in addition to crude-oil-burning power plants, have had the effect of lowering the number of blackouts and power failures this year compared with the prolonged outages that left Cubans sweltering without fans or elevators the last two summers.

Decades of stoically making do with shortages and dysfunction have engendered a paralyzing passivity among Cubans, at least about the quality of their administrators and the political system that guides them.

"It's very tranquil here, very safe. We like it that way and don't want things to change, at least not suddenly," says Monica, a 30-something engineer asked if the conditions of urban life are frustrating. Like many asked about their expectations for the future, she claims not to have given it much thought, even with the only leader she has ever known now uncharacteristically in the background.

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While Cubans succumb to the daily demands of resolving their food, shelter and finance problems, their former countrymen across the Florida Straits say they expect to be called on to help when the next leadership takes on the massive task of reconstruction.

Frank Nero, head of the Beacon Council, a public-private consortium of 400 Miami-area businesses, says that Cuba's dearth of lumber, hardware, tools, flooring materials, paints, electrical supplies and other do-it-yourself materials could mean that U.S. construction firms "are going to be very much in demand post-embargo."

Cubans have been taught to fear economic overtures from the exile community in Miami, where some who lost property to the revolution nurture hopes of reclaiming it after the Castro regime comes to a close and — they believe — a more democratic and free-market society emerges.

But with every third family thought to have relatives among the 1.2 million Cuban exiles in the United States, the younger generation has expectations of cross-straits collaboration.

"My brother-in-law has a construction business in Florida. He would help us if it was allowed," says Julio, who would like to replace the broken, grimy tiles on the staircase leading to his Havana apartment and put glass in the windows. "It will be faster to rebuild if there is goodwill on both sides."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House Revises Terror Proposal (USAT)

USA Today, September 19, 2006

The White House plans to send lawmakers a revised proposal for trying terrorism suspects as President Bush's plan met more resistance among Republicans.

White House spokeswoman Dana Perino said Monday that the administration was sending the new language in hopes of reaching an agreement. Republican senators have written their own proposal giving terror detainees more rights than the administration wants.

Less than a week after a Republican-led Senate committee defied Bush and approved terrorism-detainee legislation that the president vowed to block, three more GOP senators said they oppose the administration's version.

GOP Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia Snowe of Maine said they favor Virginia Sen. John Warner's alternative bill.

Official tells of nomineefor cybersecurity job

President Bush has chosen an industry information security specialist to be the Department of Homeland Security's assistant secretary for cybersecurity and telecommunications, a department official said.

Greg Garcia, vice president of the Information Technology Association of America, will be nominated for the post, the department official told the Associated Press on condition of anonymity because the announcement is pending.

The cybersecurity job, created in July 2005, has been filled by acting director Donald Purdy who was on loan from Carnegie Mellon University under a two-year contract.

Last week, a test of mock Internet attacks found that government and industry officials were unable to fight back quickly and effectively against simulated hackings that sought to halt subways and cause power outages.

Ney to resign from twoHouse leadership posts

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions but did not say whether he would leave Congress.

Ney, R-Ohio, headed the Housing and Community Opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings.

Ney agreed Friday to plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. Soon after that announcement, Ohio Republican Party Chairman Bob Bennett called for Ney to resign.

David Popp, Ney's chief of staff, would not say whether the congressman would return to his duties before his term expires in January. He is not seeking re-election.

Republican NYC mayorto campaign for Lieberman

Republican New York Mayor Michael Bloomberg will host a fundraiser for Sen. Joe Lieberman, D-Conn., at the mayor's Manhattan town house, according to Lieberman's campaign. Lieberman is seeking re-election as an independent after losing the Democratic primary to Ned Lamont. Dan Gerstein, a spokesman for Lieberman's campaign, said the fundraiser will be held Nov. 1 and will be co-chaired by former senator Alfonse D'Amato, another New York Republican, and former Democratic New York mayor Ed Koch.

Poll shows Democrat aheadfor open Minn. Senate seat

Democrat Amy Klobuchar, county attorney in Minneapolis, led GOP Rep. Mark Kennedy, 56%-32% in the U.S. Senate race, a Star Tribune poll found. Klobuchar led 50%-31% in the same poll in July. The two seek the seat of Democrat Mark Dayton. The poll of 820 likely voters was conducted Wednesday through Friday and has a margin of error of +/-3.4 percentage points.

White House To Revise Terror Proposal (AP-Y)

By Anne Plummer Flaherty

AP, September 19, 2006

The White House said Monday it will send lawmakers a revised proposal for dealing with terrorism suspects as indications grew that President Bush's plan was meeting increased resistance among Republicans in both chambers of Congress.

White House Deputy Press Secretary Dana Perino said the administration was sending the new language in hopes of reaching an agreement. A revolt by GOP senators, who have written their own proposal giving terror detainees more rights than the administration wants, has embarrassed the White House at a time when Republicans want to use their security policies as a main platform in November's congressional elections.

"Our commitment to finding a resolution is strong," Perino said.

DOJ_NMG_0065468

A week after a Republican-led Senate committee defied Bush and approved terror-detainee legislation that the president vowed to block, three more GOP senators said they now opposed the administration's version, joining the four Republicans who had already come out against it.

If all 44 Democrats plus the chamber's Democratic-leaning independent also vote for the alternative by Sen. John Warner, R-Va., as expected, that would give it a majority in the 100-member Senate.

In a further hint of problems for the administration, House officials said their chamber was postponing a vote planned for Wednesday on a bill mirroring Bush's proposal.

Republican officials, speaking on condition of anonymity, said they have encountered resistance and were no longer certain they had enough votes to push the measure to passage through the GOP-run House.

Kevin Madden, spokesman for House Majority Leader John Boehner, R-Ohio, said the vote would be rescheduled to next week and blamed the delay on a request by the House Judiciary Committee to study the bill.

An administration official, who declined to be identified because of the sensitivity surrounding the negotiations, said the new language only addresses a dispute over the nation's obligations under the Geneva Conventions, which set the standard for treatment of prisoners taken during hostilities.

No other details of the new administration plan were initially available.

"This legislation, once finished, will provide not only a way to bring the mastermind of 9/11 to justice, but also provide clarity to our men and women in the intelligence community who are interrogating these high-value detainees who helped provide information that allowed us to disrupt and prevent additional terrorist plots against America," the White House's Perino said.

The president's measure would go further than Warner's bill, allowing classified evidence to be withheld from defendants in terror trials and allowing coerced testimony. Bush also favors a narrower interpretation of the Geneva Conventions that would make it harder to prosecute U.S. interrogators for using harsh techniques.

Neither side is saying how an agreement can be achieved on whether to allow the CIA to use highly controversial methods such as disorientation, forced nakedness and waterboarding, in which a subject is made to think he is drowning. Without confirming any specific techniques used by the CIA, the Bush administration says the agency's program has foiled terror plots. Opponents say the techniques verge on torture.

Last week, Warner, normally a Bush supporter, pushed his measure through his Senate Armed Services Committee by a 15-9 vote. The White House argued that the Senate proposal would end the CIA program to interrogate terrorists.

Whether Bush would have enough votes to win on the Senate floor seemed in question. On Monday, Warner appeared to have the majority of support in the Senate, with at least 52 votes in his favor if Democrats backed him, as expected.

GOP Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia Snowe of Maine said they favor Warner's bill, joining Warner and three others who voted for it during the committee meeting last week.

Neither side has been able to muster definitively the 60 votes necessary to prevent a Senate filibuster of their proposal. This uncertainty — along with hope that the White House and Warner would reach an agreement to stave off a Republican showdown on the Senate floor_ has kept the bill from being voted on.

Senate Majority Leader Bill Frist, R-Tenn., who supports the president's bill, has said he wants to pass it before lawmakers recess at the end of the month. Doing so would allow the president to proceed with prosecutions of 14 "high-value" terrorists before the midterm elections.

The president's plan has encountered resistance in the House as well, with Rep. Steve Buyer, R-Ind., urging Bush to heed the military's top uniformed lawyers, who have previously opposed some provisions of the president's plan.

An agreement would keep Republicans from having to choose between backing Bush, as they have done in the past on anti-terror issues, and three Republicans known as leaders on national security issues: Warner, R-Va., a former Navy secretary; John McCain, R-Ariz., a former prisoner of war who last year pushed through legislation banning mistreatment of detainees; and Lindsey Graham, R-S.C., a reserve judge for the Air Force Court of Criminal Appeals.

White House Offers New Proposal On Interrogations (WP)

By Jonathan Weisman And Peter Baker

The Washington Post, September 19, 2006

White House officials sent Congress a revised proposal last night on rules governing the interrogation of detainees at secret CIA prisons, bending to the opposition of a growing group of Republicans who have balked at President Bush's proposal on military trials for suspected terrorists.

Senate aides and White House officials did not divulge the changes to the initial proposal, but they made it clear that negotiations were restarting after days of heated charges and countercharges. Sen. Lindsey O. Graham (R-S.C.), a central figure in the dispute, said there is now a "50-50 chance" of a deal being struck by week's end.

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At issue is legislation authorizing the creation of "military commissions" that would try terrorist suspects. But the central dispute is whether language should be included to "clarify" the responsibilities that intelligence operatives have under the Geneva Conventions in the treatment of detainees in secret prisons.

A group of dissident Republicans, led by Senate Armed Services Chairman John W. Warner (Va.), Sen. John McCain (Ariz.) and Graham, say that would be tantamount to abrogating the Geneva Conventions and would invite other countries to reinterpret the treaty as they wish.

"We appear to be moving towards a possible resolution," said a senior Bush aide, who, like others, spoke on the condition of anonymity because he was not authorized to discuss negotiations. Another official said both sides decided to cool down the debate after days of pitched rhetoric when they concluded they were getting nowhere.

Since the dispute burst into the open Wednesday, five other Republican senators -- Susan Collins (Maine), Olympia J. Snowe (Maine), Chuck Hagel (Neb.), John E. Sununu (N.H.) and Lincoln D. Chafee (R.I.) -- have indicated they will side with the dissidents, and the numbers were threatening to grow.

"Obviously, the debate has raised a couple decibel levels," the second White House official said. "We could block whatever they want, and they could block whatever we want. Nobody wants that kind of impasse." Congressional leaders had hoped that the commissions bill would be the centerpiece of a legislative month dedicated to national security issues.

After yesterday's talks, the official said, "there was a general tone of cautious optimism."

The dissidents' hand has only grown stronger. House Republican leaders decided yesterday to drop a vote planned for this week on Bush's bill on military trials, agreeing instead to refer it to the Judiciary Committee for further consideration. White House and GOP leaders had hoped an overwhelming vote in the House this week would increase the pressure on McCain, Graham and Warner to relent.

More troubling to the White House and GOP leaders, Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, indicated he may ask to examine portions of the bill pertaining to international treaties, leadership aides acknowledged.

GOP leaders are concerned that would open a second front on the debate over the Geneva Conventions. Hyde would also like to examine a section of the bill suspending detainees' right of habeas corpus, a provision that civil libertarians strongly criticize but that so far has not been controversial in Congress.

A White House official expressed confidence that House GOP leaders will bring to a vote a bill of the president's liking. Still, the delay in the House marked a fresh setback for Bush, who had demanded that Congress send him a bill this month authorizing the creation of the commissions.

Beyond the dispute over the Geneva Conventions, the White House and the dissidents are clashing on how and whether classified information should be divulged to commission defendants, and whether evidence obtained through coercive interrogations should be admissible at trials.

The White House would like more latitude to withhold classified information, but the dissidents say it is a fundamental rule of jurisprudence that defendants be able to confront the evidence being used against them. The dissidents are also concerned that the use of coerced evidence could open convictions to appeal.

White House and Senate officials indicated that yesterday's counterproposal from the Bush administration deals primarily with the Geneva Conventions issue. Once agreement can be reached on that, they said, the other matters should be resolved quickly.

Mark Salter, McCain's chief of staff, said the Arizona senator is hoping for assurances from the White House that CIA interrogators would abide by the standards of treatment for detainees codified last year after a fight with the White House over interrogation at military prisons. But such assurances would not be enough unless Bush agrees to drop any new definitions of treatment under the Geneva Conventions.

A third White House official said the administration would tone down its public discussion of the matter as long as talks proceeded. "As long as there's a sense that there's a deal to be had and everyone's trying to get there, you won't see much public chatter out there," the official said.

Bush Offers Concession On Terror Suspects' Rights (WT)

By Joseph Curl

The Washington Times, September 19, 2006

President Bush yesterday offered to compromise on his hard-line stance that Congress curb rights for terrorism suspects, as the White House announced it will send lawmakers a revised proposal intended to overcome increasing resistance from Republicans on Capitol Hill.

White House deputy press secretary Dana Perino said the administration would send new language to the Hill in hopes of reaching an agreement and quell a Republican revolt. Last week, four Republicans, led by Chairman John W. Warner of Virginia, joined all Democrats on the Senate Armed Services Committee, voting 15-9 to expand the rights of terror suspects.

"Our commitment to finding a resolution is real and that's why we're going to be sharing some language, because we are eager to find a resolution," Mrs. Perino said.

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An administration official said last night that the new language offered by the White House pertains only to U.S. obligations under the Geneva Conventions, which govern treatment of prisoners of war. The president has questioned the conventions rule that prisoners not be subject to "outrages upon human dignity."

"That's a statement that is wide open to interpretation," Mr. Bush said in a press conference Friday. "And what I am proposing is that there be clarity in the law so that our professionals will have no doubt that that which they are doing is legal."

Mr. Bush said, "The piece of legislation I sent up there provides our professionals that which is needed to go forward."

The president also contends that without such clarity, the program cannot proceed. He said Friday, "If not for this program, our intelligence community believes al Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Mr. Warner and fellow Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina were to get the latest proposal on the president's bill late last night, and Mr. Graham said that the outreach is appreciated.

"Like all negotiations, this is and will continue to be a back-and-forth exchange of thoughts and proposals," Mr. Graham said. "We share the president's goal of enacting legislation preserving an effective CIA program to make us safe, upholding Geneva Convention protections for our troops and passing constitutional muster."

A week after the Senate committee defied Mr. Bush, three more Republican senators said they oppose the administration's version, joining the four committee Republicans who voted against it. Republican Sens. Chuck Hagel of Nebraska, Lincoln Chafee of Rhode Island and Olympia J. Snowe of Maine said they favor Mr. Warner's bill.

Although the Republican Party holds 55 seats in the 100-member Senate, Mr. Bush's proposal would fail if Democrats vote against the measure in a unified bloc, as expected.

In a further setback for the White House, the House announced yesterday that it would postpone a vote planned for tomorrow on a bill mirroring Mr. Bush's proposal.

White House Revises Plan For Detainees (FT)

By Caroline Daniel In Washington

Financial Times, September 19, 2006

The battle between the White House and Republican senators at odds over interrogation techniques at secret Central Intelligence Agency prisons moved closer to resolution on Monday night when the White House sent a new draft bill to Congress.

“The senators at the weekend suggested they would re-open negtotiations and asked us to send some language. Since we are eager to find a solution we are sending up draft language to the Hill for consideration to help them find a way forward,” said a White House spokeswoman.

Progress in the talks was noted on Monday by Senator John McCain, the Arizona Republican who has led resistance to the White House interpretation of Article 3 of the Geneva Convention, which governs the rights of wartime detainees.

“We are certainly making progress and I’m hopeful we can get it completed soon,” he said. Mr McCain, with John Warner, chairman of the Senate Armed Services Committee and Lindsey Graham, have taken on the Senate leadership, by opposing the White House effort, citing fears it could compromise the treatment of US military personnel captured overseas.

“If it’s seen that our country is trying to redefine the Geneva Convention to meet the needs of the CIA, why can’t every other country redefine the Geneva Convention to meet the needs of their secret police?’” Mr Graham asked.

The White House has been conscious of two critical political deadlines. Congress has just two weeks left to act to pass a bill before gearing up for the mid-term elections. If it fails, President George W Bush could face a much more hostile Congress after the elections.

Mr McCain said he had the backing of George Shultz, former secretary of state, joining Colin Powell, another former secretary of state, who joined the debate last week with a letter warning of the moral damage to the reputation of the US.

Mr Shultz told the FT. “My concern is not doing anything to change the Geneva Convention. I believe the ability to use aggressive questioning is important and I understand the objectives of the administration and Mr McCain can be achieved without touching the Geneva Convention, and dealing with the War Crimes Act.

”The US War Crimes Act of 1996 makes it a felony to commit grave violations of the Geneva Conventions. Mr Shultz warned that the US should “not to mess around with the Geneva Convention. There has been a long tradition of the Convention. As a former secretary of state I know how important reciprocity is to military people….It is very important for us to be defining ourselves with the highest ideals, but you also have to protect yourselves.”

Jennifer Daskal of Human Rights Watch, said that approach, “certainly seems to be a reasonable compromise,” in that it could protect CIA personnel carrying out any tough interrogations in secret prisons from prosecution.

“It could allow it to go forward. It might be violating the law, but they [the interrogators] could not be held criminally accountable under the War Crimes Act.”

Frist Could ‘Fill The Tree’ On Rival Detainee Bill (RC)

By Emily Pierce

DOJ_NMG_0065471

Roll Call, September 19, 2006

As the man who decides how issues are brought to the Senate floor, Majority Leader Bill Frist (R-Tenn.) could use a few procedural tricks up his sleeve to stack the deck in favor of President Bush if he decides to force an intraparty showdown this week over the treatment and interrogation of detainees in the war on terrorism.

Though much has been made of the support Senate Armed Services Chairman

John Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) have garnered for their proposal on how to prosecute suspected terrorists and Bush's fervent opposition to it, there is no guarantee that Senators will get a chance to vote in a head-to-head matchup between the differing bills proposed by the two sides.

"You don't always know what options you're going to have," warned a senior Senate GOP aide.

Senate Majority Whip Mitch McConnell (Ky.) began surveying the Republican Conference on Friday to find out Members' positions on the president's detainee bill and whether they would oppose a filibuster of the Bush plan, said a well-placed Senate Republican aide.

However, as of press time Monday, Senate GOP leaders were still waiting for today's Senate Republican policy lunch to gauge the level of dissension or consensus in their ranks.

"When people get back to town, it's a whole lot easier to see where they are," explained the senior Senate GOP aide. "We can't do anything until Wednesday anyway."

That's true, considering the Senate will finish up work on a U.S.-Oman free-trade agreement today and is expected to move on to the nomination of Alice Fisher to be assistant attorney general this afternoon.

The remainder of the week is anybody's guess, as Frist must decide whether it's worth going forward with debate on detainee legislation. He still has not ruled out combining the president's plan with another lightning-rod issue within the GOP ranks, the National Security Agency's warrantless wiretapping program.

On the detainee question, Frist could decide to give Senators only one option and then dare wavering Democrats and Republicans who are up for re-election or from politically marginal states to vote against the president's plan, which would allow the government to try suspected terrorists by military tribunal.

By most counts, Warner, McCain and Graham have at least eight other GOP supporters — Sens. Susan Collins (Maine), Olympia Snowe (Maine), Dick Lugar (Ind.), Mike DeWine (Ohio), Gordon Smith (Ore.), John Sununu (N.H.), Lincoln Chafee (R.I.) and Chuck Hagel (Neb.) — for their bill, which would give terrorist suspects more rights during trials and omits language the Bush administration says is necessary to protect U.S. interrogators from being charged with ambiguous war crimes.

With 11 GOP supporters and the expected backing of a majority of Democrats, the Armed Services proposal, which passed the panel with largely Democratic support last week, could draw as many as 56 votes.

But the senior Senate GOP aide noted that that count would apply only if those Senators actually have an opportunity to vote for the Warner-McCain-Graham alternative to the president's bill. Frist could decide to use a procedural maneuver, known as filling the amendment tree, to prevent an up-or-down vote on the trio's proposal. Still, Frist would need 60 votes to choke off any potential filibuster of the president's plan — a tall order.

While it is always possible that Frist could decide to bring up one or both proposals with no restrictions on amendments, giving opponents an opportunity to present their alternatives, the more likely scenario is one in which Frist tries to restrict the debate in an attempt to minimize the damage that already has been done to a national security message that was supposed to be the Republicans' ace in the hole going into the Nov. 7 elections. Additionally, adding structure and limits to the debate could also serve to head-off the potential of Democratic attempts to hijack the proceedings with other issues.

Of course, Frist also could decide to punt the issue into next week or beyond if talks between the warring parties appear to be bearing fruit.

"Ideally, we'd still like to see a compromise," said Frist spokeswoman Amy Call, who said that "as long as things are moving forward," Frist is unlikely to make any decisions about floor proceedings.

GOP sources indicated that little progress was expected given the heightened rhetoric emanating from the Bush administration over the weekend.

In fact, Warner spokesman John Ullyot said Warner and the White House had no scheduled meetings on the detainee issue.

"He remains interested in talking with the administration, but nothing is scheduled right now," Ullyot said. Still, Ullyot noted that the "Senators on the committee feel very strongly about their position."

Senate Democrats, meanwhile, will continue to focus heavily on national security issues as well, with the minority scheduled to do press events today and Wednesday focused on the issue.

Talking points distributed to Democratic offices for this week largely reflect the party's months-long effort to portray the GOP as ineffective on national security and to tar House and Senate Republicans with Bush's low approval ratings.

Democrats argued they have established a strong footing in the minds of the public on national security issues over the past several months and said the issue will remain a central component of their messaging work even as lawmakers turn to more domestic concerns as the election approaches.

John Stanton contributed to this report.

DOJ_NMG_0065472

Attorney General Gonzales Defends Interrogation Methods, Says Geneva Conventions Too Vague (AP)

By Hope Yen, Associated Press Writer

AP, September 19, 2006

WASHINGTON — Attorney General Alberto Gonzales on Monday defended the Bush administration's strategy for interrogating terror suspects, calling it legal and critical to "continue gathering information about our enemies."

In a speech, Gonzales said CIA interrogators lack guidance on how to comply with the international Geneva Conventions, saying the provisions banning "humiliating and degrading treatment" and "outrages upon personal dignity" are too vague.

"Such phrases standing alone mean different things to Americans," he said at a conference on citizenship. "Think of the differences in interpretation that will exist between differing legal systems and cultures of the nations of the world."

"Seeking this clarity is important to our efforts to continue gathering information about our enemies," Gonzales said. "In all that we do in the war on terror, we seek to promote the rule of law and protect freedom."

Trying to end a protest by dissident Senate Republicans, the White House says it's confident it can reach a compromise on proposed rules for interrogating terror suspects.

But neither side is saying how an agreement can be achieved on whether to allow highly controversial methods by the CIA, such as electric shock, forced nakedness and waterboarding, in which a subject is made to think he is drowning. The Bush administration says those techniques have foiled terror plots. Opponents say they verge on torture.

The full Senate was expected to take up the issue as early as this week.

"The reason we have this program is these kind of hard-core terrorists who are most likely to have information to allow us to protect America are trained in counterinterrogation techniques," Stephen Hadley, President Bush's national security adviser, said Sunday.

"It was only when they went into this CIA program we were able to get information," he said. "This is not torture. This is not a program out of control. This is a program that is conducted pursuant to law."

Sen. John McCain, R-Ariz., one of the Republicans not satisfied with the White House proposal, said he was committed to working out a deal but insisted that the United States must hold the moral high ground.

"They are people that when they are in our custody, they deserve nothing except the fundamental rights that all prisoners have under the Geneva Conventions," said McCain, a former prisoner of war. "We should not do things which would be condemned by everyone in the world."

First lady Laura Bush, in New York for an international literacy conference, said Monday she was confident that her husband and congressional Republicans would "come to some consensus" on the legislation. Bush was not upset, she said, when McCain and two other Senate Republicans broke with the administration last week over the detainee interrogation bill.

"He knows these men very well, obviously," Mrs. Bush said in an interview on NBC's "Today" show. "He knows what their issues are... Obviously he thinks it's very important to be able to interrogate in a way that's not demeaning."

The Supreme Court in June ruled the Geneva Conventions on the rights of wartime detainees should apply to suspected terrorists in CIA custody. The decision froze the interrogations and led the Bush administration to turn over the last 14 prisoners in CIA custody to military officials at Guantanamo Bay, Cuba.

At issue is Common Article 3 of the conventions, which ban in part inhuman treatment of captives as well as "outrages upon personal dignity."

Legal experts say that under international law, the provision would likely bar the CIA's more aggressive tactics. Bush contends it is too vague. He wants a narrower interpretation that would permit the program to continue and shield CIA interrogators from lawsuits.

McCain, as well as Senate Armed Services Chairman John Warner, R-Va., and Sen. Lindsey Graham, R-S.C., say that would redefine the broader legal understanding of the conventions in the international community.

Their Senate proposal is silent as to what types of CIA tactics might be permissible under the broader conception of Article 3.

On Sunday, Bush's national intelligence director, John Negroponte, said that after the Supreme Court ruling, the aggressive interrogation program has had "precious little activity of that kind for a number of months now" because of questions about its legality.

Hadley declined to say what specific techniques, such as waterboarding or prolonged sleep deprivation, would likely be considered illegal if Congress doesn't pass Bush's proposal.

But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator McCain's requirement that we don't amend or change" the Geneva Conventions.

Hadley appeared on ABC's "This Week," CBS' "Face the Nation" and CNN's "Late Edition." Negroponte was on "Fox News Sunday," McCain on ABC and Graham on CBS.

Support U.S. Intelligence (USAT)

By John D. Negroponte

USA Today, September 19, 2006

DOJ_NMG_0065473

One critical way to help prevent terrorist attacks against Americans is interrogating key al-Qaeda leaders and operatives. The Bush administration has proposed a bill that would allow the CIA to conduct such interrogations — interrogations that have helped stop terrorist attacks — in a way that gives our personnel clear legal standards.

The simple question, therefore, is whether we will allow intelligence professionals on the front lines to keep using a tool that has saved American lives.

The current debate centers on legal questions concerning Common Article 3 of the Geneva Conventions. In June, the Supreme Court determined that Common Article 3 applies to al-Qaeda terrorists.

The administration is committed to complying with the law of the land, and we must ensure our laws provide clarity on the vague standards contained in Common Article 3, such as "outrages upon personal dignity." Thus, the president has asked that Congress clarify our treaty obligations just as it has done on many other occasions. Absent such clarification, our intelligence professionals would be subject to unpredictable legal interpretations, including those of foreign courts. This vital program cannot go forward unless the law is clarified.

The administration's proposal would not redefine Common Article 3. It would provide clarity by mirroring language written by Sen. John McCain, R-Ariz., and passed by Congress less than a year ago as part of the Detainee Treatment Act.

Under this approach, our intelligence professionals would know what they can and can't do because the standard would be one that is well established in U.S. law as determined by U.S. courts.

Clarifying our laws would not jeopardize our troops. Lawful combatants such as U.S. soldiers would continue to be fully protected by all aspects of the Geneva Conventions. Nothing in the administration's proposal in any way would undercut these fundamental protections. The issue we are debating is the standard of treatment for unlawful combatants — those who hide among civilian populations and plot attacks on innocents.

The CIA needs to interrogate al-Qaeda operatives to gather intelligence where traditional questioning tactics do not work. The program has in the past helped us foil several publicly disclosed plots, including attacks on tall buildings in the USA, a U.S. Marine base in East Africa, the American consulate in Pakistan and Britain's Heathrow Airport.

Once intelligence has been obtained, terrorists can be brought to justice. The administration's proposal would provide for the trial of terrorists in a way that ensures that sensitive intelligence sources and methods — which must remain secret to be effective against other terrorists in the future — are not provided to the terrorists themselves.

As President Bush reminded the nation, it is "vital that our folks on the front line have the tools necessary to protect the American people." We are prepared to work with Congress to ensure this remains the case.

John D. Negroponte is Director of National Intelligence.

Bush Detainee Plan Adds To World Doubts Of U.S., Powell Says (WP)

By Karen Deyoung And Peter Baker, Washington Post Staff Writers

The Washington Post, September 19, 2006

Ex-Secretary of State Defends Conventions

Former secretary of state Colin L. Powell said yesterday that he decided to publicly oppose the Bush administration's proposed rules for the treatment of terrorism suspects in part because the plan would add to growing doubts about whether the United States adheres to its own moral code.

"If you just look at how we are perceived in the world and the kind of criticism we have taken over Guantanamo, Abu Ghraib and renditions," Powell said in an interview, "whether we believe it or not, people are now starting to question whether we're following our own high standards."

Powell, elaborating on a position first expressed last week in a letter to Sen. John McCain (R-Ariz.), also argued that the administration's plan to "clarify" U.S. obligations under the Geneva Conventions would set a precedent for other nations that would endanger U.S. troops.

"Suppose North Korea or somebody else wants to redefine or 'clarify' " Geneva Conventions provisions prohibiting "outrages against personal dignity" and "humiliating and degrading treatment" of prisoners, he said.

Powell's opposition marks a rare public breach with the administration he left 20 months ago. As secretary of state, he repeatedly clashed privately with Vice President Cheney and others who had more hard-line foreign policy views. But since leaving office he has declined nearly all opportunities to publicly criticize even those policies he opposed internally.

Powell has said he regrets that the Iraq invasion was launched on the basis of false intelligence about Saddam Hussein's weapons programs and Hussein's relationship with al-Qaeda, information that he vouched for in an address before a hostile United Nations. He has also said that he believes the administration should have sent more troops to invade Iraq and provided a better postwar plan.

Powell also allowed his name to be identified among those opposed to Bush's nomination of his former State Department subordinate, John R. Bolton, as Washington's U.N. ambassador.

But he has reserved his strongest opposition for administration efforts to preserve controversial methods for interrogating terrorism suspects, techniques that others have defined as torture. While it is not clear exactly what techniques the White House wishes to keep,

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sources have said those previously used include nakedness, prolonged sensory assault and deprivation, the imposition of "stress" positions, and water submersion to the verge of drowning. Bush has said none of those amounts to torture.

Powell strenuously objected to Bush's February 2002 decision that the United States was not obliged to adhere to Geneva Conventions rules in its treatment of captured al-Qaeda and Taliban prisoners. Subsequent scandals over military treatment of prisoners at the U.S. facility at Guantanamo Bay, Cuba, and at Abu Ghraib in Iraq, and over the CIA's establishment of secret prisons abroad, further cemented his views that the decision was unnecessary in terms of prisoner interrogation and is harmful to the armed forces.

Last fall, over administration opposition, Powell publicly supported McCain's successful effort to ensure that restrictions in the Army Field Manual outlawing torture be adopted as the definitive guidance for military treatment of detainees. His position owed as much to his 35 years as an Army officer as to his tenure as the nation's chief diplomat.

The current dispute is over how the provisions of Common Article 3 of the 1949 Geneva Conventions against inhumane and degrading treatment bind the CIA and other non-military interrogators.

The administration has argued that the article is too vague and ties the CIA's hands in extracting crucial information from terrorists. Last week, Powell joined dozens of other retired military officers and former government officials in objecting to proposed administration legislation "clarifying" the article to ensure that certain unspecified interrogation methods can continue.

In his letter to McCain, Powell said the effort to "redefine" the article was "inconsistent" with his previous opposition to the use of torture. "The world," he wrote, "is beginning to doubt the moral basis of our fight against terrorism." On Friday, the Senate Armed Services Committee voted 15 to 9 to endorse an alternative bill offered by McCain, Sen. Lindsey O. Graham (R-S.C.) and Sen. John W. Warner (R-Va.).

Bush aides said they appreciated that Powell did not make the matter personal or engage in cutting rhetoric. But the White House did not hesitate to push back strongly, even at the risk of further alienating Powell. White House spokesman Tony Snow said last Thursday that Powell was "confused" about the administration's proposal. The president followed up the next day with a stern reaction at a Rose Garden news conference, when he reinterpreted Powell's position to suggest that the former secretary of state was equating U.S. tactics to those of terrorists.

Powell declined yesterday to address Bush's comments. "To say that we want to modify, clarify or redefine Common Article 3, which has not been modified for the 57 years of its history, I think adds to the doubt" about U.S. morality, he said. "Plus I believe that the legitimate concerns that the administration has can be dealt with in other ways."

Yesterday, another prominent Republican weighed in. In a statement released by his office in California, former secretary of state George P. Shultz said he believes that a compromise can be reached that "leaves the Geneva Convention alone and achieves the specificity that the administration wants."

Meanwhile, former president Jimmy Carter, a leading voice on human rights, said yesterday that he is "filled with admiration" for McCain, Powell and others who have joined in opposition.

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Experts Say Bush's Goal In Terrorism Bill Is Latitude For Interrogators' Methods (NYT)

By Sheryl Gay Stolberg

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — In his showdown with rebellious Senate Republicans over bills to bring terrorism suspects to trial, President Bush has repeatedly called for clarity in the rules for what he calls "alternative interrogation techniques" used by the Central Intelligence Agency.

What Mr. Bush really wants, legal experts on both sides of the debate say, is latitude so the interrogators can use methods that the military is barred from using under a recently issued Army field manual.

Despite his call for clarity, the president has been vague in talking about the alternatives, which have in the past included sleep deprivation, playing ear-splittingly loud music and waterboarding, which induces a feeling of drowning.

"They can't come out and say we want more leeway to rough these people up," said John Radsan, who was assistant general counsel for the intelligence agency from 2002 to 2004 and now teaches at the William Mitchell College of Law in St. Paul. "That doesn't sell. So he says we need clarity. It doesn't play well to say we need to deprive them of sleep and play loud music."

On Monday, the Bush administration appeared to make the first stab at compromise, telling senators, including John W. Warner, the Virginia Republican who is chairman of the Senate Armed Services Committee and who is leading the opposition to the president's plan, to expect a counterproposal.

White House officials would not release details of the administration's new proposal, except to say late Monday night that it involved the part of the Geneva Conventions known as Common Article 3.

At the same time, the House decided to postpone its vote on Mr. Bush's proposal until at least next week. That was a setback for the White House, which had been counting on the House to pass the measure this week, a step that it hoped would prod the Senate into action before lawmakers break at the end of the month for the midterm elections.

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The Supreme Court ruled in June that Common Article 3, which legal experts agree would prohibit the intelligence agency's techniques, applies to the treatment of terrorism suspects.

So the White House wants Congress to pass measures redefining Article 3 to say it bars "cruel, inhuman and degrading treatment," language that the administration borrowed from a bill written by Senator John McCain, the Arizona Republican who was tortured while a prisoner in the Vietnam War.

"The president is advocating a standard that prohibits cruel, inhumane and degrading treatment, a standard based on years of U.S. Court decisions interpreting the constitutional prohibitions on cruel and unusual punishment that protect U.S. citizens in custody," Attorney General Alberto R. Gonzales said Monday in a speech at a conference on citizenship. "Seeking this clarity is important to our efforts to continue gathering information about our enemies."

Some Senate Republicans, including Mr. Warner and Mr. McCain, are pushing back. They say redefining Article 3 would send a message that the United States was not serious about living up to the Geneva Conventions, a view shared by former Secretary of State Colin L. Powell, and are pressing an alternative bill.

Part of the dispute revolves around protection for military and intelligence agency interrogators. The White House says Article 3 is too vague and leaves interrogators open to being sued.

The senators do not disagree. But they propose to clarify Article 3 by amending the War Crimes Act to specify exactly what abuses of the article constitute war crimes.

Jeffrey H. Smith, a general counsel for the intelligence agency under President Bill Clinton, said that the language in the Senate bill would not bar the controversial techniques, but that the White House bill appeared to give the agency greater latitude.

"The senators seem to be prepared to allow some techniques, but not nearly as many as the administration wants," Mr. Smith said.

Since his speech nearly two weeks ago announcing that he was transferring 14 prominent terrorism suspects, including the reported mastermind of the Sept. 11 attacks, to the detention center at Guantánamo Bay, Cuba, Mr. Bush has said the previously secret program under which they were interrogated was invaluable in thwarting terrorism plots.

The president has said he will have no choice but to stop the program if Congress does not pass his bill.

The legislation does not explicitly state what the permissible techniques are, and the president and White House officials, including Gen. Michael V. Hayden, director of the intelligence agency, have steadfastly refused to discuss them.

Tony Snow, the White House spokesman, has been repeatedly asked about waterboarding, for example, and whether Mr. Bush has ruled it out.

"I'm not going to go into what's ruled in and ruled out," Mr. Snow told reporters last week, saying to do so would tip the interrogators' hand with suspects.

In a setback for the White House, the top uniformed lawyer for the Army has now told Mr. Warner that he prefers the Senate approach. The lawyer, Maj. Gen. Scott C. Black, joined military lawyers last week in a letter saying he did not object to the administration bill.

But on Friday, General Black sent a second letter to Mr. Warner in which he said that the Senate bill was preferable and that "further redefinition of Common Article 3 is unnecessary and could be seen as a weakening of our treaty obligations."

Whether the two sides can reach an agreement is unclear. Mr. Warner and another rebelling Republican senator, Lindsey Graham of South Carolina, spoke to reporters late Monday, saying the two sides were exchanging, in Mr. Warner's words, "ideas and words here and there."

Mr. Graham said the real work toward compromise started on Sunday, after appearances on Sunday by senators and administration officials on televised news and interview programs.

Mr. Graham said, "Everybody felt like what we were telling each other is: 'We share the same goals. We have a different way of achieving them. Let's see if we can write the legislation to meet our goals.' "

Torture Is Torture (WP)

By Eugene Robinson

The Washington Post, September 19, 2006

Bush's 'Program' Disgraces All Americans

I wish I could turn to cheerier matters, but I just can't get past this torture issue -- the fact that George W. Bush, the president of the United States of America, persists in demanding that Congress give him the right to torture anyone he considers a "high-value" terrorist suspect. The president of the United States. Interrogation by torture. This just can't be happening.

It's past time to stop mincing words. The Decider, or maybe we should now call him the Inquisitor, sticks to anodyne euphemisms. He speaks of "alternative" questioning techniques, and his umbrella term for the whole shop of horrors is "the program." Of course, he won't fully detail the methods that were used in the secret CIA prisons -- and who knows where else? -- but various sources have said they have included not just the infamous "waterboarding," which the administration apparently will reluctantly forswear, but also sleep deprivation, exposure to cold, bombardment with ear-splitting noise and other assaults that cause not just mental duress but physical agony. That is torture, and to call it anything else is a lie.

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It is not possible for our elected representatives to hold any sort of honorable "debate" over torture. Bush says he is waging a "struggle for civilization," but civilized nations do not debate slavery or genocide, and they don't debate torture, either. This spectacle insults and dishonors every American.

There is one ray of encouragement: the crystal-clear evidence that the men and women of our armed forces want no part of torturing anybody. The members of the Republican resistance -- Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina -- have impeccable Pentagon connections and are not operating in a vacuum. Bush admitted in his news conference Friday that he had spoken to "the professionals" and that they would not carry out "the program" unless Congress specifically told them to.

In support of its torture bill, all the White House could manage to squeeze out of five top Pentagon lawyers was a four-sentence letter of non-objection that had all the enthusiasm of a hostage tape.

Colin Powell's strongly worded rejection of torture should have embarrassed and chastened the White House, but this is a president who refuses to listen to critics of his "war on terrorism" -- even critics who helped design and lead it.

There should be no need to spell out the practical reasons against torture, but, for the record, they are legion. As Powell and others have argued, if the United States unilaterally reinterprets Common Article 3 of the Geneva Conventions to permit torture, potential adversaries in future conflicts will feel justified in doing the same thing. Does the president want some captured pilot to be subjected to the tortures applied in the CIA prisons?

And, as has been pointed out by experts, torture works -- far too well. Torture victims will tell what they know, and when their knowledge is exhausted they will tell their torturers what they want to hear, even if they have to invent conspiracies. The president says that torturing al-Qaeda kingpins foiled serious plots against America, but how do we know those plots were real? How can we be sure that some of the detainees at Guantanamo aren't shopkeepers or taxi drivers who were snatched because Khalid Sheik Mohammed ran out of real terrorists to implicate and began naming acquaintances so he wouldn't get waterboarded again?

But we shouldn't have to talk about the practicalities of torture, because the real question is moral: What kind of nation are we? What kind of people are we?

Bush's view of the world is based on the idea of American exceptionalism: that this country is unique, that its ideas and values are not just worthy or admirable but superior to any others. This attitude annoys the rest of the world to no end -- a lot of other countries think they're pretty special, too -- but accept for the moment that the American system is in fact the best of all systems and that the great experiment begun by the Founding Fathers was a signal event in the history of mankind. Accept, if you will, Bush's view that the United States is steadfastly blessed by a loving God.

What do you imagine God might think about torture, Mr. President?

FBI Agent: Informant Was Convicted In DMV Fraud Case (NSDY/AP)

Long Island Newsday, September 19, 2006

ALBANY, N.Y. (AP) _ The informant who posed as an arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims was arrested in 2001 for helping immigrants fraudulently obtain drivers' licenses, an FBI agent testified Monday.

"He was not truthful at all," special agent Timothy Coll acknowledged of Shahed Hussain in the document fraud. Coll arrested the Pakistani emigre, whom he called "Malik" and who subsequently agreed to cooperate with the FBI.

He is central to the case against Yassin Aref and Mohammed Hossain, both accused of laundering $50,000 that Malik claimed came from the sale of a shoulder-fired missile to terrorists. Defense lawyers say he lied to the FBI about their clients, who thought he was joking about a terrorist plot.

He is expected to testify later this week, and his credibility is a key question for jurors. Coll testified Monday that Malik's cooperation agreement required him to be truthful from the time he signed it.

Malik first helped the FBI with the document case, which resulted in his identifying two state Department of Motor Vehicles employees he bribed in Albany and the suspension of 80 drivers' licenses, Coll said.

Under his guilty plea in 2003 to one federal charge of attempted unlawful transfer of an identification document, he could face up to 15 years in prison and a $250,000 fine at sentencing Oct. 27, court papers show. As a non-citizen, he could also face deportation.

A contract translator for the DMV in 2001, Malik had answered the written permit tests for a fee, and in one case arranged for a DMV clerk to issue an interim license under a false name, Coll said. He received $300 to $500 for the usual permit/license package, depending on factors like the number of times a road test applicant hit the curb.

"They hit the curb often," Coll said, and several people in the courtroom laughed.

Coll also acknowledged under cross-examination by defense attorney Kent Sprotbery that Malik has received almost $37,000 for relocation, office rent and cell phone expenses from the FBI in the two cases. Coll has not yet finished his reports to the sentencing judge and immigration officials about the informant's help, he said.

The FBI agent said Malik's "story" to Aref and Hossain was that he was doing a "substantial" import-export business, while in fact he owned a gas station near the Albany office of the DMV and had a small import-export business.

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Coll acknowledged that Malik's first mention of a part-time business as an arms dealer came up with Hossain and Aref only later. He also said more than 90 percent of the three men's meetings were taped, though some were not, that many parts had to be translated, and he sometimes had to listen several times to decipher the English.

Aref, 36, and Hossain, 51, maintain their transaction was a simple loan from Malik to Hossain, common under Islamic law and custom, where Aref acted as witness and insisted on writing receipts.

Details About Informant In Aref And Hossain Trial (CAPN9)

Capital News 9, September 19, 2006

A big day for the defense, as it tried to poke holes in the investigation that led to Mohammed Hossain and Yassin Aref facing terrorism-related charges of money laundering.

The FBI agent who oversaw the sting operation, Timothy Coll, testified about how credible the informant, known as "Malik," was as he tried to act as an arms importer.

Defense teams spent hours pointing out that "Malik" had not only been arrested for fraud, but that the F-B-I agent had to rely on some of the information which he provided.

Coll admitted Malik's reports had some inconsistencies, and also said the informant made decent money for cooperating with the government. Malik's cell phone bills were also covered, $1,900 worth of charges that included his own personal usage.

WATCH THE VIDEO

Jurors hear more testimony

Testimony continued Monday in the trial of two Albany mosque leaders accused of supporting terrorism.

The informant was tasked with catching the defendants laundering money for the purchase of a missile. The defense has tried to show that he was not very clear in his dealings with Aref and Hossain. In court today, jurors saw a video clip from January 2, 2004 that featured the following conversation:

Informant: This is the part of the missile that I showed you.

Hossain: Oh yeah?

Informant: So as soon as it comes. I'll give you...this is $5,000. Over the next couple of weeks, I'll get you more money.

Hossain: I don't need that all...just so I can pay the bills.

During that conversation, Malik held up a trigger for the fake missile system. But Aref, who was also sitting there, may never have seen it, because he was counting the money at the time. Did both defendants know the sting operation, if real, would have resulted in the sale of a missile to terrorists? In another video clip dated December 5, 2003, Malik told Hossain:

Informant: Whatever I'm doing, I'm not doing anything wrong nor am I breaking any law. I do not sell any weapons that could cause a man to be killed.

Hossain: This is good. What you're saying now is good.

All of this has left the jury with some very complicated questions, including some over the credibility of the government's cooperating witness.

Plots Traced To Prison (NSDY)

By Carol Eisenberg, Washington Bureau

Long Island Newsday, September 19, 2006

Concern grows over signs that recent terror plans were hatched among converts to Islam doing hard time

WASHINGTON - The terror plots unfolded on different sides of the Atlantic, with different targets and casts of characters. But they had one thing in common: They traced back to jailhouse conversions to radical Islam.

The four young men indicted in California last summer in connection with an alleged plot to attack National Guard facilities, the Israeli consulate and several synagogues around Los Angeles, had hatched the plan in New Folsom State Prison outside Sacramento.

Muktar Said Ibrahim, who had converted to Islam in a British prison, was also arrested last summer, in connection with a bomb left on a London bus.

Convicted shoe-bomber Richard Reid, who had once been held in the same youth facility as Ibrahim and who was also a jailhouse convert, attempted to blow up an American Airlines flight from Paris to Miami in December 2001.

With concerns about homegrown terrorism mounting, a panel of homeland security experts planned today to warn of the potential threat posed by prison converts to radical Islam, and ask Congress to set up a commission to investigate the matter. Two congressional committees are holding hearings on the issue this week.

"Prisoner radicalization is a potentially significant threat to U.S. national security," said the head of the panel, Frank Cilluffo, director of the Homeland Secu- rity Policy Institute at George Washington University in Washington, D.C. "The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries."

Most troubling, Cilluffo said, is "we don't know what we don't know. We need to be proactive. We need to get people in there who can be part of the solution. ... We don't want to be doing a report after an attack."

An estimated 6 percent of 150,000 federal prison inmates are Muslim. No nationwide figures on Muslims in state prisons exist, but experts say the largest number are in New York, where they make up about 18 percent of 63,700 state inmates.

The chairman of the House Homeland Security Committee said he welcomed the group's proposal. "It's a very real problem in California and New York," said Rep. Peter King (R-Seaford). "I know of several radical mosques in New York that hire these guys after they get out of prison." He did not name the mosques.

Civil rights advocate Ibrahim Hooper of the Council on American-Islamic Relations said his group would support such a probe "as long as it's examined by neutral parties who aren't basing their judgments on stereotypes."

For decades, Islam has been a regular part of prison culture, with tens of thousands of Muslims practicing their faith behind bars. But since the 2002 arrest of Jose Padilla, a felon and American Muslim convert who authorities say planned a "dirty bomb" after he left jail, officials have warned that prisons are a "fertile ground for extremists" in the words of FBI Director Robert Mueller.

A report prepared by Cilluffo's group and The Critical Incident Analysis Group at the University of Virginia School of Medicine, acknowledges that the problem is not new, or unique to Islam. Right-wing groups connected with "Christian Identity" ideology, including Posse Comitatus and Aryan Nation, have long existed in prisons.

Most prison converts are not potential extremists, the report notes. But it said that some gangs have adopted a "jailhouse Islam," that incorporates "cut-and-paste versions of Islam" with gang loyalty and violence. And it stressed that even "a single radicalized inmate can be a significant threat."

It quotes California officials as saying that every investigation into radical prison groups had uncovered new leads, "but they simply do not have enough investigators to follow every case of radicalization."

The report also cited indications that terrorist groups are increasingly exploiting drug trafficking and other illegal activities to finance their operations. The attack on the Madrid rail system, for instance, involved cooperation between terrorists and gangs. And the alleged California plot was uncovered after police made arrests in a series of gas station robberies orchestrated to help finance the attacks.

Canadians Fault U.S. For Its Role In Torture Case (NYT)

By Ian Austen

The New York Times, September 19, 2006

OTTAWA, Sept. 18 — A government commission on Monday exonerated a Canadian computer engineer of any ties to terrorism and issued a scathing report that faulted Canada and the United States for his deportation four years ago to Syria, where he was imprisoned and tortured.

The report on the engineer, Maher Arar, said American officials had apparently acted on inaccurate information from Canadian investigators and then misled Canadian authorities about their plans for Mr. Arar before transporting him to Syria.

“I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constituted a threat to the security of Canada,” Justice Dennis R. O’Connor, head of the commission, said at a news conference.

The report’s findings could reverberate heavily through the leadership of the Royal Canadian Mounted Police, which handled the initial intelligence on Mr. Arar that led security officials in both Canada and the United States to assume he was a suspected Al Qaeda terrorist.

The report’s criticisms and recommendations are aimed primarily at Canada’s own government and activities, rather than the United States government, which refused to cooperate in the inquiry. But its conclusions about a case that had emerged as one of the most infamous examples of rendition — the transfer of terrorism suspects to other nations for interrogation — draw new attention to the Bush administration’s handling of detainees. And it comes as the White House and Congress are contesting legislation that would set standards for the treatment and interrogation of prisoners.

“The American authorities who handled Mr. Arar’s case treated Mr. Arar in a most regrettable fashion,” Justice O’Connor wrote in a three-volume report, not all of which was made public. “They removed him to Syria against his wishes and in the face of his statements that he would be tortured if sent there. Moreover, they dealt with Canadian officials involved with Mr. Arar’s case in a less than forthcoming manner.”

A spokesman for the United States Justice Department, Charles Miller, and a White House spokesman traveling with President Bush in New York said officials had not seen the report and could not comment.

Canada’s prime minister, Stephen Harper, said his government planned to act on the report but offered no details. “Probably in the few weeks to come we’ll be able to give you more details on that,’’ he told reporters. The Syrian-born Mr. Arar was seized on Sept. 26, 2002, after he landed at Kennedy Airport in New York on his way home from a holiday in Tunisia. On Oct. 8, he was flown to Jordan in an American government plane and taken overland to Syria, where he says he was held for 10 months in a tiny cell and beaten repeatedly with a metal cable. He was freed in October 2003, after Syrian officials concluded that he had no connection to terrorism and returned him to Canada.

Mr. Arar’s case attracted considerable attention in Canada, where critics viewed it as an example of the excesses of the campaign against terror that followed the Sept. 11 attacks. The practice of rendition has caused an outcry from human rights organizations as “outsourcing torture,” because suspects often have been taken to countries where brutal treatment of prisoners is routine.

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The commission supports that view, describing a Mounted Police force that was ill-prepared to assume the intelligence duties assigned to it after the Sept. 11 attacks.

Mr. Arar, speaking at a news conference, praised the findings.

"Today Justice O'Connor has cleared my name and restored my reputation," said Mr. Arar, who has been unemployed since his return to Canada in 2003. "I call on the government of Canada to accept the findings of this report and hold these people responsible."

His lawyer, Marlys Edwardh, said the report affirmed that Mr. Arar was deported and tortured because of "a breathtakingly incompetent investigation."

The commission found that Mr. Arar first came to police attention on Oct. 12, 2001, when he met with Abdullah Almalki, a man already under surveillance by a newly established Mounted Police intelligence unit known as Project A-O Canada. Mr. Arar has said in interviews that the meeting at Mango's Cafe in Ottawa, and a subsequent 20-minute conversation outside the restaurant, was mostly about finding inexpensive ink jet printer cartridges.

The meeting set off a chain of actions by the police.

Investigators obtained a copy of Mr. Arar's rental lease. After finding Mr. Almalki listed as an emergency contact, they stepped up their investigation of Mr. Arar.

At the end of that month, the police asked customs officials to include Mr. Arar and his wife on a "terrorist lookout" list, which would subject them to more intensive question when re-entering Canada.

However, the commission found that the designation should have only been applied to people who are members or associates of terrorist networks. Neither the police nor customs had any such evidence of that concerning Mr. Arar or his wife, an economist.

From there, the Mounted Police asked that the couple be included in a database that alerts United States border officers to suspect individuals. The police described Mr. Arar and his wife as, the report said, "Islamic extremists suspected of being linked to the al Qaeda movement."

The commission said that all who testified before it accepted that the description was false.

According to the inquiry's finding, the Mounted Police gave the F.B.I. and other American authorities material from Project A-O Canada, which included suggestions that Mr. Arar had visited Washington around Sept. 11 and had refused to cooperate with the Canadian police. The handover of the data violated the force's own guidelines, but was justified on the basis that such rules no longer applied after 2001.

In July 2002, the Mounted Police learned that Mr. Arar and his family were in Tunisia, and incorrectly concluded that they had left Canada permanently.

On Sept. 26, 2002, the F.B.I. called Project A-O and told the Canadian police that Mr. Arar was scheduled to arrive in about one hour from Zurich. The F.B.I. also said it planned to question Mr. Arar and then send him back to Switzerland. Responding to a fax from the F.B.I., the Mounted Police provided the American investigators with a list of questions for Mr. Arar. Like the other information, it included many false claims about Mr. Arar, the commission found.

The Canadian police "had no idea of what would eventually transpire,'' the commission said. "It did not occur to them that the American authorities were contemplating sending Mr. Arar to Syria."

While the F.B.I. and the Mounted Police kept up their communications about Mr. Arar, Canada's Department of Foreign Affairs was not told about his detention for almost three days. Its officials, acting on calls from worried relatives, had been trying to find him. Similarly, American officials denied Mr. Arar's requests to speak with the Canadian Consulate in New York, a violation of international agreements.

Evidence presented to the commission, said Paul J. J. Cavalluzzo, its lead counsel, showed that the F.B.I. continued to keep its Canadian counterparts in the dark even while an American jet was carrying Mr. Arar to Jordan.

The panel found that American officials "believed — quite correctly — that, if informed, the Canadians would have serious concerns about the plan to remove Mr. Arar to Syria."

Mr. Arar arrived in Syria on Oct. 9, 2002, and was imprisoned there until Oct. 5, 2003. It took Canadian officials, however, until Oct. 21 to locate him in Syria. The commission concludes that Syrian officials at first denied knowing Mr. Arar's whereabouts to hide the fact that he was being tortured. It says that, among other things, he was beaten with a shredded electrical cable until he was disoriented.

American officials have not discussed the case publicly. But in an interview last year, a former official said on condition of anonymity that the decision to send Mr. Arar to Syria had been based chiefly on the desire to get more information about him and the threat he might pose. The official said Canada did not intend to hold him if he returned home.

Mr. Arar said he appealed a recent decision by a federal judge in New York dismissing the suit he brought against the United States. The report recommends that the Canadian government, which is also being sued by Mr. Arar, offer him compensation and possibly a job.

Mr. Arar recently moved to Kamloops, British Columbia, where his wife found a teaching position.

Canadian Was Falsely Accused, Panel Says (WP)

By Doug Struck, Washington Post Foreign Service

The Washington Post, September 19, 2006

Muslim Held by U.S. Was Sent to Syria For Interrogation

TORONTO, Sept. 18 -- Canadian intelligence officials passed false warnings and bad information to American agents about a Muslim Canadian citizen, after which U.S. authorities secretly whisked him to Syria, where he was tortured, a judicial report found Monday.

The report, released in Ottawa, was the result of a 2 1/2-year inquiry that represented one of the first public investigations into mistakes made as part of the United States' "extraordinary rendition" program, which has secretly spirited suspects to foreign countries for interrogation by often brutal methods.

The inquiry, which focused on the Canadian intelligence services, found that agents who were under pressure to find terrorists after the attacks of Sept. 11, 2001, falsely labeled an Ottawa computer consultant, Maher Arar, as a dangerous radical. They asked U.S. authorities to put him and his wife, a university economist, on the al-Qaeda "watchlist," without justification, the report said.

Arar was also listed as "an Islamic extremist individual" who was in the Washington area on Sept. 11. The report concluded that he had no involvement in Islamic extremism and was on business in San Diego that day, said the head of the inquiry commission, Ontario Justice Dennis O'Connor.

Arar, now 36, was detained by U.S. authorities as he changed planes in New York on Sept. 26, 2002. He was held for questioning for 12 days, then flown by jet to Jordan and driven to Syria. He was beaten, forced to confess to having trained in Afghanistan -- where he never has been -- and then kept in a coffin-size dungeon for 10 months before he was released, the Canadian inquiry commission found.

O'Connor concluded that "categorically there is no evidence" that Arar did anything wrong or was a security threat.

Although the report centered on Canadian actions, the counsel for the commission, Paul Cavalluzzo, said the results show that the U.S. practice of renditions "ought to be reviewed."

"This is really the first report in the Western world that has had access to all of the government documents we wanted and saw the practice of extraordinary rendition in full color," he said in an interview from Ottawa. "The ramifications were that an innocent Canadian was tortured, his life was put upside down, and it set him back years and years."

Arar, who came to Canada from Syria when he was 17, said in Ottawa that he was thankful that he had been vindicated. He expressed surprise and anger at learning Monday that Canadian authorities also had asked U.S. authorities to put his wife on the al-Qaeda watchlist.

"Today Justice O'Connor has cleared my name and restored my reputation," he said at a news conference. He said the individual Canadian officials should be held accountable: "Justice requires no less."

O'Connor said it was beyond his mandate to recommend discipline for any individual.

"He really is a victim of authorities in three governments, as well as being an innocent man," Irwin Cotler, a member of parliament from the Liberal Party, said after the report was issued.

Stockwell Day, the federal government's public safety minister, said the treatment of Arar was "regrettable. We hope, with any future situations, never to see this happen again."

Since Sept. 11, the CIA, working with other intelligence agencies, has captured an estimated 3,000 people in its effort to dismantle terrorist networks. Many of them have been secretly taken by "extraordinary rendition" to other countries, hidden from U.S. legal requirements and often subject to torture.

Those renditions are often carried out by CIA agents dressed head to toe in black, wearing masks, who blindfold their subjects and dress them in black. The practice is generating increased opposition by other countries; Italy is seeking to prosecute CIA officers who allegedly abducted a Muslim cleric in Milan in February 2003, and German prosecutors are investigating the CIA's activities in their country.

Although details of the renditions and the destinations of those held are secret, President Bush has confirmed the existence of CIA-run prisons throughout the world. Some of the subjects of renditions have been held in those prisons.

O'Connor also recommended that the government review the case of three other Muslim Canadian citizens, who were detained when they traveled through Syria, to determine what role Canadian authorities played in their imprisonment.

But it was the case of Arar, a reserved, soft-spoken father of two, that created outrage in Canada after he returned in 2003 and said he wanted the public to know what had happened to him.

The report said agents of the Royal Canadian Mounted Police "overstated" Arar's importance in the broad investigation they began of potential Canadian suspects after Sept. 11.

Canadian police opened a file on Arar after seeing him talking to two other Muslim Canadians they were watching, authorities have acknowledged. Arar insisted the men were casual acquaintances in the small Muslim community in Montreal, where he lived before moving to British Columbia.

O'Connor said Monday that police agents told the Americans that Arar was "suspected of being linked to the al Qaeda movement." The judge concluded: "The RCMP had no basis for this description."

The Mounties also falsely claimed Arar had refused to be interviewed and had "suddenly" left for Tunisia. It listed him as a business associate of another man they called a "Bin Laden associate." Those descriptions were "either completely inaccurate" or overstated his casual connections, O'Connor said in an 822-page, three-volume report.

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That information "very likely" led to his rendition, the report said. U.S. officials refused to cooperate with the Canadian inquiry.

Cavalluzzo said the Canadian agents apparently operated without proper training. "The best one can say is that it was sheer incompetence. They did not appreciate the fact that the branding of someone as a 'target' or 'suspect' or 'Islamic extremist' to Americans in 2002 could lead to disastrous consequences."

After Arar was detained in New York, Canadian authorities apparently were unaware the Americans were preparing to send him to Syria, according to the commission finding.

The RCMP contact, Inspector Michel Cabana, "was under the impression that Mr. Arar would only be detained for a short time," O'Connor's report said. "In his view, Mr. Arar was being held in a country with many of the same values as Canada."

Arar filed a lawsuit in U.S. federal court, but the case was dismissed by a judge citing "national security" issues. Arar is also seeking compensation from the Canadian government.

Some crucial questions about the incident remain unanswered, at least publicly. Over the repeated objections of O'Connor, the federal government censored much of the testimony given during the proceedings as well as some of the final report. O'Connor's report said a federal court should be asked to decide whether to disclose some of the censored items.

Arar was not permitted to testify; the judge ruled it would be unfair to subject him to questioning based on secret information. He has testified before a European Parliament committee in Brussels.

Special correspondent Natalia Alexandrova contributed to this report.

HOMELAND RESPONSE:

FEMA Revamp Snubs Homeland Security Chief (WSJ)

By Robert Block

The Wall Street Journal, September 19, 2006

WASHINGTON -- Homeland Security Secretary Michael Chertoff was dealt a major blow by congressional negotiators' deal to overhaul the Federal Emergency Management Agency, in which lawmakers forced a major reorganization of the sprawling department and unraveled changes he had personally backed.

FEMA would be strengthened and become an independent entity within the Department of Homeland Security under the deal worked out late Friday night between Senate staff and representatives of several House committees. But DHS would be barred from changing FEMA's budget, personnel or structure, giving the agency the same protections currently provided to the U.S. Coast Guard and the Secret Service.

The deal, if approved, would authorize an annual 10% increase of FEMA's $2.4 billion budget for the next three years. It now moves to a House-Senate panel that is hammering out a $34.8 billion bill funding the Homeland Security department for the new fiscal year that begins Oct. 1.

Until now, Mr. Chertoff had the authority to move money, people and programs out of FEMA and 19 other agencies in the department to use elsewhere to meet an ever-changing terrorist threat. But critics said that funds taken from FEMA's budget undermined the agency's effectiveness and contributed to the bungled federal response to Hurricane Katrina last year.

Moreover, under the congressional deal, the FEMA administrator -- not the Homeland Security secretary -- would be the principal adviser to the president during an emergency. The structure is modeled after the Joint Chiefs of Staff.

DHS officials fiercely opposed it in part because it would do away with new units created by Mr. Chertoff last year as part of his much touted "Second Stage Review" to improve the department. Of particular concern: The pact would fold the Directorate for Preparedness, headed by DHS Undersecretary George Foresman, into FEMA. The directorate handles all first-responder and homeland-security grant programs and works with state, local and private-sector officials to identify threats and determine vulnerabilities of infrastructure to terrorist attack.

According to Senate negotiators, the deal dissolves the directorate, passing all of its programs -- except for the Office of Infrastructure Protection, the National Communications System and the National Cyber Security Division -- into FEMA.

They said Mr. Chertoff was free to recommend Mr. Foresman for FEMA administrator, or he could become a deputy administrator. Currently, R. David Paulison, a former Miami fire chief, is the FEMA director.

Many observers saw the deal as a setback for Mr. Chertoff, who has come under scrutiny for his handling of the department.

DHS spokesman Russ Knocke said, "We will continue to work with Congress toward a satisfactory outcome."

His ability to change the bill at this point may be severely limited. Congressional staffers from both parties say that with important midterm elections just weeks away no one wants to be accused of moving to undermine the nation's ability to handle a disaster and even White House officials have indicated that they won't oppose the bill.

Sen. Joseph Lieberman (D., Conn.), who along with Sen. Susan Collins (R., Maine) drafted the legislation to overhaul FEMA, praised the deal, saying it will "reverse the department's misguided decision to separate those who are supposed to prepare for disasters from those who are supposed to respond to them."

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Write to Robert Block at bobby.block@wsj.com1

House, Senate Near Agreement On Homeland-Security Budget (WSJ)

By David Rogers

The Wall Street Journal, September 19, 2006

WASHINGTON -- House-Senate negotiators are nearing agreement on a homeland-security budget that includes $1.82 billion in emergency funds, blessed by the White House to burnish Republican credentials on border security before the fall elections.

Even with the infusion of funds, the $34.8 billion package falls short of what the Senate promised last week for port-security grants. But between $1 billion and $1.2 billion would be provided as a down payment toward fencing the U.S.-Mexico border and about $350 million of the emergency funds are expected to be split among Coast Guard procurement, new customs inspectors and X-ray equipment at ports of entry.

Republican leaders are determined to complete the homeland measure and a larger Pentagon appropriations bill before lawmakers go home at the end of next week to campaign. The defense and homeland bills fit into the Republican national-security theme this fall, and negotiators want to finish the talks this week.

Domestic agencies will have to wait until after the elections before their 2007 funding is resolved, but they will be affected by the defense talks now.

After failing to get a budget for fiscal 2007, which begins Oct. 1, because of disagreements over spending, the majority party and White House are using emergency funds -- counted outside appropriations caps -- to resolve their differences.

The proposed $375.4 billion Pentagon bill, for example, carries with it a "bridge fund" -- ostensibly to fund military operations in Iraq and Afghanistan but also allowing Republicans to borrow about $5.9 billion from President Bush's defense budget to offset cuts in domestic programs.

The House had set aside $50 billion for the bridge fund; the Senate added another $13.1 billion. Negotiators are expected to raise this to at least $70 billion. Access to emergency funds during wartime has made it easier for Republicans to disguise their divisions over domestic spending. But the bridge fund also reflects the stress felt by military services after more than three years in Iraq.

This is especially the case with the Army. To meet this month's payroll, for example, service commanders this summer proposed taking money from maintenance and procurement accounts, including hundreds of millions of dollars Congress had added in the spring to buy radios and trucks to reconstitute units.

The House Appropriations Committee resisted, forcing some changes. Democrats on the panel last week released a staff report detailing the need for more money for the service. In the partisan atmosphere now in Congress, Democrats have tried to make an issue of defense readiness, but the report itself is respected on both sides of the aisle given the history of the defense-appropriations panel.

Among major points, the report found that many Army combat and support units scheduled to deploy to Iraq will have less than the required one-year period for rest and retraining. The report also found that funding shortfalls have created backlogs at all the Army's depot maintenance locations, and 20% to 30% of Army equipment isn't in service, because it is either in transit or undergoing maintenance.

In testimony before Congress, Gen. Peter Schoomaker, the Army chief of staff, argued for more money. The Democratic staff report cites specific cases of delays in maintenance at major facilities.

At Anniston Army Depot in Alabama, for example, the report estimated about 600 M1 tanks sit in disuse. At Red River Army Depot in Texas, 700 Bradley fighting vehicles and more than 450 trucks haven't been serviced.

The problem is often less one of capacity than lack of money to run shifts with the full work hours required. In this fiscal year, for example, the Anniston depot had plans for 7.2 million man-hours of work, the report says. But funding cuts by Congress, the Army and Defense Department limited workload levels to 6.3 million man-hours.

Write to David Rogers at david.rogers@wsj.com1

Congress Bustles With Busywork (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, September 19, 2006

With 10 days left before the scheduled Sept. 29 recess, Congress's much-trumpeted national security agenda is becalmed and awaiting a stiff wind to get it to port. This week, there doesn't even seem to be a gentle breeze on the horizon.

Senate Majority Leader Bill Frist (R-Tenn.) had hoped to begin work on legislation authorizing military commissions to try terrorism suspects or a bill on President Bush's warrantless wiretapping program. But for the moment, the only bill on military trials that can pass the Senate is the one Bush opposes -- the bill drafted by Senate Armed Services Committee Chairman John W. Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.).

The surveillance bill negotiated by Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and Vice President Cheney is ready for consideration, but with at least half a dozen Republicans expressing reservations, it may not have the votes for passage.

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So while Frist tries to decide between the frying pan and the fire, the Senate will keep busy with consideration of the Oman Free Trade Agreement and the nomination of Alice S. Fisher to serve as assistant attorney general. If those items are dispensed with quickly, the Senate may have to be content with reauthorizing the Commodity Futures Trading Commission and Amtrak.

The situation in the House is only a tad brighter. House leaders had scheduled consideration of Bush's military trials bill for midweek. But the notoriously cantankerous chairman of the House Judiciary Committee, F. James Sensenbrenner Jr. (R-Wis.), asked for time for his committee to consider it, and GOP leaders relented, pushing back a floor vote at least another week.

Instead, the centerpiece of the House's floor schedule will be a package of immigration and border security bills designed to demonstrate GOP toughness ahead of the election. Never mind that much of the legislation -- three bills in all -- already passed the House in December as part of a broad crackdown on illegal immigration.

The first bill would bolster the secretary of homeland security's authority to detain dangerous illegal immigrants and to clarify the authority of state and local enforcement officers to assist in the enforcement of federal immigration laws. Some police officials in border regions have expressed concern that by deputizing them in the hunt for undocumented workers, the law will jeopardize the relations they have established with immigrant communities on other law enforcement matters. But support in the House for putting the local cop on the immigration beat is overwhelming.

Another bill would streamline immigration litigation procedures. Republicans say it is needed to unclog courts bogged down with deportation appeals, but immigration and civil liberties groups say the measure would deny due process to some immigrants who are seeking political asylum.

Finally, the House will consider a bill requiring voters to prove citizenship before registering or re-registering to vote in a federal election. A coalition of groups -- including the Mexican American Legal Defense and Educational Fund, the NAACP, and AARP -- is holding a conference call today to denounce what it says is legislation to create a national, government-issued identification card.

But GOP leaders are showing no qualms about such opposition. The spate of immigration-related legislation -- including last week's authorization of a 700-mile-long, double-layered fence on the U.S.-Mexican border -- is designed to appeal to the dispirited Republican base.

What's Left

So, with less than two weeks to go before recess, prospects look bleak for the big pending bills. Aside from the national security battles that are dominating debate in both chambers, GOP leaders are punting all leftover business until after the November elections -- at the earliest.

The list includes most appropriations bills. House and Senate GOP leaders still hope to complete spending measures for the Defense and Homeland Security departments before adjourning, fearing that voters could punish them at the polls if they do not. But a veterans spending bill has stalled. And the packages that fund health, science, transportation and education programs are not even close.

A bill that would fund water projects has been left hanging, despite the election-year appeal of its many pork-rich contents. Also headed nowhere: the permanent estate tax repeal that Republicans have tried all year to push across the finish line. A port security bill faces better odds, congressional aides said, but its "must pass" status has made it a magnet for unrelated earmarks.

House and Senate GOP negotiators are way behind schedule on a defense authorization bill, but as they make a final push before next Friday, new obstacles keep surfacing.

Of all pressing federal government priorities, fixing the Federal Emergency Management Agency would presumably rank at the top of the list. Last week, the House and Senate reached agreement on how to reform the troubled agency, incorporating recommendations from post-Katrina investigations. But the proposal would increase FEMA's budget, and it is unclear whether House and Senate appropriators -- who are negotiating a final fiscal 2007 spending bill -- will include the extra money.

FBI Raids Muslim Charity (DETNEWS)

By Paul Egan And Francis X. Donnelly

Detroit News, September 19, 2006

SOUTHFIELD -- FBI agents from the Joint Terrorism Task Force raided the Southfield offices of a highly regarded American Muslim relief organization Monday, but would not disclose the nature of their criminal investigation.

The FBI executed a search warrant at the offices of Life for Relief & Development on 10 Mile Road about 9 a.m. and remained there copying documents and computer files until late afternoon.

The FBI also searched the Ypsilanti home of the group's chief executive officer, Khalil Jassemm; a home on Indiana Street in Dearborn owned by Jassemm; and the Dearborn office of a nonprofit group opposed to the Iraq war called Focus on American & Arab Interests and Relations, headed by Muthanna Al-Hanooti, who until recently worked for Life for Relief & Development.

Al-Hanooti, an Iraqi expatriate and community activist, was out of the country visiting the United Arab Emirates, but was informed of the search, said Imad Hamad, regional director of the American Arab Anti-Discrimination Committee.

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The reasons given to U.S. District Judge Nancy G. Edmunds to obtain the search warrants were sealed, and no arrests have been made. The search is "pertaining to a criminal matter," FBI Special Agent Dawn Clenney said. A federal official in Detroit said the investigation was being run out of the Justice Department in Washington, D.C.

Lawyer Ihsan Alkhatib, Life for Relief's legal director, said Internal Revenue Service agents accompanied the FBI. Agents told him the investigation was tax-related and not terrorism-related, Alkhatib said.

"They've been professional, courteous and polite," Alkhatib said of the agents.

The main concern, Alkhatib said, is the timing of the raid, less than a week before the start of the Muslim holy month of Ramadan. That's the peak time for donations to Life for Relief, which had been hard-hit like all Muslim charities after the Sept. 11 attacks and was just beginning to see a recovery in levels of giving, he said.

Group is cooperating

Jassemm, Life for Relief's chief executive officer, said his group is cooperating with the investigation. "We understand that the government has to do its job," he said.

Life for Relief describes itself on its Web site as the largest American Muslim humanitarian relief organization. The nonprofit organization was founded in 1992 by concerned Iraqi-American professionals in response to the crisis in Iraq following the 1991 Gulf War, the Web site says.

The charity says it has provided more than $50 million in aid to more than 13 million people around the world.

The group's most recent IRS filing, for 2004, said it had revenues of $10.6 million and spent $8.8 million that year on humanitarian and relief programs.

Life for Relief once had North American offices in California and Canada, but no longer does, Alkhatib said. But the group has offices associated with its relief efforts in Iraq, Jordan, Pakistan, Dubai, Syria, Sierra Leone and Israel, he said.

In addition to providing emergency relief in the form of food and medicine, Life for Relief runs programs for orphans and built a computer center in Iraq, Alkhatib said. Its Web site says it has improved schools in countries such as Iraq and Afghanistan and worked to improve Iraq's drinking water infrastructure.

Hamad said he believes Life for Relief is the only Muslim charity licensed to work in Israel and the occupied territories. To hear its offices were raided would not be unlike a Westerner hearing the offices of the Red Cross had been raided, he said.

A former Life for Relief chief executive officer, Ghanim al-Jumaily, was named Iraqi ambassador to Japan in 2004.

FBI seizes files, computers

On Monday afternoon in a light rain, more than a half dozen FBI agents streamed in and out of the rear entrance of the Life for Relief & Development building on 10 Mile, carrying with them dozens of file boxes and at least two computers.

The materials were loaded into a packed box truck parked in the rear. A Michigan State Police trooper secured the area for the FBI.

Al-Hanooti, the man associated with the other office targeted by the FBI, recently launched a lobbying and consulting firm, Focus on Advocacy & Advancement of International Relations LLC, which is aimed at improving Iraqi-American relations, Hamad said. It has offices in Dearborn and Washington, D.C.

Susan Lindauer, a Takona Park, Md., woman who has worked with Al-Hanooti on Muslim causes in Washington, said he met monthly with the local FBI task force in Detroit on anti-terrorism and was a liaison between Arab-Americans and the community. He's spent considerable time in Iraq since the start of the recent war acting as a bridge between the U.S. troops and Iraqi citizens, she said.

"I'm amazed, given all the excellent work he's done, that they would come after him," Lindauer said.

Life for Relief was one of two groups that funded a 2002 trip to Baghdad by three Democratic congressmen who opposed the Iraq war.

The congressmen were Rep. David Bonior of Mount Clemens, who has since left office and teaches labor studies at Wayne State University; Rep. Mike Thompson of California and Rep. Jim McDermott of Washington. The other group paying for the trip was the Church Council of Greater Seattle, a church group opposed to the war.

"They're a four-star charity, and they do work through the United Nations, and they have a good reputation for doing humanitarian work," said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations, said. "I was totally surprised."

The Joint Terrorism Task Force is made up of the FBI and more than 20 other law enforcement agencies, including the Michigan State Police.

Bill Pierre, regional director for the Middle East for the American Friends Service Committee, said his group has worked closely with Life for Relief in providing aid to Iraq.

"I'm very much surprised," Pierre said. "They have been steadfast in being open and above-board."

Raid On Metro Charity Troubles Area Muslims (FREEP)

By Niraj Warikoo

Detroit Free Press, September 19, 2006

Counterterrorism agents of the FBI and IRS raided what is believed to be one of the biggest Muslim charities in the United States on Monday, hauling away a truckload of documents and computers from its Southfield office.

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The raid was based on sealed search warrants, but the charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country.

Alkhatib said Life for Relief and Development "did everything by the book.

"They knew the government was looking at them through a magnifying glass," he said.

Tax records show that Life raised about $10.6 million in 2004. The charity has distributed money in Pakistan, Iraq, Lebanon, the Palestinian territories, and in the United States after Hurricane Katrina, among other places. A senior federal official with knowledge of investigations related to the raid said that agents are probing whether Life officials violated the International Emergency Economic Powers Act, a federal law that allows the government to prohibit economic activity with countries that are deemed security threats.

According to the official, who spoke on condition of anonymity, agents are investigating whether Life may have illegally distributed money and medical supplies inside Iraq.

Agents of the FBI and IRS seized cabinet files and hard drives from the office of Life, a nonprofit group that Muslim leaders say is the biggest Islamic charity headquartered in Michigan.

Southfield police and Michigan State Police officers were also at the scene Monday.

Federal agents also raided the Ypsilanti home of the charity's chief executive officer, Khalil Jassemm, and the Dearborn office of Muthanna Alhanooti, a former official of the charity who has ties to an Islamic party in Iraq.

No one was arrested.

The agents were from the Joint Terrorism Task Force, and they spent hours interviewing Jassemm, as well as Life's office manager, Kudama Kaluan, accountant Nael Zenhom, and marketing manager Mohammed Abaza, Alkhatib said.

The raids are part of a major effort by the FBI and other federal agencies to investigate the flow of money from the United States to terrorist groups in the Muslim world, current and former FBI agents said Monday.

"It's logical to assume that many Islamic terrorist organizations have representation here in the U.S., and sources of funding," said Christopher Hamilton, a former FBI agent who investigated terrorism cases and is now a senior fellow at the Washington Institute for Near East Policy, based in Washington, D.C.

Many of the efforts of counterterrorism officials in southeastern Michigan focus on how money from the region ends up in Middle Eastern and other Muslim countries such as Iran and Pakistan.

Earlier this year, the Treasury Department shut a charity based in Toledo, with Michigan ties, for alleged links to Hamas.

And the FBI said in May that the owner of the La Shish chain of restaurants, Talal Chahine, raised money for Hizballah through a charity in Lebanon that has an office in Dearborn.

Last month, Alhanooti left Life for Relief and Development to consider being the U.S. representative of the Iraqi Islamic Party.

Another Life official, Mohammed Alomari, was involved with Sunni political parties in Iraq, say charity officials.

Founded in 1992, the charity was started by Iraqi-American Sunnis who said they were concerned about the plight of Iraqis and the effect of United Nations sanctions imposed after the 1991 Persian Gulf War, according to charity officials.

Life officials have traveled to Iraq often over the years and had an office that distributed aid after the fall of Saddam Hussein's government in 2003, say charity officials.

Coming days before the start of Ramadan, the raids concerned some Muslims in metro Detroit, but some said they were not surprised.

"The community was expecting to give Ramadan gifts, but we're wondering, who's next" to be raided, Jassemm said. "And apparently, Life is next."

The raids were based on several search warrants that dealt with possible violations of criminal laws, said FBI spokeswoman Dawn Clenney. Affidavits filed in support of the warrants have been sealed.

Life for Relief and Development is actively involved in metro Detroit's Arab-American and Muslim communities. It is part of the Congress of Arab American Organizations.

And the Life group has worked with and donated supplies to the Michigan branch of the American-Arab Anti-Discrimination Committee.

The head of the committee, Imad Hamad, urged the public not to rush to judgment.

But federal agents say they worry whether the group may have violated federal laws.

The group can still operate, but Alkhatib said that will be hard to do because they have no computers and hard drives.

Federal Agents Raid Islamic Charity In Suburban Detroit (AP)

AP, September 18, 2006

SOUTHFIELD, Michigan Federal counterterrorism officials on Monday raided the suburban Detroit offices of an international Muslim humanitarian organization.

FBI and Joint Terrorism Task Force agents executed search warrants at the headquarters of Life for Relief and Development in the Detroit suburb of Southfield.

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The warrants were based on a criminal assertion, but the affidavits in support of the warrants are sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press.

"The warrants have been signed off by a judge, and it pertains to an ongoing criminal matter," FBI spokeswoman Dawn Clenney told The Associated Press. She did not give additional details.

Agents hauled away documents, letters and ledgers starting at about 9 a.m. (1300 GMT), said Dawud Walid, head of the Michigan branch of the Council on American Islamic Relations. Walid said agents told officials at the charity that the raid was related to criminal activity.

"They're seizing documents," Walid said. "They haven't closed down the charity, they haven't filed any charges against the organization nor have they arrested anyone. It was totally unexpected and they're baffled."

Mohammed Alomari, spokesman for Life for Relief and Development, described the federal agents as courteous and said staff members who remained in the office were cooperating. He said much of the staff was sent home for the day after agents arrived.

"They didn't really give a reason, but . . . I guess they're looking for some financial information," Alomari said.

"What we asked them is, can we still continue operating the charity, and they said yes," he said.

Alomari said the organization raises money for humanitarian relief efforts and for development projects such as building schools, water treatment plants, computer centers and sewing centers for women. He said the organization has offices in Iraq, Pakistan, Jordan, Israel, Syria and Sierra Leone and employs 25 people at its Southfield headquarters.

A statement on the organization's Web site said it "has provided over $50 million (€39.48 million) in humanitarian assistance to more than 13 million beneficiaries worldwide."

The group was founded by Iraqi Americans in 1992.

FBI Searches Islamic Leader's Home (COLMISS)

By Derek Kravitz And Anna Scianna

Columbia Missourian, September 19, 2006

FBI agents searched the home of a prominent Islamic community leader Monday, three days after FBI officials met with community members at the Columbia mosque to improve the bureau's often frosty relations with Muslims.

A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife, Lamya Mukhlef Najem, on Monday, said FBI spokesman Jeff Lanza. Agents showed up at Hamoodi's southwest Columbia home about 8 a.m. Monday, seizing boxes and computer equipment throughout the day, neighbors said, before leaving the quiet residential neighborhood about 4 p.m.

Lanza said agents only searched Hamoodi's home, located at 2701 Woodberry Court, in The Pines subdivision, in connection with the search warrant. The reason for the raid has not been disclosed because details of the warrant are sealed.

On Monday, federal agents also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development. Lanza would neither confirm nor deny whether the two searches were connected.

Last February, Stephens College held a tsunami relief concert and gave all the proceeds to the Life for Relief and Development.

Muslim leaders said that the timing of the two searches raised suspicions.

"After learning about the Columbia raid, I have to say the timings are odd," said Ibrahim Hooper, the national communications director for the Washington, D.C.-based Council on American-Islamic Relations.

Reached at his home by phone Monday afternoon, Hamoodi said he cooperated fully with federal investigators.

"They came in, asked questions, I told them the answers and they left," he said. He declined to discuss the nature of the questions he was asked.

Hamoodi, 54, grew up in Anah, a town in central Iraq, and studied in Iraq, Scotland and France. After he immigrated to Columbia in 1985 with his wife, Lamya, 40. Hamoodi studied at MU and worked as an assistant research professor for the school's College of Engineering, before leaving that position. According to an article published in the Missourian in March 2003, Hamoodi has hundreds of relatives still in Iraq, including his parents and several brothers and sisters. Hamoodi and Najem have five American-born children.

Hamoodi has owned and operated a grocery store, World Harvest International and Gourmet Foods, on Nifong Boulevard, since 2004. Najem is a teacher at the Islamic School of Columbia Missouri.

Hamoodi was the former outreach coordinator for the Islamic Center of Central Missouri, organizing interfaith meetings with community leaders and peace demonstrations. Corey Brand, the center's president, described Hamoodi as a prominent and well-respected member of Columbia's Muslim community.

"I've known him for a number of years, and to think he'd be capable of anything criminal. ... I just can't possibly believe that," Brand said.

Brand said Hamoodi actively spoke out against the war in Iraq and was involved with several charitable organizations.

"I've been opposed to sanctions, and I'm opposed to the United States' current foreign policy in the region," Hamoodi said in the 2003 Missourian article following the U.S. invasion of Iraq. "I sincerely do not find any justification for this."

Monday's raid came three days after FBI agents met with Muslim community members at the Islamic Center of Central Missouri.

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At the meeting, community members raised concerns about being racially profiled following the October 2004 federal raid of the Islamic American Relief Agency's U.S. headquarters in Columbia. Hamoodi attended the meeting, organizers said.

The U.S. Treasury Department has linked the IARA charity to the Sudan-based Islamic African Relief Agency, which they say has ties to Osama Bin Laden, al-Qaida and Hamas. No one has been charged in connection with that case. Brand said he did not know if Hamoodi donated any of his time or money to the IARA, which housed its U.S. headquarters in offices at 201 E. Cherry St.

Several Columbia Muslim leaders said they felt personally targeted after the raid, which they said caused lasting damage within the Muslim community.

Brand said he hopes the ongoing federal investigation doesn't undo the progress made at the last week's forum.

"I think it has the danger of erasing the whole purpose of Friday — to reassure the Muslim community," Brand said.

FBI Searches Home Of Muslim Family (COLTRIB)

By Jacob Lueke

Columbia Tribune, September 18, 2006

FBI agents today searched the home of a Columbia businessman and former Iraqi who has been an outspoken critic of the war in Iraq.

About a dozen FBI vehicles parked this morning in front of the home of Shakir Hamoodi, 54, at 2701 Woodberry Court, in the upscale The Pines neighborhood in southwest Columbia, neighbors said.

At exactly 9 a.m., the FBI agents left their cars and rushed the house. Two teenagers inside the house were brought outside and escorted to the family car and drove off, said a neighbor who did not want to be identified. The neighbor said the agents entered the house and removed boxes and other items. Some agents stood on the lawn and examined papers pulled from the house.

Hamoodi owns World Harvest International and Gourmet Foods on Nifong Boulevard. County records show he owns the Woodberry Court home with Lamya Najem, 40, who a neighbor said teaches at the Islamic School of Columbia Missouri.

Hamoodi

Jeff Lanza, a spokesman for the FBI in Kansas City, would not say what prompted the raid, but he said the home was not a threat to the community.

Neither Hamoodi nor Najem could be reached for comment this morning. A neighbor who requested anonymity said police told him Hamoodi was out of the state this morning.

Several neighbors who watched the ongoing raid and requested anonymity said they didn't know much about the family. "They have been nothing but very, very nice," one neighbor said.

Around 9:30 a.m. a Columbia police officer was rummaging through the home's open garage while neighbors loitered outside and gawked. Shortly after a reporter arrived, the officer closed the garage door.

Officer Bill Lee turned away an attempt to question the FBI agents and asked a Tribune reporter and photographer to leave the property. He declined to answer questions.

Hamoodi is an Iraq native who lived in Scotland and France before moving to Columbia in 1985. He studied at the University of Missouri-Columbia and later became an engineering research assistant professor at the school. He left the school and opened World Harvest in 2004, according to a 2005 Tribune story about his business.

Hamoodi has been identified as an outreach coordinator for the Islamic Center.

"He's been involved with charity. He's a good human being and does a lot of charitable work," said Ahmed Habib, who knows Hamoodi and his family through the mosque. "He's well respected in the community."

Neighbors said the home was generally quiet, although once every few months several cars would park there for about an hour. They speculated Hamoodi hosted religious gatherings.

Hamoodi has made several public appearances in opposition to the U.S. war in Iraq. At one event, a July 2005 speech at a Rotary Club event in Jefferson City, he was identified as a nuclear engineer living in Columbia.

In 2003 he participated in an MU forum on the war and said: "The U.S. Army is as unwanted as Saddam Hussein. The U.S. Army is probably more unwanted than Saddam Hussein."

After Saddam's capture, Hamoodi told the Tribune the event was insignificant. "They found him in a hole, he can't lead the resistance from a hole," Hamoodi was quoted as saying. "The war was a lie. Innocent people were killed. Is this worth finding weapons of mass destruction?"

Their home on Woodberry Court was recently defaced with spray-painted anarchist graffiti, neighbors said.

Islamic Center 'surprised' By Timing Of Raid. (COLTRIB)

By Janease Heavin

Columbia Tribune, September 18, 2006

An FBI visit this morning to the Columbia home of a Muslim family could undo any bridge-building efforts between law enforcement and members of the Islamic community, the president of the local mosque said this morning.

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The FBI search of the home of Shakir Hamoodi, 54, and Lamya Najem, 40, this morning came as a surprise to Corey Brand, president of the Islamic Center of Central Missouri.

"I could not believe that he would be involved in anything evil," Brand said. "I've known Shakir Hamoodi for years, and he's quite highly respected. This is absolutely going to damage relationships."

Hamoodi, Brand and others in the Muslim community met with FBI Supervisory Special Agent Richard Thornton on Friday at the Islamic center in an effort to improve communications. Islamic center member Ahmed Habib said Thornton asked for the meeting; however, Thornton told the Tribune on Friday that Habib invited him to speak.

During the more than two-hourlong meeting on Friday, Thornton explained FBI procedure and assured the group that if any of them "ever come under scrutiny," the FBI would "do it fairly and constitutionally."

Habib said Hamoodi and Thornton talked during the social hour, but Hamoodi did not publicly ask questions.

During Friday's meeting, many Muslims shared concerns about the FBI shutdown of the Islamic American Relief Agency in Columbia two years ago. U.S. Treasury officials contend the Columbia-based charity was the U.S. affiliate of a Sudanese charity, the Islamic African Relief Agency, which is accused of supporting terrorist organizations, including al-Qaida.

Thornton on Friday told Muslims that those who contributed large amounts of money to that charity could face FBI questioning. Brand said this morning he did not know whether Hamoodi contributed to the IARA.

Although Habib seemed surprised this morning to hear of the raid on Hamoodi's home, he was careful not to speculate whether it would undo any positive relations built Friday night.

"We wanted to show them that the mosque is open to them," Habib said. "I'm surprised this type of thing would happen so soon afterward."

White House Selects Cybersecurity Chief (AP)

By Lara Jakes Jordan

The AP, September 18, 2006

The Homeland Security Department picked an industry information security specialist Monday as its cybersecurity chief, filling a job that has had no permanent director for a year.

Greg Garcia was appointed assistant secretary for cybersecurity and telecommunications, Homeland Security Secretary Michael Chertoff said. The cybersecurity job was created in July 2005, but department officials have struggled to find candidates willing to take significant pay cuts from industry jobs to fill it.

Part of Garcia's job will be to oversee the department's National Cyber Security Division. For the last two years, that office has been run by Donald "Andy" Purdy Jr., who is a two-year contract employee on loan from Carnegie Mellon University in Pittsburgh. Carnegie Mellon has received $19 million in contracts from Homeland Security's cybersecurity office under Purdy's management.

Garcia "brings the right mix of experience in government and the private sector to continue to strengthen our robust partnerships that are essential to this field," Chertoff said in a statement.

A test of mock Internet attacks concluded last week that many government and industry officials were unable to fight back quickly and effectively against a series of simulated hackings that aimed to halt subways and trigger power outages.

War News:

Dozens Die In Blasts In Northern, Western Iraq (WP)

By Amit R. Paley

The Washington Post, September 19, 2006

BAGHDAD, Sept. 18 -- Suicide bombers killed at least 34 people in attacks in western and northern Iraq on Monday, underscoring the continuing violence throughout the country as U.S. and Iraqi forces focus on tamping down attacks in the capital.

In Tal Afar, north of Baghdad, a man wearing an explosive vest blew himself up at 6:15 p.m. in a line of residents waiting to buy cylinders of cooking gas, killing 21 people and wounding 18 others, said Brig. Gen. Saeed Jubury, a police spokesman in Mosul.

Earlier in the afternoon, a suicide car bomber slammed into a recruiting center for Iraqi security forces in Ramadi, capital of Anbar province, killing 13 recruits and wounding 10 others, said Talib Mushtaq al-Obaydi, a doctor at Ramadi General Hospital. A statement from the insurgent group al-Qaeda in Iraq asserted responsibility for the attack.

Mohammed al-Askari, a spokesman for the Defense Ministry, said in a statement that the recent violence in outlying provinces is a result of the new security plan in the capital, which "has not left room for terrorism in Baghdad."

Still, horrific bloodshed remains routine in Baghdad, where nearly 100 people were found dead in one 24-hour period last week. Many residents remain fearful of security forces meant to protect them, particularly police from the Interior Ministry, which is thought to be infiltrated by militias and death squads.

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Starting next month, Iraq's entire national police force will undergo a month-long training course that includes inspections of individual units that could identify corrupt officers or militia members, according to a Western adviser to the Interior Ministry.

The adviser, who spoke on condition of anonymity because he was not authorized to speak to the press, said the inspections, which have already begun, include reviews of payroll and inventory records. "If you have a police chief that is selling weapons or body armor on the black market," he said, "that is going to be discovered. If someone is getting rid of Sunnis on the force, there's an administrative trail to get rid of them."

Brig. Gen. Abdul-Karim Khalaf, an Interior Ministry spokesman, confirmed the training program but said there would not be any effort to root out rogue elements or death squads thought to be rampant among the police ranks.

"We will not lose trust with our forces by doing tests on them," he said. "Cleaning the bad elements out of the Interior Ministry is the duty of the inspector general, it's not our duty."

In the southern city of Basra, about 600 protesters gathered in the streets and burned an effigy of Pope Benedict XVI to decry a speech last week quoted a 14th-century Byzantine emperor as saying that the prophet Muhammad brought "only evil and inhuman" things to the world. The pope said in a statement Sunday that he was "deeply sorry" about the reaction in some countries to his remarks.

The U.S. military on Monday also announced the deaths of two soldiers in Baghdad on Sunday, one killed by small arms fire and the other when his vehicle was struck by a roadside bomb. No other details were released.

Special correspondents K.I. Ibrahim and Naseer Nouri contributed to this report.

Attacks In Iraq Leave 23 Dead As Talks Lag On Autonomy (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 19, 2006

BAGHDAD, Tuesday, Sept. 19 — Suicide bombers attacked a market in Tal Afar and the Iraqi police in Ramadi on Monday, killing at least 23 people, as political leaders in the capital struggled to reach a deal that would end the fight over splitting Iraq into autonomous states.

The worst attack was in Tal Afar, where a bomber wearing an vest filled with explosives killed 21 people and wounded 17 others when he blew himself up near a line of people waiting to receive their allotment of cooking fuel, according to Iraqi state television.

Tal Afar, a dusty, agrarian city of a quarter million in northwestern Iraq, has been the scene of fierce battles over the past two years as American troops have fought to wrest control of the area from groups affiliated with Al Qaeda and from other insurgents.

Two suicide bombs struck the police in Ramadi, the restive capital of Anbar Province west of Baghdad. News agencies quoted Iraqi officials as saying that 13 people had been killed. But an American military spokeswoman said United States forces in the area had counted two dead, both Iraqi policemen.

Early Tuesday morning, the American military released statements disclosing two new combat deaths. One soldier was killed by a roadside bomb in northeastern Baghdad on Sunday afternoon, and another was killed by small-arms fire in north-central Baghdad, also on Sunday afternoon.

Negotiators from major political blocs met late Monday in an effort to resolve the bitter fight over how soon Shiite provinces in the south can break off into autonomous regions with substantial control over their security and the billions of barrels of oil beneath southern Iraq.

A faction of Shiites and Kurds led by the Supreme Council for Islamic Revolution in Iraq, or Sciri, a powerful Shiite party with close ties to Iran, proposed a compromise on Monday, said an adviser to Khalid al-Atiya, a deputy speaker of Parliament and one of the faction's negotiators.

Sciri wants to pass a bill in Parliament giving provinces a quick route to forming autonomous regions, which are allowed by the Constitution's federalism provisions.

But furious Sunni Arab leaders say the Constitution might not have even been approved in the referendum last October had it not been for their last-minute support. They gave that support only after a provision was added that called for portions of the Constitution to be renegotiated as soon as Parliament was called into session. But that has not happened.

Under the new proposal, according to the aide to Mr. Atiya, Parliament would form a committee to propose constitutional amendments, as sought by the Sunnis. At the same time, Parliament would proceed with the federalism proposal backed by Sciri and the Kurds, but the law would not become effective for one year, or until after the constitutional committee finished deciding whether to propose amendments.

But one of the negotiators for the Sunni members of Parliament, Ayad al-Samarrai, said the Sunnis did not want to move ahead with any aspect of federalism until the constitutional questions were resolved.

And even then, he said in an interview on Monday night, Sunnis do not want to create any autonomous states that have the same level of independence as Iraqi Kurdistan.

A committee is needed to study how federalism would work in the Arab regions of Iraq, he said, "because we can't use the Kurdish style." Iraq will always require a strong central government to settle problems in the regions, he added.

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In Baghdad, the government released a statement on Monday saying it would shut down the offices of the Kurdistan Workers' Party, or P.K.K. Rebels from the P.K.K., who live in the mountains of Iraqi Kurdistan near Iran and Turkey, favor an independent Kurdistan. They are enemies of Turkey and Iran, which have sizable Kurdish populations and reject calls for an independent Kurdish nation.

However, a senior Kurdish official in Baghdad said he strongly doubted that the decree would mean that the Kurdish militia, the pesh merga, would be called on to crack down on the rebels.

At the genocide trial of Saddam Hussein on Monday, prosecutors called the latest witness to describe the so-called Anfal military campaign of 1988, in which Mr. Hussein faces charges of gassing and killing more than 50,000 Kurds.

Darwan Abdullah Ali Tawfiq, a former pesh merga fighter, testified that he was left with permanent eye damage after he was gassed in 1988 when a rocket fell next to his tent. "After that, I ran toward a hill behind us," he testified, a pool report said. "While I was running, I was jumping over bodies of children and old people. I saw severed body parts.

"Until now, I suffer from the pain," he said. "When I take my glasses off in front of my children, they tell me to put them back on because they get scared of the way my eyes look."

Iraq Violence Kills At Least 41 People (AP)

By Elena Becatoros

AP, September 19, 2006

Bombers and gunmen killed at least 41 people and wounded dozens across Iraq on Monday, while parliament leaders again put off debate on legislation that some Iraqis fear could threaten the country's unity and bring even more violence.

The U.S. military relinquished control of a second Iraqi army division as Iraqi officials prepared to further tighten security ahead of the Muslim holy month of Ramadan, when insurgent attacks tend to spike.

In a positive development for Iraq's leaders, predominantly Sunni Arab tribes in a volatile western province have joined to fight insurgents in the region and want the government and the U.S.-led coalition to supply them with weapons, a tribal leader said.

Tribal leaders and clerics in Ramadi, capital of violent Anbar province, met last week and set up a force of about 20,000 men "ready to purge the city of these infidels," Sheik Fassal al-Guood, a tribal leader from Ramadi, told The Associated Press.

"People are fed up with the acts of those criminals who take Islam as a cover for their crimes," he said. "The situation in the province is unbearable, the city is abandoned, most of the families have fled the city and all services are poor."

An indication of the situation came Monday when two suicide car bombers attacked a police station in Ramadi, killing at least two police officers and wounding 26 people, the Interior Ministry and U.S. military said. Al-Arabiya and al-Jazeera television put the death toll much higher, saying 13 people were killed.

A suicide bomber also struck in Tal Afar, a city 260 miles northwest of Baghdad that has seen much insurgent activity in the past, killing at least 20 people and wounding 17. Bombings and shootings in and around Baqouba, 35 miles northeast of the capital, killed 12 people.

At least six more people died in other incidents around Iraq, and authorities found at least five bodies, including two women, that probably were victims of the sectarian reprisal killings being waged between Shiite and Sunni Arabs.

In Baghdad, political leaders from Shiite, Kurdish and Sunni Arab groups met to discuss the federalism bill submitted to parliament this month by the largest Shiite bloc, the United Iraqi Alliance. They canceled a formal parliament debate scheduled for Tuesday.

The head of the largest Sunni Arab alliance, Adnan al-Dulaimi, said the faction leaders would meet again to discuss the issue Tuesday, but said the bill would not be debated until a later — as yet unspecified — date.

The legislation calls for setting up a system to allow creation of autonomous regions in the predominantly Shiite south much like the self-ruling Kurdish region in northern Iraq. Sunni Arabs fear that would split Iraq apart and fuel sectarian bloodshed.

The Kurdish north and Shiite south hold Iraq's oil fields, while the predominantly Sunni Arab areas don't have any.

Sunni Arabs say that before autonomy legislation can be passed, parliament must name a committee to amend the constitution — a key demand they made when they agreed to join Shiite Prime Minister Nouri al-Maliki's government. One of the amendments they seek would weaken the ability to set up self-ruling cantons.

Al-Dulaimi, as well as Shiite and Kurdish lawmakers, said the Kurds had proposed setting up the committee simultaneously with submitting the draft bill for debate sometime in the future.

Monday's violence came as the government prepared to announce new security measures for Baghdad ahead of Ramadan, which is expected to start Sept. 24.

Defense Ministry spokesman Mohammed al-Askari told the AP the measures would be adopted two or three days before the holy month begins to "protect citizens from terrorists attacks."

The Iraqi army's 4th Division also came under Iraqi control in central Salahuddin province Monday, the government said.

It was the second of Iraq's 10 divisions to be put under direct Iraqi control since Sept. 7, when coalition forces handed over control of Iraq's armed forces command to the government.

Zarqawi Had Foes Within Al Qaeda (WT)

DOJ_NMG_0065491

By Sharon Behn, The Washington Times

The Washington Times, September 19, 2006

Iraq's national security adviser yesterday released a letter captured after the death of terrorist leader Abu Musab Zarqawi, in which he was criticized by another al Qaeda figure for his brutal methods.

Mowaffak al-Rubaie cited several points in English from the Arabic-language document, saying the letter reveals Zarqawi's intention to spur sectarian violence in the country.

The long letter was from Attyia al-Jaza'ri, purportedly an al Qaeda leader of Algerian origin, to Zarqawi before he was killed in an air strike on June 7.

Mr. al-Rubaie's statement and the letter were given to journalists by the U.S. military at the request of the adviser with the caveat: "We have no knowledge of the matters contained in this message. If you have any questions, please contact the government of Iraq."

According to Mr. al-Rubaie, in the letter "the leader of al Qaeda criticizes Zarqawi for making decisions without seeking the counsel of senior al Qaeda leadership [and] reminds Zarqawi that he is not on the same level of these historic leaders."

Al-Jaza'ri also reprimanded the Jordanian-born terrorist for putting military acts above political action, expressed his reservations on Zarqawi's attempts "to prematurely declare war on the Shi'ites," and chastised him for not cooperating with Sunni scholars and tribal leaders.

The letter "expressed that al Qaeda leadership in Pakistan and Afghanistan are unhappy with [al Qaeda in Iraq] methods in Iraq [and] criticized [its] method of selectively choosing brutality and violence over mercy and kindness."

Zarqawi was the mastermind behind a number of gruesome videotaped beheadings, executions and kidnappings in Iraq, making him one of the most wanted men in Iraq.

U.S. military spokesman Maj. Gen. William Caldwell told reporters on June 8 that Zarqawi's death and 17 simultaneous raids in Baghdad and the city's outskirts led to a "treasure trove" of information and intelligence.

But the euphoria over Zarqawi's death quickly faded as sectarian violence dramatically increased in the capital, leaving thousands dead in the past three months, their tortured and bound bodies found strewn around the city.

There was no immediate independent confirmation of the veracity of the documents released. Phone calls to the Iraqi national security council spokesman were not answered.

The President Of Iraq, Jalal Talabani, Shares His Views In 'Dear Americans' (MCT)

McClatchy Newspapers, September 19, 2006

Dear Americans:

As I am visiting the United States for the second time representing free and democratic Iraq, I felt it my duty to give you an update on what has been achieved in Iraq over the past year and on the challenges that lie ahead.

The first thing I would like to convey is the gratitude of all Iraqis, who are fighting for a democratic government and a civil society, to the Americans. Without your commitment, our struggle against despotism could not have made the progress that we have achieved. No expression of thanks could be enough for those who lost loved ones in Iraq. We feel your pain, we honor your sacrifice and we will never forget you.

To those of you who have family and friends in Iraq today, we say: Your sons and daughters are helping us through a historic transition. We will always remember the enormous sacrifice that America is making for Iraq.

Thanks to the United States, we are transforming Iraq from a country that was ruled by fear, repression and dictatorship into a country that is ruled by democracy and has the values of equality, tolerance, human rights and the rule of law at its heart.

April 9, 2003, the day of liberation, heralded a new era in the history of Iraq and the region. That day triggered a sequence of events that laid the foundation of a modern Iraq that is at peace with itself and the world.

All segments of Iraqi society have benefited from liberation.

Under Saddam Hussein, the majority of the Sunni Arabs of Iraq were marginalized, Saddam and his gang were ruling in the name of this community. But in reality, the Sunni Arabs never had the chance to choose their representatives democratically and have a say about their future. Today, they have 58 deputies in Parliament, a vice president, a deputy prime minister and a speaker of Parliament; all were elected by the people of Iraq.

The Shia majority of Iraq was for decades oppressed and discriminated against. They did not even have the right to practice their religious ceremonies. Now, they are equal citizens and hold key posts in government and parliament through their democratically elected representatives. Kurds were second-class citizens. They suffered from genocide and chemical bombardment; now they are equal members of Iraqi society and active participants in the running of their country, Iraq.

The same applies to the Turkomens, Assyrians and other groups of Iraqi society.

Iraq finally has an elected and representative government, a huge contrast to the authority of a vicious tyrant. In other words, Iraq is no longer the property of a gang that ruled by fear and repression. Every Iraqi today feels they have a stake in the new Iraq.

With the regime of Saddam gone, the countries of the Middle East no longer worry about the threat of new adventures by Saddam and his army across Iraq's international borders.

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Every time that I visit the United States, I am convinced anew of the virtues and health of the American idea of government, and of the generosity of its people.

I was here around the same time last year. Here is what has happened between then and now, although I must say that I do not think that our situation can be understood simply by following the latest news. A much broader view of Iraq must be taken.

For this, I will start with the economy.

The economic conditions for most Iraqis have improved. The economy was liberated from the control of the state and we are now taking the first steps in creating a vibrant private sector.

Thanks to our independent businesspeople, our market places are bustling despite the unsettled security situation.

A new investment law is before our Parliament. It will further invigorate our private sector, streamline the procedures for starting a new business, and open the country to greater foreign participation and investment.

Salaries of government employees were raised 100 times or more. A policeman under Saddam received $2 to $3 dollars a month. Now a policeman is paid at least $200 a month.

The financial and economic boom is mostly noticed in the safer parts of Iraq. The city of Sulaymaniyah in Iraqi Kurdistan region now has more than 2,000 millionaires. Before liberation, the city had 12.

Politically, we had an eventful year. For the first time in Iraq's history, we ratified a constitution that enshrines many of the democratic values of human rights, equality, rule of law and good government.

After three historic ballots that remain landmarks in the history of the Middle East, we now have a government that arises out of the people, instead of over the people, to use the words of a great American patriot, Thomas Paine.

Unlike the previous election, last December more people voted - 10.5 million - and a more representative parliament and a national unity government are now in place.

Taking part in the national election and referendum on the constitution were the first steps in our national reconciliation efforts; we opted for the ballots and not the bullets to resolve our differences.

We consolidated this by the National Reconciliation Plan of Prime Minister Nouri al-Maliki. The plan aims at bringing into the political process all elements of the Iraqi political spectrum that condemn terror and violence.

In the period between the election and the formation of the national unity government, the political blocs - which formed the government later - agreed on the political program for the government and agreed on forming the Political Council for National Security.

An important event that marked the new Iraq over the past year is the trial of Saddam Hussein and his aides for the crimes that were committed against the people of Iraq.

We offered him the justice that he denied Iraqis for decades. The trials, the testimonies of the witnesses and those of the defendants are stark reminders and indications of what Iraq was like in the past and what the new Iraq is about.

Through the constitution and other legal means, we are redefining the foundations that Iraq was built on and are rebuilding what the country's bloody past has destroyed. We have no choice but to succeed.

Our enemy attempts to destroy and disrupt any part of the political process, not because they disagree with the tenets of the Iraqi constitution, but because they do not want a constitution.

This contingent of international terrorists and the supporters and beneficiaries of the old regime - the devotees of Saddam Hussein - constitute the driving force of our enemy.

They attempt to turn Iraqis against each other, and take Iraq back to its brutal and bloody past.

Their tactics of suicide bombings and beheadings make it obvious that they mean to govern by inciting terror and fear, just as Saddam did. Although portions of Iraq are already safe and secure, certain parts are still coming under attack from the vicious, bloodthirsty enemy.

With the support of the citizens of Baghdad, the government started its Baghdad Security Plan. This plan is already showing signs of success, with a marked drop in the reported incidents of violence over the last month.

The battle in Iraq today is not between the various communities. Their elected representatives have agreed on a government of national unity and on national reconciliation. Nor is it a battle between civilizations, as some have seen it.

It is a war "about civilization" as Prime Minister Tony Blair has phrased it so well - the conflict is between those who believe in having a civilization and those who don't believe in having one at all.

As you no doubt already understand, we are fighting a terribly difficult war in Iraq. We are doing everything within our power to protect our people from this clear form of fascism that seduces them into civil war.

The calculated crime of Abu Musab al-Zarqawi and his henchmen in bombing the Shrine of Samarra, one of Iraq's religious and cultural treasures, is a prime example of their agenda. They wanted to slide the country into civil war.

Thanks to the presence of the U.S. forces in Iraq and the wisdom of my colleagues in the leadership of Iraq, that plan was thwarted and the short spate of violence was contained.

I want to be frank here. In order to rid Iraq of the constant threat of violence, we still need your help. As long as we are determent to outlast and outsmart our enemy, we shall reach our common goals.

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Iraq is slowly gaining the ability to fight this war with its own soldiers, evidenced recently by the relinquishing of complete control of coalition forces to the Iraqi government. The coalition now employs more soldiers from Iraq than any other nation.

Slowly but surely, Iraq will be able to protect itself on its own.

The stakes of Iraq are enormous, world-shifting even. This is why our country should be a point of concern for every democratic country of the world.

I can assure you that the immediate departure of coalition forces would only unleash tensions between different communities; the prospect of a safe Iraq would be completely lost; and the previous descriptions of a civil war would seem insufficient and tame compared to the bloodshed of an Iraq that loses its international support.

And although I cannot promise when or how the American presence will completely end in Iraq, I can promise that American soldiers do not fight in vain.

We in Iraq recognize that an incredible amount of American resources have been offered to us. And we understand that many Americans are frustrated with the course of the war, and we understand that doubt naturally coincides with difficulty.

I realize that many Americans were apprehensive about the decision to go to war.

But I ask that you put this behind you in favor of supporting a democratic and free Iraq, and a future for Iraqis that excludes the threat of violence and extremism.

I ask that you consider what the terms of failure in Iraq would actually look like, and what they would mean for Iraq, the United States and the international community.

I would venture to say that the interest of Iraq and the United States are one in this matter.

The United States carries a heavy responsibility in helping us. As complicated as the relationship may be, America and Iraq are now siblings in the world.

ABOUT THE WRITER

Jalal Talabani is the President of Iraq. He wrote this for McClatchy Newspapers.

Ex-Workers Testify About Halliburton (WP)

By Griff Witte

The Washington Post, September 19, 2006

Edward V. Sanchez, a truck driver for Halliburton, had just passed under a bridge near Baghdad on April 9, 2004, when another truck in his convoy hit a mine and "all hell broke loose."

"We began taking rounds of small arms fire from both sides," Sanchez said at a Capitol Hill hearing yesterday. "The shots were coming like a hail storm."

By day's end, seven civilians from the fuel convoy were dead and seven more were injured. Surviving convoy members and the families of the dead now claim the incident could have been prevented. Halliburton, they argue in a suit filed in federal court, had ample warning the route was unsafe to travel because of reports of a running battle between insurgents and the U.S. Army.

That allegation was at the center of a Democratic Policy Committee hearing that renewed attention on Halliburton Co., which has come under intense scrutiny as the largest U.S. contractor in Iraq.

Past criticism has focused on accusations that the firm, once run by Vice President Cheney, is squandering taxpayer money. Testimony by two former Halliburton truck drivers yesterday raised the question of whether the company was protecting its workers. The firm's KBR subsidiary has lost 91 employees and subcontractors to violence in Iraq since the war began in March 2003.

In response to the lawsuit, the company has said decisions about convoy activity are out of its hands. "The U.S. military has command and control of all KBR convoys in Iraq . . . and is required to provide security for KBR's employees through the company's contract with the Army," the company said in a statement.

Halliburton has sought to have the suit thrown out, arguing the company is immune from litigation related to its work in Iraq for the U.S. government.

The drivers did sign liability waivers before heading to Iraq. But T. Scott Allen Jr., the attorney representing the drivers and their families, said yesterday that Halliburton should have to answer for sending the convoy despite knowing the roads were the scene of "active combat, that the areas were closed and off limits to civilian personnel."

Sean A. Larvenz, a former Halliburton driver who was traveling in another convoy on the day of the attacks, said he had to turn his truck around that morning because he saw insurgents firing at vehicles ahead of his. He said he notified his bosses at Halliburton. Sanchez's convoy was sent later that day.

Larvenz said he believed financial motivations had guided the firm's decision. "As long as the trucks rolled," he told senators, "they got paid."

Also testifying was Julie McBride, a former Halliburton employee who alleged the company inflated its profit by overstating the number of soldiers using Halliburton recreation facilities. Halliburton has a multibillion-dollar contract to provide the Army with logistics support, including gyms and computer clusters. McBride, who helped run those facilities at an Army base in Fallujah, said the firm lied about the number of soldiers who used them because it got reimbursed for its costs and then received a percentage for profit.

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"Under its contract, the more facilities, equipment, staff and administrators Halliburton can show a need for, the more profit Halliburton makes," she said. "As the mantra at Halliburton camps goes, 'It's cost-plus, baby.' "

In a statement, Halliburton denied McBride's allegations and said they "clearly demonstrate a complete misinterpretation of facts."

The Army said this summer that it would not renew Halliburton's contract for another year, and instead would divide it up among three firms following a new bidding competition.

The hearing yesterday was the latest in a series held by Democrats who say they feel Republicans have failed to aggressively oversee spending on the war.

"There's something dreadfully wrong with the way that money has been spent and the lack of accountability," said Sen. Byron L. Dorgan (D-N.D.), who chaired the hearing.

Halliburton Ignored Dangers, Drivers Say (HC)

By David Ivanovich

Houston Chronicle, September 19, 2006

WASHINGTON - Halliburton Co. officials knew a highway intersection near Iraq's Abu Ghraib prison was fraught with danger hours before the deadly ambush of a truck convoy known as the Good Friday Massacre, former company truck drivers told Democratic senators Monday.

And the Houston-based contracting giant may have tried to shield itself from lawsuits by including a clause in an application for a Defense of Freedom Medal, in which survivors would sign away their rights to sue, according to a document unveiled by the panel Monday.

"That is almost an unbelievable piece of paper," said Sen. Byron Dorgan, D-S.D., chairman of the Senate Democratic Policy Committee.

Asked about the clause, Halliburton spokeswoman Cathy Mann said: "It was never KBR's intention to utilize any such release to preclude claims by current or former employees against the company. And we have no intention of doing so in the future."

Appearing before Dorgan's panel of Democrats, former workers accused Halliburton subsidiary KBR of sending unarmed civilians into an area they had been warned was the site of attacks by insurgents.

"One question haunts me: Why would KBR/Halliburton knowingly send unarmed noncombatant civilians in military tankers down a closed road where there was an ongoing battle?" said Ed Sanchez of Silver City, N.M., who survived the Good Friday Massacre.

Six KBR truck drivers and two soldiers were killed in that ambush. Another driver and one soldier are still listed as missing.

The leader of the convoy, Tommy Hamill, was kidnapped. He later escaped.

Mann said Halliburton's "priority has always been the safety and security of its employees, regardless of where they work around the world.

"The U.S. military," Mann added, "has command and control of all KBR convoys in Iraq, such as supplying pre-trip threat assessments and determining routes, and is required to provide security for KBR's employees through the company's contract with the Army."

Giving a warningSean Larvenz, a former civilian convoy commander for Halliburton subsidiary KBR, told the panel he had driven near that same intersection near Baghdad International Airport the morning of April 9, 2004.

Larvenz's convoy was attacked by small-arms fire, mortars and rocket-propelled grenades.

He said he could see mortar fire landing in the road at the interchange of two main supply routes, called Tampa and Sword. Over his radio, he could hear the sound of explosions and the chatter of drivers as their convoys were attacked.

Larvenz sent a text message to company managers warning of the danger.

"There is absolutely no question in my mind that ... KBR/Halliburton was aware of the hostilities that existed at the juncture," he said.

Three hours later, Sanchez's convoy, trying to deliver jet fuel to the airport, came under attack in the same area.

Sanchez told senators he was shot twice but managed to help two other truck drivers escape. During the attack his tanker truck caught fire, and Sanchez and the others had to abandon the vehicle.

When he was picked up by a military Humvee crowded with survivors he was handed an M-16.

"I fired that weapon for the first time in my life," he said.

Appears in a movieSanchez is one of the former Halliburton workers who appear in a recently released film, Iraq for Sale: The War Profiteers, directed by Robert Greenwald, who also produced The Crooked E: The Unshredded Truth about Enron. The film had its Houston-area theatrical release on Sept. 8.

Sanchez, along with other survivors of the ambush and family members of those who were killed, have filed suit against Halilburton in U.S. District Court in Houston.

Mann could not comment on the lawsuit, except to say that "Halliburton and KBR deny any allegations of wrongdoing and fully intend to vigorously defend our position."

T. Scott Allen Jr., a Houston-based attorney handling the case, said Halliburton is trying to get the case dismissed.

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Release from liabilityThe panel also unveiled a letter from Halliburton's government operations office in Houston sent in November 2004 to one survivor of the ambush, Ray Stannard of El Paso.

Enclosed with the letter was a "medical records release form" which "authorizes me to share your medical records with the Pentagon Review Board for the purposes of awarding you the Secretary of Defense Medal for the Defense of Freedom."

The Defense of Freedom award, the civilian equivalent of a Purple Heart, was inaugurated in the wake of the Sept. 11, 2001, terrorist attacks to recognize civilians hurt or killed while aiding the military.

"You most certainly qualify," the letter assured Stannard.

Clause 9 of the form, however, would release KBR and the military "from any and all claims and any and all causes of action ... I may have against any of them."

Stannard could not be reached for immediate comment.

Democrats held the hearing on their own, arguing Republicans who control the Senate have showed little interest in pursuing the issues.

Afghan Bombings Kill 19, Including Four Canadians (WP/AP)

By Noor Khan

The Washington Post/AP, September 19, 2006

KAFIR BAND, Afghanistan, Sept. 18 -- Three suicide bombers killed at least 19 people across Afghanistan on Monday, including four Canadian soldiers in an attack that tested the NATO alliance's claim of success in driving insurgents from this volatile southern region.

The deadliest attack was in the usually calm western city of Herat, where an attacker strapped with explosives on a motorbike killed 11 people and wounded 18, including the deputy police chief, officials said.

The third attack, a car bombing in the capital, Kabul, killed at least four policemen and wounded one officer and 10 civilians.

In recent weeks, Afghanistan has been suffering the heaviest insurgent attacks since the Taliban was toppled in late 2001. The suicide bombings came a day after NATO troops in the region ended a two-week offensive that the commander called a "significant success."

"It does appear that they are resorting to these despicable tactics after the pressure we have them under in their strongholds," a NATO spokesman, Maj. Luke Knittig, said in Kabul.

NATO's Operation Medusa centered on southern Kandahar province's Panjwai district, where the first of Monday's suicide bombings killed four Canadian infantrymen delivering aid and wounded an unspecified number of other troops, the Canadian military said.

A purported Taliban spokesman, Qari Yousaf Ahmadi, asserted responsibility for the bombing in a telephone call to the Associated Press.

NATO said 25 civilians also were wounded in the blast in Kafir Band, a clutch of mud-brick homes surrounded by grape and pomegranate orchards.

"Fifty to 60 soldiers were patrolling on the main street when a man on a bicycle stopped and blew himself up near the forces," said Fazel Mohammed, a farmer who lives near the blast site.

"This attack amounts to a serious violation of international humanitarian law," said Tom Koenigs, the top U.N. official in Afghanistan.

The commander of NATO forces in Afghanistan, Lt. Gen. David Richards, said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers in the district, which suffered heavy damage during the NATO offensive.

Reacting to the recent surge of western attacks, Afghan and foreign troops launched an operation Monday in Farah province, where a dozen Taliban fighters and Afghan police officers were killed during insurgent raids last week. Operation Wyconda Pincer involves Afghan soldiers and police along with U.S., Italian and Spanish troops, NATO said.

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"Fifty to 60 soldiers were patrolling on the main street when a man on a bicycle stopped and blew himself up near the forces," said Fazel Mohammed, a farmer who lives near the blast site.

He said most of the village's 25 families fled the fighting and only the poor stayed behind.

The explosion tore through the Canadian patrol, shredding uniforms and military equipment.

The commander of NATO forces in Afghanistan, Lt. Gen. David Richards, said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers in the district, which suffered heavy damage during the NATO offensive.

"It is beyond comprehension that a suicide bomber should choose this time to attack, knowing that he could kill innocent children," Gen. Richards said.

At least 36 Canadian soldiers have been killed in Afghanistan since 2002. Five died during Operation Medusa, in which NATO estimated it killed at least 510 insurgents with air strikes and ground assaults.

On Sunday, Gen. Richards called Operation Medusa a success and said NATO had reclaimed crucial territory from the Taliban.

Afghan Suicide Bombs Kill 18, Including 4 Canadian Soldiers (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, September 19, 2006

KABUL, Afghanistan, Sept. 18 — Afghanistan was hit by three devastating suicide bomb attacks on Monday, killing 18 people and wounding more than 60, many of them children, in one of the country's worst days of violence against civilians.

Four Canadian soldiers were killed in one explosion, when a suicide bomber on a bicycle set off a bomb as the soldiers were handing out gifts to children in a village in southern Afghanistan.

Eleven other soldiers were wounded as well as 27 villagers, many of them children, local government officials said.

The bombing was in the southern village of Char Kota, in Pashmul, one of the areas that NATO troops had only just wrested from the control of Taliban fighters after two weeks of heavy fighting.

The NATO commander in Afghanistan, Lt. Gen. David Richards, declared victory in the area on Sunday, saying that NATO had taken control of the area and had forced out the remaining Taliban fighters.

NATO confirmed that four soldiers from its International Security Assistance Force had been killed and several wounded but did not confirm their nationality.

NATO said the four were on patrol in a village and talking to children when the bomber approached on his bicycle.

"This action was as much an attack on the Afghan people as an attack on" the military force, General Richards said in a statement issued in Kabul.

"This patrol was arranging the requirement for aid, reconstruction and development in the Zhare and Panjwai areas," his statement said. "It is beyond comprehension that a suicide bomber should choose this time to attack, knowing that he could kill innocent children." Another suicide bomber struck in the western town of Herat, killing 11 people and wounding 18, and a third blew up his car in Kabul, killing three policemen and wounding nine other people.

A Taliban spokesman, reached by telephone, claimed responsibility for the attack in southern Afghanistan, identifying the bomber as a man from the southern city of Kandahar.

The attacks came a day after President Hamid Karzai left to attend the United Nations General Assembly and then to make state visits to Canada and Washington.

Mr. Karzai is hoping to win more support for his beleaguered country as violence worsens, and in particular to ask President Bush to bring more pressure to bear on neighboring Pakistan to help prevent the violence.

The Afghan government says Pakistan is providing refuge to the Taliban insurgents across the border.

The attack in Herat came at 7 p.m., as townspeople were leaving the main town mosque after evening prayers, according to the provincial governor's office. It said most of those killed had been young men and the wounded had included a 4-year-old boy.

While the first spokesman said he could not confirm that it was a suicide bombing, another city official said it was the work of a suicide bomber on a bicycle, The Associated Press reported.

In Kabul, a suicide bomber blew up his car as the police approached a suspicious-looking vehicle on the main road leading east out of the city, said an Interior Ministry spokesman, Zemarai Bashari.

Three policemen were killed and one was wounded, said Ali Shah Paktiawal, director of the crime unit for the Kabul police. Eight civilian passers-by were wounded and a civilian truck was damaged.

The three bombings in one day were a clear escalation in insurgent tactics, possibly linked to Mr. Karzai's visit to the United States and to NATO claims of success on the battlefield.

DOJ_NMG_0065497

A Poor Yield For Afghans' War On Drugs (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, September 19, 2006

As Opium, Heroin Trade Booms, Police Net Mainly Smaller Players

KABUL, Afghanistan -- The grim-faced man in gray prison pajamas sat on a metal chair Saturday, listening silently while judges and lawyers debated whether he had known about the 37 pounds of heroin found hidden in the car he was driving cross-country to a city near the Iranian border.

No evidence or witnesses were presented. There were glaring gaps in the police report. The car's owner, a man named Shoaib, had not been arrested, so no one could check the defendant's story that Shoaib had given him money and a car to drive home from Kabul after visiting his sister in the hospital.

"People like Shoaib are the smugglers who use poor people like my client for their business," protested the man's attorney, provided by a foreign legal aid foundation. "We should be going after the real criminals who take advantage of the poor."

After a two-hour hearing, the driver, a young house painter and father of two, was sentenced to 16 years in prison. It was a harsh punishment, based on Afghanistan's tough new drug law and meted out by its year-old narcotics court, which is battling corruption, inexperience and a long-broken legal system to crack down on Afghanistan's skyrocketing opium and heroin trade.

Foreign backers of the government of President Hamid Karzai are growing impatient with the continuing production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be "held accountable" and toughen its fight against drugs even further.

"We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance," Bush said in comments accompanying an annually compiled list of major drug-transit or drug-producing countries.

Two weeks ago, the top U.N. anti-drug official aroused new international alarm when he announced here that the cultivation of opium poppies in Afghanistan had increased by 59 percent in the past year. It grew despite a slew of expensive, foreign-funded programs to eradicate poppy fields and motivate Afghan farmers to grow other crops.

Poppy farming, banned in 2000 by the Taliban administration that U.S.-led forces overthrew the following year, quickly revived after the establishment of a U.N.-backed government and has been spreading rapidly ever since. It now accounts for more than half the country's gross national income and provides the raw material for about 75 percent of the world's heroin.

"It's become an industrial production," said Doris Buddenberg, director of the U.N. Office on Drugs and Crime here, noting that Afghanistan's opium output this year was a staggering 6,700 tons. Rural poverty, dashed hopes for economic recovery, Taliban blandishments and anti-government sentiment "all added up to more families deciding to grow poppy," she said.

But anti-drug officials and experts here say the expansion of drug smuggling and refining is a far more pernicious problem than poppy farming and could easily turn Afghanistan into another Colombia.

"Our main problem is these former commanders and warlords who are still in power. Now they are district chiefs and local police," said Maj. Gen. Sayed Kamal Sadaat, head of the anti-narcotics police force. "The drug mafia is getting more powerful day by day, and the only support we have is from the international community. The senior authorities not only do not cooperate, they get in our way."

Sadaat's force has arrested more than 600 people, but only 35 have been convicted of drug-related crimes. Most, like the house painter, have been small cogs in a fast-growing illicit enterprise. If higher-level traffickers are caught, Sadaat said, "they have personal relations with officials. I get telephone threats. It is a very difficult situation."

Over the past two years, the Bush administration has poured several hundred million dollars into combating drugs here. The money has funded programs to develop alternative crops, eradicate poppy fields, build prisons and train special anti-narcotics police officers, prosecutors and judges. But still production rises.

Thomas A. Schweich, a senior anti-drug official at the State Department, visited Kabul last week for consultations. He told a group of journalists there was no more room for excuses, such as that Afghan farmers are too poor to survive without poppy cultivation or that bureaucrats linked to drugs can be dealt with by rotating them into other jobs.

"We are looking for the government of Afghanistan to start prosecuting corrupt officials," Schweich said. "They must get out the message that if you grow poppy, you will be eradicated, and if you traffic, you will be prosecuted.

"There are a lot of rumors and finger-pointing, but they need to start building cases that will stand up in court."

Another U.S. official, speaking on condition of anonymity, described Afghanistan as "worse than Mexico" in the volume of its drug traffic but said the trade is informal and less organized, although some areas that once merely produced poppies have now built laboratories to refine opium into heroin. "It's bad and it will get worse, but there are more tools to fight it," he said. "What is really needed now is political will."

Senior Afghan anti-drug officials say that even with the training and technology provided by American and British experts, it is hard to do their jobs. They say the danger from Taliban insurgents, inadequate police training and poor government leadership in poppy-growing provinces have created a culture of impunity for drug traffickers.

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"Poppy is threatening the existence of this country," said Habibullah Qaderi, the national counter-narcotics minister. "We have a good drug law now. We can record phone conversations, we can seize assets. But most of those arrested are drivers, and nobody investigates who the owner is. We are not going after the people who matter."

Police and other experts here described an efficient smuggling system in which taxi or truck drivers are hired to carry hidden bundles of opium, hashish and sometimes heroin in discrete stages from rural production areas to border-crossing points into Pakistan, Iran and the former Soviet republics to the north. Sometimes the contraband is mixed with shipments of legal exports, such as almonds or dried fruit.

Highway police officers often stop such vehicles, but they may be bribed to let them go or may not know how to conduct a proper investigation. If a person arrested with drugs is well connected, the pressure on police may be intense. Once the case goes to the special drug court in Kabul, the crime scene may be too far away to retrace steps missed by investigators.

In one case the drug court heard this week, an illiterate truck driver's assistant appealed a 10-year sentence for carrying 207 pounds of hashish in the truck's body. He denied knowing about the drugs and said he had been forced to put his thumbprint on a police report he could not read. The driver, who was also arrested, escaped from a jail bathroom. It was later learned that the custody officer was his brother.

The panel of three judges upheld the assistant's sentence, but the prosecutor acknowledged afterward that he could not prove that the man knew about the contraband.

"We don't have the drugs, we don't have the driver, we don't even have photographs of the truck, and all this happened in Herat," nearly 800 miles away, said the prosecutor, Azim Afzali. "Only God knows if this poor guy was an accomplice to the real smuggler."

Some analysts here say they are pessimistic that the government will begin seriously pursuing drug traffickers and their official accomplices anytime soon, especially given what they call Karzai's chronic reluctance to make difficult decisions.

But others said Karzai is committed to the anti-drug fight. They noted that he recently made a tough speech empowering all provincial governors to take such actions as firing corrupt or incompetent police officers. He also recently named a new attorney general, Abdul Jabbar Sabit, who has a reputation for honesty and determination.

Perhaps most important, they said, the Afghan government, which is protected by tens of thousands of international troops and heavily dependent on foreign aid, knows it is under enormous international pressure to do the right thing on drugs. It has pledged to begin going after major traffickers, no matter how prominent or powerful.

At the special drug court this week, a line of gloomy men in leg irons and handcuffs hunched awkwardly in the hall, awaiting their hearings. The chief judge, a thoughtful man named Mohammad Zaman Sangari, called each one "son" and asked if he understood where he was and if he had an attorney. Most defendants seemed bewildered and resigned, and most were given stiff prison terms.

"As you can see, the real perpetrators are rarely arrested," Sangari said with a sigh after several hearings. "We have a few bigger cases, but this court is new and the law is new. These things take a lot of time and preparation."

He mentioned the names of several men arrested with large amounts of drugs. "Just wait a little while," the judge said, with a gleam in his eye. "We will be bringing in some much bigger fish."

A Voice In The Afghan Wilderness (WP)

By Bob Thompson

The Washington Post, September 19, 2006

Shortly after the Taliban fell in Afghanistan, NPR correspondent Sarah Chayes found herself reporting a story she was sure had enormous implications for both that country and the United States.

She couldn't get it on the air.

Five years later, in her new book, "The Punishment of Virtue: Inside Afghanistan After the Taliban," Chayes returns to this unheard story. It's a starting point for a detailed, highly personal exploration of the enormous price she believes the United States is paying for a mistake now so widely acknowledged it has become a cliche: intervening militarily with "no concept" of how to "create a working society after the intervention."

It goes like this:

In December 2001, Chayes rushed across the Pakistani border in the company of a young fighter affiliated with the forces of Gul Agha Shirzai, a local warlord. Shirzai's militiamen had just taken control of Kandahar, the fabled southern city that had been a key Taliban and al-Qaeda stronghold. The takeover, Chayes knew, was in defiance of the orders of newly anointed Afghan President Hamid Karzai, who had designated another group to hold Kandahar.

What Chayes didn't know was the role played by American Special Forces troops attached to Shirzai's militia. She imagined the Special Forces guys cursing the renegade warlord, then saying: "They're attacking, we'd better go along with them." But when she asked her militiaman escort, "This kid looked at me and said, 'The Americans? They told us to do it!' "

What a story, she thought: No sooner has the new central government taken power -- representing the promise of a better life for the long-suffering Afghan people -- than its authority is undermined by "American soldiers egging on a warlord to snatch Kandahar away from President Karzai."

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For whatever reasons, her editors saw it differently. They told her it was nothing but "squabbling among the Afghans" and cut it from her "All Things Considered" report.

Chayes, who grew up in Cambridge, Mass., is a slim woman in her mid-forties with an intense gaze and a deeply bicultural life. She left NPR in 2002, after her reporting tour in Afghanistan ended, and accepted an invitation from Karzai's uncle to help run a fledgling nongovernmental organization called Afghans for Civil Society. At a recent book party in Bethesda, she kept tugging at the straps of her little black dress as though it were an unfamiliar foreign garment -- which, in a way, it is. In Afghanistan, she has long dressed like an Afghan man, the better to move around in a male-dominated society.

Earlier in the day, she'd been asked to appear on PBS's "NewsHour." There had been a horrific bombing in Kabul, and the question of the hour, she says, was "Why this uptick in violence now?"

Her answer: Actually, Afghan violence has been spiking higher and higher since late 2002. "You guys have just started to notice it."

Chayes's book represents a paradox of which its author is fully aware. She has used her years of non-journalistic experience to offer an intimate insider's tour through a complex universe Americans need to understand -- one in which warlordism, corruption and renewed Taliban activity have combined to undermine the "civil society" she was trying to nurture. Hers is the kind of fleshed-out portrait that even the best on-the-run journalism rarely provides.

Yet, in book form, her insights may come too late to influence the fate of her adopted home.

This is not to say she hasn't been trying in other ways. "I've been saying this stuff steadily since late 2002," she says: in op-eds, in speeches, in widely circulated e-mails and directly to every influential person she could collar. "Getting into these people's offices and bossing them around" is how she describes these efforts, with a laugh. To get a sense of what she means, you need only read the chapter in which she hands Karzai an unsolicited eight-point plan for ridding Afghanistan of warlords.

One of her Afghans for Civil Society colleagues, she says, believes "that I actually don't see obstacles," so when one appears, "I get all outraged: How dare there be an obstacle in my way!"

There's truth to this, but in the end, she's not so obtuse. Experience has taught her, over and over, how formidable the obstacles to Afghan progress are.

At the book party, she passed around a photograph of Muhammad Akrem Khakrezwal, who was chief of police in Kandahar for much of the time she's lived there. "Akrem won people over, and not just with words," she writes of the man who became a close friend and ally and whose spirit permeates her book. "Akrem won them over because he did something. He was effective. And he had vision."

In June 2005, he was assassinated. "The Punishment of Virtue" begins with a chapter on his funeral.

The Diplomatic Version

When John Brady Kiesling decided, in February 2003, that the looming United States invasion of Iraq would make it impossible for him, in good conscience, to remain in the U.S. Foreign Service, he carefully crafted a letter of resignation from his post as political counselor in the Athens embassy. Widely praised for its eloquence, the letter briefly made Kiesling semi-famous. Eventually, it helped earn him a tiny advance from Potomac Books.

Yet when he later reread the letter, says the author of the newly published "Diplomacy Lessons: Realism for an Unloved Superpower," he was startled to find that it contained a gaping hole.

"It was so obvious to me that Iraq was going to be a disaster," Kiesling says, "that nowhere in my letter had I explained why it was going to be a disaster. . . . My knowledge that Iraq would be a disaster was intuitive."

One way of looking at his book is as a two-year effort "to figure out where that intuition came from."

The short answer is that it came from 20 years of diplomatic postings in places such as Morocco, Greece and Armenia, where he worked extremely hard -- motivated in part by what he calls his "intellectual vanity" -- to understand the way Moroccans, Greeks and Armenians thought and acted. That is a diplomat's fundamental job, he says, and "a resource for the United States of America."

The longer answer involves specific mistakes made and lessons learned.

In a chapter titled "Diplomatic Skepticism and the Lessons of Iraq," for example, he tells the story of his "failure to prevent a Florida con man from bilking the government of Romania out of $250,000." He then speculates pointedly as to whether this kind of humbling experience might have kept Vice President Cheney and Defense Secretary Donald Rumsfeld from falling so hard for Iraqi exile Ahmed Chalabi, "an indicted embezzler who had already been written off by both the CIA and the State Department as a swindler."

Mainly, however, "Diplomacy Lessons" is a plea that Kiesling's old profession be taken more seriously.

"Diplomacy is not a miracle cure for anything," he says. "Diplomats bust their butts for years, and most of the time what they achieve is that the planet is still spinning around on its axis at about the same speed it was when they started. But that's actually an incredibly important task."

DOJ:

Inside Politics (WT)

By Jennifer Harper

DOJ_NMG_0065500

The Washington Times, September 19, 2006

Bubbapalooza

The Clinton Global Initiative gets under way in Manhattan tomorrow under the tutelage of former President Bill Clinton. The three-day anti-poverty event showcases one particularly piquant cultural moment: a forum featuring first lady Laura Bush, Mr. Clinton, Pakistani President Pervez Musharraf and others, moderated by Thomas Friedman of the New York Times.

Yes, Al Gore will show up later in the week at the "CGI" to air his green laundry; Sen. Hillary Rodham Clinton, New York Democrat, will chat up the empowerment of women. A thousand guests paid $15,000 each to attend what the Wall Street Journal deemed "a cross between a Hollywood premiere and a tent-revival meeting."

Mr. Clinton got burned by a few folks, though.

"A few participants at last year's fest 'pledged' to carry out programs that already were under way. In other words, the initiatives weren't specifically generated by the CGI. Moreover, not all participants followed through on their commitments. That's a no-no," the Journal noted.

"So this year, the Clinton folks have adopted a Reaganesque principle: Trust but verify ... CGI's 10-person 'commitments team' has been working with participants to develop pledges for this year's conference. Some commitments were made months ago. Others will emerge at the meeting itself, as attendees rub elbows and drink cocktails with 60 heads of state and celebrity philanthropists, such as Bill and Melinda Gates and Warren Buffett," Mr. Friedman wrote.

"Those who don't follow through on their pledges won't be invited back. 'Just under 20 participants from last year's conference weren't invited to this year's session,' " said spokesman Jay Carson.

It's a gas

Well, here's one more convenient liberal conspiracy theory put to rest:

"There's no evidence we can find to suggest that anyone in the White House or Congress is manipulating oil or gasoline prices to make for an easier trip on this fall's campaign trail," stated MSNBC's John Schoen yesterday on the network's Web site.

Laura alone

First lady Laura Bush made a broad and gracious global outreach of her own yesterday, appearing with President Bush, his mother -- and a former first lady in her own right -- Barbara Bush, Secretary of State Condoleezza Rice, Secretary of Education Margaret Spellings and other luminaries at the White House Conference on Global Literacy at the New York Public Library.

The first lady is a considerable draw: Thirty nations were represented by their "First Spouse" and 40 nations sent their education ministers. They have their work cut out for them. According to UNESCO, 771 million adults around the world cannot read; 85 percent live in just 35 countries and two-thirds are women.

"Women who can read are advocates for their children's education," Mrs. Bush said. "Literacy helps adults make informed decisions to protect their health and the health of their children, and literacy helps adults -- women and men -- learn the basic financial skills that generate income, that foster independence and that boost local economies."

Sharing the podium, Mr. Bush took it one step further.

"I am deeply concerned about the spread of radicalism," he said. "One reason radicals are able to recruit young men, for example, to become suicide bombers, is because of hopelessness. One way to defeat hopelessness is through literacy, ... giving people the fantastic hope that comes by being able to read and realize dreams."

It's a go for Alice

Sen. Carl Levin, Michigan Democrat, has released his hold on a senior Justice Department nominee, clearing the way for a confirmation vote today for Alice Fisher to become assistant attorney general for the Justice Department's Criminal Division.

The Republican leadership had forced Mr. Levin's hand through a parliamentary maneuver, according to one GOP staffer, while vowing to press for another nomination the lawmaker has also blocked -- that of Kenneth Wainstein to be head of the Justice Department's new National Security Division.

"Watch this space," the GOP staffer told United Press International.

Mr. Levin has held up the confirmation of Mrs. Fisher for more than two years, maintaining the Bush administration stonewalled his requests for information about her role in handling reports from FBI agents on detainee abuse at U.S. Naval Base Guantanamo Bay, Cuba. Mrs. Fisher was chief of staff to Michael Chertoff, the head of the Criminal Division at the time; Mr. Wainstein was general counsel at the FBI.

A Democratic staffer said Mr. Levin thinks "this stonewalling is part of a pattern of the administration stymieing legitimate oversight," later adding, "There's a lot of smoke, and unfortunately, we are going to be forced to take a vote before we find out whether there's any fire."

Wooing 43 million

Are the young and restless politically engaged? Hardly. A new survey of 18- to 24-year-olds reveals that 81 percent of the age group "aren't aware" that all 435 members of the U.S. House of Representatives, one-third of the U.S. Senate (33 seats) and numerous other public offices are up for election Nov. 7.

Ninety-one percent were also unaware there was a deadline to register to vote, while 22 percent said they did not plan to register. The poll of 2,032 young adults was conducted throughout August by the Ad Council and the Federal Voting Assistance Program (FVAP) and released yesterday. According to Polli Brunelli, director of FVAP, a tidy 43 million votes are at stake.

The two organizations have created a motivational Web site -- complete with cheeky satire and a state-by-state voting guide -- to get their point across (www.payattention.org).

Ney sayer

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions yesterday, the Associated Press reported.

The Ohio Republican said in two letters to House Speaker J. Dennis Hastert, Illinois Republican, that he would resign as chairman of the Financial Services housing and community opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and as head of the House Administration Committee's Franking Commission, which governs lawmakers' use of public money for their mailings.

Ohio Republican Party Chairman Bob Bennett called on Mr. Ney to resign Friday, after it was announced that the lawmaker would plead guilty to making false statements, conspiracy to commit fraud and other charges. The congressman is expected to plead guilty in less than a month.

Mr. Ney has not participated in House floor votes since Sept. 12. Spokesman David Popp would not comment on whether Mr. Ney would return to his elected duties before his term expires in January. Last week, his attorney, William Lawler, disclosed that Mr. Ney wasn't ready to resign and was seeking treatment for alcohol abuse.

•Contact Jennifer Harper at 202/636-3085 or jharper@washingtontimes.com

CORPORATE SCANDALS:

HP's Leak Probe Included Covert Surveillance, Analysis Of Thousands Of Records (SFC)

By Benjamin Pimentel

San Francisco Chronicle, September 19, 2006

Hewlett-Packard deployed covert surveillance teams and analyzed thousands of e-mails and phone records, including those of its executive council members, in its internal probe of media leaks, according to a source familiar with the investigation into the spying scandal.

HP's investigative team also sent e-mails embedded with software that could pinpoint addresses where the messages are eventually forwarded.

The group also carefully analyzed media reports, comparing quotes from unnamed sources with the language typically used by directors.

The HP probe even delved into the personal ties between former director George Keyworth, who was the main target of the company inquiry, and journalists to whom he was suspected of leaking information, the source said.

For example, HP's investigative team noted that the father of a CNet reporter who contributed to articles that cited an unnamed HP source knew and worked with Keyworth in New Mexico.

The investigation was carried out by a team that included personnel from HP's information technology and global security investigations units, and outside consultants including Ronald DeLia, managing director of Security Outsourcing Solutions of Boston and a Florida agency called Action Research Group.

HP has admitted to using false identities to obtain personal phone records, a practice called "pretexting."

Among the targets of this tactic were current and former directors and executives, including former CEO Carly Fiorina and former board member Thomas Perkins, the source said.

The HP probe also targeted two employees in the company's media relations group, Michael Moeller and Brigida Bergkamp.

Moeller confirmed that he was investigated, but said CEO Mark Hurd and Patricia Dunn have apologized that the probe included him.

"Mark and Pattie have both personally apologized to me," he said. "It speaks volumes that I am still working hard at my job."

Bergkamp said the company has no comment.

The HP team eventually zeroed in on Keyworth, who has resigned from the HP board.

The HP investigators came to their conclusion by tracing records of phone conversations between Keyworth and CNet reporter Dawn Kawamoto.

The company investigators also did a detailed comparison of quotes in articles with the way Keyworth speaks.

For example, an unnamed source quoted in one of Kawamoto's articles used the phrase, "I plan to recommend...," which was typically used by Keyworth at HP meetings.

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To collect more information linking Kawamoto to the leaks, the HP team sent her an e-mail using a false account. The e-mail contained a software attachment that could determine to whom the message would be forwarded.

In other news related to the scandal, attorneys for a congressional committee investigating the corporate spying scandal at Hewlett-Packard have begun going through documents and other materials turned over by the company as part of a house investigation.

"We have received a lot of documents," said committee spokesman Terry Lane. "We anticipate revealing what we have learned from these documents at the hearing."

The committee has requested HP executives, including Dunn and in-house counsel Ann Baskins, to testify before the house energy and commerce committee on the panel's probe of HP.

Also invited to testify are Silicon Valley Attorney Larry Sonsini and DeLia, the private investigator involved in the HP probe.

The problems for HP began in early 2005, when then-CEO Fiorina and other directors began looking into leaks of board deliberations to the news media.

After Fiorina was fired, her successor as chairwoman, Dunn, pursued the investigation, which eventually pointed to Keyworth.

Dunn has said she was not aware that potentially illegal methods were used in the investigation. She has agreed to step down as chairwoman in January and will be replaced by Hurd.

HP faces other inquiries, including probes by the Securities and Exchange Commission, the California state Attorney General and the Justice Department.

HP Scandal Shines Light On A Simple, Treacherous Act (WP)

By Ellen Nakashima

The Washington Post, September 19, 2006

When Adam Yuzuk had a question about his cellphone bill, a Cingular Wireless agent told him to check his online account.

The only problem: He hadn't established one.

That day in June 2005, Yuzuk, a former president of a New York leather accessories firm, discovered someone had used his Social Security number and a fake e-mail address to set up his online account and view his calling records.

He learned this year, as part of a legal dispute with his former partners in the firm, that they had paid a private investigator to dig up information on him, including $300 for his phone records.

Yuzuk's case was featured at a congressional hearing in June, part of lawmakers' effort to curb pretexting -- the act of impersonating someone to obtain their personal records. The drive has gained fresh momentum with recent revelations that a firm hired by a Hewlett-Packard Co. subcontractor used the technique to obtain phone records of the firm's directors and journalists. A House subcommittee is probing HP's practices.

Federal legislation is pending that would criminalize the use of pretexting to obtain phone records. Some states have passed laws banning it, and states, phone companies and the Federal Trade Commission are suing data brokers who practice it. Despite such efforts, including a 1999 law banning pretexting to obtain financial records, the industry continues to thrive. It is driven by systemic weaknesses in retail, financial and other sectors; lax company security standards; and demand from lawyers, debt collectors, and even law enforcement and tabloid journalists, experts said.

"The simplicity of acquiring information like this is almost sad," said James Rapp, who made $1 million annually using the technique -- which included getting information on JonBenet Ramsey and Monica Lewinsky-- until he was convicted on racketeering charges and put of out business in 1999.

"Companies make a statement that we have privacy, but when it gets right down to it, if you or anybody calls up and asks for information on me, if you ask nice enough, they'll give it," Rapp said.

In June, Yuzuk, his voice trembling in anger, told a congressional panel his story: After he learned in June 2005 that his Cingular account had been hacked, he had a supervisor put a password on it and red-flag it -- moves that would keep his information safe from prying eyes, the supervisor assured him.

"I wanted the highest level of security possible," he told the House Energy and Commerce investigative subcommittee.

Then last April, Yuzuk legally obtained documents revealing that a former partner, Steve Kahn, had hired Michele Gambino of Gambino Information Services Inc. to retrieve his cellphone records.

Gambino Information Services, whose Web site notes the firm can conduct "informative telephone" conversations to "obtain various types of information," prepared a file for Kahn that included four months of phone bill detail, with two sets of records printed in September and October.

"This means that someone broke into my Cingular account two additional times after my account was password-protected and I was given what I believed was the highest level of security," he said.

In May, Cingular sued Gambino and Kahn in federal court in Atlanta. Kahn settled, but the case against Gambino continues, Cingular attorney David L. Balser said.

On Monday, Yuzuk and his former partners reached a settlement that includes a confidentiality clause forbidding them from discussing the case.

Reached for comment, Gambino said she was not interested in speaking to a reporter and hung up.

Rob Douglas, a former private investigator and now an information security consultant in Colorado, said Gambino has a degree of notoriety in the business.

It was Gambino who made the pretext call that gave a young New Hampshire man the work address of Amy Boyer, a former high school classmate he was obsessed with, according to the Boyer family's lawyer, David Gottesman. In October 1999, Liam Youens shot and killed Boyer at her workplace.

Then he killed himself.

Boyer's mother sued Gambino and the Internet investigative firm that had hired her for wrongful death and invasion of privacy. The case was settled.

"There has been no single event that has changed my life more than the murder of Amy," said Douglas, who was a consultant on the case and left the private investigation business in 2000. He said he is determined to stop the subterfuge. He called the fact that Gambino is still in business "unconscionable."

The business is a booming one, worth at least $30 million annually, congressional investigators estimate. When Rapp, 46, turned off the lights in his office for good, he had 15 employees and 1,500 clients. His employees went to work for others or started their own practices, he said.

"If you can make $200 an hour, literally, and you work a couple of hours a day, that's wonderful," he said. "You can make great money."

Firms that use pretexting, the number of which has multiplied through the ease of Internet advertising, offer quick results.

First Source Information, a Florida company, offered "1 to 2 hour turnaround time" with "volume discounts available," according to records obtained by the House committee. An online subsidiary, LocateCell.com, which offered guarantees of "no data returned, no charge for the search," charged $110 for cellphone call records.

First Source was sued in December by Cingular and then by the state of Florida and other carriers. An Atlanta judge earlier this year ordered it to stop impersonating to obtain phone records, essentially shutting it down.

Douglas said firms that are closed often reappear under different names and that data brokers will repackage their services to get around laws. Despite the 1999 law criminalizing financial pretexting, he said, search firms are advertising services for obtaining financial records.

So how do they get the information? There are myriad ways, all playing off the company's willingness to please.

Setting up an online account is fairly easy once an investigator has a Social Security number, which can be obtained through commercial databases, Douglas said.

"You can go in and convince the phone company that the security code hasn't been set or needs to be reset, then you can go and change it to anything you want," Rapp said.

A more common way, he said, involves two calls.

In the first, an investigator poses as a customer to find out the balance, where to send the payment or how much was paid on the last bill.

With that data, Rapp said, "I call in a little bit later. I say I have an issue. I work for Acme Insurance and I get reimbursed for my expenses. I put out a little over two grand this month. I need that money, but I don't have everything I need."

Knowing the amount paid on the last bill establishes credibility. By saying that the call detail didn't appear on the bill, the investigator can cajole the operator into giving him an item-by-item recount, Rapp said.

E-mails and chat-room discussions on file with the House subcommittee's investigative panel shed more light on the practice.

Michele Yontef, an investigator whose skills have earned her the nickname "Ma Bell," asked a colleague in an August 2005 e-mail to help her get information on a Verizon cellphone number. "Merlindata (a commercial database) usually unblocks last 4 of SSN but on this target I cant get, do you have another database that possibly unblocks, if not, let me know and I will try to pretext it out of operator," she wrote.

Yontef, reached by phone last week, declined a request for an interview.

In a chat-room discussion in December, a participant identified as a Florida investigator wrote: "Many times the phone company will tell you that such and such is not available, but if you talk to the tech people, they'll tell you that they have it."

Authorities have focused their efforts on the data brokers but have largely ignored the brokers' clients. "There is mounting evidence that attorneys are top consumers of pretexting services," Chris Hoofnagle, former West Coast director of the Electronic Privacy Information Center, wrote in a February letter to state bar ethics committees and the American Bar Association. The center has urged state ethics boards to review the technique under their ethical rules.

It also has identified dozens of Web sites that offer to obtain personal information through pretexting and has submitted the names of 40 such sites to the FTC for investigation and petitioned the Federal Communications Commission to protect individuals' phone records.

Larry Slade, a Los Angeles attorney for several data brokers, said his clients have long provided their services for free to law enforcement agencies. Until recently, that included obtaining phone records.

"I have a two-inch stack of documents, faxed requests from local, state and federal law enforcement," he said. "A lot of them are pre-investigative, whether they should pursue something, to help them identify possible suspects."

Paul Kilcoyne, an investigative director with the Department of Homeland Security's U.S. Immigration and Customs Enforcement, testified in June that agents in the Denver office "appeared to have used (data brokers) to quickly filter out numbers that were not related to their investigation. The data re-sellers were able to respond to these requests for information within a few days, whereas cellular phone companies typically take several weeks."

Kilcoyne's office is drafting guidelines that encourage agents in its field offices to discontinue use of such services. He noted that law enforcement officials have subpoena tools to obtain the data.

The House subcommittee will hold a hearing on HP on Sept. 28 and has called to testify outgoing HP chairman Patricia C. Dunn, general counsel Ann Baskins, global investigations manager Anthony Gentilucci, an outside counsel, a Boston security consultant and a Florida investigator.

The bottom line is, the phone companies need to tighten their security measures, said Jeannine Kenney, a senior policy analyst with Consumers Union.

"The carriers would very much like to act as though the only problem here are the bad actors fraudulently obtaining phone records," she said. But, "they share the records far too liberally with their contractors and other third parties. In some cases, they may sell it. They don't have sufficient safeguards in place to make sure someone can't fraudulently obtain it."

Staff researcher Richard Drezen and research editor Alice Crites contributed to this report.

Internal Security Expert Told H-P Its Leak Probe Might Be Illegal (WSJ)

By Peter Waldman And Steve Stecklow

The Wall Street Journal, September 19, 2006

A computer-crimes specialist with Hewlett-Packard Co. emailed his superiors this year warning that the company's investigation of board leaks -- then still in progress -- was being conducted in a manner that could be illegal, according to people familiar with the situation.

Specifically, Fred Adler, an official in H-P's global security office in Roseville, Calif., wrote that acquiring people's phone records through false pretenses could be against the law, these people said. H-P has since admitted that investigators working for the company used such a method, known as pretexting, in obtaining phone records of its directors, two H-P employees, nine journalists and an unspecified number of outsiders.

It is unclear who in H-P's management received the warning from Mr. Adler, a former Federal Bureau of Investigation special agent. Mr. Adler's unit is headed by Jim Fairbaugh, H-P's head of global security, whom people close to the matter have said worked on the leak probe.

The email raises new questions about when H-P executives and lawyers became aware that their investigators might be breaking the law, a question on which state and federal authorities are focusing. H-P and its contractors are being investigated by the FBI and California's attorney general for the use of pretexting in the probe to identify the source of internal board leaks.

H-P has said the Palo Alto, Calif., company and its chairman, Patricia Dunn, who launched one leak probe in early 2005 and another in January 2006, were assured by lawyers for H-P's private investigators that the techniques they used in the probe were legal.

Additionally, H-P's outside lawyer, Larry Sonsini, wrote in an email in June that the investigation was run by H-P's legal department, with outside experts, and that H-P's general counsel, Ann Baskins, "looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

A person familiar with the matter said Mr. Sonsini, of law firm Wilson, Sonsini, Goodrich & Rosati, also was pretexted in the board-leak probe. Mr. Adler referred questions to H-P's spokesman, Robert Sherbin, who declined to comment. Mr. Fairbaugh didn't return phone calls seeking comment. An assistant for Mr. Sonsini said he wasn't reachable for comment.

What H-P management did or didn't know about the leak probe -- including potential illegalities -- is at the center of the criminal investigation being conducted by California Attorney General Bill Lockyer. Investigators in his office's special-crimes unit are poring over documents obtained from H-P to piece together the chain of events and relationships that led to H-P's March 10 summary report on the leak investigation. That document, which named director George Keyworth as a leaker of information to the news media, summarized the personal-phone data that supported that conclusion. Mr. Keyworth quit the H-P board last week.

The U.S. House Energy and Commerce Committee also is investigating the H-P scandal, and a person close to the committee said Ms. Dunn and Ms. Baskins have indicated they will testify at the committee's hearing on the matter set for Sept. 28. Mr. Sonsini hasn't said whether he will accept the committee's request to testify, this person said.

H-P has said Chief Executive Officer Mark Hurd received that summary information but didn't know until some time later that the evidence may have been obtained improperly. The probe continued into April and possibly into May, said people familiar with H-P's probe.

H-P's investigation was carried out by a network of contractors, said a person familiar with the situation. Part of the investigation was handled out of H-P's Boston security office and by one of its officials there, Tony Gentilucci. Mr. Gentilucci contracted out the investigation to a Needham, Mass., investigator, Ronald DeLia, and his firm, Security Outsourcing Solutions Inc. They in turned employed another

contractor, Action Research Group of Melbourne, Fla. Action Research then parceled out some of the investigative work to another company, said this person.

Mr. DeLia couldn't be reached for comment. His attorney, John Kiernan, didn't return phone calls seeking comment. Mr. DeLia has indicated that were he to appear at next week's House hearing he would invoke his Fifth Amendment right against self-incrimination, said a person close to the committee. The link leading from H-P through to Action Research was first reported in The New York Times.

This isn't the first time Action Research Group, an information broker, has been linked to a case involving pretexting. In 2000, Roger Clemons, a private investigator in Nashville, Tenn., sued Action Research in federal court for obtaining his cellular phone records by falsely impersonating him.

Mr. Clemons alleged that another private investigator working on a divorce case hired Action Research to get the phone records. His suit claimed a person working for Action Research contacted Mr. Clemons's cellphone-service provider, impersonated him and obtained phone billing records by fax. Action Research then sold copies of the phone records to the private investigator for $748.25, the suit claimed.

Besides Action Research, Mr. Clemons sued the private investigator and the client, accusing them of violating a federal wiretap statute. He lost the case and an appeal, with the courts ruling that the statute wasn't violated because receiving the faxed phone records didn't constitute an illegal interception.

Mr. Clemons didn't return a call seeking comment. Joseph DePante, owner of Action Research, declined to comment.

Action Research Group's Web site states that the company, founded in 1989, specializes in locating missing debtors. The site states: "When a debtor leaves you with a cell number, PO Box, disconnected number or has changed his number to a non-published number leaving you with nothing current what do you do? CALL US! ALL OF OUR INFORMATION IS 100% CURRENT AS OF TODAY! NO DATABASES OR MONTH OLD INFORMATION HERE!"

Privilege Likely To Be No Protection For HP Execs Summoned By Congress (LAW)

By Susan Beck And Justin Scheck, The Recorder

California Recorder, September 19, 2006

The woes of Larry Sonsini and Hewlett-Packard Co. General Counsel Ann Baskins are growing. On Friday, the House Committee on Energy and Commerce revealed that it has asked both to testify at a Sept. 28 hearing entitled "Hewlett-Packard's Pretexting Scandal."

In most circumstances, lawyers can safely stand behind the attorney-client privilege and refuse to discuss client matters. But congressional committee investigations are a different, and more demanding, creature. "The House in theory does not recognize the attorney-client privilege," said David Kendall, of Washington, D.C.'s Williams & Connolly, who had frequent contact with House committees when he represented the Clintons in Whitewater investigations.

Leslie Fagen, a partner at New York's Paul, Weiss, Rifkind, Wharton & Garrison, agreed. "Congressional committees don't necessarily acknowledge the attorney-client privilege," he said. In the 1990s, he had to testify before a committee investigating his client, the Metropolitan Transit Authority. Another lawyer who has represented clients before House committees says these committees can take a hard line.

"They're virtually intolerant of the attorney-client privilege -- and you can easily imagine a contempt citation if the witness refuses to testify."

In addition to Sonsini and Baskins, the committee has asked HP Chairwoman Patricia Dunn to testify, along with Ronald DeLia, the Boston private investigator who allegedly accessed the phone records of directors and reporters.

The Hewlett-Packard mess began when Dunn ordered an investigation to identify the source of leaks about board deliberations. On Saturday, Hewlett-Packard acknowledged that it improperly accessed phone records of two employees, including its own spokesman, during its internal investigation of media leaks. The company spokesman, Michael Moeller, said that Dunn and Chief Executive Mark Hurd both apologized to him.

Sonsini is the board's longtime outside counsel, but it's not entirely clear what role he played in the probe. In a June e-mail to former HP director Thomas Perkins, Sonsini wrote: "I was not involved in the design or conduct of the investigation," but instead that it was run by the HP legal department. "I am sure that Ann Baskins looked into the legality of every step of the inquiry," he added in the e-mail. Perkins resigned in May because of the probe and its methods.

Sonsini, who was asked to review the probe, also told Perkins that the pretexting -- in which someone lied about his identity to get the phone records -- was "within legal limits." He later told The Wall Street Journal that he was relying on the conclusion of an in-house lawyer. Sonsini has continued to advise the board on the controversy, according to press reports.

The committee's letters to Sonsini, Baskins and the others are cast as "invitations" to testify. But, according to one lawyer whose clients have received similar letters, the invited witness has little choice. "We've never declined [an invitation]," says this lawyer. "I can't imagine declination is a viable option." The committee also has the power to issue subpoenas to compel witnesses to appear.

Wilson Sonsini Goodrich & Rosati spokesperson Courtney Dorman did not respond to questions asking whether Sonsini plans to testify or whether he plans to assert privilege. It's also not clear if Sonsini has retained a lawyer.

HP spokesperson Ryan Donovan declined to comment Monday on whether Dunn or Baskins intended to appear at the upcoming hearing. While it is not known if DeLia will appear at the hearing, his lawyer John Kiernan has told The Boston Globe that DeLia is cooperating with investigations of Hewlett-Packard Co.'s conduct, saying, "We are trying to cooperate with everybody."

According to Kendall, the penalty for asserting the privilege could be more severe than a contempt citation. "If somebody asserts [the privilege], the House could lock that person up in the House of Representatives detention facility." Kendall notes, however, that he's not aware of that happening.

The parties usually negotiate a nonwaiver agreement that allows a witness to testify about specified matters, with the House agreeing that it won't assert that the witness has waived the privilege on all matters. Paul Weiss' Fagen says he negotiated with congressional staff which topics he would discuss. But even a nonwaiver agreement creates risk. "The danger with that," said Kendall, "is that [the agreement] is not binding on third parties." California Attorney General Bill Lockyer, for example, could assert that Sonsini or Baskins waived the privilege by testifying.

Another possible problem for Sonsini and Baskins is the so-called crime-fraud exception to the attorney-client privilege. Under that doctrine, the privilege is invalidated if a client used a lawyer to commit a fraud or crime. "The conduct would have had to have broached the possibility of criminal conduct," said Deborah Rhode, a Stanford Law School professor. If so, Sonsini and Baskins would clearly not be bound by privilege, she said. She adds that it doesn't matter whether they had criminal intent, or whether they were responsible for any crime.

The Associated Press contributed to this article.

Enron Ex-Officer Delainey Sentenced To 2 1/2 Years (Update4) (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- Former Enron Corp. executive David Delainey was sentenced to 2 1/2 years in prison after prosecutors urged leniency, saying he helped unravel crimes at the energy company.

U.S. District Judge Kenneth Hoyt in Houston imposed the prison term and a $60,000 fine for insider trading today on Delainey, 40, former head of Enron energy trading and retail energy services. Prosecutors asked for a light sentence, citing Delainey's cooperation after he pleaded guilty in 2003.

Delainey is the first former Enron executive ordered to prison since the Houston-based company's former top executives, Kenneth Lay, 64, and Jeffrey Skilling, 52, were convicted in May of spearheading the fraud that destroyed the company. Lay died six weeks later.

``You were not middle management," Hoyt said, ordering Delainey taken into custody. ``You were upper management. Eight or 10 of you represented the heart and soul of Enron."

Two other lower-ranking Enron defendants have been granted probation since the Lay-Skilling trial.

Timothy DeSpain, 41, a former assistant treasurer, was sentenced Sept. 15 to four months' house arrest and four years' probation for manipulating Enron's credit rating. Lawrence Lawyer, 38, a finance executive who didn't report income from an off-books partnership disguising debt, got two years' probation in June.

Two ex-prosecutors, now criminal defense lawyers, called Delainey's sentence fair.

Fair Sentence

``If the government believes in the seriousness of the offense, then even people who cooperate and testified should expect to do some time," said Ed Tomko, who is defending an Enron Broadband Services executive, Rex Shelby, on fraud and insider-trading charges. ``Otherwise, the government is saying Enron was the crime of the century, but if you help us it ain't so bad."

Brian Wice, a specialist in criminal appeals, said Delainey should serve time despite his cooperation.

``You shouldn't be able to walk out scot-free because you sang the government's song," Wice said. ``People who weren't innocent bystanders have to understand there are consequences for their actions, and that doesn't include catching the elevator with the jury when it's over."

Delainey admitted selling more than $4.26 million in Enron stock from January 2000 to October 2001 using inside knowledge of distortions of company financial statements.

`Herculean' Help

The former senior manager forfeited nearly $8 million in illegal profits as part of his plea deal.

Delainey's cooperation in the investigation of Enron corruption was ``nothing short of Herculean," prosecutors said, asking for a sentence substantially below federal guidelines.

Without specifically recommending probation, the government praised Delainey for his role in the investigation.

``Mr. Delainey's assistance at that early stage was critical to the government's efforts to work its way up the chain of responsibility at Enron," Assistant U.S. Attorney Kathryn Ruemmler wrote last week to the court. ``The timing of Mr. Delainey's assistance was one of the turning points in the government's investigation of wrongdoing at Enron."

Delainey was the first high-ranking Enron operating executive to enter a cooperation deal with the government describing Enron as a criminal enterprise where numerous employees engaged in frauds designed to disguise debt and make the company appear healthy.

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Need for Insiders

``The government could not have gotten to the bottom of what happened at Enron without the assistance of insiders," Ruemmler wrote. ``Put simply, Mr. Delainey stepped up to the plate at a critical juncture in the government's investigation and at a time when others did not."

Delainey testified Skilling and others restructured business units to hide losses in Enron's retail energy services division. The collapse of Enron, once the world's largest energy company, wiped out more than 5,000 jobs and $1 billion in employee retirement money.

Delainey agreed when he pleaded guilty to serve as long as 10 years, the statutory maximum for one count of insider trading. His deal said he might be granted probation, if prosecutors felt his cooperation was substantial enough.

Before his sentencing, Delainey wrote a seven-page memo to Hoyt telling how he slipped into criminal conduct.

`Intoxicating' Success

``The promotions and success became intoxicating," Delainey wrote, even as he ``participated in a number of financial statement manipulations and misrepresentations that I knew were wrong."

In refusing to let Delainey stay out of prison, the judge said the single count of insider trading wasn't all he might have been charged with.

``You and I both know there was a substantial amount of uncharged conduct that could've been charged in your case," Hoyt said.

To prosecutors, he said, ``I am not an instrument of the Department of Justice nor an arm of the defense bar."

Hoyt imposed the $60,000 fine, saying it costs $2,000 a month to house a federal prisoner and he wanted Delainey to pay for his 30 months of incarceration.

``You made a lot of money," Hoyt told Delainey. ``You really haven't lost any of it."

Victims' Fund

The judge directed that the fine go to an SEC-administered fund to compensate Enron victims.

When the judge said Delainey must be jailed today, Ruemmler started to protest.

``He's going to go into custody today," Hoyt said. ``I have already spoken."

Delainey shook hands with his lawyer, John Dowd, embraced his tearful wife and left the courtroom with a U.S. marshal.

Ruemmler and Sean Berkowitz, head of the Justice Department's Enron Task Force, left without commenting.

Delainey will be on probation for two years after completing his 30-month sentence. If he goes home to Calgary, his probation will be suspended while he is out of the country and resume when he re-enters the U.S.

Lay, a former ex-chairman and chief executive officer, and Skilling, a former CEO, were convicted May 25 of deceiving shareholders about the company's performance and finances.

Skilling faces more than 20 years in prison and forfeiture of as much as $184 million when he is sentenced Oct. 23. He said he will appeal his conviction.

Lay died in July, before being sentenced. His estate has asked that his conviction be thrown out under a legal principle that erases convictions of people who die without exhausting their appeals.

The case is U.S. v. Delainey, H-03-420, U.S. District Court, Southern District of Texas (Houston).

To contact the reporter on this story: Laurel Brubaker Calkins in Houston at laurel@calkins.us.com .

Ex-Enron Exec Gets 2 1/2 Years In Prison (AP-Y)

By Juan A. Lozano, Associated Press Writer

AP, September 19, 2006

A former high-ranking Enron Corp. trading and retail energy executive was sentenced to 2 1/2 years in prison Monday for insider trading in connection with the energy company's financial collapse.

David Delainey, who pleaded guilty in October 2003, had admitted to participating in schemes to manipulate earnings to please Wall Street. Prosecutors said he sold $4.25 million in stock throughout 2001 when he knew of a wide-ranging scheme to make Enron appear financially robust and inflate the company's stock.

"I'm so very sorry for my conduct," Delainey, 40, said before he was sentenced by U.S. District Judge Kenneth Hoyt.

The Canadian citizen faced up to 10 years in prison. Prosecutors had recommended he receive a sentence on the lower end of the guideline range due to his cooperation in their investigation of Enron's collapse. He testified earlier this year in the trial of company founder Kenneth Lay and former chief executive Jeffrey Skilling.

His defense attorney, John Dowd, asked Hoyt to give his client probation, adding that Delainey had already made restitution — agreeing to pay $4.25 million to the Justice Department and $3.74 million to the Securities and Exchange Commission — and had suffered public humiliation.

"He never gave in to the temptation to cover up," Dowd told Hoyt. "He made an extraordinary effort to tell the whole truth."

Prosecutor Kathryn Ruemmler told Hoyt that Delainey's help in their investigation of Enron's collapse was "critical to the case" and he was always forthcoming with information.

"He has never wavered from accepting responsibility for what he did," she said.

But Hoyt dismissed the request for probation, telling Delainey that any public humiliation he had faced was "a consequence of your conduct, not a punishment for it" and that any punishment he handed down would have to be a reflection of all of Delainey's actions and not just of the specific crime he pleaded guilty to.

"You and I know that this conduct (regarding) the Enron scheme is a lot deeper, a lot wider, even on your part," he told Delainey, who agreed.

Hoyt also ordered that Delainey, who had been free on his own recognizance, be taken into federal custody immediately.

After the court hearing ended, Delainey held his crying wife Dawna's hand for a few minutes before he was escorted away.

Hoyt also ordered that Delainey pay the SEC another $60,000 to be given to victims of Enron's collapse.

Enron crumbled into bankruptcy proceedings in December 2001, obliterating thousands of jobs and $60 billion in market value.

In February, during the trial of Lay and Skilling, Delainey testified he reluctantly acquiesced to a Skilling-approved plan to hide $200 million in losses.

Delainey ran the wholesale trading franchise until 2001, when he was chosen to take the helm of a highly touted retail energy unit, Enron Energy Services. Delainey testified Skilling gave the go-ahead to a plan to move the retail unit's trading arm into the larger trading franchise to hide the losses.

Delainey also said Enron wrongly dipped into reserves from the company's wholesale division to meet and beat earnings targets under pressure from Skilling.

Lay and Skilling's 16-week trial ended in May when a federal court jury convicted the two men.

Skilling, who faces sentencing Oct. 23, was convicted of 19 counts of conspiracy, securities fraud, lying to auditors and insider trading. Jurors acquitted him of nine counts of insider trading regarding a series of Enron stock trades in 2000.

Lay was convicted of six counts of conspiracy, securities fraud and wire fraud and in a separate case was convicted by a federal judge of one count of bank fraud and three counts of making false statements to banks.

He died of heart disease July 5 while vacationing with his wife in Aspen, Colo. Lay's attorneys have filed motions arguing that his death "necessitates" erasing his convictions. Prosecutors are hoping that Congress passes legislation that will prevent Lay's record from being wiped clean due to his death.

Former Enron Executive Sentenced (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, September 19, 2006

Delainey Aided Prosecutors in Fraud Trial of Lay, Skilling

A former high-ranking Enron Corp. executive was sentenced to 2 1/2 years in prison yesterday by a federal judge who acknowledged the official's cooperation with prosecutors but refused to give him the substantial break he requested.

David W. Delainey, 40, led two of the Houston energy trader's most important divisions before Enron filed for Chapter 11 bankruptcy protection in December 2001. He pleaded guilty to a single count of insider trading and became a central witness against former chief executives Kenneth L. Lay and Jeffrey K. Skilling in their fraud trial this year.

Delainey admitted to selling Enron stock at the same time he knew the company was manipulating its financial statements. As part of his October 2003 guilty plea, Delainey turned over about $8 million to the government to resolve criminal and civil charges.

The insider-trading charge carried a maximum penalty of 10 years in prison. But John M. Dowd, a defense lawyer based in the District, had sought probation, given Delainey's detailed testimony about face-to-face meetings with Skilling and Lay, who were convicted by a jury in May. Delainey was the second senior Enron insider to admit wrongdoing and to help prosecutors in their long-running investigation.

Kathryn H. Ruemmler, deputy director of the Justice Department's Enron Task Force, filed court papers Friday citing Delainey's "impressive and extraordinary" assistance. She wrote that he "stepped up to the plate at a critical juncture in the government's investigation and at a time when others did not."

But U.S. District Judge Kenneth Hoyt in Houston rejected the defense's bid for probation, telling Delainey, a Canadian citizen, that he could have faced far more extensive criminal charges for his conduct at Enron.

Hoyt directed U.S. marshals to take Delainey into custody minutes after handing down the sentence, which includes two years of probation and a $60,000 payment to a victim fund. The marshals allowed Delainey to remove his tie and belt and to share a moment with his crying wife, Dawna, according to people in the courtroom at the time. The couple's two daughters, ages 9 and 12, were not present.

In advance of the proceeding, Delainey had written the judge a seven-page, single-spaced letter saying that Enron's "mercenary culture . . . was always very fast and loose with the rules." He said that his compensation and frequent promotions "blurred the line between right and wrong."

Dowd, of the law firm Akin Gump Strauss Hauer & Feld LLP, said he is considering options for appeal of the sentence and the judge's decision to remand Delainey into custody without bond.

DOJ_NMG_0065509

Delainey's sentence came three days after a different federal judge in Houston sentenced former Enron assistant treasurer Timothy DeSpain to four months of house arrest and four years of probation for conspiring to commit securities fraud. The company's onetime finance chief, Andrew S. Fastow, is to be sentenced by Hoyt on Sept. 26.

CA Negotiating Profit Recovery With Ex-Officials, Swainson Says (BLOOM)

By Ron Day

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- CA Inc., the world's second-largest maker of mainframe computer software, is negotiating with former employees to return money they made in a $2.2 billion accounting fraud, Chief Executive Officer John Swainson said.

CA is talking with ex-officials who have pleaded guilty to participating in the fraud, Swainson said, without naming the executives, after CA's annual meeting in New York. At least eight former employees, including ex-CEO Sanjay Kumar, admitted to illegally inflating sales by backdating contracts.

CA, formerly known as Computer Associates, will submit a plan to a Delaware judge in about a month outlining how it wishes to recover the money. Swainson said the money should be returned to current CA shareholders. CA paid a $225 million fine and is operating under the watch of the U.S. Justice Department.

``The company has funded largely this investigation that resulted in the conviction or the pleading guilty of the individuals, and the money belongs to our current shareholders and we should return it to them," Swainson said. The court will decide if former or current shareholders get the money, he said.

The plan to recover the money is being written by a board of directors committee that includes Renato Zambonini and William McCracken, Swainson said.

Shares of Islandia, New York-based CA rose 11 cents to $23.61 at 3:23 p.m. in New York Stock Exchange composite trading. The shares had lost 17 percent this year before today.

Besides Kumar, former executives who have pleaded guilty include sales executive Stephen Richards, finance chief Ira Zar, general counsel Steven Woghin, and vice presidents Thomas Bennett, David Kaplan, David Rivard and Lloyd Silverstein.

Shareholders today elected all 11 company nominations to its board, including former U.S. Senator Alfonse D'Amato, who had been opposed by three proxy advisers.

Swainson, 52, also said he hopes the company reaches $6 billion in annual bookings by 2009, up from about $4 billion currently.

To contact the reporter on this story: Ron Day in New York at rday1@bloomberg.net .

CRIMINAL LAW:

FBI Says Violent Crime Rose In 2005 (WP/AP)

By Hope Yen, The Associated Press

The Washington Post, September 19, 2006

WASHINGTON -- Violent crime rose 2.3 percent last year, the first increase since 2001, the FBI reported Monday. The agency found there were 1.39 million violent crimes _ which include rape, murder, robbery and aggravated assault _ reported in the United States in 2005, up from 1.36 million the previous year.

The figures from the FBI's 2005 annual report largely track preliminary results from earlier this year.

The percentage jump was violent crime's largest increase since 1991, with only rape showing a decline in the past year.

The report comes as mayors and police chiefs at a recent crime conference said they were seeing spikes in violent crime for 2006. They have called for greater support from federal law enforcement, expressing concern that the Bush administration might be too complacent as it devotes time and attention to the war on terror.

In a briefing with reporters, Deputy Attorney General Paul McNulty said it was still too soon to tell whether the numbers reflect ordinary year-to-year fluctuations. The figures are good news in the sense that violent crime has dropped 3.4 percent since 2001 and declined 17.6 percent since 1996, he said.

"It's certainly caused us to remain vigilant especially considering the anecdotal information in 2006 indicates there might be a rise in violent crime in several jurisdictions," McNulty said. "I'm anxious to spend more time with the police chiefs."

But he reiterated comments by Attorney General Alberto Gonzales earlier this month that additional crime-fighting funds for cities were not in the offing, noting that the war on terror remains the greater priority. "We have a problem of limited resources," McNulty said.

Chuck Wexler, executive director of the Police Executive Research Forum, which organized the recent conference on violent crime, said his group is looking forward to additional meetings with McNulty to find ways to combat the problem.

Property crime, including car theft, larceny and burglary, fell 1.5 percent in 2005.

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On the Net:

DOJ_NMG_0065510

The report can be found at: http://www.fbi.gov/

Violent Crimes Rise After Years Of Falling (USAT)

By Kevin Johnson

USA Today, September 19, 2006

WASHINGTON — The nation's murder rate rose 1.8% last year after hitting a two-decade low in 2004, the FBI said Monday in a report that raised questions about whether violent crime rates will continue to head up after years of decline.

The overall rate for violent crimes — murder, rape, robbery and aggravated assault — rose 1.3% in 2005 but remained far below the high set in 1991, when homicide rates in many cities soared amid a sluggish economy and gang wars. Last year, in fact, the rate for rapes alone fell 2.2% and was the lowest it had been in more than 20 years.

The jump in the overall rate for violent crimes, however, gave ammunition to several police officials who have complained that the U.S. government has allowed anti-crime initiatives to languish as it has focused on anti-terrorism efforts here and abroad.

“This report should serve as a strong wake-up call,” said Police Chief Gil Kerlikowske in Seattle, which recorded a 25% increase in gun-related crime last year. “We better realign our focus to the war going on in some of our cities.”

Edward Flynn, police commissioner in Springfield, Mass., said local police agencies have yet to recover from the aftermath of the Sept. 11, 2001, terrorist attacks, which led the federal government to redirect tens of millions of dollars in grants away from policing projects and toward homeland security programs.

“Police can't be good homeland security partners if they cannot do their core missions,” said Flynn, whose city of 155,000 had 18 homicides last year, double the number from 2000. “People need to see this as a sign for concern.”

Deputy Attorney General Paul McNulty said Monday that it was “too soon” to determine whether the FBI report represented a significant departure from the annual declines in crime recorded during much of the past decade.

During a briefing at the Justice Department, McNulty said anecdotal evidence from the first part of this year suggests there “might be a rise in violent crime in some jurisdictions.” However, he noted that the overall crime rate — for violent and property offenses — remained low compared with the past 30 years.

McNulty said the recent increases in violent offenses could reflect a convergence of factors: a rise in gang membership, the spread of highly addictive methamphetamine and the increasing numbers of young people who are 18 to 24, the age group that generally commits the most crimes.

“The terrorism mission,” he said, “has not cost us anything” in fighting crime domestically.

Chuck Wexler, executive director of the Police Executive Research Forum, a national association of law enforcement officials, said the FBI report was “not all gloom and doom.” He cited declines in reported property crimes.

However, Wexler said members of his group are concerned about increasing violence across the nation. “We believe we're on the front end of a tipping point on violent crime.”

Violent Crime In U.S. Rises For First Time Since 2001 (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, September 19, 2006

Sept. 18 (Bloomberg) -- Violent crime in the U.S. rose 2.3 percent last year, the first increase since 2001, according to an FBI study.

Murders increased by 3.4 percent over 2004 in the annual report on crime released by the Federal Bureau of Investigation in Washington. Property crime, including motor vehicle theft, larceny and burglary, fell 1.5 percent. Victims of property crimes lost an estimated $16.5 billion last year, the report said.

The report ``overall is good news," said Deputy Attorney General Paul McNulty because it shows the total crime rate is at its lowest in more than 30 years. Still, he said the increase in violent crime ``certainly causes us to remain vigilant."

The report may give more ammunition to critics of the Bush administration's crime policies, including local police chiefs and mayors. State and local officials say violent crime has been ignored at the federal level because terrorism and homeland security are a bigger priority.

Providence, Rhode Island, Police Chief Dean Esserman earlier this month said the federal government's overriding attention to terrorism ``concerns me the most" when looking at the rise in violent crime.

``Why can't we focus on domestic crime as well as homeland defense?" he said in an interview. ``We seem to have abandoned one to focus on the other."

Gang Membership

McNulty, speaking with reporters at Justice Department headquarters, said he has heard the local chiefs' complaints. While McNulty said it is ``too soon to know" why violent crime is up, he cited increases in gang membership and methamphetamine use as possible causes.

Today's survey contrasts with a Justice Department report last week that found the 2005 violent crime rate unchanged from the year before. That study didn't count murders. Both reports say that longer-term statistics show an overall decrease in crime.

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While violent crime rose last year, it has fallen 17.6 percent since 1996, the FBI said.

The FBI report -- compiled from information provided by more than 17,000 city, county, state, tribal and federal law enforcement agencies -- said there were 1,390,695 violent crimes reported nationwide in 2005. There were 10,166,159 property crimes reported.

Law enforcement agencies made about 14.1 million arrests in 2005, the study found.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

FBI Says Violent Crime Up In 2005 (WT)

By Jerry Seper

The Washington Times, September 19, 2006

Violent crime nationwide rose last year by 2.3 percent, while property crime fell 1.5 percent during the same period, according to a report released yesterday by the FBI.

FBI spokesman Bill Carter said the bureau's 2005 annual report on crime said 1.39 million violent crimes occurred nationwide in 2005, including incidents of murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault.

Although violent crime totals grew over 2004, Mr. Carter said, they have dropped 3.4 percent since 2001 and 17.6 percent since 1996. He said murders were up 3.4 percent and arrests of juveniles for murder were up nearly 20 percent over 2004, while forcible rapes decreased 1.2 percent, the only violent crime category to fall.

According to the FBI report, there were 469.2 violent crimes per 100,000 inhabitants. The report said aggravated assault accounted for 62.1 percent, robbery accounted for 30 percent, forcible rape accounted for 6.8 percent, and murder accounted for 1.2 percent of the violent crimes reported in 2005.

Mr. Carter said that of the 14.1 million arrests made by law enforcement in 2005, drug violations accounted for more than any other offense. He said that according to the "Crime Clock 2005," a violent crime took place every 22.7 seconds and a property crime every 3.1 seconds in this country.

The report said 10.2 million property crimes were reported nationwide during 2005 and that an examination of two- and 10-year trends shows the number of property crimes last year decreased by 1.5 percent from 2004 and declined 13.9 percent when compared with 1996.

Mr. Carter said there were 3,429.8 property crimes per 100,000 inhabitants, two-thirds of which were larceny-theft. He said reported incidents of burglaries were up 0.5 percent, the only property crime to rise in 2005, and property crimes accounted for an estimated $16.5 billion dollars in losses in 2005.

In the FBI's Uniform Crime Reporting (UCR) Program, property crime includes the offenses of burglary, larceny-theft, motor vehicle theft and arson.

According to the report, 45.5 percent of the violent crimes and 16.3 percent of the property crimes reported nationwide were cleared by arrest or other means.

New York Is Safest Big City, F.B.I. Report Shows (NYT)

By Emily Vasquez

The New York Times, September 19, 2006

New York City remained the safest big city in the nation in 2005, according to an F.B.I. report released yesterday. The report also showed that the city experienced a 4.3 percent drop in overall reported crime last year compared with a nationwide drop of 1.2 percent.

“Today’s final 2005 report by the F.B.I. shows that our innovative efforts to reduce crime and increase New Yorkers’ quality of life are working,” Mayor Bloomberg said in a statement.

The data, almost 10 months old, show that while the number of reported homicides increased nationwide last year by 3.4 percent, the number reported in the city fell by 5.4 percent. Police statistics, however, show that through this Sept. 10, the number of reported killings is up 2.1 percent compared with the same period last year.

In 2005, the number of robberies reported nationwide increased by 3.9 percent,

while in the city it increased by 1.4 percent. Over all, reported violent crime fell last year by 1.9 percent in the city, while nationwide it rose by 2.3 percent.

The city’s Total Crime Index ranked lowest for crime in 2005 among the nation’s 10 largest cities, including Dallas, Phoenix, Houston, Philadelphia and Los Angeles. Dallas had the worst index ranking, with 8,484.4 reported crimes per 100,000 people. That represents about one crime for each 12 people. Los Angeles, which ranked eighth, experienced 3,850.4 crimes per 100,000 people, or one crime per 26 people. New York City experienced 2,675.5 crimes per 100,000 people, or about one crime per 37 people.

Thus far in 2006, overall reported crime in New York City continues to fall, down 5.04 percent by Sept. 10 compared with the same period last year.

Though no specific national data is yet available for the year to date, law enforcement officials and crime analysts have noted a continued rise in crime in some areas across the country.

DOJ_NMG_0065512

David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice, said yesterday that many crime analysts believe the causes for that increase vary by region, but include traditional issues like illegally obtained firearms and drug availability. But some newer issues may also be at the root, he said.

"It's very hard to put your finger on, but a lot of us are convinced there's a very real spreading and intensifying of this street subculture" involving issues of "honor, respect, and issues of manhood inextricably tied up with violent responses," Mr. Kennedy said.

He added that some police departments across the country have cited a lack of resources.

Violent Crime Up In Minneapolis (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, September 19, 2006

The city's crime rate has bypassed that of 2005, but police say a focus on juvenile offenses has helped to slow the increase.

Minneapolis' violent crime rate continues to outpace that of 2005, but authorities said Monday that a recent crackdown on juvenile crime is slowing the increase.

The violent crime rate from January to Sept. 11, 2006, was 25.8 percent higher than the same period last year, according to Minneapolis police. That includes murder, robbery, aggravated assaults and rape. The increase from 2005 was as high as 60 percent in January and stayed above 30 percent for most of the year.

Interim Police Chief Tim Dolan said a steady decline in the increase that began in June can be attributed to the department's focus on juvenile crime, juvenile curfews and the recovery of guns. Overall juvenile arrests between May and September were up 22 percent from 2005, and charges against juveniles are up 17 percent in 2006 compared with 2005, according to police.

Minneapolis police statistics show an increase in juvenile curfew arrests for every month this year, topping in July with 666 curfew arrests compared with 172 in 2005.

In addition, 726 guns were recovered so far this year compared with 631 during the same period last year. Dolan said 10 guns were seized from juveniles last week.

"So much of the uptick in crime in Minneapolis ... was among younger teenagers," said City Council Member Don Samuels, who agreed with Dolan's assessment that police are getting a better handle on the problem. "You have to concentrate on kids if you're going to address the crime issues."

It's an issue championed by Dolan, who was nominated to be chief by Mayor R.T. Rybak and who reestablished the juvenile crime unit earlier this year.

Despite the reports of progress, every category of violent crime continues to show an increase over the same period of 2005. According to preliminary crime reports from the department, homicides are up 18 percent, rape is up 22 percent, robbery is up 29 percent and aggravated assaults are up 24 percent.

Dolan said that an additional four or five homicides can bump up the percentage dramatically and that some crimes, such as rape, are difficult to stem because they are often committed by someone the victim knows.

On Monday, the FBI also released final crime numbers for 2005, which showed Minneapolis' violent crime rate for that year increased 13.5 percent over 2004. Nationwide, violent crime increased 2.3 percent from 2004 to 2005, with rape down by 1.2 percent. Robbery increased 3.9 percent and murder and non-negligent manslaughter was up 3.4 percent in 2005 across the country.

In St. Paul, where rallies have recently sprung up calling for city officials to fund as many as 200 additional police officers, violent crimes rose by a modest 1.5 percent from 2004 to 2005, the FBI numbers showed.

St. Paul Mayor Chris Coleman recently announced the funding for a total of 15 more officers next year and has pledged to work toward a goal of hiring an additional 100 by 2009.

Reports of aggravated assaults, an area St. Paul Police Chief John Harrington has repeatedly said was a high crime-fighting priority, decreased by 70 last year compared with 1,491 such reports filed in 2004. It was the first time in three years that the figure had fallen.

Staff writer Howie Padilla contributed to this report. Chao Xiong • 612-673-4391 • cxiong@startribune.com

Violent Crime Reports Drop In City, FBI Says (PTR)

By Tony LaRussa, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 19, 2006

The number of violent crimes in Pittsburgh dropped by nearly 10 percent in 2005, according to an FBI report released Monday.

At the same time, the incidence of such crimes increased both statewide and across the United States.

In Pittsburgh, 3,385 violent crimes were reported last year, compared to 3,739 in 2004, a decrease of 9.5 percent. During 2005, the city reported 63 murders, 117 rapes, 1,617 robberies and 1,588 aggravated assaults, according to the FBI report.

Property crimes -- burglaries, thefts and arsons -- increased. In 2005, there were 15,628 property crimes reported in Pittsburgh, compared to 15,278 a year earlier, an increase of 2.3 percent.

The drop in violent crimes in Pittsburgh contrasts sharply with national and state crime figures released by the FBI.

DOJ_NMG_0065513

The data show that such crime rose 2.3 percent last year in the United States, the first increase since 2001. The FBI said there were 1.39 million violent crimes reported in the United States last year, up from 1.36 million in 2004.

The number of violent crimes in Pennsylvania also increased, from 50,998 in 2004 to 52,761 last year, an increase of 3.5 percent.

The FBI report is compiled from information provided by more than 17,000 city, county, state, tribal and federal law enforcement agencies nationwide. Figures were not available for counties.

Pittsburgh police Chief Dominic J. Costa said while he has not yet analyzed the FBI's crime statistics, he has noticed a trend in law enforcement here in recent years that makes the decrease in violent crime understandable.

"One of the biggest thing we've seen in the past several years has been the increase in the level of cooperation between police officers and residents," he said. "Community groups, churches and residents in general are reaching out to help police do their jobs."

Costa said officer training has improved, and more and better technology is being employed.

Around the region, statistics for violent crimes last year in major population areas were:

= Westmoreland County: Greensburg, down 25.5 percent, with four rapes, nine robberies and 22 aggravated assaults; New Kensington, down 12 percent with six rapes, 18 robberies and 57 aggravated assaults.

= Fayette County: Uniontown, down 18.8 percent, with two rapes, 25 robberies and 25 aggravated assaults.

= Butler County: City of Butler, down 8.8 percent, with seven rapes, 15 robberies and 133 aggravated assaults; Butler Township, up 100 percent, with one rape, six robberies and 23 aggravated assaults.

= Beaver County: Aliquippa, up 10 percent, with one murder, two rapes, 25 robberies and 49 aggravated assaults.

The increase in violent crime nationally is due in part to growing numbers of people involved in gangs and the spreading methamphetamine problem, U.S. Deputy Attorney General Paul McNulty said.

But crime rates, which are on the rise particularly in small and mid-sized cities, could continue to increase, he said.

The report "overall is good news," said McNulty, because it shows the total crime rate is at its lowest in more than 30 years. Still, he said the increase in violent crime "certainly causes us to remain vigilant."

The recent shift in violent crime trends has raised questions about whether police are fighting terrorism at the expense of crime. Some criminal justice experts and local police have suggested that the increase in violent crime may reflect the decreased funding for police work not related to terrorism.

Violent Crime Down In Oregon, Up Elsewhere (KOIN-TV)

KOIN-TV, September 19, 2006

WASHINTON, D.C. - New FBI figures show a decrease in Oregon violent crime from 2004 to 2005.

That's the reverse of the national trend, where violent crime overall is on the increase. In figures released Monday, the FBI says there was a 2.3 percent increase in violent crime across the nation. But the opposite happened in Oregon, where there was a 2.5 percent decrease.

Oregon also showed declines in most other crime categories -- except auto theft, where there was a four percent increase.

The FBI compiled its figures from data submitted by nearly 17,000 law enforcement agencies across the nation.

Utah, U.S. Report Jump In Crimes (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 19, 2006

Violent crime is on the increase across the country, and Utah is no exception.

Deseret Morning News graphic A violent crime is being committed in the United States every 22.7 seconds. Every 3.1 seconds someone is the victim of a property crime, the FBI said in its annual crime report released Monday.

According to the FBI's Uniform Crime Statistics report, a homicide occurs in the United States every 31.5 minutes; a rape every 5.6 minutes; a robbery every 1.3 minutes; and an aggravated assault every 36.5 seconds.

According to raw numbers from the FBI's Uniform Crime Statistics report, violent crime rose 2.3 percent in America this past year. Property crimes dropped by only 1.5 percent. Homicides and robberies increased nationwide; rapes decreased. In the West, car thefts increased by 4.5 percent over the past year. The numbers have been published on the FBI's Web site, www.fbi.gov.

In Utah, preliminary numbers compiled by the Utah Department of Public Safety revealed that violent crimes increased slightly — up 1.24 percent in 2005. Robberies decreased by more than 10 percent, rapes increased 1.44 percent and aggravated assaults increased more than 5 percent.

"Violent crime increased, but property crime decreased," said Mary Ann Curtis, a data collections specialist for the Utah Bureau of Criminal Identification (BCI). "We didn't have a real big increase in crime."

The FBI reported 56 homicides and non-negligent manslaughters in Utah in 2005. BCI's report said there were 54 reported homicides in 2005, compared to 42 in 2004. BCI's definition of homicide includes murder and manslaughter.

"We may get updated reports," said Curtis, explaining the difference in homicide numbers. "It could be they were reported as a homicide and later found out it really was an accidental death."

DOJ_NMG_0065514

The FBI has a cut-off date for its statistics, while BCI allows police departments to amend their reports.

"We look relatively safe," said Mike Haddon, director of research for the Utah Commission on Criminal and Juvenile Justice. He noted an increase in homicides in Utah and said car thefts have jumped nearly 9 percent for the population. Breaking it down by population, Haddon felt crime overall was declining.

In St. George, growth and construction is booming. So is property crime, police said.

"We've really been going on a lot of burglary and construction calls," St. George Police Sgt. Craig Harding said Monday. "The crimes that I think we're going out on are opportunistic crimes. We leave things out at and the criminal takes them."

More than $97 million in property was stolen in Utah in 2005. Only $31 million was recovered by police agencies in the state.

D.C. Corruption Eruption (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 19, 2006

WASHINGTON - There is so much political corruption on Capitol Hill that the FBI has had to triple the number of squads investigating lobbyists, lawmakers and influence peddlers, the Daily News has learned.

For decades, only one squad in Washington handled corruption cases because the crimes were seen as local offenses handled by FBI field offices in lawmakers' home districts.

But in recent years, the Jack Abramoff lobbying scandal and other abuses of power and privilege have prompted the FBI to assign 37 agents full-time to three new squads in an office near Capitol Hill.

FBI Assistant Director Chip Burrus told The News yesterday that he wants to detail even more agents to the Washington field office for a fourth corruption squad because so much wrongdoing is being uncovered.

"Traditionally, a congressional bribery case might be conducted on Main Street U.S.A., but a lot of the stuff we're finding these days is here in Washington," said Burrus, who heads the FBI's criminal division.

He said typical crimes involve lawmakers' illegal interactions with lobbyists and "people who have a lot of savvy about how the congressional process works and appropriations."

Plus, the electronic and legislative paper trail that winds up as evidence is in Washington, as Rep. Bob Ney (R-Ohio) and ex-Rep. Randy (Duke) Cunningham (R-Calif.) can attest.

Ney has agreed to plead guilty to corruption charges. Cunningham was sentenced to eight years in the slammer for taking bribes.

Two years ago, only 400 agents worked on public corruption cases. Now, 615 agents nationwide - including 30 in New York - are trying to nail public servants for betraying the public trust in 2,200 ongoing cases.

A recent FBI search of the Alaska Statehouse was a first of its kind.

In Washington, agents conducted unprecedented searches of the offices of the CIA's third-ranking executive and the House office of Rep. William Jefferson (D-La.).

Both stemmed from bribery allegations.

Burrus wouldn't speculate about why there is so much graft, but said, "We have to pull the whole weed up or it's just going to grow back again."

Sketch Of Baby Kidnap Suspect Released (CO)

By Jeff Douglas

The Charlotte Observer, September 19, 2006

UNION, Mo. - Police released a sketch Monday of a woman they believe stole a baby after slashing the mother's throat, hoping to generate new clues in the four-day old case.

Stephenie Ochsenbine, 21, helped police artists with the composite drawing of the woman she said attacked her at her home on Friday and snatched her baby, Abigale Lynn Woods, now 10 days old.

Franklin County Sheriff Gary Toelke hoped the drawing, as well as a picture of a black scarf that was recovered near the home on Saturday, would generate new clues. Authorities also hoped the child was alive and well.

"From history, if somebody wants a child, I would assume that child's being taken care of," FBI agent Roland Corvington said.

The drawing shows a woman with dark hair wearing a baseball cap. Franklin County Sheriff Gary Toelke said the suspect is believed to be between 5 feet 4 and 5 feet 8 and weighs about 200 pounds.

Toelke said Ochsenbine "wasn't completely happy" with the sketch, "but it's the best we could come up with." He said more than 300 leads have come in so far.

"The phones have been ringing off the walls," he said at a news conference.

Ochsenbine did not attend the news conference. Her grandfather, James Ochsenbine, declined to comment on behalf of the family and declined an interview request with his granddaughter, saying they wanted her to rest.

Ochsenbine told police she did not know the woman who came to her door and entered the house asking to use the telephone. Ochsenbine's 1-year-old son, Connor, also was in the house but was unharmed.

DOJ_NMG_0065515

Corvington said authorities were still awaiting lab results on fingerprints from a knife found near the home, about 45 miles southwest of St. Louis.

The mother and others close to her are not considered suspects, but Toelke said no one has been ruled out.

Authorities have asked hospitals and doctors to be on the lookout for anyone bringing in a newborn. Fliers showing the baby were posted in gas stations and restaurants in Union. The 6-pound girl, born Sept. 8, has dark hair and a strawberry birthmark on her forehead.

The abductor has been profiled as someone who had a child die recently or as someone who could not have children, told people she was pregnant and needed to steal a child so her lie would not be found out.

"Historically, these types of people have cased hospitals," Corvington said.

About 100 members of the Missouri National Guard who have assisted in the investigation have ended their grid search of the area near the home. Toelke said authorities will rely on tips and interviews, though additional searches are planned.

From 1983 to 2002, there were 217 reported cases of non-family infant abductions, and all but a few babies were recovered safely within 25 miles of where they had been taken, according to a 2003 study by the National Center for Missing and Exploited Children. About three-quarters of the kidnapped infants were recovered in fewer than five days.

ON THE NET

Missouri Amber Alert: http://www.missouriamberalert.com

Sketch Puts Face To Baby Case (SLPD)

By Todd C. Frankel, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 19, 2006

ST. CLAIR -- Rose Arnold studied the eyes. There was a fleeting feeling of recognition as she stared Monday at the just-released sketch of the suspect in the kidnapping of a baby, now 10 days old.

The shaded drawing showed a masculine woman with wavy hair, heavy eyebrows and unusually large, dark eyes. Arnold stepped closer to the picture posted in a gas station window. Next to it was the "Amber Alert" flyer for the missing baby, little Abby Woods, who is Arnold's grand-niece.

"I've seen somebody with eyes like those," Arnold, 54, said. "But I don't know where."

And then the feeling was gone.

The FBI and Franklin County authorities released the sketch Monday, along with a photograph of a scarf that may have been worn by the kidnapper, in hopes of developing new leads in a bewildering case. The baby was abducted from her mother's home in nearby Lonedell on Friday when a stranger held her mother at gunpoint and stabbed her, then barricaded her in the bathroom while fleeing with the infant, officials said.

"Lots of good tips"

More than 300 tips had been called in, some from as far away as Texas and Virginia, officials said. And a fresh wave of calls was prompted by the release of the sketch, which was quickly posted around the rural county and broadcast by the media.

"The phones have been ringing off the walls. We've been getting lots of good tips," Franklin County Sheriff Gary Toelke said.

The release of details about the scarf raised concerns about the investigation's progress. The baby's mother, Stephenie Ochsenbine, told authorities that the kidnapper either wore or carried a scarf. The scarf in the picture, which is black with fringe on both ends, was discovered Saturday during the National Guard's search of Ochsenbine's property, Toelke said. But the sheriff also said that Ochsenbine "does not recognize the scarf."

That was on top of a sketch which Ochsenbine was not entirely happy with, but "it got to the point where she felt she couldn't improve upon it," so they decided to release it, Toelke said.

Toelke and Roland Corvington, special agent in charge of the FBI in St. Louis, stressed they were making progress. A fillet knife recovered outside Ochsenbine's house was being tested for forensic evidence. Both Ochsenbine and the baby's father, James Woods, had been cooperative with authorities, they said. And although authorities do not consider the parents to be suspects, nothing has been ruled out, Corvington said.

"They stabbed me"

Ochsenbine was not yet "in an emotional state" in which she could talk publicly about the kidnapping, Toelke said.

Woods works in a scrap metal business run by Kinney "Konny" Arnold, who is Arnold's husband. Woods was at work on Friday until they learned of the kidnapping, she said. Arnold answered the phone early Friday afternoon when a panicked and crying Ochsenbine, 21, called looking for her live-in boyfriend. The young mother, cut and bleeding, had walked to a neighbor's house with her 1-year-old son, Connor.

"I got on the phone and she was crying," Arnold recalled. "She said, 'Auntie Rose, is James there?' I said no. And she said, 'Is Konny?' And I said no. And she was just crying. 'They stabbed me,' she said. And I said, 'They?' She said, 'A woman stabbed me and took Abby.'"

Arnold said Woods walked in the door at that moment, briefly talked with Ochsenbine and then sped home.

"They had nothing to do with it," Arnold said.

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The hunt for Abby and the mystery of why someone abducted her has consumed this community. As the days pass without answers, there has been more speculation about what happened - what local police call "seeing ghosts."

"You hear so many stories, especially in a little town," said Tena Sohn, who was eating lunch at Lewis Cafe with her daughters and a newborn grandson, just six days old.

Sohn wondered why authorities hadn't tested - or released the results - for fingerprints on the knife that was recovered. Her daughter, Angela, 25, wondered why they hadn't done the same for the doorknobs. The second-guessing was caused by a desire to see little Abby returned home safely.

"I just pray to God they find her," Tena Sohn said.

At a Casey's gas station across the street from the FBI's command post, a clerk called in a tip when she spotted a customer fitting the suspect's description on Sunday afternoon. The customer was a heavy-set woman with a female moustache - a detail that stood out for many people here, said Assistant Manager Deidre Merritt. The customer purchased a jar of petroleum jelly and left. The clerk then called police, who asked the clerk to download the store's surveillance tape. The clerk called Merritt to come to work and burn the footage onto a CD. But authorities did not pick up the CD until the next morning.

Merritt figured authorities must have determined it was not worth pursuing. Still, it struck her.

"It's really weird being in a small town," Merritt said, "and they can't find anything."

U.S. Appeals Court Freezes Wecht's Trial (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 19, 2006

Considers request from ex-coroner to remove judge

The 3rd U.S. Circuit Court of Appeals has stayed the criminal trial of former Allegheny County Coroner Dr. Cyril H. Wecht pending its decision on whether the judge hearing the case should be removed.

Last week, attorneys for Dr. Wecht argued to a three-judge panel that U.S. District Judge Arthur J. Schwab has not been impartial in his rulings, and because of that, their client cannot receive a fair trial.

The appeals court has not issued a formal ruling, but late Friday, it issued an order staying the trial. That order became public early yesterday morning as the parties met before Judge Schwab for the final pretrial conference in the case.

Dr. Wecht's trial on 84 counts, including mail and wire fraud, was scheduled to begin Oct. 16. Dr. Wecht's lawyers declined comment on the development, as did Judge Schwab.

Recusals are very rare, so the court's action staying the case is noteworthy, experts say.

John Burkoff, a professor at the University of Pittsburgh School of Law, said it's "almost impossible" to win a recusal case.

"That's a real slap from the appellate court to the trial court, and that doesn't happen very often," he said. "It's an easy thing to say but very difficult to prove. A recusal based on an allegation of bias [is] very rarely [granted]."

The federal judiciary does not keep a tally of how often such motions are granted.

Though issuing a stay is an unusual step, it does not automatically mean the appeals court is planning to remove Judge Schwab.

It might indicate that there is some potential substance in the argument raised by the defense that the appeals court wants to review.

Mr. Burkoff believes that the issue before the court isn't whether Judge Schwab issued the wrong decisions, but whether he abused his discretion in not recusing himself when the defense attorneys asked.

"You can have a judge who's done everything right, but is there an appearance of impropriety?" Mr. Burkoff said. "He may not have done anything wrong, but the appellate court could think it looks like he did."

Dr. Wecht's attorneys said they would seek Judge Schwab's recusal in June after he said he would pursue contempt proceedings against them after the trial because they did not follow his orders.

The defense contends that the judge had improper, secret communications with the prosecution; that he has shown bias against Dr. Wecht in his court rulings; that the judge improperly reviewed potential evidence in the case on his own and then used that information in a ruling; and that he has prohibited Dr. Wecht's attorneys from pursuing a zealous defense.

During oral arguments, at least one of the appellate judges, Julio Fuentes, might have shown which way he was leaning in the case when he said, "In listening to [defense attorney Jerry] McDevitt, he makes a pretty good case. It's an extraordinary remedy, but he's putting together a series of events that he says show bias on his client."

Former 3rd Circuit Judge Timothy K. Lewis, who left the federal bench in 2000, said that issuing a stay in the trial proceedings is the right thing to do to be fair to all the parties involved.

"That said," he continued, "this is not by any means a tip of the hand they're going to rule in favor of Wecht," he said. "It's an indication only that they have not found it to be a frivolous matter, and they're considering it seriously.

U.S. Attorney Mary Beth Buchanan said she would not comment, other than to say, "It's impossible to read anything into the court's order."

In an opinion by the 3rd Circuit Court in August 2004, Judge Schwab was chastised for taking the entirety of a proposed opinion filed by a defense attorney and using it as his own.

He had granted a dismissal of a lawsuit filed by John Bright, whose 8-year-old daughter, Annette, was murdered in 2001 by a man on probation. Mr. Bright sued probation officers in Westmoreland County for not doing enough to keep the killer away from her.

Judge Schwab asked for a "consolidated statement" of the defense position, and after the lawyers submitted a proposed opinion, he adopted it without making any substantive changes, other than those for style, and never gave Mr. Bright a chance to reply.

"Courts and judges exist to provide neutral [forums] in which persons and entities can have their professional disputes and personal crises resolved," wrote Judge Richard Nygaard in a 2004 opinion. "Any degree of impropriety, or even the appearance thereof, undermines our legitimacy and effectiveness."

If Judge Schwab is removed from the case, a newly appointed judge would meet with the lawyers to discuss what motions and arguments need to be resubmitted and decide how the case will proceed.

"A new judge would want to be extremely careful to review everything that had been disputed to make sure improper appearance is corrected," Mr. Burkoff said.

Judge Schwab, who sought a seat on the federal bench for 17 years, was appointed to the court in the Western District of Pennsylvania in September 2002.

He first was considered for the district court in 1985. Then in 1988, Judge Schwab, now 59, of Butler County, was considered a lock for a position on the 3rd Circuit Court of Appeals when Judge Joseph F. Weis Jr. took senior status. But his nomination was foiled when the American Bar Association gave him an "unqualified" rating.

At the time, Judge Schwab said he believed the rating was based on his conservative religious and political beliefs. He is an evangelical Christian.

But the chairman of the bar association's screening committee said Judge Schwab received the unfavorable rating because he lacked experience in federal court.

Before joining the district court, Judge Schwab worked at the law firm Buchanan Ingersoll, serving for his last two years as chief counsel for complex litigation.

The judge served as a federal court clerk out of law school, and began his career in private practice in 1973 at Reed Smith, where he served as deputy head of the litigation group and was the first chairman of the firm's Techlex Group, which specialized in legal services for high-tech firms. He left Reed Smith in 1990.

U.S. Court Stays Wecht Trial (PTR)

By Jason Cato

Pittsburgh Tribune-Review, September 19, 2006

The long-awaited public corruption trial of Dr. Cyril H. Wecht might be further off than its scheduled Oct. 16 start date.

The 3rd U.S. Circuit Court of Appeals in Philadelphia ordered a stay of the trial while it considers a number of appeals in the case, including whether to remove U.S. District Judge Arthur J. Schwab, 59, of Sewickley.

Wecht's lawyers have accused Schwab of bias, saying the judge has made a number of rulings that unfairly favor prosecutors. Their principal complaints are that Schwab admitted all of the prosecution's evidence and that he thwarted their efforts to question the lead FBI agent about his disciplinary records after having secret communication with prosecutors.

Getting a judge disqualified from a case isn't easy, and nothing should be read into the court's decision, former 3rd Circuit Judge Timothy Lewis said.

"This doesn't mean they've decided to remove him at all," said Lewis, 51, a Squirrel Hill native who now practices law in Washington, D.C. "It just means they need time to examine the issues carefully. This is not a tip of the hand by the court."

A two-hour court hearing was held Sept. 12 before 3rd Circuit Judges Julio M. Fuentes, D. Michael Fisher and Myron H. Bright. Following the hearing, the judges retreated to chambers to discuss the case, take an initial vote and decide who would write the opinion.

The stay might indicate the judges are split, or that one judge isn't certain, Lewis said.

Fisher openly questioned Schwab's decision to allow prosecutors to use all 1,352 exhibits at trial after defense lawyers failed to meet a court-ordered deadline to file objections. He said he was troubled that Schwab seemed to be more concerned with his schedule than anything else. Fuentes said Wecht's lawyers made some compelling arguments.

Howard J. Bashman, a lawyer in suburban Philadelphia who hosts a Web log on appellate issues, said the stay indicates the judges see merit in at least some of the defense's contentions and want time to carefully review the matter.

"In complicated cases, it is not unusual for the 3rd Circuit to take from six months to a year to issue a decision on appeal," Bashman said. "To be sure, the 3rd Circuit sometimes decides complex cases very quickly, but here a stay avoids the need for such a rush to judgment."

Approximately 60,000 appeals have been filed annually over the past six years in the 12 federal appellate courts across the country, according to data from the Administrative Office of the U.S. Courts. The agency does not track how many times district judges are removed from cases, a spokeswoman said.

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The number is "infinitesimal," Lewis said.

In 2004, the 3rd Circuit removed U.S. District Judge Alfred M. Wolin from three asbestos bankruptcy cases and reassigned them to Joy Flowers Conti, a federal district judge in Pittsburgh.

Parties in the case questioned Wolin's impartiality after he appointed lawyers to assist him who also were representing clients in other asbestos cases. The court said it could not find "even the slightest hint of any actual bias or partisanship by Judge Wolin." However, Wolin was still removed because the judges said the test was not "actual bias" but the "perception of bias."

Should Schwab be removed, Wecht's lawyers told the appeals court they also would like a number of his rulings vacated, including those relating to evidence and a request to dismiss charges.

Wecht, 75, of Squirrel Hill, was charged in January with 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office while Allegheny County coroner for private financial gain.

His trial has not been cancelled. Schwab told lawyers yesterday to continue preparing. If the appeals court decision is not made by Oct. 10, however, Schwab said he will release the approximately 300 people in the jury pool, which will effectively postpone the trial.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Wecht Trial Delayed While Attorneys Wait For Appeals Court Ruling (SCCD)

By Joe Mandak

The State College Centre Daily, September 19, 2006

PITTSBURGH - Former Allegheny County coroner Dr. Cyril Wecht's federal corruption trial has been delayed until an appeals court rules whether a judge is biased and should be removed from the case.

The stay was issued by the 3rd U.S. Circuit Court of Appeals on Friday. On Monday, U.S. District Judge Arthur Schwab issued an order postponing a pretrial hearing that was to be held Tuesday.

A three-judge appeals court panel heard arguments last week in Philadelphia about whether Schwab should be removed from Wecht's upcoming trial on an 84-count indictment charging him with theft of honest services, mail fraud and wire fraud.

Federal prosecutors in Pittsburgh contend that Wecht used his county staff to do work for his multimillion-dollar private pathology practice, traded cadavers for lab space at a local college, and overbilled clients using faked limousine bills.

Wecht is a renowned pathologist who has consulted on high-profile deaths including those of Elvis Presley and JonBenet Ramsey and, most recently, the son of former Playboy model Anna Nicole Smith. He resigned from county office in January after he was indicted.

If the appeals court does not rule by Oct. 10, Schwab said he would cancel jury selection that was to begin Oct. 11 and release a pool of 300 potential jurors. Opening statements in Wecht's trial had been scheduled for Oct. 16.

Wecht's attorneys appealed after Schwab upheld FBI searches for Wecht's records and computers. Wecht's attorneys had attacked the credibility of the FBI agent who obtained the search warrants. Schwab overruled some defense objections because he said Wecht's attorneys missed a deadline for filing them.

Wecht's attorneys contend Schwab has favored prosecutors in his rulings. The judge has threatened to hold a contempt hearing for Wecht's attorneys after the trial.

Malone Pleads Guilty In Las Vegas Strip Club Bribery Case (AP)

AP, September 19, 2006

LAS VEGAS (AP) - A former county commissioner accused of arranging and delivering bribes for a strip club owner pleaded guilty to conspiracy Monday in a deal with prosecutors that could result in a 20-year prison term.

Former Clark County Commissioner Lance Malone, 44, agreed in U.S. District Court to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act. With his trial nearing, Malone negotiated the plea last week with U.S. Attorney Daniel Bogden, who said the guilty plea was a victory for people in the county.

"These offenses strike at the very foundation of our government, and it reaffirms that elected public elected are not above the law," Bogden said Monday in a statement.

Authorities have dropped wire fraud and conspiracy to commit wire fraud charges, and agreed not to object to Malone serving his sentence concurrently with a three-year sentence a federal jury in San Diego levied against him last summer for similar charges.

Malone has agreed to drop his appeal in the San Diego case and forfeit up to $750,000 in assets.

A sentencing hearing was set for Dec. 18. He faces a maximum of 20 years in prison and a fine of up to $250,000.

Malone's trial was to cap a three-year FBI investigation into corruption and bribery on the Clark County commission, the major political decision-making body in southern Nevada.

The center of the probe was Michael Galardi, the former owner of three strip clubs who claimed to have paid off dozens of politicians in Nevada and Southern California with cash and favors.

Authorities said Malone, who was hired as Galardi's lobbyist after losing a bid for re-election, acted as Galardi's bagman, delivering wads of cash to his former colleagues. In return, Galardi said he sought favorable votes on the commission, which was reviewing plans to expand one of his clubs.

The FBI recorded many of the transactions through hours of wiretapped phone calls.

Galardi, 44, pleaded guilty in 2003 and testified in Las Vegas and in a related San Diego federal bribery case. He is expected to get no more than five years in prison when he is sentenced in November. Former Clark County commissioner Erin Kenny also pleaded guilty and testified in May in the trial of former commissioners Mary Kincaid-Chauncey and Dario Herrera.

The plea agreement describes more than 16 payments made by Galardi or Malone to Herrera, Kenny and Kincaid-Chauncey from October 2000 to November 2002, according to Bogden.

In his trial, Herrera, 33, a one-time Democratic candidate for Congress and former state assemblyman, acknowledged taking cash from Malone and knowing it was from Galardi, though he said he did not consider it a bribe. He was found guilty and sentenced to 50 months after being convicted of 17 of 19 charges of conspiracy, wire fraud and extortion.

Kincaid-Chauncey was sentenced to 2 1/2 years in federal prison on similar charges.

"Mr. Malone is now the third person to admit there was a coordinated effort to defraud Clark County and its citizens of the honest services of public officials for the benefit of Michael Galardi and his businesses, and the fifth person to be convicted of these crimes," Bogden said.

Malone's lawyer, Dominic Gentile, did not immediately return a call for comment.

Guilty Plea Seals Malone Deal (LVRJ)

By Adrienne Packer, Review-Journal

Las Vegas Review-Journal, September 19, 2006

Severity of sentence for ex-commissioner to be decided in December

The 3-year-old political corruption case against Lance Malone took an anticlimactic turn Monday when the soft-spoken former Clark County commissioner formally entered a guilty plea before a federal judge.

A few reporters attended Malone's hearing Monday, in contrast to the crowds that watched as co-defendants Mary Kincaid-Chauncey and Dario Herrera, both former county commissioners, were convicted and sentenced earlier this year.

Sitting expressionless next to his attorney, Dominic Gentile, Malone formally changed his plea from innocent to guilty after signing an agreement with the government last week.

The deal allowed Malone to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organization Act, a charge that stemmed from paying Clark County politicians cash bribes on behalf of strip club owner Michael Galardi. The other 32 counts against Malone were dropped.

Malone took a deal only after government officials stopped insisting that he admit accepting illegal gifts or money from Galardi or anyone else during his four-year term, Gentile said last week.

Gentile and the 44-year-old Malone declined to comment Monday.

U.S. District Judge Larry Hicks scheduled Malone's sentencing for Dec. 18. He set aside the entire day to hear the government and Gentile argue over the severity of the sentence.

Assistant U.S. Attorney Daniel Schiess indicated that he will prove that Malone accepted illegal cash and other gifts while he served on the commission from 1996 through 2000. Malone's sentence could be enhanced if the judge believes Schiess' argument.

Also, the government will push for a tougher sentence because prosecutors think Malone was a leader in a scheme to bribe elected officials for favorable treatment of Galardi's strip clubs. Malone, who lost his bid for re-election in 2000, went to work for Galardi and became his go-between with commissioners.

"We will be arguing to the court whether an adjustment can be made for leadership," Schiess told Hicks.

The prosecution agreed in the plea deal to recommend that Malone's sentence run concurrently with the three-year term levied in San Diego last summer after he was convicted of bribing three city councilmen. Schiess said the law mandates concurrent sentences if the same course of conduct can be proven in two separate cases.

But Hicks warned Malone that he has the authority to impose consecutive sentences.

"It is possible the court may or may not make the same finding" as the government, the judge said.

In changing his plea on Monday, Malone admitted that he paid off Herrera, Kincaid-Chauncey and former Commissioner Erin Kenny.

Galardi, the money source, pleaded guilty in 2003. Herrera and Kincaid-Chauncey unsuccessfully fought the charges they took the payments. Kenny pleaded guilty.

That left Galardi's bagman, Malone, to battle the case or sign an agreement. He opted for the latter four days before his trial was scheduled to start.

A remaining question for Malone is how much time he will spend in prison.

Hicks explained he could face a maximum prison sentence of 20 years. And, the judge said, no matter what sentence is levied, Malone's agreement denies him of the right to appeal his sentence or withdraw his plea.

Malone is unlikely to serve two decades in jail, but the severity of the sentence will be up to Hicks to decide after hearing arguments from both sides.

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Herrera received the harshest treatment from Hicks last month. Hicks ordered Herrera to spend 50 months in prison, one month less than what the government recommended. He also must pay $16,600 in fines and forfeit $60,000.

Hicks sentenced Kincaid-Chauncey to 30 months in prison and ordered her to pay $8,800 in fines and forfeit $19,000.

Although Galardi pleaded guilty early on, he was ordered to forfeit $3.8 million and sell his lucrative strip clubs. For his cooperation, the government agreed he would not spend more than five years in prison. Galardi is scheduled to be sentenced in November.

Because Kenny signed an agreement in 2003 and worked with prosecutors, her prison sentence will be no longer than 46 months. She was forced to forfeit $70,000.

The forfeiture amounts were based on how much money the government could prove each elected official received in bribes. For Malone, forfeiture will be calculated based on how much the judge believes the prosecutors could prove he paid out to politicians.

Malone's plea agreement said he will forfeit up to $750,000. His fine will be a maximum of $250,000.

Hicks read the 14-page agreement to Malone in court on Monday, ensuring that he understood each element.

When he determined Malone was not signing a deal under a threat, he asked Malone to enter his new plea.

"Guilty, your honor," Malone said quietly, staring straight ahead.

Sen. Bryant's UMDNJ Job Was No-show One (AP)

AP, September 19, 2006

State Sen. Wayne R. Bryant, D-Camden is accused of being paid $35,000 a year for a no-work job at UMDNJ while helping the school garner millions of new dollars in funding.

Document: View the Report (Requires Adobe Reader) A powerful southern New Jersey politician was paid for a no-work job at the scandal-ridden University of Medicine and Dentistry of New Jersey while helping the school garner millions of taxpayer dollars, according to a report made public Monday.

The school paid state Sen. Wayne Bryant $35,000 a year "to lobby himself in his capacity as state senator," according to the report of a federal monitor who had been checking into the school's finances.

The report said that all Bryant appeared to do at the university's School of Osteopathic Medicine was show up for three hours most Tuesday mornings and read newspapers. He produced no memos, reports or other evidence of doing work, though, the report said.

Herbert J. Stern, a former federal prosecutor and judge, was appointed to investigate the state university in December after the school admitted overbilling Medicaid by more than $5 million. The probe quickly broadened: Another report he has issued suggested losses from fraud and abuse there could exceed $243 million.

Bryant, D-Camden, was the sole subject of the report by Stern released Monday. It quickly spawned criticism of Bryant from the governor's office and some Republican lawmakers. Federal prosecutors also said they would look into its allegations.

Bryant was scheduled to attend a groundbreaking for a college building in Bloomfield on Monday morning, but he did not show up. He did not return calls seeking comment.

The monitor's report said he also did not grant an interview to investigators.

One of the state's most influential elected officials, Bryant worked for the university's School of Osteopathic Medicine from March 2003 until February 2006. During that time, the school's allocation from the state skyrocketed.

According to the report, he helped deliver a total of $12.8 million over the three years - up from about $2.8 million per year before the school created a job for him.

In 2002, Bryant met with Stuart Cook, then the president of UMDNJ, according to the report. Cook told investigators that Bryant explained that the university would have to pay taxes in Camden if it opened a facility in the city - even though it is a nonprofit organization normally exempt from taxes. Then, Cook said, Bryant asked about a job at the medical school.

The report said Cook said he ended the conversation before Bryant would say exactly what he would do if he had such a job.

In 2003, the osteopathic school created a position for Bryant and did not advertise it publicly, the report found.

John Crosbie, an official at the school, told the investigators that Bryant was hired only for his "political juice."

Bryant was initially hired as a part-time employee ineligible for benefits or pension credits. But by the time the paperwork went through, he was getting benefits and pension credits.

The report suggested that Bryant also influenced UMDNJ to help his political cronies. He said, for instance, that spending $32,000 to sponsor a designated driver program at the Tweeter Center "had to be done." The program was run by Jodi Nash, the wife of Jeff Nash, who at the time was director of the Board of Chosen Freeholders in Camden County.

Ultimately, UMDNJ gave $20,000 to the program.

Stern, the federal monitor, said it's up to prosecutors to determine whether Bryant should face criminal charges. Michael Drewniak, a spokesman for U.S. Attorney Christopher J. Christie, said his office would study the report.

Meanwhile, Gov. Jon S. Corzine, also a Democrat, suggested Monday that Bryant consider stepping down as chairman of the powerful Senate Budget Committee while the investigation runs its course. But the governor said that decision should be made by legislators. Some Republican lawmakers used the report to argue for reforming state ethics rules.

Bryant and his family's personal finances and his political work have been closely tied before.

From 2002 until earlier this year, he worked at Rutgers University in Camden, where he gave lectures and mentored students. His final contract there was for $35,000. It was not renewed this year because of a budget crunch, said university spokesman Michael Sepanic.

Bryant was a key force in getting New Jersey to agree in 2002 to put $175 million to fix infrastructure and attract private investment to Camden, which was recently named America's poorest city.

The revitalization efforts focused on expanding the universities and health care providers in the city.

Within a year after the legislation was signed, Bryant had jobs at Rutgers and UMDNJ. Another recipient of money from the state was CAMcare, a nonprofit system of medical clinics run by Bryant's brother, Mark Bryant.

Bryant's wife and his son, who died earlier this year, both have held jobs for public entities, as have several other relatives.

Report Takes Bryant To Task (CHCP)

By Sarah Greenblatt, Courier-Post Staff

Cherry Hill Courier-Post, September 19, 2006

Gov. Jon S. Corzine hinted that state Sen. Wayne Bryant should step aside as head of a key budget panel following the release of a scathing report that said he pressured officials at the University of Medicine and Dentistry of New Jersey to hire him for a no-show job.

Bryant, D-Lawnside, the powerful chairman of the Senate Budget and Appropriations Committee, "was paid $35,000 per year by UMDNJ to lobby himself," according to a report released Monday by Herbert J. Stern, the federal monitor appointed to investigate the university's finances.

The report said UMDNJ administrators created a job description to fit Bryant's credentials and then provided full benefits, although he spent about three hours on campus each week.

While on campus, the report said, Bryant read newspapers but did not produce any reports or provide other tangible evidence of work.

"He didn't perform any duties," said John Ingelsino, an attorney in the office of the monitor who is overseeing UMDNJ as part of a deferred prosecution agreement.

During Bryant's tenure from 2003 to 2006, the fiscal picture brightened for UMDNJ's School of Osteopathic Medicine in Stratford, where state support climbed to a total of $12.8 million, up from a total of $8.4 million for the three years prior to Bryant's tenure.

Bryant declined to answer investigators' questions, according to the report, which was forwarded to U.S. Attorney Christopher Christie.

The senator did not return calls seeking comment on Monday.

Stern, a former federal prosecutor and judge, was appointed to investigate the state university in December after the school admitted overbilling Medicaid by more than $5 million. The inquiry quickly broadened: Another report he has issued suggested losses from fraud and abuse there could exceed $243 million.

Corzine stopped short of calling for Bryant's ouster but acknowledged that other elected officials under investigation have stepped aside.

"There are many precedents where people step aside while an investigation goes on," Corzine said, adding that the decision is up to legislators.

Senate President Richard J. Codey, D-West Orange, took a neutral stance.

"There's a process under way here and I think we owe it to everyone involved to let that process take its course before we make any judgments or decisions," Codey said in a prepared statement.

Senate Minority Leader Leonard Lance, R-Clinton Twp., Hunterdon County, said that whether Bryant continues as committee chairman is Codey's call.

"If I were Senate president, overseeing Republican committee chairs, I would expect them to uphold the highest ethical standards," Lance said, adding that he is "very disturbed" by the monitor's report.

Assemblyman Alex DeCroce, R-Parsippany-Troy Hills, issued a statement contending that the new report underscores the need for a special session of the state Legislature to address ethics reform.

The monitor's report said Bryant used his position at UMDNJ to help political allies.

The administrator who supervised Bryant told investigators he had no control of the senator's activities and said the politician's chief contact at UMDNJ was the former dean, R. Michael Gallagher. In April, Gallagher resigned after the monitor found he improperly billed UMDNJ $200,000 for extravagances and pressed subordinates to doctor financial records to help him qualify for a $15,000 bonus.

UMDNJ witnesses told investigators that Bryant, through Gallagher, pressured them to pay $20,000 to sponsor a designated driver program at the Tweeter Center, where Jodi Nash, the wife of then-Camden County Freeholder-Director Jeffrey Nash, worked on marketing.

Jeffrey Nash did not return a call Monday seeking comment.

The report said Gallagher, whose fortunes at the university stood to benefit from additional funding, instructed his staff to create a job for Bryant, who had already asked then-president of UMDNJ Dr. Stuart Cook to hire him.

Gallagher's attorney, Jeremy Frey, could not be reached for comment.

Cook told investigators he was uncomfortable with Bryant's request and abruptly ended a conversation on the topic with the senator. But members of Cook's staff said he ultimately relented, seeking political allies to fend off a proposal to merge the university with Rutgers.

According to the report, Cook directed his legal staff to determine if hiring Bryant would create a conflict of interest. The monitor said, however, that there is no documented analysis of potential conflicts by former UMDNJ general counsel Vivian Sanks-King, who resigned in December.

Ingelsino said the position Bryant eventually filled was never posted outside UMDNJ, which violated university policy.

Coincidentally, Ingelsino said, a visitor who happened to be qualified for the job and saw an announcement about it on a UMDNJ bulletin board applied for the post, complicating Bryant's appointment.

The university hired that applicant for a different job, Ingelsino said.

UMDNJ spokeswoman Anna Farneski said in a prepared statement that elected officials would not be able to manipulate the university's system today.

"The kinds of actions described in the monitor's report would not be tolerated now, and will not be tolerated in the future," Farneski said.

The report, which relied on interviews with 35 UMDNJ sources, said many university employees had voiced concerns about Bryant's appointment before he was hired.

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U.S. Says Politician A UMDNJ No-show (PHI)

By Jennifer Moroz And Troy Graham

The Philadelphia Inquirer, September 19, 2006

State Sen. Wayne Bryant was given a no-show job at the University of Medicine and Dentistry of New Jersey to mask what he was really hired to do - use his political influence to secure more state funding for the school - a federal monitor concluded yesterday.

In a report submitted to U.S. Attorney Christopher Christie, former federal Judge Herbert J. Stern said Bryant, chairman of the powerful Senate Budget and Appropriations Committee, ultimately was "paid $35,000 per year by UMDNJ to lobby himself."

The findings, which invited immediate criticism from some legislators, were enough to prompt Gov. Corzine to suggest the veteran Democratic lawmaker consider giving up his chairmanship duties.

Stern, who was appointed by Christie in December to review practices at the scandal-ridden university, said Bryant, 58, asked for a job and was rewarded, in March 2003, with a part-time "program support coordinator" position created especially for him at UMDNJ's School of Osteopathic Medicine in Stratford.

Stern said Bryant, who did not return messages left at his legislative and law offices yesterday, did not cooperate in the investigation. But based on more than 35 interviews with current and former UMDNJ officials and "supporting documentary evidence," Stern concluded that university officials, led by R. Michael Gallagher, then dean of the osteopathic school, skirted hiring procedures to bring the Camden County Democrat on board. And once he was hired, Stern wrote, Bryant "performed little to no work."

Stern said that the senator, who was getting paid about $38,000 a year when he left the job in February, generally spent three hours a week at his office at the school and that the only activity observed "by anyone was that he read the newspapers."

Bryant, the most prominent figure to be trapped in the federal monitor's net, was being compensated for his "political juice," Stern concluded.

In that regard, the report said, Bryant was successful. According to Stern, the osteopathic school was getting about $2.8 million a year from the state before Bryant was brought on board. In the three years Bryant worked for the school, it received a total of $12.8 million, Stern said.

The report also said Bryant used his ties at the school to help his political allies. According to Stern, the senator leaned on the school to sponsor a Tweeter Center program affiliated with the wife of Jeff Nash, then director of Camden County's freeholder board. In the end, UMDNJ gave $20,000 to the program.

Bryant's attorney, Carl Poplar, did not return messages yesterday.

The findings invited immediate criticism from Republicans.

Senate Minority Leader Leonard Lance (R., Hunterdon) said he was "very disturbed by the report," adding there should be a ban on legislators doubling up in public jobs.

Corzine, a fellow Democrat, suggested that Bryant consider stepping down as chairman of the Senate Budget and Appropriations Committee until the matter was cleared up. But the governor said that decision was up to legislative leaders.

Feds Visit Wellington In Masilotti Probe (PALMBEACHP)

By Dwayne Robinson, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 19, 2006

DOJ_NMG_0065523

WELLINGTON — Federal investigators are interviewing village employees and have subpoenaed records in their ongoing probe of land deals involving beleaguered Palm Beach County Commission Chairman Tony Masilotti, village officials said.

Wellington, the largest community in Masilotti's district, joins the county and Royal Palm Beach as part of the federal investigation of Masilotti's role in a series of complicated land deals.

The exact focus of the probe in Wellington was unclear Monday.

"I have been instructed that there is an ongoing federal investigation, and it's inappropriate for me to comment at this time," Village Manager Charlie Lynn said.

Masilotti said he knew nothing about the investigators' visit to Wellington.

"The investigation on me is basically over," Masilotti said. "It's just political nonsense. Nope, nope, I have no comment and I can guarantee it has nothing to do with me."

Village employees were hesitant to discuss the probe, and some were noticeably tense. By midday Monday, the news had spread to village satellite offices.

"There's some interviews going on, but I don't know who they're interviewing or what they're interviewing about," said Gary Clough, director of environmental and engineering services.

Other high-ranking village officials confirmed that investigators have been talking to employees since last week. More appointments are scheduled in the next few days.

The interviews appeared to be focused on the village's community services department, which oversees code enforcement, zoning, development and annexation.

FBI spokeswoman Judy Orihuela declined to comment, citing an ongoing investigation.

A federal grand jury began investigating Masilotti in May, after The Palm Beach Post reported that a Masilotti family trust made as much as $1.3 million in connection with the South Florida Water Management District's 2003 purchase of 3,000 acres in Martin County.

Later reports showed that Masilotti pushed for the district's land buy without revealing his family's financial stake. Records show that Masilotti ultimately profited from the transactions in his divorce settlement.

In 2003, Masilotti promoted a private land deal in Royal Palm Beach that was supposed to include a public park. The Diocese of Palm Beach sold the land after being told that Masilotti and the village were working on it. No park was built and Royal Palm Beach Mayor David Lodwick says he knew nothing about any plan for it.

Attorneys Wrap Up Third Gotti Trial (WP/AP)

By Larry Neumeister, The Associated Press

The Washington Post, September 19, 2006

NEW YORK -- A prosecutor presented a Top 20 list of reasons John "Junior" Gotti never quit the mob, and his defense lawyer played taped conversations to prove he did, as they wrapped up arguments in Gotti's third racketeering trial on Monday.

Whether Gotti quit the mob is considered critical because he can win an acquittal if the jury concludes he left the mob before summer 1999, That would mean the five-year statute of limitations had expired by the time prosecutors brought the current case.

If he is convicted of racketeering and ordering two assaults on the founder of the Guardian Angels, Gotti could face up to 30 years in prison. He is free on $7 million bail. Jury deliberations were to begin Tuesday.

Assistant U.S. Attorney Victor Hou created a Top 20 list including allegations the Gotti continued communicating with Gambino colleagues and living off the millions of dollars he made as the crime family's street boss for years.

Then Hou put a picture of a bloody Guardian Angels shirt on a large screen before the jury and again accused Gotti of ordering two 1992 attacks on radio talk show host Curtis Sliwa, who started the crimefighting group.

"Picture yourself in the cab having to fight just to save your life," he said of the attack, which occurred after Sliwa's on-air criticism of Gotti's father, John Gotti, who died in prison in 2002.

Hou urged jurors to "follow the money" to a conviction and then described how Gotti continued to benefit from finances earned through mob crimes.

"You don't retire from the Mafia," Hou said. "You have all their secrets."

When Hou finished, defense lawyer Charles Carnesi got in the last word, saying his client left the mob and never looked back.

He said jurors could find evidence in tapes of Gotti's prison conversations in which he said he wanted nothing to do with mob life anymore.

"Is he in danger today?" Carnesi asked the jury, suggesting Gotti might face retaliation for announcing that he had quit the mob.

"I don't know," the lawyer said. "But I do know his commitment to his wife, his children and his family is stronger than any fear he has."

Earlier, Hou had referenced Gotti's two earlier trials, which ended in deadlocked juries.

"You may be asking yourself why we are doing this again," the prosecutor said. "Very simple: Nobody is above the law."

For Gotti Jury, A Test Of Time (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 19, 2006

In considering fate of 'Junior' in racketeering trial, panel will have to decide when he severed his once-revered ties to the mob

In the summer of 1990 at the now defunct Ravenite Social Club on Mulberry Street in Little Italy, the late Gambino crime boss John Gotti asked some friends to recommend his son John A. Gotti to be a captain in the mob.

It was a supreme act of nepotism and no one would argue with the elder Gotti.

Gotti's friends, underboss Frank LoCascio and Sammy Gravano, then formally introduced the younger, "Junior", Gotti to his father as a captain and both Gotti men locked in a close embrace, according to an FBI report cited on The Smoking Gun Web site.

But in recent days, the younger Gotti, 42, in an effort to fight racketeering charges that could send him to prison for a maximum of 20 years, has been trying to prove to a federal court jury in Manhattan that he had distanced himself from the mob and his father's criminal legacy.

Today, the jury will begin to decide Gotti's fate after prosecution and defense attorneys spent part of yesterday arguing in rebuttal summations over a central issue: Did the younger Gotti abandon his mob membership in 1999?

That date is crucial because it could put the indictment outside the statute of limitations. If the jurors find that he did leave mob life behind, Gotti will walk away a free man. If the decision favors the prosecution, then Gotti is assured of some time behind bars when he is sentenced.

The issue of Gotti's withdrawal from the mob also arose in his two previous federal trials last year and earlier this year on the same racketeering charges. Both resulted in mistrials. Since 2005, Gotti had been under house arrest on his Oyster Bay estate.

Before Judge Shira Scheindlin charged the jury yesterday, both lead defense attorney Charles Carnesi and assistant U.S. attorney Victor Hou gave rebuttal summations - the main summations took place on Friday - that focused on the evidence for or against the withdrawal defense.

Hou argued that prison tapes made while Gotti was in jail on an earlier federal case, as well as the testimony of cooperating witnesses, showed that Gotti continued to reap the benefits of the spoils of Gambino family rackets well into 2000 and beyond.

"There is no legitimate money," Hou argued to the jury, pointing to evidence that Gotti received allegedly illicit funds from extortion and construction rackets through businesses he had stakes in.

"You can retire from the mob, but you can't take the money with you," Hou said.

Carnesi also used extracts from prison tapes, including some of Gotti talking with his imprisoned father in 1999, to make the case that he had withdrawn. At one point, Carnesi used a chart to show that in 1997 most of the men allegedly in the younger Gotti's crew had been promoted away from him or were in jail. The attorney also played other prison tapes of Gotti railing against the mobster life and telling friends not to be part of it.

"I think my family suffered enough, I believe they suffered enough," said Gotti on one tape. "My mother suffered enough and my family."

GOING AFTER 'JUNIOR'

Previous trials

Prosecution case: Prosecutors alleged that John A. Gotti was a key member of Gambino crime family racketeering conspiracy.

Defense case: Gotti dropped out of membership and an active role in the mob by July 21, 1999.

Results: On eve of 2005 trial, government dropped murder conspiracy charges. In September 2005, jury acquitted Gotti on securities fraud and couldn't reach a verdict on remaining charges. A mistrial resulted. In March retrial, jury couldn't come to a unanimous agreement on Gotti's withdrawal from mob defense. A mistrial resulted.

Current trial

Prosecution case: The government added an obstruction of justice charge related to alleged attempt to get Michael "Mickey Scars" DiLeonardo, Gotti's former friend and mob crony, not to become a government witness in 2002 and 2003.

Defense case: The withdrawal from the mob defense is still key.

- Trial and court records, interviews, news accounts

You Know You're Wiseguy When... (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 19, 2006

From the home office in Howard Beach, the Top 10 signs John A. (Junior) Gotti never left the Mafia:

10. Velour sweatsuits still in the closet.

9. Stash of frozen horse heads in the garage.

8. Friends who go by nicknames like Johnny Boy, Tommy Sneakers and Jackie Nose. ...

For a while yesterday, it sounded like the taping of the "Late Show with David Letterman" had moved to Manhattan Federal Court as prosecutors listed their own - decidedly serious - Top 20 reasons for believing the mob scion had never left the family business.

Jurors are expected to begin deliberations today in a racketeering case that ended in mistrial the last two times out.

Among prosecutor Victor Hou's "Top 20 Reasons Gotti Never Withdrew," displayed on a large screen in court:

Gotti passed mob messages to pals while he was imprisoned after pleading guilty to separate racketeering charges in 1999.

Gotti was demoted to captain in 2001, causing him to rail at his uncles, whom he was convinced had gone behind his back to tell his father that he was "a greedy mobster."

Gotti continued to reap the profits of his life of crime by collecting rents on properties purchased with mob money.

"You can retire from the mob, but you can't take the money with you," Hou said. "There's simply been no withdrawal."

Both sides used closing arguments to jurors to focus attention on the centerpiece of Gotti's defense - that he bailed from the mob life he inherited from his father, Dapper Don John Gotti.

Junior Gotti must prove that he was out of the Mafia - by July 1999, five years before his 2004 indictment. Prosecutors must prove that at least one act in the wide-ranging conspiracy was committed after that date.

Gotti, 42, is accused of ordering thugs to attack radio host Curtis Sliwa in June 1992 after the Guardian Angels founder called his father "a drug dealer" and worse on the air.

Gotti's attorneys pointed jurors to his repeated disavowals of the mob, captured on audiotape intercepted by the feds in 2003 and 2004 while he was serving a six-year term at an upstate New York prison.

"Tell me my son is involved in the street, and I'll go hang myself," Gotti tells pal John Ruggiero. "I couldn't do another day in jail."

Later, he adds: "If we are stupid enough to raise our children around this, then we deserve to die in jail."

Hou mocked a witness-stand claim by one of Gotti's friends, who said the ex-Gambino boss quizzed him about Mafia gossip while he was in prison, just as a football player might read the sports page to find out how his old teammates were doing.

"John Gotti Jr. is not a retired football player looking back fondly on his career," Hou said, "... because you don't retire from the Mafia."

FEDS' 20 REASONS TO CONVICT 'JUNIOR' (NYPOST)

By Kati Cornell

The New York Post, September 19, 2006

A federal jury will soon begin its deliberations in the trial of John "Junior" Gotti - after prosecutors yesterday borrowed from David Letterman and listed the "Top 20" reasons why the former Gambino leader never retired from the Mafia.

Assistant U.S. Attorney Victor Hou said the top reason was the money, arguing that Gotti has continued to live richly off ill-gotten gains he reaped as head of the Gambino crime family, hiding his wealth in real estate and shell companies.

"You can retire from the mob, but you can't take the money with you," Hou said in his closing argument yesterday.

The prosecutor quoted a prison conversation in which Gotti allegedly lambasted his uncles for demoting him and stealing cash.

"What's my father's money is my money. My money was my father's money. You understand me?" Gotti ranted to a pal visiting him in Ray Brook federal prison in 2003.

Also in the Top 20, prosecutors claim Gotti continued to pass messages to his criminal associates, received regular updates on Gambino affairs, tampered with a witness and collected $50,000 in loan-sharking proceeds.

Gotti is on trial for a third time for racketeering charges after two previous juries failed to reach a verdict.

3 Charged In Embezzlement Scheme (MH)

By Patrick Danner And Dan Christensen

The Miami Herald, September 19, 2006

A former top executive of giant Miami engineering firm PBS&J was charged Monday in a $36 million embezzlement scheme and in the contribution of $11,000 to the campaign of Florida U.S. Sen. Mel Martinez through ``strawmen."

The charges came out of a federal grand jury investigation into the embezzlement and whether PBS&J illegally reimbursed employees for thousands of dollars in political contributions to disguise their source. Ex-Chief Financial Officer W. Scott DeLoach and two former underlings also cited in the investigation, Maria Garcia and Rosario Licata, waived indictment Monday in federal court. Their lawyers said they will plead guilty, possibly by the end of the week.

The charges are a first step in an unfolding scandal at one of South Florida's biggest companies, with almost 4,000 employees. The case also carries national implications because PBS&J does business with and contributes to politicians across the country. Fort Lauderdale attorney Benson Weintraub, one of Garcia's lawyers, said he expects other company officials and possibly the company itself to be indicted as the investigation continues.

"This is just the tip of the iceberg," Weintraub said.

Mark Schnapp, a Miami lawyer for PBS&J, acknowledged that company money apparently was used in the 1990s to make illegal reimbursements but said they ``were not of any significant magnitude."

"Charges shouldn't be on the table, and as far as I know they aren't," Schnapp said.

Schnapp said DeLoach carried out the reimbursement scheme described by the government in court papers alone to put "himself into a highly visible position in the Mel Martinez campaign." He did not elaborate.

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PBS&J has made more than $500,000 in political contributions since 2003. The alleged scheme to repay contributions emerged during a probe into the embezzlement led by the U.S. Attorney's Office and the FBI, which has gone on for a year.

In court documents, prosecutors allege DeLoach made six contributions totaling $11,000 to Martinez's 2004 Senate campaign through straw donors. The donors are identified only by their initials and apparently are cooperating with authorities.

It's unclear why DeLoach wasn't charged in connection with contributions he made to Martinez and other candidates under his own name. Assistant U.S. Attorney Joan Silverstein declined to comment.

The case comes on top of another campaign flap that ensnared Martinez earlier this year, when he shed a $2,500 contribution from Ohio U.S. Rep. Bob Ney tied to disgraced lobbyist Jack Abramoff. Last week, Ney agreed to plead guilty to corruption charges.

Campaigns can sometimes be forced to disgorge illegal contributions. Martinez's office could not be reached late Monday evening.

Also under investigation is the embezzlement, which occurred between 1993 and 2005. The scheme, according to court documents: DeLoach, Garcia and Licata issued company checks to themselves and funneled money from the company's healthcare-benefit fund into secret bank accounts under their control. They concealed the theft by doctoring the books.

PBS&J has said the former employees overcharged various state transportation agencies, including Florida's, but there was no such mention in the court papers.

The trio used the proceeds to "fund lavish lifestyles," according to the documents. DeLoach bought Florida Keys property and luxury sports cars, Garcia acquired an interest in a local restaurant and Licata bought property in Florida and Nicaragua and engaged in ``high-dollar gambling activities."

The trio is cooperating with investigators, according to their lawyers. Said Jane Moscowitz, DeLoach's lawyer: "He gave the company everything he owned, easily worth over $16 million." That included his homesteaded property and proceeds from his 401(k) retirement account.

Garcia's attorney credited her with tipping off the authorities and returning about $2.5 million to $3 million. "Right down to the rings on her fingers," said lawyer Paul Petruzzi.

Licata's attorney, Jay Moskowitz, declined to offer any details of her cooperation.

"Rosario has done everything she can to make amends for this unfortunate chapter in an otherwise law-abiding life," he said.

Company attorney Schnapp said PBS&J is negotiating with state and federal agencies to decide how much to reimburse its government clients. Bond for each defendant was set at $100,000. The sentencing guidelines call for prison terms of between 78 and 97 months.

PBS&J is a major government contractor in South Florida, based in Miami since 1960. About 300 of its 3,900 employees are in South Florida. The employee-owned firm, with 75 offices and $530 million in 2005 revenue, plans to move its headquarters to Tampa next week.

Ex-Fruit Of Loom Exec Charged With Conspiracy, Money Laundering (FWST)

By Brett Barrouquere

The Fort Worth Star-Telegram, September 19, 2006

LOUISVILLE, Ky. - A former environmental manager for Fruit of the Loom was charged with hiring friends to do work that was never performed, then taking kickbacks for awarding the contracts, prosecutors said Monday.

A federal grand jury in Bowling Green charged Kalen W. Watkins, 44, of Bowling Green, with conspiracy to commit mail fraud, money laundering and obstruction of justice.

The owners of the companies hired - Laura Leigh Wells, 31, of Lexington; Kenneth Scott Harris, 44, of Euless, Texas; Curtis Hopkins, 43, of Corbin; Ronald R. Pollock, 48, of Bowling Green; and Tyrone N. Tackett, 35, of Pensacola, Fla. - were also charged in the indictment returned Wednesday.

They face the charges of conspiracy to commit mail fraud and money laundering.

In a lawsuit, Bowling Green-based Fruit of the Loom accused Watkins of paying more than $1.7 million to companies run by Wells and Harris for little work done.

Watkins served as environmental manager for Fruit of the Loom from February 1997 until September 2003. The company said in the lawsuit that Watkins was fired for misconduct related to conflicts of interest and violating company policies related to business ethics.

The indictment alleges that Watkins, who worked at the Bowling Green plant, doled out contracts to the five companies run by her associates from May 1, 1998, until Sept. 30, 2003, then approved fraudulent invoices submitted by those companies.

In exchange for approving the invoices, the companies paid hundreds of thousands of dollars back to Watkins, the indictments say.

Watkins faces a charge of obstruction of justice for fabricating documents after a grand jury issued a subpoena in the case, prosecutors said. Hopkins also faces a charge of obstruction of justice. Prosecutors said he attempted to persuade a witness to provide inaccurate information to an FBI agent.

The lawsuit is pending in U.S. District Court in Bowling Green. It lists as defendants Watkins; his wife, Lori Watkins; Wells; her company, Environmental Technology Associates; Harris; and his company, Risk Management Group.

In filings in the lawsuit, Watkins and Harris deny any wrongdoing.

Lori Watkins is not charged in the indictment. Hopkins is listed as the owner of Cobra Coal Co., Pollock is listed as owner of Pollock & Associates and Tackett is listed as owner of Cyclone Inc.

Attempts to locate the defendants on Monday were unsuccessful. A Fruit of the Loom spokesman did not immediately return a message seeking comment.

Justice Dept. Defends Mandatory Web-labeling Bill (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 19, 2006

Bush administration dismisses free-speech impact of prison time for not labeling "sexually explicit" Web pages.

WASHINGTON--The U.S. Department of Justice has stepped up its defense of a proposal to imprison Web site operators who don't label pages containing sexually explicit material.

The idea, outlined in an April speech by Attorney General Alberto Gonzales, is approaching a vote in Congress. Even though there have been no hearings, the legislation has been attached to two separate measures--a massive communications bill and a bill to fund large portions of the federal government including the State Department--that are likely to be considered by the full Senate this fall.

The proposed restrictions are no different from requiring multipurpose stores like 7-Eleven to shield pornographic magazines with so-called blinder racks, Larry Rothenberg, an attorney in the Justice Department's Office of Legal Policy, said at a panel discussion here hosted by the Internet Caucus Advisory Committee on Friday.

"We have what we consider to be a rather modest (proposal) to protect consumers," Rothenberg said. "This is not censorship. It's not a major break with First Amendment principles."

His critics, however, remained unconvinced. "There's no way to avoid vagueness, no way to avoid overbreadth, and, more important, no way to avoid chilling free speech," said Leslie Harris, executive director of the Center for Democracy and Technology.

Under the proposal, all commercial Web site operators would have to place "identifiable marks or notices," to be determined by the Federal Trade Commission, in the code of each page that contains "sexually explicit material" as defined by existing U.S. criminal statute. The idea, supporters maintain, is to make it easier for Web-filtering programs to pick up objectionable sites.

Sen. Jon Kyl, an Arizona Republican, was the first politician to latch onto the Justice Department's plan, introducing a bill in June that mirrored its demands but upped the possible prison sentence to a 15-year maximum.

That bill hasn't gone anywhere on its own, but its major components have since appeared in two seemingly unlikely places: as amendments to the massive communications bill approved earlier this summer by the Senate Commerce Committee and to a 2007 spending bill that will fund the Commerce Department, the Justice Department and some science-related agencies. Both amendments reduced the possible prison sentence to two and five years respectively.

Although the future of the Senate's communications bill remains up in the air, thanks to an ongoing tussle over the concept of Net neutrality, the spending bill's approval is a virtual inevitability.

The question that remains is whether the Web-labeling proposal will be altered or rewritten, as it's hardly unusual for amendments to be altered at the last moment. The issue may not be resolved for several weeks. An aide to Senate Majority Leader Bill Frist, who spoke on condition of anonymity, said it's unlikely the spending bill will be voted on until after the November elections. (This is not the first time a measure designed to target sexually explicit speech on the Internet would be attached to a spending bill: It's happened at least once before.)

Civil liberties advocates blast the approach as overly sweeping. That's in part because courts in the past have ruled that the same definition of "sexually explicit" referenced in the legislative proposal could be applied to fully clothed genital areas, making perhaps unintended sites fair game. The proposals do offer one minor carve-out: Content that constitutes only a "small and insignificant part" of a large Web site does not need to be labeled.

"When you have a label that applies to hard-core porn, Victoria's Secret, an episode of 'The Sopranos' from HBO, and an outsider artist that has a Web site, and all of them put the same label on, you don't have a label that empower parents," the CDT's Harris said. "You just have a label that will disappear vast swaths of the Internet from peoples' viewing."

An absence of hearings on the Justice Department's proposal and the hasty amendments indicate that Congress is trying to sneak through a bad proposal without proper vetting, opponents argued. The best way to protect consumers and children from Web content they don't wish to see, they said, is for the government to encourage education, innovation on the filter and parental-control front, and collaboration with the Internet industry.

It may be a good idea for Congress to hear additional testimony on the matter, but that wouldn't diminish the need for such a law, the Justice Department's Rothenberg said, adding: "At the moment we happen to think we're well-intentioned and rightly guided, and that's why we're moving forward."

CNET News.com's Declan McCullagh contributed to this report.

Seeing Is Believing (WT)

By Kathleen Maloney-dunn

DOJ_NMG_0065528

The Washington Times, September 19, 2006

When my son offered to help his 13-year-old friend shovel driveways in our neighborhood last winter, I felt a surge of maternal pride in his 10-year-old enthusiasm for volunteerism. His spontaneous act of service reminded me of what my parents and grandparents called "the good ol' days." Little did I know that this wholesome outing would cost my son's innocence. While they worked to clear one neighbor's driveway, my son's teen-age friend asked, "Hey, have you looked up porn on the Internet yet?" My son asked, "What's porn?" His friend replied, "You don't know? Look it up on the computer." I found out about this neighborly exchange only after my son followed his friend's suggestion. My son "Googled" the mysterious four-letter word when he got home and a voluminous list of sites to explore popped up on his computer screen. One touch of the mouse prompted another. Days later, a suspiciously quick click to close a "window" as his father entered the computer room triggered our son's confession of what he had been doing and why. He had ventured into a growing wasteland of smut and slime. Mini-porn has become a mega-business. Revenues from mobile porn sales globally reached $1 billion last year. The Mobile Adult Content Congress met in Miami this year for its first-ever trade show. The event was such a success and interest in mobile porn services so profitable that another Congress will convene in Reno next month. Porn on the go is the reality in America, available to anyone, including -- and no doubt particularly -- children. I learned, painfully, just how and why this industry is so successful. After my son told me what he had done, I asked him: "Why did you keep searching after you saw what was on the first site?" I expected him to say he was just curious, but instead he answered, "Because, Mom, it's addictive." I was stunned. How insightful. And how painfully true -- for millions of Internet porn users around the world. I scrutinized my son's face. I had never seen such sadness, shame and disgust on my son's smooth young face before and it shocked me to see unfamiliar emotions contorting his features. "Mom," he said quietly, "I saw things I wish I had never seen." He suddenly resembled a veteran of war. I struggled to comfort him, to help him make sense of the twisted images he had absorbed. After he went to sleep, I reviewed the sites he had visited. The graphic digital displays I encountered disturbed and traumatized me, even though I am an adult with sexual experiences spanning almost three decades. How could my 10-year-old son, who has never thrilled to his first kiss, digest these degrading, unnatural images? I felt as if someone had ripped my newborn away from me and fed him garbage before he had tasted the natural sweetness of milk or whole foods. How would his taste buds recover? After this unwelcome exposure, could our son hang onto what we have taught him about sex? Could he recapture the view of girls and women as whole persons to appreciate, to treasure, rather than as piecemeal objects merely to use and demean? My husband and I berated ourselves for not having installed filtering software on our computer. We foolishly thought we had a couple of more years before having to worry about our young son doing an on-line porn search. I tried to get the coarse images I saw that night out of mind. I wish I could persuade the purveyors of porn of how insidious it is to expose unwitting Internet users, especially children, to their freely accessible trash. I want to impress on them how wrong, how immoral it is, to profit from the most common typos, female name searches and innocuous entries that lead computer users inadvertently to "adult entertainment" sites which are illegal for minors to visit. But of course they know all that, and relish the vulnerability of our children. Most of all, I hope my son has somehow erased from his memory, visual and emotional, the ugly scenes that stole his sexual innocence from him. Now we supervise his computer use much more closely. Help may be on the way. Several Internet providers, including Comcast, Cox and Verizon, are introducing features enabling parents to receive daily e-mail notifications of the Web sites their children visit. AOL will enable parents to see a daily log of screen names and e-mail addresses their children communicate with. But we're bracing ourselves for the new wave of porn photos and videos being made available on pocketsize, portable, wireless devices. We're determined to be ahead of the curve this time. But a computer desktop is much easier for parents to monitor than downloads or pop-ups to mobile phones, handheld computers, or portable game and digital music players. Soon there will be no limit to what our children can be exposed to when they, a friend, or a stranger press the "on" button of any cell or electronic device in any location. The purveyors of digital porn are mobilizing. Shouldn't we?

Former LA School Teacher Pleads Guilty To Child Porn Charge (MERCN)

The San Jose Mercury News, September 19, 2006

LOS ANGELES - A former elementary school teacher faces up to 10 years in federal prison after he pleaded guilty to possessing child pornography, authorities announced Monday.

David Stein, 46, of Hollywood pleaded guilty last week to a single-count indictment charging him with possession of child pornography, officials said.

As part of a plea deal, prosecutors recommended that he serve 21 to 27 months in prison and register as a sex offender, said Thom Mrozek, a spokesman for the U.S. Attorney's office.

However, the charge is punishable by up to 10 years in prison. A judge will make the decision at Stein's sentencing scheduled for January 8.

Authorities began investigating in August 2003 when Croatian officials provided the FBI with information about a U.S. citizen transmitting child pornography on the Internet, said J. Stephen Tidwell, the bureau's assistant director in charge in Los Angeles.

Further investigation led to Stein, a teacher at the Pacific Boulevard School in Huntington Park. Agents searched his home and found a computer and several compact discs containing sexually explicit images of minors, the FBI said.

Stein was transferred to an administrative office after Los Angeles Unified School District officials learned of the federal probe. He worked there until his arrest in May 2005, the FBI said.

Man Arrested In Henderson For Child Pornography, Enticement (AP)

AP, September 19, 2006

LAS VEGAS Las Vegas police say they have arrested a man in Henderson on child pornography charges after a two-month investigation.Police arrested Stanley Jenchowski Saturday morning after he corresponded over the Internet with a Navy investigator who purported to be a boy.Jenchowski allegedly sent child porn to the undercover officer.The local F-B-I was contacted and conducted a follow-up investigation.Authorities issued a search warrant and searched Jenchowski's residence, where they found thousands of images of child pornography on his computer.The man is charged with transporting, receiving and possessing child pornography as well as coercion and enticement.

Armed Man Runs Vehicle Into Barrier, Rushes Capitol (USAT/AP)

By Jim Abrams

USA Today/AP, September 19, 2006

WASHINGTON — An armed man ran through the U.S. Capitol after crashing his vehicle on the Capitol grounds Monday in the worst breach of security since a gunman killed two police officers in 1998.

Acting Capitol Police Chief Christopher McGaffin identified the intruder as Carlos Greene, 20, of Silver Spring, Md. He said Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession.

Greene appeared to be under the influence of a controlled substance and “exhibited signs of seizure,” McGaffin said.

He was taken to Greater Southeast Community Hospital.

Police planned to charge Greene with federal felony possession of a handgun and assault of a police officer, McGaffin said.

“This was unacceptable by my expectations for Capitol Police,” McGaffin said. “It was an unfortunate breach of our security.”

The incident happened shortly before 8 a.m. The House of Representatives was not in session, and the Senate didn't convene until the afternoon.

McGaffin said Greene, driving an SUV stolen earlier in the day, slammed into a police vehicle blocking an entrance to a major construction site on the Capitol's east side, across from the Supreme Court.

Greene drove onto the site, McGaffin said, then bolted up the Capitol steps, entering the building through a third-floor construction door. He made his way to the basement on the opposite side of the building before being subdued by police outside an office for distribution of flags that lawmakers present to constituents.

McGaffin said there was no information that Greene was brandishing his weapon and said police chasing him chose not to use deadly force. He praised Capitol Police for their actions in capturing the intruder but said there would be a review of security measures and protocols.

Greene entered at “an access point that must be available to construction vehicles,” he said, and “there is a risk. That's why we have concentric rings of security.”

The Capitol was locked down for about an hour before reopening for staff and tourists.

“I would say this Capitol is a safe building,” McGaffin said. “It was safe this morning, and it is safe tonight.”

Angry Gunman Finally Tackled In U.S. Capitol (WT/AP)

By Jim Abrams

The Washington Times/AP, September 19, 2006

An armed man ran through the U.S. Capitol after crashing a sport utility vehicle on the Capitol grounds yesterday in the worst breach of security since a gunman killed two police officers in 1998.

Acting Capitol Police Chief Christopher M. McGaffin identified the intruder as Carlos Greene, 20, of Silver Spring. He said Mr. Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession.

Mr. Greene appeared to be under the influence of a controlled substance and "exhibited signs of seizure," Chief McGaffin said. He was taken to Greater Southeast Community Hospital.

Police planned to charge Mr. Greene with federal felony possession of a handgun and assault of a police officer, Chief McGaffin said.

"This was unacceptable by my expectations for Capitol Police," Chief McGaffin said. "It was an unfortunate breach of our security."

He said Mr. Greene, driving a silver SUV stolen earlier, slammed into a police vehicle blocking an entrance to a major construction site on the Capitol's east side, across from the Supreme Court.

Mr. Greene drove into the site, stopping at a skylight for the new Capitol Visitor Center, which is scheduled to open next year, Chief McGaffin said, adding that Mr. Greene then bolted up the Capitol steps, entering the building through a third-floor construction door. He then made his way to the basement on the opposite side of the building before being subdued by police outside an office for distribution of flags that lawmakers present to constituents.

Chief McGaffin said there was no information that Mr. Greene was brandishing his weapon and said police chasing him chose not to use deadly force. "That should have been a last resort," the chief said.

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He praised Capitol Police for their actions in capturing the intruder, but said there would be a review of security measures and protocols.

Mr. Greene entered at "an access point that must be available to construction vehicles," he said, and "there is a risk. That's why we have concentric rings of security."

The incident occurred shortly before 8 a.m., and the Capitol was locked down for about an hour before reopening for staff and tourists.

Pfc. W. Scott Humphrey of the Capitol Police went on duty yesterday at 7 a.m. at the north entrance of the Capitol. Although Officer Humphrey did not see Mr. Greene, he said he had heard the crash and estimated that Mr. Greene had run about 50 yards, from the crash site into the Capitol.

"He was fast, very fast," Officer Humphrey said.

The House was not in session yesterday, and the Senate didn't convene until yesterday afternoon.

The visitors center is being built in part to provide an extra layer of security before people enter the Capitol following the 1998 shooting deaths of two Capitol police officers.

In that case, a man with a history of mental illness ran through a first-floor door of the Capitol, fatally shot one officer at the door and another inside the adjacent office of then-House Majority Leader Tom DeLay, Texas Republican.

Security around the Capitol increased significantly after that shooting, and again after the September 11 attacks.

Chief McGaffin defended a delay of more than nine hours before police released any official details of the intrusion.

"This is a very unusual event for us, fortunately. I wanted to make sure that we had addressed all of the security needs of the complex before I took time to come forward and share any information with you," he told reporters.

"I would say this Capitol is a safe building. It was safe this morning, and it is safe tonight," he said.

•Staff writer Arlo Wagner contributed to this report.

Armed Man Crashes Through Barricade, Arrested At Capitol (HILL)

By Jackie Kucinich

The Hill, September 19, 2006

Capitol Police apprehend armed man at Capitol as lawmakers raise concern over security protocol.

The Capitol Police apprehended an armed man carrying crack cocaine yesterday inside the U.S. Capitol after he crashed his car through a Capitol Visitor Center (CVC) barricade into a fountain and sprinted into the building, according to the acting chief of police.

At a briefing over nine hours after the incident, Acting Chief Christopher McGaffin said the 20-year old suspect from Silver Spring, Md., Carlos Greene, drove through a construction barrier at First Street and Maryland Avenue at approximately 7:45 yesterday morning.

The vehicle, a light colored Chevrolet SUV which was reported stolen in Montgomery County, was stopped by the seat wall surrounding an 8-foot-wide, 18-inch deep pool of water that surround one of the two Great Hall skylights of the CVC complex.

Greene ran up the Capitol steps and entered the building on the third floor and was subsequently caught by Capitol Police on the first floor.

In addition to a loaded small pistol, Greene was in possession of crack cocaine.

“We believe this individual was under the influence of a controlled substance,” McGaffin told reporters.

Shortly after he was apprehended, he suffered a seizure and was transported to Greater Southeast Community Hospital where he has remained under police supervision.

McGaffin said while the breach was unacceptable, officers followed protocol. He praised officers on the interior of the Capitol for their quick reaction to the unauthorized individual.

Asked why Greene was not shot before entering the building, McGaffin replied that lethal force is the last resort and that officers used “perfect judgment.”

He said that Greene would be charged with a number of offenses, including assaulting a police officer.

McGaffin said Greene has a criminal record, but declined to elaborate.

The Capitol was locked down for approximately one hour following the incident.

A CVC spokesman referred all inquiries to Capitol Police, as did the Architect of the Capitol.

For many on Capitol Hill, this incident brought back memories of July 24, 1998 when Russell Eugene Weston Jr. shot and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson outside of then House Majority Leader Tom DeLay’s (R-Texas) office.

That incident caused the police to revamp and add security procedures inside the building.

A spokeswoman for the House Administration Committee said staff intends to work with the police to examine yesterday’s events so a similar incident could be avoided in the future.

“The committee has been briefed on this incident by the Capitol Hill Police,” said House Administration Committee spokeswoman Salley Collins.

A spokeswoman for the Senate Rules Committee said the committee staff director had received preliminary information from the police and had no intention of holding hearings to examine the incident.

Sen. Wayne Allard (R-Colo.) who oversees the U.S. Capitol Police in his role as the chairman of the Senate Appropriations subcommittee on the Legislative Branch, said, "Capitol Police Acting Chief Christopher M. McGaffin said that [yesterday's] security breach was not a funding or resources issue, but a hole in the security plan. The Capitol Police are completing an after action report to study this gap in security and other possible security issues."

He added, "It's unacceptable that there was a security breach and I expect Capitol Police to work to ensure that this kind of security breach does not happen again."

In May, reports of gunfire locked down the Rayburn House Office Building for hours; however, the sound turned out to be construction equipment.

Spokeswomen for the House and Senate sergeant at arms did not return calls for comment.

Armed Man Bursts Into Capitol, Leads Police On Four-Floor Chase (WP)

By Allison Klein And Mary Beth Sheridan

The Washington Post, September 19, 2006

A man drove past security and onto the grounds of the U.S. Capitol yesterday morning and then ran deep inside the building, leading police on a wild chase covering all four main floors before he was cornered in the basement.

More than 25 officers pursued the man, and some managed to wrestle him to the floor outside a room where flags are stored. It was only after they searched him that they found a loaded gun in his waistband. No shots were fired, and no one was injured.

The man, identified as Carlos Greene, 20, also was carrying crack cocaine and cash, authorities said. He suffered a seizure after his arrest and was hospitalized last night.

Police said they had been unable to interview Greene and had not determined why he went to the Capitol in a borrowed sport-utility vehicle.

The episode raised questions about security, and authorities have promised a thorough investigation. Besides getting onto the grounds by crashing through a construction site just behind the Capitol, Greene apparently had little trouble getting inside the building through a restricted entrance on the third floor.

The incident was remarkable in light of the security buildup that followed the slayings of two Capitol Police officers in 1998 and the roughly $2 billion Congress has budgeted for its security since the Sept. 11, 2001, terrorist attacks. It also uncovered weaknesses in a Capitol police force that has grown to 2,300 officers -- bigger than the police departments of some cities.

"It's not a good set of circumstances when a person with a gun can enter the Capitol," said former Capitol Police chief Terrance W. Gainer, who left the department in the spring. "Something didn't happen right."

The incident began about 7:45 a.m. and ended minutes later. Authorities locked down the Capitol until 9 a.m. while they sorted out what had happened, and the security gaps were quickly apparent. It was not until 5:30 p.m. that Acting Capitol Police Chief Christopher M. McGaffin came forward to give the first official account; throughout the day, his spokeswoman declined repeatedly to talk to reporters.

McGaffin pledged to review security and make all needed improvements.

"This was unacceptable by my expectations for the Capitol Police," he said. "It was an unfortunate breach of our security, but it wasn't a total breach. . . . We isolated this individual. We subdued him. No one was hurt."

Greene, of Silver Spring, had drugs in his system, McGaffin said. Greene, who will be charged with possession of a handgun and related offenses, including assaulting a police officer, McGaffin said, could be in U.S. District Court by today.

Court records show that Greene has had brushes with the law in Maryland and the District in the past three years. He was convicted of disorderly conduct in Montgomery County and of fleeing a law enforcement officer in the District. He is awaiting trial in the District after a June arrest on gun and traffic charges. He was to appear today before a judge in Montgomery for allegedly violating terms of his probation.

Greene was locked up for a short stretch this summer but apparently has been free since late July. Attempts to reach his family members for comment, at home and by telephone, were unsuccessful.

Police said Greene drove the Chevy Trailblazer down First Street NE, near the Supreme Court and the east side of the Capitol.

Accounts varied on how the SUV came to be there. At one time, police said it had been stolen. Later, authorities said they were told it had been rented by a Montgomery man who had then given the keys to a relative.

Montgomery police gave this account: About 8:30 a.m. they received a report that the vehicle, with the key in the ignition, had vanished from near an apartment complex in the 11700 block of Old Columbia Pike in Silver Spring.

After the Capitol incident, Capitol Police talked to the man who made the report. The man, according to Montgomery police, then said that the SUV was not stolen but that it had not been returned as expected. Capitol Police said they could not confirm the account.

At the Capitol, the Trailblazer hit or nicked a Capitol Police vehicle and cruised through an open gate to a construction site on Capitol grounds, where workers were erecting the Capitol Visitor Center, police said. The center -- a project budgeted at more than $550 million -- is set to open next summer and has been under construction for several years.

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The Capitol Police vehicle was supposed to be blocking the gate, McGaffin said. But Greene got past it and crashed the SUV into a concrete barrier that was protecting a skylight at the visitor center. He then bailed out of the truck, ran about 150 feet and darted up the east stairs to the rotunda and into the building.

Greene first tried to enter the Capitol on the second floor but was unsuccessful, police said. He got in through a construction entrance on the third floor, McGaffin said.

That door was open because construction workers were working inside the entrance, law enforcement sources said. That entrance did not have a metal detector and was not open to the public. McGaffin said he had no information about whether the entrance was guarded.

Once inside, Greene raced past the second floor, which houses offices of Senate Majority Leader Bill Frist (R-Tenn.) and of House Speaker J. Dennis Hastert (R-Ill.). Next he went downstairs to the area known as the Crypt, according to a law enforcement source who spoke on condition of anonymity because the investigation is ongoing. Greene fled down another set of stairs and into the basement, where he was caught, authorities said.

Because of the early morning hour, the building was not crowded with staffers and visitors.

Del. Eleanor Holmes Norton (D-D.C.) said the incident represented the most serious security breach at the Capitol since July 1998, when a former mental patient stormed past a screening device and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson.

Norton said police acted heroically yesterday, but would have to scrutinize security, especially at the entrances. "He did penetrate the Capitol," she said.

McGaffin said police use rings of security, including technology, alarms, officers and barriers. He added that authorities are going over surveillance tapes, protocol and procedures and will make improvements.

"This is not the fault of a police officer," McGaffin said. "We're taking a look at our systems."

The Capitol is a "safe building . . . safe this morning, and . . . safe tonight," he said yesterday.

Staff writers Charles Babington, Henri E. Cauvin, Spencer S. Hsu, Allan Lengel, Ernesto LondoÃ±o, Robert Samuels and Martin Weil and staff researcher Meg Smith contributed to this report.

Man With Gun Leads Police On Chase Through The Capitol (NYT)

By John Files

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — A man crashed his vehicle into a security barricade near the Capitol on Monday morning and ran into the building with a loaded handgun before being arrested, the authorities said.

The man, Carlos Greene, led police officers on a chase through the building, past the offices of the Congressional leadership, and into the basement where the police captured him. The acting chief of the Capitol Police, Christopher M. McGaffin, said the police found that Mr. Greene was carrying a loaded gun and what appeared to be crack cocaine.

“This was unacceptable by my expectation for the Capitol Police,” Mr. McGaffin said at a news conference. “It was an unfortunate breach of our security.”

Mr. McGaffin said he had ordered a review of his department’s security measures.

Mr. Greene, 20, of Silver Spring, Md., had a seizure after he was apprehended him, the police said, and was taken to a Washington hospital for treatment. He was charged with felony possession of a firearm, and other charges were pending the result of further investigation.

Shortly before 8 a.m., Mr. Greene drove a sport utility vehicle through a barricade at the construction site for the Capitol Visitors Center, the future entry and screening point for visitors. The site is on the east side of the Capitol, across from the Supreme Court.

The Capitol was closed briefly, and staff members of lawmakers were instructed to remain in their offices while the authorities investigated. Neither the House nor the Senate were in session at the time.

Eleanor Holmes Norton, the District of Columbia’s delegate in the House, called the episode “the most serious breach of the Capitol since we lost two Capitol police a few years ago.”

Ms. Norton pointed out that Mr. Greene entered the building through a construction site, rather than through one of the visitor entrances. She urged the Capitol Police to ensure that such sites would be made more secure.

In the summer of 1998, two Capitol Police officers were shot to death when a man darted beyond a weapons detector just inside the building and opened fire.

Entrances to the Capitol are well-guarded, and visitors must pass through metal detectors to come into the building.

The latest episode was unsettling, in part, because the Capitol Police waited much of Monday before addressing it publicly.

“People are wondering how it happened,” a senior House leadership aide said. “Nobody has all the facts.”

While security around the Capitol increased significantly after the 1998 shooting, and again after the terrorist attacks of September 2001, there have been several security alerts involving the office buildings for members of Congress and their employees.

Killer Of Police Officer Asks U.S. Supreme Court To Stay His Execution Again (LAW/AP)

By Ron Word, The Associated Press

AP, September 19, 2006

A condemned cop killer who received a stay of execution from the U.S. Supreme Court because of his challenge of lethal injections appealed to the Court for a second stay of execution on Monday.

A three-judge panel of the 11th U.S. Circuit Court of Appeals turned down Clarence Hill's appeal Friday night, leaving him with only limited court options to escape Wednesday's scheduled execution for the 1982 murder of a police officer in a savings and loan robbery.

Defense attorney D. Todd Doss said he had filed a petition and an application for a stay with the Supreme Court, which in January stopped his execution minutes before he was to die. Hill claims the chemicals used in lethal injections are too painful and constitute cruel and unusual punishment.

Doss contends the state, by setting an execution date, is "manipulating the process" and denying Hill the right to challenge the chemicals used. He declined to comment on his next move if the appeal to the High Court is unsuccessful.

"This was done to preclude judicial resolution and violated Mr. Hill's right to due process," Doss' motion to the U.S. Supreme Court states.

Doss also said that inmates facing death in different parts of the country are treated differently.

"Condemned inmates in similar positions to Mr. Hill have been allowed to pursue litigation in order to have the merits of their claim reviewed. In other circuits, however, inmates with the exact same constitutional challenge have been executed without consideration of their claims," Doss said.

Carolyn Snurkowski, a death appeals attorney for the state Attorney General's Office, said she would file court papers attempting to block Hill's appeals.

Hill, 48, was strapped to a gurney and had intravenous tubes attached to his arms in January when the Supreme Court stopped the execution. In an 9-0 ruling in June, the high court ruled that Hill could lodge a civil rights challenge to the chemicals Florida uses in its lethal injection.

Hill has argued that the three chemicals -- sodium pentothal, pancuronium bromide and potassium chloride -- can cause excruciating pain. The first drug is a painkiller. The second one paralyzes the inmate and the third causes a fatal heart attack.

However, neither the federal court in Tallahassee nor the Atlanta appeals court have agreed to consider Hill's challenges to the chemicals.

Both courts have said Hill should have made those arguments years ago. Doss said he could not challenge the chemicals until Florida Gov. Jeb Bush signed a death warrant.

Hill was convicted of first-degree murder for killing Pensacola police Officer Stephen Taylor and was sentenced to death in May 1983. The Florida Supreme Court ordered a new sentencing hearing in October 1985. In April 1986, Hill was again sentenced to death.

States Await Ruling On Use Of Lethal Injection (NYT)

By Abby Goodnough

The New York Times, September 19, 2006

MIAMI, Sept. 18 — Clarence E. Hill was strapped to a gurney last winter, a few moments from death, when the United States Supreme Court halted his execution.

Mr. Hill had claimed that Florida's lethal injection method caused so much pain that it violated the Constitution's ban on cruel and unusual punishment. The Supreme Court said in June that the federal district court in Tallahassee had to consider the argument on procedural grounds. That cleared the way for death row inmates around the country to file lawsuits that would otherwise have been prohibited by tight restrictions on petitions for habeas corpus.

But last month, before the district court could review the case, Gov. Jeb Bush rescheduled Mr. Hill's death for Sept. 20. Then, to the surprise of death penalty opponents who thought the district court would take testimony on the state's lethal injection method, the court swiftly rejected the case again. In Atlanta, the United States Court of Appeals for the 11th Circuit upheld the decision last week.

Now, with Mr. Hill scheduled to die Wednesday, he has again appealed to the Supreme Court. And lawyers on both sides of the debate are waiting to see how his case may affect the way lethal drugs are administered in 37 states.

Courts in California and Missouri have allowed extensive hearings this year on the lethal injection process, delaying executions until they can study the question of just how painful the current methods are.

Oklahoma recently changed its protocol so that the condemned receive more anesthesia before they are killed, and a federal judge in North Carolina ordered that a brain monitor be used to make sure an inmate was unconscious when the final drug was given. South Dakota delayed its first execution in 59 years last month after Gov. Michael Rounds said lawmakers needed time to review lethal injection protocols.

Other states, including Texas and Virginia, have continued to execute inmates since the Supreme Court's ruling on the Hill case without holding evidentiary hearings on the specific procedures and combinations of chemicals used.

"Nationally there is an inconsistency in the review of lethal injection challenges," said Richard C. Dieter, executive director of the Death Penalty Information Center, a research group that opposes capital punishment. "If the Florida case was that serious for the

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Supreme Court, I would think at a minimum in Florida they would hold an evidentiary hearing to hear from both sides about whether there are particular problems."

The case of Mr. Hill, who killed a police officer in a 1982 robbery in Pensacola, is peaking days after the American Bar Association called for substantial changes in Florida's death penalty laws. In March, the Florida Supreme Court urged the Legislature to require jury decisions to be unanimous in capital cases. Florida is one of the few states without such a rule.

Florida switched to lethal injection in 2000 after flames shot from an inmate's head during his execution by electric chair.

When he reinstated Mr. Hill's death warrant last month, Governor Bush said in a letter to prison officials that the stay from the Supreme Court had expired. But Mr. Hill's lawyer, D. Todd Doss, said Mr. Bush, a Republican who supports the death penalty, could instead have filed a motion to accelerate the rehearing of the case.

On Monday, Mr. Bush said the delays in Mr. Hill's case had made "a mockery" of the judicial system.

"The challenges have been exhausted," he told reporters in Tallahassee. "Unless there's other challenges, I have a duty to sign death warrants, and the system has a duty to carry out the sentence."

Like most other death-penalty states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill, 48, has based his case on a 2005 study published in the British medical journal The Lancet that concluded that the anesthetic could wear off before an inmate died.

The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the manner in which they are administered.

In rejecting Mr. Hill's civil rights claim a second time, a three-judge panel of the 11th Circuit court in Atlanta said he had waited too long to file it — he did so four days before he was to be executed in January — and was merely trying to stall.

Mr. Hill's complaint charged that Florida had adopted its lethal injection procedure without medical research or expertise; that "unqualified" prison officials carried it out; and that the drugs used would "create a dangerous likelihood that Mr. Hill will be conscious throughout the execution process and, as a result, will experience an excruciatingly painful and protracted death."

Mr. Doss, his lawyer, said he had hoped for a hearing in which witnesses could testify to whether Florida's method of lethal injection caused undue pain. But Carolyn M. Snurkowski, assistant deputy attorney general for Florida, said the Supreme Court had made no such guarantee.

"No one has thus far suggested that he is entitled to any kind of hearing," Ms. Snurkowski said. "The Supreme Court said the equities lie with the state, and if he's too late in filing this, he might not have a vehicle by which he can get relief."

In California, a federal judge is to review the state's lethal injection method in a hearing scheduled to start next week and is to decide whether it presents an unacceptable risk of inflicting extreme pain in violation of the Eighth Amendment. And in Missouri, a federal judge ruled last week that a new protocol for lethal injection still fell short of providing constitutional protections, preventing executions there.

"Whether we win or lose," Mr. Doss said, "it's not going to go away. Each and every person coming up behind us is going to raise this issue."

Stay of Execution in Tennessee

NASHVILLE, Sept. 18 (AP) — A federal appeals court issued a stay of execution on Monday for a convicted killer who was to die early Tuesday in Tennessee's first electric chair execution in 46 years.

The killer, Daryl K. Holton, confessed to the 1997 assault rifle killings of his three young sons and their half-sister. In granting the stay, the court said it wanted to review the district court's ruling that Mr. Holton's lawyers had failed to prove he was not competent to abandon a federal appeal of his sentence.

Court Issues Stay In Tenn. Execution (FINDLAW/AP)

By Lucas L. Johnson Ii, Associated Press Writer

AP, September 19, 2006

(AP) - NASHVILLE, Tenn.-A federal appeals court issued a stay of execution Monday for a convicted killer who had stopped appealing his death sentence and was set to be die in the electric chair.

Daryl Keith Holton, who confessed to the assault rifle slayings of his three young sons and their half-sister, had been set to die Tuesday in Tennessee's first electric chair execution in 46 years.

He had resumed appealing his death sentence.

Kelly Gleason, a post-conviction defender working with Holton, confirmed the stay issued by the 6th U.S. Circuit Court of Appeals and also acknowledged she typed and sent a handwritten petition from Holton to the U.S. Supreme Court requesting that his execution be stopped.

"We discussed it and I filed it over the weekend," Gleason said.

Holton, 44, who turned himself in within hours of the 1997 slayings, chose earlier this year to stop appealing his death sentence.

He also chose to be put to death in the electric chair rather than by state's preferred method of lethal injection. Tennessee allows death row inmates to choose between the two execution methods if their crimes were committed before 1999.

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Three Cleveland Charter School Operators Indicted (WKYC)

By Kim Wheeler

WKYC-TV Cleveland, Ohio, September 18, 2006

Three former Cleveland charter school operators are facing charges for allegedly defrauding the Ohio Department of Education.

Channel 3's Education Reporter Kim Wheeler broke the story of problems at the Cleveland Academy of Math, Science and Technology back in November of 2003.

Three years later, Auditor of State Betty Montgomery, U.S. Attorney's office, FBI and Labor Department have finished their investigation.

The former charter school officials are charged with defrauding the state out of nearly $2.2 million.

Former officers Shirley Haynes, Timothy Daniels and developer Mark Olds all face charges.

The Auditor's office says the defendants used charter school money for their personal bank accounts, inflated student enrollment, housed children in a building without heat and did not provide sufficient food for students.

Charter schools are supported by tax dollars.

Inmate Tracking Systems Breed Errors (WP)

By Theresa Vargas

The Washington Post, September 19, 2006

Christopher T. Broady appeared last week on a wanted poster under the words printed in bold: "PRISONER ESCAPE."

But he didn't escape. He didn't even run. Instead, the accused killer was allowed to walk out of the Prince William County jail in a moment of confusion between court and jail officials.

Months earlier, the same jail had kept another inmate, Fernando Cruz, confined two months too long. The problem, officials said, was that his last name was listed in court computers as "Antonio Cruz." To the jail, it was just "Cruz."

The disconnect between two branches of the criminal justice system highlights a fragmented method of tracking inmates in Prince William and other jurisdictions in the Washington region. Although many cities and counties across the country -- particularly those with large immigrant populations -- have used computerized criminal databases for decades that seamlessly share information between courts and jails, the system in area jurisdictions, for the most part, remains disjointed, officials say.

For some, it can create a situation in which a deleted hyphen or a "Smith" spelled "Smyth" can mean an inmate's jail records won't match the court records. The growing immigrant population is particularly susceptible because of the less obvious spellings and the tendency for some to use two last names.

Across the region, officials say they recognize the need to make their court and jail data compatible within each jurisdiction. But for now, most use safeguards that are inconsistent from one area to the next. Some fingerprint all inmates; some don't. Others type in a slew of aliases, while others shun names for numbers.

"The easiest thing would be if the systems could talk, if we could have systems that just work together," said Susie Doyel of the Arlington County Sheriff's Office. "I think September 11 brought that home. We had so many systems that didn't talk to each other."

Arlington's system is similar to Prince William's, in which officials question whether the current system can keep up with an ever-growing and diversifying population.

"We've watched this place grow for years and years, and the complexity of the town has changed," said Col. Charles "Skip" Land, who heads the Prince William jail. "You can't live in the 1980s and expect to get your job done. You have to learn and grow with the population. Otherwise it'll eat you up."

General District Court Clerk Tawny G. Hays agreed. "There is so much that can be done, that should be done. The longer we wait, the harder it's going to be."

Those who work in the criminal justice system will readily admit that errors happen, especially when dealing with inmates, who are not always cooperative, not always willing to offer up personal information.

Corrections officers tell story after story of inmates lying about their identities -- the scared 19-year-old who gives his neighbor's name and address, the convicted felon who claims to be a sibling with a clean record, the inmate who memorizes another inmate's Social Security number and personal information in hopes of sneaking out early.

The only defense, all agreed, is to put in place as many safeguards as possible.

In such cities as Miami, San Antonio and Los Angeles, which have large, diverse populations, criminal justice officials learned long ago not to depend on names to track inmates. Instead, inmates are fingerprinted and assigned an identifying number that stays with them for life. Their numbers are used to access information in a centralized database that is shared by the courts and jails.

"If a woman was arrested as Delafuente the first time and Flores the second time, it still would always come back to Delafuente," said Lt. Tim Murphy, the watch commander of the inmate reception center in Los Angeles. When there is an error, he added, it is almost always a clerical mistake.

"The system is almost foolproof," Murphy said.

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About two years before the Cruz and Broady incidents, a group of Fairfax County officials traveled to Los Angeles to study its criminal tracking system.

"I have never seen coordination that close between those different agencies," Sheriff Stan G. Barry said of the police, courts and jails. "It was as if it was just one agency."

"The information was just much more central, much more accessible to everybody," he said.

The Fairfax sheriff's office is transforming its system, but it has been susceptible to some of the same struggles as Prince William's, officials said. Second Lt. Jason Travis, a supervisor in charge of booking for the jail, said that once every few months, he catches a situation in which an inmate's name was changed just slightly and two separate booking files were created as a result.

In Prince William, officials said they struggle with Hispanic names that tend to be long and reflect both a mother's and father's surname, as was the case with Cruz.

"It's not always limited to ethnicity, but it is a little bit higher [among Hispanics], and the reason for that is the language barrier," Travis said. "If we don't know how to totally ask for their name, they could say Jose Palacio and they are Jose Palacio-Hernandez."

In Northern Virginia, most of the jails use a local system, and the courts tap into a state-operated system managed by the Supreme Court of Virginia. Karl R. Hade, executive secretary for the Supreme Court, said that there is movement toward creating a centralized offense-tracking database but that it might be snagged because the jails are not yet on one system.

In Alexandria, the system is integrated.

"If I'm looking for an inmate in the system, he's in here," said Veronica Mitchell, chief deputy of the Alexandria sheriff's office. "We have a good record. We make very sure no one stays not a day longer than they're supposed to and that those that are supposed to stay really do stay."

Montgomery County jail officials said they are also moving to an integrated countywide system. Arthur M. Wallenstein, the director of the correction and rehabilitation department, described it as the county's highest information-technology priority.

"All of the departments have gotten together and agreed to play in the same sandbox, for lack of a better word," said Carl Furr, records manager for the corrections department.

Beverly Young, a spokeswoman for the D.C. Department of Corrections, said that there is an effort to move toward a seamless system but that for now the department relies on various safeguards.

D.C. inmates are given numbers that stay with them for life. A comprehensive jail management system put into place in the late 1990s also records massive amounts of information, such as warrants, detainers, commissary accounts and visitor information. Jail and court officials can read information in each other's systems, and as a matter of policy jail officials must check a court database before releasing an inmate.

Both of the Prince William mistakes might have been avoided if jail and court officials were working off of the same information base -- if they could peek in on what each other was doing.

Broady, 19, who was charged with shooting a District man in the head over a drug dispute, was released Sept. 8 as a result of confusion caused when the murder charge was dropped in Circuit Court but was still pending in a lower court. He was captured Thursday and returned to jail.

In Cruz's case, he should have been released when the charges against him were dropped in December, but he wasn't let go until February.

Because of confusion over his name, jail officials failed to bring him to court Dec. 12, when the assault charge against him was dropped. The General District Court clerk's office then failed to issue a release order. He was released but only after a clerk took the time to listen to his brother, who spoke Spanish and had already come to the courthouse several times.

Afterward, four Prince William jail employees spent a week poring over about 800 criminal files, checking names, typing in aliases and paying special attention to the records of Hispanic inmates.

"With the newer people coming in, you have to be more creative," said Land, the head of the jail.

Lt. Victor Quintanilla, the booking supervisor at Bexar County jail in San Antonio, where about 80 percent of inmates are Hispanic, said it might be costly for smaller jurisdictions to move toward a centralized tracking system like the one Bexar has used for some time. But, he said, every place must weigh the money against the possibility of a mistake.

"You look at the liabilities that are involved here," Quintanilla said. "What is more cost-effective here? You walking the tightwire or just playing it by chance that nothing is going to happen?"

CIVIL LAW:

Anti-Abortion Group Fights Campaign Law (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, September 19, 2006

DOJ_NMG_0065537

(AP) - WASHINGTON-Barring corporations and unions from buying political advertisements during peak election season amounts to government censorship, a Wisconsin anti-abortion group argued Monday.

Wisconsin Right to Life is challenging a ban on corporate ads that mention candidates two months before a general election. The Wisconsin nonprofit group wants to run advertisements telling voters to contact their senators about political issues. The Federal Election Commission says the ads would influence the election.

"You're going to outlaw everything: Rush Limbaugh, the evening news, everything because it has an electoral impact," attorney James Bopp Jr. told a three-judge panel.

Congress passed the advertising restrictions in 2002 to curb the ability of advocacy groups to run attack ads that say they are about political issues. Wisconsin Right to Life says such phony ads may be banned but not at the expense of legitimate political speech.

If the group prevails, Sen. John McCain, R-Ariz., and other lawmakers fear it will open a loophole.

Wisconsin Right to Life has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens. Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees.

Because Feingold was running for re-election in 2004, the ad was prohibited. Wisconsin Right to Life argued that it wasn't trying to influence an election and said the law restricted its constitutional right to petition the government.

The FEC says the government has an interest in regulating campaign speech and says the Wisconsin group isn't harmed by the restriction because it can either not name the candidates or purchase advertisements through its political action committee, which isn't covered by the law.

If the government prevails, the opponents said, advocacy groups will be prohibited from publicly debating legitimate political issues that arise around election time.

"It would go so far, the First Amendment would be a farce," Bopp said.

The federal panel did not rule Monday. It had dismissed the case last year but the Supreme Court overturned the dismissal and said Wisconsin Right to Life could argue its case before the lower court.

CIVIL RIGHTS:

Feds Monitor SoCal City's Recall Election (AP)

AP, September 19, 2006

ROSEMEAD, Calif. - A recall election of two longtime councilmen will proceed Tuesday under the watchful eye of U.S. Justice Department observers.

A court ordered the observers after the councilmen facing recall, Gary Taylor and Jay Imperial, complained their opponents had violated the Voting Rights Act by distributing petitions that were only in English.

Eighty percent of Rosemead residents speak a language other than English at home, according to Census records.

A lawsuit initially delayed the recall effort, led by residents who opposed the pair's vote in support of bringing a Wal-Mart Supercenter to the suburban city 10 miles east of Los Angeles. A higher court ultimately allowed the recall to move forward.

Rosemead's City Council has paid a price for approving the Wal-Mart in 2004. Two incumbents were voted out of office the following year and replaced by Wal-Mart opponents.

The Wal-Mart opened last week.

Feds To Monitor Polling Places In Boston, Springfield (AP)

AP, September 19, 2006

BOSTON - Federal observers will monitor polling places in Boston and Springfield on Tuesday to determine if those cities are protecting the voting rights of Hispanic, Chinese, Vietnamese and other immigrant voters.

Both cities were sued by the Justice Department for alleged polling place violations and the sides settled their cases before trial.

Springfield announced last week that 73 new bilingual poll workers were hired to help Spanish-speaking residents at the polls. One in four poll workers are bilingual, city officials say. The city says it will have 95 bilingual poll workers for the November election.

Last September, Boston agreed to provide ballots, registration notices, and other forms in Spanish, Chinese and Vietnamese.

Boston also agreed to provide more training to poll workers regarding the Voting Rights Act, and to hire more bilingual poll workers.

Hispanic residents comprise 14 percent of Boston's 590,000 residents, while Chinese and Vietnamese residents make up just more than 5 percent, according to 2000 Census figures.

Twenty-seven percent of Springfield's 152,000 residents are Hispanic, according to Census figures.

The lawsuits were part of a national initiative to ensure compliance with the Voting Rights Act in various cities.

The observers and monitors will gather information concerning compliance.

The Voting Rights Act requires communities with a minority voter population of at least 5 percent or 10,000 people to provide election help in that group's language.

DOJ_NMG_0065538

Osceola's Voting System Faces Legal Test (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, September 19, 2006

The federal trial will examine whether the at-large setup is unfair to Hispanic voters.

Three days in federal court this week could rewrite the course of politics in Osceola County if a federal judge decides the at-large system for electing county commissioners should be abolished because it dilutes the voting power of the county's growing Hispanic population.

U.S. District Judge Gregory A. Presnell essentially ruled that to be the case in June when he indefinitely halted this fall's scheduled commission elections. The action put nine commission hopefuls in limbo until the case is resolved. And the resolution could result in a completely different way of selecting commissioners, allowing only those who live in their district to vote for them.

The trial that starts today in federal court in Orlando is set for three days, but implementing the judge's ruling could take months with commission elections expected in March.

"It's going to be one of the most interesting six months in the political life of Osceola County," said Atlee Mercer, now property appraiser who was a commissioner when the Justice Department sued the county last year regarding the way it elects commissioners. "It's going to be a bumpy ride."

About 38 percent of the electorate in Osceola is Hispanic, according to court documents. Presnell gave a clear indication of his thinking when he issued the injunction, finding that " . . . Hispanics in Osceola County are politically cohesive, and that the Anglo majority vote is racially polarized."

"I think this case has been 95 percent tried already," Presnell said at the time. "Yes, I could change my mind in a trial on the merits; but I think you can see that I have been attentive to the evidence presented. I've reviewed all of the evidence. I think I've dealt with all of the issues, and I'm not sure what more there is to try in a merits trial with the possible exception of the issue of proportionality."

A Hispanic-majority district would have to be similar in size to the other districts so that votes wouldn't have unequal weight in different districts.

In a pretrial brief submitted last week, the county argues that cannot be done. Attorneys for the Justice Department counter with experts who say it is possible.

"If you took the county's defense to its logical conclusion, there never would be a remedy to a voting-rights case mid-decade," Jon Greenbaum, director of The Voting Rights Project at the Lawyers' Committee for Civil Rights Under Law in Washington, D.C., said referring to the interim between censuses.

And historically, that hasn't been the case.

"There is no good legal reason for the county to continue to fight," said Greenbaum, a former Justice Department attorney. "The court also found intentional discrimination [during the injunction hearing]. Normally, that is very hard to overturn on appeal."

If Presnell rules against the county, the next step would be the remedy phase.

Greenbaum said the county gets the first shot at a solution and could propose several alternatives. At the same, the Justice Department will be preparing potential plans. Ultimately, it's up to the judge, who could implement his own plan, he said.

Commissioners have refused to negotiate with the Justice Department, and the acting county manager said she wasn't aware of any settlement offers or negotiations since Presnell delayed elections -- including a round of commission primaries that would have been held Sept. 5. Osceola has spent more than $1 million defending itself in the meantime.

In a document filed last week, the county says that failure to elect Hispanic candidates is "caused by the apathy and indifference of the Hispanic electorate."

But Armando Ramirez, a proponent of single-member districts, disagrees.

"Perhaps the apathy that exists right now may be due to the discriminatory system of electing our leaders," Ramirez said. "Perhaps many Hispanic voters feel helpless and because of that they have said, 'Why should I vote? My vote will not mean anything.'"

Ramirez is confident that single-member districts are coming, and he said the county is losing its opportunity for input by not negotiating during the ongoing litigation. He thinks the judge will want to see a new system by the end of October.

Mercer has confidence in the county's position, but he said that if the federal government prevails, the process to create new districts will be complicated.

"You will have to completely redesign all of the districts, because if you change one, you've got to change them all," he said.

Greenbaum goes a step further and says a sitting commissioner could find himself drawn out of a district.

"Typically that's why governments negotiate. The danger is that the judge may not be concerned with where the incumbents live."

Mercer worries that the delay will translate into poor voter turnout. He points to the recent 13 percent turnout in the primary.

"You can't predict who will be elected."

Presnell had no doubt in June about how a Hispanic-majority district would perform.

"There is no reason to believe that a majority Hispanic district will not perform, that is, exercise its franchise to elect candidates of their choice," he said.

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Prince George's Officer Kills Unarmed Man (WP)

By Ruben Castaneda

The Washington Post, September 19, 2006

A Prince George's County police officer responding to an assault call in District Heights yesterday morning fatally shot an unarmed man who allegedly made a threatening movement, police said.

It was the fourth shooting by county officers in three weeks and the second killing.

Cpl. Diane Richardson provided this account of yesterday's incident:

About 1:30 a.m., a county patrol officer from District III went to the 1900 block of Rochelle Avenue in response to a report of a man assaulting a woman. The officer arrived and saw a man later identified as Gregory B. Boggs Jr., 24, standing over a woman, who was on the ground beside an apartment building.

The officer ordered Boggs away from the woman. Boggs picked up the woman, and the officer told him to let her go. The woman either fell or was pushed away.

When the officer ordered Boggs to put his hands up, he reached for his waistband. Fearing that Boggs was reaching for a weapon, the officer fired one round into his upper body.

Boggs was unarmed, police said. He was taken to an area hospital and pronounced dead.

The officer, who was not immediately identified, was placed on administrative leave pending an internal investigation. A county grand jury will also investigate.

Boggs's relatives said yesterday that they did not believe the police account.

Boggs, who lived with his family in a townhouse in Upper Marlboro, went to the District Heights apartment complex to watch a football game with his girlfriend, relatives said.

Boggs was arguing with her when police arrived, said Mary Pitt, Boggs's aunt. Pitt said relatives have spoken with the woman, who Pitt said was not injured.

Pitt said she didn't believe Boggs would do anything to provoke deadly force.

Relatives said Boggs graduated in 2001 from Suitland High School, where he played on the school's football team.

According to Prince George's Circuit Court records, Boggs was facing charges of possession with intent to distribute about $4,000 worth of crack cocaine, second-degree assault and resisting arrest in connection with an incident June 4 in Upper Marlboro.

Charging documents allege that Boggs pushed and ran away from an officer who tried to conduct a traffic stop about 3 a.m. As he ran, Boggs dropped two bags of crack cocaine, and a loaded .40-caliber handgun was found in his vehicle, the documents said. Boggs was charged with a handgun violation, which was dismissed by a judge Friday.

Richardson said so many police shootings occurring in a short period is an aberration.

In each of the four incidents, officers feared for their lives or for the lives of civilians, Richardson said.

"You can't put all these cases together," Richardson said. "Each should be viewed individually. In each case, the officer had real fear and reacted to that fear."

On Sept. 4, two county police officers, Robert E. Lee and Bruce Bowen, fatally shot a man in District Heights who allegedly drew a .40-caliber handgun, police said. The man, Anthony A. Johnson, 35, had threatened two workers at a nearby grocery store, police said.

The other two recent shootings occurred Sept. 3. In one, Officer David Cheatham Jr. wounded his mother in the Landover home they shared. Cheatham believed his mother was an intruder, police said.

In the other incident, Officer Curtis Gouldin shot a man he believed to be holding a weapon in Clinton. The man, who was wounded in the wrist, was holding a cellphone.

Few Black Churches Get Funds (WP)

By Michael A. Fletcher

The Washington Post, September 19, 2006

The Bush administration's faith-based initiative is reaching only a tiny percentage of the nation's black churches, most of which have limited capacity to run social programs, hampering the initiative's promise of empowering those congregations to help the needy, according to a study to be released today.

The national survey of 750 black churches by the Joint Center for Political and Economic Studies found that fewer than 3 percent are participating in the program, which funnels at least $2 billion a year in federal social services spending to religious organizations.

Black churches in the Northeast and those with self-identified progressive congregations and liberal theologies were most likely to be taking part in the program, a finding that surprised the researchers, who concluded that the White House has not used the program as a political tool as some critics have suspected.

"Those people who were most worried can exhale," said Robert M. Franklin, a professor of social ethics at Emory University who worked as a consultant on the survey. "Churches have not been manipulated by Karl Rove. They have not sold out."

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Despite instances of grants going to political and ideological supporters of President Bush, the survey found that, overall, liberal-leaning churches were more likely to apply for and receive the grants, even though they tend to view the program more skeptically than their conservative counterparts do.

"The thing is that the churches that are most likely to actually do social outreach or social ministry are liberal churches, they are not conservative churches," said David A. Bositis, a senior research associate at the center who conducted the study. "Those churches may have significant reservations about the program. But if the money is there, they are going to take it. They are the ones who have the capacity and the infrastructure to get grants and administer them."

While many of the churches surveyed had an interest in assisting those in need and frequently offered small-scale programs such as food pantries or used-clothing giveaways, most had neither the money nor the expertise to do more -- or even to seek more resources.

Most of the nation's estimated 50,000 black churches are led by pastors who work other jobs full time and have little more than administrative help in running their churches. The survey found that more than one in four black churches had annual revenue of less than $100,000 and half had revenue of less than $250,000. Only 12 percent reported taking in more than $1 million a year.

"The survey reveals for us the breadth of churches in the African American community, and it shows how churches that already have capacity have a leg up on churches that may do some good things" but are not in a position to do them on a larger scale, said Harold Dean Trulear, a professor of religion at Howard University who was an adviser on the study.

Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said that while participation in the initiative among African American churches may not be high, interest is. He said his office has trained thousands of community leaders in the mechanics of the program and has encouraged state and local governments to do the same.

Under Bush's initiative, federal departments have worked to make it easier for religious groups to compete for federal grants to operate programs including drug treatment counseling and Head Start. Bush signed executive orders authorizing the initiative in 2002. It allows religious groups to receive federal grants while exempting them from certain civil rights statutes.

Bush, who has said he wanted to level the playing field between religious and secular organizations, has often said he believes that faith-based groups are more efficient and effective in helping the needy than many government-run social services programs.

"Some Republican strategists had thought of charitable choice as a way to broaden the appeal for the Republican Party among African Americans," said John C. Green, a senior fellow in religion and American politics at the Pew Forum on Religion and Public Life.

Green said many people had asked him whether the Bush administration was being political or sincere in launching the initiative. "I think both," he said. "What you may be seeing in this survey is evidence of the sincere part of the program."

ANTITRUST:

Smithfield Foods To Buy Premium Standard For $674 Million (AP)

AP, September 19, 2006

SMITHFIELD, Va. - Leading pork products maker Smithfield Foods Inc. said Monday it agreed to buy Kansas City, Mo.-based rival Premium Standard Farms Inc. for $674 million in cash and stock.

Smithfield Foods is the leading processor and marketer of fresh pork and processed meats in the United States and the largest producer of hogs. Premium Standard Farms is the second-largest pork producer and sixth-largest pork processor.

The deal represents the latest expansion for Smithfield. It recently agreed to acquire most assets of the branded meats business of ConAgra Foods Inc., giving it well-known brands such as Butterball, with its premium turkeys, in time for the holidays.

Hours after the announcement, Sen. Jim Talent, R-Mo., called on U.S. Attorney General Alberto Gonzales to review the merger to assess how it would impact competition in the pork industry.

Talent said he wanted the Justice Department to make sure the merger would fairly treat Missouri pork producers who contract with PSF and that competition in the marketplace is not harmed.

Missouri Gov. Matt Blunt also sent a letter to Gonzales, seeking assurances that the merger fully complies with antitrust laws.

Smithfield already owns Farmland Foods, Inc., in Kansas City, Mo., and Murphy-Brown, LLC, in Nevada. About 244 employees work for Farmland Foods in Platte County, Mo., and 32 work for Murphy-Brown in Vernon County, Mo.

PSF has more than 2,100 employees in Missouri. About 40 employees work in Kansas City, with another 2100 divided between facilities in Mercer and Sullivan Counties.

"This merger is an exciting announcement for these valued Missouri employers," Blunt said in a statement. "While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs."

The Justice Department typically reviews most major corporate mergers to make sure the action does not reduce competition.

Smithfield, in partnership with investment group Oaktree Capital Management LLC, also recently bought the European meats business of food and apparel company Sara Lee Corp.

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Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per PSF share based on Smithfield's closing price on Friday, and was a 13 percent premium over Premium Standard's closing price Friday.

Smithfield will also assume about $117 million of Premium Standard's debt as part of the deal.

ContiGroup Cos., which owns 38.8 percent of Premium Standard Farms, has agreed to vote its shares in favor of the deal, Smithfield said.

The deal is expected to close in the first quarter of 2007, after which it is expected to be beneficial to Smithfield earnings.

"We have strong expertise in both live hog production and in fresh pork processing," said C. Larry Pope, Smithfield's president and chief executive. "Strategically, this is a very good long-term fit and near-term, this combination should generate benefits for both organizations and our customers."

The agreement enables PSF shareholders to receive an immediate premium for their shares, said John M. Meyer, president and CEO of PSF.

Smithfield will issue about 21.9 million shares in exchange for PSF shares. PSF has about 32 million shares outstanding.

All current PSF hog production contracts will be honored and Smithfield will remain committed to purchasing "significant" numbers of hogs on the open market, Smithfield said.

Smithfield added that PSF plants will remain open and operating at least at current production levels.

Premium Standard Farms shares rose $2.26, or 12.8 percent, to close at $19.99 on the Nasdaq Stock Market, while Smithfield shares fell $1.02, or 3.5 percent, to end at $28.22 on the New York Stock Exchange.

ON THE NET

Smithfield Foods: http://www.smithfieldfoods.com

Premium Standard Farms: http://www.psfarms.com

Smithfield Foods To Purchase Rival (RTD)

Richmond Times-Dispatch, September 19, 2006

Meat company sets $674 million deal for Premium Standard

SMITHFIELD -- Smithfield Foods Inc. said yesterday that it agreed to buy rival Premium Standard Farms Inc. for $674 million in cash and stock.

Smithfield, based in Isle of Wight County, is the largest pork company and one of the largest meat-processing companies in the world.

It has been on an acquisition binge in recent years, but company executives made it clear in a conference call yesterday that they would be concentrating now on integrating the company's acquisitions rather than making new ones.

Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per Premium Standard share based on Smithfield's closing price on Friday, or a 13 percent premium over Premium Standard's closing price Friday.

Smithfield also will assume about $117 million of Premium Standard's debt.

ContiGroup Cos., which owns 38.8 percent of Premium Standard, has agreed to vote its shares in favor of the deal, Smithfield said.

The deal is expected to close in the first quarter of 2007 and will be reviewed by the Justice Department and Federal Trade Commission.

"We believe this transaction . . . will result in positive benefits for consumers," Smithfield spokesman Adam Weiner said.

As for the impact on Virginia farmers who contract with Smithfield, Weiner said the company will honor all hog-production contracts and will remain committed to buying hogs on the open market.

Times-Dispatch staff writer Greg Edwards contributed to this report.

Blunt Seeks Anti-trust Investigation Of Merger (SLBIZ)

St Louis Business Journal, September 19, 2006

Missouri Gov. Matt Blunt sent a letter Monday to U.S. Attorney General Alberto Gonzales calling for an anti-trust investigation into the merger deal between Smithfield Food Inc. and Premium Standard Farms Inc.

In his letter, Blunt requests a stringent and thorough review to ensure that the merger is fully compliant with all antitrust laws and regulations of the United States.

"This merger is an exciting announcement for these valued Missouri employers. While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs," Blunt said in a statement.

Smithfield and Premium Standard Farms have Missouri operations.

Smithfield, the nation's largest hog producer, owns Farmland Foods Inc. in Kansas City, Mo., and Murphy-Brown LLC in Nevada. About 244 people work for Farmland Foods in Platte County and 32 for Murphy-Brown in Vernon County.

DOJ_NMG_0065542

Premium Standard Farms Inc., the second largest pork producer, is headquartered in Kansas City and represents about 2,140 Missouri jobs. An estimated 40 people work in Kansas City with another 2,100 divided between facilities in Mercer and Sullivan counties.

Ford, GM Fleetingly Considered A Marriage (USAT)

By Sharon Silke Carty, Usa Today

USA Today, September 19, 2006

DETROIT — General Motors (GM) and Ford Motor (F) briefly explored the idea of an alliance this summer, but the talks stopped shortly after they began and likely won't turn into anything more, said a source at one of the automakers who was briefed on the discussions.

The source doesn't want to be named because the information is not being made public.

The discussions, first reported Monday in Automotive News, happened in July after news that investor Kirk Kerkorian was pressuring GM into exploring an alliance with Renault and Nissan, both headed by CEO Carlos Ghosn. Ghosn is widely regarded as an automotive turnaround expert.

A Ford spokesman declined to comment. GM spokesman Steve Harris said the company routinely talks with other automakers about possible strategic partnerships, but "as a policy, we don't comment on those discussions."

Both automakers, plagued with financial woes, are looking for ways out of their current problems. The idea of GM partnering with France's Renault and Japan's Nissan excited investors and led to speculation about what kinds of cost savings GM could gain from a deal.

GM CEO Rick Wagoner is heading a committee looking into possible benefits of teaming up with the two automakers. The automakers are about two-thirds of the way through a 90-day study.

Ghosn has said he would only undertake an alliance if the benefits were substantial.

David Cole of the Center for Automotive Research said the amount of talk among top automotive leaders is unusually high lately.

"What is interesting to me is that, by and large, industry leaders are talking with each other fairly regularly; it's just not in the public view," he said. "It's important not to read too much into these things. There's a lot of discussions going on between companies right now."

Elevated gas prices throughout much of 2006 have pushed sales of large SUVs and pickups, the big moneymakers for the domestic automakers, down nearly 10% through the end of August. That, coupled with high raw material, health care and labor costs, has caused financial problems for both Ford and GM. In the first half of the year, GM lost $2.9 billion and Ford $1.4 billion.

It's unclear what benefits either would gain from an alliance. "An outright merger would be almost impossible to fathom," said Lowell Peterson, a labor and bankruptcy attorney at Meyer Suozzi English & Klein. The automakers have different cultures, overlapping product lines and competing dealerships throughout the country.

"Even with diminished market shares, together Ford and GM have a large percentage of the U.S. market, which could raise antitrust issues," Peterson said.

Analysts: GM-Ford Talks Sign Of Times (AP)

By David N. Goodman, Associated Press

AP, September 19, 2006

Automakers constantly seek ways to collaborate even amid fierce competition. Both companies mum.

DETROIT — General Motors' talks with Renault and Nissan on a possible alliance and reports that Ford may be pursuing a big deal with one or more of the three are examples of how today's automakers constantly look for ways to collaborate even amid fierce industry competition.

GM and Ford declined comment Monday on an Automotive News article that their high-level executives discussed a merger or alliance. Ford Motor Co. also declined comment on last month's Wall Street Journal report that Ford proposed its own deal with Renault and Nissan.

In July, General Motors Corp., Renault SA of France and Nissan Motor Co. of Japan announced a 90-day review of a possible alliance among them.

Auto executives talk frequently about "what-if scenarios" and possible deals large and small, said David Cole, chairman of the Center for Automotive Research in Ann Arbor.

These talks have yielded a growing number of joint efforts on everything from hybrid vehicles to better automatic transmissions, he said.

GM and Ford have been slashing their work forces and closing plants in efforts to reverse multibillion-dollar losses in the face of tough competition from Asia-based automakers.

Both companies declined comment on the Automotive News article that quoted several unidentified people who said senior GM and Ford executives had begun talks in July but that the talks are not taking place now.

Cole said an outright GM-Ford merger is unlikely and said that the companies carefully weigh antitrust issues during the lower-level cooperation that now takes place on such issues as hybrid vehicles.

DOJ_NMG_0065543

Sessions Is House Point Man For Wright (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 19, 2006

WASHINGTON — The ball is now in Pete Session's court.

As Wright Amendment legislative issues bounce between the Senate and House, Sessions, a five-term Republican congressman from Dallas, is now House point man for the bill that would repeal federal flight restrictions at Dallas Love Field after eight years.

"What we're trying to do is accomplish the deal," Sessions, 51, said in an interview. Sessions is Texas' only member of the House Rules Committee — a relatively obscure but extremely powerful panel that decides the terms under which the House will consider a bill, notably whether it will be subject to amendment.

In this case, the committee must decide which of two proposed versions of the bill will be the base legislation for a potential full House vote. The first version, approved by the House Transportation and Infrastructure Committee, incorporates the Love Field deal, reached in June by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. The House Judiciary Committee approved a competing version of the legislation, removing antitrust immunity.

With the rules committee poised to decide as soon as this week what to do with Wright, Sessions is in center court.

In a meeting Thursday, the power players trying to get the agreement into law — Sen. Kay Bailey Hutchison, R-Texas; House Energy and Commerce Chairman Joe Barton, R-Arlington; Reps. Kay Granger, R-Fort Worth, and Eddie Bernice Johnson, D-Dallas; and Sessions — decided that Sessions will take the lead in the House.

"The agreement is to let me work on it," said Sessions, who has served on the committee for eight years. "There are five or six ways of getting this done. I am low-keying this and looking for the best option."

Sessions said he anticipated knowing by Wednesday what course to take. He said he will talk to members about the best "vehicle," meaning legislation, the best "avenue," such as various routes through the rules committee or even under suspension of the rules, and the best "timing."

"I want to accomplish this as quickly as possible," Sessions said. But "I don't want to give any member the chance to say, 'Damn Texans think they run the place.' "

Sessions is aware of the delicacy of coming across too strong, especially where House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is concerned. The temperamental Sensenbrenner led the fight to strip the agreement of antitrust protection and could force a showdown on the House floor.

House Speaker Dennis Hastert, R-Ill., has to balance the interests of competing chairmen: Sensenbrenner and Don Young, R-Alaska, of the House Transportation and Infrastructure Committee.

"We believe the speaker is favorable to moving the legislation," Sessions said. "We have to come to him with a final agreement."

Rep. Kenny Marchant, R-Coppell, said in an interview, "There's several ways for it to go. There's a lot of respect being given to Mr. Sensenbrenner."

Meanwhile, in the Senate, Hutchison continues to try to mediate the antitrust issue with Arlen Specter, R-Pa., the Judiciary Committee chairman, and Patrick Leahy, D-Vt., the ranking member.

"The staffs have continued to talk through the weekend and today," said Marc Short, Hutchison spokesman. "The senator remains optimistic that we will find language that is amenable to the parties and Sen. Specter and Sen. Leahy."

If an agreement on language that satisfies antitrust advocates and the stakeholders is reached, it would become part of legislation in the Senate and House.

The agreement can be voided if Congress doesn't approve it by year's end.

The House and Senate have named a target adjournment date of Oct. 6; Senate leaders are aiming for Sept. 29. In any case, both houses are expected to return after elections for a "lame-duck" session. Why you should care

Congress is debating legislation that would lift the federal Wright Amendment, which today limits most scheduled passenger flights at Dallas Love Field to Texas and nearby states.

The legislation is based on an agreement reached by American Airlines, Southwest Airlines, Fort Worth, Dallas and D/FW Airport. It must be passed by Congress before it can take effect. It would repeal Wright after eight years but immediately allow connecting, one-stop and multistop flights to faraway cities, so long as the first leg of the trip ended within the current Wright zone. It would also cut Love's size to 20 gates from 32.

Proponents of the deal say it would increase competition in the North Texas air market and push airfares down. Critics say the proposed law is overrated and would preserve near-monopolies by American at D/FW and Southwest at Love.

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Reynolds Merger Passes Antitrust Test (DAYTBIZ)

Dayton Business Journal, September 19, 2006

The federal government has approved Reynolds and Reynolds Co.'s merger into Universal Computer Systems Holding Inc. and the deal now only awaits shareholder votes.

The Federal Trade Commission has granted early termination to the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Completion of the buyout also is subject to other closing conditions, Reynolds announced late Monday.

The special meeting for shareholders to vote on the proposal is scheduled for Oct. 23. The meeting will be at Reynolds' (NYSE: REY) Research Park headquarters in Kettering and definitive proxy material is scheduled to be sent around Sept. 22.

Reynolds agreed in August to be acquired and merged into privately held UCS in a deal valued at about $2.8 billion. Reynolds stockholders will receive $40 per share in the transaction.

Reynolds develops management software for the automotive retail industry, with more than 20,000 customers in North America. It has 1,700 local employees and 4,300 total workers globally.

Houston-based UCS is also a dealership technology company with about 2,600 employees.

Outdated Court Rulings Stymie Mergers Regulators, Says Former FTC Official (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, September 19, 2006

Courts are behind the times when it comes to reviewing merger cases, making it harder for regulators to block the ones that may harm competition, according to an antitrust lawyer who recently left a senior post at the Federal Trade Commission.

Speaking to a gathering of fellow antitrust attorneys on Wednesday, Susan Creighton, formerly the head of the FTC's Bureau of Competition and now a partner at Wilson, Sonsini, Goodrich & Rosati, said federal judges continue to base merger review decisions on court precedents established in the 1960s that emphasize the number of players remaining in a market post-merger.

That's a big problem today for antitrust enforcers at the FTC and the Department of Justice because they place primary focus on assessing the potential competitive harms of a merger, with much less importance put on the market's structure.

In typical merger reviews today, regulators analyze a range of economic data to assess whether the deal will likely cause prices to increase and only then focus on which other competitors exist and how they manage to constrain prices. That market structure data, she explained, is really secondary to the harm caused to consumers.

The disconnect between current regulatory techniques and the longstanding methods the courts use explains some of the most high-profile losses regulators suffered when they have tried to block mergers in the past few years.

When the Justice Department tried to stop the Oracle Corp.-PeopleSoft Inc. merger, U.S. District Court Judge Vaughn Walker began his ruling against the government with a careful analysis of the market structure, Creighton said, and "the analysis the judge did was completely backward." After 29 pages discussing the structure of the market for enterprise application software, he discussed competitive effects for "five pages at the end."

Walker's decision said that since there were other competitors, the government's arguments to block the merger weren't persuasive.

Creighton said the court's continuing focus on market structure can probably be attributed to a judge's need to base decisions on precedential merger cases and the dearth of recent Supreme Court merger rulings.

Existing precedents are decades old and tend to focus on the number of competitors in a market.

This prevailing judicial process was cast by a Supreme Court case decided in 1962, when the government tried to block Brown Shoe Co.'s 1955 purchase of G. R. Kinney Shoe Co. The analysis of Chief Justice Earl Warren began with a careful review of the market for shoes and ended up with the decision that the merger, which would have resulted in one company having less than 10 percent of the shoe sales in the country, would harm competition.

That antiquated process is not how today's enforcers evaluate mergers, according to Creighton. "My pervasive experience at the FTC is the first question is, 'Do we think it will be causing competitive effects?'"

Today, if there is evidence of uniform pricing, no price drop when new competitors enter a market or a price hike when other competition leaves the market, deal approval is likely without an intense review of market structure, Creighton said.

But if there is a high probability of price increases if a merger is completed, she suggested parties may have to head to court and hope for a judge who is willing to hear arguments about the range of competitors, including those who may be entering a market, and so on.

If you don't have a good story about why the merger is good, there may be some reasons to advise clients to quit negotiating for antitrust approval with agency attorneys and "go straight to court," if their arguments about competition in the market is better, she said.

Despite their outdatedness, most antitrust lawyers agree that Brown Shoe and cases like it are unlikely to be replaced as controlling precedent soon because merger cases rarely make it to the Supreme Court. Because few companies can afford to keep a deal on hold for the three years or so appeals take to reach the top court, most deals unwind if the government successfully blocks them at a lower court level. The merger between H. J. Heinz Co. and Beech-Nut Nutrition Corp. in 2001 was one of the few deals that made it even to the appeals court level. The FTC convinced the appeals panel to stop the deal.

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Major Music Labels Negotiate With YouTube (AP)

By Rachel Konrad, AP Technology Writer

AP, September 19, 2006

SAN JOSE, Calif. (AP) A revenue-sharing deal between video startup YouTube Inc. and Warner Music Group Corp. is likely to be the first of a spate of content distribution partnerships between Web sites and music companies, industry officials say.

Warner Music Group Corp., the country's third-largest recording company with annual revenue of $3.5 billion, announced Monday a deal to distribute and license its copyrighted songs and other material through YouTube. The agreement means that millions of YouTube users can legally watch music videos or include popular songs in their own homemade videos that they post on YouTube.

Universal Music Group spokesman Peter LoFrumento confirmed Monday that Universal the top record label in the world, representing artists such as Eminem, Melissa Etheridge, Snoop Dogg, Shania Twain, Stevie Wonder and Sting is also negotiating with YouTube to strike a distribution deal.

Last week, Universal Music Group CEO Doug Morris said that the company had to figure out some way to stop ``copyright infringers'' such as YouTube and News Corp.'s social networking site MySpace.com. Morris implied that, if YouTube negotiations fell through, Universal might resort to lawsuits or other measures.

Sony BMG Music Entertainment is also negotiating with YouTube, but a representative for New York-based Sony BMG said Monday that the company wouldn't comment on ongoing negotiations. Sony BMG labels include Arista Records, Columbia Records, Epic Records, Sony BMG Nashville and Sony Urban Music.

Negotiations between the 19-month-old startup YouTube and the biggest players in the recording industry mark a major change in the previously chilly relationship between Hollywood and Silicon Valley.

For years, music and movie companies were reluctant to use the Internet to disseminate content because of the threat of piracy and copyright infringement. But business experts say the phenomenon of YouTube and MySpace particularly among young consumers have forced the labels to venture online.

Simultaneously, startups seem increasingly willing to come up with revenue-sharing business models that compensate recording executives and their artists, said Phil Leigh, president of market reseach group Inside Digital Media.

``The Warner deal is one more piece of evidence that the record labels are comprehending the value of free music distribution,'' Leigh said. ``Instead of insisting on being paid every time, they're realizing they can use the Internet to popularize music and stimulate demand for both CD and digital downloads.''

The Warner-YouTube deal, announced Monday, means that Warner will transfer thousands of its music videos, artist interviews and other digital content to San Mateo, Calif.-based YouTube, a Web site launched 19 months ago by two 20-something buddies.

Industry analysts praised the deal. Instead of protesting free digital distribution by sending cease and desist orders or lawsuits, as record labels did several years ago with Napster and other emerging sites, Warner and YouTube can work together.

Consumers will likely have access to Warner music videos and songs by the end of the year, when YouTube rolls out an advanced content identification and royalty reporting system to help minimize copyright infringement.

``Warner has been the most aggressive in all things digital, whether downloads or ring tones and now video,'' said American Technology Research Senior Analyst P.J. McNealy. ``This is a natural progression and a pre-emptive strike to help eliminate potential copyright concerns.''

Besides the namesake label, Warner is releasing titles from the Atlantic, Asylum, Elektra and Rhino labels, which feature artists Led Zeppelin, the Doors and Ray Charles, as well recent hit makers Linkin Park, Green Day and Faith Hill.

YouTube and Warner will share revenue from advertising on both Warner videos and videos that YouTube users upload that include content from Warner's music video library. YouTube users view more than 100 million videos per day.

Pacific Crest Securities analyst Steve Lidberg expects the Warner deal to be the first of many in upcoming months.

``The labels still want to be paid each time. What's changed is that they've found new monetization models where they can get paid,'' Lidberg said. ``It's a new revenue source for Warner that they weren't getting paid from before. ... I'd expect this to be the foundation by which YouTube could have other discussions with the major labels in the marketplace.''

Warner stock closed at $24.40 Monday, down 10 cents from Friday on the Nasdaq Stock Exchange.

YouTube Model Is Compromise Over Copyrights (WSJ)

By Kevin J. Delaney And Ethan Smith

The Wall Street Journal, September 19, 2006

Video-sharing site YouTube Inc., in a move that could defuse the threat of legal action against it, is racing to overhaul the way media and entertainment companies view unlicensed online use of their content.

YouTube is rolling out technology designed to automatically spot copyrighted material that users upload without the permission of media companies, and then to share ad revenue with those companies.

Consumers go to YouTube to watch videos ranging from music videos to footage of a napping cat more than 100 million times a day and submit more than 65,000 videos a day.

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YouTube's new system, announced yesterday and set for release in the next few months, is an ambitious effort to give media companies more control over the video on the site and to address their fears that others will profit from consumers' piracy of their content. The first entertainment company to embrace the system is Warner Music Group. The two companies have agreed that Warner Music will post its catalog of music videos on YouTube and collect an unspecified percentage of the revenue from advertising appearing alongside them. The deal doesn't cover live performances captured on video cameras or other devices, because Warner doesn't own the copyrights to those recordings.

In addition, the new system will give YouTube users a legitimate way to create videos with soundtracks that use music from Warner artists. (Videos of amateurs' lip syncing or juggling to popular songs are among the most viewed on video-sharing sites.) YouTube's system will identify such videos and give Warner a share of the revenue for any ads that appear alongside these videos, if Warner opts for that rather than having the videos removed.

For YouTube, a closely held San Mateo, Calif., company, the new system offers the chance to bring revenue, users and a legitimacy to content that, in many cases, probably would otherwise infringe on copyrights. Consumers get free, legal use of Warner music for their videos -- although there wasn't much standing in their way before. Warner gets ad revenue it wasn't otherwise receiving.

YouTube and Warner declined to discuss specifics of their agreement. Alex Zubillaga, Warner's executive vice president for digital strategy and business development, said the terms are "comparable" to those of its other video-licensing deals. Existing video-licensing deals currently don't generate significant revenue for music companies. People who work in the industry estimate Vivendi SA's Universal Music Group, the world's largest recorded music company, earns around $15 million a year, or less than 0.5% of its annual revenue, from hundreds of online video licensees. But the money these deals generate is growing rapidly, these people add.

YouTube's new system is the latest attempt by an online startup to transition from disputed copyright practices to a less-controversial business model. TV and movie companies are just starting to come to grips with how to manage video-sharing technology. There are signs they could be interested in cutting deals: Several TV executives say they have been in talks with YouTube and other video sites about ways to make some content freely available. General Electric Co.'s NBC Universal signed an advertising and content deal with YouTube in June.

YouTube's agreement with Warner hinges on a digital system YouTube is developing to identify automatically copyrighted music or other audio, and related video its users upload. The system relies partly on what's known as "fingerprinting" -- comparing audio uploaded to the site to unique attributes of copyrighted content it already knows. YouTube's planned system is similar in some respects to one proposed last year by an online music startup, Snocap Inc., which was launched by Shawn Fanning, the founder of Napster. Snocap is seeking to help peer-to-peer music services and other online outlets become legitimate music distributors. YouTube said the audio-identification system could potentially be used to locate non-music content such as video clips from TV shows, and that it could eventually use video-identification technology as well.

While YouTube's services are focused on video, the most significant challenge could come from the music industry, which remains divided on how to protect its content online. EMI Group PLC has said it, too, is in talks with YouTube. A spokesman for the world's No. 2 music company, the joint venture Sony BMG, declined to comment.

Universal appears poised to put up a fight. Universal CEO Doug Morris last week told investors that YouTube violates copyright laws by allowing users to post music videos and other Universal content. He said YouTube and News Corp.'s MySpace social-networking site "owe us tens of millions of dollars." (Universal's Interscope Records is a partner in the MySpace Records label.) A Universal spokesman declined to comment.

"We've reached out to [Universal Music] to let them know we're willing to work with them," said Chad Hurley, chief executive of YouTube.

In announcing the system, YouTube could open itself up to a flood of requests by creators of videos looking for their own share of advertising revenue. Other sites such as Revver Inc. currently give amateur video creators a percentage of ad revenue. YouTube in the future will explore options for sharing online ad revenue with smaller, or amateur creators, Mr. Hurley said. But "right now we're building tools for record labels, TV networks and movie studios."

YouTube currently faces legal challenges. Robert Tur, the owner of Los Angeles News Service, named YouTube in a complaint filed in July in U.S. District Court in Los Angeles. He alleges copyright infringement in connection with several videos that were available through YouTube. YouTube has said Mr. Tur's suit is "without merit." A similar case, which an adult-entertainment company, Io Group Inc., brought against a video-sharing site, Veoh Networks Inc., in June in U.S. District Court for California's Northern District, makes a similar claim. A ruling against Veoh could potentially set a precedent affecting YouTube.

YouTube and other video sites currently follow a so-called safe-harbor process, enshrined in the Digital Millennium Copyright Act of 1998. Under that process, they have to comply with "takedown" notices that copyright holders may send when they become aware of content uploaded without their permission. Some entertainment companies have privately expressed frustration with the process, since it requires them to track down infringing works on a multitude of video-sharing sites.

Under YouTube's system, media companies will have a way to have their content removed without resorting to separately sending takedown letters: YouTube plans to provide them with tools to directly request either to remove or to share ad revenue for specific videos.

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No Microsoft Vendetta, Says Kroes (FT)

By Tobias Buck In Brussels

Financial Times, September 19, 2006

The war of words between Microsoft and the European Commission over the software group's new flagship product has escalated, with Neelie Kroes, EU competition commissioner, denouncing what she calls "a co-ordinated campaign" to discredit the regulator.

Ms Kroes, in a letter to the Financial Times, insists that the Commission is not conducting a "vendetta" against Microsoft. Brussels, she says, is simply trying to ensure that Vista, the operating system set to replace Microsoft Windows next year, complies with EU competition rules.

The Commission is concerned about Vista because it bundles a string of new programmes and functions into the operating system, for example an internet search engine and a fixed-document reader.

It fears that the product will undermine competition from software makers that sell similar products on a standalone basis.

Microsoft warned last week that the Commission's actions could delay the launch of Vista in Europe, and could even prevent the group from improving the security of the new operating system.

The group has also published a study claiming that Vista will create thousands of new jobs in Europe and boost other companies' revenues.

But Ms Kroes says in her letter: "I have seen it suggested that the Commission may seek to prevent Microsoft from improving the security of its operating system. This is categorically not the case. We do nevertheless seek to ensure that rival security software vendors . . . are able to compete on a level playing field."

She adds: "Similarly, I have noted attempts to link the ongoing Vista discussions to the purported creation of jobs in Europe that a Microsoft-sponsored study claims will result from Vista, It would be wrong to imagine such a link. If jobs are to be created as a result of Vista's release, any such job creation would only be enhanced with the release of a version of Vista which allowed others to compete on the merits of their products."

Ms Kroes also disputes complaints that the Commission failed to issue sufficient guidance showing how Microsoft could avoid new antitrust trouble on Vista.

Microsoft said yesterday: "We look forward to constructive discussions with the Commission that we hope will yield clarity on how we should proceed."

The Commission's concerns regarding Vista are based on its landmark ruling against Microsoft in March 2004, when it found the software group had abused its dominant market position and imposed a record €497m ($630m) fine.

See Letters

Scania Rejects Bid From MAN (WSJ)

By Christoph Rauwald And Maria Akerhielm

The Wall Street Journal, September 19, 2006

STOCKHOLM -- Swedish truck maker Scania AB and its largest shareholders rejected MAN AG's takeover bid, putting pressure on the German company to sweeten its offer.

MAN, based in Munich, had offered €9.6 billion ($12.2 billion) in cash and shares yesterday in a widely expected move, seeking to form Europe's largest commercial-vehicle maker.

"Scania rejects the bid in its entirety," company spokeswoman Cecilia Edstroem said. She declined to comment on details of the offer.

German car maker Volkswagen AG, Scania's biggest shareholder with 34% of the voting rights, said that accepting MAN's offer wouldn't be in the strategic and industrial interests of the company. Scania's board, which unanimously rejected the bid, is headed by Volkswagen Chairman Bernd Pischetsrieder.

The second-largest shareholder, Investor AB, the main investment vehicle of Sweden's powerful Wallenberg family, said the offer doesn't "reflect the fair value and potential of Scania." Through Investor and family foundations, the Wallenbergs control about 29% of the votes in Scania.

Despite the rejections, MAN Chief Executive Hakan Samuelsson said he expects a deal to be closed in the first half of next year at the latest. He said that further down the line, he has even larger ambitions for a combined MAN-Scania, and that he is open either to acquisitions or deeper pacts with truck makers in North America and Asia. "We want to be one of the global leaders. We are open to all possibilities," Mr. Samuelsson said.

MAN had offered €38.35 ($48.56) cash and 0.151 of its own shares for both the Class A and Class B shares of Scania. On the Stockholm Stock Exchange yesterday, Scania A and B shares both closed at 449.50 kronor ($62), up 5.3% and 5.9%, respectively. Scania's A and B shares are identical apart from voting rights, with the A shares having 10 times the votes of the B shares.

Shares of MAN dropped 4.6% to €61.10 in Frankfurt.

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MAN said that combined with Scania, it would be the world's third-largest truck maker by market share, behind Volvo AB of Sweden and DaimlerChrysler AG of Germany. Mr. Samuelsson said the new company would be "a European champion and a global player positioned to achieve profitable growth in existing and new markets."

MAN said it would reap at least €500 million a year in synergies within three years if it succeeded in the deal, with integration costs of €150 million.

MAN said French car maker Renault SA has agreed to sell the company its 5.6 million Scania A shares, which represent 2.9% of the share capital and 5.2% of the votes.

The company said no sites would be closed if the deal went through and management would be shared between executives from the two companies, with Scania executives joining the combined group's management board. It said the transaction would be accretive to MAN earnings in the first year.

In a statement, Mr. Samuelsson said: "The enlarged group will be able to increase its competitiveness, whilst also securing jobs in Germany and Sweden. The combination of two successful companies will be positioned to grow faster from a position of strength."

Sales of new trucks soared this year, but analysts expect demand to slow next year in top markets such as North America and Western Europe because the industry's cycle is passing its peak, raising the pressure for consolidation.

Write to Christoph Rauwald at christoph.rauwald@dowjones.com1 and Maria Akerhielm at maria.akerhielm@dowjones.com2

ENVIRONMENT:

Tainted Spinach Strikes In 20th State (LAT)

By Deborah Schoch, Rong-gong Lin Ii And Howard Blume

The Los Angeles Times, September 19, 2006

Illinois today became the 20th state to report an illness associated with eating spinach.

In a press release posted on its website, the Illinois Department of Public Health said an elderly woman from north-central Illinois was the first state resident whose illness was associated with the outbreak that has sickened at least 109 people in 19 other states.

The woman, who was not identified, was hospitalized in August with a form of kidney failure associated with E. coli O157:H7, believed to be responsible for the current outbreak. The woman has a history of consumption of fresh spinach, the department said.

According to the federal Food and Drug Administration, half of the E. coli victims were hospitalized; one person died in Wisconsin.

Dates of the illness ranged from Aug. 2 to Sept. 9.

The states that have reported cases are: California (1 case), Connecticut (2), Idaho (4), Indiana (8), Kentucky (4), Maine (2), Michigan (6), Minnesota (1), New Mexico (5), Nevada (1), New York (7), Ohio (10), Oregon (5), Pennsylvania (3), Utah (14), Virginia (1), Washington (2), Wisconsin (32), and Wyoming (1).

Meanwhile, another packager recalled three brands of its fresh spinach products Sunday.

Salinas-based River Ranch Fresh Foods, one of the nation's top five produce processors, was recalling three of its spring mix salad brands Sunday that include spinach: Farmers Market, Hy Vee, and Fresh and Easy, Acheson said in a conference call.

Robert Jenkins, president and chief executive of River Ranch, said Sunday evening he was confident that the source of the contamination will be found.

"We are not aware of any illnesses that have been linked to the consumption of spring mix," he said. "We're obviously very supportive of the work the FDA is doing."

The River Ranch products were distributed to customers in Iowa, Texas and New Mexico.

"I'm confident we're going to figure this one out. There's just too much talent, too many people, not to figure this out and regain the confidence of consumers," Jenkins said.

The company buys in bulk from Natural Selection Foods, one of the nation's largest producers of organic produce.

Since last week, Natural Selection has been the primary focus of the investigation into the source of the outbreak, because many of those sickened apparently ate its packaged spinach. However, E. coli has not been found in the company's bags of spinach, and health officials have said others could be implicated. Natural Selection issued its own recall of 31 brand names.

The recalls come as the FDA has warned consumers not to eat any fresh spinach or products containing it until further notice. Erring on the side of caution, officials did not recommend cooking the fresh greens. Canned and frozen spinach are not included in the warning.

The dangerous E. coli strain is O157:H7. It can cause bloody diarrhea and cramps and can trigger a rare complication leading to kidney failure.

The bacteria can be found in the manure of cattle and some other grazing animals, which can harmlessly carry the strain in their intestines. It can be passed to humans when they ingest the bacteria in contaminated produce.

Over the weekend, federal and state investigators continued to pore over records at Natural Selection headquarters in San Juan Bautista, Calif., hoping to trace the outbreak to its source.

DOJ_NMG_0065549

Across the Salinas Valley, the heart of spinach country, farmers are increasingly anxious. California produces nearly three-quarters of the nation's spinach.

Dale Huss, vice president of production at Ocean Mist, which does not grow for Natural Selection, was among the few spinach growers willing to speak openly about his plight.

At an Ocean Mist field in Castroville on Sunday, Huss pulled up a fistful of spinach leaves and took a bite.

"Nothing wrong with it," he said, chewing slowly. "Gorgeous, really. It's good."

Huss expects that in the next few days, he will dig up this 20-acre expanse, an $80,000 investment.

"We can't wait. We'll essentially have to put a disk in this," Huss said, referring to a machine that will chop the spinach and turn it back into the soil. "We can't hold on."

Huss may wait a few days, hoping against hope that the scare will pass, but time is against him. Within a week, the spinach will get long and dog-eared, and then start to yellow.

"We're running up against Mother Nature," Huss said.

He doubts he could sell his crop for freezing, since that market probably is inundated, he said.

Huss recalled how the phone began ringing before 6 a.m. Friday as clients began canceling spinach orders less than 24 hours after the initial warning. By 9 a.m., he sent about 100 workers home.

"No sense in putting spinach in a box if no one's going to buy."

At the consumer end of the food chain, spinach was hard to find.

"We just pulled all our spinach because customers aren't going to buy it now anyway," said Cathy Dominguez, a seller at the Sunday farmers market in Hollywood. "Everybody's pretty scared and nervous. So it's easier for us just not to bring it."

On Saturday, she lost about $420 in sales at the Pasadena farmers market.

Her customers Sunday included Fred Eric, the chef/owner of Tiara Cafe in Los Angeles. He's been fielding e-mails from customers who want to know two things: "Where are you getting your spinach from? And what are you going to do?"

For one thing, he's replaced the spinach in his $3.50-quiche slices with arugula. And spinach has been thrown out of the Ty Cobb Freshwich, a sub-like concoction in a rice noodle roll.

Half a block away, Allyson McBayne was doing brisk business because of her spin on spinach: It's hydroponic — grown in water behind a home in Reseda, which was enough to reassure customers. Only one shopper, she said, made a point of shunning her spinach.

Despite the warnings, Arturo Reyes of McGrath Farms set out his normal complement of spinach, though he judged business a little slow.

Brett Gathrid and Jennifer Yandell of Hancock Park approached the spinach with confusion. Yandell, a recent arrival from Nashville, paused then reached for the greens before Gathrid stopped her.

"Our confusion is that they haven't said exactly what and where the problem is," Gathrid explained.

"I was going to buy it," complained Yandell. "I wouldn't let her buy it," Gathrid said.

Angela Gygi of Beachwood Canyon had no such qualms: "I'm not terribly concerned because I buy my produce from farmers, and I think they take good care of it."

And chef Sandy Gendel, on a $2,000 shopping spree for Pace, in Laurel Canyon, took a reporter's query as a reminder to buy the otherwise shunned produce. "I almost forgot. Arturo, where's your spinach?"

Although the FDA has not placed restrictions on selling spinach, it was nowhere to be found at a Vons near Los Feliz.

The tag marking it as a sale item was still in place below an empty shelf. Like other markets, Vons was refunding money for all spinach, no questions asked.

Trader Joe's in Silver Lake also was a spinach-free zone. One manager ruefully noted the benefits of all the vitamins in spinach: "That's why I only buy spinach."

Across the street, at Gelson's Market, assistant manager Manny Vong had accepted three packages of returned spinach on his shift.

Some customers have been returning half-finished bags.

Santi Reng, of the produce department, said one of his customers had just finished eating a raw spinach concoction with dinner guests when they saw the alert on television.

The customer is saving the empty bag as evidence, just in case. deborah, schoch@latimes.com

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Schoch reported from Castroville, Lin and Blume from Los Angeles. Staff writer Michael Muskal contributed from Los Angeles.

Search For E. Coli Source Broadens (WP)

By Annys Shin And Michael Rosenwald

The Washington Post, September 19, 2006

DOJ_NMG_0065550

State health officials in Ohio are investigating whether a second death is the result of a deadly outbreak of E. coli linked to fresh spinach, as federal regulators expanded their search for the source of the contamination.

The Food and Drug Administration and California state officials yesterday dispatched additional inspectors to farms in the state to examine irrigation, soil, and machinery, said David W. Acheson, the head of the FDA Center for Food Safety and Applied Nutrition.

The contaminated spinach was initially connected to Natural Selection Foods LLC, a producer in San Juan Bautista, Calif., that sells spinach and salads containing spinach under many brands, including Dole and Earthbound Farm. But the FDA is not limiting its probe to Natural Selection.

So far, 114 people in 21 states have become ill, including 18 who have experienced kidney failure. The first death was reported in Wisconsin, which has had 32 Escherichia coli cases, the highest number reported of any state. Seventy-five percent of the victims are women, Acheson said.

Virginia has one confirmed case, but state health department officials declined to provide further details, citing privacy concerns.

Of the 114 cases, FDA officials have detailed information about what 73 of the victims ate -- 66 ate spinach, including about 40 who ate bagged spinach, Acheson said.

"We don't know everything comes from Natural Selections. All the information we have says the implicated brands were grown in California. That could change," Acheson said. "We are still not ruling out the possibility that other spinach from other states may be implicated."

Natural Selection Foods said yesterday in a statement on its Web site that "based on its work" with California and FDA officials, its organic spinach has not been confirmed as the source of the E. coli outbreak.

But FDA officials refused to clear organic spinach and stressed that consumers should avoid all fresh spinach, organic and conventional, bagged and loose.

"We recognize a need to get our arms around this . . . and begin to focus on which spinach was not involved in this outbreak," Acheson said.

The FDA can recommend a recall of produce but cannot mandate one. While the Agriculture Department inspects meat processing facilities daily, the FDA does not inspect and test produce as frequently before it reaches grocery stores.

"Getting on a farm and testing things ahead of time is not a good use of resources," Acheson said.

Last November, the FDA sent a letter to the lettuce-growing industry urging it to improve produce safety. The letter came a month after Dole recalled several types of bagged salad mix as a result of an E. coli outbreak that sickened 11 people in Minnesota.

In April, lettuce growers drafted a set of best practices for farmers to prevent E. coli contamination. Last month, as part of "The Lettuce Safety Initiative" that was later expanded to include spinach, the FDA and California officials began inspecting farms for compliance with the best practices.

"The FDA is not saying this is the result of a few bad actors but truly an issue of 'we don't understand where this is coming from and we want to work collaboratively together,' " said Tim Chelling, a spokesman for United Fresh Produce Association, a trade group representing growers, shippers, retailers and processors.

Consumer advocates contend that self-regulation is not enough to protect consumers from contaminated produce.

"No agency has authority on the farm until an outbreak occurs," said Caroline Smith DeWaal, food safety director of the Center for Science in the Public Interest. "The FDA is responsible for everything other than meat and poultry . . . the FDA doesn't have the tools in place."

Enforcing a food recall relies on the efforts of grocery stores, restaurants and other food retailers, and it can be a significant expense for them. Ted Keany, a vice president of Keany Produce Co. of Landover, said he may be stuck with spinach and salad losses of up to $90,000 a week.

"We are legally bound to pay for it, even though we can't sell it," Keany said. "No one wants it."

In a survey of grocery stores in the Rockville-Bethesda area, a Washington Post reporter found two brands of Giant packaged salads containing baby spinach at the grocer's store on Old Georgetown Road. A manager of the store was alerted and, along with a produce staffer, immediately removed about a dozen bagged salads.

Giant spokesman Jamie Miller said "it should have been located" by the store's staff, but said scanners at the cash register would have rejected the purchase.

Safeway pulled O brand organic bagged spinach from its shelves and was holding it, spokesman Greg TenEyck said. Food Lion is destroying its stock of spinach, said food safety director James Ball. So is Whole Foods Market, said mid-Atlantic spokeswoman Sarah Kenney.

At organic Restaurant Nora, owner Nora Pouillon originally did not pull menu items with spinach. She orders most of her spinach from a co-op of 30 organic farmers in Pennsylvania and said there was no chance it came from California.

After numerous questions from customers, however, she decided to take spinach items off of the menu.

Staff writers Kim Hart, Chris Kirkham and Ylan Q. Mui contributed to this report.

Killer Bacteria Hunted In Fields Of California (USAT)

By Dan Vergano And Judy Keen

USA Today, September 19, 2006

Elizabeth Rhodes, a 22-year-old senior at Morehead State University in Kentucky, loves spinach. “I put it in everything,” she says.

When she became violently ill in the early morning of Aug. 31, she didn't suspect the spinach she'd had a couple of nights earlier. “I noticed that the spinach tasted different, but I thought it was just the dressing,” she says.

A friend insisted on taking her to the emergency room. “But it was more scary once the nurses were like, ‘This is the worst we've seen; she's really bad off,' ” Rhodes says. “And this was after they had given me morphine and I was still in such pain.”

Rhodes was one of 114 people in 21 states who have been sickened since Aug. 23 in a deadly outbreak of E. coli that claimed the life of a Wisconsin woman. Federal officials are inspecting farms in California's Salinas Valley, nicknamed “America's Salad Bowl,” in an urgent search to find the source of a deadly bacteria.

The cases include 18 cases of hemolytic uremic syndrome, which causes kidney failure, and 60 hospitalizations, the FDA announced Monday night.

There's no evidence that bags of spinach believed to have carried the deadly E. coli 0157:H7 bacteria were tampered with, says Susan Bro of the Food and Drug Administration. The FDA is advising people not to eat fresh spinach “until further notice.”

The single confirmed fatality was Marion Graff, 77, of Manitowoc, Wis., who died of kidney failure Sept. 7 at a hospital in Green Bay. The FDA's David Acheson said cases may continue to appear for three weeks, because E. coli can take a week to infect patients and two weeks more to confirm.

The Wisconsin Department of Health and Family Services says the state has 33 confirmed cases now, more than any other state. Twenty-six of the Wisconsin victims are women. Federal officials have said 75% of the victims nationwide are women, who surveys show eat more bagged produce than men.

Officials in Ohio are investigating whether the death of a 23-month-old girl is tied to the outbreak, says Jen Fannin, spokeswoman for the Cambridge-Guernsey County Health Department. Four children from the same family tested positive for E. coli, but the exact cause of the youngest child's death Aug. 22 and a link to spinach have not been established, Fannin says.

Investigators explored Salinas Valley spinach farms Monday, sampling irrigation water and soils, as well as examining harvesting and processing equipment. It will take at least a week for the findings to come back, Acheson says.

But investigations of earlier E. coli outbreaks involving Salinas-grown produce have proven inconclusive.

Suspicion has centered on packaged spinach sold by Natural Selection Foods of San Juan Bautista, Calif. The company has recalled all of its spinach packaged in bags, either alone or blended with other salad greens, with “best if used by” dates from Aug. 17 to Oct. 1.

A second company, River Ranch Fresh Foods of Salinas, Calif., which investigators found had bought mixed greens from Natural Selection, issued a recall of three packaged salad mixes, Acheson says. The “spring mix” brands containing spinach are: Farmers Market, Hy-Vee and Fresh and Easy.

Barry Eisenberg of River Ranch says none of those brands has been linked to the outbreak, “but we would rather play things safe.”

In California, which has one confirmed case of E. coli, state health department investigators are “looking at all possible points from the field to the plate” where contamination could have occurred, says Patti Roberts, spokeswoman for the California Department of Health Services.

Today, investigators fan out into fields. Their tasks include evaluating day-to-day practices, looking for obvious sources of potential contamination sources, reviewing the farm's history of flooding and noting whether livestock are kept close to the spinach field.

“It's a complex investigation,” Roberts says. “There's no smoking gun because there isn't a bag of spinach we're able to test. This product's shelf life is too short. It's like investigating a car crash two weeks later when both cars are gone.”

Because E. coli illnesses are not uncommon, public health officials don't sound alarms until there are more cases than they expect to see. Those bells began to sound on Sept. 8 when Wisconsin officials alerted the Centers for Disease Control and Prevention (CDC) that it had a cluster.

A few days earlier, Wisconsin officials had learned of a cluster of five E. coli cases, but they were not overly concerned because four of the infected had attended the Manitowoc County Fair and had all visited livestock barns. (Ultimately, only one case from that cluster turned out to be spinach-based.)

But when reports started coming in from other counties, says Jason Helgerson, spokesman for the Wisconsin Department of Health and Family Services, “staff mobilized to take a very close look at a potentially very significant event.”

At the CDC headquarters in Atlanta, officials turned to the PulseNet database. Created after an 1993 E. coli outbreak in undercooked hamburger meat sickened hundreds and killed four people in Western states, the database allows federal and state public health officials to quickly compare the genetic fingerprint of E. coli. If the bug's DNA is the same in different patients, they know they have a link.

When the bug is the same, officials look for similarities in food consumption to pinpoint the culinary culprit. As Wisconsin officials searched the memories of their victims about what they had eaten in the past week, they were developing a hunch about spinach.

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By Sept. 13, an Oregon health official who did not yet know about the Wisconsin cases called the CDC to report five illnesses caused by E. coli with the same DNA fingerprint. The next day, state epidemiologists shared information on a conference call with the CDC and FDA, and spinach became more than just a hunch. Before 7 a.m. the following day, Sept. 14, the FDA issued its warning to consumers.

The earliest case appears to have cropped up Aug. 2 and the most recent one on Sept. 9, Acheson said Monday.

Coincidentally, experts from the FDA and California agriculture and health officials met in Salinas on Aug. 24 with the Western Growers Association and the California Lettuce Research Board to discuss ways to reverse a rising trend in potentially deadly E. coli outbreaks.

Jerry Gillespie, director of Western Institute for Food Safety and Security at the University of California, Davis, says the institute is offering $300,000 for research into preventing outbreaks in vegetables.

Contamination of Salinas-grown spinach and lettuce was blamed for three E. coli outbreaks between July 2002 and October 2003, but investigators never found the bacteria's source. Those outbreaks killed an elderly woman and sickened 114 others.

The Salinas Californian obtained health department reports through the state's public records act and reported that investigators inspected harvesting methods and processing and packaging plants but couldn't determine whether the produce was contaminated before or after it was shipped.

Even so, the state recommended that growers clean and sanitize harvesting tools, make sure water used in fields is suitable and test compost that contains manure. Growers told the Californian that they were following those steps.

An investigation of an E. coli outbreak in October 2005 after 11 people became ill in Minnesota was traced to bagged salad products from the Salinas Valley, but it was also inconclusive.

Although the FDA linked those illnesses to the salad, tests of a partial bag recovered from a store customer came up negative. Typically lettuce and spinach go through three washes during processing, including two that have chlorine designed to kill bacteria.

Food-borne illnesses kill about 5,000 people nationwide every year and sicken an estimated 76 million, the CDC says. During her hospitalization, Rhodes says, she was so sick that “at points I was ready to just be gone.” She's back in classes now but still experiences cramping. Doctors have told her it will be a month before she's back to full strength.

Experts say the very young, the elderly and people with weakened immune systems are most at risk. “The numbers for food-borne illnesses in this country are way too high,” says food safety expert Douglas Powell of Kansas State University in Manhattan, Kan.

Most often, a series of errors lead to contamination, Powell says. First, a field is contaminated through manure used as fertilizer or through dirty irrigation water. Then a processor uses weakly chlorinated or non-chlorinated wash water to clean the produce. And last, the processor doesn't control temperatures in the packing facility, creating a hothouse for bacteria.

Michael Doyle, director of food safety at the University of Georgia and an authority on E. coli 0157:H7, says outbreaks are increasing in number in part because of the way big farms handle produce —for example, some are bagging and cutting the spinach right in the field — which increases the chance for contamination.

State officials have mobilized. But some cases may pass under the states' radar. In Pennsylvania, where there are four confirmed cases, the Department of Health's Richard McGarvey notes that if infected people “don't get a test done or don't go to a doctor or hospital, we don't find out about them. Those people wouldn't even know themselves.”

Lawsuits are already being filed.

Drew Falkenstein of Marler Clark LLP in Seattle is representing 15 to 20 victims of the outbreak. The suits, against Dole and Natural Selection Foods, include filings by Anna and Paul Zientek of Milwaukee, whose two children were hospitalized after eating spinach; and Gwyn Wellborn, a Salem, Ore., woman who became sick after eating Dole brand baby spinach. She was hospitalized and received multiple transfusions, the suit says.

Net Loss Inside The Failure Of $8 Billion Effort To Save Prized Fish (WSJ)

By John J. Fialka

The Wall Street Journal, September 19, 2006

For more than a quarter of a century, a federal agency in the Pacific Northwest has been running the world's most expensive wildlife restoration program, designed to save 13 species of endangered salmon and steelhead.

The Bonneville Power Administration, responding to concern about dwindling fish populations, has spent more than $8 billion helping salmon travel from the mountain streams of their birth to the Pacific Ocean and back again, where they lay eggs for the next generation. Impeding their journey are several hydroelectric dams.

The agency has little to show for its efforts. In any given year, only 1% to 3.5% of the fish complete the 1,800-mile round-trip fish trek, which begins 20 miles northeast of Lewiston, Idaho, and continues down the Snake and Columbia rivers. Fish scientists say the success rate should be at least double that.

With the help of elaborate handling and tracking equipment, Bonneville is beginning to figure out what has gone wrong. Previously overlooked dangers abound. Some of the perils, including federally protected birds and sea lions -- as well as Canadian fishermen -- are beyond the agency's control.

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Others, it turns out, include Bonneville's own efforts. In one well-intended move, the agency transports some salmon around the dams on special barges. After being deposited clear of the whirring turbines, the disoriented fish are easy pickings for predators.

The outlook remains gloomy next year, says Michael Ford, who directs the conservation biology division at the National Oceanic and Atmospheric Administration's fishery science center in Seattle. Because of shifting currents, he says, the ocean is expected to be warmer, which is worse for the fish; warm waters carry less food. "We can't be confident that these populations are viable in the long term," he says.

The population of salmon and other fish has been declining here for more than a hundred years, caused initially by overfishing in the early 20th century. Critics say the dams accelerated the trend. The annual catch of salmon and steelhead in the Columbia River has dropped to less than five million today from a high of 50 million pounds in 1911. Meanwhile, this year's count of salmon running through the dams is below the 10-year average.

Congress established the Bonneville Power Administration in 1937 as a self-financing agency to provide power to the region. It supplies about 40% of the electricity in the Pacific Northwest through 31 hydroelectric dams, including eight on the Columbia and Snake rivers built from the 1930s through 1970.

In 1980, federal lawmakers, worried about the decline of the salmon, ordered Bonneville to "protect, mitigate, and enhance fish and wildlife" affected by the dams. Bonneville spends so much to that end that it is affectionately called "Aunt Bonnie" by the small army of scientists and others working to save the salmon. The effort includes four states, four federal agencies, the Bush Administration, Canada, several federal judges and an assortment of Indian tribes.

Most of the salmon spawned in Idaho, Montana, eastern Washington and Oregon navigate Bonneville's dams twice during their lives. Their first journey takes them downstream to the Pacific, where they spend one to three years growing into adults. Then they return, leaping up steps built next to the dams known as fish ladders, a stream of water flowing over stairs that somewhat mimic the unencumbered rapids their ancestors knew. Once home, they lay and fertilize their eggs.

To further help the fish, Bonneville this year will spend almost $700 million. That includes the cost of spilling water over dams to create a cooler, more rapid-flowing stream, which is supposed to help salmon reach the sea. The water otherwise would be used to produce $356 million of electricity. Other fish-friendly improvements include special chutes for young fish and electronic transponders to track their journey.

"There are light years of difference between the way the fish were handled in the 1970s and the way they are now," says John W. Ferguson, a top fish biologist for the National Oceanic and Atmospheric Administration.

The price tag -- which adds 30% to the electric bills of some Northwest consumers -- upsets lawmakers on both sides of the aisle. They are pushing legislation to require the power authority to list the cost separately on electric bills. In a recent survey, consumers said they thought the fish-saving effort added 5%, at most, to their tabs.

"Lately this has been used as a kind of unlimited fund," fumes Republican Sen. Larry Craig of Idaho. "If I had to go before Congress every year to get $700 million to provide for habitat and other improvements for salmon, I wouldn't get anywhere near that amount of money."

Stephen J. Wright, Bonneville's administrator, says the new accounting proposal "makes sense," but adds that he would prefer to show the cost as a percentage of Bonneville's $3 billion annual budget.

Bonneville defenders say Congress has complicated efforts to save the salmon. Under the Endangered Species Act, for example, Indian and commercial fishermen are allowed to catch and sell wild salmon scooped up accidentally during the harvesting of hatchery fish. Legal battles between various interest groups dating back decades haven't made matters easier.

First Major Obstacle

For many salmon, the first major obstacle on their swim to the Pacific starts at Lower Granite, a 3,200-foot dam jutting across the Snake River about 70 miles south of Spokane. Until the mid-1980s, the baby salmon, four to six inches long, had to survive a churning, pressurized plunge through whirling turbines. An early attempt to provide an alternative sent the fish zooming through fast-moving spillways where they bounced off the cement walls. As many as 10% of the fish were killed at each dam.

Today, fish that arrive at the top of this dam are sucked into a "juvenile bypass system," a series of pipes and chutes where the water moves more slowly to minimize bruising. Many are steered into a special fish-handling room, knocked out by a bath of mild anesthetic and injected with tiny transponders about the size of a grain of rice. Bonneville buys two million a year at $2 a piece, enabling scientists to track the salmon's journey.

After the transponders are inserted, some fish are gently returned to the river to navigate the other seven dams, which are equipped with similar bypasses. The majority are pumped into the tanks of one of eight specially designed barges that deposit them in the Columbia River estuary beyond the last dam. In the tranquil, 36-hour cruise, 98% of the salmon survive, according to Bonneville.

The barges were supposed to be a temporary fix to give the salmon population a chance to recuperate. New data from the transponders show that a quarter of the salmon are dying in the estuary. "That has been an eye-opener," Dr. Ferguson says.

Scientists are hotly debating the cause. Some blame an unusual concentration of predatory birds at the mouth of the river, including Caspian terns, which are protected as an endangered species, and double-crested cormorants, which come under another federal law

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protecting migratory birds. These birds hit the young salmon like feathery dive-bombers and may cause as many as 4% of the estuary deaths, NOAA says. Thousands of transponders are being recovered from piles of bird dung.

Ed Bowles, chief of fisheries for the state of Oregon, says Bonneville -- not the birds -- is to blame. He says many of the fish left to navigate the dams alone are too stressed and weakened to survive the rigors of the estuary. The barges, he says, just make things worse. "Collection and handling causes a lot of stress," he says. The barged fish become disoriented and aren't skilled at avoiding predators. Studies suggest they are dying at twice the rate of other fish, Mr. Bowles says.

To settle the controversy, NOAA persuaded Bonneville to buy "acoustic tags." The devices, which are inserted into the salmon as they leave the last dam, are larger than the transponders, which can be detected only when the fish swim through narrow tunnels in the dams. The bigger devices give off a distinctive ping that can be picked up by underwater microphones, enabling scientists, for the first time, to track the fish in the estuary via computers. So far, Bonneville has implanted 14,000 tags at a cost of $270 each.

When, at a year old, the salmon leave the estuary -- heading into the Pacific Ocean and then north into Canadian waters -- they face other threats. Canada changes the times and locations where fishing is allowed to protect endangered Canadian salmon species during their peak migration periods. That move pushes Canadian fishermen to catch more American salmon, say critics in Congress. According to some U.S. fishing groups, 40% of the Canadian commercial salmon catch consists of U.S. endangered species.

Terry Beacham, a research scientist for Fisheries and Oceans Canada, a government agency, admits it is "a possibility" that Canadian fishermen are catching more U.S. salmon, although that is "not the intent of the [fishery] managers." The government's goal, he says, is "to reduce the exploitation of fishing stocks that are of concern in Canada."

Salmon remain as long as three years in the ocean, where they mature and take on weight. Some are caught by Japanese and Russian fishing trawlers. Ocean conditions are the single biggest factor that determines whether the fish return to spawn or die at sea, according to NOAA. Food-filled cold currents are good for the fish, warm currents bad.

Salmon that make it through Canadian waters and start their trip homeward have to run a gauntlet of new perils. On the return journey, the dams are a less of a concern, since all are equipped with fish ladders. Instead a population of voracious male sea lions waits to ambush the salmon below the first dam. The sea lions tear off and eat the egg sacs of returning females. The fattening fish oil in the eggs makes them more attractive to female sea lions during summer mating season.

Commercial fishermen used to shoot the sea lions but that is now banned by the 1972 Marine Mammal Protection Act. As their population increases, some sea lions have learned to climb the fish ladder of the first dam. Crews hired by Bonneville have tried rubber bullets, rubber-tipped arrows, fireworks and special cages. The sea lions, which destroyed 3.4% of the returning spring Chinook last year, have ignored the fireworks and are learning to get through the special cages.

Above the Bonneville Dam -- 140 miles into the salmon's return journey -- the human threat looms large. There, Indian tribes and other fishermen are permitted to fish for salmon under not only the Endangered Species Act but also under various treaties and state laws. Indians have had the right to fish for salmon for more than a century in return for turning over their land to the federal government.

Legal Loophole

The result of this legal loophole: The tastiest of the salmon species, the spring Chinook, is served up at Seattle restaurants that pay as much as $26 a pound. Having an endangered-species law that allows people to catch and eat salmon, an endangered species, "seems curiously out of synch," James L. Connaughton, chairman of the White House Council on Environmental Quality, said in a speech this year.

Indian salmon hatcheries and fish-preservation programs are financed, in part, by salmon sales. "We must have salmon to save salmon," Billy Frank, the spokesman for 20 fishing tribes, explained to a congressional panel last year.

State laws, meanwhile, allow fishermen to take as much as 50% of the returning fish in any given season. That right is defended fiercely by powerful groups, including the Northwest Sportfishing Industry Association, which says it represents business interests such as boat and tackle makers with total annual sales of $3.5 billion. The group would like to see four of the eight Bonneville dams torn down to restore the wild river. It helped persuade a federal judge to order Bonneville to spill more water over the dams to increase water flow.

Northwest River Partners, a group that represents local utilities, farm groups and others that use the river for transportation, would rather not spend any more money to help the salmon. They also maintain that water spills don't help.

Over the years, head-butting between sportsmen and local businesses has stymied government policy by making a comprehensive solution harder to achieve. There are currently 22 separate cases asking judges to intervene in various parts of the salmon problem. One dates to 1969.

At Lower Granite, the salmon face one last man-made diversion before getting to their spawning grounds. A computerized piping system shunts some into a room where they are anesthetized in a bath of sweet-smelling clove oil. There, biologists examine them for marks that tell more about their adventures.

Some have "golden arches," crescent-shaped scars on their bellies left by seal teeth. Others have red lines around their gills, showing where they wriggled out of nets that would otherwise have suffocated them.

"If they weren't as flexible as they are, these species would have been gone a long time ago," says Dr. Ferguson, the NOAA biologist.

Write to John J. Fialka at john.fialka@wsj.com1

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Talks Continue, But No Breakthrough On Drilling Bill (HILL)

By Jim Snyder

The Hill, September 19, 2006

Business groups last week voiced support for a Senate bill that would open fewer areas offshore to oil and gas drilling than its House companion, in hopes of breaking a legislative impasse before lawmakers return to the campaign trail.

Groups such as the American Chemistry Council, American Gas Association and National Association of Manufacturers, which collectively have formed the Consumer Alliance for Energy Security, favor the House bill because it allows drilling along the East and West Coasts.

The business groups say the federal moratorium on drilling over most of the Outer Continental Shelf has helped to drive up fuel prices by restricting domestic production.

But in a letter sent last week the groups said the Senate measure, which continues to limit offshore drilling to the Gulf, is good enough for now.

"We have come too far to go away empty handed," the letter states.

"We think it is important to get something done this session," said Jack Gerard, president and CEO of the American Chemistry Council. That group has argued high natural gas prices have forced its members to outsource thousands of jobs to areas with lower natural gas costs.

"The House has done yeoman's work, but both bills produce gas," Gerard said.

The basic difference is that the House would allow oil companies to drill 100 miles off the coast. States could also allow drilling closer to the shore. States would get a share of royalties paid on both new and existing oil leases, under the House bill.

During his trip to Capitol Hill last week, President Bush urged members to pass an OCS bill, congressional sources said.

The Senate measure, meanwhile, expands drilling in the Gulf, principally in an area known as Lease 181.

It would also allow Gulf states to share royalty revenue, but only on new leases. It also creates a 125-mile buffer along Florida's coasts where drilling would not be allowed and extends the moratorium there until 2022.

Senate leaders have said that their bill is the only pro-production measure that could pass that body. But while business leaders are ready to accept the less ambitious Senate measure, House negotiators apparently continue to hold out for expansion beyond Gulf waters.

"We are not going to support a weak bill to score some political points," said Chris Tucker, a spokesman for Rep. John Peterson, the Pennsylvania Republican who has taken a lead in pushing for drilling expansion.

Conferees have yet to be named but congressional sources said discussions have continued behind the scenes.

Gulf Coast senators met last week to discuss strategy. Later, Sen. Trent Lott, a Mississippi Republican, met with House Resources Chairman Richard Pombo (R-Calif.) to discuss the measure.

One House aide said a compromise that has been discussed would limit the states that can opt-out of the federal moratorium to Georgia and Virginia, which are thought to possess significant gas reserves offshore.

A Senate aide, however, said lawmakers from border states that could be affected by an oil spill have objected to that compromise.

The Senate bill is already a "carefully crafted compromise," said the source.

Another House strategy, according to the Senate source, is to accept the Senate version and then try to open drilling along the East and West Coasts on another "must pass" measure,

But a House aide said that proposal has also been rejected.

Gore Calls For Action On Global Warming (AP)

By Beth Fouhy

AP, September 19, 2006

Former Vice President Al Gore on Monday called for immediate action to stop global warming, calling the phenomenon a "climate crisis" that demands attention from American leaders.

Gore, a Democrat who narrowly lost the 2000 presidential race to George W. Bush, decried the lack of action on global warming by politicians across the ideological spectrum.

"When we make big mistakes in America, it is usually because the people have not been given an honest accounting of the choices before us," Gore said in an hour-long speech at New York University Law School. "It also is often because too many members of both parties who knew better did not have the courage to do better."

But he implicitly criticized the Bush administration, which has been accused of editing official scientific studies to downplay the impact of global warming and asking scientists at federal agencies to refrain from speaking out on the phenomenon.

Future generations, Gore said, "deserve better than the spectacle of censorship of the best scientific evidence about the truth of our situation and harassment of honest scientists who are trying to warn us about the looming catastrophe."

"Each passing day brings yet more evidence that we are now facing a planetary emergency, a climate crisis that demands immediate attention," Gore said.

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While the administration has acknowledged the effects of global warming on the environment, President Bush has rejected mandatory controls on carbon dioxide, the chief gas blamed for the phenomenon. He also has kept the country out of the Kyoto treaty, which called for mandatory reductions of greenhouse gases among the signing nations. He has said the pact would harm the U.S. economy.

Gore has brought considerable attention to the global warming phenomenon since last spring, when his documentary film, "An Inconvenient Truth," was released to wide critical praise. The movie has become one of the highest-grossing documentaries, while a companion book on the topic has become a best-seller.

The resulting wave of publicity has raised questions about whether Gore intends to run for president again in 2008. While he has said he doesn't intend to be a candidate, he hasn't ruled out a run.

In his speech, Gore framed the pursuit of renewable energy as an economic and national security issue for the United States, besides being an environmental imperative. But he also said the challenge of global climate change offered opportunities for innovation and investment.

"We can change this by inventing and manufacturing new solutions to stop global warming right here in America," he said, adding that venture capitalists are eager to put money behind effective technologies to cut greenhouse gases.

Gore Calls For Immediate Freeze On Heat-Trapping Gas Emissions (NYT)

By Andrew C. Revkin

The New York Times, September 19, 2006

Former Vice President Al Gore called yesterday for a popular movement in the United States to seek an “immediate freeze” in heat-trapping smokestack and tailpipe gases linked by most scientists to global warming.

Speaking at the New York University law school, Mr. Gore said that rising temperatures posed an enormous threat and that only a movement akin to the nuclear freeze campaign for arms control a generation ago, which he said he opposed at the time, would push elected officials out of longstanding deadlock on the issue.

“Merely engaging in high-minded debates about theoretical future reductions while continuing to steadily increase emissions represents a self-delusional and reckless approach,” Mr. Gore said. “In some ways, that approach is worse than doing nothing at all, because it lulls the gullible into thinking that something is actually being done, when in fact it is not.”

President Bush has opposed requiring cuts in heat-trapping gases like carbon dioxide, saying a better payoff will come from a long-term effort to find or improve technologies that provide energy without emissions. The White House last night defended that approach.

“This administration is not just talking about climate change,” said Kristen A. Hellmer, a White House spokeswoman. “There are more than 60 programs in place aimed at reducing greenhouse gas emissions that do not hurt the economy or move jobs overseas.”

Senator James M. Inhofe, Republican of Oklahoma and chairman of the Environment and Public Works Committee, said the Gore proposals would create “economic calamity.”

Several representatives of industry groups said yesterday that the White House had been consulting with industry officials to consider a new energy initiative.

In his speech, Mr. Gore also renewed a longstanding proposal to replace all payroll taxes with taxes on pollution, including carbon dioxide. And he said the United States should rejoin the Kyoto Protocol, the climate treaty, rejected by President Bush that requires industrialized countries to cut emissions.

Mr. Gore has ridden a wave of attention since spring over “An Inconvenient Truth,” the popular film and best-selling book built around an illustrated talk on what he calls a “planetary emergency.”

His speech in Manhattan came ahead of a burst of planned discourse on global warming this week, including five Congressional hearings and three days of workshops at the Clinton Global Initiative, which are intended to solve the biggest problems hampering international development.

Philip E. Clapp, the president of the National Environmental Trust, a Washington group pressing for limits on heat-trapping gases, said he welcomed Mr. Gore’s speech.

“There is no excuse anymore to continue to increase our emissions,” Mr. Clapp said.

Gore Unveils Global-Warming Plan (WP)

By Michael Powell

The Washington Post, September 19, 2006

NEW YORK, Sept. 18 -- Former vice president Al Gore laid out his prescription for an ailing and overheated planet Monday, urging a series of steps from freezing carbon dioxide emissions to revamping the auto industry, factories and farms.

Gore proposed a Carbon Neutral Mortgage Association ("Connie Mae," to echo the familiar Fannie Mae) devoted to helping homeowners retrofit and build energy-efficient homes. He urged creation of an "electranet," which would let homeowners and business owners buy and sell surplus electricity.

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"This is not a political issue. This is a moral issue -- it affects the survival of human civilization," Gore said in an hour-long speech at the New York University School of Law. "Put simply, it is wrong to destroy the habitability of our planet and ruin the prospects of every generation that follows ours."

Gore was one of the first U.S. politicians to raise an alarm about the dangers of global warming. He produced a critically well-received documentary movie, "An Inconvenient Truth," that chronicles his warnings that Earth is hurtling toward a vastly warmer future. Gore's speech was in part an effort to move beyond jeremiads and put the emphasis on remedies.

He took a veiled shot at the Bush administration: "The debate over solutions has been slow to begin in earnest . . . because some of our leaders still find it more convenient to deny the reality of the crisis." But he saluted a Republican, California Gov. Arnold Schwarzenegger, for helping to push through sharp reductions in carbon emissions.

Gore noted that few politicians of any party are willing to step into the "no politician zone" of tough steps needed to address global warming.

Gore cautioned against looking for a "silver bullet" policy reform that would address global warming, a view many scientists share.

"There are things that you can do today and in the midterm, and things to tend to in the long term," said Gavin A. Schmidt, a climate scientist at the NASA Goddard Institute for Space Studies. "You have to think on all the scales at once, and even that will only help you avoid the worst scenarios."

A spokeswoman for the President's Council on Environmental Quality said Monday that the Bush administration has committed $29 billion to climate research and programs and has reduced greenhouse gas intensity. That is not, however, the same matter as reducing total carbon emissions, which continue to rise.

Gore touched on nuclear power as a palliative for global warming but made it clear that this is at best a partial solution. Nuclear power inevitably raises questions of nuclear arms proliferation, he said.

And he warned against thinking that the recent drop in oil prices offers much help: "Our current ridiculous dependence on oil endangers not only our national security, but also our economic security."

FBI/DEA/ATF/USMS:

Arellano Felix Brother Pleads Not Guilty To Cocaine Charges (AP)

By Allison Hoffman

AP, September 19, 2006

SAN DIEGO - An accused leader of the Arellano Felix drug cartel pleaded not guilty to cocaine charges Monday, a month after the U.S. Coast Guard arrested his younger brother in international waters off the Mexican coast.

Francisco Rafael Arellano Felix, one of seven brothers allegedly behind the Tijuana-based gang, is accused of selling about a half-pound of cocaine to an undercover police officer in a San Diego motel in 1980.

Arellano Felix, a trim, balding man, said nothing during a brief hearing in San Diego federal court. A federal defender entered not guilty pleas on his behalf to one count of distributing cocaine and one count of conspiracy to distribute cocaine.

Each of the two counts carries a maximum sentence of 15 years in prison, said Assistant U.S. Attorney Laura Duffy.

The government would consider dropping charges against Arellano Felix if he cooperates with authorities in other cases linked to the cartel, Duffy told reporters.

Arellano Felix, 56, arrived in San Diego on Saturday night aboard a commercial flight, escorted by two federal marshals, making him the first key Mexican cartel figure extradited to the United States.

The U.S. ambassador to Mexico, Tony Garza, and other U.S. officials hailed the development.

Arellano Felix fled San Diego before facing trial on the cocaine charges. He was arrested in December 1993 in Tijuana and served a 10-year prison sentence in Mexico for violating that country's tough weapons laws.

U.S. authorities requested his extradition in 2003, and a Mexican judge approved it in 2004. He was remanded to U.S. custody in Brownsville, Texas, on Saturday.

The extradition comes one month after Francisco Javier Arellano Felix, 36, was captured by the Coast Guard aboard a sport-fishing yacht in international waters off La Paz, Mexico, and taken to San Diego to face drug charges.

The younger Arellano Felix has pleaded not guilty to drug trafficking, money laundering and conspiracy charges.

Four other men captured with him, including a suspected senior figure in the cartel, are being held in a federal jail in San Diego as material witnesses. A fifth man taken into custody aboard the boat was charged Friday with making false statement to federal authorities.

U.S. authorities have requested the extradition of Benjamin Arellano Felix, reputedly the planning chief of the gang, who was arrested in 2002 in Puebla, east of Mexico City. He is being held in a Mexican jail.

Another brother, Ramon Arellano Felix, was shot to death that same year in the Pacific tourist port of Mazatlan. Authorities say he had been the group's feared enforcer, in charge of killing to settle scores.

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Eldest Arellano Felix Brother Arraigned In S.D. (SDUT)

The San Diego Union-Tribune, September 18, 2006

SAN DIEGO – The oldest brother of the man authorities say is the leader of one of the largest drug cartels in Mexico pleaded not guilty in San Diego federal court Monday to drug charges two days after being turned over to U.S. officials.

Francisco Rafael Arellano Felix is charged with conspiracy to distribute cocaine and cocaine distribution under a 1980 grand jury indictment issued here. He faces up to 30 years in prison. U.S. Magistrate Judge Anthony Battaglia scheduled a bail hearing for Thursday. Arellano is currently being held in a location that prosecutors would not reveal.

Assistant U.S. Attorney Laura Duffy told the judge that Arellano poses a flight risk and that bail should be denied.

Arellano was represented by a federal public defender, who did not comment during the brief court hearing.

Duffy said after the hearing that under the terms of an extradition agreement between Mexico and the United States, Arellano cannot face any additional charges.

Arellano, 56, was extradited by the Mexican government to the United States and arrived in San Diego on Sept. 16 after being handed over to authorities in Brownsville, Texas.

He was arrested in 1980 on suspicion of trying to sell nine ounces of cocaine to an undercover officer at a motel on Midway Drive in San Diego but he fled the country after posting bail.

He was charged with conspiracy to distribute cocaine and distribution of cocaine as well as jumping bail.

Arellano fled to Mexico, where he ran a nightclub in the resort town of Mazatlan until he was arrested in 1993 in a police raid in Tijuana. He was sentenced to 10 years in prison on weapons and bribery charges. The U.S. has been trying to extradite him for two years and asked that he be sent here after he finished his term at a maximum-security prison outside Mexico City.

Although the order was approved by a Mexican federal judge in 2004, it took two years for Mexico's Foreign Ministry to sign off on it.

U.S. authorities were informed just last week that Arellano was being sent back to the U.S. While Drug Enforcement Administration officials acknowledge that Arellano did not play a key role in running the Arellano Felix drug cartel they said he is still a “player” and that his extradition is a major victory in the ongoing negotiations between the U.S. and Mexico on the extradition of drug traffickers.

Rafael Arellano is the oldest of four brothers suspected in having roles within the cartel.

Benjamin Arellano Felix, the suspected leader of the organization, has been in prison in Mexico since 2002, fighting drug charges.

Francisco Javier Arellano Felix was arrested in August while on a fishing boat off the Mexican coast and is being held in federal prison in San Diego. He has already pleaded not guilty to racketeering, drug trafficking and money laundering charges.

Ramon Arellano Felix was killed in a shootout with Mexican police in 2002.

The fourth brother, Eduardo Arellano Felix, is considered to be one of the top leaders of the organization. His whereabouts are unknown. The DEA has offered a $5 million reward for information leading to his arrest.

The DEA says the Arellano Felix cartel has been smuggling tons of cocaine and other drugs into the U.S. for decades and is responsible for bribing public officials as well as murdering people on both sides of the border.

Possible U.S.-Mexico Drug Tunnel DiscoveredTunnel Connects Calexico To Mexicali (AP)

AP, September 18, 2006

EL CENTRO, Calif. -- A man accused of receiving more than a half-ton of marijuana smuggled into the United States from Mexico in a secret cross-border tunnel pleaded not guilty Monday to drug charges.

A criminal complaint in El Centro federal court charges that Jesus Bernardo Aguila Agundez loaded drugs into his truck at a house in Calexico, about 120 miles east of San Diego.

The tunnel allegedly runs 400 feet from a the Calexico house to another house across the border in Mexicali, Mexico. It is about 20 feet underground and is equipped with lighting and supported by wooden beams, according to the Drug Enforcement Administration.

Aguila was charged with one count of possessing marijuana with intent to distribute. He was arrested Friday after DEA agents followed his truck from the Calexico house to a nearby swap meet. According to the complaint, agents found 100 packages of marijuana weighing 1,143 pounds concealed under a tarp in the bed of Aguila's blue pickup truck.

The name of Aguila's attorney was not immediately known.

Authorities have discovered about 40 secret tunnels on the U.S.-Mexico border since Sept. 11, 2001, the vast majority in and around San Diego and Nogales, Ariz.

Cross-border Tunnel Found By Federal Authorities (AP)

AP, September 18, 2006

A 400-foot tunnel has been discovered along the U.S.-Mexico border that was likely used to funnel drugs between the two countries, authorities said Monday.

The secret passage connected a home in Calexico, Calif. to another house 400 feet away in Mexicali, Mexico, federal officials said. The tunnel was about 20 feet underground and was equipped with lighting and supported by wooden beams.

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"Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S.," said John Fernandes, a special agent in charge with the Drug Enforcement Administration.

It wasn't immediately known whether anyone was arrested or who was responsible for the tunnel.

"This is clearly not the effort of one person," Fernandes said.

Authorities have discovered at least 39 secret tunnels on the U.S.-Mexico border since Sept. 11, 2001, the vast majority in and around San Diego and Nogales, Ariz., according to U.S. Sen. Dianne Feinstein's office.

Cross-border Drug Tunnel Found (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 19, 2006

U.S. Drug Enforcement Administration agents in San Diego yesterday announced the discovery of a cross-border drug-smuggling tunnel beneath a private residence in Calexico, Calif., that extended nearly 400 feet to a house in Mexicali, Mexico.

The tunnel, which ran 20 feet underground and was accessible by a ladder, was equipped with lighting and supported by wooden beams every few feet, said John S. Fernandes, DEA special agent in charge.

"Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S.," Mr. Fernandes said.

The tunnel was the focus of an investigation by DEA agents, U.S. Immigration and Customs Enforcement (ICE) agents, the U.S. Border Patrol and the Calexico Police Department.

A Border Patrol special-response team entered the Calexico residence and also secured the tunnel.

While the agency said it would continue to work as a team with DEA and ICE to "bring down anyone involved in using tunnels to smuggle terrorists and their weapons of mass destruction," there was no indication the tunnel had been used for anything but drugs.

"Whether they are designed to smuggle drugs, people, weapons or other contraband, these tunnels pose a threat to our nation's security," said Miguel Unzueta, special agent in charge for ICE investigations in San Diego.

DEA spokesman Garrison K. Courtney said it wasn't clear who was responsible for this tunnel, although the agency said it obviouslywas not the effort of one person.

"A tunnel is an enormous undertaking, and those responsible are now on notice. We have found the hole, and the DEA is now looking for you," Mr. Fernandes said.

At least 39 tunnels along the U.S.-Mexico border have been discovered by authorities since the September 11 attacks, the vast majority in and around San Diego and Nogales, Ariz.

A bipartisan group of U.S. senators has asked the Mexican government to enact legislation to criminalize the construction or financing of border tunnels between the United States and Mexico. Led by Sen. Dianne Feinstein, California Democrat, the lawmakers urged the Mexican officials to enact legislation to crack down on those involved.

In March, Mrs. Feinstein introduced a bill to prohibit the unauthorized construction or financing of, or permitting on one's land the construction or use of, a tunnel or subterranean passageway between the United States and another country. It has since been referred to the Senate Judiciary Committee.

The senators said they were concerned tunnels could also be used to smuggle weapons and terrorists into the United States.

The January discovery of the largest and most sophisticated illegal cross-border underpass Mexican and U.S. authorities said they had ever found prompted the request to Mexican authorities.

Equipped with a pulley and ventilation system, the tunnel was 6 feet wide and 12 feet high. It had a cement floor and lights.

Arrest Made In Connection With Calexico Border Tunnel (KPBS)

KPBS, September 18, 2006

SAN DIEGO (2006-09-18) Drug Enforcement Agents have made an arrest in connection with a 400-foot long tunnel discovered under the U.S. Mexico border in Calexico. KPBS Reporter Amy Isackson has details.

The tunnel runs from a back bedroom in a Calexico house under the border and pops up in the bedroom of a house in Mexicali. The passageway is about 20 feet underground. It has cement floors and wood paneled walls. The tunnel is equipped with lighting and ventilation systems, and the ceiling is supported by wood beams.

Drug Enforcement Administration spokesman Dan Simmons says his agency has not yet linked the tunnel to a drug cartel.

But obviously, a tunnel is a tremendous undertaking. And the very nature of a tunnel speaks to the fact that there must be some sort of organization behind it.

The DEA has arrested Jesus Aguila Agundez in connection with the tunnel. A federal complaint says DEA agents believe Aguila loaded more than one thousand pounds of marijuana into his pickup truck at the Calexico house. Amy Isackson, KPBS News.

Officials Search For Clues After Discovery Of Drug Smuggling Tunnel (KESQ)

KESQ-TV, September 18, 2006

Drug enforcement and immigration officials are on the hunt tonight, searching for the people responsible for building an underground tunnel that stretched from a home in California to another home in Mexico. Investigators believe it may have been used to smuggle drugs into the U.S.

The tunnel was found when investigators entered the house located at 932 East Second street in Calexico last week.

Both agencies were tight-lipped about what they've found and why they targeted that home. They say the investigation is on-going and they can't reveal too much while suspects remain at large. A neighbor says he's noticed strange things at the house for months.

Jose Adaverto Gonzalez has lived at his home on second street for 15 years and for the past six months, he says he's noticed strange behavior from the people living across the street. Last Friday, Gonzalez noticed border agents at his neighbor's house setting up crime-scene tape.

But it wasn't until he went to Mexicali for the weekend that he got an idea of what was going on. While there, Gonzalez saw another house with the same crime-scene tape.

He put two and two together and ealized the homes were connected.

A 400 foot-long tunnel dug 20 feet underground connected the two homes on opposite sides of the border. And the tunnel had some work put into it--there were lights and wooden support beams.It is large enough to walk through hunched over.

The question is, how may people used it...and what for?

"We don't know what's coming through the tunnels exactly, because we haven't spoken to anyone who built the tunnels. So we don't know and that's always a safety issue."

The DEA did say that there were no drugs found and no arrests made. The house was mostly barren except for a few couches and a TV.

Though the tunnel's exact use is unknown, investigators are confident it was for illegal purposes.

Special Agent John Fernandes of the DEA says the tunnel was an enormous undertaking. And those responsible are now on notice. He says the DEA is looking for them.

Our View Tainted Drugs Led To Creative Approach In U.S. Attorney's Charges (NEWSJ)

The News Journal, September 19, 2006

The message that U.S. Attorney Colm Connolly sent on Thursday to dealers of deadly fentanyl-laced heroin was needed.

They face mandatory federal jail time -- from 20 years to as much as life in prison -- when their tainted batches of dope kill or seriously harm buyers.

This is the first time in Delaware that prosecutors have invoked a federal law with no regard for a criminal's intent. It's a tough call needed for tough times in drug enforcement.

Across the country, at least 300 deaths, and hundreds more non-fatal overdoses, have been blamed on fentanyl-laced heroin just this year.

Since April, more than 30 heroin overdoses have been reported in Delaware, including nine known deaths.

A Dover man was among those deaths. He allegedly purchased the tainted heroin from Joseph Bentley, a suspected New Castle-area drug dealer.

Three days after the user's death, wiretaps of phone conversations between Bentley and his father, a Delaware Correctional Center inmate, recorded the son learning that his batches were tainted. He also said a second person died, but gave no name.

But even this news did not stop Joseph Bentley from selling his bad batches; that is until his May 5 arrest, police say.

Mr. Connolly's use of this law is meant to address this kind of egregious disregard for life.

Tainted drugs are not likely to go away. A criminally minded genius keeps them fueling the illegal drug trade around the world. Consequently, law enforcement authorities must be equally imaginative and creative within the bounds of the law.

Critics worried about the de-emphasis on dealers' intent should weigh that concern against the consequences of a dealer's lack of regard for their victims' lives.

U.S. Uploads Anti-Drug Videos To YouTube (AP)

By Ted Bridis

AP, September 19, 2006

Bush administration distributes anti-drug, public service announcements over YouTube

(AP) The Bush administration is taking its fight against illegal drugs to YouTube, the trendy Internet video service that already features clips of wacky, drug-induced behavior and step-by-step instructions for growing marijuana plants.

The decision to distribute anti-drug, public service announcements and other videos over YouTube represents the first concerted effort by the U.S. government to influence customers of the popular service, which shows more than 100 million videos per day.

The administration was expected to announce the decision formally on Tuesday. It said it was not paying any money to load its previously produced videos onto YouTube's service, so the program is effectively free.

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"If just one teen sees this and decides illegal drug use is not the path for them, it will be a success," said Rafael Lemaitre, a spokesman for the drug office.

The government's YouTube videos include a previously televised, 30-second ad of a teenager running from a snarling dog and bemoaning pressure from his friends to smoke marijuana.

"Then today, they said I should try to out run Tic Tic, the lumber-yard dog," the teen says. "And I don't think I can. I'm an idiot."

YouTube, a San Mateo, Calif.-based startup, has become one of the Internet's hottest properties since two 20-something friends started the company 19 months ago. The free service allows users to share and view videos, most of which are amateurishly produced and include clips of young people singing and dancing _ usually badly.

The government's short public service announcements _ all of which were produced previously for television _ are highly polished. They will compete for viewership against hundreds of existing, drug-related videos that include shaky footage of college-age kids smoking marijuana and girls dancing wildly after purportedly using cocaine. Other YouTube videos describe how to grow marijuana and how to cook with it.

"Welcome to the great experiment," said Lee Rainie, director of the Pew Internet & American Life Project. He predicted computer-savvy critics of U.S. drug policies will quickly edit the government's videos to produce parodies and distribute those on YouTube. "This seems pretty new and pretty adventurous."

The government linked its videos with the terms "war on drugs," "peer-pressure," "marijuana," "weed," "ONDCP" and "420," so anyone searching for those words on YouTube could find its anti-drug messages. All the videos were associated with a YouTube account named "ONDCPstaff" and identified as an 18-year-old living in Washington. The term 420 is a popular reference for marijuana.

Michael Bugeja, who studies how different groups use the Internet, said the White House plan is misdirected because online video services don't afford serious consideration to weighty topics.

"It's the wrong forum and the wrong target," said Bugeja, an author and director of the journalism school at Iowa State University.

U.S. Raps Venezuela, Myanmar Over Drugs (XINHUA)

Xinhua News Agency, September 19, 2006

The United States accused Venezuela and Myanmar of doing too little to fight the drug trade and expressed deep concerns about failings in Afghanistan and Bolivia.

In its annual report on the global drug trade, the Bush administration identified Afghanistan, The Bahamas, Bolivia, Brazil, Myanmar, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela as major drug-transit or major illicit drug-producing countries.

"The president (Bush) has determined that two countries -- Burma (Myanmar) and Venezuela -- failed demonstrably during the previous 12 months to make substantial efforts to adhere to their obligations," Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Christy McCampbell said at a news briefing here.

Venezuela, the world's fifth largest oil exporter, has been given a waiver to possible sanctions under U.S. law because support for the programs to aid Venezuela's democratic institutions and community development projects is vital to the national interests of the United States, McCampbell said.

U.S.-Venezuelan relations have been fraught with tension with President Hugo Chavez saying that the United States is planning an invasion of his country, while the United States says Chavez is destabilizing the region.

Referring to Myanmar, McCampbell said the country has not taken decisive action against drug gangs, and it is actions against methamphetamine are unsatisfactory.

Burma's performances also lack luster in the areas of demand reduction, interdiction, anti-money laundering and combating corruption, she said.

U.S. Faults Bolivia Anti - Drug Efforts (AP)

AP, September 19, 2006

WASHINGTON (AP) -- The Bush administration said Monday it sees disturbing trends in Bolivia's dealings with efforts to combat illicit drugs.

Concerns about contributions to the illegal drug trade by the South American nation came as the White House released the U.S. government's annual list of major drug-transit or drug-producing countries.

The list remained unchanged from a year ago, with 20 nations cited: Afghanistan, the Bahamas, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Myanmar, Nigeria, Pakistan, Panama, Paraguay, Peru and Venezuela.

President Bush sent a report to Congress that also noted that Myanmar and Venezuela, for the second year in a row, were determined to have "failed demonstrably" to meet their obligations under international counternarcotics requirements.

The report singled out Bolivia, the world's third-largest producer of cocaine, for particular emphasis.

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"Despite increased drug interdiction, Bolivia has undertaken policies that have allowed the expansion of coca cultivation and have significantly curtailed eradication," White House press secretary Tony Snow.

The Bolivian government has focused almost solely on interdiction, without a focus on eradication and the development of alternative crops, the report said.

Snow said the U.S. government will establish benchmarks by which to further judge Bolivia, such as eradicating minimum acreages, including in the Chapare region, making changes to Bolivian law and tightly controlling the legitimate sale of the coca leaf for traditional use. An interim assessment of any progress will come in March, he said.

Bolivian Vice President Alvaro Garcia Linera met with senior administration officials last week to discuss narcotics issues.

Christy McCampbell, of the State Department's counterdrug office, said Monday that the meeting yielded little headway.

"We expressed our concerns; he listened to it. And there was not any kind of meeting of the minds at this meeting," she said.

On Afghanistan, Snow credited President Hamid Karzai's strong stance against the country's huge opium poppy cultivation but said the Afghan government must do more to deter the problem, including a crackdown on traffickers.

Snow also credited Ecuador with making considerable progress in combatting narcotics trafficking destined for the United States. But, the report said, there has been a dramatic increase in U.S.-bound cocaine sent by Ecuadorian-registered ships.

Snow also offered harsh criticism of Venezuela's counternarcotics record. "Venezuela's importance as a transshipment point for drugs bound for the United States and Europe has continued to increase in the past 12 months, a situation both enabled and exploited by corrupt Venezuelan officials," he said.

Bush waived provisions of U.S. law that could have subjected Venezuela to a cutoff of U.S. assistance because of the designation. The president said he would maintain U.S. programs that aid Venezuela's democratic institutions, establish community development projects and strengthen Venezuela's political party system.

The administration also decided not to cut these programs last year because they promote democracy in Venezuela, a key U.S. goal in a country where, officials say, the commitment to democratic norms has been eroding under President Hugo Chavez.

Associated Press writer George Gedda contributed to this report.

IMMIGRATION:

Senate To Consider Border Fence Bill (AP)

By Suzanne Gamboa

AP, September 19, 2006

The Senate will consider a bill calling for erecting 700 miles of fencing on the U.S-Mexican border, a proposal that has been approved twice by the House.

Senate Majority Leader Bill Frist, R-Tenn., used a legislative maneuver to get the bill to the floor as early as Wednesday, when the Senate could decide whether to move forward on the legislation.

"Border security is the essential first step of any effort to enact immigration reform. Only when we have convinced the American people of our commitment to securing our borders will we be able reach a consensus on comprehensive immigration reform," Frist said in a statement.

Democrats are likely to try to block the bill. They may try to attach the comprehensive immigration bill the Senate passed in May as an amendment and push debate into next week. A delay could be a problem as Congress tries to wrestle with legislation addressing treatment of terrorism suspects.

"This smacks of desperation and a clear repudiation of President Bush's support for comprehensive immigration reform. It's obviously designed to play to the base. Sen. Frist was for comprehensive immigration reform before he was against it," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, D-Nev.

House Republicans, trying to keep the illegal immigration issue before voters, passed the fence bill last week by a vote of 283-138. The House had approved the same amount of fencing last December as part of a broader bill that would have made being in the country illegally a felony. That bill is stalled.

The nearly 2,000-mile U.S.-Mexican border now has about 75 miles of fencing.

The Senate's immigration bill calls for 370 miles of triple-layer fencing along the Mexican border. The Senate approved $1.8 billion in a defense spending bill for the construction. The House has not provided funding for the fence it approved.

The House and Senate passed far different immigration bills. Republican leaders in the House have resisted compromise. Heading into elections, they chose instead to take out parts of their bill and pass them separately to keep the focus on border security, which plays well with conservative voters.

The fence bill to be considered in the Senate is HR 6061

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Senate Set To Consider Fence Bill (WT)

By Charles Hurt

The Washington Times, September 19, 2006

The Senate, which has been the major obstacle to strict border-security legislation this year, will take up a bill this week that calls for constructing 700 more miles of fencing along the U.S.-Mexico border.

"It's time to secure the border with Mexico," Majority Leader Bill Frist said last night before filing the parliamentary motions to force the House-passed bill onto the Senate floor in a final effort to get a major immigration bill on the president's desk before the elections.

Jim Manley, a spokesman for Minority Leader Harry Reid, said the move "smacks of desperation" and was a "clear repudiation of President Bush's call for comprehensive legislation."

The Secure Fence Act of 2006, which was easily approved by the House last week, contains none of the "comprehensive" measures that President Bush, Democrats and some Senate Republicans have demanded. Those include provisions to grant citizenship rights to about 10 million illegal aliens living in the country and a guest-worker program that would usher hundreds of thousands more foreign laborers into the U.S.

"Mr. Frist was for comprehensive reform before he was against it," Mr. Manley said.

On the Senate floor last night, Mr. Frist said he still supports comprehensive immigration reform legislation. But, he said, because no consensus can now be reached on other issues, Congress should move ahead with border security. It's not "enforcement only," he said, but "enforcement first."

"Border security is the essential first step of any effort to enact immigration reform," Mr. Frist said. "Only when we have convinced the American people of our commitment to securing our borders will we be able to reach a consensus on comprehensive immigration reform."

The last time the Senate considered a border-security-only bill, the measure failed, with all but two Democrats and 20 Republicans refusing even to debate it. Since then, several Republicans bent on comprehensive reform have told The Washington Times that they would now consider legislation that dealt only with stopping the flow of illegal aliens into the country.

Among the most adamant supporters of comprehensive reform have been Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina, who helped form a coalition earlier this year to derail any legislation that failed to grant broad citizenship rights to illegals and create a guest-worker program. The group of Republican defectors also included Sen. John W. Warner of Virginia.

Mr. McCain, Mr. Warner and Mr. Graham also have bolted party leadership by opposing Mr. Bush's proposed legislation for handling the terror suspects held at Guantanamo Bay. The specter of a showdown this week over both the Guantanamo detainees and immigration had some Republican staffers on Capitol Hill wondering whether the trio could wage a two-front battle against their own party during an election season in which control of both chambers is in question.

By filing last night a cloture motion that will limit debate and let the Senate vote on the bill, Mr. Frist hopes to get the measure to the floor by week's end. If Democrats stall, they could push the debate well into next week. And if, as is expected, Mr. Frist introduces the bill so that amendments cannot be offered, the battle in the Senate likely will take even longer and could end in yet another stalemate.

But the House's approval of the bill suggests that Mr. Frist might see some converts on both sides of the aisle in favor of a bill that deals only with border security.

When the House last year approved its border-security legislation, it included almost exactly the same fencing provisions. The fence came to symbolize what many Democrats said was an unforgiving bill. They said the fence proved that Republicans harbored a hostility toward immigrants.

But last week, the stand-alone fence bill was approved 283-138, with support from more than 20 Democrats and a handful of Republicans who dropped opposition to the earlier fence proposal.

Still, most Democrats are adamantly opposed to the fence bill, calling it a new "Berlin Wall" and an election-year "gimmick" intended to portray them as weak on security measures. In addition, internal Republican polling has found that immigration is as powerful a motivator for voters as any issue with which Congress is grappling.

"They're obviously done with legislating for the year," Mr. Manley said. "Now, they're just playing to their base."

If approved by the Senate before month's end, the bill would reach President Bush's desk before the November elections.

In addition to building double-layered fences along 700 miles of the southern border, the Secure Fence Act also calls for changing Border Patrol policy to allow agents to forcibly disable fleeing vehicles along the border. The measure also would deploy cameras, ground sensors and unmanned aerial vehicles to monitor the border.

"This border-security package, coupled with the increased appropriations for border security, will have a real impact on our homeland security and is a vital step forward toward fixing the problem of illegal immigration," Majority Whip Mitch McConnell said yesterday.

"We've added thousands of new Border Patrol agents and nearly 10,000 new detention beds and hundreds of miles of fencing along the border. But this legislation will take us much closer to the operational control of our border that our homeland security requires and provide law enforcement with the tools they need to get the job done," the Kentucky Republican said.

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Immigration's Lost Year (NYT)

The New York Times, September 19, 2006

Congressional leaders and President Bush insisted for months that they were serious about fixing the immigration system. They weren't, and the more talk you hear about border security, about building walls and getting tough this time, the clearer it will be that hopes for effective immigration reform this year are past saving, pinned down by strong arms in the Republican-controlled House and kicked until dead.

The latest proposals are the product of a Republicans-only "forum" last week that distilled the bilge water of a summer's worth of immigration "hearings," which were actually badly disguised campaign events. The hearings — with titles like "How Does Illegal Immigration Impact American Taxpayers and Will the Reid-Kennedy Amnesty Worsen the Blow?" — were show trials put on to destroy comprehensive reform by any means necessary. "What I wanted was witnesses who agree with me, not disagree with me," said Representative Charlie Norwood of Georgia, putting it perfectly.

The "Reid-Kennedy Amnesty," by the way, refers to the now-defunct Senate immigration bill, which passed that Republican-controlled body with the support of stalwarts like Arlen Specter, John McCain, Mel Martinez, Bill Frist, Chuck Hagel and the most prominent Republican of all, Mr. Bush. One of the many signs of the hysteria accompanying this election season is the way their moderate approach to immigration has been tarred as wholesale "amnesty" for lawbreakers.

Like the summer hearings, the latest G.O.P. legislation is an empty vessel, a sham product aimed at the November elections that sells the test-marketed concept of "security" with little to back it up. By decreeing that a 700-mile fence should be the nation's top immigration priority while rabidly opposing a path to legal status for illegal immigrants, the House Republicans are hotly pursing a failed strategy. What satisfies the talk-radio appetite for justice — wall 'em out and deport the rest — is not just needlessly cruel. It also won't work.

If the House Republicans have their way and enforcement-only becomes our national policy, illegal immigrants will keep their heads down and keep working, cowed into accepting low pay and abuse, dragging down working conditions for everybody else. Lawlessness among the employers who hire them will be encouraged. If you like this world of illegality, anonymity and under-the-table cash, then the House Republican approach is the one for you.

Real immigration security means separating the harmful from the hard-working. It means imposing the rule of law on the ad-hoc immigrant economy. It means freeing up resources so that overburdened law-enforcement agencies can restore order at the border and in the workplace. It means holding employers, not just workers, responsible for obeying the law. And it means tapping the energy of vast numbers of immigrants who dream of becoming citizens and who can make the country stronger.

These are huge tasks, and the anti-immigrant forces have nothing to contribute. They are out of ideas, except about getting re-elected. Their calculated inaction and half-measures mock Americans' support for comprehensive reform, which has been repeatedly confirmed in opinion polls.

We will see whether the November elections will make the travesty worth it for the immigrant-bashers, but for the nation it has become a lost year.

As US Nears Milestone, A Rising Mix Of Immigrants (CSM)

By Brad Knickerbocker And Patrik Jonsson

The Christian Science Monitor, September 19, 2006

What keeps America's population clock ticking are people like Dominic Paz.

On a busy day running Alpha Taxi in Lawrenceville, Ga., he flips through a wad of $10s and $20s as he chats in both English and Spanish on two cellphones while dispatching cabs from a croaking CB radio. An immigrant from Honduras, Mr. Paz points to the blur of cars passing his home base - a bench at a strip mall that caters to Hispanics. "Two, three years ago, it was nothing like this, nothing."

Lawrenceville has grown 27 percent in five years, and a big reason is immigration. In all of Gwinnett County, the number of foreign-born residents has nearly doubled in that time. "It's 80 percent Hispanic," Paz says. "There's a brown face everywhere you look."

While growth is slowing almost everywhere in the developed world, three factors are powering the US population toward the 300 million mark. Couples are having enough babies to replace themselves. People are living longer. And the biggest reason: Immigration to the US has sharply increased in recent decades.

Immigration is not only boosting America's numbers, it's changing the face of the country. That 300 millionth new person, expected in a few weeks, is just as likely to fly in from China (or wade across the Rio Grande from Mexico) as he or she is to be born here. To put it another way: Every 31 seconds another person from abroad is added to the US population roll.

The rise in newcomers - nearly quadruple the number in 1970 - has fueled a widespread backlash against illegal immigrants. That's half the story. The less familiar but also important trend is the influx of highly skilled workers and highly motivated entrepreneurs who have helped the US economy grow. Some immigrants have high-end jobs

While 23 percent of the nation's cooks and 20 percent of its janitors were immigrants in 2000, 27 percent of new computer-software engineers were also immigrants, according to a recent Migration Policy Institute study.

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Indeed, the more technically educated the group, the more likely immigrants are to be overrepresented in it. While the foreign born make up 15 percent of the overall workforce, according to the 2000 census, they constitute approximately 17 percent of those with a bachelor's degree in science and engineering occupations, 29 percent of those with a master's degree, and 39 percent of those with a doctoral degree.

Already, 1 in 5 US doctors is foreign born, as are 2 in 5 medical scientists, 1 in 5 computer specialists, 1 in 6 people in engineering or science occupations, 1 in 4 astronomers, physicists, chemical, and material scientists, and 1 in 6 biological scientists, according to another Migration Policy Institute study.

"Plainly, high-skilled immigrants are a critical resource for the knowledge-driven economy and play an important role in the country's global dominance in science and engineering and its leadership in technology," write the study's authors, Columbia University economist Neeraj Kaushal and Migration Policy Institute vice president Michael Fix.

In some ways, the nation's big population milestones - America at 100 million, 200 million, and 300 million - bookend the ebb and flow of immigrants.

In 1910, at the height of the last immigration boom and just five years shy of reaching the 100 million mark, nearly 15 percent of Americans were foreign born. For the next 60 years, that percentage dropped steadily, down to less than 5 percent.

But in 1970, not long after the US population reached 200 million, the figure began to climb again. Today, it's back up to over 12 percent.

The result: a smaller share of immigrants than in 1910, but a far greater number. Estimates put the total near 35 million (legal and illegal). That's 2-1/2 times as many immigrants as there were in 1910. Hispanics take the lead

There's another difference: Whereas the early 1900s saw thousands of Europeans arriving through Ellis Island, then filling up New York's tenement buildings or pushing on to become factory workers, farmers, and shopkeepers in the Midwest, most immigrants today come from Latin America or Asia. As of 2000, 52 percent were from Latin America, 26 percent from Asia, and only 19 percent from Europe.

Immigrants are also spreading out, changing the complexion of corners of the country unaccustomed to waves of foreign-speaking newcomers.

The South, in particular, has seen rapid change: Eastern European dealers at casinos in Mobile, Ala.; Korean shopkeepers in Atlanta; Mexican Christmas tree harvesters on North Carolina's Appalachian slopes.

Some of the states with the fastest- growing immigrant populations lie in the South. Some parts of the region have seen up to 300 percent growth in immigrant populations since 1990.

Such growth is evident in Lawrenceville, the seat of Gwinnett County. Planners see a vibrant future. The county school system has set up a special language center to test new students. There are enough new immigrant children here each year to fill a new school, as they make up about 1,500 of the 7,000 additional students flowing into the school district each year. Ban on taco stands

But there's another side. County commissioners earlier this year banned mobile taco stands for being too trashy looking. This year, the Georgia legislature passed the Security and Immigration Compliance Act, one of the nation's toughest bills to curb illegal immigration.

The law caused a ripple of fear, says Paz in Lawrenceville. As he talks to one Mexican woman grabbing a ride, she says she'll go to Canada when the law takes effect next summer. "People are afraid," says Paz.

So are many American workers, who fear that immigrants will take their jobs. The data are inconclusive.

The Pew Hispanic Center recently used US census information to compare increases in the foreign-born population with employment opportunities at the state level. It looked at two periods in particular: the boom years of the 1990s and the downturn and recovery since 2000.

The bottom line, according to Pew associate research director Rakesh Kochhar: "The size of the foreign-born workforce in a state appears to have no relationship to the employment prospects for native-born workers."

In general, other experts agree.

"While the number of immigrants is very large, the impact on the overall economy is very small," says Steven Camarota, director of research for the Center for Immigration Studies.

But, he added in recent testimony before the House Judiciary Committee, "While the impact on the economy as a whole may be tiny, the effect on some Americans, particularly workers at the bottom of the labor market, may be quite large."

That's a major concern for those who want to see the federal government change what they see as too-liberal immigration policies and not enough border security.

"It certainly has resulted in the importation of labor substitutes for a wide variety of American workers, with the result that we're widening the wage gap for less skilled workers who've seen real wages declining," says Dan Stein, executive director of the Federation for American Immigration Reform (FAIR) in Washington. "Substitutes erode bargaining leverage and decrease offered wages. Supply and demand works here as everywhere else." Illegals: 11 million or 20 million?

Even the number of illegal immigrants is in dispute. About 30 percent of immigrants - an estimated 11 million - are here illegally, according to most government and private sources. That figure is believed to be growing by some 500,000 a year, according to the US Citizenship and Immigration Services (formerly the Immigration and Naturalization Service).

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But one research team posited last year that as many as 20 million illegal immigrants may be living in the US today. Robert Justich and Betty Ng of Bear Stearns, a global investment banking, securities trading, and brokerage firm, based their conclusion on a study of public school enrollment, language-proficiency programs, building permits, and the significant amount of money being sent home by undocumented workers.

One of their conclusions: "Four [million] to six million jobs have shifted to the underground market as small businesses take advantage of the vulnerability of illegal residents."

There's another kind of vulnerability as well. In an investigative report this month, the Chicago Tribune found that illegal immigrants face disproportionate injuries and fatalities - often unreported - doing hazardous jobs like meat-cutting and dry-cleaning.

About half the total US population increase these days is Hispanic, according to the US Census Bureau, making Hispanics the largest and fastest-growing racial or ethnic minority. Part of that rise is children born to Hispanics already in the country. The rest comes from immigration. Fifty-seven percent of those newcomers are from Mexico, and another 24 percent are from other Latin American countries, according to the Pew Hispanic Center, a nonpartisan research group in Washington. Influx helps Social Security

On average, Hispanics in the US are considerably younger than the population as a whole: Their median age is about 27 compared with about 36 for the country generally. That means that as older non-Hispanics retire, there will be relatively more workers to pay into Social Security. It also means more Hispanics in the future. About one-third of them are under 18 - just entering the years when they'll have children of their own.

"People come for a place to raise their kids, where there's a future," says Marcel Cueva, a Lawrenceville cab driver who came from the Dominican Republic 18 years ago and recently became a US citizen.

"Other places like New York have become too expensive," says Mr. Cueva, who has four children and soon may be joined here by his father. "You can make money, but the money is gone. Here you can keep some of it."

The fact that the US has recently become home to an extraordinary number of immigrants also may indicate a new direction for the country as it moves on toward 400 million people, probably sometime in the middle of the century.

"It says that we're going to be a country that is more outwardly reaching to the rest of the world, that we'll be more multicultural than we've been in the recent past," says William Frey, a demographer at the University of Michigan and the Brookings Institution think tank in Washington.

Out Town -- Or Is It Theirs? (LAT)

By Maria L. La Ganga

The Los Angeles Times, September 19, 2006

WILLIAMS, Calif. — There has been discord enough in the shady streets of this rice-growing city north of San Francisco, where the population has shifted from three-quarters white to nearly three-quarters Latino in just two decades.

Anyone wanting some heated conversation need only mention the time six years ago when the board of education extended the Christmas break to three weeks to give Mexican families more time to go home for the holidays.

The realignment of the calendar maximized classroom time, resulting in lower truancy and improved test scores. But it also set off a cultural debate that continues to this day.

"The Caucasian community didn't want the change," which meant trimming the treasured summer vacation by a week, said Colusa County Supervisor Mark Marshall. "It was very controversial."

Now, if this were a story about Hazleton, Pa., or San Bernardino, places where federal immigration battles ring as loudly through City Hall as they have at recent congressional hearings, it might have culminated in angry denunciations, protests and television cameras capturing them-against-us conflict.

But in Williams, a place that demographer Hans Johnson describes as "the most ethnically transformed city in California," the story is not that simple.

Williams "serves as an almost natural experiment about what these changes mean for all of us," said Johnson, of the Public Policy Institute of California, who estimates that as much as 20% of the city's population could be undocumented.

This city of 5,087 (and rising fast) is the closest thing to a "Petri dish" for observing the effects of immigration in their most concentrated form, said Roberto Suro, director of the Pew Hispanic Center.

The experiment has not always had predictable results. Practical people, for the most part, residents of this agricultural outpost are slowly — sometimes reluctantly — coming to terms with the dramatic changes wrought by immigration.

"All of the families like mine and my husband's, who grew up here all their lives, have had problems with the change in culture," said Kara Alvernaz, who works for the local fire district. But the last thing she'd do is give up on the schools — calendar change or no. "I chose to keep my kids here. They've gotten a good education."

It was Monica Ordaz, a business owner of Mexican descent, who issued her daughter's teacher an ultimatum last year, when bilingual Nicole hit kindergarten: "If my daughter was ever used as a translator, taken away from her time to learn to teach someone else, I'd take her out of the school," she recalled saying.

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"I just don't think it's fair for the kids," said Ordaz, who with her husband runs El Campesino, the combination general store, tax service and translation center that largely caters to farmworkers.

As immigration touches nearly every facet of life here, it's been a slow march of two steps forward and one step back, of honest effort meeting harsh reality.

The police and fire departments now have healthy percentages of bilingual members, but elected boards lag far behind in representing the Latino supermajority. An expensive subdivision largely for commuters has been welcomed; expanded housing for farmworkers has not.

At the Church of the Annunciation, Spanish Masses outnumber English 2 to 1. But when a shortage of priests drove Father Francisco Hernandez Gomez to trim one poorly attended English Mass a month, white parishioners revolted. "They thought I was favoring the Hispanics," he recounted, "and that I was kicking out the whites from their own church."

Hernandez Gomez, who has reinstated the English Mass, said the prejudice he sometimes senses in Williams is mostly passive and, perhaps, rooted in feelings of fear and loss.

"Yes, after being the majority just a few years ago, now they are just a few people among a big new community," he said. "The whites could feel they are losing their town, their church, their school, their stores, their language."

Small enough to be featured in a guidebook called "Wide Places in the California Roads," Williams has been a farm town since its early history. Today, it is part of the No. 1 rice-growing county in California.

But rice's dominance is slipping in the region — and therein lies one key to the city's metamorphosis.

Rice is a relatively low-labor crop, with increasingly slim returns. So farmers have been planting other things. Agriculture Commissioner Harry Krug predicts that, for the first time, almond revenues will surpass rice in Colusa County this year.

"The almond orchards have increased dramatically," said Krug. "Tomatoes came in. We grow a lot of seed crops … They needed more labor. That's where the influx came from."

Changing immigration law also has boosted Williams' population. The federal amnesty program in 1986 paved the way for thousands of illegal immigrants to become legal residents. Since the Sept. 11, 2001, terrorist attacks, those who used to regularly travel back and forth from Mexico have been more likely to stay put, fearful of being caught at the border.

Most of the city's new small businesses cater to Latinos: Toro Loco Mercado; Pita's Restaurant; Roberta's Taqueria, which sells lengua (tongue) and cabeza (head) tacos hard by the Burger King.

Even longtime grocery stores like Shop n' Save stock pork skins in vinegar, mango lollipops, bottled cactus and cones of dark sugar called piloncillo, along with Campbell's soups and People magazine.

Members of Alicia Zamudio's family have trekked to Williams since the 1940s — three generations of campesinos from the central Mexican state of Guanajuato, all in search of work.

Her parents were the first to come. Zamudio, 49, her husband and children started coming each summer in 1990. Today, two of her children, grown and married, have settled in Williams. She would stay too if housing weren't so dear.

"There are many more Latinos here," said Zamudio, who works in the fields six days a week tending tomatoes and vine crops grown for seed. "I see a lot less Anglos now. Maybe because the work here in Williams is farm work and not a lot of Anglos want to be in the field hoeing and picking tomatoes."

When Linda Granzella describes the Williams High School homecoming game of 1993, her words come out in an emotional rush. She is sitting in the office of her family's combination restaurant, motel and olive packing company, barely looking up as the tale bursts forth.

Granzella was in the bleachers, waiting for the Yellowjackets to take the field, when the high school band struck up the national anthem. The loudspeaker's disembodied voice asked everyone to stand.

What happened next "put me over the edge," she said. "Eighty percent of the stadium wouldn't stand. They were Hispanic children, and they didn't stand for the national anthem … I asked them why. They said, 'This is not our country.' "

The indignant mother's response was visceral: She took her daughter out of Williams Elementary School and sent her 10 miles east to a public school in the county seat of Colusa.

"I didn't want her to be in a school where she was a minority in her own country, and they didn't have respect," Granzella said.

Families like Granzella's began transferring their children to nearby districts with fewer Latino students a decade or so before the school board began debating a change in the academic calendar. Tiny Maxwell, 10 miles north on Interstate 5, has been a popular destination, with its plush athletic fields and a high school that's more than twice as white as school enrollment countywide.

"The calendar was a good excuse," said Williams Elementary School Principal Cyndee Engrahm, to explain what for years has been "white flight, pure and simple."

Changing the calendar took a year of acrimonious debate and laid bare the chasm between white and Latino work lives. To some, it also became an argument over whose time was worth more.

"The Anglos wanted more time during the summer. They thought that their time was more important during summer than winter break," said Carlos Velazquez, a real estate agent and chairman of the Williams planning commission.

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Three weeks was actually a hard-won compromise. "We'd like a month," Velazquez said. "Most of us are off during the winter, at least three months."

Rice farmer Bob Freed, a school board member at the time, said the final result rankled nearly everyone.

"I had people call me on it: 'You're giving in to the Hispanic population,' " he recounted. "That's not true. Basically it was the answer to the problem."

The moment was not lost on new Police Chief Jim Saso. As he walked into his department's small offices one steamy July day, a resident was conducting a bit of routine business. Two police officers, the records clerk and the city's code enforcement officer were all chiming in — in Spanish.

"I realized we've come a long way," Saso said.

When Saso joined the Williams Police Department as a sergeant in 2001, there was one bilingual police officer. Today the department is more than 50% bilingual, a change Saso credits to recently retired Chief Dick Waugh, who Saso said recognized "that the demographics are changing."

Similarly, the volunteer Fire Department, which once was nearly all white and open to candidates by invitation only, just promoted Jaime Davalos to captain. He is the first Latino to hold the post.

Twelve of Williams' 42 volunteer firefighters are Latino, seven joining up in the last six months alone. Most of the new recruits, drawn by word of mouth, are people who have lived in the agricultural city for many years. To Chief Jeff Gilbert, who has headed the department since 2003, it's a sign that the Latino community is changing: "We're getting into a new generation. They care about the community."

The Latino majority remains largely outside the political arena, however.

Mayor Virginia Frias was appointed in 2004 to fill a vacant seat on the City Council; if she wins this November, she would be the first Latino elected to that body. The school board is entirely white, as is the Colusa County Board of Supervisors.

Some here fault discrimination, "cultural differences" or long hours in the fields for the discrepancy between population and representation. Others cite language ability and citizenship — or the lack thereof. Almost half of the Latino immigrants in Williams had arrived in the last decade, according to the 2000 census, and only 6% were naturalized.

Velazquez, 38, is someone whose name comes up regularly in conversations about possible Latino candidates. Born near Guadalajara, he is the son of farmworkers and has lived in the area since he was 12.

He wavers on whether he'd ever run, but either way, he believes the city's politics need someday to mirror its population. Part of the problem for Latinos, he said, is lingering mistrust arising from experiences in their home countries.

"I think a lot of us don't want to make waves," Velazquez said. But "we've got to be able to represent our population…. We've got to get over our fear of government."

A lot is at stake. Consider housing policies.

The city has embraced an earth-tone development where single-family houses fetch $400,000, while balking at a proposal to build 50 units of what some consider desperately needed dwellings for year-round farmworkers.

Officials say the project's biggest hurdle is the city's outdated sewer system. Some project supporters see darker motives.

"The city put every roadblock in our way," said Agriculture Commissioner Krug, who runs the seasonal housing complex for migrant workers and wants to see it grow.

"The one thing I've been telling my manager: Get these people to run for office. Get them on the City Council and the school board. They need some representation."

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CONGRESS-ADMINISTRATION:

CIA Reviewing Use Of Contractors (AP)

By Katherine Shrader

AP, September 19, 2006

CIA Director Michael Hayden is reviewing his agency's use of private contractors and the number of people who are resigning to fill the often lucrative positions.

"I am going to investigate to see how much of an issue it is, and then we will take some action," Hayden said during a telephone interview with The Associated Press on Monday, after he spoke to CIA personnel about his vision for the agency.

He is in his fourth month as chief.

Current and former government officials have expressed concern about a so-called "brain drain" to the private sector, which is impossible to quantify publicly because the contracts and personnel figures at spy agencies are secret.

CIA employees generally can retire with full benefits after a career of at least two decades, and some return as contractors. But Hayden said he's more concerned about another issue: the early resignation of employees who get CIA training, leave their jobs and return in higher paying, private-sector contracting positions.

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If resignations are higher than historic norms, "you begin to look like the farm system for contractors around here," Hayden said.

In its Sunday editions, the Los Angeles Times provided new evidence about the trend among spy agencies to hire contractors for roles once filled by U.S. government personnel. The work is particularly bountiful given the war on terror and the extended conflict in Iraq.

Jim Pavitt, who headed the CIA's clandestine service from 1999 to 2004, said the CIA has to rely on contractors because its mission expanded rapidly after the terror attacks of Sept. 11, 2001, and budget cuts in the 1990s meant the CIA hadn't hired enough people.

"It was on the 12th of September, when just about anything I asked for — dollars or more people — everyone was willing to give me," he said.

Hayden did not speak to the CIA work force Monday about contractors specifically, but he did tell the thousands gathered in person and on closed-circuit television about the need to focus on developing new leaders.

As part of the massive boost in national security spending following 9/11, the agency's ranks have grown by about 17 percent, with a roughly 6 percent increase last year, according to CIA spokesman Mark Mansfield.

Some of that growth stems from President Bush's November 2004 order to boost the number of CIA operatives and analysts by 50 percent. Yet intelligence veterans say the challenge is to get quality with the quantity.

"We need a lot of coaching and mentoring," Hayden said in the interview.

He also said the CIA needs to be able to support its personnel — with everything from office space to better technology. He noted that the power went out in June for several hours at the agency's suburban Virginia headquarters, calling attention to the need for an uninterruptible power supply.

While essential work continued thanks to backup power generation, Hayden said, "you had a lot of people sitting around, looking at computers that now became bookends."

Speaking to the work force, Hayden also said he wants to focus on relationships with allied intelligence services, send more U.S.-based intelligence analysts overseas to get them on-the-ground experience and put an even greater emphasis on the clandestine work that's done around the globe.

He only briefly touched on the issue of detainees, which has dominated headlines since Bush announced that the CIA's last 14 high-value detainees had been transferred to military custody.

With the move, the administration also asked Congress for legislation that would clarify in law that the CIA's program is appropriate and legal, allowing it to continue in the future. "All I want to say on that subject is that this agency will continue to reflect the conscience of the republic in everything we do," Hayden said.

New Chief Is Critical Of Barriers Within CIA (WP)

By Walter Pincus

The Washington Post, September 19, 2006

The CIA's new director, Gen. Michael V. Hayden, told agency employees yesterday that their intelligence activities are too segmented, saying that operations officers who collect intelligence need to work more closely with the analysts who interpret what it means.

Four months after taking over, Hayden presented his strategic vision to a CIA workforce that has been battered by years of investigations into the failures of the Sept. 11, 2001, attacks and prewar intelligence about Iraq's weapons programs, as well as a reorganization that lowered the agency's status with the creation of a director of national intelligence.

"The collectors are over here and the analysts over there. We are too segmented, and thinking has been driven by focusing on their own piece of the action," Hayden said in an interview, in which he expanded on the remarks to his staff.

He said he has created a new "board of directors" inside the agency that will begin breaking down walls that have separated the Directorate of Operations, which is the clandestine service, and the Directorate of Intelligence, which is the analytic arm, and even the science and technology group, which comes up with new ideas. One result will be to limit much of the independence each directorate had in the past and centralize more authority with Hayden.

In the past, the CIA director was partially diverted from details of agency operations because, as director of central intelligence, he had to spend time as leader of the 16 agencies that make up the intelligence community. John D. Negroponte, as national intelligence director, now plays that role.

As part of his integration planning, Hayden wants to have new employees, no matter which career path they follow, spend more than the current day-and-a-half orientation period together learning about the agency.

"There could be a basic training period of up to two weeks," he said, before those destined for clandestine service head down to "the Farm" for six months' training at Camp Peary near Williamsburg, while analysts remain in the Washington area for courses in analytic tradecraft termed in the past "CIA 101" and "CIA 201."

Human intelligence expansion is another goal of Hayden's, as it has been for his two predecessors since the Sept. 11 attacks showed a lack of on-the-ground intelligence sources in the world of terrorism.

One facet of intelligence reorganization that works in the CIA's favor is that the agency now oversees the National Clandestine Service, coordinating all overseas spying activities whether carried on by the CIA, the Pentagon or the FBI.

Hayden said Clandestine Service leadership has begun setting uniform standards for human intelligence training so that case officers for all U.S. overseas spying efforts follow the same standards for vetting potential agents, writing reports and sharing information when appropriate.

For the analysts, Hayden said he plans to put more emphasis on "expertise and time on target and experience," along with "pushing analysts overseas." This continues efforts to reform past practices, in which promotions went to analysts who had served in different types of jobs instead of to those who developed deep expertise in one area. "That reward now could go to someone who has been looking at Iran for 14 years," Hayden said.

He also promised there will be a study of the trend of contracting out intelligence jobs with private firms. "We don't want to be a farm system for these new firms," Hayden said, noting that private companies sometimes lure away young officers and analysts once they have their security clearances and have completed a few years with the agency.

Proposal On Military Chaplains And Prayer Holds Up Bill (NYT)

By Neela Banerjee

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — A bill that sets the Pentagon's spending levels is being held up by controversy over a provision that would allow military chaplains to offer sectarian prayers at nondenominational military events.

The provision, which is being pushed by Representative Duncan Hunter, Republican of California, the chairman of the House Armed Services Committee, says "chaplains in each of the military services would have the prerogative to pray according to the dictates of their own conscience." The Senate version of the spending bill, the National Defense Authorization Act, has no such language.

Chaplains can pray according to the traditions of their faith at worship services, where attendance is voluntary. But they are also called upon to offer prayers at mandatory functions, like changes of command, banquets and speeches.

The provision's backers, among them Representative Walter B. Jones, Republican of North Carolina, contend that Christian chaplains in such cases have long invoked Christ.

"What is happening is a move toward more political correctness, towards more secularism in the military," Mr. Jones said. "I cannot believe that the majority of Americans would be offended that a person prayed to his God."

Opponents of the provision and other chaplains dispute Mr. Jones's version of chaplaincy tradition. They say that at mandatory events, the longstanding custom has been to offer a nonsectarian prayer, for example, citing God, rather than Christ.

The Defense Department, the main military chaplains association and a variety of ecumenical groups have spoken against the provision, saying that sectarian prayer would create division within the military.

"This provision could marginalize chaplains who, in exercising their conscience, generate discomfort at mandatory formations," the Pentagon said in a written statement. "Such erosion of unit cohesion is avoided by the military's present insistence on inclusive prayer at interfaith gatherings — something that the House legislation would operate against."

The provision is passionately supported, however, by many House Republicans and evangelical Christian groups, like Focus on the Family, who say that refusing chaplains, especially evangelicals, the chance to pray in Jesus' name infringes on their religious liberty.

"What was a celebration of diversity is now a celebration of exclusion, because they don't want people to be offended except evangelical Christians, when our ordination vows call for us to pray a certain way," said Billy Baugham, a retired Army chaplain and executive director of the International Conference of Evangelical Chaplain Endorsers, a consortium of nine denominations that sponsor members of the clergy in military chaplaincy.

Staff members of the Senate and House Armed Services Committees have been trying to reconcile the differences between their versions of the bill for two weeks. A vote on the bill is scheduled for Tuesday, though that might be scuttled because of disagreements over the chaplain provision, Congressional staff members said.

In the last two years, the military has faced several disputes over religion. In 2004, some staff members, alumni and cadets at the Air Force Academy accused evangelical Christians in leadership posts of aggressive proselytizing and discrimination. A group of evangelical chaplains have filed a class-action suit against the Navy saying they were dismissed or denied promotions. Last week, the Navy court-martialed an evangelical chaplain, Lt. Gordon J. Klingenschmitt, for disobeying an order and wearing his uniform to a March protest before the White House.

Those disputes and now the fight over the provision stem in large part from changes in the composition of the armed forces and the chaplain corps that have tested religious tolerance, said the Rev. Herman Keizer Jr., chairman of the National Conference on Ministry to the Armed Forces, the largest chaplaincy organization and an opponent of the legislation.

More atheists and people from minority religions serve in the military now, compared with the Vietnam era, and more evangelical Christians do, too. Similarly, more evangelicals are in the chaplaincy than a generation ago, in part because the military lost favor with many mainline Christians during the Vietnam War, said Mr. Keizer, who served in Vietnam and retired in 2002 after 40 years in the Army.

Supporters and opponents of the provision do not think the Defense Authorization Act will founder on the dispute over the chaplaincy. But a compromise has not emerged.

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Senator John W. Warner, Republican of Virginia and chairman of the Senate Armed Services Committee, said the issue was so significant that perhaps it should be addressed in legislation separate from the Defense Authorization Act.

"Somehow chaplains have managed these issues and managed them very well over the years," Mr. Warner said. "I'm concerned about Congress darting in to select one or two sentences without hearing the full spectrum of views on this."

Representative Steve Israel, Democrat of New York, had asked that the wording of the provision remain, but that a clause be added that chaplains behave "with sensitivity, respect and tolerance" to service members of all faiths. That clause was voted down by the House Rules Committee along party lines, Mr. Israel said.

He said he had called for such language because of his concerns about discrimination and coercion by evangelical Christians. Mr. Jones and other supporters of the provision said such language was unnecessary.

"Sensitivity is only a word," Mr. Jones said. "You don't have to tell people of faith to be sensitive."

U.S. Has A Duty To End Illiteracy, Bush Says (NYSun)

By Matthew Chayes

The New York Sun, September 19, 2006

Part of America's duty in its effort to spread freedom around the world and make terrorism less attractive is to stamp out illiteracy, President Bush told a gathering of first ladies — including his wife — and education ministers at New York Public Library yesterday.

"One reason radicals are able to recruit young men, for example, to become suicide bombers, is because of hopelessness. One way to defeat hopelessness is through literacy, is to giving people the fantastic hope that comes by being able to read and realize dreams," the president said.

The Bush administration has persistently argued that the decision to invade Iraq and depose dictator Saddam Hussein in 2003 rested upon a desire to democratize the Middle East and stabilize the region. In their defense of the war, Mr. Bush and his political allies have often said that all people in the world have a right to freedom and democracy. The right to be able to read and write is a prerequisite to achieving the freedom enjoyed by Americans, the president said.

"We believe here in America in the universality of freedom. We don't believe freedom belongs only to the United States of America," Mr. Bush said, adding that, as literacy spreads, so will prosperity and harmony. "We also believe strongly that, as the world becomes more free, we'll see peace."

The president's comments came just hours after first lady Laura Bush, a former librarian and schoolteacher, announced a $1 million contribution by America to a United Nations project to promote literacy. She called on other countries similarly to invest in reading and writing education.

The audience included the president's mother, Barbara Bush, another prominent advocate of reading.

Opening the White House Conference on Global Literacy at the library, the first lady drew attention to her longtime aim of educating some of the estimated 771 million — 18% of the world's population — who can't read and write. Mrs. Bush noted that most of the world's illiterate are women. The first lady said that higher literacy rates will mean less poverty and more economic self-sufficiency. "We can help building a healthier, more prosperous and more hopeful world," she said.

Secretary of State Rice, who attended the conference with Secretary of Education Margaret Spellings, introduced Mrs. Bush. Ms. Rice, who was the provost of Stanford University before she became one of the president's top advisers, spoke from personal experience when she said that literacy had meant freedom for her own family.

"It is our hope to build societies where all individuals can achieve the full extent of their liberty," she said, explaining how her family's devotion to education and book learning transformed her family's life in Jim Crow, Ala.

Ney Resigns From 2 Committee Posts (AP-Y)

By David Hammer

AP, September 19, 2006

Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions Monday but did not say whether he would leave Congress.

The Ohio Republican said in two letters to House Speaker Dennis Hastert, R-Ill., that he would immediately give up his positions as chairman of the Housing and Community Opportunity subcommittee, which oversees the U.S. Department of Housing and Urban Development, and as head of the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings.

Ohio Republican Party Chairman Bob Bennett called on Ney to resign Friday, soon after it was announced that Ney would plead guilty to making false statements and conspiracy to commit fraud, make other false statements and violate U.S. lobbying restrictions. The congressman is expected to plead guilty Oct. 13.

Ney has not participated in House floor votes since Sept. 12, House records show. The House returns to session Tuesday.

When asked if Ney was working Monday, his chief of staff, David Popp, said he could not comment on whether Ney would return to his elected duties before his term expires in January. Ney earlier dropped his re-election bid.

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Ney's lawyer William Lawler declined to comment on the committee resignations or if the congressman had made any decisions about keeping or leaving his House seat. Last week, Lawler said Ney wasn't ready to resign and was seeking treatment for alcohol abuse.

Hastert was in Russia on Monday and not available for comment on whether he wants Ney to resign, spokesman Ron Bonjean said.

Ohio Lawmaker Who Took Illegal Gifts Rebuffs Calls To Resign (NYT)

By Philip Shenon

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — Representative Bob Ney of Ohio, who agreed last week to plead guilty to federal corruption charges, has rebuffed demands that he resign, creating a dilemma for Republican strategists who want him off the public stage before he does any more harm to the party ahead of the November elections.

In letters to the House Republican leadership on Monday, Mr. Ney, who has admitted accepting tens of thousands of dollars' worth of illegal gifts from lobbyists, said he would immediately step down from two House committees. But he made no mention of leaving Congress altogether.

Congressional rules do not require the expulsion of a member of the House or the Senate convicted on criminal charges, which means that unless his colleagues act to oust him or he resigns, Mr. Ney could continue to draw his $165,200-a-year-salary until his term ends next January.

Calls for his resignation have come from fellow Republicans, including the chairman of the Ohio state party, Robert T. Bennett, who said in a statement last week that Mr. Ney had "disgraced his office" and "should resign immediately and begin paying the price for his arrogance and greed."

Mr. Bennett suggested that if Mr. Ney refused to step down, it would play into the hands of Democrats who would offer "their predictable hue and cry about the culture of corruption in politics while they ignore the wrongdoers in their own party."

The Republican nominated to replace Mr. Ney in the House, State Senator Joy Padgett, has also urged him to step down. She was quoted by the Associated Press on Monday as saying, "I truly thought he would resign" last week and "I'm pretty sad that he didn't do the right thing."

Congressional officials said House Republican leaders were also urging Mr. Ney to resign, although they had not done so publicly — yet.

Democrats have seized on Mr. Ney's plea bargain, the result of a larger criminal investigation of Jack Abramoff, the former Republican lobbyist, in urging voters to end Republican control of Congress in the November elections.

Bill Burton, communications director for the Democratic Congressional Campaign Committee, said the guilty plea "shows how widespread the corruption is in Washington — it's time for new leadership and a new direction."

Asked whether Mr. Ney would resign in the wake of his plea agreement, one of his criminal defense lawyers, William E. Lawler, declined to comment on Monday. Mr. Lawler would also not comment on the whereabouts of Mr. Ney, who was reported by friends to have checked into an alcoholism-treatment center last week. He is scheduled to formally enter his guilty plea at a court hearing on Oct. 13.

In the meantime, Mr. Ney's office in Washington and his four district offices in Ohio remained open and staffed on Monday.

Mr. Ney's official House Web site, ney.house.gov, remained up and made no mention of his legal troubles, its home page focusing instead on his visit to the United States-Mexico border last month and his praise for border agents "enforcing our laws."

Mr. Ney would not be the first member of Congress to try to hold on to his seat after admitting to, or being convicted of, criminal charges. In 2002, it took the House four months to expel another Ohioan, James Traficant Jr., a Democrat, after his conviction in federal court in Cleveland of 10 counts of bribery, racketeering and other corruption; he was sentenced to eight years in prison.

In his plea agreement, Mr. Ney admitted that he had essentially sold his office to Mr. Abramoff's lobbying operation and to a Cyprus-based businessman in exchange for a series of lavish gifts.

The gifts included overseas trips, the use of skyboxes at Washington-area sports arenas, meals, concert tickets and thousands of dollars' worth of gambling chips from London casinos; through winnings at the casinos in two visits to London in 2003, Mr. Ney brought home an estimated $50,000.

In a statement last week, he suggested that his crimes might be explained in part by his alcoholism.

Republican Congressional aides, speaking on condition of anonymity because of the politically awkward situation created by his guilty plea, speculated that Mr. Ney, 52, wanted to hold on to his House seat because he needed the paycheck. His recent financial disclosure statements suggest that Mr. Ney does not have a substantial portfolio of investments or other assets.

Despite his acknowledgment of corruption, Mr. Ney may still be able to look forward to a Congressional pension. As a result of the uproar over the lobbying scandals focused on Mr. Abramoff, House leaders proposed new rules this year to block pension benefits for former members convicted of a crime. But the new rules were never approved.

Ney Gives Up His Gavel (HILL)

DOJ_NMG_0065573

By Patrick O'connor And Jackie Kucinich

The Hill, September 19, 2006

Rep. Bob Ney (R-Ohio) resigned his subcommittee chairmanship yesterday, days after agreeing to plead guilty to federal corruption charges, but the Ohio Republican has not stepped down from Congress despite admitting that he performed legislative favors in exchange for trips, meals and other lavish gifts.

Ney sent a letter to House Speaker Dennis Hastert (R-Ill.) yesterday announcing his resignation as chairman of the Financial Services' Subcommittee on Housing and Community Opportunity.

In addition, Ney, who chaired the House Administration Committee before Hastert asked him to step aside earlier this year, sent the Speaker a separate letter informing him that he would relinquish his position on that panel, which monitors the official mail members send from their congressional offices.

Ney does not address how long he will remain in Congress in either letter, nor does he voluntarily remove himself from either committee.

On Friday, the Justice Department announced that Ney had agreed to plead guilty to one count of conspiracy, which included a violation of the one-year lobbying ban on former staff, and one count of making false statements for, among other things, failing to properly document casino winnings during a 2003 trip to London.

Ney is the first lawmaker to plead guilty in the ongoing corruption probe of admitted felon Jack Abramoff, the once powerful lobbyist who maintained close ties to a number of prominent Republicans.

The Ohio Republican, who was known as the mayor of Capitol Hill for his work as chairman of the panel that oversees the Capitol complex's buildings, maintenance and operations, was once considered an up-and-comer. He had strong ties to former Majority Leader Tom DeLay (R-Texas), who was forced to resign his seat earlier this year amid the Abramoff scandal. Two former DeLay staffers and one former Ney aide have pleaded guilty to charges in the case.

The announcement of his plea agreement comes during the final stretch of what has been a difficult election cycle for Republicans in the House stemming, in part, from this illegal behavior.

Ney sent copies of both letters to Minority Leader Nancy Pelosi (D-Calif.) and to the chairmen and ranking members of the Administration and Financial Services committees. In each letter, he thanked the chairmen and staff of both committees.

Hastert could not comment on either letter yesterday because he was returning from the G-8 Summit in St. Petersburg, Russia, his spokesman said. His chief of staff, Scott Palmer, and his chief counsel, Ted Van Der Meid, the Speaker's two top advisers on procedural matters, were traveling with him.

It was unclear who would assume the Financial Services subcommittee chairmanship Ney is leaving behind. Republicans may be forced to reach deep within the panel for a successor. Rep. Gary Miller (R-Calif.) is the vice chairman of the panel, but the California lawmaker has been scrutinized for his own close ties to a land developer.

Neither Ney nor his lawyers have said whether the six-term lawmaker would resign officially from the House before his scheduled appearance in U.S. District Court for the District of Columbia on Oct. 13 before Judge Ellen Segal Huvelle, who has presided over other pleas in this investigation.

William Lawler, an attorney for Vinson & Elkins LLP who is representing Ney, said it was up to the congressman to decide whether he would resign beforehand. On Sunday, House Majority Leader John Boehner (R-Ohio), who earlier this year convinced Ney to withdraw his bid for reelection, made similar remarks to an interviewer on Fox News.

The announcement comes as congressional Republicans try to finish their regular session on a high note with a series of votes to beef up funding for security along the southern border with Mexico and controversial bills to create a legal framework to try suspected terrorists and to monitor their phone calls abroad.

Congressional Democrats remained largely silent over the weekend about Ney's plea.

Joy Padgett, the Republican running to replace him, yesterday called on Ney to resign immediately from Congress, and Republican Reps. Rick Renzi (Ariz.) and Heather Wilson (N.M.) immediately announced that they would donate campaign contributions they received from Ney to charity.

"I am deeply disappointed by today's revelations surrounding Mr. Ney and will donate any contributions I received from him to charity," Renzi said on Friday.

The New Mexico Democratic Party used the occasion of Wilson's donation to condemn her connections to GOP leaders.

"Heather Wilson seems forced to disavow a lot of corrupt Republican contributions lately," said John Wertheim, the state's party chairman.

A lobbying-law overhaul that would strip Ney of his pension remains stalled in negotiations between the House and Senate. In a press release from May, Ney actually trumpeted his own efforts to keep that provision in the broad reform bill.

Official House rules dictate that a "member, delegate or resident commissioner" who has been convicted of a crime that has a sentence of two years or more in prison "should refrain from participation in the business of each committee which he is a member."

The rules further encourage those members not to vote before their committees or the whole House "unless or until judicial or executive proceedings results in reinstatement of the presumption of his innocence" or the member is reelected after a conviction.

If Ney does not resign from the House, members can vote to expel him with a two-thirds majority, but that process can be lengthy.

If a majority of the ethics committee votes to find the member in violation of House rules, any member can bring the question to the House floor for a full vote of the chamber.

— Jonathan Kaplan and Alexander Bolton contributed to this article.

New Pay System Doesn't Affect Performance But Hinders Morale, Survey Finds (WP)

By Stephen Barr

The Washington Post, September 19, 2006

Federal executives find that a new pay-for-performance system has had little effect on their performance, but it has caused morale problems, according to a survey released yesterday.

The new pay system for the Senior Executive Service, a group of about 6,000 career professionals who serve as the government's top day-to-day managers, was put into place in January 2004 and has been touted as a possible model for the rest of the federal workforce. But the executives in the survey reported seeing little connection between their job ratings and their rewards.

Twenty percent of the executives who received a top job rating last year said they received no pay increase, and 82 percent said they had been given more responsibilities but had not received a raise.

"Something has been lost in translation as the system has been implemented," said Carol A. Bonosaro , president of the Senior Executives Association, which sponsored the survey.

In a statement, Linda M. Springer , director of the Office of Personnel Management, said that the OPM plans to study the survey results and will work "to address any problems that exist in the execution of the new system."

Congress set up the new pay system to address complaints that too many career executives were up against salary caps and to give job performance a greater role in determining executive compensation.

The previous pay system, which had six pay levels, was abolished, and agencies were given discretion to set executive salaries in broad ranges. Under the new system, federal executives may be paid up to $165,200 annually, but they are no longer guaranteed annual raises and are no longer entitled to receive locality pay adjustments that go to most other white-collar federal workers.

Parts of the survey showed that executives support the new system: Ninety-six percent of the respondents said they should be held accountable for helping their agency achieve its goals, and 69 percent think it is possible to establish measurable performance standards for their job.

But 53 percent said their agencies rated executives to meet a quota or to produce fewer high ratings. Asked if their ratings were fair and accurate, 17 percent said yes; 27 percent said yes, to a limited degree; and 33 percent said no.

Asked about the effectiveness of the new system, 86 percent said it had not affected their job performance, and 83 percent said they had not seen a change in the performance of their peers.

As for morale, 47 percent reported a "negative change," 40 percent saw no change in morale, and 13 percent said morale had improved because of the new pay system. Sixteen percent said the new system has led them to accelerate their plans to retire.

The survey was conducted on a voluntary basis over the Internet between April 28 and July 3 and received 849 completed responses. Avue Technologies Corp., a human resource consulting and technology firm, helped the association administer the survey.

Bonosaro and Linda Brooks Rix , co-chief executive of Avue, said the survey respondents were mostly representative of the federal executive corps, though they were a little older and had served longer. About half the respondents were not members of the Senior Executives Association, which was founded in 1980 to represent the interests of top career executives in government. The survey included a safeguard against participation by non-executives.

Bonosaro said she and other association officials plan to brief congressional aides and to work with the Bush administration on improving the pay system. The association's recommendations, she said, include adjusting executive pay according to local market conditions each year and allowing executives to count their bonuses toward retirement.New NARFE President

Margaret L. Baptiste of Mount Pleasant, S.C., has been elected president of the National Active and Retired Federal Employees Association. She is the first woman and the first spouse of a federal retiree to hold the position.

Baptiste, who announced her candidacy last week at NARFE's 29th biennial convention in Albuquerque, won 52.2 percent of the vote. She defeated Dan C. Galvan of Texas and Charles W. Carter of Colorado. She succeeds Charles L. Fallis of Virginia and will take office Nov. 1.

LETTERS (WSJ)

WSJ – Nader letter, earmarks, September 19, 2006

Hang Those Earmarks Out in the Sunshine

Your Sept. 13 editorial "Earmark Showdown" correctly points out that Sen. Tom Coburn's (R., Okla.) bill requiring the dollar amounts and recipients of all grants and earmarked contracts be placed in a publicly accessible database is an important step toward transparency. It is indeed the least that Congress should do.

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On Jan. 6, 2000, I wrote to President Bill Clinton and asked him to issue an Executive Order setting procedures for every agency of the federal government to place its contracts online.

On Feb. 8, 2000, President Clinton wrote back saying he had forwarded this request to OMB's Office of Information and Regulatory Affairs for review.

On Sept. 10, 2001, I wrote to Mitchell E. Daniels, Jr., then the director of the Office of Management and Budget, urging him to give taxpayers access to the full text of government contracts. On June 6, 2003, as a result of Mr. Daniels's drive on this issue, a Federal Register Notice was issued asking for public comments on a pilot project to put contracts online. His successors at OMB have not followed up.

We are moving in the right direction with Sen. Coburn's legislation, but as we all know the "devil is in the details." Requiring federal agencies and departments to post online the full text of all federal contracts, as well as task orders worth $1 million or more, would be a wonderful next step. The computer age should make it possible to efficiently allow for certain redactions related to legitimate concerns about business confidentiality and national security in contracts before they are posted online in a publicly available database managed by the General Services Administration.

Already, a large coalition from across the political spectrum has been pushing for increased transparency in government. Increased transparency regarding government contracting is good for a more competitive procurement process, the taxpayer and our democracy.

Contracting out what the federal government does and contracting to obtain what government needs is a large part of our economy. The former includes letting corporations perform more military and intelligence functions; while the latter has included buying supplies like fuel, paper, food, medicines and vehicles. Taken together, they amount to spending trillions of dollars over the past decade -- our tax dollars.

Putting the full text of these contracts online will give taxpayers both savings and higher quality performances, let the media focus more incisively on this vast area of government disbursements to inform the wider public, encourage constructive comments and alarms from the citizenry, and stimulate legal and economic research by scholars interested in structural topics related to government procurement, transfers, subsidies and giveaways.

Ralph Nader

Washington

Needless Furor Harms Outstanding Psychiatrist

The furor arising from your article about the absence of a potential conflict of information statement in a scientific paper on vagal nerve stimulation therapy for depression ("Medical Journal Editor Nemeroff Steps Down Over Undisclosed Ties," Aug. 28) has potentially harmed the fields of medicine and psychiatry.

Dr. Nemeroff was the lead author of the article in question, and all of the required individual conflicts were submitted to the journal, of which he was the editor, but they weren't included due to a regrettable oversight at the level of administrative publication. Thus, the concern about this is much overdone, as Dr. Nemeroff has reported his collaboration with the maker of vagal nerve stimulators in numerous other publications, as well as public and academic presentations. Dr. Nemeroff's decision not to pursue another appointment as editor of Neuropsychopharmacology is highly unfortunate, as this journal is more focused on the biological mechanisms of psychiatric diseases and their treatments than any other, and Dr. Nemeroff is extremely well-qualified to lead it.

Due to Dr. Nemeroff's extremely productive and successful career as a leader in academic psychiatry, he and others like him are asked to be on the boards of many pharmaceutical firms specializing in central nervous system agents. Through such collaborations, the development and testing of novel treatments are greatly enhanced and the safety of research subjects strengthened. Yes, these companies must make profits, but they also share with researchers a desire to find scientific truth, which usually isn't as clear-cut as many believe. The overwhelming majority of academic researchers are proud of their independence and are dedicated to advancing their fields through quality research. At a time of diminishing funding, does it not make sense for industry-sponsored support to provide a viable alternative, especially if available in a no-strings-attached way with sufficient academic research oversight?

We are academic psychiatrists and researchers who are colleagues of Charles Nemeroff, and we have the utmost respect for his science and ethics. Some of us receive research support from pharmaceutical companies, some from federal agencies, some from both and some from neither. All of us want the best for the fields of science, medicine and psychiatry in their endeavors to better humanity.

Boadie Dunlop, M.D.

Kerry Ressler, M.D., Ph.D.

Atlanta

(This letter was also signed by 45 other professional colleagues of Dr. Nemeroff.)

Business Ethics Professor's Weak Grasp of Capitalism

As an alumnus of Notre Dame's MBA program, I am genuinely appalled by the Notre Dame business ethics professor's comments calling the dramatic increase in hotel rates during football weekends "an act of moral abdication," especially when he engages in precisely the same behavior with his own home ("Notre Dame Football Introduces Its Fans to Inflationary Spiral," page one, Sept. 7). After all, since he has a second home in Chicago, the marginal cost of letting others stay at his house in South Bend is extremely low relative to what he is charging them.

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"An act of moral abdication" may possibly occur when a company temporarily increases its prices during a catastrophe, but the article is talking about a football game, hardly a calamity (unless Notre Dame loses, of course).

I wonder if the professor's notion of moral abdication also applies to hotels charging more on weekends than on weeknights in Las Vegas or more during the summer than during the winter at the New Jersey shore, or airline pricing.

The notion of moral abdication implies that companies should use some basis other than the fundamental, elementary law of supply and demand to set prices, which smacks of something other than free-market capitalism. Since they are expected to maximize a company's value, business executives would do well to disregard the professor's admonishment, especially in the case of Notre Dame football weekends.

Associate Professor of Logistics Management
Robert H. Smith School of Business
University of Maryland
College Park, Md.

Ivory Tower Residents Ignore Corporate Reality

Your article "Majoring in IBM: Dissatisfied With Graduates, Companies Design and Fund Curricula at Universities" (Personal Journal, Sept. 12) demonstrates the disconnect between higher education and the realities of job seekers. The concern, expressed by New America Foundation fellow Jennifer Washburn, that a corporate influence on education "is a breach of academic integrity" illustrates the problem.

As an MBA student at Purdue University I have seen the detachment between academia and the rest of the world. Most students don't aspire to be a professor. Rather, they attend universities to land corporate jobs. Universities shouldn't be ivory towers, isolated from the rest of society, producing students who are unprepared for the realities they are soon to face.

I applaud IBM and other corporations for taking the initiative. Corporate involvement in education is a must, and university administrators should take an example from Marketing 101 and look at the needs of their consumers, the students.

Transparently Inadequate (WP)

The Washington Post, September 19, 2006

ONE AMAZING thing about the House passage of "earmark reform" last week was how much labor it took to bring forth this tiny mouse of change. A more amazing thing is that the Senate may not bestir itself to change its rules even that much -- though it has already voted to require such disclosure as part of the lobbying reform bill now mired in a separate disagreement with the House. All this in a year when challengers on the left and right campaign against the "bridge to nowhere" mentality of free-spending lawmakers; when lawmakers themselves acknowledge that the practice of setting aside money for pet projects is out of control; and when a congressman is serving time for taking bribes in exchange for earmarks.

How modest -- pathetic would be a more apt term -- is the House change? Henceforth, members will be required to disclose their sponsorship of certain earmarks, and by no means all of them. Beyond this limited disclosure: nothing. No provision for an up-or-down vote on such spending. No prohibition on earmarks to benefit lawmakers' relatives. No limitation on last-minute additions that offer no opportunity for scrutiny or debate.

Disclosure is useful but insufficient. Sponsors of some of the most egregious earmarks have been eager to have their names attached to the pork-barrel spending. Remember "Don Young's Way"? This $230 million earmark for a bridge in Anchorage was part of a transportation spending bill that the Alaska Republican, who chairs the House transportation committee, bragged was "stuffed like a turkey." Somehow, we doubt that forcing Mr. Young to disclose his sponsorship of Don Young's Way would have done much to persuade him to spend taxpayer dollars any more wisely.

This kind of transparency ought to be a no-brainer minimum requirement. But, in a reflection of the degree to which lawmakers have become addicted to earmarking, the change almost failed to win passage because Republican appropriators revolted against what they viewed, with justification, as unequal treatment: While earmarked funding would be covered, the sponsors of special-interest tax breaks would have to be listed only if the break was limited to a single beneficiary. Of course the definition should be broader than that.

But the fundamental points are these: First, no one should be fooled into thinking that the House's minor, loophole-ridden change is anywhere near enough. And no one should tolerate the Senate's failing to live up to even the low standard set by the other body.

Bush's Limited-time Engagement Yields Laughs (HILL)

By Emily Heil

The Hill, September 19, 2006

So last week, the president came to the Hill to convince lawmakers to approve his legislation allowing interrogation of detainees. Hilarity ensued.

We're sure there was plenty of serious policy talk. But anytime the seldom-seen-on-the-Hill president ventures into the Capitol, there's bound to be some funny encounters.

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On the way to a meeting of Republican members, an entourage that included the president, the vice-president, Karl Rove, and other top West Wingers were walking through the Capitol basement, only to be joined by a very unexpected guest. House Minority Leader Nancy Pelosi (D-Calif.) and her gang of staffers just happened to be entering the hallway behind the executive-branch types.

Pelosi seemed a bit surprised to find herself practically steps away from Rove, but took it all in stride.

"We're not part of this party," she joked to the gaggle of reporters staked out nearby.

Just in case they were confused on that point.

Then, during a closed-door meeting of Republicans, there were some cracks made about the Ohio State University's Buckeyes defeat of Bush's home-state Texas Longhorns the previous weekend. Republicans in the Ohio delegation presented Bush with an OSU flag, according to our spies. And when fellow Texan Rep. Louie Gohmert (R-Texas) stood up to ask Bush a question, he told the president that he didn't shed a tear when the Longhorns lost. Gohmert cheers for the Aggies as a graduate of Texas A&M, one of UT's biggest rivals.

Bush, to plenty of good-natured snickers from the audience, then asked the freshman Republican whether his remarks were on the record, since they might prevent the former judge from running statewide.

Yes, he just flew in from 1600 Pennsylvania, and boy, are his arms tired …

Spoiler alert: staffer from 'Hill' show weds

For those of you who like to read the last page of a book first, here's a spoiler. On the Sundance Channel's series "The Hill," which chronicles the everyday work lives of staffers for Rep. Robert Wexler (D-Fla.), Wexler's foreign policy adviser Haley Soifer ditches her Republican boyfriend for a Democratic one.

Though he's never identified by full name on screen, Hill hands will recognize the new, blue paramour as Andrew Kauders, the former executive director of the House Democratic Caucus and aide to Sen. Robert Menendez (D-N.J.) who is now a principal with government-relations firm PodestaMattoon.

The four of six filmed episodes that have aired so far have delved into Kauder and Soifer's debate over whether they should move in together.

Unlike so many other reality-TV couples (i.e., Whitney and Bobby, and nearly every couple from the Bachelor), the two are now blissfully married.

They tied the knot Aug. 19 in Lansing, Michigan.

Another update: Soifer has left Wexler's office to pursue a master's degree at Johns Hopkins in foreign policy with an emphasis in the Middle East. Soifer says she misses life on the Hill, particularly her old colleagues in Wexler's office. But now she's happily busy with subjects such as Arabic language and economics, which she says she wouldn't have been able to pick up on the job.

Still, Soifer says she'd like to come back to the Hill, work for a campaign, or maybe in the executive branch someday.

"There's something very addictive about the Hill," she says.

Haliburton film, hearings get cross-promotion

Robert Greenwald, the maker of scathing documentaries who has previously turned his yellow lens on favorite Democratic targets like Tom DeLay and Wal-Mart, has found another subject. And it's (drum roll, please) Halliburton!

Greenwald, whose credits include Wal-Mart: the High Cost of Low Price and The Big Buy: Tom DeLay's Stolen Congress, held a press conference on Monday in the Senate Dirksen building to promote his new film, Iraq for Sale: The War Profiteers. The film delves into the Pentagon's use of contractors in Iraq, and we're guessing the depiction isn't a flattering one.

Sen. Byron Dorgan (D-N.D.), whose Democratic Policy Committee is coincidentally holding hearings on that very same topic (imagine that!) joined Greenwald at the press conference. And though the director hailed Dorgan as a hero for shedding light on contractor improprieties in Iraq, Dorgan himself emphasized he was not "promoting" the film but rather the idea that "there needs to be accountability" in Iraq. Dorgan called on GOP colleagues to convene hearings on the matter.

The American people "expect things to be done right," Dorgan said.

Ned Lamont's shifting "part"-isan politics

Connecticut Senate candidate Ned Lamont rode his liberal bona fides to a victory in the Democratic primary over Sen. Joe Leiberman. But now is Lamont moving to the right?

It seems, at least, that his hair is making a decidedly rightward march. Make that his part, specifically. The first pictures that pop up on Lamont' s campaign website show the telegenic candidate with a part that sits on the right side of his tousled 'do.

But when you look at other photos of Lamont posted on the site, it seems that he is and always has been a left parter. Part-switchers (not unlike party-switchers) particularly among men, are few and far between.

But a Lamont source says it's all a big misunderstanding. The pictures featuring the right-side part are just from flipped negatives, adjusted to get the proper angle for their spots on the website's front page.

Pun gives press release relief

We get mountains of press releases, some straightforward, others painfully full of exclamation points and purple prose. We're offering a special and occasional award for pun-iness that makes us laugh/groan to this missive sent from a House Energy and Commerce subcommittee.

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“Panel to Eye Contact Lens Sale,” the release is headlined.

To those who say puns are the lowest form of humor, we say, lighten up.

Frist and wife heart Romanian ambassador

Who knew? He’s huge in Romanian circles. At Romanian Ambassador Sorin Ducaru’s farewell fete last Wednesday, none other than Senate Majority Leader Bill Frist (R-Tenn.) and his wife Karyn became the life of the party.

Frist clearly did not want to steal the ambassador’s thunder, but after a heartfelt speech wishing Ducaru well, he was surrounded by guests who wanted to shake his hand.

The Frists did not appear to be new to the Romanian Embassy circle. Mrs. Frist remarked that Romania has had some wonderful ambassadors. She was referring to Mircea Geoana, Ducaru’s photogenic predecessor, and of course Ducaru himself, who was pivotal in promoting Romania during its ascension to NATO two years ago.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 19, 2006

A TV News Newbie, but Ready for Her Close-Up

Some people get all the good genes: Pamela Brown , a rookie reporter at NewsChannel8, inherited her looks and broadcasting bug from mom Phyllis George (Miss America 1971, CBS sportscaster) and her political passion from dad John Brown (former governor of Kentucky).

No, she's not a pageant queen -- though her mom hosted an annual Miss America party for her friends. "No, no, no," says Brown. "I'm trying to get away from that." The 22-year-old blonde graduated in May with a journalism degree from UNC-Chapel Hill, where she was a reporter on the university's "Carolina Week"; in summer 2004 she interned for Sen. Hillary Clinton. A family friend suggested Channel 8 would be a good place to launch her career; she started as a general assignment reporter three weeks ago.

Pretty nice for a first job! News veep Bill Lord denied whispers that Brown's pedigree got her the gig. "We do have a number of entry-level positions, but it's unusual for it to be an on-air position," Lord acknowledged. "She had a very good tape. She's very poised on the air. She has a lot of abilities that indicate she's going to be a very strong player."

Said Brown: "I'm here to work hard, and I'm not going to let petty gossip get in the way."If There's One Thing Millionaires Know, It's the Value of a Dollar

The Rich Get Richer, Part 1 : They were throwing money around -- literally -- at Saturday's final polo match on Great Meadow's field in Fauquier County. At halftime of the U.S. vs. England match (Yanks won, 8-4), about 300 smartly dressed guests -- millionaires, diplomats, socialites -- headed onto the field for the traditional divot stomp, in which patrons replace dislodged clumps of Bermuda grass. No one paid much attention when two guys in a pickup threw T-shirts onto the field, but they perked up when $1,000 in cash began fluttering onto the grass. "They went wild," said Great Meadow Executive Director Leslie VanSant. The swells were busy scrambling for the 700 one-dollar bills when the announcer added that there were three $100 bills in the mix, too. Hey, you can be too thin, but you can never be too rich.

The Rich Get Richer, Part 2: Somehow, two of the three big raffle prizes at Jeffrey and Juleanna Glover Weiss's fundraiser for the Washington Scholarship Fund on Saturday night went unclaimed. No wonder -- who could hear numbers being called over the lively din of media-political-business-elite cocktail chatter? So check your pockets, socialites: Ticket No. 0962043 gets you $750 worth of Gold Cup passes, movie premiere tix and dinner; No. 0962043 is $1,200 worth of yoga classes.GET THIS!

Â· Willie Nelson , his sister, Bobbie, and three others got misdemeanor citations when Louisiana state police found psychedelic 'shrooms and 1.5 pounds of marijuana on their tour bus yesterday morning. Hmm, wonder what made them look? All were released, pending court dates.

Â· Phish bassist Mike Gordon debuted his first "experimental" film at the DC Shorts festival Saturday in front of a sold-out audience, a seven-minute animated bit, "Cabin Thing." Alas, the film, about a cabin in the woods magically constructing itself, did not win a prize. Later, he breezed through a festival brunch at Clyde's Sunday and graciously chatted up hyperventilating Phish Heads.HEY, ISN'T THAT . . . ?

Â· Likely new mayor Adrian Fenty breakfasting yesterday at the Four Seasons with D.C. Council member Jack Evans , both presumably getting over the fact that Evans supported Linda Cropp . Granola for Fenty, Raisin Bran for Evans.

Â· Tony Snow flying first-class from Orlando to Reagan National; the WH flack wore both a yellow "Livestrong" wristband and a dark-green one, which he's told reporters was a gift from the family of Flight 93 pilot Jason Dahl to memorialize terror victims.

* * *

"The number one concern that I get about rap music is that they can't understand what the hell we're saying. It's like a whole bunch of mumbo-jumbo. . . . I make it a point to enunciate every damn word to make sure you understand every word I say."

-- Centreville's own Ludacris, speculating on why he has so many fans over 40, in an interview last week at XM Satellite Radio to air early next month. Also explaining why he lost the braids: "I wasn't going over 30 with cornrows."

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Loving Jenna (RC)

By Mary Ann Akers

Roll Call, September 19, 2006

The co-writer and producer of the zany award-winning satire "The Miss Education of Jenna Bush" is just a tad obsessed with his character. His fantasy is to have the real first daughter fly to Los Angeles this week to see the one-woman play named for her before she settles into her new gig teaching English in Latin America.

"We want the real Jenna to see the fictionalized one and let us know how off-base we are or how off-target," the producer, Winston Beigel, said. "That's what's driving us nuts: We really want someone to tap her on the shoulder, tell her to please get on Air Force One, come to Los Angeles and see this show about you."

The "we" is Beigel and actress Melissa Rauch, who portrays Jenna as a down-to-earth but spoiled party girl transitioning into adulthood. The play, which won the Outstanding Solo Show award at last year's New York International Fringe Festival, runs Sept. 27-30 in L.A.'s Cornet Theater.

Beigel and Rauch, ramping up the publicity, are trying to solicit help from their friends in the media to reach the first twins, who they're certain would love them just as much as they love the twins they parody.

"Melissa and I really do feel very close to Jenna somehow," Beigel told HOH. "Maybe that's just what happens when you spend a lot of time with a fictionalized version of a real person, I'm not sure — but we're convinced, if faced with the real thing — we'd all end up as friends. Can you imagine, grabbing some lobster and margaritas with Jenna and Babs in Kennebunkport, just 'cause? Now that would be awesome!"

And Beigel said he believes the real Jenna would like the show, which New York Magazine called "riotously funny" and the Dallas Morning News described as "a rather touching story about a young woman on the verge of the rest of her life."

Beigel says the play should be coming to a theater in Washington, D.C., sometime next year for Washingtonians' last chance to "savor Jenna."

Fore, Jack!!! Life's not all bad for Jack Abramoff. The corrupt former lobbyist, who is awaiting sentencing for his role in the lobbying scandal of the century, enjoyed playing golf Sunday at Woodmore Country Club, where he is a member.

No clue who he played with.

DeLay Papers. What were all those boxes marked "Tom DeLay" doing lining the wall in the subbasement of the Rayburn House Office Building on Monday? On their way to the archivist, perhaps?

A Roll Call photographer counted about 150 boxes, some of which were open, exposing lots of photographs, briefing books and official documents. Some boxes were marked "videos," which made us wonder whether, like the Nixon tapes, we'll one day find out more about this once-powerful and complex man known as the Hammer.

All-Star Game — Sort of. Tonight, the best of the House Softball League and the Senate Softball League will square off at 7:30 p.m. in a mano-a-mano fight for king-of-the-Hill bragging rights. But what we don't get is, how can you have a House-vs.-Senate showdown and not have teams that represent, well, the House and the Senate?

It appears that, at least for this season, the House wasn't strong enough to serve in its own league: House champion Potomac Fever represents The Washington Center for Internships and Academic Seminars.

At least the Senate winner, The RBIs of Texas, is made up of staffers from Texas Senate offices. Though the team also includes players from "Denny's Grand Slam," the team out of Speaker Dennis Hastert's (R-Ill.) office.

RBI's captain Bill Christian is trying to rally Texas Sens. Kay Bailey Hutchison (R) and John Cornyn (R) to attend tonight's game — though even he admits it might be a long shot.

The Fever will be playing with a depleted roster. In the last inning of Saturday's House tournament, extra hitter Rob Stacy separated his shoulder sliding into home plate and was sent to the hospital. "His shoulder's back in place, they popped it back into the joint," Fever captain Robert Walter said. "He's a little groggy on morphine right now."

Even without Mr. Morphine Drip playing, Walker predicts, "We're going to give them a good fight, it's probably going to be a close game."

Get Real About Budgeting Before It's Too Late (RC)

By Rep. Jim Cooper

Roll Call, September 19, 2006

Budget debates on Capitol Hill will never be the same, now that we have proof that presidential budgets have failed us, not because of their spending priorities but because of bad accounting. The Bush administration keeps two sets of books but shows Congress only one of them.

Don't take my word for it. Read "The Financial Report of the United States," issued by the U.S. Treasury every year but suppressed by the White House. Never heard of it? You are in good company. David Broder of The Washington Post called it one of the most secretive documents in Washington, D.C. It is issued just before Christmas without a press release, and with a print run of 2,100 copies. That's why I persuaded a publisher to release the "Financial Report" in every bookstore in America, just in time for the fall campaigns.

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If you use proper accounting, federal budget deficits are at least two, and probably 10, times larger than President Bush will admit. Remember President Bush's press conference last month claiming that his deficits are smaller than expected? He simply wasn't counting veterans' benefits, civil service retirement, Social Security or Medicare. We can't pretend that we care about those benefits if we don't count them.

How large is the deficit? Was the 2005 deficit $318 billion as the president admits, or $760 billion, or even $3.3 trillion? Is it 2.6 percent of gross domestic product, 6.2 percent or 26 percent? History will not be kind to governments that cannot put the decimal point in the right place.

Congress is clueless on this issue. More Members were briefed on the ultra-secret National Security Agency wiretapping than on this report. The Budget committees ignore it. Most Members have no idea that Congress and the White House have been using old, outmoded bookkeeping while the White House keeps the real numbers hidden.

The president himself is in the dark. I recently asked the new director of the Office of Management and Budget, Rob Portman, to tell the president about the report. I told him that he couldn't be fired for delivering bad news on his first day on the job. But Director Portman apparently chickened out. The president has given no indication that he is aware of the Treasury Department numbers. As the first MBA president in history, Mr. Bush has a particular obligation to use modern accounting.

Congress also has ignored one of the most important news events of the summer. For the first time in history, the White House may be forced to tell the truth about Social Security and Medicare. The Federal Accounting Standards Advisory Board voted 6-4 to include Social Security and Medicare obligations as liabilities on our national balance sheet. Incredibly, we elected officials have been promising the benefits without bothering to budget for them. The FASAB vote will change that.

Fiscal problems such as these are literally destroying America's credit. Standard & Poor's, the nation's leading credit analyst, is projecting that the United States will lose its AAA bond rating by 2012 and fall to junk bond status by 2025. S&P obviously sees larger deficits than President Bush does.

Do you trust Standard & Poor's, or Bush and Cheney, on this issue?

How could Washington be so confused? Just the word "accounting" can make people's eyes glaze over, but, as they say in business, "If you can't measure it, you can't manage it." Today Congress cannot accurately measure its debts or manage its deficits. We cannot even monitor the use of the national credit card because our accounting methods are so primitive. No large business in America or nonprofit is allowed to rely on our method of accounting. We've literally made it illegal for everyone else.

The first plank of the Republican "Contract with America" demanded that Congress live by the laws it passed for the rest of the nation. Surprise! We've been exempting ourselves from the most important one of all: telling the truth about our own budget problems.

Meanwhile, the coming debt crisis is best described by Peter Fisher, a former Bush Treasury official: "Think of the federal government as a giant insurance company (with a sideline business in defense and homeland security) which only does its accounting on a cash basis. ... An insurance company with cash accounting is not an insurance company. It is an accident waiting to happen."

An accident waiting to happen! America deserves better than that.

Rep. Jim Cooper (D-Tenn.) wrote the foreword in "The Financial Report of the United States," published by Nelson Current.

Your Medical History, To Go (opinion) (NYT)

By David J. Brailer

The New York Times, September 19, 2006

IT is obvious to any patient that most of his health information is on paper. Hurricane Katrina evacuees learned this when they arrived in shelters where their medical histories had to be manually — and often incompletely — reconstructed. Paper histories might eventually get where they are needed, but too late to be useful.

As the government's first national coordinator for health information technology, I began our nation's effort to convert health care from paper charts to electronic health records. America's leading doctors and hospitals have been using electronic records to reduce deaths from mistakes, injuries from prescribing errors and waste from unnecessary treatments. Steps are now under way to bring these lifesaving tools to every hospital and doctor's office in the United States. And consumers are even exploring personal health records to view their own health information and shape treatments in ways they couldn't before.

But Congress is considering a bill that would make it harder to allow your information to follow you throughout your health care treatment.

The key to digital medicine is portability. Imagine arriving at an emergency room, swiping a security card and having your medical records appear instantly. Health information portability also allows dissatisfied consumers to more easily switch doctors, hospitals or health plans, intensifying the competition to provide good quality care.

Moving from paper to digital medicine is costly — more than $100 billion for the nation by some estimates. Only the very largest doctors' practices can afford electronic health records. This is why the federal government recently published rules allowing hospitals and others to donate electronic health records to doctors. There is one critical requirement, however: the information must be standardized and portable. These rules help doctors improve care, and at the same time push health information portability into the mainstream.

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None of us would want to be treated any place where health information is proprietary and shared only in order to advance business interests. Think what it would be like to be in an emergency room where a doctor can't make lifesaving decisions because your health information is at a competing hospital. Proprietary health information impairs delivery of good care and deepens barriers to switching doctors, hospitals or health plans. Compared to this, keeping your phone number when you switch cellular carriers is a vanity.

The House and the Senate have passed separate bills that seek to encourage electronic health records. They agree on many things, like codifying into statute the health information technology office that I started. They disagree on the most important issue, however: whether portability should be a condition for electronic health record donations. The Senate version links portability to donations, whereas the House version does not.

Opponents of the House bill argue that it is too early to set standards for portability, that portability will slow adoption of electronic health records or that electronic health record donations should be prohibited altogether. These points are valid and worth consideration, but they miss the fundamental and overarching issue that Congress must confront as it tries to reconcile the competing versions of the bill: opposition to portable health information is, by definition, support for proprietary health information. As the era of digital medicine begins, we have one chance to get it right, and that means making portable health information our priority.

Congress should pass a health information technology bill, but it should include the existing federal rules for portable health information technology donations. In no place else does medicine's principal adage "first do no harm" apply more than to the action that Congress is about to take.

OTHER NEWS:

U.S. Current-Account Gap Widens (WSJ)

By Greg Hitt

The Wall Street Journal, September 19, 2006

WASHINGTON -- The U.S. reported that the deficit in its current account, the broadest measure of trade, widened further in the second quarter -- underscoring concerns about economic imbalances voiced by global finance ministers this past weekend.

Finance officials have long warned that the dimensions of U.S. borrowing from abroad -- reflected in the current-account figures -- threaten the stability of the world economy. The current account measures not just trade in goods and services, but also some financial flows; the deficit effectively amounts to how much the nation borrows abroad to finance U.S. consumers' appetite for imported goods and services.

Yesterday, the Commerce Department said that the U.S. current-account gap widened by $5.21 billion to $218.41 billion in the second quarter. The wider deficit was due in large measure to soaring global oil prices, which raised the U.S. bill for imported petroleum. The deficit remained 6.6% of the U.S. economy, the Commerce Department said, a large slice of the U.S. economy.

Critics say huge current-account deficits, which approached $800 billion last year, can't be sustained forever and warn there may be a heavy price to pay -- in the form of higher interest rates and falling stock values -- if foreign investors ever decide to pull back.

Speaking this weekend in Singapore, where finance ministers of leading industrialized nations were gathered, Treasury Secretary Henry Paulson suggested that fixing broader global imbalances is a "shared responsibility" that will require reductions in the U.S. budget deficit and more growth by Europe and Japan, in addition to "currency flexibility" by China. Critics say Beijing has kept the yuan's value artificially low as part of a policy that helped China run a big trade surplus with the U.S. and amass a stockpile of U.S. financial assets.

Harvard University Professor Kenneth Rogoff suggested a big move by China to lift the value of the yuan would stimulate needed currency adjustments throughout Asia. That would trim the U.S. current account modestly, he said, but, more important, it would lessen the "the risk of a fast unwinding" of global imbalances over the long term.

For now, though, expectations are low that Mr. Paulson, who travels to Beijing this week, can win any changes in China policy. And after yesterday's report, analysts suggest there is no immediate current-account crisis on the horizon. Nouriel Roubini, chairman of Roubini Global Economics, which publishes the RGE Monitor, said China and other emerging economies will likely continue to be able to finance the U.S. current account "smoothly for another year," with only modest increases in global long-term interest rates and little depreciation in the dollar, among other things.

The U.S. current-account deficit in the April-to-June quarter was the second-highest on record, pushed up by increased imports of goods, especially oil and petroleum products, as well a $1.63 billion increase in the deficit on investment income, the Commerce Department said. It was the third consecutive quarter the U.S. reported a widening in the deficit on such income.

Notably, net foreign purchases of U.S. private securities totaled $121.56 billion for the second quarter, down from $186.01 billion in the previous quarter. At the same time, foreign direct investment in the U.S. -- which covers hard assets such as manufacturing plants -- increased $48.41 billion, compared with an increase of $45.27 billion in the first quarter.

Separately, the Treasury Department reported net foreign purchases of $32.9 billion in July, down from $75.1 billion in June. During the month, foreign investors purchased $54.5 billion in U.S. securities. Of that total, $31.8 billion in purchases were made by private investors, down from $82.4 billion the previous month. Meanwhile, U.S. investors spent $21.6 billion on securities issued abroad.

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Write to Greg Hitt at greg.hitt@wsj.com1

Prices At The Pump Keep Tumbling (USAT)

By James R. Healey

USA Today, September 19, 2006

Gasoline prices continue to tumble briskly, dropping Monday to a U.S. average of less than $2.50 a gallon for the first time since March.

Service stations even are beginning old-fashioned gas wars to avoid losing customers to price-cutting rivals.

“Traders were racing to see how high they could take it. Now, retailers are racing to see how low. It's crazy,” says Mike O'Connor, president of the Virginia Petroleum, Convenience and Grocery Association.

A Wawa station in Gainesville, just off Interstate 66 in Northern Virginia, dropped to $1.999 Sunday, prompting competing 7-Eleven stations to match. That triggered lines and drained at least one station's tanks.

“We never have been that busy on a Sunday. I was supposed to leave at 5, but I stayed until 8,” says Faisal Haq, assistant manager of a 7-Eleven about a quarter-mile from the Wawa. “We had about 600 customers. Other Sundays, maybe 300. We ran out of gas sometime after 7 p.m.,” he says.

In Virginia Beach, half a dozen stations in one area that sell more-profitable items inside were selling gas for $1.999 Monday, to “get people onto the lot to make money off cigarettes, coffee, sandwiches. We haven't seen this kind of marketing in a while,” says O'Connor.

Terrible's, a convenience store near Interstate 35 at Osceola, Iowa, was at $1.969 over the weekend to attract business to the affiliated casino next door. “Our intent is to be the cheapest fuel in our immediate area,” manager Di Boone says.

The U.S. Energy Information Administration reported Monday that the national average for regular grade is $2.497 a gallon, down 12.1 cents in a week. Travel organization AAA reported a U.S. average Monday of $2.495, down 1.6 cents overnight.

Last time gasoline was less than $2.50 was March 27 in EIA's survey, March 19 in AAA's.

A hefty 42% of Americans polled over the weekend said they think fuel prices are being manipulated by the Bush administration to help Republicans in an election year. The USA TODAY/Gallup Poll has a margin of error of 3 percentage points.

Petroleum analysts say the reasons are less Machiavellian: Supplies are above average, partly because summer's high prices attracted record imports. Hurricanes haven't knocked out Gulf of Mexico production. U.S. regulations permit a cheaper-to-make fuel blend in fall and winter.

“Without a shadow of a doubt, there is not any manipulation, and it has nothing to do with the approaching election,” says Peter Beutel, head of energy-price consultant Cameron Hanover. The petroleum market is “too big a market to manipulate. The price just … could not sustain itself.”

Gas Price Decline May Spur Inflation (USAT)

By Barbara Hagenbaugh

USA Today, September 19, 2006

WASHINGTON — The recent sharp decline in gasoline prices may help consumers. But it also may stoke inflationary fires, perhaps forcing the Federal Reserve to raise interest rates again later this year, some economists, such as those at Merrill Lynch and the Bank of Tokyo-Mitsubishi, say.

The argument: If consumers spend the cash in their wallets left over from filling their gas tanks, the economy may speed up and businesses will have greater power to raise prices. That could lead to higher inflation — not lower, as some may expect — and renewed action from the Fed.

"It's going to put a lot of money back into consumers' pockets, money they can spend in the shops and the malls," Bank of Tokyo-Mitsubishi chief financial economist Christopher Rupkey says. "The inflation pressures will intensify."

But Wachovia economist Jason Schenker says the drop in gasoline prices will have little impact on consumers because it is coming after the busy summer driving season. With winter approaching, heating costs are more important now, and the outlook for those are unclear, he says.

NO CHANGE LIKELY: Rates not expected to go up this week

Federal Reserve policymakers are widely expected to leave their target for short-term interest rates, which influence borrowing costs across the economy, unchanged when they meet Wednesday.

After raising rates 17 times from June 2004 to June 2006, Fed Chairman Ben Bernanke and his colleagues last month voted to leave rates unchanged. Although inflation measures have been elevated recently, Bernanke and others have argued that slowing growth should relieve price pressures.

But an energy price decline may pump up the economy in the months ahead, warns Rupkey and others. Rupkey says the Fed may raise rates as early as October.

In large part because of a steep drop in oil costs, gasoline prices have fallen more than 15% in the last month.

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"The Fed should take notice," Merrill Lynch chief investment strategist Richard Bernstein said in a recent research note to clients. "The rationale for pausing ... was that economic growth was weakening. The fall in energy prices and the equity markets' (positive) reactions suggest that rationale is now less appropriate."

Higher energy prices can lower economic growth by forcing consumers to spend less money in the broad economy because they are forced to pay more on energy. They can also lead to higher inflation if businesses pass along added costs to consumers.

While the higher prices seen earlier this year led to lower economic growth, it is still unclear how big of an impact they had on inflation.

Lehman Bros. senior economist Drew Matus says the energy price retreat should cut expectations that the Fed may soon cut rates.

"The market is expecting a Fed rate cut in early 2007. We think that's a little aggressive," he says.

Fresh Delay For BP Field Drives Oil Higher (FT)

By Sheila Mcnulty

Financial Times, September 19, 2006

BP was hit by yet another setback on Monday when the company was forced to announce that production at its showcase Thunder Horse oil and gas field will not start until mid-2008,18 months later than planned.

News of the delay, caused by problems with the project's subsea infrastructure, caused oil prices to jump, ending the decline of recent weeks.

In New York, crude oil for October delivery rose 47 cents to $63.80 a barrel. BP shares closed 6p higher at 579p.

For BP, the delay is the latest in a succession of problems in its US operations, including the explosion at its Texas City refinery last year and the shutdown of its Prudhoe Bay field in Alaska following leaks from a corroded pipe. Analysts had said the start-up of Thunder Horse had been the only good news on the horizon for BP.

On Monday, some were questioning the returns the project will make. The company has touted the field will deliver 1.5bn barrels of oil, making it the biggest find yet in the Gulf of Mexico.

One BP employee said the UK oil and gas company was moving to revise down expectations from the field, with new estimates that it might contain just 600m barrels of oil.

One analyst said: "The field may now come on stream after the peak in the oil price."

BP discovered the Thunder Horse field in July 1999 and set January 2005 as a production target, with about 50 wells. BP has delayed the project several times.

The oil and gas platform, the world's largest of its type, was found to be listing badly after its evacuation during Hurricane Dennis in July last year.

On September 10, BP took a key manifold – the central structure of the platform – to a shipyard in Houston for hydro-testing, in which water is pumped in at high pressures to ensure the system is intact.

"In this case, it blew apart and didn't hold pressure," said a BP employee. "Things shot 60ft in the air. It is very clear there is a system-wide problem."

Two other manifolds, in the northern section of the field, were also found to have cracked insulation, which was a precursor to the failure of the welding on the other manifold, he said.

BP said no parts came free and the welds it used were common elsewhere in the industry. It suspected problems on Thunder Horse resulted from the high pressure and high temperature on the oil reservoir, the highest under development in the Gulf.

One BP employee said project costs were rising significantly, with an additional $500,000 on the more than $1bn project being one estimate. BP said it was too early to estimate cost overruns.

The Organisation of the Petroleum Exporting Countries and the International Energy Agency are expected to revise downward their oil supply forecasts because of the delay, which will probably reduce US supply growth to zero in 2007. An Opec official said: "This is amazing. Thunder Horse was absolutely key."

He said this would give Opec members more flexibility and might mean they would not have to reduce output next year to shore up prices.

BP Extends Gulf Of Mexico Delay As Tests Show Failing Equipment (WSJ)

By Chip Cummins

The Wall Street Journal, September 19, 2006

BP PLC said it will further postpone the start-up of its long-delayed Thunder Horse oil field in the Gulf of Mexico, making its long-term production goals harder to achieve.

BP said it will replace much of the field's underwater equipment because of a failure during recent testing. The delay will push first production from the field to 2008, instead of 2007 as previously projected.

While BP said it was too early to determine the cost of the additional repairs, the move is an operational setback. The London company already is coping with a series of environmental, safety and compliance problems in the U.S.

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The problems with Thunder Horse -- which is 75%-owned by BP and 25%-owned by Exxon Mobil Corp. -- demonstrate the risks involved in such deep-water projects, which are finding increasing appeal amid high oil prices and the scramble to secure new reserves. BP's announcement also contributed to a 47-cent rise in oil futures to $63.80 a barrel on the New York Mercantile Exchange.

Thunder Horse is expected to produce a maximum of about 250,000 barrels a day from wells about 6,000 feet deep. BP already is suffering significant lost crude output at an oil field in Alaska, which it partially shut down this summer because of corrosion. The Alaska field, which BP runs on behalf of a consortium of oil companies, is producing just over half of its typical output of some 400,000 barrels a day.

Thunder Horse's most recent estimated start date wasn't until next year, and today's high oil prices will help cushion some of the blow from the late start. But a delay in reaching its longer-term production estimates could further sour investor sentiment on BP, which has suffered since the Alaska shutdown and amid criminal and regulatory probes of its refineries, the Alaska oil field and its energy-trading desk.

BP's American depositary receipts initially fell but finished up 1%, or 69 cents, at $65.55 in New York Stock Exchange 4 p.m. composite trading. In recent weeks, the company's shares have underperformed those of its large, integrated oil-company peers Exxon Mobil and Royal Dutch Shell PLC.

BP had estimated annual production growth of 4% on average from 2005 to 2010, assuming an oil price of $40 a barrel. A BP spokeswoman said the company expects to be able to make up for any shortfall in later years. She said BP doesn't expect similar problems elsewhere because Thunder Horse is "a leading-edge project" using newer and less-tested technology. BP's production for the first half of the year totaled about four million barrels of oil equivalent a day.

As recently as early last year, BP said it still expected Thunder Horse to be pumping oil in 2005. That summer, however, the field's production platform was found listing heavily after Hurricane Dennis ripped through the Gulf of Mexico. The project suffered a series of delays after those repairs.

BP said yesterday that the project failed a series of tests. When water was pumped through a subsea manifold, or pipeline juncture, a weld failed.

The BP spokeswoman said the failure was related to an unexpected metallurgical reaction in the manifolds unique to the field's challenging geology.

The delay comes as BP scrambles to address other problems eating into its bottom line. The company's refinery in Texas City, Texas, is running at reduced capacity since BP closed it after last year's late-summer hurricanes and kept it shuttered to address equipment problems. The refinery was the site of a March 2005 explosion that killed 15 workers.

Write to Chip Cummins at chip.cummins@wsj.com1

Wall Street Mixed As Oil Prices Climb (FT)

By John O'doherty

Financial Times, September 19, 2006

A morning rally on Wall Street fizzled out on Monday as oil prices climbed and investors became cautious ahead of the US Federal Reserve's meeting on interest rate policy on Wednesday.

Energy stocks ticked higher after BP announced production at its Thunder Horse rig in the Gulf of Mexico would be delayed until 2008, and Iran warned against sanctions over its nuclear programme. Schlumberger gained 4.6 per cent to $58.84, and ExxonMobil rose 2.2 per cent to $66.08.

Steelmaker Nucor added 4.3 per cent to $48.77, and copper miner Phelps Dodge rose 3 per cent to $86.21.

First Data, provider of electronic payment systems, sank 7.6 per cent to $41.25 after Standard & Poors cut its rating on the company's debt from A+ to A.

Freescale Semiconductor jumped 5.7 per cent to $39.26 on news that the chipmaker would be bought for $17.6bn by a private equity consortium led by the Blackstone Group.

Symbol Technologies, a maker of barcode scanners and mobile computers, soared 15.4 per cent to $14.67 on reports that it was putting itself up for sale.

Applied Materials, a manufacturer of chipmaking equipment, rose 3.4 per cent to a four-month high of $17.78 after it announced plans to buy back up to $5bn of its own stock over the next three years.

Not all technology stocks were as strong however. Ebay fell 3.6 per cent to $26.84, and Sun Microsystems shed 3 per cent to $5.12.

At the close, the S&P 500 was up 0.1 per cent, or 1.31 points, at 1,321.18, while the Nasdaq Composite was flat, up 0.16 points, at 2,235.75. The Dow Jones Industrial Average was down 0.1 per cent, or 5.77 points, at 11,555.00.

The Federal Reserve's Open Market Committee meets on Wednesday and is widely expected to keep rates unchanged.

"Confidence seems to be growing that the Fed will pull off a soft landing," said Alfred Goldman, chief market strategist at AG Edwards.

Consumer cyclical stocks came under pressure. Home improvement retailer Home Depot sank 1.7 per cent to $36.58 after Credit Suisse cut its rating on the stock from "outperform" to "neutral", saying a weakening housing market could lead to earnings shortfalls.

Ford Motor continued to slump after it announced steep cost-cutting measures on Friday. The carmaker dropped 2.5 per cent to $7.82.

Intercontinental Exchange gained 2.4 per cent to $76.15, after it was upgraded from “neutral” to “buy” by Bank of America, which cited the exchange’s recent announcement that it would buy the New York Board of Trade. Nasdaq also ticked higher, adding 5.2 per cent to $30.85.

Rail stocks pushed higher. Norfolk Southern gained 4.1 per cent to $44.80, and Burlington Northern Santa Fe added 1.9 per cent to $71.15.

Nasdaq Rises Seventh Session In A Row; Investors Await Wednesday's Fed Call (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 19, 2006

Fresh insights from home builders offered more evidence of economic weakness, confirming what many investors and Wall Street denizens already believed ahead of a meeting of Federal Reserve policy makers at midweek.

The Dow Jones Industrial Average slipped 5.77 points to 11555.00, nearly unchanged in percentage terms. The Dow is up nearly 8% so far this year, within shouting distance of its record set in January 2000.

The broad Standard & Poor's 500-stock index rose 1.31 points to 1321.18, up 5.8% on the year. The Nasdaq Composite Index inched up 0.16 point to 2235.75, up 1.4% on the year.

However humble that rise, it was the seventh straight day of gains for the technology-heavy indicator, the longest winning streak since the Nasdaq began 2006 with a weeklong surge.

Investors came into the week already focused on tomorrow's meeting of the Federal Reserve at which the central bank is expected to leave its key interest-rate target unchanged at 5.25%. But unlike the run-ups to past meetings, investors aren't anxiously parsing the economic tea leaves because they figure they already have a handle on the state of things.

"It's still clear the economy is softening at a pretty good pace," said Peter Hooper, chief U.S. economist at Deutsche Bank Securities.

Economy watchers pointed to a report yesterday from the National Association of Home Builders that showed an index of builder confidence falling for September. Among other data, America's current-account deficit, a measure of imports versus exports, grew in the second quarter to $218.4 billion, greater than Wall Street's expectation of a $214 billion gap.

Although the housing market may be topping out or even retreating, Wall Street is banking on consumers continuing to make other purchases that will keep the economy from going into full retreat.

Bulls are banking on a combination of moderate growth and no more rate increases from the central bank.

"There's a lot of room for large-cap growth stocks, in particular, to do well as the Fed moves from a neutral stance to easing rates, which will happen at some point down the line," said Duncan W. Richardson, chief stock-investment officer at Eaton Vance Management.

Today, the government will release the August reading of its producer-price index, which measures wholesale inflation. That report, preceded by a report last week on price pressures at the consumer level, could spur busier stock trading than was seen yesterday.

In major U.S. market action:

Stocks were mixed. Total trading volume for stocks listed on the New York Stock Exchange was 2.36 billion shares, as 1,631 issues rose and 1,670 declined.

Bond prices declined. The 10-year Treasury note slipped 4/32 point, or $1.25 for each $1,000 invested, pushing the yield up to 4.812%. The 30-year bond slipped 6/32, pushing up the yield to 4.930%.

The dollar was mixed. Against the Japanese currency, the dollar rose to 117.88 yen, compared with 117.56 on Friday. The euro rose to $1.2704, compared with $1.2662.

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Inflation Fears And Rising Oil Prices Bring Rally To A Halt (NYT/BLOOM)

The New York Times/Bloomberg, September 19, 2006

Stocks failed to extend last week’s rally yesterday as oil rose the most this month and inflation concerns spurred investors to sell shares of retailers, the market’s best performers in September.

Home Depot, the home improvement chain, led the Dow Jones industrial average lower after Credit Suisse cut its rating, citing potential earnings shortfalls because of a housing slowdown.

Ford Motor fell for a third day after J. P. Morgan Chase analysts said the company’s 2006 losses might be larger than forecast.

“You’re going to have two things working against these stocks,” said Bart Barnett, head of equity trading at Morgan Keegan in Memphis. “First, that they’ve had a great run. Second, that obviously higher oil prices are inherently negative for the consumer.”

Stocks swung between gains and losses throughout the day amid concern that a report on wholesale prices today would show that inflation remains a threat. The Federal Reserve makes its next decision on interest rates tomorrow after leaving them unchanged last month for the first time in two years.

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The Dow fell 5.77 points, or 0.1 percent, to 11,555. The Standard & Poor's 500-stock index rose 1.31 points, or 0.1 percent, to 1,321.18. Both benchmarks ended last week at their highest since May 10. The Nasdaq index added 0.16 points, to 2,235.75.

Signs of slowing inflation have pushed the S.& P. 500 within 0.3 percent of a five-year high and have reduced the chances the Fed will resume raising rates. The S.& P. 500 last week had its best week in a month after consumer prices increased in August by half the pace of the previous month and oil prices tumbled.

A measure of retailers fell 0.5 percent among two dozen industry groups in the S& P. 500. So far this month, retailers have gained 8.1 percent as a decline in oil prices has allayed concern that consumer spending will falter.

Crude oil for October delivery rose yesterday on concern that a dispute between Iran and the United States about Iran's nuclear program would intensify and jeopardize oil supplies. The contract closed up 0.7 percent at $63.80 a barrel, the biggest gain since Aug. 24.

Home Depot was the worst performer on the Dow, losing 64 cents, to $36.58. A Credit Suisse analyst, Gary Balter, cut the shares to neutral from outperform.

Ford tumbled 20 cents, to $7.82. Losses this year "are likely to be far wider than current expectations," a J. P. Morgan analyst, Himanshu Patel, wrote to clients.

Sharper Image, a seller of products like robotic vacuum cleaners, dropped 34 cents, to $9.35. The company said it would restate results for the three years that ended in January 2006 after reviewing its stock option practices. Sharper Image also said its loss for the second quarter, compared with a year ago, widened before an income tax benefit.

Applied Materials rose 58 cents, to $17.78, after saying it would buy back $5 billion in stock over three years.

Higher crude prices gave energy shares a lift. A measure of oil-related companies advanced 2.6 percent for the best performance among the 10 industry groups in the S.& P. 500.

Exxon Mobil added $1.65, to $66.30 for the Dow's best performance. Chevron rose $1.06, to $62.85. Even with yesterday's gain, energy shares are down 4 percent this month as oil prices have slumped 9.2 percent.

The price of the benchmark 10-year Treasury note fell 4/32, to 100 17/32. The yield, which moves in the opposite direction from the price, rose to 4.80, from 4.79 on Friday.

Here are the results of yesterday's auction of three-month and six-month Treasury bills:

Judge Tells Strip Clubs To Abide By Crackdown (WT)

By Jim Mcelhatton

The Washington Times, September 19, 2006

A federal judge has upheld Prince George's County's crackdown on strip clubs, but temporarily ruled against a measure requiring individual strippers to post licenses issued by the county.

U.S. District Court Judge Deborah K. Chasanow on Friday refused to issue a restraining order to block enforcement of the county's laws on adult entertainment, including a ban on nude dancers mingling with club patrons.

The Nico Banquet Hall in Camp Springs, Bazz and Crue in Forestville and the Showcase Theater in Beltsville filed a federal lawsuit against the county last month challenging the constitutionality of the laws.

"The clubs will have to comply" while the case moves ahead, said Tonia Belton-Gofreed, assistant state's attorney for Prince George's County.

The legislation, which an attorney for the clubs called "sweeping and devastating," include a provision that prohibits clubs from operating after 1 a.m. Among other new restrictions, dancers must be on stages that are at least 18 inches high and performances must take place at least six feet from customers.

Judge Chasanow denied the request for a restraining order on all of the measures except for a provision saying that dancers must post their licenses in a work area.

Under the new set of county laws, dancers will have to pay the county $200 a year for a license.

License applications must include proof of identification, age, home address and any stage names or nicknames they use during performances.

Luke Lirot, an attorney for the clubs, had argued that restrictions shouldn't be enforced until the court decides whether they are constitutional.

Mr. Lirot also argued that another measure banning patrons from giving tips to dancers would put many employees out of work.

"Without the tip income from the patrons, many, if not all, of the dancers that perform at these establishments would not do so," he wrote in a 44-page legal brief filed earlier this month.

Mr. Lirot also questioned a consulting study commissioned by county officials before they enacted the legislation.

The study by Pennsylvania-based Gentile-Meinert & Associates Inc. called for tightened regulation of strip clubs and cited "negative secondary effects," including crime and declining property values.

The regulations were enacted in the wake of a community effort to stop the relocation of a Hyattsville strip club to the outskirts of Laurel.

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In legal filings, Miss Belton-Gofreed balked at claims by the strip clubs that the new rules were unconstitutional. She stated that the laws aren't overly restrictive because dancers, if clothed, still can mingle with patrons. In addition, strippers still can accept tips, though not directly. They must take tips from business operators or tip jars.

She also said tightened restrictions were justified because a county study found that 8.5 percent of the county's homicides were reported at adult entertainment establishments in 2003. The study also cited links between the establishments and prostitution and declining property values.

Miss Belton-Gofreed also said the enforcement of the rules probably will not begin until next month.

"The county is not banning nudity, dancing or nude dancing," Miss Belton-Gofreed argued in legal filings last week. "If ... patrons will accept no alternative to the experience of 'genitalia-touching lap dances,' frankly, salsa dancing -- or therapy -- would better serve."

Poll Finds Rebound In Bush Approval (USAT)

By Jill Lawrence And Susan Page

USA Today, September 19, 2006

WASHINGTON — Amid falling gas prices and a two-week drive to highlight his administration's efforts to fight terrorism, President Bush's approval rating has risen to 44% in a new USA TODAY/Gallup Poll. That's his highest rating in a year.

The poll also showed likely voters evenly divided between Democratic and Republican candidates for Congress, 48%-48%. Among registered voters, Democrats had a 51%-42% advantage.

The results come seven weeks before closely contested elections for control of Congress. Republicans have struggled to overcome problems, including Bush's low ratings, continuing violence in Iraq and the bungled response to Hurricane Katrina.

They also come as terrorism is making headlines: an alleged plot to blow up planes headed from Britain to the USA, the fifth anniversary of the 9/11 attacks, and weeks of focus by Bush and other top Republicans on terrorism and whether Democrats can protect the country.

The new findings reflect “a consistent, persistent, tenacious effort to make … the Republican Party's ability to deal with terrorism the No. 1 issue in the campaign,” said political scientist Richard Eichenberg of Tufts University, who has studied presidential job ratings during wartime. He called it “a carbon copy” of the successful 2004 playbook.

Bush's approval rating has edged up largely on the strength of Republicans coming back to the fold — 86% with him now compared with 70% in May.

Scott Reed, a Republican strategist who ran Bob Dole's 1996 presidential campaign, said GOP fortunes have turned since Labor Day: “This has been the best two weeks Republicans have had since Bush was re-elected.”

Democratic pollster Geoffrey Garin said Bush's approval goes up and down with each poll, and the even division of likely voters has been constant for a month. “There's no momentum here,” he said. “The story is Republicans at a standstill.”

The new poll found likely voters more prone to vote for candidates who support Bush on terrorism, 45%-28%, and evenly divided on those who support and oppose Bush on Iraq. More than a quarter said Iraq is their top concern this fall. For the first time since December 2005, a majority of people did not say the war there was a mistake; the split was 49%-49%.

Bush's terror-fighting techniques drew mixed reviews. A 55%-42% majority supported his policy of wiretapping phone conversations between U.S. citizens here and suspected terrorists in other countries without getting a court order.

But by 48%-41%, people said it would be worse to convict defendants on evidence they are never shown, as Bush wants, than to let some suspected terrorists go free. And 57% said the United States should abide by the Geneva Conventions that bar humiliating and degrading treatment of prisoners; Bush wants to write U.S. standards that critics such as Sen. Lindsey Graham, R-S.C., say would weaken protections.

The Iraq war continues to be problematic for Bush. Six in 10 people said he does not have a clear plan for handling Iraq (two-thirds said the same for Democrats), and 56% said Congress is not doing enough to oversee U.S. policy there.

Three-quarters said Iraq is in a civil war, though the administration says that is not the case. And 58% said the U.S. goal in Iraq and the Middle East should be stable governments; 33% agreed with Bush's aim of democratic governments.

Democrats' Spending Gives Edge To GOP (AP)

By Jim Kuhnhenn

AP, September 19, 2006

The national Democratic Party has spent millions on raising money, consultants and building state parties, entering the weeks before Election Day with only about one-fifth as much as the Republicans for races that could decide control of Congress.

The Republican National Committee is prepared to spend $60 million over the next seven weeks on advertising and get-out-the-vote efforts to protect the GOP's narrow majorities in the House and Senate.

The Democratic National Committee plans to use about $12 million, all devoted to getting voters to the polls. Even in that effort, though, it has set aside only an average of $60,000 in each of the 40 most competitive congressional races in the country.

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Under Democratic Party Chairman Howard Dean, the DNC has delivered more resources than any other toward building the party at the state level. In doing so, the DNC as of July 31 had transferred nearly $17 million to state and local party committees across the country, with significantly more going to states with competitive races, according to party officials.

Between Jan. 1, 2005 and July 31 of this year, the party spent about $90.2 million, about a third of that on fundraising expenses, ranging from more than $8 million in direct mail to $10,500 for an event for donors at the five-star Greenbrier in White Sulphur Springs, W.Va.

The party has reported spending $2.9 million on political consulting and nearly $1 million on legal consulting fees, according to data compiled by Political Money Line, a data base for political spending. The political consulting figure includes money spent on summer interns, party officials said.

Both parties will rely heavily on their congressional campaign committees for advertising and voter outreach. But while the GOP is operating at a political disadvantage this election, its financial edge could be crucial for Republicans to retain political power.

Republican Party Chairman Ken Mehlman has developed a highly touted voter outreach operation that party operatives say he will blend with targeted television advertising. It is an operation that helped with a Republican victory in a special congressional election in California and with securing Sen. Lincoln Chafee's Republican primary win in Rhode Island.

"Republicans have unlimited resources," said Steve Rosenthal, a Democratic strategist and expert on voter mobilization. He predicted Republicans will "bloody the waters enough with negative ads and come in below that with a campaign that is mailings, phone calls, personal contact with voters they know they need to get out to win."

To be sure, Republicans have long been able to raise more money than Democrats. Dean, a prolific fundraiser, has been successful at bringing in more money by Democratic standards. But his decision to spend more on states has angered Washington-based party operatives who want to place the party's focus on winning control of Congress and set the stage to regain the White House in 2008.

One Democratic strategist, speaking on condition of anonymity so as not to inflame tensions with Dean, pointed out that the chairman has raised and spent a significant amount of money, arguing that winning this year is crucial to the party winning in 2008.

But Dean's strategy has vast support from state party officials who have been pleading for years for help from the Democratic national committee. State party officials say the money, in turn, will help Democrats in races up and down the ballot, from gubernatorial to congressional to state legislative contests.

"The investment in the state parties has made them stronger," said Mark Brewer, the chairman of the Michigan Democratic Party and president of the Association of State Democratic Chairs. "There are more door-to-door canvassers and they're working for the whole ticket. It's a different way of spending the same resources."

Ohio Democratic Chairman Chris Redfern said field operatives hired by the state party with help from the DNC will work together with staffers from the House and Senate campaign committees in mobilizing voters to help all candidates on the Ohio ballot. Ohio is one of the mot competitive states in the country, with close races for governor, Senate, and several House races.

Dean defenders said the party's two campaign committees — the Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee — are focused exclusively on the upcoming race, while Dean needs to have a longer view that builds the party for the future.

"If you want to win the presidency you have to win Ohio," Redfern said.

But the DNC's money has been directed to all states, many of them solidly Republican where Democratic candidates for national office stand little or no chance. Still, DNC officials said the $12 million devoted to a national get-out-the-vote effort is greater than the DNC's commitment in past elections.

The party's campaign committees have taken the lead in supporting Democratic House and Senate candidates in competitive races. The congressional campaign committee is running its own voter mobilization effort with the help of Michael Whouley, a highly regarded party strategist.

Rep. Rahm Emanuel, D-Ill, the DCCC chairman who has quarreled with Dean over DNC spending, last week obtained a $2.4 million pledge from the DNC's get-out-the-vote money to specifically mobilize voters in 40 competitive House seats. Sen. Charles Schumer, a New York Democrat and chairman of the senatorial campaign committee, is still negotiating with the DNC for a sum to help Senate candidates.

Meanwhile, the RNC has already spent more than $300,000 in advertising against Rep. Harold Ford, the Democratic Senate candidate in Tennessee, and more than $1 million against Rep. Sherrod Brown, the Democratic Senate candidate in Ohio. The DNC plans to spend no money advertising, leaving that task to the party's campaign committees.

Still, some Democratic strategists say their candidates have indeed benefited from Dean's decision to send much of the party's money to the states. Others say the party's decision to overhaul outdated voters files has provided an invaluable service.

"Our campaign would have had to spent our manpower and our resources if we had to build it from scratch," said Michael Malaise, the campaign manager for Nick Lampson, the Democrat seeking to fill the seat formerly held by House Republican Leader Tom DeLay.

Allen, Webb Again Spar Over War In Iraq (RTD)

By Peter Hardin

DOJ_NMG_0065589

Richmond Times-Dispatch, September 19, 2006

McLEAN -- Republican Sen. George Allen branded Democratic challenger Jim Webb a single-issue candidate yesterday over Webb's opposition to the Iraq war and its central place in his Senate bid.

"This is the one issue that drives my op- ponent's campaign," contended Allen, forced to defend the divisive war again in a Senate debate, as was the case a day earlier when the candidates clashed on NBC's "Meet the Press."

Webb, a former secretary of the Navy, did not back off from the Iraq issue during the freewheeling debate sponsored by the Fairfax County Chamber of Commerce.

Jim Webb explains his past position against women in the military... Polls show more than two-thirds of Americans believe the situation in Iraq is "headed in the wrong direction," Webb said, adding that he brings varied skills for fresh leadership on that and other issues.

"My view on Iraq is that we got in pre- cipitously. We need to get out carefully. But that does not mean that we should take a great deal of time in order to do that," Webb said.

The scrapping candidates also faced some different questions:

When a reporter pointed to speculation by "the Jewish press" and asked if Allen had Jewish forebears, some in the audience booed. A visibly irritated Allen teed off on the panelist, dismissing the question as irrelevant. But Allen also gave an answer. His mother is "French-Italian with a little Spanish blood in her," he said, and he was raised "as she was, as far as I know, raised as a Christian."

The Jewish Daily Forward published an article Aug. 25 about Allen's heritage after the controversy over his use of the term "macaca" to address a volunteer of Indian-American descent for the Webb campaign.

Webb called for a move toward a health-care system such as one in Massachusetts that requires all adults to have health insurance.

The candidates found something to agree about. Webb said he went along with Allen's effort to generally require states to recognize one another's permits for carrying concealed firearms.

"I have a permit to carry [a firearm]," Webb said. "I've had guns since I was 8 years old and was raised in a family where hunting and self-defense is part of the culture."

With control of the GOP-led Congress at issue in the upcoming midterm elections and polls showing a close contest in Virginia, the race has attracted national attention.

Webb is a newcomer to elective politics who is not nearly as well-known in Virginia as Allen, a former governor, state legislator and U.S. House member.

The challenger is an author, former Republican and decorated Marine veteran of Vietnam combat. For the second day, he appeared confident and pugnacious in debating, a marked contrast to the contest's first debate in July.

Allen again attacked Webb over writings critical of women in the military from a 1979 article for Washingtonian magazine.

"Women still today are dismayed that you continue to rationalize those words," Allen told his foe, who issued an apologetic statement last week.

"I guess this is my 'macaca' payback," Webb replied to an eruption of laughter in the audience. "Keep trying, George."

Allen has apologized repeatedly over calling the volunteer "macaca," saying it was a mistake and that he had made up the word without knowing what it meant. It means a genus of monkey. The Webb volunteer recorded the incident on videotape, which was circulated widely.

Yesterday, a panelist said the word is used as a racial slur in French-influenced African nations and mentioned that Allen's mother is French-Tunisian. Was Allen sure he had never heard the word, the panelist asked. "I hope you're not trying to bring my mother into this matter," he shot back crossly at the questioner.

He never heard it from her or anyone else and did not intend to disparage Webb volunteer S.R. Sidarth, Allen replied.

He added an emotional note about his mother. Her father was incarcerated by the Nazis in World War II, Allen said, and he learned an important lesson from her.

"Of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother," he said.

Allen voted in 2002 to authorize use of military force in Iraq. He assailed Webb's suggesting that Iran and Syria might be drawn into talks over a diplomatic outcome.

"It doesn't make much sense to me to have a country like Iran, it's clearly a state sponsor of terrorism . . . to have them forming the future of Iraq," Allen said.

Webb retorted that "no great country should be afraid to talk to any other country" and accused Allen of feeling comfortable with the notion of a U.S. presence in Iraq for 20 to 30 years.

In reply to a question, Webb said he would not support it if there were a bid in Congress to cut off appropriations for the war.

Yesterday's debate was moderated by George Stephanopoulos of ABC News. A final debate, sponsored by the League of Women Voters, will be aired Oct. 9 on WTVR-Channel 6 in Richmond.

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The Fairfax County meeting was broadcast by C-SPAN2 and is expected to be rebroadcast. Sunday's "Meet the Press" debate can be viewed on that show's Web site, where a transcript is also available.

Iraq, Stem Cell Research, Racial Comments Key Debate (AP)

By Bob Lewis

AP, September 19, 2006

Republican Sen. George Allen criticized his Democratic challenger, Jim Webb, in a debate Monday for suggesting that Iraq and Syria be part of a multinational settlement to end sectarian bloodshed in Iraq.

In Virginia's close race, Allen and Webb reflect deep national divisions over U.S. involvement in Iraq, an issue that polls indicate could shift Congress from GOP to Democratic control in the Nov. 7 election.

Allen attacked Webb for saying in Sunday morning's debate on NBC's "Meet The Press" that Iran and Syria needed to be part of a multinational discussion on Iraq.

"It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror, ... to have them forming the future of Iraq," Allen said during the Fairfax Chamber of Commerce Debate.

Monday's debate was the second in as many days. An independent candidate, Gail Parker, sat wearing a white cowboy hat amid a luncheon crowd of 600 business executives.

Allen said the idea of involving adversaries in the region in a settlement is the only significant difference between himself and Webb.

But Webb, an outspoken opponent of 2003 Iraq invasion, said he and Allen differed profoundly about nearly every aspect of the war.

"We've been divided from Day One — whether we should have gone in, which I believe was a strategic error," said Webb, who left the Republican Party partly because of the invasion that Webb says destabilized the region and strengthened Iran's hand.

Webb said a ceasefire in Afghanistan was possible only because its neighbors, including Iran, were involved. "No great country ought to be afraid to talk to any other country," he said.

"The problem with this administration is it has blinders on on this issue," Webb said.

Both candidates, however, said they would not vote to cut off congressional funding for the war to end the lingering military entanglement.

On other issues, Allen said he opposes the use of human embryos for medical research that scientists say could result in cures for maladies such as cancer, diabetes and Alzheimer's disease.

Federal funding for embryonic stem cell research has divided Republicans. President Bush used his veto for the first time this year to kill a bill that would have expanded the research with government money. The measure passed with the support of many Senate Republicans and the blessing of former First Lady Nancy Reagan, whose husband suffered from Alzheimer's. Allen voted against it.

Allen said there are alternatives to human embryos in stem cell experimentation.

George Stephanopoulos, the debate moderator and host of ABC's weekly political program "This Week With George Stephanopoulos," asked Allen if he also opposed in-vitro fertilization, in which unused embryos are destroyed.

"The distinction is I don't think human embryos should be created just to be destroyed," Allen said.

Webb said he supports federal spending for research on embryos, and that scientists should have access to unused in-vitro embryos.

"We all need to be respectful of human life, but my understanding of this in my reading of it is that these were embryos that were created (and) were not going to become human life as we know it," Webb said.

On the issue of granting the District of Columbia a seat in the U.S. House, Webb said he would support the measure while Allen said he would have to see the legislation first.

Allen proposed as an alternative keeping core national holdings within the district — the Capitol, White House, Supreme Court, monuments — and ceding the rest to Maryland, just as Arlington was once ceded back to Virginia.

The emotional apex of the debate, however, came near the beginning when a panelist asked Allen whether the word he applied to a Webb campaign volunteer of Indian descent, "Macaca," was learned from his mother.

At an Aug. 11 campaign appearance before a mostly white crowd, Allen singled out S.R. Sidarth, who was following and videotaping Allen's campaign, and used the word, considered a racial slur in some languages and cultures, including Tunisia. The questioner noted that his mother, Etty Allen, is French Tunisian.

Allen glared toward the panelist for an uncomfortable moment. "I hope you're not trying to bring my mother into this matter," he shot back.

He said he made up the word on the spot, intended no racial disparagement by it and apologized personally to Sidarth, a 20-year-old University of Virginia senior who was born in Fairfax.

"I have never heard that word before from my mother or from anyone else," Allen said.

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"More than anyone else, it was my mother, whose father was incarcerated by the Nazis in World War II. Of all the people in my life who told me about tolerance and not judging other people by their religious beliefs or their ethnicity or their race, it is my mother," Allen said.

This Time, Focus Is Domestic Issues (WP)

By Tim Craig And Michael D. Shear

The Washington Post, September 19, 2006

Virginia Sen. George Allen (R) and Democratic challenger James Webb turned to domestic issues yesterday as they sparred during a debate in Northern Virginia over health care, the economy, transportation and stem cell research.

At their second meeting in two days, Allen urged voters to return him to the Senate because he's a familiar face ("you know me") with a record of service. Webb, a former Marine and secretary of the Navy who has never run for office, countered that the country is "breaking apart" and needs fresh blood in Washington.

More than 600 people jammed a hotel ballroom in Tysons Corner for the hour-long debate, the only time Allen and Webb are scheduled to square off in Northern Virginia before the Nov. 7 election. The event, sponsored by the Fairfax County Chamber of Commerce, was moderated by George Stephanopoulos of ABC News and televised by NewsChannel 8 and C-SPAN.

The debate -- as well as one Sunday on NBC's "Meet the Press" -- brought a new intensity to the Virginia campaign, but political observers said neither event was likely to alter a close race.

"I don't think we saw any changed dynamics," Rep. Thomas M. Davis III (R-Va.) said. "But seven weeks is an eternity in politics."

At times the candidates' responses got heated. One of the journalists who asked questions forced Allen to defend his mother, while Webb again was dogged by charges that he is insensitive to women in the military. The candidates also argued over how best to fight the war in Iraq and whether the United States should involve Iran in Iraq's future.

Allen sought to convince the audience that the Iraq war is only part of the race. "My friends, this is not a one-issue campaign," said Allen, a former governor and state legislator. "There are many issues important for the security, safety and prosperity of this country."

Anger about the war has turned the race into one of the most closely watched in the nation. But yesterday's matchup also gave the candidates an opportunity to talk about local and domestic issues that are often deciding factors for voters.

"We are breaking apart in a way we have never had before," Webb said. "The people at the top of society have never had it so good. . . . The middle class, with the rising cost of health care and stagnation of income levels, is in great danger right now."

Allen discussed his plans for health savings accounts, support for small businesses and efforts to invest in technology. He often stressed the contrast in experience, portraying himself as "somebody [who] has the concrete, verifiable record for performance with actual plans on ideas that can actually, tangibly have an impact on people's lives."

Webb criticized Allen for voting against minimum-wage increases and said the Republican-controlled Congress has failed to provide health insurance to an estimated 46 million Americans.

Allen said he supports legislation that makes it easier for small businesses to band together to buy health care for their employees. Webb countered that Allen's solution is insufficient, saying the federal government should move toward a system in which health care is expanded to everyone.

Turning to stem cell research, Allen defended his vote this year to oppose federal funding for embryonic stem cell research, saying he can't support a procedure that destroys a human embryo. Webb said he supports federal funding because he doesn't believe an embryo is a human life.

Although many in the audience of business leaders support higher state taxes for transportation improvements, neither candidate was willing to wade into that thorny issue. The Virginia General Assembly will take up transportation spending next week.

Allen and Webb said the state should make it easier for private companies to build and maintain for-profit roads. But several audience members said they wished Allen and Webb had talked more about solutions to the region's traffic woes.

"That, to me, is the issue in Northern Virginia," said state Del. Thomas Davis Rust (R-Fairfax), who has proposed tax increases to pay for road and transit fixes.

Both candidates said they support federal legislation to allow gun owners to carry weapons between states. Webb, who is trying to reach out to Republican-leaning rural voters, noted that he has a permit to carry a concealed weapon.

The candidates had several sharp exchanges, such as on their ties to southwest Virginia, an area that sometimes has been key to Democratic wins.

"I've been coming to southwest Virginia since George Allen was a Californian," said Webb, who has relatives in that area. Allen shot back that he started his law career in the region. "For me, it's a place in my heart, not a place on a map."

Allen hammered Webb for saying Sunday that solving hostilities in the Middle East would require the help of neighboring countries, including Iran and Syria. Allen said involving Iran, which sponsors terrorism, in Iraq's future "wouldn't make Iraq more secure, nor would it make Americans more secure."

Webb responded by noting that the United States has a long history of talking to its enemies, including China and Russia during the Cold War.

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Both candidates were forced to address character issues that have distracted their campaigns. Webb gave his most direct apology yet for a 1979 magazine article opposing women in combat that some women said was offensive.

Allen couldn't escape additional questions about his calling a young Webb aide of Indian descent "macaca," a slur in some cultures, including France. A panelist asked Allen, who says the word was made up, if he might have learned "macaca" from his mother, who is part French Tunisian. The panelist also asked whether his mother was Jewish.

"I hope you are not bringing my mother into this," Allen said.

Allen Calls Webb A One-note (WT)

By Seth Mclaughlin

The Washington Times, September 19, 2006

Republican Sen. George Allen, in the second of back-to-back debates in the U.S. Senate race yesterday, tried to portray Democratic challenger James H. Webb Jr. as a one-issue candidate who focuses on the war in Iraq.

The showdown in Tysons Corner also saw Mr. Webb, Navy secretary under President Reagan, argue that several issues divide the front-runners for one of the U.S. Senate seats in Virginia.

During the debate, both candidates spelled out their differences on the federal government's handling of the war in Iraq, embryonic stem-cell research and increasing health-insurance options. They also weighed in on the possibility of granting the District a vote in the U.S. House of Representatives.

"[The war in Iraq] is the one issue that drives my opponent's campaign," Mr. Allen, 54, said.

Mr. Allen said he does not share Mr. Webb's view that the U.S. immediately must work with the countries neighboring Iraq, including Iran and Syria, on a diplomatic plan that allows American troops to pull out without jeopardizing the region's stability.

"It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror ... forming the future of Iraq," Mr. Allen said.

In response, Mr. Webb, 60, reminded Mr. Allen of the comments the senator made last year in which he said, "We should be talking to our enemies."

After the debate, Mr. Webb told reporters that Mr. Allen is like other Republicans who say Democrats lack a plan but then express their stance through vague slogans like "stay the course."

"Where is their plan?" Mr. Webb asked. "They are the ones running the war, and they are not even able to articulate what the endpoints should look like."

The debate was organized by the Fairfax County Chamber of Commerce and moderated by George Stephanopoulos, host of ABC's "This Week."

About 600 business executives attended the event. Independent candidate Gail Parker, who did not participate in the debate, sat in the crowd, wearing a white cowboy hat.

On embryonic stem-cell research, Mr. Webb said he -- like former first lady Nancy Reagan -- supports federal funding for the research. Mr. Allen, like President Bush, said he opposes federal funding for such programs because advancements in science have allowed adult stem cells to fill a similar scientific role without destroying human embryos.

"This is an issue that has the weight of medical science with it," Mr. Webb said in support of using tax dollars for the research. "My understanding is these were embryos that were created ... [and are] not going to become human life as we know it."

When asked whether they support Rep. Thomas M. Davis III's bill that would grant the District a vote in the U.S. House, Mr. Allen said he would rather see the non-federal part of the District ceded to Maryland. Mr. Webb said he would vote in favor of the bill.

Mr. Allen said he supports giving small businesses the ability to band together to buy health-insurance coverage for their employees, making it more affordable by spreading risk among a bigger group.

Mr. Webb said he favors a system similar to a mandatory health insurance plan that Massachusetts Gov. Mitt Romney recently signed into law. That plan forces people to have health coverage and subsidizes uninsured residents who fall under income brackets of up to three times the federal poverty level.

The candidates once again had to explain past statements that have fueled questions about each candidate's character.

Mr. Allen apologized for calling a worker from Mr. Webb's campaign a "macaca" at a rally in Southwest Virginia last month. The word refers to a genus of monkey and is considered a racial slur in some cultures.

Mr. Allen said he made up the word and added that he recently received an endorsement from state Sen. Benjamin J. Lambert III, a Richmond Democrat who is black, because of his support of historically black colleges and universities in Virginia.

Mr. Webb apologized for the tone of a magazine article he wrote in 1979 that questioned the role women should have in the military. The article recently drew the ire of some female graduates of the U.S. Naval Academy, who said it fed an atmosphere of sexual harassment during their time at the academy.

As Fall Approaches, Va. Race Gauges Influence Of Bush, Iraq (WP)

By Robert Barnes

DOJ_NMG_0065593

The Washington Post, September 19, 2006

After a 24-hour Iraq-a-thon, Sen. George Allen was clearly hoping that yesterday's debate in front of the Fairfax County Chamber of Commerce would offer up a different topic of conversation. So what does he get? A question about whether his mother taught him a racial slur and whether he's tried to cover up that his grandfather might have been a Jew.

It's been that kind of a month for the Republican once hailed as Virginia's sunniest politician. August's "listening tour" of the commonwealth, meant to display his great connection to the state he's served as governor and senator as well as voters' appreciation of that service, might as well have ground to a halt after his words to a dark-skinned volunteer for his opponent James Webb hit YouTube. Even conservative talk radio now defines an ill-fated blunder by a politician as a "macaca moment."

According to polls, his once double-digit lead over Webb has dwindled to the margin of error, and Virginians no longer think it a good idea that he run for president in 2008. Last summer, a Mason-Dixon poll said the commonwealth's voters would go for the notion of a President Allen 47 to 41 percent; the poll earlier this month showed it 52 to 39 the other way.

After Allen was grilled Sunday morning by NBC's Tim Russert on his stay-the-course approach to the war in Iraq, Webb and Allen were back at it yesterday before the chamber in a big ballroom in Tysons Corner. The questioning yesterday touched on other issues -- economic disparity, stem cell research, transportation -- but even Allen seemed to acknowledge that, in the end, it returned to the war.

"My friends, this is not a one-issue campaign," Allen pleaded.

Webb agreed, only to a point. He said voters want "to see strong, effective leadership on many issues, not one issue -- although that issue tends to dominate a lot of our minds every day, as well it should."

Despite Allen's protests, and his contention that he and Webb are not that different on what should happen next in Iraq, Virginia might be the most stark test in the country about whether the unpopularity of the war and the Bush administration could lead to an incumbent losing his job.

Allen is one of the president's most loyal friends in the Senate, although he no longer jokes, when Webb charges that he's supported President Bush 97 percent of the time, that he wishes he could persuade the president to do the right thing all the time. The Republican he has most mentioned recently is the state's more moderate senior senator, John Warner, whom Allen introduced to the crowd yesterday as his "teammate."

Still, Allen has remained steadfast. "Staying the course is meaning that we don't tuck tail and run, that we don't retreat, that we don't surrender," Allen said Sunday on "Meet the Press." "This is a central battlefront in the war on terror, and it's not just the president or the vice president or me saying that. That's what al-Qaeda says."

Webb said: "If we had the right people in the Senate, there would have been more questions asked and a better policy in place in order to defeat international terrorism. . . . We didn't go into Iraq because of terrorism; we have terrorists in Iraq because we went in there."

If it has been Democratic strategy to try to keep Senate races across the country focused on national issues, the Republican plan has been to localize the issues and to personalize the contest.

To that end, Webb has found himself this week answering questions -- and doing his own apologizing -- about the sharp-tongued piece decrying women in combat generally and at the Naval Academy specifically that he wrote for Washingtonian magazine 27 years ago. The Allen campaign engineered a news conference last week at which several women who were former midshipmen said the article had been used to humiliate them and led to harassment.

"I apologize to anyone who was offended by the tone of the article," said Webb, who again was forced to express regret about referring to the academy dorm as a "horny woman's dream."

When Allen said that "women today are still dismayed" by the article, Webb replied: "I guess this is my macaca payback? Keep trying, George."

Of course, no Webb-Allen debate is complete without more macaca, and yesterday's came from WUSA-TV anchor Peggy Fox, who pointed out that one of the places the word is an insult is in Tunisia, where Allen's French-Tunisian mother was born.

"I hope you're not trying to bring my mother into this," Allen warned. He said again that he made up the word on the spot and never heard it from his mother. He said his mother taught him tolerance above all, especially because her father had been incarcerated by the Nazis.

Which led Fox to reference a Jewish Forward article that said Allen's grandfather might have been a Jew, and when did the family stop acknowledging that? Which led to lusty booing from the crowd and outrage from Allen. "I'd like to ask you, why is that relevant?"

In the end, Allen's smile returned when he said, for the record, that his mother is "French-Italian with a little bit of Spanish blood" and that, as far as he knows, she was raised a Christian.

It is a race with a little bit of everything, including two of the most different candidates ever thrown together. The taciturn Webb rarely asks for votes and yesterday said in his closing statement both that he would give "every ounce of my energy" to working on the nation's problems over the next six years and that "when I go to my grave, whether I was a United States senator or not is not going to be high on my agenda."

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Not so Allen, who never fails to include his wife in the bargain. "I thank you all for allowing Susan and me to serve you, and I hope and I pray and I ask you most humbly that you all will continue to allow us to work for you and our shared values and our shared vision for Virginia's future."

The Senator's Gentile Rebuke (WP)

By Dana Milbank

The Washington Post, September 19, 2006

First came Sen. George Allen's Macaca Moment. Then we learned of challenger Jim Webb's thoughts on the "horny" women of the Naval Academy.

Now, just when you thought Virginia's U.S. Senate race couldn't get any weirder, the Jews of Tunis are making a cameo.

At a debate in Tysons Corner yesterday between Republican Allen and Democrat Webb, WUSA-TV's Peggy Fox asked Allen, the tobacco-chewing, cowboy-boot-wearing son of a pro football coach, if his Tunisian-born mother has Jewish blood.

"It has been reported," said Fox, that "your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebears include Jews and, if so, at which point Jewish identity might have ended?"

Allen recoiled as if he had been struck. His supporters in the audience booed and hissed. "To be getting into what religion my mother is, I don't think is relevant," Allen said, furiously. "Why is that relevant -- my religion, Jim's religion or the religious beliefs of anyone out there?"

"Honesty, that's all," questioner Fox answered, looking a bit frightened.

"Oh, that's just all? That's just all," the senator mocked, pressing his attack. He directed Fox to "ask questions about issues that really matter to people here in Virginia" and refrain from "making aspersions."

"Let's move on," proposed the moderator, George Stephanopoulos of ABC News.

Yes, let's -- but not before we figure out what that was all about. Turns out the Forward, a Jewish newspaper, reported that the senator's mother, Etty, "comes from the august Sephardic Jewish Lumbroso family" and continued: "If both of Etty's parents were born Jewish -- which, given her age and background, is likely -- Senator Allen would be considered Jewish in the eyes of traditional rabbinic law, which traces Judaism through the mother."

If that's true, the Presbyterian Allen joins public figures Madeleine Albright and John Kerry in discovering his Jewish roots. Of the three, the 6-foot-4-inch Allen, a down-home former college quarterback known for opposing laws to keep children out of the back of pickups, seems the least likely candidate for inclusion among the Chosen People. It would be no more surprising to learn that Sen. Charles Schumer (D-N.Y.) has Southern Baptist ancestry.

Fox's question, while a matter of some intrigue, seemed out of place in the debate, which focused on more urgent matters such as Iraq. But Allen turned on the questioner with ferocity. He may have been irked that the question was a follow-up to one noting that "macaca" was a racial slur that his mother may have learned in Tunisia. He may have been concerned that Jewish roots wouldn't play well in parts of Virginia.

Or he may just have been in a quarreling mood. Allen protested frequently when Stephanopoulos tried to move the debate along. "I thought we had rebuttal," the senator complained at one point, tossing down his pen. He voiced suspicions at one questioner's motives, accused another of contradicting himself, and charged Webb with "continuing to degrade and disrespect women."

But that was nothing compared with what Allen gave Fox.

The anchor may have thought she had license to pop the Jewish question when Allen, reacting to the "macaca" question, volunteered that his grandfather "was incarcerated by the Nazis in World War II."

Citing reports about his "possible Jewish ancestry," Fox questioned Allen's past denial that his mother is Jewish.

"I'm glad you all have that reaction," Allen said to the audience as people jeered the questioner. Allen lectured Fox about the importance of "freedom of religion and not making aspersions about people because of their religious beliefs."

In between his heckling of Fox, Allen reported that "my mother is French-Italian with a little bit of Spanish blood in her, and I've been raised, and she was, as far as I know, raised as a Christian." That's not inconsistent with the Forward report, which said the Lumbrosos, forcibly converted in Portugal, escaped to Livorno and became traders with branches in Tunis.

Fox took a long drink from her water bottle. In the second round of questions, she chose the relative safety of Iraq, saying, "I don't think this question will get me booed."

"I was shocked," she said after the event. Disclosing that her great-grandfather was a Mormon polygamist, she added: "Why would he get so angry at the suggestion there might be something in your background that's Jewish? I don't think that's a bad thing at all."

Fox said her motive was curiosity. "I thought it was important to find out is this part of his heritage, because if it is nobody knows it. Do you deny part of your heritage for political reasons?"

Allen, surrounded by cameras and microphones after the event, hadn't cooled down. "What do you mean, 'make me so angry'?" he demanded angrily when asked why Fox's query had made him so angry.

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"To make whatever sort of comment that was, you just don't judge people by their ethnicity or their religion," Allen said, fuming that Fox would "drag my mother into this." The senator said his mother was the one who taught him about tolerance. "Because," he repeated, "my mother's father was incarcerated by the Nazis in World War II."

Burns On Vonage Plane After Pushing Bill (AP)

By Mary Clare Jalonick

AP, September 19, 2006

Montana Sen. Conrad Burns, a Republican in a tight re-election race, flew on a private plane chartered by Vonage Holdings Corp., just days after he pushed legislation that the company has advocated for more than a year.

Burns accompanied Vonage lobbyist Frank Cavaliere on the company's chartered plane to and from the "13th Annual Burns Classic Golf Weekend" in Bigfork, Mont., on Saturday. Cavaliere and a Burns spokesman both confirmed the plane trip to The Associated Press on Monday.

Campaign finance rules allow members of Congress to fly on corporate aircraft as long as they reimburse the company for the equivalent of first-class airfare. Jason Klindt, a spokesman for Burns, said the senator will reimburse the company.

The fundraiser was held two days after the Senate passed a Burns-sponsored amendment that was pushed in various forms by Vonage and several public safety groups. The amendment was added to a port security bill that the Senate approved 98-0 on Sept. 14.

The legislation, originally sponsored by Democratic Sen. Bill Nelson of Florida, would give Internet phone companies the ability to better provide their consumers access to 911 services.

Vonage and other companies that connect calls over the Web have been under fire for problems with connecting its customers to reliable emergency service, and had asked Congress for the tools to help them.

Among the lobbying firms working for Vonage has been Gage, a group founded by Burns' former chief of staff Leo Giacometto.

Vonage CEO Jeffrey Citron has contributed $4,000 to Burns' campaign since March 2005 and the company paid $75,000 to Gage for lobbying on various bills last year, according to campaign and lobbying disclosure reports. Brooke Schulz, senior vice president of corporate communications for Vonage, said the lobbying firm does not lobby Burns on the company's behalf.

Calls to Gage were not returned Monday.

Burns, a three-term incumbent, is in a competitive race against Democrat Jon Tester, who has attempted to make ethics a central issue of the campaign.

The Burns amendment would give Vonage and other Internet phone companies access to the 911 infrastructure used by traditional phone companies. It would also provide liability protection for the Internet phone companies and phone centers that handle emergency calls.

In March, Vonage CEO Jeffrey Citron said these two provisions were important to help the company comply with a Federal Communications Commission mandate to provide enhanced 911 service to its customers.

Some provisions pushed by Vonage did not make it into the bill, however. Two provisions that could have given the company more leeway to comply with the FCC mandate were stripped from Burns' final version of the amendment.

Schulz said the omitted provisions were those that the company most wanted.

"It's odd to suggest this was somehow a 'thank you,'" Schulz said in a statement.

Klindt echoed Schulz.

"Frankly it is a wonder that they are still speaking to us," he said. "Conrad has been working since July to remove their provisions from the bill. He was ultimately successful and that's why it passed unanimously."

Tester has played up the ethics issue and lobbyist Jack Abramoff, who was convicted on federal corruption charges earlier this year. Burns' campaign took about $150,000 in donations from Abramoff, his clients and associates, all of which he has since returned or given to charity.

Lisa Sutherland, staff director for the Senate Commerce Committee, which passed the Vonage-friendly provisions late last year, said Burns' amendment will save lives.

"He has been the strongest advocate on our committee for emergency response systems," she said.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", September 18, 2006

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September 17, 2006, 3:09 pm Making Nice, but No Progress

The standoff continues between the Bush administration and some senators over limits on CIA interrogations of suspected terrorists, raising questions on whether Congress will act on the matter before it leaves town later this month for the fall campaigns.

Making the rounds of the Sunday talk shows, National Security Adviser Stephen Hadley declined to say what specific techniques would be illegal if Congress didn't pass Mr. Bush's proposal. But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator [John] McCain's requirement that we don't amend or change'' the Geneva Conventions. "We need to find a way through that obstacle course, and I think we can,'' Mr. Hadley said.

Michigan Sen. Carl Levin said he wasn't certain a compromise was possible. "I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva,'' he told CBS' "Face the Nation''

A Supreme Court ruling in June essentially said the Geneva Conventions on the rights of wartime prisoners should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Read more: Global, Homeland Security, Foreign Policy

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September 17, 2006, 1:11 pm Chewing Over the Virginia Senate Race

Republican Sen. George Allen, who has seen his big lead over former Navy Secretary Jim Webb deflate since he flung the "macaca" comment at a Webb volunteer of Indian descent last month, squared off with his opponent on NBC's "Meet the Press," where both men found themselves on the defensive. Webb had to answer charges that a magazine article he wrote 27 years paved the way for harrassment and abuse of women at the U.S. Naval Academy. In fact, after some early argument over Iraq and detainee interrogations, the debate turned to dealing with all the baggage.

Allen didn't really need to apologize for his remark, he's already done so repeatedly. Nonetheless, he called it "a mistake" and said "there was no racial or ethnic intent to slur anyone." When pressed on his past embrace of the Confederate flag, Allen said there are "a lot of things I wish I'd learned earlier in life," and pledged to help people of all races become a part of "team America."

Webb said he regretted "many pieces" of the article, such as one passage that referred to Naval Academy dormitories as "a horny woman's dream" and another in which Mr. Webb wrote that he had never met a female he would "trust to provide" combat leadership." Mr. Webb then tried to shift attention back to Allen's previous opposition to admitting women to the Virginia Military Institute. He later noted that he agrees with the Army's current policy of having women "attached" to combat — 62 have died serving in Iraq over the last three years - -but not directly fighting as part of infantry units.

In the end,the two came to agreement on something: chewing tobacco. Show host Tim Russert pressed them both on their long-time tobacco habits, asking if that was a good example for children. Both candidates agreed it was a bad example, but, perhaps in deference to the presence of major tobacco firms in Virginia, neither said they planned to quit. "Yes I do dip," Allen said, striking a softly defiant tone. He then quoted Mark Twain: "Nothing needs more reforming than someone else's habit." –Christopher Conkey

Read more: Global, Campaign Journal

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September 15, 2006, 6:27 pm Wait, Who's on the Ballot?

The White House this afternoon released the president's schedule for next week, which includes one intriguing entry. On Thursday, President Bush will be in Orlando, Fla., to attend a "Charlie Christ for Governor" event.

We'll take a guess they meant Charlie Crist , the Republican candidate for Florida governor. It's an easy enough mistake to make.

On the subject of religion, President Bush at a Rose Garden news conference this morning did talk about what he sees as America's changing attitudes. Responding to question about his address to conservative columnists earlier this week in which he brought up a "Third Awakening" of religious devotion, the president said: "It seems like to me that something is happening in the religious life of America… But I'm able to see a lot of people, and from my perspective, people are coming to say, I'm praying for you. And it's an uplifting part of being the president; it inspires me. And I'm grateful that a fellow citizen would say a prayer for me and Laura." –Amy Schatz

Read more: Campaign 2006, White House

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September 15, 2006, 5:34 pm Dodging a Dukakis Moment

While touring a high-tech plant today, Massachusetts Lt. Gov. Kerry Healey , the Republican candidate for governor, apparently refused to be seen wearing goggles and a hard hat by waiting photographers, according to the Patriot Ledger. The incident in Quincy follows a similar one last month in New Bedford, the AP reports, when Healey's campaign staff barred photographers from snapping photos "while she was wearing a hair net at a fish processing plant."

Seems to Washington Wire that doing anything to avoid a Dukakis moment, particularly in Massachusetts, is only prudent. Also, let's be honest: Who looks good in a hair net?!

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Healey's decision to nix the goggles photo op means the Democratic winner of the state's Sept. 19 primary will have one less photo to choose from when the attack ads start. Three Democrats are currently trying to win the nomination to take on Healey in November. At this point, the governor's race is considered a toss-up. –Amy Schatz

Read more: Global, Campaign Journal

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September 15, 2006, 4:31 pm You Gotta…Know When to Fold 'Em

Among the allegations the Justice Department today announced against Rep. Bob Ney (R, Ohio): on two occasions in 2003, he accepted thousands of dollars of gambling chips from a "foreign businessman" for use at private London casinos. In exchange, he lobbied the State Department for an exemption to a trade embargo against a country to which the businessman wanted to sell U.S.-made aircraft and airplane parts, the Justice Department says.

Ney The Justice Department wouldn't divulge the businessman's nationality or the country to which he sought the embargo exception. But according to numerous media accounts, the London rendezvous included British resident Nigel Winfield and Syrian-born Fouad al Zayat, co-owners of Cyprus-based FN Aviation. Their intended market: Iran. (Ney, who once lived in Iran, is the only member of Congress fluent in Farsi.)

Under the gifts section of his 2004 financial disclosure report, Ney listed $34,000 from a "game of chance" at the Ambassador's Club, a London casino. The Justice Department said his combined winnings exceeded $50,000. In June, Ney was one of just 17 Republican to vote against a bill to crack down on Internet gambling. –Ben Winograd

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September 15, 2006, 4:19 pm Not Buying

The new Wall Street Journal/NBC News poll shows that a 59% majority of voters rejects President Bush's recent comparison of the war on terrorism to earlier struggles against Nazism and fascism. In equal proportions, nembers of families including a current soldier or military veteran join other voters in calling that "an inappropriate comparison that is only being made to justify the Bush policy."

Americans of all ages, incomes and demographic groups agree on the point; only Republicans and conservatives side with the president. Asked about the war in Iraq at today's Rose Garden news conference, Bush said he's prosecuting "the ideological war of the 21st century" but did not repeat the comparison to the battle against Nazism. –John Harwood

Read more: Global, Iraq, White House

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September 15, 2006, 3:10 pm Indiana Voters Leaning Leftward?

When he worked at the White House, Mitch Daniels wasn't always the most popular guy in the room. It's not an uncommon problem for the head of the Office of Management and Budget, whose job includes telling the president and federal agencies how much less money they'll have to spend than they want.

Daniels That's one reason why Daniels, who as Indiana governor has spent a lot of time trying to balance the state's budget, probably won't be fazed by new poll from WISH-TV in Indianapolis, showing Hoosiers aren't very happy with him. Daniels, a Republican, was rated in the fair or poor categories by 57% of all respondents (although just 35% of Republicans). The poll of 800 likely voters conducted from Sept. 5 to Sept. 8 found that 55% think the country is headed in the wrong direction while 41% say its going the right way.

Daniels isn't up for re-election this fall. But three Indiana congressional seats are in play, which is why both Republicans and Democrats are pouring money and resources into the conservative state. Among local issues, voters appear to still be miffed about Daniels's decision to lease a northern Indiana toll road to an international conglomerate as well as the continuing drama over the state's effort to pick a time zone. Consequently, the answer to one poll question–"Would you like to see more Democrats or Republicans elected to Congress this year?"– may be somewhat troubling.

In all, 46% said they'd prefer more Democrats while 41% chose Republican. Among women, 50% preferred Democrats, and 35% favored Republicans. –Amy Schatz

Read more: Global, Campaign 2006

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September 15, 2006, 1:17 pm Scrubbing the Numbers

The Citizenship and Immigration Service says its once-monumental backlog for green card, asylum and naturalization requests has almost disappeared—except for the 1.1 million people still in it.

USCIS Director Emilio Gonzalez called a news conference to announce that the service's "net backlog" had been winnowed to 139,000 by the end of July—down from 3.8 million in January 2004—and that he expects to eliminate it by Oct. 1. The backlog includes people applying to join family members, those who want to live and work here permanently, political refugees and those seeking asylum, and people who already are here and want to gain their citizenship.

The news should have come as a relief to certain categories of Filipinos, who have been waiting since 1984 for permission to join family members. Some categories of Mexicans have been waiting since 1993, and some Indians and Chinese have been on the wait list since 1995, according to a monthly government bulletin advising immigrants how long they can expect to wait.

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But USCIS, which replaced the old Immigration and Naturalization Service, says it still has a "gross backlog" of a million people whose applications are being held up by other agencies and by situations over which it has no control. About 100,000 of those cases are waiting for the FBI to complete background checks. But most of the gross backlog is because Congress limits the number of new immigrants from any one country to 7% of the yearly total, regardless of the country's size or the number of its people who want to immigrate. Under that rule, tiny Singapore is entitled to as many green cards yearly as China.

The USCIS defines a backlogged case as one that's been in the works longer than six months. That means immigrants from small countries who are applying to join their families face a fairly speedy route through the immigration system. But for those long-waiting Filipinos and Mexicans, the wait could be almost as long as ever. –June Kronholz

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September 15, 2006, 11:40 am Activists Call for IMF/World Bank Boycott

Antipoverty activists announce a boycott of the International Monetary Fund/World Bank annual meetings to protest Singapore's refusal to let some of them enter the country.

After massive antiglobalization demonstrations over the last decade, the international lenders have tried to incorporate nongovernmental organizations into their decision-making. But the relationship isn't always smooth.

Now 163 such groups say they won't participate in official events in Singapore. They had planned to raise concerns about the often-austere economic policies the IMF urges its 184 member nations to implement, as well as the environmental impact of dams and other big World Bank projects.

World Bank President Paul Wolfowitz condemned Singapore's "authoritarian" actions. "The one thing I think I would say is that a lot of that damage has been done to Singapore and it's self-inflicted," Wolfowitz told activists at a roundtable, before they walked out. "It is unacceptable."

An IMF spokesman said of the activist groups: "We have been having productive discussions, and we expect them to continue."

In a statement issued Friday, the World Bank said the Government of Singapore informed the organization that it will remove the objections to 22 of the 27 accredited civil society representatives whom they had previously said would be barred from participating in the annual meetings. "We are notifying those persons of their change in status," the World Bank said.

The World Bank said it would continue to urge the Government of Singapore to allow "all accredited individuals be permitted to participate," because "open dialogue with civil society is important for the effective operation of our institutions." –Michael M. Phillips

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September 15, 2006, 11:31 am Gee, Thanks

For a moment, imagine that you are state Sen. Joy Padgett of Ohio. You're 59 years old and you've been kicking around local politics for years, paying your dues in both the state House and Senate. After all this time you've finally got a shot at the big-time, the local congressman has retired and endorsed you for the job.

Unfortunately, that congressman is Bob Ney, a six-term member who was forced to resign earlier this year over his shady dealings with lobbyist Jack Abramoff. And on Thursday, the day you win a special primary, beating four other candidates for the chance to take on Democratic lawyer Zack Space to win Ney's seat in November, lawyers close to his case begin leaking word that he will plead guilty to federal criminal conspiracy charges Friday. Plus, he's now in rehab.

Do you:

a.) Curse, letting loose such a long string of expletives that even your 20-something campaign staffers look on in awe

b.) Call state party leaders to complain Ney's trying to torpedo your campaign

c.) Put on a brave face, telling reporters you have no need to distance yourself from the Ney scandal since voters in the district know and trust you

d.) All of the above

Washington Wire is betting Padgett goes with option "c," although it would be hard to blame her for choosing "d" instead.

The AP, which caught up with Padgett this morning in Columbus, reports that she wouldn't comment on the Ney case but says she doesn't worry about distancing herself from the former congressman. "I don't think I have to do that at all. There was an attempt in 2004 to try to Velcro me to (Republican Gov.) Bob Taft, and that didn't work," she said. –Amy Schatz

Read more: Campaign 2006, Congress

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September 15, 2006, 11:22 am Bush Approval Rating Rebounds

President Bush's job-approval rating rebounded in the latest Harris Interactive poll, rising to 38% from 34% in August. The poll numbers come in the wake of a Wall Street Journal/NBC News Poll that also showed a modest gain, following a series of speeches by President Bush on the Iraq war.

Still, less than one-third of those polled believe the country is going in the right direction–but that's up from last month's 26%. The Harris Interactive poll surveyed 1,004 U.S. adults by telephone from Sept. 8 to Sept. 11.

Capitol Hill figures of both parties, as well as cabinet officials, continued to draw low marks. The top issues on Americans' minds? Iraq–though down slightly–followed by the economy, health care and immigration.

Graphic: Compare Bush's approval ratings across multiple polls.

Read more: Global, Campaign 2006, White House

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September 15, 2006, 6:00 am So How Bad Is Wal-Mart's Image?

Well, the big retailer's image is better than President Bush's, Defense Secretary Donald Rumsfeld's, Vice President Dick Cheney's, but not as good as Secretary of State Condoleezza Rice's.

Here's what the Wall Street Journal/NBC News poll found when it asked respondents to "rate your feelings" toward the following.

28%

And for comparison…

Target

51%

10%

(Rows don't add to 100 because remainder were neutral or weren't sure.)

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September 15, 2006, 6:00 am The Power of Markets

Whether it's President Bush talking more about terrorism, gas prices dropping or something else, Republicans have improved their prospects of holding onto both houses of Congress in recent weeks, according to an analysis of trading in the Iowa Electronics Market by Moody's Economy.com.

As of Thursday, traders placed a 49% probability that Republicans will lose seats in the House, down from 56% a month ago. In the Senate, where only one-third of the seats are up for grabs, traders see only a 16% likelihood that Republicans will lose seats, down from 27% in August. The probability of Republicans holding onto their current total of 55 seats rose to 73% last night from 67% last month.

The IEM is a Web-based, real-money futures market operated for research purposes by professors at the University of Iowa. Investors can trade between $5 and $500 in a variety of futures contracts, such as whether the unemployment rate will drop or whether the Federal Reserve will raise interest rates later this month, and it opens trading on political outcomes in the months leading up to a major election. Probabilities are determined based on where traders put the price of a typical contract.

Think it doesn't have solid predictive power? Think again. On the eve of the 2004 presidential election, traders forecast President Bush would receive 50.45% of the vote to Sen. John Kerry's 49.55%. Pretty spot on. –Christopher Conkey

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September 15, 2006, 12:00 am Poll Finds Support for Iran Strike

Voters talk tough on Iran's nuclear program.

In new Wall Street Journal/NBC News poll, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

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DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues. – John Harwood

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September 14, 2006, 7:29 pm Ballot Battle in Pennsylvania

Pennsylvania's Green Party candidate for Senate can't appear on the Nov. 7 ballot unless he can prove to a state court that nearly 3,000 signatures on his nominating petitions are indeed valid.

That's a big issue for Democrats, who worry that Carl Romanelli could siphon crucial votes from their candidate, Bob Casey Jr., who's locked in a tight race with Rick Santorum, the Republican incumbent. "We feel very strongly that [Romanelli's] candidacy will take away votes from Bob Casey and we're hopeful the court agrees with us," said Pennsylvania Democratic Party spokesman Abe Amoros.

Democrats filed suit challenging signatures on Romanelli's petition for listing on the ballot. A month-long review found some 30,000 invalid signatures — ones that are faked, illegible, or aren't those of registered voters — leaving him about 3,000 signatures short of the 67,070 needed. Romanelli lawyer Lawrence M. Otter argues that some of the signatures were incorrectly labeled invalid.

Pennsylvania Democrats accuse Santorum and the Republicans of helping Romanelli's climb to the ballot by financing the candidate's signature campaign and helping in the petition drive.

The Romanelli camp has until his scheduled Sept. 25 court date to rehab the 3,000 mislabeled signatures.

In the meantime, Romanelli's not showing concern. "I am confident I will remain on the ballot — definitely," he said. – Erika Lovley

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September 14, 2006, 6:07 pm Dueling Letters Over Judicial Appointee

Trying to revive the nomination of one of President Bush's most controversial judicial appointments, a group of 18 retired military officers sent a letter to top Senate Judiciary Committee members in support of Williams J. Haynes II.

Yesterday's letter sought to debunk a July letter signed by 19 retired military officers that expressed "deep concern" with Haynes' nomination. Haynes, general counsel to the Defense Department, was first nominated to the Fourth Circuit Court of Appeals in 2003, but his nomination has stalled over apprehension about his involvement in crafting legal policies toward detainees in Iraq, Afghanistan and Guantanamo Bay, Cuba.

According to the July letter, "Mr. Haynes was arguably in the strongest position of any other senior government official to sound the alarm about the likely consequences for military personnel of the views being put forward by the Justice Department" offering legal cover for the use torture during interrogations. Haynes also helped craft the military commission system the Supreme Court struck down in June for departing from the Uniform Code of Military Justice.

Yesterday's letter said the July letter created a "highly misleading impression of Jim Haynes" by "asserting that Jim ignored the advice of Judge Advocates with respect to the policy on interrogation of detainees." This morning, the Senate Judiciary Committee was scheduled to discuss Mr. Haynes and four other appeals court candidates President Bush re-nominated earlier this month. The committee could not reach a quorum. – Ben Winograd

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September 14, 2006, 5:58 pm FCC's Martin Says AT&T-BellSouth Review on Track

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A federal judge's ongoing review of two telecom deals won't slow the government's review of AT&T's pending $67 billion deal to acquire BellSouth Corp., Federal Communications Commission Chairman Kevin Martin said Thursday.

In a conference call with UBS investors and analysts, Martin was asked about whether a federal judge's antitrust review might delay the government's review of AT&T's current acquisition. The court review focuses on the Justice Department's approval of the SBC Communications Inc. and AT&T Corp. deal as well as Verizon Communication Inc.'s purchase of MCI Inc.

Noting the FCC hopes to complete its review of the BellSouth deal by mid or late October, Mr. Martin said the court review wasn't a problem. "It doesn't really have an impact from our agency's standpoint," he said. "There's not a deadline for us other than a self-imposed" 180-day clock. — Amy Schatz

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September 14, 2006, 4:41 pm Run, Don't Walk

The Republican National Committee issued a call to arms, part of its much-admired get-out-the-vote effort. The RNC's "September Sprint to Victory" asks supporters to hold house parties, set up a home-based phone bank and go door-to-door in their neighborhoods in support of local Republican candidates.

Acknowledging that most people have lives to lead and aren't going to put them on hold for political races, Republicans are offering supporters three ways to help (beyond the obvious option of giving $$). There is Turnout Tuesday, in which you can invite a few friends over and turn your house into a mini-call center, using your cellphones; House Party Thursdays, where absentee ballots can be distributed or local candidates invited to speak; or Super Saturday on Sept. 30, which features a walk around the 'hood to spread the word before "invit(ing) folks back home to watch the big game."

Not clear what game that is, although it's a safe bet it's on a campus and involves a football. The volunteer who makes "the biggest impact" during the drive–including volunteers recruited, new voters registered, etc. – will "receive a special surprise gift autographed by President Bush ," (RNC's emphasis).

A spokeswoman said the campaign was an "invaluable part of our broader effort to contact millions of voters in the coming days." She declined to provide any hints about the special prize (although we note the RNC loves handing out autographed photos). –Amy Schatz

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September 14, 2006, 4:04 pm Bayh Calls for Meeting of the Minds

It's been months since President Bush first planned to meet with the CEOs of Detroit's Big 3 auto makers—a meeting now postponed until after the November elections. The White House has taken flak from Michiganders about the perceived snub, but today it got a missile lobbed from a neighboring state. Sen. Evan Bayh (D., Ind.), a potential presidential candidate in 2008, wrote Bush that "a sense of urgency is required" in addressing the issues that the domestic auto industry faces.

"Our working men and women deserve leadership and results," he wrote in the letter. "They cannot afford to wait." –- Laura Meckler

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September 14, 2006, 2:38 pm Agency Unveils Car-Safety Rules

The Bush administration says proposed rules on electronic stability control systems for all new passenger vehicles would save between 5,300 and 10,300 lives annually and prevent between 168,000 and 252,000 injuries.

Electronic stability control, already available on some vehicles, helps keep cars from veering out of control and tipping over. The National Highway Traffic Safety Administration proposal would require manufacturers to begin installing the technology on SUVs, minivans and pickup trucks under 10,000 pounds, beginning with the 2009 fleet and have it on all such vehicles by model year 2012. The agency figures it will add $111 to the cost of vehicles that already have antilock brake systems, which are needed for stability control to work. –Laura Meckler

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September 14, 2006, 2:21 pm Seeing Red in Pennsylvania

Recently, it seemed like Pennsylvania Sen. Rick Santorum was gaining some momentum in his effort to hold his seat from challenger Bob Casey Jr., the Democratic state treasurer. Warm and fuzzy television ads that played all over the state this summer (see "Polka" and "Hoedown") were widely credited with reintroducing the conservative Republican in a good way to the state — and erasing the scary double-digit lead Casey had built-up. When the two debated for an hour on NBC's Meet the Press, many political observers dubbed the Sept. 3 match a draw.

Santorum

Which brings us to a negative television ad the senator's campaign launched yesterday, dubbed "Corner Bar." It suggests Casey's political team contains a bunch of unethical hacks who are halfway to landing in a jail cell, if they aren't there already. It will be interesting

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to see what–if any–impact this has on the race, particularly given that one of the allegedly shady characters on Team Casey has apparently been dead for almost two years. –Amy Schatz

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September 14, 2006, 2:02 pm Michele Davis Tapped for Treasury Post

Treasury Secretary Henry Paulson has picked Michele A. Davis for the top public affairs position in the department, a role she filled during the tumultuous tenure of President Bush's first Treasury secretary, Paul O'Neill. Bush is expected to announce his intent to nominate her for the assistant secretary's post this afternoon. The position requires Senate confirmation.

While it's a job title she's held before, Davis is expected to play an expanded role, serving as a senior strategist for Paulson on policy as well as communications matters. Davis has been serving as deputy national security advisor at the White House's National Security Council. After leaving Treasury the first time, Davis served as senior vice president of regulatory policy at mortgage giant Fannie Mae. She also served as communications director for former House Majority Leader Richard Armey, (R., Texas).

Davis is one of several hires Paulson has made since taken over at Treasury earlier this year. –Deborah Solomon

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September 14, 2006, 12:05 pm Lobbying Group Presses for FDA Money

The FDA Alliance, a new lobbying group that includes a number of former Food and Drug Administration officials, launched its effort to press Congress to increase federal funding for the agency. The group, which has been quietly discussing its plans with FDA-watchers for months, is backed by patient groups, trade associations and drug companies, among others.

The biotech industry is also expected to lobby strongly for more appropriations for FDA. The agency, saying it needs more money to fund important initiatives including drug-safety programs, has been seeking higher user-fee payments from drug companies. –Anna Wilde Mathews

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September 14, 2006, 11:59 am Paulson: Fodder for Bloggers

In a blog post on RGEmonitor.com, Brad Setser praises parts of Wednesday's speech by the new Treasury secretary, but pokes a couple of holes.

Paulson

"It was rather surprising that Paulson's speech didn't explicitly allude to any risks from the rising financial imbalances that have been associated with the current form of globalization. After all there is no intrinsic reason why globalization implies that emerging economies should be financing the world's advanced economies," he says. "I was a bit concerned that Paulson may be putting a bit too much emphasis on domestic capital market reform and opening up China's domestic banking markets to foreign competition and too little emphasis on currency reform…..(L)etting US financial institutions operate Chinese banks won't do much (if anything) to address the concerns of American auto parts workers. …

"Above all, though, I was struck by the irony of the United States – and particularly the Bush Administration – emphasizing how important it is that all countries like up to their international responsibilities…. Wasn't the Bush Administration elected, in part, to make sure that the United States own policies – including its economic policies — weren't subject to any global tests?"

And Brad Delong, the Berkeley blogger who did a stint at the Clinton Treasury, writes that Paulson "appears to have decided to be Secretary of the U.S.-China Relationship. It's an honorable job, and one well worth his considerable talents." Why this approach? "Given the White House he has to deal with, he can do nothing to undo the disastrous fiscal policies of the Bush administration," DeLong suggests. "Given the White House he has to deal with, he can do nothing to bring the resources devoted to entitlement programs into long-run balance with the spending plans of the programs."

At billsdue, a blog that focuses on the improbable combination of China and video games, comes this nugget: "He was definitely trying to speak in language the Chinese government understands, and even cribbed a phrase almost directly from the latest Hu-Wen economic stump speech: China needs a more harmonious, more balanced pattern of growth that gives Chinese households more income and the confidence to spend it."

The blog maintained by the National Association of Manufacturers – whose chief, John Engler, attended the speech, was full of praise: "a clear appreciation of the place and of the nuances of the global trading system." Foreign Policy magazine's blog boiled 4,000 words of rhetoric into a single sentence: "Treasury Secretary Hank Paulson to China: We want you to succeed." –David Wessel

Read more: Global, Economy, Trade

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September 14, 2006, 11:21 am Remembering Ann Richards

Richards It's slightly too early in the day for the Washington Wire to imbibe, but we're raising a margarita tonight (frozen, no salt), in honor of Ann Richards, a true giant of Texas politics and one of the wittiest pols in the business, Democrat or Republican. President Bush, who ended her political career by defeating her in the 1994 governor's race and became her verbal pincushion, had nice words to say.

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The 73-year-old former governor died yesterday from esophageal cancer, and the Texas statehouse political reporters paid homage today in Dallas, Austin and Houston.

Here's a sampling of the governor's greatest lines, beyond her classic: "Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

"I thought I knew Texas pretty well, but I had no notion of its size until I campaigned it."

"I have always had the feeling I could do anything and my dad told me I could. I was in college before I found out he might be wrong."

"Poor George [H.W. Bush], he can't help it. He was born with a silver foot in his mouth."

"There is a lot more to life than just struggling to make money."

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone.'"

–Amy Schatz

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September 14, 2006, 6:00 am 54 Days Left to Go

Seven-term Republican congressman Jack Kingston's Georgia seat doesn't exactly appear to be in jeopardy. Running against Democrat Rev. Jim Nelson, a United Methodist pastor and author ("Where Would Jesus Put the Sidewalks? A Study Of Faith and Politics"), political prognosticators suggest Kingston needn't give up his Washington digs.

Never hurts to reward the faithful, however, which is why Kingston's campaign committee sent out a desktop flip calendar this summer so supporters could track the last 100 days until Election Day—from Sunday, July 30 to Tuesday, Nov. 7.

Dubbed "100 Reasons to Vote Republican," the calendar is liberally sprinkled with quotes from prominent conservatives, including Rush Limbaugh and President Reagan (Aug. 11: "It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first." Sept. 21: "The trouble with our liberal friends is not that they're ignorant: It's just that they know so much that isn't so."). It's peppered, too, with quotes from those on the other end of the spectrum, including Dixie Chick Natalie Maines (Sept. 14: "The entire country may disagree with me, but I don't understand the necessity for patriotism.").

The calendar has 200 pages, but the ones after Nov. 7 are blank. Unfortunately, the Friends of Jack Kingston apparently couldn't fill all 200 of them with reasons to vote Republican.

"It's for notes," explained Rob Asbell, a Kingston spokesman, who said this is the second campaign in which the congressman has sent out the calendar/notepad to supporters. — Amy Schatz

Indiana Voters Leaning Leftward?

Sep.15, 2006

Scrubbing the Numbers

Sep.15, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Critics Of War Spare Senator In Close Race (NYT)

By William Yardley

The New York Times, September 19, 2006

SEATTLE, Sept. 18 — Even as Senator Maria Cantwell of Washington has faced frequent criticism for having voted for the war in Iraq, her re-election campaign appears to be benefiting from a cold dose of pragmatism among many of her fellow Democrats.

After looking east to Connecticut, where another supporter of the war, Senator Joseph I. Lieberman, lost the Democratic primary last month, many Democrats here say attacking Ms. Cantwell in Tuesday's primary seems flat-out foolish because it could benefit the well-financed Republican challenger in November.

"Those people were looking for a reason to vote for her anyway," said Hong Tran, an antiwar advocate running against Ms. Cantwell who has stayed in the primary race despite polling in the low single digits and raising about $40,000.

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Cathy Allen, a longtime Democratic consultant here who is not involved directly in the race, said, "If anything, what you would succeed in is poking yourself in the eye."

After all, unlike in Connecticut, the question here is not whether another Democrat will unseat Ms. Cantwell. Instead, the wild card is whether antiwar opponents will peel away enough support to leave her vulnerable to the Republican opponent, Mike McGavick, a former insurance executive who recently put $2 million of his own money into his campaign.

With a practical eye on that very different political reality, Ms. Cantwell and many of her antiwar critics have moved closer to each other, and the senator's lead over Mr. McGavick has increased to double digits in some polls.

If the primary in Connecticut proved the power of the war issue among Democrats, it has not necessarily been a template for other prominent races in which Democrats have been criticized for their war stance.

"People are not saying 'Throw the bums out' in these other races," said James H. Dean, chairman of Democracy for America, the national coalition that played a crucial role in Ned Lamont's victory in the Connecticut primary.

"In Connecticut," Mr. Dean said, "we didn't have to worry about a Republican becoming a senator."

Mr. Lamont had voter demographics, liberal bloggers and a strong grass-roots operation on his side. And he had money, putting $4 million of his own into his campaign.

Here in Washington, the two most prominent antiwar candidates still running against Ms. Cantwell are polling in the low single digits and have little money. One, Aaron Dixon, is a former Black Panther who is running as the Green Party nominee in the general election in November on an antiwar platform. The other is Ms. Tran, a lawyer for a nonprofit organization who said that if she lost she would vote for Ms. Cantwell.

Ms. Cantwell, who was first elected in 2000 by just 2,229 votes, has strong union support and has won praise from environmentalists for helping to fight oil drilling in the Arctic National Wildlife Refuge.

With Washington's history of close elections, both national parties consider the race critical and plan to spend time and money here this fall.

The war is far from the only campaign issue. Democrats and outside analysts say Mr. McGavick has stumbled in discussing events in his past, while some Republicans say Ms. Cantwell has had a recent rise in the polls largely because she ran new television advertisements when Mr. McGavick was off the air.

Ms. Cantwell had $5.1 million in her campaign account at the end of August, compared with about $2.8 million for Mr. McGavick, including his own money.

The first lady, Barbara Bush, campaigned over the summer for Mr. McGavick, as have Republicans including Senators Bill Frist of Tennessee and John McCain of Arizona. Former President Bill Clinton and other Democrats have campaigned on behalf of Ms. Cantwell.

Asked whether Ms. Cantwell had changed her position on the war, Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said: "No, I think people have become more familiar with her position. And unlike Joe Lieberman, she has not been afraid to criticize the president on the war."

Still, Ms. Cantwell has made a clear effort to offset antiwar opposition.

" 'Do you really want a Republican representing Washington?' That's the question she's asking," said Chad Lupkes, a Washington coordinator for Democracy for America.

In July, Ms. Cantwell hired two of her potential Democratic primary challengers, both critics of the war, to work on her campaign. The move drew charges from both sides that she was paying off opponents; one of those hired, Mark Wilson, is paid $8,000 a month. The other person hired was Dal LaMagna.

Mr. Wilson, now a Cantwell campaign outreach director, did not respond to a request for an interview. Mr. Lupkes said Mr. Wilson was far from a sellout. He said it had been "critical" for Mr. Wilson to join the Cantwell campaign.

"The progressives really want to learn how the system works," Mr. Lupkes said. "You've got a bunch of people who say that the war is their top, only issue. Those people are fools. They're going to vote for Aaron Dixon. Maybe 5 percent of the vote goes for him?"

Ms. Cantwell has made other overtures to antiwar voters. On Aug. 9, the day after Mr. Lamont won in Connecticut, she was among many Democrats nationwide who congratulated the new nominee. Six days after that, she released a statement on her campaign blog about her initial vote in favor of authorizing the war in Iraq: "If I knew then everything that I know today and the Republican leadership still brought it up for a vote, I would have voted no."

The comments echoed those of other Democrats in Washington who voted for the war, but for Ms. Cantwell they were new.

Michael Meehan, her campaign strategist, said the comments did not reflect a shift in her position. Rather than playing "a hypothetical game of looking backwards," Mr. Meehan said, the senator "thinks it was more important to say, 'How are you going to hold them accountable now?' "

Ms. Cantwell, in a brief interview after attending a Labor Day picnic with union members in Chehalis, about 85 miles southwest of Seattle, said her position on the war had not changed this year but that campaigning during the August break had helped her clarify her stance with voters.

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She said she supported a Senate resolution in November calling for 2006 to be a "period of significant transition to full Iraqi sovereignty." She backed a Democratic plan in June calling for troops to start coming home this year. And in July, she sponsored a measure with Senator Joseph R. Biden Jr. of Delaware that said no permanent American military bases would be established in Iraq.

Mr. McGavick, who has largely echoed Ms. Cantwell's views on the war, has been on the defensive himself recently.

Last month, his voluntary acknowledgment that he had been charged with driving under the influence of alcohol in Maryland more than a decade ago backfired somewhat after The Herald of Everett, Wash., reported that he had not disclosed all the details of the arrest. The newspaper reported that Mr. McGavick had also run a red light, had been handcuffed and had fallen asleep at the police station.

"I fully disclosed everything I remembered, period," Mr. McGavick said in an interview.

Mr. McGavick and Ms. Cantwell disagree on several national issues. Mr. McGavick has accused the senator of helping kill a Senate bill that would have increased the federal minimum wage, while Ms. Cantwell has said the bill would have cut incomes for workers who earn tips. Mr. McGavick supports letting some workers invest in voluntary private accounts as part of Social Security, an idea Ms. Cantwell opposes.

Republicans have portrayed Ms. Cantwell as a tax-and-spend liberal, while Democrats have cast him as a cheerleader for President Bush.

Beyond specific policy differences, Mr. McGavick said his campaign was centered on "the need for civility and the need for common sense and problem solving."

"That's what has gotten me this far," he said, "and that's what will carry me on to victory."

He acknowledged that dissent among Democrats could help him. "They're not going to take votes from me," he said.

Ms. Cantwell drew criticism from Republicans, too, after The Associated Press reported that she once lent $15,000 to $50,000 to Ron Dotzauer, a lobbyist and political consultant, and later helped steer federal money to his clients. The senator's staff has said there is no connection between the loan and the federal spending.

But with the senator and some of her antiwar critics now appearing less divided, said Mark A. Smith, an associate professor of political science at the University of Washington, Mr. McGavick may need to sharpen his message.

"I think he's almost hoping for self-immolation on the Democratic side," Mr. Smith said. "That seemed like a pretty decent strategy three or four months ago. I don't think that looks like such a decent strategy now."

Cantwell Polls Higher As She Adjusts War View (HILL)

By Aaron Blake

The Hill, September 19, 2006

Sen. Maria Cantwell (D-Wash.) does not face nearly as strong an anti-war primary challenger today as Sen. Joe Lieberman (D-Conn.) did a month ago, but she has taken about as much flak for her support of the war in Iraq.

Cantwell, who like Lieberman comes from a blue state with a strong anti-war segment of the electorate, has sought, unlike him, to distance herself from the unpopular war.

Her opponents say that the shifts are cosmetic, but Cantwell's poll numbers have jumped in recent weeks, undermining what had been Republicans' hopes of a dramatic pick-up in the Senate.

Today's primary, which includes anti-war Democrat Hong Tran, could provide an indication of how many anti-war Democrats remain unhappy enough with Cantwell to cast a protest vote against her. She will face two third-party anti-war candidates in November, and in a close race that could cost Cantwell her seat.

While Cantwell and her Republican rival, Mike McGavick, have been polled as close as four percentage points from each other recently, Cantwell enters the primary leading by 17 points, 52-35, according to an independent Rasmussen Reports poll released last Tuesday. The results closely resemble a SurveyUSA poll from late August, which had Cantwell up 53-36.

McGavick's campaign attributed the poll results to his decision to reveal his 1993 drunken driving arrest, and subsequent reports that show he misstated details of it. He said later it was due to faulty memory.

"That poll is a snapshot of a period immediately after Mike took what many called a courageous act in the self-revelation of mistakes and when we had just gone on TV in Seattle for the first time in months," McGavick spokesman Elliott Bundy said.

Cantwell's campaign said the bump is a result of the senator's increased visibility, in person and in ads.

The poll was also conducted before reports surfaced about Cantwell's role steering $11 million to projects that benefited clients of a lobbyist who had worked as her campaign manager. Ethics experts have criticized Cantwell, but she says she did nothing wrong.

However these issues play out, the war will continue to be at the forefront of the race.

In addition to the primary challenger, Cantwell will face two third-party anti-war candidates, the Green Party's Aaron Dixon and Libertarian Bruce Guthrie. Neither is likely to take more than a few percentage points in the general election, but their support could come almost exclusively at Cantwell's expense.

Sen. Hillary Rodham Clinton (D-N.Y.), who like Cantwell has been criticized for not speaking out more forcefully against the war, took 83 percent of the vote in her primary against anti-war challenger Jonathan Tasini. But unlike Cantwell, Clinton does not face a difficult reelection bid.

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Cantwell faced another anti-war Democrat, Mark Wilson, until he dropped his bid and joined her campaign in a paid position, a move criticized by her opponents.

Cantwell voted for the resolution authorizing President Bush to use force in Iraq and for subsequent spending bills, but in June she supported a Democratic amendment urging the president to begin troop withdrawals this year (Lieberman opposed it), and in the ensuing months has been more critical of the execution of the mission.

By July, she was calling for a "change of course," and in August, after McGavick said he would not have voted for the war if he knew then what he knows today, Cantwell recanted on earlier statements and agreed.

Both have rejected a call for immediate withdrawal but say if progress is not made this year, the mission should be reevaluated.

Cantwell's spokeswoman, Katharine Lister, said the difference between Cantwell and McGavick is that McGavick is for "staying the course" while Cantwell and congressional Democrats are holding the administration responsible.

But both Dixon and McGavick said Cantwell still holds a view on Iraq that barely differs from McGavick's.

"I do think that she's been trying to moderate her position, and if she continues to, then we will be in disagreement," said McGavick, a former Safeco CEO. "But there's nothing that is substantive yet."

Dixon, a community activist and former Black Panther Party leader, said he has noticed Cantwell trying to shift her stance, so far without significant steps. He said he hopes she will support an immediate withdrawal.

"The war is becoming so unpopular … we're just hoping that she is beginning to listen to them," Dixon said. "But her record has proven that she's not to be trusted."

Dixon said part of his campaign's purpose was to "put some pressure" on Cantwell. He said he's not wary of stealing votes from her in November because the two major parties haven't differed much and the country needs a multi-party political system.

The SurveyUSA poll showed Dixon and Guthrie each taking 3 percent of the vote.

Party Rival Says Cantwell Deserves To Lose Over War (WT)

By Christina Bellantoni

The Washington Times, September 19, 2006

SEATTLE -- Hong Tran tells voters she is giving them an opportunity to "Vote no on war" in today's Democratic primary election for U.S. Senate.

Though she knows she is highly unlikely to beat incumbent Sen. Maria Cantwell, she says her fellow Democrat's October 2002 vote in favor of the Iraq war is worthy of electoral punishment.

Mrs. Tran has received little of the national attention enjoyed by anti-war candidate Ned Lamont, who used that momentum to beat Sen. Joe Lieberman in the Connecticut Democratic primary, but she campaigns on a similar message.

"The war is a big issue for all voters, not just Democratic voters, and it's really dismaying that Maria Cantwell is so out of step with people," Mrs. Tran said yesterday. "She is completely unresponsive to her constituency, and we need to have someone stronger as our senator."

Miss Cantwell on Aug. 15 released a statement about her vote authorizing President Bush to use force in Iraq.

"If I knew then everything that I know today," she said on her Web site, "I would have voted no."

She said the United States should start to bring troops home this year.

She also painted a difference between herself and Republican front-runner Mike McGavick, who is poised to win his own primary today.

"I am for changing the course in Iraq; my opponent is for staying the course," Miss Cantwell said. "The Iraqis must take over responsibility for their own security this year."

In addition to the war, Mrs. Tran disagrees with the freshman senator on trade policy, and says Miss Cantwell votes to help special interests instead of working people.

Miss Cantwell has the money, name recognition and the state and national party machines behind her, all things that will probably propel her to victory today. She also currently holds a wide lead over Mr. McGavick.

But several voters here said they will issue a "protest" vote for Mrs. Tran, a lawyer with a nonprofit agency, to send a message they are frustrated with their senator.

"I'm sure not going to vote for her in the primary, because she voted for the Iraq war," saidlongtime Democrat Toni Ameslav of Seattle, a medical social worker. "I don't know what I'll do in the general election. I definitely won't vote Republican, but I might just stay home."

Miss Cantwell held a weekend rally with Sens. Patty Murray of Washington and Barbara Boxer of California, but then returned to the Capitol for her "day job," according to campaign staffers. Instead of doing the last-minute campaigning yesterday and today, she sent in her own primary ballot by mail, as do most voters in the state.

Mrs. Tran says state and national Democrats have openly tried to keep her from getting attention, forbidding her from putting up signs at Democratic events. Miss Cantwell, whose campaign hired two of her early critics, has also refused to debate Mrs. Tran.

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Democratic voter Steve Brunner, who works in interior design, said he completely disagrees with the administration's war policy, and called the Iraq conflict the "Vietnam of our generation."

Still, Mr. Brunner, 40, said he will "stick with" Miss Cantwell in the primary because she has a proven track record.

"Somebody needs to take back Republican control, and we can't lose this seat," he said. "I'd rather have a lousy Democrat than a good Republican."

Mrs. Tran, 40, said she is relying on grass-roots support and has not done much fundraising. She has radio ads running but nothing on television.

By contrast, Miss Cantwell has television ads blanketing the state saying she is an environmental leader and understands the plight of working people. She had more than $5 million in the bank as of Aug. 30.

Mr. McGavick, a former insurance executive and a millionaire like Miss Cantwell, had $2.8 million on hand at the end of August. He also is running TV ads portraying himself as independent-minded.

Mrs. Tran said she would not vote for a Republican in the general election, but added that if she does not win today, she will "certainly not" endorse Miss Cantwell.

Cantwell's Ties To Lobbyist Aired (RC)

By Nicole Duran

Roll Call, September 19, 2006

Sen. Maria Cantwell's (D-Wash.) personal ties to a prominent Washington state lobbyist have come under intense scrutiny in recent weeks. But it is unclear if their friendship will hurt Cantwell re-election efforts.

Ron Dotzauer has been involved in every race Cantwell has ever run. Cantwell worked for him at his former consulting firm, Northwest Strategies. At one point they were a couple and when he fell on hard times financially, Cantwell loaned him money. When she sought to unseat then-Sen. Slade Gorton (R-Wash.) in 2000, Dotzauer shelved his business to manage Cantwell's campaign.

After their victory Dotzauer went on to found Strategies 360, a firm whose clients have secured more than $11.6 million in federal appropriations.

Republicans strategists think that in a year when GOP candidates have been on their heels for lobbyist ties — think superlobbyist-turned-felon Jack Abramoff and his tentacles, or disgraced former Rep. Duke Cunningham (R-Calif.) — the Cantwell-Dotzauer connection may blunt the image of the GOP as the party of special interests.

The case could be especially helpful to Republicans in the Evergreen State, where former insurance company CEO Mike McGavick (R) is campaigning as an outsider who is tired of partisan bickering and politics as usual in Washington, D.C.

"Maria Cantwell has bent over backwards to do the bidding of lobbyist Ron Dotzauer, even changing her vote on key legislation before the Senate," alleged Brian Nick, a spokesman for the National Republican Senatorial Committee. "And while Cantwell delivers millions of dollars in earmarks for her lobbyist pal, his grateful clients have showered her with thousands of dollars in campaign contributions.

"If you're looking to build a federal lobbying client base, apparently it's good to know Maria Cantwell," he said.

Democrats say Republicans are looking for scandal where none exists. They also point out that McGavick is no political novice — he worked as Gorton's chief of staff and managed his successful 1988 campaign — and is hardly free from special interests, given his insurance industry background.

"McGavick's campaign is in the toilet so NRSC surrogates are grasping at any straws to take a shot at Sen. Cantwell," said Kelly Steele, a spokesman for the Washington state Democratic Party.

After showing some momentum, McGavick's campaign was dealt a setback in August when he volunteered past mistakes, including a traffic stop for driving under the influence.

But when reporters unearthed the actual police report, it showed that McGavick, in his mea culpa, left out some key details of the drunk driving incident, including the fact that he was arrested.

The focus in the campaign now seems to be back on Cantwell, which is exactly how national Republicans would have it.

"The Republicans are trying to keep it alive but it just hasn't shown up anywhere," said Stuart Elway, an independent Seattle-based pollster.

"It would be worse if he lent her the money," Elway added.

According to Cantwell's personal financial report, Dotzauer still owes her between $15,000 and $50,000.

Exactly what the loan was for is unclear. Dotzauer has said in the past that he could not remember.

He did not return a call seeking comment for this story.

According to Senate records, Dotzauer's career as a federal lobbyist coincides somewhat with Cantwell's time in federal office.

For instance, he had only two clients in 1995, the year after Cantwell lost her bid for a second term in the House. He then did not begin lobbying Congress again until 2002, two years after she was elected to the Senate.

Knowledgeable sources say that tracks with a difficult period in Dotzauer's personal life during which time his business suffered.

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Cantwell's campaign dismisses the allegation that she did Dotzauer any special favors. Cantwell does not sit on the Senate Appropriations Committee, though Sen. Patty Murray (D-Wash.) does.

Michael Meehan, Cantwell's senior political adviser, notes that the bulk of the appropriations under scrutiny were for projects supported by most the delegation — and Republicans back in the state.

Steele added: "Slade Gorton, George W. Bush and Rep. Dave Reichert all supported these appropriations; this is a pathetic smear."

Meehan also pointed out that the Senate Ethics Committee has never questioned the relationship between Cantwell and the lobbyist.

Since arriving in the Senate, Cantwell has reported the loan to Dotzauer, Meehan said.

"If the Ethics Committee hasn't had a problem with it, I don't think the voters of Washington state will have a problem with it," Meehan said.

Melanie Sloane, executive director of the watchdog group Citizens for Responsibility and Ethics in Washington, agreed that the appropriations appeared benign.

Nevertheless, she said Cantwell and all lawmakers need to be beyond reproach.

"In an ideal world she wouldn't let him lobby her and she'd get her money back," Sloane said. "Members should be more careful."

The financial connection does not end at the loan or the appropriations. Cantwell has also received at least $65,700 in campaign contributions from clients of Strategies 360, according to Federal Election Commission records.

Democrats say that is only logical given that Dotzauer's group represents many Pacific Northwest interests.

His clients include the Cascade Water Alliance, a nonprofit corporation representing municipalities in the suburban Lake Tapp area; Inologic, a biotechnology firm; and the West Coast Seafood Processors Association.

T.J. Petrizzo, a Republican lobbyist who has paired with Strategies 360 on occasion, says he does not believe Dotzauer's group gets any special access.

"We share a client and not once have I seen even an appearance of a conflict of interest," Petrizzo said.

Where's The Party? Nowhere To Be Found In Steele Ads (WP)

By Paul Farhi

The Washington Post, September 19, 2006

In his latest TV commercial, Maryland senatorial candidate Michael Steele looks and sounds like a man running for talk show host. Seated informally on a big letter "S," jazzy music playing in the background, Steele takes a bold stand on . . . puppies.

"Hey, me again, Michael Steele," says the lieutenant governor, pretending to knock from the inside of the TV screen. "Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies. And I think you deserve better -- some real ideas for change."

The slightly self-amused tone is just one of the things that make Steele's ads for his U.S. Senate campaign one of the more unusual of this, or any, election season. Political ads tend to come in two flavors: the kind in which candidates shake hands with supporters and embrace schoolkids, and the kind in which basso-voiced announcers warn that the opponent is bad news.

So far, Steele has taken a third approach: the candidate as your pal, the friendly, reasonable guy who's beyond politics.

In two of his first three campaign ads, Steele doesn't appear on the campaign trail or some other traditional political backdrop. He doesn't slam his Democratic opponent, Rep. Ben Cardin, or even mention that he has an opponent. Instead, he talks casually while perched on a stool or an oversize sculpture of his last name. The setting is odd and stark -- a blue-and-white backdrop that evokes the Nowhereland of Apple's iPod commercials (the Steele spots were shot in a local TV studio).

"I know what you're thinking," Steele says without a word of introduction in his first commercial, which debuted in late August. "I know what you're feeling. Washington has no clue of what's going on in your life. They blame each other, they work the angles while you're just trying to make today better than yesterday. . . . Instead of the spin, I'll talk straight about what's wrong in both parties."

The much buzzed-about spots -- created by veteran Republican adman Brad Todd of Alexandria's OnMessage Inc. -- are designed to reinforce Steele's assertion that he would be a different kind of senator. (That, in fact, is the title of the first commercial.)

To drive that message home, says political scientist Thomas Schaller, Steele had to break the conventions of political advertising. "These aren't just another red-white-and-blue, glad-hand-at-the-parade, here-are-my-three-talking-points-about-health-care ads," says Schaller, of the University of Maryland Baltimore County. "The fact is, people are talking about them and you're writing about them. That tells you how effective they are, and it compounds and magnifies their impact."

What's different, too, is what's not said in Steele's commercials.

The spots never mention that Steele is running as a Republican, or that he is the second-highest-ranking member of his party in Maryland. Or that he was once chairman of the Maryland Republican Party. Indeed, the word "Republican" doesn't appear anywhere on Steele's Web site, and his official bio omits his tenure as party chairman. When Steele won the Republican Senate primary last week, his campaign's official news release reported only that he won "his party's primary" without bothering to say which one.

This may be a bow to political reality. Registered Democrats outnumber Republicans by almost 2 to 1 in Maryland.

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Steele also has played down any association with President Bush, whose approval ratings have been in a long slump. Steele's Web site notes the endorsements of two moderate Republicans, Sen. John McCain of Arizona and former New York mayor Rudy Giuliani, but never mentions that Bush helped raise $500,000 for his campaign last year.

Which prompts Cardin's campaign to accuse Steele of running from his party and his president. "Michael Steele's ads don't change the fact that he's a conservative Republican who has embraced President Bush's agenda," says Cardin spokesman Oren Shur, "from his support of the war in Iraq to his opposition to stem cell research to his endorsement of the president's plan to privatize Social Security."

Several other Republican candidates have been less than eager to wave the GOP banner this year. In New Jersey, Senate candidate Tom Kean Jr. calls himself an "Independent Reformer" in his ads. Sen. Mike DeWine of Ohio uses the slogan "Independent Fighter for Ohio Families," while Rep. Curt Weldon of Pennsylvania and Rep. Vito Fossella of New York both use the same phrase, "Independent Fighter for Us."

Steele himself said to The Washington Post in July that running as a Republican candidate this year was akin to wearing "a scarlet letter" (he later maintained that he was joking). Nevertheless, his campaign says he is not trying to avoid the subject in his TV spots.

The ads emphasize that "he approaches issues as a different kind of candidate," said Steele's spokesman, Doug Heye. "What he has done is to build bridges against the things that divide us -- racial, economic and geographic. He has never made any bones about being a Republican."

High Stakes In Governors' Races (CSM)

By Linda Feldmann

The Christian Science Monitor, September 19, 2006

By many indicators, Democrat Jennifer Granholm should be heading for certain defeat in her reelection race as Michigan's governor. State unemployment is at 7.1 percent, well above the nation's 4.7 percent. Sixty percent of Michigan voters give Governor Granholm a negative job rating. And her Republican opponent, multimillionaire Dick DeVos, can spend freely - and has - to try to unseat her.

For sure, Granholm is in a tough race; she's probably the most embattled Democratic governor in the country. But in a year when Republican candidates nationally are laboring under an unpopular President Bush, an unpopular Iraq war, and negative perceptions about the national economy, even Granholm might survive. The latest polls show her either ahead or in a statistical dead heat against Mr. DeVos.

Overall, the Democratic Party may well emerge from the November elections with a majority of governors' seats for the first time since 1994.

The Republicans are "going to lose governors' seats, there's no question," says Jennifer Duffy, an expert on gubernatorial races for the nonpartisan Cook Political Report. She predicts a net Democratic gain of four to six seats.

Currently, the GOP majority in governors' mansions stands at 28 to Democrats' 22, but the Republican Party is defending far more seats this fall than are the Democrats. Of the 36 seats on the ballot, 22 are held by Republicans and 14 by Democrats. Among the 10 incumbents vacating their seats, nine are Republicans, including Alaska Gov. Frank Murkowski, who lost in a rare primary defeat for a sitting governor.

Unlike in the House and Senate, winning a majority of governors' seats holds mainly symbolic importance. But it is still in each party's interest to control as many governorships as possible. Governors' mansions are the training ground of future presidents. (Four of the past five presidents were ex-governors.) Governors who aren't running for president can lend the support of their local political infrastructure to politicians from their party who are.

In the event of a disputed result in a key state, as happened in the past two presidential elections, having friendly statewide elected officials is a bonus.

Governors can also turn their states into laboratories for policy innovations with potential national applications.

New York is the Democrats' top takeover opportunity, with state Attorney General Eliot Spitzer running far ahead of former state Assembly minority leader John Faso to replace GOP Gov. George Pataki.

The Democrats' next best takeover hope is Ohio, where the state's retiring Republican governor, Bob Taft, has been mired in scandal and has at times posted single-digit job approvals. Nonpartisan political handicappers (Cook Political Report, Rothenberg Political Report, and CQPolitics.com) give the edge to Democrat Rep. Ted Strickland, despite the state's close partisan divide, as the beneficiary of a voter desire for change.

Beyond those two, analysts are less in accord, though they all list more Republican-held than Democratic-held seats as "potential takeovers."

Among Republican governors running for reelection, the most endangered is Robert Ehrlich of Maryland. Independent pollster Del Ali, who is based in Maryland, sees the state going back to its "true blue" roots this fall.

"This problem for Ehrlich is he's on the record supporting the war in Iraq, very strongly," Mr. Ali says. Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, "will dig up all the video he had in 2005 talking about standing behind the president."

Among the other biggest Democratic pickup possibilities are Colorado, Arkansas, Massachusetts, and Alaska.

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Besides Michigan, Republicans are most hopeful about taking over in Wisconsin and Iowa. In Wisconsin, Gov. Jim Doyle (D) has struggled with ethics charges - and though he has now been cleared of wrongdoing by the state ethics board, the odor of impropriety lingers in a state that prides itself on clean government. Muddying the picture for GOP challenger Rep. Mark Green is a recent judgment that he return $467,844 in donations from out-of-state political action committees, a ruling he is fighting in court. Polls show a tight race - and both men are pounding each other hard in ads.

The Republican Party is not pretending this will be an easy election year, at any level of government. And in races where a member of Congress is running for governor, that link to Washington can be an anchor around the congressman's neck.

Take Iowa, where Rep. Jim Nussle (R) and Iowa Secretary of State Chet Culver are dueling to replace retiring Gov. Tom Vilsack (D).

"Nussle's a good guy, but it [being a Republican in Congress] probably at the end sinks him," says Ali, who notes that the popular Vilsack will likely provide coattails for Mr. Culver. Still, Ali adds, the race is "closer than five points."

Phil Musser, executive director of the Republican Governors Association, predicts Mr. Nussle can overcome his Washington label by focusing on Iowa-specific proposals in areas such as the economy, energy, and education.

"It's not the best year to be running as a member of Congress for state office, but in the end it's about local issues," says Mr. Musser.

In Colorado, a Democratic pickup hope, Rep. Bob Beauprez (R) is struggling, too, with his Washington tag - perhaps more than Nussle is in Iowa - as he seeks to replace retiring Republican Gov. Bill Owens.

Independent Colorado pollster Floyd Ciruli sees Representative Beauprez losing traction in his governor's race, in a combination of local and Washington-related factors. On the local front, the state's fractured Republican Party has hurt Beauprez, and nationally, says Ciruli, "the war and just general aggravation with Republicans and the president are hurting him."

Still, the anti-Washington model doesn't apply everywhere. In Nevada, Rep. Jim Gibbons (R) doesn't seem to be suffering for his membership in Congress, and is leading in polls to replace retiring Gov. Kenny Guinn (R), whose coattails seem to be helping Mr. Gibbons.

"Guinn is a popular governor, and Gibbons is well known; the good economy in Nevada also helps Gibbons," says Ali. "It's Gibbons's race to lose. If he supports the war, he hasn't said [much] about it."

Confident Of Sweep, State Democrats Set Sights On Pataki And Bush (NYT)

By Patrick Healy

The New York Times, September 19, 2006

SMITHTOWN, N.Y., Sept. 18 — Chest-thumping leaders of the New York Democratic Party rallied here on Monday and predicted a clean sweep of statewide offices in the November election over the enemy — identified by one Democratic speaker after another as “the two Georges,” Messrs. Bush and Pataki.

The party’s tight focus on President Bush and Gov. George E. Pataki, instead of the actual Republican candidates this fall, is the latest sign of the low regard in which Democrats say they hold their opponents. They are so confident of outright victory that they are now shooting for bigger game — an electoral rebuke of Mr. Bush and Mr. Pataki.

The Democrats were also eager on Monday to convey a degree of party unity that they have not shown in years. Eliot Spitzer, the Democratic nominee for governor, called and asked Thomas R. Suozzi, the man he defeated for the nomination, to attend the party conclave, though the two men are not close.

Mr. Suozzi did not give a speech, but he did stand for a photo with Mr. Spitzer and an even greater foe, Assembly Speaker Sheldon Silver.

It was not all unity, however: Andrew M. Cuomo, the Democratic nominee for attorney general, did not make the same gesture to invite his runner-up, Mark Green. Mr. Green said he had received no invitation to the event from anyone. Another failed candidate for attorney general, Sean Patrick Maloney, who said he had been invited by the state party, did show up, though he — unlike Mr. Green — has not ruled out running for office again.

The event, technically a business meeting, was striking in comparison with dealings among the Republicans. John Spencer, the Republican nominee facing Senator Hillary Rodham Clinton, has refused to take telephone calls, including a concession call on primary night, from the woman he defeated, Kathleen Troia McFarland.

Both camps confirmed on Monday that Mr. Spencer had not called her back, with Spencer aides saying there was no point. Forty percent of Republicans voted for Ms. McFarland in last week’s primary. During the campaign, she and her aides made some personally nasty remarks about Mr. Spencer, a former Yonkers mayor, and he openly resented her challenge.

Mr. Spencer’s name did not even come up at the Democratic event; nor did that of John Faso, the Republican candidate for governor.

A poll released on Monday by the Siena Research Institute showed Mr. Spitzer with a lead of 51 percentage points over Mr. Faso, and Mrs. Clinton with a 29-point lead over Mr. Spencer. The poll, conducted by telephone, surveyed 625 likely New York voters and had a margin of sampling error of plus or minus four percentage points.

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The Democrat facing the greatest competition this fall, Mr. Cuomo, led the rhetorical assault on Monday by telling hundreds of party faithful here that his opponent, Jeanine F. Pirro, was a lackey of the Republican leadership. Mr. Cuomo had a 17-point lead over Ms. Pirro in the Siena poll.

"My Republican opponent is a devout disciple of the Bush doctrine, and she is a protégée of George Pataki," Mr. Cuomo said. "We don't need a follower of the two Georges to lead us as the next attorney general."

While Ms. Pirro is a moderate Republican who favors abortion rights, Mr. Cuomo said after his speech that she is nevertheless a Bush supporter and that it is fair to hold her accountable for what he called administration failures to enforce clear air and clean water rules and ensure integrity in the financial markets.

In response, Ms. Pirro's spokesman, John Gallagher, said: "Andrew Cuomo is using phony political attacks to distract voters from paying attention to his failed record at HUD and his lack of experience as a prosecutor. It's sad."

In Albany on Monday, Ms. Pirro held a news conference calling the civil confinement of sex offenders "the most important public safety issue of our time." Ms. Pirro, a former district attorney of Westchester County, has sometimes seemed preoccupied by civil confinement, bringing it up frequently in remarks; she tried to explain why after a reporter asked if it was a more important safety issue than terrorism.

"Terrorism, obviously, is an overwhelmingly important issue for safety in New York," she said. "But as it concerns families, there isn't a family that I come across that isn't concerned about children going to school and possibly being abducted or confronting a sexual predator."

In Smithtown, Mr. Cuomo said that he also supported a civil confinement bill.

By and large, the Democrats focused on the politics of optimism instead of any substantive agenda. The chairman of the state party, Assemblyman Herman D. Farrell Jr., who was re-elected by the party to a new two-year term on Monday, said this would be a "historic year" for Democratic victories. Mr. Silver said "it would take the invasion of the body snatchers" for any Republican candidate for major office to win this year.

Mr. Spitzer said he looked forward to Speaker Silver being his partner, and joked that they would surely agree on everything; Mr. Silver is known as a skilled negotiator who fights for his own agenda. Democrats need to stay together because, he added, referring to Republicans, "the mess they're leaving behind is pretty bad."

Ryan Moses, the executive director of the State Republican Party, parried by tweaking the Democrats for their predictions of victory over Mr. Pataki in 2002 and Mayor Michael R. Bloomberg in 2005, neither of which came to pass.

Campaign Gifts From Big Insurer Elude The Limit (NYT)

By Mike Mcintire

The New York Times, September 19, 2006

New York law prevents corporations from contributing more than $5,000 a year to candidates for state office, but one of the world's largest insurance companies has skirted those limits in giving almost 20 times that amount to some of New York's most prominent politicians, according to a review of contribution data.

The company, American International Group, has enlisted dozens of obscure subsidiaries to distribute contributions, all drawn from a common A.I.G. bank account and often through sequentially numbered checks, totaling hundreds of thousands of dollars.

A.I.G. defends the contributions, which seem to comply with the law as interpreted by the State Board of Elections.

The donations in recent years include totals of $50,000 to the gubernatorial campaign of Attorney General Eliot Spitzer; $335,000 to those of Gov. George E. Pataki; $34,300 to the campaign of Lt. Gov. Mary O. Donohue; and $25,000 to the 2006 campaign of Comptroller Alan G. Hevesi.

Often, the subsidiaries' identities give no hint of their affiliation with A.I.G., making it difficult to determine the extent of A.I.G.'s giving. For example, 10 companies — with names like Green Hills Corporation and Yosemite Insurance — gave $5,000 checks to Mr. Spitzer's campaign on a single day in December 2003. The only clues that the checks came from a common source were that they all had sequential numbers and bore an address of 70 Pine Street in Manhattan, A.I.G.'s headquarters.

Those contributions were made before Mr. Spitzer's office began investigating insurance industry practices, including those of A.I.G., in mid-2004. A.I.G. has made no further contributions to the Spitzer campaign since then.

A.I.G. and 33 subsidiaries used the same approach to direct hundreds of thousands of dollars to Mr. Pataki's campaigns beginning in 2001, in six batches of sequentially numbered checks. A.I.G.-related companies have also contributed to the New York State Democratic Party and to several campaigns for the New York State Senate.

Joe Norton, a spokesman for A.I.G., said that although the company's subsidiaries use checks drawn from a common account maintained by A.I.G., the contributions are charged back to each subsidiary's budget, so that, ultimately, the money comes from the subsidiaries. He said, however, that even though the contributions were made by the subsidiaries, A.I.G. usually decided what candidates to support, a process he said was within the law.

"There's no requirement that decisions about contributions be made by the subsidiaries," Mr. Norton said. "The parent company can recommend that a contribution be made."

A.I.G.'s practices are an example of how corporations have found ways to get around contribution limits in New York's porous campaign finance laws.

Last month, Common Cause New York, a watchdog group, did an analysis showing how limited liability corporations, which are allowed to contribute up to $50,100 to a candidate, were becoming a preferred vehicle for individuals and partnerships to effectively double or triple their contributions. (L.L.C.'s are business entities that can be easily established and provide special tax benefits as well as limits on financial liability.)

As a conventional corporation, A.I.G. is bound by the limit of $5,000 in total campaign contributions each year. The state's election law permits subsidiaries, even those wholly owned by a parent company, to make their own contributions as well. But the elections board issued an opinion in 1977 clarifying that a subsidiary must not receive money from its parent to make the contributions.

Rachel Leon, executive director of Common Cause New York, said A.I.G.'s methods, including the use of a common bank account to write checks for its subsidiaries, "clearly violate the spirit of the law."

"This is definitely one of those cases where it fails the common-sense test," she said.

While it is difficult to determine A.I.G.'s motivation in making contributions to state candidates, its business as an insurer is heavily regulated by state government. A.I.G., though it is based in New York, has also made contributions to candidates in other states and at the federal level.

Asked about the propriety of practices like those of A.I.G. in New York, Robert Brehm, a spokesman for the elections board, initially said that a determining factor would be whether the subsidiaries were making their own decisions, independent of the parent company, when contributing to candidates.

"The regulation and guideline is that the contribution come from a distinct group using its own money, not a situation where the parent company reaches down and makes the decision for them," he said. "What is important is who are the decision makers and that each distinct subsidiary is making those decisions."

But two lawyers with years of experience in New York election law said that the contributions appeared to be legal.

"There are no bright lines" in New York's laws governing contributions by subsidiaries, said Lawrence A. Mandelker, an election lawyer in New York City, adding that A.I.G.'s methods were "probably legal."

Kenneth A. Gross, a prominent election lawyer in Washington who has advised New York candidates on the state law, said there "is nothing that requires the decision to make the contribution be made independently" by each subsidiary.

As for the use of a common bank account, Mr. Gross said: "As long as the subsidiary is being charged back, say on the profit and loss statement, then the method that is used, whether it's through a single paymaster or a common check ledger, is not a concern to the New York Board of Elections."

Mr. Brehm later said that he "may have misspoke" on the issue of whether the subsidiary needs to make its own decisions. The board's position, he said, is that it is acceptable for parent companies to make decisions on contributions for their subsidiaries, since not all subsidiaries have executives on staff to make those decisions.

"The only requirement," he said, "is that the money a subsidiary uses to make a contribution must be its own and not come from the parent company."

The section of the law dealing with corporate contributions takes up only a couple of paragraphs and has been the subject of dispute over the years. In 1975, the board declined to issue an opinion on the legality of subsidiary contributions, saying the Legislature needed to clarify the law, whose intent was to limit the influence of corporations in politics.

But in 1977 the board issued an opinion saying that as long as a subsidiary was a "distinct legal entity," its contributions would not be counted against the limit imposed on its corporate parent.

The lone caveat was that the parent company could not "transfer funds to the subsidiary for the purpose of furthering the subsidiary's political activities," or vice versa.

Since then, the board has had a record of loosely interpreting contribution limits on corporations.

Three years ago, Matthew Lee, a lawyer and community advocate in the Bronx, filed a complaint with the board accusing a large housing lender of using 13 subsidiaries to improperly channel contributions to a number of state candidates. Mr. Lee said that his complaint went nowhere.

"I was amazed that this state agency couldn't seem to articulate a clear answer as to what the law is," he said.

An added wrinkle in the A.I.G. contributions is that two of the companies that made use of A.I.G.'s common account are not actually A.I.G. subsidiaries. Starr Technical Risk Agency and Starr Associates of Massachusetts, which together gave a total of $20,000 to the Spitzer, Pataki and Donohue campaigns, are affiliates of the privately owned C. V. Starr & Company, which is controlled by Maurice R. Greenberg, chairman of A.I.G. until 2005.

Before Mr. Greenberg's departure, the Starr companies shared office space, personnel and administrative services with A.I.G., whose brokerage commissions were the sole source of income for the companies, according to securities filings and news releases by A.I.G. Although not owned by A.I.G., the Starr entities would appear to fall within the election law's description of a subsidiary, as any corporation "financially supported, in whole or in part," by another company.

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Mr. Greenberg was ousted at A.I.G. after Mr. Spitzer and federal regulators accused the company of manipulating its accounting practices to raise its stock price.

Mr. Spitzer's campaign has said that its policy is not to accept contributions from anyone who is the subject of an investigation by the attorney general's office, but that it will not return contributions made by companies or individuals before they come under investigation.

Schwarzenegger Signs L.A. Schools Overhaul Into Law (LAT)

By Michael Muskal

The Los Angeles Times, September 19, 2006

Gov. Arnold Schwarzenegger today signed a bill that gave the mayor of Los Angeles greater control over the Los Angeles Unified School District and could change how the city's 730,000 students are taught.

At a ceremony at the Central Library in downtown L.A., Schwarzenegger signed the bill that gives Mayor Antonio Villaraigosa a leading role among other mayors in the school district's affairs. The bill also gives Villaraigosa direct control over three high schools and their feeder schools.

"Today we are proclaiming a victory for the students of LAUSD and their parents. I want to congratulate Mayor Antonio Villaraigosa for having the vision and fortitude to put our children first with this effort to increase accountability in LA public schools," Schwarzenegger said in a statement.

"With this bill, schools with the biggest problems can get the most attention and direct oversight by the mayor, so he can focus on what counts — moving test scores up and dropout rates down."

The signing is the latest — but probably not the last -- step in the political infighting as Villaraigosa pushed to get a voice in educational affairs. The school board, which loses power under the bill, has said it will sue to overturn the measure whose constitutionality has been questioned.

The new bill, which goes into effect in January, is far less than Villaraigosa had sought to fulfill his election promise to take over the school district.

Instead of complete control, Villaraigosa will share authority with the school board, the superintendent and a newly created council of mayors. The superintendent will gain new budget responsibilities. The school board will have limited power to review the budget and no direct management of its own staff.

As the largest city in the district, Los Angles will have the most power on the new mayors council, but the L.A. mayor will need allies.

For example, the new district superintendent must be a consensus choice by Villaraigosa, a school board majority and the mayors of cities that constitute at least half of the district's students who live outside the city of Los Angeles.

The three high schools that the mayor will take over have yet to be named. The mayor's office has requested information on six high schools, district sources recently said. They are Crenshaw and Dorsey in South Los Angeles; Sylmar and Monroe in the San Fernando Valley; Belmont, west of downtown; and Roosevelt in Boyle Heights.

Ill feelings between the mayor's office and the district were apparent at the signing. The top school officials, who have opposed the bill, were absent.

Villaraigosa and Schwarzenegger had planned to stage the signing at Roosevelt High School, but the school board refused to allow one of its campuses to be used during school hours, forcing the ceremony to be moved to the library.

In a recent statement, board President Marlene Canter said, "Serious questions have been raised regarding the constitutionality of a number of the provisions," after the board voted 6 to 1 to sue to block the law.

The only school board member to support the mayor was Monica Garcia, a close ally.

"It makes sense to avoid implementing changes that could later be declared unconstitutional," Canter said. "As a number of interested parties have urged, we will ask the courts to review this measure and to determine the constitutionality of these provisions as quickly as possible."

Even though it was expected, the signing presented some intriguing political problems. Republican Schwarzenegger, who is running for reelection and is courting Latino voters, has strongly backed Democratic Mayor Villaraigosa, who has endorsed his party's nominee, Phil Angelides.

The depth of Villaraigosa's support for Angelides is unclear because the mayor is considered a gubernatorial hopeful in 2010.

McCain's Stand On Detainees May Pose Risk For 2008 Bid (WP)

By Charles Babington And Peter Baker

The Washington Post, September 19, 2006

Sen. John McCain's bid to position himself as the natural heir to President Bush as a wartime commander in chief and to court conservative leaders in advance of his likely 2008 presidential campaign has threatened to run aground in recent days, as the two men clash over how to detain and try terrorism suspects.

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For months, McCain has been wooing Bush's donors, hiring his former advisers and standing by him in the Iraq debate. But the fragile rapprochement between two men who were once bitter rivals for the presidency is facing a sharp new test over McCain's rejection of Bush's pleas to let the administration interpret the Geneva Conventions as it sees fit.

The impasse, which has preoccupied Congress this month, is likely to be settled within a few days but could remain hanging when lawmakers adjourn in a few days. Either way, it is likely to carry a long echo -- especially if the senator from Arizona forces Bush to back down.

Substantively, the legislative battle will shape what limits the administration will face on its anti-terrorism policies in the final two years of Bush's term. Politically, McCain's willingness once again to confront Bush raises questions about how he will position himself toward the Republican Party's conservative base, which he has aggressively cultivated over the past year as he pursues the presidency.

In a reprise of criticism showered on McCain during his 2000 campaign, some prominent conservatives are branding him a disloyal Republican and an unreliable conservative because of his assertiveness on the detainee issue.

The senator's actions "are blocking our ability to gain from terrorist captives the vital information we need," said a front-page editorial Saturday in the Union Leader of Manchester, N.H., the largest newspaper in the state with the first presidential primary. Conservative radio talker Rush Limbaugh said Friday that opposition to Bush's approach "is going to go down as the event that will result in us getting hit again, and if we do, and if McCain, et al. , prevail, I can tell you where fingers are going to be pointed."

If McCain or his backers worry that such pointed criticism threatens his presidential hopes, they do not admit it, calling the issue a matter of principle on which the senator has had a long record. But his camp acknowledges being well aware of the potential political ramifications.

For now, those ramifications remain uncertain. McCain's maverick style has long been popular with GOP voters in New Hampshire, where he bested Bush in the 2000 primary, said Andy Smith, a pollster who directs the University of New Hampshire's Survey Center.

"I don't think this impacts him too much in New Hampshire," Smith said yesterday. Polls consistently show McCain well ahead of potential Republican rivals there, Smith said, and the Union Leader's once-feared editorial page "is nowhere near as strong as it used to be."

McCain's defiance of the administration could prove particularly troublesome in South Carolina, the early-primary state where Bush's hard-hitting attacks in 2000 killed McCain's momentum and put the Texas governor on the road to the White House. Yet McCain's most outspoken ally in the detainee dispute is the state's senior senator, freshman Republican Lindsey O. Graham, who spent years as a military lawyer.

In a telephone interview from South Carolina yesterday, Graham said: "What I hear is, people respect the commitment of the president to the [CIA interrogation] program, and they respect my commitment and Senator McCain's commitment to the troops."

Graham added: "Every editorial in the state has understood Senator McCain's and my concerns, and believe they are legitimate." The Geneva Conventions say wartime detainees must be "treated humanely." Bush says the United States complies so long as CIA interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives. McCain and his allies say that the requirement is too narrow, and that they are concerned Bush's approach would invite other nations to interpret the conventions in lax ways that could lead to abusive treatment of captive U.S. troops.

Joined by virtually all 44 Senate Democrats, McCain and his supporters appear to have a solid majority in the 100-member chamber, where Bush's initiative is stalled.

From the moment the Supreme Court ruled in June that the Geneva Conventions cover U.S. detainees, the White House understood that McCain -- who was tortured as a Vietnam War prisoner -- would be the key voice on the issue. Bush aides hoped to persuade him to follow their approach. But they said they were not surprised when he did not, and in recent days they have been tempered in their comments about him.

"There's no question of motives that there may have been a couple years ago," said a senior administration official, who declined to speak for attribution about a powerful senator. "My sense is, this is paining him and this pains us. Neither of us wants to be in the position to have to do this and have it spill out into public."

If anything, the White House appears more irked by Graham, who Bush advisers believed had been supportive of their position until a few weeks ago. But the White House did not shy away from a fight with McCain, convinced that the politics would favor the president's side.

"They're not spooked by the opposition by McCain," said William Kristol, editor of the conservative Weekly Standard. "They believe they can win the issue legislatively . . . and if a few Republicans join all the Democrats, so be it." Although he professed respect for the senator for following his principles, Kristol said "it hurts McCain" politically because "it's just not where most Republicans are."

John Weaver, McCain's top political adviser, said it is possible the move will hurt his presidential hopes but added: "I don't see evidence of it so far, other than the armchair quarterbacking that we've experienced."

"When John does what he think is right, it usually works out in all ways, including politically," Weaver said. "When we take the expedient route, it doesn't work out."

Asked for an example, he cited the 2000 debate over public display of the Confederate battle flag in South Carolina. McCain initially called the flag "a symbol of racism" but softened his views, leading to accusations of waffling and pandering.

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Nonetheless, a Republican strategist close to the White House said McCain risks alienating his primary base in the detainee dispute.

"The politics of this for him are pretty dangerous," said the strategist, who spoke anonymously to avoid antagonizing the senator. "This is an issue that's the most important issue to the Republican base overall, and they're strongly with the president on this."

The strategist added: "This is a manageable issue today. But I don't know that it's manageable if Congress leaves without doing anything."

McCain's Interrogation Stance May Cost Him Conservatives (LAT)

By Janet Hook And Richard Simon

The Los Angeles Times, September 19, 2006

WASHINGTON — Conservative activists are heaping criticism on Sen. John McCain for fighting President Bush over proposed rules for the interrogation of terrorism suspects, a dispute that has reopened long-standing divisions between the maverick Republican lawmaker and his party's establishment.

The attack from the right, which coalesced over the weekend, could undercut McCain's effort to woo Bush backers and other party regulars for an anticipated 2008 presidential bid. His position on terrorism prisoners has fueled critics' skepticism about McCain's conservative credentials.

"This very definitely is going to put a chilling effect on the tremendous strides he has made in the conservative evangelical community," said the Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, one of several conservative activists who support Bush's proposal on interrogation techniques.

Even as conservative leaders berated McCain for refusing to yield to Bush, the high-profile battle could burnish the Arizonan's credentials among admirers who have been concerned about his moves to court the GOP establishment.

His aides say McCain's position in the interrogation dispute is a matter of conscience — not calculation — but they still see a political upside.

"When he does the right thing and he knows it, that works out well for him," said John Weaver, a top political advisor to McCain. "He's going to see this through."

The administration took a possible step toward breaking the deadlock late Monday, when it sent a new proposal to Capitol Hill. Details were not immediately available and Sen. Lindsey Graham (R-S.C.), a military judge in the Air Force Reserve who is a key McCain ally in the fight, was noncommittal in responding.

"The parties continue to share ideas with each other," Graham said in a statement.

Referring to the back-and-forth, Graham told reporters, "Have y'all ever bought a car? This is how you buy a car."

The episode underscores the complexity of McCain's political position as the perceived front-runner in a potentially crowded field of GOP presidential candidates. He must please the GOP activists who play a big role in choosing the party's nominee while demonstrating the independent streak that could appeal to moderates in a general election.

As McCain's profile in the interrogation debate has risen, other potential GOP presidential candidates have weighed in.

Massachusetts Gov. Mitt Romney, widely seen as a leading competitor for McCain's centrist appeal, has forcefully endorsed Bush's position.

"I am four square behind President Bush," Romney said in an interview. "Sen. McCain's position is mistaken on this issue."

One key issue is a section of the Geneva Convention, which sets international standards for the treatment of wartime prisoners. Known as Common Article 3, the section bans "outrages upon personal dignity, in particular humiliating and degrading treatment."

Bush says this language is vague, and it leaves intelligence agents in doubt about whether some of the harsher interrogation tactics they have employed are legal. He has asked Congress to clarify the language.

But McCain and his allies say Congress should not unilaterally set a definition, or other nations may do the same — to the detriment of U.S. personnel in captivity.

The House is expected easily to approve the White House proposal next week. But in the Senate, McCain is expected to prevail with the support of most Senate Democrats and, according to a GOP leadership aide, at least 11 Republicans.

The dispute between McCain and Bush is especially charged because their competing views are shaped by experiences at the core of their political identities.

For Bush, a revised interrogation policy is an essential tool for what he considers the historic mission of his presidency: waging a global war on terrorism unlike any other struggle the U.S. has confronted.

But McCain sees the debate through the prism of his own defining experience: the torture he endured as a prisoner during the Vietnam War.

The faceoff is the latest chapter in a complicated political relationship. McCain was Bush's chief rival for the 2000 GOP presidential nomination. During Bush's first term, McCain was at odds with the White House on major issues, including campaign finance reform and the Medicare prescription drug benefit. Last winter, he fought the administration for a measure to curb the use of torture in Iraq and elsewhere.

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But he campaigned hard for Bush's reelection in 2004. And McCain has been a notable and loyal ally on Bush's policy in Iraq. He has also taken several steps aimed at smoothing relations with conservatives who long have doubted his commitment to their agendas. Most prominently, he delivered the commencement speech this year at Liberty University, a Baptist school in Virginia founded by the Rev. Jerry Falwell, a leader of the Christian conservative movement.

A White House official said Monday that Bush is not personally upset with McCain over the interrogation impasse. But the official, speaking on condition of anonymity when discussing White House deliberations, said others in the administration were offended by McCain's criticism last week of CIA Director Michael V. Hayden, who is pushing for the redefinition of the interrogation language.

And the White House has been encouraging conservative activists to defend Bush's position — and, by extension, undercut McCain.

Grover Norquist, president of Americans for Tax Reform and a frequent McCain critic, said he and other conservative leaders had been briefed about the flap at the White House in the last week.

Norquist, in an interview Monday, accused McCain of "showboating" and foiling a White House political strategy of framing this year's midterm elections as a choice between Republicans who support tough treatment of terrorists and Democrats who are standing in the president's way.

The White House "would like to have a conversation between now and the election about punishing the people who did 9/11," said Norquist. "McCain is interrupting that conversation and confusing the message."

Rush Limbaugh, the conservative radio talk show host, charged on Monday that McCain was part of a "cabal" in Washington that is "trying to thwart the policies of the Bush administration."

This weekend, McCain was criticized in an editorial of the Union Leader, an influential conservative newspaper in New Hampshire. The editorial was published Saturday, the day before McCain visited the state that traditionally hosts the first presidential primary.

"Sen. McCain comes here because he wants to be our next President," the editorial said. "But the question is being asked, in the midst of the most difficult and challenging war we have ever faced, can the nation afford a President McCain?"

McCain, appearing on ABC's "This Week" on Sunday, dismissed the criticism.

"I believe that this has nothing to do with politics," McCain said. "I tell you very frankly, no matter what the political impact is, this is a matter of conscience."

Despite the fire from the right, McCain remains in great demand as a campaigner for Republicans facing tough fights for reelection, said Carl Forti, spokesman for the National Republican Congressional Campaign. On Monday, he headlined a fundraiser in the district of Rep. Nancy L. Johnson of Connecticut, one of several GOP House members who depend on strong support from centrists.

"He's one of the more popular figures out there on the trail," Forti said. "This is just one controversy."

Time For Integrity (WP)

By Richard Cohen

The Washington Post, September 19, 2006

In the early 1960s, Johnny Carson hosted an afternoon TV show called "Who Do You Trust?" The title was grammatically incorrect, but I will use it anyway to pose a question regarding the current fuss over the Geneva Conventions: When it comes to George Bush and John McCain, who -- or whom -- do you trust?

This is about as dumb a question as the Groucho Marx standard from "You Bet Your Life," yet another old TV show: Who's buried in Grant's Tomb? The contest, after all, is between a president who has repeatedly broken faith with the American people over the war in Iraq -- everything from weapons of mass destruction to disingenuous assurances that torture has not been used in the interrogation of suspects -- and a former Vietnam War prisoner who was tortured by his jailers because, among other things, he refused an offer of early release. There is nothing in George Bush's life that even approaches what McCain has done.

Of course, McCain does not stand alone against Bush. He was joined on the Senate Armed Services Committee by three other Republicans: Lindsey Graham, Susan Collins and, importantly, the chairman, John W. Warner. They were in turn joined by the Democrats, who, for once, have wisely stepped out of the way to allow the Republicans to duke it out among themselves. But it is McCain who gets the lion's share of attention, and it was McCain who elicited that letter from Colin Powell saying, among other things, that under Bush's proposals to amend the Geneva Conventions, the world would "doubt the moral basis of our fight against terrorism." The lion had finally roared.

In New Hampshire, the state's largest newspaper, the reactionary Union Leader, opened up on McCain for opposing the president. But McCain has carried New Hampshire before, over the protestations of the Union Leader, and could do so again. Still, the all-but-declared presidential candidate -- McCain now has a staff about as big as FEMA's -- has plenty of opposition within his own party. Between his temper and his iconoclastic positions -- campaign finance, for instance -- he has made loads of enemies.

For the moment, the spotlight is on McCain and Bush -- a delightful GOP squabble. But it is the Democrats who ought to be paying close attention. For while the Democrats are awash in potential presidential candidates, they have nobody who even remotely approaches McCain's stature. I say this not because I agree with McCain across the board -- not on abortion, for sure, and not on Iraq, and not with

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his bellicose statements regarding North Korea -- but because he embodies a quality for which the country yearns: integrity. He is a man of his word.

The conventional wisdom is that the Senate is the graveyard of presidential ambitions. In recent times only John F. Kennedy has gone directly from there to the White House, while countless others have gone grimly back to Capitol Hill, John Kerry being just the latest example. McCain, though, has so far figured out how to leverage his Senate seat without falling prey to the sort of institutional problems that have bedeviled others -- a clotted verbosity, for instance. McCain somehow still speaks English.

The prime issue facing this country is not the war in Iraq. It is the people's loss of faith in their own government. In that, Iraq has played an important part but so, too, have campaign spending and fiscal idiocy of the sort represented by Sen. Ted Stevens's notorious "bridge to nowhere." Those of us who have been with McCain when he speaks of restoring faith in government know the effect on his audience. The man and his message are one and the same.

To restore trust, many Democrats and independents might be willing to overlook disagreements with McCain on issues of lesser importance -- including, maybe, even his rah-rah support for the war in Iraq (after all, how different is he from Hillary Clinton in this regard?) and his disquieting move to make nice with his former enemies on the religious right. But if that is to be the case, McCain must remain true to the principles he has enunciated in his disagreement with Bush over the Geneva Conventions and similar matters. Compromise is not a dirty word, but abandonment of principle is a different matter entirely.

The United States cannot conduct itself as its enemies have. We do not torture. We do not have kangaroo courts. We are John McCain, not his North Vietnamese jailers. As he did back in the Hanoi Hilton, this is McCain's moment to once again make that clear.

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Kerry Speaks About Faith, 'Godly Tasks' (AP)

By Michael R. Blood

AP, September 19, 2006

Democratic Sen. John Kerry on Monday urged people of faith to work cooperatively on problems such as poverty, global warming and reducing the number of abortions — "godly tasks" that transcend the nation's culture wars.

In a speech laced with anecdotes of his own journey of faith, Kerry, a Roman Catholic, told students in a speech at Pepperdine University that "we can take up God's work as our own.

"Shame on us if we use our faith to divide and alienate people from one another, or if we draft God into partisan service," Kerry said. "As God gives us the ability to see, let us take up the tasks associated with loving our neighbors as ourselves."

Even with the nation riven over reproductive rights, Kerry said a shared goal should be reducing the high number of abortions. The first step, he said, it to accept the responsibility of making abortion rare.

"Even as a supporter of Roe v. Wade, I am compelled to acknowledge that the language both sides use on this subject can be unfortunately misleading and unconstructive. ... Everyone is worse off for it," the Massachusetts senator said.

The 2004 Democratic nominee is a potential candidate for the party nod in the next presidential election.

Kerry's remarks were among his most extensive ever on religion. He alluded to the 2004 election, saying his past reticence to openly discuss his faith allowed others to "draw the caricature for me. I will never let that happen again."

In the election, a national debate over religion and politics was touched off after St. Louis Archbishop Raymond Burke said he would deny the Eucharist to Kerry, who supports abortion rights.

Anti-abortion advocates pressured more bishops to follow Burke's lead. Kerry supporters accused Catholic leaders of trying to help re-elect President Bush, a Methodist whose position on abortion is more in line with Catholic teaching.

Exit polls in 2004 showed Kerry losing Protestants by a wide margin; Bush won the backing of six in 10. Among Catholics, Bush also prevailed although narrowly, 52 percent to 47 percent.

Kerry said although he was raised Catholic, it wasn't until years after the Vietnam War that he came to a deeper understanding about his faith.

"For 12 years I wandered in the wilderness, went through a divorce and struggled with questions about my direction. Then suddenly and movingly, I had a revelation about the connection between the work I was doing as a public servant and my formative teachings. Indeed, the scriptures provided a firmer guide about values applied to life," he said.

Kerry Talks Of Loss, Renewal Of His Catholic Faith (WP)

By Alan Cooperman

The Washington Post, September 19, 2006

In a speech he said he wishes he had given before the 2004 presidential election, Sen. John F. Kerry (D-Mass.) yesterday described his religious life in greater candor and detail than ever before.

Kerry said in Malibu, Calif., that he "wandered in the wilderness" after the Vietnam War but came back to the Roman Catholic Church after a sudden and moving revelation in the late 1980s.

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Kerry expressed regret over his reluctance to talk publicly about his faith during his failed presidential campaign. "I learned that if I didn't fill in the picture myself, others would draw the caricature for me. I will never let that happen again -- and neither should you," he told students at Pepperdine University.

Kerry is the third high-profile Democrat to give a reflective, deeply personal speech on religion and politics in recent weeks, following Sen. Barack Obama (Ill.) and Robert P. Casey Jr., the Democratic nominee for U.S. Senate in Pennsylvania.

The addresses fit into a broader effort by liberal religious groups and Democratic candidates to appeal to religiously motivated voters in November's midterm elections. A pair of opposing events in Washington this week neatly encapsulates the battle.

Yesterday, a new group called Red Letter Christians, named for the colored type that highlights the words of Jesus in popular editions of the Bible, called for Christians to "vote their values" by considering the war in Iraq, torture, environmental degradation and helping the poor to be vital religious issues.

"We believe in a Jesus who said 'Blessed are the peacemakers,' " said the Rev. Tony Campolo, a founder of the group, which says it is forming a grass-roots network of 7,000 clergy members.

Meanwhile, conservative advocacy groups are planning a four-day "Values Voter Summit," starting Friday, that is expected to draw 1,500 religious and political leaders to Washington. The goal of the conference is to "bring back to the forefront the issues that motivated and drove values voters to the polls in 2004 -- protecting human life, defending traditional marriage and preserving our religious liberties," said Tony Perkins, president of the Washington-based Family Research Council.

Kerry's speech "almost sounds like a speech that I might give," Perkins said. "It sounds good." But he added, "The pickle that some of these liberal policymakers find themselves in is, they know that faith is important to people, but when they get pinned down on their policy positions that are inconsistent with the tenets of their faith, they start hedging and talking about other factors in their decision."

Kerry, who supports abortion rights, was pilloried in the 2004 campaign by conservative Catholics, including a small minority of U.S. bishops who threatened to deny him Holy Communion.

In yesterday's speech, Kerry said he was "born, baptized and raised a Catholic." In Vietnam, he said, "my relationship with God was a dependent one -- a 'God, get me through this and I'll be good' relationship." As he became disillusioned with the war, he said, he struggled with "the problem of evil, the difficulty of explaining why terrible and senseless events are part of God's plan."

"For 12 years I wandered in the wilderness, went through a divorce and struggled with questions about my direction. Then suddenly and movingly, I had a revelation about the connection between the work I was doing as a public servant and my formative teachings," he said.

Kerry did not describe the revelation in the speech. But in a telephone interview afterward, he said it occurred in 1987 or 1988 after a friend, whom he declined to name, died of cancer.

"I have a very vivid image of the loss of that friend and of his words about why he had to die, how it was part of God's purpose. And out of that came a sense of acceptance," he said.

It was "a stark awakening about how you reconcile some of these difficulties I had about . . . the suffering, about the problem of evil," Kerry added. "I understood that to be part of the test of faith."

Liberal Evangelicals Begin Campaign (AP)

By Philip Elliott

AP, September 19, 2006

Liberal evangelicals, weary of a Republican-centric image, launched a campaign Monday to promote Christian values beyond the issues of abortion and same-sex marriage.

Red Letter Christians, a project of Sojurners/Call to Renewal, announced plans to establish a grass-roots network of 7,000 moderate and progressive clergy members.

"A debate on moral issues should be central to American politics, but how should we define religious values?" said Jim Wallis, an activist and executive director of the Christian ministry, which also publishes the liberal Sojourners Magazine.

The project's name comes from the color of some Bible's type, with words directly attributed to Jesus appearing in red.

Wallis said Christian conservatives have limited the discussion to abortion and same-sex marriage, two fears that mobilized voters in 2004, and that voters care about more than two the issues.

"We must insist that the ethics of war — and whether we tell the truth about going to war — these are moral values issues too," Wallis said. Democrats have pinned part of their midterm strategy on voters' restlessness with the war in Iraq.

The Red Letter Christians campaign plans to use voter guides for congregants and briefings for their leaders to argue education, poverty and the environment are all evangelical issues. Wallis also launched a new blog this week at BeliefNet.com, debating with former Christian Coalition head and failed Republican Georgia lieutenant governor candidate Ralph Reed.

The faith-based group also hired a full-time coordinator in Ohio, where conservative Ken Blackwell is running against Rep. Ted Strickland, a former Methodist pastor. Another coordinator is soon to arrive in Pennsylvania, where Sen. Rick Santorum faces a tough re-election bid.

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Faith-based get-out-the-vote efforts registered scores of new voters during 2004's presidential election. The Southern Baptist Convention's iVoteValues.com campaign alone reached 400,000 voters, the majority of whom voted for President Bush.

And later this week, the Family Research Council will have its Values Voters Summit in Washington, D.C. Speakers will include Attorney General Alberto Gonzales, Massachusetts Gov. Mitt Romney and Arkansas Gov. Mike Huckabee.

Wallis said the Christian conservatives have lost their independence with too-cozy ties to the Republican Party. He also is quick to note his group is not an extension of the Democratic Party. He is openly critical of Democratic politicians and titled his best-selling book "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It."

Religious Left To Reclaim Its Faith (WT)

By Julia Duin

The Washington Times, September 19, 2006

A new group representing values voters on the religious left castigated the religious right yesterday, announcing plans to counter conservatives with a series of candidate fairs, voters guides and Web logs.

Fourteen activists, some of whom portrayed themselves as disenchanted evangelicals, announced the formation of "Red Letter Christians," a group that says it bases its actions and political philosophy on the words of Jesus, which appear in red lettering in some versions of the Bible.

"The evangelical faith has been hijacked by right-wing zealots," said Columbia University professor Randall Balmer, adding that when he quizzed eight conservative religious organizations on their positions on torture of terrorism suspects, only two responded. Both backed the Bush administration's stance.

"I happen to think that's morally bankrupt," he said.

The event was a pre-emptive strike against the 1,500 to 2,000 people set to gather for a "Values Voter Summit" at the Omni Shoreham this weekend. The conference will feature activists such as American Values President Gary Bauer, columnist Ann Coulter, former Education Secretary William J. Bennett and several members of Congress.

"The liberal elite is surprisingly intolerant of democratic activity they don't approve of," Mr. Bauer said in response, "consistently condemning pro-marriage referendums, parental involvement in the schools and now the peaceful assembly of their fellow citizens to talk about the most important issues of the day."

Red Letter Christians was organized by the evangelical left Sojourners magazine and its affiliate, Call to Renewal.

The Rev. Jim Wallis, founder of the magazine, said he will be debate former Christian Coalition head Ralph Reed this week on a new blog at www.godpolitics.com. Sojourners also plans to issue 200,000 "Voting God's Politics" voter guides and sponsor an Oct. 2 candidates' forum in the key electoral state of Ohio.

"The monologue of the religious right is finally over, and a new dialogue has just begun," Mr. Wallis said. "That's good news for churches, for politics and really, for both parties. We believe the debate on values should be central in American politics. The question is: Which values, whose values and how should we define moral values?"

The right has concentrated on opposition to same-sex "marriage" and abortion, he said, adding that the war in Iraq, poverty and the environment should equally concern evangelicals.

Also yesterday, Americans United for Separation of Church and State announced its new initiative against election-year politicking in churches. It will mail more than 117,000 letters to churches in 11 competitive election states informing them of Internal Revenue Service regulations.

Its executive director, the Rev. Barry Lynn, said the IRS has issued new guidelines to ensure churches don't endanger their tax-exempt status by endorsing or opposing candidates. He criticized Focus on the Family for seeking coordinators in evangelical churches to distribute voter guides and engage voters.

"This is nothing less than an old-fashioned political machine," Mr. Lynn said. "Why would [Focus founder] James Dobson want a specific contact in every church to coordinate election-year efforts if he did not want to use those churches to influence the outcome of the elections?"

He added, "I'm convinced this year that the IRS thinks things have gotten out of control, that church politicking has become a major problem, and they're putting real teeth into their enforcement efforts."

"Our guides are definitely not biased and fit within IRS law," responded Focus Senior Vice President Tom Minnery. "We have expert attorneys who advise us every step of the way."

Report Critical Of Training Of Teachers (NYT)

By Alan Finder

The New York Times, September 19, 2006

Most American teachers are trained in university programs with low admission and graduation standards, and with faculty members and courses that are often unimpressive and disconnected from what takes place in elementary and secondary schools, according to a study released yesterday.

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Some education departments and schools should be shut down and others need vast improvement, said the report, “Educating School Teachers,” released by the Education Schools Project, a research group.

“Teacher education right now is the Dodge City of education, unruly and chaotic,” said the author of the report, Arthur Levine, the president of the Woodrow Wilson National Fellowship Foundation and the former president of Teachers College at Columbia University.

“There is a chasm between what goes on in the university and what goes on in the classroom,” Dr. Levine said yesterday at a news conference in Washington.

Among other problems, he said, is that states and universities differ over how much education teachers need, what kinds of courses they should take and how much time they should spend as student teachers.

The report was based on surveys of alumni of education schools, deans and professors of education, and school principals, along with visits to 28 education schools.

Among its findings was that 54 percent of American teachers graduate from small universities that grant bachelor’s and master’s degrees, but not doctoral degrees. On average, students at these universities have lower high school grades and lower standardized test scores than students at research universities that award doctoral degrees.

The study determined that high school and grade school students taught by graduates of these less prestigious universities had smaller increases in their math and reading test scores than did students taught by graduates of more prestigious doctoral universities.

Arthur E. Wise, president of the National Council for Accreditation of Teacher Education, rejected what he called the elitism in the report and in Dr. Levine’s views. Most teachers graduate from regional state colleges and universities. They do not “spend over $160,000 in four years, in order to prepare for a job that pays $30,000 a year,” Mr. Wise said.

Dr. Levine recommended that some teacher education programs at universities granting only bachelor’s and master’s degrees be dropped, and he proposed expansion of the teacher training programs at major research universities.

Dr. Levine’s report also said teachers should be trained for five years, with four years in a traditional subject like English or chemistry and one year of learning how to teach. He suggested that education programs be refocused as professional schools.

Several critics said it would be impractical to shut down programs at less selective universities.

“We should not abandon the schools that produce the highest number of teachers,” Sharon Robinson, president of the American Association of Colleges of Teacher Education, said at the news conference. “Rather, we should focus on them.”

Teacher Training Is Chaotic, Study Says (AP)

By Ben Feller

AP, September 19, 2006

WASHINGTON — Aspiring teachers emerge from college woefully unprepared for their jobs, according to a study that depicts most teacher education programs as deeply flawed.

The damning review comes from Arthur Levine, former president of Teachers College at Columbia University.

His report, released Monday, comes as public schools are under federal orders to have a qualified teacher for every class. It casts doubts on the most basic aspects of how teachers are taught. Teacher quality has a huge influence on whether students pass or fail.

The coursework in teacher education programs is in disarray nationwide, the report says. Unlike other professions such as law and medicine, there is no common length of study or set of required skills.

Then there are a host of other problems: low admissions standards, disengaged college faculty, insufficient classroom practice and poor oversight, according to Levine's study.

"Teacher education right now is the Dodge City of education: unruly and chaotic," said Levine, who now heads the Woodrow Wilson National Fellowship Foundation. "There's a chasm between what goes on in the university and what goes on in the classroom."

In taking on his own field, Levine said he is not out to bash teacher education. Rather, he said he hopes his candid assessment and recommendations will lead to changes.

He found some exemplary programs but said most are poor or mediocre. He called for turning education schools into professional schools, rooted in practical experience.

The response from Levine's peers was mixed. Representatives of the teaching profession embraced many of Levine's themes but took exception to some ideas as misguided or elitist.

The four-year study is based on surveys of deans, faculty, alumni and school principals, along with 28 case studies of various kinds of education schools.

In those surveys, school principals gave teacher education programs low grades. Many teachers who graduated from the programs said they were often unprepared for their jobs.

"The findings are sobering, and we take them seriously," said Sharon Robinson, president and CEO of the American Association of Colleges for Teacher Education, which represents 800 schools. She said Levine's motives are true and his "tough love" findings have credibility.

But she took issue with some ideas, such as shifting more teacher training to the top doctoral universities, where Levine said the programs are strongest. Bolstering programs at public colleges and universities makes more sense, Robinson said.

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"That's what people can afford," added Donna Cooper, Pennsylvania's secretary of planning and policy, who joined other speakers for the report's release in Washington.

Levine said accreditation — the process by which schools are judged for quality — must be revamped to put more focus on how students perform. The National Council for Accreditation of Teacher Education said it has already been working on such measures.

Yet as long as accreditation is optional for teacher colleges, some weak schools and selective schools will keep opting out, said Arthur Wise, president of the council.

"We might all wish that elite institutions would produce a more significant share of America's teachers," Wise said. That's not likely, he said, because "the sad truth is that teacher education is not an important part of the mission at some elite institutions."

The study is the second in a series known as the Education Schools Project. Last year, Levine reported that principals and superintendents also have inadequate training. The research is paid for by the Annenberg Foundation, the Ford Foundation, the Ewing Marion Kauffman Foundation and the Wallace Foundation.

The country has more than 1,200 schools, colleges and departments of education, covering a spectrum of non-profit and for-profit programs, undergraduate and graduate.

Robinson, the leader of the teacher college association, challenged Levine to help turn many of his ideas into action. Levine said he would.

He said his report was meant to be optimistic.

"I've spent most of my career at education schools," he said. "I really believe in them."

Civic Involvement Tied To Education (WP)

By Amy Goldstein

The Washington Post, September 19, 2006

High school dropouts are significantly less likely than better-educated Americans to vote, trust government, do volunteer work, or go to church, according to a new report that reveals a widening gap in "civic health" between the nation's upper and lower classes.

The report, a portrait of civic life in the United States, finds that Americans' disengagement from their communities during the past few decades has been particularly dramatic among adults who have the least education. Among people who lack a high school diploma, the percentage who have voted plummeted from 1976 to 2004 to 31 percent -- half the 62 percent of college graduates who voted in 2004.

The class divide is the most striking finding of the report, prepared by leading social scientists and released yesterday by the National Conference on Citizenship, a nonprofit organization created by Congress. "High school dropouts are . . . nearly voiceless in a system that fails them," said John Bridgeland, a former domestic policy adviser to President Bush who is chief executive officer of Civic Enterprises and leads the conference's advisory board.

Compiled from several national surveys since the mid-1970s, including some that have not been made public before, the report is an attempt to draw attention of the public and policymakers to civic life, in the same way that economic indicators routinely are used to shape the government's economic policy. It examines 40 indicators of nine basic aspects of civic life, including how much people say they trust one another, stay informed, follow the news and express their political views.

Overall, the findings of "Broken Engagement, America's Civic Health Index" reinforce earlier studies that have shown steep declines in civic participation. "The most hopeful signs," the report says, are a recent increase in volunteering, particularly among young people, and an upturn in political involvement since the late 1990s.

Still, it says, the trauma of the Sept. 11, 2001, terrorist attacks and, more recently, Hurricane Katrina, have not been catalysts for "the deeper civic transformation for which many had hoped."

Yesterday, at a Washington conference to recognize Citizenship Day, a panel of scholars and policy specialists gave a sober view even of such promising signs as the increased volunteer service among people ages 18 to 25. "We have to be a little careful about celebrating this young generation. This is mostly an upper-middle-class phenomenon," said Robert D. Putnam, a Harvard University government professor whose 2000 book, "Bowling Alone," documented the decline in civic participation. "If we continue to have a substantial and growing gap between people coming out of the middle class and people coming out of the lower class, we are going to be in a serious pickle in civic terms."

Putnam said the reasons behind the civic drop-off among people with little income or education are not well understood. He speculated that it could result from the increasing instability of the working class, which he said has caused children to grow up with parents who have less steady jobs and marriages. He said the change also could stem from the weakening of trade unions and other institutions that used to unify working-class people, or by an agenda of political issues that appeals mainly to the upper classes.

William A. Galston, a senior fellow at the Brookings Institution who was a domestic policy adviser to President Bill Clinton, said, "An increase in income inequality is going to produce an increased gap in civic participation" because more affluent people tend to be most engaged in their communities. Galston said low-income people also could be reacting to "the standard view that neither political party has done much" to help them.

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Peter Levine, director of the University of Maryland's Center for Information and Research on Civic Learning and Engagement, which helped compile the data, said the gap among the social classes exists in almost all 40 indicators of civic engagement included in the report. Levine said the data show that such differences are not associated with people's race or ethnicity.

For instance, nearly half the adults with a college degree said they had attended a community program last year, compared with fewer than one in five high school dropouts. Similarly, 60 percent of the college graduates said they believe people are honest, compared with 44 percent of the dropouts.

Higher Standards Don't Lead Every Student To Success (WP)

The Washington Post, September 19, 2006

The National Center for Educational Accountability, in a February 2006 brief titled "Orange Juice or Orange Drink? Ensuring that 'Advanced Courses' Live Up to Their Labels," noted that several states are attempting to raise high school standards.

Since the February 2005 National Education Summit on High Schools, the center said, Arkansas, Oklahoma, Illinois, Indiana, Kentucky, Mississippi, Iowa and Louisiana have stiffened course requirements for students to get a diploma. Twelve states have business-sponsored State Scholars programs to encourage students to take college-preparatory courses. All 50 states and the District of Columbia offer incentives for students to take Advanced Placement, International Baccalaureate or dual enrollment courses in cooperation with local colleges, the center said.

But the center's analysis of student progress in Texas found a failure to prepare low-income and minority students adequately for state tests in some demanding subjects.

According to the Texas Education Agency, 58 percent of low-income students, 67 percent of African American students and 59 percent of Hispanic students in Texas who received course credit for algebra 1 in 1999 failed a corresponding state test. The percentages for non-low-income and white students were 39 and 35 percent, respectively.

Among low-income Texas students in the graduating class of 2002 who took AP exams, the center said, fewer than one in four passed. The ratio was roughly the same for African American and Hispanic students.

Among white and non-low-income students in Texas who took AP exams, about 57 percent passed.

Struggle For Sobriety That Knows No Party Lines (NYT)

By Mark Leibovich

The New York Times, September 19, 2006

WASHINGTON, Sept. 18 — Scenes from an uncommon political marriage:

Representative Jim Ramstad, a Republican from Minnesota, and Patrick J. Kennedy, a Democrat from Rhode Island, are deep in conversation on the House floor, Mr. Ramstad's hand draped over his colleague's shoulder.

Later that day, Mr. Ramstad receives a note in the Republican cloakroom from Mr. Kennedy, who needs a ride to a support group they attend in Georgetown. "Patrick's not driving currently, so I'm sort of his chauffeur," Mr. Ramstad says.

After the meeting, Mr. Kennedy and Mr. Ramstad sit with friends in their regular booth at Morton's Steakhouse. The gathering resembles any Washington power table, except the men are sipping Diet Coke and mineral water, have just come from "group" and are occasionally crying. "We love each other for our imperfections and for our common humanity," Mr. Kennedy says.

The dinner last Tuesday celebrated Mr. Kennedy's fourth month of sobriety, a process jolted into motion by an early morning car accident on Capitol Hill in May and a subsequent rehabilitation at the Mayo Clinic in Minnesota, where he was treated for an addiction to painkillers.

In the precarious course of his recovery, Mr. Kennedy, the 39-year-old son of Senator Edward M. Kennedy, Democrat of Massachusetts, has come to rely heavily on Mr. Ramstad, 60. He has served as Patrick Kennedy's sponsor, his primary source of advice and support in what he calls "the daily fight for my life" against addiction.

The day after the accident, Mr. Kennedy received a phone call from Mr. Ramstad, a recovering alcoholic who has been an evangelist in Congress for addiction treatment and 12-step recovery programs. The men did not know each other well.

But in battling their addictions, the two built a fast kinship that flouts the partisan divisions of Congress, their own divergent politics and the conditional nature of so many friendships in Washington. They speak daily, often several times. Mr. Ramstad visited Mr. Kennedy during his 28-day rehabilitation, driving two hours each Saturday from his Minnetonka home. When the Rhode Island Republican Party chairman called for Mr. Kennedy's resignation after his crash, Mr. Ramstad called it "a slap in the face" to all recovering addicts.

Former Senator Max Cleland, a Georgia Democrat who frequently attends the Tuesday dinners, said, "This is a story of a shared and common humanity and overcoming political differences in a town known for its inhumanity." Mr. Cleland, who lost both legs and part of an arm in Vietnam, says he is in recovery from "the trauma of war."

"It's a great brotherhood we all share," he said of the dinner group. "And it has nothing to do with politics except that we're all in it."

The political world could learn much from these gatherings, Mr. Ramstad says. "If we could turn Congress into one big A.A. meeting," he said, referring to Alcoholics Anonymous, "where people would be required to say what they mean and mean what they say, it would be a lot better Congress."

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In a joint interview with Mr. Kennedy and Mr. Ramstad in Mr. Ramstad's office, each man nods solemnly while the other speaks. Both are mindful of the confidentiality rules involving recovery groups. They say they agreed to be interviewed because their "sponsorship" relationship was revealed in court as a condition of Mr. Kennedy's probation (he pleaded guilty to impaired driving).

Mr. Kennedy has big expressive eyes, a lanky frame and slightly hunched posture that lends the impression of an overgrown boy. Mr. Ramstad walks chest-out and speaks with the practiced certainty of a man who has counseled numerous addicts over 25 years.

The two men share a keen sense of the twin burdens that being an addict and congressman impose, Mr. Kennedy says. "To some degree, all politicians lead a double life, a public one and a private one," he said. Mr. Ramstad has emphasized the importance of integrating what he calls "the political game face" with "the real person inside."

Being a Kennedy carries its own weight, Mr. Kennedy says, given the legacy of drug and alcohol abuse in his family. His mother, Joan Kennedy, has endured a long battle with alcoholism, and his father was involved in a string of alcohol-related episodes earlier in his career. (Senator Kennedy says he will drink a glass of wine at home at night or in social settings. He describes himself as being "well" over the last 15 years, a recovery he attributes to his current wife, Victoria.)

In a phone interview, Senator Kennedy says he shares a meal with Patrick once a week. His son is doing well, he says, thanks in large part to "the incredible generosity of spirit" of Jim Ramstad.

Patrick Kennedy makes frequent references to the pressures and expectations inherent in his name. "When you grow up in my family, being somebody meant having power, having status," he said. "The compensations you got were all material and superficial. I've come to realize, in the last few months, that that life made me feel all alone."

Both Mr. Ramstad and Mr. Kennedy are active in a House caucus of about 60 representatives that promotes legislation for treatment of addiction and mental illness. Some of the members are addicts themselves, or recovering addicts, Mr. Kennedy and Mr. Ramstad say, but neither would estimate how many.

Mr. Ramstad attended support group meetings with former Representative Phil Crane, Republican of Illinois, who battled alcoholism and says his own recovery was nurtured by the late Senator Harold Hughes, Democrat of Iowa, who spoke of his own struggle with drinking.

"There is a very powerful recovering community in this town," said Capt. Ronald Smith, the former chairman of psychiatry at the National Naval Medical Center in Bethesda, Md., and a regular at the Tuesday dinners. A recovering addict, he has treated many senators and congressmen and leads the support group attended by Mr. Kennedy, Mr. Ramstad and Mr. Cleland.

It is unclear, Captain Smith says, whether addiction is more common among politicians, but alcohol does tend to pervade political life, with its cocktail party fund-raisers, endless dinners and constant travel. Ann Richards, the former Texas governor who was buried Monday, used to visit prison inmates and say, "My name's Ann, and I'm an alcoholic."

Mr. Ramstad makes repeated mention of "July 31, 1981," the day he awoke from an alcohol-induced blackout in a Sioux Falls, S.D., jail after creating a disturbance at a hotel coffee shop. He had just finished his first term as a Minnesota state senator. "If I had not wound up in that jail cell, I would not have sought treatment," Mr. Ramstad said. "I would probably be dead today."

Mr. Kennedy has endured several public battles with mental illness. He was treated for cocaine addiction as a teenager, suffered from depression as a young adult, was given a diagnosis of bipolar disorder after coming to Congress in 1994 and then became addicted to painkillers. He also was prone to binge drinking, which contributed to a scuffle with an airport security guard and a visit from the Coast Guard after a heated argument with a girlfriend aboard a yacht, among other episodes that became public.

The May car crash was the latest embarrassment. The police found Mr. Kennedy disoriented, claiming he was heading to a House vote though Congress was not in session (it was 2:45 a.m.). Mr. Kennedy, who had been driving without headlights before swerving into a police barrier, blamed a mix of prescription medications for the accident.

Both men describe their signature humiliations — Mr. Kennedy's accident and Mr. Ramstad's arrest — as "blessings" that spurred them into recovery. "We both totally hit the wall, and it was publicized," Mr. Kennedy said. "Or the barrier in my case."

Mr. Ramstad says he has come to "love Patrick like a brother," although there is more of a paternal tone to his manner when they are together. At one point during the interview, Mr. Ramstad tells him to turn off his hyperactive cellphone. Mr. Kennedy sheepishly obliges. He says he is learning to take instructions from a Republican.

L.A. County Human Rights Panel Reaffirms Award For Muslim Leader Hathout (LAT)

By Teresa Watanabe

The Los Angeles Times, September 19, 2006

The Los Angeles County Human Relations Commission voted Monday to reaffirm its selection of Muslim leader Maher Hathout for a human relations award, ending a bitter, two-week battle that many lamented has seriously set back the region's Muslim-Jewish relations.

After a hearing marked by vitriolic name-calling and the expulsion of one unruly audience member, only four of the 14 commission members voted to support Hathout, chairman of the Islamic Center of Southern California and the first Muslim to receive the county's John Allen Buggs Award. Five members abstained; four were absent.

But Hathout said he was unconcerned by so many abstentions and called the vote a victory for free speech, inclusiveness and a rejection of the "tactics of intimidation."

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"We will not allow untouchable and sacred cows in the midst of our democracy," said Hathout, referring to Israel. He added that he was accepting the award for the "Jews, Christians, Buddhists, atheists and Muslims" who supported him.

The furious fight over what has normally been a quiet award selection process was sparked when some Jewish groups charged that Hathout, a 70-year-old retired cardiologist, was a closet extremist who denounced Israel as an apartheid state and was soft on terrorism. Their opposition prompted the commission to reopen its July decision selecting Hathout.

Hathout's supporters, who spanned a wide ethnic and religious spectrum, called him a pioneer in promoting moderation, tolerance and understanding.

The Muslim leader, in remarks before the commission vote, offered to meet in a dialogue with critics and expressed regrets for harsh language toward Israel.

But his opponents did not seem mollified. They reiterated that they fully supported his right to express his opinions, but believed he was too divisive to merit a human relations award.

"I'm deeply concerned that the selection of Dr. Hathout will further divide our city and will set up extremist rhetoric as a desirable form of public discourse," said Roz Rothstein, national director of StandWithUs, a Los Angeles-based pro-Israel organization.

"It is regrettable that this will now be L.A.'s public image of good human relations," Rothstein said.

Despite the continuing conflict, commission President Adrian Dove said the controversy — which he called the biggest in his 12 years of county human relations work — had presented his group with an opportune chance to begin repairing the region's Muslim-Jewish relations.

Those relations have considerably soured in the last five years, as the Israeli-Palestinian conflict has heightened sensitivities here.

The region's first significant Muslim-Jewish dialogue group, which Hathout and others began in the late 1990s, eventually fell apart as the Middle East conflict grew.

The commission has already begun to plan "human relations summits" between Muslims and Jews in an attempt to bridge their differences, said Dove, who can only cast a vote in the event of a tie.

"We realized by our process that we had opened wounds and now recognize where the healing needs to take place," Dove said.

Similar efforts are underway by Mayor Antonio Villaraigosa, who has asked the Rev. Leonard Jackson, an associate minister of First African Methodist Episcopal Church, to head a weekly meeting among Jews, Muslims and other faith leaders to improve relations.

In deliberating the issue Monday, some commissioners sought to find a middle way out of the conflict that would address the concerns of both sides.

Commissioner Donna Bojarsky, for instance, proposed that the commission honor Hathout not by granting the award, which she said had become tainted with controversy, but by featuring him as a keynote speaker at the commission's award event scheduled for next month.

"This is clearly not the environment we want for the human relations commission and county," she said, adding that the last 12 days had been "one of the most difficult" in her life. She abstained.

Commissioner Vito Cannella, a 24-year veteran of the human relations body, asked Hathout if he would withdraw in the interest of harmony.

The Muslim leader refused to do so, challenging commissioners to "look me in the eye" and find him unworthy of the honor despite a record, he said, that showed his support of Israel's right to exist, condemnation of terrorist actions by Hamas and Hezbollah and years of interfaith work.

Cannella ultimately abstained Monday in a shift from his previous vote of support in July.

He said he changed his mind based on new information received reflecting divided opinion toward Hathout.

He said he believed the commission's vote to reaffirm the selection was a mistake.

"Due to the situation, I think we should refrain from giving the award and try to repair the bridges before this time next year," he said.

But commissioner Albert DeBlanc, who supported Hathout, said his years as an attorney had taught him that judgments should be based on eyewitness testimony rather than hearsay.

Hathout, he said, had been endorsed by scores of prominent and diverse faith leaders who had worked with him for years.

Meanwhile, Commissioners Ray Bartlett and Judy Coffman, who previously supported Hathout, were absent Monday.

Commissioner Eleanor Montano, who earlier endorsed Hathout, abstained.

Before the vote, the county counsel's office advised the commission that there was a "sufficient basis to have concern" that it may have violated the state's open meetings law in selecting Hathout during two July votes. As a result, the commission began its meeting by first voting to rescind those earlier actions.

It's Time For Unity Among Democrats (RC)

By Donna Brazile

Roll Call, September 19, 2006

Election Day is fast approaching. With seven critical weeks remaining, the stakes are too important for Democrats to be distracted by internal dissension.

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Despite the recent uproar by three powerful Republican lawmakers who decided to break ranks with the Bush administration over U.S. policy regarding the interrogation of suspected terrorists, it's time that Democrats put aside their perennial squabbling and unify the party going into Election Day.

Karl Rove understands that midterm elections are not just centered on national issues. They consist of hand-to-hand combat between candidates — their backgrounds, their personalities, their constituents' mood and whatever "smut" can be found on one's opponent. He also understands that it's important to rally and energize the base early to approach unaffiliated voters and disaffected Democrats closer to Election Day.

Now, what are we doing on the Democratic side? Fighting for a seat here or a position there? Sorry — this is no way to galvanize Americans to vote for Democrats on Nov. 7. Most voters fail to recognize what stake they have in the battle between Reps. Rahm Emanuel (Ill.) and James Clyburn (S.C.) for the post of Majority Whip if Democrats take back the House. Or in the leadership battle between Reps. Steny Hoyer (Md.) and John Murtha (Pa.).

One of the few recent midterm elections in which the Democrats actually picked up seats — 1998 — represented something of a high-water mark. We were unified. We were undaunted by the repeated attacks on then-President Bill Clinton and the GOP's rush to impeach, investigate and incriminate Democrats.

Working with the former Democratic Congressional Campaign Committee Chairman Martin Frost (Texas) and Rep. Charlie Rangel (N.Y.), we spent countless hours putting together a creative approach. (When you're short on money, you compensate with imagination.) We tried to reach swing voters with a persuasive message, while also inspiring and motivating base voters to bring others to the polls.

The program was so successful that the GOP has replicated and expanded it in every election since then. It's time we do the same, and realize that money alone will not determine who controls Congress. A winning strategy comes from leadership and fighting for what people care about, as opposed to fighting each other over crumbs.

In poll after poll, voters continue to favor Democrats to handle complex issues such as immigration, health care and even foreign policy. However, when asked which party has better leaders, they favor Republicans despite recent public revelations of cronyism and corruption, starting with former Reps. Tom DeLay (Texas) and Duke Cunningham (Calif.) and Rep. Bob Ney (Ohio).

For once, Democrats need to reach consensus on leadership posts, party direction and resource allocation. Democrats need to face the reality that the public yearns for strong, effective leadership, as opposed to a mere partisan message with a Democratic slant. They want leaders who can get things done without contributing to the mess in Washington, D.C. At least that is my read, and today as I spend time with voters in Peoria, Ill., I'll see how it plays with them.

The GOP may be fragmented on divisive social policy issues such as immigration and budget deficits that are spiraling out of control, but they are unified on the one thing that matters to them: protecting and maintaining their majority status. At times, I have the impression that the Democratic strategy for 2006 rests with the presumption that the voters dislike Republicans more than Democrats. While it is true that there is mounting disdain against incumbents and that there currently are more Republicans than Democrats in federal office, an effective election plan requires more than just relying on bad news from the other side.

While in Peoria, I intend to discuss the war and whether Republican leadership has made us safer. I will discuss how a new Democratic majority will fix what has been broken by an ideology-driven Bush administration and a sycophantic Republican Congress. This will require that United States push even harder on the Iraqi government, especially on developing a political solution to control the insurgency, even if it requires a short-term increase in troop levels.

Yes, I support the call made by both Democrats and Republicans to develop a timetable for a phased troop withdrawal based on predetermined metrics. I would hope a Democratic Congress would hold our defense officials accountable and replace nonperformers. And we must develop a plan to generate humanitarian and diplomatic aid within the international community to enable a smooth transition to an autonomous Iraq. Sadly, our current rebuilding and reconstruction efforts are a joke.

We Democrats have a lot riding on the November elections, and that includes more than just who wins Congressional leadership races or who benefits in the all-important 2008 presidential sweepstakes. For once, I wish the Democrats would demonstrate a winning attitude, hit back when the GOP starts slinging mud, give the voters a positive agenda that sets forth constructive solutions to issues that matter most to voters — and stand together for the sake of our country.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

The Boom Generation Seventh Decade (WSJ)

By Michael Milken

The Wall Street Journal, September 19, 2006

SANTA MONICA, Calif. -- On July 4, along with more than 9,000 other American post-war babies, I turned 60. Our generation, the 78 million American baby boomers born between 1946 and 1964, has had a profound social and economic impact around the world for more than half a century. As we start moving into our seventh decade, it's logical to ask what effect baby-boomer retirements will have on real estate and financial markets. The question is logical, but it puts the emphasis on the wrong side of the equation. The real future value

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of U.S. assets won't be determined by retirements, but by policy decisions on education, taxation, regulation, immigration, international investment and the environment.

Baby boomer asset liquidation isn't really a financial market issue because (1) there's plenty of liquidity in the global economy; (2) as the rest of the world becomes wealthier, people outside the U.S. will own a greater percentage of global assets and they'll want to keep a share of their net worth in America; (3) liquidity will grow in both developed and developing nations as they adopt recent American financial innovations and market structures; (4) as baby boomers live longer and healthier, their new mantra will become "Who wants to retire?" and (5) most assets won't need to be sold.

I will examine each of these points. * * *

1. Large parts of the developed world are awash in liquidity -- Japan has more than $10 trillion -- and we're also seeing a buildup in several countries with small populations. Norway, the UAE, Taiwan, Singapore and others each have hundreds of billions of dollars available for investment beyond the immediate needs of their citizens -- in some cases, as much as $50,000 per person. To put that in perspective, Hewitt Associates reports that the median amount in a U.S. 401(k) plan is just $27,100.

2. The "BRIC" nations -- Brazil, Russia, India and China -- will continue to grow faster than the U.S. and, with the U.S. and Japan, will become the world's major economic powers by mid-century. There are 600 million children in China and India whose future buying power will grow at least as fast as their rapidly improving educations. As the BRICs accumulate wealth, they will want to diversify their holdings globally. America stands to benefit as richly from that diversification as it did from European investment in the 19th century.

China and India combined to produce nearly half the world's economic output in 1820 compared to just 1.8% for the U.S. Our remarkable growth since 1820 has benefited from democratic institutions, a belief in capitalism, private property rights, an entrepreneurial culture, abundant resources, openness to foreign investment, the best universities, immigration and relatively transparent markets.

3. Recent U.S. financial innovations -- including new markets for securitized mortgages and credit-card liabilities, collateralized loan and high-yield bond obligations, and financial derivatives -- helped to spread risk and created tens of millions of jobs by freeing up investment capital for growing businesses. As these financial technologies are deployed throughout the world, they will increase prosperity by multiplying the value of human capital, social capital and real assets. They have the potential to create as much as $50 trillion to $100 trillion in worldwide liquidity.

In the U.S., the value of home mortgages equals 95% of the nation's gross domestic product. The ratio is considerably lower in other countries: mortgages in Germany total about 69% of GDP; in Japan, it's 36%; and in Russia, less than 1%. A worldwide securitized mortgage market alone could free up some $20 trillion for productive investment by unlocking the unused capital in residential real estate.

4. More baby boomers are asking themselves, Why retire? It's a cliché to say that 60 is the new 40, but it has some biological and psychological validity. Advanced biomedical research is leading to continued progress against cancer, heart disease, arthritis, dementia and other conditions that forced people out of the workforce before they wanted to quit. In the future, aging workers will be healthier and will use broadband technology to live and work from anywhere at the increasing proportion of jobs that involve knowledge rather than physical labor. They'll spend more years earning income, often in multiple careers, instead of selling assets.

Fewer people will retire in their 60s simply because they know that average life expectancy at birth is increasing at an astounding rate. Americans, who could expect to live an average of 47 years in 1900, now enjoy life spans approaching 80 years. (It already exceeds 80 for women.) An American who makes it to age 65 can look forward to living almost two decades more. Worldwide, the increase has been even more dramatic. In a single century -- despite wars, AIDS and other scourges -- the global average more than doubled to 66 years. Nobel laureate Robert Fogel believes it will exceed 100 years within this century.

More than just the length of life, the number of healthy years will also increase. When people are vibrant into their 80s and 90s, 65 will evolve from the traditional retirement age to a mid-career milestone for those who choose to keep working. Who wants to retire when you have fulfilling work, when you earn a good income, and when you feel great? According to a Yahoo! poll, 70% of people over 55 say it's never too late to start a new business.

5. Many baby-boomer assets won't be liquidated. The Federal Reserve reports that the wealthiest 5% of American households own about 60% of the nation's assets. Ninety percent of all stock is owned by 10% of investors. Debate continues about how this concentration of wealth affects our society, but what seems irrefutable is that the owners of most wealth will have no urgent need to raise cash. A retiree with a $10 million net worth doesn't sell stocks to buy groceries or pay the mortgage. He can easily live on dividends and interest while preserving assets for his grandchildren or a favorite charity. And if wealthy retirees don't sell their assets, they won't put pressure on valuations.

In the top 1% of households -- which own a third of U.S. assets -- net worth starts above $10 million and moves well into the billions. Rather than sell assets, these families endow non-profit institutions and give their wealth to foundations, which are growing in number and size.

If the top 5% of wealth holders won't be liquidating their 60% of U.S. assets, what about the remaining 40% of assets owned by 95% of the population? For most baby boomers, the biggest chunk of their net worth is the equity in their house. Many of these houses will be transferred to the next generation through inheritance. For those properties that will be sold, their future prices will be greatly influenced by policy decisions affecting social capital -- things like good schools, clean air, cultural attractions, reasonable regulations and safe streets. A community that ignores the quality of its schools will eventually see that neglect reflected in its real estate market.

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The best way to assure the future value of American assets is to focus on succeeding in the worldwide competition for human capital. We have some excellent preschool programs and the world's best system of higher education; but we need to shore up our K-12 educational infrastructure -- especially in science -- to help the next generation compete on a world stage.

When I went to Wall Street in 1969, the major providers of investment capital had adopted regression analysis and concluded that the future would be much like the past. So they financed yesterday's industries. Today's predictions of a coming asset liquidation problem seem to make the same mistake of projecting the past into the future. There's one thing I can predict about the future with complete confidence: it won't be anything like the past. It never is. But as long as we maintain asset values by enhancing human and social capital, I believe the future of the baby boomers -- and their nest eggs -- is secure.

Mr. Milken is chairman of the Milken Institute. (This essay is the first in a two-part series on baby boomers, which concludes tomorrow with a contribution by Jeremy Siegel.)

Poverty's Changing Faces (WP)

By Bradley R. Schiller

The Washington Post, September 19, 2006

The recently released poverty data paint a grim picture of life in America. Once again the U.S. Census Bureau tells us that 37 million people -- one of every 12 residents -- is living hand-to-mouth in the United States. This is a shocking statistic, especially in view of our extraordinarily high average incomes (around $60,000 per household), three years of robust economic growth, declining unemployment rates and a dramatic drop in welfare rolls.

Critics of the administration, of course, are quick to interpret this picture. They point to "tax cuts for the rich," punitive welfare reforms, a stagnant federal minimum wage, cutbacks in education and increasingly cutthroat international trade as explanations for both persistent poverty and the widening gap between rich and poor Americans. But whatever merit some of these explanations might have, they are not focused on the right subject. The most important picture that emerges from census data is not the size of the poverty population but its transitory nature.

The number of people living in poverty has been in a narrow range of 32 million to 37 million for the past 25 years. The 1991 recession briefly pushed the number of poor people up to 39 million; the 1995-99 economic boom shrank it to 31.6 million. The year-to-year changes have been about a million people, up or down.

Although the size of the poverty population has been fairly stable, its composition has not been. The people who were poor in 1981 aren't poor now. The 4 million poor people who were over 65 back then are mostly dead now. The millions of household heads who were unemployed then are probably retired from their jobs. And all those welfare kids being raised by single moms in 1981 are now grown up.

So who took their place in the poverty ranks? We've got a constant flow of immigrants, for starters. Well over a million immigrants -- both legal and illegal -- enter the country every year. Most come in at the lowest rungs of the economic ladder, working for the minimum wage or less. The household poverty rates among immigrants are twice as high as those of non-immigrants.

Then we've got 5 million or so low-achieving kids dropping out of high school every year. And more than a million births a year to single moms, about a third of whom are teenagers. On top of that, add more than a million divorces every year that often devastate someone's finances. Then there are the persistent scourges of death, disability and illness -- all of which throw families into poverty, often without warning. Finally, there's the economy, in which constantly shifting demands, costs and technology create a continuous profusion of winners and losers. So there's always a flow of new faces into the poverty ranks.

The outflow is just as impressive. Unemployed workers don't stay unemployed -- they do find work and exit the poverty population. Likewise, minimum-wage workers don't keep working for minimum wage. As they gain skills and experience, they command higher wages. Within three years of joining the labor market, 85 percent of minimum-wage entrants (primarily teenagers and immigrants) earn significantly more than the federal minimum.

Immigrants assimilate and move out of poverty as quickly today as in past generations. Most of the single moms will marry (again), gaining the greater economic stability of a two-parent family. Others, perhaps prodded by welfare reforms, will gain employment, particularly once their children start attending school. Inflation-adjusted Social Security and disability benefits will lift millions of older and disabled workers out of poverty.

The reality of our poverty population is constant churn. Some people fall into poverty every year, and just about as many escape its clutches. The popular notion of a "poverty trap" is greatly exaggerated. The flows in and out of poverty are far more impressive than the relatively small subgroup of individuals who stay in poverty for many years. Researchers have observed that three out of five families that fall into poverty in any one year are out of poverty the following year -- making poverty a highly transient state.

Even more impressive statistics were collected over a longer period. A University of Michigan study discovered that one out of three U.S. households experienced poverty in at least one year of a 13-year stretch. But only one out of 20 families was poor in at least 10 years, and only one out of 60 stayed poor in all 13 years. Hence, the permanent poverty rate is less than 2 percent, even though the annual poverty rate is closer to 13 percent.

The evident churning in the poverty population doesn't diminish its social importance. But it should change the way we look at poverty statistics and the policy choices we make. We don't have a permanent poverty caste in the United States. Instead we have a very

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fluid combination of demographic, social and economic forces that propel people in and out of poverty. Policy choices should focus on reducing institutional barriers that slow the poverty outflow and expanding (temporary) safety nets (e.g., unemployment benefits, child support) that reduce the poverty inflow.

The writer is a professor of economics at American University and author of "The Economics of Poverty and Discrimination."

The Deep Roots Of AIDS (NYT)

By Nicholas D. Kristof

The New York Times, September 19, 2006

YOKADOUMA, Cameroon

It was about 70 years ago, evidence suggests, that a man somewhere in this remote forest area of southeastern Cameroon butchered a sick chimpanzee — and the AIDS virus was born.

Chimpanzees here carry a strain of simian immunodeficiency virus (the monkey version of H.I.V.) that is genetically close to the main human variant. So the scientific betting is that the virus jumped to humans here and then traveled with human hosts by river south to Kinshasa, Congo, and then eventually to the wider world. The first proven case dates from Kinshasa in 1959.

I'm traveling with Casey Parks, the student who won my contest to accompany me on a reporting trip, and we've been talking to people about AIDS here in its possible birthplace because the world can't address global poverty unless we tackle AIDS effectively — and in places like this, it's obvious that still isn't happening.

We met the family of Pascal Nttomba beside the fresh mound in the garden where he was buried two weeks ago. Mr. Nttomba was the breadwinner for the 20 people in the family.

The Nttombas were relatively well off, living in a nice wooden house and sending their children to technical schools to learn vocations that would take them up a notch in the world. But then Pascal became sick.

He could no longer work, and the family used all its savings to try to cure him — first paying a traditional healer and then a doctor. Neither did any good, although the doctor charged more.

In theory, antiretrovirals are available here to control the disease. But they are mostly for middle-class victims in the cities, and as in most of Africa, an ordinary person in a remote area has next to no chance of getting the drugs. And so Pascal died, and now the family is destitute.

"There's nothing to eat in the house, since this morning," said his father, Valeré. The women in the family were planning to scour the fields for cassava leaves to cook for dinner. They say they can also go into the forests to look for edible wild plants, but malnutrition looms.

The children in technical school have dropped out, because there is no money. One of them is Hermine, a 19-year-old, who is now at risk of being approached by an older sugar daddy offering gifts in exchange for being his mistress, a common arrangement in Africa that has led to high infection rates among young women.

"I'd do it," she acknowledged — after all, the family needs money.

The family's predicament underscores how the virus not only kills people but also further impoverishes the world's poorest. And while the hardest-hit countries in southern Africa are doing a bit better against AIDS, others in the middle range like Cameroon or India haven't woken up to the severity of the problem.

An essential challenge is that 90 percent of those with H.I.V. worldwide don't know it, and you can't begin to tackle the disease when no one knows who has it. Here, for example, neither Pascal's wife nor any other member of his family has been tested.

The mantra has been "voluntary counseling and testing," but this tip-toeing approach is costing millions of lives.

It's time to move to routine testing. Sure, that will cause difficulties; despite efforts to safeguard privacy, some who test positive will become pariahs and will be driven from their villages. But the present approach is even worse and is on track for a worldwide death toll of 70 million by 2020.

So unless they specifically opt out, people in high-prevalence countries should be tested whenever they enter the medical system, marry, enter the armed forces, take a job in the civil service, or get pregnant. That should be coupled with a pledge to try to make treatment available to all who test positive.

That emphasis on testing could be incorporated into the extension of President Bush's fine program against AIDS, which will save some nine million lives and is up for renewal next year. That program, which provided huge increases in spending and will be Mr. Bush's best legacy, should be extended with even more money, while dropping its obsession with abstinence-only programs.

With AIDS still killing 8,000 people every day worldwide — and infecting 14,000 more — we need to acknowledge that the present strategy isn't adequate. We need a more aggressive approach, built around greater testing, so that we don't go through another few decades with the Pascals of Africa dying needlessly and the Hermines selling themselves into sexual bondage.

The Critics Who Cried Wolfowitz (LAT)

The Los Angeles Times, September 19, 2006

WHEN PRESIDENT BUSH appointed former Deputy Defense Secretary Paul D. Wolfowitz as head of the World Bank 18 months ago, it was as if John Ashcroft had been tapped to run the American Civil Liberties Union. Not since an architect of another war, Robert

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McNamara, led the bank has there been such mistrust within the development community, which typically ranges from left-leaning to socialist on the political scale.

The clash of perspectives is part of the reason for the recent tiff over Wolfowitz's drive to root out corruption in poor countries. In advance of this week's meeting of finance ministers in Singapore, Britain threatened to withhold a $94-million contribution to the bank, while debate over Wolfowitz's policies has been roiling the bank's executive board for months.

Critics are irked by Wolfowitz's tendency to cut off money to governments accused of corruption. Last year, he suspended $800 million in loans to a suspect program for maternal and children's health in India, and he suspended debt relief to the Republic of Congo after its president ran up an $80,000 hotel bill in New York. Under his leadership, the bank has blocked more than $1 billion in loans because of illegal practices by recipients.

Other World Bank chiefs have paid lip service to fighting corruption, but none has been so ready to do something about it. Opponents contend that his approach punishes the poor and innocent more than the guilty; even though some of the money in India may have been embezzled, for example, most of it was aiding needy children. Yet this ignores the fact that there is need everywhere, while aid is limited and should go to places it would be best spent. Corruption contributes to political instability, discourages private investment and justifies the views of foreign-aid opponents who argue that it's pointless to give money to poor countries that would only squander it.

This isn't to say that all World Bank policies are beyond reproach. Demands that loan recipients privatize such industries as water delivery have often done more harm than good. Yet the notion of withholding aid from countries that would waste it is sound. Unfortunately, it is also likely to be lost. The bank's policy board demanded on Monday that members have more input on decisions to suspend funding.

Wolfowitz has thwarted most of his critics by consistently doing the right thing. He has increased bank lending, helped lead a drive to forgive the debts of some of the world's poorest nations, spoken out against the developed world's agricultural protectionism and is a tireless advocate for the principle that rich countries are obliged to live up to their past promises to increase foreign aid. He has earned more leeway from his overseers, even if they don't approve of his friends in the White House.

Fun Union Facts (WSJ)

The Wall Street Journal, September 19, 2006

AFL-CIO President John Sweeney boasted recently that the union consortium intended to pour millions of dollars into this year's Congressional elections -- hardly a shocker. What is news is that this year, for the first time, rank-and-file union members are getting a look at precisely how much of their mandatory dues money is going to fund Mr. Sweeney's political causes, and plenty of other interesting details as well.

This month marks the deadline for the last of the nation's unions to file newly expanded disclosure reports, known as LM-2 forms. LM-2s have been around a long time, though until Labor Secretary Elaine Chao issued a rule requiring an expanded form in 2004, unions got away with providing the skimpiest details. This proved useful to union bosses who wanted to mask their political spending, or in some cases their corruption.

They are now being dragged into the sunshine. Whereas unions used to lump millions of dollars of disbursements into such vague categories as "sundry expenses," the new regime requires them to provide a detailed breakdown of who or what received union money: issue advocacy groups, political consultants, polling outfits, even hotels at which their members stayed. * * *

Hard-working union members deserve to know, for example, that of the AFL-CIO's $82 million in discretionary disbursements from July 2004 to June 2005, only 36% went to representing members in labor negotiations -- which is what unions were created to do. A whopping $49 million, or 60% of its budget, instead went to political activities and lobbying, while another $2.4 million went to contributions, gifts and grants. The National Education Association was even more skewed toward politics, spending only 33% of its $143 million discretionary budget on improving its members' lots.

By our calculations based on the filings, the AFL-CIO spent at least $2.7 million alone on T-shirts, flyers, telephone calls, Web site hosting, and other support for 2004 Presidential candidate John Kerry. Groups that received AFL-CIO money included Citizens for Tax Justice, an organization devoted to higher tax rates; the Economic Policy Institute, a think-tank that campaigns against Social Security privatization and tax cuts; and the Alliance for Justice, a ferocious opponent of President Bush's Supreme Court nominees.

Dues-paying workers of the world might want to ask: Why is Mr. Sweeney spending more of their money trying to raise taxes, or fighting for the cultural left, than he is on collective bargaining?

The IRS may also want to inspect these forms. That's because, prior to the new LM-2 disclosure rules, at least a dozen large unions had told the tax agency that they spent nothing on politics. The National Education Association's 2004 tax return, for instance, left blank the line for "direct or indirect political expenditures." Yet according to its LM-2, the NEA spent $25 million on such activities from September 2004 to August 2005. Eliot Spitzer could sure have fun with that one -- if he didn't have the NEA's endorsement.

The forms also offer a glimpse at union chief salaries. At least three union heads took home more than a million dollars in compensation in their last fiscal year -- though two were admittedly the heads of the NFL and NBA players unions. The third-fattest union cat was Martin Maddaloni, the chief of the Plumbers and Pipefitters, who took home $1.3 million last year. The Plumbers' "director of

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training" -- a fellow named George Bliss -- somehow managed to make $456,644 in 2005. Now we know why plumbers are so expensive: They have to make enough to pay the dues that keep their union reps in Armani.

The LM-2 forms show that some 1,015 paid union officers and employees devoted more than 90% of their time to political activities. Combined, these folks took home compensation worth nearly $53 million. Some 1,755 union personnel spent at least 50% of their time on political activities and lobbying.

As for financial management, let's just say some of these union chiefs are having fun in their jobs. United Auto Workers Local 14 reported it spent $67,000 at an amusement park. The International Brotherhood of Electrical Workers spent $124,000 at a hotel resort. And the Plumbers forked over $225,000 on Nascar advertising.

A couple of other fun facts: Of the 100 highest paid union executives, 93% are men. We hope some class-action lawyer isn't looking to sue for gender discrimination. And, believe it or not, unions report that they spent $624,000 at largely non-unionized big box retailers across the country, including Target, Wal-Mart, Sam's Club, Costco and K-Mart. They apparently know a low price when they see one. * * *

When Secretary Chao proposed the new rules, unions were furious and came close to getting them blocked on Capitol Hill, and in court. Mr. Sweeney, the AFL-CIO chief, was quoted as saying the rule "will cost union members an estimated billion dollars a year," and that the average union would have to spend $1.2 million. The actual cost of AFL-CIO compliance turned out to be $54,000, so Mr. Sweeney was only off by 96%.

Unions should have the right to spend whatever they want on politics, and we've defended that right against McCain-Feingold and other campaign-finance limits. At the same time, however, union members who don't like the way their coerced dues are spent have the right under the Supreme Court's Beck decision to ask for the political and grant portion of that money back. May these illuminating LM-2 disclosures be spread far and wide.

Judicial Politics Run Amok (NYT)

The New York Times, September 19, 2006

Contests for important state judgeships around the country are getting nastier, more partisan and tons more expensive. Monied interests seeking to influence court decisions are spending lavishly to boost preferred candidates, much as they do in campaigns for regular political office. Today's round of judicial elections in Washington State points to the seriousness of the problem and its threat to judicial integrity, independence and impartiality.

With three seats on the Washington State Supreme Court up for grabs, a record amount of money — some $2 million — has poured in to underwrite the contested races. Some of the television and radio attack ads against the incumbent chief justice, Gerry Alexander, were so unfair or misleading they would have seemed out of line even if the contests were for local alderman instead of a lofty position on the state's highest court. The inevitable result: reinforced ties between would-be judges and their partisan supporters, and diminished public respect and confidence in judicial decision making no matter which candidates win today.

The problem is hardly isolated. Thirty-nine states still choose at least some judges by election, instead of some preferable form of nonelective merit selection system. Recent court decisions have loosened restrictions on judicial campaigning without taking adequate care to delineate reasonable ethical boundaries needed to preserve public trust and the courts' special role as a neutral arbiter.

In 2004, spending on campaigns for state supreme courts rose to $42 million nationwide, up from $29 million just two years earlier. This year, spending in these contests is likely to spiral even higher, and pressure on candidates from interest groups seeking firm commitments, in writing, on controversial issues is likely to intensify.

Judges around the country are so concerned that the national Conference of Chief Justices, composed of top jurists from all 50 states, voted last month to start an initiative aimed at changing the deteriorating culture of judicial elections.

There is no perfect way to choose a judge. But to undermine the whole purpose of the court system by allowing special interests to buy judgeships, or at least try to, is the worst system of all.

Electoral Excuses (WP)

The Washington Post, September 19, 2006

INSTEAD OF answers, there were excuses. Instead of a solution, there was whining. Those hoping to understand how and why Montgomery County so thoroughly botched primary day last week were sadly frustrated -- if not enraged -- by the unhelpfulness of top election officials at a County Council hearing on the subject yesterday. Only one thing became clearer: A change in leadership is needed to restore confidence in the county's ability to conduct elections.

Elections Board President Nancy H. Dacek and Election Director Margaret Jurgensen essentially washed their hands of responsibility and blamed state election officials for delays in the delivery of equipment and last-minute changes in procedures. No matter that the mistake that caused the most disruption (someone forgetting to deliver vital computer cards to the precincts) was homegrown. Never mind that county officials had not put in place a way to communicate with polling places in emergencies. Council members should have been allowed to ask questions of Ms. Dacek and Ms. Jurgensen, but Council Vice President Marilyn Praisner, who chaired the meeting, let the two off the hook, ostensibly so they could go help in the counting of provisional ballots.

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Council members were properly outraged. As Tom Perez (D-Silver Spring) said, "we continue to have a situation where the county blames the state, the state blames the county and the victims are the voters."

The same could be said in Prince George's County and Baltimore -- which also experienced major breakdowns and which, a week later, appear no closer to a solution than Montgomery. The situation in Prince George's was overshadowed by Montgomery's problems, but voters there should be just as concerned about the competence of their election officials. Questions about the absence of judges in key precincts and suspicions about votes not being counted in a prompt manner have been referred to Maryland's state prosecutor, and we hope they will be thoroughly investigated.

There is, as we have said, no doubt that partisan bickering among Gov. Robert L. Ehrlich Jr. (R), the legislature and the state Board of Elections caused stresses and strains that affected local boards of elections. However, the conduct of elections is the responsibility of county boards. While State Elections Administrator Linda H. Lamone could do more, she cannot take over their duties.

The state Board of Public Works is scheduled to hear from Ms. Lamone tomorrow in Annapolis. Let's hope the testimony leads to a plan of action for Nov. 7 and not a repeat of the blame game we saw yesterday in Rockville.

Bush Arrives At UN With Policy Problems (AP)

By Deb Riechmann, Associated Press Writer

AP, September 19, 2006

President Bush faced disagreement Monday over how to confront Iran's nuclear ambitions and skepticism about his approach to Iraq and the Middle East as world leaders gathered for the U.N. General Assembly meeting.

Still, Bush was upbeat, focusing on his push for democratic change and first lady Laura Bush's call for governments to embrace literacy programs to improve lives.

"We don't believe freedom belongs only to the United States of America," Bush said at the White House Conference on Global Literacy hosted by his wife. "We believe that liberty is universal in its applications. We also believe strongly that as the world becomes more free, we'll see peace."

Bush arrived in New York to attend the 61st session of the world body with policy problems at home and abroad that have narrowed his room to maneuver on the international stage.

The U.S.-led war in Iraq is in its fourth year with no end to bloody sectarian violence in sight. International support is dwindling for imposing sanctions against Iran for defying U.N. demands that it halt certain nuclear work. The repressive Taliban regime toppled in Afghanistan is showing new signs of resilience. The Israeli-Palestinian conflict continues and Lebanon's government has, so far, proved too weak to rein in the Islamic militant group Hezbollah.

At home, Bush's approval rating, while experiencing a recent uptick, stands at just 40 percent. Americans are growing weary of the war. The White House is in a showdown with Senate Republicans over the interrogation and trying of terror suspects. And elections that will determine which party controls Congress are seven weeks away.

The president's so-called freedom agenda is the theme of his speech to the U.N. General Assembly on Tuesday. He will focus on democratic reforms in Iraq, Afghanistan and Lebanon and elsewhere in the Middle East. He'll seek to quell skepticism about U.S. motives in the Middle East by working to avoid the impression that he wants to see a U.S.-style democracy imposed on any nation.

In his speech, Bush is expected to say that while military and law enforcement actions are needed to curb terrorism, the ultimate weapons are freedom and opportunity. He is to note two type of states in the Middle East — those with an absence of freedom and weak ones with fragile democracies, such as Iraq and Lebanon.

"I think the president sees this ... as a struggle between the forces of extremism and the forces of moderation in the Middle East," National Security Adviser Stephen Hadley said, previewing Bush's speech. "And it's really a crucial time."

The president also is expected to firmly denounce Iran and Syria, two nations that Bush says are working to thwart freedom in the region. Iranian President Mahmoud Ahmadinejad also planned to be at the United Nations, but Bush had no intention of talking with him.

On Tuesday, Bush will meet with French President Jacques Chirac, who is part of the coalition of nations working with the U.S. to try to stop Iran from doing work that could lead to a nuclear weapon.

Chirac, who is balking at the U.S. drive to sanction Iran for defying U.N. sanctions, proposed a compromise Monday to kickstart talks between Iran and the international community. Chirac suggested that the threat of U.N. sanctions be suspended if Tehran puts a freeze on its uranium enrichment work.

"I am not pessimistic," Chirac said. "I think that Iran is a great nation, an old culture, an old civilization, and that we can find solutions through dialogue."

On Tuesday, Bush also meets with Iraqi President Jalal Talabani and U.N. Secretary-General Kofi Annan. Annan has been critical of the U.S.-led war in Iraq; Bush, on the other hand, says Americans are frustrated that the international body has been slow to reform.

Bush attended a reception Monday evening at the Manhattan home of Henry Kravis where he helped raise $1.4 million for the Republican National Committee. He spent the day with leaders from Malaysia, a democracy with a moderate Islamic government; El Salvador and Honduras, two Central American nations that have moved from military dictatorships to democracies; and the emerging African democracy of Tanzania.

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Bush, who in 2003 warned that the United Nations could fade into history as an "ineffective debating society," now finds the United States relying more on the United Nations to help resolve problem in Iran, Lebanon, North Korea, Sudan and other global hotspots. On Wednesday, the president will meet with Palestinian President Mahmoud Abbas.

Bush Says U.S. Policies Led By 'Freedom Agenda' (WT)

By Stephen Dinan

The Washington Times, September 19, 2006

NEW YORK -- President Bush said yesterday that his "freedom agenda" remains the driving force for U.S. international policy, a day before his address to the U.N. General Assembly, in which he is expected to challenge the world to foster that vision in the Middle East.

"Those of us in a free society must help others realize the benefits of liberty. I believe that. I believe that's part of America's responsibility in the world," Mr. Bush told a gathering of international education officials and government leaders' spouses.

He joined first lady Laura Bush at the first White House Conference on Global Literacy, held at the New York Public Library, to lend support to his wife's signature issue.

The gathering was a warm-up for today's U.N. speech, during which the president is expected to push for a change in policies toward the Middle East, repeating his call that the world no longer should sacrifice freedom for stability.

With Iranian President Mahmoud Ahmadinejad speaking tonight, hours after Mr. Bush, the president is expected to use his time in New York to try to stiffen the resolve of the coalition working to stop Iran's uranium enrichment program. Iran ignored an Aug. 31 deadline imposed by the United Nations.

National Security Adviser Stephen J. Hadley said yesterday that the administration is letting the Europeans take the lead in talking with Iran and that the U.S. will rejoin the talks only after Iran suspends its program.

"What we've always said was not permanent suspension; what we've said is, a verifiable suspension so we can then have a discussion," Mr. Hadley said.

Iran is just one of a series of international issues Mr. Bush will tackle during his three days here. News agencies reported yesterday that Mr. Bush will name a special envoy today to try to end the violence in Sudan's western region of Darfur.

Mr. Bush has labeled the killings there "genocide," but other countries have been reluctant to follow suit. Under international conventions, once a "genocide" is under way, other nations have an obligation to stop it. The news agencies reported that Andrew Natsios, the former chief of the U.S. Agency for International Development, was Mr. Bush's likely pick to be envoy.

Mr. Bush is scheduled to meet today with French President Jacques Chirac, whose nation is one of the three European countries spearheading the diplomatic efforts with Iran.

Yesterday, he met with leaders from Malaysia, Honduras, El Salvador and Tanzania, all democracies. Mr. Bush also has a meeting scheduled with Palestinian Authority President Mahmoud Abbas.

"He's committed to peace, and we have worked with him and would continue to work with him. That's why the president is going to see him," Mr. Hadley said.

Dan Fisk, senior director for the Western Hemisphere at the National Security Council, said the leaders of El Salvador and Honduras backed the U.S. position in a fight over which nation will take the Latin America slot on the U.N. Security Council that Argentina will vacate at year's end.

Anti-U.S. Venezuelan President Hugo Chavez, backed by Iran, wants the seat for his country, but the U.S. is backing Guatemala.

"Both countries -- Salvador and Honduras -- have expressed their support, by the way, for Guatemala in the U.N. Security Council. So that was reaffirmed by the other countries" in the meeting, Mr. Fisk said.

Mr. Bush touted the benefits of literacy yesterday, linking it to his freedom agenda. He said the ability to read makes for better workers, better consumers and better citizens.

"The goals of this country are to help those who feel hopeless; the goals of this country are to spread liberty; the goals of this country is to enhance prosperity and peace," Mr. Bush said.

U.S. Will Seize Diplomatic Opportunities At U.N. (WT)

By Betsy Pisik

The Washington Times, September 19, 2006

NEW YORK -- U.S. diplomats this week will swallow their frustrations over the unwieldy U.N. bureaucracy and press for diplomatic progress at the annual General Assembly debate -- a global forum that will address issues ranging from Iran's nuclear ambitions to the war in Sudan.

The world body enacted few of the most important reforms proposed last year, but Secretary of State Condoleezza Rice's plans to work in New York for more than a week reflects a recognition that, for better or worse, the United Nations is virtually the only forum to address a growing basket of global problems.

President Bush, by tradition, will address the world body on its opening morning, at about 11:30 today.

The administration plans to stress its "freedom agenda," particularly for the Middle East, a State Department official said last week.

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The U.S. program for the session includes a private "democracy round table" for two dozen world leaders, a forum on Burma's human rights violations to be hosted by first lady Laura Bush, and tightly timed bilateral meetings for Mr. Bush and Miss Rice with their foreign counterparts.

U.S. officials said they are hopeful that the reform agenda that dominated last year's discussions will continue through the 61st session of the General Assembly.

During the seven-day debate, scores of world leaders will take the podium to share their views and meet on the sidelines to forge agreements on issues ranging from sanctions to trade and from peace to war.

That, diplomats said, is the power of the United Nations, even with all its imperfections.

"Why do people come to the U.N.?" French Ambassador Jean-Marc de la Sabliere asked last week, even as he lamented the slow progress on reforms. "Because it is needed."

Proposed reforms include a reconfiguration of the U.N. Security Council, whose five permanent members reflect the balance of global power in 1948, and measures to streamline the administration of the organization. The U.N. human rights body was reorganized last year, but the changes fell short of U.S. demands.

The Bush administration, meanwhile, has turned to the United Nations to help shore up Iraq's economy and development. More than a dozen nations participated in a meeting yesterday for the Compact on Iraq, which is seeking new funds for Iraq's reconstruction. Miss Rice represented the United States at the closed-door event.

U.S. officials said they do not expect to make significant progress on Iran or North Korea, both of which are pursuing potentially destabilizing nuclear programs.

The Middle East peace process will be reviewed tomorrow by the Quartet -- the United Nations, the United States, Russia and the European Union. The group is scouring the globe for troops to deploy on the Israel-Lebanon border under a U.N. resolution that ended the 34-day war between the Jewish state and Hezbollah guerrillas.

Among the leaders en route to New York for the high-security event are: South African President Thabo Mbeki, French President Jacques Chirac; King Abdullah of Jordan; Latvian President Vaira Vike-Freiberga, who has just declared her candidacy to succeed Mr. Annan; Lebanese Prime Minister Fuad Siniora; Cuban acting President Raul Castro; Sudanese President Omar Bashir; Iranian President Mahmoud Ahmadinejad; and Venezuelan President Hugo Chavez, who is seeking a seat on the U.N. Security Council next year.

Bush To Address U.N. General Assembly (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, September 19, 2006

UNITED NATIONS - President Bush addresses world leaders at the United Nations on Tuesday as his administration grapples with crises around the globe and seems to have fewer options for dealing with them.

The nuclear standoffs with Iran and North Korea, the Israeli-Palestinian conflict and attacks in Sudan's Darfur region will top the president's agenda when he speaks to the U.N. General Assembly and privately to foreign leaders.

Bush has expressed frustration over the lack of progress in his key foreign policy initiatives and at times has criticized the United Nations for its deliberative pace and propensity for passing resolutions instead of taking concrete action.

U.N. Secretary-General Kofi Annan and world leaders, in turn, have criticized the White House for the go-it-alone approach it took in Bush's first term.

"Bush is frustrated with the U.N. because the U.N. won't pick up and respond in an immediate way," said Stephen Schlesinger, director of the World Policy Institute at the New School in New York. "Iran remains a big problem for the administration, North Korea is a question mark, and Darfur is in the balance - three issues on the plate of the U.N. with no clear resolution."

On Tuesday, Bush intends to highlight his vision of spreading democracy in the Middle East as a way to combat terrorism.

"He will talk about, and I think really challenge, all of the other countries assembled there, and the United Nations as an institution, to take some responsibility in its role - and step up to the role of encouraging ... the forces of moderation in this struggle against extremism," National Security Adviser Stephen Hadley told reporters Monday.

On Iran, administration officials have put on hold the U.S. drive for sanctions against Tehran if it doesn't suspend uranium enrichment. Although they fear the Iranians are merely playing for more time to develop nuclear weapons, administration officials have little choice but to allow Europe's diplomacy with Iran to play itself out; their push for sanctions has run into resistance from allies.

The administration officials, who spoke on the condition of anonymity because of the sensitivity of the talks, said they wouldn't be able to get European, Russian and Chinese support for sanctions until diplomatic efforts are exhausted. France, Russia and China are veto-holding members of the U.N. Security Council.

French President Jacques Chirac said Monday that Iran's suspension of uranium enrichment shouldn't be a precondition for negotiations. The Bush administration insists that it must be. Chirac also called for the threat of sanctions to be set aside, apparently backing away from a strategy that the European countries, Russia and the United States agreed to in June. Chirac and Bush are to meet on Tuesday.

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European Union negotiator Javier Solana will meet here later this week with Iran's senior nuclear negotiator, Ali Larijani. The EU, with U.S. backing, is trying to get Iran to suspend uranium enrichment temporarily, which would open the door to negotiations that the United States would join for the first time.

A senior State Department official, also speaking on condition of anonymity, said Chirac's comments weren't a break with the U.S. approach.

They're "consistent with the principle of suspension for suspension," said the official, referring to a prospective deal in which Iran would suspend uranium enrichment and the major powers would suspend efforts to impose sanctions.

The United States "will continue to actively work to define which sanctions will be in a U.N. Security Council resolution," the official said. "Meanwhile, Solana will keep open the channel with Larijani."

Bush has said he has no intention of meeting with Iranian President Mahmoud Ahmadinejad, who'll address the general assembly Tuesday night.

Despite the lack of formal diplomatic contact between Tehran and Washington, some Middle East analysts believe progress could be made on the nuclear issue this week because it's in the best interests of both countries.

"Neither Iran nor the United States wants to be isolated," said David Mack, an analyst for the Middle East Institute and a former deputy assistant secretary of state under the first President Bush. "The powers in Tehran have made it clear that there's room for negotiation. The options to going to a unilateral (U.S.) military engagement don't look good. We're maxed out in terms of economic sanctions. There's nothing more that we can do."

White House officials also are looking for ways to end the unrest in Darfur. The White House is expected to announce that former U.S. Agency for International Development administrator Andrew Natsios will be the first presidential envoy for the war-torn region.

Bush told reporters Friday that he's frustrated with the U.N. handling of the situation, where government-backed militias have attacked and displaced millions of people.

A U.S.-sponsored peace pact is failing, and Sudan is opposing deployment of U.N. peacekeepers to replace an African Union peacekeeping force.

Gauging The Likelihood Of A Photo Opportunity Not Taken (NYT)

By Jim Rutenberg

The New York Times, September 19, 2006

The questions began before President Bush's helicopter even touched down in Lower Manhattan yesterday for a three-day visit marking the opening session of the United Nations General Assembly: Would they meet face to face? Even by chance?

The "they" in question were Mr. Bush and President Mahmoud Ahmadinejad of Iran, one of Mr. Bush's most prominent Middle Eastern foils. Mr. Ahmadinejad is scheduled to address the General Assembly just hours after Mr. Bush does today as the tense negotiations over Iran's nuclear program continue.

The United States has refused to join those talks until Iran suspends its nuclear enrichment program, something it has refused to do. Mr. Bush said flatly on Friday that he would not meet with Mr. Ahmadinejad at the United Nations this week — or any other week, anywhere else — if the Iranian leader did not first comply with his demands.

Aides to Mr. Bush bristled yesterday at the notion that they were trying to avoid a chance run-in between Mr. Ahmadinejad and Mr. Bush in the United Nations hallways. Contending that they were giving no extra attention to the possible walking route of the Iranian delegation or the Iranian leader's bathroom schedule, they said that to do so would only help to elevate the stature of a man they would rather diminish.

"This is not Khrushchev and Kennedy taking a measure of one another for the first time," said an administration official who would speak only on condition of anonymity because he was not authorized to speak freely on the matter. "We're talking about the former mayor of Tehran here."

The official said it was possible that the two men could be in close proximity during a luncheon this afternoon that the United Nations secretary general, Kofi Annan, is holding, and that "nobody's going to body-block Ahmadinejad if he comes up with outstretched hand."

If anything, White House officials said they were surprised that so much was being made of a possible encounter. There was no such interest, they noted, when both men were at the United Nations last year.

But Iran's nuclear program is a major agenda item for Mr. Bush at the United Nations now. And Mr. Ahmadinejad's regional influence and ability to rankle the White House have seemed only to have grown in the past year.

Photographs of Mr. Ahmadinejad and Iraq's prime minister, Nuri al-Maliki, embracing in Iran last week became fodder for Democrats to argue that the Bush policy in Iraq was going awry. The White House saw Iran's hand in the Hezbollah offensive against Israel earlier this summer. Mr. Ahmadinejad has also seemed to be competing with himself to make ever more inflammatory remarks about Jews and Israel.

The atmosphere is certainly ripe for a showdown. Mr. Bush sees Mr. Ahmadinejad as leading a state sponsor of terrorism; Mr. Ahmadinejad has publicly challenged Mr. Bush to a televised debate.

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Foreign policy analysts said they had mixed opinions about whether Mr. Ahmadinejad would want to press some sort of hallway confrontation. Edward Luttwak, a senior adviser at the Center for Strategic and International Affairs, said such a confrontation could be used to show a "defiance of the mighty." But, he said, Mr. Ahmadinejad would risk an unflattering comparison with Mr. Bush, who is considerably taller.

The speculation threatened to overshadow what the White House hopes will be a major address defending the president's foreign policy. White House officials said that his address would focus on Iran, as well as Iraq and Afghanistan, but that it would have an overarching theme of what the president frequently describes as "the greater ideological struggle" between radicalism and moderation. Officials said the speech would serve as something of a bookend to Mr. Bush's recent series of addresses on national security and terrorism.

Yesterday, Mr. Bush held a series of meetings with leaders of foreign nations that were intended to highlight the themes of his speech.

In a background session with reporters last week, senior administration officials said Mr. Bush's meeting yesterday with the prime minister of Malaysia, Abdullah Badawi, was intended to highlight a successful Islamic democracy. Administration officials said that Mr. Badawi raised his concern about the recent comments by Pope Benedict XVI about Islam and that Mr. Bush told Mr. Badawi that he believed that the pope's apology had been sincere.

Mr. Bush also met with the leaders of El Salvador, Honduras and Tanzania, before attending a Republican fund-raiser last night at the home of the financier Henry R. Kravis. White House officials said that on Thursday Mr. Bush would focus on Darfur. They hinted that he would appoint a new envoy for the region and did not dispute reports that it would be Andrew S. Natsios, a former United States Agency for International Development administrator.

UN Takes Centre Stage As Mandates Mount (FT)

Financial Times, September 19, 2006

One year ago, the United Nations was in turmoil, reeling from a wave of scandals, hamstrung by disagreements over terrorism, human rights and nuclear proliferation, and caught in an acrimonious and unravelling reform process.

Some asked whether they even might be witnessing the death throes of the 60-year-old organisation, as its creaking architecture struggled to respond to the new challenges.

Yet on Tuesday, as a panoply of leaders assemble to address this week's General Assembly session, the UN is back at the centre of almost every major dispute on the planet.

Despite divisions among its members, the Security Council is tackling crises from Lebanon to Iran, from North Korea to Darfur and the Palestinian territories, let alone a wealth of lesser crises in Africa, Haiti and East Timor.

And notwithstanding its differences, the council has, or is at least trying to craft, joint positions on nearly all of them – albeit often with limited results, such as in Darfur.

The US administration, public pronouncements aside, is embracing the UN in a way few would have imagined a year ago. By dispatching troops to Lebanon, Europe has put itself back in the business of peacekeeping.

The Security Council adopted a resolution threatening sanctions on Iran. Asia broke with precedent and allowed the UN to take a strong stand over North Korea's missile tests. The Middle East welcomed Kofi Annan's mediation on Lebanon and now wants the council to take centre stage on the wider peace process.

As the mandates have mounted, the UN's operational arms have seen unprecedented growth. Were the proposed Darfur mission to proceed, the UN would have more than 100,000 peacekeepers under its command in close to 20 countries: a huge challenge. Its aid agencies, financed by a new standing fund, are active in many more.

The UN is running a crim-inal investigation into the assassination of Lebanon's former prime minister and is conducting elections in the Congo. It handled the transfer of Liberia's former dictator to an international court, and is co-ordinating the worldwide response to avian flu.

In fact, in stark contrast to last year, UN officials' main fear is no longer in being sidelined but in being asked to do too much, too fast, without adequate tools to do so. "Our new challenge today is in the ricochet of world opinion," says Robert Orr, an adviser to Mr Annan. "Everyone is turning to us but we have the same capacity as on Monday."

Some analysts are asking whether the UN might be facing a new "early-90s" moment, when euphoria over the end of the cold war led to an exponential growth in its missions, followed by a string of catastrophes when they were overwhelmed.

But the atmospherics in 2006 are not the same. Rather than proclaiming the dawn of a new era, diplomats say the world is coming back to the UN, faults and all, because the challenges are so difficult that there is no one left to turn to.

The UN Secretariat, chastened by the disasters of Bosnia and Rwanda, and mismanagement of the oil-for-food programme, has since then become more realistic about what is achiev-able with what resources.

But, as one official suggested, while "the UN has, the member states have not".

UN appeals for more flexibility in hiring staff and allocating resources to manage its mandates were all but rejected by the developing world.

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On Eve Of U.N. Speech, Bush Uses Informal Meetings To Set Tone (USAT)

By David Jackson

USA Today, September 19, 2006

NEW YORK — President Bush exercised some personal diplomacy Monday on the eve of his annual address to the United Nations and pushed his hopes for democracy in Iraq and the Middle East with leaders of four smaller nations.

The one-on-one talks — known in diplomatic-speak as bilaterals — with the leaders of Malaysia, El Salvador, Honduras and Tanzania gave Bush a chance to charm and cajole his counterparts in a more intimate setting than before the 192-member U.N. General Assembly. Some countries in the world body, such as France, have criticized the president's decisions on the war in Iraq and other world affairs.

"They don't really set policy so much — they set a tone," Linda Jamison, a senior fellow with the Center for Strategic and International Studies, a Washington think tank, said about the private talks.

For example, during a brief visit Monday with Abdullah Ahmad Badawi, prime minister of Malaysia, the two leaders discussed the U.N.'s continuing role in the Middle East. "The main thing we talked about is how we can work together to keep the peace," Bush said.

The four countries involved in Monday's meetings have something in common: They are emerging democracies. El Salvador, for example, emerged from civil war during the 1980s and Honduras held its first election in 1982 after a decade of military rule.

The political histories of these countries are in keeping with Bush's dominant theme of freedom during his three-day U.N. visit. He is going to "emphasize the fact that countries need to find their way towards free and just societies in their own time consistent with their own culture and traditions," national security adviser Stephen Hadley said.

Michael Green, who worked for Bush at the National Security Council, said bilaterals can provide a relaxed forum to discuss issues such as beef sales to Japan or intellectual property rights in China.

"You drop these things in," Green said, "then the secretary of State or the ambassador can follow up."

Today, Bush meets with French President Jacques Chirac to discuss Iran's nuclear ambitions. Bush will also talk with Iraqi President Jalal Talabani and U.N. Secretary-General Kofi Annan, a critic of the U.S.-led invasion of Iraq.

Hadley said Bush would not meet this week with Iranian President Mahmoud Ahmadinejad, who wants to "debate" his country's controversial nuclear program.

Iran's Freeze On Enrichment Could Wait, France Suggests (NYT)

By Elaine Sciolino

The New York Times, September 19, 2006

PARIS, Sept. 18 — In an effort to jump-start formal negotiations between six world powers and Iran over its nuclear program, President Jacques Chirac of France suggested Monday that Iran would not have to freeze major nuclear activities until the talks began.

Over the years, Mr. Chirac has consistently taken an extremely hard line against Iran both in public and private. But his remarks in a radio interview could be interpreted as a concession to Iran, whose officials have said they will not suspend their production of enriched uranium as demanded by the United Nations Security Council.

"Iran and the six countries together, we must first find an agenda for negotiations, then start a negotiation," Mr. Chirac told Europe 1 radio. "During this negotiation I propose that on the one hand, the six refrain from referring the issue to the Security Council, and that Iran refrain from uranium enrichment during the duration of the negotiation."

In New York for the opening of the United Nations General Assembly, Bush administration officials insisted that the American position had not changed: that the United States would not join the talks until Iran suspended uranium enrichment. They said that the Europeans and Iranians might hold preliminary talks on suspension, and once Iran verifiably suspended enrichment, America could join those talks.

After reading the text of Mr. Chirac's remarks, a senior administration official, who spoke on the condition of anonymity because he was not authorized to speak publicly on the subject, said he did not believe that Mr. Chirac had said anything that would require the United States to change its position.

"To tell you the truth, there's no suggestion being made that we would sit down with Iran before they suspend," the official said.

The formal position of the six world powers is that Iran must freeze uranium enrichment activities as a condition of the start of negotiations.

Mr. Chirac's remarks were the first time a leader of one of the six countries — the five permanent members of the Security Council (Britain, China, France, Russia and the United States) and Germany — has suggested that the suspension is not a precondition for talks.

In the interview on Monday, Mr. Chirac also made clear his opposition to sanctions. "I am never in favor of sanctions," Mr. Chirac said. "I have never seen that sanctions were very effective." He added, "Nothing replaces dialogue, you know."

Clearly, Mr. Chirac's remarks took Bush administration officials by surprise, in particular because ever since the six powers made a proposal to Iran on June 1 to provide a package of incentives in return for suspending enrichment, the Americans and the Europeans have been careful to appear unified. Russia and China might have to be dragged along, the thinking went, but the others would hold fast to the American line on sanctions.

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But the United States and Europe have already given some ground by signing off on talks between Javier Solana, the European Union's chief diplomat, and the chief Iranian negotiator, Ali Larijani, about the conditions for suspension. The talks continue even though the deadline for Iran to suspend enrichment or face sanctions passed on Aug. 31.

Iran's nuclear program will be one of the main topics of conversation when President Bush and Mr. Chirac meet in New York on Tuesday during the General Assembly meeting.

In addition, Secretary of State Condoleezza Rice is planning to meet her counterparts in the Iran talks on Tuesday night to discuss how to proceed with a sanctions resolution, American officials said. "We're taking an opportunity to get the lay of the land and to determine what sanctions will be in the U.N. resolution," the Bush administration official said. But, he added, "no one expects that we're ready" to put a resolution on the table this week.

Asked about Mr. Chirac's remarks concerning the timing of the talks, a senior European official said that Mr. Chirac was not only speaking for France, but also reflecting the current state of play in formal talks between Mr. Solana and Mr. Larijani.

What is currently under discussion is a convoluted formula in which the six powers could meet with Iran to discuss the agenda, but not substance, until Iran froze its nuclear activities, the official added. That approach would allow Iran to claim that negotiations had started; the United States and others could say they had not.

"We're trying to find a gimmick, a face-saving gesture that the Iranians will accept," said the official, speaking on condition of anonymity under normal diplomatic rules. He added that Mr. Chirac "has made explicit and public something that is common knowledge on both sides of the Atlantic."

"The Americans are aware of this discussion," he said.

The official added that American participation was crucial to the success of the talks. "At every step of the way, we need the agreement of the Americans," he said.

Mr. Chirac agrees with the Bush administration's view that Iran is determined to develop a nuclear weapon. Like Mr. Bush, he has been eager to find a formula to induce Iran to stop its production of enriched uranium, which can be used for peaceful energy purposes — which Iran says is its intention — or to fuel a nuclear weapon.

Indeed, France and Britain, both on their own and in tandem with the United States, have worked for months on possible sanctions, and Mr. Chirac's remarks are certain to erode the sense of unity between the United States and the Europeans.

Throughout his long presidency, however, Mr. Chirac has been uncomfortable with the use of economic sanctions as a tool of foreign policy. While his criticism of sanctions on Monday seems to reflect that personal conviction, rather than any shift in French policy, it is likely to erode the sense of unity between the United States and the Europeans.

As for Mr. Chirac's remarks about stopping punitive action in the Security Council once negotiations are under way, that is generally understood by the six power group to be acceptable, as long as Iran has stopped enriching uranium.

In his talks with Mr. Solana, Mr. Larijani has proposed a freeze of uranium enrichment for only about two months, the two European officials said. Iran has accused France, Britain and Germany of dragging their feet in previous negotiations, forcing Iran to freeze major nuclear activities in exchange for rewards that never came.

The Europeans say they have no confidence that Mr. Larijani has full authority to negotiate on behalf of Iran's leadership. They say that at times Mr. Larijani admits he is not sure how far he is authorized to go.

France's Chirac Not In Favor Of Iran Sanctions (WP)

By Glenn Kessler And Michael Abramowitz, Washington Post Staff Writers

The Washington Post, September 19, 2006

On Eve of Bush U.N. Speech, Words Complicate U.S. Push

UNITED NATIONS, Sept. 18 -- In a potential break with the Bush administration, French President Jacques Chirac said Monday that he is "never in favor of sanctions" and suggested that the United States and other nations could begin talks with Iran on its nuclear program before Iran formally suspends its nuclear activities.

Chirac's remarks came as President Bush prepared to address the U.N. General Assembly on Tuesday, part of an intensifying U.S. drive to secure international sanctions against Iran. The French president, in a 45-minute interview on European radio, appeared to upend that diplomatic drive and signaled a widening breach on Iran between the United States and European partners, reminiscent of the debate over the Iraq invasion four years ago.

Perhaps mindful of those tensions, some U.S. officials both publicly and privately played down Chirac's comments, insisting there was little daylight between the U.S. and French positions. But others said that the remarks took them by surprise and that they would seek an explanation from the French at meetings on Tuesday.

In his speech, Bush plans to take a far less aggressive approach to Iran than he did four years ago in arguing for action against Iraq, U.S. officials said, casting the debate over Iran as part of a noble effort to bring democracy to the Middle East. The officials said that Iran will not be the major focus of the speech and that Bush also plans to announce he will name a special envoy to spearhead efforts to end the violence in Sudan's Darfur region.

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Chirac's comments represented another potential hurdle for Bush, who is coming to the United Nations this week seeking considerable assistance from the world community, including peacekeeping troops for Lebanon, financial aid for the reconstruction of Iraq and political support for his efforts to shut down Iran's nuclear program. At the same time, however, U.S. leverage has been weakened by the ongoing war in Iraq, and diplomats are skeptical that the lofty theme of Bush's speech Tuesday -- bringing freedom and democracy to the Middle East -- will be of much practical significance in swaying countries to Bush's side.

In fact, Chirac, who will meet with Bush before the American president's speech, noted in the radio interview that the difficulties in Iraq showed he had been right to oppose that war in the first place.

Zbigniew Brzezinski, national security adviser in the Carter administration, said if Bush offers another "pep talk" about democratization in the Middle East, he risks losing an audience skeptical of the U.S. venture in Iraq and what it sees as a lack of American engagement in promoting an Israeli-Palestinian peace deal.

"The speech is a major challenge, and if he plays it intelligently he can regain some of the ground he has lost," said Brzezinski, a trustee at the Center for Strategic and International Studies. "He would be well advised to take a moderate tone. . . . He hopes to isolate [Iranian President Mahmoud] Ahmadinejad. If he adopts a belligerent tone and makes threats, it will be easy for Ahmadinejad to isolate him."

Bush is clearly hoping to make democracy promotion the theme of this week's meetings marking the opening of the U.N. General Assembly, and he held several meetings Monday with the leaders of countries the White House considers emerging democracies -- El Salvador, Honduras and Tanzania -- as well as Malaysia, whose government advocates a moderate form of Islam.

But Iran was shaping up as his major strategic challenge. In June, the five permanent members of the Security Council, plus Germany, offered to negotiate with Iran on a package of incentives to end its uranium-enrichment program, but only if Iran verifiably froze its nuclear activities first -- a stance that was affirmed in a U.N. Security Council resolution only last month. But under Chirac's formulation, that red line apparently would be erased.

"I believe that on the one hand that Iran and the six countries must first establish a schedule for negotiation, then must embark on negotiations," Chirac said, apparently referring to setting up an agenda for the talks. "And during these negotiations, I suggest that on the one hand the six give up on referring the matter to the Security Council and that Iran should give up the enrichment of uranium for the duration of the negotiations."

Chirac met last week with a senior Iranian envoy, Hashemi Samareh, who appealed to Chirac by saying Iran wanted to be partners with France and the rest of Europe in creating a stable Middle East, according to European diplomats briefed on the talks. Samareh also noted that Iran believed Lebanon's government might soon fall, which some took as a not-so-subtle warning about Iran's influence in a country with close ties to France.

Chirac's comments Monday were sometimes imprecise, leaving them open to interpretation. U.S. officials chose to focus on second half of his statement -- his call for Iran to suspend its nuclear program -- to argue that Chirac was not changing the terms of the agreement. One U.S. official, speaking on the condition of anonymity, said he did not think Chirac was asking for the United States to sit at the table with the Iranians before the Iranian programs were frozen.

Another U.S. official said Chirac's public comments mattered less than what he tells Bush in private Tuesday morning. On Tuesday evening, Rice will hold a dinner with her counterparts from France, Germany, Britain, Russia, China and Italy, in what U.S. officials billed as a session to determine what elements would be in a sanctions resolution.

Nile Gardiner, a foreign policy expert at the conservative Heritage Foundation, said Chirac's remarks were "deeply unhelpful" to U.S. efforts to secure international support for sanctions against Iraq. "It will generally reduce the likelihood of a U.N. Security Council resolution," he said. "The French are going to fight tooth and nail against the imposition of European sanctions, which is certainly a big blow to the U.S. and Britain."

European Union negotiator Javier Solana has been leading talks with a senior Iranian official on the nuclear program, Ali Larijani, in an effort to find a face-saving solution that would permit talks to begin without making it appear that Iran was buckling under pressure.

One of the formulas under discussion would have the European Union countries begin the talks, and then the United States would join them once Iran suspended its programs -- which by itself would be a softening of the original offer that no talks would start until Iran suspends.

While U.S. officials announced Monday that Larijani has not yet come to New York, Solana told reporters he remained confident the two would meet this week.

Staff writer Dafna Linzer contributed to this report.

France Now Opposes Iran Punishments (LAT)

By Maggie Farley

The Los Angeles Times, September 19, 2006

UNITED NATIONS — As world leaders converged at the United Nations on Monday, French President Jacques Chirac dealt a significant blow to the Bush administration's effort to slow Iran's nuclear development, saying his government would join Russia and China in resisting the U.S. push for sanctions against Tehran.

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"I am never in favor of sanctions," Chirac told Europe 1 radio on the eve of the General Assembly's annual debate. "I have never observed that sanctions were very effective."

Chirac proposed a compromise in which the Security Council would suspend the threat of sanctions and Iran would suspend enrichment of uranium while the two sides talked. As a last resort, after diplomacy had been exhausted, France might consider penalties, he said, but only "moderate and adapted" ones.

The division over sanctions seems likely not only to complicate policy on Iran, but also to affect the administration's efforts to win international help on a range of other issues, diplomats and analysts say.

Bush plans to make Iran a centerpiece of his address to the General Assembly today, explaining why he considers the regime in Tehran a grave threat and insisting that sanctions be imposed if negotiations fail.

He will also talk about the administration's Iraq policies and its support for a peacekeeping mission in the Darfur region of Sudan in the face of opposition from the Sudanese government.

But on both issues, Washington finds itself on the opposite side from several Security Council members, including Russia and China, both of which have veto power on the council. In the Sudan case, the two nations, backed by other council members such as Qatar, insist that the U.N. must not intervene in a nation without its government's permission, even when the international community does not agree with the country's actions.

The change of heart by France means three of the five veto-holding members of the Security Council now oppose the U.S. stance on Iran.

"As preceding the Iraq war, Chirac's public comments are unfortunate, because France is a very powerful player," said Judith Kipper, a Middle East expert at the Council on Foreign Relations.

"It could encourage the Iranians and countries that are anti-American to believe that the United States is isolated. And if President Bush believes that there is no cooperation from the Security Council, it may encourage him to believe the only option is to strike Iran."

White House officials said Monday that their position on Iran had not changed, with Secretary of State Condoleezza Rice scheduled to talk with U.S. allies in New York this week about a possible resolution calling for sanctions.

Bush is to meet today with Chirac, and Rice plans to dine tonight with representatives from the countries negotiating with Iran: Britain, China, Russia, France, Germany and, as of Monday, Italy. All have agreed that Iran must stop enriching uranium — a process that can be used to produce energy or a nuclear weapon — in order to create trust before talks on helping Iran create a nuclear energy program can resume.

European diplomats say they want the United States to sit at the same table with Iran before they consider talks to have failed.

"I do not believe in solutions that do not involve dialogue … taken to its limits," Chirac said Monday.

Bush has ruled out discussions with Iranian officials unless they halt their nuclear program, and there will be no U.S. contact with the Iranian delegation this week, officials said.

European diplomats are scrambling to arrange a face-saving compromise that could allow Iran to suspend enrichment after talks resumed — with the U.S. then joining the negotiations. U.S. officials stopped short of ruling out that option Monday.

National security advisor Stephen J. Hadley said the administration was looking first for "a verifiable suspension so we can then have a discussion."

The U.S. also is seeking ways to put pressure on Iran outside the Security Council. At a meeting of Group of 7 finance ministers in Singapore on Monday, U.S. Treasury Secretary Henry M. Paulson Jr. warned Western banks of the "risks" of doing business with Iranian companies suspected of trafficking in materials for the production of nuclear weapons.

Union Bank of Switzerland has already halted business with Iran, and the U.S. this month banned American banking transactions with Bank Saderat, a state-owned Iranian financial institution suspected of channeling funds to terrorists.

Iran's top nuclear negotiator, Ali Larijani, was expected to continue talks this week with Javier Solana, the European Union's chief diplomat.

On Monday, Larijani had not yet arrived in the U.S. An Iranian diplomat said some members of the Iranian delegation had not received visas, but it was unclear whether that was the reason for Larijani's absence.

Iran is just one intractable problem world leaders will tackle in New York this week. Bush is expected to seek to rally support for his "freedom agenda" in the Middle East, and to paint conflicts there as the clash of extremism and moderation. He is also expected to seek other nations' help in investing in Iraq and supporting its fledgling government as it grapples with sectarian violence.

Additionally, he is likely to urge nations to continue helping shore up the fragile truce in Lebanon and to contain Hezbollah in the aftermath of this summer's conflict between the militant group and Israel. Iran, a Hezbollah sponsor, can make or break the cease-fire.

The continuing violence in Sudan also will be one of the main topics this week at the United Nations, both as an impending crisis and as a test of the world's "responsibility to protect" civilians whose governments have failed them — a tenet world leaders agreed to at last year's session.

The government in Khartoum has refused to allow U.N. peacekeepers into Darfur to help protect the more than 2 million people who have been displaced during three years of attacks by government-aligned militias.

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Human rights groups have warned that a massive Sudanese military campaign to put down rebel groups could cause hundreds of thousands of casualties. The government has said it will take care of its own people, alongside a force of about 7,000 African Union troops due to leave at the end of the month.

China, Russia and Qatar insist the Security Council cannot send peacekeepers to the region without Khartoum's consent. But Sen. Barbara Boxer (D-Calif.) said Monday that the Sudanese ambassador to the U.N. had told her Khartoum would allow the African Union force to extend its stay and expand.

U.S. Ambassador John R. Bolton said he would circulate a resolution today for a vote Thursday on allowing an existing U.N. force in southern Sudan to expand into Darfur. Foreign ministers of Security Council members are expected to attend.

Chirac Backs UN Compromise On Iran (FT)

By Martin Arnold In Paris And Daniel Dombey

Financial Times, September 19, 2006

Jacques Chirac, France's president, could be heading for another clash with the US over the Middle East, after pushing the United Nations security council to scale down its threat of sanctions against Iran.

Mr Chirac, who is widely expected to step down next year, on Monday also fired a clear warning shot at Nicolas Sarkozy, his rebellious interior minister and likely successor, who is thought to have infuriated the president with his recent declarations, particularly on Franco-US relations.

Mr Chirac's appeal for the UN Security Council to relax its position on sanctions, made in a rare interview with French radio on Monday, mirrors the recent position of Javier Solana, the European Union's foreign policy chief, who indicated his support for a compromise last week.

Earlier this year the Security Council backed a resolution which called for Iran to suspend uranium enrichment by August 31 and warned of economic sanctions if Tehran failed to do so.

At the same time, the world's big powers also told Iran that it had to suspend enrichment, which can produce both nuclear fuel and weapons grade material, before formal negotiations could begin on improving ties between Tehran and the west.

But some EU diplomats, including Mr Solana, have responded warmly to a compromise floated by Iran in which Tehran would halt enrichment not before but during negotiations.

Mr Chirac explicitly endorsed such a plan of action - even though EU diplomats say they have yet to receive proof that Tehran has committed itself to the proposal.

"We must first find an agenda for negotiations, then during these negotiations I suggest that, on the one hand, the six (the US, the UK, France, Germany, China and Russia) renounce involving the security council and Iran renounces uranium-enrichment during the negotiations," said the French president.

Mr Chirac said that he had "never seen that sanctions were very effective", and suggested that should they be needed, any sanctions on Iran should be "moderate and adapted". He added that he was "not pessimistic" on the prospect of a deal with Iran.

His comments are likely to worry US officials. Washington is reluctant to give more concessions to Iran and sceptical about how long any suspension would last.

UK diplomats, who are keen to keep the US on board and maintain a common international front, are also upset by Mr Chirac's comments. The UK fears that, by accepting an Iranian compromise before it has even been made, the international community could weaken its hand, so reducing the ultimate chances of a deal.

Mr Chirac is also thought to be furious about Mr Sarkozy's speech in Washington last week. The interior minister criticised French "arrogance" and suggested that Paris had gone too far in 2003 by threatening to use its UN security council veto to block a US-led invasion of Iraq.

The 73-year-old president distanced himself from his interior minister, saying: "We have relations (with the US) that can only be between equals, which cannot be a relationship of submission." His comments were a clear rejection of Mr Sarkozy's call for Franco-US relations to be "rebuilt".

Last week, David Cameron, the leader of Britain's opposition Conservative party, struck a similar note, by saying that the UK should not have a "slavish" relationship with the US.

Mr Chirac defended his opposition to the war in Iraq. "When I look at the situation, I do not fell I have committed an error," he told Europe 1, before flying to New York for Tuesday's meeting of the UN General Assembly, where he will meet George W. Bush, US president.

In a private conversation with aides, Mr Chirac went much further, slamming Mr Sarkozy's speech as "irresponsible" and a "lamentable… error" that was "a danger for France", according to Monday's Libération newspaper.

The fierce criticism exposes deep ideological divisions between the two men over foreign policy, which many observers judge to have been one of the more successful areas of Mr Chirac's rule.

France's president believes France should act as a counter-weight to US hegemony wherever possible. But Mr Sarkozy last week argued for much closer relations between the two countries, declaring: "Never again should we turn our disagreements into a crisis."

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The animosity between the two men could influence next April's presidential election. Mr Chirac still has not ruled out standing for a third term as president. But even if he steps aside, as most expect him to do, he could still become a serious nuisance for Mr Sarkozy during the campaign.

French Leader Proposes Iran Compromise (AP)

By Elaine Ganley, Associated Press Writer

AP, September 19, 2006

President Jacques Chirac proposed a compromise Monday to kickstart talks between Iran and the international community, suggesting the threat of U.N. sanctions be suspended in exchange for Tehran halting its uranium enrichment program.

"I don't believe in a solution without dialogue," Chirac said in an interview with Europe-1 radio. He suggested the international community suspend the threat of U.N. sanctions and that Iran, in turn, suspend enrichment while the two sides talk.

"I am not pessimistic," Chirac said. "I think that Iran is a great nation, an old culture, an old civilization, and that we can find solutions through dialogue."

Upbeat about the standoff with Iran over its nuclear program, Chirac said in the wide-ranging radio interview that he was pessimistic about the outcomes in Iraq and Sudan's war-ravaged Darfur region.

Chirac spoke before leaving for New York to attend the annual U.N. General Assembly, which opens Tuesday.

Asked about Iran, the French president noted that "Iran for years developed a clandestine nuclear program." However, "I am never favorable to sanctions" and, should they be unavoidable, they should be "moderate and adapted," he said.

In Vienna, Iranian Vice President Reza Aghazadeh said his country was "ready for negotiations and political compromise." However, he coupled that remark with a warning that "any hostile action by the U.N. Security Council would lead to limitation of cooperation" with the International Atomic Energy Agency.

The IAEA's inspectors are trying to determine whether Tehran is using its nuclear program to make weapons, as the United States and other countries fear. Iran assures it is for civilian use.

At an IAEA conference, where Aghazadeh spoke, nations called on Iran to freeze enrichment in accordance with a Security Council demand. The U.N. Security Council has passed a resolution providing for possible economic and diplomatic sanctions against Iran for its refusal to halt uranium enrichment.

Chirac suggested Iran and the six nations involved in the issue — France, Germany, Britain, Russia, China and the United States — set an agenda for talks, then move ahead, with both sides removing the burden of threats.

"We must, on the one hand, together, Iran and the six countries, meet and set an agenda, then start negotiations. Then, during these negotiations, I suggest that the six renounce referring (Iran to) the U.N. Security Council and that Iran renounce uranium enrichment during negotiations," Chirac said.

European and U.N. officials said Monday that senior EU and Iranian negotiators planned to meet in New York later this week to try to establish enough common ground to spark negotiations.

The French president said he has no plans to meet with Iranian President Mahmoud Ahmadinejad while in New York, saying he "deplores" the anti-Israeli remarks of the Iranian leader. Ahmadinejad has said Israel should be "wiped off the map."

"I have very clearly stated that ... the conditions for a personal dialogue have not been fulfilled," Chirac said.

The United States and Britain have backed moving quickly to sanctions if Iran does not comply with demands that it cease its enrichment program.

Russia and China have appeared most hesitant to call for sanctions, while French Foreign Minister Philippe Douste-Blazy said earlier this month that a "gradual approach" was needed.

Chirac, responding to questions on other international issues, said:

• On Iraq: "I am not sure we can ever really get out of this, in any case as long as there is no known goal for Iraqis concerning the departure of foreign troops." Asked by CNN, in a separate interview, whether France would help the United States in Iraq, Chirac said, "If the United States and President Bush ... asks me any question on this topic, well of course I will welcome anything he asks and I will answer him."

• On Darfur: Chirac urged Sudan to accept the deployment of U.N. peacekeepers. He told CNN he foresaw "millions" more displaced persons and "possibly even hundreds of thousands" more dead as the rainy season ends.

• On Lebanon, Chirac said the U.N. peacekeeping resolution for Lebanon must be carried out "without reservations" so the government can regain control of its territory. He suggested there is a place for Hezbollah — but in politics, not as an armed militia.

• On French-U.S. ties, Chirac said he has very good relations with Bush, but added, "In our relations we can only be equals. It cannot be a relationship of submission."

Associated Press Writer George Jahn contributed to this story from Vienna, Austria.

In Turnaround, US Sees Two-track Approach To Iran Nuclear Crisis (AFP)

AFP, September 19, 2006

DOJ_NMG_0065642

The United States, faced with a growing reluctance among its allies to impose sanctions on Iran, showed a new readiness to accept a two-pronged approach in their bid to end Tehran's suspected nuclear weapons program.

Secretary of State Condoleezza Rice, in New York Monday for the UN General Assembly, said the United States was continuing to press for a UN Security Council resolution imposing sanctions on Iran over its refusal to stop enriching uranium.

Rice has insisted the sanctions are an essential first response to Iran's refusal to heed an earlier Security Council resolution that gave Tehran until August 31 to freeze its enrichment program -- which can produce fuel for nuclear power generation but also provide the material for atomic weapons.

But the Americans softened their approach Monday after French President Jacques Chirac broke ranks and called for continued negotiations with Iran prior to taking any steps towards sanctions.

It was the first time a European leader has clearly stated that suspending uranium enrichment was not a precondition for opening negotiations on the nuclear dossier -- a stance fiercely defended until now by the United States.

Friday, US President George W. Bush assailed similar suggestions that Tehran be given more time and said he would be seeking to convince fellow leaders on the sidelines of the General Assembly this week that "stalling shouldn't be allowed."

But when asked Monday about ongoing European efforts to negotiate with Iran, Rice declined to repeat her boss's hardline stance, saying only that discussions were continuing with the four other permanent members of the Security Council plus Germany.

"We have a meeting of the P5-plus-1 tomorrow night and we will talk about it," she said.

Her spokesman, Sean McCormack, went further in acknowledging the existence of a two-track approach where the US pursues its campaign for sanctions in parallel with the European negotiating effort.

"It's a strategy to try to do everything possible to convince Iran to take a positive pathway," he said.

Rice discussed the Iran issue Monday with Foreign Minister Li Zhaoxing of China, which has been among the most reticent allies on the sanctions issue.

Bush is scheduled to meet here with Chirac on Tuesday ahead of Rice's evening meeting with her counterparts from Britain, China, France, Germany and Russia, known as the P5-plus-1, as well as Italy's foreign minister.

Iranian President Mahmoud Ahmadinejad will also be in New York, although Bush and Chirac both ruled out meeting the hardline leader.

Chirac Looks To Avoid Iran Standoff (USAT)

By Barbara Slavin

USA Today, September 19, 2006

NEW YORK — French President Jacques Chirac on Monday offered a way around a diplomatic standoff over Iran's nuclear program by saying negotiations could begin before Tehran suspends its uranium enrichment program.

The United States has demanded suspension of the program as a precondition for talks. Chirac, however, said Europe, Russia and China could open negotiations with Iran first and bring the United States into the talks only if Iran agrees to halt its nuclear fuel program.

Iran says its program is for energy purposes and refuses to end its research. The United States has said Iran is trying to make a nuclear bomb.

“I think we should be able to reach a solution,” Chirac said in an interview with USA TODAY. “It's in my nature to be optimistic.”

Chirac made the remarks on the eve of the annual meeting of the United Nations General Assembly, where President Bush has said he will confront Iran about its nuclear program. Chirac will also address the annual meeting of the General Assembly and meet with Bush today. Iranian President Mahmoud Ahmadinejad is scheduled to address the U.N. today as well.

The United States has said it will talk with Iran only if it suspends nuclear enrichment. The United States is pushing the U.N. Security Council to impose sanctions on Iran.

Tom Casey, a State Department spokesman, said “our views haven't changed.”

Clifford Kupchan, an Iran expert at the Eurasia Group, a New York-based consulting firm, said the proposal is “a potentially promising way to get from here to there diplomatically.”

The United States would not have to change its position and would enter talks only if its conditions were met.

Chirac said he didn't rule out sanctions against Iran but doubted they would work. “Experience has shown us that sanctions never lead to anything positive,” he said.

Chirac, 73, who sat for a 45-minute interview at the Mandarin Hotel, also said:

• He would use his U.N. speech to propose an international peace conference to revive the Middle East peace process.

•The Bush administration should give Iraqis “the sense that there is a cutoff point to the presence of foreign troops.” The administration has opposed setting deadlines for troop withdrawal. Chirac expressed support for Iraqi Prime Minster Nouri al-Maliki, but added, “I wouldn't say I'm highly optimistic about his chances of success.”

U.S. Encounters EU Opposition To Iran Sanctions (WSJ)

By Neil King Jr.

The Wall Street Journal, September 19, 2006

NEW YORK -- The Bush administration faces stiffening opposition in Europe to its effort to impose sanctions on Iran over its nuclear program, a topic that will be the center of debate this week as world leaders gather at the United Nations.

In another sign that Europe strongly backs further talks with Tehran rather than threats of economic punishment, French President Jacques Chirac said he is "never in favor of sanctions" and believes that "nothing is as good as dialogue."

His remarks in a radio interview dovetail with a growing sentiment among the leaders of Germany, France, Russia and China that the U.S.-led quest for sanctions -- as laid out in a U.N. Security Council resolution in July -- are counterproductive and should be set aside for now as Europe tries to engage Iran in a series of informal talks.

Washington is also showing signs of increased flexibility on the Iran front, largely because it has gained so little support among key countries for imposing sanctions. Instead, the Bush administration is now quietly supporting efforts by the European Union's foreign-policy chief, Javier Solana, to engage Iran in negotiations before Tehran agrees to suspend uranium-enrichment work.

A July U.N. resolution threatened to slap sanctions on Iran if it didn't suspend its controversial enrichment work by Aug. 31 as a precondition to international talks on the future of its nuclear program. Iran insists its enrichment work is for peaceful purposes, but highly enriched uranium is also a key ingredient for making nuclear weapons. President Bush in recent weeks has repeatedly described a potential nuclear Iran as a "grave threat" to Israel and the Middle East.

Iran has since refused to stop its enrichment program while continuing to offer vague hints that it is open to broad nuclear talks.

Mr. Bush's national-security adviser, Stephen Hadley, told reporters on the way to New York yesterday that the U.S. hopes Mr. Solana can broker a deal with Iran's main negotiator, Ali Larijani, in which Tehran agrees to a verifiable suspension of its enrichment program. At that point, he said, the U.S. would be prepared to join a round of larger talks on the future of Iran's nuclear program.

The U.S. and its partners are basically offering Tehran a concession by setting aside the threat of sanctions and agreeing to negotiate over what was just a month ago a hard-and-fast precondition for negotiations.

Mr. Bush endorsed this approach on Friday, when he said he expects Iran to "negotiate with the EU in good faith. And should they choose to verifiably suspend their program -- their enrichment program -- we'll come to the table."

European diplomats are now hailing what they call "dual-track diplomacy" with Iran, in which the U.S. and others talk quietly about a possible sanctions resolution while the EU attempts to hash out a suspension deal with the Iranians. In his remarks to Europe 1 radio, Mr. Chirac said he didn't rule out future sanctions but said that if they come to pass, they should be "moderate and adapted."

Mr. Solana had expected to meet Mr. Larijani in New York this week, although there was no sign that the Iranian negotiator had arrived in the U.S. European officials say there is some chance of broader talks in the next week between the EU and Iran.

Mr. Bush, who is in New York until tomorrow, plans to stress the need for international cohesion toward Iran in his speech before the U.N. today. He will also meet privately with Mr. Chirac, the only other head of state among the five permanent U.N. Security Council members who has come to the annual session. Russia, China and Britain sent their foreign ministers.

European diplomats familiar with the past week's talks between Messrs. Solana and Larijani say the Iranians continue to move exceedingly slowly, making it impossible to predict if they are willing to offer important concessions. A big indication, they say, will come late today when Iranian President Mahmoud Ahmadinejad gives his speech to the U.N.

Chirac Hits At Sarkozy Over Pro-US Stance (FT)

By Martin Arnold

Financial Times, September 19, 2006

Jacques Chirac, France's president, on Monday exposed deep ideological divisions at the top of the French government by rebuking Nicolas Sarkozy, his rebellious interior minister and likely successor, for toeing an overly pro-US line.

Mr Chirac also set up another possible clash with the US over the Middle East by urging the UN Security Council to scale down its threat of sanctions against Iran, ahead of Tuesday's General Assembly meeting in New York.

The French president, widely expected to step down next year, is thought to be furious about Mr Sarkozy's speech in Washington last week, when the interior minister criticised France's "arrogance" in its relations with the US.

Mr Sarkozy struck at the heart of Mr Chirac's foreign policy legacy by suggesting Paris went too far in 2003 by threatening to use its UN veto to block a US-led invasion of Iraq.

In a rare radio interview, the French president distanced himself from his interior minister, saying: "We have relations [with the US] that can only be between equals, which cannot be a relationship of submission."

The 73-year-old Mr Chirac defended his opposition to the war in Iraq. "When I look at the situation, I do not feel I have committed an error," he told Europe 1, before flying to New York for today's UN meeting, where he will meet US President George W. Bush.

In a private conversation with aides, Mr Chirac went further, slamming Mr Sarkozy's speech as "irresponsible" and a "lamentable . . . error" that was "a danger for France", according to yesterday's Libération newspaper.

The president sees France as a natural counter-weight to US hegemony. But Mr Sarkozy wants closer relations, declaring last week: "We must rebuild the transatlantic relationship on the basis of trust and shared responsibility. I don't want to see an arrogant France with a diminished presence."

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Mr Sarkozy's pro-US stance has drawn flak from leftwing opponents. Laurent Fabius, former Socialist premier and presidential hopeful, described Mr Sarkozy as "Mr Bush's future poodle".

The animosity between Mr Chirac and Mr Sarkozy could influence next April's election. Mr Chirac still has not ruled out standing for a record third term, hinting yesterday he would wait until March before announcing his decision.

Venezuela Tightens Iran Links With Trade Pacts (FT)

By Phil Gunson

Financial Times, September 19, 2006

Hugo Chávez's efforts to build an anti-US coalition received a boost on Monday following a visit by Mahmoud Ahmadi-Nejad, Iran's president, to Venezuela and the signing of trade agreements between the two countries.

The two presidents are due to arrive in New York on Tuesday, where both are expected to address the UN General Assembly.

Mr Chávez has been lobbying intensively to win a two-year term on the Security Council. Next month's vote on the seat, which will pit Venezuela against US-backed Guatemala, will be a "thermometer reading of how anti-US the member nations of the UN are", according to Alberto Garrido, a political analyst.

Mr Chávez, who supports Iran's nuclear programme, reiterated with Mr Ahmadi-Nejad their opposition to "US imperialism" and their support for a "multipolar" world order, free of the hegemony of what Mr Ahmadi-Nejad called "the tyrants of the world – above all, the Americans".

The two leaders signed 29 bilateral agreements in areas as diverse as petrochemicals, health, mining and agriculture.

In a series of international tours this year, the Venezuelan leader has secured support for his Security Council seat candidacy from much of Latin America and Africa, along with Russia, China and a large part of the Muslim world.

However, doubts remain as to whether he will obtain the required two-thirds of votes on the first ballot, not least because voting is secret. "Some governments may not be telling the truth," said a European diplomat, "especially among the small Caribbean nations."

Failure to win outright could lead to a protracted series of inconclusive votes, and possibly the emergence of a compromise candidate.

Venezuela, along with Cuba and Syria, voted in the International Atomic Energy Authority against the referral of Iran's nuclear programme to the Security Council this year.

Mr Chávez has also raised the possibility of collaboration between Iran and Venezuela in the nuclear field, and has vowed to stand with both Iran and Cuba under any circumstances. At last week's meeting of the Non-Aligned Movement in Havana, he reiterated this stance. "We will accompany Iran as we will accompany Cuba," he said. "If the United States were to invade Cuba, Venezuelan blood would flow."

More than the flow of blood, it is the flow of oil that has Washington worried. Between them, Iran and Venezuela produce almost 7m barrels a day, and both have threatened a boycott in the event of US aggression.

U.S., Israel Reach Out To Mahmoud Abbas (AP)

By Anne Gearan

AP, September 19, 2006

The United States and Israel sought on Monday to shore up a sometimes strained relationship with Palestinian President Mahmoud Abbas, who is trying to form a working alliance with Hamas officials who refuse to recognize the Israeli government.

Secretary of State Condoleezza Rice held a private meeting with Abbas without their usual retinue of aides, on the sidelines of the United Nations opening session. Rice's spokesman, Sean McCormack, would not detail U.S. goals for the meeting or say whether Rice carried a warning for Abbas about the consequences of a cozier relationship with Hamas. Her Israeli counterpart, Foreign Minister Tzipi Livni, was meeting with Abbas separately Monday night.

President Bush is to see the Palestinian leader Wednesday, the same day that the United States and other would-be Mideast peacemakers hold their first session since Israel's summer war with Hezbollah militants in Lebanon. The U.N. Security Council also plans an open meeting Thursday that is intended to revive the Mideast peace process.

Meanwhile, U.S. officials said little about reports of an impending release of an Israeli solider captured by Palestinian militants in June. Release now would give all sides some good news to announce during a round of Mideast meetings in New York this week that had been expected to focus on the continued standoff between Hamas and the West.

Egypt has been trying to broker a deal for the release of Cpl. Gilad Shalit. U.N. Secretary-General Kofi Annan also has pushed for the release of Shalit and two other Israeli soldiers.

"I will simply restate what the United States has stated time and time again," Rice said when asked about a possible release as she began a meeting with Livni. "Those prisoners, both the two in Lebanon and the one in the Palestinian territories, should be released and released unconditionally."

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Rice's morning session with Livni was their third meeting in a week. Bush saw the Israeli diplomat in Washington last week. Rice and Livni have said they want to work with Abbas, the only senior Palestinian leader their nations will deal with, but are wary of his attempts to form a unity government with Hamas.

Hamas defeated Abbas' Fatah Party in legislative elections in January, although Abbas retains his position as president.

"We support voices of moderation. Obviously, President Abbas is one," national security adviser Stephen Hadley said Monday. "He's committed to peace, and we have worked with him and would continue to work with him. That's why the president is going to see him."

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid. Abbas wants to resolve the political stalemate in hopes of restarting the flow, but discussions have stalled over the U.S. demand that Hamas fully renounce violence, recognize Israel and agree to abide by commitments made by the previous secular Palestinian leaders.

While stressing that decisions about their political future rests with the Palestinians, McCormack noted mounting unrest and dissatisfaction with the Hamas-led government. He would not say how the United States would respond if Abbas and Hamas forged a new government arrangement without any accommodation by Hamas. "The details matter here," McCormack said.

Hamas has rejected the demands from the U.S. and others, despite the financial crunch that has left the treasury unable to pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

In Cairo, Egyptian President Hosni Mubarak told state media that Israel may be willing to free Palestinian prisoners in exchange for Shalit.

Israeli government spokeswoman Miri Eisin refused to comment on Mubarak's statement.

"We have nothing to say. We respect Mubarak, and Israel does not talk about any of these issues," she said.

Israeli government and security officials said Sunday there was progress in the talks in the first sign of optimism from Israel regarding a possible deal. But the officials said a deal could take a week or more to complete.

Shalit was snatched on June 25 outside the Gaza Strip by Palestinian militants, sparking a military offensive against Gaza. Palestinians affiliated with the ruling Hamas group demanded the release of hundreds of prisoners in exchange for the soldier's release.

Days later, Hezbollah guerrillas abducted two soldiers in northern Israel, triggering a larger assault against Lebanon that lasted a month. A U.N.-brokered cease-fire called for the release of the two Hezbollah-held soldiers, but did not require it as a condition to stop the fighting.

Rice Meets Palestinian Leader Abbas In New York (AFP)

AFP, September 19, 2006

Palestinian President Mahmud Abbas conferred with US Secretary of State Condoleezza Rice in a New York hotel shortly after his arrival to attend the UN General Assembly debate.

Abbas, who is to address the Assembly Thursday, was later Monday to meet with Israeli Foreign Minister Tzipi Livni, who is also in New York.

The Palestinian leader's meeting with Rice came two days before he was due to hold talks with US President George W. Bush here.

"We support voices of moderation. Obviously, President Abbas is one. He's committed to peace, and we have worked with him and would continue to work with him," US national security adviser Stephen Hadley told reporters.

Bush was to meet with Abbas at 9:30 am (1330 GMT) Wednesday. It was to be their first meeting since October 2005.

Abbas froze talks with Hamas Sunday over forming a new unity government in a move that threatens Western aid returning soon to the beleaguered territories.

Meanwhile, Arab countries are pushing for a new mechanism to relaunch the stalled Middle East peace process in the wake of the UN-brokered truce that ended a month-long war between Israel and Hezbollah guerrillas in Lebanon last month.

At their request, the Security Council has tentatively scheduled a ministerial session on Thursday to discuss a "mechanism" based on a 2002 Arab initiative which proposed a full normalization of relations with Israel in exchange for the return of all land occupied by the Jewish state since 1967.

Palestinian PM's Guards Disperse Protest (AP)

By Diaa Hadid, Associated Press Writer

AP, September 19, 2006

Prime Minister Ismail Haniyeh's bodyguards opened fire outside the parliament building Monday to disperse a crowd of protesters angry over the government's failure to end a growing economic crisis in the Gaza Strip.

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One woman was wounded in the violence, which was sparked after protesters tried to block Haniyeh's motorcade as it arrived at the parliament building in Gaza.

The demonstration was the latest expression of discontent with the Hamas-led government, which has been unable to pay tens of thousands of civil servants because of international sanctions.

Yielding to the pressure, Hamas agreed last week to form a coalition with President Mahmoud Abbas' moderate Fatah party in hopes of lifting the boycott imposed by Western countries. The coalition talks have stalled in recent days as the U.S. seeks assurances that Hamas will renounce violence and recognize the Jewish state.

Israel offered its own incentive to the Islamic militant group Monday, saying it would consider releasing millions of dollars and freeing Palestinian prisoners if the government moderates its hard-line views and an Israeli soldier captured in June by Hamas-linked militants is freed.

"If they do that, then the Israeli commitment is to immediately follow through with substantial confidence-building measures that would reinforce a positive momentum," Foreign Ministry Mark Regev said ahead of a meeting in New York between Israeli Foreign Minister Tzipi Livni and Abbas.

Israel and Western donors cut off hundreds of millions of dollars in funding to the Palestinians after Hamas won elections in January. The sanctions have made it impossible for the government to pay its 165,000 workers, causing poverty and unemployment to skyrocket in Gaza.

Several hundred protesters — including unpaid civil servants and laborers who have lost jobs in Israel — greeted Haniyeh's motorcade as it arrived at the parliament building. They had set up a tent about two weeks ago and said they were angry that no government official has talked to them.

When some of the protesters blocked Haniyeh's car, his bodyguards fired in the air to disperse the crowd, setting off a wild scene.

Protesters said one of the demonstration leaders, Jihan Sirsawi, was injured.

"One of the executive forces hit her with his gun on the back of her neck. She was also injured in her leg and foot during the chaos," said Wafa Hasanein, another protester.

More gunfire broke out as Haniyeh stepped out of the car and moved slowly up the steps of the building under heavy guard. He smiled and waved but did not speak to the protesters.

The parliamentary session was canceled after angry Fatah lawmakers boycotted the meeting to protest the violence outside.

Abbas is trying to use a meeting in New York with President Bush this week to try to win support for the prospective coalition and move it along.

The so-called Quartet of Mideast peacemakers — the U.S., European Union, Russia and United Nations — say Hamas must renounce violence, recognize Israel and accept past peace agreements before aid can resume. Abbas has been pushing Hamas to accept those demands.

A copy of the platform for the planned unity government was released Monday. Among its key points are calling for a Palestinian state in areas captured by Israel in 1967. That stance implies recognition of Israel.

It also calls for acceptance of past agreements between the PLO and Israel that "protect the higher interests of our people." The vague language appears to fall short of the Quartet demands.

Hamas leaders have said they will not compromise any further, infuriating Abbas.

Separately Monday, an Israeli military court held off on deciding whether 18 Hamas lawmakers should be released from prison. The court, which ordered the lawmakers freed last week, made no decision on the army prosecutor's appeal and did not say when a ruling would be made.

Israel arrested the lawmakers after Hamas-allied militants captured the Israeli soldier in June. In recent days, officials have reported progress in Egyptian-mediated negotiations to arrange a prisoner swap between Israel and Hamas.

U.N. Commander: Won't Disarm Hezbollah (AP)

By Henry Meyer, Associated Press Writer

AP, September 19, 2006

The French general commanding U.N. peacekeeping forces in Lebanon said Monday his troops would not intervene to disarm Hezbollah, even as French President Jacques Chirac said the militant group should not keep a military wing.

Maj. Gen. Alain Pelligrini told reporters the main task of his U.N. force is to ensure southern Lebanon cannot be used as a base for attacks on Israel.

"The disarmament of Hezbollah is not the business of UNIFIL. This is a strictly Lebanese affair, which should be resolved at a national level," he said.

Pelligrini's assessment underscored the constraints facing the beefed-up U.N. mission despite a tougher mandate and far greater manpower.

It came as French Defense Minister Michele Alliot-Marie visited hundreds of her country's soldiers about to deploy to southern Lebanon, where they will join the U.N. force that is to maintain the cease-fire between Israel and Hezbollah.

In Paris, Chirac said it was important for the Lebanese government to assert control over its entire territory.

"It is totally normal there be a wing that expresses politically what the Hezbollah think .... What is questionable, is to express this by force, by armed militias," the French leader said in an interview on Europe-1 radio.

U.N. peacekeepers for the first time began checking security measures Monday on Lebanon's border with Syria, part of efforts to help the Lebanese army in monitoring sea and land borders to prevent arms shipments to Hezbollah.

The bulk of the 15,000-strong U.N. force is deploying in the south, and France — contributing the second-largest contingent of 2,000 soldiers — will command it until early next year, when Italy is to take over.

The U.N. cease-fire resolution that ended the 34-day war Aug. 14 stipulated Hezbollah eventually be disarmed, and Chirac said he wanted to see the resolution implemented "without reservations."

But in practice, neither the Lebanese army nor U.N. soldiers want to provoke a confrontation with the well-trained guerrillas in their southern heartland.

Along with the U.N. troops, who currently number 5,000, Lebanon's army is deploying 15,000 soldiers in the southern area that borders Israel.

"Our mission is to have a zone between the Blue Line and the Litani (River) where there is no illegal army and from which you cannot launch hostile acts," Pelligrini said, referring to the area between the U.N.-demarcated border with Israel and the river.

Hezbollah's leader, Sheik Hassan Nasrallah, said in an interview last week that Israel's monthlong offensive had failed to dismantle Hezbollah and boasted that his armed guerrillas were still in the towns and villages near the Israeli border.

Hezbollah fighters, who have controlled parts of southern Lebanon for years, are believed to be lying low and blending in with the local population — as they did before the war.

The weak central government in Lebanon has vowed to re-establish its authority over the Hezbollah stronghold in the south. But Western-backed Prime Minister Fuad Saniora has also made clear the Lebanese troops would not actively hunt for hidden Hezbollah arsenals.

Alliot-Marie told the French soldiers at a temporary base housing them in Beirut that they would be carrying out a mission "whose difficulties and risks I am aware of."

But she said their robust mandate and heavy armor, which includes Leclerc tanks, sophisticated Cobra radar systems and 155 mm howitzers, would deter aggression.

"To avoid clashes sometimes you have to dissuade (the other side) by demonstrating you are stronger," the minister said.

Some 900 French soldiers who have been staying in Beirut are to begin moving Tuesday to a base in Deir Kifa, east of the port of Tyre. The French deployment to southern Lebanon will take about a week; the first convoy will consist of 150 soldiers and four tanks.

China, meanwhile, said it will increase its peacekeeping force in Lebanon to 1,000.

More than 1,000 people died in the fighting between Hezbollah and Israel, most of them Lebanese civilians.

China Plans Peacekeeper, Aid Increases In Lebanon (WSJ/AP)

The Wall Street Journal, September 19, 2006

BEIJING -- Chinese Premier Wen Jiabao said yesterday that China will increase its peacekeeping force in Lebanon to 1,000 and double its pledge of humanitarian aid to the Middle Eastern country.

The peacekeeping commitment represents a substantial increase in China's presence in the United Nations force in Lebanon and underscores Beijing's growing strategic interest in the oil-rich Middle East.

Mr. Wen made the remarks at a news conference with visiting Italian Premier Romano Prodi, who also said his country was leaning toward supporting the end of a 17-year-old European Union ban on arms sales to China.

China's move to send more peacekeepers, Mr. Prodi said, "shows that China is assuming more and more international responsibility."

A permanent member of the U.N. Security Council for more than three decades, China has been slow to assume an active role in world politics and peacekeeping. The U.S. in particular has urged China to take a diplomatic profile that matches its growing economic clout world-wide.

China sent 182 peacekeepers to Lebanon at the start of the year -- its first peacekeeping contingent to the Middle East -- before the clashes in July and August between Israel and the Lebanon-based militant group Hezbollah.

In announcing the increase in peacekeepers, Mr. Wen said China hoped to see Lebanon achieve stability. Mr. Wen also said China would increase its humanitarian assistance to 40 million yuan ($5 million), half of which has already been provided to Lebanon.

Mr. Prodi's visit indicates a shift in Italian policy toward China from his predecessor, Silvio Berlusconi, who often blamed Chinese imports for Italy's weak economy. The two sides signed 15 agreements on trade, agriculture, medical care and cultural preservation. Details weren't available.

The weapons embargo, imposed after China's 1989 crackdown on the Tiananmen Square pro-democracy protests, has become a political sticking point in China's generally robust relations with the EU.

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Poland's President Wants Peace Role (AP)

By Monika Scislowska, Associated Press Writer

AP, September 19, 2006

Poland's president said Monday he wants his country to be an active broker of world peace and his government could send hundreds more troops than it has already pledged to a U.N. force in Lebanon.

Last week, Poland said it would increase its troop contribution to a NATO-led force in Afghanistan from about 100 now to 1,000 in February.

In an interview with The Associated Press in New York, President Lech Kaczynski criticized the European Union, which Poland joined in 2004, for its reluctance to commit more forcefully to peacekeeping missions around the world.

He said it was "one of Europe's maladies" that it was not able to muster the number of troops needed to quell conflicts.

"A union of 25 rich nations should not have trouble getting ready 100,000 well-trained and well-equipped troops," said Kaczynski, who was in New York to attend the U.N. General Assembly this week.

European nations were reluctant to heed the call of NATO's top commander, U.S. Gen. James L. Jones, for extra troops in Afghanistan. NATO has about 20,000 forces in Afghanistan, with almost half deployed in the southern provinces that are the heartland of the Taliban and Afghanistan's powerful opium gangs. Earlier this month, Jones called for extra troops to support the 8,000 British, Canadian, Dutch and American soldiers fighting in that region.

European countries were also slow to commit large forces to a beefed up U.N. peacekeeping force of 15,000 to patrol south Lebanon as part of a U.N.-brokered cease-fire that ended 34 days of fighting between Israel and Hezbollah this summer. France, which leads the force known as UNIFIL, initially disappointed the U.N. and other countries by saying it would merely double its contingent of 200 troops. Later, it committed to send 2,000 troops.

Poland now has about 200 troops in UNIFIL and has said it will raise that number to 500.

"In Lebanon, I do not exclude a possibility of increasing the mission by another 200, 300 troops in 2007," Kaczynski said in the interview. That could boost Poland's total forces in Lebanon to 800, he said.

Noting the strain the various conflicts are placing on the armed forces of this nation of 38 million, Kaczynski reiterated that the 900 Polish troops in south-central Iraq will serve in the U.S.-led coalition there until the end of 2007 "and no longer."

Despite NATO's call for reinforcements in Afghanistan, Kaczynski said Poland, an alliance member since 1999, cannot commit more than the 1,000 troops already pledged.

"No more troops can be sent to Afghanistan. We have declared the maximum that was taken into consideration," he said.

"We are everywhere where they need us," he added.

Kaczynski, whose identical twin brother, Jaroslaw Kaczynski, is the prime minister, also touched on other topics, noting that in Europe his views on issues like national values are sometimes misunderstood.

"I am aware that often, the things I say are not in line with the European correctness," he said. "Even more: I am ascribed views that are not really mine."

Kaczynski took office in December with a plege to ensure that Poland's traditional Roman Catholic values are not overshadowed by what he called the more liberal trends in Europe.

He has also been criticized for speaking against gay marriage. He says property and inheritance issues of gay couples can be settled by lawyers.

"I do not support the turning back of the wheel of history," Kaczynski said, adding that he is "not an enemy" of gay people.

Iranian Leader Urges More Papal Protests (AP-Y)

By Lee Keath, Associated Press Writer

AP, September 19, 2006

Al-Qaida in Iraq warned Pope Benedict XVI on Monday that its war against Christianity and the West will go on until Islam takes over the world, and Iran's supreme leader called for more protests over the pontiff's remarks on Islam.

Protests broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope.

Islamic leaders around the world issued more condemnations of the pope's comments, but some moderates in the Middle East appeared to be trying to put a damper on the outrage, fearing it could spiral into attacks on Christians in the region.

On Sunday, Benedict said he was "deeply sorry" over any hurt caused by his comments made in a speech last week, in which he quoted a medieval text characterizing some of the Prophet Muhammad's teachings as "evil and inhuman" and calling Islam a religion spread by the sword.

Benedict said the remarks came from a text that didn't reflect his own opinion, but he did not retract what he said or say he was sorry he uttered what proved to be explosive words.

The Vatican on Monday sought to defuse the anger, ordering papal representatives around the world to meet with leaders of Muslim countries to explain the pope's point of view and full context of his speech.

Roman Catholic leaders stepped forward to defend the pontiff. At an Italian bishops' conference, Cardinal Camillo Ruini underlined the bishops' "total closeness and solidarity to the pope" and said they deplored interpretations of the pope's comments "which attribute to the Holy Father ... errors that he has not committed and aim at attacking his person and his ministry."

Few in the Islamic world were satisfied by Benedict's statement of regret.

"The pope's words have caused a deep wound in the hearts of Muslims that won't heal for a long time, and then only after a clear apology to Muslims," Egypt's religious affairs minister, Mahmoud Hamdi Zaqzouq, wrote in a column in the government daily Al-Ahram on Monday.

An influential Egyptian cleric, Sheik Youssef al-Qaradawi, called for protests after weekly prayers on Friday, but maintained they should be peaceful.

Extremists said the pope's comments proved that the West was in a war against Islam.

Al-Qaida in Iraq and its allies said Muslims would be victorious and addressed the pope as "the worshipper of the cross," saying "you and the West are doomed as you can see from the defeat in Iraq, Afghanistan, Chechnya and elsewhere. ... We will break up the cross, spill the liquor and impose the 'jizya' tax, then the only thing acceptable is a conversion (to Islam) or (being killed by) the sword."

Islam forbids drinking alcohol and requires non-Muslims to pay the "jizya" tax, though those who convert are exempt. The tax, sometimes called a head tax, has not been imposed in Muslim nations in about 100 years, though Islamic militant groups have tried to force non-Muslims to pay it on a local level in some countries.

"You infidels and despots, we will continue our jihad (holy war) and never stop until God avails us to chop your necks and raise the fluttering banner of monotheism, when God's rule is established governing all people and nations," said the statement by the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups in Iraq.

Al-Qaida in Iraq said Muslims would be victorious and addressed the pope as "the worshipper of the cross" saying "you and the West are doomed as you can see from the defeat in Iraq, Afghanistan, Chechnya and elsewhere. ... We will break up the cross, spill the liquor and impose the 'jizya' tax, then the only thing acceptable is a conversion (to Islam) or (being killed by) the sword."

Islam forbids drinking alcohol and requires non-Muslims to pay the 'jizya' tax, though they were exempt if they converted to Islam.or early 20th century, though Islamic militant groups have tried to force non-Muslims to pay it on a local level in some countries.

Another Iraqi extremist group, Ansar al-Sunna, challenged "sleeping Muslims" to prove their manhood by doing something other than "issuing statements or holding demonstrations."

"If the stupid pig is prancing with his blasphemies in his house," the group said in a Web statement, referring to the pope, "then let him wait for the day coming soon when the armies of the religion of right knock on the walls of Rome."

In Iran, supreme leader Ayatollah Ali Khamenei used the comments to call for protests against the United States. He argued that while the pope may have been deceived into making his remarks, the words give the West an "excuse for suppressing Muslims" by depicting them as terrorists.

"Those who benefit from the pope's comments and drive their own arrogant policies should be targeted with attacks and protests," he said, referring to the United States.

The anger recalled the outrage earlier this year over cartoons depicting the prophet published by a Danish paper. The caricatures, which Muslims saw as insulting Muhammad, set off large, violent protests across the Islamic world.

So far, protests over the pope's comments have been smaller. However, there has been some violence: Attackers hurled firebombs at seven churches in the West Bank and Gaza Strip over the weekend, and a nun was shot to death in Somalia.

Some 200 Khamenei loyalists in the Syrian capital, Damascus, held a protest Monday at an Islamic shrine, dismissing the pope's apology. "The pope's sorrow was equivocal," read one banner.

Dozens protested outside the Vatican Embassy in Jakarta, Indonesia, and schools and shops in the Indian-controlled section of Kashmir shut their doors in protest.

"His comments really hurt Muslims all over the world," Umar Nawawi of the radical Islamic Defenders' Front said in Jakarta. "We should remind him not to say such things which can only fuel a holy war."

Islamic countries also asked the U.N. Human Rights Council to examine the question of religious tolerance. Malaysia's foreign minister, Syed Hamid Albar, said Benedict's apology was "inadequate to calm the anger."

In Egypt, the Muslim Brotherhood said the anger should not be allowed to hurt ties with the Middle East's Christian minorities. But worries among Christians in the region are high.

Guards have been posted around some churches, and the head of Egypt's Orthodox Coptic Church, Pope Shenouda III, disassociated himself from Benedict's statements.

The Dominican mission in Cairo also criticized Benedict's words, saying he chose a text for his speech that "revived the polemics of the past."

"These comments, seen by many Muslims as hurtful, risk encouraging extremists on all sides," it said in a statement, "and put in danger all the advances in dialogue made in recent decades."

Muslim Anger Spreads To South Asia (WT)

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The Washington Times, September 19, 2006

Extremists called yesterday for an Islamic army to march on Rome because of remarks by Pope Benedict XVI, while a well-known Muslim firebrand said in London that the pontiff should face "capital punishment."

Elsewhere, Iran's supreme leader called for more protests over the pontiff's remarks and protests broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope.

In London, police increased patrols near churches and began an inquiry into remarks by Anjem Choudhary, a well-known extremist who had called at a rally outside Westminster Cathedral on Sunday for the pope to be "executed."

The 39-year-old lawyer also had organized a rally earlier this year sparked by cartoons in a Danish newspaper at which some protesters carried placards declaring "Behead Those Who Insult Islam."

"Non-Muslims must ... understand that there may be serious consequences if you insult Islam and the prophet," Mr. Choudhary was quoted as saying on Sunday by the Daily Mail. "Whoever insults the message of Muhammad is going to be subject to capital punishment."

In Iraq yesterday, the extremist group Ansar al-Sunna challenged "sleeping Muslims" to prove their manhood by doing something other than "issuing statements or holding demonstrations."

"If the stupid pig is prancing with his blasphemies in his house," the group said of the pope in a Web statement, "then let him wait for the day coming soon when the armies of the religion of right knock on the walls of Rome."

The protests over the pope's comments have been smaller than those that broke out over cartoons of the prophet Muhammad, but there have been several instances of violence.

Attackers hurled firebombs at seven churches in the West Bank and Gaza Strip over the weekend. The fatal shooting of a nun Sunday in Somalia also could be linked to the dispute.

Extremists said the pope's comments proved that the West is waging a war with Islam.

Al Qaeda in Iraq and its allies issued a statement calling the pope "a cross-worshipper" and warning, "You and the West are doomed, as you can see from the defeat in Iraq, Afghanistan, Chechnya and elsewhere.

"You infidels and despots, we will continue our jihad [holy war] and never stop until God avails us to chop your necks and raise the fluttering banner of monotheism, when God's rule is established governing all people and nations," said the statement by the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups in Iraq.

In Iran, supreme leader Ayatollah Ali Khamenei called for anti-U.S. demonstrations. He argued that although the pope may have been deceived into making his remarks, the words give the West an "excuse for suppressing Muslims" by depicting them as terrorists.

"Those who benefit from the pope's comments and drive their own arrogant policies should be targeted with attacks and protests," he said, referring to the United States.

President Bush yesterday tried to calm the Muslim world during a 50-minute meeting in New York with Malaysian Prime Minister Abdullah Ahmad Badawi.

"The president noted that the pope had made some apologies for his remarks, and the president believed that the pope was sincere in those remarks," said Dennis Wilder, senior director for East Asian affairs at the National Security Council.

Mr. Badawi "accepted the president's position on the subject," Mr. Wilder added. Malaysia's foreign minister has said the pope's words of explanation had been insufficient.

On Sunday, Benedict said he was "deeply sorry" about any hurt caused by a speech last week in which he quoted a medieval text characterizing some of the prophet Muhammad's teachings as "evil and inhuman" and calling Islam a religion spread by the sword.

The Vatican yesterday ordered papal representatives around the world to meet with leaders of Muslim countries to explain the pope's point of view and the full context of his speech.

cStaff writer Stephen Dinan contributed to this report from New York.

Pope's Regrets Over Statement Fail To Quiet A Storm Of Protests (NYT)

By Ian Fisher

The New York Times, September 19, 2006

ROME, Sept. 18 — Many Muslims insisted Monday that Pope Benedict XVI did not go far enough in his apology on Sunday for the offense caused by a speech he gave last week that discussed Islam and holy war.

In the southern Iraqi city of Basra, protesters burned an effigy of the pope, and an Iraqi group linked to Al Qaeda posted a warning on a Web site threatening war against "worshipers of the cross."

The supreme leader in Iran, Ayatollah Ali Khamenei, called the pope's remarks "the latest link" in the "chain of conspiracy to set off a crusade."

And, as a Vatican official said its ambassadors would seek to better explain the pope's statement, a Turkish man with a fake gun tried to storm a Protestant church in Turkey's capital, Ankara. He was arrested after worshipers trapped him in the church entryway.

Apart from the continuing anger at the pope's speech, in which he cited a medieval passage that called Islam "evil and inhuman," the debate on Monday seemed to turn on whether the pope had actually apologized.

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Many Muslims — and some Catholics — noted that he had said only that he was sorry for the reaction that fanned out across the Muslim world. He did not say he had been wrong to have used the quotations.

"You either have to say 'I'm sorry' in a proper way or don't say it at all," said Mehmet Aydin, a state minister in Turkey, which Benedict is scheduled to visit in November in his first trip to a Muslim country.

But other Muslims either accepted the pope's statement or called it the best they would get.

"The pope has apologized, and that's enough, so let's calm down," said Hasyim Muzadi, head of Indonesia's largest Islamic organization, Nahdlatul Ulama. "If we remain furious, then the pope will be proved correct."

Turkey's most senior Muslim cleric, Ali Bardakoglu, who had been among the most strident in his criticism of the pope, said, "His expression of sadness is a sign that he would work for world peace."

The Muslim Council in Britain called the pope's words "exactly the reassurance many Muslims were looking for."

Benedict ignited a firestorm of protest last week in a speech he made at Regensburg University in Germany. The speech was largely a scholarly address criticizing the West for submitting itself too much to reason, and shutting belief in God out of science and philosophy.

But he began by recounting a discussion of Christianity and Islam between a 14th-century Byzantine Christian emperor, Manuel II Paleologus, and a Persian scholar.

"He said, I quote, 'Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached,' " the pope said.

Benedict also briefly considered the Islamic concept of jihad, which he defined as "holy war," and said that violence in the name of religion was contrary to God's nature and to reason.

In the speech, Benedict did not say whether he agreed with the quotations he cited. But on Sunday he delivered a rare papal expression of regret, saying, "These were in fact quotations from a medieval text, which do not in any way express my personal thought."

He said his address had been "an invitation to frank and sincere dialogue, with great mutual respect."

Several Christian leaders were quoted Monday defending the pope, saying that his words had been misunderstood by the news media.

"We are faced with a media-driven phenomenon bordering on the absurd," Cardinal Jean-Marie Lustiger, the former archbishop of Paris, told Le Monde. "If the game consists in unleashing the crowd's vindictiveness on words that it has not understood, then the conditions for dialogue with Islam are no longer met."

The Most Rev. Rowan Williams, who as archbishop of Canterbury is the leader of the world's Anglicans, told the BBC, "The pope has already issued an apology, and I think his views on this need to be judged against his entire record, where he has spoken very positively about dialogue" between faiths.

Bush Discusses Flap Over Pope's Remarks (AP)

By Deb Riechmann

AP, September 19, 2006

President Bush on Monday tried to soothe Muslims' outrage over Pope Benedict XVI's remarks about Islam.

Bush addressed the issue during his meeting Monday with the prime minister of Malaysia.

"The president noted that the pope had made some apologies for his remarks and the president believed that the pope was sincere in those remarks and that's where the discussion was left," Dennis Wilder, senior director for East Asian affairs for the National Security Council, told reporters during a briefing on the meeting held on the sidelines of the U.N. General Assembly.

Benedict has said he "sincerely regrets" offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as "evil and inhuman."

But the statement stopped short of the apology demanded by Islamic leaders around the globe, and anger among Muslims remained intense.

Malaysian Prime Minister Abdullah Ahmad Badawi, whose Southeast Asian nation has a large Muslim population, demanded that Benedict retract his remarks and not "take lightly the spread of outrage that has been created."

Asked how the prime minister reacted to Bush's comments, Wilder said only that the prime minister "accepted the president's position on the subject."

Pope Provocateur (WSJ)

By Bret Stephens

The Wall Street Journal, September 19, 2006

Five days: That's how long it took Pope Benedict XVI to express regret for all the offense caused by his speech last week at the University of Regensburg, in his native Bavaria. But maybe his apology -- on Sunday, he said he was "deeply sorry for the reactions in some countries to a few passages in my address" -- was as sly as the speech itself.

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That speech deserves to be read in its totality, and not simply as the spark that set fire to churches across the West Bank because some Muslim fanatics object to the suggestion that there is too much violence in their religion. And yes: Contrary to nervous Vatican disclaimers, Benedict plainly implies that Islam is a faith of the sword, though he makes the point abstrusely, in the form of an anecdote about the late-14th-century Byzantine emperor Manuel II Paleologus.

But that is neither the central theme of the address nor the main purpose of the anecdote. Benedict begins by recalling his own days as a professor at the university, when every semester faculty members from every department would convene before the student body, "making possible," he says, "a genuine experience of universitas." He goes on to note that the faculty included believers and unbelievers alike: "This profound sense of coherence within the universe of reason was not troubled even when it was once reported that a colleague had said there was something odd about our university: It had two faculties devoted to something that did not exist -- God."

That is the immediate prologue to the story he tells about a conversation between the "erudite" Byzantine emperor and an "educated Persian" in the winter of 1391. In it, the emperor condemns the notion of holy war, calling it "evil and inhuman." This is the line in the speech that inspires the current controversy. Yet the emperor's point -- and the Pope's -- is that "God is not pleased by blood. . . . Whoever would lead someone to faith needs the ability to speak well and to reason properly, without violence and threats."

This story, and Benedict's personal recollections that precede it, have something in common: Both involve dialogue between men of radically different beliefs. The dialogue is possible, Benedict suggests, because despite their differences the respective sides are bound by a "single rationality," capable of inquiring broadly into all fields of knowledge, including the "reasonableness of faith." The more important point for Benedict, however, is that genuine dialogue is possible only if there is a shared conviction among the speakers that the alternatives to dialogue -- violence, forced conversion and so on -- are "contrary to God's nature."

These reflections lead Benedict to a much graver indictment of Islam: "For Muslim teaching," he says, "God is absolutely transcendent. His will is not bound up with any of our categories, even that of rationality." Citing the 11th century polymath Ibn Hazm, Benedict adds that in Islam, "God is not bound even by his own word."

Let's play that again, since the rest of the media failed to notice: Pope Benedict suggests that the God of Mohammad is, or may seem to humans to be, "not even bound to truth and goodness." Who knows whether that really reflects a consensus view down the ages among Muslim theologians -- Benedict makes his case about Islam by citing one scholar who cites another scholar who cites another. The more interesting question is why Benedict goes out of his way to use Islam as an example, since he also warns against similar tendencies toward insisting on God's radical "otherness" within the Catholic tradition itself. So why can't he simply illustrate the controversies of faith without going outside the boundaries of his own?

In fact, Benedict saves his sharpest barbs for non-Muslim targets: Protestantism, which seeks a "primordial" form of faith; liberal theology, which reduces Jesus to "the father of a humanitarian moral message"; scientific rationalism, the ethics of which are "simply inadequate" to answer the "specifically human questions about our origin and destiny"; and what might be called Catholic pluralism, a culturally adaptive notion of the faith that Benedict denounces as "false" and "coarse."

These aren't mere provocations. There is an overarching philosophical architecture to Benedict's critique, expressed in the notion of the "de-Hellenization of Christianity." Christianity, in his view, is shaped and defined by the great dialogue between Athens and Jerusalem, reason and revelation. When the Apostle John says "In the beginning was the Word," the "word," literally, is logos -- which is reason, or argument. This, according to Benedict, expresses "the intrinsic necessity of a rapprochement between Biblical faith and Greek inquiry."

That rapprochement -- a triumph of dialogue -- lies at the heart of Benedict's theology: Strip faith from reason (as scientific rationalism does), or reason from faith (as Protestant literalism does), and "it is man himself who ends up being reduced."

There is a political subtext. Precisely in the middle of his speech, the Pope describes the convergence of faith and philosophy as decisive to the character of "what can rightly be called Europe." He does not mention Europe again, nor, except obliquely, Islam. But near the end of his speech he warns that the "exclusion of the divine from the universality of reason" may be seen by other cultures "as an attack on their most profound convictions." "Reason which is deaf to the divine," he adds, "is incapable of entering into the dialogue of cultures."

A Europe that cannot understand its own religion, except as a form of subjective irrationalism, cannot possibly engage another. A Christianity that voluntarily recuses itself from reason cannot sustain a belief in the goodness of its convictions, to say nothing of its truth. A West that abandons a critical dialogue between faith and rational inquiry ceases to be the West. It becomes, in a peculiar way, guilty of the same errors Benedict accuses Islam of making. This is the Pope's teaching, and it requires no apology. Notice that he offers none.

Benedict The Brave (WSJ)

The Wall Street Journal, September 19, 2006

It's a familiar spectacle: furious demands for an apology, threats, riots, violence. Anything can trigger so-called Muslim fury: a novel by a British-Indian writer, newspaper cartoons in a small Nordic country or, this past week, a talk on theology by the head of the Roman Catholic Church.

In a lecture on "Faith and Reason" at the University of Regensburg in Germany, Benedict XVI cited one of the last emperors of Byzantium, Manuel II Paleologus. Stressing the 14th-century emperor's "startling brusqueness," the pope quoted him as saying: "Show

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me just what Mohammed brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Taken alone, these are strong words. However, the pope didn't endorse the comment that he twice emphasized was not his own. No matter. As with Salman Rushdie's "Satanic Verses," which millions of outraged Muslims didn't bother to read (including Ayatollah Khomeini, who put the bounty on the novelist's life), what Benedict XVI meant or even said isn't the issue. Once again, many Muslim leaders are inciting their faithful against perceived slights and trying to proscribe how free societies discuss one of the world's major religions.

Several Iraqi terrorist groups called for attacks on the Vatican. A cleric linked to Somalia's ruling Islamist movement urged Muslims to "hunt down" and kill the pope. In an apparently linked attack Sunday in Mogadishu, a nun was gunned down in a children's hospital. Pakistan's parliament unanimously adopted a resolution condemning the pontiff and demanding an apology.

Under pressure and no doubt to stop any further violence, the pope on Sunday did so. "I am deeply sorry for the reactions in some countries to a few passages of my address . . . which were considered offensive to the sensibility of Muslims," he told pilgrims at his Castelgandolfo summer residence. The quote doesn't "in any way express my personal thought. I hope this serves to appease hearts."

It was a gracious gesture on the pope's part, especially because his original argument deserves to be heard, not least by Muslims. The offending quotation was a small part in a chain of argument that led to his main thesis about the close relationship between reason and belief. Without the right balance between the two, the pontiff said, mankind is condemned to the "pathologies and life-threatening diseases associated with religion and reason" -- in short, political and religious fanaticism.

In Christianity, God is inseparable from reason. "In the beginning was the Word," the pope quotes from the Gospel according to John. "God acts with logos. Logos means both reason and word," he explained. "The inner rapprochement between Biblical faith and Greek philosophical inquiry was an event of decisive importance not only from the standpoint of history of religions, but also from that of world history. . . . This convergence, with the subsequent addition of the Roman heritage, created Europe."

The question raised by the pope is whether this convergence has taken place in Islam as well. He quotes the Lebanese Catholic theologist Theodore Khoury, who said that "for Muslim teaching, God is absolutely transcendent, his will is not bound up with any of our categories." If this is true, can there be dialogue at all between Islam and the West? For the pope, the precondition for any meaningful interfaith discussions is a religion tempered by reason: "It is to this great logos, to this breadth of reason, that we invite our partners in the dialogue of cultures," he concluded.

This is not an invitation to the usual feel-good interfaith round-tables. It is a request for dialogue with one condition -- that everyone at the table reject the irrationality of religiously motivated violence. The pope isn't condemning Islam; he is inviting it to join rather than reject the modern world.

By their reaction to the pope's speech, some Muslim leaders showed again that Islam has a problem with modernity that is going to have to be solved by a debate within Islam. The day Muslims condemn Islamic terror with the same vehemence they condemn those who criticize Islam, an attempt at dialogue -- and at improving relations between the Western and Islamic worlds -- can begin.

Pope: Wrong Words, Right Concern (LAT)

The Los Angeles Times, September 19, 2006

CONTRARY TO POPULAR BELIEF, the Roman Catholic Church does not hold that the pope is infallible in everything he says. Pope Benedict XVI underscored that doctrinal fine point Sunday when he said he was "deeply sorry" about the controversy concerning his recent comments about Islam.

Attenuated as it was, the apology was in order because the pope's error was significant. Speaking last week in Germany, he quoted a 14th century Byzantine emperor who said that the prophet Muhammad was responsible for "things only evil and inhuman, such as his command to spread by the sword the faith he preached." On Sunday, Benedict insisted that such denunciations of Islam "do not in any way express my personal thought."

Then why cite them? At a time when Osama bin Laden and other Islamic militants are portraying the United States and other Western nations as Crusaders, the pope should have known better.

Forced conversions are not unique to Islam. Nobody on "Monty Python's Flying Circus" may have expected the Spanish Inquisition, but anyone familiar with the history of Christianity knew that the pope's comments would inspire tit-for-tat citations of that shameful institution and other examples of the traditional Christian view, repudiated by the Second Vatican Council, that "error has no rights."

Not just Roman Catholics but other Christians through the centuries have imposed the faith by the sword or through legal penalties. Catholics were persecuted by Protestant monarchs in England and remained second-class citizens until the 19th century. To this day England has an established church, though Christianity obviously doesn't govern public policy in that country the way Islam does in some Middle Eastern countries.

Intolerance is and always has been an occupational hazard for the preacher of any perceived divine revelation. That said, Christianity in many of its manifestations has moved beyond intimidation. In 1965, Vatican II declared that "the human person has a right to religious freedom" and must be "immune from coercion" in matters of faith.

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Even some Muslims acknowledge that Islam often has not made the same accommodation to freedom of conscience. The pope may object to the portrait of Catholicism in "The Da Vinci Code," but he has not threatened the life of author Dan Brown. When Salman Rushdie's "The Satanic Verses" was published, the Ayatollah Ruhollah Khomeini issued a fatwa calling on devout Muslims to kill the Anglo-Indian author. The armchair academic explanation for this disparity is that, however reluctantly, much of Christianity has made peace with the Enlightenment, while much of Islam has not.

That seems to have been the larger point that Benedict was trying to make in Germany, where he began his career as a university professor. The problem is that he isn't a professor now; he's the pope. And although they may be infallible when it comes to faith and morals, popes need to watch their words when they have political consequences.

We Need A Real Dialogue (WP)

By E. J. Dionne Jr.

The Washington Post, September 19, 2006

I was tempted to defend Pope Benedict XVI's comments about Islam on the grounds that we journalists always profess to admire leaders who take risks to say what they really think. In a lecture last week in Germany, Benedict said what he really thought.

The irony is that the pontiff's comments came in an address that took Islam and all other religious faiths more seriously than do many of the pope's secular critics. The whole point of the talk, after all, was to defend the rationality of faith in God.

But there is no getting around it: The pope made a big mistake, creating problems for himself, his church and the West. He spoke in the voice of the academic theologian he once was and not as the leader of one of the world's great religions. Being pope is very different from being Professor Joseph Ratzinger.

In the controversial passage, Benedict recalls a dialogue between "the erudite Byzantine emperor Manuel II Paleologus and an educated Persian on the subject of Christianity and Islam."

The emperor -- "with a startling brusqueness, a brusqueness which leaves us astounded," the pope noted, according to the Vatican's translation -- had this to say: "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

The pope didn't leave it there. He added that the "emperor . . . goes on to explain in detail the reasons why spreading the faith through violence is something unreasonable. Violence is incompatible with the nature of God and the nature of the soul."

What went wrong here? First, if you read his intellectually interesting lecture, you'll see the passage on Islam was not truly essential to the pope's argument. Indeed, he argued at least as strongly against a liberal Christianity in which "the subjective 'conscience' becomes the sole arbiter of what is ethical" and in which Jesus is reduced to being "the father of a humanitarian moral message." (Those quotation marks around the word "conscience" reflect the pope's skepticism of individual moral choice unguided by the church's teachings.) But then why did Benedict take his shot at Islam? And why didn't he pause to acknowledge that at various moments in history, Christians, including Catholics, have themselves been guilty of inappropriate uses of violence?

Pope John Paul II probably would have agreed broadly with Benedict's theological argument. But John Paul saw himself as a leader of a universal church with serious political responsibilities.

I suspect that John Paul, who was always keener on interreligious dialogue than Benedict, would either have cut the passage about Islam or developed it in a way that wouldn't have required the elaborate not-quite-an-apology Benedict issued on Sunday. (Benedict said the words of the "medieval text" he quoted "do not in any way express my personal thought.") John Paul understood that the growth of Christianity requires religious liberty in nations where Christians are a minority. No institution has more of an interest in religious toleration and a sense of interreligious comradeship than the Catholic Church.

Benedict's defenders have a point when they question whether his comments fully justify the explosion against him in the Muslim world. A significant number of Muslim religious leaders have said some harsh things about Christians, Jews and Western secularists in recent years. Would that all of Benedict's Muslim critics were as critical of anti-Christian or anti-Jewish statements from their own side.

But that is precisely why all who are hoping for a liberalized Islam should take Benedict to task, and why he needs to use that great intellect of his to move this discussion in a different direction.

The many Muslims who reject the idea that their faith should be "spread by the sword" will not see their cause advanced by Westerners who take us back to arguments rooted in an era when Christianity and Islam were literally at sword's point. We should all struggle to interpret our respective traditions in ways that enhance toleration and respect. Muslims who take risks on behalf of religious freedom need to know that non-Muslims are willing to engage with the best and not just the most extreme currents of Islamic thought.

Benedict made a good point when he said: "A reason which is deaf to the divine and which relegates religion into the realm of subcultures is incapable of entering into the dialogue of cultures."

It's true that Westerners who reject religion altogether may have trouble opening an authentic dialogue with Muslims. But religious dialogue will not progress very far if it starts off with a slap in the face.

Enough Apologies (WP)

By Anne Applebaum

DOJ_NMG_0065655

The Washington Post, September 19, 2006

Already, angry Palestinian militants have assaulted seven West Bank and Gaza churches, destroying two of them. In Somalia, gunmen shot dead an elderly Italian nun. Radical clerics from Qatar to Qom have called, variously, for a "day of anger" or for worshipers to "hunt down" the pope and his followers. From Turkey to Malaysia, Muslim politicians have condemned the pope and called his apology "insufficient." And all of this because Benedict XVI, speaking at the University of Regensburg, quoted a Byzantine emperor who, more than 600 years ago, called Islam a faith "spread by the sword." We've been here before, of course. Similar protests were sparked last winter by cartoon portrayals of Muhammad in the Danish press. Similar apologies resulted, though Benedict's is more surprising than those of the Danish government. No one, apparently, can remember any pope, not even the media-friendly John Paul II, apologizing for anything in such specific terms: not for the Inquisition, not for the persecution of Galileo and certainly not for a single comment made to an academic audience in an unimportant German city.

But Western reactions to Muslim "days of anger" have followed a familiar pattern, too. Last winter, some Western newspapers defended their Danish colleagues, even going so far as to reprint the cartoons -- but others, including the Vatican, attacked the Danes for giving offense. Some leading Catholics have now defended the pope -- but others, no doubt including some Danes, have complained that his statement should have been better vetted, or never given at all. This isn't surprising: By definition, the West is not monolithic. Left-leaning journalists don't identify with right-leaning colleagues (or right-leaning Catholic colleagues), and vice versa. Not all Christians, let alone all Catholics -- even all German Catholics -- identify with the pope either, and certainly they don't want to defend his every scholarly quotation.

Unfortunately, these subtle distinctions are lost on the fanatics who torch embassies and churches. And they may also be preventing all of us from finding a useful response to the waves of anti-Western anger and violence that periodically engulf parts of the Muslim world. Clearly, a handful of apologies and some random public debate -- should the pope have said X, should the Danish prime minister have done Y -- are ineffective and irrelevant: None of the radical clerics accepts Western apologies, and none of their radical followers reads the Western press. Instead, Western politicians, writers, thinkers and speakers should stop apologizing -- and start uniting.

By this, I don't mean that we all need to rush to defend or to analyze this particular sermon; I leave that to experts on Byzantine theology. But we can all unite in our support for freedom of speech -- surely the pope is allowed to quote from medieval texts -- and of the press. And we can also unite, loudly, in our condemnation of violent, unprovoked attacks on churches, embassies and elderly nuns. By "we" I mean here the White House, the Vatican, the German Greens, the French Foreign Ministry, NATO, Greenpeace, Le Monde and Fox News -- Western institutions of the left, the right and everything in between. True, these principles sound pretty elementary -- "we're pro-free speech and anti-gratuitous violence" -- but in the days since the pope's sermon, I don't feel that I've heard them defended in anything like a unanimous chorus. A lot more time has been spent analyzing what the pontiff meant to say, or should have said, or might have said if he had been given better advice.

All of which is simply beside the point, since nothing the pope has ever said comes even close to matching the vitriol, extremism and hatred that pour out of the mouths of radical imams and fanatical clerics every day, all across Europe and the Muslim world, almost none of which ever provokes any Western response at all. And maybe it's time that it should: When Saudi Arabia publishes textbooks commanding good Wahhabi Muslims to "hate" Christians, Jews and non-Wahhabi Muslims, for example, why shouldn't the Vatican, the Southern Baptists, Britain's chief rabbi and the Council on American-Islamic Relations all condemn them -- simultaneously?

Maybe it's a pipe dream: The day when the White House and Greenpeace can issue a joint statement is surely distant indeed. But if stray comments by Western leaders -- not to mention Western films, books, cartoons, traditions and values -- are going to inspire regular violence, I don't feel that it's asking too much for the West to quit saying sorry and unite, occasionally, in its own defense. The fanatics attacking the pope already limit the right to free speech among their own followers. I don't see why we should allow them to limit our right to free speech, too.

A Challenge, Not A Crusade (NYT)

By John L. Allen Jr.

The New York Times, September 19, 2006

SEEN in context, Pope Benedict XVI's citation last week of a 14th-century Byzantine emperor who claimed that the Prophet Muhammad brought "things only evil and inhuman" to the world was not intended as an anti-Islamic broadside. The pope's real target in his lecture at the University of Regensburg, in Germany, was not Islam but the West, especially its tendency to separate reason and faith. He also denounced religious violence, hardly a crusader's sentiment.

The uproar in the Muslim world over the comments is thus to some extent a case of "German professor meets sound-bite culture," with a phrase from a tightly wrapped academic argument shot into global circulation, provoking an unintended firestorm.

In fact, had Benedict wanted to make a point about Islam, he wouldn't have left us guessing about what he meant. He's spoken and written on the subject before and since his election as pope, and a clear stance has emerged in the first 18 months of his pontificate. Benedict wants to be good neighbors, but he's definitely more of a hawk on Islam than was his predecessor, John Paul II.

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The new pope is tougher both on terrorism and on what the Vatican calls "reciprocity" — the demand that Islamic states grant the same rights and freedoms to Christians and other religious minorities that Muslims receive in the West. When Benedict said in his apology on Sunday that he wants a "frank and sincere dialogue," the word "frank" was not an accident. He wants dialogue with teeth.

Roman Catholicism under Benedict is moving into a more critical posture toward Islamic fundamentalism. That could either push Islam toward reform, or set off a global "clash of civilizations" — or, perhaps, both.

Personally, Benedict's graciousness toward Muslims is clear. For example, when Ayatollah Mohammad Emami Kashani, a member of the powerful Guardian Council in Iran, wrote a book comparing Islamic and Christian eschatological themes in the 1990's, Benedict, then Cardinal Joseph Ratzinger, swapped theological ideas with him in the Vatican.

Immediately after his installation Mass last year, Benedict thanked Muslims for attending an inter-faith meeting. "I express my appreciation for the growth of dialogue between Muslims and Christians," he said. "I assure you that the church wants to continue building bridges of friendship with the followers of all religions."

Yet Benedict has also challenged what he sees as Islam's potential for extremism, grounded in a literal reading of the Koran. In a 1997 interview with me, he said of Islam, "One has to have a clear understanding that it is not simply a denomination that can be included in the free realm of pluralistic society."

In the same interview, he accused some Muslims of fomenting a radical "liberation theology," meaning a belief that God approves of violence to achieve liberation from Israel. He also said he opposed Turkey's candidacy to enter the European Union, arguing that it is "in permanent contrast to Europe" and suggesting that it play a leadership role among Islamic states instead.

Thus it's no surprise that Benedict has struck a different tone from his predecessor. John Paul met with Muslims more than 60 times, and during a 2001 trip to Syria became the first pope to enter a mosque. He reached out to Islamic moderates. He talked of Muslims and Jews along with Christians as the three "sons of Abraham." And he condemned injustices thought to be at the root of Islamic terrorism.

Desire for a more muscular stance, however, has been building among Catholics around the world for some time. In part, it has been driven by persecution of Christians in the Islamic world, like the murder of an Italian missionary, the Rev. Andrea Santoro, in Trabzon, Turkey, in February. A 16-year-old Turk fired two bullets into Father Santoro, shouting "God is great." But perhaps the greatest driving force has been the frustrations over reciprocity. To take one oft-cited example, while Saudis contributed tens of millions of dollars to build Europe's largest mosque in Rome, Christians cannot build churches in Saudi Arabia. Priests in Saudi Arabia cannot leave oil-industry compounds or embassy grounds without fear of reprisals from the mutawa, the religious police. The bishop of the region recently described the situation as "reminiscent of the catacombs."

The pope is sympathetic to these concerns, as several developments at the Vatican have made clear.

At a meeting with Muslims in Cologne, Germany, last summer, Benedict urged joint efforts to "turn back the wave of cruel fanaticism that endangers the lives of so many people and hinders progress toward world peace."

On Feb. 15, he removed Archbishop Michael Fitzgerald, who had been John Paul's expert on Islam, as the president of the Pontifical Council for Interreligious Dialogue, sending him to a diplomatic post in Egypt. Archbishop Fitzgerald was seen as the Vatican's leading dove in its relationship with Muslims.

That same month, Bishop Rino Fisichella, the rector of Rome's Lateran University and a close papal confidant, announced it was time to "drop the diplomatic silence" about anti-Christian persecution, and called on the United Nations to "remind the societies and governments of countries with a Muslim majority of their responsibilities."

In March, Cardinal Camillo Ruini, the pope's vicar for Rome, voiced doubts about calls to teach Islam in Italian schools, saying he wanted assurance that doing so "would not give way to a socially dangerous kind of indoctrination."

And on March 23, Benedict summoned his 179 cardinals for a closed-doors business session. Much conversation turned on Islam, according to participants, and there was agreement over taking a tougher stance on reciprocity.

Through his statements and those of his proxies, Benedict clearly hopes to stimulate Islamic leaders to express their faith effectively in a pluralistic world. The big question is whether it will be received that way, or whether it simply reinforces the conviction of jihadists about eternal struggle with the Christian West.

Bush To Name Envoy For Darfur (WP)

By Colum Lynch And Glenn Kessler, Washington Post Staff Writers

The Washington Post, September 19, 2006

Natsios Will Lead U.S. Effort to Quell the Violence in Sudan

UNITED NATIONS, Sept. 18 -- President Bush has decided to name Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur in the hope of reviving a diplomatic effort to end a 3 1/2 -year spree of violence in Sudan that has left hundreds of thousands dead, according to senior administration officials.

Bush is expected to announce Natsios's appointment Tuesday in a speech to world leaders at the U.N. General Assembly. The initiative follows increasing pressure from Congress and human rights advocates to do more to halt what the Bush administration has termed the world's only ongoing case of genocide.

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Secretary of State Condoleezza Rice and Danish Foreign Minister Per Stig Moller on Monday invited counterparts from nearly two dozen governments to participate in a high-level meeting on Darfur at the Waldorf-Astoria Hotel on Friday afternoon.

Rice and British Prime Minister Tony Blair also have appealed to senior Chinese officials in recent days to pressure the Sudanese capital, Khartoum, to allow a U.N. peacekeeping force of nearly 20,000 troops into the Darfur region. China, a major consumer of Sudanese oil, has routinely resisted efforts by the United States to persuade the U.N. Security Council to punish Khartoum for its role in the violence.

John R. Bolton, the U.S. ambassador to the United Nations, said the United States is planning to introduce a new Security Council resolution aimed at expanding a U.N. peacekeeping force in southern Sudan into Darfur. The U.N. group would replace 7,000 African Union peacekeepers who have struggled with few resources and limited success to stem the bloodshed in Darfur.

African leaders will meet Wednesday in New York to decide whether to extend the AU's mandate, which is set to expire on Sept. 30. The United States and the United Nations are pressing the Africans to remain in Darfur in the hope that Khartoum will ultimately agree to invite the U.N. blue helmets.

The conflict in Darfur began in February 2003 when two Darfurian rebel groups took up arms against the Islamic government in Khartoum, claiming mistreatment of the region's primarily black tribes.

Sudan responded by arming, equipping and supporting Arab militias, known as the Janjaweed, that attacked thousands of villages suspected of supporting the rebels. The attacks have driven more than 2 million people from their homes.

The U.N. special representative to Sudan, Jan Pronk of the Netherlands, declared Monday that the U.S.-brokered peace agreement "is nearly dead. It is in a coma. It ought to be under intensive care, but it isn't." He said fighting has flared up again, with the Sudanese government again launching a major military offensive and a growing number of rebel factions vying for power.

The spiraling violence has heightened criticism of the Bush administration's handling of the Darfur crisis two years after then-Secretary of State Colin L. Powell first called the killing there a genocide.

It has also spurred bipartisan congressional support for greater international action in Darfur. Sens. Barbara Boxer (D-Calif.) and Norm Coleman (R-Minn.) visited the United Nations on Monday, meeting with Sudan's ambassador to press for greater international scrutiny of the atrocities in Darfur.

But Bush had resisted international calls for a special envoy. By selecting Natsios, the administration has chosen a blunt representative with considerable backing among the American aid community and a long record of butting heads with the Sudanese over the delivery of humanitarian assistance.

When Powell traveled to Darfur in July 2004, he was accompanied by Natsios, then USAID administrator. As the plane flew over the blackened remains of ravaged villages, Natsios described his dismay at the Sudanese government in a stream of expletives.

"I think he won't be fooled by these guys," said John Prendergast of the International Crisis Group, a sharp critic of the Bush administration's Darfur policy.

Still, some U.N. officials privately expressed concern that Natsios may pursue a confrontational approach that will harden Khartoum's opposition to a U.N. force in Darfur.

Pronk, meanwhile, joined the British government in proposing that the international community consider offering Sudan a series of incentives -- including debt relief, the lifting of sanctions and greater trade access to Western markets -- in exchange for cooperating with U.N. peace efforts. He also scolded Sudan's leaders for describing U.N. peacekeepers as a Western invasion force. "We do not intend to recolonize, nor are we laying the carpet for others to do so," he said.

Staff writer Michael Abramowitz contributed to this report.

Take The Lead On Darfur (NYT)

The New York Times, September 19, 2006

President Bush will face a tough, and in many cases hostile, crowd when he addresses the United Nations General Assembly today. The mayhem in Iraq, his flouting of the Geneva Conventions, the hectoring tone of his previous appearances will all make it much harder for him to elicit the respect or even the full attention that any American president should command.

Still, Mr. Bush could make a difference if he threw aside his usual script, devoted this speech to the horrors of Darfur, and committed himself personally to stopping the genocide.

The tally of human suffering should make even the most jaded listener take notice: at least 200,000 dead and two million more driven from their homes by three years of rape and mutilation led by Sudanese troops and their proxy Arab militias.

Mr. Bush must leave no doubt who is most responsible. Sudan's president, Omar Hassan al-Bashir, is blocking the Security Council from sending some 20,000 peacekeepers to Darfur, saying that would insult Sudan's sovereignty. Mr. Bush should call on all countries — including those like China that have been shielding Mr. Bashir — to demand that Sudan drop its opposition. He should also say that he will press for broad international sanctions if Mr. Bashir does not quickly reverse his position.

But Mr. Bush cannot stop there. A credible presentation would include an assumption of responsibility. His administration was the first to label the Darfur killing genocide, and he can be proud of that. But that was two years ago, and U.S. officials have paid only intermittent attention since then.

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Mr. Bush would begin to set that right if he announced that ending the killing in Darfur was now a first-tier foreign policy concern, one on which Washington would judge its relations with other states. Yesterday's news that Mr. Bush would name a special envoy for Darfur was a good start. That message would be even stronger if Mr. Bush said the U.S. would take the lead in soliciting troops for the U.N. and recommended making NATO planners available to help draw up contingency plans for a possible forced entry. If nothing else does, that implicit threat should grab the attention of Khartoum — and Mr. Bush's audience.

Last week, Mr. Bush said he was frustrated with the lack of action in Darfur, calling it an example of why "a lot of Americans" are frustrated with the United Nations. He has a chance to change that.

The Genocide Test (WP)

The Washington Post, September 19, 2006

Surely China does not believe Sudan's brazen lies.

THE NEXT FEW days will show whether China means to let Sudan's dictatorship get away with genocide. A series of meetings at the United Nations in New York offers the best and possibly the last chance to persuade the Sudanese to allow U.N. peacekeepers into Darfur. The deployment is required by a Security Council resolution passed last month. It is supported by nearly all the leading powers and even by factions within Sudan's government. But China has so far refused to tell Sudan's isolated leaders to drop their opposition to a U.N. contingent, even though its extensive investments in Sudan give it the power to do so. If it wants to be regarded as a responsible power, China should use its leverage.

Consider the arguments for not doing so, as presented by Sudan's spokesmen. Yesterday, Sudan's deputy ambassador to the United Nations protested that blaming hundreds of thousands of deaths on his government was unfair: "The armed groups in Darfur are the real culprits," he asserted. But China's leaders surely know this is absurd: The leading murderers in Darfur are the Janjaweed militia, which has been equipped by Sudan's government. Meanwhile, at the World Bank-International Monetary Fund meetings yesterday, Sudan's finance minister argued that "what Darfur needs is not peacekeepers. . . . What Darfur needs most is resources for water, resources for schools, for hospitals."

But Sudan's air force has strafed Darfur's hospitals and schools, and its Janjaweed allies have addressed the region's water scarcity by poisoning wells with corpses.

Sudan's president asserts that "the U.N. forces have a hidden agenda in Sudan because they are not coming for peace in Darfur. They want to recolonize Sudan." His henchmen have indicated that, in place of U.N. peacekeepers, they might be willing to extend the mandate of the African Union force, which is due to leave at the end of this month. Before China accepts this preposterous description of the United Nations and embraces the supposed concession of a renewed African Union mandate, it should read the recent dispatches from journalists inside Darfur. The Post's Craig Timberg reports that Sudan's government has seized A.U. jet fuel and used it to fill its own military aircraft; indeed, the airstrip used by the African Union in North Darfur is controlled by Sudanese government forces at night, so fuel is regularly looted. Meanwhile, Janjaweed fighters recently demonstrated their contempt for the A.U. forces by assaulting civilians who had gathered to speak to them.

In short, Sudan's government is presenting the extension of the African Union's mandate as a concession, even as it destroys the organization's ability to operate. The A.U. presence is not preventing the government from mounting bombing raids on civilians with a frequency not seen since the height of the genocide in 2003; nor is it preventing the obstruction of humanitarian efforts in North Darfur, where more than 300,000 people have been cut off from food aid. The African Union has become almost irrelevant, and no responsible government can accept an extension of its mandate as an alternative to a real peacekeeping force.

Is China's a responsible government?

Darfur's Need For Help Can Be Seen In Refugees' Eyes (USAT)

By Mia Farrow

USA Today, September 19, 2006

I returned recently from my second visit to the Sudanese region of Darfur, where I traveled to refugee camps, villages and rebel-held territories. While the Middle East and Iraq grab headlines, beneath the media radar screen "something very ugly is brewing" in Darfur, United Nations Deputy Secretary-General Mark Malloch Brown has warned.

Since 2003, the Sudanese government and the Janjaweed, a government-backed Arab militia, have killed hundreds of thousands in Darfur. Now the crisis has come to a terrible fruition. Large-scale military assaults have been launched recently by the genocidal Khartoum regime. Helicopters and warplanes are crossing the skies of north Darfur, bombing and burning villages without regard for human life and leaving crops destroyed, cattle killed and civilians dead and displaced.

The camps I visited, with seas of plastic sheets sprawled across the baked desert floor, are cauldrons of despair, terror and rage. Desperate pleas for protection singe my memories of my time among these increasingly abandoned people. At Zam Zam refugee camp, a woman holding a small child implored me, "Help us. We need help. We have nowhere else to go. We are going to die. We will all be slaughtered."

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The need for a robust U.N. peacekeeping operation could not be more evident. The U.N. Security Council passed a resolution based on a proposal by Secretary-General Kofi Annan for 24,000 troops and security personnel.

But the government of Sudan has rejected the proposal, just as it has flouted a number of previous U.N. resolutions. Unless the U.N. can find the political will to deploy protection forces without the consent of Khartoum, the fate of Darfur will remain in the hands of those responsible for the immeasurable suffering and terror of 2.5 million displaced people.

The need to deploy such a force has been made clear to Sudanese President Omar el-Bashir. But he has brazenly asserted, "We are determined to defeat any forces entering the country, just as Hezbollah has defeated the Israeli forces."

While Bashir does not want U.N. intervention, the chorus in refugee camps and the remote rebel-held territories of Darfur was the same: "U.N., U.N., we need U.N. peacekeepers!" Rations of hope are meager in Darfur, but in those moments I did see eyes alight with hope.

Bashir's position is unwavering, yet the world continues to use Sudan's refusal of a U.N. force as an excuse for inaction.

"As long as the government of Sudan does not accept a (U.N.) mission, there will not be one. It's as simple as that," said Jean-Marie Guehenno, undersecretary-general for Peacekeeping Operations.

But I have looked into the eyes of despair itself. As world leaders continue their diplomatic wooing of the regime, conditions in Darfur have gone "from really bad to catastrophic," said Jan Egeland, the U.N.'s top humanitarian official.

Humanitarian organizations have no access to hundreds of thousands of helpless civilians. The badly under-equipped African Union, the only peacekeeping force on the ground, has ceased to function meaningfully. Still, the defiant Sudanese government last week ordered the AU force out of Darfur by Sept. 30 unless it agrees not to be part of the U.N. force.

To date, as many as 500,000 people have died. Hundreds of thousands more will surely die without international protection.

As time runs out for Darfur, we must demand that the international community provide all resources — including military — necessary to protect innocent civilians and courageous humanitarians.

In the face of the first genocide of this century, knowing full well what is required to halt continuing ethnic slaughter, we have been unwilling to take the necessary actions. This is a defining moment.

Even now, from the distance of more than a decade, we look back at Rwanda and despair at our abysmal failure to act.

In Sudan, when the history of this terrible episode in human destruction is written, will we have any less reason to despair about our acquiescence before the ultimate human crime?

Mia Farrow is an actress and goodwill ambassador for UNICEF.

Somali President Survives Suicide Bomb; 8 Others Are Killed (NYT)

By Jeffrey Gettleman

The New York Times, September 19, 2006

MOGADISHU, Somalia, Sept. 18 — The president of the transitional government of Somalia narrowly escaped an assassination attempt on Monday when a suicide car bomber rammed into his convoy and blew up outside the Parliament building in Baidoa.

President Abdullah Yusuf was not hurt, but at least eight people were killed, according to police officials. One of them was the president's younger brother, Dirie Yusuf Ahmed.

"We are safe," Mr. Yusuf announced on the radio several hours later. "But three of my colleagues were killed, including my brother."

Baidoa is increasingly tense as the transitional government struggles to hold itself together now that the Islamists in Mogadishu wield the real power in this country. Though Mogadishu, Somalia's capital, is notorious for violence and chaos, Baidoa, the seat of the transitional government about 150 miles away, seems to be even more insecure.

Mr. Yusuf went to Parliament on Monday morning to deliver a speech on unity. Afterward, he stepped into his car, the second in a long convoy, he said in his radio address. As his entourage drove off, a Toyota sedan slammed into the lead car and exploded.

Several cars were swallowed by flames, including the president's. Bodyguards yanked Mr. Yusuf out and rushed him to a fortified headquarters not far away, he said. The presidential guard then poured into the streets, cutting off highways to Baidoa and shutting down the city. His soldiers also arrested several journalists who tried to broadcast the news. They were later released.

Mr. Yusuf, a former warlord, is backed by the United Nations but supported by very few people in Somalia. His zone of authority barely extends past the city limits of Baidoa. The transitional government suffers from poisonous clan rivalries, and several government ministers have already been attacked. In July, the constitutional minister was shot to death leaving a mosque. Many people at the time believed that it was an inside job.

Mr. Yusuf immediately blamed Al Qaeda for the attack on Monday. American officials have said Qaeda cells operate out of Mogadishu, with the aid of the Islamist forces in control of the city. But some Somali officials have also worried that different factions within the transitional government in Baidoa have been plotting against each other.

The president said Monday evening that his militia had arrested several people, but he did not disclose who. For several hours on Monday, lawmakers were trapped inside the cavernous Parliament building, afraid to leave because they feared more booby traps, according to witnesses speaking on Somali radio.

As the news spread in Mogadishu, some people celebrated. “God is great!” yelled a pack of Islamist soldiers, sitting in the bed of a pickup truck and listening to the radio.

Ibrahim Hassan Addou, the foreign minister for the Islamists in Mogadishu, said the world needed to realize that the politicians in Baidoa were not very popular.

“But they are our friends and our brothers,” he said. “We are concerned for them.”

Somalia's President Survives Assassination Attempt (MCT)

By Shashank Bengali

McClatchy Newspapers, September 19, 2006

NAIROBI, Kenya - Somalia braced for increasing violence on Monday after gunmen attempted to assassinate the president of Somalia's weak interim government.

The attack, in the town of Baidoa, where the interim government is headquartered, missed President Abdullah Yusuf, but killed 11 others, including the president's brother.

The attack seemed certain to deepen tensions between Yusuf's government and a federation of Islamic clerics that took control of the capital, Mogadishu, in June. The two groups have been battling for influence since, and U.S. officials worry that the Islamists could make Somalia a new haven and training ground for al-Qaida and other terrorist groups.

"It's a terrible danger," said Mario Raffaelli, Italy's special envoy to Somalia.

Government officials immediately blamed Islamist militias for the attack.

"That's the group that is intent on dismantling the transitional federal government," said Foreign Minister Ismail Hurre.

Islamist leaders denied carrying out the attack, which came one day after an Italian nun and her Somali bodyguard were slain in an ambush in Mogadishu. Government officials also blamed Islamist militias for those killings.

Somalia's interim government, formed at an international conference in Kenya two years ago, was intended to create the country's first functioning central government since 1991, when the government of Mohamed Siad Barre collapsed, ushering in years of chaos and clan-based violence.

But the government has been too weak to extend its influence much outside of Baidoa. In contrast, Mogadishu's rising Islamist movement quickly took over much of southern Somalia within weeks of defeating armed groups that reportedly were backed by the CIA.

For several weeks the government and the Islamists have been negotiating over power sharing, seen as the best chance to avoid a return to the violence that made Somalia into what's commonly called the world's most failed state.

The two sides are deeply split over an African Union proposal to send peacekeeping troops to the country, with the Islamists vehemently opposed.

Monday's attack came as members of parliament met to endorse the talks and to approve a new Cabinet. After addressing the members, Yusuf's convoy pulled away from the converted grain warehouse that houses the parliament when a car bomb detonated, triggered by a timer or a remote control, Raffaelli said.

Five presidential bodyguards, including Yusuf's younger brother, were killed in the explosion.

Then, according to witnesses, several gunmen opened fire on government security forces. Six gunmen were killed and two captured, Hurre said.

The execution of the attack and the sophisticated trigger on the car bomb were unusual for Somalia, Raffaelli said, and they suggested the involvement of foreign forces. Somalia is nominally under an arms embargo, but since the Islamists took power, illicit shipments of weapons have continued.

"We know that in the last month, arms and sophisticated weapons have been sent inside," Raffaelli said.

Islamist leaders have been credited with restoring a measure of peace to Somalia after 16 years of rule by brutal warlords. But Sunday's murder of 70-year-old nun Leonella Sgorbati and her bodyguard in Mogadishu broke that calm.

Islamist security forces arrested two men in connection with the fatal shootings outside a children's hospital where Sgorbati had worked for the past four years. They said the killers would be punished, and that calm in Mogadishu wouldn't be disturbed.

Somali Leader Escapes Bombing (WP/AP)

By Mohamed Olad Hassan

The Washington Post/AP, September 19, 2006

MOGADISHU, Somalia, Sept. 18 -- Somalia's interim president narrowly escaped an assassination attempt Monday when a suicide car bomber struck outside the parliament building, officials said. The blast and a subsequent gun battle left 11 people dead, including the president's brother.

There was no immediate assertion of responsibility for the attack in Baidoa, the only town controlled by the U.N.-backed interim government. But if it is linked to an Islamic militia that has seized control of much of southern Somalia, it could cause peace talks between the two sides to fall apart.

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The Islamic group denied that it had any role. "The perpetrators of Baidoa blast are enemies of Somali people, and Islamic courts have no hand in it," said a spokesman, Abdirahman Mudey.

President Abdullahi Yusuf had given a speech in the parliament building about 10 minutes before the blast occurred, said Mohamed Adawe, a journalist.

Yusuf's bodyguards chased suspected accomplices of the bomber, killing six of them in a gun battle. The five other dead -- including the president's brother -- were in his convoy, officials said. Eight cars were burned in the blast, including three from Yusuf's convoy.

"This explosion was intended to kill the president, but he escaped," government spokesman Abdirahman Dinari said. Ismail Mohamed Hurre, a minister in the interim government, said it was the work of suicide bomber, the first ever to strike in Somalia.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre, pulling the country into anarchy.

The interim government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa. An Islamic militia seized control of Mogadishu and much of the south in recent months.

Somalia Leader Survives Attack (LAT)

By Edmund Sanders

The Los Angeles Times, September 19, 2006

MOGADISHU, Somalia — The transitional president of Somalia narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament.

President Abdullahi Yusuf was unharmed. However, eight other people, including his brother and several security guards, were killed by the blast in Baidoa, the nation's provisional capital.

The attack marked the second consecutive day of bloodshed in the Horn of Africa nation, which has been without a functioning government since 1991. On Sunday, gunmen in Mogadishu shot to death an Italian nun and her bodyguard outside a children's hospital.

Despite years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants. One government minister described the bombing as an "Al Qaeda-type" attack. No one immediately claimed responsibility.

"We hear about this type of thing in Iraq, but not Somalia," said Abdul Fatah Ibrahim Rasheed, a member of parliament. "This is something that is very new for us."

The blast came at a particularly sensitive time for the government. Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year. Some officials in Baidoa accused the group of participating in the attack.

"It will jeopardize the peace process if it becomes very obvious that the Islamists are behind this terrorist act," Foreign Minister Ismail Hurre Buba Hurre said during a visit to Nairobi, the Kenyan capital.

Islamist officials denied any knowledge of the attack.

"We know nothing about it, but we are very sorry for anything that hurts the security of Somalia," said Sheik Mukhtar Robow, deputy security chief for the courts council, an alliance of religious leaders formed in an attempt to bring order to Mogadishu.

Both sides are to meet again in Khartoum, the Sudanese capital, next month to continue negotiations.

Witnesses said the bomb, apparently hidden in a small car outside the parliament compound, detonated as the president's motorcade was leaving the facility. Yusuf had just addressed lawmakers, urging them to put aside their differences and endorse his newly reshuffled Cabinet.

There were conflicting reports about whether the car was parked or was driven by a suicide bomber. In a radio address Monday night, Yusuf said authorities had recovered the remains of a person they believed might have been the suicide driver.

The blast ignited at least seven other cars and flung wreckage more than 100 yards to the doorstep of the parliament building, witnesses said. Inside, panicked lawmakers screamed and fled the building. Security guards fired into the air, adding to the sense of chaos, witnesses said.

"We thought we were under attack," said Ahmed Omar Gagale, a member of parliament. "It sounded like mortars, especially when some of the other cars began to explode from the fire."

After its formation at an internationally sponsored conference in 2004, the transitional government opted to reside in Baidoa rather than Mogadishu because of violence in the nation's traditional capital.

Since Islamists drove out the warlords who had carved up control of the city, security in Mogadishu has improved dramatically, while bloodshed in Baidoa has been rising. In July, gunmen shot a government minister as he left a mosque in Baidoa.

"It's getting very scary there," said Asha Ahmed Abdalla, a member of parliament.

Prime Minister Ali Mohammed Gedi escaped two assassination attempts in 2005.

Paulson Hopes 'to Set Tone' In China (USAT)

By David J. Lynch

USA Today, September 19, 2006

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SINGAPORE — Preparing for his first official trip to China, Treasury Secretary Henry Paulson sought to dampen hopes Monday that he might win early Chinese agreement on revaluing its currency.

"I am not looking for immediate solutions or quick fixes. … I am looking to set a tone and an expectation of working through issues and making progress," Paulson told reporters.

Paulson's reputation for China savvy, based on extensive work with Chinese leaders when he was head of Goldman Sachs, has raised congressional hopes that he might succeed where others have failed. But on the eve of a four-day China visit, he counseled "patience."

In recent years, the value of China's currency, the yuan, has fueled growing congressional irritation with Chinese trade practices. With the U.S. running an escalating annual trade deficit with China of more than $200 billion, U.S. manufacturers complain that China keeps the yuan's value artificially low as an effective export subsidy.

The Chinese government plans to gradually move to a freely trading currency but says it first needs to complete financial reforms.

In July 2005, China raised the yuan's value by 2% and has allowed a further rise of less than 2% since then. Chinese officials fear that a premature move to a floating currency could torpedo job growth in export-oriented factories, raising the prospect of social instability.

Paulson, who attended the annual meetings here of the International Monetary Fund and World Bank, spoke hours before IMF member countries approved a two-step reform. China, South Korea, Turkey and Mexico won an immediate increase in their share of internal IMF votes. A further realignment potentially affecting most of the fund's 184 members is to be worked out over two years.

Meanwhile, the Treasury secretary dined here Monday night with Zhou Xiaochuan, governor of China's central bank, who this weekend dismissed calls for an immediate currency move. "Chinese policy is clear: We are gradually moving toward a flexible exchange rate regime," he said.

Paulson argues that moving toward a freely traded currency is in China's interest. But he said it would take time to bring China around to that view.

"That doesn't mean I don't like results," he said. "I'll be judged by results and hopefully setting a tone and building upon what is already a good relationship."

Developing Nations To Gain More Power At I.M.F. (NYT)

By Steven R. Weisman

The New York Times, September 19, 2006

SINGAPORE, Sept. 18 — Member states of the International Monetary Fund, yielding to demands from China and leading Western countries, voted Monday to adopt a plan to modify the fund's power structure and take steps to expand the voice of China and other rapidly developing nations.

The modification of the governance of the monetary fund, the international agency that monitors the global economy and rescues countries from insolvency, was widely described as the biggest step since the fund was established in the 1940's, the era when the victors of World War II created the vast cooperative superstructure for the world economy.

China's share of the votes at the I.M.F., which has 184 members, would go up only slightly, to 3.719 percent, from 2.98 percent. The shares of South Korea, Turkey and Mexico, the other countries that gained more power from the vote on Monday, also rose a similarly modest amount. But the change was hailed by the United States and other nations as a decisive reform.

"It looks like a small step forward, but it's a large step," said Henry M. Paulson Jr., the United States Treasury Secretary, who was here for the annual meeting of the I.M.F. and the World Bank and participated in morning-until-night sessions assessing the global economy and possible steps to assure its health.

The proposal passed with 90.6 percent of the total vote, the I.M.F. said.

In a separate development, a committee of finance ministers that oversees the World Bank endorsed in principle a plan by Paul D. Wolfowitz, the bank's president, to crack down on corruption in the bank's lending, but not unreservedly. The ministers added a proviso that the bank's board of executive directors, a separate group that oversees the day-to-day bank operations on behalf of donor and recipient nations, be able to override the way Mr. Wolfowitz carries out the plan.

Mr. Wolfowitz, a conservative intellectual who was an architect of the Iraq war as deputy secretary of defense in President Bush's first term, has stirred unease in the bank with his corruption policy. Many directors fear that it may be overly punitive and lead to cuts in aid to poor countries.

The finance ministers' committee also raised concerns, Mr. Wolfowitz said, about the standards to apply to various countries and the question of how much of the World Bank's resources should go to anticorruption plans.

The finance ministers' committee issued a statement that supported the anticorruption campaign but with what seemed to be muted wording. It supported the bank's "engagement" on the issue but demanded further information on how it would be carried out , and in a suggestion of unhappiness, "stressed the importance of board oversight of the strategy."

Some officials here indicated that the wording of the committee's statement reflected discomfort with Mr. Wolfowitz. But Mr. Wolfowitz said he was pleased the board had given him a green light to proceed with what has become a signature issue for him in his 15 months at the bank.

Throughout the meetings of the last few days in Singapore, much of the criticism of participating countries has focused less on the World Bank than on the overhaul of the I.M.F. The fund vote needed 85 percent of the 184 member countries' voting shares to be adopted.

The United States has about 17 percent of the vote and Europe, in aggregate, about 23 percent. Mr. Paulson and his European counterparts have spent much of their time here lobbying other countries to agree to the change. Japan has a 6.1 percent share.

The vote was not much in doubt, but many countries that voted in favor said they did so under protest and insisted that in a second round of discussions, scores of countries would be demanding a bigger voting share for themselves. India, Argentina, Brazil and Egypt were among those who had announced their opposition to the fund changes, fearing that they may be left out as the new structure is configured.

The change in the fund governance was advocated by the United States and many European countries as a way of getting China and other developing countries to feel more invested in the international economic system.

The I.M.F. is one of many institutions that American and European officials say are in need of change. There are fears of disaffection with the World Trade Organization, the successor of a global trade regime set up 60 years ago, after the collapse of trade talks this past summer.

Western leaders also want to change the composition of the United Nations Security Council, adding some countries to the roster of five permanent veto-bearing members. But they have been unable to agree on which countries to add. The United States wants to add Japan and one of several developing countries seeking membership.

Mr. Wolfowitz has said that the World Bank also needs to change its governance to give more say to China and other fast-growing countries in the developing world.

Under the surface of the I.M.F. vote was another objective of the United States: to engage China in the fund as it expands its role in monitoring currency flows and exchange rates. Washington hopes that the fund will become another voice urging China to let its currency fluctuate more freely in relation to the dollar.

If there is one overriding consensus among European and American finance ministers, it is that China is artificially keeping the value of its currency low in relation to the dollar, and that this is an unhealthy pattern also being followed by Japan and other Asian nations.

As a partial solution, the United States wants China to let its currency, the yuan, float more freely in the marketplace, where it would presumably rise in value and lead to fewer exports to the United States.

But many economists fear that if Asian currencies were to become stronger, that might create a new problem. If a decline in the dollar effectively reduces the hundreds of billions in dollar-denominated securities held overseas, it could lead to a panic-driven sell-off of dollars, driving up interest rates with possible damaging effects to the American economy.

Mr. Paulson, meeting with reporters, said the monetary fund vote marked an incremental bit of pressure on China to do something about its currency, and he aimed to reinforce American concerns when he goes to China on Tuesday for his first visit as Treasury secretary.

IMF To Boost Growing Economies' Voting Power (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 19, 2006

SINGAPORE -- The International Monetary Fund agreed to give China, South Korea and other up-and-coming nations more say in deciding what rescue loans the controversial institution provides to troubled countries.

The overwhelming vote Monday by the lender's 184 member nations reflects a recognition that its voting shares are out of sync with the distribution of economic power around the world. It also reflects the concern of the U.S. and other major countries that the IMF won't be able to persuade borrowing nations to embrace painful economic overhauls if those borrowers don't feel their voices are being heard.

"It looks like a small step forward, but it's an important step because the global economy is always changing, and it's changing rather dramatically," U.S. Treasury Secretary Henry Paulson told reporters. "For institutions like the IMF to stay relevant, they have to change with the economy."

The proposal was supported by 90.6% of the available votes. To gain approval, proposed major IMF policy changes need 85% majorities. At the IMF, votes are allocated to member countries; the U.S., for example, has 17% of the total.

Monday's IMF decision means that China, South Korea, Mexico and Turkey -- the countries considered to be most severely shortchanged on the IMF board -- will quickly receive token increases in their voting power. In addition, the decision launched what is expected to be a two-year effort to redistribute votes more broadly in ways that will boost the poorest nations of Africa, as well as countries that account for a larger share of the world economy than their current IMF shares would suggest.

After the decision, China's share of votes will increase to about 3.7% from about 2.9%. For South Korea, the vote-share will rise to about 1.3% from about 0.8%. Among the difficult issues IMF members will have to resolve before that 2008 deadline is how to craft a formula that in the future will automatically assign IMF voting shares based on economic strength, openness to trade, foreign-currency reserves and other factors.

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U.K. Chancellor of the Exchequer Gordon Brown, speaking at the IMF annual meetings in Singapore, called the decision "the biggest reform to the governance of the International Monetary Fund for 60 years."

Power within the IMF was initially set when the institution was established at the end of World War II and has been occasionally updated since then. But voting shares remain out of whack with countries' relative economic strength. Belgium, for instance, has three times the voting shares of South Korea, whose economy is twice as big. The U.S., while having 17% of the votes, accounts for 30% of global economic activity.

In a gesture to smaller countries, however, President George W. Bush's administration has vowed to forgo any increase in its voting power, as long as the U.S. maintains its existing share. The Treasury Department considers the 17% figure important because it allows the U.S. to veto major IMF policy changes.

Among countries that resisted Monday's changes were those worried they would lose power, those worried they wouldn't gain as much as they hoped, and those angry that some big countries, such as Japan and Germany, wouldn't forgo a share increase.

"The question is will the IMF change to reflect the world it needs to serve," Mr. Paulson said. In addition to strengthening the IMF, the U.S. Treasury team hopes expanding China's role will give Beijing a greater interest in embracing market-oriented policies of the sort the global organization recommends.

IMF Boosts Four Poorer Countries' Power (WP)

By Peter S. Goodman

The Washington Post, September 19, 2006

SINGAPORE, Sept. 18 -- The International Monetary Fund on Monday gave more influence over its decision-making to four developing countries and pledged to make further changes in the next two years to heighten the power of under-represented and poor nations.

Fund officials cast Monday's decision by the membership as a significant step in the IMF's efforts to gain credibility with poorer countries and to maintain relevance in a world that has recently had little need for an agency whose specialty is stabilizing troubled economies.

On its face, the makeover is largely symbolic. China, Mexico, Turkey and South Korea will gain slightly greater voting power. However, control of the fund will remain solidly in the hands of the United States and Europe, whose contributions to its coffers dwarf those of other countries. Most decisions in the institution's clubby environs are made by consensus.

But policymakers at the IMF argue that symbolic change matters. In leading bailout drives from Asia to Latin America and Russia, the fund gained a reputation for obsessing over austerity and budget-cutting at the expense of the poor. It pressured governments reliant on its largesse to cut subsidies and social services, say critics, generating unemployment while limiting the damage to major financial institutions.

Fund administrators chafe at this narrative, noting that during the Asian financial crisis in particular, the fund adjusted its programs to protect social spending. Yet in reserving a larger space at the table for emerging and poorer nations, fund officials and finance leaders from countries with the largest economies have labored to alter this perception, while making the institution more reflective of the global economy itself.

"For the first time, not only economic weight will be considered, but also the need for low-income countries to be strengthened in voice," said the fund's managing director, Rodrigo de Rato, during a meeting last week with members of anti-poverty groups.

The structure of the fund is closer to the way the world looked at the end of World War II than the way it looks today. China has less voting power than Italy, though its economy is far larger. The fund has 184 member countries, but with its headquarters in Washington, it has a decidedly American and European flavor.

"The world economy has undergone significant change over the last two decades, and the governance of the institution ought to reflect this," said John Lipsky, the fund's first deputy managing director.

The vote on the governance change, conducted here at a meeting of the IMF and the World Bank, was 90 percent in favor. But behind the scenes, the issue was controversial. Some poor nations said the change was too small to matter.

"The voice of poor countries is being lost," said a member of Nigeria's delegation, Amina Ibrahim. "This doesn't do it. The battle goes on."

Such large emerging economies as Brazil, India and Argentina opposed the way the refashioning occurred, asserting that they should be given greater rights.

"It further erodes the credibility and legitimacy of the IMF," these three nations, joined by Egypt, declared in a statement over the weekend.

The most immediate impact of the vote, held late Monday, is to slightly increase the power of four of the most under-represented countries. But it also commits the IMF to reapportion more votes later, with the idea that some will gain more shares, including such Asian nations as Singapore and Malaysia.

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The U.S. Treasury says it has been lobbying for the change, partly in hopes that a greater role for China will make it more willing to increase the value of its currency, the yuan. Western manufacturers say undervalued Chinese money has made China's goods unfairly cheap on world markets.

Treasury and IMF policymakers hope that as China gains prominence within the institution, it will take on more responsibility for affairs beyond its borders and see its economic interests as intermingled with global prosperity.

But on the eve of a trip to China to discuss economic and trade policy, U.S. Treasury Secretary Henry M. Paulson Jr. minimized the potential impact of the IMF changes on Chinese thinking.

"It's incremental," he said. "China's going to play its role in the world whether the IMF reforms or not."

For the fund, the most contentious issue lies ahead: Under the plan adopted Monday, fund administrators must craft a formula for apportioning control in the future.

The United States advocates focusing on the size of an economy to dictate voting power, while also increasing votes for the poorest countries. But European nations -- many of which would lose voting power under such a plan -- want to use additional criteria, including how much trade a country conducts and how open it is to capital flows.

In splitting the reapportioning into two phases, fund officials postponed that debate so they could get something accomplished.

"This reform must be done," said Finland's minister of finance, Eero Heinaluoma, who has coordinated fund policy positions for all nations of the European Union. "It will give more reliability and credibility to the voice of the IMF."

Departing Japanese Leader Shook Up Politics As Usual (NYT)

By Norimitsu Onishi

The New York Times, September 19, 2006

TOKYO, Sept. 18 — Junichiro Koizumi swept to power in 2001 promising to “destroy” his ruling Liberal Democratic Party and, by extension, Japan’s encrusted postwar order. To a remarkable extent, he succeeded — though hardly as radically as he had hoped. When Mr. Koizumi, 64, retires on Sept. 26, he will leave a Japan with new bearings: a smaller central government, greater faith in free markets and a new assertiveness in world affairs.

But his vision of a new Japan has already produced a backlash among Japanese who believe he has destroyed, along with the bad, much that was good of the old Japan.

Yet, while his policies were often unpopular, he has consistently drawn high approval ratings from voters hungry for charismatic, strong leadership. Even as Prime Minister Tony Blair of Britain and other politicians have suffered for their endorsement of the war in Iraq, Mr. Koizumi — who to this day has expressed only the staunchest support for the war — has remained unscathed.

He retires with an approval rate hovering around 50 percent, the highest of any long-serving postwar prime minister, perhaps because voters believe that he has fulfilled his promise of shaking up the old Japan and that it will be up to his successors to lead them to a new one.

Clearly, though, there is no going back to the old ways, no matter who is elected as the leader of the Liberal Democrats on Wednesday and then chosen as prime minister next Tuesday.

“He’s dramatically changed everything about how Japanese politics worked,” said Park Cheol-hee, an expert in Japanese politics at Seoul National University in South Korea. “Future prime ministers will have to follow his path. I don’t think they can go back to the good old days of relying on interest groups and bureaucrats. The public will expect prime ministers to take real policy initiatives. Things have fundamentally changed.”

How much of that change is attributable to Mr. Koizumi’s policies is constantly debated among experts.

The move away from the Liberal Democrats’ politics of vested interests and patronage was inevitable, because Japan simply does not have the money it had before the collapse of its real estate-inflated “bubble economy” in the late 1980’s, and after the succeeding years of little or no growth.

What’s more, far-reaching electoral reforms pushed through by a coalition of minor parties during the Liberal Democrats’ 10-month ouster from power in 1993 laid the foundation for the changes under Mr. Koizumi.

He pressed for painful economic reforms despite opposition from inside his own party. These changes included deregulating industries, cleaning up the banking industry’s bad loans and slashing the enormous and frequently wasteful public spending that had won his party votes for decades.

But the revival of Japan’s economy, many experts say, owes as much, if not more, to private companies’ own restructurings and the booming trade with China’s explosive economy.

Whatever his share of the credit, Mr. Koizumi articulated more than anybody else the need for Japan to change. In the decade before his election, Japan went through a succession of weak leaders bewildered as to how to even begin guiding the nation out of an all-encompassing malaise.

Mr. Koizumi was blunt. He told the Japanese, in some of his most famous slogans, to expect “pain to accompany structural reforms,” and said he would carry out “structural reforms without exceptions.”

To the surprise of almost everyone, his blunt talk and actions won him widespread support.

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"The conventional wisdom was that Japanese prime ministers were inherently incapable of exerting leadership," said Takeshi Sasaki, a political scientist at Gakushuin University and a former president of the University of Tokyo. "But Koizumi exercised leadership with great tenacity and tried many new things — things that prime ministers had not said or done until now."

Unlike his predecessors, Mr. Koizumi eschewed the compromises that had led to paralysis. In a society that values consensus, he was famous for making decisions on his own and seemed to excel in making political enemies. He was — in the words of his first foreign minister, Makiko Tanaka — a "weirdo."

And the public loved him. Each time voters had a chance to choose between him and Japan's old-fashioned politicians and bureaucrats, they backed him in large numbers.

Last year, for example, he could have been stymied after members of his own party voted down a bill to reform the country's massive postal savings system — effectively a savings bank that paid very low interest on deposits and had long lubricated the Liberal Democrats' political machine. But Mr. Koizumi responded by calling a snap election.

After winning a landslide, he easily won approval to privatize the post office, potentially freeing its enormous reserves to serve the economy rather than the politicians.

He extended his single-mindedness to foreign policy, cementing Japan's alliance with the United States after a decade in which the value of the alliance had been questioned. He pushed through a special law to deploy humanitarian troops to Iraq, in a move that many Japanese considered to be against the spirit, if not the letter, of the country's pacifist Constitution. He tied the Japanese Self-Defense Forces closer to the American military by participating in missile defense.

"The better our relations with the United States, the easier it will be for us to build good relations with China, South Korea, Asian and other countries in the world," Mr. Koizumi said during a visit to Japan by President Bush last November. "That's my basic belief."

Mr. Koizumi may have nurtured such an ironclad relationship with Mr. Bush that he was rewarded with a farewell road trip to Graceland. But he brought Japan's relations with China to their lowest point in decades, and presided over the rise of a narrow nationalism at home and Japan's diplomatic isolation in the region.

He made annual visits to the Yasukuni Shrine, the Shinto memorial where Japan's war dead and war criminals are enshrined. Most of his predecessors had avoided the shrine, regarded as a symbol of Japanese militarism in this region.

Because of the visits, China and South Korea have refused to hold summit talks with Japan.

Japan's hawks, though, say Mr. Koizumi's priorities were right.

"I give him a perfect score," said Hisahiko Okazaki, a former senior diplomat and a leading conservative commentator.

China's long-term strategy, Mr. Okazaki said, is to weaken the Japan-United States alliance. "If that's the case, Japan's grand diplomatic strategy toward China is obvious," he said. "What Mr. Koizumi did, as a strategy toward China, was correct."

But critics say Mr. Koizumi used foreign opposition to the shrine visits to rally nationalist sentiments among Japanese, who had lost their self-confidence because of the long economic slump and had grown fearful of China's rise.

Under Mr. Koizumi, nationalist politicians and scholars who would like to whitewash Japan's militarist past have found fertile soil and moved into the mainstream. Government-sanctioned school textbooks increasingly omit facts from Japan's wartime history, such as the use of slave labor and "comfort women" during the years it occupied Korea and Manchuria, or the massacre of 100,000 to 300,000 Chinese in Nanjing.

Japan's troubles with its neighbors, especially China, eventually grew so severe that policy makers and scholars in Washington in the past year began expressing worries that Mr. Koizumi's policy was hurting Japanese — and American — interests in Asia. But Mr. Koizumi's open appeals to nationalist symbols like Yasukuni won him and his party votes — a lesson that was absorbed by his likely successor, Shinzo Abe, the chief cabinet secretary.

At home, Mr. Koizumi diminished the role of the central government and the bureaucracy and gave local governments more authority. He deregulated industries, opened opportunities for entrepreneurs and freed big companies to hire a greater percentage of temporary workers.

Japan's economy has bounced back, though its long-term recovery is uncertain. In a backlash against Mr. Koizumi's pro-market policies, an increasing number of critics have said that the changes have favored the rich and corporations, and that they have contributed to a widening in income gaps and a fraying of Japan's vaunted egalitarianism.

Mr. Koizumi showed little interest in addressing these concerns. After passing the law to change the postal savings system last fall, which Mr. Koizumi had long regarded as the glue that held together the old Japan, he appeared to lose passion for his job. In June, he refused to extend a parliamentary session despite unfinished legislative business. He could not wait to leave the building, it was said, so that he could go to the United States and travel with Mr. Bush to Graceland.

Japan's Abe, Poised To Lead, Offers Nation Vision Of Pride (WP)

By Anthony Faiola, Washington Post Foreign Service

The Washington Post, September 19, 2006

TOKYO -- To glimpse the brave new Japan of Shinzo Abe -- the hawkish 51-year-old poised to replace Junichiro Koizumi as prime minister next week -- take a peek inside the eighth-grade history classes at this city's prestigious Tamagawa Academy.

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Using new textbooks with lessons hailed by Abe as the foundation of a more confident nation, junior high students at the elite private school are this year being taught something that has been largely taboo in post-World War II Japan -- to take pride in their country. The texts omit or soften references to atrocities committed by Japanese troops during the war, assure students that the war was waged primarily in self-defense and promote the ideal of a proud and independent Japan.

The controversial books, thus far adopted by only a handful of schools, have the support of the government and are set for wider distribution. But they are only part of Abe's vision for the future. He has vowed to push through a sweeping education bill, strengthening the notion of patriotism in public classrooms in a way not seen since the fall of Imperial Japan, and to rewrite Japan's pacifist constitution to allow the country to again have an official and flexible military.

Abe (pronounced ah-bay) may well get his way. Currently Japan's chief cabinet secretary, he is overwhelmingly favored to succeed the retiring Koizumi in ruling party elections on Wednesday, a win that would effectively guarantee him the prime minister's post after a full vote of parliament on Sept. 26.

Although his proposals have flustered Japan's neighbors in Asia, where war-related grievances linger just below the surface, Abe and others define the changes as a natural maturing of Japanese democracy. Perhaps more importantly, they say the changes reflect the need for Japan to transform itself in the face of new threats.

In the decades after World War II, most Japanese took pride in their country's role as the world's model pacifist society, which operated by the rules of "checkbook diplomacy" and left its defense largely to U.S. military might. But today Japan is confronting the prospect of a nuclear-armed North Korea and the reality of a China that has become a military and economic superpower.

The rise of Abe, an unabashed nationalist set to be Japan's youngest postwar prime minister and its first to be born after the conflict, underscores a profound shift in thinking that has been shaped by those threats.

"Rather than getting praised for wrestling a good round of sumo under the rules that foreign countries make, we should join in the making of the rules," Abe said in a televised debate this month. ". . . I believe I can create a new Japan with a new vision."

Japan's foreign minister, Taro Aso, and its finance minister, Sadakazu Tanigaki, are also competing for the leadership of the ruling Liberal Democratic Party, or LDP. But neither is as pedigreed as Abe to deliver on promises. His father, Shintaro Abe, served as foreign minister; his grandfather, Nobusuke Kishi, was initially arrested as a World War II criminal but escaped the gallows to become prime minister in 1957.

In Abe's latest book, "Toward a Beautiful Country," Japan's presumptive new leader casts doubt on the legitimacy of the Tokyo war crimes tribunal that convicted Japan's wartime leaders. Asked by a foreign journalist last September whether he regretted Japan's defeat in the war, Abe briskly replied, "You refer to me as rather nationalistic, but I say that the person who is not patriotic cannot be the leader of his country."

The handpicked successor of Koizumi, a charismatic leader who laid the groundwork for Japan's gradual emergence from its pacifist shell, Abe has crafted a comparatively ambitious vision. Although he is likely to maintain Koizumi's emphasis on the U.S.-Japan alliance as the basis of national defense, he has also suggested he wants Japan to be a more equal partner. Some analysts predict that he will strive for a version of Washington's relationship with Britain, which closely cooperates with the U.S. military but acts on its own as it sees fit.

Analysts also note that Abe is popular largely because of -- not despite -- his unusually hawkish stance. He has been particularly fierce on the subject of communist North Korea, now seen as Japan's greatest security threat. When North Korea launched a battery of new test missiles on July 4, Abe went far beyond the diplomatic talking points, calling for a debate on whether Tokyo could stage a preemptive strike on North Korean missile bases.

Ten years ago, analysts note, such boldness would have sparked a public outcry here for his resignation. Today, it has helped ensure his election as Japan's prodigal samurai returned.

"Abe recognizes that Japan can no longer be the country it has been. We cannot sit back in the face of new dangers," said Ichita Yamamoto, an LDP legislator and close Abe ally. "Under our current constitution, if a U.S. ship is attacked aside a Japanese ship, we cannot even fight to defend our American allies. What kind of partner does that make us? We are living in a more dangerous world and it calls for a strong leader."

Abe's popularity has buoyed conservatives, who see him as the natural heir to Koizumi as the Japanese regain their pride. Though Koizumi infuriated China and the Koreas by visiting a shrine that honors Japan's military dead, including convicted war criminals, he unambiguously upheld the government's landmark 1995 apology, which recognized World War II as an act of Japanese aggression. Abe, in contrast, has been less clear, saying he recognizes the "spirit" of the apology but suggesting that historians should be the final judges of Japan's past actions.

Japanese pacifists, whose shrinking ranks have made them a minority voice here, have become anxious. They point to the continuing influence of rightist groups with armored black vans, whose members use bullhorns to shout racist propaganda on the streets of major Japanese cities. They also cite the punishments meted out to teachers who have refused to comply with recent requirements to stand for the national anthem and bow to the Japanese flag at school graduation and entrance ceremonies.

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"I have a sense that the postwar generation of politicians in Japan -- including Abe -- have lost the older generation's sense of war guilt," said Takayoshi Miyagawa, a political strategist and noted pacifist in Tokyo. "This is taking Japan down a path we should not be going down again. It is a path that is leading us back toward a wicked nationalism that the young have now forgotten about."

Advocates of rebuilding Japanese patriotism call such talk alarmist, saying six decades as Asia's leading democracy and dominant economy have earned Japan the right to pride. The movement, they add, is not going forward without caution. At Tamagawa Academy, for instance, students using the revised, and more flattering, history books have also been told to use the old ones as supplemental material to help them formulate their own conclusions.

"We are trying to strike a balance between our role as teachers and our desire to give young Japanese a chance to be proud of their country," said Kiyoaki Ishizuka, Tamagawa's junior high headmaster. "The youth of every other nation enjoys that right. Why shouldn't Japan's?"

Japan Sees Genes Of A Leader In A Grandson (LAT)

By Bruce Wallace

The Los Angeles Times, September 19, 2006

TOKYO — For a man who claims he likes to speak his mind, Shinzo Abe's ambiguity is making him a tough politician to label.

Some say the man poised to become Japan's next prime minister is a hawk, pointing to his hard-line stance on North Korea and his declared intention to rewrite Japan's pacifist constitution.

Others call him a realist, prepared to muffle his tough talk to soften Japan's image and improve its stone-cold relations with China.

Yet almost everyone here agrees there is one label that fits this career politician who is almost certain to be elected head of the governing Liberal Democratic Party, or LDP, on Wednesday and prime minister a week after that.

The grandson.

To understand Abe, say friends and foes, you must understand his relationship with Nobusuke Kishi, his maternal grandfather, who died in 1987 and was once prime minister.

Kishi was no ordinary politician. He was a key architect of imperial Japan's expansion across Asia in the 1930s, a Cabinet minister who signed the declaration of war against the United States and who was arrested and jailed — though never charged — as part of the select company of about two dozen top war criminals after Japan's surrender.

His comeback as a powerful backroom political fixer, unflinching Japanese nationalist and eventually prime minister from 1957 to 1960 makes Kishi an example of what his grandson admiringly calls "fighting statesmen," the minority of politicians willing to take an unpopular stand and stick to their convictions.

That legacy weighs on Abe, who clearly sees himself in the fighting mold.

With a great-uncle, Eisaku Sato, who was also prime minister in the 1960s, and a father, Shintaro Abe, who was a respected foreign minister and perennial candidate for the top job, the incoming prime minister boasts a pedigree that has Japan's political class talking about his "political DNA."

"Sometimes Abe says he has the combined DNA of his grandfather, who was a very strong figure, and his father, who was softer," says Yoshihide Suga, Japan's senior vice minister for internal affairs who is a close Abe advisor. "But I think the DNA of his grandfather is strongest."

Kishi is more than just a spiritual guide to Abe. Like his grandfather, Abe chafes at living under a war-renouncing constitution written by American occupiers. And while Kishi was prime minister at a time when memories of war were fresh and rewriting the constitution was a political impossibility, Abe comes into office believing conditions are now right to put Japanese pen to the American paper.

"I seek to draft a constitution of our own that fits Japan in the 21st century," he said during one of the candidate debates in this month's leadership race to succeed outgoing Prime Minister Junichiro Koizumi. "I represent the postwar generation."

But that generation's determination to stir up history makes some of Japan's neighbors nervous.

China and the two Koreas have been particularly unsettled by Abe's questioning of the legitimacy of the Tokyo war crimes trials and alarmed by his visits to Yasukuni Shrine, where war criminals are honored along with about 2.5 million other Japanese war dead.

Abe, who turns 52 this week, will be the first Japanese prime minister born after World War II. Every survey shows him with a commanding grip on about 70% of the party delegates who will elect their new leader. Many are young by Japanese political standards, and the hand-over from Koizumi to Abe will mark the ascendancy of these politicians prepared to change a country they believe is crippled by excessive war guilt.

The theme of Abe's campaign is sketched out in his book "Toward the Beautiful Country," a collection of musings on politics and his life published in July. The book contains numerous criticisms of postwar Japan's "masochistic teaching of history" and its collective aversion to anything having to do with the imperial era, which Abe says has left the Japanese with a "bent and narrow" psychology.

"Why not work up a good sweat and unlock the future by being proud of being Japanese rather than belittling ourselves?" he asks.

Abe says he has no plans to turn his back on Koizumi's path of economic liberalization, but will seek ways to deal with growing alarm here over increasing disparities of wealth.

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But his ambitions go beyond amending the clauses of the constitution that prevent Japan from going to war unless attacked, even to defend an ally such as the United States. Although they see the alliance with Washington as the cornerstone of Japanese security — a position that his grandfather fought for as prime minister despite massive left-wing protests — Abe and supporters are less pleased with many Western values imported into Japan.

Their nationalism is cultural, not militaristic, they say. They complain that an overdose of "individualism" has been a virus weakening traditional Japanese bonds of family and community. And they blame that disintegration on a 1960s culture that led to more women in the workforce and an education system that is not only slack when it comes to discipline but that fails to raise students with a sense of pride in their country.

The Abe entourage already has made it clear that its first order of business is a radical overhaul of Japan's public education system, which they say is riddled with leftist teachers. Abe wants patriotism taught and has suggested sending students to do a year of volunteer work before entering university, even if it has to be made compulsory.

"We are not trying to go back to 1945; our conservatism is not the same as prewar politics or militarism," says Hakubun Shimomura, an LDP ally of Abe's and a leading critic of Japan's education system. "We have to educate children to understand that they are not alone, that they are part of a community. So they have to learn to respect the flag, respect the anthem, because they are the symbols of the country and you have to take them seriously."

Abe is the product of private schools. Raised in Tokyo, a second son and middle child, he has described a lonely youth in which his father was a remote figure, seldom home and obsessed with his political career. The two grew close only later, after the elder Abe insisted that his son quit his job at a multinational steel company to work as his secretary in the Foreign Ministry.

His father died of liver failure at 67 in 1991, having never reached the top job that so many had predicted would one day be his.

Abe ran for office two years later, winning his father's old seat, but had an uneventful career until he became an outspoken critic of the government's failure to pursue allegations that North Korea had abducted an unknown number of Japanese citizens during the Cold War.

"Nobody at the top of the party wanted to talk about it," says Abe advisor Suga, another early leader of the campaign to call North Korea to account over the disappearances. "Abe knows that the top duty of politicians is to protect their people and the national interest. He's a politician of strong beliefs who knows that politicians should speak their minds."

The swell of support over his stand on North Korea emboldened Abe, solidifying his belief in the political benefits of being a "fighting statesman," and he has already signaled he plans to tighten the economic screws on Pyongyang.

But he has also tempered some of his language while running for prime minister. Where he once defended his visits to Yasukuni Shrine on grounds of religious freedom, he has refused to say whether he will visit the memorial as prime minister.

Advisors hint that he plans to simply stay away from the shrine without promising to do so, a calculated ambiguity they hope will assuage Chinese fury over the visits while not appearing to bend to any outside pressure.

Another sign of the realist in Abe, perhaps. But it's that sort of muddied message that will make people look to the grandfather's record for clues about where Abe will take Japan.

"Yes, he is a hawk, but not out of a personal conviction forged in debates and discussion," says Akira Asada, an economist and philosopher based at Kyoto University.

"Abe simply wants to be a good boy, a loyal child to the memory of his father and grandfather. And his grandfather just happened to be a hawk."

From The Ground Up, Cuba Is Crumbling (LAT)

By Carol J. Williams

The Los Angeles Times, September 19, 2006

HAVANA — At the intersection of Marina and Jovellar streets, more than 50 people wait along a potholed sidewalk and broken curb for a bus that wheezes up to the stop already full.

Somehow, a dozen or so manage to squeeze into the windowless contraption that dates to the days when Moscow provided much of the means to keep the Cuban economy moving. Today, the buses barely keep Cubans moving. Many people spend as much as two hours each night getting home from their jobs in the center of Havana.

Their homes are also in a sad state, with at least 500 buildings in the capital collapsing each year, by the government's own count. Their utilities are decrepit too: Water and power distribution systems are corroded patchworks predating the 1959 revolution, and olfactory evidence of the state of the sewer system wafts throughout the city.

Cuba is falling apart — literally.

Even as its economy booms thanks to a thriving tourism industry, brisk nickel exports and cheap oil from ideologically aligned Venezuela, the social benefits are difficult to see at street level. Except for a few high-profile historical restoration projects such as the Art Deco buildings of Old Havana, the country's structural decay seems to worsen with each month.

"It's not a question of repairing anymore. Everything needs to be rebuilt," says Julio, a construction worker who spends more time as an unlicensed cabdriver than on state building sites. "There is no material and no money to buy it, so nothing has been maintained."

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Some blame the decrepitude on the U.S. economic embargo that has blocked travel and the flow of goods to the island for nearly 45 years in an effort — through nine U.S. administrations — to starve Cuba into abandoning what Washington sees as a ruinous adherence to communism.

Few Cubans will talk openly about what might be wrong with a political and economic system that even in boom times can't keep the wheels of public transportation turning or the lights on — especially since President Fidel Castro turned over power to his brother six weeks ago for surgery deemed a state secret. But they complain quietly that there is more to their urban squalor than the embargo or the loss of Soviet aid 15 years ago can explain.

"The problem is that the government owns everything, and people only take care of what is their own," says another moonlighting cabdriver, Arturo, who buzzes his plastic-encased motorbike around basketball-sized craters in the asphalt where the Malecon seaside promenade meets 23rd Street. "Cubans are very clever and improvisational. We can fix anything. But there isn't the will to do it unless it is to improve your own conditions."

In self-improvement mode, city dwellers resort to pilferage to "resolve" their problems.

Resolver, Spanish for "to resolve," has long been a euphemism for getting around the system, be it a restaurant cook setting aside a few frozen French fries to take home from each tourist's order, or the filching of park bench planks to patch a gap in the deteriorating walls of an apartment.

The lack of available or affordable parts, tools and building materials has had a cancerous effect on the alreadydegraded infrastructure. Doorknobs disappear from public buildings, screws from wall-mounted shelves and dispensers. Along the Malecon, not a single storm-drain cover survives to prevent rubbish from clogging the sewers, the square metal grates apparently useful to screen windows.

Rampant theft has engendered more bureaucracy, with office workers having to lock their doors when they go for coffee out of fear someone will snatch the wastebasket, stapler, lightbulbs, pens and paper. Inventory lists are posted in government offices, a hedge against the contents disappearing.

But it is the buildings themselves, as well as vehicles and farm equipment, that are at risk of collapse from the pilfering. A tow-truck driver describes how the vehicles he pulls tend to lose their spark plugs, air filters, lug nuts and rear-view mirrors from the point of collection to delivery. Because most cars and trucks are state property, they are seen as fair game by Cubans hoping to make a few dollars by selling the purloined parts.

Even the tourism industry cash cow is vulnerable to widespread theft and minimal investment. Ancient air conditioners blow the smell of mold into "five-star" hotel rooms where renovations have been limited to the lobbies.

Rail tracks link most major cities, offering an affordable means of transportation, but the lines are rusted, engine breakdowns frequent and passenger service so primitive most travelers prefer to hitchhike.

Hope for repair of Cuba's housing, roads, transportation and utilities has risen with the multibillion-dollar investments made by Venezuela in the last few years, including a deal signed this year for Venezuelan engineers to complete the Cienfuegos oil refinery abandoned by the Soviets in the early 1990s.

That and other joint projects to upgrade the electricity grid, in addition to crude-oil-burning power plants, have had the effect of lowering the number of blackouts and power failures this year compared with the prolonged outages that left Cubans sweltering without fans or elevators the last two summers.

Decades of stoically making do with shortages and dysfunction have engendered a paralyzing passivity among Cubans, at least about the quality of their administrators and the political system that guides them.

"It's very tranquil here, very safe. We like it that way and don't want things to change, at least not suddenly," says Monica, a 30-something engineer asked if the conditions of urban life are frustrating. Like many asked about their expectations for the future, she claims not to have given it much thought, even with the only leader she has ever known now uncharacteristically in the background.

While Cubans succumb to the daily demands of resolving their food, shelter and finance problems, their former countrymen across the Florida Straits say they expect to be called on to help when the next leadership takes on the massive task of reconstruction.

Frank Nero, head of the Beacon Council, a public-private consortium of 400 Miami-area businesses, says that Cuba's dearth of lumber, hardware, tools, flooring materials, paints, electrical supplies and other do-it-yourself materials could mean that U.S. construction firms "are going to be very much in demand post-embargo."

Cubans have been taught to fear economic overtures from the exile community in Miami, where some who lost property to the revolution nurture hopes of reclaiming it after the Castro regime comes to a close and — they believe — a more democratic and free-market society emerges.

But with every third family thought to have relatives among the 1.2 million Cuban exiles in the United States, the younger generation has expectations of cross-straits collaboration.

"My brother-in-law has a construction business in Florida. He would help us if it was allowed," says Julio, who would like to replace the broken, grimy tiles on the staircase leading to his Havana apartment and put glass in the windows. "It will be faster to rebuild if there is goodwill on both sides."

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From:	USDOJ- Office of Public Affairs
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Subject:	Attorney General's News Briefing for Tuesday, September 19, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush, GOP Senators May Be Near Agreement On Terrorism Detainee Rules. The CBS Evening News (9/18, lead story, 2:35, Couric, 7.66M) reported, "It's been a high-stakes game of legislative chicken. And tonight it looks like the White House flinched." CBS (Schieffer) added, "We are told that the White House is giving the Senate Armed Services Committee a revised, written proposal. There is no deal yet but the two sides have been talking all day. And one of the people familiar with all this is as the doors are open again and both sides now believe there is a good chance to find an agreement. Sources tell us what the President wants is an explicit assurance in the law that the CIA can continue to effectively interrogate prisoners. The senators want to be assured that they can pass a bill allowing those interrogations, and military trials without undermining the Geneva Conventions." One source "who backs the President says the White House understands you can't win an argument on how to treat prisoners when former POW John McCain is on the other side." USA Today (9/19, 2.27M) reports White House spokeswoman Dana Perino "said Monday that the administration was sending the new language in hopes of reaching an agreement," while the AP (9/19, Flaherty) notes Republican officials "said they have encountered resistance and were no longer certain they had enough votes to push the measure to passage through the GOP-run House."

CQ (9/18, Donnelly) reports Sen. Lindsey Graham, one of the Senate GOP holdouts, "said the GOP lawmakers and administration officials were now working together to write legislation that would preserve a CIA interrogation program for terrorism suspects in a way that does not violate U.S. laws against torture or undermine the Geneva Conventions, and to establish military tribunals that will pass constitutional muster to try terrorism suspects." CQ adds the White House "move toward compromise came as the political hand" of Sens. John Warner, John McCain and Graham "appeared to be strengthening." CBS Evening News (9/18, lead story, 2:35, Schieffer, 7.66M) reported, "Both…Graham…and Steven Hadley, the White House National Security Advisor, appeared separately on 'Face the Nation' yesterday, but they talked for about 45 minutes in the green room outside our studio. It was an off-the-record conversation that I think both of them would tell you tonight, that's really where all this got started."

The Washington Post (9/19, A4, Weisman, Baker, 748K) reports the White House is "bending to the opposition of a growing group of Republicans who have balked at President Bush's proposal on military trials for suspected terrorists." Since the "dispute burst into the open Wednesday, five other Republican senators -- Susan Collins (Maine), Olympia J. Snowe (Maine), Chuck Hagel (Neb.), John E. Sununu (N.H.) and Lincoln D. Chafee (R.I.) -- have indicated they will side with the dissidents, and the numbers were threatening to grow." The "dissidents' hand has only grown stronger. House Republican leaders decided yesterday to drop a vote planned for this week on Bush's bill on military trials, agreeing instead to refer it to the Judiciary Committee for further consideration." More troubling "to the White House and GOP leaders, Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, indicated he may ask to examine portions of the bill pertaining to international treaties, leadership aides acknowledged."

The Washington Times (9/19, Curl, 88K) reports the story under the headline, "Bush Offers Concession On Terror Suspects' Rights." The Times says Bush "offered to compromise on his hard-line stance that Congress curb rights for terrorism suspects."

Fox News' Special Report (9/18) reported, "Both sides are talking now about compromise. Though tonight no one seems to quite know the exact shape of a compromise." Fox (Angle) added that "negotiations continued behind the scenes today and sources now say the prospects for a compromise are 50/50."

The Financial Times (9/19, Daniel) reports Sen. John McCain said, "We are certainly making progress and I'm hopeful we can get it completed soon." McCain said "he had the backing of George Shultz, former secretary of state, joining Colin Powell, another former secretary of state, who joined the debate last week with a letter warning of the moral damage to the reputation of the US." Schultz said, "My concern is not doing anything to change the Geneva Convention. I believe the ability to use aggressive questioning is important and I understand the objectives of the administration and Mr McCain can be achieved without touching the Geneva Convention, and dealing with the War Crimes Act."

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GOP Sen. Susan Collins was asked on Fox News' The Big Story with John Gibson (9/18) how the GOP rift over the treatment of terror detainees will impact the elections this November. Collins said, "I don't think it's going to have any impact because I am very hopeful that we are going to be able to negotiate a compromise on this issue. This is a matter of principle and conscience and some of us have reached different conclusions from the Administration. But I don't really think we are that far apart. And I'm hopeful that we will be able to negotiate a compromise."

John Fund said on MSNBC's Hardball (9/18), "I think the President has lost points so far. But I think the longer this debate goes on, the closer we're going to get to a compromise. This is not Abu Ghraib. There has never been a credible allegation of torture at Guantanamo, which is where all of these prisoners are now being kept. The question is, do we keep the Uniform Code of Military Justice just as it's written, which is normally used to handle soldiers, enemy combatants, or do we write a new set of rules which also cover the people who aren't combatants, the people who are terrorists. And I think there is a compromise there, and frankly, staffers to John McCain and Lindsey Graham and to Stephen Hadley, the National Security Advisor, are already working behind the scenes on that."

Frist Could Use Procedural Tactics To Outmaneuver GOP Dissidents. Roll Call (9/19, Pierce) reports Majority Leader Bill Frist "could use a few procedural tricks up his sleeve to stack the deck in favor of President Bush if he decides to force an intraparty showdown this week over the treatment and interrogation of detainees in the war on terrorism." Though "much has been made of the support" Senate Armed Services Chairman Warner and Sens. McCain and Graham "have garnered for their proposal on how to prosecute suspected terrorists and Bush's fervent opposition to it, there is no guarantee that Senators will get a chance to vote in a head-to-head matchup between the differing bills proposed by the two sides." With 11 GOP supporters "and the expected backing of a majority of Democrats, the Armed Services proposal, which passed the panel with largely Democratic support last week, could draw as many as 56 votes." But a senior Senate GOP aide "noted that that count would apply only if those Senators actually have an opportunity to vote for the Warner-McCain-Graham alternative to the president's bill. Frist could decide to use a procedural maneuver, known as filling the amendment tree, to prevent an up-or-down vote on the trio's proposal."

Gonzales Defends US Interrogation Methods. The AP (9/19, Yen) reports, "Attorney General Alberto Gonzales on Monday defended the Bush administration's strategy for interrogating terror suspects, calling it legal and critical to 'continue gathering information about our enemies.'" The AP continues, "In a speech, Gonzales said CIA interrogators lack guidance on how to comply with the international Geneva Conventions, saying the provisions banning 'humiliating and degrading treatment' and 'outrages upon personal dignity' are too vague. … 'Such phrases standing alone mean different things to Americans,' he said at a conference on citizenship. 'Think of the differences in interpretation that will exist between differing legal systems and cultures of the nations of the world.' … 'Seeking this clarity is important to our efforts to continue gathering information about our enemies,' Gonzales said. 'In all that we do in the war on terror, we seek to promote the rule of law and protect freedom.'"

Negroponte Defends White House Proposal. In a USA Today op-ed (9/19), Director of National Intelligence John Negroponte defends the Administration bill, saying, "One critical way to help prevent terrorist attacks against Americans is interrogating key al-Qaeda leaders and operatives. The Bush administration has proposed a bill that would allow the CIA to conduct such interrogations — interrogations that have helped stop terrorist attacks — in a way that gives our personnel clear legal standards. The simple question, therefore, is whether we will allow intelligence professionals on the front lines to keep using a tool that has saved American lives."

Hughes Says Bush Seeking Clearer Standards For Interrogating Detainees. Karen Hughes said on MSNBC's Hardball (9/18), "We have tried to, the President several weeks ago announced his going to Congress to try to come up with legislation to bring these individuals to trial and also to set out clearer standards for questioning for our interrogators, who have to be involved in questioning these very difficult terrorists. I mean, you know that the questions that you're asking, the answers may help you save American lives and may help you save the lives of people across the world." Hughes added that Bush "should we capture tomorrow a senior al Qaeda leader and should that leader have information that might prevent an attack on America, the President feels it's very important that we be able to question that person and that the rules be clear for those who are involved in the questioning."

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Criticism Of Bush Plan Comes From Inside The Military. CNN's The Situation Room (9/18, Starr) reported, "President Bush's plan for interrogating al Qaeda detainees has led to a new round of criticism. This time it's coming from inside the military, legal officers who say the President's plan puts US troops at risk by opening the door to redefining how personnel are treated under the Geneva Conventions. It's a technical legal issue that some say underscores more broadly the senior officers' frustration with the Bush Administration over the course of the war." Three retired Chairmen of the Joint Chiefs of Staff object to the plan. As do Brigadier General John Kelly and General Binford Peay.

Powell Says Bush's Interrogation Rules Could Erode Perceptions About US's "Moral Code." The Washington Post (9/19, A4, DeYoung, Baker, 748K) carries an interview with former Secretary Powell in which he says "he decided to publicly oppose the Bush administration's proposed rules for the treatment of terrorism suspects in part because the plan would add to growing doubts about whether the United States adheres to its own moral code." He "also argued that the administration's plan to 'clarify' U.S. obligations under the Geneva Conventions would set a precedent for other nations that would endanger U.S. troops." The Post says Powell's comments "marks a rare public breach with the administration he left 20 months ago. As secretary of state, he repeatedly clashed privately with Vice President Cheney and others who had more hard-line foreign policy views. But since leaving office he has declined nearly all opportunities to publicly criticize even those policies he opposed internally." Powell "has reserved his strongest opposition for administration efforts to preserve controversial methods for interrogating terrorism suspects, techniques that others have defined as torture." He "strenuously objected to Bush's February 2002 decision that the United States was not obliged to adhere to Geneva Conventions rules in its treatment of captured al-Qaeda and Taliban prisoners," and he "publicly supported [Sen. John] McCain's successful effort to ensure that restrictions in the Army Field Manual outlawing torture be adopted as the definitive guidance for military treatment of detainees."

CIA Interrogation Techniques Examined. CBS Evening News (9/18, story 2, 2:25, Couric, 7.66M) reported "the real issue" is "how far exactly can CIA interrogators go when it comes to extracting important information from suspected terrorists." CBS (Martin) added, "CIA director Michael Hayden has briefed members of Congress on so-called stress-inducing techniques used to extract information from high level terrorists. Tactics the President has called tough. Tactics former CIA official and now CBS News consultant John Brennan says would still be used." John Brennan: "It's one of the tough tactics that the CIA wants to use, sleep deprivation, long periods of standing, other types of things that will try to wear down a detainee's resistance to questioning." Martin: "Tom Malinowski says depending how harshly the techniques were applied they would violate the Geneva Conventions on cruel treatment which now applies to prisoners held by the CIA." Tom Malinowski: "Extended sleep deprivation, forced standing where a prisoner is forced to stand motionless for up to 40 hours at a time. Induced hypothermia in which a prisoner is subjected to extremely cold temperatures. And also the technique of using all of these techniques at the same time." Martin: "The CIA has used its most aggressive techniques including water boarding in which the prisoner is made to feel like he's drowning against a handful of terrorists like Khalid sheik Mohammed, the alleged mastermind of 9/11. But Brennan says the CIA now recognizing it went too far."

The New York Times (9/19, Stolberg, 1.21M) reports that while President Bush "has repeatedly called for clarity in the rules for what he calls 'alternative interrogation techniques' used by the Central Intelligence Agency," what he "really wants, legal experts on both sides of the debate say, is latitude so the interrogators can use methods that the military is barred from using under a recently issued Army field manual." Despite his "call for clarity, the president has been vague in talking about the alternatives, which have in the past included sleep deprivation, playing ear-splittingly loud music and waterboarding, which induces a feeling of drowning."

Mehlman Denies Dispute Is A "Bonanza" For Democrats. RNC Chairman Ken Mehlman was asked on CNN's The Situation Room (9/18) if the GOP rift over terror detainees has been a "bonanza" for the Democrats. Mehlman said, "I don't think it has. I think the American people who are looking at these elections are going to see an important difference. But the difference is that people like George Bush and Dick Cheney, along with John McCain and Colin Powell and others, believe we need tools like the Patriot Act, like the NSA surveillance program, believe it would be a mistake to give the enemy what they say they want in Iraq, which is to cut and run and leave it to the terrorists, and believe we need to work out a way to make sure we keep a critical program going forward, while, at the same time,

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making sure we're protecting American values. Good people on both sides are working this out. This program is critical. We have a new war. It requires us to adapt our tactics and it requires us to be consistent with our most important values."

More Commentary. Margaret Carlson said on MSNBC's Hardball (9/18) that Bush "needs the tactics that were used by the CIA. He must continue with those tactics, and that's part of what this fight is about." Carlson added that "everyone is as at disadvantage to the President. The members of the Intelligence Committees on the Hill can't reveal what they know. The President, in his press conference, is revealing what he knows, saying that their tactics work, whether or not you call them torture."

In his Washington Post column (9/19, A21), Eugene Robinson says, "I just can't get past this torture issue -- the fact that George W. Bush, the president of the United States of America, persists in demanding that Congress give him the right to torture anyone he considers a 'high-value' terrorist suspect. The president of the United States. Interrogation by torture. This just can't be happening." Bush says "he is waging a 'struggle for civilization,' but civilized nations do not debate slavery or genocide, and they don't debate torture, either. This spectacle insults and dishonors every American."

Defense Grills FBI Agent Over Albany Terror Probe Informant. The AP (9/19) reports, "The informant who posed as an arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims was arrested in 2001 for helping immigrants fraudulently obtain drivers' licenses, an FBI agent testified Monday" at the Albany terrorism trial of Yassin Aref and Mohammed Hossain. "'He was not truthful at all,' special agent Timothy Coll acknowledged of Shahed Hussain in the document fraud. Coll arrested the Pakistani emigre, whom he called 'Malik' and who subsequently agreed to cooperate with the FBI." The AP notes that defense lawyers say Malik "lied to the FBI about their clients, who thought he was joking about a terrorist plot. He is expected to testify later this week, and his credibility is a key question for jurors. Coll testified Monday that Malik's cooperation agreement required him to be truthful from the time he signed it." The AP adds, "Coll also acknowledged under cross-examination…that Malik has received almost $37,000 for relocation, office rent and cell phone expenses from the FBI in the two cases."

Capital News 9 Albany (9/18) reported, "A big day for the defense, as it tried to poke holes in the investigation that led to Mohammed Hossain and Yassin Aref facing terrorism-related charges of money laundering. … Defense teams spent hours pointing out that "Malik" had not only been arrested for fraud, but that the FBI agent had to rely on some of the information which he provided. Coll admitted Malik's reports had some inconsistencies, and also said the informant made decent money for cooperating with the government. Malik's cell phone bills were also covered, $1,900 worth of charges that included his own personal usage."

Group Warns Of Link Between Jailhouse Islam, Terror Plotters. Newsday (9/19, Eisenberg) reports, "The terror plots unfolded on different sides of the Atlantic, with different targets and casts of characters. But they had one thing in common: They traced back to jailhouse conversions to radical Islam. … With concerns about homegrown terrorism mounting, a panel of homeland security experts planned today to warn of the potential threat posed by prison converts to radical Islam, and ask Congress to set up a commission to investigate the matter. Two congressional committees are holding hearings on the issue this week. 'Prisoner radicalization is a potentially significant threat to U.S. national security,' said the head of the panel, Frank Cilluffo, director of the Homeland Security Policy Institute at George Washington University in Washington, D.C. 'The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries.'" Newsday notes that "since the 2002 arrest of Jose Padilla…officials have warned that prisons are a 'fertile ground for extremists' in the words of FBI Director Robert Mueller."

Report Exonerates Canadian Sent To Syria By The US And Tortured. The New York Times (9/19, A1, Austen, 1.21M) reports a Canadian government commission "exonerated a Canadian computer engineer of any ties to terrorism and issued a scathing report that faulted Canada and the United States for his deportation four years ago to Syria, where he was imprisoned and tortured." The report "on the engineer, Maher Arar, said American officials had apparently acted on inaccurate information from Canadian investigators and then misled Canadian authorities about their plans for Mr. Arar before transporting him to Syria." Commission head Justice Dennis R. O'Connor said, "I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities

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constituted a threat to the security of Canada." The Times adds the report's "criticisms and recommendations are aimed primarily at Canada's own government and activities, rather than the United States government, which refused to cooperate in the inquiry. But its conclusions about a case that had emerged as one of the most infamous examples of rendition — the transfer of terrorism suspects to other nations for interrogation — draw new attention to the Bush administration's handling of detainees."

The Washington Post (9/19, A1, Struck, 748K) reports in a front page story that report found "Canadian intelligence officials passed false warnings and bad information to American agents about" Arar. The report, "released in Ottawa, was the result of a 2 1/2-year inquiry that represented one of the first public investigations into mistakes made as part of the United States' 'extraordinary rendition' program, which has secretly spirited suspects to foreign countries for interrogation by often brutal methods." Arar was "also listed as 'an Islamic extremist individual' who was in the Washington area on Sept. 11. The report concluded that he had no involvement in Islamic extremism and was on business in San Diego that day, said the head of the inquiry commission, Ontario Justice Dennis O'Connor."

HOMELAND RESPONSE:

Proposed FEMA Overhaul Seen As "Major Blow" To Chertoff. Under the headline "FEMA Revamp Snubs Homeland Security Chief," the Wall Street Journal (9/19, A8, Block, 2.03M) describes a deal by congressional negotiators to overhaul FEMA as "a major blow" to DHS Secretary Michael Chertoff, reporting that the reorganization "unraveled changes he had personally backed." The agency "would be strengthened and become an independent entity within the Department of Homeland Security under the deal worked out late Friday night between Senate staff and representatives of several House committees. But DHS would be barred from changing FEMA's budget, personnel or structure, giving the agency the same protections currently provided to the US Coast Guard and the Secret Service." The Journal adds, "Many observers saw the deal as a setback for Mr. Chertoff, who has come under scrutiny for his handling of the department. DHS spokesman Russ Knocke said, 'We will continue to work with Congress toward a satisfactory outcome.'"

Agreement Near On Homeland Security Appropriations Bill. The Wall Street Journal (9/19, A8, Rogers, 2.03M) reports House-Senate negotiators "are nearing agreement on a homeland-security budget that includes $1.82 billion in emergency funds, blessed by the White House to burnish Republican credentials on border security before the fall elections." Even with "the infusion of funds, the $34.8 billion package falls short of what the Senate promised last week for port-security grants. But between $1 billion and $1.2 billion would be provided as a down payment toward fencing the U.S.-Mexico border and about $350 million of the emergency funds are expected to be split among Coast Guard procurement, new customs inspectors and X-ray equipment at ports of entry." Republican leaders "are determined to complete the homeland measure and a larger Pentagon appropriations bill before lawmakers go home at the end of next week to campaign. The defense and homeland bills fit into the Republican national-security theme this fall, and negotiators want to finish the talks this week."

Congress Failing To Make Progress On National Security Agenda. The Washington Post (9/19, A19, Weisman, Murray) reports that with "10 days left before the scheduled Sept. 29 recess, Congress's much-trumpeted national security agenda is becalmed and awaiting a stiff wind to get it to port. This week, there doesn't even seem to be a gentle breeze on the horizon." Senate Majority Leader Bill Frist (R-Tenn.) "had hoped to begin work on legislation authorizing military commissions to try terrorism suspects or a bill on President Bush's warrantless wiretapping program. But for the moment, the only bill on military trials that can pass the Senate is the one Bush opposes -- the bill drafted by Senate Armed Services Committee Chairman John W. Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.)." So while Frist "tries to decide between the frying pan and the fire, the Senate will keep busy with consideration of the Oman Free Trade Agreement and the nomination of Alice S. Fisher to serve as assistant attorney general." The situation in the House is "only a tad brighter. House leaders had scheduled consideration of Bush's military trials bill for midweek. But the notoriously cantankerous chairman of the House Judiciary Committee, F. James Sensenbrenner Jr. (R-Wis.), asked for time for his committee to consider it, and GOP leaders relented, pushing back a floor vote at least another week." Instead, the "centerpiece of the House's floor schedule will be a package

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of immigration and border security bills designed to demonstrate GOP toughness ahead of the election. Never mind that much of the legislation -- three bills in all -- already passed the House in December as part of a broad crackdown on illegal immigration."

FBI Agents Raid Michigan Islamic Charity. In a front-page story, the Detroit News (9/19, Egan, Donnelly) reports, "FBI agents from the Joint Terrorism Task Force raided the Southfield offices of a highly regarded American Muslim relief organization Monday, but would not disclose the nature of their criminal investigation. … The FBI also searched the Ypsilanti home" of Life for Relief and Development CEO Khalil Jassemm; "a home on Indiana Street in Dearborn owned by Jassemm; and the Dearborn office of a nonprofit group opposed to the Iraq war called Focus on American & Arab Interests and Relations, headed by Muthanna Al-Hanooti, who until recently worked for Life for Relief & Development." The News adds, "The search is 'pertaining to a criminal matter,' FBI Special Agent Dawn Clenney said. A federal official in Detroit said the investigation was being run out of the Justice Department in Washington, D.C.

The Detroit Free Press (9/19, Warikoo, 346K) reports, "The raid was based on sealed search warrants, but the charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country. Alkhatib said Life for Relief and Development 'did everything by the book.'" A "senior federal official with knowledge of investigations related to the raid" said that "agents are investigating whether Life may have illegally distributed money and medical supplies inside Iraq." The Free Press notes, "Coming days before the start of Ramadan, the raids concerned some Muslims in metro Detroit, but some said they were not surprised. 'The community was expecting to give Ramadan gifts, but we're wondering, who's next' to be raided, Jassemm said. 'And apparently, Life is next.'"

The AP (9/19) reports, "The warrants were based on a criminal assertion, but the affidavits in support of the warrants are sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press [in a news bulletin posted to its Web site yesterday]." The AP adds that charity spokesman Mohammed Alomari "described the federal agents as courteous and said staff members who remained in the office were cooperating."

FBI Agents Search Home Of Missouri Islamic Leader. The Columbia Missourian (9/19, Kravitz, Scianna, 17K) reports, "FBI agents searched the home of a prominent Islamic community leader Monday, three days after FBI officials met with community members at the Columbia mosque to improve the bureau's often frosty relations with Muslims. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife, Lamya Mukhlef Najem," although "the reason for the raid has not been disclosed because details of the warrant are sealed." FBI spokesman Jeff Lanza "would neither confirm nor deny whether" the search was connected to the Life for Relief and Development raids. Islamic Center of Central Missouri president Corey Brand "said he hopes the ongoing federal investigation doesn't undo the progress made at the last week's forum. 'I think it has the danger of erasing the whole purpose of Friday — to reassure the Muslim community,' Brand said."

The Columbia Tribune (9/19, Luecke) notes, "Hamoodi has made several public appearances in opposition to the U.S. war in Iraq. … After Saddam's capture, Hamoodi told the Tribune the event was insignificant," and he added, "The war was a lie. Innocent people were killed. Is this worth finding weapons of mass destruction?" Meanwhile, under the headline "Islamic Center 'Surprised' By Timing Of Raid," the Columbia Tribune (9/19, Heavin) reports mosque president Corey Brand said that the search "could undo any bridge-building efforts between law enforcement and members of the Islamic community."

On Anthrax Attack's Fifth Anniversary, Investigation Seen As Cold. CBS Evening News (9/18, story 9, 2:35, Couric, 7.66M) reported, "Five years ago, a couple of envelopes were postmarked at the post office in Trenton, New Jersey. … It was the beginning of a series of anthrax attacks that would leave five people dead. Five years later, an unsolved mystery." CBS (Stewart) added, "Things are so cold, law enforcement officials tell CBS News that barring the discovery of new evidence, the anthrax investigation could be declared a cold case and put in the inactive files. … Former bureau counter terrorism executive and now CBS consultant Mike Rollins says no case has frustrated the FBI more than the anthrax probe." Rollins: DHS Secretary Michael Chertoff "says he is not sure we'll ever charge anyone." Chertoff: "There are times that we may

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know a lot about a crime or an event that occurred, but we may not have the admissible evidence that we need in order to prove it in court."

DHS Names Cybersecurity Chief. The AP (9/18, Jordan) reported that in appointing Greg Garcia as its assistant secretary for cybersecurity and telecommunications, DHS "picked an industry information security specialist" for the job, "filling a job that has had no permanent director for a year." The AP added, "For the last two years, that office has been run by Donald 'Andy' Purdy Jr., who is a two-year contract employee on loan from Carnegie Mellon University in Pittsburgh. Carnegie Mellon has received $19 million in contracts from Homeland Security's cybersecurity office under Purdy's management. Garcia 'brings the right mix of experience in government and the private sector to continue to strengthen our robust partnerships that are essential to this field,'" DHS Secretary Michael Chertoff said in a statement.

WAR NEWS:

Dozens Killed in Northern, Western Iraq. The Washington Post (9/19, A17, Paley, 748K) reports, "Suicide bombers killed at least 34 people in attacks in western and northern Iraq on Monday, underscoring the continuing violence throughout the country as U.S. and Iraqi forces focus on tamping down attacks in the capital." A Defense Ministry spokesman said the violence in "outlying areas" reflected the capital's new security plan, which had allegedly "left no room" for terrorism in Baghdad; however, "horrific bloodshed remains routine in Baghdad, where nearly 100 people were found dead in one 24-hour period last week." The Post adds, "Starting next month, Iraq's entire national police force will undergo a month-long training course that includes inspections of individual units that could identify corrupt officers or militia members, according to a Western adviser to the Interior Ministry."

The New York Times (9/19, Oppel, al-Saiedi, 1.21M) reports, "Suicide bombers attacked a market in Tal Afar and the Iraqi police in Ramadi on Monday, killing at least 23 people, as political leaders in the capital struggled to reach a deal that would end the fight over splitting Iraq into autonomous states." The American military announced "two new combat deaths. One soldier was killed by a roadside bomb in northeastern Baghdad on Sunday afternoon, and another was killed by small-arms fire in north-central Baghdad, also on Sunday afternoon."

Concerning the negotiations on autonomous states, "Sciri [an Iran-linked, Shiite party] wants to pass a bill in Parliament giving provinces a quick route to forming autonomous regions, which are allowed by the Constitution's federalism provisions. But furious Sunni Arab leaders say the Constitution might not have even been approved in the referendum last October had it not been for their last-minute support." The Times also reports, "In Baghdad, the government released a statement on Monday saying it would shut down the offices of the Kurdistan Workers' Party, or P.K.K."

The AP (9/19, Becatoros), while noting the bloodshed and the contentious talks over autonomous states, also reports more positive developments: "The U.S. military relinquished control of a second Iraqi army division as Iraqi officials prepared to further tighten security ahead of the Muslim holy month of Ramadan, when insurgent attacks tend to spike. In a positive development for Iraq's leaders, predominantly Sunni Arab tribes in a volatile western province have joined to fight insurgents in the region and want the government and the U.S.-led coalition to supply them with weapons."

NBC Nightly News (9/18, story 9, 2:30, Boettcher, 9.87M) reported from Baghdad, "The struggle for power between Shi'ites and Sunnis seems to have touched everyone here as we found when we randomly picked one block on Karrada street. Everyone knew someone who had been killed or attacked. ... Even the Baghdad morgue is not safe. ... On one side -- Shi'ites from the ministry of health. On the other -- Sunnis from the ministry of electricity. Our tape was confiscated. Suhail Gergis has been making coffins since 1983 and for the first time, he cannot keep up with demand. 'We turn on the generator and keep working until late at night', he says. They are building a coffin for a small child. In Iraq, in this chaos, this is the biggest increase in manufacturing here -- coffins. The United Nations estimates that 100 Iraqi civilians die violently each day. The coffin makers will have to work harder."

Despairing Iraqis Flee Country. ABC World News (9/18, story 4, 2:00, Gibson) reported, "Iraqi officials insisted today that the government's security plan is showing signs of success. But hundreds of thousands of Iraqis expressed their views of that with their feet. They are leaving Iraq." ABC (Sciutto) added, "Baghdad's passport office, overrun, like

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every day, with people trying to leave the country. And then a car bomb went off just outside the gates, killing nine. Inside, an official tried to calm the crowd, saying this happens all the time. The attack was one more reason for Kaiss Warash to leave Iraq for good. 'I'm tired of life here,' he said. Visit bus stations and it's clear he's not alone. By some estimates, this is now the largest movement of refugees in the world today. Most to neighboring Syria and Jordan. From 14,500 in 2003, to 213,000 in 2004, 801,000 last year. And the pace is accelerating." Lavinia Limon, US Committee for Refugee & Immigrants: "There is persecuting going on of religious minorities, of professionals. And of course Shi'a or Sunni. People are actually told, 'If you don't leave, we're going to kill you.'" Sciutto: "The drain is worst among professionals. An estimated 40% have left. Baghdad's main hospital now has a dangerous shortage of trauma surgeons."

Zarqawi Had Foes Inside Al Qaeda. The Washington Times (9/19, Behn, 88K) reports, "Iraq's national security adviser yesterday released a letter captured after the death of terrorist leader Abu Musab Zarqawi, in which he was criticized by another al Qaeda figure for his brutal methods. ... The long letter was from Attyia al-Jaza'ri, purportedly an al Qaeda leader of Algerian origin." In it, Al-Jaza'ri "'criticizes Zarqawi for making decisions without seeking the counsel of senior al Qaeda leadership [and] reminds Zarqawi that he is not on the same level of these historic leaders. Al-Jaza'ri also reprimanded the Jordanian-born terrorist for putting military acts above political action, expressed his reservations on Zarqawi's attempts 'to prematurely declare war on the Shi'ites,' and chastised him for not cooperating with Sunni scholars and tribal leaders."

Iraqi President Addresses Letter To American Public. McClatchy (9/19) prints a 1,747-word letter from Jalal Talabani to the American people, in which the Iraqi president writes, "I would like to convey ... the gratitude of all Iraqis, who are fighting for a democratic government and a civil society, to the Americans. ... We feel your pain, we honor your sacrifice and we will never forget you." Talabani reports, "Every Iraqi today feels they have a stake in the new Iraq" and describes economic progress as well. The second-to-last sentence is likely a pointed reminder that the US initiated the war: "The United States carries a heavy responsibility in helping us."

Witnesses At Democratic Hearing Claim Halliburton Knew Convoy Route Was Unsafe. The Washington Post (9/19, A6, Witte, 748K) reports Edward V. Sanchez, "a truck driver for Halliburton, had just passed under a bridge near Baghdad on April 9, 2004, when another truck in his convoy hit a mine and 'all hell broke loose.'" At a Capitol Hill hearing, Sanchez said, "We began taking rounds of small arms fire from both sides. The shots were coming like a hail storm." The Posts adds, "By day's end, seven civilians from the fuel convoy were dead and seven more were injured." Surviving convoy members "and the families of the dead now claim the incident could have been prevented. Halliburton, they argue in a suit filed in federal court, had ample warning the route was unsafe to travel because of reports of a running battle between insurgents and the U.S. Army." That allegation "was at the center of a Democratic Policy Committee hearing that renewed attention on Halliburton Co., which has come under intense scrutiny as the largest U.S. contractor in Iraq."

The Houston Chronicle (9/19, Ivanovich, 535K) reports former Halliburton truck drivers said the firm "knew a highway intersection near Iraq's Abu Ghraib prison was fraught with danger hours before the deadly ambush of a truck convoy known as the Good Friday Massacre." The "Houston-based contracting giant may have tried to shield itself from lawsuits by including a clause in an application for a Defense of Freedom Medal, in which survivors would sign away their rights to sue, according to a document unveiled by the panel Monday." Six KBR truck drivers "and two soldiers were killed in that ambush. Another driver and one soldier are still listed as missing." Ed Sanchez is "one of the former Halliburton workers who appear in a recently released film, Iraq for Sale: The War Profiteers, directed by Robert Greenwald, who also produced The Crooked E: The Unshredded Truth about Enron."

Afghan Bombs Kill 19, Including 4 Canadians. The Washington Post/AP (9/19, Khan) reports, "Three suicide bombers killed at least 19 people across Afghanistan on Monday, including four Canadian soldiers in an attack that tested the NATO alliance's claim of success in driving insurgents from this volatile southern region." A "purported Taliban spokesman" responsibility for the bombing in a telephone call. Lt. Gen. David Richards "said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers."

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The Washington Times (9/19, 88K) runs a slightly modified version of this article.

The New York Times (9/19, Gall, Wafa, 1.21M) reports "one of the country's worst days of violence against civilians" and says of the assault on the Canadians, "Four Canadian soldiers were killed in one explosion, when a suicide bomber on a bicycle set off a bomb as the soldiers were handing out gifts to children in a village."

Afghan War On Drugs Catches Only "Small Cogs" Of Narcotics Trade. The Washington Post (9/19, Constable, 748K) reports, "Foreign backers of the government of President Hamid Karzai are growing impatient with the continuing [drug] production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be 'held accountable' and toughen its fight against drugs even further." The Afghan government's efforts have had relatively paltry results, "given what [analysts] call Karzai's chronic reluctance to make difficult decisions." Experts warn that the "expansion of drug smuggling and refining is a far more pernicious problem than poppy farming and could easily turn Afghanistan into another Colombia." However, the generally pessimistic article ends with a confident judge's proclamation that "much bigger fish" will soon be tried.

Authors Blast US Strategy In Afghanistan, Iraq. The Washington Post (9/19, C1, Thompson, 748K) reports Afghan-based ex-NPR correspondent Sarah Chayes has published a new book, "The Punishment of Virtue: Inside Afghanistan After the Taliban," in which she argues that the US "is paying for a mistake now so widely acknowledged it has become a cliche: intervening militarily with 'no concept' of how to 'create a working society after the intervention.'" Chayes recalls alleged US mistakes dating back to 2001, when American soldiers egged "on a warlord to snatch Kandahar away from President Karzai" -- a story that NPR "cut from her 'All Things Considered' report." The Post praises her book as the "kind of fleshed-out portrait that even the best on-the-run journalism rarely provides," but it states that "her insights [in book form] may come too late to influence the fate of her adopted home." The second half of the article discusses former FSO John Brady Kiesling, who "decided, in February 2003, that the looming United States invasion of Iraq would make it impossible for him, in good conscience, to remain in the U.S. Foreign Service." His letter of resignation from the Athens embassy "briefly made Kiesling semi-famous." He also has a new book, titled "Diplomacy Lessons: Realism for an Unloved Superpower," in which he recounts his "'failure to prevent a Florida con man from bilking the government of Romania out of $250,000.' He then speculates pointedly as to whether this kind of humbling experience might have kept Vice President Cheney and Defense Secretary Donald Rumsfeld from falling so hard for Iraqi exile Ahmed Chalabi."

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Levin Releases Hold On Fisher Nomination. The Washington Times (9/19, Harper, 88K) reports in its "Inside Politics" column, "Sen. Carl Levin, Michigan Democrat, has released his hold on a senior Justice Department nominee, clearing the way for a confirmation vote today for Alice Fisher to become assistant attorney general for the Justice Department's Criminal Division. … Mr. Levin has held up the confirmation of Mrs. Fisher for more than two years, maintaining the Bush administration stonewalled his requests for information about her role in handling reports from FBI agents on detainee abuse at U.S. Naval Base Guantanamo Bay, Cuba."

CORPORATE SCANDALS:

H-P's Leak Probe Included Surveillance, Records Analysis. The San Francisco Chronicle (9/19, D1, Pimentel) reports, "Hewlett-Packard deployed covert surveillance teams and analyzed thousands of e-mails and phone records, including those of its executive council members, in its internal probe of media leaks, according to a source familiar with the investigation into the spying scandal." The Chronicle continues, 'HP's investigative team also sent e-mails embedded with software that could pinpoint addresses where the messages are eventually forwarded. … The group also carefully analyzed media reports, comparing quotes from unnamed sources with the language typically used by directors." The Chronicle adds, "The HP probe even delved into the personal ties between former director George Keyworth, who was the main target of the company inquiry, and journalists to whom he was suspected of leaking information, the source said. … For example, HP's investigative team noted that the father of a CNet reporter who contributed to articles that cited an unnamed HP source knew and worked with Keyworth in New Mexico. … The

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investigation was carried out by a team that included personnel from HP's information technology and global security investigations units, and outside consultants including Ronald DeLia, managing director of Security Outsourcing Solutions of Boston and a Florida agency called Action Research Group. … HP has admitted to using false identities to obtain personal phone records, a practice called 'pretexting.'"

HP Scandal Puts Spotlight On Pretexting. The Washington Post (9/19, D1, Nakashima) reports, "When Adam Yuzuk had a question about his cellphone bill, a Cingular Wireless agent told him to check his online account. … The only problem: He hadn't established one." The Post continues, "That day in June 2005, Yuzuk, a former president of a New York leather accessories firm, discovered someone had used his Social Security number and a fake e-mail address to set up his online account and view his calling records. … He learned this year, as part of a legal dispute with his former partners in the firm, that they had paid a private investigator to dig up information on him, including $300 for his phone records." The Post adds, "Yuzuk's case was featured at a congressional hearing in June, part of lawmakers' effort to curb pretexting -- the act of impersonating someone to obtain their personal records. The drive has gained fresh momentum with recent revelations that a firm hired by a Hewlett-Packard Co. subcontractor used the technique to obtain phone records of the firm's directors and journalists. A House subcommittee is probing HP's practices. … Federal legislation is pending that would criminalize the use of pretexting to obtain phone records. Some states have passed laws banning it, and states, phone companies and the Federal Trade Commission are suing data brokers who practice it. Despite such efforts, including a 1999 law banning pretexting to obtain financial records, the industry continues to thrive. It is driven by systemic weaknesses in retail, financial and other sectors; lax company security standards; and demand from lawyers, debt collectors, and even law enforcement and tabloid journalists, experts said."

HP Officials Were Warned About Probe Tactics. The Wall Street Journal (9/19, Waldman, Stecklow) reports, "A computer-crimes specialist with Hewlett-Packard Co. emailed his superiors this year warning that the company's investigation of board leaks -- then still in progress -- was being conducted in a manner that could be illegal, according to people familiar with the situation." The Journal continues, "Specifically, Fred Adler, an official in H-P's global security office in Roseville, Calif., wrote that acquiring people's phone records through false pretenses could be against the law, these people said. H-P has since admitted that investigators working for the company used such a method, known as pretexting, in obtaining phone records of its directors, two H-P employees, nine journalists and an unspecified number of outsiders." The Journal adds, "It is unclear who in H-P's management received the warning from Mr. Adler, a former Federal Bureau of Investigation special agent. Mr. Adler's unit is headed by Jim Fairbaugh, H-P's head of global security, whom people close to the matter have said worked on the leak probe. … The email raises new questions about when H-P executives and lawyers became aware that their investigators might be breaking the law, a question on which state and federal authorities are focusing. H-P and its contractors are being investigated by the FBI and California's attorney general for the use of pretexting in the probe to identify the source of internal board leaks."

HP Attorneys May Not Be Protected By Privilege Before House Committee. The California Recorder (9/19, Beck, Scheck) reports, "The woes of Larry Sonsini and Hewlett-Packard Co. General Counsel Ann Baskins are growing. On Friday, the House Committee on Energy and Commerce revealed that it has asked both to testify at a Sept. 28 hearing entitled 'Hewlett-Packard's Pretexting Scandal.'" The Recorder continues, "In most circumstances, lawyers can safely stand behind the attorney-client privilege and refuse to discuss client matters. But congressional committee investigations are a different, and more demanding, creature. 'The House in theory does not recognize the attorney-client privilege,' said David Kendall, of Washington, D.C.'s Williams & Connolly, who had frequent contact with House committees when he represented the Clintons in Whitewater investigations." The Recorder adds, "Leslie Fagen, a partner at New York's Paul, Weiss, Rifkind, Wharton & Garrison, agreed. 'Congressional committees don't necessarily acknowledge the attorney-client privilege,' he said. In the 1990s, he had to testify before a committee investigating his client, the Metropolitan Transit Authority. Another lawyer who has represented clients before House committees says these committees can take a hard line. … 'They're virtually intolerant of the attorney-client privilege -- and you can easily imagine a contempt citation if the witness refuses to testify.'" The Recorder notes, "In addition to Sonsini and Baskins, the committee has asked HP Chairwoman Patricia Dunn to testify, along with Ronald DeLia, the Boston private

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investigator who allegedly accessed the phone records of directors and reporters."

Former Enron Official Sentenced To Prison.

Bloomberg (9/19, Calkins) reports, "Former Enron Corp. executive David Delainey was sentenced to 2 1/2 years in prison after prosecutors urged leniency, saying he helped unravel crimes at the energy company." Bloomberg continues, "U.S. District Judge Kenneth Hoyt in Houston imposed the prison term and a $60,000 fine for insider trading today on Delainey, 40, former head of Enron energy trading and retail energy services. Prosecutors asked for a light sentence, citing Delainey's cooperation after he pleaded guilty in 2003." Bloomberg adds, "Delainey is the first former Enron executive ordered to prison since the Houston-based company's former top executives, Kenneth Lay, 64, and Jeffrey Skilling, 52, were convicted in May of spearheading the fraud that destroyed the company. Lay died six weeks later. … 'You were not middle management,' Hoyt said, ordering Delainey taken into custody. 'You were upper management. Eight or 10 of you represented the heart and soul of Enron.'" Bloomberg notes, "Two other lower-ranking Enron defendants have been granted probation since the Lay-Skilling trial. … Timothy DeSpain, 41, a former assistant treasurer, was sentenced Sept. 15 to four months' house arrest and four years' probation for manipulating Enron's credit rating. Lawrence Lawyer, 38, a finance executive who didn't report income from an off-books partnership disguising debt, got two years' probation in June."

The AP (9/19, Lozano) reports that Delainey "had admitted to participating in schemes to manipulate earnings to please Wall Street. Prosecutors said he sold $4.25 million in stock throughout 2001 when he knew of a wide-ranging scheme to make Enron appear financially robust and inflate the company's stock. … 'I'm so very sorry for my conduct,' Delainey, 40, said before he was sentenced by U.S. District Judge Kenneth Hoyt." The AP adds, "The Canadian citizen faced up to 10 years in prison. Prosecutors had recommended he receive a sentence on the lower end of the guideline range due to his cooperation in their investigation of Enron's collapse. He testified earlier this year in the trial of company founder Kenneth Lay and former chief executive Jeffrey Skilling. … His defense attorney, John Dowd, asked Hoyt to give his client probation, adding that Delainey had already made restitution — agreeing to pay $4.25 million to the Justice Department and $3.74 million to the Securities and Exchange Commission — and had suffered public humiliation. … 'He never gave in to the temptation to cover up,' Dowd told Hoyt. 'He made an extraordinary effort to tell the whole truth.' … Prosecutor Kathryn Ruemmler told Hoyt that Delainey's help in their investigation of Enron's collapse was 'critical to the case' and he was always forthcoming with information. … 'He has never wavered from accepting responsibility for what he did,' she said. … But Hoyt dismissed the request for probation, telling Delainey that any public humiliation he had faced was 'a consequence of your conduct, not a punishment for it' and that any punishment he handed down would have to be a reflection of all of Delainey's actions and not just of the specific crime he pleaded guilty to."

The Washington Post (9/19, D03, Johnson) reports, "Hoyt directed U.S. marshals to take Delainey into custody minutes after handing down the sentence, which includes two years of probation and a $60,000 payment to a victim fund. The marshals allowed Delainey to remove his tie and belt and to share a moment with his crying wife, Dawna, according to people in the courtroom at the time. The couple's two daughters, ages 9 and 12, were not present. … Delainey's sentence came three days after a different federal judge in Houston sentenced former Enron assistant treasurer Timothy DeSpain to four months of house arrest and four years of probation for conspiring to commit securities fraud. The company's onetime finance chief, Andrew S. Fastow, is to be sentenced by Hoyt on Sept. 26."

CA In Profit Recovery Talks With Former Officials.

Bloomberg (9/19, Day) reports, "CA Inc., the world's second-largest maker of mainframe computer software, is negotiating with former employees to return money they made in a $2.2 billion accounting fraud, Chief Executive Officer John Swainson said." Bloomberg continues, "CA is talking with ex-officials who have pleaded guilty to participating in the fraud, Swainson said, without naming the executives, after CA's annual meeting in New York. At least eight former employees, including ex-CEO Sanjay Kumar, admitted to illegally inflating sales by backdating contracts." Bloomberg adds, "CA, formerly known as Computer Associates, will submit a plan to a Delaware judge in about a month outlining how it wishes to recover the money. Swainson said the money should be returned to current CA shareholders. CA paid a $225 million fine and is operating under the watch of the U.S. Justice Department. … 'The company has funded largely this investigation that

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resulted in the conviction or the pleading guilty of the individuals, and the money belongs to our current shareholders and we should return it to them,' Swainson said. The court will decide if former or current shareholders get the money, he said. … The plan to recover the money is being written by a board of directors committee that includes Renato Zambonini and William McCracken, Swainson said."

CRIMINAL LAW:

FBI Reports First Rise In Violent Crime Since 2001. The FBI yesterday reported that violent crime rose 2.3 in 2005, the first increase since 2001 and the largest percentage rise since 1991. The report generated heavy press coverage, with most stories noting it comes in the wake of state and local law enforcement criticism of federal funding for crime fighting.

NBC Nightly News (9/18, story 6, 0:15, Williams, 9.87M) reported, "New numbers from the FBI show all violent crime last year was up nearly 2.5%. The first increase in four years. … As we reported recently on this broadcast, police chiefs from all across the nation say they need more help from federal law enforcement to try to reverse this trend." In a widely-distributed story, the AP (9/19, Yen) notes, "The report comes as mayors and police chiefs at a recent crime conference said they were seeing spikes in violent crime for 2006. They have called for greater support from federal law enforcement, expressing concern that the Bush administration might be too complacent as it devotes time and attention to the war on terror." Deputy Attorney General Paul McNulty said yesterday that "the figures are good news in the sense that violent crime has dropped 3.4 percent since 2001 and declined 17.6 percent since 1996," but "he reiterated comments by Attorney General Alberto Gonzales earlier this month that additional crime-fighting funds for cities were not in the offing, noting that the war on terror remains the greater priority."

USA Today (9/19, 3A, Johnson, 2.27M) adds that the report "raised questions about whether violent crime rates will continue to head up after years of decline." Seattle Police Chief Gil Kerlikowske said, "This report should serve as a strong wake-up call. We better realign our focus to the war going on in some of our cities." However, "McNulty said the recent increases in violent offenses could reflect a convergence of factors: a rise in gang membership, the spread of highly addictive methamphetamine and the increasing numbers of young people who are 18 to 24, the age group that generally commits the most crimes. 'The terrorism mission,' he said, 'has not cost us anything' in fighting crime domestically." Bloomberg (9/19, Schmidt) notes, "Providence, Rhode Island, Police Chief Dean Esserman earlier this month said the federal government's overriding attention to terrorism 'concerns me the most' when looking at the rise in violent crime. … 'We seem to have abandoned one to focus on the other.'" McNulty "said he has heard the local chiefs' complaints. While McNulty said it is 'too soon to know' why violent crime is up, he cited increases in gang membership and methamphetamine use as possible causes."

The Washington Times (9/19, Seper, 88K) reports FBI spokesman Bill Carter "said that of the 14.1 million arrests made by law enforcement in 2005, drug violations accounted for more than any other offense. He said that according to the 'Crime Clock 2005,' a violent crime took place every 22.7 seconds and a property crime every 3.1 seconds in this country." The Times notes that "the number of property crimes last year decreased by 1.5 percent from 2004 and declined 13.9 percent when compared with 1996."

Report Finds New York Safest Big City In US. The New York Times (9/19, Vasquez, 1.21M) reports, "New York City remained the safest big city in the nation in 2005, according to an F.B.I. report released yesterday. The report also showed that the city experienced a 4.3 percent drop in overall reported crime last year compared with a nationwide drop of 1.2 percent. 'Today's final 2005 report by the F.B.I. shows that our innovative efforts to reduce crime and increase New Yorkers' quality of life are working,' Mayor Bloomberg said in a statement." The Times adds, "Thus far in 2006, overall reported crime in New York City continues to fall, down 5.04 percent by Sept. 10 compared with the same period last year."

Local Media Focus On State, City Statistics. Local media across the country similarly reported on their city's or region's crime rate in the report, often adding the local statistics to the AP story. Some examples: The Minneapolis Star Tribune (9/19, Xiong, 398K) reports, "Minneapolis' violent crime rate continues to outpace that of 2005, but authorities said Monday that a recent crackdown on juvenile crime is slowing the increase. … On Monday, the FBI also released final crime numbers for 2005, which showed Minneapolis' violent crime rate for that year increased 13.5 percent over 2004. … In St. Paul, where rallies have recently sprung up

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calling for city officials to fund as many as 200 additional police officers, violent crimes rose by a modest 1.5 percent from 2004 to 2005, the FBI numbers showed."

The Pittsburgh Tribune-Review (9/19, LaRussa) reports, "The number of violent crimes in Pittsburgh dropped by nearly 10 percent in 2005, according to an FBI report released Monday. … The drop in violent crimes in Pittsburgh contrasts sharply with national and state crime figures released by the FBI." The Tribune-Review notes, "The recent shift in violent crime trends has raised questions about whether police are fighting terrorism at the expense of crime. Some criminal justice experts and local police have suggested that the increase in violent crime may reflect the decreased funding for police work not related to terrorism."

KOIN-TV Portland (9/18) reported, "New FBI figures show a decrease in Oregon violent crime from 2004 to 2005. That's the reverse of the national trend, where violent crime overall is on the increase. In figures released Monday, the FBI says there was a 2.3 percent increase in violent crime across the nation. But the opposite happened in Oregon, where there was a 2.5 percent decrease."

The Deseret Morning News (9/19, Winslow) reports, "Violent crime is on the increase across the country, and Utah is no exception. A violent crime is being committed in the United States every 22.7 seconds. Every 3.1 seconds someone is the victim of a property crime, the FBI said in its annual crime report released Monday." The Morning News notes, "The numbers have been published on the FBI's Web site, www.fbi.gov."

Burrus Hope To Commit Even More Agents To Expanded Corruption Probes. The New York Daily News (9/19, Meek, 729K) reports, "There is so much political corruption on Capitol Hill that the FBI has had to triple the number of squads investigating lobbyists, lawmakers and influence peddlers, the Daily News has learned. … FBI Assistant Director Chip Burrus told The News yesterday that he wants to detail even more agents to the Washington field office for a fourth corruption squad because so much wrongdoing is being uncovered. 'Traditionally, a congressional bribery case might be conducted on Main Street U.S.A., but a lot of the stuff we're finding these days is here in Washington,' said Burrus, who heads the FBI's criminal division. He said typical crimes involve lawmakers' illegal interactions with lobbyists and 'people who have a lot of savvy about how the congressional process works and appropriations.'" The Daily News adds, Burrus wouldn't speculate about why there is so much graft, but said, 'We have to pull the whole weed up or it's just going to grow back again.'

Missouri Police, FBI Release Photo Of Kidnap Suspect. In a widely-distributed story, the AP (9/19, Douglas) reports, "Police released a sketch Monday of a woman they believe stole a baby after slashing the mother's throat, hoping to generate new clues in the four-day old case. Stephenie Ochsenbine, 21, helped police artists with the composite drawing of the woman she said attacked her at her home on Friday and snatched her baby, Abigale Lynn Woods, now 10 days old. … Authorities also hoped the child was alive and well. 'From history, if somebody wants a child, I would assume that child's being taken care of,' FBI agent Roland Corvington said." The AP notes, "Corvington said authorities were still awaiting lab results on fingerprints from a knife found near the home, about 45 miles southwest of St. Louis. … The abductor has been profiled as someone who had a child die recently or as someone who could not have children, told people she was pregnant and needed to steal a child so her lie would not be found out."

In a story widely-distributed by McClatchy, the St. Louis Post-Dispatch (9/19, Frankel, 300K) reports, "More than 300 tips had been called in, some from as far away as Texas and Virginia, officials said. And a fresh wave of calls was prompted by the release of the sketch, which was quickly posted around the rural county and broadcast by the media." Franklin County Sheriff Gary Toelke and Agent Corvington "stressed they were making progress. A fillet knife recovered outside Ochsenbine's house was being tested for forensic evidence."

CNN's Live Today (9/18) aired the Toelke and Corvington press conference yesterday, and CNN's Paula Zahn Now (9/18, Freed) reported on the press conference, noting "Police say family members are cooperating with the investigation, but would not categorically rule them out as suspects." Unidentified reporter: "Do you have any reason to doubt the mother's story at this point?" Agent Corvington: "Like any investigation, we seek to corroborate and verify information, wherever we receive it. And since this is such a fluid endeavor, and we get information all the time, it's very difficult for us to say definitively one way or the other."

MSNBC's Countdown with Keith Olbermann (9/18, Shamlian) reported that "authorities say they received more

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than 300 tips and many more after the release of that sketch today. … Here's what they had to say at a presser just a short time ago." Toelke: "The phones have been ringing off the wall, which is good. And we've been getting a lot of good tips, so that's really been beneficial to us this afternoon." Corvington: "We're up at over 300 leads, so far. Again, as the sheriff stated, the calls have come from various states -- Texas, Minnesota, Virginia, Okalahoma. A number of the calls pertained to individuals that, the callers are saying, looks like the unknown subject."

Fox News' The Big Story with John Gibson (9/19, Goldblatt) noted that the suspect "pulled out a gun, apparently, according to Stephanie Ochsenbine, and then a knife. A scuffle ensued and Ochsenbine was stabbed multiple times, including a slash across the throat. … Authorities say the suspect may have been drawn to the home by a sign outside announcing Abby's birth." Corvington: "Keep in mind we're looking for a woman that may have faked her pregnancy for about nine months, a woman who may have been in contact with other pregnant females, inquiring about their own pregnancies and perhaps even leading to where the individual may live."

3rd Circuit Stays Wecht Trial Pending Recusal Motion Ruling. The Pittsburgh Post-Gazette (9/19, Ward, 241K) reports, "The 3rd U.S. Circuit Court of Appeals has stayed the criminal trial of former Allegheny County Coroner Dr. Cyril H. Wecht pending its decision on whether the judge hearing the case should be removed. Last week, attorneys for Dr. Wecht argued to a three-judge panel that U.S. District Judge Arthur J. Schwab has not been impartial in his rulings, and because of that, their client cannot receive a fair trial." The Post-Gazette adds, "Dr. Wecht's trial on 84 counts, including mail and wire fraud, was scheduled to begin Oct. 16. … Recusals are very rare, so the court's action staying the case is noteworthy, experts say."

The Pittsburgh Tribune-Review (9/19, Cato) notes, "Wecht's lawyers have accused Schwab of bias, saying the judge has made a number of rulings that unfairly favor prosecutors. Their principal complaints are that Schwab admitted all of the prosecution's evidence and that he thwarted their efforts to question the lead FBI agent about his disciplinary records after having secret communication with prosecutors." The AP (9/19, Mandak) also reports, "Wecht's attorneys appealed after Schwab upheld FBI searches for Wecht's records and computers. Wecht's attorneys had attacked the credibility of the FBI agent who obtained the search warrants. Schwab overruled some defense objections because he said Wecht's attorneys missed a deadline for filing them."

Nevada Bribery Plot Bagman Enters Guilty Plea. The AP (9/19) reports, "A former county commissioner accused of arranging and delivering bribes for a strip club owner pleaded guilty to conspiracy Monday in a deal with prosecutors that could result in a 20-year prison term." Lance Malone "agreed…to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act." US Attorney Daniel Bogden said in a statement yesterday, "These offenses strike at the very foundation of our government, and it reaffirms that elected public elected are not above the law." The AP notes, "Malone's trial was to cap a three-year FBI investigation into corruption and bribery on the Clark County commission, the major political decision-making body in southern Nevada." The Las Vegas Review-Journal (9/19, Packer) called the plea agreement "an anticlimactic turn" in the investigation and adds, "U.S. District Judge Larry Hicks scheduled Malone's sentencing for Dec. 18. He set aside the entire day to hear the government and Gentile argue over the severity of the sentence."

New Jersey Lawmaker Held No-Work Job At UMDNJ. The AP (9/19) reports, "A powerful southern New Jersey politician was paid for a no-work job at the scandal-ridden University of Medicine and Dentistry of New Jersey while helping the school garner millions of taxpayer dollars, according to a report made public Monday. The school paid state Sen. Wayne Bryant $35,000 a year 'to lobby himself in his capacity as state senator,' according to the report of a federal monitor who had been checking into the school's finances. The report said that all Bryant appeared to do…was show up for three hours most Tuesday mornings and read newspapers. He produced no memos, reports or other evidence of doing work, though, the report said." Federal monitor Herbert Stern "said it's up to prosecutors to determine whether Bryant should face criminal charges. Michael Drewniak, a spokesman for U.S. Attorney Christopher J. Christie, said his office would study the report."

The Cherry Hill Courier-Post (9/19, Greenblatt) and Philadelphia Inquirer (9/19, Moroz, Graham, 399K) also report on the allegations against Bryant.

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FBI Interviewing Florida Town Officials About Land Deals. The Palm Beach Post (7/19, Robinson) reports from Wellington, Fla., "Federal investigators are interviewing village employees and have subpoenaed records in their ongoing probe of land deals involving beleaguered Palm Beach County Commission Chairman Tony Masilotti, village officials said. Wellington, the largest community in Masilotti's district, joins the county and Royal Palm Beach as part of the federal investigation of Masilotti's role in a series of complicated land deals." The Post adds, "Masilotti said he knew nothing about the investigators' visit to Wellington," and he called it "just political nonsense." FBI spokeswoman Judy Orihuela "declined to comment, citing an ongoing investigation."

Gotti Trial Goes To Jury. In a widely-distributed story, the AP (9/19, Neumeister) reports, "A prosecutor presented a Top 20 list of reasons John 'Junior' Gotti never quit the mob, and his defense lawyer played taped conversations to prove he did, as they wrapped up arguments in Gotti's third racketeering trial on Monday." Assistant US Attorney Victor Hou then "put a picture of a bloody Guardian Angels shirt on a large screen before the jury and again accused Gotti of ordering two 1992 attacks on radio talk show host Curtis Sliwa," and "Hou urged jurors to 'follow the money' to a conviction and then described how Gotti continued to benefit from finances earned through mob crimes. 'You don't retire from the Mafia,' Hou said." The AP adds that "defense lawyer Charles Carnesi got in the last word, saying his client left the mob and never looked back. … 'Is he in danger today?' Carnesi asked the jury, suggesting Gotti might face retaliation for announcing that he had quit the mob. 'I don't know,' the lawyer said."

Newsday (9/19, DeStefano) reports, "Today, the jury will begin to decide Gotti's fate after prosecution and defense attorneys spent part of yesterday arguing in rebuttal summations over a central issue: Did the younger Gotti abandon his mob membership in 1999? That date is crucial because it could put the indictment outside the statute of limitations. If the jurors find that he did leave mob life behind, Gotti will walk away a free man. If the decision favors the prosecution, then Gotti is assured of some time behind bars when he is sentenced." The New York Daily News (9/19, Zambito, 729K) and New York Post (9/19, Cornell, 608K) also report on the prosecution closing arguments.

PBS&J Executive Charged With Embezzlement, Campaign Fraud. The Miami Herald (9/19, Danner, Christensen, 310K) reports, "A former top executive of giant Miami engineering firm PBS&J was charged Monday in a $36 million embezzlement scheme and in the contribution of $11,000 to the campaign of Florida U.S. Sen. Mel Martinez through 'strawmen.' … Ex-Chief Financial Officer W. Scott DeLoach and two former underlings also cited in the investigation, Maria Garcia and Rosario Licata, waived indictment Monday in federal court. Their lawyers said they will plead guilty, possibly by the end of the week." Garcia's attorney, Benson Weintraub, said, "This is just the tip of the iceberg." The Herald notes, "PBS&J has made more than $500,000 in political contributions since 2003. The alleged scheme to repay contributions emerged during a probe into the embezzlement led by the U.S. Attorney's Office and the FBI, which has gone on for a year."

Six Indicted In Fruit Of The Loom Contract Fraud Probe. The AP (9/19, Barrouquere) reports, "A former environmental manager for Fruit of the Loom was charged with hiring friends to do work that was never performed, then taking kickbacks for awarding the contracts, prosecutors said Monday. A federal grand jury in Bowling Green charged Kalen W. Watkins…with conspiracy to commit mail fraud, money laundering and obstruction of justice. The owners of the companies hired…were also charged in the indictment returned Wednesday. They face the charges of conspiracy to commit mail fraud and money laundering." Co-defendant Curtis Hopkins "also faces a charge of obstruction of justice. Prosecutors said he attempted to persuade a witness to provide inaccurate information to an FBI agent."

DOJ Defends Web-Labeling Bill. CNET News (9/19, Broache) reports, "The U.S. Department of Justice has stepped up its defense of a proposal to imprison Web site operators who don't label pages containing sexually explicit material." CNET continues, "The idea, outlined in an April speech by Attorney General Alberto Gonzales, is approaching a vote in Congress. Even though there have been no hearings, the legislation has been attached to two separate measures--a massive communications bill and a bill to fund large portions of the federal government including the State Department--that are likely to be considered by the full Senate this fall. … The proposed restrictions are no different from

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requiring multipurpose stores like 7-Eleven to shield pornographic magazines with so-called blinder racks, Larry Rothenberg, an attorney in the Justice Department's Office of Legal Policy, said at a panel discussion here hosted by the Internet Caucus Advisory Committee on Friday. … 'We have what we consider to be a rather modest (proposal) to protect consumers,' Rothenberg said. 'This is not censorship. It's not a major break with First Amendment principles.'" CNET adds, "His critics, however, remained unconvinced. 'There's no way to avoid vagueness, no way to avoid overbreadth, and, more important, no way to avoid chilling free speech,' said Leslie Harris, executive director of the Center for Democracy and Technology. … Under the proposal, all commercial Web site operators would have to place 'identifiable marks or notices,' to be determined by the Federal Trade Commission, in the code of each page that contains 'sexually explicit material' as defined by existing U.S. criminal statute. The idea, supporters maintain, is to make it easier for Web-filtering programs to pick up objectionable sites."

More Commentary. In an op-ed in the Washington Times (9/19), Kathleen Maloney-Dunn, a Portland, OR, writer, writes of her 10-year-old son's experience with online pornography. Maloney-Dunn writes, "He had ventured into a growing wasteland of smut and slime. Mini-porn has become a mega-business. Revenues from mobile porn sales globally reached $1 billion last year. The Mobile Adult Content Congress met in Miami this year for its first-ever trade show. The event was such a success and interest in mobile porn services so profitable that another Congress will convene in Reno next month." Maloney-Dunn continues, "Porn on the go is the reality in America, available to anyone, including -- and no doubt particularly -- children. I learned, painfully, just how and why this industry is so successful. After my son told me what he had done, I asked him: 'Why did you keep searching after you saw what was on the first site?' I expected him to say he was just curious, but instead he answered, 'Because, Mom, it's addictive.' I was stunned. How insightful. And how painfully true -- for millions of Internet porn users around the world." Maloney-Dunn adds, "Help may be on the way. Several Internet providers, including Comcast, Cox and Verizon, are introducing features enabling parents to receive daily e-mail notifications of the Web sites their children visit. AOL will enable parents to see a daily log of screen names and e-mail addresses their children communicate with. But we're bracing ourselves for the new wave of porn photos and videos being made available on pocketsize, portable, wireless devices. We're determined to be ahead of the curve this time. But a computer desktop is much easier for parents to monitor than downloads or pop-ups to mobile phones, handheld computers, or portable game and digital music players. Soon there will be no limit to what our children can be exposed to when they, a friend, or a stranger press the 'on' button of any cell or electronic device in any location. The purveyors of digital porn are mobilizing. Shouldn't we?"

California Elementary School Teacher Pleads Guilty To Child Porn Charge. The AP (9/19) reports, "A former elementary school teacher faces up to 10 years in federal prison after he pleaded guilty to possessing child pornography, authorities announced Monday." David Stein of Hollywood "pleaded guilty last week to a single-count indictment charging him with possession of child pornography, officials said. As part of a plea deal, prosecutors recommended that he serve 21 to 27 months in prison and register as a sex offender, said Thom Mrozek, a spokesman for the U.S. Attorney's office." The AP notes, "Authorities began investigating in August 2003 when Croatian officials provided the FBI with information about a U.S. citizen transmitting child pornography on the Internet, said J. Stephen Tidwell, the bureau's assistant director in charge in Los Angeles."

Las Vegas Man Arrested on Child Porn Charges. The AP (9/19) reports, "Las Vegas police say they have arrested a man in Henderson on child pornography charges after a two-month investigation. Police arrested Stanley Jenchowski Saturday morning after he corresponded over the Internet with a Navy investigator who purported to be a boy. Jenchowski allegedly sent child porn to the undercover officer. The local FBI was contacted and conducted a follow-up investigation." Jenchowski "is charged with transporting, receiving and possessing child pornography as well as coercion and enticement."

Armed Man Runs Through US Capitol. CBS Evening News (9/18, story 5,0:15, Couric, 7.66M) reported, "There was a security breach at the US Capitol today. A man armed with a gun crashed an SUV through a construction barricade than ran through the Capitol building. Capitol police found him in the basement and arrested him. The suspect is identified as Carlos Green. It's not clear what his motive or intentions were." USA Today and the Washington Times runs an AP story (9/19, Abrams) reporting that Acting

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Capitol Police Chief Christopher McGaffin "said Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession."

ABC World News (9/18, lead story, 2:30, Thomas) reported, "The Capitol has become a fortress with concrete barriers everywhere. But today, that security was far from enough. The suspect drove through a barrier and crashed his SUV in a construction site on the Capitol grounds. Armed with a loaded pistol, he got out of his truck and raced towards the Capitol." James Richardson, construction worker: "When he got out of the vehicle, I started to run and take cover. I thought he may have had a bomb in the vehicle he was driving in." Thomas: "As police pursued the man, he dashed into the east side of the Capitol, into the building and into the Hallowed rotunda. Along the way, he passed by the offices of Nancy Pelosi, and Dennis Hastert, Speaker of the House, third in line to the presidency. Neither were there at the time. The suspect then ran down two flights of stairs, before he was caught in the basement." NBC Nightly News (9/18, story 7, 0:15, Williams, 9.87M) also noted the "bizarre security breach on Capitol Hill." The Hill (9/19, Kucinich), Washington Post (9/19, A1, Klein, Sheridan, 748K) and New York Times (9/19, 1.21M), among other newspapers, run similar stories on the incident.

Convicted Cop-Killer Asks SCOTUS For Second Execution Stay. The AP (9/19, Word) reports from Florida, "A condemned cop killer who received a stay of execution from the U.S. Supreme Court because of his challenge of lethal injections appealed to the Court for a second stay of execution on Monday." The AP continues, "A three-judge panel of the 11th U.S. Circuit Court of Appeals turned down Clarence Hill's appeal Friday night, leaving him with only limited court options to escape Wednesday's scheduled execution for the 1982 murder of a police officer in a savings and loan robbery." The AP adds, "Defense attorney D. Todd Doss said he had filed a petition and an application for a stay with the Supreme Court, which in January stopped his execution minutes before he was to die. Hill claims the chemicals used in lethal injections are too painful and constitute cruel and unusual punishment. … Doss contends the state, by setting an execution date, is 'manipulating the process' and denying Hill the right to challenge the chemicals used. He declined to comment on his next move if the appeal to the High Court is unsuccessful. … 'This was done to preclude judicial resolution and violated Mr. Hill's right to due process,' Doss' motion to the U.S. Supreme Court states." The AP notes, "Doss also said that inmates facing death in different parts of the country are treated differently. … 'Condemned inmates in similar positions to Mr. Hill have been allowed to pursue litigation in order to have the merits of their claim reviewed. In other circuits, however, inmates with the exact same constitutional challenge have been executed without consideration of their claims,' Doss said."

States Await High Court Ruling On Florida Lethal Injection Case. The New York Times (9/19, Goodnough, 1.21M) reports that lawyers on both sides of the death penalty debate are awaiting the Supreme Court's ruling on the case of Clarence Hill, who has been sentenced to die by lethal injection in Florida. Hill's attorneys argue that Florida's lethal injection method "caused so much pain that it violated the Constitution's ban on cruel and unusual punishment." The Times adds, "Courts in California and Missouri have allowed extensive hearings this year on the lethal injection process, delaying executions until they can study the question of just how painful the current methods are. Oklahoma recently changed its protocol so that the condemned receive more anesthesia before they are killed, and a federal judge in North Carolina ordered that a brain monitor be used to make sure an inmate was unconscious when the final drug was given. South Dakota delayed its first execution in 59 years last month after Gov. Michael Rounds said lawmakers needed time to review lethal injection protocols."

6th Circuit Stays Tennessee Execution. The AP (9/19, Johnson) reports, "A federal appeals court issued a stay of execution Monday for a convicted killer who had stopped appealing his death sentence and was set to be die in the electric chair." The AP continues, "Daryl Keith Holton, who confessed to the assault rifle slayings of his three young sons and their half-sister, had been set to die Tuesday in Tennessee's first electric chair execution in 46 years. … He had resumed appealing his death sentence." The AP adds, "Kelly Gleason, a post-conviction defender working with Holton, confirmed the stay issued by the 6th U.S. Circuit Court of Appeals and also acknowledged she typed and sent a handwritten petition from Holton to the U.S. Supreme Court requesting that his execution be stopped. … Holton, 44, who turned himself in within hours of the 1997 slayings, chose earlier this year to stop appealing his death sentence. … He also chose to be put to death in the electric chair rather than by state's preferred method of lethal injection. Tennessee allows death row inmates to choose between the two

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execution methods if their crimes were committed before 1999."

Former Cleveland Charter School Operators Face Fraud Charges. WKYC-TV Cleveland, Ohio (9/18, 10:53:05 AM, Wheeler) reported, "Three former Cleveland charter school operators are facing charges for allegedly defrauding the Ohio Department of Education." The charges are all connected to the Cleveland Academy of Math, Science and Technology. The state auditor Betty Montgomery, the U.S. Attorney, the FBI and the Labor Department have all "finished their investigation." Former school officials Shirley Haynes, Timothy Daniels and Mark Olds "are charged with defrauding the state out of nearly $2.2 million." They are accused of having "used charter school money for their personal bank accounts, inflated student enrollment, housed children in a building without heat and did not provide sufficient food for students."

Inmate Tracking System Errors Prevalent In DC Area. The Washington Post (9/19, A1, Vargas) reports, "Christopher T. Broady appeared last week on a wanted poster under the words printed in bold: 'PRISONER ESCAPE.' … But he didn't escape. He didn't even run. Instead, the accused killer was allowed to walk out of the Prince William County jail in a moment of confusion between court and jail officials." The Post continues, "Months earlier, the same jail had kept another inmate, Fernando Cruz, confined two months too long. The problem, officials said, was that his last name was listed in court computers as 'Antonio Cruz.' To the jail, it was just 'Cruz.'" The Post adds, "The disconnect between two branches of the criminal justice system highlights a fragmented method of tracking inmates in Prince William and other jurisdictions in the Washington region. Although many cities and counties across the country -- particularly those with large immigrant populations -- have used computerized criminal databases for decades that seamlessly share information between courts and jails, the system in area jurisdictions, for the most part, remains disjointed, officials say. … For some, it can create a situation in which a deleted hyphen or a 'Smith' spelled 'Smyth' can mean an inmate's jail records won't match the court records. The growing immigrant population is particularly susceptible because of the less obvious spellings and the tendency for some to use two last names. … Across the region, officials say they recognize the need to make their court and jail data compatible within each jurisdiction. But for now, most use safeguards that are inconsistent from one area to the next. Some fingerprint all inmates; some don't. Others type in a slew of aliases, while others shun names for numbers."

CIVIL LAW:

Anti-Abortion Group Challenges Campaign Law. The AP (9/19, Apuzzo) reports, "Barring corporations and unions from buying political advertisements during peak election season amounts to government censorship, a Wisconsin anti-abortion group argued Monday." The AP continues, "Wisconsin Right to Life is challenging a ban on corporate ads that mention candidates two months before a general election. The Wisconsin nonprofit group wants to run advertisements telling voters to contact their senators about political issues. The Federal Election Commission says the ads would influence the election. … 'You're going to outlaw everything: Rush Limbaugh, the evening news, everything because it has an electoral impact,' attorney James Bopp Jr. told a three-judge panel." The AP adds, "Congress passed the advertising restrictions in 2002 to curb the ability of advocacy groups to run attack ads that say they are about political issues. Wisconsin Right to Life says such phony ads may be banned but not at the expense of legitimate political speech. … If the group prevails, Sen. John McCain, R-Ariz., and other lawmakers fear it will open a loophole." The AP notes, "Wisconsin Right to Life has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens. Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees."

CIVIL RIGHTS:

DOJ To Monitor Elections Today In California, Massachusetts. The AP (9/19) reports, "A recall election of two longtime (Rosemead, CA) councilmen will proceed Tuesday under the watchful eye of U.S. Justice Department observers." The AP continues, 'A court ordered the observers after the councilmen facing recall, Gary Taylor and Jay Imperial, complained their opponents had violated the Voting Rights Act by distributing petitions that were only in English.… Eighty percent of Rosemead residents speak a language other than English at

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home, according to Census records." The AP notes, "A lawsuit initially delayed the recall effort, led by residents who opposed the pair's vote in support of bringing a Wal-Mart Supercenter to the suburban city 10 miles east of Los Angeles. A higher court ultimately allowed the recall to move forward."

The AP (9/19) reports, "Federal observers will monitor polling places in Boston and Springfield on Tuesday to determine if those cities are protecting the voting rights of Hispanic, Chinese, Vietnamese and other immigrant voters." The AP continues, "Both cities were sued by the Justice Department for alleged polling place violations and the sides settled their cases before trial." The AP adds, "Springfield announced last week that 73 new bilingual poll workers were hired to help Spanish-speaking residents at the polls. One in four poll workers are bilingual, city officials say. The city says it will have 95 bilingual poll workers for the November election. … Last September, Boston agreed to provide ballots, registration notices, and other forms in Spanish, Chinese and Vietnamese. .. . Boston also agreed to provide more training to poll workers regarding the Voting Rights Act, and to hire more bilingual poll workers."

Voting System In Osceola, FL, Faces Legal Test. The Orlando Sentinel (9/19, Pino) reports, "Three days in federal court this week could rewrite the course of politics in Osceola County if a federal judge decides the at-large system for electing county commissioners should be abolished because it dilutes the voting power of the county's growing Hispanic population." The Sentinel continues, "U.S. District Judge Gregory A. Presnell essentially ruled that to be the case in June when he indefinitely halted this fall's scheduled commission elections. The action put nine commission hopefuls in limbo until the case is resolved. And the resolution could result in a completely different way of selecting commissioners, allowing only those who live in their district to vote for them." The Sentinel adds, "The trial that starts today in federal court in Orlando is set for three days, but implementing the judge's ruling could take months with commission elections expected in March. … A Hispanic-majority district would have to be similar in size to the other districts so that votes wouldn't have unequal weight in different districts. … In a pretrial brief submitted last week, the county argues that cannot be done. Attorneys for the Justice Department counter with experts who say it is possible."

Prince George's County Officer Fatally Shoots Unarmed Man. The Washington Post (9/19, B1, Castaneda) reports, "A Prince George's County police officer responding to an assault call in District Heights yesterday morning fatally shot an unarmed man who allegedly made a threatening movement, police said. … It was the fourth shooting by county officers in three weeks and the second killing." The Post continues, "Cpl. Diane Richardson provided this account of yesterday's incident: … About 1:30 a.m., a county patrol officer from District III went to the 1900 block of Rochelle Avenue in response to a report of a man assaulting a woman. The officer arrived and saw a man later identified as Gregory B. Boggs Jr., 24, standing over a woman, who was on the ground beside an apartment building. … The officer ordered Boggs away from the woman. Boggs picked up the woman, and the officer told him to let her go. The woman either fell or was pushed away. … When the officer ordered Boggs to put his hands up, he reached for his waistband. Fearing that Boggs was reaching for a weapon, the officer fired one round into his upper body. … Boggs was unarmed, police said. He was taken to an area hospital and pronounced dead." The Post notes, "The officer, who was not immediately identified, was placed on administrative leave pending an internal investigation. A county grand jury will also investigate."

Faith-Based Initiative Reaching Small Percentage Of Black Churches. The Washington Post (9/19, A19, Fletcher, 748K) reports the Bush Administration's faith-based initiative "is reaching only a tiny percentage of the nation's black churches, most of which have limited capacity to run social programs, hampering the initiative's promise of empowering those congregations to help the needy, according to a study to be released today." The national survey "of 750 black churches by the Joint Center for Political and Economic Studies found that fewer than 3 percent are participating in the program, which funnels at least $2 billion a year in federal social services spending to religious organizations." Black churches "in the Northeast and those with self-identified progressive congregations and liberal theologies were most likely to be taking part in the program, a finding that surprised the researchers, who concluded that the White House has not used the program as a political tool as some critics have suspected." Robert M. Franklin, a professor of social ethics at Emory University who worked as a consultant on the survey, said, "Those people

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who were most worried can exhale. Churches have not been manipulated by Karl Rove. They have not sold out." The Post adds, "Despite instances of grants going to political and ideological supporters of President Bush, the survey found that, overall, liberal-leaning churches were more likely to apply for and receive the grants, even though they tend to view the program more skeptically than their conservative counterparts do." Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, "said that while participation in the initiative among African American churches may not be high, interest is. He said his office has trained thousands of community leaders in the mechanics of the program and has encouraged state and local governments to do the same."

ANTITRUST:

Smithfield To Buy Premium Standard For $674 Million. The AP (9/19) reports, "Leading pork products maker Smithfield Foods Inc. said Monday it agreed to buy Kansas City, Mo.-based rival Premium Standard Farms Inc. for $674 million in cash and stock." The AP continues, "Smithfield Foods is the leading processor and marketer of fresh pork and processed meats in the United States and the largest producer of hogs. Premium Standard Farms is the second-largest pork producer and sixth-largest pork processor. … The deal represents the latest expansion for Smithfield. It recently agreed to acquire most assets of the branded meats business of ConAgra Foods Inc., giving it well-known brands such as Butterball, with its premium turkeys, in time for the holidays." The AP notes, "Hours after the announcement, Sen. Jim Talent, R-Mo., called on U.S. Attorney General Alberto Gonzales to review the merger to assess how it would impact competition in the pork industry. … Talent said he wanted the Justice Department to make sure the merger would fairly treat Missouri pork producers who contract with PSF and that competition in the marketplace is not harmed."

The Richmond Times-Dispatch (9/19) reports, "Smithfield, based in Isle of Wight County, is the largest pork company and one of the largest meat-processing companies in the world. … It has been on an acquisition binge in recent years, but company executives made it clear in a conference call yesterday that they would be concentrating now on integrating the company's acquisitions rather than making new ones." The Times-Dispatch adds, "Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per Premium Standard share based on Smithfield's closing price on Friday, or a 13 percent premium over Premium Standard's closing price Friday."

The St Louis Business Journal (9/19) reports, "Missouri Gov. Matt Blunt sent a letter Monday to U.S. Attorney General Alberto Gonzales calling for an anti-trust investigation into the merger deal between Smithfield Food Inc. and Premium Standard Farms Inc." The Journal continues, "In his letter, Blunt requests a stringent and thorough review to ensure that the merger is fully compliant with all antitrust laws and regulations of the United States. … 'This merger is an exciting announcement for these valued Missouri employers. While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs,' Blunt said in a statement."

Ford, GM Briefly Discussed Merger. USA Today (9/19, Carty) reports, "General Motors (GM) and Ford Motor (F) briefly explored the idea of an alliance this summer, but the talks stopped shortly after they began and likely won't turn into anything more, said a source at one of the automakers who was briefed on the discussions. … The source doesn't want to be named because the information is not being made public." USA continues, "The discussions, first reported Monday in Automotive News, happened in July after news that investor Kirk Kerkorian was pressuring GM into exploring an alliance with Renault and Nissan, both headed by CEO Carlos Ghosn. Ghosn is widely regarded as an automotive turnaround expert. .. . Both automakers, plagued with financial woes, are looking for ways out of their current problems. The idea of GM partnering with France's Renault and Japan's Nissan excited investors and led to speculation about what kinds of cost savings GM could gain from a deal." USA adds, "GM CEO Rick Wagoner is heading a committee looking into possible benefits of teaming up with the two automakers. The automakers are about two-thirds of the way through a 90-day study."

The AP (9/19, Goodman) reports, "General Motors' talks with Renault and Nissan on a possible alliance and reports that Ford may be pursuing a big deal with one or more of the three are examples of how today's automakers constantly look for ways to collaborate even amid fierce industry competition." The AP continuesk "GM and Ford

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declined comment Monday on an Automotive News article that their high-level executives discussed a merger or alliance. Ford Motor Co. also declined comment on last month's Wall Street Journal report that Ford proposed its own deal with Renault and Nissan. … In July, General Motors Corp., Renault SA of France and Nissan Motor Co. of Japan announced a 90-day review of a possible alliance among them." The AP adds, "Auto executives talk frequently about 'what-if scenarios' and possible deals large and small, said David Cole, chairman of the Center for Automotive Research in Ann Arbor. … These talks have yielded a growing number of joint efforts on everything from hybrid vehicles to better automatic transmissions, he said."

Sessions Is Key To Passage Of Wright Amendment. The Fort Worth Star-Telegram (9/19, Recio) reports, "The ball is now in Pete Session's court. … As Wright Amendment legislative issues bounce between the Senate and House, Sessions, a five-term Republican congressman from Dallas, is now House point man for the bill that would repeal federal flight restrictions at Dallas Love Field after eight years. … 'What we're trying to do is accomplish the deal,' Sessions, 51, said in an interview. Sessions is Texas' only member of the House Rules Committee — a relatively obscure but extremely powerful panel that decides the terms under which the House will consider a bill, notably whether it will be subject to amendment." The Star-Telegram adds, "In this case, the committee must decide which of two proposed versions of the bill will be the base legislation for a potential full House vote. The first version, approved by the House Transportation and Infrastructure Committee, incorporates the Love Field deal, reached in June by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. The House Judiciary Committee approved a competing version of the legislation, removing antitrust immunity. … With the rules committee poised to decide as soon as this week what to do with Wright, Sessions is in center court."

FTC Approves Reynolds Merger. The Dayton Business Journal (9/19) reports, "The federal government has approved Reynolds and Reynolds Co.'s merger into Universal Computer Systems Holding Inc. and the deal now only awaits shareholder votes." The Journal continues, "The Federal Trade Commission has granted early termination to the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976. … Completion of the buyout also is subject to other closing conditions, Reynolds announced late Monday." The Journal adds, "The special meeting for shareholders to vote on the proposal is scheduled for Oct. 23. The meeting will be at Reynolds' Research Park headquarters in Kettering and definitive proxy material is scheduled to be sent around Sept. 22. … Reynolds agreed in August to be acquired and merged into privately held UCS in a deal valued at about $2.8 billion. Reynolds stockholders will receive $40 per share in the transaction."

Former FTC Official Blasts Outdated Court Rulings In Antitrust Cases. The Deal (9/19, Lindell) reports, "Courts are behind the times when it comes to reviewing merger cases, making it harder for regulators to block the ones that may harm competition, according to an antitrust lawyer who recently left a senior post at the Federal Trade Commission." The Deal continues, "Speaking to a gathering of fellow antitrust attorneys on Wednesday, Susan Creighton, formerly the head of the FTC's Bureau of Competition and now a partner at Wilson, Sonsini, Goodrich & Rosati, said federal judges continue to base merger review decisions on court precedents established in the 1960s that emphasize the number of players remaining in a market post-merger. … That's a big problem today for antitrust enforcers at the FTC and the Department of Justice because they place primary focus on assessing the potential competitive harms of a merger, with much less importance put on the market's structure." The Deal adds, "In typical merger reviews today, regulators analyze a range of economic data to assess whether the deal will likely cause prices to increase and only then focus on which other competitors exist and how they manage to constrain prices. That market structure data, she explained, is really secondary to the harm caused to consumers. … The disconnect between current regulatory techniques and the longstanding methods the courts use explains some of the most high-profile losses regulators suffered when they have tried to block mergers in the past few years."

Music Labels In Distribution Talks With YouTube. The AP (9/19, Konrad) reports, "A revenue-sharing deal between video startup YouTube Inc. and Warner Music Group Corp. is likely to be the first of a spate of content distribution partnerships between Web sites and music companies, industry officials say." The AP continues, "Warner

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Music Group Corp., the country's third-largest recording company with annual revenue of $3.5 billion, announced Monday a deal to distribute and license its copyrighted songs and other material through YouTube. The agreement means that millions of YouTube users can legally watch music videos or include popular songs in their own homemade videos that they post on YouTube." The AP adds, "Universal Music Group spokesman Peter LoFrumento confirmed Monday that Universal the top record label in the world, representing artists such as Eminem, Melissa Etheridge, Snoop Dogg, Shania Twain, Stevie Wonder and Sting is also negotiating with YouTube to strike a distribution deal. … Last week, Universal Music Group CEO Doug Morris said that the company had to figure out some way to stop 'copyright infringers' such as YouTube and News Corp.'s social networking site MySpace.com. Morris implied that, if YouTube negotiations fell through, Universal might resort to lawsuits or other measures. … Sony BMG Music Entertainment is also negotiating with YouTube, but a representative for New York-based Sony BMG said Monday that the company wouldn't comment on ongoing negotiations. Sony BMG labels include Arista Records, Columbia Records, Epic Records, Sony BMG Nashville and Sony Urban Music."

YouTube Technology Aims At Curbing Copyright Violations. The Wall Street Journal (9/19, Delaney, Smith) reports, "Video-sharing site YouTube Inc., in a move that could defuse the threat of legal action against it, is racing to overhaul the way media and entertainment companies view unlicensed online use of their content." The Journal continues, "YouTube is rolling out technology designed to automatically spot copyrighted material that users upload without the permission of media companies, and then to share ad revenue with those companies. … Consumers go to YouTube to watch videos ranging from music videos to footage of a napping cat more than 100 million times a day and submit more than 65,000 videos a day." The Journal adds, "YouTube's new system, announced yesterday and set for release in the next few months, is an ambitious effort to give media companies more control over the video on the site and to address their fears that others will profit from consumers' piracy of their content. The first entertainment company to embrace the system is Warner Music Group. The two companies have agreed that Warner Music will post its catalog of music videos on YouTube and collect an unspecified percentage of the revenue from advertising appearing alongside them. The deal doesn't cover live performances captured on video cameras or other devices, because Warner doesn't own the copyrights to those recordings. … In addition, the new system will give YouTube users a legitimate way to create videos with soundtracks that use music from Warner artists. (Videos of amateurs' lip syncing or juggling to popular songs are among the most viewed on video-sharing sites.) YouTube's system will identify such videos and give Warner a share of the revenue for any ads that appear alongside these videos, if Warner opts for that rather than having the videos removed."

EU Antitrust Head Denies Microsoft Vendetta. The Financial Times (9/19, Buck) reports, "The war of words between Microsoft and the European Commission over the software group's new flagship product has escalated, with Neelie Kroes, EU competition commissioner, denouncing what she calls 'a co-ordinated campaign' to discredit the regulator." The Times continues, "Ms Kroes, in a letter to the Financial Times, insists that the Commission is not conducting a 'vendetta' against Microsoft. Brussels, she says, is simply trying to ensure that Vista, the operating system set to replace Microsoft Windows next year, complies with EU competition rules." The Times adds, "The Commission is concerned about Vista because it bundles a string of new programmes and functions into the operating system, for example an internet search engine and a fixed-document reader. … It fears that the product will undermine competition from software makers that sell similar products on a standalone basis." The Times notes, "Microsoft warned last week that the Commission's actions could delay the launch of Vista in Europe, and could even prevent the group from improving the security of the new operating system. … The group has also published a study claiming that Vista will create thousands of new jobs in Europe and boost other companies' revenues. … But Ms Kroes says in her letter: 'I have seen it suggested that the Commission may seek to prevent Microsoft from improving the security of its operating system. This is categorically not the case. We do nevertheless seek to ensure that rival security software vendors . . . are able to compete on a level playing field.'"

Swedish Truck Maker Scania Rejects MAN Takeover Bid. The Wall Street Journal (9/19, Rauwald, Akerhielm) reports, "Swedish truck maker Scania AB and its largest shareholders rejected MAN AG's takeover bid, putting pressure on the German company to sweeten its offer." The

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Journal continues, "MAN, based in Munich, had offered €9.6 billion ($12.2 billion) in cash and shares yesterday in a widely expected move, seeking to form Europe's largest commercial-vehicle maker. … 'Scania rejects the bid in its entirety,' company spokeswoman Cecilia Edstroem said. She declined to comment on details of the offer." The Journal adds, "German car maker Volkswagen AG, Scania's biggest shareholder with 34% of the voting rights, said that accepting MAN's offer wouldn't be in the strategic and industrial interests of the company. Scania's board, which unanimously rejected the bid, is headed by Volkswagen Chairman Bernd Pischetsrieder. … The second-largest shareholder, Investor AB, the main investment vehicle of Sweden's powerful Wallenberg family, said the offer doesn't "reflect the fair value and potential of Scania." Through Investor and family foundations, the Wallenbergs control about 29% of the votes in Scania."

ENVIRONMENT:

Probe Of Tainted Spinach Continues With Victims In 20 States. ABC World News (9/18, story 2, 2:30, Gibson) reported, "There is progress in the fight against the nation's deadly E. Coli outbreak. Health officials ruled out tampering as a cause. But they don't know where the bacteria originated. One person has died while 100 others have been infected. The focus is on produce-growing areas in California."

CBS Evening News (9/18, story 7, 2:20, Couric) reported, "The government now confirms outbreaks in 21 states, one person has died, 113 others have gotten sick. … California's farmers were warned by the FDA last November to be more careful after contaminated lettuce caused E. Coli infections. Inspectors have been in the field but still haven't found the cause of that outbreak."

NBC Nightly news (9/18, story 4, 2:20, Williams) reported, "Meantime difficulties are multiplying every day for spinach growers. The financial losses are just now starting to be tallied. Last year farmers nationwide sold $106.5 million of spinach. One company has already laid off 1/6 of its workers. Tonight consumers seem to be heeding the warning."

The Los Angeles Times (9/19, Schoch, Lin, Blume) reports, "Illinois today became the 20th state to report an illness associated with eating spinach." The Times continues, "In a press release posted on its website, the Illinois Department of Public Health said an elderly woman from north-central Illinois was the first state resident whose illness was associated with the outbreak that has sickened at least 109 people in 19 other states. … The woman, who was not identified, was hospitalized in August with a form of kidney failure associated with E. coli O157:H7, believed to be responsible for the current outbreak. The woman has a history of consumption of fresh spinach, the department said." The Times adds, "According to the federal Food and Drug Administration, half of the E. coli victims were hospitalized; one person died in Wisconsin. … Dates of the illness ranged from Aug. 2 to Sept. 9. … The states that have reported cases are: California (1 case), Connecticut (2), Idaho (4), Indiana (8), Kentucky (4), Maine (2), Michigan (6), Minnesota (1), New Mexico (5), Nevada (1), New York (7), Ohio (10), Oregon (5), Pennsylvania (3), Utah (14), Virginia (1), Washington (2), Wisconsin (32), and Wyoming (1)." The Times notes, "Meanwhile, another packager recalled three brands of its fresh spinach products Sunday. … Salinas-based River Ranch Fresh Foods, one of the nation's top five produce processors, was recalling three of its spring mix salad brands Sunday that include spinach: Farmers Market, Hy Vee, and Fresh and Easy, Acheson said in a conference call."

The Washington Post (9/19, D1, Shin, Rosenwald) reports, "State health officials in Ohio are investigating whether a second death is the result of a deadly outbreak of E. coli linked to fresh spinach, as federal regulators expanded their search for the source of the contamination." The Post continues, "The Food and Drug Administration and California state officials yesterday dispatched additional inspectors to farms in the state to examine irrigation, soil, and machinery, said David W. Acheson, the head of the FDA Center for Food Safety and Applied Nutrition. … The contaminated spinach was initially connected to Natural Selection Foods LLC, a producer in San Juan Bautista, Calif., that sells spinach and salads containing spinach under many brands, including Dole and Earthbound Farm. But the FDA is not limiting its probe to Natural Selection." The Post adds, "Of the 114 cases, FDA officials have detailed information about what 73 of the victims ate -- 66 ate spinach, including about 40 who ate bagged spinach, Acheson said. … Natural Selection Foods said yesterday in a statement on its Web site that 'based on its work' with California and FDA officials, its organic spinach has not been confirmed as the source of the E. coli outbreak. … But FDA officials refused to clear organic spinach and stressed that consumers should avoid all fresh spinach, organic and conventional, bagged and loose."

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USA Today (9/19, Vergano, Keen) reports, "The single confirmed fatality was Marion Graff, 77, of Manitowoc, Wis., who died of kidney failure Sept. 7 at a hospital in Green Bay. The FDA's David Acheson said cases may continue to appear for three weeks, because E. coli can take a week to infect patients and two weeks more to confirm." USA adds, "The Wisconsin Department of Health and Family Services says the state has 33 confirmed cases now, more than any other state. Twenty-six of the Wisconsin victims are women. Federal officials have said 75% of the victims nationwide are women, who surveys show eat more bagged produce than men. … Officials in Ohio are investigating whether the death of a 23-month-old girl is tied to the outbreak, says Jen Fannin, spokeswoman for the Cambridge-Guernsey County Health Department. Four children from the same family tested positive for E. coli, but the exact cause of the youngest child's death Aug. 22 and a link to spinach have not been established, Fannin says."

After Spending $8 Billion, Agency Has Little To Show For Efforts To Save Salmon. A front page story in the Wall Street Journal (9/19, Fialka, 2.03M) reports, "The Bonneville Power Administration, responding to concern about dwindling fish populations, has spent more than $8 billion helping salmon travel from the mountain streams of their birth to the Pacific Ocean and back again, where they lay eggs for the next generation. Impeding their journey are several hydroelectric dams. The agency has little to show for its efforts. In any given year, only 1% to 3.5% of the fish complete the 1,800-mile round-trip fish trek, which begins 20 miles northeast of Lewiston, Idaho, and continues down the Snake and Columbia rivers. Fish scientists say the success rate should be at least double that." The Journal adds, "To further help the fish, Bonneville this year will spend almost $700 million. That includes the cost of spilling water over dams to create a cooler, more rapid-flowing stream, which is supposed to help salmon reach the sea. The water otherwise would be used to produce $356 million of electricity."

Business Groups Get Behind Senate Offshore Drilling Bill. The Hill (9/19, Snyder) reports, "Business groups last week voiced support for a Senate bill that would open fewer areas offshore to oil and gas drilling than its House companion, in hopes of breaking a legislative impasse before lawmakers return to the campaign trail. Groups such as the American Chemistry Council, American Gas Association and National Association of Manufacturers, which collectively have formed the Consumer Alliance for Energy Security, favor the House bill because it allows drilling along the East and West Coasts." However, "in a letter sent last week the groups said the Senate measure, which continues to limit offshore drilling to the Gulf, is good enough for now. 'We have come too far to go away empty handed,' the letter states."

Gore Addresses "Climate Crisis," Urges Action To Limit Emissions. The AP (9/19, Fouhy) reports, "Former Vice President Al Gore on Monday called for immediate action to stop global warming, calling the phenomenon a 'climate crisis' that demands attention from American leaders. … Future generations, Gore said, 'deserve better than the spectacle of censorship of the best scientific evidence about the truth of our situation and harassment of honest scientists who are trying to warn us about the looming catastrophe.'"

The New York Times (9/19, Revkin, 1.21M) reports, "Speaking at the New York University law school, Mr. Gore said that rising temperatures posed an enormous threat and that only a movement akin to the nuclear freeze campaign for arms control a generation ago, which he said he opposed at the time, would push elected officials out of longstanding deadlock on the issue." Sen. James M. Inhofe, chairman of the Environment and Public Works Committee, "said the Gore proposals would create 'economic calamity.'" In his speech, Gore also "renewed a longstanding proposal to replace all payroll taxes with taxes on pollution, including carbon dioxide. And he said the United States should rejoin the Kyoto Protocol, the climate treaty, rejected by President Bush that requires industrialized countries to cut emissions."

The Washington Post (9/19, A2, Powell, 748K) quotes Gore saying, "This is not a political issue. This is a moral issue -- it affects the survival of human civilization." A spokeswoman for the President's Council on Environmental Quality "said Monday that the Bush administration has committed $29 billion to climate research and programs and has reduced greenhouse gas intensity. That is not, however, the same matter as reducing total carbon emissions, which continue to rise."

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FBI/DEA/ATF/USMS:

Brother Of Alleged Drug Cartel Leader Pleads Not Guilty To Cocaine Charges. The AP (9/19, Hoffman) reports, "An accused leader of the Arellano Felix drug cartel pleaded not guilty to cocaine charges (in San Diego, CA) Monday, a month after the U.S. Coast Guard arrested his younger brother in international waters off the Mexican coast." The AP continues, "Francisco Rafael Arellano Felix, one of seven brothers allegedly behind the Tijuana-based gang, is accused of selling about a half-pound of cocaine to an undercover police officer in a San Diego motel in 1980." The AP adds, "Arellano Felix, a trim, balding man, said nothing during a brief hearing in San Diego federal court. A federal defender entered not guilty pleas on his behalf to one count of distributing cocaine and one count of conspiracy to distribute cocaine. .. .Each of the two counts carries a maximum sentence of 15 years in prison, said Assistant U.S. Attorney Laura Duffy." The AP notes, "The government would consider dropping charges against Arellano Felix if he cooperates with authorities in other cases linked to the cartel, Duffy told reporters. … Arellano Felix, 56, arrived in San Diego on Saturday night aboard a commercial flight, escorted by two federal marshals, making him the first key Mexican cartel figure extradited to the United States." The San Diego Union-Tribune (9/18) also reports this story.

Man Pleads Not Guilty In Cross-Border Tunnel Case. The AP (9/18) reports a man "accused of receiving more than a half-ton of marijuana smuggled into the United States from Mexico in a secret cross-border tunnel pleaded not guilty Monday to drug charges. A criminal complaint in El Centro federal court charges that Jesus Bernardo Aguila Agundez loaded drugs into his truck at a house in Calexico, about 120 miles east of San Diego. The tunnel allegedly runs 400 feet from the Calexico house to another house across the border in Mexicali, Mexico. It is about 20 feet underground and is equipped with lighting and supported by wooden beams, according to the Drug Enforcement Administration."

In an earlier AP (9/18) report, DEA agent John Fernandes said, "This is clearly not the effort of one person." The San Francisco Chronicle, San Diego Union-Tribune, and San Luis Obispo Tribune are among the newspapers that used this AP story.

The Washington Times (9/19, Seper) reports Garrison K. Courtney "said it wasn't clear who was responsible for this tunnel, although the agency said it obviously was not the effort of one person. 'A tunnel is an enormous undertaking, and those responsible are now on notice. We have found the hole, and the DEA is now looking for you,' Mr. Fernandes said."

KPBS, San Diego (9/18) reports on its Web site that an arrest has been made and writes that the tunnel "runs from a back bedroom in a Calexico house under the border and pops up in the bedroom of a house in Mexicali. … It has cement floors and wood paneled walls. The tunnel is equipped with lighting and ventilation systems, and the ceiling is supported by wood beams. Drug Enforcement Administration spokesman Dan Simmons says his agency has not yet linked the tunnel to a drug cartel."

On its Web site, KESQ-TV, Palm Desert (9/18) reports drug enforcement and immigration officials are "searching for the people responsible for building an underground tunnel that stretched from a home in California to another home in Mexico. … The tunnel was found when investigators entered the house…in Calexico last week. … Special Agent John Fernandes of the DEA says the tunnel was an enormous undertaking."

Local TV Coverage. California stations mostly focused on the discovery of the tunnel, its size and construction. For example, KABC-TV, Los Angeles (9/18, 6:00 p.m.) reported, "An underground tunnel is discovered along the US-Mexico border; it was uncovered in Calexico connected to a home."

KCAL-TV, Los Angeles (9/18, 9:00 p.m.) reported, "The sophisticated tunnel runs roughly 20 feet underground and is equipped by lighting and wooden beam."

KTLA-TV, Los Angeles (9/18, 10:00 p.m.) reported, "Border authorities have discovered a tunnel under the border. It is three feet wide and 400 feet long equipped with lighting and beams. It connected the home in Calexico, California and Mexicali, Mexico. … Border agents expect the tunnel was used to smuggle drugs into the US. Police arrested a man driving in the area of Calexico. He was carrying 2,000 pounds of marijuana."

Fentanyl-Laced Heroin Dealers Could Face Mandatory Federal Prison Sentences. The News Journal (9/18) editorializes, "The message that U.S. Attorney Colm Connolly sent on Thursday to dealers of deadly

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fentanyl-laced heroin was needed. They face mandatory federal jail time -- from 20 years to as much as life in prison -- when their tainted batches of dope kill or seriously harm buyers. This is the first time in Delaware that prosecutors have invoked a federal law with no regard for a criminal's intent. It's a tough call needed for tough times in drug enforcement."

Administration To Distribute Anti-Drug Videos Through YouTube. The AP (9/19) reports the Bush administration "is taking its fight against illegal drugs to YouTube, the trendy Internet video service that already features clips of wacky, drug-induced behavior and step-by-step instructions for growing marijuana plants. The decision to distribute anti-drug, public service announcements and other videos over YouTube represents the first concerted effort by the U.S. government to influence customers of the popular service, which shows more than 100 million videos per day. … 'If just one teen sees this and decides illegal drug use is not the path for them, it will be a success,' said Rafael Lemaitre, a spokesman for the drug office." However, Lee Rainie, director of the Pew Internet & American Life Project "predicted computer-savvy critics of U.S. drug policies will quickly edit the government's videos to produce parodies and distribute those on YouTube." Media outlets that used the AP story include ABC News, CBS News, the New York Times, Washington Post, Los Angeles Times, USA Today, Houston Chronicle, Seattle Times, BusinessWeek, and Canada's Toronto Star.

US Criticizes Anti-Drug Efforts Of Venezuela, Myanmar, Bolivia, Others. China's Xinhua News Agency (9/19) reports the U.S. "accused Venezuela and Myanmar of doing too little to fight the drug trade and expressed deep concerns about failings in Afghanistan and Bolivia. In its annual report on the global drug trade, the Bush administration identified Afghanistan, The Bahamas, Bolivia, Brazil, Myanmar, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela as major drug-transit or major illicit drug-producing countries. 'The president (Bush) has determined that two countries -- Burma (Myanmar) and Venezuela -- failed demonstrably during the previous 12 months to make substantial efforts to adhere to their obligations,' Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Christy McCampbell said."

The AP (9/18) reports the Bush administration "said Monday it sees disturbing trends in Bolivia's dealings with efforts to combat illicit drugs. Concerns about contributions to the illegal drug trade by the South American nation came as the White House released the U.S. government's annual list of major drug-transit or drug-producing countries. … The report singled out Bolivia, the world's third-largest producer of cocaine, for particular emphasis. 'Despite increased drug interdiction, Bolivia has undertaken policies that have allowed the expansion of coca cultivation and have significantly curtailed eradication,' said White House press secretary Tony Snow."

The Washington Post (9/19, A14, Constable) reports foreign backers of the government of Afghanistan President Hamid Karzai "are growing impatient with the continuing [drug] production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be 'held accountable' and toughen its fight against drugs even further. 'We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance,' Bush said in comments accompanying an annually compiled list of major drug-transit or drug-producing countries."

IMMIGRATION:

Senate To Consider Border Fence Bill. The AP (9/19, Gamboa) reports the Senate "will consider a bill calling for erecting 700 miles of fencing on the U.S-Mexican border, a proposal that has been approved twice by the House." Senate Majority Leader Bill Frist "used a legislative maneuver to get the bill to the floor as early as Wednesday, when the Senate could decide whether to move forward on the legislation." Democrats are "likely to try to block the bill. They may try to attach the comprehensive immigration bill the Senate passed in May as an amendment and push debate into next week."

The Washington Times (9/19, Hurt, 88K) reports the Senate "has been the major obstacle to strict border-security legislation this year." Jim Manley, "a spokesman for Minority Leader Harry Reid, said the move 'smacks of desperation' and was a 'clear repudiation of President Bush's call for comprehensive legislation.'" The "Secure Fence Act of 2006,

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which was easily approved by the House last week, contains none of the "comprehensive" measures that President Bush, Democrats and some Senate Republicans have demanded."

NYTimes Says Immigration Reform Dead For The Year. The New York Times (9/19, 1.21M) says in an editorial, "Congressional leaders and President Bush insisted for months that they were serious about fixing the immigration system. They weren't, and the more talk you hear about border security, about building walls and getting tough this time, the clearer it will be that hopes for effective immigration reform this year are past saving, pinned down by strong arms in the Republican-controlled House and kicked until dead."

Immigration Said To Fuel US Population Growth. The Christian Science Monitor (9/19, Knickerbocker, Jonsson, 58K) reports while growth "is slowing almost everywhere in the developed world, three factors are powering the US population toward the 300 million mark. Couples are having enough babies to replace themselves. People are living longer. And the biggest reason: Immigration to the US has sharply increased in recent decades." Immigration is "not only boosting America's numbers, it's changing the face of the country. That 300 millionth new person, expected in a few weeks, is just as likely to fly in from China (or wade across the Rio Grande from Mexico) as he or she is to be born here. To put it another way: Every 31 seconds another person from abroad is added to the US population roll." The "rise in newcomers - nearly quadruple the number in 1970 - has fueled a widespread backlash against illegal immigrants. That's half the story. The less familiar but also important trend is the influx of highly skilled workers and highly motivated entrepreneurs who have helped the US economy grow."

California Town Wrestles With Immigrant Influx. The Los Angeles Times (9/19, A1, La Ganga) reports there "has been discord enough in the shady streets of this rice-growing city" of Williams, "north of San Francisco, where the population has shifted from three-quarters white to nearly three-quarters Latino in just two decades." The city "of 5,087 (and rising fast) is the closest thing to a 'Petri dish' for observing the effects of immigration in their most concentrated form, said Roberto Suro, director of the Pew Hispanic Center." The experiment has "not always had predictable results. Practical people, for the most part, residents of this agricultural outpost are slowly — sometimes reluctantly — coming to terms with the dramatic changes wrought by immigration."

CONGRESS-ADMINISTRATION:

Conflict Over Bush Judicial Nominees Abandoned For The Time Being. CQ (9/18, Perine) reported, "The conflict over President Bush's most contentious appellate court nominations in the 109th Congress has been all but abandoned even as a Senate panel prepares to consider four nominees on Tuesday. Republican leaders have carefully avoided re-igniting the conflagration that consumed the Senate for months in 2005, much to the frustration of conservative activists who have urged an all-out battle. The Senate returned five nominees to the White House when it adjourned for its August recess, and Bush re-nominated all five after the Senate reconvened. Senate Judiciary Chairman Arlen Specter, R-Pa., has put four of the nominees on the panel's agenda for a Tuesday markup."

CIA Reviewing Use Of Contractors, Loss Of Agents To Private Sector. The AP (9/19, Shrader) reports CIA Director Michael Hayden "is reviewing his agency's use of private contractors and the number of people who are resigning to fill the often lucrative positions." Hayden said, "I am going to investigate to see how much of an issue it is, and then we will take some action." The AP adds current and former government officials "have expressed concern about a so-called 'brain drain' to the private sector, which is impossible to quantify publicly because the contracts and personnel figures at spy agencies are secret." CIA employees "generally can retire with full benefits after a career of at least two decades, and some return as contractors. But Hayden said he's more concerned about another issue: the early resignation of employees who get CIA training, leave their jobs and return in higher paying, private-sector contracting positions."

Hayden Outlines Vision For CIA. The Washington Post (9/19, A6, Pincus, 748K) reports Gen. Hayden "told agency employees yesterday that their intelligence activities are too segmented, saying that operations officers who collect intelligence need to work more closely with the analysts who interpret what it means." Four months "after taking over, Hayden presented his strategic vision to a CIA workforce that has been battered by years of investigations into the failures of the Sept. 11, 2001, attacks and prewar intelligence about Iraq's weapons programs, as well as a

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reorganization that lowered the agency's status with the creation of a director of national intelligence." Hayden said he "has created a new 'board of directors' inside the agency that will begin breaking down walls that have separated the Directorate of Operations, which is the clandestine service, and the Directorate of Intelligence, which is the analytic arm, and even the science and technology group, which comes up with new ideas. One result will be to limit much of the independence each directorate had in the past and centralize more authority with Hayden."

Proposal On Chaplains Holds Up Pentagon Spending Bill. The New York Times (9/19, Banerjee, 1.21M) reports, "A bill that sets the Pentagon's spending levels is being held up by controversy over a provision that would allow military chaplains to offer sectarian prayers at nondenominational military events." The provision is being "pushed" by Rep. Duncan Hunter (R-CA) and Rep. Walter Jones (R-NC). Opponents, including "the Defense Department, the main military chaplains association and a variety of ecumenical groups, have spoken against the provision, saying that sectarian prayer would create division within the military." The Times notes several disputes within the military over the issue, including the case of court-martialed chaplain Gordon Klingenschmitt. The changing makeup of the military has helped make the issue more visible: "More atheists and people from minority religions serve in the military now, compared with the Vietnam era, and more evangelical Christians do, too. Similarly, more evangelicals are in the chaplaincy than a generation ago, in part because the military lost favor with many mainline Christians during the Vietnam War."

White House Sponsors Conference On Global Literacy. The New York Sun (9/19, Chayes) reports President Bush, speaking at the White House Conference on Global Literacy at the New York Public Library, said that "part of America's duty in its effort to spread freedom around the world and make terrorism less attractive is to stamp out illiteracy." The conference was attended mostly by "first ladies -- including his wife -- and education ministers." Bush also said that "the right to be able to read and write is a prerequisite to achieving the freedom enjoyed by Americans." First lady Laura Bush, "announced a $1 million contribution by America to a United Nations project to promote literacy." Secretary of State Condoleezza Rice and U.S. Secretary of Education Margaret Spellings also attended the Conference. Secretary Rice introduced Mrs. Bush and "spoke from personal experience when she said that literacy had meant freedom for her own family."

Fox News' On the Record with Greta van Susteren (9/18) spent the day with First Lady Laura Bush in New York City. Fox reported, "First Lady Laura Bush is here in New York for a few days doing something different each day. Today she was working towards global literacy. We began the day with her at the New York public library." Asked the plan for the first day, Mrs. Bush said, "The plan for today is so exciting, my staff and UNESCO have been working so hard today. We have two panels about global literacy. One of them is literacy and health. One of them is maternal and child literacy and then the third one is women's empowerment or actually literacy leads to economic empowerment. We will hear each one of these panels talk. They are people from around the world. Only one US presenter. All the rest are from Central America, South America, Africa, Asia. So this will be really interesting." Fox added, "Here is a tough part about being First Lady: no job description, no manual. Each describes the job herself. Mrs. Bush starts early tomorrow and we will chase her again with cameras."

Ney Resigns From Two Committee Posts. The AP (9/19, Hammer) reports, "Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions Monday but did not say whether he would leave Congress." Ney "said in two letters to House Speaker Dennis Hastert, R-Ill., that he would immediately give up his positions as chairman of the Housing and Community Opportunity subcommittee, which oversees the US Department of Housing and Urban Development, and as head of the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings."

The New York Times (9/19, Shenon, 1.21M) reports, "Congressional rules do not require the expulsion of a member of the House or the Senate convicted on criminal charges, which means that unless his colleagues act to oust him or he resigns, Mr. Ney could continue to draw his $165,200-a-year-salary until his term ends next January. Calls for his resignation have come from fellow Republicans, including the chairman of the Ohio state party, Robert T. Bennett, who said in a statement last week that Mr. Ney had 'disgraced his office' and 'should resign immediately and

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begin paying the price for his arrogance and greed.'" Bennett "suggested that if Mr. Ney refused to step down, it would play into the hands of Democrats who would offer 'their predictable hue and cry about the culture of corruption in politics while they ignore the wrongdoers in their own party.'" The Republican nominated to replace Ney in the House, State Senator Joy Padgett, "has also urged him to step down. … Congressional officials said House Republican leaders were also urging Mr. Ney to resign, although they had not done so publicly -- yet."

The Hill (9/19, O'Connor, Kucinich) also notes Ney "does not address how long he will remain in Congress in either letter, nor does he voluntarily remove himself from either committee."

Survey Finds New Federal Pay System Causes Morale Problems. The Washington Post (9/19, D4, Barr, 748K) reports in its "Federal Diary" column, "Federal executives find that a new pay-for-performance system has had little effect on their performance, but it has caused morale problems, according to a survey released yesterday." The executives in the survey "reported seeing little connection between their job ratings and their rewards. Twenty percent of the executives who received a top job rating last year said they received no pay increase, and 82 percent said they had been given more responsibilities but had not received a raise." The Post adds, "In a statement, Linda M. Springer , director of the Office of Personnel Management, said that the OPM plans to study the survey results and will work 'to address any problems that exist in the execution of the new system.'"

Nader Backs Coburn Bill To Put Grants, Earmarked Contracts Online. In a letter to the Wall Street Journal (9/19, 2.03M), Ralph Nader writes that Sen. Tom Coburn's bill "requiring the dollar amounts and recipients of all grants and earmarked contracts be placed in a publicly accessible database is an important step toward transparency. It is indeed the least that Congress should do. … Contracting out what the federal government does and contracting to obtain what government needs is a large part of our economy. … Putting the full text of these contracts online will give taxpayers both savings and higher quality performances, let the media focus more incisively on this vast area of government disbursements to inform the wider public, encourage constructive comments and alarms from the citizenry, and stimulate legal and economic research by scholars interested in structural topics related to government procurement, transfers, subsidies and giveaways."

WPost Says House Earmark Reform Is Inadequate. An editorial in the Washington Post (9/19, A20, 748K) says, "One amazing thing about the House passage of 'earmark reform' last week was how much labor it took to bring forth this tiny mouse of change. … How modest -- pathetic would be a more apt term -- is the House change? … No provision for an up-or-down vote on such spending. No prohibition on earmarks to benefit lawmakers' relatives. No limitation on last-minute additions that offer no opportunity for scrutiny or debate." The Post adds, "First, no one should be fooled into thinking that the House's minor, loophole-ridden change is anywhere near enough. And no one should tolerate the Senate's failing to live up to even the low standard set by the other body."

Bush Group Encounters Pelosi During Trip To Capitol Hill. The Hill (9/19, Heil) reports on the way "to a meeting of Republican members" this week, "an entourage that included the President, the Vice President, Karl Rove, and other top West Wingers were walking through the Capitol basement, only to be joined by a very unexpected guest. House Minority Leader Nancy Pelosi (D-Calif.) and her gang of staffers just happened to be entering the hallway behind the executive-branch types." Pelosi "seemed a bit surprised to find herself practically steps away from Rove, but took it all in stride." Pelosi told staked out reporters, "We're not part of this party."

Snow's Travel Noted. The Washington Post (9/19, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column that White House spokesman Tony Snow was seen "flying first-class from Orlando to Reagan National; the WH flack wore both a yellow 'Livestrong' wristband and a dark-green one, which he's told reporters was a gift from the family of Flight 93 pilot Jason Dahl to memorialize terror victims."

Play Presents Fictionalized Version Of Jenna Bush. Roll Call (9/19, Akers) reports in its "Heard on the Hill" column, "The co-writer and producer of the zany award-winning satire 'The Miss Education of Jenna Bush'" wants "to have the real first daughter fly to Los Angeles this week to see the one-woman play named for her before she settles into her new gig teaching English in Latin America.

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'We want the real Jenna to see the fictionalized one and let us know how off-base we are or how off-target,' the producer, Winston Beigel, said. … The 'we' is Beigel and actress Melissa Rauch, who portrays Jenna as a down-to-earth but spoiled party girl transitioning into adulthood. The play, which won the Outstanding Solo Show award at last year's New York International Fringe Festival, runs Sept. 27-30 in L.A.'s Cornet Theater."

Cooper Calls For Honest Federal Budgeting. Rep. Jim Cooper writes in Roll Call (9/19), "Read 'The Financial Report of the United States,' issued by the US Treasury every year but suppressed by the White House. … If you use proper accounting, federal budget deficits are at least two, and probably 10, times larger than President Bush will admit. … Standard & Poor's, the nation's leading credit analyst, is projecting that the United States will lose its AAA bond rating by 2012 and fall to junk bond status by 2025. S&P obviously sees larger deficits than President Bush does. Do you trust Standard & Poor's, or Bush and Cheney, on this issue?"

Congress Urged To Pass Portable Health E-Records Bill. David J. Brailer, former Bush administration health IT coordinator, writes in the New York Times (9/19, 1.21M), that Congress "is considering a bill that would make it harder to allow your information to follow you throughout your health care treatment." The House and the Senate "have passed separate bills that seek to encourage electronic health records." While "they agree on many things," they "disagree on the most important issue, however: whether portability should be a condition for electronic health record donations." Congress "should pass a health information technology bill, but it should include the existing federal rules for portable health information technology donations."

OTHER NEWS:

US Trade Deficit Grew In Second Quarter. The Wall Street Journal (9/19, Hitt, 2.03M) reports, "The US reported that the deficit in its current account, the broadest measure of trade, widened further in the second quarter -- underscoring concerns about economic imbalances voiced by global finance ministers this past weekend." The Commerce Department "said that the US current-account gap widened by $5.21 billion to $218.41 billion in the second quarter. The wider deficit was due in large measure to soaring global oil prices, which raised the US bill for imported petroleum." The deficit "remained 6.6% of the US economy, the Commerce Department said, a large slice of the US economy."

Gasoline Prices Tumble 12 Cents In Week. USA Today (9/19, Healey, 2.27M) reports, "Gasoline prices continue to tumble briskly, dropping Monday to a U.S. average of less than $2.50 a gallon for the first time since March. Service stations even are beginning old-fashioned gas wars to avoid losing customers to price-cutting rivals." The "Energy Information Administration reported Monday that the national average for regular grade is $2.497 a gallon, down 12.1 cents in a week. Travel organization AAA reported a U.S. average Monday of $2.495, down 1.6 cents overnight. ... A hefty 42% of Americans polled over the weekend said they think fuel prices are being manipulated by the Bush administration to help Republicans in an election year." However, "Petroleum analysts say the reasons are less Machiavellian: Supplies are above average, partly because summer's high prices attracted record imports. Hurricanes haven't knocked out Gulf of Mexico production. U.S. regulations permit a cheaper-to-make fuel blend in fall and winter."

Fall In Gas Prices Could Lead To Interest Rate Increase. In another article, USA Today (9/19, Hagenbaugh, 2.27M) says the decline in gasoline prices "may stoke inflationary fires, perhaps forcing the Federal Reserve to raise interest rates again later this year, some economists, such as those at Merrill Lynch and the Bank of Tokyo-Mitsubishi, say. The argument: If consumers spend the cash in their wallets left over from filling their gas tanks, the economy may speed up and businesses will have greater power to raise prices. That could lead to higher inflation — not lower, as some may expect — and renewed action from the Fed."

BP Announcement Drives Oil Prices Up. The Financial Times (9/19, McNulty) reports, "BP was hit by yet another setback on Monday when the company was forced to announce that production at its showcase Thunder Horse oil and gas field will not start until mid-2008,18 months later than planned. News of the delay, caused by problems with the project's subsea infrastructure, caused oil prices to jump, ending the decline of recent weeks. In New York, crude oil for October delivery rose 47 cents to $63.80 a barrel." BP "has

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touted the field will deliver 1.5bn barrels of oil, making it the biggest find yet in the Gulf of Mexico. One BP employee said the UK oil and gas company was moving to revise down expectations from the field, with new estimates that it might contain just 600m barrels of oil." The Times notes, "The oil and gas platform, the world's largest of its type, was found to be listing badly after its evacuation during Hurricane Dennis in July last year."

The Wall Street Journal (9/19, Cummins, 2.03M) reports BP "said it will further postpone the start-up of its long-delayed Thunder Horse oil field in the Gulf of Mexico, making its long-term production goals harder to achieve. BP said it will replace much of the field's underwater equipment because of a failure during recent testing." The Journal says, "The problems with Thunder Horse -- which is 75%-owned by BP and 25%-owned by Exxon Mobil Corp. -- demonstrate the risks involved in such deep-water projects, which are finding increasing appeal amid high oil prices and the scramble to secure new reserves."

Higher Prices Stop Wall Street Rally. The Financial Times (9/19, O'Doherty) reports, "A morning rally on Wall Street fizzled out on Monday as oil prices climbed and investors became cautious ahead of the US Federal Reserve's meeting on interest rate policy on Wednesday. Energy stocks ticked higher after" BP's announcement.

NBC Nightly News (9/18, story 8, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York today. The markets were flat the Dow was down about 6 points [to close at 11,555.00]. The Nasdaq was up about a tenth of a point [to close at 2,235.75]. The Wall Street Journal (9/19, McKay, 2.03M) says "the broad Standard & Poor's 500-stock index rose 1.31 points to 1321.18, up 5.8% on the year."

The New York Times (9/19, 1.21M) runs a similar story under the headline "Inflation Fears And Rising Oil Prices Bring Rally To A Halt."

Judge Orders Strip Clubs To Comply With Prince George's Crackdown. The Washington Times (9/19, Mcelhatton) reports, "A federal judge has upheld Prince George's County's crackdown on strip clubs, but temporarily ruled against a measure requiring individual strippers to post licenses issued by the county." The Times continues, "U.S. District Court Judge Deborah K. Chasanow on Friday refused to issue a restraining order to block enforcement of the county's laws on adult entertainment, including a ban on nude dancers mingling with club patrons. … The Nico Banquet Hall in Camp Springs, Bazz and Crue in Forestville and the Showcase Theater in Beltsville filed a federal lawsuit against the county last month challenging the constitutionality of the laws. … 'The clubs will have to comply' while the case moves ahead, said Tonia Belton-Gofreed, assistant state's attorney for Prince George's County." The Times adds, "The legislation, which an attorney for the clubs called 'sweeping and devastating,' include a provision that prohibits clubs from operating after 1 a.m. Among other new restrictions, dancers must be on stages that are at least 18 inches high and performances must take place at least six feet from customers. … Judge Chasanow denied the request for a restraining order on all of the measures except for a provision saying that dancers must post their licenses in a work area."

Gallup Poll Shows Generic Ballot Tied And Highest Bush Approval In A Year. USA Today (9/19, Lawrence, Page, 2.27M) reports, "Amid falling gas prices and a two-week drive to highlight his administration's efforts to fight terrorism, President Bush's approval rating has risen to 44% in a new USA TODAY/Gallup Poll. That's his highest rating in a year." The poll also "showed likely voters evenly divided between Democratic and Republican candidates for Congress, 48%-48%. Among registered voters, Democrats had a 51%-42% advantage." Bush's approval rating "has edged up largely on the strength of Republicans coming back to the fold -- 86% with him now compared with 70% in May." The new poll "found likely voters more prone to vote for candidates who support Bush on terrorism, 45%-28%, and evenly divided on those who support and oppose Bush on Iraq. More than a quarter said Iraq is their top concern this fall. For the first time since December 2005, a majority of people did not say the war there was a mistake; the split was 49%-49%."

As Midterms Near, DNC Has One Fifth Funds Available To GOP. The AP (9/19, Kuhnhenn) reports the national Democratic Party "has spent millions on raising money, consultants and building state parties, entering the weeks before Election Day with only about one-fifth as much as the Republicans for races that could decide control of Congress." The Republican National Committee is "prepared to spend $60 million over the next seven weeks on advertising and get-out-the-vote efforts to protect the GOP's narrow majorities in the House and Senate." The

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Democratic National Committee "plans to use about $12 million, all devoted to getting voters to the polls. Even in that effort, though, it has set aside only an average of $60,000 in each of the 40 most competitive congressional races in the country." Under Chairman Howard Dean, the DNC "has delivered more resources than any other toward building the party at the state level. In doing so, the DNC as of July 31 had transferred nearly $17 million to state and local party committees across the country, with significantly more going to states with competitive races, according to party officials." Both parties will "rely heavily on their congressional campaign committees for advertising and voter outreach. But while the GOP is operating at a political disadvantage this election, its financial edge could be crucial for Republicans to retain political power."

Morris Says GOP On Track To Hold 51-49 Senate Majority. Dick Morris said on Fox News' Hannity and Colmes (9/18) that "right now there's not a strong Democratic trend, so probably the Republicans at this point are 51-49" in the Senate.

Allen Says Webb Campaign Is Based On Single Issue. The Richmond Times-Dispatch (9/19, Hardin) reports Sen. George Allen "branded Democratic challenger Jim Webb a single-issue candidate yesterday over Webb's opposition to the Iraq war and its central place in his Senate bid." Allen, "forced to defend the divisive war again," said, "This is the one issue that drives my opponent's campaign." The Times-Dispatch added Webb, "did not back off from the Iraq issue during the freewheeling debate sponsored by the Fairfax County Chamber of Commerce."

The AP (9/19, Lewis) reports Allen "criticized his Democratic challenger, Jim Webb, in a debate Monday for suggesting that Iraq and Syria be part of a multinational settlement to end sectarian bloodshed in Iraq." Allen "attacked Webb for saying in Sunday morning's debate on NBC's 'Meet The Press' that Iran and Syria needed to be part of a multinational discussion on Iraq." Said Allen, "It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror, ... to have them forming the future of Iraq." The AP adds Webb, "an outspoken opponent of 2003 Iraq invasion, said he and Allen differed profoundly about nearly every aspect of the war." Webb said "a ceasefire in Afghanistan was possible only because its neighbors, including Iran, were involved."

The Washington Post (9/19, B1, Craig, Shear, 748K) reports Allen "urged voters to return him to the Senate because he's a familiar face ('you know me') with a record of service. Webb, a former Marine and secretary of the Navy who has never run for office, countered that the country is 'breaking apart' and needs fresh blood in Washington." The event, "sponsored by the Fairfax County Chamber of Commerce, was moderated by George Stephanopoulos of ABC News and televised by NewsChannel 8 and C-SPAN." The debate – "as well as one Sunday on NBC's 'Meet the Press' -- brought a new intensity to the Virginia campaign, but political observers said neither event was likely to alter a close race." At times, "the candidates' responses got heated. One of the journalists who asked questions forced Allen to defend his mother, while Webb again was dogged by charges that he is insensitive to women in the military. The candidates also argued over how best to fight the war in Iraq and whether the United States should involve Iran in Iraq's future."

The Washington Times (9/19, McLaughlin, 88K) reports Allen "tried to portray Democratic challenger James H. Webb Jr. as a one-issue candidate who focuses on the war in Iraq." Both candidates "spelled out their differences on the federal government's handling of the war in Iraq, embryonic stem-cell research and increasing health-insurance options. They also weighed in on the possibility of granting the District a vote in the U.S. House of Representatives." On embryonic stem-cell research, Webb "said he -- like former first lady Nancy Reagan -- supports federal funding for the research. Mr. Allen, like President Bush, said he opposes federal funding for such programs because advancements in science have allowed adult stem cells to fill a similar scientific role without destroying human embryos."

The Washington Post (9/19, B1, Barnes, 748K) reports Allen was "clearly hoping that yesterday's debate in front of the Fairfax County Chamber of Commerce would offer up a different topic of conversation. So what does he get? A question about whether his mother taught him a racial slur and whether he's tried to cover up that his grandfather might have been a Jew. It's been that kind of a month for the Republican once hailed as Virginia's sunniest politician."

Debate Features Question On Whether Allen Has Jewish Roots. In the Washington Post's "Washington Sketch" column (9/19, A2), Dana Milbank says, "Just when you thought Virginia's U.S. Senate race couldn't get any weirder, the Jews of Tunis are making a cameo. At a debate in Tysons Corner yesterday between Republican Allen and

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Democrat Webb, WUSA-TV's Peggy Fox asked Allen, the tobacco-chewing, cowboy-boot-wearing son of a pro football coach, if his Tunisian-born mother has Jewish blood." Fox said, "It has been reported…your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebears include Jews and, if so, at which point Jewish identity might have ended?" The Post adds Allen "recoiled as if he had been struck. His supporters in the audience booed and hissed." Allen said, "To be getting into what religion my mother is, I don't think is relevant. Why is that relevant -- my religion, Jim's religion or the religious beliefs of anyone out there?" The Post adds that it "turns out the Forward, a Jewish newspaper, reported that the senator's mother, Etty, 'comes from the august Sephardic Jewish Lumbroso family' and continued: 'If both of Etty's parents were born Jewish -- which, given her age and background, is likely -- Senator Allen would be considered Jewish in the eyes of traditional rabbinic law, which traces Judaism through the mother.'"

Burns Pushed Vonage Bill After Flight On Chartered Jet. The AP (9/19, Jalonick) reports Sen. Conrad Burns "flew on a private plane chartered by Vonage Holdings Corp., just days after he pushed legislation that the company has advocated for more than a year." Burns accompanied Vonage lobbyist Frank Cavaliere "on the company's chartered plane to and from the '13th Annual Burns Classic Golf Weekend' in Bigfork, Mont., on Saturday. Cavaliere and a Burns spokesman both confirmed the plane trip to The Associated Press on Monday." The fundraiser was "held two days after the Senate passed a Burns-sponsored amendment that was pushed in various forms by Vonage and several public safety groups. The amendment was added to a port security bill that the Senate approved 98-0 on Sept. 14." The legislation, "originally sponsored by Democratic Sen. Bill Nelson of Florida, would give Internet phone companies the ability to better provide their consumers access to 911 services."

Rasmussen Poll Shows Whitehouse Leading Chafee By Eight Points. In its "Washington Wire" column on its web site, the Wall Street Journal (9/18, 2.03M) reported, "In Rhode Island, Democratic Senate candidate Sheldon Whitehouse is leading Republican incumbent Lincoln Chafee by eight points, according to a poll released today. It's the fourth poll by Rasmussen Reports to show the former attorney general with a lead over Chafee. … Today's poll, the first by Rasmussen after Chafee's hard-fought primary victory last week over Cranston Mayor Steve Laffey, showed Chafee has the support of 74% of likely Republican voters compared with 65% in the last poll before the primary. The relatively small number of Republicans in Rhode Island, however, makes that figure less than comforting. Whitehouse had support of 80% of Democrats in the poll. The poll of 500 likely voters was taken on Sept. 13 and has a margin of error of 4.5 percentage points."

War Critics Give Cantwell A Break In Washington State Senate Primary. In what the New York Times (9/19, Yardley, 1.21M) calls a "cold dose of pragmatism," Democrats appear to be giving Sen. Maria Cantwell a pass "for having voted for the war in Iraq." After war supporter Sen. Joe Lieberman lost his primary bid last month, "many Democrats here say attacking Ms. Cantwell in Tuesday's primary seems flat-out foolish because it could benefit the well-financed Republican challenger in November. … After all, unlike in Connecticut, the question here is not whether another Democrat will unseat Ms. Cantwell. Instead, the wild card is whether antiwar opponents will peel away enough support to leave her vulnerable to the Republican opponent, Mike McGavick, a former insurance executive who recently put $2 million of his own money into his campaign."

The Hill (9/19, Blake) notes that unlike Lieberman, Cantwell has sought "to distance herself from the unpopular war. Her opponents say that the shifts are cosmetic, but Cantwell's poll numbers have jumped in recent weeks, undermining what had been Republicans' hopes of a dramatic pick-up in the Senate." The Hill adds, "Today's primary, which includes anti-war Democrat Hong Tran, could provide an indication of how many anti-war Democrats remain unhappy enough with Cantwell to cast a protest vote against her. She will face two third-party anti-war candidates in November, and in a close race that could cost Cantwell her seat."

The Washington Times (9/19, Bellantoni, 88K) reports that while Tran "knows she is highly unlikely to beat incumbent Sen. Maria Cantwell, she says her fellow Democrat's October 2002 vote in favor of the Iraq war is worthy of electoral punishment." The Times adds, "In addition to the war, Mrs. Tran disagrees with the freshman

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senator on trade policy, and says Miss Cantwell votes to help special interests instead of working people. Miss Cantwell has the money, name recognition and the state and national party machines behind her, all things that will probably propel her to victory today. She also currently holds a wide lead over Mr. McGavick."

GOP Sees Vulnerability In Cantwell's Ties To Lobbyist. Roll Call (9/19, Duran) reports that Cantwell's personal ties to lobbyist Ron Dotzauer "have come under intense scrutiny in recent weeks. But it is unclear if their friendship will hurt Cantwell re-election efforts." Dotzauer "has been involved in every race Cantwell has ever run. Cantwell worked for him at his former consulting firm, Northwest Strategies. At one point they were a couple and when he fell on hard times financially, Cantwell loaned him money. When she sought to unseat then-Sen. Slade Gorton (R-Wash.) in 2000, Dotzauer shelved his business to manage Cantwell's campaign. … Republicans strategists think that in a year when GOP candidates have been on their heels for lobbyist ties -- think superlobbyist-turned-felon Jack Abramoff and his tentacles, or disgraced former Rep. Duke Cunningham (R-Calif.) -- the Cantwell-Dotzauer connection may blunt the image of the GOP as the party of special interests."

Steele Ad Does Not Mention He Is Republican. The Washington Post (9/19, C1, Farhi, 748K) reports on Maryland Republican Senate hopeful Michael Steele's new ad. In the ad Steele appears with a puppy, saying, "Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies. And I think you deserve better -- some real ideas for change." The Post adds, "Political ads tend to come in two flavors: the kind in which candidates shake hands with supporters and embrace schoolkids, and the kind in which basso-voiced announcers warn that the opponent is bad news. So far, Steele has taken a third approach: the candidate as your pal, the friendly, reasonable guy who's beyond politics. … The spots never mention that Steele is running as a Republican, or that he is the second-highest-ranking member of his party in Maryland. Or that he was once chairman of the Maryland Republican Party. Indeed, the word 'Republican' doesn't appear anywhere on Steele's Web site, and his official bio omits his tenure as party chairman."

One Out Of Every Five Democratic Ads Features Bush. CNN's The Situation Room (9/18, Blitzer) reported, "More proof today that Democrats are trying to make the midterm election a referendum on President Bush -- an independent analysis shows that one out of every five TV ads by a Democrat or Democratic group in the battle for Congress features the President in an unfavorable light. The study was conducted by Campaign Media Analysis Group, CNN's consultant on political advertising."

Bush To Raise Funds For Crist In Florida. In its "Washington Wire" column on its web site, the Wall Street Journal (9/18, 2.03M) reported, "It's apparently all hands on deck as national Republicans try to boost the campaign coffers of Florida gubernatorial candidate Charlie Crist. … President Bush plans to fly down to Orlando Thursday for a fund-raiser, and Massachusetts Gov. Mitt Romney and the Republican Governors Association just pledged $1 million to Crist's campaign, calling it 'the highest priority state.' Crist's campaign is trying to raise some $30 million. As of Sept. 8, it has already spent about $13 million, Florida campaign finance records show."

Democrats Expected To Pick Up Gubernatorial Seats. The Christian Science Monitor (9/19, Feldmann, 58K) reports the Democratic Party "may well emerge from the November elections with a majority of governors' seats for the first time since 1994. The Republicans are 'going to lose governors' seats, there's no question,' says Jennifer Duffy, an expert on gubernatorial races for the nonpartisan Cook Political Report. She predicts a net Democratic gain of four to six seats." Currently, the GOP "majority in governors' mansions stands at 28 to Democrats' 22, but the Republican Party is defending far more seats this fall than are the Democrats. Of the 36 seats on the ballot, 22 are held by Republicans and 14 by Democrats. Among the 10 incumbents vacating their seats, nine are Republicans, including Alaska Gov. Frank Murkowski, who lost in a rare primary defeat for a sitting governor." Winning a "majority of governors' seats holds mainly symbolic importance. But it is still in each party's interest to control as many governorships as possible." Governors' mansions "are the training ground of future presidents. (Four of the past five presidents were ex-governors.) Governors who aren't running for president can

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lend the support of their local political infrastructure to politicians from their party who are."

Unified New York Democrats Rally Against Bush, Pataki. The New York Times (9/19, Healy, 1.21M) reports, "Chest-thumping leaders of the New York Democratic Party rallied" in Smithtown and "predicted a clean sweep of statewide offices in the November election over the enemy — identified by one Democratic speaker after another as 'the two Georges,' Messrs. Bush and Pataki." The party's "tight focus on President Bush and Gov. George E. Pataki, instead of the actual Republican candidates this fall, is the latest sign of the low regard in which Democrats say they hold their opponents. They are so confident of outright victory that they are now shooting for bigger game — an electoral rebuke of Mr. Bush and Mr. Pataki." The event, "technically a business meeting, was striking in comparison with dealings among the Republicans. John Spencer, the Republican nominee facing Senator Hillary Rodham Clinton, has refused to take telephone calls, including a concession call on primary night, from the woman he defeated, Kathleen Troia McFarland." A poll "released on Monday by the Siena Research Institute showed Mr. Spitzer with a lead of 51 percentage points over Mr. Faso, and Mrs. Clinton with a 29-point lead over Mr. Spencer. The poll, conducted by telephone, surveyed 625 likely New York voters and had a margin of sampling error of plus or minus four percentage points."

AIG Said To Evade New York Contribution Limits. The New York Times (9/19, A1, McIntire, 1.21M) reports New York law "prevents corporations from contributing more than $5,000 a year to candidates for state office, but one of the world's largest insurance companies has skirted those limits in giving almost 20 times that amount to some of New York's most prominent politicians, according to a review of contribution data." American International Group "has enlisted dozens of obscure subsidiaries to distribute contributions, all drawn from a common A.I.G. bank account and often through sequentially numbered checks, totaling hundreds of thousands of dollars." AIG "defends the contributions, which seem to comply with the law as interpreted by the State Board of Elections." The donations "in recent years include totals of $50,000 to the gubernatorial campaign of Attorney General Eliot Spitzer; $335,000 to those of Gov. George E. Pataki; $34,300 to the campaign of Lt. Gov. Mary O. Donohue; and $25,000 to the 2006 campaign of Comptroller Alan G. Hevesi."

Schwarzenegger Signs Bill Giving LA Mayor Greater Control Over Schools. The Los Angeles Times (9/19, Muskal, 918K) reports Gov. Arnold Schwarzenegger "signed a bill that gave the mayor of Los Angeles greater control over the Los Angeles Unified School District and could change how the city's 730,000 students are taught." At a ceremony "at the Central Library in downtown L.A., Schwarzenegger signed the bill that gives Mayor Antonio Villaraigosa a leading role among other mayors in the school district's affairs. The bill also gives Villaraigosa direct control over three high schools and their feeder schools." The signing "is the latest — but probably not the last -- step in the political infighting as Villaraigosa pushed to get a voice in educational affairs. The school board, which loses power under the bill, has said it will sue to overturn the measure whose constitutionality has been questioned."

Obama Gets "Rock Star Treatment" At Harkin Event In Iowa. CNN's The Situation Room (9/18, Bash) reported, "Senator Tom Harkin's Steak Fry is an annual Iowa event that always draws presidential hopefuls looking to win over Democratic activists. This year, potential 2008 candidates, like Iowa's current governor, Tom Vilsack, and the former Governor of Virginia Mark Warner, were in attendance. But even they knew most of the 3,500-plus in the crowd came to catch a glimpse of a rising star in the Democratic Party, Barack Obama." It was "rock star treatment for a 45-year-old Senator in office just two years, 97 of 100 in Senate seniority." There were "T-shirts and petitions begging him to run in '08. He doesn't say yes, but he doesn't say no. … Obama may try to sidestep questions about 2008, but there is evidence of more than a passing interest. At his side all day was an operative who ran Al Gore's 2000 campaign here. And his staff made a point of introducing the senator to an activist quoted in the local newspaper, saying she was going to drive 130 miles to see if he was the real deal."

McCain Opposition To Bush On Interrogation Tactics Could Hurt 2008 Effort. The Washington Post (9/19, A1, Babington, Baker, 748K) reports in a front page story that McCain's "bid to position himself as the natural heir to President Bush as a wartime

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commander in chief and to court conservative leaders in advance of his likely 2008 presidential campaign has threatened to run aground in recent days, as the two men clash over how to detain and try terrorism suspects." For months, McCain "has been wooing Bush's donors, hiring his former advisers and standing by him in the Iraq debate. But the fragile rapprochement between two men who were once bitter rivals for the presidency is facing a sharp new test over McCain's rejection of Bush's pleas to let the administration interpret the Geneva Conventions as it sees fit." The impasse "is likely to be settled within a few days but could remain hanging when lawmakers adjourn in a few days. Either way, it is likely to carry a long echo -- especially if the senator from Arizona forces Bush to back down." In a "reprise of criticism showered on McCain during his 2000 campaign, some prominent conservatives are branding him a disloyal Republican and an unreliable conservative because of his assertiveness on the detainee issue."

The Los Angeles Times (9/19, Hook, Simon, 918K) reports, "Conservative activists are heaping criticism on Sen. John McCain for fighting President Bush over proposed rules for the interrogation of terrorism suspects, a dispute that has reopened long-standing divisions between the maverick Republican lawmaker and his party's establishment." The "attack from the right, which coalesced over the weekend, could undercut McCain's effort to woo Bush backers and other party regulars for an anticipated 2008 presidential bid. His position on terrorism prisoners has fueled critics' skepticism about McCain's conservative credentials." But even as "conservative leaders berated McCain for refusing to yield to Bush, the high-profile battle could burnish the Arizonan's credentials among admirers who have been concerned about his moves to court the GOP establishment. His aides say McCain's position in the interrogation dispute is a matter of conscience — not calculation — but they still see a political upside." McCain adviser John Weaver said, "When he does the right thing and he knows it, that works out well for him. He's going to see this through."

Cohen Says McCain The Man To Trust In Detainee Debate. In his Washington Post column (9/19, A21), Richard Cohen says in "the current fuss over the Geneva Conventions: When it comes to George Bush and John McCain, who -- or whom -- do you trust?" The "contest, after all, is between a president who has repeatedly broken faith with the American people over the war in Iraq -- everything from weapons of mass destruction to disingenuous assurances that torture has not been used in the interrogation of suspects -- and a former Vietnam War prisoner who was tortured by his jailers because, among other things, he refused an offer of early release. There is nothing in George Bush's life that even approaches what McCain has done." For the moment, "the spotlight is on McCain and Bush -- a delightful GOP squabble. But it is the Democrats who ought to be paying close attention. For while the Democrats are awash in potential presidential candidates, they have nobody who even remotely approaches McCain's stature." McCain "embodies a quality for which the country yearns: integrity. He is a man of his word."

Kerry Describes His Religious Faith. The AP (9/19, Blood) reports, "Democratic Sen. John Kerry on Monday urged people of faith to work cooperatively on problems such as poverty, global warming and reducing the number of abortions – 'godly tasks' that transcend the nation's culture wars." In a speech "laced with anecdotes of his own journey of faith," Kerry, a Catholic, "told students in a speech at Pepperdine University that 'we can take up God's work as our own.'" Kerry's remarks "were among his most extensive ever on religion. He alluded to the 2004 election, saying his past reticence to openly discuss his faith allowed others to 'draw the caricature for me. I will never let that happen again.'"

The Washington Post (9/19, A4, Cooperman, 748K) reports Kerry said it was "a speech he said he wishes he had given before the 2004 presidential election." Kerry said in Malibu, CA, that "he "wandered in the wilderness" after the Vietnam War but came back to the Roman Catholic Church after a sudden and moving revelation in the late 1980s."

Liberal Evangelicals Launch Campaign Effort. Liberal evangelicals have launched a campaign to promote Christian values beyond the issues of abortion and gay marriage. The AP (9/19, Elliott) reports, "Red Letter Christians, a project of Sojurners/Call to Renewal, announced plans to establish a grass-roots network of 7,000 moderate and progressive clergy members. … The project's name comes from the color of some Bible's type, with words directly attributed to Jesus appearing in red. … The Red Letter Christians campaign plans to use voter guides for congregants and briefings for their leaders to argue education, poverty and the environment are all evangelical issues."

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The Washington Times (9/19, Duin, 88K) reports that the group "says it bases its actions and political philosophy on the words of Jesus, which appear in red lettering in some versions of the Bible." The Times adds, "Red Letter Christians was organized by the evangelical left Sojourners magazine and its affiliate, Call to Renewal. The Rev. Jim Wallis, founder of the magazine, said he will be debate former Christian Coalition head Ralph Reed this week on a new blog at www.godpolitics.com. Sojourners also plans to issue 200,000 'Voting God's Politics' voter guides and sponsor an Oct. 2 candidates' forum in the key electoral state of Ohio."

Texans Eulogize Former Governor Richards. NBC Nightly News (9/18, story 13, 0:20, Williams) reported, "In Austin, Texas, today, a memorial service for former Governor and Democratic Party leader Anne Richards. More than 4,000 people, including famous friends and local folks came to pay their respects. Eulogies there today told of her sharp wit and deep dedication to women's rights and helping the less fortunate. She died last Wednesday of cancer. She was 73 years old."

Study Finds Most Teachers Are Trained At Colleges With Low Standards. The New York Times (9/19, Finder, 1.21M) reports a study by the Education Schools Project, titled "Educating School Teachers" and authored by Arthur Levine, former president Of Columbia University Teachers College, found that "Most American teachers [54%] are trained in university programs with low admission and graduation standards." The report further found that these teachers had "lower high school grades and lower standardized test scores than students at research universities" and that students taught by them "had smaller increases in their math and reading test scores than did students taught by graduates of more prestigious doctoral universities." Levine recommended that some of these programs "be dropped, and he proposed expansion of the teacher training programs at major research universities." He also proposed that "teachers should be trained for five years, with four years in a traditional subject…and one year of learning how to teach." In response, Arthur E. Wise, president of the National Council for Accreditation of Teacher Education, criticized the report as "elitist" and others called it "impractical."

The AP (9/19, Feller) added that these teachers graduate "woefully unprepared for their jobs." The report is said to "cast doubt on the most basic aspects of how teachers are taught." Levine said most teacher programs are "poor or mediocre."

Report Finds High School Dropouts Have Much Lower Levels Of Civic Involvement. The Washington Post (9/19, Goldstein, 748K) reports the National Conference on Citizenship, "a nonprofit organization created by Congress," issued a report titled "Broken Engagement, America's Civic Health Index" finding that "High school dropouts are significantly less likely than better-educated Americans to vote, trust government, do volunteer work, or go to church," all of which is described as "a widening gap in 'civic health' between the nation's upper and lower classes." Evidence for the "widening gap" is found in voter turnout, which "plummeted from 1976 to 2004 to 31 percent" among high school dropouts, "half the 62 percent of college graduates who voted in 2004." The report also found some "hopeful signs" including "a recent increase in volunteering, particularly among young people, and an upturn in political involvement since the late 1990s." That increase was, however, said to be "mostly an upper-middle-class phenomenon."

States Offer Incentives For High School Students To Take More Demanding Courses. The Washington Post (9/19, A6, 748K) reports, "Since the February 2005 National Education Summit on High Schools," eight states "have stiffened course requirements for students to get a diploma. Twelve states have business-sponsored State Scholars programs to encourage students to take college-preparatory courses. All 50 states and the District of Columbia offer incentives for students to take Advanced Placement, International Baccalaureate or dual enrollment courses in cooperation with local colleges."

Ramstad, Kennedy Relationship Flouts Congress' Partisan Divisions. The New York Times (9/19, Leibovich, 1.21M) reports on the relationship between Democratic Rep. Patrick Kennedy and GOP Rep. Jim Ramstad, who is acting as Kennedy's sponsor, his "primary source of advice and support in what he calls 'the daily fight for my life' against addiction." The Times adds that the day after Kennedy's Capitol Hill car accident in May, he "received a phone call from Mr. Ramstad, a recovering alcoholic who has been an evangelist in Congress for addiction treatment and 12-step recovery programs. The men

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did not know each other well. But in battling their addictions, the two built a fast kinship that flouts the partisan divisions of Congress, their own divergent politics and the conditional nature of so many friendships in Washington. They speak daily, often several times. Mr. Ramstad visited Mr. Kennedy during his 28-day rehabilitation, driving two hours each Saturday from his Minnetonka home."

Los Angeles Human Rights Panel Reaffirms Award For Muslim Leader. The Los Angeles County Human Relations Commission yesterday voted to reaffirm its selection of Muslim leader Maher Hathout for a human relations award. The Los Angeles Times (9/19, Watanabe, 918K) reports that the vote ends "a bitter, two-week battle that many lamented has seriously set back the region's Muslim-Jewish relations." The Times adds that "only four of the 14 commission members voted to support Hathout, chairman of the Islamic Center of Southern California and the first Muslim to receive the county's John Allen Buggs Award. Five members abstained; four were absent. But Hathout said he was unconcerned by so many abstentions and called the vote a victory for free speech, inclusiveness and a rejection of the 'tactics of intimidation.'"

Brazile Calls For Democratic Unity Going Into 2006 Elections. In her Roll Call (9/19) column, Donna Brazile calls for unity among Democrats going into this year's election, noting that "the stakes are too important for Democrats to be distracted by internal dissension." Brazile writes that it is "time that Democrats put aside their perennial squabbling and unify the party going into Election Day." Democrats "need to reach consensus on leadership posts, party direction and resource allocation. Democrats need to face the reality that the public yearns for strong, effective leadership, as opposed to a mere partisan message with a Democratic slant. They want leaders who can get things done without contributing to the mess in Washington, D.C."

Milken Says Baby Boomers' Nest Eggs Are Secure. Michael Milken, chairman of the Milken Institute, writes in the Wall Street Journal (9/19, 2.03M) that as baby boomers "start moving into our seventh decade, it's logical to ask what effect baby-boomer retirements will have on real estate and financial markets. The question is logical, but it puts the emphasis on the wrong side of the equation. The real future value of US assets won't be determined by retirements, but by policy decisions on education, taxation, regulation, immigration, international investment and the environment. Baby boomer asset liquidation isn't really a financial market issue because (1) there's plenty of liquidity in the global economy; (2) as the rest of the world becomes wealthier, people outside the U.S. will own a greater percentage of global assets and they'll want to keep a share of their net worth in America; (3) liquidity will grow in both developed and developing nations as they adopt recent American financial innovations and market structures; (4) as baby boomers live longer and healthier, their new mantra will become 'Who wants to retire?' and (5) most assets won't need to be sold." Milken adds that "as long as we maintain asset values by enhancing human and social capital, I believe the future of the baby boomers -- and their nest eggs -- is secure."

Professor Says Policies Should Aim To Reduce "Poverty Inflow." Bradley Schiller, a professor of economics at American University, writes in the Washington Post (9/19, A21, 748K), "The recently released poverty data paint a grim picture of life in America. Once again the US Census Bureau tells us that 37 million people -- one of every 12 residents -- is living hand-to-mouth in the United States. This is a shocking statistic." Schiller adds, "Well over a million immigrants -- both legal and illegal -- enter the country every year. Most come in at the lowest rungs of the economic ladder, working for the minimum wage or less. The household poverty rates among immigrants are twice as high as those of non-immigrants." Schiller adds, "We don't have a permanent poverty caste in the United States. Instead we have a very fluid combination of demographic, social and economic forces that propel people in and out of poverty. Policy choices should focus on reducing institutional barriers that slow the poverty outflow and expanding (temporary) safety nets (e.g., unemployment benefits, child support) that reduce the poverty inflow."

Kristof Calls For Routine AIDS Testing In High-Prevalence Countries. Nicholas Kristof writes in the New York Times (9/19, 1.21M) that "the world can't address global poverty unless we tackle AIDS effectively." Kristof adds, "An essential challenge is that 90 percent of those with H.I.V. worldwide don't know it, and you can't begin to tackle the disease when no one knows who has it. … It's time to move to routine testing." Unless "they specifically opt

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out, people in high-prevalence countries should be tested whenever they enter the medical system, marry, enter the armed forces, take a job in the civil service, or get pregnant. That should be coupled with a pledge to try to make treatment available to all who test positive." Kristof adds, "We need a more aggressive approach, built around greater testing."

LATimes Says Wolfowitz Critics Wrong On His Effort To Combat Corruption. The Los Angeles Times (9/19) says in an editorial, "When President Bush appointed former Deputy Defense Secretary Paul D. Wolfowitz as head of the World Bank 18 months ago, it was as if John Ashcroft had been tapped to run the American Civil Liberties Union. Not since an architect of another war, Robert McNamara, led the bank has there been such mistrust within the development community, which typically ranges from left-leaning to socialist on the political scale." The "clash of perspectives is part of the reason for the recent tiff over Wolfowitz's drive to root out corruption in poor countries. In advance of this week's meeting of finance ministers in Singapore, Britain threatened to withhold a $94-million contribution to the bank, while debate over Wolfowitz's policies has been roiling the bank's executive board for months." Critics are "irked by Wolfowitz's tendency to cut off money to governments accused of corruption." Under his "leadership, the bank has blocked more than $1 billion in loans because of illegal practices by recipients." Wolfowitz has "thwarted most of his critics by consistently doing the right thing. He has increased bank lending, helped lead a drive to forgive the debts of some of the world's poorest nations, spoken out against the developed world's agricultural protectionism and is a tireless advocate for the principle that rich countries are obliged to live up to their past promises to increase foreign aid. He has earned more leeway from his overseers, even if they don't approve of his friends in the White House."

WSJournal Praises Union Spending Disclosure Requirements. The Wall Street Journal (9/19, 2.03M) editorializes that this year, "for the first time, rank-and-file union members are getting a look at precisely how much of their mandatory dues money is going to fund [AFL-CIO President John] Sweeney's political causes, and plenty of other interesting details as well. … Whereas unions used to lump millions of dollars of disbursements into such vague categories as 'sundry expenses,' the new regime requires them to provide a detailed breakdown of who or what received union money: issue advocacy groups, political consultants, polling outfits, even hotels at which their members stayed." The Journal adds, "Unions should have the right to spend whatever they want on politics, and we've defended that right against McCain-Feingold and other campaign-finance limits. At the same time, however, union members who don't like the way their coerced dues are spent have the right under the Supreme Court's Beck decision to ask for the political and grant portion of that money back. May these illuminating LM-2 disclosures be spread far and wide."

NYTimes Decries Special Interest Influence On Judicial Elections. The New York Times (9/19, 1.21M) editorializes, "Contests for important state judgeships around the country are getting nastier, more partisan and tons more expensive. Monied interests seeking to influence court decisions are spending lavishly to boost preferred candidates, much as they do in campaigns for regular political office. Today's round of judicial elections in Washington State points to the seriousness of the problem and its threat to judicial integrity, independence and impartiality. … There is no perfect way to choose a judge. But to undermine the whole purpose of the court system by allowing special interests to buy judgeships, or at least try to, is the worst system of all."

WPost Says Leadership Change Needed To Restore Confidence In Montgomery County Elections. The Washington Post (9/19, A20, 748K) editorializes, "Those hoping to understand how and why Montgomery County so thoroughly botched primary day last week were sadly frustrated -- if not enraged -- by the unhelpfulness of top election officials at a County Council hearing on the subject yesterday. Only one thing became clearer: A change in leadership is needed to restore confidence in the county's ability to conduct elections." The Post adds, "There is, as we have said, no doubt that partisan bickering among Gov. Robert L. Ehrlich Jr. (R), the legislature and the state Board of Elections caused stresses and strains that affected local boards of elections. However, the conduct of elections is the responsibility of county boards. While State Elections Administrator Linda H. Lamone could do more, she cannot take over their duties. The state Board of Public Works is scheduled to hear from Ms. Lamone tomorrow in Annapolis. Let's hope the testimony leads to a plan of action

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for Nov. 7 and not a repeat of the blame game we saw yesterday in Rockville."

Bush To Make Major Push For Democracy In UN Speech. NBC Nightly News (9/18, lead story, 2:45, Williams, 9.87M) reported, "Good evening. Tomorrow morning, not that many hours from now, in fact, the President of the United States will address the United Nations General Assembly here in New York. In the audience there will be friends and enemies. Perhaps more enemies and more tension than in recent years. With the number of global threats to the US and with the Iranian President speaking just hours after President Bush, many are watching carefully to see how the President threads the needle in front of a tough audience." NBC (Gregory) added, "Certainly the Iraq war has made the world stage of the United Nations unfriendly for this President. Yet aides say, while here, Mr. Bush will not shy away from a major push for democracy in the Middle East. Despite the raging violence threatening Iraq's future, the President in New York today with the First Lady made no excuses for his foreign policy." President Bush: "We also believe strongly that as the world becomes more free, we'll see peace. That's what we believe. And we're going to act on those beliefs." NBC (Gregory) added, "The annual meeting of the UN General assembly highlights international hostility to the President's policies and the growing list of threats around the globe. From Iraq and radical Islam in the Middle East to nuclear showdowns with Iran and North Korea and genocide in Darfur. Observers say the President must show he's ready for diplomacy."

The AP (9/19, Riechmann) says Bush "faced disagreement Monday over how to confront Iran's nuclear ambitions and skepticism about his approach to Iraq and the Middle East as world leaders gathered for the U.N. General Assembly meeting." But Bush "was upbeat, focusing on his push for democratic change and first lady Laura Bush's call for governments to embrace literacy programs to improve lives."

The Washington Times (9/19, Dinan, 88K) reports Bush "said yesterday that his 'freedom agenda' remains the driving force for US international policy, a day before his address to the UN General Assembly." In his speech, Bush "is expected to challenge the world to foster that vision in the Middle East." The Washington Times (9/19, Pisik, 88K) also reports the "Administration plans to stress its 'freedom agenda,' particularly for the Middle East, a State Department official said."

McClatchy (9/19, Douglas, Strobel) reports "the nuclear standoffs with Iran and North Korea, the Israeli-Palestinian conflict and attacks in Sudan's Darfur region will top the president's agenda."

CNN's The Situation Room (9/18, Malveaux) reported that a "centerpiece" of Bush's speech is a "call out Iran's president, Mahmoud Ahmadinejad, on what he believes is a weapons program; the need to stop him from building that nuclear arsenal that the United States believes he is involved in."

The New York Times (9/19, Rutenberg, 1.21M) reports, "The questions began before President Bush's helicopter even touched down in Lower Manhattan yesterday for a three-day visit marking the opening session of the United Nations General Assembly: Would they meet face to face? Even by chance? … Aides to Mr. Bush bristled yesterday at the notion that they were trying to avoid a chance run-in between Mr. Ahmadinejad and Mr. Bush in the United Nations hallways. Contending that they were giving no extra attention to the possible walking route of the Iranian delegation or the Iranian leader's bathroom schedule, they said that to do so would only help to elevate the stature of a man they would rather diminish. 'This is not Khrushchev and Kennedy taking a measure of one another for the first time,' said an administration official who would speak only on condition of anonymity because he was not authorized to speak freely on the matter. 'We're talking about the former mayor of Tehran here.'"

The Financial Times (9/19) reports, "One year ago, the United Nations was in turmoil, reeling from a wave of scandals, hamstrung by disagreements over terrorism, human rights and nuclear proliferation, and caught in an acrimonious and unravelling reform process. Some asked whether they even might be witnessing the death throes of the 60-year-old organisation, as its creaking architecture struggled to respond to the new challenges." Yet today, "as a panoply of leaders assemble to address this week's General Assembly session, the UN is back at the centre of almost every major dispute on the planet. Despite divisions among its members, the Security Council is tackling crises from Lebanon to Iran, from North Korea to Darfur and the Palestinian territories, let alone a wealth of lesser crises in Africa, Haiti and East Timor." And "notwithstanding its differences, the council has, or is at least trying to craft, joint

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positions on nearly all of them – albeit often with limited results, such as in Darfur." The Bush Administration, "public pronouncements aside, is embracing the UN in a way few would have imagined a year ago. By dispatching troops to Lebanon, Europe has put itself back in the business of peacekeeping."

On Eve Of Speech, Bush Meets With World Leaders In New York. CNN's The Situation Room (9/18, Malveaux) reported that President Bush met with "key leaders" in New York Monday, including the prime minister of Malaysia, as well as the leaders of El Salvador, Honduras and Tanzania. CNN added, "All of these leaders symbolic, if you will, in their efforts, their alliances with the United States in the war on terror. And that is what the President is going to focus on tomorrow before the General Assembly, when he makes his speech. It is going to on the broader war in terror, trying to sell that to world leaders, specifically talking about the Middle East, the importance of the international community, to focus on those fledgling democracies inside of Lebanon, the Palestinian Authority as well as Iraq."

The Washington Times (9/19, Dinan, 88K) reports Dan Fisk, senior director for the Western Hemisphere at the National Security Council, "said the leaders of El Salvador and Honduras backed the US position in a fight over which nation will take the Latin America slot on the U.N. Security Council that Argentina will vacate at year's end. Anti-U.S. Venezuelan President Hugo Chavez, backed by Iran, wants the seat for his country, but the US is backing Guatemala."

USA Today (9/19, Jackson, 2.27M) also reports on Bush's "personal diplomacy." Michael Green, who worked for Bush at the National Security Council, "said bilaterals can provide a relaxed forum to discuss issues such as beef sales to Japan or intellectual property rights in China." Today, Bush "meets with French President Jacques Chirac to discuss Iran's nuclear ambitions. Bush will also talk with Iraqi President Jalal Talabani and UN Secretary-General Kofi Annan, a critic of the US-led invasion of Iraq."

Pentagon Planning For Possible Military Action In Iran. CNN's The Situation Room (9/18, McIntyre) reported, "Pentagon sources tell CNN that all of the planning for possible military action in Iran comes under the heading of 'prudent and somewhat routine contingency planning.' But…that doesn't mean they're not thinking about it a lot. … The military option, preemptive air strikes by American stealth bombers, strike aircraft and cruise missiles using the latest bunker-busting munitions in an air assault lasting several nights and dropping thousands of bombs. … The potential targets, more than two dozen nuclear facilities spread across Iran. Some secret, some deep under ground, and some in populated areas that would have to be hit multiple times." CNN added, "The best-case scenario is Iran simply rebuilds and military action is needed in another two to five years. Worst case, Iran retaliates, sponsors terrorism, attacks US troops in Iraq, disrupts oil shipments through the Persian Gulf, pushing gas prices to record highs, and enflames anti-American sentiment in the Muslim world."

In Apparent Break With US, Chirac Offers Iran Talks Before Enrichment Suspension. The New York Times (9/19, Sciolino, 1.21M) reports, "In an effort to jump-start formal negotiations between six world powers and Iran over its nuclear program," French President Jacques Chirac "suggested Monday that Iran would not have to freeze major nuclear activities until the talks began." The Times adds Chirac "has consistently taken an extremely hard line against Iran both in public," but his comments yesterday "could be interpreted as a concession to" Tehran. Those comments "were the first time a leader of one of the six countries -- the five permanent members of the Security Council (Britain, China, France, Russia and the United States) and Germany -- has suggested that the suspension is not a precondition for talks." He "also made clear his opposition to sanctions." US officials "insisted that the American position had not changed: that the United States would not join the talks until Iran suspended uranium enrichment. They said that the Europeans and Iranians might hold preliminary talks on suspension, and once Iran verifiably suspended enrichment, America could join those talks." An anonymous Administration official "said he did not believe that Mr. Chirac had said anything that would require the United States to change its position." However, the statement "took Bush administration officials by surprise, in particular because ever since the six powers made a proposal to Iran on June 1 to provide a package of incentives in return for suspending enrichment, the Americans and the Europeans have been careful to appear unified. Russia and China might have to be dragged along, the thinking went, but the others would hold fast to the American line on sanctions."

The Washington Post (9/19, A14, Kessler, Abramowitz, 748K) adds, "In a potential break with the Bush administration," Chirac said "that he is 'never in favor of

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sanctions' and suggested that the United States and other nations could begin talks with Iran on its nuclear program before Iran formally suspends its nuclear activities." He "appeared to upend that diplomatic drive and signaled a widening breach on Iran between the United States and European partners, reminiscent of the debate over the Iraq invasion four years ago. Perhaps mindful of those tensions, some U.S. officials both publicly and privately played down Chirac's comments, insisting there was little daylight between the U.S. and French positions. But others said that the remarks took them by surprise and that they would seek an explanation from the French at meetings on Tuesday." The statement "represented another potential hurdle for Bush, who is coming to the United Nations this week seeking considerable assistance from the world community," while "U.S. leverage has been weakened by the ongoing war in Iraq, and diplomats are skeptical that the lofty theme of Bush's speech Tuesday -- bringing freedom and democracy to the Middle East -- will be of much practical significance in swaying countries to Bush's side." In his speech, the Post says, Bush "plans to take a far less aggressive approach to Iran than he did four years ago in arguing for action against Iraq." The Los Angeles Times (9/19, Farley, 918K) runs a similar story under the headline "France Now Opposes Iran Punishments."

The Financial Times (9/19, Arnold, Dombey) notes Chirac "could be heading for another clash with the US," while the AP (9/19, Ganley) calls the French leader's stance "a compromise…to kickstart talks between Iran and the international community." AFP (9/19) says Washington, "faced with a growing reluctance among its allies to impose sanctions on Iran, showed a new readiness to accept a two-pronged approach in their bid to end Tehran's suspected nuclear weapons program."

USA Today (9/19, Slavin, 2.27M), meanwhile, titles its report "Chirac Looks To Avoid Iran Standoff," and says Chirac "offered a way around a diplomatic standoff." The French President told USA Today in an interview, "I think we should be able to reach a solution."

The Wall Street Journal (9/19, King, 2.03M) says the Administration "faces stiffening opposition in Europe to its effort to impose sanctions on Iran." The Journal calls Chirac's statement "another sign that Europe strongly backs further talks with Tehran rather than threats of economic punishment." His remarks "dovetail with a growing sentiment among the leaders of Germany, France, Russia and China that the U.S.-led quest for sanctions…are counterproductive and should be set aside for now as Europe tries to engage Iran in a series of informal talks. Washington is also showing signs of increased flexibility on the Iran front, largely because it has gained so little support among key countries for imposing sanctions."

NBC Nightly News (9/18, lead story, 2:45, Gregory, 9.87M) reported, "Today, the White House softened the approach saying the US and its allies would negotiate with Iran if it would at least temporarily stop its push for a nuclear program."

Chirac Rebukes Sarkozy For His Pro-US Positions. The Financial Times (9/19, Arnold) reports Chirac "on Monday exposed deep ideological divisions at the top of the French government by rebuking Nicolas Sarkozy, his rebellious interior minister and likely successor, for toeing an overly pro-US line. … The French president, widely expected to step down next year, is thought to be furious about Mr Sarkozy's speech in Washington last week, when the interior minister criticised France's 'arrogance' in its relations with the US." The Times adds, "In a rare radio interview, the French president distanced himself from his interior minister, saying: 'We have relations [with the US] that can only be between equals, which cannot be a relationship of submission.'"

Venezuela, Iran Sign Trade Agreements. The Financial Times (9/19, Gunson) reports, "Hugo Chávez's efforts to build an anti-US coalition received a boost on Monday following a visit by Mahmoud Ahmadi-Nejad, Iran's president, to Venezuela and the signing of trade agreements between the two countries." The two presidents "are due to arrive in New York on Tuesday, where both are expected to address the UN General Assembly." Chávez, who "supports Iran's nuclear programme, reiterated with Mr Ahmadi-Nejad their opposition to 'US imperialism' and their support for a "multipolar" world order, free of the hegemony of what Mr Ahmadi-Nejad called 'the tyrants of the world -- above all, the Americans.'" The two leaders "signed 29 bilateral agreements in areas as diverse as petrochemicals, health, mining and agriculture."

Rice, Livni Meet With Abbas In New York. The AP (9/19, Gearan) reports Washington and Tel Aviv "sought on Monday to shore up a sometimes strained relationship with Palestinian President Mahmoud Abbas, who is trying to form a working alliance with Hamas officials who

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refuse to recognize the Israeli government." Secretary Rice "held a private meeting with Abbas without their usual retinue of aides, on the sidelines of the United Nations opening session." Assistant Secretary McCormack "would not detail U.S. goals for the meeting or say whether Rice carried a warning for Abbas about the consequences of a cozier relationship with Hamas. Her Israeli counterpart, Foreign Minister Tzipi Livni, was meeting with Abbas separately Monday night." Rice also met with Livni, "their third meeting in a week." President Bush will meet with Abbas tomorrow. AFP (9/19) adds Abbas "conferred with" Rice "in a New York hotel shortly after his arrival to attend the UN General Assembly debate," and later met with Livni. "The Palestinian leader's meeting with Rice came two days before he was due to hold talks with" Bush.

Haniyeh's Bodyguards Open Fire On Parliament Protesters. The AP (9/19, Hadid) reports bodyguards for Palestinian Prime Minister Ismail Haniyeh "opened fire outside the parliament building Monday to disperse a crowd of protesters angry over the government's failure to end a growing economic crisis in the Gaza Strip. One woman was wounded in the violence, which was sparked after protesters tried to block Haniyeh's motorcade as it arrived at the parliament building in Gaza." The AP continues, "Several hundred protesters — including unpaid civil servants and laborers who have lost jobs in Israel — greeted Haniyeh's motorcade as it arrived at the parliament building. They had set up a tent about two weeks ago and said they were angry that no government official has talked to them. When some of the protesters blocked Haniyeh's car, his bodyguards fired in the air to disperse the crowd, setting off a wild scene. … More gunfire broke out as Haniyeh stepped out of the car and moved slowly up the steps of the building under heavy guard. He smiled and waved but did not speak to the protesters." The protest "was the latest expression of discontent with the Hamas-led government, which has been unable to pay tens of thousands of civil servants because of international sanctions."

UN Lebanon Force Commander Says He Will Not Disarm Hezbollah. The AP (9/19, Meyer) reports French Maj. Gen. Alain Pelligrinni, UN border force commander in Lebanon, "said Monday his troops would not intervene to disarm Hezbollah, even as French President Jacques Chirac said the militant group should not keep a military wing." Pelligrinni "told reporters the main task of his U.N. force is to ensure southern Lebanon cannot be used as a base for attacks on Israel." The AP says his "assessment underscored the constraints facing the beefed-up U.N. mission despite a tougher mandate and far greater manpower." In related news, Pelligrinni's troops "for the first time began checking security measures Monday on Lebanon's border with Syria."

Chinese Troop Contribution To Reach 1,000. The Wall Street Journal (9/19, 2.03M) notes Chinese Premier Wen Jiabao "said yesterday that China will increase its peacekeeping force in Lebanon to 1,000 and double its pledge of humanitarian aid to the Middle Eastern country." That move "represents a substantial increase in China's presence in the United Nations force in Lebanon and underscores Beijing's growing strategic interest in the oil-rich Middle East." Italian Prime Minister Romano Prodi said Wen's announcement "shows that China is assuming more and more international responsibility."

Polish Contribution Could Top 500 Troops. The AP (9/19, Scislowska) reports Polish President Lech Kaczynski "said Monday he wants his country to be an active broker of world peace and his government could send hundreds more troops than it has already pledged to a U.N. force in Lebanon." Already planning an Afghan deployment of 1,000 troops, Kaczynski "criticized" the EU "for its reluctance to commit more forcefully to peacekeeping missions around the world." The AP adds, "Poland now has about 200 troops in UNIFIL and has said it will raise that number to 500."

Violent Protests Over Pope's Comments Continue In Muslim World. The AP (9/19, Keath) reports, "Al-Qaida in Iraq warned Pope Benedict XVI on Monday that its war against Christianity and the West will go on until Islam takes over the world, and Iran's supreme leader called for more protests over the pontiff's remarks on Islam." Protests "broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope."

The Washington Times (9/19, 88K) reports, "In London, police increased patrols near churches and began an inquiry into remarks by Anjem Choudhary, a well-known extremist who had called at a rally outside Westminster Cathedral on Sunday for the pope to be 'executed.'"

NBC Nightly News (9/18, story 2, 2:20, Miller, 9.87M) said, "Muslim rage again today. … Protesters in Indonesia

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demanded a stronger apology from the Pope, calling him Satan. Iran's supreme leader called the Pope's remarks the latest chain of the crusade against Islam started by Bush. And a group linked to Iraq's branch of al Qaeda posted this threat on a radical website – 'We shall break the cross and spill the wine. God will help to conquer Rome. God enable to us slit their throats.'"

CBS Evening News (9/18, story 3, 2:30, Philips, 7.66M) reported, "In Kenya a prayer service was held for the nun murdered in Somalia," apparently "n retaliation for the Pope's remarks. Iran's supreme leader Ayatollah Khamenei said anger to the Vatican should be directed to the US. It is a theme repeated in protests around the world." Ayatollah Khamenei: "The trinity of evil which is the Pope, Bush and Blair."

The New York Times (9/19, Fisher, 1.21M) reports "many Muslims – and some Catholics – noted" that the Pope "had said only that he was sorry for the reaction that fanned out across the Muslim world. He did not say he had been wrong to have used the quotations." But ABC World News (9/18, story 7, 2:15, Wright) reported, "The Pope…offered his own deep apologies. A remarkable act of humility, for a church that took 500 years to apologize to Galileo."

NBC Nightly News (9/18, story 3, 2:00, Engel, 9.87M) said this Pope "was already very unpopular in the Middle East. Unlike Pope John Paul II, who was seen as someone who was preaching peace and understanding and was embraced by many people across the Middle East, this Pope is seen something as a hardliner who wants Europe to understand its Christian roots and to embrace them first and after that Christian identity has been encapsulated, only then should there be a dialogue with the Muslim world."

Bush Offers Careful Statement On Controversy. The AP (9/19, Riechmann) reports, "President Bush on Monday tried to soothe Muslims' outrage over Pope Benedict XVI's remarks about Islam. Bush addressed the issue during his meeting Monday with the prime minister of Malaysia." Dennis Wilder, senior director for East Asian affairs for the National Security Council, told reporters during a briefing on the meeting held on the sidelines of the UN General Assembly, "The president noted that the pope had made some apologies for his remarks and the president believed that the pope was sincere in those remarks and that's where the discussion was left." Benedict "has said he 'sincerely regrets' offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as 'evil and inhuman.'" But "the statement stopped short of the apology demanded by Islamic leaders around the globe, and anger among Muslims remained intense."

Muslim Feminist Defends Pope's Remarks. CBS Evening News (9/18, story 10, 2:15, Couric, 7.66M) reported, "With all the anger that Pope Benedict has stirred up in the Muslim world, free speech offers something different tonight, a defense of the Pope from a noted Muslim author who has some advice for other Muslims. She is Irshad Manji, a feminist, an advocate of reform in Islam, and the best selling author of 'the trouble with Islam today." Isrhad Manji: "As a faithful Muslim I do not believe the Pope should have apologized. I read what has been described as his inflammatory speech. Actually, he called for dialogue with the Muslim world. To ignore that larger context, and to focus on a mere few words of the speech is like, well, it's like reducing the Koran, Islam's holy book to its most blood thirsty passages. We Muslims hate it when people do that. The hypocrisy of doing this to the Pope stinks to high heaven. Yet some Muslims have gone further. In the West Bank churches have been fire bombed. During the big protest in London placards proclaimed Islam will take Rome. In Somalia a Catholic nun was murdered shortly after a Muslim cleric urged violence against the Vatican. Coincidence? I think not. And thinking is what the Koran encourages. It asks Muslims to reflect far more than to retaliate. Even if someone mocks your religion, the Koran says, walk away. Later, engage in dialogue. Wasn't that the Pope's point? We Muslims should remember that God told the Prophet Mohammed to read. My advice to fellow Muslims, read the Pope's speech in its entirety and you will see that his message of reason, reconciliation and conversation would make him a better Muslim than most of us. Now if only I could make him a feminist."

More Commentary. Bret Stephens, in the Wall Street Journal (9/19, 2.03M), says, "A Christianity that voluntarily recuses itself from reason cannot sustain a belief in the goodness of its convictions, to say nothing of its truth. A West that abandons a critical dialogue between faith and rational inquiry ceases to be the West. It becomes, in a peculiar way, guilty of the same errors Benedict accuses Islam of making. This is the Pope's teaching, and it requires no apology. Notice that he offers none."

The Wall Street Journal (9/19, 2.03M), in an editorial titled "Benedict The Brave," writes, "It's a familiar spectacle:

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furious demands for an apology, threats, riots, violence. Anything can trigger so-called Muslim fury: a novel by a British-Indian writer, newspaper cartoons in a small Nordic country or, this past week, a talk on theology by the head of the Roman Catholic Church. … By their reaction to the pope's speech, some Muslim leaders showed again that Islam has a problem with modernity that is going to have to be solved by a debate within Islam. The day Muslims condemn Islamic terror with the same vehemence they condemn those who criticize Islam, an attempt at dialogue -- and at improving relations between the Western and Islamic worlds -- can begin."

The Los Angeles Times (9/19, 918K) titles its editorial "Pope: Wrong Words, Right Concern," and says, "The pope may object to the portrait of Catholicism in 'The Da Vinci Code,' but he has not threatened the life of author Dan Brown. When Salman Rushdie's 'The Satanic Verses' was published, the Ayatollah Ruhollah Khomeini issued a fatwa calling on devout Muslims to kill the Anglo-Indian author. The armchair academic explanation for this disparity is that, however reluctantly, much of Christianity has made peace with the Enlightenment, while much of Islam has not." That "seems to have been the larger point that Benedict was trying to make in Germany, where he began his career as a university professor. The problem is that he isn't a professor now; he's the pope."

Along similar lines, E.J. Dionne writes in the Washington Post (9/19, A21, 748K), "I was tempted to defend Pope Benedict XVI's comments about Islam on the grounds that we journalists always profess to admire leaders who take risks to say what they really think. … But there is no getting around it: The pope made a big mistake, creating problems for himself, his church and the West. He spoke in the voice of the academic theologian he once was and not as the leader of one of the world's great religions. Being pope is very different from being Professor Joseph Ratzinger."

Anne Applebaum, also in the Washington Post (9/19, A21, 748K) writes that "if stray comments by Western leaders -- not to mention Western films, books, cartoons, traditions and values -- are going to inspire regular violence, I don't feel that it's asking too much for the West to quit saying sorry and unite, occasionally, in its own defense. The fanatics attacking the pope already limit the right to free speech among their own followers. I don't see why we should allow them to limit our right to free speech, too."

John L. Allen Jr., the Vatican correspondent for The National Catholic Reporter, writes in the New York Times (9/19, 1.21M), "The pope's real target in his lecture at the University of Regensburg, in Germany, was not Islam but the West, especially its tendency to separate reason and faith. He also denounced religious violence, hardly a crusader's sentiment."

Natsios Will Be Administration Point Person On Darfur. The Washington Post (9/19, A16, Lynch, Kessler, 748K) notes President Bush "has decided to name Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur in the hope of reviving a diplomatic effort to end a 3 1/2 -year spree of violence in Sudan." Bush "is expected to announce" the move during his UNGA speech today. The Post says the appointment "follows increasing pressure from Congress and human rights advocates to do more to halt what the Bush administration has termed the world's only ongoing case of genocide." Related to that, Secretary Rice and Danish Foreign Minister Per Stig Moller "invited counterparts from nearly two dozen governments to participate in a high-level meeting on Darfur at the Waldorf-Astoria Hotel on Friday afternoon." Rice and UK Prime Minister Tony Blair "also have appealed to senior Chinese officials in recent days to pressure the Sudanese capital, Khartoum, to allow a U.N. peacekeeping force of nearly 20,000 troops into the Darfur region." Ambassador Bolton "said the United States is planning to introduce a new Security Council resolution aimed at expanding a U.N. peacekeeping force in southern Sudan into Darfur." CNN's The Situation Room (9/18, Verjee) reported, "CNN has just learned that President Bush will appoint a special envoy to try and help end the violence in the Sudan's western Darfur region. The President has apparently chosen Andrew Natsios. He's the former head of the USAID. He is now a professor at Georgetown University."

Coleman Says Security Council Has Been Unable To "Come Together And Act." Sen. Norm Coleman was asked on PBS' Newshour with Jim Lehrer (9/18) why the UN has been unable to stop the killing and the violence in Darfur. Coleman said, "We need the UN, but the UN hasn't stopped the killing and violence in Darfur because it can't get the Security Council to come together and act. That's one of the great challenges. We need the UN today. We need them in Darfur. Clearly, we need them now. We need them in Lebanon. We need them to deal with Iran and nuclear

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weapons. We need them in North Korea. But the UN has found great difficulty in acting, and I think that's the President's frustration. And, unfortunately, it has also found a great difficulty in reforming itself, and that's another frustration. So we have this international organization of which the need is as great as its ever been, but the ability to get things done is certainly at this point not there."

More Commentary. In its lead editorial this morning, the New York Times (9/19, 1.21M) says, with his UN General Assembly speech, Bush "could make a difference if he threw aside his usual script, devoted this speech to the horrors of Darfur, and committed himself personally to stopping the genocide." He "must leave no doubt who is most responsible," and "should call on all countries — including those like China that have been shielding [President Omar] Bashir — to demand that Sudan drop its opposition. He should also say that he will press for broad international sanctions if Mr. Bashir does not quickly reverse his position." Natsios' appointment "was a good start." Noting Bush's complaints of UN inaction, the Times says Bush now has a chance to change that."

The Washington Post (9/19, A20, 748K) editorializes, "The next few days will show whether China means to let Sudan's dictatorship get away with genocide. A series of meetings at the United Nations in New York offers the best and possibly the last chance to persuade the Sudanese to allow UN peacekeepers into Darfur. The deployment is required by a Security Council resolution passed last month. It is supported by nearly all the leading powers and even by factions within Sudan's government." But" China has so far refused to tell Sudan's isolated leaders to drop their opposition to a U.N. contingent, even though its extensive investments in Sudan give it the power to do so. If it wants to be regarded as a responsible power, China should use its leverage."

On USA Today (9/19, 2.27M), meanwhile, actress Mia Farrow writes in support of "a robust UN peacekeeping operation."

Somali President Escapes Assassination Attempt. ABC World News (9/18, story 6, 0:15, Gibson) reported, "The President of another Nation, plagued by insurgency, Somalia, narrowly escaped assassination. A suicide car bomb exploded outside of the parliament building. Five died, including the President's brother. No claim of responsibility yet." The New York Times (9/19, Gettleman, 1.21M) reports Somali President Abdullah Yusuf "f immediately blamed Al Qaeda for the attack."

McClatchy (9/19, Bengali) reports, "Islamist leaders denied carrying out the attack, which came one day after an Italian nun and her Somali bodyguard were slain in an ambush in Mogadishu." The Washington Post/AP (9/19, A18, Hassan) and Los Angeles Times (9/19, Sunders, 918K) also report the story.

Paulson Urges Patience On Revaluing Chinese Currency. Treasury Secretary Hank Paulson yesterday sought to downplay hopes that he would win early Chinese agreement on revaluing its currency. USA Today (9/19, Lynch, 2.27M) reports that as he prepared for his first official visit to China, Paulson told reporters, "I am not looking for immediate solutions or quick fixes. … I am looking to set a tone and an expectation of working through issues and making progress." Paulson's reputation for "China savvy…has raised congressional hopes that he might succeed where others have failed. But on the eve of a four-day China visit, he counseled 'patience.'"

Developing States To Gain Greater Influence Within IMF. Member states of the IMF yesterday promised to adopt a plan to modify the fund's power structure and take steps to expand the voice of China and other developing nations. The New York Times (9/19, Weisman, 1.21M) reports that the modification of the governance of the IMF "was widely described as the biggest step since the fund was established in the 1940's, the era when the victors of World War II created the vast cooperative superstructure for the world economy. China's share of the votes at the I.M.F., which has 184 members, would go up only slightly, to 3.719 percent, from 2.98 percent. The shares of South Korea, Turkey and Mexico, the other countries that gained more power from the vote on Monday, also rose a similarly modest amount. But the change was hailed by the United States and other nations as a decisive reform."

The Wall Street Journal (9/19, Phillips, 2.03M) reports, "The overwhelming vote Monday by the lender's 184 member nations reflects a recognition that its voting shares are out of sync with the distribution of economic power around the world. It also reflects the concern of the US and other major countries that the IMF won't be able to persuade borrowing nations to embrace painful economic overhauls if those borrowers don't feel their voices are being heard. … The

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proposal was supported by 90.6% of the available votes. To gain approval, proposed major IMF policy changes need 85% majorities. At the IMF, votes are allocated to member countries; the U.S., for example, has 17% of the total."

The Washington Post (9/19, D6, Goodman, 748K) reports, "On its face, the makeover is largely symbolic. China, Mexico, Turkey and South Korea will gain slightly greater voting power. However, control of the fund will remain solidly in the hands of the United States and Europe, whose contributions to its coffers dwarf those of other countries. Most decisions in the institution's clubby environs are made by consensus. But policymakers at the IMF argue that symbolic change matters."

Koizumi's Retiring As Japanese PM With 50% Approval Rating. The New York Times (9/19, Onishi, 1.21M) looks back on Junichiro Koizumi's tenure as Japan's Prime Minister, noting that he was "swept to power in 2001 promising to 'destroy' his ruling Liberal Democratic Party and, by extension, Japan's encrusted postwar order. To a remarkable extent, he succeeded — though hardly as radically as he had hoped." When he retires September 26, Koizumi "will leave a Japan with new bearings: a smaller central government, greater faith in free markets and a new assertiveness in world affairs. But his vision of a new Japan has already produced a backlash among Japanese who believe he has destroyed, along with the bad, much that was good of the old Japan." Koizumi "retires with an approval rate hovering around 50 percent, the highest of any long-serving postwar prime minister, perhaps because voters believe that he has fulfilled his promise of shaking up the old Japan and that it will be up to his successors to lead them to a new one. Clearly, though, there is no going back to the old ways, no matter who is elected as the leader of the Liberal Democrats on Wednesday and then chosen as prime minister next Tuesday."

Abe Vows To Transform Japan In The Face Of New Threats. The Washington Post (9/19, A1, Faiola, 748K) reports that 51 year old Shinzo Abe is "poised to replace Junichiro Koizumi as prime minister next week." Abe "has vowed to push through a sweeping education bill, strengthening the notion of patriotism in public classrooms in a way not seen since the fall of Imperial Japan, and to rewrite Japan's pacifist constitution to allow the country to again have an official and flexible military." The Post adds, "Although his proposals have flustered Japan's neighbors in Asia, where war-related grievances linger just below the surface, Abe and others define the changes as a natural maturing of Japanese democracy. Perhaps more importantly, they say the changes reflect the need for Japan to transform itself in the face of new threats."

The Los Angeles Times (9/19, Wallace, 918K) reports that "almost everyone here agrees there is one label that fits this career politician who is almost certain to be elected head of the governing Liberal Democratic Party, or LDP, on Wednesday and prime minister a week after that. The grandson. To understand Abe, say friends and foes, you must understand his relationship with Nobusuke Kishi, his maternal grandfather, who died in 1987 and was once prime minister. Kishi was no ordinary politician. He was a key architect of imperial Japan's expansion across Asia in the 1930s, a Cabinet minister who signed the declaration of war against the United States and who was arrested and jailed — though never charged — as part of the select company of about two dozen top war criminals after Japan's surrender. … That legacy weighs on Abe, who clearly sees himself in the fighting mold."

Cuba's Structural Decay Said To Worsen Each Month. The Los Angeles Times (9/19, Williams, 918K) reports, "Cuba is falling apart -- literally. Even as its economy booms thanks to a thriving tourism industry, brisk nickel exports and cheap oil from ideologically aligned Venezuela, the social benefits are difficult to see at street level. Except for a few high-profile historical restoration projects such as the Art Deco buildings of Old Havana, the country's structural decay seems to worsen with each month." The Times adds, "Some blame the decrepitude on the US economic embargo that has blocked travel and the flow of goods to the island for nearly 45 years in an effort -- through nine US administrations -- to starve Cuba into abandoning what Washington sees as a ruinous adherence to communism."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Out Town -- Or Is It Theirs?"

"Japan Sees Genes Of A Leader In A Grandson."

"Plan Would End Homeless 'Tent Cities.'"

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"McCain Stand Comes At A Price."
"L.A. Panel Reaffirms Muslim's Award."
"From the Ground Up, Cuba Is Crumbling."

USA Today:
"Chirac Looks To Avoid Iran Standoff."
"Killer Bacteria Hunted In Fields Of California."
"Poll Finds Rebound In Bush Approval."

New York Times:
"Canadians Fault U.S. For Its Role In Torture Case."
"Campaign Gifts From Big Insurer Elude The Limit."
"Critics Of War Spare Senator In Close Race."
"On India's Despairing Farms, A Plague of Suicide."
"It's Muslim Boy Meets Girl, Yes, But Please Don't Call It Dating."
"Struggle for Sobriety That Knows No Party Lines."

Washington Post:
"Armed Man Bursts Into Capitol, Leads Police On Four-Floor Chase."
"Canadian Was Falsely Accused, Panel Says."
"McCain's Stand On Detainees May Pose Risk For 2008 Bid."
"From Assault Victim To Accused Army Deserter."
"Japan's Abe, Poised To Lead, Offers Nation Vision Of Pride."
"Inmate Tracking Systems Breed Errors."

Washington Times:
"Gibbs Will Stuck With Lackluster Brunell At Helm."
"Senate Set To Consider Fence Bill."
"Muslins Calls For Pope To Be 'Executed.'"
"Man Crashes, gains Access To U.S. Capitol."
"N. Korea In U.S. Had Lofty Spy Goal."
"Speculation, Mostly Idle, Of A Ford-GM Merger."

Detroit Free Press:
"Gas At $2: Maybe Soon."
"Mr. Mike Makes Some New Friends."
"Big 2 Merger? Absurd But…"
"Raid On Metro Charity troubles Area Muslims."
"$500,000 Is Music To Ex-Detroiter's Ears."

Atlanta Journal-Constitution:
"CDC Will Examine Fairness Of Bonuses."
"Disease Detectives On Trail Of Outbreak."
"Will Bob Nardelli Get His Pay Cut."
"$66 Million From Lottery Translates Into 'I'm Retired'."
"1960s Rights Memories Fill Up Gee's Bend Ferry."

Houston Chronicle:
"Judge Decries Enron Figure's 'Deeper' Role."
"Lack Of cash Stalls Crime Lab Inquiry."
"´She Gave It Her All….Every Single Day.'"
"FDA Sent Warning To California Growers Last Year."
"A Tale Of Two Cities."
"Judge: Man Was Tortured After U.S. Got Faulty Info."

Story Lineup From Last Night's Network News:
ABC: Security Breach-Capitol Hill; E. Coli Outbreak; Iraq-Sectarian Violence; Iraqis Fleeing Iraq; Afghanistan Violence; President Of Somalia Escaped Assassination; Pope Benedict Controversy; Medical risk Heartburn; New Shark Discovery; Patricia Kennedy Lawford Obit; Airship Found Under The Sea.
CBS: Detainee Debate; CIA Interrogation Tactics; Pope Benedict Controversy; Iraq Sectarian Violence; Security Breaching Capitol Hill; Princeton Drops early Decision; E. Coli Outbreak; Anthrax Scare Follow Up; Isrhad Manji Opinion; Siblings Meet After 65 Years; Patricia Kennedy Lawford Obit; Space Tourist; Gee's Bend Fair Comes Back.
NBC: UN General Assembly; Pope Benedict Controversy; Pope Benedict Controversy Analysis; E. Coli Outbreak; California Wildfire; Crime Is Up; Security Breach Capitol Hill; Stock Market; Iraq-Sectarian Violence; Space Station Scare; Space Tourist; Women And The Sciences; Anne Richards Memorial; Patricia Kennedy Lawford Obit; Panda Thriving Population-China.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Capitol Security Breach; Bush-UN Visit; E-Coli Outbreak; CA-Wildfire; Foreign Stock Markets.
CBS: Senate-Terror Detainees; E-Coli Outbreak; McArthur Foundation Grants; Bush-UN Visit; Mets Clinch Playoff Spot.
NPR: US Capitol Security Breach; E-Coli Outbreak; Erroneous Medicare Refunds; Annan-Iraq; Wall Street; Ahmadinejad-Chavez Meetings; Sri Lanka-Rebels.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of France, Waldorf-Astoria Hotel, New York; meets with UN Secretary General Kofi Annan, UN headquarters, New York; speaks to the UN General Assembly, UN headquarters, New York; participates in Roundtable on Democracy, UN Headquarters, New York; participates in the UN Secretary

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General's luncheon, UN headquarters, New York; meets with the President of Iraq, Waldorf-Astoria Hotel, New York.

VICE PRESIDENT CHENEY — Addresses National Automobile Dealers Association 2006 Washington Legislative Conference, Capital Hilton, (open press); participates in swearing-in ceremony for Mark Rosenker as Chairman of the National Transportation Safety Board, NTSB HQ, 429 L'Enfant Plaza, SW, (open press); speaks at Jesse Helms Center Salute to Chairman Hyde, JW Marriott Hotel (open press).

LYNNE CHENEY — Hosts roundtable discussion about Burma, United Nations, NYC, Pool coverage.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Gen. Bantz J. Craddock, and Senior Military Assistant to the Secretary of Defense Vice Adm. James G. Stavridis. Location: Room 216, Hart.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iran's nuclear ambitions. Undersecretary of State Nicholas Burns; Ray Takeyh, Council on Foreign Relations; Ashton B. Carter, Harvard University; Martin S. Indyk, Brookings Institution. Location: Room 419, Dirksen.

10 a.m. APPROPRIATIONS _ Subcommittee on Homeland Security. Hearing on ``Cuba Situation: DHS Plans for Potential Mass Migration. U.S. Coast Guard Assistant Commandant for Response Rear Admiral David Pekoske. Location: Room 196, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on combatting child pornography. Attorney General Gonzales; Ernie Allen, National Center for Missing and Exploited Children. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meeting on pending business. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on whether terrorist cells are forming in U.S. prisons. Frank J. Cilluffo, Homeland Security Policy Institute, The George Washington University; Gregory B. Saathoff, School of Medicine, University of Virginia; Daveed Gartenstein-Ross, Counterterrorism Foundation; John M. Vanyur, Federal Bureau of Prisons; Donald N. VanDuyn, FBI; Javed Ali, Office of Intelligence and Analysis, Department of Homeland Security; Office of National Capital Region Director Thomas Lockwood, Department of Homeland Security. Location: Room 342, Dirksen.

10:30 a.m. JUDICIARY _ Full Committee. Hearing on the financial and human impact of criminal activity. Harley Lappin, director, Federal Bureau of Prisons; Jeffrey Sedgwick, director, Bureau of Justice Statistics; Jens Ludwig, Georgetown University; Mary Lou Leary, National Center for Victims of Crime. Location: Room 226, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on online child pornography. Assistant Attorney General Alice S. Fisher; Mike Brown, Sheriff, Bedford County; Ernie Allen, President and Chief Executive Officer, National Center for Missing & Exploited Children; Sharon Cooper, MD, FAAP, Adjunct Professor of Pediatrics, University of North Carolina, Chapel Hill School of Medicine. Location: Room 253, Russell.

3 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m. meets for legislative business. Highlights: Suspensions (19 bills): 1) H.Con.Res. 210 - Supporting the goal of eliminating suffering and death due to cancer by the year 2015; 2) H.R. 4583 - Wool Suit Fabric Labeling Fairness and International Standards Conforming Act; 3) H.Res. 982 - Supporting the goals and ideals of National Peripheral Arterial Disease Awareness Week; 4) H.Res. 526 - Supporting the goals and ideals of observing the Year of Polio Awareness; 5) H.Con.Res. 386 - Honoring Mary Eliza Mahoney, America's first professionally trained African-American nurse; 6) H.Res. 622 - To recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II; 7) H.Con.Res. 415 - Condemning the repression of the Iranian Baha'i community and calling for the emancipation of Iranian Baha'is; 8) H.Res. 942 - Recognizing the centennial anniversary on August 5, 2006, of the Iranian constitution of 1906; 9) H.Res. 976 - Condemning human rights abuses by the Government of the Islamic Republic of Iran and expressing solidarity with the Iranian people; 10) H.Res. 415 - Expressing the sense of the House of Representatives that the Socialist Republic of Vietnam needs to do more to resolve claims for confiscated real and personal property, and for other purposes; 11) H.Con.Res. 317 - Requesting the President to issue a proclamation

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annually calling upon the people of the United States to observe Global Family Day, One Day of Peace and Sharing, and for other purposes; 12) H.Res. 959 - Recognizing and supporting the success of the Adoption and Safe Families Act of 1997 in increasing adoption and the efforts the Act has spurred including National Adoption Day and National Adoption Month, and encouraging adoption throughout the year; 13) H.R. 5664 - Jacob Fletcher Post Office Building Designation Act; 14) H.R. 4768 - Robert Linn Memorial Post Office Building Designation Act; 15) S. 418 - Military Personnel Financial Services Protection Act; 16) H.R. 5450 - National Oceanic and Atmospheric Administration Act; 17) H.R. 5295 - Student and Teacher Safety Act of 2006; 18) H.Res. 874 - Recognizing and honoring America's Seniors; 19) H.Con.Res. 419 - Recognizing and supporting the efforts of the State of New York develop the National Purple Heart Hall of Honor in New Windsor, New York, and for other purposes.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006. Location: Room 2141, Rayburn.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on lessons learned in combating terrorism from London. John Rollins, Congressional Research Service; Tom Parker, former British counterterrorism official; Baroness Falkner of Margravine, member, House of Lords, United Kingdom; James A. Lewis, Center for Strategic and International Studies; David B. Rivkin, former Justice Department official during the Reagan and George H.W. Bush administrations. Location: Room 2154, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the NIH Reform Act of 2006. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Full Committee. Hearing on the Sarbanes-Oxley law at four years. SEC Chairman Christopher Cox, Public Company Accounting Oversight Board Chairman Mark Olson. Location: Room 2128, Rayburn.

5 p.m. RULES _ Meets on H.R. 6054, Military Commissions Act of 2006; H.R. 4844, Federal Election Integrity Act. Location: H-313, US Capitol.

Other: INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Highlights: 9:45 a.m. Dan Reingold, author of ``Confessions of a Wall Street Analyst: A True Story of Inside Information and Corruption in the Stock Market." 11:30 a.m. Professor Henry T.C. Hu, who holds the Allan Shivers Chair in the Law of Banking and Finance, University of Texas Law School. 12:15 p.m. Michelle Hooper, director, consultant and co-founder of the Directors' Council. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AUTO DEALERS _ National Association of Automobile Dealers holds its annual Washington conference. Highlights: 9 a.m. Morning session with Vice President Cheney at 9:15, followed by Sens. Mel Martinez and Mark Pryor, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Rep. Ed Royce, R-Calif., and Rep. Paul Kanjorski, D-Pa. 10 a.m. Rep. Mike Oxley, R-Ohio; Rep. Patrick McHenry, R-NC. Location: Grand Hyatt Hotel, 1000 H St. NW.

CLIMATE SUMMIT _ Washington Summit on Climate Stabilization. Participants include Iceland President Olafur Ragnar Grimsson; Robert Corell, Arctic Climate Impact Assessment and American Meteorological Society. Highlights: 8 a.m. International Action to Buffer Against the Rapid Onset of Climate Change. Participants: Sir Crispin Tickell, Climate Institute and chancellor, University of Kent, UK. L'Enfant Plaza Hotel. 8:30 a.m. - 10 a.m. The Potential for Amplified Changes in the Weather and Climate, with Michael MacCracken, president, International Association of Meteorology and Atmospheric Sciences; A. Barrie Pittock, CSIRO Marine and Atmospheric Research, Australia; Judith Curry, Georgia Institute of Technology, others. L'Enfant Plaza Hotel. 10:20 a.m. - 11:40 a.m. The Potential for Rapid Melting of Ice and Amplification of Sea Level Rise. Participants: American Meteorological Society, NASA Goddard Space Flight Center; California Institute of Technology; others. L'Enfant Plaza Hotel. 12 p.m. Keynote address on ``Moving Toward Climate Stabilization: Iceland's Example," with Slafur Ragnar Grmmsson, President of Iceland. Location: L'Enfant Plaza Hotel.

DEFENSE LOGISTICS-SUMMIT _ Institute for Defense and Government Advancement holds Military Logistics Summit. Speakers include Lt. Gen. Russel Honore, commanding general of the First Army, in charge of the DOD response to the Gulf Coast hurricanes. Highlights: 8 a.m.

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Acting Assistant Deputy of Defense James Hall. 8:40 a.m. Maj. Gen. James Pillsbury, Commander, US Army Aviation and Missile Command. 9:20 a.m. Maj. Gen. Bennie Williams, Defense Logistics Agency. 10 a.m. Gen. Jack Keane (ret.), former chief operating officer, US Army. Location: Sheraton Premiere, Tysons Corner, Va.

GENERIC DRUGS-FUTURE _ Generic Pharmaceutical Associations policy conference, ``Leading America Into a Healthy Future. Agenda focuses on legislative, regulatory and business issues that could shape the industry in coming years. Highlights: 11:30 a.m. Legal Issues Affecting the Generic Drug Industry, with Sheldon Bradshaw, Chief Counsel, Food and Drug Administration. 12:15 p.m. Keynote: Rep. Henry Waxman, D-Calif. 1:30 p.m. Panel Session: Hatch-Waxman Update/Forfeiture Provision. With Elizabeth Dickinson, Associate Chief Counsel for Drugs, FDA; William A. Rakoczy, Rakoczy Molino Mazzochi Siwik LLP. 4:45 p.m. Keynote Address: Antitrust Issues. With Jon Leibowitz, Commissioner, Federal Trade Commission. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

BLACK CHURCHES-FAITH-BASED INITIATIVE _ 8 a.m. - 11:30 a.m. Joint Center for Political and Economic Studies holds panel discussion and releases landmark report on Black Churches and the Faith-Based Initiative, based on national survey of 750 churches. Location: National Press Club, 14th and F Sts. NW.

SUPREME COURT _ 8:30 a.m. US Chamber of Commerce's National Chamber Litigation Center hosts 19th annual media briefing on the upcoming Supreme Court term and its impact on the business community. Location: 1615 H St. NW.

KATRINA-TERROR-INFRASTRUCTURE SECURITY _ 9:30 a.m. Lt. Gen. Carl Strock, Commander and Chief of Engineers, US Army Corps of Engineers. He'll discuss repairs in the wake of Hurricane Katrina and how to protect against natural and manmade disasters. Location: Army Navy Club, 901 17th Street NW.

MEDICARE-SATISFACTION SURVEY _ 9:30 a.m. J.D. Power and Associates announces results from the 2006 Medicare Part D Beneficiary Satisfaction Study. Results include highest-ranked Medicare drug plans for California, Texas and Florida. Location: National Press Club, 14th and F Sts. NW.

NET NEUTRALITY _ 9:30 a.m. Members of Congress and leaders of 20 manufacturing, networking and high tech companies participate in press conference to oppose net neutrality within the Communications Reform Act of 2006. Location: HC-6, US Capitol.

SUPREME COURT-UNION DUES _ 9:30 a.m. Forum on Washington vs. Washington Education Association, case to be considered by the Supreme Court on Sept. 25th. Case deals with how states can protect workers represented by a union from having their dues spent on politics. Participants include teachers with the Evergreen Freedom Foundation, the original complainant. Location: National Press Club, 14th and F Sts. NW.

MILITARY READINESS _ 10 a.m. Rep. Skelton holds news conference on military readiness. Location: House Studio.

US-TURKEY _ 10 a.m. - 11:30 a.m. Southeast Europe Project forum on ``The Future of U.S.-Turkey Relations." With Prof. Soli Ozel, Bilgi University, Turkey; Ian Lesser, Southeast Europe Project. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

AARP-DRUG PRICES REPORT _ 10:30 a.m. AARP releases results of latest AARP Rx Watchdog Report, which will show another record-setting jump in brand name drug prices. Also to be released: results of the second ``AARP Election Watch: Pulse of a Generation poll series. Location: 601 E St. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

IRAQ _ 11:30 a.m. The Center on Strategic and International Studies and the U.S. Institute of Peace hold a news conference the Iraq Study Group, with former Secretary of State James Baker and Lee Hamilton of the Wilson International Center for Scholars. Location: 2nd floor conference room, 1200 17th St. NW.

WEBB-INTERROGATION _ 12:30 a.m. US Senate candidate Jim Webb will hold a conference call with reporters to discuss the position of Senators John Warner (of Virginia), John McCain and Lindsey Graham on interrogation and the Geneva Convention. Contacts: Jeff Pyatt, 703-778-4080. Notes: Call-in is 888-296-6500, Code: 355418. Please RSVP to Jeff Pyatt at jeffpyattwebbforsenate.com.

VOTER ID _ 1 a.m. Common Cause President Chellie Pingree will join representatives from the AARP, MALDEF, and the NAACP to raise concerns about the proposed national voter ID law, H.R.4844, the ``Federal Election

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Integrity Act of 2006, which would require all voters to obtain and show government-issued photo ID that proves their citizenship. Contacts: Mistique Cano, 202-466-3311. Notes: The Call-in Number is 800-722-8946 and the Passcode is ``VoterID.

DEFENSE AUTHORIZATION _ 12 p.m. Sens. Patrick Leahy and Christopher Bond hold a news conference on National Guard empowerment and the defense authorization bill. Location: Russell Park.

DEMOCRACY PROMOTION _ 12 p.m. The American Enterprise Institute holds a program on ``How Much Do We Really Know About Democracy Promotion?" with J. Scott Carpenter of the State Department, Gareth Evbans of International Crisis Group, Judy Van Rest of International Republican Institute, others. Location: 12th floor, AEI, 1150 17th St. NW.

HARMAN _ 12 p.m. Rep. Jane Harman speaks on security, Iraq, terrorism and other issues at a NDN meeting. Location: Phoenix Hotel, 520 N. Capitol St.

NATIONAL GUARD _ 12 p.m. National Guard advocates in the Senate and House hold a news conference to object to key provisions being stripped from the FY07 Defense Authorization Bill, which is expected to emerge soon from conference. Briefers are: Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., co-chairs, Senate National Guard Caucus, and Rep. Tom Davis, Chairman of the House Committee on Government Reform. Location: Senate swamp site.

PROPERTY RIGHTS _ 12 p.m. Cato Institute forum on ``Cornerstone of Liberty: Property Rights in 21st Century America." Discussion on eminent domain, the Supreme Court, other topics with Timothy Sandefur, Pacific Legal Foundation; and John Echeverria, Georgetown Environmental Policy and Law Institute. Location: 1000 Massachusetts Ave. NW.

MANN-CONGRESS _ 12 p.m. - 1:30 p.m. The American Constitution Society for Law and Policy's Washington, D.C. Lawyer Chapter is holding a panel discussion entitled, ``What's the Matter with Congress?" Speaker is Thomas Mann, senior fellow in governance studies at the Brookings Institution and co-author of ``The Broken Branch: How Congress Is Failing America and How to Get It Back on Track." Location: American Constitution Society at 1333 H St. NW, 10th floor.

NATIONAL SECURITY _ 12 p.m. - 1:30 p.m. Heritage Foundation scholars speak at forum on ``National Security: Can We Still Afford It?" Location: 214 Massachusetts Ave. NE.

IMMIGRATION FORUM _ 12 p.m. - 3 p.m. Conference on ``Defending the Homeland: America's Immigration Crisis." Speakers include Deputy Whip Senator John Cornyn (R-TX); Chilton Williamson, author of The Immigration Mystique: America's False Conscience; Ambassador James Bissett, former director of the Canadian Immigration Service; Wayne Allensworth, author and research analyst on immigration and border security issues; others. Location: Room 562, Dirksen.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad briefing. Location: Room H-306, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

TECHNOLOGY AWARENESS-POLL _ 12:30 p.m. News conference to release results of first major on public awareness of nanotechnology. With Geoffrey Garin, Peter D. Hart Research; and David Rejeski, Project on Emerging Nanotechnologies. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

ACLU-SURVEILLANCE _ 1 p.m. The American Civil Liberties Union holds a telephone briefing on the pending congressional action on the warrantless surveillance program. Contacts: Amanda Simon, 202-675-2312. Notes: Dialin number: 800-816-4134; passcode: 69922.

IRAQ'S FUTURE _ 2 p.m. Foreign Policy Research Institute forum on ``Post-Conflict Stability and Reconstruction: The Lessons of Iraq," with FPRI fellows Andrew Garfield and Frank G. Hoffman. Location: Phoenix Park Hotel, 520 N. Capitol St.

NORTH KOREA-ARMS CONTROL _ 2 p.m. Rep. Jim Leach speaks at Arms Control Association/Carnegie Endowment briefing on ``Next Steps on the North Korean Nuclear Challenge." Location: 1779 Massachusetts Ave. NW.

GONZALES-IDNETITY THEFT _ 3 p.m. Attorney General Alberto R. Gonzales delivers remarks at a press conference with Federal Trade Commission (FTC) Chairman Deborah Platt Majoras following a meeting of the President's Task Force on Identity Theft. Location: Seventh

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Floor Conference Center, Department of Justice, 950 Constitution Ave. NW.

CANCER _ 4 p.m. The American Cancer Society Cancer Action Network holds events to assist in elevating the importance of cancer as a national issue. Participants include Sen. Hillary Clinton, former House Speaker Newt Gingrich, University of Maryland basketball coach Gary Williams, others. Location: Washington Convention Center.

CHENEY-TORTURE PROTEST _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Location: Mass. Ave and 34th St. NW.

MUSLIMS- MEDIA _ 6 p.m. Peace and Justice Foundation and Creative Source Productions sponsor forum titled, ``Meet the Press, Pt. 2: A Muslim Dialogue with the Media." Location: NRECA Conference Center, 4301 Wilson Blvd., Arlington, Va.

OMB-PORTMAN _ 7:30 p.m. OMB Director Portman delivers remarks to the International Conservation Caucus Foundation (closed press). Location: Andrew W. Mellon Auditorium.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 19, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush, GOP Senators May Be Near Agreement On Terrorism Detainee Rules. The CBS Evening News (9/18, lead story, 2:35, Couric, 7.66M) reported, "It's been a high-stakes game of legislative chicken. And tonight it looks like the White House flinched." CBS (Schieffer) added, "We are told that the White House is giving the Senate Armed Services Committee a revised, written proposal. There is no deal yet but the two sides have been talking all day. And one of the people familiar with all this is as the doors are open again and both sides now believe there is a good chance to find an agreement. Sources tell us what the President wants is an explicit assurance in the law that the CIA can continue to effectively interrogate prisoners. The senators want to be assured that they can pass a bill allowing those interrogations, and military trials without undermining the Geneva Conventions." One source "who backs the President says the White House understands you can't win an argument on how to treat prisoners when former POW John McCain is on the other side." USA Today (9/19, 2.27M) reports White House spokeswoman Dana Perino "said Monday that the administration was sending the new language in hopes of reaching an agreement," while the AP (9/19, Flaherty) notes Republican officials "said they have encountered resistance and were no longer certain they had enough votes to push the measure to passage through the GOP-run House."

CQ (9/18, Donnelly) reports Sen. Lindsey Graham, one of the Senate GOP holdouts, "said the GOP lawmakers and administration officials were now working together to write legislation that would preserve a CIA interrogation program for terrorism suspects in a way that does not violate U.S. laws against torture or undermine the Geneva Conventions, and to establish military tribunals that will pass constitutional muster to try terrorism suspects." CQ adds the White House "move toward compromise came as the political hand" of Sens. John Warner, John McCain and Graham "appeared to be strengthening." CBS Evening News (9/18, lead story, 2:35, Schieffer, 7.66M) reported, "Both… Graham…and Steven Hadley, the White House National Security Advisor, appeared separately on 'Face the Nation' yesterday, but they talked for about 45 minutes in the green room outside our studio. It was an off-the-record conversation that I think both of them would tell you tonight, that's really where all this got started."

The Washington Post (9/19, A4, Weisman, Baker, 748K) reports the White House is "bending to the opposition of a growing group of Republicans who have balked at President Bush's proposal on military trials for suspected terrorists." Since the "dispute burst into the open Wednesday, five other Republican senators -- Susan Collins (Maine), Olympia J. Snowe (Maine), Chuck Hagel (Neb.), John E. Sununu (N.H.) and Lincoln D. Chafee (R.I.) -- have indicated they will side with the dissidents, and the numbers were threatening to grow." The "dissidents' hand has only grown stronger. House Republican leaders decided yesterday to drop a vote planned for this week on Bush's bill on military trials, agreeing instead to refer it to the Judiciary Committee for further consideration." More troubling "to the White House and GOP leaders, Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, indicated he may ask to examine portions of the bill pertaining to international treaties, leadership aides acknowledged."

The Washington Times (9/19, Curl, 88K) reports the story under the headline, "Bush Offers Concession On Terror Suspects' Rights." The Times says Bush "offered to compromise on his hard-line stance that Congress curb rights for terrorism suspects."

Fox News' Special Report (9/18) reported, "Both sides are talking now about compromise. Though tonight no one seems to quite know the exact shape of a compromise." Fox (Angle) added that "negotiations continued behind the scenes today and sources now say the prospects for a compromise are 50/50."

The Financial Times (9/19, Daniel) reports Sen. John McCain said, "We are certainly making progress and I'm hopeful we can get it completed soon." McCain said "he had the backing of George Shultz, former secretary of state, joining Colin Powell, another former secretary of state, who joined the debate last week with a letter warning of the moral damage to the reputation of the US." Schultz said, "My concern is not doing anything to change the Geneva Convention. I believe the ability to use aggressive questioning is important and I understand the objectives of the administration and Mr McCain can be achieved without touching the Geneva Convention, and dealing with the War Crimes Act."

GOP Sen. Susan Collins was asked on Fox News' The Big Story with John Gibson (9/18) how the GOP rift over the treatment of terror detainees will impact the elections this November. Collins said, "I don't think it's going to have any impact because I am very hopeful that we are going to be able to negotiate a compromise on this issue. This is a matter of principle and conscience and some of us have reached different conclusions from the Administration. But I don't really think we are that far apart. And I'm hopeful that we will be able to negotiate a compromise."

John Fund said on MSNBC's Hardball (9/18), "I think the President has lost points so far. But I think the longer this debate goes on, the closer we're going to get to a compromise. This is not Abu Ghraib. There has never been a credible allegation of torture at Guantanamo, which is where all of these prisoners are now being kept. The question is, do we keep the Uniform Code of Military Justice just as it's written, which is normally used to handle soldiers, enemy combatants, or do we write a new set of rules which also cover the people who aren't combatants, the people who are terrorists. And I think there is a compromise there, and frankly, staffers to John McCain and Lindsey Graham and to Stephen Hadley, the National Security Advisor, are already working behind the scenes on that."

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Frist Could Use Procedural Tactics To Outmaneuver GOP Dissidents. Roll Call (9/19, Pierce) reports Majority Leader Bill Frist "could use a few procedural tricks up his sleeve to stack the deck in favor of President Bush if he decides to force an intraparty showdown this week over the treatment and interrogation of detainees in the war on terrorism." Though "much has been made of the support" Senate Armed Services Chairman Warner and Sens. McCain and Graham "have garnered for their proposal on how to prosecute suspected terrorists and Bush's fervent opposition to it, there is no guarantee that Senators will get a chance to vote in a head-to-head matchup between the differing bills proposed by the two sides." With 11 GOP supporters "and the expected backing of a majority of Democrats, the Armed Services proposal, which passed the panel with largely Democratic support last week, could draw as many as 56 votes." But a senior Senate GOP aide "noted that that count would apply only if those Senators actually have an opportunity to vote for the Warner-McCain-Graham alternative to the president's bill. Frist could decide to use a procedural maneuver, known as filling the amendment tree, to prevent an up-or-down vote on the trio's proposal."

Gonzales Defends US Interrogation Methods. The AP (9/19, Yen) reports, "Attorney General Alberto Gonzales on Monday defended the Bush administration's strategy for interrogating terror suspects, calling it legal and critical to 'continue gathering information about our enemies.'" The AP continues, "In a speech, Gonzales said CIA interrogators lack guidance on how to comply with the international Geneva Conventions, saying the provisions banning 'humiliating and degrading treatment' and 'outrages upon personal dignity' are too vague. … 'Such phrases standing alone mean different things to Americans,' he said at a conference on citizenship. 'Think of the differences in interpretation that will exist between differing legal systems and cultures of the nations of the world.' … 'Seeking this clarity is important to our efforts to continue gathering information about our enemies,' Gonzales said. 'In all that we do in the war on terror, we seek to promote the rule of law and protect freedom.'"

Negroponte Defends White House Proposal. In a USA Today op-ed (9/19), Director of National Intelligence John Negroponte defends the Administration bill, saying, "One critical way to help prevent terrorist attacks against Americans is interrogating key al-Qaeda leaders and operatives. The Bush administration has proposed a bill that would allow the CIA to conduct such interrogations — interrogations that have helped stop terrorist attacks — in a way that gives our personnel clear legal standards. The simple question, therefore, is whether we will allow intelligence professionals on the front lines to keep using a tool that has saved American lives."

Hughes Says Bush Seeking Clearer Standards For Interrogating Detainees. Karen Hughes said on MSNBC's Hardball (9/18), "We have tried to, the President several weeks ago announced his going to Congress to try to come up with legislation to bring these individuals to trial and also to set out clearer standards for questioning for our interrogators, who have to be involved in questioning these very difficult terrorists. I mean, you know that the questions that you're asking, the answers may help you save American lives and may help you save the lives of people across the world." Hughes added that Bush "should we capture tomorrow a senior al Qaeda leader and should that leader have information that might prevent an attack on America, the President feels it's very important that we be able to question that person and that the rules be clear for those who are involved in the questioning."

Criticism Of Bush Plan Comes From Inside The Military. CNN's The Situation Room (9/18, Starr) reported, "President Bush's plan for interrogating al Qaeda detainees has led to a new round of criticism. This time it's coming from inside the military, legal officers who say the President's plan puts US troops at risk by opening the door to redefining how personnel are treated under the Geneva Conventions. It's a technical legal issue that some say underscores more broadly the senior officers' frustration with the Bush Administration over the course of the war." Three retired Chairmen of the Joint Chiefs of Staff object to the plan. As do Brigadier General John Kelly and General Binford Peay.

Powell Says Bush's Interrogation Rules Could Erode Perceptions About US's "Moral Code." The Washington Post (9/19, A4, DeYoung, Baker, 748K) carries an interview with former Secretary Powell in which he says "he decided to publicly oppose the Bush administration's proposed rules for the treatment of terrorism suspects in part because the plan would add to growing doubts about whether the United States adheres to its own moral code." He "also argued that the administration's plan to 'clarify' U.S. obligations under the Geneva Conventions would set a precedent for other nations that would endanger U.S. troops." The Post says Powell's comments "marks a rare public breach with the administration he left 20 months ago. As secretary of state, he repeatedly clashed privately with Vice President Cheney and others who had more hard-line foreign policy views. But since leaving office he has declined nearly all opportunities to publicly criticize even those policies he opposed internally." Powell "has reserved his strongest opposition for administration efforts to preserve controversial methods for interrogating terrorism suspects, techniques that others have defined as torture." He "strenuously objected to Bush's February 2002 decision that the United States was not obliged to adhere to Geneva Conventions rules in its treatment of captured al-Qaeda and Taliban prisoners," and he "publicly supported [Sen. John] McCain's successful effort to ensure that restrictions in the Army Field Manual outlawing torture be adopted as the definitive guidance for military treatment of detainees."

CIA Interrogation Techniques Examined. CBS Evening News (9/18, story 2, 2:25, Couric, 7.66M) reported "the real issue" is "how far exactly can CIA interrogators go when it comes to extracting important information from suspected terrorists." CBS (Martin) added, "CIA director Michael Hayden has briefed members of Congress on so-called stress-inducing techniques used to extract information from high level terrorists. Tactics the President has called tough. Tactics former CIA official and now CBS News consultant John Brennan says would still be used." John Brennan: "It's one of the tough tactics that the CIA wants to

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use, sleep deprivation, long periods of standing, other types of things that will try to wear down a detainee's resistance to questioning." Martin: "Tom Malinowski says depending how harshly the techniques were applied they would violate the Geneva Conventions on cruel treatment which now applies to prisoners held by the CIA." Tom Malinowski: "Extended sleep deprivation, forced standing where a prisoner is forced to stand motionless for up to 40 hours at a time. Induced hypothermia in which a prisoner is subjected to extremely cold temperatures. And also the technique of using all of these techniques at the same time." Martin: "The CIA has used its most aggressive techniques including water boarding in which the prisoner is made to feel like he's drowning against a handful of terrorists like Khalid sheik Mohammed, the alleged mastermind of 9/11. But Brennan says the CIA now recognizing it went too far."

The New York Times (9/19, Stolberg, 1.21M) reports that while President Bush "has repeatedly called for clarity in the rules for what he calls 'alternative interrogation techniques' used by the Central Intelligence Agency," what he "really wants, legal experts on both sides of the debate say, is latitude so the interrogators can use methods that the military is barred from using under a recently issued Army field manual." Despite his "call for clarity, the president has been vague in talking about the alternatives, which have in the past included sleep deprivation, playing ear-splittingly loud music and waterboarding, which induces a feeling of drowning."

Mehlman Denies Dispute Is A "Bonanza" For Democrats. RNC Chairman Ken Mehlman was asked on CNN's The Situation Room (9/18) if the GOP rift over terror detainees has been a "bonanza" for the Democrats. Mehlman said, "I don't think it has. I think the American people who are looking at these elections are going to see an important difference. But the difference is that people like George Bush and Dick Cheney, along with John McCain and Colin Powell and others, believe we need tools like the Patriot Act, like the NSA surveillance program, believe it would be a mistake to give the enemy what they say they want in Iraq, which is to cut and run and leave it to the terrorists, and believe we need to work out a way to make sure we keep a critical program going forward, while, at the same time, making sure we're protecting American values. Good people on both sides are working this out. This program is critical. We have a new war. It requires us to adapt our tactics and it requires us to be consistent with our most important values."

More Commentary. Margaret Carlson said on MSNBC's Hardball (9/18) that Bush "needs the tactics that were used by the CIA. He must continue with those tactics, and that's part of what this fight is about." Carlson added that "everyone is as at disadvantage to the President. The members of the Intelligence Committees on the Hill can't reveal what they know. The President, in his press conference, is revealing what he knows, saying that their tactics work, whether or not you call them torture."

In his Washington Post column (9/19, A21), Eugene Robinson says, "I just can't get past this torture issue -- the fact that George W. Bush, the president of the United States of America, persists in demanding that Congress give him the right to torture anyone he considers a 'high-value' terrorist suspect. The president of the United States. Interrogation by torture. This just can't be happening." Bush says "he is waging a 'struggle for civilization,' but civilized nations do not debate slavery or genocide, and they don't debate torture, either. This spectacle insults and dishonors every American."

Defense Grills FBI Agent Over Albany Terror Probe Informant. The AP (9/19) reports, "The informant who posed as an arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims was arrested in 2001 for helping immigrants fraudulently obtain drivers' licenses, an FBI agent testified Monday" at the Albany terrorism trial of Yassin Aref and Mohammed Hossain. "'He was not truthful at all,' special agent Timothy Coll acknowledged of Shahed Hussain in the document fraud. Coll arrested the Pakistani emigre, whom he called 'Malik' and who subsequently agreed to cooperate with the FBI." The AP notes that defense lawyers say Malik "lied to the FBI about their clients, who thought he was joking about a terrorist plot. He is expected to testify later this week, and his credibility is a key question for jurors. Coll testified Monday that Malik's cooperation agreement required him to be truthful from the time he signed it." The AP adds, "Coll also acknowledged under cross-examination…that Malik has received almost $37,000 for relocation, office rent and cell phone expenses from the FBI in the two cases."

Capital News 9 Albany (9/18) reported, "A big day for the defense, as it tried to poke holes in the investigation that led to Mohammed Hossain and Yassin Aref facing terrorism-related charges of money laundering. … Defense teams spent hours pointing out that "Malik" had not only been arrested for fraud, but that the FBI agent had to rely on some of the information which he provided. Coll admitted Malik's reports had some inconsistencies, and also said the informant made decent money for cooperating with the government. Malik's cell phone bills were also covered, $1,900 worth of charges that included his own personal usage."

Group Warns Of Link Between Jailhouse Islam, Terror Plotters. Newsday (9/19, Eisenberg) reports, "The terror plots unfolded on different sides of the Atlantic, with different targets and casts of characters. But they had one thing in common: They traced back to jailhouse conversions to radical Islam. … With concerns about homegrown terrorism mounting, a panel of homeland security experts planned today to warn of the potential threat posed by prison converts to radical Islam, and ask Congress to set up a commission to investigate the matter. Two congressional committees are holding hearings on the issue this week. 'Prisoner radicalization is a potentially significant threat to U.S. national security,' said the head of the panel, Frank Cilluffo, director of the Homeland Security Policy Institute at George Washington University in Washington, D.C. 'The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries.'" Newsday notes that "since the 2002 arrest of Jose Padilla…officials have warned that

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prisons are a 'fertile ground for extremists' in the words of FBI Director Robert Mueller."

Report Exonerates Canadian Sent To Syria By The US And Tortured. The New York Times (9/19, A1, Austen, 1.21M) reports a Canadian government commission "exonerated a Canadian computer engineer of any ties to terrorism and issued a scathing report that faulted Canada and the United States for his deportation four years ago to Syria, where he was imprisoned and tortured." The report "on the engineer, Maher Arar, said American officials had apparently acted on inaccurate information from Canadian investigators and then misled Canadian authorities about their plans for Mr. Arar before transporting him to Syria." Commission head Justice Dennis R. O'Connor said, "I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constituted a threat to the security of Canada." The Times adds the report's "criticisms and recommendations are aimed primarily at Canada's own government and activities, rather than the United States government, which refused to cooperate in the inquiry. But its conclusions about a case that had emerged as one of the most infamous examples of rendition — the transfer of terrorism suspects to other nations for interrogation — draw new attention to the Bush administration's handling of detainees."

The Washington Post (9/19, A1, Struck, 748K) reports in a front page story that report found "Canadian intelligence officials passed false warnings and bad information to American agents about" Arar. The report, "released in Ottawa, was the result of a 2 1/2-year inquiry that represented one of the first public investigations into mistakes made as part of the United States' 'extraordinary rendition' program, which has secretly spirited suspects to foreign countries for interrogation by often brutal methods." Arar was "also listed as 'an Islamic extremist individual' who was in the Washington area on Sept. 11. The report concluded that he had no involvement in Islamic extremism and was on business in San Diego that day, said the head of the inquiry commission, Ontario Justice Dennis O'Connor."

HOMELAND RESPONSE:

Proposed FEMA Overhaul Seen As "Major Blow" To Chertoff. Under the headline "FEMA Revamp Snubs Homeland Security Chief," the Wall Street Journal (9/19, A8, Block, 2.03M) describes a deal by congressional negotiators to overhaul FEMA as "a major blow" to DHS Secretary Michael Chertoff, reporting that the reorganization "unraveled changes he had personally backed." The agency "would be strengthened and become an independent entity within the Department of Homeland Security under the deal worked out late Friday night between Senate staff and representatives of several House committees. But DHS would be barred from changing FEMA's budget, personnel or structure, giving the agency the same protections currently provided to the US Coast Guard and the Secret Service." The Journal adds, "Many observers saw the deal as a setback for Mr. Chertoff, who has come under scrutiny for his handling of the department. DHS spokesman Russ Knocke said, 'We will continue to work with Congress toward a satisfactory outcome.'"

Agreement Near On Homeland Security Appropriations Bill. The Wall Street Journal (9/19, A8, Rogers, 2.03M) reports House-Senate negotiators "are nearing agreement on a homeland-security budget that includes $1.82 billion in emergency funds, blessed by the White House to burnish Republican credentials on border security before the fall elections." Even with "the infusion of funds, the $34.8 billion package falls short of what the Senate promised last week for port-security grants. But between $1 billion and $1.2 billion would be provided as a down payment toward fencing the U.S.-Mexico border and about $350 million of the emergency funds are expected to be split among Coast Guard procurement, new customs inspectors and X-ray equipment at ports of entry." Republican leaders "are determined to complete the homeland measure and a larger Pentagon appropriations bill before lawmakers go home at the end of next week to campaign. The defense and homeland bills fit into the Republican national-security theme this fall, and negotiators want to finish the talks this week."

Congress Failing To Make Progress On National Security Agenda. The Washington Post (9/19, A19, Weisman, Murray) reports that with "10 days left before the scheduled Sept. 29 recess, Congress's much-trumpeted national security agenda is becalmed and awaiting a stiff wind to get it to port. This week, there doesn't even seem to be a gentle breeze on the horizon." Senate Majority Leader Bill Frist (R-Tenn.) "had hoped to begin work on legislation authorizing military commissions to try terrorism suspects or a bill on President Bush's warrantless wiretapping program. But for the moment, the only bill on military trials that can pass the Senate is the one Bush opposes -- the bill drafted by Senate Armed Services Committee Chairman John W. Warner (R-Va.) and Sens. John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.)." So while Frist "tries to decide between the frying pan and the fire, the Senate will keep busy with consideration of the Oman Free Trade Agreement and the nomination of Alice S. Fisher to serve as assistant attorney general." The situation in the House is "only a tad brighter. House leaders had scheduled consideration of Bush's military trials bill for midweek. But the notoriously cantankerous chairman of the House Judiciary Committee, F. James Sensenbrenner Jr. (R-Wis.), asked for time for his committee to consider it, and GOP leaders relented, pushing back a floor vote at least another week." Instead, the "centerpiece of the House's floor schedule will be a package of immigration and border security bills designed to demonstrate GOP toughness ahead of the election. Never mind that much of the legislation -- three bills in all -- already passed the House in December as part of a broad crackdown on illegal immigration."

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FBI Agents Raid Michigan Islamic Charity. In a front-page story, the Detroit News (9/19, Egan, Donnelly) reports, "FBI agents from the Joint Terrorism Task Force raided the Southfield offices of a highly regarded American Muslim relief organization Monday, but would not disclose the nature of their criminal investigation. … The FBI also searched the Ypsilanti home" of Life for Relief and Development CEO Khalil Jassemm; "a home on Indiana Street in Dearborn owned by Jassemm; and the Dearborn office of a nonprofit group opposed to the Iraq war called Focus on American & Arab Interests and Relations, headed by Muthanna Al-Hanooti, who until recently worked for Life for Relief & Development." The News adds, "The search is 'pertaining to a criminal matter,' FBI Special Agent Dawn Clenney said. A federal official in Detroit said the investigation was being run out of the Justice Department in Washington, D.C.

The Detroit Free Press (9/19, Warikoo, 346K) reports, "The raid was based on sealed search warrants, but the charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country. Alkhatib said Life for Relief and Development 'did everything by the book.'" A "senior federal official with knowledge of investigations related to the raid" said that "agents are investigating whether Life may have illegally distributed money and medical supplies inside Iraq." The Free Press notes, "Coming days before the start of Ramadan, the raids concerned some Muslims in metro Detroit, but some said they were not surprised. 'The community was expecting to give Ramadan gifts, but we're wondering, who's next' to be raided, Jassemm said. 'And apparently, Life is next.'"

The AP (9/19) reports, "The warrants were based on a criminal assertion, but the affidavits in support of the warrants are sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press [in a news bulletin posted to its Web site yesterday]." The AP adds that charity spokesman Mohammed Alomari "described the federal agents as courteous and said staff members who remained in the office were cooperating."

FBI Agents Search Home Of Missouri Islamic Leader. The Columbia Missourian (9/19, Kravitz, Scianna, 17K) reports, "FBI agents searched the home of a prominent Islamic community leader Monday, three days after FBI officials met with community members at the Columbia mosque to improve the bureau's often frosty relations with Muslims. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife, Lamya Mukhlef Najem," although "the reason for the raid has not been disclosed because details of the warrant are sealed." FBI spokesman Jeff Lanza "would neither confirm nor deny whether" the search was connected to the Life for Relief and Development raids. Islamic Center of Central Missouri president Corey Brand "said he hopes the ongoing federal investigation doesn't undo the progress made at the last week's forum. 'I think it has the danger of erasing the whole purpose of Friday — to reassure the Muslim community,' Brand said."

The Columbia Tribune (9/19, Luecke) notes, "Hamoodi has made several public appearances in opposition to the U.S. war in Iraq. … After Saddam's capture, Hamoodi told the Tribune the event was insignificant," and he added, "The war was a lie. Innocent people were killed. Is this worth finding weapons of mass destruction?" Meanwhile, under the headline "Islamic Center 'Surprised' By Timing Of Raid," the Columbia Tribune (9/19, Heavin) reports mosque president Corey Brand said that the search "could undo any bridge-building efforts between law enforcement and members of the Islamic community."

On Anthrax Attack's Fifth Anniversary, Investigation Seen As Cold. CBS Evening News (9/18, story 9, 2:35, Couric, 7.66M) reported, "Five years ago, a couple of envelopes were postmarked at the post office in Trenton, New Jersey. … It was the beginning of a series of anthrax attacks that would leave five people dead. Five years later, an unsolved mystery." CBS (Stewart) added, "Things are so cold, law enforcement officials tell CBS News that barring the discovery of new evidence, the anthrax investigation could be declared a cold case and put in the inactive files. … Former bureau counter terrorism executive and now CBS consultant Mike Rollins says no case has frustrated the FBI more than the anthrax probe." Rollins: DHS Secretary Michael Chertoff "says he is not sure we'll ever charge anyone." Chertoff: "There are times that we may know a lot about a crime or an event that occurred, but we may not have the admissible evidence that we need in order to prove it in court."

DHS Names Cybersecurity Chief. The AP (9/18, Jordan) reported that in appointing Greg Garcia as its assistant secretary for cybersecurity and telecommunications, DHS "picked an industry information security specialist" for the job, "filling a job that has had no permanent director for a year." The AP added, "For the last two years, that office has been run by Donald 'Andy' Purdy Jr., who is a two-year contract employee on loan from Carnegie Mellon University in Pittsburgh. Carnegie Mellon has received $19 million in contracts from Homeland Security's cybersecurity office under Purdy's management. Garcia 'brings the right mix of experience in government and the private sector to continue to strengthen our robust partnerships that are essential to this field,'" DHS Secretary Michael Chertoff said in a statement.

War News:

Dozens Killed in Northern, Western Iraq. The Washington Post (9/19, A17, Paley, 748K) reports, "Suicide bombers killed at least 34 people in attacks in western and northern Iraq on Monday, underscoring the continuing violence throughout the country as U.S. and Iraqi forces focus on tamping down attacks in the capital." A Defense Ministry spokesman said the violence in "outlying areas" reflected the capital's new security plan, which had allegedly "left no room" for terrorism in Baghdad; however, "horrific bloodshed remains routine in Baghdad, where nearly 100 people were found dead in one 24-hour period last

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week." The Post adds, "Starting next month, Iraq's entire national police force will undergo a month-long training course that includes inspections of individual units that could identify corrupt officers or militia members, according to a Western adviser to the Interior Ministry."

The New York Times (9/19, Oppel, al-Saiedi, 1.21M) reports, "Suicide bombers attacked a market in Tal Afar and the Iraqi police in Ramadi on Monday, killing at least 23 people, as political leaders in the capital struggled to reach a deal that would end the fight over splitting Iraq into autonomous states." The American military announced "two new combat deaths. One soldier was killed by a roadside bomb in northeastern Baghdad on Sunday afternoon, and another was killed by small-arms fire in north-central Baghdad, also on Sunday afternoon."

Concerning the negotiations on autonomous states, "Sciri [an Iran-linked, Shiite party] wants to pass a bill in Parliament giving provinces a quick route to forming autonomous regions, which are allowed by the Constitution's federalism provisions. But furious Sunni Arab leaders say the Constitution might not have even been approved in the referendum last October had it not been for their last-minute support." The Times also reports, "In Baghdad, the government released a statement on Monday saying it would shut down the offices of the Kurdistan Workers' Party, or P.K.K."

The AP (9/19, Becatoros), while noting the bloodshed and the contentious talks over autonomous states, also reports more positive developments: "The U.S. military relinquished control of a second Iraqi army division as Iraqi officials prepared to further tighten security ahead of the Muslim holy month of Ramadan, when insurgent attacks tend to spike. In a positive development for Iraq's leaders, predominantly Sunni Arab tribes in a volatile western province have joined to fight insurgents in the region and want the government and the U.S.-led coalition to supply them with weapons."

NBC Nightly News (9/18, story 9, 2:30, Boettcher, 9.87M) reported from Baghdad, "The struggle for power between Shi'ites and Sunnis seems to have touched everyone here as we found when we randomly picked one block on Karrada street. Everyone knew someone who had been killed or attacked. ... Even the Baghdad morgue is not safe. ... On one side -- Shi'ites from the ministry of health. On the other -- Sunnis from the ministry of electricity. Our tape was confiscated. Suhail Gergis has been making coffins since 1983 and for the first time, he cannot keep up with demand. 'We turn on the generator and keep working until late at night', he says. They are building a coffin for a small child. In Iraq, in this chaos, this is the biggest increase in manufacturing here -- coffins. The United Nations estimates that 100 Iraqi civilians die violently each day. The coffin makers will have to work harder."

Despairing Iraqis Flee Country. ABC World News (9/18, story 4, 2:00, Gibson) reported, "Iraqi officials insisted today that the government's security plan is showing signs of success. But hundreds of thousands of Iraqis expressed their views of that with their feet. They are leaving Iraq." ABC (Sciutto) added, "Baghdad's passport office, overrun, like every day, with people trying to leave the country. And then a car bomb went off just outside the gates, killing nine. Inside, an official tried to calm the crowd, saying this happens all the time. The attack was one more reason for Kaiss Warash to leave Iraq for good. 'I'm tired of life here,' he said. Visit bus stations and it's clear he's not alone. By some estimates, this is now the largest movement of refugees in the world today. Most to neighboring Syria and Jordan. From 14,500 in 2003, to 213,000 in 2004, 801,000 last year. And the pace is accelerating." Lavinia Limon, US Committee for Refugee & Immigrants: "There is persecuting going on of religious minorities, of professionals. And of course Shi'a or Sunni. People are actually told, 'If you don't leave, we're going to kill you.'" Sciutto: "The drain is worst among professionals. An estimated 40% have left. Baghdad's main hospital now has a dangerous shortage of trauma surgeons."

Zarqawi Had Foes Inside Al Qaeda. The Washington Times (9/19, Behn, 88K) reports, "Iraq's national security adviser yesterday released a letter captured after the death of terrorist leader Abu Musab Zarqawi, in which he was criticized by another al Qaeda figure for his brutal methods. ... The long letter was from Attyia al-Jaza'ri, purportedly an al Qaeda leader of Algerian origin." In it, Al-Jaza'ri "'criticizes Zarqawi for making decisions without seeking the counsel of senior al Qaeda leadership [and] reminds Zarqawi that he is not on the same level of these historic leaders. Al-Jaza'ri also reprimanded the Jordanian-born terrorist for putting military acts above political action, expressed his reservations on Zarqawi's attempts 'to prematurely declare war on the Shi'ites,' and chastised him for not cooperating with Sunni scholars and tribal leaders."

Iraqi President Addresses Letter To American Public. McClatchy (9/19) prints a 1,747-word letter from Jalal Talabani to the American people, in which the Iraqi president writes, "I would like to convey ... the gratitude of all Iraqis, who are fighting for a democratic government and a civil society, to the Americans. ... We feel your pain, we honor your sacrifice and we will never forget you." Talabani reports, "Every Iraqi today feels they have a stake in the new Iraq" and describes economic progress as well. The second-to-last sentence is likely a pointed reminder that the US initiated the war: "The United States carries a heavy responsibility in helping us."

Witnesses At Democratic Hearing Claim Halliburton Knew Convoy Route Was Unsafe. The Washington Post (9/19, A6, Witte, 748K) reports Edward V. Sanchez, "a truck driver for Halliburton, had just passed under a bridge near Baghdad on April 9, 2004, when another truck in his convoy hit a mine and 'all hell broke loose.'" At a Capitol Hill hearing, Sanchez said, "We began taking rounds of small arms fire from both sides. The shots were coming like a hail storm." The Posts adds, "By day's end, seven civilians from the fuel convoy were dead and seven more were injured." Surviving convoy members "and the families of the dead now claim the incident could have been prevented. Halliburton, they argue in a

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suit filed in federal court, had ample warning the route was unsafe to travel because of reports of a running battle between insurgents and the U.S. Army." That allegation "was at the center of a Democratic Policy Committee hearing that renewed attention on Halliburton Co., which has come under intense scrutiny as the largest U.S. contractor in Iraq."

The Houston Chronicle (9/19, Ivanovich, 535K) reports former Halliburton truck drivers said the firm "knew a highway intersection near Iraq's Abu Ghraib prison was fraught with danger hours before the deadly ambush of a truck convoy known as the Good Friday Massacre." The "Houston-based contracting giant may have tried to shield itself from lawsuits by including a clause in an application for a Defense of Freedom Medal, in which survivors would sign away their rights to sue, according to a document unveiled by the panel Monday." Six KBR truck drivers "and two soldiers were killed in that ambush. Another driver and one soldier are still listed as missing." Ed Sanchez is "one of the former Halliburton workers who appear in a recently released film, Iraq for Sale: The War Profiteers, directed by Robert Greenwald, who also produced The Crooked E: The Unshredded Truth about Enron."

Afghan Bombs Kill 19, Including 4 Canadians. The Washington Post/AP (9/19, Khan) reports, "Three suicide bombers killed at least 19 people across Afghanistan on Monday, including four Canadian soldiers in an attack that tested the NATO alliance's claim of success in driving insurgents from this volatile southern region." A "purported Taliban spokesman" responsibility for the bombing in a telephone call. Lt. Gen. David Richards "said the attack took place as Canadian troops were arranging aid, reconstruction and development for villagers." The Washington Times (9/19, 88K) runs a slightly modified version of this article.

The New York Times (9/19, Gall, Wafa, 1.21M) reports "one of the country's worst days of violence against civilians" and says of the assault on the Canadians, "Four Canadian soldiers were killed in one explosion, when a suicide bomber on a bicycle set off a bomb as the soldiers were handing out gifts to children in a village."

Afghan War On Drugs Catches Only "Small Cogs" Of Narcotics Trade. The Washington Post (9/19, Constable, 748K) reports, "Foreign backers of the government of President Hamid Karzai are growing impatient with the continuing [drug] production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be 'held accountable' and toughen its fight against drugs even further." The Afghan government's efforts have had relatively paltry results, "given what [analysts] call Karzai's chronic reluctance to make difficult decisions." Experts warn that the "expansion of drug smuggling and refining is a far more pernicious problem than poppy farming and could easily turn Afghanistan into another Colombia." However, the generally pessimistic article ends with a confident judge's proclamation that "much bigger fish" will soon be tried.

Authors Blast US Strategy In Afghanistan, Iraq. The Washington Post (9/19, C1, Thompson, 748K) reports Afghan-based ex-NPR correspondent Sarah Chayes has published a new book, "The Punishment of Virtue: Inside Afghanistan After the Taliban," in which she argues that the US "is paying for a mistake now so widely acknowledged it has become a cliche: intervening militarily with 'no concept' of how to 'create a working society after the intervention.'" Chayes recalls alleged US mistakes dating back to 2001, when American soldiers egged "on a warlord to snatch Kandahar away from President Karzai" -- a story that NPR "cut from her 'All Things Considered' report." The Post praises her book as the "kind of fleshed-out portrait that even the best on-the-run journalism rarely provides," but it states that "her insights [in book form] may come too late to influence the fate of her adopted home." The second half of the article discusses former FSO John Brady Kiesling, who "decided, in February 2003, that the looming United States invasion of Iraq would make it impossible for him, in good conscience, to remain in the U.S. Foreign Service." His letter of resignation from the Athens embassy "briefly made Kiesling semi-famous." He also has a new book, titled "Diplomacy Lessons: Realism for an Unloved Superpower," in which he recounts his "'failure to prevent a Florida con man from bilking the government of Romania out of $250,000.' He then speculates pointedly as to whether this kind of humbling experience might have kept Vice President Cheney and Defense Secretary Donald Rumsfeld from falling so hard for Iraqi exile Ahmed Chalabi."

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Levin Releases Hold On Fisher Nomination. The Washington Times (9/19, Harper, 88K) reports in its "Inside Politics" column, "Sen. Carl Levin, Michigan Democrat, has released his hold on a senior Justice Department nominee, clearing the way for a confirmation vote today for Alice Fisher to become assistant attorney general for the Justice Department's Criminal Division. … Mr. Levin has held up the confirmation of Mrs. Fisher for more than two years, maintaining the Bush administration stonewalled his requests for information about her role in handling reports from FBI agents on detainee abuse at U.S. Naval Base Guantanamo Bay, Cuba."

Corporate Scandals:

H-P's Leak Probe Included Surveillance, Records Analysis. The San Francisco Chronicle (9/19, D1, Pimentel) reports, "Hewlett-Packard deployed covert surveillance teams and analyzed thousands of e-mails and phone records, including those of its executive council members, in its internal probe of media leaks, according to a source familiar with the investigation into the spying scandal." The Chronicle continues, 'HP's investigative team also sent e-mails embedded with software that could pinpoint addresses where the messages are eventually forwarded. … The group also carefully analyzed media reports, comparing quotes from unnamed sources with the language

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typically used by directors." The Chronicle adds, "The HP probe even delved into the personal ties between former director George Keyworth, who was the main target of the company inquiry, and journalists to whom he was suspected of leaking information, the source said. … For example, HP's investigative team noted that the father of a CNet reporter who contributed to articles that cited an unnamed HP source knew and worked with Keyworth in New Mexico. … The investigation was carried out by a team that included personnel from HP's information technology and global security investigations units, and outside consultants including Ronald DeLia, managing director of Security Outsourcing Solutions of Boston and a Florida agency called Action Research Group. … HP has admitted to using false identities to obtain personal phone records, a practice called 'pretexting.'"

HP Scandal Puts Spotlight On Pretexting. The Washington Post (9/19, D1, Nakashima) reports, "When Adam Yuzuk had a question about his cellphone bill, a Cingular Wireless agent told him to check his online account. … The only problem: He hadn't established one." The Post continues, "That day in June 2005, Yuzuk, a former president of a New York leather accessories firm, discovered someone had used his Social Security number and a fake e-mail address to set up his online account and view his calling records. … He learned this year, as part of a legal dispute with his former partners in the firm, that they had paid a private investigator to dig up information on him, including $300 for his phone records." The Post adds, "Yuzuk's case was featured at a congressional hearing in June, part of lawmakers' effort to curb pretexting -- the act of impersonating someone to obtain their personal records. The drive has gained fresh momentum with recent revelations that a firm hired by a Hewlett-Packard Co. subcontractor used the technique to obtain phone records of the firm's directors and journalists. A House subcommittee is probing HP's practices. … Federal legislation is pending that would criminalize the use of pretexting to obtain phone records. Some states have passed laws banning it, and states, phone companies and the Federal Trade Commission are suing data brokers who practice it. Despite such efforts, including a 1999 law banning pretexting to obtain financial records, the industry continues to thrive. It is driven by systemic weaknesses in retail, financial and other sectors; lax company security standards; and demand from lawyers, debt collectors, and even law enforcement and tabloid journalists, experts said."

HP Officials Were Warned About Probe Tactics. The Wall Street Journal (9/19, Waldman, Stecklow) reports, "A computer-crimes specialist with Hewlett-Packard Co. emailed his superiors this year warning that the company's investigation of board leaks -- then still in progress -- was being conducted in a manner that could be illegal, according to people familiar with the situation." The Journal continues, "Specifically, Fred Adler, an official in H-P's global security office in Roseville, Calif., wrote that acquiring people's phone records through false pretenses could be against the law, these people said. H-P has since admitted that investigators working for the company used such a method, known as pretexting, in obtaining phone records of its directors, two H-P employees, nine journalists and an unspecified number of outsiders." The Journal adds, "It is unclear who in H-P's management received the warning from Mr. Adler, a former Federal Bureau of Investigation special agent. Mr. Adler's unit is headed by Jim Fairbaugh, H-P's head of global security, whom people close to the matter have said worked on the leak probe. … The email raises new questions about when H-P executives and lawyers became aware that their investigators might be breaking the law, a question on which state and federal authorities are focusing. H-P and its contractors are being investigated by the FBI and California's attorney general for the use of pretexting in the probe to identify the source of internal board leaks."

HP Attorneys May Not Be Protected By Privilege Before House Committee. The California Recorder (9/19, Beck, Scheck) reports, "The woes of Larry Sonsini and Hewlett-Packard Co. General Counsel Ann Baskins are growing. On Friday, the House Committee on Energy and Commerce revealed that it has asked both to testify at a Sept. 28 hearing entitled 'Hewlett-Packard's Pretexting Scandal.'" The Recorder continues, "In most circumstances, lawyers can safely stand behind the attorney-client privilege and refuse to discuss client matters. But congressional committee investigations are a different, and more demanding, creature. 'The House in theory does not recognize the attorney-client privilege,' said David Kendall, of Washington, D.C.'s Williams & Connolly, who had frequent contact with House committees when he represented the Clintons in Whitewater investigations." The Recorder adds, "Leslie Fagen, a partner at New York's Paul, Weiss, Rifkind, Wharton & Garrison, agreed. 'Congressional committees don't necessarily acknowledge the attorney-client privilege,' he said. In the 1990s, he had to testify before a committee investigating his client, the Metropolitan Transit Authority. Another lawyer who has represented clients before House committees says these committees can take a hard line. … 'They're virtually intolerant of the attorney-client privilege -- and you can easily imagine a contempt citation if the witness refuses to testify.'" The Recorder notes, "In addition to Sonsini and Baskins, the committee has asked HP Chairwoman Patricia Dunn to testify, along with Ronald DeLia, the Boston private investigator who allegedly accessed the phone records of directors and reporters."

Former Enron Official Sentenced To Prison. Bloomberg (9/19, Calkins) reports, "Former Enron Corp. executive David Delainey was sentenced to 2 1/2 years in prison after prosecutors urged leniency, saying he helped unravel crimes at the energy company." Bloomberg continues, "U.S. District Judge Kenneth Hoyt in Houston imposed the prison term and a $60,000 fine for insider trading today on Delainey, 40, former head of Enron energy trading and retail energy services. Prosecutors asked for a light sentence, citing Delainey's cooperation after he pleaded guilty in 2003." Bloomberg adds, "Delainey is the first former Enron executive ordered to prison since the Houston-based company's former top executives, Kenneth Lay, 64, and Jeffrey Skilling, 52, were convicted in May of spearheading the fraud that destroyed the company. Lay died six weeks later. …

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'You were not middle management,' Hoyt said, ordering Delainey taken into custody. 'You were upper management. Eight or 10 of you represented the heart and soul of Enron.'" Bloomberg notes, "Two other lower-ranking Enron defendants have been granted probation since the Lay-Skilling trial. … Timothy DeSpain, 41, a former assistant treasurer, was sentenced Sept. 15 to four months' house arrest and four years' probation for manipulating Enron's credit rating. Lawrence Lawyer, 38, a finance executive who didn't report income from an off-books partnership disguising debt, got two years' probation in June."

The AP (9/19, Lozano) reports that Delainey "had admitted to participating in schemes to manipulate earnings to please Wall Street. Prosecutors said he sold $4.25 million in stock throughout 2001 when he knew of a wide-ranging scheme to make Enron appear financially robust and inflate the company's stock. … 'I'm so very sorry for my conduct,' Delainey, 40, said before he was sentenced by U.S. District Judge Kenneth Hoyt." The AP adds, "The Canadian citizen faced up to 10 years in prison. Prosecutors had recommended he receive a sentence on the lower end of the guideline range due to his cooperation in their investigation of Enron's collapse. He testified earlier this year in the trial of company founder Kenneth Lay and former chief executive Jeffrey Skilling. … His defense attorney, John Dowd, asked Hoyt to give his client probation, adding that Delainey had already made restitution — agreeing to pay $4.25 million to the Justice Department and $3.74 million to the Securities and Exchange Commission — and had suffered public humiliation. … 'He never gave in to the temptation to cover up,' Dowd told Hoyt. 'He made an extraordinary effort to tell the whole truth.' … Prosecutor Kathryn Ruemmler told Hoyt that Delainey's help in their investigation of Enron's collapse was 'critical to the case' and he was always forthcoming with information. … 'He has never wavered from accepting responsibility for what he did,' she said. … But Hoyt dismissed the request for probation, telling Delainey that any public humiliation he had faced was 'a consequence of your conduct, not a punishment for it' and that any punishment he handed down would have to be a reflection of all of Delainey's actions and not just of the specific crime he pleaded guilty to."

The Washington Post (9/19, D03, Johnson) reports, "Hoyt directed U.S. marshals to take Delainey into custody minutes after handing down the sentence, which includes two years of probation and a $60,000 payment to a victim fund. The marshals allowed Delainey to remove his tie and belt and to share a moment with his crying wife, Dawna, according to people in the courtroom at the time. The couple's two daughters, ages 9 and 12, were not present. … Delainey's sentence came three days after a different federal judge in Houston sentenced former Enron assistant treasurer Timothy DeSpain to four months of house arrest and four years of probation for conspiring to commit securities fraud. The company's onetime finance chief, Andrew S. Fastow, is to be sentenced by Hoyt on Sept. 26."

CA In Profit Recovery Talks With Former Officials.

Bloomberg (9/19, Day) reports, "CA Inc., the world's second-largest maker of mainframe computer software, is negotiating with former employees to return money they made in a $2.2 billion accounting fraud, Chief Executive Officer John Swainson said." Bloomberg continues, "CA is talking with ex-officials who have pleaded guilty to participating in the fraud, Swainson said, without naming the executives, after CA's annual meeting in New York. At least eight former employees, including ex-CEO Sanjay Kumar, admitted to illegally inflating sales by backdating contracts." Bloomberg adds, "CA, formerly known as Computer Associates, will submit a plan to a Delaware judge in about a month outlining how it wishes to recover the money. Swainson said the money should be returned to current CA shareholders. CA paid a $225 million fine and is operating under the watch of the U.S. Justice Department. … 'The company has funded largely this investigation that resulted in the conviction or the pleading guilty of the individuals, and the money belongs to our current shareholders and we should return it to them,' Swainson said. The court will decide if former or current shareholders get the money, he said. … The plan to recover the money is being written by a board of directors committee that includes Renato Zambonini and William McCracken, Swainson said."

CRIMINAL LAW:

FBI Reports First Rise In Violent Crime Since 2001.

The FBI yesterday reported that violent crime rose 2.3 in 2005, the first increase since 2001 and the largest percentage rise since 1991. The report generated heavy press coverage, with most stories noting it comes in the wake of state and local law enforcement criticism of federal funding for crime fighting.

NBC Nightly News (9/18, story 6, 0:15, Williams, 9.87M) reported, "New numbers from the FBI show all violent crime last year was up nearly 2.5%. The first increase in four years. … As we reported recently on this broadcast, police chiefs from all across the nation say they need more help from federal law enforcement to try to reverse this trend." In a widely-distributed story, the AP (9/19, Yen) notes, "The report comes as mayors and police chiefs at a recent crime conference said they were seeing spikes in violent crime for 2006. They have called for greater support from federal law enforcement, expressing concern that the Bush administration might be too complacent as it devotes time and attention to the war on terror." Deputy Attorney General Paul McNulty said yesterday that "the figures are good news in the sense that violent crime has dropped 3.4 percent since 2001 and declined 17.6 percent since 1996," but "he reiterated comments by Attorney General Alberto Gonzales earlier this month that additional crime-fighting funds for cities were not in the offing, noting that the war on terror remains the greater priority."

USA Today (9/19, 3A, Johnson, 2.27M) adds that the report "raised questions about whether violent crime rates will continue to head up after years of decline." Seattle Police Chief Gil Kerlikowske said, "This report should serve as a strong wake-up call. We better realign our focus to the war going on in some of our cities." However, "McNulty said the recent increases in violent offenses could reflect a convergence of factors: a rise in gang

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membership, the spread of highly addictive methamphetamine and the increasing numbers of young people who are 18 to 24, the age group that generally commits the most crimes. 'The terrorism mission,' he said, 'has not cost us anything' in fighting crime domestically." Bloomberg (9/19, Schmidt) notes, "Providence, Rhode Island, Police Chief Dean Esserman earlier this month said the federal government's overriding attention to terrorism 'concerns me the most' when looking at the rise in violent crime. … 'We seem to have abandoned one to focus on the other.'" McNulty "said he has heard the local chiefs' complaints. While McNulty said it is 'too soon to know' why violent crime is up, he cited increases in gang membership and methamphetamine use as possible causes."

The Washington Times (9/19, Seper, 88K) reports FBI spokesman Bill Carter "said that of the 14.1 million arrests made by law enforcement in 2005, drug violations accounted for more than any other offense. He said that according to the 'Crime Clock 2005,' a violent crime took place every 22.7 seconds and a property crime every 3.1 seconds in this country." The Times notes that "the number of property crimes last year decreased by 1.5 percent from 2004 and declined 13.9 percent when compared with 1996."

Report Finds New York Safest Big City In US. The New York Times (9/19, Vasquez, 1.21M) reports, "New York City remained the safest big city in the nation in 2005, according to an F.B.I. report released yesterday. The report also showed that the city experienced a 4.3 percent drop in overall reported crime last year compared with a nationwide drop of 1.2 percent. 'Today's final 2005 report by the F.B.I. shows that our innovative efforts to reduce crime and increase New Yorkers' quality of life are working,' Mayor Bloomberg said in a statement." The Times adds, "Thus far in 2006, overall reported crime in New York City continues to fall, down 5.04 percent by Sept. 10 compared with the same period last year."

Local Media Focus On State, City Statistics. Local media across the country similarly reported on their city's or region's crime rate in the report, often adding the local statistics to the AP story. Some examples: The Minneapolis Star Tribune (9/19, Xiong, 398K) reports, "Minneapolis' violent crime rate continues to outpace that of 2005, but authorities said Monday that a recent crackdown on juvenile crime is slowing the increase. … On Monday, the FBI also released final crime numbers for 2005, which showed Minneapolis' violent crime rate for that year increased 13.5 percent over 2004. … In St. Paul, where rallies have recently sprung up calling for city officials to fund as many as 200 additional police officers, violent crimes rose by a modest 1.5 percent from 2004 to 2005, the FBI numbers showed."

The Pittsburgh Tribune-Review (9/19, LaRussa) reports, "The number of violent crimes in Pittsburgh dropped by nearly 10 percent in 2005, according to an FBI report released Monday. … The drop in violent crimes in Pittsburgh contrasts sharply with national and state crime figures released by the FBI." The Tribune-Review notes, "The recent shift in violent crime trends has raised questions about whether police are fighting terrorism at the expense of crime. Some criminal justice experts and local police have suggested that the increase in violent crime may reflect the decreased funding for police work not related to terrorism."

KOIN-TV Portland (9/18) reported, "New FBI figures show a decrease in Oregon violent crime from 2004 to 2005. That's the reverse of the national trend, where violent crime overall is on the increase. In figures released Monday, the FBI says there was a 2.3 percent increase in violent crime across the nation. But the opposite happened in Oregon, where there was a 2.5 percent decrease."

The Deseret Morning News (9/19, Winslow) reports, "Violent crime is on the increase across the country, and Utah is no exception. A violent crime is being committed in the United States every 22.7 seconds. Every 3.1 seconds someone is the victim of a property crime, the FBI said in its annual crime report released Monday." The Morning News notes, "The numbers have been published on the FBI's Web site, www.fbi.gov."

Burrus Hope To Commit Even More Agents To Expanded Corruption Probes. The New York Daily News (9/19, Meek, 729K) reports, "There is so much political corruption on Capitol Hill that the FBI has had to triple the number of squads investigating lobbyists, lawmakers and influence peddlers, the Daily News has learned. … FBI Assistant Director Chip Burrus told The News yesterday that he wants to detail even more agents to the Washington field office for a fourth corruption squad because so much wrongdoing is being uncovered. 'Traditionally, a congressional bribery case might be conducted on Main Street U.S.A., but a lot of the stuff we're finding these days is here in Washington,' said Burrus, who heads the FBI's criminal division. He said typical crimes involve lawmakers' illegal interactions with lobbyists and 'people who have a lot of savvy about how the congressional process works and appropriations.'" The Daily News adds, Burrus wouldn't speculate about why there is so much graft, but said, 'We have to pull the whole weed up or it's just going to grow back again.'

Missouri Police, FBI Release Photo Of Kidnap Suspect. In a widely-distributed story, the AP (9/19, Douglas) reports, "Police released a sketch Monday of a woman they believe stole a baby after slashing the mother's throat, hoping to generate new clues in the four-day old case. Stephenie Ochsenbine, 21, helped police artists with the composite drawing of the woman she said attacked her at her home on Friday and snatched her baby, Abigale Lynn Woods, now 10 days old. … Authorities also hoped the child was alive and well. 'From history, if somebody wants a child, I would assume that child's being taken care of,' FBI agent Roland Corvington said." The AP notes, "Corvington said authorities were still awaiting lab results on fingerprints from a knife found near the home, about 45 miles southwest of St. Louis. … The abductor has been profiled as someone who had a child die recently or as someone who could not have children, told people she was pregnant and needed to steal a child so her lie would not be found out."

In a story widely-distributed by McClatchy, the St. Louis Post-Dispatch (9/19, Frankel, 300K) reports, "More than 300 tips

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had been called in, some from as far away as Texas and Virginia, officials said. And a fresh wave of calls was prompted by the release of the sketch, which was quickly posted around the rural county and broadcast by the media." Franklin County Sheriff Gary Toelke and Agent Corvington "stressed they were making progress. A fillet knife recovered outside Ochsenbine's house was being tested for forensic evidence."

CNN's Live Today (9/18) aired the Toelke and Corvington press conference yesterday, and CNN's Paula Zahn Now (9/18, Freed) reported on the press conference, noting "Police say family members are cooperating with the investigation, but would not categorically rule them out as suspects." Unidentified reporter: "Do you have any reason to doubt the mother's story at this point?" Agent Corvington: "Like any investigation, we seek to corroborate and verify information, wherever we receive it. And since this is such a fluid endeavor, and we get information all the time, it's very difficult for us to say definitively one way or the other."

MSNBC's Countdown with Keith Olbermann (9/18, Shamlian) reported that "authorities say they received more than 300 tips and many more after the release of that sketch today. … Here's what they had to say at a presser just a short time ago." Toelke: "The phones have been ringing off the wall, which is good. And we've been getting a lot of good tips, so that's really been beneficial to us this afternoon." Corvington: "We're up at over 300 leads, so far. Again, as the sheriff stated, the calls have come from various states -- Texas, Minnesota, Virginia, Okalahoma. A number of the calls pertained to individuals that, the callers are saying, looks like the unknown subject."

Fox News' The Big Story with John Gibson (9/19, Goldblatt) noted that the suspect "pulled out a gun, apparently, according to Stephanie Ochsenbine, and then a knife. A scuffle ensued and Ochsenbine was stabbed multiple times, including a slash across the throat. … Authorities say the suspect may have been drawn to the home by a sign outside announcing Abby's birth." Corvington: "Keep in mind we're looking for a woman that may have faked her pregnancy for about nine months, a woman who may have been in contact with other pregnant females, inquiring about their own pregnancies and perhaps even leading to where the individual may live."

3rd Circuit Stays Wecht Trial Pending Recusal Motion Ruling. The Pittsburgh Post-Gazette (9/19, Ward, 241K) reports, "The 3rd U.S. Circuit Court of Appeals has stayed the criminal trial of former Allegheny County Coroner Dr. Cyril H. Wecht pending its decision on whether the judge hearing the case should be removed. Last week, attorneys for Dr. Wecht argued to a three-judge panel that U.S. District Judge Arthur J. Schwab has not been impartial in his rulings, and because of that, their client cannot receive a fair trial." The Post-Gazette adds, "Dr. Wecht's trial on 84 counts, including mail and wire fraud, was scheduled to begin Oct. 16. … Recusals are very rare, so the court's action staying the case is noteworthy, experts say."

The Pittsburgh Tribune-Review (9/19, Cato) notes, "Wecht's lawyers have accused Schwab of bias, saying the judge has made a number of rulings that unfairly favor prosecutors. Their principal complaints are that Schwab admitted all of the prosecution's evidence and that he thwarted their efforts to question the lead FBI agent about his disciplinary records after having secret communication with prosecutors." The AP (9/19, Mandak) also reports, "Wecht's attorneys appealed after Schwab upheld FBI searches for Wecht's records and computers. Wecht's attorneys had attacked the credibility of the FBI agent who obtained the search warrants. Schwab overruled some defense objections because he said Wecht's attorneys missed a deadline for filing them."

Nevada Bribery Plot Bagman Enters Guilty Plea. The AP (9/19) reports, "A former county commissioner accused of arranging and delivering bribes for a strip club owner pleaded guilty to conspiracy Monday in a deal with prosecutors that could result in a 20-year prison term." Lance Malone "agreed…to plead guilty to one count of conspiracy under the Racketeer Influenced and Corrupt Organizations Act." US Attorney Daniel Bogden said in a statement yesterday, "These offenses strike at the very foundation of our government, and it reaffirms that elected public elected are not above the law." The AP notes, "Malone's trial was to cap a three-year FBI investigation into corruption and bribery on the Clark County commission, the major political decision-making body in southern Nevada." The Las Vegas Review-Journal (9/19, Packer) called the plea agreement "an anticlimactic turn" in the investigation and adds, "U.S. District Judge Larry Hicks scheduled Malone's sentencing for Dec. 18. He set aside the entire day to hear the government and Gentile argue over the severity of the sentence."

New Jersey Lawmaker Held No-Work Job At UMDNJ. The AP (9/19) reports, "A powerful southern New Jersey politician was paid for a no-work job at the scandal-ridden University of Medicine and Dentistry of New Jersey while helping the school garner millions of taxpayer dollars, according to a report made public Monday. The school paid state Sen. Wayne Bryant $35,000 a year 'to lobby himself in his capacity as state senator,' according to the report of a federal monitor who had been checking into the school's finances. The report said that all Bryant appeared to do…was show up for three hours most Tuesday mornings and read newspapers. He produced no memos, reports or other evidence of doing work, though, the report said." Federal monitor Herbert Stern "said it's up to prosecutors to determine whether Bryant should face criminal charges. Michael Drewniak, a spokesman for U.S. Attorney Christopher J. Christie, said his office would study the report."

The Cherry Hill Courier-Post (9/19, Greenblatt) and Philadelphia Inquirer (9/19, Moroz, Graham, 399K) also report on the allegations against Bryant.

FBI Interviewing Florida Town Officials About Land Deals. The Palm Beach Post (7/19, Robinson) reports from Wellington, Fla., "Federal investigators are interviewing village employees and have subpoenaed records in their ongoing

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probe of land deals involving beleaguered Palm Beach County Commission Chairman Tony Masilotti, village officials said. Wellington, the largest community in Masilotti's district, joins the county and Royal Palm Beach as part of the federal investigation of Masilotti's role in a series of complicated land deals." The Post adds, "Masilotti said he knew nothing about the investigators' visit to Wellington," and he called it "just political nonsense." FBI spokeswoman Judy Orihuela "declined to comment, citing an ongoing investigation."

Gotti Trial Goes To Jury. In a widely-distributed story, the AP (9/19, Neumeister) reports, "A prosecutor presented a Top 20 list of reasons John 'Junior' Gotti never quit the mob, and his defense lawyer played taped conversations to prove he did, as they wrapped up arguments in Gotti's third racketeering trial on Monday." Assistant US Attorney Victor Hou then "put a picture of a bloody Guardian Angels shirt on a large screen before the jury and again accused Gotti of ordering two 1992 attacks on radio talk show host Curtis Sliwa," and "Hou urged jurors to 'follow the money' to a conviction and then described how Gotti continued to benefit from finances earned through mob crimes. 'You don't retire from the Mafia,' Hou said." The AP adds that "defense lawyer Charles Carnesi got in the last word, saying his client left the mob and never looked back. … 'Is he in danger today?' Carnesi asked the jury, suggesting Gotti might face retaliation for announcing that he had quit the mob. 'I don't know,' the lawyer said."

Newsday (9/19, DeStefano) reports, "Today, the jury will begin to decide Gotti's fate after prosecution and defense attorneys spent part of yesterday arguing in rebuttal summations over a central issue: Did the younger Gotti abandon his mob membership in 1999? That date is crucial because it could put the indictment outside the statute of limitations. If the jurors find that he did leave mob life behind, Gotti will walk away a free man. If the decision favors the prosecution, then Gotti is assured of some time behind bars when he is sentenced." The New York Daily News (9/19, Zambito, 729K) and New York Post (9/19, Cornell, 608K) also report on the prosecution closing arguments.

PBS&J Executive Charged With Embezzlement, Campaign Fraud. The Miami Herald (9/19, Danner, Christensen, 310K) reports, "A former top executive of giant Miami engineering firm PBS&J was charged Monday in a $36 million embezzlement scheme and in the contribution of $11,000 to the campaign of Florida U.S. Sen. Mel Martinez through 'strawmen.' … Ex-Chief Financial Officer W. Scott DeLoach and two former underlings also cited in the investigation, Maria Garcia and Rosario Licata, waived indictment Monday in federal court. Their lawyers said they will plead guilty, possibly by the end of the week." Garcia's attorney, Benson Weintraub, said, "This is just the tip of the iceberg." The Herald notes, "PBS&J has made more than $500,000 in political contributions since 2003. The alleged scheme to repay contributions emerged during a probe into the embezzlement led by the U.S. Attorney's Office and the FBI, which has gone on for a year."

Six Indicted In Fruit Of The Loom Contract Fraud Probe. The AP (9/19, Barrouquere) reports, "A former environmental manager for Fruit of the Loom was charged with hiring friends to do work that was never performed, then taking kickbacks for awarding the contracts, prosecutors said Monday. A federal grand jury in Bowling Green charged Kalen W. Watkins… with conspiracy to commit mail fraud, money laundering and obstruction of justice. The owners of the companies hired…were also charged in the indictment returned Wednesday. They face the charges of conspiracy to commit mail fraud and money laundering." Co-defendant Curtis Hopkins "also faces a charge of obstruction of justice. Prosecutors said he attempted to persuade a witness to provide inaccurate information to an FBI agent."

DOJ Defends Web-Labeling Bill. CNET News (9/19, Broache) reports, "The U.S. Department of Justice has stepped up its defense of a proposal to imprison Web site operators who don't label pages containing sexually explicit material." CNET continues, "The idea, outlined in an April speech by Attorney General Alberto Gonzales, is approaching a vote in Congress. Even though there have been no hearings, the legislation has been attached to two separate measures--a massive communications bill and a bill to fund large portions of the federal government including the State Department--that are likely to be considered by the full Senate this fall. … The proposed restrictions are no different from requiring multipurpose stores like 7-Eleven to shield pornographic magazines with so-called blinder racks, Larry Rothenberg, an attorney in the Justice Department's Office of Legal Policy, said at a panel discussion here hosted by the Internet Caucus Advisory Committee on Friday. … 'We have what we consider to be a rather modest (proposal) to protect consumers,' Rothenberg said. 'This is not censorship. It's not a major break with First Amendment principles.'" CNET adds, "His critics, however, remained unconvinced. 'There's no way to avoid vagueness, no way to avoid overbreadth, and, more important, no way to avoid chilling free speech,' said Leslie Harris, executive director of the Center for Democracy and Technology. … Under the proposal, all commercial Web site operators would have to place 'identifiable marks or notices,' to be determined by the Federal Trade Commission, in the code of each page that contains 'sexually explicit material' as defined by existing U.S. criminal statute. The idea, supporters maintain, is to make it easier for Web-filtering programs to pick up objectionable sites."

More Commentary. In an op-ed in the Washington Times (9/19), Kathleen Maloney-Dunn, a Portland, OR, writer, writes of her 10-year-old son's experience with online pornography. Maloney-Dunn writes, "He had ventured into a growing wasteland of smut and slime. Mini-porn has become a mega-business. Revenues from mobile porn sales globally reached $1 billion last year. The Mobile Adult Content Congress met in Miami this year for its first-ever trade show. The event was such a success and interest in mobile porn services so profitable that another Congress will convene in Reno next month." Maloney-Dunn continues, "Porn on the go is the reality in America, available to

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anyone, including -- and no doubt particularly -- children. I learned, painfully, just how and why this industry is so successful. After my son told me what he had done, I asked him: 'Why did you keep searching after you saw what was on the first site?' I expected him to say he was just curious, but instead he answered, 'Because, Mom, it's addictive.' I was stunned. How insightful. And how painfully true -- for millions of Internet porn users around the world." Maloney-Dunn adds, "Help may be on the way. Several Internet providers, including Comcast, Cox and Verizon, are introducing features enabling parents to receive daily e-mail notifications of the Web sites their children visit. AOL will enable parents to see a daily log of screen names and e-mail addresses their children communicate with. But we're bracing ourselves for the new wave of porn photos and videos being made available on pocketsize, portable, wireless devices. We're determined to be ahead of the curve this time. But a computer desktop is much easier for parents to monitor than downloads or pop-ups to mobile phones, handheld computers, or portable game and digital music players. Soon there will be no limit to what our children can be exposed to when they, a friend, or a stranger press the 'on' button of any cell or electronic device in any location. The purveyors of digital porn are mobilizing. Shouldn't we?"

California Elementary School Teacher Pleads Guilty To Child Porn Charge. The AP (9/19) reports, "A former elementary school teacher faces up to 10 years in federal prison after he pleaded guilty to possessing child pornography, authorities announced Monday." David Stein of Hollywood "pleaded guilty last week to a single-count indictment charging him with possession of child pornography, officials said. As part of a plea deal, prosecutors recommended that he serve 21 to 27 months in prison and register as a sex offender, said Thom Mrozek, a spokesman for the U.S. Attorney's office." The AP notes, "Authorities began investigating in August 2003 when Croatian officials provided the FBI with information about a U.S. citizen transmitting child pornography on the Internet, said J. Stephen Tidwell, the bureau's assistant director in charge in Los Angeles."

Las Vegas Man Arrested on Child Porn Charges. The AP (9/19) reports, "Las Vegas police say they have arrested a man in Henderson on child pornography charges after a two-month investigation. Police arrested Stanley Jenchowski Saturday morning after he corresponded over the Internet with a Navy investigator who purported to be a boy. Jenchowski allegedly sent child porn to the undercover officer. The local FBI was contacted and conducted a follow-up investigation." Jenchowski "is charged with transporting, receiving and possessing child pornography as well as coercion and enticement."

Armed Man Runs Through US Capitol. CBS Evening News (9/18, story 5,0:15, Couric, 7.66M) reported, "There was a security breach at the US Capitol today. A man armed with a gun crashed an SUV through a construction barricade than ran through the Capitol building. Capitol police found him in the basement and arrested him. The suspect is identified as Carlos Green. It's not clear what his motive or intentions were." USA Today and the Washington Times runs an AP story (9/19, Abrams) reporting that Acting Capitol Police Chief Christopher McGaffin "said Greene, tackled after a foot chase through the Capitol, was armed with a loaded handgun and had crack cocaine in his possession."

ABC World News (9/18, lead story, 2:30, Thomas) reported, "The Capitol has become a fortress with concrete barriers everywhere. But today, that security was far from enough. The suspect drove through a barrier and crashed his SUV in a construction site on the Capitol grounds. Armed with a loaded pistol, he got out of his truck and raced towards the Capitol." James Richardson, construction worker: "When he got out of the vehicle, I started to run and take cover. I thought he may have had a bomb in the vehicle he was driving in." Thomas: "As police pursued the man, he dashed into the east side of the Capitol, into the building and into the Hallowed rotunda. Along the way, he passed by the offices of Nancy Pelosi, and Dennis Hastert, Speaker of the House, third in line to the presidency. Neither were there at the time. The suspect then ran down two flights of stairs, before he was caught in the basement." NBC Nightly News (9/18, story 7, 0:15, Williams, 9.87M) also noted the "bizarre security breach on Capitol Hill." The Hill (9/19, Kucinich), Washington Post (9/19, A1, Klein, Sheridan, 748K) and New York Times (9/19, 1.21M), among other newspapers, run similar stories on the incident.

Convicted Cop-Killer Asks SCOTUS For Second Execution Stay. The AP (9/19, Word) reports from Florida, "A condemned cop killer who received a stay of execution from the U.S. Supreme Court because of his challenge of lethal injections appealed to the Court for a second stay of execution on Monday." The AP continues, "A three-judge panel of the 11th U.S. Circuit Court of Appeals turned down Clarence Hill's appeal Friday night, leaving him with only limited court options to escape Wednesday's scheduled execution for the 1982 murder of a police officer in a savings and loan robbery." The AP adds, "Defense attorney D. Todd Doss said he had filed a petition and an application for a stay with the Supreme Court, which in January stopped his execution minutes before he was to die. Hill claims the chemicals used in lethal injections are too painful and constitute cruel and unusual punishment. … Doss contends the state, by setting an execution date, is 'manipulating the process' and denying Hill the right to challenge the chemicals used. He declined to comment on his next move if the appeal to the High Court is unsuccessful. … 'This was done to preclude judicial resolution and violated Mr. Hill's right to due process,' Doss' motion to the U.S. Supreme Court states." The AP notes, "Doss also said that inmates facing death in different parts of the country are treated differently. … 'Condemned inmates in similar positions to Mr. Hill have been allowed to pursue litigation in order to have the merits of their claim reviewed. In other circuits, however, inmates with the exact same constitutional challenge

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have been executed without consideration of their claims,' Doss said."

States Await High Court Ruling On Florida Lethal Injection Case. The New York Times (9/19, Goodnough, 1.21M) reports that lawyers on both sides of the death penalty debate are awaiting the Supreme Court's ruling on the case of Clarence Hill, who has been sentenced to die by lethal injection in Florida. Hill's attorneys argue that Florida's lethal injection method "caused so much pain that it violated the Constitution's ban on cruel and unusual punishment." The Times adds, "Courts in California and Missouri have allowed extensive hearings this year on the lethal injection process, delaying executions until they can study the question of just how painful the current methods are. Oklahoma recently changed its protocol so that the condemned receive more anesthesia before they are killed, and a federal judge in North Carolina ordered that a brain monitor be used to make sure an inmate was unconscious when the final drug was given. South Dakota delayed its first execution in 59 years last month after Gov. Michael Rounds said lawmakers needed time to review lethal injection protocols."

6th Circuit Stays Tennessee Execution. The AP (9/19, Johnson) reports, "A federal appeals court issued a stay of execution Monday for a convicted killer who had stopped appealing his death sentence and was set to be die in the electric chair." The AP continues, "Daryl Keith Holton, who confessed to the assault rifle slayings of his three young sons and their half-sister, had been set to die Tuesday in Tennessee's first electric chair execution in 46 years. … He had resumed appealing his death sentence." The AP adds, "Kelly Gleason, a post-conviction defender working with Holton, confirmed the stay issued by the 6th U.S. Circuit Court of Appeals and also acknowledged she typed and sent a handwritten petition from Holton to the U.S. Supreme Court requesting that his execution be stopped. … Holton, 44, who turned himself in within hours of the 1997 slayings, chose earlier this year to stop appealing his death sentence. … He also chose to be put to death in the electric chair rather than by state's preferred method of lethal injection. Tennessee allows death row inmates to choose between the two execution methods if their crimes were committed before 1999."

Former Cleveland Charter School Operators Face Fraud Charges. WKYC-TV Cleveland, Ohio (9/18, 10:53:05 AM, Wheeler) reported, "Three former Cleveland charter school operators are facing charges for allegedly defrauding the Ohio Department of Education." The charges are all connected to the Cleveland Academy of Math, Science and Technology. The state auditor Betty Montgomery, the U.S. Attorney, the FBI and the Labor Department have all "finished their investigation." Former school officials Shirley Haynes, Timothy Daniels and Mark Olds "are charged with defrauding the state out of nearly $2.2 million." They are accused of having "used charter school money for their personal bank accounts, inflated student enrollment, housed children in a building without heat and did not provide sufficient food for students."

Inmate Tracking System Errors Prevalent In DC Area. The Washington Post (9/19, A1, Vargas) reports, "Christopher T. Broady appeared last week on a wanted poster under the words printed in bold: 'PRISONER ESCAPE.' … But he didn't escape. He didn't even run. Instead, the accused killer was allowed to walk out of the Prince William County jail in a moment of confusion between court and jail officials." The Post continues, "Months earlier, the same jail had kept another inmate, Fernando Cruz, confined two months too long. The problem, officials said, was that his last name was listed in court computers as 'Antonio Cruz.' To the jail, it was just 'Cruz.'" The Post adds, "The disconnect between two branches of the criminal justice system highlights a fragmented method of tracking inmates in Prince William and other jurisdictions in the Washington region. Although many cities and counties across the country -- particularly those with large immigrant populations -- have used computerized criminal databases for decades that seamlessly share information between courts and jails, the system in area jurisdictions, for the most part, remains disjointed, officials say. … For some, it can create a situation in which a deleted hyphen or a 'Smith' spelled 'Smyth' can mean an inmate's jail records won't match the court records. The growing immigrant population is particularly susceptible because of the less obvious spellings and the tendency for some to use two last names. … Across the region, officials say they recognize the need to make their court and jail data compatible within each jurisdiction. But for now, most use safeguards that are inconsistent from one area to the next. Some fingerprint all inmates; some don't. Others type in a slew of aliases, while others shun names for numbers."

CIVIL LAW:

Anti-Abortion Group Challenges Campaign Law. The AP (9/19, Apuzzo) reports, "Barring corporations and unions from buying political advertisements during peak election season amounts to government censorship, a Wisconsin anti-abortion group argued Monday." The AP continues, "Wisconsin Right to Life is challenging a ban on corporate ads that mention candidates two months before a general election. The Wisconsin nonprofit group wants to run advertisements telling voters to contact their senators about political issues. The Federal Election Commission says the ads would influence the election. … 'You're going to outlaw everything: Rush Limbaugh, the evening news, everything because it has an electoral impact,' attorney James Bopp Jr. told a three-judge panel." The AP adds, "Congress passed the advertising restrictions in 2002 to curb the ability of advocacy groups to run attack ads that say they are about political issues. Wisconsin Right to Life says such phony ads may be banned but not at the expense of legitimate political speech. … If the group prevails, Sen. John McCain, R-Ariz., and other lawmakers fear it will open a loophole." The AP notes, "Wisconsin Right to Life has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens.

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Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees."

CIVIL RIGHTS:

DOJ To Monitor Elections Today In California, Massachusetts. The AP (9/19) reports, "A recall election of two longtime (Rosemead, CA) councilmen will proceed Tuesday under the watchful eye of U.S. Justice Department observers." The AP continues, 'A court ordered the observers after the councilmen facing recall, Gary Taylor and Jay Imperial, complained their opponents had violated the Voting Rights Act by distributing petitions that were only in English…. Eighty percent of Rosemead residents speak a language other than English at home, according to Census records." The AP notes, "A lawsuit initially delayed the recall effort, led by residents who opposed the pair's vote in support of bringing a Wal-Mart Supercenter to the suburban city 10 miles east of Los Angeles. A higher court ultimately allowed the recall to move forward."

The AP (9/19) reports, "Federal observers will monitor polling places in Boston and Springfield on Tuesday to determine if those cities are protecting the voting rights of Hispanic, Chinese, Vietnamese and other immigrant voters." The AP continues, "Both cities were sued by the Justice Department for alleged polling place violations and the sides settled their cases before trial." The AP adds, "Springfield announced last week that 73 new bilingual poll workers were hired to help Spanish-speaking residents at the polls. One in four poll workers are bilingual, city officials say. The city says it will have 95 bilingual poll workers for the November election. … Last September, Boston agreed to provide ballots, registration notices, and other forms in Spanish, Chinese and Vietnamese. .. . Boston also agreed to provide more training to poll workers regarding the Voting Rights Act, and to hire more bilingual poll workers."

Voting System In Osceola, FL, Faces Legal Test. The Orlando Sentinel (9/19, Pino) reports, "Three days in federal court this week could rewrite the course of politics in Osceola County if a federal judge decides the at-large system for electing county commissioners should be abolished because it dilutes the voting power of the county's growing Hispanic population." The Sentinel continues, "U.S. District Judge Gregory A. Presnell essentially ruled that to be the case in June when he indefinitely halted this fall's scheduled commission elections. The action put nine commission hopefuls in limbo until the case is resolved. And the resolution could result in a completely different way of selecting commissioners, allowing only those who live in their district to vote for them." The Sentinel adds, "The trial that starts today in federal court in Orlando is set for three days, but implementing the judge's ruling could take months with commission elections expected in March. … A Hispanic-majority district would have to be similar in size to the other districts so that votes wouldn't have unequal weight in different districts. … In a pretrial brief submitted last week, the county argues that cannot be done. Attorneys for the Justice Department counter with experts who say it is possible."

Prince George's County Officer Fatally Shoots Unarmed Man. The Washington Post (9/19, B1, Castaneda) reports, "A Prince George's County police officer responding to an assault call in District Heights yesterday morning fatally shot an unarmed man who allegedly made a threatening movement, police said. … It was the fourth shooting by county officers in three weeks and the second killing." The Post continues, "Cpl. Diane Richardson provided this account of yesterday's incident: … About 1:30 a.m., a county patrol officer from District III went to the 1900 block of Rochelle Avenue in response to a report of a man assaulting a woman. The officer arrived and saw a man later identified as Gregory B. Boggs Jr., 24, standing over a woman, who was on the ground beside an apartment building. … The officer ordered Boggs away from the woman. Boggs picked up the woman, and the officer told him to let her go. The woman either fell or was pushed away. … When the officer ordered Boggs to put his hands up, he reached for his waistband. Fearing that Boggs was reaching for a weapon, the officer fired one round into his upper body. … Boggs was unarmed, police said. He was taken to an area hospital and pronounced dead." The Post notes, "The officer, who was not immediately identified, was placed on administrative leave pending an internal investigation. A county grand jury will also investigate."

Faith-Based Initiative Reaching Small Percentage Of Black Churches. The Washington Post (9/19, A19, Fletcher, 748K) reports the Bush Administration's faith-based initiative "is reaching only a tiny percentage of the nation's black churches, most of which have limited capacity to run social programs, hampering the initiative's promise of empowering those congregations to help the needy, according to a study to be released today." The national survey "of 750 black churches by the Joint Center for Political and Economic Studies found that fewer than 3 percent are participating in the program, which funnels at least $2 billion a year in federal social services spending to religious organizations." Black churches "in the Northeast and those with self-identified progressive congregations and liberal theologies were most likely to be taking part in the program, a finding that surprised the researchers, who concluded that the White House has not used the program as a political tool as some critics have suspected." Robert M. Franklin, a professor of social ethics at Emory University who worked as a consultant on the survey, said, "Those people who were most worried can exhale. Churches have not been manipulated by Karl Rove. They have not sold out." The Post adds, "Despite instances of grants going to political and ideological supporters of President Bush, the survey found that, overall, liberal-leaning churches were more likely to apply for and receive the grants, even though they tend to view the program more skeptically than their conservative counterparts do." Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, "said that while participation in the initiative among African American churches

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may not be high, interest is. He said his office has trained thousands of community leaders in the mechanics of the program and has encouraged state and local governments to do the same."

ANTITRUST:

Smithfield To Buy Premium Standard For $674 Million. The AP (9/19) reports, "Leading pork products maker Smithfield Foods Inc. said Monday it agreed to buy Kansas City, Mo.-based rival Premium Standard Farms Inc. for $674 million in cash and stock." The AP continues, "Smithfield Foods is the leading processor and marketer of fresh pork and processed meats in the United States and the largest producer of hogs. Premium Standard Farms is the second-largest pork producer and sixth-largest pork processor. … The deal represents the latest expansion for Smithfield. It recently agreed to acquire most assets of the branded meats business of ConAgra Foods Inc., giving it well-known brands such as Butterball, with its premium turkeys, in time for the holidays." The AP notes, "Hours after the announcement, Sen. Jim Talent, R-Mo., called on U.S. Attorney General Alberto Gonzales to review the merger to assess how it would impact competition in the pork industry. … Talent said he wanted the Justice Department to make sure the merger would fairly treat Missouri pork producers who contract with PSF and that competition in the marketplace is not harmed."

The Richmond Times-Dispatch (9/19) reports, "Smithfield, based in Isle of Wight County, is the largest pork company and one of the largest meat-processing companies in the world. … It has been on an acquisition binge in recent years, but company executives made it clear in a conference call yesterday that they would be concentrating now on integrating the company's acquisitions rather than making new ones." The Times-Dispatch adds, "Under terms of the latest agreement, each Premium Standard share will be converted into the right to receive 0.678 Smithfield shares plus $1.25 in cash. That was worth about $20.07 per Premium Standard share based on Smithfield's closing price on Friday, or a 13 percent premium over Premium Standard's closing price Friday."

The St Louis Business Journal (9/19) reports, "Missouri Gov. Matt Blunt sent a letter Monday to U.S. Attorney General Alberto Gonzales calling for an anti-trust investigation into the merger deal between Smithfield Food Inc. and Premium Standard Farms Inc." The Journal continues, "In his letter, Blunt requests a stringent and thorough review to ensure that the merger is fully compliant with all antitrust laws and regulations of the United States. … 'This merger is an exciting announcement for these valued Missouri employers. While I look forward to their continued presence in our state, my first concern remains protecting Missouri farmers and Missouri jobs,' Blunt said in a statement."

Ford, GM Briefly Discussed Merger. USA Today (9/19, Carty) reports, "General Motors (GM) and Ford Motor (F) briefly explored the idea of an alliance this summer, but the talks stopped shortly after they began and likely won't turn into anything more, said a source at one of the automakers who was briefed on the discussions. … The source doesn't want to be named because the information is not being made public." USA continues, "The discussions, first reported Monday in Automotive News, happened in July after news that investor Kirk Kerkorian was pressuring GM into exploring an alliance with Renault and Nissan, both headed by CEO Carlos Ghosn. Ghosn is widely regarded as an automotive turnaround expert. .. . Both automakers, plagued with financial woes, are looking for ways out of their current problems. The idea of GM partnering with France's Renault and Japan's Nissan excited investors and led to speculation about what kinds of cost savings GM could gain from a deal." USA adds, "GM CEO Rick Wagoner is heading a committee looking into possible benefits of teaming up with the two automakers. The automakers are about two-thirds of the way through a 90-day study."

The AP (9/19, Goodman) reports, "General Motors' talks with Renault and Nissan on a possible alliance and reports that Ford may be pursuing a big deal with one or more of the three are examples of how today's automakers constantly look for ways to collaborate even amid fierce industry competition." The AP continuesk "GM and Ford declined comment Monday on an Automotive News article that their high-level executives discussed a merger or alliance. Ford Motor Co. also declined comment on last month's Wall Street Journal report that Ford proposed its own deal with Renault and Nissan. … In July, General Motors Corp., Renault SA of France and Nissan Motor Co. of Japan announced a 90-day review of a possible alliance among them." The AP adds, "Auto executives talk frequently about 'what-if scenarios' and possible deals large and small, said David Cole, chairman of the Center for Automotive Research in Ann Arbor. … These talks have yielded a growing number of joint efforts on everything from hybrid vehicles to better automatic transmissions, he said."

Sessions Is Key To Passage Of Wright Amendment. The Fort Worth Star-Telegram (9/19, Recio) reports, "The ball is now in Pete Session's court. … As Wright Amendment legislative issues bounce between the Senate and House, Sessions, a five-term Republican congressman from Dallas, is now House point man for the bill that would repeal federal flight restrictions at Dallas Love Field after eight years. … 'What we're trying to do is accomplish the deal,' Sessions, 51, said in an interview. Sessions is Texas' only member of the House Rules Committee — a relatively obscure but extremely powerful panel that decides the terms under which the House will consider a bill, notably whether it will be subject to amendment." The Star-Telegram adds, "In this case, the committee must decide which of two proposed versions of the bill will be the base legislation for a potential full House vote. The first version, approved by the House Transportation and Infrastructure Committee, incorporates the Love Field deal, reached in June by Fort Worth, Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport. The House Judiciary Committee approved a competing version of the legislation, removing antitrust immunity. … With the rules

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committee poised to decide as soon as this week what to do with Wright, Sessions is in center court."

FTC Approves Reynolds Merger. The Dayton Business Journal (9/19) reports, "The federal government has approved Reynolds and Reynolds Co.'s merger into Universal Computer Systems Holding Inc. and the deal now only awaits shareholder votes." The Journal continues, "The Federal Trade Commission has granted early termination to the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976. … Completion of the buyout also is subject to other closing conditions, Reynolds announced late Monday." The Journal adds, "The special meeting for shareholders to vote on the proposal is scheduled for Oct. 23. The meeting will be at Reynolds' Research Park headquarters in Kettering and definitive proxy material is scheduled to be sent around Sept. 22. … Reynolds agreed in August to be acquired and merged into privately held UCS in a deal valued at about $2.8 billion. Reynolds stockholders will receive $40 per share in the transaction."

Former FTC Official Blasts Outdated Court Rulings In Antitrust Cases. The Deal (9/19, Lindell) reports, "Courts are behind the times when it comes to reviewing merger cases, making it harder for regulators to block the ones that may harm competition, according to an antitrust lawyer who recently left a senior post at the Federal Trade Commission." The Deal continues, "Speaking to a gathering of fellow antitrust attorneys on Wednesday, Susan Creighton, formerly the head of the FTC's Bureau of Competition and now a partner at Wilson, Sonsini, Goodrich & Rosati, said federal judges continue to base merger review decisions on court precedents established in the 1960s that emphasize the number of players remaining in a market post-merger. … That's a big problem today for antitrust enforcers at the FTC and the Department of Justice because they place primary focus on assessing the potential competitive harms of a merger, with much less importance put on the market's structure." The Deal adds, "In typical merger reviews today, regulators analyze a range of economic data to assess whether the deal will likely cause prices to increase and only then focus on which other competitors exist and how they manage to constrain prices. That market structure data, she explained, is really secondary to the harm caused to consumers. … The disconnect between current regulatory techniques and the longstanding methods the courts use explains some of the most high-profile losses regulators suffered when they have tried to block mergers in the past few years."

Music Labels In Distribution Talks With YouTube. The AP (9/19, Konrad) reports, "A revenue-sharing deal between video startup YouTube Inc. and Warner Music Group Corp. is likely to be the first of a spate of content distribution partnerships between Web sites and music companies, industry officials say." The AP continues, "Warner Music Group Corp., the country's third-largest recording company with annual revenue of $3.5 billion, announced Monday a deal to distribute and license its copyrighted songs and other material through YouTube. The agreement means that millions of YouTube users can legally watch music videos or include popular songs in their own homemade videos that they post on YouTube." The AP adds, "Universal Music Group spokesman Peter LoFrumento confirmed Monday that Universal the top record label in the world, representing artists such as Eminem, Melissa Etheridge, Snoop Dogg, Shania Twain, Stevie Wonder and Sting is also negotiating with YouTube to strike a distribution deal. … Last week, Universal Music Group CEO Doug Morris said that the company had to figure out some way to stop 'copyright infringers' such as YouTube and News Corp.'s social networking site MySpace.com. Morris implied that, if YouTube negotiations fell through, Universal might resort to lawsuits or other measures. … Sony BMG Music Entertainment is also negotiating with YouTube, but a representative for New York-based Sony BMG said Monday that the company wouldn't comment on ongoing negotiations. Sony BMG labels include Arista Records, Columbia Records, Epic Records, Sony BMG Nashville and Sony Urban Music."

YouTube Technology Aims At Curbing Copyright Violations. The Wall Street Journal (9/19, Delaney, Smith) reports, "Video-sharing site YouTube Inc., in a move that could defuse the threat of legal action against it, is racing to overhaul the way media and entertainment companies view unlicensed online use of their content." The Journal continues, "YouTube is rolling out technology designed to automatically spot copyrighted material that users upload without the permission of media companies, and then to share ad revenue with those companies. … Consumers go to YouTube to watch videos ranging from music videos to footage of a napping cat more than 100 million times a day and submit more than 65,000 videos a day." The Journal adds, "YouTube's new system, announced yesterday and set for release in the next few months, is an ambitious effort to give media companies more control over the video on the site and to address their fears that others will profit from consumers' piracy of their content. The first entertainment company to embrace the system is Warner Music Group. The two companies have agreed that Warner Music will post its catalog of music videos on YouTube and collect an unspecified percentage of the revenue from advertising appearing alongside them. The deal doesn't cover live performances captured on video cameras or other devices, because Warner doesn't own the copyrights to those recordings. … In addition, the new system will give YouTube users a legitimate way to create videos with soundtracks that use music from Warner artists. (Videos of amateurs' lip syncing or juggling to popular songs are among the most viewed on video-sharing sites.) YouTube's system will identify such videos and give Warner a share of the revenue for any ads that appear alongside these videos, if Warner opts for that rather than having the videos removed."

EU Antitrust Head Denies Microsoft Vendetta. The Financial Times (9/19, Buck) reports, "The war of words between Microsoft and the European Commission over the software group's new flagship product has escalated, with Neelie Kroes,

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EU competition commissioner, denouncing what she calls 'a co-ordinated campaign' to discredit the regulator." The Times continues, "Ms Kroes, in a letter to the Financial Times, insists that the Commission is not conducting a 'vendetta' against Microsoft. Brussels, she says, is simply trying to ensure that Vista, the operating system set to replace Microsoft Windows next year, complies with EU competition rules." The Times adds, "The Commission is concerned about Vista because it bundles a string of new programmes and functions into the operating system, for example an internet search engine and a fixed-document reader. … It fears that the product will undermine competition from software makers that sell similar products on a standalone basis." The Times notes, "Microsoft warned last week that the Commission's actions could delay the launch of Vista in Europe, and could even prevent the group from improving the security of the new operating system. … The group has also published a study claiming that Vista will create thousands of new jobs in Europe and boost other companies' revenues. … But Ms Kroes says in her letter: 'I have seen it suggested that the Commission may seek to prevent Microsoft from improving the security of its operating system. This is categorically not the case. We do nevertheless seek to ensure that rival security software vendors . . . are able to compete on a level playing field.'"

Swedish Truck Maker Scania Rejects MAN Takeover Bid. The Wall Street Journal (9/19, Rauwald, Akerhielm) reports, "Swedish truck maker Scania AB and its largest shareholders rejected MAN AG's takeover bid, putting pressure on the German company to sweeten its offer." The Journal continues, "MAN, based in Munich, had offered €9.6 billion ($12.2 billion) in cash and shares yesterday in a widely expected move, seeking to form Europe's largest commercial-vehicle maker. … 'Scania rejects the bid in its entirety,' company spokeswoman Cecilia Edstroem said. She declined to comment on details of the offer." The Journal adds, "German car maker Volkswagen AG, Scania's biggest shareholder with 34% of the voting rights, said that accepting MAN's offer wouldn't be in the strategic and industrial interests of the company. Scania's board, which unanimously rejected the bid, is headed by Volkswagen Chairman Bernd Pischetsrieder. … The second-largest shareholder, Investor AB, the main investment vehicle of Sweden's powerful Wallenberg family, said the offer doesn't "reflect the fair value and potential of Scania." Through Investor and family foundations, the Wallenbergs control about 29% of the votes in Scania."

ENVIRONMENT:

Probe Of Tainted Spinach Continues With Victims In 20 States. ABC World News (9/18, story 2, 2:30, Gibson) reported, "There is progress in the fight against the nation's deadly E. Coli outbreak. Health officials ruled out tampering as a cause. But they don't know where the bacteria originated. One person has died while 100 others have been infected. The focus is on produce-growing areas in California."

CBS Evening News (9/18, story 7, 2:20, Couric) reported, "The government now confirms outbreaks in 21 states, one person has died, 113 others have gotten sick. … California's farmers were warned by the FDA last November to be more careful after contaminated lettuce caused E. Coli infections. Inspectors have been in the field but still haven't found the cause of that outbreak."

NBC Nightly news (9/18, story 4, 2:20, Williams) reported, "Meantime difficulties are multiplying every day for spinach growers. The financial losses are just now starting to be tallied. Last year farmers nationwide sold $106.5 million of spinach. One company has already laid off 1/6 of its workers. Tonight consumers seem to be heeding the warning."

The Los Angeles Times (9/19, Schoch, Lin, Blume) reports, "Illinois today became the 20th state to report an illness associated with eating spinach." The Times continues, "In a press release posted on its website, the Illinois Department of Public Health said an elderly woman from north-central Illinois was the first state resident whose illness was associated with the outbreak that has sickened at least 109 people in 19 other states. … The woman, who was not identified, was hospitalized in August with a form of kidney failure associated with E. coli O157:H7, believed to be responsible for the current outbreak. The woman has a history of consumption of fresh spinach, the department said." The Times adds, "According to the federal Food and Drug Administration, half of the E. coli victims were hospitalized; one person died in Wisconsin. … Dates of the illness ranged from Aug. 2 to Sept. 9. … The states that have reported cases are: California (1 case), Connecticut (2), Idaho (4), Indiana (8), Kentucky (4), Maine (2), Michigan (6), Minnesota (1), New Mexico (5), Nevada (1), New York (7), Ohio (10), Oregon (5), Pennsylvania (3), Utah (14), Virginia (1), Washington (2), Wisconsin (32), and Wyoming (1)." The Times notes, "Meanwhile, another packager recalled three brands of its fresh spinach products Sunday. … Salinas-based River Ranch Fresh Foods, one of the nation's top five produce processors, was recalling three of its spring mix salad brands Sunday that include spinach: Farmers Market, Hy Vee, and Fresh and Easy, Acheson said in a conference call."

The Washington Post (9/19, D1, Shin, Rosenwald) reports, "State health officials in Ohio are investigating whether a second death is the result of a deadly outbreak of E. coli linked to fresh spinach, as federal regulators expanded their search for the source of the contamination." The Post continues, "The Food and Drug Administration and California state officials yesterday dispatched additional inspectors to farms in the state to examine irrigation, soil, and machinery, said David W. Acheson, the head of the FDA Center for Food Safety and Applied Nutrition. … The contaminated spinach was initially connected to Natural Selection Foods LLC, a producer in San Juan Bautista, Calif., that sells spinach and salads containing spinach under many brands, including Dole and Earthbound Farm. But the FDA is not limiting its probe to Natural Selection." The Post adds, "Of the 114 cases, FDA officials have detailed information about what 73 of the

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victims ate -- 66 ate spinach, including about 40 who ate bagged spinach, Acheson said. … Natural Selection Foods said yesterday in a statement on its Web site that 'based on its work' with California and FDA officials, its organic spinach has not been confirmed as the source of the E. coli outbreak. … But FDA officials refused to clear organic spinach and stressed that consumers should avoid all fresh spinach, organic and conventional, bagged and loose."

USA Today (9/19, Vergano, Keen) reports, "The single confirmed fatality was Marion Graff, 77, of Manitowoc, Wis., who died of kidney failure Sept. 7 at a hospital in Green Bay. The FDA's David Acheson said cases may continue to appear for three weeks, because E. coli can take a week to infect patients and two weeks more to confirm." USA adds, "The Wisconsin Department of Health and Family Services says the state has 33 confirmed cases now, more than any other state. Twenty-six of the Wisconsin victims are women. Federal officials have said 75% of the victims nationwide are women, who surveys show eat more bagged produce than men. … Officials in Ohio are investigating whether the death of a 23-month-old girl is tied to the outbreak, says Jen Fannin, spokeswoman for the Cambridge-Guernsey County Health Department. Four children from the same family tested positive for E. coli, but the exact cause of the youngest child's death Aug. 22 and a link to spinach have not been established, Fannin says."

After Spending $8 Billion, Agency Has Little To Show For Efforts To Save Salmon. A front page story in the Wall Street Journal (9/19, Fialka, 2.03M) reports, "The Bonneville Power Administration, responding to concern about dwindling fish populations, has spent more than $8 billion helping salmon travel from the mountain streams of their birth to the Pacific Ocean and back again, where they lay eggs for the next generation. Impeding their journey are several hydroelectric dams. The agency has little to show for its efforts. In any given year, only 1% to 3.5% of the fish complete the 1,800-mile round-trip fish trek, which begins 20 miles northeast of Lewiston, Idaho, and continues down the Snake and Columbia rivers. Fish scientists say the success rate should be at least double that." The Journal adds, "To further help the fish, Bonneville this year will spend almost $700 million. That includes the cost of spilling water over dams to create a cooler, more rapid-flowing stream, which is supposed to help salmon reach the sea. The water otherwise would be used to produce $356 million of electricity."

Business Groups Get Behind Senate Offshore Drilling Bill. The Hill (9/19, Snyder) reports, "Business groups last week voiced support for a Senate bill that would open fewer areas offshore to oil and gas drilling than its House companion, in hopes of breaking a legislative impasse before lawmakers return to the campaign trail. Groups such as the American Chemistry Council, American Gas Association and National Association of Manufacturers, which collectively have formed the Consumer Alliance for Energy Security, favor the House bill because it allows drilling along the East and West Coasts." However, "in a letter sent last week the groups said the Senate measure, which continues to limit offshore drilling to the Gulf, is good enough for now. 'We have come too far to go away empty handed,' the letter states."

Gore Addresses "Climate Crisis," Urges Action To Limit Emissions. The AP (9/19, Fouhy) reports, "Former Vice President Al Gore on Monday called for immediate action to stop global warming, calling the phenomenon a 'climate crisis' that demands attention from American leaders. … Future generations, Gore said, 'deserve better than the spectacle of censorship of the best scientific evidence about the truth of our situation and harassment of honest scientists who are trying to warn us about the looming catastrophe.'"

The New York Times (9/19, Revkin, 1.21M) reports, "Speaking at the New York University law school, Mr. Gore said that rising temperatures posed an enormous threat and that only a movement akin to the nuclear freeze campaign for arms control a generation ago, which he said he opposed at the time, would push elected officials out of longstanding deadlock on the issue." Sen. James M. Inhofe, chairman of the Environment and Public Works Committee, "said the Gore proposals would create 'economic calamity.'" In his speech, Gore also "renewed a longstanding proposal to replace all payroll taxes with taxes on pollution, including carbon dioxide. And he said the United States should rejoin the Kyoto Protocol, the climate treaty, rejected by President Bush that requires industrialized countries to cut emissions."

The Washington Post (9/19, A2, Powell, 748K) quotes Gore saying, "This is not a political issue. This is a moral issue -- it affects the survival of human civilization." A spokeswoman for the President's Council on Environmental Quality "said Monday that the Bush administration has committed $29 billion to climate research and programs and has reduced greenhouse gas intensity. That is not, however, the same matter as reducing total carbon emissions, which continue to rise."

FBI/DEA/ATF/USMS:

Brother Of Alleged Drug Cartel Leader Pleads Not Guilty To Cocaine Charges. The AP (9/19, Hoffman) reports, "An accused leader of the Arellano Felix drug cartel pleaded not guilty to cocaine charges (in San Diego, CA) Monday, a month after the U.S. Coast Guard arrested his younger brother in international waters off the Mexican coast." The AP continues, "Francisco Rafael Arellano Felix, one of seven brothers allegedly behind the Tijuana-based gang, is accused of selling about a half-pound of cocaine to an undercover police officer in a San Diego motel in 1980." The AP adds, "Arellano Felix, a trim, balding man, said nothing during a brief hearing in San Diego federal court. A federal defender entered not guilty pleas on his behalf to one count of distributing cocaine and one count of conspiracy to distribute cocaine. .. .Each of the two counts carries a maximum sentence of 15 years in prison, said Assistant U.S. Attorney Laura

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Duffy." The AP notes, "The government would consider dropping charges against Arellano Felix if he cooperates with authorities in other cases linked to the cartel, Duffy told reporters. … Arellano Felix, 56, arrived in San Diego on Saturday night aboard a commercial flight, escorted by two federal marshals, making him the first key Mexican cartel figure extradited to the United States." The San Diego Union-Tribune (9/18) also reports this story.

Man Pleads Not Guilty In Cross-Border Tunnel Case. The AP (9/18) reports a man "accused of receiving more than a half-ton of marijuana smuggled into the United States from Mexico in a secret cross-border tunnel pleaded not guilty Monday to drug charges. A criminal complaint in El Centro federal court charges that Jesus Bernardo Aguila Agundez loaded drugs into his truck at a house in Calexico, about 120 miles east of San Diego. The tunnel allegedly runs 400 feet from the Calexico house to another house across the border in Mexicali, Mexico. It is about 20 feet underground and is equipped with lighting and supported by wooden beams, according to the Drug Enforcement Administration."

In an earlier AP (9/18) report, DEA agent John Fernandes said, "This is clearly not the effort of one person." The San Francisco Chronicle, San Diego Union-Tribune, and San Luis Obispo Tribune are among the newspapers that used this AP story.

The Washington Times (9/19, Seper) reports Garrison K. Courtney "said it wasn't clear who was responsible for this tunnel, although the agency said it obviously was not the effort of one person. 'A tunnel is an enormous undertaking, and those responsible are now on notice. We have found the hole, and the DEA is now looking for you,' Mr. Fernandes said."

KPBS, San Diego (9/18) reports on its Web site that an arrest has been made and writes that the tunnel "runs from a back bedroom in a Calexico house under the border and pops up in the bedroom of a house in Mexicali. … It has cement floors and wood paneled walls. The tunnel is equipped with lighting and ventilation systems, and the ceiling is supported by wood beams. Drug Enforcement Administration spokesman Dan Simmons says his agency has not yet linked the tunnel to a drug cartel."

On its Web site, KESQ-TV, Palm Desert (9/18) reports drug enforcement and immigration officials are "searching for the people responsible for building an underground tunnel that stretched from a home in California to another home in Mexico. … The tunnel was found when investigators entered the house… in Calexico last week. … Special Agent John Fernandes of the DEA says the tunnel was an enormous undertaking."

Local TV Coverage. California stations mostly focused on the discovery of the tunnel, its size and construction. For example, KABC-TV, Los Angeles (9/18, 6:00 p.m.) reported, "An underground tunnel is discovered along the US-Mexico border; it was uncovered in Calexico connected to a home."

KCAL-TV, Los Angeles (9/18, 9:00 p.m.) reported, "The sophisticated tunnel runs roughly 20 feet underground and is equipped by lighting and wooden beam."

KTLA-TV, Los Angeles (9/18, 10:00 p.m.) reported, "Border authorities have discovered a tunnel under the border. It is three feet wide and 400 feet long equipped with lighting and beams. It connected the home in Calexico, California and Mexicali, Mexico. … Border agents expect the tunnel was used to smuggle drugs into the US. Police arrested a man driving in the area of Calexico. He was carrying 2,000 pounds of marijuana."

Fentanyl-Laced Heroin Dealers Could Face Mandatory Federal Prison Sentences. The News Journal (9/18) editorializes, "The message that U.S. Attorney Colm Connolly sent on Thursday to dealers of deadly fentanyl-laced heroin was needed. They face mandatory federal jail time -- from 20 years to as much as life in prison -- when their tainted batches of dope kill or seriously harm buyers. This is the first time in Delaware that prosecutors have invoked a federal law with no regard for a criminal's intent. It's a tough call needed for tough times in drug enforcement."

Administration To Distribute Anti-Drug Videos Through YouTube. The AP (9/19) reports the Bush administration "is taking its fight against illegal drugs to YouTube, the trendy Internet video service that already features clips of wacky, drug-induced behavior and step-by-step instructions for growing marijuana plants. The decision to distribute anti-drug, public service announcements and other videos over YouTube represents the first concerted effort by the U.S. government to influence customers of the popular service, which shows more than 100 million videos per day. … 'If just one teen sees this and decides illegal drug use is not the path for them, it will be a success,' said Rafael Lemaitre, a spokesman for the drug office." However, Lee Rainie, director of the Pew Internet & American Life Project "predicted computer-savvy critics of U.S. drug policies will quickly edit the government's videos to produce parodies and distribute those on YouTube." Media outlets that used the AP story include ABC News, CBS News, the New York Times, Washington Post, Los Angeles Times, USA Today, Houston Chronicle, Seattle Times, BusinessWeek, and Canada's Toronto Star.

US Criticizes Anti-Drug Efforts Of Venezuela, Myanmar, Bolivia, Others. China's Xinhua News Agency (9/19) reports the U.S. "accused Venezuela and Myanmar of doing too little to fight the drug trade and expressed deep concerns about failings in Afghanistan and Bolivia. In its annual report on the global drug trade, the Bush administration identified Afghanistan, The Bahamas, Bolivia, Brazil, Myanmar, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela as major drug-transit or major illicit drug-producing countries. 'The president (Bush) has determined that two countries -- Burma (Myanmar) and Venezuela -- failed demonstrably during the previous 12 months to make substantial efforts to adhere to their obligations,' Deputy Assistant Secretary

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of State for International Narcotics and Law Enforcement Affairs Christy McCampbell said."

The AP (9/18) reports the Bush administration "said Monday it sees disturbing trends in Bolivia's dealings with efforts to combat illicit drugs. Concerns about contributions to the illegal drug trade by the South American nation came as the White House released the U.S. government's annual list of major drug-transit or drug-producing countries. … The report singled out Bolivia, the world's third-largest producer of cocaine, for particular emphasis. 'Despite increased drug interdiction, Bolivia has undertaken policies that have allowed the expansion of coca cultivation and have significantly curtailed eradication,' said White House press secretary Tony Snow."

The Washington Post (9/19, A14, Constable) reports foreign backers of the government of Afghanistan President Hamid Karzai "are growing impatient with the continuing [drug] production and trafficking. President Bush weighed in Monday, saying in a report to Congress that the Afghan government must be 'held accountable' and toughen its fight against drugs even further. 'We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance,' Bush said in comments accompanying an annually compiled list of major drug-transit or drug-producing countries."

IMMIGRATION:

Senate To Consider Border Fence Bill. The AP (9/19, Gamboa) reports the Senate "will consider a bill calling for erecting 700 miles of fencing on the U.S-Mexican border, a proposal that has been approved twice by the House." Senate Majority Leader Bill Frist "used a legislative maneuver to get the bill to the floor as early as Wednesday, when the Senate could decide whether to move forward on the legislation." Democrats are "likely to try to block the bill. They may try to attach the comprehensive immigration bill the Senate passed in May as an amendment and push debate into next week."

The Washington Times (9/19, Hurt, 88K) reports the Senate "has been the major obstacle to strict border-security legislation this year." Jim Manley, "a spokesman for Minority Leader Harry Reid, said the move 'smacks of desperation' and was a 'clear repudiation of President Bush's call for comprehensive legislation.'" The "Secure Fence Act of 2006, which was easily approved by the House last week, contains none of the "comprehensive" measures that President Bush, Democrats and some Senate Republicans have demanded."

NYTimes Says Immigration Reform Dead For The Year. The New York Times (9/19, 1.21M) says in an editorial, "Congressional leaders and President Bush insisted for months that they were serious about fixing the immigration system. They weren't, and the more talk you hear about border security, about building walls and getting tough this time, the clearer it will be that hopes for effective immigration reform this year are past saving, pinned down by strong arms in the Republican-controlled House and kicked until dead."

Immigration Said To Fuel US Population Growth. The Christian Science Monitor (9/19, Knickerbocker, Jonsson, 58K) reports while growth "is slowing almost everywhere in the developed world, three factors are powering the US population toward the 300 million mark. Couples are having enough babies to replace themselves. People are living longer. And the biggest reason: Immigration to the US has sharply increased in recent decades." Immigration is "not only boosting America's numbers, it's changing the face of the country. That 300 millionth new person, expected in a few weeks, is just as likely to fly in from China (or wade across the Rio Grande from Mexico) as he or she is to be born here. To put it another way: Every 31 seconds another person from abroad is added to the US population roll." The "rise in newcomers - nearly quadruple the number in 1970 - has fueled a widespread backlash against illegal immigrants. That's half the story. The less familiar but also important trend is the influx of highly skilled workers and highly motivated entrepreneurs who have helped the US economy grow."

California Town Wrestles With Immigrant Influx. The Los Angeles Times (9/19, A1, La Ganga) reports there "has been discord enough in the shady streets of this rice-growing city" of Williams, "north of San Francisco, where the population has shifted from three-quarters white to nearly three-quarters Latino in just two decades." The city "of 5,087 (and rising fast) is the closest thing to a 'Petri dish' for observing the effects of immigration in their most concentrated form, said Roberto Suro, director of the Pew Hispanic Center." The experiment has "not always had predictable results. Practical people, for the most part, residents of this agricultural outpost are slowly — sometimes reluctantly — coming to terms with the dramatic changes wrought by immigration."

CONGRESS-ADMINISTRATION:

Conflict Over Bush Judicial Nominees Abandoned For The Time Being. CQ (9/18, Perine) reported, "The conflict over President Bush's most contentious appellate court nominations in the 109th Congress has been all but abandoned even as a Senate panel prepares to consider four nominees on Tuesday. Republican leaders have carefully avoided re-igniting the conflagration that consumed the Senate for months in 2005, much to the frustration of conservative activists who have urged an all-out battle. The Senate returned five nominees to the White House when it adjourned for its August recess, and Bush re-nominated all five after the Senate reconvened. Senate Judiciary Chairman Arlen Specter, R-Pa., has put four of the nominees on the panel's agenda for a Tuesday markup."

CIA Reviewing Use Of Contractors, Loss Of Agents To Private Sector. The AP (9/19, Shrader) reports CIA Director Michael Hayden "is reviewing his agency's use of private contractors and the number of people who are resigning to

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fill the often lucrative positions." Hayden said, "I am going to investigate to see how much of an issue it is, and then we will take some action." The AP adds current and former government officials "have expressed concern about a so-called 'brain drain' to the private sector, which is impossible to quantify publicly because the contracts and personnel figures at spy agencies are secret." CIA employees "generally can retire with full benefits after a career of at least two decades, and some return as contractors. But Hayden said he's more concerned about another issue: the early resignation of employees who get CIA training, leave their jobs and return in higher paying, private-sector contracting positions."

Hayden Outlines Vision For CIA. The Washington Post (9/19, A6, Pincus, 748K) reports Gen. Hayden "told agency employees yesterday that their intelligence activities are too segmented, saying that operations officers who collect intelligence need to work more closely with the analysts who interpret what it means." Four months "after taking over, Hayden presented his strategic vision to a CIA workforce that has been battered by years of investigations into the failures of the Sept. 11, 2001, attacks and prewar intelligence about Iraq's weapons programs, as well as a reorganization that lowered the agency's status with the creation of a director of national intelligence." Hayden said he "has created a new 'board of directors' inside the agency that will begin breaking down walls that have separated the Directorate of Operations, which is the clandestine service, and the Directorate of Intelligence, which is the analytic arm, and even the science and technology group, which comes up with new ideas. One result will be to limit much of the independence each directorate had in the past and centralize more authority with Hayden."

Proposal On Chaplains Holds Up Pentagon Spending Bill. The New York Times (9/19, Banerjee, 1.21M) reports, "A bill that sets the Pentagon's spending levels is being held up by controversy over a provision that would allow military chaplains to offer sectarian prayers at nondenominational military events." The provision is being "pushed" by Rep. Duncan Hunter (R-CA) and Rep. Walter Jones (R-NC). Opponents, including "the Defense Department, the main military chaplains association and a variety of ecumenical groups, have spoken against the provision, saying that sectarian prayer would create division within the military." The Times notes several disputes within the military over the issue, including the case of court-martialed chaplain Gordon Klingenschmitt. The changing makeup of the military has helped make the issue more visible: "More atheists and people from minority religions serve in the military now, compared with the Vietnam era, and more evangelical Christians do, too. Similarly, more evangelicals are in the chaplaincy than a generation ago, in part because the military lost favor with many mainline Christians during the Vietnam War."

White House Sponsors Conference On Global Literacy. The New York Sun (9/19, Chayes) reports President Bush, speaking at the White House Conference on Global Literacy at the New York Public Library, said that "part of America's duty in its effort to spread freedom around the world and make terrorism less attractive is to stamp out illiteracy." The conference was attended mostly by "first ladies -- including his wife -- and education ministers." Bush also said that "the right to be able to read and write is a prerequisite to achieving the freedom enjoyed by Americans." First lady Laura Bush, "announced a $1 million contribution by America to a United Nations project to promote literacy." Secretary of State Condoleezza Rice and U.S. Secretary of Education Margaret Spellings also attended the Conference. Secretary Rice introduced Mrs. Bush and "spoke from personal experience when she said that literacy had meant freedom for her own family."

Fox News' On the Record with Greta van Susteren (9/18) spent the day with First Lady Laura Bush in New York City. Fox reported, "First Lady Laura Bush is here in New York for a few days doing something different each day. Today she was working towards global literacy. We began the day with her at the New York public library." Asked the plan for the first day, Mrs. Bush said, "The plan for today is so exciting, my staff and UNESCO have been working so hard today. We have two panels about global literacy. One of them is literacy and health. One of them is maternal and child literacy and then the third one is women's empowerment or actually literacy leads to economic empowerment. We will hear each one of these panels talk. They are people from around the world. Only one US presenter. All the rest are from Central America, South America, Africa, Asia. So this will be really interesting." Fox added, "Here is a tough part about being First Lady: no job description, no manual. Each describes the job herself. Mrs. Bush starts early tomorrow and we will chase her again with cameras."

Ney Resigns From Two Committee Posts. The AP (9/19, Hammer) reports, "Rep. Bob Ney, who has agreed to plead guilty to federal corruption charges, stepped down from two House committee positions Monday but did not say whether he would leave Congress." Ney "said in two letters to House Speaker Dennis Hastert, R-Ill., that he would immediately give up his positions as chairman of the Housing and Community Opportunity subcommittee, which oversees the US Department of Housing and Urban Development, and as head of the Franking Commission, which governs lawmakers' use of public money to express opinions in mailings."

The New York Times (9/19, Shenon, 1.21M) reports, "Congressional rules do not require the expulsion of a member of the House or the Senate convicted on criminal charges, which means that unless his colleagues act to oust him or he resigns, Mr. Ney could continue to draw his $165,200-a-year-salary until his term ends next January. Calls for his resignation have come from fellow Republicans, including the chairman of the Ohio state party, Robert T. Bennett, who said in a statement last week that Mr. Ney had 'disgraced his office' and 'should resign immediately and begin paying the price for his arrogance and greed.'" Bennett "suggested that if Mr. Ney refused to step down, it would play into the hands of Democrats who would offer 'their predictable hue and cry about the culture of corruption in politics while they ignore

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the wrongdoers in their own party.'" The Republican nominated to replace Ney in the House, State Senator Joy Padgett, "has also urged him to step down. … Congressional officials said House Republican leaders were also urging Mr. Ney to resign, although they had not done so publicly -- yet."

The Hill (9/19, O'Connor, Kucinich) also notes Ney "does not address how long he will remain in Congress in either letter, nor does he voluntarily remove himself from either committee."

Survey Finds New Federal Pay System Causes Morale Problems. The Washington Post (9/19, D4, Barr, 748K) reports in its "Federal Diary" column, "Federal executives find that a new pay-for-performance system has had little effect on their performance, but it has caused morale problems, according to a survey released yesterday." The executives in the survey "reported seeing little connection between their job ratings and their rewards. Twenty percent of the executives who received a top job rating last year said they received no pay increase, and 82 percent said they had been given more responsibilities but had not received a raise." The Post adds, "In a statement, Linda M. Springer , director of the Office of Personnel Management, said that the OPM plans to study the survey results and will work 'to address any problems that exist in the execution of the new system.'"

Nader Backs Coburn Bill To Put Grants, Earmarked Contracts Online. In a letter to the Wall Street Journal (9/19, 2.03M), Ralph Nader writes that Sen. Tom Coburn's bill "requiring the dollar amounts and recipients of all grants and earmarked contracts be placed in a publicly accessible database is an important step toward transparency. It is indeed the least that Congress should do. … Contracting out what the federal government does and contracting to obtain what government needs is a large part of our economy. … Putting the full text of these contracts online will give taxpayers both savings and higher quality performances, let the media focus more incisively on this vast area of government disbursements to inform the wider public, encourage constructive comments and alarms from the citizenry, and stimulate legal and economic research by scholars interested in structural topics related to government procurement, transfers, subsidies and giveaways."

WPost Says House Earmark Reform Is Inadequate. An editorial in the Washington Post (9/19, A20, 748K) says, "One amazing thing about the House passage of 'earmark reform' last week was how much labor it took to bring forth this tiny mouse of change. … How modest -- pathetic would be a more apt term -- is the House change? … No provision for an up-or-down vote on such spending. No prohibition on earmarks to benefit lawmakers' relatives. No limitation on last-minute additions that offer no opportunity for scrutiny or debate." The Post adds, "First, no one should be fooled into thinking that the House's minor, loophole-ridden change is anywhere near enough. And no one should tolerate the Senate's failing to live up to even the low standard set by the other body."

Bush Group Encounters Pelosi During Trip To Capitol Hill. The Hill (9/19, Heil) reports on the way "to a meeting of Republican members" this week, "an entourage that included the President, the Vice President, Karl Rove, and other top West Wingers were walking through the Capitol basement, only to be joined by a very unexpected guest. House Minority Leader Nancy Pelosi (D-Calif.) and her gang of staffers just happened to be entering the hallway behind the executive-branch types." Pelosi "seemed a bit surprised to find herself practically steps away from Rove, but took it all in stride." Pelosi told staked out reporters, "We're not part of this party."

Snow's Travel Noted. The Washington Post (9/19, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column that White House spokesman Tony Snow was seen "flying first-class from Orlando to Reagan National; the WH flack wore both a yellow 'Livestrong' wristband and a dark-green one, which he's told reporters was a gift from the family of Flight 93 pilot Jason Dahl to memorialize terror victims."

Play Presents Fictionalized Version Of Jenna Bush. Roll Call (9/19, Akers) reports in its "Heard on the Hill" column, "The co-writer and producer of the zany award-winning satire 'The Miss Education of Jenna Bush'" wants "to have the real first daughter fly to Los Angeles this week to see the one-woman play named for her before she settles into her new gig teaching English in Latin America. 'We want the real Jenna to see the fictionalized one and let us know how off-base we are or how off-target,' the producer, Winston Beigel, said. … The 'we' is Beigel and actress Melissa Rauch, who portrays Jenna as a down-to-earth but spoiled party girl transitioning into adulthood. The play, which won the Outstanding Solo Show award at last year's New York International Fringe Festival, runs Sept. 27-30 in L.A.'s Cornet Theater."

Cooper Calls For Honest Federal Budgeting. Rep. Jim Cooper writes in Roll Call (9/19), "Read 'The Financial Report of the United States,' issued by the US Treasury every year but suppressed by the White House. … If you use proper accounting, federal budget deficits are at least two, and probably 10, times larger than President Bush will admit. … Standard & Poor's, the nation's leading credit analyst, is projecting that the United States will lose its AAA bond rating by 2012 and fall to junk bond status by 2025. S&P obviously sees larger deficits than President Bush does. Do you trust Standard & Poor's, or Bush and Cheney, on this issue?"

Congress Urged To Pass Portable Health E-Records Bill. David J. Brailer, former Bush administration health IT coordinator, writes in the New York Times (9/19, 1.21M), that Congress "is considering a bill that would make it harder to allow your information to follow you throughout your health care treatment." The House and the Senate "have passed separate bills that seek to encourage electronic health records." While "they agree on many things," they "disagree on the most important

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issue, however: whether portability should be a condition for electronic health record donations." Congress "should pass a health information technology bill, but it should include the existing federal rules for portable health information technology donations."

OTHER NEWS:

US Trade Deficit Grew In Second Quarter. The Wall Street Journal (9/19, Hitt, 2.03M) reports, "The US reported that the deficit in its current account, the broadest measure of trade, widened further in the second quarter -- underscoring concerns about economic imbalances voiced by global finance ministers this past weekend." The Commerce Department "said that the US current-account gap widened by $5.21 billion to $218.41 billion in the second quarter. The wider deficit was due in large measure to soaring global oil prices, which raised the US bill for imported petroleum." The deficit "remained 6.6% of the US economy, the Commerce Department said, a large slice of the US economy."

Gasoline Prices Tumble 12 Cents In Week. USA Today (9/19, Healey, 2.27M) reports, "Gasoline prices continue to tumble briskly, dropping Monday to a U.S. average of less than $2.50 a gallon for the first time since March. Service stations even are beginning old-fashioned gas wars to avoid losing customers to price-cutting rivals." The "Energy Information Administration reported Monday that the national average for regular grade is $2.497 a gallon, down 12.1 cents in a week. Travel organization AAA reported a U.S. average Monday of $2.495, down 1.6 cents overnight. ... A hefty 42% of Americans polled over the weekend said they think fuel prices are being manipulated by the Bush administration to help Republicans in an election year." However, "Petroleum analysts say the reasons are less Machiavellian: Supplies are above average, partly because summer's high prices attracted record imports. Hurricanes haven't knocked out Gulf of Mexico production. U.S. regulations permit a cheaper-to-make fuel blend in fall and winter."

Fall In Gas Prices Could Lead To Interest Rate Increase. In another article, USA Today (9/19, Hagenbaugh, 2.27M) says the decline in gasoline prices "may stoke inflationary fires, perhaps forcing the Federal Reserve to raise interest rates again later this year, some economists, such as those at Merrill Lynch and the Bank of Tokyo-Mitsubishi, say. The argument: If consumers spend the cash in their wallets left over from filling their gas tanks, the economy may speed up and businesses will have greater power to raise prices. That could lead to higher inflation — not lower, as some may expect — and renewed action from the Fed."

BP Announcement Drives Oil Prices Up. The Financial Times (9/19, McNulty) reports, "BP was hit by yet another setback on Monday when the company was forced to announce that production at its showcase Thunder Horse oil and gas field will not start until mid-2008,18 months later than planned. News of the delay, caused by problems with the project's subsea infrastructure, caused oil prices to jump, ending the decline of recent weeks. In New York, crude oil for October delivery rose 47 cents to $63.80 a barrel." BP "has touted the field will deliver 1.5bn barrels of oil, making it the biggest find yet in the Gulf of Mexico. One BP employee said the UK oil and gas company was moving to revise down expectations from the field, with new estimates that it might contain just 600m barrels of oil." The Times notes, "The oil and gas platform, the world's largest of its type, was found to be listing badly after its evacuation during Hurricane Dennis in July last year."

The Wall Street Journal (9/19, Cummins, 2.03M) reports BP "said it will further postpone the start-up of its long-delayed Thunder Horse oil field in the Gulf of Mexico, making its long-term production goals harder to achieve. BP said it will replace much of the field's underwater equipment because of a failure during recent testing." The Journal says, "The problems with Thunder Horse -- which is 75%-owned by BP and 25%-owned by Exxon Mobil Corp. -- demonstrate the risks involved in such deep-water projects, which are finding increasing appeal amid high oil prices and the scramble to secure new reserves."

Higher Prices Stop Wall Street Rally. The Financial Times (9/19, O'Doherty) reports, "A morning rally on Wall Street fizzled out on Monday as oil prices climbed and investors became cautious ahead of the US Federal Reserve's meeting on interest rate policy on Wednesday. Energy stocks ticked higher after" BP's announcement.

NBC Nightly News (9/18, story 8, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York today. The markets were flat the Dow was down about 6 points [to close at 11,555.00]. The Nasdaq was up about a tenth of a point [to close at 2,235.75]. The Wall Street Journal (9/19, McKay, 2.03M) says "the broad Standard & Poor's 500-stock index rose 1.31 points to 1321.18, up 5.8% on the year."

The New York Times (9/19, 1.21M) runs a similar story under the headline "Inflation Fears And Rising Oil Prices Bring Rally To A Halt."

Judge Orders Strip Clubs To Comply With Prince George's Crackdown. The Washington Times (9/19, Mcelhatton) reports, "A federal judge has upheld Prince George's County's crackdown on strip clubs, but temporarily ruled against a measure requiring individual strippers to post licenses issued by the county." The Times continues, "U.S. District Court Judge Deborah K. Chasanow on Friday refused to issue a restraining order to block enforcement of the county's laws on adult entertainment, including a ban on nude dancers mingling with club patrons. … The Nico Banquet Hall in Camp Springs, Bazz and Crue in Forestville and the Showcase Theater in Beltsville filed a federal lawsuit against the county last month challenging the constitutionality of the laws. … 'The clubs will have to comply' while the case moves ahead, said Tonia Belton-Gofreed, assistant state's attorney for Prince George's County." The Times adds, "The legislation, which an attorney for the clubs called 'sweeping and devastating,' include a provision that prohibits

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clubs from operating after 1 a.m. Among other new restrictions, dancers must be on stages that are at least 18 inches high and performances must take place at least six feet from customers. … Judge Chasanow denied the request for a restraining order on all of the measures except for a provision saying that dancers must post their licenses in a work area."

Gallup Poll Shows Generic Ballot Tied And Highest Bush Approval In A Year. USA Today (9/19, Lawrence, Page, 2.27M) reports, "Amid falling gas prices and a two-week drive to highlight his administration's efforts to fight terrorism, President Bush's approval rating has risen to 44% in a new USA TODAY/Gallup Poll. That's his highest rating in a year." The poll also "showed likely voters evenly divided between Democratic and Republican candidates for Congress, 48%-48%. Among registered voters, Democrats had a 51%-42% advantage." Bush's approval rating "has edged up largely on the strength of Republicans coming back to the fold -- 86% with him now compared with 70% in May." The new poll "found likely voters more prone to vote for candidates who support Bush on terrorism, 45%-28%, and evenly divided on those who support and oppose Bush on Iraq. More than a quarter said Iraq is their top concern this fall. For the first time since December 2005, a majority of people did not say the war there was a mistake; the split was 49%-49%."

As Midterms Near, DNC Has One Fifth Funds Available To GOP. The AP (9/19, Kuhnhenn) reports the national Democratic Party "has spent millions on raising money, consultants and building state parties, entering the weeks before Election Day with only about one-fifth as much as the Republicans for races that could decide control of Congress." The Republican National Committee is "prepared to spend $60 million over the next seven weeks on advertising and get-out-the-vote efforts to protect the GOP's narrow majorities in the House and Senate." The Democratic National Committee "plans to use about $12 million, all devoted to getting voters to the polls. Even in that effort, though, it has set aside only an average of $60,000 in each of the 40 most competitive congressional races in the country." Under Chairman Howard Dean, the DNC "has delivered more resources than any other toward building the party at the state level. In doing so, the DNC as of July 31 had transferred nearly $17 million to state and local party committees across the country, with significantly more going to states with competitive races, according to party officials." Both parties will "rely heavily on their congressional campaign committees for advertising and voter outreach. But while the GOP is operating at a political disadvantage this election, its financial edge could be crucial for Republicans to retain political power."

Morris Says GOP On Track To Hold 51-49 Senate Majority. Dick Morris said on Fox News' Hannity and Colmes (9/18) that "right now there's not a strong Democratic trend, so probably the Republicans at this point are 51-49" in the Senate.

Allen Says Webb Campaign Is Based On Single Issue. The Richmond Times-Dispatch (9/19, Hardin) reports Sen. George Allen "branded Democratic challenger Jim Webb a single-issue candidate yesterday over Webb's opposition to the Iraq war and its central place in his Senate bid." Allen, "forced to defend the divisive war again," said, "This is the one issue that drives my opponent's campaign." The Times-Dispatch added Webb, "did not back off from the Iraq issue during the freewheeling debate sponsored by the Fairfax County Chamber of Commerce."

The AP (9/19, Lewis) reports Allen "criticized his Democratic challenger, Jim Webb, in a debate Monday for suggesting that Iraq and Syria be part of a multinational settlement to end sectarian bloodshed in Iraq." Allen "attacked Webb for saying in Sunday morning's debate on NBC's 'Meet The Press' that Iran and Syria needed to be part of a multinational discussion on Iraq." Said Allen, "It doesn't make much sense to me to have a country like Iran, which is clearly a state sponsor of terror, ... to have them forming the future of Iraq." The AP adds Webb, "an outspoken opponent of 2003 Iraq invasion, said he and Allen differed profoundly about nearly every aspect of the war." Webb said "a ceasefire in Afghanistan was possible only because its neighbors, including Iran, were involved."

The Washington Post (9/19, B1, Craig, Shear, 748K) reports Allen "urged voters to return him to the Senate because he's a familiar face ('you know me') with a record of service. Webb, a former Marine and secretary of the Navy who has never run for office, countered that the country is 'breaking apart' and needs fresh blood in Washington." The event, "sponsored by the Fairfax County Chamber of Commerce, was moderated by George Stephanopoulos of ABC News and televised by NewsChannel 8 and C-SPAN." The debate – "as well as one Sunday on NBC's 'Meet the Press' -- brought a new intensity to the Virginia campaign, but political observers said neither event was likely to alter a close race." At times, "the candidates' responses got heated. One of the journalists who asked questions forced Allen to defend his mother, while Webb again was dogged by charges that he is insensitive to women in the military. The candidates also argued over how best to fight the war in Iraq and whether the United States should involve Iran in Iraq's future."

The Washington Times (9/19, McLaughlin, 88K) reports Allen "tried to portray Democratic challenger James H. Webb Jr. as a one-issue candidate who focuses on the war in Iraq." Both candidates "spelled out their differences on the federal government's handling of the war in Iraq, embryonic stem-cell research and increasing health-insurance options. They also weighed in on the possibility of granting the District a vote in the U.S. House of Representatives." On embryonic stem-cell research, Webb "said he -- like former first lady Nancy Reagan -- supports federal funding for the research. Mr. Allen, like President Bush, said he opposes federal funding for such programs because advancements in science have allowed adult stem cells to fill a similar scientific role without destroying human embryos."

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The Washington Post (9/19, B1, Barnes, 748K) reports Allen was "clearly hoping that yesterday's debate in front of the Fairfax County Chamber of Commerce would offer up a different topic of conversation. So what does he get? A question about whether his mother taught him a racial slur and whether he's tried to cover up that his grandfather might have been a Jew. It's been that kind of a month for the Republican once hailed as Virginia's sunniest politician."

Debate Features Question On Whether Allen Has Jewish Roots. In the Washington Post's "Washington Sketch" column (9/19, A2), Dana Milbank says, "Just when you thought Virginia's U.S. Senate race couldn't get any weirder, the Jews of Tunis are making a cameo. At a debate in Tysons Corner yesterday between Republican Allen and Democrat Webb, WUSA-TV's Peggy Fox asked Allen, the tobacco-chewing, cowboy-boot-wearing son of a pro football coach, if his Tunisian-born mother has Jewish blood." Fox said, "It has been reported… your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebears include Jews and, if so, at which point Jewish identity might have ended?" The Post adds Allen "recoiled as if he had been struck. His supporters in the audience booed and hissed." Allen said, "To be getting into what religion my mother is, I don't think is relevant. Why is that relevant -- my religion, Jim's religion or the religious beliefs of anyone out there?" The Post adds that it "turns out the Forward, a Jewish newspaper, reported that the senator's mother, Etty, 'comes from the august Sephardic Jewish Lumbroso family' and continued: 'If both of Etty's parents were born Jewish -- which, given her age and background, is likely -- Senator Allen would be considered Jewish in the eyes of traditional rabbinic law, which traces Judaism through the mother.'"

Burns Pushed Vonage Bill After Flight On Chartered Jet. The AP (9/19, Jalonick) reports Sen. Conrad Burns "flew on a private plane chartered by Vonage Holdings Corp., just days after he pushed legislation that the company has advocated for more than a year." Burns accompanied Vonage lobbyist Frank Cavaliere "on the company's chartered plane to and from the '13th Annual Burns Classic Golf Weekend' in Bigfork, Mont., on Saturday. Cavaliere and a Burns spokesman both confirmed the plane trip to The Associated Press on Monday." The fundraiser was "held two days after the Senate passed a Burns-sponsored amendment that was pushed in various forms by Vonage and several public safety groups. The amendment was added to a port security bill that the Senate approved 98-0 on Sept. 14." The legislation, "originally sponsored by Democratic Sen. Bill Nelson of Florida, would give Internet phone companies the ability to better provide their consumers access to 911 services."

Rasmussen Poll Shows Whitehouse Leading Chafee By Eight Points. In its "Washington Wire" column on its web site, the Wall Street Journal (9/18, 2.03M) reported, "In Rhode Island, Democratic Senate candidate Sheldon Whitehouse is leading Republican incumbent Lincoln Chafee by eight points, according to a poll released today. It's the fourth poll by Rasmussen Reports to show the former attorney general with a lead over Chafee. … Today's poll, the first by Rasmussen after Chafee's hard-fought primary victory last week over Cranston Mayor Steve Laffey, showed Chafee has the support of 74% of likely Republican voters compared with 65% in the last poll before the primary. The relatively small number of Republicans in Rhode Island, however, makes that figure less than comforting. Whitehouse had support of 80% of Democrats in the poll. The poll of 500 likely voters was taken on Sept. 13 and has a margin of error of 4.5 percentage points."

War Critics Give Cantwell A Break In Washington State Senate Primary. In what the New York Times (9/19, Yardley, 1.21M) calls a "cold dose of pragmatism," Democrats appear to be giving Sen. Maria Cantwell a pass "for having voted for the war in Iraq." After war supporter Sen. Joe Lieberman lost his primary bid last month, "many Democrats here say attacking Ms. Cantwell in Tuesday's primary seems flat-out foolish because it could benefit the well-financed Republican challenger in November. … After all, unlike in Connecticut, the question here is not whether another Democrat will unseat Ms. Cantwell. Instead, the wild card is whether antiwar opponents will peel away enough support to leave her vulnerable to the Republican opponent, Mike McGavick, a former insurance executive who recently put $2 million of his own money into his campaign."

The Hill (9/19, Blake) notes that unlike Lieberman, Cantwell has sought "to distance herself from the unpopular war. Her opponents say that the shifts are cosmetic, but Cantwell's poll numbers have jumped in recent weeks, undermining what had been Republicans' hopes of a dramatic pick-up in the Senate." The Hill adds, "Today's primary, which includes anti-war Democrat Hong Tran, could provide an indication of how many anti-war Democrats remain unhappy enough with Cantwell to cast a protest vote against her. She will face two third-party anti-war candidates in November, and in a close race that could cost Cantwell her seat."

The Washington Times (9/19, Bellantoni, 88K) reports that while Tran "knows she is highly unlikely to beat incumbent Sen. Maria Cantwell, she says her fellow Democrat's October 2002 vote in favor of the Iraq war is worthy of electoral punishment." The Times adds, "In addition to the war, Mrs. Tran disagrees with the freshman senator on trade policy, and says Miss Cantwell votes to help special interests instead of working people. Miss Cantwell has the money, name recognition and the state and national party machines behind her, all things that will probably propel her to victory today. She also currently holds a wide lead over Mr. McGavick."

GOP Sees Vulnerability In Cantwell's Ties To Lobbyist. Roll Call (9/19, Duran) reports that Cantwell's personal ties to lobbyist Ron Dotzauer "have come under intense scrutiny in recent weeks. But it is unclear if their friendship will hurt Cantwell re-election efforts." Dotzauer "has been involved in every race Cantwell has ever run. Cantwell worked for him at his former consulting firm, Northwest Strategies. At one point they were a

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couple and when he fell on hard times financially, Cantwell loaned him money. When she sought to unseat then-Sen. Slade Gorton (R-Wash.) in 2000, Dotzauer shelved his business to manage Cantwell's campaign. … Republicans strategists think that in a year when GOP candidates have been on their heels for lobbyist ties -- think superlobbyist-turned-felon Jack Abramoff and his tentacles, or disgraced former Rep. Duke Cunningham (R-Calif.) -- the Cantwell-Dotzauer connection may blunt the image of the GOP as the party of special interests."

Steele Ad Does Not Mention He Is Republican. The Washington Post (9/19, C1, Farhi, 748K) reports on Maryland Republican Senate hopeful Michael Steele's new ad. In the ad Steele appears with a puppy, saying, "Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies. And I think you deserve better -- some real ideas for change." The Post adds, "Political ads tend to come in two flavors: the kind in which candidates shake hands with supporters and embrace schoolkids, and the kind in which basso-voiced announcers warn that the opponent is bad news. So far, Steele has taken a third approach: the candidate as your pal, the friendly, reasonable guy who's beyond politics. … The spots never mention that Steele is running as a Republican, or that he is the second-highest-ranking member of his party in Maryland. Or that he was once chairman of the Maryland Republican Party. Indeed, the word 'Republican' doesn't appear anywhere on Steele's Web site, and his official bio omits his tenure as party chairman."

One Out Of Every Five Democratic Ads Features Bush. CNN's The Situation Room (9/18, Blitzer) reported, "More proof today that Democrats are trying to make the midterm election a referendum on President Bush -- an independent analysis shows that one out of every five TV ads by a Democrat or Democratic group in the battle for Congress features the President in an unfavorable light. The study was conducted by Campaign Media Analysis Group, CNN's consultant on political advertising."

Bush To Raise Funds For Crist In Florida. In its "Washington Wire" column on its web site, the Wall Street Journal (9/18, 2.03M) reported, "It's apparently all hands on deck as national Republicans try to boost the campaign coffers of Florida gubernatorial candidate Charlie Crist. … President Bush plans to fly down to Orlando Thursday for a fund-raiser, and Massachusetts Gov. Mitt Romney and the Republican Governors Association just pledged $1 million to Crist's campaign, calling it 'the highest priority state.' Crist's campaign is trying to raise some $30 million. As of Sept. 8, it has already spent about $13 million, Florida campaign finance records show."

Democrats Expected To Pick Up Gubernatorial Seats. The Christian Science Monitor (9/19, Feldmann, 58K) reports the Democratic Party "may well emerge from the November elections with a majority of governors' seats for the first time since 1994. The Republicans are 'going to lose governors' seats, there's no question,' says Jennifer Duffy, an expert on gubernatorial races for the nonpartisan Cook Political Report. She predicts a net Democratic gain of four to six seats." Currently, the GOP "majority in governors' mansions stands at 28 to Democrats' 22, but the Republican Party is defending far more seats this fall than are the Democrats. Of the 36 seats on the ballot, 22 are held by Republicans and 14 by Democrats. Among the 10 incumbents vacating their seats, nine are Republicans, including Alaska Gov. Frank Murkowski, who lost in a rare primary defeat for a sitting governor." Winning a "majority of governors' seats holds mainly symbolic importance. But it is still in each party's interest to control as many governorships as possible." Governors' mansions "are the training ground of future presidents. (Four of the past five presidents were ex-governors.) Governors who aren't running for president can lend the support of their local political infrastructure to politicians from their party who are."

Unified New York Democrats Rally Against Bush, Pataki. The New York Times (9/19, Healy, 1.21M) reports, "Chest-thumping leaders of the New York Democratic Party rallied" in Smithtown and "predicted a clean sweep of statewide offices in the November election over the enemy — identified by one Democratic speaker after another as 'the two Georges,' Messrs. Bush and Pataki." The party's "tight focus on President Bush and Gov. George E. Pataki, instead of the actual Republican candidates this fall, is the latest sign of the low regard in which Democrats say they hold their opponents. They are so confident of outright victory that they are now shooting for bigger game — an electoral rebuke of Mr. Bush and Mr. Pataki." The event, "technically a business meeting, was striking in comparison with dealings among the Republicans. John Spencer, the Republican nominee facing Senator Hillary Rodham Clinton, has refused to take telephone calls, including a concession call on primary night, from the woman he defeated, Kathleen Troia McFarland." A poll "released on Monday by the Siena Research Institute showed Mr. Spitzer with a lead of 51 percentage points over Mr. Faso, and Mrs. Clinton with a 29-point lead over Mr. Spencer. The poll, conducted by telephone, surveyed 625 likely New York voters and had a margin of sampling error of plus or minus four percentage points."

AIG Said To Evade New York Contribution Limits. The New York Times (9/19, A1, McIntire, 1.21M) reports New York law "prevents corporations from contributing more than $5,000 a year to candidates for state office, but one of the world's largest insurance companies has skirted those limits in giving almost 20 times that amount to some of New York's most prominent politicians, according to a review of contribution data." American International Group "has enlisted dozens of obscure subsidiaries to distribute contributions, all drawn from a common A.I.G. bank account and often through sequentially numbered checks, totaling hundreds of thousands of dollars." AIG "defends the contributions, which seem to comply with the law as

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interpreted by the State Board of Elections." The donations "in recent years include totals of $50,000 to the gubernatorial campaign of Attorney General Eliot Spitzer; $335,000 to those of Gov. George E. Pataki; $34,300 to the campaign of Lt. Gov. Mary O. Donohue; and $25,000 to the 2006 campaign of Comptroller Alan G. Hevesi."

Schwarzenegger Signs Bill Giving LA Mayor Greater Control Over Schools. The Los Angeles Times (9/19, Muskal, 918K) reports Gov. Arnold Schwarzenegger "signed a bill that gave the mayor of Los Angeles greater control over the Los Angeles Unified School District and could change how the city's 730,000 students are taught." At a ceremony "at the Central Library in downtown L.A., Schwarzenegger signed the bill that gives Mayor Antonio Villaraigosa a leading role among other mayors in the school district's affairs. The bill also gives Villaraigosa direct control over three high schools and their feeder schools." The signing "is the latest — but probably not the last -- step in the political infighting as Villaraigosa pushed to get a voice in educational affairs. The school board, which loses power under the bill, has said it will sue to overturn the measure whose constitutionality has been questioned."

Obama Gets "Rock Star Treatment" At Harkin Event In Iowa. CNN's The Situation Room (9/18, Bash) reported, "Senator Tom Harkin's Steak Fry is an annual Iowa event that always draws presidential hopefuls looking to win over Democratic activists. This year, potential 2008 candidates, like Iowa's current governor, Tom Vilsack, and the former Governor of Virginia Mark Warner, were in attendance. But even they knew most of the 3,500-plus in the crowd came to catch a glimpse of a rising star in the Democratic Party, Barack Obama." It was "rock star treatment for a 45-year-old Senator in office just two years, 97 of 100 in Senate seniority." There were "T-shirts and petitions begging him to run in '08. He doesn't say yes, but he doesn't say no. … Obama may try to sidestep questions about 2008, but there is evidence of more than a passing interest. At his side all day was an operative who ran Al Gore's 2000 campaign here. And his staff made a point of introducing the senator to an activist quoted in the local newspaper, saying she was going to drive 130 miles to see if he was the real deal."

McCain Opposition To Bush On Interrogation Tactics Could Hurt 2008 Effort. The Washington Post (9/19, A1, Babington, Baker, 748K) reports in a front page story that McCain's "bid to position himself as the natural heir to President Bush as a wartime commander in chief and to court conservative leaders in advance of his likely 2008 presidential campaign has threatened to run aground in recent days, as the two men clash over how to detain and try terrorism suspects." For months, McCain "has been wooing Bush's donors, hiring his former advisers and standing by him in the Iraq debate. But the fragile rapprochement between two men who were once bitter rivals for the presidency is facing a sharp new test over McCain's rejection of Bush's pleas to let the administration interpret the Geneva Conventions as it sees fit." The impasse "is likely to be settled within a few days but could remain hanging when lawmakers adjourn in a few days. Either way, it is likely to carry a long echo -- especially if the senator from Arizona forces Bush to back down." In a "reprise of criticism showered on McCain during his 2000 campaign, some prominent conservatives are branding him a disloyal Republican and an unreliable conservative because of his assertiveness on the detainee issue."

The Los Angeles Times (9/19, Hook, Simon, 918K) reports, "Conservative activists are heaping criticism on Sen. John McCain for fighting President Bush over proposed rules for the interrogation of terrorism suspects, a dispute that has reopened long-standing divisions between the maverick Republican lawmaker and his party's establishment." The "attack from the right, which coalesced over the weekend, could undercut McCain's effort to woo Bush backers and other party regulars for an anticipated 2008 presidential bid. His position on terrorism prisoners has fueled critics' skepticism about McCain's conservative credentials." But even as "conservative leaders berated McCain for refusing to yield to Bush, the high-profile battle could burnish the Arizonan's credentials among admirers who have been concerned about his moves to court the GOP establishment. His aides say McCain's position in the interrogation dispute is a matter of conscience — not calculation — but they still see a political upside." McCain adviser John Weaver said, "When he does the right thing and he knows it, that works out well for him. He's going to see this through."

Cohen Says McCain The Man To Trust In Detainee Debate. In his Washington Post column (9/19, A21), Richard Cohen says in "the current fuss over the Geneva Conventions: When it comes to George Bush and John McCain, who -- or whom -- do you trust?" The "contest, after all, is between a president who has repeatedly broken faith with the American people over the war in Iraq -- everything from weapons of mass destruction to disingenuous assurances that torture has not been used in the interrogation of suspects -- and a former Vietnam War prisoner who was tortured by his jailers because, among other things, he refused an offer of early release. There is nothing in George Bush's life that even approaches what McCain has done." For the moment, "the spotlight is on McCain and Bush -- a delightful GOP squabble. But it is the Democrats who ought to be paying close attention. For while the Democrats are awash in potential presidential candidates, they have nobody who even remotely approaches McCain's stature." McCain "embodies a quality for which the country yearns: integrity. He is a man of his word."

Kerry Describes His Religious Faith. The AP (9/19, Blood) reports, "Democratic Sen. John Kerry on Monday urged people of faith to work cooperatively on problems such as poverty, global warming and reducing the number of abortions – 'godly tasks' that transcend the nation's culture wars." In a speech "laced with anecdotes of his own journey of faith," Kerry, a Catholic, "told students in a speech at Pepperdine University that 'we can take up God's work as our own.'" Kerry's remarks "were

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among his most extensive ever on religion. He alluded to the 2004 election, saying his past reticence to openly discuss his faith allowed others to 'draw the caricature for me. I will never let that happen again.'"

The Washington Post (9/19, A4, Cooperman, 748K) reports Kerry said it was "a speech he said he wishes he had given before the 2004 presidential election." Kerry said in Malibu, CA, that "he "wandered in the wilderness" after the Vietnam War but came back to the Roman Catholic Church after a sudden and moving revelation in the late 1980s."

Liberal Evangelicals Launch Campaign Effort. Liberal evangelicals have launched a campaign to promote Christian values beyond the issues of abortion and gay marriage. The AP (9/19, Elliott) reports, "Red Letter Christians, a project of Sojurners/Call to Renewal, announced plans to establish a grass-roots network of 7,000 moderate and progressive clergy members. … The project's name comes from the color of some Bible's type, with words directly attributed to Jesus appearing in red. … The Red Letter Christians campaign plans to use voter guides for congregants and briefings for their leaders to argue education, poverty and the environment are all evangelical issues."

The Washington Times (9/19, Duin, 88K) reports that the group "says it bases its actions and political philosophy on the words of Jesus, which appear in red lettering in some versions of the Bible." The Times adds, "Red Letter Christians was organized by the evangelical left Sojourners magazine and its affiliate, Call to Renewal. The Rev. Jim Wallis, founder of the magazine, said he will be debate former Christian Coalition head Ralph Reed this week on a new blog at www.godpolitics.com. Sojourners also plans to issue 200,000 'Voting God's Politics' voter guides and sponsor an Oct. 2 candidates' forum in the key electoral state of Ohio."

Texans Eulogize Former Governor Richards. NBC Nightly News (9/18, story 13, 0:20, Williams) reported, "In Austin, Texas, today, a memorial service for former Governor and Democratic Party leader Anne Richards. More than 4,000 people, including famous friends and local folks came to pay their respects. Eulogies there today told of her sharp wit and deep dedication to women's rights and helping the less fortunate. She died last Wednesday of cancer. She was 73 years old."

Study Finds Most Teachers Are Trained At Colleges With Low Standards. The New York Times (9/19, Finder, 1.21M) reports a study by the Education Schools Project, titled "Educating School Teachers" and authored by Arthur Levine, former president Of Columbia University Teachers College, found that "Most American teachers [54%] are trained in university programs with low admission and graduation standards." The report further found that these teachers had "lower high school grades and lower standardized test scores than students at research universities" and that students taught by them "had smaller increases in their math and reading test scores than did students taught by graduates of more prestigious doctoral universities." Levine recommended that some of these programs "be dropped, and he proposed expansion of the teacher training programs at major research universities." He also proposed that "teachers should be trained for five years, with four years in a traditional subject…and one year of learning how to teach." In response, Arthur E. Wise, president of the National Council for Accreditation of Teacher Education, criticized the report as "elitist" and others called it "impractical."

The AP (9/19, Feller) added that these teachers graduate "woefully unprepared for their jobs." The report is said to "cast doubt on the most basic aspects of how teachers are taught." Levine said most teacher programs are "poor or mediocre."

Report Finds High School Dropouts Have Much Lower Levels Of Civic Involvement. The Washington Post (9/19, Goldstein, 748K) reports the National Conference on Citizenship, "a nonprofit organization created by Congress," issued a report titled "Broken Engagement, America's Civic Health Index" finding that "High school dropouts are significantly less likely than better-educated Americans to vote, trust government, do volunteer work, or go to church," all of which is described as "a widening gap in 'civic health' between the nation's upper and lower classes." Evidence for the "widening gap" is found in voter turnout, which "plummeted from 1976 to 2004 to 31 percent" among high school dropouts, "half the 62 percent of college graduates who voted in 2004." The report also found some "hopeful signs" including "a recent increase in volunteering, particularly among young people, and an upturn in political involvement since the late 1990s." That increase was, however, said to be "mostly an upper-middle-class phenomenon."

States Offer Incentives For High School Students To Take More Demanding Courses. The Washington Post (9/19, A6, 748K) reports, "Since the February 2005 National Education Summit on High Schools," eight states "have stiffened course requirements for students to get a diploma. Twelve states have business-sponsored State Scholars programs to encourage students to take college-preparatory courses. All 50 states and the District of Columbia offer incentives for students to take Advanced Placement, International Baccalaureate or dual enrollment courses in cooperation with local colleges."

Ramstad, Kennedy Relationship Flouts Congress' Partisan Divisions. The New York Times (9/19, Leibovich, 1.21M) reports on the relationship between Democratic Rep. Patrick Kennedy and GOP Rep. Jim Ramstad, who is acting as Kennedy's sponsor, his "primary source of advice and support in what he calls 'the daily fight for my life' against addiction." The Times adds that the day after Kennedy's Capitol Hill car accident in May, he "received a phone call from Mr. Ramstad, a recovering alcoholic who has been an evangelist in Congress for addiction treatment and 12-step recovery programs. The men did not know each other well. But in battling their addictions, the two built a fast kinship that flouts the partisan divisions of Congress, their own divergent politics and the conditional nature of so many

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friendships in Washington. They speak daily, often several times. Mr. Ramstad visited Mr. Kennedy during his 28-day rehabilitation, driving two hours each Saturday from his Minnetonka home."

Los Angeles Human Rights Panel Reaffirms Award For Muslim Leader. The Los Angeles County Human Relations Commission yesterday voted to reaffirm its selection of Muslim leader Maher Hathout for a human relations award. The Los Angeles Times (9/19, Watanabe, 918K) reports that the vote ends "a bitter, two-week battle that many lamented has seriously set back the region's Muslim-Jewish relations." The Times adds that "only four of the 14 commission members voted to support Hathout, chairman of the Islamic Center of Southern California and the first Muslim to receive the county's John Allen Buggs Award. Five members abstained; four were absent. But Hathout said he was unconcerned by so many abstentions and called the vote a victory for free speech, inclusiveness and a rejection of the 'tactics of intimidation.'"

Brazile Calls For Democratic Unity Going Into 2006 Elections. In her Roll Call (9/19) column, Donna Brazile calls for unity among Democrats going into this year's election, noting that "the stakes are too important for Democrats to be distracted by internal dissension." Brazile writes that it is "time that Democrats put aside their perennial squabbling and unify the party going into Election Day." Democrats "need to reach consensus on leadership posts, party direction and resource allocation. Democrats need to face the reality that the public yearns for strong, effective leadership, as opposed to a mere partisan message with a Democratic slant. They want leaders who can get things done without contributing to the mess in Washington, D.C."

Milken Says Baby Boomers' Nest Eggs Are Secure. Michael Milken, chairman of the Milken Institute, writes in the Wall Street Journal (9/19, 2.03M) that as baby boomers "start moving into our seventh decade, it's logical to ask what effect baby-boomer retirements will have on real estate and financial markets. The question is logical, but it puts the emphasis on the wrong side of the equation. The real future value of US assets won't be determined by retirements, but by policy decisions on education, taxation, regulation, immigration, international investment and the environment. Baby boomer asset liquidation isn't really a financial market issue because (1) there's plenty of liquidity in the global economy; (2) as the rest of the world becomes wealthier, people outside the U.S. will own a greater percentage of global assets and they'll want to keep a share of their net worth in America; (3) liquidity will grow in both developed and developing nations as they adopt recent American financial innovations and market structures; (4) as baby boomers live longer and healthier, their new mantra will become 'Who wants to retire?' and (5) most assets won't need to be sold." Milken adds that "as long as we maintain asset values by enhancing human and social capital, I believe the future of the baby boomers -- and their nest eggs -- is secure."

Professor Says Policies Should Aim To Reduce "Poverty Inflow." Bradley Schiller, a professor of economics at American University, writes in the Washington Post (9/19, A21, 748K), "The recently released poverty data paint a grim picture of life in America. Once again the US Census Bureau tells us that 37 million people -- one of every 12 residents -- is living hand-to-mouth in the United States. This is a shocking statistic." Schiller adds, "Well over a million immigrants -- both legal and illegal -- enter the country every year. Most come in at the lowest rungs of the economic ladder, working for the minimum wage or less. The household poverty rates among immigrants are twice as high as those of non-immigrants." Schiller adds, "We don't have a permanent poverty caste in the United States. Instead we have a very fluid combination of demographic, social and economic forces that propel people in and out of poverty. Policy choices should focus on reducing institutional barriers that slow the poverty outflow and expanding (temporary) safety nets (e.g., unemployment benefits, child support) that reduce the poverty inflow."

Kristof Calls For Routine AIDS Testing In High-Prevalence Countries. Nicholas Kristof writes in the New York Times (9/19, 1.21M) that "the world can't address global poverty unless we tackle AIDS effectively." Kristof adds, "An essential challenge is that 90 percent of those with H.I.V. worldwide don't know it, and you can't begin to tackle the disease when no one knows who has it. … It's time to move to routine testing." Unless "they specifically opt out, people in high-prevalence countries should be tested whenever they enter the medical system, marry, enter the armed forces, take a job in the civil service, or get pregnant. That should be coupled with a pledge to try to make treatment available to all who test positive." Kristof adds, "We need a more aggressive approach, built around greater testing."

LATimes Says Wolfowitz Critics Wrong On His Effort To Combat Corruption. The Los Angeles Times (9/19) says in an editorial, "When President Bush appointed former Deputy Defense Secretary Paul D. Wolfowitz as head of the World Bank 18 months ago, it was as if John Ashcroft had been tapped to run the American Civil Liberties Union. Not since an architect of another war, Robert McNamara, led the bank has there been such mistrust within the development community, which typically ranges from left-leaning to socialist on the political scale." The "clash of perspectives is part of the reason for the recent tiff over Wolfowitz's drive to root out corruption in poor countries. In advance of this week's meeting of finance ministers in Singapore, Britain threatened to withhold a $94-million contribution to the bank, while debate over Wolfowitz's policies has been roiling the bank's executive board for months." Critics are "irked by Wolfowitz's tendency to cut off money to governments accused of corruption." Under his "leadership, the bank has blocked more than $1 billion in loans because of illegal practices by recipients." Wolfowitz has "thwarted most of his

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critics by consistently doing the right thing. He has increased bank lending, helped lead a drive to forgive the debts of some of the world's poorest nations, spoken out against the developed world's agricultural protectionism and is a tireless advocate for the principle that rich countries are obliged to live up to their past promises to increase foreign aid. He has earned more leeway from his overseers, even if they don't approve of his friends in the White House."

WSJournal Praises Union Spending Disclosure Requirements. The Wall Street Journal (9/19, 2.03M) editorializes that this year, "for the first time, rank-and-file union members are getting a look at precisely how much of their mandatory dues money is going to fund [AFL-CIO President John] Sweeney's political causes, and plenty of other interesting details as well. … Whereas unions used to lump millions of dollars of disbursements into such vague categories as 'sundry expenses,' the new regime requires them to provide a detailed breakdown of who or what received union money: issue advocacy groups, political consultants, polling outfits, even hotels at which their members stayed." The Journal adds, "Unions should have the right to spend whatever they want on politics, and we've defended that right against McCain-Feingold and other campaign-finance limits. At the same time, however, union members who don't like the way their coerced dues are spent have the right under the Supreme Court's Beck decision to ask for the political and grant portion of that money back. May these illuminating LM-2 disclosures be spread far and wide."

NYTimes Decries Special Interest Influence On Judicial Elections. The New York Times (9/19, 1.21M) editorializes, "Contests for important state judgeships around the country are getting nastier, more partisan and tons more expensive. Monied interests seeking to influence court decisions are spending lavishly to boost preferred candidates, much as they do in campaigns for regular political office. Today's round of judicial elections in Washington State points to the seriousness of the problem and its threat to judicial integrity, independence and impartiality. … There is no perfect way to choose a judge. But to undermine the whole purpose of the court system by allowing special interests to buy judgeships, or at least try to, is the worst system of all."

WPost Says Leadership Change Needed To Restore Confidence In Montgomery County Elections. The Washington Post (9/19, A20, 748K) editorializes, "Those hoping to understand how and why Montgomery County so thoroughly botched primary day last week were sadly frustrated -- if not enraged -- by the unhelpfulness of top election officials at a County Council hearing on the subject yesterday. Only one thing became clearer: A change in leadership is needed to restore confidence in the county's ability to conduct elections." The Post adds, "There is, as we have said, no doubt that partisan bickering among Gov. Robert L. Ehrlich Jr. (R), the legislature and the state Board of Elections caused stresses and strains that affected local boards of elections. However, the conduct of elections is the responsibility of county boards. While State Elections Administrator Linda H. Lamone could do more, she cannot take over their duties. The state Board of Public Works is scheduled to hear from Ms. Lamone tomorrow in Annapolis. Let's hope the testimony leads to a plan of action for Nov. 7 and not a repeat of the blame game we saw yesterday in Rockville."

Bush To Make Major Push For Democracy In UN Speech. NBC Nightly News (9/18, lead story, 2:45, Williams, 9.87M) reported, "Good evening. Tomorrow morning, not that many hours from now, in fact, the President of the United States will address the United Nations General Assembly here in New York. In the audience there will be friends and enemies. Perhaps more enemies and more tension than in recent years. With the number of global threats to the US and with the Iranian President speaking just hours after President Bush, many are watching carefully to see how the President threads the needle in front of a tough audience." NBC (Gregory) added, "Certainly the Iraq war has made the world stage of the United Nations unfriendly for this President. Yet aides say, while here, Mr. Bush will not shy away from a major push for democracy in the Middle East. Despite the raging violence threatening Iraq's future, the President in New York today with the First Lady made no excuses for his foreign policy." President Bush: "We also believe strongly that as the world becomes more free, we'll see peace. That's what we believe. And we're going to act on those beliefs." NBC (Gregory) added, "The annual meeting of the UN General assembly highlights international hostility to the President's policies and the growing list of threats around the globe. From Iraq and radical Islam in the Middle East to nuclear showdowns with Iran and North Korea and genocide in Darfur. Observers say the President must show he's ready for diplomacy."

The AP (9/19, Riechmann) says Bush "faced disagreement Monday over how to confront Iran's nuclear ambitions and skepticism about his approach to Iraq and the Middle East as world leaders gathered for the U.N. General Assembly meeting." But Bush "was upbeat, focusing on his push for democratic change and first lady Laura Bush's call for governments to embrace literacy programs to improve lives."

The Washington Times (9/19, Dinan, 88K) reports Bush "said yesterday that his 'freedom agenda' remains the driving force for US international policy, a day before his address to the UN General Assembly." In his speech, Bush "is expected to challenge the world to foster that vision in the Middle East." The Washington Times (9/19, Pisik, 88K) also reports the "Administration plans to stress its 'freedom agenda,' particularly for the Middle East, a State Department official said."

McClatchy (9/19, Douglas, Strobel) reports "the nuclear standoffs with Iran and North Korea, the Israeli-Palestinian conflict and attacks in Sudan's Darfur region will top the president's agenda."

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CNN's The Situation Room (9/18, Malveaux) reported that a "centerpiece" of Bush's speech is a "call out Iran's president, Mahmoud Ahmadinejad, on what he believes is a weapons program; the need to stop him from building that nuclear arsenal that the United States believes he is involved in."

The New York Times (9/19, Rutenberg, 1.21M) reports, "The questions began before President Bush's helicopter even touched down in Lower Manhattan yesterday for a three-day visit marking the opening session of the United Nations General Assembly: Would they meet face to face? Even by chance? … Aides to Mr. Bush bristled yesterday at the notion that they were trying to avoid a chance run-in between Mr. Ahmadinejad and Mr. Bush in the United Nations hallways. Contending that they were giving no extra attention to the possible walking route of the Iranian delegation or the Iranian leader's bathroom schedule, they said that to do so would only help to elevate the stature of a man they would rather diminish. 'This is not Khrushchev and Kennedy taking a measure of one another for the first time,' said an administration official who would speak only on condition of anonymity because he was not authorized to speak freely on the matter. 'We're talking about the former mayor of Tehran here.'"

The Financial Times (9/19) reports, "One year ago, the United Nations was in turmoil, reeling from a wave of scandals, hamstrung by disagreements over terrorism, human rights and nuclear proliferation, and caught in an acrimonious and unravelling reform process. Some asked whether they even might be witnessing the death throes of the 60-year-old organisation, as its creaking architecture struggled to respond to the new challenges." Yet today, "as a panoply of leaders assemble to address this week's General Assembly session, the UN is back at the centre of almost every major dispute on the planet. Despite divisions among its members, the Security Council is tackling crises from Lebanon to Iran, from North Korea to Darfur and the Palestinian territories, let alone a wealth of lesser crises in Africa, Haiti and East Timor." And "notwithstanding its differences, the council has, or is at least trying to craft, joint positions on nearly all of them – albeit often with limited results, such as in Darfur." The Bush Administration, "public pronouncements aside, is embracing the UN in a way few would have imagined a year ago. By dispatching troops to Lebanon, Europe has put itself back in the business of peacekeeping."

On Eve Of Speech, Bush Meets With World Leaders In New York. CNN's The Situation Room (9/18, Malveaux) reported that President Bush met with "key leaders" in New York Monday, including the prime minister of Malaysia, as well as the leaders of El Salvador, Honduras and Tanzania. CNN added, "All of these leaders symbolic, if you will, in their efforts, their alliances with the United States in the war on terror. And that is what the President is going to focus on tomorrow before the General Assembly, when he makes his speech. It is going to on the broader war in terror, trying to sell that to world leaders, specifically talking about the Middle East, the importance of the international community, to focus on those fledgling democracies inside of Lebanon, the Palestinian Authority as well as Iraq."

The Washington Times (9/19, Dinan, 88K) reports Dan Fisk, senior director for the Western Hemisphere at the National Security Council, "said the leaders of El Salvador and Honduras backed the US position in a fight over which nation will take the Latin America slot on the U.N. Security Council that Argentina will vacate at year's end. Anti-U.S. Venezuelan President Hugo Chavez, backed by Iran, wants the seat for his country, but the US is backing Guatemala."

USA Today (9/19, Jackson, 2.27M) also reports on Bush's "personal diplomacy." Michael Green, who worked for Bush at the National Security Council, "said bilaterals can provide a relaxed forum to discuss issues such as beef sales to Japan or intellectual property rights in China." Today, Bush "meets with French President Jacques Chirac to discuss Iran's nuclear ambitions. Bush will also talk with Iraqi President Jalal Talabani and UN Secretary-General Kofi Annan, a critic of the US-led invasion of Iraq."

Pentagon Planning For Possible Military Action In Iran. CNN's The Situation Room (9/18, McIntyre) reported, "Pentagon sources tell CNN that all of the planning for possible military action in Iran comes under the heading of 'prudent and somewhat routine contingency planning.' But…that doesn't mean they're not thinking about it a lot. … The military option, preemptive air strikes by American stealth bombers, strike aircraft and cruise missiles using the latest bunker-busting munitions in an air assault lasting several nights and dropping thousands of bombs. … The potential targets, more than two dozen nuclear facilities spread across Iran. Some secret, some deep under ground, and some in populated areas that would have to be hit multiple times." CNN added, "The best-case scenario is Iran simply rebuilds and military action is needed in another two to five years. Worst case, Iran retaliates, sponsors terrorism, attacks US troops in Iraq, disrupts oil shipments through the Persian Gulf, pushing gas prices to record highs, and enflames anti-American sentiment in the Muslim world."

In Apparent Break With US, Chirac Offers Iran Talks Before Enrichment Suspension. The New York Times (9/19, Sciolino, 1.21M) reports, "In an effort to jump-start formal negotiations between six world powers and Iran over its nuclear program," French President Jacques Chirac "suggested Monday that Iran would not have to freeze major nuclear activities until the talks began." The Times adds Chirac "has consistently taken an extremely hard line against Iran both in public," but his comments yesterday "could be interpreted as a concession to" Tehran. Those comments "were the first time a leader of one of the six countries -- the five permanent members of the Security Council (Britain, China, France, Russia and the United States) and Germany -- has suggested that the suspension is not a precondition for talks." He "also made clear his opposition to sanctions." US officials "insisted that the American position had not changed: that the United States would not join the talks until Iran suspended uranium enrichment. They said that the Europeans and Iranians might hold preliminary talks on

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suspension, and once Iran verifiably suspended enrichment, America could join those talks." An anonymous Administration official "said he did not believe that Mr. Chirac had said anything that would require the United States to change its position." However, the statement "took Bush administration officials by surprise, in particular because ever since the six powers made a proposal to Iran on June 1 to provide a package of incentives in return for suspending enrichment, the Americans and the Europeans have been careful to appear unified. Russia and China might have to be dragged along, the thinking went, but the others would hold fast to the American line on sanctions."

The Washington Post (9/19, A14, Kessler, Abramowitz, 748K) adds, "In a potential break with the Bush administration," Chirac said "that he is 'never in favor of sanctions' and suggested that the United States and other nations could begin talks with Iran on its nuclear program before Iran formally suspends its nuclear activities." He "appeared to upend that diplomatic drive and signaled a widening breach on Iran between the United States and European partners, reminiscent of the debate over the Iraq invasion four years ago. Perhaps mindful of those tensions, some U.S. officials both publicly and privately played down Chirac's comments, insisting there was little daylight between the U.S. and French positions. But others said that the remarks took them by surprise and that they would seek an explanation from the French at meetings on Tuesday." The statement "represented another potential hurdle for Bush, who is coming to the United Nations this week seeking considerable assistance from the world community," while "U.S. leverage has been weakened by the ongoing war in Iraq, and diplomats are skeptical that the lofty theme of Bush's speech Tuesday -- bringing freedom and democracy to the Middle East -- will be of much practical significance in swaying countries to Bush's side." In his speech, the Post says, Bush "plans to take a far less aggressive approach to Iran than he did four years ago in arguing for action against Iraq." The Los Angeles Times (9/19, Farley, 918K) runs a similar story under the headline "France Now Opposes Iran Punishments."

The Financial Times (9/19, Arnold, Dombey) notes Chirac "could be heading for another clash with the US," while the AP (9/19, Ganley) calls the French leader's stance "a compromise… to kickstart talks between Iran and the international community." AFP (9/19) says Washington, "faced with a growing reluctance among its allies to impose sanctions on Iran, showed a new readiness to accept a two-pronged approach in their bid to end Tehran's suspected nuclear weapons program."

USA Today (9/19, Slavin, 2.27M), meanwhile, titles its report "Chirac Looks To Avoid Iran Standoff," and says Chirac "offered a way around a diplomatic standoff." The French President told USA Today in an interview, "I think we should be able to reach a solution."

The Wall Street Journal (9/19, King, 2.03M) says the Administration "faces stiffening opposition in Europe to its effort to impose sanctions on Iran." The Journal calls Chirac's statement "another sign that Europe strongly backs further talks with Tehran rather than threats of economic punishment." His remarks "dovetail with a growing sentiment among the leaders of Germany, France, Russia and China that the U.S.-led quest for sanctions…are counterproductive and should be set aside for now as Europe tries to engage Iran in a series of informal talks. Washington is also showing signs of increased flexibility on the Iran front, largely because it has gained so little support among key countries for imposing sanctions."

NBC Nightly News (9/18, lead story, 2:45, Gregory, 9.87M) reported, "Today, the White House softened the approach saying the US and its allies would negotiate with Iran if it would at least temporarily stop its push for a nuclear program."

Chirac Rebukes Sarkozy For His Pro-US Positions. The Financial Times (9/19, Arnold) reports Chirac "on Monday exposed deep ideological divisions at the top of the French government by rebuking Nicolas Sarkozy, his rebellious interior minister and likely successor, for toeing an overly pro-US line. … The French president, widely expected to step down next year, is thought to be furious about Mr Sarkozy's speech in Washington last week, when the interior minister criticised France's 'arrogance' in its relations with the US." The Times adds, "In a rare radio interview, the French president distanced himself from his interior minister, saying: 'We have relations [with the US] that can only be between equals, which cannot be a relationship of submission.'"

Venezuela, Iran Sign Trade Agreements. The Financial Times (9/19, Gunson) reports, "Hugo Chávez's efforts to build an anti-US coalition received a boost on Monday following a visit by Mahmoud Ahmadi-Nejad, Iran's president, to Venezuela and the signing of trade agreements between the two countries." The two presidents "are due to arrive in New York on Tuesday, where both are expected to address the UN General Assembly." Chávez, who "supports Iran's nuclear programme, reiterated with Mr Ahmadi-Nejad their opposition to 'US imperialism' and their support for a "multipolar" world order, free of the hegemony of what Mr Ahmadi-Nejad called 'the tyrants of the world -- above all, the Americans.'" The two leaders "signed 29 bilateral agreements in areas as diverse as petrochemicals, health, mining and agriculture."

Rice, Livni Meet With Abbas In New York. The AP (9/19, Gearan) reports Washington and Tel Aviv "sought on Monday to shore up a sometimes strained relationship with Palestinian President Mahmoud Abbas, who is trying to form a working alliance with Hamas officials who refuse to recognize the Israeli government." Secretary Rice "held a private meeting with Abbas without their usual retinue of aides, on the sidelines of the United Nations opening session." Assistant Secretary McCormack "would not detail U.S. goals for the meeting or say whether Rice carried a warning for Abbas about the consequences of a cozier relationship with Hamas. Her Israeli counterpart, Foreign Minister Tzipi Livni, was meeting with Abbas separately Monday night." Rice also met with Livni, "their third meeting in a week." President Bush will meet with Abbas tomorrow. AFP (9/19) adds Abbas "conferred with" Rice "in a New York hotel shortly after his arrival to attend the UN General

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Assembly debate," and later met with Livni. "The Palestinian leader's meeting with Rice came two days before he was due to hold talks with" Bush.

Haniyeh's Bodyguards Open Fire On Parliament Protesters. The AP (9/19, Hadid) reports bodyguards for Palestinian Prime Minister Ismail Haniyeh "opened fire outside the parliament building Monday to disperse a crowd of protesters angry over the government's failure to end a growing economic crisis in the Gaza Strip. One woman was wounded in the violence, which was sparked after protesters tried to block Haniyeh's motorcade as it arrived at the parliament building in Gaza." The AP continues, "Several hundred protesters — including unpaid civil servants and laborers who have lost jobs in Israel — greeted Haniyeh's motorcade as it arrived at the parliament building. They had set up a tent about two weeks ago and said they were angry that no government official has talked to them. When some of the protesters blocked Haniyeh's car, his bodyguards fired in the air to disperse the crowd, setting off a wild scene. … More gunfire broke out as Haniyeh stepped out of the car and moved slowly up the steps of the building under heavy guard. He smiled and waved but did not speak to the protesters." The protest "was the latest expression of discontent with the Hamas-led government, which has been unable to pay tens of thousands of civil servants because of international sanctions."

UN Lebanon Force Commander Says He Will Not Disarm Hezbollah. The AP (9/19, Meyer) reports French Maj. Gen. Alain Pelligrinni, UN border force commander in Lebanon, "said Monday his troops would not intervene to disarm Hezbollah, even as French President Jacques Chirac said the militant group should not keep a military wing." Pelligrinni "told reporters the main task of his U.N. force is to ensure southern Lebanon cannot be used as a base for attacks on Israel." The AP says his "assessment underscored the constraints facing the beefed-up U.N. mission despite a tougher mandate and far greater manpower." In related news, Pelligrinni's troops "for the first time began checking security measures Monday on Lebanon's border with Syria."

Chinese Troop Contribution To Reach 1,000. The Wall Street Journal (9/19, 2.03M) notes Chinese Premier Wen Jiabao "said yesterday that China will increase its peacekeeping force in Lebanon to 1,000 and double its pledge of humanitarian aid to the Middle Eastern country." That move "represents a substantial increase in China's presence in the United Nations force in Lebanon and underscores Beijing's growing strategic interest in the oil-rich Middle East." Italian Prime Minister Romano Prodi said Wen's announcement "shows that China is assuming more and more international responsibility."

Polish Contribution Could Top 500 Troops. The AP (9/19, Scislowska) reports Polish President Lech Kaczynski "said Monday he wants his country to be an active broker of world peace and his government could send hundreds more troops than it has already pledged to a U.N. force in Lebanon." Already planning an Afghan deployment of 1,000 troops, Kaczynski "criticized" the EU "for its reluctance to commit more forcefully to peacekeeping missions around the world." The AP adds, "Poland now has about 200 troops in UNIFIL and has said it will raise that number to 500."

Violent Protests Over Pope's Comments Continue In Muslim World. The AP (9/19, Keath) reports, "Al-Qaida in Iraq warned Pope Benedict XVI on Monday that its war against Christianity and the West will go on until Islam takes over the world, and Iran's supreme leader called for more protests over the pontiff's remarks on Islam." Protests "broke out in South Asia and Indonesia, with angry Muslims saying Benedict's statement of regret a day earlier did not go far enough. In southern Iraq, demonstrators carrying black flags burned an effigy of the pope."

The Washington Times (9/19, 88K) reports, "In London, police increased patrols near churches and began an inquiry into remarks by Anjem Choudhary, a well-known extremist who had called at a rally outside Westminster Cathedral on Sunday for the pope to be 'executed.'"

NBC Nightly News (9/18, story 2, 2:20, Miller, 9.87M) said, "Muslim rage again today. … Protesters in Indonesia demanded a stronger apology from the Pope, calling him Satan. Iran's supreme leader called the Pope's remarks the latest chain of the crusade against Islam started by Bush. And a group linked to Iraq's branch of al Qaeda posted this threat on a radical website – 'We shall break the cross and spill the wine. God will help to conquer Rome. God enable to us slit their throats.'"

CBS Evening News (9/18, story 3, 2:30, Philips, 7.66M) reported, "In Kenya a prayer service was held for the nun murdered in Somalia," apparently "n retaliation for the Pope's remarks. Iran's supreme leader Ayatollah Khamenei said anger to the Vatican should be directed to the US. It is a theme repeated in protests around the world." Ayatollah Khamenei: "The trinity of evil which is the Pope, Bush and Blair."

The New York Times (9/19, Fisher, 1.21M) reports "many Muslims – and some Catholics – noted" that the Pope "had said only that he was sorry for the reaction that fanned out across the Muslim world. He did not say he had been wrong to have used the quotations." But ABC World News (9/18, story 7, 2:15, Wright) reported, "The Pope…offered his own deep apologies. A remarkable act of humility, for a church that took 500 years to apologize to Galileo."

NBC Nightly News (9/18, story 3, 2:00, Engel, 9.87M) said this Pope "was already very unpopular in the Middle East. Unlike Pope John Paul II, who was seen as someone who was preaching peace and understanding and was embraced by many people across the Middle East, this Pope is seen something as a hardliner who wants Europe to understand its Christian roots and to embrace them first and after that Christian identity has been encapsulated, only then should there be a dialogue with the Muslim world."

Bush Offers Careful Statement On Controversy. The AP (9/19, Riechmann) reports, "President Bush on Monday tried to soothe Muslims' outrage over Pope Benedict XVI's remarks about Islam. Bush addressed the issue during his meeting Monday with the prime minister of Malaysia." Dennis Wilder, senior director for

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East Asian affairs for the National Security Council, told reporters during a briefing on the meeting held on the sidelines of the UN General Assembly, "The president noted that the pope had made some apologies for his remarks and the president believed that the pope was sincere in those remarks and that's where the discussion was left." Benedict "has said he 'sincerely regrets' offending Muslims with his reference to an obscure medieval text that characterizes some of the teachings of Islam's founder as 'evil and inhuman.'" But "the statement stopped short of the apology demanded by Islamic leaders around the globe, and anger among Muslims remained intense."

Muslim Feminist Defends Pope's Remarks. CBS Evening News (9/18, story 10, 2:15, Couric, 7.66M) reported, "With all the anger that Pope Benedict has stirred up in the Muslim world, free speech offers something different tonight, a defense of the Pope from a noted Muslim author who has some advice for other Muslims. She is Irshad Manji, a feminist, an advocate of reform in Islam, and the best selling author of 'the trouble with Islam today." Isrhad Manji: "As a faithful Muslim I do not believe the Pope should have apologized. I read what has been described as his inflammatory speech. Actually, he called for dialogue with the Muslim world. To ignore that larger context, and to focus on a mere few words of the speech is like, well, it's like reducing the Koran, Islam's holy book to its most blood thirsty passages. We Muslims hate it when people do that. The hypocrisy of doing this to the Pope stinks to high heaven. Yet some Muslims have gone further. In the West Bank churches have been fire bombed. During the big protest in London placards proclaimed Islam will take Rome. In Somalia a Catholic nun was murdered shortly after a Muslim cleric urged violence against the Vatican. Coincidence? I think not. And thinking is what the Koran encourages. It asks Muslims to reflect far more than to retaliate. Even if someone mocks your religion, the Koran says, walk away. Later, engage in dialogue. Wasn't that the Pope's point? We Muslims should remember that God told the Prophet Mohammed to read. My advice to fellow Muslims, read the Pope's speech in its entirety and you will see that his message of reason, reconciliation and conversation would make him a better Muslim than most of us. Now if only I could make him a feminist."

More Commentary. Bret Stephens, in the Wall Street Journal (9/19, 2.03M), says, "A Christianity that voluntarily recuses itself from reason cannot sustain a belief in the goodness of its convictions, to say nothing of its truth. A West that abandons a critical dialogue between faith and rational inquiry ceases to be the West. It becomes, in a peculiar way, guilty of the same errors Benedict accuses Islam of making. This is the Pope's teaching, and it requires no apology. Notice that he offers none."

The Wall Street Journal (9/19, 2.03M), in an editorial titled "Benedict The Brave," writes, "It's a familiar spectacle: furious demands for an apology, threats, riots, violence. Anything can trigger so-called Muslim fury: a novel by a British-Indian writer, newspaper cartoons in a small Nordic country or, this past week, a talk on theology by the head of the Roman Catholic Church. … By their reaction to the pope's speech, some Muslim leaders showed again that Islam has a problem with modernity that is going to have to be solved by a debate within Islam. The day Muslims condemn Islamic terror with the same vehemence they condemn those who criticize Islam, an attempt at dialogue -- and at improving relations between the Western and Islamic worlds -- can begin."

The Los Angeles Times (9/19, 918K) titles its editorial "Pope: Wrong Words, Right Concern," and says, "The pope may object to the portrait of Catholicism in 'The Da Vinci Code,' but he has not threatened the life of author Dan Brown. When Salman Rushdie's 'The Satanic Verses' was published, the Ayatollah Ruhollah Khomeini issued a fatwa calling on devout Muslims to kill the Anglo-Indian author. The armchair academic explanation for this disparity is that, however reluctantly, much of Christianity has made peace with the Enlightenment, while much of Islam has not." That "seems to have been the larger point that Benedict was trying to make in Germany, where he began his career as a university professor. The problem is that he isn't a professor now; he's the pope."

Along similar lines, E.J. Dionne writes in the Washington Post (9/19, A21, 748K), "I was tempted to defend Pope Benedict XVI's comments about Islam on the grounds that we journalists always profess to admire leaders who take risks to say what they really think. … But there is no getting around it: The pope made a big mistake, creating problems for himself, his church and the West. He spoke in the voice of the academic theologian he once was and not as the leader of one of the world's great religions. Being pope is very different from being Professor Joseph Ratzinger."

Anne Applebaum, also in the Washington Post (9/19, A21, 748K) writes that "if stray comments by Western leaders -- not to mention Western films, books, cartoons, traditions and values -- are going to inspire regular violence, I don't feel that it's asking too much for the West to quit saying sorry and unite, occasionally, in its own defense. The fanatics attacking the pope already limit the right to free speech among their own followers. I don't see why we should allow them to limit our right to free speech, too."

John L. Allen Jr., the Vatican correspondent for The National Catholic Reporter, writes in the New York Times (9/19, 1.21M), "The pope's real target in his lecture at the University of Regensburg, in Germany, was not Islam but the West, especially its tendency to separate reason and faith. He also denounced religious violence, hardly a crusader's sentiment."

Natsios Will Be Administration Point Person On Darfur. The Washington Post (9/19, A16, Lynch, Kessler, 748K) notes President Bush "has decided to name Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur in the hope of reviving a diplomatic effort to end a 3 1/2 -year spree of violence in Sudan." Bush "is expected to announce" the move during his UNGA speech today. The Post says the appointment "follows increasing pressure from Congress and human rights advocates to do more to halt what the Bush administration has termed the world's only ongoing case of genocide." Related to

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that, Secretary Rice and Danish Foreign Minister Per Stig Moller "invited counterparts from nearly two dozen governments to participate in a high-level meeting on Darfur at the Waldorf-Astoria Hotel on Friday afternoon." Rice and UK Prime Minister Tony Blair "also have appealed to senior Chinese officials in recent days to pressure the Sudanese capital, Khartoum, to allow a U.N. peacekeeping force of nearly 20,000 troops into the Darfur region." Ambassador Bolton "said the United States is planning to introduce a new Security Council resolution aimed at expanding a U.N. peacekeeping force in southern Sudan into Darfur." CNN's The Situation Room (9/18, Verjee) reported, "CNN has just learned that President Bush will appoint a special envoy to try and help end the violence in the Sudan's western Darfur region. The President has apparently chosen Andrew Natsios. He's the former head of the USAID. He is now a professor at Georgetown University."

Coleman Says Security Council Has Been Unable To "Come Together And Act." Sen. Norm Coleman was asked on PBS' Newshour with Jim Lehrer (9/18) why the UN has been unable to stop the killing and the violence in Darfur. Coleman said, "We need the UN, but the UN hasn't stopped the killing and violence in Darfur because it can't get the Security Council to come together and act. That's one of the great challenges. We need the UN today. We need them in Darfur. Clearly, we need them now. We need them in Lebanon. We need them to deal with Iran and nuclear weapons. We need them in North Korea. But the UN has found great difficulty in acting, and I think that's the President's frustration. And, unfortunately, it has also found a great difficulty in reforming itself, and that's another frustration. So we have this international organization of which the need is as great as its ever been, but the ability to get things done is certainly at this point not there."

More Commentary. In its lead editorial this morning, the New York Times (9/19, 1.21M) says, with his UN General Assembly speech, Bush "could make a difference if he threw aside his usual script, devoted this speech to the horrors of Darfur, and committed himself personally to stopping the genocide." He "must leave no doubt who is most responsible," and "should call on all countries — including those like China that have been shielding [President Omar] Bashir — to demand that Sudan drop its opposition. He should also say that he will press for broad international sanctions if Mr. Bashir does not quickly reverse his position." Natsios' appointment "was a good start." Noting Bush's complaints of UN inaction, the Times says Bush now has a chance to change that."

The Washington Post (9/19, A20, 748K) editorializes, "The next few days will show whether China means to let Sudan's dictatorship get away with genocide. A series of meetings at the United Nations in New York offers the best and possibly the last chance to persuade the Sudanese to allow UN peacekeepers into Darfur. The deployment is required by a Security Council resolution passed last month. It is supported by nearly all the leading powers and even by factions within Sudan's government." But" China has so far refused to tell Sudan's isolated leaders to drop their opposition to a U.N. contingent, even though its extensive investments in Sudan give it the power to do so. If it wants to be regarded as a responsible power, China should use its leverage."

On USA Today (9/19, 2.27M), meanwhile, actress Mia Farrow writes in support of "a robust UN peacekeeping operation."

Somali President Escapes Assassination Attempt. ABC World News (9/18, story 6, 0:15, Gibson) reported, "The President of another Nation, plagued by insurgency, Somalia, narrowly escaped assassination. A suicide car bomb exploded outside of the parliament building. Five died, including the President's brother. No claim of responsibility yet." The New York Times (9/19, Gettleman, 1.21M) reports Somali President Abdullah Yusuf "f immediately blamed Al Qaeda for the attack."

McClatchy (9/19, Bengali) reports, "Islamist leaders denied carrying out the attack, which came one day after an Italian nun and her Somali bodyguard were slain in an ambush in Mogadishu." The Washington Post/AP (9/19, A18, Hassan) and Los Angeles Times (9/19, Sunders, 918K) also report the story.

Paulson Urges Patience On Revaluing Chinese Currency. Treasury Secretary Hank Paulson yesterday sought to downplay hopes that he would win early Chinese agreement on revaluing its currency. USA Today (9/19, Lynch, 2.27M) reports that as he prepared for his first official visit to China, Paulson told reporters, "I am not looking for immediate solutions or quick fixes. … I am looking to set a tone and an expectation of working through issues and making progress." Paulson's reputation for "China savvy…has raised congressional hopes that he might succeed where others have failed. But on the eve of a four-day China visit, he counseled 'patience.'"

Developing States To Gain Greater Influence Within IMF. Member states of the IMF yesterday promised to adopt a plan to modify the fund's power structure and take steps to expand the voice of China and other developing nations. The New York Times (9/19, Weisman, 1.21M) reports that the modification of the governance of the IMF "was widely described as the biggest step since the fund was established in the 1940's, the era when the victors of World War II created the vast cooperative superstructure for the world economy. China's share of the votes at the I.M.F., which has 184 members, would go up only slightly, to 3.719 percent, from 2.98 percent. The shares of South Korea, Turkey and Mexico, the other countries that gained more power from the vote on Monday, also rose a similarly modest amount. But the change was hailed by the United States and other nations as a decisive reform."

The Wall Street Journal (9/19, Phillips, 2.03M) reports, "The overwhelming vote Monday by the lender's 184 member nations reflects a recognition that its voting shares are out of sync with the distribution of economic power around the world. It also reflects the concern of the US and other major countries that the IMF won't be able to persuade borrowing nations to embrace painful economic overhauls if those borrowers don't feel their voices are being heard. … The proposal was supported by 90.6% of the

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available votes. To gain approval, proposed major IMF policy changes need 85% majorities. At the IMF, votes are allocated to member countries; the U.S., for example, has 17% of the total."

The Washington Post (9/19, D6, Goodman, 748K) reports, "On its face, the makeover is largely symbolic. China, Mexico, Turkey and South Korea will gain slightly greater voting power. However, control of the fund will remain solidly in the hands of the United States and Europe, whose contributions to its coffers dwarf those of other countries. Most decisions in the institution's clubby environs are made by consensus. But policymakers at the IMF argue that symbolic change matters."

Koizumi's Retiring As Japanese PM With 50% Approval Rating. The New York Times (9/19, Onishi, 1.21M) looks back on Junichiro Koizumi's tenure as Japan's Prime Minister, noting that he was "swept to power in 2001 promising to 'destroy' his ruling Liberal Democratic Party and, by extension, Japan's encrusted postwar order. To a remarkable extent, he succeeded — though hardly as radically as he had hoped." When he retires September 26, Koizumi "will leave a Japan with new bearings: a smaller central government, greater faith in free markets and a new assertiveness in world affairs. But his vision of a new Japan has already produced a backlash among Japanese who believe he has destroyed, along with the bad, much that was good of the old Japan." Koizumi "retires with an approval rate hovering around 50 percent, the highest of any long-serving postwar prime minister, perhaps because voters believe that he has fulfilled his promise of shaking up the old Japan and that it will be up to his successors to lead them to a new one. Clearly, though, there is no going back to the old ways, no matter who is elected as the leader of the Liberal Democrats on Wednesday and then chosen as prime minister next Tuesday."

Abe Vows To Transform Japan In The Face Of New Threats. The Washington Post (9/19, A1, Faiola, 748K) reports that 51 year old Shinzo Abe is "poised to replace Junichiro Koizumi as prime minister next week." Abe "has vowed to push through a sweeping education bill, strengthening the notion of patriotism in public classrooms in a way not seen since the fall of Imperial Japan, and to rewrite Japan's pacifist constitution to allow the country to again have an official and flexible military." The Post adds, "Although his proposals have flustered Japan's neighbors in Asia, where war-related grievances linger just below the surface, Abe and others define the changes as a natural maturing of Japanese democracy. Perhaps more importantly, they say the changes reflect the need for Japan to transform itself in the face of new threats."

The Los Angeles Times (9/19, Wallace, 918K) reports that "almost everyone here agrees there is one label that fits this career politician who is almost certain to be elected head of the governing Liberal Democratic Party, or LDP, on Wednesday and prime minister a week after that. The grandson. To understand Abe, say friends and foes, you must understand his relationship with Nobusuke Kishi, his maternal grandfather, who died in 1987 and was once prime minister. Kishi was no ordinary politician. He was a key architect of imperial Japan's expansion across Asia in the 1930s, a Cabinet minister who signed the declaration of war against the United States and who was arrested and jailed — though never charged — as part of the select company of about two dozen top war criminals after Japan's surrender. … That legacy weighs on Abe, who clearly sees himself in the fighting mold."

Cuba's Structural Decay Said To Worsen Each Month. The Los Angeles Times (9/19, Williams, 918K) reports, "Cuba is falling apart -- literally. Even as its economy booms thanks to a thriving tourism industry, brisk nickel exports and cheap oil from ideologically aligned Venezuela, the social benefits are difficult to see at street level. Except for a few high-profile historical restoration projects such as the Art Deco buildings of Old Havana, the country's structural decay seems to worsen with each month." The Times adds, "Some blame the decrepitude on the US economic embargo that has blocked travel and the flow of goods to the island for nearly 45 years in an effort -- through nine US administrations -- to starve Cuba into abandoning what Washington sees as a ruinous adherence to communism."

The Big Picture:

Headlines From Today's Front Pages.

Los Angeles Times:
"Out Town -- Or Is It Theirs?"
"Japan Sees Genes Of A Leader In A Grandson."
"Plan Would End Homeless 'Tent Cities.'"
"McCain Stand Comes At A Price."
"L.A. Panel Reaffirms Muslim's Award."
"From the Ground Up, Cuba Is Crumbling."

USA Today:
"Chirac Looks To Avoid Iran Standoff."
"Killer Bacteria Hunted In Fields Of California."
"Poll Finds Rebound In Bush Approval."

New York Times:
"Canadians Fault U.S. For Its Role In Torture Case."
"Campaign Gifts From Big Insurer Elude The Limit."
"Critics Of War Spare Senator In Close Race."
"On India's Despairing Farms, A Plague of Suicide."
"It's Muslim Boy Meets Girl, Yes, But Please Don't Call It Dating."
"Struggle for Sobriety That Knows No Party Lines."

Washington Post:
"Armed Man Bursts Into Capitol, Leads Police On Four-Floor Chase."
"Canadian Was Falsely Accused, Panel Says."
"McCain's Stand On Detainees May Pose Risk For 2008 Bid."
"From Assault Victim To Accused Army Deserter."
"Japan's Abe, Poised To Lead, Offers Nation Vision Of Pride."
"Inmate Tracking Systems Breed Errors."

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Washington Times:
"Gibbs Will Stuck With Lackluster Brunell At Helm."
"Senate Set To Consider Fence Bill."
"Muslins Calls For Pope To Be 'Executed.'"
"Man Crashes, gains Access To U.S. Capitol."
"N. Korea In U.S. Had Lofty Spy Goal."
"Speculation, Mostly Idle, Of A Ford-GM Merger."

Detroit Free Press:
"Gas At $2: Maybe Soon."
"Mr. Mike Makes Some New Friends."
"Big 2 Merger? Absurd But…"
"Raid On Metro Charity troubles Area Muslims."
"$500,000 Is Music To Ex-Detroiter's Ears."

Atlanta Journal-Constitution:
"CDC Will Examine Fairness Of Bonuses."
"Disease Detectives On Trail Of Outbreak."
"Will Bob Nardelli Get His Pay Cut."
"$66 Million From Lottery Translates Into 'I'm Retired'."
"1960s Rights Memories Fill Up Gee's Bend Ferry."

Houston Chronicle:
"Judge Decries Enron Figure's 'Deeper' Role."
"Lack Of cash Stalls Crime Lab Inquiry."
"´She Gave It Her All….Every Single Day.'"
"FDA Sent Warning To California Growers Last Year."
"A Tale Of Two Cities."
"Judge: Man Was Tortured After U.S. Got Faulty Info."

Story Lineup From Last Night's Network News:
ABC: Security Breach-Capitol Hill; E. Coli Outbreak; Iraq-Sectarian Violence; Iraqis Fleeing Iraq; Afghanistan Violence; President Of Somalia Escaped Assassination; Pope Benedict Controversy; Medical risk Heartburn; New Shark Discovery; Patricia Kennedy Lawford Obit; Airship Found Under The Sea.
CBS: Detainee Debate; CIA Interrogation Tactics; Pope Benedict Controversy; Iraq Sectarian Violence; Security Breaching Capitol Hill; Princeton Drops early Decision; E. Coli Outbreak; Anthrax Scare Follow Up; Isrhad Manji Opinion; Siblings Meet After 65 Years; Patricia Kennedy Lawford Obit; Space Tourist; Gee's Bend Fair Comes Back.
NBC: UN General Assembly; Pope Benedict Controversy; Pope Benedict Controversy Analysis; E. Coli Outbreak; California Wildfire; Crime Is Up; Security Breach Capitol Hill; Stock Market; Iraq-Sectarian Violence; Space Station Scare; Space Tourist; Women And The Sciences; Anne Richards Memorial; Patricia Kennedy Lawford Obit; Panda Thriving Population-China.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Capitol Security Breach; Bush-UN Visit; E-Coli Outbreak; CA-Wildfire; Foreign Stock Markets.
CBS: Senate-Terror Detainees; E-Coli Outbreak; McArthur Foundation Grants; Bush-UN Visit; Mets Clinch Playoff Spot.
NPR: US Capitol Security Breach; E-Coli Outbreak; Erroneous Medicare Refunds; Annan-Iraq; Wall Street; Ahmadinejad-Chavez Meetings; Sri Lanka-Rebels.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of France, Waldorf-Astoria Hotel, New York; meets with UN Secretary General Kofi Annan, UN headquarters, New York; speaks to the UN General Assembly, UN headquarters, New York; participates in Roundtable on Democracy, UN Headquarters, New York; participates in the UN Secretary General's luncheon, UN headquarters, New York; meets with the President of Iraq, Waldorf-Astoria Hotel, New York.

VICE PRESIDENT CHENEY — Addresses National Automobile Dealers Association 2006 Washington Legislative Conference, Capital Hilton, (open press); participates in swearing-in ceremony for Mark Rosenker as Chairman of the National Transportation Safety Board, NTSB HQ, 429 L'Enfant Plaza, SW, (open press); speaks at Jesse Helms Center Salute to Chairman Hyde, JW Marriott Hotel (open press).

LYNNE CHENEY — Hosts roundtable discussion about Burma, United Nations, NYC, Pool coverage.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Gen. Bantz J. Craddock, and Senior Military Assistant to the Secretary of Defense Vice Adm. James G. Stavridis. Location: Room 216, Hart.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iran's nuclear ambitions. Undersecretary of State Nicholas Burns; Ray Takeyh, Council on Foreign Relations; Ashton B. Carter, Harvard University; Martin S. Indyk, Brookings Institution. Location: Room 419, Dirksen.

10 a.m. APPROPRIATIONS _ Subcommittee on Homeland Security. Hearing on ``Cuba Situation: DHS Plans for Potential Mass Migration. U.S. Coast Guard Assistant Commandant for Response Rear Admiral David Pekoske. Location: Room 196, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on combatting child pornography. Attorney General Gonzales; Ernie Allen, National Center for Missing and Exploited Children. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meeting on pending business. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on whether terrorist cells are forming in U.S. prisons. Frank J. Cilluffo, Homeland Security Policy Institute, The George Washington University; Gregory B. Saathoff, School of Medicine, University of Virginia; Daveed Gartenstein-Ross, Counterterrorism Foundation; John M. Vanyur, Federal Bureau of Prisons; Donald N. VanDuyn, FBI; Javed Ali, Office of Intelligence and Analysis, Department of Homeland Security; Office of National Capital Region Director Thomas Lockwood, Department of Homeland Security. Location: Room 342, Dirksen.

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10:30 a.m. JUDICIARY _ Full Committee. Hearing on the financial and human impact of criminal activity. Harley Lappin, director, Federal Bureau of Prisons; Jeffrey Sedgwick, director, Bureau of Justice Statistics; Jens Ludwig, Georgetown University; Mary Lou Leary, National Center for Victims of Crime. Location: Room 226, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on online child pornography. Assistant Attorney General Alice S. Fisher; Mike Brown, Sheriff, Bedford County; Ernie Allen, President and Chief Executive Officer, National Center for Missing & Exploited Children; Sharon Cooper, MD, FAAP, Adjunct Professor of Pediatrics, University of North Carolina, Chapel Hill School of Medicine. Location: Room 253, Russell.

3 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m. meets for legislative business. Highlights: Suspensions (19 bills): 1) H.Con.Res. 210 - Supporting the goal of eliminating suffering and death due to cancer by the year 2015; 2) H.R. 4583 - Wool Suit Fabric Labeling Fairness and International Standards Conforming Act; 3) H.Res. 982 - Supporting the goals and ideals of National Peripheral Arterial Disease Awareness Week; 4) H.Res. 526 - Supporting the goals and ideals of observing the Year of Polio Awareness; 5) H.Con.Res. 386 - Honoring Mary Eliza Mahoney, America's first professionally trained African-American nurse; 6) H.Res. 622 - To recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II; 7) H.Con.Res. 415 - Condemning the repression of the Iranian Baha'i community and calling for the emancipation of Iranian Baha'is; 8) H.Res. 942 - Recognizing the centennial anniversary on August 5, 2006, of the Iranian constitution of 1906; 9) H.Res. 976 - Condemning human rights abuses by the Government of the Islamic Republic of Iran and expressing solidarity with the Iranian people; 10) H.Res. 415 - Expressing the sense of the House of Representatives that the Socialist Republic of Vietnam needs to do more to resolve claims for confiscated real and personal property, and for other purposes; 11) H.Con.Res. 317 - Requesting the President to issue a proclamation annually calling upon the people of the United States to observe Global Family Day, One Day of Peace and Sharing, and for other purposes; 12) H.Res. 959 - Recognizing and supporting the success of the Adoption and Safe Families Act of 1997 in increasing adoption and the efforts the Act has spurred including National Adoption Day and National Adoption Month, and encouraging adoption throughout the year; 13) H.R. 5664 - Jacob Fletcher Post Office Building Designation Act; 14) H.R. 4768 - Robert Linn Memorial Post Office Building Designation Act; 15) S. 418 - Military Personnel Financial Services Protection Act; 16) H.R. 5450 - National Oceanic and Atmospheric Administration Act; 17) H.R. 5295 - Student and Teacher Safety Act of 2006; 18) H.Res. 874 - Recognizing and honoring America's Seniors; 19) H.Con.Res. 419 - Recognizing and supporting the efforts of the State of New York develop the National Purple Heart Hall of Honor in New Windsor, New York, and for other purposes.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006. Location: Room 2141, Rayburn.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on lessons learned in combating terrorism from London. John Rollins, Congressional Research Service; Tom Parker, former British counterterrorism official; Baroness Falkner of Margravine, member, House of Lords, United Kingdom; James A. Lewis, Center for Strategic and International Studies; David B. Rivkin, former Justice Department official during the Reagan and George H.W. Bush administrations. Location: Room 2154, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the NIH Reform Act of 2006. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Full Committee. Hearing on the Sarbanes-Oxley law at four years. SEC Chairman Christopher Cox, Public Company Accounting Oversight Board Chairman Mark Olson. Location: Room 2128, Rayburn.

5 p.m. RULES _ Meets on H.R. 6054, Military Commissions Act of 2006; H.R. 4844, Federal Election Integrity Act. Location: H-313, US Capitol.

Other: INVESTORS CONFERENCE _ Council of Institutional Investors' annual fall conference. Speakers include former SEC Chair Harvey Pitt. Highlights: 9:45 a.m. Dan Reingold, author of ``Confessions of a Wall Street Analyst: A True Story of Inside Information and Corruption in the Stock Market." 11:30 a.m. Professor Henry T.C. Hu, who holds the Allan Shivers Chair in the Law of Banking and Finance, University of Texas Law School. 12:15 p.m. Michelle Hooper, director, consultant and co-founder of the Directors' Council. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AUTO DEALERS _ National Association of Automobile Dealers holds its annual Washington conference. Highlights: 9 a.m. Morning session with Vice President Cheney at 9:15, followed by Sens. Mel Martinez and Mark Pryor, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Rep. Ed Royce, R-Calif., and Rep. Paul Kanjorski, D-Pa. 10 a.m. Rep. Mike Oxley, R-Ohio; Rep. Patrick McHenry, R-NC. Location: Grand Hyatt Hotel, 1000 H St. NW.

CLIMATE SUMMIT _ Washington Summit on Climate Stabilization. Participants include Iceland President Olafur Ragnar Grimsson; Robert Corell, Arctic Climate Impact Assessment and American Meteorological Society. Highlights: 8 a.m. International Action to Buffer Against the Rapid Onset of Climate Change. Participants: Sir Crispin Tickell, Climate Institute and chancellor,

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University of Kent, UK. L'Enfant Plaza Hotel. 8:30 a.m. - 10 a.m. The Potential for Amplified Changes in the Weather and Climate, with Michael MacCracken, president, International Association of Meteorology and Atmospheric Sciences; A. Barrie Pittock, CSIRO Marine and Atmospheric Research, Australia; Judith Curry, Georgia Institute of Technology, others. L'Enfant Plaza Hotel. 10:20 a.m. - 11:40 a.m. The Potential for Rapid Melting of Ice and Amplification of Sea Level Rise. Participants: American Meteorological Society, NASA Goddard Space Flight Center; California Institute of Technology; others. L'Enfant Plaza Hotel. 12 p.m. Keynote address on ``Moving Toward Climate Stabilization: Iceland's Example," with Slafur Ragnar Grmmsson, President of Iceland. Location: L'Enfant Plaza Hotel.

DEFENSE LOGISTICS-SUMMIT _ Institute for Defense and Government Advancement holds Military Logistics Summit. Speakers include Lt. Gen. Russel Honore, commanding general of the First Army, in charge of the DOD response to the Gulf Coast hurricanes. Highlights: 8 a.m. Acting Assistant Deputy of Defense James Hall. 8:40 a.m. Maj. Gen. James Pillsbury, Commander, US Army Aviation and Missile Command. 9:20 a.m. Maj. Gen. Bennie Williams, Defense Logistics Agency. 10 a.m. Gen. Jack Keane (ret.), former chief operating officer, US Army. Location: Sheraton Premiere, Tysons Corner, Va.

GENERIC DRUGS-FUTURE _ Generic Pharmaceutical Associations policy conference, ``Leading America Into a Healthy Future. Agenda focuses on legislative, regulatory and business issues that could shape the industry in coming years. Highlights: 11:30 a.m. Legal Issues Affecting the Generic Drug Industry, with Sheldon Bradshaw, Chief Counsel, Food and Drug Administration. 12:15 p.m. Keynote: Rep. Henry Waxman, D-Calif. 1:30 p.m. Panel Session: Hatch-Waxman Update/Forfeiture Provision. With Elizabeth Dickinson, Associate Chief Counsel for Drugs, FDA; William A. Rakoczy, Rakoczy Molino Mazzochi Siwik LLP. 4:45 p.m. Keynote Address: Antitrust Issues. With Jon Leibowitz, Commissioner, Federal Trade Commission. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

BLACK CHURCHES-FAITH-BASED INITIATIVE _ 8 a.m. - 11:30 a.m. Joint Center for Political and Economic Studies holds panel discussion and releases landmark report on Black Churches and the Faith-Based Initiative, based on national survey of 750 churches. Location: National Press Club, 14th and F Sts. NW.

SUPREME COURT _ 8:30 a.m. US Chamber of Commerce's National Chamber Litigation Center hosts 19th annual media briefing on the upcoming Supreme Court term and its impact on the business community. Location: 1615 H St. NW.

KATRINA-TERROR-INFRASTRUCTURE SECURITY _ 9:30 a.m. Lt. Gen. Carl Strock, Commander and Chief of Engineers, US Army Corps of Engineers. He'll discuss repairs in the wake of Hurricane Katrina and how to protect against natural and manmade disasters. Location: Army Navy Club, 901 17th Street NW.

MEDICARE-SATISFACTION SURVEY _ 9:30 a.m. J.D. Power and Associates announces results from the 2006 Medicare Part D Beneficiary Satisfaction Study. Results include highest-ranked Medicare drug plans for California, Texas and Florida. Location: National Press Club, 14th and F Sts. NW.

NET NEUTRALITY _ 9:30 a.m. Members of Congress and leaders of 20 manufacturing, networking and high tech companies participate in press conference to oppose net neutrality within the Communications Reform Act of 2006. Location: HC-6, US Capitol.

SUPREME COURT-UNION DUES _ 9:30 a.m. Forum on Washington vs. Washington Education Association, case to be considered by the Supreme Court on Sept. 25th. Case deals with how states can protect workers represented by a union from having their dues spent on politics. Participants include teachers with the Evergreen Freedom Foundation, the original complainant. Location: National Press Club, 14th and F Sts. NW.

MILITARY READINESS _ 10 a.m. Rep. Skelton holds news conference on military readiness. Location: House Studio.

US-TURKEY _ 10 a.m. - 11:30 a.m. Southeast Europe Project forum on ``The Future of U.S.-Turkey Relations." With Prof. Soli Ozel, Bilgi University, Turkey; Ian Lesser, Southeast Europe Project. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

AARP-DRUG PRICES REPORT _ 10:30 a.m. AARP releases results of latest AARP Rx Watchdog Report, which will show another record-setting jump in brand name drug prices. Also to be released: results of the second ``AARP Election Watch: Pulse of a Generation poll series. Location: 601 E St. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

IRAQ _ 11:30 a.m. The Center on Strategic and International Studies and the U.S. Institute of Peace hold a news conference the Iraq Study Group, with former Secretary of State James Baker and Lee Hamilton of the Wilson International Center for Scholars. Location: 2nd floor conference room, 1200 17th St. NW.

WEBB-INTERROGATION _ 12:30 a.m. US Senate candidate Jim Webb will hold a conference call with reporters to discuss the position of Senators John Warner (of Virginia), John McCain and Lindsey Graham on interrogation and the Geneva Convention. Contacts: Jeff Pyatt, 703-778-4080. Notes: Call-in is 888-296-6500, Code: 355418. Please RSVP to Jeff Pyatt at jeffpyattwebbforsenate.com.

VOTER ID _ 1 a.m. Common Cause President Chellie Pingree will join representatives from the AARP, MALDEF, and the NAACP to raise concerns about the proposed national voter ID law, H.R.4844, the ``Federal Election Integrity Act of 2006, which would require all voters to obtain and show government-issued photo ID that proves their citizenship. Contacts: Mistique Cano, 202-466-3311. Notes: The Call-in Number is 800-722-8946 and the Passcode is ``VoterID.

DEFENSE AUTHORIZATION _ 12 p.m. Sens. Patrick Leahy and Christopher Bond hold a news conference on National Guard empowerment and the defense authorization bill. Location: Russell Park.

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DEMOCRACY PROMOTION _ 12 p.m. The American Enterprise Institute holds a program on ``How Much Do We Really Know About Democracy Promotion?" with J. Scott Carpenter of the State Department, Gareth Evbans of International Crisis Group, Judy Van Rest of International Republican Institute, others. Location: 12th floor, AEI, 1150 17th St. NW.

HARMAN _ 12 p.m. Rep. Jane Harman speaks on security, Iraq, terrorism and other issues at a NDN meeting. Location: Phoenix Hotel, 520 N. Capitol St.

NATIONAL GUARD _ 12 p.m. National Guard advocates in the Senate and House hold a news conference to object to key provisions being stripped from the FY07 Defense Authorization Bill, which is expected to emerge soon from conference. Briefers are: Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., co-chairs, Senate National Guard Caucus, and Rep. Tom Davis, Chairman of the House Committee on Government Reform. Location: Senate swamp site.

PROPERTY RIGHTS _ 12 p.m. Cato Institute forum on ``Cornerstone of Liberty: Property Rights in 21st Century America." Discussion on eminent domain, the Supreme Court, other topics with Timothy Sandefur, Pacific Legal Foundation; and John Echeverria, Georgetown Environmental Policy and Law Institute. Location: 1000 Massachusetts Ave. NW.

MANN-CONGRESS _ 12 p.m. - 1:30 p.m. The American Constitution Society for Law and Policy's Washington, D.C. Lawyer Chapter is holding a panel discussion entitled, ``What's the Matter with Congress?" Speaker is Thomas Mann, senior fellow in governance studies at the Brookings Institution and co-author of ``The Broken Branch: How Congress Is Failing America and How to Get It Back on Track." Location: American Constitution Society at 1333 H St. NW, 10th floor.

NATIONAL SECURITY _ 12 p.m. - 1:30 p.m. Heritage Foundation scholars speak at forum on ``National Security: Can We Still Afford It?" Location: 214 Massachusetts Ave. NE.

IMMIGRATION FORUM _ 12 p.m. - 3 p.m. Conference on ``Defending the Homeland: America's Immigration Crisis." Speakers include Deputy Whip Senator John Cornyn (R-TX); Chilton Williamson, author of The Immigration Mystique: America's False Conscience; Ambassador James Bissett, former director of the Canadian Immigration Service; Wayne Allensworth, author and research analyst on immigration and border security issues; others. Location: Room 562, Dirksen.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad briefing. Location: Room H-306, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

TECHNOLOGY AWARENESS-POLL _ 12:30 p.m. News conference to release results of first major on public awareness of nanotechnology. With Geoffrey Garin, Peter D. Hart Research; and David Rejeski, Project on Emerging Nanotechnologies. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

ACLU-SURVEILLANCE _ 1 p.m. The American Civil Liberties Union holds a telephone briefing on the pending congressional action on the warrantless surveillance program. Contacts: Amanda Simon, 202-675-2312. Notes: Dialin number: 800-816-4134; passcode: 69922.

IRAQ'S FUTURE _ 2 p.m. Foreign Policy Research Institute forum on ``Post-Conflict Stability and Reconstruction: The Lessons of Iraq," with FPRI fellows Andrew Garfield and Frank G. Hoffman. Location: Phoenix Park Hotel, 520 N. Capitol St.

NORTH KOREA-ARMS CONTROL _ 2 p.m. Rep. Jim Leach speaks at Arms Control Association/Carnegie Endowment briefing on ``Next Steps on the North Korean Nuclear Challenge." Location: 1779 Massachusetts Ave. NW.

GONZALES-IDNETITY THEFT _ 3 p.m. Attorney General Alberto R. Gonzales delivers remarks at a press conference with Federal Trade Commission (FTC) Chairman Deborah Platt Majoras following a meeting of the President's Task Force on Identity Theft. Location: Seventh Floor Conference Center, Department of Justice, 950 Constitution Ave. NW.

CANCER _ 4 p.m. The American Cancer Society Cancer Action Network holds events to assist in elevating the importance of cancer as a national issue. Participants include Sen. Hillary Clinton, former House Speaker Newt Gingrich, University of Maryland basketball coach Gary Williams, others. Location: Washington Convention Center.

CHENEY-TORTURE PROTEST _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Location: Mass. Ave and 34th St. NW.

MUSLIMS- MEDIA _ 6 p.m. Peace and Justice Foundation and Creative Source Productions sponsor forum titled, ``Meet the Press, Pt. 2: A Muslim Dialogue with the Media." Location: NRECA Conference Center, 4301 Wilson Blvd., Arlington, Va.

OMB-PORTMAN _ 7:30 p.m. OMB Director Portman delivers remarks to the International Conservation Caucus Foundation (closed press). Location: Andrew W. Mellon Auditorium.

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

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TERRORISM NEWS:

White House Drops A Condition On Interrogation Bill (NYT)

By Kate Zernike

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — Seeking a deal with Senate Republicans on the rules governing the interrogation of terrorism suspects, the White House has dropped its insistence on redefining the obligations of the United States under the Geneva Conventions, members of Congress and aides said Tuesday.

The new White House position, sent to Capitol Hill on Monday night, set off intensified negotiations between administration officials and a small group of Republican senators. The senators have blocked President Bush's original proposal for legislation to clarify which interrogation techniques are permissible and to establish trial procedures for terrorism suspects now in United States military custody.

The two sides were said to be exchanging proposals and counterproposals late Tuesday in a showdown that could have substantial ramifications for national security policy and the political climate heading toward Election Day.

The developments suggested that the White House had blinked first in its standoff with the senators, who include John W. Warner of Virginia, the chairman of the Armed Services Committee, and John McCain of Arizona. But few details were available, and it was not clear whether a compromise was imminent or whether the White House had shifted its stance significantly.

Until this week, Mr. Bush had sought to address the issue through two channels. One was to clarify the limits on interrogation techniques under Common Article 3 of the Geneva Conventions by proposing legislation saying that the nation's obligations under the article would be satisfied as long as it complied with the Detainee Treatment Act. That legislation was passed by Congress in December and bans "cruel, inhuman or degrading treatment."

The other was to seek changes in the War Crimes Act, a step the administration had said was necessary to provide interrogators for the Central Intelligence Agency with protection from prosecution at home and abroad. The Republican group led by Mr. Warner favors addressing the issue through changes to the War Crimes Act but has resisted efforts to recast the nation's obligations under the Geneva Conventions.

Senator John Cornyn of Texas, a Republican on the Armed Services Committee who has supported the president's legislation, said Tuesday morning that the White House had agreed to work within the War Crimes Act to refine the obligations under Common Article 3.

"There's agreement on the goal," Mr. Cornyn said, "that is, that we continue to comply with our international treaty obligations and all of our domestic laws, but at the same time not tie the hands of our intelligence officials."

Senator Jeff Sessions of Alabama, another Republican on the committee who has backed the president's approach, said: "It's an argument between people with strong wills. Sometimes you have to step back and re-evaluate; the president has done that. Apparently he's said, O.K., let me look at this in a different way."

Mr. Warner declined to comment on specific proposals, saying only that he had "great optimism" that an agreement could come soon.

White House officials declined to discuss their offer and said they expected negotiations to continue for at least another day.

"We are continuing negotiations in good faith and remain cautiously optimistic about our ability to reach a resolution," said Dana Perino, the deputy White House press secretary.

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Common Article 3 guarantees humane treatment to combatants seized during wartime. The two sides agree that the article's language prohibiting "outrages upon human dignity" is too vague and leaves military and C.I.A. personnel uncertain about what techniques they may use in interrogating detainees.

The White House has argued that without more "clarity," it will have no choice but to shut down a C.I.A. program for interrogating top terrorism suspects. But Mr. Warner, Mr. McCain and Senator Lindsey Graham of South Carolina have argued against any changes in the language interpreting the article, saying such a change would invite other countries to reinterpret the Geneva Conventions as they saw fit, which in turn could endanger captured American troops.

The senators propose to provide clearer guidelines for interrogators by amending the War Crimes Act to enumerate several "grave breaches" that constitute violations of Common Article 3.

Several issues appeared to remain in flux, among them whether the two sides could agree on language protecting C.I.A. officers from legal action for past interrogations and for any conducted in the future. Beyond the issue of interrogations, the two sides have also been at odds over the rights that should be granted to terrorism suspects during trials, in particular whether they should be able to see all evidence, including classified material, that a jury might use to convict them.

Mr. Graham declined to discuss specifics of the talks but said, "I am very pleased with the tone and the progress."

Mr. McCain said only that discussions continued. "There has been no rejection of anything by anybody," he said.

In the House, where the Armed Services Committee backed a bill that looked much like the legislation originally proposed by the White House, leaders said they still supported the president's bill. But they postponed a vote on the legislation until next week, while the Judiciary Committee examines it, and said they would look to the Senate for any signs of compromise.

Representative John A. Boehner of Ohio, the majority leader, said, "I think the president is on very firm ground here."

White House May Be Willing To Compromise On Detainee Legislation (MCT)

By Margaret Talev

McClatchy Newspapers, September 20, 2006

WASHINGTON - With time running out before Congress recesses next week, the White House appeared Tuesday to be offering dissident Republican senators a compromise on detainee legislation that would leave the language of the Geneva Conventions untouched if lawmakers preserve the CIA's terrorist-interrogation program.

Sen. John Cornyn, R-Texas, an administration ally, described the proposal in broad terms, saying, "that's essentially what it does," but stressed that "this is still a negotiation in flux."

Cornyn said any deal could hinge on whether the Justice Department can provide the CIA with a legal opinion "that, yes, what you're doing is clearly within bounds and will not expose you to liability."

The Bush administration wants to ensure that certain harsh CIA interrogation practices aren't ruled illegal, such as "water-boarding," which simulates drowning. The U.S. Supreme Court ruled in June that U.S. treatment of detainees must respect standards of the Geneva Conventions, post-World War II international treaties that guarantee human rights and standards of justice for prisoners of war.

In another sign of the administration's compromise terms, George P. Shultz, secretary of state under President Reagan and well-connected to current policy-makers, released a statement saying, "I believe that there is a compromise that leaves the Geneva Convention alone and achieves the specificity that the administration wants."

Although such terms would mark a significant concession by Bush, no deal appeared imminent with the key Senate Armed Services Committee Republicans: Chairman John Warner of Virginia and Sens. John McCain of Arizona and Lindsey Graham of South Carolina. Each declined to confirm details of the administration's overture or their response, citing the touch-and-go nature of the ongoing talks.

Warner said, "Until such time as words are put down to paper and people agree on it, I would not try and prejudge who's giving in, who's doing this, or one thing and another."

Graham said he was "very pleased with the tone and the progress" of the negotiations. He had released a statement late Monday saying the senators "share the president's goal of enacting legislation preserving an effective CIA program to make us safe, upholding Geneva Convention protections for our troops and passing constitutional muster."

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A White House spokeswoman also declined to confirm any details. Vice President Dick Cheney urged a compromise during a closed-door policy luncheon with Senate Republicans, but didn't speak with reporters.

Even as the private discussions continued, prospects looked dim that a final deal could be sealed between the Senate and the House of Representatives by the end of next week, when Congress is scheduled to recess until after the November elections.

The House postponed a vote on its version of detainee legislation until next week. Senate Majority Leader Bill Frist, R-Tenn., said he believed it would be next week before the full Senate can vote. If the two bills differ, they must be reconciled and passed anew by both chambers.

Frist also declared that the version of the legislation favored by Warner, McCain and Graham, which the Armed Services Committee approved 15-9, could endanger CIA agents and has no prospect of surviving a filibuster, a parliamentary stall designed to kill the measure.

The administration has been under mounting pressure from military and diplomacy experts to abandon its plan to interpret U.S. obligations under the Geneva Conventions in a way that appeared to weaken human rights protections. Vocal critics have included former Secretary of State Colin Powell and military judges.

Opposition to Bush from such sources undermined Republican strategy for the fall elections for the party's candidates to rally behind Bush on national security.

"The president picked the battle and he thought it would be with Democrats, but it's been with Republicans, and until they resolve their issue, I don't think there's much that can be done with that," said Senate Minority Leader Harry Reid, D-Nev.

Dissidents' Detainee Bill May Face Filibuster (WP)

By Charles Babington And Jonathan Weisman, Washington Post Staff Writers

The Washington Post, September 20, 2006

Frist Warns GOP Opponents of Bush's Proposal They Must Accept Two Key Provisions

Senate Majority Leader Bill Frist signaled yesterday that he and other White House allies will filibuster a bill dealing with the interrogation and prosecution of detainees if they cannot persuade a rival group of Republicans to rewrite key provisions opposed by President Bush.

Frist's chief of staff, Eric M. Ueland, called the dissidents' bill "dead."

With Congress scheduled to adjourn in nine days, delaying tactics such as a filibuster could kill the drive to enact detainee legislation before the Nov. 7 elections, a White House priority. Bush faced still more problems in the House, where GOP moderates Christopher Shays (Conn.), Michael N. Castle (Del.), Jim Leach (Iowa) and James T. Walsh (N.Y.) publicly threw their support behind the bill opposed by the White House. The four Republicans told Majority Leader John A. Boehner (R-Ohio) that any House bill must maintain the dissidents' principles.

On another front, legislation to authorize Bush's warrantless wiretapping program may be in more jeopardy. Frist said yesterday that he referred the warrantless surveillance matter to the Senate Select Committee on Intelligence for further review and would not bring it up for Senate consideration until next week.

Yesterday's actions significantly dimmed prospects that Congress can complete its national security agenda before adjournment. Frist (R-Tenn.) acknowledged that a majority of the 100 senators back the rival group on military commissions but that there are not enough to block a filibuster, which requires a super-majority of 60.

Senate and administration negotiators talked throughout the day, but no real progress was apparent. "It could all come together in a matter of hours, or it could drag out for another week or so," said John Ullyot, spokesman for Armed Services Committee Chairman John W. Warner (R-Va.).

The sharp rhetoric of last week was replaced yesterday by softer language from both the Bush administration and the three Republican senators leading the opposition to its proposals: Warner, John McCain (Ariz.) and Lindsey O. Graham (S.C.).

But Frist struck a more jarring tone, telling reporters that the trio's bill is unacceptable despite its majority support.

For a bill to pass, Frist said, "it's got to preserve our intelligence programs," including the CIA's aggressive interrogation techniques, and it must "protect classified information from terrorists." He said that "the president's bill achieves those two goals" but that "the Warner-McCain-Graham bill falls short."

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The disagreement centers on the Geneva Conventions, which say wartime detainees must be "treated humanely." Bush backs language saying the United States complies so long as CIA interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives. Warner and his allies say they are concerned that Bush's approach would invite nations to interpret the Geneva Conventions in lax ways that could lead to abusive treatment of captured U.S. troops.

The Warner contingent also opposes Bush's bid to allow detainees to be convicted on secret evidence they are not allowed to see.

Yesterday, Warner said negotiators were considering revising the federal War Crimes Act to clarify acceptable interrogation methods by nonmilitary officials. His bill embraces a similar approach, which would sidestep direct references to the Geneva Conventions' meaning. It was unclear whether the White House would accept such language.

Frist also surprised senators yesterday on the warrantless wiretapping issue, sending surveillance legislation already approved by the Senate Judiciary Committee to the intelligence committee for further review. With one week left to consider the bill on the Senate floor, Sen. Olympia J. Snowe (R-Maine), an intelligence committee member, said passage before the election would be "extremely ambitious."

The intelligence committee is considered hostile to legislation worked out between Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the White House. That bill would allow but not order the administration to submit its warrantless surveillance program to a secret national security court for constitutional review. The program involves monitoring overseas phone calls and e-mails of some Americans when one party is suspected of links to terrorism.

Three Republicans on the intelligence committee -- Snowe, Sen. Mike DeWine (Ohio) and Sen. Chuck Hagel (Neb.) -- have co-authored competing legislation that would give Congress considerably more oversight of the program.

Two House committees will draft National Security Agency eavesdropping bills this week that would take still another tack on surveillance, but those measures also face resistance, acknowledged Rep. Heather A. Wilson (R-N.M.), the primary author of the measures.

House GOP Delays Vote On President's Plan For Terror Detainees (USAT)

By Kathy Kiely

USA Today, September 20, 2006

WASHINGTON — House Republican leaders postponed a vote on President Bush's plan for interrogations and trials of terrorism suspects Tuesday as an intraparty revolt against the proposal widened.

Four senior House Republicans released a letter endorsing a rival bill authored by Senate Armed Services Chairman John Warner of Virginia and two GOP colleagues, Sens. John McCain of Arizona and Lindsey Graham of South Carolina. The House members called on the White House and congressional GOP leaders to “ensure the United States fully maintains its commitment to the Geneva Conventions.”

The letter was signed by Reps. Mike Castle of Delaware, Jim Leach of Iowa, Christopher Shays of Connecticut and Jim Walsh of New York, all Republican centrists.

The White House and the three senators are trying to reach a compromise. The senators contend that the president's proposal does not provide sufficient protection for the rights of terrorism detainees and could be interpreted as a softening of Geneva Conventions protections against prisoner abuse. They fear that could endanger Americans taken captive in other countries.

Administration officials and their Capitol Hill supporters, such as Sen. John Cornyn, R-Texas, say the prohibitions against “degrading treatment” in the Geneva Conventions are too vague and could subject CIA officers to prosecution. Both sides are still expressing hope they will reach a deal.

“We are continuing negotiations in good faith and remain cautiously optimistic about our ability to reach a resolution,” White House spokeswoman Dana Perino said.

Other Republicans expressed exasperation at the dispute. “I'm a bit confused as to why we are having this disagreement,” said House Majority Leader John Boehner, R-Ohio. He noted “the bigger question here is who is going to define the specifics of what (the Geneva Conventions) means, some international court or the U.S. Congress under the Constitution.”

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Senate Majority Leader Bill Frist of Tennessee launched a frontal assault on fellow Republicans who oppose Bush's plan. He said the rival proposal “subjects our personnel to international courts and vague standards” and “would allow terrorists access to classified information.”

Warner, McCain and Graham, all military veterans, contend that military and legal experts side with them. The latest to come to their side: former secretary of State George Shultz, who endorsed the senators' position in a statement released by McCain's office.

One possible area for compromise came in a letter released by the three senators Tuesday. Maj. Gen. Scott Black, the Army's judge advocate general, recommended that Congress create a list of serious offenses that would be considered war crimes as a way to clarify the Geneva standards. Black said anything more “could cause reciprocal action by other signatories, which is particularly problematic when we are at war.”

Just How Far Can CIA Interrogators Go? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 20, 2006

WASHINGTON

Members of Congress are looking for answers to very concrete questions on how the Central Intelligence Agency questions terror suspects.

Is it ever appropriate, for example, to put a naked detainee in a cold cell and douse him with water? If so, for how long? Should interrogators be able to lead people to think they are drowning (a practice known as waterboarding)?

Many lawmakers thought they had settled some of these questions last December, when they passed an antitorture amendment by broad majorities in Congress. But in his signing statement, President Bush claimed executive powers to exempt members of his administration from the amendment, should circumstances warrant.

Ever since, Sen. John McCain (R) of Arizona and others have sought clarification on what, exactly, the Bush administration had ruled inbounds for detainee treatment.

President Bush says that "tough" alternative interrogation techniques are needed and have been useful, but won't disclose what they include. In a speech on Sept. 6, the president confirmed the existence of secret CIA detention facilities, but said that the "alternative set of [interrogation] procedures" used in these prisons was in compliance with the US law.

The White House and the GOP senators are now trying to find a compromise.

"We're having a very constructive and productive dialogue with senior officials at the White House," says Sen. John Warner (R) of Virginia, who chairs the Senate Armed Services Committee. "Progress is being made in good faith."

The new Army Field Manual would protect detainees from several of the disputed techniques, such as waterboarding. But the manual does not pertain to CIA interrogators, who operate outside the military chain of command. A majority of senators on the Senate Armed Services Committee want assurances that even those interrogations fall within the protections of national and international law, such as Common Article 3 of the 1949 Geneva Conventions.

"This is a matter of conscience.... Are we going to be like the enemy, or are we going to be the United States of America?" asked Sen. John McCain (R) of Arizona on Sunday on ABC's "This Week."

"We have to indulge the assumption that no one yet has been convicted of a crime," says Eugene Fidell, president of the National Institute of Military Justice. "Does a person charged with a heinous murder lack that measure of honor that we can throw the Constitution and our values out the window?

Critics, citing press reports, say that there is evidence that secret CIA interrogations, as well as the abuse at Abu Ghraib prison in Baghdad, went well beyond those norms. "Reports about the techniques employed by the CIA suggest that they include sexual humiliation, stress positions, prolonged standing, exposure to extreme temperatures, and waterboarding. All these techniques are clearly prohibited by Common Article 3," says a recent report by Human Rights First, an advocacy group based in New York.

"This is treatment that civilized nations do not engage in," said Deborah Pearlstein, director of the US Law and Security Program at Human Rights First, at a briefing on Friday.

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So far, administration spokesmen have responded to specific questions about techniques in broad, general terms. They say they are reluctant to tip off terrorists to what might be used.

"What we're trying to do is answer a call that comes from the men and women at the CIA, that are responsible for questioning Al Qaeda detainees," said Stephen Hadley, national security adviser, also on "This Week." "And what they've asked for, very simply, is: 'Let us have clear standards.' These are good men and women."

Supporters of the Bush administration's strategy on detainees say this refusal to respond specifically to examples raised by critics is hurting the president's credibility.

"The differences between the Senate Armed Services bill and the administration's bill are really very, very slight, but nevertheless important," says David Rivkin, a former Justice Department official in the Reagan and first Bush administrations, who consults with the White House on legal issues involving the treatment of detainees. "Torture is off the table, cruel and inhuman treatment are off the table. It really is a matter of things that can be perceived as humiliation, and that's culture and context specific."

For example: Waterboarding cannot be used, he says. However, cold-cell interrogations are a matter of degree: "Putting somebody in a place that isn't freezing or horribly hot for a long time is not appropriate, but ... there are very clearly degrees of environmental stress that are well below the level of cruel and inhuman treatment."

Cultural differences also play a role, he adds. "In our culture, to be interrogated by a woman is not degrading. In Islamic culture, it's very degrading. Are we supposed to be pandering to that definition ... and not taking advantage of someone's psychological weakness and use it as a lever?"

McCain Knows Firsthand Need To Limit Torture Rules (USAT)

By DeWayne Wickham

USA Today, September 20, 2006

Let's be clear about this.

What President Bush wants from Congress is not clarity on the limits to which CIA interrogators might go in trying to get terrorism suspects to talk. He wants Congress to grant them absolution.

As the standoff between the Republican White House and a band of GOP senators appears headed toward a resolution, we should not lose sight of this important point.

For days now, attention has been focused on the effort by President Bush and Vice President Cheney to get Congress to pass legislation that they say would clarify a section of the Geneva Conventions that stipulates how wartime captives should be treated.

Article 3 of this document, they contend, is too vague. But in making this criticism, they point to just one clause that prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment." Unmentioned by them — and many of the journalists who have reported on this issue — is that Article 3 is much broader and specifically prohibits murder, mutilation, cruel treatment and torture.

What has been widely reported is that the CIA has used tactics such as sleep deprivation and water boarding (which creates the sensation of drowning) to try to pry information from captives. They test the limits of what many people might think is torture — and that's the fissure Bush wants to close.

But a unilateral American interpretation of this clause would open the door for this nation's enemies to come up with their own interpretations of Article 3 — and increase the chances that U.S. troops captured by them will be abused.

Sen. John McCain, R-Ariz., a war hero who spent 5½ years as a prisoner of war, has led a bipartisan group of senators in opposing Bush's effort to have Congress legislate a U.S. interpretation of Article 3. Wisely, in rejecting Bush's proposal last week, a majority of the members of the Senate Armed Services Committee sided with the Arizona senator, including the committee chairman, Sen. John Warner, R-Va., and Sen. Lindsay Graham, R-S.C., men who also have distinguished records of military service. On one level, siding with these men and against Bush and Cheney, who both ducked active duty military service during the Vietnam War, is an easy call for me.

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But on an even more thoughtful level, McCain's opposition to Bush's legislation makes sense. It's hard enough to get warring nations to adhere to the Geneva Conventions without creating a precedent that would make it possible for other countries to conjure up their own interpretations of them to escape being branded as war criminals.

In his autobiography, Faith of My Fathers, McCain wrote about the lengths an interrogator went to break his silence: "On occasions when he was particularly determined, I would find myself trussed up and left for hours in ropes, my biceps bound tightly with several loops to cut off my circulation and the end of the rope cinched behind my back, pulling my shoulders and elbows unnaturally close together. It was incredibly painful," McCain wrote of the torture he experienced.

Anyone brave enough to endure that ought to know what he's talking about when it comes to what this country's interrogators should be allowed to do.

Instead of trying to force his views on the Senate, Bush should yield to the better judgment of those who, in this matter, have experience and logic on their side.

DeWayne Wickham writes weekly for USA TODAY.

Bush Anti-terror Plan Edges Foward (AP-Y)

By Laurie Kellman

AP, September 20, 2006

President Bush's stalled anti-terrorism agenda edged forward Tuesday, with a rebellious House member rewriting her bill on wiretaps more to his liking and maverick Senate Republicans reopening talks over how to handle detainees.

Rep. Heather Wilson, R-N.M., offered to substitute her original bill on giving legal status to Bush's warrantless surveillance program with a bill that would grant a key administration request: allow wiretapping on Americans in the event of an "imminent" terrorist attack.

In exchange, the administration would be required to share with Congress more details of the nature of the threat, presumably with the House and Senate Intelligence committees and some congressional leaders.

"Excesses are best prevented when intelligence activities are operated within a framework that controls government power by using checks and balances among the three branches of government," Wilson said in a statement.

The substitute, to be considered Wednesday by the House Intelligence Committee, represents a possible breakthrough in a bitter, election-season rift between the White House and GOP leaders on one side and Republican lawmakers concerned about Bush's use of executive authority in his war on terror.

While the wiretapping question moved ahead, the second prong of Bush's legislative war agenda — treatment of detainees — also showed signs of progress.

The White House and a group of Senate Republicans continued Tuesday to swap proposals on legislation authorizing the interrogation and prosecution of terrorism suspects.

The two sides remained at odds over how to adhere to the 1949 Geneva Conventions and at the same time allow the CIA to conduct effective interrogations.

Sen. John Warner, R-Va., said "progress was being made in good faith," while Majority Leader Bill Frist said he hoped to vote on a final measure by the end of next week.

The Senate Armed Services Committee last week approved detainee legislation written by Warner, the panel's chairman, and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., but opposed by Bush. The White House has said the committee's bill would put an end to the CIA interrogation program.

Bush's measure would let coerced testimony be presented at terrorism trials but would deny defendants access to classified evidence in them. Bush also favors a narrower interpretation of the Geneva Conventions that would make it harder to prosecute U.S. interrogators for using harsh techniques.

White House spokeswoman Dana Perino confirmed Monday that the administration was sending new language to the senators in hopes of reaching an agreement. The revision was expected to address specifically the nation's obligations under the Geneva Conventions, a major sticking point with the three Republicans.

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The development came as a key part of Bush's argument on detainees lost some of its edge. In letters obtained Tuesday by The Associated Press, two of the service's senior lawyers backed away from a previous assertion that the services do not object to the president's plan.

"I believe that approach is not objectionable from a strictly legal perspective" and would not "abrogate" U.S. treaty obligations, Maj. Gen. Jack Rives, the Air Force judge advocate general, said in a letter to Graham.

However, Rives added that while the section would not reduce the nation's commitment to Common Article 3 of the Geneva Conventions, "some could perceive it as such."

Maj. Gen. Scott Black, the Army judge advocate general, agreed.

"I believe that further redefinition of Common Article 3 is unnecessary and could be seen as a weakening of our treaty obligations, rather than a reinforcement of the standards," Black wrote in a Sept. 15 letter obtained by the AP.

"This could cause reciprocal action by other signatories, which is particularly problematic while we are at war," Black added.

Support among House moderates for the White House proposal on detainees also was faltering. GOP moderates Christopher Shays, R-Conn., and Mike Castle, R-Del., said in a letter to House GOP leaders Tuesday that they support Warner's bill.

Amid the whirl of developments, the prospects for congressional passage of the wiretapping and detainee policies were unclear in the waning week-and-a-half before Congress recesses for the Nov. 7 election. House Majority Leader John Boehner, R-Ohio, said he expects Wilson's bill to come to the floor next week. But even if it passes the House, the Senate must churn through three conflicting pieces of legislation on the same matter.

Detainee legislation faces a similar crush in the House and Senate next week.

Revolt Over Wilson Bill Rocks Panel (HILL)

By Carrie Sheffield

The Hill, September 20, 2006

Unrest among GOP members of the House Judiciary Committee threatens to overthrow a bill co-sponsored by Chairman James Sensenbrenner (R-Wis.) aimed at altering policies governing federal intelligence-gathering programs.

Citing concerns over civil liberties and program stability, GOP committee members last week forced Sensenbrenner to cancel a markup of the bill that would allow President Bush's warrantless surveillance program to continue with limited congressional oversight.

Republican members say they have enough votes to replace what they see as an unsavory bill, introduced by Rep. Heather Wilson (R-N.M.) and co-sponsored by Sensenbrenner, with a more palatable one during a scheduled markup this morning.

Several GOP and Democratic committee members are concerned that Wilson's bill would separate oversight of Bush's Terrorist Surveillance Program (TSP) from congressional oversight under the Foreign Intelligence Surveillance Act (FISA).

Rep. Jeff Flake (R-Ariz.), who is spearheading GOP committee movement against Wilson's bill, said the measure fails to create a solid system for TSP and would instead establish a passive, ad hoc response to terrorist attacks, rather than a steady program with legislative oversight under FISA. Flake said this approach both threatens the stability of intelligence gathering and increases the likelihood of civil liberties abuse.

"If we believe that these surveillance powers are necessary and vital to fighting terrorism, it is imperative that they be codified within [FISA]," Flake wrote in a letter to fellow Republican committee members on Monday. "Otherwise these powers could potentially disappear in two years when this president leaves office. Future presidents may eliminate the Terrorist Surveillance Program altogether if such powers are not codified."

Flake said he has enlisted Reps. John Hostettler (R-Ind.), Tom Feeney (R-Fla.), Louie Gohmert (R-Texas) and Bob Inglis (R-S.C.) in his campaign against Wilson's bill.

"Bob is not sure he can support the Wilson bill, which is why he is undecided at this point and he could then support Flake's bill," said Inglis spokesman Price Atkinson.

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Inglis co-sponsored a bill Flake introduced that would ensure that intelligence oversight is delegated to the Judiciary panel and other committees. Flake said the National Security Act outlines a disbursement of intelligence oversight among various committees, but that the shared jurisdiction has been incorrectly usurped by the House Select Committee on Intelligence.

"We really don't get much in Judiciary," Flake said.

Intelligence Chairman Rep. Peter Hoekstra (R-Mich.) disagreed, saying the diversity of his committee's membership ensures that other committees are adequately informed about intelligence programs.

"The Intelligence Committee was established with crossover membership so that a group of members [on other committees] could be apprised of what's going on in the intelligence community," Hoekstra said.

As part of his counter-Wilson effort, Flake has also banded with Democrats such as Rep. Adam Schiff (Calif.) and says he thinks he has enough votes to replace Wilson's bill at the markup today unless a compromise addressing their concerns can be reached. The committee has 23 Republicans and 17 Democrats.

Schiff has introduced a bill along with Flake, Inglis and four other committee Democrats that would "reiterate" FISA's jurisdiction over electronic surveillance.

Schiff and Flake said they met with Department of Justice officials last week to iron out differences, but failed to reach an agreement on which measures to include or discard from Wilson's bill. Wilson faces a tight race in November against Democratic challenger Patricia Madrid and has touted her bill — which, according to press reports, the White House opposes and is hoping to amend on the House floor — as a sign of independence from Bush.

"Maybe they'll come around," Flake said. "I would rather negotiate or work something out. That's my goal."

Adding to their frustration, Judiciary members said the committee held its first classified briefing on FISA last Tuesday, but were not given information about Bush's TSP.

"I'm one who thinks this surveillance is necessary and proper and we ought to be doing it, but it concerns me that we know very little about it," Flake said.

Some members said they were puzzled by Sensenbrenner's absence from the briefing, which was caused because he has refused to participate in classified briefings. According to committee members, Sensenbrenner fears later disclosing sensitive information to the public.

"Every member has to make that decision for themselves," Schiff said of Sensenbrenner's policy. "I think it would be very difficult to analyze the necessity or lack of necessity of proposed changes if you are not privy to why they're being sought."

Wrong Turn On Eavesdropping (WP)

The Washington Post, September 20, 2006

BEFORE WRAPPING up business and sending members home for the fall campaign, both houses of Congress are likely to take up measures to authorize the National Security Agency's program of warrantless surveillance. The two main bills under consideration would both be disasters; they should not pass in anything like their present form. Because the parameters of the program remain so murky, it is impossible for those who have not been briefed on its details to identify exactly what Congress should do. No matter what the contours of the program may be, however, the steps these bills contemplate are dangerous. Instead of modernizing and updating a law that has served well and may need adjustment, they would authorize broad executive powers of warrantless domestic surveillance.

The main bill in the Senate, by Judiciary Committee Chairman Arlen Specter (R-Pa.), was originally designed to place the NSA's program before the courts for review. Judicial review of this program could indeed be helpful, but Mr. Specter's bill, which yesterday seemed to be running into trouble in the Senate, would achieve it at an unacceptable price. It would effectively repeal the requirement in current law, known as the Foreign Intelligence Surveillance Act (FISA), that all national security surveillance conducted domestically take place under the act's terms. Instead, it would explicitly acknowledge that the president may have inherent constitutional authority to spy on Americans without court approval -- thereby giving the administration carte blanche to snoop on Americans however it likes. And it would also permit the administration to seek a warrant for an entire "electronic surveillance program" rather than individual warrants to spy on people against whom it has evidence. The cumulative impact of this bill would be to make FISA optional and give the administration a green light to spy.

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In the House, a proposal by Heather A. Wilson (R-N.M.) has acquired an undeserved reputation for moderation. Under her bill, all aliens who are not permanent residents would become subject to warrantless surveillance for up to a year if they are "reasonably expected to transmit or receive foreign intelligence information" -- even if there is no suspicion of wrongdoing on their part. Even more troubling, the proposal would give the president the ability to conduct warrantless surveillance against anyone he suspects of contact with terrorists after a terrorist attack or, in the latest version, when he deems an attack imminent. Because the key terms in this section go undefined, these provisions could easily be read to permit broad warrantless surveillance domestically even following -- or in anticipation of -- attacks on U.S. troops in combat zones overseas.

Congress needs to step in and regulate the NSA's program; it almost certainly also needs to modernize the Foreign Intelligence Surveillance Act, which was passed before the advent of modern telecommunications and computer technologies. Members of both parties have advanced thoughtful proposals. The goal of any legislation should be to authorize what is necessary in the NSA's program while at the same time limiting it and ensuring appropriate judicial oversight. These bills would do almost the opposite.

Red Cross Officials To Visit Prisoners At Guantánamo (NYT)

By Neil A. Lewis

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — Red Cross officials plan to begin a series of face-to-face visits in Guantánamo Bay, Cuba, on Monday with the 14 prisoners who until this month had spent as much as four years in secret Central Intelligence Agency custody.

The visits by a team from the International Committee of the Red Cross are believed to be the first time that the detainees, who include senior operatives of Al Qaeda like Khalid Shaikh Mohammed, will get to talk with anyone outside of the world of their captors since they were taken into custody.

Simon Schorno, an official with the International Red Cross in Washington, said on Tuesday that about 10 experienced officials, including translators, will assemble this weekend in Guantánamo and begin their interviews on Monday.

“We expect to be able to speak in private with any detainee of our choosing,” Mr. Schorno said.

The priority, he said, will be to interview the 14 recently transferred prisoners, assess their conditions and “give them the means to communicate with their families through Red Cross messages.”

But any information or assertions as to how they were treated under C.I.A. custody is not likely to emerge publicly anytime soon. Under the standard arrangement that allows its officials access to war-related prisoners, the Red Cross has agreed that it will not speak publicly about what it learns. Any complaints about mistreatment will be delivered to the United States government and not made public except under rare circumstances.

If the prisoners wish to publicize their treatment at the hands of the C.I.A., they will probably get an opportunity later, if and when they are charged with war crimes as President Bush has promised. Although the White House and Congress are still wrangling over a measure to set up military tribunals, any detainee who is charged will be assigned a military lawyer.

At that time, the detainees will also be eligible to acquire civilian defense lawyers, as have other Guantánamo detainees. The defense lawyers could be expected to raise the issue of the treatment of their clients while in C.I.A. custody.

Officials at the Center for Constitutional Rights say they have already been talking with a handful of prominent defense lawyers who have expressed interest in defending the senior Qaeda defendants. The center, a human rights group based in New York, has been largely responsible for organizing legal representation for more than 400 detainees at Guantánamo.

“There are lawyers queuing up for these cases,” Bill Goodman, the legal director of the center, said in an interview.

Mr. Goodman said the group of lawyers who have been involved in preliminary discussions was composed of skilled and experienced litigators, although he declined to provide any names.

Civilian lawyers would have to deal with the age-old lawyer’s burden of representing a client widely regarded as reprehensible as well as shoulder a great financial obligation, Mr. Goodman said.

“Unpopular clients are a badge of honor to lawyers who believe everyone deserves to be represented,” he said.

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While lawyers across the spectrum have come forward to challenge the government's detention of little-known detainees at Guantánamo, the task in this case will be representing a new group of detainees that includes people who are indisputably Qaeda members. Khalid Shaikh Mohammed, for example, is believed to be the chief planner of the Sept. 11 attacks.

"I'm confident we'll be able to recruit serious skilled lawyers to represent these people," Mr. Goodman said. "The bar understands this basic commitment."

What has typically occurred in the case of the other Guantánamo prisoners is for a family member to hire a private lawyer to work with the military defense lawyer.

The prisoners may make their desires for a private lawyer known through letters they will be able to send to their relatives via the Red Cross. The correspondence is generally limited to family members of prisoners, although exceptions may be made.

The letters, on a standard one-page Red Cross form, are censored as they go out from the prisoner and come in from family members.

Military officials have declined to describe the conditions under which the new prisoners at Guantánamo are being held except to say they are in a "modern and secure" facility. That description appears to apply to Camp Six, the only hard-walled and modern facility at the detention site. Camp Six has solitary cells, all electronically controlled and monitored.

Red Cross Delegation Will Visit Detainees At Guantanamo (MCT)

By Carol Rosenberg

McClatchy Newspapers, September 20, 2006

A Red Cross delegation will travel next week to Guantanamo Bay, Cuba, to meet with Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11 terrorist attacks, and 13 other reputed terrorists recently transferred to U.S. military custody after years of imprisonment in secret CIA jails.

The 12-member delegation from the International Committee of the Red Cross would be the first people not affiliated with the detentions and questioning to meet with the terrorist suspects since their arrests as long as five years ago. Afterwards, the prisoners will be allowed to fill out Red Cross message forms that will be passed to their families in what would be their first communications since their captures.

Simon Schorno, the ICRC spokesman in Washington, D.C., said Tuesday that the delegation would include a doctor, a lawyer and several translators. He said the delegation would begin arriving at Guantanamo Bay on Monday and would stay for about two weeks.

Mohammed and the 13 other suspects, including alleged Sept. 11 conspirator Ramzi Binalshibh, had been held secretly by the CIA until two weeks ago, when President Bush for the first time publicly acknowledged that the CIA had operated secret prisons and had used harsh interrogation tactics on prisoners held in them. Bush said the program was being suspended in response to a Supreme Court decision and that its remaining prisoners were being transferred to U.S. military custody.

Schorno said that the Red Cross visit to Guantanamo had been scheduled before Bush's announcement, but that the delegation would make a point of asking to see Mohammed and the others next week. The prisoners can refuse to meet with the delegates.

"We have not gone to the island since their arrival, so they are not registered with us until now," Schorno said. "We want to speak in private with any detainee of our choosing, including the 14 that were recently transferred."

The International Red Cross has long been responsible under the Geneva Conventions for verifying that prisoners of war are treated humanely and don't disappear while in custody, but U.S. officials insisted that the Geneva Conventions didn't apply to suspected terrorists. That view was rejected by the U.S. Supreme Court in June.

The International Red Cross wouldn't identify the head of the delegation by name nor specify the delegates' nationalities. But Schorno said the delegation leader had visited Guantanamo before, speaking with senior U.S. military officers and meeting with prisoners.

How CIA interrogators treated the new prisoners during their detentions will certainly come up during any meetings with the Red Cross, but it's unlikely that information will be made public. Under international rules, Red Cross officials report the findings of their visits only to the country holding the prisoners.

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In announcing the transfer of the prisoners to Guantanamo on Sept. 6, Bush said that some had been questioned using an "alternative set of procedures" designed to induce them to testify. Those procedures are said to have included loud music, sleep deprivation and exposure to extreme temperatures recently prohibited to military interrogators.

Bush said the questioning techniques had been necessary to gain valuable information, and he has sought congressional approval to continue using them.

Bush also has sought congressional approval to establish military tribunals that would offer fewer protections to defendants than traditional U.S. military justice would. That proposal has been met with stiff opposition from key Republican senators, including Sen. John McCain of Arizona, who was tortured as a prisoner of war in North Vietnam.

The last Red Cross visit to Guantanamo straddled the end of June and beginning of July, following the simultaneous suicides by hanging of two Saudis and a Yemeni, the first prisoners to die during their captivity there.

Red Cross Workers To Meet With 14 Who Were Held In Secret Prisons (WP)

By Josh White

The Washington Post, September 20, 2006

Representatives from the International Committee of the Red Cross are scheduled to begin meetings Monday with the 14 terrorism suspects who were held for years in secret CIA custody, the detainees' first contact with the outside world since they were captured after the Sept. 11, 2001, attacks.

The meetings will be part of a routine Red Cross visit to the U.S. military detention facility at Guantanamo Bay, Cuba, said Simon Schorno, a Red Cross spokesman in Washington. About 12 officials, including interpreters, will spend about two weeks at the camp, he said.

Red Cross officials have met regularly with the hundreds of detainees at Guantanamo Bay since early 2002 but have never before gained access to detainees in U.S. custody in secret prisons around the world.

Schorno said the Red Cross has been hoping to speak to anyone who was held in a CIA-run prison.

"It has been a priority of ours to gain access to those people," he said. "It's something that we have expressed our discomfort and problem with several times."

Defense Department officials declined to confirm the visit.

"The International Committee of the Red Cross has regularly sent delegations to Guantanamo for weeks at a time," said Lt. Cmdr. Chito Peppler, a department spokesman. "They have had access to private interviews with detainees and have facilitated communications with their family members around the globe."

President Bush publicly addressed the secret CIA program this month just as the detainees were transferred to Guantanamo Bay, where they are covered by international humane-treatment standards. Bush defended the program and has been pushing for a U.S. law that would allow the CIA to continue using aggressive interrogation tactics, something members of Congress -- including some top Republicans -- have been trying to block.

The Red Cross will officially register the men, one of whom is alleged Sept. 11 mastermind Khalid Sheik Mohammed, and will then offer to speak to them privately, Schorno said. The meetings involve only a Red Cross delegate, an interpreter and in some cases a doctor.

It is possible that, in such discussions, the Red Cross will become the first organization outside of the Bush administration to learn about the practices in the CIA-run facilities, including the interrogation techniques used. But the international agency's guidelines require the information to be completely confidential, meaning that the representatives will be able to directly raise their concerns only with U.S. authorities.

"Certainly it's a difficult decision, but it's the main reason why we get access," Schorno said. "We will take the information and intervene if necessary."

The visits also mean that the 14 suspects will be able to contact their families, who until this month were unaware of the men's whereabouts, through Red Cross messages. The U.S. military censors the messages before delivery, and families are allowed to write back.

Schorno said 20,000 such messages have been transferred between Guantanamo Bay detainees and their families.

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Intelligence Comes First (USAT)

By Andrew C. McCarthy

USA Today, September 20, 2006

The case of Maher Arar, a Canadian Muslim allegedly tortured in Syria after being taken there by the CIA, warrants scrutiny. So, indeed, does the whole practice of rendition, a favorite of the Clinton administration long before the Sept. 11 attacks.

U.S. treaty obligations forbid transporting people to countries where we have reason to believe they'll be tortured. Syria, moreover, is not only a torture state but a terror state. We should regard it as an enemy, not a collaborator.

But with the lives of 300 million Americans at stake, the United States cannot make national security policy based on individual anecdotes about government roguishness.

Intelligence is singularly crucial in the war on terror. A terror network has no territory or treasury to defend. We can't bomb friendly countries where it is embedded, much less our own cities where its threat to us is greatest. Our only weapon is intelligence. Without it, we'll have to accept the preventable deaths of American soldiers and civilians. That is not acceptable.

Last year's legislation by Sen. John McCain, R-Ariz., extended Fifth Amendment protections to alien enemy combatants. In my view, that gave al-Qaeda captives the right to Miranda warnings, at least if we hope to use confession evidence at trial. Now, McCain champions opposition to the president's urgently needed effort to clarify hopelessly vague Geneva Convention terms recently imposed by the Supreme Court — such as a prohibition of "degrading treatment."

No one is urging torture. It's illegal. But there are many tactics, short of torture, that have proved effective in wringing life-saving intelligence from jihadists, who are trained to resist interrogation. Without latitude and clear guidance about what is permissible, our interrogators would be vulnerable to war crime charges just for doing their jobs.

Yes, rogues need to be rooted out. But the vast majority of our agents are honorable. They will follow the rules if Congress tells them what is and is not permissible — common sense McCain obstinately resists. If Congress follows his lead and abdicates its duty, the highest quality intelligence will be lost, and with it American lives.

Andrew C. McCarthy, a former assistant U.S. attorney who prosecuted terrorism cases, is a senior fellow at the Foundation for the Defense of Democracies.

Into A Moral Desert (WP)

By Harold Meyerson

The Washington Post, September 20, 2006

At its highest levels, the literature of war is often about a hero gone bad, a hero, in fact, who becomes indistinguishable from his enemy. Achilles, to begin at the beginning, outrages the gods by his desecration of the body of his slain archrival, Hector, and it takes a message from Zeus to persuade him to relinquish the body for burial.

In America, the closest we've come to having a Homer of our own, "an epic, tragic, national poet," is probably John Ford, the tormented, alcoholic Irish American director who invented both the classic Western and John Wayne in his 1939 film "Stagecoach." But it's the film Ford made immediately after that, "Young Mr. Lincoln," starring young Henry Fonda, that may be the single most lyrical and compelling evocation of the American ideals of justice and community ever crafted by an American artist. No one did heroes as well as Ford.

So it's all the more startling to see Ford's late Western "The Searchers," his ninth picture with Wayne, which came out in 1956. Suddenly, Wayne no longer personifies the chivalrous ideals he embodied as the Ringo Kid in "Stagecoach" or the military officers in Ford's cavalry films. In "The Searchers," Wayne plays a former Confederate cavalryman who rode off to avoid surrendering to the Yankees and who is possessed by a raging hatred of Indians. As the self-appointed protector of isolated frontier settlers who are subjected to murderous raids from a band of Comanches, he becomes as savage as the Comanches themselves -- his hatred culminating in a shot in which he scalps the Comanche chief he has tracked for five years.

Nor does Ford let even his beloved cavalry off easy, showing us the bodies of squaws killed in a raid on a Comanche encampment. In the film's famous closing shot, with the camera positioned inside a settler's home looking out the doorway to the desert beyond, the Wayne character returns his niece, whom the Comanches had kidnapped five years earlier, to the settler's

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family. She enters the house; other characters enter the house; and Wayne remains outside, looking in, then turning, then walking away into the desert as the door closes and the picture ends.

Defend civilization by becoming as barbaric as its enemies, Ford suggests, and you are no longer really part of that civilization. Or perhaps you are, but that civilization has lost some of its ideals, its raison d'Ãªtre, in the process.

These thoughts of Homer and Ford on men in war are occasioned by the story of the Syrian-born Canadian computer engineer whom the Mounties misidentified as an al-Qaeda associate and whom our own government then spirited off to Syria in September 2002 so he could be tortured into revealing what he knew. After nearly a year of torture, it was clear that he knew nothing, because he wasn't an al-Qaeda associate.

What's striking about this story (and it's just one of many things that are striking about this story) is that we sent him to Syria, which was providing us with some assistance during the period between Sept. 11 and our invasion of Iraq but which also was an authoritarian regime that knew no constraints in the treatment of its presumed enemies. We sent him there because he'd be tortured, because the Syrians would do the kinds of things that the same administration officials who devised this policy feared the Syrians, given half a chance, would do to us.

But why rely just on the Syrians? At the same time, as the president acknowledged this month, we ourselves (that is, CIA employees) had embarked on our own round of torture of al-Qaeda suspects, some of them the genuine article, some not. As the president asserted during his news conference Friday, that doesn't mean that we've become our enemy, that we're in any sense the moral equivalent of al-Qaeda. But it most certainly means we've abandoned our own moral and legal norms, as the administration's determination to create a loophole in the Geneva Conventions makes unmistakably clear.

Lindsey Graham, John Warner, Colin Powell and above all John McCain know firsthand what war can do to men and why we need laws to keep men from becoming their nightmare image of their enemy. Their knowledge is as old as Homer, as American as John Ford.

As events would have it, though, our nation is led by men who have carefully avoided both war and literature. By men devoid of a sense of the nation's and their own moral fallibility. By men who have led us into a moral desert and aren't even looking for a way back home.

Every Suspect Is Not A Terrorist — Just Ask Him (USAT)

USA Today, September 20, 2006

As Congress weighs how to treat and try suspected terrorists, it should consider the story of Maher Arar, a Canadian Muslim.

His case is a textbook example of what can go wrong, and why Americans should be leery of embracing the harsh tactics President Bush wants applied to terror suspects.

Arar's nightmare began in September 2002. The computer engineer, married and the father of two, was detained in New York's JFK Airport during a stopover on a flight home from Tunisia, where he had been with his family. Unknown to Arar, the Royal Canadian Mounted Police, acting on faulty information, had told U.S. authorities Arar was an Islamic extremist with suspected links to al-Qaeda.

Arar was held and questioned for 12 days at JFK and in a U.S. detention center. When U.S. authorities told him they were sending him to Syria, from which he had emigrated to Canada at age 17, the mild-mannered Arar broke down crying, protesting the Syrians would torture him.

Arar was shackled by U.S. authorities in the rear of a small jet and flown to Jordan. There, he was hit by Jordanian guards and questioned. Then he was blindfolded and driven to Syria, where his life descended into a hellish round of beatings and interrogation. He was punched and whipped with an electric cable. Desperate to stop the beatings, he confessed to having been trained in Afghanistan — a country there is no evidence he has ever visited.

The beatings quickly diminished, but for 10 months Arar was locked in a tomblike, rat-infested concrete cell just 3 feet wide and 6 feet long. The Syrians eventually required him to sign a confession and set him free. He returned to Canada in 2003, where he suffered from severe post-traumatic stress and was unable to work to support his family.

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We know all of this because of a devastating new report by a Canadian judge, who heard testimony about Arar's case from more than 70 witnesses and had access to more than 21,000 documents. The judge concluded “categorically that there is no evidence” Arar was ever a security threat.

U.S. Attorney General Alberto Gonzales said Tuesday that the hand-over of Arar to the Syrians was a deportation, not a “rendition” — a controversial practice in which U.S. authorities turn over suspected terrorists to other countries.

In this case, that seems to be a distinction without a difference.

Terrorism is a deadly threat to the USA, but Arar's story illustrates what can happen when fear of it causes the usual checks and balances of the legal system to be bypassed.

Several precautions might have averted the injustice: Turning Arar over to Canada instead of Syria. Giving him a court review. Adopting reasonable principles on torture, either by the United States or by its proxies. But the Bush administration has resisted due process for terror suspects and wants to sanction practices that can be interpreted as torture.

As we said as recently as Tuesday in this space, torture is a terrible bargain. It often produces bad information, and it almost always degrades the moral authority of the torturer. Using it on the most vile terrorist leaders is debatable. Applying it to an innocent man is unforgivable.

Tortured By Mistake (WP)

The Washington Post, September 20, 2006

ACOUPLE of years ago, President Bush might well have counted Maher Arar as one of the success stories of the CIA's secret program for detaining and interrogating suspected terrorists. Mr. Arar, a Canadian citizen, was arrested at New York's John F. Kennedy International Airport in September 2002 because he was on a watchlist; Canadian police said they believed he had connections to al-Qaeda. Rather than being returned to Canada, Mr. Arar disappeared into the CIA's secret system -- he was transported to Syria and handed over to its military intelligence service. For several weeks, Mr. Arar was tortured by his Syrian captors, who beat him with an electric cable. Eventually he broke and confessed that he had trained at an al-Qaeda camp in Afghanistan.

The problem with this story, as an official Canadian investigation reported Monday, is that Mr. Arar was innocent. "Categorically there is no evidence" that Mr. Arar was a terrorist or posed a security threat, the report stated. He never traveled to Afghanistan. The Canadian police intelligence about him was simply wrong. But after his coerced confession, he was held in a Syrian dungeon for 10 months and suffered "devastating" mental and economic harm before finally being released in 2003.

Mr. Arar's case vividly illustrates a couple of the points that veteran military and diplomatic leaders have been trying to impress on Mr. Bush about the dangers of the CIA program, for which the president is demanding congressional approval. From early 2002 until this month the agency held some al-Qaeda suspects in secret prisons and subjected them to harsh interrogation techniques that, though they don't include beatings with cables, violate the Geneva Conventions and current U.S. law. Others, like Mr. Arar, have been secretly handed over to foreign governments known to use torture in interrogations, including Egypt and Jordan as well as Syria -- a practice known as "rendition."

Mr. Bush claims that the renditions, secret detentions and harsh U.S. techniques -- which most of the world regards as torture -- have yielded important intelligence. But as the military commanders who oppose such methods have insistently and courageously pointed out, it is well known that the information they produce is unreliable. Many detainees, as Mr. Arar did, will falsely incriminate themselves or others to avoid abuse. Over time, better intelligence can be obtained by working within guidelines mandating humane treatment of detainees -- such as those in the new Army interrogation manual released this month.

Moreover, as Mr. Arar's case illustrates, cruel treatment of prisoners, even in secret, eventually becomes known and can badly damage the honor and influence of the United States and its relations with allies. The mistreatment of Mr. Arar has hurt U.S. relations with Canada and could impede cooperation with its police and security services in the future. Other cases of rendition have similarly upset U.S. intelligence relations with Italy, Germany and Sweden.

It's no wonder that two former Republican secretaries of state, Colin L. Powell and George P. Shultz, oppose Mr. Bush's attempt to modify U.S. compliance with the Geneva Conventions to permit future secret detentions and renditions by the CIA. Or

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that military leaders ranging from Gen. John W. Vessey Jr., a former chairman of the Joint Chiefs of Staff, to Maj. Gen. Scott C. Black, the senior serving uniformed lawyer in the Army, also oppose the president's initiative. They understand well what Mr. Bush refuses to see -- that the price of his policies is bad intelligence, the criminal mistreatment of some innocent people, and damage to U.S. prestige and alliances that the country can ill afford.

Rules For The Real World (NYT)

The New York Times, September 20, 2006

The White House has been acting lately as though the struggle over the proper way to handle prisoners is a debate about how tough to get with Osama bin Laden if he's ever actually caught. This week, we've had two powerful reminders of the real issue: when a government puts itself above the law, innocent people are put at risk.

On Monday, Canada issued a scathing report about the story of a Canadian citizen, Maher Arar, who was abducted by American agents in late 2002 and turned over to Syrian authorities, who obligingly tortured him for 10 months until he signed a transparently false confession. The report said Mr. Arar never had any connection to terrorism. But the United States stonewalled Canada's investigation, which concluded that the Americans misled Canada about their plans for Mr. Arar. Sending him to Syria, where he would certainly be tortured, was not just immoral and un-American, it was a violation of international law.

In Iraq, American authorities have been holding an Iraqi-born photographer for The Associated Press for five months without charging him with any crime. Military officials say they have evidence that Bilal Hussein has "strong ties" to insurgents, but refuse to show it to Mr. Hussein, his lawyers, The A.P. or even to the Iraqi courts. We don't know the truth. But we know how to get at it: If the Americans have evidence against Mr. Hussein, they should present it. If he committed a crime, he should be charged. If not, he should be set free.

These two cases illustrate vividly why Congress needs to pass an effective law on the handling of prisoners that not only provides for legal military tribunals to try dangerous men like Khalid Shaikh Mohammed, who is believed to have organized the 9/11 attacks, but also deals with the other men, perhaps hundreds, wrongly imprisoned at Guantánamo Bay, and sets rules for the future.

The bills now before Congress don't meet the test. The White House's measure endorses the practice of picking up any foreign citizens the United States wants, abusing and even torturing them, and then trying them on the basis of secret evidence. It effectively repudiates the Geneva Conventions, putting American soldiers at risk.

The other bill, written by the only three Republican senators who were willing to defy the White House, preserves the conventions and creates a respectable trial process. But it defines "illegal enemy combatant" so broadly that the administration could apply it to almost any foreigner it chose, including legal United States residents. Both bills choke off judicial review and allow even those acquitted by a military tribunal to be held indefinitely.

Either bill might be acceptable if the United States government were infallible. As it is, they would legalize the sorts of abuses of power that the United States fought against in other countries for most of the 20th century.

PSB Says It Will Continue Probing Phone Records Case (AP)

AP, September 20, 2006

MONTPELIER, Vt. --State regulators plan to continue exploring whether telephone records were improperly released to the federal government even though the Justice Department has warned such an inquiry could run afoul of federal law.

"We have jurisdiction under state law to proceed in this matter and it has not been shown that federal law pre-empts that jurisdiction," the Public Service Board said.

Verizon and AT&T both operate in Vermont and news reports have suggested they might have turned over records of customer calls to the National Security Agency. Those companies' customers, Gov. Jim Douglas and the Vermont chapter of the American Civil Liberties Union urged the Public Service Board to determine whether Verizon and AT&T violated state statutes by cooperating with the NSA.

Verizon has said in the board's proceedings that it could not say whether it had cooperated with NSA, even if it wanted to, because federal law bars it.

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But the Public Service Board said the privilege against answering the state's inquiry "belongs to the government and must be asserted by it. It can neither be claimed nor waived by a private party."

The federal government has declined to participate in the case before the Public Service Board and the Justice Department has said in a letter that it should be dropped. But the board says it concluded that no federal laws prevented it from pursuing the docket.

The federal government has sued Connecticut and New Jersey to block those states from pursuing the issue.

"The Vermont Public Service Board is being very brave in continuing its actions in this case," said Allen Gilbert, director of the Vermont ACLU. "Vermont might be the state that is able to get to the bottom of this."

MCLU Defends Mainers In Federal Privacy Lawsuit (MCMS)

Magic City (ME) Morning Star, September 20, 2006

PORTLAND –- The MCLU went to court today to protect the privacy rights of Maine telephone customers. In a motion filed in U.S. District Court, the MCLU seeks an opportunity to have the consumers' voice heard in the Bush administration's lawsuit against the Maine Public Utilities Commission. The MCLU asked that the Verizon customers who initiated the privacy investigation at the Maine Public Utilities Commission be added to US. v. Kurt Adams et al as intervenor-defendants.

"The Justice Department is making up the law as it goes. It's a blatant attempt to intimidate Maine's Public Utilities Commission, but it won't work," said John Paterson, an MCLU cooperating attorney with Bernstein Shur. "Mainers deserve to know if their privacy rights were violated."

The MCLU asserts that the DOJ has no legal basis for suing the State of Maine. The Maine Public Utilities Commission has merely asked Verizon to confirm the truthfulness of statements it had already made publicly in press releases.

"Verizon's refusal to respond to our questions and now the Justice Department's lawsuit makes it look like Verizon has cooperated in Maine with the National Security Agency and that they are guilty of violating Mainers' privacy rights and possibly breaking the law," said James Cowie, lead intervenor-defendant, "The United States of America is not a place where citizens should have to expect that the government is eavesdropping on our private telephone conversations."

Today's filings follow on the heels of Attorney General Steve Rowe's vigorous defense of Maine's right to conduct an investigation. Congressmen Mike Michaud and Tom Allen have called on U.S. Attorney General Alberto Gonzales to withdraw the lawsuit. Fifteen Maine state senators and twenty-seven Maine state representatives signed a letter to Attorney General Alberto Gonzales noting that state has both the authority and the responsibility to protect Mainers.

"The federal government has abused its authority to cover up what appears to be illegal surveillance of ordinary Americans," said Shenna Bellows, Executive Director of the Maine Civil Liberties Union, "No one, not the telephone companies and not the federal government, is above the law."

Maine was the third state to be sued by the federal government is this matter. The government has also sued the states of New Jersey and Missouri, and on September 6, the Department of Justice sued a fourth state, Connecticut, in an effort to prevent the state from determining whether the telephone companies or the federal government broke the law. The federal government is attempting to use the theory of "state secrets" to prevent any state level investigations or lawsuits against the warrantless National Security Agency surveillance program. The government's legal arguments were challenged in two recent legal victories for privacy advocates. In Hepting v. AT&T, a judge ruled that national security did not prevent consumers from moving forward with a lawsuit against the telephone companies. In ACLU v. NSA, a judge ruled portions of the warrantless National Security Agency surveillance program to be unconstitutional.

FBI Informant In Terror Case Says He Was Truthful (AP)

By Michael Virtanen, The Associated Press

AP, September 20, 2006

ALBANY, N.Y. (AP) — An FBI informant testified Tuesday that he did whatever an FBI agent told him, even if that meant misrepresenting himself as a big import-export businessman, Islamic radical and part-time arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims.

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Shahed Hussain acknowledged cooperating with the FBI in hopes of reducing his sentence after his 2001 arrest for helping immigrants fraudulently obtain state drivers' licenses in Albany. He maintained he has been truthful since, especially with FBI case agent Timothy Coll.

"My cooperation agreement tell me I could not do any kind of false statement with Mr. Coll or with any law enforcement," Hussain said.

The credibility of the Pakistani emigre is a central issue in the case, with defense attorneys saying Hussain not only lied to their clients, but in his past business dealings as a translator at the state Department of Motor Vehicles and to the FBI concerning their clients.

He testified that, following Coll's instructions, he represented himself first as a businessman and then as an arms dealer — "a wealthy, radical guy" — to Yassin Aref and Mohammed Hossain. They are accused of supporting terrorism by laundering $50,000 that Hussain claimed came from selling a shoulder-fired missile to terrorists.

It was a fictitious terrorist arms plot, and jurors will have to decide what the defendants knew or believed.

"I was not making up a story. I was telling exactly what he wanted me to," Hussain said, noting Coll coached him before every meeting. "It was an undercover operation so if you call that a lie, it's a lie."

Hossain, an Albany pizzeria owner, had sought a loan from Hussain. Muslim cleric Aref witnessed the transactions, involving $50,000 cash, with the pizzeria owner repaying $45,000 to the informant in checks over several months in 2004.

The Albany men also are accused through the transactions of supporting Jaish-e-Mohammed, or JEM, a Pakistan-based Islamic terrorist group, which informant claimed he supported.

Hussain acknowledged that Aref told him he didn't know anything about JEM besides what he'd seen on television. He and defense attorney Kent Sprotbery sparred over what Aref's subsequent comments meant, Hussain contending the imam told him to support JEM, the attorney saying Aref in a mini-sermon told him to ask God, and that Hussain deliberately dropped in a stray comment about a missile for the FBI's benefit.

Hussain also testified he showed the shoulder-fired missile launcher to Hossain at a videotaped meeting in November 2003, and the money transactions began in January 2004. He acknowledged that he never showed the weapon to Aref, though he did show both defendants the trigger mechanism, but only briefly while Aref was counting money.

Under cross-examination, he also acknowledged at a December 2003 meeting, as shown in the transcript, that he told Hossain: "Whatever I'm doing, I'm not doing anything wrong or breaking any law. ... I am not selling any kind of drugs, nor am I selling any kind of weapon that can cause a man to be killed. I am just delivering all this so that the Muslims can protect themselves from nonbelievers."

Hussain insisted to defense attorney Kevin Luibrand that he was referring only to Islamic law in that instance. He said his comments, as directed by Coll, were meant only to show he wasn't involved in any street crime.

Cheney Says Hopes Of World Rest On U.S. (AP-Y)

By Tom Raum

AP, September 19, 2006

Vice President Dick Cheney cast the global war on terror on Tuesday as a "war of nerves," borrowing a phrase Harry Truman used to describe the Cold War. Cheney asserted that the hopes of the civilized world depend on a U.S. victory.

"We are not going to let down our guard," Cheney told a convention of automobile dealers. He said President Bush "will not relent in the effort to track the enemies of the United States with every legitimate tool at his command."

He defended the administration's warrantless wiretapping and detainee programs, both subject to criticism from Democrats and some members of his own Republican party.

Cheney characterized as "just plain wrong" a federal judge's ruling earlier this month rejecting the administration's plea to throw out a lawsuit over the wiretapping program. "We hope it will be reversed on appeal," the vice president said.

U.S. District Judge Garr King in Portland, Ore., said he was not persuaded by the administration's argument that going ahead with the case would harm national security. It was the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority.

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Cheney said that, to President Truman, the term Cold War was "an expression he never much cared for and seldom used. He called it the war of nerves. When you think about it, that's an apt description of the kind of challenge America is now facing."

"The war on terror is a test of our strength, a test of our capabilities, and above all a test of our character," Cheney said.

"We know that the hopes of the civilized world ride with us. Our cause is right, it is just and this nation will prevail," Cheney added.

Speaking to the National Automobile Dealers Association, Cheney suggested that the U.S. economy was firing on all cylinders and seldom has been stronger. He credited Bush tax cuts in 2001 and 2003, and urged Congress to finish work on making them permanent.

Cheney told the dealers that modern automobiles are "marvels of design, performance and reliability. ... You're part of the reason America remains among the strongest economies in the world."

Cheney recalled that his own first car was a 1949 Chevrolet with several hundred thousand miles on it "which I drove with not much skill but plenty of enthusiasm. It had a lot of power. As I could recall, I could pretty much pass anything on the road except filling stations."

HOMELAND RESPONSE:

Study: Prisons Breed Islamic Extremists (AP-Y)

By Lara Jakes Jordan

AP, September 19, 2006

Jailed Islamic extremists with violent interpretations of the Quran are taking advantage of scarce religious monitoring programs to breed terrorists in U.S. prisons, a study released Tuesday shows.

State and local prison officials struggle to track radicalized behavior by inmates or religious counselors, the joint study by George Washington University and the University of Virginia found.

Many prisons can't afford preventive programs; in California, for example, officials reported "that every investigation into radical groups in their prisons uncovers new leads, but they simply do not have enough investigators to follow every case of radicalization."

"Radicalized prisoners are a potential pool of recruits by terrorist groups," concluded the study, released at a Senate Homeland Security and Governmental Affairs Committee hearing on "homegrown" terrorists. "The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries."

An estimated 2 million people are imprisoned in the United States; 6 percent of them are Muslim, according to the Federal Bureau of Prisons.

Daveed Gartenstein-Ross, a counterterrorism consultant, told senators that "chilling" interpretations of the Quran were given to prison inmates when he worked for the al-Haramain Islamic Foundation, an international charity that served as a major al-Qaida financier.

The readings urged Muslims "to wage war against non-Muslims who have not submitted to Islamic rule," Gartenstein-Ross said in prepared testimony to the Senate panel.

"I know of only a few instances in which prisons rejected the literature we attempted to distribute — and it was never because of the literature's radicalism," said Gartenstein-Ross, who has since left the charity and converted to Christianity.

Prisons have long been considered recruiting stations for gangs and, more recently, terrorists, but little has been done throughout government to combat them. The Senate hearing came as law enforcement and intelligence officials focus on finding out how and why extremist homegrown sympathizers cross a line to become operational terrorists.

The panel's chair, Sen. Susan Collins, R-Maine, called the matter "an emerging threat to our national security." Added Sen. Tom Carper, D-Del., "While homegrown Islamic terrorism might not be as much of a threat as in say, Europe or some other places, we ignore the threat that does exist at our peril."

The report cited several high-profile cases of terrorists who became radicalized while incarcerated, including British shoe bomber Richard Reid. It also noted what authorities call a foiled plot of a potential shooting rampage against California military

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facilities, synagogues and the Israeli Consulate in Los Angeles by followers of Kevin James, who founded the radical group Jamiyyat Ul-Islam Is-Saheeh, or JIS, as an inmate at California State Prison in Sacramento.

Researchers interviewed federal, state and local prison officials, religious counselors and counterterror authorities in four states — California, New York, South Carolina and Ohio — and the District of Columbia. They concluded that federal prison authorities have made significant strides in collecting and sharing information to help monitor whether inmates are becoming radicalized.

But state and local prison officials have largely relied on contractors and volunteers to lead Islamic services because of a lack of well-trained Muslim chaplains, the report found. In New York, that led to several cases of "imams espousing violent views," it said.

The report noted a 2004 study that found that about half of 193 prisons surveyed supervised religious services or monitored them with video or audio recorders. "In the absence of monitoring by authoritative Islamic chaplains, materials that advocate violence have infiltrated the prison system undetected," it found.

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On the Net:

The George Washington University Homeland Security Policy Institute: http://homelandsecurity.gwu.edu/

University of Virginia's Critical Incident Analysis Group: http://www.healthsystem.virginia.edu/internet/ciag/

Senate Homeland Security and Governmental Affairs Committee: http://hsgac.senate.gov/

Islamist Radicals In Prison: How Many? (CSM)

By Alexandra Marks

The Christian Science Monitor, September 20, 2006

NEW YORK

The radicalization and recruitment of terrorists in US prisons present a threat of "unknown magnitude," according to national security experts.

That's prompted leading analysts to call on Congress to set up a national commission to study the spread of radical ideologies in America's correctional systems.

Prisons have long been fertile breeding grounds for radical thought. Right-wing extremists, neo-Nazis, and Christian Identity groups have traditionally recruited and set up ideologically based gangs in these facilities. Radical Islamists have been more active in European prisons, but there have been a handful of documented cases of Islamist radicalization in US prisons.

The situation presents an opportunity for launching preventive strategies in the war on terror, experts say. The goal of the commission would be to ensure that the civil rights of inmates, as well as the redemptive aspects of all religions, are protected - while at the same time, systems can be put in place to prevent extremists from spreading distorted theologies that promote violence.

"Our concern is that isolated cases could end up dictating what could ultimately end up being bad policy. And the last thing we want is to victimize people who honestly want to practice their religion," says Gregory Saathoff, executive director of the Critical Incident Analysis Group at the University of Virginia in Charlottesville. "Paradoxically, that could create a backlash that could play into the hands of those interested in subverting the system."

The United States has the world's largest prison population, with more than 2 million inmates. It also has the world's highest incarceration rate - 701 of every 100,000 people are in prison or jail. Islam is the fastest-growing religion behind bars, which makes the system a desirable target for terrorist organizations to recruit new members, experts say. But people familiar with the prison system say the vast majority of Muslim inmates are African-Americans and Hispanics who turned to Islam for spiritual development or protection and camaraderie.

Indeed, there's little interaction between the Muslim community on the inside with the one on the outside. For instance, in New York State there are an estimated 200 Muslim prison volunteers, compared with more than 4,000 Christian volunteers. "The stage hasn't been set for the type of collaborations that folks are trying to suggest, and given the fact that most [Muslim inmates]

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are Americans, terrorism is the last thing they'd want to be involved in," says Mika'il DeVeaux of the Muslim Re-entry Initiative, a nonprofit group in New York dedicated to helping released inmates reintegrate.

Mr. DeVeaux was a Muslim leader during the 25 years he spent in New York State prisons for a murder conviction. He says there are stark differences between American-born Muslims in prison and immigrant Muslim prisoners, who make up a very small fraction of the population.

"I encourage local imams to seize the agenda from the immigrant Muslims and stop allowing them to define for Westerners what Islam is and what the Muslim agenda is," he says.

But he and others with experience behind bars see potential for extremists of all kinds to indoctrinate and recruit young, alienated prisoners. The practice is more prevalent in European prisons, where the Muslim population is primarily made up of first- and second- generation immigrants with close ties to South Asia. Richard Reid, the attempted shoe bomber who was arrested in 2001, converted and became radicalized, according to prosecutors, while behind bars in Britain.

There has been only one publicly documented incident in the United States where officials say home-grown prison Islamists attempted to directly foment violence on the outside: In September 2005, police in California disrupted what they say was a plot by Kevin Lamar James, a self-styled leader of an Islamist inmate group, to blow up government facilities and Jewish synagogues in the Los Angeles area.

In 2004, a study by the inspector general of federal prisons found there was no coherent system for screening out extremist chaplains, and more than half of all religious services were not monitored. The Federal Bureau of Prisons responded by setting up a vetting process for its chaplains and religious volunteers. But 93 percent of inmates are in state and local prisons, which have a shortage of qualified Muslim chaplains as well as a lack of trained correctional officers to identify extremist ideology.

A report by George Washington University's Homeland Security Policy Institute and Dr. Saathoff's Critical Incident Analysis Group, which was released Tuesday, says it's essential for local, state, and federal correctional officials to work closely with one another as well as the FBI. Then, they say, extremists within the prison system, and those on the outside who want to exploit it, can be identified and tracked. But they acknowledge it will be a challenge, particularly since most American prisons are overcrowded, and many are understaffed.

"The really critical thing here is information," says Jeffrey Raynor of the Institute of Law, Psychiatry and Public Policy at the University of Virginia, who co-wrote the report. "Inmates often move between these systems, and we need to find innovative ways to integrate information so we can understand how to most efficiently short-circuit [the potential for terrorist recruitment] with our limited resources."

Islamists In U.S. Prisons Pose Threat, Report Says (WT)

By Jerry Seper

The Washington Times, September 20, 2006

Islamic extremists in U.S. prisons have taken advantage of a lack of religious monitoring to embrace violent interpretations of the Koran, posing a threat of "unknown magnitude" to national security, a report said yesterday.

"Prisons have long been places where extremist ideology and calls to violence could find a willing ear, and conditions are often conducive to radicalization," according to a study by George Washington University and the University of Virginia.

"With the world's largest prison population and highest incarceration rate, America faces what could be an enormous challenge -- every radicalized prisoner becomes a potential terrorist recruit," said the study, which was conducted for the Senate Homeland Security and Governmental Affairs Committee.

An estimated 2 million people are imprisoned in the United States, and 6 percent of them are Muslim, according to the U.S. Bureau of Prisons.

Sen. Joe Lieberman of Connecticut, the committee's ranking Democrat, said homegrown terrorism is a "grave enough concern" that Congress needs to consider whether to focus more attention and resources on it.

"What controls can we put into place to curtail such conversions? Unfortunately, the number of qualified Islamic chaplains, or imams, is insufficient," Mr. Lieberman said, noting that although more than 80 percent of religious conversions in prison are to some form of Islam, only 10 of the 200 chaplains in the federal system are devoted to Islam.

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The study said that just as young people may become radicalized by "cut-and-paste" versions of the Koran via the Internet, "new inmates may gain the same distorted understanding of the faith from gang leaders or other influential inmates."

Although radicalization is neither unique to Islam nor a recent phenomenon, an inadequate number of Muslim religious services providers increases the risk, the study said.

Additionally, it said, the inability to track inmates after their release and a lack of social support to reintegrate them into the community give rise to a "vulnerable moment" in which they may be recruited by radical groups posing as social support organizations.

The study said "Jailhouse Islam" incorporates violent prison culture into religious practice; a lack of manpower and resources hinder efforts to combat prisoner radicalization; and information collection and sharing among federal, state and local prison systems to track radical behavior and religious services providers is "difficult to assess."

The study said that no one profession was equipped to analyze and recommend change and that a multidisciplinary approach of religion, criminal justice, intelligence, law and behavioral sciences was necessary for "proactive analysis of the phenomenon." It also called on Congress to establish a commission to investigate the issue.

According to the study, prison gangs may adopt a form of Islam that incorporates values of gang loyalty and violence, and several imams characterized the phenomenon as a significant threat to security in prisons.

The study noted several connections between former prisoners and terrorism, including:

•Jeff Fort, a Chicago gang leader who converted to Islam while incarcerated in 1965. Fort founded a street gang known as El Rukn, which later brokered a deal with Libya to carry out attacks on U.S. police stations, government facilities, military bases and airplanes in exchange for $2.5 million and asylum in Tripoli.

•Sheik Omar Abdel-Rahman, the radical Egyptian cleric who plotted to bomb New York City landmarks in 1993. Sentenced to a life term, he issued a decree from federal prison ordering Muslims to kill Americans "wherever you find them." Terror mastermind Osama bin Laden later said that edict gave religious authority for the September 11 attacks.

•Richard C. Reid, who is thought to have converted to radical Islam while incarcerated in Great Britain. He was later apprehended while attempting to detonate a bomb on a U.S. commercial flight in December 2001.

FBI Raids Mo. Islamic Leader's Home (WP/AP)

By Alan Scher Zagier, The Associated Press

The Washington Post, September 20, 2006

COLUMBIA, Mo. -- FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search.

A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. Agents removed boxes and computer equipment throughout the day, neighbors said.

The search warrant has been sealed, and Lanza would not comment on what the agents were looking for.

Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked.

In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press.

The Michigan charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country.

Alkhatib said the organization "did everything by the book."

Lanza declined to discuss whether the Michigan and Missouri searches were connected.

Hamoodi, 54, is a former University of Missouri engineering professor who now owns an international grocery store. He said he has worked as a paid organizer and fundraiser for the organization for several years. He said he cooperated fully with federal investigators.

"They came in, asked questions, I told them the answers and they left," he told the Columbia Missourian.

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Hamoodi, who grew up in Iraq but has lived in Columbia for 21 years, has been an outspoken critic of the Iraq war and recently had his home defaced with graffiti.

The search came three days after bureau officials met with Muslims at a local mosque to try to improve community relations.

FBI Scours 2 Houses Owned By Pilot In Wales Case (SEATT)

By Steve Miletich, Seattle Times staff reporter

Seattle Times, September 20, 2006

FBI agents conducted searches last month in the slaying of Seattle federal prosecutor Thomas Wales, combing two houses owned by an airline pilot long under investigation in the 2001 killing.

Agents looked for evidence to tie the pilot to an anonymous letter sent to the Seattle FBI office in January, said a law-enforcement official, speaking on condition of anonymity because the investigation is continuing.

The letter's author wrote that the killing was carried out by a hit man from Las Vegas, a claim the FBI discounted as an amateurish attempt to throw off investigators. As such, the letter writer could be charged with obstruction of justice.

The letter was postmarked about the same time the pilot was in Las Vegas for a visit, according to sources familiar with the investigation.

The searches took place at the pilot's Snohomish home and a house he owns in Bellevue, neighbors at both locations said.

FBI spokeswoman Robbie Burroughs in Seattle said she couldn't comment.

The pilot, contacted Tuesday outside his Snohomish home, declined comment. He recently moved there, after living for years at the Bellevue address. The Seattle Times is not naming the pilot because he hasn't been charged with a crime.

Wales, 49, who prosecuted the pilot in a fraud case in 2000, was shot to death in his Queen Anne home on Oct. 11, 2001.

The searches represent the most visible activity in the investigation since top FBI officials stripped the case from the Seattle FBI office in June and put it under the direction of the Portland office. The move came after the head of the Seattle office tried to reduce the number of investigators on the case, sparking an outcry from law-enforcement officials in Seattle.

The pilot's Snohomish neighbors said 15 to 20 FBI agents swarmed the house on a weekday morning in late August, wearing clearly marked jackets that brought onlookers onto the suburban street.

"They were there all day," said one woman, who asked not to be named.

Neighbors couldn't recall the exact date but said agents spent a lot of time searching and photographing a Suburban SUV and a Mercedes sedan before combing the house.

The pilot and his family were home at the time but left during the search, neighbors said.

At the Bellevue house, more than a dozen agents searched the premises several weeks ago, said a neighbor who couldn't recall the date.

The search marked the third time FBI agents have obtained a search warrant for the Bellevue house since Wales was killed, the most recent occurring in April 2004.

Before the killing, the pilot was indicted by Wales on charges he and others improperly altered a Vietnam-era military helicopter to make it look like a civilian model they could sell. The charges against the individuals were dropped, but a company they had formed pleaded guilty.

After the plea agreement, the pilot sued the government for malicious prosecution, seeking more than $125,000 in legal fees. The case was dismissed by a federal district judge.

Court documents related to the latest search warrants, and the previous ones, are sealed. But for each warrant, investigators must present new information for probable cause to a judge.

The Las Vegas letter gave investigators a new lead.

FBI behavioral experts considered it an unrealistic account of a hired killing but concluded it was likely written by someone tied to Wales' killing.

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The investigation is a top priority of the FBI, with a $1 million reward. If Wales was killed because of his work, he would be the first federal prosecutor in U.S. history to be slain in the line of duty.

Wales was shot while sitting at his computer in his basement. The assailant fired from the backyard and then fled.

ENEMIES (WT)

By Bill Gertz

The Washington Times, September 20, 2006

Bill Gertz, defense and national security reporter for The Washington Times, describes a growing threat posed by foreign agents and terrorists who exploit U.S. weaknesses in this second of three excerpt from his new book, "Enemies: How America's Foes Steal Our Vital Secrets -- And How We Let It Happen" (Crown Forum), out this week. Read Part 1 here and Part 2 here.

The FBI, the CIA and other intelligence agencies continue to struggle to plant agents in, or recruit them from, deadly Islamist terror organizations here and abroad.

The FBI, for example, did not have under way a single active investigation this past spring of al Qaeda or any Islamist group anywhere in the United States.

Osama bin Laden's al Qaeda network is not alone in posing a threat of new attacks. The FBI believes that Lebanon-based Hezbollah has set up terrorist cells in at least 10 U.S. cities.

The Iranian government has backed Hezbollah to the tune of $100 million. FBI officials worry that Iran could activate a network of Hezbollah terrorists here if the international community acts to stop the Islamic regime's nuclear program.

President Bush expects the FBI to help counter such terror threats through its new National Security Branch (NSB), a major reform he announced over internal opposition in summer 2005.

"The focus of what we're doing has changed over our history," said Gary M. Bald, the 28-year FBI veteran chosen to direct the NSB, which combined counterterrorism, counterintelligence and intelligence-analysis divisions. "This is the most significant [change], no doubt. But it's just the latest.

"It's not the embracing or the understanding of the need to do it," Bald said in an interview. "It's getting us efficient at something that we've not had a long experience at doing."

The FBI and the rest of the U.S. intelligence community was woefully unprepared after September 11 to track down terrorists by penetrating the dark world of al Qaeda.

The nation had extremely limited capabilities in human intelligence-gathering -- the real stuff of spying. These shortcomings remain five years later.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, argues that many problems facing U.S. intelligence are a legacy of the Clinton administration.

"It's ineffective in 2006 because it was gutted in 1996," Mr. Hoekstra said, pointing to the severe depletion of human spying capabilities in the 1990s.

Left largely unsaid in this year's debate about the president's authorizing the National Security Agency to intercept suspected terrorists' communications: The administration might not have needed to rely on the program so heavily, and risk infringing on civil liberties, were American counterintelligence not so weak.

The government needed to take extraordinary measures to track down al Qaeda cells. And despite the terrorist surveillance program and stepped-up FBI activity, U.S. intelligence has not found any al Qaeda cells inside this country.

'Work in progress'

A presidential commission organized in 2004 revealed the FBI's ineptness in conducting counterintelligence and counterterrorism programs.

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (commonly referred to as the WMD commission) examined how and why the intelligence community failed to properly assess Iraq's nuclear, chemical, biological and missile weapons programs.

The WMD commission, headed by federal appeals Judge Laurence Silberman and former Sen. Charles S. Robb, Virginia Democrat, also explored the overall capabilities of U.S. spy agencies.

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A section on "intelligence at home," included in the panel's report issued in March 2005, said the FBI had made strides in collecting and analyzing intelligence but had "a long way to go." The bureau, it said, acknowledged that domestic intelligence gathering "will be a work in progress until at least 2010."

The biggest challenge, the report found, was integrating FBI operations into a command structure that is subject to orders from the director of national intelligence, John D. Negroponte, whose recently created job is to oversee the nation's 15 spy agencies.

The commission called for creation of a National Security Service to manage, direct and control all FBI resources used in countering terrorists, spies and other threats to national security.

The panel said the FBI needed to move past decades of bitter rivalry with the CIA that prevented the agencies from complementing each other's efforts in the war on terror.

A bigger-picture problem remained, the WMD commission noted: an FBI culture that resisted reform.

"Past efforts to build a strong intelligence capability within the FBI have foundered on this resistance," the report said. "In 1998 and 1999, similar reforms failed in quick succession as a result of strong resistance from the FBI's operational divisions and an intelligence architecture that could not defend itself inside the bureaucracy."

Law-enforcement investigators did not want to become spies. And bin Laden, they argued, "is never going to Des Moines."

'More capable'

Mr. Bush overruled internal opposition and announced creation of a national-security section within the FBI on June 29, 2005, and chose to highlight the change during a July 11 speech at the FBI Academy in Quantico.

The president said the reform, among 70 recommendations from the WMD commission that he backed, would make the FBI "more capable to stop the terrorist acts before they happen."

The next month, FBI Director Robert S. Mueller III appointed Bald, a career law-enforcement investigator with little experience in intelligence, as director of the redubbed National Security Branch.

Although Bald was the FBI executive for counterterrorism and counterintelligence, close observers saw his selection as a clear sign that the bureau would continue to oppose building an aggressive counterterrorism and counterspy capability.

Bald, though, bristles at the suggestion that the FBI had a cultural aversion to improving intelligence-gathering.

"It's a culture of complete dedication to our mission, working around the clock, being called in on weekends and nights and not getting paid extra, and really doing everything you can to protect our nation," Bald said.

He said a substantial number of 12,000 special agents work for his new branch, although the actual number is classified. All of the bureau's 1,720 intelligence analysts are part of the NSB.

The FBI hasn't found it easy to change an institutional viewpoint of being its own "primary customer of information," Bald said. He said he worries that leaks of sensitive information could wrongly damage the reputations of those under investigation.

"Now what we're in is a realization that not only are there other services that benefit from our intelligence, but other services can provide value to our investigations as well," Bald said. "We understand that. The challenge is developing the processes that make that efficient."

'Safe from scrutiny'

Even as adversaries and friends alike ramp up intelligence activities against the United States, the WMD commission's final report warned, "our counterintelligence efforts remain fractured, myopic and marginally effective."

The report stated bluntly: "Our counterintelligence philosophy and practices need dramatic change, starting with centralizing counterintelligence leadership, bringing order to bureaucratic disarray and taking [the CIA's] counterintelligence fight overseas to adversaries currently safe from scrutiny."

Counterintelligence, the panel concluded, remains a "second-class citizen in the intelligence profession."

Since the 1970s, some 15 agencies have been severely restricted in trying to stop foreign spies and, increasingly, terrorists. Multiple special commissions and reports, many before September 11, identified the problems.

Taking advantage of these severe deficiencies, spies -- among them John A. Walker, Aldrich Ames, Robert Hanssen, Ana Montes and Katrina Leung -- have significantly weakened U.S. intelligence and defense capabilities.

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China and Russia have stolen sensitive technology on a massive scale. Enemies have penetrated every single U.S. national-security agency except the Coast Guard. They have purloined nuclear weapons data, cryptographic codes and procedures, intelligence sources and methods, war plans and more.

The continuing threats include Cuba and North Korea as well as the traditional intelligence powers, China and Russia, which use official and nonofficial cover officers to target American interests.

And then there are the nonstate actors that could well pose an even greater danger: al Qaeda, Hezbollah and other terror organizations. The CIA and other U.S. agencies have almost no knowledge of terrorists' intelligence practices here.

Attack first

Richard Haver, former special assistant for intelligence to Defense Secretary Donald H. Rumsfeld, helped assess the damage in major spy cases since the 1980s. He points to widespread resistance within government to making the necessary reforms.

"We do the things that are easy, we do the things that are cosmetically appealing, that make the system feel better," Haver said in an interview, "and that perhaps satiate the critics in Congress and placate the media and make it look as though we're really changing."

Haver argues that true reforms are not about more money or agency-wiring diagrams.

"They have to do with culture," he said. "They have to do with the way these bureaucracies view themselves, the way they work with each other."

In the infamous case of Hanssen, the spy for Moscow, the FBI was unwilling even to look for a spy in its midst, and so he operated for years without being caught.

"The best defense is a good offense," Haver said. "If you are sitting back, waiting for the enemy to attack you, it will happen. If you want effective counterintelligence, the principal element of that is the capability of your system to attack the adversary intelligence service before they attack you."

Project Aims To Foil Hijack Attempts (WT)

By Al Webb

The Washington Times, September 20, 2006

LONDON -- Five years after the September 11 terrorist attacks, a hijack-proof airliner still seems the impossible dream, but the next best thing to it could begin guarding the world's airways within two to four years.

A consortium of European scientists is working on a $46 million project to thwart terrorists bent on capturing and destroying an aircraft in flight after they have managed to sneak through airport security.

More than 100 aviation specialists from 31 companies are involved in the project, part of a plan known as Security of Aircraft in the Future European Environment (SAFEE), to create a so-called "last barrier to attack" by hijackers.

Scientists at one of the companies, defense giant BAE Systems in Bristol, England, say that at the heart of their work is development of a computer system that could automatically seize control of a threatened airliner and prevent a hijacker from steering it into a mountain or tall building.

Such a system is viewed as the "holy grail" of aircraft security, designed to foil tragedies such as the September 11, 2001, hijacked-airliner attacks that killed nearly 3,000 people in the U.S.

Total safety may be impossible, researchers concede.

"You never reach zero level of threat, no risk," SAFEE program coordinator Daniel Gaultier, of the French technology company Sagem Defense Securite, told journalists recently. "But if you equip planes with onboard electronics, it will make them very, very difficult to hijack."

Researchers at BAE Systems say components of the new system are being tested and could be in operation by 2008. Others say 2010 is a more realistic date.

Even a limited deployment would represent a major advance in aircraft safety. Improvements since the September 11 attacks have been limited largely to reinforcing cockpit doors and deploying sky marshals.

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The continuing threat of another major terror spectacle in the skies was highlighted by last month's raids in Britain in which authorities arrested two dozen young British Muslims suspected of planning to smuggle liquid explosives aboard about 10 jetliners and detonate them over the Atlantic Ocean.

A key element in the SAFEE project involves a secure cockpit biometrics system of fingerprints, iris and other scans that would make the aircraft controls unusable for anyone other than an approved pilot.

Even if terrorists managed to break into the cockpit, a "hazard-avoidance" computer would take control of the aircraft and guide it to a safe landing at the nearest airport, avoiding tall buildings and other hazards.

Still other enhancements the SAFEE scientists want to develop include the use of TV cameras, microphones and other sensors to keep tabs on any suspicious passenger behavior.

"We want to detect a threat early, before someone storms the cockpit or flight deck," Catherine Neary, a human factors specialist at BAE Systems, told ABC News.

Also around the corner, the SAFEE researchers hope, are an "electronic nose" to check passengers as they board; cameras at check-in desks to verify passenger biometric data; and an electronic-chip-based system to match passengers with their luggage.

There are skeptics. Britt Marshall, a former law-enforcement officer and Interpol agent, reminded the Internet publication TechNewsWorld that "the Titanic was billed as the ship that was unsinkable."

"Now we know," Mr. Marshall said, "that there is no ship in this world that is unsinkable, no plane that is non-hijackable and no marriage that is undivorceable."

Appeals Court Upholds Firing Of Muslim Pilot (AP)

By Jim Salter, The Associated Press

AP, September 20, 2006

ST. LOUIS -- A Muslim pilot fired a week after the Sept. 11, 2001, terrorist attacks was let go because he was seen in a bar in uniform, not because of religious bigotry, a three-judge federal appeals court panel ruled Tuesday.

The panel of the 8th U.S. Circuit Court of Appeals affirmed a district court judge's ruling that Trans States Airlines did not violate discrimination laws in firing Mohammed Shanif Hussein of San Bruno, Calif., on Sept. 18, 2001.

The Equal Employment Opportunity Commission office in St. Louis filed the suit on behalf of Hussein. EEOC attorney Robert Johnson said the agency was still considering whether to seek a hearing before the full 8th Circuit.

"We're disappointed with the ruling," Johnson said. "We considered it a strong case of discrimination because of the reaction to what happened on 9-11."

Hussein does not have a listed telephone number.

Bill Mishk, a spokesman for Trans States, said the company is "obviously pleased that the appeals court agreed with our position."

Hussein, of Indian descent and a native of the island Fiji, moved to the U.S. in 1997 and was hired as a probationary pilot by Trans States, a commuter airline based in the St. Louis suburb of Bridgeton.

Two days after the terrorist attacks, on Sept. 13, with commercial air travel still suspended, Hussein returned a Trans States plane to Lambert Airport in St. Louis, then rented a room at a Howard Johnson's hotel.

Trans States vice president of flight operations Daniel Reed received an anonymous phone call from someone saying a pilot in a Trans States uniform was seen in a hotel bar. That person, the caller told Reed, raised his beer in a salute when a TV image showed a replay of one of the planes striking the World Trade Center.

The caller said he read the name Hussein on the pilot's identification tag, and Reed determined the pilot was Mohammed Hussein. Reed said he fired Hussein because he was in uniform in a bar, not because of his religion.

Court documents indicate Hussein told an FBI agent that he was drinking in the bar, but did not do anything to show support for the terrorists. He said he was seen smiling not because of the attacks, but because he had just learned his wife was pregnant.

Crisis Seen In Luggage Screening (USAT)

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By Thomas Frank

USA Today, September 20, 2006

WASHINGTON — The nation's airports face a looming crisis in their ability to screen checked luggage for bombs that will require billions of dollars to avert, a new report ordered by Congress says.

Many airports have too few screeners and use slow, labor-intensive bomb detectors that are being overwhelmed by increasing passenger traffic, the study says.

The report criticizes how bomb detectors were installed in airports after 9/11. Because of a tight deadline, "many if not most of the implementations were suboptimal," it says.

The van-sized machines clog terminals and operate so slowly that flights are sometimes held up or bags don't make it onto their flights, airport officials say. Those problems will worsen unless luggage scanners are replaced at most U.S. airports with faster machines that are part of baggage-conveyor systems.

"It's very urgent," said James Bennett, CEO of the authority that runs Washington's Reagan National and Dulles airports. "It's one of the — if not the — most pressing improvement that needs to be made in aviation security."

Jim Crites, operations chief at Dallas/Fort Worth International Airport, said "there is no more room" in airports for additional luggage scanners, "and yet you have more demand coming on."

The 220-page report was written by officials from airports, airlines, design firms and the Transportation Security Administration (TSA) in August, before new restrictions for carry-on bags led to a huge increase in checked luggage. That surge "has further stressed the system," Bennett said.

Rep. John Mica, R-Fla., chairman of the House's aviation subcommittee, questioned whether Congress would approve the proposed $4.8 billion. "Unfortunately, Congress is not ready to face the reality of the problem," Mica said.

Congress ordered a study in late 2004 of how to install faster luggage scanners.

The report suggests spreading costs by selling federal tax credits that would be redeemed over many years, and by making airports pay $700 million. That plan would move up the installation of new machines to 2013 instead of 2024, when they'd be in place without special financing.

Faster, more automated bomb detectors would cut some personnel costs, the report says. They also would improve security by reducing the percentage of bags screened using less-reliable methods to 5% from 25% or higher during busy periods, and by reducing crowds in airport lobbies that are potential targets for terrorists.

High-speed scanners expected to be ready in a year or two would screen bags at 10 times the rate of current machines. False alarms, which now force screeners to search 15% to 25% of checked bags, could be lower, the report says.

The TSA received the report last week after an agency advisory committee unanimously approved it. The TSA will consider whether to endorse the study and seek congressional approval for financing the new machines.

Air Marshals Ousted Over Job Injuries (WT)

By Audrey Hudson

The Washington Times, September 20, 2006

The size of the federal air marshal force has been cut in half by on-the-job injuries that have sidelined nearly 2,100 marshals, while squabbling prevents health and safety policies from being implemented, government officials say.

Marshals say medical staffers are quitting the Federal Air Marshal Service (FAMS) out of frustration as hundreds develop illnesses related to their heavy flying schedules such as barotrauma, decompression sickness that causes ruptured eardrums and sinus conditions often requiring surgery.

They are also developing deep vein thrombosis, a disease attributed to long periods of sitting that causes blood clots, usually in the legs, that could lead to cardiac arrest.

A July 21, 2005, memo from the Charlotte, N.C., field office obtained by The Washington Times says it was "experiencing a large amount of missed missions due to federal air marshals calling in sick and medical groundings by physicians."

"Five percent nationwide are affected by sinus and ear problems daily. These groundings all have a commonality of being directly related to our current flight schedules," said the memo, citing 17 documented cases of barotrauma in its office.

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"Our health is being eroded at an alarming rate," it said.

Policies to prevent such injuries or to determine sick leave and light duty for injured marshals are being held up by fights over wording and punctuation, said one air marshal. Others say they were fired for their disability then denied workers' compensation.

"They have a track record of that," said Frank Terreri, director of the Federal Law Enforcement Officers Association for the Federal Air Marshal Service. "As soon as you're hurt, you're done. Every other law-enforcement agency offers you another position if you're hurt in the line of duty. If I got hurt tomorrow, I would be done, and you just can't treat employees like that."

Conan Bruce, spokesman for the air marshal service, did not return several calls for comment.

The Federal Aviation Administration does not regulate the number of takeoffs and landings for commercial air pilots but limits them to eight hours of flight in a 24-hour period, said spokeswoman Alison Duquette.

However, pilots get 16 hours of layover time compared with 10 or 12 hours for marshals. Pilots are able to move around the cockpit and do not experience DVT, says David Mackett, president of the Airline Pilots Security Alliance.

"Pilots experience different health issues because their job is very different from what air marshals do; [marshals are] experiencing all kinds of health problems," Mr. Mackett said.

In 2005, marshals typically flew three legs a day. Because of rapid attrition, along with a demand that more flights be covered, marshals now average four flights a day, five days in a row, then two days off.

From Oct. 1, 2003, through Sept. 14, 2006, the Labor Department says 2,450 air marshals applied for workers' compensation. Air marshal officials protested or "controverted" 226 claims, according to a Labor Department official who added that the board denied more than 300 applications.

Jimmie Bacco was undergoing brain surgery at the Mayo Clinic to stop cerebral spinal fluid from leaking out of his ear when he was fired because he could no longer perform his duty. His disability claim has been denied, and he owes the clinic $80,000.

"The amount of guys terminated because of this is enormous," says Mr. Bacco, one of several current and former air marshals now coming forward to confront the agency. "Some are demoted and given administrative positions at half their pay, others are terminated."

Shawn McCullers was fired after developing deep vein thrombosis but still acts as the vice president of health and safety for the law-enforcement association for FAMS and has advised more than 70 marshals on getting claims approved.

"It's quite ridiculous; medical issues are rampant throughout the service," Mr. McCullers said.

One former air marshal asked to stay overnight at Los Angeles after a flight form Newark, N.J., rather than continue his mission to Seattle because of head pain, but the marshal was ordered to complete the flight. He did, and "blew out his eardrum," Mr. Bacco said.

No longer able to fly, the marshal took a train home to Newark.

"What they are doing, is basically getting away with murder, and there is no oversight for them whatsoever," Mr. Bacco said.

Last year's Air Marshals Service budget for workers' compensation was $3 million and went $3 million over budget. This year's budget is $6 million, but $7 million has already been spent.

Boeing Wins Deal For Border Security (WP)

By Griff Witte

The Washington Post, September 20, 2006

Aerospace and defense giant Boeing Co. has won a multibillion-dollar contract to revamp how the United States guards about 6,000 miles of border in an attempt to curb illegal immigration, congressional sources said yesterday.

Boeing's proposal relied heavily on a network of 1,800 towers, most of which would need to be erected along the borders with Mexico and Canada. Each tower would be equipped with a variety of sensors, including cameras and heat and motion detectors.

The company's efforts would be the basis of the government's latest attempt to control U.S. borders after a series of failures. The contract, part of the Secure Border Initiative and known as SBInet, will again test the ability of technology to solve a problem

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that lawmakers have called a critical national security concern. This time, the private sector is being given an unusually large say in how to do it.

Boeing sold its plan to the Homeland Security Department as less risky and less expensive than competing proposals that would have relied heavily on drones for routine surveillance work. Boeing plans only limited use of small unmanned aerial vehicles that could be launched from the backs of Border Patrol trucks when needed to help pursue suspects.

The system is to be installed first along the Mexican border in an area south of Tucson known to be a key crossing point for illegal immigrants. The company has said it can deploy the system along both borders within three years.

The public announcement of the award is planned for tomorrow. Several congressional and industry sources yesterday confirmed that Boeing had defeated four other companies in one of the most closely watched and intensely fought contract competitions this year. The sources spoke on the condition of anonymity because of the sensitivity of the competition. Homeland Security spokesman Larry Orluskie said the department was "really close" to making an award.

Boeing officials declined to comment, pending official notification. In an interview this month, Boeing executive Wayne Esser said that despite the company's aviation experience, it wanted to keep its border surveillance systems on the ground. "The aerial platform just goes off the map from a cost standpoint," he said.

Homeland Security has been criticized harshly in recent years for initiatives that have either failed or far exceeded their budgets. In one case, cameras that the department installed on the borders broke down in bad weather.

"The administration has spent $429 million of the taxpayer's money to try and secure our borders with two already-abandoned border security programs," said Rep. Bennie Thompson (D-Miss). He expressed concern that the same thing will happen to SBInet.

Mindful of that record, Boeing emphasized that all its technology has been proven to work. "The low-risk approach is probably going to carry weight here," Esser said.

From the beginning, department officials told industry leaders that they wanted immediate results. The contract proposed giving the private sector wide latitude in helping U.S. Customs and Border Protection figure out the right combination of technology, infrastructure and personnel needed to stop immigrants, terrorists and criminals from illegally crossing into the United States.

Deputy Homeland Security Secretary Michael P. Jackson said this year that he wanted the companies "to come back and tell us how to do our business."

SBInet has been regarded all year by many industry executives as a critical prize, since the Homeland Security Department's budget continues to boom and no single company has emerged to dominate the market.

As a result, there was pitched competition among defense companies for a contract that is estimated to be worth about $2.5 billion over the next four years. The contest included five prime contractors -- Lockheed Martin Corp., Northrop Grumman Corp., Raytheon Co., Ericsson Inc. and Boeing. Each rounded up dozens of subcontractors, bringing a wide variety of defense and technology firms into the competition.

Boeing's subcontractors include a Washington division of L-3 Communications Holdings Inc. and a Reston division of information technology firm Unisys Corp.

Boeing has been one of the Defense Department's largest contractors for decades, and has been trying to win Homeland Security awards since the department was created.

In pursuing this contract, Boeing pointed to its work installing explosive-detection systems at more than 400 airports in less than six months following the Sept. 11, 2001, terrorist attacks. But that contract was criticized by the Homeland Security's inspector general's office, which found that Boeing received $49 million in excess profit on a deal that was supposed to be worth $508 million but ballooned to $1.2 billion. Investigators also found that Boeing had subcontracted 92 percent of the work, and that the machines had high false-alarm rates. The company disputed those findings.

Winning SBInet is considered an important victory for Boeing as it seeks to overcome a number of recent setbacks, including a scandal in which a Pentagon official admitted favoring the company in exchange for a job, and the loss this summer in the competition to build the next U.S. manned spacecraft.

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Boeing Said To Be Selected To Lead Border Program (NYT)

By Eric Lipton

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — After a face-off among large military contractors, the Boeing Company was picked by the Homeland Security Department to lead a high-tech effort to secure borders, Congressional officials who were briefed on the decision said Tuesday.

The contract will at least initially be much more limited than some industry officials had expected, valued at $80 million instead of the $2 billion estimate given for the six-year deal, the officials said.

Boeing will be asked to install or at least help supervise the installation of a combination of sensors, cameras, fences, vehicle barricades and small unmanned aerial vehicles starting near Tucson, which has some of the heaviest traffic of illegal immigrants.

Boeing beat out teams led by Lockheed Martin, Northrop Grumman, Raytheon and Ericsson based on a plan that put far less emphasis on costly unmanned aerial vehicles.

Wayne Esser, who led the Boeing bid, said the company's strategy focused on coming up with a solution that could be expanded to all 7,500 miles of the United States border without compromising the ability of the Homeland Security Department to pay for its many antiterrorism initiatives.

"This is not a Department of Defense type of procurement," Mr. Esser said in an interview before his company was notified of its selection. "Customs and Border Protection just doesn't have that kind of a budget."

The program, the Secure Border Initiative, is a central element of the Bush administration's plan to curtail illegal immigration. The president also wants a temporary-worker program to give legal standing to many illegal immigrants already in this country.

The Senate may vote as early as Wednesday on bills to direct the department to build a 700-mile two-layer fence between Mexico and the United States, about a third of the shared border. The House has passed the proposal.

Such a fence could require fewer of the high-tech measures that Boeing would provide.

Because major gaps on that border would remain and because there are no plans for a large-scale fence along the Canadian border, the alternative methods of monitoring thousands of miles would continue to be necessary.

Under the Boeing plan, towers would be built along the border with radar systems to watch for movement, as well as cameras that could zoom in on movements to determine whether the subject was a vehicle, animals or people.

Ground sensors to detect movement, sound or simply contact would be installed, particularly where tree coverage makes the radar and cameras less effective, Mr. Esser said.

Northrop Grumman had proposed using an unmanned aerial vehicle, a drone known as the Global Hawk, that flies as high as 65,000 feet for up to 34 hours, to help monitor the border. Each vehicle can cost tens of millions of dollars.

Lockheed Martin had proposed using, among other tools, a high-altitude balloon known as a tethered aerostat that flies at up to 15,000 feet and, weather permitting, can be left up for a long time.

The Boeing proposal includes small, relatively inexpensive unmanned aerial vehicles that can be launched from a pickup truck by an agent in the field and then fly for, perhaps, 90 minutes. These vehicles could help apprehend illegal immigrants, but they would not be routinely used to monitor large stretches of the border.

The Boeing team also looked for ways to reduce the cost of sending out Border Patrol agents, by figuring out how long it could allow illegal immigrants, even after they have been detected across the border, to continue walking or driving before it would be necessary to seize them.

"We don't have to pick them up in the desert," Mr. Esser said. "We can pick them up once they reach the road."

The contract could still turn into a deal worth up to $2 billion for Boeing over the next six years.

Winning this contract will help the company sell its services to other countries looking to secure their borders.

Among contractors, this was considered one of the three most important contracts offered by the Homeland Security Department. The others involved rebuilding the Coast Guard fleet of ships, helicopters and planes and creating a tracking system for visitors who enter the United States legally.

Members of Congress have expressed some skepticism about whether the department will be able to succeed in this border effort because of the failure of previous ones.

"Achieving operational control of both the northern and southern border — nearly 7,500 miles — within five years is an enormous, but important, undertaking," Representative Harold Rogers, Republican of Kentucky, said Tuesday. "Huge technical, geographic and personnel challenges remain.

"Nevertheless, my colleagues and I are prepared to give D.H.S. the resources it needs — provided funding is linked to results — to get the job done."

Boeing Group Gets U.S. Border Pact (WSJ)

By Robert Block

The Wall Street Journal, September 20, 2006

The Department of Homeland Security is expected to announce today that it has awarded an estimated $2 billion contract to help secure America's southern border with Mexico to a team of companies led by defense contractor Boeing Co., according to industry officials and congressional staffers.

The contract is for the first phase of the department's three-pronged Secure Border Initiative, or SBI, a comprehensive plan to protect the frontier and reduce illegal immigration. The first part of the program, called SBInet, is expected to use technology such as motion sensors, cameras, unmanned aircraft and cellular telephones to create a "virtual fence" to monitor the border and help law-enforcement agents catch illegal immigrants sneaking across the frontier.

Government officials have declined to attach a value to the overall program, but the entire border plan is expected to be the biggest Homeland Security program since the department in 2004 awarded a contract to Accenture Ltd. to monitor foreign visitors. Known as U.S. Visit, that program could amount to $10 billion over a decade.

Boeing said in a statement that it is awaiting an announcement, adding "we feel that Boeing proposed a secure border solution that will meet the government's requirements at the best value." Boeing beat out teams led by other defense companies Lockheed Martin Corp., Northrop Grumman Corp. and Raytheon Co.

The Boeing-led SBInet team includes DRS Technologies Inc.'s Surveillance & Reconnaissance Group, Elbit Systems of America's Kollsman Inc., L-3 Communications Holdings Inc., Perot Systems Corp., and Unisys Corp.'s Unisys Global Public Sector.

The U.S. Customs and Border Protection Agency, part of Homeland Security, is the agency in charge of the Secure Border plan. The first phase of the program will concentrate on the Arizona border with Mexico, industry officials said.

SBInet has attracted defense companies looking for new revenue sources as Pentagon spending growth slows, but they have been frustrated by the slow development of opportunities in the homeland-security market after it was initially trumpeted as a growth area following the Sept. 11, 2001, terrorist attacks in the U.S.

According to defense-industry officials and congressional staffers the various plans of how to make SBInet were varied, in part because the Department of Homeland Security left it up to the various companies to decide how to best protect the border, giving them unusually wide sway over a critical national security issue. Michael Jackson, deputy secretary of the Homeland Security Department, told the competing firms this year he wanted them "to come back and tell us how to do our business."

Previous attempts to use technology to control the border have been checkered, and new tools, such as unmanned planes, face hurdles in how they will be deployed. Northrop Grumman's tack was to use unmanned drones. Boeing's proposal included lining the borders with 1,800 high-tech towers that could feed live video to Border Patrol agents carrying wireless hand-held receivers. Lockheed Martin's approach was to use blimps.

SBInet is billed as "a signature effort" for the department. An audiovisual presentation released this year depicted crowds of illegal aliens storming urban border crossings both in trucks and trudging in long columns along rural trails. The presentation showed how the geography of the southern border funnels illegal human migration into three main routes.

When Boeing announced in May its intention to put together a team of companies to pursue the contract, Jim Albaugh, president and chief executive of Boeing Integrated Defense Systems, called the program an "an initiative of national significance."

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This wouldn't be the first big Homeland Security contract Boeing has won. The company was involved installing airport explosive detection systems for the Transportation Security Administration shortly following the Sept. 11, 2001, attacks, equipping more than 400 airports in fewer than six months.

Agencies May Overpay For Freedom Tower Space (WSJ)

By Alex Frangos

The Wall Street Journal, September 20, 2006

The federal government and New York state may be overpaying to move into the Freedom Tower, some commercial-property experts say.

The federal government's real-estate arm, the General Services Administration, said this week it has tentatively agreed to pay $59 a square foot for 16 floors in the yet-to-be-built skyscraper at the World Trade Center site when it opens in 2012. New York state government would pay the same rate for 11 floors.

A look at prices for comparable space shows the government is paying more than tenants in other Lower Manhattan buildings, even factoring in possible rent inflation over the five years it will take to build the Freedom Tower.

"I think it's high," says Barry Gosin, chief executive of Newmark Knight Frank, a real-estate services firm, though he says any progress on the long-stymied rebuilding effort might be worth it. "At the end of the day, the benefit to the taxpayer might justify a premium investment by the state to get this project going."

Others are more critical. "Are we getting the best bang for our buck?" asks Bettina Damiani of Good Jobs New York, a government-subsidy watchdog group. "There are a ton of public resources already going into the site to make it viable" for private business, she says. Among them: tax-exempt Liberty Bonds to finance the office towers, $2 billion in federal aid to build a transit hub, plus other state and Port Authority of New York and New Jersey money. "We have to ask: Are those viable subsidies if we have to use government entities to fill the towers?"

Average asking rents downtown were $35.18 in the second quarter, according to real-estate firm Cushman & Wakefield. "You've got a gap as high as $24 a square foot," says Marisa Manley, president of Commercial Tenant Real Estate Representation Ltd., a New York real-estate firm. "So for a one-million-square-foot lease, you're looking at a potential $240 million subsidy over a 10-year-period. ... It's drawing away money from taxpayers. It's not a marketplace solution."

In April, Port Authority officials indicated that the agency needed one million square feet of signed leases at $47.50 a square foot to make the $2 billion Freedom Tower financially viable.

Joe Stellato, deputy commissioner for real estate and facilities at the New York State Office of General Services, says "we're very comfortable with this transaction." He says state and city tax incentives -- plus concessions it has negotiated with the Port Authority that he declines to specify -- would reduce the cost to the state substantially.

The most recent comparable lease is one signed by Moody's Investors Service in August for the same amount of space as the federal government is taking in the Freedom Tower -- 600,000 square feet -- in the recently rebuilt 7 World Trade Center. It will pay $41.50 a square foot minus $3.80 in state and city incentives, reducing its effective rent to $37.70. It also will get 14 months of free rent and $50 a square foot in so-called tenant improvements, or inducements by the building's owner, Larry Silverstein, to outfit the space. In five years, around the time the Freedom Tower opens, the Moody's lease will increase to $46.50 a square foot.

Other recent deals in downtown Manhattan also are lower. Willis Group Holdings signed a lease in August for 205,000 square feet in One World Financial Center, across the street from Ground Zero, for $36.50 a square foot, increasing to $41.50 in 2011. BearingPoint Inc. signed a lease in August for 55,000 square feet in Three World Financial Center for $39.50 a square foot. In five years, that will kick up to $44.50.

Emily Baker, regional administrator for the GSA, says its real-estate consultants figured rents in 2012 for new custom space will be $80 a square foot. The federal agency likely moving to the Freedom Tower -- Customs and Border Protection -- has unique needs that can be accommodated by getting into the building early, such as holding cells for suspects, security screening and parking. "The requirements for the tenant buildout go far beyond just your Moody's cube farm," Ms. Baker says.

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The rent set for the Freedom Tower is an important benchmark. The Port Authority, which owns the land at Ground Zero, and the City of New York together are in intense negotiations to lease 1.2 million square feet in Tower 4, to be owned by Mr. Silverstein. (The Port Authority has refused to move into the Freedom Tower, which it will own and operate, citing employee fears after 84 coworkers were killed in the Sept. 11, 2001, attacks.)

People close to the negotiations for Tower 4 say the rent figure, while not finalized, is close to the one announced for the Freedom Tower. The two sides are working toward signing a term sheet by tomorrow's meeting of the Port Authority board of commissioners. The board is also expected to approve the design of the east side of the site, including Mr. Silverstein's three office towers and a mall-size collection of stores. Mike Shenot, managing director for Jones Lang LaSalle, the Port Authority's real-estate consultant, says the price reflects several factors, including increases in demand expected if the economy and job growth stay strong. "None of us have crystal balls. We're just trying to use good sound logic."

Mr. Gosin of Newmark Knight Frank says there might be that kind of demand growth. But with the four office towers being built at the same time at the Trade Center site, plus a new headquarters for Goldman Sachs Group Inc., there will be "a big chunk of space" in 2011 and 2012. "It's a long way off. And you know how markets can turn."

Putting A Different Face On Islam In America (NYT)

By Neil MacFarquhar

The New York Times, September 20, 2006

In a class on Islamic history at the Hartford Seminary some years back, the students were discussing a saying ascribed to the Prophet Muhammad that translates roughly as, “Whenever God wants the destruction of a people, he makes a woman their leader.”

The professor, Ingrid Mattson, suggested that the phrase should be analyzed in its historical context when Islamic societies consisted largely of tribal raiding parties. A male Saudi student contended that all such sayings were sacred and not to be challenged, the argument growing so heated that he stormed out of the classroom. Professor Mattson stood her ground, as was her style.

Now she is challenging convention again. This month, Professor Mattson, a 43-year-old convert, was elected president of the Islamic Society of North America, the largest umbrella organization for Muslim groups in the United States and Canada, making her a prominent voice for a faith ever more under assault by critics who paint it as the main font of terrorism. She is both the first woman and, as a Canadian, the first nonimmigrant to hold the post.

To her supporters, Professor Mattson’s selection comes as a significant breakthrough, a chance for North American Muslims to show that they are a diverse, enlightened community with real roots here — and not alien, sexist extremists bent on the destruction of Western civilization. Some naysayers grumble that a woman should not head any Muslim organization because the faith bars women from leading men in congregational prayers, but they are a distinct minority.

“The more Americans see Muslims who speak English with a North American accent, Muslims who were born and raised here, who understand this culture, the more it will cease to be a foreign phenomenon but something local and indigenous,” said Mahan Mirza, a Yale doctoral candidate in Islamic studies who recalled the classroom scene above from the master’s program at the Hartford Seminary in Connecticut.

At the annual Islamic Society conference in Chicago where her election was officially announced to the thousands of Muslims in attendance, women rushed to have snapshots taken at her side.

“When I see her, I just feel that there is this beam of light on her,” said Reem Hassaballa, 30, of Chicago, a teacher and a mother of three. “She is a very good role model. If it can happen in a little convention like this, hopefully it could happen in the whole Muslim world. She could be the start of something bigger.” Ms. Mattson sees both pluses and minuses in the fact that her election is being viewed as a watershed. The Islamic Society of North America is a 20,000-member group representing all manner of organizations, from student clubs to professional associations for doctors and lawyers to mosque boards to political activists. Her immediate predecessor was a religious scholar who often wore the flowing white robes and stacked turban of his native Sudan.

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"Somehow there is the feeling that someone who is white is safer and less scary," Professor Mattson said. "But I am who I am. So if there is some social capital that I can use to counteract some of the negative perception and open ears to what we have to say as a community, then that is a benefit."

A short, trim woman with a quiet manner that belies her authority, Ms. Mattson grew up, by her own description, as a good, middle-class Roman Catholic school girl in Kitchener, Canada, a suburban community about 60 miles southwest of Toronto. She attended a Catholic girls high school and took piano lessons at the convent, spending hours in church praying or contemplating the art. It was a peaceful asylum removed from the raucous household where she was the sixth of seven children.

At 16, though, she stopped attending Mass. "I believe I made a very serious attempt to understand my faith," she said, repeatedly sitting with her religion teacher to ask questions about Catholicism and spirituality. She found the answers wanting, she said, less and less relevant to her teenage life.

Ms. Mattson enrolled in the nearby University of Waterloo to study philosophy and fine arts, a determined agnostic. In 1986, while studying in Paris, she met her first Muslims, mostly West African students, and was struck by their warmth, dignity and generosity.

Back home, she started to read more books about Islam and took classes in Arabic, which she now speaks fluently. When first delving into the Koran, its explanations of the presence of the creator in the natural world struck a chord. That echoed her own spiritual sentiments developed during summers spent at the family's 200-year-old cottage on an island in a Canadian lake without running water or a telephone.

In 1987, as a college senior, she converted. "This religious community was giving me the framework for my spiritual experience, and so I entered into it," she said in an interview.

At first she told only her mother, whom Ms. Mattson describes as a strong, flexible, understanding woman. Her father, a criminal lawyer, had died when she was 12 and her mother had worked in a factory to support the family.

"My mother was confused at first and did not understand it," she said. The change was eased somewhat by the fact that her oldest sister, Peggy Smith, had converted to Judaism before her marriage.

But her brothers and sisters only found out months later, when she wrote them a letter from overseas. They were mostly concerned, she said, that she had not joined some cult, and vaguely dismayed that her bar-hopping days with them had ended because Islam demands temperance.

Now, Ms. Mattson and Ms. Smith share certain common concerns —like keeping pork off the table at family gatherings.

"Sometimes it's only the Muslim and the Jew who are eating Christmas dinner with my mother," Professor Mattson said with a laugh, explaining that her siblings are off with their spouses. Conversation tends to run around family issues rather than comparative religion, she said.

Ms. Mattson's first exposure to the larger Muslim world came after she graduated from college, when childhood lessons about missionary work inspired her to volunteer to teach Afghan women in a sprawling refugee camp of about 100,000 people in Peshawar, Pakistan. There, in what might be called the wild Muslim east, the group later known as the Taliban barred their women from attending her classes.

"I remember clearly someone pointing a man out to me and saying 'That's the brother of the man who killed Anwar Sadat.' " she recalled. "That was freaky. I was thinking, what is going on here, and who are these people?"

But the most important person she met was Amer Aatek, an Egyptian engineer working to install a water system in the camp and playing uncle to numerous orphans. Not long afterward, they were quietly married in her house in Peshawar. When the destitute refugee women learned that there had been neither trousseau nor a banquet, they gave her a party and presented her with a wedding outfit: a red velveteen top and billowing blue silk pants dotted with multicolored pompoms. It was not exactly her style. She is given to headscarves in dark blue or brown with long matching skirts and long-sleeved jackets.

In 1989, she enrolled in the University of Chicago as a Ph.D. student in early Islamic history. Her husband played the main role in raising their daughter and son during much of the 10 years it took to complete her dissertation, which was based on a line from the Koran that translates as, "A believing slave is better than a nonbelieving free man."

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The idea behind the revelation is that the faithful should ignore social status. Ms. Mattson said she wanted to know why slavery continued although the holy texts discouraged it, ultimately deciding that it was because religious scholars ignored political issues.

"She is one of those people who constantly strives for social justice," said Wadad Kadi, one of her University of Chicago professors. "She recognized the importance of fundamentally understanding Islamic law and making it relevant to people's lives."

In addition to being a professor of Islamic studies at the Hartford Seminary, she directs the program that trains Muslim chaplains for hospitals, universities or the military.

Since her time as a student in Chicago, Professor Mattson has worked with the Islamic Society, which was founded in 1963. She had served as vice president for the past five years, so her election was both anticipated and unopposed. (Not only is the post unpaid, but she also is expected to donate 1 percent of the salary from her paid job to the organization.)

American Muslims generally put their numbers around 6 million but some demographers suggest it might be as little as half that.

Ms. Mattson hopes to focus on Muslim women's rights and on how the current negative image of Islam will affect the young generation. She is also concerned that the "terrorist" label is being abused — extended too widely against Muslim groups doing charitable work among the Palestinians and elsewhere.

Like other mainstream Muslims, she struggles with how best to convince people that the faith does not condone terrorist violence. She detects what she calls "Muslim fatigue" among North Americans weary both of the extremists who use the religion to justify their attacks and of the moderates who seem powerless to influence them.

"The sense I have from Americans is that they don't want to hear Muslims talking about Islam anymore," she said. "They just want us to do something to stop causing all these problems in their lives."

FEMA City Residents Get 35 Days Grace (MH)

By Nicholas Spangler

The Miami Herald, September 20, 2006

People living in government trailer parks that opened after the 2004 hurricane season have another 35 days before they have to move out, the Federal Emergency Management Agency announced Tuesday.

FEMA extended a Sept. 26 deadline -- itself the six-month extension of a prior deadline -- to Oct. 31 to give trailer tenants more time to find permanent housing. Though they have said it before, FEMA officials say this new deadline is the absolute last.

"That's what I've been told. Thirty five days and that's it," said FEMA spokeswoman Mildred Acevedo.

The last of more than 17,000 people left homeless after four back-to-back hurricanes in the summer and fall of 2004 still live in 1,161 FEMA trailers all over the state.

FEW AFFORDABLE OPTIONS

In places like Charlotte County, site of FEMA City -- once home to 1,500 people in 551 trailers -- extensions were needed because there was nowhere else to live. Much of that county's affordable housing was destroyed by the hurricanes, and housing costs soared. The latest extension gives "the people who are in these units more time," said Acevedo. ``It gives them more time to work on their paperwork, if they're purchasing their units, and more time to work on a housing plan."

Bob Hebert, Charlotte County's director of emergency recovery, suggested another reason for the extension: Federal marshals weren't ready to evict families from the trailers. "The property fell under the jurisdiction of the Department of Justice, and the department was not ready to act on termination of leases yet," Hebert said.

LAND LEASE EXPIRED

FEMA City still holds 72 trailers, with 165 people, on county land that FEMA leased. The lease for much of that land expired in August; another lease expires next week, and the county wants the land back. Some of it will be used to expand a Public Safety building to keep government operating during the next hurricane.

FEMA has spent $1.184 billion responding to the 2004 hurricanes. The cost of the one-month housing extension was not immediately available.

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WAR NEWS:

Bush To Meet With Both Musharraf, Karzai (AP)

AP, September 19, 2006

President Bush, already scheduled to meet separately in the coming days with the leaders of Afghanistan and Pakistan, has now added joint White House talks where all three leaders can discuss regional security.

Relations between the neighboring countries have sometimes been strained over terrorist hideouts along their long, remote, mountainous border. A growing Taliban-led insurgency in Afghanistan, aimed at toppling the U.S.-backed government of Afghan President Hamid Karzai, has made the situation there an increasingly urgent problem for the Bush administration.

The White House announced Tuesday that the three-way session was scheduled for Sept. 27, a day after the president sees Karzai in the Oval Office, and five days after Pakistani President Pervez Musharraf's separate session with the Bush.

"The meeting will provide the three leaders an opportunity to discuss further cooperation in enhancing the trilateral relationship," White House press secretary Tony Snow said in a statement.

Pakistan was once a key Taliban supporter, but switched sides to become an ally of the U.S. in its campaign against terrorism following the Sept. 11, 2001, attacks. Still, Pakistani-Afghan relations have suffered under allegations by Afghan officials that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border. Pakistan has rejected such charges.

Recently, cross-border relations have improved, and Karzai and Musharraf pledged in meetings in Kabul earlier this month to jointly fight militants.

Bush visited both leaders in their home countries in March.

'06 Cuts In Iraq Troops Unlikely (WP)

By Ann Scott Tyson

The Washington Post, September 20, 2006

The U.S. military is unlikely to reduce forces in Iraq before next spring because the current contingent of more than 140,000 troops is battling sectarian violence that could prove "fatal" to the country if not arrested, the top American commander for the Middle East said yesterday.

"This level will probably have to be sustained through the spring" amid aggressive operations to stabilize Baghdad, said Army Gen. John P. Abizaid, chief of the U.S. Central Command. "I do believe that the secular tensions, if left unchecked, could be fatal to Iraq . . . and the center of the problem is Baghdad. It's the main effort," he told defense reporters.

In a sober assessment, Abizaid, who has overseen the U.S. military strategy in Iraq since July 2003, said he had hoped six months ago for the withdrawal of several thousand U.S. troops from Iraq by now. "We clearly did not achieve the force levels that we had hoped to," he said, citing sectarian unrest, ongoing weaknesses in the capabilities of Iraqi security forces -- in particular the police -- and the five-month political void in the country after the December 2005 national elections.

Asked point-blank whether the United States is winning in Iraq, Abizaid replied: "Given unlimited time and unlimited support, we're winning the war."

The general's comments effectively ended hopes for a big troop withdrawal from Iraq this year, which had long been the military's target for reducing forces. As violence has intensified over the spring and summer, military leaders and the Pentagon's official assessment of the war have delivered increasingly tough characterizations of conditions in Iraq.

Now, six weeks before the U.S. midterm elections for which Iraq is a galvanizing issue, Abizaid is delivering the message that there will be no hasty exit from the costly conflict.

In Baghdad, Abizaid said, U.S. and Iraqi military operations have reduced violence "slightly," but he emphasized that it is too early to tell whether such progress will continue. The holy month of Ramadan is likely to bring increased bloodshed, as in past years, he said. "Baghdad's not going to clarify itself in my mind militarily for a couple of months," he said, pointing in particular to the difficulty of reining in what he called the "splintered" death squads of the Mahdi Army, the Shiite militia of radical cleric Moqtada al-Sadr.

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"The bodies are piling up in areas that are not necessarily the same areas that we're patrolling," he said, acknowledging that even with the increased forces in Baghdad, U.S. troops cannot be everywhere in the sprawling city of 5 million people. U.S. and Iraqi troops are methodically clearing neighborhoods in Baghdad, while the military is also attempting to control movement into the city at 28 locations. The U.S. military plans to reevaluate the security plan in Baghdad in December, by which time more Iraqi troops should have moved into the capital, he said.

While dampening hopes of troop cuts this year, Abizaid left open the possibility that the U.S. troop level could be increased. "We'll bring in more forces if we have to," he said.

The military would draw, if necessary, on reserve forces already in Kuwait and elsewhere in the region before asking the Pentagon to send more U.S. troops, Abizaid said. He added that there is currently no plan to further extend the tour in Iraq of the Army's 172nd Stryker Brigade. That unit had been scheduled to return home over the summer but was abruptly diverted to Baghdad in July when sectarian killings spiraled there.

It costs about $1.2 billion a month to keep a U.S. Army division in combat in Iraq, an Army insider said.

Abizaid's assessment was echoed yesterday by members of the Iraq Study Group, a nonpartisan 10-member panel that will present detailed recommendations to the White House and Congress later this year.

"Time is short, the level of violence is great, the margins for error are narrow," co-chairman and former congressman Lee H. Hamilton (D-Ind.) said at a news conference at the U.S. Institute for Peace. He declined to discuss the group's research but painted a generally grim picture. "This is a very tough problem. The options are limited; there is no silver bullet; there is no magic formula to this very tough situation in Iraq."

The group, which began looking into Iraq's prospects in March, is expected to produce a report sometime after the November elections, a schedule that former secretary of state James A. Baker III said is designed to remove any politics from the group's findings. Baker, who is also a co-chairman, said the group's focus is on Iraq's future, not on any past mistakes that led to the country's current tumult.

Discussing a particularly troubled area, Anbar province in western Iraq, Abizaid said that despite serious security problems he has no immediate plans to significantly increase U.S. forces there, as was recommended by the senior Marine intelligence officer in Anbar in a classified report last month.

"It's very, very clear that Anbar province is a problem that will have to be dealt with over time," Abizaid said. "It's a violent area, it's a tribal area, it's a tough area," he said. He added that the Iraqi forces there "need a lot of work."

"Whenever we bring out foreigners -- be that anyone who's not from al-Anbar -- to serve in the military or police units there, they immediately want to go somewhere else," he said, suggesting that recruiting people from local Sunni tribes to serve as auxiliary forces might offer a solution.

Asked why he would not send additional U.S. troops to Anbar, Abizaid said that it is a huge area with many small population centers that would "soak up a lot of troops from the decisive areas where we need them more," such as Baghdad. "Ample troops doesn't mean you have enough troops to do everything, everywhere," he said.

Abizaid said substantially increasing U.S. ground forces could breed dependency in Iraqi troops while complicating the already demanding rotations of U.S. troops in Iraq and Afghanistan, and for other contingencies.

The general also said that there are now more U.S. troops in Afghanistan than ever before. U.S. commanders expect the current U.S. troop level of 20,000 to remain fairly steady at least until the spring. Insiders attributed recent increases to a growing training program for Afghan security forces, noting that the actual number of troops in combat roles has held steady. Currently, about 4,500 troops are involved in training the Afghan army.

Gen. Says U.S. May Boost Forces In Iraq (MERCN/AP)

By Lolita C. Baldor

The San Jose Mercury News/AP, September 20, 2006

WASHINGTON - The U.S. military is likely to maintain and may even increase its force of more than 140,000 troops in Iraq through next spring, the top American commander in the region said Tuesday in one of the gloomiest assessments yet of when troops may come home.

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Gen. John Abizaid, commander of the U.S. Central Command, said military leaders would consider adding troops or extending the Iraq deployments of other units if needed. Until sectarian violence spiked early this year, Bush administration officials had voiced hopes that this election year would see significant U.S. troop reductions in what has become a widely unpopular war.

"If it's necessary to do that because the military situation on the ground requires that, we'll do it," Abizaid said of longer deployments. "If we have to call in more forces because it's our military judgment that we need more forces, we'll do it."

His comments came as violence around Iraq killed at least 16 civilians on Tuesday and wounded dozens of others. Iraqi lawmakers angered by the relentless violence demanded that the defense and interior ministers appear before parliament to explain what they are doing to eliminate the death squads that have claimed hundreds of Iraqi lives.

The U.S. military said a U.S. soldier was killed Tuesday by a suicide car bomber in northern Iraq, another died of non-battle related injuries on Monday, and two others were killed Sunday.

Abizaid said that right now the number of U.S. troops "are prudent force levels" that are achieving the needed military effect. Still, his blunt assessment was the first time officials confirmed that higher troops levels would continue into next year.

Abizaid, Defense Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week.

President Bush, in New York for U.N. General Assembly meetings on Tuesday, told Iraqi President Jalal Talabani that the U.S. will keep soldiers in Iraq as long as necessary. "I've told the president of Iraq that America has given her word to help you and we will keep our word. The people of Iraq must know that," Bush said.

Late last year, military leaders had said they hoped to reduce troop levels to about 100,000 by the end of this year. But Abizaid said Tuesday that the rising sectarian violence and slow progress of the Iraqi government made that impossible.

"I think that this level probably will have to be sustained through the spring," he said. "I think that we'll do whatever we have to do to stabilize Iraq and Afghanistan and use the military power of the U.S. to do that."

Members of Congress said they will listen to Abizaid's recommendations.

The military commanders, said Sen. Saxby Chambliss, R-Ga., "know what's necessary to adapt to the enemy's tactics. And whether that means more troops or more troops just in Baghdad, I believe they will make the appropriate decisions necessary to help the Iraqi forces continue to stand up and ultimately defend their country on their own."

But Senate Minority Leader Harry Reid, D-Nev., called the news disappointing. "We should have started redeploying at the end of this year," he said.

Abizaid cautioned that the solution to much of Iraq's violence - both sectarian and insurgents - is not necessarily "throwing more American units at the problem."

Instead, he said the Iraqi government must improve the political and economic conditions in the embattled country, as part of an effort to get the "angry young men" off the streets. And he said there will be more emphasis on the U.S. military teams that are training the Iraqi army and police forces.

There are 147,000 U.S. forces in Iraq - up more than 20,000 from the totals in June. Rumsfeld extended the one-year deployment of an Alaska-based Stryker brigade in July as part of the effort to stem the escalating violence in Baghdad. Abizaid said Tuesday that there are no plans to further extend that brigade's deployment.

Abizaid said the latest security crackdown in Baghdad is improving conditions there, specifically in neighborhoods targeted by coalition and Iraqi forces. Military leaders should know by December, he said, whether the effort is working or if new tactics are required.

"The secular tensions, if left unchecked, could be fatal to Iraq," he said. "And the center of the problem is Baghdad ... It's the area where we have to spend the most military effort."

Sectarian executions have been a persistent problems in Baghdad. On Tuesday, Iraqi authorities said they found three blindfolded bodies dumped in eastern Baghdad - all had been shot and bore signs of torture, trademarks of sectarian killings being waged between Shiite and Sunni Arabs.

Abizaid said that while the Baghdad campaign is the priority, the U.S. military has not abandoned the volatile western Anbar province.

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Last week, Marine Maj. Gen. Richard C. Zilmer, commander of U.S. forces in western Iraq, said he has enough troops - about 30,000 - to accomplish his main mission to train Iraqi forces, but not enough to defeat the insurgency there.

His comments raised questions about whether additional forces are needed in Anbar. But Abizaid said that the more than 140,000 American troops, plus the 300,000 Iraqi troops and 23,000 troops from other coalition members, are enough to do what needs to be done, "not everywhere, all the time, equally - but to bring Iraq to stability over time."

Meanwhile, U.S. experts studying what to do next in Iraq said Tuesday that Baghdad's government must make more progress toward controlling the violence and rebuilding the nation.

"The government of Iraq needs to show its own citizens soon - and the citizens of the United States - that it is deserving of continued support," said Lee H. Hamilton, co-chairman of the independent, bipartisan Iraq Study Group, a 10-member panel asked by Congress to advise lawmakers and the administration. Hamilton, the former Democratic congressman from Indiana, was also co-chairman of the Sept. 11 commission that investigated the terrorist attacks.

No Cutback Likely In U.S. Troop Levels For Iraq Before Spring, Top Regional Commander Says (NYT)

By David S. Cloud

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — The top American commander in the Middle East said Tuesday that more than 140,000 soldiers would probably be needed in Iraq at least until spring because of continuing sectarian violence and the need to secure Baghdad.

“I think that this level probably will have to be sustained through next spring, and then we’ll re-evaluate,” the commander, Gen. John P. Abizaid, told reporters at a breakfast round table.

He called current force levels “prudent,” but added: “We’ll bring in more forces if we have to. By the way, if we can send more forces out, we’ll do that as well.” He acknowledged that the military, after five years of war waged in Afghanistan and Iraq, would be hard pressed to come up with more troops.

Pentagon officials have said previously that the current level, about 144,000 troops, was likely to be maintained through the end of the year unless security improved. General Abizaid’s comments were the first indication that senior commanders believed reductions were very unlikely until well into next year.

The violence in Iraq and the shortcomings of the fledgling government have repeatedly frustrated plans by the Bush administration and the Army to begin sustained reductions in American forces and hand off primary responsibility for security to Iraqi military and police units.

The American complement fell to 127,000 earlier this year but rose again after Baghdad grew increasingly unstable. The force now includes 14 combat brigades and elements of two others, one of which is in the process of leaving Iraq, a military spokesman said.

“If you had asked me six months ago, I would have said that we would be down a couple of brigades from what we currently have,” General Abizaid said.

The situation in Baghdad, where thousands of American and Iraqi troops have been sent since July from other areas of Iraq after a surge in bombings and sectarian killings, has become “slightly better,” he said. But, “Baghdad is not going to clarify itself in my mind militarily for a couple months.”

Democrats responded to General Abizaid’s remarks by suggesting that they were further evidence of the need to lay out a timetable for withdrawing American troops from Iraq, a step the Bush administration has said would embolden insurgents.

“What’s the endgame? We need a deadline to force Iraqis to stand up for Iraq and get our combat troops home,” said Senator John Kerry, a Massachusetts Democrat.

Senator Jack Reed, a Rhode Island Democrat and a co-author of a resolution in June to begin withdrawing troops this year, said, “We can fight for 10 years.”

“What we have to have is a police department that works, governing officials that work,” he said. “That’s the challenge, and I don’t see the administration talking about it. I don’t see them putting up budgets that would fund that.”

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General Abizaid acknowledged that confidence among Iraqis in their police remained low and that it was important for the government of Prime Minister Nuri Kamal al-Maliki to purge the police of sectarian militias and to improve the economy.

He said the insurgency still raging in Iraq represented less of a threat than the cycle of sectarian attacks by Shiites and Sunnis, which if not addressed by military, economic and political steps, could tear the country apart.

"The insurgency can't be fatal to Iraq in my mind, but I do believe that the sectarian tension if left unchecked could be fatal to Iraq, and the center of the problem is Baghdad," he said.

The troop levels in Iraq are the highest they have been since they were increased temporarily to provide security for elections in January.

General Abizaid also raised concerns about the increased fighting in Afghanistan, which has had intensified violence in the south, despite the presence of 21,000 American troops and another 19,000 from others countries under NATO command. That is the most American troops deployed to the country, even during the 2001 invasion, though an American military official said the number of American combat troops within the overall total was smaller than it had been in the past.

"I don't think the Taliban represents a mortal threat" to the government of President Hamid Karzai, General Abizaid said. "But certainly at this stage in the campaign we had hoped to be at a point where we were doing more development and less fighting."

General Abizaid warned that over the last year Pakistan had increasingly been used as a sanctuary by Taliban fighters, who cross the border to mount attacks against NATO forces, who are now deployed in the south. He said he was concerned about the recent promise of the Pakistani president, Gen. Pervez Musharraf, to withdraw troops from western Pakistan in return for a promise by tribal leaders there to pursue Qaeda leaders believed to be hiding there.

"I'm very, very skeptical about this notion that people who have been harbored in the tribal areas are no longer going to be harbored," he said. "I'll believe that when I see it."

Pentagon Wary On Iraq (FT)

By Caroline Daniel

Financial Times, September 20, 2006

The Pentagon predicted on Tuesday that there would be no US troop cuts in Iraq until the middle of next year and the co-chairmen of the Iraq Study Group, an influential bipartisan commission, warned that the next three months were "critical", and called the problems "daunting".

Lee Hamilton, a Democratic former congressman who gained a reputation for independence as joint chair of the commission that investigated the September 11 attacks, said: "Time is short. The level of violence is great. The margins of error are narrow. The government of Iraq must act and show citizens of the US that it is deserving of unified support."

The challenges were underlined by General John Abizaid, commander of US Central Command, who said because of worsening sectarian violence, current US troop levels of more than 140,000 would be "sustained through the spring and then we'll re-evaluate".

Mr Hamilton's comments came in a rare press conference about the commission created in March to advise the president and Congress on future policy in Iraq. In spite of his sense of urgency, the group's recommendations – which will include an assessment of the ability of the Iraqi government – will be issued after the midterm congressional elections.

"We didn't want to be seen to be patently political, and it's not going to be," said his colleague, former secretary of state James Baker, who remains close to President George W. Bush's father, is a realist on foreign policy and a deft political operator. "It is more important frankly to make sure whatever we report is taken out of domestic politics."

Mr Baker's role, which was approved by the White House, has created hopes that the commission could chart an exit strategy from Iraq that offered a politically convenient way for the administration to change direction.

In a sign that the commission has more flexibility to consult Iraq's neighbours, Mr Baker said the group would meet "a high representative of the Iranian government". Some of the group recently went to Baghdad but, reflecting the poor security, only one member left the protected Green Zone. "We didn't want a story that we were cowboying around in Iraq," explained Mr Baker, a Texan.

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Number Of U.S. Troops In Iraq Likely To Remain Stable (MCT)

By Drew Brown

McClatchy Newspapers, September 20, 2006

WASHINGTON - U.S. commanders are unlikely to reduce the number of American troops in Iraq before next summer, the top U.S. military officer in the Middle East said Tuesday.

U.S. military leaders had hoped to bring the number of American forces in Iraq down to around 100,000 by year's end, but high levels of sectarian violence probably will prevent any reductions below the current level of 147,000 before the end of next spring, said Gen. John Abizaid, who oversees the U.S. Central Command.

"I think this level will probably have to be sustained through the spring, and then we'll evaluate," Abizaid said during a breakfast with defense reporters. "I think these are prudent force levels. I think they're achieving the military effect."

Abizaid said more American troops could be sent to Iraq. "If it's necessary to do that because the military situation on the ground requires that, we'll do it," he said.

There are about 20,000 more U.S. troops in Iraq than there were a few months ago, partly because of an overlap between some units rotating in and others rotating out. Alaska's 172nd Stryker Brigade had its deployment extended by 120 days in an effort to improve security in Baghdad. Abizaid said military officials didn't plan to extend the unit's deployment a second time.

Also on Tuesday, former Rep. Lee Hamilton, co-chairman of the bipartisan Iraq Study Group, said Iraq was facing a crucial time.

"The government of Iraq needs to show its own citizens - and the citizens of the United States - that it is deserving of continued support," he said.

Hamilton and the other co-chairman of the study group, former Secretary of State James A. Baker III, said at a news conference that the next three months would be vital for Prime Minister Nouri al-Maliki's government to show progress in securing Baghdad, pursuing national reconciliation and delivering electricity, water and other basic services.

"No one can expect miracles," Hamilton said, "but the people of Iraq have the right to expect immediate action."

Abizaid said security in Baghdad was "slightly better" now than it was before a U.S.-Iraqi security crackdown started in June. The crackdown was designed to stop a cycle of killings between Sunni and Shiite Muslims since insurgents blew up an important Shiite mosque last February.

Abizaid said it probably wouldn't be known until December whether the crackdown would have any lasting effect.

In Iraq on Tuesday, a car bomb exploded in Baghdad and rockets and mortars hit three neighborhoods, killing more than a dozen people, and sectarian slayings were reported in several other cities.

Despite the violence, Abizaid said Iraqis had become more confident about the country's army, which now numbered around 300,000 soldiers, but that many Sunnis distrusted the police. Iraqi police forces, dominated by majority Shiites, are widely considered corrupt, ineffective and in some cases involved in sectarian killings and other violence.

With 147,000 American troops, 23,000 coalition soldiers, 300,000 Iraqi troops and another 100,000 Iraqi paramilitary forces in the country, Abizaid said he thought there were enough "to bring stability over time, provided that governance and institution-building take place."

Although he said U.S. military leaders were prepared to send more American forces to Iraq if necessary, he warned that having too many Americans on the ground would only "feed extremism" and prevent Iraqis from taking responsibility for their own security.

Hamilton and Baker declined to comment on any of the findings by their commission, which was formed at Congress' request. It's been working since March to formulate a series of recommendations on a way forward in Iraq.

Hamilton, a Democrat from Indiana, and Baker, who served as secretary of state under President Bush's father, George H.W. Bush, said they didn't plan to release any of the recommendations until after the November elections.

Baker said their study was meant to be nonpartisan and "forward-looking" and wouldn't focus on mistakes that had been made in Iraq.

"We are going to come with what we think is the best thing for the country," he said.

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The Stubbornly Hopeful President (LAT)

By Max Boot

The Los Angeles Times, September 20, 2006

THE BODY COUNT continues to mount in Iraq and Afghanistan, and the military situation continues to deteriorate. On the home front, Democrats appear resurgent, and Republicans are bracing themselves for losses in November.

If I were George W. Bush, I would have a hard time getting out of bed in the morning. But if he is plagued by despair or doubt, he gave no sign of it in an Oval Office meeting last week with seven conservative columnists. Leaning forward in an armchair, clad in a pearl gray suit with a blue shirt, crimson tie and an ornate silver belt buckle from Texas, Bush began by declaring: "I've never been more convinced that the decisions I made are the right decisions."

He expressed faith that "over time, the inevitable truth will win" — the truth being that "freedom is universal." He professed no alarm about bad news from Iraq, saying that recent trends (such as a spike in killings) were just a "nanosecond" in historical terms. "I think the politics of Iraq are going to just take a while to settle out." He refused to even speculate about what would happen if Democrats were to gain control of the House. "I don't think they're going to win," he said flatly.

Hearing such talk, critics are apt to say that Bush is out of touch with reality. He's aware of the knock. He knows that people say he's stubborn and starry-eyed. But his confidence isn't rooted in ignorance of the difficulties he faces. "I can understand," he said, referring to the invasion of Iraq, "why people who agreed that we should have done this wonder whether or not we can succeed." He just refuses to be swayed from his grand strategy because of tactical setbacks. "If you don't have a set of principles to fall back on, you flounder and … it creates waves, and the waves rock the decision-making process."

His steadfastness in the face of adversity is admirable. So is his contempt for the conventional wisdom of the day. But there is a certain fatalism that can come from focusing so much on the long term. (Bush spoke repeatedly of how the world would look 50 years from now.) There is a danger that you will not make the necessary short-term adjustments to achieve results here and now.

In the case of Iraq, in particular, even those of us who support the war effort question whether Bush has done enough to win. A strong case can be made that there have never been enough troops to enforce even a modicum of law and order. The U.S. contingent has surged recently to more than 140,000, and more troops have been moved to Baghdad, but only at the cost of denuding other areas of Iraq.

A Marine intelligence report leaked to the Washington Post last week suggested that at least another division is needed in restive Anbar province. The top Marine general in Iraq was rushed out to rebut those findings, but even he acknowledged that he didn't have enough troops to defeat the insurgency.

I asked Bush about the Marine report. He dismissed it as just a "data point." He won't send more troops to Iraq unless asked to do so by Gen. George W. Casey, the U.S. commander on the spot, and Casey has not made any such request. "I'm certainly not a military expert, nor am I in Baghdad," he said, so he will leave those decisions to the "experts."

He cited the Vietnam War on the dangers of "tactical decisions being made out of the White House," even though the real problem was not Lyndon Johnson's micromanagement but Gen. William Westmoreland's flawed strategy. In fact, as Eliot Cohen argued in "Supreme Command," successful war leaders such as Lincoln and Churchill (whose busts adorn the Oval Office) sometimes overruled their generals or fired them altogether.

Not Bush. "If he's wrong," he said of Casey, "I'm wrong." Yet Casey's options are severely circumscribed by the inadequate size of the Army, which declined 30% in the 1990s. I pressed Bush on why he hasn't increased end-strength. He talked of making the existing force "quicker and lighter" and better "able to strike," but recent experience in Iraq and Afghanistan shows that there is no substitute for having an adequate number of boots on the ground. And we've never had enough.

I left the meeting unconvinced by Bush's arguments on troop numbers but impressed by his resiliency and imperturbability.

"Keep punching," he urged the assembled scribes. He is obviously taking his own advice.

Doubts Increase About Strength Of Iraq's Premier (NYT)

By Edward Wong

The New York Times, September 20, 2006

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BAGHDAD, Sept. 19 — Senior Iraqi and American officials are beginning to question whether Prime Minister Nuri Kamal al-Maliki has the political muscle and decisiveness to hold Iraq together as it hovers on the edge of a full civil war.

Four months into his tenure, Mr. Maliki has failed to take aggressive steps to end the country's sectarian strife because they would alienate fundamentalist Shiite leaders inside his fractious government who have large followings and private armies, senior Iraqi politicians and Western officials say. He is also constrained by the need to woo militant Sunni Arabs connected to the insurgency.

Patience among Iraqis is wearing thin. Many complain that they have seen no improvement in security, the economy or basic services like electricity. Some Sunni Arab neighborhoods seem particularly deprived, fueling distrust of the Shiite-led government.

Concerns about the toughness of the new government seemed reflected in President Bush's comments when he met Tuesday with Iraq's president, Jalal Talabani. Mr. Bush said he wanted Iraqis to know "that the United States of America stands with them, so long as the government continues to make the tough choices necessary for peace to prevail."

Mr. Maliki, a conservative Shiite, took office in May. A senior American diplomat here said the White House still had confidence in him, mainly because "he has articulated goals for Iraq that make sense to us."

Bush administration officials have repeatedly cautioned that Mr. Maliki needs more time. "This is a national unity government of many, many moving parts," said the diplomat, who spoke on condition of anonymity. "He has got to negotiate as he goes."

But diplomats who deal with the Bush administration on Iraq issues, and recently departed officials who stay in contact with their colleagues in the government, say the president's top advisers have a far more pessimistic view.

"The thing you hear the most is that he never makes any decisions," said a former senior official, who spoke on condition of anonymity because he was not authorized to discuss internal deliberations. "And that drives Bush crazy. He doesn't take well to anyone who talks about getting something accomplished and then refuses to take the first step."

American officials here say they do not intend to let Mr. Maliki fail and are helping him in a variety of ways. For example, to bolster Iraqis' confidence, American generals are spending money on quick reconstruction projects like trash pickup as the military goes through troubled neighborhoods of Baghdad.

The embassy has advisers who work closely with cabinet ministers and has deployed hundreds of Americans to seven provinces to help Iraqi officials build up the government's political and economic strength. A senior envoy said the biggest effort was simply "Diplomacy 101" — insisting to Iraqi leaders that they resolve their differences.

But increasingly, Iraqi and Western officials say the unity government is one in name only, with the political parties representing different sects and ethnicities constantly at odds, undermining Mr. Maliki's ability to build consensus.

While the United States has military might and political influence, it must rely on the Iraqi government to reach out to the country's political and religious leaders. Trying to placate everyone has kept Mr. Maliki from being able to offer amnesty to Sunni insurgents or forcefully disarm Shiite militias, officials say.

The main Shiite bloc itself is deeply divided, depriving the prime minister of crucial support. So he relies on Moktada al-Sadr, the Shiite cleric who commands the powerful militia called the Mahdi Army, for political backing. The militia has been blamed by many Sunni Arabs for sectarian killings.

To ensure that the minority Sunni Arabs remain involved in the government, Mr. Maliki finds himself compromising on issues like cabinet appointments with conservative Sunni parties that have occasional contact with nationalist guerrillas.

"I think he has said good things, but in practice there has been no change," said Mahmoud Othman, an independent Kurdish legislator. "The security situation is deteriorating and violence is getting worse. He has done nothing against militias. At the same time, the reconciliation dialogue is not moving forward. It doesn't look good, the prospects for the government.

"I thought he'd be stronger, but he looks weak," Mr. Othman said. "He feels frustrated because nobody's cooperating with him."

The same sentiments are heard in the streets of the capital.

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"There's no security, no job opportunities, no services, nothing at all," said Muhammad Jabar Abdul Ridha, 18, a construction worker walking through downtown Baghdad on Tuesday afternoon. "This government hasn't done anything better than the previous one."

While some officials in Washington say Mr. Bush and Secretary of State Condoleezza Rice still insist in staff meetings that Mr. Maliki must be given more time and support, there is a growing sense that he is not about to change his operating style. A former senior official said the big test would be whether Mr. Maliki could confront Mr. Sadr. "If you don't do that, I don't know how he can succeed," the official said.

The prime minister's aides declined repeated requests for an interview with Mr. Maliki, who emerged as a compromise choice for prime minister during a power struggle last spring in which the White House and Mr. Sadr backed different candidates.

Supporters of Mr. Maliki say it is too soon to judge his tenure. Any unity government requires compromises, they argue. "He's been in office only a short time, and the size and number of problems from the former regime and former cabinets are huge," said Sheik Khalid al-Attiya, a deputy speaker of Parliament.

Mr. Maliki has made efforts to quell the Sunni-led insurgency, including reaching out to some Sunni Arab guerrilla groups, Iraqi officials say. That may help widen a rift in the insurgency between Iraqi nationalists and foreign fighters. Sheiks in rebellious Anbar Province announced last Sunday that 25 of 31 tribes in the province were ready to fight against Al Qaeda in Mesopotamia.

Iraqi and American officials who have dealt with Mr. Maliki say he is much more blunt and expressive in meetings than his predecessor as prime minister, Ibrahim al-Jaafari, who leads Mr. Maliki's political party. Mr. Maliki is not given to diplomatic formalities and makes his views known, they say. At the same time, he likes to listen to a range of opinion — often at the expense of making decisions, the officials say.

Mr. Maliki acts as if he is backed into a corner these days, said a moderate legislator who recently spent two and a half hours in a private meeting with him.

"You were one of the hawks," the legislator recalled telling Mr. Maliki. "Now you're one of the doves."

"No, I'm still one of the hawks," the legislator quoted the prime minister as saying. "I just need time."

Mr. Maliki's security plan for Baghdad, now the American military's main effort of the war, intentionally avoids direct confrontation with Mr. Sadr's militia, despite Iraqi Army generals' apparent willingness to attack the militia and despite growing violence by rogue militia elements. The plan, begun last month after an initial failed effort in June, involves military sweeps of violent neighborhoods, generally after fighters have already fled.

The murder rate has dropped in some neighborhoods. But the plan's effectiveness was called into question last week, when more than 165 bodies were found across Baghdad in four days. Shiite militiamen are the main suspects. The Baghdad morgue has said more than 1,500 civilians were killed in August, a 17 percent drop from July but higher than nearly all other months of the war.

Brig. Gen. Dana J. H. Pittard, assigned to help train Iraqi police and army units, said Iraqi Army commanders, who usually have fewer sectarian loyalties than the police, were ready to take on the militias but had not gotten approval from the government.

"There's this obvious question that the army guys are asking, about 'When are we going to get rid of the militias?' " General Pittard said in an interview while meeting with American military advisers at a base in Taji. "If you talk to the leaders of the Iraqi Army, they'll say, 'We need to be given an order to disarm the militias.' "

Last month, after American and Iraqi soldiers attacked a militia safe house in the Sadr City neighborhood of Baghdad, the prime minister denounced the action and promised compensation to families of Iraqis killed or wounded in the assault.

Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, said American and Iraqi generals were waiting for Mr. Maliki to find a political solution to the militias.

"How long will that process take?" he said. "I don't know."

Mr. Maliki has little obvious leverage over Mr. Sadr, who controls at least 30 seats in Parliament and six ministries, making him one of the most powerful figures in the government. Mr. Sadr has no intention of disbanding the Mahdi Army, because it is now part of the government, said Bahaa al-Aaraji, a senior legislator allied with him.

"They are just volunteers defending their country," Mr. Aaraji said.

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Mr. Maliki is also tiptoeing around other powerful Shiite leaders with militias. Abdul Aziz al-Hakim, the head of the Parliament's Shiite bloc, has ignited a political firestorm by calling for the legislature to approve a mechanism to create autonomous regions. Many are opposed, and the move threatens to splinter the government. But rather than rein Mr. Hakim in, Mr. Maliki has kept quiet.

As a centerpiece of his reconciliation project to end the Sunni insurgency, Mr. Maliki wants to forge an amnesty policy that would draw into politics some militant Sunni Arabs and former officials from Saddam Hussein's Baath Party, Iraqi politicians say.

But the proposal has been attacked by hard-line Shiites like Mr. Hakim, who is opposed to leniency for killers of Iraqis, and American politicians outraged at the idea of amnesty for those who have attacked American troops.

That could doom Mr. Maliki's plan, said Ayad Jamaladin, a moderate Shiite legislator on the government's reconciliation committee.

"Innocent people don't need amnesty," he said. "Guilty people need amnesty."

Some conservative Sunni leaders are also resisting Mr. Maliki's efforts. Politicians in Baghdad and tribal sheiks in restive areas insist that he meet a long list of demands that includes releasing all detainees and setting a timetable for the withdrawal of American troops. Many Sunnis also fear that Mr. Maliki is beholden to Iran, and his trip there last week further stirred concerns.

"With whom should we reconcile?" asked Sheik Muhammad Saleh al-Bajari, a spokesman for tribes in Falluja, the Sunni Arab stronghold. "With those who brought the occupier and killed and destroyed the future of this country?"

Group Says Iraq Needs To Prove Itself (AP)

By Pauline Jelinek

AP, September 19, 2006

U.S. experts studying what to do next in Iraq said Tuesday that the next three months are critical and Baghdad's government must make more progress toward controlling the violence and rebuilding the nation.

"The Iraqi government must act," said Lee H. Hamilton, co-chair of the independent, bipartisan Iraq Study Group. "The government of Iraq needs to show its own citizens soon — and the citizens of the United States — that it is deserving of continued support."

Hamilton and his co-chair, former Secretary of State James A. Baker III, said Baghdad's government needs to secure a capital reeling in sectarian violence, make progress on national reconciliation, and provide electricity, water, and other services that Iraqis need.

The 10-member panel is working at the request of Congress to advise lawmakers and the Bush administration on the way forward in the beleaguered Iraq campaign. The commission has been working quietly for six months, meeting with more than 100 U.S. and Iraqi military and civilian officials and others to assess progress in the war and make recommendations.

It expects to meet with representatives of Syria, Iran and Saudi Arabia and soon move on from fact-finding to the task of devising recommendations.

At a downtown Washington news conference, Hamilton and Baker declined to say what their assessment is of the situation in Iraq now or to indicate anything about their upcoming recommendations. They said recommendations won't be given to the government or made public until after the November election — to avoid politicizing them. They said they would not be more specific about when the findings might be released.

But Hamilton said the study group agreed that the next three months in the campaign are important.

"Each of us agrees that the next three months are critical," Hamilton said. "The challenges ... are many and they are daunting."

"Prime Minister (Nouri al-) Maliki has been in office since April and his government has been complete since June," Hamilton said. "The people of Iraq are looking to him urgently for leadership."

"No one can expect miracles, but the people of Iraq have the right to expect immediate action," Hamilton said.

Relentless Violence Irks Iraq Lawmakers (AP)

By Patrick Quinn

AP, September 19, 2006

DOJ_NMG_0065823

Lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis.

Violence around Iraq killed at least 16 Iraqis on Tuesday, including 10 people killed in a rocket attack on a Shiite neighborhood of Baghdad. An American soldier died in a suicide car bombing in northern Iraq.

Nearly 200 bodies of Iraqis who had been tortured and shot have turned up around Baghdad in the past week, including three found Tuesday in an eastern section of the capital. Most are found bound and blindfolded, apparent victims of sectarian violence.

Both Sunni and Shiite lawmakers called Tuesday for the defense and interior ministers to explain how they plan to stop the killings.

"I demand the defense and interior ministers be summoned to let us know their plans to stop these criminal acts: kidnappings, killings and assassinations against our people," said Hassan Bejar, a lawmaker with the Iraqi Accordance Front, the largest Sunni bloc in government.

Shiite lawmaker Haider al-Safar said: "We are just sitting here and seeing these dead bodies being thrown every day in the streets."

"We need to see real achievements from the defense and interior ministries to stop the daily kidnapping and bloodletting," he said.

Abdul-Karim al-Enizi, another Shiite, proposed special security teams to investigate the killings. There was no immediate response from the ministries.

The U.S. military command, meanwhile, said a soldier was killed Tuesday by a suicide car bomber in northern Iraq. It said another soldier died of non-battle related injuries Monday and two U.S. soldiers were killed Sunday afternoon.

The top U.S. military commander in the Middle East said that because of the increased violence, the U.S. military will likely maintain or possibly even increase the current force levels of more than 140,000 troops in Iraq through next spring.

Gen. John Abizaid, commander of U.S. Central Command, said military leaders would consider adding troops or extending the Iraq deployments of other units if needed.

"If it's necessary to do that because the military situation on the ground requires that, we'll do it," he said. "If we have to call in more forces because it's our military judgment that we need more forces, we'll do it."

The rocket attack in Baghdad's southern Dora district killed 10 people and wounded 19, police said.

In a separate attack, a mortar round hit a house in the Shiite neighborhood of Abu Sayfeen in central Baghdad, killing one person outside the building and wounding three boys, aged between 11 and 15, and their father inside the house, said police 1st Lt. Ahmed Mohammed of the Risafa police station.

About 20 minutes later, another mortar struck near a police checkpoint in Zayouna Street in central Baghdad, killing a policeman and wounding five other people, said police Capt. Mohammed Abdul Ghani.

Earlier, a car bomb exploded near a gas station in Baghdad, killing two civilians and wounding 25.

Elsewhere, gunmen killed Faris Egab, the mayor of Udhaym town, about 40 miles north of the Diyala provincial capital of Baqouba, as he drove to work, the province's police said.

Gunmen also struck in Baqouba, 35 miles northeast of Baghdad, firing on a police patrol near the city prison, killing one policeman and wounding three, the police said.

Iraq Must Act On Security Now, U.S. Advisory Panel Chief Says (NYT)

By Robert Pear

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — A leader of a high-level panel studying American policy toward Iraq said Tuesday that Prime Minister Nuri Kamal al-Maliki must take immediate action to improve security, end sectarian killings, reduce corruption and deliver basic services if he wants to retain United States support.

The independent panel, led by former Representative Lee H. Hamilton of Indiana and former Secretary of State James A. Baker III, said it would make detailed recommendations to President Bush and Congress after the midterm elections.

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The group, formed at the request of Congress and with the approval of the Bush administration, visited Iraq for four days this month. Members said they had met with more than three dozen Iraqi officials, including Mr. Maliki. The group has also met with Mr. Bush, Vice President Dick Cheney, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld. Panel members expect to meet soon with an Iranian official, whom they did not identify, with the Saudi ambassador to the United States and with the foreign minister of Syria.

If Mr. Bush is looking for an opportunity to revise American policy in Iraq, the panel, known as the Iraq Study Group, could be a catalyst.

At a news conference here, Mr. Baker said he wanted the 10-member, bipartisan panel to forge a consensus because "our report will not be particularly meaningful if it has dissenting views."

Mr. Hamilton, a former chairman of the House Committee on Foreign Affairs, summarized findings from the panel's first six months of work this way: "Iraqis want a safer Baghdad and safer communities. They want an end to sectarian killings. They want electricity, water and a government that fights corruption. No one can expect miracles, but the people of Iraq have the right to expect immediate action. They want to see progress on security, progress on national reconciliation and progress on the delivery of basic services. And so do we."

Moreover, Mr. Hamilton said: "The government of Iraq must act. The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continued support. The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services."

Mr. Baker said he agreed with this assessment.

A longtime political adviser to the Bush family, Mr. Baker could play a pivotal role in helping the White House weigh policy changes, including a possible exit strategy. On Tuesday, Mr. Baker reaffirmed his view that the administration had "seriously misjudged the difficulty of winning the peace" in Iraq. But he said that the panel would focus on the future and that it had not spent any time "wringing our hands over what mistakes might or might not have been created in the past."

In his 1995 memoir, Mr. Baker said he opposed ousting Saddam Hussein in the Persian Gulf war in 1991 because he feared that such action might lead to an Iraqi civil war, to "criticism from many of our allies" and to an eventual loss of American support for an occupation.

"Marching on Baghdad was ridiculous from a practical standpoint," Mr. Baker wrote. In the memoir he also recalled arguing that "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

Only one member of the panel, former Senator Charles S. Robb of Virginia, ventured outside the heavily fortified Green Zone when the group went to Iraq this month. Mr. Robb visited Anbar Province, where the insurgents have been particularly active and the security situation has become dire.

Wave Of Attacks Kills At Least 2 Dozen In Iraq (USAT/AP)

By The Associated Press

USA Today, September 20, 2006

BAGHDAD — At least two dozen people were killed in Iraq on Tuesday — the latest victims of a cycle of violence that the top U.S. military commander said could force the U.S. military to maintain or increase troop levels in Iraq through spring.

"If we have to call in more forces because it's our military judgment that we need more forces, we'll do it," Gen. John Abizaid, commander of U.S. Central Command, said in Washington. U.S. troop strength currently is 140,000.

Violence has grown despite a security crackdown in Baghdad that began Aug. 7, when 12,000 more Iraqi and U.S. troops were brought into the city. On Tuesday, a rocket attack on a Shiite neighborhood in southern Baghdad killed 10 people and wounded another 19, police told the Associated Press.

Four U.S. servicemembers have died since Sunday, the U.S. military command said, including one killed Tuesday by a suicide car bomber in northern Iraq.

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In a separate attack in a Shiite neighborhood in central Baghdad, a mortar round hit a house, killing one person, police 1st Lt. Ahmed Mohammed said. About 20 minutes later, a mortar that hit near a police checkpoint in central Baghdad killed a policeman, police Capt. Mohammed Abdul Ghani said.

Earlier, a car bomb exploded near a gas station in Baghdad. Two civilians died and 25 were hurt. Police also recovered the blindfolded bodies of three people from eastern parts of the city.

Elsewhere, gunmen killed Faris Egab, the mayor of Udhaym, about 40 miles north of the Diyala provincial capital of Baqouba, the province's police said. Gunmen also fired on a police patrol near the city's prison, killing one policeman and wounding three others.

Iraqi lawmakers angered by the relentless violence demanded that the Defense and Interior ministers appear before parliament to explain what they are doing to stop death-squad attacks and kidnappings. Nearly 200 bodies have turned up around Baghdad in the past week — part of a surge in violence since early September.

"I demand the Defense and Interior ministers be summoned to let us know their plans to stop these criminal acts," Hassan Bejar, a lawmaker with the Iraqi Accordance Front, the largest Sunni Arab bloc in government, told the parliament. "We need to see real achievements from the Defense and Interior ministries to stop the daily kidnapping and bloodletting," Shiite lawmaker Haider al-Safar said.

Also Tuesday:

•The chief judge in Saddam Hussein's trial was replaced amid complaints from Shiite and Kurdish officials that he was too soft on the former Iraqi leader. Judge Abdullah al-Amiri was replaced with Mohammed al-Uraibiy, who was his deputy in the trial, a court official told the AP. The official asked not to be named because he was not authorized to speak to the media.

Hussein al-Duri, an aide to the prime minister, said one reason for al-Amiri's dismissal was the judge's comments last week in a court session in which he told Saddam, "You were not a dictator."

Saddam and six co-defendants could each face the death penalty if convicted on genocide charges over the Anfal military offensive against Iraqi Kurds in the 1980s.

•The Iraqi government announced it will shut down all offices belonging to the Kurdistan Workers Party, or PKK. Government spokesman Ali Al-Dabagh said the decision was taken during a Cabinet meeting because "Iraq wants good relations with Turkey and all neighboring countries."

The PKK has recently been blamed or has taken responsibility for attacks in Turkey. Kurdish rebels have been fighting for autonomy in southeastern Turkey since 1984. The conflict has killed more than 37,000.

Bombings Kill 28 In Baghdad, Mosul (AP)

AP, September 20, 2006

Separate bombings near an army base and a police building killed at least 28 people and wounded at least 56, Iraqi police said Wednesday.

A bomb in a parked car detonated Tuesday night near an Iraqi army base in Sharqat, about 45 miles from the northern city of Mosul, police said. A suicide bomber detonated his explosives as a crowd gathered at the scene. At least 21 people were killed and 50 wounded, police said.

A suicide truck bomb slammed into a police headquarters building in Baghdad Wednesday morning, destroying the building and killing seven policemen, police said.

Another six people, including a civilian, were wounded in the attack in the southern Baghdad neighborhood of Dora, said police Capt. Jamil Hussein.

Meanwhile, lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis.

Violence around Iraq killed at least 16 Iraqis on Tuesday, including 10 people killed in a rocket attack on a Shiite neighborhood of Baghdad. An American soldier died in a suicide car bombing in northern Iraq.

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Nearly 200 bodies of Iraqis who had been tortured and shot have turned up around Baghdad in the past week, including three found Tuesday in an eastern section of the capital. Most are found bound and blindfolded, apparent victims of sectarian violence.

Both Sunni and Shiite lawmakers called Tuesday for the defense and interior ministers to explain how they plan to stop the killings.

"I demand the defense and interior ministers be summoned to let us know their plans to stop these criminal acts: kidnappings, killings and assassinations against our people," said Hassan Bejar, a lawmaker with the Iraqi Accordance Front, the largest Sunni bloc in government.

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Abdul-Karim al-Enizi, another Shiite, proposed special security teams to investigate the killings. There was no immediate response from the ministries.

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Gunmen also struck in Baqouba, 35 miles northeast of Baghdad, firing on a police patrol near the city prison, killing one policeman and wounding three, the police said.

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Associated Press writers Sinan Salaheddin in Baghdad, Iraq, contributed to this report.

Campaign To Bring Peace To Baghdad's Neighborhoods Faces Hurdles (MCT)

By Mark Brunswick

McClatchy Newspapers, September 20, 2006

BAGHDAD, Iraq - American 1st Lt. Jake Hughes and his platoon from Apache Company of the 1-23rd Infantry had high hopes as they contemplated the predawn raid that was about to take place on the walled-in Shiite Muslim mosque in the Baghdad neighborhood of Ghazaliyah.

This was how it was supposed to work, as Americans begin ceding more responsibility to Iraqis one month into an aggressive campaign to bring peace to Baghdad. The Iraqi Interior Ministry had provided the intelligence. A dozen Iraqi soldiers were to conduct the raid. The Americans were there strictly as backup.

But in Baghdad, hope comes in small doses.

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It took the Iraqis 15 minutes just to get into the mosque They used a piece of wood as a makeshift wedge in an attempt to open an iron gate, then gave up and scaled a wall.

As Hughes and the rest of his platoon retreated to the safety of their Stryker armored vehicles, the Iraqis spent another 30 minutes searching the mosque, only to discover no one inside. Nothing was found. It looked as if someone had been tipped off about the operation.

The results were similar later that morning after a house-to-house search in another part of Ghazaliyah, a mixed Sunni Muslim/Shiite neighborhood. Iraqi intelligence, with ties to the country's dominant Shiite political parties, appeared to focus exclusively on the homes of Sunni families who'd just moved into abandoned houses. Four people eventually were taken into custody, whisked away by Iraqi police, though it wasn't clear why.

Ghazaliyah is one of seven Baghdad neighborhoods initially targeted in Operation Together Forward, a security campaign launched Aug. 7 with 12,000 American and Iraqi soldiers.

Through last week, the U.S. military said 53,000 buildings had been searched, including 54 mosques. More than 1,200 weapons have been seized, and 91 people detained.

Officials point to the relative calm in nearby Ameriyah, a west Baghdad neighborhood, as evidence of the operation's success. But another neighborhood, Dora, in southern Baghdad, appears to be seeing more violence. On Sunday, as many as 50 homemade bombs were found during raids there.

Bodies continue to show up daily throughout Baghdad: 35 on Tuesday, bringing the total in the past five days to at least 170. Most of the victims have been found shot, blindfolded and with their hands tied behind their backs.

At a news conference Monday, Ministry of Defense spokesman Ali Askari said the increase in violence against civilians should be seen as evidence of the failure of insurgents to reach their real targets: Iraqi security forces.

"The terrorists moved to attack the civilians to increase the sectarian violence," Askari said.

Ghazaliyah is a good example of the hurdles that the campaign faces. Once a neighborhood where Saddam Hussein rewarded midlevel bureaucrats and military commanders with upscale homes and larger than average lots, parts of it now are the front lines of a battle between sectarian militias and death squads.

American officials and residents say a northern part of the neighborhood is a target of anti-American Shiite cleric Muqtada al-Sadr's Mahdi Army militia. Black crosses have been sprayed on the doors of Sunni residents, a warning that they should leave. Pro-Sadr graffiti are common.

Hughes, who's from Sullivan, Ill., can't wait to turn over the operation to the Iraqis. The 1-23rd, based at Fort Lewis, Wash., is trained for combat, with huge 16-ton, 8-wheeled Stryker vehicles that are equipped with .50-caliber machine guns and grenade launchers.

For the past month, though, the 1-23rd has been performing searches and setting up roadblocks in Baghdad during the day and patrolling for curfew violations and illegal weapons movements at night.

"I signed up for something different than this," Hughes lamented. "This is more of a policing action than a military action. But we're making progress. It may not seem like it on days like this, but you can see it in the longer run."

Sorting out who's doing what to whom remains difficult, however.

One man, a Sunni, showed Apache Company's commanding officer, Capt. Kevin Salge, a scar on his right arm. He said he'd been shot by a member of a death squad to drive home the point that his family should leave the nearby Shula neighborhood. That's when he fled to Ghazaliyah. Since he moved in April, his home has been raided three times, but he insists that any violence must come from outsiders, driving on the nearby highway.

"We had gunfire from here this past week and it wasn't coming from the highway," said Salge, 30, who's from Iowa City, Iowa.

"I would not know about that," said the man, who wrote his name on a piece of paper and promised to let the captain know of anything new.

But progress can be measured in many ways. Battalion commander Lt. Col. Avanulas Smiley, 40, of Tacoma, Wash., pointed out that even the Iraqi police, often the wild card in the operations, showed up to provide protection along the perimeters of the search, the first time that all elements of the Iraqi security forces had participated.

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For some residents of Ghazaliyah, Iraqis taking over the searches from Americans also is a good sign, though for reasons different from Hughes'.

"There's a lot of resistance in our area," said Muhammed Saleh, a 28-year-old Sunni engineer in Ghazaliyah, referring to insurgents. "American presence usually means trouble because there will be a lot of operations against Americans, which means unrest for the rest of us."

No One Dares To Help (LAT)

The Los Angeles Times, September 20, 2006

Because this account of daily life in Baghdad reveals where the writer lives, his name is not being used to protect his safety. He is a 54-year-old Iraqi reporter in The Times' Baghdad Bureau.

BAGHDAD — On a recent Sunday, I was buying groceries in my beloved Amariya neighborhood in western Baghdad when I heard the sound of an AK-47 for about three seconds. It was close but not very close, so I continued shopping.

As I took a right turn on Munadhama Street, I saw a man lying on the ground in a small pool of blood. He wasn't dead.

The idea of stopping to help or to take him to a hospital crossed my mind, but I didn't dare. Cars passed without stopping. Pedestrians and shop owners kept doing what they were doing, pretending nothing had happened.

I was still looking at the wounded man and blaming myself for not stopping to help. Other shoppers peered at him from a distance, sorrowful and compassionate, but did nothing.

I went on to another grocery store, staying for about five minutes while shopping for tomatoes, onions and other vegetables. During that time, the man managed to sit up and wave to passing cars. No one stopped. Then, a white Volkswagen pulled up. A passenger stepped out with a gun, walked steadily to the wounded man and shot him three times. The car took off down a side road and vanished.

No one did anything. No one lifted a finger. The only reaction came from a woman in the grocery store. In a low voice, she said, "My God, bless his soul."

I went home and didn't dare tell my wife. I did not want to frighten her.

I've lived in my neighborhood for 25 years. My daughters went to kindergarten and elementary school here. I'm a Christian. My neighbors are mostly Sunni Arabs. We had always lived in harmony. Before the U.S.-led invasion, we would visit for tea and a chat. On summer afternoons, we would meet on the corner to joke and talk politics.

It used to be a nice upper-middle-class neighborhood, bustling with commerce and traffic. On the main street, ice cream parlors, hamburger stands and take-away restaurants competed for space. We would rent videos and buy household appliances.

Until 2005, we were mostly unaffected by violence. We would hear shootings and explosions now and again, but compared with other places in Baghdad, it was relatively peaceful.

Then, late in 2005, someone blew up three supermarkets in the area. Shops started closing. Most of the small number of Shiite Muslim families moved out. The commercial street became a ghost road.

On Christmas Day last year, we visited — as always — our local church, St. Thomas, in Mansour. It was half-empty. Some members of the congregation had left the country; others feared coming to church after a series of attacks against Christians.

American troops, who patrol the neighborhood in Humvees, have also become edgy. Get too close, and they'll shoot. A colleague — an interpreter and physician — was shot and killed by soldiers last year on his way home from a shopping trip. He hadn't noticed the Humvees parked on the street.

By early this year, living in my neighborhood had become a nightmare. In addition to anti-American graffiti, there were fliers telling women to wear conservative clothes and to cover their hair. Men were told not to wear shorts or jeans.

For me, as a Christian, it was unacceptable that someone would tell my wife and daughters what to wear. What's the use of freedom if someone is telling you what to wear, how to behave or what to do in your life?

But coming home one day, I saw my wife on the street. I didn't recognize her. She had covered up.

After the attack on the Shiite shrine of the Golden Dome in Samarra in February, Shiite gunmen tried to raid Sunni mosques in my neighborhood. One night, against the backdrop of heavy shooting, we heard the cleric calling for help through the

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mosque's loudspeakers. We stayed up all night, listening as they battled for the mosque. It made me feel unsafe. If a Muslim would shoot another Muslim, what would they do to a Christian?

Fear dictates everything we do.

I see my neighbors less and less. When I go out, I say hello and that's it. I fear someone will ask questions about my job working for Americans, which could put me in danger. Even if he had no ill will toward me, he might talk and reveal an identifying detail. We're afraid of an enemy among us. Someone we don't know. It's a cancer.

In March, assassinations started in our neighborhood. Early one evening, I was sitting in my garden with my wife when we heard several gunshots. I rushed to the gate to see what was going on, despite my wife's pleas to stay inside. My neighbors told me that gunmen had dropped three men from a car and shot them in the street before driving off. No one dared approach the victims to find out who they were.

The bodies remained there until the next morning. The police or the American military probably picked them up, but I don't know. They simply disappeared.

The sounds of shootings and explosions are now commonplace. We don't know who is shooting whom, or who has been targeted. We don't know why, and we're afraid to ask or help. We too could get shot. Bringing someone to the hospital or to the police is out of the question. Nobody trusts the police, and nobody wants to answer questions.

I feel sad, bitter and frustrated — sad because a human life is now worth nothing in this country; bitter because people no longer help each other; and frustrated because I can't help either. If I'm targeted one day, I'm sure no one will help me.

I was very happy when my eldest daughter married an American. First, because there was love between them, but also because she would be able to leave Iraq, and I wouldn't have to worry about her safety day after day. She left last year.

If you had asked me a year ago whether I would consider leaving Iraq, I would have said maybe, but without enthusiasm. Now it's a definite yes. Things are going from bad to worse, and I can't see any light at the end of the tunnel.

Four weeks ago, I came home from work. As I reached my street, I saw a man lying in a pool of blood. Someone had covered him with bits of cardboard. This was the best they could do. No one dared move him.

I drove on.

Senators Seek To Declassify Report Info (AP)

By Sam Hananel

AP, September 20, 2006

Senators on an intelligence panel are seeking to declassify more information from two Senate reports on prewar intelligence on Iraq, saying too much was kept secret.

The bipartisan group on Tuesday asked a government commission to consider whether portions of the reports could be made public without harming national security.

It's the first time lawmakers have appealed to the Public Interest Declassification Board since it was established in 2004 as a place for members of Congress to appeal if they think federal agencies are unnecessarily classifying material in the name of national security.

The two reports, released earlier this month, concluded there was no evidence Saddam Hussein had ties with al-Qaida before the U.S. invasion of Iraq. They also found that Saddam's regime did not have weapons of mass destruction and was not actively seeking to acquire them.

Democrats claim the reports undercut President Bush's justification for invading Iraq. Republicans say the reports contain little new information and accuse Democrats of trying to score political points in an election year.

When the reports were issued, Sen. Ron Wyden, D-Ore., said he was concerned that some information was classified to shield officials from being held accountable, not for national security reasons.

"The American people have the right to know the rest of this story, so that they can decide for themselves whether to hold public officials accountable for the statements that were made and actions that were taken that led us to war," Wyden said Tuesday.

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Sen. Kit Bond, R-Mo., said although he disagrees with many of the conclusions reached in the reports, "I do agree with my colleagues that too much of the report remains classified, and I am a firm believer that whatever need not remain classified, should not remain classified."

The letter is signed by about half of the Senate Intelligence Committee members: Bond; Wyden; Dianne Feinstein, D-Calif.; Mike DeWine, R-Ohio; Russ Feingold, D-Wis.; Orrin Hatch, R-Utah; and Jay Rockefeller, D-W.Va.

The group did not identify which sections of the report it seeks to declassify.

The Public Interest Declassification Board is made up of nine national security experts — five appointed by the White House and four appointed by Republican and Democratic leaders in Congress.

After Remark, Judge In Trial Of Hussein Loses His Post (NYT)

By Richard A. Oppel Jr.

The New York Times, September 20, 2006

BAGHDAD, Sept. 19 — Prime Minister Nuri Kamal al-Maliki on Tuesday fired the judge overseeing the second phase of the trial of Saddam Hussein, accusing him of bias toward the deposed Iraqi ruler.

Aides to Mr. Maliki said pressure had been building from Kurds and others to oust the judge after he told Mr. Hussein in court that he was not a dictator.

The firing was condemned by human rights advocates as improper political interference by Mr. Maliki's government, which is dominated by Shiites and Kurds persecuted during Mr. Hussein's rule. Human Rights Watch said the firing "sends a chilling message to all judges: toe the line or risk removal."

Bassam al-Husseini, an aide to Mr. Maliki, said the prime minister's office asked the Iraqi High Tribunal to remove the judge, Abdullah al-Amiri, a Shiite who was also a judge under the Hussein government.

Mr. Husseini said the new chief judge will be Mr. Amiri's assistant, Muhammad al-Uraibi, also a Shiite Arab.

"The government is taking into regard the feelings of the Iraqi people," Mr. Husseini said. "When the judge told Saddam, 'You are not a dictator,' he hurt the feelings of the Iraqi people."

"There was pressure from the Iraqi people and people in Kurdistan because their feelings were hurt," he said, adding that the prime minister has the authority to remove judges from the tribunal. "The government had to respond to this pressure."

But international human rights groups said the firing undermines the tribunal's credibility and could influence other judges to favor the prosecution. They also questioned whether the tribunal's procedures for handling allegations of judicial bias and misconduct were followed.

"This shows the court is not immune from political interference and may be open to being manipulated by public opinion or politicians," said Hanny Megally, director of the Middle East and North Africa program for the International Center for Transitional Justice, which is an observer in the tribunal.

In the current phase of the trial, Mr. Hussein stands accused of genocide in the killing and gassing of more than 50,000 Kurds during the so-called Anfal military campaign of 1988. It is separate from his prosecution earlier this year on charges of ordering the murder of 148 people in the Shiite village of Dujail in 1982. That verdict is expected as early as next month.

Criticism of Judge Amiri began to build last Tuesday, when Mr. Hussein described Kurdish witnesses testifying against him as agents of "Zionism" and then threatened to "crush your heads." The next day, a prosecutor, Munqith al-Faroon, demanded that the judge step down, accusing him of allowing Mr. Hussein "to go too far, with unacceptable expressions and words."

Then, during testimony on Thursday from a Kurdish farmer who recounted how he had pleaded with Mr. Hussein to spare the life of his family, Mr. Hussein leaped up in the dock to defend himself.

"Why did he try to see Saddam Hussein?" Mr. Hussein said. "Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?"

Judge Amiri then said: "I will answer you: you are not a dictator. Not a dictator." Smiling, Mr. Hussein replied, "Thank you."

The exchange outraged many in the Iraqi government. After the "not a dictator" exchange, members of Parliament began putting pressure on a committee of judges within the tribunal to remove Judge Amiri, said Jalaladin al-Sagheir, a Shiite member of Parliament.

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The statute governing the tribunal says the Presidency Council — the Iraqi president and two vice presidents — can transfer judges out of the tribunal "for any reason" on recommendation by the Council of Ministers. It was unclear whether President Jalal Talabani, a Kurd, played a role in the judge's firing.

But the tribunal also has other rules and procedures devised specifically for handling allegations of bias or misconduct, human rights advocates said.

"It's not clear whether the proper procedure was used or not," said Richard Dicker, the director of the international justice program at Human Rights Watch.

Government Ousts Chief Judge In Hussein Trial (WP)

By Amit R. Paley

The Washington Post, September 20, 2006

BAGHDAD, Sept. 19 -- The Iraqi government ordered the chief judge in the genocide trial of Saddam Hussein to step down Tuesday because he said last week that Hussein was "not a dictator," prompting legal experts to voice concern that the dismissal could undermine the independence of the tribunal hearing the case.

The Iraqi cabinet voted unanimously to remove the judge, Abdullah al-Amiri, a Shiite Muslim who had served as a judge during Hussein's rule, because it felt he was no longer impartial and his conduct had "injured the feelings of the victims in the case," government spokesman Ali al-Dabbagh said.

"The government wants to maintain the independence of the court without interfering with their daily work and their decisions," Dabbagh said. "But at the same time, they want the court to keep neutral."

Amiri issued his controversial declaration, which angered many Iraqis, during a courtroom exchange on Thursday, one day after the prosecution accused him of bias and asked him to step down because he had "allowed the defendants to treat the chamber as a political forum."

When a Kurdish farmer testified that he had begged Hussein in 1988 to spare the lives of his family, Hussein leapt out of his seat and asked why the farmer would have tried to plead with him if he was, in fact, a dictator.

"You were not a dictator," the judge replied, adding that those around Hussein had made him one.

Hussein smiled and replied, "Thank you."

Dabbagh said the government has the authority, under the statute that created the Iraqi Special Tribunal, to remove judges and prosecutors from the tribunal "for any reason." He said Amiri would be transferred to another court.

International legal observers said that although the executive branch may have the authority to remove Amiri, its action threatened to stain the tribunal's credibility and bolster claims by Hussein's defense team that the court is illegitimate and lacks independence.

"This raises alarm bells," said Michael P. Scharf, a professor at Case Western Reserve University School of Law and an adviser to the tribunal. "It looks like the government is trying to meddle with the tribunal. This will erode the tribunal's independence and legitimacy further in the eyes of the international community and the Iraqi people."

An official close to the court said Amiri would be replaced on Wednesday by Mohammed al-Uraibiy, another member of the court's five-judge panel. The official spoke on condition of anonymity because he was not authorized to speak about the matter publicly.

Badiyeh Aref, a lawyer on Hussein's defense team, said Tuesday night that the government did not have a right to replace the judge because of his comments.

"If the judge told Saddam Hussein that he is innocent, then they should change the judge," he told al-Arabiya television. But the comments about Hussein being a dictator, he said, were irrelevant. "This court is not charged with determining whether Saddam is a dictator or not."

Michael A. Newton, a law professor at Vanderbilt University Law School and another adviser to the tribunal, said the government's action violated the spirit, if not the letter, of the law that was supposed to grant the court independence.

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"For the government to attempt to do this in some sense plays into the defendants' hands, strengthening the argument that the court is a function of politics and not of law," he said. "An equally serious concern is the degree of intensive preparation that this judge has done which will be very difficult to simulate with any rapidity."

Court officials could not be reached for comment Tuesday evening, and the U.S. Embassy in Baghdad declined to comment.

Meanwhile, a group of tribal leaders from Anbar province asked Prime Minister Nouri al-Maliki on Tuesday to recognize a newly formed council of chieftains and its force of 20,000 fighters as the new provincial government in the volatile Sunni insurgent stronghold.

Sheik Fasal Gaood, a prominent tribal leader, said about 1,000 sheiks and other local officials attended a meeting in Ramadi last Thursday and formed a 43-member Anbar Salvation Council, representing 18 major tribes, to fight al-Qaeda and other insurgents.

"The situation right now in Anbar is total chaos. There is no government, there is no authority, there is no law," he said. "We want to launch a strike to end the terrorists once and for all in Anbar."

The conference, known as the Anbar Awakening, called on Maliki to sack the existing provincial government and replace it with the Salvation Council. "The governor of Anbar is an extremist and Islamist, and he has links to the terrorists," said Sheik Hameed al-Haes, the leader of al-Boodyat, one of the major tribes in Anbar. "That's why we want to replace him."

Dabbagh, the government spokesman, said the prime minister welcomed the support of the tribes in combating insurgents and would consider their requests.

Also Tuesday, parliament issued a statement calling on Pope Benedict XVI to issue a full apology for a speech last week in which he quoted a 14th-century Byzantine emperor as saying that the prophet Muhammad brought "only evil and inhuman" things to the world. Members of parliament said a statement the pope made Sunday, in which he said he was "deeply sorry" about the reaction in some countries to his remarks, did not go far enough.

The U.S. military announced on Tuesday that a soldier from the 89th Military Police Brigade was killed when his vehicle was struck by a suicide car bomb in Mosul, and a soldier with Multinational Division-Baghdad was killed when his vehicle was struck by a roadside bomb. No further details were released.

Chief Judge In Saddam Trial Replaced (AP)

By Sameer N. Yacoub And Jamal Halaby

AP, September 19, 2006

The chief judge in Saddam Hussein's genocide trial was replaced Tuesday amid complaints from Shiite and Kurdish officials that he was too easy on the deposed Iraqi leader.

It was the second time that a chief judge was changed while Saddam was on trial; in each case there were accusations that Saddam was allowed too much leeway in court.

Abdullah al-Amiri was replaced on the five-member panel by his deputy in the trial, Mohammed al-Uraibiy, a court official said. The new chief judge is a Shiite Arab, as is al-Amiri.

The Iraqi High Tribunal, the country's supreme court, sought the change and Prime Minister Nouri al-Maliki approved it, a government official said. Both officials asked not to be named because they are not authorized to speak to the media.

An attorney defending senior officials in Saddam's former regime decried the change as purely political.

"This was a coup that succeeded. There was no legal reason for removing him (al-Amiri)," defense lawyer Badee Izzat Aref told The Associated Press. "They (court officials) felt that he would not respond to their demands."

Hussein al-Duri, an aide to al-Maliki, said one reason for the change was al-Amiri's statement in court last week, in which he told Saddam, "You were not a dictator."

In Iraq, al-Duri told Al-Arabiya television, "it is not allowed for the judge to express his opinion."

Al-Amiri's comment angered many Kurds and Shiites and fueled criticism that he was too lenient with Saddam. Prosecutors had earlier asked for al-Amiri to be replaced after he allowed Saddam to lash out at Kurdish witnesses in court.

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The change could revive complaints that the government is interferring with the trial in the hope that Saddam and his co-defendants will be convicted quickly. Saddam faces a possible death penalty if convicted on genocide charges over the Anfal military offensive against Iraqi Kurds in the 1980s.

In Saddam's first trial — over alleged atrocities against Shiites in the town of Dujail — the chief judge stepped down halfway through the proceedings, saying he could no longer put up with criticism from officials who said he allowed too many courtroom outbursts by Saddam and his co-defendants.

He was followed by a far tougher judge who repeatedly threw defendants and defense lawyers out of court.

A verdict in the Dujail trial is expected Oct. 16.

Al-Amiri presided over the latest session of the current trial Tuesday, in which Kurdish survivors of Anfal recounted the bombardment of their villages by the Iraqi military.

One witness, Iskandar Mahmoud Abdul-Rahman, a major in the Kurdish security force, testified that an attack on his village began on March 20, 1988, when Iraqi aircraft appeared in the sky.

"We dropped to the floor; white smoke covered us, it smelled awful," Abdul-Rahman said. "My heart raced. I started to vomit. I felt dizzy. My eyes burned and I couldn't stand on my feet."

He said he was treated at two hospitals in Iran, and lost consciousness for 10 days.

"The doctors were frequently giving me injections and medication, including eye drops. They cut the burned skin with scissors," he said, adding that his eyesight remains poor.

Abdul-Rahman then removed his blue shirt. There were several dark scars, each about 8 inches long, on his back.

Saddam's chief lawyer, Khalil al-Dulaimi, and prosecutor Munqith al-Faroon approached the witness to take a close look.

Saddam and six other defendants are on trial for alleged atrocities against Kurds during Operation Anfal, a crackdown on Kurdish guerrillas in the late 1980s. The prosecution alleges some 180,000 people died in the campaign, many of them civilians killed by poison gas.

Saddam and his cousin "Chemical" Ali al-Majid are charged with genocide, and the others are accused of various offenses. All could face death by hanging if convicted.

Two other witnesses also testified Tuesday, repeating allegations of abuse in the crackdown.

Raouf Faraj Abdullah, a 55-year-old farmer, told of poor living conditions and a shortage of food in a detention camp in the northern city of Irbil.

"The people of Irbil tossed food over the barbed wire," said Abdullah.

He said he was moved to another camp, where he was separated from his 2-year-old son and his wife, who later gave birth in her prison cell.

"When I went to see her, I found out that my newborn baby had died," he said.

Abdullah said 28 people were killed in attacks on his village.

A third witness, Ubeyd Mahmoud Mohammed, said 70 people, including his wife and six children, were killed by an attack on his village March 22, 1988.

Saddam sat silently throughout the testimony, taking notes.

However, the session was marked by a heated exchange between the senior prosecutor, Jaafar al-Moussawi, and defense lawyer Aref, who accused prosecutors of misleading the court by presenting a witness who allegedly had a forged passport.

He referred to an Iraqi Kurd who testified Monday that he sought asylum in the Netherlands, where he acquired Dutch citizenship in 1994.

Saddam and his lawyers argued Iraqi law barred dual nationality, and asked that the man's testimony be stricken from the record.

British Soldier Pleads Guilty To War Crime (NYT)

By Alan Cowell

The New York Times, September 20, 2006

DOJ_NMG_0065834

LONDON, Sept. 19 — A British soldier pleaded guilty today to inhumanely treating civilians detained in Iraq, the first member of the British armed forces to admit to a war crime.

The plea came at the opening of a court martial of seven soldiers on war crimes charges, the first trial of British soldiers under laws binding this country to the International Criminal Court.

The Bush administration has refused to accept the jurisdiction of the court, arguing that the treaty under which it was set up would require the United States to cede part of its sovereignty and that it could invite spurious prosecutions of American officials and military officers.

Three of the seven soldiers faced war crimes charges; only one, Corporal Donald Payne, 35, pleaded guilty. But he denied charges of manslaughter and perverting the court of justice. Three officers among the seven accused soldiers denied charges of "negligently performing a duty," meaning that they failed to control personnel under their command.

The trial revolves around events six months after the invasion of Iraq, as British forces patrolled Basra in the south to support American forces farther north. Between September 14, 2003, and September 16, 2003, the prosecution said, British troops at a temporary detention facility in a three-room building in Basra questioned detainees to establish whether they were a threat.

The interrogation followed raids on several hotels in Basra as British troops tried to seek out insurgents. Most of the detainees were taken from the Haitham Hotel, where troops found a cache of weapons including rifles, grenades, bayonets and timers, said Julian Bevan, the prosecuting lawyer.

"The belief that those in custody were a significant threat undoubtedly fueled the way in which they were treated," he said.

While the case has not drawn the same outrage in Britain as disclosures about American abuses of Iraqis at Abu Ghraib prison, it has shocked some Britons used to thinking of their soldiers as behaving with restraint. Moreover, it has raised concerns about the impact of the court martial on the 7,000 to 8,000 British soldiers still serving in Iraq.

Mr. Bevan, the prosecution lawyer, said detainees at the Basra facility were repeatedly beaten, punched and kicked while their heads were covered with sacks and their hands were bound with handcuffs. Some suffered sleep deprivation and one civilian, Baha Musa, died after receiving multiple injuries. A post mortem examination of Mr. Musa, a hotel worker, found 93 wounds on his body, including a broken nose and fractured ribs, the prosecution lawyer said.

Another detainee suffered renal failure. "We are not dealing in this case with robust or rough handling which is bound to happen in the theater that existed in Iraq, but something far more serious," Mr. Bevan said.

"We are not dealing with the action of a soldier or soldiers in the heat of the moment whilst on patrol in a hostile environment whose conduct is questionable," he said. "We are dealing with systematic abuse against prisoners involving unacceptable violence against persons who were detained in custody, hooded and cuffed and wholly unable to protect themselves over a very long period of time."

Referring to Mr. Musa, Mr. Bevan said: "Before he died, he had removed his handcuffs, and it was believed by Corporal Payne that he was trying to escape," he said. "Certain measures were taken by Corporal Payne" who went on to tell people who had witnessed the beating to not to discuss the events with investigators, Mr. Bevan said.

The prosecutor also referred to the "sheer openness" of the beatings, indicating that senior officers had failed to protect the detainees.

The defense lawyers have not yet presented their case.

For Iraqi Farmers, A Harvest Of Hope (WP)

By Sudarsan Raghavan

The Washington Post, September 20, 2006

BAQUBAH, Iraq -- Inside the festival hall, on long tables covered with white cloth, Aboud Ahdim Abbas Mohammad saw a glimpse of the future: baskets filled with different kinds of ripe, delicious dates. They held the twin promise of reviving an ancient industry and Iraq's devastated economy.

But once outside, Mohammad wondered whether Iraq would ever realize such aspirations. Violence had emptied nearby villages filled with date farmers. His cousins had been slain on the way to sell their harvest. Gunmen had recently ambushed him. He shot his way out to safety, but not before a bullet rammed into his left arm.

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"They don't want a new Iraq based on freedom and a country that produces," said Mohammad, 56, who looked regal with bronzed skin, a pepper gray moustache and a white and black checkered tribal head scarf.

Across a volatile landscape brimming with militias and insurgents, farmers like Mohammad are trying to restore the glory days when Iraq produced about 30 percent of the world's supply of dates. The fruit has been a symbol of daily life since the time of the civilizations of Babylon and Sumer, more than 5,000 years ago.

In the calculus of preventing Iraq's slide toward civil war, reconstructing Iraq's economy is a top priority. And dates are Iraq's second-biggest export, after oil. Revitalizing the industry could help reduce sectarian tensions by creating thousands of jobs while generating revenue to rebuild Iraq, improve security and lessen the country's dependence on U.S. reconstruction dollars.

Now, after years of neglect, war and sanctions, the date industry is showing signs of recovery, partly through U.S. efforts. Farmers are being introduced to market-oriented capitalism after years of depending on state subsidies under the government of Saddam Hussein.

In May, helicopters contracted by the U.S. military sprayed thousands of acres of date palm trees across Iraq with pesticides to eradicate insects that had caused major damage. After the 2003 invasion, security concerns prevented large-scale aerial spraying, Iraq's small crop-dusting helicopter fleet was destroyed, and looters stole pesticides from the Agricultural Ministry warehouses.

On Monday, the fruits of the spraying campaign were displayed at a date festival in Baqubah, an insurgent stronghold 35 miles northeast of Baghdad. In a high-ceilinged, brightly lit room, farmers proudly showcased more than 60 varieties of dates in baskets made from palm fronds. Outside, dignitaries sat under a tan tent, eating dates and plain yogurt.

This year the date harvest in Iraq's Diyala province -- Baqubah is its capital -- is expected to be about 70,000 tons -- "50 percent better than last year," said Abbas al-Tamimi, the provincial director general of agriculture. Sold below production cost under Hussein, dates are now sold competitively in local markets and exported to neighboring Jordan and Dubai, he said.

Yet tight security cast a shadow over the date festival. Eight U.S. Humvees were parked outside, as Iraqi security forces guarded the street. There were empty seats in the tent. A sudden burst of gunfire outside the compound prompted heavily armed U.S. soldiers to run out, poised for action. It was not an attack.

Attacks in Diyala have surged, from about 200 each month before the February bombing of a Shiite shrine in Samarra to just under 500 this summer, according to U.S. military statistics. The province is especially vulnerable to sectarian violence, given its mix of Sunni, Shiite and Kurdish populations. In recent weeks, there have been assassinations of leaders, kidnappings and mosque bombings.

Tamimi, dressed in a blue suit and yellow tie, said date farmers who populated several villages were forced to leave "because of sectarian tensions."

"Some of them were threatened by terrorists and had to leave," he said.

Khalid al-Sanjary, the mayor of Baqubah, said 40 families had recently been driven out of their villages by the violence.

In his address to the guests, Tamimi made an impassioned plea for calm. "This is a cancer for the farmers," he said. "We don't want the farmers to leave. We want peace in our country."

Seated in the audience was Abu Alla, a member of the local agricultural chamber. For him, the violence was not the only concern. He said the harvest is much less than prewar yields. "It should be twice as much," he said.

"There's no actual support once we treated the dates with planes," added Abu Alla, who asked that his full name not be used. "But our palms are sick and they need further treatment. All agriculture in Iraq needs equipment and treatment. We have the experience but we have lack of equipment."

More than two decades ago, Iraq, known as the "land of the palms," had 30 million trees, more than anywhere else in the world. But the Iran-Iraq war of the 1980s and Hussein's campaign to destroy Shiite marshes and farmland cut the number of palm trees in half. U.N. sanctions imposed in the 1990s further slashed exports. Iraq once supplied the world market with 600,000 tons of dates a year. Today, it produces an estimated 250,000 tons.

For Abu Alla, reviving the date palm industry has religious significance. The palm tree is mentioned 21 times in Islam's holy book, the Koran. Muslims eat dates to break fasts during the holy month of Ramadan. "Our dates are very sacred. They are blessed. They are a symbol. They are a part of Islam," he said.

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U.S. Army Maj. Marcus Snow, a member of the State Department Provincial Reconstruction Team in Diyala, is a stockbroker from Lancaster, Pa., who has worked with the date farmers since May. "This place could have fed the Middle East," he said with enthusiasm. "The soil is fantastic. They have so much potential, it kills me. This is, literally, the Garden of Eden."

Tapping that potential, he said, will require more action than simply growing dates. The farmers need to adopt better accounting, production and marketing practices and to use better packaging and transportation systems, he said. For starters, they need to process their dates in Baqubah, he said. Unprocessed dates are sold to Dubai for $300 a ton, he said. Processed dates could yield $3,000 a ton.

Before the invasion, there were several processing plants in Baqubah. But the owners fled the violence. Snow said he has approached some of them to come back and reopen their plants. No luck.

"They know they can make more money investing elsewhere than here," Snow said. "They are bait for kidnappers. They want to play it safe."

Mohammad, whose family has grown dates here since the 18th century, has no plans to flee, despite the attempt on his life. He predicts his harvest this year will be 70 percent more than last year, although that's still a third less than what he produced in 2000.

He can only imagine how it would be if there were peace.

"If the situation was better, I would have a very beautiful garden," Mohammad said, with a smile.

Under Guard, Dates Make A Comeback (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 19, 2006

A festival celebrating the best crop in years is held amid tight security. The U.S. sees hope in the industry's revival, but farmers remain fearful.

BAQUBAH, Iraq — The view from a Black Hawk helicopter is of a lush triple canopy — vegetables carpeting the ground in square green swatches, orange trees crouching over them in verdant rows, and towering above them all, Iraq's king crop, date palms.

But farmers have a different perspective on the ground — one of internecine political violence and gunmen waiting for them on the way to market.

The U.S. military is attempting to revive Iraq's date palm industry, which has been badly neglected since 2003, and on Monday arranged a trip for reporters to see the fruits of its labor at a date palm festival in Baqubah.

"Festival" might have been a bit of an overstatement. The exhibition hall was surrounded by Iraqi security forces, and eight Humvees were parked outside its tall walls. Reporters were advised to wear flak jackets in case of attack, and inside, there appeared to be more empty seats than full. Those browsing on baskets of the sticky, sweet fruit were mostly American troops or State Department employees.

Iraq's dates are traditionally used to break fasts during the Muslim holy month of Ramadan. They have been a source of national pride since the time of Hammurabi, about 3,700 years ago. Baqubah, which is also known as the "City of Oranges," was famous for its dates until 2003, when neglect exposed the trees to pests. Harvests were good for little more than coarse date-seed bread and animal feed.

Processing plants for date-palm oil, syrup and honey have moldered since the U.S.-led invasion. Factory owners have fled Baqubah, fearing the daily kidnappings, killings and bombings.

The U.S. military, however, believes the date industry is key to creating jobs and damping the sectarian violence that has rocketed in Baqubah in recent weeks.

The festival was held to celebrate the best crop in years — about 70,000 tons, up 50% from 2005.

The bumper crop, which came after U.S. forces helped restart pesticide spraying, is still a far cry from prewar yields.

"That's a very small harvest," said Chamber of Commerce member Abu Alla, whose name means "father of Alla." Abu Alla, who declined to give his family name for fear of being targeted for attack, said the harvest "should be twice as large."

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"Really there is no actual support for the date palm farmers," Abu Alla said. "We've treated the dates with crop dusters, but our palms are sick and need further treatment. All agriculture in Iraq needs equipment and treatment. We have experience, but we lack equipment."

Once a breadbasket for much of the Middle East, Iraq saw its agriculture decline steeply under Saddam Hussein, falling victim to U.S.-backed economic sanctions and the regime's frivolous spending. Ruthless scorched-earth campaigns against Shiite farmland laid waste to thousands of palms. Iraq, once the world's largest producer of dates, lost 30 million trees over two decades.

Now, farmers say that Iraq's many-sided conflict is hampering yields.

Splendidly robed and adorned with a checkered headdress, Abu Adhim Abbas Mohammed, one of Diyala province's most prosperous farmers, said he was pleased with this year's harvest. But he acknowledged that he was still not seeing normal yields. Mohammed said that his 37 acres should yield 45 tons, but he was expecting to reap two-thirds that amount.

And the cost for that modest success has been high.

Several of Mohammed's relatives were killed while going to market or trying to buy equipment in Baqubah, he said.

Mohammed nearly met the same fate when gunmen attacked him as he drove to his farm, wounding him in the left arm. He escaped by firing back.

Sectarian clashes at Baqubah's northern and southern outskirts have displaced entire date-producing villages, said local Agriculture Ministry Director General Abbas Thamimi.

"Some of the people were forced to leave by the terrorists," Thamimi said.

Baqubah Mayor Khalid Sanjary said that he knew of at least 40 farming families that had left the area in recent weeks.

Home to significant populations of Shiites, Kurds and Sunni Arabs, Baqubah and its environs have recently been rocked by a series of assassinations and gun battles between Shiite militias and Sunni Arab insurgents.

On Monday, assassins killed the mayor of Udaim, a town 20 miles north of Baqubah. Last month, gunmen killed about two dozen people in a restaurant in nearby Khalis, once a date-processing center.

Al Qaeda in Iraq continues to operate in the Baqubah area three months after the U.S. Air Force dropped two bombs on its leader, Abu Musab Zarqawi. He had been hiding in the Baqubah suburb of Hibhib, known for its date wine.

"These assassinations are taking place on Baqubah's main streets," the mayor said. "These are political conflicts. All the militias and gunmen are here."

Lt. Col. James Rice, deputy commander of the 3rd Heavy Brigade Combat Team, said the violence in Baqubah was designed to alter electoral demographics.

"They're maneuvering around so that as elections come up, people can be in a position to win a majority," Rice said. "I think some of this displacement is politically motivated as people try to right-size the population in a particular area so that they will be ready for the next elections."

No date has been set for the elections. In the meantime, Baqubah's farmers struggle to find investors willing to rebuild their processing plants, and scramble in search of outside markets for their 600 varieties of dates.

A small number of farmers has begun exporting to other Iraqi cities and neighboring countries such as the United Arab Emirates.

But Army Maj. Marcus Snow, a member of the State Department Provincial Reconstruction Team in Diyala, said that attempts to reach out to a dozen leading factory-owning families had not resulted in renewed investment.

Snow, a reservist who works as a stockbroker in Pennsylvania, said he sympathized with the factory owners' reluctance to return to Baqubah with capital.

"They're businessmen," he said.

"They know they can make more money elsewhere, and with security the way it is here, they're kidnapping bait."

Building Bridges To Locals In Afghanistan (CSM)

By Scott Peterson

The Christian Science Monitor, September 20, 2006

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KANDAGAL, AFGHANISTAN

The generals and governor strode across the 230-ft. span in eastern Afghanistan - the longest Bailey Bridge built during combat since World War II, the military says - with an optimism they want to spread across this divided valley where US and Afghan troops fight almost daily battles against the Taliban.

"Once they see the joy of reconstruction, many people will come to our side," provincial governor Didar Shalizai tells US Army Maj. Gen. Benjamin Freakley. "They will run toward us."

" Inshallah (God willing)," replies General Freakley, commander of US forces in Afghanistan, using a Muslim affirmation of hope for the future.

This new bridge over the Pech River was inaugurated Monday and marks an early step in a shifting US strategy: Clear Taliban strongholds, stay on the ground long enough to reestablish government rule, deploy Afghan forces, and show fruit of reconstruction.

But the stakes are high in a region that - already five years after US-led forces toppled the Taliban and their Al Qaeda allies - the American military has visited again and again, only to watch the Taliban filter back.

"Our persistence in staying here, versus hopscotching around Afghanistan, is that other valleys [hear] what's going on," says Freakley, in a later interview. "There were some valleys here that we were told we would have to fight our way into. And the elders came to the governor and said: 'When are you going to come help us?' "

A similar fight-and-build strategy is being pursued by NATO troops in southern provinces. They declared Operation Medusa a "significant success" over the weekend, and claimed to have killed more than 500 insurgents.

But four Canadian soldiers were killed by a suicide bomber Monday in Kandahar, who struck on a bicycle while children scrambled for pen and notebook gifts from the soldiers. Also Monday, two other bombings killed 20 civilians.

Tuesday, British defense chief Des Brown admitted that fighting was "even harder" than expected, and that "the Taliban's tenacity in the face of massive losses has been a surprise, absorbing more of our effort than we predicted it would, and consequently slowing progress on reconstruction."

Trying to turn the tide in Kunar Province, the governor - himself a past Taliban supporter, with a thick black beard - speaks to elders gathered on the ground under the trees near the newly built bridge.

"I can assure you, we will serve you in a better way - the government will serve you," promises Governor Shalizai. "We have plans to build roads ... the water system, and to provide job opportunities for your sons and people."

The people from Kunar are the "bravest people of Afghanistan, [and] I ask you to help your government bring security," says Shalizai. "Don't do things that make our enemy happy. This is a great opportunity for Afghanistan. Don't let it go."

But not all the men here are convinced. The adjacent Korengal Valley is divided, with villages to the north generally pro-government. Three villages in the south are deemed sympathetic to the Taliban and have been blocked by US and Afghan forces for weeks, ostensibly on the governor's orders.

Elders from the sanctioned villages deny they support insurgents who have carried out several killings of civilians - including murdering the child of one elder - in the past year.

"That's not true. The people of Korengal do not support the Taliban," says Zarawar Khan, head of the local governing council. "There are small pockets, of five to 10 Taliban. They attack and go back."

"I'm not happy about the American forces here, because they create a lot of problems for us," says Mr. Khan. He welcomes the bridge and other building projects, but not the blockade that, he says, has prevented vehicle traffic and led to unnecessary detentions.

"We support the Afghan government and don't allow any [insurgents] to come from our side," insists Khan. "We've said this many times."

"The people [Taliban] who are fighting there are our enemies," says Mohamed Jabar, another council member, with a long white beard half dyed orange. "I swear we don't have any relations with those people."

Encouraging just those sentiments is one aim of the US strategy in Kunar and four other eastern provinces, where $43 million has been earmarked for immediate reconstruction projects as part of Operation Mountain Fury, announced over the weekend.

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In this valley alone - where rough-hewn rock mountains define the landscape - four bridges are planned for the Pech River, and a seven-mile, $500,000 road project to go the length of the valley was launched last Friday. The province has 317 schools, but only 56 with buildings - another statistic that the Army says it wants to change.

"It has been a process of separating the enemy from the people ... long enough to create breathing space to connect the people to their government," says Lt. Col. Chris Cavoli, commander of the 1st Battalion 32nd Infantry, of the US Army's 10th Mountain Division in Kunar Province.

Until his units arrived last April, the Korengal Valley was a "serious sanctuary" for the Taliban, says Lt. Col. Cavoli. Now, the blockade focuses on where "some elders and their families collude with the enemies," and is "designed to prevent movement of enemy supplies" into the valley.

The last five roadside bombs to be found were turned in by locals or Afghan forces. "For the first time ever," says Cavoli, "in the last few weeks we started to get walk-in information on the enemy deep in the Korengal."

Despite limited troop numbers, the US plan this time differs markedly from past efforts in these remote provinces, where Taliban - often based and supported on the Pakistani side of the border - have increased attacks this year.

"We've been in Korengal a multitude of times in the last four years," says Lt. Col. Paul Fitzpatrick, a US spokesman. "We push the bad guys out, ask people to support the government, and they say they will. Then we leave and the Taliban come back, and the people are in the middle."

US forces are "trying to get over the hopscotch thing," says Colonel Fitzpatrick, and "will stay until the government is capable of putting in robust enough forces."

But that is not deemed good news by all. Among the men who joined the crowd at the bridge opening was Mohamed Zahir, who complained of civilian casualties during US bombardments.

"[The American] presence will not help bring security. If they stay here, there will be a lot of security challenges for us," says Mr. Zahir. "As a result of one or two [insurgents] they bomb our area, destroy our crops and destroy our business."

Battalion commander Cavoli counters that permanent security will depend on Afghan forces, not the US. There have been "very few" civilian casualties, he says, though he is paying compensation for a herd of goats killed in one US strike. "We strive that there be no civilian casualties," says Cavoli. "It's enormously counter-productive."

Afghanistan's Drug Habit (NYT)

By Joel Hafvenstein

The New York Times, September 20, 2006

London

AS if there hadn't been enough bad news from Afghanistan of late, now the country's drug dependency is back in the headlines. On Sept. 2, the head of the United Nations Office on Drugs and Crime reported that the shattered country is now producing 92 percent of the world's supply of illegal opium, up from 87 percent in 2004. This deplorable new record will not be reversed by more belligerent counternarcotics measures. Instead, America, NATO and the Afghan government must reform a vital but neglected institution: the local police.

In 2004, for the first time in history, farmers in every province of Afghanistan chose to cultivate opium poppies. The American and Afghan governments promised a major poppy eradication campaign. Aid agencies scrambled to create an economic alternative for the thousands of Afghans who depended on poppy farming to survive.

Thus in November 2004, I traveled to Lashkargah, the capital of Helmand Province, the opium heartland of Afghanistan, as the deputy leader of an "alternative livelihoods" project financed by the United States Agency for International Development. Our core team was made up of six Western aid workers, and we hired some 80 Afghan staff members.

In the long-term plan, alternative livelihoods meant helping Afghan farmers export high-value crops like saffron and cumin. It meant restoring the orchards and vineyards that had once made Afghanistan a power in the raisin and almond markets. It meant providing credit to farmers who had relied on traffickers for affordable loans.

In the short run, however, with the first eradication tractors already plowing up poppy fields, we had no time for those approaches. Instead, we created public-works jobs. Like a New Deal agency, we handed out shovels to thousands of local

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Afghans and paid them $4 per day to repair canals and roads. We found plenty of work on Helmand's grand but dilapidated irrigation system, a legacy of early cold-war American aid. By May 2005, we had paid out millions of dollars and had some 14,000 men on the payroll simultaneously. The program buoyed the provincial economy, and would have made a fine launching pad for long-term alternatives to poppy.

Security was our Achilles' heel. There was a new American military base by the graveyard on the edge of town, but the few score Iowa National Guard members there lacked the manpower and the local knowledge to protect us. We could not afford the professional security companies in Kabul, most run by brash veterans of Western militaries. Then, just before Christmas, some of our engineers were carjacked. We resorted to the only remaining source of protection: the provincial police.

We soon found that at their best, the Helmand police forces were half-organized militias with charismatic leadership and years of combat experience. At their worst, the policemen were bandits, pederasts and hashish addicts. Our local guard captain was one of the better ones, but he was still far from reliable.

Once I asked him what he earned as a district police commander. "The governor paid us no salary," he curtly replied. "The people gave us money. To thank us for solving their problems." I was never sure if we were paying him enough to solve our problems.

When the attacks came, our security was useless. On May 18, five of our Afghan staff members were murdered in the field. The next morning, one of the funeral convoys was ambushed, leaving six more of our workers and their relatives dead. The police responded with indiscriminate arrests and bluster, but they lacked the investigative skills to catch the killers.

We heard rumors that the attackers were Taliban troops — and indeed, the attacks were harbingers of the Taliban resurgence that Helmand has seen in the last year. We also heard that the Taliban had been paid by local drug barons to attack our project. All we knew was that we were targets, and that we could not protect ourselves. Within days, we had stopped all our projects and most of the staff went home.

To reduce Afghanistan's poppy cultivation, Western governments must keep their focus on improving security. Aid agencies and the Afghan government cannot foster alternatives to opium while under fire. In chaotic times, Afghan farmers are more likely to plant poppy, which offers the surest and highest returns on investment. Some remote areas of Afghanistan have grown poppy since the time of Alexander the Great, but in the irrigated plains of Helmand it caught on only during the breakdown of order in the 1980's. With security restored, the farmers of Helmand could rebuild their province and return to licit crops.

Local police forces are the weakest link in Afghanistan's security net. After the fall of the Taliban, the United States and NATO put most of their energy into building a professional Afghan Army. The police forces were essentially surrendered to local warlords — not through any malign plan, but by lack of money and attention.

Most Afghan policemen have now gone through a basic training course run by American and German police officers, but they return to units that are ill equipped, badly organized, founded on personal loyalty to a commander and accountable to no one.

The 4,500 British troops now fighting alongside Afghan soldiers in Helmand can defeat insurgents who muster in large numbers, but they cannot counter the Taliban's shrewder tactics — urban ambushes, suicide bombings and strikes on "soft" civilian targets like our project. For that, the police are necessary.

The Afghan Army and foreign powers must create space in which a professional, accountable police force can take root. This means continued military action against large Taliban incursions, diplomatic pressure on Pakistan to stop providing a haven for insurgents, and a focus on shielding the large cities of southern Afghanistan — Lashkargah, Kandahar and Ghazni — long enough for the Afghan government to establish the kernels of an improved police force there. It will also require an end to the impunity enjoyed by warlords and major traffickers, who can order an attack safe in the knowledge that the Taliban will be blamed.

The new Afghan police force needs clear lines of authority, formal disciplinary procedures and methods for internal oversight and public complaint. The officers need adequate pay and equipment, which can come only from Western sources, and better training in investigation and civilian protection. To ensure that all this makes a difference, the United States and its allies must commit experienced Western police officers to field-based mentoring programs with provincial police forces.

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The poppy boom won't be solved by police reform alone, of course. The Afghan government must purge drug kingpins from the federal and provincial governments, and continue disarming militias (friendly as well as hostile).

Nothing has cost President Hamid Karzai more popularity in the south than the sense that unscrupulous gunmen are back in control. Security was the Taliban's main selling point when it took control of the country in the 1990's; it could be again.

Joel Hafvenstein, an international development consultant, is the author of the forthcoming book "The Opium Season."

Saying Thank You To Those Who Answered The Call Of Duty (NYT)

By Katie Zezima

The New York Times, September 20, 2006

BANGOR, Me. — Shortly before 11 on a recent Monday night, Cathy Czarnecki made sure the macadamia nut cookies were on the table of treats in a room at Bangor International Airport. The commercial passengers had all left, but 260 soldiers would soon arrive to a welcome that few of them expected.

"Here they come!" someone shouted, and a dozen or so volunteers went out into the hallway and applauded as a line of soldiers in desert camouflage and tan boots poured into the small terminal.

"Thank you for your service," one man said to a soldier while shaking his hand. "Welcome to Maine," another greeter said.

"I think I'm going to cry," a female soldier said after being hugged and cheered in the terminal.

The volunteers are members of Maine Troop Greeters, which was founded in 1991 to greet troops headed to the Persian Gulf war. Since May 2003, shortly after the start of the Iraq war, the group has welcomed every military transport flight that has arrived here.

The group came about, in part, because this is the country's easternmost airport and it has one of the longest runways in the nation, making it a favored military refueling and transfer location.

The founder of the group, Bill Knight, 84, is a World War II veteran. He recalled how soldiers were treated after Vietnam and said he wanted to ensure that troops were thanked.

"The way they treated those troops was horrible," Mr. Knight said. "We can't go back, but we can try to make a difference from here on out."

Maine Troop Greeters has about 100 volunteers who operate out of the small room, which is lined with American flags, signed military T-shirts and maps of Iraq. They arrive about three hours before a flight to set out cookies donated by a local Sam's Club, pies baked by volunteers, and candy and donuts. They also make sure free cellphones donated by local providers are available for troops to use.

The greeters here on the recent Monday night had various reasons for donating their time.

Ms. Czarnecki joined in 2004 after her son was deployed to Iraq. "It was my security blanket," she said. "It was my way to stay connected with what was going on over there."

Her son has returned safely, and she continues to volunteer.

Peter Jones, 51, started greeting troops here in March, shortly after his father, Freeland, died at age 82. Freeland Jones, a World War II veteran, volunteered until he was not strong enough, and his son said he felt that coming here honored both his father and the troops.

Mr. Jones said he became hooked his first day, when members of a New Jersey National Guard unit wept as greeters hugged them and shook their hands. "It lifts my spirit to know I can come out here and make a difference," Mr. Jones said.

The plane on that Monday night brought troops from bases in California, Nevada, Utah and Washington, and was headed to Ramstein Air Base in Germany and then to the Middle East. It was the 1,774th flight greeted since May 2003, with 335,195 men and women and 35 military dogs having passed through the airport.

"Use a cellphone, call home," Mr. Knight said as he doled them out. "Have something," he added, motioning to the food.

Lt. Col. Eric Shalita, 43, did both, helping himself to a powdered donut after calling his wife and two daughters at Nellis Air Force Base in Nevada. "It was amazing," Colonel Shalita said. "We were completely not expecting this."

"It's nice to know that people genuinely support us," he added.

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Staff Sgt. Stanley Siaosi, 26, was tired from the trip and missed his wife and children, who live at Hill Air Force Base in Utah. Sergeant Siaosi said the greeting made him resolute about his mission.

"This is really motivating for us to go out there and do our job," he said. "You come here on the other side of the U.S., and there are greeters there ready to shake your hand. It gives you that patriotic feeling."

The airport's restaurant and gift shop stayed open late, and the troops eagerly dug into cheeseburgers and chicken fingers, some washing them down with the last Budweisers and Coronas they will have for a while.

Others sat in the terminal, chatting with the greeters about life, family and Bangor's most famous resident, Stephen King. Some said they really like Maine, despite having never set foot outside the airport, and most vowed to come back for lobster. Two hours after the troops arrived, the beer still flowed and most of the greeters remained, eagerly chatting.

"This is really good for the young kids," Chaplain Jeff Neuberger, 56, said as he motioned to a room filled with baby-faced soldiers. "It's one little gesture, but the support means everything to these guys and gals."

The Moutons Remain Close — Even In Iraq (USAT/AP)

By Jeff Carlton, The Associated Press

USA Today, September 20, 2006

FORT HOOD, Texas — When Michael, Allen and Reginald Mouton were ordered to Iraq by the Army, the brothers could have asked to be split up. They say they never considered it.

So all three of them will ship out for the Middle East next month. It's an extremely rare instance of three brothers being sent to the same base in a combat zone.

They will be, in every sense, brothers in arms.

"Lord forbid if the ultimate price is paid. It is hard to imagine that," says Staff Sgt. Reginald Mouton, 31. If the worst should happen, he says, it is good "to be there with your brother and know you can support the other brother and you can tell your family, 'I was there with him and he didn't suffer.' "

Reginald is a medic who runs a battalion aid station for about 1,000 troops. Allen, 40, a first sergeant, leads about 100 soldiers in a combat group. Michael, 42, also a first sergeant, does the same in a logistical support group.

In World War II, five brothers from Waterloo, Iowa, died together when their cruiser was torpedoed by a Japanese submarine. They were immortalized in a 1944 film as The Fighting Sullivans. After their deaths, Congress considered forbidding siblings to serve together in wartime. Today the Army permits family members to serve together, but they can ask to be separated.

The Moutons say they take comfort in knowing they'll be together in the 3,800-member Ironhorse Brigade — the 1st Brigade of the 1st Cavalry Division — although Allen says that for the family, it amounts to "putting all your eggs in one basket." They are their mother's only offspring. She also has a stepson.

"I am just going to have a lot of my worry and prayers focused in one area," says their mother, Peggy Austin, a nursing supervisor in Houston. "That is the best way I can look at it."

The Army does not track how often family members serve together. The deployment of three brothers from the same brigade to the same forward operating base — the military would not say exactly where — is "very rare," says Lt. Col. Lee Packnett, an Army spokesman. "There are many siblings in the Army, but rarely do you have even two in the same unit."

It will be the second tour in Iraq for each brother but the first time all three have been there at the same time. Reginald took part in the initial invasion but was back in the States by the time Michael and Allen shipped out.

The brothers say they have always been close. Michael and Allen used to race motorcycles against each other, and they still compete in video games. Michael is building a house in Killeen, Texas, down the street from Allen's place.

"We're not only like brothers but we're best friends," Allen says. "We're always there to help each other, whether it's moving or working on cars."

Allen was the first to enlist; he signed up after high school in 1984. He had planned to serve only three years and join the Houston Police Department when he got out, but he found that Army life suited him. Michael enlisted three months later. Allen eventually became a recruiter and helped Reginald sign up after the youngest brother had taken nursing classes.

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Three generations of the family have served in uniform. Two uncles fought in Vietnam. Allen's daughter, Meagan, 18, is in the Air Force.

The brothers, all married with children, said they have no qualms about returning to Iraq. The hardest part of a deployment is separation from family, they say, which is another reason they're happy they'll be together.

"When times get hard and you get lonely and you miss home," Reginald says, "you have someone from home that you can talk to."

From Venice, A Lesson On Empire (WP)

By David Ignatius

The Washington Post, September 20, 2006

What do the struggles of 15th-century Venice have to do with America's troubles in Iraq? A lot, in the view of a group of old-guard Washington conservatives who sponsored a conference last week to discuss the lessons for today of La Serenissima , as the "serene republic" of Venice was known.

The sponsors of the conference, about whom more later, began with a question: How did the Venetians maintain their far-flung Mediterranean empire and also prosper as a free republic for over five centuries? Was their model of empire -- heavy on mercantile trading relationships, lighter on military intervention -- an example for the United States in the era of globalization? Did Venice practice a version of "Empire Lite" that America might emulate?

The conference organizers had gathered a retinue of professional historians, so the answers were far more hedged than the questions. The scholars described a Venetian republic that was far from democratic, vesting political power in a small circle of aristocratic families. The imperial ambitions of the city-state were founded on a carefully cultivated myth of Venice's divine right to power, backed by the strongest fleet in the Mediterranean.

But compared with America's current imperial troubles, Venice was serenity itself. One secret was that its empire sought trade, not territory. "The Venetians tried to keep local people and institutions in power. It was very much a hands-off model," explained Edward Muir, a professor at Northwestern University who spoke at the conference.

The Venetians' imperial difficulties came on dry land -- "Terrafirma," as the island state called the territories it administered in northeast Italy. But even there, says Muir, the Venetians sought to extend their power through a system of laws and patronage, rather than military occupation. "The Venetian empire was a judicial network, more than an economic or political one," he argued.

John Martin, a history professor at Trinity University in San Antonio, suggested a comparison between Rome and Venice. If the Roman Empire was about hard military power, imposed by the Roman legions, Venice was "soft power," to use the term popularized by Harvard professor Joseph Nye. It survived so long because it recognized limits to its ability to impose its will abroad.

The canny mercantilism of Venice's ruling families was another advantage for La Serenissima. The merchant families protected their republican form of government at home, even as their trading empire expanded. In contrast to imperial Rome, whose senate became a shell, Venice maintained its system of a non-hereditary ruler, known as the "doge"; its Great Council, where every adult male aristocrat was represented; and its secretive Council of Ten, which supervised a vast intelligence network. A far-flung empire required a strong executive, but Venetians resisted the temptation to turn their doge into an emperor or king, noted Martin.

Now, who might be inquiring into the contemporary lessons of an empire that died more than 200 years ago? The answer is as intriguing as the conference itself. The sponsor was a little-known group called the Committee for the Republic, which was formed back in 2003 by a group of establishment Washingtonians -- paleoconservatives, one might call them -- who were concerned about neoconservative enthusiasm for foreign interventions. The group briefly got into trouble in 2005 after it sponsored a discussion of the Palestinian issue that riled pro-Israel groups in Washington.

A leading member is C. Boyden Gray, former White House counsel in the Bush 41 administration and a longtime amateur historian of Venice. Gray, now the U.S. representative to the European Union in Brussels, wasn't able to attend the gathering. Presiding in his place was William Nitze, the son of former arms negotiator Paul Nitze.

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Gray explained his interest in the Venetian model in an e-mail to other members of the group: "Whenever Venice won a naval battle, it asked not for territory, taxes or tribute but free-trade zones," he noted. "As part of its commercial empire, Venice had to rely on extensive intelligence in order to avoid foreign troop basing. As a result, its intelligence service was unmatched and its diplomacy unrivaled."

The quirky Venice conference is important less for any precise parallels it may offer for contemporary America than as an example of the debate that's growing among both liberals and conservatives in the wake of the Iraq war about the limits of American power. It raises the big strategic questions that too often get overlooked in Washington's endless round of seminars: How does a nation maintain a far-flung network of commercial interests without subverting its values at home? How does a nation have the benefits of imperial reach without the ruinous costs of empire? It's a debate that will widen as America moves toward its post-Iraq introspection.

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Keane Secures Justice Grant Management Deal (WASHTECH)

By William Welsh, Deputy Editor

Washington Technology, September 20, 2006

Keane Inc. won a contract from the Justice Department to deliver IT support services for a key grant program, under a contract worth $14 million over five years.

Keane of Boston will supply program management and application maintenance to support help desk and network operations for the Community Oriented Policing Services Office's management system.

Keane's Public Sector practice will run the project. Teamed with Keane are Turner Consulting Group of Washington and Apptis Inc. of Chantilly, Va.

The Community Oriented Policing Services Office gives grants to local governments to enhance neighborhood policing. These grants have resulted in the hiring of 118,000 police officers and the purchase of numerous technical resources since 1995.

"CMS will allow the Department of Justice users to more effectively manage the lifecycle of the grants process: from issuance to search, to approvals in a data protected environment," Glenn Giles, vice president and general manager of Keane's Public Sector Practice, said in a statement announcing the award.

Justice Awards Keane New IT Task Order (FCW)

By David Hubler

Federal Computer Week, September 20, 2006

The Justice Department has awarded Keane, a business process and information technology services firm, a task order to provide IT support services to the Office of Community Oriented Policing Services (COPS) Management System.

The task order was awarded through Keane's existing Justice IT Support Services contract.

According to a statement from Keane, the $14 million task order covers one base year plus four, one-year options.

During that time, the Boston-based integrator will provide a full-range of IT services -- including IT program management and application maintenance, help-desk support, and network operations -- for the COPS Management System (CMS), which oversees the agency's grant-making process and other business services.

Since 1995, COPS has invested $11.9 billion to advance community policing, providing nearly 36,000 state and local grants to hire more than 118,000 police officers and provide numerous technical assistance resources.

The CMS work will be performed by Keane's Public Sector practice. Turner Consulting Group and Apptis are partnering with Keane.

"Law enforcement has found community policing to be a critical component in responding to crime, gang activity, and homeland security," said Carl Peed, director of COPS at Justice, in a statement.

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"CMS will allow Department of Justice users to more effectively manage the life cycle of the grants process, from issuance to search, to approvals in a data protected environment," said Glenn Giles, vice president and general manager of Keane's Public Sector practice.

CORPORATE SCANDALS:

Emails Point To Prime Role Of Chairman, Top Counsel In Setting Direction, Tactics (WSJ)

By Peter Waldman

The Wall Street Journal, September 20, 2006

As early as summer 2005, Hewlett-Packard Co. Chairman Patricia Dunn and General Counsel Ann Baskins helped direct the company's board-leak investigation, as part of the planning and execution of many steps of the probe, internal H-P emails suggest.

H-P has disclosed only that Ms. Dunn and an "internal group" inside the Palo Alto, Calif., company, working with outside investigators, conducted the leak probes in 2005 and 2006. Ms. Dunn has said in interviews that she couldn't supervise the investigation because, as one of the H-P directors being investigated for leaking information to the media, she was a potential target of the probe. Instead, Ms. Dunn has said, she turned to H-P's security department to handle it.

However, H-P emails reviewed by The Wall Street Journal suggest that Ms. Dunn and Ms. Baskins were closely involved in helping direct the course of the investigation. The emails indicate that the two were kept well informed of the investigation's tactics and progress by the H-P security officials who ran the probe, as well as by some of the private investigators H-P hired to assist the computer company.

In an email dated Aug. 6, 2005, H-P's manager of global investigations, Tony Gentilucci, requests Ms. Dunn's input on an attached three-page memo titled "Investigative Plan of Action and Questions Requiring Input." That memo was addressed to Ms. Baskins, Jim Fairbaugh, who was H-P's director of global security, and Ronald DeLia, who was one of H-P's outside investigators.

In the memo, Mr. Gentilucci updated Ms. Dunn and the others on several facets of the probe, including "intelligence gathering" on "interested parties" through "internal and external sources."

The memo doesn't mention what those intelligence sources were, nor does it specify if they included people's personal phone records. H-P has admitted obtaining personal phone records of more than a dozen people, including some of its own board members, journalists and employees, through "pretexting," the practice of acquiring records through false pretenses. The breaches of privacy are being investigated by California and federal officials as possible crimes. People close to the investigation said the phone records of former Chief Executive Officer Carly Fiorina were pretexted, which was reported yesterday in the San Jose Mercury News and the San Francisco Chronicle.

Ms. Dunn, through a spokesman, declined to comment. An H-P spokesman declined to comment. Mr. Gentilucci, Ms. Baskins and Mr. Fairbaugh didn't return calls requesting comment. Mr. DeLia couldn't be reached for comment.

Mr. Gentilucci's memo described an intensive investigation in 2005, code-named Project KONA, in which H-P's security officials cultivated confidential "informants" to develop leads on which directors may have met with which journalists. In one part of the document labeled "Next Steps," Mr. Gentilucci said he intended to "follow up" with H-P's vice president of media relations, Robert Sherbin, about a number of potential leads that Mr. Sherbin had provided him.

In one of those tips, the memo stated, Mr. Sherbin said someone had informed him that H-P director George Keyworth had been observed meeting with a Wall Street Journal reporter in a San Francisco hotel about one year earlier. Mr. Gentilucci told Ms. Dunn in the in the memo that he intended to ask Mr. Sherbin to identify this tipster, and Mr. Gentilucci asked Ms. Dunn whether H-P had held a board meeting in a San Francisco hotel in that time period. Mr. Sherbin said his obligation is to respond to company requests, and leaks had been a problem for H-P. He said he passed on information to investigators about potential sources of the leaks.

In another section of the 2005 memo labeled "Update," Mr. Gentilucci wrote that a "tentative management briefing" on the investigation was scheduled for Aug. 31. It is unclear if this meeting took place. If it did, it raises the question of who else in H-P's

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management, including CEO Mark Hurd, knew about the extent of the leak probe in summer 2005. H-P has said Mr. Hurd was given a summary of the leak investigation's results in March of this year, but didn't focus on the evidence for those conclusions.

It is unclear how Ms. Dunn and Ms. Baskins responded to the Gentilucci email. But in another email, Ms. Dunn acknowledges Mr. Gentilucci's email and promises to respond.

By January 2006, H-P was on to a new leak investigation Ms. Dunn launched and which emails refer to as KONA II. H-P emails indicate that lawyers and others inside H-P knew the company was on shaky legal ground in going after personal phone records, yet pursued them anyway. On Jan. 28, 2006, Kevin Hunsaker, a senior ethics attorney in H-P's legal department, asked a colleague if it was legal to acquire people's personal text messages, presumably from their cellphone records.

The Hunsaker email was an apparent follow-up to an earlier question posed to Fred Adler, a former computer-crimes cop who works at H-P's security unit. Mr. Hunsaker, complaining that one of the targets of the leak probe -- then-H-P director Thomas Perkins -- rarely used his cellphone "and does just about everything via text message," asked Mr. Adler if H-P could "lawfully get text-message content, or is it the same as the cellphone records?"

Mr. Adler's response, 13 minutes later: "Even if we could legally obtain the records, which we can't unless we either pay the bill or get consent, I would highly suspect text-messaging records are not kept due to volume and expense. The only other means is through real-time interception, an avenue not open to us." The H-P spokesman said Mr. Hunsaker and Mr. Adler wouldn't comment.

People familiar with H-P's probe say the company did acquire personal cellphone records of several people through pretexting. It is unclear if H-P also attempted to acquire text messages.

Another email by Mr. Hunsaker, dated April 28, 2006, shows how Ms. Baskins tried to be extra certain that H-P's probe was legal, before action was taken against Mr. Keyworth, who was accused of leaking information to the press. In a one-page email written to Messrs. Gentilucci and DeLia, Mr. Hunsaker said he was writing at Ms. Baskins's request to confirm the details of how the investigation team obtained people's personal phone records. He said Ms. Baskins wanted to "confirm the legality" of the operation, before providing the information to Larry Sonsini, H-P's outside lawyer, and to H-P director Robert Ryan, who were planning to interview Mr. Keyworth.

Mr. Hunsaker's email described how personal phone records had been gathered through outside parties, noting that he was the only H-P employee who saw the fully compiled records. His email said H-P provided the names and phone numbers of the people it was targeting to Mr. DeLia, and he passed on the information to a "third party" and "they make the pretext calls." He said his own legal research, as well as that of an outside attorney, confirmed that pretexting was legal.

His email appears to be the first H-P document to emerge that uses the word pretexting. People close to Ms. Dunn and Mr. Hurd have said those executives heard the term for the first time only after the leak probe blew up this summer.

Separately, the House Energy and Commerce Committee asked Mr. Gentilucci and Joe Depante, owner of Action Research Group of Melbourne, Fla., another firm involved in the H-P probe, to testify at a Sept. 28 hearing on the scandal. Mr. Sonsini, who has retained Washington attorney Michael Madigan to represent him in the House investigation, informed the committee yesterday that he would testify. Ms. Dunn and Ms. Baskins have agreed to testify, and Mr. DeLia has told the committee that, were he to appear, he would invoke his constitutional right against self-incrimination.

Extensive Spying Found At HP (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, September 20, 2006

The Hewlett-Packard Co. spying effort that has sparked criminal investigations was wide-ranging and included physical surveillance, photographs and spyware sent via e-mail, and it also targeted wives and other relatives of HP board members and reporters, according to a consultant's report prepared for the company.

The Feb. 10 report, obtained by The Washington Post, summarized in eight pages how investigators, to identify an internal leak of confidential HP information, surreptitiously followed HP board member George A. Keyworth II while he was giving a lecture at the University of Colorado. They watched his home in Piedmont, Calif. They used photographs of a reporter to see if the reporter met with him. And they tried to recover a laptop computer stolen from him in Italy so they could analyze its contents.

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The report, prepared by a consulting firm in Needham, Mass., hired to investigate leaks to the media, was sent to four HP executives, including HP's ethics director. That suggests that senior HP employees were aware of the spying tactics used as early as February. The report was sent to Kevin Hunsaker, senior counsel and HP ethics director; Frederick P. Adler, an HP information security employee; Vince Nye, a senior investigator; and Anthony Gentilucci, an HP global investigations manager in Boston.

The report, prepared by Security Outsourcing Solutions Inc., detailed extensive efforts it supervised to obtain calling records for home, office and cellphones and fax lines of various HP board members and reporters covering the company.

The report described how investigators sent an e-mail to a reporter for the online technology publication Cnet.com that contained spyware software in an attached file. If opened, the attachment was designed to install itself on her computer and track every keystroke.

The extent to which the Silicon Valley computer company would go to identify the person who spoke anonymously to a reporter about confidential company operations has scandalized corporate America, launched federal and state investigations, and outraged members of Congress, who have called a Sept. 28 hearing on the matter.

Larry Neal, a spokesman for the House Energy and Commerce investigative subcommittee, said yesterday that outgoing HP chairman Patricia C. Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini are expected to testify. Ronald R. DeLia, owner of Security Outsourcing Solutions and the author of the confidential HP report, is also expected to appear but may choose to invoke his Fifth Amendment right against self-incrimination, said Neal, the deputy staff director for the full committee.

Two others asked to appear before the committee -- Gentilucci, the Boston HP global investigator, and Joseph DePante, owner of a private investigative firm in Florida, have not responded to the committee's request, Neal said.

The House committee has also requested that HP turn over documents related to the investigation and has received "several thousand pages" so far, Neal said.

Another document reviewed by The Post revealed that HP's ethics chief in January was plotting ways to obtain information on board members and was being warned off those tactics by a colleague. On Jan. 28, Hunsaker asked Adler whether there was any way to "lawfully get text message content." Hunsaker wrote about HP board member Thomas Perkins, "Apparently, Perkins almost never uses uses his cell phone, and instead does just about everything via text message."

In an e-mail reply, Adler told Hunsaker "[e]ven if we could legally obtain the records, which we can't unless we either pay the bill or get consent, I would highly suspect text messaging records are not kept due to volume and expense. The only other means is through real time interception, an avenue not open to us."

HP has conducted two internal leak investigations in the past two years, the first dubbed "Kona 1" and running from March 2005 through the summer of 2005. The second, "Kona 2," ran from January to May 2006, according to sources familiar with the investigation.

Kona 2 was prompted by a story by Cnet reporter Dawn Kawamoto about the firm's long-term strategy, and from the February consultant's report, it is clear that HP focused fairly early -- by mid-February -- on board members Keyworth and Perkins. Keyworth has since admitted to leaking information and resigned from the board.

According to DeLia's report, investigators obtained subscriber information on at least 240 of more than 300 phone numbers sought, and was in the process of analyzing them, including the records of phone calls from Keyworth's New Mexico house, to and from his fax and cellphone, as well as his new wife's home and cellphones. Similarly, the firm obtained records of Perkins's home phone calls from Jan. 4 to Jan. 26, including 12 U.S. calls, three to Britain and two other international calls.

According to the report, board members, reporters and their spouses, particularly at Cnet, were subject to broad background checks, including details of where they worked, attended school and lived. Investigators hired through DeLia's firm obtained call information on Kawamoto's home phone, cellphone and a cellphone believed to belong to Kawamoto's husband's. They conducted "[e]xtensive Media and Internet Content Research" on Cnet reporter Tom Krazit and his wife.

The call information was obtained by a technique sometimes called "pretexting," or impersonating someone else to obtain their phone records, HP said in a Securities and Exchange Commission filing.

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The investigators also began an e-mail exchange with Kawamoto "under the pretext of . . . . develop[ing] a dialogue with the reporter." Then, he noted, on Feb. 9, an e-mail was sent to Kawamoto with an attached file with "tracking capability," or software that logs keystrokes in real time.

Investigators experienced in corporate work said the technique, called "keylogging," was out of bounds in this case. "I've been doing this a long time and I've never heard or seen of investigators doing those nefarious types of tactics," said Robert Seiden, president of Fortress Global Investigations Corp. in New York. "To get access to a reporter's computer raises a whole slew of privacy and legal issues."

Kawamoto did not reply to phone messages and a Cnet spokeswoman declined to comment. Krazit also declined to comment.

HP's Dunn To Testify On Capitol Hill (FT)

By Kevin Allison And Stephanie Kirchgaessner

Financial Times, September 20, 2006

Hewlett-Packard's chairman and general counsel have agreed to testify on Capitol Hill about their roles in a boardroom spying scandal that has sparked a crisis at the top of the world's second-biggest computer group.

Patricia Dunn, chairman, and Ann Baskins, general counsel, will appear before the House Committee on Energy and Commerce on September 28 and are expected to testify, according to a committee spokesperson. Larry Sonsini, a veteran Silicon Valley lawyer and HP's outside counsel, has also agreed to testify.

Lawmakers on the committee are expected to vote on Wednesday on a measure that would give committee chairman Joe Barton and John Dingell, the highest ranking Democrat on the committee, the power to fast-track subpoenas for information from HP.

A committee aide said the vote would give congressional investigators greater flexibility in eliciting information from the company if HP moved to hold back documents or if executives changed their minds about testifying over the weekend. Without the measure, Mr Barton and Mr Dingell would have to hold a vote of the whole committee before issuing a subpoena. So far, the company and executives have voluntarily submitted information, including thousands of pages of documents.

Ronald DeLia, a private investigator who has been tied to the case, is also expected to appear before the committee with Ms Dunn and Ms Baskins but "may" invoke his fifth amendment right and refuse to testify, a committee spokesperson said.

The committee widened its investigation into the scandal on Tuesday by calling on two more witnesses to testify: Anthony Gentilucci, HP's head of global security, and Joe Depante, who owns a private investigation firm that worked on the internal HP investigation.

HP admitted earlier this month that investigators hired by its board had posed as board members, journalists and employees in order to get hold of personal telephone records that could point to the source of a boardroom leak.

News that HP's investigators used false pretences to obtain the records, a practice known as "pretexting," has sparked criminal investigations by the California attorney general and the FBI in addition to US lawmakers.

The controversy last week claimed the job of Ms Dunn, who announced she would step down as HP chairman in January in an effort to defuse the crisis. Mark Hurd, chief executive, will assume the role of chairman, while Ms Dunn will remain as a director.

HP admitted at the weekend that its spies had inappropriately obtained telephone records of Michael Moeller, a press spokesman, in addition to those of board members and journalists.

Dunn, HP Counsels To Testify Before House Panel (SFC)

San Francisco Chronicle, September 20, 2006

Hearing may make it clear what they knew in advance

(09-19) 18:02 PDT -- Hewlett Packard Co. Chairwoman Patricia Dunn has agreed to answer questions from a congressional panel investigating the company's controversial probe of internal leaks to the media, the Palo Alto giant said Tuesday.

Also planning to testify Sept. 28 before the House Energy and Commerce Committee will be HP's in-house counsel Ann Baskins and outside counsel Larry Sonsini, chairman of Wilson Sonsini Goodrich & Rosati, a prominent Silicon Valley law firm.

Their decision suggests that, while the HP probe turned into an embarrassing scandal, Dunn, Baskins and Sonsini are confident they did not do anything wrong and have nothing to hide from lawmakers who are expected to ask them tough questions, analysts say.

But the hearings in Washington, D.C., will likely shed more light on HP's use of false identities and other questionable tactics to obtain personal information on directors, employees and journalists.

The three could have refused the invitation, although legal experts say that could have prompted the panel to issue subpoenas in order to compel them to testify.

"Larry intends to testify and looks forward to the opportunity," a spokeswoman for Sonsini said.

An HP spokesman declined to elaborate on the reason for Dunn and Baskins' decision to go to Washington.

"I think it is prudent and it probably suggests that they feel confident that they had no direct knowledge of anything illegal that may or may not have taken place," said Stephen Diamond, a law professor at Santa Clara University. "That suggests they are pretty confident in being able to explain what happened."

Robert Weisberg, a law professor at Stanford University, agreed, but he also speculated that their decision to testify came after negotiations with the committee on the areas the panel will cover.

"Possibility No. 2 is there have been private discussions and there is an agreement that there might a limitation on the scope of the questioning so that the potential danger can be avoided, and these individuals will not have to publicly take the fifth," he said.

An HP spokesman declined to comment on whether there is such an agreement.

Weisberg portrayed Dunn, Baskins and Sonsini as "sophisticated and well-counseled people who are going to be very wary of being in a situation where they can say anything that might come back to bite them."

The panel had also invited Ronald DeLia, managing director of Security Outsourcing Solutions, the Massachusetts private investigation firm that reportedly took part in the HP investigation.

On Tuesday, the committee said it has also sent invitations to Anthony Gentilucci, HP's global security manager; and Joe Depante, a private investigator and owner of Action Research Group in Florida.

Action Research Group has been identified as one of the outside agencies HP hired to conduct its internal probe.

The spying scandal began in early 2005, when then-CEO Carly Fiorina and other directors began looking into leaks of board deliberations to journalists.

After Fiorina was fired, her successor as chairwoman, Dunn, pursued the investigation, which eventually pointed to Director George Keyworth, who eventually resigned in protest of the probe.

Dunn has said she was not aware that potentially illegal methods were used in the investigation. HP has admitted using pretexting, as the practice is called, in obtaining information on directors, employees and journalists.

She has agreed to step down as chairwoman in January and will be replaced by CEO Mark Hurd, who will serve in a dual role.

HP faces other inquiries, including probes by the Justice Department, the Securities and Exchange Commission and California Attorney General Bill Lockyer.

Chronicle Staff Writer Jessica Guynn contributed to this report.

HP Execs To Testify Before House Panel (AP)

By Marcy Gordon, AP Business Writer

AP, September 20, 2006

WASHINGTON (AP) -- As new revelations about Hewlett-Packard Co.'s director spying scandal cascade, Chairwoman Patricia Dunn and the company's general counsel have agreed to testify next week before a House panel investigating the affair.

With federal and California prosecutors conducting criminal investigations of HP's use of deceptive tactics to find a boardroom leaker, some experts say the executives' testimony to Congress could be fraught with legal peril.

On the other hand, the risks of invoking their Fifth Amendment privilege against self-incrimination - as a parade of corporate executives have done on Capitol Hill in recent years - could be even greater, according to others.

Dunn, who authorized the leak investigation and has agreed to cede the chairmanship to the company's chief executive in January, and General Counsel Ann Baskins will testify at the hearing next Thursday by the House Energy and Commerce Committee, according to HP spokesman Ryan Donovan and committee spokesman Terry Lane.

In addition, Hewlett-Packard's outside lawyer, Larry Sonsini, who had defended the pretexting tactics as "not generally unlawful," has agreed to testify at next week's hearing, panel spokesman Lane said Tuesday. Ronald DeLia, the private investigator who runs Security Outsourcing Solutions, a firm hired by HP, is expected to appear but may invoke his Fifth Amendment right and refuse to answer questions, Lane said.

In appearing before the panel, the two executives of Silicon Valley's largest and oldest technology company will be stepping into the highly charged and well-choreographed theater that is a congressional hearing. Enduring hours of questioning, business executives often sit at witness tables as they are vilified by lawmakers before television cameras.

Many such hearings, quickly convened amid unfolding scandals, "are about scoring political points, about making news," said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington.

They afford lawmakers an occasion to take strong stands on issues that resonate with the public, Levy noted. In this case, the issue is privacy. The Hewlett-Packard affair concerns the use by the company's investigators of a practice known as "pretexting" to obtain the private phone records of several directors and at least 12 other people, including journalists. To execute the ruse, the investigators impersonated the targeted individuals, using parts of their Social Security numbers to dupe telephone companies into turning over their calling records.

"It's certainly very dicey" for Dunn and Baskins to answer lawmakers' questions amid ongoing criminal investigations, said Michael Himmel, also an ex-Justice Department prosecutor now in private practice, at Lowenstein Sandler in New York.

In his extensive work defending officers and directors of public companies, Himmel says, he has never counseled them to testify at congressional hearings.

"You're talking high-stakes poker because the downside is losing one's liberty," he said.

For Levy, the question to weigh in deciding whether an executive should testify is balancing the risks of the "unknown" - what could surface in the authorities' investigations - against the risks of taking the Fifth Amendment.

In Dunn's case, he said, the spectacle of the company's chairwoman pleading the constitutional privilege before Congress could pose substantial risks. "It may have a major impact on the share price" and could make it difficult for her to remain in the position now, he said.

Jill Fisch, a professor of securities law at Fordham University who was a trial attorney in the Justice Department, cited "the bad PR signal that it would send for them to take the Fifth."

"It really could send a bad message to all of the people who deal with Hewlett-Packard," she said. At the same time, it is possible that Dunn and Baskins "don't believe they have criminal exposure," Fisch said.

The Palo Alto, Calif.-based company already has apologized for the intrusion into private phone records, although Dunn has insisted she had no idea that investigators were going to such extremes. The investigation relied on at least two outside firms, Security Outsourcing Solutions Inc. of Needham, Mass., and Action Research Group of Melbourne, Fla.

On Monday, the company delivered to the committee documents it had requested.

The Energy and Commerce panel's oversight subcommittee said Tuesday that it also had sent invitations to testify at the hearing to Anthony Gentilucci, HP's global security manager, and Joe Depante, owner of Action Research.

AP Business Writer Michael Liedtke in San Francisco contributed to this report.

Hewlett-Packard's Dunn, Baskins To Testify In Probe (Update1) (BLOOM)

By Christopher Stern And Connie Guglielmo

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Hewlett-Packard Co. Chairwoman Patricia Dunn and General Counsel Ann Baskins agreed to testify before a U.S. House panel about how the company obtained phone records of board members, according to a committee aide.

Outside investigator Ronald DeLia, who was also asked to appear, told the House committee he is likely to cite his Fifth Amendment right not to incriminate himself during the Sept. 28 hearing, said the aide, who asked not to be identified.

The Energy and Commerce Committee made a second round of requests today for testimony at a hearing on Hewlett-Packard's probe. The company's global security manager, Anthony Gentilucci, and private investigator Joe Depante, owner of Action Research Group in Melbourne, Florida, were asked to testify, the panel said in a statement. Hewlett-Packard's outside lawyer, Larry Sonsini, was also called.

The committee asked for information about Hewlett-Packard's probe on Sept. 11, after the Palo Alto, California-based company acknowledged investigators used fake identities to collect the private phone records of two employees, some directors and nine journalists to uncover the source of news leaks. The House is investigating the practice, called ``pretexting."

``If somebody is leaking information, I think there are legal ways to find that out and stop it," Committee Chairman Joe Barton, a Texas Republican, said in an interview with CNBC today. ``In this case, I think that this particular company or at least the people they hired went way beyond that."

`Pretty Murky'

Barton said in the interview Dunn will probably want to tell her side of the story at the hearing, which is called ``Hewlett-Packard's Pretexting Scandal." He said he expects Dunn to make a case as to why she used outside investigators to probe the leaks.

Current law is ``pretty murky" about whether pretexting is illegal or not, said Barton. California Attorney General Bill Lockyer, the U.S. Justice Department and Federal Bureau of Investigation are also reviewing Hewlett-Packard's tactics to determine if a crime was committed.

``I think that what they did, if it's not illegal, it should be illegal," Barton said. ``Everyone in this country is entitled to their privacy."

Separately today, Hewlett-Packard said a public relations worker was one of the employees investigated and cleared in its investigation. Suspicions about Brigida Bergkamp, who works on Hewlett-Packard's in-house public relations, were ``baseless," and she received personal apologies from Dunn and Chief Executive Officer Mark Hurd, spokesman Ryan Donovan said.

Michael Moeller, who also works in public relations at the world's second-largest maker of personal computers, received apologies from Dunn and Hurd as well after his phone records were obtained.

Shares of Hewlett-Packard, which ranks behind PC market leader Dell Inc., fell 15 cents to $36.25 at 2:19 p.m. in New York Stock Exchange composite trading. They had gained 27 percent this year before today.

To contact the reporters on this story: Christopher Stern in Washington at cstern3@bloomberg.net ; Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

Congress Wants Researcher's Take (FLTODAY)

By Scott Blake, And Donna Balancia

Florida Today, September 20, 2006

Local man linked to HP scandal

A congressional subcommittee has asked a local private investigator to testify as part of the panel's probe of the corporate-spying scandal at computer giant Hewlett-Packard Co.

The House of Representatives' Subcommittee on Oversight and Investigation sent a letter to Joseph DePante, owner of Brevard County-based Action Research Group, asking him to testify and answer questions on the "Hewlett-Packard Pretexting Scandal" during a Sept. 28 hearing in Washington. The subcommittee described pretexting as "the use of lies and deception to gain access to information that is not publicly available and without the victim's consent."

Terry Lane, a spokesman for the House Committee on Energy and Commerce, which oversees the subcommittee probing the case, did not specify what DePante's connection was to the Hewlett-Packard case, but said investigators want to know what DePante might know.

"Our investigators have been looking into this for a few days, and to send him a letter, it's an indication that he has some knowledge of what Hewlett-Packard did," Lane said. "We went through the effort to send him a letter, so, obviously, we feel he has information that will be helpful to the investigation."

Lane said the letter sent to

DePante "is not a subpoena. It's an option to appear. You can decline or you can appear."

U.S. Rep. Ed Whitfield, the subcommittee's chairman, wrote a letter to DePante dated Sept. 18, asking DePante to appear before the subcommittee.

"Given the circumstances surrounding this particular case of pretexting involving the highest levels of corporate governance within Hewlett-Packard Company . . . I ask that you carefully consider this hearing an opportunity to be fully open and transparent with the testimony that you provide," Whitfield wrote.

Lane said the subcommittee expects DePante to respond to its request to testify by 5 p.m. today, but had not heard from DePante as of late Tuesday afternoon.

Lane said it is possible that DePante could be subpoenaed if he does not testify voluntarily.

DePante did not return telephone calls Tuesday from FLORIDA TODAY seeking comment.

Federal and California authorities are probing a secret investigation of news leaks at Hewlett-Packard -- one of the world's largest makers of computers and printers in California's Silicon Valley.

The case allegedly involves surveillance of board members and journalists, and possibly illegal techniques in gathering their private telephone records.

Action Research Group's Web site describes DePante, 59, as a licensed investigator and "skip tracer" -- typically someone who finds people who neglect their debts or obligations. It also describes him as "knowledgeable in all areas of investigations."

The Web site lists Matthew DePante as the company's manager, and describes him as being "knowledgeable in all areas of telephone research, as well as general skip-tracing investigation techniques."

The Web site lists Action Research Group's address as 2263 W. New Haven Ave., West Melbourne, which is a postal-services company where the DePante's firm maintains a mailbox.

Action Research Group also has another local address -- 1704 Airport Blvd., Melbourne.

The company has estimated annual sales of $160,000 and five employees, according to a Dun & Bradstreet business information report.

A woman answering the telephone Tuesday at Action Research Group would not say where the company is located.

A man answering another phone number for DePante would not identify himself.

When asked about the Hewlett-Packard case, he said, "I don't know anything about that."

Then, he hung up.

Also being asked to testify before the congressional subcommittee are Hewlett-Packard Chairwoman Patricia Dunn; Anthony Gentilucci, global security manager for Hewlett-Packard; Ann Baskins, the company's general counsel; Larry Sonsini, outside lawyer for Hewlett Packard; and Ronald DeLia, managing director of Security Outsourcing Solutions, a Needham, Mass.-based company.

The case also is being investigated by the U.S. Department of Justice and California Attorney General Bill Lockyer's office.

Luke Macauley, a spokesman for the Justice Department, said the department's Northern California district office is investigating the case, but he declined to comment on the investigation.

Tom Dresslar, a spokesman for Lockyer, said his office is looking into whether "people at Hewlett-Packard and its contractors violated California law in the use of pretexting."

"There is no (state) law that specifically makes it illegal, but we believe there are laws that apply," Dresslar said. "There are laws against unauthorized access to computerized data, using false pretenses to gain unauthorized access to utility records."

"Pretexting and those activities operating outside the limits of what's reasonable and acceptable behavior are against the law," said Bill Blevins, operations manager for Medical Data Systems Inc. of Melbourne, a company that recovers debt from patients who owe medical bills.

"Pretexting is using trickery to obtain information that you would not be able to garner otherwise. It's out-and-out lying," he said.

Omaha-Area Man Investigated In H.P. Phone Ruse (NYT)

By Matt Richtel

The New York Times, September 20, 2006

Investigators are exploring the role of a man in the Omaha area who may have obtained private phone records in the Hewlett-Packard spying case, according to people briefed on the company's review of the operation.

The man, Brian Wagoner, has spent several years working for Action Research Group, a Florida detective agency that is among the investigative firms linked to the Hewlett-Packard operation, according to a relative of Mr. Wagoner's.

California and federal prosecutors are exploring whether laws were broken by investigators hired by Hewlett-Packard in an effort to identify company directors who had leaked information to journalists.

Hewlett-Packard's efforts entailed the use of pretexting — a technique whereby an investigator masquerades as someone else to obtain that person's calling records from the phone company.

The identification of Mr. Wagoner as a possible participant provides a potentially critical link in a chain that has stretched from Hewlett-Packard's sprawling Silicon Valley headquarters to detective agencies in Boston and Florida hired to ferret out the leaker.

Prosecutors hope that people who may have been hired directly or indirectly by Hewlett-Packard can shed light not just on the scope of the investigation but also on whether people within the company — even as high as its board room — knew that illicit activities were taking place.

Mr. Wagoner could not be immediately located on Tuesday for comment.

His name surfaced in connection to Action Research in April this year when Congressional investigators studying pretexting interviewed James Rapp, a Denver man convicted in 2000 of illegally obtaining phone records. Rob Douglas, an information security expert who was a consultant in the Congressional investigation, said Mr. Rapp had disclosed that he himself had worked for years with Action Research Group, the Florida detective agency.

Mr. Rapp told investigators that after his own conviction, which led to the shutdown of his business, some of his employees went to work for Action. Among them was Mr. Wagoner, whom Mr. Rapp identified as his nephew during the interview with Congressional investigators, Mr. Douglas said.

Prosecutors have focused on the Omaha region in part because of a computer trail left by one of the pretexters in the Hewlett-Packard case. That trail indicated the use of a computer connection with an Internet address in the Omaha area. Mr. Rapp said in an interview on Tuesday that Brian Wagoner resided in or around Omaha and had worked for Action Research. "I know for a fact there's been correspondence between he and Action for many, many years," Mr. Rapp said.

Mr. Rapp said that Action had employees and contractors scattered around the country. Its "people could be in Omaha, Colorado, or some in Montana or other places," Mr. Rapp said. The employees' great ability, he said, was being able to extract phone and otherwise confidential personal records from companies.

Mr. Rapp said he had no knowledge of whether Mr. Wagoner had any involvement in the Hewlett-Packard case. He described Mr. Wagoner as his cousin, though Mr. Douglas said he believed that Mr. Wagoner is Mr. Rapp's nephew.

"He's a great guy," Mr. Rapp said of Mr. Wagoner.

But Mr. Douglas said it was unlikely that Mr. Wagoner, if he was involved, would be able to provide prosecutors much information as to the role of anyone at Hewlett-Packard.

"I'll bet he didn't know who he was doing it for or why," Mr. Douglas said, of Mr. Wagoner. Action Research or whoever hired him "wouldn't entrust him with that information."

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Already, there has been considerable fallout from Hewlett-Packard's internal investigation, which took place in 2005 and earlier this year. Patricia C. Dunn, the company's chairwoman, said last week that she would resign her post, effective in January, but remain on the board. George A. Keyworth II, a director identified by Hewlett-Packard as the source of leaks to journalists, refused initial requests to resign, but did so last week.

In June, another director, Thomas J. Perkins, resigned in anger over the internal investigation.

As for Mr. Rapp, he said he had been in the business of finding records for nearly 20 years, stretching back to 1980. He said that starting in the 1990's, he began doing a great deal of work for Action Research, which in turn had gotten requests from private detectives and law firms across the country seeking phone records and other personal data.

Mr. Rapp said he got around 100 requests a week from Action and its operator, Joseph DePante. He said Mr. DePante would pay $10 to $25 for a records search, a figure Mr. Rapp described as low by industry standards but attributable to Mr. DePante's effective negotiating skills.

After Mr. Rapp was convicted, he said, he tried to sell his business to Mr. DePante. But Mr. Rapp said his plea bargain precluded him from profiting from the business, including from selling it.

Reached by telephone on Tuesday, Mr. DePante said he had been advised by his lawyer not to talk to the media. He said recent press accounts had included many falsehoods.

Mr. DePante is among those who is being called to testify next week before a House subcommittee looking into the use of pretexting in the Hewlett-Packard affair. The committee is currently studying about 5,000 pages of documents delivered by the company.

Attorneys In HP Scandal Lawyer Up (LAW)

By Justin Scheck, The Recorder

California Recorder, September 20, 2006

The combined weight of investigations by state prosecutors, federal regulators and the Department of Justice has forced lawyers in Hewlett-Packard's boardroom mess to get their own attorneys.

Ann Baskins, the HP general counsel, has hired Berkeley, Calif., white-collar specialist Cristina Arguedas. Kevin Hunsaker, the HP senior counsel and ethics director -- who the New York Times has reported was in charge of the boardroom leak investigation -- has hired San Diego solo Michael Pancer, who also specializes in white-collar criminal cases.

In addition to the in-house lawyers, the Wall Street Journal's online edition reported Tuesday that top Silicon Valley lawyer Larry Sonsini, who advises HP's board, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, to represent him in connection with an upcoming congressional subcommittee hearing on the matter.

Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of clients caught up in high-profile investigations -- most recently Nancy Heinen, the former general counsel of Apple Computer, a company now under scrutiny for its stock options practices.

Arguedas said Baskins hired her in response to the many investigations -- not because she's done anything wrong.

"Anyone who's in a tempestuous situation is smart to hire a lawyer to go through it with them," Arguedas said.

Baskins' name has been in the middle of the HP board donnybrook, which has several government agencies trying to figure out whether the company illegally spied on its board members and journalists to ferret out press leaks.

"I'm not aware of her doing anything wrong at all," Arguedas said. "She is a person of great integrity, and she is general counsel of one of the top U.S. companies. This is a woman at the top of her profession."

Pancer said the same about his client. "Mr. Hunsaker has done absolutely nothing wrong," Pancer said.

Arguedas added that Baskins intends to testify later this month before a congressional subcommittee investigating the issue.

So does Sonsini. "Larry intends to testify at the upcoming hearings and appreciates the opportunity," Courtney Dorman, a spokeswoman for Sonsini's firm, Wilson Sonsini Goodrich & Rosati, wrote in a Tuesday e-mail. "We are working with Akin Gump under the leadership of former Congressman Bill Paxon to help us understand the congressional process."

News stories over the last few weeks have painted an unclear portrait of the roles lawyers played in HP's probe of its own board members.

Problems at the company initially came to light when HP board member Thomas Perkins, who resigned in protest of the company's leak investigation methods, became outraged that the company did not initially disclose to the Securities and Exchange Commission the reasons for his departure.

In an e-mail exchange with Perkins earlier this year, Sonsini said "I was not involved in the design or conduct of the investigation," and that it was run by the HP legal department. Sonsini has continued to advise the board since the company's probe was disclosed.

But over the last week, the Times reported that HP Chairwoman Patricia Dunn turned the investigation over to Baskins in its early stages, and that Hunsaker was in charge of supervising it. And the Journal reported Tuesday that investigators used legally suspect means to access Sonsini's phone records, in addition to those of board members, HP employees and journalists.

News reports have also pointed to a Boston investigative firm as the one responsible for hiring people to "pretext" -- or lie --- in calls to phone company officials to gain access to the phone records of board members. The Times reported Monday that Boston investigative firm Security Outsourcing Solutions provided HP with an opinion from a Boston lawyer that the pretexting was legal.

The legality of such tactics is up for consideration by the San Francisco U.S. Attorney's Office and the California attorney general. They're both investigating the issue, and Attorney General Bill Lockyer has said he has enough evidence to indict people inside and outside HP.

John Hemann, a partner at Morgan, Lewis & Bockius representing HP, couldn't be reached by press time. But Arguedas and Pancer both said their clients should have nothing to worry about.

"I'm looking forward to all the facts being put out in the open," said Pancer, who last year gained headlines representing San Diego City Councilman Ralph Inzunza, who was convicted in a corruption case involving strip-club regulations. Pancer has also gained renown as a poker champion, competing in the World Series of Poker.

Pancer also said that HP isn't the only victim of leaks. Over the last week, he said, information making its way into newspapers has portrayed his client unfairly.

"There has been selective leaking of information, much of it false, which has created a false impression. And we hope to correct that," he said.

Susan Beck, a senior writer at The American Lawyer, contributed to this story.

Outsourcing Ethics (NYT)

The New York Times, September 20, 2006

The battle at Hewlett-Packard, where an effort to unmask the source of leaks to the news media led to a sleazy investigation of the company's own board of directors involving their private records, offers up two useful lessons.

It should remind those of us watching from the sidelines just how porous our privacy is in an era of databases and hackers and sophisticated snoops, and how much we need greater legal safeguards and protections to keep pace with the technological advances. Institutions should take a very different lesson away: That their reputations are only as good as the people they hire.

The intrigue surrounding Hewlett-Packard, the computer and printer maker, sounds like the stuff of a John Grisham novel — complete with reports of physical surveillance, computer hacking and illegally obtained phone records, aimed at the company's own directors and employees, as well as journalists covering the company. Two board members have resigned, and Patricia Dunn will step aside as chairwoman in January as the reverberations continue. Meanwhile, California's attorney general, the Federal Bureau of Investigation, and the Securities and Exchange Commission have all opened investigations of their own.

The company's legal problems appear to hinge chiefly on the investigative technique known as pretexting, which essentially boils down to impersonating someone to obtain their private records. But Ms. Dunn and her associates also seem to have the perfect excuse: It was not Hewlett-Packard employees, but private detectives down a chain of subcontractors, who did the actual dirty work and used what Ms. Dunn, in a statement, called "certain inappropriate techniques."

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While that may insulate the company from legal liability — and that is far from clear at this point — it effectively lowers the standards of a company like Hewlett-Packard to the level of whichever private eyes end up getting paid to dig for dirt, letting them take the institution's reputation for a joyride.

Ours is an era short on common sense and long on contortions to either fit the letter of the law or to reach the dodgy state of plausible deniability. While Hewlett-Packard has a right to crack down on boardroom leaks, it has a responsibility to do so legally. As head of the board, it was Ms. Dunn's responsibility to ensure that the company's standards were met in any investigation, no matter who was tasked with the job. We hope that Hewlett-Packard's mistakes provide an instructive example to the ethically impaired.

A 'Nonprosecution Agreement' By Any Other Name... (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, September 20, 2006

As if the nuances of corporate governance aren't tough enough to fathom, now the government is playing word games. On Aug. 28, Prudential Financial, Inc., signed what it thought was a nonprosecution agreement with Michael Sullivan, the U.S. Attorney in Boston. But once the deal was done, Deputy Attorney General Paul McNulty called a press conference in Washington, D.C., to trumpet the "deferred prosecution agreement."

McNulty's comment has led some corporate advocates to question the government's credibility. The question of what to call the Prudential pact isn't just a matter of semantics -- a deferred prosecution deal carries more of a stigma than a nonprosecution agreement.

Everyone involved in the Prudential case at least agrees that the settlement ends the government's three-year criminal probe of one of the company's subsidiaries. Boston-based Prudential Equity Group admitted that some of its brokers illegally timed mutual fund trades to benefit big hedge fund clients. But there's a split on whether to call the deal a deferred or a nonprosecution agreement.

In an NPA, no charge is filed in court, but the government can still file and prosecute a charge later if the company violates the terms of the deal. In a DPA, the government files the criminal charge in court but doesn't prosecute the claim. If the company abides by the terms of the DPA, the government dismisses the charge when the agreement expires. If not, the government can prosecute the already-filed charge.

Lawrence Finder, a former U.S. Attorney in Houston who has studied DPAs and NPAs over the past 15 years, explains that with a deferred prosecution agreement, "The anvil hangs a little closer to the head."

A spokesman for the Justice Department in Washington stands by McNulty's characterization of the Prudential deal as a DPA. "This is a deferred prosecution agreement [because] it provides for the filing of charges in the event of a breach," the spokesman says. Prudential spokesman Bob DeFillippo disagrees, saying, "I don't know why people call it what they call it, but it is a nonprosecution agreement."

DeFillippo was in error on at least one point, though. He thought that the document is officially titled an NPA. It isn't. In fact -- unlike the vast majority of the 45 pretrial agreements on record since 1992 -- the signed document is simply entitled "Agreement," and uses that word throughout its text. The U.S. Attorney asked for the word change, and Prudential's lawyers agreed. Now the U.S. Attorney's Office in Boston refuses to discuss the name game, but says that the document should simply be called "the agreement."

Finder, now a partner at Haynes and Boone, says that the Prudential deal is technically a nonprosecution agreement because no charges were filed against the company. (Sullivan's office confirms the lack of charges.) But Finder also notes that the Prudential pact has several features of a deferred prosecution agreement: It carries harsher penalties ($600 million in fines), runs for a longer term (five years) and imposes tougher requirements (the company's GC will have to implement several sweeping compliance measures).

According to Finder, the Prudential deal has morphed the two types of agreements into one. "This is a nonprosecution agreement in name only," he concludes. "It's the functional equivalent of a deferred prosecution agreement."

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The government's wordplay ticks off Susan Hackett, senior vice president and general counsel of the Association of Corporate Counsel. "It's amazing to me that [the government] would actually request a change in the title of this agreement to something very unspecific and then claim that the document was something very specific," Hackett says.

But to Hackett, the issue goes deeper than just semantics. It's about credibility. "These guys are building quite a reputation for unfair dealing -- first Stolt-Nielsen and now this," Hackett says. (The Justice Department indicted Stolt-Nielsen S.A. in September even though the shipping giant had previously signed an NPA with the government.) After what's happened to both Prudential and Stolt-Nielsen, Hackett asks, "Who in their right mind wouldn't think twice about trusting a prosecutor's word?"

Monster, Broadcom Are Hit By Fallout In Options Scandal (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, September 20, 2006

Monster Worldwide Inc. suspended its general counsel and Broadcom Corp.'s finance chief retired ahead of schedule, as the fallout from the options-manipulation scandal continued to spread.

Both Monster and Broadcom have disclosed problems with their stock-options accounting. Earlier this month, Broadcom, a chip maker based in Irvine, Calif., doubled its estimate of the hit to its books, suggesting it will make a restatement to increase its past expenses by more than $1.5 billion. That would be the largest restatement so far in the present crop of options cases.

Monster, for its part, has said it may restate a number of years' financial results. Yesterday, the New York company, which is the parent of job-search site Monster.com, said such a restatement was "very likely."

In a short statement, Monster said longtime general counsel Myron Olesnyckyj was suspended "effective immediately," though it didn't say precisely why. Broadcom said William J. Ruehle, who had served as chief financial officer since 1997, "decided to accelerate his retirement as a result of" its internal options review. Spokesman at both companies declined to elaborate; Mr. Olesnyckyj declined to comment, and Mr. Ruehle couldn't be reached.

At many companies, general counsels are responsible for supervising aspects of the options-granting process, while finance chiefs typically supervise how grants are accounted for.

Federal prosecutors have charged the former general counsel and the former finance chief of New York's Comverse Technology Inc., with fraud in a criminal case over the backdating of options grants. At other companies caught up in the scandal, at least two top lawyers and two chief financial officers also have lost their jobs.

More than 100 companies, Monster and Broadcom among them, are facing probes from federal investigators; the focus is whether grants were backdated to increase their value to recipients. Options give their recipients the right to purchase shares at a fixed exercise price, usually the market price on the date of the grant, and backdating often involves pretending that a grant was made earlier than it really was, when prices were lower.

Some of Monster's past grants to top executives bear highly suspicious dates. Between 1997 and 2001, for instance, Monster made seven grants to James J. Treacy, who eventually became the company's No. 2 executive. Four of the grants carried dates corresponding to the stock's lowest closing price of a quarter or year.

A Wall Street Journal analysis, published in June, estimated the likelihood that Mr. Treacy's grant pattern was because of random selection of dates was about one in nine million. That raises the suspicion that grants were backdated or otherwise manipulated to carry the favorable dates. Mr. Treacy has said he wasn't involved in the granting process, which he said was controlled by the company's compensation committee and its chief executive, Andrew McKelvey.

In June, Mr. McKelvey, who was Monster's founder and who never received options, said at the time he knew of no "backdating or improprieties." He said his practice was to draw up a list of recipients and send it to the compensation committee for approval. After that, "I don't know what the mechanics were," he said in June.

Monster subsequently announced that it had begun a review of its grants, and the company has said that the grants at issue stretch from 1996 to 2002. Mr. Olesnyckyj was among the other executives who received at least some favorably dated options.

In July, Broadcom had said its options problems stemmed largely from a grant dated in May 2000 that had gone to many employees. Earlier this month, it said it found more trouble, with grants between 1998 and 2003. Mr. Ruehle was among executives receiving grants carrying the date of the lowest closing price of the month in November 1998 and August 2002.

Broadcom Finance Chief Ruehle Quits Amid Option Probe (Update2) (BLOOM)

By Peter J. Brennan

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Broadcom Corp., which is restating results to reflect $1.5 billion in costs related to options irregularities, said Chief Financial Officer William J. Ruehle quit, effective immediately.

The semiconductor maker named Controller Bruce E. Kiddoo acting finance chief. Ruehle, 64, decided to accelerate his retirement because of the options review, Irvine, California- based Broadcom said today in a statement.

The departure follows Broadcom's announcement on Sept. 8 that costs related to the irregularities doubled, the most for any company in the widening scandal over stock options. At least 130 companies are conducting internal reviews of their stock-option grants or face federal investigations into whether they manipulated grant dates to enrich executives.

``It's probably the board saying somebody's got to take the blame for this," said Cody Acree, a Dallas-based analyst for Stifel Nicolaus & Co. who rates the shares ``hold" and doesn't own them.

Shares of Broadcom rose 13 cents to $28.36 in extended trading after the announcement. They fell 46 cents to $28.23 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have fallen 10 percent this year.

A board committee is still reviewing the options and hasn't reached any conclusions, Broadcom said. The company, whose chips are used in a variety of consumer electronics products including networking equipment and wireless headsets, first said it would restate results on July 14, estimating option-related costs of $750 million at the time.

Personal Decision

Ruehle chose to resign, spokesman Bill Blanning said.

``This is Bill's decision," Blanning said in an e-mailed statement. ``He took the initiative. He believes this decision is in the best interest of Broadcom and its shareholders."

Stock options let recipients buy shares at a future date, usually at the price on the day they were granted. They are given to managers as an incentive. The U.S. Justice Department and Securities and Exchange Commission are investigating Broadcom and others to determine if they manipulated the dates of option grants to make them more lucrative.

Kiddoo, 45, has been with Broadcom since 1999 and has served in a variety of financial roles. In 2002, Kiddoo led the company's compliance with the Sarbanes-Oxley Act. He will be interim finance chief while the company seeks a successor.

`Serious Contender'

Chief Executive Officer Scott McGregor called Kiddoo a ``serious contender" for Ruehle's job.

Ruehle joined Broadcom in 1997, before the company's initial public offering, when it had sales of $37 million and about 200 employees. Last year, the company had $2.67 billion in sales and employs almost 5,000. Broadcom has made more than 30 acquisitions.

Broadcom was a high-flying stock early this decade, reaching $183.17 in August 2000, before the tech bubble burst.

In 2001 the company was forced to change how it accounted for warrants issued in connection with its many acquisitions. Lawsuits charged the company inflated its revenue. Broadcom settled shareholder suits last year for $150 million.

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Broadcom's CFO Departs Amid Inquiry (LAT)

By James S. Granelli And Dawn C. Chmielewski, Times Staff Writers

The Los Angeles Times, September 20, 2006

The chief financial officer at Broadcom Corp. on Tuesday became the latest corporate casualty in the federal government's ongoing scrutiny of how stock options were granted at dozens of tech companies during the dot-com boom.

William J. Ruehle, hired in 1997 to take the chip maker public, "accelerated his retirement" in the wake of an internal investigation that has found unreported option-related expenses totaling $1.5 billion.

Those noncash expenses are the largest so far among any of the more than 100 companies under scrutiny by the Securities and Exchange Commission and cover options awarded to employees from 1998 to 2003.

Irvine-based Broadcom said the decision to leave was made by Ruehle, 64, but analysts saw the early departure as a defensive measure designed to give the company a clean slate when it announces final results of its internal review.

As companies complete their reviews, they want to say that no current executives or directors were involved in questionable transactions, said Michael D. Cohen, research director at Pacific American Securities in San Diego. "Part of the reason for the damage control is not only to give shareholders confidence but also to deflect further scrutiny from regulators."

Tech companies are under scrutiny for manipulating the timing of option awards to maximize the potential upside. For instance, companies could grant options on days when the stock is depressed by bad news. In some cases, companies engaged in so-called backdating, or changing the date of an option grant retroactively to match dips in the share price.

In many cases, experts believe, nothing illegal was done, but the Justice Department is examining more than 45 companies. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud.

Broadcom has said that directors and co-founders Henry T. Nicholas III and Henry Samueli received none of the stock options at issue. About 95% of the options were given to employees below the executive level.

Ruehle also received options, along with other top executives, but the company declined to say how many he was awarded.

Ruehle sold 45,000 shares in 1999 during a run-up in the company's stock, grossing as much as $7.3 million. The stock's price hit an all-time high of $182.41, on a split-adjusted basis, the following year. Last year, Ruehle received $405,000 in salary and bonus and $3.8 million from the sale of stock, according to an SEC document. As of February, he held 2.5 million Class A and Class B shares and options for 67,500 shares valued at $483,150.

Shares of Broadcom fell 46 cents Tuesday to $28.23. Ruehle's departure was announced after the markets closed.

Controller Bruce E. Kiddoo will serve as acting chief financial officer while Broadcom searches for Ruehle's successor.

Samueli, the company's chairman, said Ruehle was the "first choice" to help the company go public and praised the Harvard MBA as a "true leader."

One company executive, who did not want to be identified, said Ruehle had a reputation of being "strong and ethical."

Industry analyst Rob Enderle of Enderle Group in San Jose railed against the upheaval that the backdating scandal is causing. Rules in place before 2003, he said, were not always clear. At most companies, he said, "folks just misinterpreted the rules."

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Times staff writer Alana Semuels contributed to this report.

SEC Accountant Issues Guidelines On Stock Options (WSJ)

By David Reilly

The Wall Street Journal, September 20, 2006

The Securities and Exchange Commission's chief accountant issued guidance on how companies should account for employee stock options in light of regulators' probes into "backdating" of this type of compensation.

But chief accountant Conrad Hewitt made clear that in considering problems related to options accounting the commission would distinguish between honest mistakes, such as paperwork errors, and those that showed a company was trying to game accounting rules. Mr. Hewitt's tone echoed previous comments made by SEC Chairman Christopher Cox that indicated the commission would look closely at a company's intent when investigating possible backdating practices.

Stock options give employees the right to purchase stock at a preset price, known as the strike or exercise price, at a future date. Under accounting rules in place until the start of this year, companies didn't have to recognize any expense related to options grants if the exercise price was equal to the company's share price on the date the options were granted.

However, many companies retroactively picked a grant date to correspond with a low-point for their stock, in effect setting a lower bar for executives.

Under accounting rules in place at the time, such grants could have required companies to book an expense because the exercise price picked wasn't actually the same as the company's share price on the real grant date. Starting this year, companies have had to take an expense for all options grants.

Mr. Hewitt's letter laid out examples where questions have arisen over whether a company should have taken an expense for options under the old accounting rules. In cases where companies picked an exercise price over a 30-day period, for example, they generally should have recorded an expense for the options, the letter said. However, so-called springloading of options, where companies grant options ahead of good news, doesn't result in an accounting issue, the letter said.

The SEC guidance to companies follows an alert to auditors on backdating issues in July from the Public Company Accounting Oversight Board. More than 100 companies are under investigation in relation to backdating, according to recent congressional testimony from Mr. Cox. The agency has brought civil charges against executives from two companies in tandem with criminal charges by prosecutors.

Mr. Hewitt stressed that the guidance related only to accounting issues, not legal matters arising from backdating issues.

SEC Chairman Issues Defence Of Sarbox (FT)

By Jeremy Grant

Financial Times, September 20, 2006

Christopher Cox, chairman of the Securities and Exchange Commission, on Tuesday issued a robust defence of the Sarbanes-Oxley legislation saying it was "important to keep in mind" that many of its elements had been adopted by other regulators overseas.

"I would like to highlight a little noticed fact: While competitors in other countries are using Sarbanes-Oxley as a reason for foreign companies to list in their jurisdictions, many of those same countries are adopting provisions of the act as part of their own regulatory regime."

His comments came at a hearing where US lawmakers will grill the heads of the two regulatory agencies responsible for overseeing implementation of the controversial Sarbanes-Oxley auditing and compliance law.

Sarbanes Oxley has stirred controversy in the US, with many in the business and financial community blaming its more onerous compliance requirements for forcing foreign company listings to go abroad to London and Hong Kong. Some politicians have warned that Sox is threatening the competitiveness of US capital markets.

Mr Cox said, "As we consider the effect of Sarbanes-Oxley on US competitiveness, it is important to keep in mind how broadly many of its tenets have been taken up over seas."

As examples he cited the establishment of independent auditor watchdogs like Public Company Accounting Oversight Board [PCAOB], which oversees US auditors. He also pointed out the fact that the European Union had recently adopted a directive requiring all EU member states to create an auditor oversight body.

The House of Representatives Financial Services Committee held its sixth hearing into "Sox" since the law was passed in 2002 on Tuesday.

It came as concern over US regulatory "creep" – including Sox - have been stoked by US inspections of the UK offices of Ernst & Young.

Securities and Exchange Commission chairman Christopher Cox testified on the implementation of Sox, in particular on recent proposed changes to Section 404 made by his agency that are aimed at easing the burden of compliance for smaller companies.

Section 404 requires company CEOs to have a company's internal controls checked by auditors and has been criticized as expensive and onerous by many small- and medium-sized business.

Also testifying was Mark Olson, chairman of the Public Company Accounting Oversight Board, created in 2002 to oversee auditors.

The PCAOB has raised eyebrows in the UK by dispatching inspectors to the London offices of Ernst & Young. The inspections stem from a contentious requirement of the Sarbanes-Oxley act and a new example of its "extra-territorial" reach beyond the US.

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Last week the UK government moved to address such concerns by proposing legislation that would give the Financial Services Authority power to veto any rulings made by UK exchanges under future US ownership that could emerge as a by-product of US congressional legislation.

Sox came under attack again on Tuesday from a US business lobby group.

Mallory Factor, chairman of the Free Enterprise Fund, a Washington-based non-profit organisation, said: "Sarbanes-Oxley has become a classic example of overreaction - a massive expansion of regulatory power in response to a series of extraordinary events. And yet after all the costs and burdens are added up, America's businesses are no better governed, are less transparently operated, and their shareholders are poorer."

The SEC and the PCAOB have been working together to make compliance with Section 404 more cost efficient for smaller public companies. The PCAOB is also working to revise Auditing Standard 2, which governs the audit of internal controls.

The SEC last month proposed allowing foreign and US companies a year's "transition" before having to comply with Section 404 once they have gone public.

For newly public companies, the SEC has also proposed that they not be required to provide a management report on internal controls or an outside auditor's report on such controls in the first annual report that it files with the SEC.

The SEC's aim is to offer a "phased-in" approach to Section 404 compliance for companies with a market capitalisation of under $75m. A public comment period on the issues closed on Monday.

In its comments, Ernst & Young broadly supported the approach. But it warned that there might be "some complications or unintended consequences".

"For example, a phased implementation approach might confuse some investors as to the level of assurance they are receiving on the effectiveness of internal control over financial reporting in the year where only management's assessment of internal control is required," the company said.

Last week John White, the SEC's director of the division of corporation finance, urged companies to involve their outside auditors in the first year of compliance, even though they were not obliged to do so.

Critics of Sox and the changes proposed by the SEC have also expressed frustration at the complexity of the law and such changes.

Mr White appeared to acknowledge the problem, saying: "Although I wouldn't want to be the historian charged with maintaining the archives of all these [SEC press] releases and extensions over the past three years, we can pick up from that record that the Commission has remained very attentive throughout Section 404's implementation to the challenges that internal reporting has posed.

CRIMINAL LAW:

Gonzales: ISPs Must Keep Records On Users (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News, September 20, 2006

Attorney general, other witnesses ask Congress to force Internet service providers to follow customers' activities.

WASHINGTON--Attorney General Alberto Gonzales on Tuesday stepped up his efforts to lobby for federal laws requiring Internet providers to keep track of what their customers do online.

Gonzales asked senators to adopt "data retention" legislation that would likely force Internet providers to keep customer logs for at least a year or two. Those logs, often routinely discarded after a few months, are intended to be used by police investigating crimes.

"This is a national problem that requires federal legislation," Gonzales said during a Senate Banking Committee hearing. "We need to figure out a way to have ISPs retain data for a sufficient period of time that would allow us to go back and retrieve it."

As the November election approaches, politicians have been devoting an unprecedented amount of attention to the topic of children, pornography and the Internet: At least three committees are holding hearings on the subject this week alone.

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One committee even enlisted an outside-the-Beltway celebrity, basketball icon Shaquille O'Neal. Shaq appeared on videotape before the Senate Commerce Committee, and said: "I've seen images that make me very sad, I've seen images that make me very mad...Yeah, I'm mad, very mad, senator." (O'Neal is a spokesman for the Safe Surfin' Foundation, a federally funded nonprofit group.)

It's unclear what the prospects are for mandatory data retention in Congress this year, or whether politicians will delay action until 2007. One senior House Republican drafted a bill (click for PDF) but then backed away from it, and a Democratic proposal (click for PDF) has not been voted on.

But with the Bush administration firmly behind the concept, and with state and local law enforcement lending a hand in the lobbying efforts and saying such mandates would help protect children, industry groups and privacy advocates may be hard-pressed to head off new regulations. During Tuesday morning's appearance, for instance, Gonzales favorably cited a June letter (click for PDF) endorsing mandatory data retention that was signed by 49 attorneys general. The letter said: "It is clear that something must be done to ensure that ISPs retain data for a reasonable period of time."

Myriad suggestions

Sen. John McCain, who presided over the afternoon hearing, scolded Internet companies who "were invited to participate and chose not to." He said he would talk to Sen. Ted Stevens, chairman of the Senate Commerce Committee, about scheduling an additional hearing during which the companies would be grilled.

Montana Sen. Conrad Burns, a Republican, used the hearing to tout a proposal, now tacked onto a mammoth communications bill and awaiting a vote, that would require all sexually explicit Web content to be labeled as such and home pages of all sites to be free of such content.

That measure, he said, "will help children from unwittingly stumbling across these words and images online."

Ernie Allen, president of the National Center for Missing and Exploited Children, echoed Gonzales' calls for ISPs to hang onto customer records. "Some companies have policies on retention, but they vary widely, are not implemented consistently, and frankly, most are too short to have meaningful prosecutorial value," he said.

Data retention legislation could follow one of two approaches, and it's not clear which is more likely.

One form could require Internet providers and perhaps social-networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

During a series of meetings that Justice Department officials have held with private companies--first reported by CNET News.com--officials have been ambiguous about how they want legislation worded, private-sector participants say. Companies involved have included AOL, Comcast, Google, Microsoft, Verizon Communications and trade associations.

Suggestions for congressional action at Tuesday afternoon's hearing didn't stop at data retention by private companies.

Sheriff Michael Brown, who heads an Internet Crimes Against Children task force in Bedford County, Va., called on Congress to ensure that any state, federal, local or educational institution that receives federal funding also conduct "appropriate transactional logging to allow the location of individuals that use that access in the exploitation of children." He said in his testimony (click for PDF) that the government could not, "in good conscience," make such demands of the private sector if it didn't also do the same.

That concept--restrictions slapped on using federal funds--echoes a 2000 federal law called the Children's Internet Protection Act. CIPA effectively forced schools and libraries to filter sexually explicit Web sites by tying that requirement to the receipt of federal funds, an approach the U.S. Supreme Court upheld as constitutional in 2003.

The concept of more federal laws was popular at Tuesday's pair of hearings. Sharon Cooper, an adjunct professor of pediatrics at the University of North Carolina, urged politicians to require that all public-school health classes, from elementary to high school, teach "child sexual abuse prevention strategies as well as online and communication technology safety strategies."

And Sen. Robert Bennett, a Utah Republican, suggested that the Justice Department create a successor to the widely criticized Meese Commission, a 1986 federal panel that claimed to document the harmful effects of pornography. "Isn't it time we

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revisited the creation of an attorney's general commission and update, if you will, the kind of things the Meese Commission prophesied would happen?" Bennett asked.

On Thursday, the U.S. House of Representatives will have its own hearing on the Internet and child pornography.

'Preservation' vs. 'retention'

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention, or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time.

An IP address is a unique 4-byte address used to communicate with a device on a computer network that relies on the Internet Protocol. An IP address associated with CNET.com, for instance, is 216.239.113.101. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls, or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Gonzales Calls For Law To Require Internet Companies To Preserve Customer Data (AP)

By Hope Yen, The Associated Press

AP, September 20, 2006

WASHINGTON — Attorney General Alberto Gonzales said Tuesday that Congress should require Internet service providers to preserve customer records, asserting that prosecutors need them to fight child pornography.

Testifying to a Senate panel, Gonzales acknowledged the concerns of some company executives who say legislation might be overly intrusive and encroach on customers' privacy rights. But he said the growing threat of child pornography over the Internet was too great.

"This is a problem that requires federal legislation," Gonzales told the Senate Banking Committee. "We need information. Information helps us makes cases."

He called the government's lack of access to customer data the biggest obstacle to deterring child porn.

"We have to find a way for Internet service providers to retain information for a period of time so we can go back with a legal process to get them," he said.

Gonzales and FBI Director Robert Mueller have met with several Internet service providers, including Time Warner Inc.'s AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc.

The law enforcement officials have indicated to the companies they must retain customer records, possibly for two years. The companies have discussed strengthening their retention periods — which currently run the gamut from a few days to about a year — to help avoid legislation.

At Tuesday's hearing, Gonzales said he agreed with the sentiment of 49 state attorneys general who in a June letter to Congress expressed support for a federal law that would require longer retention of customer records.

"We respect civil liberties but we have to harmonize this so we can get more information," he said.

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The subject has prompted some alarm among Internet service provider executives and civil liberties groups after the Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records.

Justice Department officials have said that any proposal would not call for the content of communications to be preserved and would keep the information in the companies' hands. The data could be obtained by the government through a subpoena or other lawful process.

Task Force Recommends Steps To Curb Identity Theft (USAT)

USA Today, September 20, 2006

The federal government should limit the use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday. The Identity Theft Task Force, created in May, wants greater penalties against such thieves and creation of a "universal police report" to help police and victims track complaints. It also said Congress should amend criminal laws so victims could be compensated for time lost disputing fraudulent accounts with creditors or correcting credit reports.

The nine-digit numbers are meant to be used for Social Security benefits and taxpayer identification purposes but are often required to verify credit information or make business transactions.

The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported such incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered.

Gonzales: Web-use dataneeded to fight child porn

Congress should require Internet service providers to preserve customer records, asserting that prosecutors need them to fight child pornography, Attorney General Alberto Gonzales said. He and FBI Director Robert Mueller want providers to retain customer records for up to two years. The companies have discussed lengthening their retention periods, which now range from a few days to about a year, to avoid legislation.

Gonzales testified to a Senate panel that law enforcement's needs trump concerns that legislation might be overly intrusive and encroach on customers' privacy rights. The lack of access to customer data is the biggest obstacle to deterring child porn, he said.

"This is a problem that requires federal legislation," Gonzales told the Senate Banking Committee. "We need information. Information helps us make cases. … We respect civil liberties, but we have to harmonize this so we can get more information."

Bush plans meeting with Afghan, Pakistani leaders

Faced with the worst violence in Afghanistan since U.S.-led forces toppled the Taliban in 2001, President Bush plans to host a White House meeting with Afghan President Hamid Karzai and Pakistani President Pervez Musharraf. "The meeting will provide the three leaders an opportunity to discuss further cooperation," White House spokesman Tony Snow said.

The joint meeting Sept. 27 will follow separate visits the president has planned with Musharraf on Friday and with Karzai next Tuesday.

Karzai has accused Pakistan of allowing Taliban and al-Qaeda insurgents to launch attacks into Afghanistan from bases in Pakistan. Pakistan insists that it is doing all it can to root out militants.

One issue that remains unsettled is the effects of a peace deal reached Sept. 5 between Musharraf's government and militants in North Waziristan, a tribal region bordering Afghanistan. Musharraf says the deal bans terrorist camps and foreign fighters in the area, which is ruled by warlords. Karzai says Afghanistan is waiting to see whether cross-border raids stop.

Credit Cards Key To Fighting Online Child Porn (ABC)

By Jason Ryan

ABC News, September 20, 2006

Sept. 19, 2006 — If you cut the money flow, can you end online child porn and its ability to evade criminal prosecution?

That is exactly what the Senate is considering this week.

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Attorney General Alberto Gonzales and Ernie Allen, the head of the National Center for Missing and Exploited Children (NCMEC), said today that they hoped to eliminate child pornography from commercial Web sites entirely by 2008.

Their plan: Close down the financial networks that peddle images showing children and even infants being sexually abused.

Appearing before the Senate Banking Committee, Gonzales said, "These are shocking images that cry out for the strongest law enforcement response possible. … This is an important fight for the future of our country."

Since the late 1990s, the scourge of child pornography has spread internationally as pedophiles have found individuals with the same thinking around the world in just a few keystrokes on the Internet.

Online child porn is now a billion-dollar-a-year underground industry, and one of the fastest-growing businesses on the Internet.

"While the Internet is undoubtedly one of the greatest inventions of our generations, it has also greatly facilitated the exploitation of children," Gonzales said.

Describing the scope of child pornography, Gonzales cited a recent study by the University of New Hampshire and the NCMEC.

The study found that a third of kids ages 10 to 17 who used the Internet were exposed to unwanted sexual material. Gonzales said much of this material was "extremely graphic."

The nation's chief law enforcement office detailed for senators the disturbing nature of the material that Justice Department investigators had come across in cases they had brought for prosecution.

"I have seen a young toddler tied up with towels, desperately crying in pain, while she is brutally raped and sodomized by an adult man," he said.

Gonzales said some pedophiles were now engaged in competitions to create the most disturbing images and movies, and share them with other pedophiles.

The NCMEC has found in recent years that the victims are becoming younger.

According to NCMEC data, images recovered from pedophiles show that of the images they had, 19 percent of the offenders had images of children younger than 3 years old, 39 percent had images of children under 6 years old, and 83 percent had images of children younger than 12 years old.

Task Force Tackles ID Theft (AP)

By Hope Yen, The Associated Press

AP, September 20, 2006

WASHINGTON (AP) — Federal agencies should restrict their use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday.

The Identity Theft Task Force, which was created in May, also urges greater penalties against identity thieves and creation of a "universal police report" to help police and victims track complaints.

"When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals," Attorney General Alberto Gonzales said at a briefing announcing the proposals.

The recommendations, Gonzales said, are a first step to creating practical solutions.

Under the plan, the task force urges the government to review the uses of Social Security numbers as employee identification and determine ways in which it can conceal or eliminate their use in agency systems and paper and electronic forms.

It calls on Congress to amend criminal laws so that identity-theft victims can recover for their hours lost disputing fraudulent accounts with creditors or correcting credit reports.

The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered.

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ID Theft Task Force Makes Small Step In The Right Direction (INFOWEEK)

By Thomas Claburn, InformationWeek

InformationWeek, September 20, 2006

ID theft victims should be allowed to sue defendants -- one of seven recommendations issued by the federal Identity Theft Task Force.

Victims of identity theft should be allowed to seek restitution from defendants for time spent undoing damage from the offense, according to interim recommendations issued Tuesday by a federal task force on ID theft.

"As with any crime, victims of identity theft suffer feelings of violation and stress, but in these cases, victims have the added burden of cleaning up the mess that the identity thieves leave behind," said Attorney General Alberto Gonzales in a statement. "The President created the Identity Theft Task Force to oversee the implementation of real and practical solutions at the federal level to defeat this ongoing intrusion into the lives of law-abiding Americans. Today's recommendations move that process forward."

The Task Force issued seven recommendations These include 1) directing the Office of Management and Budget to issue guidance to federal agencies on how to handle data breaches; 2) strengthening data security in the government; 3) accelerating and broadening the review of where social security numbers are used by agencies; 4) establishing a new "routine use" by which agencies would be allowed to share information otherwise restricted by the Privacy Act to facilitate responding to a data breach; 5) holding workshops for academics and businesses to develop better methods to authenticate identities; 6) amending criminal statutes to allow identity theft victims to seek restitution from defendants for time spent undoing damage from the offense; and 7) developing a universal police report to make it easier to report identity theft and enter it into existing systems.

The Task Force was established by order of the President on May 10, 2006 to curb identity theft and now includes 17 federal agencies and departments. Among them, the FBI, the U.S. Secret Service, the U.S. Postal Inspection Service, and the Social Security Administration Office of the Inspector General investigate identity theft.

Not surprisingly, those agencies have been busy. In 2005, the Justice Department charged 226 defendants with aggravated identity theft. In the first half of 2006, the Justice Department charged 432 defendants with the same crime. The FBI says it has 1,587 cases related to identity theft underway, having opened 662 cases in 2005 and 272 in 2006 to date. Postal inspectors opened 1,530 identity theft-related cases and made 2,277 arrests in 2005, and opened 1,012 identity theft-related cases and made 1,294 arrests in the first half of 2006. The SSA OIG Office of Investigations said that it opened 1,566 cases involving the misuse of social security numbers in 2005, and 812 such cases in the first half of 2006.

In recent years, the incidence of identity theft has been on the decline, though the resulting financial loss has risen. A Javelin Strategy and Research report released in January found that the number of US adult victims of identity fraud decreased from 10.1 million in 2003 to 9.3 million in 2005, and projects a further decline to 8.9 million in 2006. At the same time, the total one year fraud amount rose from $53.2 billion in 2003 to $54.4 billion in 2005. The Javelin report projects a fraud loss from identity theft of $56.6 billion in 2006.

The situation is one of fewer victims being taken for greater amounts of money. However, most identity theft victims (68%) incur no costs, according to the Javelin report. The average cost incurred by victims is projected to decline to $422 in 2006.

Among the cases where the source of the data breach is known, 63% of identity theft incidents involved information under the victim's control, according to the report, a statistic arguing for consumer education and greater paranoia. These incidents can be divided into four major categories: 30% involved lost or stolen items, such as wallets or credit cards; 15% involved trusted associates; 9% involved stolen mail or garbage; and 9% involved home computer compromises.

Businesses were the source of information breaches in 30% of cases. Of these, data breaches accounted for 6% of the overall total, fraudulent transaction processing accounted for 7%, and employee wrongdoing accounted for 15%.

Jay Foley, executive director of the non-profit Identity Theft Resource Center, says the government is moving in the right direction and deserves credit for trying, but takes issue with some of the recommendations and would like to see more done. For example, he's skeptical that the Task Force's recommendation to consider extending free credit monitoring to victims will do much good.

"At no time do I believe that free credit monitoring should be offered in a breach situation," Foley says. "It's nonsensical. It's an unnecessary cost and expense. Credit monitoring is up to 70% accurate. It's not effective enough to be viable."

Foley says he'd also like to see more attention paid to policies and procedures for information redaction, since information that shouldn't be published by government agencies continues to be posted online and elsewhere.

As to whether identity theft is getting worse or better, Foley says it's not increasing so much as shifting from credit card fraud to check and debit card fraud. "The credit card companies invested in good analytic software to stop this," he explains. "The banking industry doesn't have the ability to put that software into place."

Evan Hendricks, editor and publisher of Privacy Times, a subscription newsletter that has been going since 1981, likewise sees merit in the recommendations. "You want to welcome positive steps even if they're baby steps," he says.

Hendricks believes more resources need to be allocated to state and local agencies to support identity theft investigation specialists. He would also like to see more resources for postal inspectors, whom he credits with catching more identity thieves than anyone else.

Hendricks hopes the recommendations will encourage businesses will evaluate their data handling practices too. "The old legacy practices of the financial services industry really facilitate id theft, such as the focus on social security numbers," he says.

Absent from the recommendations is any specific consideration of the role the Internet plays in identity theft. Social security numbers, for example, can easily be found using any of the major search engines. But the Task Force was charged with developing a government response to identity theft rather than solving the problem entirely. A comprehensive solution will require action on the part of the government, businesses, and individuals. And that may take a while.

"It's hard to imagine it getting much better," says Hendricks. "There are a lot of incentives to turn to ID theft because it's a low-risk, high-payoff crime."

ID Theft Task Force Recommends National Police Report (INFOWRLD)

By Grant Gross, IDG News Service

InfoWorld, September 20, 2006

Reports would be online, and those convicted of ID theft crimes would pay victims for the time used to clear up problems

An identity theft task force created by U.S. President George Bush has recommended nationally accepted police reports that victims could fill out online, and a change in U.S. law that would require those convicted of such crimes to pay victims for the time used to clear up identity problems.

The President's Identity Theft Task Force, which met Tuesday, also recommended that U.S. agencies examine whether their use of Social Security numbers is necessary and called on an interagency working group on ID theft to develop best practices for data security in government.

The U.S. government needs to lead by example in protecting consumers from ID theft, Deborah Platt Majoras, chairwoman of the U.S. Federal Trade Commission (FTC), said.

"Identity theft truly is a direct assault on our citizens and attacks the very foundation of the information economy," Majoras said in a joint press conference with U.S. Attorney General Alberto Gonzales.

The task force's recommendations are an interim list, with a full plan of how to attack ID theft to be released in November. But the recommendations released Tuesday are steps U.S. agencies and other groups can take immediately, Gonzales said.

About 4 percent of U.S. residents are ID theft victims every year, Gonzales said. Bush established the task force because of "the prevalence of this crime, combined with the lingering burdens and effects on victims," Gonzales said.

"When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals, including identity thieves," he added. "As with any crime, victims suffer feelings of violation and stress, but in these cases, victims have the added burden of essentially cleaning up the mess that the identity thieves leave behind."

Among the task force's recommendations:

-- The U.S. Congress should change laws to require that defendants convicted of ID theft pay victims for the time they spent clearing up the mess.

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-- The U.S. should adopt a universal police report that ID theft victims can fill out online, print out and take to their local police station.

-- The U.S. Office of Personnel Management should speed up its review of the use of Social Security numbers by federal agencies.

-- U.S. agencies should work with experts to find other ways of authenticating people's identities, such as biometrics.

-- U.S. agencies should develop better plans to disclose data breaches to potential victims. In May, the U.S. Department of Veterans Affairs (VA) had a laptop and hard drive stolen from an analyst's home, and the agency took about two weeks to report the theft to the public. Majoras and Gonzales didn't talk about the VA case, but members of Congress have called for the VA to do a better job of notifying potential victims.

FBI: New York Had Lowest Crime Rate Among Big Cities In 2005 (SLOT)

San Luis Obispo Tribune, September 20, 2006

NEW YORK - New York was the safest of the nation's 10 largest cities in 2005, with about one crime reported for every 37 residents, according to an Associated Press analysis of FBI statistics.

The annual report "shows that our innovative efforts to reduce crime and increase New Yorkers' quality of life are working," Mayor Michael Bloomberg said in a statement Monday after the agency released the figures.

The large city with the highest crime rate was Dallas, with about one crime reported for every 12 people. Los Angeles, the nation's second largest city, ranked third safest, with about one crime for every 26 people.

San Jose took the No. 2 spot, while San Diego ranked fourth. Chicago, Philadelphia, Houston, San Antonio and then Phoenix followed.

The AP's calculation ranked cities by the total number of crimes reported per resident and did not distinguish between violent crimes and property crimes.

The FBI said in its report that it makes a point not to rank cities, saying "they provide no insight into the many variables that mold the crime in a particular town, city, county, state, or region."

The number of reported crimes in New York fell 4.3 percent last year, while the number nationwide dropped 1.2 percent. Police statistics show crime in the city has continued to fall this year, down 5.04 percent by Sept. 10 compared with the same period in 2005.

The national figures showed that violent crime rose 2.3 percent last year, the first increase since 2001. But in New York City, violent crimes - which include rape, murder, robbery and aggravated assault - fell 1.9 percent.

San Jose officials argue theirs is the safest large city in the nation. They use an analysis that takes into account the severity of the reported crimes.

SAN JOSE CONTESTS NYC'S CLAIM TO 'SAFEST BIG CITY' MONIKER (BCN)

Bay City News Wires, September 20, 2006

SAN JOSE (BCN) -- New York City is proclaiming itself the "Safest Big City in America" based on new FBI statistics released this week but a spokesman for San Jose Mayor Ron Gonzales today disputed the Big Apple's claim.

Gonzales has laid claim to San Jose being the "Safest Big City in America" throughout his mayoralty, repeating the phrase so often at public appearances that it has become his unofficial mantra. His spokesman David Vossbrink said San Jose's claim might still be accurate.

"We've always based our claim on (an independent) analysis of the FBI stats that comes out each year around Thanksgiving," Vossbrink said.

New York City's analysis of the FBI's 2005 Crime in the United States annual report does not take into account how some crimes, especially violent crimes, may have more impact on a community's feeling of safety than other crimes.

New York City's analysis found that the city had the lowest total number of crimes per 100,000 people at 2,675.5. San Jose was second lowest with 2,901.8, according to a statement issued by New York City Mayor Michael Bloomberg.

"What New York has done ... doesn't have any reflection on the severity of the crimes committed," Vossbrink said.

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As examples, Vossbrink cited his calculations that San Jose's murder rate per 1,000 residents was 0.0285, whereas New York City's was 0.0664, and that San Jose's violent crimes rate per 1,000 residents was 3.8351, whereas New York City's was 6.7305.

Los Angeles had the third lowest rate among the top ten big cities in the U.S. followed in order by San Diego, Philadelphia, Las Vegas, Houston, San Antonio, Phoenix and Dallas, according to New York City's analysis.

The FBI does not rank cities by crime rate in its annual report.

Whether San Jose is first or second really does not matter, according to Vossbrink. The argument over which city is the safest in America is as futile as the annual argument over whether Harvard, Princeton, Stanford or Yale is the top university in the nation, he said.

"They're all great schools," Vossbrink said.

"San Jose remains, by anyone's calculation, a tremendously safe city," Vossbrink said.

The FBI annual report is available online at http://www.fbi.gov.

Violent Crime Up In The City (PHI)

By Barbara Boyer And Peter Mucha

The Philadelphia Inquirer, September 20, 2006

When it comes to violent crime among America's largest cities, Philadelphia is the worst, the FBI reported this week.

However, when overall crime, which includes nonviolent offenses such as burglary and theft, is considered, the city drops to No. 5, while Dallas tops the list.

On Monday, the FBI released 2005 crime statistics showing that from 2004 to 2005, the violent-crime rate in the United States increased 1.3 percent, while property-crime rates decreased 2.4 percent.

In Philadelphia, last year violent crime was up 3.4 percent, including a 15 percent increase in homicides. Other violent crimes include forcible rapes, robberies and aggravated assaults.

This year, homicides are up slightly. The number of shooting victims is up about 13 percent, while overall violent crime is up about 4 percent. Overall crime, which includes property offenses, is up 2 percent, according to statistics recently released by the Police Department.

At least one local crime expert and several law enforcement officials - reviewing national numbers yesterday - said violence in Philadelphia is not as bad as it appears based on the FBI numbers, which they say can be deceiving.

Lawrence W. Sherman, a criminologist at the University of Pennsylvania's Jerry Lee Center, said that rankings among the city's 10 largest cities make Philadelphia look bad, but that there are far more dangerous cities.

"They're sticking out like a sore thumb because some of the larger cities have become some of the safer cities," Sherman said.

If Philadelphia, with a population of 1.47 million, is compared with cities closer to 100,000 in population, not just those with about one million or more, the city is nearer to the middle of the list in violent crime, Sherman said.

Detroit, for example, has a population of 900,000 and doesn't make the list of the top 10 largest cities, but would replace Philadelphia as the worst of the worst if the list were expanded to the 12 largest cities.

Detroit has 2,358 violent crimes per 100,000 residents, compared with Philadelphia's 1,467 per 100,000 residents.

New York, which has a population of 8.1 million, and which has seen a slight increase in homicides this year, had 673 violent crimes per 100,000 residents in 2005.

Camden, with a population of 80,125, has 1,680 violent crimes per 1,000 residents, making it among the most dangerous cities in the country.

Among the larger cities, Sherman said, Philadelphia has a high crime rate for various reasons. "We have the poorest population," he said.

In addition, he said, the commissioner in Philadelphia does not have the same freedom to deploy police and make top appointments as do law enforcement officials in other cities, such as New York and Los Angeles.

Influence by the mayor and City Council and restrictions in labor contracts limit Philadelphia's commissioner, he said.

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In the list of safest cities for overall crime among the 10 largest in the nation, New York was at the top - the safest. For most violent crime, it is No. 6 on the list of the safest, while San Jose, Calif., is No. 1.

Philadelphia Deputy Commissioner Richard Ross said it was important to look closely at overall crime and not just violent crime. Philadelphia, he said, aggressively classifies crimes that other cities may not classify as violent.

"Overall, crime is down over the past five years," Ross said, adding that Philadelphia had been hit hard in recent years by the number of guns on the street, which are responsible for 85 percent of the city's homicides.

"You can't ignore the proliferation of handguns in this city and the proliferation in comparison to some of the other cities that are larger than Philadelphia," Ross said.

In 2004, Philadelphia had nearly the same number of confiscations of illegal firearms as New York did, even though New York has a population more than five times the size of Philadelphia's.

Burns Not Target, Staffer Tells Public (BILLGAZ)

By JENNIFER McKEE, Gazette State Bureau

Billings (MT) Gazette, September 20, 2006

HELENA - Erik Iverson, manager for Republican Sen. Conrad Burns' tough re-election campaign, said late Tuesday the senator is not the target of a federal corruption investigation centered on disgraced lobbyist Jack Abramoff.

Iverson said Burns' personal criminal defense attorney, Ralph Caccia, spoke with Justice Department employees Tuesday afternoon. The employees said Burns is not the target of the investigation.

Iverson was responding to statements made by Montana Democratic Party Executive Director Jim Farrell to television reporters regarding Burns' involvement in the scandal. "The comments made yesterday by Jim Farrell are patently false and without merit," Iverson said.

Iverson said Caccia himself would not speak to reporters. He also said he didn't know if any former Burns staff members may be part of the investigation.

Farrell said the campaign should make Caccia available for questions. He also released a long list of news articles that have reported that Burns is part of the investigation.

"We need to hear directly from Senator Burns' criminal defense attorney himself, who must positively confirm to the media and to the people of Montana that he spoke with representatives of the U.S. Depart-ment Justice on this matter," Farrell said.

The Justice Department has steadfastly refused to comment on the ongoing investigation.

Several national publications, most recently Time magazine last week, have reported that Burns is among of handful of lawmakers under scrutiny for their dealings with Abramoff.

Burns received $150,000 from Abramoff, his clients and associates - more than any other lawmaker. Burns returned the money after the scandal broke.

Two Burns staffers attended the 2001 Super Bowl at Abramoff's invitation and expense. One of those, former chief of staff Will Brooke, later quit to take a job with Abramoff's firm.

Burns also pushed for some Abramoff priorities, including money for a school for the Saginaw Chippewa tribe of Michigan. Federal officials said the tribe was not eligible for federal money for the school.

Former Mayor, Raceway Park Manager Indicted (SSR)

By Bill Morlin, Staff writer

Spokane Spokesman-Review, September 20, 2006

The former mayor of Airway Heights and the former operator of Spokane Raceway Park both are named in a federal grand jury indictment accusing them of multiple counts of public corruption.

The charges against Dale R. Perry stem from his financial involvement with Orville Moe, the embattled former operator of Spokane Raceway Park, a 600-acre drag-racing and oval track complex in Airway Heights, west of Spokane.

An FBI investigation was opened in January 2005 after The Spokesman-Review obtained public documents in late 2004 showing Moe was the source of a $109,000 loan to the Airway Heights mayor.

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The investigation by agents of the FBI and the Washington State Gambling Commission culminated with the four-count indictment returned Tuesday by a federal grand jury in Spokane.

The indictment alleges Moe loaned the mayor money with the expectation that Perry would cast favorable votes when matters involving Spokane Raceway Park came before the Airway Heights City Council.

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For example, the council enacted an entertainment and admissions tax on Nov. 23, 2003, but repealed it on March 4, 2004. The tax applied to tickets sold to all events at Spokane Raceway Park, which is inside the city limits of Airway Heights.

"Public corruption destroys our collective confidence in those officials whom we entrust to govern our affairs and erodes the very fabric of our democracy,'' U.S. Attorney James A. McDevitt said shortly after the indictment was returned Tuesday afternoon.

Public corruption, the U.S. attorney said, "cannot and will not be tolerated at any level of government. It is for that reason that public corruption has been and will continue to be a primary focus of this office."

Such public corruption cases in the Northwest are rare.

"It's fair to say we see very little of this, and we bring very few cases under this statute,'' McDevitt said.

The indictments allege Perry "corruptly solicited" money from Moe after earlier similar unsuccessful attempts to secretly get money from Paul Sandifur, the president of Metropolitan Mortgage and Summit Properties, and Northern Quest Casino officials Tom Lien and Marianne Guenther.

That alleged conduct is the basis for the solicitation of a bribe charges against Perry.

The indictment alleges that in September 2002, Perry "corruptly solicited" a $15,000 loan from Sandifur whose company owned undeveloped land in Airway Heights that was being considered for the development of an Airway Heights municipal building by the Airway Heights City Council.

In that same month in 2002, the indictment alleges Perry "knowingly and corruptly solicited" a loan from the Northern Quest casino officials in exchange for the mayor's support of the establishment of the Indian casino on former Spokane Raceway Park land in Airway Heights.

Neither Sandifur nor the Northern Quest officials loaned Perry money, and they aren't named as defendants in the criminal indictment, said Senior Assistant U.S. Attorney Thomas O. Rice.

Perry, who stepped down as Airway Heights mayor last Dec. 31, is charged with two counts of soliciting a bribe and two additional counts of bribery.

Moe is charged with two counts of bribery under federal anti-public corruption statutes.

If convicted, each count carries a maximum of 10 years in prison and a $250,000 fine.

Both men are expected to surrender and not be immediately arrested by FBI agents.

Moe reacted with surprise when told Tuesday afternoon that he'd been indicted.

"I have?'' he said, when reached at his modest home in North Spokane.

"I'm not guilty, just like the other stuff I'm accused of," the crusty 69-year-old businessman told The Spokesman-Review. "It's some more lies and stories, but we'll get it all sorted out."

Perry, who is employed by the state of Washington, had no comment but is known to have previously admitted his involvement in the public corruption bribery case.

"Right now, on the advice of my attorney, I can make no comment,'' Perry said when reached at his home whose mortgage is held by Moe.

Dates for their separate arraignments are expected to be set Wednesday by U.S. Magistrate Judge Cynthia Imbrogno.

After failing to get money from Sandifur and the Northern Quest officials, Perry approached Moe, the indictment alleges. It says Moe "corruptly loaned" Perry $18,000 in October 2002 and again loaned him $109,000 in October 2004.

The loan was secured with the deed of trust to the Perrys' home at 762 S. King Street in Airway Heights.

FBI agents searched the home on April 27, 2005, seizing computers and business records.

The federal criminal charges against Moe come during a lull in a lengthy civil battle in state court, brought by 500 limited partners who allege he cheated them out of $2 million in stock they bought in the early 1970s.

In the latest development in that case, Moe filed a bankruptcy petition for Spokane Raceway Park on Aug. 17, temporarily freezing the action in Superior Court.

As part of their suit, a court-appointed receiver, Spokane attorney Barry Davidson, was named on July 1, 2005, by Superior Court Judge Robert Austin to take over all financial and day-to-day operations at Spokane Raceway Park, which remained open this season.

But Moe has refused to cooperate with Davidson and, public records allege, continues to defy orders from Superior Court Judge Robert Austin.

On June 1, Austin fired Moe as general manager of the racing complex and ordered him banned from the facility.

This summer, Moe fired his original attorney, Carl Oreskovich, and lists his $140,000 bill among the top 10 creditors on the Spokane Raceway Park bankruptcy petition.

Former Airway Heights Mayor, Car Track Operator Indicted (AP)

AP, September 20, 2006

SPOKANE, Wash. -- Former Airway Heights Mayor Dale Perry was indicted Tuesday, accused of soliciting and accepting bribes.

First Assistant U.S. Attorney Tom Rice said Perry, a former Airway Heights councilman and mayor, was named in indictments issued by a U.S. District Court grand jury.

Former Spokane Raceway Park General Manager Orville Moe was indicted on two counts of bribery of a public official.

Perry's term of office expired in 2005.

Perry, 53, declined to comment and referred a reporter to lawyer Amy Rubin of the federal defender's office in Spokane. She was not in her office late Tuesday.

The indictment alleges Moe, 69, of Spokane, loaned Perry $18,000 in October 2002 and another $109,000 in October 2004.

The government alleges the loans were actually bribes in return for Perry's refraining from voting on an admissions tax on Spokane Raceway Park, an auto racing complex, and his later vote to repeal the tax enacted in November 2003, Rice said.

The drag strip and oval racetrack complex is within the city limits of Airway Heights.

Two counts of the indictment allege that Perry "corruptly" solicited loans from former Metropolitan Mortgage executive Paul Sandifur and the Northern Quest Casino in September 2002. However, neither Sandifur nor the casino, operated by the Kalispel Tribe of Indians, loaned Perry money, Rice said.

Two other counts charge Perry with accepting bribes from Moe.

A message left at Moe's Spokane home was not immediately returned Tuesday.

Agents with the FBI and the state Gambling Commission raided Perry's home and office in April 2005.

Conviction on each of the bribery charges carries a maximum penalty of 10 years imprisonment and a $250,000 fine.

Neither man has been arrested. Rice said each would receive a summons for arraignment in federal court.

Psychologist Says Rodriguez Was Frightened About Leaving Prison (AP)

By Dave Kolpack, Associated Press Writer

AP, September 20, 2006

FARGO, N.D. (AP) - A Minnesota prison psychologist says Alfonso Rodriguez Jr. asked to see her in January 2003, while he was serving time for assaults on women, and told her he was frightened about being released.

Rita St. George, a psychologist at the medium security prison in Moose Lake, Minn., also testified Monday that she was worried Rodriguez might commit more crimes after his release. A follow-up interview with him in February eased some of those fears, she said, but she wished she had raised more questions with her superiors about Rodriguez's release.

In January 2003, she said, Rodriguez told her he was "very frightened." A month later, she said, he was doing better and "he had no thoughts of hurting himself or others."

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St. George was among the last witnesses to be called by attorneys for Rodriguez, 53, of Crookston, Minn., as his trial enters its final stage. Jurors may begin deliberating later this week over whether he should be sentenced to death or life in prison for the killing of University of North Dakota student Dru Sjodin.

The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez to be sentenced to death. He was convicted late last month of kidnapping resulting in Sjodin's death.

On the witness stand, St. George argued with Rodriguez's attorney, Richard Ney, over the wording of her statements in an earlier deposition, and at one point told Ney he had been confrontational and degrading.

Assistant U.S. Attorney Norm Anderson asked St. George whether, in her follow-up interview with Rodriguez on Feb. 12, 2003, Rodriguez had said he wanted to remain in prison. She said he did not, that he was worried instead about where he would live, and that he seemed logical and coherent.

Rodriguez's 12-year-old niece and 13-year-old nephew testified Monday that they liked spending time with their uncle after he was released from prison in May 2003, and had visited him in jail. Three people who work at the Cass County Jail described Rodriguez as a model prisoner who had no disciplinary problems. Rodriguez has been held at the jail for the last two years.

Sister Yvonne Nelson of Fargo said she has visited Rodriguez about 100 times in the Cass County Jail. She said he was "reticent" in discussing spiritual issues when she first met him, but he "seemed more comfortable as time went on."

After the defense witnesses are finished, prosecutors will be allowed to offer rebuttal testimony before jurors begin deliberating.

"I think this part is much harder to predict than when he was found guilty," said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez case. "In North Dakota, jurors are not used to dealing with death penalty cases."

North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty.

"I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen," Gonzales said.

Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an "especially heinous, cruel and depraved manner."

Sjodin disappeared from a Grand Forks mall parking lot in November 2003. Her body was found in a ravine near Crookston the following April. Authorities said she had been beaten, raped and stabbed.

Defense attorneys say several factors favor a sentence of life in prison for Rodriguez. They say he was sexually abused as a child and may have suffered brain damage from farm chemicals, leading to psychological and behavioral problems.

Rodriguez's mother and two of his sisters testified last week about their struggles as a poor migrant farm family, living in a house with no electricity or running water. They said children teased Rodriguez about his race and physical appearance.

"It's not so easy to put aside that kind of heartfelt feeling of a mother and his background," Daly said Sunday. "I think it will have some effect on the jurors ... and you only need to affect one juror."

Prosecutors say another factor favoring the death penalty is that jurors found Rodriguez caused serious injury in three earlier assaults on women.

The government also believes that testimony by friends and family of Sjodin in the last phase of the trial points to a death sentence.

Daly said he expects the case to be appealed, whether Rodriguez receives the death penalty or life in prison. Death penalty appeals would be more prolonged, Daly said.

"It's possible her parents will never see him executed," he said.

Mob Figure Is Investigated In Plot To Kill Judge In Case (NYT)

By William K. Rashbaum

The New York Times, September 20, 2006

DOJ_NMG_0065874

Vincent Basciano, a fastidious and mercurial mob figure who could face the death penalty at his federal trial on charges that include conspiring to kill a prosecutor, is now under investigation for plotting to kill the judge who is to preside over his case, according to court papers made public yesterday.

The investigation, by the F.B.I. and federal prosecutors in Brooklyn and Manhattan, centers on a list that Mr. Basciano wrote in jail that names the judge, Nicholas G. Garaufis, of United States District Court in Brooklyn and four other people who prosecutors say he sought to have killed, the court papers and several people with knowledge of the inquiry said.

Besides Judge Garaufis, the people named on the list include three Mafia turncoats who testified against Mr. Basciano at another trial this year and the prosecutor he is accused of plotting to kill, according to an Aug. 28 letter that prosecutors wrote to defense lawyers. The letter was initially sealed, but was publicly filed yesterday after a reporter made inquiries about the case.

While an F.B.I. handwriting analysis concluded that Mr. Basciano wrote the list, and he has acknowledged doing so, he denies that he was plotting to kill anyone on the list, according to those with knowledge of the inquiry.

Instead, he maintains that he compiled the names as part of a plan to use Santeria, a religion in the Caribbean region, to lift the evil spells that he contends were placed on him by the judge, the turncoats and the prosecutor — far from a conventional tactic by traditional Mafia standards, the people said. They all spoke on the condition of anonymity because the investigation is continuing.

Mr. Basciano, 46, a dapper man who is sometimes called Vinny Gorgeous and served briefly as the acting boss of the Bonanno organized-crime family, was convicted of racketeering conspiracy at the trial that ended in May, but the jury deadlocked on murder charges. In July, while at the Metropolitan Correctional Center in Manhattan, he gave the list to an inmate, several of the people said.

At the time, the inmate — unbeknownst to Mr. Basciano — was working out a deal with prosecutors, the people said. He gave the list to prosecutors, according to the letter, leading to the investigation.

Mr. Basciano "indicated to the inmate, in sum and substance," that he was seeking to murder the people on the list, read the letter, written by John Buretta, Winston Y. Chan and Thomas J. Seigel, assistant United States attorneys in Brooklyn. The inmate was not named in the letter.

Mr. Basciano was quickly moved into solitary confinement. For that reason, federal authorities did not believe that the judge or the others were in grave danger, several of the people said. But they said they were treating the matter seriously nonetheless. It is unclear whether additional security precautions have been taken.

The mother of the inmate to whom Mr. Basciano gave the list has some involvement with Santeria, several of the people said, but the details are unclear.

Mr. Basciano's lead lawyer, James Kousouros, would not comment on the investigation, noting that at a hearing on the matter on Aug. 28, a portion of which was closed to the public at Mr. Kousouros's request, Judge Garaufis ordered both sides not to discuss it. Mr. Kousouros also complained that the letter was made public without notice to the defense.

"The defense intends to prove that there was absolutely no nefarious motive behind anything the government has published," he said, referring to the list.

Another of Mr. Basciano's lawyers, Ephraim Savitt, said it was irresponsible for the government to make the letter public before the investigation had been completed and they could determine whether the accusations were true.

The accusation that Mr. Basciano was conspiring to kill a federal judge was stunning not only because of its nature — and his explanation for the list — but also because killing judges has long been taboo among Mafia members in the United States.

If the allegations are true, Mr. Basciano's apparent bad luck in giving the list to a man who was already cooperating with the authorities would not be unprecedented. It was his own family's boss, Joseph Massino, who the authorities have said told them about what they say was Mr. Basciano's plot to kill the lead prosecutor, Greg Andres, in his first case.

And if Mr. Basciano indeed went outside the mob to find a killer, it would be an acknowledgment of the calamitous impact that a series of prosecutions led by Mr. Andres has had on the Bonanno family in recent years. The cases have led to convictions against about 75 mobsters and mob associates, including Mr. Massino. Judge Garaufis also presided over Mr. Basciano's earlier trial and is to oversee his upcoming trial on a murder and racketeering indictment that includes charges of plotting to kill

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Mr. Andres. Mr. Basciano is awaiting sentencing in that case and could face up to 20 years in prison. He could face the death penalty at his next trial if the United States attorney general, Alberto Gonzales, authorizes prosecutors to seek it.

The three witnesses on the list are Dominick Cicale, a former Bonanno capo who was very close to Mr. Basciano; Louis Tartaglione, a former capo; and Tommy Lee, a lawyer who was accused of carrying messages for Bonanno figures.

Busy Hit List For Mobster (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, September 20, 2006

A Bonanno crime family allegedly plotted from jail to whack a federal judge, a prosecutor and three mob rats, authorities revealed yesterday.

Vincent (Vinny Gorgeous) Basciano, 46, drafted a hit list with the names of the five alleged targets and passed it to another inmate at the Metropolitan Correctional Center in lower Manhattan, according to a letter unsealed by prosecutors yesterday.

Heading the hit parade was Assistant U.S. Attorney Greg Andres, whom Basciano is already charged with plotting to kill. But new to the list were Brooklyn Federal Judge Nicholas Garaufis and mob turncoats Dominick Cicale, Thomas Lee and James (Big Louie) Tartaglione.

The unidentified inmate turned the list over to the government in August, which responded by throwing Basciano into solitary confinement with no visitors.

"Forensic analysis by the FBI laboratory has confirmed that the handwriting on the note is a positive match to Basciano," prosecutor Winston Chan said.

Basciano, who once owned a beauty salon in the Bronx called Hello Gorgeous, was convicted of racketeering last May. The Brooklyn Federal Court jury could not reach a verdict on a murder count against him, and a retrial on the charge is scheduled for early next year.

Adding to Basciano's woes, the feds made public a letter the married gangster wrote to a girlfriend from jail, which was used to confirm his handwriting.

In the letter, he professes his love for the Rockland County woman, and expresses his feelings about the mob life. ("All the things I held sacred ... have been a fraud.") He writes that Cicale's betrayal "broke my heart."

"When are you going to send me a picture of you? You could send me a picture of ya in a G-string you know!" Basciano wrote.

A source familiar with the probe said Basciano is denying that he intended to hurt the people on the list. But prosecutors view the threat seriously.

Defense lawyer Ephraim Savitt declined to comment on the allegations.

FIVE ON MAFIA BIG'S 'HIT LIST' (NYPOST)

By Zach Haberman

The New York Post, September 20, 2006

Things could get real ugly for Vinny Gorgeous.

The Brooklyn U.S. Attorney's Office yesterday released a list of five people it claims acting Bonanno boss Vincent "Vinny Gorgeous" Basciano wanted to have whacked while he was in jail awaiting a racketeering trial last March.

They include the federal judge who presided over the trial, the lead prosecutor and three mob turncoats. At the trial, Basciano was found guilty of trying to kill a man running a rival gambling operation.

Atop the list was Assistant U.S. Attorney Greg Andres. It's the second time Basciano has conspired to kill him, the feds said. The mobster goes on trial next month in the first plot and could face death if convicted.

The mob big hates Andres, who has decimated the crime family through numerous convictions, the feds said.

Basciano routinely shot him death stares during his March trial.

Also on the list was Brooklyn federal Judge Nicholas Garaufis, who glared at Basciano during a hearing last month after he was privately informed of the new plot by the prosecutor.

Basciano, a former Bronx hair-salon owner, was put in solitary while the feds investigated.

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Two of three rats Basciano put on his hit list testified at the trial: one-time protégé Dominick Cicale and lawyer Thomas Lee, who was busted passing jailhouse notes between Basciano and Bonanno ex-godfather Joe Massino.

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Map-stealing Collector Begs For Leniency (AP)

AP, September 20, 2006

NEW HAVEN, Conn. – A renowned dealer who admitted stealing nearly 100 rare antique maps asked for leniency yesterday, saying his extensive cooperation with authorities led to the recovery of most of the maps.

E. Forbes Smiley III, a 50-year-old resident of Martha's Vineyard, faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. He asked for a sentence of up to three years.

Smiley admitted in June that over eight years he stole 97 maps from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard University library and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, territories and discoveries in America, experts say.

"It is our view that he has cooperated honestly, openly and thoroughly," Smiley's attorney, Richard Reeve, wrote. "He made a decision almost immediately to assist in the investigation and attempted throughout to aid the government in whatever way possible and to help retrieve as many of the maps as possible. To reach that goal, he had to admit to conduct that would have never been uncovered."

Smiley, who grew up in Bedford, N.H., and attended the Derryfield School in Manchester, N.H., admitted to taking two more maps only a few weeks ago, Reeve said. The court papers do not provide any details about those maps.

The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries. Some of the maps have not been recovered, while others were damaged, the library noted.

New Haven: Leniency Sought In Theft Of Maps (NYT)

By Alison Leigh Cowan Compiled By John Sullivan

The New York Times, September 20, 2006

Edward Forbes Smiley III, an antiquities dealer who admitted having stolen nearly 100 rare maps from leading libraries and institutions, asked a federal judge yesterday to consider a sentence of 30 to 36 months in prison. Last week, the British Library, one of the victimized institutions, recommended 78 to 97 months, but said that even 10 years, the maximum possible, “could not be deemed to be too severe.” Mr. Smiley’s lawyer, Richard A. Reeve, asked the judge to give his client credit for having cooperated with the authorities once he was arrested. Mr. Reeve argued that the “consequences of the case could be highly beneficial” to the institutions if “the hard lessons” it taught led them to enhance security and update their inventories.

Trial Opens For SBC Employee Tied To Pellicano Investigation (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 20, 2006

A federal prosecutor charged Tuesday that a former SBC employee repeatedly lied to a grand jury about her conversations with a co-worker indicted in the racketeering and wiretapping probe of onetime private eye Anthony Pellicano.

Assistant U.S. Atty. Kevin Lally told a Los Angeles federal jury that Joann Wiggan "brazenly committed perjury by telling lie after lie" about her contact with Ray Turner, another onetime SBC employee accused of aiding Pellicano's alleged criminal enterprise.

Wiggan, 52, who worked for SBC for more than 30 years, is charged with lying to a federal grand jury last October and again in January when she testified that she had had no telephone contact with Turner in years. To the contrary, authorities alleged, phone records showed more than 100 calls from Turner to Wiggan's office voice mail from 1999 through 2002, and other records also reflected calls between their home phones and cellphones.

The alleged contact between Wiggan and Turner is considered significant to authorities because two other former SBC employees have admitted that they improperly provided confidential information about SBC customers to Turner.

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Wiggan's trial is expected to last a week and is the first resulting from the investigation of Pellicano and others by the FBI and U.S. attorney's office.

To date, 14 people have been charged in the case, and half of them have pleaded guilty to charges ranging from lying to authorities to acknowledging that they hired Pellicano to wiretap others. Pellicano, Turner and the remaining defendants have pleaded not guilty in a case that is scheduled for trial next April.

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Polling Company Employee Pleads Guilty To Fraud (NSDY/AP)

Long Island Newsday, September 20, 2006

NEW HAVEN, (AP) _ An employee of a company that conducted campaign polls for President Bush, Sen. Joe Lieberman and other political candidates pleaded guilty Tuesday to making up poll results, according to the U.S. Attorney's office.

Darryl Hylton, 42, of Hamden pleaded guilty before U.S. District Judge Janet C. Hall in Bridgeport to one count of conspiracy to commit wire fraud. The Guilford-based company, DataUSA, is now known as Viewpoint USA.

Hylton admitted that he conspired to falsify survey and polling results to meet deadlines or other requirements that DataUSA otherwise could not meet. He also admitted that he directed other DataUSA employees to falsify results in a variety of ways, including changing demographic information, such as gender, to satisfy client requirements.

Hylton faces up to five years in prison and a fine of up to $250,000 when he is sentenced on Dec. 11.

His plea comes two weeks after Tracy Costin, the company's owner, pleaded guilty to the same charge. As part of her plea agreement, Costin agreed to repay $82,732 to unidentified clients for 11 jobs between June 2002 and May 2004.

According to a federal indictment, Costin told employees to alter poll data, and managers at the company told employees to "talk to cats and dogs" when instructing them to fabricate the surveys.

Prosecutors say in some instances all survey answers were fabricated or surveys were completed after the respondent being interviewed had hung up the phone.

An FBI affidavit from 2004 in support of a search warrant quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said in an interview with The Associated Press earlier this month that investigators were not able to verify the claim related to Bush because that data was not located and analyzed.

The company primarily did internal polls for candidates rather than the type widely quoted in the news media, authorities said.

BetOnSports Tries To Settle Civil And Criminal Charges (BVND)

The Belleville News Democrat, September 20, 2006

ST. LOUIS - Online gambling firm BetOnSports has asked to negotiate a settlement of civil and criminal charges for racketeering and fraud against the company, lawyers on both sides said in court Tuesday.

"What we are interested in doing is resolving this matter," BetOnSports PLC lawyer Jeffrey Demerath told U.S. District Judge Carol Jackson Tuesday. Assistant U.S. Attorney Michael Fagan said he thought the case could be resolved, according to STLtoday.com, the Web site for the St. Louis Post-Dispatch.

Federal prosecutors in St. Louis unveiled a 22-count indictment against BetOnSports in June for allegedly breaking the law by allowing U.S. customers to gamble and place bets over the phone and online.

Former Chief Executive David Carruthers, 48, remains under house arrest in a St. Louis suburban hotel awaiting trial on charges of mail fraud, wire fraud and racketeering. He and several other BetOnSports employees and associates were named in a federal indictment and have all pleaded not guilty.

The company closed its U.S. operations Aug. 10. Its Web site promises to "repay balances due to U.S. customers." Most of the 9.9 million bets placed in 2005 came from U.S. bettors, STLtoday.com reported.

Also on Tuesday, prosecutors won a temporary restraining order that barred the company from accepting bets from U.S. customers. The order also seeks to force the company to give up $4.5 billion and other property and hand over business records, the Post-Dispatch reported.

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The online gambling industry has kept a close eye on the case and the Sept. 6 arrest of Peter Dicks, chairman of another British-based online gambling operation, Sportingbet.

Super Micro Pleads Guilty In Iran Export Case (WSJ)

The Wall Street Journal, September 20, 2006

Super Micro Computer Inc. pleaded guilty to a felony charge of exporting computer components to Iran in 2001 and 2002 in violation of a national security ban, the U.S. Attorney for the Northern District of California said.

Super Micro, a San Jose, Calif., producer of servers, motherboards, and power supplies, agreed to pay a $150,000 fine. It couldn't be reached to comment.

Super Micro pleaded guilty to selling 300 motherboards to a company in Dubai knowing the items were to be shipped to Iran, the Justice Department said. At the time, it was illegal to export the motherboards to Iran without a license, prosecutors said. The products are no longer subject to such restrictions, the Justice Department said.

In a plea agreement, the government noted Super Micro became aware of the investigation in February 2004 and took remedial action that involved setting up an export-control program that year.

Because of the program, prosecutors agreed it wasn't necessary to put Super Micro on probation as part of the settlement. The government said it has been monitoring the company's exports and hasn't found any further violations.

Doubts Raised On Hinckley Parents (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, September 20, 2006

Reports from St. Elizabeths Hospital are raising questions about whether the parents of would-be presidential assassin John W. Hinckley Jr. can continue to supervise him on overnight trips, according to the Justice Department.

"It is now clear that the physical condition of Mr. Hinckley's parents has deteriorated considerably," prosecutors wrote in a memo filed Monday in federal court in the District.

Hinckley, 51, who shot President Reagan in 1981 and was found not guilty by reason of insanity in 1982, last year won the right to leave St. Elizabeths Hospital in Southeast for seven overnight visits with his parents in Williamsburg. A judge extended the order last month pending a hearing in November.

Hinckley's attorneys last week sought to postpone the Nov. 6 hearing. They said officials need more time to gather information.

The Justice Department on Monday objected to a delay.

In the memo, Assistant U.S. Attorneys Thomas Zeno and Sarah Chasson said Hinckley's trips were conditioned on supervision by his parents. However, the parents' "physical ability to supervise Mr. Hinckley is questionable," the memo states.

"The reports also reveal persistent tension within the Hinckley family stemming from this deterioration," the memo states.

Hinckley attorney Barry Levine did not return a phone call seeking comment yesterday.

In a filing last week, Mr. Levine noted that officials at St. Elizabeths are preparing a proposal for a "significant expansion" of Hinckley's conditions of release.

The Justice Department objected to Hinckley's request to postpone the upcoming hearing, citing recent reports from St. Elizabeths and concerns about the ability of Mr. Hinckley's parents to supervise him.

The reports are not public record.

The dispute is the latest disagreement between the Justice Department and Hinckley's attorneys over increasing freedoms that Hinckley has won in recent years.

Last month, U.S. District Judge Paul L. Friedman wrote that Hinckley "does not present a danger to himself or others if permitted to make visits to his parents' home."

He allowed Hinckley visits as many as four nights at a time pending the scheduled hearing.

Man Sentenced To More Than 31 Years (WP)

By Jerry Markon, Washington Post Staff Writer

DOJ_NMG_0065879

The Washington Post, September 20, 2006

The wife of James Feltis, the first Pentagon police officer killed in the line of duty in the agency's 62-year history, lashed out in court yesterday at the man who ran her husband over with a car that he said he stole because he "just needed a car."

"How infuriating to hear such statements, to willfully take James's life," Mary E. Feltis told the judge. "To injure him because James was in his way, because he needed a car, to injure or kill another person for reasons so unthinkable."

U.S. District Court Judge Leonie M. Brinkema sentenced Ossie K. LaRode, 23, who is homeless, to 31 years and 10 months in prison. In January 2005, LaRode, who was leading Alexandria police on a six-mile-long chase in a stolen Cadillac, hit Feltis, 41, outside a Pentagon traffic booth.

Brinkema rejected the defense's efforts to send LaRode, who pleaded guilty in July, to a prison hospital after two experts testified that he is mentally ill. Brinkema said that "there is no question that mental illness played a role in what happened" and LaRode can be treated in prison and ask to be transferred to a hospital if his mental state deteriorates.

"This case is, in one word, a tragedy, a tragedy for everybody," Brinkema said before sentencing LaRode. "Justice and retribution are appropriate at certain times, and that certainly is appropriate here. It was just by luck that there were not more serious injuries or deaths."

Mary Feltis told the court how her husband lingered in the hospital for five weeks, through countless surgeries and the amputation of his left leg. "He fought very hard [and] tried to stay with us," she said, sobbing and visibly shaking at times. "James suffered those five weeks."

The couple's 8-year-old daughter, who recently began playing soccer, drew a picture that was submitted to Brinkema in which the girl's father floated above her, as an angel with wings. It was inscribed "coach Papa."

Pentagon Police Chief Richard S. Keevill put his arm around Mary Feltis after she spoke, as more than 20 uniformed Pentagon police sat grim-faced, some blinking back tears. Pentagon police have said Feltis's death was hard on the agency, which managed to escape the Sept. 11, 2001, attacks without any fatalities, even as a hijacked jet plowed into the Pentagon.

The fatal sequence of events began, according to court documents, when LaRode carjacked a 2003 Cadillac Seville outside of an Alexandria restaurant Jan. 11, 2005. After the victim reported the carjacking, police pursued LaRode, and he led them to Interstate 395 near the Pentagon. LaRode turned the wrong way onto an exit ramp and sped toward the Pentagon's south parking lot. He continued to drive the wrong way along South Rotary Road and approached Feltis's security kiosk.

Feltis stepped into the Cadillac's path and signaled for LaRode to stop. Instead, LaRode plowed the car into Feltis, who died Feb. 14, 2005, at Inova Fairfax Hospital. He had never regained consciousness.

"He did not stop, he did not look back, he never braked, he never swerved," Assistant U.S. Attorney Erik R. Barnett told Brinkema, adding that LaRode grabbed a police officer's gun after his car was stopped and fired it three times, accidentally striking himself in the leg and groin.

LaRode pleaded guilty to second-degree murder and use of a firearm in the commission of a violent crime.

Former Lawyer Sent To Federal Pen For Embezzling $1.2 Million From Clients (LAW)

By Lisa Siegel, The Connecticut Law Tribune

Connecticut Law Tribune, September 20, 2006

Former Greenwich, Conn., attorney Roland R. Hicks was sentenced last week to 37 months in prison for embezzling over $1.2 million from clients and defrauding investors in a dot.com business called "LawWeb."

The sentence imposed by U.S. District Court Judge Ellen Bree Burns on a single count of mail fraud was the top of the range of imprisonment stipulated by the parties when Hicks pled guilty on June 21.

Hicks, 49, was a practicing attorney in Greenwich in 2000 when he incorporated LawWeb Inc., a startup Internet business that was to offer online private placement variable life insurance, according to documents filed in the case. Hicks convinced "seemingly sophisticated" people to invest in his company, and misrepresented the business' assets in purported balance sheets he sent to the investors, Assistant U.S. Attorney Paul A. Murphy wrote in court papers. Eventually, Hicks sent investors a shareholder buyout agreement that included checks with the amount of their investment plus a premium. Those "buyout" checks were worthless, and Hicks admitted in his plea bargain that he used the investors' money for his own personal use.

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Holding himself out as an attorney with expertise in trust and estate law, Hicks took over $2.2 million from one client who instructed Hicks to fund an annuity for his wife as part of a property settlement in a pending divorce, court papers revealed. Hicks admitted that he converted at least $1 million of the client's money for his own personal use. Some of the money he used as a down payment on a house, according to Murphy.

"It is our hope that this prosecution will serve as a deterrent to any professional or other individual who solicits investment capital and abuses his or her position of authority and defrauds innocent clients and investors," U.S. Attorney Kevin J. O'Connor stated. "We will prosecute these crimes vigorously and seek restitution for victims."

In addition to the three-year prison term, Burns imposed three years of supervised release and ordered restitution of $1.5 million. Hicks was represented in district court by federal public defender Paul F. Thomas.

Thomas argued for a 30-month sentence, describing Hicks's thefts as "good intentions gone terribly awry. ... [C]lients and investors were betrayed by a cascade of bad judgment, self-interest, and ultimately, fraudulent misrepresentations. Regardless of what he had hoped to accomplish, the result was disastrous," Thomas wrote.

Thomas described Hicks as "a talented man" who threw away a lifetime of hard-earned accomplishments. Hicks suffered from an emotionally abusive father and from severe facial disfigurement as a child, Thomas wrote. At age four, a benign tumor began to grow on Hicks's nose, provoking severe taunting from peers and social ostracism. By the age of 14, Hicks had undergone nine operations during summer school vacations and had been hospitalized for one to three weeks on each occasion, Thomas said. By the age of 28, Hicks had 17 surgeries.

Despite such daunting adversity, Hicks graduated from New York University Law School while married and starting a family. He began a career in insurance, working first for Liberty Mutual Insurance Co. and then for Massachusetts Mutual Life Insurance Co. as an independent contractor until 2002. He opened his law practice in 1999; by 2000, he developed the concept for the LawWeb business, Thomas wrote.

Hicks pled guilty in Stamford Superior Court in June to two counts of larceny in the first degree and one count of larceny in the third degree. An eight-year sentence concurrent to his federal sentence is anticipated, according to a statement released Monday by O'Connor.

Hicks' law license was suspended for 15 years in July 2005 by Hartford Superior Court Judge Vanessa Bryant for mishandling clients' funds.

Judge Orders Gunman To Be Held And To Undergo Drug Treatment (WP)

By Eric M. Weiss And Mary Beth Sheridan

The Washington Post, September 20, 2006

The armed man who burst into the U.S. Capitol on Monday morning was ordered held in jail for the next 10 days and to undergo medical or psychiatric treatment after testing positive for drug use.

Carlos Greene, 20, said little during his initial appearance before U.S. Magistrate Judge John M. Facciola yesterday. Wearing a white jail jumpsuit, he appeared to breathe heavily at times and close his eyes. He thanked the judge on his way out of the courtroom.

Greene is accused of barreling a sport-utility vehicle through a construction entrance at the Capitol about 7:45 a.m. Monday, smashing into a concrete barrier and sprinting into the building. Police chased him to the basement and arrested him after a struggle. Authorities then discovered that Greene had a loaded gun in his waistband. No one was hurt during the incident.

Prosecutors offered no motive in court. But they revealed new details, saying that Greene nearly struck a pedestrian on First Street NE, near the Capitol, and then backed up and nearly hit the pedestrian again. Greene then failed to heed a Capitol Police officer's yells to stop as he drove near the building's east side, prosecutors said.

When he was cornered in the basement, Greene reached for a shotgun used by one of the Capitol police officers trying to subdue him, prosecutors said. Authorities said that they found crack cocaine when they searched Greene and that he was on drugs.

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Greene, of Silver Spring, was charged with unlawful possession of a firearm by a convicted felon. He has a record of convictions for disorderly conduct in Montgomery County and fleeing a law enforcement officer in the District. He has failed to report to probation authorities since July, records show.

In June, he was charged in the District with carrying an unlicensed pistol and driving while intoxicated, records show. In April, he was arrested in Rockville and charged with attempting to elude police, reckless driving and disobeying a law enforcement officer. He is awaiting trial in both cases.

His government-appointed attorney, Carlos Varegas, declined to comment yesterday. Greene is due back in court Friday for a hearing to determine whether he will remain jailed pending trial.

Capitol Police yesterday continued an internal investigation into what happened, scrutinizing videotape from security cameras, listening to recorded radio transmissions and interviewing witnesses, said William H. Pickle, the Senate sergeant-at-arms, who sits on the board overseeing the agency.

Pickle said the officers had determined that "there were two specific areas where the police could have done a much better job." In both cases, human error was involved, Pickle said, declining to provide details so as not to reveal security vulnerabilities. "Corrective action will be taken," he said, and added that police will carry out further training and exercises.

Hundreds of millions of dollars have been spent to upgrade security at the Capitol in recent years.

"There's nothing wrong with the system," Pickle said. "But there was absolutely something wrong with the exercise" of procedures.

Calls to the Acting Capitol Police Chief Christopher M. McGaffin, were not returned yesterday.

The reaction from Congress to the breach of security was one of calm concern yesterday, as legislators waited to learn what the police internal investigation would reveal.

Del. Eleanor Holmes Norton (D-D.C.) said the incident showed "a hole in our security that they [Capitol Police] had not sufficiently contemplated." Greene reached the grounds through an entrance for construction workers building a visitor center, striking a Capitol Police vehicle that was guarding the gate.

Norton said that although police have to improve planning, they don't need wholesale changes. "I hope this doesn't result in locking us down any more because we're plenty safe with the other security" measures in place, she said.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the department, said, "We intend to work with the Capitol Police to ensure something like this will not happen again."

Security Lapse (WP)

The Washington Post, September 20, 2006

ONE WOULD HAVE thought that with so many barricades installed, streets closed off and officers hired, police would be able to prevent a man with a loaded gun from getting inside the U.S. Capitol and rushing past the offices of top congressional leaders. The breach of Capitol security Monday by a man apparently high on drugs, who drove past security and onto the Capitol grounds, may well have been a fluke, but it demands a rigorous review by police and congressional authorities.

Thankfully no one was injured in the early-morning incident, in contrast to the tragedy that occurred in 1998 when two Capitol Police officers were fatally shot. Accordingly, Capitol Police showed a commendable amount of restraint in peacefully apprehending the suspect, who apparently got into the building via an unprotected construction entrance. Clearly embarrassed, Acting Capitol Police Chief Christopher M. McGaffin was right to call the security breach "unacceptable" and to promise an investigation.

Among the questions that need to be answered is why the public wasn't told about the breach in a timely fashion. It took some nine hours before any information was released; that lapse, like gun-toting inside government offices, doesn't make anyone feel safer.

Police Get Grant For Technology Upgrades (TALLDH)

By Chris Norwood, Home staff writer

Talladega (AL) Daily Home, September 20, 2006

DOJ_NMG_0065882

TALLADEGA — U.S. Sen. Richard Shelby (R-Ala.), chairman of the Senate Appropriations Subcommittee on Commerce, Justice and Science, issued a press release Tuesday announcing the Department of Justice will release $247,000 to the Police Department for technology upgrades.

Shelby was instrumental in securing this funding during the fiscal year 2006 appropriations process, according to the release.

"Local law enforcement officers work on the front lines every day to ensure the safety of our communities and our citizens," Shelby said. "It is crucial that they have the most up-to-date equipment available. With these technology upgrades, the Talladega Police Department will be able to better maintain public safety in Talladega."

The release goes on to say: "The funding provided will be used for the purchase of in-car camera systems, mobile data terminals, vehicles and other equipment upgrades. In addition, a storage server will be purchased to allow the department to keep data in chronological order for playback during court, complaints and investigations."

According to Police Chief Alan Watson, one of the major purchases will be 11 or 12 laptop computers, which will be mounted in patrol cars. The mounting will automatically charge the laptop's battery, which will allow the officer to take it out of the car and use it to take statements from crime victims and record other information.

The computers will also be equipped with touch screens, which will allow witnesses and victims to sign their statements on the computer.

Once the officer drives back to the station at City Hall, the newly recorded data will automatically be taken from the laptop and put on a central server.

"This will just about eliminate any handwritten documents," Watson said. "All of our arrest and accident reports are already done on a computer, and now incident and offense reports done in the field will be as well."

The goal is to have a laptop in every patrol car while it is on duty, he said. The computers will be moved to other units when the shift changes.

At some point, the National Criminal Information Center information and Comet Tracker programs officers currently carry on Blackberry handheld computers will also be transferred to the laptops.

This will be an advantage because the laptops have larger screens with better resolution, so pulling up a suspect's driver's license photo, for instance, will be of more use to officers in the field.

"We're really excited about this," Watson said. "We're ready to go."

The computers, in-car cameras, software and licensing will all have to be bid out. If the check arrives from Washington by the end of the month, as expected, Watson said the systems could be up and running before the end of the year.

City manager Thomas Christie credits the council's decision to hire a federal lobbyist at a cost of $60,000 per year last year for bringing the additional funding home. Another earmark, for a similar amount, creating a city Drug Task Force, is also in the works but has not been approved.

The appropriation is a Congressional earmark, which differs from a grant in that the city does not have to provide any matching funds.

Woman Pleads Guilty To Fraud (BRADV)

Baton Rouge Advocate, September 20, 2006

One Louisiana resident pleaded guilty and three others were sentenced in federal court Friday on fraud charges related to hurricane disaster relief programs.

According to the U.S. Attorney's Office, Kim Cummings, 38, of Baton Rouge pleaded guilty to one count of making a false and fraudulent claim for Hurricane Katrina relief.

Whitney R. Paul, 19, of Donaldsonville and Vinita S. Lane, 28, and Jenny L. Lowery, 22, both of Baton Rouge, were sentenced.

After Hurricane Katrina, the Federal Emergency Management Agency made available $2,000 in expedited disaster assistance for food, shelter and clothing to people affected by the hurricane.

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Cummings was indicted on two counts of making a false and fraudulent claim for assistance. She could be sentenced to a maximum of five years in prison, a $250,000 fine or both.

As part of her plea agreement, the U.S. Attorney's Office will dismiss the second count when she is sentenced.

Lane pleaded guilty in June to making a false and fraudulent claim. She was sentenced to three years probation and $2,000 restitution.

Lowery pleaded guilty in May to making a false and fraudulent claim. She was sentenced to three years probation and $1,916.38 in restitution.

Paul pleaded guilty in May to making a false and fraudulent claim. She was sentenced to five years probation and $2,000 restitution.

According to the U.S. Attorney's Office, 74 people have been charged in the Middle District of Louisiana with violations related to hurricane disaster relief funds.

In September 2005, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute such disaster-related crimes as charity fraud, identity theft, procurement fraud and insurance fraud.

The Task Force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for United States Attorneys and others.

Mezzatesta Indicted (AP)

AP, September 20, 2006

Former delegate, ex-superintendent face federal charges

Former House Education Chairman Jerry Mezzatesta and former Hampshire County schools Superintendent David Friend were indicted Tuesday on federal charges of defrauding the school board and misappropriating public funds.

A federal grand jury in Martinsburg charged the ailing Mezzatesta, 59, of Romney, and Friend, 59, of Morgantown, with conspiring to misapply public funds between January 2004 and June 2005, Acting U.S. Attorney Rita Valdrini said.

"I truly feel really bad that he's been indicted over this,'' said Mezzatesta's attorney, Deirdre Purdy. "He's lost his place in the Legislature, and with the cancer, he has suffered enough. I don't know why they keep hounding him.''

Friend's attorney, Wes Metheney of Morgantown, defended his client from what he called "a Mezzatesta witch hunt'' and called the indictments "a shame.''

The charges center on a $75,000 grant that Mezzatesta, a nine-term lawmaker, sought in March 2003 for the Special Services Workshop in Romney. Mezzatesta had agreed not to use his legislative office to seek money for the Hampshire County school system where he was employed as an administrator.

In 2004, Friend asked state officials for permission to spend the money instead on Red Cross and emergency services training facilities in Romney and Springfield.

State officials who approved the change said the list included equipment, infrastructure for the Future Farmers of America at the Hampshire County fairgrounds and supported employment opportunities for the Special Services Workshop.

The list did not include $5,000 distributed by the county to the Capon Bridge Library and $5,000 each to six volunteer fire departments in Augusta, Capon Bridge, Capon Springs, Levels, North River and Slanesville.

In April 2005, the state Board of Education ordered the county board to return $35,000 of the grant money. That same month, the Hampshire County board fired Mezzatesta from his $60,000 administrative job.

"Unless they know something I've not learned in a year and half or so, all the money went for appropriate purposes and was not improperly used,'' Metheney said. "The grant was properly given to agencies for first responder services.''

Metheney said state officials he spoke to suggested that if supplementary paperwork had been filed, the additional diversion of funds would have been approved.

"No one has shown me anything that shows money was being spent for anything other than to help the children of Hampshire County,'' he said.

The indictment, however, alleges Mezzatesta diverted the money "with an intent to derive an advantage ... in his effort to be re-elected'' in 2004, Valdrini said.

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The effort failed; Mezzatesta, a Democrat, lost his race.

He'd been removed as House Education chairman, a post he'd held since 1997, in August 2004. That demotion came amid an investigation to determine if he had fabricated and backdated a letter to fend off ethics allegations.

Mezzatesta was later convicted of a misdemeanor state charge of destroying legislative computer records as part of the alleged cover-up.

If convicted on both counts of the federal indictment, Mezzatesta and Friend could each be sentenced to up to 15 years in prison and ordered to pay as much as $500,000 in fines.

Last fall, Hampshire County Board of Education members rejected a $275,000 buyout for Friend, whose contract was to run through 2008. Though he filed a civil lawsuit that is set to be tried next month, Friend resigned in January after 15 months on medical leave.

That same month, citing the financial irregularities, the state seized partial control of the Hampshire County system.

Superintendent Cynthia P. Kolsun, installed by the state but later hired by the board for a three-year term, said the county has been working hard to fix its problems. When it feels ready, the county can petition the state to end the intervention.

"We're not there yet, but we do recognize best practices and that's what we're putting into place now,'' she said.

Kolsun said the entire community has been hurt by the ethics scandal.

"The whole community has been involved, and the people in this community are so supportive of the school system,'' she said. "They want what's best for their kids, and I commend them for that.''

In July, Mezzatesta paid a $2,000 fine to the West Virginia Ethics Commission.

That was 16 months after the commission reprimanded and fined him for improperly using his legislative position to solicit state grants, and for giving the commission a fabricated letter to fend off allegations of misconduct.

His wife, Mary Lou, has admitted she dictated the phony letter.

Press Aide Pleads No Contest In Sex Case (FINDLAW/AP)

By Phil Davis, Associated Press Writer

AP, September 20, 2006

(AP) - BARTOW, Fla.-A former Department of Homeland Security press aide pleaded no contest Tuesday to charges that he had sexually explicit online conversations with someone he thought was a 14-year-old girl.

Brian J. Doyle, 55, could face up to five years in prison under the plea agreement accepted Tuesday. He also faces up to 10 years' probation at sentencing scheduled for Nov. 17, and must register as a sex offender. He resigned from the department shortly after his April 4 arrest.

"I just want to say one thing. I am very, very sorry. Very sorry," Doyle told reporters outside the Polk County courthouse.

Doyle, of Silver Spring, Md., could have been sentenced to life in prison for 23 felony charges, including 16 counts of sending pornographic movie clips to a minor.

Prosecutors said Doyle wrote "very graphic" descriptions of sexual acts in online chats with a 14-year-old named "Ashlynne," who was actually an undercover Polk County sheriff's detective. Doyle was arrested after detectives said he tried to set up a meeting in Florida with the girl on a date when she wouldn't be menstruating.

According to court records, Doyle bragged about his government connections, provided his government-issued phone numbers, showed off his department ID and may have used his official computer in the communications with the detective posing as the girl.

Doyle told detectives he wasn't attracted to children, but had explicit conversations as a "kind of a power trip," court documents show.

Doyle's attorney, Barry Helfand, said his client suffers from depression and would detail the reasons for his online relationship at the sentencing hearing.

CIVIL LAW:

DOJ_NMG_0065885

Federal Judge Allows Ex-Vandal's Lawsuit To Proceed (AP)

By Rebecca Boone, Associated Press

AP, September 20, 2006

BOISE (AP) — A federal judge has said a lawsuit brought by a former University of Idaho football player against U.S. Attorney General Alberto Gonzales, the Department of Homeland Security and others can move forward.

U.S. District Judge Edward Lodge made the ruling in a written order Monday.

Abdullah al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations in an eight-week federal trial. It deadlocked on eight other immigration charges, and Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify in the case. But three weeks after Al-Hussayen was arrested, al-Kidd was arrested at Dulles International Airport in Washington, D.C. as a material witness in the Al-Hussayen case. Al-Kidd had planned to board a flight to Saudi Arabia to begin studying Islam on a four-year scholarship. But federal prosecutors maintained that al-Kidd had testimony that was crucial to their case against Al-Hussayen, and said they feared if al-Kidd was allowed to leave the country he would not return for the trial.

Al-Kidd spent two weeks in jail before he was granted a detention hearing in Idaho, at which the judge agreed to release him into the custody of his wife. But al-Kidd was prohibited from traveling anywhere but Idaho, Washington, Nevada and California, and his public defenders said the restrictions and the detention not only cost al-Kidd his scholarship in Saudi Arabia but employment opportunities as well.

Al-Kidd sued, alleging that he was falsely imprisoned, and that the government was guilty of abuse of process. He contended that the arrest warrant was invalid because in order to get the arrest warrant, the FBI gave wrong information about al-Kidd to a U.S. magistrate.

Specifically, the FBI allegedly told the judge that al-Kidd had only a one-way ticket to Saudi Arabia, when he had purchased a round-trip ticket. The FBI also allegedly failed to tell the judge that al-Kidd had a wife and children in the United States, that he was a U.S. citizen, that he had talked with the FBI several times before his arrest and that the FBI had never told al-Kidd that he should not travel abroad.

Attorneys for the federal government asked the U.S. District Court to dismiss the lawsuit, claiming that the arrest warrant and subsequent jailing had been proper under the law.

But Lodge disagreed, saying that al-Kidd's claims are sufficient to move the lawsuit forward.

Neither the attorneys representing the federal government nor the attorneys representing al-Kidd could be immediately reached by The Associated Press.

Judge Dismisses Medicaid Law Challenge (AP-Y)

By Kevin Freking

AP, September 20, 2006

A federal judge has dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits.

Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, which is the state-federal health insurance program for the poor. More than 50 million people get health care through the program.

Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. However, that contention was nothing more than conjecture, said U.S. District Judge Ronald A. Guzman of the Northern District of Illinois.

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Guzman's 21-page ruling was made public Tuesday. He did not rule on the validity of the law. Instead, he said that the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law.

But the contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted.

"Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims," Guzman wrote.

Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they did get a partial victory in the case when the judge said he was likely to issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations.

"He said there is a strong likelihood of success on the merits for the foster children," said John Mark Bouman, a lawyer at the Sargent Shriver National Center on Poverty Law in Chicago. "If he had also found they were about to be injured tomorrow, he would have entered an injunction. He just wasn't convinced of that part yet."

Bouman also said that one way or another the plaintiffs will pursue the case and ask the judge to rule on the validity of the statute. He described it as an interim ruling saying that children on foster care are likely to win, but with everyone else, there are procedural hurdles to overcome.

In all, 15 people were listed as plaintiffs. Families USA, an advocacy group in Washington, helped organize the lawsuit. Ron Pollack, the organization's executive director, said the documentation requirements are most harmful to victims of natural disasters, the homeless and people with mental and physical disabilities who will have trouble accessing documents such as a passport or birth certificate.

"For many people, this documentation requirement is going to prove to be extraordinaily onerous and many people will be unable to fulfill this requirement," Pollack said.

However, about 8 million Medicaid beneficiaries are also exempted from the documentation requirements, namely elderly and disabled people so poor they qualify for both Medicare and Medicaid, as well as those aged and disabled people who get cash to meet basic needs through Supplemental Security Income.

Congress said that, beginning July 1, documents will be needed to prove identity and citizenship.

Regulations issued by the Department of Health and Human Services say a passport would meet both criteria. A birth certificate would serve as evidence of citizenship, but a second document would be needed to prove identity. In rare cases, sworn affidavits from two citizens can be accepted, but at least one of the two cannot be related to the applicant.

Judge Applies New Bankruptcy Law As Written To Possible Detriment Of Creditors (LAW)

By John Caher, New York Law Journal

New York Law Journal, September 20, 2006

A Northern District of New York bankruptcy judge has refused to bail out Congress for an apparent drafting glitch in the new bankruptcy law that frequently results in creditors getting less under the "reform" measure than they got under the old version -- even though the clear intent of lawmakers and the president was to aid creditors.

Chief Bankruptcy Judge Stephen D. Gerling in In re Rotunda, 06-60054, broke with the majority of his colleagues who have considered the same issue and said that if Congress is determined to replace judicial discretion with formulaic mandates, it can deal with the seemingly absurd results.

"To allow a debtor with income above the state median to provide for zero payments to unsecured creditors in a chapter 13 plan ... when ... there remains sufficient funds to pay even a minimal dividend to them is contrary to the approach taken by this Court for over 20 years in considering chapter 13 plans," wrote Gerling of Utica. "Yet ... it is not for the Court to second guess Congress despite the fact that the statute, as written, may result in a confirmed plan that is contrary to the view expressed by President Bush."

Gerling's decision is rooted in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

The bill, which took effect last October, was drafted largely by credit industry lobbyists and was designed to prevent debtors from taking what the creditors viewed as unfair advantage of the bankruptcy law.

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Many of its provisions were directed at people with income, and premised on the contention that debtors with the means to do so should repay their financial obligations to the extent possible. In signing the measure, President Bush said that under it, "Americans who have the ability to pay will be required to pay back at least a portion of their debts."

Now, however, instead of using actual expenses and income to determine how much a Chapter 13 debtor can afford to pay back, the law requires an examination based on the standards the Internal Revenue Service uses to decide how much delinquent taxpayers can commit to a repayment plan. Those standards permit allowances for food, housing, rent and other necessities, based on median values.

While the standards are unrealistically low in some areas -- meaning that it really costs consumers more for basic living expenses than the law recognizes -- they are unrealistically high in other regions, such as economically hard-pressed upstate New York, where living costs are less than the median, observers say.

In those areas, since the allowance is based not on actual expenses but medians, a strict application of the law enables debtors to deduct more than their actual living expenses. So, money that in the past would have gone toward repaying debts is in some cases now beyond the reach of creditors. No longer does all of the debtor's disposable income necessarily go to the repayment plan.

The question Gerling addressed in Rotunda, and several other judges have addressed in other cases, is how to go about determining the debtor's disposable income.

Court records show that Elizabeth and Lawrence D. Rotunda had an annual income of about $68,000, well above the median income for a two-person family in New York. Consequently, their capacity to repay was governed by a rigid "means test."

Before the Bankruptcy Abuse Prevention and Consumer Protection Act, the calculus of how much a Chapter 13 debtor had to pay was measured by his or her "projected disposable income." Under the old law this was simply the income the debtor listed on the bankruptcy petition minus the expenses. Whatever was left over went toward debt repayment.

The new law does not define "projected disposable income," but it does redefine "disposable income" as current monthly income less certain expense allowances. And under the new definition, Social Security income, like that received by the Rotundas, is excluded from the definition of current monthly income.

Here, the debtors argued that only their "disposable income" -- which excludes their Social Security -- should be included in their repayment plan. The Chapter 13 trustee objected to the plan that would allow the Rotundas to initially pay $800 a month rather than about $2,000 per month, arguing that it fails to make all of their "projected disposable income" available to unsecured creditors.

CONGRESSIONAL INTENT

In his brief, Chapter 13 Trustee Mark W. Swimelar of Syracuse acknowledged that "many parts of [the new bankruptcy law] are confusing and will spawn a tremendous amount of litigation," adding that the issue before Gerling represents "one of those situations where the statute is not totally clear." Still, he argued that a contextual reading of the entire statute leaves "no doubt that Congress intended to retain the projected disposable income test for confirmation of Chapter 13 plans."

The debtors' attorney, Peter A. Orville of Binghamton, N.Y., said the court should rely on what Congress said and did not say, rather than what it may have meant or hoped to achieve.

Gerling's court is one of several across the nation where attorneys have been debating whether the term "projected disposable income" under 11 U.S.C. §1325(b)(1)(B) has meaning distinct from the term "disposable income" as defined in 11 U.S.C. §1325(b)(2). Their decisions are split, with the bulk of them distinguishing between "projected disposable" and "disposable" to the benefit of creditors.

But in at least one of those cases cited by Orville and Gerling (see In re Barr, 341 B.R. 181 [Bankr. M.D.N.C. 2006]), a Chapter 13 plan was confirmed where the debtor proposed paying nothing at all to her unsecured creditors.

"The idea that a debtor may successfully confirm a chapter 13 plan without having to make any payments to unsecured creditors, despite having what appears to be surplus income ... understandably does not set well with the chapter 13 trustees and the courts," Gerling observed.

Yet, he said that with the new bankruptcy law "the court's discretion to review the totality of the circumstances and determine the reasonableness of a debtor's expenses in calculating disposable income has been curtailed, in some instances,

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by the new provisions that allow, whether or not intentionally, a debtor to propose a plan which provides zero payments to unsecured creditors despite having the financial wherewithal to make some payments to them."

He continued, "If this was not Congress' intent, then it is up to Congress to rectify the situation."

Orville said that a number of peculiar provisions and apparent contradictions in the new law often work to the detriment of creditors, even though lawmakers and the president were clearly attempting to help creditors with the new law.

"Actually, the unsecured creditors got the shaft," Orville said. "They are getting significantly less than they would have before. The legislation was written by bank lobbyists who wanted to make it harder to file bankruptcy. They certainly made it more expensive and more of a hassle, but the key is bankruptcy is alive and well and many people do better under the new law, and creditors do worse. The law doesn't necessarily do what the proponents said it would do."

Appearing on behalf of the trustee was staff attorney Lynn Harper Wilson. She was not immediately available for comment.

RULING ON TITHES

Coincidentally, on Friday three prominent U.S. senators who had strongly backed bankruptcy reform issued a letter criticizing a recent decision of the other Northern District bankruptcy judge, Robert E. Littlefield Jr. of Albany, N.Y. Like Gerling, Littlefield stuck with what Congress wrote in the statute even though those words may have produced an unintended result.

In In re Diagostino, 06-10384, Littlefield found that the new rules do not permit debtors to include religious tithes as a necessary expense, a major departure from prior practice. Consequently, the court found, money that previously would have been safeguarded for churches and other charities is now fair game for credit card companies. That ruling did not please religious conservatives who had spearheaded bankruptcy reform.

On Friday, Sens. Orrin G. Hatch, R-Utah, Charles E. Grassley, R-Iowa, and Jeff Sessions, R-Ala., wrote to Attorney General Alberto Gonzales, complaining that Diagostino "was wrongly decided and runs counter to Congressional intent." They urged Gonzales to direct Chapter 13 trustees that they are not to go after legitimate tithes.

Legal Battle With Ex-Aviano Base Employee Continues (S&S)

By Sandra Jontz, Stars and Stripes

Stars & Stripes, September 20, 2006

The U.S. Justice Department filed a legal brief with an Italian judge seeking immunity from having to pay a former Aviano Air Base employee, continuing the legal saga that put seized Army and Air Force Exchange Service merchandise in an auction limbo.

A hearing is scheduled for Nov. 8 in the Civil Court of Pordenone. It was scheduled after the U.S. Justice Department filed a brief maintaining the U.S. government already fulfilled its financial and contractual obligations to Mauro Martin when it paid off his bank debt after Martin was laid off 15 years ago, according to the brief.

Martin, an Italian, worked at Aviano as a bus driver and motor pool dispatcher from 1975 to 1991. According to his lawyer, Roberto Russi, the U.S. government violated Italian law regarding money it owed Martin when he was laid off in 1991.

In suits filed against the U.S. government, Martin alleged the U.S. illegally paid off his debts to a creditor, Banca Carimonte, instead of giving him the money. Three Italian court decisions — including the Supreme Court of Cassation in Rome — supported Martin's position. Italian courts sanctioned an auction of merchandise seized from AAFES in order to settle Martin's 22,000-euro claim.

"Such a situation has created notable problems for the American administration, which must repay Martin an amount that, in fact, has already been paid," reads a portion of the 23-page brief, filed in mid-August.

In its brief, the U.S. government argues that the military — and by extension the AAFES goods — are immune from such an action because the products "are in fulfillment of a public function," the brief states.

"We will argue that barbecues, women's bras, perfumes, and makeup, how do those serve a function of the state," Rossi said in a phone interview Tuesday.

CIVIL RIGHTS:

DOJ_NMG_0065889

Police Officer In NC Charged With Civil Rights Violation (CO)

The Charlotte Observer, September 20, 2006

WASHINGTON, N.C. - An officer in the Washington Police Department has been charged with violating the civil rights of Hispanics by taking money from them during traffic stops.

Officer Steven Ray Hilsinger, 32, was charged in federal court on a criminal complaint that says there's "probable cause to believe that he targeted Hispanics for the purpose of robbing them of money," the Beaufort County Sheriff's Office said.

Hilsinger was arrested Monday night by the Beaufort County Sheriff's Office drug enforcement unit and the Federal Bureau of Investigation. He was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin.

He appeared before a federal magistrate in Raleigh on Tuesday and was released pending court action

"He would obtain custody of the wallet during the stop ... grab bills and then conceal them," said Capt. Tim McLawhorn with the narcotics unit.

His arrest is part of an eight-month investigation, Sheriff Alan Jordan said.

After receiving complaints, the sheriff's office and the FBI conducted sting operations in which an undercover agent posing as a Hispanic person drove a car through the city of Washington.

Investigators said Hilsinger stopped the undercover agent more than once, removing money from the agent's wallet, searching the car and then issuing either a warning ticket or a citation. He was arrested while on duty following a traffic stop of the undercover agent.

Lt. William Chrismon with the Washington Police Department said the department was unaware of the investigation of Hilsinger until he was arrested. A decision has not been made as to whether Hilsinger, who had been with the department for a year, would be fired.

In 2004, three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in circumstances similar to those alleged in Washington. Two received suspended prison terms, and one was sentenced to 75 days.

Officer Cited In Stops Of Hispanics (RN&O)

By Jerry Allegood, Staff Writer

Raleigh News & Observer, September 20, 2006

Sting leads to officer's arrest

WASHINGTON, N.C. - Another Eastern North Carolina police officer has been charged with stealing money from Hispanic drivers during traffic stops.

Steven Ray Hilsinger, 32, a patrol officer in the town of Washington for a year, was arrested Monday and charged with a federal civil rights violation after a Hispanic investigator working undercover was stopped and had money taken from his wallet. Hilsinger appeared before a federal magistrate in Raleigh on Tuesday and was released pending court action.

Hilsinger was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin. If convicted, he faces a maximum of one year in prison and up to $100,000 in fines.

Hilsinger is the fourth Eastern North Carolina police officer accused of stealing from Hispanic drivers in recent years. Three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in similar circumstances. Those officers, who were also arrested after an undercover operation, were accused of taking amounts ranging from $100 to $600. Two received suspended prison terms, and one was sentenced to 75 days.

Capt. Tim McLawhorn of the Beaufort County Sheriff's Office said an investigation began eight months ago after the department received complaints about Hispanics being targeted unfairly. He said some victims waited months to report the incidents.

In an affidavit, FBI Agent Donald Cowart described the complaints and the undercover investigation that led to Hilsinger's arrest.

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Two businessmen reported in December 2005 that a Washington police officer was robbing their employees. In addition, the affidavit said, an investigator interviewed a Hispanic man who said he was stopped for a traffic violation by an officer who asked for identification and took his wallet. When the wallet was returned, the affidavit said, $60 was missing. The victim later identified Hilsinger in photos.

In another incident, a Hispanic man said he was stopped and told he had failed to dim his headlights. The affidavit said that the man provided a Mexican identification card and that the officer took his wallet to look for more identification. Two $20 bills were missing when the wallet was returned, the affidavit said.

Cowart said that on Sept. 8, Hilsinger pulled over an undercover officer who drove over a yellow line. The undercover officer acted as though he did not speak English and provided a valid driver's license. Hilsinger required the driver to fill out a questionnaire, issued a written warning and returned his wallet. A $100 bill and six $20 bills were missing, the affidavit said.

On Monday, the undercover officer carried marked bills and a valid driver's license when he was pulled over by Hilsinger after crossing a yellow line. The affidavit said six $20 bills were taken from the wallet and later recovered when Hilsinger was stopped and arrested.

Washington officials declined to discuss Hilsinger's status with the department on grounds that it was a personnel issue. City Manager James Smith said in a statement that the accusations against Hilsinger, if true, "are an embarrassment to the community, the city and the Washington Police Department."

"Taking advantage of vulnerable community members undermines the trust of the citizenry in the most fundamental way," the statement said.

McLawhorn said that more charges might be filed after further investigation. He said that he hoped publicity would encourage victims who might be wary of government or law enforcement agencies to report incidents.

Staff writer Jerry Allegood can be reached in Greenville at (252) 752-8411 or jerrya@newsobserver.com.

Suit Questions Voting Act's Use (WT)

By Brian Debose, The Washington Times

The Washington Times, September 20, 2006

A lawsuit filed by a Texas utility board seeking a "bailout" from the federal Voting Rights Act has raised questions about the fairness of the act in small jurisdictions, and a Supreme Court battle over its constitutionality may ensue.

The Northwest Austin Municipal Utility District No. 1 Board was formed to oversee construction and maintenance of water and sewer services, operate a local park and provide other services by establishing taxes. That made it a government entity in Texas and therefore subject to Section 5 pre-clearance statutes under the Voting Rights Act. Currently, any change to the district -- no matter how minor -- must first be cleared by the Justice Department through a process requiring a constitutional lawyer and costing thousands of dollars.

Board members were hoping that Congress would pass an amendment requiring the Justice Department to notify Section 5 jurisdictions eligible for a bailout provision and pre-approve such areas, but the amendment failed. The group said it had no choice but to seek a bailout via a lawsuit.

"These local issues ought to be decided at the local level," said Greg Coleman, attorney for the 20-year-old utility district who filed the brief. "No one is trying to undermine any issue of the Voting Rights Act."

The utility district has made two changes to its voting habits in the past four years, and both received pre-clearance, Mr. Coleman said. The most recent change was the relocation of its polling site from the personal garage of one of the board members to a local elementary school "across the street."

The Voting Rights Act has a bailout provision that grants any jurisdiction an avenue to free itself if it has obeyed all of the statutes and has not been sued or had a judgment for violations for 10 years.

Edward Blum, a voting rights scholar with the Project on Fair Representation, said these types of issues relating to small jurisdictions are commonplace and exactly the type of overbearing use of Section 5 that he opposes.

"Some legal experts would tell you that such jurisdictions like the Austin municipal [utility district] are eligible for a bailout, and others would say they are not," Mr. Blum said.

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Mr. Blum, who testified before the House Judiciary subcommittee on the Constitution in a hearing last year, said politics, not the law, often rules in such cases, but particularly in this one because the jurisdiction was created more than 10 years after Texas qualified for pre-clearance.

"Most of the people involved were either not born, were children or not living in the state when this statute was passed," he said.

The Justice Department declined to comment on the case.

Rep. Robert C. Scott, Virginia Democrat and a member of the Constitution subcommittee said, "Southern jurisdictions like Texas came under pre-clearance the old fashioned way -- they earned it."

State Judge Voids Georgia Law Requiring A Photo ID Of Voters (NYT)

By Brenda Goodman

The New York Times, September 20, 2006

ATLANTA, Sept. 19 — A state judge ruled Tuesday that a Georgia law requiring voters to present government-issued photo identification violates the State Constitution and could not be enforced.

In issuing a permanent injunction against the latest version of the Voter ID Act, the judge, T. Jackson Bedford Jr. of Fulton County Superior Court, said legislators overstepped their authority when they imposed a condition on the right to vote by requiring a photo ID.

“Nowhere in the Constitution is the legislature authorized to deny a registered voter the right to vote on any other ground, including a possession of a photo ID,” he wrote.

Judge Bedford wrote he was particularly troubled by a provision in the law that allows a registered voter without an approved photo ID to cast a ballot on Election Day but says that vote would not be counted unless the voter returned with an ID within two days.

“The result of this provisional-ballot scheme,” he wrote, “is to disenfranchise an otherwise qualified voter who does not comply with the additional conditions imposed by the legislature.”

Judge Bedford’s ruling was a significant setback for the Republican-led effort to enforce a photo ID requirement at the polls in Georgia. A spokesman for Thurbert E. Baker, the state attorney general, said the state was already drafting an appeal and would file it to the Georgia Supreme Court as soon as possible.

In October, a federal judge blocked an earlier version of the law, which would have required registered voters who lacked an acceptable photo ID to pay to have one made.

Legislators quickly rewrote the measure to make the ID cards free. Supporters of the law say the cards are necessary to prevent voter fraud.

The Voter ID Act was signed by Gov. Sonny Perdue, a Republican, in January, but because of court challenges, it has only been enforced once, during a special election in Twiggs County on Sept. 12. A spokesman for Mr. Perdue said most Georgians believed that the law was a common-sense measure.

Some Republicans in the legislature spoke out against the ruling.

“Yet again, an activist judge is thwarting the will of a majority of Georgia citizens and their elected officials,’’ Speaker Glenn Richardson said.

The suit challenging the ID requirement was filed in state court by former Gov. Roy E. Barnes, a Democrat, on behalf of a two registered voters who said they lacked the kind of photo ID’s required by the law.

Opponents say the law is a partisan effort to disenfranchise the poor, the elderly and minorities, all of which have historically been more likely to vote Democratic.

“This is really a vote-suppression measure,” said Daniel Tokaji, an assistant professor at Ohio State University and an expert on election law.

“There’s very little evidence for the proposition that people are going to the polling place and pretending to be someone else.” Mr. Tokaji said.

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Kathy A. Rogers, director of elections in the Georgia secretary of state's office, said her office had never investigated any cases of a person trying to pose as someone else at the polls. Judge Bedford noted that he had heard from one witness who testified she had personal knowledge of only one case of voter fraud in her 26 years as an employee for the Fulton County Board of Elections.

Georgia Law Requiring Voters To Show Photo ID Is Thrown Out (WP)

By Darryl Fears And Jonathan Weisman

The Washington Post, September 20, 2006

A state judge yesterday rejected a Georgia law requiring voters to show government-issued photo identification, writing in his decision, "This cannot be."

Fulton County Superior Court Judge T. Jackson Bedford Jr. said the law, pushed by Gov. Sonny Perdue (R) to fight voter fraud, violates the state constitution because it disenfranchises citizens who are otherwise qualified to vote.

State officials vowed to appeal Bedford's ruling to the Georgia Supreme Court before the Nov. 7 general election.

The timing of the judge's decision could have political ramifications in Washington. The House is set today to vote on legislation that would require voters in 2008 to present a valid photo identification that "could not have been obtained without proof of citizenship."

The bill is part of a package of measures designed to demonstrate a new get-tough attitude on illegal immigration and border security.

"There have been enough reports over the years of voter fraud that it is time to have a picture ID to ensure the integrity of our voting process," House Majority Leader John A. Boehner (R-Ohio) said yesterday.

Like the Georgia law, the federal legislation would almost certainly be challenged in court. A coalition of interest and civil rights groups, including the NAACP, AARP, and the Mexican American Legal Defense and Educational Fund, denounced the bill yesterday, saying it would disenfranchise hundreds of thousands of minority and elderly voters.

Georgia's law was challenged by Rosalind Lake, an elderly black woman who was left partially blind after being nearly electrocuted in her home, is unable to drive and could not easily obtain a voter ID, her attorney said.

The lawyer, former governor Roy Barnes, argued that even though the state offered to deliver an ID to Lake's home, it could not do the same for everyone who is similarly challenged.

"We have a low voter participation," said Barnes, a Democrat. "We're going to make it more difficult?"

In previous elections, Georgians could present any one of 17 types of identification with their names and addresses, including a driver's license, utility bill, bank statement or paycheck.

Perdue and other proponents of the law said it is needed to curtail fraud. They cited an Atlanta Journal-Constitution article that said 5,000 dead people were listed as having voted in the eight elections preceding 2000.

But the fraud happened primarily in absentee balloting, Barnes said. Under the new law, absentee voters are not required to show identification.

"This is the most sinister scheme I've ever seen," Barnes said, "and it's going on nationwide."

Bedford's ruling was the latest in a string of court decisions against the Georgia law. Last year, U.S. District Judge Harold L. Murphy issued an injunction against the law, likening it to a segregation-era poll tax because the digital picture ID would cost voters $20.

After the Georgia General Assembly revised the law to issue the ID at no cost, Murphy refused to completely lift the injunction, saying the state did not have time to properly educate voters before July primaries.

In his ruling, Bedford said the law places too much of a burden on voters, regardless of certain state remedies. Voters could cast ballots without identification, but they would have to return to an elections office within two days to prove their identity or forfeit their vote.

"Any attempt by the legislature to require more than what is required by the express language of our Constitution cannot withstand judicial scrutiny," Bedford said.

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Russ Willard, a spokesman for the state attorney general's office, said: "The state has already begun working on its appeal. We plan to file an appeal as soon as possible."

Judge Throws Out Ga. Photo-voter ID Law (AP-Y)

By Errin Haines

AP, September 19, 2006

A judge Tuesday struck down as unconstitutional the latest version of a new Georgia law requiring voters to show photo ID.

State Superior Court Judge T. Jackson Bedford Jr. ruled that the photo ID requirement deprives otherwise qualified voters of the right to cast a ballot and adds a new, unconstitutional condition to voting.

"Any attempt by the Legislature to require more than what is required by the express language of our Constitution cannot withstand judicial scrutiny," he wrote.

The judge took issue with the burden placed on voters to prove their identity using photo ID. Even if voters are allowed to cast ballots without the required identification, they must return within 48 hours with photo IDs or their vote is forfeited.

Bedford noted that a photo ID is not required to register to vote in Georgia.

The case is expected to go to the Georgia Supreme Court before the Nov. 7 general election.

Russ Willard, a spokesman for the state attorney general's office, said it would appeal "as quickly as possible."

Supporters of the photo ID law, including Republican Gov. Sonny Perdue, have said it is needed to protect against voter fraud. Opponents argue it disenfranchises poor, elderly and minority voters who are less likely to have a driver's license or other valid government-issued photo ID.

Former Democratic Gov. Roy Barnes challenged the law in the state case on a voter's behalf. Several civil rights groups filed a similar lawsuit in federal court.

"Judge Bedford obviously understood that at the end of the day, you don't play politics with the most fundamental right — the right to vote," said Jennifer Jordan, co-counsel with Barnes on the case. "The right to vote is actually the one thing that makes us all equal."

The new law took effect July 1, but its enforcement was blocked by state and federal judges during the state's July primaries and August runoffs.

Last October, federal Judge Harold Murphy struck down an earlier version of the law, saying it amounted to an unconstitutional poll tax.

The Georgia Legislature addressed his complaints in the latest version of the law, but when Murphy issued an injunction before the July primaries, he said the state had not taken enough time to educate voters.

Because the Department of Justice did not approve the photo ID requirement until late June, the state's election board had only three weeks to educate voters before the primaries — a window that was too short, Murphy said.

Nationwide, 24 states have legislation requiring voters to show some form of identification. Seven states, including Georgia, have passed legislation requiring voters to show a photo ID at the polls.

The issue heads to Congress on Wednesday, when the House takes up debate on legislation that would require all voters to show government-issued photo ID proving their citizenship.

Florida Redux? (RC)

Roll Call, September 20, 2006

Six years after the “hanging chad” presidential election debacle in Florida and four years after Congress passed legislation designed to prevent such disasters from happening again, alarms are once again being raised that these pivotal Congressional elections could be beset by chaos at the polls.

On Thursday, USA Today carried a front-page story headlined “Election glitches ‘could get ugly’” with the subhead “New voting equipment, lack of training feed fears.” And on Sunday, The Washington Post’s main headline declared “Major Problems At Polls Feared,” and the subhead read, “Some Officials Say Voting Law Changes And New Technology Will Cause Trouble.”

Let’s hope these warnings prove to be as overblown as the millennium Y2K panic, when it was feared that all the computers in the world would malfunction on Jan. 1, 2000, because of mis-set date codes. Industries spent billions in advance to

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adjust their computers and ward off the danger. Similarly, Congress has appropriated $3 billion to help states and localities buy electronic voting machines to avoid a repetition of Florida 2000, when voting snafus left the presidential election result in dispute.

Now, it's control of Congress that hangs in the balance, and the worry is that despite (or worse, because of) provisions of the 2002 Help America Vote Act, Florida-style confusion may reign all over the country. As USA Today summarized, "problems range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems." It noted that glitches have occurred this year in primary elections in Arkansas, California, Florida, Illinois, Indiana, Maryland, Ohio, Pennsylvania, Texas and West Virginia.

HAVA mandated new voting technology, updated statewide voter registries, provisional ballots for those not on voter lists and identification requirements for certain new registrants. Most of its provisions take effect this year. Unfortunately, as a Congressional Research Service study reported, Congress authorized $600 million to help states meet its requirements, then failed to provide the funding in fiscal 2005 or 2006.

The CRS added that, according to the Election Assistance Commission, national elections require about 2 million poll workers nationwide. Most tend to be retirees — with an average age of 72 — and they often have to be on duty for 14 hours. They needed substantial training to be ready for the new equipment and rules mandated by HAVA. They didn't get it.

Ever since 2003, Rep. Rush Holt (D-N.J.) has offered legislation to require that electronic machines be equipped with a backup paper trail to make it possible to resolve disputes. His bill, now boasting 212 co-sponsors, will not receive its first hearing in the House Administration Committee until Sept. 28 — just days before Congress is ready to adjourn and 38 days before the elections. There's no way around it: If Nov. 7 is a mess, Congress will be to blame.

Missing: A Black Voice For Economic Equality (USAT)

By Juan Williams

USA Today, September 20, 2006

The most frequently asked question about black leadership in America today is: Where is the next Martin Luther King Jr.?

In one sense, the question is misguided. Increased integration has created options for black leaders that did not exist a generation ago. Think of Colin Powell and Condoleezza Rice as secretaries of State, Stan O'Neal as chief executive and president of Merrill Lynch, Richard Parsons as head of Time Warner and Ken Williams as general manager of the baseball champion Chicago White Sox.

The list goes on.

But the continuing focus on the next King is not really about a shortage of black people in leadership positions. It's about who is at the forefront of the ongoing fight for racial equality in the nation. Who is taking leadership on difficult questions, such as how to respond to the disproportionate poverty among black and Hispanic Americans? Who is pushing to get answers to the high rate of out-of-wedlock births among blacks, now at nearly 70%? And who is dealing with shocking dropout rates for young black and Hispanic high school students, now approximately 50%, as well as the awful achievement gap for students of color who do stay in high school?

At the start of the 21st century, helping poor people of color to get through the doors of opportunity is the best indicator of racial progress. The major civil rights groups — the NAACP and National Urban League — have good people offering a range of programs from job training to health screenings. But on the issue of black America remaining competitive in a global economy moving away from blue-collar jobs, there is a leadership void.

The good news is that previous generations of successful black leaders offered a template for this era. Black leaders of every political ideology forcefully delivered a message centered on self-help — of taking control of one's fate — as black people struggled against slavery and then legal segregation, as well as crippling stereotypes.

Frederick Douglass wrote an editorial, "Learn Trades or Starve," to spur former slaves to keep pace with the economic changes of the late 19th century. Douglass also persuaded black men to enlist with the Union to fight the Confederacy and then argued that blood shed by blacks in uniform had earned them the right to full participation in U.S. politics and economics.

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But since the 1954 Brown v. Board of Education decision banning racial segregation and the civil rights victories of the '60s, the focus of activism has shifted to government action. The message of individual empowerment has been replaced by appeals to white guilt based on a culture of victimization.

In 2004, on the 50th anniversary of the Brown decision, entertainer Bill Cosby gave a speech in which he praised the civil rights pioneers who fought to remove racial barriers, but he said too many of those newly opened doors were not being used. He pointed to children born in poverty, sky-high rates of black people in jail and the acceptance of crime in the black community. He bluntly told the audience: "Ladies and gentlemen, the lower economic people are not holding up their end in this deal."

Cosby said many of the problems facing black America today have less to do with white racism than with internal failures, such as poor parenting. In return for speaking out, he was accused of blaming the victim, letting whites off the hook for "systemic racism" and airing black America's "dirty laundry."

Undeterred, Cosby responded a few weeks later. He said too many black leaders "want you to remain in a hole and they rejoice in your hopelessness because they have jobs mismanaging you."

Black American leadership has been so successful at overcoming cultural, political and racial opposition that it created the model for modern social movements, inspiring democratic activists in China's Tiananmen Square and the leaders of Poland's Solidarity party. The reason so many across racial and ideological lines ask about the next Dr. King is they want to know how to achieve a real revolution that will lift up the disproportionate share of minorities trapped at the bottom.

In the 21st century, black leaders must inspire people by urging them to get the highest level degree possible to keep pace in the rough-and-tumble global economy. Leaders must tell young people that even if they are in the worst school imaginable, they must not drop out; that they shouldn't have children unless they are married; that they should work to avoid drifting in to crime and the living hell of the prison system. Leaders must encourage people to take any job to avoid falling out of the workforce.

More than 100 years after Booker T. Washington and W.E.B. DuBois agreed that self-help to educate children and economic power were necessary to bring blacks into the American mainstream, there is still a hunger to find the next leader to deliver that message.

Juan Williams is a senior correspondent for NPR, a political analyst for Fox News and author of Enough: The Phony Leaders, Dead-End Movements, and Culture of Failure That Are Undermining Black America — and What We Can Do About It.

ANTITRUST:

Grassley Voices 'strong Reservations' Over Pork Merger (DMR)

Des Moines Register, September 20, 2006

Washington, D.C. – Sen. Charles Grassley, R-Ia., is asking the Justice Department to take a close look at the proposed merger of the nation's two largest hog producers, Smithfield Foods and Premium Standard Farms.

In a letter Tuesday to the department's antitrust division, Grassley said

the merger would hurt independent farmers by severely reducing the number of places they can sell their hogs.

"I have strong reservations about this proposal and the continued trend in concentration in the pork industry and, as such, I urge the Department of Justice to carefully scrutinize this transaction," Grassley wrote.

Sen. Tom Harkin, D-Ia., also has called on the department to review the deal.

The department could seek to block the merger on antitrust grounds or

require the companies to sell some of their operations.

But Dennis Treacy, Smithfield vice president of environmental, community and government affairs, has said the company is confident that the department will clear the merger.

Premium Standard has pork plants in Missouri, Texas and North Carolina with the annual capacity of slaughtering 4.6 million hogs.

Smithfield has no operations in Iowa, but it owns Farmland Foods and John Morrell, which have Iowa slaughtering plants.

Rivals Skirmish With Microsoft Over Vista Security (CNET)

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By Joris Evers, Staff Writer, CNET News.com

CNET News, September 20, 2006

Competitors say they should be able replace a Windows feature that tells people about the security status of their PC.

Microsoft and its security rivals are feuding over a key piece of Windows Vista real estate.

The fight is over the display of technology that helps Vista owners manage the security tools on their PC. Symantec, McAfee, Check Point Software Technologies and other companies want Microsoft to change Vista so their products can easily replace the operating system's built-in Windows Security Center on the desktop. But Microsoft is resisting the call.

"By imposing the Windows Security Center on all Windows users, Microsoft is defining a template through which everybody looks at security," Bruce McCorkendale, a chief engineer at Symantec, said in an interview. "How do we trust that Microsoft knows what all the important things about security are to warn users about?"

Windows Security Center, introduced with Windows XP Service Pack 2, pops up on desktops to alert PC owners if their firewall, virus protection and other security tools need attention. The version in the Vista update, set for broad release in January, will add new categories and management tools.

It is possible to run third-party security consoles in Vista, said Stephen Toulouse, a program manager in Microsoft's Security Technology Unit. However, people have to manually disable the Windows Security Center if they don't want to use it. And the software giant has no plans to give other companies the ability to turn off the Windows Security Center, Toulouse noted.

"Our main concern is to provide customers with a fall-back option if there is no other security center running," he said.

If the differences aren't worked out, it could spell annoyance for consumers, the rival security companies say. People who choose to use Microsoft's console alone will get a limited view of their Vista PC protection, they suggest. Those who buy competing software will have to run it alongside Microsoft's dashboard, which could report conflicting information. Rivals have charged that the Redmond, Wash.-based software giant is hurting consumers, raising the specter of more antitrust complaints for Microsoft.

"Microsoft's Windows Security Center demonstrates fairly limited sophistication, and having (it) control the console could take away the consumer's visibility into the threats he faces," said Siobhan MacDermott, a spokeswoman for McAfee. "Ultimately, it's something the consumer should decide, not Microsoft."

Jostling for position

Tensions are flying high in the security space after Microsoft, with its $34 billion war chest, entered the market. It launched Windows Live OneCare for consumers and is readying enterprise security products. With its huge presence on desktops, the software giant has a built-in advantage--one that is making other security companies nervous. European antitrust regulators are closely watching Microsoft.

Security companies have already fought several battles over Vista similar to the one about Windows Security Center. Some they won. Most recently, Microsoft added the ability for third-party products to turn off Windows Defender spyware protection in Vista, rather than requiring the PC user to do it. Earlier, it provided the same functionality for the Windows Firewall. In both cases, Microsoft has asked security companies to re-enable the Windows defenses if their products are removed from a PC.

A dispute still exists over "PatchGuard," a security feature that Microsoft says is designed to guard core parts of the 64-bit version of Vista, but which critics say locks out helpful software from security rivals.

And then there is Windows Security Center, which sits in the Windows Control Panel and pops up any time there is a security alert, such as when antivirus protection is disabled or the firewall is turned off. Microsoft is beefing up the console in the successor to XP, and refers to it as the "voice of security for Windows Vista."

In Vista, the security dashboard will add reports on spyware protection, Internet security settings, and Windows security technology called "User Account Control."

Another change in Vista is that Windows Security Center will be used to manage the security software, in addition to reporting on it. For example, a PC user could update antivirus definitions or disable a firewall directly from the Windows Security Center, according to a recently published Microsoft document on the feature.

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This could give rivals the opportunity to change tack and focus on developing products that plug into Microsoft's security dashboard, rather than continuing to produce their own, Toulouse suggested. "They might not need to have their own security center anymore," he said. "It is our hope that they build products that connect into Windows Security Center."

Microsoft agreed that multiple security consoles on a single PC could confuse users, especially different information is displayed, but said that this is an argument in favor of funneling all security software management via the Windows Security Center.

"It is a fundamental lack of clarity for the user," Toulouse said. Microsoft's dashboard is "neutral" and "vendor agnostic," Toulouse added.

But Symantec and Check Point chuckle at the notion that Microsoft is neutral. For example, both companies doubt it is a coincidence that the company added an anti-spyware category to the Windows Security Center only after it introduced Windows Defender, an anti-spyware tool that will ship as part of Vista.

"Who is Microsoft to define the right way to think about security?" asked Laura Yecies, general manager of Check Point's ZoneAlarm division. "Microsoft does not have the track record or expertise in this space. They have not earned it."

Best view

McCorkendale said Symantec's own security center will give its customers the best view of the status of Symantec products, so people should have the option to use the Symantec dashboard instead of Microsoft's. "Customers should be allowed to choose their security product suites and therefore the security console to go with them," he said.

Symantec's console is called the "Norton Protection Center," and Check Point has a management console in ZoneAlarm Internet Security Suite. McAfee, one of the top players in the consumer security space, also has a security console. Trend Micro and CA declined to comment.

Michael Cherry, an analyst at Directions on Microsoft, also questioned the software maker's neutrality when it comes to Windows Security Center, wondering whether Microsoft's developers would respond quicker to a request from the OneCare team then to Symantec's Norton AntiVirus team.

"I am not comfortable yet that that information is being shared equally and that all partners are equal partners," Cherry said. "It is only neutral when they can prove that OneCare, or Windows Firewall, or Windows Defender does not get a more favorable review or a more favorable access to technology."

There is something to be said for a central point in Windows that has security information, Cherry added. But if a user picks a third-party security suite, that product should be able to turn off Windows Security Center, he said.

"If I choose to use a third party's tools, then I would want to use a security center from them. So I'd be much more comfortable if Microsoft's could be uninstalled in favor of the one I want to use," he said.

Restricted Vista?

Symantec, Check Point and McAfee also argued that Microsoft's Windows Security Center risks giving consumers a limited view of security.

"If we were to just cede the dashboard console view of security to Microsoft, we could only talk to users about firewalls, antivirus and anti-spyware," Symantec's McCorkendale said

Check Point's Yecies said that Microsoft's console looks at security with blinders that are surprisingly convenient to its own product lineup.

"The modules, as Microsoft has currently defined them, are incomplete in an environment of zero-day exploits," she said. "Setting up those terms really limits the view consumers have about what is possible and potentially what they need. It might lead a consumer to think that they are fully protected, when in fact they are far from it."

But Natalie Lambert, an analyst at Forrester Research, argued that Microsoft is helping PC users. "The Windows Security Center is helpful, it really does provide a quick view into security," she said. "Consumers need to have security handed to them on a silver platter."

Vista is the first major update to Windows since Microsoft shipped XP in 2001. Back then, Microsoft was not a player in the security arena, and things went much smoother, McCorkendale said

"It is really hard work and we have had to be very, very persistent and over a very long period of time, which is different from how we used to work with Microsoft before they got into the security space. They have really changed the rules of the game; we used to have a lot more pleasant dialogue," he said.

Ultimately, Symantec hopes all the differences can be resolved nicely, McCorkendale said.

"All our concerns are about consumer choice. Consumer should be allowed to choose their security solution and if they are not allowed to make that choice…you risk a monoculture in security, which reduces innovation and diversity."

ImClone Sets Strategy To Deal With Loss In Erbitux Patent Case (WSJ)

By Marilyn Chase

The Wall Street Journal, September 20, 2006

Caught off guard by a federal court's Monday-night decision in the Erbitux patent case, ImClone Systems Inc. said yesterday it has crafted a strategy to deal with a judge's award of the cancer treatment's ownership to Israeli scientists.

"We have three avenues of defense: an appeal, an action for declaratory judgment [invalidating the patent] and the option to seek a license" from Yeda Research & Development Co., the technology-transfer arm of Israel's Weizmann Institute of Science, an ImClone spokesman said, calling this a "fail-safe" strategy.

The market wasn't so sure. The New York biotechnology company's shares staggered and then recovered a bit to close down $1.36, or 4.5%, at $29.16 as of 4 p.m. in Nasdaq Stock Market composite trading.

U.S. District Court Judge Naomi Reice Buchwald in New York ruled Monday that three Israeli scientists were the true inventors of a patent covering a use of the monoclonal antibody Erbitux when given in combination with chemotherapy. The drug is approved for advanced colorectal cancer as well as for tumors of the head and neck. ImClone had licensed exclusive rights to the patent from French drug maker Sanofi-Aventis SA, which said it had no comment on the ruling.

"It's a travesty of justice," said analyst Mike King of Rodman & Renshaw, which makes a market in ImClone stock. "It should give anyone working with academics pause. It means anyone who gets their hands on your molecule can make a claim. Maybe that's an oversimplification, but Yeda was a pair of hands. They were taking direction. They were doing the work, not doing something conceptually novel."

Yeda's counsel, Nicholas Groombridge, a partner in New York law firm Weil, Gotshal & Manges LLP, disagreed. "Those were the arguments ImClone made and the court rejected" after thorough analysis in its 140-page opinion, he said.

Moreover, Mr. Groombridge said his clients' win would be good for patients and good for competition. By seeking wider, nonexclusive licensing of the patent, Yeda will encourage other manufacturers whose entry into the market will apply downward pressure on pricing for such cancer treatments.

Dismissing any material adverse impact on near-term operations, ImClone said it will assess its intellectual-property position to determine longer-term impact. ImClone now pays royalties to Sanofi-Aventis "in low single digits" for an exclusive license to the patent -- a rate analysts estimate at about 3% of Erbitux sales. A nonexclusive license from Yeda would fetch a lesser fee, ImClone's spokesman said. ImClone derives royalties on the sale of Erbitux from its partners -- 39% from Bristol-Myers Squibb Co., which sells Erbitux in the U.S., and 9.5% from German drug company Merck KGaA, which sells the drug outside the U.S.

But analysts said the ruling threatens sales and profits on ImClone's only product and adds to challenges already facing the company. ImClone failed to find a suitable buyer after putting itself up for sale this year. Moreover, ImClone faces potential competition from Amgen Inc.'s rival drug Vectibix, which is headed toward approval as soon as late 2006 or early 2007.

Yesterday, a Bristol-Myers spokesman said its share of Erbitux revenue wouldn't be affected by any ImClone royalty payout to Yeda, but conceded a decline in ImClone's market value would erode the value of its 20% stake in the biotech firm. Bristol-Myers shares fell 17 cents to $24.71 as of 4 p.m. in New York Stock Exchange composite trading.

Merck KGaA prepared for such an outcome. It struck a deal with Yeda "some time ago" to protect Merck's "use of the [Erbitux] patent" and its Erbitux sales, a spokeswoman said yesterday, declining to specify terms.

---- Peter Loftus, Jeanne Whalen and John Carreyrou contributed to this article.

Write to Marilyn Chase at marilyn.chase@wsj.com1

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ENVIRONMENT/INDIAN AFFAIRS:

Nuclear Site Nears End Of Its Conversion To A Park (NYT)

By Christopher Maag

The New York Times, September 20, 2006

FERNALD, Ohio, Sept. 19 — In about two weeks, the final trainload of radioactive waste is to leave the Fernald nuclear site.

The train will carry 5,800 tons of contaminated soil in 60 railcars, just like the 196 trains before it, which have run for seven years to a Utah dump from this scarred, cratered patch of land in the hills of southern Ohio.

"I never thought I'd live to see this day," said Johnny Reising, who directs activity at the site for the Department of Energy.

This fall, the site will open to the public as a natural, undeveloped park following a 13-year, $4.4-billion cleanup. That is actually a bargain. Experts had originally estimated that cleanup would cost $12 billion and take until 2025.

"I remember touring the site in the 80's and thinking, 'My golly, how are we ever going to clean this up?' " said Graham Mitchell, who oversaw the site for the Ohio Environmental Protection Agency for 21 years until he retired this month.

From the time it opened in 1951 until it closed in 1989, the Feed Materials Production Center in Fernald enriched 500 million pounds of uranium, 67 percent of all the uranium used in the nation's cold war nuclear weapons program.

The center also created 1.5 billion pounds of radioactive waste, Mr. Reising said. It operated in obscurity until 1985, when neighbors discovered that the plant's waste had polluted their air, soil and drinking water.

The neighbors sued, and the resulting news coverage prompted similar revelations at nuclear facilities around the country.

The site originally included a leaky silo filled with highly radioactive uranium sludge. At the time it was the largest concentration of poisonous radon gas in the world, Mr. Reising said. Officials at the Fernald center dumped radioactive waste into pits just 20 yards from a creek that sits directly atop the Great Miami Aquifer, one of the biggest and cleanest aquifers east of the Mississippi, Mr. Mitchell said.

Rainwater carried uranium into the creek, where it sank and contaminated 225 acres, or about 0.062 percent of the aquifer, according to figures on the Web site of the Fernald Citizens Advisory Board, which represented the center's neighbors through the cleanup process.

When the Department of Energy ran out of room to bury waste at the 1,050-acre Fernald site, officials ordered it packed into 100,000 metal drums, which were left outside, exposed to the elements. Accidental releases covered 11 square miles of surrounding farmland in radioactive dust.

"When we first visited the site, I saw workers walking around in short-sleeve shirts, and their arms were covered with radioactive yellowcake," said Lisa Crawford, president of Fresh, a citizen's group that fought for cleanup at Fernald.

The original plan called for moving all the radioactive waste from Fernald to Nevada. Citizens and regulators gradually decided the plan was so expensive that it might never happen. "It took us years to realize how much dirt we were actually talking about," said Jim Bierer, chairman of the citizens board.

In the final compromise, the federal government agreed to move 1.3 million tons of the most contaminated waste to storage sites in Texas, Nevada and Arizona. Citizens agreed to place the rest — 4.7 million tons — in a landfill at Fernald.

Today, the waste site resembles a long, fat worm. Filled with uranium-laced soil, building parts and shreds of clothing, the landfill is 30 feet deep, with another 65 feet above ground, and is three-quarters of a mile long.

The landfill's outer wall of rock, plastic and clay is nine feet thick and sits 30 feet above the aquifer. It is designed to last at least 1,000 years.

At its peak, the cleanup effort employed 2,000 workers, as many people as worked at the center during the height of uranium production, Mr. Reising said.

The Department of Energy spent $216 million on buildings just to clean the site. When the buildings were no longer needed, each one had to be demolished, decontaminated and placed in the landfill. The department also built a pumping system to suck contaminated water out of the aquifer and purify it. That process will continue until the entire aquifer is clean, in about 2023, Mr. Reising said.

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When the site opens as a park, the landfill will be off-limits to the public. The remaining 930 acres will include hardwood forest, prairie and wetlands intended to recreate the area's natural environment before European settlers arrived in the early 1800's, Mr. Reising said.

Native bird species not seen in the area for decades, including bobolinks and dickcissels, have been spotted at Fernald, as have endangered species including the Indiana brown bat and Sloan's crayfish. Deer wander the roads, and great blue herons stand motionless in ponds.

Humans have started to return, too. For decades, home values around Fernald stagnated because no one wanted to live near a nuclear waste dump, Mr. Bierer said.

Now two subdivisions are under construction within a mile of Fernald.

"It seemed to take forever," Mr. Bierer said. "Basically we started with a huge environmental disaster and ended up with an environmental asset."

Derailed Train Spills Hazardous Chemical, Hundreds Evacuated In Crawford, Texas (AP)

AP, September 20, 2006

CRAWFORD, Texas — A train derailed and spilled a hazardous liquid Tuesday night, prompting about half the population of Crawford to temporarily evacuate, officials said.

President Bush's ranch is several miles away from the town and was not near the area evacuated. Bush was not at the ranch at the time of the spill.

More than 300 people were told to stay away from their homes for about four hours before they were allowed to return at 10 p.m., said Crawford Police Chief Donnie Tidmore.

No injuries were reported after the train spilled ethanolamine, said Joe Faust, spokesman for BNSF Railway.

The chemical is a colorless flammable liquid that can irritate the eyes, skin and respiratory system, according to a report on the Occupational Safety and Health Administration Web site.

"We're monitoring the air and the air is clear right now, so we're OK on that front," Tidmore said by phone from the scene.

The cause of the derailment was under investigation.

"One of the train engineers said he saw one of the cars starting to wobble and everything went from there," Tidmore said.

About 700 people live in Crawford, a central Texas city about 15 miles west of Waco.

Dumb As We Wanna Be (NYT)

By Thomas L. Friedman

The New York Times, September 20, 2006

São Paulo, Brazil

I asked Dr. José Goldemberg, secretary for the environment for São Paulo State and a pioneer of Brazil's ethanol industry, the obvious question: Is the fact that the U.S. has imposed a 54-cents-a-gallon tariff to prevent Americans from importing sugar ethanol from Brazil "just stupid or really stupid."

Thanks to pressure from Midwest farmers and agribusinesses, who want to protect the U.S. corn ethanol industry from competition from Brazilian sugar ethanol, we have imposed a stiff tariff to keep it out. We do this even though Brazilian sugar ethanol provides eight times the energy of the fossil fuel used to make it, while American corn ethanol provides only 1.3 times the energy of the fossil fuel used to make it. We do this even though sugar ethanol reduces greenhouses gases more than corn ethanol. And we do this even though sugar cane ethanol can easily be grown in poor tropical countries in Africa or the Caribbean, and could actually help alleviate their poverty.

Yes, you read all this right. We tax imported sugar ethanol, which could finance our poor friends, but we don't tax imported crude oil, which definitely finances our rich enemies. We'd rather power anti-Americans with our energy purchases than promote antipoverty.

"It's really stupid," answered Dr. Goldemberg.

If I seem upset about this, I am. Development and environmental experts have long searched for environmentally sustainable ways to alleviate rural poverty — especially for people who live in places like Brazil, where there is a constant

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temptation to log the Amazon. Sure, ecotourism and rain forest soap are nice, but they never really scale. As a result, rural people in Brazil are always tempted go back to logging or farming sensitive areas.

Ethanol from sugar cane could be a scalable, sustainable alternative — if we are smart and get rid of silly tariffs, and if Brazil is smart and starts thinking right now about how to expand its sugar cane biofuel industry without harming the environment.

The good news is that sugar cane doesn't require irrigation and can't grow in much of the Amazon, because it is too wet. So if the Brazilian sugar industry does realize its plan to grow from 15 million to 25 million acres over the next few years, it need not threaten the Amazon.

However, sugar cane farms are located mostly in south-central Brazil, around São Paulo, and along the northeast coast, on land that was carved out of drier areas of the Atlantic rain forest, which has more different species of plants and animals per acre than the Amazon. Less than 7 percent of the total Atlantic rain forest remains — thanks to sugar, coffee, orange plantations and cattle grazing.

I flew in a helicopter over the region near São Paulo, and what I saw was not pretty: mansions being carved from forested hillsides near the city, rivers that have silted because of logging right down to the banks, and wide swaths of forest that have been cleared and will never return.

"It makes you weep," said Gustavo Fonseca, my traveling companion, a Brazilian and the executive vice president of Conservation International. "What I see here is a totally human dominated system in which most of the biodiversity is gone."

As demand for sugar ethanol rises — and that is a good thing for Brazil and the developing world, said Fonseca, "we have to make sure that the expansion is done in a planned way."

Over the past five years, the Amazon has lost 7,700 square miles a year, most of it for cattle grazing, soybean farming and palm oil. A similar expansion for sugar ethanol could destroy the cerrado, the Brazilian savannah, another incredibly species-rich area, and the best place in Brazil to grow more sugar.

A proposal is floating around the Brazilian government for a major expansion of the sugar industry, far beyond even the industry's plans. No wonder environmental activists are holding a conference in Germany this fall about the impact of biofuels. I could see some groups one day calling for an ethanol boycott — à la genetically modified foods — if they feel biofuels are raping the environment.

We have the tools to resolve these conflicts. We can map the lands that need protection for their biodiversity or the environmental benefits they provide rural communities. But sugar farmers, governments and environmentalists need to sit down early — like now — to identify those lands and commit the money needed to protect them. Otherwise, we will have a fight over every acre, and sugar ethanol will never realize its potential. That would be really, really stupid.

Federal Regulators Eye Video Bingo (AP-Y)

By Erica Werner, Associated Press Writer

AP, September 20, 2006

At some Indian casinos, they're not playing your grandmother's church basement bingo anymore. Now the game is video bingo, played at blinking, whirring consoles virtually indistinguishable from slot machines.

Slots are subject to state approval and limits. Bingo machines aren't.

Concerned that tribes are blurring the line between the two, federal regulators are trying to clarify the difference.

New rules proposed by the National Indian Gaming Commission would slow play at video bingo terminals, mandate more player participation and require screen space to be devoted to a bingo display, making it more clear to customers that they are playing bingo rather than a slot machine.

But the draft rules face angry opposition from Indian tribes. Some rely on video bingo to supplement their state-allowed quota of slot machines, or they use the devices because they can't get state permission to run slots.

"This is serious. This is people's lives at stake here," Marjorie Mejia, chairwoman of Northern California's Lytton Band of Pomo Indians, told gaming commission officials at a daylong public hearing Tuesday. "These proposed regulations are of great concern."

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The Lytton Band hasn't won permission from California lawmakers for slot machines. It gets all its revenue from 937 electronic bingo machines. Tribal officials fear such machines would no longer be allowed under the new rules, and the slower machines that would be permitted wouldn't appeal to gamblers.

"It's really termination for my people," Mejia said.

Mejia was one of a series of tribal officials offering emotional testimony against the proposed rules, which come as tribal gambling has exploded into a $22 billion-a-year industry.

Perhaps 20 percent of that revenue comes from video bingo and similar machines, the Indian gaming commission says, the rest from slots and other Nevada-style games. The commission estimates there are some 50,000 video bingo machines at hundreds of Indian casinos around the country.

Video bingo is far less lucrative than slot machines. But since some tribes can't get state permission for slots or are limited to a certain number of such machines, they want to be able to offer the most profitable video bingo they can.

Video bingo games with names like Triple Double Red Hot 7s and Double Diamond Run Bingo are marketed based on their similarity to slot machines.

As with slots, a gambler punches a button to set reels spinning. But tribes say the machines are still fundamentally bingo because they require at least two gamblers to play each other over a linked network.

Slot machines, by contrast, involve a gambler interacting only with a single machine.

But National Indian Gaming Commission Chairman Phil Hogen said that if his agency doesn't act to delineate the difference between video bingo and slots, the two will grow so indistinguishable that states might seek to control bingo.

The Justice Department has also tangled with tribes over whether video bingo is allowed, underscoring the need for more certainty, Hogen said.

"To say that the line is already clear, I so wish that were true. I would have spent the last three years a whole lot different than I did if that were true," Hogen told tribal leaders. "Clarity I continue to think is needed."

The commission's draft rules, open for public comment until Sept. 30, require gamblers to press a bingo machine's buttons more than once, as now can happen. There are seconds-long delays built in, instead of play happening nearly instantaneously. Fifty percent of a machine's screen must be displayed as bingo, and the machine must be clearly labeled as bingo.

"The games that would be permitted under the proposed regulations would be extraordinarily expensive to produce and have little commercial viability" said Charlie Lombardo, vice president of gaming operations with the Seminole Tribe of Florida. The proposal is "very unfair to tribes."

FBI/DEA/ATF/USMS:

Mexico Pledges To Extradite Drug Lords (AP)

By Marjorie Olster, Associated Press Writer

AP, September 20, 2006

President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States.

Fox said Mexico currently has 16 "big leaders" of drug gangs in jail along with 75,000 lower level members of various cartels.

"We are fighting hard and attaining very important results," Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly.

The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector "El Guero" Palma, a reputed leader of the Sinaloa drug cartel.

"We will extradite all of those who have pending matters with U.S. justice," Fox said.

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It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S.

Mexico extradited its first major drug lord - accused kingpin Francisco Rafael Arellano Felix - to the United States over the weekend. Before that, Mexico had often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty.

Mexico's extradition of the man who once ran the Arellano Felix drug clan was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

After serving a 10-year sentence in Mexico, Arellano Felix was loaded into a helicopter to the Mexican border town of Matamoros, then flown across and handed over to Texas officials in Brownsville. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department approve the extradition.

Mexico has fought many extraditions in the past, arguing that suspects must face justice here first. It also has refused to extradite suspects who face the death penalty in other countries.

Capital punishment is illegal here, and a 1978 extradition treaty with the United States allows Mexico to deny extradition if a person faces the death penalty in another country.

In November, Mexico's Supreme Court removed an obstacle that had prevented many of the country's most notorious criminals from facing U.S. justice when it overturned a 4-year ban on the extradition of suspects facing life in prison.

Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Feds Find Drug Tunnel On U.S. Border (UPI)

UPI, September 19, 2006

U.S. Drug Enforcement Agency officials said they discovered a tunnel running 400 feet along the U.S.-Mexican border used by traffickers to smuggle drugs.

The tunnel, about 20 feet underground, reportedly was outfitted with lights and had a concrete floor, resembling in sophistication the tunnel authorities discovered last January that led from Mexico into a California border town, El Universal reported Tuesday.

Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S., said DEA agent John Fernandes.

Man Linked To Cross-border Tunnel Pleads Not Guilty To Marijuana Possession (SDUT)

By By Anna Cearley, Union-tribune Staff Writer

The San Diego Union-Tribune, September 19, 2006

A man linked to the cross-border tunnel that was found Friday in Calexico has pleaded not guilty to possessing about 1,000 pounds of marijuana found in a truck he was driving.

Jesus Bernardo Aguila Agundez made his plea at the El Centro federal courthouse Monday, according to U.S. authorities.

Aguila's arrest Friday paved the way for U.S. investigators to obtain a search warrant that same day to enter a Calexico house from which the truck had reportedly been seen leaving.

Inside, they found a 400-foot-long cross-border tunnel with lighting, ventilation and a water pump system. Mexican authorities, notified of the tunnel, found its opening in a house on the Mexicali side of the border.

Drug Enforcement Administration special agent Dan Simmons wouldn't say how a multiagency task force had grown suspicious about the Calexico house.

U.S. authorities were conducting surveillance for several weeks on cars leaving the house on East Second Street, according to court records.

On Friday, they watched a blue truck back halfway into the house's garage and someone load unidentified items onto it, according to the records.

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They followed the truck to a swap meet and afterward.

Calexico police then stopped the truck and found 100 packages of marijuana covered by a tarp, according to the records.

No arrests were reported on the Mexican side, but officials there did find marijuana residue on their side of the tunnel, according to a news release from the Mexican Attorney General's Office.

The Arellano Felix drug cartel has been linked to drug tunnels in the past, but Mexican and U.S. authorities wouldn't say whether this tunnel was used by a particular group.

The Mexicali region's drug network is believed to be mostly controlled by suspected drug traffickers Ismael Zambada and Joaquin Guzman, who are rivals of the Arellanos.

The tunnel's interior dimensions were 3½ feet by 4 feet, and it had been built about 20 feet underground, according to agency spokesman Simmons. There was about 8 inches of standing water in the tunnel, and a pump was found on the Mexican side, he said.

Such pumps are often found in tunnels where underground water tends to seep into the spaces.

The tunnel had been reinforced with wooden beams and planks. U.S. authorities also found four skateboards that may have been used to scoot the drugs through the tunnel, which had a concrete floor.

“I don't see a bunch of kids practicing with their skateboards down there,” Simmons said.

Drug Ring's Bi-state Tactic (PAET)

By Tom Quigley, The Express-times

Easton Express-Times, September 20, 2006

Made deals in Easton, fled to P'burg, officials say. Scheme meant to thwart police, investigators allege.

PHILLIPSBURG | A $17,000-a-week cocaine ring dismantled by federal and local investigators made about half its drug sales in the Easton area, a federal Drug Enforcement Agency spokesman said Tuesday.

A six-month investigation led to the arrests of 30 people facing charges ranging from state drug possession charges to federal charges of conspiracy to distribute cocaine.

DEA spokesman Douglas S. Collier said the cocaine dealers tried to use the state line between New Jersey and Pennsylvania to thwart local investigators.

"The leaders of this crack cocaine distribution network were Keisha Fredericks and Edward Rayshawn Carter, also known as Sugar Ray," Collier said.

He said the investigation was dubbed "Operation Stateline" because investigators saw several members of the distribution ring crossing between the two states.

Collier explained the dealers would sell in Pennsylvania and then retreat to what they considered the safety of Phillipsburg.

Investigators seized about three pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rodgers Street, Bethlehem, is one of seven people facing federal charges and is now in the custody of the U.S. Marshals Service.

Also facing federal charges for conspiracy to distribute cocaine are Fredericks, 29, of the 300 block of Washington Street, Phillipsburg; Carter, 31, of the first block of Sitgreaves Street, Phillipsburg; James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg; Ray "Pops" Edward Carter, 48, of the first block of Sitgreaves Street, Phillipsburg; Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton; and Daniel "Groove" Groover, 45, of the 300 block of Washington Avenue, Phillipsburg.

The federal charges against the seven carry possible life sentences, authorities said Tuesday. Plea negotiations with the U.S. Attorney's Office are ongoing, court records show.

Defense attorney Scott Alan Krasny represents Edward Rayshawn Carter and is the lead attorney in the federal case. He did not return a phone message left Tuesday at his West Trenton, N.J., office.

Twenty-three area residents face state drug charges linked to the investigation.

"We're not going away," Collier said.

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Phillipsburg Police Chief Robert Mirabelli said his investigators and patrol officers took part in the investigation. The chief thanked the DEA agents involved in the investigation.

"I do believe it's had a significant impact in Phillipsburg," Mirabelli said.

The chief said now the job involves continued work to prevent others from coming into town to replace those arrested.

The Warren County Prosecutor's Office Multi-Jurisdictional Narcotics Task Force also participated in the investigation.

Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions, and made undercover drug buys as they infiltrated the underbelly of Phillipsburg's drug trade, according to court records.

The undercover investigation began in March.

A confidential informant told DEA agents that Edward Rayshawn Carter, Ray Edward Carter, Armstrong and Groover were selling large quantities of crack in and around Phillipsburg, federal records show.

Fredericks was under surveillance for months after authorities obtained a court order to tap her cell phone, records show.

Those facing criminal charges in Warren County include the son of 40-year-old Phillipsburg resident Donald O'Grady -- one of two men charged with the robbery-murder of an elderly Phillipsburg woman last month.

The ongoing investigation is part of the DEA's Mobile Enforcement Teams program. The program was developed in 1995 as a response to drug-related violence in neighborhoods.

Other agencies involved in the investigation were the Easton Police Department, Belvidere Police Department, FBI, Greenwich Township Police Department, New Jersey State Police, Pohatcong Township Police Department, Washington Borough Police Department and Warren County Sheriff's Office.

Officials Release Details On Drug Ring (MORNCALL)

The Morning Call, September 20, 2006

A crack cocaine ring based in Phillipsburg made sales on both sides of the Delaware River to stymie local police as well as rake in money, state and federal officials said Tuesday.

But any advantage the organization hoped to gain by moving across the Pennsylvania-New Jersey border collapsed this summer, the authorities said. The crack ring, believed to be the largest in rural Warren County, was put out of business six months after federal agents began using wiretaps and making undercover buys.

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"They tried to manipulate the system, using the state line as their protector and shield," said Douglas S. Collier, a special agent with the U.S. Drug Enforcement Administration in Newark, N.J. "They were doing operations in Pennsylvania and going back to New Jersey feeling safe."

Unfortunately for the ring, Collier said, law enforcement officials on both sides of the Delaware began sharing information on what their patrol officers were seeing.

What the local police saw led to Operation Stateline, an investigation that netted 30 people on drug charges, including seven on federal charges carrying potential life prison sentences, Collier said. It also netted three pounds of crack and $17,000 in cash.

At a news conference in the Phillipsburg Municipal Building, police chiefs and other Warren County law enforcement officials lined up near an organizational chart with pictures of the seven suspects in the federal case. All have been in prison since July, when they were arrested and indicted.

About half of the ring's business was in the Easton area, Collier said. Easton Police Chief Larry Palmer had been invited to the news conference but was unable to attend.

Three Northampton County residents were among those arrested, and two who were labeled "distributors" on the organizational chart were named in federal indictments: Tim Hartwell, 33, of 2263 Rogers St., Bethlehem, and Pasqual Colon, 27, of 606 Berwick St., Easton.

Kristi Riegel, 23, of 907 Bushkill St., Easton, was among the 23 people arrested on state drug charges in Warren County, officials said.

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The ring bought cocaine from suppliers at wholesale prices, ranging from $28,000 to $35,000 per kilogram, Collier said, and "cooked it up into cocaine base," known as crack. Distributors provided the crack to dealers, who sold it on the street for $5 to $10 per "rock."

Street prices for a kilogram's worth of the drug totaled well over $100,000, Collier said, bringing the ring exponential returns on its investment.

The main targets of the federal investigation were Phillipsburg residents Keisha Fredericks and Edward Rayshawn Carter, whose pictures were at the top of the organizational chart.

A glimpse into the ring's sales and production methods is contained in the federal indictment against Fredericks in a section detailing an April 26 drug deal being made over a cell phone.

When the caller asked if there was crack for sale, the indictment states, Fredericks said she had it but that "we's just chefin' it," meaning cooking the cocaine into crack.

Fredericks told the caller she needed about 20 minutes to finish cooking before heading over to a convenience store parking lot, where she later sold an ounce of crack for $1,500, the indictment states.

Collier declined to say where the ring bought cocaine wholesale, saying it came from "different sources." He said the investigation is pending.

"We're not going away," he said. "We have a lot of work to do."

Drug Ring Defendant Is Sentenced To Prison (SFC)

By Henry K. Lee, Chronicle Staff Writer

San Francisco Chronicle, September 20, 2006

22 had been accused of conspiring to deal cocaine and heroin

One of the last of 22 defendants named in a 2004 federal grand jury indictment accusing them of conspiring to distribute cocaine and heroin from West Oakland was sentenced Monday to more than five years in prison.

At a hearing in Oakland, U.S. District Judge Claudia Wilken ordered Joel Diaz, 35, of Oakland to serve 63 months in prison. In April, Diaz pleaded guilty to possession with intent to distribute and distribution of cocaine while aiding and abetting.

The group was based in an area known as the Lower Bottom near 15th and Center streets in West Oakland, where drug disputes led to 10 homicides in the vicinity from 1996 until a federal complaint led to arrests in 2004, FBI Special Agent Sandra Maier wrote in an affidavit.

The charges, based largely on wiretapped phone conversations and undercover surveillance, were the result of an investigation that included Oakland police, the FBI, the Drug Enforcement Administration and state narcotics agents.

Of 22 defendants named in the complaint, most of them were indicted by a federal grand jury in Oakland. Federal prosecutors ultimately dropped charges against three defendants, court records show.

Over the past two years, the majority of those indicted have been sent to federal prison with sentences ranging from nine days to 14 years, records show.

Among those now in prison are James Edward Morrison Jr., 37, of Richmond, a convicted rapist and drug dealer known as "Chewy" who received a 10-year sentence, and Irvin Anthony Albert, 35, of San Jose, a convicted rapist known as "Tone Capone" who was sentenced to 14 years in prison.

On Sept. 11, another defendant, Henry Fryson, 42, whose nickname is "Biggie," was sentenced to more than nine years in prison. The last defendant, Mike Randall, is to be sentenced in November.

Typically, authorities have seen a "revolving door" of suspects who are back on the streets relatively quickly after being placed on county probation. Many served shorter stints in local jails where convicts could arrange drug deals or even executions from behind bars.

Drug dealers who are sent to federal court often face longer sentences and are sent to prisons across the country, far from friends and family, authorities say.

"You're going to feel totally isolated in every way from your way of life," said Officer Roland Holmgren, Oakland police spokesman. "If you continue on this path of violence and destruction, there's now warnings -- this is it."

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Authorities are using the same tactic in North Richmond, where 15 suspected members or associates of the Project Trojan street gang were indicted in March by a federal grand jury in Oakland on charges of cocaine and methamphetamine trafficking.

Suspect May Be Linked To Zetas (DMN)

By Sergio Chapa, Al Día

The Dallas Morning News, September 20, 2006

Lancaster: Lawyer says man denies smuggling guns for cartel enforcers

A Lancaster man arrested late last week for being a felon in possession of a firearm is part of a network that provides weapons to the drug cartel enforcers known as the Zetas, according to court documents and testimony.

Members of a local task force with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives arrested Erasmo Arciba, 42, near his Franklin Street home Thursday. The arrest came after a five-month investigation into handguns and assault rifles that were bought in the Dallas-Fort Worth area and delivered to Mexico's Gulf cartel.

Mr. Arciba's attorney, Carlton McLarty, said his client – who is being held without bail pending a Thursday hearing – admits to being a felon in possession of guns but denies being part of an international weapons smuggling ring.

In a court hearing Monday, Dallas police Officer Paul Freese told U.S. Magistrate Judge William F. Sanderson that Mr. Arciba's case is part of an ongoing investigation of the Zetas' local connections, including weapons trafficking.

The Zetas, a paramilitary group that murders rivals and collect debts on behalf of the Gulf drug cartel, have been linked to crimes in Mexico and the U.S., including at least three killings in the Dallas area first reported in The Dallas Morning News.

Officer Freese testified in court that Mr. Arciba is affiliated with a group "that sends weapons to Mexico and Zetas ... but he is not a member" of the Zetas.

Mr. Arciba "is a hardworking person in town" who runs a construction business out of his Lancaster home, Mr. McLarty said. "He admitted to having the guns and should be granted bond."

Police say Angilita Ortiz, 21, of Grand Prairie helped Mr. Arciba buy at least two FN Herstal 5.7 USG guns from a pawnshop in the 2900 block of West Northwest Highway in Dallas on Sept. 8 and Thursday.

A probable-cause affidavit filed in the case states that Zetas use the same type of handgun as "one of their weapons of choice" and that ATF agents have watched over the purchase of the Belgian-made weapons in the Dallas area.

The pawnshop owner declined to comment on the case Tuesday, but an affidavit states that he informed ATF investigators of the purchases, because Ms. Ortiz bought two of the same type of handgun for self-defense in a short period of time and did not buy ammunition.

Officer Freese testified that guns of the same brand bought by Ms. Ortiz were used in a shootout between Zetas and Mexican federal agents in June and that ATF officials determined those weapons came from Dallas.

Ms. Ortiz did not respond to an interview request. She has not been charged with a crime.

The affidavit states that Mr. Arciba recruited Ms. Ortiz to buy guns for him, because he served 60 months in prison for a 1991 drug trafficking case in East St. Louis, Ill.

According to federal law, an ex-felon cannot purchase or be in possession of a firearm.

Tom Crowley, ATF regional spokesperson, said arms trafficking is more common along the border, but there have been several gun-purchasing cases similar to the Arciba case in Dallas-Fort Worth. Mr. Crowley said those weapons were sold to criminals in Mexico.

Mr. Crowley said Tuesday that ATF officials are still trying to determine how many weapons were funneled into Mexico by Mr. Arciba and his associates.

According to the affidavit, ATF agents followed Mr. Arciba and Ms. Ortiz when they left Bachman Pawn and Guns on Sept. 14.

Hours after Mr. Arciba left Ms. Ortiz at her home, authorities arrested him.

He admitted to having possession of the gun she purchased earlier in the day and had it with him. He also told agents he had three more in his garage.

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According to the affidavit, Mr. Arciba told investigators that the other FN Herstal gun – the one Ms. Ortiz bought Sept. 8 – ended up in Mexico.

The News was among the first news organizations to report on the existence of the Zetas and their enforcement role for the Gulf cartel. The organization has been engaged in a bloody turf war with rival cartels along the Texas-Mexico border and elsewhere in Mexico.

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Cause Of Blaze Stumps Officials (JOHNSTD)

By Mike Faher, The Tribune-Democrat

Johnstown (PA) Tribune-Democrat, September 20, 2006

More than a week after fire leveled a popular Johnstown bar, investigators say they have no idea what caused the blaze.

And local officials have called in some outside help: The federal Bureau of Alcohol, Tobacco, Firearms and Explosives has dispatched agents to assist at the 1167 Franklin St. site formerly occupied by Lamont's.

But city police Chief Craig Foust cautioned that an ATF presence does not mean anyone has determined that the fire is suspicious in origin.

"It's not unusual to bring (federal investigators) in if there's a lot of damage," Foust said. "It's a challenging scene because of the extent of the damage."

Lamont's burned to the ground early Sept. 12.

City firefighters said they found the structure fully engulfed when they arrived around 3:30 a.m. The intensity of the flames and proximity of overhead power lines prevented emergency crews from getting inside.

City police and fire personnel, a state police fire marshal and now ATF representatives are involved in the probe.

"(ATF agents) have investigative skills that may help us," Johnstown fire Chief Anthony Kovacic said. "It's just additional assistance."

Foust said investigators have ruled out nothing, including the possibility that the blaze was accidental.

"That's the whole purpose of the investigation – to find out what happened," he said.

The fire scene remains under 24-hour guard. Foust said that protection was arranged by property owner Lamont Crocco's insurance company, not by city officials.

Crocco, who has said he was the last to leave the bar before the fire, has vowed to rebuild there. He operated Lamont's for 24 years.

IMMIGRATION:

Calif. Woman Admits Nazi Link (AP)

AP, September 20, 2006

SAN FRANCISCO (AP) -- An 83-year-old woman who admitted she had served as a guard at a concentration camp during World War II was deported to Germany, federal officials said Tuesday.

Prosecutors would not say how they learned about Elfriede Rinkel, but a department spokeswoman said investigators routinely compare guard rosters and other Nazi documents to U.S. immigration records.

Rinkel admitted in court documents that she worked as a prison guard at the Ravensbrueck camp near Furstenberg from June 1944 until the camp was abandoned by the Nazi government in April 1945. According to the U.S. Department of Justice, she worked with an SS-trained attack dog but was not a member of the Nazi party.

"Concentration camp guards such as Elfriede Rinkel played a vital role in the Nazi regime's horrific mistreatment of innocent victims," said Alice Fisher, a Justice Department lawyer. "This case reflects the government's unwavering commitment to remove Nazi persecutors from this country."

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As part of her June agreement with prosecutors, Rinkel gave up her green card, moved to Germany and agreed never to return to the U.S., according to the court documents. The government agreed to not release information about Rinkel's case, which began in April, until after her departure. She left this month.

A call to her lawyer Tuesday wasn't immediately returned.

Rinkel's husband, a German Jew whom she married after coming to the U.S., died in 2004. Her brother and sister-in-law, when reached at their Northern California home, said they were unaware of Rinkel's past and believed her husband had been, too. The couple asked not to be identified by name because they feared a backlash from friends and family.

More than 130,000 women passed through Ravensbrueck's gates between 1939 and 1945; an estimated 40,000 survived, according to the U.S. Holocaust Memorial Museum.

In January 1945, it had more than 45,000 prisoners, mostly women. The camp had more than 150 female guards and was a major training site for female concentration camp staff.

Rinkel was a furrier by trade in her hometown of Leipzig, according to her younger brother, who fought for the German army in North Africa and was captured by U.S. troops. In 1950, the general who ran the prison camp in Wyoming where he was held helped Rinkel's brother permanently settle in the U.S.

Nine years later, the brother and sister-in-law sponsored Rinkel to come to the Bay Area where she met her husband, Fred Rinkel, at a German-American friendship club, according to the couple.

Fred Rinkel received a Jewish burial in San Francisco and his wife was to be interred next to him, but she has since changed those plans.

SF Woman Hid Nazi Past From Jewish Husband (OAKTRIB)

By Josh Richman

Oakland (CA) Tribune, September 20, 2006

Berkeley relatives shocked to learn of the 84-year-old woman's past as a concentration camp guard

An elderly San Francisco woman was deported to Germany this month after admitting she was a guard in a Nazi-operated concentration camp in the Third Reich's waning days, federal officials said Tuesday.

But although Elfriede Lina Rinkel, 84, now admits her terrible past, shocked Berkeley relatives said Tuesday she had hid her secret for more than 60 years even from them and apparently from her late husband -- a German Jew who'd fled the Holocaust himself.

Rinkel's brother and sister-in-law, longtime Berkeley residents who asked that their names not be published, said they just learned the truth Tuesday when reporters called them for comment.

"It knocked us off our feet," the sister-in-law said. "We have many, many Jewish friends who live in the Oakland/Berkeley area and this would be quite shocking to them as it was to us."

Rinkel -- charged under a federal law requiring removal of aliens who took part in acts of Nazi-sponsored persecution -- in June signed a settlement agreement with the government admitting that from June 1944 to April 1945 she was a guard at the Ravensbruck camp, built near Furstenburg, Germany almost exclusively for female prisoners.

Documents released Tuesday by the U.S. Department of Justice's Office of Special Investigations say she used a trained SS guard dog at the camp. The OSI also provided copies of her service card, taken from an SS records office, and bank records showing pay she received for her service at the camp.

Ravensbruck's construction began in late 1938, and the camp was liberated by the Russian Army on April 30, 1945, according to the U.S. Holocaust Memorial Museum. In the interim, an estimated 130,000 women and children were imprisoned there, of whom an estimated 90,000 died by starvation, execution, weakness or medical experimentation. The inmates came mostly from Poland and the occupied Soviet territories; almost 15 percent were Jewish.

Rinkel's husband, Fred William Rinkel, died in January 2004; his obituary said he was a longtime member of the Jewish service organization B'nai B'rith, and his funeral services were held at a Jewish memorial chapel.

The sister-in-law -- who said her husband didn't know of his sister's wartime activity, as he served

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Women inmates of the Ravensbruck concentration camp at forced labor building roads. (U.S. Holocaust Memorial Museum, courtesy of Lydia Chagoll)

in the German Army and was captured by U.S. troops in North Africa -- said Fred Rinkel almost certainly didn't know, either.

"He had to leave Germany during all that terrible stuff that happened there and had to relocate in Shanghai, a lot of the Jewish Germans went to Shanghai," she said, adding he was from a prominent Berlin family of doctors and lawyers, and had been training to become an opera singer before being forced to flee his homeland. He owned a San Francisco tie shop.

The government's charges, filed in April, say Elfriede Rinkel was born July 14, 1922 in Leipzig, Germany; served at the camp from 1944 to 1945; and applied for a U.S. immigrant visa Aug. 29, 1959 at the U.S. consulate in Frankfurt. The visa application instructed her to list all her residences from 1938 forward, but she omitted Ravensbruck.

Rinkel was admitted as an immigrant to the United States on or about Sept. 21, 1959 at San Francisco, the document says. Her sister-in-law, who with her husband had sponsored their sibling's immigration, said Tuesday Elfriede Rinkel met Fred Rinkel decades ago at a German-American

The Justice Department wouldn't discuss what Fred Rinkel knew or didn't know. "OSI is obviously aware of the background information on Fred Rinkel," spokeswoman Jaclyn Lesch said Tuesday. "We really can't speak beyond that... We're unable to speak to that subject."

The San Francisco attorney who represented Elfriede Rinkel in the deportation proceedings didn't return a call Tuesday.

The SS, or Schutzstaffel -- German for "protective squadron" -- was a large, elite security and military arm of the Nazi party; one of its duties was operating concentration camps.

"Thousands of innocent women were brutalized and murdered at Ravensbruck through the active participation of Elfriede Rinkel and other guards, whose principal function was to prevent prisoners from escaping the abominable conditions inside the camp," OSI director Eli Rosenbaum said in a news release issued Tuesday. "Her presence in the United States was an affront to surviving Holocaust victims who have made new homes in this country."

Her address as of this April was an apartment building on Bush Street at Powell, two blocks up Nob

Female prisoners at forced labor digging trenches at the Ravensbruck concentration camp (U.S. Holocaust Memorial Museum, courtesy of Lydia Chagoll)

Hill from Union Square.

"We did help her to close up her apartment and helped her to buy her airplane ticket and go to the airport and buy her luggage -- but never a word about why she was leaving," the sister-in-law said. "We thought she was going because her situation in her apartment had deteriorated."

Elfriede Rinkel had bad arthritis, she explained, and her apartment building's elevator was often out of service. "She said she just wanted to go back to Germany, and because she told us that, we believed her."

During a sworn interview last November, it says, Rinkel admitted she'd concealed her time at Ravensbruck for fear her application would be rejected. The settlement agreement she signed in June says she admits her work as a Ravensbruck guard, and that it's a deportable offense; she agreed to give up her green card, leave the country and never return, although after death her remains can be brought back here for burial.

The government agreed not to publicize the case until after she left the country, and not to assert that she was a Nazi Party member; the Justice Department reported Tuesday she returned to Germany this month.

Rep. Tom Lantos, D-San Mateo, the only Holocaust survivor ever elected to Congress, called the case's facts "chilling, compelling, and in some ways hard to fathom. But such is the nature of individuals linked to the Holocaust; so much of what happened is difficult but important to examine, even decades after humanity endured this nightmare."

Lantos applauded the German and U.S. governments for their efforts. "This process comes years too late for many who deserved to see their day in court, but at least it is now close at hand."

S.F. Immigrant Married Holocaust Survivor, Attended Synagogue (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, September 20, 2006

DOJ_NMG_0065911

Those who knew San Francisco's Elfriede Rinkel never found it remarkable that the German immigrant would marry a Jewish survivor of the Holocaust, or attend synagogue with him, or plan to be buried next to him at a cemetery run by a Chevra Kadisha, a Jewish burial society that performs ritual purification.

On Tuesday, though, came a jarring twist: The U.S. Justice Department said the 84-year-old Rinkel had been deported to Germany, nearly half a century after she emigrated to the United States, because she had been a guard at a Nazi concentration camp in World War II where an estimated 90,000 people, many of them Jews, were exterminated.

"I think it may have been a type of atonement for her," her attorney, Alison Dixon, said of Elfriede's marriage to Fred Rinkel, who died two years ago. "My understanding is that she has also contributed to Jewish charities."

Dixon said Rinkel never told her husband that she had spent nearly a year as a guard at the Ravensbruck concentration camp in Germany, the only major Nazi camp for women.

She might not have told anyone in the United States -- including her brother and his wife, who dropped her off at San Francisco International Airport on Aug. 31. Rinkel told them she was returning to Germany because she was having problems with her apartment on Bush Street in downtown San Francisco. It wasn't until Tuesday that the couple learned the truth from reporters.

"I just don't have any words," said Rinkel's brother, an 82-year-old Berkeley resident who asked that his name be withheld because he is afraid of a possible backlash. "I don't have any feelings anymore. Life has given me too many things. I cannot accept it, let's just put it that way."

The government said Rinkel, a permanent resident alien who never applied for U.S. citizenship, had admitted after a two-year investigation that she had guarded female prisoners at Ravensbruck from June 1944 to April 1945, when the Nazis abandoned the camp to the advancing Allies. She now lives with her younger sister in the German city of Viersen, her brother said.

The Justice Department alleged that Rinkel had used attack dogs to march emaciated inmates to slave-labor sites. More than 130,000 women from dozens of countries -- Jews, gypsies and others -- were brought to Ravensbruck during its six years of existence. More than two-thirds of them died of malnourishment, in medical experiments and in a gas chamber, according to the U.S. Holocaust Memorial Museum.

Rinkel is the first woman prosecuted by the Justice Department's Office of Special Investigations, which was formed in 1979. The agency has won cases against 102 people who took part in Nazi persecution and has deported 62 of them.

Eli Rosenbaum, director of the office, would not say how the government found out about Rinkel. But he said staff historians have searched around the world for evidence such as rosters of Nazi guard units and mobile killing units, building a list of more than 70,000 names that are checked against immigration records and other documents.

"She was an integral part of the machinery of destruction and persecution at Ravensbruck," Rosenbaum said of Rinkel. "The message to would-be perpetrators of genocide and crimes against humanity is that if you dare to act on your fantasies of destruction, there is a real chance that what remains of the civilized world will pursue you for the rest of your life, even if you live for a very long time."

Attorney Dixon said Rinkel regretted her wartime actions. However, she added, "I was informed that it was not completely voluntary on her part. She answered a work ad. ... In Germany at that time, if you answered certain work ads and went to the interview and said you didn't want the job, they would put you in the camp yourself."

Rinkel admitted to the Justice Department's charges in part to avoid the publicity of a trial, Dixon said.

Rinkel's brother said he had fought in the German army and had been captured by U.S. forces in North Africa, and as a result he was in a prisoner-of-war at a camp in Wyoming when his sister allegedly worked at Ravensbruck. He emigrated to America in 1950 and nine years later petitioned for his sister to join him.

Rinkel soon met her future husband at an event for German Americans. They were a quiet couple and kept to themselves, her brother said.

Fred Rinkel, who grew up in a prominent family in Berlin, fled Germany with a brother as Nazi persecution of the Jews spread. He had trained to be an opera tenor in Germany, but after making his way to San Francisco he settled on a job as a singing waiter. Elfriede Rinkel worked as a furrier.

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Fred Rinkel's past and Jewish heritage were important to him, according to those who knew him. He belonged to B'nai B'rith, one of the world's largest Jewish organizations.

He died of a heart attack Jan. 21, 2004, and was buried at the Eternal Home Cemetery in Colma. Elfriede Rinkel planned to be buried beside him, the cemetery said. It's not clear now whether that will still happen, although under an agreement with the Justice Department, she can be buried on U.S. soil.

An employee at Sinai Memorial Chapel, which owns the Colma cemetery, said those who met the Rinkels while they prepared for the end of their lives are in shock at the news.

"It's so easy to hate her and want to beat her up," said the employee, who asked that her name not be published. "But we were not there. We don't know what happened. Why did she marry a Jewish man? Maybe she loved him.

"The human soul is much more evil and good than it appears from the outside. There's a Russian expression that says you have to eat a kilogram of salt with someone before you begin to know them. There's just so much we don't know."

Border Fence Must Skirt Objections From Arizona Tribe (NYT)

By Randal C. Archibold

The New York Times, September 20, 2006

TOHONO O'ODHAM NATION, Ariz., Sept. 14 — The Senate is expected to vote Wednesday on legislation to build a double-layered 700-mile-long fence on the Mexican border, a proposal already approved by the House.

If the fence is built, however, it could have a long gap — about 75 miles — at one of the border's most vulnerable points because of opposition from the Indian tribe here.

More illegal immigrants are caught — and die trying to cross into the United States — in and around the Tohono O'odham Indian territory, which straddles the Arizona border, than any other spot in the state.

Tribal leaders have cooperated with Border Patrol enforcement, but they promised to fight the building of a fence out of environmental and cultural concerns.

For the Tohono O'odham, which means "desert people," the reason is fairly simple. For generations, their people and the wildlife they revere have freely crossed the border. For years, an existing four-foot-high cattle fence has had several openings — essentially cattle gates — that tribal members use to visit relatives and friends, take children to school and perform rites on the other side.

"I am O'odham first, and American or Mexican second or third," said Ramon Valenzuela, as he walked his two children to school through one gate two miles from his O'odham village in Mexico.

But the pushed-up bottom strands of the cattle fence and the surrounding desert littered with clothing, water jugs and discarded backpacks testify to the growth in illegal immigrant traffic, which surged here after a Border Patrol enforcement squeeze in California and Texas in the mid-1990's.

Crossers take advantage of a remote network of washes and trails — and sometimes Indian guides — to reach nearby highways bound for cities across the country.

Tribal members, who once gave water and food to the occasional passing migrant, say they have become fed up with groups of illegal immigrants breaking into homes and stealing food, water and clothing, and even using indoor and outdoor electrical outlets to charge cellphones.

With tribal police, health and other services overwhelmed by illegal immigration, the Indians welcomed National Guard members this summer to assist the Border Patrol here. The tribe, after negotiations with the Department of Homeland Security, also agreed to a plan for concrete vehicle barriers at the fence and the grading of the dirt road parallel to it for speedier Border Patrol and tribal police access. The Indians also donated a parcel this year for a small Border Patrol substation and holding pen.

Tribal members, however, fearing the symbolism of a solid wall and concern about the free range of deer, wild horses, coyotes, jackrabbits and other animals they regard as kin, said they would fight the kind of steel-plated fencing that Congress had in mind and that has slackened the crossing flow in previous hot spots like San Diego.

"Animals and our people need to cross freely," said Verlon Jose, a member of the tribal council representing border villages. "In our tradition we are taught to be concerned about every living thing as if they were people. We don't want that wall."

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The federal government, the trustee of all Indian lands, could build the fence here without tribal permission, but that option is not being pressed because officials said it might jeopardize the tribe's cooperation on smuggling and other border crimes.

"We rely on them for cooperation and intelligence and phone calls about illegal activity as much as they depend on us to respond to calls," said Chuy Rodriguez, a spokesman for the Border Patrol in Tucson, who described overall relations as "getting better and better."

The Tohono number more than 30,000, including 14,000 on the Arizona tribal territory and 1,400 in Mexico. Building a fence would impose many challenges, apart from the political difficulties.

When steel fencing and other resources went up in California and Texas, migrant traffic shifted to the rugged terrain here, and critics say more fencing will simply force crossers to other areas without the fence. Or under it, as evidenced by the growth in the number of tunnels discovered near San Diego.

The shift in traffic to more remote, treacherous terrain has also led to hundreds of deaths of crossers, including scores on tribal land here.

The effort to curtail illegal immigration has proved especially difficult on the Tohono O'odham Nation, whose 2.8 million acres, about the size of Connecticut, make it the second largest in area.

Faced with poverty and unemployment, an increasing number of tribal members are turning to the smuggling of migrants and drugs, tribal officials say.

Just this year, the tribal council adopted a law barring the harboring of illegal immigrants in homes, a gesture to show it is taking a "zero tolerance" stand, said the tribal chairwoman, Vivian Juan-Saunders.

Two members of Ms. Juan-Saunders's family have been convicted of drug smuggling in the past several years, and she said virtually every family had been touched by drug abuse, smuggling or both.

Sgt. Ed Perez of the tribal police said members had been offered $400 per person to transport illegal immigrants from the tribal territory to Tucson, a 90-minute drive, and much more to carry drugs.

The Border Patrol and tribal authorities say the increase in manpower and technology is yielding results. Deaths are down slightly, 55 this year compared with 62 last year, and arrests of illegal immigrants in the Border Patrol sectors covering the tribal land are up about 10 percent.

But the influx of agents, many of whom are unfamiliar with the territory or Tohono ways, has brought complaints that the agents have interfered with tribal ceremonies, entered property uninvited and tried to block members crossing back and forth.

Ms. Juan-Saunders said helicopters swooped low and agents descended on a recent ceremony, apparently suspicious of a large gathering near the border, and she has complained to supervisors about agents speeding and damaging plants used for medicine and food.

Some traditional and activist tribal members later this month are organizing a conference among eight Indian nations on or near the border to address concerns here and elsewhere.

"We are in a police state," said Michael Flores, a tribal member helping to organize the conference. "It is not a tranquil place anymore."

Mr. Rodriguez acknowledged the concerns but said agents operated in a murky world where a rush of pickups from a border village just might be tribal members attending an all-night wake, or something else.

"Agents make stops based on what they see," he said. "Sometimes an agent sees something different from what tribal members or others see."

Agents, he added, are receiving more cultural training, including a new cultural awareness video just shot with the help of tribal members.

"Our relations have come a long way" in the past decade, he said.

Mr. Valenzuela said several agents knew him and waved as he traveled across the border, but others have stopped him, demanding identification. Once, he said, he left at home a card that identifies him as a tribal member and an agent demanded that he go back into Mexico and cross at the official port of entry in Sasabe, 20 miles away.

"I told him this is my land, not his," said Mr. Valenzuela, who was finally allowed to proceed after the agent radioed supervisors.

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Mr. Valenzuela said he would not be surprised if a big fence eventually went up, but Ms. Juan-Saunders said she would affirm the tribe's concerns to Congress and the Homeland Security department. She said she would await final word on the fence and its design before taking action.

Members of Congress she has met, she said, "recognize we pose some unique issues to them, and that was really what we are attempting to do, to educate them to our unique situation."

The House last week approved a Republican-backed bill 238 to 138 calling for double-layer fencing along a third of the 2,000-mile-long border, roughly from Calexico, Calif., to Douglas, Ariz.

There is considerable support for the idea in the Senate, although President Bush's position on the proposal remains uncertain. The Homeland Security secretary, Michael Chertoff, has expressed doubts about sealing the border with fences.

Texas' U.S. Senators Oppose House Plan On Border Fence (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, September 20, 2006

WASHINGTON - Texas' two senators expressed opposition Tuesday to House-passed legislation calling for more than 700 miles of fencing along the U.S.-Mexico border, including stretches in the Lone Star State.

"For Washington to try to dictate to places like Laredo, Texas, exactly where fences need to be built is, to my mind, ludicrous," said Sen. John Cornyn.

"I don't think Congress should be dictating that," Sen. Kay Bailey Hutchison said.

The House voted 283-138 last week to construct large sections of double-layered fencing in the four states along the U.S.-Mexico border. The Senate, which previously called for more than 300 miles of fencing, may begin consideration of the measure Wednesday.

The bill is part of a broader package of border security initiatives advanced by the House Republican leadership and includes more than 230 miles of fencing in Texas at border cities such as El Paso, Laredo, Brownsville, Del Rio and Eagle Pass.

Hutchison and Cornyn, both Republicans, said they support toughened border security measures. While some new fencing may be necessary, they said, it should be part of a mix that would include added Border Patrol agents, high-tech surveillance and unmanned aerial vehicles.

They also said that the Homeland Security Department - not Congress - should determine that mix, in consultation with the affected states and based on the needs of each.

House leaders last week announced their border security initiatives, which include relatively noncontroversial features such as beefing up the Border Patrol, amid fading prospects for a more comprehensive overhaul of the nation's immigration laws.

A stalled Senate bill would create a foreign worker program and put millions of illegal immigrants on track toward permanent legal status and U.S. citizenship.

TAX:

Taxes And Justice (WSJ)

The Wall Street Journal, September 20, 2006

Prosecutors have been advertising their ballyhooed case against a pack of former KPMG partners as the largest criminal tax-shelter trial in history. They'd better do some scrambling for better evidence, however, or the case could end up becoming one of the biggest flops in Justice Department history.

Last week, a previously undisclosed memo from 2004 suggested that the IRS wasn't sure that the tax shelters at issue in the trial of 18 defendants even needed to be registered with the IRS. This revelation is important because the failure to register the shelters is one of the Justice Department's justifications for charging a conspiracy to defraud the IRS.

Separately, we've obtained an internal KPMG memo to Richard Smith, one of the defendants in the case. In that 2003 memo, IRS Acting Chief Counsel Emily Parker is cited as assuring KPMG "that there has been no criminal activity" in KPMG's

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marketing of the shelters. The defendants have claimed all along that they thought the shelters they were publicly marketing were entirely legal, and memos such as this one will certainly help the argument for "reasonable doubt."

As early as today, the defendants are expected to file for another delay of the trial on the basis of the 2004 IRS memo. Among other things, they will demand that prosecutors make available any other internal government documents that might tend to show that the tax shelters in question were not as fraudulent as the Justice Department claims.

Failure to produce evidence of this sort runs afoul of the 1963 Supreme Court decision Brady v. Maryland, which held that prosecutors have a duty to disclose exculpatory evidence in their possession. The KPMG prosecutors have already been rapped on the knuckles by federal Judge Lewis A. Kaplan for dragging their feet on the defendants' discovery requests, so this late revelation is unlikely to please the court.

In July, Judge Kaplan excluded from evidence the statements of two defendants on the grounds that they had been coerced by the government. That order has led to a series of motions, still pending, on what other evidence should be excluded and how much of a case remains against the two in the absence of their statements.

And in the latest sign that this case is unlikely to go to trial in January, if ever, KPMG this week requested a delay in a related civil trial over the payment of legal fees for its former employees. That trial had been scheduled for October in hopes of resolving that question before the criminal trial is supposed to start. In June, Judge Kaplan ruled that the government had violated the defendants' Sixth Amendment rights to counsel by coercing KPMG to cut off legal support to its former employees. Justice is appealing that ruling, with a hearing expected in November.

At the time of that June ruling, Judge Kaplan wrote that he would not yet consider dismissing the case, in part because he hoped the legal-fee issue could be resolved prior to trial. But if KPMG's aggressive filing on Monday is any indication, there will be no quick fix here.

KPMG not only argued that it was not required to pay for the defense of the 16 defendants that formerly worked there, but that Judge Kaplan had no jurisdiction to even consider the question and, what's more, that the defendants owed the company millions of dollars for getting it in trouble in the first place. Never mind that KPMG benefited from the marketing of those shelters and had defended them right up until the time it cut a deferred-prosecution deal that included throwing those partners over the side.

So let's sum up this case to date: In the year since the indictments were handed down, Judge Kaplan has ruled that the prosecutors violated the defendants' Fifth and Sixth Amendment rights. He has found the prosecutors delinquent in responding to document requests from the defendants' lawyers. And he has excluded evidence that he found to have been coerced, as well as the "fruit" of that coerced evidence. None of this speaks well of Justice's respect for due process.

More broadly still, the evidence that is coming to light suggests that the legality of these tax shelters was a subject of debate within the government itself. Justice nonetheless decided, for the first time, to prosecute such a case before the IRS had ever won a ruling in tax court declaring the shelters to be illegal. We have no brief for tax evasion, but mere tax avoidance is not a crime. This newspaper first raised questions about due process and the underlying legal theory in this case a year ago, when the first defendants were indicted. Increasingly, those concerns are being borne out.

CONGRESS-ADMINISTRATION:

A Paper Trail Leading To A Fight (WP)

By Cindy Skrzycki

The Washington Post, September 19, 2006

Susan E. Dudley, President Bush's nominee to become his new regulatory review chief, has written extensively about federal rulemaking for years, a miles-long paper trail that is providing ammunition for her opponents.

Business supporters say Dudley, director of regulatory studies at George Mason University's Mercatus Center, is experienced, analytical and dispassionate in expressing her belief that the market will correct most problems and that rules should be subject to a tough cost-benefit test. Public interest groups fighting the nomination say those writings disqualify her for the job.

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The new job, administrator of the Office of Information and Regulatory Affairs at the White House's Office of Management and Budget , is an important one. It makes final decisions on which major federal regulations are approved, which are sent back for more work and which never see the light of day.

With so much at stake, many participants expect the same kind of fight that the previous administrator, John D. Graham, faced five years ago, one that brought him 37 "nay" votes on his confirmation in the Senate.

OMB Watch , a foundation-funded, liberal nonprofit group that monitors federal regulatory policy, will oppose an executive nomination for the first time, said Gary Bass , the group's executive director. "This time, we will come out swinging," he said.

OMB Watch and Public Citizen , the consumer advocacy group founded by Ralph Nader , released a 68-page report last week using Dudley's writings to attack her. It chastised her for ties to corporate donors and for what it called "Dudleynomics," an emphasis on free-market solutions to health and safety issues at the public's expense.

The study said Dudley has suggested that the Environmental Protection Agency leave it up to individual communities to control arsenic in their water; that publicly releasing information on toxics may be more costly than it's worth; and that regulators' "one-size-fits-all" approach to vehicle airbags eliminates consumer choice.

The Mercatus Center called the report "incomplete and biased" against Dudley and the center.

Dudley's backers point to what they call her personal commitment to environmental stewardship, noting that she and her husband, Brian Mannix, the EPA's associate administrator for policy, economics and innovation, drove hybrid cars before hybrids were cool. Her profile on the Mercatus Center Web site says she enjoys hiking, canoeing and fly fishing.

Business lobbyists say the 51-year-old Dudley's experience working at EPA and the Office of Information and Regulatory Affairs gives her an insider's view of regulation.

"She is very articulate and has a great read on the issues," said William Kovacs , vice president of environment, technology and regulatory affairs at the U.S. Chamber of Commerce.

Graham, the former regulatory review chief who is now dean of RAND Corp. 's graduate school in Santa Monica, Calif., said Dudley was a "superb choice" because she has hands-on experience at federal agencies, is an academic and has made scholarly contributions to the literature on regulation.

Under Dudley, who was paid $115,000 for the year ending August 2005, according to Mercatus's tax return, her group has analyzed a broad swath of regulatory initiatives, including growth in rulemaking expenditures and staffing. (She also wrote a mixed review of this writer's 2003 book on regulation.)

The center -- whose board of directors includes Edwin Meese , attorney general under President Ronald Reagan ; Vernon Smith , a George Mason professor who shared the Nobel Prize for economics in 2002; and Charles Koch , chief executive of Koch Industries Inc . -- regards regulations as a hidden tax on American consumers. It has urged the Bush administration to pay more attention to market solutions and allow Americans to make their own choices about the need for regulation.

Koch Industries is a privately held oil and gas company in Wichita that has contributed to the Republican Party and conservative causes for years. Its foundation has given millions to Mercatus, including $2 million in the last fiscal year, according to the center.

The center's clout in the regulatory arena is clear. When Bush took office, his administration asked for suggestions on which regulations might be changed, eliminated or improved. Mercatus responded with 44 proposals, and more than a dozen were implemented. At the time, business lobbyists said they were dumbfounded at the reach of the small group of policy wonks at Mercatus.

Some of her opponents say Dudley is more radical than her predecessor.

"Everyone thought Graham was a true believer, but there were limits beyond where even he would go," said Robert Shull , deputy directory for auto safety and regulatory policy at Public Citizen, which also opposed Graham. "I don't know if there are any limits with Dudley. She has a really distorted view of economics."

"She is rock solid," said Thomas Sullivan , chief counsel in the Small Business Administration 's Office of Advocacy . Sullivan said Dudley's prolific paper trail will be an asset, not a liability, "because it gives amazing insight into her philosophy."

With little time left in this session of Congress, experts on both sides are betting that a Dudley confirmation hearing, not yet scheduled, will become a proxy for the administration's record on regulation but will not lead to a Senate vote. More likely, they

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say, is a recess appointment after Congress adjourns. If that comes early next year, Dudley would be able to serve until the end of the Bush administration.

Cindy Skrzycki is a columnist for Bloomberg News.

House Demands Student Search Policies (AP)

By Nancy Zuckerbrod

AP, September 20, 2006

The House issued an ultimatum to school boards Tuesday: Establish policies on student searches or risk losing federal funds.

The House passed a bill by voice vote that would require the search rules. The Senate has not yet considered a companion measure.

"Shocking acts of violence have been planned and unfortunately executed at our schools," said Rep. Geoff Davis, R-Ky., a sponsor of the bill. He said the measure would help curb violence.

The legislation relies on a standard for school searches that was established in a 1985 Supreme Court ruling.

The bill states that the policies implemented by school boards should spell out that searches have to be conducted by a full-time teacher or school officials acting on a reasonable suspicion that a student has weapons, drugs or other dangerous materials. The bill says search methods cannot be "excessively intrusive."

Rep. Mark Kirk, R-Ill., another sponsor of the bill, said teachers in his district are looking for guidelines. "They want to search the book bags, and the policies are not clear," he said.

The bill has the backing of the National Education Association, the largest teachers union. But the American Teachers Federation, another teachers union, called the measure unnecessary and said it might put additional burdens on teachers.

California Rep. George Miller, the senior Democrat on the House committee that oversees education issues, called the legislation an intrusion into local affairs.

"Schools and school districts already have policies in place regarding student searches," Miller said. "Those policies are the product of consultation with local administrators, teachers and parents. They take in the concerns of the community."

Mary Kusler, a lobbyist for the American Association of School Administrators, said her group opposes the bill. She said she is concerned it is a political stunt to help Davis win a tough re-election campaign against a former member of Congress, Democratic Rep. Ken Lucas.

"We worry that it's just election-year messaging, and we don't think that's a good reason to pass a bill," Kusler said.

In his effort to pass the bill, Davis cited an Education Department report that said 29 percent of high school students in 2003 reported drugs were made available to them. Nine percent of students were threatened or injured with a weapon on school property, according to that report.

The Education Department has not taken a position on the legislation.

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The bill is H.R. 5295.

A Quiet Break For Corporations (WP)

By Joe Stephens

The Washington Post, September 20, 2006

For three generations, the Dungey family of Auburn, N.Y., has produced handmade dog collars and leashes for pet stores around the country. The family's six-person shop has staved off competition from cheaper foreign labor by offering a range of products, from affordable "Sparky's Choice" leashes to a $100 beveled-brass collar known as the "Gatsby."

One day this spring, the company president, Anita Dungey, happened across a few words on a Web site, leading her to a startling discovery: One of her small advantages over imports was about to disappear, thanks to a little-noticed proposal in the Senate. The plan, it turned out, had been promoted by Wal-Mart Stores Inc.

In Connecticut, chemical company executive Kenneth Kelly got a similar jolt when a business associate called to warn that a bill tailored to benefit a German-owned competitor was working its way through Congress.

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Dungey and Kelly had stumbled upon a largely unknown congressional apparatus that allows companies to erase tariffs -- taxes levied on products and materials shipped to the United States from overseas -- for years at a time.

Each legislative season, corporate executives and lobbyists quietly draft hundreds of bills to suspend tariffs. Over time, the changes cost taxpayers hundreds of millions of dollars in lost revenue, a Washington Post analysis of U.S. trade data found.

Most of the tariff suspensions involve obscure chemicals and dyes, but many other products show up, including boilers for nuclear reactors, green peanuts, child potty seats, unicycles -- even chocolate coatings for laxatives.

"It's become sort of a lobbyists' dream," said Jim Schollaert, a former State Department trade specialist who now represents domestic manufacturers. "It's a gravy train, and there's little work to it."

The bills in Congress generally give no hint of whom the suspensions have been designed to benefit and sometimes refer to the products only by strings of numbers linked to phone-book-size tariff tables. But many corporate names can be found in reports on the legislation produced for Congress by the U.S. International Trade Commission.

Lawmakers usually introduce the provisions at the behest of companies in their districts. Many of those companies and their executives have given federal campaign contributions totaling millions of dollars.

The dog-collar proposal was introduced by Sen. Blanche Lincoln (D), who represents Wal-Mart's home state of Arkansas. Rep. Henry E. Brown Jr. (R-S.C.) sponsored the suspension of tariffs on a chemical virtually identical to one produced by Kelly's firm, R.T. Vanderbilt Co. The request came from Lanxess Corp., which has two plants in South Carolina.

Since 2003, Wal-Mart's political committee has contributed $9,000 to Lincoln's campaigns. Lanxess is a 2004 spinoff of Bayer AG, a German company whose U.S. political committee has donated $3,500 to Brown's campaigns since 2000.

Congressional sponsors of such bills said they are trying to lower consumer prices and create jobs by cutting costs for U.S. manufacturers and retailers. They said they do not want to hurt domestic businesses and they generally drop legislation if trade officials find a U.S. company that objects.

"Removing these tariffs will help reduce costs for American businesses," House Ways and Means Committee Chairman Bill Thomas (R-Calif.) said in a statement in March, when the House passed an omnibus bill with hundreds of tariff suspensions. "This is absolutely the right thing to do."

The practice of not naming companies in the legislation obscures a fact revealed by The Post's analysis: The biggest beneficiaries of the rising tide of tariff-suspension bills are domestic subsidiaries of foreign corporations. Of the 10 companies that stand to benefit from the greatest number of bills examined in the study, eight are owned by or affiliated with German and Swiss chemical companies.

Companies linked to Bayer and Lanxess, for example, initiated more than 100 bills in the current session of Congress, records show. If passed, over the next two years the bills could cost the U.S. Treasury more than $44 million.

The Post's findings come at a time when pork-barrel spending in the form of congressional earmarks is drawing increasing criticism from the public -- and occasional attention from federal prosecutors. Meanwhile, tax breaks delivered to corporations in the form of tariff suspensions have gone largely without public notice.

The current session of Congress is on track to enact a record number of suspensions, the Post analysis found. Since the beginning of last year, legislators have introduced more than 1,400 bills seeking new or renewed tariff waivers or reductions.

"It's a huge number," said John Deming, a lobbyist for Ciba Specialty Chemicals, which the analysis shows has initiated more than 30 tariff-suspension bills in the past two years. "The chemical industry has always been doing this, and now other people are doing it. It's amazing this time, everybody understands how this works now."

Although suspensions are supposed to be shelved if competitors object, trade officials acknowledge that some smaller companies may never hear about the proposals.

"I was shocked when I saw how many there are, and I wondered how you could possibly keep abreast of what's proposed," said Kelly, the chemical executive.Congress's Tip Sheet

Tariffs have been around since the earliest years of the republic -- they funded the government long before income taxes. In the 19th century, legislators began using them increasingly to protect domestic businesses from cheap imports.

Tariff suspensions have a long history, too. Traditionally each suspension was introduced as a separate bill. Their popularity leapt 20 years ago when Congress decided to combine most of the unopposed suspension bills into one huge piece

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of legislation, to be passed quickly and unanimously at the end of each session. Today corporate lobbyists deliver a steady stream of proposed tariff suspensions to congressional aides, who use computer spreadsheets to track the avalanche of paperwork.

The last time Congress passed an omnibus bill, in 2004, budget analysts estimated that the waivers would result in at least $172 million in lost revenue. The next set of suspensions, slated for passage this fall, is looking much more costly.

Budget analysts estimate that the grab bag of tariff suspensions passed by the House in March, if approved by the Senate and signed into law, would cost taxpayers $278 million. Last month, in an unusual move, the Senate attached 262 of the suspensions to a pension bill. The rest, with an unknown number of the Senate's own proposals, are expected to be rolled into a miscellaneous tariff bill this month.

The House Ways and Means Committee and the Senate Finance Committee review most of the bills in what members say is an attempt to weed out those too costly to the Treasury. Making the tariff suspensions temporary -- usually three years -- avoids interference with trade negotiations, aides said.

The process has become so standardized that Ways and Means has drawn up a tip sheet for companies to streamline the procedure. One tip says sponsors should "avoid using trade names for products." Instead, a product "should be described precisely" in the bill. That can help customs officials in the field identify obscure chemicals. But it also can mask which companies would benefit.

The Post analysis shows that some members of Congress went to bat repeatedly for their corporate constituents. At least 36 members of Congress have introduced five or more tariff-suspension bills in the current session.

Rep. Sue Myrick (R-N.C.) has introduced at least 34 such bills. She did not respond to interview requests.

South Carolina's Brown ranked second among House members, with 32 bills. Brown declined to be interviewed but issued a statement calling the suspensions "a budget-neutral means of promoting a positive economic climate."

Other leading bill sponsors in the House included Pennsylvania Republicans Tim Murphy and Phil English, each with 23, and Emanuel Cleaver (D-Mo.) with 21.

Murphy said in a statement: "American companies are being forced to pay duties on materials not available in the United States that they need. Eliminating these duties keeps American businesses globally competitive and thousands of jobs right here at home."Juggling the Ball Bills

Under guidelines set by Congress, each tariff suspension is supposed to cost taxpayers no more than $500,000 a year. Many proposals above the limit are rejected; others win approval anyway.

Some lawmakers adopt another strategy, The Post's analysis found.

On June 8, 2005, Rep. Richard E. Neal (D-Mass.) introduced a bill seeking to suspend the tariff on one small category of inflatable balls -- in this case, leather basketballs.

Before the day was over, Neal introduced a nearly identical bill covering rubber basketballs, another for synthetic basketballs, and another covering basketballs "other than leather, rubber or synthetic."

Still not done, Neal introduced yet another bill covering "certain volleyballs."

Neal returned the next day to introduce a final bill for what he described simply as "certain . . . inflatable balls other than basketballs and volleyballs."

Each change is supposed to be reviewed before passage by analysts at the trade commission. The analysts found that each of Neal's six bills would result in annual revenue losses that fell just below or somewhat above the guideline. Added together, however, the bills could cost $3.7 million a year.

In an interview, Neal said he was unaware of how much the bills would cost taxpayers, but he added, "I think it's really negligible."

The bills mention no beneficiaries, but Neal said he was asked to sponsor the suspensions by Spalding, a sporting goods maker in Springfield, Mass. "For a company in my district, I was happy to help," Neal said.

Neal's legislative director, Peg McGlinch, acknowledged that multiple bills were filed to avoid violating the $500,000 guideline. "That's why they split it up," she said. An aide on the Ways and Means Committee confirmed: "We advise people to do it that way."

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Bryan Wolfe, customs director for Russell Corp., Spalding's parent company, said the tariff reductions would benefit a number of U.S. importers and would not hurt American manufacturers because most inflatable balls are made in China.

Provisions covering four types of balls were rolled into the Pension Protection Act of 2006, which President Bush signed into law on Aug. 17. The other bills remain pending.

There are many similar examples. Shoes of various stripes are the subject of at least 19 tariff-suspension bills. Payless ShoeSource Inc., listed as the proponent of the bills, did not respond to phone messages.

David Beck, acting director of the trade commission's tariffs office in Washington, said analysts have noticed the strategy. "Depending on how you look at it, it might not pass the sniff test," Beck said. He said Congress has been "pretty liberal on it."Overseas Winners

No government agency has calculated the economic impact of the tariff suspensions. Some corporations acknowledge keeping some or most of the savings, but many say consumers also benefit.

"Any ability we have to eliminate a 1 to 3 percent tariff and save a couple pennies for our consumers, we think is important," said Wal-Mart lobbyist Angela Marshall Hofmann, who previously helped oversee the process as an aide for the Senate Finance Committee.

Hofmann has written to lawmakers that Wal-Mart supports 41 current tariff-suspension bills but that "it is our understanding that these products are not manufactured in any commercially viable manner in the United States."

Lobbyists and lawmakers said many tariff suspensions aid small businesses. The savings "can be especially meaningful for a small company, or one struggling to stay afloat in the United States," Senate Finance Chairman Charles E. Grassley (R-Iowa) said in a statement.

But The Post's analysis of data from nearly 600 trade commission reports from this session of Congress found that the biggest winners are not small U.S. firms but rather domestic subsidiaries of European corporations.

During this session, eight foreign corporations alone have generated at least 277 tariff-suspension bills. The total is undoubtedly higher, since the Post study could not identify the corporate sponsors of many bills.

The analysis shows that various Bayer subsidiaries were the unnamed primary beneficiaries of more than 70 suspension bills covering imported chemicals, including the ingredients for aspirin. Over the next two years those suspensions would cost the Treasury more than $35 million on imports worth nearly $850 million. A Bayer spokesman would say only that Bayer expects other corporations to share in the savings.

Since 2000, Bayer's political committee has made campaign contributions totaling $951,000, according to the nonpartisan Center for Responsive Politics. In 2005 alone, Bayer and its U.S. affiliates spent $3.2 million on lobbying.Finding Competitors

To safeguard domestic producers, trade commission analysts try to identify U.S.-based companies that might make the products, then ask them whether the suspensions would be damaging.

But identifying affected companies that are small and based far from Washington can be difficult. The trade commission's Beck said that despite analysts' best efforts, they occasionally miss such firms. "It happens, but not very often," he said. "In the last 10 years I'd say I've seen one or two examples."

Grassley said his staff posts proposed suspensions on his committee's Web site and welcomes public comment. "Our process is transparent and well publicized," he said. "It probably isn't perfect, but no process is."

Kelly, general manager of R.T. Vanderbilt Co. of Connecticut, said it was largely luck when a colleague tipped off his firm about Brown's bill to suspend the tariff on Vulkanox ZMB, a chemical used in rubber production. Kelly's company produces a similar chemical at a Kentucky plant that employs more than 100 people.

The company dashed off a letter to the Ways and Means Committee, arguing that the waiver would give Lanxess, which imports Vulkanox, a competitive advantage and might force Vanderbilt to shut its factory.

"We do not understand why this legislation is needed, and its sponsor has not provided an explanation," the letter said. ". . . [T]he only result of the legislation would be windfall profits at our expense to the German, Indian and Chinese suppliers."

The letter also called it "ironic" that the European Union charges a 6.5 percent tariff on Vanderbilt's chemical.

Kelly said his company has no practical way to ensure another waiver does not slip through without its knowledge -- short of hiring a lobbyist just to keep watch.

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"There maybe should be a higher bar on our elected officials on making clear why they want to do this," Kelly said.

Dungey, who co-owns Auburn Leathercrafters in Upstate New York, launched a one-woman campaign against four bills that would cut the 2.4 percent tariff on imported dog collars and leashes. She argued that anyone familiar with the industry would realize domestic producers would find the waivers "devastating."

She said she believes that Wal-Mart and other big importers count on U.S.-based manufacturers never learning about the obscure legislation. "A lot of people just don't have the time to devote to staying on top of it," Dungey said.

Wal-Mart officials said their only motivation is to save consumers money. While the dog-collar bills would cost taxpayers more than $9 million over the next three years, the company stressed that all importers would share the benefits.

The bills' legislative sponsor, Sen. Lincoln, said in a statement that she was pleased that the Senate process had allowed Dungey to raise objections. In response, Lincoln said, the measures have been removed from consideration.

Dungey said no one had told her the tariff suspension was dead. Had she not stumbled across the mention on a Web site and spent days on research, Dungey said, she is convinced the cut in tariffs would have passed without opposition -- and led to the end of her company.

"The suspension is . . . just about long enough to put most of the small guys out of business," Dungey said. "I would have just shaken my head and said, 'How can Wal-Mart sell for this price?' "

Air Controllers Chafe At Plan To Reduce Staffing Levels (NYT)

By Matthew L. Wald

The New York Times, September 20, 2006

DALLAS, Sept. 13 — A drive by the Federal Aviation Administration to cut the number of air traffic controllers nationally by 10 percent below negotiated levels, and even more sharply at places like the busy radar center here, is producing tension, anger and occasional shows of defiance among controllers.

At the radar office that controls planes around Dallas/Fort Worth International Airport and at a cluster of other airports where staffing levels are falling fast, unhappiness is usually not visible in the darkened radar centers where they work, except when it is glaringly obvious.

Like the recent day when a controller here went to work in lime green pants and a clashing brown jacket, along with hair dyed blue, to protest a new dress code. Elsewhere, male controllers have rebelled by going to work in dresses.

Most controllers here say they are far more concerned with workplace changes that do not involve wardrobe, including salary caps, lower pay for new hires and stricter control of vacation schedules and sick leave.

The F.A.A. imposed the changes on Sept. 3, three months after it declared an impasse in contract talks. Most of the changes have had little effect on the public. But one in particular may have safety implications, controllers and some outside experts said. That is the ending of contractual protection against being kept working on a radar screen controlling traffic for more than two hours without a break.

The agency has been defensive about staffing rules since a plane crash on Sept. 1 in Lexington, Ky., in a case where the workload of the lone controller on duty violated policy.

Having just one controller on duty "degrades the safety net," said Pat Forrey, president of the National Air Traffic Controllers Association, "by not having another set of eyes and ears." Mr. Forrey and others make a similar argument about keeping controllers at their work stations in positions that require intense concentration for extended periods.

The president of the union local here, Michael Conely, said that with the number of controllers now scheduled, "you can't staff all the positions properly.''

"You are on position longer, watching more airplanes, and it becomes a tired-eye syndrome," Mr. Conely said.

The aviation agency says that traffic is down in the Dallas region and that the goal is to "staff to traffic" and not to an arbitrary standard.

Controllers, who earn more than $100,000 a year, are too expensive to leave idle, the agency says, and nationally, it has a goal of gradually increasing each controller's workload 10 percent. The manager here, Dan Gutwein, said controllers spent five and a half hours a day at their radarscopes, up from four hours historically.

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In an interview, the administrator of the agency, Marion C. Blakey, said the goal of the changes was to make the agency run more like a business.

"You can't serve an industry that's largely teetering on bankruptcy and ask for a bigger slice of the pie," Ms. Blakey said last month in a speech. Explaining why the dress code matters, Ms. Blakey said there are "folks who push outside the norms of what is professional dress and what's professional behavior."

The dress code bans jeans, as well as T-shirts and shirts with big lettering and requires that controllers not appear "disheveled," rules that are not onerous, she said.

Ms. Blakey is trying to reshape the agency as two-thirds of the controllers face retirement in the next 10 years. That bulge is a result of extensive hiring in the early 1980's to replace thousands of striking controllers whom President Ronald Reagan fired.

The controllers, many with two decades in positions in which they are entrusted with thousands of lives, say the changes make them feel trivialized. A cartoon that controllers circulated by e-mail shows a radar screen with two converging airplanes and a picture of a man's sneaker, banned under the new dress code. The caption asks which should be the priority.

The agency says the controllers' attire must not "erode public confidence," although most work in windowless rooms, out of public view. The lighting in the radar room here is so dim that it is not easy, at a glance, to tell whether controllers are wearing the now-banned sneakers or sandals.

Mr. Conely said in an interview that the dress code was about more than clothes.

"It's absolutely a power thing," he said. "They want to show they're in charge and this is how we're going to do it and if you don't like it quit."

Some controllers are convinced that quitting is what the agency hopes they will do. Under the new rules, their replacements will earn substantially less. By the union count, 86 controllers worked here as of Jan. 1. Ten have retired, the union says, with some leaving early because of the new rules.

In the late 1990's, the controllers and the agency negotiated a national staffing pact that called for 117 controllers here. The agency disagrees on the current count and says many changes that grate on controllers are needed for scheduling flexibility.

The agency says that controllers are no longer guaranteed two consecutive weeks of vacation and that vacations can be canceled at the last minute. Controllers scheduled to work on holidays can be called off a few hours before and lose the holiday pay.

Management also gave itself the flexibility to keep controllers on their scopes for more than two hours. Two hours is still the goal, but controllers can no longer file grievances if they are there longer.

A former controller, Craig Carlson, now a co-director of the Air Traffic Control Program at the University of North Dakota, which provides initial training in air traffic control, said, "When it's really busy, it gets really taxing on you if you are sitting there for a full two hours."

Referring to tougher schedules for controllers, John Cox, an aviation safety expert and a former safety official at the Air Line Pilots Association, said, "This is exactly what the airlines have done with pilots."

"The airline pilots today are flying more hours, flying more days, and they are being more efficiently scheduled, and fatigue is an issue for them," he said.

A longtime controller here said what the agency had done with the changes "feels awfully retaliatory." The controller, who insisted on anonymity because of fears that managers would take offense, and others did say that some people had, in fact, abused sick leave, but that the remedy should not be rules that made everyone's lives miserable.

Nonetheless, the controller said, he loved his work and would not quit despite significant pay cuts and the difficulty in planning vacations.

Excess Reserves Help Slow The Rise In Health-Care Costs (WP)

By Stephen Barr

The Washington Post, September 20, 2006

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Health insurance premiums for federal employees will increase by an average of 1.8 percent next year, the lowest annual increase in the government's employee program since 1997.

Officials said they substantially slowed the rise in 2007 insurance rates by dipping into excess financial reserves of the Federal Employees Health Benefits Program, which provides about $33 billion in health-care benefits annually. They said the reserves had increased in recent months because insurance claims and other expenses had not grown as fast as estimated.

Next year, 63 percent of FEHBP enrollees "will see no increase in their premium," said Linda M. Springer , director of the Office of Personnel Management, which administers the program. "That is amazing."

She said 15 percent of the program's enrollees will see a premium increase of less than 5 percent.

The federal program will offer 284 plans next year and will provide insurance coverage to about 8 million Americans -- civil service and postal workers, retirees, and family members. The government picks up about 71 percent of premium costs in its role as an employer.

Next year, individuals will pay an average of $1.45 more per two-week pay period, and families will pay $3.13 more biweekly.

More than 56 percent of FEHBP enrollees are in two plans provided by the Blue Cross and Blue Shield Association, and Blue Cross enrollees will see their share of the premium drop or stay the same.

Enrollees in the Blue Cross standard option will pay $57.30 biweekly, 77 cents less than this year. Families covered by the standard option will pay $134.30 biweekly, $1.29 less.

The Blue Cross basic option, which requires enrollees to stay in the Blue network, will not raise premiums for the third consecutive year. The enrollee cost will be $37.99 for individuals and $88.99 for families on a biweekly basis.

Data provided by the OPM showed that $500 million will be drawn out of the program's cash reserves, bringing down next year's premium increase by 5 percentage points. Otherwise, federal employees and retirees could have faced a rate increase of 6.8 percent, in line with this year's premium rise.

The program's reserves "are more than adequate," Springer said. "Everything is financially sound here." Rate decisions "are not things that are manipulated," she said. "They are certainly not political."

The use of the program's reserves helped reduce rate increases next year for national fee-for-service plans, which are required to set aside money for contingencies. The program's health maintenance organizations do not build up reserves because they operate on fixed-price contracts each year, officials said.

As a result, the national plans' average premium will rise 0.3 percent, and HMOs will rise an average 6.3 percent.

Premium increases in the federal employee program usually are lower than the annual rate increases in other large plans. The California Public Employees' Retirement System, for example, plans to increase HMO rates by an average of 11.6 percent and premiums for preferred-provider organizations by 12.6 percent next year.

Tom Billet , a senior consultant with Watson Wyatt Worldwide in Stamford, Conn., said surveys show that most private-sector employees' premiums will increase by 9 to 10 percent next year.

"Even when companies are fortunate to have a low increase, we find they are choosing to pass along something more than that so that it will be consistent with their long-term message -- health-care costs are high and that people should act responsibly to control them," Billet said.

Springer also said enhanced dental and vision benefits will be added to the federal benefits package next year. Premiums will vary by plan and by region, she said.

House To Big House (RC)

By John Bresnahan

Roll Call, September 20, 2006

With Rep. Bob Ney's (R-Ohio) guilty plea on federal corruption charges last Friday and a stint in prison looming for the lawmaker, the House suddenly finds the ranks of its alumni behind bars growing to a level not seen in a decade.

When Ney heads off to prison, likely sometime next year, he will become the fourth Member to be locked up for criminal behavior, and the Ohio Republican may not be the last. Ney will join ex-Reps. James Traficant (D-Ohio), Duke Cunningham (R-

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Calif.) and Frank Ballance (D-N.C.), all of whom currently are being held in federal correctional facilities. Ney will appear in front of a federal judge on Oct. 13 to formally plead guilty to conspiracy and making false statements.

Rep. William Jefferson (D-La.) could join this group of disgraced Members soon. Jefferson is at the center of a federal bribery probe that already has resulted in lengthy prison terms for two men involved in the scandal, including Brett Pfeffer, a former Jefferson aide. Jefferson has not been charged in the case and has repeatedly denied any wrongdoing, but FBI agents turned up $90,000 in marked bills in Jefferson's freezer when they searched his home last year.

In fact, not since the early 1990s, when the House Bank, Post Office and Page scandals were roiling Capitol Hill and prematurely ending dozens of political careers, have so many lawmakers been in prosecutors' sights.

From 1993 to 1996, 10 Members went to prison for varying lengths of time, and at least four, and possibly as many as six, were imprisoned at the same time, according to media reports. The list of jailed lawmakers included House stalwarts such as Rep. Dan Rostenkowski (D-Ill.), the powerful chairman of the Ways and Means Committee. The stench of corruption emanating from the Democrat-controlled House helped Republicans win control of the chamber in 1994, and they immediately instituted a reform agenda that included new restrictions on lobbyists and gifts to lawmakers and staff.

Rep. Jay Kim (R-Calif.), convicted in 1997 for campaign finance violations, barely avoided jail time and instead was sentenced to two months of electronic home detention when he should have been out on the re-election trail. Kim was defeated in a GOP primary in 1998.

There were so many ex-Members in the slammer during the 1990s that Roll Call, at that time, debuted the "Jailbird Caucus" to help its readers keep track of who was in, and who was out, of prison.

A decade earlier, the Abscam scandal of 1980-81 ended up landing six House Members and a Senator in prison, and the seven served contemporaneous prison sentences between one and three years.

Unlike previous periods when scandals plagued Congress, the current wave of corruption convictions does not involve a single thread of illicit behavior, although the Abramoff affair still has the potential to spread on Capitol Hill. So far, seven individuals, including Ney and Abramoff himself, have pleaded guilty or been convicted in that investigation. Adam Kidan, Abramoff's business partner in the purchase of a Florida cruise ship company, also has pleaded guilty to fraud charges not directly tied to the Washington, D.C., scandal.

Rather, up until this time, it is a series of smaller scandals involving individual lawmakers and their donors, staffers and families, that has brought down Members.

Two current Democratic lawmakers, Reps. Jan Schakowsky (Ill.) and Juanita Millender-McDonald (Calif.), even have close family members behind bars.

Robert Creamer, Schakowsky's husband, is incarcerated in the Federal Correctional Institution in Terre Haute, Ind., where he is serving five months for bank fraud and failure to pay withholding taxes as part of a check-kiting scheme. Creamer, who is scheduled to be released on Nov. 9, also will have to serve 11 months of home detention.

Roderick Keith McDonald, Millender-McDonald's son, is serving a 41-month prison sentence for mail fraud, money laundering, bribery and conspiracy to extort. He will be released on Dec. 31, 2008.

Ballance's son, Garey, a former judge, was just released from federal prison on Aug. 31 after serving a nine-month sentence for tax evasion. The younger Ballance failed to pay taxes on a $20,000 gift from his father.

Ney, who signed onto a plea agreement with federal prosecutors last week after nearly two years of denials, is expected to receive the lightest sentence of any of the incarcerated pols. Justice Department officials have agreed to recommend a 27-month term for the Ohio Republican. Ney is currently in an alcohol-abuse treatment center receiving counseling for what he called a "dependency" problem.

Ballance was sentenced to four years in prison for fraud and money laundering related to more than $300,000 in state funds that Ballance steered to a North Carolina nonprofit he controlled. Ballance is not scheduled to be released from federal custody until June 2009, according to the U.S. Bureau of Prisons.

Ballance, who served one term in the House after nearly 20 years in the North Carolina Legislature, recently applied to have his conviction overturned, although a federal appeals court asked him to resubmit his application because it wasn't filed on the proper form. Ballance argues that federal prosecutors "wired" his case by threatening family members, including his 86-year-old

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mother, with jail terms unless he cooperated with the FBI. He also alleges that prosecutors "made false and/or misleading answers to the court about alleged evidence in my case," according to a legal document filed by Ballance.

Cunningham, whose case has kicked off a wider investigation by the Justice Department into spending earmarks and government contracts, received eight years and four months — the longest prison term ever meted out to a former lawmaker — for taking more than $2.4 million in bribes from defense contractors, as well as tax evasion and fraud. Cunningham's sentence is set to expire in June 2013.

Traficant, who was convicted of bribery, fraud and racketeering in 2002, among other charges, was sentenced to eight years in prison. He will be in prison until at least September 2009.

Scandals Play Varied Roles In Midterm Races As Election Day Nears (RC)

By Louis Jacobson

Roll Call, September 20, 2006

In recent months, the ranks of Out There's periodic scandal checklist have thinned significantly.

Since we last assessed the vulnerability of politicians facing ethical allegations, five people have vanished from our list.

Four besieged politicians were given the heave-ho by voters: Rep. Cynthia McKinney (D-Ga.), Alaska Gov. Frank Murkowski (R), Georgia lieutenant governor candidate Ralph Reed (R) and ex-Alabama Gov. Don Siegelman (D) all lost primaries this summer. A fifth, Rep. Bob Ney (R-Ohio), bowed out of the re-election campaign as a federal probe into his ties with disgraced lobbyist Jack Abramoff intensified; last week he pleaded guilty to charges stemming from that case.

In addition to making these changes, we've also streamlined the list a bit. We've removed Ohio Gov. Bob Taft (R), who's not running for re-election; his potential

Republican successor, Secretary of State Ken Blackwell, has seen his race turn largely on issues unrelated to any personal role in the state GOP's corruption scandal. We've also temporarily removed embattled Kentucky Gov. Ernie Fletcher (R) because he does not face the voters until 2007.

But that leaves plenty of names on our scandal checklist. Here's the rundown.

Rep. William Jefferson (D-La.)

Jefferson has notched a minor victory or two in his legal challenge to the FBI's unprecedented search of his Rayburn House Office Building suite on May 20, but most observers suspect that an indictment over bribery allegations is only a matter of time.

Risk factor: high. Jefferson has maintained his innocence, but he already has serious primary challengers, and if he doesn't step down first, he could well lose.

Sen. Conrad Burns (R-Mont.)

Though not much new has been made public about the ties between Burns and Abramoff, the issue continues to dog him back home in Big Sky Country. Burns has acknowledged that language favorable to an Abramoff client, the Saginaw Chippewa Tribe of Michigan, was included in a spending bill he was responsible for, though Burns said the language was added without his knowledge.

Risk factor: medium-high. We've moved Burns' vulnerability up a notch, given the tough challenge he's facing from Democrat Jon Tester, who can nearly match Burns' good-ol'-boy persona but without the ethical baggage. Burns hasn't helped his cause by committing a series of gaffes, most notably his intemperate outburst at out-of-state crews fighting forest fires. But don't count him out yet.

Wisconsin Gov. Jim Doyle (D)

Both the U.S. attorney in Milwaukee and state prosecutors are reviewing possible links between campaign donations and state contracts. While Doyle has not been directly implicated so far, the media are having a field day with the corruption issue, and a legal bombshell that affects the governor is certainly considered possible.

Risk factor: medium. While Doyle is narrowly ahead in most polls, the continuing scrutiny has kept him under 50 percent. The general environment isn't good either: In addition to Doyle's problems, the voters are in a funk over scandals in the Legislature (which have affected both parties) as well as the troubles of another key statewide Democrat, Attorney General Peggy

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Lautenschlager, who was convicted for drunken driving after running a state car into a ditch and lost her primary earlier this month.

Despite a ruling by the state ethics board requiring him to return more than $400,000 in campaign donations, Rep. Mark Green (R) has earned good marks as a candidate, outraised Doyle during the previous quarter and is in the odd position of seeming cleaner for being in Washington, D.C., than in Madison. Unless Doyle improves his game, Green could slip into the governor's chair.

Sen. Bob Menendez (D-N.J.)

Menendez comes from Hudson County, a jurisdiction known for its old-fashioned machine politics. In early September, federal prosecutors subpoenaed documents related to a Hudson County community center that received federal funding and once paid Menendez rent.

Risk factor: medium. Menendez, an appointee to the Senate, already faced a tough race for an elected term against state Sen. Tom Kean Jr. (R), and he hasn't been helped by the malaise surrounding the man who appointed him, freshman Gov. Jon Corzine (D). Now, with federal subpoenas public, Kean and the media finally have a hook for discussing Menendez's ethics.

Illinois Gov. Rod Blagojevich (D)

Blagojevich, who successfully campaigned against the corruption scandals surrounding his now-convicted Republican predecessor, George Ryan, continues to be the subject of federal investigations. Chicago-based U.S. Attorney Patrick Fitzgerald has said, in a letter to state Attorney General Lisa Madigan (D), that he has found "very serious allegations of endemic hiring fraud" in the administration. And the FBI is looking into allegations by the wife of his former campaign treasurer that involve a state job supposedly bought with a check made out to one of the governor's children.

Risk factor: medium. Blagojevich's ethical position probably has eroded as the year has gone on, but his political outlook hasn't suffered as much as one might expect. In an independent poll released earlier this week, he led by 30 points, partly because Republican nominee Judy Baar Topinka has been running an underwhelming (and underfunded) campaign. Voters seem, at best, blasé about Blagojevich, but in a Democratic state and a likely Democratic year, he could well survive, despite his predicament.

Rep. Don Sherwood (R-Pa.)

Last year, Sherwood, who's married, acknowledged a long-running extramarital affair and settled a $5.5 million lawsuit with his former mistress.

Risk factor: medium. In the May 16 Republican primary, political neophyte Kathy Scott held Sherwood to 56 percent, leading Democrats to work harder to elect Penn State Worthington Scranton political science professor Chris Carney, a lieutenant commander in the Naval Reserve and a counterterrorism expert. But while Democrats feel good about their chances of toppling Sen. Rick Santorum (R) and a couple of House Republicans from the Keystone State, the Sherwood seat remains out of the spotlight, overshadowed by the rest of Pennsylvania's competitive contests this fall. In a district that gave President Bush 60 percent of the vote in 2004, Carney may not be able to win without a more concerted Democratic effort.

Rep. Alan Mollohan (D-W.Va.)

An investigative report released by a conservative activist group and referred to the Justice Department accused Mollohan of underreporting financial assets and steering federal earmarks to entities he founded or controlled. Mollohan has denied any wrongdoing, though he did step down as the House ethics committee's ranking member.

Risk factor: medium. While little new and dramatic has emerged about Mollohan's troubles since they first came to light, the allegations are serious, and Republicans are putting their hopes on state Del. Chris Wakim (First lady Laura Bush made a visit to Fairmont — Mollohan's home — to stump for Wakim). But with poll data scarce, opinion in West Virginia continues to predict that Mollohan will survive, given the 12-term incumbent's record of delivering for his district, his social conservatism, his continued support from key business leaders and an endorsement from the National Rifle Association. In addition, Wakim has taken a hit for allegations that he inflated his résumé.

Rep. Charles Taylor (R-N.C.)

Taylor has faced a number of ethical questions in the past, most notably during investigations into Blue Ridge Savings Bank, which he founded in 1978. Hayes Martin, the bank's former president, was convicted in 2001 and alleged that Taylor was

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involved in bank fraud and money laundering. But Taylor vigorously denied those allegations, and he was never questioned, much less charged, in the case.

Risk factor: medium-low. Taylor occupies one of those House seats that is considered a reach for Democrats if a wave develops. But if the Democrats don't crest high enough here, Taylor has the personal wealth and the record of delivering to his district to be able to beat Heath Shuler (D), a political novice who gained fame as a quarterback at the University of Tennessee and in the NFL.

Rep. Jerry Lewis (R-Calif.)

The powerful House Appropriations chairman is facing fallout from the bribery case involving former Rep. Duke Cunningham (R-Calif.). The Justice Department is looking into the relationship between Lewis and several lobbyists who passed through the Congressional-K Street revolving door, including former Rep. Bill Lowery (R-Calif.), Jeff Shockey and Letitia White. Earlier this year, Roll Call reported that Lewis dropped the salary that White, then an aide on the panel, earned before she joined an appropriations-oriented lobbying firm, which made it possible for White to sidestep lobbying barriers and begin a lucrative career more quickly.

Risk factor: medium-low. Lewis' relatively secure status owes more to his lack of serious electoral opposition than to his legal situation. The continuing drip-drip of revelations about the sweet deals worked out with his current and former staffers suggests that the investigation could be a long and difficult one for the California Republican as he looks toward 2008.

Rep. John Doolittle (R-Calif.)

Aside from an Abramoff-related subpoena to Doolittle's wife, Julie, the questions surrounding Doolittle — who serves on the House Appropriations Committee and as Republican Conference secretary — have been raised only in the media. Beyond Abramoff, Doolittle's name has come up in connection with Cunningham and an alleged Cunningham co-conspirator, defense contractor Brent Wilkes. Doolittle has denied any suggestion of wrongdoing.

Risk factor: low. If prosecutors have Doolittle in their sights, they've been awfully quiet about it. And unless an investigation rapidly snowballs, Doolittle, a seasoned fundraiser, seems unlikely to lose to retired Air Force Lt. Col. Charlie Brown (D), despite a late-August poll commissioned by Brown that had Doolittle up by just 2 points.

Rep. John Conyers (D-Mich.)

Several ex-aides claim that Conyers forced them to perform campaign work on government time, to baby-sit his children and to tutor his wife for law school. Conyers has denied any wrongdoing.

Risk factor: low. The ethics committee so far has shown no interest, and Conyers faces only nominal opposition in November. If the Democrats take over the House on Election Day, Conyers can look forward to becoming the Judiciary chairman.

Check back after Election Day and we'll see who survived.

Congress Is Ignoring Ethics, Voting Problems; So What Else Is New? (RC)

By Norman Ornstein

Roll Call, September 20, 2006

You can't make this stuff up: Republican leaders in the House found another way to deep-six any serious ethics and lobbying reform, on the very same day that prosecutors heralded the sorry end to the career of Rep. Bob Ney (R-Ohio) and documented the sordid list of activities that has led him to a prison term.

Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) decided to take up and pass a laughable sham of an earmark "reform" and hoped that nobody would notice it is neither serious nor a reform. They concocted a fig-leaf rules change that provides disclosure on earmarks, but one that does not encompass all or most earmarks, that is not at all certain to stay in place and that provides no protection against chicanery in earmarking, including last-minute lawmaking and lawmakers or their family members exploiting the system for personal gain.

The promises made by Hastert after the Jack Abramoff scandal broke — specifically that his party would lead the fight to enact sweeping lobbying reform — were dropped like a hot rock as soon as the public scrutiny eased, which strongly suggests that the intent of the Speaker was to deflect public outrage, not significantly change the status quo.

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Boehner, too, kicked off his campaign to become Majority Leader by proclaiming his credentials as an original reformer — a charter member of the "Gang of Seven" that shamed the chamber over its excesses under Democratic rule. But then he turned his reform campaign into an anti-reform campaign once he saw that Members had no interest in making serious changes.

Ever since, the energies of the leadership have gone to minimizing change in the House. The Senate is no better. So far at least, it hasn't even felt the need to pass a sham reform.

The earmark culture has careened out of control. The wheeling and dealing of staffers enriching themselves and others as they exploit the revolving door is shocking, with Exhibit A being the House Appropriations Committee under Chairman Jerry Lewis (R-Calif.).

As time goes on, more lawmakers will be spotlighted, and probably some will be directly investigated. We have pitifully inadequate lobby disclosure rules and pitifully weak ethics procedures. The leaders may be right; voters will not make this their major issue this fall. But surely there is more at stake than how voters feel. The integrity of Congress, anyone? Doesn't anybody in power care about that?

With that off my chest — yet again — I want to turn this column's attention to another outrage, namely the integrity of the voting system as we approach critical elections. One week ago Tuesday, bright and early (way early for me) at 6:45 a.m., I was waiting expectantly at my neighborhood school in Chevy Chase, Md., for the polls to open at 7 so I could do my civic duty before tooling down to Capitol Hill for a 7:30 appointment. But 7 came and went; at 7:15, an embarrassed poll worker came out to the crowd and said they could not find the cards to activate the touch-screen machines. I left, as did many others — a few apparently to catch planes. I was able to get back before the polls closed that evening, but others clearly did not, or could not, return to vote.

Montgomery County has long prided itself as a bastion of civic responsibility — a role model in its voting processes. This was a meltdown, and one that was echoed, to varying degrees, in other parts of the state. Could there be a bigger or clearer wake-up call to the potential disaster that awaits us in the general elections?

The House majority is up for grabs; the most likely outcome is a House that will be within a handful of seats either way. And there very likely will be a half-dozen or more seats that are within a couple hundred votes or less. So here is a nightmare of nightmares: The House hangs in the balance, and the districts that make the difference cannot do recounts because there is no paper trail; the paper trail in jurisdictions that have it find huge discrepancies between it and the numbers recorded on the machines; screw-ups like Montgomery County's, or worse, disenfranchise large numbers of voters and make any outcome seem less legitimate; jurisdictions across the country lack established procedures for handling disputed elections and get mired in litigation or gridlock; and partisan election officials (à la Florida Republican Rep. Katherine Harris) make decisions that produce outcomes that are questionable at best.

This is not fanciful; it is all too real. And the reality would be even worse than the litany above suggests. All of the horrors above actually could occur with machines that are widely considered to be benign and safe from any corrupting influences. But we do not have such machines.

To all who have not yet done so, I urge you to look at the video of Princeton University researchers corrupting a widely used Diebold voting machine in less than one minute and creating a virus that alters results, spreads from one machine to another and corrupts the whole network, and disappears without a trace after the elections are over. The same computer scientists, led by Edward Felten at Princeton's Center for Information Technology Policy, discovered by chance that the "lock" protecting these machines can be opened by the key used by hotels to open mini-bars, keys that also can be purchased widely on eBay.

Diebold reacted to this news in the way that it and the other manufacturers of voting machines always react — they attacked the scientists. These companies have no interest in the integrity of elections, only in selling as many machines as they can and squelching any doubt about their efficacy.

The problem, of course, goes beyond the machines. There's also the lack of resources and professionalism in election administration around the country, which makes it easy to produce the kinds of screw-ups like we had in Montgomery County. Apparently, the checklist of equipment to be sent to each polling place failed to list the cards — a low-tech snafu if there ever was one.

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The new machines are operated in most places by veteran volunteer poll workers who all too often are technologically challenged. (One test that ought to be applied before a poll worker is brought aboard is to see if he or she can turn the flashing 12:00 on a VCR to the actual time of day.)

A study by experts of voting in the 2006 primary in Cuyahoga County, Ohio, where touch-screen machines with paper trails are used, found huge differences in results between the machines' internals and the paper trails — and they found that many of the Smart Cards that record precinct results got lost on the way to the central office, resulting in incomplete results.

At the same time, the level of confidence in the election system is low, partisan tension is high, and Congress has been absent without leave as this problem looms. Brace yourselves: Troubled as its election was, we could end up looking with envy at Mexico.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

Intense Dislike Of The President Remains Evident In The Polls (RC)

By Karlyn Bowman

Roll Call, September 20, 2006

One of the most notable features of polling about President Bush has been the intensity of the opposition to him.

In a September NBC News/Wall Street Journal poll, 36 percent said they had "very negative" feelings about the president. Since September 2005, more than three of every 10 respondents have expressed this view in the poll.

In the new poll, 23 percent had a "very positive" feeling about the president. His overall numbers were 42 percent positive, 49 percent negative.

In the meantime, ABC News asks respondents whether they approve or disapprove of the way the president is handling his job, then asks them whether they approve or disapprove strongly or somewhat. In the latest poll, 42 percent said they approved and 55 percent said they disapproved.

The poll found that the intensity of feeling was on the negative side as 43 percent disapproved strongly. Since June 2005, more than four in 10 have strongly disapproved of the job the president is doing.

An Aug. 30-Sept. 2 Opinion Research Corporation/CNN poll found that 30 percent thought Bush should be impeached and removed from office, while 69 percent thought he should not be.

CNN and Time asked the identical question seven times about former President Bill Clinton. In two September 1998 polls, 29 percent (the highest response) thought he should be impeached and removed. Bush's current ratings are similar to Clinton's in the fall of 1994.

Congressional Leaders. In an NBC News/Wall Street Journal poll, 50 percent of respondents didn't know of or weren't familiar with House Minority Leader Nancy Pelosi (D-Calif.). Of the remainder, 15 percent had positive feelings and 23 percent negative ones.

As for Speaker Dennis Hastert (R-Ill.), 55 percent were unfamiliar with him, with 13 percent positive and 15 percent negative.

Fifty-seven percent didn't recognize the name of Senate Minority Leader Harry Reid (D-Nev.) or have an opinion about him; 10 percent were positive, 18 percent negative.

And 38 percent were unfamiliar with Senate Majority Leader Bill Frist (R-Tenn.), while 21 percent had positive feelings about him and 23 percent had negative ones.

Congressional Decision Time. One-quarter of likely voters told Fox News/Opinion Dynamics interviewers in mid-September that they already had decided whom they would vote for in November. Twenty-six percent of Democrats and 31 percent of Republicans said they have made up their minds.

Confidence in Rumsfeld. Thirty-one percent of respondents in a Sept. 8-11 NBC News/Wall Street Journal poll had positive feelings about Secretary of Defense Donald Rumsfeld, while 43 percent had negative ones (including 32 percent who felt very negatively about him). In January, feelings about Rumsfeld were 39 percent positive and 34 percent negative. In the September poll, 44 percent thought he should resign because of his handling of the war, while 46 percent did not.

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In a Sept. 5-7 ABC News poll, 42 percent approved of the way Rumsfeld was handling his job, with 49 percent disapproving. His current rating is slightly better than his rating in December, when 35 percent approved and 53 percent disapproved. In a Sept. 8-11 Harris Poll, 38 percent rated him as doing an "excellent" or "good" job compared to 58 percent who said he was doing only a "fair" or "poor" job.

Gasoline Prices. With the recent decline in gasoline prices, the issue has lost some of its potency, polls show. In a Sept. 5-7 ABC News poll, 5 percent of respondents cited gas prices as the top issue driving in their vote, down from 15 percent in August.

In a Sept. 6-10 Pew Research Center Poll, 7 percent mentioned energy, gas or heating prices as the most important issue facing the country, down from 14 percent in May. When people were asked in the same poll about how often 11 different topics come up in their conversations with friends and family, 75 percent said gas prices came up frequently. More than 70 percent of Democrats and Republicans talked about them frequently. The next closest topics nationally were Iraq, the economy and education. For each of those three topics, 54 percent of respondents said they discussed the issue frequently.

Imprisoning Suspected Terrorists. In a September NBC News/Wall Street Journal poll, 54 percent of respondents said the Bush administration had taken the right course of action in its imprisonment and treatment of suspected terrorists and foreign fighters, with 34 percent saying the administration had gone too far.

A Royal Heir. In March and April, when the Pew Research Center interviewed Japanese adults about whether there should be a change in the Imperial Household Act to allow females to ascend to the imperial throne, 76 percent were in favor and only 19 percent were opposed. Men were more opposed than women were, at 26 percent compared to 13 percent.

Prime Minister Junichiro Koizumi has endorsed a change in the law. But the birth of a male heir in early September reduced the urgency of the issue, leaving the fate of the proposal unknown.

Karlyn Bowman is a resident fellow specializing in public opinion and polls at the American Enterprise Institute.

All The King's Earmarks (WP)

By Ruth Marcus

The Washington Post, September 20, 2006

Willie Stark would have had a good laugh.

Stark is the archetypal politician at the center of Robert Penn Warren's "All the King's Men." Not so loosely modeled on Louisiana's Depression-era governor and senator, Huey Long, he embodies the essential grittiness of politics and its inevitable corruptions, large and small.

One morning last week, I went to see the new film version of "All the King's Men." (Sean Penn plays a somewhat over-the-top Willie Stark.) So Stark was on my mind later that day as I watched members of the House of Representatives debate how to stop themselves -- or, more accurately, how to appear to stop themselves -- from spending money on pet projects.

The subject was earmarking, a practice whose attractions Willie Stark would have instantly understood. Earmarking is a polite term for the federal slush funds available to lawmakers to direct as they see fit, currying favor with constituents and contributors.

Stark would have been a champion earmarker. "I'm going to build me the God-damnedest, biggest, chromium-platedest, formaldehyde-stinkingest free hospital and health center the All-Father ever let live," Stark vows in the book.

And he has no doubt what he plans to name his project: "I'm going to call it the Willie Stark Hospital and it will be there a long time after I'm dead and gone and you are dead and gone and all those sons-of-bitches are dead and gone."

And so Stark, as I said, would have found the congressional debate a hoot. Because this charade of earmark reform involved lawmakers forcing themselves to take credit for their earmarks -- in essence, engaging in the legislative equivalent of naming the hospital after themselves.

Under the new rule, some -- but not all -- earmarks will require that the sponsoring lawmaker be identified. Big whoop. The problem with the most egregious earmarks isn't that the public doesn't know who's behind them. It's that the patrons are completely unabashed about the pork they are pushing.

Exhibit A: Alaska Sen. Ted Stevens's tirade on the Senate floor against efforts to take away funding for his "bridge to nowhere."

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Exhibit B: the entire state of West Virginia, crammed with the earmarked products of the Senate Appropriations Committee's senior Democrat. To wit, the Robert C. Byrd Federal Building and Courthouse in Charleston (not to be confused with the Robert C. Byrd Federal Building and Courthouse in Beckley); the Robert C. Byrd Expressway (not to be confused with the Robert C. Byrd Freeway or the Robert C. Byrd Bridge); the Robert C. Byrd National Technology Transfer Center at Wheeling Jesuit University (not to be confused with the Robert C. Byrd Science and Technology Center at Shepherd University or the Robert C. Byrd Technology Center at Alderson-Broaddus College). "I don't care if you list the members who sponsor earmarks. I put out press releases on every one of them," Rep. David Obey (D-Wis.), the ranking Democrat on the House Appropriations Committee, said in explaining how ineffective this change would be.

That didn't stop the House leadership from congratulating itself. "Today is an important day for the House as an institution," pronounced Majority Leader John Boehner (R-Ohio). Perhaps, in the sense that it showed how resistant the chamber is to any deviation from business as usual.

So resistant, in fact, that the writers of large checks, also known as the House Appropriations Committee, greeted this minor incursion on their power with howls of outrage. They were being unfairly singled out for abuse, the appropriators bleated behind closed doors; the new rule would still let the tax writers and the authorizers get away with their special-interest shenanigans.

By all accounts, this indignation was heartfelt, in the "they do it too" way that a 6-year-old punished for popping someone on the playground is sincerely outraged that his friend wasn't busted for the same offense. Yet you have to question whether the canniest of the appropriators don't recognize how easily they got off.

It brought to mind the scene in "All the King's Men" in which the narrator, reporter-turned-fixer Jack Burden, ponders whether Stark really had been the gullible rube he seemed when the two first met in the backroom of Slade's pool hall.

Burden recalls his introduction: "Willie's hand gave mine three decorous pump-handle motions, and he said, 'Glad to meetcha, Mr. Burden,' . . . and then, I could have sworn, he gave me a wink. Then looking into that dead pan, I wasn't sure."

Years later, Burden tries to find out. " 'Well, Boss,' I demanded, 'did you or didn't you wink at me?' " Stark, for his part, is deliberately noncommittal. " 'Boy,' he said, and smiled at me paternally over his glass, 'that is a mystery. . . . Suppose I just had something in my eye?' " I wonder: Did the appropriators wink? Or was there just something in their eyes?

OTHER NEWS:

New-Home Starts Sink As Sales Slow, Inventories Rise (WSJ)

By Rafael Gerena-Morales

The Wall Street Journal, September 20, 2006

Construction starts on new homes plunged last month as builders curtailed production in response to mounting inventory and slowing sales.

The Commerce Department reported yesterday that housing starts dropped 6% in August from a month earlier to a seasonally adjusted annual rate of 1.665 million units. That was the fifth decline in construction starts in the past six months and the slowest rate of starts since April 2003. When compared with a year earlier, construction starts were down 19.8%.

The weak housing report helped send stocks lower yesterday, with the Dow Jones Industrial Average falling 14.09 to 11540.91.

WAITING FOR THE FED

David Wessel, The Wall Street Journal's deputy Washington bureau chief, says there's a lot of disagreement over where Fed will go with interest rates this year. While central-bank officials emphasize inflation risk, Wall Street is worried about a slowing economy. Listen to David Wessel's NPR interview2.

Construction starts on single-family homes fell 5.9% in August from a month earlier and declined 20.6% from a year earlier, the government report showed. Housing starts for multifamily homes with five or more units fell 8.2% in August from the previous month and declined 16.9% from a year earlier.

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The Commerce Department report also showed that building permits -- a barometer of future construction activity -- fell 2.3% to a seasonally adjusted annual rate of 1.722 million in August when compared with the month before and were down 21.9% in August from a year earlier.

It is "pretty darn clear that ... we're in a pretty substantial downswing here," said David Seiders, chief economist of the National Association of Home Builders. Developers "can't keep bringing new supply on the market until [home] inventories come down and affordability is restored. The downside risk of [housing] to the real economy should be getting a lot of attention."

Yesterday's report on construction starts and building permits comes on the heels of a pessimistic reading on the home-builder association's confidence index, which was released Monday. The index indicated that home builders feel pessimistic about housing-market conditions and are likely to cut construction activity further for the rest of the year. The association reported Monday that its sentiment index for U.S. sales of new, single-family homes fell in September to 30 from 33 in August, indicating that most builders think the housing market is in poor shape. The housing index, compiled by the NAHB and Wells Fargo, was at 65 a year ago. A reading of 50 would indicate builder sentiment was balanced between good and poor.

Phillip Neuhart, an economic analyst with Wachovia Corp. in Charlotte, N.C., said the pullback in housing-construction activity will likely trim economic growth in the second half by at least 0.5 percentage point. The NAHB's Mr. Seiders said the slowing housing market could shave second-half economic growth by as much as a full percentage point. The 56 economists surveyed in WSJ.com's September survey said they expect economic growth averaging roughly 2.7% during the second half.

Amid a national housing boom, residential-construction activity contributed at least 0.5 percentage point to economic growth in 2004 and 2005, according to government data. However, a slowing housing market subtracted 0.63 percentage point from economic growth in this year's second quarter. "That's a dramatic swing" from previous years that is likely to worsen, Mr. Neuhart says. In the housing sector, "we expect choppy waters for the rest of the year."

Meanwhile, inflation pressures on the producer, or wholesale, level moderated last month -- offering welcome news for the economy. The Labor Department said its producer-price index for finished goods rose a seasonally adjusted 0.1% last month, matching July's increase. Producer prices in August were 3.7% higher than a year earlier, on an unadjusted basis, down from July's year-over-year increase of 4.2%. Core producer prices, excluding food and energy, fell 0.4% in August from a month earlier, in part because of a steep decline in automobile prices. The August decline in core producer prices was the sharpest drop since April 2003 and the second-straight monthly slide.

"We're not going to get these types of [auto-price] declines every month," said Joshua Shapiro, chief U.S. economist at consulting firm MFR Inc. Nonetheless, yesterday's data underscoring a cooling housing market and easing inflation "offer an overall message of comfort to the Fed. There's no incentive for them to do anything right now" with interest rates.

Separately, the Federal Reserve reported yesterday that the total net worth of U.S. households rose 0.1% to $53.33 trillion in the second quarter, marking the 15th consecutive quarterly increase. That was up from the revised first-quarter figure of $53.27 trillion, the Fed said in its quarterly "flow of funds" report. Meanwhile, the Fed reported that U.S. household debt grew at a seasonally adjusted annual pace of 9.1% in the second quarter, as "home-mortgage debt slowed to a single-digit pace for the first time in several years." U.S. household debt grew at a 9.6% annualized rate in the first quarter.

In US Housing Slump, Wider Concerns Rise (CSM)

By Ron Scherer

The Christian Science Monitor, September 20, 2006

These are tough times for the people who use hammers and nails to build the American dream - and those who employ them.

In some markets, buyers have gone missing - glued to their money in the expectation that home prices will fall. Desperate, sellers and developers are trying to sweeten their deals to unload McMansions and houses built on speculation. Now comes the news that new construction on homes has fallen so sharply that some economists use the "R" word when they talk about the housing market - and warn about what that might mean for the economy as a whole.

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"Housing's in a recession, there are no two ways about it," says Paul Kasriel, chief economist at Northern Trust Co. in Chicago. "Typically when we get declines in housing of this magnitude, with a lag, the economy goes into recession. There have been exceptions, but not many."

Tuesday gave economists more cause for concern. The government reported new home starts fell 6 percent in August compared with July.

New home construction is now down about 20 percent compared with last year. There are seven months of unsold homes waiting for buyers - a record number.

The housing slump won't be welcome news in Washington when the Federal Reserve meets Wednesday to set interest-rate policy. Partly because of the problems in the housing sector, economists expect the Fed to leave interest rates unchanged as it did last month.

"Housing is a big worry for the Fed," says Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Fla. "At the start of the year they expected an orderly decline, but this summer the market started to fall apart."

Despite the drop in the housing market, many economists continue to forecast that the economy as a whole will weather the slump. Retail sales and employment remain healthy. Gasoline prices have fallen almost 50 cents a gallon in the past month. The Dow Jones Industrial Average is close to its all-time highs.

"It does not appear the bottom will fall out by any means," says Peter Morici, a professor at the University of Maryland School of Business in College Park. "I think lower oil prices - they are now down $15 a barrel - have taken any further slowdown off the table."

Economist Stuart Hoffman echoes this optimistic view. He says business will get a boost from exports as the rest of the world's economy grows. He notes that commercial construction, road work, and new warehouses are improving and will partially offset the drop-off in housing.

"You have to look at where housing is coming from," he says. "We knew it was frenzied in terms of starts and sales. But compared to the last few years, this would be considered a normal year."

However, Mr. Kasriel says, there is no clear sign of a bottom in housing. In July the number of homes for sale rose 35 percent while the number of new homes sold fell 15 percent. "We haven't seen such a wide disparity since 1984, when these data started," he says.

Despite these numbers, some economists are predicting the housing market will start to stabilize. David Wyss, chief economist at Standard & Poor's, is forecasting new housing construction will fall 25 percent from 2005 levels. He expects some overly hot markets will see prices fall. Nationally, he anticipates home prices will flatten out.

"We're in the stage now where people are beginning to lower their price or take what they can," he says. "The third stage wrings out the excesses. A year from now will be the best time to buy."

To move houses, real estate developers are trying to entice buyers with some unusual efforts. Indianapolis-based Davis Homes is straddling the line between builder and real estate agency. For a fee, Davis will buy a customer's old home if it isn't sold by a certain amount of time. The strategy frees the customer from shouldering two mortgages on two houses - and it helps Davis sweeten its deals for building new homes.

"It's just another avenue to get clients to their new home," says Cathy Epps, director of the company's Guaranteed Sale program. "Whoever thought of it, I think it was a great idea."

Alongside the Guaranteed Sale program that Ms. Epps directs, Davis also helps potential customers spruce up and sell their homes so they can buy new ones.

U.S. Economy: Housing Starts, Producer Prices Fall (BLOOM)

By Bob Willis And Courtney Schlisserman

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Housing construction in the U.S. fell to a three-year low and a measure of wholesale prices dropped, increasing speculation the Federal Reserve is done raising interest rates through year-end and possibly beyond.

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Housing starts plunged 6 percent last month to an annual rate of 1.665 million, the Commerce Department said today in Washington, a steeper slide than economists forecast. Prices paid to U.S. producers excluding food and energy declined 0.4 percent from July, the Labor Department said, marking the first back-to-back monthly drop since the end of 2002.

The slump in housing, which fueled growth for half a decade, is now so deep that it raises concerns the rest of the economy will be dragged down with it. Today's price figures suggest the Fed isn't under any pressure to resume raising interest rates following 17 consecutive increases that ended in June. Treasury notes jumped and stocks fell.

``Right now, it's just housing that's slowing, but this can spread to the rest of the economy very quickly," said Chris Low, chief economist at FTN Financial in New York. ``It should be absolutely clear to the Fed that they've done enough."

Fed policy makers meet tomorrow and will keep their benchmark lending rate at 5.25 percent for a second month, according to all 109 economists surveyed by Bloomberg News.

Building permits dropped to an annual rate of 1.722 million from 1.763 million the prior month. Not since May to November 1986 have permits declined seven straight months.

Economists expected starts to fall to an annual rate of 1.746 million from an originally reported 1.795 million pace in July, based on the median of forecasts in a Bloomberg survey.

Recession Risk

``In the past couple of months we've watched the growth side, housing in particular, deteriorate faster than anybody expected," said Gregory Miller, chief economist at SunTrust Banks Inc. in Atlanta. ``I'm not ready to raise the flag to start calling a recession, but there's clearly a risk."

Miller predicts the Fed will lower borrowing costs next year.

Diminishing increases in home prices helped bring the smallest gain in household net worth in four years last quarter, the Fed reported today. Total net worth rose $54.1 billion to a record $53.33 trillion in the second quarter, the central bank said in its Flow of Funds report.

Borrowing rose at an annual rate of 6.4 percent from April through June, the smallest increase since the first quarter of 2002, the Fed report showed.

Producer Prices

In a sign of easing inflation, overall prices paid to producers rose 0.1 percent for a second month in August, the Labor Department said. Economists surveyed by Bloomberg News expected a 0.3 percent rise.

New-home sales dropped in July and inventories of unsold new homes rose to a record, the Commerce Department said on Aug. 24, leaving builders with little choice but to cut construction and offer incentives to spur demand.

Bonds notes rallied with the yield on the benchmark 10-year Treasury note dropping 8 basis points to 4.73 percent at 4:11 p.m. in New York. The Standard & Poor's Supercomposite Homebuilding Index retreated 1.7 percent to 622.71, while the S&P 500 dropped 2.9 points, or 0.2 percent.

`Unsustainable' Expansion

Treasury Secretary Henry Paulson told his counterparts at a Group of Seven meeting in Singapore on Sept. 16 that they needn't worry about a housing-led collapse of the world's largest economy. The real-estate market is cooling from an ``unsustainable" expansion, he said.

Construction of single-family homes declined 5.9 percent in August to a 1.36 million rate, the slowest since February 2003, the Commerce Department said today. New construction of multifamily homes, such as townhouses and apartment buildings, fell 6.7 percent to an annual rate of 305,000.

Starts fell in all regions but the Northeast. They decreased 12 percent in the Midwest to 267,000, the lowest since December 2000; 6.1 percent in the South to an 833,000 pace; and 5.5 percent in the West to 410,000. Starts rose 5.4 percent in the Northeast to a 155,000 pace.

Industry Incentives

Wells Fargo & Co. Chief Executive Officer Richard Kovacevich said yesterday that the housing market is probably weaker than economic data suggest because homebuilders are using ``very significant incentives" to attract buyers.

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``We will see, over the next five to six months, inventories increase quite substantially'' as that strategy becomes less successful in tempering the decline in demand for new homes, Kovacevich, whose bank is the second-biggest U.S. mortgage lender, said at a conference in San Francisco.

Builder confidence is suffering. The National Association of Home Builders/Wells Fargo said yesterday that its index of builder optimism fell this month to the lowest level in 15 years. The Standard and Poor's 500 Homebuilding Index, made up of five of the largest U.S. builders, has fallen by more than a quarter this year, the second-worst performance among S&P 500 industry groups.

Lennar Corp., the second-largest U.S. homebuilder by market value, on Sept. 8 said profit fell in the fiscal third quarter for the first time in six years.

`Continued to Deteriorate'

``The U.S. housing market has continued to deteriorate,'' Stuart Miller, Lennar's president and chief executive officer, said in a statement. ``Given difficult market conditions, we have limited our land purchases while we have remained focused on even flow production and minimizing completed inventory.''

Home sales will probably drop 8 percent this year and another 2 percent next, according to a National Association of Realtors forecast issued Sept. 7.

Median existing home prices will rise 2.8 percent this year to $225,900 after rising 10.5 percent in 2005, the Realtors forecast. Home prices in some months this year may dip below year-ago levels, the Realtors forecast.

The group's measure of housing affordability fell in July to its lowest level since 1989 as mortgage rates increased and home prices edged up.

Home construction in the second quarter subtracted more from economic growth than at any time since the first three months of 1991, according to the Commerce Department. The slowdown in the real estate market is also producing smaller gains in home prices that may remove a source of strength for consumer spending as fewer home owners refinance.

Oil Trades Near Six-Month Low On Rising Stockpiles, Iran Talks (BLOOM)

By Gavin Evans

Bloomberg, September 20, 2006

Sept. 20 (Bloomberg) -- Crude oil traded near a six-month low in New York after plunging yesterday on signs rising fuel stockpiles and protracted negotiations over Iran's nuclear program have prompted investment funds to cut their holdings.

Oil posted its biggest fall in four months after U.S. President George W. Bush said he will give European diplomacy a chance to end the dispute with Iran, the world's fourth-biggest oil producer. A government report later today will probably show U.S. fuel stockpiles, already above average, extended their gains of the past month.

``The mentality of the market has changed,'' said Mark Waggoner, president of Excel Futures Inc. in Huntington Beach, California. ``We've got rising stockpiles, the summer driving season is over'' and worries about Iran are ``falling by the wayside.''

Crude oil for October delivery was at $61.78 a barrel, up 12 cents, in after-hours electronic trading on the New York Mercantile Exchange at 10:03 a.m. in Singapore.

The contract, which expires today, fell $2.14, or 3.4 percent, to $61.66 a barrel yesterday, the lowest close since March 21 and the biggest one-day decline since May 15.

The more actively traded November contract was at $62.25, up 8 cents, in after-hours trading, after falling 3.7 percent yesterday.

Oil futures reached a record $78.40 a barrel on July 14. Prices have fallen 21 percent the past two months as U.S. stockpiles rose and the United Nation's Aug. 31 deadline for Iran to stop uranium enrichment passed without sanctions being imposed.

French Initiative

French President Jacques Chirac yesterday proposed the suspension of plans for sanctions against Iran if the Islamic republic also suspended its enrichment during negotiations.

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The U.S. agrees with the French strategy and will ``come to the table," once Iran has suspended its enrichment, Bush said yesterday. The U.S. has ``no objection" to Iran's pursuing of a truly peaceful nuclear power program, he said.

``The Bush speech was tame relative to what a lot of us expected," Nauman Barakat, senior vice president of global energy futures at Macquarie Futures USA Inc. in New York, said yesterday. He ``appears to have moved to the European position."

Hedge funds may also be selling futures after seeing others lose money in the energy market and as the pace of the decline in oil has accelerated, analysts and traders said.

``We can't know that for sure, but I think some of that probably is happening," Excel's Waggoner said. ``The trend is now down and you go with the trend."

Amaranth

Amaranth Advisors LLC, a hedge-fund manager overseeing about $9.5 billion, told investors Sept. 18 that its two main funds fell an estimated 50 percent this month because of a plunge in natural-gas prices.

``The Amaranth debacle has spread to other markets to an extent," Aaron Kildow, a broker at Prudential Financial Derivatives LLC in New York, said yesterday.

Hedge-fund managers and other large speculators have cut their bets on rising oil prices for each of the past four weeks, according to the Commodity Futures Trading Commission.

Net long positions, the difference between bets on rising prices and bets on falling prices, fell by 22 percent to 37,020 contracts in the week ended Sept. 15. Short positions rose to their highest since March 14.

``These funds can go short as quickly as they went long," Jason Schenker, an economist with Wachovia Corp. in Charlotte, North Carolina, said yesterday. ``I think the most important thing at the moment is how lush product inventories are."

Stockpiles

An Energy Department report today will probably show U.S. supplies of distillates, including diesel and heating oil, rose by 1.8 million barrels last week, their sixth straight gain, based on the median estimate from a Bloomberg News survey of 16 analysts.

Inventories held 144.6 million barrels the week before, 12 percent more than the five-year average for the period.

Gasoline supplies probably rose for a fifth week, gaining 650,000 barrels according to analyst survey. Inventories held 207 million barrels on Sept. 8, 3.8 percent higher than the five-year average.

Gasoline for October delivery was at $1.5090 a gallon in after-hours trading, after falling 4.8 percent to $1.5038 yesterday, the lowest close since Feb. 22.

October heating oil was at $1.6980 a gallon, after falling 2 percent to $1.6916 yesterday, the lowest close since March 10.

Wall Street Dips On Mix Of Negative News (FT)

By John O'Doherty

Financial Times, September 20, 2006

Wall Street finished lower on Tuesday as investor confidence was soured by data showing a precipitous drop in housing starts, a warning on profits from internet group Yahoo, and news of a possible coup in Thailand.

Yahoo slumped 11.2 per cent to $25.75, erasing eight weeks of gains, after its chief financial officer said the company's quarterly results would be at the bottom end of a previously forecast range, due to slowing advertising demand.

The news also dragged down other internet stocks. Google shed 2.6 per cent to $403.81, and Ebay sank 3.3 per cent to $25.95.

Crude oil prices tumbled, as high inventories helped ease supply worries. The front-month Nymex contract lost 3.2 per cent to $61.66 a barrel, its biggest single day decline since May. Valero slid 4.3 per cent to $50.10, and Devon Energy lost 3.8 per cent to $64.32.

Mining stocks were also hurt by falls in copper and gold prices. Barrick Gold sank 4.1 per cent to $28.76, and Freeport McMoran also slipped 4.1 per cent to $51.26.

Semiconductor group Maxim Integrated Products lowered its revenue and earnings guidance for the fiscal first quarter due to sluggish orders. Its shares fell 4.9 per cent to $29.84. The stock has fallen 17 per cent since the start of the year.

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Time Warner announced that its strategy of not charging its AOL broadband subscribers access fees was succeeding in attracting new internet users. Its shares rose 1.5 per cent to $17.3 9.

At the close, the S&P 500 was down 0.2 per cent, or 2.87 points, at 1,318.31, while the Nasdaq Composite was down 0.6 per cent, or 13.38 points, at 2,222.37. The Dow Jones Industrial Average dropped 0.1 per cent, or 14.09 points, to 11,540.91.

The producer price index – a measure of inflation at the wholesale level – fell more than expected in August, boosting investor confidence that further interest rate increases were not on the horizon.

However, housing starts fell 6 per cent in August, more than twice as much as expected. The steep decline in housing starts followed a report on Monday that sh owed confidence among homebuilders at a 15-year low.

Uncertainty deepened after the Thai military was reported to have declared martial law and to have announced a suspension of the constitution.

Pharmaceuticals group ImClone Systems tumbled 4.5 per cent to $29.16 after a New York judge ruled that three Israeli scientists from the Yeda research institute were the true inventors of a process used to create its cancer drug Erbitux.

"Last night's development is the worst possible scenario for ImClone, since Yeda, as sole inventors, might be entitled to large-sum damages," said Yaron Werber of Citigroup, who reiterated a "sell" rating on the stock.

U.S. Stocks Fall On Yahoo Forecast, Signs Of Housing Slowdown (BLOOM)

By Allen Wan

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- U.S. stocks retreated, snapping the Nasdaq Composite Index's longest winning streak in eight months, as slowing advertising growth at Yahoo! Inc. and a drop in home construction suggested the economy is losing momentum.

Yahoo, the most-visited U.S. Web site, tumbled 11 percent and spurred losses in technology shares. Toll Brothers Inc. led declines among homebuilders, the market's worst performers this year aside from Internet companies.

Stocks reached the day's lows after Thailand's military seized control of the country and the prime minister declared a state of emergency. While prices rebounded in afternoon trading, an inflation report that suggested the Federal Reserve will keep interest rates unchanged tomorrow failed to reassure investors.

``The market's vulnerable," said David Briggs, senior vice president of equity trading at Federated Investment Management in Pittsburgh, which has $30 billion in stocks. ``People begin to wonder about the psyche of the average consumer and how it might slow up the economy."

The Standard & Poor's 500 Index fell 2.87, or 0.2 percent, to 1318.31. Energy shares had the biggest drop among the benchmark's 10 industry groups as oil tumbled to a six-month low. The Dow Jones Industrial Average lost 14.09, or 0.1 percent, to 11,540.91.

Nasdaq's Drop

The Nasdaq fell for the first time in eight days, declining 13.38, or 0.6 percent, to 2222.37. The gauge last rose for seven consecutive sessions in the period ended Jan. 11.

Stocks opened lower after the government said a glut of unsold homes spurred a 6 percent plunge in housing starts. Losses accelerated after Yahoo said its profit and sales will be at the low end of its forecasts this quarter and Thai military chiefs took the capital.

Shares of mutual funds that invest in Thailand dropped in U.S. trading. Thai Fund Inc. fell 3.8 percent to $8.65 after earlier tumbling as much as 7.1 percent. Thai Capital Fund Inc. lost 4.4 percent to $9.70.

The housing report, along with Yahoo's forecast, raised concern that corporate profits may slow and supplanted confidence that the Fed will keep interest rates at 5.25 percent tomorrow for the second straight meeting after raising them for two consecutive years.

Yahoo Slumps

Yahoo plunged $3.25 to $25.75 for the biggest decline in the S&P 500.

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Profit and sales this quarter will be at the low end of the company's forecast range on slower advertising demand from automakers and financial services companies, Chief Financial Officer Susan Decker said. It was Yahoo's biggest retreat since July 19.

Other Internet shares declined. Google Inc., the most-used Internet search engine, slid $10.88 to $403.81. Monster Worldwide Inc., owner of online job-listing service Monster.com, plunged $2.83 to $37.10. IAC/InterActiveCorp, an Internet and media company run by Barry Diller, was down 45 cents at $27.97.

Oracle Corp. rose $1.48, or 9.2 percent, to $17.61 in extended trading. The world's third-largest software maker said profit excluding some costs was 18 cents a share in the first quarter, beating a 16-cent estimate by Rick Sherlund, an analyst at Goldman, Sachs & Co. The shares fell 12 cents to $16.13 in regular trading.

Fourteen out of the 16 members of the S&P Supercomposite Homebuilding Index dropped after the housing starts report.

Toll Brothers

Toll Brothers, the biggest luxury homebuilder, slumped 74 cents to $27.42. Pulte Homes Inc., the largest homebuilder by market value, slid 46 cents to $31.61.

The Commerce Department said builders started work on homes at an annual rate of 1.665 million last month, after a 1.772 million pace in July. Economists forecast 1.746 million.

``The lower-than-expected housing starts data raised the specter that the economy is slowing deeper than thought, corporate profits may slow and that stocks are not as fairly valued as investors thought they were," said Ken Tower, chief market strategist at CyberTrader Inc.

In a separate report, the Labor Department said producer prices rose 0.1 percent in August, matching the July increase. Economists had forecast a 0.3 percent gain. Excluding food and energy, prices dropped 0.4 percent, following a 0.3 percent decline in July. Economists expected a 0.2 percent increase.

About five stocks retreated for every three that rose on the New York Stock Exchange. Some 1.5 billion shares changed hands on the Big Board, 1.6 percent less than the three-month daily average.

Energy Stocks

A measure of energy stocks retreated 1.6 percent. Exxon Mobil Corp., the world's biggest oil company, declined 80 cents to $65.50.

Crude oil for October delivery fell 3.4 percent to $61.66 a barrel in New York, the lowest since March 21, after President George W. Bush said he will give diplomacy a chance to end a dispute with Iran over the country's nuclear program.

Micron Technology Inc. slid 39 cents to $17.74. Shares of the largest U.S. maker of computer-memory chips are expensive after price gains over the last several months, according to Citigroup Investment Research. Analyst Glen Yeung cut the stock to ``hold" from ``buy."

Dow Jones & Co., publisher of The Wall Street Journal, cut its third-quarter earnings forecast because of declining ad revenue at the paper. Profit will be as much as 11 cents a share, excluding a tax benefit of about 7 cents and severance costs of 1 cent. The company earlier forecast per-share profit in the ``low teens." The shares fell $1.08 to $32.79.

Icahn's Move

ImClone Systems Inc. plunged $1.36 to $29.16. The biotechnology company lost a court ruling that may result in the company paying royalties on its experimental cancer drug Erbitux to an Israeli research institute.

Billionaire financier Carl Icahn is also poised to gain control of one-third of ImClone's board and push to replace management. ImClone investors will vote on his board appointment at the company's annual meeting tomorrow.

Walt Disney Co. rose 41 cents, or 1.4 percent, to $30.47 for the biggest advance in the Dow. Chief Executive Officer Robert Iger expects the second-largest U.S. media company to sell $50 million worth of movies on Apple Computer Inc.'s iTunes Web site this year.

AutoZone Inc. added $4.57, or 4.9 percent, to $98.67 for the top gain in the S&P 500. The largest U.S. seller of auto parts had net income of $2.92 a share last quarter, beating the average analyst estimate of $2.79, according to Thomson Financial.

S&P 500 shares, called Spiders, fell 33 cents to $131.81. Nasdaq-100 tracking shares, known by their QQQQ symbol, slipped 26 cents to $39.85.

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S&P 500 futures expiring in December lost 3.70 to 1330.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures sank 10 to 1642.50.

The Russell 2000 Index, a benchmark for companies with a median market value of $596 million, fell 0.5 percent to 725.45. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, retreated 0.3 percent to 13,170.14. Based on its decline, the value of stocks fell by $42.8 billion.

Apple Computer Inc. (AAPL US) AutoZone Inc. (AZO US) Dow Jones & Co. (DJ US) Google Inc. (GOOG US) Exxon Mobil Corp. (XOM US) IAC/InterActiveCorp. (IACI US) ImClone Systems Inc. (IMCL US) Micron Technology Inc. (MU US) Monster Worldwide Inc. (MNST US) Oracle Corp. (ORCL US) Pulte Homes Inc. (PHM US) Thai Fund Inc. (TTF US) Thai Capital Fund Inc. (TF US) Toll Brothers Inc. (TOL US) Yahoo! Inc. (YHOO US) Walt Disney Co. (DIS US)

Fed Will Likely Pause On Interest Rates; Analysts See End Of Tightening (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 20, 2006

WASHINGTON - The Federal Reserve is expected to leave interest rates unchanged Wednesday for a second straight month, and many analysts now think there won't be any more rate increases this year.

If true, that's good news for consumers, since the Fed's increases in the benchmark federal funds rate, an overnight rate that banks charge each other, influence a broad array of bank loans to consumers and businesses.

Falling oil and gasoline prices, along with a steeper-than-expected drop in new housing starts, are combining to reduce inflationary pressures that push up prices throughout the economy. The Fed's main job is to keep inflation in check. It now appears that the Fed's pause last month, which left the fed-funds rate at 5.25 percent after 17 consecutive quarter-point rate raises, may have ended the credit-tightening cycle that began in June 2004.

"I think we've probably seen the peak in terms of the Fed tightening. I think the economy will be soft enough for the second half of the year that over time it will help curb inflationary pressures," said Martin Regalia, chief economist of the U.S. Chamber of Commerce and former Fed staffer.

When the Fed paused on Aug. 8, it issued a statement indicating that monetary policymakers believed the slowing U.S. economy would remove enough inflationary pressures to make another rate increase essentially overkill. The Fed said it wanted time to gauge the effects of its previous rate hikes, which take time to affect the economy.

Two months ago, crude oil cost more than $70 a barrel, and other raw materials were in hot demand globally and therefore were pricey. These trends drove up inflation, or the general rise of prices across the economy.

But in recent weeks, prices for oil, gasoline and many commodities have fallen sharply. And on Tuesday, the Commerce Department reported that housing starts dropped 6 percent in August to an annualized rate of 1.665 million.

That's the lowest rate in more than three years and a steeper plunge than most economists expected. Since housing drives much of U.S. economic activity, the slump points to a slowing economy. While a hot economy fans inflation, a slowing one douses it, reducing pressure on the Fed to raise rates.

"My view is we're done, and we'll have enough slowness brought on by the housing market and related consumer spending that they are probably cutting rates by the first quarter of next year," said Keith Hembre, the chief economist for First American Funds in Minneapolis.

It all depends, however, on whether energy prices spike up again and whether consumer and producer prices continue their downward trend. Both have been at the high end of the Fed's perceived tolerance zone.

The Labor Department reported Tuesday that wholesale prices are moderating but have been rising at a 3.7 percent annualized rate. Consumer prices are up 3.8 percent over the past 12 months.

But when the volatile energy and food sectors are stripped out, annual wholesale inflation stands at 0.9 percent, well within the Fed's comfort zone of 2 percent or less. Core consumer prices remain more problematic, rising by 2.8 percent from August 2005 through August 2006, but they now appear to be moderating.

"It seems highly unlikely that conditions change enough to put the Fed back in play," Hembre said.

Gauge Of Inflation Falls In August (NYT)

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By Jeremy W. Peters

The New York Times, September 20, 2006

A widely watched gauge of inflation fell again in August, providing fresh evidence that prices, which have climbed steadily for most of the year, may now be settling down.

The Labor Department reported today that the producer price index, which measures the wholesale prices that businesses charge one another, rose just 0.1 percent overall, matching the slowest pace of growth seen so far this year.

More tellingly, the so-called core index, excluding the volatile prices of food and energy, declined in August, as it did in July.

Adding to the weight of evidence that the economy is cooling, a separate statistical report showed further weakness in the housing market, with housing starts and new building permits both declining.

It was the inflation data, however, that surprised economists the most. Few had predicted that the core index would decline in August; it had been rising about 0.3 percent a month for most of the year, and the July decline of 0.3 percent might have been an anomaly. But the Labor Department said today that the core index fell 0.4 percent in August.

The August results helped lower the annual wholesale inflation rate to 0.9 percent, the first reading below 1 percent since early in 2004.

The Federal Reserve, which had ratcheted up interest rates steadily for two years in an effort to rein in inflation, stopped doing so only last month, with its key overnight lending rate at 5.25 percent. Together, today's statistics and a report last week that consumer-price inflation is moderating give the Fed some breathing room to leave interest rates untouched again when its policy committee meets tomorrow.

Certainly, standing pat is what many economists expect the Fed to do. "The unexpected 0.4 percent decline in core P.P.I. in August is more good news on the inflation front," wrote Capital Economics this morning in a research report. "Today's data provides more evidence, if any were needed, that rates are on hold and the next move will be downwards."

Mickey Levy, chief economist with the Bank of America, said today's report will further reinforce the public perception that inflationary pressures are easing. "It changes the psychology of inflation," he said. "It gives a boost to the consumer at exactly the right time, when housing clearly has downside momentum."

Today's data also showed that prices of goods in the early stages of the production chain are not increasing as quickly, a sign that wholesale prices could continue to moderate in future months.

But the link between producer prices and consumer prices is never a direct one, so it is unclear how much the decline in wholesale price increases in August will affect consumer prices in the coming months.

"Businesses still have some pricing power," Mr. Levy said, adding that he thinks consumer prices will be little changed.

Federal Judges Take Steps To Improve Accountability (NYT)

By Linda Greenhouse

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — The federal judiciary's top leadership responded Tuesday to criticism from Congress and elsewhere about asserted lapses in judicial ethics by announcing several steps aimed at enhanced self-policing and greater public accountability.

All federal judges below the Supreme Court level will be required to install "conflict checking" software on their computers to avoid unwittingly participating in cases in which they have a financial interest. Such software has recently become available but is not being used widely by federal judges, said Judge Thomas F. Hogan, who leads the executive committee of the Judicial Conference of the United States, which took the action at its semiannual meeting at the Supreme Court.

The conference, a group of 27 judges led by the chief justice of the United States, sets policy for the federal courts, but its jurisdiction does not extend to the Supreme Court.

The conference also adopted a policy on the attendance by federal judges at educational seminars sponsored by outside groups, the source of considerable controversy in recent years.

Judges will be prohibited from accepting reimbursement for attending a private seminar unless its sponsor has filed a public disclosure statement on the content of the program and all sources of financing. Judges will have 30 days to report their

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attendance at such seminars, and both the judges' and the seminars' reports will be available on judicial Web sites. The policy does not apply to bar association activities.

Federal judges have been criticized for attending expenses-paid seminars on economic and environmental issues sponsored by business-oriented groups that oppose much government regulation. Since 2000, bills have been introduced in Congress to ban judges' attendance at private seminars.

The conference has opposed the legislation as raising concerns of free speech and the separation of powers. In 2001, Chief Justice William H. Rehnquist denounced it in a speech as "antithetical to our American system."

Douglas T. Kendall, a leading critic of judges' attendance at private seminars, called the new policy "a dramatic change for the better."

Mr. Kendall, executive director of Community Rights Counsel, a public policy group here, has pursued the issue for years, at one point publicizing the names of more than 200 judges who had taken trips sponsored by business interests. In an interview on Tuesday, he said the new policy was a "very positive development that should have a significant effect on this practice."

Separately on Tuesday, Chief Justice John G. Roberts Jr. endorsed a report proposing improvements in the handling of individual complaints against federal judges under the Judicial Conduct and Disability Act of 1980. The report was the product of a six-member committee, led by Justice Stephen G. Breyer, that Chief Justice Rehnquist set up two years ago.

The 1980 law established a complex and decentralized system for dealing with complaints from members of the public that a judge had "engaged in conduct prejudicial to the effective and expeditious administration of the business of the courts." Complaints are initially reviewed by each federal circuit's chief judge, who has considerable discretion in how to proceed.

Justice Breyer's committee found that while the bulk of routine complaints, about 700 a year, were handled properly, there was an "error rate" of nearly 30 percent in nonroutine cases, those in which complaints against judges had attained some degree of public visibility. That error rate was "far too high," the report said in recommending various steps for dealing with the problem.

One proposal was to encourage chief judges to refer sensitive cases to another of the 13 federal circuits. Others dealt with better education and training for the chief judges, who serve seven-year terms and thus may encounter only a handful of serious complaints in their tenure.

With Justice Breyer by his side, Chief Justice Roberts briefed reporters on the 183-page report, describing it as a "very important step on the judiciary's behalf in responding to criticism."

With some members of Congress calling for an inspector general to police the judiciary, many federal judges have grown increasingly concerned about the judiciary's public image and what they perceive as threats to the tradition of judicial independence. Earlier this year, Justice Ruth Bader Ginsburg called the independent counsel proposal "a really scary idea."

A clear if unspoken theme of the presentation on Tuesday was that judges were capable of policing themselves. Referring to Congress, Judge Hogan told reporters, "I would hope they would let us handle our own matters."

Justice Breyer described his committee's work as a "direct response" to criticism about lapses in judicial discipline. "The criticism turned out to be constructive," he said, adding that while the system was not "riddled with problems," it needed improvement to maintain public confidence.

Federal Judges Get New Disclosure Rules (USAT)

By Joan Biskupic

USA Today, September 20, 2006

WASHINGTON — The nation's federal judges will be required to disclose their attendance at corporate-sponsored seminars within 30 days of such programs, under rules approved Tuesday by the Judicial Conference of the United States.

The conference, the policymaking arm of the federal judiciary, also voted to require judges to use computer software that identifies cases in which a judge might have a conflict of interest and should not participate.

The moves are designed "to maintain public confidence in the system," said U.S. District Judge Thomas Hogan, a member of the 27-judge conference. He said it was important to have "transparency" in judges' off-bench activities.

Separately Tuesday, Chief Justice John Roberts released the results of a two-year study on how court circuits handle complaints of judicial misconduct. The study, led by Justice Stephen Breyer, found that about 30% of certain "high-visibility"

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claims — those that had been subject to considerable media attention — had been mishandled. The study recommended ways for judges to improve responses to such complaints.

The actions apply to all 875 life-tenured federal judges except the nine-member Supreme Court, which is exempt from the Judicial Conference rules but generally bound by ethical canons. The moves come as judges have been subject to increasing complaints on a range of matters. Among them: whether judges are sufficiently vigilant about possible conflicts of interests or appearances of impropriety in accepting privately financed travel, and whether they are policing their own.

Critics have included members of Congress — notably House Judiciary Chairman F. James Sensenbrenner, R-Wis., who has proposed that an “inspector general” be created for the judiciary to investigate waste, fraud and ethical violations. Among outside groups that have been most critical of judges is the Community Rights Counsel, which has questioned whether some judges have been influenced by corporate-backed outings.

The Judicial Conference's most significant action was requiring judges to disclose their attendance at privately financed seminars within 30 days of a program, rather than waiting to do so on their annual financial disclosure filings. The conference said judges may attend such seminars only when sponsors have made public the companies and other sources supporting them, the topics to be covered and the names of the speakers.

Federal Judges Step Up Disclosure (AP-Y)

By Mark Sherman

AP, September 19, 2006

Federal judges decided Tuesday to require faster and fuller disclosure of their expense-paid trips, a response to criticism that the travel could undermine the public's faith in an impartial judiciary.

The nation's 2,200 federal judges also will have to use computer software that is intended to make it easier for them to identify and step aside from cases in which they have a financial conflict.

The changes were made by the Judicial Conference of the United States, a 27-judge body led by Chief Justice John Roberts that met at the Supreme Court.

Roberts also released a report from a committee headed by Justice Stephen Breyer that found problems in the way judges have handled high-profile complaints against their colleagues. Mistakes in these matters "might discourage people with legitimate complaints from filing them," Breyer said in a briefing for reporters in which he was joined by Roberts.

The work represents an aggressive effort by the Roberts-led federal judiciary to demonstrate its responsiveness to public criticism and ward off proposals in Congress to clamp down on judicial ethics through a travel ban or creation of an ethics watchdog for the court.

"I'd hope they'd let us work on our situations, as they come up, ourselves," said Chief Judge Thomas Hogan of U.S. District Court in Washington, the chairman of the Judicial Conference's executive committee.

Under the new trips policy, sponsors must reveal in advance who is paying for a judge's travel to private seminars. The information is to be posted on the judicial branch's Web site.

Judges may not accept travel from sponsors who refuse to disclose the information.

Then, within 30 days of the end of the program, judges must file a report about the trip. Local court Web sites will have the information.

Until now, judges have had to report their expense-paid travel in their annual financial disclosures.

The new rules will not apply to the Supreme Court, which has no written ethics rules and is not covered by the Judicial Conference.

The attention to judges' travel has increased in recent years with reports in 2004 that Supreme Court Justice Antonin Scalia went duck hunting with Vice President Dick Cheney as the court was considering Cheney's appeal in a records secrecy case. Scalia refused to step down from hearing the case.

A liberal-leaning environmental organization, the Community Rights Counsel, also has produced records showing that cigarette-makers and oil companies gave money to two conservative groups that host seminars for judges.

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The groups, the Foundation for Research on Economics and the Environment in Bozeman, Mont., and the Law and Economics Center at George Mason University in Virginia, have said that corporate money they receive is not linked to the seminars.

Doug Kendall, executive director of the Community Rights Counsel, said the new travel policy sends "an unmistakable message to judges that they need to be careful, that they need to think long and hard before attending a junket."

Computer software for identifying financial conflicts has been around for years, but Hogan said that judges had found it cumbersome. A new version is easier to use, he said.

Judges, including Supreme Court justices, are required by law to stay out of cases in which they have a financial stake. Members of the high court, however, decide for themselves when to recuse with no oversight.

The conflict issue arose during Supreme Court Justice Samuel Alito's confirmation hearings. Alito, then a judge on the 3rd Circuit U.S. Court of Appeals, failed to disqualify himself from participating in a Vanguard case in 2002 despite having investments in Vanguard mutual funds.

Alito and his backers offered differing reasons for his inaction, including a computer glitch in conflict-checking software.

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On the Net:

U.S. courts Web site: http://www.uscourts.gov

New Rules Mean Shift Toward Accountability For Judiciary (LAW)

By Tony Mauro, Legal Times

Legal Times, September 20, 2006

Responding to complaints about judicial junkets and conflicts of interest, the Judicial Conference on Tuesday enacted new rules to force judges to use conflict-checking software and to promptly disclose their participation in privately sponsored seminars for which they are reimbursed.

Separately, a committee headed by Supreme Court Justice Stephen Breyer issued a report recommending modest changes in how federal courts handle ethical complaints that members of the public file against judges. Among the recommendations is what Breyer described as a "Dutch uncle approach," whereby judges would seek advice on handling certain complaints from judges of another circuit to avoid "home court" bias.

Together, Tuesday's actions represent a major shift toward accountability -- or at least transparency -- from segments of a branch of government that has often resisted both.

Judges also hoped to defuse pressure from Congress, primarily in the person of House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who has proposed creating an inspector general's office to oversee the judiciary's handling of ethical complaints. The late Chief Justice William Rehnquist appointed the Breyer Committee in 2004, mainly in response to congressional complaints.

"Issuance of the two policies and the Breyer Committee report are responsive to these concerns," says University of Richmond law professor Carl Tobias. "If the judiciary does not police itself, Congress may well attempt to do so in ways that judges may find troubling."

Tuesday's focus on judicial ethics comes on the eve of the Sept. 21 hearings by the House Judiciary Committee that could lead to the impeachment of California federal trial Judge Manuel Real, which would be the first judicial impeachment since 1989.

Chief Justice John Roberts Jr., in a rare impromptu press conference at the Court, applauded both of Tuesday's moves and urged federal judges to take "prompt action."

Significantly, none of what happened Tuesday affects the Supreme Court itself. The Judicial Conference never sets policy for the high court, and Breyer, speaking at the same press conference, said the scope of his committee's study of disciplinary procedures did not include the Supreme Court. As a result, it appears the justices have still not taken action on a 1993 recommendation by a blue-ribbon government commission that the Court consider establishing procedures for handling complaints against its own members.

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Breyer said his committee concluded that, overall, the handling of ethical complaints by lower federal courts "does not suggest a serious problem," but a better job needs to be done in some instances, especially in the handling of complex complaints that receive media attention.

The Judicial Conference actions could have the most immediate impact on privately sponsored seminars other than those hosted by bar associations and judicial education groups.

Under the new rules, judges will be barred from accepting reimbursement for seminars hosted by organizations that do not publicly disclose their funding sources, speakers' names, and other information. Once they attend, judges will have to publicly disclose their attendance on their court's Web site within 30 days.

"The new junket rules are a pretty dramatic change of course for the judiciary, and they send a clear statement to judges that they should think twice before attending junkets," Doug Kendall of the Community Rights Counsel said Tuesday. Kendall's group has repeatedly criticized judges for attending seminars funded by companies with an interest in influencing how judges handle economic and environmental cases.

One of the targets of Kendall's criticism has been the Montana-based Foundation for Research on Economics & the Environment (FREE), which has hosted hundreds of federal judges in the past 15 years. It asserts that none of the funding for its judicial seminars comes from any corporate entity or any foundation that participates in federal litigation.

"I've seen the requirements, and everything they ask for, we've been doing voluntarily," says FREE Executive Vice President Pete Geddes. "FREE is happy to do anything it can to reassure the public about the integrity and independence of the judiciary."

The conference's action on conflict-checking software reflects the concern that many judges don't think it works well and have not put it to use. Now they will have to, said D.C. District Court Chief Judge Thomas Hogan, head of the conference's executive committee.

Hogan told reporters his software reminds him of a potential conflict of interest every time a party named Johnson appears before him. That, he said with a laugh, is because he and his wife own stock in the medical company Johnson & Johnson.

McAuliffe To Join Clinton (HILL)

By Alexander Bolton

The Hill, September 20, 2006

Former Democratic National Committee Chairman Terry McAuliffe has told business associates and Democratic donors that he will chair Sen. Hillary Rodham Clinton's (D-N.Y.) presidential campaign next year, according to several Democratic sources.

Together, Clinton, the favorite to win the Democratic nomination, and McAuliffe, the top money man in Democratic politics, have a good chance of raising $100 million before the first official contest, the Iowa caucuses in January 2008.

While Clinton and her staff insist she is focused solely on winning reelection in New York this November, the decision over who will be in charge of getting her elected to the White House is already settled.

McAuliffe told The Hill yesterday that Clinton has not made a decision on running for president and will not do so until after Nov. 7. McAuliffe also denied telling friends that he will serve as chairman, although sources contradict him.

He acknowledged that he would play a "huge role" in her presidential campaign if it materializes and that he has recruited donors for a possible White House run.

"I would just say that I hope she runs," said McAuliffe. "She's focused on the Senate and I'm focused on helping Democrats.

"Would I have a huge role on the campaign? Of course, that's not real news. People know that I have has been around lining up people if she decides to run."

Clinton referred questions to her Senate campaign, where spokeswoman Ann Lewis said, "There is no decision, there is no [presidential] campaign; if there is no campaign there are no titles."

Clinton's camp is not the only one among presidential hopefuls lining up donors for 2008. Allies of each of the Democratic contenders are aggressively seeking commitments because of the huge amount of money that will be needed next year.

McAuliffe, who became DNC chairman in 2001, said he has had no conversations with Clinton about titles and that Democrats are merely speculating about the role he would serve in the campaign.

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Since he stepped down as DNC chairman after the 2004 election, he has been involved with about a dozen private companies by his own estimate. He said he has raised money for investment funds and real estate deals, and even dabbled in the energy sector. He has also served on the advisory board of Carret Asset Management, an investment firm in New York.

But McAuliffe said he would quickly drop these commitments to help Clinton if she ran for president.

"I would take off time and go full time," he said of his expected level of commitment.

Early next year, around the time Clinton is expected to launch an exploratory campaign committee, McAuliffe's new book " What a Party!: My Life Among Democrats" is expected to be in stores. It will span McAuliffe's 25 years in politics and discuss the strengths and weaknesses of his party, including the successes of the Clinton presidency.

Although McAuliffe's specialty is raising money, he would probably not be satisfied serving only as Clinton's presidential finance chairman.

"To be finance chair would be beneath him," said one Democratic donor close to Clinton, who added that McAuliffe is "trying to make his presence felt" in moneyed Democratic circles.

No Democratic fundraiser has as high a profile as McAuliffe. Nevertheless, he may be feeling some competition from the many Clinton allies who are positioning themselves as important financial players for her presidential campaign.

"She's got a full operation," said Wade Randlett, a prominent Democratic fundraiser based in San Francisco, of the network of Democrats who are laying the financial groundwork for Clinton in the Bay Area. "There are many, many friends who are active for her."

Randlett said donors who have met Clinton leave the room certain that she will run for president. He said the same clear impression is given by two other hopefuls, Sen. John Kerry (D-Mass.) and former Virginia Gov. Mark Warner (D).

"For Kerry, for Warner, and for Hillary, they are all a certainty," said Randlett. "People leaving the room all think she's running for president."

Randlett also said Bay Area donors have been told that Clinton will not visit there again between now and Election Day so as not to compete for campaign contributions in a Democratic fundraising hub with candidates running for the House and Senate.

Democratic fundraisers report that all politicians with an eye on the White House have been vigorously recruiting donors for primary season. That's because the Democrats have front-loaded the season even more than in 2004.

With key contests crammed into the first few weeks of 2008, giving the early front-runner the chance to eliminate rivals almost in a fell swoop, there is a premium on raising primary money next year ready to hit the early races in a winter avalanche.

"People are going to have to telescope and enormous amount of fundraising in a very short period of time," said Steve Grossman, a Democratic fundraiser who served as DNC chairman under Clinton. "In my judgment, if you can't raise the better part of $50 million, you're not going to be a first tier candidate.

Given Clinton's stature and McAuliffe's stature as a fundraiser, Republicans have little doubt that she will have close to $100 million in her presidential campaign coffers at the end of next year.

Raising that amount of money in the year before an election year would not be unprecedented. The Bush-Cheney '04 campaign reported $99.1 million in its account at the end of 2003.

"There's a growing consensus that the top-tier candidates of both political parties are going to opt out of the public financing for the general election as well as the primaries, which [would be] the first time in history that has occurred," said Federal Election Commission Chairman Michael Toner.

If candidates forego public funding for the 2008 presidential primary and general elections, they will be able to collect contributions for both elections as soon as they form exploratory committees.

Said Toner: "The higher contribution limits of [the] McCain-Feingold [campaign finance law] combined with candidates raising money for general and primary combined with a polarized electorate sets the stage for record-breaking fundraising."

McCain May Alienate Some Conservatives (AP-Y)

By Liz Sidoti

AP, September 20, 2006

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Republican Sen. John McCain's standoff with the White House over treatment of detainees — an issue the former POW knows intimately well — threatens to exacerbate his already contentious relationship with conservatives.

"Maverick status is looked upon as a strength in Congress, but a maverick in the White House is not looked upon with great admiration from our folks," Tony Perkins, president of the Family Research Council, said Monday.

"Politically, this isn't wise," added the Rev. Louis Sheldon, chairman of the Traditional Values Coalition, which supports the president's call for Congress to approve tough interrogation techniques for terrorism suspects.

McCain, with his eye on a 2008 presidential bid, had taken steps to improve his relationship with conservatives, addressing a graduation class at Liberty University earlier this year at the invitation of the Rev. Jerry Falwell, a former adversary.

The Arizona senator has been a staunch supporter of President Bush on the Iraq war. He has alienated conservatives, however, for opposing a constitutional amendment banning same-sex marriage and supporting federal expansion of embryonic stem-cell research.

Social conservatives also have taken issue with his effort to overhaul the immigration system, in part, by granting millions of illegal immigrants a path to eventual citizenship, and his work with a rogue group of senators to avert a Senate fight over Bush's judicial nominations.

The warnings from conservatives over the detainee issue illustrate the risk McCain faces in taking on the White House — alienating a base of support he would need to win the Republican presidential nomination.

As the clash escalated, McCain shrugged off suggestions that the dust-up could hurt him politically, telling reporters last week that his "credibility with the American people is that I do what I think is right."

Meantime, one of McCain's potential rivals for the GOP nomination, Massachusetts Gov. Mitt Romney, has made it known that he supports the president's immigration position, saying that Republicans who have broken rank with Bush "made a big mistake."

Still, McCain could benefit by showing voters he stands alone and inoculating himself from future efforts to link him to the legacy of Bush, whose support in public opinion polls hovers in the low 40 percent range.

McCain advisers brush off the notion of long-term political consequences.

"At the end of the day, he's going to do what he thinks is right, and when he does that, it works out politically," said John Weaver, a senior political adviser for McCain. He added that when McCain doesn't hold true to that, it usually "blows up in our face."

Long known as a maverick, McCain's latest tussle with the White House is over the president's insistence that Congress allow the CIA to use aggressive methods against terrorism suspects.

McCain and a growing group of Senate Republicans contend the United States must adhere strictly to the Geneva Conventions international standards.

Bush wants Congress to quickly pass his own proposed legislation authorizing military tribunals for detainees and harsh interrogations of terror suspects. Last week, he singled out McCain, a rival for the presidential nomination in 2000, making clear whom he blamed for standing in the way.

A year ago, McCain led a high-profile charge in Congress to clarify a law against torture by extending it to also ban cruel, inhuman and degrading treatment of prisoners. The White House issued a veto threat.

But McCain, a former Navy pilot tortured during nearly six years of imprisonment in Vietnam, attracted enough support in the House and Senate to override a veto. After a very public spat, the White House and McCain reached an agreement that essentially resulted in the senator getting what he wanted. Bush signed the bill in December.

Since then, McCain has resisted engaging in a public battle over how the administration has implemented the law, choosing instead to use back channels to make known his displeasure and negotiate with the Pentagon and the White House. That changed last week.

"We have an honest disagreement with some particular points of this topic," said Weaver, who characterized the relationship between McCain and the White House as excellent.

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Over the past year, McCain's ties to the president have grown. Several of Bush's high-profile campaign strategists have lined up behind McCain, widely considered the front-runner for the GOP's presidential nomination though he has yet to formally enter the race.

Traveling in politically pivotal New Hampshire over the weekend, McCain again was the target of conservatives' ire — this time because of his interrogation position.

The editorial page of the Manchester Union-Leader accused McCain of "blocking our ability to gain from terrorist captives the vital information we need to fight a war in which the enemy strikes us here at home from multiple locations around the world."

Sixteen months from presidential primary season, some Republicans believe McCain's latest haggling with the White House won't have lasting negative implications.

"In the long term, no one can hold a candle to McCain on national security issues," said Scott Reed, a Republican strategist. Plus, he said: "Strong poll numbers and a commanding lead in a presidential race allows everyone to forgive and forget."

The Republican Divide (NYT)

By Adam Nagourney

The New York Times, September 20, 2006

With fewer than 50 days left until Election Day, as many as 40 House and 10 Senate seats are in play, fueling Democratic hopes of capturing power in November. Washington is awaiting polling data that will show how much success the White House has had in trying to put Democrats on the defensive on national security — and whether that effort has been undercut by the battle among Republicans over what is permissible in interrogating terrorism suspects.

Conventional wisdom is that the battling has derailed the effort to engage Democrats on the issue. But some Republicans say that while intramural warfare is never pretty, it has knocked Iraq out of the news and kept the campaign story line precisely where President Bush and Karl Rove want it.

But Republicans face additional peril from a public distressed at a Republican-controlled Congress that accomplished little this year. Strategists in both parties see increasing pressure on the two Republican camps to cut a deal on interrogation.

Redistricting Leaves Races In California, Elsewhere Cold Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 20, 2006

MONTEREY, Calif. -- It's a red-hot election year, with control of Congress at stake, and this political reporter has come to the state with a whopping 53 of the 435 U.S. House seats. That's one-eighth of the congressional total and 21 more seats than the next biggest state, Texas. So why do the seagulls over Monterey Bay seem to be screaming in reproach?

Because it's less than eight weeks until Election Day Nov. 7, and not a single one of those 53 congressional contests is competitive enough to merit a busy correspondent's attention.

In a year of anti-Republican and anti-incumbent fever, that fact stands as a testament to the completeness of California's bipartisan gerrymandering. The mapping of political lines for partisan advantage after each decennial census may have originated back east with Massachusetts Gov. Elbridge Gerry 194 years ago, but it has been perfected here on the West Coast.

Of course, California isn't alone. Nearly all states have maps for their legislatures and congressional districts drawn by incumbents, to protect incumbents. Where one party dominates, as in Texas, the lines reflect that. Where power is divided, the two parties' mutual back-scratching makes the redistricting process a bipartisan one even when nothing else is.

For all the talk, then, of what a contentious campaign year this is -- and it is -- some perspective is in order: The nation's political chattering class now counts about 45 U.S. House seats as potentially winnable by either party; most are currently held by the beleaguered Republicans. That total is more competitive districts than in most election years, but it is still just over 10% of the total House. That means in almost nine out of 10 House districts, voters could be excused for not knowing there's a

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congressional election come November. So while Democrats need just 15 seats to regain the majority they lost in 1994, the pool of pickings is a small one. (See related article8.)

Consider these excerpts from the most recent outlook for House races from nonpartisan handicapper Stuart Rothenberg: "Alabama…No competive races." "Alaska…Forget it." "Arkansas…Nothing." "Delaware…A snoozer." "Kansas…No races of interest." "Maine…Nothing of interest." "Massachusetts…No contests of note." "Michigan…Nothing especially compelling." "Mississippi…Don't bother." Ditto for the Dakotas, Oklahoma, Oregon, Rhode Island and Utah.

California did draw national attention briefly last spring, for a June special election to fill the seat that former Republican Rep. Randy "Duke" Cunningham vacated for a prison cell after his conviction on corruption charges. Although the suburban San Diego district is a mostly Republican enclave, Democrats had high hopes of seizing the seat, given the notoriety of Mr. Cunningham's case and the political headwinds against Republicans generally. But the Republican candidate, former Rep. Brian Bilbray, easily dispatched with Democrat Francine Busby. The two are on the ballot again in November for a full two-year term, and Mr. Bilbray now rates as the prohibitive favorite.

Similarly, national Democrats initially targeted Republican Rep. Richard Pombo of California's Central Valley, with help from environmentalists outraged by his record as the House Resources Committee chairman. But their preferred candidate, a former Navy officer, lost in June's Democratic primary to wind-energy engineer Jerry McNerney, who lost overwhelmingly to Mr. Pombo in 2004. Now most race-watchers are ignoring this one, too, though just this week the Democratic Congressional Campaign Committee put the Pombo-McNerney contest on a new list called "emerging races."

Also on that long-shot list is the suburban Sacramento district represented for 16 years by Rep. John Doolittle; he and his wife have been implicated in the scandal involving convicted lobbyist Jack Abramoff. This week the Sacramento Bee newspaper endorsed Democratic challenger Charlie Brown, a former Air Force pilot in Vietnam and the first Persian Gulf war, saying, "Doolittle is emblematic of what's wrong in Washington." It takes a big scandal to turn a safe seat like Mr. Doolittle's into one the opposition party can seize, but often even that isn't enough -- as Republicans' retention of the former Cunningham seat shows.

Redistricting in California "has really done a very effective job of creating safe Republican and Democratic seats, and it's just really hard to break in," says Leon Panetta, the Democrat who represented the Monterey Bay area for eight terms until he left in 1993 to be President Clinton's budget director and then White House chief of staff. Among other things, Mr. Panetta and his wife, Sylvia, have founded the Panetta Institute for Public Policy here, and every year they invite speakers from Washington to address policy, politics and the press for students from the California State University system. The current group of students ask lots of questions about U.S. politics. None go to their home state's congressional races.

Here, as in most places, the state legislative leaders draw the political boundaries for the state House and Senate districts every 10 years, but let the state's senior members of Congress effectively draw the U.S. House district lines. In California in 2001, that meant Republican Rep. David Dreier, chairman of the powerful House Rules Committee, and Democratic Minority Leader Nancy Pelosi. In a state where the parties generally are more polarized than anywhere, both sides agreed to turn over the job of redistricting to expert Michael Berman, brother of longtime Democratic Rep. Howard Berman. The resulting map protected all but one Republican incumbent and preserved Democrats' big 33-20 majority of the U.S. House delegation for the increasingly blue state.

In both 2002 and 2004, only one of the 53 districts was at all competitive. So this year's dearth of races isn't surprising, except that it occurs in one of the most volatile, anti-incumbent seasons in years. In effect, Democrats have all the seats they can possibly grab here.

Last year, Gov. Arnold Schwarzenegger called on voters to approve an initiative that would leave the redistricting of state and federal districts to a nonpartisan commission of retired judges. Mr. Panetta, who supported the proposal, says the Governator told him that rarely do the state legislative leaders of both parties come to his office at the same time, but on this one "they walked in together and said, 'You cannot put this initiative forward.'" Mr. Schwarzenegger told Mr. Panetta, "When that happened, I knew it was the right thing to do."

But the ballot initiative, like redistricting itself, was "the one area where bipartisanship prevailed -- both Republicans and Democrats opposed it," Mr. Panetta recalls. A bipartisan bankroll financed the media campaign against the initiative, and it was easily defeated. Which helps explain why a national reporter visiting here now is watching seagulls instead of candidates.

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U.S. House Races in California
District 1: John Jones (R.); Michael Thompson (D., Incumbent)
District 2: Arjinderpal J. Sekhon (D.); Wally Herger (R., Incumbent)
District 3: Bill Durston (D.); Dan Lungren (R., Incumbent)
District 4: Charles Brown (D.); John Doolittle (R., Incumbent)
District 5: Doris Matsui (D., Incumbent); Claire Yan (R)
District 6: Todd Hooper (R); Lynn Woolsey (D., Incumbent)
District 7: George Miller (D., Incumbent)
District 8: Mike DeNunzio (R); Nancy Pelosi (D., Incumbent)
District 9: John "J.D." denDulk (R); Barbara Lee (D., Incumbent)
District 10: Darcy Linn (R); Ellen Tauscher (D., Incumbent)
District 11: Jerry McNerney (D.); Richard Pombo (R., Incumbent)
District 12: Mike Moloney (R); Tom Lantos (D., Incumbent)
District 13: George Bruno (R); Fortney 'Pete' Stark (D., Incumbent)
District 14: Rob Smith (R); Anna Eshoo (D., Incumbent)
District 15: Raymond Chukwu (R); Michael Honda (D., Incumbent)
District 16: Zoe Lofgren (D., Incumbent); Charel Winston (R)
District 17: Anthony De Maio (R); Sam Farr (D., Incumbent)
District 18: John Kanno (R); Dennis Cardoza (D., Incumbent)
District 19: T.J. Cox (D.); George Radanovich (R., Incumbent)
District 20: Jim Costa (D., Incumbent)
District 21: Steven Haze (D.); Devin Nunes (R., Incumbent)
District 22: Sharon Beery (D.); Kevin McCarthy (R)
District 23: Victor Tognazzini (R); Lois Capps (D., Incumbent)
District 24: Jill Martinez (D.); Elton Gallegly (R., Incumbent)
District 25: Robert Rodriguez (D.); Howard 'Buck' McKeon (R., Incumbent)
District 26: Cynthia Matthews (D.); David Dreier (R., Incumbent)
District 27: Peter Hankwitz (R); Brad Sherman (D., Incumbent)
District 28: Stanley Kesselman (R); Howard Berman (D., Incumbent)
District 29: William Bodell (R); Adam Schiff (D., Incumbent)
District 30: David Jones (R); Henry Waxman (D., Incumbent)
District 31: Xavier Becerra (D., Incumbent)
District 32: Hilda Solis (D., Incumbent)
District 33: Diane Watson (D., Incumbent)
District 34: Wayne Miller (R); Lucille Roybal-Allard (D., Incumbent)
District 35: Maxine Waters (D., Incumbent)
District 36: Brian Gibson (R); Jane Harman (D., Incumbent)
District 37: Juanita Millender-McDonald (D., Incumbent)
District 38: Sidney Street (R); Grace Napolitano (D., Incumbent)
District 39: James Andion (R); Linda Sanchez (D., Incumbent)
District 40: Florice Hoffman (D.); Edward Royce (R. Incumbent)
District 41: Louie Contreras (D.); Jerry Lewis (R., Incumbent)
District 42: Gary Miller (R., Incumbent)
District 43: Scott Folkens (R); Joe Baca (D., Incumbent)
District 44: Louis Vandenberg (D.); Ken Calvert (R., Incumbent)
District 45: David Roth (D.); Mary Bono (R., Incumbent)

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District 46: Jim Brandt (D.); Dana Rohrabacher (R., Incumbent)
District 47: Tan Nguyen (R); Loretta Sanchez (D., Incumbent)
District 48: Steve Young (D.); John Campbell (R., Incumbent)
District 49: Jeeni Criscenzo (D.); Darrell Issa (R., Incumbent)
District 50: Brian Bilbray (R., Incumbent); Francine Busby (D.)
District 51: Blake Miles (R); Robert Filner (D., Incumbent)
District 52: Duncan Hunter (R., Incumbent); John Rinaldi (D.)
District 53: Woody Woodrum (R); Susan Davis (D., Incumbent)

Republicans Maintain Strong Fund-Raising Edge (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 20, 2006

WASHINGTON -- As both political parties steel themselves for a furious final push before Election Day, Republicans maintain a strong fund-raising advantage that could play a pivotal role in close races.

Financial-disclosure reports to be released today will show that the Republican National Committee has more than triple the cash as its counterpart, the Democratic National Committee. The RNC raised $7.6 million in August and has $39 million in the bank, compared with the DNC's August donations of $6.7 million and a balance of $11 million in the bank.

RNC Chairman Ken Mehlman has promised to use that money to bombard the airwaves with negative advertisements aimed at Democrats and to run a high-tech, get-out-the-vote operation that will overwhelm their opponents' operations.

The Democratic financial disadvantage stems from a decision by DNC Chairman Howard Dean to spend money to hire full-time workers in state party offices who can help produce a national turnout program this year, as well as sustain the party through more than one election cycle.

Mr. Dean's decision has created friction with House and Senate Democratic leaders, who fear the more immediate consequences of such an imbalance -- particularly when the opposition onslaught hits the television airwaves.

That barrage could be offset somewhat by the work of the Democrats' House campaign committee, which released numbers yesterday that show continued fundraising strength and spending discipline.

The Democratic Congressional Campaign Committee raised $5 million in August and ended the month with $35 million -- a million dollars shy of its counterpart. The National Republican Congressional Committee said yesterday it collected $8.5 million in August donations and has $36 million in the bank.

The senatorial committees are expected to release their figures tomorrow.

The biggest stakes are in the House, where Democrats see enough seats in play to gain the 15 they need to capture control. Still, it is an uphill slog that requires ousting several entrenched incumbents.

In a meeting with reporters yesterday, New York Rep. Thomas M. Reynolds, the NRCC chairman, said he is confident his party will prevail in the end, particularly given its national committee's overwhelming financial advantage. "We are not going to be outgunned. We are not going to be outrun," he said.

But during a wide-ranging discussion of closely contested races, Mr. Reynolds also conceded that his incumbent colleagues are being forced to fight their way to victory.

In his own state of New York, Democrats are expected to dominate the gubernatorial and Senate races. That means, Mr. Reynolds said, that he and other House Republicans must try to create their own voter-turnout operation after relying for years on outgoing Republican Gov. George Pataki's organization.

Party Groups Evenly Matched Financially (AP-Y)

By Jim Kuhnhenn

AP, September 19, 2006

Republican and Democratic committees battling over control of the House held almost equal amounts in their bank accounts, giving neither side a substantial financial advantage going into the final stretch of the congressional campaign.

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Rep. Tom Reynolds, R-N.Y., the chairman of the National Republican Congressional Committee, said his organization raised $8.5 million last month and had $36 million cash on hand at the end of August. The Democratic Congressional Campaign Committee said it had collected $5 million in contributions last month and had $35 million in the bank.

Both committees are in substantially better shape financially than they were at a comparable point during the 2004 election. Reynolds said the NRCC had $10 million more in the bank than it did then. DCCC spokesman Bill Burton said the Democratic group was $15 million ahead of its 2004 mark.

"It's clear that Democrats are motivated for November and our historic fundraising shows the tremendous momentum behind the idea of a new direction," Burton said.

Democrats need to gain 15 seats in the House on Nov. 7 to take control after a dozen years of Republican rule. The two parties are battling in 36-40 competitive congressional districts.

Democrats are counting on public opinion polls that show them with a national political advantage. DCCC chairman Rahm Emanuel, D-Ill., said voters are hungry for a "new direction."

"We will not be outgunned, we will not be outrun, and we are going to be in the majority in the 110th Congress," Reynolds countered.

Meanwhile, the Republican National Committee, the party's overarching political organization, said it would report raising $7.6 million in August, and cash on hand totaling more than $39 million. The Democratic National Committee said it raised nearly $6.7 million and had $10.9 million in the bank.

The overall election effort is being carried out by the national party committees and their respective House and Senate campaign committees. Together, their cumulative resources will help candidates in competitive races with advertising, mailing and voter mobilization. The two Senate committees did not release their August financial totals.

The RNC has already weighed in specific Senate races, buttressing the national Republican Senatorial Committee in Tennessee and in Ohio. On Tuesday, the RNC reported spending more than $500,000 in new advertising aimed at Sherrod Brown, the Democrat challenging incumbent Republican Mike DeWine. Overall, the RNC has spent more than $1.6 million in that contest.

Fundraising Picks Up For Committees (RC)

By David M. Drucker

Roll Call, September 20, 2006

Seven weeks before Election Day, an upbeat National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) guaranteed on Tuesday that his party would hold the House majority on the strength of its war chest, political organization and positions on the issues in the 36 districts that matter.

Reynolds announced that the NRCC would report raising more than $8.5 million in August, to end the month with $36 million on hand, when it files its report with the Federal Election Commission today. The Democratic Congressional Campaign Committee isn't far behind, raising $5 million in August and banking $35 million.

"Reports of our majority's demise are greatly exaggerated. We will be in the majority next Congress. You can count on it," Reynolds told reporters during a news conference.

While Reynolds boasted of being $10 million ahead of where the NRCC was in 2004 and raising $10 million to date for the committee's Battleground program, the DCCC countered that it is $15 million above where it was in the previous cycle.

Compared to 2004, when the DCCC at a similar point in the cycle trailed the NRCC by $4.7 million in cash on hand, the difference this year is negligible, said DCCC spokesman Bill Burton.

"The DCCC is competitive nationally and Democratic challengers are competitive locally," Burton said. "It's clear that Democrats are motivated for November, and our historic fundraising shows the tremendous momentum behind the idea of a new direction."

The DCCC's effort has been aided by several high-profile Democrats.

According to DCCC estimates obtained by Roll Call, a series of e-mails and direct-mail pieces pegged to Rep. John Murtha's (Pa.) anti-Iraq War message have netted the committee approximately $500,000 for the cycle.

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Those figures, which include an e-mail plea released Monday, put the Pennsylvania lawmaker among the most prolific direct-mail fundraisers for the committee, behind only House Minority Leader Nancy Pelosi (Calif.), who has raised about $15 million through e-mail and mail solicitations.

Former President Bill Clinton and former Vice President Al Gore round out the list of most prolific direct-mail participants, raising about $200,000 each this cycle.

The direct-mail contributions represent less than half of the approximately $1.2 million Murtha — who in June announced that he would seek the Majority Leader's office if Democrats retake control of the House this fall — has raised for the committee this cycle, according to DCCC records.

The Pennsylvania lawmaker, among the top contributors to the DCCC, remains shy of completing his dues payments however, contributing $242,500 of the $250,000 required from ranking members on exclusive subcommittees.

House Minority Whip Steny Hoyer (Md.) — who holds the No. 2 post in the Democratic leadership and widely had been considered the heir apparent to the Leader's office — has raised fewer funds via direct mail, but he has contributed more than $3 million to the DCCC this cycle, as well as the full $600,000 in dues required by his post.

Meanwhile, Reynolds on Tuesday was peppered with questions about Rep. Bob Ney (R-Ohio) and whether it would be politically advantageous for Republicans if the admitted felon resigned from Congress.

Ney recently pleaded guilty to two felony counts of conspiracy and making false statements, including accepting "things of value" from disgraced GOP lobbyist Jack Abramoff and a foreign businessman in return for official actions.

State Sen. Joy Padgett (R), who replaced Ney on the ballot in Ohio's 18th district, has called for Ney's resignation. But Reynolds, saying Padgett did what she felt she had to do to be successful in her race, declined to go that far.

"It's not going to be an issue in other seats in the country. That's between Bob Ney and his district, and Sen. Padgett has had her opinion," Reynolds said. "Right now he's in alcohol rehab, and I don't know of anyone that is going to talk to him."

Four Democrats Boost DSCC (RC)

By Paul Kane

Roll Call, September 20, 2006

A quartet of leading Senate Democrats gave $1 million each from their campaign accounts to the Democratic Senatorial Campaign Committee in recent days, as the Caucus makes its final push to give itself as much of a financial edge as possible over its GOP counterpart.

Sens. Edward Kennedy (Mass.), Hillary Rodham Clinton (N.Y.), Dick Durbin (Ill.) and Dianne Feinstein (Calif.) each gave $1 million from their campaign committees to the DSCC, according to Senators, aides and strategists. The Senators' campaign committees are allowed to give unlimited donations to national and state party organizations.

The donations — which represent the largest contributions the committee has received so far this election cycle — are part of the daily effort by DSCC Chairman Charles Schumer (N.Y.) to round up as much cash as possible to boost his committee's financial advantage over the National Republican Senatorial Committee, which trailed the DSCC by $15 million in cash on hand at the end of July.

The DSCC declined to discuss these contributions and Schumer's ongoing effort to round up even cash from the Caucus. But DSCC officials said Democratic incumbents are now putting up more money than in previous cycles.

"Democratic Senators are stepping up to the plate helping get us positioned to win," said Phil Singer, DSCC spokesman.

New figures through the end of August will be out today for the party campaign committees, but the $4 million worth of donations from Kennedy, Clinton, Durbin and Feinstein won't officially register with the Federal Election Commission until next month, sources said.

Senate Democrats have made raising money from electorally safe incumbents a critical component of their finance operation ever since the abolition at the end of 2002 of soft money — the unlimited donations from individuals, unions and other interests that the DSCC previously had relied on. In the 2004 cycle, Minority Leader Harry Reid (D-Nev.), then Minority Whip, solidified his standing with his caucus by forking over a $1 million check to the DSCC, an amount that Schumer topped when he cut $2.5 million worth of checks to the committee and to state party committees in battleground states two years ago.

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Despite the DSCC's $15 million edge over the NRSC, Schumer and Democrats are well aware that the GOP is banking on the Republican National Committee — which held a $33 million cash-on-hand advantage over the Democratic National Committee — to level the financial playing field for Senate races.

Senators in both parties are expected to lend a hand in fundraising, particularly in making calls to their most loyal donors to gather cash for party campaign committees and top candidates. But in the final weeks of the campaign season, donations straight from their campaign accounts to the DSCC and NRSC are highly sought after, since they are the easiest and quickest infusions of cash.

With his $1 million donation, Durbin is now the single largest donor to the DSCC, having already cut a check for $235,000 in January 2005 in an effort to help the committee wipe out its debt from the '04 cycle.

Through the end of July, the largest Senatorial donor to the NRSC was Majority Whip Mitch McConnell (Ky.), who donated $400,000 from his campaign account last year, according to FEC reports. These figures for the two campaign committees do not include donations that Senators gave from their separate political action committees, which are allowed to give $15,000 per year and $30,000 total for the two-year cycle.

Ann Lewis, a spokeswoman for Clinton's political operations, said the Senator thought of the $1 million check from her Friends of Hillary committee to be "the most direct support she can show, and she's pleased she'll be able to do it."

For Clinton, parting with $1 million was a bit easier than it was for other Senators. As of June 30, Clinton was sitting on $22 million for a re-election bid that has turned into a virtual coronation. Kennedy and Feinstein, who also are facing nominal challenges in November, were sitting on $8.7 million and $8 million, respectively, at mid-summer.

However, Clinton is considering a presidential bid, and any leftover money from this Senate campaign can be directly transferred into a White House campaign account, providing her with a financial leg up over almost any opponent she may end up facing. Lewis noted that, since taking office in January 2001, Clinton has helped raise $60 million for Democratic candidates nationwide, adding that her $1 million contribution to the DSCC "for the moment" was her last donation to the committee, but that there was still a long way to go until Election Day, and the situation could change.

This marks the second straight campaign cycle in which New York Republicans have not fielded a strong challenge to an incumbent Democratic Senator, allowing Schumer and now Clinton to start steering millions of dollars into DSCC coffers that will help in other states. Schumer still holds $10.1 million in his account.

Democratic aides and strategists are privately monitoring several other Senators who are sitting on large, multimillion-dollar stockpiles of campaign cash yet not facing stiff challenges, including Sen. Evan Bayh (Ind.), who held $10.4 million in his campaign account at the end of June but had yet to turn over any donations to the DSCC.

Like Clinton, Bayh is considering a presidential run, and money in his Evan Bayh Committee would be the seed money.

Another potential donor could be Sen. Bill Nelson (Fla.), who held more than $12 million in his campaign account June 30. Nelson's opponent, Rep. Katherine Harris (R), has run a campaign so marred by political and personal embarrassments that Nelson is considered the overwhelming favorite.

Sen. Fumes Over Jewish Debate Question (AP-Y)

By Bob Lewis

AP, September 20, 2006

A day after being asked in a debate about his immigrant mother's heritage, Sen. George Allen fired back in a written statement Tuesday confirming his Jewish ancestry.

Allen, a Republican seeking re-election in a close race, denounced the reporter's question as "reprehensible" and irrelevant and said he only recently learned that his maternal grandfather was Jewish.

"Whenever we would ask my mother through the years about our family background on her side, the answer always was, `Who cares about that?'" Allen wrote in the statement.

During a debate Monday with Democrat Jim Webb, Allen was indignant when a panelist asked him whether his forebears included Jews. An audience of about 600 business executives booed and hissed at the question from Peggy Fox of WUSA-TV in Washington, D.C.

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"To be getting into what religion my mother is, I don't think it's relevant," Allen tersely replied to Fox. "So I'd like to ask you, why is that relevant? My religion? Jim's religion ..." he said as applause drowned out his remarks.

"My mother is French-Italian with a little Spanish blood in her," Allen told the panelist, but did not mention any Jewish heritage.

On Tuesday, Allen said his mother, Henriette "Etty" Allen, grew up in the Christian faith. She is a French-speaking native of Tunisia.

Allen and his siblings also were raised as Christians. He said he became aware only recently that his grandfather, Felix Lumbroso, who had been imprisoned by the Nazis, was Jewish.

"I embrace and take great pride in every aspect of my diverse heritage, including the Lumbroso family line's Jewish heritage, which I learned of from a recent magazine article and my mother confirmed," Allen said in the statement.

Allen campaign manager Dick Wadhams would not specify when Allen's mother told him about her ancestry. As a child, Allen knew Lumbroso, who is now deceased, Wadhams said.

Allen accused Webb's campaign of peddling the notion that he is embarrassed by his heritage, a claim Webb spokeswoman Kristian Denny Todd rejected as "completely, totally false."

Fox defended her questions. She said she wanted to determine if there was a political reason Allen was not forthcoming about a Jewish ancestor. "I don't know why it would be so upsetting to him," she said in a telephone interview Tuesday. "I was shocked at how he took offense to the question."

Fox had also asked Allen whether he had learned the word "Macaca" from his mother. Allen had applied the word to a Webb campaign volunteer of Indian descent during an Aug. 11 rally before a mostly white crowd. In some cultures, including Tunisia, the word is considered a racial slur.

Allen glared at Fox for a moment, then said, "I hope you're not trying to bring my mother into this matter."

References to the nationality of Allen's mother prompted the first report of his Jewish ancestry on Aug. 25 in The Forward, a Jewish daily newspaper, said its editor, Ami Eden.

"There was some talk at that time that perhaps he picked this up from his mother, and it was an easy way to get to the story behind the headlines," Eden said in a telephone interview from New York.

Allen Says He Embraces His Jewish Ancestry (WP)

By Michael D. Shear

The Washington Post, September 20, 2006

Virginia Sen. George Allen (R) said for the first time publicly yesterday that he has Jewish ancestry, a day after responding angrily to an exchange that included questions about his mother's racial sensitivity and whether his family has Jewish roots.

At a campaign debate with Democratic challenger James Webb on Monday, a reporter asked Allen whether his mother's father, Felix Lumbroso, was Jewish. He became visibly upset, saying his mother's religion was not relevant to the campaign and chiding the reporter for "making aspersions about people because of their religious beliefs."

Allen's campaign manager said the senator believed the question was hostile because it followed another one about whether Allen had learned the word "macaca" from his mother. The word, which Allen used last month to describe a Webb volunteer, is a French slur for a dark-skinned person. Allen's mother, Henreitte "Etty" Allen, is a native of Tunisia and speaks French.

In a statement released by his campaign yesterday, Allen said he was proud to have recently discovered that his grandfather, a Nazi resistance fighter in North Africa, was part of a well-known Jewish family.

"I was raised as a Christian and my mother was raised as a Christian," Allen, 54, said. "And I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed."

Allen's religious background has not been a campaign issue. But when the reporter asked Allen about it Monday, the exchange triggered a flood of critical commentary on Internet blogs yesterday, demanding that Allen clarify his ancestry.

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The Jewish weekly newspaper the Forward recently explored Allen's possible Jewish roots and his connection to the Lumbrosos, a prominent Jewish family that settled in Italy in the 15th century. Allen's campaign spokesman did not return calls seeking confirmation, according to that article.

Peggy Fox, the WUSA (Channel 9) reporter who asked the question at the debate, said she read the article in the Forward. "I had heard from other reporters that his staff had been asked the question before. I thought it was fair game," she said yesterday.

Allen campaign manager Dick Wadhams said, "Saying your mother was a racist. That was exactly the intent and the thrust of the question. Then she [Fox] went on to introduce religion. Introducing religion at all into the debate was inappropriate."

The question about Allen's religion and his delayed response to it are the latest twists in a bizarre Senate campaign that has been dominated for five weeks by Allen's "macaca" comment and more recently by allegations that Webb demeaned military women in an article written 27 years ago.

Polls have indicated that Webb is closing the double-digit lead Allen held earlier this summer. But in addition to a debate over the Iraq war with Webb, a decorated Marine and former Navy secretary, Allen has repeatedly been distracted by other issues.

Allen is not the first public official to discover Jewish roots late in life, including former presidential candidates Sen. John F. Kerry (D-Mass.) and Gen. Wesley K. Clark. In 1997, Secretary of State Madeline Albright revealed that her family history includes three Jewish grandparents who were killed in the Holocaust.

Some Jewish leaders said that Allen's angry reaction to the question about his Jewish heritage bothered them.

"He was visibly uncomfortable and called it an 'aspersion,' " said J. J. Goldberg, editor in chief of the Forward. "What is it that makes him so uncomfortable with it? It raises more questions about who the guy is."

"How does one not know that his grandfather was a Jew?" asked Samuel Heilman, a professor of sociology at the City University of New York. Heilman called it a "tempest in a teapot" but said it would be a big story to American Jews.

"It is the case that for many people who are so much a part of blue-blood America, it's hard to imagine there is a Jew in their cupboard there," Heilman said.

But other Jewish leaders defended Allen's reaction, saying he was clearly upset not about being called a Jew but at what he considered to be the negative tone of the questioner.

"This was an 'I got you' question -- 'See, you really are a racist,' " said Rabbi Irwin Kula, author of "Yearnings: Embracing the Sacred Messiness of Life." Kula said there are many people who have been raised Christian and are not aware that they have any Jewish heritage. "I felt tremendous empathy for George Allen. It is 100 percent possible."

Allen has been asked before about his religious background. Bob Gibson, a reporter at the Charlottesville Daily Progress who has written about the senator for almost three decades, told the New Republic that Allen once wanted a correction "when I wrote about his mother's Jewish family origins. He insisted, through a press secretary, that his mother was raised a Christian."

Part of the interest in Allen's heritage comes from his speeches, in which he often includes references to his grandfather being incarcerated in a Nazi concentration camp. In 2000, he told the Richmond Times-Dispatch his grandfather was put in the camp because he was an Allied sympathizer.

He brought up his grandfather's incarceration at the Monday debate, just before Fox asked her question.

"If there's one lesson that I learned more than from anyone else, it was my mother, whose father was incarcerated by the Nazis in World War II," Allen said. "And of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother."

But people close to Allen have been reluctant to discuss his grandfather's religion in the past. Asked about it several weeks ago, campaign advisers either said they did not know or refused to comment. They also refused to ask Allen about it, saying at the time that it was not relevant to his job.

Yesterday, Wadhams accused Webb's campaign and liberal bloggers of anti-Semitism for raising the issue of the senator's religious background.

Bloggers, some of whom are on Webb's staff, spent yesterday writing furiously about the debate question and Allen's answer. "What does Allen have against Jews?" one headline read on a national liberal blog.

"Introducing religion at all into the debate was inappropriate. It makes no difference what anybody's religion is," Wadhams said.

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Wadhams also accused Webb's campaign of mailing an anti-Semitic flier to Virginia voters during the state's Democratic primary this year. That flier depicted Webb's Jewish opponent, Harris Miller, with money coming out of his pockets.

"They have been continuing that anti-Semitic strategy through their paid bloggers," Wadhams said.

Webb spokeswoman Kristian Denny Todd called that charge "completely false." She said the flier was not anti-Semitic and declined to comment about Allen's Jewish heritage.

"We are in the race for Senate to talk about ideas, issues and what's best for Virginia," she said. "That's all we are here to do."

In the statement issued yesterday, Allen called Fox's questions "especially reprehensible" and "deeply offensive." And he confronted questions about why he did not know about his heritage sooner.

"Some may find it odd that I have not probed deeply into the details of my family history, but it's a fact," he said. "Whenever we would ask my mother through the years about our family background on her side, the answer always was, 'Who cares about that?' "

New Twist In Senate Race In Virginia (NYT)

By Carl Hulse

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — The turbulent re-election campaign of Senator George Allen took another unexpected turn Tuesday when Mr. Allen, a Virginia Republican, issued a statement confirming his Jewish ancestry.

“I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line’s Jewish heritage, which I learned about from a recent magazine article and my mother confirmed,” Mr. Allen said in a statement.

The issue was injected into the campaign on Monday in a debate with Mr. Allen’s Democratic opponent, Jim Webb, when a panelist asked Mr. Allen, a former governor, if his mother was Jewish.

“To be getting into what religion my mother is, I don’t think it’s relevant,” he responded angrily.

But the campaign, which had earlier found itself on the defensive over Mr. Allen’s reference to a volunteer for Mr. Webb as “macaca,” apparently decided to try to defuse the issue quickly by putting out a statement acknowledging his family ties.

It was apparently the first time Mr. Allen, a practicing Presbyterian, had done so publicly, and he said he learned of his ancestry only through an article last month in The Forward, a Jewish publication.

“Some may find it odd that I have not probed deeply into the details of my family history, but it’s a fact,” Mr. Allen’s statement said. “We in the Allen household were simply taught that what matters is a person’s character, integrity, effort and performance — not race, gender, ethnicity or religion.”

Before the question arose in the debate, Mr. Allen had mentioned that a grandfather had been incarcerated by the Nazis. He said in his statement that he had never known the circumstances surrounding that chapter in his family history.

After the macaca comment, which drew national attention, The Forward published an article suggesting that Mr. Allen’s mother, Henriette, who was born in Tunisia, came from a prominent Jewish family and that Mr. Allen would most likely be considered Jewish under rabbinic law.

Mr. Allen was considered a potential presidential prospect for 2008 and had been rated a near-lock for re-election as senator. But the difficult political environment for Republicans and the macaca comment have made his contest more competitive than anticipated.

Mr. Allen apologized to the young volunteer of Indian ancestry who was the object of the comment, which was perceived by some as a racial slur.

Victory Of The Non-Pol? (WP)

By Lee Hockstader

The Washington Post, September 20, 2006

This politics business, it's a struggle for Jim Webb.

Cerebral, private and generally solemn, he garbles sound bites and chokes at asking people for money, which the Democrat badly needs if he's to overtake Republican incumbent George Allen in the remaining seven weeks of their race for the

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U.S. Senate in Virginia. Wading into crowds gives him the willies. "I know how hard it is, I've had a camera three foot from my face for eight months now at any public place," he said Sunday on "Meet the Press."

On the road, the Webb campaign is unorthodox. In Arlington a few months ago, he appeared at a rally with his wife -- and was introduced to the crowd by his ex-wife. His driver, Mac McGarvey, lost an arm to a mine while serving as Webb's radio operator in Vietnam; before signing on with the campaign, he was managing a honky tonk in Nashville.

Webb's son, a Marine lance corporal who shipped out to Iraq this month, is stationed in Ramadi. If elected, Webb will be one of a tiny handful of members of Congress with a child serving in Iraq (or Afghanistan, for that matter). But while he mentions his son from time to time, and wears a pair of his son's combat boots, he seems unable or unwilling to exploit the fact of his service for all it's worth.

He is, in short, a consummate non-pol, which makes his race for the Senate among the most interesting, and treacherous, of the year. Badly underfunded so far and mostly allergic to stump speech mumbo jumbo, he could just blunder his way into the Senate on the strength of Allen's problematic past and bullying present -- and on Webb's consistent stance that the war in Iraq is a terrible strategic blunder. Or, just as easily, he could drown in the sea of Allen's financial advantage if the Democratic fundraising machine doesn't deliver in the next few weeks.

Not that it seems to matter overwhelmingly to Webb. In the scheme of things, Webb said in a debate at Tysons Corner on Monday, whether or not he is a senator won't rate very high "on my agenda."

In the Tysons debate, and the one on "Meet the Press," it wasn't hard to tell which candidate was the amateur politician. Webb's delivery was choppier, his demeanor slightly grim, his collar a size too small. At times, particularly when challenged on his views on women in the military, he seemed to delve into the dead ends of ancient debates hearkening back to his days as Ronald Reagan's secretary of the Navy a generation ago.

But there were no major gaffes either, and on balance he managed well against the more practiced, more fluent Allen. Unlike some of his earlier performances, Webb seemed prepared to discuss not only grand strategy and Iraq but also domestic policy. His advisers, convinced the campaign's momentum is with them, were thrilled.

Allen, whose national and statewide reputation has tanked since he mocked an Indian American campaign aide of Webb's by repeatedly calling him "macaca" in a nearly all-white part of southwest Virginia, is unleashing what is certain to be a nonstop negative assault on Webb.

He is in trouble not only because of the macaca remark but also because of revelations in the New Republic this year about his schoolboy romance with the Confederate flag and his own sister's depiction of the young Allen as nasty and thuggish. (It is a strange aspect of this race that Webb seems on better terms with his ex-wife than Allen does with his own sister.)

Allen has tried to square the circle of seeming moderate enough to be reelected this fall while staying conservative enough to compete in the 2008 presidential primaries. It's an impossible trick, as illustrated by his current squirm in the debate on torture, in which he cannot bring himself to side either with the White House or with fellow Virginia Sen. John Warner, whom Allen likes to call "my partner."

Although Allen is a smarter, more sophisticated candidate than Jerry W. Kilgore, the Republican who lost the race for governor of Virginia last fall, he may face a similar demographic problem in the Northern Virginia suburbs, whose wealthy, well-schooled electorate includes tens of thousands of new voters, many of them Democrats and independents.

The macaca flap has hurt him badly there, and his good-ol'-boy shtick can't help much either. At a Labor Day parade, Allen, who favors cowboy boots for daily wear, rode a horse called Bubba. And his campaign is gearing up for its 11th annual "Hoe Down" fundraiser, where contributors of $1,000 will have the title of "Buckaroo" bestowed upon them, while deeper-pocketed donors will be dubbed "Ranch Boss" and "El Ranchero Grande."

Then again, it was Webb who insisted on arguing over the candidates' southwest Virginia roots, sparking a debate-within-a-debate in Tysons over which one of them is more authentically country. ("I've been coming to southwest Virginia since George Allen was a Californian," said Webb, who has relatives there. "For me," said Allen, "it's a place in my heart, not a place on a map.")

Many of the dark-suited business types in the audience at Tysons must have been mystified. After all, most of southwest Virginia is closer to Nashville than to Northern Virginia. But if Webb's unvarnished performance convinces many voters that he is somehow the more genuine and likable of the candidates, the non-pol may just pull this race out.

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Black Leaders Endorse Cardin (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 20, 2006

U.S. Rep. Elijah E. Cummings and other black Democratic leaders yesterday endorsed Rep. Benjamin L. Cardin for the U.S. Senate, as the Cardin campaign and that of his Republican rival -- Maryland Lt. Gov. Michael S. Steele -- sought approval from supporters of Kweisi Mfume.

"We know where Ben Cardin stands on all the issues," said Mr. Cummings, who had backed the primary campaign of Mr. Mfume, the former president of the National Association for the Advancement of Colored People. "We do not know who Michael Steele is, and we do not know what he stands for."

Meanwhile, Mr. Steele has aired a new TV ad that mocks negative campaigning and features him professing to "love puppies."

He congratulated Mr. Cardin on his endorsements yesterday, saying, "It just tells me I've got to work harder," and brushed aside Mr. Cummings' criticisms.

"They want to sound bite people's experiences and sound bite people's lives into 30 seconds, and people don't live that way," Mr. Steele said during a tour of Ellicott City.

"I'm not engaged in a conversation with Ben Cardin or Elijah Cummings," he said. "I'm talking to real Marylanders whose problems aren't red or blue, conservative or liberal, Republican or Democrat. They're real."

Race has played a key role in the U.S. Senate contest, which pits Mr. Cardin, a white 10-term congressman from Baltimore, against Mr. Steele, the first black to win statewide office in Maryland.

Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties.

Among the black leaders endorsing Mr. Cardin yesterday were Mr. Cummings; state Sen. Verna Jones, chairman of the state legislature's black caucus; and state Senate Majority Leader Nathaniel J. McFadden -- all Baltimore Democrats who endorsed Mr. Mfume in the primary election.

Mr. Cardin beat Mr. Mfume, 43.7 percent to 40.4 percent, statewide but lost in Baltimore and Prince George's County, two of the state's most populated and heavily Democratic jurisdictions, which are also both more than 65 percent black.

In Baltimore, Mr. Cardin received 24,637 votes to Mr. Mfume's 50,731, losing by 30.82 percent to 63.46 percent, according to unofficial results from the State Board of Elections.

The margin was wider In Prince George's County, where Mr. Cardin lost by more than 52,000 votes or 18.71 percent to 69.79 percent, unofficial results show.

U.S. Rep. Albert R. Wynn, a black Maryland Democrat who endorsed Mr. Mfume, has not announced whom he will support in the general election.

Cardin campaign spokesman Oren Shur said that yesterday's public endorsements were "important" in wooing support of black voters from Mr. Steele.

"Democrats are united," Mr. Shur said.

Mr. Cardin, Mr. Cummings and others at the event linked Mr. Steele with President Bush, whose approval rating is about 34 percent in Maryland and even lower among the state's black voters.

Mr. Cummings said Mr. Steele has hidden his positions on issues such as judicial nominations, stem-cell research, universal health care, education and the Iraq war.

"Where do you stand?" he said.

Mr. McFadden called out, "Behind George Bush," eliciting laughter and cheers from the officials on the stage.

Also yesterday, Mr. Cardin pressed Mr. Steele to start "immediately" debating him twice a week, saying that Mr. Mfume "didn't duck debates, we engaged in them."

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Steele campaign officials said that they have not been contacted by the Cardin campaign and that their phone calls and letters to the Cardin campaign have not been returned.

"That's the old, 'Oh he won't debate me,'" Mr. Steele said. "You know, trust me, be ready."

Black Officials Proclaim Support For Cardin (WP)

By Matthew Mosk

The Washington Post, September 20, 2006

U.S. Senate candidate Benjamin L. Cardin reached out to African American leaders within the Democratic Party yesterday, trying to heal lingering racial divisions from the Democratic Primary and focus the contest on issues.

In front of Baltimore City Hall, a succession of black elected officials pledged their support for the veteran lawmaker, who is white, in his campaign against Republican Lt. Gov. Michael S. Steele, the first African American to win a statewide office in Maryland.

"It's time for all Democrats to come home," said state Sen. Nathaniel J. McFadden (D-Baltimore). "We are family!" he boomed. " We are family !"

The task before Cardin may not be so easy. African Americans have been among the most loyal Democratic voters in Maryland, but the dynamics of this campaign could test that loyalty.

Cardin's chief rival in last week's primary, Kweisi Mfume, has signaled that he will rally behind the Democratic nominee but did not appear at yesterday's event and has not formally endorsed him.

In the primary, Cardin drew limited support in two jurisdictions where African Americans make up the majority of voters. In Prince George's County, Mfume collected nearly 71,000 votes to Cardin's 18,600. In Baltimore, Mfume led Cardin 50,731 to 24,637.

Steele, meanwhile, has dedicated much of his campaign machinery to wooing black voters. After sewing up the primary last week, Steele's first move was to visit the election night parties of the two candidates for county executive in Prince George's. He spent the next morning talking to black voters at a barbershop in suburban Baltimore.

But Wayne K. Curry, a former Prince George's county executive, said Cardin can not assume that the county's black voters will line up behind the Democrat this time.

"It's going to be a different kind of election," Curry said. "Steele is a very attractive candidate. Flogging him with partisan labels is not going to be enough."

Steele's campaign pushed yesterday for more answers from Cardin about the caustic remarks a former staff member posted in a personal diary on the Internet. The staffer vented about a work environment she described as being hypersensitive about race and described her discomfort in being a "sex object" for Cardin's Jewish friends, whom she described using ethnic stereotypes.

Cardin fired the staffer Friday, but Steele's campaign has urged reporters to dig deeper to determine whether the woman really was a low-level staffer, as Cardin has described her. They also called the incident part of a pattern of racial insensitivity toward Steele.

"It goes to the heart of why people are sick and tired of politics as usual," said Doug Heye, Steele's spokesman.

Cardin said the matter was behind him and suggested that an attempt to draw further attention to it was a diversion.

He sought to focus the contest on issues at yesterday's event, and speaker after speaker said Steele's candidacy would not survive scrutiny once his views are known. "We know where Ben Cardin stands" Rep. Elijah E. Cummings (D-Md.) said. "We do not know who Michael Steele is, and we do not know what he stands for."

Cardin called on Steele to debate twice a week for the remaining seven weeks of the campaign. "Since this campaign started, Ben Cardin has participated in more than a dozen debates. Many of these debates included Democrats, Republicans and third-party candidates. Michael Steele never once showed up," said Cardin campaign spokesman Oren Shur.

In response, the Steele campaign said it was Cardin who has not responded to a request for debate. "We're still waiting for them to return our campaign manager's call," Heye said.

Third-party candidate Kevin Zeese said he, too, should be included in any debate.

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Corker-Ford May Tip Senate (RC)

By Lauren W. Whittington

Roll Call, September 20, 2006

SODDY-DAISY, Tenn. — Sitting behind the counter of the Soddy Bible and Church Supplies store Friday afternoon, proprietor Frank Copeland admitted he hasn't devoted much attention to the Volunteer State's hotly contested Senate race. He's been focused instead on fighting a November referendum that would allow restaurants in this beer-only town to serve liquor by the drink.

In the contest between Rep. Harold Ford Jr. (D) and former Chattanooga Mayor Bob Corker (R) — a critical part of the math for Democrats to win a majority in the chamber this fall — Copeland said he is undecided about whom he will vote for.

But he does know he likes what he sees in Ford's newest campaign commercial, which features the 36-year-old Congressman in a church sanctuary talking about faith.

"I like his new ads," said Copeland, a retired power plant employee who took over the bible and church supply store as a hobby six years ago. "As a Christian, I'm definitely going to look at moral issues before other things."

Soddy-Daisy, a town of almost 12,000 located halfway between Chattanooga and Dayton, home of the 1925 Scopes Monkey Trial, isn't traditionally fertile territory for Democrats. But Ford must appeal to and convert voters like Copeland across the state to have any shot at winning the seat being vacated by retiring Sen. Bill Frist (R).

The race is tight and a poll done for Ford's campaign in late August showed the Congressman with a two-point lead.

Still, while Copeland remains open to Ford's message, his wife, Donna, is sure she's voting for Corker. And the reason is no mystery.

"Because he's a Republican," she said.

The Insider vs. The Outsider?

But with a difficult national political environment for the GOP, Corker isn't exactly embracing that party label. His campaign materials don't identify him as a Republican, and neither do his television ads.

Instead, Corker is focused on running as the anti-Washington, D.C., outsider while painting his opponent as a liberal, insider elitist.

Corker has touted his record as mayor and played up the fact that he started at the bottom before building a successful, and very lucrative, construction business.

His latest campaign commercial features him standing in front of a bridge and pledging to never forget where he came from.

"When I was 20, I poured concrete as a construction laborer building that bridge," Corker tells voters in the ad.

At the same time he talks about how Ford, the son of a Congressman, moved to Washington at age nine and graduated from the prestigious St. Albans School. Later, Ford graduated from the University of Pennsylvania and the University of Michigan law school. Corker graduated from the University of Tennessee in 1974.

"He really has kind of grown up in D.C." Corker said in an interview at his Chattanooga campaign headquarters last week. "I grew up in Tennessee."

Ford, meanwhile, has worked to portray himself as a fresh face, using the slogan "A New Generation of Leadership" in his ads and campaign materials. He argues that his voting record is much more moderate than Corker has portrayed it to be.

To refute Ford's message, Corker's commercials have made a point of identifying Ford as a Congressman — the one with the most liberal record in the state's delegation — who has been in Washington for 10 years.

Corker also argues that he is the candidate who better represents what Tennessee voters have come to expect in their Senators, making him the best choice to follow in the footsteps of GOP Sens. Howard Baker, Bill Brock, Fred Thompson, Lamar Alexander and Frist.

"By the time the race is over, obviously people are going to know both of us really, really well," Corker said. "I just really believe I'm going to win this race."

Some of that voter education was on display Saturday, at the tailgating before the 8 p.m. kickoff of the University of Florida vs. University of Tennessee Southeastern Conference showdown.

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Both campaigns had a presence amid the orange-clad, GOP-friendly crowd that surrounded Neyland Stadium.

General Contractor Mark Price, a Morristown Democrat, was the most visible Ford supporter in crowded Lot 9, directly across from the stadium and where Republicans had their tailgate set up.

While Corker has been billed as having strong partisan crossover appeal, a frustrated Price said he didn't see any.

Price, who had a billboard-sized blue and white "Ford" sign attached to the top of a black sport utility vehicle, said he was fed up with the current direction of the country and he said it didn't matter what Corker's background was.

"As far as what our nation needs, he's going to be more of the same," Price said.

And he believes he isn't the only one who feels that way.

""I've got a lot of Republican friends who are fed up," he said. "They're going to flip to Ford."

Old Wounds

By 4:30 p.m. a Bluegrass band is rocking the GOP tailgate, located in a prime position on Peyton Manning Pass, where thousands of fans gather to see the Pride of the Southland Band lead the team march to the stadium to the apparently never tiresome strains of "Rocky Top."

Corker did not attend the tailgate or the game, but he had plenty of surrogates on hand.

State Sen. Tim Burchett (R), whose district includes the stadium and the 104,079 who fill it on Saturdays, said he is confident of Corker's chances.

Burchett is a longtime supporter of Corker, going back to his failed 1994 run for the GOP Senate nomination.

"I was for Corker when it wasn't cool to be for Corker," Burchett quipped.

Corker lost the 1994 contest to Frist, and that race has played a prominent role in Corker's 2006 primary as well.

In the 1994 race, Corker said he was in favor of abortion rights. But in this year's primary he said he had since changed his stance and no longer supports abortion rights.

Corker's GOP opponents — former Reps. Van Hilleary and Ed Bryant — hammered him hard on the issue. But in the end, the split conservative vote helped Corker cruise to an easy win.

Still, he did not emerge without some visible wounds.

Tennessee Right to Life officials have refused to endorse Corker in the general election and don't plan to aid his campaign. Corker has been endorsed by the national Right to Life, a fact that is noted in the candidate comparison on the flip side of the depth chart GOP volunteers hand out at the game.

At the GOP tailgate, Tennessee Republican Party Chairman Bob Davis played down any divisions within the party and focused more on the math for a Ford victory.

East Tennessee has been traditionally Republican, west Tennessee has long been Democratic and the middle part of the state increasingly has become a key battleground.

The collar counties around Nashville will be an important factor in the Senate race, Davis said, noting that Ford has been spending a lot of time there.

"I'm not sure where he gets his votes," Davis said, predicting Ford would ultimately come up short.

Republicans also are counting on competing for votes in rural west Tennessee, where many culturally conservative voters have been lifelong Democrats.

"We will communicate with people who are middle of the roaders," said Corker, who already has spent more than $2 million of his personal fortune on the race. "The rural west Tennessee Democrats in this state are really a lot like east Tennessee Republicans. People who've worked hard and value the same kind of things that I do."

The Rockstar

It's just past 4:30 p.m. at Ford's tailgate, the band is still setting up and the food still cooking even though handmade posters invite passersby to "Wear a Sticker Get Free Food" or "Meet Harold Ford and Get Free Food."

A crowd of supporters has gathered in the semi-secluded Claxton Courtyard area, where the band eventually drowns out a student using a megaphone to announce that fans can get a free blanket or T-shirt if they sign up for a no-obligation credit card.

Ford arrives a little after 6 p.m. on his campaign bus. Along for the ride is Dylan Glenn, a Georgia Republican who has unsuccessfully run for Congress and a Ford friend since their days at St. Albans.

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Ford, wearing an orange mesh polo shirt, grey dress slacks and black boots, is treated like a rockstar as he navigates his way through the throng of supporters, many of whom are whipping out camera phones and posing for pictures.

He speaks to individuals but does not address the crowd, which thins out quickly as fans head toward the stadium.

Before Ford arrives, John Townsend and a friend are chowing on a selection of the fried fish, chicken and gator tail that is being served at the Democrat's tailgate. Neither is wearing one of the orange "Jr." stickers that are being handed out.

Frustrated with the general direction of the country, Townsend said he is leaning toward Ford.

"I'd like to see a different change in government in general," he said, as the band's lead singer croons about sending "H-F-J-R" to Washington.

Townsend describes himself as middle of the road, having voted for Democrats in most local races but also for George Bush in 2000, choosing him over Tennessee native son Al Gore (D). In 2004, he voted for Sen. John Kerry (D-Mass.).

"Bush cowboy policy has got to go," said the Rouse Construction Co. employee.

Ford's Hurdles

While the lagging popularity of the president, and the possibility of depressed GOP turnout, is no doubt a concern among Republicans, Ford has some unique hurdles of his own.

Friday evening, Jim and Nancy Robinson are having dinner on the patio of the Blue Plate restaurant on the revitalized Chattanooga waterfront that Corker claims as among his accomplishments as mayor.

The couple recently has celebrated their 50th wedding anniversary and characterize themselves politically as moderates with conservative leanings.

They are voting for Corker and also for Gov. Phil Bredesen (D), who is on course to win a relatively easy re-election in November.

"We're going to split our ticket and I think a lot of people will do the same," Jim Robinson said.

Robinson, a litigation attorney specializing in medical malpractice, decries the negative tone of the Senate race, and is especially disappointed in Corker.

"The negative campaign gives the appearance that you're behind," he said.

He thinks both Ford and Corker are good candidates.

Nancy Robinson, a former Miss University of Tennessee who is enjoying a martini and puffing on a Benson & Hedges, agreed.

But she was not as optimistic in her assessment of whether Tennessee voters are ready to embrace a black statewide candidate.

"This state just won't elect a black man," she said, as her husband quickly added that they personally have no problem with Ford's race.

Ford declined to be interviewed for this story. In a recent interview with the San Francisco Chronicle, he addressed the issue of race.

Ford jokingly told the newspaper that black candidates are undefeated in statewide contests in Tennessee.

"We've never won one, but we're undefeated because nobody's ever ran," he said.

If he wins, Ford would be the first black Senator elected from the South since Reconstruction, but he told the newspaper that he thinks voters are smart enough to look beyond race.

"I have great faith in the people of Tennessee. They are going to pick the person who can do the job for them," Ford told the Chronicle.

That is exactly what Lois Wilder said she is looking for.

"I try to find the best man," Wilder explained, as she and her husband, Bobby, finish their lunch at the Chase Diner in Harriman — a cafeteria-style throwback to a bygone era, with a red and white checkered floor and corresponding table clothes.

The Wilders, who own the local NAPA Auto Parts store and don't consider themselves to be aligned with one party, are voting for Corker.

"We own a small business," said Lois Wilder. "It seems like he's come out with a lot more things on that."

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Bobby Wilder said Ford's race wasn't an issue for him, but he said he did have concerns about the "things his Daddy's done."

Wilder's reference is to the south Memphis political dynasty from which Ford emerged.

While Ford's "Jr." stickers are the same as the campaign buttons used when he was elected to his father's House seat in 1996, they seem to have a different context in 2006.

Ford's uncle, former state Sen. John Ford, will go on trial early next year on charges of extortion, bribery and threatening a government witness — leading some observers to question whether the Ford name could be his biggest impediment to statewide office.

Ford repeatedly has said that his uncle's troubles will have no impact on his Senate race.

A Matter of Faith

Even before he appeared in the new church ad, it has been clear Ford's ability to appeal to voters of faith is an important part of his campaign strategy.

In another commercial, Ford tells viewers that one of the first things he tells children is to trust in God.

At Ford's tailgate Saturday, Rep. Lincoln Davis (D-Tenn.) applauded his colleague's efforts to talk more openly about religion.

"We Democrats have been guilty of hiding our faith under a bushel basket," Davis said. "Now some of us are taking the basket off and letting the light shine in."

And if Frank Copeland, the Soddy Bible and Church Supplies owner, is any indication, that strategy may be making an impact.

Copeland said he is resigned to not finding a candidate he agrees with 100 percent — "I'm not going to find a perfect candidate. They'd kill him if he'd run," he said — so he will settle for the better of the two.

And, on the issues he cares about, he likes what he sees coming from Ford.

"He's a Christian, apparently, and he's showing it, and I like that," Copeland said.

Bellwether Is Hard To Predict (RC)

By David M. Drucker

Roll Call, September 20, 2006

LAKE OZARK, Mo. — State Auditor Claire McCaskill (D) is articulate, charismatic, intelligent and an effective, hard-nosed politician. But some Missourians who compliment her in one breath will tell you with the next that her liberal stands on key issues could sink her Senate bid on Nov. 7.

That Sen. Jim Talent (R) reflects the majority of Show Me State voters who are culturally and socially conservative — and that he is well regarded and

hasn't necessarily committed a fireable offense — are important elements in his favor in a race sure to finish close, no matter the outcome.

"Claire McCaskill has done a good job in the state of Missouri. She's very aggressive. ... Claire would be a good Senator," said Bill Miller, publisher of the Washington Missourian in Washington, a conservative, former farming community 50 miles west of downtown St. Louis that is slowly being suburbanized.

"But Talent's done a good job. Talent is very hard working. I think Claire's got a problem with the fact that she's aligned herself with the national Democratic Party. She's embraced some of their values and some of the things they promote and support, and I think that's going to hurt her in Missouri, frankly."

While the 300 or so mostly small-to-medium-size market newspaper publishers from throughout Missouri gathered on the banks of the Lake of the Ozarks for the Missouri Press Association's 140th annual convention, they also were there to host the first debate of four face-offs scheduled to occur before Election Day.

Many of the publishers heaped praise on McCaskill. But they were simultaneously skeptical of her ability to deliver the state for Democrats in the party's quest to pick up the six seats it needs to take back the Senate.

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Yes, these publishers will tell you, the people of the communities they serve are concerned with national issues such as the Iraq War. It's one of the first things they mentioned when asked what their friends, neighbors and readers are talking about in regard to the midterm elections.

Yes, religious and conservative towns in rural Missouri that have been quite supportive of Republicans are unhappy with how the GOP has governed in Washington, D.C., on myriad issues.

From federal spending, to the economy and their quality of life, to additional bread-and-butter issues such as health care and education, many of these Missourians are less than thrilled.

And yes, McCaskill is making a concerted effort to woo these voters, placing ads in small newspapers serving these areas and crisscrossing the region in an RV. She readily acknowledged in an interview on Friday that a weak presence in rural Missouri — "outstate Missouri" to many from those parts — contributed to her poor showing there during her narrow loss in the 2004 gubernatorial election.

"I made a mistake in '04, and didn't go out and listen to rural Missouri," McCaskill said. "I didn't show them who I was, and my values. As a result, I was on defense."

This year, in a race of several nuances, the discontent that exists in the Missouri heartland, including among staunch Republicans and like-minded independents, is likely to help McCaskill drive up her vote totals in rural Missouri, especially when compared to her performance in 2004.

But voter discontent, and McCaskill's rural push, are not guaranteed to matter enough, said Kate Martin, publisher of the Republic Monitor in Perryville.

"I think she will do better in Perry County. I think it's the standard of living for people in small communities. We have a great number of young, struggling families who aren't able to take that next step into a comfortable life," said Martin, whose paper serves a rural community of around 8,000 located 80 miles south of St. Louis.

"But we're a very religious community, so her stance on stem-cell research, and a woman's right to choose, will hurt her there."

This particularly could be the case because Talent, who began this race with, and continues to have, a significant financial advantage, doesn't appear to be taking the support of conservative voters for granted. The incumbent Senator scored a political "coup" last week, contended Daily Events publisher Jeff Schrag, when he hit the pavement to knock on doors in the Republican stronghold of Springfield in southwest Missouri.

Talent finished June with $7.1 million in his campaign account, compared to $2.8 million for McCaskill.

Between Iraq and a Hard Place

Held at the luxurious Lodge of the Four Seasons in central Missouri, the Talent-McCaskill appearance before the publishers was a decidedly polite affair that was more idea forum than pointed debate. Both scored some points — and took some hits — as they argued over the Iraq War, the war on terror, illegal immigration and the economy, among other topics (the Libertarian and Progressive party candidates were included in the event).

In response to a question on what U.S. policy on Iraq should be, McCaskill painted a picture of a mission gone awry.

"We were told, if we went in and helped build a Democracy in Iraq, we would have partners against terrorism," McCaskill said. "We clearly have not gotten what we were told we were going to get, and it's very important that we change course, that we begin redeployment and stabilize the entire region."

Talent tried to frame McCaskill's position as defeatist. He conceded that problems persist in Iraq, but he focused his comments on making the adjustments needed to see the mission through.

"I'm supportive of winning in Iraq. Not stalemate, not quitting," Talent said. "What we can't do ... is withdraw, either immediately or according to an artificial timetable that has nothing to do with winning. That's just another name for quitting. My opponent has policies of weakness."

Such bickering might be typical of a Democrat and Republican heading into the home stretch of a high-stakes campaign. But Show Me State voters aren't likely to fall for cheap rhetoric.

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According to an analysis offered by some of the publishers attending the MPA convention, many of whom are longtime fixtures in their communities, the attitudes of Missouri voters aren't easy to pinpoint, especially given national public opinion polls that show the Republican Party in trouble.

The Iraq War is Exhibit A.

By and large, Missourians hew to the national polls in their disenchantment with the war and President Bush. But instead of clamoring for an immediate or future arbitrary exit, many are concerned that the United States could be embroiled in a losing conflict and are worried about what that would mean for the country's national security situation, the publishers said.

What these voters would like to see out of Congress and the White House is a plan to win, and then progress on the ground that provides evidence that the goal of building a democratic Iraq capable of defending itself is achievable and forthcoming.

"People on both sides of the aisle are disillusioned by the war — simply because we're not making any progress," said Jack Whitaker, publisher of Missouri's oldest daily newspaper, the Hannibal Courier-Post.

The cultural divide between the metropolitan regions of St. Louis and Kansas City, and rural Missouri, also is more complex than it appears from afar.

Republicans have been running well in outstate Missouri thanks to their positions on hot-button social issues such as same-sex marriage, abortion and stem-cell research (Talent opposes all three, McCaskill does not). In fact, many historically Democratic counties have elected their first Republican county commissioners and state legislators in the past few years, with the GOP controlling both houses of the state Legislature only recently.

But the Republican edge in rural Missouri can't be simply credited to the party's position on social issues. This also is about outstate voters perceiving that they've been slighted in regard to what they received for their tax dollars compared to the money spent by the state and federal governments in urban and suburban Missouri.

Much of this resentment built while Democrats held political control, and Republicans have been able to reap the benefits.

"There is a huge divide between the urban and rural residents of this state," said Whitaker, whose paper serves a community of about 20,000 located 115 miles due north of St. Louis. "The rural faction has finally gotten fed up to playing second fiddle, and said: 'It's our time.'"

The Battle for Black Voters

The Senate race is far from simply a contest for the hearts and minds of rural Missouri. Metropolitan St. Louis and Kansas City — and the Interstate 70 corridor that links the state's two most populated regions — loom large in this bellwether battle.

Kansas City is McCaskill's base — it's where she got her start in public life as a prosecutor. It is there, and in greater St. Louis, where Democrats traditionally run strong; where suburban swing voters are numerous; and where dissatisfaction over the Iraq War and Bush's unpopularity are palpable.

It is there where some voters are looking for a way to register their concern with the Bush administration and those politicians who they believe are supporting his policies.

It is there where McCaskill, the state auditor for nearly eight years with a gubernatorial run under her belt — she deposed a sitting Democratic governor in the 2004 primary — looks to benefit.

Jane McKie, a retired teacher who lives a few blocks from where Talent attended high school in suburban St. Louis (she was an elementary school classmate of his before he skipped a grade), describes herself as a registered independent who votes for politicians in both parties. When Talent stopped by to shake her hand Saturday while walking the parade route of the annual Greentree Festival Parade, McKie gladly extended her hand and was very cordial.

She's voting for McCaskill.

"Iraq definitely is a concern; Afghanistan is a concern; terrorism is a concern of mine. I can't speak for everybody, but that's sort of the things that are on the agenda at our house," McKie said.

No more is McCaskill's advantage pronounced, potentially, than among black voters.

Although officially a nonpartisan event, McCaskill received an enthusiastic welcome Friday evening at a black-tie event that focused on black education issues in St. Louis, and she got a round of applause when one of the keynote speakers, Atlanta Mayor Shirley Franklin, referred to her as the "new Senator to-be."

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McCaskill was warmly embraced as she worked the room on the 20th floor of the Renaissance Grand hotel, accompanied by Sen. Tom Harkin (D-Iowa), who was in town for the evening to help her raise money. Missouri state Rep. Rodney R. Hubbard (D), whose district includes a portion of St. Louis, said he expects Missouri's blacks to vote Democratic in numbers similar to recent presidential contests.

St. Louis attorney Jerryl Christmas, a 43-year-old McCaskill supporter who attended the education event, agreed.

"The [black] community is solidly behind Claire McCaskill," Christmas said. "Sen. Talent has consistently voted with the president, whose interests have been outside the interests of the African-American community."

But Talent isn't conceding the black vote. His outreach into the community continues to be extensive, having run television and radio ads tailored to black voters beginning in July. Additionally, Talent has held several events geared toward winning black votes, including roundtables, meet-and-greets and church visits.

He began airing two new spots on black radio stations this week.

"I think that in some of the recent activity, [Talent] has made some inroads into the minority community. The record already indicates that that is in fact happening," said St. Louis businessman Ivan James, 62, a McCaskill supporter.

"It's just not a matter of [blacks] voting for Claire because it's Claire. She's going to have to demonstrate what she has to offer and what she can do better than what Talent has already done. She has a real tough road ahead of her."

Local Boy Makes Good

As a native of Des Peres and a graduate of Kirkwood High School, Talent's base is the St. Louis suburbs, about a 25-minute drive west from downtown. He previously represented the area in the state Legislature and the House, and he has run strong there in past races.

At the Greentree Festival parade on Saturday that snaked through the leafy residential neighborhoods of Kirkwood, Talent vigorously worked the crowd that lined the streets for the event, responding to calls of "Hi, Jim" and "Way to go, Jim." Almost no one called him Senator, with one self-described "values voter," 20-year-old youth ministry employee Ryan Pott, getting up out of his lawn chair to give Talent a big bear hug.

But in an interview before the parade got under way (it began in the parking lot of Kirkwood High School, where Talent graduated from in 1973) and with a C-SPAN camera crew filming, Talent acted as though his support in these parts was something to be earned, as opposed to assumed.

"I feel pretty good about the race generally," Talent said. "But it's still, in the minds of the average voter, early. ... So we'll have to see what happens."

Cantwell, McGavick Win Big In Washington (WT)

By Christina Bellantoni

The Washington Times, September 20, 2006

SEATTLE -- Sen. Maria Cantwell, Washington Democrat, last night easily defeated her anti-war challenger, setting up a November showdown against Republican businessman Mike McGavick in what the GOP sees as one of its best chances to pick up a Senate seat.

With about 55 percent of the expected vote counted, Miss Cantwell had 262,719 votes -- an overwhelming 92 percent of the Democratic vote. She easily won over Hong Tran, a lawyer with a nonprofit agency, who raised little money and relied on grass-roots volunteers to amplify her anti-war message throughout the campaign.

Mrs. Tran received 11,452 votes, or 4 percent of the total, leading three other little-known Democratic challengers.

"I feel very good about tonight's vote, but the ultimate vote is in November and I will work every day between now and then to be successful," said Miss Cantwell, who returned to Washington, D.C., for Senate votes on Monday. "We will work very hard to get around to every corner of the state and talk about the issues that affect the voters of Washington."

Mrs. Tran, 40, told supporters gathered at her Seattle home that Washington deserves a senator who stands up for working people.

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"You know, I understood the challenges of running against a millionaire incumbent," Mrs. Tran told The Washington Times after early returns showed her losing. "But I ran to make sure people had an alternative choice if they really cared about ending the war."

She said she had no plans to calls Miss Cantwell, and said it is too bad her lack of fundraising prevented her from mounting a serious challenge. The refugee from Vietnam noted that many voters want to have an incumbent Democrat run in November, the better to keep the Senate seat in Democratic hands.

"People vote for Cantwell, but they do reluctantly," she said.

The Democratic contest initially seemed like it could harm the freshman senator, who was being criticized by several candidates for her October 2002 vote to authorize President Bush to use force in Iraq.

Ultimately, after the Cantwell campaign hired two of the senator's stronger critics, the primary served as a warmup for the general election against Mr. McGavick, who also easily won his primary.

Mr. McGavick, a former chief executive of Safeco Insurance, had 185,743 votes, or 85 percent of the total, easily outpolling five Republican challengers, led by Brad Klippert at 14,422 votes, or 6 percent.

"All I can say about the primary is one down, one to go. We are going to win this November," Mr. McGavick, 48, told cheering supporters from his Seattle campaign headquarters during a live Web cast.

Republicans consider the Washington seat one of their best opportunities in November, despite national trends showing voters irritated with Mr. Bush and his majority party. The state has a Democratic governor and legislature and Democrats hold six of its nine congressional seats.

"Mike McGavick's message of civility is resonating with Washington state voters, who are tired of a senator that puts party interests above the interests of the state," said Sen. Elizabeth Dole of North Carolina, who leads the Republican Senatorial Campaign Committee.

Though Miss Cantwell, 47, was considered vulnerable a few months ago, she recently opened a double-digit lead over Mr. McGavick in several polls.

Mr. McGavick, a millionaire like Miss Cantwell, says he is running to "put an end to the mindless mean-spiritedness and partisanship" in Washington, D.C. He casts himself as an independent thinker and calls Miss Cantwell "part of the problem and not the cure." Mr. McGavick will be in Washington, D.C., tonight at a National Republican Senatorial Committee fundraiser in his honor.

Most of last night's results were tabulated from mail-in ballots. There are 3.3 million registered voters in Washington, and about 80 percent of them were expected to cast votes via mail.

Miss Cantwell and Mr. McGavick will probably debate twice before Oct. 16, when voters can begin mailing in their ballots. Both candidates have millions in the bank to run television ads in the fewer than 50 days remaining until votes are counted.

Meanwhile yesterday, on the other side of the country, Massachusetts voters set up a November gubernatorial race between Democrat Deval Patrick and Republican Lt. Gov. Kerry Healey.

Either candidate winning would be a first. Mr. Deval won 49 percent of the vote in his first bid for elective office after having been head of the Justice Department's civil rights division under President Clinton. He would be the state's first black governor. Mrs. Healey, who was unopposed in the GOP primary, is trying to become the first woman to be elected governor of the state.

Wash Senate: Now, The Main Event For Cantwell, McGavick (AP)

By David Ammons

AP, September 20, 2006

Washington's suspense-free U.S. Senate primary predictably cranked out the long-expected outcome — Democratic Sen. Maria Cantwell and Republican Mike McGavick were nominated as finalists on Tuesday.

Now the unpredictable begins.

Cantwell and McGavick dispatched their intraparty rivals by wipeout margins — with about 49 percent of the expected vote counted, the senator had 92 percent of the Democratic vote and the challenger had 85 percent of the GOP field.

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There was so little suspense that Cantwell didn't even stay in her homestate to await the returns. Rather, she returned to Washington, D.C., on Monday to attend to Senate chores.

McGavick had the stage to himself, but after a brief celebration at his Seattle campaign headquarters, he, too, was heading to Washington, D.C., to shake the money trees.

The race has drawn attention as one of the Top 10 Senate contests this year, given that Cantwell barely won six years ago and McGavick has been described as perhaps the best GOP challenger in the country.

Two degrees of separation: McGavick once was campaign manager and chief of staff for Sen. Slade Gorton, whom Cantwell eased from office in 2000.

Some polls had showed Cantwell and McGavick in a fairly tight race, in the 5-to-7 percent range, in recent months, but several late polls have the senator leading by double digits.

Cantwell also has a strong lead in finances so far, and has $5.1 million on hand, to McGavick's $2.8 million, after he loaned his campaign $2 million.

But though the race leans Democratic, both sides agree that the seat still remains in play and that unforeseen developments could really change the dynamics.

The outcome could have national implications, since the Democrats need to hold the seat if they're to have a shot at taking back control of the Senate.

Cantwell, a freshman who alienated the anti-war base of her party by backing the Iraq invasion, and McGavick, who made his mark in the business world, said the real campaign can begin now, leading to the Nov. 7 finale.

Both Cantwell, 47, and McGavick, 48, pledged a high-road general election campaign and said they've tentatively agreed to at least two debates. Among the issues to be discussed: the Iraq war, which both have supported, energy prices, proposed oil drilling in the Arctic wilds, Social Security private investments, health care and federal spending.

"I feel very good about tonight's vote, but the ultimate vote is in November and I will work every day between now and then to be successful," Cantwell said from Washington, D.C. "We will work very hard to get around to every corner of the state and talk about the issues that affect the voters of Washington."

She said the primary balloting showed a strong Democratic turnout, and chalked that up to voter unrest with President Bush and the national Republicans, including the "stay the course" policy on Iraq, efforts to privatize Social Security and high energy prices.

"I feel terrific!" McGavick said in an interview. "We're feeling very good about the race and now we go on to the main event. The way we have dominated our primary shows that the voters are seeking something new and fresh and we can offer it in this campaign.

"The contrast between our campaigns will be very clear."

McGavick said he'll continue to base his campaign on civility and hopes Democratic backers of the senator will stop trashing him. Cantwell dismissed the jab and said "I will talk about the issues."

Cantwell was far ahead of four intraparty challengers and McGavick swamped five GOP competitors.

Cantwell's closest Democratic competitor, anti-war activist and attorney Hong Tran, was far back at 4 percent. Michael Goodspaceguy Nelson, who promoted space exploration, and perennial candidates Mohammad Said and Mike The Mover trailed.

McGavick's closest challenger was Brad Klippert of the Tri-Cities at 7 percent. William Edward Chovil, Gordon Allen Pross, B. Barry Massoudi and Warren Hanson trailed.

Independent Robin Adair of Seattle, Green Party nominee Aaron Dixon of Seattle and the Libertarians' Bruce Guthrie of Bellingham were nominated at earlier conventions and will be on the November ballot.

The only two incumbent congressmen with primary challengers, Republican Doc Hastings in the 4th District and Democrat Jim McDermott in the 7th, easily won renomination.

Hastings, chairman of the much-criticized House Ethics Committee, defeated Benton County Commissioner Claude Oliver. Democrats nominated Tri-Cities businessman Richard Wright over challenger Lewis Picton.

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McDermott, nicknamed "U.S. Rep. for Life" because of his safe urban Seattle district, had nearly 90 percent of the vote in a three-way Democratic race, dispatching newcomers Joshua Smith and Donovan Rivers.

Challengers had primaries in some of the other districts, but in the hottest race, in the 8th District, neither Republican Rep. Dave Reichert or Democratic foe Darcy Burner had intraparty competition.

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On the Net:

Cantwell: http://www.cantwell.com

McGavick: http://www.mikemcgavick.com

Cantwell, McGavick Ready To Face Off (SEAPI)

By Neil Modie

Seattle Post-Intelligencer, September 20, 2006

Democratic Sen. Maria Cantwell and Mike McGavick, her Republican challenger, swatted away nine dark-horse opponents in Tuesday's primary, a mere breather in a general election campaign that has seven weeks to go.

The Senate primary held little suspense other than to show how many Democratic votes Hong Tran, a Seattle lawyer and peace candidate, would take from Cantwell.

The senator has angered some liberals for her vote authorizing the invasion of Iraq and her measured criticism of the conduct of the war.

As expected, Cantwell easily rolled over Tran, one of four Democrats and five Republicans who were eliminated from the race Tuesday. But the freshman senator and McGavick, the former chief executive of Safeco Corp., have been running general election campaigns all along, paying virtually no attention to their primary rivals.

McGavick, in an interview after addressing supporters at his Seattle headquarters Tuesday night, said voters "really want robust conversation" between the two candidates about three issues: the Iraq war as part of the fight against Islamic terrorism; the federal deficit, and saving Social Security.

Cantwell, in an interview, pointed to some of the same issues, saying the country has "gone from record surpluses to record deficits" under President Bush. As for Bush's plan to privatize Social Security, she said, "I just think that should be off the table."

McGavick, aware of the political volatility of privatization, said he, too, is opposed to Bush's plan but favors allowing younger workers the option of government-managed Social Security investment accounts.

Seeking to project a moderate image, McGavick has suggested there isn't much difference between his and Cantwell's views on the war. Cantwell, though, voted for a rejected Senate measure calling for a gradual withdrawal of U.S. troops from Iraq to begin this year. McGavick said he didn't like it.

The two have had plenty else to disagree about. Cantwell said she wants to pursue an energy independence strategy but led the successful Senate fight to block oil drilling in the Arctic National Wildlife Refuge. McGavick supports drilling. She voted to block a bill to cut estate taxes for the wealthy. He wants to repeal the tax.

McGavick has been in the ticklish position of criticizing the failure of the GOP-controlled Senate to pass meaningful legislation addressing border security, immigration, Social Security reform and health care costs.

Typical of an incumbent who feels she's ahead in the polls and a challenger looking for more exposure, Cantwell has agreed to only two debates -- one on each side of the state -- while McGavick has proposed nine. The McGavick campaign says it has accepted 15 invitations to forums or debates with the senator.

While Tuesday's election eliminated the Republican and Democratic also-rans from the Senate race, three other long-shot candidates will appear on the ballot in November. If the race is close, they potentially could cause problems for Cantwell and possibly McGavick by peeling away votes from one candidate or the other.

Aaron Dixon, the Green Party nominee and long-ago Black Panther leader, and Bruce Guthrie, a Libertarian, are running as peace candidates to Cantwell's left. Robin Adair, an independent, will also be on the November ballot.Conventional wisdom is that Libertarians usually take more votes from Republicans than Democrats. When Cantwell beat Republican Sen. Slade Gorton -- McGavick's former boss -- by 2,229 votes in 2000, the GOP blamed it on the 64,734 votes won by Libertarian Jeff Jared.

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This time, however, with Guthrie waging an anti-war campaign, he as well as Dixon might draw liberals disenchanted with Cantwell.

On the other hand, some political analysts believe most voters know little about generally obscure third-party candidates beyond what party they represent. So the Libertarian might attract more voters who favor that party's philosophy of limited government and limited taxes than voters angry about the war.

McGavick, 48, a Seattle native, managed Gorton's successful 1988 Senate campaign and then was his chief of staff. McGavick became a Washington, D.C., lobbyist for the insurance industry and worked for a Chicago insurance company before returning to his hometown to take over Seattle-based Safeco.

Republicans Call For Ney To Resign (AP-Y)

By David Hammer

AP, September 19, 2006

A top House Republican on Tuesday called for Rep. Bob Ney to resign, days after the six-term GOP lawmaker agreed to plead guilty to federal corruption charges.

"He betrayed his constituents, he betrayed the body and there's no place for him in the Congress," said Rep. Deborah Pryce, the fourth-ranking Republican in the House.

Last week, Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company.

The Ohio congressman had defiantly denied any wrongdoing for months, but he reversed course and agreed to plead guilty in court papers filed Friday. Prosecutors will recommend he serve 27 months in prison.

Ney, who is under treatment for alcohol dependency, was expected to formally plead guilty in court Oct. 13.

Mary Jo Kilroy, Pryce's Democratic opponent, has called for Ney to step down and give up his federal pension.

Another Republican facing a close re-election race, Steve Chabot of Cincinnati, said through a spokesman that any lawmaker responsible for criminal wrongdoing should step down. Ohio Republican Party Chairman Bob Bennett and Ohio state Sen. Joy Padgett, the Republican running to replace Ney in Congress, have already called for Ney's resignation.

But House Majority Leader John Boehner, R-Ohio, cautioned that Ney hasn't formally pleaded guilty and could change his mind before his scheduled court appearance. He has said repeatedly that resignation is a decision for Ney and his family to make.

"Until he has his day in court, I don't think it's up to me to comment what he should or shouldn't do."

Barry Bennett, chief of staff for Cincinnati-area Republican Rep. Jean Schmidt, took issue with Ney collecting a paycheck if he isn't actively representing his district.

"Short of expulsion, we can't make him leave, but meanwhile nobody is going to be voting for the constituents of the 18th district for the next two weeks and maybe not for two weeks in November and two weeks in December," Bennett said. "It's not right."

Ney's chief of staff, David Popp, and lawyer William Lawler could not be reached immediately for comment. Lawler said Friday that Ney was not ready to resign.

For Governors In G.O.P. Slots, A Liberal Turn (NYT)

By Jennifer Steinhauer

The New York Times, September 20, 2006

LOS ANGELES, Sept. 19 — Here are the things that Gov. Arnold Schwarzenegger will be bragging about on the campaign trail: an initiative to lower greenhouse gases with the onus on big companies, a $1 increase in the state's minimum wage and a program to open up access to prescription drugs.

Mr. Schwarzenegger, who six months ago fashioned himself a Republican reformer bent on hobbling entrenched Democratic institutions, is not just tolerating positions generally associated with liberal candidates. Rather, he is using them as the centerpiece of his re-election campaign, marking the first time in a generation that a Republican governor here has clung to the left during a re-election fight.

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The strategy is not unique to Mr. Schwarzenegger's campaign. Across the nation's 36 races for governor, Republican candidates in states heavy with moderate or Democratic voters are playing up their liberal positions on issues including stem cell research, abortion and the environment, while remaining true to their party's platform on taxes and streamlining government.

In Massachusetts, Lt. Gov. Kerry Healey, who is seeking to fill the seat that will be vacated by Gov. Mitt Romney, has openly split with Mr. Romney on abortion rights and stem cell research; her views are shared by the Republican candidate for governor in Illinois, Judy Baar Topinka, who also supports civil unions for same-sex couples.

In Maryland, the Republican incumbent, Robert L. Ehrlich Jr., is pushing for increasing state aid for programs for the disabled and imposing tighter restrictions on coal-fired plants; the Republican governor of Hawaii, Linda Lingle, opposes the death penalty. In Connecticut, Gov. M. Jodi Rell also parts ways with the Republican Party on civil unions and financing for stem cell research.

Governing Republican and campaigning Democratic is not a new technique; George E. Pataki, the New York governor, has made a career winning elections as a Republican in a mostly Democratic state. But political experts say that the strategy is particularly pervasive this year, as Republicans seek to distance themselves from an unpopular president and to respond to what is widely recognized as polarization fatigue among many voters.

"The conservative side of Republican party has been so dominant in recent years that we haven't seen a lot of this phenomenon at work until this year," said Bruce E. Cain, the director of the Institute of Governmental Studies at the University of California, Berkeley.

Now, Mr. Cain said, the easiest way for Republicans to "stay competitive is to take deviations from the standard G.O.P. lines."

In many ways, the strategy reflects the dynamics of local contests, in which voters are willing to overlook the party affiliation of a candidate if they believe he stands with them on one or two important issues, or pushes through policies that are inherently nonpartisan and that will improve their daily lives.

"The ideology that binds Republican governors is getting things done for their constituents," said Philip A. Musser, the executive director of the Republican Governors Association. "From the broadest perspective, voters in these races go into the booth caring less if governor is pro life or pro choice and more about whether he is going to reduce their property taxes or make their life easier at the D.M.V."

Unlike other campaign seasons, when a popular president has been an asset to local politicians, many candidates this year are trying to distance themselves from President Bush, either by staking out ground in contrast to him or, as is the case with Mr. Schwarzenegger, treating the president like a communicable disease.

Democratic candidates across the country have responded by constantly reminding voters of their opponents' conservative leanings, wherever they exist, and trying to tie them as much as possible to the White House.

In recent months, Mr. Schwarzenegger has gone out of his way to point out where he differs with the president — stem cell research and the role of large companies in creating heat-trapping gases like carbon dioxide — and to openly criticize the White House order to police the Mexican border with National Guard troops.

When Mr. Bush visited California last spring, the governor made sure they were scarcely seen together.

On the legislative front, after a humiliating defeat last year of his ballot initiatives designed to take power from nurses and teachers, Mr. Schwarzenegger leapt in the opposite direction this summer.

With the Legislature, he signed off on laws imposing the country's most stringent controls on carbon-dioxide emissions, raising the minimum wage $1 — after vetoing a similar measure twice before — and helping low-income Medicare beneficiaries to pay for prescriptions.

His campaign tour bus is painted green, along with the vaguely preservationist phrase "Protecting the California Dream," as his slogan.

His campaign manager, Steve Schmidt, suggested that this was business as usual for Mr. Schwarzenegger, who, he said, "doesn't rule out ideas just because they came from someone from another party.''

"In every poll across the country what voters say they yearn for is politicians in both parties to stop fighting,'' Mr. Schmidt said, "The one person in the country who is doing that is Governor Schwarzenegger."

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The Democrat who wants to unseat the governor, Phil Angelides, has spent the better part of the last few months trying to remind voters that Mr. Schwarzenegger is a Republican through and through, who supported the war in Iraq, the president who ordered it and many right-of-center policies.

"Two months of pretending to be a Democrat doesn't make him a Democrat," said Amanda Crumley, the communications director for the Angelides campaign, with a certain amount of fury in her voice. "Just like he has done for the last three years, if he is re-elected, which he won't be, he will continue to govern like the Bush Republican that he is."

While Mr. Schwarzenegger's behavior may seem like pure survival tactics in the deep woods of one of the nation's bluest states, other recent Republican governors in California have sought to accentuate their conservative leanings.

Pete Wilson, who was governor for most of the 1990's, supported a ban barring state services for illegal immigrants, capitalizing on anger over illegal immigration to win re-election, and his predecessor, George Deukmejian, won the ardor of suburban voters by presenting himself as tough as nails on crime.

Each state race has its own quirks and circumstances, but the song remains the same in many of them. In the Republican primary in Illinois, Ms. Baar Topinka, the state treasurer, was criticized by opponents for her support of same-sex unions. She nonetheless prevailed in that race.

In some states, however, it is a matter of survival.

Mr. Ehrlich of Maryland has not had much success with his legislature, and he talks openly about his more liberal positions.

"He is a centrist Republican running in a state with heavy Democratic majority," said James G. Gimpel, a professor at the University of Maryland. "So the reality of re-election suggests that he has to do that. There aren't enough Republicans to elect him in this state even if they all turned out."

Ex-Clinton Official Wins Mass. Governor Primary (USAT)

By From Wire Reports

USA Today, September 20, 2006

BOSTON — A former Clinton administration official won the Democratic nomination for governor Tuesday in a state where the Republicans have held the top seat for nearly 16 years.

Deval Patrick, 50, who headed the Justice Department's civil rights division under President Clinton, will face Republican nominee Lt. Gov. Kerry Healy in November. If he wins, he would become the state's first black governor.

Meanwhile, in Washington state, Democratic Sen. Maria Cantwell faced opponents who charged that her vote for the Iraq war should disqualify her from nomination.

Patrick defeated venture capitalist Chris Gabrieli, 46, who spent more than $8 million of his own fortune on the campaign, and state Attorney General Tom Reilly. The candidates had sparred over the state's economy, education, and how to implement the state's ambitious new health care law. The law requires those who do not have health insurance to buy it from the state.

With most precincts reporting, Patrick had 48%, Gabrieli had 28% and Reilly had 23%.

"It has been not just my campaign, but yours, and it won't be just my victory, God willing, it will be yours," Patrick told a rally.

Reilly portrayed Patrick and Gabrieli as out-of-touch millionaires. He told a working-class crowd in Dorchester: "We're not rich and we're not poor, but we get up every day and we work hard. … We are the heart and soul of this state."

One of the most divisive issues was whether to cut the state's income-tax rate from 5.3% to 5%. Patrick opposes a cut; Reilly and Gabrieli supported it.

The three have also sparred on allowing the children of illegal immigrants to pay the same lower tuition rate at state colleges as other residents. Patrick and Reilly supported the proposal; Gabrieli opposed it.

If Patrick wins in November he would be the second black elected governor in the country, after Douglas Wilder of Virginia in 1989. No Democrat has been elected governor here since Michael Dukakis in 1986.

Healey faced no opposition for the Republican gubernatorial nomination. Republican Gov. Mitt Romney decided not to run and is considering a run for president.

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In Washington, Cantwell, like Connecticut Sen. Joe Lieberman, faced a revolt from Democrats who oppose the Iraq war. One candidate, lawyer Hong Tran, advocated a withdrawal of troops and likened Cantwell's stance on the war to Lieberman's. Cantwell distanced herself from her vote for the war, saying she might vote differently today.

Cantwell faced accusations that she helped arrange more than $11 million in federal money for projects benefiting a lobbyist friend. She has denied any wrongdoing.

The Republican front-runner, former insurance executive Mike McGavick, was facing little-known rivals.

Gray World (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, September 20, 2006

The United States and the rest of the developed world stand at a precipice. Over the next two decades, tens of millions of Americans, Europeans and Japanese -- members of the prosperous "baby boom" generation that was born following the Second World War -- will leave the labor force. Many are expecting a long and comfortable retirement by relying on government and private pension plans as well as tax-supported medical services.

But unless we can exploit the dramatic demographic and economic changes that are before us, our future will be much poorer. Instead of stepping into an easy retirement, many retirees will tumble into a future marked by bankrupt government social programs and declining asset values that will quickly deplete their cherished nest eggs.

This forecast is not based on an unpredictable future, but on events that have already transpired. Aside from immigration, we know almost exactly how many people over the next 20 years are going to reach the working age of 20 and the retirement age of 65. "Demography," as the great management sage Peter Drucker once remarked, "is the future that already happened."

Demography is Destiny: The latest data from the U.N. Demographic Commission, displayed in the accompanying chart, clearly show the aging of the developed world. In the U.S. in 1950 there were seven people of working age (20-65) for every retiree, and even today, there are almost five. But by 2030, when the last of the baby boom generation retires, that ratio will fall by nearly one-half, down below 3 to 1.

The aging of the population in Europe and Japan is even more extreme than in the U.S. In Japan by mid-century, the ratio of workers aged 20-65 to retirees will fall to just over one-for-one. At that time the most populated five-year age segment in Japan will be those aged 75-80. The same will be true in Italy, Spain, Greece and other European countries. The demands of the retirees from Europe and Japan will raise the prices of goods bought and sold in international markets, so there is no way the U.S., despite its younger population, can shield itself from the demands arising from the aging populations abroad.

The Bankruptcy of Government and Private Pension Systems: Although it is widely known that our Social Security and Medicare Programs are threatened by these demographic trends, there are many who believe that they have accumulated sufficient private wealth to fund their retirement.

But this may not be so. The same crisis that strikes the public pension programs can overwhelm private pensions as well. Since there will not be enough workers earning income, there will not be enough savings generated to purchase the assets the retirees must sell to finance their retirement.

The reasons why retirees cannot turn their savings into consumption is because wealth can only be transformed into goods and services if they are sold to those willing to defer their consumption. In a modern economy, wealth does not represent "stored consumption," such as a cache of acorns that squirrels bury to bide them through a long winter. You cannot consume your stock certificates, but must sell them to someone else who wants a chance to consume at a later date. If there is a shortage of these savers, this may cause a long and painful bear market in stocks, bonds and real estate that will leave retirees with insufficient assets to enjoy retirement.

There are some who maintain that so much wealth in stock is passed on through bequests that the lack of demand from future workers will not have much impact. But the heirs and foundations who are bequeathed these fortunes often spend their wealth far faster than did their wealthy benefactors, and this spending often requires the sale of substantial stock. Furthermore, the large volume of bank accounts, bonds and other fixed income securities that must be liquidated to finance the retirements of ordinary retirees could sharply raise interest rates and depress equity prices.

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Reversal of a Century-long Trend: Depressed asset prices are just one reason why the long-standing trend to an earlier retirement will be halted dead in its tracks. When Social Security was passed in 1935, the average retirement age was 69. That age fell to 67 by 1950, and to 62 today. In 2003, for the first time, more Americans chose the reduced Social Security benefits at age 62 than the full benefit that starts at 65. Despite improving health, surveys indicate that the bulk of Americans and Europeans want to retire earlier, not later.

Because of our aging population, I calculate that the average retirement age will have to rise by 10 years or more for workers to produce enough goods and services to provide for a comfortable retirement. This increase will greatly exceed the expected increase in life expectancy and lead -- for the first time in history -- to an absolute reduction in the number of years in retirement.

The Global Solution: There is no easy way out of this crisis. To be sure, rising productivity brings higher income, but it also brings higher benefits, since benefits are based on income. Immigration of high-income workers would ease the situation, but the numbers would need to be prodigious to keep the retirement age from rising.

But there is a solution that can help aging economies. The developing world has a much younger age profile than the developed world. This difference in age establishes an opportunity to make a trade: Goods produced by the younger developing world can be exchanged for assets of the older developed world. This trade is not new. The transfer of goods for assets has taken place throughout history, first between family members (parents giving to children in exchange for old-age support), and then extending to clans, communities and, finally, whole nations. Soon it can be done on a worldwide basis. The developing world has the capability of simultaneously providing us with goods and acquiring our assets, filling the gap left by our aging workers.

I call this the "global solution to the age wave" and it relies on huge global capital flows to be effective. My studies show the inflow of goods and services produced abroad in exchange for capital can have dramatic effects, reducing the projected retirement age in the U.S. from the mid-70s to the upper 60s. * * *

Why would the developing world wish to acquire our capital when their countries are expanding so rapidly? One of the first lessons one learns from studying international capital markets is that the best returns are rarely found in countries that are growing the fastest. Witness China's dismal returns despite being the fastest growing country in the last 20 years. Investors can often find better returns in slow-growing countries and industries

To that end, U.S. capital markets have many attractive attributes. Our country is still viewed as the fountainhead of innovation, discovery, invention and entertainment, and our institutions of higher education are second to none. Our capital markets are deep, and easy to access, and willing to provide capital to those who wish to innovate. Equally important is that many U.S. brand names have great appeal world-wide so the growth of consumer markets abroad holds high promise for many U.S. firms.

For these capital movements to occur, we must be far more receptive to international capital. Although there has already been a large number of cross-country mergers, there has also been increasing opposition, witness Cnooc's bid for Unocal and the Dubai Ports fiasco. But if we rebuff goods or capital originating abroad, our growth will decline since we will be forced to rely only on our own dwindling supply of savings.

We cannot escape from our demographic realities. But we can take actions that will lead to a much brighter outcome. The integration of the world's economies and capital markets is the key to our future well-being. If we shun this path, our future will in no way be as bright as our past.

Mr. Siegel is professor of finance at the Wharton School, at the University of Pennsylvania. (This concludes a two-part series on baby boomers. The first part1, by Michael Milken, ran yesterday.)

Presidents Spar Over Iran's Aims And U.S. Power (NYT)

By Jim Rutenberg And Helene Cooper

The New York Times, September 20, 2006

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UNITED NATIONS, Sept. 19 — President Bush and President Mahmoud Ahmadinejad of Iran, separated by several hours and oceans of perspective, clashed at the United Nations on Tuesday over Iran's nuclear ambitions and each other's place in the world.

The two leaders bookended a long day of speeches at the opening of the General Assembly, but seemed to speak past each other as European and American diplomats continued the delicate work of setting terms for talks with Iran over its uranium enrichment program.

Speaking near the prime time of television viewing, Mr. Ahmadinejad, tieless in his trademark off-white sport jacket, accused the United States — while for the most part avoiding naming it directly — of hegemony and hypocrisy, and said it did not seem to have the political will or ability to halt violence in Iraq.

He said that his nation was pursuing only a peaceful nuclear program, and that it was the United States that was using its nuclear weapons to intimidate the world. He said repeatedly that the United Nations Security Council was too beholden to the United States to control it.

"Excellencies, the question needs to be asked, if the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?" Mr. Ahmadinejad said.

Speaking in the morning, Mr. Bush made a direct appeal to the Iranian people from the United Nations, telling them their leaders were misleading them about the United States' intentions while using their national treasury to sponsor terrorists and build nuclear weapons.

"You deserve an opportunity to determine your own future," Mr. Bush said during a roughly 20-minute address during the opening session of the General Assembly. "The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons."

It was a rare moment of diplomatic theater between Mr. Bush and his leading Middle Eastern nemesis, a man whose nation is increasingly asserting itself in the region that lies at the heart of Mr. Bush's foreign policy, and whose nuclear program is a subject of deep concern to the American, European, Chinese and Russian officials trying to rein it in.

Mr. Ahmadinejad had kept a low profile throughout the day, lending a sense of anticipation and buildup to an address that placed him, at least for a night, on an equal platform with President Bush.

Mr. Ahmadinejad, who saw his speech last year as a defining moment on the world stage, has called the Holocaust a myth and regularly inveighs against Israel and Jews. His country is in violation of a United Nations deadline to halt its uranium enrichment program.

His repeated references to what he called a lack of "legitimacy" at the Security Council appeared to set the stage for Iran to argue that the Security Council has no authority to impose sanctions against Tehran.

He referred to the United States as "the occupiers" when speaking of Iraq, "the big powers" when referring to the Security Council and "masters and rulers of the entire world" when referring to what he said was an imbalance between world powers and other countries.

He criticized America for not calling for a cease-fire during the Israel-Hezbollah war in Lebanon this summer. "Apparently the Security Council can only be used to ensure the rights of the big powers," the Iranian president said. "When the oppressed" are targeted, he said, "the Security Council must remain aloof and not even call for a cease-fire."

Despite anticipation that Mr. Ahmadinejad and Mr. Bush would perhaps have a chance encounter inside the United Nations complex, Mr. Ahmadinejad was not in the building for Mr. Bush's address and did not attend a luncheon given by the secretary general, Kofi Annan.

Mr. Bush made his remarks hours before Mr. Ahmadinejad addressed the General Assembly himself, creating an expectation of a robust war of words by day's end.

In an address tailored for both international and domestic consumption, Mr. Bush reiterated his demand that Iran suspend its uranium enrichment but added, "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

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It was unclear how many of Mr. Ahmadinejad's constituents were in a position to hear Mr. Bush's message, given tight state controls on media in Iran. Many residents have satellite dishes, but the government recently began a campaign to confiscate them; many also have access to the Persian-language broadcasts of Voice of America.

Mr. Bush also defended his foreign policy, exhorting the world leaders in attendance to join with him in his goal of transforming the Middle East by pushing for democracy there.

"From Beirut to Baghdad, people are making the choice for freedom," Mr. Bush said. "And the nations gathered in this chamber must make a choice, as well: will we support the moderates and reformers who are working for change across the Middle East, or will we yield the future to the terrorists and extremists?

Aides said the speech was in essence a capstone to the series of addresses Mr. Bush has given over the last two weeks intended to refocus the nation's attention on the threats of terrorism and the administration's efforts to fight it.

Speaking to what he called "the broader Middle East," Mr. Bush said, "Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false, and its purpose is to confuse you and justify acts of terror."

Mr. Bush also met with President Jacques Chirac of France, and they pledged to continue working together on Iran. Mr. Chirac played down comments he made Monday that were interpreted as a sharp break with Mr. Bush, when he indicated that talks with Iran could begin at the same time as the suspension of uranium enrichment, something the United States demands as a precondition for talks.

Still, in a sign of the uphill battle that is facing the United States as it tries to hold together its coalition seeking to curtail Iran's nuclear ambitions, there was little talk of sanctions. Senior Bush officials had initially predicted a breakthrough on a sanctions resolution this week.

Mr. Chirac did not utter the word sanctions during his speech to the General Assembly, repeatedly emphasizing the need for continued talk as Iran continues to resist calls to suspend its program.

United States officials said they were willing to agree to a compromise in which a drive for sanctions at the Security Council would end at the same time the Iranians would end their enrichment program. But a senior Bush official cautioned Tuesday that it is far from certain whether Iran would agree.

"We believe there's a debate going on within Iran," the official said, requesting anonymity because he was not authorized to speak publicly.

Iran's top nuclear negotiator, Ali Larijani, was supposed to arrive in New York for talks with the European Union's foreign policy chief, Javier Solana, on Sunday, and had still not arrived late Tuesday night.

In his remarks, Mr. Bush did not mention Mr. Ahmadinejad by name, directing his criticism at Iran's "leaders" in general. White House officials disputed any suggestion that Mr. Bush had avoided using the Iranian president's name so as not to inflame the situation.

At U.N., Iran President Defends Nuclear Activity (WSJ)

By Neil King Jr.

The Wall Street Journal, September 20, 2006

UNITED NATIONS -- Iranian President Mahmoud Ahmadinejad defended his country's nuclear activities as "transparent, peaceful and under the watchful eye" of international inspectors, and blasted what he described as a U.S. stranglehold over the U.N. aimed at punishing Iran.

The Iranian leader's remarks before the U.N. General Assembly gave no sign that Tehran was ready to suspend its uranium-enrichment work or to join international talks on its nuclear program. Instead, in his second U.N. address since his election last year, he criticized an international system that he said gives all rights to "the great powers," who have turned the U.N. Security Council into a body "of threat and coercion."

His remarks came just hours after President Bush, in his address to the same body, sought to reach out to the Iranian people while demanding that Tehran "abandon its nuclear-weapons ambitions." Mr. Bush also backed off his long-held stance

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that Iran should be hit with sanctions over its nuclear program, expressing support for a European-led effort to engage Tehran in yet another round of talks.

Facing increased political attacks heading into midterm elections that could be a referendum on his war policies, Mr. Bush used his annual U.N. address to say that the U.S. would continue to champion democracy in the Muslim world instead of falling for the "mirage" of some perceived stability. His tone was far more muted and conciliatory than in previous U.N. addresses, though, including the 2002 speech in which he began to make the case for military action against Iraq.

Mr. Ahmadinejad's presence in New York this week illustrates how large he will loom over Mr. Bush's last years in office as the face-off with Iran becomes perhaps Washington's most vexing challenge.

After meeting in the morning with French President Jacques Chirac, Mr. Bush endorsed a European Union effort to coax the Iranians to the negotiating table, despite a July U.N. resolution that gave Tehran until Aug. 31 to suspend its uranium-enrichment work or face U.N. sanctions. If the Iranians continue to stall, Mr. Bush said that the major U.N. powers would "then discuss the consequences of their stalling. And one of those consequences, of course, would be some kind of sanction program."

The Bush administration now appears to be scrambling to salvage some form of pressure on Iran as Russia, China, France and other key countries back away from any strong threat of international economic sanctions.

With the opening of the annual U.N. General Assembly, the president and Secretary of State Condoleezza Rice are wrestling with a number of other pressing concerns, including the rising violence in the Darfur region of Sudan and the need to bolster the international force in Lebanon. Mr. Bush's speech forms part of a dual strategy to muster international support for the diplomatic face-off with Iran and other challenges while trying to beat back critics at home who argue that the Iraq war has made the U.S. less secure.

Mr. Bush said he was speaking directly to the people of the Middle East when he cautioned that "extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam." Instead, he insisted that the U.S. "desires peace," but will also "protect our people from those who pervert Islam to sow death and destruction."

Mr. Bush shot back at critics who claim that democratic changes in the Middle East are destabilizing the region. "This argument rests on a false assumption, that the Middle East was stable to begin with," he said. "The reality is that the stability we thought we saw in the Middle East was a mirage ... and a breeding ground for extremism."

With the elections seven weeks away, his remarks drew unusual fire from Democratic leaders. Sen. Joseph Biden of Delaware, the senior Democrat on the Senate Foreign Relations Committee, said Mr. Bush had "no strategy for success in Iraq" and was on the verge there "of trading a dictator for chaos."

Iran Blames US For 'global Injustice' (FT)

By Guy Dinmore, Mark Turner And Najmeh Bozorgmehr

Financial Times, September 20, 2006

Mahmoud Ahmadi-Nejad, Iran's president, on Tuesday night took his diplomatic battle with the US right to the heart of the United Nations, challenging the legitimacy of the Security Council where some of its veto-wielding members – namely the US and UK – "commit aggression, occupation and violation of international law".

In a speech to the annual UN General Assembly, the Iranian president accused the West of exploiting the Council for its own ends, including the recent conflict in Lebanon and the invasion of Iraq.

He called on the General Assembly to "rescue" the Security Council, proposing that the Non-Aligned Movement, the Organisation of the Islamic Conference and Africa each appoint a veto-wielding member to the 15-nation group.

Addressing the chamber, that included the empty seats of the US and Israeli delegations, Mr Ahmadi-Nejad questioned the right of the UN to impose sanctions on Iran over its "transparent, peaceful" nuclear programme when the nuclear powers "proudly announce their production of second and third generation weapons".

"The abuse of the Security Council, as an instrument of threat and coercion, is indeed a source of grave concern," he said. However, he made no reference to the ongoing attempts to restart nuclear talks with the European powers and reiterated Iran's

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commitment to the Nuclear non-Proliferation Treaty, an indication that Iran is not about to follow the example of North Korea and abandon international co-operation.

Earlier, George W. Bush agreed in talks with France's Jacques Chirac to put on hold a push for UN sanctions against Iran in order to give the Europeans more time to persuade Iran to suspend uranium enrichment and resume negotiations over its nuclear programme.

Mr Bush set out a series of events that could lead to the US joining high level negotiations with Iran for the first time since the 1979 Islamic revolution. He said the EU3 of France, Germany and the UK would continue to talk to the Iranians so they would verifiably suspend their uranium enrichment programme and then the US "will come to the table".

The US had come to the General Assembly with the intention of pressing ahead with a sanctions resolution. Iran was to have been punished for defying a UN resolution demanding that it halt its controversial uranium enrichment programme by August 31.

Diplomats said the US made the limited concession out of recognition that there was a possibility Iran would agree to suspend its work while negotiations over its whole nuclear programme took place. China and Russia were also resisting US efforts to isolate Iran.

Mr Bush indicated he was not prepared to let Iran "stall" for much longer before the US went ahead with its proposals for graduated sanctions. "Time is of the essence," Mr Bush said.

In Washington, a senior US official indicated Iran had another week. Diplomats suggested the process might take longer.

In U.N. Speech, Bush Softens Tone On Iran (WP)

By Michael Abramowitz And Colum Lynch

The Washington Post, September 20, 2006

UNITED NATIONS, Sept. 19 -- President Bush sought to assure the Iranian people that he wants a diplomatic solution to the impasse over their country's nuclear activities but warned that their leaders are obstructing progress by funding terrorism and pursuing nuclear weapons.

Striking a more conciliatory tone than in previous addresses on the subject, Bush said Tuesday that the United States has no objections to Iran achieving a "truly peaceful nuclear power program" and told the Iranians that he looks forward "to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

The comments on Iran were only a small part of the president's 20-minute address to the U.N. General Assembly, which was devoted to urging the world to support the forces of moderation and reform in the greater Middle East. Bush said he wanted to speak directly to people in the region, assuring Iraqis, Lebanese and Afghans of continued U.S. support for their efforts to build new democracies while telling Syrians that their government's support of Hamas and Hezbollah is "turning your country into a tool of Iran."

Bush also urged the United Nations to act quickly to deploy a robust peacekeeping force to the war-ravaged Darfur region of Sudan, apparently over the objections of the Sudanese government. Speaking to the people of Darfur, he said, "Your lives and the credibility of the United Nations is at stake."

But the dispute over Iran's nuclear program assumed center stage at the opening of the annual General Assembly session, which drew dozens of heads of state and foreign ministers and once again snarled Midtown Manhattan in traffic jams and widespread security precautions. On the sidelines of the session, Bush and U.S. diplomats continued to try to shore up support for new sanctions on Iran for its refusal to abide by a Security Council resolution insisting it halt uranium enrichment, a possible step toward building nuclear weapons.

Iranian President Mahmoud Ahmadinejad addressed the General Assembly several hours after Bush, and he accused the United States of rigging the United Nations to advance its own military and economic dominance and to oppress its weaker adversaries.

In his second such address to the world body, the Iranian leader charged that U.S. policies throughout the Middle East, including its support for Israel and the occupation of Iraq, have furthered human suffering in the region. He said the U.S. nuclear program poses a greater threat to international peace and security than Iran's program does.

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Ahmadinejad dismissed assertions by Bush that Iran is seeking nuclear weapons. "All our nuclear activities are transparent, peaceful and under the watchful eyes of IAEA inspectors," he said, referring to the International Atomic Energy Agency.

There had been considerable speculation at the United Nations about the possibility of a chance meeting between Bush and Ahmadinejad, but there were no encounters. The Iranian president did not appear in the General Assembly hall when Bush spoke, and he declined an invitation to appear at U.N. Secretary General Kofi Annan's annual luncheon of world leaders, which Bush attended. Diplomats said the Iranian leader does not appear at events at which alcohol is served.

For Bush, Tuesday's remarks seemed a different kind of exercise than his recent speeches on terrorism and Islamic radicalism in the Middle East. While he has used previous speeches to paint an alarming portrait of Iran -- he called it a "grave threat" to the world just two weeks ago in Salt Lake City -- on Tuesday he emphasized painting a more benign picture of U.S. intentions. Whether the effort will succeed is uncertain, given the long history of bitter feelings in Iran over past American interference in Iranian affairs, including the overthrow of an elected prime minister in 1953.

To the people of Iran, Bush said in his speech, "the United States respects you; we respect your country. We admire your rich history, your vibrant culture and your many contributions to civilization. You deserve an opportunity to determine your own future."

He added: "The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons."

Speaking generally to people across the Middle East, Bush sought to combat what he described as "propaganda" being spread by extremists "claiming that the West is engaged in a war against Islam. This propaganda is false, and its purpose is to confuse you and justify acts of terror. We respect Islam, but we will protect our people from those who pervert Islam to sow death and destruction."

Bush's address drew polite applause from the hundreds of officials gathered in the cavernous General Assembly hall, though there was clearly unease with U.S. policies. In Annan's address, his last before the opening of a General Assembly session, he took a swipe at the Bush administration's counterterrorism strategy, saying that the "necessary and legitimate struggle" against terrorism has been used as a "pretext to abridge and abrogate fundamental human rights, thereby ceding more moral ground to the terrorists and helping them find recruits."

Outside of the speech, a key focus of U.S. activity at the U.N. session is the continuing two-track effort to bring Iran into negotiations over its nuclear activities while securing sanctions if it does not suspend enrichment of uranium. Iran says it is pursuing nuclear activities only to develop new sources of energy, while Bush said flatly Tuesday that Tehran is seeking a nuclear weapon.

U.S. diplomatic efforts were thrown into some disarray Monday when French President Jacques Chirac said in a radio interview that he did not like the idea of sanctions and that talks might begin before Iran halts uranium enrichment -- an apparent reversal of the original U.S.-European position.

But on Tuesday, emerging from a meeting at the Waldorf-Astoria Hotel, Bush and Chirac insisted that there is no daylight between the two countries on how to proceed.

Bush told reporters after meeting with Chirac that European powers are continuing to try to bring Iran to the negotiating table, and that if Iran agrees to suspend uranium enrichment, the United States will join those talks. "Time is of the essence," Bush said. "Should they continue to stall, we will then discuss the consequences."

At his news conference with Bush, Chirac said he sees "eye to eye" with Bush on how to deal with Iran. But a few hours later, at his own press conference, the French president seemed to muddy the waters again by describing a different timetable. He said that the United States, European leaders, Russia and China should agree quickly on an agenda for talks, and that as a "goodwill gesture" the drive for sanctions would then be put on hold, and Iranians would suspend enrichment.

One senior administration official, who was not authorized to speak publicly about the discussions, said the discrepancies are "differences in emphasis, not differences in substance. That's a big difference and could [prove] useful in pursuing a diplomatic solution."

Bush Pushes Democracy In U.N. Speech (AP-Y)

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By Deb Riechmann

AP, September 20, 2006

President Bush sought to blunt anti-Americanism across the Middle East on Tuesday, asserting that extremists are trying to justify their violence by falsely claiming the U.S. is waging war on Islam. He singled out Iran and Syria as sponsors of terrorism.

Bush, in an address to world leaders at the U.N. General Assembly, tried to advance his campaign for democracy in the Middle East against a backdrop of turmoil in Iraq, Afghanistan and other nations that have embraced the very changes he seeks for the region.

Solidly aligned with Israel, the United States is viewed with anger and suspicion by Muslims across the Middle East.

Addressing that hostility, Bush said, "My country desires peace. Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false and its purpose is to confuse you and justify acts of terror. We respect Islam."

Hours after Bush spoke, Iranian President Mahmoud Ahmadinejad told the General Assembly that the U.S. and Britain were abusing the U.N. Security Council to achieve their own ends. He described Iran's disputed nuclear activities as "transparent, peaceful and under the watchful eye" of U.N. inspectors.

Ahmadinejad was also critical of the U.S.-led war in Iraq, declaring that "the occupiers are incapable of establishing security in Iraq" and that every day hundreds of people are killed "in cold blood."

Bush's address earlier in the day was the latest in a series of speeches on the war on terror, linked to last week's fifth anniversary of the Sept. 11 attacks and aimed at setting the tone for the final weeks of U.S. elections that will determine control of Congress.

Bush said past stability in the Middle East has been achieved at the expense of freedom, and he disputed critics who claim his push for democracy has destabilized the region.

"The reality is that the stability we thought we saw in the Middle East was a mirage," Bush told the more than 80 prime ministers and presidents assembled in the cavernous hall of the U.N. headquarters.

"For decades, millions of men and women in the region have been trapped in oppression and hopelessness. And these conditions left a generation disillusioned and made this region a breeding ground for extremism."

While praising Bush's freedom refrain, Madeleine Albright, secretary of state under President Clinton, said in an interview that the U.S.-led war in Iraq, not democratic reform, has destabilized the Middle East.

Albright said the Bush administration has not carried out its democratic initiative with uniformity. It denounces autocratic nations that are unfriendly toward the United States, then casts a blind eye to autocratic nations that are allies, she said. She mentioned Kazakhstan, whose leader will be honored at the White House Sept. 29, and Egypt.

On the sidelines of the meeting, Bush firmly denounced Iran for defying U.N. Security Council demands to freeze its uranium enrichment work and engage in talks to resolve the standoff over its nuclear weapons ambitions.

"Should they continue to stall, we will then discuss the consequences of their stalling," Bush said in an apparent reference to possible U.N. sanctions.

In his speech, Bush spoke directly to the people of Iran, not the government of Ahmadinejad, who did not attend the address. Bush said America respects Islam, the Iranian nation's rich history and culture and that he looks to a day when the two peoples "can be good friends and close partners in the cause of peace." That's very different from 2002 when Bush said Iran was part of an "axis of evil."

Bush made spreading democracy across the Middle East a cornerstone of his foreign policy after the Sept. 11, 2001, attacks. "When people have a voice in their future, they are less likely to blow themselves up in suicide attacks," he said Tuesday.

He recited a list of nations where he said the seeds of democracy are taking root:

_The United Arab Emirates recently announced that half the seats in its Federal National Council will be chosen through elections.

_For the first time, women have been allowed to vote and run for office in Kuwait.

_Citizens have voted in municipal elections in Saudi Arabia, in parliamentary elections in Jordan and Bahrain, and in multiparty presidential elections in Yemen and Egypt.

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Bush praised Lebanon for driving out Syria — a nation the president said is a "crossroad for terrorism." Lebanon's fragile, democratic government, however, has proved too weak, so far, to check the Islamic militant group Hezbollah, which attacked neighboring Israel with rockets.

He championed the toppling of former Iraqi leader Saddam Hussein and the new democratic government in Baghdad. Yet democracy there is being threatened by bloody sectarian violence in the four-year-old war that is becoming increasingly unpopular at the U.S. as well as abroad. About a dozen demonstrators outside the United Nations chanted "Bush is a criminal. No war on Iraq," but inside the world leaders gave Bush a polite reception.

Bush also trumpeted democratic change in Afghanistan. But five years after the U.S.-led invasion ousted the Taliban from political power, the militant Islamic group is proving a resilient enemy for NATO forces in the south, and Afghan President Hamid Karzai has little control outside Kabul.

In some cases, democratic change in the Middle East has not seemed to be in the U.S. interest.

In free elections in March, the Palestinian people voted the Islamic militant group Hamas into power. The United States lists Hamas as a terrorist group, and has been working to support Mahmoud Abbas, the moderate Palestinian president who meets with Bush on Wednesday.

At U.N., Bush Urges Reform In Middle East (LAT)

By Maggie Farley And Peter Wallsten

The Los Angeles Times, September 20, 2006

UNITED NATIONS — President Bush on Tuesday called for Muslims and other residents of the Middle East to reject extremism and empower "voices of moderation," offering the latest defense of his "freedom agenda" that has rankled allies abroad and drawn criticism from Democrats at home.

In a speech at the opening of the annual U.N. General Assembly debate, Bush singled out Iran, Syria and militant groups such as Hezbollah and Hamas as obstacles to reform and supporters of terrorism, stating again that Iran must not be allowed to pursue nuclear weapons.

Bush addressed a crowd left skeptical by the U.S.-led invasion of Iraq, launched without U.N. endorsement, and Washington's hard line on Iran. Brazil's President Luiz Inacio Lula da Silva told the assembled diplomats that "billions and billions" of dollars spent in Iraq could have been used to lessen hunger and poverty around the world.

U.N. Secretary-General Kofi Annan criticized Bush's policies for fighting terrorism, particularly his administration's controversial practices of secret detention and transferring prisoners to other countries for interrogation, which the White House refers to as "extraordinary rendition."

Without naming the United States, Annan condemned the way the fight against terrorism was "used as a pretext to abridge or abrogate fundamental human rights, thereby ceding moral ground to the terrorists and helping them find new recruits."

Iran's President Mahmoud Ahmadinejad, in a speech Tuesday evening, fiercely denounced the U.S. and Israel, accusing both nations of using the Security Council as an instrument of "oppression."

Neither Bush nor Ahmadinejad was present for the other's speech. Ahmadinejad condemned the U.S. for acting as "judge, jury and executioner" on Iran's nuclear program, which he defended as "transparent, peaceful and under the watchful eyes" of U.N. inspectors.

The General Assembly debate also touched on another troubled part of the world, the Darfur region of western Sudan.

Sudanese President Omar Hassan Ahmed Bashir confounded hopes for a breakthrough on Darfur, repeating his objections to allowing U.N. peacekeepers to protect civilians there.

In a rare international news conference, Bashir accused aid groups of hyping the crisis as a ruse to raise funds, and blamed "Zionist Jewish organizations" for orchestrating recent demonstrations in the United States that called for peacekeepers.

The U.N. and aid groups have estimated that nearly 200,000 people have been killed in Darfur. The Security Council will vote Thursday on whether to expand a U.N. peacekeeping operation to allow it to operate in Darfur.

Bashir rejected the idea, but said that he would accept more African Union forces to join the 7,000 overextended troops in the region.

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Bush's speech focused heavily on the Middle East, and in contrast with some of his more hawkish appearances here, such as his promise to "disarm" then-Iraqi President Saddam Hussein with or without support from the U.N., Tuesday's address accentuated diplomacy.

He pledged to make a two-state solution to the Israeli-Palestinian dispute "one of the great objectives of my presidency," and appealed to the people of Iran, Syria, Iraq and Lebanon to reject anti-U.S. "propaganda" that he said was designed to mislead them about his intentions.

"Freedom, by its nature, cannot be imposed; it must be chosen," Bush said. "From Beirut to Baghdad, people are making the choice for freedom. And the nations gathered in this chamber must make a choice, as well: Will we support the moderates and reformers who are working for change across the Middle East, or will we yield the future to the terrorists and extremists?

"America has made its choice. We will stand with the moderates and reformers."

Bush's 20-minute address came at a time of strain between the United States and its allies over several tenets of his foreign policy.

He told Iranians that, "despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

Bush also singled out Syria, calling it a "crossroad for terrorism," and said that the Damascus government's alliances with Hamas and Hezbollah were turning it into a "tool of Iran."

The president's address was one of his broadest foreign policy speeches since his second inauguration last year. But unlike that address, when he spoke of spreading democracy, Bush's words and tone Tuesday reflected the trouble he had faced enacting his agenda.

Acknowledging that change can be slow, Bush held up the new Hamas-led government in the Palestinian territories as a test for whether democracy would prevail over extremism.

"The leaders of Hamas campaigned on a platform of ending corruption and improving the lives of the Palestinian people, and they prevailed," he said. "The world is waiting to see whether the Hamas government will follow through on its promises, or pursue an extremist agenda."

Annan also focused on the Middle East in his final address to the assembly, and said that solving the long-standing discord between Israelis and Palestinians is the key to stability in the region and to credibility for the U.N.

"As long as the Security Council is unable to end this conflict, so long will respect for the United Nations continue to decline," he said.

Annan's speech had a tone of melancholy, as he lamented that during his 10-year tenure, he had watched the world grow more globalized, yet more divided. He expressed concern that the spreading conflicts threatened the ability of U.N. member states to work collectively to solve disputes.

"The events of the last 10 years have sharpened, not resolved, the key conflicts dividing the world," he said. "The only answer to this divided world is a truly United Nations."

Throughout the day, presidents and prime ministers brought their grievances and hopes to the world stage, and held tightly timed private meetings in luxury hotel suites. Many criticized Security Council paralysis on Iran, Sudan and the Middle East, but also acknowledged that the U.N. was at times the only institution that could address such problems.

Jan Egeland, the U.N.'s humanitarian chief, lauded Bush's speech and said he hoped it would spur progress on "stalled" issues such as the Middle East peace process and the crisis in Darfur. "It shows the United States really wants the U.N. to succeed and understands how vital the U.N. is," he said.

The assembled world leaders also discussed Tuesday's military coup in Thailand, and the sudden absence of the Thai prime minister, Thaksin Shinawatra. Thaksin canceled his speech, declared a state of emergency in his country and retreated to his hotel to plan a swift departure.

Iran's Ahmadinejad, who skipped the General Assembly luncheon because alcohol was served, which conflicted with his religious beliefs, spent the afternoon giving a television interview to NBC.

At the lunch of beef tournedos and potatoes, worries about the world's problems and conflicts were temporarily suspended as Bush and Annan traded toasts.

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Noting that Annan would soon retire, Bush offered a tribute to his compassion and hard work.

"We need to raise our glasses to 10 years of extraordinary service and be thankful that a man such as Kofi Annan was willing to stand up and serve the cause of justice and peace," Bush said.

At U.N., Bush Tells Iranians They Deserve Better (USAT)

By David Jackson And Barbara Slavin

USA Today, September 20, 2006

UNITED NATIONS — Iranian President Mahmoud Ahmadinejad delivered a defiant speech Tuesday night before the United Nations, saying his country's nuclear program is "transparent, peaceful and under the watchful eye" of international inspectors.

His speech came hours after President Bush addressed the General Assembly, saying Iran's government has denied its people freedom.

Bush urged people across the Middle East to ignore "extremists in your midst" as he assured them the United States is not at war with Islam. "This propaganda is false, and its purpose is to confuse you and justify acts of terror," Bush said.

The United States and Iran are locked in a diplomatic battle over Iran's nuclear program. Iran says the program is peaceful. The United States says Iran is pursuing a bomb.

The United States is pushing the U.N. Security Council to impose sanctions on Iran after Tehran refused to suspend its uranium enrichment program.

The two leaders avoided running into each other during U.N. meetings Tuesday and offered no conciliatory gestures in their speeches, sticking closely to their public positions.

Ahmadinejad lashed out at the United States and Israel, accusing the Bush administration of trying to dominate the world and calling the creation of Israel "a great tragedy with hardly a precedent in history."

Ahmadinejad accused Britain and the United States of distorting the international system through their power to veto resolutions in the U.N. Security Council. He also accused the United States and Britain of acting as "prosecutor, judge and executioner" of nations with which they have differences and said the U.N. system should be changed to give greater influence to the developing world.

The General Assembly, packed for Bush's speech earlier in the day, was half empty when the Iranian addressed the chamber shortly after 7:30 p.m.

In his speech, the U.S. president told Iranians they deserved better than the theocratic government that has ruled them since a 1979 revolution overthrew the U.S.-backed shah.

"The greatest obstacle … is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons," he said.

Bush spoke broadly of efforts to spread democracy in the Middle East. Speaking directly to citizens of individual countries, Bush outlined his hopes for peace and praised democratic efforts in places such as Iraq.

He criticized Syria as becoming "a crossroad for terrorism," noting the country's alliances with Hamas and Hezbollah militants. The president warned the people of Syria that "your government is turning your country into a tool of Iran."

Bush applauded new democracies in Afghanistan and Iraq. He also cited elections held or planned in Algeria, the United Arab Emirates, Kuwait, Saudi Arabia, Jordan, Bahrain, Yemen and Egypt.

Bush also told the assembly that he is sending Andrew Natsios, a former director of the U.S. Agency for International Development, as his envoy to the war-torn Darfur region of Sudan.

Outside the United Nations, several hundred people demonstrated hours before Ahmadinejad spoke. Some held placards saying, "No to terrorist Ahmadinejad."

Earlier Tuesday, thousands of Iraq war protesters marched to the United Nations, chanting and waving anti-Bush signs.

Bush, Iranian Leader Engage In War Of Words (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, September 20, 2006

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UNITED NATIONS - President Bush and Iranian President Mahmoud Ahmadinejad engaged in a unabashed war of words here Tuesday, each pointing to the other as the prime cause of instability in the Middle East and beyond.

Bush, addressing the opening session of the U.N. General Assembly, sought to assure the Muslim world that the United States isn't waging a war on Islam. But he singled out Iran and its proxies as standing in the way of the spread of democracy across the Middle East.

Bush restated his demand that Iran abandon its suspected drive for nuclear weapons. Striving to speak directly to the Iranian people, he said the Tehran government is stifling the country's "tremendous potential."

"The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons," Bush said. "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

Eight hours later, Ahmadinejad stood before the same podium in the General Assembly hall and denounced the United States - without naming it - for occupying Iraq, backing Israel and using democracy as a pretext for trying to dominate the globe.

The controversial Iranian leader, who has previously questioned the Holocaust and called for Israel's elimination, seemed to reject demands that Iran halt enrichment of uranium, which Tehran insists is for civil power generation.

"All our nuclear activities are transparent, peaceful and under the watchful eyes of the IAEA inspectors," he said, referring to the International Atomic Energy Agency. "Why then are there objections to our legally recognized rights?"

The tough talk underscored the growing tension between the United States and an increasingly confident Iran, which appears to be expanding its sway across the Persian Gulf.

Bush and Ahmadinejad didn't meet Tuesday; Bush turned down an offer from the Iranian leader for a debate. In a sign of disdain, the United States left only a junior official in the U.S. seat in the General Assembly hall while Ahmadinejad spoke.

Bush's comments on Iran, while tough, were more restrained than in recent weeks. Last month he called Iran a "grave threat" in a speech to the American Legion. That helped fuel speculation that some sort of U.S. military action against Iran might be coming.

But while the president spoke publicly in softer tones, he and other administration officials continued to work behind the scenes to forge consensus among U.S. allies for eventual sanctions against Tehran.

Secretary of State Condoleezza Rice met with counterparts from Europe, Russia and China over dinner Tuesday evening to chart strategy.

Earlier, Bush met with French President Jacques Chirac and the two leaders appeared in sync on how to handle Iran, one day after Chirac appeared to suggest that negotiations with Iran should begin even before Tehran suspends enriching uranium that could be used for nuclear weapons.

Bush said that three European Union nations - Britain, France and Germany - would continue talks with Iran aimed at getting Iran to verifiably suspend its uranium enrichment. Once Iran does that, Washington would join negotiations. If Iran fails to suspend, then the Western powers would "discuss the consequences ... and one of the consequences, of course, would be some kind of sanction program," Bush said.

A French diplomat, speaking on condition of anonymity to describe the leaders' private talk, said Chirac had reaffirmed that while preparatory talks with Iran can take place now, no real negotiations can start until Iran halts enrichment.

"Let me take this opportunity once again to say that the present views of the United States and I again see eye to eye on this one," Chirac said. "I totally agree with President Bush. We both are determined to push forward on this one, to move ahead in a constructive manner."

Ahmadinejad, who in his speech appeared to again question Israel's right to exist, has been the subject of ridicule and the butt of jokes this week in New York's tabloid press and on Capitol Hill. Sen. George Voinovich, R-Ohio, compared him on Tuesday to Adolf Hitler and poked fun at his name.

"Ahmadinejad - I call him Ahmad-in-a-head - I think he's a Hitler type of person," Voinovich said during a Senate Foreign Relations Committee hearing. "He's made it clear that he wants to destroy Israel. He has made it clear that he doesn't believe in the Holocaust. He's a, he's a ... we all know what he is."

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Bush didn't mention Ahmadinejad specifically in his speech. Instead, he denounced the Tehran government and leaders of other governments and terrorist groups that are hampering the White House's push to expand democracy in the region.

He blasted Hezbollah for launching "unprovoked attacks on Israel," lashed out at Hamas for "working to destabilize the region," and accused Syria's government of turning Syria "into a tool of Iran."

However, Bush went to great lengths to stress that his disagreements aren't with the people of the Middle East.

"My country desires peace," Bush said. "Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false and its purpose is to confuse you and justify acts or terror. We respect Islam."

Bush's speech was a rare attempt to reach out directly to foreign audiences, according to Jon Alterman, head of the Middle East programs at the Center for Strategic and International Studies, a center-right think tank in Washington.

But Alterman said the speech might not be effective.

"What the world is waiting for is a sense of humility and an acknowledgement of lessons learned," he said, referring to the invasion of Iraq and other perceived U.S. missteps in the region.

Some experts on the region said Bush's speech was more for domestic consumption than a foreign audience.

"This speech is intended to raise the prospects for Republican candidates for the fall," said Stephen Schlesinger, director of World Policy Institute at the New School in New York. "It's an attempt to shape public opinion."

Democratic National Committee Chairman Howard Dean dismissed Bush's speech as election-year campaigning.

"Today we heard more of the same rhetoric from a desperate President Bush who is worried more about his party's political prospects this November than about how to protect and fight and win the real war on terror," Dean said in a written statement.

Iran Leader Says U.S. Abusing U.N. Power (AP)

By Scheherezade Faramarzi

AP, September 20, 2006

Iranian President Mahmoud Ahmadinejad took aim at U.S. policies in Iraq and Lebanon on Tuesday, and accused Washington of abusing its power in the U.N. Security Council to punish others while protecting its own interests and allies.

He addressed the annual U.N. General Assembly hours after President Bush spoke to the same forum. But while Ahmadinejad harshly criticized the United States, Bush directed his remarks to the Iranian people in a clear insult to the hard-line government.

In his speech, Bush pointed to the Iranian government's rejection of a Security Council demand to stop enriching uranium by Aug. 31 or face sanctions.

"The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons," the U.S. leader said.

"Iran must abandon its nuclear weapons ambitions," he said. "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

He also said he hoped to see "the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

Ahmadinejad insisted that his nation's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog. He also reiterated his nation's commitment to the Nuclear Nonproliferation Treaty.

Earlier this month, Ahmadinejad proposed a debate with Bush at the General Assembly's ministerial meeting after the White House dismissed a previous TV debate proposal as a "diversion" from serious concerns over Iran's nuclear program.

But even though the two leaders were addressing the same forum, they skipped each other's speeches and managed to avoid direct contact during the ministerial meeting.

Ahmadinejad also accused the United States and Britain of using their veto power on the Security Council to further their own interests and he said it had become an "instrument of threat and coercion."

"If they have differences with a nation or state, they drag it to the Security Council," and assign themselves the roles of "prosecutor, judge and executioner," Ahmadinejad said. "Is this a just order?"

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The U.S. and Britain played central roles in helping craft a U.N. Security Council resolution passed in July that gave Iran until Aug. 31 to suspend uranium enrichment and asked the IAEA to report on Tehran's compliance, dangling the threat of sanctions if Iran refused. Tehran made clear even before the deadline expired that it had no intention of suspending uranium enrichment.

The IAEA last week rejected a recent American report on Iran's nuclear capability, saying the Islamic republic has produced material only in small quantities that is far below the level that can be used in nuclear arms.

Ahmadinejad also criticized the Security Council for failing to call for an immediate cease-fire after war broke out between Israel and the Islamic militant group Hezbollah in Lebanon. A truce was only reached on Aug. 14 to end the 34-day conflict.

"The Security Council sat idly by for so many days, witnessing the cruel scenes of atrocities against the Lebanese ... Why?" asked Ahmadinejad, whose government is one of Hezbollah's main backers.

He said the answer is self-evident: "When the power behind the hostilities is itself a permanent member of the Security Council, how then can this council fulfill its responsibilities."

The United States and Britain refused to call for a cease-fire during the monthlong war between Israel and Hezbollah, declaring it part of war on terror. Only after Israel's failure to defeat Hezbollah and the deaths of nearly 1,000 Lebanese civilians did Washington and London agree to push for a truce by the U.N. Security Council.

The Iranian leader had harsh words about U.S. efforts in Iraq, saying "the occupiers are incapable of establishing security in Iraq" and every day hundreds of people get killed "in cold blood."

Ahmadinejad claimed that numerous terrorists apprehended by the Iraqi government were "let loose under various pretexts by the occupiers."

Domestically, Ahmadinejad, who doesn't enjoy widespread popularity among his people, has been able to use America's uncompromising stand against Iran's nuclear program to his own benefit. Many Iranians, including those who are against the president's domestic policies, support him in his showdown with the United States on the nuclear issue.

In an interview with "NBC Nightly News," Ahmadinejad was asked about Bush's appeal to the Iranian people.

"We have the same desire ... to be together for the cause of world peace," he said through a translator.

"We think that the American people are like our people. They're good people, they support peace, equality and brotherhood," he said.

He said his issue was with the U.S. administration.

"I explicitly say that I am against the policies chosen by the U.S. government to run the world because these policies are moving the world toward war," he said.

Bush Says U.S. Will Keep Pressing Spread Of Democracy (Update7) (BLOOM)

By Brendan Murray And Roger Runningen

Bloomberg, September 20, 2006

By Brendan Murray and Roger Runningen

Sept. 19 (Bloomberg) -- President George W. Bush told world leaders the U.S. won't leave Iraq until the country's transformation to a peaceful democracy is complete and pledged to give diplomacy a chance to resolve a dispute with Iran over its nuclear development program.

In an address to the United Nations General Assembly in New York today, Bush said the progress of democracy in the world, particularly the Middle East, is real and sometimes dramatic, even if it is gradual.

Bush used the UN stage to speak directly to the citizens of countries whose governments are at odds with the U.S. and he sought to end concerns of some Muslims that the American war against terrorism is an attack on Islam.

``From Beirut to Baghdad, people are making the choice for freedom and the nations here in this chamber must make a choice as well," Bush said in the 20-minute speech. ``Will we support the moderates and the reformers who are working for change across the Middle East, or will we yield the future to the terrorists and the extremists?"

The U.S. ``has made its choice," Bush said.

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Addressing the citizens of the Middle East, Bush said the U.S. doesn't have a dispute with Muslims, as some militant leaders contend. ``This propaganda is false and its purpose is to confuse you and justify acts of terror," he said.

Assisting Democracy

To Iraqis, Bush pledged to ``help your democracy succeed," and he said to Afghanistan's citizens that the U.S. will help them extend ``democratic gains." He pledged to assist the emerging democracy in Lebanon.

Identifying Iran and Syria as sponsors of terrorist movements, he told Iranians and Syrians that their governments were holding them back from prosperity and peace by using resources ``to fund terrorism and fuel extremists."

He said the Iranian government's pursuit of nuclear technology and support for terrorism are the ``greatest obstacle" to peace and prosperity for the country's 69 million citizens. Economic output per person in Iran was $8,300 last year, ranking it 94th among other countries and tied with Thailand, according to U.S. government estimates.

Bush's speech comes amid two days of talks with world leaders, as the fallout from the war in Iraq limits U.S. diplomatic leverage to block the nuclear ambitions of Iran and North Korea. The U.S. suspects Iran and North Korea, both part of what Bush in 2002 called an ``axis of evil," are developing atomic weapons and could supply them to terrorist groups.

Iran's Plans

``Iran must abandon its nuclear weapons ambitions," Bush said. Directing remarks to the Iranian people, he said, ``Despite what the regime tells you, we have no objection to Iran's pursuing of a truly peaceful nuclear power program. We are working toward a diplomatic solution to this crisis."

Iranian President Mahmoud Ahmadinejad, in an address to the General Assembly today, said the U.S., Israel and their allies are responsible for injustice and violence around the world.

Ahmadinejad, pronounced ah-ma-deen-ah-ZHAD, reaffirmed his country's determination to develop nuclear power, saying the program is for peaceful purposes. The U.S. is using the Security Council as an ``instrument of threat and coercion" over the issue, he said.

While Bush hasn't ruled out military action to block Iran and North Korea from developing nuclear weapons, the U.S., with more than 140,000 troops dealing with increasing unrest in Iraq, is constrained from a unilateral use of force. The invasion of Iraq began in March 2003 without UN authorization and the U.S. never unearthed the weapons of mass destruction program that Bush said justified going to war.

Agreement on Strategy

Bush and French President Jacques Chirac emerged from a meeting earlier today and said they agreed on an approach to Iran. Chirac said ``the American administration and the French government see eye-to-eye" on Iran. Bush said that while the U.S. wants a diplomatic solution, ``time is of the essence" for Iran to suspend uranium enrichment or face ``some kind of sanction program."

In his own speech to the General Assembly, Chirac proposed an international conference to advance efforts to reach peace between Israel and the Palestinians. Such a conference ought to ``pave the way for a new future in the Middle East," he said.

Bush's address showed the U.S. ``really wants the UN to succeed," UN emergency relief coordinator Jan Egeland said. ``It was a speech that really tried to bring the UN forward in many of the issues where we have been stalling, like Darfur and the Middle east," Egeland said.

Diplomatic Effort

Bush said Secretary of State Condoleezza Rice will lead a diplomatic effort to work with moderate leaders in the Middle East to reestablish a path toward peace.

``Some have argued that the democratic changes we are seeing in the Middle East are destabilizing the region," Bush said. ``The reality is that the stability we thought we saw in the Middle East was a mirage."

The president is facing difficulty getting world leaders to back a more aggressive stance because of the conflict in Iraq.

``The Iraq war, both in its initiation and its aftermath, has obviously soured the global response," said James M. McCormick, a professor of American foreign policy at Iowa State University in Ames. Iraq ``has become the shorthand summary of all American foreign policy," McCormick said.

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While in New York, Bush also met with Iraqi President Jalal Talabani to discuss measures being taken by the Iraqi government on security and the economy.

`Tough Choices'

Bush said after the session that while he is optimistic about Iraq's eventual success, he ``made it very clear'' that Talabani's government can't shrink from tough decisions.

``America stands with them, so long as the government continues to make the tough choices necessary,'' Bush said.

Talabani praised the U.S. for delivering Iraq ``from the worst kind of dictatorship,'' and that he was working to include all factions in the government.

Bush planned a meeting tomorrow with Palestinian President Mahmoud Abbas to discuss the formation of a coalition government with the Islamic Hamas movement.

In his speech to the UN today, Pakistan President Pervez Musharraf said the U.S. should give up using the threat of force to get Iran to halt uranium enrichment and must adopt a new strategy to combat terrorism.

``The confrontation over Iran's nuclear program threatens further instability in this already inflamed region,'' said Musharraf, a key ally of the U.S. in the war against terrorism.

Turning to another trouble spot confronting the world body, Bush said he is appointing Andrew Natsios, director of the U.S. Agency for International Development during the president's first term, as a special envoy to deal with the crisis in the Darfur area of Sudan.

Using rhetoric similar to that he's employed in recent weeks while campaigning for fellow Republicans, Bush said the world was engaged in a ``great ideological struggle'' and he said he looked forward to a future where ``the voices of moderation are in power and where the extremists are marginalized by the peaceful majority.''

Bush Warns Iranians Of 'Liberty' Denied (WT)

By Stephen Dinan

The Washington Times, September 20, 2006

NEW YORK -- President Bush yesterday told Iranians they deserve a better government than they are getting, and he told Muslims worldwide to ignore radical "propaganda and conspiracy theories" that incite them to killing and terrorism.

But just hours later, Iranian President Mahmoud Ahmadinejad told the U.N. General Assembly that the world's conflicts are the result of aggression by the U.S., Israel and other wealthy nations, and said the set-up of the United Nations is fundamentally unfair.

The biggest security crisis in the world took center stage as the two leaders spoke in the diplomatic version of the Lincoln-Douglas debates. Mr. Ahmadinejad called out the U.S. and Britain by name, and taunted Mr. Bush, saying "the occupiers are incapable of establishing security in Iraq."

For his part Mr. Bush talked around the Iranian leader, using his 20-minute noontime address in the General Assembly's cavernous green chamber to "speak directly to the people across the broader Middle East."

"Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam," he said. "This propaganda is false, and its purpose is to confuse you and justify acts of terror."

The speech was the last of a series Mr. Bush has been delivering over the past three weeks on the war on terror. In the earlier speeches, he challenged Congress and U.S. voters to give him the tools he wants to fight Islamic terrorists, but in yesterday's speech he made clear he expects other countries to join the U.S. fight worldwide.

"Will we support the moderates and reformers who are working for change across the Middle East -- or will we yield the future to the terrorists and extremists? America has made its choice: We will stand with the moderates and reformers," he said.

He mentioned three U.N. resolutions -- on disarming Hezbollah in Lebanon, calling on Iran to end its nuclear-weapons program, and on expanding the peacekeeping force in the Darfur region of Sudan -- and said the world body must now meet its commitments.

Mr. Bush had specific words for the people of Afghanistan, Iraq, Lebanon and Darfur. He also warned Syrians their "rulers have allowed your country to become a crossroad for terrorism." But he saved his harshest words for Iran's leaders, telling

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Iranians that Americans respect them and their culture but "your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism, and fuel extremism, and pursue nuclear weapons."

He spoke to a full chamber, while the chamber was mostly empty for Mr. Ahmadinejad. The two leaders never crossed paths, as the Iranian missed yesterday's leaders' lunch, and Mr. Bush hosted a closed reception during the Iranian's speech.

Mr. Ahmadinejad questioned the fairness of the United Nations, saying the Security Council had failed the Palestinians for years, and failed Lebanon this year.

"The Security Council sat idly by for so many days," he said, adding that the reason is clear. "When the power behind the hostility is itself a permanent member of the Security Council, how then could this council fulfill its responsibilities?"

Iran has defied a U.N. Security Council resolution that imposed an Aug. 31 deadline for suspending its uranium-enrichment program. But the six nations leading the effort to block Iran's program have not been able to agree on what the next step should be.

In his speech, Mr. Ahmadinejad insisted Iran's nuclear activities were "transparent, peaceful and under the watchful eye" of U.N. inspectors and accused the U.S. of a double standard in criticizing his country's program while maintaining its own nuclear weapons arsenal.

At home, Mr. Bush is facing a slightly better political environment seven weeks before the congressional elections. A Gallup-USA Today poll released yesterday showed him with a 44 percent approval rating, and found that likely voters are now as likely to support a Republican as a Democrat for Congress in November. Both numbers are substantial improvements for Republicans.

Democratic National Committee Chairman Howard Dean yesterday said that Mr. Bush's speech sounded "worried more about his party's political prospects this November than about how to protect America and fight and win the real war on terror."

He said if other nations are wary of joining Mr. Bush's calls for action on Sudan and Iran it's the president's fault. And House Minority Leader Nancy Pelosi, California Democrat, said Mr. Bush's speech spoke "in broad, general terms," but didn't show a commitment to the hard work of diplomacy in the Middle East.

In Washington, Undersecretary of State R. Nicholas Burns, the U.S. point man in the Iran sanctions negotiations, told Congress yesterday he was convinced the international coalition was ready to impose sanctions if Tehran balks.

"We must pass the sanctions resolution, or else the credibility of the U.N. Security Council on the leading issue of our day -- and we consider it the leading security issue -- is going to be called into question," he told the Senate Foreign Relations Committee.

Still, a senior White House official said sanctions will not happen unless European nations fail in their bid to get Tehran to the negotiating table in exchange for a suspension of moves toward U.N. sanctions. Judy Ansley, senior director for European affairs on the National Security Council, said European Union foreign policy chief Javier Solana is trying "right now" to persuade Iran to engage in talks on that basis.

"You start the negotiations, the Iranians agree to suspend their enrichment activities, and in exchange, the United Nations will agree to suspend activities at the Security Council as negotiations go forward," she said, adding that "sanctions will be only if that fails."

Chirac Doesn't Want New Iran Deadline (AP)

By Angela Charlton

AP, September 19, 2006

French President Jacques Chirac said Tuesday that he does not want to set a new deadline for Iran to suspend nuclear activities, which could be used to develop atomic weapons, despite Tehran's defiance of U.N. Security Council demands.

Speaking at the United Nations, Chirac also appeared to soften an earlier proposal to drop talk of sanctions against Iran over its uranium enrichment, an issue high on the agenda at this year's U.N. General Assembly.

"We are committed to negotiations and therefore to dialogue. So we're not going to start by setting deadlines that are a few hours long," Chirac told reporters. "This is a process that is under way and I hope it will run its course."

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This summer, world powers signed on to the principle that Iran would face at least mild initial sanctions if it blew an Aug. 31 deadline to suspend uranium enrichment. With the deadline elapsed and Iran offering no concessions, the nations have been holding talks on what the consequences should be.

Iran insists its nuclear program is intended for peaceful purposes only.

While the United States has consistently pushed to punish Iran for defying Security Council demands, Chirac spoke out Monday against sanctions.

The French president has sought out the spotlight on this trip to New York as part of a larger bid to carve out a lasting legacy on world affairs. It is likely his last such performance — while Chirac has been secretive about his career plans, most assume he will step down next year after 12 years in power.

On Monday, Chirac shook up diplomatic circles with a compromise proposal to kickstart talks between Iran and the international community by suspending the threat of U.N. sanctions if Tehran suspends uranium enrichment at the same time. Such a proposal is unlikely to win the support of Washington.

On Tuesday, President Bush, after sideline talks with Chirac at the United Nations, pressed Iran again to immediately begin negotiations, warning that any delay on the part of Tehran would bring consequences — including sanctions.

Chirac insisted that his compromise proposal was just a reiteration of France's position. He said he and Bush see "eye-to-eye" on Iran and insisted U.S.-French relations were close and friendly.

But then, in his speech to the General Assembly, he avoided mention of sanctions, saying only: "Our goal is not to call regimes into question."

"Dialogue must prevail," Chirac said. "The international community must stand firm and united."

U.S. Tries To Save Its Iran Plan (AP-Y)

By Anne Gearan

AP, September 20, 2006

The United States tried Tuesday to salvage its plan to punish Iran with sanctions if it won't back down in a nuclear standoff with the West, even as President Bush told Iranians he hopes that one day "America and Iran can be good friends."

Secretary of State Condoleezza Rice convened nations that have offered Iran a bargain to head off what the United States and others fear is a drive to build a bomb. The United States had hoped to use the gathering to move decisively toward political and economic sanctions on Iran now that it has missed a U.N. deadline to shelve disputed nuclear activities, but cold feet among allies this month made that impossible.

The dinner meeting produced little consensus about the next step, and no announced deadline for when world powers expect further word from Iran. Undersecretary of State Nicholas Burns said the diplomatic effort to counter Iran was in "extra innings."

Earlier, Rice warned that the world will have a credibility problem if it does not act. She also acknowledged that talks are already under way between the European Union and Tehran without conditions.

That is a concession for the United States, which has led a drive to force Iran to choose between looming U.N. sanctions or talks that could reward it for scaling back its nuclear program.

"Those talks are going on now," Rice said on the CBS "Early Show," referring to discussions between the European Union's foreign policy chief and Iran's nuclear negotiator. "But we are still pursuing the path of sanctions should Iran not follow the U.N. Security Council resolution" demanding a temporary end to its uranium enrichment program. The deadline had been set for Aug. 31.

Bush and Iran's unpredictable hard-line president, Mahmoud Ahmadinejad, addressed the United Nations on the same day, and the White House tried to make sure the two did not cross paths.

"Iran must abandon its nuclear weapons ambitions," Bush told the annual U.N. opening session. He added a direct appeal to the Iranian people, telling them to look past what their leaders say about the United States.

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For his part, Ahmadinejad told the U.N. General Assembly that Iran's nuclear activities were "transparent, peaceful and under the watchful eye" of U.N. inspectors. He accused the U.S. and Britain of abusing the U.N. Security Council to achieve their own ends, and he also criticized the U.S.-led war in Iraq.

The Bush administration saw the diplomatic ground shift beneath it this month as Iran maneuvered to avoid sanctions that even close U.S. allies such as France were never keen to impose.

Two members of the coalition, France and Russia, cast doubt on the idea of sanctions over the past week, and Rice and her aides have been lowering expectations for action this week.

French President Jacques Chirac proposed a compromise on Monday. The world would suspend the threat of sanctions, he suggested, if Tehran agreed to halt uranium enrichment and return to negotiations.

After a meeting with Bush on Tuesday, however, Chirac said twice that the two leaders see "eye to eye" on Iran. Bush said he and Chirac "share the same objective and we're going to continue to strategize together."

Interviewed on morning news shows Tuesday, Rice stressed that the United States will not join any negotiations until Iran has at least temporarily stopped its accelerated uranium program.

"I would meet anywhere with my counterpart at any time," once Iran has met that precondition, Rice said on ABC's "Good Morning America."

Enriched uranium can be used to make nuclear energy, as Iran claims it wants to do. It can also fuel nuclear weapons, as the United States claims Iran intends.

Any face-to-face discussions between Iran and the United States would be the most significant warming of relations in nearly three decades of estrangement.

The United States has had extensive unilateral economic sanctions against Iran since shortly after the 1979 revolution and the storming of the U.S. Embassy in Tehran.

Although the U.S. remains Iran's main adversary because of America's military, political, cultural and economic dominance, Washington has little economic leverage against Tehran on its own. The U.S. needs Europe, at least, to impose any meaningful economic penalty on Iran, but tough sanctions on the oil exporter would hurt America's international partners as well as Iran.

The prospect of U.S.-Iran talks was meant to be a powerful lure for Iran, but Rice also dangled the offer of talks earlier this year as a means to shore up a shaky international coalition against Iran.

It worked, at least for awhile. This summer, world powers signed on to the principle that Iran would face at least mild initial sanctions if it blew the August deadline.

Iran responded by hinting that it might be willing to shelve uranium enrichment, without ever saying so directly. That was enough to sow new division in the U.S.-build coalition, with the likely result that sanctions are either a dead letter or a long way off.

U.S. Policy On Iran Evolves Toward Diplomacy (WP)

By Glenn Kessler

The Washington Post, September 20, 2006

UNITED NATIONS, Sept. 19 -- Before the U.S.-led invasion of Iraq, U.S. officials confidently predicted that the toppling of Saddam Hussein would lead to renewed momentum on the Israeli-Palestinian peace track. "The road to Jerusalem leads through Baghdad" was a common refrain.

President Bush's speech Tuesday to the U.N. General Assembly showed how much that diplomatic calculation has changed in Bush's second term. With the United States ensnarled in an increasingly difficult campaign in Iraq, war is no longer a viable option. Instead, the administration is struggling with the difficult and messy business of diplomacy. That often means accommodating the interests and demands of other countries, even backtracking on what had been firm positions.

Slowly but surely, the White House has muddied what were once clear lines in pursuit of diplomacy. As recently as a month ago, the administration firmly demanded that Iran must first suspend its nuclear activities before the United States would join negotiations on the nuclear programs, but now U.S. officials have quietly acquiesced in a European-led effort to find a face-saving way for the talks to begin.

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U.S. officials are still pursuing the possibility of sanctions, and in fact they have drafted a sanctions resolution to be offered at the U.N. Security Council. But with allies balking, negotiations appear more likely than punishment. Bush, in his speech, used notably mild language when he discussed Iran, suggesting that the two countries one day will "be good friends and close partners in the cause of peace."

Secretary of State Condoleezza Rice hosted a dinner last night at the Waldorf-Astoria hotel with her counterparts from Russia, China, France, Britain, Germany and Italy. Under the original schedule, the session was supposed to reach decisions on a sanctions resolution. Undersecretary of State R. Nicholas Burns, in briefing reporters last night, said the foreign ministers expressed "very strong support" for the European Union negotiations with Iran. "We are seeking a diplomatic solution," he said, adding that the diplomacy was "in extra innings."

Bush, in his speech, also emphasized that U.S. officials "have no objection to Iran's pursuit of a truly peaceful nuclear power program." This is a reversal from the policy in the first term, when U.S. officials loudly proclaimed that a country with such vast oil and gas reserves had no need for a nuclear program. Under pressure from Europeans, the administration dropped that argument late last year.

On the Middle East, Bush pushed his notion that greater democracy will bring stability to the region. But many foreign officials instead argue that stability can only be achieved if there is peace between Israelis and Palestinians.

To that end, Bush appeared to announce a new initiative, saying he had "directed Secretary of State Rice to lead a diplomatic effort to engage moderate leaders across the region, to help the Palestinians reform their security services and support Israeli and Palestinian leaders in their efforts" to resolve differences.

But U.S. officials said Bush was not announcing something new, but rather highlighting an evolving effort to take advantage of the growing anger among Palestinians at the Hamas-led government. The militant group won legislative elections earlier this year, leading to a broad cutoff of international aid because Hamas refuses to renounce its stated goal of destroying Israel.

Rice might travel to the Middle East after the U.N. General Assembly meeting ends, though plans are not firm, officials said. To a large extent, the administration is reacting to pressure from Europeans and Arabs to do more on the Palestinian issue. British Prime Minister Tony Blair recently visited the Middle East and is trying to foster political reconciliation among various Palestinian factions, while French President Jacques Chirac on Tuesday called here for an international peace conference to "define in advance the guarantees we are prepared to provide to the parties as soon as they reach an agreement." Both Israeli and U.S. officials regard Chirac's idea as a nonstarter.

One of Rice's most senior aides, counselor Philip D. Zelikow, last Friday made a speech to a Washington think tank in which he appeared to link progress on Middle East peace to securing greater diplomatic cooperation in the struggle against Iran.

"For the Arab moderates and for the Europeans, some sense of progress and momentum on the Arab-Israeli dispute is just a sine qua non for their ability to cooperate actively with the United States on a lot of other things that we care about," Zelikow said. "We can rail against that belief; we can find it completely justifiable, but it's fact. That means an active policy on the Arab-Israeli dispute is an essential ingredient to forging a coalition that deals with the most dangerous problems."

Zelikow's comments alarmed Israelis, who fear becoming a pawn in American diplomatic calculations, and U.S. officials said they were misinterpreted. State Department spokesman Sean McCormack even posted a statement on Power Line, a right-wing blog, saying there is no change in policy.

But Zelikow may have been stating the obvious: The administration has learned that building coalitions for peace, not war, is hard work.

Embargo Politics Nations' Rich Trade With Iran Is Hurdle For Sanctions Plan (WSJ)

By Neil King Jr. And Marc Champion

The Wall Street Journal, September 20, 2006

One reason the U.S. is having a hard time winning global sanctions on Iran over its nuclear work is evident at a company in Tehran called Iran Khodro Co., a big vehicle manufacturer.

The company is cutting deals in China, France, Germany and Russia -- key players in the tussle over what to do about Iran's nuclear ambitions. In February the company, called IKCO, agreed to buy 10,000 trucks from a Chinese maker in a $350

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million deal. This month, IKCO said it will start selling to Russia cars that it builds in Iran in cooperation with France's PSA Peugeot-Citroën.

This web of business ties helps explain why the U.S. is alone, among the five permanent members of the United Nations Security Council, in being enthusiastic about imposing sweeping sanctions on Iran. The U.S. is the only one that has little to lose.

With world leaders in New York for the U.N. General Assembly, diplomats say it is possible the Security Council, plus Germany, could as early as this week begin to weigh some narrowly targeted sanctions on Iran. Iranian President Mahmoud Ahmadinejad defended his country's right to conduct nuclear research in an emotional speech to the U.N. last evening. Such work, he contended, is strictly for peaceful purposes, not to build a nuclear bomb, and he called the activities "transparent, peaceful and under the watchful eye" of U.N. inspectors. The U.S. favors sanctions to pressure the Iranians to drop their enrichment plan, because it doesn't trust the peaceful assurances.

With other countries backing off the sanctions threat in favor of more diplomacy, the U.S., too, has had to soften its stance in recent days. President Bush yesterday threw his support behind yet another European-led effort to talk Iran into suspending its enrichment work as a precursor to wide-ranging negotiations. If Iran continues to stall, Mr. Bush told reporters, then the Security Council would proceed with "some kind of sanction program."(See related article1.)

America severed political and most commercial ties with Iran 26 years ago, after it let a mob hold U.S. diplomats hostage for more than a year. Through July of this year, the U.S. imported a minuscule $99 million of goods from Iran, mostly rugs, nuts and juice, while shipping to Iran $55 million of goods, nearly all of it cigarettes, pharmaceuticals and wood pulp. The other Security Council members have seen their business with Iran increase. Their total trade with Iran is on track to top $22 billion this year, up from $18 billion in 2005.

While part of the growth reflects the higher cost of Iran's oil, the trade is broader: Iran buys German steel, French cars, Russian armaments and Chinese air conditioners. The European Union accounts for more than a third of Iran's total trade with the world. China's exports to Iran have tripled in four years.

U.S. officials say Iran's commercial ties, especially its clout as holder of the second-largest oil reserves after Saudi Arabia, put a built-in limit on how far industrial powers will go. "Anything that really restricts trade will be hard, if not impossible, to get," says a senior U.S. official.

European, Russian and Chinese diplomats acknowledge that business ties matter when weighing how to proceed on the sanctions issue but deny that mercantile interests drive their diplomacy. "Of course our trade with Iran is important," said a French diplomat, "but it is also reflective of a larger familiarity with Iran that the U.S. now lacks. We are there, and the Americans are not."

Deep Misgivings

European diplomats cite deep misgivings about economic sanctions based on more than a decade of experience with Iraq, which was marked by black markets and oil-for-food-program cheating by the Saddam Hussein regime. The diplomats worry that sanctions wouldn't achieve their goal and might destabilize the region and drive oil higher. Some say they worry, too, that the U.S. might use the sanctions push as a step toward military action against Iran.

"People fear that once you are on the sanctions route there is no getting off it. They remember Iraq and think it's deja vu," said one European diplomat involved in the process.

This diplomat, however, also cited successful instances of U.N. sanctions, such as a 1992 embargo on air travel and sales of arms and oil equipment to Libya. That step was designed to push Libya to hand over suspects in the 1988 bombing of a Pan American airliner over Lockerbie, Scotland. In 2003, the U.N. lifted the sanctions after Libya gave up two suspects for trial, agreed to compensate families of the 270 victims and said it would dismantle its nuclear-weapons program.

Iran is unquestionably a promising market. It is the region's largest economy after Saudi Arabia, it is flush with oil wealth and many of its 68 million people yearn for consumer goods largely unavailable for decades. Germany exported more than $5 billion of goods to Iran last year. The Chinese get around 18% of their crude oil from Iran and have many other business relations with the country. The European Union is backing plans for a natural-gas pipeline through Turkey that could collect gas from Iran.

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"This is a factor, a real factor," says Nicholas Burns, the State Department's undersecretary for political affairs and a top U.S. diplomat on the Iran issue. He maintains nonetheless that like the U.S., its allies "understand that sanctions may very well be necessary to counter Iran's drive for a nuclear weapons capability."

Investors recently appear to be playing down the chance of hard-hitting economic sanctions. Earlier this year, tensions over Iran's nuclear program hit trade and investment flows. Exports to Iran dipped, and tens of billions of dollars of capital was moved out of Iran. Iran's stock and real-estate markets suffered. Amir Cyrus Razzaghi, whose Tehran consultancy advises foreign investors, says he found many putting their expansion plans on hold because of concerns about where the nuclear standoff with the West was headed.

Investor confidence has rebounded slightly in recent weeks. "I have several multibillion-dollar clients from Europe who are coming back to Iran this week to re-look at the market," Mr. Razzaghi says, "because now they see no chance of any military attack on Iran and very little chance of serious sanctions."

A Longstanding Preference

Europe's preference for avoiding U.N. sanctions on the Iran nuclear issue is longstanding. Just months after U.S.-led forces invaded Iraq in March 2003, Britain, France and Germany combined to begin negotiations with Tehran over its recently revealed program to enrich uranium. The trio told Iran it could avoid a referral to the Security Council and obtain talks on a package of trade and investment benefits -- including in its civilian nuclear industry -- if it suspended its nuclear-fuel enrichment program.

The talks stumbled, and they effectively ended in January, when Iran said it had restarted its enrichment centrifuges. That led the Europeans to join the U.S. in threatening Iran with U.N. sanctions. By June, the U.S. had persuaded other major U.N. powers to back a resolution that would give Iran an ultimatum: Suspend enrichment or face sanctions under a resolution declaring Iran a threat to international peace and security.

The Security Council in July gave Iran until Aug. 31 to act. Iran dismissed it, while hinting it might suspend enrichment temporarily to open the way for international negotiations. As recently as last week, EU foreign-policy representative Javier Solana reported progress in continuing talks with his Iranian counterpart.

The Bush administration now wants to push ahead on the sanctions track, pressing first for a modest resolution that would ban sales of nuclear-related products and bar certain Iranian officials from international travel. The U.S. hope is that the Security Council will proceed with increasingly tough resolutions that bite deeper into Iran's economy and finally persuade its leaders to give up the uranium enrichment. President Bush has described Iran as "a grave threat" and said it must face "consequences" if it persists in enrichment.

While the U.S. would face little economic loss from sanctions on Iran, the cost would be far higher for other major powers. This year, China's exports to Iran are up 25%. Chinese companies shipped nearly $400 million of air conditioners, engines, washing machines and other such machinery to Iran in the first six months of 2006, as well as $300 million in tractors, trucks and other vehicles. Dozens of Chinese construction companies are engaged in Iran, on work ranging from Tehran's transit system and power plants to merchant ships.

Meanwhile, in the first half of this year, energy-hungry China imported $5.16 billion of oil from Iran, a 56% increase from the pace of imports in 2005. "This is just the start. China's energy dependence on Iran is going to deepen considerably," says Ilan Berman, a vice president at the American Foreign Policy Council who has studied China's ties to Iran.

German and French exports to Iran slipped slightly in the first half, but remain large. Germany is Iran's largest supplier of foreign goods, with exports last year of more than $5.4 billion. German engineering giant Siemens AG is providing huge generators for a power plant. Auto maker DaimlerChrysler AG is moving ahead on plans to build Mercedes-Benzes in Iran, in partnership with IKCO.

This month, Germany's chamber of commerce released an estimate that blanket sanctions on Iran could cost Germany 10,000 jobs. It was an effort at a "wake-up call" about what is at stake, said spokesman Felix Neugart, who added that chamber officials meet regularly with the government on the issue.

French exports to Iran totaled $2.33 billion last year. Auto makers Renault SA and Peugeot-Citroën are heavily involved through local partners. Auto imports to Iran now are falling sharply because Western companies build more cars in Iran, to feed a fast-growing market.

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Besides the Peugeot 206, the jointly built car that IKCO plans to export to Russia, IKCO and other Iranian vehicle makers have agreed with Renault to build 250,000 cars a year for both domestic sale and export. Meanwhile, IKCO plans to build its Samand, which is based on a Peugeot model, in Venezuela and China. IKCO also is producing the Samand in Belarus, with Russian support.

Strategic Deals

Russia's trade with Iran is smaller than that of big European powers and China, but it is strategic. Russia is building Iran's first nuclear power plant, about a $1 billion project that is mostly paid for. In December, Moscow agreed to sell Iran 29 Tor-M1 air-defense missile systems, a $700 million transaction that the U.S. tried to nix.

"It is clear that Moscow will not support any meaningful resolution that would interfere with Russia's trade with Iran," says Dimitri Simes, president of the Nixon Center think tank in Washington. "Restrictions on travel and equipment for nuclear technology, yes, but only if narrowly defined to assure that it wouldn't interfere with Russia's existing nuclear contracts." Russian Foreign Minister Sergei Lavrov said Friday that sanctions should be imposed only "when international peace and security are really under threat."

U.S. officials acknowledge the sanctions push at the U.N. could peter out and are rewing up a campaign to get European and other companies to pull away from Iran on their own. Treasury and State Department officials have been working quietly for nearly a year to persuade banks to crimp commercial lending to Iran.

The Justice Department has stepped up enforcement of longstanding U.S. sanction laws on Iran. The laws generally bar U.S. banks from lending to Iran and U.S. companies from trading with that nation, though some companies maintain a presence in Iran trade through foreign-registered subsidiaries. A slight opening in the law in 1999 permitted Iran to send to the U.S. carpets and food items while U.S. exporters could send certain items such as food and drugs.

Several large U.S. energy firms, including Baker Hughes Inc. and ConocoPhillips, both of Houston, have pulled out of Iranian work. So has Britain's BP PLC. This year, ABN Amro Holding NV of the Netherlands and UBS AG of Switzerland said they were breaking off work with Iran.

American, Iranian Presidents Skip Each Other's Talks (USAT)

By Barbara Slavin And David Jackson

USA Today, September 20, 2006

UNITED NATIONS — The presidents of Iran and the United States managed to avoid each other Tuesday when the two gave speeches hours apart at the United Nations.

Iranian President Mahmoud Ahmadinejad skipped President Bush's speech to the annual General Assembly meeting. He also avoided a heads-of-state lunch, where wine was served. Iranian leaders generally boycott such events because observant Muslims don't drink alcohol.

Bush and his top advisers in turn shunned Ahmadinejad's address. The White House held a reception for heads of state at about the same time the Iranian leader spoke Tuesday evening.

Frederick Jones, a spokesman for the National Security Council, said there was nothing suspect about the timing. The president hosts the reception every year on the first night of the General Assembly.

“No one is concerned about when the president of Iran speaks,” Jones said.

Rick Grennell, spokesman for the U.S. delegation to the United Nations, said one U.S. note taker would be present for Ahmadinejad's address.

Six Iranians listened to the speech Bush gave, including Foreign Minister Manouchehr Mottaki.

Before coming to New York, Ahmadinejad challenged Bush to a debate. The White House dismissed the suggestion as a publicity stunt.

Paul Kennedy, professor of international history at Yale University, said Bush has nothing to gain by meeting Ahmadinejad. “The president of the United States would lose a lot of his dignity,” Kennedy said. “The president's staff must be saying, ‘We're not going down into the mud bath with this guy.' ”

Michael Kozak, a National Security Council official, said the president “doesn't sit around and obsess about” Ahmadinejad.

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"It's the other way around," Kozak said.

Gail Bindley-Taylor Sainte, a spokeswoman for the General Assembly, said that by tradition, the president of Brazil is the first head of state to speak (because a Brazilian was the first speaker at the first special session of the assembly in 1947), followed by the U.S. president. Otherwise, world leaders get to address the General Assembly on a "first come, first served basis," she said, depending on how early they put in requests.

The United States and Tehran are locked in a disagreement over Iran's nuclear program. The Bush administration claims Iran is trying to build nuclear arms. Tehran says its program is designed for peaceful purposes.

Bush, who is known to size up a foreign leader's character with a handshake and meeting, has a personal dislike of Ahmadinejad, according to Stanley Renshon, a political psychologist at the City University of New York.

Bush has never met the Iranian president. Ahmadinejad has called for Israel to be "wiped off the map" and denied that 6 million Jews died in the Holocaust. "There is a chemistry between them, and the correct term is 'revulsion,' " Renshon said. "Ahmadinejad stands for everything Bush is worried about."

Clinton Sees Hope Of Fresh Mideast Initiative (FT)

By Chrystia Freeland And Edward Luce

Financial Times, September 20, 2006

The situation in the Middle East has become so bad that a fresh peace initiative is a strong likelihood within the next two months, Bill Clinton, the former US president, said in an interview with the Financial Times.

President Clinton, whose annual conference, the Clinton Global Initiative, begins in New York on Wednesday, said the deteriorating situation in Iraq and Afghanistan and the aftermath of the war in Lebanon had created the conditions for "some kind of positive movement to take place."

While emphasising that he had no "insider knowledge", President Clinton said: "All these bad news stories have created a sense that if we don't want further disintegration to occur then we had better come up with a strategy that goes forward in creating a new sense of order that enables everybody to live together. I'm not sure you won't see some positive things come out of the Middle East in the next 60 days."

"It is time to think about what we can do to break out of this, otherwise we have three choices. We can say: "We know who our adversaries are and we can accelerate the confrontation, or we can kick the can down the road and hope the underlying realities change, or we can try to rearrange the pieces and players and try to put a puzzle together". It seems to me the latter course is the best…It wouldn't surprise me to see some fairly interesting things come out."

In a wide-ranging interview, President Clinton offered a subtle but cogently-presented rebuttal of the Bush administration's approach to foreign policy saying that rising global resentment towards the US could mostly be overcome by a change in the US administration's attitude towards those feeling the resentment. President Clinton said that people around the world could disagree with particular policies the US pursued but still feel goodwill towards America if they felt it held their ultimate interests at heart.

"If you run a big country that has to make controversial decisions - people can't possibly agree with your decisions all the time, then you must bend over backwards to make sure they feel that at least you care about them, you know about their concerns and that you're pulling for them. Policy is important. But attitude is also important."

The former president, who would be a key electoral asset and advisor to his wife, Hillary Clinton, the New York senator, if she decided to seek the Democratic Party's nomination to run for the presidency in 2008, also said that much of the global hatred of the US could be neutralised by a change of policies – either before or after the next US presidential election.

Among the policy changes President Clinton recommended were a new peace initiative in the Middle East, proper funding of global millennium development goals that were proclaimed in 2000 (towards the end of his second presidential term), and greater US involvement in relief and development initiatives in countries such as Indonesia and Pakistan.

"There are a few people who hate Americans and our way of life but most people just disagree with what we are doing now and think we don't care very much about them," he said. "So this [anti-American sentiment] is not the end of the world – it is real but it could be changed quickly either before or after the next election….. Since you cannot defeat or occupy all your enemies in

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an interdependent world you have to keep working for more friends and fewer enemies. I don't think it is as complicated as sometimes it's made out to be."

Most of the former president's focus nowadays is on the global human development goals that he is pursuing through the Clinton foundation and through the second annual Clinton Global Initiative conference that one participant recently dubbed "Davos with a conscience". Many of President Clinton's objectives - for which he raised pledges of $2bn last year from companies such as Coca Cola, Deutsche Bank, Goldman Sachs and Starbucks - also coincide with his diagnosis of where US foreign policy should be focusing its resources.

He cited the example of parents in Pakistan who say they send their children to non-fee paying madrasas because they cannot afford mainstream schools. "We have given huge sums to Pakistan for military aid – particularly during the cold war, but also since then," he said. "But it seems to me we haven't helped to develop a good state education system in Pakistan. That is one example of many…It [funding the millennium development goals] would be far less expensive then our Iraq war costs and the return on investment would be enormous, truly enormous."

He continued: "One of the reasons I do this work is that if you look at the anti-poverty stuff, the global health stuff and the orientation we have on global climate change, in every case a modest – compared to the size of the tax cuts and the defence build-ups – a very modest increase from the haves to the have-nots, in the right way, that is empowering and not patronising, almost certainly has significant political benefits."

When asked how he would sell such an approach to a sceptical American electorate in the upcoming US mid-term elections, which take place on 7 November, President Clinton discarded his carefully modulated criticisms of the Bush administration for more strident language.

He said the Republicans, whom polls indicate are on course to lose control of one or possibly both houses of Congress in November, were running the 2006 election "in same way as in 2002 and 2004" by focusing principally on the Democratic Party's alleged weakness on national security.

President Clinton said that the objections of three prominent Republican senators - John McCain, Lindsey Graham and John Warner – to Mr Bush's proposals for setting out in law the permissible interrogation techniques for alleged terrorists under the Geneva Conventions had "confused" the Republican strategy. "Their strategy has been complicated by the fact that [these senators] believe in the rule of law, you know, it's kind of confusing, it's made life a bit tough," he said laughing.

President Clinton offered clear advice for Democratic candidates seeking to counter Republican arguments on national security. He said it did not matter if Democratic candidates recommended differing strategies for how to change course in Iraq - whether it was setting a deadline for withdrawal of US troops, as some, such as John Kerry, the losing 2004 presidential candidate had proposed, or altering the military and civil reconstruction strategy in Iraq without setting a deadline for pulling out, as President Clinton has argued.

"The point is that Americans will tolerate Democratic differences on Iraq because the current situation has not worked," he said."The Democrats can have differences on this but they won't win the election just by criticising Iraq."

President Clinton said the Democrats should push for four things that taken together would present a credible alternative to the Republican national security agenda. These included winning the war in Afghanistan: "We cannot lose what is a moderate Muslim democracy that is a bulwark not only against the Taliban but also against the return of Osama bin Laden," he said.

Second, it meant fully implementing the recommendations of the 9/11 commission to strengthen homeland security. "I think it is wrong to give wealthy people like Bill Clinton continuing tax cuts which is much more expensive than implementing the homeland security provisions," he said.

Third, the Democrats should commit to pursuing energy independence for the US. "We can enhance our national security by committing to energy independence with a clean energy policy that will create jobs, fight global warming and make our country more secure," he said.

Finally, the US should win over the developing world by committing between $25bn to $30bn a year to achieving the development goals agreed by the group of eight leading global economies in 2000. "We have to recognise – as we have learned in Iraq – that even a country as big and powerful as America cannot handle these problems alone. We need allies, we need friends, we need more partners and fewer enemies.

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"Since we have spent so much money in Iraq – more than $300bn - we need to spend more money to get kids into schools, to keep healthy people fighting HIV, tuberculosis and malaria and to provide sensible economic strategies to help people lift themselves out of poverty. These would cost a fraction of the war in Iraq and dramatically enhance our security as well as fulfil our moral responsibility to help other people fulfil their dreams."

The U.S. Vs. Iran (WSJ)

By Michael Rubin

The Wall Street Journal, September 20, 2006

The Iranian government continues to enrich uranium despite Secretary of State Condoleezza Rice's generous package of incentives -- and in defiance of the U.N.'s Aug. 31 deadline. Still, European officials hold out hope for the success of diplomacy. On Sept. 15, Javier Solana, the European Union's foreign policy chief, said, "We are really making progress. Never before have we had a level of engagement . . . as we have now." Diplomats will look for any hopeful sign from Iranian President's Mahmoud Ahmadinejad's forthcoming U.N. speech. But can talk work? Successful diplomacy requires that both sides negotiate in good faith and honor commitments. That Tehran's track record undercuts confidence should not surprise. From its very inception, the Islamic Republic has eschewed diplomatic norms.

On Nov. 4, 1979, Iranian students seized the U.S. embassy in Tehran, holding 52 hostages for 444 days. Warren Christopher, deputy secretary of state during the crisis, called the Iranian move a "flagrant violation" of the 1961 Vienna Convention on Diplomatic Relations and the 1963 Vienna Convention on Consular Relations. But Iranian officials endorsed the seizure. Ayatollah Ruhollah Khomeini praised the students. His successor as supreme leader, Ali Khamenei, showed support with a visit to the embassy soon after its seizure. Ironically, while the Iranian leadership often demands apologies for transgressions both real and imagined, it continues to uphold the righteousness of hostage seizure, underscoring official contempt for diplomatic convention.

Still, the embassy seizure might be long forgotten had Tehran's disdain for diplomatic norms been the exception rather than the rule. In 1986, former U.S. national security advisor Robert McFarlane's traveled to Tehran. While the Iran-Contra Affair is remembered today for the Reagan administration's attempts to circumvent Congressional prohibition of funding of the Nicaraguan resistance, it also illustrates the inadvisability of trusting Tehran. President Reagan sought to win the release of American hostages in Lebanon but, as soon as Washington compensated Tehran for its bad behavior, its militias accelerated hostage seizure. Diplomatic enticement -- bribery by another name -- backfired. But diplomacy is not just about incentives; it is also about trust. What could have been just a failed initiative turned to scandal when, on the seventh anniversary of the embassy seizure, Ali Akbar Hashemi Rafsanjani, today the chairman of the Expediency Council, broke a pledge of secrecy and revealed the meetings to the international press.

Iranian authorities showed diplomatic duplicity once again after Khomeini issued a declaration calling for author Salman Rushdie's death. Four months before Khomeini's death, then-president Khamenei demanded that Mr. Rushdie apologize in exchange for cancellation of a religious edict ordering his murder. Mr. Rushdie apologized, but the Iranian government nevertheless kept the bounty in place. President Khamenei was insincere, his diplomacy was a tactic. By winning an apology, he confirmed Mr. Rushdie's guilt.

Iranian lying should not surprise; what should is how often Western governments fall prey to it. The British government demanded that Tehran lift the bounty on Mr. Rushdie's head as a precondition to re-establish relations. On Sept. 24, 1998, the Iranian government said it would do nothing to harm Mr. Rushdie. No sooner had London and Tehran exchanged ambassadors, than Iranian authorities once again reversed themselves.

For U.S. forces in Afghanistan and Iraq, the cost of Iranian lying is high. While Iranian diplomats pledged not to destabilize Afghanistan and, indeed, cooperate in its reconstruction, the Islamic Revolutionary Guards Corps sent in operatives disguised as school teachers to further instability. As Afghan President Hamid Karzai struggled to wrest control away from warlords, Afghan commanders intercepted a dozen Iranian agents and proxies organizing armed resistance.

In Iraq, too, Iranian diplomacy has been duplicitous. Prior to the Iraq war, Iranian Foreign Minister Kamal Kharrazi and U.N. Ambassador Mohammad Javad Zarif, pledged Iranian noninterference to British Foreign Secretary Robin Cook and Zalmay

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Khalilzad, then President George W. Bush's envoy to the free Iraqis. But, Iranian journalists now describe how, days after Saddam's fall, the Iranian leadership dispatched 2,000 Revolutionary Guards replete with radio transmitters, money, and supplies. On Nov. 18, 2003, Mr. Kharrazi again pledged good behavior. He lied outright; his promise coincided with a new deployment of Iranian intelligence across Iraq. The Revolutionary Guard stepped up its training of Muqtada al-Sadr's militia. Hasan Kazemi Qomi, previously Iran's liaison to Hezbollah in southern Lebanon, became Tehran's top diplomat in Baghdad. Mr. Qomi assured diplomats that "Iran will not accept anything that destabilizes Iraq." Four months later, Iraqi forces captured 30 Iranians fighting alongside Sadr's militia. * * *

Earlier this month, I traveled to the Middle East to meet Shiite tribal leaders and urban notables from southern Iraq. They described how Iran has transformed its consulates in Karbala and Basra into distribution points for everything from money to shaped charges. That Tehran uses diplomatic pouches and protocols to safeguard its network reflects their insincerity. While the West approaches diplomacy with sincerity, the Islamic Republic mocks diplomatic convention to shield subversion.

Iran's nuclear program raises the stakes of its deceit to U.S. national security. There is little doubt that Tehran's nuclear program is not peaceful. On Feb. 14, 2005, Ayatollah Mohammad Baqer Kharrazi, secretary-general of Iranian Hezbollah, promised, "We are able to produce atomic bombs and we will do that." In February 2006, Mohsen Gharavian, a Qom theologian well-connected to the Islamic Republic's staunchest ideologues, called Iran's possession of nuclear weapons "natural."

Iran's nuclear program has advanced through the trust of diplomats and their willingness to provide hard currency in the name of dialogue and engagement. Between 2000 and 2005, European Union trade with Iran almost tripled. Tehran invested much of this money in arms and nuclear infrastructure. For more than a decade, through both the Rafsanjani and Khatami administrations, Iranian authorities hid the existence of a uranium enrichment plant at Natanz and a heavy water plant at Khondab. That Western diplomats label Mr. Rafsanjani a pragmatist and Mr. Khatami a reformer underscores the danger of judging Iranian officials by style rather than action.

In February 2003, the Iranian authorities opened the secret plants to International Atomic Energy Agency (IAEA) inspectors. Their subsequent report was damning: Not only had the Iranian government designed the Natanz facility to house at least 50,000 centrifuges, but Tehran had the import of almost a ton of uranium from China, and could not account for missing processed uranium. During subsequent inspections, Iranian authorities repeatedly changed their stories when asked about the origin of weapons-grade uranium traces. Subsequent inspections exposed other lies. Finally, on Sept. 24, 2004, the IAEA Board of Governors, after recalling a litany of Iranian mistruths, found Iran in breach of its Non-Proliferation Treaty Safeguards Agreement. While Iranian officials have made many subsequent pledges to cooperate, their actions belie their words. They have yet to abide by the Additional Protocol's inspection standards and, earlier this year, turned away IAEA inspectors from Natanz in violation of the NPT.

While diplomacy necessarily involves talking to adversaries, Washington should not assume that the ayatollahs operate from the same set of ground rules. During his long exile in Najaf, Khomeini endorsed taqiya, religiously sanctioned dissembling. From his perspective and that of his followers, the ends justify the means. Hence, Khomeini saw nothing wrong when he told the Guardian newspaper, just months before his return to Iran, "I don't want to have the power of government in my hand; I am not interested in personal power." Tehran may still conduct diplomacy to fish for incentive and reward but, at its core, Iranian diplomacy is insincere. The Iranian leadership will say anything and do anything to buy the time necessary to acquire nuclear capability. That Foggy Bottom still advises against any strategy that might undercut the possibility of some illusionary breakthrough signals triumph not of realism but of negligence. Diplomacy cannot succeed if one side is playing for real and the other only for time.

Mr. Rubin, a resident scholar at the American Enterprise Institute, is co-author, with Patrick Clawson, of Eternal Iran: Continuity and Chaos (Palgrave, 2005).

Hostage To Iran Again? (NYT)

By Maureen Dowd

The New York Times, September 20, 2006

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It was galling to be lectured on ethics, truth, justice, virtue and respect for human rights by a Holocaust-denying, Iraq-meddling, American-hating pipsqueak. A guy who showed up to address the United Nations without bothering to wear a tie, so casual in a disco-looking cream suit and open-necked pink shirt he looked like he would kick back later in Chelsea.

If President Bush was bland, oblique and condescending in his U.N. remarks, bypassing President Mahmoud Ahmadinejad to speak directly to the people of Iran, the Iranian leader was more blunt — referring to America and Britain disdainfully as "the occupiers." "Not a day goes by without hundreds of people getting killed in cold blood," he said.

Iranian leaders love nothing more than taunting American presidents, as we learned when Jimmy Carter was emasculated during the hostage crisis. And so it was with Mr. Ahmadinejad, who took W. and Dick Cheney's refrain about how Republicans are needed to stiffen America's will and threw it back at them.

"There is no indication,'' he needled, "that the occupiers have the necessary political will to eliminate the sources of instability."

All day the White House team went through gyrations not to run into the Iranian leader, fearful to be caught in the same frame, perhaps haunted by memories of that picture of a smiling Rummy shaking Saddam's hand in 1983. It seemed a little silly, given what a tough guy W. acts like. If he ran into the punk, he could have just told him to quit processing uranium, and moved on. Bush aides assured reporters with asperity that they were not studying the Iranian president's route or bathroom schedule, that such a fixation would only build up a foe they were trying to cut down to size.

But it's a little late for that, with Mr. Ahmadinejad staring from the cover of Time with a story on "What War With Iran Would Look Like," and with Senator George Voinovich calling him "Ah-mad-in-a-head'' and "a Hitler type of person'' at a Senate committee hearing yesterday. (Can't pols just have little Post-its on their microphones reminding them not to compare anything to the Nazis?)

Mr. Bush played down Osama for five years, while he focused on Iraq. But his ill-fated detour into Baghdad just ended up magnifying another enemy and giving Mr. Ahmadinejad a huge strategic opportunity to stoke the growing fundamentalist and radical Shiite surge unleashed by the bungled occupation. Because W. blew off diplomacy with Iraq, he is now hostage to diplomacy with Iran.

The Iranian president sounded more scornful of the U.N. than Mr. Cheney does. "If the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?'' he said, complaining that they "arrogate to themselves simultaneously the roles of prosecutor, judge and executioner."

With their usual cultural tone-deafness, W. and Vice failed to appreciate the shrewdness of the nemesis they won't talk to, and continued to arrogantly act as though everything were going along great in their clash of civilizations.

W. went through a gauzy litany of progress on democratizing the Middle East, and speaking to auto dealers yesterday morning, Vice applied a Harry Truman phrase about the cold war, calling the war against terrorists a "war of nerves."

Vice said this is "a test of our character,'' and then went on to defend all the administration's attempts to put itself above the law on the wiretapping, torture and detention programs that have undermined America's moral repute in the world.

John McCain seems untroubled with those who say that his stand on torture might hurt him with the Republican base in 2008. After making nice with his former rival, W., for so long, the war hero probably enjoys getting in National Guard boy's face a little on an issue of principle.

W. has now put so many bad actors in the terror stew — some of whom hate each other — and has justified so many sketchy programs under the war-on-terror rubric, that the word "terror" is losing all meaning and just becoming a marketing slogan. Even the Republican columnist Peggy Noonan says that W. can be "a historical drama queen."

If our pursuit of terrorists who harmed us and want to hurt us again gets too diffuse, it's pointless, counterproductive and endless. The president's refusal to understand what's at stake in the torture debate is itself a kind of torture for Americans who don't want our moral power — and our pursuit of Al Qaeda — diluted.

First Lady Is Playing A Major Role On The World Stage (WP)

By Michael A. Fletcher, Washington Post Staff Writer

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The Washington Post, September 20, 2006

New York Events on Literacy, Burma Reflect Laura Bush's More Public Persona

NEW YORK -- On Monday, Laura Bush convened an international conference on literacy. Tuesday, she hosted a roundtable aimed at prodding the United Nations into action on the humanitarian crisis in Burma. Wednesday, she will address the Clinton Global Initiative. And Thursday, she is to receive a major international award.

By any measure, it is a busy week. It is particularly so for a first lady praised by some admirers as the "anti-Hillary" for her seeming preference for eschewing controversy and for embracing a more traditional role as first lady.

"Any one of those events on their own for a first lady is significant," said Anita McBride, Laura Bush's chief of staff. "Together, they are profound."

Laura Bush has proved to be a popular and comforting presence during the nearly six years that her husband has served as president. But she has mostly steered clear of a sustained public policy role, even as she has quietly championed issues close to her heart, including literacy, education, combating HIV and the rights of women.

Her portfolio is no different -- or more controversial -- this week. But her sustained presence at the center of the world stage is unprecedented, which White House aides are promoting in the belief that her emerging profile can only help bolster President Bush's sagging popularity.

Meanwhile, the first lady, once a reluctant campaigner, has established herself as a fundraising force for the GOP. In the current election cycle, she has appeared at 33 political events, raising nearly $12.4 million -- a substantial increase over 2002, according to the Republican National Committee.

The president has been a polarizing political presence both at home and abroad, but his wife remains popular. A Gallup-USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's approval rating of 40 percent.

"I think she is the most popular Republican in the country right now," said Myra G. Gutin, a first-lady historian at Rider University in Lawrenceville, N.J. "I think the public relations value is tremendous. It's not out of the ordinary for the first lady to be called upon when her popularity exceeds that of her husband."

Along with her expanding political role, Laura Bush is becoming a high-profile ambassador for the social and humanitarian portions of the president's agenda. In the nearly two years since the start of his second term, she has embarked on seven solo international trips -- three more than she took during the entire first term. Many of them have given her an up-close view of the AIDS crisis, human rights abuses and the repression that women encounter in many corners of the globe.

"She's been the face of, as far as the public face of, the U.S. government commitment on AIDS, on human rights, on democracy," McBride said. "So I think he's seen what all of you have seen -- she's been a voice for the commitments that the U.S. government is making on these issues."

This all represents a long journey for a former teacher and librarian who asked her future husband to promise never to ask her to give a political speech. Her relative silence on policy issues is far different from that of her predecessor, Hillary Rodham Clinton.

Hillary Clinton maintained an office in the West Wing of the White House, which is populated by top presidential policymakers, and she was the chief architect of the Clinton administration's failed effort to restructure the nation's health-care system.

Laura Bush works out of an office in the East Wing, where some shelves are reserved for children's books. Still, she is hardly lacking in opinions, even if she is careful to ensure that they rarely eclipse those of her husband.

A casually elegant woman with a penetrating gaze, Bush often wears a Cheshire-cat smile that admirers say both conceals and protects her independence. She proved to be a steadying hand for the nation after the Sept. 11, 2001, attacks, by going on national television with advice for parents on how to help their children cope with the disaster. Aides say she has strong views on women's and educational issues but makes them known selectively within the administration.

Peter Smith, assistant director general for UNESCO, met with her twice in planning for a literacy conference and was impressed. "She is a person of enormous passion on literacy," he said. "It is not that she jumps up or shouts about things. Her passion has an enduring, no-nonsense quality to it."

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Some admirers have been quick to contrast her with her predecessor, but Laura Bush dismisses such comparisons.

"I don't bake cookies," she said during a 2004 White House interview with the Chicago Tribune in 2004. Protesting that the press is often eager to put the first lady in a box, she added: "The people who have lived here are more complicated than that."

During a visit to Africa last year, she surprised the president by telling reporters he should consider a woman to replace retiring Supreme Court Justice Sandra Day O'Connor. Later, when the president nominated little-known White House counsel Harriet E. Miers for the post, provoking a revolt among some in the right wing of the GOP that eventually forced Miers's withdrawal, Bush speculated that some of the opposition to Miers may have been motivated by sexism. She has publicly lamented that some politicians have made a campaign issue of same-sex marriage -- even as her husband reaffirmed his support of a constitutional amendment to ban such unions.

The first lady delivered a presidential radio address in November 2001 on the plight of women in Afghanistan under the repressive Taliban regime. And she also pressed to visit that country, a wish that was fulfilled last year.

"Those are the things that she says she has always had an interest in -- it's just now she's expanding that interest," said Susan Whitson, her press secretary.

Her work has taken center stage this week in New York. During the global literacy conference, whose participants included first ladies from 32 nations, she was clear in her conviction that literacy is a cornerstone of liberty and self-sufficiency. Two-thirds of the world's 771 million illiterate adults are women, Bush said.

"By investing in literacy and education, governments build their economies," she said in the meeting's opening remarks.

During a meeting at the United Nations Tuesday, Bush sat at the head of a semicircular table as half a dozen health experts and officials from relief organizations briefed her on the drug trade and sex trafficking and on the horrific health and human rights problems in Burma, which is also known as Myanmar.

In remarks before the meeting, Bush said she has taken an interest in Aung San Suu Kyi, the democracy activist and Nobel laureate who remains under house arrest in Burma.

"Her example of her life actually calls attention to the situation in her country," Bush said. "And because of the attention that she gets from people around the world, we also now look at Burma and we want to see what we can do -- is there anything we can do to make sure she, as well as all the other political prisoners, are released, and that her country can reconcile."

First Lady Urges Swift Action On Myanmar (AP)

By Foster Klug

AP, September 19, 2006

First lady Laura Bush on Tuesday called for Myanmar's military rulers to release imprisoned pro-democracy leader Aung San Suu Kyi and urged the U.N. Security Council to issue a swift resolution condemning the junta.

"The United States will work very hard with other members of the Security Council to get a good resolution about Burma," Mrs. Bush told a panel of diplomats and Myanmar experts on the sidelines of the U.N. General Assembly meeting of world leaders. "The sooner the better."

The Security Council recently placed Myanmar, also known as Burma, on its agenda — something the United States has been pushing for, despite opposition from some of Myanmar's neighbors.

"It's really important for Burma's neighbors to speak with one voice," the first lady said. While the United States believes strong sanctions are the best way to force change in the country, others favor discussions with the generals.

U.S. officials also want the United Nations to call on Myanmar to release Suu Kyi, who has been in detention for much of the last 17 years. She is among some 1,100 political prisoners.

"We want to see what we can do — is there anything we can do to make sure she as well as all the other political prisoners are released," Bush said of Suu Kyi.

The U.N. Security Council held a rare briefing last year on political and social deterioration in Myanmar, but U.S. lawmakers want more done. They argue that isolating the junta should not be solely an American effort and have urged pressure be ramped up from China, Thailand and India, which they criticize for their economic ties with Myanmar's generals.

In August, President Bush approved a renewal of sanctions against Myanmar, extending for a year import restrictions.

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Zaid Ibrahim, a member of Malaysia's parliament and the head of the Association of Southeast Asian Nations' Inter-Parliamentary Myanmar Caucus, said governments in the region are fed up with junta.

"The only way we can hope for real change is when this regime cracks," Ibrahim said. "Pressure works, although some people question that."

U.N. Undersecretary-General for Political Affairs Ibrahim Gambari, who was allowed to visit Myanmar earlier this year and meet with Suu Kyi, said he hoped to return and see if any progress has been made since his last visit.

Clinton, Gingrich Both Defend The Pope (AP)

By Devlin Barrett

AP, September 19, 2006

Sen. Hillary Rodham Clinton and former House Speaker Newt Gingrich, longtime foes in American politics, forcefully defended Pope Benedict XVI on Tuesday against a wave of Muslim criticism over a speech last week.

When asked about the controversy prior to her speech at an American Cancer Society event, Clinton, D-N.Y., said the pope's follow-up statement should have been enough to settle the matter.

"It's just outrageous and offensive that people would be threatening violence against him based on what he said, especially when there is so much they should be working on together," Clinton said.

The former first lady has a huge lead in her Senate re-election bid this year. Her opponent, Republican John Spencer, had criticized her Tuesday for not speaking out in the pope's defense.

After appearing onstage with Clinton at the cancer event, Gingrich was even more outspoken about the religious tension.

"I think what he said in his entire speech ... is that Islam has to come to grips with having a genuine dialogue of mutual respect," said Gingrich, a Georgia Republican when he was in the House. "Everything you've seen of the viciousness and the evil that has been said since then by fanatics reinforces the pope's speech."

Both Clinton and Gingrich, who as House speaker sparred for years with President Clinton, are considered potential presidential candidates in 2008.

Benedict angered much of the Muslim world with a speech that cited a Medieval text that characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith." He later said he was "deeply sorry" if Muslims were offended, but some Muslims demanded a more forceful apology.

The comments led to mass protests in several Muslim countries. In Somalia, a Catholic nun was slain, a shooting that may have been motivated by anger at the pope's remarks.

"I think it's amazing that a 65-year-old nun who's serving as a nurse in Somalia can be killed over words, and people aren't outraged by the vicious barbarians that killed her," Gingrich said.

Tough-Talking Pope Has History With Muslims, Refuses To Give In (WT)

By Julia Duin

The Washington Times, September 20, 2006

Known for his toughness on matters of Catholic doctrine, Pope Benedict XVI gives no quarter when it comes to questions about Islam.

Unlike his predecessor, Pope John Paul II, Benedict has never drawn flak for saying that Muslims and Christians pray to the same God or been accused of waffling on whether Christianity is superior to the religion of prophet Muhammad.

Still, he has dialogued with Muslims for years and, just after his installation as pope 17 months ago, specifically mentioned them in an address to members of other religions.

But, during a lecture Sept. 12 in Regensburg, Germany, he quoted a 14th-century Byzantine emperor, Manuel II Paleologos, as saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Even though the pope described the quote as "marginal" and "brusque," Muslims around the world have called for the pontiff's death, churches in the West Bank and the Gaza Strip were firebombed over the weekend, and a nun was killed Sunday in Somalia, in an apparently related attack.

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Still, "challenging Islam is not Benedict's priority," says David Gibson, author of the just-released book "The Rule of Benedict." "He doesn't want to see this as a debate between equals. There's no theological parity between the two. He's not there to compromise on that.

"One of the reasons he was elected last year was the cardinals felt he'd be much more confrontational with Islam. Benedict has voiced real doubts about Islam's ability to reform itself."

Benedict has studied Islam extensively and, in a 1997 interview with German journalist Peter Seewald, dealt generously with the religion.

"There is a noble Islam, embodied, for example, by the King of Morocco, and there is also the extremist, terrorist Islam, which, again, one must not identify with Islam as a whole, which would do it an injustice," the then-Cardinal Joseph Ratzinger said.

Still, he added, Islam does not fit in with Western civilization.

"Islam has a total organization of life that is completely different from ours; it embraces simply everything," he said. "There is a very marked subordination of woman to man; there is a very tightly knit criminal law, indeed, a law regulating all areas of life, that is opposed to our modern ideas about society. One has to have a clear understanding that it is not simply a denomination that can be included in the free realm of a pluralistic society."

He has refused to alter his conviction that Islam's propensity to live by the power of the sword must be moderated.

"Certainly, it has elements that favor peace, as it has other elements," he told Italian journalists in July 2005. "We always have to seek to find the best elements that help."

Unlike John Paul, who visited a mosque in Damascus, Syria, in 2001, Benedict is loath to mix religions. Last year, while in Cologne, Germany, for World Youth Day, he turned down a request by Muslim leaders to visit a mosque there, in a city known as a European base for the radical Muslim Brotherhood.

But he did meet with Muslim leaders, who he said are viewed "with respect" by Catholics.

"We must seek paths of reconciliation and learn to live with respect for each other's identity," he added. "The defense of religious freedom, in this sense, is a permanent imperative, and respect for minorities is a clear sign of true civilization."

In March, the pope summoned 179 cardinals to Rome to discuss Islam, said John L. Allen Jr., author of "The Rise of Benedict XVI." At issue was increasing persecution of Christians in Islamic countries, he said in an interview

"He feels that if we have dialogue, we need to talk about things," Mr. Allen said of the pope, "and not just be nice to each other. When he said on Sunday that he wants a 'frank and sincere dialogue,' he meant that we have to put actual issues on the table.

"The great challenge is if he can find the vocabulary to raise these issues. And can he find a conversation partner? Are there credible forces within Islam who can engage in a discussion based on reason?"

Muslim Anger At Pope Shows Signs Of Easing (NYT)

By Ian Fisher And Peter Kiefer

The New York Times, September 20, 2006

ROME, Sept. 19 — President Mahmoud Ahmadinejad of Iran suggested today that Pope Benedict XVI had satisfactorily “modified” his remarks on Islam, one sign of an apparent easing of anger since the pope issued an apology on Sunday for the reaction to his words.

“We respect the pope and all those interested in peace and justice,” Mr. Ahmadinejad, a devout Muslim and hardliner against the West, told reporters before leaving Venezuela. “I understand that he has modified the remarks he made.”

On Sunday, Pope Benedict said he was “very sorry” for the anger and protests that erupted around the Muslim world since he gave a speech a week ago, citing a medieval text describing Islam as “evil and inhuman.” Several churches were attacked the West Bank and Gaza, and a Catholic nun was killed in Somalia, although it is not certain the slaying came in reaction to the pope’s remarks.

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Since the pope issued his apology on Sunday, some Muslims have said he did not go far enough: While he did say that he did not agree with the description of Islam, he did not apologize for having using the quotes. Today, some Muslims continued to demand a fuller apology.

"Either apologize or don't come," read banners at a protest today in Turkey, where the pope's scheduled trip in November has come under criticism since he made the speech. Officials from both the Turkish government and the Vatican said they expected the trip still to go forward.

In Libya on Monday, a son of the nation's leader, Col. Muammar el-Qaddafi, said he did not accept the apology and suggested instead that that pope convert to Islam.

"If this person were really someone reasonable, he would not agree to remain at his post one minute but would convert to Islam immediately," the son, Mohammed Qaddafi, said at an awards ceremony, according to news agencies.

But today, many more Muslims echoed the sentiments of the top imam in Rome, who said the pope had "stepped back" from his original comments.

"We are always ready for dialogue, always ready for co habitation, anywhere, even in those moments when we are wounded," the imam, Sami Salem, said after an inter-religious meeting here which also Jews and Catholics.

But he said: "Dialogue is not an empty word, it should be a fact. The word is not enough."

Also at the meeting, which had been planned before the pope's speech, was the Vatican's top official on inter-religious dialogue, Cardinal Paul Poupard. He echoed the imam's call for greater dialogue among religions, although Benedict has been more skeptical about talk for its own sake and has not yet sketched out practical vision for dialogue.

"The alternative road other than terrorism and violence is dialogue and this road passes through the recognition of differences in this difficult moment our presence here means an invitation to an authentic dialogue between those who believe in one God," he said.

Today, the pope issued condolences to the nun, Sister Leonella Sgorbati, shot to death in Somalia with her bodyguard. He did so through his new secretary of state, Cardinal Tarcisio Bertone, who said the nun was killed "barbarically."

"In repeating a firm condemnation of all forms of violence, his holiness the pope hopes that the blood shed by such a faithful follower of the Gospel will become a seed of hope to build an authentic brotherhood between peoples, in a spirit of mutual respect for each other's religious convictions," a Vatican statement said.

The Pope's Act Of Contrition (NYT)

The New York Times, September 20, 2006

Now that Pope Benedict XVI has expressed regret for offending Muslims in remarks he made last week, we hope Catholic s and Muslims alike will put aside the pontiff's ill-considered comments and move forward in a conciliatory spirit.

Muslim leaders need to condemn the specific acts of violence that followed the pope's speech. Even more important, they must work against the nurturing of grievance that magnifies and politicizes insults, giving them a destructive dynamic.

There are hopeful examples of such leadership. Muhammad Habash, head of the center for Islamic studies in Damascus, acknowledged Muslims' shock at the pope's remarks but said that now "it is our turn to call for calming the situation." The top Islamic cleric in Turkey, Ali Bardakoglu, who had sharply criticized the pope, accepted the apology. He said Benedict's "expression of sadness is a sign that he would work for world peace."

The pope and the Vatican can also do more. For the past two years, Benedict has been a no-show at interfaith gatherings in Assisi, begun 20 years ago by his predecessor, John Paul II. Last year, he issued an edict revoking the autonom y of Assisi's Franciscan monks, a move that was seen as a reaction against the monks' interfaith activism. On the occasion of this year's gathering, he issued a statement about religion and peace that was read by an envoy, but his absence spoke louder than his words.

The pope also recently reassigned the Vatican's former head of interreligious dialogue, Archbishop Michael Fitzgerald, an expert on Arab affairs, to a diplomatic post in Egypt. According to a report in The Times by Ian Fisher, the move was inte rpreted by some church experts as reflecting Benedict's skepticism of dialogue with Muslims. As his unfortunate comments show, the pope needs high-level experts on Islam to help guide him.

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In offering his regrets, the pope said that in its totality, his speech was intended as "an invitation to frank and sincere dialogue, with great mutual respect." In living up to that, he and other top Vatican officials will have to accept that genuine communication cannot occur on their terms only.

Israel To Pull Last Lebanon Troops By Weekend (NYT)

By Steven Erlanger

The New York Times, September 20, 2006

JERUSALEM, Sept. 19 — Israel hopes to pull its last troops out of Lebanon by sundown on Friday, which marks the beginning of the Jewish new year, the chief of the Israeli military, Lt. Gen. Dan Halutz, said today.

"If all goes without a hitch, to the satisfaction of all sides, the working assumption is that the I.D.F. will leave all the areas it controls by the Jewish New Year holiday," General Halutz told a parliamentary committee, according to a parliamentary spokesman.

If not, General Halutz said, the Israeli withdrawal "would be delayed another week." But he said that Hezbollah had respected the cease-fire ending the 34-day war that began on July 12.

The United Nations said today that the number of foreign peacekeepers in Lebanon had reached 4,950, which Secretary General Kofi Annan has said is sufficient to allow Israel to leave. The number is considerably short of the maximum number of 15,000 foreseen in the Security Council resolution that ended the hostilities.

But however thin on the ground the United Nations forces may be, Israel is clearly reluctant to stay much longer in southern Lebanon, where an unknown number of Israeli troops are vulnerable to attack. Earlier, Israel said it had already withdrawn from some 80 percent of the Lebanese territory it occupied, ceding its positions to the Lebanese Army and United Nations troops.

General Halutz also said, however, that the Hezbollah militia has fully abided by the United Nations cease-fire. He said that Hezbollah fighters were not wearing uniforms or carrying weapons, and that Israel had detected no significant resupply of weapons and missiles to Hezbollah from sponsors Syria and Iran.

The Hezbollah leader, Sheik Hassan Nasrallah, has said that his militia would obey the cease-fire, and that if he had foreseen the harsh Israeli response to the Hezbollah raid into Israel in July 12 that captured two soldiers, he would not have ordered the attack.

Israel is hoping that the two soldiers — and a third, captured near Gaza by Palestinian militants in late June — will be released by the Jewish holiday.

In Beirut today, the United Nations humanitarian coordinator, David Shearer, said that Israel had scattered at least 350,000 unexploded cluster bomblets over south Lebanon toward the end of the war. "The outrageous fact is that nearly all of these munitions were fired in the last three to four days of the war," Mr. Shearer said.

He said that the number was based on Israeli estimates and excluded cluster bombs dropped by aircraft, and noted that three Lebanese a day had been killed or wounded by the munitions since the war ended. Israeli officials have said that cluster munitions are legal and were not fired indiscriminately.

In Gaza today, Palestinian gunmen broke into the office of WAFA, a prominent Palestinian news agency under the control of President Mahmoud Abbas. The gunmen beat up a reporter, who was taken to the hospital, and vandalized equipment, the news agency said. The gunmen accused WAFA of favoring Fatah in its news coverage.

Mr. Abbas is in New York at the United Nations General Assembly, where he met on Monday with Foreign Minister Tzipi Livni of Israel. Ms. Livni said that Israel wants to reopen a dialogue with Mr. Abbas, who said that the two "talked about everything" in what he called "a very, very positive meeting."

Mr. Abbas is trying to convince Israel and the United States that a proposed national-unity government with Hamas will satisfy Western demands that Hamas recognize the right of Israel to exist, forswear violence and accept prior Israeli-Palestinian agreements.

But a draft political program for a new government, published by the Palestinian Media Network in Gaza, does not mention Israel at all. It does speak of Palestinians achieving the goal of a sovereign state on all territories occupied by Israel in 1967 "using all legitimate means and methods," recognizes the Palestine Liberation Organization as the "sole and legitimate

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representative of the Palestinian people" and says that the government "shall respect the agreements signed by the P.L.O." but "in a manner that protects and safeguards the higher interests and the rights of the Palestinian people."

The program notes that the government should promote its goals based on an Arab initiative that called for peace with Israel on 1967 lines but it adds, "without affecting any rights of the Palestinian people."

Such phrases, and another emphasizing "the right of return" of Palestinian refugees, are seen by Israeli as only a conditional acceptance of a two-state solution and thus falling short of international demands.

In Gaza, The Rule By The Gun Draws Many Competitors (NYT)

By Steven Erlanger

The New York Times, September 19, 2006

GAZA, Sept. 12 — Nabil Shaath, one of the most prominent Palestinian officials and a close adviser to the president, Mahmoud Abbas, had his own taste of Gazan chaos the other day. At sunset, on a crowded city street, his green BMW was carjacked at gunpoint.

Mr. Shaath was not in the car, only his driver, who had to be treated at a hospital. But the boldness of the gang that carried out the theft was the talk of Gaza.

As Mr. Abbas tries to assemble a national unity government that might enable Israeli and Western funds to flow back to the Palestinian Authority, the battling between gunmen affiliated with his Fatah faction and those of Hamas, the radical Islamist party which came to power after January's legislative elections, continues apace.

The fighting is part of a struggle for power in the one part of the Palestinian territories that Israel has largely abandoned. The rivalry has been visible in the murders of prominent officials, in clashes on street corners and in the creation, against the express orders of Mr. Abbas, of a Hamas-run "Executive Force," a separate police force dressed in camouflage pants, black shirts and, invariably, beards.

Even in the strikes by civil servants against the Hamas government led by Prime Minister Ismail Haniya — strikes orchestrated by Fatah, but rooted in genuine anger over nonpayment of salaries — there is an element of armed menace.

On a recent day, Fatah-affiliated policemen of the preventive security forces, loyal to Muhammad Dahlan, their former commander and a local Fatah leader, marched boldly in the streets over their pay. Those close to Hamas have at different times tried to kill Mr. Dahlan, who as the preventive security director, on the orders of the late Yasir Arafat, carried out a crackdown on Hamas in Gaza in 1995, jailing as many as 2,000 of its members. Hamas prisoners had their beards cut and some — including the current foreign minister, Mahmoud Zahar — were reportedly tortured.

As the policemen marched recently, they chanted in rhyming Arabic: "You Zahar, tell Haniya, we're going to go back to era of the bottle," a reference to one means of torture, when prisoners were sodomized with a soda bottle.

[On Monday, Mr. Haniya had to cancel a parliamentary briefing on the prospects for a new government when hundreds of protesters, most striking over unpaid wages, blocked his motorcade. Some jumped on his car and scuffled with his bodyguards, who fired shots into the air. On Monday night, there was a large Hamas counterdemonstration.]

Such clashes are compounded by the criminal activities of various gangs and clans, or hamullas, that engage in racketeering, carjacking and kidnapping. And those clans and gangs, with relatively defined territories, are represented in the security forces and armed groups of all factions.

One Gaza kidnapping that received significant attention was of two Fox News journalists, Steve Centanni and his cameraman, Olaf Wiig. For nearly two weeks last month, they were held by a mysterious group which first demanded that all Muslim prisoners in American jails be released. In the end, the group insisted that the two men pay a ransom, convert to Islam or be murdered.

Here, the kidnapping is viewed as the work of the Dagmush clan of northern Gaza City. It is regarded as highly professional, with links to criminal enterprises and various militant factions, including Hamas and the Popular Resistance Committees. The head of the latter, Jamal Abu Samahdana, himself part of a big Palestinian clan, had been appointed by Hamas as leader of the Executive Force and was killed by Israel; some Gazan analysts saw the Fox kidnapping as a way for the clan leader Mumtaz Dagmush to press to be appointed his successor.

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If true, the kidnapping was another indication of the close connections among crime, militants and the rival official security forces — the kind of connections that make political leadership in Gaza seem so weak and, at times, irrelevant.

"Hamas and Fatah are shooting each other and we, the Palestinian people, are in the middle," said Ghazi Abu Shaban, 59, a math teacher at the Bashir El Rayes High School for girls. In the disorder of Gaza, the school is immaculate, refurbished with the help of German aid. Mr. Shaban has taught here for 34 years, and has seen the students go from loose hair and tight clothing to the long black cloaks and white head scarves in favor today.

Mr. Shaban and the school's headmistress, Nadra Bseisso, joined a brief teachers' strike called by their union over the failure to pay salaries, and then resented it when so-called volunteers were sent by the Hamas government to teach in their place. "We feel abused and manipulated by the president and the government competing against one another," Mr. Shaban said.

Still, he and Ms. Bseisso have worked hard to keep politics out of the school and have nothing but praise for the Executive Force, which guards the street by the school and shoos away flocks of young men who used to come to harass and flirt with the students. "They also help prevent theft," Ms. Bseisso said. "The problem is that some gunmen from Fatah will come and taunt them, and we worry about clashes."

Hamdi Shaqqura, a director at the Palestinian Center for Human Rights, said: "The main issue in Gaza is the security chaos — the attacks on people, on internationals, on journalists. Crime is everywhere, and 90 percent of the attacks come from those in the security forces, with no punishment. So as an ordinary citizen, I see this and take the law into my own hands."

Not far away, on a street near parliament, is a store that has been sold by its owners, two sisters, to raise cash. But a young nephew is angry because he wanted the store for himself. To put pressure on his aunts, he recently brought over four men from the Hassanain clan, dressed in black, with long beards and M-16's. They came in two glinting silver Mercedes-Benzes, with no license plates.

Later, neighbors said, the aunts called Hamas, which sent some men with their own guns and beards. They whispered to the gunmen, who drove away. But the Hassanain gunmen returned the next day — not only with their guns and cars, but with a lion they stole from the zoo.

Not far away from the store is a house on a plot of land. The owner died recently, and his son lives abroad. An armed member of another clan came by, neighbors said, to claim the house. He is a member of Mr. Abbas's presidential guard, and the neighbors expect him to move in any day now.

Israel And The Quartet Must Seize The Moment (FT)

By Gareth Evans

Financial Times, September 20, 2006

If there is to be any chance of forging new momentum for a comprehensive Arab-Israeli peace settlement out of the ashes of the past several months, it will have to begin with acceptance of the leadership chosen by the Palestinians as a legitimate partner by Israel and the Quartet (America, the European Union, Russia and the United Nations).

That was not possible so long as Hamas made up the whole of the Palestinian government and refused to accept the Quartet's three conditions: that it renounce violence, recognise Israel and abide by past Israeli-Palestinian accords. But things are about to change. An understanding has been reached between Mahmoud Abbas, Fatah's Palestinian president, and Ismail Haniya, the prime minister from Hamas, on establishing a government of national unity. Its political programme will, on current indications, go a significant way towards meeting international concerns, accepting two of the three criteria in practice and one in principle.

The new government is expected to commit itself to honouring international accords the Palestine Liberation Organisation signed with Israel, and to achieving a mutual ceasefire. There will be an implicit recognition of Israel, both through acceptance of past agreements and the endorsement of the 2002 Arab peace initiative, which ties normal relations with Israel to a full withdrawal from occupied territory and resolution of the refugee question. More-over, negotiations will be conducted by Mr Abbas, who accepts all three criteria without reservation, significantly enhancing his authority and guaranteeing both Israel and the international community an interlocutor they claim to respect.

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The Quartet members, when they meet in New York, should acknowledge all this as a significant turning point. But there is a serious risk they will not. While there have been encouraging signs from the other Quartet members, the door of the US has remained shut.

That is a mistake. Hamas cannot be eliminated by denial and has earned the democratic right to a place in government. As the Quartet announced in its first post-election statement, all parties should respect the results.

Moreover, since then Hamas leaders have displayed some ideological flexibility, making clear that they are ready to share power with Fatah and to yield the negotiating mandate to the leader of the PLO. These developments are all the more remarkable when judged against the background of a raging conflict in Gaza and a fiscal crisis artificially stimulated through a financial and trade embargo. Amid this maelstrom there will still be a Palestinian government committed to a negotiated settlement, led by the two prime factions whose rivalry hitherto undermined peace efforts.

There are undeniably problems. The understanding is peppered with caveats. But cooler heads should regard these as opt-in rather than opt-out provisions, designed to ensure the broadest possible Palestinian buy-in. If the bar is raised any higher, the numbers of dissenting factions baying at the gates of the waning Palestinian Authority could grow to dangerous proportions. Hardest to accept will be no explicit recognition of Israel. But Israel engages warmly with many governments in the region that do not formally recognise it. The two Arab states which did so – Egypt and Jordan – acted only after their conflict over borders was resolved.

The Quartet should welcome the formation of a national unity government and then focus on what really matters: whether it is prepared to transform its words into action by enforcing a real ceasefire on all Palestinian factions. To give the government vital breathing space, the Quartet should lift its financial boycott and support the lifting of the Israeli siege by returning its monitors to the Rafah passenger crossing and stationing fresh ones at the Karni goods crossing. And it should help the PA rebuild its institutional capacity.

One further step is required. Without Israeli reciprocity, no agreement can hold. The Quartet must now ask Israel to honour agreements such as the roadmap; to transfer outstanding tax revenues; agree to a mutual cessation of violence by ending assassinations, incursions and bombardment; and resume bilateral negotiations in good faith. The Quartet should also establish an effective monitoring presence on the ground to verify both sides' implementation of these steps. After six years without a political process, it is time for the casuistry to stop and serious negotiations to begin.

The writer is president of the International Crisis Group

Bush Buries The Lead (LAT)

The Los Angeles Times, September 20, 2006

WHEN A REPORTER DOESN'T get to the most newsworthy information until the middle of his story, an editor will complain that he's "burying the lead." That's what President Bush may have done Tuesday in his address to the United Nations General Assembly — but nobody should complain. The buried lead in Bush's U.N. remarks about the democratization of the Middle East was his announcement of a potentially significant U.S. initiative for peace between Israel and the Palestinians.

Bush addressed what he called "peace in the Holy Land" only after taking the delegates through a tour of developments in the region — including in Afghanistan and Iraq — and throwing U.S. support behind a peacekeeping force in Sudan. But when Bush did get to the Israeli-Palestinian issue, what he said was consistent with — and different from — his earlier remarks about the spread of democracy in the region.

Surprisingly, Bush linked elections in the Palestinian territories to the expansion of the franchise elsewhere in the Arab world. Referring to Hamas, the rejectionist Islamic party with which Israel rightly refuses to negotiate, Bush said: "The leaders of Hamas campaigned on a platform of ending corruption and improving the lives of the Palestinian people, and they prevailed. The world is waiting to see whether the Hamas government will follow through on its promises or pursue an extremist agenda."

The implication is that Palestinians who voted for Hamas did so despite, not because of, the movement's antipathy toward Israel. The truth, as Bush surely knows, is more complicated. Bush also spoke with a new urgency about the need for negotiations to achieve a two-state solution for Israelis and Palestinians. He reaffirmed U.S. support for the "road map" for Israeli-

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Palestinian negotiations agreed on in 2002 by the U.S., the U.N., Russia and the European Union. And he said Secretary of State Condoleezza Rice would lead a renewed diplomatic effort in the region.

Again, while this might sound like diplomatic boilerplate, it amounts to a subtle change in direction. In May, Bush seemed receptive to Prime Minister Ehud Olmert's proposals for unilateral Israeli withdrawal from parts of the West Bank, a plan predicated on the idea that the road map had become irrelevant. Now the president has unfolded the map again and invited Palestinians to take advantage of it. Hamas should "serve the interests of the Palestinian people," Bush said. "Abandon terror, recognize Israel's right to exist, honor agreements and work for peace." That may sound like a stern injunction, but it also offers Hamas a route to respectability.

Buried as they were in his speech, Bush's comments about the Arab-Israeli conflict were notable because they fit awkwardly into his main theme of democracy as the solution to tensions in the region. Democracy is important, but so are security for Israel and independence for the Palestinians.

Yemen moves along volatile path to democracy (CSM)

By Ginny Hill

The Christian Science Monitor, September 20, 2006

Nine million voters are set to go to the polls here Wednesday in combined presidential and local elections, concluding a heated and sometimes deadly month-long campaign.

Some 90,000 police and troops will deploy in an attempt to minimize the violence that has claimed at least seven lives in clashes between supporters of rival candidates in this country where small arms are freely available and gun ownership is the norm.

President Ali Abdullah Saleh, who in June reversed his earlier decision to step down after nearly three decades in power, is seeking a mandate for another seven-year term. His reelection is almost certain, observers say, raising questions about the pace of progress toward democracy, 15 years after Yemen became the first country to introduce to universal suffrage to the Arabian Peninsula.

"The prospect of replacing [President] Saleh probably scares a lot of people, because it would bring uncertainty and changes to the settled order," says Paul Harris, director of IFES, a prodemocracy organization based in Washington that will take part in monitoring the election. "But the constitution now limits the president to serving two elected terms in office, which - if he wins this year - would set Saleh's retirement date for his 70s."

Yemen has been an ally to the US in the global fight against terror. But critics maintain that corruption is rife here and the government is largely forced to rule through tribal proxies outside the capital Sanaa. And Yemen has long had a reputation for cultivating and exporting terrorism. The main challenger for the presidency, Faisal bin Shamlan, has been embroiled in election-eve allegations that his bodyguard was a senior Al Qaeda militant planning attacks against US interests in Sanaa.

Saleh, president of North Yemen and commander-in-chief of the armed forces prior to unification in 1990, emerged as Yemen's leader when the end of the cold war led to the collapse of the Socialist government in South Yemen and concluded more than a decade of conflict. During 28 years at the top, he has had to manage a complex network of tribal loyalties and military interests that run parallel to and often override party politics and parliamentary structures.

In 1999, in the first direct presidential elections, Saleh stood against a candidate from his own party - the General People's Congress (GPC) - and won 96 percent of the vote. Now, he is fighting his second election campaign and faces his most serious challenger in Mr. Shamlan, a former oil minister who resigned from his post in 1995 during a coalition government in protest over corruption, representing an alliance of the five main opposition parties.

Hamoud Munasser, a Yemeni journalist, says this is an important election for the development of democracy "because, for the first time, there is real competition between the ruling party and the opposition coalition.

"We used to get only one choice, but we have many choices now - both for president and at the local level," he says.

Yemen's month-long election campaign has shown all the signs of popular participation, with extensive media coverage and mass rallies in every major city.

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Half-a-million people turned out on Monday to hear Saleh's final speech in Sanaa. He was dressed in a Western-style suit and surrounded by traditional Yemeni displays of horse-riding and dancing to create a spectacular piece of political theater.

By contrast, Shamlan's finale attracted fewer than 80,000 people. Supporters complained that police were preventing them from reaching the stadium. But people in the crowd were adamant that their man would bring the about changes that Yemen needs.

"I'm voting for bin Shamlan because he's an honest man. I believe he'll eradicate the corruption that dominates our government and institutions," says Sheikh Faisal bin Ali al-Gabri.

Away from the throng, others are more cynical about the prospects for the future. "Nothing will change as a result of this election," says one retired clerk, who has no intention of voting Wednesday. "There is no such thing as an Arab democracy. It's just an illusion."

Hafez al-Bukari, director of the Yemen Polling Center, says the opposition coalition is not competing on a level playing field.

"The GPC is the dominant party, both in terms of resources and control of media coverage," he says. "After decades of the status quo, people don't distinguish between the GPC and the state. They think that all benefits arising from the state are actually coming from the president's party."

During parliamentary elections in 2003, the National Democratic Institute (NDI) expressed concerns that the vote had been undermined by political intimidation, vote-buying, underage voting, and inappropriate behavior by the security forces.

On Wednesday, a 100-strong team of observers from the European Union will assess procedures in every governorate in the country in Yemen's largest monitoring operation to date.

Whatever the outcome of the vote, Yemen must eventually move toward its first peaceful transfer of power, observers say, even if turns out to be in-house affair. The front-runner for succession is currently Saleh's son, Ahmed, who is head of the Republican Guard and Special Forces.

With widespread poverty, rapid population growth, and a weak economy reliant on modest oil reserves that are less than a decade from running out, the challenges facing the country at the next elections in 2013 will only worsen unless substantial and effective reforms are introduced in the new presidential term.

Somalia Leader Survives Attack (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, September 19, 2006

A car bombing, a rarity in the nation, kills eight outside parliament. Some fingers point to Islamist council, which denies involvement.

MOGADISHU, Somalia — The transitional president of Somalia narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament.

President Abdullahi Yusuf was unharmed. However, eight other people, including his brother and several security guards, were killed by the blast in Baidoa, the nation's provisional capital.

The attack marked the second consecutive day of bloodshed in the Horn of Africa nation, which has been without a functioning government since 1991. On Sunday, gunmen in Mogadishu shot to death an Italian nun and her bodyguard outside a children's hospital.

Despite years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants. One government minister described the bombing as an "Al Qaeda-type" attack. No one immediately claimed responsibility.

"We hear about this type of thing in Iraq, but not Somalia," said Abdul Fatah Ibrahim Rasheed, a member of parliament. "This is something that is very new for us."

The blast came at a particularly sensitive time for the government. Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year. Some officials in Baidoa accused the group of participating in the attack.

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"It will jeopardize the peace process if it becomes very obvious that the Islamists are behind this terrorist act," Foreign Minister Ismail Hurre Buba Hurre said during a visit to Nairobi, the Kenyan capital.

Islamist officials denied any knowledge of the attack.

"We know nothing about it, but we are very sorry for anything that hurts the security of Somalia," said Sheik Mukhtar Robow, deputy security chief for the courts council, an alliance of religious leaders formed in an attempt to bring order to Mogadishu.

Both sides are to meet again in Khartoum, the Sudanese capital, next month to continue negotiations.

Witnesses said the bomb, apparently hidden in a small car outside the parliament compound, detonated as the president's motorcade was leaving the facility. Yusuf had just addressed lawmakers, urging them to put aside their differences and endorse his newly reshuffled Cabinet.

There were conflicting reports about whether the car was parked or was driven by a suicide bomber. In a radio address Monday night, Yusuf said authorities had recovered the remains of a person they believed might have been the suicide driver.

The blast ignited at least seven other cars and flung wreckage more than 100 yards to the doorstep of the parliament building, witnesses said. Inside, panicked lawmakers screamed and fled the building. Security guards fired into the air, adding to the sense of chaos, witnesses said.

"We thought we were under attack," said Ahmed Omar Gagale, a member of parliament. "It sounded like mortars, especially when some of the other cars began to explode from the fire."

After its formation at an internationally sponsored conference in 2004, the transitional government opted to reside in Baidoa rather than Mogadishu because of violence in the nation's traditional capital.

Since Islamists drove out the warlords who had carved up control of the city, security in Mogadishu has improved dramatically, while bloodshed in Baidoa has been rising. In July, gunmen shot a government minister as he left a mosque in Baidoa.

"It's getting very scary there," said Asha Ahmed Abdalla, a member of parliament.

Prime Minister Ali Mohammed Gedi escaped two assassination attempts in 2005.

Author Could Face Prison If Convicted Of 'Insulting Turkishness' (USAT)

By Michael Kuser

USA Today, September 20, 2006

ISTANBUL — Turkish novelist Elif Shafak faces trial here Thursday on charges of "insulting Turkishness" through comments made by a fictional character in her latest novel, The Bastard of Istanbul.

Shafak, 34, who teaches Middle Eastern studies at the University of Arizona, splits her time between Tucson and Istanbul, where she is helping set up a master's program in American culture and literature at Bahcesehir University.

The charges against Shafak — the latest of at least 60 cases involving authors and journalists here — raise questions about Turkey's readiness to become a full member of the European Union, a move the United States supports as a way to bolster a secular, democratic Muslim state in a pivotal geographic and political position.

She could face up to three years in jail on charges she violated Article 301 of the Turkish Penal Code by having an Armenian character in the book say that "Turkish butchers" killed her family and that the deaths were "genocide."

Shafak — who delivered her first child, a girl, on Saturday — wants to appear in court when the trial starts, her husband, Eyup Can, said Tuesday.

Can, who is editor of a Turkish business daily, said, "Most probably she won't be able to go, due to her condition." He said Shafak's lawyer will ask for a one-month postponement.

Turkey has been making efforts to change its criminal and justice systems to meet European standards to qualify for full EU membership. That's the goal of negotiations that started last October and could take a decade.

The failure to remove restraints on freedom of speech has led to charges against writers including Shafak. Under the 2005 law, anyone who criticizes the state or denigrates Turkish identity in any form can be prosecuted.

Several writers have been convicted, though none has gone to jail. Instead, the courts have handed down fines. The maximum amount levied: $4,000.

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The charges against Shafak are based on events that, although they took place nearly a century ago, remain a sore spot for Turks and Armenians.

Official Turkish history says the mainly Orthodox Christian Armenians sided with Russia in an attempt to carve out a chunk of territory from the crumbling Ottoman Empire. History books here say many Muslims were killed in the fighting and the Armenians paid the price for their losing bid.

It is a criminal act in Turkey to back the view that forced marches to the Syrian border that killed up to 1 million Armenians should be considered genocide.

Other taboo topics include the rights of Turkey's Kurdish minority and Turkey's justification for invading the now-divided island nation of Cyprus in 1974.

Many Turks support Article 301 because they fear dredging up the past will hurt Turkey's aspirations to join the EU. "Talking about Turks killing people will give people in Europe and America the wrong idea, for it started with the Armenian attacks," says Banu Aktac, 43, a tour guide in Istanbul.

International PEN, a London-based group that promotes free speech, says Article 301 fails to meet international standards that protect freedom of expression such as the European Convention on Human Rights, which Turkey has signed.

"The trial against Elif Shafak is another sign that the situation in Turkey has become stricter," says Eugene Schoulgin, a PEN board member who is in Istanbul to attend the trial. "It's basically a crackdown on writers and journalists and is a result of the country's paranoiac attitude toward honor."

The Bastard of Istanbul tells the story of two women connected by a family secret. In the novel, a woman whose Armenian grandmother was raised by a Turkish Muslim family after being orphaned says, "I am the grandchild of genocide survivors who lost all their relatives in the hands of Turkish butchers in 1915."

The themes of The Bastard of Istanbul — how memories differ from person to person — evolved from the author's previous work exploring mysticism, religion and nostalgia, among other subjects.

Born in Strasbourg and raised in France, Spain, Jordan and Turkey by a single mother who was a Turkish diplomat, Shafak began as a child to question her nationality and what it means to be a woman. "Only through my novels can I continue to explore the boundaries of identity," she says.

Shafak wrote The Bastard of Istanbul in English. She then wrote a translated version for the Turkish market. The novel was published here in March and has sold more than 60,000 copies. The English-language version will be out early next year.

University of Arizona officials sent letters to Turkey's foreign minister and to the Turkish ambassador in Washington to protest Shafak's prosecution, says Anne Betteridge, director of the school's Center for Middle Eastern Studies. Betteridge was not aware of any response.

The U.S. Embassy in Ankara has been closely following Shafak's case and others that involve free speech. "We have raised concerns about freedom of expression issues with Turkish authorities," embassy spokeswoman Kathryn Schalow says.

Among other writers who have been prosecuted under Article 301 is Hrant Dink. His six-month suspended sentence for "insulting Turkishness" in his newspaper, Agos, was upheld last month.

Shafak's case, dismissed by a lower court, was reinstated by another court in early July after Kemal Kerincsiz filed a complaint. The ultranationalist lawyer initiated many of the cases against writers who brought up the Armenian deportations through the 800-member Jurists Union, an independent, non-governmental organization he founded in 2002.

Kerincsiz says his campaign is a way to derail Turkey's negotiations to join the EU. He has called membership in the 25-nation bloc a form of slavery. He also dismisses writers' concerns about being put on trial. "What's the big deal with a trial? Orhan Pamuk became a prince," he says, referring to Turkey's leading writer, who also is on trial. "And now Elif will be a princess."

Shafak says hostility to EU membership is a troubling sign for relations with the West. "Anti-Turkish sentiment in Europe buttresses Turkish nationalism," she says, referring to European concerns about admitting the predominantly Muslim nation of 70 million to the EU. "I only fear a backlash because it gives foreigners the impression that Kemal Kerincsiz represents the majority, which I don't believe he does."

Senate approves Oman trade agreement (AP)

DOJ_NMG_0066014

AP, September 20, 2006

WASHINGTON - Congress gave final approval Tuesday to a free trade agreement with Oman, ending months of debate over a deal that will have few economic effects but came to stand for growing differences over U.S. trade policy.

The 63-31 Senate vote gives the go-ahead to a trade pact that would immediately end all duties on industrial and consumer products sold between the United States and the Arabian Gulf state. Oman would remove duties on 87 percent of U.S. agricultural imports and eliminate all tariffs within 10 years.

Trade between the two countries totals less than $1.2 billion annually, but the administration pushed hard for the deal, stressing both Oman's long history as a strategic ally and the administration's goal of establishing a Middle East free trade area by 2013.

President Bush praised the congressional action, saying it would deliver economic benefits to both countries and protect U.S. national security interests "by strengthening our relations with a strategic friend and ally in the Middle East."

Oman, said Senate Finance Committee Chairman Charles Grassley, R-Iowa, has been "a consistent ally where we need one very much, in an unstable part of the world."

U.S. Trade Representative Susan Schwab said the Oman agreement "builds on free trade agreements concluded with Israel, Jordan, Morocco and Bahrain" and that the proposed Middle East free trade area would spur economic growth and reform in an area of almost 350 million people.

But the agreement drew fire, mainly from Democrats who said it did too little to ensure that trade with Oman wouldn't come at the expense of worker rights and the environment. They also charged that the administration has negotiated trade deals without addressing their concerns, and that free trade deals too often result in growing trade deficits and the loss of American jobs.

"Every single incompetent trade agreement this country signs ends up dramatically increasing our federal deficits," said Sen. Byron Dorgan (news, bio, voting record), D-N.D. "We are choking on them."

Sen. Max Baucus (news, bio, voting record) of Montana, a pro-trade Democrat, said "the controversy over Oman reflects more general frustration with trade agreements."

The Senate originally passed the bill implementing the agreement last June on a 60-34 vote. The House, where opposition to free trade agreements is generally stronger, narrowly approved it in July on a 221-205 vote; the measure returned to the Senate for Tuesday's procedural confirmation of its previous vote.

The office of the U.S. Trade Representative, which negotiates trade agreements, is moving ahead with numerous other bilateral deals. Talks are under way with Panama, South Africa and Thailand, and discussions have begun with South Korea and Malaysia.

Japan Imposes Financial Sanctions On North Korea (MCT)

By Tim Johnson

McClatchy Newspapers, September 20, 2006

TOKYO - Japan on Tuesday froze some bank activity of a North Korean hospital that treats top officials and a state-run software company with extensive commercial contracts in Japan, joining Australia in tightening a financial noose around the Kim Jong Il regime.

In step with the United States, Japan and Australia imposed a series of financial sanctions on North Korea over its nuclear weapons development.

"This shows the resolve of the international community and Japan," said Chief Cabinet Secretary Shinzo Abe, who's likely to win the job as Japan's new prime minister in a party vote Wednesday.

Japan's actions restricted overseas remittances and bank withdrawals of 15 North Korean commercial entities and one Swiss individual, expanding existing U.S. sanctions to include three new companies. Australia targeted 11 companies and the Swiss man.

Abe said the actions were aimed at North Korea's weapons programs and were designed to force the nation to return to six-nation talks on dismantling its nuclear programs, which deadlocked last year.

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"North Korea has to come back to the negotiating table as soon as possible," Foreign Ministry spokesman Tomohiko Taniguchi said.

The sanctions also appeared intended to hurt the health care of North Korea's senior officials and to pinch hard-currency earnings from at least one successful company.

Among the enterprises hit by Japan and as yet unaffected by U.S. sanctions were the Korea Tonghae Shipping Co. and Pyongyang Informatics Centre. Japan also froze accounts of the Ponghwa Hospital, Pyongyang's best-equipped clinic. Ponghwa treats Kim's immediate family and senior officials and appears to have overseas financial activity.

By targeting the Pyongyang Informatics Centre, Japan sought to cut off the foreign earnings of one of North Korea's few viable enterprises with operations abroad.

"It's a fairly high-quality software firm. They've done quite a few contracts in Japan," said Peter Hayes, a North Korea expert and the executive director of the Nautilus Institute, a research center that focuses partly on the dangers of nuclear war.

The company was set up in the mid-1980s with help from the U.N. Development Program and ethnic Koreans living in Japan. Thought to have around 200 staff members, it's designed management software for the publishing, shipping, insurance and hotel industries. Among its past clients reportedly is Nissan, the Japanese automaker.

Hayes said he thought the overseas contracts earned the company only "a few million dollars a year." He asserted that targeting the company will have "zero" impact on getting North Korea back to nuclear talks.

"It will just force them (the company executives) into informal networks and illegitimate forms of commerce," Hayes said, possibly including online gambling and pornography.

The new sanctions follow North Korea's tests of seven ballistic missiles July 5. Shortly after the tests, Japan banned a North Korean ferry from entering its ports for six months and barred North Korean officials from entering the country.

Australia, which maintains diplomatic relations with North Korea, unlike Japan, said in a Foreign Ministry statement that its measure complements "previous actions taken by the United States and sends a strong message to North Korea."

One Japanese expert on the Korea Peninsula, Hajime Izumi, cast doubt on whether the sanctions will have much impact on Pyongyang without broader support.

"If we want to stop (nuclear activity) by North Korea, all countries in the world have to take similar measures, especially South Korea and China, to halt the flow of money," Izumi told Japanese television.

Australia And Japan Impose New Sanctions On North Korea (NYT)

By Choe Sang-hun, International Herald Tribune

The New York Times, September 20, 2006

SEOUL, South Korea, Sept. 19 — Australia and Japan imposed new financial sanctions on North Korea today, as the United States dismissed appeals from China and South Korea for a softer approach and rallied more international pressure on the North over its nuclear program.

Australia and Japan have little trade with North Korea, so the practical impact of the sanctions will be small, experts said. But they are a sign that Washington and its allies are intent on tightening a financial noose around the Communist North Korean regime and starving it of hard currency from abroad.

Though that strategy is already hurting the North, officials and experts in Beijing and Seoul expressed concern that mounting pressure might prompt the North's mercurial leaders to lash out defiantly by testing a nuclear weapon — and thereby touch off an arms race in Northeast Asia.

"The Chinese government has always held the position that the issue should be resolved through dialogue, and we are opposed to sanctions," Qin Gang, the spokesman for the Chinese Foreign Ministry spokesman, said today.

In Seoul, Song Min Soon, the chief national security adviser to President Roh Moo Hyun, said that South Korea did not support imposing more sanctions on North Korea. President Roh and President George W. Bush discussed sanctions when they met in Washington five days ago, but they failed to reach any agreement; negotiators for the two countries are due to meet on the issue again on Wednesday.

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"Our government position has been consistent," Mr. Song said. "The matter of sanctions must be considered in a way that helps resolve the nuclear problem."

In Japan, the new sanctions took the form of an order to Japanese financial institutions to block all transactions by 15 companies and one individual who are suspected of having links to North Korea's weapons programs. The steps were announced today by Shinzo Abe, the chief cabinet secretary, who is expected to win a party vote on Wednesday that will make him the next Japanese prime minister. Mr. Abe has advocated a hard line against North Korea.

Among the companies subject to the new freeze on transactions are Korean mining, shipping and trading companies and a Swiss manufacturer, Kohas, that has long been suspected of assisting North Korea's nuclear efforts. The individual named in the freeze order is Jakob Steiger, 65, the president of Kohas.

"By taking these measures, we have demonstrated the resolve of the international community," Mr. Abe said.

In Australia, the foreign minister, Alexander Downer, took similar steps against a list of companies and individuals that it said were involved in financing North Korea's reported attempts to build weapons of mass destruction.

"North Korea misguidedly believes that development of a W.M.D. capacity will enhance its security," Mr. Downer said in a statement. "This is patently untrue. We call on North Korea to recognize this, and to give up its W.M.D. ambitions." Australia established diplomatic relations with North Korea in 2000.

Today's sanctions come exactly a year after the United States, Japan, China, Russia and the two Koreas signed an agreement in Beijing, setting out a broad outline of how to phase out the North's nuclear weapons facilities in return for economic and diplomatic rewards.

That accord quickly disintegrated after the United States Treasury Department persuaded Banco Delta Asia, a bank based in Macao, to freeze the accounts that North Korean trading companies were suspected of using to channel profits from illicit trade. Since then, North Korea has refused to take part in further six-nation talks until the sanctions are lifted.

Far from lifting the freezes, Washington has worked to expand them, persuading banks in other Asian nations to shut down North Korean accounts as well. Experts say that the regime now relies on weapons sales and counterfeiting to finance weapons programs and a comfortable lifestyle for the elite inner circle in a country otherwise racked with poverty.

"The impact was far bigger than the U.S. officials had expected," Koh Yu Hwan, a North Korea expert at Dongguk University in Seoul, said of the efforts to isolate North Korea financially. "It was a tremendous blow to the regime."

The North tried in December to open accounts at South Korea's Woori Bank, which has a branch at a joint inter-Korean industrial park in a North Korean city, the bank said today. The request was rejected by the bank.

In an apparent attempt to force Washington to lift its sanctions, North Korea test-fired seven missiles on July 5. But the United States and Japan pushed a resolution through the United Nations Security Council that urged U.N. members to stop transactions that could aid the North's weapons programs.

"Now, word is that Iran is the only remaining client for North Korean missiles," said Cheong Seong Chang, a North Korea expert at Sejong Institute in Seoul. "The sanctions are hurting not only illegal but also legitimate financial transactions for the North."

Mr. Cheong said he would not rule out the possibility of a North Korean nuclear test now.

"When pressure continues, North Korea won't be left with room for a wise judgment," he said. "As was the case with the missile tests, it thinks it should react to a tough action with a tougher counteraction."

Sanctions By Japan Harden Stance On North Korea (WSJ)

By Sebastian Moffett And Evan Ramstad

The Wall Street Journal, September 20, 2006

With one week left before Junichiro Koizumi steps down as prime minister, Japan imposed sanctions on 15 groups and one individual with links to North Korea's weapons programs, a sign of the more assertive foreign policy Tokyo has crafted during Mr. Koizumi's five years in power.

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The penalties -- which target North Korean companies as well as a Swiss company and its president -- are meant to increase pressure on the communist nation in the wake of its July missile tests. The penalties will also include tighter identification checks on people making suspicious financial transactions.

Until Mr. Koizumi took office, Japanese governments hoped that the way to avoid conflict with Pyongyang was to avoid offending the regime. When North Korea fired a test missile over Japan in 1998, Tokyo did little in response.

But Mr. Koizumi decided to engage, visiting Pyongyang in 2002 and again in 2004. While there, he obtained a written agreement, the Pyongyang Declaration, in which the North promised not to launch missiles. In addition, Japan has during the past few years passed laws enabling its government to respond more briskly to North Korea. These are mostly aimed at choking off the flow of money and goods from ethnic Koreans who live in Japan but are loyal to Pyongyang.

After North Korea test-fired seven missiles into the Sea of Japan on July 5, Japan immediately banned from its ports for six months a ferry that provides the only direct passenger link between the two countries. It also barred the entry of North Korean government officials and led calls for a United Nations Security Council resolution condemning the missile tests.

Tokyo's hard line complements that of the U.S., which would like to see North Korean leader Kim Jong Il's regime collapse, removing a threat to regional stability. In the past year, the U.S. has clamped down on banks in other countries that Washington believes assist North Korea in money laundering, counterfeiting and other illegal activities. Australia has joined the hawks, too, and yesterday it announced sanctions similar to Japan's. These restrict transactions involving, among others, North Korean chemical and machinery firms.

Despite its tougher line, Japan has been losing some leverage over North Korea, making any punishment it tries to mete out potentially less effective. Five years ago, Japan was North Korea's second-biggest trading partner after China, with $475 million in annual two-way volume. By 2005, that had declined to slightly below $200 million, and Japan trailed China, South Korea, Thailand and Russia in trade with the North. In addition, China and South Korea exert far more influence on Pyongyang via food and energy assistance.

The North is increasingly getting support from its old enemy, South Korea. Fearing that tight restrictions will lead to a collapse of the North and a massive rebuilding Seoul will have to pay for, South Korea advocates economic incentives to Pyongyang it believes will lead to a change that is manageable. Seoul cut some aid to the North after July's missile tests but is reluctant to go further.

Shortly after the missile tests, Japanese Chief Cabinet Secretary Shinzo Abe, who is almost certain to succeed Mr. Koizumi as prime minister, raised the question of whether Japan could consider a first strike against North Korea. Though Mr. Abe later said Japan would consider striking at North Korea's missile bases only if attacked, the comments drew a fierce response from South Korean President Roh Moo Hyun. "Japan's attitude may lead to a critical situation in the peace over Northeast Asia," he said.

China also opposes actions that might destabilize North Korea. Yesterday, Chinese Foreign Ministry spokesman Qin Gang called for more dialogue. Without referring to Japan or Australia by name, he said, "We are opposed to sanctions."

US-Russia Effort To Contain Nuclear Experts Fades (CSM)

By Fred Weir And Mark Clayton

The Christian Science Monitor, September 20, 2006

MOSCOW AND BOSTON

At a Moscow conference in 2000 on stopping the global migration of nuclear-weapons know-how, a Russian security official revealed that Taliban envoys had tried to recruit a Russian nuclear expert.

That expert didn't go to work for the Afghan regime. But three of his colleagues did leave their institute for other nations - and Russian officials had no idea which ones, US experts say.

With the threat of nuclear terrorism looming large in a post-9/11 world, the brain drain of Russian nuclear expertise is an even more critical concern than it was six years ago, many say. Yet a unique 1998 US-Russian partnership to offer new opportunities and skills to destitute Russian nuclear specialists living in remote former-Soviet "science cities" is set to expire Friday unless last-minute diplomacy saves it.

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A stronger Russian economy and growing wariness of US access to sensitive nuclear programs has dampened Moscow's enthusiasm for the Nuclear Cities Initiative (NCI) program, as has a three-year wrangle with Washington over legal liability issues, observers say.

"It will be a great pity if this program dies, because it really had an impact around here," says Yuri Yudin, a former atomic scientist who heads the Analytical Center for Nonproliferation in the closed city of Sarov, one of several NCI-funded projects. "The objective was to create nonmilitary businesses and new jobs that could become self-sustaining, and it had considerable success. But the task is far from finished."

Others say losing the program would be another "unsettling sign" of erosion in US-Russia nuclear security cooperation.

"If we eliminate this program we will be losing a major nonproliferation agreement," says Kenneth Luongo, executive director of the Russian-American Nuclear Security Advisory Council, a nuclear nonproliferation group in Washington.

Ten Russian cities - mainly linked to nuclear weapons and missile research - remain "closed" today, even to Russians who lack special permission. The closed nature of the cities became traps for some of the estimated 35,000 Russian scientists who needed work after the Soviet Union's collapse. For these scientists, who live under security surveillance, jobs needed to be created in the closed cities.

The tiny NCI program, which has helped 1,600 scientists in its existence, has been folded into a much larger DOE effort that employs more than 13,000 Russian scientists with grant funding. But NCI is unique in its focus on job creation in closed cities by converting existing nuclear complexes into other businesses, such as computer centers, US officials say.

"If you put the money through different channels, it's not the same," Mr. Luongo says. "The program's underpinnings and momentum ... are lost."

The head of Russia's nuclear agency RosAtom, Sergei Kiriyenko, is slated to meet US Department of Energy chief Samuel Bodman in Vienna this week in an eleventh-hour chance to save the program.

"It [NCI] has been definitely a useful tool, a unique way to work with Russian WMD scientists and engineers," says Bryan Wilkes, a spokesman for the National Nuclear Security Administration that administers NCI.

Not everyone agrees the program is still needed. Valentin Ivanov, a member of the Russian parliament's energy committee, says that while there's still plenty of room for US-Russian cooperation on nuclear disarmament, the problems of the closed cities are a "domestic matter" that Moscow now has the means to address.

"We thank the US for its help, which was greatly needed in the 1990s," he says. "But this is a new time, Russia has a budget surplus now, and [US help] is not necessary anymore."

Negotiators for RosAtom and DOE failed to renew the deal in 2003 after the US side demanded a blanket liability exemption for Americans working on NCI projects, and the Russians balked. Earlier this year, the US acquiesced to the Russians. But whether it will be enough to interest Moscow in extending the deal remains highly uncertain, US officials and other observers say.

Even before the legal dispute, Moscow complained that NCI budgets in the $20 million range were too low, that much of the money was being spent in the US, and that highly qualified scientists were being re-trained to do low-level jobs like computer programmer and paramedic.

But Russian security concerns may also have played a role.

"Access to closed cities was the biggest stumbling block. Russian secrecy paranoia still exists," says Gennady Pshakhin, an expert at the Institute for Physics and Power Engineering in the formerly closed city of Obninsk. He says if his institute - which specializes in civilian nuclear energy - invites a foreigner to visit, it must obtain clearance from President Vladimir Putin or Prime Minister Mikhail Fradkov.

Supporters say the NCI made a big difference in some places, and could have done much more if more time and resources had been devoted. In Sarov - Russia's Los Alamos - NCI helped to close down one of the ex-USSR's biggest nuclear warhead factories, and turn it into a computer center that's now used by firms like Intel and Motorola. About 1,000 new jobs were created, Mr. Yudin says.

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"The program really helped to diversify Sarov's economy; it changed peoples' mentality and helped to prepare them for the market," says Alexei Golubov, a former nuclear researcher who now works as an information analyst. "It was like a small window that opened onto the world for us."

Impelling NCI and other such programs is evidence over the years that Russian scientists might be willing to shop their skills to rogue regimes. In one reported 1992 incident, a planeload of Russian scientists was stopped by police "on the tarmac" as they embarked for North Korea. In 1998, an arms expert in Sarov was arrested by the FSB security service for allegedly spying for Iraq.

A study last year by the Center for Strategic and International Studies and the Massachusetts Institute of Technology surveyed the attitudes of 602 Russian nuclear, biological, and chemical WMD scientists. The study found that the mean income for such scientists was about $110 a month, and that 21 percent were willing to move to a "rogue nation" to work. As for the impact of assistance programs like NCI, the survey found 12 percent of those with grant funding would consider work in a rogue state, versus 28 percent without funding.

However, it's doubtful that any atomic experts could illegally leave Russia now, Pshakhin says.

"A lot of nuclear scientists are still underemployed, but things are a bit better," he says. "Nuclear scientists are under very strong monitoring. We are not allowed to move freely. Any attempt by a foreign power to recruit Russian scientists would immediately come to the attention of the FSB."

RosAtom chief Mr. Kiriyenko has announced plans for a sweeping revival of Russia's civilian atomic power industry. Military leaders also talk of putting weapons experts back to work.

Vladimir Fortov, head of the department of energy for the Russian Academy of Sciences, says that while Russia is returning some scientists to their old jobs, the NCI training programs remain valuable.

"They aided Russian-American mutual understanding, and it will be very unfortunate if they are discontinued," he says.

$50 Million Offer Aims At Curbing Efforts To Make Nuclear Fuel (NYT)

By William J. Broad

New York Times, September 20, 2006

VIENNA, Sept. 19 — Warren E. Buffett, the billionaire investor and philanthropist, pledged $50 million on Tuesday to help set up an international nuclear fuel bank that aspiring powers could turn to for reactor fuel instead of making it on their own.

Mr. Buffett's aim is to curb the risks of nuclear proliferation by providing an alternative to the kind of indigenous production of nuclear fuel that Iran is embarking upon, and that countries like Argentina, Australia and South Africa have recently announced plans to pursue.

Nuclear experts say indigenous production carries with it the risk of military diversion for nuclear arms, and that the risk is rising as a growing number of countries around the world embrace atomic power or plan to expand their nuclear programs.

"This pledge is an investment in a safer world," Mr. Buffett said in a statement.

"The concept of a backup fuel reserve has been discussed for many years," he said. "Its creation is inherently a governmental responsibility, but I hope that this pledge of funds will support governments in taking action to get this concept off the ground."

His pledge came at an international conference here in Vienna where nations are exploring how to create multinational fuel banks as a way to aid nuclear development while avoiding new risks.

Multinational banks and plants are seen as having a security advantage because member states can watch one another to prevent weapon diversions.

Mr. Buffett's pledge is meant to jump-start the creation of a reserve fuel bank run by the International Atomic Energy Agency, the global nuclear watchdog based in Vienna. He made it through the Nuclear Threat Initiative, a private group in Washington that he advises.

Sam Nunn, a former Democratic senator from Georgia and the group's chief executive, announced the $50 million pledge here, calling it a crucial step toward a new order that enhances peaceful aspects of atomic energy. "We are in a race between cooperation and catastrophe," he said, "and, at this moment, the outcome is unclear."

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Mr. Nunn said a country's decision to import fuel, rather than make it indigenously, could pivot on whether the country can be guaranteed an assured supply.

"We believe that such a mechanism can be achieved," he said, "and that we must take urgent, practical steps to do so."

Mr. Buffett's pledge is contingent on two years of developments in which the nuclear agency moves to establish the fuel bank and one or more countries contribute an added $100 million or an equivalent amount in reactor fuel.

Mohamed ElBaradei, the director general of the international atomic agency, said Mr. Buffett's pledge "will provide urgent impetus to our efforts to establish mechanisms for nondiscriminatory, nonpolitical assurances of supply of fuel for nuclear power plants."

Laura Holgate, a vice president of the Nuclear Threat Initiative, said $150 million in fuel would represent less than 1 percent of that used globally each year, and would be enough to fuel a typical power reactor.

Buffett Offers $50 Million For Nuclear-Fuel Stockpile (WSJ)

By John J. Fialka

The Wall Street Journal, September 20, 2006

WASHINGTON -- Billionaire investor Warren Buffett has offered to donate $50 million to help start a "last resort" international stockpile of nuclear-power-plant fuel for nations worried about sources of supply.

Mr. Buffett called it "an investment in a safer world" because it could encourage Iran and other nations to find alternatives to establishing their own expensive and risky uranium-enrichment programs. Enriching uranium to high levels produces an explosive metal that can be used to make nuclear weapons.

The proposal was welcomed by the head of the International Atomic Energy Agency in Vienna, the United Nations agency that would control the fuel stockpile. U.S. officials also supported the idea, which has been discussed since the U.S. launched its "Atoms for Peace" program in the early 1950s.

Former U.S. Sen. Sam Nunn, who announced the proposal and Mr. Buffett's financial backing in Vienna, said "we're at a stage now where a number of nations may be getting close to starting their own [nuclear] fuel cycles." The case of Iran is in the headlines, he noted, but other nations are worried about soaring costs of importing nuclear fuel for electricity generation and the possibility that political problems with supplier countries might shut down their nuclear-power plants.

Mr. Nunn said the terms of Mr. Buffett's donation require IAEA nations to contribute $100 million to help build the stockpile. The IAEA would set up and maintain the fuel reserve.

Uranium-enrichment programs are politically and strategically touchy. The process of enrichment, which concentrates the unstable uranium isotope U-235, can be used to make power-plant fuel, which is enriched to a level of about 4%. The same process, however, can also produce nuclear weapons materials if the enrichment goes above 90%.

Mohamed ElBaradei, director general of the IAEA, said he welcomed the "generosity" of Mr. Buffett. The reserve, he said, is "intended to be a mechanism of last resort" to assure nations that if they abide by their treaty obligations not to start nuclear-weapons programs, that they will always have access to nuclear fuel.

Currently, companies in the U.S. and five other nations supply the world's nuclear fuel. The international agency is also working with the companies on agreements that would provide buyer nations with an uninterrupted supply -- if they refrain from making nuclear weapons.

Group Pledges $50M For Nuclear Fuel (AP-Y)

By Ben Evans

AP, September 20, 2006

Billionaire investor Warren Buffett, CNN creator Ted Turner and former Sen. Sam Nunn pledged $50 million to the U.N.'s nuclear watchdog agency Tuesday to create a uranium stockpile.

The aim is to discourage countries from developing their own nuclear programs. The reserve would ensure supplies of low-grade fuel for nuclear power plants around the world. One example of a program they hope to discourage is in Iran, which critics fear is ultimately aimed at developing weapons.

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The Washington-based Nuclear Threat Initiative is hoping its financial pledge to the International Atomic Energy Agency will prod governments into action on creating the stockpile. Buffett would provide the money, which is contingent on a $100 million match from IAEA member states.

"Under international law and under the Nuclear Nonproliferation Treaty, countries have the right to enrich nuclear fuel," Nunn, a Georgia Democratic senator from 1972 to 1996, said in a telephone interview from Vienna, where he announced the proposal at a 140-country IAEA annual conference. "If we have a lot more countries that do that — and we're on the threshold of that now — then it's going to be an extremely dangerous world."

"It's going to be very difficult to keep that weapons-grade material out of the hands of someone who might use it as a weapon, like a terrorist group," Nunn said.

Western leaders are currently locked in a standoff with Iran over its uranium enrichment, which the country says is for civilian power but that the United States and others warn is intended to make weapons.

Nunn said an international reserve might not have deterred Iran. But it would give the international community more leverage in addressing the situation, he said.

"It would certainly be a powerful tool in the hands of the international community, saying, 'You don't need your own nuclear fuel supply. You have this available,'" Nunn said.

Nunn, who founded the anti-proliferation group with Turner, said the State Department expressed support for the plan but that "there's a difference between welcoming it and putting up money." He acknowledged that rallying the international community around the proposal would be difficult.

A State Department spokeswoman said she could not immediately comment on the proposal.

With Premier At U.N., Thai Military Stages Coup (NYT)

By Seth Mydans And Thomas Fuller

The New York Times, September 20, 2006

BANGKOK, Wednesday, Sept. 20 — In Thailand's first coup in 15 years, military leaders seized control of Bangkok on Tuesday night, suspended the Constitution and declared martial law in the capital, effective immediately.

There were no reports of violence.

The moves came while Prime Minister Thaksin Shinawatra was in New York preparing to address the United Nations. He declared a state of emergency on Thai television, but was cut off in mid-speech. Later, he canceled his address to the General Assembly.

The coup, led by the army chief, Gen. Sondhi Boonyaratkalin, also "terminated" both houses of Parliament, the cabinet and the Constitutional Court.

The events on Tuesday returned Thailand to a time that most experts here thought was finally past, raising questions about the future of Thai democracy and the stability of a country that is a prime tourist destination with strong economic links to the West.

The coup came at the height of a drawn-out political crisis. In April, Mr. Thaksin was forced by huge street protests to step aside despite an overwhelming electoral mandate. In fact, though, he continued to lead the government and to wage political battles against his opponents.

After a long break, demonstrations against the prime minister had been due to resume this week, bringing with them the danger of violent clashes between his supporters and opponents.

Late Tuesday night, General Sondhi was shown on television in an audience with King Bhumibol Adulyadej, a clear indication that the highly revered constitutional monarch endorsed the move.

On a military-controlled television station, a general in civilian clothes said a "council of administrative reform" had seized power in the name of the king.

Speaking for General Sondhi, who has publicly feuded with the prime minister, Gen. Prapas Sakultanak said that the military did not intend to rule the country and that it would "hand power back to the people." He gave no timetable.

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The military has a long history of political involvement, staging 18 coups since Thailand became a constitutional monarchy in 1932. The last one, in 1991, installed a military leader who was pushed from power by a popular uprising the next year.

Under heavy rain, tanks and armored personnel carriers took up positions blocking the entrance to the prime minister's office on Tuesday night. Other tanks arrived at government offices and major intersections. Witnesses reported that roadblocks had been set up on roads leading into the city. The streets were quiet, and even at the prime minister's office there was little tension. Some bystanders photographed one another standing near the tanks.

Kitichai Songkeattisi, 40, a commercial photographer, said: "The last time was much more intense. People were more afraid."

Mr. Thaksin is one of the most popular — and unpopular — prime ministers in recent Thai history. Thais' different viewpoints demonstrate a sharp social divide that he has played on during the crisis.

Mr. Thaksin's party, Thai Rak Thai, or Thais Love Thais, has won three elections by landslides, in 2001, 2005 and again in April. Because of his broad support among rural voters, he was widely expected to win any new election.

But as he has tightened his grip over much of the political scene, opposition to him has swelled among the elite, mostly in Bangkok. Public indignation rose after his family's tax-free sale of its $1.9 billion stake in a giant telecommunications company to a Singapore company.

On television, the military spokesman, General Prapas, accused Mr. Thaksin of corruption and constant interference with the legislature and the courts. He apologized to the public for any inconvenience caused by the coup.

In an effort to end the demonstrations and reassert control, Mr. Thaksin called an early election in April, which he won in a landslide. But the opposition boycotted the vote and a court annulled the result, in a severe setback for the prime minister.

An election commission loyal to Mr. Thaksin set a new vote for Oct. 15, but its members were removed and jailed by a court for malfeasance. A new commission has said that election would be delayed.

The televised announcement on Tuesday was made after reports of large-scale military movements around the capital. The military has been sharply divided between officers loyal to the prime minister — some of them his relatives — and others who oppose him.

There has been tension over an impending military shuffle that would determine which faction would dominate.

Interviewed in New York by CNN soon after early reports of a coup, Deputy Prime Minister Surakiart Sathirathai said, "We hope that the situation should return to normal soon because the prime minister is constitutionally and legally elected prime minister and this is an elected government, so we have to do everything we can to uphold the principle of democracy."

General Prapas, speaking in Thailand, laid out the rationale for the military's move.

"The government's performance destroyed harmony in society," he said. "Everyone tried to win over each other, and the situation continued to worsen. Most people don't trust the government because there are many signs of corruption."

He said the prime minister had hobbled independent bodies created by the 1997 Constitution to provide checks and balances. A leading demand of the prime minister's opponents is the writing of a new constitution that would temper executive power.

General Prapas said many attempts had been made at compromise but had failed. "That is why we, the Party for the Reform of Governance under the Constitutional Democracy, which consists of the army commanders and national police commander, have to seize power."

He added: "We would like to insist that we have no intention of governing the country. We will return the power of constitutional monarchy back to Thai people as soon as possible to maintain peace and stability."

Thai Army Vows To Return Power To The People (FT)

By Amy Kazmin

Financial Times, September 20, 2006

Thai army chief General Sondhi Boonyaratkalin promised on Wednesday to return power to the people after the armed forces ousted Prime Minister Thaksin Shinawatra in a coup.

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"The council has no intention to run the country by ourselves and will return power under the constitutional monarchy to the people as soon as possible," said General Sondhi, who spoke on national television flanked by four other leaders of the Political Reform Council that seized power Tuesday night.

General Sondhi said the ousted government was tainted with corruption and cronyism.

"The reform council that consists of the Armed Forces Supreme Commander, the chiefs of the armed forces, and the chief of police jointly took the view that rule by the caretaker government created extreme divisions in the Thai society as never seen before," he said.

"The government's rule was widely tainted with corruption and to benefit cronies. Letting that situation continue could have hurt the nation's security and economy.''

General Sondhi sat beside military leaders including Supreme Commander Ruangroj Mahasaranon, Royal Thai Navy Chief Sathiraphan Keyanont, and Royal Thai Air Force Chief Chalit Pukbhasuk, as well as the country's police chief.

"We have seized power. The constitution, the Senate, the House of Representatives, the Cabinet and the Constitutional Court have all been terminated," the army chief said.

"We agreed that the caretaker prime minister has caused an unprecedented rift in society, widespread corruption, nepotism, and interfered in independent agencies, crippling them so they cannot function," he said. "If the caretaker government is allowed to govern it will hurt the country.

"They have also repeatedly insulted the king. Thus the council needed to seize power to control the situation, to restore normalcy and to create unity as soon as possible."

A military spokesman said earlier that General Sondhi, who is said to be close to the country's revered King Bhumibol Adulyadej, would serve as acting prime minister.

The dramatic developments marked the culmination of a year of political turmoil reflecting deep divisions in Thai society over the leadership of Mr Thaksin, a billionaire telecommunications tycoon who is revered by the rural poor but disliked by urban residents.

With Mr Thaksin in New York for the UN General Assembly, tanks surrounded Government House, took control of television stations and announced martial law – the latest in a long series of military intervention in Thai political life, but the first in 15 years. A military spokesman said troops had met no resistance, and the coup appeared to be bloodless.

From New York Mr Thaksin, who won a landslide re-election victory in 2005, had declared a state of emergency in Bangkok, after rumours of an imminent coup swept the city. He ordered troops "not to move illegally".

After the announcement that the military had taken power, a spokesman for Mr Thaksin's administration said they were "still in control". However, analysts said the coup-makers appeared to have their grip firmly on the reins of power.

The Thai ambassador to Washington, Virasakdi Futrakul, said Mr Thaksin was preparing to leave the United States following the coup, after cancelling plans to give a speech at the UN General Assembly. He did not say where the prime minister would go.

Tom Kruesopon, a member of ruling party and an advisor to Mr Thaksin, said "the prime minister has not given up his power. He is not seeking asylum."

Mr Kruesopon said he believed Mr Thaksin could make a stopover in London, where he has family and a home. He still has an official plane at his disposal in New York.

Government offices, banks and the stock market were closed in Thailand on Wednesday. In offshore trade, the baht weakened on the political uncertainty. The currency dropped 1.2 per cent to 37.72 to the dollar at around 9:00 am in Bangkok from 37.26 in late Asia trade Tuesday. Fitch Ratings and Standard & Poor's put Thailand's credit ratings on review for possible downgrade.

Some businesses were shuttered in Bangkok, and foreign car manufacturers such as Japan's Nissan Motor Co, one of hundreds of investors in Thailand's export-driven economy, said they had halted operations for a day. However, the city remained calm and quiet, with Bangkok's notorious traffic jams alleviated by the holiday announcement.

Thailand's military has a history of coups, but many Thais had though such interventions to be largely a thing of the past. However, the Thai army has been bitterly divided over Mr Thaksin's leadership.

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Long-simmering public resentment in Bangkok over his authoritarian style boiled over into mass demonstrations in January. In a bid to defuse tensions, Mr Thaksin called an election. However, the opposition parties boycotted the April polls, which were subsequently annulled.

Fresh elections, in which the opposition had already agreed to participate, were expected take place in the second half of November.

Thai Coup Sparks Condemnation, Unease (AP)

By Rod Mcguirk, Associated Press Writer

AP, September 20, 2006

The military overthrow of Thai Prime Minister Thaksin Shinawatra and the declaration of martial law in the Southeast Asian nation triggered condemnation, unease and uncertainty in Asian nations.

Governments across the Asia-Pacific region issued warnings to their citizens to rethink traveling to Thailand, a major tourist center, where tanks and troops now lined the streets of the capital, Bangkok.

Japan, Australia and New Zealand demanded a quick restoration of civilian rule.

"To see democracy destroyed in that way is a matter for grave concern to us," Australia's Foreign Minister Alexander Downer said. "It's unacceptable for the military just to overthrow a government in this way."

New Zealand also decried the military overthrow, with Prime Minister Helen Clark saying: "New Zealand condemns any process which seeks to overturn a government by unconstitutional and undemocratic means,"

Japan's Foreign Minister Taro Aso called the coup regrettable.

"We strongly hope the situation returns to normal and democracy is restored as soon as possible," Aso said.

The coup occurred without bloodshed after months of political turmoil and sharp criticism that Thaksin had eroded Thailand's democracy.

"It's really too early to form any hardened judgments," Assistant Secretary of State Christopher Hill told The Associated Press in Washington. U.S. State Department said officials "are monitoring the situation with concern."

Coup Attempt In Thailand (WT/AP)

By Grant Peck, Associated Press

The Washington Times, September 20, 2006

2:34 p.m.

BANGKOK -- The Thai military initiated a coup against Prime Minister Thaksin Shinawatra today, circling his offices with tanks, seizing control of TV stations and declaring a provisional authority pledging loyalty to the king.

An announcement on Thai television declared that a Council of Administrative Reform with King Bhumibol Adulyadej as head of state had seized power in Bangkok and nearby provinces without any resistance.

At least 14 tanks surrounded Government House, Mr. Thaksin's office. Mr. Thaksin was in New York at the U.N. General Assembly and declared a state of emergency via a government-owned TV station.

A convoy of four tanks rigged with loudspeakers and sirens rolled through a busy commercial district warning people to get off the street for their own safety.

A senior military official, speaking on the condition of anonymity because of the sensitivity of the situation, said the army´s commander in chief, Gen. Sondhi Boonyaratkalin, had used the military to take over power from the prime minister.

Mr. Thaksin has faced calls to step down amid accusations of corruption and abuse of power.

Massive rallies earlier this year forced Mr. Thaksin to dissolve parliament and call an election in April, three years ahead of schedule. The vote was boycotted by opposition parties and later annulled by Thailand's top courts, leaving the country without a working legislature.

Mr. Thaksin's Thai Rak Thai Party twice won landslide election victories, in 2001 and 2005, and had been expected to win the next vote on Oct. 15, bolstered by its widespread support in the country's rural areas.

In 1992, demonstrators against a military strongman were gunned down before the king stepped in to end the fighting and usher in a period of stability.

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Mr. Thaksin had said yesterday that he might step down as leader of the country after upcoming elections but that he would remain at the helm of his party, despite calls for him to give up the post.

Tonight, several hundred soldiers were deployed at government installations and major intersections in the capital of Bangkok.

Army-owned TV Channel 5 interrupted regular broadcasts with patriotic music and showed pictures of the king. At least some radio and television stations monitored in Bangkok suspended programming.

The cable television station of the Nation newspaper reported that tanks were parked at the Ratchadamnoen Road and royal plaza close to the royal palace and government offices.

"The prime minister, with the approval of the Cabinet, declares serious emergency law in Bangkok from now on," Mr. Thaksin said on Channel 9 from New York. He said he was ordering the transfer of the nation's army chief to work in the prime minister's office, effectively suspending him from his military duties.

Mr. Thaksin's critics want to jettison his policies promoting privatization, free-trade agreements and CEO-style administration.

Opposition to Mr. Thaksin gained momentum in January when his family announced it had sold its controlling stake in the telecommunications company Shin Corp. to Singapore's state-owned Temasek Holdings for a tax-free $1.9 billion. Critics say the sale involved insider trading and complain that a key national asset is now in foreign hands.

Thai Army Leaders Depose Prime Minister (WP)

By Ron Corben

The Washington Post, September 20, 2006

BANGKOK, Sept. 20 -- Thai army leaders deposed Prime Minister Thaksin Shinawatra, a longtime ally of President Bush, using tanks and soldiers to seize the capital Tuesday night without firing a shot. The coup was the first in 15 years in a country where many people believed that military seizures of power were a thing of the past.

Thaksin was in New York, attending the opening of the U.N. General Assembly, when soldiers surrounded Government House, his office, at about 10:30 p.m. He declared a state of emergency by telephone, but his announcement, carried on television, was cut off midway and had no discernible effect as army units seized key facilities in a light rain.

Thaksin canceled a planned address to the General Assembly. On Tuesday night, he remained secluded in a New York hotel, with some sources saying he would leave for an undisclosed location, probably not Thailand.

Bush has made the spread of democratic rule abroad a key theme of his administration. It remained unclear what response the U.S. government would take to the overthrow of an elected figure whom Bush called a "very capable leader" in 2003. In recent months, White House officials have been distancing themselves from Thaksin.

"We look to the Thai people to resolve their political differences in a peaceful manner and in accord with the principles of democracy and rule of law," said Fred Jones, spokesman for the National Security Council.

In Thailand, announcements on state-run television signed by the coup leader, Gen. Sonthi Boonyaratkalin, commander in chief of the army, said that martial law had been declared across Thailand and that the 1997 constitution had been revoked.

On Wednesday, in his first public appearance since seizing power, Sonthi asked for the public's support and declared the coup was necessary to end serious conflicts within Thai society that Thaksin had created, the Associated Press reported.

Delivering a television address in front of portraits of Thailand's king and queen, Sonthi said the coup leaders had no intention of retaining power. He was flanked by chiefs of the three armed services and the head of the national police.

The stock exchange was to be closed Wednesday, along with schools, banks and government offices.

Thaksin, a former senior police official who built a fortune in the telecommunications industry, has faced street protests for much of the year over allegations of corruption, abuse of power and a bungling response to a Muslim insurgency. Many military officers contended that he was trying to interfere with promotions and postings in the armed forces.

Opponents of the prime minister cheered the coup; some of them turned out in the early morning to greet soldiers sitting atop tanks parked on Bangkok streets. Thaksin is widely popular in rural Thailand, where most of the population lives, and there was little immediate response from those communities.

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Sonthi and other coup leaders are close to Thailand's deeply revered King Bhumibol Adulyadej. What role, if any, the monarch played in the takeover was unknown. Some of the coup soldiers sported cloths of yellow, the royal color, and gun barrels in an attempt to signal they were acting in support of the king.

Reports said coup leaders had met with the king in his palace. In past political crises, a few words from the king, the world's longest-reigning monarch, have dramatically turned the course of events.

Panitan Wattanayagorn, a political scientist, said he had been fearful in the initial hours that troops loyal to Thaskin might fight back. Concerns of bloodshed subsided as no such opposition appeared.

Army TV gave the first sign that something was afoot when it began broadcasting patriotic songs and images of the king.

The army spokesman, Col. Akarat Chitroj, told the AP that Sonthi would serve as prime minister.

But a government spokesman denied that Thaksin was no longer head of the government. "At this moment, he is still the prime minister. I just talked to a senior party member and everyone confirms that Thaksin is still prime minister," Susasanee Nakpong told the Associated Press.

In New York, Deputy Prime Minister Surakiart Sathirathai condemned the coup. Thaksin "is constitutionally and legally elected prime minister," he told CNN. "And this is an elected government. . . . If there's going to be any change, it has to be through the democratic means, and we have upcoming elections anyway in November, so we should listen to the voice of the people."

The coup is the 18th successful or attempted military takeover in Thailand since the country became a constitutional monarchy in 1932. But in the 1990s, the military stepped back from this role as democratic institutions began to take root in the country.

As recently as this weekend, Thaksin denied that a coup was in the making. "As far as I know, there's no such movement for the time being," he told a gathering in Finland, according to the Nation newspaper.

Thaksin and his Thais Love Thais party won a resounding victory in 2005 elections, securing 374 of 500 seats in the House of Representatives. But he soon found himself in a political crisis.

Street protests that had begun with a murmur late last year found voice in January after Thaksin's family sold its shares in Shin Corp., a telecommunications and satellite company, to Singapore's Temasak Holdings for $1.9 billion, tax-free.

Thaksin sought to counter demands for his resignation by calling early elections in April, only to see them boycotted by the opposition parties. Eventually, King Bhumibol called on the courts to "clear up the mess," and the judges nullified the vote.

Sen. Kraisak Choonhavan, whose late father, Gen. Chatichai Choonhavan, was ousted as prime minister in the last successful coup in 1991, said the new takeover was "unfortunate . . . but it seems as if it was inevitable. And I think the key to understand in this event is probably Mr. Thaksin wants to take out the existing military hierarchy altogether and put his men in and have total control of Thailand."

Thaksin had been hoping that a recent military reshuffle and series of promotions would strengthen his hand, analysts said.

The military administrative council says it does not intend to hold on to power but will press ahead with general elections, possibly this year.

In an announcement on state TV, it said the army and national police had taken over Bangkok and the surrounding area to maintain peace and order. "There has been no struggle. We ask for the cooperation of the public and ask your pardon for the inconvenience," it said.

Coup Ousting Thailand's Premier Tests Democracy In Key U.S. Ally (WSJ)

By James Hookway, Patrick Barta And Jay Solomon

The Wall Street Journal, September 20, 2006

An apparent coup in Thailand raises serious questions about the stability of a key U.S. ally in Asia that until recently had served as an anchor of democracy and investment in the region.

Amid a tropical downpour late yesterday in Bangkok, tanks moved on key government offices and television stations in the Thai capital and seized command of the city while the country's caretaker prime minister, Thaksin Shinawatra, was traveling in

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New York. Government-run television stations said the armed forces and the police had taken control of the country, and a statement signed by the Thai army's commander in chief imposed martial law.

The seemingly bloodless coup, the outcome of which still is unclear, underscored longstanding questions about who runs Thailand, a country of 65 million people that is a favorite of Western tourists and companies despite its opaque governance. Thailand is known as a parliamentary democracy, and early this decade Mr. Thaksin became the first civilian prime minister to complete his term.

Many analysts believe the country still relies heavily on the powers of an aging and elusive king who is repeatedly invoked as the only true source of political legitimacy there. Whether the king played any role in the attempted change in government was unclear. A return to military rule would unwind years of progress toward a stable democracy.

Mr. Thaksin cancelled a speech he was scheduled to deliver at the United Nations last night. His spokesman, Surapong Suebwonglee, who was with Mr. Thaksin in New York, said the coup leaders "cannot succeed" and was confident the coup would fail "because democracy in Thailand has developed to some...measure of maturity." But in an interview with The Wall Street Journal on Monday, just hours before the coup began, Mr. Thaksin indicated the opposite, saying Thai democracy "is very young -- the system is not mature." He seemed relaxed and unfazed by rumors of a coup that were then swirling.

"I know there are those who really support me and those who are against me," Mr. Thaksin said.

As the coup unfolded, at least a dozen tanks surrounded Government House, Mr. Thaksin's office, but later withdrew. Thai television showed a motorcade of generals traveling along rain-slick streets to brief King Bhumibol Adulyadej on their coup. Other stations followed by broadcasting only patriotic music and announcements from the coup group. Many Thais that didn't turn on their televisions remained unaware that anything had even happened when they went to sleep last night.

The outcome of the latest power struggle is of vital importance to investors and Western governments. Although Thailand no longer is among the world's fastest-growing economies -- as it was in the 1980s -- it has emerged as an important staging ground for Western companies that don't want to place all their bets on China. This includes the world's largest auto makers, including Ford Motor Co., General Motors Corp. and Japan's Toyota Motor Corp., all of which have made the country a vital production platform.

Thailand's currency, the baht, suffered its biggest one-day weakening in three years yesterday. A large devaluation of the baht helped trigger the Asian financial crisis of 1997, highlighting Thailand's importance in the region, though many analysts believe Asia's economy is far healthier now, limiting any potential economic fallout. Thailand's stock exchange was scheduled to be closed today, along with schools, banks and government offices, the Associated Press reported. (See related article3.)

Thailand also is viewed as a critical hub in the U.S.-led war on terror. The American Embassy in Bangkok remains one of the largest U.S. missions in the world. The U.S. and Thailand run a joint counter-terrorism training center on the outskirts of Bangkok, called the International Law Enforcement Agency, which has been central to the Bush administration's efforts to combat Islamic extremism in the region.

Joint Thai and U.S. operations were successful in tracing suspected terrorist Riduan Isamuddin, also known as Hambali, to the city of Ayuthaya in central Thailand, where they arrested him in 2003. Mr. Isamuddin was a central suspect in the planning of the Bali, Indonesia, bombing of 2002 that killed more than 200 people.

The Bush administration said it was concerned about the military takeover and hoped for a democratic solution. "We continue to hope that the Thai people will resolve their political differences in accord with democratic principles and the rule of law," said U.S. State Department spokeswoman Nancy Beck.

The apparent coup came after nearly a year of political unrest in which Thais took to the streets to protest a government they increasingly viewed as corrupt and ineffective.

Protesters had a number of complaints about Mr. Thaksin, including his inability to settle an armed and violent separatist movement in the country's south. They also were upset over allegations of corruption related to his family's $1.9 billion sale of a telecommunications company to Singaporean investors this year. The sale was arranged in such a way that enabled the family to avoid paying taxes on the transaction.

The sale enraged many Thais. Many already had accused Mr. Thaksin, one of Thailand's richest men, of abusing his power in government to boost his wealth and weaken democratic institutions, including the country's courts.

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Mr. Thaksin dissolved the government and called a new election in April to restore his mandate. Key opposition parties boycotted the vote amid continued street protests, and the country seemed rudderless until the king questioned the validity of the April election in a public address, calling on courts to settle the issue.

Thai courts subsequently invalidated the results, in which Mr. Thaksin's Thai Rak Thai party won the majority of seats in Parliament. Mr. Thaksin subsequently took the role of caretaker prime minister pending a new election that was expected later this year. A number of analysts of Thailand believed Mr. Thaksin's party would again win the national elections, possibly explaining the timing of the Thai military's move.

Mr. Thaksin, who has served as Thailand's leader since 2001, remains extremely popular with many Thais, especially in rural areas, for a series of populist measures that included cash payouts to small villages and subsidized health care.

He also gained favor with foreign investors by promoting an economic program to boost Thailand's economy in the face of growing competition from China. This program, which many economists viewed as a template for other, similar countries dealing with the rise of China, included efforts to privatize state companies, to negotiate free-trade pacts with other countries, including the U.S. and Japan, and to authorize large investments in new infrastructure.

Many of those initiatives -- including some of the free-trade deals -- have languished this year while the government was paralyzed by political stalemate. Meanwhile, many Thais believe the king and his supporters were disenchanted with Mr. Thaksin's attempts to aggressively consolidate his power.

Political analysts say the tacit support of King Bhumibol is necessary for any individual or group that aspires to govern Thailand. The 78-year-old monarch has frequently played a political role, implicitly signing off on military coups at times, most notably in 1976, and intervening to ensure the return of civilian governments, as in 1992.

King Bhumibol, who many Thais view as a quasidivine figure, rarely gives interviews and often chooses to talk indirectly.

His annual birthday speeches are carefully examined in Bangkok. In 2002, he published a biography of his favorite pet dog, a stray mongrel rescued from the streets of Bangkok, that was widely interpreted as a warning that Thailand shouldn't abandon its traditional values in a quickly modernizing world.

It is considered inappropriate for Thais to speak publicly about the king's possible role in politics, and on Monday, Mr. Thaksin denied suggestions that the king was involved in any of the recent political dramas.

"One should not bring him into politics," he said.

Nevertheless, in June Mr. Thaksin said a "charismatic person" was out to remove him from his job as prime minister. Mr. Thaksin went on to say that a mysterious figure whom he refused to name was "wielding extraconstitutional force" to push him from office.

Most Thais assumed that to mean the king or his chief lieutenant, Gen. Prem Tinsulanonda. By appearing to attack the monarch and his supporters, Mr. Thaksin escalated the economically damaging political conflict into a contest between Thailand's royal and military traditions, and a new, more modern way of governing a rapidly industrializing country.

King Bhumibol's advisers struck back with a show of force. Donning his military uniform, chief adviser Gen. Prem toured army camps around the country warning soldiers that their loyalty is to the king, not Mr. Thaksin.

Other people seen as close to the royal palace gave prominent speeches in recent weeks that were interpreted as critical of Mr. Thaksin's push to modernize the Thai economy and open it up to more foreign investment.

Seizing on that sentiment, local shopkeepers across the country have petitioned the king and the government in recent weeks to block big foreign-owned hypermarkets, such as Tesco PLC of the U.K. and Carrefour SA of France, that are sprouting up across Thailand and taking away their business.

These tensions came to a boiling point last night. An announcement on Thai television declared that a "Council of Administrative Reform" with King Bhumibol as head of state had seized power in Bangkok and nearby provinces without any resistance.

A separate announcement on national television, signed by Army Commander in Chief Gen. Sondhi Boonyaratkalin, said martial law had been declared across Thailand and the country's 1997 Constitution revoked. The general, a Muslim in the overwhelmingly Buddhist country, ordered all troops to report to their duty stations and not leave without permission from their commanders.

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"The armed forces commander and the national police commander have successfully taken over Bangkok and the surrounding area in order to maintain peace and order. There has been no struggle," the announcement said.

The military coup didn't meet any initial resistance in Bangkok, although it wasn't clear whether there were any confrontations elsewhere in Thailand.

Mr. Thaksin tried to put the brakes on the coup before it took effect. He telephoned a Thai television station from New York to declare a state of emergency and ordered Gen. Sondhi to report to Mr. Thaksin's deputy, effectively stripping Gen. Sondhi of his power. After 10 minutes, Mr. Thaksin's voice cut off.

A spokesman for the coup, retired Lt. Gen. Prapart Sakuntanak said on Thai television that the power grab was temporary and that power soon would be returned to the people. Some observers said they suspected the military doesn't want to control the country, only to remove Mr. Thaksin.

"Never in Thai history have the people been so divided," Lt. Gen. Prapart said. "The majority of people had become suspicious of this administration, which is running the country through rampant corruption. Independent bodies have been interfered with so much they could not perform within the spirit of the constitution."

A U.S. official who has worked on Thai issues added that the White House would be inclined to take a relatively aggressive stance against a Thai coup, due to President Bush's stated commitment to promoting democracy in the Middle East and Asia. "We're trying to build democracy around the world, and we're just going to stand by" while there are tanks on the streets? the official said. "You could imagine the snickering in the region."

Some officials working on Thailand worry that the Bush administration, absorbed with crises in Lebanon and Iraq, didn't offer signals early enough that Washington would be opposed to a coup. Now, they say, the White House will likely have to work aggressively through the Thai monarchy to restore the democratic process, though they note that it might be too late for Mr. Thaksin's government.

Weathering Thailand's Storm (WSJ)

By Karen Richardson

The Wall Street Journal, September 20, 2006

Uncertainty over the outcome of an apparent military coup in Thailand is likely to roil Thai stocks during the next few days, though analysts said it is unlikely to spill over into other major Asian markets.

As tanks and troops surrounded government offices in the Thai capital of Bangkok last night -- part of an effort to oust Prime Minister Thaksin Shinawatra -- foreign investors in the Southeast Asian country said they hoped for a smooth and swift resolution to the crisis. "Unless we have a tremendous amount of clarity, that first trading session is likely to be very sloppy and very volatile," said Uri Landesman, senior portfolio manager of a $300 million fund that invests globally at ING Investment Management in New York. It wasn't clear when trading would resume, however, as the armed forces declared Wednesday a government, bank and market "holiday."

The main SET index closed 0.47% lower at 702.56 yesterday before the coup. The SET is home to Bangkok Bank and Siam Cement, mainstays of many foreign portfolios invested in Thailand.

A rout in Thai stocks is unlikely to significantly affect the portfolios of international emerging-market investors who construct their portfolios to hew closely to the Morgan Stanley Capital International Emerging Markets Index, which is widely used by emerging-market fund managers. Thailand makes up 1.65% of that index.

The country's baht currency -- the devaluation of which helped send Asia into financial turmoil in 1997 -- fell in its biggest one-day decline in three years, weighing on other Asian currencies. The baht weakened to 37.764 from 37.286 against the dollar.

Emerging-market bonds were slightly rattled by the news. Thailand's $2.1 billion in investment-grade sovereign debt makes up just 0.21% of the J.P. Morgan Emerging Markets Bond Global Diversified Index, widely used as a benchmark by professional investors. Fitch Ratings said it was reviewing the country's triple-B-plus foreign-currency debt rating for possible downgrade in light of the coup, but added Thailand has enough foreign-exchange reserves to handle "any shocks that may come."

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Investors and traders didn't panic much. Credit-default swaps -- derivatives that provide insurance against the risk of bond defaults -- became more costly on news of the coup, jumping to $65,000 to protect against a default on $10 million of Thailand's sovereign bonds during the next five years from $37,000 yesterday morning. Later, the price retreated to $53,000, according to data from J.P. Morgan. "A coup is about as common there as an election is here," said Mr. Landesman of ING, who noted some 18 coups have occurred in Thailand in the past 75 years.

Aided by strong economic expansion driven by robust exports, consumer spending and foreign investment, Thai government coffers and Thai companies' balance sheets have strengthened since the Asian financial crisis. In the 1990s, Thailand and other Asian economies had large current-account deficits and exchange rates pegged to the U.S. dollar. These factors encouraged external borrowing, and led to high exposure by local companies and governments to foreign-exchange risk. When U.S. interest rates jumped, money swept out of Asian currencies, stocks and other assets, leaving their currencies devalued, stock markets in shambles and real estate near worthless.

"The last nine years have seen the emerging markets change their governance at both the corporate and government level," said Larry Smith, chief investment officer of Third Wave Global Investors LLC, which manages about $400 million in Greenwich, Conn. While Thai companies had poor financial governance and management before, now they are "in the business of making money," he said, adding that the return on equity for Thai stocks hovers at about 20% -- in the high end for emerging markets. Unlike the country's financial crisis in 1997, "I don't see the coup creating any type of contagion or systemic risk that's going to have an impact on other regions," he said.

Western investors in Thailand expect the coup to be positive for the market in the long term, particularly if it is bloodless and receives the blessing of Thailand's King Bhumibol Adulyadej. Mr. Landesman expects the Thai stock market to rally as much as 15% following a smooth transition of power.

Mr. Thaksin has come under fire by critics for cronyism and unpredictable government policies. Thailand has been run by a caretaker government since Mr. Thaksin in the first quarter dissolved Parliament for elections, which were held April 2. The results of the vote later were annulled because of irregularities. Free-trade talks with Japan and the U.S. are on hold until a new government can be elected.

Other Market Activity

European shares closed lower as long-term worries about interest rates offset short-term relief generated by tepid U.S. inflation data. Asian markets were flat ahead of today's U.S. Federal Reserve meeting.

In LONDON, the FTSE 100 index fell 58.40 points, or 1%, to 5831.80. Nuclear-power operator British Energy tumbled 8.3% after a warning about falling output.

In TOKYO, the Nikkei Stock Average edged up 7.35 points, or 0.1%,to 15874.28 following a three-day weekend. Hitachi dropped 2.3% after issuing a profit warning.

A Retrograde Coup In Thailand (NYT)

The New York Times, September 20, 2006

"Political troubles should be solved by politicians," the chief of Thailand's army wisely declared last March. "Military coups are a thing of the past." Regrettably, Gen. Sondhi Boonyaratkalin changed his mind yesterday, launching a coup against the prime minister, Thaksin Shinawatra, who was in New York, preparing to address the United Nations.

Mr. Thaksin, in power since 2001, has been a high-handed and controversial leader. Corruption charges swirl around his government and his multibillion-dollar family business empire. He has tried to muzzle press critics. And his inflammatory mishandling of a Muslim separatist campaign in the south has killed more than 1,000 civilians.

But removing him from office is a decision that belongs to Thailand's voters, not an ambitious army general. They would have had a chance to make that decision soon.

Mr. Thaksin won decisive electoral victories in 2001 and 2005. Balloting earlier this year was boycotted by the opposition and later declared invalid by the courts. Arrangements for a new vote were being worked out when the army intervened.

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Military power grabs have punctuated Thailand's recent history, and none have left the country better off. The best thing General Sondhi could do now is recall his wise words of six months ago and return power to the constitutional civilian leadership.

Turmoil In Thailand (LAT)

The Los Angeles Times, September 20, 2006

THERE HAD BEEN 17 MILITARY COUPS in Thailand since its absolute monarchy was abolished in 1932. Number 18 occurred Tuesday, when soldiers circled the offices of Prime Minister Thaksin Shinawatra with tanks, seized TV stations and declared martial law. The military claimed to be acting on behalf of the popular monarch, King Bhumibol Adulyadej.

Thaksin was in New York at the time to attend a session of the United Nations, and his future as Thai leader is now seriously in doubt. The coup could also jeopardize the recent stability and economic prosperity across Southeast Asia, traditionally among the most volatile regions in the world. Thailand has been an anchor to that stability, but now the restive foes of Thaksin are taking a huge step backward. It would be in the best interest of the country if its monarch took a page from the Spanish playbook and came out against the coup — as King Juan Carlos I did in 1981 — if he is free to do so.

Thaksin, a billionaire media mogul, is very popular in the rural north but widely despised in Bangkok. The first democratically-elected Thai prime minister to serve a full four-year term, he was first elected in 2001 and easily reelected in 2005. But urban voters, dissatisfied with Thaksin's control of the media, manipulation of democratic institutions, mishandling of a Muslim insurgency and other issues, held frequent protests against his regime.

Thaksin responded by holding snap elections in April, and won once again. But the election was boycotted by the minority party, leaving 38 parliamentary seats unfilled, and Thaksin wisely decided to step down. Then, after the courts declared the April election invalid, Thaksin returned to work as "caretaker" prime minister in a country without a parliament, while new elections were scheduled for this fall.

Thaksin bears some blame for his government's downfall. Had he made it clear that he wouldn't seek the premiership after the coming elections, opposition and turmoil in Bangkok would have died down. Had he not tried to interfere with military decisions, he wouldn't have created the fury among army leaders that may have prompted them to take action.

The coup could produce deep uncertainty at best and violent uprisings at worst, and it may threaten economies throughout the region. That's a heavy price to pay for one man's refusal to cede power and a refusal by his people to accept a concept taken for granted in more mature democracies: Sometimes in free elections, your side loses.

Paulson Spends Much Of Debut On World Stage Defending The U.S. (NYT)

By Steven R. Weisman

The New York Times, September 20, 2006

HANGZHOU, China, Sept. 19 — In his debut on the international stage, Treasury Secretary Henry M. Paulson Jr. faced three days of criticism and concern that the United States' fiscal and current-account deficits were casting a shadow over the global economy.

The issue of "global imbalances" came up again and again in Singapore in the language of speaker after speaker, as well as in the communiqué of the Group of 7 as its members conferred at the annual meeting of the World Bank and the International Monetary Fund.

Mr. Paulson, who arrived in Hangzhou on Tuesday to meet local entrepreneurs before traveling to Beijing on Wednesday, did not seem bothered by the criticism. Economic relations between countries are "never easy," he said Monday.

In office a little more than two months, Mr. Paulson gamely made the arguments in response. He said the current-account deficit — nearly 7 percent of the United States economy — was a sign of strength, not weakness, because American consumers were buying global goods and keeping the world prosperous.

While Mr. Paulson acknowledged to reporters that the United States had room to improve, he saw its deficits as part of a bigger picture and part of a problem of imbalances in other countries.

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"The U.S. has for a good number of years now been growing much faster than the major developed trading partners, Europe and Japan," he said, suggesting that as a faster-growing country, the United States would import more. "We've got a low savings rate, and it is a problem in the U.S." He also said the United States could "do more on deficits."

But he said that for the imbalances to ease, Japan, China and Europe had to "get the kind of growth on the consumption side that's going to make a difference."

He refused to blame the policies of the Bush administration for the global problems. The United States is able to borrow heavily from around the world, he said, because investors regard United States debt instruments as secure and United States policies, like maintaining tax cuts, as sound.

As for the nation's budget deficit, Mr. Paulson said it was coming down, citing recent revenue figures. For the future, he promised that he would personally help the Bush administration tackle the exploding costs of Medicare, Social Security and Medicaid in the next two years.

And to those in Singapore who said the United States was saving too little, Mr. Paulson said China was saving too much.

He did not say any of these things in a combative way. He sought to parry the criticism of American policies by suggesting that all countries, not just the United States, needed to put their houses in order.

Others echoed that theme, as when Jean-Claude Trichet, president of the European Central Bank, said at a news conference that all the participants in Singapore had "homework" to do to avert threats to the world economy.

The homework that Europe needs to do, Mr. Paulson said, is structural reform, like lifting regulations, taxes and labor restrictions that will allow business to grow and import more.

His prescription for China was similar. In addition to saving less and consuming more, Mr. Paulson said, China needs to deregulate its economy and, most important, let the value of its currency fluctuate against the dollar and the euro, so that a new balance could be struck in which Chinese exports are more expensive and China imports more.

In addition to criticism of the United States current account and budget deficits, Mr. Paulson heard complaints about American trade policies and Washington's responsibility for disputed practices at the World Bank and the International Monetary Fund.

By all accounts, Mr. Paulson, who took office in July, moved comfortably in Singapore. Many of his counterparts were friends from his years as the head of Goldman Sachs.

He also seemed to understand that when representatives of 184 countries get together, criticism of the United States is often what most of them can agree on. This time the criticism seemed especially focused, but at the same time a main worry was that the United States economy might slow, imperiling the future for everyone else.

"I am not looking for any immediate solutions or quick fixes to any particular economic issue," Mr. Paulson said in Singapore. "I'm looking to set a tone and an expectation of working through issues and making progress."

On trade, the Suntec Center in Singapore, where thousands of officials gathered, echoed with calls for leadership to revive the world trade negotiations that collapsed this summer. But most delegates aimed their appeals at the United States, over its refusal to offer more concessions to revive the talks.

Even a revolt among board members at the World Bank over the anticorruption campaign of its president, Paul D. Wolfowitz, reflected many bank officials' resentment at President Bush for choosing Mr. Wolfowitz, an architect of the Iraq war, to lead the institution.

A leader in the fight against Mr. Wolfowitz's policies, for instance, was a close associate of Gordon Brown, the British chancellor of the exchequer and a likely successor to Prime Minister Tony Blair. Bank officials said Mr. Brown seemed to be trying to show that, presumably unlike Mr. Blair, he could stand up to Washington.

But Mr. Paulson did leave with a major victory. The Singapore gathering demonstrated that the United States had successfully rallied the world's economic players around a policy of trying to expand China's influence in the institutions that oversee the world economy, like the International Monetary Fund, and in pressing China to be a more responsible player on economic issues.

Paulson Seeks To Build On Ties During China Visit (WSJ)

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By Michael M. Phillips And Andrew Browne

The Wall Street Journal, September 20, 2006

Treasury Secretary Henry Paulson's first meeting after arriving in China yesterday was with Xi Jinping, the Communist Party secretary for Zhejiang Province.

It wasn't because Mr. Xi is a national political figure, although Mr. Paulson considers him a rising star in a province that is an aggressive exporter to the U.S. It was because when the two met in New York City a few months ago, Mr. Paulson -- then chief executive of Goldman Sachs Group Inc. -- promised he'd drop by.

At Goldman, Mr. Paulson believed the key to doing business in China was building long-term relationships. At Treasury, he believes the same thing, putting his contacts to work for the U.S. government on an agenda that ranges from protecting American companies' intellectual property to trying to convince Beijing to relax its grip on the exchange value of the yuan. "These things generally take a bit of compromise, generally take patience and generally take listening as well as talking. And in the case of China it takes a process where you're talking to all of the right people," Mr. Paulson said before arriving in the garden city Hangzhou.

"I told you I would come," Mr. Paulson said as Mr. Xi greeted him at a lakeside guesthouse.

Treasury officials have long found Chinese decision-making opaque, as they struggled to figure out which bureaucrats and politicians really influence policy. They hope Mr. Paulson -- who made some 70 trips to China as an investment banker, tourist and environmental activist -- will bring Treasury something close to an insider's view.

The secretary himself drew up the list of people he wanted to see. Among them was President Hu Jintao, whom Mr. Paulson is slated to meet in Beijing this week -- something of a coup for a cabinet secretary in a protocol-conscious country. He was scheduled to meet, as well, with Finance Minister Jin Renqing and Ma Kai, head of the National Development and Reform Commission, which sets China's energy policy.

Also on his schedule is Beijing Mayor Wang Qishan, who bonded with Mr. Paulson during the 2003 SARS crisis. The previous mayor had been fired for covering up the epidemic, and Mr. Wang took the job, desperate to show Beijing was safe. He asked Mr. Paulson if he would be willing to help out -- by making a public visit to the city. Mr. Paulson immediately got on a plane to China.

Mr. Paulson has a proven record in doing business with China. He helped pull off a coup in 2004 with an innovative plan that enabled Goldman Sachs to get around strict ownership rules and establish control over a full-service Chinese brokerage firm and investment bank. No other foreign investment bank has managed to achieve that.

The argument he used to clinch the deal, according to people familiar with the situation, was that it was in China's best interests because Goldman would help raise standards in a securities industry Beijing is striving to clean up.

That's the tack U.S. officials have taken with China for some time. They argue that by allowing more flexibility in the yuan's exchange rate, Beijing will give itself more leeway to adjust interest rates and control its own economy. The Chinese government is now struggling to rein in investment that is leading to runaway growth and threatening another boom-bust cycle.

Mr. Paulson's comments on the yuan so far have been measured.

But having barely set foot in China, Mr. Paulson was already coming under pressure to speed things along. "Secretary Paulson's repeated efforts to lowball expectations just before beginning negotiations with the Chinese represent a major tactical and strategic mistake," U.S. Business and Industry Council President Kevin L. Kearns said in a written release yesterday. "His claims that Chinese reforms 'will take time,' and his criticisms of 'quick fixes,' inevitably tell Beijing that it can keep stonewalling with impunity."

Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, have asked for a Senate vote on a bill that would impose 27.5% tariffs on all imports from China, in retaliation for the alleged advantage an undervalued yuan gives to Chinese businesses.

Aside from the currency, analysts predict Mr. Paulson will push the interests of international financial-services companies, which he sees as necessary for economic growth.

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Mr. Paulson has made a point of pooh-poohing expectations that he will make concrete headway on specific economic issues during his four-day China trip. Rather, he has said he is trying to set the tone and build relationships for slower, more-durable gains.

The personal touch seemed to get the attention of Mr. Xi. "We treasure your friendship," he told Mr. Paulson before the two men strolled together through the lush gardens around the guesthouse, the same complex where Richard Nixon stayed during his groundbreaking visit in 1972.

"He's the kind of guy who knows how to get over the goal line," Mr. Paulson said after their meeting.

Two Chinese Warships Visit San Diego (LAT)

By Tony Perry And Mark Magnier

The Los Angeles Times, September 20, 2006

SAN DIEGO — Under a clear blue sky Monday, two Chinese warships slipped peacefully into San Diego Bay, a sign of some warming in the sometimes chilly relationship between the two countries.

The arrival of the guidedmissile cruiser Qingdao and the oiler Hongzehu marked the third visit of Chinese ships to the West Coast — but the first since the 2001 incident in which a Navy surveillance plane collided with a Chinese fighter, forcing the U.S. plane to land on China's Hainan Island and requiring 11 days of diplomatic wrangling before the plane's crew was allowed to leave.

"With this visit, China and the United States have an important opportunity to develop and build through our sailors relationships for cooperation in maintaining a peaceful and stable region," Rear Adm. Len Hering, commander of Navy Region Southwest, said as the ships docked at the 32nd Street Naval Station.

Three hundred members of the local Chinese community greeted the ships. The Navy Band was accompanied by the Chinese Navy Band.

China could have its first aircraft carrier by the end of this year, and Pentagon analysts have warned in recent years that China could present a major threat as its expanding "blue-water" navy increasingly is able to travel far from home. But the U.S. also may need Chinese cooperation in the United Nations to reign in the nuclear ambitions of Iran and North Korea.

In San Diego, the two Chinese ships are surrounded by carriers, destroyers and submarines. On Monday, a variety of U.S. warplanes screamed overhead.

When it comes to military relations with the United States, analysts said, China is more wary of exposing its weaknesses than of revealing its strengths.

"It's like a millionaire invites someone who only has a few dollars to enter into a partnership," said Ni Lexiong, a defense analyst and professor at the Shanghai Institute of Politics and Law. "The latter wouldn't accept it because he wouldn't have any real say in the partnership and might even risk what little money he does have."

The U.S., meanwhile, has every interest in fostering closer military relations in hopes that Chinese leaders will see America's overwhelming military superiority and convey their impressions back to their political leaders in Beijing — making them think twice about challenging the Pentagon, Lexiong said.

Chinese leaders have eased their reservations about improving relations with the U.S. in recent months as their confidence gradually improves, analysts say.

They also have a big interest in keeping overall bilateral relations on a good footing and don't want military issues to add strain at a time of economic friction and foreign policy differences over Iran and Sudan.

Better bilateral relations, in Beijing's view, would encourage Washington to restrain Taiwan, while military acrimony might spur conservatives in Washington to encourage Taiwan's pro-independence voices. "In a bid to improve its relations with the United States, China is now trying to actively spur these defense exchanges," said Jia Qingguo, vice dean of international studies at Peking University.

Since he assumed command last year of all U.S. forces in the Pacific, Adm. William Fallon has visited China three times, calling for greater transparency and reciprocity in the access each side receives.

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In San Diego, crew members aboard the two ships will participate in a search-and-rescue training mission with U.S. ships. But first the crew members will enjoy some free time, including a visit to the San Diego Zoo and its pandas, on loan from China.

Powering China's Juggernaut: Truckers Hauling Coal (NYT)

By Jim Yardley

The New York Times, September 20, 2006

FUGU, China — Hunched over his steering wheel, Zhu Dexiu turned the key in the ignition as the engine rumbled awake and his coal truck lurched forward. The journey lasted about 30 feet. Then Mr. Zhu switched off the engine and waited for the next flurry of driving, maybe another 20 minutes off.

It was 2 p.m. His goal was to reach the inspection station here on the eastern border of Shaanxi Province by 10 p.m. All that stood in his way were other battered trucks carrying cinderblock-size chunks of coal destined for China's east. There were maybe a thousand of them.

The line was five miles long.

"We've been waiting in this line for 24 hours," complained Mr. Zhu, a green towel draped over his head and behind his ears as if he were a beleaguered Egyptian pharaoh. "We have no choice but to be patient."

Given China's status as the workshop of the world, and given that coal, more than anything, is powering that workshop, men like Mr. Zhu could be called the coal-truck drivers of the world. They carry the coal that powers the country's restaurants, office buildings and high-rises, as well as the factories that make cheap exports for the West.

They also spend hours, sometimes days, waiting in line, a small example of the epic scale, and epic inefficiency, of China's coal economy. The grimmest barometer of that inefficiency is not measured in hours wasted but in lives lost: nearly 6,000 coal miners died in accidents last year, often in illegal mines where owners sacrificed safety in the rush for profits.

But the journey of the coal driver is a reminder that often beneath the juggernaut of the Chinese economy are three guys squeezed into the cab of a filthy truck hauling coal, a trip multiplied daily by untold thousands. In this fashion — one restaurant, one shopping mall or one factory at a time — much of China gets its energy.

First, though, the drivers must get out of coal country in the autonomous region of Inner Mongolia and neighboring Shaanxi and Shanxi provinces. On a gray, drizzly afternoon in August, Mr. Zhu was part of a small caravan of trucks carrying 90 tons of coal to a karaoke bar and bathhouse in Baoding.

Mr. Zhu had collected his load a day earlier from a small mine in Shenmu, a major coal hub in northern Shaanxi. He estimated that the 260-mile trip to Baoding would take five days, including at least two at the inspection checkpoint in Fugu before he could cross the Yellow River and head east. For a poor province like Shaanxi, the toll collected there is like a tithe for every pebble of black gold leaving its borders: the fee for a ton of coal is about $7.

Drivers see the fee as just another shakedown. On a different morning, just south of the ancient city of Togtoh, in Inner Mongolia, a different caravan of about 20 coal trucks was parked on a roadside. They had sent a scout to a nearby traffic circle to check for a police officer with a reputation for dispensing dubious tickets.

"He's got to make his quotas," said one driver, smoking a cigarette as other drivers napped on the road beneath the shaded undercarriages of their trucks. The scout's job was to notify the other drivers when the officer broke for lunch so the caravan could beat it safely through town. "Otherwise," the driver said of the $6 ticket, "we could not make any money."

The inspection station in Fugu is an unavoidable bottleneck for the trucks heading east from the mines in Shenmu. Drivers spend so much time waiting that a floating commercial district has arisen on the roadside. Hawkers on bicycles and mopeds peddle Mao amulets, military magazines, spare keys, boiled eggs, noodles and fingernail clippers.

"Corn! Corn!" shouted a woman selling food from the back of one bike.

In their idle time, drivers play cards in the cramped cabs of their trucks or read magazines. Some compare waiting-in-line stories the way other men compare fish stories.

"The longest we had to wait was two weeks," Mr. Zhu said. "People set up restaurants beside the road."

Another driver in the convoy, Li Wenshun, said he once waited in a line that stretched more than 30 miles, all the way back to the mines in Shenmu.

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"Before there was a road," mused Mr. Li, "there was a line."

For the Chinese government, bottlenecks in coal transportation are a critical issue partly blamed for power shortages in cities and factory districts along the southern coast. The government has responded by rapidly expanding railroad lines dedicated to coal and upgrading port facilities to expedite sea shipments of coal to power plants and factories in the south.

Experts say those improvements have begun to help ease the bottlenecks. But the demand for coal remains so insatiable that the more informal, and chaotic, network of truckers continues to play a vital role. Coal trucks seem to be everywhere. Anyone who has driven in China knows the not-always-comforting feeling of looking in the rear-view mirror and seeing a coal truck barreling closer.

Mr. Zhu said he now made the trip from Shenmu to Baoding about six times a month, earning about $600. Many of the drivers were once farmers who could not earn $600 in a year and are looking for a way out of rural poverty. "We have no choice," said another driver. "There is no other way out of the countryside."

On this trip, Mr. Zhu was traveling with a backup driver and his son, an apprentice driver who hopes to have his own coal truck one day. They sat patiently inside the cab as, every hour or so, coal trains whizzed by the paralyzed truck line.

"I like the lifestyle," said the son, Zhu Dongliang, 20. "There aren't that many jobs out there. This is good work."

If sometimes tedious: a few minutes later, the elder Mr. Zhu cranked up the engine and lurched forward another 30 feet. Then he turned it off.

Australia Announces Plan For Compromise In Global Trade Talks (WSJ/AP)

By Associated Press

The Wall Street Journal, September 20, 2006

CAIRNS, Australia -- The 18-member Cairns Group of Pacific Rim and Asian nations launched a bid to intensify pressure on the U.S., Europe and Japan to give ground in global trade talks.

Host Australia announced a compromise it hopes will cut through the impasse on trade protection that is blocking the World Trade Organization's so-called Doha round.

But European Union Trade Commissioner Peter Mandelson, who didn't attend the Cairns meeting, already has rejected the proposal as "undoable."

The plan would require the EU to agree to better by 5% its offer to reduce farm tariffs and the U.S. to agree to cut subsidies by $5 billion, Australian Trade Minister Mark Vaile told Australian Broadcasting Corp. radio yesterday.

"We think that's a middle-ground position," Mr. Vaile said, though he conceded neither the EU nor Washington was on board with the idea.

The U.S.'s chief agricultural negotiator, Richard Crowder, told the Associated Press yesterday that Washington was "prepared to be flexible" on domestic subsidies, provided other countries made significant reductions in agricultural tariffs.

The Doha round talks were suspended in July over disagreements about agricultural subsidies and tariffs.

The Cairns Group members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

The group was formed in August 1986 to lobby for the removal of global farm trade barriers.

US Trade Representative Says Australian Trade Proposal "has Potential" (AP)

AP, September 20, 2006

CAIRNS, Australia U.S. Trade Representative Susan Schwab said Wednesday that a new proposal to break the current impasse in global trade talks "has potential."

Schwab said the proposal, under which the European Union would agree to better by 5 percent its offer to reduce farm tariffs, while the U.S. would agree to cut subsidies by US$5 billion (€3.9 billion), could help restart the stalled Doha round of World Trade Organization talks.

"I'm going to be very careful not to endorse any specific proposal, except to say that the Australian proposal, I think, is an important one," she told The Associated Press on the sidelines of a meeting of the 18-member Cairns Group of agricultural exporting nations.

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Australia's Trade Minister Mark Vaile presented the proposed compromise this week, but the EU's Trade Commissioner Peter Mandelson immediately rejected it as "undoable."

While she wouldn't comment on the specific figures, Schwab said the principles underlying the proposal were acceptable to the United States.

"I think the fact that Mark Vaile and the government in Australia put forward a proposal that has both more market access and more cuts in domestic support is ultimately the right way to go," she said. "I think it has potential to move the conversation forward."

The United States and the EU have been sharply divided over how to cut tariffs and domestic subsidies on farm goods, a dispute that led to the suspension of the Doha round in July.

This week's meeting of the Cairns Group has set the revival of the Doha round — named for the Qatari capital where talks commenced in 2001 — as its top priority.

But as the meeting began Wednesday, the United States and Europe remained divided as ever.

"I think the fundamental disagreement has to do with the level of ambition in the Doha round," Schwab said. "If you are going to promote global economic growth and development and the alleviation of poverty you need an ambitious balanced agreement where market access is key and new trade flows occur."

She said the EU was willing to open its markets to the manufactured goods and the services sector, but "when it comes to agriculture, the EU's proposal is less ambitious."

Moscow Faces Global Oil Backlash (FT)

By Neil Buckley And Arkady Ostrovsky

Financial Times, September 20, 2006

Russia was facing a global backlash on Tuesday over its threat to halt work on a $20bn (£10.6bn) energy project led by Royal Dutch Shell.

Japan led the chorus of anger. Shinzo Abe, chief cabinet secretary and front-runner to be next prime minister, warned the move would damage international relations and jeopardise foreign investment. The European Union voiced concern and Britain protested to the Russian authorities.

But even as the international community was protesting against the suspension of an environmental permit for the Royal Dutch Shell-led Sakhalin-2 project, it emerged that another large foreign energy project faced a similar threat.

Russian prosecutors have threatened to suspend an exploration licence for TNK-BP, the Anglo-Russian joint venture, to develop Kovykta, the massive gas field in Eastern Siberia.

A source familiar with the situation said prosecutors in Irkutsk, capital of Eastern Siberia, demanded a local agency for natural resources suspend TNK-BP's licence on environmental grounds and for failing to fulfil its terms.

On Tuesday Russia insisted its move to cancel the environmental permit for Sakhalin-2 was not politically motivated and was prompted entirely by environmental concerns.

If the move is ratified by Russia's industrial safety agency, work on the huge gas and oil development would be halted.

Oleg Mitvol, deputy head of Russia's environmental watchdog, accused the project operators of serious breaches of environmental law, including marine and river pollution on the Pacific island of Sakhalin. He expected the natural resources ministry's decision to revoke the permit to be approved by a further technical body within days.

Ministry officials say the Shell-led consortium would be forced to suspend work on phase two of the project, which includes building the world's largest liquefied natural gas plant and pipelines linking it to offshore oil fields.

The suspension of Shell's permit has been widely seen as a tactic to secure a better stake in the project for the Russian government: a charge the authorities strongly rejected on Tuesday. The moves against Shell and TNK-BP come as the Kremlin looks to expand its influence over the energy sector. It is known to want Gazprom to take a substantial stake in Sakhalin-2. Gazprom is also seen as the front-runner to replace the private Russian partners in the TNK-BP venture.

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The move was keenly felt in Japan, where Sakhalin gas and oil are crucial for strengthening energy security and reducing dependence on the Middle East. The trading companies Mitsui and Mitsubishi own 25 per cent and 20 per cent of the project, with the rest owned by Shell.

EU, Japan Object To Russia's Move On Shell Permit (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, September 20, 2006

Russia's move to revoke an environmental permit for a $20 billion oil-and-gas project led by Royal Dutch Shell PLC sparked protests from Europe and Japan.

Meanwhile, Russia's OAO Gazprom said talks aimed at bringing the state-controlled gas monopoly into the giant project on the Far East island of Sakhalin have made no progress since Shell announced costs would double more than a year ago.

Russia's Ministry of Natural Resources said Monday it was withdrawing its approval for the second phase of the project because of allegations Shell had violated terms of the deal. Shell denies that.

But Russia's economics minister said the government had no plans to cancel a handful of foreign-led energy projects agreed to in the 1990s, including Sakhalin II.

The move to revoke the permit follows Kremlin efforts to increase Russian control of oil and natural-gas projects and was seen as a tough negotiating tactic aimed at restructuring the agreement between Russia and the project's operator, in which Shell owns a 55% stake and Japan's Mitsui & Co. and Mitsubishi Corp. own a combined 45%.

The European Commission, the European Union's executive body, said it was taking Russia's withdrawal of the permits "very seriously" and called on Moscow to guarantee a secure and predictable investment climate.

Shinzo Abe, the expected successor to Japanese Prime Minister Junichiro Koizumi, said a major delay to Sakhalin could hurt diplomatic relations, and the British government said it was "deeply concerned."

Analysts said Russia needs massive amounts of investment to develop its infrastructure and exploration capacities.

Sakhalin II had been scheduled to start producing liquefied natural gas in the middle of 2008, with about 60% delivered to Japan, according to Japanese buyers.

Analysts and an industry insider said they don't expect a severe impact on liquefied-natural-gas supplies in 2008 to 2009, because Japanese buyers already had expected initial output from the project to be unstable.

But for the longer term, a possible slowdown in investments in energy projects in Russia could be a serious problem, analysts said.

"Japanese companies may think twice about investing in resource projects in Russia," said Hirofumi Kawachi, an analyst with Mizuho Investors Securities Co.

Analysts said they suspect the Kremlin will ratchet up pressure to the point where Shell would be forced to surrender long-established production deals, negotiated when global oil prices were much lower, to give Russia a bigger slice.

Analysts said Russia also wants to help Gazprom get better terms for a stake in the project. Gazprom had planned to swap 50% in its giant Siberian Zapolyarnoye field against a 25% stake in Sakhalin II. But the plan ran into trouble after Shell announced cost overruns. A Gazprom spokesman denied that the government's move had influenced Gazprom's talks with Shell.

Jonathan Stern, a gas specialist at the Oxford Institute for Energy Studies, said companies would continue to invest in Russia because alternatives such as Iran, Venezuela and Nigeria were just as risky, if not more so.

"They will all say they're going to be discouraged," he said of Western energy companies. "The question is...'Where are you going to go?' If you look at the places which are open for investment...it seems to me that you don't see Russia as more difficult than anywhere else."

Steven Beharrell, a senior counsel at law firm LeBoeuf, Lamb, Greene & MacRae, said this may prove to be a watershed, with assets coming under much closer Kremlin control.

"I think this is an indication and a warning to anyone wishing to invest in Russian infrastructure that you will do it on national terms and not on any others," he told a London conference.

Annan Calls For Unity In Emotional Adieu (AP-Y)

By Edith M. Lederer

AP, September 19, 2006

In an emotional farewell, Secretary-General Kofi Annan appealed for nations and peoples to unite to combat widespread contempt for human rights, religious divisions, brutal conflicts and an unjust world economy.

Annan's opening address to the 61st annual U.N. General Assembly hit many issues on the ambitious agenda that leaders of the 192 member nations confront — reviving a stalled Mideast peace process, curbing Iran's nuclear ambitions, getting U.N. peacekeepers into conflict-wracked Darfur and promoting democracy.

But it was overshadowed by a bloodless coup in Thailand in which the military overthrew popularly elected Prime Minister Thaksin Shinawatra as he was in New York for the ministerial meeting. Thaksin initially switched speaking slots so he could make his speech on Tuesday evening, a day earlier than planned, but later canceled the address.

Trying to build bridges with people in the Middle East angry with the United States over Iraq and Lebanon, President Bush assured skeptical Muslims he is not waging war with Islam and urged support for the people trying to transform the region and bring Mideast peace.

Iranian President Mahmoud Ahmadinejad — who was scheduled to speak to the body later Tuesday — was not in the hall during Bush's address and skipped a lunch hosted by Annan attended by the U.S. leader.

Bush opened his speech saying the call he made immediately after the Sept. 11 terrorist attacks five years ago to all nations to defend civilization and build a better future "is still the greatest challenge of our time; it is the calling of our generation."

"At the start of the 21st century, it is clear that the world is engaged in a great ideological struggle, between extremists who use terror as a weapon to create fear, and moderate people who work for peace," he said.

Pakistan's President Gen. Pervez Musharraf, a staunch U.S. ally who spoke shortly after Bush, also urged the world to confront the plague of terrorism head-on and end ending conflicts in the Islamic world to eliminate the "desperation and injustice" that breed extremism.

"Unless we end foreign occupation and suppression of Muslim peoples," he said, "terrorism and extremism will continue to find recruits among alienated Muslims in various parts of the world," he said, and the top priority should be ending "the tragedy of Palestine."

Annan, meanwhile, warned that "as long as the Palestinians live under occupation, exposed to daily frustration and humiliation, and as long as Israelis are blown up in buses or in dance halls, so long will passions everywhere be inflamed."

Failure to resolve the Palestinian-Israeli conflict and Israel's 40-year occupation will continue to hurt the U.N.'s reputation and raise questions about its impartiality, he said. It also will stymie the U.N.'s best efforts to resolve other conflicts, "including those in Iraq and Afghanistan, whose peoples need our help just as badly, and are entitled to it," he warned.

On a positive note, Israeli Foreign Minister Tzipi Livni met Palestinian President Mahmoud Abbas late Monday for the first time in months. Ministers from the Quartet that drafted the stalled road map to Mideast peace — the U.S., the U.N., the European Union and Russia — will meet Wednesday, and the Security Council was to hold a ministerial meeting Thursday that Arab leaders hope will help revive the Mideast peace process.

Annan, whose second five-year term ends on Dec. 31, said the past decade had seen progress in development, security and the rule of law — the three great challenges he said humanity faced in his first address to the General Assembly in 1997.

But the secretary-general said too many people are still exposed to "brutal conflict" and the fear of terrorism has increased the risk of a clash of civilizations and religions. Terrorism is being used as a pretext to limit or abolish human rights, and globalization risks driving richer and poorer peoples apart, he said.

"As a result, we face a world whose divisions threaten the very notion of an international community, upon which this institution stands," Annan said.

"The only answer to this divided world must be a truly United Nations," he said.

He also decried the continuing conflict in Sudan's western Darfur region, "where the continued spectacle of men, women and children driven from their homes by murder, rape and the burning of their villages makes a mockery of our claim, as an international community, to shield people from the worst abuses."

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Sudan's President Omar al-Bashir denied that there was a major humanitarian crisis, accusing volunteer organizations working in Darfur of exaggerating the crisis in order to "solicit more assistance and more aid."

Al-Bashir reiterated his government's rejection of Security Council demands that the United Nations take control of a Darfur peacekeeping force now run by the African Union. Still, he said, he did not oppose the current force being strengthened and stressed that AU troops should remain there until a lasting peace is put into place.

Liberian President Ellen Johnson Sirleaf said the U.N.'s obligation to protect the helpless and innocent must remain paramount. She called on the Security Council to act under Chapter 7 of the U.N. Charter, which allows military intervention, "to restore peace, security and stability to Darfur."

The African Union's Peace and Security Council is scheduled to meet here Wednesday to discuss breaking the deadlock over Darfur.

Annan's voice rose with emotion as he described his "difficult and challenging but at times also thrillingly rewarding" job.

"Together we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back," the secretary-general said. "I yield my place to others with an obstinate feeling — a real obstinate feeling — of hope for our common future."

The presidents, prime ministers, foreign ministers, ambassadors and other diplomats in the General Assembly chamber burst into loud applause and rose to give their departing leader a sustained standing ovation.

In Last Report, Annan Cites 'Challenges' (WT)

By Betsy Pisik

The Washington Times, September 20, 2006

NEW YORK -- In his final address to an opening session of the U.N. General Assembly as secretary-general, Kofi Annan yesterday warned that the Israeli-Arab conflict has so inflamed tensions that it is constantly refueling "a climate of fear and suspicion" around the world.

Speaking with unusual candor, Mr. Annan also used his last appearance before the high-powered audience to demand economic opportunities for Africa, peace for the Middle East, and human rights for all.

"The events of the last 10 years have not resolved, but sharpened, the three great challenges ... an unjust world economy, world disorder and widespread contempt for human rights and the rule of law," he told the assembled world leaders, ministers and diplomats attending this year's general debate, including President Bush.

"As a result, we face a world whose divisions threaten the very notion of an international community, upon which this institution stands."

Mr. Annan will leave the United Nations in December after a decade of global and sometimes personal turbulence.

World leaders paid tribute to the outgoing secretary-general, and congratulations poured in during the annual luncheon.

President Bush praised his compassion, desire for peace and work ethic.

"We need to toast the fact that he is a decent, honorable man," Mr. Bush said during the luncheon. "We need to raise our glasses to 10 years of extraordinary service and be thankful that a man such as Kofi Annan was willing to stand up and serve the cause of justice and peace."

Mr. Annan, who last month visited 11 countries in two weeks to try to quell the Israeli-Hezbollah conflict in Lebanon, spoke passionately about the region.

"We might like to think of the Arab-Israeli conflict as just one regional conflict among many," Mr. Annan said. "But it is not. No other conflict carries such a powerful symbolic and emotional charge among people far removed from the battlefield."

"As long as the Security Council is unable to end this conflict, and the now nearly 40-year-old occupation, by bringing both sides to accept and implement its resolutions, so long will respect for the United Nations continue to decline," he warned.

The organization's impartiality will be questioned, and people will resist the U.N. efforts to resolve other conflicts, he said, citing Iraq and Afghanistan in particular.

The 61st session of the General Assembly opened amid acute security precautions. Throughout Midtown Manhattan, traffic was halted for passing motorcades, and streets surrounding luxury hotels are being barricaded through the weekend.

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Mr. Annan offered a bittersweet assessment of his own tenure.

"This is the last time I shall have the honor of presenting my annual report to this assembly. Let me conclude by thanking you all for allowing me to serve as secretary-general during this remarkable decade," Mr. Annan said yesterday.

"Together, we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back. But this mountain with its bracing winds and global views is the best place on earth to be."

Sudan: Won't Accept U.N. Peacekeepers (AP)

By Nick Wadhams

AP, September 20, 2006

Sudan will not allow the United Nations to take control of peacekeepers in Darfur under any circumstance, the president said Tuesday, claiming that rights groups have exaggerated the crisis there in a bid for more cash.

Omar al-Bashir did say that the African Union, which now runs the peacekeeping mission in Darfur, should be allowed to augment its forces with more logistics, advisers and other support.

"The picture that volunteer organizations try to give in order to solicit more assistance and more aid, have given a negative result," al-Bashir told a news conference.

Speaking on the sidelines of the annual U.N. General Assembly debate, al-Bashir claimed that Zionist groups wanted to weaken Sudan and that Jewish organizations were behind dozens of recent rallies there. He said Israel was spreading a lie that Sudanese Arabs are killing Sudanese Africans.

"We refuse to normalize with Israel, we refuse to deal with Israel," he said.

The fighting in Darfur has largely pitted Muslims against Muslims, though some identify themselves as African and others as Arab. The janjaweed, the Arab tribal militias unleashed by the government, are accused of some of the worst atrocities.

The United Nations and many rights groups claim that fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million since 2003.

The underfunded AU force has been largely unable to stop the violence, leading AU leaders and the U.N. Security Council to demand a takeover by the United Nations, with its deeper pockets and better resources.

Speaking on the sidelines of the General Assembly meeting, al-Bashir reiterated his stance that the demands to put peacekeeping in Darfur under U.N. control are part of efforts to protect Israel, carve up Sudan and get access to its oil reserves.

While he ruled out U.N. peacekeepers at any cost, he said he had no objection to the African Union force receiving logistical, military and communications support, as well as materials and advisers.

In what could be an encouraging sign, he said the African Union forces should be allowed to remain in Sudan until the region sees peace at last.

"We want the African Union to remain in Darfur until peace is re-established in Sudan," al-Bashir said.

Those comments suggest that the African Union will not face any resistance in renewing the peacekeeping force's mandate, which expires on Sept. 30.

Last month, the Security Council passed a resolution that would put the peacekeepers under U.N. control, but required Sudan's consent.

In his speech to the U.N. General Assembly earlier Tuesday, President Bush repeated Washington's belief that the Darfur tragedy is a genocide, and said the AU force is "not strong enough" to protect the people of Darfur. He called for the force to be strengthened and demanded the U.N. take control.

"If the Sudanese government does not approve this peacekeeping force quickly, the United Nations must act," Bush said. "Your lives and the credibility of the United Nations is at stake."

In that speech, Bush announced that he was naming Andrew Natsios, the former director of the U.S. Agency for International Development, as his special envoy for Sudan.

The United States and its allies are now weighing whether there are other options for confronting al-Bashir's government, including the possibility of military intervention despite his objections.

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In her speech to the General Assembly, Liberian President Ellen Johnson Sirleaf said the stalemate over whether a U.N. or AU force should be deployed "demonstrates a lack of international will to address the sufferings and yearnings of the citizens and residents of Darfur."

Saying the U.N.'s obligation to protect the helpless and innocent must remain paramount, she called on the Security Council to act under Chapter 7 of the U.N. Charter, which allows military intervention, "to restore peace, security and stability to Darfur."

Darfur Can't Wait (USAT)

USA Today, September 20, 2006

Last week, actor George Clooney described a recent trip to the crisis-torn region of Darfur in Sudan. A little girl pulled his finger, he said, and asked when he would be back. When he replied "soon," she giggled and told him: "That's what you always say."

Out of the mouth of babes, the saying goes, often comes the truth.

On Tuesday, speaking to the opening of the United Nations General Assembly in New York, President Bush announced he was appointing a high-level envoy, Andrew Natsios, to lead a new push to end more than three years of slaughter and mass displacements in Darfur. The little girl set the only meaningful test: Will it be yet another hollow gesture?

The portents aren't good.

At the U.N., Bush rightly took credit for the fact that the United States, two years ago, first called what was happening in Darfur "genocide" as others pussyfooted around the definition. Bush also outlined what it would take to stop the slaughter: sending in a muscular U.N. force of about 20,000 — preferably with NATO logistical backing and air power. The Security Council, with U.S. prodding, recently authorized such a force.

The problem is that the Sudanese government, led by President Omar el-Bashir, won't accept the U.N. force. Sudan also plans to eject a poorly equipped African Union force of 7,000 when its mandate expires at the end of the month. Bashir plans to replace them with Sudanese forces.

That's a recipe for new slaughter: It is government-backed Arab militias, known as Janjaweed, that have been carrying out the massacres of tribes associated with rebel groups. So far, about 2 million people have been displaced and hundreds of thousands killed.

Clearly, the Sudanese government is betting on getting away with murder. It's a good bet. The world is distracted by crises elsewhere, and finding troops for the U.N. force would be hard. Rustling them up for Lebanon and Afghanistan has already proved difficult.

The odds can be changed — with political will. Appointing a high-level envoy is a start. A strong U.S. and European diplomatic offensive would have to follow. Even more helpful would be for China and Russia, which have significant economic ties with Sudan, to use their leverage rather than holding back, as both did when they abstained in the Security Council vote for the U.N. force.

After genocide in Rwanda in the 1990s, the world said "never again." But when the little girl implied that she did not believe Clooney's promise, she spoke from experience — and, all too likely, with prescience.

Hungary Premier Defiant (WSJ)

By Margit Feher And Edith Balazs

The Wall Street Journal, September 20, 2006

Gyurcsány Resists Calls for Resignation, Stands by Overhaul

BUDAPEST -- Several thousand protesters gathered outside the Hungarian parliament yesterday for a third night of protests after Hungarian Prime Minister Ferenc Gyurcsány rejected demands that he resign after he admitted lying about the condition of the economy before April's elections.

"I do not want to step down," the Socialist prime minister said. "There's only one policy, that of change, reforms and clear speech. This is my policy, there is no plan B."

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Hungarian financial markets remained on edge after the protests turned violent Monday night. The BUX index of the Budapest Stock Exchange fell 1.2%.

Socialist members of Parliament continued to voice their support for Mr. Gyurcsány and his economic overhauls, while economists and analysts said the premier's resignation would cause more harm than good.

"The prime minister's resignation would have serious market consequences as it would mean the failure of the reform package," said György Barcza, chief economist at ING Bank in Budapest. Mr. Barcza didn't expect the prime minister to resign, saying that would be a major mistake because it would be perceived as a break with overhaul policies.

Hungary's budget deficit -- forecast by the government at 10.1% of gross domestic product this year -- is the biggest in the European Union. To rein in the budget shortfall, Mr. Gyurcsány has launched extensive austerity measures, mainly consisting of higher taxes and utility prices. Hundreds of public workers have been laid off, universities now charge tuition and residents must pay certain health-care costs, including fees to visit a doctor.

Rating service Standard & Poor's said yesterday that a change in government could weaken effectiveness of overhauls, which could eventually lead to the ratings being lowered.

"Collapse of the government seems unlikely anytime soon, but the scandal clearly undermines the position of the prime minister," said Merrill Lynch economist Radoslaw Bodys. "And any defeat of the ruling Socialists in the Oct. 1 local elections may put further pressure on Gyurcsány, and consequently his proposed fiscal consolidation package."

Mr. Gyurcsány is key for fiscal overhauls, said economist Juliet Sampson at HSBC. Hungarian asset value is based overwhelmingly on the credibility of the government's overhaul program, and this, to a great extent, is tied to Mr. Gyurcsány, she said. "If he goes, any successor would have an even greater challenge in establishing and maintaining credibility," Ms. Sampson said.

Monday night, between 2,000 and 3,000 protesters stormed the headquarters of state television, demanding a live broadcast to proclaim their demands, throwing rocks at police and setting fire to several cars. About 150 people were injured, including 102 police officers, officials said. A more peaceful crowd of about 200 protesters remained outside the Parliament building yesterday.

The protests were in response to a recording of a speech by Mr. Gyurcsány leaked to the state radio station, on which the prime minister admitted to Socialist Party officials that he covered up serious problems in the Hungarian economy. The opposition center-right party, Fidesz, has been calling for the premier's resignation ever since the leak. The source of the leak isn't known. But the premier acknowledged the authenticity of the tape and published a transcript on his blog.

"I almost died when for a year and a half we had to pretend we were governing," the premier says on the recording. "Instead, we lied morning, evening and night." The premier also said on the recording that abundant global liquidity and budget accounting tricks have saved Hungary's international standing among investors.

Hungary's PM Defies Calls To Quit (FT)

By Christopher Condon

Financial Times, September 20, 2006

Ferenc Gyurcsany, Hungary's prime minister, on Tuesday defied calls for his resignation and vowed to press ahead with public- sector reforms after the worst street violence in the Hungarian capital since the fall of communism.

The Socialist premier condemned rioters enraged over his extraordinary admission that he had lied about the state of the economy to win re-election.

Demonstrators had stormed the headquarters of Hungarian public television in Budapest shortly after midnight on Tuesday morning. More than 150 people were injured in clashes with police.

"I put my political life at stake for this. Either there will be a new Hungary or I shall not continue," he said.

The events in Hungary fuel concerns that the European Union's newest members are facing growing political instability and resistance to reforms required for their economic integration.

Last night, a crowd of about 1,000 protesters gathered in front of parliament under a steady rain. They were accompanied by hundreds of riot police.

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All five political parties represented in parliament condemned Monday's riot, though representatives of the opposition centre-right Fidesz party expressed sympathy for the public's frustration.

Fidesz urged the prime minister to go in what it called a "moral crisis".

Monday's protest was triggered by an audio recording, leaked to the press at the weekend, in which Mr Gyurcsany admitted that his Socialist government had lied repeatedly to voters about state finances.

He was trying to galvanise his party to end the deceit and push ahead with real reforms.

Hungary's budget deficit is expected to top 10 per cent of gross domestic product this year. Both the Socialists and Fidesz waged election campaigns in the spring that ignored the rising deficit and featured competing spending promises. The Socialists won the contest and Mr Gyurcsany quickly followed with a budget austerity programme and plans for public sector reforms. Fidesz leaders have since attacked Mr Gyurcsany for concealing the extent of Hungary's budget deficit during the campaign and denying plans for austerity measures.

The Hungarian forint and bonds dropped by the most in a month. Against the euro, the forint fell as much as 1.5 per cent, trading at 272.83 late on Tuesday.

Riots Test Hungary's Young Democracy (CSM)

By Michael Logan

The Christian Science Monitor, September 20, 2006

BUDAPEST, HUNGARY

More than 100 policemen and 50 anti-government protesters were injured late Monday night and into the early morning Tuesday in Budapest after the protesters set fire to cars and stormed the state-run Hungarian Television building in the worst violence Hungary has seen since the fall of communism.

Tension had been mounting since Sunday, when a radio station aired a leaked recording of Prime Minister Ferenc Gyurcsany admitting his party had lied before April's general elections.

Hungarians were already angry at the ruling Socialist-Liberal coalition for introducing unannounced tax and energy price increases after being re-elected, and thousands of anti-government, right-wing, protesters took to the streets after the tape was aired.

The country has been divided between right and left since the changeover to democracy in 1990, and divisions have in the past spilled over into bitter campaigns. While the Monday's violence has shocked Hungarians, few see long-term damage to the country's young democracy.

Mr. Gyurcsany, a former Communist youth leader, has resisted opposition calls to resign, and some feel the riots could work in his favor. While the right-wing opposition party Fidesz, founded by dissidents who protested against Soviet rule in the 1980s, did not direct the violence, several analysts feel charged language used in campaigning for the upcoming local elections contributed to the blow up.

"Viktor Orban [the Fidesz leader] has been using words like 'uprising' and 'radicalism'," says Krisztian Szabados, the director of the independent Political Capital Institute. "These words incited people." How the protests began

The riots began after several hundred right-wing extremists broke off from a peaceful crowd of around ten thousand demanding Gyurcsany's resignation late Monday evening. The breakaway group laid siege to the television building on Freedom Square in an effort to have their demands read out.

The mob, supported by several thousand onlookers, set fire to cars, threw cobblestones at police and damaged an unpopular monument to the Soviet troops that liberated Hungary from the Nazis in 1945. The police attempted to control the crowd with water cannons and tear gas but were forced to retreat, allowing the protestors to briefly occupy the building before dispersing.

According to Mr. Szabados, prominent right-wingers helped pump up the protestors by comparing the demonstrations to the 1956 uprising, in which ordinary Hungarians rose up against Communist rule only to be brutally crushed. The 50th anniversary of the uprising falls in October.

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Maria Wittner, a Fidesz MP who as a young woman fought in the uprising, gave a speech Monday in which she said: "This is already a revolution." Who's to blame?

Szabados finds this rhetoric irresponsible. "Last night was a breach of the peace, not a revolution. To compare it to 1956 was ridiculous and those who did so are legally responsible."

However, Fidesz laid the blame squarely at the feet of the prime minister.

"Ferenc Gyurcsany alone is responsible for what happened last night," Fidesz spokesman Peter Sziijarto said in a statement.

Opposition parties are increasing their calls for Gyurcsany to resign, who made it clear he would stand firm and vowed to crack down on further demonstrations. He called for calm, branded the riots "Hungary's longest, darkest night" since the fall of communism and said that he had asked the police to do whatever it took to quell further illegal demonstrations.

Local elections are scheduled for Oct. 1, and several large rallies are planned before then, creating the possibility of further incident. However, most analysts believe that the violence has shocked the general populace and there will be no escalation.

The demonstrations first began on Sunday, when Hungarian Radio aired a speech Gyurcsany made at a meeting of his Hungarian Socialist Party (MSZP) in May.

"Obviously we have lied. It is clear that what we were saying was not true," Gyurcsany said in the speech. "We haven't done anything for the last four years. I can't mention a single political step we can be proud of ...."

In the speech sprinkled with expletives, Gyurcsany admitted his party had "screwed up" the economy and had hidden the scale of a planned austerity package, which has since been introduced. Hungary has been under pressure from the European Commission and international investors for some time over its economy, and the austerity package is aimed at reducing the huge budget deficit and joining the euro zone, thus completing the long transition from a state-driven to a stable market economy.

The demonstrations could backfire on the opposition, say analysts. "Last night I said that until the first stone is thrown, Fidesz would be better off, but that as soon as the demonstrations turn violent, Fidesz will lose," Szabados says. "Now the average Hungarian is shocked. What we can say at the moment is that these events will cause a political crisis within Fidesz."

Budapest Police Clash With Demonstrators (AP)

By George Jahn, Associated Press Writer

AP, September 20, 2006

Mounted police charged bottle-hurling protesters outside Socialist party headquarters early Wednesday, another night of violence touched off by the prime minister's leaked admission that his government had repeatedly lied to the public about the economy.

Up to 50 people were reported injured, including one policeman. The state MTI news agency said the officer was seriously hurt in the clashes, which — like on the previous day — involved splinter groups separate from a larger demonstration massing about 10,000 people.

MTI said total police at the scene numbered around 1,000. It reported several police cars burning and said demonstrators were also were tearing chunks of plaster from nearby buildings to throw at police.

The latest violence came just a day after hundreds of demonstrators stormed and vandalized part of the state television building, in clashes that left more than 100 people hurt. Wednesday's confrontation erupted after the demonstrators apparently threatened to move in on the party building and ignored police orders shouted through bullhorns to disperse.

Police succeeded in scattering the protesters, then scuffled with small groups in side streets. Wailing sirens signaled the approach of police reinforcements, who then blocked access to the area to media. An ambulance crew was seen attending to an injured officer while other police hustled away individual demonstrators.

The protesters then regrouped, blocking a main thoroughfare with garbage containers and park benches. A bus, its windshield broken, was caught in the swirling mass of police and protesters. As the confrontation neared its third hour, police split the demonstrators into three groups and deployed water cannons to push them into different directions in a new attempt to disperse them.

MTI, quoting police, said about 50 people had been detained by the time the clashes ended in the early hours Wednesday.

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The confrontation demonstrated continued high potential for violence amid radical opponents of Prime Minister Ferenc Gyurcsany — (Feh-RENZ DJUHR-chanj) — whose taped comments set off the country's worst violence since its failed anti-Soviet revolution 50 years ago.

The violent group had split away from the estimated 10,000 people gathered in Kossuth Square, the vast plaza abutting the neo-Gothic parliament building. Dozens in the square waved Hungarian flags, and some of the demonstrators set up small tents, signaling they intended to stay at least overnight.

Some insisted they would remain until the resignation of Gyurcsany.

"I hope we can accomplish our goal," said Tamas Szep, 48, a paint supplies wholesaler. "Not only the prime minister, but all of his sidekicks have to go."

Protesters accused the governing coalition of lying to win the April elections, but people also were upset over tax boosts and other economic austerity measures that Gyurcsany has ordered over the last three months.

A 22-year-old student who identified herself only as Mariann compared Gyurcsany to a child caught telling untruths and suggested the Socialist Party leader, who is friends with Russian President Vladimir Putin, be banished to Siberia.

"My mother used to stand me in the corner for lying," she said. "Gyurcsany should stand in the corner of Siberia for lying to the whole country."

Opposition leader Viktor Orban, whose center-right FIDESZ party lost in the elections, also demanded the prime minister's resignation, describing him as "a sick, lying dilettante."

Gyurcsany — whose taped comments admitting his government had "lied morning, evening and night" about the economy provoked the fury — said he intended to weather the storm.

"I'm staying and I'm doing my job. I'm extremely committed to fulfilling my program, fiscal adjustments and reforms," he told The Associated Press. "I know it's very difficult for the people, but it's the only direction for Hungary."

Police were caught off guard the previous night by the fury of a few thousand people who broke away from the main demonstration and stormed the state TV building. Pushing past officers with protective helmets, clubs and shields, about 400 got inside, breaking glass and causing other damage.

The violence shook a country that for much of its last two decades had been held up as a model of progress following the collapse of communism in eastern Europe.

About 150 people were injured, including 102 police officers, one of whom suffered serious head injuries. Gyurcsany called it Hungary's "longest and darkest night" since the end of communist rule in 1989.

As the crowd grew again on Kossuth Square, hundreds of police from around the country arrived to reinforce officers guarding government buildings in the downtown Pest area. Gyurcsany ordered police commanders to use all means to prevent violence while respecting the democratic right to freedom of expression.

The public was stunned by the blunt admissions of government ineptitude during its first term and the cynicism contained in a 25-minute tape that was widely aired and published by news media over the weekend.

"We did nothing for four years. Nothing," Gyurcsany said on the tape, made during a private talk with Socialist parliament members that was larded with crude expressions. Later he said: "We screwed up. Not a little, a lot.

"No European country has done something as boneheaded as we have ... Plainly, we lied throughout the last year and a half, two years," the prime minister said.

The outpouring of rage was fueled by austerity measures implemented by Gyurcsany's Socialist-led coalition seeking to rein in a government budget deficit expected to surpass 10 percent of Hungary's gross domestic product this year — the largest in the European Union.

The government has raised taxes and announced plans to lay off dozens of employees and to introduce direct fees in the health sector and tuition for most university students.

Until the scandal broke Sunday, the 45-year-old Gyurcsany had been the Socialist Party's golden boy — a youthful, charismatic leader promising to lead his nation to prosperity as a full EU member.

Along with Putin, he counts among his friends Prime Minister Tony Blair of Britain and President Bush, whom he presented with a handmade pair of riding boots during the U.S. leader's visit in June.

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In the April ballot, his coalition with the Alliance of Free Democrats became the first Hungarian government to win consecutive elections since the return to democracy in 1990.

The origin of the leaked tape remained murky.

When confronted with initial excerpts of the 25-minute recording that state radio put up on its Web site Sunday afternoon, Gyurcsany not only confirmed the tape's authenticity but seemed relieved his comments had been made public.

That led some people to speculate the tape might have been released by Gyurcsany's own office, arguing he might hope a scandal could work in his favor by revealing the full extent of Hungary's economic malaise and casting him in the role of its savior.

The prime minister denied any involvement with the tape becoming public.

Associated Press writer Pablo Gorondi contributed to this report.

Abe Wins Vote For Japan Party Presidency (WP/AP)

By Joseph Coleman, The Associated Press

The Washington Post, September 20, 2006

TOKYO -- Nationalist Shinzo Abe became head of Japan's ruling party by a landslide Wednesday, a victory expected to lead to his election as prime minister next week.

Abe won 464 of the 702 votes counted, a majority of 66 percent. Foreign Minister Taro Aso came in a distant second with 136 votes and Finance Minister Sadakazu Tanigaki garnered 102 votes.

By winning the three-year term as Liberal Democratic Party president, Abe, a proponent of a hard line against North Korea, and a more militarily assertive Japan, all but guarantees his election as premier in the vote in parliament on Sept. 26.

"From now on, I would like to join everyone in helping Mr. Abe win the public trust," Prime Minister Junichiro Koizumi, Abe's mentor, said minutes after the vote. Abe stood up and quietly bowed in all directions when the results were read.

Abe, 51, would be Japan's youngest postwar prime minister and the first born after World War II. He is relatively inexperienced, having joined the parliament in 1993 and assumed his first Cabinet position only a year ago.

The son of a foreign minister and grandson of a prime minister, Abe has campaigned on forging a more confident Japan. He is expected to seek to revise the pacifist constitution to give the military more freedom of action and bolster the security alliance with Japan's top ally, the United States.

Despite his inexperience, Abe came to the vote with key essentials for victory: high support ratings inside and outside the party and the blessing of Koizumi, who remains widely popular after five years in office.

Because Abe's victory appeared certain, the competition has been lackluster. Challengers such as Tanigaki and Aso never came close to rivaling him in popularity or a vision for Japan's future.

The lack of competition, however, has led to a lack of clarity about Abe's policies.

One looming question for Japan's neighbors is how far Abe will push his vision of a country freed from the restraining legacy of World War II, in which Tokyo's attempt at regional hegemony left Japan and much of Asia in ruins.

Abe, for instance, supports revisionist history textbooks that teach students to take pride in their nation rather than focus on the dark accounts of Japanese atrocities and aggression. He is also a proponent of the Yasukuni war shrine, which honors war criminals among the country's war dead.

He has compounded this conservative image by questioning whether every prime minister must repeat Japan's standard apology for its wartime actions. When North Korea tested several missiles in July, Abe suggested a look into whether the constitution would allow Japan to conduct a pre-emptive military strike.

It was unclear how that approach would affect Japan's troubled relations with China and South Korea, two victims of Japanese aggression who have refused to meet with Koizumi because of his visits to the Tokyo war shrine.

If he ultimately becomes prime minister, Abe will take the helm of a Japan in transition.

After five years under Koizumi, reforms have made Japan a more competitive market, powering the economy out of a decade-long slowdown but also widening an increasingly troubling gap between rich and poor.

Japan already has started shedding its postwar pacifism. Koizumi pushed for _ and won _ the power to dispatch the military in unprecedented non-combat roles to help U.S.-led missions in Afghanistan and Iraq, despite domestic opposition.

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Mexico Pledges To Extradite Drug Lords (AP)

By Marjorie Olster

AP, September 19, 2006

President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States.

Fox said Mexico currently has 16 "big leaders" of drug gangs in jail along with 75,000 lower level members of various cartels.

"We are fighting hard and attaining very important results," Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly.

The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector "El Guero" Palma, a reputed leader of the Sinaloa drug cartel.

"We will extradite all of those who have pending matters with U.S. justice," Fox said.

It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S.

Mexico extradited its first major drug lord — accused kingpin Francisco Rafael Arellano Felix — to the United States over the weekend. Before that, Mexico had often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty.

Mexico's extradition of the man who once ran the Arellano Felix drug clan was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

After serving a 10-year sentence in Mexico, Arellano Felix was loaded into a helicopter to the Mexican border town of Matamoros, then flown across and handed over to Texas officials in Brownsville. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department approve the extradition.

Mexico has fought many extraditions in the past, arguing that suspects must face justice here first. It also has refused to extradite suspects who face the death penalty in other countries.

Capital punishment is illegal here, and a 1978 extradition treaty with the United States allows Mexico to deny extradition if a person faces the death penalty in another country.

In November, Mexico's Supreme Court removed an obstacle that had prevented many of the country's most notorious criminals from facing U.S. justice when it overturned a 4-year ban on the extradition of suspects facing life in prison.

Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Liberia Sees Green In Reform Of 'Blood Timber' (CSM)

By Matthew Clark

The Christian Science Monitor, September 20, 2006

MONROVIA, LIBERIA

A lucrative industry long steeped in corruption and used to fuel a brutal civil war, timber may now hold the key to rebuilding the devastated West African nation of Liberia.

Ten months after the country elected Africa's first female head of state, Ellen Johnson-Sirleaf, Liberia is poised for rebirth. And reopening the timber business, which could emerge permanently from under UN sanctions this week, is crucial to boosting its broken economy.

Timber is projected to bring in some $100 million annually, of which Ms. Johnson-Sirleaf's government would get between $7 million and $8 million.

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The government estimates that the industry could eventually account for 25 percent of GDP - and create 5,000-7,000 jobs in a country with more than 80 percent unemployment.

The pressure to move quickly is considerable. Violent crime has spiked recently, fueled by large numbers of young, jobless, and restless ex-fighters. The government wants to boost its coffers for much-needed schools, roads and sewers, legal development, and security.

But Liberian and international advocates warn that hasty efforts to reform the industry - which farms teak, mahogany, and walnut, among other varieties - could have disastrous results, shortchanging the land and property rights of forest communities and prompting further unrest.

"We understand the [economic] pressure, but we have to do the right thing," says Alfred Brownell, a Liberian lawyer and cofounder of the Green Advocates rights group. If forest communities feel they are cheated by future logging arrangements, he warns, the country could slide back into conflict, leading Liberia "back to the [former dictator Charles] Taylor's days ... back to Square 1."

Joseph Sesay, a Liberian civil affairs officer for the United Nations Mission in Liberia (UNMIL), says he is keenly aware of the need to ensure local residents benefit enough as loggers operate in their areas. But, he adds, Liberia can't afford to wait. "It's a very tough balancing game," he says.

Ms. Johnson-Sirleaf has moved swiftly to get the timber industry into position. She cancelled all timber concessions shortly after her inauguration this year - a move designed to target corruption and bring loggers under the government's eye. In June, she asked the UN to lift sanctions it slapped on Liberian timber in 2003 in response to Mr. Taylor's takeover of the industry using militias stocked with child soldiers. That helped cut off a key source for Taylor's brutal 14-year war against rebels - and, in turn, end the war. Taylor is now in The Hague awaiting trial on war crimes.

The UN provisionally lifted its sanctions early this summer. If it permanently lifts the bans, the government could choose to revoke its own ban shortly thereafter.

Still, rights advocates warn that the country needs to do more to avoid falling prey to timber-funded militias.

"Ex-generals will have a ready [export] market" in neighboring countries, says Silas Siakor, director of the Liberian group Sustainable Development Institute, and an internationally recognized activist (see story, below). He says the government doesn't have the capacity to regulate the industry, and that the ban on exports should remain in place for now. A law that targets corruption

Last month, the government passed a timber-reform law - a move that will factor strongly in the UN's ultimate decision. But while the law takes stronger measures against corruption and in favor of conservation, critics say it focuses on commercial rights to the exclusion of other concerns.

"There is a school of thought that feels community rights are left out," says Mr. Sesay. But, he says, if the government waited to put every interest group's specific clauses in the bill, it would never have passed. "It's like a Christmas tree. Everyone wants to hang his ornament.

"The law cannot be comprehensive about everything, but can serve as a prelude," he adds, explaining that how the community and government agree to share the resources is an issue with too many complexities to be detailed in the law at this stage.

John Woods, the head of the Liberian government's Forestry Development Authority, says that there is a firm commitment from the government to work with civil-society critics to ensure community rights are more adequately implemented in the near future. "The journey of 1,000 miles starts with one step," he says. Damage by small-scale logging

Meanwhile, advocacy groups point out that despite the UN sanctions, illegal logging - mostly small-scale pit sawing by individuals - continues to deplete the forests.

Brownell, whose group monitors illegal logging, says the practice is extensive and "extremely organized." A drive through parts of the southeast reveals long stretches of road lined with freshly felled trees, piles of plank wood, and large timber trucks.

Reports of such small-scale illegal logging have been downplayed by UNMIL, which insists that none of the timber is being exported. "Pit sawing is widespread. You can't stop it. UNMIL doesn't have the personnel." And, he adds, timber from pit sawing "is the only resource for reconstruction."

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The Sustainable Development Initiatives group says it has recent evidence, however, of at least one larger-scale illegal logging company moving heavy machinery across Liberia's eastern border from neighboring Ivory Coast, and operating within Liberia.

During an ad hoc monitoring mission headed by the government and UNMIL in an area of concern - which journalists and civil-society advocates joined - they found no evidence of large-scale illegal logging by timber companies. Mr. Siakor's group, however, says these monitoring trips happen too infrequently to adequately address the situation.

The "government hasn't fully come to terms with the fact that they have serious responsibilities," Siakor says.

Beyond the potential for profits, timber reform is expected to set a standard for how the nation can avoid further conflict and lift itself out of dire poverty.

"Timber will serve as a model for extractive industry reform," including the nation's diamond, rubber, and iron ore mining industries, says Sesay. Liberia is still under UN sanctions on its diamond trade. But on timber, he says, "indications so far are positive." One Liberian who found he could make a difference

Small in stature, soft-spoken, a guy who wears jeans and sneakers to the office - Silas Siakor seems an unlikely hero for his war-torn country.

He'd never use that word to describe himself. But the modest thirtysomething will concede that his efforts to document the plunder of Liberia's vast tropical forests have played an important role not only in helping to end 14 years of war, but also in rebuilding the devastated West African nation in ways that may ensure that the fragile peace will not slip.

Evidence of former leader Charles Taylor's abuse of so-called "blood timber" - collected at great personal risk by a small team headed by Mr. Siakor - was key in prompting UN sanctions on Liberian timber exports in 2003. Those sanctions, in turn, helped end the war. Since then, Siakor has continued to monitor the industry and press for its reform.

Siakor began documenting abuses of Liberia's timber in the late 1990s by using monitors around the country and informers working for corrupt timber companies. "What drives us," he says, "is trying to secure better use of Liberia's natural resources for local people. It's not about the greenery - it's about making people's lives better."

But, he adds, "you can't separate the two."

Collecting the data was risky business, Siakor explains calmly, as he tells of vigorous debates within his small group about whether to go public with the information, for fear of their lives.

Soon after they published a damaging report in 2002, he immediately faced pressure and threats from Mr. Taylor's government. In 2003, Siakor decided to leave his family in Liberia while laying low in neighboring countries until 2004.

Today, Siakor says, his efforts were worth the risk. "If we hadn't acted, no other group would have," he argues. "Up to now, people have been scared."

Last spring, Siakor won one of six prestigious Goldman Environmental Prizes - the world's largest award honoring grassroots environmental activists - for his efforts, and he says it's only now that he has gained international credibility and recognition that he realizes just how hard it is to make lasting changes to government policy from the outside.

"Sometimes I think: 'Is this really worth it?' " he muses. "But then I think of what it would be like if groups like us weren't around, and it motivates me."

Siakor says that he tries to keep colleagues inspired by telling them to take stock of the "little things," the small gains they have made and are making day by day.

"Change will only continue if ordinary people remain actively engaged," he says. "Without that, it will be business as usual."

One of eight children, Siakor says that his father, a hospital worker and strict Baptist preacher, used to tell him to "leave the people thing alone," meaning "don't get involved in the government's business."

But, now, he says, "the paradigm is changing," and people are more willing to play an active role in how they are ruled. "War made people realize that bad governance affects us all."

On India's Farms, A Plague Of Suicide (NYT)

By Somini Sengupta

The New York Times, September 20, 2006

DOJ_NMG_0066051

BHADUMARI, India — Here in the center of India, on a gray Wednesday morning, a cotton farmer swallowed a bottle of pesticide and fell dead at the threshold of his small mud house.

The farmer, Anil Kondba Shende, 31, left behind a wife and two small sons, debts that his family knew about only vaguely and a soggy, ruined 3.5-acre patch of cotton plants that had been his only source of income.

Whether it was debt, shame or some other privation that drove Mr. Shende to kill himself rests with him alone. But his death was by no means an isolated one, and in it lay an alarming reminder of the crisis facing the Indian farmer.

Across the country in desperate pockets like this one, 17,107 farmers committed suicide in 2003, the most recent year for which government figures are available. Anecdotal reports suggest that the high rates are continuing.

Though the crisis has been building for years, it presents an increasingly thorny political challenge for Prime Minister Manmohan Singh. High suicide rates and rural despair helped topple the previous government two years ago and put Mr. Singh in power.

Changes brought on by 15 years of economic reforms have opened Indian farmers to global competition and given them access to expensive and promising biotechnology, but not necessarily opened the way to higher prices, bank loans, irrigation or insurance against pests and rain.

Mr. Singh's government, which has otherwise emerged as a strong ally of America, has become one of the loudest critics in the developing world of Washington's $18 billion a year in subsidies to its own farmers, which have helped drive down the price of cotton for farmers like Mr. Shende.

At the same time, frustration is building in India with American multinational companies peddling costly, genetically modified seeds. They have made deep inroads in rural India — a vast and alluring market — bringing new opportunities but also new risks as Indian farmers pile up debt.

In this central Indian cotton-growing area, known as Vidarbha, the unofficial death toll from suicides, compiled by a local advocacy group and impossible to verify, was 767 in a 14-month period that ended in late August.

"The suicides are an extreme manifestation of some deep-seated problems which are now plaguing our agriculture," said M. S. Swaminathan, the geneticist who was the scientific leader of India's Green Revolution 40 years ago and is now chairman of the National Commission on Farmers. "They are climatic. They are economic. They are social."

India's economy may be soaring, but agriculture remains its Achilles' heel, the source of livelihood for hundreds of millions of people but a fraction of the nation's total economy and a symbol of its abiding difficulties.

In what some see as an ominous trend, food production, once India's great pride, has failed to keep pace with the nation's population growth in the last decade.

The cries of Indian farmers — or what Prime Minister Singh recently described as their "acute distress" — can hardly be neglected by the leaders of a country where two-thirds of people still live in the countryside.

Mr. Singh's government has responded to the current crisis by promptly expanding rural credit and promising investments in rural infrastructure. It has also offered several quick fixes, including a $156 million package to rescue "suicide prone" districts across the country and a promise to expand rural credit, waive interest on existing bank loans and curb usurious informal moneylenders.

But pressure is building to do more. Many, including Mr. Swaminathan, the agricultural scientist, would like to see the government help farmers survive during crop failures or years of low world prices.

Subsidies, once a linchpin of Indian economic policy, have dried up for virtually everyone but the producers of staple food grains. Indian farmers now must compete or go under. To compete, many have turned to high-cost seeds, fertilizers and pesticides, which now line the shelves of even the tiniest village shops.

Monsanto, for instance, invented the genetically modified seeds that Mr. Shende planted, known as Bt cotton, which are resistant to bollworm infestation, the cotton farmer's prime enemy. It says the seeds can reduce the use of pesticides by 25 percent.

The company has more than doubled its sales of Bt cotton here in the last year, but the expansion has been contentious. This year, a legal challenge from the government of the state of Andhra Pradesh forced Monsanto to slash the royalty it collected from the sale of its patented seeds in India. The company has appealed to the Indian Supreme Court.

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The modified seeds can cost nearly twice as much as ordinary ones, and they have nudged many farmers toward taking on ever larger loans, often from moneylenders charging exorbitant interest rates.

Virtually every cotton farmer in these parts, for instance, needs the assistance of someone like Chandrakant Agarwal, a veteran moneylender who charges 5 percent interest a month.

He collects his dues at harvest time, but exacts an extra premium, compelling farmers to sell their cotton to him at a price lower than it fetches on the market, pocketing the profit.

His collateral policy is nothing if not inventive. The borrower signs a blank official document that gives Mr. Agarwal the right to collect the farmer's property at any time.

Business has boomed with the arrival of high-cost seeds and pesticides. "Many moneylenders have made a whole lot of money," Mr. Agarwal said. "Farmers, many of them, are ruined."

Indeed, one or two crop failures, an unexpected health expense or the marriage of a daughter have become that much more perilous in a livelihood where the risks are already high.

A government survey released last year found that 40 percent of farmers said they would abandon agriculture if they could. The study also found that farming represented less than half the income of farmer households.

Barely 4 percent of all farmers insure their crops. Nearly 60 percent of Indian agriculture still depends entirely on the rains, as in Mr. Shende's case.

This year, waiting for a tardy monsoon, Mr. Shende sowed his fields three times with the genetically modified seeds made by Monsanto. Two batches of seed went to waste because the monsoon was late. When the rains finally arrived, they came down so hard that they flooded Mr. Shende's low-lying field and destroyed his third and final batch.

Mr. Shende shouldered at least four debts at the time of his death: one from a bank, two procured on his behalf by his sisters and one from a local moneylender. The night before his suicide, he borrowed one last time. From a fellow villager, he took the equivalent of $9, roughly the cost of a one-liter bottle of pesticide, which he used to take his life.

Those like him with small holdings are particularly vulnerable. A study by Srijit Mishra, a professor at the Mumbai-based Indira Gandhi Institute of Development Research, found that more than half of the suicides in this part of the country were among farmers with less than five acres of land.

But even those who are prosperous by local standards are not immune. Manoj Chandurkar, 36, has 72 acres of cotton with genetically modified seeds and sorghum in a neighboring village called Waifad. Every year is a gamble, he said.

Each time, he takes out a loan, then another and then prays that the bollworms will stay away and the rains will be good. On his shoulders today sit three loans, bringing his total debt to $10,000, a vast sum here.

The study by Mr. Mishra found that 86.5 percent of farmers who took their own lives were indebted — their average debt was about $835 — and 40 percent had suffered a crop failure.

The news of Mr. Shende's death brought his wife, Vandana, back home to Bhadumari. Relatives said she had gone to tend to her sick brother in a nearby village. By the time she arrived, her husband's body was covered by a thin checkered cloth.

A policeman had recorded the death — the eighth in six months for the officer.

Ms. Shende, squatting in the narrow village lane, shrouded her face in her cheap blue sari and wailed at the top of her lungs. "Your father is dead," she screamed at her small son, who stood before her, dazed.

Blair's Indelible Mark Is A More Open Britain (NYT)

By Roger Cohen, International Herald Tribune

The New York Times, September 20, 2006

LONDON Last month, Tony Blair said this: "Though Left and Right still matter in politics, the increasing divide today is between open and closed." He went on to say, "Without hesitation, I am on the open side of the argument."

The British prime minister will be gone within a year, probably soon after the 10th anniversary in May of his arrival in power, so it's natural that his legacy is being discussed. With those few words, he pointed to a central element of his achievement and got to the heart of the matter.

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Beyond Havana and Pyongyang, nobody - or at least nobody outside the French labor movement - talks seriously today about the creation of socialist societies. Even Chinese communists are Starbucks-loving capitalists.

Rather, debate and conflict center on the globalization of commerce, mores and ideas and the various reactions against this inexorable tide of American-led opening.

Whether it's the fanatical absolutists of Al Qaeda with their desire to turn back the clock to the caliphate, or the bizarre Castro-Chávez- Ahmadinejad troika with its Cuban- Venezuelan-Iranian diatribes against the West, or, more innocuously, the world's various anti-globalization cabals, the same issue returns: Is an open world a better world?

Blair's consistent answer has been yes. On issues including trade, immigration, financial markets and competitiveness, he has favored the removal of barriers. "See competition as a threat and we are already on the way to losing," he has said. Jacques Chirac, take note.

One result is that the British economy has grown by 28 percent since Labour took office in 1997, averaging close to 3 percent growth a year, with low inflation and almost full employment. Another is that the London Stock Exchange attracts far more international companies to its markets these days than the New York Stock Exchange and Nasdaq.

A less tangible consequence of Blair's stand is perhaps even more important. It is the necessarily imperfect but still palpable sense exuded by many British cities today of energy, optimism and a comfortable mingling of a many-faceted humanity.

Russian oligarchs, Polish au pairs, Indian entrepreneurs, Kenyan accountants and jobless French youths may not all love Marmite, but they have found a way to make a buck and to get along with each other and with the lads in Blair's Britain.

Which is not, of course, to say that extreme racial or religious tension has vanished - witness the Leeds suicide bombers - or that wide income disparity and substantial poverty have not persisted despite Labour's faltering efforts to spur social mobility and jump-start education.

British bleakness has not ended with Blair. If the housing market goes south - and it is already going sideways - the bleakness could spread. The British have acquired an American taste for personal debt and consumption, using their homes as collateral for skiing breaks in Chamonix and the like.

But the prime minister has never had a "little England" response to the difficulties. He has never retreated into the rich, mawkish lexicon of defeatism or the equally extensive lexicon of British bigotry.

In the place of a managed decline - the theme of the postwar decades until Margaret Thatcher's revolution - he has posited the view that Britain, even as a medium-sized power, can make a difference in the world.

If, that is, the country works alongside the United States, the open society par excellence.

Blair has always been more comfortable with a unipolar world than other European leaders. He has favored European action, but not at the expense of relations with Washington. He has had little time for the European counterweight argument trumpeted from Brussels to Madrid. His commitment to the trans-Atlantic alliance has been unbending.

This position, of course, has ushered Blair into his greatest difficulties: the wars in Iraq and Afghanistan, and the unpopular support for President George W. Bush that has accompanied those struggles.

But it is worth noting that had Blair opted to side with France and Germany, rather than with Washington, over Iraq, we might be talking about the trans-Atlantic alliance in the past tense. That would almost certainly mean a more unstable world.

Blair's choices over Iraq were stark. He knew that, with or without Britain, the United States was going in. His decision, like America's, proved to be based on false arguments. That was grave. But it's possible to get into the right war for the wrong reasons, and Blair has developed a deep conviction over Iraq.

As he put it in the same speech last month in Los Angeles, "In almost pristine form, the battles in Iraq or Afghanistan became battles between the majority of Muslims in either country who wanted democracy and the minority who realize that this rings the death-knell of their ideology."

That ideology - which Blair describes as "a specifically Muslim version" of "religious extremism" - aims "not to fight for the coming into being of a Palestinian state, but for the going out of being of an Israeli state." It seeks to prevent democracy taking any hold in Iraq or Afghanistan. It fights for "a retreat into governance by a semi-feudal religious oligarchy." It forms "an arc of extremism" across the Middle East.

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Blair is more honest than Bush. He makes no claims of victory or progress. "Why are we not succeeding?" he asks. "Because we are not being bold enough, consistent enough, thorough enough, in fighting for the values we believe in." The greatest problem, he suggests, has been the failure to "bend every sinew" to bring Israel and Palestine closer.

That's a not-so-oblique criticism of Bush, who has been asleep at the wheel on that front. You can be sure that, out of office, Blair will still exercise all his own sinews in favor of a two-state solution. A moralist, he believes passionately in the possibility of reconciliation through the values of open societies: freedom, democracy, the rule of law.

By being on "the open side of the argument," Blair has made an indelible mark on Britain and helped preserve the alliance on which Europe's security still depends.

IMF Consultants Inc. (WSJ)

The Wall Street Journal, September 20, 2006

"The biggest reform to the governance of the International Monetary Fund for 60 years."

So said British Chancellor of the Exchequer Gordon Brown of IMF voting reforms announced at the World Bank-IMF meetings, which close today in Singapore. If he's right, the Fund is in more trouble than we thought. Here's the big news: On Monday the IMF voted to give emerging-market countries more say in how money is distributed. South Korea's voting share, for instance, will grow to 1.3%, from 0.8%; China's will rise to around 3.7%.

Rebalancing the voting to reflect economic progress is probably overdue. But in this case it's also like rearranging flowers before a funeral. Since the collapse of Bretton Woods in 1971, the IMF has been searching for a mission. Before the days of global capital markets, it financed bankrupt governments. Later, in the 1990s, it bailed out private-sector investors who had made bankrupt bets on governments. Lately, with the world economy humming, the IMF has been scrambling for a new purpose.

The Fund's top brass seem to be steering the institution toward the role of global economic consultancy. "It's not resources that are the problem in developing countries," the IMF's director of economic research, Raghuram Rajan, told a breakfast meeting in Singapore on Friday. "What is missing is the ability to use that capital" -- implying that the IMF can help with those choices. "Policy makers need to be ready to adapt to a more difficult environment," Managing Director Rodrigo de Rato told delegates the next day.

Good advice certainly would be welcomed in developing countries, which would benefit from cleaner government and more openness to trade and foreign investment. But is the IMF the institution to provide this kind of counsel? Indonesia is still suffering from the fallout from the Fund's advice during the 1997-98 Asian currency crisis; South Korea and Thailand have only recently recovered. Argentina isn't exactly a poster child for IMF smarts (see above).

This week, too, the Fund focused on all of the wrong problems. Its meetings were peppered with talk of looming global imbalances, unstable exchange-rate regimes and the buildup of central bank reserves. These conditions have persisted for years without damage to the global economy.

Perhaps the Fund would do its 184 members a better service by focusing on strengthening economies so foreign-exchange fluctuations, for instance, wouldn't have such a large effect. It's ironic that the Fund met in Singapore, which boasts one of the most business-friendly environments in Asia, and somehow missed this point. We didn't hear one serious discussion of how low taxes, simple and clear regulatory regimes, and protection of property rights boost economic growth.

The Fund could also revert to a closer reading of its original mission, part of which was "to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation." Talking up the Japanese yen, just as the world's second-largest economy gets back on its feet, isn't the way forward. Nor is pressuring China to appreciate the yuan.

The IMF's fundamental mission is to be a lender of last resort. That's less needed these days, with capital freely available in most corners of the world. Many emerging-market nations whose voting rights were just boosted -- China foremost among them -- already serve as bigger lenders to the developing world than the IMF itself. That's not to say that the IMF may never be needed again. But if the IMF wants to go into the consulting business, it had better improve the quality of its advice.

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TERRORISM NEWS:

White House Drops A Condition On Interrogation Bill (NYT)

By Kate Zernike

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — Seeking a deal with Senate Republicans on the rules governing the interrogation of terrorism suspects, the White House has dropped its insistence on redefining the obligations of the United States under the Geneva Conventions, members of Congress and aides said Tuesday.

The new White House position, sent to Capitol Hill on Monday night, set off intensified negotiations between administration officials and a small group of Republican senators. The senators have blocked President Bush's original proposal for legislation to clarify which interrogation techniques are permissible and to establish trial procedures for terrorism suspects now in United States military custody.

The two sides were said to be exchanging proposals and counterproposals late Tuesday in a showdown that could have substantial ramifications for national security policy and the political climate heading toward Election Day.

The developments suggested that the White House had blinked first in its standoff with the senators, who include John W. Warner of Virginia, the chairman of the Armed Services Committee, and John McCain of Arizona. But few details were available, and it was not clear whether a compromise was imminent or whether the White House had shifted its stance significantly.

Until this week, Mr. Bush had sought to address the issue through two channels. One was to clarify the limits on interrogation techniques under Common Article 3 of the Geneva Conventions by proposing legislation saying that the nation's obligations under the article would be satisfied as long as it complied with the Detainee Treatment Act. That legislation was passed by Congress in December and bans "cruel, inhuman or degrading treatment."

The other was to seek changes in the War Crimes Act, a step the administration had said was necessary to provide interrogators for the Central Intelligence Agency with protection from prosecution at home and abroad. The Republican group led by Mr. Warner favors addressing the issue through changes to the War Crimes Act but has resisted efforts to recast the nation's obligations under the Geneva Conventions.

Senator John Cornyn of Texas, a Republican on the Armed Services Committee who has supported the president's legislation, said Tuesday morning that the White House had agreed to work within the War Crimes Act to refine the obligations under Common Article 3.

"There's agreement on the goal," Mr. Cornyn said, "that is, that we continue to comply with our international treaty obligations and all of our domestic laws, but at the same time not tie the hands of our intelligence officials."

Senator Jeff Sessions of Alabama, another Republican on the committee who has backed the president's approach, said: "It's an argument between people with strong wills. Sometimes you have to step back and re-evaluate; the president has done that. Apparently he's said, O.K., let me look at this in a different way."

Mr. Warner declined to comment on specific proposals, saying only that he had "great optimism" that an agreement could come soon.

White House officials declined to discuss their offer and said they expected negotiations to continue for at least another day.

"We are continuing negotiations in good faith and remain cautiously optimistic about our ability to reach a resolution," said Dana Perino, the deputy White House press secretary.

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Common Article 3 guarantees humane treatment to combatants seized during wartime. The two sides agree that the article's language prohibiting "outrages upon human dignity" is too vague and leaves military and C.I.A. personnel uncertain about what techniques they may use in interrogating detainees.

The White House has argued that without more "clarity," it will have no choice but to shut down a C.I.A. program for interrogating top terrorism suspects. But Mr. Warner, Mr. McCain and Senator Lindsey Graham of South Carolina have argued against any changes in the language interpreting the article, saying such a change would invite other countries to reinterpret the Geneva Conventions as they saw fit, which in turn could endanger captured American troops.

The senators propose to provide clearer guidelines for interrogators by amending the War Crimes Act to enumerate several "grave breaches" that constitute violations of Common Article 3.

Several issues appeared to remain in flux, among them whether the two sides could agree on language protecting C.I.A. officers from legal action for past interrogations and for any conducted in the future. Beyond the issue of interrogations, the two sides have also been at odds over the rights that should be granted to terrorism suspects during trials, in particular whether they should be able to see all evidence, including classified material, that a jury might use to convict them.

Mr. Graham declined to discuss specifics of the talks but said, "I am very pleased with the tone and the progress."

Mr. McCain said only that discussions continued. "There has been no rejection of anything by anybody," he said.

In the House, where the Armed Services Committee backed a bill that looked much like the legislation originally proposed by the White House, leaders said they still supported the president's bill. But they postponed a vote on the legislation until next week, while the Judiciary Committee examines it, and said they would look to the Senate for any signs of compromise.

Representative John A. Boehner of Ohio, the majority leader, said, "I think the president is on very firm ground here."

White House May Be Willing To Compromise On Detainee Legislation (MCT)

By Margaret Talev

McClatchy Newspapers, September 20, 2006

WASHINGTON - With time running out before Congress recesses next week, the White House appeared Tuesday to be offering dissident Republican senators a compromise on detainee legislation that would leave the language of the Geneva Conventions untouched if lawmakers preserve the CIA's terrorist-interrogation program.

Sen. John Cornyn, R-Texas, an administration ally, described the proposal in broad terms, saying, "that's essentially what it does," but stressed that "this is still a negotiation in flux."

Cornyn said any deal could hinge on whether the Justice Department can provide the CIA with a legal opinion "that, yes, what you're doing is clearly within bounds and will not expose you to liability."

The Bush administration wants to ensure that certain harsh CIA interrogation practices aren't ruled illegal, such as "water-boarding," which simulates drowning. The U.S. Supreme Court ruled in June that U.S. treatment of detainees must respect standards of the Geneva Conventions, post-World War II international treaties that guarantee human rights and standards of justice for prisoners of war.

In another sign of the administration's compromise terms, George P. Shultz, secretary of state under President Reagan and well-connected to current policy-makers, released a statement saying, "I believe that there is a compromise that leaves the Geneva Convention alone and achieves the specificity that the administration wants."

Although such terms would mark a significant concession by Bush, no deal appeared imminent with the key Senate Armed Services Committee Republicans: Chairman John Warner of Virginia and Sens. John McCain of Arizona and Lindsey Graham of South Carolina. Each declined to confirm details of the administration's overture or their response, citing the touch-and-go nature of the ongoing talks.

Warner said, "Until such time as words are put down to paper and people agree on it, I would not try and prejudge who's giving in, who's doing this, or one thing and another."

Graham said he was "very pleased with the tone and the progress" of the negotiations. He had released a statement late Monday saying the senators "share the president's goal of enacting legislation preserving an effective CIA program to make us safe, upholding Geneva Convention protections for our troops and passing constitutional muster."

A White House spokeswoman also declined to confirm any details. Vice President Dick Cheney urged a compromise during a closed-door policy luncheon with Senate Republicans, but didn't speak with reporters.

Even as the private discussions continued, prospects looked dim that a final deal could be sealed between the Senate and the House of Representatives by the end of next week, when Congress is scheduled to recess until after the November elections.

The House postponed a vote on its version of detainee legislation until next week. Senate Majority Leader Bill Frist, R-Tenn., said he believed it would be next week before the full Senate can vote. If the two bills differ, they must be reconciled and passed anew by both chambers.

Frist also declared that the version of the legislation favored by Warner, McCain and Graham, which the Armed Services Committee approved 15-9, could endanger CIA agents and has no prospect of surviving a filibuster, a parliamentary stall designed to kill the measure.

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The administration has been under mounting pressure from military and diplomacy experts to abandon its plan to interpret U.S. obligations under the Geneva Conventions in a way that appeared to weaken human rights protections. Vocal critics have included former Secretary of State Colin Powell and military judges.

Opposition to Bush from such sources undermined Republican strategy for the fall elections for the party's candidates to rally behind Bush on national security.

"The president picked the battle and he thought it would be with Democrats, but it's been with Republicans, and until they resolve their issue, I don't think there's much that can be done with that," said Senate Minority Leader Harry Reid, D-Nev.

Dissidents' Detainee Bill May Face Filibuster (WP)

By Charles Babington And Jonathan Weisman, Washington Post Staff Writers

The Washington Post, September 20, 2006

Frist Warns GOP Opponents of Bush's Proposal They Must Accept Two Key Provisions

Senate Majority Leader Bill Frist signaled yesterday that he and other White House allies will filibuster a bill dealing with the interrogation and prosecution of detainees if they cannot persuade a rival group of Republicans to rewrite key provisions opposed by President Bush.

Frist's chief of staff, Eric M. Ueland, called the dissidents' bill "dead."

With Congress scheduled to adjourn in nine days, delaying tactics such as a filibuster could kill the drive to enact detainee legislation before the Nov. 7 elections, a White House priority. Bush faced still more problems in the House, where GOP moderates Christopher Shays (Conn.), Michael N. Castle (Del.), Jim Leach (Iowa) and James T. Walsh (N.Y.) publicly threw their support behind the bill opposed by the White House. The four Republicans told Majority Leader John A. Boehner (R-Ohio) that any House bill must maintain the dissidents' principles.

On another front, legislation to authorize Bush's warrantless wiretapping program may be in more jeopardy. Frist said yesterday that he referred the warrantless surveillance matter to the Senate Select Committee on Intelligence for further review and would not bring it up for Senate consideration until next week.

Yesterday's actions significantly dimmed prospects that Congress can complete its national security agenda before adjournment. Frist (R-Tenn.) acknowledged that a majority of the 100 senators back the rival group on military commissions but that there are not enough to block a filibuster, which requires a super-majority of 60.

Senate and administration negotiators talked throughout the day, but no real progress was apparent. "It could all come together in a matter of hours, or it could drag out for another week or so," said John Ullyot, spokesman for Armed Services Committee Chairman John W. Warner (R-Va.).

The sharp rhetoric of last week was replaced yesterday by softer language from both the Bush administration and the three Republican senators leading the opposition to its proposals: Warner, John McCain (Ariz.) and Lindsey O. Graham (S.C.).

But Frist struck a more jarring tone, telling reporters that the trio's bill is unacceptable despite its majority support.

For a bill to pass, Frist said, "it's got to preserve our intelligence programs," including the CIA's aggressive interrogation techniques, and it must "protect classified information from terrorists." He said that "the president's bill achieves those two goals" but that "the Warner-McCain-Graham bill falls short."

The disagreement centers on the Geneva Conventions, which say wartime detainees must be "treated humanely." Bush backs language saying the United States complies so long as CIA interrogators abide by a 2005 law barring "cruel, inhuman, or degrading" treatment of captives. Warner and his allies say they are concerned that Bush's approach would invite nations to interpret the Geneva Conventions in lax ways that could lead to abusive treatment of captured U.S. troops.

The Warner contingent also opposes Bush's bid to allow detainees to be convicted on secret evidence they are not allowed to see.

Yesterday, Warner said negotiators were considering revising the federal War Crimes Act to clarify acceptable interrogation methods by nonmilitary officials. His bill embraces a similar approach, which would sidestep direct references to the Geneva Conventions' meaning. It was unclear whether the White House would accept such language.

Frist also surprised senators yesterday on the warrantless wiretapping issue, sending surveillance legislation already approved by the Senate Judiciary Committee to the intelligence committee for further review. With one week left to consider the bill on the Senate floor, Sen. Olympia J. Snowe (R-Maine), an intelligence committee member, said passage before the election would be "extremely ambitious."

The intelligence committee is considered hostile to legislation worked out between Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the White House. That bill would allow but not order the administration to submit its warrantless surveillance program to a secret national security court for constitutional review. The program involves monitoring overseas phone calls and e-mails of some Americans when one party is suspected of links to terrorism.

Three Republicans on the intelligence committee -- Snowe, Sen. Mike DeWine (Ohio) and Sen. Chuck Hagel (Neb.) -- have co-authored competing legislation that would give Congress considerably more oversight of the program.

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Two House committees will draft National Security Agency eavesdropping bills this week that would take still another tack on surveillance, but those measures also face resistance, acknowledged Rep. Heather A. Wilson (R-N.M.), the primary author of the measures.

House GOP Delays Vote On President's Plan For Terror Detainees (USAT)

By Kathy Kiely

USA Today, September 20, 2006

WASHINGTON — House Republican leaders postponed a vote on President Bush's plan for interrogations and trials of terrorism suspects Tuesday as an intraparty revolt against the proposal widened.

Four senior House Republicans released a letter endorsing a rival bill authored by Senate Armed Services Chairman John Warner of Virginia and two GOP colleagues, Sens. John McCain of Arizona and Lindsey Graham of South Carolina. The House members called on the White House and congressional GOP leaders to "ensure the United States fully maintains its commitment to the Geneva Conventions."

The letter was signed by Reps. Mike Castle of Delaware, Jim Leach of Iowa, Christopher Shays of Connecticut and Jim Walsh of New York, all Republican centrists.

The White House and the three senators are trying to reach a compromise. The senators contend that the president's proposal does not provide sufficient protection for the rights of terrorism detainees and could be interpreted as a softening of Geneva Conventions protections against prisoner abuse. They fear that could endanger Americans taken captive in other countries.

Administration officials and their Capitol Hill supporters, such as Sen. John Cornyn, R-Texas, say the prohibitions against "degrading treatment" in the Geneva Conventions are too vague and could subject CIA officers to prosecution. Both sides are still expressing hope they will reach a deal.

"We are continuing negotiations in good faith and remain cautiously optimistic about our ability to reach a resolution," White House spokeswoman Dana Perino said.

Other Republicans expressed exasperation at the dispute. "I'm a bit confused as to why we are having this disagreement," said House Majority Leader John Boehner, R-Ohio. He noted "the bigger question here is who is going to define the specifics of what (the Geneva Conventions) means, some international court or the U.S. Congress under the Constitution."

Senate Majority Leader Bill Frist of Tennessee launched a frontal assault on fellow Republicans who oppose Bush's plan. He said the rival proposal "subjects our personnel to international courts and vague standards" and "would allow terrorists access to classified information."

Warner, McCain and Graham, all military veterans, contend that military and legal experts side with them. The latest to come to their side: former secretary of State George Shultz, who endorsed the senators' position in a statement released by McCain's office.

One possible area for compromise came in a letter released by the three senators Tuesday. Maj. Gen. Scott Black, the Army's judge advocate general, recommended that Congress create a list of serious offenses that would be considered war crimes as a way to clarify the Geneva standards. Black said anything more "could cause reciprocal action by other signatories, which is particularly problematic when we are at war."

Just How Far Can CIA Interrogators Go? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 20, 2006

WASHINGTON

Members of Congress are looking for answers to very concrete questions on how the Central Intelligence Agency questions terror suspects.

Is it ever appropriate, for example, to put a naked detainee in a cold cell and douse him with water? If so, for how long? Should interrogators be able to lead people to think they are drowning (a practice known as waterboarding)?

Many lawmakers thought they had settled some of these questions last December, when they passed an antitorture amendment by broad majorities in Congress. But in his signing statement, President Bush claimed executive powers to exempt members of his administration from the amendment, should circumstances warrant.

Ever since, Sen. John McCain (R) of Arizona and others have sought clarification on what, exactly, the Bush administration had ruled inbounds for detainee treatment.

President Bush says that "tough" alternative interrogation techniques are needed and have been useful, but won't disclose what they include. In a speech on Sept. 6, the president confirmed the existence of secret CIA detention facilities, but said that the "alternative set of [interrogation] procedures" used in these prisons was in compliance with the US law.

The White House and the GOP senators are now trying to find a compromise.

"We're having a very constructive and productive dialogue with senior officials at the White House," says Sen. John Warner (R) of Virginia, who chairs the Senate Armed Services Committee. "Progress is being made in good faith."

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The new Army Field Manual would protect detainees from several of the disputed techniques, such as waterboarding. But the manual does not pertain to CIA interrogators, who operate outside the military chain of command. A majority of senators on the Senate Armed Services Committee want assurances that even those interrogations fall within the protections of national and international law, such as Common Article 3 of the 1949 Geneva Conventions.

"This is a matter of conscience.... Are we going to be like the enemy, or are we going to be the United States of America?" asked Sen. John McCain (R) of Arizona on Sunday on ABC's "This Week."

"We have to indulge the assumption that no one yet has been convicted of a crime," says Eugene Fidell, president of the National Institute of Military Justice. "Does a person charged with a heinous murder lack that measure of honor that we can throw the Constitution and our values out the window?

Critics, citing press reports, say that there is evidence that secret CIA interrogations, as well as the abuse at Abu Ghraib prison in Baghdad, went well beyond those norms. "Reports about the techniques employed by the CIA suggest that they include sexual humiliation, stress positions, prolonged standing, exposure to extreme temperatures, and waterboarding. All these techniques are clearly prohibited by Common Article 3," says a recent report by Human Rights First, an advocacy group based in New York.

"This is treatment that civilized nations do not engage in," said Deborah Pearlstein, director of the US Law and Security Program at Human Rights First, at a briefing on Friday.

So far, administration spokesmen have responded to specific questions about techniques in broad, general terms. They say they are reluctant to tip off terrorists to what might be used.

"What we're trying to do is answer a call that comes from the men and women at the CIA, that are responsible for questioning Al Qaeda detainees," said Stephen Hadley, national security adviser, also on "This Week." "And what they've asked for, very simply, is: 'Let us have clear standards.' These are good men and women."

Supporters of the Bush administration's strategy on detainees say this refusal to respond specifically to examples raised by critics is hurting the president's credibility.

"The differences between the Senate Armed Services bill and the administration's bill are really very, very slight, but nevertheless important," says David Rivkin, a former Justice Department official in the Reagan and first Bush administrations, who consults with the White House on legal issues involving the treatment of detainees. "Torture is off the table, cruel and inhuman treatment are off the table. It really is a matter of things that can be perceived as humiliation, and that's culture and context specific."

For example: Waterboarding cannot be used, he says. However, cold-cell interrogations are a matter of degree: "Putting somebody in a place that isn't freezing or horribly hot for a long time is not appropriate, but ... there are very clearly degrees of environmental stress that are well below the level of cruel and inhuman treatment."

Cultural differences also play a role, he adds. "In our culture, to be interrogated by a woman is not degrading. In Islamic culture, it's very degrading. Are we supposed to be pandering to that definition ... and not taking advantage of someone's psychological weakness and use it as a lever?"

McCain Knows Firsthand Need To Limit Torture Rules (USAT)

By DeWayne Wickham

USA Today, September 20, 2006

Let's be clear about this.

What President Bush wants from Congress is not clarity on the limits to which CIA interrogators might go in trying to get terrorism suspects to talk. He wants Congress to grant them absolution.

As the standoff between the Republican White House and a band of GOP senators appears headed toward a resolution, we should not lose sight of this important point.

For days now, attention has been focused on the effort by President Bush and Vice President Cheney to get Congress to pass legislation that they say would clarify a section of the Geneva Conventions that stipulates how wartime captives should be treated.

Article 3 of this document, they contend, is too vague. But in making this criticism, they point to just one clause that prohibits “outrages upon personal dignity, in particular, humiliating and degrading treatment.” Unmentioned by them — and many of the journalists who have reported on this issue — is that Article 3 is much broader and specifically prohibits murder, mutilation, cruel treatment and torture.

What has been widely reported is that the CIA has used tactics such as sleep deprivation and water boarding (which creates the sensation of drowning) to try to pry information from captives. They test the limits of what many people might think is torture — and that's the fissure Bush wants to close.

But a unilateral American interpretation of this clause would open the door for this nation's enemies to come up with their own interpretations of Article 3 — and increase the chances that U.S. troops captured by them will be abused.

Sen. John McCain, R-Ariz., a war hero who spent 5½ years as a prisoner of war, has led a bipartisan group of senators in opposing Bush's effort to have Congress legislate a U.S. interpretation of Article 3. Wisely, in rejecting Bush's proposal last week, a majority of the members of the Senate Armed Services Committee sided with the Arizona senator, including the committee chairman, Sen. John Warner,

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R-Va., and Sen. Lindsay Graham, R-S.C., men who also have distinguished records of military service. On one level, siding with these men and against Bush and Cheney, who both ducked active duty military service during the Vietnam War, is an easy call for me.

But on an even more thoughtful level, McCain's opposition to Bush's legislation makes sense. It's hard enough to get warring nations to adhere to the Geneva Conventions without creating a precedent that would make it possible for other countries to conjure up their own interpretations of them to escape being branded as war criminals.

In his autobiography, Faith of My Fathers, McCain wrote about the lengths an interrogator went to break his silence: “On occasions when he was particularly determined, I would find myself trussed up and left for hours in ropes, my biceps bound tightly with several loops to cut off my circulation and the end of the rope cinched behind my back, pulling my shoulders and elbows unnaturally close together. It was incredibly painful,” McCain wrote of the torture he experienced.

Anyone brave enough to endure that ought to know what he's talking about when it comes to what this country's interrogators should be allowed to do.

Instead of trying to force his views on the Senate, Bush should yield to the better judgment of those who, in this matter, have experience and logic on their side.

DeWayne Wickham writes weekly for USA TODAY.

Bush Anti-terror Plan Edges Foward (AP-Y)

By Laurie Kellman

AP, September 20, 2006

President Bush's stalled anti-terrorism agenda edged forward Tuesday, with a rebellious House member rewriting her bill on wiretaps more to his liking and maverick Senate Republicans reopening talks over how to handle detainees.

Rep. Heather Wilson, R-N.M., offered to substitute her original bill on giving legal status to Bush's warrantless surveillance program with a bill that would grant a key administration request: allow wiretapping on Americans in the event of an "imminent" terrorist attack.

In exchange, the administration would be required to share with Congress more details of the nature of the threat, presumably with the House and Senate Intelligence committees and some congressional leaders.

"Excesses are best prevented when intelligence activities are operated within a framework that controls government power by using checks and balances among the three branches of government," Wilson said in a statement.

The substitute, to be considered Wednesday by the House Intelligence Committee, represents a possible breakthrough in a bitter, election-season rift between the White House and GOP leaders on one side and Republican lawmakers concerned about Bush's use of executive authority in his war on terror.

While the wiretapping question moved ahead, the second prong of Bush's legislative war agenda — treatment of detainees — also showed signs of progress.

The White House and a group of Senate Republicans continued Tuesday to swap proposals on legislation authorizing the interrogation and prosecution of terrorism suspects.

The two sides remained at odds over how to adhere to the 1949 Geneva Conventions and at the same time allow the CIA to conduct effective interrogations.

Sen. John Warner, R-Va., said "progress was being made in good faith," while Majority Leader Bill Frist said he hoped to vote on a final measure by the end of next week.

The Senate Armed Services Committee last week approved detainee legislation written by Warner, the panel's chairman, and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., but opposed by Bush. The White House has said the committee's bill would put an end to the CIA interrogation program.

Bush's measure would let coerced testimony be presented at terrorism trials but would deny defendants access to classified evidence in them. Bush also favors a narrower interpretation of the Geneva Conventions that would make it harder to prosecute U.S. interrogators for using harsh techniques.

White House spokeswoman Dana Perino confirmed Monday that the administration was sending new language to the senators in hopes of reaching an agreement. The revision was expected to address specifically the nation's obligations under the Geneva Conventions, a major sticking point with the three Republicans.

The development came as a key part of Bush's argument on detainees lost some of its edge. In letters obtained Tuesday by The Associated Press, two of the service's senior lawyers backed away from a previous assertion that the services do not object to the president's plan.

"I believe that approach is not objectionable from a strictly legal perspective" and would not "abrogate" U.S. treaty obligations, Maj. Gen. Jack Rives, the Air Force judge advocate general, said in a letter to Graham.

However, Rives added that while the section would not reduce the nation's commitment to Common Article 3 of the Geneva Conventions, "some could perceive it as such."

Maj. Gen. Scott Black, the Army judge advocate general, agreed.

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"I believe that further redefinition of Common Article 3 is unnecessary and could be seen as a weakening of our treaty obligations, rather than a reinforcement of the standards," Black wrote in a Sept. 15 letter obtained by the AP.

"This could cause reciprocal action by other signatories, which is particularly problematic while we are at war," Black added.

Support among House moderates for the White House proposal on detainees also was faltering. GOP moderates Christopher Shays, R-Conn., and Mike Castle, R-Del., said in a letter to House GOP leaders Tuesday that they support Warner's bill.

Amid the whirl of developments, the prospects for congressional passage of the wiretapping and detainee policies were unclear in the waning week-and-a-half before Congress recesses for the Nov. 7 election. House Majority Leader John Boehner, R-Ohio, said he expects Wilson's bill to come to the floor next week. But even if it passes the House, the Senate must churn through three conflicting pieces of legislation on the same matter.

Detainee legislation faces a similar crush in the House and Senate next week.

Revolt Over Wilson Bill Rocks Panel (HILL)

By Carrie Sheffield

The Hill, September 20, 2006

Unrest among GOP members of the House Judiciary Committee threatens to overthrow a bill co-sponsored by Chairman James Sensenbrenner (R-Wis.) aimed at altering policies governing federal intelligence-gathering programs.

Citing concerns over civil liberties and program stability, GOP committee members last week forced Sensenbrenner to cancel a markup of the bill that would allow President Bush's warrantless surveillance program to continue with limited congressional oversight.

Republican members say they have enough votes to replace what they see as an unsavory bill, introduced by Rep. Heather Wilson (R-N.M.) and co-sponsored by Sensenbrenner, with a more palatable one during a scheduled markup this morning.

Several GOP and Democratic committee members are concerned that Wilson's bill would separate oversight of Bush's Terrorist Surveillance Program (TSP) from congressional oversight under the Foreign Intelligence Surveillance Act (FISA).

Rep. Jeff Flake (R-Ariz.), who is spearheading GOP committee movement against Wilson's bill, said the measure fails to create a solid system for TSP and would instead establish a passive, ad hoc response to terrorist attacks, rather than a steady program with legislative oversight under FISA. Flake said this approach both threatens the stability of intelligence gathering and increases the likelihood of civil liberties abuse.

"If we believe that these surveillance powers are necessary and vital to fighting terrorism, it is imperative that they be codified within [FISA]," Flake wrote in a letter to fellow Republican committee members on Monday. "Otherwise these powers could potentially disappear in two years when this president leaves office. Future presidents may eliminate the Terrorist Surveillance Program altogether if such powers are not codified."

Flake said he has enlisted Reps. John Hostettler (R-Ind.), Tom Feeney (R-Fla.), Louie Gohmert (R-Texas) and Bob Inglis (R-S.C.) in his campaign against Wilson's bill.

"Bob is not sure he can support the Wilson bill, which is why he is undecided at this point and he could then support Flake's bill," said Inglis spokesman Price Atkinson.

Inglis co-sponsored a bill Flake introduced that would ensure that intelligence oversight is delegated to the Judiciary panel and other committees. Flake said the National Security Act outlines a disbursement of intelligence oversight among various committees, but that the shared jurisdiction has been incorrectly usurped by the House Select Committee on Intelligence.

"We really don't get much in Judiciary," Flake said.

Intelligence Chairman Rep. Peter Hoekstra (R-Mich.) disagreed, saying the diversity of his committee's membership ensures that other committees are adequately informed about intelligence programs.

"The Intelligence Committee was established with crossover membership so that a group of members [on other committees] could be apprised of what's going on in the intelligence community," Hoekstra said.

As part of his counter-Wilson effort, Flake has also banded with Democrats such as Rep. Adam Schiff (Calif.) and says he thinks he has enough votes to replace Wilson's bill at the markup today unless a compromise addressing their concerns can be reached. The committee has 23 Republicans and 17 Democrats.

Schiff has introduced a bill along with Flake, Inglis and four other committee Democrats that would "reiterate" FISA's jurisdiction over electronic surveillance.

Schiff and Flake said they met with Department of Justice officials last week to iron out differences, but failed to reach an agreement on which measures to include or discard from Wilson's bill. Wilson faces a tight race in November against Democratic challenger Patricia Madrid and has touted her bill — which, according to press reports, the White House opposes and is hoping to amend on the House floor — as a sign of independence from Bush.

"Maybe they'll come around," Flake said. "I would rather negotiate or work something out. That's my goal."

Adding to their frustration, Judiciary members said the committee held its first classified briefing on FISA last Tuesday, but were not given information about Bush's TSP.

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"I'm one who thinks this surveillance is necessary and proper and we ought to be doing it, but it concerns me that we know very little about it," Flake said.

Some members said they were puzzled by Sensenbrenner's absence from the briefing, which was caused because he has refused to participate in classified briefings. According to committee members, Sensenbrenner fears later disclosing sensitive information to the public.

"Every member has to make that decision for themselves," Schiff said of Sensenbrenner's policy. "I think it would be very difficult to analyze the necessity or lack of necessity of proposed changes if you are not privy to why they're being sought."

Wrong Turn On Eavesdropping (WP)

The Washington Post, September 20, 2006

BEFORE WRAPPING up business and sending members home for the fall campaign, both houses of Congress are likely to take up measures to authorize the National Security Agency's program of warrantless surveillance. The two main bills under consideration would both be disasters; they should not pass in anything like their present form. Because the parameters of the program remain so murky, it is impossible for those who have not been briefed on its details to identify exactly what Congress should do. No matter what the contours of the program may be, however, the steps these bills contemplate are dangerous. Instead of modernizing and updating a law that has served well and may need adjustment, they would authorize broad executive powers of warrantless domestic surveillance.

The main bill in the Senate, by Judiciary Committee Chairman Arlen Specter (R-Pa.), was originally designed to place the NSA's program before the courts for review. Judicial review of this program could indeed be helpful, but Mr. Specter's bill, which yesterday seemed to be running into trouble in the Senate, would achieve it at an unacceptable price. It would effectively repeal the requirement in current law, known as the Foreign Intelligence Surveillance Act (FISA), that all national security surveillance conducted domestically take place under the act's terms. Instead, it would explicitly acknowledge that the president may have inherent constitutional authority to spy on Americans without court approval -- thereby giving the administration carte blanche to snoop on Americans however it likes. And it would also permit the administration to seek a warrant for an entire "electronic surveillance program" rather than individual warrants to spy on people against whom it has evidence. The cumulative impact of this bill would be to make FISA optional and give the administration a green light to spy.

In the House, a proposal by Heather A. Wilson (R-N.M.) has acquired an undeserved reputation for moderation. Under her bill, all aliens who are not permanent residents would become subject to warrantless surveillance for up to a year if they are "reasonably expected to transmit or receive foreign intelligence information" -- even if there is no suspicion of wrongdoing on their part. Even more troubling, the proposal would give the president the ability to conduct warrantless surveillance against anyone he suspects of contact with terrorists after a terrorist attack or, in the latest version, when he deems an attack imminent. Because the key terms in this section go undefined, these provisions could easily be read to permit broad warrantless surveillance domestically even following -- or in anticipation of -- attacks on U.S. troops in combat zones overseas.

Congress needs to step in and regulate the NSA's program; it almost certainly also needs to modernize the Foreign Intelligence Surveillance Act, which was passed before the advent of modern telecommunications and computer technologies. Members of both parties have advanced thoughtful proposals. The goal of any legislation should be to authorize what is necessary in the NSA's program while at the same time limiting it and ensuring appropriate judicial oversight. These bills would do almost the opposite.

Red Cross Officials To Visit Prisoners At Guantánamo (NYT)

By Neil A. Lewis

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — Red Cross officials plan to begin a series of face-to-face visits in Guantánamo Bay, Cuba, on Monday with the 14 prisoners who until this month had spent as much as four years in secret Central Intelligence Agency custody.

The visits by a team from the International Committee of the Red Cross are believed to be the first time that the detainees, who include senior operatives of Al Qaeda like Khalid Shaikh Mohammed, will get to talk with anyone outside of the world of their captors since they were taken into custody.

Simon Schorno, an official with the International Red Cross in Washington, said on Tuesday that about 10 experienced officials, including translators, will assemble this weekend in Guantánamo and begin their interviews on Monday.

"We expect to be able to speak in private with any detainee of our choosing," Mr. Schorno said.

The priority, he said, will be to interview the 14 recently transferred prisoners, assess their conditions and "give them the means to communicate with their families through Red Cross messages."

But any information or assertions as to how they were treated under C.I.A. custody is not likely to emerge publicly anytime soon. Under the standard arrangement that allows its officials access to war-related prisoners, the Red Cross has agreed that it will not speak publicly about what it learns. Any complaints about mistreatment will be delivered to the United States government and not made public except under rare circumstances.

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If the prisoners wish to publicize their treatment at the hands of the C.I.A., they will probably get an opportunity later, if and when they are charged with war crimes as President Bush has promised. Although the White House and Congress are still wrangling over a measure to set up military tribunals, any detainee who is charged will be assigned a military lawyer.

At that time, the detainees will also be eligible to acquire civilian defense lawyers, as have other Guantánamo detainees. The defense lawyers could be expected to raise the issue of the treatment of their clients while in C.I.A. custody.

Officials at the Center for Constitutional Rights say they have already been talking with a handful of prominent defense lawyers who have expressed interest in defending the senior Qaeda defendants. The center, a human rights group based in New York, has been largely responsible for organizing legal representation for more than 400 detainees at Guantánamo.

"There are lawyers queuing up for these cases," Bill Goodman, the legal director of the center, said in an interview.

Mr. Goodman said the group of lawyers who have been involved in preliminary discussions was composed of skilled and experienced litigators, although he declined to provide any names.

Civilian lawyers would have to deal with the age-old lawyer's burden of representing a client widely regarded as reprehensible as well as shoulder a great financial obligation, Mr. Goodman said.

"Unpopular clients are a badge of honor to lawyers who believe everyone deserves to be represented," he said.

While lawyers across the spectrum have come forward to challenge the government's detention of little-known detainees at Guantánamo, the task in this case will be representing a new group of detainees that includes people who are indisputably Qaeda members. Khalid Shaikh Mohammed, for example, is believed to be the chief planner of the Sept. 11 attacks.

"I'm confident we'll be able to recruit serious skilled lawyers to represent these people," Mr. Goodman said. "The bar understands this basic commitment."

What has typically occurred in the case of the other Guantánamo prisoners is for a family member to hire a private lawyer to work with the military defense lawyer.

The prisoners may make their desires for a private lawyer known through letters they will be able to send to their relatives via the Red Cross. The correspondence is generally limited to family members of prisoners, although exceptions may be made.

The letters, on a standard one-page Red Cross form, are censored as they go out from the prisoner and come in from family members.

Military officials have declined to describe the conditions under which the new prisoners at Guantánamo are being held except to say they are in a "modern and secure" facility. That description appears to apply to Camp Six, the only hard-walled and modern facility at the detention site. Camp Six has solitary cells, all electronically controlled and monitored.

Red Cross Delegation Will Visit Detainees At Guantanamo (MCT)

By Carol Rosenberg

McClatchy Newspapers, September 20, 2006

A Red Cross delegation will travel next week to Guantanamo Bay, Cuba, to meet with Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11 terrorist attacks, and 13 other reputed terrorists recently transferred to U.S. military custody after years of imprisonment in secret CIA jails.

The 12-member delegation from the International Committee of the Red Cross would be the first people not affiliated with the detentions and questioning to meet with the terrorist suspects since their arrests as long as five years ago. Afterwards, the prisoners will be allowed to fill out Red Cross message forms that will be passed to their families in what would be their first communications since their captures.

Simon Schorno, the ICRC spokesman in Washington, D.C., said Tuesday that the delegation would include a doctor, a lawyer and several translators. He said the delegation would begin arriving at Guantanamo Bay on Monday and would stay for about two weeks.

Mohammed and the 13 other suspects, including alleged Sept. 11 conspirator Ramzi Binalshibh, had been held secretly by the CIA until two weeks ago, when President Bush for the first time publicly acknowledged that the CIA had operated secret prisons and had used harsh interrogation tactics on prisoners held in them. Bush said the program was being suspended in response to a Supreme Court decision and that its remaining prisoners were being transferred to U.S. military custody.

Schorno said that the Red Cross visit to Guantanamo had been scheduled before Bush's announcement, but that the delegation would make a point of asking to see Mohammed and the others next week. The prisoners can refuse to meet with the delegates.

"We have not gone to the island since their arrival, so they are not registered with us until now," Schorno said. "We want to speak in private with any detainee of our choosing, including the 14 that were recently transferred."

The International Red Cross has long been responsible under the Geneva Conventions for verifying that prisoners of war are treated humanely and don't disappear while in custody, but U.S. officials insisted that the Geneva Conventions didn't apply to suspected terrorists. That view was rejected by the U.S. Supreme Court in June.

The International Red Cross wouldn't identify the head of the delegation by name nor specify the delegates' nationalities. But Schorno said the delegation leader had visited Guantanamo before, speaking with senior U.S. military officers and meeting with prisoners.

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How CIA interrogators treated the new prisoners during their detentions will certainly come up during any meetings with the Red Cross, but it's unlikely that information will be made public. Under international rules, Red Cross officials report the findings of their visits only to the country holding the prisoners.

In announcing the transfer of the prisoners to Guantanamo on Sept. 6, Bush said that some had been questioned using an "alternative set of procedures" designed to induce them to testify. Those procedures are said to have included loud music, sleep deprivation and exposure to extreme temperatures recently prohibited to military interrogators.

Bush said the questioning techniques had been necessary to gain valuable information, and he has sought congressional approval to continue using them.

Bush also has sought congressional approval to establish military tribunals that would offer fewer protections to defendants than traditional U.S. military justice would. That proposal has been met with stiff opposition from key Republican senators, including Sen. John McCain of Arizona, who was tortured as a prisoner of war in North Vietnam.

The last Red Cross visit to Guantanamo straddled the end of June and beginning of July, following the simultaneous suicides by hanging of two Saudis and a Yemeni, the first prisoners to die during their captivity there.

Red Cross Workers To Meet With 14 Who Were Held In Secret Prisons (WP)

By Josh White

The Washington Post, September 20, 2006

Representatives from the International Committee of the Red Cross are scheduled to begin meetings Monday with the 14 terrorism suspects who were held for years in secret CIA custody, the detainees' first contact with the outside world since they were captured after the Sept. 11, 2001, attacks.

The meetings will be part of a routine Red Cross visit to the U.S. military detention facility at Guantanamo Bay, Cuba, said Simon Schorno, a Red Cross spokesman in Washington. About 12 officials, including interpreters, will spend about two weeks at the camp, he said.

Red Cross officials have met regularly with the hundreds of detainees at Guantanamo Bay since early 2002 but have never before gained access to detainees in U.S. custody in secret prisons around the world.

Schorno said the Red Cross has been hoping to speak to anyone who was held in a CIA-run prison.

"It has been a priority of ours to gain access to those people," he said. "It's something that we have expressed our discomfort and problem with several times."

Defense Department officials declined to confirm the visit.

"The International Committee of the Red Cross has regularly sent delegations to Guantanamo for weeks at a time," said Lt. Cmdr. Chito Peppler, a department spokesman. "They have had access to private interviews with detainees and have facilitated communications with their family members around the globe."

President Bush publicly addressed the secret CIA program this month just as the detainees were transferred to Guantanamo Bay, where they are covered by international humane-treatment standards. Bush defended the program and has been pushing for a U.S. law that would allow the CIA to continue using aggressive interrogation tactics, something members of Congress -- including some top Republicans -- have been trying to block.

The Red Cross will officially register the men, one of whom is alleged Sept. 11 mastermind Khalid Sheik Mohammed, and will then offer to speak to them privately, Schorno said. The meetings involve only a Red Cross delegate, an interpreter and in some cases a doctor.

It is possible that, in such discussions, the Red Cross will become the first organization outside of the Bush administration to learn about the practices in the CIA-run facilities, including the interrogation techniques used. But the international agency's guidelines require the information to be completely confidential, meaning that the representatives will be able to directly raise their concerns only with U.S. authorities.

"Certainly it's a difficult decision, but it's the main reason why we get access," Schorno said. "We will take the information and intervene if necessary."

The visits also mean that the 14 suspects will be able to contact their families, who until this month were unaware of the men's whereabouts, through Red Cross messages. The U.S. military censors the messages before delivery, and families are allowed to write back.

Schorno said 20,000 such messages have been transferred between Guantanamo Bay detainees and their families.

Intelligence Comes First (USAT)

By Andrew C. McCarthy

USA Today, September 20, 2006

The case of Maher Arar, a Canadian Muslim allegedly tortured in Syria after being taken there by the CIA, warrants scrutiny. So, indeed, does the whole practice of rendition, a favorite of the Clinton administration long before the Sept. 11 attacks.

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U.S. treaty obligations forbid transporting people to countries where we have reason to believe they'll be tortured. Syria, moreover, is not only a torture state but a terror state. We should regard it as an enemy, not a collaborator.

But with the lives of 300 million Americans at stake, the United States cannot make national security policy based on individual anecdotes about government roguishness.

Intelligence is singularly crucial in the war on terror. A terror network has no territory or treasury to defend. We can't bomb friendly countries where it is embedded, much less our own cities where its threat to us is greatest. Our only weapon is intelligence. Without it, we'll have to accept the preventable deaths of American soldiers and civilians. That is not acceptable.

Last year's legislation by Sen. John McCain, R-Ariz., extended Fifth Amendment protections to alien enemy combatants. In my view, that gave al-Qaeda captives the right to Miranda warnings, at least if we hope to use confession evidence at trial. Now, McCain champions opposition to the president's urgently needed effort to clarify hopelessly vague Geneva Convention terms recently imposed by the Supreme Court — such as a prohibition of "degrading treatment."

No one is urging torture. It's illegal. But there are many tactics, short of torture, that have proved effective in wringing life-saving intelligence from jihadists, who are trained to resist interrogation. Without latitude and clear guidance about what is permissible, our interrogators would be vulnerable to war crime charges just for doing their jobs.

Yes, rogues need to be rooted out. But the vast majority of our agents are honorable. They will follow the rules if Congress tells them what is and is not permissible — common sense McCain obstinately resists. If Congress follows his lead and abdicates its duty, the highest quality intelligence will be lost, and with it American lives.

Andrew C. McCarthy, a former assistant U.S. attorney who prosecuted terrorism cases, is a senior fellow at the Foundation for the Defense of Democracies.

Into A Moral Desert (WP)

By Harold Meyerson

The Washington Post, September 20, 2006

At its highest levels, the literature of war is often about a hero gone bad, a hero, in fact, who becomes indistinguishable from his enemy. Achilles, to begin at the beginning, outrages the gods by his desecration of the body of his slain archrival, Hector, and it takes a message from Zeus to persuade him to relinquish the body for burial.

In America, the closest we've come to having a Homer of our own, "an epic, tragic, national poet," is probably John Ford, the tormented, alcoholic Irish American director who invented both the classic Western and John Wayne in his 1939 film "Stagecoach." But it's the film Ford made immediately after that, "Young Mr. Lincoln," starring young Henry Fonda, that may be the single most lyrical and compelling evocation of the American ideals of justice and community ever crafted by an American artist. No one did heroes as well as Ford.

So it's all the more startling to see Ford's late Western "The Searchers," his ninth picture with Wayne, which came out in 1956. Suddenly, Wayne no longer personifies the chivalrous ideals he embodied as the Ringo Kid in "Stagecoach" or the military officers in Ford's cavalry films. In "The Searchers," Wayne plays a former Confederate cavalryman who rode off to avoid surrendering to the Yankees and who is possessed by a raging hatred of Indians. As the self-appointed protector of isolated frontier settlers who are subjected to murderous raids from a band of Comanches, he becomes as savage as the Comanches themselves -- his hatred culminating in a shot in which he scalps the Comanche chief he has tracked for five years.

Nor does Ford let even his beloved cavalry off easy, showing us the bodies of squaws killed in a raid on a Comanche encampment. In the film's famous closing shot, with the camera positioned inside a settler's home looking out the doorway to the desert beyond, the Wayne character returns his niece, whom the Comanches had kidnapped five years earlier, to the settler's family. She enters the house; other characters enter the house; and Wayne remains outside, looking in, then turning, then walking away into the desert as the door closes and the picture ends.

Defend civilization by becoming as barbaric as its enemies, Ford suggests, and you are no longer really part of that civilization. Or perhaps you are, but that civilization has lost some of its ideals, its raison d'Ãªtre, in the process.

These thoughts of Homer and Ford on men in war are occasioned by the story of the Syrian-born Canadian computer engineer whom the Mounties misidentified as an al-Qaeda associate and whom our own government then spirited off to Syria in September 2002 so he could be tortured into revealing what he knew. After nearly a year of torture, it was clear that he knew nothing, because he wasn't an al-Qaeda associate.

What's striking about this story (and it's just one of many things that are striking about this story) is that we sent him to Syria, which was providing us with some assistance during the period between Sept. 11 and our invasion of Iraq but which also was an authoritarian regime that knew no constraints in the treatment of its presumed enemies. We sent him there because he'd be tortured, because the Syrians would do the kinds of things that the same administration officials who devised this policy feared the Syrians, given half a chance, would do to us.

But why rely just on the Syrians? At the same time, as the president acknowledged this month, we ourselves (that is, CIA employees) had embarked on our own round of torture of al-Qaeda suspects, some of them the genuine article, some not. As the

president asserted during his news conference Friday, that doesn't mean that we've become our enemy, that we're in any sense the moral equivalent of al-Qaeda. But it most certainly means we've abandoned our own moral and legal norms, as the administration's determination to create a loophole in the Geneva Conventions makes unmistakably clear.

Lindsey Graham, John Warner, Colin Powell and above all John McCain know firsthand what war can do to men and why we need laws to keep men from becoming their nightmare image of their enemy. Their knowledge is as old as Homer, as American as John Ford.

As events would have it, though, our nation is led by men who have carefully avoided both war and literature. By men devoid of a sense of the nation's and their own moral fallibility. By men who have led us into a moral desert and aren't even looking for a way back home.

Every Suspect Is Not A Terrorist — Just Ask Him (USAT)

USA Today, September 20, 2006

As Congress weighs how to treat and try suspected terrorists, it should consider the story of Maher Arar, a Canadian Muslim.

His case is a textbook example of what can go wrong, and why Americans should be leery of embracing the harsh tactics President Bush wants applied to terror suspects.

Arar's nightmare began in September 2002. The computer engineer, married and the father of two, was detained in New York's JFK Airport during a stopover on a flight home from Tunisia, where he had been with his family. Unknown to Arar, the Royal Canadian Mounted Police, acting on faulty information, had told U.S. authorities Arar was an Islamic extremist with suspected links to al-Qaeda.

Arar was held and questioned for 12 days at JFK and in a U.S. detention center. When U.S. authorities told him they were sending him to Syria, from which he had emigrated to Canada at age 17, the mild-mannered Arar broke down crying, protesting the Syrians would torture him.

Arar was shackled by U.S. authorities in the rear of a small jet and flown to Jordan. There, he was hit by Jordanian guards and questioned. Then he was blindfolded and driven to Syria, where his life descended into a hellish round of beatings and interrogation. He was punched and whipped with an electric cable. Desperate to stop the beatings, he confessed to having been trained in Afghanistan — a country there is no evidence he has ever visited.

The beatings quickly diminished, but for 10 months Arar was locked in a tomblike, rat-infested concrete cell just 3 feet wide and 6 feet long. The Syrians eventually required him to sign a confession and set him free. He returned to Canada in 2003, where he suffered from severe post-traumatic stress and was unable to work to support his family.

We know all of this because of a devastating new report by a Canadian judge, who heard testimony about Arar's case from more than 70 witnesses and had access to more than 21,000 documents. The judge concluded “categorically that there is no evidence” Arar was ever a security threat.

U.S. Attorney General Alberto Gonzales said Tuesday that the hand-over of Arar to the Syrians was a deportation, not a “rendition” — a controversial practice in which U.S. authorities turn over suspected terrorists to other countries.

In this case, that seems to be a distinction without a difference.

Terrorism is a deadly threat to the USA, but Arar's story illustrates what can happen when fear of it causes the usual checks and balances of the legal system to be bypassed.

Several precautions might have averted the injustice: Turning Arar over to Canada instead of Syria. Giving him a court review. Adopting reasonable principles on torture, either by the United States or by its proxies. But the Bush administration has resisted due process for terror suspects and wants to sanction practices that can be interpreted as torture.

As we said as recently as Tuesday in this space, torture is a terrible bargain. It often produces bad information, and it almost always degrades the moral authority of the torturer. Using it on the most vile terrorist leaders is debatable. Applying it to an innocent man is unforgivable.

Tortured By Mistake (WP)

The Washington Post, September 20, 2006

ACOUPLE of years ago, President Bush might well have counted Maher Arar as one of the success stories of the CIA's secret program for detaining and interrogating suspected terrorists. Mr. Arar, a Canadian citizen, was arrested at New York's John F. Kennedy International Airport in September 2002 because he was on a watchlist; Canadian police said they believed he had connections to al-Qaeda. Rather than being returned to Canada, Mr. Arar disappeared into the CIA's secret system -- he was transported to Syria and handed over to its military intelligence service. For several weeks, Mr. Arar was tortured by his Syrian captors, who beat him with an electric cable. Eventually he broke and confessed that he had trained at an al-Qaeda camp in Afghanistan.

The problem with this story, as an official Canadian investigation reported Monday, is that Mr. Arar was innocent. "Categorically there is no evidence" that Mr. Arar was a terrorist or posed a security threat, the report stated. He never traveled to Afghanistan. The Canadian police intelligence about him was simply wrong. But after his coerced confession, he was held in a Syrian dungeon for 10 months and suffered "devastating" mental and economic harm before finally being released in 2003.

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Mr. Arar's case vividly illustrates a couple of the points that veteran military and diplomatic leaders have been trying to impress on Mr. Bush about the dangers of the CIA program, for which the president is demanding congressional approval. From early 2002 until this month the agency held some al-Qaeda suspects in secret prisons and subjected them to harsh interrogation techniques that, though they don't include beatings with cables, violate the Geneva Conventions and current U.S. law. Others, like Mr. Arar, have been secretly handed over to foreign governments known to use torture in interrogations, including Egypt and Jordan as well as Syria -- a practice known as "rendition."

Mr. Bush claims that the renditions, secret detentions and harsh U.S. techniques -- which most of the world regards as torture -- have yielded important intelligence. But as the military commanders who oppose such methods have insistently and courageously pointed out, it is well known that the information they produce is unreliable. Many detainees, as Mr. Arar did, will falsely incriminate themselves or others to avoid abuse. Over time, better intelligence can be obtained by working within guidelines mandating humane treatment of detainees -- such as those in the new Army interrogation manual released this month.

Moreover, as Mr. Arar's case illustrates, cruel treatment of prisoners, even in secret, eventually becomes known and can badly damage the honor and influence of the United States and its relations with allies. The mistreatment of Mr. Arar has hurt U.S. relations with Canada and could impede cooperation with its police and security services in the future. Other cases of rendition have similarly upset U.S. intelligence relations with Italy, Germany and Sweden.

It's no wonder that two former Republican secretaries of state, Colin L. Powell and George P. Shultz, oppose Mr. Bush's attempt to modify U.S. compliance with the Geneva Conventions to permit future secret detentions and renditions by the CIA. Or that military leaders ranging from Gen. John W. Vessey Jr., a former chairman of the Joint Chiefs of Staff, to Maj. Gen. Scott C. Black, the senior serving uniformed lawyer in the Army, also oppose the president's initiative. They understand well what Mr. Bush refuses to see -- that the price of his policies is bad intelligence, the criminal mistreatment of some innocent people, and damage to U.S. prestige and alliances that the country can ill afford.

Rules For The Real World (NYT)

The New York Times, September 20, 2006

The White House has been acting lately as though the struggle over the proper way to handle prisoners is a debate about how tough to get with Osama bin Laden if he's ever actually caught. This week, we've had two powerful reminders of the real issue: when a government puts itself above the law, innocent people are put at risk.

On Monday, Canada issued a scathing report about the story of a Canadian citizen, Maher Arar, who was abducted by American agents in late 2002 and turned over to Syrian authorities, who obligingly tortured him for 10 months until he signed a transparently false confession. The report said Mr. Arar never had any connection to terrorism. But the United States stonewalled Canada's investigation, which concluded that the Americans misled Canada about their plans for Mr. Arar. Sending him to Syria, where he would certainly be tortured, was not just immoral and un-American, it was a violation of international law.

In Iraq, American authorities have been holding an Iraqi-born photographer for The Associated Press for five months without charging him with any crime. Military officials say they have evidence that Bilal Hussein has "strong ties" to insurgents, but refuse to show it to Mr. Hussein, his lawyers, The A.P. or even to the Iraqi courts. We don't know the truth. But we know how to get at it: If the Americans have evidence against Mr. Hussein, they should present it. If he committed a crime, he should be charged. If not, he should be set free.

These two cases illustrate vividly why Congress needs to pass an effective law on the handling of prisoners that not only provides for legal military tribunals to try dangerous men like Khalid Shaikh Mohammed, who is believed to have organized the 9/11 attacks, but also deals with the other men, perhaps hundreds, wrongly imprisoned at Guantánamo Bay, and sets rules for the future.

The bills now before Congress don't meet the test. The White House's measure endorses the practice of picking up any foreign citizens the United States wants, abusing and even torturing them, and then trying them on the basis of secret evidence. It effectively repudiates the Geneva Conventions, putting American soldiers at risk.

The other bill, written by the only three Republican senators who were willing to defy the White House, preserves the conventions and creates a respectable trial process. But it defines "illegal enemy combatant" so broadly that the administration could apply it to almost any foreigner it chose, including legal United States residents. Both bills choke off judicial review and allow even those acquitted by a military tribunal to be held indefinitely.

Either bill might be acceptable if the United States government were infallible. As it is, they would legalize the sorts of abuses of power that the United States fought against in other countries for most of the 20th century.

PSB Says It Will Continue Probing Phone Records Case (AP)

AP, September 20, 2006

MONTPELIER, Vt. --State regulators plan to continue exploring whether telephone records were improperly released to the federal government even though the Justice Department has warned such an inquiry could run afoul of federal law.

"We have jurisdiction under state law to proceed in this matter and it has not been shown that federal law pre-empts that jurisdiction," the Public Service Board said.

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Verizon and AT&T both operate in Vermont and news reports have suggested they might have turned over records of customer calls to the National Security Agency. Those companies' customers, Gov. Jim Douglas and the Vermont chapter of the American Civil Liberties Union urged the Public Service Board to determine whether Verizon and AT&T violated state statutes by cooperating with the NSA.

Verizon has said in the board's proceedings that it could not say whether it had cooperated with NSA, even if it wanted to, because federal law bars it.

But the Public Service Board said the privilege against answering the state's inquiry "belongs to the government and must be asserted by it. It can neither be claimed nor waived by a private party."

The federal government has declined to participate in the case before the Public Service Board and the Justice Department has said in a letter that it should be dropped. But the board says it concluded that no federal laws prevented it from pursuing the docket.

The federal government has sued Connecticut and New Jersey to block those states from pursuing the issue.

"The Vermont Public Service Board is being very brave in continuing its actions in this case," said Allen Gilbert, director of the Vermont ACLU. "Vermont might be the state that is able to get to the bottom of this."

MCLU Defends Mainers In Federal Privacy Lawsuit (MCMS)

Magic City (ME) Morning Star, September 20, 2006

PORTLAND — The MCLU went to court today to protect the privacy rights of Maine telephone customers. In a motion filed in U.S. District Court, the MCLU seeks an opportunity to have the consumers' voice heard in the Bush administration's lawsuit against the Maine Public Utilities Commission. The MCLU asked that the Verizon customers who initiated the privacy investigation at the Maine Public Utilities Commission be added to US. v. Kurt Adams et al as intervenor-defendants.

"The Justice Department is making up the law as it goes. It's a blatant attempt to intimidate Maine's Public Utilities Commission, but it won't work," said John Paterson, an MCLU cooperating attorney with Bernstein Shur. "Mainers deserve to know if their privacy rights were violated."

The MCLU asserts that the DOJ has no legal basis for suing the State of Maine. The Maine Public Utilities Commission has merely asked Verizon to confirm the truthfulness of statements it had already made publicly in press releases.

"Verizon's refusal to respond to our questions and now the Justice Department's lawsuit makes it look like Verizon has cooperated in Maine with the National Security Agency and that they are guilty of violating Mainers' privacy rights and possibly breaking the law," said James Cowie, lead intervenor-defendant, "The United States of America is not a place where citizens should have to expect that the government is eavesdropping on our private telephone conversations."

Today's filings follow on the heels of Attorney General Steve Rowe's vigorous defense of Maine's right to conduct an investigation. Congressmen Mike Michaud and Tom Allen have called on U.S. Attorney General Alberto Gonzales to withdraw the lawsuit. Fifteen Maine state senators and twenty-seven Maine state representatives signed a letter to Attorney General Alberto Gonzales noting that state has both the authority and the responsibility to protect Mainers.

"The federal government has abused its authority to cover up what appears to be illegal surveillance of ordinary Americans," said Shenna Bellows, Executive Director of the Maine Civil Liberties Union, "No one, not the telephone companies and not the federal government, is above the law."

Maine was the third state to be sued by the federal government is this matter. The government has also sued the states of New Jersey and Missouri, and on September 6, the Department of Justice sued a fourth state, Connecticut, in an effort to prevent the state from determining whether the telephone companies or the federal government broke the law. The federal government is attempting to use the theory of "state secrets" to prevent any state level investigations or lawsuits against the warrantless National Security Agency surveillance program. The government's legal arguments were challenged in two recent legal victories for privacy advocates. In Hepting v. AT&T, a judge ruled that national security did not prevent consumers from moving forward with a lawsuit against the telephone companies. In ACLU v. NSA, a judge ruled portions of the warrantless National Security Agency surveillance program to be unconstitutional.

FBI Informant In Terror Case Says He Was Truthful (AP)

By Michael Virtanen, The Associated Press

AP, September 20, 2006

ALBANY, N.Y. (AP) — An FBI informant testified Tuesday that he did whatever an FBI agent told him, even if that meant misrepresenting himself as a big import-export businessman, Islamic radical and part-time arms dealer in the FBI sting that led to terrorism charges against two Albany Muslims.

Shahed Hussain acknowledged cooperating with the FBI in hopes of reducing his sentence after his 2001 arrest for helping immigrants fraudulently obtain state drivers' licenses in Albany. He maintained he has been truthful since, especially with FBI case agent Timothy Coll.

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"My cooperation agreement tell me I could not do any kind of false statement with Mr. Coll or with any law enforcement," Hussain said.

The credibility of the Pakistani emigre is a central issue in the case, with defense attorneys saying Hussain not only lied to their clients, but in his past business dealings as a translator at the state Department of Motor Vehicles and to the FBI concerning their clients.

He testified that, following Coll's instructions, he represented himself first as a businessman and then as an arms dealer — "a wealthy, radical guy" — to Yassin Aref and Mohammed Hossain. They are accused of supporting terrorism by laundering $50,000 that Hussain claimed came from selling a shoulder-fired missile to terrorists.

It was a fictitious terrorist arms plot, and jurors will have to decide what the defendants knew or believed.

"I was not making up a story. I was telling exactly what he wanted me to," Hussain said, noting Coll coached him before every meeting. "It was an undercover operation so if you call that a lie, it's a lie."

Hossain, an Albany pizzeria owner, had sought a loan from Hussain. Muslim cleric Aref witnessed the transactions, involving $50,000 cash, with the pizzeria owner repaying $45,000 to the informant in checks over several months in 2004.

The Albany men also are accused through the transactions of supporting Jaish-e-Mohammed, or JEM, a Pakistan-based Islamic terrorist group, which informant claimed he supported.

Hussain acknowledged that Aref told him he didn't know anything about JEM besides what he'd seen on television. He and defense attorney Kent Sprotbery sparred over what Aref's subsequent comments meant, Hussain contending the imam told him to support JEM, the attorney saying Aref in a mini-sermon told him to ask God, and that Hussain deliberately dropped in a stray comment about a missile for the FBI's benefit.

Hussain also testified he showed the shoulder-fired missile launcher to Hossain at a videotaped meeting in November 2003, and the money transactions began in January 2004. He acknowledged that he never showed the weapon to Aref, though he did show both defendants the trigger mechanism, but only briefly while Aref was counting money.

Under cross-examination, he also acknowledged at a December 2003 meeting, as shown in the transcript, that he told Hossain: "Whatever I'm doing, I'm not doing anything wrong or breaking any law. ... I am not selling any kind of drugs, nor am I selling any kind of weapon that can cause a man to be killed. I am just delivering all this so that the Muslims can protect themselves from nonbelievers."

Hussain insisted to defense attorney Kevin Luibrand that he was referring only to Islamic law in that instance. He said his comments, as directed by Coll, were meant only to show he wasn't involved in any street crime.

Cheney Says Hopes Of World Rest On U.S. (AP-Y)

By Tom Raum

AP, September 19, 2006

Vice President Dick Cheney cast the global war on terror on Tuesday as a "war of nerves," borrowing a phrase Harry Truman used to describe the Cold War. Cheney asserted that the hopes of the civilized world depend on a U.S. victory.

"We are not going to let down our guard," Cheney told a convention of automobile dealers. He said President Bush "will not relent in the effort to track the enemies of the United States with every legitimate tool at his command."

He defended the administration's warrantless wiretapping and detainee programs, both subject to criticism from Democrats and some members of his own Republican party.

Cheney characterized as "just plain wrong" a federal judge's ruling earlier this month rejecting the administration's plea to throw out a lawsuit over the wiretapping program. "We hope it will be reversed on appeal," the vice president said.

U.S. District Judge Garr King in Portland, Ore., said he was not persuaded by the administration's argument that going ahead with the case would harm national security. It was the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority.

Cheney said that, to President Truman, the term Cold War was "an expression he never much cared for and seldom used. He called it the war of nerves. When you think about it, that's an apt description of the kind of challenge America is now facing."

"The war on terror is a test of our strength, a test of our capabilities, and above all a test of our character," Cheney said.

"We know that the hopes of the civilized world ride with us. Our cause is right, it is just and this nation will prevail," Cheney added.

Speaking to the National Automobile Dealers Association, Cheney suggested that the U.S. economy was firing on all cylinders and seldom has been stronger. He credited Bush tax cuts in 2001 and 2003, and urged Congress to finish work on making them permanent.

Cheney told the dealers that modern automobiles are "marvels of design, performance and reliability. ... You're part of the reason America remains among the strongest economies in the world."

Cheney recalled that his own first car was a 1949 Chevrolet with several hundred thousand miles on it "which I drove with not much skill but plenty of enthusiasm. It had a lot of power. As I could recall, I could pretty much pass anything on the road except filling stations."

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HOMELAND RESPONSE:

Study: Prisons Breed Islamic Extremists (AP-Y)

By Lara Jakes Jordan

AP, September 19, 2006

Jailed Islamic extremists with violent interpretations of the Quran are taking advantage of scarce religious monitoring programs to breed terrorists in U.S. prisons, a study released Tuesday shows.

State and local prison officials struggle to track radicalized behavior by inmates or religious counselors, the joint study by George Washington University and the University of Virginia found.

Many prisons can't afford preventive programs; in California, for example, officials reported "that every investigation into radical groups in their prisons uncovers new leads, but they simply do not have enough investigators to follow every case of radicalization."

"Radicalized prisoners are a potential pool of recruits by terrorist groups," concluded the study, released at a Senate Homeland Security and Governmental Affairs Committee hearing on "homegrown" terrorists. "The U.S., with its large prison population, is at risk of facing the sort of homegrown terrorism currently plaguing other countries."

An estimated 2 million people are imprisoned in the United States; 6 percent of them are Muslim, according to the Federal Bureau of Prisons.

Daveed Gartenstein-Ross, a counterterrorism consultant, told senators that "chilling" interpretations of the Quran were given to prison inmates when he worked for the al-Haramain Islamic Foundation, an international charity that served as a major al-Qaida financier.

The readings urged Muslims "to wage war against non-Muslims who have not submitted to Islamic rule," Gartenstein-Ross said in prepared testimony to the Senate panel.

"I know of only a few instances in which prisons rejected the literature we attempted to distribute — and it was never because of the literature's radicalism," said Gartenstein-Ross, who has since left the charity and converted to Christianity.

Prisons have long been considered recruiting stations for gangs and, more recently, terrorists, but little has been done throughout government to combat them. The Senate hearing came as law enforcement and intelligence officials focus on finding out how and why extremist homegrown sympathizers cross a line to become operational terrorists.

The panel's chair, Sen. Susan Collins, R-Maine, called the matter "an emerging threat to our national security." Added Sen. Tom Carper, D-Del., "While homegrown Islamic terrorism might not be as much of a threat as in say, Europe or some other places, we ignore the threat that does exist at our peril."

The report cited several high-profile cases of terrorists who became radicalized while incarcerated, including British shoe bomber Richard Reid. It also noted what authorities call a foiled plot of a potential shooting rampage against California military facilities, synagogues and the Israeli Consulate in Los Angeles by followers of Kevin James, who founded the radical group Jamiyyat Ul-Islam Is-Saheeh, or JIS, as an inmate at California State Prison in Sacramento.

Researchers interviewed federal, state and local prison officials, religious counselors and counterterror authorities in four states — California, New York, South Carolina and Ohio — and the District of Columbia. They concluded that federal prison authorities have made significant strides in collecting and sharing information to help monitor whether inmates are becoming radicalized.

But state and local prison officials have largely relied on contractors and volunteers to lead Islamic services because of a lack of well-trained Muslim chaplains, the report found. In New York, that led to several cases of "imams espousing violent views," it said.

The report noted a 2004 study that found that about half of 193 prisons surveyed supervised religious services or monitored them with video or audio recorders. "In the absence of monitoring by authoritative Islamic chaplains, materials that advocate violence have infiltrated the prison system undetected," it found.

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On the Net:

The George Washington University Homeland Security Policy Institute: http://homelandsecurity.gwu.edu/

University of Virginia's Critical Incident Analysis Group: http://www.healthsystem.virginia.edu/internet/ciag/

Senate Homeland Security and Governmental Affairs Committee: http://hsgac.senate.gov/

Islamist Radicals In Prison: How Many? (CSM)

By Alexandra Marks

The Christian Science Monitor, September 20, 2006

NEW YORK

The radicalization and recruitment of terrorists in US prisons present a threat of "unknown magnitude," according to national security experts.

That's prompted leading analysts to call on Congress to set up a national commission to study the spread of radical ideologies in America's correctional systems.

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Prisons have long been fertile breeding grounds for radical thought. Right-wing extremists, neo-Nazis, and Christian Identity groups have traditionally recruited and set up ideologically based gangs in these facilities. Radical Islamists have been more active in European prisons, but there have been a handful of documented cases of Islamist radicalization in US prisons.

The situation presents an opportunity for launching preventive strategies in the war on terror, experts say. The goal of the commission would be to ensure that the civil rights of inmates, as well as the redemptive aspects of all religions, are protected - while at the same time, systems can be put in place to prevent extremists from spreading distorted theologies that promote violence.

"Our concern is that isolated cases could end up dictating what could ultimately end up being bad policy. And the last thing we want is to victimize people who honestly want to practice their religion," says Gregory Saathoff, executive director of the Critical Incident Analysis Group at the University of Virginia in Charlottesville. "Paradoxically, that could create a backlash that could play into the hands of those interested in subverting the system."

The United States has the world's largest prison population, with more than 2 million inmates. It also has the world's highest incarceration rate - 701 of every 100,000 people are in prison or jail. Islam is the fastest-growing religion behind bars, which makes the system a desirable target for terrorist organizations to recruit new members, experts say. But people familiar with the prison system say the vast majority of Muslim inmates are African-Americans and Hispanics who turned to Islam for spiritual development or protection and camaraderie.

Indeed, there's little interaction between the Muslim community on the inside with the one on the outside. For instance, in New York State there are an estimated 200 Muslim prison volunteers, compared with more than 4,000 Christian volunteers. "The stage hasn't been set for the type of collaborations that folks are trying to suggest, and given the fact that most [Muslim inmates] are Americans, terrorism is the last thing they'd want to be involved in," says Mika'il DeVeaux of the Muslim Re-entry Initiative, a nonprofit group in New York dedicated to helping released inmates reintegrate.

Mr. DeVeaux was a Muslim leader during the 25 years he spent in New York State prisons for a murder conviction. He says there are stark differences between American-born Muslims in prison and immigrant Muslim prisoners, who make up a very small fraction of the population.

"I encourage local imams to seize the agenda from the immigrant Muslims and stop allowing them to define for Westerners what Islam is and what the Muslim agenda is," he says.

But he and others with experience behind bars see potential for extremists of all kinds to indoctrinate and recruit young, alienated prisoners. The practice is more prevalent in European prisons, where the Muslim population is primarily made up of first- and second-generation immigrants with close ties to South Asia. Richard Reid, the attempted shoe bomber who was arrested in 2001, converted and became radicalized, according to prosecutors, while behind bars in Britain.

There has been only one publicly documented incident in the United States where officials say home-grown prison Islamists attempted to directly foment violence on the outside: In September 2005, police in California disrupted what they say was a plot by Kevin Lamar James, a self-styled leader of an Islamist inmate group, to blow up government facilities and Jewish synagogues in the Los Angeles area.

In 2004, a study by the inspector general of federal prisons found there was no coherent system for screening out extremist chaplains, and more than half of all religious services were not monitored. The Federal Bureau of Prisons responded by setting up a vetting process for its chaplains and religious volunteers. But 93 percent of inmates are in state and local prisons, which have a shortage of qualified Muslim chaplains as well as a lack of trained correctional officers to identify extremist ideology.

A report by George Washington University's Homeland Security Policy Institute and Dr. Saathoff's Critical Incident Analysis Group, which was released Tuesday, says it's essential for local, state, and federal correctional officials to work closely with one another as well as the FBI. Then, they say, extremists within the prison system, and those on the outside who want to exploit it, can be identified and tracked. But they acknowledge it will be a challenge, particularly since most American prisons are overcrowded, and many are understaffed.

"The really critical thing here is information," says Jeffrey Raynor of the Institute of Law, Psychiatry and Public Policy at the University of Virginia, who co-wrote the report. "Inmates often move between these systems, and we need to find innovative ways to integrate information so we can understand how to most efficiently short-circuit [the potential for terrorist recruitment] with our limited resources."

Islamists In U.S. Prisons Pose Threat, Report Says (WT)

By Jerry Seper

The Washington Times, September 20, 2006

Islamic extremists in U.S. prisons have taken advantage of a lack of religious monitoring to embrace violent interpretations of the Koran, posing a threat of "unknown magnitude" to national security, a report said yesterday.

"Prisons have long been places where extremist ideology and calls to violence could find a willing ear, and conditions are often conducive to radicalization," according to a study by George Washington University and the University of Virginia.

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"With the world's largest prison population and highest incarceration rate, America faces what could be an enormous challenge -- every radicalized prisoner becomes a potential terrorist recruit," said the study, which was conducted for the Senate Homeland Security and Governmental Affairs Committee.

An estimated 2 million people are imprisoned in the United States, and 6 percent of them are Muslim, according to the U.S. Bureau of Prisons.

Sen. Joe Lieberman of Connecticut, the committee's ranking Democrat, said homegrown terrorism is a "grave enough concern" that Congress needs to consider whether to focus more attention and resources on it.

"What controls can we put into place to curtail such conversions? Unfortunately, the number of qualified Islamic chaplains, or imams, is insufficient," Mr. Lieberman said, noting that although more than 80 percent of religious conversions in prison are to some form of Islam, only 10 of the 200 chaplains in the federal system are devoted to Islam.

The study said that just as young people may become radicalized by "cut-and-paste" versions of the Koran via the Internet, "new inmates may gain the same distorted understanding of the faith from gang leaders or other influential inmates."

Although radicalization is neither unique to Islam nor a recent phenomenon, an inadequate number of Muslim religious services providers increases the risk, the study said.

Additionally, it said, the inability to track inmates after their release and a lack of social support to reintegrate them into the community give rise to a "vulnerable moment" in which they may be recruited by radical groups posing as social support organizations.

The study said "Jailhouse Islam" incorporates violent prison culture into religious practice; a lack of manpower and resources hinder efforts to combat prisoner radicalization; and information collection and sharing among federal, state and local prison systems to track radical behavior and religious services providers is "difficult to assess."

The study said that no one profession was equipped to analyze and recommend change and that a multidisciplinary approach of religion, criminal justice, intelligence, law and behavioral sciences was necessary for "proactive analysis of the phenomenon." It also called on Congress to establish a commission to investigate the issue.

According to the study, prison gangs may adopt a form of Islam that incorporates values of gang loyalty and violence, and several imams characterized the phenomenon as a significant threat to security in prisons.

The study noted several connections between former prisoners and terrorism, including:

•Jeff Fort, a Chicago gang leader who converted to Islam while incarcerated in 1965. Fort founded a street gang known as El Rukn, which later brokered a deal with Libya to carry out attacks on U.S. police stations, government facilities, military bases and airplanes in exchange for $2.5 million and asylum in Tripoli.

•Sheik Omar Abdel-Rahman, the radical Egyptian cleric who plotted to bomb New York City landmarks in 1993. Sentenced to a life term, he issued a decree from federal prison ordering Muslims to kill Americans "wherever you find them." Terror mastermind Osama bin Laden later said that edict gave religious authority for the September 11 attacks.

•Richard C. Reid, who is thought to have converted to radical Islam while incarcerated in Great Britain. He was later apprehended while attempting to detonate a bomb on a U.S. commercial flight in December 2001.

FBI Raids Mo. Islamic Leader's Home (WP/AP)

By Alan Scher Zagier, The Associated Press

The Washington Post, September 20, 2006

COLUMBIA, Mo. -- FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search.

A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. Agents removed boxes and computer equipment throughout the day, neighbors said.

The search warrant has been sealed, and Lanza would not comment on what the agents were looking for.

Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked.

In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press.

The Michigan charity's head of legal services, Ihsan Alkhatib, said the agents are investigating whether the charity conducted business in Iraq before the 2003 war in violation of legal sanctions against the country.

Alkhatib said the organization "did everything by the book."

Lanza declined to discuss whether the Michigan and Missouri searches were connected.

Hamoodi, 54, is a former University of Missouri engineering professor who now owns an international grocery store. He said he has worked as a paid organizer and fundraiser for the organization for several years. He said he cooperated fully with federal investigators.

"They came in, asked questions, I told them the answers and they left," he told the Columbia Missourian.

Hamoodi, who grew up in Iraq but has lived in Columbia for 21 years, has been an outspoken critic of the Iraq war and recently had his home defaced with graffiti.

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The search came three days after bureau officials met with Muslims at a local mosque to try to improve community relations.

FBI Scours 2 Houses Owned By Pilot In Wales Case (SEATT)

By Steve Miletich, Seattle Times staff reporter

Seattle Times, September 20, 2006

FBI agents conducted searches last month in the slaying of Seattle federal prosecutor Thomas Wales, combing two houses owned by an airline pilot long under investigation in the 2001 killing.

Agents looked for evidence to tie the pilot to an anonymous letter sent to the Seattle FBI office in January, said a law-enforcement official, speaking on condition of anonymity because the investigation is continuing.

The letter's author wrote that the killing was carried out by a hit man from Las Vegas, a claim the FBI discounted as an amateurish attempt to throw off investigators. As such, the letter writer could be charged with obstruction of justice.

The letter was postmarked about the same time the pilot was in Las Vegas for a visit, according to sources familiar with the investigation.

The searches took place at the pilot's Snohomish home and a house he owns in Bellevue, neighbors at both locations said.

FBI spokeswoman Robbie Burroughs in Seattle said she couldn't comment.

The pilot, contacted Tuesday outside his Snohomish home, declined comment. He recently moved there, after living for years at the Bellevue address. The Seattle Times is not naming the pilot because he hasn't been charged with a crime.

Wales, 49, who prosecuted the pilot in a fraud case in 2000, was shot to death in his Queen Anne home on Oct. 11, 2001.

The searches represent the most visible activity in the investigation since top FBI officials stripped the case from the Seattle FBI office in June and put it under the direction of the Portland office. The move came after the head of the Seattle office tried to reduce the number of investigators on the case, sparking an outcry from law-enforcement officials in Seattle.

The pilot's Snohomish neighbors said 15 to 20 FBI agents swarmed the house on a weekday morning in late August, wearing clearly marked jackets that brought onlookers onto the suburban street.

"They were there all day," said one woman, who asked not to be named.

Neighbors couldn't recall the exact date but said agents spent a lot of time searching and photographing a Suburban SUV and a Mercedes sedan before combing the house.

The pilot and his family were home at the time but left during the search, neighbors said.

At the Bellevue house, more than a dozen agents searched the premises several weeks ago, said a neighbor who couldn't recall the date.

The search marked the third time FBI agents have obtained a search warrant for the Bellevue house since Wales was killed, the most recent occurring in April 2004.

Before the killing, the pilot was indicted by Wales on charges he and others improperly altered a Vietnam-era military helicopter to make it look like a civilian model they could sell. The charges against the individuals were dropped, but a company they had formed pleaded guilty.

After the plea agreement, the pilot sued the government for malicious prosecution, seeking more than $125,000 in legal fees. The case was dismissed by a federal district judge.

Court documents related to the latest search warrants, and the previous ones, are sealed. But for each warrant, investigators must present new information for probable cause to a judge.

The Las Vegas letter gave investigators a new lead.

FBI behavioral experts considered it an unrealistic account of a hired killing but concluded it was likely written by someone tied to Wales' killing.

The investigation is a top priority of the FBI, with a $1 million reward. If Wales was killed because of his work, he would be the first federal prosecutor in U.S. history to be slain in the line of duty.

Wales was shot while sitting at his computer in his basement. The assailant fired from the backyard and then fled.

ENEMIES (WT)

By Bill Gertz

The Washington Times, September 20, 2006

Bill Gertz, defense and national security reporter for The Washington Times, describes a growing threat posed by foreign agents and terrorists who exploit U.S. weaknesses in this second of three excerpt from his new book, "Enemies: How America's Foes Steal Our Vital Secrets -- And How We Let It Happen" (Crown Forum), out this week. Read Part 1 here and Part 2 here.

The FBI, the CIA and other intelligence agencies continue to struggle to plant agents in, or recruit them from, deadly Islamist terror organizations here and abroad.

The FBI, for example, did not have under way a single active investigation this past spring of al Qaeda or any Islamist group anywhere in the United States.

Osama bin Laden's al Qaeda network is not alone in posing a threat of new attacks. The FBI believes that Lebanon-based Hezbollah has set up terrorist cells in at least 10 U.S. cities.

The Iranian government has backed Hezbollah to the tune of $100 million. FBI officials worry that Iran could activate a network of Hezbollah terrorists here if the international community acts to stop the Islamic regime's nuclear program.

President Bush expects the FBI to help counter such terror threats through its new National Security Branch (NSB), a major reform he announced over internal opposition in summer 2005.

"The focus of what we're doing has changed over our history," said Gary M. Bald, the 28-year FBI veteran chosen to direct the NSB, which combined counterterrorism, counterintelligence and intelligence-analysis divisions. "This is the most significant [change], no doubt. But it's just the latest.

"It's not the embracing or the understanding of the need to do it," Bald said in an interview. "It's getting us efficient at something that we've not had a long experience at doing."

The FBI and the rest of the U.S. intelligence community was woefully unprepared after September 11 to track down terrorists by penetrating the dark world of al Qaeda.

The nation had extremely limited capabilities in human intelligence-gathering -- the real stuff of spying. These shortcomings remain five years later.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, argues that many problems facing U.S. intelligence are a legacy of the Clinton administration.

"It's ineffective in 2006 because it was gutted in 1996," Mr. Hoekstra said, pointing to the severe depletion of human spying capabilities in the 1990s.

Left largely unsaid in this year's debate about the president's authorizing the National Security Agency to intercept suspected terrorists' communications: The administration might not have needed to rely on the program so heavily, and risk infringing on civil liberties, were American counterintelligence not so weak.

The government needed to take extraordinary measures to track down al Qaeda cells. And despite the terrorist surveillance program and stepped-up FBI activity, U.S. intelligence has not found any al Qaeda cells inside this country.

'Work in progress'

A presidential commission organized in 2004 revealed the FBI's ineptness in conducting counterintelligence and counterterrorism programs.

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (commonly referred to as the WMD commission) examined how and why the intelligence community failed to properly assess Iraq's nuclear, chemical, biological and missile weapons programs.

The WMD commission, headed by federal appeals Judge Laurence Silberman and former Sen. Charles S. Robb, Virginia Democrat, also explored the overall capabilities of U.S. spy agencies.

A section on "intelligence at home," included in the panel's report issued in March 2005, said the FBI had made strides in collecting and analyzing intelligence but had "a long way to go." The bureau, it said, acknowledged that domestic intelligence gathering "will be a work in progress until at least 2010."

The biggest challenge, the report found, was integrating FBI operations into a command structure that is subject to orders from the director of national intelligence, John D. Negroponte, whose recently created job is to oversee the nation's 15 spy agencies.

The commission called for creation of a National Security Service to manage, direct and control all FBI resources used in countering terrorists, spies and other threats to national security.

The panel said the FBI needed to move past decades of bitter rivalry with the CIA that prevented the agencies from complementing each other's efforts in the war on terror.

A bigger-picture problem remained, the WMD commission noted: an FBI culture that resisted reform.

"Past efforts to build a strong intelligence capability within the FBI have foundered on this resistance," the report said. "In 1998 and 1999, similar reforms failed in quick succession as a result of strong resistance from the FBI's operational divisions and an intelligence architecture that could not defend itself inside the bureaucracy."

Law-enforcement investigators did not want to become spies. And bin Laden, they argued, "is never going to Des Moines."

'More capable'

Mr. Bush overruled internal opposition and announced creation of a national-security section within the FBI on June 29, 2005, and chose to highlight the change during a July 11 speech at the FBI Academy in Quantico.

The president said the reform, among 70 recommendations from the WMD commission that he backed, would make the FBI "more capable to stop the terrorist acts before they happen."

The next month, FBI Director Robert S. Mueller III appointed Bald, a career law-enforcement investigator with little experience in intelligence, as director of the redubbed National Security Branch.

Although Bald was the FBI executive for counterterrorism and counterintelligence, close observers saw his selection as a clear sign that the bureau would continue to oppose building an aggressive counterterrorism and counterspy capability.

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Bald, though, bristles at the suggestion that the FBI had a cultural aversion to improving intelligence-gathering.

"It's a culture of complete dedication to our mission, working around the clock, being called in on weekends and nights and not getting paid extra, and really doing everything you can to protect our nation," Bald said.

He said a substantial number of 12,000 special agents work for his new branch, although the actual number is classified. All of the bureau's 1,720 intelligence analysts are part of the NSB.

The FBI hasn't found it easy to change an institutional viewpoint of being its own "primary customer of information," Bald said. He said he worries that leaks of sensitive information could wrongly damage the reputations of those under investigation.

"Now what we're in is a realization that not only are there other services that benefit from our intelligence, but other services can provide value to our investigations as well," Bald said. "We understand that. The challenge is developing the processes that make that efficient."

'Safe from scrutiny'

Even as adversaries and friends alike ramp up intelligence activities against the United States, the WMD commission's final report warned, "our counterintelligence efforts remain fractured, myopic and marginally effective."

The report stated bluntly: "Our counterintelligence philosophy and practices need dramatic change, starting with centralizing counterintelligence leadership, bringing order to bureaucratic disarray and taking [the CIA's] counterintelligence fight overseas to adversaries currently safe from scrutiny."

Counterintelligence, the panel concluded, remains a "second-class citizen in the intelligence profession."

Since the 1970s, some 15 agencies have been severely restricted in trying to stop foreign spies and, increasingly, terrorists. Multiple special commissions and reports, many before September 11, identified the problems.

Taking advantage of these severe deficiencies, spies -- among them John A. Walker, Aldrich Ames, Robert Hanssen, Ana Montes and Katrina Leung -- have significantly weakened U.S. intelligence and defense capabilities.

China and Russia have stolen sensitive technology on a massive scale. Enemies have penetrated every single U.S. national-security agency except the Coast Guard. They have purloined nuclear weapons data, cryptographic codes and procedures, intelligence sources and methods, war plans and more.

The continuing threats include Cuba and North Korea as well as the traditional intelligence powers, China and Russia, which use official and nonofficial cover officers to target American interests.

And then there are the nonstate actors that could well pose an even greater danger: al Qaeda, Hezbollah and other terror organizations. The CIA and other U.S. agencies have almost no knowledge of terrorists' intelligence practices here.

Attack first

Richard Haver, former special assistant for intelligence to Defense Secretary Donald H. Rumsfeld, helped assess the damage in major spy cases since the 1980s. He points to widespread resistance within government to making the necessary reforms.

"We do the things that are easy, we do the things that are cosmetically appealing, that make the system feel better," Haver said in an interview, "and that perhaps satiate the critics in Congress and placate the media and make it look as though we're really changing."

Haver argues that true reforms are not about more money or agency-wiring diagrams.

"They have to do with culture," he said. "They have to do with the way these bureaucracies view themselves, the way they work with each other."

In the infamous case of Hanssen, the spy for Moscow, the FBI was unwilling even to look for a spy in its midst, and so he operated for years without being caught.

"The best defense is a good offense," Haver said. "If you are sitting back, waiting for the enemy to attack you, it will happen. If you want effective counterintelligence, the principal element of that is the capability of your system to attack the adversary intelligence service before they attack you."

Project Aims To Foil Hijack Attempts (WT)

By Al Webb

The Washington Times, September 20, 2006

LONDON -- Five years after the September 11 terrorist attacks, a hijack-proof airliner still seems the impossible dream, but the next best thing to it could begin guarding the world's airways within two to four years.

A consortium of European scientists is working on a $46 million project to thwart terrorists bent on capturing and destroying an aircraft in flight after they have managed to sneak through airport security.

More than 100 aviation specialists from 31 companies are involved in the project, part of a plan known as Security of Aircraft in the Future European Environment (SAFEE), to create a so-called "last barrier to attack" by hijackers.

Scientists at one of the companies, defense giant BAE Systems in Bristol, England, say that at the heart of their work is development of a computer system that could automatically seize control of a threatened airliner and prevent a hijacker from steering it into a mountain or tall building.

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Such a system is viewed as the "holy grail" of aircraft security, designed to foil tragedies such as the September 11, 2001, hijacked-airliner attacks that killed nearly 3,000 people in the U.S.

Total safety may be impossible, researchers concede.

"You never reach zero level of threat, no risk," SAFEE program coordinator Daniel Gaultier, of the French technology company Sagem Defense Securite, told journalists recently. "But if you equip planes with onboard electronics, it will make them very, very difficult to hijack."

Researchers at BAE Systems say components of the new system are being tested and could be in operation by 2008. Others say 2010 is a more realistic date.

Even a limited deployment would represent a major advance in aircraft safety. Improvements since the September 11 attacks have been limited largely to reinforcing cockpit doors and deploying sky marshals.

The continuing threat of another major terror spectacle in the skies was highlighted by last month's raids in Britain in which authorities arrested two dozen young British Muslims suspected of planning to smuggle liquid explosives aboard about 10 jetliners and detonate them over the Atlantic Ocean.

A key element in the SAFEE project involves a secure cockpit biometrics system of fingerprints, iris and other scans that would make the aircraft controls unusable for anyone other than an approved pilot.

Even if terrorists managed to break into the cockpit, a "hazard-avoidance" computer would take control of the aircraft and guide it to a safe landing at the nearest airport, avoiding tall buildings and other hazards.

Still other enhancements the SAFEE scientists want to develop include the use of TV cameras, microphones and other sensors to keep tabs on any suspicious passenger behavior.

"We want to detect a threat early, before someone storms the cockpit or flight deck," Catherine Neary, a human factors specialist at BAE Systems, told ABC News.

Also around the corner, the SAFEE researchers hope, are an "electronic nose" to check passengers as they board; cameras at check-in desks to verify passenger biometric data; and an electronic-chip-based system to match passengers with their luggage.

There are skeptics. Britt Marshall, a former law-enforcement officer and Interpol agent, reminded the Internet publication TechNewsWorld that "the Titanic was billed as the ship that was unsinkable."

"Now we know," Mr. Marshall said, "that there is no ship in this world that is unsinkable, no plane that is non-hijackable and no marriage that is undivorceable."

Appeals Court Upholds Firing Of Muslim Pilot (AP)

By Jim Salter, The Associated Press

AP, September 20, 2006

ST. LOUIS -- A Muslim pilot fired a week after the Sept. 11, 2001, terrorist attacks was let go because he was seen in a bar in uniform, not because of religious bigotry, a three-judge federal appeals court panel ruled Tuesday.

The panel of the 8th U.S. Circuit Court of Appeals affirmed a district court judge's ruling that Trans States Airlines did not violate discrimination laws in firing Mohammed Shanif Hussein of San Bruno, Calif., on Sept. 18, 2001.

The Equal Employment Opportunity Commission office in St. Louis filed the suit on behalf of Hussein. EEOC attorney Robert Johnson said the agency was still considering whether to seek a hearing before the full 8th Circuit.

"We're disappointed with the ruling," Johnson said. "We considered it a strong case of discrimination because of the reaction to what happened on 9-11."

Hussein does not have a listed telephone number.

Bill Mishk, a spokesman for Trans States, said the company is "obviously pleased that the appeals court agreed with our position."

Hussein, of Indian descent and a native of the island Fiji, moved to the U.S. in 1997 and was hired as a probationary pilot by Trans States, a commuter airline based in the St. Louis suburb of Bridgeton.

Two days after the terrorist attacks, on Sept. 13, with commercial air travel still suspended, Hussein returned a Trans States plane to Lambert Airport in St. Louis, then rented a room at a Howard Johnson's hotel.

Trans States vice president of flight operations Daniel Reed received an anonymous phone call from someone saying a pilot in a Trans States uniform was seen in a hotel bar. That person, the caller told Reed, raised his beer in a salute when a TV image showed a replay of one of the planes striking the World Trade Center.

The caller said he read the name Hussein on the pilot's identification tag, and Reed determined the pilot was Mohammed Hussein. Reed said he fired Hussein because he was in uniform in a bar, not because of his religion.

Court documents indicate Hussein told an FBI agent that he was drinking in the bar, but did not do anything to show support for the terrorists. He said he was seen smiling not because of the attacks, but because he had just learned his wife was pregnant.

Crisis Seen In Luggage Screening (USAT)

By Thomas Frank

USA Today, September 20, 2006

WASHINGTON — The nation's airports face a looming crisis in their ability to screen checked luggage for bombs that will require billions of dollars to avert, a new report ordered by Congress says.

Many airports have too few screeners and use slow, labor-intensive bomb detectors that are being overwhelmed by increasing passenger traffic, the study says.

The report criticizes how bomb detectors were installed in airports after 9/11. Because of a tight deadline, “many if not most of the implementations were suboptimal,” it says.

The van-sized machines clog terminals and operate so slowly that flights are sometimes held up or bags don't make it onto their flights, airport officials say. Those problems will worsen unless luggage scanners are replaced at most U.S. airports with faster machines that are part of baggage-conveyor systems.

“It's very urgent,” said James Bennett, CEO of the authority that runs Washington's Reagan National and Dulles airports. “It's one of the — if not the — most pressing improvement that needs to be made in aviation security.”

Jim Crites, operations chief at Dallas/Fort Worth International Airport, said “there is no more room” in airports for additional luggage scanners, “and yet you have more demand coming on.”

The 220-page report was written by officials from airports, airlines, design firms and the Transportation Security Administration (TSA) in August, before new restrictions for carry-on bags led to a huge increase in checked luggage. That surge “has further stressed the system,” Bennett said.

Rep. John Mica, R-Fla., chairman of the House's aviation subcommittee, questioned whether Congress would approve the proposed $4.8 billion. “Unfortunately, Congress is not ready to face the reality of the problem,” Mica said.

Congress ordered a study in late 2004 of how to install faster luggage scanners.

The report suggests spreading costs by selling federal tax credits that would be redeemed over many years, and by making airports pay $700 million. That plan would move up the installation of new machines to 2013 instead of 2024, when they'd be in place without special financing.

Faster, more automated bomb detectors would cut some personnel costs, the report says. They also would improve security by reducing the percentage of bags screened using less-reliable methods to 5% from 25% or higher during busy periods, and by reducing crowds in airport lobbies that are potential targets for terrorists.

High-speed scanners expected to be ready in a year or two would screen bags at 10 times the rate of current machines. False alarms, which now force screeners to search 15% to 25% of checked bags, could be lower, the report says.

The TSA received the report last week after an agency advisory committee unanimously approved it. The TSA will consider whether to endorse the study and seek congressional approval for financing the new machines.

Air Marshals Ousted Over Job Injuries (WT)

By Audrey Hudson

The Washington Times, September 20, 2006

The size of the federal air marshal force has been cut in half by on-the-job injuries that have sidelined nearly 2,100 marshals, while squabbling prevents health and safety policies from being implemented, government officials say.

Marshals say medical staffers are quitting the Federal Air Marshal Service (FAMS) out of frustration as hundreds develop illnesses related to their heavy flying schedules such as barotrauma, decompression sickness that causes ruptured eardrums and sinus conditions often requiring surgery.

They are also developing deep vein thrombosis, a disease attributed to long periods of sitting that causes blood clots, usually in the legs, that could lead to cardiac arrest.

A July 21, 2005, memo from the Charlotte, N.C., field office obtained by The Washington Times says it was "experiencing a large amount of missed missions due to federal air marshals calling in sick and medical groundings by physicians."

"Five percent nationwide are affected by sinus and ear problems daily. These groundings all have a commonality of being directly related to our current flight schedules," said the memo, citing 17 documented cases of barotrauma in its office.

"Our health is being eroded at an alarming rate," it said.

Policies to prevent such injuries or to determine sick leave and light duty for injured marshals are being held up by fights over wording and punctuation, said one air marshal. Others say they were fired for their disability then denied workers' compensation.

"They have a track record of that," said Frank Terreri, director of the Federal Law Enforcement Officers Association for the Federal Air Marshal Service. "As soon as you're hurt, you're done. Every other law-enforcement agency offers you another position if you're hurt in the line of duty. If I got hurt tomorrow, I would be done, and you just can't treat employees like that."

Conan Bruce, spokesman for the air marshal service, did not return several calls for comment.

The Federal Aviation Administration does not regulate the number of takeoffs and landings for commercial air pilots but limits them to eight hours of flight in a 24-hour period, said spokeswoman Alison Duquette.

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However, pilots get 16 hours of layover time compared with 10 or 12 hours for marshals. Pilots are able to move around the cockpit and do not experience DVT, says David Mackett, president of the Airline Pilots Security Alliance.

"Pilots experience different health issues because their job is very different from what air marshals do; [marshals are] experiencing all kinds of health problems," Mr. Mackett said.

In 2005, marshals typically flew three legs a day. Because of rapid attrition, along with a demand that more flights be covered, marshals now average four flights a day, five days in a row, then two days off.

From Oct. 1, 2003, through Sept. 14, 2006, the Labor Department says 2,450 air marshals applied for workers' compensation. Air marshal officials protested or "controverted" 226 claims, according to a Labor Department official who added that the board denied more than 300 applications.

Jimmie Bacco was undergoing brain surgery at the Mayo Clinic to stop cerebral spinal fluid from leaking out of his ear when he was fired because he could no longer perform his duty. His disability claim has been denied, and he owes the clinic $80,000.

"The amount of guys terminated because of this is enormous," says Mr. Bacco, one of several current and former air marshals now coming forward to confront the agency. "Some are demoted and given administrative positions at half their pay, others are terminated."

Shawn McCullers was fired after developing deep vein thrombosis but still acts as the vice president of health and safety for the law-enforcement association for FAMS and has advised more than 70 marshals on getting claims approved.

"It's quite ridiculous; medical issues are rampant throughout the service," Mr. McCullers said.

One former air marshal asked to stay overnight at Los Angeles after a flight form Newark, N.J., rather than continue his mission to Seattle because of head pain, but the marshal was ordered to complete the flight. He did, and "blew out his eardrum," Mr. Bacco said.

No longer able to fly, the marshal took a train home to Newark.

"What they are doing, is basically getting away with murder, and there is no oversight for them whatsoever," Mr. Bacco said.

Last year's Air Marshals Service budget for workers' compensation was $3 million and went $3 million over budget. This year's budget is $6 million, but $7 million has already been spent.

Boeing Wins Deal For Border Security (WP)

By Griff Witte

The Washington Post, September 20, 2006

Aerospace and defense giant Boeing Co. has won a multibillion-dollar contract to revamp how the United States guards about 6,000 miles of border in an attempt to curb illegal immigration, congressional sources said yesterday.

Boeing's proposal relied heavily on a network of 1,800 towers, most of which would need to be erected along the borders with Mexico and Canada. Each tower would be equipped with a variety of sensors, including cameras and heat and motion detectors.

The company's efforts would be the basis of the government's latest attempt to control U.S. borders after a series of failures. The contract, part of the Secure Border Initiative and known as SBInet, will again test the ability of technology to solve a problem that lawmakers have called a critical national security concern. This time, the private sector is being given an unusually large say in how to do it.

Boeing sold its plan to the Homeland Security Department as less risky and less expensive than competing proposals that would have relied heavily on drones for routine surveillance work. Boeing plans only limited use of small unmanned aerial vehicles that could be launched from the backs of Border Patrol trucks when needed to help pursue suspects.

The system is to be installed first along the Mexican border in an area south of Tucson known to be a key crossing point for illegal immigrants. The company has said it can deploy the system along both borders within three years.

The public announcement of the award is planned for tomorrow. Several congressional and industry sources yesterday confirmed that Boeing had defeated four other companies in one of the most closely watched and intensely fought contract competitions this year. The sources spoke on the condition of anonymity because of the sensitivity of the competition. Homeland Security spokesman Larry Orluskie said the department was "really close" to making an award.

Boeing officials declined to comment, pending official notification. In an interview this month, Boeing executive Wayne Esser said that despite the company's aviation experience, it wanted to keep its border surveillance systems on the ground. "The aerial platform just goes off the map from a cost standpoint," he said.

Homeland Security has been criticized harshly in recent years for initiatives that have either failed or far exceeded their budgets. In one case, cameras that the department installed on the borders broke down in bad weather.

"The administration has spent $429 million of the taxpayer's money to try and secure our borders with two already-abandoned border security programs," said Rep. Bennie Thompson (D-Miss). He expressed concern that the same thing will happen to SBInet.

Mindful of that record, Boeing emphasized that all its technology has been proven to work. "The low-risk approach is probably going to carry weight here," Esser said.

From the beginning, department officials told industry leaders that they wanted immediate results. The contract proposed giving the private sector wide latitude in helping U.S. Customs and Border Protection figure out the right combination of technology, infrastructure and personnel needed to stop immigrants, terrorists and criminals from illegally crossing into the United States.

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Deputy Homeland Security Secretary Michael P. Jackson said this year that he wanted the companies "to come back and tell us how to do our business."

SBInet has been regarded all year by many industry executives as a critical prize, since the Homeland Security Department's budget continues to boom and no single company has emerged to dominate the market.

As a result, there was pitched competition among defense companies for a contract that is estimated to be worth about $2.5 billion over the next four years. The contest included five prime contractors -- Lockheed Martin Corp., Northrop Grumman Corp., Raytheon Co., Ericsson Inc. and Boeing. Each rounded up dozens of subcontractors, bringing a wide variety of defense and technology firms into the competition.

Boeing's subcontractors include a Washington division of L-3 Communications Holdings Inc. and a Reston division of information technology firm Unisys Corp.

Boeing has been one of the Defense Department's largest contractors for decades, and has been trying to win Homeland Security awards since the department was created.

In pursuing this contract, Boeing pointed to its work installing explosive-detection systems at more than 400 airports in less than six months following the Sept. 11, 2001, terrorist attacks. But that contract was criticized by the Homeland Security's inspector general's office, which found that Boeing received $49 million in excess profit on a deal that was supposed to be worth $508 million but ballooned to $1.2 billion. Investigators also found that Boeing had subcontracted 92 percent of the work, and that the machines had high false-alarm rates. The company disputed those findings.

Winning SBInet is considered an important victory for Boeing as it seeks to overcome a number of recent setbacks, including a scandal in which a Pentagon official admitted favoring the company in exchange for a job, and the loss this summer in the competition to build the next U.S. manned spacecraft.

Boeing Said To Be Selected To Lead Border Program (NYT)

By Eric Lipton

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — After a face-off among large military contractors, the Boeing Company was picked by the Homeland Security Department to lead a high-tech effort to secure borders, Congressional officials who were briefed on the decision said Tuesday.

The contract will at least initially be much more limited than some industry officials had expected, valued at $80 million instead of the $2 billion estimate given for the six-year deal, the officials said.

Boeing will be asked to install or at least help supervise the installation of a combination of sensors, cameras, fences, vehicle barricades and small unmanned aerial vehicles starting near Tucson, which has some of the heaviest traffic of illegal immigrants.

Boeing beat out teams led by Lockheed Martin, Northrop Grumman, Raytheon and Ericsson based on a plan that put far less emphasis on costly unmanned aerial vehicles.

Wayne Esser, who led the Boeing bid, said the company's strategy focused on coming up with a solution that could be expanded to all 7,500 miles of the United States border without compromising the ability of the Homeland Security Department to pay for its many antiterrorism initiatives.

"This is not a Department of Defense type of procurement," Mr. Esser said in an interview before his company was notified of its selection. "Customs and Border Protection just doesn't have that kind of a budget."

The program, the Secure Border Initiative, is a central element of the Bush administration's plan to curtail illegal immigration. The president also wants a temporary-worker program to give legal standing to many illegal immigrants already in this country.

The Senate may vote as early as Wednesday on bills to direct the department to build a 700-mile two-layer fence between Mexico and the United States, about a third of the shared border. The House has passed the proposal.

Such a fence could require fewer of the high-tech measures that Boeing would provide.

Because major gaps on that border would remain and because there are no plans for a large-scale fence along the Canadian border, the alternative methods of monitoring thousands of miles would continue to be necessary.

Under the Boeing plan, towers would be built along the border with radar systems to watch for movement, as well as cameras that could zoom in on movements to determine whether the subject was a vehicle, animals or people.

Ground sensors to detect movement, sound or simply contact would be installed, particularly where tree coverage makes the radar and cameras less effective, Mr. Esser said.

Northrop Grumman had proposed using an unmanned aerial vehicle, a drone known as the Global Hawk, that flies as high as 65,000 feet for up to 34 hours, to help monitor the border. Each vehicle can cost tens of millions of dollars.

Lockheed Martin had proposed using, among other tools, a high-altitude balloon known as a tethered aerostat that flies at up to 15,000 feet and, weather permitting, can be left up for a long time.

The Boeing proposal includes small, relatively inexpensive unmanned aerial vehicles that can be launched from a pickup truck by an agent in the field and then fly for, perhaps, 90 minutes. These vehicles could help apprehend illegal immigrants, but they would not be routinely used to monitor large stretches of the border.

The Boeing team also looked for ways to reduce the cost of sending out Border Patrol agents, by figuring out how long it could allow illegal immigrants, even after they have been detected across the border, to continue walking or driving before it would be necessary to seize them.

"We don't have to pick them up in the desert," Mr. Esser said. "We can pick them up once they reach the road."

The contract could still turn into a deal worth up to $2 billion for Boeing over the next six years.

Winning this contract will help the company sell its services to other countries looking to secure their borders.

Among contractors, this was considered one of the three most important contracts offered by the Homeland Security Department. The others involved rebuilding the Coast Guard fleet of ships, helicopters and planes and creating a tracking system for visitors who enter the United States legally.

Members of Congress have expressed some skepticism about whether the department will be able to succeed in this border effort because of the failure of previous ones.

"Achieving operational control of both the northern and southern border — nearly 7,500 miles — within five years is an enormous, but important, undertaking," Representative Harold Rogers, Republican of Kentucky, said Tuesday. "Huge technical, geographic and personnel challenges remain.

"Nevertheless, my colleagues and I are prepared to give D.H.S. the resources it needs — provided funding is linked to results — to get the job done."

Boeing Group Gets U.S. Border Pact (WSJ)

By Robert Block

The Wall Street Journal, September 20, 2006

The Department of Homeland Security is expected to announce today that it has awarded an estimated $2 billion contract to help secure America's southern border with Mexico to a team of companies led by defense contractor Boeing Co., according to industry officials and congressional staffers.

The contract is for the first phase of the department's three-pronged Secure Border Initiative, or SBI, a comprehensive plan to protect the frontier and reduce illegal immigration. The first part of the program, called SBInet, is expected to use technology such as motion sensors, cameras, unmanned aircraft and cellular telephones to create a "virtual fence" to monitor the border and help law-enforcement agents catch illegal immigrants sneaking across the frontier.

Government officials have declined to attach a value to the overall program, but the entire border plan is expected to be the biggest Homeland Security program since the department in 2004 awarded a contract to Accenture Ltd. to monitor foreign visitors. Known as U.S. Visit, that program could amount to $10 billion over a decade.

Boeing said in a statement that it is awaiting an announcement, adding "we feel that Boeing proposed a secure border solution that will meet the government's requirements at the best value." Boeing beat out teams led by other defense companies Lockheed Martin Corp., Northrop Grumman Corp. and Raytheon Co.

The Boeing-led SBInet team includes DRS Technologies Inc.'s Surveillance & Reconnaissance Group, Elbit Systems of America's Kollsman Inc., L-3 Communications Holdings Inc., Perot Systems Corp., and Unisys Corp.'s Unisys Global Public Sector.

The U.S. Customs and Border Protection Agency, part of Homeland Security, is the agency in charge of the Secure Border plan. The first phase of the program will concentrate on the Arizona border with Mexico, industry officials said.

SBInet has attracted defense companies looking for new revenue sources as Pentagon spending growth slows, but they have been frustrated by the slow development of opportunities in the homeland-security market after it was initially trumpeted as a growth area following the Sept. 11, 2001, terrorist attacks in the U.S.

According to defense-industry officials and congressional staffers the various plans of how to make SBInet were varied, in part because the Department of Homeland Security left it up to the various companies to decide how to best protect the border, giving them unusually wide sway over a critical national security issue. Michael Jackson, deputy secretary of the Homeland Security Department, told the competing firms this year he wanted them "to come back and tell us how to do our business."

Previous attempts to use technology to control the border have been checkered, and new tools, such as unmanned planes, face hurdles in how they will be deployed. Northrop Grumman's tack was to use unmanned drones. Boeing's proposal included lining the borders with 1,800 high-tech towers that could feed live video to Border Patrol agents carrying wireless hand-held receivers. Lockheed Martin's approach was to use blimps.

SBInet is billed as "a signature effort" for the department. An audiovisual presentation released this year depicted crowds of illegal aliens storming urban border crossings both in trucks and trudging in long columns along rural trails. The presentation showed how the geography of the southern border funnels illegal human migration into three main routes.

When Boeing announced in May its intention to put together a team of companies to pursue the contract, Jim Albaugh, president and chief executive of Boeing Integrated Defense Systems, called the program an "an initiative of national significance."

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This wouldn't be the first big Homeland Security contract Boeing has won. The company was involved installing airport explosive detection systems for the Transportation Security Administration shortly following the Sept. 11, 2001, attacks, equipping more than 400 airports in fewer than six months.

Agencies May Overpay For Freedom Tower Space (WSJ)

By Alex Frangos

The Wall Street Journal, September 20, 2006

The federal government and New York state may be overpaying to move into the Freedom Tower, some commercial-property experts say.

The federal government's real-estate arm, the General Services Administration, said this week it has tentatively agreed to pay $59 a square foot for 16 floors in the yet-to-be-built skyscraper at the World Trade Center site when it opens in 2012. New York state government would pay the same rate for 11 floors.

A look at prices for comparable space shows the government is paying more than tenants in other Lower Manhattan buildings, even factoring in possible rent inflation over the five years it will take to build the Freedom Tower.

"I think it's high," says Barry Gosin, chief executive of Newmark Knight Frank, a real-estate services firm, though he says any progress on the long-stymied rebuilding effort might be worth it. "At the end of the day, the benefit to the taxpayer might justify a premium investment by the state to get this project going."

Others are more critical. "Are we getting the best bang for our buck?" asks Bettina Damiani of Good Jobs New York, a government-subsidy watchdog group. "There are a ton of public resources already going into the site to make it viable" for private business, she says. Among them: tax-exempt Liberty Bonds to finance the office towers, $2 billion in federal aid to build a transit hub, plus other state and Port Authority of New York and New Jersey money. "We have to ask: Are those viable subsidies if we have to use government entities to fill the towers?"

Average asking rents downtown were $35.18 in the second quarter, according to real-estate firm Cushman & Wakefield. "You've got a gap as high as $24 a square foot," says Marisa Manley, president of Commercial Tenant Real Estate Representation Ltd., a New York real-estate firm. "So for a one-million-square-foot lease, you're looking at a potential $240 million subsidy over a 10-year-period. ... It's drawing away money from taxpayers. It's not a marketplace solution."

In April, Port Authority officials indicated that the agency needed one million square feet of signed leases at $47.50 a square foot to make the $2 billion Freedom Tower financially viable.

Joe Stellato, deputy commissioner for real estate and facilities at the New York State Office of General Services, says "we're very comfortable with this transaction." He says state and city tax incentives -- plus concessions it has negotiated with the Port Authority that he declines to specify -- would reduce the cost to the state substantially.

The most recent comparable lease is one signed by Moody's Investors Service in August for the same amount of space as the federal government is taking in the Freedom Tower -- 600,000 square feet -- in the recently rebuilt 7 World Trade Center. It will pay $41.50 a square foot minus $3.80 in state and city incentives, reducing its effective rent to $37.70. It also will get 14 months of free rent and $50 a square foot in so-called tenant improvements, or inducements by the building's owner, Larry Silverstein, to outfit the space. In five years, around the time the Freedom Tower opens, the Moody's lease will increase to $46.50 a square foot.

Other recent deals in downtown Manhattan also are lower. Willis Group Holdings signed a lease in August for 205,000 square feet in One World Financial Center, across the street from Ground Zero, for $36.50 a square foot, increasing to $41.50 in 2011. BearingPoint Inc. signed a lease in August for 55,000 square feet in Three World Financial Center for $39.50 a square foot. In five years, that will kick up to $44.50.

Emily Baker, regional administrator for the GSA, says its real-estate consultants figured rents in 2012 for new custom space will be $80 a square foot. The federal agency likely moving to the Freedom Tower -- Customs and Border Protection -- has unique needs that can be accommodated by getting into the building early, such as holding cells for suspects, security screening and parking. "The requirements for the tenant buildout go far beyond just your Moody's cube farm," Ms. Baker says.

The rent set for the Freedom Tower is an important benchmark. The Port Authority, which owns the land at Ground Zero, and the City of New York together are in intense negotiations to lease 1.2 million square feet in Tower 4, to be owned by Mr. Silverstein. (The Port Authority has refused to move into the Freedom Tower, which it will own and operate, citing employee fears after 84 coworkers were killed in the Sept. 11, 2001, attacks.)

People close to the negotiations for Tower 4 say the rent figure, while not finalized, is close to the one announced for the Freedom Tower. The two sides are working toward signing a term sheet by tomorrow's meeting of the Port Authority board of commissioners. The board is also expected to approve the design of the east side of the site, including Mr. Silverstein's three office towers and a mall-size collection of stores. Mike Shenot, managing director for Jones Lang LaSalle, the Port Authority's real-estate consultant, says the price reflects several factors, including increases in demand expected if the economy and job growth stay strong. "None of us have crystal balls. We're just trying to use good sound logic."

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Mr. Gosin of Newmark Knight Frank says there might be that kind of demand growth. But with the four office towers being built at the same time at the Trade Center site, plus a new headquarters for Goldman Sachs Group Inc., there will be "a big chunk of space" in 2011 and 2012. "It's a long way off. And you know how markets can turn."

Putting A Different Face On Islam In America (NYT)

By Neil MacFarquhar

The New York Times, September 20, 2006

In a class on Islamic history at the Hartford Seminary some years back, the students were discussing a saying ascribed to the Prophet Muhammad that translates roughly as, "Whenever God wants the destruction of a people, he makes a woman their leader."

The professor, Ingrid Mattson, suggested that the phrase should be analyzed in its historical context when Islamic societies consisted largely of tribal raiding parties. A male Saudi student contended that all such sayings were sacred and not to be challenged, the argument growing so heated that he stormed out of the classroom. Professor Mattson stood her ground, as was her style.

Now she is challenging convention again. This month, Professor Mattson, a 43-year-old convert, was elected president of the Islamic Society of North America, the largest umbrella organization for Muslim groups in the United States and Canada, making her a prominent voice for a faith ever more under assault by critics who paint it as the main font of terrorism. She is both the first woman and, as a Canadian, the first nonimmigrant to hold the post.

To her supporters, Professor Mattson's selection comes as a significant breakthrough, a chance for North American Muslims to show that they are a diverse, enlightened community with real roots here — and not alien, sexist extremists bent on the destruction of Western civilization. Some naysayers grumble that a woman should not head any Muslim organization because the faith bars women from leading men in congregational prayers, but they are a distinct minority.

"The more Americans see Muslims who speak English with a North American accent, Muslims who were born and raised here, who understand this culture, the more it will cease to be a foreign phenomenon but something local and indigenous," said Mahan Mirza, a Yale doctoral candidate in Islamic studies who recalled the classroom scene above from the master's program at the Hartford Seminary in Connecticut.

At the annual Islamic Society conference in Chicago where her election was officially announced to the thousands of Muslims in attendance, women rushed to have snapshots taken at her side.

"When I see her, I just feel that there is this beam of light on her," said Reem Hassaballa, 30, of Chicago, a teacher and a mother of three. "She is a very good role model. If it can happen in a little convention like this, hopefully it could happen in the whole Muslim world. She could be the start of something bigger." Ms. Mattson sees both pluses and minuses in the fact that her election is being viewed as a watershed. The Islamic Society of North America is a 20,000-member group representing all manner of organizations, from student clubs to professional associations for doctors and lawyers to mosque boards to political activists. Her immediate predecessor was a religious scholar who often wore the flowing white robes and stacked turban of his native Sudan.

"Somehow there is the feeling that someone who is white is safer and less scary," Professor Mattson said. "But I am who I am. So if there is some social capital that I can use to counteract some of the negative perception and open ears to what we have to say as a community, then that is a benefit."

A short, trim woman with a quiet manner that belies her authority, Ms. Mattson grew up, by her own description, as a good, middle-class Roman Catholic school girl in Kitchener, Canada, a suburban community about 60 miles southwest of Toronto. She attended a Catholic girls high school and took piano lessons at the convent, spending hours in church praying or contemplating the art. It was a peaceful asylum removed from the raucous household where she was the sixth of seven children.

At 16, though, she stopped attending Mass. "I believe I made a very serious attempt to understand my faith," she said, repeatedly sitting with her religion teacher to ask questions about Catholicism and spirituality. She found the answers wanting, she said, less and less relevant to her teenage life.

Ms. Mattson enrolled in the nearby University of Waterloo to study philosophy and fine arts, a determined agnostic. In 1986, while studying in Paris, she met her first Muslims, mostly West African students, and was struck by their warmth, dignity and generosity.

Back home, she started to read more books about Islam and took classes in Arabic, which she now speaks fluently. When first delving into the Koran, its explanations of the presence of the creator in the natural world struck a chord. That echoed her own spiritual sentiments developed during summers spent at the family's 200-year-old cottage on an island in a Canadian lake without running water or a telephone.

In 1987, as a college senior, she converted. "This religious community was giving me the framework for my spiritual experience, and so I entered into it," she said in an interview.

At first she told only her mother, whom Ms. Mattson describes as a strong, flexible, understanding woman. Her father, a criminal lawyer, had died when she was 12 and her mother had worked in a factory to support the family.

"My mother was confused at first and did not understand it," she said. The change was eased somewhat by the fact that her oldest sister, Peggy Smith, had converted to Judaism before her marriage.

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But her brothers and sisters only found out months later, when she wrote them a letter from overseas. They were mostly concerned, she said, that she had not joined some cult, and vaguely dismayed that her bar-hopping days with them had ended because Islam demands temperance.

Now, Ms. Mattson and Ms. Smith share certain common concerns —like keeping pork off the table at family gatherings.

"Sometimes it's only the Muslim and the Jew who are eating Christmas dinner with my mother," Professor Mattson said with a laugh, explaining that her siblings are off with their spouses. Conversation tends to run around family issues rather than comparative religion, she said.

Ms. Mattson's first exposure to the larger Muslim world came after she graduated from college, when childhood lessons about missionary work inspired her to volunteer to teach Afghan women in a sprawling refugee camp of about 100,000 people in Peshawar, Pakistan. There, in what might be called the wild Muslim east, the group later known as the Taliban barred their women from attending her classes.

"I remember clearly someone pointing a man out to me and saying 'That's the brother of the man who killed Anwar Sadat.' " she recalled. "That was freaky. I was thinking, what is going on here, and who are these people?"

But the most important person she met was Amer Aatek, an Egyptian engineer working to install a water system in the camp and playing uncle to numerous orphans. Not long afterward, they were quietly married in her house in Peshawar. When the destitute refugee women learned that there had been neither trousseau nor a banquet, they gave her a party and presented her with a wedding outfit: a red velveteen top and billowing blue silk pants dotted with multicolored pompoms. It was not exactly her style. She is given to headscarves in dark blue or brown with long matching skirts and long-sleeved jackets.

In 1989, she enrolled in the University of Chicago as a Ph.D. student in early Islamic history. Her husband played the main role in raising their daughter and son during much of the 10 years it took to complete her dissertation, which was based on a line from the Koran that translates as, "A believing slave is better than a nonbelieving free man."

The idea behind the revelation is that the faithful should ignore social status. Ms. Mattson said she wanted to know why slavery continued although the holy texts discouraged it, ultimately deciding that it was because religious scholars ignored political issues.

"She is one of those people who constantly strives for social justice," said Wadad Kadi, one of her University of Chicago professors. "She recognized the importance of fundamentally understanding Islamic law and making it relevant to people's lives."

In addition to being a professor of Islamic studies at the Hartford Seminary, she directs the program that trains Muslim chaplains for hospitals, universities or the military.

Since her time as a student in Chicago, Professor Mattson has worked with the Islamic Society, which was founded in 1963. She had served as vice president for the past five years, so her election was both anticipated and unopposed. (Not only is the post unpaid, but she also is expected to donate 1 percent of the salary from her paid job to the organization.)

American Muslims generally put their numbers around 6 million but some demographers suggest it might be as little as half that.

Ms. Mattson hopes to focus on Muslim women's rights and on how the current negative image of Islam will affect the young generation. She is also concerned that the "terrorist" label is being abused — extended too widely against Muslim groups doing charitable work among the Palestinians and elsewhere.

Like other mainstream Muslims, she struggles with how best to convince people that the faith does not condone terrorist violence. She detects what she calls "Muslim fatigue" among North Americans weary both of the extremists who use the religion to justify their attacks and of the moderates who seem powerless to influence them.

"The sense I have from Americans is that they don't want to hear Muslims talking about Islam anymore," she said. "They just want us to do something to stop causing all these problems in their lives."

FEMA City Residents Get 35 Days Grace (MH)

By Nicholas Spangler

The Miami Herald, September 20, 2006

People living in government trailer parks that opened after the 2004 hurricane season have another 35 days before they have to move out, the Federal Emergency Management Agency announced Tuesday.

FEMA extended a Sept. 26 deadline -- itself the six-month extension of a prior deadline -- to Oct. 31 to give trailer tenants more time to find permanent housing. Though they have said it before, FEMA officials say this new deadline is the absolute last.

"That's what I've been told. Thirty five days and that's it," said FEMA spokeswoman Mildred Acevedo.

The last of more than 17,000 people left homeless after four back-to-back hurricanes in the summer and fall of 2004 still live in 1,161 FEMA trailers all over the state.

FEW AFFORDABLE OPTIONS

In places like Charlotte County, site of FEMA City -- once home to 1,500 people in 551 trailers -- extensions were needed because there was nowhere else to live. Much of that county's affordable housing was destroyed by the hurricanes, and housing costs soared. The latest extension gives "the people who are in these units more time," said Acevedo. ``It gives them more time to work on their paperwork, if they're purchasing their units, and more time to work on a housing plan."

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Bob Hebert, Charlotte County's director of emergency recovery, suggested another reason for the extension: Federal marshals weren't ready to evict families from the trailers. "The property fell under the jurisdiction of the Department of Justice, and the department was not ready to act on termination of leases yet," Hebert said.

LAND LEASE EXPIRED

FEMA City still holds 72 trailers, with 165 people, on county land that FEMA leased. The lease for much of that land expired in August; another lease expires next week, and the county wants the land back. Some of it will be used to expand a Public Safety building to keep government operating during the next hurricane.

FEMA has spent $1.184 billion responding to the 2004 hurricanes. The cost of the one-month housing extension was not immediately available.

War News:

Bush To Meet With Both Musharraf, Karzai (AP)

AP, September 19, 2006

President Bush, already scheduled to meet separately in the coming days with the leaders of Afghanistan and Pakistan, has now added joint White House talks where all three leaders can discuss regional security.

Relations between the neighboring countries have sometimes been strained over terrorist hideouts along their long, remote, mountainous border. A growing Taliban-led insurgency in Afghanistan, aimed at toppling the U.S.-backed government of Afghan President Hamid Karzai, has made the situation there an increasingly urgent problem for the Bush administration.

The White House announced Tuesday that the three-way session was scheduled for Sept. 27, a day after the president sees Karzai in the Oval Office, and five days after Pakistani President Pervez Musharraf's separate session with the Bush.

"The meeting will provide the three leaders an opportunity to discuss further cooperation in enhancing the trilateral relationship," White House press secretary Tony Snow said in a statement.

Pakistan was once a key Taliban supporter, but switched sides to become an ally of the U.S. in its campaign against terrorism following the Sept. 11, 2001, attacks. Still, Pakistani-Afghan relations have suffered under allegations by Afghan officials that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border. Pakistan has rejected such charges.

Recently, cross-border relations have improved, and Karzai and Musharraf pledged in meetings in Kabul earlier this month to jointly fight militants.

Bush visited both leaders in their home countries in March.

'06 Cuts In Iraq Troops Unlikely (WP)

By Ann Scott Tyson

The Washington Post, September 20, 2006

The U.S. military is unlikely to reduce forces in Iraq before next spring because the current contingent of more than 140,000 troops is battling sectarian violence that could prove "fatal" to the country if not arrested, the top American commander for the Middle East said yesterday.

"This level will probably have to be sustained through the spring" amid aggressive operations to stabilize Baghdad, said Army Gen. John P. Abizaid, chief of the U.S. Central Command. "I do believe that the secular tensions, if left unchecked, could be fatal to Iraq . . . and the center of the problem is Baghdad. It's the main effort," he told defense reporters.

In a sober assessment, Abizaid, who has overseen the U.S. military strategy in Iraq since July 2003, said he had hoped six months ago for the withdrawal of several thousand U.S. troops from Iraq by now. "We clearly did not achieve the force levels that we had hoped to," he said, citing sectarian unrest, ongoing weaknesses in the capabilities of Iraqi security forces -- in particular the police -- and the five-month political void in the country after the December 2005 national elections.

Asked point-blank whether the United States is winning in Iraq, Abizaid replied: "Given unlimited time and unlimited support, we're winning the war."

The general's comments effectively ended hopes for a big troop withdrawal from Iraq this year, which had long been the military's target for reducing forces. As violence has intensified over the spring and summer, military leaders and the Pentagon's official assessment of the war have delivered increasingly tough characterizations of conditions in Iraq.

Now, six weeks before the U.S. midterm elections for which Iraq is a galvanizing issue, Abizaid is delivering the message that there will be no hasty exit from the costly conflict.

In Baghdad, Abizaid said, U.S. and Iraqi military operations have reduced violence "slightly," but he emphasized that it is too early to tell whether such progress will continue. The holy month of Ramadan is likely to bring increased bloodshed, as in past years, he said.

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"Baghdad's not going to clarify itself in my mind militarily for a couple of months," he said, pointing in particular to the difficulty of reining in what he called the "splintered" death squads of the Mahdi Army, the Shiite militia of radical cleric Moqtada al-Sadr.

"The bodies are piling up in areas that are not necessarily the same areas that we're patrolling," he said, acknowledging that even with the increased forces in Baghdad, U.S. troops cannot be everywhere in the sprawling city of 5 million people. U.S. and Iraqi troops are methodically clearing neighborhoods in Baghdad, while the military is also attempting to control movement into the city at 28 locations. The U.S. military plans to reevaluate the security plan in Baghdad in December, by which time more Iraqi troops should have moved into the capital, he said.

While dampening hopes of troop cuts this year, Abizaid left open the possibility that the U.S. troop level could be increased. "We'll bring in more forces if we have to," he said.

The military would draw, if necessary, on reserve forces already in Kuwait and elsewhere in the region before asking the Pentagon to send more U.S. troops, Abizaid said. He added that there is currently no plan to further extend the tour in Iraq of the Army's 172nd Stryker Brigade. That unit had been scheduled to return home over the summer but was abruptly diverted to Baghdad in July when sectarian killings spiraled there.

It costs about $1.2 billion a month to keep a U.S. Army division in combat in Iraq, an Army insider said.

Abizaid's assessment was echoed yesterday by members of the Iraq Study Group, a nonpartisan 10-member panel that will present detailed recommendations to the White House and Congress later this year.

"Time is short, the level of violence is great, the margins for error are narrow," co-chairman and former congressman Lee H. Hamilton (D-Ind.) said at a news conference at the U.S. Institute for Peace. He declined to discuss the group's research but painted a generally grim picture. "This is a very tough problem. The options are limited; there is no silver bullet; there is no magic formula to this very tough situation in Iraq."

The group, which began looking into Iraq's prospects in March, is expected to produce a report sometime after the November elections, a schedule that former secretary of state James A. Baker III said is designed to remove any politics from the group's findings. Baker, who is also a co-chairman, said the group's focus is on Iraq's future, not on any past mistakes that led to the country's current tumult.

Discussing a particularly troubled area, Anbar province in western Iraq, Abizaid said that despite serious security problems he has no immediate plans to significantly increase U.S. forces there, as was recommended by the senior Marine intelligence officer in Anbar in a classified report last month.

"It's very, very clear that Anbar province is a problem that will have to be dealt with over time," Abizaid said. "It's a violent area, it's a tribal area, it's a tough area," he said. He added that the Iraqi forces there "need a lot of work."

"Whenever we bring out foreigners -- be that anyone who's not from al-Anbar -- to serve in the military or police units there, they immediately want to go somewhere else," he said, suggesting that recruiting people from local Sunni tribes to serve as auxiliary forces might offer a solution.

Asked why he would not send additional U.S. troops to Anbar, Abizaid said that it is a huge area with many small population centers that would "soak up a lot of troops from the decisive areas where we need them more," such as Baghdad. "Ample troops doesn't mean you have enough troops to do everything, everywhere," he said.

Abizaid said substantially increasing U.S. ground forces could breed dependency in Iraqi troops while complicating the already demanding rotations of U.S. troops in Iraq and Afghanistan, and for other contingencies.

The general also said that there are now more U.S. troops in Afghanistan than ever before. U.S. commanders expect the current U.S. troop level of 20,000 to remain fairly steady at least until the spring. Insiders attributed recent increases to a growing training program for Afghan security forces, noting that the actual number of troops in combat roles has held steady. Currently, about 4,500 troops are involved in training the Afghan army.

Gen. Says U.S. May Boost Forces In Iraq (MERCN/AP)

By Lolita C. Baldor

The San Jose Mercury News/AP, September 20, 2006

WASHINGTON - The U.S. military is likely to maintain and may even increase its force of more than 140,000 troops in Iraq through next spring, the top American commander in the region said Tuesday in one of the gloomiest assessments yet of when troops may come home.

Gen. John Abizaid, commander of the U.S. Central Command, said military leaders would consider adding troops or extending the Iraq deployments of other units if needed. Until sectarian violence spiked early this year, Bush administration officials had voiced hopes that this election year would see significant U.S. troop reductions in what has become a widely unpopular war.

"If it's necessary to do that because the military situation on the ground requires that, we'll do it," Abizaid said of longer deployments. "If we have to call in more forces because it's our military judgment that we need more forces, we'll do it."

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His comments came as violence around Iraq killed at least 16 civilians on Tuesday and wounded dozens of others. Iraqi lawmakers angered by the relentless violence demanded that the defense and interior ministers appear before parliament to explain what they are doing to eliminate the death squads that have claimed hundreds of Iraqi lives.

The U.S. military said a U.S. soldier was killed Tuesday by a suicide car bomber in northern Iraq, another died of non-battle related injuries on Monday, and two others were killed Sunday.

Abizaid said that right now the number of U.S. troops "are prudent force levels" that are achieving the needed military effect. Still, his blunt assessment was the first time officials confirmed that higher troops levels would continue into next year.

Abizaid, Defense Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week.

President Bush, in New York for U.N. General Assembly meetings on Tuesday, told Iraqi President Jalal Talabani that the U.S. will keep soldiers in Iraq as long as necessary. "I've told the president of Iraq that America has given her word to help you and we will keep our word. The people of Iraq must know that," Bush said.

Late last year, military leaders had said they hoped to reduce troop levels to about 100,000 by the end of this year. But Abizaid said Tuesday that the rising sectarian violence and slow progress of the Iraqi government made that impossible.

"I think that this level probably will have to be sustained through the spring," he said. "I think that we'll do whatever we have to do to stabilize Iraq and Afghanistan and use the military power of the U.S. to do that."

Members of Congress said they will listen to Abizaid's recommendations.

The military commanders, said Sen. Saxby Chambliss, R-Ga., "know what's necessary to adapt to the enemy's tactics. And whether that means more troops or more troops just in Baghdad, I believe they will make the appropriate decisions necessary to help the Iraqi forces continue to stand up and ultimately defend their country on their own."

But Senate Minority Leader Harry Reid, D-Nev., called the news disappointing. "We should have started redeploying at the end of this year," he said.

Abizaid cautioned that the solution to much of Iraq's violence - both sectarian and insurgents - is not necessarily "throwing more American units at the problem."

Instead, he said the Iraqi government must improve the political and economic conditions in the embattled country, as part of an effort to get the "angry young men" off the streets. And he said there will be more emphasis on the U.S. military teams that are training the Iraqi army and police forces.

There are 147,000 U.S. forces in Iraq - up more than 20,000 from the totals in June. Rumsfeld extended the one-year deployment of an Alaska-based Stryker brigade in July as part of the effort to stem the escalating violence in Baghdad. Abizaid said Tuesday that there are no plans to further extend that brigade's deployment.

Abizaid said the latest security crackdown in Baghdad is improving conditions there, specifically in neighborhoods targeted by coalition and Iraqi forces. Military leaders should know by December, he said, whether the effort is working or if new tactics are required.

"The secular tensions, if left unchecked, could be fatal to Iraq," he said. "And the center of the problem is Baghdad ... It's the area where we have to spend the most military effort."

Sectarian executions have been a persistent problems in Baghdad. On Tuesday, Iraqi authorities said they found three blindfolded bodies dumped in eastern Baghdad - all had been shot and bore signs of torture, trademarks of sectarian killings being waged between Shiite and Sunni Arabs.

Abizaid said that while the Baghdad campaign is the priority, the U.S. military has not abandoned the volatile western Anbar province.

Last week, Marine Maj. Gen. Richard C. Zilmer, commander of U.S. forces in western Iraq, said he has enough troops - about 30,000 - to accomplish his main mission to train Iraqi forces, but not enough to defeat the insurgency there.

His comments raised questions about whether additional forces are needed in Anbar. But Abizaid said that the more than 140,000 American troops, plus the 300,000 Iraqi troops and 23,000 troops from other coalition members, are enough to do what needs to be done, "not everywhere, all the time, equally - but to bring Iraq to stability over time."

Meanwhile, U.S. experts studying what to do next in Iraq said Tuesday that Baghdad's government must make more progress toward controlling the violence and rebuilding the nation.

"The government of Iraq needs to show its own citizens soon - and the citizens of the United States - that it is deserving of continued support," said Lee H. Hamilton, co-chairman of the independent, bipartisan Iraq Study Group, a 10-member panel asked by Congress to advise lawmakers and the administration. Hamilton, the former Democratic congressman from Indiana, was also co-chairman of the Sept. 11 commission that investigated the terrorist attacks.

No Cutback Likely In U.S. Troop Levels For Iraq Before Spring, Top Regional Commander Says (NYT)

By David S. Cloud

The New York Times, September 20, 2006

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WASHINGTON, Sept. 19 — The top American commander in the Middle East said Tuesday that more than 140,000 soldiers would probably be needed in Iraq at least until spring because of continuing sectarian violence and the need to secure Baghdad.

"I think that this level probably will have to be sustained through next spring, and then we'll re-evaluate," the commander, Gen. John P. Abizaid, told reporters at a breakfast round table.

He called current force levels "prudent," but added: "We'll bring in more forces if we have to. By the way, if we can send more forces out, we'll do that as well." He acknowledged that the military, after five years of war waged in Afghanistan and Iraq, would be hard pressed to come up with more troops.

Pentagon officials have said previously that the current level, about 144,000 troops, was likely to be maintained through the end of the year unless security improved. General Abizaid's comments were the first indication that senior commanders believed reductions were very unlikely until well into next year.

The violence in Iraq and the shortcomings of the fledgling government have repeatedly frustrated plans by the Bush administration and the Army to begin sustained reductions in American forces and hand off primary responsibility for security to Iraqi military and police units.

The American complement fell to 127,000 earlier this year but rose again after Baghdad grew increasingly unstable. The force now includes 14 combat brigades and elements of two others, one of which is in the process of leaving Iraq, a military spokesman said.

"If you had asked me six months ago, I would have said that we would be down a couple of brigades from what we currently have," General Abizaid said.

The situation in Baghdad, where thousands of American and Iraqi troops have been sent since July from other areas of Iraq after a surge in bombings and sectarian killings, has become "slightly better," he said. But, "Baghdad is not going to clarify itself in my mind militarily for a couple months."

Democrats responded to General Abizaid's remarks by suggesting that they were further evidence of the need to lay out a timetable for withdrawing American troops from Iraq, a step the Bush administration has said would embolden insurgents.

"What's the endgame? We need a deadline to force Iraqis to stand up for Iraq and get our combat troops home," said Senator John Kerry, a Massachusetts Democrat.

Senator Jack Reed, a Rhode Island Democrat and a co-author of a resolution in June to begin withdrawing troops this year, said, "We can fight for 10 years."

"What we have to have is a police department that works, governing officials that work," he said. "That's the challenge, and I don't see the administration talking about it. I don't see them putting up budgets that would fund that."

General Abizaid acknowledged that confidence among Iraqis in their police remained low and that it was important for the government of Prime Minister Nuri Kamal al-Maliki to purge the police of sectarian militias and to improve the economy.

He said the insurgency still raging in Iraq represented less of a threat than the cycle of sectarian attacks by Shiites and Sunnis, which if not addressed by military, economic and political steps, could tear the country apart.

"The insurgency can't be fatal to Iraq in my mind, but I do believe that the sectarian tension if left unchecked could be fatal to Iraq, and the center of the problem is Baghdad," he said.

The troop levels in Iraq are the highest they have been since they were increased temporarily to provide security for elections in January.

General Abizaid also raised concerns about the increased fighting in Afghanistan, which has had intensified violence in the south, despite the presence of 21,000 American troops and another 19,000 from others countries under NATO command. That is the most American troops deployed to the country, even during the 2001 invasion, though an American military official said the number of American combat troops within the overall total was smaller than it had been in the past.

"I don't think the Taliban represents a mortal threat" to the government of President Hamid Karzai, General Abizaid said. "But certainly at this stage in the campaign we had hoped to be at a point where we were doing more development and less fighting."

General Abizaid warned that over the last year Pakistan had increasingly been used as a sanctuary by Taliban fighters, who cross the border to mount attacks against NATO forces, who are now deployed in the south. He said he was concerned about the recent promise of the Pakistani president, Gen. Pervez Musharraf, to withdraw troops from western Pakistan in return for a promise by tribal leaders there to pursue Qaeda leaders believed to be hiding there.

"I'm very, very skeptical about this notion that people who have been harbored in the tribal areas are no longer going to be harbored," he said. "I'll believe that when I see it."

Pentagon Wary On Iraq (FT)

By Caroline Daniel

Financial Times, September 20, 2006

The Pentagon predicted on Tuesday that there would be no US troop cuts in Iraq until the middle of next year and the co-chairmen of the Iraq Study Group, an influential bipartisan commission, warned that the next three months were "critical", and called the problems "daunting".

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Lee Hamilton, a Democratic former congressman who gained a reputation for independence as joint chair of the commission that investigated the September 11 attacks, said: “Time is short. The level of violence is great. The margins of error are narrow. The government of Iraq must act and show citizens of the US that it is deserving of unified support.”

The challenges were underlined by General John Abizaid, commander of US Central Command, who said because of worsening sectarian violence, current US troop levels of more than 140,000 would be “sustained through the spring and then we’ll re-evaluate”.

Mr Hamilton’s comments came in a rare press conference about the commission created in March to advise the president and Congress on future policy in Iraq. In spite of his sense of urgency, the group’s recommendations – which will include an assessment of the ability of the Iraqi government – will be issued after the midterm congressional elections.

“We didn’t want to be seen to be patently political, and it’s not going to be,” said his colleague, former secretary of state James Baker, who remains close to President George W. Bush’s father, is a realist on foreign policy and a deft political operator. “It is more important frankly to make sure whatever we report is taken out of domestic politics.”

Mr Baker’s role, which was approved by the White House, has created hopes that the commission could chart an exit strategy from Iraq that offered a politically convenient way for the administration to change direction.

In a sign that the commission has more flexibility to consult Iraq’s neighbours, Mr Baker said the group would meet “a high representative of the Iranian government”. Some of the group recently went to Baghdad but, reflecting the poor security, only one member left the protected Green Zone. “We didn’t want a story that we were cowboying around in Iraq,” explained Mr Baker, a Texan.

Number Of U.S. Troops In Iraq Likely To Remain Stable (MCT)

By Drew Brown

McClatchy Newspapers, September 20, 2006

WASHINGTON - U.S. commanders are unlikely to reduce the number of American troops in Iraq before next summer, the top U.S. military officer in the Middle East said Tuesday.

U.S. military leaders had hoped to bring the number of American forces in Iraq down to around 100,000 by year's end, but high levels of sectarian violence probably will prevent any reductions below the current level of 147,000 before the end of next spring, said Gen. John Abizaid, who oversees the U.S. Central Command.

"I think this level will probably have to be sustained through the spring, and then we'll evaluate," Abizaid said during a breakfast with defense reporters. "I think these are prudent force levels. I think they're achieving the military effect."

Abizaid said more American troops could be sent to Iraq. "If it's necessary to do that because the military situation on the ground requires that, we'll do it," he said.

There are about 20,000 more U.S. troops in Iraq than there were a few months ago, partly because of an overlap between some units rotating in and others rotating out. Alaska's 172nd Stryker Brigade had its deployment extended by 120 days in an effort to improve security in Baghdad. Abizaid said military officials didn't plan to extend the unit's deployment a second time.

Also on Tuesday, former Rep. Lee Hamilton, co-chairman of the bipartisan Iraq Study Group, said Iraq was facing a crucial time.

"The government of Iraq needs to show its own citizens - and the citizens of the United States - that it is deserving of continued support," he said.

Hamilton and the other co-chairman of the study group, former Secretary of State James A. Baker III, said at a news conference that the next three months would be vital for Prime Minister Nouri al-Maliki's government to show progress in securing Baghdad, pursuing national reconciliation and delivering electricity, water and other basic services.

"No one can expect miracles," Hamilton said, "but the people of Iraq have the right to expect immediate action."

Abizaid said security in Baghdad was "slightly better" now than it was before a U.S.-Iraqi security crackdown started in June. The crackdown was designed to stop a cycle of killings between Sunni and Shiite Muslims since insurgents blew up an important Shiite mosque last February.

Abizaid said it probably wouldn't be known until December whether the crackdown would have any lasting effect.

In Iraq on Tuesday, a car bomb exploded in Baghdad and rockets and mortars hit three neighborhoods, killing more than a dozen people, and sectarian slayings were reported in several other cities.

Despite the violence, Abizaid said Iraqis had become more confident about the country's army, which now numbered around 300,000 soldiers, but that many Sunnis distrusted the police. Iraqi police forces, dominated by majority Shiites, are widely considered corrupt, ineffective and in some cases involved in sectarian killings and other violence.

With 147,000 American troops, 23,000 coalition soldiers, 300,000 Iraqi troops and another 100,000 Iraqi paramilitary forces in the country, Abizaid said he thought there were enough "to bring stability over time, provided that governance and institution-building take place."

Although he said U.S. military leaders were prepared to send more American forces to Iraq if necessary, he warned that having too many Americans on the ground would only "feed extremism" and prevent Iraqis from taking responsibility for their own security.

Hamilton and Baker declined to comment on any of the findings by their commission, which was formed at Congress' request. It's been working since March to formulate a series of recommendations on a way forward in Iraq.

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Hamilton, a Democrat from Indiana, and Baker, who served as secretary of state under President Bush's father, George H.W. Bush, said they didn't plan to release any of the recommendations until after the November elections.

Baker said their study was meant to be nonpartisan and "forward-looking" and wouldn't focus on mistakes that had been made in Iraq.

"We are going to come with what we think is the best thing for the country," he said.

The Stubbornly Hopeful President (LAT)

By Max Boot

The Los Angeles Times, September 20, 2006

THE BODY COUNT continues to mount in Iraq and Afghanistan, and the military situation continues to deteriorate. On the home front, Democrats appear resurgent, and Republicans are bracing themselves for losses in November.

If I were George W. Bush, I would have a hard time getting out of bed in the morning. But if he is plagued by despair or doubt, he gave no sign of it in an Oval Office meeting last week with seven conservative columnists. Leaning forward in an armchair, clad in a pearl gray suit with a blue shirt, crimson tie and an ornate silver belt buckle from Texas, Bush began by declaring: "I've never been more convinced that the decisions I made are the right decisions."

He expressed faith that "over time, the inevitable truth will win" — the truth being that "freedom is universal." He professed no alarm about bad news from Iraq, saying that recent trends (such as a spike in killings) were just a "nanosecond" in historical terms. "I think the politics of Iraq are going to just take a while to settle out." He refused to even speculate about what would happen if Democrats were to gain control of the House. "I don't think they're going to win," he said flatly.

Hearing such talk, critics are apt to say that Bush is out of touch with reality. He's aware of the knock. He knows that people say he's stubborn and starry-eyed. But his confidence isn't rooted in ignorance of the difficulties he faces. "I can understand," he said, referring to the invasion of Iraq, "why people who agreed that we should have done this wonder whether or not we can succeed." He just refuses to be swayed from his grand strategy because of tactical setbacks. "If you don't have a set of principles to fall back on, you flounder and … it creates waves, and the waves rock the decision-making process."

His steadfastness in the face of adversity is admirable. So is his contempt for the conventional wisdom of the day. But there is a certain fatalism that can come from focusing so much on the long term. (Bush spoke repeatedly of how the world would look 50 years from now.) There is a danger that you will not make the necessary short-term adjustments to achieve results here and now.

In the case of Iraq, in particular, even those of us who support the war effort question whether Bush has done enough to win. A strong case can be made that there have never been enough troops to enforce even a modicum of law and order. The U.S. contingent has surged recently to more than 140,000, and more troops have been moved to Baghdad, but only at the cost of denuding other areas of Iraq.

A Marine intelligence report leaked to the Washington Post last week suggested that at least another division is needed in restive Anbar province. The top Marine general in Iraq was rushed out to rebut those findings, but even he acknowledged that he didn't have enough troops to defeat the insurgency.

I asked Bush about the Marine report. He dismissed it as just a "data point." He won't send more troops to Iraq unless asked to do so by Gen. George W. Casey, the U.S. commander on the spot, and Casey has not made any such request. "I'm certainly not a military expert, nor am I in Baghdad," he said, so he will leave those decisions to the "experts."

He cited the Vietnam War on the dangers of "tactical decisions being made out of the White House," even though the real problem was not Lyndon Johnson's micromanagement but Gen. William Westmoreland's flawed strategy. In fact, as Eliot Cohen argued in "Supreme Command," successful war leaders such as Lincoln and Churchill (whose busts adorn the Oval Office) sometimes overruled their generals or fired them altogether.

Not Bush. "If he's wrong," he said of Casey, "I'm wrong." Yet Casey's options are severely circumscribed by the inadequate size of the Army, which declined 30% in the 1990s. I pressed Bush on why he hasn't increased end-strength. He talked of making the existing force "quicker and lighter" and better "able to strike," but recent experience in Iraq and Afghanistan shows that there is no substitute for having an adequate number of boots on the ground. And we've never had enough.

I left the meeting unconvinced by Bush's arguments on troop numbers but impressed by his resiliency and imperturbability.

"Keep punching," he urged the assembled scribes. He is obviously taking his own advice.

Doubts Increase About Strength Of Iraq's Premier (NYT)

By Edward Wong

The New York Times, September 20, 2006

BAGHDAD, Sept. 19 — Senior Iraqi and American officials are beginning to question whether Prime Minister Nuri Kamal al-Maliki has the political muscle and decisiveness to hold Iraq together as it hovers on the edge of a full civil war.

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Four months into his tenure, Mr. Maliki has failed to take aggressive steps to end the country's sectarian strife because they would alienate fundamentalist Shiite leaders inside his fractious government who have large followings and private armies, senior Iraqi politicians and Western officials say. He is also constrained by the need to woo militant Sunni Arabs connected to the insurgency.

Patience among Iraqis is wearing thin. Many complain that they have seen no improvement in security, the economy or basic services like electricity. Some Sunni Arab neighborhoods seem particularly deprived, fueling distrust of the Shiite-led government.

Concerns about the toughness of the new government seemed reflected in President Bush's comments when he met Tuesday with Iraq's president, Jalal Talabani. Mr. Bush said he wanted Iraqis to know "that the United States of America stands with them, so long as the government continues to make the tough choices necessary for peace to prevail."

Mr. Maliki, a conservative Shiite, took office in May. A senior American diplomat here said the White House still had confidence in him, mainly because "he has articulated goals for Iraq that make sense to us."

Bush administration officials have repeatedly cautioned that Mr. Maliki needs more time. "This is a national unity government of many, many moving parts," said the diplomat, who spoke on condition of anonymity. "He has got to negotiate as he goes."

But diplomats who deal with the Bush administration on Iraq issues, and recently departed officials who stay in contact with their colleagues in the government, say the president's top advisers have a far more pessimistic view.

"The thing you hear the most is that he never makes any decisions," said a former senior official, who spoke on condition of anonymity because he was not authorized to discuss internal deliberations. "And that drives Bush crazy. He doesn't take well to anyone who talks about getting something accomplished and then refuses to take the first step."

American officials here say they do not intend to let Mr. Maliki fail and are helping him in a variety of ways. For example, to bolster Iraqis' confidence, American generals are spending money on quick reconstruction projects like trash pickup as the military goes through troubled neighborhoods of Baghdad.

The embassy has advisers who work closely with cabinet ministers and has deployed hundreds of Americans to seven provinces to help Iraqi officials build up the government's political and economic strength. A senior envoy said the biggest effort was simply "Diplomacy 101" — insisting to Iraqi leaders that they resolve their differences.

But increasingly, Iraqi and Western officials say the unity government is one in name only, with the political parties representing different sects and ethnicities constantly at odds, undermining Mr. Maliki's ability to build consensus.

While the United States has military might and political influence, it must rely on the Iraqi government to reach out to the country's political and religious leaders. Trying to placate everyone has kept Mr. Maliki from being able to offer amnesty to Sunni insurgents or forcefully disarm Shiite militias, officials say.

The main Shiite bloc itself is deeply divided, depriving the prime minister of crucial support. So he relies on Moktada al-Sadr, the Shiite cleric who commands the powerful militia called the Mahdi Army, for political backing. The militia has been blamed by many Sunni Arabs for sectarian killings.

To ensure that the minority Sunni Arabs remain involved in the government, Mr. Maliki finds himself compromising on issues like cabinet appointments with conservative Sunni parties that have occasional contact with nationalist guerrillas.

"I think he has said good things, but in practice there has been no change," said Mahmoud Othman, an independent Kurdish legislator. "The security situation is deteriorating and violence is getting worse. He has done nothing against militias. At the same time, the reconciliation dialogue is not moving forward. It doesn't look good, the prospects for the government.

"I thought he'd be stronger, but he looks weak," Mr. Othman said. "He feels frustrated because nobody's cooperating with him."

The same sentiments are heard in the streets of the capital.

"There's no security, no job opportunities, no services, nothing at all," said Muhammad Jabar Abdul Ridha, 18, a construction worker walking through downtown Baghdad on Tuesday afternoon. "This government hasn't done anything better than the previous one."

While some officials in Washington say Mr. Bush and Secretary of State Condoleezza Rice still insist in staff meetings that Mr. Maliki must be given more time and support, there is a growing sense that he is not about to change his operating style. A former senior official said the big test would be whether Mr. Maliki could confront Mr. Sadr. "If you don't do that, I don't know how he can succeed," the official said.

The prime minister's aides declined repeated requests for an interview with Mr. Maliki, who emerged as a compromise choice for prime minister during a power struggle last spring in which the White House and Mr. Sadr backed different candidates.

Supporters of Mr. Maliki say it is too soon to judge his tenure. Any unity government requires compromises, they argue. "He's been in office only a short time, and the size and number of problems from the former regime and former cabinets are huge," said Sheik Khalid al-Attiya, a deputy speaker of Parliament.

Mr. Maliki has made efforts to quell the Sunni-led insurgency, including reaching out to some Sunni Arab guerrilla groups, Iraqi officials say. That may help widen a rift in the insurgency between Iraqi nationalists and foreign fighters. Sheiks in rebellious Anbar Province announced last Sunday that 25 of 31 tribes in the province were ready to fight against Al Qaeda in Mesopotamia.

Iraqi and American officials who have dealt with Mr. Maliki say he is much more blunt and expressive in meetings than his predecessor as prime minister, Ibrahim al-Jaafari, who leads Mr. Maliki's political party. Mr. Maliki is not given to diplomatic formalities and

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makes his views known, they say. At the same time, he likes to listen to a range of opinion — often at the expense of making decisions, the officials say.

Mr. Maliki acts as if he is backed into a corner these days, said a moderate legislator who recently spent two and a half hours in a private meeting with him.

"You were one of the hawks," the legislator recalled telling Mr. Maliki. "Now you're one of the doves."

"No, I'm still one of the hawks," the legislator quoted the prime minister as saying. "I just need time."

Mr. Maliki's security plan for Baghdad, now the American military's main effort of the war, intentionally avoids direct confrontation with Mr. Sadr's militia, despite Iraqi Army generals' apparent willingness to attack the militia and despite growing violence by rogue militia elements. The plan, begun last month after an initial failed effort in June, involves military sweeps of violent neighborhoods, generally after fighters have already fled.

The murder rate has dropped in some neighborhoods. But the plan's effectiveness was called into question last week, when more than 165 bodies were found across Baghdad in four days. Shiite militiamen are the main suspects. The Baghdad morgue has said more than 1,500 civilians were killed in August, a 17 percent drop from July but higher than nearly all other months of the war.

Brig. Gen. Dana J. H. Pittard, assigned to help train Iraqi police and army units, said Iraqi Army commanders, who usually have fewer sectarian loyalties than the police, were ready to take on the militias but had not gotten approval from the government.

"There's this obvious question that the army guys are asking, about 'When are we going to get rid of the militias?' " General Pittard said in an interview while meeting with American military advisers at a base in Taji. "If you talk to the leaders of the Iraqi Army, they'll say, 'We need to be given an order to disarm the militias.' "

Last month, after American and Iraqi soldiers attacked a militia safe house in the Sadr City neighborhood of Baghdad, the prime minister denounced the action and promised compensation to families of Iraqis killed or wounded in the assault.

Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, said American and Iraqi generals were waiting for Mr. Maliki to find a political solution to the militias.

"How long will that process take?" he said. "I don't know."

Mr. Maliki has little obvious leverage over Mr. Sadr, who controls at least 30 seats in Parliament and six ministries, making him one of the most powerful figures in the government. Mr. Sadr has no intention of disbanding the Mahdi Army, because it is now part of the government, said Bahaa al-Aaraji, a senior legislator allied with him.

"They are just volunteers defending their country," Mr. Aaraji said.

Mr. Maliki is also tiptoeing around other powerful Shiite leaders with militias. Abdul Aziz al-Hakim, the head of the Parliament's Shiite bloc, has ignited a political firestorm by calling for the legislature to approve a mechanism to create autonomous regions. Many are opposed, and the move threatens to splinter the government. But rather than rein Mr. Hakim in, Mr. Maliki has kept quiet.

As a centerpiece of his reconciliation project to end the Sunni insurgency, Mr. Maliki wants to forge an amnesty policy that would draw into politics some militant Sunni Arabs and former officials from Saddam Hussein's Baath Party, Iraqi politicians say.

But the proposal has been attacked by hard-line Shiites like Mr. Hakim, who is opposed to leniency for killers of Iraqis, and American politicians outraged at the idea of amnesty for those who have attacked American troops.

That could doom Mr. Maliki's plan, said Ayad Jamaladin, a moderate Shiite legislator on the government's reconciliation committee.

"Innocent people don't need amnesty," he said. "Guilty people need amnesty."

Some conservative Sunni leaders are also resisting Mr. Maliki's efforts. Politicians in Baghdad and tribal sheiks in restive areas insist that he meet a long list of demands that includes releasing all detainees and setting a timetable for the withdrawal of American troops. Many Sunnis also fear that Mr. Maliki is beholden to Iran, and his trip there last week further stirred concerns.

"With whom should we reconcile?" asked Sheik Muhammad Saleh al-Bajari, a spokesman for tribes in Falluja, the Sunni Arab stronghold. "With those who brought the occupier and killed and destroyed the future of this country?"

Group Says Iraq Needs To Prove Itself (AP)

By Pauline Jelinek

AP, September 19, 2006

U.S. experts studying what to do next in Iraq said Tuesday that the next three months are critical and Baghdad's government must make more progress toward controlling the violence and rebuilding the nation.

"The Iraqi government must act," said Lee H. Hamilton, co-chair of the independent, bipartisan Iraq Study Group. "The government of Iraq needs to show its own citizens soon — and the citizens of the United States — that it is deserving of continued support."

Hamilton and his co-chair, former Secretary of State James A. Baker III, said Baghdad's government needs to secure a capital reeling in sectarian violence, make progress on national reconciliation, and provide electricity, water, and other services that Iraqis need.

The 10-member panel is working at the request of Congress to advise lawmakers and the Bush administration on the way forward in the beleaguered Iraq campaign. The commission has been working quietly for six months, meeting with more than 100 U.S. and Iraqi military and civilian officials and others to assess progress in the war and make recommendations.

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It expects to meet with representatives of Syria, Iran and Saudi Arabia and soon move on from fact-finding to the task of devising recommendations.

At a downtown Washington news conference, Hamilton and Baker declined to say what their assessment is of the situation in Iraq now or to indicate anything about their upcoming recommendations. They said recommendations won't be given to the government or made public until after the November election — to avoid politicizing them. They said they would not be more specific about when the findings might be released.

But Hamilton said the study group agreed that the next three months in the campaign are important.

"Each of us agrees that the next three months are critical," Hamilton said. "The challenges ... are many and they are daunting."

"Prime Minister (Nouri al-) Maliki has been in office since April and his government has been complete since June," Hamilton said. "The people of Iraq are looking to him urgently for leadership."

"No one can expect miracles, but the people of Iraq have the right to expect immediate action," Hamilton said.

Relentless Violence Irks Iraq Lawmakers (AP)

By Patrick Quinn

AP, September 19, 2006

Lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis.

Violence around Iraq killed at least 16 Iraqis on Tuesday, including 10 people killed in a rocket attack on a Shiite neighborhood of Baghdad. An American soldier died in a suicide car bombing in northern Iraq.

Nearly 200 bodies of Iraqis who had been tortured and shot have turned up around Baghdad in the past week, including three found Tuesday in an eastern section of the capital. Most are found bound and blindfolded, apparent victims of sectarian violence.

Both Sunni and Shiite lawmakers called Tuesday for the defense and interior ministers to explain how they plan to stop the killings.

"I demand the defense and interior ministers be summoned to let us know their plans to stop these criminal acts: kidnappings, killings and assassinations against our people," said Hassan Bejar, a lawmaker with the Iraqi Accordance Front, the largest Sunni bloc in government.

Shiite lawmaker Haider al-Safar said: "We are just sitting here and seeing these dead bodies being thrown every day in the streets."

"We need to see real achievements from the defense and interior ministries to stop the daily kidnapping and bloodletting," he said.

Abdul-Karim al-Enizi, another Shiite, proposed special security teams to investigate the killings. There was no immediate response from the ministries.

The U.S. military command, meanwhile, said a soldier was killed Tuesday by a suicide car bomber in northern Iraq. It said another soldier died of non-battle related injuries Monday and two U.S. soldiers were killed Sunday afternoon.

The top U.S. military commander in the Middle East said that because of the increased violence, the U.S. military will likely maintain or possibly even increase the current force levels of more than 140,000 troops in Iraq through next spring.

Gen. John Abizaid, commander of U.S. Central Command, said military leaders would consider adding troops or extending the Iraq deployments of other units if needed.

"If it's necessary to do that because the military situation on the ground requires that, we'll do it," he said. "If we have to call in more forces because it's our military judgment that we need more forces, we'll do it."

The rocket attack in Baghdad's southern Dora district killed 10 people and wounded 19, police said.

In a separate attack, a mortar round hit a house in the Shiite neighborhood of Abu Sayfeen in central Baghdad, killing one person outside the building and wounding three boys, aged between 11 and 15, and their father inside the house, said police 1st Lt. Ahmed Mohammed of the Risafa police station.

About 20 minutes later, another mortar struck near a police checkpoint in Zayouna Street in central Baghdad, killing a policeman and wounding five other people, said police Capt. Mohammed Abdul Ghani.

Earlier, a car bomb exploded near a gas station in Baghdad, killing two civilians and wounding 25.

Elsewhere, gunmen killed Faris Egab, the mayor of Udhaym town, about 40 miles north of the Diyala provincial capital of Baqouba, as he drove to work, the province's police said.

Gunmen also struck in Baqouba, 35 miles northeast of Baghdad, firing on a police patrol near the city prison, killing one policeman and wounding three, the police said.

Iraq Must Act On Security Now, U.S. Advisory Panel Chief Says (NYT)

By Robert Pear

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — A leader of a high-level panel studying American policy toward Iraq said Tuesday that Prime Minister Nuri Kamal al-Maliki must take immediate action to improve security, end sectarian killings, reduce corruption and deliver basic services if he wants to retain United States support.

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The independent panel, led by former Representative Lee H. Hamilton of Indiana and former Secretary of State James A. Baker III, said it would make detailed recommendations to President Bush and Congress after the midterm elections.

The group, formed at the request of Congress and with the approval of the Bush administration, visited Iraq for four days this month. Members said they had met with more than three dozen Iraqi officials, including Mr. Maliki. The group has also met with Mr. Bush, Vice President Dick Cheney, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld. Panel members expect to meet soon with an Iranian official, whom they did not identify, with the Saudi ambassador to the United States and with the foreign minister of Syria.

If Mr. Bush is looking for an opportunity to revise American policy in Iraq, the panel, known as the Iraq Study Group, could be a catalyst.

At a news conference here, Mr. Baker said he wanted the 10-member, bipartisan panel to forge a consensus because "our report will not be particularly meaningful if it has dissenting views."

Mr. Hamilton, a former chairman of the House Committee on Foreign Affairs, summarized findings from the panel's first six months of work this way: "Iraqis want a safer Baghdad and safer communities. They want an end to sectarian killings. They want electricity, water and a government that fights corruption. No one can expect miracles, but the people of Iraq have the right to expect immediate action. They want to see progress on security, progress on national reconciliation and progress on the delivery of basic services. And so do we."

Moreover, Mr. Hamilton said: "The government of Iraq must act. The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continued support. The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services."

Mr. Baker said he agreed with this assessment.

A longtime political adviser to the Bush family, Mr. Baker could play a pivotal role in helping the White House weigh policy changes, including a possible exit strategy. On Tuesday, Mr. Baker reaffirmed his view that the administration had "seriously misjudged the difficulty of winning the peace" in Iraq. But he said that the panel would focus on the future and that it had not spent any time "wringing our hands over what mistakes might or might not have been created in the past."

In his 1995 memoir, Mr. Baker said he opposed ousting Saddam Hussein in the Persian Gulf war in 1991 because he feared that such action might lead to an Iraqi civil war, to "criticism from many of our allies" and to an eventual loss of American support for an occupation.

"Marching on Baghdad was ridiculous from a practical standpoint," Mr. Baker wrote. In the memoir he also recalled arguing that "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

Only one member of the panel, former Senator Charles S. Robb of Virginia, ventured outside the heavily fortified Green Zone when the group went to Iraq this month. Mr. Robb visited Anbar Province, where the insurgents have been particularly active and the security situation has become dire.

Wave Of Attacks Kills At Least 2 Dozen In Iraq (USAT/AP)

By The Associated Press

USA Today, September 20, 2006

BAGHDAD — At least two dozen people were killed in Iraq on Tuesday — the latest victims of a cycle of violence that the top U.S. military commander said could force the U.S. military to maintain or increase troop levels in Iraq through spring.

"If we have to call in more forces because it's our military judgment that we need more forces, we'll do it," Gen. John Abizaid, commander of U.S. Central Command, said in Washington. U.S. troop strength currently is 140,000.

Violence has grown despite a security crackdown in Baghdad that began Aug. 7, when 12,000 more Iraqi and U.S. troops were brought into the city. On Tuesday, a rocket attack on a Shiite neighborhood in southern Baghdad killed 10 people and wounded another 19, police told the Associated Press.

Four U.S. servicemembers have died since Sunday, the U.S. military command said, including one killed Tuesday by a suicide car bomber in northern Iraq.

In a separate attack in a Shiite neighborhood in central Baghdad, a mortar round hit a house, killing one person, police 1st Lt. Ahmed Mohammed said. About 20 minutes later, a mortar that hit near a police checkpoint in central Baghdad killed a policeman, police Capt. Mohammed Abdul Ghani said.

Earlier, a car bomb exploded near a gas station in Baghdad. Two civilians died and 25 were hurt. Police also recovered the blindfolded bodies of three people from eastern parts of the city.

Elsewhere, gunmen killed Faris Egab, the mayor of Udhaym, about 40 miles north of the Diyala provincial capital of Baqouba, the province's police said. Gunmen also fired on a police patrol near the city's prison, killing one policeman and wounding three others.

Iraqi lawmakers angered by the relentless violence demanded that the Defense and Interior ministers appear before parliament to explain what they are doing to stop death-squad attacks and kidnappings. Nearly 200 bodies have turned up around Baghdad in the past week — part of a surge in violence since early September.

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"I demand the Defense and Interior ministers be summoned to let us know their plans to stop these criminal acts," Hassan Bejar, a lawmaker with the Iraqi Accordance Front, the largest Sunni Arab bloc in government, told the parliament. "We need to see real achievements from the Defense and Interior ministries to stop the daily kidnapping and bloodletting," Shiite lawmaker Haider al-Safar said.

Also Tuesday:

•The chief judge in Saddam Hussein's trial was replaced amid complaints from Shiite and Kurdish officials that he was too soft on the former Iraqi leader. Judge Abdullah al-Amiri was replaced with Mohammed al-Uraibiy, who was his deputy in the trial, a court official told the AP. The official asked not to be named because he was not authorized to speak to the media.

Hussein al-Duri, an aide to the prime minister, said one reason for al-Amiri's dismissal was the judge's comments last week in a court session in which he told Saddam, "You were not a dictator."

Saddam and six co-defendants could each face the death penalty if convicted on genocide charges over the Anfal military offensive against Iraqi Kurds in the 1980s.

•The Iraqi government announced it will shut down all offices belonging to the Kurdistan Workers Party, or PKK. Government spokesman Ali Al-Dabagh said the decision was taken during a Cabinet meeting because "Iraq wants good relations with Turkey and all neighboring countries."

The PKK has recently been blamed or has taken responsibility for attacks in Turkey. Kurdish rebels have been fighting for autonomy in southeastern Turkey since 1984. The conflict has killed more than 37,000.

Bombings Kill 28 In Baghdad, Mosul (AP)

AP, September 20, 2006

Separate bombings near an army base and a police building killed at least 28 people and wounded at least 56, Iraqi police said Wednesday.

A bomb in a parked car detonated Tuesday night near an Iraqi army base in Sharqat, about 45 miles from the northern city of Mosul, police said. A suicide bomber detonated his explosives as a crowd gathered at the scene. At least 21 people were killed and 50 wounded, police said.

A suicide truck bomb slammed into a police headquarters building in Baghdad Wednesday morning, destroying the building and killing seven policemen, police said.

Another six people, including a civilian, were wounded in the attack in the southern Baghdad neighborhood of Dora, said police Capt. Jamil Hussein.

Meanwhile, lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis.

Violence around Iraq killed at least 16 Iraqis on Tuesday, including 10 people killed in a rocket attack on a Shiite neighborhood of Baghdad. An American soldier died in a suicide car bombing in northern Iraq.

Nearly 200 bodies of Iraqis who had been tortured and shot have turned up around Baghdad in the past week, including three found Tuesday in an eastern section of the capital. Most are found bound and blindfolded, apparent victims of sectarian violence.

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Shiite lawmaker Haider al-Safar said: "We are just sitting here and seeing these dead bodies being thrown every day in the streets."

"We need to see real achievements from the defense and interior ministries to stop the daily kidnapping and bloodletting," he said.

Abdul-Karim al-Enizi, another Shiite, proposed special security teams to investigate the killings. There was no immediate response from the ministries.

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About 20 minutes later, another mortar struck near a police checkpoint in Zayouna Street in central Baghdad, killing a policeman and wounding five other people, said police Capt. Mohammed Abdul Ghani.

Earlier, a car bomb exploded near a gas station in Baghdad, killing two civilians and wounding 25.

Elsewhere, gunmen killed Faris Egab, the mayor of Udhaym town, about 40 miles north of the Diyala provincial capital of Baqouba, as he drove to work, the province's police said.

Gunmen also struck in Baqouba, 35 miles northeast of Baghdad, firing on a police patrol near the city prison, killing one policeman and wounding three, the police said.

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Associated Press writers Sinan Salaheddin in Baghdad, Iraq, contributed to this report.

Campaign To Bring Peace To Baghdad's Neighborhoods Faces Hurdles (MCT)

By Mark Brunswick

McClatchy Newspapers, September 20, 2006

BAGHDAD, Iraq - American 1st Lt. Jake Hughes and his platoon from Apache Company of the 1-23rd Infantry had high hopes as they contemplated the predawn raid that was about to take place on the walled-in Shiite Muslim mosque in the Baghdad neighborhood of Ghazaliyah.

This was how it was supposed to work, as Americans begin ceding more responsibility to Iraqis one month into an aggressive campaign to bring peace to Baghdad. The Iraqi Interior Ministry had provided the intelligence. A dozen Iraqi soldiers were to conduct the raid. The Americans were there strictly as backup.

But in Baghdad, hope comes in small doses.

It took the Iraqis 15 minutes just to get into the mosque They used a piece of wood as a makeshift wedge in an attempt to open an iron gate, then gave up and scaled a wall.

As Hughes and the rest of his platoon retreated to the safety of their Stryker armored vehicles, the Iraqis spent another 30 minutes searching the mosque, only to discover no one inside. Nothing was found. It looked as if someone had been tipped off about the operation.

The results were similar later that morning after a house-to-house search in another part of Ghazaliyah, a mixed Sunni Muslim/Shiite neighborhood. Iraqi intelligence, with ties to the country's dominant Shiite political parties, appeared to focus exclusively on the homes of Sunni families who'd just moved into abandoned houses. Four people eventually were taken into custody, whisked away by Iraqi police, though it wasn't clear why.

Ghazaliyah is one of seven Baghdad neighborhoods initially targeted in Operation Together Forward, a security campaign launched Aug. 7 with 12,000 American and Iraqi soldiers.

Through last week, the U.S. military said 53,000 buildings had been searched, including 54 mosques. More than 1,200 weapons have been seized, and 91 people detained.

Officials point to the relative calm in nearby Ameriyah, a west Baghdad neighborhood, as evidence of the operation's success. But another neighborhood, Dora, in southern Baghdad, appears to be seeing more violence. On Sunday, as many as 50 homemade bombs were found during raids there.

Bodies continue to show up daily throughout Baghdad: 35 on Tuesday, bringing the total in the past five days to at least 170. Most of the victims have been found shot, blindfolded and with their hands tied behind their backs.

At a news conference Monday, Ministry of Defense spokesman Ali Askari said the increase in violence against civilians should be seen as evidence of the failure of insurgents to reach their real targets: Iraqi security forces.

"The terrorists moved to attack the civilians to increase the sectarian violence," Askari said.

Ghazaliyah is a good example of the hurdles that the campaign faces. Once a neighborhood where Saddam Hussein rewarded midlevel bureaucrats and military commanders with upscale homes and larger than average lots, parts of it now are the front lines of a battle between sectarian militias and death squads.

American officials and residents say a northern part of the neighborhood is a target of anti-American Shiite cleric Muqtada al-Sadr's Mahdi Army militia. Black crosses have been sprayed on the doors of Sunni residents, a warning that they should leave. Pro-Sadr graffiti are common.

Hughes, who's from Sullivan, Ill., can't wait to turn over the operation to the Iraqis. The 1-23rd, based at Fort Lewis, Wash., is trained for combat, with huge 16-ton, 8-wheeled Stryker vehicles that are equipped with .50-caliber machine guns and grenade launchers.

For the past month, though, the 1-23rd has been performing searches and setting up roadblocks in Baghdad during the day and patrolling for curfew violations and illegal weapons movements at night.

"I signed up for something different than this," Hughes lamented. "This is more of a policing action than a military action. But we're making progress. It may not seem like it on days like this, but you can see it in the longer run."

Sorting out who's doing what to whom remains difficult, however.

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One man, a Sunni, showed Apache Company's commanding officer, Capt. Kevin Salge, a scar on his right arm. He said he'd been shot by a member of a death squad to drive home the point that his family should leave the nearby Shula neighborhood. That's when he fled to Ghazaliyah. Since he moved in April, his home has been raided three times, but he insists that any violence must come from outsiders, driving on the nearby highway.

"We had gunfire from here this past week and it wasn't coming from the highway," said Salge, 30, who's from Iowa City, Iowa.

"I would not know about that," said the man, who wrote his name on a piece of paper and promised to let the captain know of anything new.

But progress can be measured in many ways. Battalion commander Lt. Col. Avanulas Smiley, 40, of Tacoma, Wash., pointed out that even the Iraqi police, often the wild card in the operations, showed up to provide protection along the perimeters of the search, the first time that all elements of the Iraqi security forces had participated.

For some residents of Ghazaliyah, Iraqis taking over the searches from Americans also is a good sign, though for reasons different from Hughes'.

"There's a lot of resistance in our area," said Muhammed Saleh, a 28-year-old Sunni engineer in Ghazaliyah, referring to insurgents. "American presence usually means trouble because there will be a lot of operations against Americans, which means unrest for the rest of us."

No One Dares To Help (LAT)

The Los Angeles Times, September 20, 2006

Because this account of daily life in Baghdad reveals where the writer lives, his name is not being used to protect his safety. He is a 54-year-old Iraqi reporter in The Times' Baghdad Bureau.

BAGHDAD — On a recent Sunday, I was buying groceries in my beloved Amariya neighborhood in western Baghdad when I heard the sound of an AK-47 for about three seconds. It was close but not very close, so I continued shopping.

As I took a right turn on Munadhama Street, I saw a man lying on the ground in a small pool of blood. He wasn't dead.

The idea of stopping to help or to take him to a hospital crossed my mind, but I didn't dare. Cars passed without stopping. Pedestrians and shop owners kept doing what they were doing, pretending nothing had happened.

I was still looking at the wounded man and blaming myself for not stopping to help. Other shoppers peered at him from a distance, sorrowful and compassionate, but did nothing.

I went on to another grocery store, staying for about five minutes while shopping for tomatoes, onions and other vegetables. During that time, the man managed to sit up and wave to passing cars. No one stopped. Then, a white Volkswagen pulled up. A passenger stepped out with a gun, walked steadily to the wounded man and shot him three times. The car took off down a side road and vanished.

No one did anything. No one lifted a finger. The only reaction came from a woman in the grocery store. In a low voice, she said, "My God, bless his soul."

I went home and didn't dare tell my wife. I did not want to frighten her.

I've lived in my neighborhood for 25 years. My daughters went to kindergarten and elementary school here. I'm a Christian. My neighbors are mostly Sunni Arabs. We had always lived in harmony. Before the U.S.-led invasion, we would visit for tea and a chat. On summer afternoons, we would meet on the corner to joke and talk politics.

It used to be a nice upper-middle-class neighborhood, bustling with commerce and traffic. On the main street, ice cream parlors, hamburger stands and take-away restaurants competed for space. We would rent videos and buy household appliances.

Until 2005, we were mostly unaffected by violence. We would hear shootings and explosions now and again, but compared with other places in Baghdad, it was relatively peaceful.

Then, late in 2005, someone blew up three supermarkets in the area. Shops started closing. Most of the small number of Shiite Muslim families moved out. The commercial street became a ghost road.

On Christmas Day last year, we visited — as always — our local church, St. Thomas, in Mansour. It was half-empty. Some members of the congregation had left the country; others feared coming to church after a series of attacks against Christians.

American troops, who patrol the neighborhood in Humvees, have also become edgy. Get too close, and they'll shoot. A colleague — an interpreter and physician — was shot and killed by soldiers last year on his way home from a shopping trip. He hadn't noticed the Humvees parked on the street.

By early this year, living in my neighborhood had become a nightmare. In addition to anti-American graffiti, there were fliers telling women to wear conservative clothes and to cover their hair. Men were told not to wear shorts or jeans.

For me, as a Christian, it was unacceptable that someone would tell my wife and daughters what to wear. What's the use of freedom if someone is telling you what to wear, how to behave or what to do in your life?

But coming home one day, I saw my wife on the street. I didn't recognize her. She had covered up.

After the attack on the Shiite shrine of the Golden Dome in Samarra in February, Shiite gunmen tried to raid Sunni mosques in my neighborhood. One night, against the backdrop of heavy shooting, we heard the cleric calling for help through the mosque's loudspeakers.

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We stayed up all night, listening as they battled for the mosque. It made me feel unsafe. If a Muslim would shoot another Muslim, what would they do to a Christian?

Fear dictates everything we do.

I see my neighbors less and less. When I go out, I say hello and that's it. I fear someone will ask questions about my job working for Americans, which could put me in danger. Even if he had no ill will toward me, he might talk and reveal an identifying detail. We're afraid of an enemy among us. Someone we don't know. It's a cancer.

In March, assassinations started in our neighborhood. Early one evening, I was sitting in my garden with my wife when we heard several gunshots. I rushed to the gate to see what was going on, despite my wife's pleas to stay inside. My neighbors told me that gunmen had dropped three men from a car and shot them in the street before driving off. No one dared approach the victims to find out who they were.

The bodies remained there until the next morning. The police or the American military probably picked them up, but I don't know. They simply disappeared.

The sounds of shootings and explosions are now commonplace. We don't know who is shooting whom, or who has been targeted. We don't know why, and we're afraid to ask or help. We too could get shot. Bringing someone to the hospital or to the police is out of the question. Nobody trusts the police, and nobody wants to answer questions.

I feel sad, bitter and frustrated — sad because a human life is now worth nothing in this country; bitter because people no longer help each other; and frustrated because I can't help either. If I'm targeted one day, I'm sure no one will help me.

I was very happy when my eldest daughter married an American. First, because there was love between them, but also because she would be able to leave Iraq, and I wouldn't have to worry about her safety day after day. She left last year.

If you had asked me a year ago whether I would consider leaving Iraq, I would have said maybe, but without enthusiasm. Now it's a definite yes. Things are going from bad to worse, and I can't see any light at the end of the tunnel.

Four weeks ago, I came home from work. As I reached my street, I saw a man lying in a pool of blood. Someone had covered him with bits of cardboard. This was the best they could do. No one dared move him.

I drove on.

Senators Seek To Declassify Report Info (AP)

By Sam Hananel

AP, September 20, 2006

Senators on an intelligence panel are seeking to declassify more information from two Senate reports on prewar intelligence on Iraq, saying too much was kept secret.

The bipartisan group on Tuesday asked a government commission to consider whether portions of the reports could be made public without harming national security.

It's the first time lawmakers have appealed to the Public Interest Declassification Board since it was established in 2004 as a place for members of Congress to appeal if they think federal agencies are unnecessarily classifying material in the name of national security.

The two reports, released earlier this month, concluded there was no evidence Saddam Hussein had ties with al-Qaida before the U.S. invasion of Iraq. They also found that Saddam's regime did not have weapons of mass destruction and was not actively seeking to acquire them.

Democrats claim the reports undercut President Bush's justification for invading Iraq. Republicans say the reports contain little new information and accuse Democrats of trying to score political points in an election year.

When the reports were issued, Sen. Ron Wyden, D-Ore., said he was concerned that some information was classified to shield officials from being held accountable, not for national security reasons.

"The American people have the right to know the rest of this story, so that they can decide for themselves whether to hold public officials accountable for the statements that were made and actions that were taken that led us to war," Wyden said Tuesday.

Sen. Kit Bond, R-Mo., said although he disagrees with many of the conclusions reached in the reports, "I do agree with my colleagues that too much of the report remains classified, and I am a firm believer that whatever need not remain classified, should not remain classified."

The letter is signed by about half of the Senate Intelligence Committee members: Bond; Wyden; Dianne Feinstein, D-Calif.; Mike DeWine, R-Ohio; Russ Feingold, D-Wis.; Orrin Hatch, R-Utah; and Jay Rockefeller, D-W.Va.

The group did not identify which sections of the report it seeks to declassify.

The Public Interest Declassification Board is made up of nine national security experts — five appointed by the White House and four appointed by Republican and Democratic leaders in Congress.

After Remark, Judge In Trial Of Hussein Loses His Post (NYT)

By Richard A. Oppel Jr.

The New York Times, September 20, 2006

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BAGHDAD, Sept. 19 — Prime Minister Nuri Kamal al-Maliki on Tuesday fired the judge overseeing the second phase of the trial of Saddam Hussein, accusing him of bias toward the deposed Iraqi ruler.

Aides to Mr. Maliki said pressure had been building from Kurds and others to oust the judge after he told Mr. Hussein in court that he was not a dictator.

The firing was condemned by human rights advocates as improper political interference by Mr. Maliki's government, which is dominated by Shiites and Kurds persecuted during Mr. Hussein's rule. Human Rights Watch said the firing "sends a chilling message to all judges: toe the line or risk removal."

Bassam al-Husseini, an aide to Mr. Maliki, said the prime minister's office asked the Iraqi High Tribunal to remove the judge, Abdullah al-Amiri, a Shiite who was also a judge under the Hussein government.

Mr. Husseini said the new chief judge will be Mr. Amiri's assistant, Muhammad al-Uraibi, also a Shiite Arab.

"The government is taking into regard the feelings of the Iraqi people," Mr. Husseini said. "When the judge told Saddam, 'You are not a dictator,' he hurt the feelings of the Iraqi people."

"There was pressure from the Iraqi people and people in Kurdistan because their feelings were hurt," he said, adding that the prime minister has the authority to remove judges from the tribunal. "The government had to respond to this pressure."

But international human rights groups said the firing undermines the tribunal's credibility and could influence other judges to favor the prosecution. They also questioned whether the tribunal's procedures for handling allegations of judicial bias and misconduct were followed.

"This shows the court is not immune from political interference and may be open to being manipulated by public opinion or politicians," said Hanny Megally, director of the Middle East and North Africa program for the International Center for Transitional Justice, which is an observer in the tribunal.

In the current phase of the trial, Mr. Hussein stands accused of genocide in the killing and gassing of more than 50,000 Kurds during the so-called Anfal military campaign of 1988. It is separate from his prosecution earlier this year on charges of ordering the murder of 148 people in the Shiite village of Dujail in 1982. That verdict is expected as early as next month.

Criticism of Judge Amiri began to build last Tuesday, when Mr. Hussein described Kurdish witnesses testifying against him as agents of "Zionism" and then threatened to "crush your heads." The next day, a prosecutor, Munqith al-Faroon, demanded that the judge step down, accusing him of allowing Mr. Hussein "to go too far, with unacceptable expressions and words."

Then, during testimony on Thursday from a Kurdish farmer who recounted how he had pleaded with Mr. Hussein to spare the life of his family, Mr. Hussein leaped up in the dock to defend himself.

"Why did he try to see Saddam Hussein?" Mr. Hussein said. "Wasn't Saddam a dictator and an enemy to the Kurdish people, as they say?"

Judge Amiri then said: "I will answer you: you are not a dictator. Not a dictator." Smiling, Mr. Hussein replied, "Thank you."

The exchange outraged many in the Iraqi government. After the "not a dictator" exchange, members of Parliament began putting pressure on a committee of judges within the tribunal to remove Judge Amiri, said Jalaladin al-Sagheir, a Shiite member of Parliament.

The statute governing the tribunal says the Presidency Council — the Iraqi president and two vice presidents — can transfer judges out of the tribunal "for any reason" on recommendation by the Council of Ministers. It was unclear whether President Jalal Talabani, a Kurd, played a role in the judge's firing.

But the tribunal also has other rules and procedures devised specifically for handling allegations of bias or misconduct, human rights advocates said.

"It's not clear whether the proper procedure was used or not," said Richard Dicker, the director of the international justice program at Human Rights Watch.

Government Ousts Chief Judge In Hussein Trial (WP)

By Amit R. Paley

The Washington Post, September 20, 2006

BAGHDAD, Sept. 19 -- The Iraqi government ordered the chief judge in the genocide trial of Saddam Hussein to step down Tuesday because he said last week that Hussein was "not a dictator," prompting legal experts to voice concern that the dismissal could undermine the independence of the tribunal hearing the case.

The Iraqi cabinet voted unanimously to remove the judge, Abdullah al-Amiri, a Shiite Muslim who had served as a judge during Hussein's rule, because it felt he was no longer impartial and his conduct had "injured the feelings of the victims in the case," government spokesman Ali al-Dabbagh said.

"The government wants to maintain the independence of the court without interfering with their daily work and their decisions," Dabbagh said. "But at the same time, they want the court to keep neutral."

Amiri issued his controversial declaration, which angered many Iraqis, during a courtroom exchange on Thursday, one day after the prosecution accused him of bias and asked him to step down because he had "allowed the defendants to treat the chamber as a political forum."

When a Kurdish farmer testified that he had begged Hussein in 1988 to spare the lives of his family, Hussein leapt out of his seat and asked why the farmer would have tried to plead with him if he was, in fact, a dictator.

"You were not a dictator," the judge replied, adding that those around Hussein had made him one.

Hussein smiled and replied, "Thank you."

Dabbagh said the government has the authority, under the statute that created the Iraqi Special Tribunal, to remove judges and prosecutors from the tribunal "for any reason." He said Amiri would be transferred to another court.

International legal observers said that although the executive branch may have the authority to remove Amiri, its action threatened to stain the tribunal's credibility and bolster claims by Hussein's defense team that the court is illegitimate and lacks independence.

"This raises alarm bells," said Michael P. Scharf, a professor at Case Western Reserve University School of Law and an adviser to the tribunal. "It looks like the government is trying to meddle with the tribunal. This will erode the tribunal's independence and legitimacy further in the eyes of the international community and the Iraqi people."

An official close to the court said Amiri would be replaced on Wednesday by Mohammed al-Uraibiy, another member of the court's five-judge panel. The official spoke on condition of anonymity because he was not authorized to speak about the matter publicly.

Badiyeh Aref, a lawyer on Hussein's defense team, said Tuesday night that the government did not have a right to replace the judge because of his comments.

"If the judge told Saddam Hussein that he is innocent, then they should change the judge," he told al-Arabiya television. But the comments about Hussein being a dictator, he said, were irrelevant. "This court is not charged with determining whether Saddam is a dictator or not."

Michael A. Newton, a law professor at Vanderbilt University Law School and another adviser to the tribunal, said the government's action violated the spirit, if not the letter, of the law that was supposed to grant the court independence.

"For the government to attempt to do this in some sense plays into the defendants' hands, strengthening the argument that the court is a function of politics and not of law," he said. "An equally serious concern is the degree of intensive preparation that this judge has done which will be very difficult to simulate with any rapidity."

Court officials could not be reached for comment Tuesday evening, and the U.S. Embassy in Baghdad declined to comment.

Meanwhile, a group of tribal leaders from Anbar province asked Prime Minister Nouri al-Maliki on Tuesday to recognize a newly formed council of chieftains and its force of 20,000 fighters as the new provincial government in the volatile Sunni insurgent stronghold.

Sheik Fasal Gaood, a prominent tribal leader, said about 1,000 sheiks and other local officials attended a meeting in Ramadi last Thursday and formed a 43-member Anbar Salvation Council, representing 18 major tribes, to fight al-Qaeda and other insurgents.

"The situation right now in Anbar is total chaos. There is no government, there is no authority, there is no law," he said. "We want to launch a strike to end the terrorists once and for all in Anbar."

The conference, known as the Anbar Awakening, called on Maliki to sack the existing provincial government and replace it with the Salvation Council. "The governor of Anbar is an extremist and Islamist, and he has links to the terrorists," said Sheik Hameed al-Haes, the leader of al-Boodyat, one of the major tribes in Anbar. "That's why we want to replace him."

Dabbagh, the government spokesman, said the prime minister welcomed the support of the tribes in combating insurgents and would consider their requests.

Also Tuesday, parliament issued a statement calling on Pope Benedict XVI to issue a full apology for a speech last week in which he quoted a 14th-century Byzantine emperor as saying that the prophet Muhammad brought "only evil and inhuman" things to the world. Members of parliament said a statement the pope made Sunday, in which he said he was "deeply sorry" about the reaction in some countries to his remarks, did not go far enough.

The U.S. military announced on Tuesday that a soldier from the 89th Military Police Brigade was killed when his vehicle was struck by a suicide car bomb in Mosul, and a soldier with Multinational Division-Baghdad was killed when his vehicle was struck by a roadside bomb. No further details were released.

Chief Judge In Saddam Trial Replaced (AP)

By Sameer N. Yacoub And Jamal Halaby

AP, September 19, 2006

The chief judge in Saddam Hussein's genocide trial was replaced Tuesday amid complaints from Shiite and Kurdish officials that he was too easy on the deposed Iraqi leader.

It was the second time that a chief judge was changed while Saddam was on trial; in each case there were accusations that Saddam was allowed too much leeway in court.

Abdullah al-Amiri was replaced on the five-member panel by his deputy in the trial, Mohammed al-Uraibiy, a court official said. The new chief judge is a Shiite Arab, as is al-Amiri.

The Iraqi High Tribunal, the country's supreme court, sought the change and Prime Minister Nouri al-Maliki approved it, a government official said. Both officials asked not to be named because they are not authorized to speak to the media.

An attorney defending senior officials in Saddam's former regime decried the change as purely political.

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"This was a coup that succeeded. There was no legal reason for removing him (al-Amiri)," defense lawyer Badee Izzat Aref told The Associated Press. "They (court officials) felt that he would not respond to their demands."

Hussein al-Duri, an aide to al-Maliki, said one reason for the change was al-Amiri's statement in court last week, in which he told Saddam, "You were not a dictator."

In Iraq, al-Duri told Al-Arabiya television, "it is not allowed for the judge to express his opinion."

Al-Amiri's comment angered many Kurds and Shiites and fueled criticism that he was too lenient with Saddam. Prosecutors had earlier asked for al-Amiri to be replaced after he allowed Saddam to lash out at Kurdish witnesses in court.

The change could revive complaints that the government is interferring with the trial in the hope that Saddam and his co-defendants will be convicted quickly. Saddam faces a possible death penalty if convicted on genocide charges over the Anfal military offensive against Iraqi Kurds in the 1980s.

In Saddam's first trial — over alleged atrocities against Shiites in the town of Dujail — the chief judge stepped down halfway through the proceedings, saying he could no longer put up with criticism from officials who said he allowed too many courtroom outbursts by Saddam and his co-defendants.

He was followed by a far tougher judge who repeatedly threw defendants and defense lawyers out of court.

A verdict in the Dujail trial is expected Oct. 16.

Al-Amiri presided over the latest session of the current trial Tuesday, in which Kurdish survivors of Anfal recounted the bombardment of their villages by the Iraqi military.

One witness, Iskandar Mahmoud Abdul-Rahman, a major in the Kurdish security force, testified that an attack on his village began on March 20, 1988, when Iraqi aircraft appeared in the sky.

"We dropped to the floor; white smoke covered us, it smelled awful," Abdul-Rahman said. "My heart raced. I started to vomit. I felt dizzy. My eyes burned and I couldn't stand on my feet."

He said he was treated at two hospitals in Iran, and lost consciousness for 10 days.

"The doctors were frequently giving me injections and medication, including eye drops. They cut the burned skin with scissors," he said, adding that his eyesight remains poor.

Abdul-Rahman then removed his blue shirt. There were several dark scars, each about 8 inches long, on his back.

Saddam's chief lawyer, Khalil al-Dulaimi, and prosecutor Munqith al-Faroon approached the witness to take a close look.

Saddam and six other defendants are on trial for alleged atrocities against Kurds during Operation Anfal, a crackdown on Kurdish guerrillas in the late 1980s. The prosecution alleges some 180,000 people died in the campaign, many of them civilians killed by poison gas.

Saddam and his cousin "Chemical" Ali al-Majid are charged with genocide, and the others are accused of various offenses. All could face death by hanging if convicted.

Two other witnesses also testified Tuesday, repeating allegations of abuse in the crackdown.

Raouf Faraj Abdullah, a 55-year-old farmer, told of poor living conditions and a shortage of food in a detention camp in the northern city of Irbil.

"The people of Irbil tossed food over the barbed wire," said Abdullah.

He said he was moved to another camp, where he was separated from his 2-year-old son and his wife, who later gave birth in her prison cell.

"When I went to see her, I found out that my newborn baby had died," he said.

Abdullah said 28 people were killed in attacks on his village.

A third witness, Ubeyd Mahmoud Mohammed, said 70 people, including his wife and six children, were killed by an attack on his village March 22, 1988.

Saddam sat silently throughout the testimony, taking notes.

However, the session was marked by a heated exchange between the senior prosecutor, Jaafar al-Moussawi, and defense lawyer Aref, who accused prosecutors of misleading the court by presenting a witness who allegedly had a forged passport.

He referred to an Iraqi Kurd who testified Monday that he sought asylum in the Netherlands, where he acquired Dutch citizenship in 1994.

Saddam and his lawyers argued Iraqi law barred dual nationality, and asked that the man's testimony be stricken from the record.

British Soldier Pleads Guilty To War Crime (NYT)

By Alan Cowell

The New York Times, September 20, 2006

LONDON, Sept. 19 — A British soldier pleaded guilty today to inhumanely treating civilians detained in Iraq, the first member of the British armed forces to admit to a war crime.

The plea came at the opening of a court martial of seven soldiers on war crimes charges, the first trial of British soldiers under laws binding this country to the International Criminal Court.

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The Bush administration has refused to accept the jurisdiction of the court, arguing that the treaty under which it was set up would require the United States to cede part of its sovereignty and that it could invite spurious prosecutions of American officials and military officers.

Three of the seven soldiers faced war crimes charges; only one, Corporal Donald Payne, 35, pleaded guilty. But he denied charges of manslaughter and perverting the court of justice. Three officers among the seven accused soldiers denied charges of "negligently performing a duty," meaning that they failed to control personnel under their command.

The trial revolves around events six months after the invasion of Iraq, as British forces patrolled Basra in the south to support American forces farther north. Between September 14, 2003, and September 16, 2003, the prosecution said, British troops at a temporary detention facility in a three-room building in Basra questioned detainees to establish whether they were a threat.

The interrogation followed raids on several hotels in Basra as British troops tried to seek out insurgents. Most of the detainees were taken from the Haitham Hotel, where troops found a cache of weapons including rifles, grenades, bayonets and timers, said Julian Bevan, the prosecuting lawyer.

"The belief that those in custody were a significant threat undoubtedly fueled the way in which they were treated," he said.

While the case has not drawn the same outrage in Britain as disclosures about American abuses of Iraqis at Abu Ghraib prison, it has shocked some Britons used to thinking of their soldiers as behaving with restraint. Moreover, it has raised concerns about the impact of the court martial on the 7,000 to 8,000 British soldiers still serving in Iraq.

Mr. Bevan, the prosecution lawyer, said detainees at the Basra facility were repeatedly beaten, punched and kicked while their heads were covered with sacks and their hands were bound with handcuffs. Some suffered sleep deprivation and one civilian, Baha Musa, died after receiving multiple injuries. A post mortem examination of Mr. Musa, a hotel worker, found 93 wounds on his body, including a broken nose and fractured ribs, the prosecution lawyer said.

Another detainee suffered renal failure. "We are not dealing in this case with robust or rough handling which is bound to happen in the theater that existed in Iraq, but something far more serious," Mr. Bevan said.

"We are not dealing with the action of a soldier or soldiers in the heat of the moment whilst on patrol in a hostile environment whose conduct is questionable," he said. "We are dealing with systematic abuse against prisoners involving unacceptable violence against persons who were detained in custody, hooded and cuffed and wholly unable to protect themselves over a very long period of time."

Referring to Mr. Musa, Mr. Bevan said: "Before he died, he had removed his handcuffs, and it was believed by Corporal Payne that he was trying to escape," he said. "Certain measures were taken by Corporal Payne" who went on to tell people who had witnessed the beating to not to discuss the events with investigators, Mr. Bevan said.

The prosecutor also referred to the "sheer openness" of the beatings, indicating that senior officers had failed to protect the detainees.

The defense lawyers have not yet presented their case.

For Iraqi Farmers, A Harvest Of Hope (WP)

By Sudarsan Raghavan

The Washington Post, September 20, 2006

BAQUBAH, Iraq -- Inside the festival hall, on long tables covered with white cloth, Aboud Ahdim Abbas Mohammad saw a glimpse of the future: baskets filled with different kinds of ripe, delicious dates. They held the twin promise of reviving an ancient industry and Iraq's devastated economy.

But once outside, Mohammad wondered whether Iraq would ever realize such aspirations. Violence had emptied nearby villages filled with date farmers. His cousins had been slain on the way to sell their harvest. Gunmen had recently ambushed him. He shot his way out to safety, but not before a bullet rammed into his left arm.

"They don't want a new Iraq based on freedom and a country that produces," said Mohammad, 56, who looked regal with bronzed skin, a pepper gray moustache and a white and black checkered tribal head scarf.

Across a volatile landscape brimming with militias and insurgents, farmers like Mohammad are trying to restore the glory days when Iraq produced about 30 percent of the world's supply of dates. The fruit has been a symbol of daily life since the time of the civilizations of Babylon and Sumer, more than 5,000 years ago.

In the calculus of preventing Iraq's slide toward civil war, reconstructing Iraq's economy is a top priority. And dates are Iraq's second-biggest export, after oil. Revitalizing the industry could help reduce sectarian tensions by creating thousands of jobs while generating revenue to rebuild Iraq, improve security and lessen the country's dependence on U.S. reconstruction dollars.

Now, after years of neglect, war and sanctions, the date industry is showing signs of recovery, partly through U.S. efforts. Farmers are being introduced to market-oriented capitalism after years of depending on state subsidies under the government of Saddam Hussein.

In May, helicopters contracted by the U.S. military sprayed thousands of acres of date palm trees across Iraq with pesticides to eradicate insects that had caused major damage. After the 2003 invasion, security concerns prevented large-scale aerial spraying, Iraq's small crop-dusting helicopter fleet was destroyed, and looters stole pesticides from the Agricultural Ministry warehouses.

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On Monday, the fruits of the spraying campaign were displayed at a date festival in Baqubah, an insurgent stronghold 35 miles northeast of Baghdad. In a high-ceilinged, brightly lit room, farmers proudly showcased more than 60 varieties of dates in baskets made from palm fronds. Outside, dignitaries sat under a tan tent, eating dates and plain yogurt.

This year the date harvest in Iraq's Diyala province -- Baqubah is its capital -- is expected to be about 70,000 tons -- "50 percent better than last year," said Abbas al-Tamimi, the provincial director general of agriculture. Sold below production cost under Hussein, dates are now sold competitively in local markets and exported to neighboring Jordan and Dubai, he said.

Yet tight security cast a shadow over the date festival. Eight U.S. Humvees were parked outside, as Iraqi security forces guarded the street. There were empty seats in the tent. A sudden burst of gunfire outside the compound prompted heavily armed U.S. soldiers to run out, poised for action. It was not an attack.

Attacks in Diyala have surged, from about 200 each month before the February bombing of a Shiite shrine in Samarra to just under 500 this summer, according to U.S. military statistics. The province is especially vulnerable to sectarian violence, given its mix of Sunni, Shiite and Kurdish populations. In recent weeks, there have been assassinations of leaders, kidnappings and mosque bombings.

Tamimi, dressed in a blue suit and yellow tie, said date farmers who populated several villages were forced to leave "because of sectarian tensions."

"Some of them were threatened by terrorists and had to leave," he said.

Khalid al-Sanjary, the mayor of Baqubah, said 40 families had recently been driven out of their villages by the violence.

In his address to the guests, Tamimi made an impassioned plea for calm. "This is a cancer for the farmers," he said. "We don't want the farmers to leave. We want peace in our country."

Seated in the audience was Abu Alla, a member of the local agricultural chamber. For him, the violence was not the only concern. He said the harvest is much less than prewar yields. "It should be twice as much," he said.

"There's no actual support once we treated the dates with planes," added Abu Alla, who asked that his full name not be used. "But our palms are sick and they need further treatment. All agriculture in Iraq needs equipment and treatment. We have the experience but we have lack of equipment."

More than two decades ago, Iraq, known as the "land of the palms," had 30 million trees, more than anywhere else in the world. But the Iran-Iraq war of the 1980s and Hussein's campaign to destroy Shiite marshes and farmland cut the number of palm trees in half. U.N. sanctions imposed in the 1990s further slashed exports. Iraq once supplied the world market with 600,000 tons of dates a year. Today, it produces an estimated 250,000 tons.

For Abu Alla, reviving the date palm industry has religious significance. The palm tree is mentioned 21 times in Islam's holy book, the Koran. Muslims eat dates to break fasts during the holy month of Ramadan. "Our dates are very sacred. They are blessed. They are a symbol. They are a part of Islam," he said.

U.S. Army Maj. Marcus Snow, a member of the State Department Provincial Reconstruction Team in Diyala, is a stockbroker from Lancaster, Pa., who has worked with the date farmers since May. "This place could have fed the Middle East," he said with enthusiasm. "The soil is fantastic. They have so much potential, it kills me. This is, literally, the Garden of Eden."

Tapping that potential, he said, will require more action than simply growing dates. The farmers need to adopt better accounting, production and marketing practices and to use better packaging and transportation systems, he said. For starters, they need to process their dates in Baqubah, he said. Unprocessed dates are sold to Dubai for $300 a ton, he said. Processed dates could yield $3,000 a ton.

Before the invasion, there were several processing plants in Baqubah. But the owners fled the violence. Snow said he has approached some of them to come back and reopen their plants. No luck.

"They know they can make more money investing elsewhere than here," Snow said. "They are bait for kidnappers. They want to play it safe."

Mohammad, whose family has grown dates here since the 18th century, has no plans to flee, despite the attempt on his life. He predicts his harvest this year will be 70 percent more than last year, although that's still a third less than what he produced in 2000.

He can only imagine how it would be if there were peace.

"If the situation was better, I would have a very beautiful garden," Mohammad said, with a smile.

Under Guard, Dates Make A Comeback (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 19, 2006

A festival celebrating the best crop in years is held amid tight security. The U.S. sees hope in the industry's revival, but farmers remain fearful.

BAQUBAH, Iraq — The view from a Black Hawk helicopter is of a lush triple canopy — vegetables carpeting the ground in square green swatches, orange trees crouching over them in verdant rows, and towering above them all, Iraq's king crop, date palms.

But farmers have a different perspective on the ground — one of internecine political violence and gunmen waiting for them on the way to market.

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The U.S. military is attempting to revive Iraq's date palm industry, which has been badly neglected since 2003, and on Monday arranged a trip for reporters to see the fruits of its labor at a date palm festival in Baqubah.

"Festival" might have been a bit of an overstatement. The exhibition hall was surrounded by Iraqi security forces, and eight Humvees were parked outside its tall walls. Reporters were advised to wear flak jackets in case of attack, and inside, there appeared to be more empty seats than full. Those browsing on baskets of the sticky, sweet fruit were mostly American troops or State Department employees.

Iraq's dates are traditionally used to break fasts during the Muslim holy month of Ramadan. They have been a source of national pride since the time of Hammurabi, about 3,700 years ago. Baqubah, which is also known as the "City of Oranges," was famous for its dates until 2003, when neglect exposed the trees to pests. Harvests were good for little more than coarse date-seed bread and animal feed.

Processing plants for date-palm oil, syrup and honey have moldered since the U.S.-led invasion. Factory owners have fled Baqubah, fearing the daily kidnappings, killings and bombings.

The U.S. military, however, believes the date industry is key to creating jobs and damping the sectarian violence that has rocketed in Baqubah in recent weeks.

The festival was held to celebrate the best crop in years — about 70,000 tons, up 50% from 2005.

The bumper crop, which came after U.S. forces helped restart pesticide spraying, is still a far cry from prewar yields.

"That's a very small harvest," said Chamber of Commerce member Abu Alla, whose name means "father of Alla." Abu Alla, who declined to give his family name for fear of being targeted for attack, said the harvest "should be twice as large."

"Really there is no actual support for the date palm farmers," Abu Alla said. "We've treated the dates with crop dusters, but our palms are sick and need further treatment. All agriculture in Iraq needs equipment and treatment. We have experience, but we lack equipment."

Once a breadbasket for much of the Middle East, Iraq saw its agriculture decline steeply under Saddam Hussein, falling victim to U.S.-backed economic sanctions and the regime's frivolous spending. Ruthless scorched-earth campaigns against Shiite farmland laid waste to thousands of palms. Iraq, once the world's largest producer of dates, lost 30 million trees over two decades.

Now, farmers say that Iraq's many-sided conflict is hampering yields.

Splendidly robed and adorned with a checkered headdress, Abu Adhim Abbas Mohammed, one of Diyala province's most prosperous farmers, said he was pleased with this year's harvest. But he acknowledged that he was still not seeing normal yields. Mohammed said that his 37 acres should yield 45 tons, but he was expecting to reap two-thirds that amount.

And the cost for that modest success has been high.

Several of Mohammed's relatives were killed while going to market or trying to buy equipment in Baqubah, he said.

Mohammed nearly met the same fate when gunmen attacked him as he drove to his farm, wounding him in the left arm. He escaped by firing back.

Sectarian clashes at Baqubah's northern and southern outskirts have displaced entire date-producing villages, said local Agriculture Ministry Director General Abbas Thamimi.

"Some of the people were forced to leave by the terrorists," Thamimi said.

Baqubah Mayor Khalid Sanjary said that he knew of at least 40 farming families that had left the area in recent weeks.

Home to significant populations of Shiites, Kurds and Sunni Arabs, Baqubah and its environs have recently been rocked by a series of assassinations and gun battles between Shiite militias and Sunni Arab insurgents.

On Monday, assassins killed the mayor of Udaim, a town 20 miles north of Baqubah. Last month, gunmen killed about two dozen people in a restaurant in nearby Khalis, once a date-processing center.

Al Qaeda in Iraq continues to operate in the Baqubah area three months after the U.S. Air Force dropped two bombs on its leader, Abu Musab Zarqawi. He had been hiding in the Baqubah suburb of Hibhib, known for its date wine.

"These assassinations are taking place on Baqubah's main streets," the mayor said. "These are political conflicts. All the militias and gunmen are here."

Lt. Col. James Rice, deputy commander of the 3rd Heavy Brigade Combat Team, said the violence in Baqubah was designed to alter electoral demographics.

"They're maneuvering around so that as elections come up, people can be in a position to win a majority," Rice said. "I think some of this displacement is politically motivated as people try to right-size the population in a particular area so that they will be ready for the next elections."

No date has been set for the elections. In the meantime, Baqubah's farmers struggle to find investors willing to rebuild their processing plants, and scramble in search of outside markets for their 600 varieties of dates.

A small number of farmers has begun exporting to other Iraqi cities and neighboring countries such as the United Arab Emirates.

But Army Maj. Marcus Snow, a member of the State Department Provincial Reconstruction Team in Diyala, said that attempts to reach out to a dozen leading factory-owning families had not resulted in renewed investment.

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Snow, a reservist who works as a stockbroker in Pennsylvania, said he sympathized with the factory owners' reluctance to return to Baqubah with capital.

"They're businessmen," he said.

"They know they can make more money elsewhere, and with security the way it is here, they're kidnapping bait."

Building Bridges To Locals In Afghanistan (CSM)

By Scott Peterson

The Christian Science Monitor, September 20, 2006

KANDAGAL, AFGHANISTAN

The generals and governor strode across the 230-ft. span in eastern Afghanistan - the longest Bailey Bridge built during combat since World War II, the military says - with an optimism they want to spread across this divided valley where US and Afghan troops fight almost daily battles against the Taliban.

"Once they see the joy of reconstruction, many people will come to our side," provincial governor Didar Shalizai tells US Army Maj. Gen. Benjamin Freakley. "They will run toward us."

" Inshallah (God willing)," replies General Freakley, commander of US forces in Afghanistan, using a Muslim affirmation of hope for the future.

This new bridge over the Pech River was inaugurated Monday and marks an early step in a shifting US strategy: Clear Taliban strongholds, stay on the ground long enough to reestablish government rule, deploy Afghan forces, and show fruit of reconstruction.

But the stakes are high in a region that - already five years after US-led forces toppled the Taliban and their Al Qaeda allies - the American military has visited again and again, only to watch the Taliban filter back.

"Our persistence in staying here, versus hopscotching around Afghanistan, is that other valleys [hear] what's going on," says Freakley, in a later interview. "There were some valleys here that we were told we would have to fight our way into. And the elders came to the governor and said: 'When are you going to come help us?' "

A similar fight-and-build strategy is being pursued by NATO troops in southern provinces. They declared Operation Medusa a "significant success" over the weekend, and claimed to have killed more than 500 insurgents.

But four Canadian soldiers were killed by a suicide bomber Monday in Kandahar, who struck on a bicycle while children scrambled for pen and notebook gifts from the soldiers. Also Monday, two other bombings killed 20 civilians.

Tuesday, British defense chief Des Brown admitted that fighting was "even harder" than expected, and that "the Taliban's tenacity in the face of massive losses has been a surprise, absorbing more of our effort than we predicted it would, and consequently slowing progress on reconstruction."

Trying to turn the tide in Kunar Province, the governor - himself a past Taliban supporter, with a thick black beard - speaks to elders gathered on the ground under the trees near the newly built bridge.

"I can assure you, we will serve you in a better way - the government will serve you," promises Governor Shalizai. "We have plans to build roads ... the water system, and to provide job opportunities for your sons and people."

The people from Kunar are the "bravest people of Afghanistan, [and] I ask you to help your government bring security," says Shalizai. "Don't do things that make our enemy happy. This is a great opportunity for Afghanistan. Don't let it go."

But not all the men here are convinced. The adjacent Korengal Valley is divided, with villages to the north generally pro-government. Three villages in the south are deemed sympathetic to the Taliban and have been blocked by US and Afghan forces for weeks, ostensibly on the governor's orders.

Elders from the sanctioned villages deny they support insurgents who have carried out several killings of civilians - including murdering the child of one elder - in the past year.

"That's not true. The people of Korengal do not support the Taliban," says Zarawar Khan, head of the local governing council. "There are small pockets, of five to 10 Taliban. They attack and go back."

"I'm not happy about the American forces here, because they create a lot of problems for us," says Mr. Khan. He welcomes the bridge and other building projects, but not the blockade that, he says, has prevented vehicle traffic and led to unnecessary detentions.

"We support the Afghan government and don't allow any [insurgents] to come from our side," insists Khan. "We've said this many times."

"The people [Taliban] who are fighting there are our enemies," says Mohamed Jabar, another council member, with a long white beard half dyed orange. "I swear we don't have any relations with those people."

Encouraging just those sentiments is one aim of the US strategy in Kunar and four other eastern provinces, where $43 million has been earmarked for immediate reconstruction projects as part of Operation Mountain Fury, announced over the weekend.

In this valley alone - where rough-hewn rock mountains define the landscape - four bridges are planned for the Pech River, and a seven-mile, $500,000 road project to go the length of the valley was launched last Friday. The province has 317 schools, but only 56 with buildings - another statistic that the Army says it wants to change.

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"It has been a process of separating the enemy from the people ... long enough to create breathing space to connect the people to their government," says Lt. Col. Chris Cavoli, commander of the 1st Battalion 32nd Infantry, of the US Army's 10th Mountain Division in Kunar Province.

Until his units arrived last April, the Korengal Valley was a "serious sanctuary" for the Taliban, says Lt. Col. Cavoli. Now, the blockade focuses on where "some elders and their families collude with the enemies," and is "designed to prevent movement of enemy supplies" into the valley.

The last five roadside bombs to be found were turned in by locals or Afghan forces. "For the first time ever," says Cavoli, "in the last few weeks we started to get walk-in information on the enemy deep in the Korengal."

Despite limited troop numbers, the US plan this time differs markedly from past efforts in these remote provinces, where Taliban - often based and supported on the Pakistani side of the border - have increased attacks this year.

"We've been in Korengal a multitude of times in the last four years," says Lt. Col. Paul Fitzpatrick, a US spokesman. "We push the bad guys out, ask people to support the government, and they say they will. Then we leave and the Taliban come back, and the people are in the middle."

US forces are "trying to get over the hopscotch thing," says Colonel Fitzpatrick, and "will stay until the government is capable of putting in robust enough forces."

But that is not deemed good news by all. Among the men who joined the crowd at the bridge opening was Mohamed Zahir, who complained of civilian casualties during US bombardments.

"[The American] presence will not help bring security. If they stay here, there will be a lot of security challenges for us," says Mr. Zahir. "As a result of one or two [insurgents] they bomb our area, destroy our crops and destroy our business."

Battalion commander Cavoli counters that permanent security will depend on Afghan forces, not the US. There have been "very few" civilian casualties, he says, though he is paying compensation for a herd of goats killed in one US strike. "We strive that there be no civilian casualties," says Cavoli. "It's enormously counter-productive."

Afghanistan's Drug Habit (NYT)

By Joel Hafvenstein

The New York Times, September 20, 2006

London

AS if there hadn't been enough bad news from Afghanistan of late, now the country's drug dependency is back in the headlines. On Sept. 2, the head of the United Nations Office on Drugs and Crime reported that the shattered country is now producing 92 percent of the world's supply of illegal opium, up from 87 percent in 2004. This deplorable new record will not be reversed by more belligerent counternarcotics measures. Instead, America, NATO and the Afghan government must reform a vital but neglected institution: the local police.

In 2004, for the first time in history, farmers in every province of Afghanistan chose to cultivate opium poppies. The American and Afghan governments promised a major poppy eradication campaign. Aid agencies scrambled to create an economic alternative for the thousands of Afghans who depended on poppy farming to survive.

Thus in November 2004, I traveled to Lashkargah, the capital of Helmand Province, the opium heartland of Afghanistan, as the deputy leader of an "alternative livelihoods" project financed by the United States Agency for International Development. Our core team was made up of six Western aid workers, and we hired some 80 Afghan staff members.

In the long-term plan, alternative livelihoods meant helping Afghan farmers export high-value crops like saffron and cumin. It meant restoring the orchards and vineyards that had once made Afghanistan a power in the raisin and almond markets. It meant providing credit to farmers who had relied on traffickers for affordable loans.

In the short run, however, with the first eradication tractors already plowing up poppy fields, we had no time for those approaches. Instead, we created public-works jobs. Like a New Deal agency, we handed out shovels to thousands of local Afghans and paid them $4 per day to repair canals and roads. We found plenty of work on Helmand's grand but dilapidated irrigation system, a legacy of early cold-war American aid. By May 2005, we had paid out millions of dollars and had some 14,000 men on the payroll simultaneously. The program buoyed the provincial economy, and would have made a fine launching pad for long-term alternatives to poppy.

Security was our Achilles' heel. There was a new American military base by the graveyard on the edge of town, but the few score Iowa National Guard members there lacked the manpower and the local knowledge to protect us. We could not afford the professional security companies in Kabul, most run by brash veterans of Western militaries. Then, just before Christmas, some of our engineers were carjacked. We resorted to the only remaining source of protection: the provincial police.

We soon found that at their best, the Helmand police forces were half-organized militias with charismatic leadership and years of combat experience. At their worst, the policemen were bandits, pederasts and hashish addicts. Our local guard captain was one of the better ones, but he was still far from reliable.

Once I asked him what he earned as a district police commander. "The governor paid us no salary," he curtly replied. "The people gave us money. To thank us for solving their problems." I was never sure if we were paying him enough to solve our problems.

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When the attacks came, our security was useless. On May 18, five of our Afghan staff members were murdered in the field. The next morning, one of the funeral convoys was ambushed, leaving six more of our workers and their relatives dead. The police responded with indiscriminate arrests and bluster, but they lacked the investigative skills to catch the killers.

We heard rumors that the attackers were Taliban troops — and indeed, the attacks were harbingers of the Taliban resurgence that Helmand has seen in the last year. We also heard that the Taliban had been paid by local drug barons to attack our project. All we knew was that we were targets, and that we could not protect ourselves. Within days, we had stopped all our projects and most of the staff went home.

To reduce Afghanistan's poppy cultivation, Western governments must keep their focus on improving security. Aid agencies and the Afghan government cannot foster alternatives to opium while under fire. In chaotic times, Afghan farmers are more likely to plant poppy, which offers the surest and highest returns on investment. Some remote areas of Afghanistan have grown poppy since the time of Alexander the Great, but in the irrigated plains of Helmand it caught on only during the breakdown of order in the 1980's. With security restored, the farmers of Helmand could rebuild their province and return to licit crops.

Local police forces are the weakest link in Afghanistan's security net. After the fall of the Taliban, the United States and NATO put most of their energy into building a professional Afghan Army. The police forces were essentially surrendered to local warlords — not through any malign plan, but by lack of money and attention.

Most Afghan policemen have now gone through a basic training course run by American and German police officers, but they return to units that are ill equipped, badly organized, founded on personal loyalty to a commander and accountable to no one.

The 4,500 British troops now fighting alongside Afghan soldiers in Helmand can defeat insurgents who muster in large numbers, but they cannot counter the Taliban's shrewder tactics — urban ambushes, suicide bombings and strikes on "soft" civilian targets like our project. For that, the police are necessary.

The Afghan Army and foreign powers must create space in which a professional, accountable police force can take root. This means continued military action against large Taliban incursions, diplomatic pressure on Pakistan to stop providing a haven for insurgents, and a focus on shielding the large cities of southern Afghanistan — Lashkargah, Kandahar and Ghazni — long enough for the Afghan government to establish the kernels of an improved police force there. It will also require an end to the impunity enjoyed by warlords and major traffickers, who can order an attack safe in the knowledge that the Taliban will be blamed.

The new Afghan police force needs clear lines of authority, formal disciplinary procedures and methods for internal oversight and public complaint. The officers need adequate pay and equipment, which can come only from Western sources, and better training in investigation and civilian protection. To ensure that all this makes a difference, the United States and its allies must commit experienced Western police officers to field-based mentoring programs with provincial police forces.

The poppy boom won't be solved by police reform alone, of course. The Afghan government must purge drug kingpins from the federal and provincial governments, and continue disarming militias (friendly as well as hostile).

Nothing has cost President Hamid Karzai more popularity in the south than the sense that unscrupulous gunmen are back in control. Security was the Taliban's main selling point when it took control of the country in the 1990's; it could be again.

Joel Hafvenstein, an international development consultant, is the author of the forthcoming book "The Opium Season."

Saying Thank You To Those Who Answered The Call Of Duty (NYT)

By Katie Zezima

The New York Times, September 20, 2006

BANGOR, Me. — Shortly before 11 on a recent Monday night, Cathy Czarnecki made sure the macadamia nut cookies were on the table of treats in a room at Bangor International Airport. The commercial passengers had all left, but 260 soldiers would soon arrive to a welcome that few of them expected.

"Here they come!" someone shouted, and a dozen or so volunteers went out into the hallway and applauded as a line of soldiers in desert camouflage and tan boots poured into the small terminal.

"Thank you for your service," one man said to a soldier while shaking his hand. "Welcome to Maine," another greeter said.

"I think I'm going to cry," a female soldier said after being hugged and cheered in the terminal.

The volunteers are members of Maine Troop Greeters, which was founded in 1991 to greet troops headed to the Persian Gulf war. Since May 2003, shortly after the start of the Iraq war, the group has welcomed every military transport flight that has arrived here.

The group came about, in part, because this is the country's easternmost airport and it has one of the longest runways in the nation, making it a favored military refueling and transfer location.

The founder of the group, Bill Knight, 84, is a World War II veteran. He recalled how soldiers were treated after Vietnam and said he wanted to ensure that troops were thanked.

"The way they treated those troops was horrible," Mr. Knight said. "We can't go back, but we can try to make a difference from here on out."

Maine Troop Greeters has about 100 volunteers who operate out of the small room, which is lined with American flags, signed military T-shirts and maps of Iraq. They arrive about three hours before a flight to set out cookies donated by a local Sam's Club, pies

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baked by volunteers, and candy and donuts. They also make sure free cellphones donated by local providers are available for troops to use.

The greeters here on the recent Monday night had various reasons for donating their time.

Ms. Czarnecki joined in 2004 after her son was deployed to Iraq. “It was my security blanket,” she said. “It was my way to stay connected with what was going on over there.”

Her son has returned safely, and she continues to volunteer.

Peter Jones, 51, started greeting troops here in March, shortly after his father, Freeland, died at age 82. Freeland Jones, a World War II veteran, volunteered until he was not strong enough, and his son said he felt that coming here honored both his father and the troops.

Mr. Jones said he became hooked his first day, when members of a New Jersey National Guard unit wept as greeters hugged them and shook their hands. “It lifts my spirit to know I can come out here and make a difference,” Mr. Jones said.

The plane on that Monday night brought troops from bases in California, Nevada, Utah and Washington, and was headed to Ramstein Air Base in Germany and then to the Middle East. It was the 1,774th flight greeted since May 2003, with 335,195 men and women and 35 military dogs having passed through the airport.

“Use a cellphone, call home,” Mr. Knight said as he doled them out. “Have something,” he added, motioning to the food.

Lt. Col. Eric Shalita, 43, did both, helping himself to a powdered donut after calling his wife and two daughters at Nellis Air Force Base in Nevada. “It was amazing,” Colonel Shalita said. “We were completely not expecting this.”

“It’s nice to know that people genuinely support us,” he added.

Staff Sgt. Stanley Siaosi, 26, was tired from the trip and missed his wife and children, who live at Hill Air Force Base in Utah. Sergeant Siaosi said the greeting made him resolute about his mission.

“This is really motivating for us to go out there and do our job,” he said. “You come here on the other side of the U.S., and there are greeters there ready to shake your hand. It gives you that patriotic feeling.”

The airport’s restaurant and gift shop stayed open late, and the troops eagerly dug into cheeseburgers and chicken fingers, some washing them down with the last Budweisers and Coronas they will have for a while.

Others sat in the terminal, chatting with the greeters about life, family and Bangor’s most famous resident, Stephen King. Some said they really like Maine, despite having never set foot outside the airport, and most vowed to come back for lobster. Two hours after the troops arrived, the beer still flowed and most of the greeters remained, eagerly chatting.

“This is really good for the young kids,” Chaplain Jeff Neuberger, 56, said as he motioned to a room filled with baby-faced soldiers. “It’s one little gesture, but the support means everything to these guys and gals.”

The Moutons Remain Close — Even In Iraq (USAT/AP)

By Jeff Carlton, The Associated Press

USA Today, September 20, 2006

FORT HOOD, Texas — When Michael, Allen and Reginald Mouton were ordered to Iraq by the Army, the brothers could have asked to be split up. They say they never considered it.

So all three of them will ship out for the Middle East next month. It's an extremely rare instance of three brothers being sent to the same base in a combat zone.

They will be, in every sense, brothers in arms.

“Lord forbid if the ultimate price is paid. It is hard to imagine that,” says Staff Sgt. Reginald Mouton, 31. If the worst should happen, he says, it is good “to be there with your brother and know you can support the other brother and you can tell your family, ‘I was there with him and he didn't suffer.' ”

Reginald is a medic who runs a battalion aid station for about 1,000 troops. Allen, 40, a first sergeant, leads about 100 soldiers in a combat group. Michael, 42, also a first sergeant, does the same in a logistical support group.

In World War II, five brothers from Waterloo, Iowa, died together when their cruiser was torpedoed by a Japanese submarine. They were immortalized in a 1944 film as The Fighting Sullivans. After their deaths, Congress considered forbidding siblings to serve together in wartime. Today the Army permits family members to serve together, but they can ask to be separated.

The Moutons say they take comfort in knowing they'll be together in the 3,800-member Ironhorse Brigade — the 1st Brigade of the 1st Cavalry Division — although Allen says that for the family, it amounts to “putting all your eggs in one basket.” They are their mother's only offspring. She also has a stepson.

“I am just going to have a lot of my worry and prayers focused in one area,” says their mother, Peggy Austin, a nursing supervisor in Houston. “That is the best way I can look at it.”

The Army does not track how often family members serve together. The deployment of three brothers from the same brigade to the same forward operating base — the military would not say exactly where — is “very rare,” says Lt. Col. Lee Packnett, an Army spokesman. “There are many siblings in the Army, but rarely do you have even two in the same unit.”

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It will be the second tour in Iraq for each brother but the first time all three have been there at the same time. Reginald took part in the initial invasion but was back in the States by the time Michael and Allen shipped out.

The brothers say they have always been close. Michael and Allen used to race motorcycles against each other, and they still compete in video games. Michael is building a house in Killeen, Texas, down the street from Allen's place.

"We're not only like brothers but we're best friends," Allen says. "We're always there to help each other, whether it's moving or working on cars."

Allen was the first to enlist; he signed up after high school in 1984. He had planned to serve only three years and join the Houston Police Department when he got out, but he found that Army life suited him. Michael enlisted three months later. Allen eventually became a recruiter and helped Reginald sign up after the youngest brother had taken nursing classes.

Three generations of the family have served in uniform. Two uncles fought in Vietnam. Allen's daughter, Meagan, 18, is in the Air Force.

The brothers, all married with children, said they have no qualms about returning to Iraq. The hardest part of a deployment is separation from family, they say, which is another reason they're happy they'll be together.

"When times get hard and you get lonely and you miss home," Reginald says, "you have someone from home that you can talk to."

From Venice, A Lesson On Empire (WP)

By David Ignatius

The Washington Post, September 20, 2006

What do the struggles of 15th-century Venice have to do with America's troubles in Iraq? A lot, in the view of a group of old-guard Washington conservatives who sponsored a conference last week to discuss the lessons for today of La Serenissima , as the "serene republic" of Venice was known.

The sponsors of the conference, about whom more later, began with a question: How did the Venetians maintain their far-flung Mediterranean empire and also prosper as a free republic for over five centuries? Was their model of empire -- heavy on mercantile trading relationships, lighter on military intervention -- an example for the United States in the era of globalization? Did Venice practice a version of "Empire Lite" that America might emulate?

The conference organizers had gathered a retinue of professional historians, so the answers were far more hedged than the questions. The scholars described a Venetian republic that was far from democratic, vesting political power in a small circle of aristocratic families. The imperial ambitions of the city-state were founded on a carefully cultivated myth of Venice's divine right to power, backed by the strongest fleet in the Mediterranean.

But compared with America's current imperial troubles, Venice was serenity itself. One secret was that its empire sought trade, not territory. "The Venetians tried to keep local people and institutions in power. It was very much a hands-off model," explained Edward Muir, a professor at Northwestern University who spoke at the conference.

The Venetians' imperial difficulties came on dry land -- "Terrafirma," as the island state called the territories it administered in northeast Italy. But even there, says Muir, the Venetians sought to extend their power through a system of laws and patronage, rather than military occupation. "The Venetian empire was a judicial network, more than an economic or political one," he argued.

John Martin, a history professor at Trinity University in San Antonio, suggested a comparison between Rome and Venice. If the Roman Empire was about hard military power, imposed by the Roman legions, Venice was "soft power," to use the term popularized by Harvard professor Joseph Nye. It survived so long because it recognized limits to its ability to impose its will abroad.

The canny mercantilism of Venice's ruling families was another advantage for La Serenissima. The merchant families protected their republican form of government at home, even as their trading empire expanded. In contrast to imperial Rome, whose senate became a shell, Venice maintained its system of a non-hereditary ruler, known as the "doge"; its Great Council, where every adult male aristocrat was represented; and its secretive Council of Ten, which supervised a vast intelligence network. A far-flung empire required a strong executive, but Venetians resisted the temptation to turn their doge into an emperor or king, noted Martin.

Now, who might be inquiring into the contemporary lessons of an empire that died more than 200 years ago? The answer is as intriguing as the conference itself. The sponsor was a little-known group called the Committee for the Republic, which was formed back in 2003 by a group of establishment Washingtonians -- paleoconservatives, one might call them -- who were concerned about neoconservative enthusiasm for foreign interventions. The group briefly got into trouble in 2005 after it sponsored a discussion of the Palestinian issue that riled pro-Israel groups in Washington.

A leading member is C. Boyden Gray, former White House counsel in the Bush 41 administration and a longtime amateur historian of Venice. Gray, now the U.S. representative to the European Union in Brussels, wasn't able to attend the gathering. Presiding in his place was William Nitze, the son of former arms negotiator Paul Nitze.

Gray explained his interest in the Venetian model in an e-mail to other members of the group: "Whenever Venice won a naval battle, it asked not for territory, taxes or tribute but free-trade zones," he noted. "As part of its commercial empire, Venice had to rely on extensive intelligence in order to avoid foreign troop basing. As a result, its intelligence service was unmatched and its diplomacy unrivaled."

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The quirky Venice conference is important less for any precise parallels it may offer for contemporary America than as an example of the debate that's growing among both liberals and conservatives in the wake of the Iraq war about the limits of American power. It raises the big strategic questions that too often get overlooked in Washington's endless round of seminars: How does a nation maintain a far-flung network of commercial interests without subverting its values at home? How does a nation have the benefits of imperial reach without the ruinous costs of empire? It's a debate that will widen as America moves toward its post-Iraq introspection.

DOJ:

Keane Secures Justice Grant Management Deal (WASHTECH)

By William Welsh, Deputy Editor

Washington Technology, September 20, 2006

Keane Inc. won a contract from the Justice Department to deliver IT support services for a key grant program, under a contract worth $14 million over five years.

Keane of Boston will supply program management and application maintenance to support help desk and network operations for the Community Oriented Policing Services Office's management system.

Keane's Public Sector practice will run the project. Teamed with Keane are Turner Consulting Group of Washington and Apptis Inc. of Chantilly, Va.

The Community Oriented Policing Services Office gives grants to local governments to enhance neighborhood policing. These grants have resulted in the hiring of 118,000 police officers and the purchase of numerous technical resources since 1995.

"CMS will allow the Department of Justice users to more effectively manage the lifecycle of the grants process: from issuance to search, to approvals in a data protected environment," Glenn Giles, vice president and general manager of Keane's Public Sector Practice, said in a statement announcing the award.

Justice Awards Keane New IT Task Order (FCW)

By David Hubler

Federal Computer Week, September 20, 2006

The Justice Department has awarded Keane, a business process and information technology services firm, a task order to provide IT support services to the Office of Community Oriented Policing Services (COPS) Management System.

The task order was awarded through Keane's existing Justice IT Support Services contract.

According to a statement from Keane, the $14 million task order covers one base year plus four, one-year options.

During that time, the Boston-based integrator will provide a full-range of IT services -- including IT program management and application maintenance, help-desk support, and network operations -- for the COPS Management System (CMS), which oversees the agency's grant-making process and other business services.

Since 1995, COPS has invested $11.9 billion to advance community policing, providing nearly 36,000 state and local grants to hire more than 118,000 police officers and provide numerous technical assistance resources.

The CMS work will be performed by Keane's Public Sector practice. Turner Consulting Group and Apptis are partnering with Keane.

"Law enforcement has found community policing to be a critical component in responding to crime, gang activity, and homeland security," said Carl Peed, director of COPS at Justice, in a statement.

"CMS will allow Department of Justice users to more effectively manage the life cycle of the grants process, from issuance to search, to approvals in a data protected environment," said Glenn Giles, vice president and general manager of Keane's Public Sector practice.

CORPORATE SCANDALS:

Emails Point To Prime Role Of Chairman, Top Counsel In Setting Direction, Tactics (WSJ)

By Peter Waldman

The Wall Street Journal, September 20, 2006

As early as summer 2005, Hewlett-Packard Co. Chairman Patricia Dunn and General Counsel Ann Baskins helped direct the company's board-leak investigation, as part of the planning and execution of many steps of the probe, internal H-P emails suggest.

H-P has disclosed only that Ms. Dunn and an "internal group" inside the Palo Alto, Calif., company, working with outside investigators, conducted the leak probes in 2005 and 2006. Ms. Dunn has said in interviews that she couldn't supervise the investigation because, as one of the H-P directors being investigated for leaking information to the media, she was a potential target of the probe. Instead, Ms. Dunn has said, she turned to H-P's security department to handle it.

However, H-P emails reviewed by The Wall Street Journal suggest that Ms. Dunn and Ms. Baskins were closely involved in helping direct the course of the investigation. The emails indicate that the two were kept well informed of the investigation's tactics and progress by the H-P security officials who ran the probe, as well as by some of the private investigators H-P hired to assist the computer company.

In an email dated Aug. 6, 2005, H-P's manager of global investigations, Tony Gentilucci, requests Ms. Dunn's input on an attached three-page memo titled "Investigative Plan of Action and Questions Requiring Input." That memo was addressed to Ms. Baskins, Jim Fairbaugh, who was H-P's director of global security, and Ronald DeLia, who was one of H-P's outside investigators.

In the memo, Mr. Gentilucci updated Ms. Dunn and the others on several facets of the probe, including "intelligence gathering" on "interested parties" through "internal and external sources."

The memo doesn't mention what those intelligence sources were, nor does it specify if they included people's personal phone records. H-P has admitted obtaining personal phone records of more than a dozen people, including some of its own board members, journalists and employees, through "pretexting," the practice of acquiring records through false pretenses. The breaches of privacy are being investigated by California and federal officials as possible crimes. People close to the investigation said the phone records of former Chief Executive Officer Carly Fiorina were pretexted, which was reported yesterday in the San Jose Mercury News and the San Francisco Chronicle.

Ms. Dunn, through a spokesman, declined to comment. An H-P spokesman declined to comment. Mr. Gentilucci, Ms. Baskins and Mr. Fairbaugh didn't return calls requesting comment. Mr. DeLia couldn't be reached for comment.

Mr. Gentilucci's memo described an intensive investigation in 2005, code-named Project KONA, in which H-P's security officials cultivated confidential "informants" to develop leads on which directors may have met with which journalists. In one part of the document labeled "Next Steps," Mr. Gentilucci said he intended to "follow up" with H-P's vice president of media relations, Robert Sherbin, about a number of potential leads that Mr. Sherbin had provided him.

In one of those tips, the memo stated, Mr. Sherbin said someone had informed him that H-P director George Keyworth had been observed meeting with a Wall Street Journal reporter in a San Francisco hotel about one year earlier. Mr. Gentilucci told Ms. Dunn in the in the memo that he intended to ask Mr. Sherbin to identify this tipster, and Mr. Gentilucci asked Ms. Dunn whether H-P had held a board meeting in a San Francisco hotel in that time period. Mr. Sherbin said his obligation is to respond to company requests, and leaks had been a problem for H-P. He said he passed on information to investigators about potential sources of the leaks.

In another section of the 2005 memo labeled "Update," Mr. Gentilucci wrote that a "tentative management briefing" on the investigation was scheduled for Aug. 31. It is unclear if this meeting took place. If it did, it raises the question of who else in H-P's management, including CEO Mark Hurd, knew about the extent of the leak probe in summer 2005. H-P has said Mr. Hurd was given a summary of the leak investigation's results in March of this year, but didn't focus on the evidence for those conclusions.

It is unclear how Ms. Dunn and Ms. Baskins responded to the Gentilucci email. But in another email, Ms. Dunn acknowledges Mr. Gentilucci's email and promises to respond.

By January 2006, H-P was on to a new leak investigation Ms. Dunn launched and which emails refer to as KONA II. H-P emails indicate that lawyers and others inside H-P knew the company was on shaky legal ground in going after personal phone records, yet pursued them anyway. On Jan. 28, 2006, Kevin Hunsaker, a senior ethics attorney in H-P's legal department, asked a colleague if it was legal to acquire people's personal text messages, presumably from their cellphone records.

The Hunsaker email was an apparent follow-up to an earlier question posed to Fred Adler, a former computer-crimes cop who works at H-P's security unit. Mr. Hunsaker, complaining that one of the targets of the leak probe -- then-H-P director Thomas Perkins -- rarely used his cellphone "and does just about everything via text message," asked Mr. Adler if H-P could "lawfully get text-message content, or is it the same as the cellphone records?"

Mr. Adler's response, 13 minutes later: "Even if we could legally obtain the records, which we can't unless we either pay the bill or get consent, I would highly suspect text-messaging records are not kept due to volume and expense. The only other means is through real-time interception, an avenue not open to us." The H-P spokesman said Mr. Hunsaker and Mr. Adler wouldn't comment.

People familiar with H-P's probe say the company did acquire personal cellphone records of several people through pretexting. It is unclear if H-P also attempted to acquire text messages.

Another email by Mr. Hunsaker, dated April 28, 2006, shows how Ms. Baskins tried to be extra certain that H-P's probe was legal, before action was taken against Mr. Keyworth, who was accused of leaking information to the press. In a one-page email written to Messrs. Gentilucci and DeLia, Mr. Hunsaker said he was writing at Ms. Baskins's request to confirm the details of how the investigation team obtained people's personal phone records. He said Ms. Baskins wanted to "confirm the legality" of the operation, before providing the information to Larry Sonsini, H-P's outside lawyer, and to H-P director Robert Ryan, who were planning to interview Mr. Keyworth.

Mr. Hunsaker's email described how personal phone records had been gathered through outside parties, noting that he was the only H-P employee who saw the fully compiled records. His email said H-P provided the names and phone numbers of the people it was targeting to Mr. DeLia, and he passed on the information to a "third party" and "they make the pretext calls." He said his own legal research, as well as that of an outside attorney, confirmed that pretexting was legal.

His email appears to be the first H-P document to emerge that uses the word pretexting. People close to Ms. Dunn and Mr. Hurd have said those executives heard the term for the first time only after the leak probe blew up this summer.

Separately, the House Energy and Commerce Committee asked Mr. Gentilucci and Joe Depante, owner of Action Research Group of Melbourne, Fla., another firm involved in the H-P probe, to testify at a Sept. 28 hearing on the scandal. Mr. Sonsini, who has retained Washington attorney Michael Madigan to represent him in the House investigation, informed the committee yesterday that he would testify. Ms. Dunn and Ms. Baskins have agreed to testify, and Mr. DeLia has told the committee that, were he to appear, he would invoke his constitutional right against self-incrimination.

Extensive Spying Found At HP (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, September 20, 2006

The Hewlett-Packard Co. spying effort that has sparked criminal investigations was wide-ranging and included physical surveillance, photographs and spyware sent via e-mail, and it also targeted wives and other relatives of HP board members and reporters, according to a consultant's report prepared for the company.

The Feb. 10 report, obtained by The Washington Post, summarized in eight pages how investigators, to identify an internal leak of confidential HP information, surreptitiously followed HP board member George A. Keyworth II while he was giving a lecture at the University of Colorado. They watched his home in Piedmont, Calif. They used photographs of a reporter to see if the reporter met with him. And they tried to recover a laptop computer stolen from him in Italy so they could analyze its contents.

The report, prepared by a consulting firm in Needham, Mass., hired to investigate leaks to the media, was sent to four HP executives, including HP's ethics director. That suggests that senior HP employees were aware of the spying tactics used as early as February. The report was sent to Kevin Hunsaker, senior counsel and HP ethics director; Frederick P. Adler, an HP information security employee; Vince Nye, a senior investigator; and Anthony Gentilucci, an HP global investigations manager in Boston.

The report, prepared by Security Outsourcing Solutions Inc., detailed extensive efforts it supervised to obtain calling records for home, office and cellphones and fax lines of various HP board members and reporters covering the company.

The report described how investigators sent an e-mail to a reporter for the online technology publication Cnet.com that contained spyware software in an attached file. If opened, the attachment was designed to install itself on her computer and track every keystroke.

The extent to which the Silicon Valley computer company would go to identify the person who spoke anonymously to a reporter about confidential company operations has scandalized corporate America, launched federal and state investigations, and outraged members of Congress, who have called a Sept. 28 hearing on the matter.

Larry Neal, a spokesman for the House Energy and Commerce investigative subcommittee, said yesterday that outgoing HP chairman Patricia C. Dunn, general counsel Ann Baskins and outside counsel Larry Sonsini are expected to testify. Ronald R. DeLia, owner of Security Outsourcing Solutions and the author of the confidential HP report, is also expected to appear but may choose to invoke his Fifth Amendment right against self-incrimination, said Neal, the deputy staff director for the full committee.

Two others asked to appear before the committee -- Gentilucci, the Boston HP global investigator, and Joseph DePante, owner of a private investigative firm in Florida, have not responded to the committee's request, Neal said.

The House committee has also requested that HP turn over documents related to the investigation and has received "several thousand pages" so far, Neal said.

Another document reviewed by The Post revealed that HP's ethics chief in January was plotting ways to obtain information on board members and was being warned off those tactics by a colleague. On Jan. 28, Hunsaker asked Adler whether there was any way to "lawfully get text message content." Hunsaker wrote about HP board member Thomas Perkins, "Apparently, Perkins almost never uses uses his cell phone, and instead does just about everything via text message."

In an e-mail reply, Adler told Hunsaker "[e]ven if we could legally obtain the records, which we can't unless we either pay the bill or get consent, I would highly suspect text messaging records are not kept due to volume and expense. The only other means is through real time interception, an avenue not open to us."

HP has conducted two internal leak investigations in the past two years, the first dubbed "Kona 1" and running from March 2005 through the summer of 2005. The second, "Kona 2," ran from January to May 2006, according to sources familiar with the investigation.

Kona 2 was prompted by a story by Cnet reporter Dawn Kawamoto about the firm's long-term strategy, and from the February consultant's report, it is clear that HP focused fairly early -- by mid-February -- on board members Keyworth and Perkins. Keyworth has since admitted to leaking information and resigned from the board.

According to DeLia's report, investigators obtained subscriber information on at least 240 of more than 300 phone numbers sought, and was in the process of analyzing them, including the records of phone calls from Keyworth's New Mexico house, to and from his fax and cellphone, as well as his new wife's home and cellphones. Similarly, the firm obtained records of Perkins's home phone calls from Jan. 4 to Jan. 26, including 12 U.S. calls, three to Britain and two other international calls.

According to the report, board members, reporters and their spouses, particularly at Cnet, were subject to broad background checks, including details of where they worked, attended school and lived. Investigators hired through DeLia's firm obtained call information on Kawamoto's home phone, cellphone and a cellphone believed to belong to Kawamoto's husband's. They conducted "[e]xtensive Media and Internet Content Research" on Cnet reporter Tom Krazit and his wife.

The call information was obtained by a technique sometimes called "pretexting," or impersonating someone else to obtain their phone records, HP said in a Securities and Exchange Commission filing.

The investigators also began an e-mail exchange with Kawamoto "under the pretext of . . . . develop[ing] a dialogue with the reporter." Then, he noted, on Feb. 9, an e-mail was sent to Kawamoto with an attached file with "tracking capability," or software that logs keystrokes in real time.

Investigators experienced in corporate work said the technique, called "keylogging," was out of bounds in this case. "I've been doing this a long time and I've never heard or seen of investigators doing those nefarious types of tactics," said Robert Seiden, president of Fortress Global Investigations Corp. in New York. "To get access to a reporter's computer raises a whole slew of privacy and legal issues."

Kawamoto did not reply to phone messages and a Cnet spokeswoman declined to comment. Krazit also declined to comment.

HP's Dunn To Testify On Capitol Hill (FT)

By Kevin Allison And Stephanie Kirchgaessner

Financial Times, September 20, 2006

Hewlett-Packard's chairman and general counsel have agreed to testify on Capitol Hill about their roles in a boardroom spying scandal that has sparked a crisis at the top of the world's second-biggest computer group.

Patricia Dunn, chairman, and Ann Baskins, general counsel, will appear before the House Committee on Energy and Commerce on September 28 and are expected to testify, according to a committee spokesperson. Larry Sonsini, a veteran Silicon Valley lawyer and HP's outside counsel, has also agreed to testify.

Lawmakers on the committee are expected to vote on Wednesday on a measure that would give committee chairman Joe Barton and John Dingell, the highest ranking Democrat on the committee, the power to fast-track subpoenas for information from HP.

A committee aide said the vote would give congressional investigators greater flexibility in eliciting information from the company if HP moved to hold back documents or if executives changed their minds about testifying over the weekend. Without the measure, Mr Barton and Mr Dingell would have to hold a vote of the whole committee before issuing a subpoena. So far, the company and executives have voluntarily submitted information, including thousands of pages of documents.

Ronald DeLia, a private investigator who has been tied to the case, is also expected to appear before the committee with Ms Dunn and Ms Baskins but "may" invoke his fifth amendment right and refuse to testify, a committee spokesperson said.

The committee widened its investigation into the scandal on Tuesday by calling on two more witnesses to testify: Anthony Gentilucci, HP's head of global security, and Joe Depante, who owns a private investigation firm that worked on the internal HP investigation.

HP admitted earlier this month that investigators hired by its board had posed as board members, journalists and employees in order to get hold of personal telephone records that could point to the source of a boardroom leak.

News that HP's investigators used false pretences to obtain the records, a practice known as "pretexting," has sparked criminal investigations by the California attorney general and the FBI in addition to US lawmakers.

The controversy last week claimed the job of Ms Dunn, who announced she would step down as HP chairman in January in an effort to defuse the crisis. Mark Hurd, chief executive, will assume the role of chairman, while Ms Dunn will remain as a director.

HP admitted at the weekend that its spies had inappropriately obtained telephone records of Michael Moeller, a press spokesman, in addition to those of board members and journalists.

Dunn, HP Counsels To Testify Before House Panel (SFC)

San Francisco Chronicle, September 20, 2006

Hearing may make it clear what they knew in advance

(09-19) 18:02 PDT -- Hewlett Packard Co. Chairwoman Patricia Dunn has agreed to answer questions from a congressional panel investigating the company's controversial probe of internal leaks to the media, the Palo Alto giant said Tuesday.

Also planning to testify Sept. 28 before the House Energy and Commerce Committee will be HP's in-house counsel Ann Baskins and outside counsel Larry Sonsini, chairman of Wilson Sonsini Goodrich & Rosati, a prominent Silicon Valley law firm.

Their decision suggests that, while the HP probe turned into an embarrassing scandal, Dunn, Baskins and Sonsini are confident they did not do anything wrong and have nothing to hide from lawmakers who are expected to ask them tough questions, analysts say.

But the hearings in Washington, D.C., will likely shed more light on HP's use of false identities and other questionable tactics to obtain personal information on directors, employees and journalists.

The three could have refused the invitation, although legal experts say that could have prompted the panel to issue subpoenas in order to compel them to testify.

"Larry intends to testify and looks forward to the opportunity," a spokeswoman for Sonsini said.

An HP spokesman declined to elaborate on the reason for Dunn and Baskins' decision to go to Washington.

"I think it is prudent and it probably suggests that they feel confident that they had no direct knowledge of anything illegal that may or may not have taken place," said Stephen Diamond, a law professor at Santa Clara University. "That suggests they are pretty confident in being able to explain what happened."

Robert Weisberg, a law professor at Stanford University, agreed, but he also speculated that their decision to testify came after negotiations with the committee on the areas the panel will cover.

"Possibility No. 2 is there have been private discussions and there is an agreement that there might a limitation on the scope of the questioning so that the potential danger can be avoided, and these individuals will not have to publicly take the fifth," he said.

An HP spokesman declined to comment on whether there is such an agreement.

Weisberg portrayed Dunn, Baskins and Sonsini as "sophisticated and well-counseled people who are going to be very wary of being in a situation where they can say anything that might come back to bite them."

The panel had also invited Ronald DeLia, managing director of Security Outsourcing Solutions, the Massachusetts private investigation firm that reportedly took part in the HP investigation.

On Tuesday, the committee said it has also sent invitations to Anthony Gentilucci, HP's global security manager; and Joe Depante, a private investigator and owner of Action Research Group in Florida.

Action Research Group has been identified as one of the outside agencies HP hired to conduct its internal probe.

The spying scandal began in early 2005, when then-CEO Carly Fiorina and other directors began looking into leaks of board deliberations to journalists.

After Fiorina was fired, her successor as chairwoman, Dunn, pursued the investigation, which eventually pointed to Director George Keyworth, who eventually resigned in protest of the probe.

Dunn has said she was not aware that potentially illegal methods were used in the investigation. HP has admitted using pretexting, as the practice is called, in obtaining information on directors, employees and journalists.

She has agreed to step down as chairwoman in January and will be replaced by CEO Mark Hurd, who will serve in a dual role.

HP faces other inquiries, including probes by the Justice Department, the Securities and Exchange Commission and California Attorney General Bill Lockyer.

Chronicle Staff Writer Jessica Guynn contributed to this report.

HP Execs To Testify Before House Panel (AP)

By Marcy Gordon, AP Business Writer

AP, September 20, 2006

WASHINGTON (AP) -- As new revelations about Hewlett-Packard Co.'s director spying scandal cascade, Chairwoman Patricia Dunn and the company's general counsel have agreed to testify next week before a House panel investigating the affair.

With federal and California prosecutors conducting criminal investigations of HP's use of deceptive tactics to find a boardroom leaker, some experts say the executives' testimony to Congress could be fraught with legal peril.

On the other hand, the risks of invoking their Fifth Amendment privilege against self-incrimination - as a parade of corporate executives have done on Capitol Hill in recent years - could be even greater, according to others.

Dunn, who authorized the leak investigation and has agreed to cede the chairmanship to the company's chief executive in January, and General Counsel Ann Baskins will testify at the hearing next Thursday by the House Energy and Commerce Committee, according to HP spokesman Ryan Donovan and committee spokesman Terry Lane.

In addition, Hewlett-Packard's outside lawyer, Larry Sonsini, who had defended the pretexting tactics as "not generally unlawful," has agreed to testify at next week's hearing, panel spokesman Lane said Tuesday. Ronald DeLia, the private investigator who runs Security Outsourcing Solutions, a firm hired by HP, is expected to appear but may invoke his Fifth Amendment right and refuse to answer questions, Lane said.

In appearing before the panel, the two executives of Silicon Valley's largest and oldest technology company will be stepping into the highly charged and well-choreographed theater that is a congressional hearing. Enduring hours of questioning, business executives often sit at witness tables as they are vilified by lawmakers before television cameras.

Many such hearings, quickly convened amid unfolding scandals, "are about scoring political points, about making news," said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington.

They afford lawmakers an occasion to take strong stands on issues that resonate with the public, Levy noted. In this case, the issue is privacy. The Hewlett-Packard affair concerns the use by the company's investigators of a practice known as "pretexting" to obtain the private phone records of several directors and at least 12 other people, including journalists. To execute the ruse, the investigators impersonated the targeted individuals, using parts of their Social Security numbers to dupe telephone companies into turning over their calling records.

"It's certainly very dicey" for Dunn and Baskins to answer lawmakers' questions amid ongoing criminal investigations, said Michael Himmel, also an ex-Justice Department prosecutor now in private practice, at Lowenstein Sandler in New York.

In his extensive work defending officers and directors of public companies, Himmel says, he has never counseled them to testify at congressional hearings.

"You're talking high-stakes poker because the downside is losing one's liberty," he said.

For Levy, the question to weigh in deciding whether an executive should testify is balancing the risks of the "unknown" - what could surface in the authorities' investigations - against the risks of taking the Fifth Amendment.

In Dunn's case, he said, the spectacle of the company's chairwoman pleading the constitutional privilege before Congress could pose substantial risks. "It may have a major impact on the share price" and could make it difficult for her to remain in the position now, he said.

Jill Fisch, a professor of securities law at Fordham University who was a trial attorney in the Justice Department, cited "the bad PR signal that it would send for them to take the Fifth."

"It really could send a bad message to all of the people who deal with Hewlett-Packard," she said. At the same time, it is possible that Dunn and Baskins "don't believe they have criminal exposure," Fisch said.

The Palo Alto, Calif.-based company already has apologized for the intrusion into private phone records, although Dunn has insisted she had no idea that investigators were going to such extremes. The investigation relied on at least two outside firms, Security Outsourcing Solutions Inc. of Needham, Mass., and Action Research Group of Melbourne, Fla.

On Monday, the company delivered to the committee documents it had requested.

The Energy and Commerce panel's oversight subcommittee said Tuesday that it also had sent invitations to testify at the hearing to Anthony Gentilucci, HP's global security manager, and Joe Depante, owner of Action Research.

AP Business Writer Michael Liedtke in San Francisco contributed to this report.

Hewlett-Packard's Dunn, Baskins To Testify In Probe (Update1) (BLOOM)

By Christopher Stern And Connie Guglielmo

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Hewlett-Packard Co. Chairwoman Patricia Dunn and General Counsel Ann Baskins agreed to testify before a U.S. House panel about how the company obtained phone records of board members, according to a committee aide.

Outside investigator Ronald DeLia, who was also asked to appear, told the House committee he is likely to cite his Fifth Amendment right not to incriminate himself during the Sept. 28 hearing, said the aide, who asked not to be identified.

The Energy and Commerce Committee made a second round of requests today for testimony at a hearing on Hewlett-Packard's probe. The company's global security manager, Anthony Gentilucci, and private investigator Joe Depante, owner of Action Research Group in Melbourne, Florida, were asked to testify, the panel said in a statement. Hewlett-Packard's outside lawyer, Larry Sonsini, was also called.

The committee asked for information about Hewlett-Packard's probe on Sept. 11, after the Palo Alto, California-based company acknowledged investigators used fake identities to collect the private phone records of two employees, some directors and nine journalists to uncover the source of news leaks. The House is investigating the practice, called ``pretexting."

``If somebody is leaking information, I think there are legal ways to find that out and stop it," Committee Chairman Joe Barton, a Texas Republican, said in an interview with CNBC today. ``In this case, I think that this particular company or at least the people they hired went way beyond that."

`Pretty Murky'

Barton said in the interview Dunn will probably want to tell her side of the story at the hearing, which is called ``Hewlett-Packard's Pretexting Scandal." He said he expects Dunn to make a case as to why she used outside investigators to probe the leaks.

Current law is ``pretty murky" about whether pretexting is illegal or not, said Barton. California Attorney General Bill Lockyer, the U.S. Justice Department and Federal Bureau of Investigation are also reviewing Hewlett-Packard's tactics to determine if a crime was committed.

``I think that what they did, if it's not illegal, it should be illegal," Barton said. ``Everyone in this country is entitled to their privacy."

Separately today, Hewlett-Packard said a public relations worker was one of the employees investigated and cleared in its investigation. Suspicions about Brigida Bergkamp, who works on Hewlett-Packard's in-house public relations, were ``baseless," and she received personal apologies from Dunn and Chief Executive Officer Mark Hurd, spokesman Ryan Donovan said.

Michael Moeller, who also works in public relations at the world's second-largest maker of personal computers, received apologies from Dunn and Hurd as well after his phone records were obtained.

Shares of Hewlett-Packard, which ranks behind PC market leader Dell Inc., fell 15 cents to $36.25 at 2:19 p.m. in New York Stock Exchange composite trading. They had gained 27 percent this year before today.

To contact the reporters on this story: Christopher Stern in Washington at cstern3@bloomberg.net ; Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

Congress Wants Researcher's Take (FLTODAY)

By Scott Blake, And Donna Balancia

Florida Today, September 20, 2006

Local man linked to HP scandal

A congressional subcommittee has asked a local private investigator to testify as part of the panel's probe of the corporate-spying scandal at computer giant Hewlett-Packard Co.

The House of Representatives' Subcommittee on Oversight and Investigation sent a letter to Joseph DePante, owner of Brevard County-based Action Research Group, asking him to testify and answer questions on the "Hewlett-Packard Pretexting Scandal" during a Sept. 28 hearing in Washington. The subcommittee described pretexting as "the use of lies and deception to gain access to information that is not publicly available and without the victim's consent."

Terry Lane, a spokesman for the House Committee on Energy and Commerce, which oversees the subcommittee probing the case, did not specify what DePante's connection was to the Hewlett-Packard case, but said investigators want to know what DePante might know.

"Our investigators have been looking into this for a few days, and to send him a letter, it's an indication that he has some knowledge of what Hewlett-Packard did," Lane said. "We went through the effort to send him a letter, so, obviously, we feel he has information that will be helpful to the investigation."

Lane said the letter sent to

DePante "is not a subpoena. It's an option to appear. You can decline or you can appear."

U.S. Rep. Ed Whitfield, the subcommittee's chairman, wrote a letter to DePante dated Sept. 18, asking DePante to appear before the subcommittee.

"Given the circumstances surrounding this particular case of pretexting involving the highest levels of corporate governance within Hewlett-Packard Company . . . I ask that you carefully consider this hearing an opportunity to be fully open and transparent with the testimony that you provide," Whitfield wrote.

Lane said the subcommittee expects DePante to respond to its request to testify by 5 p.m. today, but had not heard from DePante as of late Tuesday afternoon.

Lane said it is possible that DePante could be subpoenaed if he does not testify voluntarily.

DePante did not return telephone calls Tuesday from FLORIDA TODAY seeking comment.

Federal and California authorities are probing a secret investigation of news leaks at Hewlett-Packard -- one of the world's largest makers of computers and printers in California's Silicon Valley.

The case allegedly involves surveillance of board members and journalists, and possibly illegal techniques in gathering their private telephone records.

Action Research Group's Web site describes DePante, 59, as a licensed investigator and "skip tracer" -- typically someone who finds people who neglect their debts or obligations. It also describes him as "knowledgeable in all areas of investigations."

The Web site lists Matthew DePante as the company's manager, and describes him as being "knowledgeable in all areas of telephone research, as well as general skip-tracing investigation techniques."

The Web site lists Action Research Group's address as 2263 W. New Haven Ave., West Melbourne, which is a postal-services company where the DePante's firm maintains a mailbox.

Action Research Group also has another local address -- 1704 Airport Blvd., Melbourne.

The company has estimated annual sales of $160,000 and five employees, according to a Dun & Bradstreet business information report.

A woman answering the telephone Tuesday at Action Research Group would not say where the company is located.

A man answering another phone number for DePante would not identify himself.

When asked about the Hewlett-Packard case, he said, "I don't know anything about that."

Then, he hung up.

Also being asked to testify before the congressional subcommittee are Hewlett-Packard Chairwoman Patricia Dunn; Anthony Gentilucci, global security manager for Hewlett-Packard; Ann Baskins, the company's general counsel; Larry Sonsini, outside lawyer for Hewlett Packard; and Ronald DeLia, managing director of Security Outsourcing Solutions, a Needham, Mass.-based company.

The case also is being investigated by the U.S. Department of Justice and California Attorney General Bill Lockyer's office.

Luke Macauley, a spokesman for the Justice Department, said the department's Northern California district office is investigating the case, but he declined to comment on the investigation.

Tom Dresslar, a spokesman for Lockyer, said his office is looking into whether "people at Hewlett-Packard and its contractors violated California law in the use of pretexting."

"There is no (state) law that specifically makes it illegal, but we believe there are laws that apply," Dresslar said. "There are laws against unauthorized access to computerized data, using false pretenses to gain unauthorized access to utility records."

"Pretexting and those activities operating outside the limits of what's reasonable and acceptable behavior are against the law," said Bill Blevins, operations manager for Medical Data Systems Inc. of Melbourne, a company that recovers debt from patients who owe medical bills.

"Pretexting is using trickery to obtain information that you would not be able to garner otherwise. It's out-and-out lying," he said.

Omaha-Area Man Investigated In H.P. Phone Ruse (NYT)

By Matt Richtel

The New York Times, September 20, 2006

Investigators are exploring the role of a man in the Omaha area who may have obtained private phone records in the Hewlett-Packard spying case, according to people briefed on the company's review of the operation.

The man, Brian Wagoner, has spent several years working for Action Research Group, a Florida detective agency that is among the investigative firms linked to the Hewlett-Packard operation, according to a relative of Mr. Wagoner's.

California and federal prosecutors are exploring whether laws were broken by investigators hired by Hewlett-Packard in an effort to identify company directors who had leaked information to journalists.

Hewlett-Packard's efforts entailed the use of pretexting — a technique whereby an investigator masquerades as someone else to obtain that person's calling records from the phone company.

The identification of Mr. Wagoner as a possible participant provides a potentially critical link in a chain that has stretched from Hewlett-Packard's sprawling Silicon Valley headquarters to detective agencies in Boston and Florida hired to ferret out the leaker.

Prosecutors hope that people who may have been hired directly or indirectly by Hewlett-Packard can shed light not just on the scope of the investigation but also on whether people within the company — even as high as its board room — knew that illicit activities were taking place.

Mr. Wagoner could not be immediately located on Tuesday for comment.

His name surfaced in connection to Action Research in April this year when Congressional investigators studying pretexting interviewed James Rapp, a Denver man convicted in 2000 of illegally obtaining phone records. Rob Douglas, an information security expert who was a consultant in the Congressional investigation, said Mr. Rapp had disclosed that he himself had worked for years with Action Research Group, the Florida detective agency.

Mr. Rapp told investigators that after his own conviction, which led to the shutdown of his business, some of his employees went to work for Action. Among them was Mr. Wagoner, whom Mr. Rapp identified as his nephew during the interview with Congressional investigators, Mr. Douglas said.

Prosecutors have focused on the Omaha region in part because of a computer trail left by one of the pretexters in the Hewlett-Packard case. That trail indicated the use of a computer connection with an Internet address in the Omaha area. Mr. Rapp said in an interview on Tuesday that Brian Wagoner resided in or around Omaha and had worked for Action Research. "I know for a fact there's been correspondence between he and Action for many, many years," Mr. Rapp said.

Mr. Rapp said that Action had employees and contractors scattered around the country. Its "people could be in Omaha, Colorado, or some in Montana or other places," Mr. Rapp said. The employees' great ability, he said, was being able to extract phone and otherwise confidential personal records from companies.

Mr. Rapp said he had no knowledge of whether Mr. Wagoner had any involvement in the Hewlett-Packard case. He described Mr. Wagoner as his cousin, though Mr. Douglas said he believed that Mr. Wagoner is Mr. Rapp's nephew.

"He's a great guy," Mr. Rapp said of Mr. Wagoner.

But Mr. Douglas said it was unlikely that Mr. Wagoner, if he was involved, would be able to provide prosecutors much information as to the role of anyone at Hewlett-Packard.

"I'll bet he didn't know who he was doing it for or why," Mr. Douglas said, of Mr. Wagoner. Action Research or whoever hired him "wouldn't entrust him with that information."

Already, there has been considerable fallout from Hewlett-Packard's internal investigation, which took place in 2005 and earlier this year. Patricia C. Dunn, the company's chairwoman, said last week that she would resign her post, effective in January, but remain on the board. George A. Keyworth II, a director identified by Hewlett-Packard as the source of leaks to journalists, refused initial requests to resign, but did so last week.

In June, another director, Thomas J. Perkins, resigned in anger over the internal investigation.

As for Mr. Rapp, he said he had been in the business of finding records for nearly 20 years, stretching back to 1980. He said that starting in the 1990's, he began doing a great deal of work for Action Research, which in turn had gotten requests from private detectives and law firms across the country seeking phone records and other personal data.

Mr. Rapp said he got around 100 requests a week from Action and its operator, Joseph DePante. He said Mr. DePante would pay $10 to $25 for a records search, a figure Mr. Rapp described as low by industry standards but attributable to Mr. DePante's effective negotiating skills.

After Mr. Rapp was convicted, he said, he tried to sell his business to Mr. DePante. But Mr. Rapp said his plea bargain precluded him from profiting from the business, including from selling it.

Reached by telephone on Tuesday, Mr. DePante said he had been advised by his lawyer not to talk to the media. He said recent press accounts had included many falsehoods.

Mr. DePante is among those who is being called to testify next week before a House subcommittee looking into the use of pretexting in the Hewlett-Packard affair. The committee is currently studying about 5,000 pages of documents delivered by the company.

Attorneys In HP Scandal Lawyer Up (LAW)

By Justin Scheck, The Recorder

California Recorder, September 20, 2006

The combined weight of investigations by state prosecutors, federal regulators and the Department of Justice has forced lawyers in Hewlett-Packard's boardroom mess to get their own attorneys.

Ann Baskins, the HP general counsel, has hired Berkeley, Calif., white-collar specialist Cristina Arguedas. Kevin Hunsaker, the HP senior counsel and ethics director -- who the New York Times has reported was in charge of the boardroom leak investigation -- has hired San Diego solo Michael Pancer, who also specializes in white-collar criminal cases.

In addition to the in-house lawyers, the Wall Street Journal's online edition reported Tuesday that top Silicon Valley lawyer Larry Sonsini, who advises HP's board, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, to represent him in connection with an upcoming congressional subcommittee hearing on the matter.

Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of clients caught up in high-profile investigations -- most recently Nancy Heinen, the former general counsel of Apple Computer, a company now under scrutiny for its stock options practices.

Arguedas said Baskins hired her in response to the many investigations -- not because she's done anything wrong.

"Anyone who's in a tempestuous situation is smart to hire a lawyer to go through it with them," Arguedas said.

Baskins' name has been in the middle of the HP board donnybrook, which has several government agencies trying to figure out whether the company illegally spied on its board members and journalists to ferret out press leaks.

"I'm not aware of her doing anything wrong at all," Arguedas said. "She is a person of great integrity, and she is general counsel of one of the top U.S. companies. This is a woman at the top of her profession."

Pancer said the same about his client. "Mr. Hunsaker has done absolutely nothing wrong," Pancer said.

Arguedas added that Baskins intends to testify later this month before a congressional subcommittee investigating the issue.

So does Sonsini. "Larry intends to testify at the upcoming hearings and appreciates the opportunity," Courtney Dorman, a spokeswoman for Sonsini's firm, Wilson Sonsini Goodrich & Rosati, wrote in a Tuesday e-mail. "We are working with Akin Gump under the leadership of former Congressman Bill Paxon to help us understand the congressional process."

News stories over the last few weeks have painted an unclear portrait of the roles lawyers played in HP's probe of its own board members.

Problems at the company initially came to light when HP board member Thomas Perkins, who resigned in protest of the company's leak investigation methods, became outraged that the company did not initially disclose to the Securities and Exchange Commission the reasons for his departure.

In an e-mail exchange with Perkins earlier this year, Sonsini said "I was not involved in the design or conduct of the investigation," and that it was run by the HP legal department. Sonsini has continued to advise the board since the company's probe was disclosed.

But over the last week, the Times reported that HP Chairwoman Patricia Dunn turned the investigation over to Baskins in its early stages, and that Hunsaker was in charge of supervising it. And the Journal reported Tuesday that investigators used legally suspect means to access Sonsini's phone records, in addition to those of board members, HP employees and journalists.

News reports have also pointed to a Boston investigative firm as the one responsible for hiring people to "pretext" -- or lie --- in calls to phone company officials to gain access to the phone records of board members. The Times reported Monday that Boston investigative firm Security Outsourcing Solutions provided HP with an opinion from a Boston lawyer that the pretexting was legal.

The legality of such tactics is up for consideration by the San Francisco U.S. Attorney's Office and the California attorney general. They're both investigating the issue, and Attorney General Bill Lockyer has said he has enough evidence to indict people inside and outside HP.

John Hemann, a partner at Morgan, Lewis & Bockius representing HP, couldn't be reached by press time. But Arguedas and Pancer both said their clients should have nothing to worry about.

"I'm looking forward to all the facts being put out in the open," said Pancer, who last year gained headlines representing San Diego City Councilman Ralph Inzunza, who was convicted in a corruption case involving strip-club regulations. Pancer has also gained renown as a poker champion, competing in the World Series of Poker.

Pancer also said that HP isn't the only victim of leaks. Over the last week, he said, information making its way into newspapers has portrayed his client unfairly.

"There has been selective leaking of information, much of it false, which has created a false impression. And we hope to correct that," he said.

Susan Beck, a senior writer at The American Lawyer, contributed to this story.

Outsourcing Ethics (NYT)

The New York Times, September 20, 2006

The battle at Hewlett-Packard, where an effort to unmask the source of leaks to the news media led to a sleazy investigation of the company's own board of directors involving their private records, offers up two useful lessons.

It should remind those of us watching from the sidelines just how porous our privacy is in an era of databases and hackers and sophisticated snoops, and how much we need greater legal safeguards and protections to keep pace with the technological advances. Institutions should take a very different lesson away: That their reputations are only as good as the people they hire.

The intrigue surrounding Hewlett-Packard, the computer and printer maker, sounds like the stuff of a John Grisham novel — complete with reports of physical surveillance, computer hacking and illegally obtained phone records, aimed at the company's own directors and employees, as well as journalists covering the company. Two board members have resigned, and Patricia Dunn will step aside as chairwoman in January as the reverberations continue. Meanwhile, California's attorney general, the Federal Bureau of Investigation, and the Securities and Exchange Commission have all opened investigations of their own.

The company's legal problems appear to hinge chiefly on the investigative technique known as pretexting, which essentially boils down to impersonating someone to obtain their private records. But Ms. Dunn and her associates also seem to have the perfect excuse: It was not Hewlett-Packard employees, but private detectives down a chain of subcontractors, who did the actual dirty work and used what Ms. Dunn, in a statement, called "certain inappropriate techniques."

While that may insulate the company from legal liability — and that is far from clear at this point — it effectively lowers the standards of a company like Hewlett-Packard to the level of whichever private eyes end up getting paid to dig for dirt, letting them take the institution's reputation for a joyride.

Ours is an era short on common sense and long on contortions to either fit the letter of the law or to reach the dodgy state of plausible deniability. While Hewlett-Packard has a right to crack down on boardroom leaks, it has a responsibility to do so legally. As head of the board, it was Ms. Dunn's responsibility to ensure that the company's standards were met in any investigation, no matter who was tasked with the job. We hope that Hewlett-Packard's mistakes provide an instructive example to the ethically impaired.

A 'Nonprosecution Agreement' By Any Other Name... (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, September 20, 2006

As if the nuances of corporate governance aren't tough enough to fathom, now the government is playing word games. On Aug. 28, Prudential Financial, Inc., signed what it thought was a nonprosecution agreement with Michael Sullivan, the U.S. Attorney in Boston. But once the deal was done, Deputy Attorney General Paul McNulty called a press conference in Washington, D.C., to trumpet the "deferred prosecution agreement."

McNulty's comment has led some corporate advocates to question the government's credibility. The question of what to call the Prudential pact isn't just a matter of semantics -- a deferred prosecution deal carries more of a stigma than a nonprosecution agreement.

Everyone involved in the Prudential case at least agrees that the settlement ends the government's three-year criminal probe of one of the company's subsidiaries. Boston-based Prudential Equity Group admitted that some of its brokers illegally timed mutual fund trades to benefit big hedge fund clients. But there's a split on whether to call the deal a deferred or a nonprosecution agreement.

In an NPA, no charge is filed in court, but the government can still file and prosecute a charge later if the company violates the terms of the deal. In a DPA, the government files the criminal charge in court but doesn't prosecute the claim. If the company abides by the terms of the DPA, the government dismisses the charge when the agreement expires. If not, the government can prosecute the already-filed charge.

Lawrence Finder, a former U.S. Attorney in Houston who has studied DPAs and NPAs over the past 15 years, explains that with a deferred prosecution agreement, "The anvil hangs a little closer to the head."

A spokesman for the Justice Department in Washington stands by McNulty's characterization of the Prudential deal as a DPA. "This is a deferred prosecution agreement [because] it provides for the filing of charges in the event of a breach," the spokesman says. Prudential spokesman Bob DeFillippo disagrees, saying, "I don't know why people call it what they call it, but it is a nonprosecution agreement."

DeFillippo was in error on at least one point, though. He thought that the document is officially titled an NPA. It isn't. In fact -- unlike the vast majority of the 45 pretrial agreements on record since 1992 -- the signed document is simply entitled "Agreement," and uses that word throughout its text. The U.S. Attorney asked for the word change, and Prudential's lawyers agreed. Now the U.S. Attorney's Office in Boston refuses to discuss the name game, but says that the document should simply be called "the agreement."

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Finder, now a partner at Haynes and Boone, says that the Prudential deal is technically a nonprosecution agreement because no charges were filed against the company. (Sullivan's office confirms the lack of charges.) But Finder also notes that the Prudential pact has several features of a deferred prosecution agreement: It carries harsher penalties ($600 million in fines), runs for a longer term (five years) and imposes tougher requirements (the company's GC will have to implement several sweeping compliance measures).

According to Finder, the Prudential deal has morphed the two types of agreements into one. "This is a nonprosecution agreement in name only," he concludes. "It's the functional equivalent of a deferred prosecution agreement."

The government's wordplay ticks off Susan Hackett, senior vice president and general counsel of the Association of Corporate Counsel. "It's amazing to me that [the government] would actually request a change in the title of this agreement to something very unspecific and then claim that the document was something very specific," Hackett says.

But to Hackett, the issue goes deeper than just semantics. It's about credibility. "These guys are building quite a reputation for unfair dealing -- first Stolt-Nielsen and now this," Hackett says. (The Justice Department indicted Stolt-Nielsen S.A. in September even though the shipping giant had previously signed an NPA with the government.) After what's happened to both Prudential and Stolt-Nielsen, Hackett asks, "Who in their right mind wouldn't think twice about trusting a prosecutor's word?"

Monster, Broadcom Are Hit By Fallout In Options Scandal (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, September 20, 2006

Monster Worldwide Inc. suspended its general counsel and Broadcom Corp.'s finance chief retired ahead of schedule, as the fallout from the options-manipulation scandal continued to spread.

Both Monster and Broadcom have disclosed problems with their stock-options accounting. Earlier this month, Broadcom, a chip maker based in Irvine, Calif., doubled its estimate of the hit to its books, suggesting it will make a restatement to increase its past expenses by more than $1.5 billion. That would be the largest restatement so far in the present crop of options cases.

Monster, for its part, has said it may restate a number of years' financial results. Yesterday, the New York company, which is the parent of job-search site Monster.com, said such a restatement was "very likely."

In a short statement, Monster said longtime general counsel Myron Olesnyckyj was suspended "effective immediately," though it didn't say precisely why. Broadcom said William J. Ruehle, who had served as chief financial officer since 1997, "decided to accelerate his retirement as a result of" its internal options review. Spokesman at both companies declined to elaborate; Mr. Olesnyckyj declined to comment, and Mr. Ruehle couldn't be reached.

At many companies, general counsels are responsible for supervising aspects of the options-granting process, while finance chiefs typically supervise how grants are accounted for.

Federal prosecutors have charged the former general counsel and the former finance chief of New York's Comverse Technology Inc., with fraud in a criminal case over the backdating of options grants. At other companies caught up in the scandal, at least two top lawyers and two chief financial officers also have lost their jobs.

More than 100 companies, Monster and Broadcom among them, are facing probes from federal investigators; the focus is whether grants were backdated to increase their value to recipients. Options give their recipients the right to purchase shares at a fixed exercise price, usually the market price on the date of the grant, and backdating often involves pretending that a grant was made earlier than it really was, when prices were lower.

Some of Monster's past grants to top executives bear highly suspicious dates. Between 1997 and 2001, for instance, Monster made seven grants to James J. Treacy, who eventually became the company's No. 2 executive. Four of the grants carried dates corresponding to the stock's lowest closing price of a quarter or year.

A Wall Street Journal analysis, published in June, estimated the likelihood that Mr. Treacy's grant pattern was because of random selection of dates was about one in nine million. That raises the suspicion that grants were backdated or otherwise manipulated to carry the favorable dates. Mr. Treacy has said he wasn't involved in the granting process, which he said was controlled by the company's compensation committee and its chief executive, Andrew McKelvey.

In June, Mr. McKelvey, who was Monster's founder and who never received options, said at the time he knew of no "backdating or improprieties." He said his practice was to draw up a list of recipients and send it to the compensation committee for approval. After that, "I don't know what the mechanics were," he said in June.

Monster subsequently announced that it had begun a review of its grants, and the company has said that the grants at issue stretch from 1996 to 2002. Mr. Olesnyckyj was among the other executives who received at least some favorably dated options.

In July, Broadcom had said its options problems stemmed largely from a grant dated in May 2000 that had gone to many employees. Earlier this month, it said it found more trouble, with grants between 1998 and 2003. Mr. Ruehle was among executives receiving grants carrying the date of the lowest closing price of the month in November 1998 and August 2002.

Broadcom Finance Chief Ruehle Quits Amid Option Probe (Update2) (BLOOM)

By Peter J. Brennan

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Broadcom Corp., which is restating results to reflect $1.5 billion in costs related to options irregularities, said Chief Financial Officer William J. Ruehle quit, effective immediately.

The semiconductor maker named Controller Bruce E. Kiddoo acting finance chief. Ruehle, 64, decided to accelerate his retirement because of the options review, Irvine, California- based Broadcom said today in a statement.

The departure follows Broadcom's announcement on Sept. 8 that costs related to the irregularities doubled, the most for any company in the widening scandal over stock options. At least 130 companies are conducting internal reviews of their stock- option grants or face federal investigations into whether they manipulated grant dates to enrich executives.

``It's probably the board saying somebody's got to take the blame for this," said Cody Acree, a Dallas-based analyst for Stifel Nicolaus & Co. who rates the shares ``hold" and doesn't own them.

Shares of Broadcom rose 13 cents to $28.36 in extended trading after the announcement. They fell 46 cents to $28.23 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have fallen 10 percent this year.

A board committee is still reviewing the options and hasn't reached any conclusions, Broadcom said. The company, whose chips are used in a variety of consumer electronics products including networking equipment and wireless headsets, first said it would restate results on July 14, estimating option-related costs of $750 million at the time.

Personal Decision

Ruehle chose to resign, spokesman Bill Blanning said.

``This is Bill's decision," Blanning said in an e-mailed statement. ``He took the initiative. He believes this decision is in the best interest of Broadcom and its shareholders."

Stock options let recipients buy shares at a future date, usually at the price on the day they were granted. They are given to managers as an incentive. The U.S. Justice Department and Securities and Exchange Commission are investigating Broadcom and others to determine if they manipulated the dates of option grants to make them more lucrative.

Kiddoo, 45, has been with Broadcom since 1999 and has served in a variety of financial roles. In 2002, Kiddoo led the company's compliance with the Sarbanes-Oxley Act. He will be interim finance chief while the company seeks a successor.

`Serious Contender'

Chief Executive Officer Scott McGregor called Kiddoo a ``serious contender" for Ruehle's job.

Ruehle joined Broadcom in 1997, before the company's initial public offering, when it had sales of $37 million and about 200 employees. Last year, the company had $2.67 billion in sales and employs almost 5,000. Broadcom has made more than 30 acquisitions.

Broadcom was a high-flying stock early this decade, reaching $183.17 in August 2000, before the tech bubble burst.

In 2001 the company was forced to change how it accounted for warrants issued in connection with its many acquisitions. Lawsuits charged the company inflated its revenue. Broadcom settled shareholder suits last year for $150 million.

To contact the reporter on this story: Peter J. Brennan in Los Angeles at Pbrennan3@bloomberg.net ;

Broadcom's CFO Departs Amid Inquiry (LAT)

By James S. Granelli And Dawn C. Chmielewski, Times Staff Writers

The Los Angeles Times, September 20, 2006

The chief financial officer at Broadcom Corp. on Tuesday became the latest corporate casualty in the federal government's ongoing scrutiny of how stock options were granted at dozens of tech companies during the dot-com boom.

William J. Ruehle, hired in 1997 to take the chip maker public, "accelerated his retirement" in the wake of an internal investigation that has found unreported option-related expenses totaling $1.5 billion.

Those noncash expenses are the largest so far among any of the more than 100 companies under scrutiny by the Securities and Exchange Commission and cover options awarded to employees from 1998 to 2003.

Irvine-based Broadcom said the decision to leave was made by Ruehle, 64, but analysts saw the early departure as a defensive measure designed to give the company a clean slate when it announces final results of its internal review.

As companies complete their reviews, they want to say that no current executives or directors were involved in questionable transactions, said Michael D. Cohen, research director at Pacific American Securities in San Diego. "Part of the reason for the damage control is not only to give shareholders confidence but also to deflect further scrutiny from regulators."

Tech companies are under scrutiny for manipulating the timing of option awards to maximize the potential upside. For instance, companies could grant options on days when the stock is depressed by bad news. In some cases, companies engaged in so-called backdating, or changing the date of an option grant retroactively to match dips in the share price.

In many cases, experts believe, nothing illegal was done, but the Justice Department is examining more than 45 companies. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud.

Broadcom has said that directors and co-founders Henry T. Nicholas III and Henry Samueli received none of the stock options at issue. About 95% of the options were given to employees below the executive level.

Ruehle also received options, along with other top executives, but the company declined to say how many he was awarded.

Ruehle sold 45,000 shares in 1999 during a run-up in the company's stock, grossing as much as $7.3 million. The stock's price hit an all-time high of $182.41, on a split-adjusted basis, the following year. Last year, Ruehle received $405,000 in salary and bonus and $3.8 million from the sale of stock, according to an SEC document. As of February, he held 2.5 million Class A and Class B shares and options for 67,500 shares valued at $483,150.

Shares of Broadcom fell 46 cents Tuesday to $28.23. Ruehle's departure was announced after the markets closed.

Controller Bruce E. Kiddoo will serve as acting chief financial officer while Broadcom searches for Ruehle's successor.

Samueli, the company's chairman, said Ruehle was the "first choice" to help the company go public and praised the Harvard MBA as a "true leader."

One company executive, who did not want to be identified, said Ruehle had a reputation of being "strong and ethical."

Industry analyst Rob Enderle of Enderle Group in San Jose railed against the upheaval that the backdating scandal is causing. Rules in place before 2003, he said, were not always clear. At most companies, he said, "folks just misinterpreted the rules."

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Times staff writer Alana Semuels contributed to this report.

SEC Accountant Issues Guidelines On Stock Options (WSJ)

By David Reilly

The Wall Street Journal, September 20, 2006

The Securities and Exchange Commission's chief accountant issued guidance on how companies should account for employee stock options in light of regulators' probes into "backdating" of this type of compensation.

But chief accountant Conrad Hewitt made clear that in considering problems related to options accounting the commission would distinguish between honest mistakes, such as paperwork errors, and those that showed a company was trying to game accounting rules. Mr. Hewitt's tone echoed previous comments made by SEC Chairman Christopher Cox that indicated the commission would look closely at a company's intent when investigating possible backdating practices.

Stock options give employees the right to purchase stock at a preset price, known as the strike or exercise price, at a future date. Under accounting rules in place until the start of this year, companies didn't have to recognize any expense related to options grants if the exercise price was equal to the company's share price on the date the options were granted.

However, many companies retroactively picked a grant date to correspond with a low-point for their stock, in effect setting a lower bar for executives.

Under accounting rules in place at the time, such grants could have required companies to book an expense because the exercise price picked wasn't actually the same as the company's share price on the real grant date. Starting this year, companies have had to take an expense for all options grants.

Mr. Hewitt's letter laid out examples where questions have arisen over whether a company should have taken an expense for options under the old accounting rules. In cases where companies picked an exercise price over a 30-day period, for example, they generally should have recorded an expense for the options, the letter said. However, so-called springloading of options, where companies grant options ahead of good news, doesn't result in an accounting issue, the letter said.

The SEC guidance to companies follows an alert to auditors on backdating issues in July from the Public Company Accounting Oversight Board. More than 100 companies are under investigation in relation to backdating, according to recent congressional testimony from Mr. Cox. The agency has brought civil charges against executives from two companies in tandem with criminal charges by prosecutors.

Mr. Hewitt stressed that the guidance related only to accounting issues, not legal matters arising from backdating issues.

SEC Chairman Issues Defence Of Sarbox (FT)

By Jeremy Grant

Financial Times, September 20, 2006

Christopher Cox, chairman of the Securities and Exchange Commission, on Tuesday issued a robust defence of the Sarbanes-Oxley legislation saying it was “important to keep in mind” that many of its elements had been adopted by other regulators overseas.

“I would like to highlight a little noticed fact: While competitors in other countries are using Sarbanes-Oxley as a reason for foreign companies to list in their jurisdictions, many of those same countries are adopting provisions of the act as part of their own regulatory regime.”

His comments came at a hearing where US lawmakers will grill the heads of the two regulatory agencies responsible for overseeing implementation of the controversial Sarbanes-Oxley auditing and compliance law.

Sarbanes Oxley has stirred controversy in the US, with many in the business and financial community blaming its more onerous compliance requirements for forcing foreign company listings to go abroad to London and Hong Kong. Some politicians have warned that Sox is threatening the competitiveness of US capital markets.

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Mr Cox said, "As we consider the effect of Sarbanes-Oxley on US competitiveness, it is important to keep in mind how broadly many of its tenets have been taken up over seas."

As examples he cited the establishment of independent auditor watchdogs like Public Company Accounting Oversight Board [PCAOB], which oversees US auditors. He also pointed out the fact that the European Union had recently adopted a directive requiring all EU member states to create an auditor oversight body.

The House of Representatives Financial Services Committee held its sixth hearing into "Sox" since the law was passed in 2002 on Tuesday.

It came as concern over US regulatory "creep" – including Sox - have been stoked by US inspections of the UK offices of Ernst & Young.

Securities and Exchange Commission chairman Christopher Cox testified on the implementation of Sox, in particular on recent proposed changes to Section 404 made by his agency that are aimed at easing the burden of compliance for smaller companies.

Section 404 requires company CEOs to have a company's internal controls checked by auditors and has been criticized as expensive and onerous by many small- and medium-sized business.

Also testifying was Mark Olson, chairman of the Public Company Accounting Oversight Board, created in 2002 to oversee auditors.

The PCAOB has raised eyebrows in the UK by dispatching inspectors to the London offices of Ernst & Young. The inspections stem from a contentious requirement of the Sarbanes-Oxley act and a new example of its "extra-territorial" reach beyond the US.

Last week the UK government moved to address such concerns by proposing legislation that would give the Financial Services Authority power to veto any rulings made by UK exchanges under future US ownership that could emerge as a by-product of US congressional legislation.

Sox came under attack again on Tuesday from a US business lobby group.

Mallory Factor, chairman of the Free Enterprise Fund, a Washington-based non-profit organisation, said: "Sarbanes-Oxley has become a classic example of overreaction - a massive expansion of regulatory power in response to a series of extraordinary events. And yet after all the costs and burdens are added up, America's businesses are no better governed, are less transparently operated, and their shareholders are poorer."

The SEC and the PCAOB have been working together to make compliance with Section 404 more cost efficient for smaller public companies. The PCAOB is also working to revise Auditing Standard 2, which governs the audit of internal controls.

The SEC last month proposed allowing foreign and US companies a year's "transition" before having to comply with Section 404 once they have gone public.

For newly public companies, the SEC has also proposed that they not be required to provide a management report on internal controls or an outside auditor's report on such controls in the first annual report that it files with the SEC.

The SEC's aim is to offer a "phased-in" approach to Section 404 compliance for companies with a market capitalisation of under $75m. A public comment period on the issues closed on Monday.

In its comments, Ernst & Young broadly supported the approach. But it warned that there might be "some complications or unintended consequences".

"For example, a phased implementation approach might confuse some investors as to the level of assurance they are receiving on the effectiveness of internal control over financial reporting in the year where only management's assessment of internal control is required," the company said.

Last week John White, the SEC's director of the division of corporation finance, urged companies to involve their outside auditors in the first year of compliance, even though they were not obliged to do so.

Critics of Sox and the changes proposed by the SEC have also expressed frustration at the complexity of the law and such changes.

Mr White appeared to acknowledge the problem, saying: "Although I wouldn't want to be the historian charged with maintaining the archives of all these [SEC press] releases and extensions over the past three years, we can pick up from that record that the Commission has remained very attentive throughout Section 404's implementation to the challenges that internal reporting has posed.

CRIMINAL LAW:

Gonzales: ISPs Must Keep Records On Users (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News, September 20, 2006

Attorney general, other witnesses ask Congress to force Internet service providers to follow customers' activities.

WASHINGTON--Attorney General Alberto Gonzales on Tuesday stepped up his efforts to lobby for federal laws requiring Internet providers to keep track of what their customers do online.

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Gonzales asked senators to adopt "data retention" legislation that would likely force Internet providers to keep customer logs for at least a year or two. Those logs, often routinely discarded after a few months, are intended to be used by police investigating crimes.

"This is a national problem that requires federal legislation," Gonzales said during a Senate Banking Committee hearing. "We need to figure out a way to have ISPs retain data for a sufficient period of time that would allow us to go back and retrieve it."

As the November election approaches, politicians have been devoting an unprecedented amount of attention to the topic of children, pornography and the Internet: At least three committees are holding hearings on the subject this week alone.

One committee even enlisted an outside-the-Beltway celebrity, basketball icon Shaquille O'Neal. Shaq appeared on videotape before the Senate Commerce Committee, and said: "I've seen images that make me very sad, I've seen images that make me very mad...Yeah, I'm mad, very mad, senator." (O'Neal is a spokesman for the Safe Surfin' Foundation, a federally funded nonprofit group.)

It's unclear what the prospects are for mandatory data retention in Congress this year, or whether politicians will delay action until 2007. One senior House Republican drafted a bill (click for PDF) but then backed away from it, and a Democratic proposal (click for PDF) has not been voted on.

But with the Bush administration firmly behind the concept, and with state and local law enforcement lending a hand in the lobbying efforts and saying such mandates would help protect children, industry groups and privacy advocates may be hard-pressed to head off new regulations. During Tuesday morning's appearance, for instance, Gonzales favorably cited a June letter (click for PDF) endorsing mandatory data retention that was signed by 49 attorneys general. The letter said: "It is clear that something must be done to ensure that ISPs retain data for a reasonable period of time."

Myriad suggestions

Sen. John McCain, who presided over the afternoon hearing, scolded Internet companies who "were invited to participate and chose not to." He said he would talk to Sen. Ted Stevens, chairman of the Senate Commerce Committee, about scheduling an additional hearing during which the companies would be grilled.

Montana Sen. Conrad Burns, a Republican, used the hearing to tout a proposal, now tacked onto a mammoth communications bill and awaiting a vote, that would require all sexually explicit Web content to be labeled as such and home pages of all sites to be free of such content.

That measure, he said, "will help children from unwittingly stumbling across these words and images online."

Ernie Allen, president of the National Center for Missing and Exploited Children, echoed Gonzales' calls for ISPs to hang onto customer records. "Some companies have policies on retention, but they vary widely, are not implemented consistently, and frankly, most are too short to have meaningful prosecutorial value," he said.

Data retention legislation could follow one of two approaches, and it's not clear which is more likely.

One form could require Internet providers and perhaps social-networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

During a series of meetings that Justice Department officials have held with private companies--first reported by CNET News.com--officials have been ambiguous about how they want legislation worded, private-sector participants say. Companies involved have included AOL, Comcast, Google, Microsoft, Verizon Communications and trade associations.

Suggestions for congressional action at Tuesday afternoon's hearing didn't stop at data retention by private companies.

Sheriff Michael Brown, who heads an Internet Crimes Against Children task force in Bedford County, Va., called on Congress to ensure that any state, federal, local or educational institution that receives federal funding also conduct "appropriate transactional logging to allow the location of individuals that use that access in the exploitation of children." He said in his testimony (click for PDF) that the government could not, "in good conscience," make such demands of the private sector if it didn't also do the same.

That concept--restrictions slapped on using federal funds--echoes a 2000 federal law called the Children's Internet Protection Act. CIPA effectively forced schools and libraries to filter sexually explicit Web sites by tying that requirement to the receipt of federal funds, an approach the U.S. Supreme Court upheld as constitutional in 2003.

The concept of more federal laws was popular at Tuesday's pair of hearings. Sharon Cooper, an adjunct professor of pediatrics at the University of North Carolina, urged politicians to require that all public-school health classes, from elementary to high school, teach "child sexual abuse prevention strategies as well as online and communication technology safety strategies."

And Sen. Robert Bennett, a Utah Republican, suggested that the Justice Department create a successor to the widely criticized Meese Commission, a 1986 federal panel that claimed to document the harmful effects of pornography. "Isn't it time we revisited the creation of an attorney's general commission and update, if you will, the kind of things the Meese Commission prophesied would happen?" Bennett asked.

On Thursday, the U.S. House of Representatives will have its own hearing on the Internet and child pornography.

'Preservation' vs. 'retention'

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At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention, or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time.

An IP address is a unique 4-byte address used to communicate with a device on a computer network that relies on the Internet Protocol. An IP address associated with CNET.com, for instance, is 216.239.113.101. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls, or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Gonzales Calls For Law To Require Internet Companies To Preserve Customer Data (AP)

By Hope Yen, The Associated Press

AP, September 20, 2006

WASHINGTON — Attorney General Alberto Gonzales said Tuesday that Congress should require Internet service providers to preserve customer records, asserting that prosecutors need them to fight child pornography.

Testifying to a Senate panel, Gonzales acknowledged the concerns of some company executives who say legislation might be overly intrusive and encroach on customers' privacy rights. But he said the growing threat of child pornography over the Internet was too great.

"This is a problem that requires federal legislation," Gonzales told the Senate Banking Committee. "We need information. Information helps us makes cases."

He called the government's lack of access to customer data the biggest obstacle to deterring child porn.

"We have to find a way for Internet service providers to retain information for a period of time so we can go back with a legal process to get them," he said.

Gonzales and FBI Director Robert Mueller have met with several Internet service providers, including Time Warner Inc.'s AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc.

The law enforcement officials have indicated to the companies they must retain customer records, possibly for two years. The companies have discussed strengthening their retention periods — which currently run the gamut from a few days to about a year — to help avoid legislation.

At Tuesday's hearing, Gonzales said he agreed with the sentiment of 49 state attorneys general who in a June letter to Congress expressed support for a federal law that would require longer retention of customer records.

"We respect civil liberties but we have to harmonize this so we can get more information," he said.

The subject has prompted some alarm among Internet service provider executives and civil liberties groups after the Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records.

Justice Department officials have said that any proposal would not call for the content of communications to be preserved and would keep the information in the companies' hands. The data could be obtained by the government through a subpoena or other lawful process.

Task Force Recommends Steps To Curb Identity Theft (USAT)

USA Today, September 20, 2006

The federal government should limit the use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday. The Identity Theft Task Force, created in May, wants greater penalties against such thieves and creation of a “universal police report” to help police and victims track complaints. It also said Congress should amend criminal laws so victims could be compensated for time lost disputing fraudulent accounts with creditors or correcting credit reports.

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The nine-digit numbers are meant to be used for Social Security benefits and taxpayer identification purposes but are often required to verify credit information or make business transactions.

The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported such incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered.

Gonzales: Web-use dataneeded to fight child porn

Congress should require Internet service providers to preserve customer records, asserting that prosecutors need them to fight child pornography, Attorney General Alberto Gonzales said. He and FBI Director Robert Mueller want providers to retain customer records for up to two years. The companies have discussed lengthening their retention periods, which now range from a few days to about a year, to avoid legislation.

Gonzales testified to a Senate panel that law enforcement's needs trump concerns that legislation might be overly intrusive and encroach on customers' privacy rights. The lack of access to customer data is the biggest obstacle to deterring child porn, he said.

"This is a problem that requires federal legislation," Gonzales told the Senate Banking Committee. "We need information. Information helps us make cases. … We respect civil liberties, but we have to harmonize this so we can get more information."

Bush plans meeting with Afghan, Pakistani leaders

Faced with the worst violence in Afghanistan since U.S.-led forces toppled the Taliban in 2001, President Bush plans to host a White House meeting with Afghan President Hamid Karzai and Pakistani President Pervez Musharraf. "The meeting will provide the three leaders an opportunity to discuss further cooperation," White House spokesman Tony Snow said.

The joint meeting Sept. 27 will follow separate visits the president has planned with Musharraf on Friday and with Karzai next Tuesday.

Karzai has accused Pakistan of allowing Taliban and al-Qaeda insurgents to launch attacks into Afghanistan from bases in Pakistan. Pakistan insists that it is doing all it can to root out militants.

One issue that remains unsettled is the effects of a peace deal reached Sept. 5 between Musharraf's government and militants in North Waziristan, a tribal region bordering Afghanistan. Musharraf says the deal bans terrorist camps and foreign fighters in the area, which is ruled by warlords. Karzai says Afghanistan is waiting to see whether cross-border raids stop.

Credit Cards Key To Fighting Online Child Porn (ABC)

By Jason Ryan

ABC News, September 20, 2006

Sept. 19, 2006 — If you cut the money flow, can you end online child porn and its ability to evade criminal prosecution?

That is exactly what the Senate is considering this week.

Attorney General Alberto Gonzales and Ernie Allen, the head of the National Center for Missing and Exploited Children (NCMEC), said today that they hoped to eliminate child pornography from commercial Web sites entirely by 2008.

Their plan: Close down the financial networks that peddle images showing children and even infants being sexually abused.

Appearing before the Senate Banking Committee, Gonzales said, "These are shocking images that cry out for the strongest law enforcement response possible. … This is an important fight for the future of our country."

Since the late 1990s, the scourge of child pornography has spread internationally as pedophiles have found individuals with the same thinking around the world in just a few keystrokes on the Internet.

Online child porn is now a billion-dollar-a-year underground industry, and one of the fastest-growing businesses on the Internet.

"While the Internet is undoubtedly one of the greatest inventions of our generations, it has also greatly facilitated the exploitation of children," Gonzales said.

Describing the scope of child pornography, Gonzales cited a recent study by the University of New Hampshire and the NCMEC.

The study found that a third of kids ages 10 to 17 who used the Internet were exposed to unwanted sexual material. Gonzales said much of this material was "extremely graphic."

The nation's chief law enforcement office detailed for senators the disturbing nature of the material that Justice Department investigators had come across in cases they had brought for prosecution.

"I have seen a young toddler tied up with towels, desperately crying in pain, while she is brutally raped and sodomized by an adult man," he said.

Gonzales said some pedophiles were now engaged in competitions to create the most disturbing images and movies, and share them with other pedophiles.

The NCMEC has found in recent years that the victims are becoming younger.

According to NCMEC data, images recovered from pedophiles show that of the images they had, 19 percent of the offenders had images of children younger than 3 years old, 39 percent had images of children under 6 years old, and 83 percent had images of children younger than 12 years old.

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Task Force Tackles ID Theft (AP)

By Hope Yen, The Associated Press

AP, September 20, 2006

WASHINGTON (AP) — Federal agencies should restrict their use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday.

The Identity Theft Task Force, which was created in May, also urges greater penalties against identity thieves and creation of a "universal police report" to help police and victims track complaints.

"When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals," Attorney General Alberto Gonzales said at a briefing announcing the proposals.

The recommendations, Gonzales said, are a first step to creating practical solutions.

Under the plan, the task force urges the government to review the uses of Social Security numbers as employee identification and determine ways in which it can conceal or eliminate their use in agency systems and paper and electronic forms.

It calls on Congress to amend criminal laws so that identity-theft victims can recover for their hours lost disputing fraudulent accounts with creditors or correcting credit reports.

The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered.

ID Theft Task Force Makes Small Step In The Right Direction (INFOWEEK)

By Thomas Claburn, InformationWeek

InformationWeek, September 20, 2006

ID theft victims should be allowed to sue defendants -- one of seven recommendations issued by the federal Identity Theft Task Force.

Victims of identity theft should be allowed to seek restitution from defendants for time spent undoing damage from the offense, according to interim recommendations issued Tuesday by a federal task force on ID theft.

"As with any crime, victims of identity theft suffer feelings of violation and stress, but in these cases, victims have the added burden of cleaning up the mess that the identity thieves leave behind," said Attorney General Alberto Gonzales in a statement. "The President created the Identity Theft Task Force to oversee the implementation of real and practical solutions at the federal level to defeat this ongoing intrusion into the lives of law-abiding Americans. Today's recommendations move that process forward."

The Task Force issued seven recommendations These include 1) directing the Office of Management and Budget to issue guidance to federal agencies on how to handle data breaches; 2) strengthening data security in the government; 3) accelerating and broadening the review of where social security numbers are used by agencies; 4) establishing a new "routine use" by which agencies would be allowed to share information otherwise restricted by the Privacy Act to facilitate responding to a data breach; 5) holding workshops for academics and businesses to develop better methods to authenticate identities; 6) amending criminal statutes to allow identity theft victims to seek restitution from defendants for time spent undoing damage from the offense; and 7) developing a universal police report to make it easier to report identity theft and enter it into existing systems.

The Task Force was established by order of the President on May 10, 2006 to curb identity theft and now includes 17 federal agencies and departments. Among them, the FBI, the U.S. Secret Service, the U.S. Postal Inspection Service, and the Social Security Administration Office of the Inspector General investigate identity theft.

Not surprisingly, those agencies have been busy. In 2005, the Justice Department charged 226 defendants with aggravated identity theft. In the first half of 2006, the Justice Department charged 432 defendants with the same crime. The FBI says it has 1,587 cases related to identity theft underway, having opened 662 cases in 2005 and 272 in 2006 to date. Postal inspectors opened 1,530 identity theft-related cases and made 2,277 arrests in 2005, and opened 1,012 identity theft-related cases and made 1,294 arrests in the first half of 2006. The SSA OIG Office of Investigations said that it opened 1,566 cases involving the misuse of social security numbers in 2005, and 812 such cases in the first half of 2006.

In recent years, the incidence of identity theft has been on the decline, though the resulting financial loss has risen. A Javelin Strategy and Research report released in January found that the number of US adult victims of identity fraud decreased from 10.1 million in 2003 to 9.3 million in 2005, and projects a further decline to 8.9 million in 2006. At the same time, the total one year fraud amount rose from $53.2 billion in 2003 to $54.4 billion in 2005. The Javelin report projects a fraud loss from identity theft of $56.6 billion in 2006.

The situation is one of fewer victims being taken for greater amounts of money. However, most identity theft victims (68%) incur no costs, according to the Javelin report. The average cost incurred by victims is projected to decline to $422 in 2006.

Among the cases where the source of the data breach is known, 63% of identity theft incidents involved information under the victim's control, according to the report, a statistic arguing for consumer education and greater paranoia. These incidents can be divided

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into four major categories: 30% involved lost or stolen items, such as wallets or credit cards; 15% involved trusted associates; 9% involved stolen mail or garbage; and 9% involved home computer compromises.

Businesses were the source of information breaches in 30% of cases. Of these, data breaches accounted for 6% of the overall total, fraudulent transaction processing accounted for 7%, and employee wrongdoing accounted for 15%.

Jay Foley, executive director of the non-profit Identity Theft Resource Center, says the government is moving in the right direction and deserves credit for trying, but takes issue with some of the recommendations and would like to see more done. For example, he's skeptical that the Task Force's recommendation to consider extending free credit monitoring to victims will do much good.

"At no time do I believe that free credit monitoring should be offered in a breach situation," Foley says. "It's nonsensical. It's an unnecessary cost and expense. Credit monitoring is up to 70% accurate. It's not effective enough to be viable."

Foley says he'd also like to see more attention paid to policies and procedures for information redaction, since information that shouldn't be published by government agencies continues to be posted online and elsewhere.

As to whether identity theft is getting worse or better, Foley says it's not increasing so much as shifting from credit card fraud to check and debit card fraud. "The credit card companies invested in good analytic software to stop this," he explains. "The banking industry doesn't have the ability to put that software into place."

Evan Hendricks, editor and publisher of Privacy Times, a subscription newsletter that has been going since 1981, likewise sees merit in the recommendations. "You want to welcome positive steps even if they're baby steps," he says.

Hendricks believes more resources need to be allocated to state and local agencies to support identity theft investigation specialists. He would also like to see more resources for postal inspectors, whom he credits with catching more identity thieves than anyone else.

Hendricks hopes the recommendations will encourage businesses will evaluate their data handling practices too. "The old legacy practices of the financial services industry really facilitate id theft, such as the focus on social security numbers," he says.

Absent from the recommendations is any specific consideration of the role the Internet plays in identity theft. Social security numbers, for example, can easily be found using any of the major search engines. But the Task Force was charged with developing a government response to identity theft rather than solving the problem entirely. A comprehensive solution will require action on the part of the government, businesses, and individuals. And that may take a while.

"It's hard to imagine it getting much better," says Hendricks. "There are a lot of incentives to turn to ID theft because it's a low-risk, high-payoff crime."

ID Theft Task Force Recommends National Police Report (INFOWRLD)

By Grant Gross, IDG News Service

InfoWorld, September 20, 2006

Reports would be online, and those convicted of ID theft crimes would pay victims for the time used to clear up problems

An identity theft task force created by U.S. President George Bush has recommended nationally accepted police reports that victims could fill out online, and a change in U.S. law that would require those convicted of such crimes to pay victims for the time used to clear up identity problems.

The President's Identity Theft Task Force, which met Tuesday, also recommended that U.S. agencies examine whether their use of Social Security numbers is necessary and called on an interagency working group on ID theft to develop best practices for data security in government.

The U.S. government needs to lead by example in protecting consumers from ID theft, Deborah Platt Majoras, chairwoman of the U.S. Federal Trade Commission (FTC), said.

"Identity theft truly is a direct assault on our citizens and attacks the very foundation of the information economy," Majoras said in a joint press conference with U.S. Attorney General Alberto Gonzales.

The task force's recommendations are an interim list, with a full plan of how to attack ID theft to be released in November. But the recommendations released Tuesday are steps U.S. agencies and other groups can take immediately, Gonzales said.

About 4 percent of U.S. residents are ID theft victims every year, Gonzales said. Bush established the task force because of "the prevalence of this crime, combined with the lingering burdens and effects on victims," Gonzales said.

"When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals, including identity thieves," he added. "As with any crime, victims suffer feelings of violation and stress, but in these cases, victims have the added burden of essentially cleaning up the mess that the identity thieves leave behind."

Among the task force's recommendations:

-- The U.S. Congress should change laws to require that defendants convicted of ID theft pay victims for the time they spent clearing up the mess.

-- The U.S. should adopt a universal police report that ID theft victims can fill out online, print out and take to their local police station.

-- The U.S. Office of Personnel Management should speed up its review of the use of Social Security numbers by federal agencies.

-- U.S. agencies should work with experts to find other ways of authenticating people's identities, such as biometrics.

-- U.S. agencies should develop better plans to disclose data breaches to potential victims. In May, the U.S. Department of Veterans Affairs (VA) had a laptop and hard drive stolen from an analyst's home, and the agency took about two weeks to report the theft to the public. Majoras and Gonzales didn't talk about the VA case, but members of Congress have called for the VA to do a better job of notifying potential victims.

FBI: New York Had Lowest Crime Rate Among Big Cities In 2005 (SLOT)

San Luis Obispo Tribune, September 20, 2006

NEW YORK - New York was the safest of the nation's 10 largest cities in 2005, with about one crime reported for every 37 residents, according to an Associated Press analysis of FBI statistics.

The annual report "shows that our innovative efforts to reduce crime and increase New Yorkers' quality of life are working," Mayor Michael Bloomberg said in a statement Monday after the agency released the figures.

The large city with the highest crime rate was Dallas, with about one crime reported for every 12 people. Los Angeles, the nation's second largest city, ranked third safest, with about one crime for every 26 people.

San Jose took the No. 2 spot, while San Diego ranked fourth. Chicago, Philadelphia, Houston, San Antonio and then Phoenix followed.

The AP's calculation ranked cities by the total number of crimes reported per resident and did not distinguish between violent crimes and property crimes.

The FBI said in its report that it makes a point not to rank cities, saying "they provide no insight into the many variables that mold the crime in a particular town, city, county, state, or region."

The number of reported crimes in New York fell 4.3 percent last year, while the number nationwide dropped 1.2 percent. Police statistics show crime in the city has continued to fall this year, down 5.04 percent by Sept. 10 compared with the same period in 2005.

The national figures showed that violent crime rose 2.3 percent last year, the first increase since 2001. But in New York City, violent crimes - which include rape, murder, robbery and aggravated assault - fell 1.9 percent.

San Jose officials argue theirs is the safest large city in the nation. They use an analysis that takes into account the severity of the reported crimes.

SAN JOSE CONTESTS NYC'S CLAIM TO 'SAFEST BIG CITY' MONIKER (BCN)

Bay City News Wires, September 20, 2006

SAN JOSE (BCN) -- New York City is proclaiming itself the "Safest Big City in America" based on new FBI statistics released this week but a spokesman for San Jose Mayor Ron Gonzales today disputed the Big Apple's claim.

Gonzales has laid claim to San Jose being the "Safest Big City in America" throughout his mayoralty, repeating the phrase so often at public appearances that it has become his unofficial mantra. His spokesman David Vossbrink said San Jose's claim might still be accurate.

"We've always based our claim on (an independent) analysis of the FBI stats that comes out each year around Thanksgiving," Vossbrink said.

New York City's analysis of the FBI's 2005 Crime in the United States annual report does not take into account how some crimes, especially violent crimes, may have more impact on a community's feeling of safety than other crimes.

New York City's analysis found that the city had the lowest total number of crimes per 100,000 people at 2,675.5. San Jose was second lowest with 2,901.8, according to a statement issued by New York City Mayor Michael Bloomberg.

"What New York has done ... doesn't have any reflection on the severity of the crimes committed," Vossbrink said.

As examples, Vossbrink cited his calculations that San Jose's murder rate per 1,000 residents was 0.0285, whereas New York City's was 0.0664, and that San Jose's violent crimes rate per 1,000 residents was 3.8351, whereas New York City's was 6.7305.

Los Angeles had the third lowest rate among the top ten big cities in the U.S. followed in order by San Diego, Philadelphia, Las Vegas, Houston, San Antonio, Phoenix and Dallas, according to New York City's analysis.

The FBI does not rank cities by crime rate in its annual report.

Whether San Jose is first or second really does not matter, according to Vossbrink. The argument over which city is the safest in America is as futile as the annual argument over whether Harvard, Princeton, Stanford or Yale is the top university in the nation, he said.

"They're all great schools," Vossbrink said.

"San Jose remains, by anyone's calculation, a tremendously safe city," Vossbrink said.

The FBI annual report is available online at http://www.fbi.gov.

Violent Crime Up In The City (PHI)

By Barbara Boyer And Peter Mucha

The Philadelphia Inquirer, September 20, 2006

DOJ_NMG_0066132

When it comes to violent crime among America's largest cities, Philadelphia is the worst, the FBI reported this week.

However, when overall crime, which includes nonviolent offenses such as burglary and theft, is considered, the city drops to No. 5, while Dallas tops the list.

On Monday, the FBI released 2005 crime statistics showing that from 2004 to 2005, the violent-crime rate in the United States increased 1.3 percent, while property-crime rates decreased 2.4 percent.

In Philadelphia, last year violent crime was up 3.4 percent, including a 15 percent increase in homicides. Other violent crimes include forcible rapes, robberies and aggravated assaults.

This year, homicides are up slightly. The number of shooting victims is up about 13 percent, while overall violent crime is up about 4 percent. Overall crime, which includes property offenses, is up 2 percent, according to statistics recently released by the Police Department.

At least one local crime expert and several law enforcement officials - reviewing national numbers yesterday - said violence in Philadelphia is not as bad as it appears based on the FBI numbers, which they say can be deceiving.

Lawrence W. Sherman, a criminologist at the University of Pennsylvania's Jerry Lee Center, said that rankings among the city's 10 largest cities make Philadelphia look bad, but that there are far more dangerous cities.

"They're sticking out like a sore thumb because some of the larger cities have become some of the safer cities," Sherman said.

If Philadelphia, with a population of 1.47 million, is compared with cities closer to 100,000 in population, not just those with about one million or more, the city is nearer to the middle of the list in violent crime, Sherman said.

Detroit, for example, has a population of 900,000 and doesn't make the list of the top 10 largest cities, but would replace Philadelphia as the worst of the worst if the list were expanded to the 12 largest cities.

Detroit has 2,358 violent crimes per 100,000 residents, compared with Philadelphia's 1,467 per 100,000 residents.

New York, which has a population of 8.1 million, and which has seen a slight increase in homicides this year, had 673 violent crimes per 100,000 residents in 2005.

Camden, with a population of 80,125, has 1,680 violent crimes per 1,000 residents, making it among the most dangerous cities in the country.

Among the larger cities, Sherman said, Philadelphia has a high crime rate for various reasons. "We have the poorest population," he said.

In addition, he said, the commissioner in Philadelphia does not have the same freedom to deploy police and make top appointments as do law enforcement officials in other cities, such as New York and Los Angeles.

Influence by the mayor and City Council and restrictions in labor contracts limit Philadelphia's commissioner, he said.

In the list of safest cities for overall crime among the 10 largest in the nation, New York was at the top - the safest. For most violent crime, it is No. 6 on the list of the safest, while San Jose, Calif., is No. 1.

Philadelphia Deputy Commissioner Richard Ross said it was important to look closely at overall crime and not just violent crime. Philadelphia, he said, aggressively classifies crimes that other cities may not classify as violent.

"Overall, crime is down over the past five years," Ross said, adding that Philadelphia had been hit hard in recent years by the number of guns on the street, which are responsible for 85 percent of the city's homicides.

"You can't ignore the proliferation of handguns in this city and the proliferation in comparison to some of the other cities that are larger than Philadelphia," Ross said.

In 2004, Philadelphia had nearly the same number of confiscations of illegal firearms as New York did, even though New York has a population more than five times the size of Philadelphia's.

Burns Not Target, Staffer Tells Public (BILLGAZ)

By JENNIFER McKEE, Gazette State Bureau

Billings (MT) Gazette, September 20, 2006

HELENA - Erik Iverson, manager for Republican Sen. Conrad Burns' tough re-election campaign, said late Tuesday the senator is not the target of a federal corruption investigation centered on disgraced lobbyist Jack Abramoff.

Iverson said Burns' personal criminal defense attorney, Ralph Caccia, spoke with Justice Department employees Tuesday afternoon. The employees said Burns is not the target of the investigation.

Iverson was responding to statements made by Montana Democratic Party Executive Director Jim Farrell to television reporters regarding Burns' involvement in the scandal. "The comments made yesterday by Jim Farrell are patently false and without merit," Iverson said.

Iverson said Caccia himself would not speak to reporters. He also said he didn't know if any former Burns staff members may be part of the investigation.

Farrell said the campaign should make Caccia available for questions. He also released a long list of news articles that have reported that Burns is part of the investigation.

"We need to hear directly from Senator Burns' criminal defense attorney himself, who must positively confirm to the media and to the people of Montana that he spoke with representatives of the U.S. Depart-ment Justice on this matter," Farrell said.

The Justice Department has steadfastly refused to comment on the ongoing investigation.

Several national publications, most recently Time magazine last week, have reported that Burns is among of handful of lawmakers under scrutiny for their dealings with Abramoff.

Burns received $150,000 from Abramoff, his clients and associates - more than any other lawmaker. Burns returned the money after the scandal broke.

Two Burns staffers attended the 2001 Super Bowl at Abramoff's invitation and expense. One of those, former chief of staff Will Brooke, later quit to take a job with Abramoff's firm.

Burns also pushed for some Abramoff priorities, including money for a school for the Saginaw Chippewa tribe of Michigan. Federal officials said the tribe was not eligible for federal money for the school.

Former Mayor, Raceway Park Manager Indicted (SSR)

By Bill Morlin, Staff writer

Spokane Spokesman-Review, September 20, 2006

The former mayor of Airway Heights and the former operator of Spokane Raceway Park both are named in a federal grand jury indictment accusing them of multiple counts of public corruption.

The charges against Dale R. Perry stem from his financial involvement with Orville Moe, the embattled former operator of Spokane Raceway Park, a 600-acre drag-racing and oval track complex in Airway Heights, west of Spokane.

An FBI investigation was opened in January 2005 after The Spokesman-Review obtained public documents in late 2004 showing Moe was the source of a $109,000 loan to the Airway Heights mayor.

The investigation by agents of the FBI and the Washington State Gambling Commission culminated with the four-count indictment returned Tuesday by a federal grand jury in Spokane.

The indictment alleges Moe loaned the mayor money with the expectation that Perry would cast favorable votes when matters involving Spokane Raceway Park came before the Airway Heights City Council.

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For example, the council enacted an entertainment and admissions tax on Nov. 23, 2003, but repealed it on March 4, 2004. The tax applied to tickets sold to all events at Spokane Raceway Park, which is inside the city limits of Airway Heights.

“Public corruption destroys our collective confidence in those officials whom we entrust to govern our affairs and erodes the very fabric of our democracy,’’ U.S. Attorney James A. McDevitt said shortly after the indictment was returned Tuesday afternoon.

Public corruption, the U.S. attorney said, “cannot and will not be tolerated at any level of government. It is for that reason that public corruption has been and will continue to be a primary focus of this office.”

Such public corruption cases in the Northwest are rare.

“It’s fair to say we see very little of this, and we bring very few cases under this statute,’’ McDevitt said.

The indictments allege Perry “corruptly solicited” money from Moe after earlier similar unsuccessful attempts to secretly get money from Paul Sandifur, the president of Metropolitan Mortgage and Summit Properties, and Northern Quest Casino officials Tom Lien and Marianne Guenther.

That alleged conduct is the basis for the solicitation of a bribe charges against Perry.

The indictment alleges that in September 2002, Perry “corruptly solicited” a $15,000 loan from Sandifur whose company owned undeveloped land in Airway Heights that was being considered for the development of an Airway Heights municipal building by the Airway Heights City Council.

In that same month in 2002, the indictment alleges Perry “knowingly and corruptly solicited” a loan from the Northern Quest casino officials in exchange for the mayor’s support of the establishment of the Indian casino on former Spokane Raceway Park land in Airway Heights.

Neither Sandifur nor the Northern Quest officials loaned Perry money, and they aren’t named as defendants in the criminal indictment, said Senior Assistant U.S. Attorney Thomas O. Rice.

Perry, who stepped down as Airway Heights mayor last Dec. 31, is charged with two counts of soliciting a bribe and two additional counts of bribery.

Moe is charged with two counts of bribery under federal anti-public corruption statutes.

If convicted, each count carries a maximum of 10 years in prison and a $250,000 fine.

Both men are expected to surrender and not be immediately arrested by FBI agents.

Moe reacted with surprise when told Tuesday afternoon that he’d been indicted.

“I have?’’ he said, when reached at his modest home in North Spokane.

“I’m not guilty, just like the other stuff I’m accused of,” the crusty 69-year-old businessman told The Spokesman-Review. “It’s some more lies and stories, but we’ll get it all sorted out.”

Perry, who is employed by the state of Washington, had no comment but is known to have previously admitted his involvement in the public corruption bribery case.

"Right now, on the advice of my attorney, I can make no comment," Perry said when reached at his home whose mortgage is held by Moe.

Dates for their separate arraignments are expected to be set Wednesday by U.S. Magistrate Judge Cynthia Imbrogno.

After failing to get money from Sandifur and the Northern Quest officials, Perry approached Moe, the indictment alleges. It says Moe "corruptly loaned" Perry $18,000 in October 2002 and again loaned him $109,000 in October 2004.

The loan was secured with the deed of trust to the Perrys' home at 762 S. King Street in Airway Heights.

FBI agents searched the home on April 27, 2005, seizing computers and business records.

The federal criminal charges against Moe come during a lull in a lengthy civil battle in state court, brought by 500 limited partners who allege he cheated them out of $2 million in stock they bought in the early 1970s.

In the latest development in that case, Moe filed a bankruptcy petition for Spokane Raceway Park on Aug. 17, temporarily freezing the action in Superior Court.

As part of their suit, a court-appointed receiver, Spokane attorney Barry Davidson, was named on July 1, 2005, by Superior Court Judge Robert Austin to take over all financial and day-to-day operations at Spokane Raceway Park, which remained open this season.

But Moe has refused to cooperate with Davidson and, public records allege, continues to defy orders from Superior Court Judge Robert Austin.

On June 1, Austin fired Moe as general manager of the racing complex and ordered him banned from the facility.

This summer, Moe fired his original attorney, Carl Oreskovich, and lists his $140,000 bill among the top 10 creditors on the Spokane Raceway Park bankruptcy petition.

Former Airway Heights Mayor, Car Track Operator Indicted (AP)

AP, September 20, 2006

SPOKANE, Wash. -- Former Airway Heights Mayor Dale Perry was indicted Tuesday, accused of soliciting and accepting bribes.

First Assistant U.S. Attorney Tom Rice said Perry, a former Airway Heights councilman and mayor, was named in indictments issued by a U.S. District Court grand jury.

Former Spokane Raceway Park General Manager Orville Moe was indicted on two counts of bribery of a public official.

Perry's term of office expired in 2005.

Perry, 53, declined to comment and referred a reporter to lawyer Amy Rubin of the federal defender's office in Spokane. She was not in her office late Tuesday.

The indictment alleges Moe, 69, of Spokane, loaned Perry $18,000 in October 2002 and another $109,000 in October 2004.

The government alleges the loans were actually bribes in return for Perry's refraining from voting on an admissions tax on Spokane Raceway Park, an auto racing complex, and his later vote to repeal the tax enacted in November 2003, Rice said.

The drag strip and oval racetrack complex is within the city limits of Airway Heights.

Two counts of the indictment allege that Perry "corruptly" solicited loans from former Metropolitan Mortgage executive Paul Sandifur and the Northern Quest Casino in September 2002. However, neither Sandifur nor the casino, operated by the Kalispel Tribe of Indians, loaned Perry money, Rice said.

Two other counts charge Perry with accepting bribes from Moe.

A message left at Moe's Spokane home was not immediately returned Tuesday.

Agents with the FBI and the state Gambling Commission raided Perry's home and office in April 2005.

Conviction on each of the bribery charges carries a maximum penalty of 10 years imprisonment and a $250,000 fine.

Neither man has been arrested. Rice said each would receive a summons for arraignment in federal court.

Psychologist Says Rodriguez Was Frightened About Leaving Prison (AP)

By Dave Kolpack, Associated Press Writer

AP, September 20, 2006

FARGO, N.D. (AP) - A Minnesota prison psychologist says Alfonso Rodriguez Jr. asked to see her in January 2003, while he was serving time for assaults on women, and told her he was frightened about being released.

Rita St. George, a psychologist at the medium security prison in Moose Lake, Minn., also testified Monday that she was worried Rodriguez might commit more crimes after his release. A follow-up interview with him in February eased some of those fears, she said, but she wished she had raised more questions with her superiors about Rodriguez's release.

In January 2003, she said, Rodriguez told her he was "very frightened." A month later, she said, he was doing better and "he had no thoughts of hurting himself or others."

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St. George was among the last witnesses to be called by attorneys for Rodriguez, 53, of Crookston, Minn., as his trial enters its final stage. Jurors may begin deliberating later this week over whether he should be sentenced to death or life in prison for the killing of University of North Dakota student Dru Sjodin.

The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez to be sentenced to death. He was convicted late last month of kidnapping resulting in Sjodin's death.

On the witness stand, St. George argued with Rodriguez's attorney, Richard Ney, over the wording of her statements in an earlier deposition, and at one point told Ney he had been confrontational and degrading.

Assistant U.S. Attorney Norm Anderson asked St. George whether, in her follow-up interview with Rodriguez on Feb. 12, 2003, Rodriguez had said he wanted to remain in prison. She said he did not, that he was worried instead about where he would live, and that he seemed logical and coherent.

Rodriguez's 12-year-old niece and 13-year-old nephew testified Monday that they liked spending time with their uncle after he was released from prison in May 2003, and had visited him in jail. Three people who work at the Cass County Jail described Rodriguez as a model prisoner who had no disciplinary problems. Rodriguez has been held at the jail for the last two years.

Sister Yvonne Nelson of Fargo said she has visited Rodriguez about 100 times in the Cass County Jail. She said he was "reticent" in discussing spiritual issues when she first met him, but he "seemed more comfortable as time went on."

After the defense witnesses are finished, prosecutors will be allowed to offer rebuttal testimony before jurors begin deliberating.

"I think this part is much harder to predict than when he was found guilty," said Joseph Daly, a Hamline University law professor who has participated in death penalty cases and has been following the Rodriguez case. "In North Dakota, jurors are not used to dealing with death penalty cases."

North Dakota does not have the death penalty but it is allowed in federal cases. During a trip to Fargo last year, U.S. Attorney General Alberto Gonzales said the government is justified in seeking capital punishment in some cases in states that have outlawed the penalty.

"I believe the fact the state doesn't have the death penalty doesn't mean that the people of the state would not impose the ultimate sanction when the right circumstances dictate that that happen," Gonzales said.

Prosecutors point to the fact that jurors, in deciding earlier that Rodriguez was eligible for the death penalty, found that Sjodin, 22, of Pequot Lakes, Minn., was killed in an "especially heinous, cruel and depraved manner."

Sjodin disappeared from a Grand Forks mall parking lot in November 2003. Her body was found in a ravine near Crookston the following April. Authorities said she had been beaten, raped and stabbed.

Defense attorneys say several factors favor a sentence of life in prison for Rodriguez. They say he was sexually abused as a child and may have suffered brain damage from farm chemicals, leading to psychological and behavioral problems.

Rodriguez's mother and two of his sisters testified last week about their struggles as a poor migrant farm family, living in a house with no electricity or running water. They said children teased Rodriguez about his race and physical appearance.

"It's not so easy to put aside that kind of heartfelt feeling of a mother and his background," Daly said Sunday. "I think it will have some effect on the jurors ... and you only need to affect one juror."

Prosecutors say another factor favoring the death penalty is that jurors found Rodriguez caused serious injury in three earlier assaults on women.

The government also believes that testimony by friends and family of Sjodin in the last phase of the trial points to a death sentence.

Daly said he expects the case to be appealed, whether Rodriguez receives the death penalty or life in prison. Death penalty appeals would be more prolonged, Daly said.

"It's possible her parents will never see him executed," he said.

Mob Figure Is Investigated In Plot To Kill Judge In Case (NYT)

By William K. Rashbaum

The New York Times, September 20, 2006

Vincent Basciano, a fastidious and mercurial mob figure who could face the death penalty at his federal trial on charges that include conspiring to kill a prosecutor, is now under investigation for plotting to kill the judge who is to preside over his case, according to court papers made public yesterday.

The investigation, by the F.B.I. and federal prosecutors in Brooklyn and Manhattan, centers on a list that Mr. Basciano wrote in jail that names the judge, Nicholas G. Garaufis, of United States District Court in Brooklyn and four other people who prosecutors say he sought to have killed, the court papers and several people with knowledge of the inquiry said.

Besides Judge Garaufis, the people named on the list include three Mafia turncoats who testified against Mr. Basciano at another trial this year and the prosecutor he is accused of plotting to kill, according to an Aug. 28 letter that prosecutors wrote to defense lawyers. The letter was initially sealed, but was publicly filed yesterday after a reporter made inquiries about the case.

While an F.B.I. handwriting analysis concluded that Mr. Basciano wrote the list, and he has acknowledged doing so, he denies that he was plotting to kill anyone on the list, according to those with knowledge of the inquiry.

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Instead, he maintains that he compiled the names as part of a plan to use Santeria, a religion in the Caribbean region, to lift the evil spells that he contends were placed on him by the judge, the turncoats and the prosecutor — far from a conventional tactic by traditional Mafia standards, the people said. They all spoke on the condition of anonymity because the investigation is continuing.

Mr. Basciano, 46, a dapper man who is sometimes called Vinny Gorgeous and served briefly as the acting boss of the Bonanno organized-crime family, was convicted of racketeering conspiracy at the trial that ended in May, but the jury deadlocked on murder charges. In July, while at the Metropolitan Correctional Center in Manhattan, he gave the list to an inmate, several of the people said.

At the time, the inmate — unbeknownst to Mr. Basciano — was working out a deal with prosecutors, the people said. He gave the list to prosecutors, according to the letter, leading to the investigation.

Mr. Basciano "indicated to the inmate, in sum and substance," that he was seeking to murder the people on the list, read the letter, written by John Buretta, Winston Y. Chan and Thomas J. Seigel, assistant United States attorneys in Brooklyn. The inmate was not named in the letter.

Mr. Basciano was quickly moved into solitary confinement. For that reason, federal authorities did not believe that the judge or the others were in grave danger, several of the people said. But they said they were treating the matter seriously nonetheless. It is unclear whether additional security precautions have been taken.

The mother of the inmate to whom Mr. Basciano gave the list has some involvement with Santeria, several of the people said, but the details are unclear.

Mr. Basciano's lead lawyer, James Kousouros, would not comment on the investigation, noting that at a hearing on the matter on Aug. 28, a portion of which was closed to the public at Mr. Kousouros's request, Judge Garaufis ordered both sides not to discuss it. Mr. Kousouros also complained that the letter was made public without notice to the defense.

"The defense intends to prove that there was absolutely no nefarious motive behind anything the government has published," he said, referring to the list.

Another of Mr. Basciano's lawyers, Ephraim Savitt, said it was irresponsible for the government to make the letter public before the investigation had been completed and they could determine whether the accusations were true.

The accusation that Mr. Basciano was conspiring to kill a federal judge was stunning not only because of its nature — and his explanation for the list — but also because killing judges has long been taboo among Mafia members in the United States.

If the allegations are true, Mr. Basciano's apparent bad luck in giving the list to a man who was already cooperating with the authorities would not be unprecedented. It was his own family's boss, Joseph Massino, who the authorities have said told them about what they say was Mr. Basciano's plot to kill the lead prosecutor, Greg Andres, in his first case.

And if Mr. Basciano indeed went outside the mob to find a killer, it would be an acknowledgment of the calamitous impact that a series of prosecutions led by Mr. Andres has had on the Bonanno family in recent years. The cases have led to convictions against about 75 mobsters and mob associates, including Mr. Massino. Judge Garaufis also presided over Mr. Basciano's earlier trial and is to oversee his upcoming trial on a murder and racketeering indictment that includes charges of plotting to kill Mr. Andres. Mr. Basciano is awaiting sentencing in that case and could face up to 20 years in prison. He could face the death penalty at his next trial if the United States attorney general, Alberto Gonzales, authorizes prosecutors to seek it.

The three witnesses on the list are Dominick Cicale, a former Bonanno capo who was very close to Mr. Basciano; Louis Tartaglione, a former capo; and Tommy Lee, a lawyer who was accused of carrying messages for Bonanno figures.

Busy Hit List For Mobster (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, September 20, 2006

A Bonanno crime family allegedly plotted from jail to whack a federal judge, a prosecutor and three mob rats, authorities revealed yesterday.

Vincent (Vinny Gorgeous) Basciano, 46, drafted a hit list with the names of the five alleged targets and passed it to another inmate at the Metropolitan Correctional Center in lower Manhattan, according to a letter unsealed by prosecutors yesterday.

Heading the hit parade was Assistant U.S. Attorney Greg Andres, whom Basciano is already charged with plotting to kill. But new to the list were Brooklyn Federal Judge Nicholas Garaufis and mob turncoats Dominick Cicale, Thomas Lee and James (Big Louie) Tartaglione.

The unidentified inmate turned the list over to the government in August, which responded by throwing Basciano into solitary confinement with no visitors.

"Forensic analysis by the FBI laboratory has confirmed that the handwriting on the note is a positive match to Basciano," prosecutor Winston Chan said.

Basciano, who once owned a beauty salon in the Bronx called Hello Gorgeous, was convicted of racketeering last May. The Brooklyn Federal Court jury could not reach a verdict on a murder count against him, and a retrial on the charge is scheduled for early next year.

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Adding to Basciano's woes, the feds made public a letter the married gangster wrote to a girlfriend from jail, which was used to confirm his handwriting.

In the letter, he professes his love for the Rockland County woman, and expresses his feelings about the mob life. ("All the things I held sacred ... have been a fraud.") He writes that Cicale's betrayal "broke my heart."

"When are you going to send me a picture of you? You could send me a picture of ya in a G-string you know!" Basciano wrote.

A source familiar with the probe said Basciano is denying that he intended to hurt the people on the list. But prosecutors view the threat seriously.

Defense lawyer Ephraim Savitt declined to comment on the allegations.

FIVE ON MAFIA BIG'S 'HIT LIST' (NYPOST)

By Zach Haberman

The New York Post, September 20, 2006

Things could get real ugly for Vinny Gorgeous.

The Brooklyn U.S. Attorney's Office yesterday released a list of five people it claims acting Bonanno boss Vincent "Vinny Gorgeous" Basciano wanted to have whacked while he was in jail awaiting a racketeering trial last March.

They include the federal judge who presided over the trial, the lead prosecutor and three mob turncoats. At the trial, Basciano was found guilty of trying to kill a man running a rival gambling operation.

Atop the list was Assistant U.S. Attorney Greg Andres. It's the second time Basciano has conspired to kill him, the feds said. The mobster goes on trial next month in the first plot and could face death if convicted.

The mob big hates Andres, who has decimated the crime family through numerous convictions, the feds said.

Basciano routinely shot him death stares during his March trial.

Also on the list was Brooklyn federal Judge Nicholas Garaufis, who glared at Basciano during a hearing last month after he was privately informed of the new plot by the prosecutor.

Basciano, a former Bronx hair-salon owner, was put in solitary while the feds investigated.

Two of three rats Basciano put on his hit list testified at the trial: one-time protégé Dominick Cicale and lawyer Thomas Lee, who was busted passing jailhouse notes between Basciano and Bonanno ex-godfather Joe Massino.

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Map-stealing Collector Begs For Leniency (AP)

AP, September 20, 2006

NEW HAVEN, Conn. – A renowned dealer who admitted stealing nearly 100 rare antique maps asked for leniency yesterday, saying his extensive cooperation with authorities led to the recovery of most of the maps.

E. Forbes Smiley III, a 50-year-old resident of Martha's Vineyard, faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. He asked for a sentence of up to three years.

Smiley admitted in June that over eight years he stole 97 maps from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard University library and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, territories and discoveries in America, experts say.

"It is our view that he has cooperated honestly, openly and thoroughly," Smiley's attorney, Richard Reeve, wrote. "He made a decision almost immediately to assist in the investigation and attempted throughout to aid the government in whatever way possible and to help retrieve as many of the maps as possible. To reach that goal, he had to admit to conduct that would have never been uncovered."

Smiley, who grew up in Bedford, N.H., and attended the Derryfield School in Manchester, N.H., admitted to taking two more maps only a few weeks ago, Reeve said. The court papers do not provide any details about those maps.

The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries. Some of the maps have not been recovered, while others were damaged, the library noted.

New Haven: Leniency Sought In Theft Of Maps (NYT)

By Alison Leigh Cowan Compiled By John Sullivan

The New York Times, September 20, 2006

Edward Forbes Smiley III, an antiquities dealer who admitted having stolen nearly 100 rare maps from leading libraries and institutions, asked a federal judge yesterday to consider a sentence of 30 to 36 months in prison. Last week, the British Library, one of the victimized institutions, recommended 78 to 97 months, but said that even 10 years, the maximum possible, “could not be deemed to be too severe.” Mr. Smiley’s lawyer, Richard A. Reeve, asked the judge to give his client credit for having cooperated with the authorities once he was arrested. Mr. Reeve argued that the “consequences of the case could be highly beneficial” to the institutions if “the hard lessons” it taught led them to enhance security and update their inventories.

Trial Opens For SBC Employee Tied To Pellicano Investigation (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 20, 2006

A federal prosecutor charged Tuesday that a former SBC employee repeatedly lied to a grand jury about her conversations with a co-worker indicted in the racketeering and wiretapping probe of onetime private eye Anthony Pellicano.

Assistant U.S. Atty. Kevin Lally told a Los Angeles federal jury that Joann Wiggan "brazenly committed perjury by telling lie after lie" about her contact with Ray Turner, another onetime SBC employee accused of aiding Pellicano's alleged criminal enterprise.

Wiggan, 52, who worked for SBC for more than 30 years, is charged with lying to a federal grand jury last October and again in January when she testified that she had had no telephone contact with Turner in years. To the contrary, authorities alleged, phone records showed more than 100 calls from Turner to Wiggan's office voice mail from 1999 through 2002, and other records also reflected calls between their home phones and cellphones.

The alleged contact between Wiggan and Turner is considered significant to authorities because two other former SBC employees have admitted that they improperly provided confidential information about SBC customers to Turner.

Wiggan's trial is expected to last a week and is the first resulting from the investigation of Pellicano and others by the FBI and U.S. attorney's office.

To date, 14 people have been charged in the case, and half of them have pleaded guilty to charges ranging from lying to authorities to acknowledging that they hired Pellicano to wiretap others. Pellicano, Turner and the remaining defendants have pleaded not guilty in a case that is scheduled for trial next April.

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Polling Company Employee Pleads Guilty To Fraud (NSDY/AP)

Long Island Newsday, September 20, 2006

NEW HAVEN, (AP) _ An employee of a company that conducted campaign polls for President Bush, Sen. Joe Lieberman and other political candidates pleaded guilty Tuesday to making up poll results, according to the U.S. Attorney's office.

Darryl Hylton, 42, of Hamden pleaded guilty before U.S. District Judge Janet C. Hall in Bridgeport to one count of conspiracy to commit wire fraud. The Guilford-based company, DataUSA, is now known as Viewpoint USA.

Hylton admitted that he conspired to falsify survey and polling results to meet deadlines or other requirements that DataUSA otherwise could not meet. He also admitted that he directed other DataUSA employees to falsify results in a variety of ways, including changing demographic information, such as gender, to satisfy client requirements.

Hylton faces up to five years in prison and a fine of up to $250,000 when he is sentenced on Dec. 11.

His plea comes two weeks after Tracy Costin, the company's owner, pleaded guilty to the same charge. As part of her plea agreement, Costin agreed to repay $82,732 to unidentified clients for 11 jobs between June 2002 and May 2004.

According to a federal indictment, Costin told employees to alter poll data, and managers at the company told employees to "talk to cats and dogs" when instructing them to fabricate the surveys.

Prosecutors say in some instances all survey answers were fabricated or surveys were completed after the respondent being interviewed had hung up the phone.

An FBI affidavit from 2004 in support of a search warrant quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said in an interview with The Associated Press earlier this month that investigators were not able to verify the claim related to Bush because that data was not located and analyzed.

The company primarily did internal polls for candidates rather than the type widely quoted in the news media, authorities said.

BetOnSports Tries To Settle Civil And Criminal Charges (BVND)

The Belleville News Democrat, September 20, 2006

ST. LOUIS - Online gambling firm BetOnSports has asked to negotiate a settlement of civil and criminal charges for racketeering and fraud against the company, lawyers on both sides said in court Tuesday.

"What we are interested in doing is resolving this matter," BetOnSports PLC lawyer Jeffrey Demerath told U.S. District Judge Carol Jackson Tuesday. Assistant U.S. Attorney Michael Fagan said he thought the case could be resolved, according to STLtoday.com, the Web site for the St. Louis Post-Dispatch.

Federal prosecutors in St. Louis unveiled a 22-count indictment against BetOnSports in June for allegedly breaking the law by allowing U.S. customers to gamble and place bets over the phone and online.

Former Chief Executive David Carruthers, 48, remains under house arrest in a St. Louis suburban hotel awaiting trial on charges of mail fraud, wire fraud and racketeering. He and several other BetOnSports employees and associates were named in a federal indictment and have all pleaded not guilty.

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The company closed its U.S. operations Aug. 10. Its Web site promises to "repay balances due to U.S. customers." Most of the 9.9 million bets placed in 2005 came from U.S. bettors, STLtoday.com reported.

Also on Tuesday, prosecutors won a temporary restraining order that barred the company from accepting bets from U.S. customers. The order also seeks to force the company to give up $4.5 billion and other property and hand over business records, the Post-Dispatch reported.

The online gambling industry has kept a close eye on the case and the Sept. 6 arrest of Peter Dicks, chairman of another British-based online gambling operation, Sportingbet.

Super Micro Pleads Guilty In Iran Export Case (WSJ)

The Wall Street Journal, September 20, 2006

Super Micro Computer Inc. pleaded guilty to a felony charge of exporting computer components to Iran in 2001 and 2002 in violation of a national security ban, the U.S. Attorney for the Northern District of California said.

Super Micro, a San Jose, Calif., producer of servers, motherboards, and power supplies, agreed to pay a $150,000 fine. It couldn't be reached to comment.

Super Micro pleaded guilty to selling 300 motherboards to a company in Dubai knowing the items were to be shipped to Iran, the Justice Department said. At the time, it was illegal to export the motherboards to Iran without a license, prosecutors said. The products are no longer subject to such restrictions, the Justice Department said.

In a plea agreement, the government noted Super Micro became aware of the investigation in February 2004 and took remedial action that involved setting up an export-control program that year.

Because of the program, prosecutors agreed it wasn't necessary to put Super Micro on probation as part of the settlement. The government said it has been monitoring the company's exports and hasn't found any further violations.

Doubts Raised On Hinckley Parents (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, September 20, 2006

Reports from St. Elizabeths Hospital are raising questions about whether the parents of would-be presidential assassin John W. Hinckley Jr. can continue to supervise him on overnight trips, according to the Justice Department.

"It is now clear that the physical condition of Mr. Hinckley's parents has deteriorated considerably," prosecutors wrote in a memo filed Monday in federal court in the District.

Hinckley, 51, who shot President Reagan in 1981 and was found not guilty by reason of insanity in 1982, last year won the right to leave St. Elizabeths Hospital in Southeast for seven overnight visits with his parents in Williamsburg. A judge extended the order last month pending a hearing in November.

Hinckley's attorneys last week sought to postpone the Nov. 6 hearing. They said officials need more time to gather information.

The Justice Department on Monday objected to a delay.

In the memo, Assistant U.S. Attorneys Thomas Zeno and Sarah Chasson said Hinckley's trips were conditioned on supervision by his parents. However, the parents' "physical ability to supervise Mr. Hinckley is questionable," the memo states.

"The reports also reveal persistent tension within the Hinckley family stemming from this deterioration," the memo states.

Hinckley attorney Barry Levine did not return a phone call seeking comment yesterday.

In a filing last week, Mr. Levine noted that officials at St. Elizabeths are preparing a proposal for a "significant expansion" of Hinckley's conditions of release.

The Justice Department objected to Hinckley's request to postpone the upcoming hearing, citing recent reports from St. Elizabeths and concerns about the ability of Mr. Hinckley's parents to supervise him.

The reports are not public record.

The dispute is the latest disagreement between the Justice Department and Hinckley's attorneys over increasing freedoms that Hinckley has won in recent years.

Last month, U.S. District Judge Paul L. Friedman wrote that Hinckley "does not present a danger to himself or others if permitted to make visits to his parents' home."

He allowed Hinckley visits as many as four nights at a time pending the scheduled hearing.

Man Sentenced To More Than 31 Years (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, September 20, 2006

The wife of James Feltis, the first Pentagon police officer killed in the line of duty in the agency's 62-year history, lashed out in court yesterday at the man who ran her husband over with a car that he said he stole because he "just needed a car."

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"How infuriating to hear such statements, to willfully take James's life," Mary E. Feltis told the judge. "To injure him because James was in his way, because he needed a car, to injure or kill another person for reasons so unthinkable."

U.S. District Court Judge Leonie M. Brinkema sentenced Ossie K. LaRode, 23, who is homeless, to 31 years and 10 months in prison. In January 2005, LaRode, who was leading Alexandria police on a six-mile-long chase in a stolen Cadillac, hit Feltis, 41, outside a Pentagon traffic booth.

Brinkema rejected the defense's efforts to send LaRode, who pleaded guilty in July, to a prison hospital after two experts testified that he is mentally ill. Brinkema said that "there is no question that mental illness played a role in what happened" and LaRode can be treated in prison and ask to be transferred to a hospital if his mental state deteriorates.

"This case is, in one word, a tragedy, a tragedy for everybody," Brinkema said before sentencing LaRode. "Justice and retribution are appropriate at certain times, and that certainly is appropriate here. It was just by luck that there were not more serious injuries or deaths."

Mary Feltis told the court how her husband lingered in the hospital for five weeks, through countless surgeries and the amputation of his left leg. "He fought very hard [and] tried to stay with us," she said, sobbing and visibly shaking at times. "James suffered those five weeks."

The couple's 8-year-old daughter, who recently began playing soccer, drew a picture that was submitted to Brinkema in which the girl's father floated above her, as an angel with wings. It was inscribed "coach Papa."

Pentagon Police Chief Richard S. Keevill put his arm around Mary Feltis after she spoke, as more than 20 uniformed Pentagon police sat grim-faced, some blinking back tears. Pentagon police have said Feltis's death was hard on the agency, which managed to escape the Sept. 11, 2001, attacks without any fatalities, even as a hijacked jet plowed into the Pentagon.

The fatal sequence of events began, according to court documents, when LaRode carjacked a 2003 Cadillac Seville outside of an Alexandria restaurant Jan. 11, 2005. After the victim reported the carjacking, police pursued LaRode, and he led them to Interstate 395 near the Pentagon. LaRode turned the wrong way onto an exit ramp and sped toward the Pentagon's south parking lot. He continued to drive the wrong way along South Rotary Road and approached Feltis's security kiosk.

Feltis stepped into the Cadillac's path and signaled for LaRode to stop. Instead, LaRode plowed the car into Feltis, who died Feb. 14, 2005, at Inova Fairfax Hospital. He had never regained consciousness.

"He did not stop, he did not look back, he never braked, he never swerved," Assistant U.S. Attorney Erik R. Barnett told Brinkema, adding that LaRode grabbed a police officer's gun after his car was stopped and fired it three times, accidentally striking himself in the leg and groin.

LaRode pleaded guilty to second-degree murder and use of a firearm in the commission of a violent crime.

Former Lawyer Sent To Federal Pen For Embezzling $1.2 Million From Clients (LAW)

By Lisa Siegel, The Connecticut Law Tribune

Connecticut Law Tribune, September 20, 2006

Former Greenwich, Conn., attorney Roland R. Hicks was sentenced last week to 37 months in prison for embezzling over $1.2 million from clients and defrauding investors in a dot.com business called "LawWeb."

The sentence imposed by U.S. District Court Judge Ellen Bree Burns on a single count of mail fraud was the top of the range of imprisonment stipulated by the parties when Hicks pled guilty on June 21.

Hicks, 49, was a practicing attorney in Greenwich in 2000 when he incorporated LawWeb Inc., a startup Internet business that was to offer online private placement variable life insurance, according to documents filed in the case. Hicks convinced "seemingly sophisticated" people to invest in his company, and misrepresented the business' assets in purported balance sheets he sent to the investors, Assistant U.S. Attorney Paul A. Murphy wrote in court papers. Eventually, Hicks sent investors a shareholder buyout agreement that included checks with the amount of their investment plus a premium. Those "buyout" checks were worthless, and Hicks admitted in his plea bargain that he used the investors' money for his own personal use.

Holding himself out as an attorney with expertise in trust and estate law, Hicks took over $2.2 million from one client who instructed Hicks to fund an annuity for his wife as part of a property settlement in a pending divorce, court papers revealed. Hicks admitted that he converted at least $1 million of the client's money for his own personal use. Some of the money he used as a down payment on a house, according to Murphy.

"It is our hope that this prosecution will serve as a deterrent to any professional or other individual who solicits investment capital and abuses his or her position of authority and defrauds innocent clients and investors," U.S. Attorney Kevin J. O'Connor stated. "We will prosecute these crimes vigorously and seek restitution for victims."

In addition to the three-year prison term, Burns imposed three years of supervised release and ordered restitution of $1.5 million. Hicks was represented in district court by federal public defender Paul F. Thomas.

Thomas argued for a 30-month sentence, describing Hicks's thefts as "good intentions gone terribly awry. ... [C]lients and investors were betrayed by a cascade of bad judgment, self-interest, and ultimately, fraudulent misrepresentations. Regardless of what he had hoped to accomplish, the result was disastrous," Thomas wrote.

Thomas described Hicks as "a talented man" who threw away a lifetime of hard-earned accomplishments. Hicks suffered from an emotionally abusive father and from severe facial disfigurement as a child, Thomas wrote. At age four, a benign tumor began to grow on Hicks's nose, provoking severe taunting from peers and social ostracism. By the age of 14, Hicks had undergone nine operations during summer school vacations and had been hospitalized for one to three weeks on each occasion, Thomas said. By the age of 28, Hicks had 17 surgeries.

Despite such daunting adversity, Hicks graduated from New York University Law School while married and starting a family. He began a career in insurance, working first for Liberty Mutual Insurance Co. and then for Massachusetts Mutual Life Insurance Co. as an independent contractor until 2002. He opened his law practice in 1999; by 2000, he developed the concept for the LawWeb business, Thomas wrote.

Hicks pled guilty in Stamford Superior Court in June to two counts of larceny in the first degree and one count of larceny in the third degree. An eight-year sentence concurrent to his federal sentence is anticipated, according to a statement released Monday by O'Connor.

Hicks' law license was suspended for 15 years in July 2005 by Hartford Superior Court Judge Vanessa Bryant for mishandling clients' funds.

Judge Orders Gunman To Be Held And To Undergo Drug Treatment (WP)

By Eric M. Weiss And Mary Beth Sheridan

The Washington Post, September 20, 2006

The armed man who burst into the U.S. Capitol on Monday morning was ordered held in jail for the next 10 days and to undergo medical or psychiatric treatment after testing positive for drug use.

Carlos Greene, 20, said little during his initial appearance before U.S. Magistrate Judge John M. Facciola yesterday. Wearing a white jail jumpsuit, he appeared to breathe heavily at times and close his eyes. He thanked the judge on his way out of the courtroom.

Greene is accused of barreling a sport-utility vehicle through a construction entrance at the Capitol about 7:45 a.m. Monday, smashing into a concrete barrier and sprinting into the building. Police chased him to the basement and arrested him after a struggle. Authorities then discovered that Greene had a loaded gun in his waistband. No one was hurt during the incident.

Prosecutors offered no motive in court. But they revealed new details, saying that Greene nearly struck a pedestrian on First Street NE, near the Capitol, and then backed up and nearly hit the pedestrian again. Greene then failed to heed a Capitol Police officer's yells to stop as he drove near the building's east side, prosecutors said.

When he was cornered in the basement, Greene reached for a shotgun used by one of the Capitol police officers trying to subdue him, prosecutors said. Authorities said that they found crack cocaine when they searched Greene and that he was on drugs.

Greene, of Silver Spring, was charged with unlawful possession of a firearm by a convicted felon. He has a record of convictions for disorderly conduct in Montgomery County and fleeing a law enforcement officer in the District. He has failed to report to probation authorities since July, records show.

In June, he was charged in the District with carrying an unlicensed pistol and driving while intoxicated, records show. In April, he was arrested in Rockville and charged with attempting to elude police, reckless driving and disobeying a law enforcement officer. He is awaiting trial in both cases.

His government-appointed attorney, Carlos Varegas, declined to comment yesterday. Greene is due back in court Friday for a hearing to determine whether he will remain jailed pending trial.

Capitol Police yesterday continued an internal investigation into what happened, scrutinizing videotape from security cameras, listening to recorded radio transmissions and interviewing witnesses, said William H. Pickle, the Senate sergeant-at-arms, who sits on the board overseeing the agency.

Pickle said the officers had determined that "there were two specific areas where the police could have done a much better job." In both cases, human error was involved, Pickle said, declining to provide details so as not to reveal security vulnerabilities. "Corrective action will be taken," he said, and added that police will carry out further training and exercises.

Hundreds of millions of dollars have been spent to upgrade security at the Capitol in recent years.

"There's nothing wrong with the system," Pickle said. "But there was absolutely something wrong with the exercise" of procedures.

Calls to the Acting Capitol Police Chief Christopher M. McGaffin, were not returned yesterday.

The reaction from Congress to the breach of security was one of calm concern yesterday, as legislators waited to learn what the police internal investigation would reveal.

Del. Eleanor Holmes Norton (D-D.C.) said the incident showed "a hole in our security that they [Capitol Police] had not sufficiently contemplated." Greene reached the grounds through an entrance for construction workers building a visitor center, striking a Capitol Police vehicle that was guarding the gate.

Norton said that although police have to improve planning, they don't need wholesale changes. "I hope this doesn't result in locking us down any more because we're plenty safe with the other security" measures in place, she said.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the department, said, "We intend to work with the Capitol Police to ensure something like this will not happen again."

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Security Lapse (WP)

The Washington Post, September 20, 2006

ONE WOULD HAVE thought that with so many barricades installed, streets closed off and officers hired, police would be able to prevent a man with a loaded gun from getting inside the U.S. Capitol and rushing past the offices of top congressional leaders. The breach of Capitol security Monday by a man apparently high on drugs, who drove past security and onto the Capitol grounds, may well have been a fluke, but it demands a rigorous review by police and congressional authorities.

Thankfully no one was injured in the early-morning incident, in contrast to the tragedy that occurred in 1998 when two Capitol Police officers were fatally shot. Accordingly, Capitol Police showed a commendable amount of restraint in peacefully apprehending the suspect, who apparently got into the building via an unprotected construction entrance. Clearly embarrassed, Acting Capitol Police Chief Christopher M. McGaffin was right to call the security breach "unacceptable" and to promise an investigation.

Among the questions that need to be answered is why the public wasn't told about the breach in a timely fashion. It took some nine hours before any information was released; that lapse, like gun-toting inside government offices, doesn't make anyone feel safer.

Police Get Grant For Technology Upgrades (TALLDH)

By Chris Norwood, Home staff writer

Talladega (AL) Daily Home, September 20, 2006

TALLADEGA — U.S. Sen. Richard Shelby (R-Ala.), chairman of the Senate Appropriations Subcommittee on Commerce, Justice and Science, issued a press release Tuesday announcing the Department of Justice will release $247,000 to the Police Department for technology upgrades.

Shelby was instrumental in securing this funding during the fiscal year 2006 appropriations process, according to the release.

“Local law enforcement officers work on the front lines every day to ensure the safety of our communities and our citizens,” Shelby said. “It is crucial that they have the most up-to-date equipment available. With these technology upgrades, the Talladega Police Department will be able to better maintain public safety in Talladega.”

The release goes on to say: “The funding provided will be used for the purchase of in-car camera systems, mobile data terminals, vehicles and other equipment upgrades. In addition, a storage server will be purchased to allow the department to keep data in chronological order for playback during court, complaints and investigations.”

According to Police Chief Alan Watson, one of the major purchases will be 11 or 12 laptop computers, which will be mounted in patrol cars. The mounting will automatically charge the laptop’s battery, which will allow the officer to take it out of the car and use it to take statements from crime victims and record other information.

The computers will also be equipped with touch screens, which will allow witnesses and victims to sign their statements on the computer.

Once the officer drives back to the station at City Hall, the newly recorded data will automatically be taken from the laptop and put on a central server.

“This will just about eliminate any handwritten documents,” Watson said. “All of our arrest and accident reports are already done on a computer, and now incident and offense reports done in the field will be as well.”

The goal is to have a laptop in every patrol car while it is on duty, he said. The computers will be moved to other units when the shift changes.

At some point, the National Criminal Information Center information and Comet Tracker programs officers currently carry on Blackberry handheld computers will also be transferred to the laptops.

This will be an advantage because the laptops have larger screens with better resolution, so pulling up a suspect’s driver’s license photo, for instance, will be of more use to officers in the field.

“We’re really excited about this,” Watson said. “We’re ready to go.”

The computers, in-car cameras, software and licensing will all have to be bid out. If the check arrives from Washington by the end of the month, as expected, Watson said the systems could be up and running before the end of the year.

City manager Thomas Christie credits the council’s decision to hire a federal lobbyist at a cost of $60,000 per year last year for bringing the additional funding home. Another earmark, for a similar amount, creating a city Drug Task Force, is also in the works but has not been approved.

The appropriation is a Congressional earmark, which differs from a grant in that the city does not have to provide any matching funds.

Woman Pleads Guilty To Fraud (BRADV)

Baton Rouge Advocate, September 20, 2006

One Louisiana resident pleaded guilty and three others were sentenced in federal court Friday on fraud charges related to hurricane disaster relief programs.

DOJ_NMG_0066143

According to the U.S. Attorney's Office, Kim Cummings, 38, of Baton Rouge pleaded guilty to one count of making a false and fraudulent claim for Hurricane Katrina relief.

Whitney R. Paul, 19, of Donaldsonville and Vinita S. Lane, 28, and Jenny L. Lowery, 22, both of Baton Rouge, were sentenced.

After Hurricane Katrina, the Federal Emergency Management Agency made available $2,000 in expedited disaster assistance for food, shelter and clothing to people affected by the hurricane.

Cummings was indicted on two counts of making a false and fraudulent claim for assistance. She could be sentenced to a maximum of five years in prison, a $250,000 fine or both.

As part of her plea agreement, the U.S. Attorney's Office will dismiss the second count when she is sentenced.

Lane pleaded guilty in June to making a false and fraudulent claim. She was sentenced to three years probation and $2,000 restitution.

Lowery pleaded guilty in May to making a false and fraudulent claim. She was sentenced to three years probation and $1,916.38 in restitution.

Paul pleaded guilty in May to making a false and fraudulent claim. She was sentenced to five years probation and $2,000 restitution.

According to the U.S. Attorney's Office, 74 people have been charged in the Middle District of Louisiana with violations related to hurricane disaster relief funds.

In September 2005, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute such disaster-related crimes as charity fraud, identity theft, procurement fraud and insurance fraud.

The Task Force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for United States Attorneys and others.

Mezzatesta Indicted (AP)

AP, September 20, 2006

Former delegate, ex-superintendent face federal charges

Former House Education Chairman Jerry Mezzatesta and former Hampshire County schools Superintendent David Friend were indicted Tuesday on federal charges of defrauding the school board and misappropriating public funds.

A federal grand jury in Martinsburg charged the ailing Mezzatesta, 59, of Romney, and Friend, 59, of Morgantown, with conspiring to misapply public funds between January 2004 and June 2005, Acting U.S. Attorney Rita Valdrini said.

"I truly feel really bad that he's been indicted over this," said Mezzatesta's attorney, Deirdre Purdy. "He's lost his place in the Legislature, and with the cancer, he has suffered enough. I don't know why they keep hounding him."

Friend's attorney, Wes Metheney of Morgantown, defended his client from what he called "a Mezzatesta witch hunt" and called the indictments "a shame."

The charges center on a $75,000 grant that Mezzatesta, a nine-term lawmaker, sought in March 2003 for the Special Services Workshop in Romney. Mezzatesta had agreed not to use his legislative office to seek money for the Hampshire County school system where he was employed as an administrator.

In 2004, Friend asked state officials for permission to spend the money instead on Red Cross and emergency services training facilities in Romney and Springfield.

State officials who approved the change said the list included equipment, infrastructure for the Future Farmers of America at the Hampshire County fairgrounds and supported employment opportunities for the Special Services Workshop.

The list did not include $5,000 distributed by the county to the Capon Bridge Library and $5,000 each to six volunteer fire departments in Augusta, Capon Bridge, Capon Springs, Levels, North River and Slanesville.

In April 2005, the state Board of Education ordered the county board to return $35,000 of the grant money. That same month, the Hampshire County board fired Mezzatesta from his $60,000 administrative job.

"Unless they know something I've not learned in a year and half or so, all the money went for appropriate purposes and was not improperly used," Metheney said. "The grant was properly given to agencies for first responder services."

Metheney said state officials he spoke to suggested that if supplementary paperwork had been filed, the additional diversion of funds would have been approved.

"No one has shown me anything that shows money was being spent for anything other than to help the children of Hampshire County," he said.

The indictment, however, alleges Mezzatesta diverted the money "with an intent to derive an advantage ... in his effort to be re-elected" in 2004, Valdrini said.

The effort failed; Mezzatesta, a Democrat, lost his race.

He'd been removed as House Education chairman, a post he'd held since 1997, in August 2004. That demotion came amid an investigation to determine if he had fabricated and backdated a letter to fend off ethics allegations.

Mezzatesta was later convicted of a misdemeanor state charge of destroying legislative computer records as part of the alleged cover-up.

DOJ_NMG_0066144

If convicted on both counts of the federal indictment, Mezzatesta and Friend could each be sentenced to up to 15 years in prison and ordered to pay as much as $500,000 in fines.

Last fall, Hampshire County Board of Education members rejected a $275,000 buyout for Friend, whose contract was to run through 2008. Though he filed a civil lawsuit that is set to be tried next month, Friend resigned in January after 15 months on medical leave.

That same month, citing the financial irregularities, the state seized partial control of the Hampshire County system.

Superintendent Cynthia P. Kolsun, installed by the state but later hired by the board for a three-year term, said the county has been working hard to fix its problems. When it feels ready, the county can petition the state to end the intervention.

"We're not there yet, but we do recognize best practices and that's what we're putting into place now," she said.

Kolsun said the entire community has been hurt by the ethics scandal.

"The whole community has been involved, and the people in this community are so supportive of the school system," she said. "They want what's best for their kids, and I commend them for that."

In July, Mezzatesta paid a $2,000 fine to the West Virginia Ethics Commission.

That was 16 months after the commission reprimanded and fined him for improperly using his legislative position to solicit state grants, and for giving the commission a fabricated letter to fend off allegations of misconduct.

His wife, Mary Lou, has admitted she dictated the phony letter.

Press Aide Pleads No Contest In Sex Case (FINDLAW/AP)

By Phil Davis, Associated Press Writer

AP, September 20, 2006

(AP) - BARTOW, Fla.-A former Department of Homeland Security press aide pleaded no contest Tuesday to charges that he had sexually explicit online conversations with someone he thought was a 14-year-old girl.

Brian J. Doyle, 55, could face up to five years in prison under the plea agreement accepted Tuesday. He also faces up to 10 years' probation at sentencing scheduled for Nov. 17, and must register as a sex offender. He resigned from the department shortly after his April 4 arrest.

"I just want to say one thing. I am very, very sorry. Very sorry," Doyle told reporters outside the Polk County courthouse.

Doyle, of Silver Spring, Md., could have been sentenced to life in prison for 23 felony charges, including 16 counts of sending pornographic movie clips to a minor.

Prosecutors said Doyle wrote "very graphic" descriptions of sexual acts in online chats with a 14-year-old named "Ashlynne," who was actually an undercover Polk County sheriff's detective. Doyle was arrested after detectives said he tried to set up a meeting in Florida with the girl on a date when she wouldn't be menstruating.

According to court records, Doyle bragged about his government connections, provided his government-issued phone numbers, showed off his department ID and may have used his official computer in the communications with the detective posing as the girl.

Doyle told detectives he wasn't attracted to children, but had explicit conversations as a "kind of a power trip," court documents show.

Doyle's attorney, Barry Helfand, said his client suffers from depression and would detail the reasons for his online relationship at the sentencing hearing.

CIVIL LAW:

Federal Judge Allows Ex-Vandal's Lawsuit To Proceed (AP)

By Rebecca Boone, Associated Press

AP, September 20, 2006

BOISE (AP) — A federal judge has said a lawsuit brought by a former University of Idaho football player against U.S. Attorney General Alberto Gonzales, the Department of Homeland Security and others can move forward.

U.S. District Judge Edward Lodge made the ruling in a written order Monday.

Abdullah al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations in an eight-week federal trial. It deadlocked on eight other immigration charges, and Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify in the case. But three weeks after Al-Hussayen was arrested, al-Kidd was arrested at Dulles International Airport in Washington, D.C. as a material witness in the Al-Hussayen case. Al-Kidd had planned to board a flight to Saudi Arabia to begin studying Islam on a four-year scholarship. But federal prosecutors maintained that al-Kidd had testimony that was crucial to their case against Al-Hussayen, and said they feared if al-Kidd was allowed to leave the country he would not return for the trial.

DOJ_NMG_0066145

Al-Kidd spent two weeks in jail before he was granted a detention hearing in Idaho, at which the judge agreed to release him into the custody of his wife. But al-Kidd was prohibited from traveling anywhere but Idaho, Washington, Nevada and California, and his public defenders said the restrictions and the detention not only cost al-Kidd his scholarship in Saudi Arabia but employment opportunities as well.

Al-Kidd sued, alleging that he was falsely imprisoned, and that the government was guilty of abuse of process. He contended that the arrest warrant was invalid because in order to get the arrest warrant, the FBI gave wrong information about al-Kidd to a U.S. magistrate.

Specifically, the FBI allegedly told the judge that al-Kidd had only a one-way ticket to Saudi Arabia, when he had purchased a round-trip ticket. The FBI also allegedly failed to tell the judge that al-Kidd had a wife and children in the United States, that he was a U.S. citizen, that he had talked with the FBI several times before his arrest and that the FBI had never told al-Kidd that he should not travel abroad.

Attorneys for the federal government asked the U.S. District Court to dismiss the lawsuit, claiming that the arrest warrant and subsequent jailing had been proper under the law.

But Lodge disagreed, saying that al-Kidd's claims are sufficient to move the lawsuit forward.

Neither the attorneys representing the federal government nor the attorneys representing al-Kidd could be immediately reached by The Associated Press.

Judge Dismisses Medicaid Law Challenge (AP-Y)

By Kevin Freking

AP, September 20, 2006

A federal judge has dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits.

Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, which is the state-federal health insurance program for the poor. More than 50 million people get health care through the program.

Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. However, that contention was nothing more than conjecture, said U.S. District Judge Ronald A. Guzman of the Northern District of Illinois.

Guzman's 21-page ruling was made public Tuesday. He did not rule on the validity of the law. Instead, he said that the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law.

But the contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted.

"Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims," Guzman wrote.

Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they did get a partial victory in the case when the judge said he was likely to issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations.

"He said there is a strong likelihood of success on the merits for the foster children," said John Mark Bouman, a lawyer at the Sargent Shriver National Center on Poverty Law in Chicago. "If he had also found they were about to be injured tomorrow, he would have entered an injunction. He just wasn't convinced of that part yet."

Bouman also said that one way or another the plaintiffs will pursue the case and ask the judge to rule on the validity of the statute. He described it as an interim ruling saying that children on foster care are likely to win, but with everyone else, there are procedural hurdles to overcome.

In all, 15 people were listed as plaintiffs. Families USA, an advocacy group in Washington, helped organize the lawsuit. Ron Pollack, the organization's executive director, said the documentation requirements are most harmful to victims of natural disasters, the homeless and people with mental and physical disabilities who will have trouble accessing documents such as a passport or birth certificate.

"For many people, this documentation requirement is going to prove to be extraordinaily onerous and many people will be unable to fulfill this requirement," Pollack said.

However, about 8 million Medicaid beneficiaries are also exempted from the documentation requirements, namely elderly and disabled people so poor they qualify for both Medicare and Medicaid, as well as those aged and disabled people who get cash to meet basic needs through Supplemental Security Income.

Congress said that, beginning July 1, documents will be needed to prove identity and citizenship.

Regulations issued by the Department of Health and Human Services say a passport would meet both criteria. A birth certificate would serve as evidence of citizenship, but a second document would be needed to prove identity. In rare cases, sworn affidavits from two citizens can be accepted, but at least one of the two cannot be related to the applicant.

Judge Applies New Bankruptcy Law As Written To Possible Detriment Of Creditors (LAW)

DOJ_NMG_0066146

By John Caher, New York Law Journal

New York Law Journal, September 20, 2006

A Northern District of New York bankruptcy judge has refused to bail out Congress for an apparent drafting glitch in the new bankruptcy law that frequently results in creditors getting less under the "reform" measure than they got under the old version -- even though the clear intent of lawmakers and the president was to aid creditors.

Chief Bankruptcy Judge Stephen D. Gerling in In re Rotunda, 06-60054, broke with the majority of his colleagues who have considered the same issue and said that if Congress is determined to replace judicial discretion with formulaic mandates, it can deal with the seemingly absurd results.

"To allow a debtor with income above the state median to provide for zero payments to unsecured creditors in a chapter 13 plan ... when ... there remains sufficient funds to pay even a minimal dividend to them is contrary to the approach taken by this Court for over 20 years in considering chapter 13 plans," wrote Gerling of Utica. "Yet ... it is not for the Court to second guess Congress despite the fact that the statute, as written, may result in a confirmed plan that is contrary to the view expressed by President Bush."

Gerling's decision is rooted in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

The bill, which took effect last October, was drafted largely by credit industry lobbyists and was designed to prevent debtors from taking what the creditors viewed as unfair advantage of the bankruptcy law.

Many of its provisions were directed at people with income, and premised on the contention that debtors with the means to do so should repay their financial obligations to the extent possible. In signing the measure, President Bush said that under it, "Americans who have the ability to pay will be required to pay back at least a portion of their debts."

Now, however, instead of using actual expenses and income to determine how much a Chapter 13 debtor can afford to pay back, the law requires an examination based on the standards the Internal Revenue Service uses to decide how much delinquent taxpayers can commit to a repayment plan. Those standards permit allowances for food, housing, rent and other necessities, based on median values.

While the standards are unrealistically low in some areas -- meaning that it really costs consumers more for basic living expenses than the law recognizes -- they are unrealistically high in other regions, such as economically hard-pressed upstate New York, where living costs are less than the median, observers say.

In those areas, since the allowance is based not on actual expenses but medians, a strict application of the law enables debtors to deduct more than their actual living expenses. So, money that in the past would have gone toward repaying debts is in some cases now beyond the reach of creditors. No longer does all of the debtor's disposable income necessarily go to the repayment plan.

The question Gerling addressed in Rotunda, and several other judges have addressed in other cases, is how to go about determining the debtor's disposable income.

Court records show that Elizabeth and Lawrence D. Rotunda had an annual income of about $68,000, well above the median income for a two-person family in New York. Consequently, their capacity to repay was governed by a rigid "means test."

Before the Bankruptcy Abuse Prevention and Consumer Protection Act, the calculus of how much a Chapter 13 debtor had to pay was measured by his or her "projected disposable income." Under the old law this was simply the income the debtor listed on the bankruptcy petition minus the expenses. Whatever was left over went toward debt repayment.

The new law does not define "projected disposable income," but it does redefine "disposable income" as current monthly income less certain expense allowances. And under the new definition, Social Security income, like that received by the Rotundas, is excluded from the definition of current monthly income.

Here, the debtors argued that only their "disposable income" -- which excludes their Social Security -- should be included in their repayment plan. The Chapter 13 trustee objected to the plan that would allow the Rotundas to initially pay $800 a month rather than about $2,000 per month, arguing that it fails to make all of their "projected disposable income" available to unsecured creditors.

CONGRESSIONAL INTENT

In his brief, Chapter 13 Trustee Mark W. Swimelar of Syracuse acknowledged that "many parts of [the new bankruptcy law] are confusing and will spawn a tremendous amount of litigation," adding that the issue before Gerling represents "one of those situations where the statute is not totally clear." Still, he argued that a contextual reading of the entire statute leaves "no doubt that Congress intended to retain the projected disposable income test for confirmation of Chapter 13 plans."

The debtors' attorney, Peter A. Orville of Binghamton, N.Y., said the court should rely on what Congress said and did not say, rather than what it may have meant or hoped to achieve.

Gerling's court is one of several across the nation where attorneys have been debating whether the term "projected disposable income" under 11 U.S.C. §1325(b)(1)(B) has meaning distinct from the term "disposable income" as defined in 11 U.S.C. §1325(b)(2). Their decisions are split, with the bulk of them distinguishing between "projected disposable" and "disposable" to the benefit of creditors.

But in at least one of those cases cited by Orville and Gerling (see In re Barr, 341 B.R. 181 [Bankr. M.D.N.C. 2006]), a Chapter 13 plan was confirmed where the debtor proposed paying nothing at all to her unsecured creditors.

"The idea that a debtor may successfully confirm a chapter 13 plan without having to make any payments to unsecured creditors, despite having what appears to be surplus income ... understandably does not set well with the chapter 13 trustees and the courts," Gerling observed.

Yet, he said that with the new bankruptcy law "the court's discretion to review the totality of the circumstances and determine the reasonableness of a debtor's expenses in calculating disposable income has been curtailed, in some instances, by the new provisions that allow, whether or not intentionally, a debtor to propose a plan which provides zero payments to unsecured creditors despite having the financial wherewithal to make some payments to them."

He continued, "If this was not Congress' intent, then it is up to Congress to rectify the situation."

Orville said that a number of peculiar provisions and apparent contradictions in the new law often work to the detriment of creditors, even though lawmakers and the president were clearly attempting to help creditors with the new law.

"Actually, the unsecured creditors got the shaft," Orville said. "They are getting significantly less than they would have before. The legislation was written by bank lobbyists who wanted to make it harder to file bankruptcy. They certainly made it more expensive and more of a hassle, but the key is bankruptcy is alive and well and many people do better under the new law, and creditors do worse. The law doesn't necessarily do what the proponents said it would do."

Appearing on behalf of the trustee was staff attorney Lynn Harper Wilson. She was not immediately available for comment.

RULING ON TITHES

Coincidentally, on Friday three prominent U.S. senators who had strongly backed bankruptcy reform issued a letter criticizing a recent decision of the other Northern District bankruptcy judge, Robert E. Littlefield Jr. of Albany, N.Y. Like Gerling, Littlefield stuck with what Congress wrote in the statute even though those words may have produced an unintended result.

In In re Diagostino, 06-10384, Littlefield found that the new rules do not permit debtors to include religious tithes as a necessary expense, a major departure from prior practice. Consequently, the court found, money that previously would have been safeguarded for churches and other charities is now fair game for credit card companies. That ruling did not please religious conservatives who had spearheaded bankruptcy reform.

On Friday, Sens. Orrin G. Hatch, R-Utah, Charles E. Grassley, R-Iowa, and Jeff Sessions, R-Ala., wrote to Attorney General Alberto Gonzales, complaining that Diagostino "was wrongly decided and runs counter to Congressional intent." They urged Gonzales to direct Chapter 13 trustees that they are not to go after legitimate tithes.

Legal Battle With Ex-Aviano Base Employee Continues (S&S)

By Sandra Jontz, Stars and Stripes

Stars & Stripes, September 20, 2006

The U.S. Justice Department filed a legal brief with an Italian judge seeking immunity from having to pay a former Aviano Air Base employee, continuing the legal saga that put seized Army and Air Force Exchange Service merchandise in an auction limbo.

A hearing is scheduled for Nov. 8 in the Civil Court of Pordenone. It was scheduled after the U.S. Justice Department filed a brief maintaining the U.S. government already fulfilled its financial and contractual obligations to Mauro Martin when it paid off his bank debt after Martin was laid off 15 years ago, according to the brief.

Martin, an Italian, worked at Aviano as a bus driver and motor pool dispatcher from 1975 to 1991. According to his lawyer, Roberto Russi, the U.S. government violated Italian law regarding money it owed Martin when he was laid off in 1991.

In suits filed against the U.S. government, Martin alleged the U.S. illegally paid off his debts to a creditor, Banca Carimonte, instead of giving him the money. Three Italian court decisions — including the Supreme Court of Cassation in Rome — supported Martin's position. Italian courts sanctioned an auction of merchandise seized from AAFES in order to settle Martin's 22,000-euro claim.

"Such a situation has created notable problems for the American administration, which must repay Martin an amount that, in fact, has already been paid," reads a portion of the 23-page brief, filed in mid-August.

In its brief, the U.S. government argues that the military — and by extension the AAFES goods — are immune from such an action because the products "are in fulfillment of a public function," the brief states.

"We will argue that barbecues, women's bras, perfumes, and makeup, how do those serve a function of the state," Rossi said in a phone interview Tuesday.

Civil Rights:

Police Officer In NC Charged With Civil Rights Violation (CO)

The Charlotte Observer, September 20, 2006

WASHINGTON, N.C. - An officer in the Washington Police Department has been charged with violating the civil rights of Hispanics by taking money from them during traffic stops.

DOJ_NMG_0066148

Officer Steven Ray Hilsinger, 32, was charged in federal court on a criminal complaint that says there's "probable cause to believe that he targeted Hispanics for the purpose of robbing them of money," the Beaufort County Sheriff's Office said.

Hilsinger was arrested Monday night by the Beaufort County Sheriff's Office drug enforcement unit and the Federal Bureau of Investigation. He was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin.

He appeared before a federal magistrate in Raleigh on Tuesday and was released pending court action

"He would obtain custody of the wallet during the stop ... grab bills and then conceal them," said Capt. Tim McLawhorn with the narcotics unit.

His arrest is part of an eight-month investigation, Sheriff Alan Jordan said.

After receiving complaints, the sheriff's office and the FBI conducted sting operations in which an undercover agent posing as a Hispanic person drove a car through the city of Washington.

Investigators said Hilsinger stopped the undercover agent more than once, removing money from the agent's wallet, searching the car and then issuing either a warning ticket or a citation. He was arrested while on duty following a traffic stop of the undercover agent.

Lt. William Chrismon with the Washington Police Department said the department was unaware of the investigation of Hilsinger until he was arrested. A decision has not been made as to whether Hilsinger, who had been with the department for a year, would be fired.

In 2004, three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in circumstances similar to those alleged in Washington. Two received suspended prison terms, and one was sentenced to 75 days.

Officer Cited In Stops Of Hispanics (RN&O)

By Jerry Allegood, Staff Writer

Raleigh News & Observer, September 20, 2006

Sting leads to officer's arrest

WASHINGTON, N.C. - Another Eastern North Carolina police officer has been charged with stealing money from Hispanic drivers during traffic stops.

Steven Ray Hilsinger, 32, a patrol officer in the town of Washington for a year, was arrested Monday and charged with a federal civil rights violation after a Hispanic investigator working undercover was stopped and had money taken from his wallet. Hilsinger appeared before a federal magistrate in Raleigh on Tuesday and was released pending court action.

Hilsinger was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin. If convicted, he faces a maximum of one year in prison and up to $100,000 in fines.

Hilsinger is the fourth Eastern North Carolina police officer accused of stealing from Hispanic drivers in recent years. Three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in similar circumstances. Those officers, who were also arrested after an undercover operation, were accused of taking amounts ranging from $100 to $600. Two received suspended prison terms, and one was sentenced to 75 days.

Capt. Tim McLawhorn of the Beaufort County Sheriff's Office said an investigation began eight months ago after the department received complaints about Hispanics being targeted unfairly. He said some victims waited months to report the incidents.

In an affidavit, FBI Agent Donald Cowart described the complaints and the undercover investigation that led to Hilsinger's arrest.

Two businessmen reported in December 2005 that a Washington police officer was robbing their employees. In addition, the affidavit said, an investigator interviewed a Hispanic man who said he was stopped for a traffic violation by an officer who asked for identification and took his wallet. When the wallet was returned, the affidavit said, $60 was missing. The victim later identified Hilsinger in photos.

In another incident, a Hispanic man said he was stopped and told he had failed to dim his headlights. The affidavit said that the man provided a Mexican identification card and that the officer took his wallet to look for more identification. Two $20 bills were missing when the wallet was returned, the affidavit said.

Cowart said that on Sept. 8, Hilsinger pulled over an undercover officer who drove over a yellow line. The undercover officer acted as though he did not speak English and provided a valid driver's license. Hilsinger required the driver to fill out a questionnaire, issued a written warning and returned his wallet. A $100 bill and six $20 bills were missing, the affidavit said.

On Monday, the undercover officer carried marked bills and a valid driver's license when he was pulled over by Hilsinger after crossing a yellow line. The affidavit said six $20 bills were taken from the wallet and later recovered when Hilsinger was stopped and arrested.

Washington officials declined to discuss Hilsinger's status with the department on grounds that it was a personnel issue. City Manager James Smith said in a statement that the accusations against Hilsinger, if true, "are an embarrassment to the community, the city and the Washington Police Department."

"Taking advantage of vulnerable community members undermines the trust of the citizenry in the most fundamental way," the statement said.

DOJ_NMG_0066149

McLawhorn said that more charges might be filed after further investigation. He said that he hoped publicity would encourage victims who might be wary of government or law enforcement agencies to report incidents.

Staff writer Jerry Allegood can be reached in Greenville at (252) 752-8411 or jerrya@newsobserver.com.

Suit Questions Voting Act's Use (WT)

By Brian Debose, The Washington Times

The Washington Times, September 20, 2006

A lawsuit filed by a Texas utility board seeking a "bailout" from the federal Voting Rights Act has raised questions about the fairness of the act in small jurisdictions, and a Supreme Court battle over its constitutionality may ensue.

The Northwest Austin Municipal Utility District No. 1 Board was formed to oversee construction and maintenance of water and sewer services, operate a local park and provide other services by establishing taxes. That made it a government entity in Texas and therefore subject to Section 5 pre-clearance statutes under the Voting Rights Act. Currently, any change to the district -- no matter how minor -- must first be cleared by the Justice Department through a process requiring a constitutional lawyer and costing thousands of dollars.

Board members were hoping that Congress would pass an amendment requiring the Justice Department to notify Section 5 jurisdictions eligible for a bailout provision and pre-approve such areas, but the amendment failed. The group said it had no choice but to seek a bailout via a lawsuit.

"These local issues ought to be decided at the local level," said Greg Coleman, attorney for the 20-year-old utility district who filed the brief. "No one is trying to undermine any issue of the Voting Rights Act."

The utility district has made two changes to its voting habits in the past four years, and both received pre-clearance, Mr. Coleman said. The most recent change was the relocation of its polling site from the personal garage of one of the board members to a local elementary school "across the street."

The Voting Rights Act has a bailout provision that grants any jurisdiction an avenue to free itself if it has obeyed all of the statutes and has not been sued or had a judgment for violations for 10 years.

Edward Blum, a voting rights scholar with the Project on Fair Representation, said these types of issues relating to small jurisdictions are commonplace and exactly the type of overbearing use of Section 5 that he opposes.

"Some legal experts would tell you that such jurisdictions like the Austin municipal [utility district] are eligible for a bailout, and others would say they are not," Mr. Blum said.

Mr. Blum, who testified before the House Judiciary subcommittee on the Constitution in a hearing last year, said politics, not the law, often rules in such cases, but particularly in this one because the jurisdiction was created more than 10 years after Texas qualified for pre-clearance.

"Most of the people involved were either not born, were children or not living in the state when this statute was passed," he said.

The Justice Department declined to comment on the case.

Rep. Robert C. Scott, Virginia Democrat and a member of the Constitution subcommittee said, "Southern jurisdictions like Texas came under pre-clearance the old fashioned way -- they earned it."

State Judge Voids Georgia Law Requiring A Photo ID Of Voters (NYT)

By Brenda Goodman

The New York Times, September 20, 2006

ATLANTA, Sept. 19 — A state judge ruled Tuesday that a Georgia law requiring voters to present government-issued photo identification violates the State Constitution and could not be enforced.

In issuing a permanent injunction against the latest version of the Voter ID Act, the judge, T. Jackson Bedford Jr. of Fulton County Superior Court, said legislators overstepped their authority when they imposed a condition on the right to vote by requiring a photo ID.

“Nowhere in the Constitution is the legislature authorized to deny a registered voter the right to vote on any other ground, including a possession of a photo ID,” he wrote.

Judge Bedford wrote he was particularly troubled by a provision in the law that allows a registered voter without an approved photo ID to cast a ballot on Election Day but says that vote would not be counted unless the voter returned with an ID within two days.

“The result of this provisional-ballot scheme,” he wrote, “is to disenfranchise an otherwise qualified voter who does not comply with the additional conditions imposed by the legislature.”

Judge Bedford’s ruling was a significant setback for the Republican-led effort to enforce a photo ID requirement at the polls in Georgia. A spokesman for Thurbert E. Baker, the state attorney general, said the state was already drafting an appeal and would file it to the Georgia Supreme Court as soon as possible.

In October, a federal judge blocked an earlier version of the law, which would have required registered voters who lacked an acceptable photo ID to pay to have one made.

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Legislators quickly rewrote the measure to make the ID cards free. Supporters of the law say the cards are necessary to prevent voter fraud.

The Voter ID Act was signed by Gov. Sonny Perdue, a Republican, in January, but because of court challenges, it has only been enforced once, during a special election in Twiggs County on Sept. 12. A spokesman for Mr. Perdue said most Georgians believed that the law was a common-sense measure.

Some Republicans in the legislature spoke out against the ruling.

"Yet again, an activist judge is thwarting the will of a majority of Georgia citizens and their elected officials," Speaker Glenn Richardson said.

The suit challenging the ID requirement was filed in state court by former Gov. Roy E. Barnes, a Democrat, on behalf of a two registered voters who said they lacked the kind of photo ID's required by the law.

Opponents say the law is a partisan effort to disenfranchise the poor, the elderly and minorities, all of which have historically been more likely to vote Democratic.

"This is really a vote-suppression measure," said Daniel Tokaji, an assistant professor at Ohio State University and an expert on election law.

"There's very little evidence for the proposition that people are going to the polling place and pretending to be someone else." Mr. Tokaji said.

Kathy A. Rogers, director of elections in the Georgia secretary of state's office, said her office had never investigated any cases of a person trying to pose as someone else at the polls. Judge Bedford noted that he had heard from one witness who testified she had personal knowledge of only one case of voter fraud in her 26 years as an employee for the Fulton County Board of Elections.

Georgia Law Requiring Voters To Show Photo ID Is Thrown Out (WP)

By Darryl Fears And Jonathan Weisman

The Washington Post, September 20, 2006

A state judge yesterday rejected a Georgia law requiring voters to show government-issued photo identification, writing in his decision, "This cannot be."

Fulton County Superior Court Judge T. Jackson Bedford Jr. said the law, pushed by Gov. Sonny Perdue (R) to fight voter fraud, violates the state constitution because it disenfranchises citizens who are otherwise qualified to vote.

State officials vowed to appeal Bedford's ruling to the Georgia Supreme Court before the Nov. 7 general election.

The timing of the judge's decision could have political ramifications in Washington. The House is set today to vote on legislation that would require voters in 2008 to present a valid photo identification that "could not have been obtained without proof of citizenship."

The bill is part of a package of measures designed to demonstrate a new get-tough attitude on illegal immigration and border security.

"There have been enough reports over the years of voter fraud that it is time to have a picture ID to ensure the integrity of our voting process," House Majority Leader John A. Boehner (R-Ohio) said yesterday.

Like the Georgia law, the federal legislation would almost certainly be challenged in court. A coalition of interest and civil rights groups, including the NAACP, AARP, and the Mexican American Legal Defense and Educational Fund, denounced the bill yesterday, saying it would disenfranchise hundreds of thousands of minority and elderly voters.

Georgia's law was challenged by Rosalind Lake, an elderly black woman who was left partially blind after being nearly electrocuted in her home, is unable to drive and could not easily obtain a voter ID, her attorney said.

The lawyer, former governor Roy Barnes, argued that even though the state offered to deliver an ID to Lake's home, it could not do the same for everyone who is similarly challenged.

"We have a low voter participation," said Barnes, a Democrat. "We're going to make it more difficult?"

In previous elections, Georgians could present any one of 17 types of identification with their names and addresses, including a driver's license, utility bill, bank statement or paycheck.

Perdue and other proponents of the law said it is needed to curtail fraud. They cited an Atlanta Journal-Constitution article that said 5,000 dead people were listed as having voted in the eight elections preceding 2000.

But the fraud happened primarily in absentee balloting, Barnes said. Under the new law, absentee voters are not required to show identification.

"This is the most sinister scheme I've ever seen," Barnes said, "and it's going on nationwide."

Bedford's ruling was the latest in a string of court decisions against the Georgia law. Last year, U.S. District Judge Harold L. Murphy issued an injunction against the law, likening it to a segregation-era poll tax because the digital picture ID would cost voters $20.

After the Georgia General Assembly revised the law to issue the ID at no cost, Murphy refused to completely lift the injunction, saying the state did not have time to properly educate voters before July primaries.

In his ruling, Bedford said the law places too much of a burden on voters, regardless of certain state remedies. Voters could cast ballots without identification, but they would have to return to an elections office within two days to prove their identity or forfeit their vote.

"Any attempt by the legislature to require more than what is required by the express language of our Constitution cannot withstand judicial scrutiny," Bedford said.

Russ Willard, a spokesman for the state attorney general's office, said: "The state has already begun working on its appeal. We plan to file an appeal as soon as possible."

Judge Throws Out Ga. Photo-voter ID Law (AP-Y)

By Errin Haines

AP, September 19, 2006

A judge Tuesday struck down as unconstitutional the latest version of a new Georgia law requiring voters to show photo ID.

State Superior Court Judge T. Jackson Bedford Jr. ruled that the photo ID requirement deprives otherwise qualified voters of the right to cast a ballot and adds a new, unconstitutional condition to voting.

"Any attempt by the Legislature to require more than what is required by the express language of our Constitution cannot withstand judicial scrutiny," he wrote.

The judge took issue with the burden placed on voters to prove their identity using photo ID. Even if voters are allowed to cast ballots without the required identification, they must return within 48 hours with photo IDs or their vote is forfeited.

Bedford noted that a photo ID is not required to register to vote in Georgia.

The case is expected to go to the Georgia Supreme Court before the Nov. 7 general election.

Russ Willard, a spokesman for the state attorney general's office, said it would appeal "as quickly as possible."

Supporters of the photo ID law, including Republican Gov. Sonny Perdue, have said it is needed to protect against voter fraud. Opponents argue it disenfranchises poor, elderly and minority voters who are less likely to have a driver's license or other valid government-issued photo ID.

Former Democratic Gov. Roy Barnes challenged the law in the state case on a voter's behalf. Several civil rights groups filed a similar lawsuit in federal court.

"Judge Bedford obviously understood that at the end of the day, you don't play politics with the most fundamental right — the right to vote," said Jennifer Jordan, co-counsel with Barnes on the case. "The right to vote is actually the one thing that makes us all equal."

The new law took effect July 1, but its enforcement was blocked by state and federal judges during the state's July primaries and August runoffs.

Last October, federal Judge Harold Murphy struck down an earlier version of the law, saying it amounted to an unconstitutional poll tax.

The Georgia Legislature addressed his complaints in the latest version of the law, but when Murphy issued an injunction before the July primaries, he said the state had not taken enough time to educate voters.

Because the Department of Justice did not approve the photo ID requirement until late June, the state's election board had only three weeks to educate voters before the primaries — a window that was too short, Murphy said.

Nationwide, 24 states have legislation requiring voters to show some form of identification. Seven states, including Georgia, have passed legislation requiring voters to show a photo ID at the polls.

The issue heads to Congress on Wednesday, when the House takes up debate on legislation that would require all voters to show government-issued photo ID proving their citizenship.

Florida Redux? (RC)

Roll Call, September 20, 2006

Six years after the “hanging chad” presidential election debacle in Florida and four years after Congress passed legislation designed to prevent such disasters from happening again, alarms are once again being raised that these pivotal Congressional elections could be beset by chaos at the polls.

On Thursday, USA Today carried a front-page story headlined “Election glitches ‘could get ugly’” with the subhead “New voting equipment, lack of training feed fears.” And on Sunday, The Washington Post’s main headline declared “Major Problems At Polls Feared,” and the subhead read, “Some Officials Say Voting Law Changes And New Technology Will Cause Trouble.”

Let’s hope these warnings prove to be as overblown as the millennium Y2K panic, when it was feared that all the computers in the world would malfunction on Jan. 1, 2000, because of mis-set date codes. Industries spent billions in advance to adjust their computers and ward off the danger. Similarly, Congress has appropriated $3 billion to help states and localities buy electronic voting machines to avoid a repetition of Florida 2000, when voting snafus left the presidential election result in dispute.

Now, it’s control of Congress that hangs in the balance, and the worry is that despite (or worse, because of) provisions of the 2002 Help America Vote Act, Florida-style confusion may reign all over the country. As USA Today summarized, “problems range from delayed delivery of new equipment to an insufficient supply of trained technicians to fix anticipated problems.” It noted that glitches have occurred this year in primary elections in Arkansas, California, Florida, Illinois, Indiana, Maryland, Ohio, Pennsylvania, Texas and West Virginia.

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HAVA mandated new voting technology, updated statewide voter registries, provisional ballots for those not on voter lists and identification requirements for certain new registrants. Most of its provisions take effect this year. Unfortunately, as a Congressional Research Service study reported, Congress authorized $600 million to help states meet its requirements, then failed to provide the funding in fiscal 2005 or 2006.

The CRS added that, according to the Election Assistance Commission, national elections require about 2 million poll workers nationwide. Most tend to be retirees — with an average age of 72 — and they often have to be on duty for 14 hours. They needed substantial training to be ready for the new equipment and rules mandated by HAVA. They didn't get it.

Ever since 2003, Rep. Rush Holt (D-N.J.) has offered legislation to require that electronic machines be equipped with a backup paper trail to make it possible to resolve disputes. His bill, now boasting 212 co-sponsors, will not receive its first hearing in the House Administration Committee until Sept. 28 — just days before Congress is ready to adjourn and 38 days before the elections. There's no way around it: If Nov. 7 is a mess, Congress will be to blame.

Missing: A Black Voice For Economic Equality (USAT)

By Juan Williams

USA Today, September 20, 2006

The most frequently asked question about black leadership in America today is: Where is the next Martin Luther King Jr.?

In one sense, the question is misguided. Increased integration has created options for black leaders that did not exist a generation ago. Think of Colin Powell and Condoleezza Rice as secretaries of State, Stan O'Neal as chief executive and president of Merrill Lynch, Richard Parsons as head of Time Warner and Ken Williams as general manager of the baseball champion Chicago White Sox.

The list goes on.

But the continuing focus on the next King is not really about a shortage of black people in leadership positions. It's about who is at the forefront of the ongoing fight for racial equality in the nation. Who is taking leadership on difficult questions, such as how to respond to the disproportionate poverty among black and Hispanic Americans? Who is pushing to get answers to the high rate of out-of-wedlock births among blacks, now at nearly 70%? And who is dealing with shocking dropout rates for young black and Hispanic high school students, now approximately 50%, as well as the awful achievement gap for students of color who do stay in high school?

At the start of the 21st century, helping poor people of color to get through the doors of opportunity is the best indicator of racial progress. The major civil rights groups — the NAACP and National Urban League — have good people offering a range of programs from job training to health screenings. But on the issue of black America remaining competitive in a global economy moving away from blue-collar jobs, there is a leadership void.

The good news is that previous generations of successful black leaders offered a template for this era. Black leaders of every political ideology forcefully delivered a message centered on self-help — of taking control of one's fate — as black people struggled against slavery and then legal segregation, as well as crippling stereotypes.

Frederick Douglass wrote an editorial, "Learn Trades or Starve," to spur former slaves to keep pace with the economic changes of the late 19th century. Douglass also persuaded black men to enlist with the Union to fight the Confederacy and then argued that blood shed by blacks in uniform had earned them the right to full participation in U.S. politics and economics.

But since the 1954 Brown v. Board of Education decision banning racial segregation and the civil rights victories of the '60s, the focus of activism has shifted to government action. The message of individual empowerment has been replaced by appeals to white guilt based on a culture of victimization.

In 2004, on the 50th anniversary of the Brown decision, entertainer Bill Cosby gave a speech in which he praised the civil rights pioneers who fought to remove racial barriers, but he said too many of those newly opened doors were not being used. He pointed to children born in poverty, sky-high rates of black people in jail and the acceptance of crime in the black community. He bluntly told the audience: "Ladies and gentlemen, the lower economic people are not holding up their end in this deal."

Cosby said many of the problems facing black America today have less to do with white racism than with internal failures, such as poor parenting. In return for speaking out, he was accused of blaming the victim, letting whites off the hook for "systemic racism" and airing black America's "dirty laundry."

Undeterred, Cosby responded a few weeks later. He said too many black leaders "want you to remain in a hole and they rejoice in your hopelessness because they have jobs mismanaging you."

Black American leadership has been so successful at overcoming cultural, political and racial opposition that it created the model for modern social movements, inspiring democratic activists in China's Tiananmen Square and the leaders of Poland's Solidarity party. The reason so many across racial and ideological lines ask about the next Dr. King is they want to know how to achieve a real revolution that will lift up the disproportionate share of minorities trapped at the bottom.

In the 21st century, black leaders must inspire people by urging them to get the highest level degree possible to keep pace in the rough-and-tumble global economy. Leaders must tell young people that even if they are in the worst school imaginable, they must not drop out; that they shouldn't have children unless they are married; that they should work to avoid drifting into crime and the living hell of the prison system. Leaders must encourage people to take any job to avoid falling out of the workforce.

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More than 100 years after Booker T. Washington and W.E.B. DuBois agreed that self-help to educate children and economic power were necessary to bring blacks into the American mainstream, there is still a hunger to find the next leader to deliver that message.

Juan Williams is a senior correspondent for NPR, a political analyst for Fox News and author of Enough: The Phony Leaders, Dead-End Movements, and Culture of Failure That Are Undermining Black America — and What We Can Do About It.

ANTITRUST:

Grassley Voices 'strong Reservations' Over Pork Merger (DMR)

Des Moines Register, September 20, 2006

Washington, D.C. – Sen. Charles Grassley, R-Ia., is asking the Justice Department to take a close look at the proposed merger of the nation's two largest hog producers, Smithfield Foods and Premium Standard Farms.

In a letter Tuesday to the department's antitrust division, Grassley said

the merger would hurt independent farmers by severely reducing the number of places they can sell their hogs.

"I have strong reservations about this proposal and the continued trend in concentration in the pork industry and, as such, I urge the Department of Justice to carefully scrutinize this transaction," Grassley wrote.

Sen. Tom Harkin, D-Ia., also has called on the department to review the deal.

The department could seek to block the merger on antitrust grounds or

require the companies to sell some of their operations.

But Dennis Treacy, Smithfield vice president of environmental, community and government affairs, has said the company is confident that the department will clear the merger.

Premium Standard has pork plants in Missouri, Texas and North Carolina with the annual capacity of slaughtering 4.6 million hogs.

Smithfield has no operations in Iowa, but it owns Farmland Foods and John Morrell, which have Iowa slaughtering plants.

Rivals Skirmish With Microsoft Over Vista Security (CNET)

By Joris Evers, Staff Writer, CNET News.com

CNET News, September 20, 2006

Competitors say they should be able replace a Windows feature that tells people about the security status of their PC.

Microsoft and its security rivals are feuding over a key piece of Windows Vista real estate.

The fight is over the display of technology that helps Vista owners manage the security tools on their PC. Symantec, McAfee, Check Point Software Technologies and other companies want Microsoft to change Vista so their products can easily replace the operating system's built-in Windows Security Center on the desktop. But Microsoft is resisting the call.

"By imposing the Windows Security Center on all Windows users, Microsoft is defining a template through which everybody looks at security," Bruce McCorkendale, a chief engineer at Symantec, said in an interview. "How do we trust that Microsoft knows what all the important things about security are to warn users about?"

Windows Security Center, introduced with Windows XP Service Pack 2, pops up on desktops to alert PC owners if their firewall, virus protection and other security tools need attention. The version in the Vista update, set for broad release in January, will add new categories and management tools.

It is possible to run third-party security consoles in Vista, said Stephen Toulouse, a program manager in Microsoft's Security Technology Unit. However, people have to manually disable the Windows Security Center if they don't want to use it. And the software giant has no plans to give other companies the ability to turn off the Windows Security Center, Toulouse noted.

"Our main concern is to provide customers with a fall-back option if there is no other security center running," he said.

If the differences aren't worked out, it could spell annoyance for consumers, the rival security companies say. People who choose to use Microsoft's console alone will get a limited view of their Vista PC protection, they suggest. Those who buy competing software will have to run it alongside Microsoft's dashboard, which could report conflicting information. Rivals have charged that the Redmond, Wash.-based software giant is hurting consumers, raising the specter of more antitrust complaints for Microsoft.

"Microsoft's Windows Security Center demonstrates fairly limited sophistication, and having (it) control the console could take away the consumer's visibility into the threats he faces," said Siobhan MacDermott, a spokeswoman for McAfee. "Ultimately, it's something the consumer should decide, not Microsoft."

Jostling for position

Tensions are flying high in the security space after Microsoft, with its $34 billion war chest, entered the market. It launched Windows Live OneCare for consumers and is readying enterprise security products. With its huge presence on desktops, the software giant has a built-in advantage--one that is making other security companies nervous. European antitrust regulators are closely watching Microsoft.

Security companies have already fought several battles over Vista similar to the one about Windows Security Center. Some they won. Most recently, Microsoft added the ability for third-party products to turn off Windows Defender spyware protection in Vista, rather

than requiring the PC user to do it. Earlier, it provided the same functionality for the Windows Firewall. In both cases, Microsoft has asked security companies to re-enable the Windows defenses if their products are removed from a PC.

A dispute still exists over "PatchGuard," a security feature that Microsoft says is designed to guard core parts of the 64-bit version of Vista, but which critics say locks out helpful software from security rivals.

And then there is Windows Security Center, which sits in the Windows Control Panel and pops up any time there is a security alert, such as when antivirus protection is disabled or the firewall is turned off. Microsoft is beefing up the console in the successor to XP, and refers to it as the "voice of security for Windows Vista."

In Vista, the security dashboard will add reports on spyware protection, Internet security settings, and Windows security technology called "User Account Control."

Another change in Vista is that Windows Security Center will be used to manage the security software, in addition to reporting on it. For example, a PC user could update antivirus definitions or disable a firewall directly from the Windows Security Center, according to a recently published Microsoft document on the feature.

This could give rivals the opportunity to change tack and focus on developing products that plug into Microsoft's security dashboard, rather than continuing to produce their own, Toulouse suggested. "They might not need to have their own security center anymore," he said. "It is our hope that they build products that connect into Windows Security Center."

Microsoft agreed that multiple security consoles on a single PC could confuse users, especially different information is displayed, but said that this is an argument in favor of funneling all security software management via the Windows Security Center.

"It is a fundamental lack of clarity for the user," Toulouse said. Microsoft's dashboard is "neutral" and "vendor agnostic," Toulouse added.

But Symantec and Check Point chuckle at the notion that Microsoft is neutral. For example, both companies doubt it is a coincidence that the company added an anti-spyware category to the Windows Security Center only after it introduced Windows Defender, an anti-spyware tool that will ship as part of Vista.

"Who is Microsoft to define the right way to think about security?" asked Laura Yecies, general manager of Check Point's ZoneAlarm division. "Microsoft does not have the track record or expertise in this space. They have not earned it."

Best view

McCorkendale said Symantec's own security center will give its customers the best view of the status of Symantec products, so people should have the option to use the Symantec dashboard instead of Microsoft's. "Customers should be allowed to choose their security product suites and therefore the security console to go with them," he said.

Symantec's console is called the "Norton Protection Center," and Check Point has a management console in ZoneAlarm Internet Security Suite. McAfee, one of the top players in the consumer security space, also has a security console. Trend Micro and CA declined to comment.

Michael Cherry, an analyst at Directions on Microsoft, also questioned the software maker's neutrality when it comes to Windows Security Center, wondering whether Microsoft's developers would respond quicker to a request from the OneCare team then to Symantec's Norton AntiVirus team.

"I am not comfortable yet that that information is being shared equally and that all partners are equal partners," Cherry said. "It is only neutral when they can prove that OneCare, or Windows Firewall, or Windows Defender does not get a more favorable review or a more favorable access to technology."

There is something to be said for a central point in Windows that has security information, Cherry added. But if a user picks a third-party security suite, that product should be able to turn off Windows Security Center, he said.

"If I choose to use a third party's tools, then I would want to use a security center from them. So I'd be much more comfortable if Microsoft's could be uninstalled in favor of the one I want to use," he said.

Restricted Vista?

Symantec, Check Point and McAfee also argued that Microsoft's Windows Security Center risks giving consumers a limited view of security.

"If we were to just cede the dashboard console view of security to Microsoft, we could only talk to users about firewalls, antivirus and anti-spyware," Symantec's McCorkendale said

Check Point's Yecies said that Microsoft's console looks at security with blinders that are surprisingly convenient to its own product lineup.

"The modules, as Microsoft has currently defined them, are incomplete in an environment of zero-day exploits," she said. "Setting up those terms really limits the view consumers have about what is possible and potentially what they need. It might lead a consumer to think that they are fully protected, when in fact they are far from it."

But Natalie Lambert, an analyst at Forrester Research, argued that Microsoft is helping PC users. "The Windows Security Center is helpful, it really does provide a quick view into security," she said. "Consumers need to have security handed to them on a silver platter."

Vista is the first major update to Windows since Microsoft shipped XP in 2001. Back then, Microsoft was not a player in the security arena, and things went much smoother, McCorkendale said

"It is really hard work and we have had to be very, very persistent and over a very long period of time, which is different from how we used to work with Microsoft before they got into the security space. They have really changed the rules of the game; we used to have a lot more pleasant dialogue," he said.

Ultimately, Symantec hopes all the differences can be resolved nicely, McCorkendale said.

"All our concerns are about consumer choice. Consumer should be allowed to choose their security solution and if they are not allowed to make that choice…you risk a monoculture in security, which reduces innovation and diversity."

ImClone Sets Strategy To Deal With Loss In Erbitux Patent Case (WSJ)

By Marilyn Chase

The Wall Street Journal, September 20, 2006

Caught off guard by a federal court's Monday-night decision in the Erbitux patent case, ImClone Systems Inc. said yesterday it has crafted a strategy to deal with a judge's award of the cancer treatment's ownership to Israeli scientists.

"We have three avenues of defense: an appeal, an action for declaratory judgment [invalidating the patent] and the option to seek a license" from Yeda Research & Development Co., the technology-transfer arm of Israel's Weizmann Institute of Science, an ImClone spokesman said, calling this a "fail-safe" strategy.

The market wasn't so sure. The New York biotechnology company's shares staggered and then recovered a bit to close down $1.36, or 4.5%, at $29.16 as of 4 p.m. in Nasdaq Stock Market composite trading.

U.S. District Court Judge Naomi Reice Buchwald in New York ruled Monday that three Israeli scientists were the true inventors of a patent covering a use of the monoclonal antibody Erbitux when given in combination with chemotherapy. The drug is approved for advanced colorectal cancer as well as for tumors of the head and neck. ImClone had licensed exclusive rights to the patent from French drug maker Sanofi-Aventis SA, which said it had no comment on the ruling.

"It's a travesty of justice," said analyst Mike King of Rodman & Renshaw, which makes a market in ImClone stock. "It should give anyone working with academics pause. It means anyone who gets their hands on your molecule can make a claim. Maybe that's an oversimplification, but Yeda was a pair of hands. They were taking direction. They were doing the work, not doing something conceptually novel."

Yeda's counsel, Nicholas Groombridge, a partner in New York law firm Weil, Gotshal & Manges LLP, disagreed. "Those were the arguments ImClone made and the court rejected" after thorough analysis in its 140-page opinion, he said.

Moreover, Mr. Groombridge said his clients' win would be good for patients and good for competition. By seeking wider, nonexclusive licensing of the patent, Yeda will encourage other manufacturers whose entry into the market will apply downward pressure on pricing for such cancer treatments.

Dismissing any material adverse impact on near-term operations, ImClone said it will assess its intellectual-property position to determine longer-term impact. ImClone now pays royalties to Sanofi-Aventis "in low single digits" for an exclusive license to the patent -- a rate analysts estimate at about 3% of Erbitux sales. A nonexclusive license from Yeda would fetch a lesser fee, ImClone's spokesman said. ImClone derives royalties on the sale of Erbitux from its partners -- 39% from Bristol-Myers Squibb Co., which sells Erbitux in the U.S., and 9.5% from German drug company Merck KGaA, which sells the drug outside the U.S.

But analysts said the ruling threatens sales and profits on ImClone's only product and adds to challenges already facing the company. ImClone failed to find a suitable buyer after putting itself up for sale this year. Moreover, ImClone faces potential competition from Amgen Inc.'s rival drug Vectibix, which is headed toward approval as soon as late 2006 or early 2007.

Yesterday, a Bristol-Myers spokesman said its share of Erbitux revenue wouldn't be affected by any ImClone royalty payout to Yeda, but conceded a decline in ImClone's market value would erode the value of its 20% stake in the biotech firm. Bristol-Myers shares fell 17 cents to $24.71 as of 4 p.m. in New York Stock Exchange composite trading.

Merck KGaA prepared for such an outcome. It struck a deal with Yeda "some time ago" to protect Merck's "use of the [Erbitux] patent" and its Erbitux sales, a spokeswoman said yesterday, declining to specify terms.

---- Peter Loftus, Jeanne Whalen and John Carreyrou contributed to this article.

Write to Marilyn Chase at marilyn.chase@wsj.com1

ENVIRONMENT/INDIAN AFFAIRS:

Nuclear Site Nears End Of Its Conversion To A Park (NYT)

By Christopher Maag

The New York Times, September 20, 2006

FERNALD, Ohio, Sept. 19 — In about two weeks, the final trainload of radioactive waste is to leave the Fernald nuclear site.

The train will carry 5,800 tons of contaminated soil in 60 railcars, just like the 196 trains before it, which have run for seven years to a Utah dump from this scarred, cratered patch of land in the hills of southern Ohio.

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"I never thought I'd live to see this day," said Johnny Reising, who directs activity at the site for the Department of Energy.

This fall, the site will open to the public as a natural, undeveloped park following a 13-year, $4.4-billion cleanup. That is actually a bargain. Experts had originally estimated that cleanup would cost $12 billion and take until 2025.

"I remember touring the site in the 80's and thinking, 'My golly, how are we ever going to clean this up?' " said Graham Mitchell, who oversaw the site for the Ohio Environmental Protection Agency for 21 years until he retired this month.

From the time it opened in 1951 until it closed in 1989, the Feed Materials Production Center in Fernald enriched 500 million pounds of uranium, 67 percent of all the uranium used in the nation's cold war nuclear weapons program.

The center also created 1.5 billion pounds of radioactive waste, Mr. Reising said. It operated in obscurity until 1985, when neighbors discovered that the plant's waste had polluted their air, soil and drinking water.

The neighbors sued, and the resulting news coverage prompted similar revelations at nuclear facilities around the country.

The site originally included a leaky silo filled with highly radioactive uranium sludge. At the time it was the largest concentration of poisonous radon gas in the world, Mr. Reising said. Officials at the Fernald center dumped radioactive waste into pits just 20 yards from a creek that sits directly atop the Great Miami Aquifer, one of the biggest and cleanest aquifers east of the Mississippi, Mr. Mitchell said.

Rainwater carried uranium into the creek, where it sank and contaminated 225 acres, or about 0.062 percent of the aquifer, according to figures on the Web site of the Fernald Citizens Advisory Board, which represented the center's neighbors through the cleanup process.

When the Department of Energy ran out of room to bury waste at the 1,050-acre Fernald site, officials ordered it packed into 100,000 metal drums, which were left outside, exposed to the elements. Accidental releases covered 11 square miles of surrounding farmland in radioactive dust.

"When we first visited the site, I saw workers walking around in short-sleeve shirts, and their arms were covered with radioactive yellowcake," said Lisa Crawford, president of Fresh, a citizen's group that fought for cleanup at Fernald.

The original plan called for moving all the radioactive waste from Fernald to Nevada. Citizens and regulators gradually decided the plan was so expensive that it might never happen. "It took us years to realize how much dirt we were actually talking about," said Jim Bierer, chairman of the citizens board.

In the final compromise, the federal government agreed to move 1.3 million tons of the most contaminated waste to storage sites in Texas, Nevada and Arizona. Citizens agreed to place the rest — 4.7 million tons — in a landfill at Fernald.

Today, the waste site resembles a long, fat worm. Filled with uranium-laced soil, building parts and shreds of clothing, the landfill is 30 feet deep, with another 65 feet above ground, and is three-quarters of a mile long.

The landfill's outer wall of rock, plastic and clay is nine feet thick and sits 30 feet above the aquifer. It is designed to last at least 1,000 years.

At its peak, the cleanup effort employed 2,000 workers, as many people as worked at the center during the height of uranium production, Mr. Reising said.

The Department of Energy spent $216 million on buildings just to clean the site. When the buildings were no longer needed, each one had to be demolished, decontaminated and placed in the landfill. The department also built a pumping system to suck contaminated water out of the aquifer and purify it. That process will continue until the entire aquifer is clean, in about 2023, Mr. Reising said.

When the site opens as a park, the landfill will be off-limits to the public. The remaining 930 acres will include hardwood forest, prairie and wetlands intended to recreate the area's natural environment before European settlers arrived in the early 1800's, Mr. Reising said.

Native bird species not seen in the area for decades, including bobolinks and dickcissels, have been spotted at Fernald, as have endangered species including the Indiana brown bat and Sloan's crayfish. Deer wander the roads, and great blue herons stand motionless in ponds.

Humans have started to return, too. For decades, home values around Fernald stagnated because no one wanted to live near a nuclear waste dump, Mr. Bierer said.

Now two subdivisions are under construction within a mile of Fernald.

"It seemed to take forever," Mr. Bierer said. "Basically we started with a huge environmental disaster and ended up with an environmental asset."

Derailed Train Spills Hazardous Chemical, Hundreds Evacuated In Crawford, Texas (AP)

AP, September 20, 2006

CRAWFORD, Texas — A train derailed and spilled a hazardous liquid Tuesday night, prompting about half the population of Crawford to temporarily evacuate, officials said.

President Bush's ranch is several miles away from the town and was not near the area evacuated. Bush was not at the ranch at the time of the spill.

More than 300 people were told to stay away from their homes for about four hours before they were allowed to return at 10 p.m., said Crawford Police Chief Donnie Tidmore.

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No injuries were reported after the train spilled ethanolamine, said Joe Faust, spokesman for BNSF Railway.

The chemical is a colorless flammable liquid that can irritate the eyes, skin and respiratory system, according to a report on the Occupational Safety and Health Administration Web site.

"We're monitoring the air and the air is clear right now, so we're OK on that front," Tidmore said by phone from the scene.

The cause of the derailment was under investigation.

"One of the train engineers said he saw one of the cars starting to wobble and everything went from there," Tidmore said.

About 700 people live in Crawford, a central Texas city about 15 miles west of Waco.

Dumb As We Wanna Be (NYT)

By Thomas L. Friedman

The New York Times, September 20, 2006

São Paulo, Brazil

I asked Dr. José Goldemberg, secretary for the environment for São Paulo State and a pioneer of Brazil's ethanol industry, the obvious question: Is the fact that the U.S. has imposed a 54-cents-a-gallon tariff to prevent Americans from importing sugar ethanol from Brazil "just stupid or really stupid."

Thanks to pressure from Midwest farmers and agribusinesses, who want to protect the U.S. corn ethanol industry from competition from Brazilian sugar ethanol, we have imposed a stiff tariff to keep it out. We do this even though Brazilian sugar ethanol provides eight times the energy of the fossil fuel used to make it, while American corn ethanol provides only 1.3 times the energy of the fossil fuel used to make it. We do this even though sugar ethanol reduces greenhouses gases more than corn ethanol. And we do this even though sugar cane ethanol can easily be grown in poor tropical countries in Africa or the Caribbean, and could actually help alleviate their poverty.

Yes, you read all this right. We tax imported sugar ethanol, which could finance our poor friends, but we don't tax imported crude oil, which definitely finances our rich enemies. We'd rather power anti-Americans with our energy purchases than promote antipoverty.

"It's really stupid," answered Dr. Goldemberg.

If I seem upset about this, I am. Development and environmental experts have long searched for environmentally sustainable ways to alleviate rural poverty — especially for people who live in places like Brazil, where there is a constant temptation to log the Amazon. Sure, ecotourism and rain forest soap are nice, but they never really scale. As a result, rural people in Brazil are always tempted go back to logging or farming sensitive areas.

Ethanol from sugar cane could be a scalable, sustainable alternative — if we are smart and get rid of silly tariffs, and if Brazil is smart and starts thinking right now about how to expand its sugar cane biofuel industry without harming the environment.

The good news is that sugar cane doesn't require irrigation and can't grow in much of the Amazon, because it is too wet. So if the Brazilian sugar industry does realize its plan to grow from 15 million to 25 million acres over the next few years, it need not threaten the Amazon.

However, sugar cane farms are located mostly in south-central Brazil, around São Paulo, and along the northeast coast, on land that was carved out of drier areas of the Atlantic rain forest, which has more different species of plants and animals per acre than the Amazon. Less than 7 percent of the total Atlantic rain forest remains — thanks to sugar, coffee, orange plantations and cattle grazing.

I flew in a helicopter over the region near São Paulo, and what I saw was not pretty: mansions being carved from forested hillsides near the city, rivers that have silted because of logging right down to the banks, and wide swaths of forest that have been cleared and will never return.

"It makes you weep," said Gustavo Fonseca, my traveling companion, a Brazilian and the executive vice president of Conservation International. "What I see here is a totally human dominated system in which most of the biodiversity is gone."

As demand for sugar ethanol rises — and that is a good thing for Brazil and the developing world, said Fonseca, "we have to make sure that the expansion is done in a planned way."

Over the past five years, the Amazon has lost 7,700 square miles a year, most of it for cattle grazing, soybean farming and palm oil. A similar expansion for sugar ethanol could destroy the cerrado, the Brazilian savannah, another incredibly species-rich area, and the best place in Brazil to grow more sugar.

A proposal is floating around the Brazilian government for a major expansion of the sugar industry, far beyond even the industry's plans. No wonder environmental activists are holding a conference in Germany this fall about the impact of biofuels. I could see some groups one day calling for an ethanol boycott — à la genetically modified foods — if they feel biofuels are raping the environment.

We have the tools to resolve these conflicts. We can map the lands that need protection for their biodiversity or the environmental benefits they provide rural communities. But sugar farmers, governments and environmentalists need to sit down early — like now — to identify those lands and commit the money needed to protect them. Otherwise, we will have a fight over every acre, and sugar ethanol will never realize its potential. That would be really, really stupid.

Federal Regulators Eye Video Bingo (AP-Y)

By Erica Werner, Associated Press Writer

DOJ_NMG_0066158

AP, September 20, 2006

At some Indian casinos, they're not playing your grandmother's church basement bingo anymore. Now the game is video bingo, played at blinking, whirring consoles virtually indistinguishable from slot machines.

Slots are subject to state approval and limits. Bingo machines aren't.

Concerned that tribes are blurring the line between the two, federal regulators are trying to clarify the difference.

New rules proposed by the National Indian Gaming Commission would slow play at video bingo terminals, mandate more player participation and require screen space to be devoted to a bingo display, making it more clear to customers that they are playing bingo rather than a slot machine.

But the draft rules face angry opposition from Indian tribes. Some rely on video bingo to supplement their state-allowed quota of slot machines, or they use the devices because they can't get state permission to run slots.

"This is serious. This is people's lives at stake here," Marjorie Mejia, chairwoman of Northern California's Lytton Band of Pomo Indians, told gaming commission officials at a daylong public hearing Tuesday. "These proposed regulations are of great concern."

The Lytton Band hasn't won permission from California lawmakers for slot machines. It gets all its revenue from 937 electronic bingo machines. Tribal officials fear such machines would no longer be allowed under the new rules, and the slower machines that would be permitted wouldn't appeal to gamblers.

"It's really termination for my people," Mejia said.

Mejia was one of a series of tribal officials offering emotional testimony against the proposed rules, which come as tribal gambling has exploded into a $22 billion-a-year industry.

Perhaps 20 percent of that revenue comes from video bingo and similar machines, the Indian gaming commission says, the rest from slots and other Nevada-style games. The commission estimates there are some 50,000 video bingo machines at hundreds of Indian casinos around the country.

Video bingo is far less lucrative than slot machines. But since some tribes can't get state permission for slots or are limited to a certain number of such machines, they want to be able to offer the most profitable video bingo they can.

Video bingo games with names like Triple Double Red Hot 7s and Double Diamond Run Bingo are marketed based on their similarity to slot machines.

As with slots, a gambler punches a button to set reels spinning. But tribes say the machines are still fundamentally bingo because they require at least two gamblers to play each other over a linked network.

Slot machines, by contrast, involve a gambler interacting only with a single machine.

But National Indian Gaming Commission Chairman Phil Hogen said that if his agency doesn't act to delineate the difference between video bingo and slots, the two will grow so indistinguishable that states might seek to control bingo.

The Justice Department has also tangled with tribes over whether video bingo is allowed, underscoring the need for more certainty, Hogen said.

"To say that the line is already clear, I so wish that were true. I would have spent the last three years a whole lot different than I did if that were true," Hogen told tribal leaders. "Clarity I continue to think is needed."

The commission's draft rules, open for public comment until Sept. 30, require gamblers to press a bingo machine's buttons more than once, as now can happen. There are seconds-long delays built in, instead of play happening nearly instantaneously. Fifty percent of a machine's screen must be displayed as bingo, and the machine must be clearly labeled as bingo.

"The games that would be permitted under the proposed regulations would be extraordinarily expensive to produce and have little commercial viability" said Charlie Lombardo, vice president of gaming operations with the Seminole Tribe of Florida. The proposal is "very unfair to tribes."

FBI/DEA/ATF/USMS:

Mexico Pledges To Extradite Drug Lords (AP)

By Marjorie Olster, Associated Press Writer

AP, September 20, 2006

President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States.

Fox said Mexico currently has 16 "big leaders" of drug gangs in jail along with 75,000 lower level members of various cartels.

"We are fighting hard and attaining very important results," Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly.

The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector "El Guero" Palma, a reputed leader of the Sinaloa drug cartel.

"We will extradite all of those who have pending matters with U.S. justice," Fox said.

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It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S.

Mexico extradited its first major drug lord - accused kingpin Francisco Rafael Arellano Felix - to the United States over the weekend. Before that, Mexico had often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty.

Mexico's extradition of the man who once ran the Arellano Felix drug clan was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

After serving a 10-year sentence in Mexico, Arellano Felix was loaded into a helicopter to the Mexican border town of Matamoros, then flown across and handed over to Texas officials in Brownsville. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department approve the extradition.

Mexico has fought many extraditions in the past, arguing that suspects must face justice here first. It also has refused to extradite suspects who face the death penalty in other countries.

Capital punishment is illegal here, and a 1978 extradition treaty with the United States allows Mexico to deny extradition if a person faces the death penalty in another country.

In November, Mexico's Supreme Court removed an obstacle that had prevented many of the country's most notorious criminals from facing U.S. justice when it overturned a 4-year ban on the extradition of suspects facing life in prison.

Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Feds Find Drug Tunnel On U.S. Border (UPI)

UPI, September 19, 2006

U.S. Drug Enforcement Agency officials said they discovered a tunnel running 400 feet along the U.S.-Mexican border used by traffickers to smuggle drugs.

The tunnel, about 20 feet underground, reportedly was outfitted with lights and had a concrete floor, resembling in sophistication the tunnel authorities discovered last January that led from Mexico into a California border town, El Universal reported Tuesday.

Today's discovery is yet more evidence of the desperation that drug traffickers are feeling as law enforcement efforts continue to impede the flow of drugs into the U.S., said DEA agent John Fernandes.

Man Linked To Cross-border Tunnel Pleads Not Guilty To Marijuana Possession (SDUT)

By By Anna Cearley, Union-tribune Staff Writer

The San Diego Union-Tribune, September 19, 2006

A man linked to the cross-border tunnel that was found Friday in Calexico has pleaded not guilty to possessing about 1,000 pounds of marijuana found in a truck he was driving.

Jesus Bernardo Aguila Agundez made his plea at the El Centro federal courthouse Monday, according to U.S. authorities.

Aguila's arrest Friday paved the way for U.S. investigators to obtain a search warrant that same day to enter a Calexico house from which the truck had reportedly been seen leaving.

Inside, they found a 400-foot-long cross-border tunnel with lighting, ventilation and a water pump system. Mexican authorities, notified of the tunnel, found its opening in a house on the Mexicali side of the border.

Drug Enforcement Administration special agent Dan Simmons wouldn't say how a multiagency task force had grown suspicious about the Calexico house.

U.S. authorities were conducting surveillance for several weeks on cars leaving the house on East Second Street, according to court records.

On Friday, they watched a blue truck back halfway into the house's garage and someone load unidentified items onto it, according to the records.

They followed the truck to a swap meet and afterward.

Calexico police then stopped the truck and found 100 packages of marijuana covered by a tarp, according to the records.

No arrests were reported on the Mexican side, but officials there did find marijuana residue on their side of the tunnel, according to a news release from the Mexican Attorney General's Office.

The Arellano Felix drug cartel has been linked to drug tunnels in the past, but Mexican and U.S. authorities wouldn't say whether this tunnel was used by a particular group.

The Mexicali region's drug network is believed to be mostly controlled by suspected drug traffickers Ismael Zambada and Joaquin Guzman, who are rivals of the Arellanos.

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The tunnel's interior dimensions were 3½ feet by 4 feet, and it had been built about 20 feet underground, according to agency spokesman Simmons. There was about 8 inches of standing water in the tunnel, and a pump was found on the Mexican side, he said.

Such pumps are often found in tunnels where underground water tends to seep into the spaces.

The tunnel had been reinforced with wooden beams and planks. U.S. authorities also found four skateboards that may have been used to scoot the drugs through the tunnel, which had a concrete floor.

“I don't see a bunch of kids practicing with their skateboards down there,” Simmons said.

Drug Ring's Bi-state Tactic (PAET)

By Tom Quigley, The Express-times

Easton Express-Times, September 20, 2006

Made deals in Easton, fled to P'burg, officials say. Scheme meant to thwart police, investigators allege.

PHILLIPSBURG | A $17,000-a-week cocaine ring dismantled by federal and local investigators made about half its drug sales in the Easton area, a federal Drug Enforcement Agency spokesman said Tuesday.

A six-month investigation led to the arrests of 30 people facing charges ranging from state drug possession charges to federal charges of conspiracy to distribute cocaine.

DEA spokesman Douglas S. Collier said the cocaine dealers tried to use the state line between New Jersey and Pennsylvania to thwart local investigators.

"The leaders of this crack cocaine distribution network were Keisha Fredericks and Edward Rayshawn Carter, also known as Sugar Ray," Collier said.

He said the investigation was dubbed "Operation Stateline" because investigators saw several members of the distribution ring crossing between the two states.

Collier explained the dealers would sell in Pennsylvania and then retreat to what they considered the safety of Phillipsburg.

Investigators seized about three pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rodgers Street, Bethlehem, is one of seven people facing federal charges and is now in the custody of the U.S. Marshals Service.

Also facing federal charges for conspiracy to distribute cocaine are Fredericks, 29, of the 300 block of Washington Street, Phillipsburg; Carter, 31, of the first block of Sitgreaves Street, Phillipsburg; James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg; Ray "Pops" Edward Carter, 48, of the first block of Sitgreaves Street, Phillipsburg; Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton; and Daniel "Groove" Groover, 45, of the 300 block of Washington Avenue, Phillipsburg.

The federal charges against the seven carry possible life sentences, authorities said Tuesday. Plea negotiations with the U.S. Attorney's Office are ongoing, court records show.

Defense attorney Scott Alan Krasny represents Edward Rayshawn Carter and is the lead attorney in the federal case. He did not return a phone message left Tuesday at his West Trenton, N.J., office.

Twenty-three area residents face state drug charges linked to the investigation.

"We're not going away," Collier said.

Phillipsburg Police Chief Robert Mirabelli said his investigators and patrol officers took part in the investigation. The chief thanked the DEA agents involved in the investigation.

"I do believe it's had a significant impact in Phillipsburg," Mirabelli said.

The chief said now the job involves continued work to prevent others from coming into town to replace those arrested.

The Warren County Prosecutor's Office Multi-Jurisdictional Narcotics Task Force also participated in the investigation.

Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions, and made undercover drug buys as they infiltrated the underbelly of Phillipsburg's drug trade, according to court records.

The undercover investigation began in March.

A confidential informant told DEA agents that Edward Rayshawn Carter, Ray Edward Carter, Armstrong and Groover were selling large quantities of crack in and around Phillipsburg, federal records show.

Fredericks was under surveillance for months after authorities obtained a court order to tap her cell phone, records show.

Those facing criminal charges in Warren County include the son of 40-year-old Phillipsburg resident Donald O'Grady -- one of two men charged with the robbery-murder of an elderly Phillipsburg woman last month.

The ongoing investigation is part of the DEA's Mobile Enforcement Teams program. The program was developed in 1995 as a response to drug-related violence in neighborhoods.

Other agencies involved in the investigation were the Easton Police Department, Belvidere Police Department, FBI, Greenwich Township Police Department, New Jersey State Police, Pohatcong Township Police Department, Washington Borough Police Department and Warren County Sheriff's Office.

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Officials Release Details On Drug Ring (MORNCALL)

The Morning Call, September 20, 2006

A crack cocaine ring based in Phillipsburg made sales on both sides of the Delaware River to stymie local police as well as rake in money, state and federal officials said Tuesday.

But any advantage the organization hoped to gain by moving across the Pennsylvania-New Jersey border collapsed this summer, the authorities said. The crack ring, believed to be the largest in rural Warren County, was put out of business six months after federal agents began using wiretaps and making undercover buys.

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"They tried to manipulate the system, using the state line as their protector and shield," said Douglas S. Collier, a special agent with the U.S. Drug Enforcement Administration in Newark, N.J. "They were doing operations in Pennsylvania and going back to New Jersey feeling safe."

Unfortunately for the ring, Collier said, law enforcement officials on both sides of the Delaware began sharing information on what their patrol officers were seeing.

What the local police saw led to Operation Stateline, an investigation that netted 30 people on drug charges, including seven on federal charges carrying potential life prison sentences, Collier said. It also netted three pounds of crack and $17,000 in cash.

At a news conference in the Phillipsburg Municipal Building, police chiefs and other Warren County law enforcement officials lined up near an organizational chart with pictures of the seven suspects in the federal case. All have been in prison since July, when they were arrested and indicted.

About half of the ring's business was in the Easton area, Collier said. Easton Police Chief Larry Palmer had been invited to the news conference but was unable to attend.

Three Northampton County residents were among those arrested, and two who were labeled "distributors" on the organizational chart were named in federal indictments: Tim Hartwell, 33, of 2263 Rogers St., Bethlehem, and Pasqual Colon, 27, of 606 Berwick St., Easton.

Kristi Riegel, 23, of 907 Bushkill St., Easton, was among the 23 people arrested on state drug charges in Warren County, officials said.

The ring bought cocaine from suppliers at wholesale prices, ranging from $28,000 to $35,000 per kilogram, Collier said, and "cooked it up into cocaine base," known as crack. Distributors provided the crack to dealers, who sold it on the street for $5 to $10 per "rock."

Street prices for a kilogram's worth of the drug totaled well over $100,000, Collier said, bringing the ring exponential returns on its investment.

The main targets of the federal investigation were Phillipsburg residents Keisha Fredericks and Edward Rayshawn Carter, whose pictures were at the top of the organizational chart.

A glimpse into the ring's sales and production methods is contained in the federal indictment against Fredericks in a section detailing an April 26 drug deal being made over a cell phone.

When the caller asked if there was crack for sale, the indictment states, Fredericks said she had it but that "we's just chefin' it," meaning cooking the cocaine into crack.

Fredericks told the caller she needed about 20 minutes to finish cooking before heading over to a convenience store parking lot, where she later sold an ounce of crack for $1,500, the indictment states.

Collier declined to say where the ring bought cocaine wholesale, saying it came from "different sources." He said the investigation is pending.

"We're not going away," he said. "We have a lot of work to do."

Drug Ring Defendant Is Sentenced To Prison (SFC)

By Henry K. Lee, Chronicle Staff Writer

San Francisco Chronicle, September 20, 2006

22 had been accused of conspiring to deal cocaine and heroin

One of the last of 22 defendants named in a 2004 federal grand jury indictment accusing them of conspiring to distribute cocaine and heroin from West Oakland was sentenced Monday to more than five years in prison.

At a hearing in Oakland, U.S. District Judge Claudia Wilken ordered Joel Diaz, 35, of Oakland to serve 63 months in prison. In April, Diaz pleaded guilty to possession with intent to distribute and distribution of cocaine while aiding and abetting.

The group was based in an area known as the Lower Bottom near 15th and Center streets in West Oakland, where drug disputes led to 10 homicides in the vicinity from 1996 until a federal complaint led to arrests in 2004, FBI Special Agent Sandra Maier wrote in an affidavit.

The charges, based largely on wiretapped phone conversations and undercover surveillance, were the result of an investigation that included Oakland police, the FBI, the Drug Enforcement Administration and state narcotics agents.

Of 22 defendants named in the complaint, most of them were indicted by a federal grand jury in Oakland. Federal prosecutors ultimately dropped charges against three defendants, court records show.

Over the past two years, the majority of those indicted have been sent to federal prison with sentences ranging from nine days to 14 years, records show.

Among those now in prison are James Edward Morrison Jr., 37, of Richmond, a convicted rapist and drug dealer known as "Chewy" who received a 10-year sentence, and Irvin Anthony Albert, 35, of San Jose, a convicted rapist known as "Tone Capone" who was sentenced to 14 years in prison.

On Sept. 11, another defendant, Henry Fryson, 42, whose nickname is "Biggie," was sentenced to more than nine years in prison. The last defendant, Mike Randall, is to be sentenced in November.

Typically, authorities have seen a "revolving door" of suspects who are back on the streets relatively quickly after being placed on county probation. Many served shorter stints in local jails where convicts could arrange drug deals or even executions from behind bars.

Drug dealers who are sent to federal court often face longer sentences and are sent to prisons across the country, far from friends and family, authorities say.

"You're going to feel totally isolated in every way from your way of life," said Officer Roland Holmgren, Oakland police spokesman. "If you continue on this path of violence and destruction, there's now warnings -- this is it."

Authorities are using the same tactic in North Richmond, where 15 suspected members or associates of the Project Trojan street gang were indicted in March by a federal grand jury in Oakland on charges of cocaine and methamphetamine trafficking.

Suspect May Be Linked To Zetas (DMN)

By Sergio Chapa, Al Día

The Dallas Morning News, September 20, 2006

Lancaster: Lawyer says man denies smuggling guns for cartel enforcers

A Lancaster man arrested late last week for being a felon in possession of a firearm is part of a network that provides weapons to the drug cartel enforcers known as the Zetas, according to court documents and testimony.

Members of a local task force with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives arrested Erasmo Arciba, 42, near his Franklin Street home Thursday. The arrest came after a five-month investigation into handguns and assault rifles that were bought in the Dallas-Fort Worth area and delivered to Mexico's Gulf cartel.

Mr. Arciba's attorney, Carlton McLarty, said his client – who is being held without bail pending a Thursday hearing – admits to being a felon in possession of guns but denies being part of an international weapons smuggling ring.

In a court hearing Monday, Dallas police Officer Paul Freese told U.S. Magistrate Judge William F. Sanderson that Mr. Arciba's case is part of an ongoing investigation of the Zetas' local connections, including weapons trafficking.

The Zetas, a paramilitary group that murders rivals and collect debts on behalf of the Gulf drug cartel, have been linked to crimes in Mexico and the U.S., including at least three killings in the Dallas area first reported in The Dallas Morning News.

Officer Freese testified in court that Mr. Arciba is affiliated with a group "that sends weapons to Mexico and Zetas ... but he is not a member" of the Zetas.

Mr. Arciba "is a hardworking person in town" who runs a construction business out of his Lancaster home, Mr. McLarty said. "He admitted to having the guns and should be granted bond."

Police say Angilita Ortiz, 21, of Grand Prairie helped Mr. Arciba buy at least two FN Herstal 5.7 USG guns from a pawnshop in the 2900 block of West Northwest Highway in Dallas on Sept. 8 and Thursday.

A probable-cause affidavit filed in the case states that Zetas use the same type of handgun as "one of their weapons of choice" and that ATF agents have watched over the purchase of the Belgian-made weapons in the Dallas area.

The pawnshop owner declined to comment on the case Tuesday, but an affidavit states that he informed ATF investigators of the purchases, because Ms. Ortiz bought two of the same type of handgun for self-defense in a short period of time and did not buy ammunition.

Officer Freese testified that guns of the same brand bought by Ms. Ortiz were used in a shootout between Zetas and Mexican federal agents in June and that ATF officials determined those weapons came from Dallas.

Ms. Ortiz did not respond to an interview request. She has not been charged with a crime.

The affidavit states that Mr. Arciba recruited Ms. Ortiz to buy guns for him, because he served 60 months in prison for a 1991 drug trafficking case in East St. Louis, Ill.

According to federal law, an ex-felon cannot purchase or be in possession of a firearm.

Tom Crowley, ATF regional spokesperson, said arms trafficking is more common along the border, but there have been several gun-purchasing cases similar to the Arciba case in Dallas-Fort Worth. Mr. Crowley said those weapons were sold to criminals in Mexico.

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Mr. Crowley said Tuesday that ATF officials are still trying to determine how many weapons were funneled into Mexico by Mr. Arciba and his associates.

According to the affidavit, ATF agents followed Mr. Arciba and Ms. Ortiz when they left Bachman Pawn and Guns on Sept. 14.

Hours after Mr. Arciba left Ms. Ortiz at her home, authorities arrested him.

He admitted to having possession of the gun she purchased earlier in the day and had it with him. He also told agents he had three more in his garage.

According to the affidavit, Mr. Arciba told investigators that the other FN Herstal gun – the one Ms. Ortiz bought Sept. 8 – ended up in Mexico.

The News was among the first news organizations to report on the existence of the Zetas and their enforcement role for the Gulf cartel. The organization has been engaged in a bloody turf war with rival cartels along the Texas-Mexico border and elsewhere in Mexico.

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Cause Of Blaze Stumps Officials (JOHNSTD)

By Mike Faher, The Tribune-Democrat

Johnstown (PA) Tribune-Democrat, September 20, 2006

More than a week after fire leveled a popular Johnstown bar, investigators say they have no idea what caused the blaze.

And local officials have called in some outside help: The federal Bureau of Alcohol, Tobacco, Firearms and Explosives has dispatched agents to assist at the 1167 Franklin St. site formerly occupied by Lamont's.

But city police Chief Craig Foust cautioned that an ATF presence does not mean anyone has determined that the fire is suspicious in origin.

"It's not unusual to bring (federal investigators) in if there's a lot of damage," Foust said. "It's a challenging scene because of the extent of the damage."

Lamont's burned to the ground early Sept. 12.

City firefighters said they found the structure fully engulfed when they arrived around 3:30 a.m. The intensity of the flames and proximity of overhead power lines prevented emergency crews from getting inside.

City police and fire personnel, a state police fire marshal and now ATF representatives are involved in the probe.

"(ATF agents) have investigative skills that may help us," Johnstown fire Chief Anthony Kovacic said. "It's just additional assistance."

Foust said investigators have ruled out nothing, including the possibility that the blaze was accidental.

"That's the whole purpose of the investigation – to find out what happened," he said.

The fire scene remains under 24-hour guard. Foust said that protection was arranged by property owner Lamont Crocco's insurance company, not by city officials.

Crocco, who has said he was the last to leave the bar before the fire, has vowed to rebuild there. He operated Lamont's for 24 years.

IMMIGRATION:

Calif. Woman Admits Nazi Link (AP)

AP, September 20, 2006

SAN FRANCISCO (AP) -- An 83-year-old woman who admitted she had served as a guard at a concentration camp during World War II was deported to Germany, federal officials said Tuesday.

Prosecutors would not say how they learned about Elfriede Rinkel, but a department spokeswoman said investigators routinely compare guard rosters and other Nazi documents to U.S. immigration records.

Rinkel admitted in court documents that she worked as a prison guard at the Ravensbrueck camp near Furstenberg from June 1944 until the camp was abandoned by the Nazi government in April 1945. According to the U.S. Department of Justice, she worked with an SS-trained attack dog but was not a member of the Nazi party.

"Concentration camp guards such as Elfriede Rinkel played a vital role in the Nazi regime's horrific mistreatment of innocent victims," said Alice Fisher, a Justice Department lawyer. "This case reflects the government's unwavering commitment to remove Nazi persecutors from this country."

As part of her June agreement with prosecutors, Rinkel gave up her green card, moved to Germany and agreed never to return to the U.S., according to the court documents. The government agreed to not release information about Rinkel's case, which began in April, until after her departure. She left this month.

A call to her lawyer Tuesday wasn't immediately returned.

DOJ_NMG_0066164

Rinkel's husband, a German Jew whom she married after coming to the U.S., died in 2004. Her brother and sister-in-law, when reached at their Northern California home, said they were unaware of Rinkel's past and believed her husband had been, too. The couple asked not to be identified by name because they feared a backlash from friends and family.

More than 130,000 women passed through Ravensbrueck's gates between 1939 and 1945; an estimated 40,000 survived, according to the U.S. Holocaust Memorial Museum.

In January 1945, it had more than 45,000 prisoners, mostly women. The camp had more than 150 female guards and was a major training site for female concentration camp staff.

Rinkel was a furrier by trade in her hometown of Leipzig, according to her younger brother, who fought for the German army in North Africa and was captured by U.S. troops. In 1950, the general who ran the prison camp in Wyoming where he was held helped Rinkel's brother permanently settle in the U.S.

Nine years later, the brother and sister-in-law sponsored Rinkel to come to the Bay Area where she met her husband, Fred Rinkel, at a German-American friendship club, according to the couple.

Fred Rinkel received a Jewish burial in San Francisco and his wife was to be interred next to him, but she has since changed those plans.

SF Woman Hid Nazi Past From Jewish Husband (OAKTRIB)

By Josh Richman

Oakland (CA) Tribune, September 20, 2006

Berkeley relatives shocked to learn of the 84-year-old woman's past as a concentration camp guard

An elderly San Francisco woman was deported to Germany this month after admitting she was a guard in a Nazi-operated concentration camp in the Third Reich's waning days, federal officials said Tuesday.

But although Elfriede Lina Rinkel, 84, now admits her terrible past, shocked Berkeley relatives said Tuesday she had hid her secret for more than 60 years even from them and apparently from her late husband -- a German Jew who'd fled the Holocaust himself.

Rinkel's brother and sister-in-law, longtime Berkeley residents who asked that their names not be published, said they just learned the truth Tuesday when reporters called them for comment.

"It knocked us off our feet," the sister-in-law said. "We have many, many Jewish friends who live in the Oakland/Berkeley area and this would be quite shocking to them as it was to us."

Rinkel -- charged under a federal law requiring removal of aliens who took part in acts of Nazi-sponsored persecution -- in June signed a settlement agreement with the government admitting that from June 1944 to April 1945 she was a guard at the Ravensbruck camp, built near Furstenburg, Germany almost exclusively for female prisoners.

Documents released Tuesday by the U.S. Department of Justice's Office of Special Investigations say she used a trained SS guard dog at the camp. The OSI also provided copies of her service card, taken from an SS records office, and bank records showing pay she received for her service at the camp.

Ravensbruck's construction began in late 1938, and the camp was liberated by the Russian Army on April 30, 1945, according to the U.S. Holocaust Memorial Museum. In the interim, an estimated 130,000 women and children were imprisoned there, of whom an estimated 90,000 died by starvation, execution, weakness or medical experimentation. The inmates came mostly from Poland and the occupied Soviet territories; almost 15 percent were Jewish.

Rinkel's husband, Fred William Rinkel, died in January 2004; his obituary said he was a longtime member of the Jewish service organization B'nai B'rith, and his funeral services were held at a Jewish memorial chapel.

The sister-in-law -- who said her husband didn't know of his sister's wartime activity, as he served

Women inmates of the Ravensbruck concentration camp at forced labor building roads. (U.S. Holocaust Memorial Museum, courtesy of Lydia Chagoll)

in the German Army and was captured by U.S. troops in North Africa -- said Fred Rinkel almost certainly didn't know, either.

"He had to leave Germany during all that terrible stuff that happened there and had to relocate in Shanghai, a lot of the Jewish Germans went to Shanghai," she said, adding he was from a prominent Berlin family of doctors and lawyers, and had been training to become an opera singer before being forced to flee his homeland. He owned a San Francisco tie shop.

The government's charges, filed in April, say Elfriede Rinkel was born July 14, 1922 in Leipzig, Germany; served at the camp from 1944 to 1945; and applied for a U.S. immigrant visa Aug. 29, 1959 at the U.S. consulate in Frankfurt. The visa application instructed her to list all her residences from 1938 forward, but she omitted Ravensbruck.

Rinkel was admitted as an immigrant to the United States on or about Sept. 21, 1959 at San Francisco, the document says. Her sister-in-law, who with her husband had sponsored their sibling's immigration, said Tuesday Elfriede Rinkel met Fred Rinkel decades ago at a German-American

The Justice Department wouldn't discuss what Fred Rinkel knew or didn't know. "OSI is obviously aware of the background information on Fred Rinkel," spokeswoman Jaclyn Lesch said Tuesday. "We really can't speak beyond that... We're unable to speak to that subject."

DOJ_NMG_0066165

The San Francisco attorney who represented Elfriede Rinkel in the deportation proceedings didn't return a call Tuesday.

The SS, or Schutzstaffel -- German for "protective squadron" -- was a large, elite security and military arm of the Nazi party; one of its duties was operating concentration camps.

"Thousands of innocent women were brutalized and murdered at Ravensbruck through the active participation of Elfriede Rinkel and other guards, whose principal function was to prevent prisoners from escaping the abominable conditions inside the camp," OSI director Eli Rosenbaum said in a news release issued Tuesday. "Her presence in the United States was an affront to surviving Holocaust victims who have made new homes in this country."

Her address as of this April was an apartment building on Bush Street at Powell, two blocks up Nob

Female prisoners at forced labor digging trenches at the Ravensbruck concentration camp (U.S. Holocaust Memorial Museum, courtesy of Lydia Chagoll)

Hill from Union Square.

"We did help her to close up her apartment and helped her to buy her airplane ticket and go to the airport and buy her luggage -- but never a word about why she was leaving," the sister-in-law said. "We thought she was going because her situation in her apartment had deteriorated."

Elfriede Rinkel had bad arthritis, she explained, and her apartment building's elevator was often out of service. "She said she just wanted to go back to Germany, and because she told us that, we believed her."

During a sworn interview last November, it says, Rinkel admitted she'd concealed her time at Ravensbruck for fear her application would be rejected. The settlement agreement she signed in June says she admits her work as a Ravensbruck guard, and that it's a deportable offense; she agreed to give up her green card, leave the country and never return, although after death her remains can be brought back here for burial.

The government agreed not to publicize the case until after she left the country, and not to assert that she was a Nazi Party member; the Justice Department reported Tuesday she returned to Germany this month.

Rep. Tom Lantos, D-San Mateo, the only Holocaust survivor ever elected to Congress, called the case's facts "chilling, compelling, and in some ways hard to fathom. But such is the nature of individuals linked to the Holocaust; so much of what happened is difficult but important to examine, even decades after humanity endured this nightmare."

Lantos applauded the German and U.S. governments for their efforts. "This process comes years too late for many who deserved to see their day in court, but at least it is now close at hand."

S.F. Immigrant Married Holocaust Survivor, Attended Synagogue (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, September 20, 2006

Those who knew San Francisco's Elfriede Rinkel never found it remarkable that the German immigrant would marry a Jewish survivor of the Holocaust, or attend synagogue with him, or plan to be buried next to him at a cemetery run by a Chevra Kadisha, a Jewish burial society that performs ritual purification.

On Tuesday, though, came a jarring twist: The U.S. Justice Department said the 84-year-old Rinkel had been deported to Germany, nearly half a century after she emigrated to the United States, because she had been a guard at a Nazi concentration camp in World War II where an estimated 90,000 people, many of them Jews, were exterminated.

"I think it may have been a type of atonement for her," her attorney, Alison Dixon, said of Elfriede's marriage to Fred Rinkel, who died two years ago. "My understanding is that she has also contributed to Jewish charities."

Dixon said Rinkel never told her husband that she had spent nearly a year as a guard at the Ravensbruck concentration camp in Germany, the only major Nazi camp for women.

She might not have told anyone in the United States -- including her brother and his wife, who dropped her off at San Francisco International Airport on Aug. 31. Rinkel told them she was returning to Germany because she was having problems with her apartment on Bush Street in downtown San Francisco. It wasn't until Tuesday that the couple learned the truth from reporters.

"I just don't have any words," said Rinkel's brother, an 82-year-old Berkeley resident who asked that his name be withheld because he is afraid of a possible backlash. "I don't have any feelings anymore. Life has given me too many things. I cannot accept it, let's just put it that way."

The government said Rinkel, a permanent resident alien who never applied for U.S. citizenship, had admitted after a two-year investigation that she had guarded female prisoners at Ravensbruck from June 1944 to April 1945, when the Nazis abandoned the camp to the advancing Allies. She now lives with her younger sister in the German city of Viersen, her brother said.

The Justice Department alleged that Rinkel had used attack dogs to march emaciated inmates to slave-labor sites. More than 130,000 women from dozens of countries -- Jews, gypsies and others -- were brought to Ravensbruck during its six years of existence. More than two-thirds of them died of malnourishment, in medical experiments and in a gas chamber, according to the U.S. Holocaust Memorial Museum.

DOJ_NMG_0066166

Rinkel is the first woman prosecuted by the Justice Department's Office of Special Investigations, which was formed in 1979. The agency has won cases against 102 people who took part in Nazi persecution and has deported 62 of them.

Eli Rosenbaum, director of the office, would not say how the government found out about Rinkel. But he said staff historians have searched around the world for evidence such as rosters of Nazi guard units and mobile killing units, building a list of more than 70,000 names that are checked against immigration records and other documents.

"She was an integral part of the machinery of destruction and persecution at Ravensbruck," Rosenbaum said of Rinkel. "The message to would-be perpetrators of genocide and crimes against humanity is that if you dare to act on your fantasies of destruction, there is a real chance that what remains of the civilized world will pursue you for the rest of your life, even if you live for a very long time."

Attorney Dixon said Rinkel regretted her wartime actions. However, she added, "I was informed that it was not completely voluntary on her part. She answered a work ad. ... In Germany at that time, if you answered certain work ads and went to the interview and said you didn't want the job, they would put you in the camp yourself."

Rinkel admitted to the Justice Department's charges in part to avoid the publicity of a trial, Dixon said.

Rinkel's brother said he had fought in the German army and had been captured by U.S. forces in North Africa, and as a result he was in a prisoner-of-war at a camp in Wyoming when his sister allegedly worked at Ravensbruck. He emigrated to America in 1950 and nine years later petitioned for his sister to join him.

Rinkel soon met her future husband at an event for German Americans. They were a quiet couple and kept to themselves, her brother said.

Fred Rinkel, who grew up in a prominent family in Berlin, fled Germany with a brother as Nazi persecution of the Jews spread. He had trained to be an opera tenor in Germany, but after making his way to San Francisco he settled on a job as a singing waiter. Elfriede Rinkel worked as a furrier.

Fred Rinkel's past and Jewish heritage were important to him, according to those who knew him. He belonged to B'nai B'rith, one of the world's largest Jewish organizations.

He died of a heart attack Jan. 21, 2004, and was buried at the Eternal Home Cemetery in Colma. Elfriede Rinkel planned to be buried beside him, the cemetery said. It's not clear now whether that will still happen, although under an agreement with the Justice Department, she can be buried on U.S. soil.

An employee at Sinai Memorial Chapel, which owns the Colma cemetery, said those who met the Rinkels while they prepared for the end of their lives are in shock at the news.

"It's so easy to hate her and want to beat her up," said the employee, who asked that her name not be published. "But we were not there. We don't know what happened. Why did she marry a Jewish man? Maybe she loved him.

"The human soul is much more evil and good than it appears from the outside. There's a Russian expression that says you have to eat a kilogram of salt with someone before you begin to know them. There's just so much we don't know."

Border Fence Must Skirt Objections From Arizona Tribe (NYT)

By Randal C. Archibold

The New York Times, September 20, 2006

TOHONO O'ODHAM NATION, Ariz., Sept. 14 — The Senate is expected to vote Wednesday on legislation to build a double-layered 700-mile-long fence on the Mexican border, a proposal already approved by the House.

If the fence is built, however, it could have a long gap — about 75 miles — at one of the border's most vulnerable points because of opposition from the Indian tribe here.

More illegal immigrants are caught — and die trying to cross into the United States — in and around the Tohono O'odham Indian territory, which straddles the Arizona border, than any other spot in the state.

Tribal leaders have cooperated with Border Patrol enforcement, but they promised to fight the building of a fence out of environmental and cultural concerns.

For the Tohono O'odham, which means "desert people," the reason is fairly simple. For generations, their people and the wildlife they revere have freely crossed the border. For years, an existing four-foot-high cattle fence has had several openings — essentially cattle gates — that tribal members use to visit relatives and friends, take children to school and perform rites on the other side.

"I am O'odham first, and American or Mexican second or third," said Ramon Valenzuela, as he walked his two children to school through one gate two miles from his O'odham village in Mexico.

But the pushed-up bottom strands of the cattle fence and the surrounding desert littered with clothing, water jugs and discarded backpacks testify to the growth in illegal immigrant traffic, which surged here after a Border Patrol enforcement squeeze in California and Texas in the mid-1990's.

Crossers take advantage of a remote network of washes and trails — and sometimes Indian guides — to reach nearby highways bound for cities across the country.

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Tribal members, who once gave water and food to the occasional passing migrant, say they have become fed up with groups of illegal immigrants breaking into homes and stealing food, water and clothing, and even using indoor and outdoor electrical outlets to charge cellphones.

With tribal police, health and other services overwhelmed by illegal immigration, the Indians welcomed National Guard members this summer to assist the Border Patrol here. The tribe, after negotiations with the Department of Homeland Security, also agreed to a plan for concrete vehicle barriers at the fence and the grading of the dirt road parallel to it for speedier Border Patrol and tribal police access. The Indians also donated a parcel this year for a small Border Patrol substation and holding pen.

Tribal members, however, fearing the symbolism of a solid wall and concern about the free range of deer, wild horses, coyotes, jackrabbits and other animals they regard as kin, said they would fight the kind of steel-plated fencing that Congress had in mind and that has slackened the crossing flow in previous hot spots like San Diego.

"Animals and our people need to cross freely," said Verlon Jose, a member of the tribal council representing border villages. "In our tradition we are taught to be concerned about every living thing as if they were people. We don't want that wall."

The federal government, the trustee of all Indian lands, could build the fence here without tribal permission, but that option is not being pressed because officials said it might jeopardize the tribe's cooperation on smuggling and other border crimes.

"We rely on them for cooperation and intelligence and phone calls about illegal activity as much as they depend on us to respond to calls," said Chuy Rodriguez, a spokesman for the Border Patrol in Tucson, who described overall relations as "getting better and better."

The Tohono number more than 30,000, including 14,000 on the Arizona tribal territory and 1,400 in Mexico. Building a fence would impose many challenges, apart from the political difficulties.

When steel fencing and other resources went up in California and Texas, migrant traffic shifted to the rugged terrain here, and critics say more fencing will simply force crossers to other areas without the fence. Or under it, as evidenced by the growth in the number of tunnels discovered near San Diego.

The shift in traffic to more remote, treacherous terrain has also led to hundreds of deaths of crossers, including scores on tribal land here.

The effort to curtail illegal immigration has proved especially difficult on the Tohono O'odham Nation, whose 2.8 million acres, about the size of Connecticut, make it the second largest in area.

Faced with poverty and unemployment, an increasing number of tribal members are turning to the smuggling of migrants and drugs, tribal officials say.

Just this year, the tribal council adopted a law barring the harboring of illegal immigrants in homes, a gesture to show it is taking a "zero tolerance" stand, said the tribal chairwoman, Vivian Juan-Saunders.

Two members of Ms. Juan-Saunders's family have been convicted of drug smuggling in the past several years, and she said virtually every family had been touched by drug abuse, smuggling or both.

Sgt. Ed Perez of the tribal police said members had been offered $400 per person to transport illegal immigrants from the tribal territory to Tucson, a 90-minute drive, and much more to carry drugs.

The Border Patrol and tribal authorities say the increase in manpower and technology is yielding results. Deaths are down slightly, 55 this year compared with 62 last year, and arrests of illegal immigrants in the Border Patrol sectors covering the tribal land are up about 10 percent.

But the influx of agents, many of whom are unfamiliar with the territory or Tohono ways, has brought complaints that the agents have interfered with tribal ceremonies, entered property uninvited and tried to block members crossing back and forth.

Ms. Juan-Saunders said helicopters swooped low and agents descended on a recent ceremony, apparently suspicious of a large gathering near the border, and she has complained to supervisors about agents speeding and damaging plants used for medicine and food.

Some traditional and activist tribal members later this month are organizing a conference among eight Indian nations on or near the border to address concerns here and elsewhere.

"We are in a police state," said Michael Flores, a tribal member helping to organize the conference. "It is not a tranquil place anymore."

Mr. Rodriguez acknowledged the concerns but said agents operated in a murky world where a rush of pickups from a border village just might be tribal members attending an all-night wake, or something else.

"Agents make stops based on what they see," he said. "Sometimes an agent sees something different from what tribal members or others see."

Agents, he added, are receiving more cultural training, including a new cultural awareness video just shot with the help of tribal members.

"Our relations have come a long way" in the past decade, he said.

Mr. Valenzuela said several agents knew him and waved as he traveled across the border, but others have stopped him, demanding identification. Once, he said, he left at home a card that identifies him as a tribal member and an agent demanded that he go back into Mexico and cross at the official port of entry in Sasabe, 20 miles away.

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"I told him this is my land, not his," said Mr. Valenzuela, who was finally allowed to proceed after the agent radioed supervisors.

Mr. Valenzuela said he would not be surprised if a big fence eventually went up, but Ms. Juan-Saunders said she would affirm the tribe's concerns to Congress and the Homeland Security department. She said she would await final word on the fence and its design before taking action.

Members of Congress she has met, she said, "recognize we pose some unique issues to them, and that was really what we are attempting to do, to educate them to our unique situation."

The House last week approved a Republican-backed bill 238 to 138 calling for double-layer fencing along a third of the 2,000-mile-long border, roughly from Calexico, Calif., to Douglas, Ariz.

There is considerable support for the idea in the Senate, although President Bush's position on the proposal remains uncertain. The Homeland Security secretary, Michael Chertoff, has expressed doubts about sealing the border with fences.

Texas' U.S. Senators Oppose House Plan On Border Fence (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, September 20, 2006

WASHINGTON - Texas' two senators expressed opposition Tuesday to House-passed legislation calling for more than 700 miles of fencing along the U.S.-Mexico border, including stretches in the Lone Star State.

"For Washington to try to dictate to places like Laredo, Texas, exactly where fences need to be built is, to my mind, ludicrous," said Sen. John Cornyn.

"I don't think Congress should be dictating that," Sen. Kay Bailey Hutchison said.

The House voted 283-138 last week to construct large sections of double-layered fencing in the four states along the U.S.-Mexico border. The Senate, which previously called for more than 300 miles of fencing, may begin consideration of the measure Wednesday.

The bill is part of a broader package of border security initiatives advanced by the House Republican leadership and includes more than 230 miles of fencing in Texas at border cities such as El Paso, Laredo, Brownsville, Del Rio and Eagle Pass.

Hutchison and Cornyn, both Republicans, said they support toughened border security measures. While some new fencing may be necessary, they said, it should be part of a mix that would include added Border Patrol agents, high-tech surveillance and unmanned aerial vehicles.

They also said that the Homeland Security Department - not Congress - should determine that mix, in consultation with the affected states and based on the needs of each.

House leaders last week announced their border security initiatives, which include relatively noncontroversial features such as beefing up the Border Patrol, amid fading prospects for a more comprehensive overhaul of the nation's immigration laws.

A stalled Senate bill would create a foreign worker program and put millions of illegal immigrants on track toward permanent legal status and U.S. citizenship.

TAX:

Taxes And Justice (WSJ)

The Wall Street Journal, September 20, 2006

Prosecutors have been advertising their ballyhooed case against a pack of former KPMG partners as the largest criminal tax-shelter trial in history. They'd better do some scrambling for better evidence, however, or the case could end up becoming one of the biggest flops in Justice Department history.

Last week, a previously undisclosed memo from 2004 suggested that the IRS wasn't sure that the tax shelters at issue in the trial of 18 defendants even needed to be registered with the IRS. This revelation is important because the failure to register the shelters is one of the Justice Department's justifications for charging a conspiracy to defraud the IRS.

Separately, we've obtained an internal KPMG memo to Richard Smith, one of the defendants in the case. In that 2003 memo, IRS Acting Chief Counsel Emily Parker is cited as assuring KPMG "that there has been no criminal activity" in KPMG's marketing of the shelters. The defendants have claimed all along that they thought the shelters they were publicly marketing were entirely legal, and memos such as this one will certainly help the argument for "reasonable doubt."

As early as today, the defendants are expected to file for another delay of the trial on the basis of the 2004 IRS memo. Among other things, they will demand that prosecutors make available any other internal government documents that might tend to show that the tax shelters in question were not as fraudulent as the Justice Department claims.

Failure to produce evidence of this sort runs afoul of the 1963 Supreme Court decision Brady v. Maryland, which held that prosecutors have a duty to disclose exculpatory evidence in their possession. The KPMG prosecutors have already been rapped on the knuckles by federal Judge Lewis A. Kaplan for dragging their feet on the defendants' discovery requests, so this late revelation is unlikely to please the court.

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In July, Judge Kaplan excluded from evidence the statements of two defendants on the grounds that they had been coerced by the government. That order has led to a series of motions, still pending, on what other evidence should be excluded and how much of a case remains against the two in the absence of their statements.

And in the latest sign that this case is unlikely to go to trial in January, if ever, KPMG this week requested a delay in a related civil trial over the payment of legal fees for its former employees. That trial had been scheduled for October in hopes of resolving that question before the criminal trial is supposed to start. In June, Judge Kaplan ruled that the government had violated the defendants' Sixth Amendment rights to counsel by coercing KPMG to cut off legal support to its former employees. Justice is appealing that ruling, with a hearing expected in November.

At the time of that June ruling, Judge Kaplan wrote that he would not yet consider dismissing the case, in part because he hoped the legal-fee issue could be resolved prior to trial. But if KPMG's aggressive filing on Monday is any indication, there will be no quick fix here.

KPMG not only argued that it was not required to pay for the defense of the 16 defendants that formerly worked there, but that Judge Kaplan had no jurisdiction to even consider the question and, what's more, that the defendants owed the company millions of dollars for getting it in trouble in the first place. Never mind that KPMG benefited from the marketing of those shelters and had defended them right up until the time it cut a deferred-prosecution deal that included throwing those partners over the side.

So let's sum up this case to date: In the year since the indictments were handed down, Judge Kaplan has ruled that the prosecutors violated the defendants' Fifth and Sixth Amendment rights. He has found the prosecutors delinquent in responding to document requests from the defendants' lawyers. And he has excluded evidence that he found to have been coerced, as well as the "fruit" of that coerced evidence. None of this speaks well of Justice's respect for due process.

More broadly still, the evidence that is coming to light suggests that the legality of these tax shelters was a subject of debate within the government itself. Justice nonetheless decided, for the first time, to prosecute such a case before the IRS had ever won a ruling in tax court declaring the shelters to be illegal. We have no brief for tax evasion, but mere tax avoidance is not a crime. This newspaper first raised questions about due process and the underlying legal theory in this case a year ago, when the first defendants were indicted. Increasingly, those concerns are being borne out.

CONGRESS-ADMINISTRATION:

A Paper Trail Leading To A Fight (WP)

By Cindy Skrzycki

The Washington Post, September 19, 2006

S usan E. Dudley , President Bush 's nominee to become his new regulatory review chief, has written extensively about federal rulemaking for years, a miles-long paper trail that is providing ammunition for her opponents.

Business supporters say Dudley, director of regulatory studies at George Mason University's Mercatus Center , is experienced, analytical and dispassionate in expressing her belief that the market will correct most problems and that rules should be subject to a tough cost-benefit test. Public interest groups fighting the nomination say those writings disqualify her for the job.

The new job, administrator of the Office of Information and Regulatory Affairs at the White House's Office of Management and Budget , is an important one. It makes final decisions on which major federal regulations are approved, which are sent back for more work and which never see the light of day.

With so much at stake, many participants expect the same kind of fight that the previous administrator, John D. Graham, faced five years ago, one that brought him 37 "nay" votes on his confirmation in the Senate.

OMB Watch , a foundation-funded, liberal nonprofit group that monitors federal regulatory policy, will oppose an executive nomination for the first time, said Gary Bass , the group's executive director. "This time, we will come out swinging," he said.

OMB Watch and Public Citizen , the consumer advocacy group founded by Ralph Nader , released a 68-page report last week using Dudley's writings to attack her. It chastised her for ties to corporate donors and for what it called "Dudleynomics," an emphasis on free-market solutions to health and safety issues at the public's expense.

The study said Dudley has suggested that the Environmental Protection Agency leave it up to individual communities to control arsenic in their water; that publicly releasing information on toxics may be more costly than it's worth; and that regulators' "one-size-fits-all" approach to vehicle airbags eliminates consumer choice.

The Mercatus Center called the report "incomplete and biased" against Dudley and the center.

Dudley's backers point to what they call her personal commitment to environmental stewardship, noting that she and her husband, Brian Mannix, the EPA's associate administrator for policy, economics and innovation, drove hybrid cars before hybrids were cool. Her profile on the Mercatus Center Web site says she enjoys hiking, canoeing and fly fishing.

Business lobbyists say the 51-year-old Dudley's experience working at EPA and the Office of Information and Regulatory Affairs gives her an insider's view of regulation.

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"She is very articulate and has a great read on the issues," said William Kovacs , vice president of environment, technology and regulatory affairs at the U.S. Chamber of Commerce.

Graham, the former regulatory review chief who is now dean of RAND Corp. 's graduate school in Santa Monica, Calif., said Dudley was a "superb choice" because she has hands-on experience at federal agencies, is an academic and has made scholarly contributions to the literature on regulation.

Under Dudley, who was paid $115,000 for the year ending August 2005, according to Mercatus's tax return, her group has analyzed a broad swath of regulatory initiatives, including growth in rulemaking expenditures and staffing. (She also wrote a mixed review of this writer's 2003 book on regulation.)

The center -- whose board of directors includes Edwin Meese , attorney general under President Ronald Reagan ; Vernon Smith , a George Mason professor who shared the Nobel Prize for economics in 2002; and Charles Koch , chief executive of Koch Industries Inc . -- regards regulations as a hidden tax on American consumers. It has urged the Bush administration to pay more attention to market solutions and allow Americans to make their own choices about the need for regulation.

Koch Industries is a privately held oil and gas company in Wichita that has contributed to the Republican Party and conservative causes for years. Its foundation has given millions to Mercatus, including $2 million in the last fiscal year, according to the center.

The center's clout in the regulatory arena is clear. When Bush took office, his administration asked for suggestions on which regulations might be changed, eliminated or improved. Mercatus responded with 44 proposals, and more than a dozen were implemented. At the time, business lobbyists said they were dumbfounded at the reach of the small group of policy wonks at Mercatus.

Some of her opponents say Dudley is more radical than her predecessor.

"Everyone thought Graham was a true believer, but there were limits beyond where even he would go," said Robert Shull , deputy directory for auto safety and regulatory policy at Public Citizen, which also opposed Graham. "I don't know if there are any limits with Dudley. She has a really distorted view of economics."

"She is rock solid," said Thomas Sullivan , chief counsel in the Small Business Administration 's Office of Advocacy . Sullivan said Dudley's prolific paper trail will be an asset, not a liability, "because it gives amazing insight into her philosophy."

With little time left in this session of Congress, experts on both sides are betting that a Dudley confirmation hearing, not yet scheduled, will become a proxy for the administration's record on regulation but will not lead to a Senate vote. More likely, they say, is a recess appointment after Congress adjourns. If that comes early next year, Dudley would be able to serve until the end of the Bush administration.

Cindy Skrzycki is a columnist for Bloomberg News.

House Demands Student Search Policies (AP)

By Nancy Zuckerbrod

AP, September 20, 2006

The House issued an ultimatum to school boards Tuesday: Establish policies on student searches or risk losing federal funds.

The House passed a bill by voice vote that would require the search rules. The Senate has not yet considered a companion measure.

"Shocking acts of violence have been planned and unfortunately executed at our schools," said Rep. Geoff Davis, R-Ky., a sponsor of the bill. He said the measure would help curb violence.

The legislation relies on a standard for school searches that was established in a 1985 Supreme Court ruling.

The bill states that the policies implemented by school boards should spell out that searches have to be conducted by a full-time teacher or school officials acting on a reasonable suspicion that a student has weapons, drugs or other dangerous materials. The bill says search methods cannot be "excessively intrusive."

Rep. Mark Kirk, R-Ill., another sponsor of the bill, said teachers in his district are looking for guidelines. "They want to search the book bags, and the policies are not clear," he said.

The bill has the backing of the National Education Association, the largest teachers union. But the American Teachers Federation, another teachers union, called the measure unnecessary and said it might put additional burdens on teachers.

California Rep. George Miller, the senior Democrat on the House committee that oversees education issues, called the legislation an intrusion into local affairs.

"Schools and school districts already have policies in place regarding student searches," Miller said. "Those policies are the product of consultation with local administrators, teachers and parents. They take in the concerns of the community."

Mary Kusler, a lobbyist for the American Association of School Administrators, said her group opposes the bill. She said she is concerned it is a political stunt to help Davis win a tough re-election campaign against a former member of Congress, Democratic Rep. Ken Lucas.

"We worry that it's just election-year messaging, and we don't think that's a good reason to pass a bill," Kusler said.

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In his effort to pass the bill, Davis cited an Education Department report that said 29 percent of high school students in 2003 reported drugs were made available to them. Nine percent of students were threatened or injured with a weapon on school property, according to that report.

The Education Department has not taken a position on the legislation.

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The bill is H.R. 5295.

A Quiet Break For Corporations (WP)

By Joe Stephens

The Washington Post, September 20, 2006

For three generations, the Dungey family of Auburn, N.Y., has produced handmade dog collars and leashes for pet stores around the country. The family's six-person shop has staved off competition from cheaper foreign labor by offering a range of products, from affordable "Sparky's Choice" leashes to a $100 beveled-brass collar known as the "Gatsby."

One day this spring, the company president, Anita Dungey, happened across a few words on a Web site, leading her to a startling discovery: One of her small advantages over imports was about to disappear, thanks to a little-noticed proposal in the Senate. The plan, it turned out, had been promoted by Wal-Mart Stores Inc.

In Connecticut, chemical company executive Kenneth Kelly got a similar jolt when a business associate called to warn that a bill tailored to benefit a German-owned competitor was working its way through Congress.

Dungey and Kelly had stumbled upon a largely unknown congressional apparatus that allows companies to erase tariffs -- taxes levied on products and materials shipped to the United States from overseas -- for years at a time.

Each legislative season, corporate executives and lobbyists quietly draft hundreds of bills to suspend tariffs. Over time, the changes cost taxpayers hundreds of millions of dollars in lost revenue, a Washington Post analysis of U.S. trade data found.

Most of the tariff suspensions involve obscure chemicals and dyes, but many other products show up, including boilers for nuclear reactors, green peanuts, child potty seats, unicycles -- even chocolate coatings for laxatives.

"It's become sort of a lobbyists' dream," said Jim Schollaert, a former State Department trade specialist who now represents domestic manufacturers. "It's a gravy train, and there's little work to it."

The bills in Congress generally give no hint of whom the suspensions have been designed to benefit and sometimes refer to the products only by strings of numbers linked to phone-book-size tariff tables. But many corporate names can be found in reports on the legislation produced for Congress by the U.S. International Trade Commission.

Lawmakers usually introduce the provisions at the behest of companies in their districts. Many of those companies and their executives have given federal campaign contributions totaling millions of dollars.

The dog-collar proposal was introduced by Sen. Blanche Lincoln (D), who represents Wal-Mart's home state of Arkansas. Rep. Henry E. Brown Jr. (R-S.C.) sponsored the suspension of tariffs on a chemical virtually identical to one produced by Kelly's firm, R.T. Vanderbilt Co. The request came from Lanxess Corp., which has two plants in South Carolina.

Since 2003, Wal-Mart's political committee has contributed $9,000 to Lincoln's campaigns. Lanxess is a 2004 spinoff of Bayer AG, a German company whose U.S. political committee has donated $3,500 to Brown's campaigns since 2000.

Congressional sponsors of such bills said they are trying to lower consumer prices and create jobs by cutting costs for U.S. manufacturers and retailers. They said they do not want to hurt domestic businesses and they generally drop legislation if trade officials find a U.S. company that objects.

"Removing these tariffs will help reduce costs for American businesses," House Ways and Means Committee Chairman Bill Thomas (R-Calif.) said in a statement in March, when the House passed an omnibus bill with hundreds of tariff suspensions. "This is absolutely the right thing to do."

The practice of not naming companies in the legislation obscures a fact revealed by The Post's analysis: The biggest beneficiaries of the rising tide of tariff-suspension bills are domestic subsidiaries of foreign corporations. Of the 10 companies that stand to benefit from the greatest number of bills examined in the study, eight are owned by or affiliated with German and Swiss chemical companies.

Companies linked to Bayer and Lanxess, for example, initiated more than 100 bills in the current session of Congress, records show. If passed, over the next two years the bills could cost the U.S. Treasury more than $44 million.

The Post's findings come at a time when pork-barrel spending in the form of congressional earmarks is drawing increasing criticism from the public -- and occasional attention from federal prosecutors. Meanwhile, tax breaks delivered to corporations in the form of tariff suspensions have gone largely without public notice.

The current session of Congress is on track to enact a record number of suspensions, the Post analysis found. Since the beginning of last year, legislators have introduced more than 1,400 bills seeking new or renewed tariff waivers or reductions.

"It's a huge number," said John Deming, a lobbyist for Ciba Specialty Chemicals, which the analysis shows has initiated more than 30 tariff-suspension bills in the past two years. "The chemical industry has always been doing this, and now other people are doing it. It's amazing this time, everybody understands how this works now."

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Although suspensions are supposed to be shelved if competitors object, trade officials acknowledge that some smaller companies may never hear about the proposals.

"I was shocked when I saw how many there are, and I wondered how you could possibly keep abreast of what's proposed," said Kelly, the chemical executive.Congress's Tip Sheet

Tariffs have been around since the earliest years of the republic -- they funded the government long before income taxes. In the 19th century, legislators began using them increasingly to protect domestic businesses from cheap imports.

Tariff suspensions have a long history, too. Traditionally each suspension was introduced as a separate bill. Their popularity leapt 20 years ago when Congress decided to combine most of the unopposed suspension bills into one huge piece of legislation, to be passed quickly and unanimously at the end of each session. Today corporate lobbyists deliver a steady stream of proposed tariff suspensions to congressional aides, who use computer spreadsheets to track the avalanche of paperwork.

The last time Congress passed an omnibus bill, in 2004, budget analysts estimated that the waivers would result in at least $172 million in lost revenue. The next set of suspensions, slated for passage this fall, is looking much more costly.

Budget analysts estimate that the grab bag of tariff suspensions passed by the House in March, if approved by the Senate and signed into law, would cost taxpayers $278 million. Last month, in an unusual move, the Senate attached 262 of the suspensions to a pension bill. The rest, with an unknown number of the Senate's own proposals, are expected to be rolled into a miscellaneous tariff bill this month.

The House Ways and Means Committee and the Senate Finance Committee review most of the bills in what members say is an attempt to weed out those too costly to the Treasury. Making the tariff suspensions temporary -- usually three years -- avoids interference with trade negotiations, aides said.

The process has become so standardized that Ways and Means has drawn up a tip sheet for companies to streamline the procedure. One tip says sponsors should "avoid using trade names for products." Instead, a product "should be described precisely" in the bill. That can help customs officials in the field identify obscure chemicals. But it also can mask which companies would benefit.

The Post analysis shows that some members of Congress went to bat repeatedly for their corporate constituents. At least 36 members of Congress have introduced five or more tariff-suspension bills in the current session.

Rep. Sue Myrick (R-N.C.) has introduced at least 34 such bills. She did not respond to interview requests.

South Carolina's Brown ranked second among House members, with 32 bills. Brown declined to be interviewed but issued a statement calling the suspensions "a budget-neutral means of promoting a positive economic climate."

Other leading bill sponsors in the House included Pennsylvania Republicans Tim Murphy and Phil English, each with 23, and Emanuel Cleaver (D-Mo.) with 21.

Murphy said in a statement: "American companies are being forced to pay duties on materials not available in the United States that they need. Eliminating these duties keeps American businesses globally competitive and thousands of jobs right here at home."Juggling the Ball Bills

Under guidelines set by Congress, each tariff suspension is supposed to cost taxpayers no more than $500,000 a year. Many proposals above the limit are rejected; others win approval anyway.

Some lawmakers adopt another strategy, The Post's analysis found.

On June 8, 2005, Rep. Richard E. Neal (D-Mass.) introduced a bill seeking to suspend the tariff on one small category of inflatable balls -- in this case, leather basketballs.

Before the day was over, Neal introduced a nearly identical bill covering rubber basketballs, another for synthetic basketballs, and another covering basketballs "other than leather, rubber or synthetic."

Still not done, Neal introduced yet another bill covering "certain volleyballs."

Neal returned the next day to introduce a final bill for what he described simply as "certain . . . inflatable balls other than basketballs and volleyballs."

Each change is supposed to be reviewed before passage by analysts at the trade commission. The analysts found that each of Neal's six bills would result in annual revenue losses that fell just below or somewhat above the guideline. Added together, however, the bills could cost $3.7 million a year.

In an interview, Neal said he was unaware of how much the bills would cost taxpayers, but he added, "I think it's really negligible."

The bills mention no beneficiaries, but Neal said he was asked to sponsor the suspensions by Spalding, a sporting goods maker in Springfield, Mass. "For a company in my district, I was happy to help," Neal said.

Neal's legislative director, Peg McGlinch, acknowledged that multiple bills were filed to avoid violating the $500,000 guideline. "That's why they split it up," she said. An aide on the Ways and Means Committee confirmed: "We advise people to do it that way."

Bryan Wolfe, customs director for Russell Corp., Spalding's parent company, said the tariff reductions would benefit a number of U.S. importers and would not hurt American manufacturers because most inflatable balls are made in China.

Provisions covering four types of balls were rolled into the Pension Protection Act of 2006, which President Bush signed into law on Aug. 17. The other bills remain pending.

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There are many similar examples. Shoes of various stripes are the subject of at least 19 tariff-suspension bills. Payless ShoeSource Inc., listed as the proponent of the bills, did not respond to phone messages.

David Beck, acting director of the trade commission's tariffs office in Washington, said analysts have noticed the strategy. "Depending on how you look at it, it might not pass the sniff test," Beck said. He said Congress has been "pretty liberal on it."Overseas Winners

No government agency has calculated the economic impact of the tariff suspensions. Some corporations acknowledge keeping some or most of the savings, but many say consumers also benefit.

"Any ability we have to eliminate a 1 to 3 percent tariff and save a couple pennies for our consumers, we think is important," said Wal-Mart lobbyist Angela Marshall Hofmann, who previously helped oversee the process as an aide for the Senate Finance Committee.

Hofmann has written to lawmakers that Wal-Mart supports 41 current tariff-suspension bills but that "it is our understanding that these products are not manufactured in any commercially viable manner in the United States."

Lobbyists and lawmakers said many tariff suspensions aid small businesses. The savings "can be especially meaningful for a small company, or one struggling to stay afloat in the United States," Senate Finance Chairman Charles E. Grassley (R-Iowa) said in a statement.

But The Post's analysis of data from nearly 600 trade commission reports from this session of Congress found that the biggest winners are not small U.S. firms but rather domestic subsidiaries of European corporations.

During this session, eight foreign corporations alone have generated at least 277 tariff-suspension bills. The total is undoubtedly higher, since the Post study could not identify the corporate sponsors of many bills.

The analysis shows that various Bayer subsidiaries were the unnamed primary beneficiaries of more than 70 suspension bills covering imported chemicals, including the ingredients for aspirin. Over the next two years those suspensions would cost the Treasury more than $35 million on imports worth nearly $850 million. A Bayer spokesman would say only that Bayer expects other corporations to share in the savings.

Since 2000, Bayer's political committee has made campaign contributions totaling $951,000, according to the nonpartisan Center for Responsive Politics. In 2005 alone, Bayer and its U.S. affiliates spent $3.2 million on lobbying.Finding Competitors

To safeguard domestic producers, trade commission analysts try to identify U.S.-based companies that might make the products, then ask them whether the suspensions would be damaging.

But identifying affected companies that are small and based far from Washington can be difficult. The trade commission's Beck said that despite analysts' best efforts, they occasionally miss such firms. "It happens, but not very often," he said. "In the last 10 years I'd say I've seen one or two examples."

Grassley said his staff posts proposed suspensions on his committee's Web site and welcomes public comment. "Our process is transparent and well publicized," he said. "It probably isn't perfect, but no process is."

Kelly, general manager of R.T. Vanderbilt Co. of Connecticut, said it was largely luck when a colleague tipped off his firm about Brown's bill to suspend the tariff on Vulkanox ZMB, a chemical used in rubber production. Kelly's company produces a similar chemical at a Kentucky plant that employs more than 100 people.

The company dashed off a letter to the Ways and Means Committee, arguing that the waiver would give Lanxess, which imports Vulkanox, a competitive advantage and might force Vanderbilt to shut its factory.

"We do not understand why this legislation is needed, and its sponsor has not provided an explanation," the letter said. ". . . [T]he only result of the legislation would be windfall profits at our expense to the German, Indian and Chinese suppliers."

The letter also called it "ironic" that the European Union charges a 6.5 percent tariff on Vanderbilt's chemical.

Kelly said his company has no practical way to ensure another waiver does not slip through without its knowledge -- short of hiring a lobbyist just to keep watch.

"There maybe should be a higher bar on our elected officials on making clear why they want to do this," Kelly said.

Dungey, who co-owns Auburn Leathercrafters in Upstate New York, launched a one-woman campaign against four bills that would cut the 2.4 percent tariff on imported dog collars and leashes. She argued that anyone familiar with the industry would realize domestic producers would find the waivers "devastating."

She said she believes that Wal-Mart and other big importers count on U.S.-based manufacturers never learning about the obscure legislation. "A lot of people just don't have the time to devote to staying on top of it," Dungey said.

Wal-Mart officials said their only motivation is to save consumers money. While the dog-collar bills would cost taxpayers more than $9 million over the next three years, the company stressed that all importers would share the benefits.

The bills' legislative sponsor, Sen. Lincoln, said in a statement that she was pleased that the Senate process had allowed Dungey to raise objections. In response, Lincoln said, the measures have been removed from consideration.

Dungey said no one had told her the tariff suspension was dead. Had she not stumbled across the mention on a Web site and spent days on research, Dungey said, she is convinced the cut in tariffs would have passed without opposition -- and led to the end of her company.

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"The suspension is . . . just about long enough to put most of the small guys out of business," Dungey said. "I would have just shaken my head and said, 'How can Wal-Mart sell for this price?' "

Air Controllers Chafe At Plan To Reduce Staffing Levels (NYT)

By Matthew L. Wald

The New York Times, September 20, 2006

DALLAS, Sept. 13 — A drive by the Federal Aviation Administration to cut the number of air traffic controllers nationally by 10 percent below negotiated levels, and even more sharply at places like the busy radar center here, is producing tension, anger and occasional shows of defiance among controllers.

At the radar office that controls planes around Dallas/Fort Worth International Airport and at a cluster of other airports where staffing levels are falling fast, unhappiness is usually not visible in the darkened radar centers where they work, except when it is glaringly obvious.

Like the recent day when a controller here went to work in lime green pants and a clashing brown jacket, along with hair dyed blue, to protest a new dress code. Elsewhere, male controllers have rebelled by going to work in dresses.

Most controllers here say they are far more concerned with workplace changes that do not involve wardrobe, including salary caps, lower pay for new hires and stricter control of vacation schedules and sick leave.

The F.A.A. imposed the changes on Sept. 3, three months after it declared an impasse in contract talks. Most of the changes have had little effect on the public. But one in particular may have safety implications, controllers and some outside experts said. That is the ending of contractual protection against being kept working on a radar screen controlling traffic for more than two hours without a break.

The agency has been defensive about staffing rules since a plane crash on Sept. 1 in Lexington, Ky., in a case where the workload of the lone controller on duty violated policy.

Having just one controller on duty "degrades the safety net," said Pat Forrey, president of the National Air Traffic Controllers Association, "by not having another set of eyes and ears." Mr. Forrey and others make a similar argument about keeping controllers at their work stations in positions that require intense concentration for extended periods.

The president of the union local here, Michael Conely, said that with the number of controllers now scheduled, "you can't staff all the positions properly."

"You are on position longer, watching more airplanes, and it becomes a tired-eye syndrome," Mr. Conely said.

The aviation agency says that traffic is down in the Dallas region and that the goal is to "staff to traffic" and not to an arbitrary standard.

Controllers, who earn more than $100,000 a year, are too expensive to leave idle, the agency says, and nationally, it has a goal of gradually increasing each controller's workload 10 percent. The manager here, Dan Gutwein, said controllers spent five and a half hours a day at their radarscopes, up from four hours historically.

In an interview, the administrator of the agency, Marion C. Blakey, said the goal of the changes was to make the agency run more like a business.

"You can't serve an industry that's largely teetering on bankruptcy and ask for a bigger slice of the pie," Ms. Blakey said last month in a speech. Explaining why the dress code matters, Ms. Blakey said there are "folks who push outside the norms of what is professional dress and what's professional behavior."

The dress code bans jeans, as well as T-shirts and shirts with big lettering and requires that controllers not appear "disheveled," rules that are not onerous, she said.

Ms. Blakey is trying to reshape the agency as two-thirds of the controllers face retirement in the next 10 years. That bulge is a result of extensive hiring in the early 1980's to replace thousands of striking controllers whom President Ronald Reagan fired.

The controllers, many with two decades in positions in which they are entrusted with thousands of lives, say the changes make them feel trivialized. A cartoon that controllers circulated by e-mail shows a radar screen with two converging airplanes and a picture of a man's sneaker, banned under the new dress code. The caption asks which should be the priority.

The agency says the controllers' attire must not "erode public confidence," although most work in windowless rooms, out of public view. The lighting in the radar room here is so dim that it is not easy, at a glance, to tell whether controllers are wearing the now-banned sneakers or sandals.

Mr. Conely said in an interview that the dress code was about more than clothes.

"It's absolutely a power thing," he said. "They want to show they're in charge and this is how we're going to do it and if you don't like it quit."

Some controllers are convinced that quitting is what the agency hopes they will do. Under the new rules, their replacements will earn substantially less. By the union count, 86 controllers worked here as of Jan. 1. Ten have retired, the union says, with some leaving early because of the new rules.

In the late 1990's, the controllers and the agency negotiated a national staffing pact that called for 117 controllers here. The agency disagrees on the current count and says many changes that grate on controllers are needed for scheduling flexibility.

The agency says that controllers are no longer guaranteed two consecutive weeks of vacation and that vacations can be canceled at the last minute. Controllers scheduled to work on holidays can be called off a few hours before and lose the holiday pay.

Management also gave itself the flexibility to keep controllers on their scopes for more than two hours. Two hours is still the goal, but controllers can no longer file grievances if they are there longer.

A former controller, Craig Carlson, now a co-director of the Air Traffic Control Program at the University of North Dakota, which provides initial training in air traffic control, said, “When it’s really busy, it gets really taxing on you if you are sitting there for a full two hours.”

Referring to tougher schedules for controllers, John Cox, an aviation safety expert and a former safety official at the Air Line Pilots Association, said, “This is exactly what the airlines have done with pilots.”

“The airline pilots today are flying more hours, flying more days, and they are being more efficiently scheduled, and fatigue is an issue for them,” he said.

A longtime controller here said what the agency had done with the changes “feels awfully retaliatory.” The controller, who insisted on anonymity because of fears that managers would take offense, and others did say that some people had, in fact, abused sick leave, but that the remedy should not be rules that made everyone’s lives miserable.

Nonetheless, the controller said, he loved his work and would not quit despite significant pay cuts and the difficulty in planning vacations.

Excess Reserves Help Slow The Rise In Health-Care Costs (WP)

By Stephen Barr

The Washington Post, September 20, 2006

Health insurance premiums for federal employees will increase by an average of 1.8 percent next year, the lowest annual increase in the government's employee program since 1997.

Officials said they substantially slowed the rise in 2007 insurance rates by dipping into excess financial reserves of the Federal Employees Health Benefits Program, which provides about $33 billion in health-care benefits annually. They said the reserves had increased in recent months because insurance claims and other expenses had not grown as fast as estimated.

Next year, 63 percent of FEHBP enrollees "will see no increase in their premium," said Linda M. Springer , director of the Office of Personnel Management, which administers the program. "That is amazing."

She said 15 percent of the program's enrollees will see a premium increase of less than 5 percent.

The federal program will offer 284 plans next year and will provide insurance coverage to about 8 million Americans -- civil service and postal workers, retirees, and family members. The government picks up about 71 percent of premium costs in its role as an employer.

Next year, individuals will pay an average of $1.45 more per two-week pay period, and families will pay $3.13 more biweekly.

More than 56 percent of FEHBP enrollees are in two plans provided by the Blue Cross and Blue Shield Association, and Blue Cross enrollees will see their share of the premium drop or stay the same.

Enrollees in the Blue Cross standard option will pay $57.30 biweekly, 77 cents less than this year. Families covered by the standard option will pay $134.30 biweekly, $1.29 less.

The Blue Cross basic option, which requires enrollees to stay in the Blue network, will not raise premiums for the third consecutive year. The enrollee cost will be $37.99 for individuals and $88.99 for families on a biweekly basis.

Data provided by the OPM showed that $500 million will be drawn out of the program's cash reserves, bringing down next year's premium increase by 5 percentage points. Otherwise, federal employees and retirees could have faced a rate increase of 6.8 percent, in line with this year's premium rise.

The program's reserves "are more than adequate," Springer said. "Everything is financially sound here." Rate decisions "are not things that are manipulated," she said. "They are certainly not political."

The use of the program's reserves helped reduce rate increases next year for national fee-for-service plans, which are required to set aside money for contingencies. The program's health maintenance organizations do not build up reserves because they operate on fixed-price contracts each year, officials said.

As a result, the national plans' average premium will rise 0.3 percent, and HMOs will rise an average 6.3 percent.

Premium increases in the federal employee program usually are lower than the annual rate increases in other large plans. The California Public Employees' Retirement System, for example, plans to increase HMO rates by an average of 11.6 percent and premiums for preferred-provider organizations by 12.6 percent next year.

Tom Billet , a senior consultant with Watson Wyatt Worldwide in Stamford, Conn., said surveys show that most private-sector employees' premiums will increase by 9 to 10 percent next year.

"Even when companies are fortunate to have a low increase, we find they are choosing to pass along something more than that so that it will be consistent with their long-term message -- health-care costs are high and that people should act responsibly to control them," Billet said.

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Springer also said enhanced dental and vision benefits will be added to the federal benefits package next year. Premiums will vary by plan and by region, she said.

House To Big House (RC)

By John Bresnahan

Roll Call, September 20, 2006

With Rep. Bob Ney's (R-Ohio) guilty plea on federal corruption charges last Friday and a stint in prison looming for the lawmaker, the House suddenly finds the ranks of its alumni behind bars growing to a level not seen in a decade.

When Ney heads off to prison, likely sometime next year, he will become the fourth Member to be locked up for criminal behavior, and the Ohio Republican may not be the last. Ney will join ex-Reps. James Traficant (D-Ohio), Duke Cunningham (R-Calif.) and Frank Ballance (D-N.C.), all of whom currently are being held in federal correctional facilities. Ney will appear in front of a federal judge on Oct. 13 to formally plead guilty to conspiracy and making false statements.

Rep. William Jefferson (D-La.) could join this group of disgraced Members soon. Jefferson is at the center of a federal bribery probe that already has resulted in lengthy prison terms for two men involved in the scandal, including Brett Pfeffer, a former Jefferson aide. Jefferson has not been charged in the case and has repeatedly denied any wrongdoing, but FBI agents turned up $90,000 in marked bills in Jefferson's freezer when they searched his home last year.

In fact, not since the early 1990s, when the House Bank, Post Office and Page scandals were roiling Capitol Hill and prematurely ending dozens of political careers, have so many lawmakers been in prosecutors' sights.

From 1993 to 1996, 10 Members went to prison for varying lengths of time, and at least four, and possibly as many as six, were imprisoned at the same time, according to media reports. The list of jailed lawmakers included House stalwarts such as Rep. Dan Rostenkowski (D-Ill.), the powerful chairman of the Ways and Means Committee. The stench of corruption emanating from the Democrat-controlled House helped Republicans win control of the chamber in 1994, and they immediately instituted a reform agenda that included new restrictions on lobbyists and gifts to lawmakers and staff.

Rep. Jay Kim (R-Calif.), convicted in 1997 for campaign finance violations, barely avoided jail time and instead was sentenced to two months of electronic home detention when he should have been out on the re-election trail. Kim was defeated in a GOP primary in 1998.

There were so many ex-Members in the slammer during the 1990s that Roll Call, at that time, debuted the "Jailbird Caucus" to help its readers keep track of who was in, and who was out, of prison.

A decade earlier, the Abscam scandal of 1980-81 ended up landing six House Members and a Senator in prison, and the seven served contemporaneous prison sentences between one and three years.

Unlike previous periods when scandals plagued Congress, the current wave of corruption convictions does not involve a single thread of illicit behavior, although the Abramoff affair still has the potential to spread on Capitol Hill. So far, seven individuals, including Ney and Abramoff himself, have pleaded guilty or been convicted in that investigation. Adam Kidan, Abramoff's business partner in the purchase of a Florida cruise ship company, also has pleaded guilty to fraud charges not directly tied to the Washington, D.C., scandal.

Rather, up until this time, it is a series of smaller scandals involving individual lawmakers and their donors, staffers and families, that has brought down Members.

Two current Democratic lawmakers, Reps. Jan Schakowsky (Ill.) and Juanita Millender-McDonald (Calif.), even have close family members behind bars.

Robert Creamer, Schakowsky's husband, is incarcerated in the Federal Correctional Institution in Terre Haute, Ind., where he is serving five months for bank fraud and failure to pay withholding taxes as part of a check-kiting scheme. Creamer, who is scheduled to be released on Nov. 9, also will have to serve 11 months of home detention.

Roderick Keith McDonald, Millender-McDonald's son, is serving a 41-month prison sentence for mail fraud, money laundering, bribery and conspiracy to extort. He will be released on Dec. 31, 2008.

Ballance's son, Garey, a former judge, was just released from federal prison on Aug. 31 after serving a nine-month sentence for tax evasion. The younger Ballance failed to pay taxes on a $20,000 gift from his father.

Ney, who signed onto a plea agreement with federal prosecutors last week after nearly two years of denials, is expected to receive the lightest sentence of any of the incarcerated pols. Justice Department officials have agreed to recommend a 27-month term for the Ohio Republican. Ney is currently in an alcohol-abuse treatment center receiving counseling for what he called a "dependency" problem.

Ballance was sentenced to four years in prison for fraud and money laundering related to more than $300,000 in state funds that Ballance steered to a North Carolina nonprofit he controlled. Ballance is not scheduled to be released from federal custody until June 2009, according to the U.S. Bureau of Prisons.

Ballance, who served one term in the House after nearly 20 years in the North Carolina Legislature, recently applied to have his conviction overturned, although a federal appeals court asked him to resubmit his application because it wasn't filed on the proper form. Ballance argues that federal prosecutors "wired" his case by threatening family members, including his 86-year-old mother, with jail terms

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unless he cooperated with the FBI. He also alleges that prosecutors "made false and/or misleading answers to the court about alleged evidence in my case," according to a legal document filed by Ballance.

Cunningham, whose case has kicked off a wider investigation by the Justice Department into spending earmarks and government contracts, received eight years and four months — the longest prison term ever meted out to a former lawmaker — for taking more than $2.4 million in bribes from defense contractors, as well as tax evasion and fraud. Cunningham's sentence is set to expire in June 2013.

Traficant, who was convicted of bribery, fraud and racketeering in 2002, among other charges, was sentenced to eight years in prison. He will be in prison until at least September 2009.

Scandals Play Varied Roles In Midterm Races As Election Day Nears (RC)

By Louis Jacobson

Roll Call, September 20, 2006

In recent months, the ranks of Out There's periodic scandal checklist have thinned significantly.

Since we last assessed the vulnerability of politicians facing ethical allegations, five people have vanished from our list.

Four besieged politicians were given the heave-ho by voters: Rep. Cynthia McKinney (D-Ga.), Alaska Gov. Frank Murkowski (R), Georgia lieutenant governor candidate Ralph Reed (R) and ex-Alabama Gov. Don Siegelman (D) all lost primaries this summer. A fifth, Rep. Bob Ney (R-Ohio), bowed out of the re-election campaign as a federal probe into his ties with disgraced lobbyist Jack Abramoff intensified; last week he pleaded guilty to charges stemming from that case.

In addition to making these changes, we've also streamlined the list a bit. We've removed Ohio Gov. Bob Taft (R), who's not running for re-election; his potential

Republican successor, Secretary of State Ken Blackwell, has seen his race turn largely on issues unrelated to any personal role in the state GOP's corruption scandal. We've also temporarily removed embattled Kentucky Gov. Ernie Fletcher (R) because he does not face the voters until 2007.

But that leaves plenty of names on our scandal checklist. Here's the rundown.

Rep. William Jefferson (D-La.)

Jefferson has notched a minor victory or two in his legal challenge to the FBI's unprecedented search of his Rayburn House Office Building suite on May 20, but most observers suspect that an indictment over bribery allegations is only a matter of time.

Risk factor: high. Jefferson has maintained his innocence, but he already has serious primary challengers, and if he doesn't step down first, he could well lose.

Sen. Conrad Burns (R-Mont.)

Though not much new has been made public about the ties between Burns and Abramoff, the issue continues to dog him back home in Big Sky Country. Burns has acknowledged that language favorable to an Abramoff client, the Saginaw Chippewa Tribe of Michigan, was included in a spending bill he was responsible for, though Burns said the language was added without his knowledge.

Risk factor: medium-high. We've moved Burns' vulnerability up a notch, given the tough challenge he's facing from Democrat Jon Tester, who can nearly match Burns' good-ol'-boy persona but without the ethical baggage. Burns hasn't helped his cause by committing a series of gaffes, most notably his intemperate outburst at out-of-state crews fighting forest fires. But don't count him out yet.

Wisconsin Gov. Jim Doyle (D)

Both the U.S. attorney in Milwaukee and state prosecutors are reviewing possible links between campaign donations and state contracts. While Doyle has not been directly implicated so far, the media are having a field day with the corruption issue, and a legal bombshell that affects the governor is certainly considered possible.

Risk factor: medium. While Doyle is narrowly ahead in most polls, the continuing scrutiny has kept him under 50 percent. The general environment isn't good either: In addition to Doyle's problems, the voters are in a funk over scandals in the Legislature (which have affected both parties) as well as the troubles of another key statewide Democrat, Attorney General Peggy Lautenschlager, who was convicted for drunken driving after running a state car into a ditch and lost her primary earlier this month.

Despite a ruling by the state ethics board requiring him to return more than $400,000 in campaign donations, Rep. Mark Green (R) has earned good marks as a candidate, outraised Doyle during the previous quarter and is in the odd position of seeming cleaner for being in Washington, D.C., than in Madison. Unless Doyle improves his game, Green could slip into the governor's chair.

Sen. Bob Menendez (D-N.J.)

Menendez comes from Hudson County, a jurisdiction known for its old-fashioned machine politics. In early September, federal prosecutors subpoenaed documents related to a Hudson County community center that received federal funding and once paid Menendez rent.

Risk factor: medium. Menendez, an appointee to the Senate, already faced a tough race for an elected term against state Sen. Tom Kean Jr. (R), and he hasn't been helped by the malaise surrounding the man who appointed him, freshman Gov. Jon Corzine (D). Now, with federal subpoenas public, Kean and the media finally have a hook for discussing Menendez's ethics.

Illinois Gov. Rod Blagojevich (D)

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Blagojevich, who successfully campaigned against the corruption scandals surrounding his now-convicted Republican predecessor, George Ryan, continues to be the subject of federal investigations. Chicago-based U.S. Attorney Patrick Fitzgerald has said, in a letter to state Attorney General Lisa Madigan (D), that he has found "very serious allegations of endemic hiring fraud" in the administration. And the FBI is looking into allegations by the wife of his former campaign treasurer that involve a state job supposedly bought with a check made out to one of the governor's children.

Risk factor: medium. Blagojevich's ethical position probably has eroded as the year has gone on, but his political outlook hasn't suffered as much as one might expect. In an independent poll released earlier this week, he led by 30 points, partly because Republican nominee Judy Baar Topinka has been running an underwhelming (and underfunded) campaign. Voters seem, at best, blasé about Blagojevich, but in a Democratic state and a likely Democratic year, he could well survive, despite his predicament.

Rep. Don Sherwood (R-Pa.)

Last year, Sherwood, who's married, acknowledged a long-running extramarital affair and settled a $5.5 million lawsuit with his former mistress.

Risk factor: medium. In the May 16 Republican primary, political neophyte Kathy Scott held Sherwood to 56 percent, leading Democrats to work harder to elect Penn State Worthington Scranton political science professor Chris Carney, a lieutenant commander in the Naval Reserve and a counterterrorism expert. But while Democrats feel good about their chances of toppling Sen. Rick Santorum (R) and a couple of House Republicans from the Keystone State, the Sherwood seat remains out of the spotlight, overshadowed by the rest of Pennsylvania's competitive contests this fall. In a district that gave President Bush 60 percent of the vote in 2004, Carney may not be able to win without a more concerted Democratic effort.

Rep. Alan Mollohan (D-W.Va.)

An investigative report released by a conservative activist group and referred to the Justice Department accused Mollohan of underreporting financial assets and steering federal earmarks to entities he founded or controlled. Mollohan has denied any wrongdoing, though he did step down as the House ethics committee's ranking member.

Risk factor: medium. While little new and dramatic has emerged about Mollohan's troubles since they first came to light, the allegations are serious, and Republicans are putting their hopes on state Del. Chris Wakim (First lady Laura Bush made a visit to Fairmont — Mollohan's home — to stump for Wakim). But with poll data scarce, opinion in West Virginia continues to predict that Mollohan will survive, given the 12-term incumbent's record of delivering for his district, his social conservatism, his continued support from key business leaders and an endorsement from the National Rifle Association. In addition, Wakim has taken a hit for allegations that he inflated his résumé.

Rep. Charles Taylor (R-N.C.)

Taylor has faced a number of ethical questions in the past, most notably during investigations into Blue Ridge Savings Bank, which he founded in 1978. Hayes Martin, the bank's former president, was convicted in 2001 and alleged that Taylor was involved in bank fraud and money laundering. But Taylor vigorously denied those allegations, and he was never questioned, much less charged, in the case.

Risk factor: medium-low. Taylor occupies one of those House seats that is considered a reach for Democrats if a wave develops. But if the Democrats don't crest high enough here, Taylor has the personal wealth and the record of delivering to his district to be able to beat Heath Shuler (D), a political novice who gained fame as a quarterback at the University of Tennessee and in the NFL.

Rep. Jerry Lewis (R-Calif.)

The powerful House Appropriations chairman is facing fallout from the bribery case involving former Rep. Duke Cunningham (R-Calif.). The Justice Department is looking into the relationship between Lewis and several lobbyists who passed through the Congressional-K Street revolving door, including former Rep. Bill Lowery (R-Calif.), Jeff Shockey and Letitia White. Earlier this year, Roll Call reported that Lewis dropped the salary that White, then an aide on the panel, earned before she joined an appropriations-oriented lobbying firm, which made it possible for White to sidestep lobbying barriers and begin a lucrative career more quickly.

Risk factor: medium-low. Lewis' relatively secure status owes more to his lack of serious electoral opposition than to his legal situation. The continuing drip-drip of revelations about the sweet deals worked out with his current and former staffers suggests that the investigation could be a long and difficult one for the California Republican as he looks toward 2008.

Rep. John Doolittle (R-Calif.)

Aside from an Abramoff-related subpoena to Doolittle's wife, Julie, the questions surrounding Doolittle — who serves on the House Appropriations Committee and as Republican Conference secretary — have been raised only in the media. Beyond Abramoff, Doolittle's name has come up in connection with Cunningham and an alleged Cunningham co-conspirator, defense contractor Brent Wilkes. Doolittle has denied any suggestion of wrongdoing.

Risk factor: low. If prosecutors have Doolittle in their sights, they've been awfully quiet about it. And unless an investigation rapidly snowballs, Doolittle, a seasoned fundraiser, seems unlikely to lose to retired Air Force Lt. Col. Charlie Brown (D), despite a late-August poll commissioned by Brown that had Doolittle up by just 2 points.

Rep. John Conyers (D-Mich.)

Several ex-aides claim that Conyers forced them to perform campaign work on government time, to baby-sit his children and to tutor his wife for law school. Conyers has denied any wrongdoing.

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Risk factor: low. The ethics committee so far has shown no interest, and Conyers faces only nominal opposition in November. If the Democrats take over the House on Election Day, Conyers can look forward to becoming the Judiciary chairman.

Check back after Election Day and we'll see who survived.

Congress Is Ignoring Ethics, Voting Problems; So What Else Is New? (RC)

By Norman Ornstein

Roll Call, September 20, 2006

You can't make this stuff up: Republican leaders in the House found another way to deep-six any serious ethics and lobbying reform, on the very same day that prosecutors heralded the sorry end to the career of Rep. Bob Ney (R-Ohio) and documented the sordid list of activities that has led him to a prison term.

Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) decided to take up and pass a laughable sham of an earmark "reform" and hoped that nobody would notice it is neither serious nor a reform. They concocted a fig-leaf rules change that provides disclosure on earmarks, but one that does not encompass all or most earmarks, that is not at all certain to stay in place and that provides no protection against chicanery in earmarking, including last-minute lawmaking and lawmakers or their family members exploiting the system for personal gain.

The promises made by Hastert after the Jack Abramoff scandal broke — specifically that his party would lead the fight to enact sweeping lobbying reform — were dropped like a hot rock as soon as the public scrutiny eased, which strongly suggests that the intent of the Speaker was to deflect public outrage, not significantly change the status quo.

Boehner, too, kicked off his campaign to become Majority Leader by proclaiming his credentials as an original reformer — a charter member of the "Gang of Seven" that shamed the chamber over its excesses under Democratic rule. But then he turned his reform campaign into an anti-reform campaign once he saw that Members had no interest in making serious changes.

Ever since, the energies of the leadership have gone to minimizing change in the House. The Senate is no better. So far at least, it hasn't even felt the need to pass a sham reform.

The earmark culture has careened out of control. The wheeling and dealing of staffers enriching themselves and others as they exploit the revolving door is shocking, with Exhibit A being the House Appropriations Committee under Chairman Jerry Lewis (R-Calif.).

As time goes on, more lawmakers will be spotlighted, and probably some will be directly investigated. We have pitifully inadequate lobby disclosure rules and pitifully weak ethics procedures. The leaders may be right; voters will not make this their major issue this fall. But surely there is more at stake than how voters feel. The integrity of Congress, anyone? Doesn't anybody in power care about that?

With that off my chest — yet again — I want to turn this column's attention to another outrage, namely the integrity of the voting system as we approach critical elections. One week ago Tuesday, bright and early (way early for me) at 6:45 a.m., I was waiting expectantly at my neighborhood school in Chevy Chase, Md., for the polls to open at 7 so I could do my civic duty before tooling down to Capitol Hill for a 7:30 appointment. But 7 came and went; at 7:15, an embarrassed poll worker came out to the crowd and said they could not find the cards to activate the touch-screen machines. I left, as did many others — a few apparently to catch planes. I was able to get back before the polls closed that evening, but others clearly did not, or could not, return to vote.

Montgomery County has long prided itself as a bastion of civic responsibility — a role model in its voting processes. This was a meltdown, and one that was echoed, to varying degrees, in other parts of the state. Could there be a bigger or clearer wake-up call to the potential disaster that awaits us in the general elections?

The House majority is up for grabs; the most likely outcome is a House that will be within a handful of seats either way. And there very likely will be a half-dozen or more seats that are within a couple hundred votes or less. So here is a nightmare of nightmares: The House hangs in the balance, and the districts that make the difference cannot do recounts because there is no paper trail; the paper trail in jurisdictions that have it find huge discrepancies between it and the numbers recorded on the machines; screw-ups like Montgomery County's, or worse, disenfranchise large numbers of voters and make any outcome seem less legitimate; jurisdictions across the country lack established procedures for handling disputed elections and get mired in litigation or gridlock; and partisan election officials (à la Florida Republican Rep. Katherine Harris) make decisions that produce outcomes that are questionable at best.

This is not fanciful; it is all too real. And the reality would be even worse than the litany above suggests. All of the horrors above actually could occur with machines that are widely considered to be benign and safe from any corrupting influences. But we do not have such machines.

To all who have not yet done so, I urge you to look at the video of Princeton University researchers corrupting a widely used Diebold voting machine in less than one minute and creating a virus that alters results, spreads from one machine to another and corrupts the whole network, and disappears without a trace after the elections are over. The same computer scientists, led by Edward Felten at Princeton's Center for Information Technology Policy, discovered by chance that the "lock" protecting these machines can be opened by the key used by hotels to open mini-bars, keys that also can be purchased widely on eBay.

Diebold reacted to this news in the way that it and the other manufacturers of voting machines always react — they attacked the scientists. These companies have no interest in the integrity of elections, only in selling as many machines as they can and squelching any doubt about their efficacy.

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The problem, of course, goes beyond the machines. There's also the lack of resources and professionalism in election administration around the country, which makes it easy to produce the kinds of screw-ups like we had in Montgomery County. Apparently, the checklist of equipment to be sent to each polling place failed to list the cards — a low-tech snafu if there ever was one.

The new machines are operated in most places by veteran volunteer poll workers who all too often are technologically challenged. (One test that ought to be applied before a poll worker is brought aboard is to see if he or she can turn the flashing 12:00 on a VCR to the actual time of day.)

A study by experts of voting in the 2006 primary in Cuyahoga County, Ohio, where touch-screen machines with paper trails are used, found huge differences in results between the machines' internals and the paper trails — and they found that many of the Smart Cards that record precinct results got lost on the way to the central office, resulting in incomplete results.

At the same time, the level of confidence in the election system is low, partisan tension is high, and Congress has been absent without leave as this problem looms. Brace yourselves: Troubled as its election was, we could end up looking with envy at Mexico.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

Intense Dislike Of The President Remains Evident In The Polls (RC)

By Karlyn Bowman

Roll Call, September 20, 2006

One of the most notable features of polling about President Bush has been the intensity of the opposition to him.

In a September NBC News/Wall Street Journal poll, 36 percent said they had "very negative" feelings about the president. Since September 2005, more than three of every 10 respondents have expressed this view in the poll.

In the new poll, 23 percent had a "very positive" feeling about the president. His overall numbers were 42 percent positive, 49 percent negative.

In the meantime, ABC News asks respondents whether they approve or disapprove of the way the president is handling his job, then asks them whether they approve or disapprove strongly or somewhat. In the latest poll, 42 percent said they approved and 55 percent said they disapproved.

The poll found that the intensity of feeling was on the negative side as 43 percent disapproved strongly. Since June 2005, more than four in 10 have strongly disapproved of the job the president is doing.

An Aug. 30-Sept. 2 Opinion Research Corporation/CNN poll found that 30 percent thought Bush should be impeached and removed from office, while 69 percent thought he should not be.

CNN and Time asked the identical question seven times about former President Bill Clinton. In two September 1998 polls, 29 percent (the highest response) thought he should be impeached and removed. Bush's current ratings are similar to Clinton's in the fall of 1994.

Congressional Leaders. In an NBC News/Wall Street Journal poll, 50 percent of respondents didn't know of or weren't familiar with House Minority Leader Nancy Pelosi (D-Calif.). Of the remainder, 15 percent had positive feelings and 23 percent negative ones.

As for Speaker Dennis Hastert (R-Ill.), 55 percent were unfamiliar with him, with 13 percent positive and 15 percent negative.

Fifty-seven percent didn't recognize the name of Senate Minority Leader Harry Reid (D-Nev.) or have an opinion about him; 10 percent were positive, 18 percent negative.

And 38 percent were unfamiliar with Senate Majority Leader Bill Frist (R-Tenn.), while 21 percent had positive feelings about him and 23 percent had negative ones.

Congressional Decision Time. One-quarter of likely voters told Fox News/Opinion Dynamics interviewers in mid-September that they already had decided whom they would vote for in November. Twenty-six percent of Democrats and 31 percent of Republicans said they have made up their minds.

Confidence in Rumsfeld. Thirty-one percent of respondents in a Sept. 8-11 NBC News/Wall Street Journal poll had positive feelings about Secretary of Defense Donald Rumsfeld, while 43 percent had negative ones (including 32 percent who felt very negatively about him). In January, feelings about Rumsfeld were 39 percent positive and 34 percent negative. In the September poll, 44 percent thought he should resign because of his handling of the war, while 46 percent did not.

In a Sept. 5-7 ABC News poll, 42 percent approved of the way Rumsfeld was handling his job, with 49 percent disapproving. His current rating is slightly better than his rating in December, when 35 percent approved and 53 percent disapproved. In a Sept. 8-11 Harris Poll, 38 percent rated him as doing an "excellent" or "good" job compared to 58 percent who said he was doing only a "fair" or "poor" job.

Gasoline Prices. With the recent decline in gasoline prices, the issue has lost some of its potency, polls show. In a Sept. 5-7 ABC News poll, 5 percent of respondents cited gas prices as the top issue driving in their vote, down from 15 percent in August.

In a Sept. 6-10 Pew Research Center Poll, 7 percent mentioned energy, gas or heating prices as the most important issue facing the country, down from 14 percent in May. When people were asked in the same poll about how often 11 different topics come up in their conversations with friends and family, 75 percent said gas prices came up frequently. More than 70 percent of Democrats and Republicans talked about them frequently. The next closest topics nationally were Iraq, the economy and education. For each of those three topics, 54 percent of respondents said they discussed the issue frequently.

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Imprisoning Suspected Terrorists. In a September NBC News/Wall Street Journal poll, 54 percent of respondents said the Bush administration had taken the right course of action in its imprisonment and treatment of suspected terrorists and foreign fighters, with 34 percent saying the administration had gone too far.

A Royal Heir. In March and April, when the Pew Research Center interviewed Japanese adults about whether there should be a change in the Imperial Household Act to allow females to ascend to the imperial throne, 76 percent were in favor and only 19 percent were opposed. Men were more opposed than women were, at 26 percent compared to 13 percent.

Prime Minister Junichiro Koizumi has endorsed a change in the law. But the birth of a male heir in early September reduced the urgency of the issue, leaving the fate of the proposal unknown.

Karlyn Bowman is a resident fellow specializing in public opinion and polls at the American Enterprise Institute.

All The King's Earmarks (WP)

By Ruth Marcus

The Washington Post, September 20, 2006

Willie Stark would have had a good laugh.

Stark is the archetypal politician at the center of Robert Penn Warren's "All the King's Men." Not so loosely modeled on Louisiana's Depression-era governor and senator, Huey Long, he embodies the essential grittiness of politics and its inevitable corruptions, large and small.

One morning last week, I went to see the new film version of "All the King's Men." (Sean Penn plays a somewhat over-the-top Willie Stark.) So Stark was on my mind later that day as I watched members of the House of Representatives debate how to stop themselves -- or, more accurately, how to appear to stop themselves -- from spending money on pet projects.

The subject was earmarking, a practice whose attractions Willie Stark would have instantly understood. Earmarking is a polite term for the federal slush funds available to lawmakers to direct as they see fit, currying favor with constituents and contributors.

Stark would have been a champion earmarker. "I'm going to build me the God-damnedest, biggest, chromium-platedest, formaldehyde-stinkingest free hospital and health center the All-Father ever let live," Stark vows in the book.

And he has no doubt what he plans to name his project: "I'm going to call it the Willie Stark Hospital and it will be there a long time after I'm dead and gone and you are dead and gone and all those sons-of-bitches are dead and gone."

And so Stark, as I said, would have found the congressional debate a hoot. Because this charade of earmark reform involved lawmakers forcing themselves to take credit for their earmarks -- in essence, engaging in the legislative equivalent of naming the hospital after themselves.

Under the new rule, some -- but not all -- earmarks will require that the sponsoring lawmaker be identified. Big whoop. The problem with the most egregious earmarks isn't that the public doesn't know who's behind them. It's that the patrons are completely unabashed about the pork they are pushing.

Exhibit A: Alaska Sen. Ted Stevens's tirade on the Senate floor against efforts to take away funding for his "bridge to nowhere."

Exhibit B: the entire state of West Virginia, crammed with the earmarked products of the Senate Appropriations Committee's senior Democrat. To wit, the Robert C. Byrd Federal Building and Courthouse in Charleston (not to be confused with the Robert C. Byrd Federal Building and Courthouse in Beckley); the Robert C. Byrd Expressway (not to be confused with the Robert C. Byrd Freeway or the Robert C. Byrd Bridge); the Robert C. Byrd National Technology Transfer Center at Wheeling Jesuit University (not to be confused with the Robert C. Byrd Science and Technology Center at Shepherd University or the Robert C. Byrd Technology Center at Alderson-Broaddus College). "I don't care if you list the members who sponsor earmarks. I put out press releases on every one of them," Rep. David Obey (D-Wis.), the ranking Democrat on the House Appropriations Committee, said in explaining how ineffective this change would be.

That didn't stop the House leadership from congratulating itself. "Today is an important day for the House as an institution," pronounced Majority Leader John Boehner (R-Ohio). Perhaps, in the sense that it showed how resistant the chamber is to any deviation from business as usual.

So resistant, in fact, that the writers of large checks, also known as the House Appropriations Committee, greeted this minor incursion on their power with howls of outrage. They were being unfairly singled out for abuse, the appropriators bleated behind closed doors; the new rule would still let the tax writers and the authorizers get away with their special-interest shenanigans.

By all accounts, this indignation was heartfelt, in the "they do it too" way that a 6-year-old punished for popping someone on the playground is sincerely outraged that his friend wasn't busted for the same offense. Yet you have to question whether the canniest of the appropriators don't recognize how easily they got off.

It brought to mind the scene in "All the King's Men" in which the narrator, reporter-turned-fixer Jack Burden, ponders whether Stark really had been the gullible rube he seemed when the two first met in the backroom of Slade's pool hall.

Burden recalls his introduction: "Willie's hand gave mine three decorous pump-handle motions, and he said, 'Glad to meetcha, Mr. Burden,' . . . and then, I could have sworn, he gave me a wink. Then looking into that dead pan, I wasn't sure."

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Years later, Burden tries to find out. " 'Well, Boss,' I demanded, 'did you or didn't you wink at me?' " Stark, for his part, is deliberately noncommittal. " 'Boy,' he said, and smiled at me paternally over his glass, 'that is a mystery. . . . Suppose I just had something in my eye?' " I wonder: Did the appropriators wink? Or was there just something in their eyes?

OTHER NEWS:

New-Home Starts Sink As Sales Slow, Inventories Rise (WSJ)

By Rafael Gerena-Morales

The Wall Street Journal, September 20, 2006

Construction starts on new homes plunged last month as builders curtailed production in response to mounting inventory and slowing sales.

The Commerce Department reported yesterday that housing starts dropped 6% in August from a month earlier to a seasonally adjusted annual rate of 1.665 million units. That was the fifth decline in construction starts in the past six months and the slowest rate of starts since April 2003. When compared with a year earlier, construction starts were down 19.8%.

The weak housing report helped send stocks lower yesterday, with the Dow Jones Industrial Average falling 14.09 to 11540.91.

WAITING FOR THE FED

David Wessel, The Wall Street Journal's deputy Washington bureau chief, says there's a lot of disagreement over where Fed will go with interest rates this year. While central-bank officials emphasize inflation risk, Wall Street is worried about a slowing economy. Listen to David Wessel's NPR interview2.

Construction starts on single-family homes fell 5.9% in August from a month earlier and declined 20.6% from a year earlier, the government report showed. Housing starts for multifamily homes with five or more units fell 8.2% in August from the previous month and declined 16.9% from a year earlier.

The Commerce Department report also showed that building permits -- a barometer of future construction activity -- fell 2.3% to a seasonally adjusted annual rate of 1.722 million in August when compared with the month before and were down 21.9% in August from a year earlier.

It is "pretty darn clear that ... we're in a pretty substantial downswing here," said David Seiders, chief economist of the National Association of Home Builders. Developers "can't keep bringing new supply on the market until [home] inventories come down and affordability is restored. The downside risk of [housing] to the real economy should be getting a lot of attention."

Yesterday's report on construction starts and building permits comes on the heels of a pessimistic reading on the home-builder association's confidence index, which was released Monday. The index indicated that home builders feel pessimistic about housing-market conditions and are likely to cut construction activity further for the rest of the year. The association reported Monday that its sentiment index for U.S. sales of new, single-family homes fell in September to 30 from 33 in August, indicating that most builders think the housing market is in poor shape. The housing index, compiled by the NAHB and Wells Fargo, was at 65 a year ago. A reading of 50 would indicate builder sentiment was balanced between good and poor.

Phillip Neuhart, an economic analyst with Wachovia Corp. in Charlotte, N.C., said the pullback in housing-construction activity will likely trim economic growth in the second half by at least 0.5 percentage point. The NAHB's Mr. Seiders said the slowing housing market could shave second-half economic growth by as much as a full percentage point. The 56 economists surveyed in WSJ.com's September survey said they expect economic growth averaging roughly 2.7% during the second half.

Amid a national housing boom, residential-construction activity contributed at least 0.5 percentage point to economic growth in 2004 and 2005, according to government data. However, a slowing housing market subtracted 0.63 percentage point from economic growth in this year's second quarter. "That's a dramatic swing" from previous years that is likely to worsen, Mr. Neuhart says. In the housing sector, "we expect choppy waters for the rest of the year."

Meanwhile, inflation pressures on the producer, or wholesale, level moderated last month -- offering welcome news for the economy. The Labor Department said its producer-price index for finished goods rose a seasonally adjusted 0.1% last month, matching July's increase. Producer prices in August were 3.7% higher than a year earlier, on an unadjusted basis, down from July's year-over-year increase of 4.2%. Core producer prices, excluding food and energy, fell 0.4% in August from a month earlier, in part because of a steep decline in automobile prices. The August decline in core producer prices was the sharpest drop since April 2003 and the second-straight monthly slide.

"We're not going to get these types of [auto-price] declines every month," said Joshua Shapiro, chief U.S. economist at consulting firm MFR Inc. Nonetheless, yesterday's data underscoring a cooling housing market and easing inflation "offer an overall message of comfort to the Fed. There's no incentive for them to do anything right now" with interest rates.

Separately, the Federal Reserve reported yesterday that the total net worth of U.S. households rose 0.1% to $53.33 trillion in the second quarter, marking the 15th consecutive quarterly increase. That was up from the revised first-quarter figure of $53.27 trillion, the Fed said in its quarterly "flow of funds" report. Meanwhile, the Fed reported that U.S. household debt grew at a seasonally adjusted

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annual pace of 9.1% in the second quarter, as "home-mortgage debt slowed to a single-digit pace for the first time in several years." U.S. household debt grew at a 9.6% annualized rate in the first quarter.

In US Housing Slump, Wider Concerns Rise (CSM)

By Ron Scherer

The Christian Science Monitor, September 20, 2006

These are tough times for the people who use hammers and nails to build the American dream - and those who employ them.

In some markets, buyers have gone missing - glued to their money in the expectation that home prices will fall. Desperate, sellers and developers are trying to sweeten their deals to unload McMansions and houses built on speculation. Now comes the news that new construction on homes has fallen so sharply that some economists use the "R" word when they talk about the housing market - and warn about what that might mean for the economy as a whole.

"Housing's in a recession, there are no two ways about it," says Paul Kasriel, chief economist at Northern Trust Co. in Chicago. "Typically when we get declines in housing of this magnitude, with a lag, the economy goes into recession. There have been exceptions, but not many."

Tuesday gave economists more cause for concern. The government reported new home starts fell 6 percent in August compared with July.

New home construction is now down about 20 percent compared with last year. There are seven months of unsold homes waiting for buyers - a record number.

The housing slump won't be welcome news in Washington when the Federal Reserve meets Wednesday to set interest-rate policy. Partly because of the problems in the housing sector, economists expect the Fed to leave interest rates unchanged as it did last month.

"Housing is a big worry for the Fed," says Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Fla. "At the start of the year they expected an orderly decline, but this summer the market started to fall apart."

Despite the drop in the housing market, many economists continue to forecast that the economy as a whole will weather the slump. Retail sales and employment remain healthy. Gasoline prices have fallen almost 50 cents a gallon in the past month. The Dow Jones Industrial Average is close to its all-time highs.

"It does not appear the bottom will fall out by any means," says Peter Morici, a professor at the University of Maryland School of Business in College Park. "I think lower oil prices - they are now down $15 a barrel - have taken any further slowdown off the table."

Economist Stuart Hoffman echoes this optimistic view. He says business will get a boost from exports as the rest of the world's economy grows. He notes that commercial construction, road work, and new warehouses are improving and will partially offset the drop-off in housing.

"You have to look at where housing is coming from," he says. "We knew it was frenzied in terms of starts and sales. But compared to the last few years, this would be considered a normal year."

However, Mr. Kasriel says, there is no clear sign of a bottom in housing. In July the number of homes for sale rose 35 percent while the number of new homes sold fell 15 percent. "We haven't seen such a wide disparity since 1984, when these data started," he says.

Despite these numbers, some economists are predicting the housing market will start to stabilize. David Wyss, chief economist at Standard & Poor's, is forecasting new housing construction will fall 25 percent from 2005 levels. He expects some overly hot markets will see prices fall. Nationally, he anticipates home prices will flatten out.

"We're in the stage now where people are beginning to lower their price or take what they can," he says. "The third stage wrings out the excesses. A year from now will be the best time to buy."

To move houses, real estate developers are trying to entice buyers with some unusual efforts. Indianapolis-based Davis Homes is straddling the line between builder and real estate agency. For a fee, Davis will buy a customer's old home if it isn't sold by a certain amount of time. The strategy frees the customer from shouldering two mortgages on two houses - and it helps Davis sweeten its deals for building new homes.

"It's just another avenue to get clients to their new home," says Cathy Epps, director of the company's Guaranteed Sale program. "Whoever thought of it, I think it was a great idea."

Alongside the Guaranteed Sale program that Ms. Epps directs, Davis also helps potential customers spruce up and sell their homes so they can buy new ones.

U.S. Economy: Housing Starts, Producer Prices Fall (BLOOM)

By Bob Willis And Courtney Schlisserman

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- Housing construction in the U.S. fell to a three-year low and a measure of wholesale prices dropped, increasing speculation the Federal Reserve is done raising interest rates through year-end and possibly beyond.

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Housing starts plunged 6 percent last month to an annual rate of 1.665 million, the Commerce Department said today in Washington, a steeper slide than economists forecast. Prices paid to U.S. producers excluding food and energy declined 0.4 percent from July, the Labor Department said, marking the first back-to-back monthly drop since the end of 2002.

The slump in housing, which fueled growth for half a decade, is now so deep that it raises concerns the rest of the economy will be dragged down with it. Today's price figures suggest the Fed isn't under any pressure to resume raising interest rates following 17 consecutive increases that ended in June. Treasury notes jumped and stocks fell.

``Right now, it's just housing that's slowing, but this can spread to the rest of the economy very quickly,'' said Chris Low, chief economist at FTN Financial in New York. ``It should be absolutely clear to the Fed that they've done enough.''

Fed policy makers meet tomorrow and will keep their benchmark lending rate at 5.25 percent for a second month, according to all 109 economists surveyed by Bloomberg News.

Building permits dropped to an annual rate of 1.722 million from 1.763 million the prior month. Not since May to November 1986 have permits declined seven straight months.

Economists expected starts to fall to an annual rate of 1.746 million from an originally reported 1.795 million pace in July, based on the median of forecasts in a Bloomberg survey.

Recession Risk

``In the past couple of months we've watched the growth side, housing in particular, deteriorate faster than anybody expected,'' said Gregory Miller, chief economist at SunTrust Banks Inc. in Atlanta. ``I'm not ready to raise the flag to start calling a recession, but there's clearly a risk.''

Miller predicts the Fed will lower borrowing costs next year.

Diminishing increases in home prices helped bring the smallest gain in household net worth in four years last quarter, the Fed reported today. Total net worth rose $54.1 billion to a record $53.33 trillion in the second quarter, the central bank said in its Flow of Funds report.

Borrowing rose at an annual rate of 6.4 percent from April through June, the smallest increase since the first quarter of 2002, the Fed report showed.

Producer Prices

In a sign of easing inflation, overall prices paid to producers rose 0.1 percent for a second month in August, the Labor Department said. Economists surveyed by Bloomberg News expected a 0.3 percent rise.

New-home sales dropped in July and inventories of unsold new homes rose to a record, the Commerce Department said on Aug. 24, leaving builders with little choice but to cut construction and offer incentives to spur demand.

Bonds notes rallied with the yield on the benchmark 10-year Treasury note dropping 8 basis points to 4.73 percent at 4:11 p.m. in New York. The Standard & Poor's Supercomposite Homebuilding Index retreated 1.7 percent to 622.71, while the S&P 500 dropped 2.9 points, or 0.2 percent.

`Unsustainable' Expansion

Treasury Secretary Henry Paulson told his counterparts at a Group of Seven meeting in Singapore on Sept. 16 that they needn't worry about a housing-led collapse of the world's largest economy. The real-estate market is cooling from an ``unsustainable'' expansion, he said.

Construction of single-family homes declined 5.9 percent in August to a 1.36 million rate, the slowest since February 2003, the Commerce Department said today. New construction of multifamily homes, such as townhouses and apartment buildings, fell 6.7 percent to an annual rate of 305,000.

Starts fell in all regions but the Northeast. They decreased 12 percent in the Midwest to 267,000, the lowest since December 2000; 6.1 percent in the South to an 833,000 pace; and 5.5 percent in the West to 410,000. Starts rose 5.4 percent in the Northeast to a 155,000 pace.

Industry Incentives

Wells Fargo & Co. Chief Executive Officer Richard Kovacevich said yesterday that the housing market is probably weaker than economic data suggest because homebuilders are using ``very significant incentives'' to attract buyers.

``We will see, over the next five to six months, inventories increase quite substantially'' as that strategy becomes less successful in tempering the decline in demand for new homes, Kovacevich, whose bank is the second-biggest U.S. mortgage lender, said at a conference in San Francisco.

Builder confidence is suffering. The National Association of Home Builders/Wells Fargo said yesterday that its index of builder optimism fell this month to the lowest level in 15 years. The Standard and Poor's 500 Homebuilding Index, made up of five of the largest U.S. builders, has fallen by more than a quarter this year, the second-worst performance among S&P 500 industry groups.

Lennar Corp., the second-largest U.S. homebuilder by market value, on Sept. 8 said profit fell in the fiscal third quarter for the first time in six years.

`Continued to Deteriorate'

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``The U.S. housing market has continued to deteriorate," Stuart Miller, Lennar's president and chief executive officer, said in a statement. ``Given difficult market conditions, we have limited our land purchases while we have remained focused on even flow production and minimizing completed inventory."

Home sales will probably drop 8 percent this year and another 2 percent next, according to a National Association of Realtors forecast issued Sept. 7.

Median existing home prices will rise 2.8 percent this year to $225,900 after rising 10.5 percent in 2005, the Realtors forecast. Home prices in some months this year may dip below year-ago levels, the Realtors forecast.

The group's measure of housing affordability fell in July to its lowest level since 1989 as mortgage rates increased and home prices edged up.

Home construction in the second quarter subtracted more from economic growth than at any time since the first three months of 1991, according to the Commerce Department. The slowdown in the real estate market is also producing smaller gains in home prices that may remove a source of strength for consumer spending as fewer home owners refinance.

Oil Trades Near Six-Month Low On Rising Stockpiles, Iran Talks (BLOOM)

By Gavin Evans

Bloomberg, September 20, 2006

Sept. 20 (Bloomberg) -- Crude oil traded near a six-month low in New York after plunging yesterday on signs rising fuel stockpiles and protracted negotiations over Iran's nuclear program have prompted investment funds to cut their holdings.

Oil posted its biggest fall in four months after U.S. President George W. Bush said he will give European diplomacy a chance to end the dispute with Iran, the world's fourth-biggest oil producer. A government report later today will probably show U.S. fuel stockpiles, already above average, extended their gains of the past month.

``The mentality of the market has changed," said Mark Waggoner, president of Excel Futures Inc. in Huntington Beach, California. ``We've got rising stockpiles, the summer driving season is over" and worries about Iran are ``falling by the wayside."

Crude oil for October delivery was at $61.78 a barrel, up 12 cents, in after-hours electronic trading on the New York Mercantile Exchange at 10:03 a.m. in Singapore.

The contract, which expires today, fell $2.14, or 3.4 percent, to $61.66 a barrel yesterday, the lowest close since March 21 and the biggest one-day decline since May 15.

The more actively traded November contract was at $62.25, up 8 cents, in after-hours trading, after falling 3.7 percent yesterday.

Oil futures reached a record $78.40 a barrel on July 14. Prices have fallen 21 percent the past two months as U.S. stockpiles rose and the United Nation's Aug. 31 deadline for Iran to stop uranium enrichment passed without sanctions being imposed.

French Initiative

French President Jacques Chirac yesterday proposed the suspension of plans for sanctions against Iran if the Islamic republic also suspended its enrichment during negotiations.

The U.S. agrees with the French strategy and will ``come to the table," once Iran has suspended its enrichment, Bush said yesterday. The U.S. has ``no objection" to Iran's pursuing of a truly peaceful nuclear power program, he said.

``The Bush speech was tame relative to what a lot of us expected," Nauman Barakat, senior vice president of global energy futures at Macquarie Futures USA Inc. in New York, said yesterday. He ``appears to have moved to the European position."

Hedge funds may also be selling futures after seeing others lose money in the energy market and as the pace of the decline in oil has accelerated, analysts and traders said.

``We can't know that for sure, but I think some of that probably is happening," Excel's Waggoner said. ``The trend is now down and you go with the trend."

Amaranth

Amaranth Advisors LLC, a hedge-fund manager overseeing about $9.5 billion, told investors Sept. 18 that its two main funds fell an estimated 50 percent this month because of a plunge in natural-gas prices.

``The Amaranth debacle has spread to other markets to an extent," Aaron Kildow, a broker at Prudential Financial Derivatives LLC in New York, said yesterday.

Hedge-fund managers and other large speculators have cut their bets on rising oil prices for each of the past four weeks, according to the Commodity Futures Trading Commission.

Net long positions, the difference between bets on rising prices and bets on falling prices, fell by 22 percent to 37,020 contracts in the week ended Sept. 15. Short positions rose to their highest since March 14.

``These funds can go short as quickly as they went long," Jason Schenker, an economist with Wachovia Corp. in Charlotte, North Carolina, said yesterday. ``I think the most important thing at the moment is how lush product inventories are."

Stockpiles

An Energy Department report today will probably show U.S. supplies of distillates, including diesel and heating oil, rose by 1.8 million barrels last week, their sixth straight gain, based on the median estimate from a Bloomberg News survey of 16 analysts.

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Inventories held 144.6 million barrels the week before, 12 percent more than the five-year average for the period.

Gasoline supplies probably rose for a fifth week, gaining 650,000 barrels according to analyst survey. Inventories held 207 million barrels on Sept. 8, 3.8 percent higher than the five-year average.

Gasoline for October delivery was at $1.5090 a gallon in after-hours trading, after falling 4.8 percent to $1.5038 yesterday, the lowest close since Feb. 22.

October heating oil was at $1.6980 a gallon, after falling 2 percent to $1.6916 yesterday, the lowest close since March 10.

Wall Street Dips On Mix Of Negative News (FT)

By John O'Doherty

Financial Times, September 20, 2006

Wall Street finished lower on Tuesday as investor confidence was soured by data showing a precipitous drop in housing starts, a warning on profits from internet group Yahoo, and news of a possible coup in Thailand.

Yahoo slumped 11.2 per cent to $25.75, erasing eight weeks of gains, after its chief financial officer said the company's quarterly results would be at the bottom end of a previously forecast range, due to slowing advertising demand.

The news also dragged down other internet stocks. Google shed 2.6 per cent to $403.81, and Ebay sank 3.3 per cent to $25.95.

Crude oil prices tumbled, as high inventories helped ease supply worries. The front-month Nymex contract lost 3.2 per cent to $61.66 a barrel, its biggest single day decline since May. Valero slid 4.3 per cent to $50.10, and Devon Energy lost 3.8 per cent to $64.32.

Mining stocks were also hurt by falls in copper and gold prices. Barrick Gold sank 4.1 per cent to $28.76, and Freeport McMoran also slipped 4.1 per cent to $51.26.

Semiconductor group Maxim Integrated Products lowered its revenue and earnings guidance for the fiscal first quarter due to sluggish orders. Its shares fell 4.9 per cent to $29.84. The stock has fallen 17 per cent since the start of the year.

Time Warner announced that its strategy of not charging its AOL broadband subscribers access fees was succeeding in attracting new internet users. Its shares rose 1.5 per cent to $17.3 9.

At the close, the S&P 500 was down 0.2 per cent, or 2.87 points, at 1,318.31, while the Nasdaq Composite was down 0.6 per cent, or 13.38 points, at 2,222.37. The Dow Jones Industrial Average dropped 0.1 per cent, or 14.09 points, to 11,540.91.

The producer price index – a measure of inflation at the wholesale level – fell more than expected in August, boosting investor confidence that further interest rate increases were not on the horizon.

However, housing starts fell 6 per cent in August, more than twice as much as expected. The steep decline in housing starts followed a report on Monday that sh owed confidence among homebuilders at a 15-year low.

Uncertainty deepened after the Thai military was reported to have declared martial law and to have announced a suspension of the constitution.

Pharmaceuticals group ImClone Systems tumbled 4.5 per cent to $29.16 after a New York judge ruled that three Israeli scientists from the Yeda research institute were the true inventors of a process used to create its cancer drug Erbitux.

"Last night's development is the worst possible scenario for ImClone, since Yeda, as sole inventors, might be entitled to large-sum damages," said Yaron Werber of Citigroup, who reiterated a "sell" rating on the stock.

U.S. Stocks Fall On Yahoo Forecast, Signs Of Housing Slowdown (BLOOM)

By Allen Wan

Bloomberg, September 20, 2006

Sept. 19 (Bloomberg) -- U.S. stocks retreated, snapping the Nasdaq Composite Index's longest winning streak in eight months, as slowing advertising growth at Yahoo! Inc. and a drop in home construction suggested the economy is losing momentum.

Yahoo, the most-visited U.S. Web site, tumbled 11 percent and spurred losses in technology shares. Toll Brothers Inc. led declines among homebuilders, the market's worst performers this year aside from Internet companies.

Stocks reached the day's lows after Thailand's military seized control of the country and the prime minister declared a state of emergency. While prices rebounded in afternoon trading, an inflation report that suggested the Federal Reserve will keep interest rates unchanged tomorrow failed to reassure investors.

``The market's vulnerable," said David Briggs, senior vice president of equity trading at Federated Investment Management in Pittsburgh, which has $30 billion in stocks. ``People begin to wonder about the psyche of the average consumer and how it might slow up the economy."

The Standard & Poor's 500 Index fell 2.87, or 0.2 percent, to 1318.31. Energy shares had the biggest drop among the benchmark's 10 industry groups as oil tumbled to a six-month low. The Dow Jones Industrial Average lost 14.09, or 0.1 percent, to 11,540.91.

Nasdaq's Drop

The Nasdaq fell for the first time in eight days, declining 13.38, or 0.6 percent, to 2222.37. The gauge last rose for seven consecutive sessions in the period ended Jan. 11.

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Stocks opened lower after the government said a glut of unsold homes spurred a 6 percent plunge in housing starts. Losses accelerated after Yahoo said its profit and sales will be at the low end of its forecasts this quarter and Thai military chiefs took the capital.

Shares of mutual funds that invest in Thailand dropped in U.S. trading. Thai Fund Inc. fell 3.8 percent to $8.65 after earlier tumbling as much as 7.1 percent. Thai Capital Fund Inc. lost 4.4 percent to $9.70.

The housing report, along with Yahoo's forecast, raised concern that corporate profits may slow and supplanted confidence that the Fed will keep interest rates at 5.25 percent tomorrow for the second straight meeting after raising them for two consecutive years.

Yahoo Slumps

Yahoo plunged $3.25 to $25.75 for the biggest decline in the S&P 500.

Profit and sales this quarter will be at the low end of the company's forecast range on slower advertising demand from automakers and financial services companies, Chief Financial Officer Susan Decker said. It was Yahoo's biggest retreat since July 19.

Other Internet shares declined. Google Inc., the most-used Internet search engine, slid $10.88 to $403.81. Monster Worldwide Inc., owner of online job-listing service Monster.com, plunged $2.83 to $37.10. IAC/InterActiveCorp, an Internet and media company run by Barry Diller, was down 45 cents at $27.97.

Oracle Corp. rose $1.48, or 9.2 percent, to $17.61 in extended trading. The world's third-largest software maker said profit excluding some costs was 18 cents a share in the first quarter, beating a 16-cent estimate by Rick Sherlund, an analyst at Goldman, Sachs & Co. The shares fell 12 cents to $16.13 in regular trading.

Fourteen out of the 16 members of the S&P Supercomposite Homebuilding Index dropped after the housing starts report.

Toll Brothers

Toll Brothers, the biggest luxury homebuilder, slumped 74 cents to $27.42. Pulte Homes Inc., the largest homebuilder by market value, slid 46 cents to $31.61.

The Commerce Department said builders started work on homes at an annual rate of 1.665 million last month, after a 1.772 million pace in July. Economists forecast 1.746 million.

``The lower-than-expected housing starts data raised the specter that the economy is slowing deeper than thought, corporate profits may slow and that stocks are not as fairly valued as investors thought they were," said Ken Tower, chief market strategist at CyberTrader Inc.

In a separate report, the Labor Department said producer prices rose 0.1 percent in August, matching the July increase. Economists had forecast a 0.3 percent gain. Excluding food and energy, prices dropped 0.4 percent, following a 0.3 percent decline in July. Economists expected a 0.2 percent increase.

About five stocks retreated for every three that rose on the New York Stock Exchange. Some 1.5 billion shares changed hands on the Big Board, 1.6 percent less than the three-month daily average.

Energy Stocks

A measure of energy stocks retreated 1.6 percent. Exxon Mobil Corp., the world's biggest oil company, declined 80 cents to $65.50.

Crude oil for October delivery fell 3.4 percent to $61.66 a barrel in New York, the lowest since March 21, after President George W. Bush said he will give diplomacy a chance to end a dispute with Iran over the country's nuclear program.

Micron Technology Inc. slid 39 cents to $17.74. Shares of the largest U.S. maker of computer-memory chips are expensive after price gains over the last several months, according to Citigroup Investment Research. Analyst Glen Yeung cut the stock to ``hold" from ``buy."

Dow Jones & Co., publisher of The Wall Street Journal, cut its third-quarter earnings forecast because of declining ad revenue at the paper. Profit will be as much as 11 cents a share, excluding a tax benefit of about 7 cents and severance costs of 1 cent. The company earlier forecast per-share profit in the ``low teens." The shares fell $1.08 to $32.79.

Icahn's Move

ImClone Systems Inc. plunged $1.36 to $29.16. The biotechnology company lost a court ruling that may result in the company paying royalties on its experimental cancer drug Erbitux to an Israeli research institute.

Billionaire financier Carl Icahn is also poised to gain control of one-third of ImClone's board and push to replace management. ImClone investors will vote on his board appointment at the company's annual meeting tomorrow.

Walt Disney Co. rose 41 cents, or 1.4 percent, to $30.47 for the biggest advance in the Dow. Chief Executive Officer Robert Iger expects the second-largest U.S. media company to sell $50 million worth of movies on Apple Computer Inc.'s iTunes Web site this year.

AutoZone Inc. added $4.57, or 4.9 percent, to $98.67 for the top gain in the S&P 500. The largest U.S. seller of auto parts had net income of $2.92 a share last quarter, beating the average analyst estimate of $2.79, according to Thomson Financial.

S&P 500 shares, called Spiders, fell 33 cents to $131.81. Nasdaq-100 tracking shares, known by their QQQQ symbol, slipped 26 cents to $39.85.

S&P 500 futures expiring in December lost 3.70 to 1330.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures sank 10 to 1642.50.

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The Russell 2000 Index, a benchmark for companies with a median market value of $596 million, fell 0.5 percent to 725.45. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, retreated 0.3 percent to 13,170.14. Based on its decline, the value of stocks fell by $42.8 billion.

Apple Computer Inc. (AAPL US) AutoZone Inc. (AZO US) Dow Jones & Co. (DJ US) Google Inc. (GOOG US) Exxon Mobil Corp. (XOM US) IAC/InterActiveCorp. (IACI US) ImClone Systems Inc. (IMCL US) Micron Technology Inc. (MU US) Monster Worldwide Inc. (MNST US) Oracle Corp. (ORCL US) Pulte Homes Inc. (PHM US) Thai Fund Inc. (TTF US) Thai Capital Fund Inc. (TF US) Toll Brothers Inc. (TOL US) Yahoo! Inc. (YHOO US) Walt Disney Co. (DIS US)

Fed Will Likely Pause On Interest Rates; Analysts See End Of Tightening (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 20, 2006

WASHINGTON - The Federal Reserve is expected to leave interest rates unchanged Wednesday for a second straight month, and many analysts now think there won't be any more rate increases this year.

If true, that's good news for consumers, since the Fed's increases in the benchmark federal funds rate, an overnight rate that banks charge each other, influence a broad array of bank loans to consumers and businesses.

Falling oil and gasoline prices, along with a steeper-than-expected drop in new housing starts, are combining to reduce inflationary pressures that push up prices throughout the economy. The Fed's main job is to keep inflation in check. It now appears that the Fed's pause last month, which left the fed-funds rate at 5.25 percent after 17 consecutive quarter-point rate raises, may have ended the credit-tightening cycle that began in June 2004.

"I think we've probably seen the peak in terms of the Fed tightening. I think the economy will be soft enough for the second half of the year that over time it will help curb inflationary pressures," said Martin Regalia, chief economist of the U.S. Chamber of Commerce and former Fed staffer.

When the Fed paused on Aug. 8, it issued a statement indicating that monetary policymakers believed the slowing U.S. economy would remove enough inflationary pressures to make another rate increase essentially overkill. The Fed said it wanted time to gauge the effects of its previous rate hikes, which take time to affect the economy.

Two months ago, crude oil cost more than $70 a barrel, and other raw materials were in hot demand globally and therefore were pricey. These trends drove up inflation, or the general rise of prices across the economy.

But in recent weeks, prices for oil, gasoline and many commodities have fallen sharply. And on Tuesday, the Commerce Department reported that housing starts dropped 6 percent in August to an annualized rate of 1.665 million.

That's the lowest rate in more than three years and a steeper plunge than most economists expected. Since housing drives much of U.S. economic activity, the slump points to a slowing economy. While a hot economy fans inflation, a slowing one douses it, reducing pressure on the Fed to raise rates.

"My view is we're done, and we'll have enough slowness brought on by the housing market and related consumer spending that they are probably cutting rates by the first quarter of next year," said Keith Hembre, the chief economist for First American Funds in Minneapolis.

It all depends, however, on whether energy prices spike up again and whether consumer and producer prices continue their downward trend. Both have been at the high end of the Fed's perceived tolerance zone.

The Labor Department reported Tuesday that wholesale prices are moderating but have been rising at a 3.7 percent annualized rate. Consumer prices are up 3.8 percent over the past 12 months.

But when the volatile energy and food sectors are stripped out, annual wholesale inflation stands at 0.9 percent, well within the Fed's comfort zone of 2 percent or less. Core consumer prices remain more problematic, rising by 2.8 percent from August 2005 through August 2006, but they now appear to be moderating.

"It seems highly unlikely that conditions change enough to put the Fed back in play," Hembre said.

Gauge Of Inflation Falls In August (NYT)

By Jeremy W. Peters

The New York Times, September 20, 2006

A widely watched gauge of inflation fell again in August, providing fresh evidence that prices, which have climbed steadily for most of the year, may now be settling down.

The Labor Department reported today that the producer price index, which measures the wholesale prices that businesses charge one another, rose just 0.1 percent overall, matching the slowest pace of growth seen so far this year.

More tellingly, the so-called core index, excluding the volatile prices of food and energy, declined in August, as it did in July.

Adding to the weight of evidence that the economy is cooling, a separate statistical report showed further weakness in the housing market, with housing starts and new building permits both declining.

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It was the inflation data, however, that surprised economists the most. Few had predicted that the core index would decline in August; it had been rising about 0.3 percent a month for most of the year, and the July decline of 0.3 percent might have been an anomaly. But the Labor Department said today that the core index fell 0.4 percent in August.

The August results helped lower the annual wholesale inflation rate to 0.9 percent, the first reading below 1 percent since early in 2004.

The Federal Reserve, which had ratcheted up interest rates steadily for two years in an effort to rein in inflation, stopped doing so only last month, with its key overnight lending rate at 5.25 percent. Together, today's statistics and a report last week that consumer-price inflation is moderating give the Fed some breathing room to leave interest rates untouched again when its policy committee meets tomorrow.

Certainly, standing pat is what many economists expect the Fed to do. "The unexpected 0.4 percent decline in core P.P.I. in August is more good news on the inflation front," wrote Capital Economics this morning in a research report. "Today's data provides more evidence, if any were needed, that rates are on hold and the next move will be downwards."

Mickey Levy, chief economist with the Bank of America, said today's report will further reinforce the public perception that inflationary pressures are easing. "It changes the psychology of inflation," he said. "It gives a boost to the consumer at exactly the right time, when housing clearly has downside momentum."

Today's data also showed that prices of goods in the early stages of the production chain are not increasing as quickly, a sign that wholesale prices could continue to moderate in future months.

But the link between producer prices and consumer prices is never a direct one, so it is unclear how much the decline in wholesale price increases in August will affect consumer prices in the coming months.

"Businesses still have some pricing power," Mr. Levy said, adding that he thinks consumer prices will be little changed.

Federal Judges Take Steps To Improve Accountability (NYT)

By Linda Greenhouse

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — The federal judiciary's top leadership responded Tuesday to criticism from Congress and elsewhere about asserted lapses in judicial ethics by announcing several steps aimed at enhanced self-policing and greater public accountability.

All federal judges below the Supreme Court level will be required to install "conflict checking" software on their computers to avoid unwittingly participating in cases in which they have a financial interest. Such software has recently become available but is not being used widely by federal judges, said Judge Thomas F. Hogan, who leads the executive committee of the Judicial Conference of the United States, which took the action at its semiannual meeting at the Supreme Court.

The conference, a group of 27 judges led by the chief justice of the United States, sets policy for the federal courts, but its jurisdiction does not extend to the Supreme Court.

The conference also adopted a policy on the attendance by federal judges at educational seminars sponsored by outside groups, the source of considerable controversy in recent years.

Judges will be prohibited from accepting reimbursement for attending a private seminar unless its sponsor has filed a public disclosure statement on the content of the program and all sources of financing. Judges will have 30 days to report their attendance at such seminars, and both the judges' and the seminars' reports will be available on judicial Web sites. The policy does not apply to bar association activities.

Federal judges have been criticized for attending expenses-paid seminars on economic and environmental issues sponsored by business-oriented groups that oppose much government regulation. Since 2000, bills have been introduced in Congress to ban judges' attendance at private seminars.

The conference has opposed the legislation as raising concerns of free speech and the separation of powers. In 2001, Chief Justice William H. Rehnquist denounced it in a speech as "antithetical to our American system."

Douglas T. Kendall, a leading critic of judges' attendance at private seminars, called the new policy "a dramatic change for the better."

Mr. Kendall, executive director of Community Rights Counsel, a public policy group here, has pursued the issue for years, at one point publicizing the names of more than 200 judges who had taken trips sponsored by business interests. In an interview on Tuesday, he said the new policy was a "very positive development that should have a significant effect on this practice."

Separately on Tuesday, Chief Justice John G. Roberts Jr. endorsed a report proposing improvements in the handling of individual complaints against federal judges under the Judicial Conduct and Disability Act of 1980. The report was the product of a six-member committee, led by Justice Stephen G. Breyer, that Chief Justice Rehnquist set up two years ago.

The 1980 law established a complex and decentralized system for dealing with complaints from members of the public that a judge had "engaged in conduct prejudicial to the effective and expeditious administration of the business of the courts." Complaints are initially reviewed by each federal circuit's chief judge, who has considerable discretion in how to proceed.

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Justice Breyer's committee found that while the bulk of routine complaints, about 700 a year, were handled properly, there was an "error rate" of nearly 30 percent in nonroutine cases, those in which complaints against judges had attained some degree of public visibility. That error rate was "far too high," the report said in recommending various steps for dealing with the problem.

One proposal was to encourage chief judges to refer sensitive cases to another of the 13 federal circuits. Others dealt with better education and training for the chief judges, who serve seven-year terms and thus may encounter only a handful of serious complaints in their tenure.

With Justice Breyer by his side, Chief Justice Roberts briefed reporters on the 183-page report, describing it as a "very important step on the judiciary's behalf in responding to criticism."

With some members of Congress calling for an inspector general to police the judiciary, many federal judges have grown increasingly concerned about the judiciary's public image and what they perceive as threats to the tradition of judicial independence. Earlier this year, Justice Ruth Bader Ginsburg called the independent counsel proposal "a really scary idea."

A clear if unspoken theme of the presentation on Tuesday was that judges were capable of policing themselves. Referring to Congress, Judge Hogan told reporters, "I would hope they would let us handle our own matters."

Justice Breyer described his committee's work as a "direct response" to criticism about lapses in judicial discipline. "The criticism turned out to be constructive," he said, adding that while the system was not "riddled with problems," it needed improvement to maintain public confidence.

Federal Judges Get New Disclosure Rules (USAT)

By Joan Biskupic

USA Today, September 20, 2006

WASHINGTON — The nation's federal judges will be required to disclose their attendance at corporate-sponsored seminars within 30 days of such programs, under rules approved Tuesday by the Judicial Conference of the United States.

The conference, the policymaking arm of the federal judiciary, also voted to require judges to use computer software that identifies cases in which a judge might have a conflict of interest and should not participate.

The moves are designed "to maintain public confidence in the system," said U.S. District Judge Thomas Hogan, a member of the 27-judge conference. He said it was important to have "transparency" in judges' off-bench activities.

Separately Tuesday, Chief Justice John Roberts released the results of a two-year study on how court circuits handle complaints of judicial misconduct. The study, led by Justice Stephen Breyer, found that about 30% of certain "high-visibility" claims — those that had been subject to considerable media attention — had been mishandled. The study recommended ways for judges to improve responses to such complaints.

The actions apply to all 875 life-tenured federal judges except the nine-member Supreme Court, which is exempt from the Judicial Conference rules but generally bound by ethical canons. The moves come as judges have been subject to increasing complaints on a range of matters. Among them: whether judges are sufficiently vigilant about possible conflicts of interests or appearances of impropriety in accepting privately financed travel, and whether they are policing their own.

Critics have included members of Congress — notably House Judiciary Chairman F. James Sensenbrenner, R-Wis., who has proposed that an "inspector general" be created for the judiciary to investigate waste, fraud and ethical violations. Among outside groups that have been most critical of judges is the Community Rights Counsel, which has questioned whether some judges have been influenced by corporate-backed outings.

The Judicial Conference's most significant action was requiring judges to disclose their attendance at privately financed seminars within 30 days of a program, rather than waiting to do so on their annual financial disclosure filings. The conference said judges may attend such seminars only when sponsors have made public the companies and other sources supporting them, the topics to be covered and the names of the speakers.

Federal Judges Step Up Disclosure (AP-Y)

By Mark Sherman

AP, September 19, 2006

Federal judges decided Tuesday to require faster and fuller disclosure of their expense-paid trips, a response to criticism that the travel could undermine the public's faith in an impartial judiciary.

The nation's 2,200 federal judges also will have to use computer software that is intended to make it easier for them to identify and step aside from cases in which they have a financial conflict.

The changes were made by the Judicial Conference of the United States, a 27-judge body led by Chief Justice John Roberts that met at the Supreme Court.

Roberts also released a report from a committee headed by Justice Stephen Breyer that found problems in the way judges have handled high-profile complaints against their colleagues. Mistakes in these matters "might discourage people with legitimate complaints from filing them," Breyer said in a briefing for reporters in which he was joined by Roberts.

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The work represents an aggressive effort by the Roberts-led federal judiciary to demonstrate its responsiveness to public criticism and ward off proposals in Congress to clamp down on judicial ethics through a travel ban or creation of an ethics watchdog for the court.

"I'd hope they'd let us work on our situations, as they come up, ourselves," said Chief Judge Thomas Hogan of U.S. District Court in Washington, the chairman of the Judicial Conference's executive committee.

Under the new trips policy, sponsors must reveal in advance who is paying for a judge's travel to private seminars. The information is to be posted on the judicial branch's Web site.

Judges may not accept travel from sponsors who refuse to disclose the information.

Then, within 30 days of the end of the program, judges must file a report about the trip. Local court Web sites will have the information.

Until now, judges have had to report their expense-paid travel in their annual financial disclosures.

The new rules will not apply to the Supreme Court, which has no written ethics rules and is not covered by the Judicial Conference.

The attention to judges' travel has increased in recent years with reports in 2004 that Supreme Court Justice Antonin Scalia went duck hunting with Vice President Dick Cheney as the court was considering Cheney's appeal in a records secrecy case. Scalia refused to step down from hearing the case.

A liberal-leaning environmental organization, the Community Rights Counsel, also has produced records showing that cigarette-makers and oil companies gave money to two conservative groups that host seminars for judges.

The groups, the Foundation for Research on Economics and the Environment in Bozeman, Mont., and the Law and Economics Center at George Mason University in Virginia, have said that corporate money they receive is not linked to the seminars.

Doug Kendall, executive director of the Community Rights Counsel, said the new travel policy sends "an unmistakable message to judges that they need to be careful, that they need to think long and hard before attending a junket."

Computer software for identifying financial conflicts has been around for years, but Hogan said that judges had found it cumbersome. A new version is easier to use, he said.

Judges, including Supreme Court justices, are required by law to stay out of cases in which they have a financial stake. Members of the high court, however, decide for themselves when to recuse with no oversight.

The conflict issue arose during Supreme Court Justice Samuel Alito's confirmation hearings. Alito, then a judge on the 3rd Circuit U.S. Court of Appeals, failed to disqualify himself from participating in a Vanguard case in 2002 despite having investments in Vanguard mutual funds.

Alito and his backers offered differing reasons for his inaction, including a computer glitch in conflict-checking software.

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On the Net:

U.S. courts Web site: http://www.uscourts.gov

New Rules Mean Shift Toward Accountability For Judiciary (LAW)

By Tony Mauro, Legal Times

Legal Times, September 20, 2006

Responding to complaints about judicial junkets and conflicts of interest, the Judicial Conference on Tuesday enacted new rules to force judges to use conflict-checking software and to promptly disclose their participation in privately sponsored seminars for which they are reimbursed.

Separately, a committee headed by Supreme Court Justice Stephen Breyer issued a report recommending modest changes in how federal courts handle ethical complaints that members of the public file against judges. Among the recommendations is what Breyer described as a "Dutch uncle approach," whereby judges would seek advice on handling certain complaints from judges of another circuit to avoid "home court" bias.

Together, Tuesday's actions represent a major shift toward accountability -- or at least transparency -- from segments of a branch of government that has often resisted both.

Judges also hoped to defuse pressure from Congress, primarily in the person of House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who has proposed creating an inspector general's office to oversee the judiciary's handling of ethical complaints. The late Chief Justice William Rehnquist appointed the Breyer Committee in 2004, mainly in response to congressional complaints.

"Issuance of the two policies and the Breyer Committee report are responsive to these concerns," says University of Richmond law professor Carl Tobias. "If the judiciary does not police itself, Congress may well attempt to do so in ways that judges may find troubling."

Tuesday's focus on judicial ethics comes on the eve of the Sept. 21 hearings by the House Judiciary Committee that could lead to the impeachment of California federal trial Judge Manuel Real, which would be the first judicial impeachment since 1989.

Chief Justice John Roberts Jr., in a rare impromptu press conference at the Court, applauded both of Tuesday's moves and urged federal judges to take "prompt action."

Significantly, none of what happened Tuesday affects the Supreme Court itself. The Judicial Conference never sets policy for the high court, and Breyer, speaking at the same press conference, said the scope of his committee's study of disciplinary procedures did not

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include the Supreme Court. As a result, it appears the justices have still not taken action on a 1993 recommendation by a blue-ribbon government commission that the Court consider establishing procedures for handling complaints against its own members.

Breyer said his committee concluded that, overall, the handling of ethical complaints by lower federal courts "does not suggest a serious problem," but a better job needs to be done in some instances, especially in the handling of complex complaints that receive media attention.

The Judicial Conference actions could have the most immediate impact on privately sponsored seminars other than those hosted by bar associations and judicial education groups.

Under the new rules, judges will be barred from accepting reimbursement for seminars hosted by organizations that do not publicly disclose their funding sources, speakers' names, and other information. Once they attend, judges will have to publicly disclose their attendance on their court's Web site within 30 days.

"The new junket rules are a pretty dramatic change of course for the judiciary, and they send a clear statement to judges that they should think twice before attending junkets," Doug Kendall of the Community Rights Counsel said Tuesday. Kendall's group has repeatedly criticized judges for attending seminars funded by companies with an interest in influencing how judges handle economic and environmental cases.

One of the targets of Kendall's criticism has been the Montana-based Foundation for Research on Economics & the Environment (FREE), which has hosted hundreds of federal judges in the past 15 years. It asserts that none of the funding for its judicial seminars comes from any corporate entity or any foundation that participates in federal litigation.

"I've seen the requirements, and everything they ask for, we've been doing voluntarily," says FREE Executive Vice President Pete Geddes. "FREE is happy to do anything it can to reassure the public about the integrity and independence of the judiciary."

The conference's action on conflict-checking software reflects the concern that many judges don't think it works well and have not put it to use. Now they will have to, said D.C. District Court Chief Judge Thomas Hogan, head of the conference's executive committee.

Hogan told reporters his software reminds him of a potential conflict of interest every time a party named Johnson appears before him. That, he said with a laugh, is because he and his wife own stock in the medical company Johnson & Johnson.

McAuliffe To Join Clinton (HILL)

By Alexander Bolton

The Hill, September 20, 2006

Former Democratic National Committee Chairman Terry McAuliffe has told business associates and Democratic donors that he will chair Sen. Hillary Rodham Clinton's (D-N.Y.) presidential campaign next year, according to several Democratic sources.

Together, Clinton, the favorite to win the Democratic nomination, and McAuliffe, the top money man in Democratic politics, have a good chance of raising $100 million before the first official contest, the Iowa caucuses in January 2008.

While Clinton and her staff insist she is focused solely on winning reelection in New York this November, the decision over who will be in charge of getting her elected to the White House is already settled.

McAuliffe told The Hill yesterday that Clinton has not made a decision on running for president and will not do so until after Nov. 7. McAuliffe also denied telling friends that he will serve as chairman, although sources contradict him.

He acknowledged that he would play a "huge role" in her presidential campaign if it materializes and that he has recruited donors for a possible White House run.

"I would just say that I hope she runs," said McAuliffe. "She's focused on the Senate and I'm focused on helping Democrats.

"Would I have a huge role on the campaign? Of course, that's not real news. People know that I have has been around lining up people if she decides to run."

Clinton referred questions to her Senate campaign, where spokeswoman Ann Lewis said, "There is no decision, there is no [presidential] campaign; if there is no campaign there are no titles."

Clinton's camp is not the only one among presidential hopefuls lining up donors for 2008. Allies of each of the Democratic contenders are aggressively seeking commitments because of the huge amount of money that will be needed next year.

McAuliffe, who became DNC chairman in 2001, said he has had no conversations with Clinton about titles and that Democrats are merely speculating about the role he would serve in the campaign.

Since he stepped down as DNC chairman after the 2004 election, he has been involved with about a dozen private companies by his own estimate. He said he has raised money for investment funds and real estate deals, and even dabbled in the energy sector. He has also served on the advisory board of Carret Asset Management, an investment firm in New York.

But McAuliffe said he would quickly drop these commitments to help Clinton if she ran for president.

"I would take off time and go full time," he said of his expected level of commitment.

Early next year, around the time Clinton is expected to launch an exploratory campaign committee, McAuliffe's new book " What a Party!: My Life Among Democrats" is expected to be in stores. It will span McAuliffe's 25 years in politics and discuss the strengths and weaknesses of his party, including the successes of the Clinton presidency.

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Although McAuliffe's specialty is raising money, he would probably not be satisfied serving only as Clinton's presidential finance chairman.

"To be finance chair would be beneath him," said one Democratic donor close to Clinton, who added that McAuliffe is "trying to make his presence felt" in moneyed Democratic circles.

No Democratic fundraiser has as high a profile as McAuliffe. Nevertheless, he may be feeling some competition from the many Clinton allies who are positioning themselves as important financial players for her presidential campaign.

"She's got a full operation," said Wade Randlett, a prominent Democratic fundraiser based in San Francisco, of the network of Democrats who are laying the financial groundwork for Clinton in the Bay Area. "There are many, many friends who are active for her."

Randlett said donors who have met Clinton leave the room certain that she will run for president. He said the same clear impression is given by two other hopefuls, Sen. John Kerry (D-Mass.) and former Virginia Gov. Mark Warner (D).

"For Kerry, for Warner, and for Hillary, they are all a certainty," said Randlett. "People leaving the room all think she's running for president."

Randlett also said Bay Area donors have been told that Clinton will not visit there again between now and Election Day so as not to compete for campaign contributions in a Democratic fundraising hub with candidates running for the House and Senate.

Democratic fundraisers report that all politicians with an eye on the White House have been vigorously recruiting donors for primary season. That's because the Democrats have front-loaded the season even more than in 2004.

With key contests crammed into the first few weeks of 2008, giving the early front-runner the chance to eliminate rivals almost in a fell swoop, there is a premium on raising primary money next year ready to hit the early races in a winter avalanche.

"People are going to have to telescope and enormous amount of fundraising in a very short period of time," said Steve Grossman, a Democratic fundraiser who served as DNC chairman under Clinton. "In my judgment, if you can't raise the better part of $50 million, you're not going to be a first tier candidate.

Given Clinton's stature and McAuliffe's stature as a fundraiser, Republicans have little doubt that she will have close to $100 million in her presidential campaign coffers at the end of next year.

Raising that amount of money in the year before an election year would not be unprecedented. The Bush-Cheney '04 campaign reported $99.1 million in its account at the end of 2003.

"There's a growing consensus that the top-tier candidates of both political parties are going to opt out of the public financing for the general election as well as the primaries, which [would be] the first time in history that has occurred," said Federal Election Commission Chairman Michael Toner.

If candidates forego public funding for the 2008 presidential primary and general elections, they will be able to collect contributions for both elections as soon as they form exploratory committees.

Said Toner: "The higher contribution limits of [the] McCain-Feingold [campaign finance law] combined with candidates raising money for general and primary combined with a polarized electorate sets the stage for record-breaking fundraising."

McCain May Alienate Some Conservatives (AP-Y)

By Liz Sidoti

AP, September 20, 2006

Republican Sen. John McCain's standoff with the White House over treatment of detainees — an issue the former POW knows intimately well — threatens to exacerbate his already contentious relationship with conservatives.

"Maverick status is looked upon as a strength in Congress, but a maverick in the White House is not looked upon with great admiration from our folks," Tony Perkins, president of the Family Research Council, said Monday.

"Politically, this isn't wise," added the Rev. Louis Sheldon, chairman of the Traditional Values Coalition, which supports the president's call for Congress to approve tough interrogation techniques for terrorism suspects.

McCain, with his eye on a 2008 presidential bid, had taken steps to improve his relationship with conservatives, addressing a graduation class at Liberty University earlier this year at the invitation of the Rev. Jerry Falwell, a former adversary.

The Arizona senator has been a staunch supporter of President Bush on the Iraq war. He has alienated conservatives, however, for opposing a constitutional amendment banning same-sex marriage and supporting federal expansion of embryonic stem-cell research.

Social conservatives also have taken issue with his effort to overhaul the immigration system, in part, by granting millions of illegal immigrants a path to eventual citizenship, and his work with a rogue group of senators to avert a Senate fight over Bush's judicial nominations.

The warnings from conservatives over the detainee issue illustrate the risk McCain faces in taking on the White House — alienating a base of support he would need to win the Republican presidential nomination.

As the clash escalated, McCain shrugged off suggestions that the dust-up could hurt him politically, telling reporters last week that his "credibility with the American people is that I do what I think is right."

Meantime, one of McCain's potential rivals for the GOP nomination, Massachusetts Gov. Mitt Romney, has made it known that he supports the president's immigration position, saying that Republicans who have broken rank with Bush "made a big mistake."

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Still, McCain could benefit by showing voters he stands alone and inoculating himself from future efforts to link him to the legacy of Bush, whose support in public opinion polls hovers in the low 40 percent range.

McCain advisers brush off the notion of long-term political consequences.

"At the end of the day, he's going to do what he thinks is right, and when he does that, it works out politically," said John Weaver, a senior political adviser for McCain. He added that when McCain doesn't hold true to that, it usually "blows up in our face."

Long known as a maverick, McCain's latest tussle with the White House is over the president's insistence that Congress allow the CIA to use aggressive methods against terrorism suspects.

McCain and a growing group of Senate Republicans contend the United States must adhere strictly to the Geneva Conventions international standards.

Bush wants Congress to quickly pass his own proposed legislation authorizing military tribunals for detainees and harsh interrogations of terror suspects. Last week, he singled out McCain, a rival for the presidential nomination in 2000, making clear whom he blamed for standing in the way.

A year ago, McCain led a high-profile charge in Congress to clarify a law against torture by extending it to also ban cruel, inhuman and degrading treatment of prisoners. The White House issued a veto threat.

But McCain, a former Navy pilot tortured during nearly six years of imprisonment in Vietnam, attracted enough support in the House and Senate to override a veto. After a very public spat, the White House and McCain reached an agreement that essentially resulted in the senator getting what he wanted. Bush signed the bill in December.

Since then, McCain has resisted engaging in a public battle over how the administration has implemented the law, choosing instead to use back channels to make known his displeasure and negotiate with the Pentagon and the White House. That changed last week.

"We have an honest disagreement with some particular points of this topic," said Weaver, who characterized the relationship between McCain and the White House as excellent.

Over the past year, McCain's ties to the president have grown. Several of Bush's high-profile campaign strategists have lined up behind McCain, widely considered the front-runner for the GOP's presidential nomination though he has yet to formally enter the race.

Traveling in politically pivotal New Hampshire over the weekend, McCain again was the target of conservatives' ire — this time because of his interrogation position.

The editorial page of the Manchester Union-Leader accused McCain of "blocking our ability to gain from terrorist captives the vital information we need to fight a war in which the enemy strikes us here at home from multiple locations around the world."

Sixteen months from presidential primary season, some Republicans believe McCain's latest haggling with the White House won't have lasting negative implications.

"In the long term, no one can hold a candle to McCain on national security issues," said Scott Reed, a Republican strategist. Plus, he said: "Strong poll numbers and a commanding lead in a presidential race allows everyone to forgive and forget."

The Republican Divide (NYT)

By Adam Nagourney

The New York Times, September 20, 2006

With fewer than 50 days left until Election Day, as many as 40 House and 10 Senate seats are in play, fueling Democratic hopes of capturing power in November. Washington is awaiting polling data that will show how much success the White House has had in trying to put Democrats on the defensive on national security — and whether that effort has been undercut by the battle among Republicans over what is permissible in interrogating terrorism suspects.

Conventional wisdom is that the battling has derailed the effort to engage Democrats on the issue. But some Republicans say that while intramural warfare is never pretty, it has knocked Iraq out of the news and kept the campaign story line precisely where President Bush and Karl Rove want it.

But Republicans face additional peril from a public distressed at a Republican-controlled Congress that accomplished little this year. Strategists in both parties see increasing pressure on the two Republican camps to cut a deal on interrogation.

Redistricting Leaves Races In California, Elsewhere Cold Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 20, 2006

MONTEREY, Calif. -- It's a red-hot election year, with control of Congress at stake, and this political reporter has come to the state with a whopping 53 of the 435 U.S. House seats. That's one-eighth of the congressional total and 21 more seats than the next biggest state, Texas. So why do the seagulls over Monterey Bay seem to be screaming in reproach?

Because it's less than eight weeks until Election Day Nov. 7, and not a single one of those 53 congressional contests is competitive enough to merit a busy correspondent's attention.

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In a year of anti-Republican and anti-incumbent fever, that fact stands as a testament to the completeness of California's bipartisan gerrymandering. The mapping of political lines for partisan advantage after each decennial census may have originated back east with Massachusetts Gov. Elbridge Gerry 194 years ago, but it has been perfected here on the West Coast.

Of course, California isn't alone. Nearly all states have maps for their legislatures and congressional districts drawn by incumbents, to protect incumbents. Where one party dominates, as in Texas, the lines reflect that. Where power is divided, the two parties' mutual back-scratching makes the redistricting process a bipartisan one even when nothing else is.

For all the talk, then, of what a contentious campaign year this is -- and it is -- some perspective is in order: The nation's political chattering class now counts about 45 U.S. House seats as potentially winnable by either party; most are currently held by the beleaguered Republicans. That total is more competitive districts than in most election years, but it is still just over 10% of the total House. That means in almost nine out of 10 House districts, voters could be excused for not knowing there's a congressional election come November. So while Democrats need just 15 seats to regain the majority they lost in 1994, the pool of pickings is a small one. (See related article8.)

Consider these excerpts from the most recent outlook for House races from nonpartisan handicapper Stuart Rothenberg: "Alabama…No competive races." "Alaska…Forget it." "Arkansas…Nothing." "Delaware…A snoozer." "Kansas…No races of interest." "Maine…Nothing of interest." "Massachusetts…No contests of note." "Michigan…Nothing especially compelling." "Mississippi…Don't bother." Ditto for the Dakotas, Oklahoma, Oregon, Rhode Island and Utah.

California did draw national attention briefly last spring, for a June special election to fill the seat that former Republican Rep. Randy "Duke" Cunningham vacated for a prison cell after his conviction on corruption charges. Although the suburban San Diego district is a mostly Republican enclave, Democrats had high hopes of seizing the seat, given the notoriety of Mr. Cunningham's case and the political headwinds against Republicans generally. But the Republican candidate, former Rep. Brian Bilbray, easily dispatched with Democrat Francine Busby. The two are on the ballot again in November for a full two-year term, and Mr. Bilbray now rates as the prohibitive favorite.

Similarly, national Democrats initially targeted Republican Rep. Richard Pombo of California's Central Valley, with help from environmentalists outraged by his record as the House Resources Committee chairman. But their preferred candidate, a former Navy officer, lost in June's Democratic primary to wind-energy engineer Jerry McNerney, who lost overwhelmingly to Mr. Pombo in 2004. Now most race-watchers are ignoring this one, too, though just this week the Democratic Congressional Campaign Committee put the Pombo-McNerney contest on a new list called "emerging races."

Also on that long-shot list is the suburban Sacramento district represented for 16 years by Rep. John Doolittle; he and his wife have been implicated in the scandal involving convicted lobbyist Jack Abramoff. This week the Sacramento Bee newspaper endorsed Democratic challenger Charlie Brown, a former Air Force pilot in Vietnam and the first Persian Gulf war, saying, "Doolittle is emblematic of what's wrong in Washington." It takes a big scandal to turn a safe seat like Mr. Doolittle's into one the opposition party can seize, but often even that isn't enough -- as Republicans' retention of the former Cunningham seat shows.

Redistricting in California "has really done a very effective job of creating safe Republican and Democratic seats, and it's just really hard to break in," says Leon Panetta, the Democrat who represented the Monterey Bay area for eight terms until he left in 1993 to be President Clinton's budget director and then White House chief of staff. Among other things, Mr. Panetta and his wife, Sylvia, have founded the Panetta Institute for Public Policy here, and every year they invite speakers from Washington to address policy, politics and the press for students from the California State University system. The current group of students ask lots of questions about U.S. politics. None go to their home state's congressional races.

Here, as in most places, the state legislative leaders draw the political boundaries for the state House and Senate districts every 10 years, but let the state's senior members of Congress effectively draw the U.S. House district lines. In California in 2001, that meant Republican Rep. David Dreier, chairman of the powerful House Rules Committee, and Democratic Minority Leader Nancy Pelosi. In a state where the parties generally are more polarized than anywhere, both sides agreed to turn over the job of redistricting to expert Michael Berman, brother of longtime Democratic Rep. Howard Berman. The resulting map protected all but one Republican incumbent and preserved Democrats' big 33-20 majority of the U.S. House delegation for the increasingly blue state.

In both 2002 and 2004, only one of the 53 districts was at all competitive. So this year's dearth of races isn't surprising, except that it occurs in one of the most volatile, anti-incumbent seasons in years. In effect, Democrats have all the seats they can possibly grab here.

Last year, Gov. Arnold Schwarzenegger called on voters to approve an initiative that would leave the redistricting of state and federal districts to a nonpartisan commission of retired judges. Mr. Panetta, who supported the proposal, says the Governator told him that rarely do the state legislative leaders of both parties come to his office at the same time, but on this one "they walked in together and said, 'You cannot put this initiative forward.'" Mr. Schwarzenegger told Mr. Panetta, "When that happened, I knew it was the right thing to do."

But the ballot initiative, like redistricting itself, was "the one area where bipartisanship prevailed -- both Republicans and Democrats opposed it," Mr. Panetta recalls. A bipartisan bankroll financed the media campaign against the initiative, and it was easily defeated. Which helps explain why a national reporter visiting here now is watching seagulls instead of candidates.

U.S. House Races in California

District 1: John Jones (R.); Michael Thompson (D., Incumbent)

District 2: Arjinderpal J. Sekhon (D.); Wally Herger (R., Incumbent)

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District 3: Bill Durston (D.); Dan Lungren (R., Incumbent)
District 4: Charles Brown (D.); John Doolittle (R., Incumbent)
District 5: Doris Matsui (D., Incumbent); Claire Yan (R)
District 6: Todd Hooper (R); Lynn Woolsey (D., Incumbent)
District 7: George Miller (D., Incumbent)
District 8: Mike DeNunzio (R); Nancy Pelosi (D., Incumbent)
District 9: John "J.D." denDulk (R); Barbara Lee (D., Incumbent)
District 10: Darcy Linn (R); Ellen Tauscher (D., Incumbent)
District 11: Jerry McNerney (D.); Richard Pombo (R., Incumbent)
District 12: Mike Moloney (R); Tom Lantos (D., Incumbent)
District 13: George Bruno (R); Fortney 'Pete' Stark (D., Incumbent)
District 14: Rob Smith (R); Anna Eshoo (D., Incumbent)
District 15: Raymond Chukwu (R); Michael Honda (D., Incumbent)
District 16: Zoe Lofgren (D., Incumbent); Charel Winston (R)
District 17: Anthony De Maio (R); Sam Farr (D., Incumbent)
District 18: John Kanno (R); Dennis Cardoza (D., Incumbent)
District 19: T.J. Cox (D.); George Radanovich (R., Incumbent)
District 20: Jim Costa (D., Incumbent)
District 21: Steven Haze (D.); Devin Nunes (R., Incumbent)
District 22: Sharon Beery (D.); Kevin McCarthy (R)
District 23: Victor Tognazzini (R); Lois Capps (D., Incumbent)
District 24: Jill Martinez (D.); Elton Gallegly (R., Incumbent)
District 25: Robert Rodriguez (D.); Howard 'Buck' McKeon (R., Incumbent)
District 26: Cynthia Matthews (D.); David Dreier (R., Incumbent)
District 27: Peter Hankwitz (R); Brad Sherman (D., Incumbent)
District 28: Stanley Kesselman (R); Howard Berman (D., Incumbent)
District 29: William Bodell (R); Adam Schiff (D., Incumbent)
District 30: David Jones (R); Henry Waxman (D., Incumbent)
District 31: Xavier Becerra (D., Incumbent)
District 32: Hilda Solis (D., Incumbent)
District 33: Diane Watson (D., Incumbent)
District 34: Wayne Miller (R); Lucille Roybal-Allard (D., Incumbent)
District 35: Maxine Waters (D., Incumbent)
District 36: Brian Gibson (R); Jane Harman (D., Incumbent)
District 37: Juanita Millender-McDonald (D., Incumbent)
District 38: Sidney Street (R); Grace Napolitano (D., Incumbent)
District 39: James Andion (R); Linda Sanchez (D., Incumbent)
District 40: Florice Hoffman (D.); Edward Royce (R. Incumbent)
District 41: Louie Contreras (D.); Jerry Lewis (R., Incumbent)
District 42: Gary Miller (R., Incumbent)
District 43: Scott Folkens (R); Joe Baca (D., Incumbent)
District 44: Louis Vandenberg (D.); Ken Calvert (R., Incumbent)
District 45: David Roth (D.); Mary Bono (R., Incumbent)
District 46: Jim Brandt (D.); Dana Rohrabacher (R., Incumbent)
District 47: Tan Nguyen (R); Loretta Sanchez (D., Incumbent)
District 48: Steve Young (D.); John Campbell (R., Incumbent)
District 49: Jeeni Criscenzo (D.); Darrell Issa (R., Incumbent)
District 50: Brian Bilbray (R., Incumbent); Francine Busby (D.)
District 51: Blake Miles (R); Robert Filner (D., Incumbent)
District 52: Duncan Hunter (R., Incumbent); John Rinaldi (D.)
District 53: Woody Woodrum (R); Susan Davis (D., Incumbent)

Republicans Maintain Strong Fund-Raising Edge (WSJ)

By Jeanne Cummings
The Wall Street Journal, September 20, 2006

WASHINGTON -- As both political parties steel themselves for a furious final push before Election Day, Republicans maintain a strong fund-raising advantage that could play a pivotal role in close races.

Financial-disclosure reports to be released today will show that the Republican National Committee has more than triple the cash as its counterpart, the Democratic National Committee. The RNC raised $7.6 million in August and has $39 million in the bank, compared with the DNC's August donations of $6.7 million and a balance of $11 million in the bank.

RNC Chairman Ken Mehlman has promised to use that money to bombard the airwaves with negative advertisements aimed at Democrats and to run a high-tech, get-out-the-vote operation that will overwhelm their opponents' operations.

The Democratic financial disadvantage stems from a decision by DNC Chairman Howard Dean to spend money to hire full-time workers in state party offices who can help produce a national turnout program this year, as well as sustain the party through more than one election cycle.

Mr. Dean's decision has created friction with House and Senate Democratic leaders, who fear the more immediate consequences of such an imbalance -- particularly when the opposition onslaught hits the television airwaves.

That barrage could be offset somewhat by the work of the Democrats' House campaign committee, which released numbers yesterday that show continued fundraising strength and spending discipline.

The Democratic Congressional Campaign Committee raised $5 million in August and ended the month with $35 million -- a million dollars shy of its counterpart. The National Republican Congressional Committee said yesterday it collected $8.5 million in August donations and has $36 million in the bank.

The senatorial committees are expected to release their figures tomorrow.

The biggest stakes are in the House, where Democrats see enough seats in play to gain the 15 they need to capture control. Still, it is an uphill slog that requires ousting several entrenched incumbents.

In a meeting with reporters yesterday, New York Rep. Thomas M. Reynolds, the NRCC chairman, said he is confident his party will prevail in the end, particularly given its national committee's overwhelming financial advantage. "We are not going to be outgunned. We are not going to be outrun," he said.

But during a wide-ranging discussion of closely contested races, Mr. Reynolds also conceded that his incumbent colleagues are being forced to fight their way to victory.

In his own state of New York, Democrats are expected to dominate the gubernatorial and Senate races. That means, Mr. Reynolds said, that he and other House Republicans must try to create their own voter-turnout operation after relying for years on outgoing Republican Gov. George Pataki's organization.

Party Groups Evenly Matched Financially (AP-Y)

By Jim Kuhnhenn

AP, September 19, 2006

Republican and Democratic committees battling over control of the House held almost equal amounts in their bank accounts, giving neither side a substantial financial advantage going into the final stretch of the congressional campaign.

Rep. Tom Reynolds, R-N.Y., the chairman of the National Republican Congressional Committee, said his organization raised $8.5 million last month and had $36 million cash on hand at the end of August. The Democratic Congressional Campaign Committee said it had collected $5 million in contributions last month and had $35 million in the bank.

Both committees are in substantially better shape financially than they were at a comparable point during the 2004 election. Reynolds said the NRCC had $10 million more in the bank than it did then. DCCC spokesman Bill Burton said the Democratic group was $15 million ahead of its 2004 mark.

"It's clear that Democrats are motivated for November and our historic fundraising shows the tremendous momentum behind the idea of a new direction," Burton said.

Democrats need to gain 15 seats in the House on Nov. 7 to take control after a dozen years of Republican rule. The two parties are battling in 36-40 competitive congressional districts.

Democrats are counting on public opinion polls that show them with a national political advantage. DCCC chairman Rahm Emanuel, D-Ill., said voters are hungry for a "new direction."

"We will not be outgunned, we will not be outrun, and we are going to be in the majority in the 110th Congress," Reynolds countered.

Meanwhile, the Republican National Committee, the party's overarching political organization, said it would report raising $7.6 million in August, and cash on hand totaling more than $39 million. The Democratic National Committee said it raised nearly $6.7 million and had $10.9 million in the bank.

The overall election effort is being carried out by the national party committees and their respective House and Senate campaign committees. Together, their cumulative resources will help candidates in competitive races with advertising, mailing and voter mobilization. The two Senate committees did not release their August financial totals.

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The RNC has already weighed in specific Senate races, buttressing the national Republican Senatorial Committee in Tennessee and in Ohio. On Tuesday, the RNC reported spending more than $500,000 in new advertising aimed at Sherrod Brown, the Democrat challenging incumbent Republican Mike DeWine. Overall, the RNC has spent more than $1.6 million in that contest.

Fundraising Picks Up For Committees (RC)

By David M. Drucker

Roll Call, September 20, 2006

Seven weeks before Election Day, an upbeat National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) guaranteed on Tuesday that his party would hold the House majority on the strength of its war chest, political organization and positions on the issues in the 36 districts that matter.

Reynolds announced that the NRCC would report raising more than $8.5 million in August, to end the month with $36 million on hand, when it files its report with the Federal Election Commission today. The Democratic Congressional Campaign Committee isn't far behind, raising $5 million in August and banking $35 million.

"Reports of our majority's demise are greatly exaggerated. We will be in the majority next Congress. You can count on it," Reynolds told reporters during a news conference.

While Reynolds boasted of being $10 million ahead of where the NRCC was in 2004 and raising $10 million to date for the committee's Battleground program, the DCCC countered that it is $15 million above where it was in the previous cycle.

Compared to 2004, when the DCCC at a similar point in the cycle trailed the NRCC by $4.7 million in cash on hand, the difference this year is negligible, said DCCC spokesman Bill Burton.

"The DCCC is competitive nationally and Democratic challengers are competitive locally," Burton said. "It's clear that Democrats are motivated for November, and our historic fundraising shows the tremendous momentum behind the idea of a new direction."

The DCCC's effort has been aided by several high-profile Democrats.

According to DCCC estimates obtained by Roll Call, a series of e-mails and direct-mail pieces pegged to Rep. John Murtha's (Pa.) anti-Iraq War message have netted the committee approximately $500,000 for the cycle.

Those figures, which include an e-mail plea released Monday, put the Pennsylvania lawmaker among the most prolific direct-mail fundraisers for the committee, behind only House Minority Leader Nancy Pelosi (Calif.), who has raised about $15 million through e-mail and mail solicitations.

Former President Bill Clinton and former Vice President Al Gore round out the list of most prolific direct-mail participants, raising about $200,000 each this cycle.

The direct-mail contributions represent less than half of the approximately $1.2 million Murtha — who in June announced that he would seek the Majority Leader's office if Democrats retake control of the House this fall — has raised for the committee this cycle, according to DCCC records.

The Pennsylvania lawmaker, among the top contributors to the DCCC, remains shy of completing his dues payments however, contributing $242,500 of the $250,000 required from ranking members on exclusive subcommittees.

House Minority Whip Steny Hoyer (Md.) — who holds the No. 2 post in the Democratic leadership and widely had been considered the heir apparent to the Leader's office — has raised fewer funds via direct mail, but he has contributed more than $3 million to the DCCC this cycle, as well as the full $600,000 in dues required by his post.

Meanwhile, Reynolds on Tuesday was peppered with questions about Rep. Bob Ney (R-Ohio) and whether it would be politically advantageous for Republicans if the admitted felon resigned from Congress.

Ney recently pleaded guilty to two felony counts of conspiracy and making false statements, including accepting "things of value" from disgraced GOP lobbyist Jack Abramoff and a foreign businessman in return for official actions.

State Sen. Joy Padgett (R), who replaced Ney on the ballot in Ohio's 18th district, has called for Ney's resignation. But Reynolds, saying Padgett did what she felt she had to do to be successful in her race, declined to go that far.

"It's not going to be an issue in other seats in the country. That's between Bob Ney and his district, and Sen. Padgett has had her opinion," Reynolds said. "Right now he's in alcohol rehab, and I don't know of anyone that is going to talk to him."

Four Democrats Boost DSCC (RC)

By Paul Kane

Roll Call, September 20, 2006

A quartet of leading Senate Democrats gave $1 million each from their campaign accounts to the Democratic Senatorial Campaign Committee in recent days, as the Caucus makes its final push to give itself as much of a financial edge as possible over its GOP counterpart.

Sens. Edward Kennedy (Mass.), Hillary Rodham Clinton (N.Y.), Dick Durbin (Ill.) and Dianne Feinstein (Calif.) each gave $1 million from their campaign committees to the DSCC, according to Senators, aides and strategists. The Senators' campaign committees are allowed to give unlimited donations to national and state party organizations.

The donations — which represent the largest contributions the committee has received so far this election cycle — are part of the daily effort by DSCC Chairman Charles Schumer (N.Y.) to round up as much cash as possible to boost his committee's financial advantage over the National Republican Senatorial Committee, which trailed the DSCC by $15 million in cash on hand at the end of July.

The DSCC declined to discuss these contributions and Schumer's ongoing effort to round up even cash from the Caucus. But DSCC officials said Democratic incumbents are now putting up more money than in previous cycles.

"Democratic Senators are stepping up to the plate helping get us positioned to win," said Phil Singer, DSCC spokesman.

New figures through the end of August will be out today for the party campaign committees, but the $4 million worth of donations from Kennedy, Clinton, Durbin and Feinstein won't officially register with the Federal Election Commission until next month, sources said.

Senate Democrats have made raising money from electorally safe incumbents a critical component of their finance operation ever since the abolition at the end of 2002 of soft money — the unlimited donations from individuals, unions and other interests that the DSCC previously had relied on. In the 2004 cycle, Minority Leader Harry Reid (D-Nev.), then Minority Whip, solidified his standing with his caucus by forking over a $1 million check to the DSCC, an amount that Schumer topped when he cut $2.5 million worth of checks to the committee and to state party committees in battleground states two years ago.

Despite the DSCC's $15 million edge over the NRSC, Schumer and Democrats are well aware that the GOP is banking on the Republican National Committee — which held a $33 million cash-on-hand advantage over the Democratic National Committee — to level the financial playing field for Senate races.

Senators in both parties are expected to lend a hand in fundraising, particularly in making calls to their most loyal donors to gather cash for party campaign committees and top candidates. But in the final weeks of the campaign season, donations straight from their campaign accounts to the DSCC and NRSC are highly sought after, since they are the easiest and quickest infusions of cash.

With his $1 million donation, Durbin is now the single largest donor to the DSCC, having already cut a check for $235,000 in January 2005 in an effort to help the committee wipe out its debt from the '04 cycle.

Through the end of July, the largest Senatorial donor to the NRSC was Majority Whip Mitch McConnell (Ky.), who donated $400,000 from his campaign account last year, according to FEC reports. These figures for the two campaign committees do not include donations that Senators gave from their separate political action committees, which are allowed to give $15,000 per year and $30,000 total for the two-year cycle.

Ann Lewis, a spokeswoman for Clinton's political operations, said the Senator thought of the $1 million check from her Friends of Hillary committee to be "the most direct support she can show, and she's pleased she'll be able to do it."

For Clinton, parting with $1 million was a bit easier than it was for other Senators. As of June 30, Clinton was sitting on $22 million for a re-election bid that has turned into a virtual coronation. Kennedy and Feinstein, who also are facing nominal challenges in November, were sitting on $8.7 million and $8 million, respectively, at mid-summer.

However, Clinton is considering a presidential bid, and any leftover money from this Senate campaign can be directly transferred into a White House campaign account, providing her with a financial leg up over almost any opponent she may end up facing. Lewis noted that, since taking office in January 2001, Clinton has helped raise $60 million for Democratic candidates nationwide, adding that her $1 million contribution to the DSCC "for the moment" was her last donation to the committee, but that there was still a long way to go until Election Day, and the situation could change.

This marks the second straight campaign cycle in which New York Republicans have not fielded a strong challenge to an incumbent Democratic Senator, allowing Schumer and now Clinton to start steering millions of dollars into DSCC coffers that will help in other states. Schumer still holds $10.1 million in his account.

Democratic aides and strategists are privately monitoring several other Senators who are sitting on large, multimillion-dollar stockpiles of campaign cash yet not facing stiff challenges, including Sen. Evan Bayh (Ind.), who held $10.4 million in his campaign account at the end of June but had yet to turn over any donations to the DSCC.

Like Clinton, Bayh is considering a presidential run, and money in his Evan Bayh Committee would be the seed money.

Another potential donor could be Sen. Bill Nelson (Fla.), who held more than $12 million in his campaign account June 30. Nelson's opponent, Rep. Katherine Harris (R), has run a campaign so marred by political and personal embarrassments that Nelson is considered the overwhelming favorite.

Sen. Fumes Over Jewish Debate Question (AP-Y)

By Bob Lewis

AP, September 20, 2006

A day after being asked in a debate about his immigrant mother's heritage, Sen. George Allen fired back in a written statement Tuesday confirming his Jewish ancestry.

Allen, a Republican seeking re-election in a close race, denounced the reporter's question as "reprehensible" and irrelevant and said he only recently learned that his maternal grandfather was Jewish.

"Whenever we would ask my mother through the years about our family background on her side, the answer always was, `Who cares about that?'" Allen wrote in the statement.

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During a debate Monday with Democrat Jim Webb, Allen was indignant when a panelist asked him whether his forebears included Jews. An audience of about 600 business executives booed and hissed at the question from Peggy Fox of WUSA-TV in Washington, D.C.

"To be getting into what religion my mother is, I don't think it's relevant," Allen tersely replied to Fox. "So I'd like to ask you, why is that relevant? My religion? Jim's religion ..." he said as applause drowned out his remarks.

"My mother is French-Italian with a little Spanish blood in her," Allen told the panelist, but did not mention any Jewish heritage.

On Tuesday, Allen said his mother, Henriette "Etty" Allen, grew up in the Christian faith. She is a French-speaking native of Tunisia.

Allen and his siblings also were raised as Christians. He said he became aware only recently that his grandfather, Felix Lumbroso, who had been imprisoned by the Nazis, was Jewish.

"I embrace and take great pride in every aspect of my diverse heritage, including the Lumbroso family line's Jewish heritage, which I learned of from a recent magazine article and my mother confirmed," Allen said in the statement.

Allen campaign manager Dick Wadhams would not specify when Allen's mother told him about her ancestry. As a child, Allen knew Lumbroso, who is now deceased, Wadhams said.

Allen accused Webb's campaign of peddling the notion that he is embarrassed by his heritage, a claim Webb spokeswoman Kristian Denny Todd rejected as "completely, totally false."

Fox defended her questions. She said she wanted to determine if there was a political reason Allen was not forthcoming about a Jewish ancestor. "I don't know why it would be so upsetting to him," she said in a telephone interview Tuesday. "I was shocked at how he took offense to the question."

Fox had also asked Allen whether he had learned the word "Macaca" from his mother. Allen had applied the word to a Webb campaign volunteer of Indian descent during an Aug. 11 rally before a mostly white crowd. In some cultures, including Tunisia, the word is considered a racial slur.

Allen glared at Fox for a moment, then said, "I hope you're not trying to bring my mother into this matter."

References to the nationality of Allen's mother prompted the first report of his Jewish ancestry on Aug. 25 in The Forward, a Jewish daily newspaper, said its editor, Ami Eden.

"There was some talk at that time that perhaps he picked this up from his mother, and it was an easy way to get to the story behind the headlines," Eden said in a telephone interview from New York.

Allen Says He Embraces His Jewish Ancestry (WP)

By Michael D. Shear

The Washington Post, September 20, 2006

Virginia Sen. George Allen (R) said for the first time publicly yesterday that he has Jewish ancestry, a day after responding angrily to an exchange that included questions about his mother's racial sensitivity and whether his family has Jewish roots.

At a campaign debate with Democratic challenger James Webb on Monday, a reporter asked Allen whether his mother's father, Felix Lumbroso, was Jewish. He became visibly upset, saying his mother's religion was not relevant to the campaign and chiding the reporter for "making aspersions about people because of their religious beliefs."

Allen's campaign manager said the senator believed the question was hostile because it followed another one about whether Allen had learned the word "macaca" from his mother. The word, which Allen used last month to describe a Webb volunteer, is a French slur for a dark-skinned person. Allen's mother, Henreitte "Etty" Allen, is a native of Tunisia and speaks French.

In a statement released by his campaign yesterday, Allen said he was proud to have recently discovered that his grandfather, a Nazi resistance fighter in North Africa, was part of a well-known Jewish family.

"I was raised as a Christian and my mother was raised as a Christian," Allen, 54, said. "And I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed."

Allen's religious background has not been a campaign issue. But when the reporter asked Allen about it Monday, the exchange triggered a flood of critical commentary on Internet blogs yesterday, demanding that Allen clarify his ancestry.

The Jewish weekly newspaper the Forward recently explored Allen's possible Jewish roots and his connection to the Lumbrosos, a prominent Jewish family that settled in Italy in the 15th century. Allen's campaign spokesman did not return calls seeking confirmation, according to that article.

Peggy Fox, the WUSA (Channel 9) reporter who asked the question at the debate, said she read the article in the Forward. "I had heard from other reporters that his staff had been asked the question before. I thought it was fair game," she said yesterday.

Allen campaign manager Dick Wadhams said, "Saying your mother was a racist. That was exactly the intent and the thrust of the question. Then she [Fox] went on to introduce religion. Introducing religion at all into the debate was inappropriate."

The question about Allen's religion and his delayed response to it are the latest twists in a bizarre Senate campaign that has been dominated for five weeks by Allen's "macaca" comment and more recently by allegations that Webb demeaned military women in an article written 27 years ago.

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Polls have indicated that Webb is closing the double-digit lead Allen held earlier this summer. But in addition to a debate over the Iraq war with Webb, a decorated Marine and former Navy secretary, Allen has repeatedly been distracted by other issues.

Allen is not the first public official to discover Jewish roots late in life, including former presidential candidates Sen. John F. Kerry (D-Mass.) and Gen. Wesley K. Clark. In 1997, Secretary of State Madeline Albright revealed that her family history includes three Jewish grandparents who were killed in the Holocaust.

Some Jewish leaders said that Allen's angry reaction to the question about his Jewish heritage bothered them.

"He was visibly uncomfortable and called it an 'aspersion,' " said J. J. Goldberg, editor in chief of the Forward. "What is it that makes him so uncomfortable with it? It raises more questions about who the guy is."

"How does one not know that his grandfather was a Jew?" asked Samuel Heilman, a professor of sociology at the City University of New York. Heilman called it a "tempest in a teapot" but said it would be a big story to American Jews.

"It is the case that for many people who are so much a part of blue-blood America, it's hard to imagine there is a Jew in their cupboard there," Heilman said.

But other Jewish leaders defended Allen's reaction, saying he was clearly upset not about being called a Jew but at what he considered to be the negative tone of the questioner.

"This was an 'I got you' question -- 'See, you really are a racist,' " said Rabbi Irwin Kula, author of "Yearnings: Embracing the Sacred Messiness of Life." Kula said there are many people who have been raised Christian and are not aware that they have any Jewish heritage. "I felt tremendous empathy for George Allen. It is 100 percent possible."

Allen has been asked before about his religious background. Bob Gibson, a reporter at the Charlottesville Daily Progress who has written about the senator for almost three decades, told the New Republic that Allen once wanted a correction "when I wrote about his mother's Jewish family origins. He insisted, through a press secretary, that his mother was raised a Christian."

Part of the interest in Allen's heritage comes from his speeches, in which he often includes references to his grandfather being incarcerated in a Nazi concentration camp. In 2000, he told the Richmond Times-Dispatch his grandfather was put in the camp because he was an Allied sympathizer.

He brought up his grandfather's incarceration at the Monday debate, just before Fox asked her question.

"If there's one lesson that I learned more than from anyone else, it was my mother, whose father was incarcerated by the Nazis in World War II," Allen said. "And of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother."

But people close to Allen have been reluctant to discuss his grandfather's religion in the past. Asked about it several weeks ago, campaign advisers either said they did not know or refused to comment. They also refused to ask Allen about it, saying at the time that it was not relevant to his job.

Yesterday, Wadhams accused Webb's campaign and liberal bloggers of anti-Semitism for raising the issue of the senator's religious background.

Bloggers, some of whom are on Webb's staff, spent yesterday writing furiously about the debate question and Allen's answer. "What does Allen have against Jews?" one headline read on a national liberal blog.

"Introducing religion at all into the debate was inappropriate. It makes no difference what anybody's religion is," Wadhams said.

Wadhams also accused Webb's campaign of mailing an anti-Semitic flier to Virginia voters during the state's Democratic primary this year. That flier depicted Webb's Jewish opponent, Harris Miller, with money coming out of his pockets.

"They have been continuing that anti-Semitic strategy through their paid bloggers," Wadhams said.

Webb spokeswoman Kristian Denny Todd called that charge "completely false." She said the flier was not anti-Semitic and declined to comment about Allen's Jewish heritage.

"We are in the race for Senate to talk about ideas, issues and what's best for Virginia," she said. "That's all we are here to do."

In the statement issued yesterday, Allen called Fox's questions "especially reprehensible" and "deeply offensive." And he confronted questions about why he did not know about his heritage sooner.

"Some may find it odd that I have not probed deeply into the details of my family history, but it's a fact," he said. "Whenever we would ask my mother through the years about our family background on her side, the answer always was, 'Who cares about that?' "

New Twist In Senate Race In Virginia (NYT)

By Carl Hulse

The New York Times, September 20, 2006

WASHINGTON, Sept. 19 — The turbulent re-election campaign of Senator George Allen took another unexpected turn Tuesday when Mr. Allen, a Virginia Republican, issued a statement confirming his Jewish ancestry.

“I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line’s Jewish heritage, which I learned about from a recent magazine article and my mother confirmed,” Mr. Allen said in a statement.

The issue was injected into the campaign on Monday in a debate with Mr. Allen’s Democratic opponent, Jim Webb, when a panelist asked Mr. Allen, a former governor, if his mother was Jewish.

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"To be getting into what religion my mother is, I don't think it's relevant," he responded angrily.

But the campaign, which had earlier found itself on the defensive over Mr. Allen's reference to a volunteer for Mr. Webb as "macaca," apparently decided to try to defuse the issue quickly by putting out a statement acknowledging his family ties.

It was apparently the first time Mr. Allen, a practicing Presbyterian, had done so publicly, and he said he learned of his ancestry only through an article last month in The Forward, a Jewish publication.

"Some may find it odd that I have not probed deeply into the details of my family history, but it's a fact," Mr. Allen's statement said. "We in the Allen household were simply taught that what matters is a person's character, integrity, effort and performance — not race, gender, ethnicity or religion."

Before the question arose in the debate, Mr. Allen had mentioned that a grandfather had been incarcerated by the Nazis. He said in his statement that he had never known the circumstances surrounding that chapter in his family history.

After the macaca comment, which drew national attention, The Forward published an article suggesting that Mr. Allen's mother, Henriette, who was born in Tunisia, came from a prominent Jewish family and that Mr. Allen would most likely be considered Jewish under rabbinic law.

Mr. Allen was considered a potential presidential prospect for 2008 and had been rated a near-lock for re-election as senator. But the difficult political environment for Republicans and the macaca comment have made his contest more competitive than anticipated.

Mr. Allen apologized to the young volunteer of Indian ancestry who was the object of the comment, which was perceived by some as a racial slur.

Victory Of The Non-Pol? (WP)

By Lee Hockstader

The Washington Post, September 20, 2006

This politics business, it's a struggle for Jim Webb.

Cerebral, private and generally solemn, he garbles sound bites and chokes at asking people for money, which the Democrat badly needs if he's to overtake Republican incumbent George Allen in the remaining seven weeks of their race for the U.S. Senate in Virginia. Wading into crowds gives him the willies. "I know how hard it is, I've had a camera three foot from my face for eight months now at any public place," he said Sunday on "Meet the Press."

On the road, the Webb campaign is unorthodox. In Arlington a few months ago, he appeared at a rally with his wife -- and was introduced to the crowd by his ex-wife. His driver, Mac McGarvey, lost an arm to a mine while serving as Webb's radio operator in Vietnam; before signing on with the campaign, he was managing a honky tonk in Nashville.

Webb's son, a Marine lance corporal who shipped out to Iraq this month, is stationed in Ramadi. If elected, Webb will be one of a tiny handful of members of Congress with a child serving in Iraq (or Afghanistan, for that matter). But while he mentions his son from time to time, and wears a pair of his son's combat boots, he seems unable or unwilling to exploit the fact of his service for all it's worth.

He is, in short, a consummate non-pol, which makes his race for the Senate among the most interesting, and treacherous, of the year. Badly underfunded so far and mostly allergic to stump speech mumbo jumbo, he could just blunder his way into the Senate on the strength of Allen's problematic past and bullying present -- and on Webb's consistent stance that the war in Iraq is a terrible strategic blunder. Or, just as easily, he could drown in the sea of Allen's financial advantage if the Democratic fundraising machine doesn't deliver in the next few weeks.

Not that it seems to matter overwhelmingly to Webb. In the scheme of things, Webb said in a debate at Tysons Corner on Monday, whether or not he is a senator won't rate very high "on my agenda."

In the Tysons debate, and the one on "Meet the Press," it wasn't hard to tell which candidate was the amateur politician. Webb's delivery was choppier, his demeanor slightly grim, his collar a size too small. At times, particularly when challenged on his views on women in the military, he seemed to delve into the dead ends of ancient debates hearkening back to his days as Ronald Reagan's secretary of the Navy a generation ago.

But there were no major gaffes either, and on balance he managed well against the more practiced, more fluent Allen. Unlike some of his earlier performances, Webb seemed prepared to discuss not only grand strategy and Iraq but also domestic policy. His advisers, convinced the campaign's momentum is with them, were thrilled.

Allen, whose national and statewide reputation has tanked since he mocked an Indian American campaign aide of Webb's by repeatedly calling him "macaca" in a nearly all-white part of southwest Virginia, is unleashing what is certain to be a nonstop negative assault on Webb.

He is in trouble not only because of the macaca remark but also because of revelations in the New Republic this year about his schoolboy romance with the Confederate flag and his own sister's depiction of the young Allen as nasty and thuggish. (It is a strange aspect of this race that Webb seems on better terms with his ex-wife than Allen does with his own sister.)

Allen has tried to square the circle of seeming moderate enough to be reelected this fall while staying conservative enough to compete in the 2008 presidential primaries. It's an impossible trick, as illustrated by his current squirm in the debate on torture, in which he cannot bring himself to side either with the White House or with fellow Virginia Sen. John Warner, whom Allen likes to call "my partner."

Although Allen is a smarter, more sophisticated candidate than Jerry W. Kilgore, the Republican who lost the race for governor of Virginia last fall, he may face a similar demographic problem in the Northern Virginia suburbs, whose wealthy, well-schooled electorate includes tens of thousands of new voters, many of them Democrats and independents.

The macaca flap has hurt him badly there, and his good-ol'-boy shtick can't help much either. At a Labor Day parade, Allen, who favors cowboy boots for daily wear, rode a horse called Bubba. And his campaign is gearing up for its 11th annual "Hoe Down" fundraiser, where contributors of $1,000 will have the title of "Buckaroo" bestowed upon them, while deeper-pocketed donors will be dubbed "Ranch Boss" and "El Ranchero Grande."

Then again, it was Webb who insisted on arguing over the candidates' southwest Virginia roots, sparking a debate-within-a-debate in Tysons over which one of them is more authentically country. ("I've been coming to southwest Virginia since George Allen was a Californian," said Webb, who has relatives there. "For me," said Allen, "it's a place in my heart, not a place on a map.")

Many of the dark-suited business types in the audience at Tysons must have been mystified. After all, most of southwest Virginia is closer to Nashville than to Northern Virginia. But if Webb's unvarnished performance convinces many voters that he is somehow the more genuine and likable of the candidates, the non-pol may just pull this race out.

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Black Leaders Endorse Cardin (WT)

By S.A. Miller And Jon Ward

The Washington Times, September 20, 2006

U.S. Rep. Elijah E. Cummings and other black Democratic leaders yesterday endorsed Rep. Benjamin L. Cardin for the U.S. Senate, as the Cardin campaign and that of his Republican rival -- Maryland Lt. Gov. Michael S. Steele -- sought approval from supporters of Kweisi Mfume.

"We know where Ben Cardin stands on all the issues," said Mr. Cummings, who had backed the primary campaign of Mr. Mfume, the former president of the National Association for the Advancement of Colored People. "We do not know who Michael Steele is, and we do not know what he stands for."

Meanwhile, Mr. Steele has aired a new TV ad that mocks negative campaigning and features him professing to "love puppies."

He congratulated Mr. Cardin on his endorsements yesterday, saying, "It just tells me I've got to work harder," and brushed aside Mr. Cummings' criticisms.

"They want to sound bite people's experiences and sound bite people's lives into 30 seconds, and people don't live that way," Mr. Steele said during a tour of Ellicott City.

"I'm not engaged in a conversation with Ben Cardin or Elijah Cummings," he said. "I'm talking to real Marylanders whose problems aren't red or blue, conservative or liberal, Republican or Democrat. They're real."

Race has played a key role in the U.S. Senate contest, which pits Mr. Cardin, a white 10-term congressman from Baltimore, against Mr. Steele, the first black to win statewide office in Maryland.

Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the most closely watched campaigns in the country and one of the most fiercely fought between the national parties.

Among the black leaders endorsing Mr. Cardin yesterday were Mr. Cummings; state Sen. Verna Jones, chairman of the state legislature's black caucus; and state Senate Majority Leader Nathaniel J. McFadden -- all Baltimore Democrats who endorsed Mr. Mfume in the primary election.

Mr. Cardin beat Mr. Mfume, 43.7 percent to 40.4 percent, statewide but lost in Baltimore and Prince George's County, two of the state's most populated and heavily Democratic jurisdictions, which are also both more than 65 percent black.

In Baltimore, Mr. Cardin received 24,637 votes to Mr. Mfume's 50,731, losing by 30.82 percent to 63.46 percent, according to unofficial results from the State Board of Elections.

The margin was wider In Prince George's County, where Mr. Cardin lost by more than 52,000 votes or 18.71 percent to 69.79 percent, unofficial results show.

U.S. Rep. Albert R. Wynn, a black Maryland Democrat who endorsed Mr. Mfume, has not announced whom he will support in the general election.

Cardin campaign spokesman Oren Shur said that yesterday's public endorsements were "important" in wooing support of black voters from Mr. Steele.

"Democrats are united," Mr. Shur said.

Mr. Cardin, Mr. Cummings and others at the event linked Mr. Steele with President Bush, whose approval rating is about 34 percent in Maryland and even lower among the state's black voters.

Mr. Cummings said Mr. Steele has hidden his positions on issues such as judicial nominations, stem-cell research, universal health care, education and the Iraq war.

"Where do you stand?" he said.

Mr. McFadden called out, "Behind George Bush," eliciting laughter and cheers from the officials on the stage.

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Also yesterday, Mr. Cardin pressed Mr. Steele to start "immediately" debating him twice a week, saying that Mr. Mfume "didn't duck debates, we engaged in them."

Steele campaign officials said that they have not been contacted by the Cardin campaign and that their phone calls and letters to the Cardin campaign have not been returned.

"That's the old, 'Oh he won't debate me,'" Mr. Steele said. "You know, trust me, be ready."

Black Officials Proclaim Support For Cardin (WP)

By Matthew Mosk

The Washington Post, September 20, 2006

U.S. Senate candidate Benjamin L. Cardin reached out to African American leaders within the Democratic Party yesterday, trying to heal lingering racial divisions from the Democratic Primary and focus the contest on issues.

In front of Baltimore City Hall, a succession of black elected officials pledged their support for the veteran lawmaker, who is white, in his campaign against Republican Lt. Gov. Michael S. Steele, the first African American to win a statewide office in Maryland.

"It's time for all Democrats to come home," said state Sen. Nathaniel J. McFadden (D-Baltimore). "We are family!" he boomed. " We are family !"

The task before Cardin may not be so easy. African Americans have been among the most loyal Democratic voters in Maryland, but the dynamics of this campaign could test that loyalty.

Cardin's chief rival in last week's primary, Kweisi Mfume, has signaled that he will rally behind the Democratic nominee but did not appear at yesterday's event and has not formally endorsed him.

In the primary, Cardin drew limited support in two jurisdictions where African Americans make up the majority of voters. In Prince George's County, Mfume collected nearly 71,000 votes to Cardin's 18,600. In Baltimore, Mfume led Cardin 50,731 to 24,637.

Steele, meanwhile, has dedicated much of his campaign machinery to wooing black voters. After sewing up the primary last week, Steele's first move was to visit the election night parties of the two candidates for county executive in Prince George's. He spent the next morning talking to black voters at a barbershop in suburban Baltimore.

But Wayne K. Curry, a former Prince George's county executive, said Cardin can not assume that the county's black voters will line up behind the Democrat this time.

"It's going to be a different kind of election," Curry said. "Steele is a very attractive candidate. Flogging him with partisan labels is not going to be enough."

Steele's campaign pushed yesterday for more answers from Cardin about the caustic remarks a former staff member posted in a personal diary on the Internet. The staffer vented about a work environment she described as being hypersensitive about race and described her discomfort in being a "sex object" for Cardin's Jewish friends, whom she described using ethnic stereotypes.

Cardin fired the staffer Friday, but Steele's campaign has urged reporters to dig deeper to determine whether the woman really was a low-level staffer, as Cardin has described her. They also called the incident part of a pattern of racial insensitivity toward Steele.

"It goes to the heart of why people are sick and tired of politics as usual," said Doug Heye, Steele's spokesman.

Cardin said the matter was behind him and suggested that an attempt to draw further attention to it was a diversion.

He sought to focus the contest on issues at yesterday's event, and speaker after speaker said Steele's candidacy would not survive scrutiny once his views are known. "We know where Ben Cardin stands" Rep. Elijah E. Cummings (D-Md.) said. "We do not know who Michael Steele is, and we do not know what he stands for."

Cardin called on Steele to debate twice a week for the remaining seven weeks of the campaign. "Since this campaign started, Ben Cardin has participated in more than a dozen debates. Many of these debates included Democrats, Republicans and third-party candidates. Michael Steele never once showed up," said Cardin campaign spokesman Oren Shur.

In response, the Steele campaign said it was Cardin who has not responded to a request for debate. "We're still waiting for them to return our campaign manager's call," Heye said.

Third-party candidate Kevin Zeese said he, too, should be included in any debate.

Corker-Ford May Tip Senate (RC)

By Lauren W. Whittington

Roll Call, September 20, 2006

SODDY-DAISY, Tenn. — Sitting behind the counter of the Soddy Bible and Church Supplies store Friday afternoon, proprietor Frank Copeland admitted he hasn't devoted much attention to the Volunteer State's hotly contested Senate race. He's been focused instead on fighting a November referendum that would allow restaurants in this beer-only town to serve liquor by the drink.

In the contest between Rep. Harold Ford Jr. (D) and former Chattanooga Mayor Bob Corker (R) — a critical part of the math for Democrats to win a majority in the chamber this fall — Copeland said he is undecided about whom he will vote for.

But he does know he likes what he sees in Ford's newest campaign commercial, which features the 36-year-old Congressman in a church sanctuary talking about faith.

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"I like his new ads," said Copeland, a retired power plant employee who took over the bible and church supply store as a hobby six years ago. "As a Christian, I'm definitely going to look at moral issues before other things."

Soddy-Daisy, a town of almost 12,000 located halfway between Chattanooga and Dayton, home of the 1925 Scopes Monkey Trial, isn't traditionally fertile territory for Democrats. But Ford must appeal to and convert voters like Copeland across the state to have any shot at winning the seat being vacated by retiring Sen. Bill Frist (R).

The race is tight and a poll done for Ford's campaign in late August showed the Congressman with a two-point lead.

Still, while Copeland remains open to Ford's message, his wife, Donna, is sure she's voting for Corker. And the reason is no mystery.

"Because he's a Republican," she said.

The Insider vs. The Outsider?

But with a difficult national political environment for the GOP, Corker isn't exactly embracing that party label. His campaign materials don't identify him as a Republican, and neither do his television ads.

Instead, Corker is focused on running as the anti-Washington, D.C., outsider while painting his opponent as a liberal, insider elitist.

Corker has touted his record as mayor and played up the fact that he started at the bottom before building a successful, and very lucrative, construction business.

His latest campaign commercial features him standing in front of a bridge and pledging to never forget where he came from.

"When I was 20, I poured concrete as a construction laborer building that bridge," Corker tells voters in the ad.

At the same time he talks about how Ford, the son of a Congressman, moved to Washington at age nine and graduated from the prestigious St. Albans School. Later, Ford graduated from the University of Pennsylvania and the University of Michigan law school. Corker graduated from the University of Tennessee in 1974.

"He really has kind of grown up in D.C." Corker said in an interview at his Chattanooga campaign headquarters last week. "I grew up in Tennessee."

Ford, meanwhile, has worked to portray himself as a fresh face, using the slogan "A New Generation of Leadership" in his ads and campaign materials. He argues that his voting record is much more moderate than Corker has portrayed it to be.

To refute Ford's message, Corker's commercials have made a point of identifying Ford as a Congressman — the one with the most liberal record in the state's delegation — who has been in Washington for 10 years.

Corker also argues that he is the candidate who better represents what Tennessee voters have come to expect in their Senators, making him the best choice to follow in the footsteps of GOP Sens. Howard Baker, Bill Brock, Fred Thompson, Lamar Alexander and Frist.

"By the time the race is over, obviously people are going to know both of us really, really well," Corker said. "I just really believe I'm going to win this race."

Some of that voter education was on display Saturday, at the tailgating before the 8 p.m. kickoff of the University of Florida vs. University of Tennessee Southeastern Conference showdown.

Both campaigns had a presence amid the orange-clad, GOP-friendly crowd that surrounded Neyland Stadium.

General Contractor Mark Price, a Morristown Democrat, was the most visible Ford supporter in crowded Lot 9, directly across from the stadium and where Republicans had their tailgate set up.

While Corker has been billed as having strong partisan crossover appeal, a frustrated Price said he didn't see any.

Price, who had a billboard-sized blue and white "Ford" sign attached to the top of a black sport utility vehicle, said he was fed up with the current direction of the country and he said it didn't matter what Corker's background was.

"As far as what our nation needs, he's going to be more of the same," Price said.

And he believes he isn't the only one who feels that way.

""I've got a lot of Republican friends who are fed up," he said. "They're going to flip to Ford."

Old Wounds

By 4:30 p.m. a Bluegrass band is rocking the GOP tailgate, located in a prime position on Peyton Manning Pass, where thousands of fans gather to see the Pride of the Southland Band lead the team march to the stadium to the apparently never tiresome strains of "Rocky Top."

Corker did not attend the tailgate or the game, but he had plenty of surrogates on hand.

State Sen. Tim Burchett (R), whose district includes the stadium and the 104,079 who fill it on Saturdays, said he is confident of Corker's chances.

Burchett is a longtime supporter of Corker, going back to his failed 1994 run for the GOP Senate nomination.

"I was for Corker when it wasn't cool to be for Corker," Burchett quipped.

Corker lost the 1994 contest to Frist, and that race has played a prominent role in Corker's 2006 primary as well.

In the 1994 race, Corker said he was in favor of abortion rights. But in this year's primary he said he had since changed his stance and no longer supports abortion rights.

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Corker's GOP opponents — former Reps. Van Hilleary and Ed Bryant — hammered him hard on the issue. But in the end, the split conservative vote helped Corker cruise to an easy win.

Still, he did not emerge without some visible wounds.

Tennessee Right to Life officials have refused to endorse Corker in the general election and don't plan to aid his campaign. Corker has been endorsed by the national Right to Life, a fact that is noted in the candidate comparison on the flip side of the depth chart GOP volunteers hand out at the game.

At the GOP tailgate, Tennessee Republican Party Chairman Bob Davis played down any divisions within the party and focused more on the math for a Ford victory.

East Tennessee has been traditionally Republican, west Tennessee has long been Democratic and the middle part of the state increasingly has become a key battleground.

The collar counties around Nashville will be an important factor in the Senate race, Davis said, noting that Ford has been spending a lot of time there.

"I'm not sure where he gets his votes," Davis said, predicting Ford would ultimately come up short.

Republicans also are counting on competing for votes in rural west Tennessee, where many culturally conservative voters have been lifelong Democrats.

"We will communicate with people who are middle of the roaders," said Corker, who already has spent more than $2 million of his personal fortune on the race. "The rural west Tennessee Democrats in this state are really a lot like east Tennessee Republicans. People who've worked hard and value the same kind of things that I do."

The Rockstar

It's just past 4:30 p.m. at Ford's tailgate, the band is still setting up and the food still cooking even though handmade posters invite passersby to "Wear a Sticker Get Free Food" or "Meet Harold Ford and Get Free Food."

A crowd of supporters has gathered in the semi-secluded Claxton Courtyard area, where the band eventually drowns out a student using a megaphone to announce that fans can get a free blanket or T-shirt if they sign up for a no-obligation credit card.

Ford arrives a little after 6 p.m. on his campaign bus. Along for the ride is Dylan Glenn, a Georgia Republican who has unsuccessfully run for Congress and a Ford friend since their days at St. Albans.

Ford, wearing an orange mesh polo shirt, grey dress slacks and black boots, is treated like a rockstar as he navigates his way through the throng of supporters, many of whom are whipping out camera phones and posing for pictures.

He speaks to individuals but does not address the crowd, which thins out quickly as fans head toward the stadium.

Before Ford arrives, John Townsend and a friend are chowing on a selection of the fried fish, chicken and gator tail that is being served at the Democrat's tailgate. Neither is wearing one of the orange "Jr." stickers that are being handed out.

Frustrated with the general direction of the country, Townsend said he is leaning toward Ford.

"I'd like to see a different change in government in general," he said, as the band's lead singer croons about sending "H-F-J-R" to Washington.

Townsend describes himself as middle of the road, having voted for Democrats in most local races but also for George Bush in 2000, choosing him over Tennessee native son Al Gore (D). In 2004, he voted for Sen. John Kerry (D-Mass.).

"Bush cowboy policy has got to go," said the Rouse Construction Co. employee.

Ford's Hurdles

While the lagging popularity of the president, and the possibility of depressed GOP turnout, is no doubt a concern among Republicans, Ford has some unique hurdles of his own.

Friday evening, Jim and Nancy Robinson are having dinner on the patio of the Blue Plate restaurant on the revitalized Chattanooga waterfront that Corker claims as among his accomplishments as mayor.

The couple recently has celebrated their 50th wedding anniversary and characterize themselves politically as moderates with conservative leanings.

They are voting for Corker and also for Gov. Phil Bredesen (D), who is on course to win a relatively easy re-election in November.

"We're going to split our ticket and I think a lot of people will do the same," Jim Robinson said.

Robinson, a litigation attorney specializing in medical malpractice, decries the negative tone of the Senate race, and is especially disappointed in Corker.

"The negative campaign gives the appearance that you're behind," he said.

He thinks both Ford and Corker are good candidates.

Nancy Robinson, a former Miss University of Tennessee who is enjoying a martini and puffing on a Benson & Hedges, agreed.

But she was not as optimistic in her assessment of whether Tennessee voters are ready to embrace a black statewide candidate.

"This state just won't elect a black man," she said, as her husband quickly added that they personally have no problem with Ford's race.

Ford declined to be interviewed for this story. In a recent interview with the San Francisco Chronicle, he addressed the issue of race.

Ford jokingly told the newspaper that black candidates are undefeated in statewide contests in Tennessee.

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"We've never won one, but we're undefeated because nobody's ever ran," he said.

If he wins, Ford would be the first black Senator elected from the South since Reconstruction, but he told the newspaper that he thinks voters are smart enough to look beyond race.

"I have great faith in the people of Tennessee. They are going to pick the person who can do the job for them," Ford told the Chronicle.

That is exactly what Lois Wilder said she is looking for.

"I try to find the best man," Wilder explained, as she and her husband, Bobby, finish their lunch at the Chase Diner in Harriman — a cafeteria-style throwback to a bygone era, with a red and white checkered floor and corresponding table clothes.

The Wilders, who own the local NAPA Auto Parts store and don't consider themselves to be aligned with one party, are voting for Corker.

"We own a small business," said Lois Wilder. "It seems like he's come out with a lot more things on that."

Bobby Wilder said Ford's race wasn't an issue for him, but he said he did have concerns about the "things his Daddy's done."

Wilder's reference is to the south Memphis political dynasty from which Ford emerged.

While Ford's "Jr." stickers are the same as the campaign buttons used when he was elected to his father's House seat in 1996, they seem to have a different context in 2006.

Ford's uncle, former state Sen. John Ford, will go on trial early next year on charges of extortion, bribery and threatening a government witness — leading some observers to question whether the Ford name could be his biggest impediment to statewide office.

Ford repeatedly has said that his uncle's troubles will have no impact on his Senate race.

A Matter of Faith

Even before he appeared in the new church ad, it has been clear Ford's ability to appeal to voters of faith is an important part of his campaign strategy.

In another commercial, Ford tells viewers that one of the first things he tells children is to trust in God.

At Ford's tailgate Saturday, Rep. Lincoln Davis (D-Tenn.) applauded his colleague's efforts to talk more openly about religion.

"We Democrats have been guilty of hiding our faith under a bushel basket," Davis said. "Now some of us are taking the basket off and letting the light shine in."

And if Frank Copeland, the Soddy Bible and Church Supplies owner, is any indication, that strategy may be making an impact.

Copeland said he is resigned to not finding a candidate he agrees with 100 percent — "I'm not going to find a perfect candidate. They'd kill him if he'd run," he said — so he will settle for the better of the two.

And, on the issues he cares about, he likes what he sees coming from Ford.

"He's a Christian, apparently, and he's showing it, and I like that," Copeland said.

Bellwether Is Hard To Predict (RC)

By David M. Drucker

Roll Call, September 20, 2006

LAKE OZARK, Mo. — State Auditor Claire McCaskill (D) is articulate, charismatic, intelligent and an effective, hard-nosed politician. But some Missourians who compliment her in one breath will tell you with the next that her liberal stands on key issues could sink her Senate bid on Nov. 7.

That Sen. Jim Talent (R) reflects the majority of Show Me State voters who are culturally and socially conservative — and that he is well regarded and

hasn't necessarily committed a fireable offense — are important elements in his favor in a race sure to finish close, no matter the outcome.

"Claire McCaskill has done a good job in the state of Missouri. She's very aggressive. ... Claire would be a good Senator," said Bill Miller, publisher of the Washington Missourian in Washington, a conservative, former farming community 50 miles west of downtown St. Louis that is slowly being suburbanized.

"But Talent's done a good job. Talent is very hard working. I think Claire's got a problem with the fact that she's aligned herself with the national Democratic Party. She's embraced some of their values and some of the things they promote and support, and I think that's going to hurt her in Missouri, frankly."

While the 300 or so mostly small-to-medium-size market newspaper publishers from throughout Missouri gathered on the banks of the Lake of the Ozarks for the Missouri Press Association's 140th annual convention, they also were there to host the first debate of four face-offs scheduled to occur before Election Day.

Many of the publishers heaped praise on McCaskill. But they were simultaneously skeptical of her ability to deliver the state for Democrats in the party's quest to pick up the six seats it needs to take back the Senate.

Yes, these publishers will tell you, the people of the communities they serve are concerned with national issues such as the Iraq War. It's one of the first things they mentioned when asked what their friends, neighbors and readers are talking about in regard to the midterm elections.

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Yes, religious and conservative towns in rural Missouri that have been quite supportive of Republicans are unhappy with how the GOP has governed in Washington, D.C., on myriad issues.

From federal spending, to the economy and their quality of life, to additional bread-and-butter issues such as health care and education, many of these Missourians are less than thrilled.

And yes, McCaskill is making a concerted effort to woo these voters, placing ads in small newspapers serving these areas and crisscrossing the region in an RV. She readily acknowledged in an interview on Friday that a weak presence in rural Missouri — "outstate Missouri" to many from those parts — contributed to her poor showing there during her narrow loss in the 2004 gubernatorial election.

"I made a mistake in '04, and didn't go out and listen to rural Missouri," McCaskill said. "I didn't show them who I was, and my values. As a result, I was on defense."

This year, in a race of several nuances, the discontent that exists in the Missouri heartland, including among staunch Republicans and like-minded independents, is likely to help McCaskill drive up her vote totals in rural Missouri, especially when compared to her performance in 2004.

But voter discontent, and McCaskill's rural push, are not guaranteed to matter enough, said Kate Martin, publisher of the Republic Monitor in Perryville.

"I think she will do better in Perry County. I think it's the standard of living for people in small communities. We have a great number of young, struggling families who aren't able to take that next step into a comfortable life," said Martin, whose paper serves a rural community of around 8,000 located 80 miles south of St. Louis.

"But we're a very religious community, so her stance on stem-cell research, and a woman's right to choose, will hurt her there."

This particularly could be the case because Talent, who began this race with, and continues to have, a significant financial advantage, doesn't appear to be taking the support of conservative voters for granted. The incumbent Senator scored a political "coup" last week, contended Daily Events publisher Jeff Schrag, when he hit the pavement to knock on doors in the Republican stronghold of Springfield in southwest Missouri.

Talent finished June with $7.1 million in his campaign account, compared to $2.8 million for McCaskill.

Between Iraq and a Hard Place

Held at the luxurious Lodge of the Four Seasons in central Missouri, the Talent-McCaskill appearance before the publishers was a decidedly polite affair that was more idea forum than pointed debate. Both scored some points — and took some hits — as they argued over the Iraq War, the war on terror, illegal immigration and the economy, among other topics (the Libertarian and Progressive party candidates were included in the event).

In response to a question on what U.S. policy on Iraq should be, McCaskill painted a picture of a mission gone awry.

"We were told, if we went in and helped build a Democracy in Iraq, we would have partners against terrorism," McCaskill said. "We clearly have not gotten what we were told we were going to get, and it's very important that we change course, that we begin redeployment and stabilize the entire region."

Talent tried to frame McCaskill's position as defeatist. He conceded that problems persist in Iraq, but he focused his comments on making the adjustments needed to see the mission through.

"I'm supportive of winning in Iraq. Not stalemate, not quitting," Talent said. "What we can't do ... is withdraw, either immediately or according to an artificial timetable that has nothing to do with winning. That's just another name for quitting. My opponent has policies of weakness."

Such bickering might be typical of a Democrat and Republican heading into the home stretch of a high-stakes campaign. But Show Me State voters aren't likely to fall for cheap rhetoric.

According to an analysis offered by some of the publishers attending the MPA convention, many of whom are longtime fixtures in their communities, the attitudes of Missouri voters aren't easy to pinpoint, especially given national public opinion polls that show the Republican Party in trouble.

The Iraq War is Exhibit A.

By and large, Missourians hew to the national polls in their disenchantment with the war and President Bush. But instead of clamoring for an immediate or future arbitrary exit, many are concerned that the United States could be embroiled in a losing conflict and are worried about what that would mean for the country's national security situation, the publishers said.

What these voters would like to see out of Congress and the White House is a plan to win, and then progress on the ground that provides evidence that the goal of building a democratic Iraq capable of defending itself is achievable and forthcoming.

"People on both sides of the aisle are disillusioned by the war — simply because we're not making any progress," said Jack Whitaker, publisher of Missouri's oldest daily newspaper, the Hannibal Courier-Post.

The cultural divide between the metropolitan regions of St. Louis and Kansas City, and rural Missouri, also is more complex than it appears from afar.

Republicans have been running well in outstate Missouri thanks to their positions on hot-button social issues such as same-sex marriage, abortion and stem-cell research (Talent opposes all three, McCaskill does not). In fact, many historically Democratic counties

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have elected their first Republican county commissioners and state legislators in the past few years, with the GOP controlling both houses of the state Legislature only recently.

But the Republican edge in rural Missouri can't be simply credited to the party's position on social issues. This also is about outstate voters perceiving that they've been slighted in regard to what they received for their tax dollars compared to the money spent by the state and federal governments in urban and suburban Missouri.

Much of this resentment built while Democrats held political control, and Republicans have been able to reap the benefits.

"There is a huge divide between the urban and rural residents of this state," said Whitaker, whose paper serves a community of about 20,000 located 115 miles due north of St. Louis. "The rural faction has finally gotten fed up to playing second fiddle, and said: 'It's our time.'"

The Battle for Black Voters

The Senate race is far from simply a contest for the hearts and minds of rural Missouri. Metropolitan St. Louis and Kansas City — and the Interstate 70 corridor that links the state's two most populated regions — loom large in this bellwether battle.

Kansas City is McCaskill's base — it's where she got her start in public life as a prosecutor. It is there, and in greater St. Louis, where Democrats traditionally run strong; where suburban swing voters are numerous; and where dissatisfaction over the Iraq War and Bush's unpopularity are palpable.

It is there where some voters are looking for a way to register their concern with the Bush administration and those politicians who they believe are supporting his policies.

It is there where McCaskill, the state auditor for nearly eight years with a gubernatorial run under her belt — she deposed a sitting Democratic governor in the 2004 primary — looks to benefit.

Jane McKie, a retired teacher who lives a few blocks from where Talent attended high school in suburban St. Louis (she was an elementary school classmate of his before he skipped a grade), describes herself as a registered independent who votes for politicians in both parties. When Talent stopped by to shake her hand Saturday while walking the parade route of the annual Greentree Festival Parade, McKie gladly extended her hand and was very cordial.

She's voting for McCaskill.

"Iraq definitely is a concern; Afghanistan is a concern; terrorism is a concern of mine. I can't speak for everybody, but that's sort of the things that are on the agenda at our house," McKie said.

No more is McCaskill's advantage pronounced, potentially, than among black voters.

Although officially a nonpartisan event, McCaskill received an enthusiastic welcome Friday evening at a black-tie event that focused on black education issues in St. Louis, and she got a round of applause when one of the keynote speakers, Atlanta Mayor Shirley Franklin, referred to her as the "new Senator to-be."

McCaskill was warmly embraced as she worked the room on the 20th floor of the Renaissance Grand hotel, accompanied by Sen. Tom Harkin (D-Iowa), who was in town for the evening to help her raise money. Missouri state Rep. Rodney R. Hubbard (D), whose district includes a portion of St. Louis, said he expects Missouri's blacks to vote Democratic in numbers similar to recent presidential contests.

St. Louis attorney Jerryl Christmas, a 43-year-old McCaskill supporter who attended the education event, agreed.

"The [black] community is solidly behind Claire McCaskill," Christmas said. "Sen. Talent has consistently voted with the president, whose interests have been outside the interests of the African-American community."

But Talent isn't conceding the black vote. His outreach into the community continues to be extensive, having run television and radio ads tailored to black voters beginning in July. Additionally, Talent has held several events geared toward winning black votes, including roundtables, meet-and-greets and church visits.

He began airing two new spots on black radio stations this week.

"I think that in some of the recent activity, [Talent] has made some inroads into the minority community. The record already indicates that that is in fact happening," said St. Louis businessman Ivan James, 62, a McCaskill supporter.

"It's just not a matter of [blacks] voting for Claire because it's Claire. She's going to have to demonstrate what she has to offer and what she can do better than what Talent has already done. She has a real tough road ahead of her."

Local Boy Makes Good

As a native of Des Peres and a graduate of Kirkwood High School, Talent's base is the St. Louis suburbs, about a 25-minute drive west from downtown. He previously represented the area in the state Legislature and the House, and he has run strong there in past races.

At the Greentree Festival parade on Saturday that snaked through the leafy residential neighborhoods of Kirkwood, Talent vigorously worked the crowd that lined the streets for the event, responding to calls of "Hi, Jim" and "Way to go, Jim." Almost no one called him Senator, with one self-described "values voter," 20-year-old youth ministry employee Ryan Pott, getting up out of his lawn chair to give Talent a big bear hug.

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But in an interview before the parade got under way (it began in the parking lot of Kirkwood High School, where Talent graduated from in 1973) and with a C-SPAN camera crew filming, Talent acted as though his support in these parts was something to be earned, as opposed to assumed.

"I feel pretty good about the race generally," Talent said. "But it's still, in the minds of the average voter, early. ... So we'll have to see what happens."

Cantwell, McGavick Win Big In Washington (WT)

By Christina Bellantoni

The Washington Times, September 20, 2006

SEATTLE -- Sen. Maria Cantwell, Washington Democrat, last night easily defeated her anti-war challenger, setting up a November showdown against Republican businessman Mike McGavick in what the GOP sees as one of its best chances to pick up a Senate seat.

With about 55 percent of the expected vote counted, Miss Cantwell had 262,719 votes -- an overwhelming 92 percent of the Democratic vote. She easily won over Hong Tran, a lawyer with a nonprofit agency, who raised little money and relied on grass-roots volunteers to amplify her anti-war message throughout the campaign.

Mrs. Tran received 11,452 votes, or 4 percent of the total, leading three other little-known Democratic challengers.

"I feel very good about tonight's vote, but the ultimate vote is in November and I will work every day between now and then to be successful," said Miss Cantwell, who returned to Washington, D.C., for Senate votes on Monday. "We will work very hard to get around to every corner of the state and talk about the issues that affect the voters of Washington."

Mrs. Tran, 40, told supporters gathered at her Seattle home that Washington deserves a senator who stands up for working people.

"You know, I understood the challenges of running against a millionaire incumbent," Mrs. Tran told The Washington Times after early returns showed her losing. "But I ran to make sure people had an alternative choice if they really cared about ending the war."

She said she had no plans to calls Miss Cantwell, and said it is too bad her lack of fundraising prevented her from mounting a serious challenge. The refugee from Vietnam noted that many voters want to have an incumbent Democrat run in November, the better to keep the Senate seat in Democratic hands.

"People vote for Cantwell, but they do reluctantly," she said.

The Democratic contest initially seemed like it could harm the freshman senator, who was being criticized by several candidates for her October 2002 vote to authorize President Bush to use force in Iraq.

Ultimately, after the Cantwell campaign hired two of the senator's stronger critics, the primary served as a warmup for the general election against Mr. McGavick, who also easily won his primary.

Mr. McGavick, a former chief executive of Safeco Insurance, had 185,743 votes, or 85 percent of the total, easily outpolling five Republican challengers, led by Brad Klippert at 14,422 votes, or 6 percent.

"All I can say about the primary is one down, one to go. We are going to win this November," Mr. McGavick, 48, told cheering supporters from his Seattle campaign headquarters during a live Web cast.

Republicans consider the Washington seat one of their best opportunities in November, despite national trends showing voters irritated with Mr. Bush and his majority party. The state has a Democratic governor and legislature and Democrats hold six of its nine congressional seats.

"Mike McGavick's message of civility is resonating with Washington state voters, who are tired of a senator that puts party interests above the interests of the state," said Sen. Elizabeth Dole of North Carolina, who leads the Republican Senatorial Campaign Committee.

Though Miss Cantwell, 47, was considered vulnerable a few months ago, she recently opened a double-digit lead over Mr. McGavick in several polls.

Mr. McGavick, a millionaire like Miss Cantwell, says he is running to "put an end to the mindless mean-spiritedness and partisanship" in Washington, D.C. He casts himself as an independent thinker and calls Miss Cantwell "part of the problem and not the cure." Mr. McGavick will be in Washington, D.C., tonight at a National Republican Senatorial Committee fundraiser in his honor.

Most of last night's results were tabulated from mail-in ballots. There are 3.3 million registered voters in Washington, and about 80 percent of them were expected to cast votes via mail.

Miss Cantwell and Mr. McGavick will probably debate twice before Oct. 16, when voters can begin mailing in their ballots. Both candidates have millions in the bank to run television ads in the fewer than 50 days remaining until votes are counted.

Meanwhile yesterday, on the other side of the country, Massachusetts voters set up a November gubernatorial race between Democrat Deval Patrick and Republican Lt. Gov. Kerry Healey.

Either candidate winning would be a first. Mr. Deval won 49 percent of the vote in his first bid for elective office after having been head of the Justice Department's civil rights division under President Clinton. He would be the state's first black governor. Mrs. Healey, who was unopposed in the GOP primary, is trying to become the first woman to be elected governor of the state.

Wash Senate: Now, The Main Event For Cantwell, McGavick (AP)

By David Ammons

DOJ_NMG_0066211

AP, September 20, 2006

Washington's suspense-free U.S. Senate primary predictably cranked out the long-expected outcome — Democratic Sen. Maria Cantwell and Republican Mike McGavick were nominated as finalists on Tuesday.

Now the unpredictable begins.

Cantwell and McGavick dispatched their intraparty rivals by wipeout margins — with about 49 percent of the expected vote counted, the senator had 92 percent of the Democratic vote and the challenger had 85 percent of the GOP field.

There was so little suspense that Cantwell didn't even stay in her homestate to await the returns. Rather, she returned to Washington, D.C., on Monday to attend to Senate chores.

McGavick had the stage to himself, but after a brief celebration at his Seattle campaign headquarters, he, too, was heading to Washington, D.C., to shake the money trees.

The race has drawn attention as one of the Top 10 Senate contests this year, given that Cantwell barely won six years ago and McGavick has been described as perhaps the best GOP challenger in the country.

Two degrees of separation: McGavick once was campaign manager and chief of staff for Sen. Slade Gorton, whom Cantwell eased from office in 2000.

Some polls had showed Cantwell and McGavick in a fairly tight race, in the 5-to-7 percent range, in recent months, but several late polls have the senator leading by double digits.

Cantwell also has a strong lead in finances so far, and has $5.1 million on hand, to McGavick's $2.8 million, after he loaned his campaign $2 million.

But though the race leans Democratic, both sides agree that the seat still remains in play and that unforeseen developments could really change the dynamics.

The outcome could have national implications, since the Democrats need to hold the seat if they're to have a shot at taking back control of the Senate.

Cantwell, a freshman who alienated the anti-war base of her party by backing the Iraq invasion, and McGavick, who made his mark in the business world, said the real campaign can begin now, leading to the Nov. 7 finale.

Both Cantwell, 47, and McGavick, 48, pledged a high-road general election campaign and said they've tentatively agreed to at least two debates. Among the issues to be discussed: the Iraq war, which both have supported, energy prices, proposed oil drilling in the Arctic wilds, Social Security private investments, health care and federal spending.

"I feel very good about tonight's vote, but the ultimate vote is in November and I will work every day between now and then to be successful," Cantwell said from Washington, D.C. "We will work very hard to get around to every corner of the state and talk about the issues that affect the voters of Washington."

She said the primary balloting showed a strong Democratic turnout, and chalked that up to voter unrest with President Bush and the national Republicans, including the "stay the course" policy on Iraq, efforts to privatize Social Security and high energy prices.

"I feel terrific!" McGavick said in an interview. "We're feeling very good about the race and now we go on to the main event. The way we have dominated our primary shows that the voters are seeking something new and fresh and we can offer it in this campaign.

"The contrast between our campaigns will be very clear."

McGavick said he'll continue to base his campaign on civility and hopes Democratic backers of the senator will stop trashing him. Cantwell dismissed the jab and said "I will talk about the issues."

Cantwell was far ahead of four intraparty challengers and McGavick swamped five GOP competitors.

Cantwell's closest Democratic competitor, anti-war activist and attorney Hong Tran, was far back at 4 percent. Michael Goodspaceguy Nelson, who promoted space exploration, and perennial candidates Mohammad Said and Mike The Mover trailed.

McGavick's closest challenger was Brad Klippert of the Tri-Cities at 7 percent. William Edward Chovil, Gordon Allen Pross, B. Barry Massoudi and Warren Hanson trailed.

Independent Robin Adair of Seattle, Green Party nominee Aaron Dixon of Seattle and the Libertarians' Bruce Guthrie of Bellingham were nominated at earlier conventions and will be on the November ballot.

The only two incumbent congressmen with primary challengers, Republican Doc Hastings in the 4th District and Democrat Jim McDermott in the 7th, easily won renomination.

Hastings, chairman of the much-criticized House Ethics Committee, defeated Benton County Commissioner Claude Oliver. Democrats nominated Tri-Cities businessman Richard Wright over challenger Lewis Picton.

McDermott, nicknamed "U.S. Rep. for Life" because of his safe urban Seattle district, had nearly 90 percent of the vote in a three-way Democratic race, dispatching newcomers Joshua Smith and Donovan Rivers.

Challengers had primaries in some of the other districts, but in the hottest race, in the 8th District, neither Republican Rep. Dave Reichert or Democratic foe Darcy Burner had intraparty competition.

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On the Net:

Cantwell: http://www.cantwell.com

DOJ_NMG_0066212

McGavick: http://www.mikemcgavick.com

Cantwell, McGavick Ready To Face Off (SEAPI)

By Neil Modie

Seattle Post-Intelligencer, September 20, 2006

Democratic Sen. Maria Cantwell and Mike McGavick, her Republican challenger, swatted away nine dark-horse opponents in Tuesday's primary, a mere breather in a general election campaign that has seven weeks to go.

The Senate primary held little suspense other than to show how many Democratic votes Hong Tran, a Seattle lawyer and peace candidate, would take from Cantwell.

The senator has angered some liberals for her vote authorizing the invasion of Iraq and her measured criticism of the conduct of the war.

As expected, Cantwell easily rolled over Tran, one of four Democrats and five Republicans who were eliminated from the race Tuesday. But the freshman senator and McGavick, the former chief executive of Safeco Corp., have been running general election campaigns all along, paying virtually no attention to their primary rivals.

McGavick, in an interview after addressing supporters at his Seattle headquarters Tuesday night, said voters "really want robust conversation" between the two candidates about three issues: the Iraq war as part of the fight against Islamic terrorism; the federal deficit, and saving Social Security.

Cantwell, in an interview, pointed to some of the same issues, saying the country has "gone from record surpluses to record deficits" under President Bush. As for Bush's plan to privatize Social Security, she said, "I just think that should be off the table."

McGavick, aware of the political volatility of privatization, said he, too, is opposed to Bush's plan but favors allowing younger workers the option of government-managed Social Security investment accounts.

Seeking to project a moderate image, McGavick has suggested there isn't much difference between his and Cantwell's views on the war. Cantwell, though, voted for a rejected Senate measure calling for a gradual withdrawal of U.S. troops from Iraq to begin this year. McGavick said he didn't like it.

The two have had plenty else to disagree about. Cantwell said she wants to pursue an energy independence strategy but led the successful Senate fight to block oil drilling in the Arctic National Wildlife Refuge. McGavick supports drilling. She voted to block a bill to cut estate taxes for the wealthy. He wants to repeal the tax.

McGavick has been in the ticklish position of criticizing the failure of the GOP-controlled Senate to pass meaningful legislation addressing border security, immigration, Social Security reform and health care costs.

Typical of an incumbent who feels she's ahead in the polls and a challenger looking for more exposure, Cantwell has agreed to only two debates -- one on each side of the state -- while McGavick has proposed nine. The McGavick campaign says it has accepted 15 invitations to forums or debates with the senator.

While Tuesday's election eliminated the Republican and Democratic also-rans from the Senate race, three other long-shot candidates will appear on the ballot in November. If the race is close, they potentially could cause problems for Cantwell and possibly McGavick by peeling away votes from one candidate or the other.

Aaron Dixon, the Green Party nominee and long-ago Black Panther leader, and Bruce Guthrie, a Libertarian, are running as peace candidates to Cantwell's left. Robin Adair, an independent, will also be on the November ballot.Conventional wisdom is that Libertarians usually take more votes from Republicans than Democrats. When Cantwell beat Republican Sen. Slade Gorton -- McGavick's former boss -- by 2,229 votes in 2000, the GOP blamed it on the 64,734 votes won by Libertarian Jeff Jared.

This time, however, with Guthrie waging an anti-war campaign, he as well as Dixon might draw liberals disenchanted with Cantwell.

On the other hand, some political analysts believe most voters know little about generally obscure third-party candidates beyond what party they represent. So the Libertarian might attract more voters who favor that party's philosophy of limited government and limited taxes than voters angry about the war.

McGavick, 48, a Seattle native, managed Gorton's successful 1988 Senate campaign and then was his chief of staff. McGavick became a Washington, D.C., lobbyist for the insurance industry and worked for a Chicago insurance company before returning to his hometown to take over Seattle-based Safeco.

Republicans Call For Ney To Resign (AP-Y)

By David Hammer

AP, September 19, 2006

A top House Republican on Tuesday called for Rep. Bob Ney to resign, days after the six-term GOP lawmaker agreed to plead guilty to federal corruption charges.

"He betrayed his constituents, he betrayed the body and there's no place for him in the Congress," said Rep. Deborah Pryce, the fourth-ranking Republican in the House.

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Last week, Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company.

The Ohio congressman had defiantly denied any wrongdoing for months, but he reversed course and agreed to plead guilty in court papers filed Friday. Prosecutors will recommend he serve 27 months in prison.

Ney, who is under treatment for alcohol dependency, was expected to formally plead guilty in court Oct. 13.

Mary Jo Kilroy, Pryce's Democratic opponent, has called for Ney to step down and give up his federal pension.

Another Republican facing a close re-election race, Steve Chabot of Cincinnati, said through a spokesman that any lawmaker responsible for criminal wrongdoing should step down. Ohio Republican Party Chairman Bob Bennett and Ohio state Sen. Joy Padgett, the Republican running to replace Ney in Congress, have already called for Ney's resignation.

But House Majority Leader John Boehner, R-Ohio, cautioned that Ney hasn't formally pleaded guilty and could change his mind before his scheduled court appearance. He has said repeatedly that resignation is a decision for Ney and his family to make.

"Until he has his day in court, I don't think it's up to me to comment what he should or shouldn't do."

Barry Bennett, chief of staff for Cincinnati-area Republican Rep. Jean Schmidt, took issue with Ney collecting a paycheck if he isn't actively representing his district.

"Short of expulsion, we can't make him leave, but meanwhile nobody is going to be voting for the constituents of the 18th district for the next two weeks and maybe not for two weeks in November and two weeks in December," Bennett said. "It's not right."

Ney's chief of staff, David Popp, and lawyer William Lawler could not be reached immediately for comment. Lawler said Friday that Ney was not ready to resign.

For Governors In G.O.P. Slots, A Liberal Turn (NYT)

By Jennifer Steinhauer

The New York Times, September 20, 2006

LOS ANGELES, Sept. 19 — Here are the things that Gov. Arnold Schwarzenegger will be bragging about on the campaign trail: an initiative to lower greenhouse gases with the onus on big companies, a $1 increase in the state's minimum wage and a program to open up access to prescription drugs.

Mr. Schwarzenegger, who six months ago fashioned himself a Republican reformer bent on hobbling entrenched Democratic institutions, is not just tolerating positions generally associated with liberal candidates. Rather, he is using them as the centerpiece of his re-election campaign, marking the first time in a generation that a Republican governor here has clung to the left during a re-election fight.

The strategy is not unique to Mr. Schwarzenegger's campaign. Across the nation's 36 races for governor, Republican candidates in states heavy with moderate or Democratic voters are playing up their liberal positions on issues including stem cell research, abortion and the environment, while remaining true to their party's platform on taxes and streamlining government.

In Massachusetts, Lt. Gov. Kerry Healey, who is seeking to fill the seat that will be vacated by Gov. Mitt Romney, has openly split with Mr. Romney on abortion rights and stem cell research; her views are shared by the Republican candidate for governor in Illinois, Judy Baar Topinka, who also supports civil unions for same-sex couples.

In Maryland, the Republican incumbent, Robert L. Ehrlich Jr., is pushing for increasing state aid for programs for the disabled and imposing tighter restrictions on coal-fired plants; the Republican governor of Hawaii, Linda Lingle, opposes the death penalty. In Connecticut, Gov. M. Jodi Rell also parts ways with the Republican Party on civil unions and financing for stem cell research.

Governing Republican and campaigning Democratic is not a new technique; George E. Pataki, the New York governor, has made a career winning elections as a Republican in a mostly Democratic state. But political experts say that the strategy is particularly pervasive this year, as Republicans seek to distance themselves from an unpopular president and to respond to what is widely recognized as polarization fatigue among many voters.

"The conservative side of Republican party has been so dominant in recent years that we haven't seen a lot of this phenomenon at work until this year," said Bruce E. Cain, the director of the Institute of Governmental Studies at the University of California, Berkeley.

Now, Mr. Cain said, the easiest way for Republicans to "stay competitive is to take deviations from the standard G.O.P. lines."

In many ways, the strategy reflects the dynamics of local contests, in which voters are willing to overlook the party affiliation of a candidate if they believe he stands with them on one or two important issues, or pushes through policies that are inherently nonpartisan and that will improve their daily lives.

"The ideology that binds Republican governors is getting things done for their constituents," said Philip A. Musser, the executive director of the Republican Governors Association. "From the broadest perspective, voters in these races go into the booth caring less if governor is pro life or pro choice and more about whether he is going to reduce their property taxes or make their life easier at the D.M.V."

Unlike other campaign seasons, when a popular president has been an asset to local politicians, many candidates this year are trying to distance themselves from President Bush, either by staking out ground in contrast to him or, as is the case with Mr. Schwarzenegger, treating the president like a communicable disease.

Democratic candidates across the country have responded by constantly reminding voters of their opponents' conservative leanings, wherever they exist, and trying to tie them as much as possible to the White House.

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In recent months, Mr. Schwarzenegger has gone out of his way to point out where he differs with the president — stem cell research and the role of large companies in creating heat-trapping gases like carbon dioxide — and to openly criticize the White House order to police the Mexican border with National Guard troops.

When Mr. Bush visited California last spring, the governor made sure they were scarcely seen together.

On the legislative front, after a humiliating defeat last year of his ballot initiatives designed to take power from nurses and teachers, Mr. Schwarzenegger leapt in the opposite direction this summer.

With the Legislature, he signed off on laws imposing the country's most stringent controls on carbon-dioxide emissions, raising the minimum wage $1 — after vetoing a similar measure twice before — and helping low-income Medicare beneficiaries to pay for prescriptions.

His campaign tour bus is painted green, along with the vaguely preservationist phrase "Protecting the California Dream," as his slogan.

His campaign manager, Steve Schmidt, suggested that this was business as usual for Mr. Schwarzenegger, who, he said, "doesn't rule out ideas just because they came from someone from another party.''

"In every poll across the country what voters say they yearn for is politicians in both parties to stop fighting,'' Mr. Schmidt said, "The one person in the country who is doing that is Governor Schwarzenegger."

The Democrat who wants to unseat the governor, Phil Angelides, has spent the better part of the last few months trying to remind voters that Mr. Schwarzenegger is a Republican through and through, who supported the war in Iraq, the president who ordered it and many right-of-center policies.

"Two months of pretending to be a Democrat doesn't make him a Democrat," said Amanda Crumley, the communications director for the Angelides campaign, with a certain amount of fury in her voice. "Just like he has done for the last three years, if he is re-elected, which he won't be, he will continue to govern like the Bush Republican that he is."

While Mr. Schwarzenegger's behavior may seem like pure survival tactics in the deep woods of one of the nation's bluest states, other recent Republican governors in California have sought to accentuate their conservative leanings.

Pete Wilson, who was governor for most of the 1990's, supported a ban barring state services for illegal immigrants, capitalizing on anger over illegal immigration to win re-election, and his predecessor, George Deukmejian, won the ardor of suburban voters by presenting himself as tough as nails on crime.

Each state race has its own quirks and circumstances, but the song remains the same in many of them. In the Republican primary in Illinois, Ms. Baar Topinka, the state treasurer, was criticized by opponents for her support of same-sex unions. She nonetheless prevailed in that race.

In some states, however, it is a matter of survival.

Mr. Ehrlich of Maryland has not had much success with his legislature, and he talks openly about his more liberal positions.

"He is a centrist Republican running in a state with heavy Democratic majority," said James G. Gimpel, a professor at the University of Maryland. "So the reality of re-election suggests that he has to do that. There aren't enough Republicans to elect him in this state even if they all turned out."

Ex-Clinton Official Wins Mass. Governor Primary (USAT)

By From Wire Reports

USA Today, September 20, 2006

BOSTON — A former Clinton administration official won the Democratic nomination for governor Tuesday in a state where the Republicans have held the top seat for nearly 16 years.

Deval Patrick, 50, who headed the Justice Department's civil rights division under President Clinton, will face Republican nominee Lt. Gov. Kerry Healy in November. If he wins, he would become the state's first black governor.

Meanwhile, in Washington state, Democratic Sen. Maria Cantwell faced opponents who charged that her vote for the Iraq war should disqualify her from nomination.

Patrick defeated venture capitalist Chris Gabrieli, 46, who spent more than $8 million of his own fortune on the campaign, and state Attorney General Tom Reilly. The candidates had sparred over the state's economy, education, and how to implement the state's ambitious new health care law. The law requires those who do not have health insurance to buy it from the state.

With most precincts reporting, Patrick had 48%, Gabrieli had 28% and Reilly had 23%.

"It has been not just my campaign, but yours, and it won't be just my victory, God willing, it will be yours," Patrick told a rally.

Reilly portrayed Patrick and Gabrieli as out-of-touch millionaires. He told a working-class crowd in Dorchester: "We're not rich and we're not poor, but we get up every day and we work hard. … We are the heart and soul of this state."

One of the most divisive issues was whether to cut the state's income-tax rate from 5.3% to 5%. Patrick opposes a cut; Reilly and Gabrieli supported it.

The three have also sparred on allowing the children of illegal immigrants to pay the same lower tuition rate at state colleges as other residents. Patrick and Reilly supported the proposal; Gabrieli opposed it.

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If Patrick wins in November he would be the second black elected governor in the country, after Douglas Wilder of Virginia in 1989. No Democrat has been elected governor here since Michael Dukakis in 1986.

Healey faced no opposition for the Republican gubernatorial nomination. Republican Gov. Mitt Romney decided not to run and is considering a run for president.

In Washington, Cantwell, like Connecticut Sen. Joe Lieberman, faced a revolt from Democrats who oppose the Iraq war. One candidate, lawyer Hong Tran, advocated a withdrawal of troops and likened Cantwell's stance on the war to Lieberman's. Cantwell distanced herself from her vote for the war, saying she might vote differently today.

Cantwell faced accusations that she helped arrange more than $11 million in federal money for projects benefiting a lobbyist friend. She has denied any wrongdoing.

The Republican front-runner, former insurance executive Mike McGavick, was facing little-known rivals.

Gray World (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, September 20, 2006

The United States and the rest of the developed world stand at a precipice. Over the next two decades, tens of millions of Americans, Europeans and Japanese -- members of the prosperous "baby boom" generation that was born following the Second World War -- will leave the labor force. Many are expecting a long and comfortable retirement by relying on government and private pension plans as well as tax-supported medical services.

But unless we can exploit the dramatic demographic and economic changes that are before us, our future will be much poorer. Instead of stepping into an easy retirement, many retirees will tumble into a future marked by bankrupt government social programs and declining asset values that will quickly deplete their cherished nest eggs.

This forecast is not based on an unpredictable future, but on events that have already transpired. Aside from immigration, we know almost exactly how many people over the next 20 years are going to reach the working age of 20 and the retirement age of 65. "Demography," as the great management sage Peter Drucker once remarked, "is the future that already happened."

Demography is Destiny: The latest data from the U.N. Demographic Commission, displayed in the accompanying chart, clearly show the aging of the developed world. In the U.S. in 1950 there were seven people of working age (20-65) for every retiree, and even today, there are almost five. But by 2030, when the last of the baby boom generation retires, that ratio will fall by nearly one-half, down below 3 to 1.

The aging of the population in Europe and Japan is even more extreme than in the U.S. In Japan by mid-century, the ratio of workers aged 20-65 to retirees will fall to just over one-for-one. At that time the most populated five-year age segment in Japan will be those aged 75-80. The same will be true in Italy, Spain, Greece and other European countries. The demands of the retirees from Europe and Japan will raise the prices of goods bought and sold in international markets, so there is no way the U.S., despite its younger population, can shield itself from the demands arising from the aging populations abroad.

The Bankruptcy of Government and Private Pension Systems: Although it is widely known that our Social Security and Medicare Programs are threatened by these demographic trends, there are many who believe that they have accumulated sufficient private wealth to fund their retirement.

But this may not be so. The same crisis that strikes the public pension programs can overwhelm private pensions as well. Since there will not be enough workers earning income, there will not be enough savings generated to purchase the assets the retirees must sell to finance their retirement.

The reasons why retirees cannot turn their savings into consumption is because wealth can only be transformed into goods and services if they are sold to those willing to defer their consumption. In a modern economy, wealth does not represent "stored consumption," such as a cache of acorns that squirrels bury to bide them through a long winter. You cannot consume your stock certificates, but must sell them to someone else who wants a chance to consume at a later date. If there is a shortage of these savers, this may cause a long and painful bear market in stocks, bonds and real estate that will leave retirees with insufficient assets to enjoy retirement.

There are some who maintain that so much wealth in stock is passed on through bequests that the lack of demand from future workers will not have much impact. But the heirs and foundations who are bequeathed these fortunes often spend their wealth far faster than did their wealthy benefactors, and this spending often requires the sale of substantial stock. Furthermore, the large volume of bank accounts, bonds and other fixed income securities that must be liquidated to finance the retirements of ordinary retirees could sharply raise interest rates and depress equity prices.

Reversal of a Century-long Trend: Depressed asset prices are just one reason why the long-standing trend to an earlier retirement will be halted dead in its tracks. When Social Security was passed in 1935, the average retirement age was 69. That age fell to 67 by 1950, and to 62 today. In 2003, for the first time, more Americans chose the reduced Social Security benefits at age 62 than the full benefit that starts at 65. Despite improving health, surveys indicate that the bulk of Americans and Europeans want to retire earlier, not later.

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Because of our aging population, I calculate that the average retirement age will have to rise by 10 years or more for workers to produce enough goods and services to provide for a comfortable retirement. This increase will greatly exceed the expected increase in life expectancy and lead -- for the first time in history -- to an absolute reduction in the number of years in retirement.

The Global Solution: There is no easy way out of this crisis. To be sure, rising productivity brings higher income, but it also brings higher benefits, since benefits are based on income. Immigration of high-income workers would ease the situation, but the numbers would need to be prodigious to keep the retirement age from rising.

But there is a solution that can help aging economies. The developing world has a much younger age profile than the developed world. This difference in age establishes an opportunity to make a trade: Goods produced by the younger developing world can be exchanged for assets of the older developed world. This trade is not new. The transfer of goods for assets has taken place throughout history, first between family members (parents giving to children in exchange for old-age support), and then extending to clans, communities and, finally, whole nations. Soon it can be done on a worldwide basis. The developing world has the capability of simultaneously providing us with goods and acquiring our assets, filling the gap left by our aging workers.

I call this the "global solution to the age wave" and it relies on huge global capital flows to be effective. My studies show the inflow of goods and services produced abroad in exchange for capital can have dramatic effects, reducing the projected retirement age in the U.S. from the mid-70s to the upper 60s. * * *

Why would the developing world wish to acquire our capital when their countries are expanding so rapidly? One of the first lessons one learns from studying international capital markets is that the best returns are rarely found in countries that are growing the fastest. Witness China's dismal returns despite being the fastest growing country in the last 20 years. Investors can often find better returns in slow-growing countries and industries

To that end, U.S. capital markets have many attractive attributes. Our country is still viewed as the fountainhead of innovation, discovery, invention and entertainment, and our institutions of higher education are second to none. Our capital markets are deep, and easy to access, and willing to provide capital to those who wish to innovate. Equally important is that many U.S. brand names have great appeal world-wide so the growth of consumer markets abroad holds high promise for many U.S. firms.

For these capital movements to occur, we must be far more receptive to international capital. Although there has already been a large number of cross-country mergers, there has also been increasing opposition, witness Cnooc's bid for Unocal and the Dubai Ports fiasco. But if we rebuff goods or capital originating abroad, our growth will decline since we will be forced to rely only on our own dwindling supply of savings.

We cannot escape from our demographic realities. But we can take actions that will lead to a much brighter outcome. The integration of the world's economies and capital markets is the key to our future well-being. If we shun this path, our future will in no way be as bright as our past.

Mr. Siegel is professor of finance at the Wharton School, at the University of Pennsylvania. (This concludes a two-part series on baby boomers. The first part1, by Michael Milken, ran yesterday.)

Presidents Spar Over Iran's Aims And U.S. Power (NYT)

By Jim Rutenberg And Helene Cooper

The New York Times, September 20, 2006

UNITED NATIONS, Sept. 19 — President Bush and President Mahmoud Ahmadinejad of Iran, separated by several hours and oceans of perspective, clashed at the United Nations on Tuesday over Iran's nuclear ambitions and each other's place in the world.

The two leaders bookended a long day of speeches at the opening of the General Assembly, but seemed to speak past each other as European and American diplomats continued the delicate work of setting terms for talks with Iran over its uranium enrichment program.

Speaking near the prime time of television viewing, Mr. Ahmadinejad, tieless in his trademark off-white sport jacket, accused the United States — while for the most part avoiding naming it directly — of hegemony and hypocrisy, and said it did not seem to have the political will or ability to halt violence in Iraq.

He said that his nation was pursuing only a peaceful nuclear program, and that it was the United States that was using its nuclear weapons to intimidate the world. He said repeatedly that the United Nations Security Council was too beholden to the United States to control it.

"Excellencies, the question needs to be asked, if the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?" Mr. Ahmadinejad said.

Speaking in the morning, Mr. Bush made a direct appeal to the Iranian people from the United Nations, telling them their leaders were misleading them about the United States' intentions while using their national treasury to sponsor terrorists and build nuclear weapons.

"You deserve an opportunity to determine your own future," Mr. Bush said during a roughly 20-minute address during the opening session of the General Assembly. "The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons."

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It was a rare moment of diplomatic theater between Mr. Bush and his leading Middle Eastern nemesis, a man whose nation is increasingly asserting itself in the region that lies at the heart of Mr. Bush's foreign policy, and whose nuclear program is a subject of deep concern to the American, European, Chinese and Russian officials trying to rein it in.

Mr. Ahmadinejad had kept a low profile throughout the day, lending a sense of anticipation and buildup to an address that placed him, at least for a night, on an equal platform with President Bush.

Mr. Ahmadinejad, who saw his speech last year as a defining moment on the world stage, has called the Holocaust a myth and regularly inveighs against Israel and Jews. His country is in violation of a United Nations deadline to halt its uranium enrichment program.

His repeated references to what he called a lack of "legitimacy" at the Security Council appeared to set the stage for Iran to argue that the Security Council has no authority to impose sanctions against Tehran.

He referred to the United States as "the occupiers" when speaking of Iraq, "the big powers" when referring to the Security Council and "masters and rulers of the entire world" when referring to what he said was an imbalance between world powers and other countries.

He criticized America for not calling for a cease-fire during the Israel-Hezbollah war in Lebanon this summer. "Apparently the Security Council can only be used to ensure the rights of the big powers," the Iranian president said. "When the oppressed" are targeted, he said, "the Security Council must remain aloof and not even call for a cease-fire."

Despite anticipation that Mr. Ahmadinejad and Mr. Bush would perhaps have a chance encounter inside the United Nations complex, Mr. Ahmadinejad was not in the building for Mr. Bush's address and did not attend a luncheon given by the secretary general, Kofi Annan.

Mr. Bush made his remarks hours before Mr. Ahmadinejad addressed the General Assembly himself, creating an expectation of a robust war of words by day's end.

In an address tailored for both international and domestic consumption, Mr. Bush reiterated his demand that Iran suspend its uranium enrichment but added, "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

It was unclear how many of Mr. Ahmadinejad's constituents were in a position to hear Mr. Bush's message, given tight state controls on media in Iran. Many residents have satellite dishes, but the government recently began a campaign to confiscate them; many also have access to the Persian-language broadcasts of Voice of America.

Mr. Bush also defended his foreign policy, exhorting the world leaders in attendance to join with him in his goal of transforming the Middle East by pushing for democracy there.

"From Beirut to Baghdad, people are making the choice for freedom," Mr. Bush said. "And the nations gathered in this chamber must make a choice, as well: will we support the moderates and reformers who are working for change across the Middle East, or will we yield the future to the terrorists and extremists?

Aides said the speech was in essence a capstone to the series of addresses Mr. Bush has given over the last two weeks intended to refocus the nation's attention on the threats of terrorism and the administration's efforts to fight it.

Speaking to what he called "the broader Middle East," Mr. Bush said, "Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false, and its purpose is to confuse you and justify acts of terror."

Mr. Bush also met with President Jacques Chirac of France, and they pledged to continue working together on Iran. Mr. Chirac played down comments he made Monday that were interpreted as a sharp break with Mr. Bush, when he indicated that talks with Iran could begin at the same time as the suspension of uranium enrichment, something the United States demands as a precondition for talks.

Still, in a sign of the uphill battle that is facing the United States as it tries to hold together its coalition seeking to curtail Iran's nuclear ambitions, there was little talk of sanctions. Senior Bush officials had initially predicted a breakthrough on a sanctions resolution this week.

Mr. Chirac did not utter the word sanctions during his speech to the General Assembly, repeatedly emphasizing the need for continued talk as Iran continues to resist calls to suspend its program.

United States officials said they were willing to agree to a compromise in which a drive for sanctions at the Security Council would end at the same time the Iranians would end their enrichment program. But a senior Bush official cautioned Tuesday that it is far from certain whether Iran would agree.

"We believe there's a debate going on within Iran," the official said, requesting anonymity because he was not authorized to speak publicly.

Iran's top nuclear negotiator, Ali Larijani, was supposed to arrive in New York for talks with the European Union's foreign policy chief, Javier Solana, on Sunday, and had still not arrived late Tuesday night.

In his remarks, Mr. Bush did not mention Mr. Ahmadinejad by name, directing his criticism at Iran's "leaders" in general. White House officials disputed any suggestion that Mr. Bush had avoided using the Iranian president's name so as not to inflame the situation.

At U.N., Iran President Defends Nuclear Activity (WSJ)

By Neil King Jr.

The Wall Street Journal, September 20, 2006

DOJ_NMG_0066218

UNITED NATIONS -- Iranian President Mahmoud Ahmadinejad defended his country's nuclear activities as "transparent, peaceful and under the watchful eye" of international inspectors, and blasted what he described as a U.S. stranglehold over the U.N. aimed at punishing Iran.

The Iranian leader's remarks before the U.N. General Assembly gave no sign that Tehran was ready to suspend its uranium-enrichment work or to join international talks on its nuclear program. Instead, in his second U.N. address since his election last year, he criticized an international system that he said gives all rights to "the great powers," who have turned the U.N. Security Council into a body "of threat and coercion."

His remarks came just hours after President Bush, in his address to the same body, sought to reach out to the Iranian people while demanding that Tehran "abandon its nuclear-weapons ambitions." Mr. Bush also backed off his long-held stance that Iran should be hit with sanctions over its nuclear program, expressing support for a European-led effort to engage Tehran in yet another round of talks.

Facing increased political attacks heading into midterm elections that could be a referendum on his war policies, Mr. Bush used his annual U.N. address to say that the U.S. would continue to champion democracy in the Muslim world instead of falling for the "mirage" of some perceived stability. His tone was far more muted and conciliatory than in previous U.N. addresses, though, including the 2002 speech in which he began to make the case for military action against Iraq.

Mr. Ahmadinejad's presence in New York this week illustrates how large he will loom over Mr. Bush's last years in office as the face-off with Iran becomes perhaps Washington's most vexing challenge.

After meeting in the morning with French President Jacques Chirac, Mr. Bush endorsed a European Union effort to coax the Iranians to the negotiating table, despite a July U.N. resolution that gave Tehran until Aug. 31 to suspend its uranium-enrichment work or face U.N. sanctions. If the Iranians continue to stall, Mr. Bush said that the major U.N. powers would "then discuss the consequences of their stalling. And one of those consequences, of course, would be some kind of sanction program."

The Bush administration now appears to be scrambling to salvage some form of pressure on Iran as Russia, China, France and other key countries back away from any strong threat of international economic sanctions.

With the opening of the annual U.N. General Assembly, the president and Secretary of State Condoleezza Rice are wrestling with a number of other pressing concerns, including the rising violence in the Darfur region of Sudan and the need to bolster the international force in Lebanon. Mr. Bush's speech forms part of a dual strategy to muster international support for the diplomatic face-off with Iran and other challenges while trying to beat back critics at home who argue that the Iraq war has made the U.S. less secure.

Mr. Bush said he was speaking directly to the people of the Middle East when he cautioned that "extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam." Instead, he insisted that the U.S. "desires peace," but will also "protect our people from those who pervert Islam to sow death and destruction."

Mr. Bush shot back at critics who claim that democratic changes in the Middle East are destabilizing the region. "This argument rests on a false assumption, that the Middle East was stable to begin with," he said. "The reality is that the stability we thought we saw in the Middle East was a mirage ... and a breeding ground for extremism."

With the elections seven weeks away, his remarks drew unusual fire from Democratic leaders. Sen. Joseph Biden of Delaware, the senior Democrat on the Senate Foreign Relations Committee, said Mr. Bush had "no strategy for success in Iraq" and was on the verge there "of trading a dictator for chaos."

Iran Blames US For 'global Injustice' (FT)

By Guy Dinmore, Mark Turner And Najmeh Bozorgmehr

Financial Times, September 20, 2006

Mahmoud Ahmadi-Nejad, Iran's president, on Tuesday night took his diplomatic battle with the US right to the heart of the United Nations, challenging the legitimacy of the Security Council where some of its veto-wielding members – namely the US and UK – "commit aggression, occupation and violation of international law".

In a speech to the annual UN General Assembly, the Iranian president accused the West of exploiting the Council for its own ends, including the recent conflict in Lebanon and the invasion of Iraq.

He called on the General Assembly to "rescue" the Security Council, proposing that the Non-Aligned Movement, the Organisation of the Islamic Conference and Africa each appoint a veto-wielding member to the 15-nation group.

Addressing the chamber, that included the empty seats of the US and Israeli delegations, Mr Ahmadi-Nejad questioned the right of the UN to impose sanctions on Iran over its "transparent, peaceful" nuclear programme when the nuclear powers "proudly announce their production of second and third generation weapons".

"The abuse of the Security Council, as an instrument of threat and coercion, is indeed a source of grave concern," he said. However, he made no reference to the ongoing attempts to restart nuclear talks with the European powers and reiterated Iran's commitment to the Nuclear non-Proliferation Treaty, an indication that Iran is not about to follow the example of North Korea and abandon international co-operation.

Earlier, George W. Bush agreed in talks with France's Jacques Chirac to put on hold a push for UN sanctions against Iran in order to give the Europeans more time to persuade Iran to suspend uranium enrichment and resume negotiations over its nuclear programme.

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Mr Bush set out a series of events that could lead to the US joining high level negotiations with Iran for the first time since the 1979 Islamic revolution. He said the EU3 of France, Germany and the UK would continue to talk to the Iranians so they would verifiably suspend their uranium enrichment programme and then the US "will come to the table".

The US had come to the General Assembly with the intention of pressing ahead with a sanctions resolution. Iran was to have been punished for defying a UN resolution demanding that it halt its controversial uranium enrichment programme by August 31.

Diplomats said the US made the limited concession out of recognition that there was a possibility Iran would agree to suspend its work while negotiations over its whole nuclear programme took place. China and Russia were also resisting US efforts to isolate Iran.

Mr Bush indicated he was not prepared to let Iran "stall" for much longer before the US went ahead with its proposals for graduated sanctions. "Time is of the essence," Mr Bush said.

In Washington, a senior US official indicated Iran had another week. Diplomats suggested the process might take longer.

In U.N. Speech, Bush Softens Tone On Iran (WP)

By Michael Abramowitz And Colum Lynch

The Washington Post, September 20, 2006

UNITED NATIONS, Sept. 19 -- President Bush sought to assure the Iranian people that he wants a diplomatic solution to the impasse over their country's nuclear activities but warned that their leaders are obstructing progress by funding terrorism and pursuing nuclear weapons.

Striking a more conciliatory tone than in previous addresses on the subject, Bush said Tuesday that the United States has no objections to Iran achieving a "truly peaceful nuclear power program" and told the Iranians that he looks forward "to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

The comments on Iran were only a small part of the president's 20-minute address to the U.N. General Assembly, which was devoted to urging the world to support the forces of moderation and reform in the greater Middle East. Bush said he wanted to speak directly to people in the region, assuring Iraqis, Lebanese and Afghans of continued U.S. support for their efforts to build new democracies while telling Syrians that their government's support of Hamas and Hezbollah is "turning your country into a tool of Iran."

Bush also urged the United Nations to act quickly to deploy a robust peacekeeping force to the war-ravaged Darfur region of Sudan, apparently over the objections of the Sudanese government. Speaking to the people of Darfur, he said, "Your lives and the credibility of the United Nations is at stake."

But the dispute over Iran's nuclear program assumed center stage at the opening of the annual General Assembly session, which drew dozens of heads of state and foreign ministers and once again snarled Midtown Manhattan in traffic jams and widespread security precautions. On the sidelines of the session, Bush and U.S. diplomats continued to try to shore up support for new sanctions on Iran for its refusal to abide by a Security Council resolution insisting it halt uranium enrichment, a possible step toward building nuclear weapons.

Iranian President Mahmoud Ahmadinejad addressed the General Assembly several hours after Bush, and he accused the United States of rigging the United Nations to advance its own military and economic dominance and to oppress its weaker adversaries.

In his second such address to the world body, the Iranian leader charged that U.S. policies throughout the Middle East, including its support for Israel and the occupation of Iraq, have furthered human suffering in the region. He said the U.S. nuclear program poses a greater threat to international peace and security than Iran's program does.

Ahmadinejad dismissed assertions by Bush that Iran is seeking nuclear weapons. "All our nuclear activities are transparent, peaceful and under the watchful eyes of IAEA inspectors," he said, referring to the International Atomic Energy Agency.

There had been considerable speculation at the United Nations about the possibility of a chance meeting between Bush and Ahmadinejad, but there were no encounters. The Iranian president did not appear in the General Assembly hall when Bush spoke, and he declined an invitation to appear at U.N. Secretary General Kofi Annan's annual luncheon of world leaders, which Bush attended. Diplomats said the Iranian leader does not appear at events at which alcohol is served.

For Bush, Tuesday's remarks seemed a different kind of exercise than his recent speeches on terrorism and Islamic radicalism in the Middle East. While he has used previous speeches to paint an alarming portrait of Iran -- he called it a "grave threat" to the world just two weeks ago in Salt Lake City -- on Tuesday he emphasized painting a more benign picture of U.S. intentions. Whether the effort will succeed is uncertain, given the long history of bitter feelings in Iran over past American interference in Iranian affairs, including the overthrow of an elected prime minister in 1953.

To the people of Iran, Bush said in his speech, "the United States respects you; we respect your country. We admire your rich history, your vibrant culture and your many contributions to civilization. You deserve an opportunity to determine your own future."

He added: "The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons."

Speaking generally to people across the Middle East, Bush sought to combat what he described as "propaganda" being spread by extremists "claiming that the West is engaged in a war against Islam. This propaganda is false, and its purpose is to confuse you and justify acts of terror. We respect Islam, but we will protect our people from those who pervert Islam to sow death and destruction."

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Bush's address drew polite applause from the hundreds of officials gathered in the cavernous General Assembly hall, though there was clearly unease with U.S. policies. In Annan's address, his last before the opening of a General Assembly session, he took a swipe at the Bush administration's counterterrorism strategy, saying that the "necessary and legitimate struggle" against terrorism has been used as a "pretext to abridge and abrogate fundamental human rights, thereby ceding more moral ground to the terrorists and helping them find recruits."

Outside of the speech, a key focus of U.S. activity at the U.N. session is the continuing two-track effort to bring Iran into negotiations over its nuclear activities while securing sanctions if it does not suspend enrichment of uranium. Iran says it is pursuing nuclear activities only to develop new sources of energy, while Bush said flatly Tuesday that Tehran is seeking a nuclear weapon.

U.S. diplomatic efforts were thrown into some disarray Monday when French President Jacques Chirac said in a radio interview that he did not like the idea of sanctions and that talks might begin before Iran halts uranium enrichment -- an apparent reversal of the original U.S.-European position.

But on Tuesday, emerging from a meeting at the Waldorf-Astoria Hotel, Bush and Chirac insisted that there is no daylight between the two countries on how to proceed.

Bush told reporters after meeting with Chirac that European powers are continuing to try to bring Iran to the negotiating table, and that if Iran agrees to suspend uranium enrichment, the United States will join those talks. "Time is of the essence," Bush said. "Should they continue to stall, we will then discuss the consequences."

At his news conference with Bush, Chirac said he sees "eye to eye" with Bush on how to deal with Iran. But a few hours later, at his own press conference, the French president seemed to muddy the waters again by describing a different timetable. He said that the United States, European leaders, Russia and China should agree quickly on an agenda for talks, and that as a "goodwill gesture" the drive for sanctions would then be put on hold, and Iranians would suspend enrichment.

One senior administration official, who was not authorized to speak publicly about the discussions, said the discrepancies are "differences in emphasis, not differences in substance. That's a big difference and could [prove] useful in pursuing a diplomatic solution."

Bush Pushes Democracy In U.N. Speech (AP-Y)

By Deb Riechmann

AP, September 20, 2006

President Bush sought to blunt anti-Americanism across the Middle East on Tuesday, asserting that extremists are trying to justify their violence by falsely claiming the U.S. is waging war on Islam. He singled out Iran and Syria as sponsors of terrorism.

Bush, in an address to world leaders at the U.N. General Assembly, tried to advance his campaign for democracy in the Middle East against a backdrop of turmoil in Iraq, Afghanistan and other nations that have embraced the very changes he seeks for the region.

Solidly aligned with Israel, the United States is viewed with anger and suspicion by Muslims across the Middle East.

Addressing that hostility, Bush said, "My country desires peace. Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false and its purpose is to confuse you and justify acts of terror. We respect Islam."

Hours after Bush spoke, Iranian President Mahmoud Ahmadinejad told the General Assembly that the U.S. and Britain were abusing the U.N. Security Council to achieve their own ends. He described Iran's disputed nuclear activities as "transparent, peaceful and under the watchful eye" of U.N. inspectors.

Ahmadinejad was also critical of the U.S.-led war in Iraq, declaring that "the occupiers are incapable of establishing security in Iraq" and that every day hundreds of people are killed "in cold blood."

Bush's address earlier in the day was the latest in a series of speeches on the war on terror, linked to last week's fifth anniversary of the Sept. 11 attacks and aimed at setting the tone for the final weeks of U.S. elections that will determine control of Congress.

Bush said past stability in the Middle East has been achieved at the expense of freedom, and he disputed critics who claim his push for democracy has destabilized the region.

"The reality is that the stability we thought we saw in the Middle East was a mirage," Bush told the more than 80 prime ministers and presidents assembled in the cavernous hall of the U.N. headquarters.

"For decades, millions of men and women in the region have been trapped in oppression and hopelessness. And these conditions left a generation disillusioned and made this region a breeding ground for extremism."

While praising Bush's freedom refrain, Madeleine Albright, secretary of state under President Clinton, said in an interview that the U.S.-led war in Iraq, not democratic reform, has destabilized the Middle East.

Albright said the Bush administration has not carried out its democratic initiative with uniformity. It denounces autocratic nations that are unfriendly toward the United States, then casts a blind eye to autocratic nations that are allies, she said. She mentioned Kazakhstan, whose leader will be honored at the White House Sept. 29, and Egypt.

On the sidelines of the meeting, Bush firmly denounced Iran for defying U.N. Security Council demands to freeze its uranium enrichment work and engage in talks to resolve the standoff over its nuclear weapons ambitions.

"Should they continue to stall, we will then discuss the consequences of their stalling," Bush said in an apparent reference to possible U.N. sanctions.

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In his speech, Bush spoke directly to the people of Iran, not the government of Ahmadinejad, who did not attend the address. Bush said America respects Islam, the Iranian nation's rich history and culture and that he looks to a day when the two peoples "can be good friends and close partners in the cause of peace." That's very different from 2002 when Bush said Iran was part of an "axis of evil."

Bush made spreading democracy across the Middle East a cornerstone of his foreign policy after the Sept. 11, 2001, attacks. "When people have a voice in their future, they are less likely to blow themselves up in suicide attacks," he said Tuesday.

He recited a list of nations where he said the seeds of democracy are taking root:

_The United Arab Emirates recently announced that half the seats in its Federal National Council will be chosen through elections.

_For the first time, women have been allowed to vote and run for office in Kuwait.

_Citizens have voted in municipal elections in Saudi Arabia, in parliamentary elections in Jordan and Bahrain, and in multiparty presidential elections in Yemen and Egypt.

Bush praised Lebanon for driving out Syria — a nation the president said is a "crossroad for terrorism." Lebanon's fragile, democratic government, however, has proved too weak, so far, to check the Islamic militant group Hezbollah, which attacked neighboring Israel with rockets.

He championed the toppling of former Iraqi leader Saddam Hussein and the new democratic government in Baghdad. Yet democracy there is being threatened by bloody sectarian violence in the four-year-old war that is becoming increasingly unpopular at the U.S. as well as abroad. About a dozen demonstrators outside the United Nations chanted "Bush is a criminal. No war on Iraq," but inside the world leaders gave Bush a polite reception.

Bush also trumpeted democratic change in Afghanistan. But five years after the U.S.-led invasion ousted the Taliban from political power, the militant Islamic group is proving a resilient enemy for NATO forces in the south, and Afghan President Hamid Karzai has little control outside Kabul.

In some cases, democratic change in the Middle East has not seemed to be in the U.S. interest.

In free elections in March, the Palestinian people voted the Islamic militant group Hamas into power. The United States lists Hamas as a terrorist group, and has been working to support Mahmoud Abbas, the moderate Palestinian president who meets with Bush on Wednesday.

At U.N., Bush Urges Reform In Middle East (LAT)

By Maggie Farley And Peter Wallsten

The Los Angeles Times, September 20, 2006

UNITED NATIONS — President Bush on Tuesday called for Muslims and other residents of the Middle East to reject extremism and empower "voices of moderation," offering the latest defense of his "freedom agenda" that has rankled allies abroad and drawn criticism from Democrats at home.

In a speech at the opening of the annual U.N. General Assembly debate, Bush singled out Iran, Syria and militant groups such as Hezbollah and Hamas as obstacles to reform and supporters of terrorism, stating again that Iran must not be allowed to pursue nuclear weapons.

Bush addressed a crowd left skeptical by the U.S.-led invasion of Iraq, launched without U.N. endorsement, and Washington's hard line on Iran. Brazil's President Luiz Inacio Lula da Silva told the assembled diplomats that "billions and billions" of dollars spent in Iraq could have been used to lessen hunger and poverty around the world.

U.N. Secretary-General Kofi Annan criticized Bush's policies for fighting terrorism, particularly his administration's controversial practices of secret detention and transferring prisoners to other countries for interrogation, which the White House refers to as "extraordinary rendition."

Without naming the United States, Annan condemned the way the fight against terrorism was "used as a pretext to abridge or abrogate fundamental human rights, thereby ceding moral ground to the terrorists and helping them find new recruits."

Iran's President Mahmoud Ahmadinejad, in a speech Tuesday evening, fiercely denounced the U.S. and Israel, accusing both nations of using the Security Council as an instrument of "oppression."

Neither Bush nor Ahmadinejad was present for the other's speech. Ahmadinejad condemned the U.S. for acting as "judge, jury and executioner" on Iran's nuclear program, which he defended as "transparent, peaceful and under the watchful eyes" of U.N. inspectors.

The General Assembly debate also touched on another troubled part of the world, the Darfur region of western Sudan.

Sudanese President Omar Hassan Ahmed Bashir confounded hopes for a breakthrough on Darfur, repeating his objections to allowing U.N. peacekeepers to protect civilians there.

In a rare international news conference, Bashir accused aid groups of hyping the crisis as a ruse to raise funds, and blamed "Zionist Jewish organizations" for orchestrating recent demonstrations in the United States that called for peacekeepers.

The U.N. and aid groups have estimated that nearly 200,000 people have been killed in Darfur. The Security Council will vote Thursday on whether to expand a U.N. peacekeeping operation to allow it to operate in Darfur.

Bashir rejected the idea, but said that he would accept more African Union forces to join the 7,000 overextended troops in the region.

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Bush's speech focused heavily on the Middle East, and in contrast with some of his more hawkish appearances here, such as his promise to "disarm" then-Iraqi President Saddam Hussein with or without support from the U.N., Tuesday's address accentuated diplomacy.

He pledged to make a two-state solution to the Israeli-Palestinian dispute "one of the great objectives of my presidency," and appealed to the people of Iran, Syria, Iraq and Lebanon to reject anti-U.S. "propaganda" that he said was designed to mislead them about his intentions.

"Freedom, by its nature, cannot be imposed; it must be chosen," Bush said. "From Beirut to Baghdad, people are making the choice for freedom. And the nations gathered in this chamber must make a choice, as well: Will we support the moderates and reformers who are working for change across the Middle East, or will we yield the future to the terrorists and extremists?

"America has made its choice. We will stand with the moderates and reformers."

Bush's 20-minute address came at a time of strain between the United States and its allies over several tenets of his foreign policy.

He told Iranians that, "despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

Bush also singled out Syria, calling it a "crossroad for terrorism," and said that the Damascus government's alliances with Hamas and Hezbollah were turning it into a "tool of Iran."

The president's address was one of his broadest foreign policy speeches since his second inauguration last year. But unlike that address, when he spoke of spreading democracy, Bush's words and tone Tuesday reflected the trouble he had faced enacting his agenda.

Acknowledging that change can be slow, Bush held up the new Hamas-led government in the Palestinian territories as a test for whether democracy would prevail over extremism.

"The leaders of Hamas campaigned on a platform of ending corruption and improving the lives of the Palestinian people, and they prevailed," he said. "The world is waiting to see whether the Hamas government will follow through on its promises, or pursue an extremist agenda."

Annan also focused on the Middle East in his final address to the assembly, and said that solving the long-standing discord between Israelis and Palestinians is the key to stability in the region and to credibility for the U.N.

"As long as the Security Council is unable to end this conflict, so long will respect for the United Nations continue to decline," he said.

Annan's speech had a tone of melancholy, as he lamented that during his 10-year tenure, he had watched the world grow more globalized, yet more divided. He expressed concern that the spreading conflicts threatened the ability of U.N. member states to work collectively to solve disputes.

"The events of the last 10 years have sharpened, not resolved, the key conflicts dividing the world," he said. "The only answer to this divided world is a truly United Nations."

Throughout the day, presidents and prime ministers brought their grievances and hopes to the world stage, and held tightly timed private meetings in luxury hotel suites. Many criticized Security Council paralysis on Iran, Sudan and the Middle East, but also acknowledged that the U.N. was at times the only institution that could address such problems.

Jan Egeland, the U.N.'s humanitarian chief, lauded Bush's speech and said he hoped it would spur progress on "stalled" issues such as the Middle East peace process and the crisis in Darfur. "It shows the United States really wants the U.N. to succeed and understands how vital the U.N. is," he said.

The assembled world leaders also discussed Tuesday's military coup in Thailand, and the sudden absence of the Thai prime minister, Thaksin Shinawatra. Thaksin canceled his speech, declared a state of emergency in his country and retreated to his hotel to plan a swift departure.

Iran's Ahmadinejad, who skipped the General Assembly luncheon because alcohol was served, which conflicted with his religious beliefs, spent the afternoon giving a television interview to NBC.

At the lunch of beef tournedos and potatoes, worries about the world's problems and conflicts were temporarily suspended as Bush and Annan traded toasts.

Noting that Annan would soon retire, Bush offered a tribute to his compassion and hard work.

"We need to raise our glasses to 10 years of extraordinary service and be thankful that a man such as Kofi Annan was willing to stand up and serve the cause of justice and peace," Bush said.

At U.N., Bush Tells Iranians They Deserve Better (USAT)

By David Jackson And Barbara Slavin

USA Today, September 20, 2006

UNITED NATIONS — Iranian President Mahmoud Ahmadinejad delivered a defiant speech Tuesday night before the United Nations, saying his country's nuclear program is “transparent, peaceful and under the watchful eye” of international inspectors.

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His speech came hours after President Bush addressed the General Assembly, saying Iran's government has denied its people freedom.

Bush urged people across the Middle East to ignore “extremists in your midst” as he assured them the United States is not at war with Islam. “This propaganda is false, and its purpose is to confuse you and justify acts of terror,” Bush said.

The United States and Iran are locked in a diplomatic battle over Iran's nuclear program. Iran says the program is peaceful. The United States says Iran is pursuing a bomb.

The United States is pushing the U.N. Security Council to impose sanctions on Iran after Tehran refused to suspend its uranium enrichment program.

The two leaders avoided running into each other during U.N. meetings Tuesday and offered no conciliatory gestures in their speeches, sticking closely to their public positions.

Ahmadinejad lashed out at the United States and Israel, accusing the Bush administration of trying to dominate the world and calling the creation of Israel “a great tragedy with hardly a precedent in history.”

Ahmadinejad accused Britain and the United States of distorting the international system through their power to veto resolutions in the U.N. Security Council. He also accused the United States and Britain of acting as “prosecutor, judge and executioner” of nations with which they have differences and said the U.N. system should be changed to give greater influence to the developing world.

The General Assembly, packed for Bush's speech earlier in the day, was half empty when the Iranian addressed the chamber shortly after 7:30 p.m.

In his speech, the U.S. president told Iranians they deserved better than the theocratic government that has ruled them since a 1979 revolution overthrew the U.S.-backed shah.

“The greatest obstacle … is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons,” he said.

Bush spoke broadly of efforts to spread democracy in the Middle East. Speaking directly to citizens of individual countries, Bush outlined his hopes for peace and praised democratic efforts in places such as Iraq.

He criticized Syria as becoming “a crossroad for terrorism,” noting the country's alliances with Hamas and Hezbollah militants. The president warned the people of Syria that “your government is turning your country into a tool of Iran.”

Bush applauded new democracies in Afghanistan and Iraq. He also cited elections held or planned in Algeria, the United Arab Emirates, Kuwait, Saudi Arabia, Jordan, Bahrain, Yemen and Egypt.

Bush also told the assembly that he is sending Andrew Natsios, a former director of the U.S. Agency for International Development, as his envoy to the war-torn Darfur region of Sudan.

Outside the United Nations, several hundred people demonstrated hours before Ahmadinejad spoke. Some held placards saying, “No to terrorist Ahmadinejad.”

Earlier Tuesday, thousands of Iraq war protesters marched to the United Nations, chanting and waving anti-Bush signs.

Bush, Iranian Leader Engage In War Of Words (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, September 20, 2006

UNITED NATIONS - President Bush and Iranian President Mahmoud Ahmadinejad engaged in a unabashed war of words here Tuesday, each pointing to the other as the prime cause of instability in the Middle East and beyond.

Bush, addressing the opening session of the U.N. General Assembly, sought to assure the Muslim world that the United States isn't waging a war on Islam. But he singled out Iran and its proxies as standing in the way of the spread of democracy across the Middle East.

Bush restated his demand that Iran abandon its suspected drive for nuclear weapons. Striving to speak directly to the Iranian people, he said the Tehran government is stifling the country's "tremendous potential."

"The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons," Bush said. "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

Eight hours later, Ahmadinejad stood before the same podium in the General Assembly hall and denounced the United States - without naming it - for occupying Iraq, backing Israel and using democracy as a pretext for trying to dominate the globe.

The controversial Iranian leader, who has previously questioned the Holocaust and called for Israel's elimination, seemed to reject demands that Iran halt enrichment of uranium, which Tehran insists is for civil power generation.

"All our nuclear activities are transparent, peaceful and under the watchful eyes of the IAEA inspectors," he said, referring to the International Atomic Energy Agency. "Why then are there objections to our legally recognized rights?"

The tough talk underscored the growing tension between the United States and an increasingly confident Iran, which appears to be expanding its sway across the Persian Gulf.

Bush and Ahmadinejad didn't meet Tuesday; Bush turned down an offer from the Iranian leader for a debate. In a sign of disdain, the United States left only a junior official in the U.S. seat in the General Assembly hall while Ahmadinejad spoke.

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Bush's comments on Iran, while tough, were more restrained than in recent weeks. Last month he called Iran a "grave threat" in a speech to the American Legion. That helped fuel speculation that some sort of U.S. military action against Iran might be coming.

But while the president spoke publicly in softer tones, he and other administration officials continued to work behind the scenes to forge consensus among U.S. allies for eventual sanctions against Tehran.

Secretary of State Condoleezza Rice met with counterparts from Europe, Russia and China over dinner Tuesday evening to chart strategy.

Earlier, Bush met with French President Jacques Chirac and the two leaders appeared in sync on how to handle Iran, one day after Chirac appeared to suggest that negotiations with Iran should begin even before Tehran suspends enriching uranium that could be used for nuclear weapons.

Bush said that three European Union nations - Britain, France and Germany - would continue talks with Iran aimed at getting Iran to verifiably suspend its uranium enrichment. Once Iran does that, Washington would join negotiations. If Iran fails to suspend, then the Western powers would "discuss the consequences ... and one of the consequences, of course, would be some kind of sanction program," Bush said.

A French diplomat, speaking on condition of anonymity to describe the leaders' private talk, said Chirac had reaffirmed that while preparatory talks with Iran can take place now, no real negotiations can start until Iran halts enrichment.

"Let me take this opportunity once again to say that the present views of the United States and I again see eye to eye on this one," Chirac said. "I totally agree with President Bush. We both are determined to push forward on this one, to move ahead in a constructive manner."

Ahmadinejad, who in his speech appeared to again question Israel's right to exist, has been the subject of ridicule and the butt of jokes this week in New York's tabloid press and on Capitol Hill. Sen. George Voinovich, R-Ohio, compared him on Tuesday to Adolf Hitler and poked fun at his name.

"Ahmadinejad - I call him Ahmad-in-a-head - I think he's a Hitler type of person," Voinovich said during a Senate Foreign Relations Committee hearing. "He's made it clear that he wants to destroy Israel. He has made it clear that he doesn't believe in the Holocaust. He's a, he's a ... we all know what he is."

Bush didn't mention Ahmadinejad specifically in his speech. Instead, he denounced the Tehran government and leaders of other governments and terrorist groups that are hampering the White House's push to expand democracy in the region.

He blasted Hezbollah for launching "unprovoked attacks on Israel," lashed out at Hamas for "working to destabilize the region," and accused Syria's government of turning Syria "into a tool of Iran."

However, Bush went to great lengths to stress that his disagreements aren't with the people of the Middle East.

"My country desires peace," Bush said. "Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam. This propaganda is false and its purpose is to confuse you and justify acts or terror. We respect Islam."

Bush's speech was a rare attempt to reach out directly to foreign audiences, according to Jon Alterman, head of the Middle East programs at the Center for Strategic and International Studies, a center-right think tank in Washington.

But Alterman said the speech might not be effective.

"What the world is waiting for is a sense of humility and an acknowledgement of lessons learned," he said, referring to the invasion of Iraq and other perceived U.S. missteps in the region.

Some experts on the region said Bush's speech was more for domestic consumption than a foreign audience.

"This speech is intended to raise the prospects for Republican candidates for the fall," said Stephen Schlesinger, director of World Policy Institute at the New School in New York. "It's an attempt to shape public opinion."

Democratic National Committee Chairman Howard Dean dismissed Bush's speech as election-year campaigning.

"Today we heard more of the same rhetoric from a desperate President Bush who is worried more about his party's political prospects this November than about how to protect and fight and win the real war on terror," Dean said in a written statement.

Iran Leader Says U.S. Abusing U.N. Power (AP)

By Scheherezade Faramarzi

AP, September 20, 2006

Iranian President Mahmoud Ahmadinejad took aim at U.S. policies in Iraq and Lebanon on Tuesday, and accused Washington of abusing its power in the U.N. Security Council to punish others while protecting its own interests and allies.

He addressed the annual U.N. General Assembly hours after President Bush spoke to the same forum. But while Ahmadinejad harshly criticized the United States, Bush directed his remarks to the Iranian people in a clear insult to the hard-line government.

In his speech, Bush pointed to the Iranian government's rejection of a Security Council demand to stop enriching uranium by Aug. 31 or face sanctions.

"The greatest obstacle to this future is that your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism and fuel extremism and pursue nuclear weapons," the U.S. leader said.

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"Iran must abandon its nuclear weapons ambitions," he said. "Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program."

He also said he hoped to see "the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

Ahmadinejad insisted that his nation's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog. He also reiterated his nation's commitment to the Nuclear Nonproliferation Treaty.

Earlier this month, Ahmadinejad proposed a debate with Bush at the General Assembly's ministerial meeting after the White House dismissed a previous TV debate proposal as a "diversion" from serious concerns over Iran's nuclear program.

But even though the two leaders were addressing the same forum, they skipped each other's speeches and managed to avoid direct contact during the ministerial meeting.

Ahmadinejad also accused the United States and Britain of using their veto power on the Security Council to further their own interests and he said it had become an "instrument of threat and coercion."

"If they have differences with a nation or state, they drag it to the Security Council," and assign themselves the roles of "prosecutor, judge and executioner," Ahmadinejad said. "Is this a just order?"

The U.S. and Britain played central roles in helping craft a U.N. Security Council resolution passed in July that gave Iran until Aug. 31 to suspend uranium enrichment and asked the IAEA to report on Tehran's compliance, dangling the threat of sanctions if Iran refused. Tehran made clear even before the deadline expired that it had no intention of suspending uranium enrichment.

The IAEA last week rejected a recent American report on Iran's nuclear capability, saying the Islamic republic has produced material only in small quantities that is far below the level that can be used in nuclear arms.

Ahmadinejad also criticized the Security Council for failing to call for an immediate cease-fire after war broke out between Israel and the Islamic militant group Hezbollah in Lebanon. A truce was only reached on Aug. 14 to end the 34-day conflict.

"The Security Council sat idly by for so many days, witnessing the cruel scenes of atrocities against the Lebanese ... Why?" asked Ahmadinejad, whose government is one of Hezbollah's main backers.

He said the answer is self-evident: "When the power behind the hostilities is itself a permanent member of the Security Council, how then can this council fulfill its responsibilities."

The United States and Britain refused to call for a cease-fire during the monthlong war between Israel and Hezbollah, declaring it part of war on terror. Only after Israel's failure to defeat Hezbollah and the deaths of nearly 1,000 Lebanese civilians did Washington and London agree to push for a truce by the U.N. Security Council.

The Iranian leader had harsh words about U.S. efforts in Iraq, saying "the occupiers are incapable of establishing security in Iraq" and every day hundreds of people get killed "in cold blood."

Ahmadinejad claimed that numerous terrorists apprehended by the Iraqi government were "let loose under various pretexts by the occupiers."

Domestically, Ahmadinejad, who doesn't enjoy widespread popularity among his people, has been able to use America's uncompromising stand against Iran's nuclear program to his own benefit. Many Iranians, including those who are against the president's domestic policies, support him in his showdown with the United States on the nuclear issue.

In an interview with "NBC Nightly News," Ahmadinejad was asked about Bush's appeal to the Iranian people.

"We have the same desire ... to be together for the cause of world peace," he said through a translator.

"We think that the American people are like our people. They're good people, they support peace, equality and brotherhood," he said.

He said his issue was with the U.S. administration.

"I explicitly say that I am against the policies chosen by the U.S. government to run the world because these policies are moving the world toward war," he said.

Bush Says U.S. Will Keep Pressing Spread Of Democracy (Update7) (BLOOM)

By Brendan Murray And Roger Runningen

Bloomberg, September 20, 2006

By Brendan Murray and Roger Runningen

Sept. 19 (Bloomberg) -- President George W. Bush told world leaders the U.S. won't leave Iraq until the country's transformation to a peaceful democracy is complete and pledged to give diplomacy a chance to resolve a dispute with Iran over its nuclear development program.

In an address to the United Nations General Assembly in New York today, Bush said the progress of democracy in the world, particularly the Middle East, is real and sometimes dramatic, even if it is gradual.

Bush used the UN stage to speak directly to the citizens of countries whose governments are at odds with the U.S. and he sought to end concerns of some Muslims that the American war against terrorism is an attack on Islam.

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``From Beirut to Baghdad, people are making the choice for freedom and the nations here in this chamber must make a choice as well," Bush said in the 20-minute speech. ``Will we support the moderates and the reformers who are working for change across the Middle East, or will we yield the future to the terrorists and the extremists?"

The U.S. ``has made its choice," Bush said.

Addressing the citizens of the Middle East, Bush said the U.S. doesn't have a dispute with Muslims, as some militant leaders contend. ``This propaganda is false and its purpose is to confuse you and justify acts of terror," he said.

Assisting Democracy

To Iraqis, Bush pledged to ``help your democracy succeed," and he said to Afghanistan's citizens that the U.S. will help them extend ``democratic gains." He pledged to assist the emerging democracy in Lebanon.

Identifying Iran and Syria as sponsors of terrorist movements, he told Iranians and Syrians that their governments were holding them back from prosperity and peace by using resources ``to fund terrorism and fuel extremists."

He said the Iranian government's pursuit of nuclear technology and support for terrorism are the ``greatest obstacle" to peace and prosperity for the country's 69 million citizens. Economic output per person in Iran was $8,300 last year, ranking it 94th among other countries and tied with Thailand, according to U.S. government estimates.

Bush's speech comes amid two days of talks with world leaders, as the fallout from the war in Iraq limits U.S. diplomatic leverage to block the nuclear ambitions of Iran and North Korea. The U.S. suspects Iran and North Korea, both part of what Bush in 2002 called an ``axis of evil," are developing atomic weapons and could supply them to terrorist groups.

Iran's Plans

``Iran must abandon its nuclear weapons ambitions," Bush said. Directing remarks to the Iranian people, he said, ``Despite what the regime tells you, we have no objection to Iran's pursuing of a truly peaceful nuclear power program. We are working toward a diplomatic solution to this crisis."

Iranian President Mahmoud Ahmadinejad, in an address to the General Assembly today, said the U.S., Israel and their allies are responsible for injustice and violence around the world.

Ahmadinejad, pronounced ah-ma-deen-ah-ZHAD, reaffirmed his country's determination to develop nuclear power, saying the program is for peaceful purposes. The U.S. is using the Security Council as an ``instrument of threat and coercion" over the issue, he said.

While Bush hasn't ruled out military action to block Iran and North Korea from developing nuclear weapons, the U.S., with more than 140,000 troops dealing with increasing unrest in Iraq, is constrained from a unilateral use of force. The invasion of Iraq began in March 2003 without UN authorization and the U.S. never unearthed the weapons of mass destruction program that Bush said justified going to war.

Agreement on Strategy

Bush and French President Jacques Chirac emerged from a meeting earlier today and said they agreed on an approach to Iran. Chirac said ``the American administration and the French government see eye-to-eye" on Iran. Bush said that while the U.S. wants a diplomatic solution, ``time is of the essence" for Iran to suspend uranium enrichment or face ``some kind of sanction program."

In his own speech to the General Assembly, Chirac proposed an international conference to advance efforts to reach peace between Israel and the Palestinians. Such a conference ought to ``pave the way for a new future in the Middle East," he said.

Bush's address showed the U.S. ``really wants the UN to succeed," UN emergency relief coordinator Jan Egeland said. ``It was a speech that really tried to bring the UN forward in many of the issues where we have been stalling, like Darfur and the Middle east," Egeland said.

Diplomatic Effort

Bush said Secretary of State Condoleezza Rice will lead a diplomatic effort to work with moderate leaders in the Middle East to reestablish a path toward peace.

``Some have argued that the democratic changes we are seeing in the Middle East are destabilizing the region," Bush said. ``The reality is that the stability we thought we saw in the Middle East was a mirage."

The president is facing difficulty getting world leaders to back a more aggressive stance because of the conflict in Iraq.

``The Iraq war, both in its initiation and its aftermath, has obviously soured the global response," said James M. McCormick, a professor of American foreign policy at Iowa State University in Ames. Iraq ``has become the shorthand summary of all American foreign policy," McCormick said.

While in New York, Bush also met with Iraqi President Jalal Talabani to discuss measures being taken by the Iraqi government on security and the economy.

`Tough Choices'

Bush said after the session that while he is optimistic about Iraq's eventual success, he ``made it very clear" that Talabani's government can't shrink from tough decisions.

``America stands with them, so long as the government continues to make the tough choices necessary," Bush said.

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Talabani praised the U.S. for delivering Iraq ``from the worst kind of dictatorship," and that he was working to include all factions in the government.

Bush planned a meeting tomorrow with Palestinian President Mahmoud Abbas to discuss the formation of a coalition government with the Islamic Hamas movement.

In his speech to the UN today, Pakistan President Pervez Musharraf said the U.S. should give up using the threat of force to get Iran to halt uranium enrichment and must adopt a new strategy to combat terrorism.

``The confrontation over Iran's nuclear program threatens further instability in this already inflamed region," said Musharraf, a key ally of the U.S. in the war against terrorism.

Turning to another trouble spot confronting the world body, Bush said he is appointing Andrew Natsios, director of the U.S. Agency for International Development during the president's first term, as a special envoy to deal with the crisis in the Darfur area of Sudan.

Using rhetoric similar to that he's employed in recent weeks while campaigning for fellow Republicans, Bush said the world was engaged in a ``great ideological struggle" and he said he looked forward to a future where ``the voices of moderation are in power and where the extremists are marginalized by the peaceful majority."

Bush Warns Iranians Of 'Liberty' Denied (WT)

By Stephen Dinan

The Washington Times, September 20, 2006

NEW YORK -- President Bush yesterday told Iranians they deserve a better government than they are getting, and he told Muslims worldwide to ignore radical "propaganda and conspiracy theories" that incite them to killing and terrorism.

But just hours later, Iranian President Mahmoud Ahmadinejad told the U.N. General Assembly that the world's conflicts are the result of aggression by the U.S., Israel and other wealthy nations, and said the set-up of the United Nations is fundamentally unfair.

The biggest security crisis in the world took center stage as the two leaders spoke in the diplomatic version of the Lincoln-Douglas debates. Mr. Ahmadinejad called out the U.S. and Britain by name, and taunted Mr. Bush, saying "the occupiers are incapable of establishing security in Iraq."

For his part Mr. Bush talked around the Iranian leader, using his 20-minute noontime address in the General Assembly's cavernous green chamber to "speak directly to the people across the broader Middle East."

"Extremists in your midst spread propaganda claiming that the West is engaged in a war against Islam," he said. "This propaganda is false, and its purpose is to confuse you and justify acts of terror."

The speech was the last of a series Mr. Bush has been delivering over the past three weeks on the war on terror. In the earlier speeches, he challenged Congress and U.S. voters to give him the tools he wants to fight Islamic terrorists, but in yesterday's speech he made clear he expects other countries to join the U.S. fight worldwide.

"Will we support the moderates and reformers who are working for change across the Middle East -- or will we yield the future to the terrorists and extremists? America has made its choice: We will stand with the moderates and reformers," he said.

He mentioned three U.N. resolutions -- on disarming Hezbollah in Lebanon, calling on Iran to end its nuclear-weapons program, and on expanding the peacekeeping force in the Darfur region of Sudan -- and said the world body must now meet its commitments.

Mr. Bush had specific words for the people of Afghanistan, Iraq, Lebanon and Darfur. He also warned Syrians their "rulers have allowed your country to become a crossroad for terrorism." But he saved his harshest words for Iran's leaders, telling Iranians that Americans respect them and their culture but "your rulers have chosen to deny you liberty and to use your nation's resources to fund terrorism, and fuel extremism, and pursue nuclear weapons."

He spoke to a full chamber, while the chamber was mostly empty for Mr. Ahmadinejad. The two leaders never crossed paths, as the Iranian missed yesterday's leaders' lunch, and Mr. Bush hosted a closed reception during the Iranian's speech.

Mr. Ahmadinejad questioned the fairness of the United Nations, saying the Security Council had failed the Palestinians for years, and failed Lebanon this year.

"The Security Council sat idly by for so many days," he said, adding that the reason is clear. "When the power behind the hostility is itself a permanent member of the Security Council, how then could this council fulfill its responsibilities?"

Iran has defied a U.N. Security Council resolution that imposed an Aug. 31 deadline for suspending its uranium-enrichment program. But the six nations leading the effort to block Iran's program have not been able to agree on what the next step should be.

In his speech, Mr. Ahmadinejad insisted Iran's nuclear activities were "transparent, peaceful and under the watchful eye" of U.N. inspectors and accused the U.S. of a double standard in criticizing his country's program while maintaining its own nuclear weapons arsenal.

At home, Mr. Bush is facing a slightly better political environment seven weeks before the congressional elections. A Gallup-USA Today poll released yesterday showed him with a 44 percent approval rating, and found that likely voters are now as likely to support a Republican as a Democrat for Congress in November. Both numbers are substantial improvements for Republicans.

Democratic National Committee Chairman Howard Dean yesterday said that Mr. Bush's speech sounded "worried more about his party's political prospects this November than about how to protect America and fight and win the real war on terror."

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He said if other nations are wary of joining Mr. Bush's calls for action on Sudan and Iran it's the president's fault. And House Minority Leader Nancy Pelosi, California Democrat, said Mr. Bush's speech spoke "in broad, general terms," but didn't show a commitment to the hard work of diplomacy in the Middle East.

In Washington, Undersecretary of State R. Nicholas Burns, the U.S. point man in the Iran sanctions negotiations, told Congress yesterday he was convinced the international coalition was ready to impose sanctions if Tehran balks.

"We must pass the sanctions resolution, or else the credibility of the U.N. Security Council on the leading issue of our day -- and we consider it the leading security issue -- is going to be called into question," he told the Senate Foreign Relations Committee.

Still, a senior White House official said sanctions will not happen unless European nations fail in their bid to get Tehran to the negotiating table in exchange for a suspension of moves toward U.N. sanctions. Judy Ansley, senior director for European affairs on the National Security Council, said European Union foreign policy chief Javier Solana is trying "right now" to persuade Iran to engage in talks on that basis.

"You start the negotiations, the Iranians agree to suspend their enrichment activities, and in exchange, the United Nations will agree to suspend activities at the Security Council as negotiations go forward," she said, adding that "sanctions will be only if that fails."

Chirac Doesn't Want New Iran Deadline (AP)

By Angela Charlton

AP, September 19, 2006

French President Jacques Chirac said Tuesday that he does not want to set a new deadline for Iran to suspend nuclear activities, which could be used to develop atomic weapons, despite Tehran's defiance of U.N. Security Council demands.

Speaking at the United Nations, Chirac also appeared to soften an earlier proposal to drop talk of sanctions against Iran over its uranium enrichment, an issue high on the agenda at this year's U.N. General Assembly.

"We are committed to negotiations and therefore to dialogue. So we're not going to start by setting deadlines that are a few hours long," Chirac told reporters. "This is a process that is under way and I hope it will run its course."

This summer, world powers signed on to the principle that Iran would face at least mild initial sanctions if it blew an Aug. 31 deadline to suspend uranium enrichment. With the deadline elapsed and Iran offering no concessions, the nations have been holding talks on what the consequences should be.

Iran insists its nuclear program is intended for peaceful purposes only.

While the United States has consistently pushed to punish Iran for defying Security Council demands, Chirac spoke out Monday against sanctions.

The French president has sought out the spotlight on this trip to New York as part of a larger bid to carve out a lasting legacy on world affairs. It is likely his last such performance — while Chirac has been secretive about his career plans, most assume he will step down next year after 12 years in power.

On Monday, Chirac shook up diplomatic circles with a compromise proposal to kickstart talks between Iran and the international community by suspending the threat of U.N. sanctions if Tehran suspends uranium enrichment at the same time. Such a proposal is unlikely to win the support of Washington.

On Tuesday, President Bush, after sideline talks with Chirac at the United Nations, pressed Iran again to immediately begin negotiations, warning that any delay on the part of Tehran would bring consequences — including sanctions.

Chirac insisted that his compromise proposal was just a reiteration of France's position. He said he and Bush see "eye-to-eye" on Iran and insisted U.S.-French relations were close and friendly.

But then, in his speech to the General Assembly, he avoided mention of sanctions, saying only: "Our goal is not to call regimes into question."

"Dialogue must prevail," Chirac said. "The international community must stand firm and united."

U.S. Tries To Save Its Iran Plan (AP-Y)

By Anne Gearan

AP, September 20, 2006

The United States tried Tuesday to salvage its plan to punish Iran with sanctions if it won't back down in a nuclear standoff with the West, even as President Bush told Iranians he hopes that one day "America and Iran can be good friends."

Secretary of State Condoleezza Rice convened nations that have offered Iran a bargain to head off what the United States and others fear is a drive to build a bomb. The United States had hoped to use the gathering to move decisively toward political and economic sanctions on Iran now that it has missed a U.N. deadline to shelve disputed nuclear activities, but cold feet among allies this month made that impossible.

The dinner meeting produced little consensus about the next step, and no announced deadline for when world powers expect further word from Iran. Undersecretary of State Nicholas Burns said the diplomatic effort to counter Iran was in "extra innings."

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Earlier, Rice warned that the world will have a credibility problem if it does not act. She also acknowledged that talks are already under way between the European Union and Tehran without conditions.

That is a concession for the United States, which has led a drive to force Iran to choose between looming U.N. sanctions or talks that could reward it for scaling back its nuclear program.

"Those talks are going on now," Rice said on the CBS "Early Show," referring to discussions between the European Union's foreign policy chief and Iran's nuclear negotiator. "But we are still pursuing the path of sanctions should Iran not follow the U.N. Security Council resolution" demanding a temporary end to its uranium enrichment program. The deadline had been set for Aug. 31.

Bush and Iran's unpredictable hard-line president, Mahmoud Ahmadinejad, addressed the United Nations on the same day, and the White House tried to make sure the two did not cross paths.

"Iran must abandon its nuclear weapons ambitions," Bush told the annual U.N. opening session. He added a direct appeal to the Iranian people, telling them to look past what their leaders say about the United States.

For his part, Ahmadinejad told the U.N. General Assembly that Iran's nuclear activities were "transparent, peaceful and under the watchful eye" of U.N. inspectors. He accused the U.S. and Britain of abusing the U.N. Security Council to achieve their own ends, and he also criticized the U.S.-led war in Iraq.

The Bush administration saw the diplomatic ground shift beneath it this month as Iran maneuvered to avoid sanctions that even close U.S. allies such as France were never keen to impose.

Two members of the coalition, France and Russia, cast doubt on the idea of sanctions over the past week, and Rice and her aides have been lowering expectations for action this week.

French President Jacques Chirac proposed a compromise on Monday. The world would suspend the threat of sanctions, he suggested, if Tehran agreed to halt uranium enrichment and return to negotiations.

After a meeting with Bush on Tuesday, however, Chirac said twice that the two leaders see "eye to eye" on Iran. Bush said he and Chirac "share the same objective and we're going to continue to strategize together."

Interviewed on morning news shows Tuesday, Rice stressed that the United States will not join any negotiations until Iran has at least temporarily stopped its accelerated uranium program.

"I would meet anywhere with my counterpart at any time," once Iran has met that precondition, Rice said on ABC's "Good Morning America."

Enriched uranium can be used to make nuclear energy, as Iran claims it wants to do. It can also fuel nuclear weapons, as the United States claims Iran intends.

Any face-to-face discussions between Iran and the United States would be the most significant warming of relations in nearly three decades of estrangement.

The United States has had extensive unilateral economic sanctions against Iran since shortly after the 1979 revolution and the storming of the U.S. Embassy in Tehran.

Although the U.S. remains Iran's main adversary because of America's military, political, cultural and economic dominance, Washington has little economic leverage against Tehran on its own. The U.S. needs Europe, at least, to impose any meaningful economic penalty on Iran, but tough sanctions on the oil exporter would hurt America's international partners as well as Iran.

The prospect of U.S.-Iran talks was meant to be a powerful lure for Iran, but Rice also dangled the offer of talks earlier this year as a means to shore up a shaky international coalition against Iran.

It worked, at least for awhile. This summer, world powers signed on to the principle that Iran would face at least mild initial sanctions if it blew the August deadline.

Iran responded by hinting that it might be willing to shelve uranium enrichment, without ever saying so directly. That was enough to sow new division in the U.S.-build coalition, with the likely result that sanctions are either a dead letter or a long way off.

U.S. Policy On Iran Evolves Toward Diplomacy (WP)

By Glenn Kessler

The Washington Post, September 20, 2006

UNITED NATIONS, Sept. 19 -- Before the U.S.-led invasion of Iraq, U.S. officials confidently predicted that the toppling of Saddam Hussein would lead to renewed momentum on the Israeli-Palestinian peace track. "The road to Jerusalem leads through Baghdad" was a common refrain.

President Bush's speech Tuesday to the U.N. General Assembly showed how much that diplomatic calculation has changed in Bush's second term. With the United States ensnarled in an increasingly difficult campaign in Iraq, war is no longer a viable option. Instead, the administration is struggling with the difficult and messy business of diplomacy. That often means accommodating the interests and demands of other countries, even backtracking on what had been firm positions.

Slowly but surely, the White House has muddied what were once clear lines in pursuit of diplomacy. As recently as a month ago, the administration firmly demanded that Iran must first suspend its nuclear activities before the United States would join negotiations on the nuclear programs, but now U.S. officials have quietly acquiesced in a European-led effort to find a face-saving way for the talks to begin.

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U.S. officials are still pursuing the possibility of sanctions, and in fact they have drafted a sanctions resolution to be offered at the U.N. Security Council. But with allies balking, negotiations appear more likely than punishment. Bush, in his speech, used notably mild language when he discussed Iran, suggesting that the two countries one day will "be good friends and close partners in the cause of peace."

Secretary of State Condoleezza Rice hosted a dinner last night at the Waldorf-Astoria hotel with her counterparts from Russia, China, France, Britain, Germany and Italy. Under the original schedule, the session was supposed to reach decisions on a sanctions resolution. Undersecretary of State R. Nicholas Burns, in briefing reporters last night, said the foreign ministers expressed "very strong support" for the European Union negotiations with Iran. "We are seeking a diplomatic solution," he said, adding that the diplomacy was "in extra innings."

Bush, in his speech, also emphasized that U.S. officials "have no objection to Iran's pursuit of a truly peaceful nuclear power program." This is a reversal from the policy in the first term, when U.S. officials loudly proclaimed that a country with such vast oil and gas reserves had no need for a nuclear program. Under pressure from Europeans, the administration dropped that argument late last year.

On the Middle East, Bush pushed his notion that greater democracy will bring stability to the region. But many foreign officials instead argue that stability can only be achieved if there is peace between Israelis and Palestinians.

To that end, Bush appeared to announce a new initiative, saying he had "directed Secretary of State Rice to lead a diplomatic effort to engage moderate leaders across the region, to help the Palestinians reform their security services and support Israeli and Palestinian leaders in their efforts" to resolve differences.

But U.S. officials said Bush was not announcing something new, but rather highlighting an evolving effort to take advantage of the growing anger among Palestinians at the Hamas-led government. The militant group won legislative elections earlier this year, leading to a broad cutoff of international aid because Hamas refuses to renounce its stated goal of destroying Israel.

Rice might travel to the Middle East after the U.N. General Assembly meeting ends, though plans are not firm, officials said. To a large extent, the administration is reacting to pressure from Europeans and Arabs to do more on the Palestinian issue. British Prime Minister Tony Blair recently visited the Middle East and is trying to foster political reconciliation among various Palestinian factions, while French President Jacques Chirac on Tuesday called here for an international peace conference to "define in advance the guarantees we are prepared to provide to the parties as soon as they reach an agreement." Both Israeli and U.S. officials regard Chirac's idea as a nonstarter.

One of Rice's most senior aides, counselor Philip D. Zelikow, last Friday made a speech to a Washington think tank in which he appeared to link progress on Middle East peace to securing greater diplomatic cooperation in the struggle against Iran.

"For the Arab moderates and for the Europeans, some sense of progress and momentum on the Arab-Israeli dispute is just a sine qua non for their ability to cooperate actively with the United States on a lot of other things that we care about," Zelikow said. "We can rail against that belief; we can find it completely justifiable, but it's fact. That means an active policy on the Arab-Israeli dispute is an essential ingredient to forging a coalition that deals with the most dangerous problems."

Zelikow's comments alarmed Israelis, who fear becoming a pawn in American diplomatic calculations, and U.S. officials said they were misinterpreted. State Department spokesman Sean McCormack even posted a statement on Power Line, a right-wing blog, saying there is no change in policy.

But Zelikow may have been stating the obvious: The administration has learned that building coalitions for peace, not war, is hard work.

Embargo Politics Nations' Rich Trade With Iran Is Hurdle For Sanctions Plan (WSJ)

By Neil King Jr. And Marc Champion

The Wall Street Journal, September 20, 2006

One reason the U.S. is having a hard time winning global sanctions on Iran over its nuclear work is evident at a company in Tehran called Iran Khodro Co., a big vehicle manufacturer.

The company is cutting deals in China, France, Germany and Russia -- key players in the tussle over what to do about Iran's nuclear ambitions. In February the company, called IKCO, agreed to buy 10,000 trucks from a Chinese maker in a $350 million deal. This month, IKCO said it will start selling to Russia cars that it builds in Iran in cooperation with France's PSA Peugeot-Citroën.

This web of business ties helps explain why the U.S. is alone, among the five permanent members of the United Nations Security Council, in being enthusiastic about imposing sweeping sanctions on Iran. The U.S. is the only one that has little to lose.

With world leaders in New York for the U.N. General Assembly, diplomats say it is possible the Security Council, plus Germany, could as early as this week begin to weigh some narrowly targeted sanctions on Iran. Iranian President Mahmoud Ahmadinejad defended his country's right to conduct nuclear research in an emotional speech to the U.N. last evening. Such work, he contended, is strictly for peaceful purposes, not to build a nuclear bomb, and he called the activities "transparent, peaceful and under the watchful eye" of U.N. inspectors. The U.S. favors sanctions to pressure the Iranians to drop their enrichment plan, because it doesn't trust the peaceful assurances.

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With other countries backing off the sanctions threat in favor of more diplomacy, the U.S., too, has had to soften its stance in recent days. President Bush yesterday threw his support behind yet another European-led effort to talk Iran into suspending its enrichment work as a precursor to wide-ranging negotiations. If Iran continues to stall, Mr. Bush told reporters, then the Security Council would proceed with "some kind of sanction program."(See related article1.)

America severed political and most commercial ties with Iran 26 years ago, after it let a mob hold U.S. diplomats hostage for more than a year. Through July of this year, the U.S. imported a minuscule $99 million of goods from Iran, mostly rugs, nuts and juice, while shipping to Iran $55 million of goods, nearly all of it cigarettes, pharmaceuticals and wood pulp. The other Security Council members have seen their business with Iran increase. Their total trade with Iran is on track to top $22 billion this year, up from $18 billion in 2005.

While part of the growth reflects the higher cost of Iran's oil, the trade is broader: Iran buys German steel, French cars, Russian armaments and Chinese air conditioners. The European Union accounts for more than a third of Iran's total trade with the world. China's exports to Iran have tripled in four years.

U.S. officials say Iran's commercial ties, especially its clout as holder of the second-largest oil reserves after Saudi Arabia, put a built-in limit on how far industrial powers will go. "Anything that really restricts trade will be hard, if not impossible, to get," says a senior U.S. official.

European, Russian and Chinese diplomats acknowledge that business ties matter when weighing how to proceed on the sanctions issue but deny that mercantile interests drive their diplomacy. "Of course our trade with Iran is important," said a French diplomat, "but it is also reflective of a larger familiarity with Iran that the U.S. now lacks. We are there, and the Americans are not."

Deep Misgivings

European diplomats cite deep misgivings about economic sanctions based on more than a decade of experience with Iraq, which was marked by black markets and oil-for-food-program cheating by the Saddam Hussein regime. The diplomats worry that sanctions wouldn't achieve their goal and might destabilize the region and drive oil higher. Some say they worry, too, that the U.S. might use the sanctions push as a step toward military action against Iran.

"People fear that once you are on the sanctions route there is no getting off it. They remember Iraq and think it's deja vu," said one European diplomat involved in the process.

This diplomat, however, also cited successful instances of U.N. sanctions, such as a 1992 embargo on air travel and sales of arms and oil equipment to Libya. That step was designed to push Libya to hand over suspects in the 1988 bombing of a Pan American airliner over Lockerbie, Scotland. In 2003, the U.N. lifted the sanctions after Libya gave up two suspects for trial, agreed to compensate families of the 270 victims and said it would dismantle its nuclear-weapons program.

Iran is unquestionably a promising market. It is the region's largest economy after Saudi Arabia, it is flush with oil wealth and many of its 68 million people yearn for consumer goods largely unavailable for decades. Germany exported more than $5 billion of goods to Iran last year. The Chinese get around 18% of their crude oil from Iran and have many other business relations with the country. The European Union is backing plans for a natural-gas pipeline through Turkey that could collect gas from Iran.

"This is a factor, a real factor," says Nicholas Burns, the State Department's undersecretary for political affairs and a top U.S. diplomat on the Iran issue. He maintains nonetheless that like the U.S., its allies "understand that sanctions may very well be necessary to counter Iran's drive for a nuclear weapons capability."

Investors recently appear to be playing down the chance of hard-hitting economic sanctions. Earlier this year, tensions over Iran's nuclear program hit trade and investment flows. Exports to Iran dipped, and tens of billions of dollars of capital was moved out of Iran. Iran's stock and real-estate markets suffered. Amir Cyrus Razzaghi, whose Tehran consultancy advises foreign investors, says he found many putting their expansion plans on hold because of concerns about where the nuclear standoff with the West was headed.

Investor confidence has rebounded slightly in recent weeks. "I have several multibillion-dollar clients from Europe who are coming back to Iran this week to re-look at the market," Mr. Razzaghi says, "because now they see no chance of any military attack on Iran and very little chance of serious sanctions."

A Longstanding Preference

Europe's preference for avoiding U.N. sanctions on the Iran nuclear issue is longstanding. Just months after U.S.-led forces invaded Iraq in March 2003, Britain, France and Germany combined to begin negotiations with Tehran over its recently revealed program to enrich uranium. The trio told Iran it could avoid a referral to the Security Council and obtain talks on a package of trade and investment benefits -- including in its civilian nuclear industry -- if it suspended its nuclear-fuel enrichment program.

The talks stumbled, and they effectively ended in January, when Iran said it had restarted its enrichment centrifuges. That led the Europeans to join the U.S. in threatening Iran with U.N. sanctions. By June, the U.S. had persuaded other major U.N. powers to back a resolution that would give Iran an ultimatum: Suspend enrichment or face sanctions under a resolution declaring Iran a threat to international peace and security.

The Security Council in July gave Iran until Aug. 31 to act. Iran dismissed it, while hinting it might suspend enrichment temporarily to open the way for international negotiations. As recently as last week, EU foreign-policy representative Javier Solana reported progress in continuing talks with his Iranian counterpart.

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The Bush administration now wants to push ahead on the sanctions track, pressing first for a modest resolution that would ban sales of nuclear-related products and bar certain Iranian officials from international travel. The U.S. hope is that the Security Council will proceed with increasingly tough resolutions that bite deeper into Iran's economy and finally persuade its leaders to give up the uranium enrichment. President Bush has described Iran as "a grave threat" and said it must face "consequences" if it persists in enrichment.

While the U.S. would face little economic loss from sanctions on Iran, the cost would be far higher for other major powers. This year, China's exports to Iran are up 25%. Chinese companies shipped nearly $400 million of air conditioners, engines, washing machines and other such machinery to Iran in the first six months of 2006, as well as $300 million in tractors, trucks and other vehicles. Dozens of Chinese construction companies are engaged in Iran, on work ranging from Tehran's transit system and power plants to merchant ships.

Meanwhile, in the first half of this year, energy-hungry China imported $5.16 billion of oil from Iran, a 56% increase from the pace of imports in 2005. "This is just the start. China's energy dependence on Iran is going to deepen considerably," says Ilan Berman, a vice president at the American Foreign Policy Council who has studied China's ties to Iran.

German and French exports to Iran slipped slightly in the first half, but remain large. Germany is Iran's largest supplier of foreign goods, with exports last year of more than $5.4 billion. German engineering giant Siemens AG is providing huge generators for a power plant. Auto maker DaimlerChrysler AG is moving ahead on plans to build Mercedes-Benzes in Iran, in partnership with IKCO.

This month, Germany's chamber of commerce released an estimate that blanket sanctions on Iran could cost Germany 10,000 jobs. It was an effort at a "wake-up call" about what is at stake, said spokesman Felix Neugart, who added that chamber officials meet regularly with the government on the issue.

French exports to Iran totaled $2.33 billion last year. Auto makers Renault SA and Peugeot-Citroën are heavily involved through local partners. Auto imports to Iran now are falling sharply because Western companies build more cars in Iran, to feed a fast-growing market.

Besides the Peugeot 206, the jointly built car that IKCO plans to export to Russia, IKCO and other Iranian vehicle makers have agreed with Renault to build 250,000 cars a year for both domestic sale and export. Meanwhile, IKCO plans to build its Samand, which is based on a Peugeot model, in Venezuela and China. IKCO also is producing the Samand in Belarus, with Russian support.

Strategic Deals

Russia's trade with Iran is smaller than that of big European powers and China, but it is strategic. Russia is building Iran's first nuclear power plant, about a $1 billion project that is mostly paid for. In December, Moscow agreed to sell Iran 29 Tor-M1 air-defense missile systems, a $700 million transaction that the U.S. tried to nix.

"It is clear that Moscow will not support any meaningful resolution that would interfere with Russia's trade with Iran," says Dimitri Simes, president of the Nixon Center think tank in Washington. "Restrictions on travel and equipment for nuclear technology, yes, but only if narrowly defined to assure that it wouldn't interfere with Russia's existing nuclear contracts." Russian Foreign Minister Sergei Lavrov said Friday that sanctions should be imposed only "when international peace and security are really under threat."

U.S. officials acknowledge the sanctions push at the U.N. could peter out and are revving up a campaign to get European and other companies to pull away from Iran on their own. Treasury and State Department officials have been working quietly for nearly a year to persuade banks to crimp commercial lending to Iran.

The Justice Department has stepped up enforcement of longstanding U.S. sanction laws on Iran. The laws generally bar U.S. banks from lending to Iran and U.S. companies from trading with that nation, though some companies maintain a presence in Iran trade through foreign-registered subsidiaries. A slight opening in the law in 1999 permitted Iran to send to the U.S. carpets and food items while U.S. exporters could send certain items such as food and drugs.

Several large U.S. energy firms, including Baker Hughes Inc. and ConocoPhillips, both of Houston, have pulled out of Iranian work. So has Britain's BP PLC. This year, ABN Amro Holding NV of the Netherlands and UBS AG of Switzerland said they were breaking off work with Iran.

American, Iranian Presidents Skip Each Other's Talks (USAT)

By Barbara Slavin And David Jackson

USA Today, September 20, 2006

UNITED NATIONS — The presidents of Iran and the United States managed to avoid each other Tuesday when the two gave speeches hours apart at the United Nations.

Iranian President Mahmoud Ahmadinejad skipped President Bush's speech to the annual General Assembly meeting. He also avoided a heads-of-state lunch, where wine was served. Iranian leaders generally boycott such events because observant Muslims don't drink alcohol.

Bush and his top advisers in turn shunned Ahmadinejad's address. The White House held a reception for heads of state at about the same time the Iranian leader spoke Tuesday evening.

Frederick Jones, a spokesman for the National Security Council, said there was nothing suspect about the timing. The president hosts the reception every year on the first night of the General Assembly.

“No one is concerned about when the president of Iran speaks,” Jones said.

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Rick Grennell, spokesman for the U.S. delegation to the United Nations, said one U.S. note taker would be present for Ahmadinejad's address.

Six Iranians listened to the speech Bush gave, including Foreign Minister Manouchehr Mottaki.

Before coming to New York, Ahmadinejad challenged Bush to a debate. The White House dismissed the suggestion as a publicity stunt.

Paul Kennedy, professor of international history at Yale University, said Bush has nothing to gain by meeting Ahmadinejad. "The president of the United States would lose a lot of his dignity," Kennedy said. "The president's staff must be saying, 'We're not going down into the mud bath with this guy.' "

Michael Kozak, a National Security Council official, said the president "doesn't sit around and obsess about" Ahmadinejad.

"It's the other way around," Kozak said.

Gail Bindley-Taylor Sainte, a spokeswoman for the General Assembly, said that by tradition, the president of Brazil is the first head of state to speak (because a Brazilian was the first speaker at the first special session of the assembly in 1947), followed by the U.S. president. Otherwise, world leaders get to address the General Assembly on a "first come, first served basis," she said, depending on how early they put in requests.

The United States and Tehran are locked in a disagreement over Iran's nuclear program. The Bush administration claims Iran is trying to build nuclear arms. Tehran says its program is designed for peaceful purposes.

Bush, who is known to size up a foreign leader's character with a handshake and meeting, has a personal dislike of Ahmadinejad, according to Stanley Renshon, a political psychologist at the City University of New York.

Bush has never met the Iranian president. Ahmadinejad has called for Israel to be "wiped off the map" and denied that 6 million Jews died in the Holocaust. "There is a chemistry between them, and the correct term is 'revulsion,' " Renshon said. "Ahmadinejad stands for everything Bush is worried about."

Clinton Sees Hope Of Fresh Mideast Initiative (FT)

By Chrystia Freeland And Edward Luce

Financial Times, September 20, 2006

The situation in the Middle East has become so bad that a fresh peace initiative is a strong likelihood within the next two months, Bill Clinton, the former US president, said in an interview with the Financial Times.

President Clinton, whose annual conference, the Clinton Global Initiative, begins in New York on Wednesday, said the deteriorating situation in Iraq and Afghanistan and the aftermath of the war in Lebanon had created the conditions for "some kind of positive movement to take place."

While emphasising that he had no "insider knowledge", President Clinton said: "All these bad news stories have created a sense that if we don't want further disintegration to occur then we had better come up with a strategy that goes forward in creating a new sense of order that enables everybody to live together. I'm not sure you won't see some positive things come out of the Middle East in the next 60 days."

"It is time to think about what we can do to break out of this, otherwise we have three choices. We can say: "We know who our adversaries are and we can accelerate the confrontation, or we can kick the can down the road and hope the underlying realities change, or we can try to rearrange the pieces and players and try to put a puzzle together". It seems to me the latter course is the best…It wouldn't surprise me to see some fairly interesting things come out."

In a wide-ranging interview, President Clinton offered a subtle but cogently-presented rebuttal of the Bush administration's approach to foreign policy saying that rising global resentment towards the US could mostly be overcome by a change in the US administration's attitude towards those feeling the resentment. President Clinton said that people around the world could disagree with particular policies the US pursued but still feel goodwill towards America if they felt it held their ultimate interests at heart.

"If you run a big country that has to make controversial decisions - people can't possibly agree with your decisions all the time, then you must bend over backwards to make sure they feel that at least you care about them, you know about their concerns and that you're pulling for them. Policy is important. But attitude is also important."

The former president, who would be a key electoral asset and advisor to his wife, Hillary Clinton, the New York senator, if she decided to seek the Democratic Party's nomination to run for the presidency in 2008, also said that much of the global hatred of the US could be neutralised by a change of policies – either before or after the next US presidential election.

Among the policy changes President Clinton recommended were a new peace initiative in the Middle East, proper funding of global millennium development goals that were proclaimed in 2000 (towards the end of his second presidential term), and greater US involvement in relief and development initiatives in countries such as Indonesia and Pakistan.

"There are a few people who hate Americans and our way of life but most people just disagree with what we are doing now and think we don't care very much about them," he said. "So this [anti-American sentiment] is not the end of the world – it is real but it could be changed quickly either before or after the next election….. Since you cannot defeat or occupy all your enemies in an interdependent world you have to keep working for more friends and fewer enemies. I don't think it is as complicated as sometimes it's made out to be."

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Most of the former president's focus nowadays is on the global human development goals that he is pursuing through the Clinton foundation and through the second annual Clinton Global Initiative conference that one participant recently dubbed "Davos with a conscience". Many of President Clinton's objectives - for which he raised pledges of $2bn last year from companies such as Coca Cola, Deutsche Bank, Goldman Sachs and Starbucks - also coincide with his diagnosis of where US foreign policy should be focusing its resources.

He cited the example of parents in Pakistan who say they send their children to non-fee paying madrasas because they cannot afford mainstream schools. "We have given huge sums to Pakistan for military aid – particularly during the cold war, but also since then," he said. "But it seems to me we haven't helped to develop a good state education system in Pakistan. That is one example of many…It [funding the millennium development goals] would be far less expensive then our Iraq war costs and the return on investment would be enormous, truly enormous."

He continued: "One of the reasons I do this work is that if you look at the anti-poverty stuff, the global health stuff and the orientation we have on global climate change, in every case a modest – compared to the size of the tax cuts and the defence build-ups – a very modest increase from the haves to the have-nots, in the right way, that is empowering and not patronising, almost certainly has significant political benefits."

When asked how he would sell such an approach to a sceptical American electorate in the upcoming US mid-term elections, which take place on 7 November, President Clinton discarded his carefully modulated criticisms of the Bush administration for more strident language.

He said the Republicans, whom polls indicate are on course to lose control of one or possibly both houses of Congress in November, were running the 2006 election "in same way as in 2002 and 2004" by focusing principally on the Democratic Party's alleged weakness on national security.

President Clinton said that the objections of three prominent Republican senators - John McCain, Lindsey Graham and John Warner – to Mr Bush's proposals for setting out in law the permissible interrogation techniques for alleged terrorists under the Geneva Conventions had "confused" the Republican strategy. "Their strategy has been complicated by the fact that [these senators] believe in the rule of law, you know, it's kind of confusing, it's made life a bit tough," he said laughing.

President Clinton offered clear advice for Democratic candidates seeking to counter Republican arguments on national security. He said it did not matter if Democratic candidates recommended differing strategies for how to change course in Iraq - whether it was setting a deadline for withdrawal of US troops, as some, such as John Kerry, the losing 2004 presidential candidate had proposed, or altering the military and civil reconstruction strategy in Iraq without setting a deadline for pulling out, as President Clinton has argued.

"The point is that Americans will tolerate Democratic differences on Iraq because the current situation has not worked," he said."The Democrats can have differences on this but they won't win the election just by criticising Iraq."

President Clinton said the Democrats should push for four things that taken together would present a credible alternative to the Republican national security agenda. These included winning the war in Afghanistan: "We cannot lose what is a moderate Muslim democracy that is a bulwark not only against the Taliban but also against the return of Osama bin Laden," he said.

Second, it meant fully implementing the recommendations of the 9/11 commission to strengthen homeland security. "I think it is wrong to give wealthy people like Bill Clinton continuing tax cuts which is much more expensive than implementing the homeland security provisions," he said.

Third, the Democrats should commit to pursuing energy independence for the US. "We can enhance our national security by committing to energy independence with a clean energy policy that will create jobs, fight global warming and make our country more secure," he said.

Finally, the US should win over the developing world by committing between $25bn to $30bn a year to achieving the development goals agreed by the group of eight leading global economies in 2000. "We have to recognise – as we have learned in Iraq – that even a country as big and powerful as America cannot handle these problems alone. We need allies, we need friends, we need more partners and fewer enemies.

"Since we have spent so much money in Iraq – more than $300bn - we need to spend more money to get kids into schools, to keep healthy people fighting HIV, tuberculosis and malaria and to provide sensible economic strategies to help people lift themselves out of poverty. These would cost a fraction of the war in Iraq and dramatically enhance our security as well as fulfil our moral responsibility to help other people fulfil their dreams."

The U.S. Vs. Iran (WSJ)

By Michael Rubin

The Wall Street Journal, September 20, 2006

The Iranian government continues to enrich uranium despite Secretary of State Condoleezza Rice's generous package of incentives -- and in defiance of the U.N.'s Aug. 31 deadline. Still, European officials hold out hope for the success of diplomacy. On Sept. 15, Javier Solana, the European Union's foreign policy chief, said, "We are really making progress. Never before have we had a level of engagement . . . as we have now." Diplomats will look for any hopeful sign from Iranian President's Mahmoud Ahmadinejad's forthcoming

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U.N. speech. But can talk work? Successful diplomacy requires that both sides negotiate in good faith and honor commitments. That Tehran's track record undercuts confidence should not surprise. From its very inception, the Islamic Republic has eschewed diplomatic norms.

On Nov. 4, 1979, Iranian students seized the U.S. embassy in Tehran, holding 52 hostages for 444 days. Warren Christopher, deputy secretary of state during the crisis, called the Iranian move a "flagrant violation" of the 1961 Vienna Convention on Diplomatic Relations and the 1963 Vienna Convention on Consular Relations. But Iranian officials endorsed the seizure. Ayatollah Ruhollah Khomeini praised the students. His successor as supreme leader, Ali Khamenei, showed support with a visit to the embassy soon after its seizure. Ironically, while the Iranian leadership often demands apologies for transgressions both real and imagined, it continues to uphold the righteousness of hostage seizure, underscoring official contempt for diplomatic convention.

Still, the embassy seizure might be long forgotten had Tehran's disdain for diplomatic norms been the exception rather than the rule. In 1986, former U.S. national security advisor Robert McFarlane's traveled to Tehran. While the Iran-Contra Affair is remembered today for the Reagan administration's attempts to circumvent Congressional prohibition of funding of the Nicaraguan resistance, it also illustrates the inadvisability of trusting Tehran. President Reagan sought to win the release of American hostages in Lebanon but, as soon as Washington compensated Tehran for its bad behavior, its militias accelerated hostage seizure. Diplomatic enticement -- bribery by another name -- backfired. But diplomacy is not just about incentives; it is also about trust. What could have been just a failed initiative turned to scandal when, on the seventh anniversary of the embassy seizure, Ali Akbar Hashemi Rafsanjani, today the chairman of the Expediency Council, broke a pledge of secrecy and revealed the meetings to the international press.

Iranian authorities showed diplomatic duplicity once again after Khomeini issued a declaration calling for author Salman Rushdie's death. Four months before Khomeini's death, then-president Khamenei demanded that Mr. Rushdie apologize in exchange for cancellation of a religious edict ordering his murder. Mr. Rushdie apologized, but the Iranian government nevertheless kept the bounty in place. President Khamenei was insincere, his diplomacy was a tactic. By winning an apology, he confirmed Mr. Rushdie's guilt.

Iranian lying should not surprise; what should is how often Western governments fall prey to it. The British government demanded that Tehran lift the bounty on Mr. Rushdie's head as a precondition to re-establish relations. On Sept. 24, 1998, the Iranian government said it would do nothing to harm Mr. Rushdie. No sooner had London and Tehran exchanged ambassadors, than Iranian authorities once again reversed themselves.

For U.S. forces in Afghanistan and Iraq, the cost of Iranian lying is high. While Iranian diplomats pledged not to destabilize Afghanistan and, indeed, cooperate in its reconstruction, the Islamic Revolutionary Guards Corps sent in operatives disguised as school teachers to further instability. As Afghan President Hamid Karzai struggled to wrest control away from warlords, Afghan commanders intercepted a dozen Iranian agents and proxies organizing armed resistance.

In Iraq, too, Iranian diplomacy has been duplicitous. Prior to the Iraq war, Iranian Foreign Minister Kamal Kharrazi and U.N. Ambassador Mohammad Javad Zarif, pledged Iranian noninterference to British Foreign Secretary Robin Cook and Zalmay Khalilzad, then President George W. Bush's envoy to the free Iraqis. But, Iranian journalists now describe how, days after Saddam's fall, the Iranian leadership dispatched 2,000 Revolutionary Guards replete with radio transmitters, money, and supplies. On Nov. 18, 2003, Mr. Kharrazi again pledged good behavior. He lied outright; his promise coincided with a new deployment of Iranian intelligence across Iraq. The Revolutionary Guard stepped up its training of Muqtada al-Sadr's militia. Hasan Kazemi Qomi, previously Iran's liaison to Hezbollah in southern Lebanon, became Tehran's top diplomat in Baghdad. Mr. Qomi assured diplomats that "Iran will not accept anything that destabilizes Iraq." Four months later, Iraqi forces captured 30 Iranians fighting alongside Sadr's militia. * * *

Earlier this month, I traveled to the Middle East to meet Shiite tribal leaders and urban notables from southern Iraq. They described how Iran has transformed its consulates in Karbala and Basra into distribution points for everything from money to shaped charges. That Tehran uses diplomatic pouches and protocols to safeguard its network reflects their insincerity. While the West approaches diplomacy with sincerity, the Islamic Republic mocks diplomatic convention to shield subversion.

Iran's nuclear program raises the stakes of its deceit to U.S. national security. There is little doubt that Tehran's nuclear program is not peaceful. On Feb. 14, 2005, Ayatollah Mohammad Baqer Kharrazi, secretary-general of Iranian Hezbollah, promised, "We are able to produce atomic bombs and we will do that." In February 2006, Mohsen Gharavian, a Qom theologian well-connected to the Islamic Republic's staunchest ideologues, called Iran's possession of nuclear weapons "natural."

Iran's nuclear program has advanced through the trust of diplomats and their willingness to provide hard currency in the name of dialogue and engagement. Between 2000 and 2005, European Union trade with Iran almost tripled. Tehran invested much of this money in arms and nuclear infrastructure. For more than a decade, through both the Rafsanjani and Khatami administrations, Iranian authorities hid the existence of a uranium enrichment plant at Natanz and a heavy water plant at Khondab. That Western diplomats label Mr. Rafsanjani a pragmatist and Mr. Khatami a reformer underscores the danger of judging Iranian officials by style rather than action.

In February 2003, the Iranian authorities opened the secret plants to International Atomic Energy Agency (IAEA) inspectors. Their subsequent report was damning: Not only had the Iranian government designed the Natanz facility to house at least 50,000 centrifuges, but Tehran had the import of almost a ton of uranium from China, and could not account for missing processed uranium. During subsequent inspections, Iranian authorities repeatedly changed their stories when asked about the origin of weapons-grade uranium traces. Subsequent inspections exposed other lies. Finally, on Sept. 24, 2004, the IAEA Board of Governors, after recalling a litany of

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Iranian mistruths, found Iran in breach of its Non-Proliferation Treaty Safeguards Agreement. While Iranian officials have made many subsequent pledges to cooperate, their actions belie their words. They have yet to abide by the Additional Protocol's inspection standards and, earlier this year, turned away IAEA inspectors from Natanz in violation of the NPT.

While diplomacy necessarily involves talking to adversaries, Washington should not assume that the ayatollahs operate from the same set of ground rules. During his long exile in Najaf, Khomeini endorsed taqiya, religiously sanctioned dissembling. From his perspective and that of his followers, the ends justify the means. Hence, Khomeini saw nothing wrong when he told the Guardian newspaper, just months before his return to Iran, "I don't want to have the power of government in my hand; I am not interested in personal power." Tehran may still conduct diplomacy to fish for incentive and reward but, at its core, Iranian diplomacy is insincere. The Iranian leadership will say anything and do anything to buy the time necessary to acquire nuclear capability. That Foggy Bottom still advises against any strategy that might undercut the possibility of some illusionary breakthrough signals triumph not of realism but of negligence. Diplomacy cannot succeed if one side is playing for real and the other only for time.

Mr. Rubin, a resident scholar at the American Enterprise Institute, is co-author, with Patrick Clawson, of Eternal Iran: Continuity and Chaos (Palgrave, 2005).

Hostage To Iran Again? (NYT)

By Maureen Dowd

The New York Times, September 20, 2006

It was galling to be lectured on ethics, truth, justice, virtue and respect for human rights by a Holocaust-denying, Iraq-meddling, American-hating pipsqueak. A guy who showed up to address the United Nations without bothering to wear a tie, so casual in a disco-looking cream suit and open-necked pink shirt he looked like he would kick back later in Chelsea.

If President Bush was bland, oblique and condescending in his U.N. remarks, bypassing President Mahmoud Ahmadinejad to speak directly to the people of Iran, the Iranian leader was more blunt — referring to America and Britain disdainfully as "the occupiers." "Not a day goes by without hundreds of people getting killed in cold blood," he said.

Iranian leaders love nothing more than taunting American presidents, as we learned when Jimmy Carter was emasculated during the hostage crisis. And so it was with Mr. Ahmadinejad, who took W. and Dick Cheney's refrain about how Republicans are needed to stiffen America's will and threw it back at them.

"There is no indication,'' he needled, "that the occupiers have the necessary political will to eliminate the sources of instability."

All day the White House team went through gyrations not to run into the Iranian leader, fearful to be caught in the same frame, perhaps haunted by memories of that picture of a smiling Rummy shaking Saddam's hand in 1983. It seemed a little silly, given what a tough guy W. acts like. If he ran into the punk, he could have just told him to quit processing uranium, and moved on. Bush aides assured reporters with asperity that they were not studying the Iranian president's route or bathroom schedule, that such a fixation would only build up a foe they were trying to cut down to size.

But it's a little late for that, with Mr. Ahmadinejad staring from the cover of Time with a story on "What War With Iran Would Look Like," and with Senator George Voinovich calling him "Ah-mad-in-a-head'' and "a Hitler type of person'' at a Senate committee hearing yesterday. (Can't pols just have little Post-its on their microphones reminding them not to compare anything to the Nazis?)

Mr. Bush played down Osama for five years, while he focused on Iraq. But his ill-fated detour into Baghdad just ended up magnifying another enemy and giving Mr. Ahmadinejad a huge strategic opportunity to stoke the growing fundamentalist and radical Shiite surge unleashed by the bungled occupation. Because W. blew off diplomacy with Iraq, he is now hostage to diplomacy with Iran.

The Iranian president sounded more scornful of the U.N. than Mr. Cheney does. "If the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?'' he said, complaining that they "arrogate to themselves simultaneously the roles of prosecutor, judge and executioner."

With their usual cultural tone-deafness, W. and Vice failed to appreciate the shrewdness of the nemesis they won't talk to, and continued to arrogantly act as though everything were going along great in their clash of civilizations.

W. went through a gauzy litany of progress on democratizing the Middle East, and speaking to auto dealers yesterday morning, Vice applied a Harry Truman phrase about the cold war, calling the war against terrorists a "war of nerves."

Vice said this is "a test of our character,'' and then went on to defend all the administration's attempts to put itself above the law on the wiretapping, torture and detention programs that have undermined America's moral repute in the world.

John McCain seems untroubled with those who say that his stand on torture might hurt him with the Republican base in 2008. After making nice with his former rival, W., for so long, the war hero probably enjoys getting in National Guard boy's face a little on an issue of principle.

W. has now put so many bad actors in the terror stew — some of whom hate each other — and has justified so many sketchy programs under the war-on-terror rubric, that the word "terror" is losing all meaning and just becoming a marketing slogan. Even the Republican columnist Peggy Noonan says that W. can be "a historical drama queen."

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If our pursuit of terrorists who harmed us and want to hurt us again gets too diffuse, it's pointless, counterproductive and endless. The president's refusal to understand what's at stake in the torture debate is itself a kind of torture for Americans who don't want our moral power — and our pursuit of Al Qaeda — diluted.

First Lady Is Playing A Major Role On The World Stage (WP)

By Michael A. Fletcher, Washington Post Staff Writer

The Washington Post, September 20, 2006

New York Events on Literacy, Burma Reflect Laura Bush's More Public Persona

NEW YORK -- On Monday, Laura Bush convened an international conference on literacy. Tuesday, she hosted a roundtable aimed at prodding the United Nations into action on the humanitarian crisis in Burma. Wednesday, she will address the Clinton Global Initiative. And Thursday, she is to receive a major international award.

By any measure, it is a busy week. It is particularly so for a first lady praised by some admirers as the "anti-Hillary" for her seeming preference for eschewing controversy and for embracing a more traditional role as first lady.

"Any one of those events on their own for a first lady is significant," said Anita McBride, Laura Bush's chief of staff. "Together, they are profound."

Laura Bush has proved to be a popular and comforting presence during the nearly six years that her husband has served as president. But she has mostly steered clear of a sustained public policy role, even as she has quietly championed issues close to her heart, including literacy, education, combating HIV and the rights of women.

Her portfolio is no different -- or more controversial -- this week. But her sustained presence at the center of the world stage is unprecedented, which White House aides are promoting in the belief that her emerging profile can only help bolster President Bush's sagging popularity.

Meanwhile, the first lady, once a reluctant campaigner, has established herself as a fundraising force for the GOP. In the current election cycle, she has appeared at 33 political events, raising nearly $12.4 million -- a substantial increase over 2002, according to the Republican National Committee.

The president has been a polarizing political presence both at home and abroad, but his wife remains popular. A Gallup-USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's approval rating of 40 percent.

"I think she is the most popular Republican in the country right now," said Myra G. Gutin, a first-lady historian at Rider University in Lawrenceville, N.J. "I think the public relations value is tremendous. It's not out of the ordinary for the first lady to be called upon when her popularity exceeds that of her husband."

Along with her expanding political role, Laura Bush is becoming a high-profile ambassador for the social and humanitarian portions of the president's agenda. In the nearly two years since the start of his second term, she has embarked on seven solo international trips -- three more than she took during the entire first term. Many of them have given her an up-close view of the AIDS crisis, human rights abuses and the repression that women encounter in many corners of the globe.

"She's been the face of, as far as the public face of, the U.S. government commitment on AIDS, on human rights, on democracy," McBride said. "So I think he's seen what all of you have seen -- she's been a voice for the commitments that the U.S. government is making on these issues."

This all represents a long journey for a former teacher and librarian who asked her future husband to promise never to ask her to give a political speech. Her relative silence on policy issues is far different from that of her predecessor, Hillary Rodham Clinton.

Hillary Clinton maintained an office in the West Wing of the White House, which is populated by top presidential policymakers, and she was the chief architect of the Clinton administration's failed effort to restructure the nation's health-care system.

Laura Bush works out of an office in the East Wing, where some shelves are reserved for children's books. Still, she is hardly lacking in opinions, even if she is careful to ensure that they rarely eclipse those of her husband.

A casually elegant woman with a penetrating gaze, Bush often wears a Cheshire-cat smile that admirers say both conceals and protects her independence. She proved to be a steadying hand for the nation after the Sept. 11, 2001, attacks, by going on national television with advice for parents on how to help their children cope with the disaster. Aides say she has strong views on women's and educational issues but makes them known selectively within the administration.

Peter Smith, assistant director general for UNESCO, met with her twice in planning for a literacy conference and was impressed. "She is a person of enormous passion on literacy," he said. "It is not that she jumps up or shouts about things. Her passion has an enduring, no-nonsense quality to it."

Some admirers have been quick to contrast her with her predecessor, but Laura Bush dismisses such comparisons.

"I don't bake cookies," she said during a 2004 White House interview with the Chicago Tribune in 2004. Protesting that the press is often eager to put the first lady in a box, she added: "The people who have lived here are more complicated than that."

During a visit to Africa last year, she surprised the president by telling reporters he should consider a woman to replace retiring Supreme Court Justice Sandra Day O'Connor. Later, when the president nominated little-known White House counsel Harriet E. Miers for

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the post, provoking a revolt among some in the right wing of the GOP that eventually forced Miers's withdrawal, Bush speculated that some of the opposition to Miers may have been motivated by sexism. She has publicly lamented that some politicians have made a campaign issue of same-sex marriage -- even as her husband reaffirmed his support of a constitutional amendment to ban such unions.

The first lady delivered a presidential radio address in November 2001 on the plight of women in Afghanistan under the repressive Taliban regime. And she also pressed to visit that country, a wish that was fulfilled last year.

"Those are the things that she says she has always had an interest in -- it's just now she's expanding that interest," said Susan Whitson, her press secretary.

Her work has taken center stage this week in New York. During the global literacy conference, whose participants included first ladies from 32 nations, she was clear in her conviction that literacy is a cornerstone of liberty and self-sufficiency. Two-thirds of the world's 771 million illiterate adults are women, Bush said.

"By investing in literacy and education, governments build their economies," she said in the meeting's opening remarks.

During a meeting at the United Nations Tuesday, Bush sat at the head of a semicircular table as half a dozen health experts and officials from relief organizations briefed her on the drug trade and sex trafficking and on the horrific health and human rights problems in Burma, which is also known as Myanmar.

In remarks before the meeting, Bush said she has taken an interest in Aung San Suu Kyi, the democracy activist and Nobel laureate who remains under house arrest in Burma.

"Her example of her life actually calls attention to the situation in her country," Bush said. "And because of the attention that she gets from people around the world, we also now look at Burma and we want to see what we can do -- is there anything we can do to make sure she, as well as all the other political prisoners, are released, and that her country can reconcile."

First Lady Urges Swift Action On Myanmar (AP)

By Foster Klug

AP, September 19, 2006

First lady Laura Bush on Tuesday called for Myanmar's military rulers to release imprisoned pro-democracy leader Aung San Suu Kyi and urged the U.N. Security Council to issue a swift resolution condemning the junta.

"The United States will work very hard with other members of the Security Council to get a good resolution about Burma," Mrs. Bush told a panel of diplomats and Myanmar experts on the sidelines of the U.N. General Assembly meeting of world leaders. "The sooner the better."

The Security Council recently placed Myanmar, also known as Burma, on its agenda — something the United States has been pushing for, despite opposition from some of Myanmar's neighbors.

"It's really important for Burma's neighbors to speak with one voice," the first lady said. While the United States believes strong sanctions are the best way to force change in the country, others favor discussions with the generals.

U.S. officials also want the United Nations to call on Myanmar to release Suu Kyi, who has been in detention for much of the last 17 years. She is among some 1,100 political prisoners.

"We want to see what we can do — is there anything we can do to make sure she as well as all the other political prisoners are released," Bush said of Suu Kyi.

The U.N. Security Council held a rare briefing last year on political and social deterioration in Myanmar, but U.S. lawmakers want more done. They argue that isolating the junta should not be solely an American effort and have urged pressure be ramped up from China, Thailand and India, which they criticize for their economic ties with Myanmar's generals.

In August, President Bush approved a renewal of sanctions against Myanmar, extending for a year import restrictions.

Zaid Ibrahim, a member of Malaysia's parliament and the head of the Association of Southeast Asian Nations' Inter-Parliamentary Myanmar Caucus, said governments in the region are fed up with junta.

"The only way we can hope for real change is when this regime cracks," Ibrahim said. "Pressure works, although some people question that."

U.N. Undersecretary-General for Political Affairs Ibrahim Gambari, who was allowed to visit Myanmar earlier this year and meet with Suu Kyi, said he hoped to return and see if any progress has been made since his last visit.

Clinton, Gingrich Both Defend The Pope (AP)

By Devlin Barrett

AP, September 19, 2006

Sen. Hillary Rodham Clinton and former House Speaker Newt Gingrich, longtime foes in American politics, forcefully defended Pope Benedict XVI on Tuesday against a wave of Muslim criticism over a speech last week.

When asked about the controversy prior to her speech at an American Cancer Society event, Clinton, D-N.Y., said the pope's follow-up statement should have been enough to settle the matter.

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"It's just outrageous and offensive that people would be threatening violence against him based on what he said, especially when there is so much they should be working on together," Clinton said.

The former first lady has a huge lead in her Senate re-election bid this year. Her opponent, Republican John Spencer, had criticized her Tuesday for not speaking out in the pope's defense.

After appearing onstage with Clinton at the cancer event, Gingrich was even more outspoken about the religious tension.

"I think what he said in his entire speech ... is that Islam has to come to grips with having a genuine dialogue of mutual respect," said Gingrich, a Georgia Republican when he was in the House. "Everything you've seen of the viciousness and the evil that has been said since then by fanatics reinforces the pope's speech."

Both Clinton and Gingrich, who as House speaker sparred for years with President Clinton, are considered potential presidential candidates in 2008.

Benedict angered much of the Muslim world with a speech that cited a Medieval text that characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith." He later said he was "deeply sorry" if Muslims were offended, but some Muslims demanded a more forceful apology.

The comments led to mass protests in several Muslim countries. In Somalia, a Catholic nun was slain, a shooting that may have been motivated by anger at the pope's remarks.

"I think it's amazing that a 65-year-old nun who's serving as a nurse in Somalia can be killed over words, and people aren't outraged by the vicious barbarians that killed her," Gingrich said.

Tough-Talking Pope Has History With Muslims, Refuses To Give In (WT)

By Julia Duin

The Washington Times, September 20, 2006

Known for his toughness on matters of Catholic doctrine, Pope Benedict XVI gives no quarter when it comes to questions about Islam.

Unlike his predecessor, Pope John Paul II, Benedict has never drawn flak for saying that Muslims and Christians pray to the same God or been accused of waffling on whether Christianity is superior to the religion of prophet Muhammad.

Still, he has dialogued with Muslims for years and, just after his installation as pope 17 months ago, specifically mentioned them in an address to members of other religions.

But, during a lecture Sept. 12 in Regensburg, Germany, he quoted a 14th-century Byzantine emperor, Manuel II Paleologos, as saying, "Show me just what Muhammad brought that was new, and there you will find things only evil and inhuman, such as his command to spread by the sword the faith he preached."

Even though the pope described the quote as "marginal" and "brusque," Muslims around the world have called for the pontiff's death, churches in the West Bank and the Gaza Strip were firebombed over the weekend, and a nun was killed Sunday in Somalia, in an apparently related attack.

Still, "challenging Islam is not Benedict's priority," says David Gibson, author of the just-released book "The Rule of Benedict." "He doesn't want to see this as a debate between equals. There's no theological parity between the two. He's not there to compromise on that.

"One of the reasons he was elected last year was the cardinals felt he'd be much more confrontational with Islam. Benedict has voiced real doubts about Islam's ability to reform itself."

Benedict has studied Islam extensively and, in a 1997 interview with German journalist Peter Seewald, dealt generously with the religion.

"There is a noble Islam, embodied, for example, by the King of Morocco, and there is also the extremist, terrorist Islam, which, again, one must not identify with Islam as a whole, which would do it an injustice," the then-Cardinal Joseph Ratzinger said.

Still, he added, Islam does not fit in with Western civilization.

"Islam has a total organization of life that is completely different from ours; it embraces simply everything," he said. "There is a very marked subordination of woman to man; there is a very tightly knit criminal law, indeed, a law regulating all areas of life, that is opposed to our modern ideas about society. One has to have a clear understanding that it is not simply a denomination that can be included in the free realm of a pluralistic society."

He has refused to alter his conviction that Islam's propensity to live by the power of the sword must be moderated.

"Certainly, it has elements that favor peace, as it has other elements," he told Italian journalists in July 2005. "We always have to seek to find the best elements that help."

Unlike John Paul, who visited a mosque in Damascus, Syria, in 2001, Benedict is loath to mix religions. Last year, while in Cologne, Germany, for World Youth Day, he turned down a request by Muslim leaders to visit a mosque there, in a city known as a European base for the radical Muslim Brotherhood.

But he did meet with Muslim leaders, who he said are viewed "with respect" by Catholics.

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"We must seek paths of reconciliation and learn to live with respect for each other's identity," he added. "The defense of religious freedom, in this sense, is a permanent imperative, and respect for minorities is a clear sign of true civilization."

In March, the pope summoned 179 cardinals to Rome to discuss Islam, said John L. Allen Jr., author of "The Rise of Benedict XVI." At issue was increasing persecution of Christians in Islamic countries, he said in an interview

"He feels that if we have dialogue, we need to talk about things," Mr. Allen said of the pope, "and not just be nice to each other. When he said on Sunday that he wants a 'frank and sincere dialogue,' he meant that we have to put actual issues on the table.

"The great challenge is if he can find the vocabulary to raise these issues. And can he find a conversation partner? Are there credible forces within Islam who can engage in a discussion based on reason?"

Muslim Anger At Pope Shows Signs Of Easing (NYT)

By Ian Fisher And Peter Kiefer

The New York Times, September 20, 2006

ROME, Sept. 19 — President Mahmoud Ahmadinejad of Iran suggested today that Pope Benedict XVI had satisfactorily "modified" his remarks on Islam, one sign of an apparent easing of anger since the pope issued an apology on Sunday for the reaction to his words.

"We respect the pope and all those interested in peace and justice," Mr. Ahmadinejad, a devout Muslim and hardliner against the West, told reporters before leaving Venezuela. "I understand that he has modified the remarks he made."

On Sunday, Pope Benedict said he was "very sorry" for the anger and protests that erupted around the Muslim world since he gave a speech a week ago, citing a medieval text describing Islam as "evil and inhuman." Several churches were attacked the West Bank and Gaza, and a Catholic nun was killed in Somalia, although it is not certain the slaying came in reaction to the pope's remarks.

Since the pope issued his apology on Sunday, some Muslims have said he did not go far enough: While he did say that he did not agree with the description of Islam, he did not apologize for having using the quotes. Today, some Muslims continued to demand a fuller apology.

"Either apologize or don't come," read banners at a protest today in Turkey, where the pope's scheduled trip in November has come under criticism since he made the speech. Officials from both the Turkish government and the Vatican said they expected the trip still to go forward.

In Libya on Monday, a son of the nation's leader, Col. Muammar el-Qaddafi, said he did not accept the apology and suggested instead that that pope convert to Islam.

"If this person were really someone reasonable, he would not agree to remain at his post one minute but would convert to Islam immediately," the son, Mohammed Qaddafi, said at an awards ceremony, according to news agencies.

But today, many more Muslims echoed the sentiments of the top imam in Rome, who said the pope had "stepped back" from his original comments.

"We are always ready for dialogue, always ready for co habitation, anywhere, even in those moments when we are wounded," the imam, Sami Salem, said after an inter-religious meeting here which also Jews and Catholics.

But he said: "Dialogue is not an empty word, it should be a fact. The word is not enough."

Also at the meeting, which had been planned before the pope's speech, was the Vatican's top official on inter-religious dialogue, Cardinal Paul Poupard. He echoed the imam's call for greater dialogue among religions, although Benedict has been more skeptical about talk for its own sake and has not yet sketched out practical vision for dialogue.

"The alternative road other than terrorism and violence is dialogue and this road passes through the recognition of differences in this difficult moment our presence here means an invitation to an authentic dialogue between those who believe in one God," he said.

Today, the pope issued condolences to the nun, Sister Leonella Sgorbati, shot to death in Somalia with her bodyguard. He did so through his new secretary of state, Cardinal Tarcisio Bertone, who said the nun was killed "barbarically."

"In repeating a firm condemnation of all forms of violence, his holiness the pope hopes that the blood shed by such a faithful follower of the Gospel will become a seed of hope to build an authentic brotherhood between peoples, in a spirit of mutual respect for each other's religious convictions," a Vatican statement said.

The Pope's Act Of Contrition (NYT)

The New York Times, September 20, 2006

Now that Pope Benedict XVI has expressed regret for offending Muslims in remarks he made last week, we hope Catholics and Muslims alike will put aside the pontiff's ill-considered comments and move forward in a conciliatory spirit.

Muslim leaders need to condemn the specific acts of violence that followed the pope's speech. Even more important, they must work against the nurturing of grievance that magnifies and politicizes insults, giving them a destructive dynamic.

There are hopeful examples of such leadership. Muhammad Habash, head of the center for Islamic studies in Damascus, acknowledged Muslims' shock at the pope's remarks but said that now "it is our turn to call for calming the situation." The top Islamic cleric in Turkey, Ali Bardakoglu, who had sharply criticized the pope, accepted the apology. He said Benedict's "expression of sadness is a sign that he would work for world peace."

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The pope and the Vatican can also do more. For the past two years, Benedict has been a no-show at interfaith gatherings in Assisi, begun 20 years ago by his predecessor, John Paul II. Last year, he issued an edict revoking the autonomy of Assisi's Franciscan monks, a move that was seen as a reaction against the monks' interfaith activism. On the occasion of this year's gathering, he issued a statement about religion and peace that was read by an envoy, but his absence spoke louder than his words.

The pope also recently reassigned the Vatican's former head of interreligious dialogue, Archbishop Michael Fitzgerald, an expert on Arab affairs, to a diplomatic post in Egypt. According to a report in The Times by Ian Fisher, the move was interpreted by some church experts as reflecting Benedict's skepticism of dialogue with Muslims. As his unfortunate comments show, the pope needs high-level experts on Islam to help guide him.

In offering his regrets, the pope said that in its totality, his speech was intended as "an invitation to frank and sincere dialogue, with great mutual respect." In living up to that, he and other top Vatican officials will have to accept that genuine communication cannot occur on their terms only.

Israel To Pull Last Lebanon Troops By Weekend (NYT)

By Steven Erlanger

The New York Times, September 20, 2006

JERUSALEM, Sept. 19 — Israel hopes to pull its last troops out of Lebanon by sundown on Friday, which marks the beginning of the Jewish new year, the chief of the Israeli military, Lt. Gen. Dan Halutz, said today.

"If all goes without a hitch, to the satisfaction of all sides, the working assumption is that the I.D.F. will leave all the areas it controls by the Jewish New Year holiday," General Halutz told a parliamentary committee, according to a parliamentary spokesman.

If not, General Halutz said, the Israeli withdrawal "would be delayed another week." But he said that Hezbollah had respected the cease-fire ending the 34-day war that began on July 12.

The United Nations said today that the number of foreign peacekeepers in Lebanon had reached 4,950, which Secretary General Kofi Annan has said is sufficient to allow Israel to leave. The number is considerably short of the maximum number of 15,000 foreseen in the Security Council resolution that ended the hostilities.

But however thin on the ground the United Nations forces may be, Israel is clearly reluctant to stay much longer in southern Lebanon, where an unknown number of Israeli troops are vulnerable to attack. Earlier, Israel said it had already withdrawn from some 80 percent of the Lebanese territory it occupied, ceding its positions to the Lebanese Army and United Nations troops.

General Halutz also said, however, that the Hezbollah militia has fully abided by the United Nations cease-fire. He said that Hezbollah fighters were not wearing uniforms or carrying weapons, and that Israel had detected no significant resupply of weapons and missiles to Hezbollah from sponsors Syria and Iran.

The Hezbollah leader, Sheik Hassan Nasrallah, has said that his militia would obey the cease-fire, and that if he had foreseen the harsh Israeli response to the Hezbollah raid into Israel in July 12 that captured two soldiers, he would not have ordered the attack.

Israel is hoping that the two soldiers — and a third, captured near Gaza by Palestinian militants in late June — will be released by the Jewish holiday.

In Beirut today, the United Nations humanitarian coordinator, David Shearer, said that Israel had scattered at least 350,000 unexploded cluster bomblets over south Lebanon toward the end of the war. "The outrageous fact is that nearly all of these munitions were fired in the last three to four days of the war," Mr. Shearer said.

He said that the number was based on Israeli estimates and excluded cluster bombs dropped by aircraft, and noted that three Lebanese a day had been killed or wounded by the munitions since the war ended. Israeli officials have said that cluster munitions are legal and were not fired indiscriminately.

In Gaza today, Palestinian gunmen broke into the office of WAFA, a prominent Palestinian news agency under the control of President Mahmoud Abbas. The gunmen beat up a reporter, who was taken to the hospital, and vandalized equipment, the news agency said. The gunmen accused WAFA of favoring Fatah in its news coverage.

Mr. Abbas is in New York at the United Nations General Assembly, where he met on Monday with Foreign Minister Tzipi Livni of Israel. Ms. Livni said that Israel wants to reopen a dialogue with Mr. Abbas, who said that the two "talked about everything" in what he called "a very, very positive meeting."

Mr. Abbas is trying to convince Israel and the United States that a proposed national-unity government with Hamas will satisfy Western demands that Hamas recognize the right of Israel to exist, forswear violence and accept prior Israeli-Palestinian agreements.

But a draft political program for a new government, published by the Palestinian Media Network in Gaza, does not mention Israel at all. It does speak of Palestinians achieving the goal of a sovereign state on all territories occupied by Israel in 1967 "using all legitimate means and methods," recognizes the Palestine Liberation Organization as the "sole and legitimate representative of the Palestinian people" and says that the government "shall respect the agreements signed by the P.L.O." but "in a manner that protects and safeguards the higher interests and the rights of the Palestinian people."

The program notes that the government should promote its goals based on an Arab initiative that called for peace with Israel on 1967 lines but it adds, "without affecting any rights of the Palestinian people."

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Such phrases, and another emphasizing "the right of return" of Palestinian refugees, are seen by Israeli as only a conditional acceptance of a two-state solution and thus falling short of international demands.

In Gaza, The Rule By The Gun Draws Many Competitors (NYT)

By Steven Erlanger

The New York Times, September 19, 2006

GAZA, Sept. 12 — Nabil Shaath, one of the most prominent Palestinian officials and a close adviser to the president, Mahmoud Abbas, had his own taste of Gazan chaos the other day. At sunset, on a crowded city street, his green BMW was carjacked at gunpoint.

Mr. Shaath was not in the car, only his driver, who had to be treated at a hospital. But the boldness of the gang that carried out the theft was the talk of Gaza.

As Mr. Abbas tries to assemble a national unity government that might enable Israeli and Western funds to flow back to the Palestinian Authority, the battling between gunmen affiliated with his Fatah faction and those of Hamas, the radical Islamist party which came to power after January's legislative elections, continues apace.

The fighting is part of a struggle for power in the one part of the Palestinian territories that Israel has largely abandoned. The rivalry has been visible in the murders of prominent officials, in clashes on street corners and in the creation, against the express orders of Mr. Abbas, of a Hamas-run "Executive Force," a separate police force dressed in camouflage pants, black shirts and, invariably, beards.

Even in the strikes by civil servants against the Hamas government led by Prime Minister Ismail Haniya — strikes orchestrated by Fatah, but rooted in genuine anger over nonpayment of salaries — there is an element of armed menace.

On a recent day, Fatah-affiliated policemen of the preventive security forces, loyal to Muhammad Dahlan, their former commander and a local Fatah leader, marched boldly in the streets over their pay. Those close to Hamas have at different times tried to kill Mr. Dahlan, who as the preventive security director, on the orders of the late Yasir Arafat, carried out a crackdown on Hamas in Gaza in 1995, jailing as many as 2,000 of its members. Hamas prisoners had their beards cut and some — including the current foreign minister, Mahmoud Zahar — were reportedly tortured.

As the policemen marched recently, they chanted in rhyming Arabic: "You Zahar, tell Haniya, we're going to go back to era of the bottle," a reference to one means of torture, when prisoners were sodomized with a soda bottle.

[On Monday, Mr. Haniya had to cancel a parliamentary briefing on the prospects for a new government when hundreds of protesters, most striking over unpaid wages, blocked his motorcade. Some jumped on his car and scuffled with his bodyguards, who fired shots into the air. On Monday night, there was a large Hamas counterdemonstration.]

Such clashes are compounded by the criminal activities of various gangs and clans, or hamullas, that engage in racketeering, carjacking and kidnapping. And those clans and gangs, with relatively defined territories, are represented in the security forces and armed groups of all factions.

One Gaza kidnapping that received significant attention was of two Fox News journalists, Steve Centanni and his cameraman, Olaf Wiig. For nearly two weeks last month, they were held by a mysterious group which first demanded that all Muslim prisoners in American jails be released. In the end, the group insisted that the two men pay a ransom, convert to Islam or be murdered.

Here, the kidnapping is viewed as the work of the Dagmush clan of northern Gaza City. It is regarded as highly professional, with links to criminal enterprises and various militant factions, including Hamas and the Popular Resistance Committees. The head of the latter, Jamal Abu Samahdana, himself part of a big Palestinian clan, had been appointed by Hamas as leader of the Executive Force and was killed by Israel; some Gazan analysts saw the Fox kidnapping as a way for the clan leader Mumtaz Dagmush to press to be appointed his successor.

If true, the kidnapping was another indication of the close connections among crime, militants and the rival official security forces — the kind of connections that make political leadership in Gaza seem so weak and, at times, irrelevant.

"Hamas and Fatah are shooting each other and we, the Palestinian people, are in the middle," said Ghazi Abu Shaban, 59, a math teacher at the Bashir El Rayes High School for girls. In the disorder of Gaza, the school is immaculate, refurbished with the help of German aid. Mr. Shaban has taught here for 34 years, and has seen the students go from loose hair and tight clothing to the long black cloaks and white head scarves in favor today.

Mr. Shaban and the school's headmistress, Nadra Bseisso, joined a brief teachers' strike called by their union over the failure to pay salaries, and then resented it when so-called volunteers were sent by the Hamas government to teach in their place. "We feel abused and manipulated by the president and the government competing against one another," Mr. Shaban said.

Still, he and Ms. Bseisso have worked hard to keep politics out of the school and have nothing but praise for the Executive Force, which guards the street by the school and shoos away flocks of young men who used to come to harass and flirt with the students. "They also help prevent theft," Ms. Bseisso said. "The problem is that some gunmen from Fatah will come and taunt them, and we worry about clashes."

Hamdi Shaqqura, a director at the Palestinian Center for Human Rights, said: "The main issue in Gaza is the security chaos — the attacks on people, on internationals, on journalists. Crime is everywhere, and 90 percent of the attacks come from those in the security forces, with no punishment. So as an ordinary citizen, I see this and take the law into my own hands."

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Not far away, on a street near parliament, is a store that has been sold by its owners, two sisters, to raise cash. But a young nephew is angry because he wanted the store for himself. To put pressure on his aunts, he recently brought over four men from the Hassanain clan, dressed in black, with long beards and M-16's. They came in two glinting silver Mercedes-Benzes, with no license plates.

Later, neighbors said, the aunts called Hamas, which sent some men with their own guns and beards. They whispered to the gunmen, who drove away. But the Hassanain gunmen returned the next day — not only with their guns and cars, but with a lion they stole from the zoo.

Not far away from the store is a house on a plot of land. The owner died recently, and his son lives abroad. An armed member of another clan came by, neighbors said, to claim the house. He is a member of Mr. Abbas's presidential guard, and the neighbors expect him to move in any day now.

Israel And The Quartet Must Seize The Moment (FT)

By Gareth Evans

Financial Times, September 20, 2006

If there is to be any chance of forging new momentum for a comprehensive Arab-Israeli peace settlement out of the ashes of the past several months, it will have to begin with acceptance of the leadership chosen by the Palestinians as a legitimate partner by Israel and the Quartet (America, the European Union, Russia and the United Nations).

That was not possible so long as Hamas made up the whole of the Palestinian government and refused to accept the Quartet's three conditions: that it renounce violence, recognise Israel and abide by past Israeli-Palestinian accords. But things are about to change. An understanding has been reached between Mahmoud Abbas, Fatah's Palestinian president, and Ismail Haniya, the prime minister from Hamas, on establishing a government of national unity. Its political programme will, on current indications, go a significant way towards meeting international concerns, accepting two of the three criteria in practice and one in principle.

The new government is expected to commit itself to honouring international accords the Palestine Liberation Organisation signed with Israel, and to achieving a mutual ceasefire. There will be an implicit recognition of Israel, both through acceptance of past agreements and the endorsement of the 2002 Arab peace initiative, which ties normal relations with Israel to a full withdrawal from occupied territory and resolution of the refugee question. Moreover, negotiations will be conducted by Mr Abbas, who accepts all three criteria without reservation, significantly enhancing his authority and guaranteeing both Israel and the international community an interlocutor they claim to respect.

The Quartet members, when they meet in New York, should acknowledge all this as a significant turning point. But there is a serious risk they will not. While there have been encouraging signs from the other Quartet members, the door of the US has remained shut.

That is a mistake. Hamas cannot be eliminated by denial and has earned the democratic right to a place in government. As the Quartet announced in its first post-election statement, all parties should respect the results.

Moreover, since then Hamas leaders have displayed some ideological flexibility, making clear that they are ready to share power with Fatah and to yield the negotiating mandate to the leader of the PLO. These developments are all the more remarkable when judged against the background of a raging conflict in Gaza and a fiscal crisis artificially stimulated through a financial and trade embargo. Amid this maelstrom there will still be a Palestinian government committed to a negotiated settlement, led by the two prime factions whose rivalry hitherto undermined peace efforts.

There are undeniably problems. The understanding is peppered with caveats. But cooler heads should regard these as opt-in rather than opt-out provisions, designed to ensure the broadest possible Palestinian buy-in. If the bar is raised any higher, the numbers of dissenting factions baying at the gates of the waning Palestinian Authority could grow to dangerous proportions. Hardest to accept will be no explicit recognition of Israel. But Israel engages warmly with many governments in the region that do not formally recognise it. The two Arab states which did so – Egypt and Jordan – acted only after their conflict over borders was resolved.

The Quartet should welcome the formation of a national unity government and then focus on what really matters: whether it is prepared to transform its words into action by enforcing a real ceasefire on all Palestinian factions. To give the government vital breathing space, the Quartet should lift its financial boycott and support the lifting of the Israeli siege by returning its monitors to the Rafah passenger crossing and stationing fresh ones at the Karni goods crossing. And it should help the PA rebuild its institutional capacity.

One further step is required. Without Israeli reciprocity, no agreement can hold. The Quartet must now ask Israel to honour agreements such as the roadmap; to transfer outstanding tax revenues; agree to a mutual cessation of violence by ending assassinations, incursions and bombardment; and resume bilateral negotiations in good faith. The Quartet should also establish an effective monitoring presence on the ground to verify both sides' implementation of these steps. After six years without a political process, it is time for the casuistry to stop and serious negotiations to begin.

The writer is president of the International Crisis Group

Bush Buries The Lead (LAT)

The Los Angeles Times, September 20, 2006

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WHEN A REPORTER DOESN'T get to the most newsworthy information until the middle of his story, an editor will complain that he's "burying the lead." That's what President Bush may have done Tuesday in his address to the United Nations General Assembly — but nobody should complain. The buried lead in Bush's U.N. remarks about the democratization of the Middle East was his announcement of a potentially significant U.S. initiative for peace between Israel and the Palestinians.

Bush addressed what he called "peace in the Holy Land" only after taking the delegates through a tour of developments in the region — including in Afghanistan and Iraq — and throwing U.S. support behind a peacekeeping force in Sudan. But when Bush did get to the Israeli-Palestinian issue, what he said was consistent with — and different from — his earlier remarks about the spread of democracy in the region.

Surprisingly, Bush linked elections in the Palestinian territories to the expansion of the franchise elsewhere in the Arab world. Referring to Hamas, the rejectionist Islamic party with which Israel rightly refuses to negotiate, Bush said: "The leaders of Hamas campaigned on a platform of ending corruption and improving the lives of the Palestinian people, and they prevailed. The world is waiting to see whether the Hamas government will follow through on its promises or pursue an extremist agenda."

The implication is that Palestinians who voted for Hamas did so despite, not because of, the movement's antipathy toward Israel. The truth, as Bush surely knows, is more complicated. Bush also spoke with a new urgency about the need for negotiations to achieve a two-state solution for Israelis and Palestinians. He reaffirmed U.S. support for the "road map" for Israeli-Palestinian negotiations agreed on in 2002 by the U.S., the U.N., Russia and the European Union. And he said Secretary of State Condoleezza Rice would lead a renewed diplomatic effort in the region.

Again, while this might sound like diplomatic boilerplate, it amounts to a subtle change in direction. In May, Bush seemed receptive to Prime Minister Ehud Olmert's proposals for unilateral Israeli withdrawal from parts of the West Bank, a plan predicated on the idea that the road map had become irrelevant. Now the president has unfolded the map again and invited Palestinians to take advantage of it. Hamas should "serve the interests of the Palestinian people," Bush said. "Abandon terror, recognize Israel's right to exist, honor agreements and work for peace." That may sound like a stern injunction, but it also offers Hamas a route to respectability.

Buried as they were in his speech, Bush's comments about the Arab-Israeli conflict were notable because they fit awkwardly into his main theme of democracy as the solution to tensions in the region. Democracy is important, but so are security for Israel and independence for the Palestinians.

Yemen moves along volatile path to democracy (CSM)

By Ginny Hill

The Christian Science Monitor, September 20, 2006

Nine million voters are set to go to the polls here Wednesday in combined presidential and local elections, concluding a heated and sometimes deadly month-long campaign.

Some 90,000 police and troops will deploy in an attempt to minimize the violence that has claimed at least seven lives in clashes between supporters of rival candidates in this country where small arms are freely available and gun ownership is the norm.

President Ali Abdullah Saleh, who in June reversed his earlier decision to step down after nearly three decades in power, is seeking a mandate for another seven-year term. His reelection is almost certain, observers say, raising questions about the pace of progress toward democracy, 15 years after Yemen became the first country to introduce to universal suffrage to the Arabian Peninsula.

"The prospect of replacing [President] Saleh probably scares a lot of people, because it would bring uncertainty and changes to the settled order," says Paul Harris, director of IFES, a prodemocracy organization based in Washington that will take part in monitoring the election. "But the constitution now limits the president to serving two elected terms in office, which - if he wins this year - would set Saleh's retirement date for his 70s."

Yemen has been an ally to the US in the global fight against terror. But critics maintain that corruption is rife here and the government is largely forced to rule through tribal proxies outside the capital Sanaa. And Yemen has long had a reputation for cultivating and exporting terrorism. The main challenger for the presidency, Faisal bin Shamlan, has been embroiled in election-eve allegations that his bodyguard was a senior Al Qaeda militant planning attacks against US interests in Sanaa.

Saleh, president of North Yemen and commander-in-chief of the armed forces prior to unification in 1990, emerged as Yemen's leader when the end of the cold war led to the collapse of the Socialist government in South Yemen and concluded more than a decade of conflict. During 28 years at the top, he has had to manage a complex network of tribal loyalties and military interests that run parallel to and often override party politics and parliamentary structures.

In 1999, in the first direct presidential elections, Saleh stood against a candidate from his own party - the General People's Congress (GPC) - and won 96 percent of the vote. Now, he is fighting his second election campaign and faces his most serious challenger in Mr. Shamlan, a former oil minister who resigned from his post in 1995 during a coalition government in protest over corruption, representing an alliance of the five main opposition parties.

Hamoud Munasser, a Yemeni journalist, says this is an important election for the development of democracy "because, for the first time, there is real competition between the ruling party and the opposition coalition.

"We used to get only one choice, but we have many choices now - both for president and at the local level," he says.

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Yemen's month-long election campaign has shown all the signs of popular participation, with extensive media coverage and mass rallies in every major city.

Half-a-million people turned out on Monday to hear Saleh's final speech in Sanaa. He was dressed in a Western-style suit and surrounded by traditional Yemeni displays of horse-riding and dancing to create a spectacular piece of political theater.

By contrast, Shamlan's finale attracted fewer than 80,000 people. Supporters complained that police were preventing them from reaching the stadium. But people in the crowd were adamant that their man would bring the about changes that Yemen needs.

"I'm voting for bin Shamlan because he's an honest man. I believe he'll eradicate the corruption that dominates our government and institutions," says Sheikh Faisal bin Ali al-Gabri.

Away from the throng, others are more cynical about the prospects for the future. "Nothing will change as a result of this election," says one retired clerk, who has no intention of voting Wednesday. "There is no such thing as an Arab democracy. It's just an illusion."

Hafez al-Bukari, director of the Yemen Polling Center, says the opposition coalition is not competing on a level playing field.

"The GPC is the dominant party, both in terms of resources and control of media coverage," he says. "After decades of the status quo, people don't distinguish between the GPC and the state. They think that all benefits arising from the state are actually coming from the president's party."

During parliamentary elections in 2003, the National Democratic Institute (NDI) expressed concerns that the vote had been undermined by political intimidation, vote-buying, underage voting, and inappropriate behavior by the security forces.

On Wednesday, a 100-strong team of observers from the European Union will assess procedures in every governorate in the country in Yemen's largest monitoring operation to date.

Whatever the outcome of the vote, Yemen must eventually move toward its first peaceful transfer of power, observers say, even if turns out to be in-house affair. The front-runner for succession is currently Saleh's son, Ahmed, who is head of the Republican Guard and Special Forces.

With widespread poverty, rapid population growth, and a weak economy reliant on modest oil reserves that are less than a decade from running out, the challenges facing the country at the next elections in 2013 will only worsen unless substantial and effective reforms are introduced in the new presidential term.

Somalia Leader Survives Attack (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, September 19, 2006

A car bombing, a rarity in the nation, kills eight outside parliament. Some fingers point to Islamist council, which denies involvement.

MOGADISHU, Somalia — The transitional president of Somalia narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament.

President Abdullahi Yusuf was unharmed. However, eight other people, including his brother and several security guards, were killed by the blast in Baidoa, the nation's provisional capital.

The attack marked the second consecutive day of bloodshed in the Horn of Africa nation, which has been without a functioning government since 1991. On Sunday, gunmen in Mogadishu shot to death an Italian nun and her bodyguard outside a children's hospital.

Despite years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants. One government minister described the bombing as an "Al Qaeda-type" attack. No one immediately claimed responsibility.

"We hear about this type of thing in Iraq, but not Somalia," said Abdul Fatah Ibrahim Rasheed, a member of parliament. "This is something that is very new for us."

The blast came at a particularly sensitive time for the government. Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year. Some officials in Baidoa accused the group of participating in the attack.

"It will jeopardize the peace process if it becomes very obvious that the Islamists are behind this terrorist act," Foreign Minister Ismail Hurre Buba Hurre said during a visit to Nairobi, the Kenyan capital.

Islamist officials denied any knowledge of the attack.

"We know nothing about it, but we are very sorry for anything that hurts the security of Somalia," said Sheik Mukhtar Robow, deputy security chief for the courts council, an alliance of religious leaders formed in an attempt to bring order to Mogadishu.

Both sides are to meet again in Khartoum, the Sudanese capital, next month to continue negotiations.

Witnesses said the bomb, apparently hidden in a small car outside the parliament compound, detonated as the president's motorcade was leaving the facility. Yusuf had just addressed lawmakers, urging them to put aside their differences and endorse his newly reshuffled Cabinet.

There were conflicting reports about whether the car was parked or was driven by a suicide bomber. In a radio address Monday night, Yusuf said authorities had recovered the remains of a person they believed might have been the suicide driver.

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The blast ignited at least seven other cars and flung wreckage more than 100 yards to the doorstep of the parliament building, witnesses said. Inside, panicked lawmakers screamed and fled the building. Security guards fired into the air, adding to the sense of chaos, witnesses said.

"We thought we were under attack," said Ahmed Omar Gagale, a member of parliament. "It sounded like mortars, especially when some of the other cars began to explode from the fire."

After its formation at an internationally sponsored conference in 2004, the transitional government opted to reside in Baidoa rather than Mogadishu because of violence in the nation's traditional capital.

Since Islamists drove out the warlords who had carved up control of the city, security in Mogadishu has improved dramatically, while bloodshed in Baidoa has been rising. In July, gunmen shot a government minister as he left a mosque in Baidoa.

"It's getting very scary there," said Asha Ahmed Abdalla, a member of parliament.

Prime Minister Ali Mohammed Gedi escaped two assassination attempts in 2005.

Author Could Face Prison If Convicted Of 'Insulting Turkishness' (USAT)

By Michael Kuser

USA Today, September 20, 2006

ISTANBUL — Turkish novelist Elif Shafak faces trial here Thursday on charges of "insulting Turkishness" through comments made by a fictional character in her latest novel, The Bastard of Istanbul.

Shafak, 34, who teaches Middle Eastern studies at the University of Arizona, splits her time between Tucson and Istanbul, where she is helping set up a master's program in American culture and literature at Bahcesehir University.

The charges against Shafak — the latest of at least 60 cases involving authors and journalists here — raise questions about Turkey's readiness to become a full member of the European Union, a move the United States supports as a way to bolster a secular, democratic Muslim state in a pivotal geographic and political position.

She could face up to three years in jail on charges she violated Article 301 of the Turkish Penal Code by having an Armenian character in the book say that "Turkish butchers" killed her family and that the deaths were "genocide."

Shafak — who delivered her first child, a girl, on Saturday — wants to appear in court when the trial starts, her husband, Eyup Can, said Tuesday.

Can, who is editor of a Turkish business daily, said, "Most probably she won't be able to go, due to her condition." He said Shafak's lawyer will ask for a one-month postponement.

Turkey has been making efforts to change its criminal and justice systems to meet European standards to qualify for full EU membership. That's the goal of negotiations that started last October and could take a decade.

The failure to remove restraints on freedom of speech has led to charges against writers including Shafak. Under the 2005 law, anyone who criticizes the state or denigrates Turkish identity in any form can be prosecuted.

Several writers have been convicted, though none has gone to jail. Instead, the courts have handed down fines. The maximum amount levied: $4,000.

The charges against Shafak are based on events that, although they took place nearly a century ago, remain a sore spot for Turks and Armenians.

Official Turkish history says the mainly Orthodox Christian Armenians sided with Russia in an attempt to carve out a chunk of territory from the crumbling Ottoman Empire. History books here say many Muslims were killed in the fighting and the Armenians paid the price for their losing bid.

It is a criminal act in Turkey to back the view that forced marches to the Syrian border that killed up to 1 million Armenians should be considered genocide.

Other taboo topics include the rights of Turkey's Kurdish minority and Turkey's justification for invading the now-divided island nation of Cyprus in 1974.

Many Turks support Article 301 because they fear dredging up the past will hurt Turkey's aspirations to join the EU. "Talking about Turks killing people will give people in Europe and America the wrong idea, for it started with the Armenian attacks," says Banu Aktac, 43, a tour guide in Istanbul.

International PEN, a London-based group that promotes free speech, says Article 301 fails to meet international standards that protect freedom of expression such as the European Convention on Human Rights, which Turkey has signed.

"The trial against Elif Shafak is another sign that the situation in Turkey has become stricter," says Eugene Schoulgin, a PEN board member who is in Istanbul to attend the trial. "It's basically a crackdown on writers and journalists and is a result of the country's paranoiac attitude toward honor."

The Bastard of Istanbul tells the story of two women connected by a family secret. In the novel, a woman whose Armenian grandmother was raised by a Turkish Muslim family after being orphaned says, "I am the grandchild of genocide survivors who lost all their relatives in the hands of Turkish butchers in 1915."

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The themes of The Bastard of Istanbul — how memories differ from person to person — evolved from the author's previous work exploring mysticism, religion and nostalgia, among other subjects.

Born in Strasbourg and raised in France, Spain, Jordan and Turkey by a single mother who was a Turkish diplomat, Shafak began as a child to question her nationality and what it means to be a woman. “Only through my novels can I continue to explore the boundaries of identity,” she says.

Shafak wrote The Bastard of Istanbul in English. She then wrote a translated version for the Turkish market. The novel was published here in March and has sold more than 60,000 copies. The English-language version will be out early next year.

University of Arizona officials sent letters to Turkey's foreign minister and to the Turkish ambassador in Washington to protest Shafak's prosecution, says Anne Betteridge, director of the school's Center for Middle Eastern Studies. Betteridge was not aware of any response.

The U.S. Embassy in Ankara has been closely following Shafak's case and others that involve free speech. “We have raised concerns about freedom of expression issues with Turkish authorities,” embassy spokeswoman Kathryn Schalow says.

Among other writers who have been prosecuted under Article 301 is Hrant Dink. His six-month suspended sentence for “insulting Turkishness” in his newspaper, Agos, was upheld last month.

Shafak's case, dismissed by a lower court, was reinstated by another court in early July after Kemal Kerincsiz filed a complaint. The ultranationalist lawyer initiated many of the cases against writers who brought up the Armenian deportations through the 800-member Jurists Union, an independent, non-governmental organization he founded in 2002.

Kerincsiz says his campaign is a way to derail Turkey's negotiations to join the EU. He has called membership in the 25-nation bloc a form of slavery. He also dismisses writers' concerns about being put on trial. “What's the big deal with a trial? Orhan Pamuk became a prince,” he says, referring to Turkey's leading writer, who also is on trial. “And now Elif will be a princess.”

Shafak says hostility to EU membership is a troubling sign for relations with the West. “Anti-Turkish sentiment in Europe buttresses Turkish nationalism,” she says, referring to European concerns about admitting the predominantly Muslim nation of 70 million to the EU. “I only fear a backlash because it gives foreigners the impression that Kemal Kerincsiz represents the majority, which I don't believe he does.”

Senate approves Oman trade agreement (AP)

AP, September 20, 2006

WASHINGTON - Congress gave final approval Tuesday to a free trade agreement with Oman, ending months of debate over a deal that will have few economic effects but came to stand for growing differences over U.S. trade policy.

The 63-31 Senate vote gives the go-ahead to a trade pact that would immediately end all duties on industrial and consumer products sold between the United States and the Arabian Gulf state. Oman would remove duties on 87 percent of U.S. agricultural imports and eliminate all tariffs within 10 years.

Trade between the two countries totals less than $1.2 billion annually, but the administration pushed hard for the deal, stressing both Oman's long history as a strategic ally and the administration's goal of establishing a Middle East free trade area by 2013.

President Bush praised the congressional action, saying it would deliver economic benefits to both countries and protect U.S. national security interests "by strengthening our relations with a strategic friend and ally in the Middle East."

Oman, said Senate Finance Committee Chairman Charles Grassley, R-Iowa, has been "a consistent ally where we need one very much, in an unstable part of the world."

U.S. Trade Representative Susan Schwab said the Oman agreement "builds on free trade agreements concluded with Israel, Jordan, Morocco and Bahrain" and that the proposed Middle East free trade area would spur economic growth and reform in an area of almost 350 million people.

But the agreement drew fire, mainly from Democrats who said it did too little to ensure that trade with Oman wouldn't come at the expense of worker rights and the environment. They also charged that the administration has negotiated trade deals without addressing their concerns, and that free trade deals too often result in growing trade deficits and the loss of American jobs.

"Every single incompetent trade agreement this country signs ends up dramatically increasing our federal deficits," said Sen. Byron Dorgan (news, bio, voting record), D-N.D. "We are choking on them."

Sen. Max Baucus (news, bio, voting record) of Montana, a pro-trade Democrat, said "the controversy over Oman reflects more general frustration with trade agreements."

The Senate originally passed the bill implementing the agreement last June on a 60-34 vote. The House, where opposition to free trade agreements is generally stronger, narrowly approved it in July on a 221-205 vote; the measure returned to the Senate for Tuesday's procedural confirmation of its previous vote.

The office of the U.S. Trade Representative, which negotiates trade agreements, is moving ahead with numerous other bilateral deals. Talks are under way with Panama, South Africa and Thailand, and discussions have begun with South Korea and Malaysia.

Japan Imposes Financial Sanctions On North Korea (MCT)

By Tim Johnson

McClatchy Newspapers, September 20, 2006

TOKYO - Japan on Tuesday froze some bank activity of a North Korean hospital that treats top officials and a state-run software company with extensive commercial contracts in Japan, joining Australia in tightening a financial noose around the Kim Jong Il regime.

In step with the United States, Japan and Australia imposed a series of financial sanctions on North Korea over its nuclear weapons development.

"This shows the resolve of the international community and Japan," said Chief Cabinet Secretary Shinzo Abe, who's likely to win the job as Japan's new prime minister in a party vote Wednesday.

Japan's actions restricted overseas remittances and bank withdrawals of 15 North Korean commercial entities and one Swiss individual, expanding existing U.S. sanctions to include three new companies. Australia targeted 11 companies and the Swiss man.

Abe said the actions were aimed at North Korea's weapons programs and were designed to force the nation to return to six-nation talks on dismantling its nuclear programs, which deadlocked last year.

"North Korea has to come back to the negotiating table as soon as possible," Foreign Ministry spokesman Tomohiko Taniguchi said.

The sanctions also appeared intended to hurt the health care of North Korea's senior officials and to pinch hard-currency earnings from at least one successful company.

Among the enterprises hit by Japan and as yet unaffected by U.S. sanctions were the Korea Tonghae Shipping Co. and Pyongyang Informatics Centre. Japan also froze accounts of the Ponghwa Hospital, Pyongyang's best-equipped clinic. Ponghwa treats Kim's immediate family and senior officials and appears to have overseas financial activity.

By targeting the Pyongyang Informatics Centre, Japan sought to cut off the foreign earnings of one of North Korea's few viable enterprises with operations abroad.

"It's a fairly high-quality software firm. They've done quite a few contracts in Japan," said Peter Hayes, a North Korea expert and the executive director of the Nautilus Institute, a research center that focuses partly on the dangers of nuclear war.

The company was set up in the mid-1980s with help from the U.N. Development Program and ethnic Koreans living in Japan. Thought to have around 200 staff members, it's designed management software for the publishing, shipping, insurance and hotel industries. Among its past clients reportedly is Nissan, the Japanese automaker.

Hayes said he thought the overseas contracts earned the company only "a few million dollars a year." He asserted that targeting the company will have "zero" impact on getting North Korea back to nuclear talks.

"It will just force them (the company executives) into informal networks and illegitimate forms of commerce," Hayes said, possibly including online gambling and pornography.

The new sanctions follow North Korea's tests of seven ballistic missiles July 5. Shortly after the tests, Japan banned a North Korean ferry from entering its ports for six months and barred North Korean officials from entering the country.

Australia, which maintains diplomatic relations with North Korea, unlike Japan, said in a Foreign Ministry statement that its measure complements "previous actions taken by the United States and sends a strong message to North Korea."

One Japanese expert on the Korea Peninsula, Hajime Izumi, cast doubt on whether the sanctions will have much impact on Pyongyang without broader support.

"If we want to stop (nuclear activity) by North Korea, all countries in the world have to take similar measures, especially South Korea and China, to halt the flow of money," Izumi told Japanese television.

Australia And Japan Impose New Sanctions On North Korea (NYT)

By Choe Sang-hun, International Herald Tribune

The New York Times, September 20, 2006

SEOUL, South Korea, Sept. 19 — Australia and Japan imposed new financial sanctions on North Korea today, as the United States dismissed appeals from China and South Korea for a softer approach and rallied more international pressure on the North over its nuclear program.

Australia and Japan have little trade with North Korea, so the practical impact of the sanctions will be small, experts said. But they are a sign that Washington and its allies are intent on tightening a financial noose around the Communist North Korean regime and starving it of hard currency from abroad.

Though that strategy is already hurting the North, officials and experts in Beijing and Seoul expressed concern that mounting pressure might prompt the North's mercurial leaders to lash out defiantly by testing a nuclear weapon — and thereby touch off an arms race in Northeast Asia.

"The Chinese government has always held the position that the issue should be resolved through dialogue, and we are opposed to sanctions," Qin Gang, the spokesman for the Chinese Foreign Ministry spokesman, said today.

In Seoul, Song Min Soon, the chief national security adviser to President Roh Moo Hyun, said that South Korea did not support imposing more sanctions on North Korea. President Roh and President George W. Bush discussed sanctions when they met in

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Washington five days ago, but they failed to reach any agreement; negotiators for the two countries are due to meet on the issue again on Wednesday.

"Our government position has been consistent," Mr. Song said. "The matter of sanctions must be considered in a way that helps resolve the nuclear problem."

In Japan, the new sanctions took the form of an order to Japanese financial institutions to block all transactions by 15 companies and one individual who are suspected of having links to North Korea's weapons programs. The steps were announced today by Shinzo Abe, the chief cabinet secretary, who is expected to win a party vote on Wednesday that will make him the next Japanese prime minister. Mr. Abe has advocated a hard line against North Korea.

Among the companies subject to the new freeze on transactions are Korean mining, shipping and trading companies and a Swiss manufacturer, Kohas, that has long been suspected of assisting North Korea's nuclear efforts. The individual named in the freeze order is Jakob Steiger, 65, the president of Kohas.

"By taking these measures, we have demonstrated the resolve of the international community," Mr. Abe said.

In Australia, the foreign minister, Alexander Downer, took similar steps against a list of companies and individuals that it said were involved in financing North Korea's reported attempts to build weapons of mass destruction.

"North Korea misguidedly believes that development of a W.M.D. capacity will enhance its security," Mr. Downer said in a statement. "This is patently untrue. We call on North Korea to recognize this, and to give up its W.M.D. ambitions." Australia established diplomatic relations with North Korea in 2000.

Today's sanctions come exactly a year after the United States, Japan, China, Russia and the two Koreas signed an agreement in Beijing, setting out a broad outline of how to phase out the North's nuclear weapons facilities in return for economic and diplomatic rewards.

That accord quickly disintegrated after the United States Treasury Department persuaded Banco Delta Asia, a bank based in Macao, to freeze the accounts that North Korean trading companies were suspected of using to channel profits from illicit trade. Since then, North Korea has refused to take part in further six-nation talks until the sanctions are lifted.

Far from lifting the freezes, Washington has worked to expand them, persuading banks in other Asian nations to shut down North Korean accounts as well. Experts say that the regime now relies on weapons sales and counterfeiting to finance weapons programs and a comfortable lifestyle for the elite inner circle in a country otherwise racked with poverty.

"The impact was far bigger than the U.S. officials had expected," Koh Yu Hwan, a North Korea expert at Dongguk University in Seoul, said of the efforts to isolate North Korea financially. "It was a tremendous blow to the regime."

The North tried in December to open accounts at South Korea's Woori Bank, which has a branch at a joint inter-Korean industrial park in a North Korean city, the bank said today. The request was rejected by the bank.

In an apparent attempt to force Washington to lift its sanctions, North Korea test-fired seven missiles on July 5. But the United States and Japan pushed a resolution through the United Nations Security Council that urged U.N. members to stop transactions that could aid the North's weapons programs.

"Now, word is that Iran is the only remaining client for North Korean missiles," said Cheong Seong Chang, a North Korea expert at Sejong Institute in Seoul. "The sanctions are hurting not only illegal but also legitimate financial transactions for the North."

Mr. Cheong said he would not rule out the possibility of a North Korean nuclear test now.

"When pressure continues, North Korea won't be left with room for a wise judgment," he said. "As was the case with the missile tests, it thinks it should react to a tough action with a tougher counteraction."

Sanctions By Japan Harden Stance On North Korea (WSJ)

By Sebastian Moffett And Evan Ramstad

The Wall Street Journal, September 20, 2006

With one week left before Junichiro Koizumi steps down as prime minister, Japan imposed sanctions on 15 groups and one individual with links to North Korea's weapons programs, a sign of the more assertive foreign policy Tokyo has crafted during Mr. Koizumi's five years in power.

The penalties -- which target North Korean companies as well as a Swiss company and its president -- are meant to increase pressure on the communist nation in the wake of its July missile tests. The penalties will also include tighter identification checks on people making suspicious financial transactions.

Until Mr. Koizumi took office, Japanese governments hoped that the way to avoid conflict with Pyongyang was to avoid offending the regime. When North Korea fired a test missile over Japan in 1998, Tokyo did little in response.

But Mr. Koizumi decided to engage, visiting Pyongyang in 2002 and again in 2004. While there, he obtained a written agreement, the Pyongyang Declaration, in which the North promised not to launch missiles. In addition, Japan has during the past few years passed laws enabling its government to respond more briskly to North Korea. These are mostly aimed at choking off the flow of money and goods from ethnic Koreans who live in Japan but are loyal to Pyongyang.

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After North Korea test-fired seven missiles into the Sea of Japan on July 5, Japan immediately banned from its ports for six months a ferry that provides the only direct passenger link between the two countries. It also barred the entry of North Korean government officials and led calls for a United Nations Security Council resolution condemning the missile tests.

Tokyo's hard line complements that of the U.S., which would like to see North Korean leader Kim Jong Il's regime collapse, removing a threat to regional stability. In the past year, the U.S. has clamped down on banks in other countries that Washington believes assist North Korea in money laundering, counterfeiting and other illegal activities. Australia has joined the hawks, too, and yesterday it announced sanctions similar to Japan's. These restrict transactions involving, among others, North Korean chemical and machinery firms.

Despite its tougher line, Japan has been losing some leverage over North Korea, making any punishment it tries to mete out potentially less effective. Five years ago, Japan was North Korea's second-biggest trading partner after China, with $475 million in annual two-way volume. By 2005, that had declined to slightly below $200 million, and Japan trailed China, South Korea, Thailand and Russia in trade with the North. In addition, China and South Korea exert far more influence on Pyongyang via food and energy assistance.

The North is increasingly getting support from its old enemy, South Korea. Fearing that tight restrictions will lead to a collapse of the North and a massive rebuilding Seoul will have to pay for, South Korea advocates economic incentives to Pyongyang it believes will lead to a change that is manageable. Seoul cut some aid to the North after July's missile tests but is reluctant to go further.

Shortly after the missile tests, Japanese Chief Cabinet Secretary Shinzo Abe, who is almost certain to succeed Mr. Koizumi as prime minister, raised the question of whether Japan could consider a first strike against North Korea. Though Mr. Abe later said Japan would consider striking at North Korea's missile bases only if attacked, the comments drew a fierce response from South Korean President Roh Moo Hyun. "Japan's attitude may lead to a critical situation in the peace over Northeast Asia," he said.

China also opposes actions that might destabilize North Korea. Yesterday, Chinese Foreign Ministry spokesman Qin Gang called for more dialogue. Without referring to Japan or Australia by name, he said, "We are opposed to sanctions."

US-Russia Effort To Contain Nuclear Experts Fades (CSM)

By Fred Weir And Mark Clayton

The Christian Science Monitor, September 20, 2006

MOSCOW AND BOSTON

At a Moscow conference in 2000 on stopping the global migration of nuclear-weapons know-how, a Russian security official revealed that Taliban envoys had tried to recruit a Russian nuclear expert.

That expert didn't go to work for the Afghan regime. But three of his colleagues did leave their institute for other nations - and Russian officials had no idea which ones, US experts say.

With the threat of nuclear terrorism looming large in a post-9/11 world, the brain drain of Russian nuclear expertise is an even more critical concern than it was six years ago, many say. Yet a unique 1998 US-Russian partnership to offer new opportunities and skills to destitute Russian nuclear specialists living in remote former-Soviet "science cities" is set to expire Friday unless last-minute diplomacy saves it.

A stronger Russian economy and growing wariness of US access to sensitive nuclear programs has dampened Moscow's enthusiasm for the Nuclear Cities Initiative (NCI) program, as has a three-year wrangle with Washington over legal liability issues, observers say.

"It will be a great pity if this program dies, because it really had an impact around here," says Yuri Yudin, a former atomic scientist who heads the Analytical Center for Nonproliferation in the closed city of Sarov, one of several NCI-funded projects. "The objective was to create nonmilitary businesses and new jobs that could become self-sustaining, and it had considerable success. But the task is far from finished."

Others say losing the program would be another "unsettling sign" of erosion in US-Russia nuclear security cooperation.

"If we eliminate this program we will be losing a major nonproliferation agreement," says Kenneth Luongo, executive director of the Russian-American Nuclear Security Advisory Council, a nuclear nonproliferation group in Washington.

Ten Russian cities - mainly linked to nuclear weapons and missile research - remain "closed" today, even to Russians who lack special permission. The closed nature of the cities became traps for some of the estimated 35,000 Russian scientists who needed work after the Soviet Union's collapse. For these scientists, who live under security surveillance, jobs needed to be created in the closed cities.

The tiny NCI program, which has helped 1,600 scientists in its existence, has been folded into a much larger DOE effort that employs more than 13,000 Russian scientists with grant funding. But NCI is unique in its focus on job creation in closed cities by converting existing nuclear complexes into other businesses, such as computer centers, US officials say.

"If you put the money through different channels, it's not the same," Mr. Luongo says. "The program's underpinnings and momentum ... are lost."

The head of Russia's nuclear agency RosAtom, Sergei Kiriyenko, is slated to meet US Department of Energy chief Samuel Bodman in Vienna this week in an eleventh-hour chance to save the program.

"It [NCI] has been definitely a useful tool, a unique way to work with Russian WMD scientists and engineers," says Bryan Wilkes, a spokesman for the National Nuclear Security Administration that administers NCI.

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Not everyone agrees the program is still needed. Valentin Ivanov, a member of the Russian parliament's energy committee, says that while there's still plenty of room for US-Russian cooperation on nuclear disarmament, the problems of the closed cities are a "domestic matter" that Moscow now has the means to address.

"We thank the US for its help, which was greatly needed in the 1990s," he says. "But this is a new time, Russia has a budget surplus now, and [US help] is not necessary anymore."

Negotiators for RosAtom and DOE failed to renew the deal in 2003 after the US side demanded a blanket liability exemption for Americans working on NCI projects, and the Russians balked. Earlier this year, the US acquiesced to the Russians. But whether it will be enough to interest Moscow in extending the deal remains highly uncertain, US officials and other observers say.

Even before the legal dispute, Moscow complained that NCI budgets in the $20 million range were too low, that much of the money was being spent in the US, and that highly qualified scientists were being re-trained to do low-level jobs like computer programmer and paramedic.

But Russian security concerns may also have played a role.

"Access to closed cities was the biggest stumbling block. Russian secrecy paranoia still exists," says Gennady Pshakhin, an expert at the Institute for Physics and Power Engineering in the formerly closed city of Obninsk. He says if his institute - which specializes in civilian nuclear energy - invites a foreigner to visit, it must obtain clearance from President Vladimir Putin or Prime Minister Mikhail Fradkov.

Supporters say the NCI made a big difference in some places, and could have done much more if more time and resources had been devoted. In Sarov - Russia's Los Alamos - NCI helped to close down one of the ex-USSR's biggest nuclear warhead factories, and turn it into a computer center that's now used by firms like Intel and Motorola. About 1,000 new jobs were created, Mr. Yudin says.

"The program really helped to diversify Sarov's economy; it changed peoples' mentality and helped to prepare them for the market," says Alexei Golubov, a former nuclear researcher who now works as an information analyst. "It was like a small window that opened onto the world for us."

Impelling NCI and other such programs is evidence over the years that Russian scientists might be willing to shop their skills to rogue regimes. In one reported 1992 incident, a planeload of Russian scientists was stopped by police "on the tarmac" as they embarked for North Korea. In 1998, an arms expert in Sarov was arrested by the FSB security service for allegedly spying for Iraq.

A study last year by the Center for Strategic and International Studies and the Massachusetts Institute of Technology surveyed the attitudes of 602 Russian nuclear, biological, and chemical WMD scientists. The study found that the mean income for such scientists was about $110 a month, and that 21 percent were willing to move to a "rogue nation" to work. As for the impact of assistance programs like NCI, the survey found 12 percent of those with grant funding would consider work in a rogue state, versus 28 percent without funding.

However, it's doubtful that any atomic experts could illegally leave Russia now, Pshakhin says.

"A lot of nuclear scientists are still underemployed, but things are a bit better," he says. "Nuclear scientists are under very strong monitoring. We are not allowed to move freely. Any attempt by a foreign power to recruit Russian scientists would immediately come to the attention of the FSB."

RosAtom chief Mr. Kiriyenko has announced plans for a sweeping revival of Russia's civilian atomic power industry. Military leaders also talk of putting weapons experts back to work.

Vladimir Fortov, head of the department of energy for the Russian Academy of Sciences, says that while Russia is returning some scientists to their old jobs, the NCI training programs remain valuable.

"They aided Russian-American mutual understanding, and it will be very unfortunate if they are discontinued," he says.

$50 Million Offer Aims At Curbing Efforts To Make Nuclear Fuel (NYT)

By William J. Broad

New York Times, September 20, 2006

VIENNA, Sept. 19 — Warren E. Buffett, the billionaire investor and philanthropist, pledged $50 million on Tuesday to help set up an international nuclear fuel bank that aspiring powers could turn to for reactor fuel instead of making it on their own.

Mr. Buffett's aim is to curb the risks of nuclear proliferation by providing an alternative to the kind of indigenous production of nuclear fuel that Iran is embarking upon, and that countries like Argentina, Australia and South Africa have recently announced plans to pursue.

Nuclear experts say indigenous production carries with it the risk of military diversion for nuclear arms, and that the risk is rising as a growing number of countries around the world embrace atomic power or plan to expand their nuclear programs.

"This pledge is an investment in a safer world," Mr. Buffett said in a statement.

"The concept of a backup fuel reserve has been discussed for many years," he said. "Its creation is inherently a governmental responsibility, but I hope that this pledge of funds will support governments in taking action to get this concept off the ground."

His pledge came at an international conference here in Vienna where nations are exploring how to create multinational fuel banks as a way to aid nuclear development while avoiding new risks.

Multinational banks and plants are seen as having a security advantage because member states can watch one another to prevent weapon diversions.

Mr. Buffett's pledge is meant to jump-start the creation of a reserve fuel bank run by the International Atomic Energy Agency, the global nuclear watchdog based in Vienna. He made it through the Nuclear Threat Initiative, a private group in Washington that he advises.

Sam Nunn, a former Democratic senator from Georgia and the group's chief executive, announced the $50 million pledge here, calling it a crucial step toward a new order that enhances peaceful aspects of atomic energy. "We are in a race between cooperation and catastrophe," he said, "and, at this moment, the outcome is unclear."

Mr. Nunn said a country's decision to import fuel, rather than make it indigenously, could pivot on whether the country can be guaranteed an assured supply.

"We believe that such a mechanism can be achieved," he said, "and that we must take urgent, practical steps to do so."

Mr. Buffett's pledge is contingent on two years of developments in which the nuclear agency moves to establish the fuel bank and one or more countries contribute an added $100 million or an equivalent amount in reactor fuel.

Mohamed ElBaradei, the director general of the international atomic agency, said Mr. Buffett's pledge "will provide urgent impetus to our efforts to establish mechanisms for nondiscriminatory, nonpolitical assurances of supply of fuel for nuclear power plants."

Laura Holgate, a vice president of the Nuclear Threat Initiative, said $150 million in fuel would represent less than 1 percent of that used globally each year, and would be enough to fuel a typical power reactor.

Buffett Offers $50 Million For Nuclear-Fuel Stockpile (WSJ)

By John J. Fialka

The Wall Street Journal, September 20, 2006

WASHINGTON -- Billionaire investor Warren Buffett has offered to donate $50 million to help start a "last resort" international stockpile of nuclear-power-plant fuel for nations worried about sources of supply.

Mr. Buffett called it "an investment in a safer world" because it could encourage Iran and other nations to find alternatives to establishing their own expensive and risky uranium-enrichment programs. Enriching uranium to high levels produces an explosive metal that can be used to make nuclear weapons.

The proposal was welcomed by the head of the International Atomic Energy Agency in Vienna, the United Nations agency that would control the fuel stockpile. U.S. officials also supported the idea, which has been discussed since the U.S. launched its "Atoms for Peace" program in the early 1950s.

Former U.S. Sen. Sam Nunn, who announced the proposal and Mr. Buffett's financial backing in Vienna, said "we're at a stage now where a number of nations may be getting close to starting their own [nuclear] fuel cycles." The case of Iran is in the headlines, he noted, but other nations are worried about soaring costs of importing nuclear fuel for electricity generation and the possibility that political problems with supplier countries might shut down their nuclear-power plants.

Mr. Nunn said the terms of Mr. Buffett's donation require IAEA nations to contribute $100 million to help build the stockpile. The IAEA would set up and maintain the fuel reserve.

Uranium-enrichment programs are politically and strategically touchy. The process of enrichment, which concentrates the unstable uranium isotope U-235, can be used to make power-plant fuel, which is enriched to a level of about 4%. The same process, however, can also produce nuclear weapons materials if the enrichment goes above 90%.

Mohamed ElBaradei, director general of the IAEA, said he welcomed the "generosity" of Mr. Buffett. The reserve, he said, is "intended to be a mechanism of last resort" to assure nations that if they abide by their treaty obligations not to start nuclear-weapons programs, that they will always have access to nuclear fuel.

Currently, companies in the U.S. and five other nations supply the world's nuclear fuel. The international agency is also working with the companies on agreements that would provide buyer nations with an uninterrupted supply -- if they refrain from making nuclear weapons.

Group Pledges $50M For Nuclear Fuel (AP-Y)

By Ben Evans

AP, September 20, 2006

Billionaire investor Warren Buffett, CNN creator Ted Turner and former Sen. Sam Nunn pledged $50 million to the U.N.'s nuclear watchdog agency Tuesday to create a uranium stockpile.

The aim is to discourage countries from developing their own nuclear programs. The reserve would ensure supplies of low-grade fuel for nuclear power plants around the world. One example of a program they hope to discourage is in Iran, which critics fear is ultimately aimed at developing weapons.

The Washington-based Nuclear Threat Initiative is hoping its financial pledge to the International Atomic Energy Agency will prod governments into action on creating the stockpile. Buffett would provide the money, which is contingent on a $100 million match from IAEA member states.

"Under international law and under the Nuclear Nonproliferation Treaty, countries have the right to enrich nuclear fuel," Nunn, a Georgia Democratic senator from 1972 to 1996, said in a telephone interview from Vienna, where he announced the proposal at a 140-

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country IAEA annual conference. "If we have a lot more countries that do that — and we're on the threshold of that now — then it's going to be an extremely dangerous world."

"It's going to be very difficult to keep that weapons-grade material out of the hands of someone who might use it as a weapon, like a terrorist group," Nunn said.

Western leaders are currently locked in a standoff with Iran over its uranium enrichment, which the country says is for civilian power but that the United States and others warn is intended to make weapons.

Nunn said an international reserve might not have deterred Iran. But it would give the international community more leverage in addressing the situation, he said.

"It would certainly be a powerful tool in the hands of the international community, saying, 'You don't need your own nuclear fuel supply. You have this available,'" Nunn said.

Nunn, who founded the anti-proliferation group with Turner, said the State Department expressed support for the plan but that "there's a difference between welcoming it and putting up money." He acknowledged that rallying the international community around the proposal would be difficult.

A State Department spokeswoman said she could not immediately comment on the proposal.

With Premier At U.N., Thai Military Stages Coup (NYT)

By Seth Mydans And Thomas Fuller

The New York Times, September 20, 2006

BANGKOK, Wednesday, Sept. 20 — In Thailand's first coup in 15 years, military leaders seized control of Bangkok on Tuesday night, suspended the Constitution and declared martial law in the capital, effective immediately.

There were no reports of violence.

The moves came while Prime Minister Thaksin Shinawatra was in New York preparing to address the United Nations. He declared a state of emergency on Thai television, but was cut off in mid-speech. Later, he canceled his address to the General Assembly.

The coup, led by the army chief, Gen. Sondhi Boonyaratkalin, also "terminated" both houses of Parliament, the cabinet and the Constitutional Court.

The events on Tuesday returned Thailand to a time that most experts here thought was finally past, raising questions about the future of Thai democracy and the stability of a country that is a prime tourist destination with strong economic links to the West.

The coup came at the height of a drawn-out political crisis. In April, Mr. Thaksin was forced by huge street protests to step aside despite an overwhelming electoral mandate. In fact, though, he continued to lead the government and to wage political battles against his opponents.

After a long break, demonstrations against the prime minister had been due to resume this week, bringing with them the danger of violent clashes between his supporters and opponents.

Late Tuesday night, General Sondhi was shown on television in an audience with King Bhumibol Adulyadej, a clear indication that the highly revered constitutional monarch endorsed the move.

On a military-controlled television station, a general in civilian clothes said a "council of administrative reform" had seized power in the name of the king.

Speaking for General Sondhi, who has publicly feuded with the prime minister, Gen. Prapas Sakultanak said that the military did not intend to rule the country and that it would "hand power back to the people." He gave no timetable.

The military has a long history of political involvement, staging 18 coups since Thailand became a constitutional monarchy in 1932. The last one, in 1991, installed a military leader who was pushed from power by a popular uprising the next year.

Under heavy rain, tanks and armored personnel carriers took up positions blocking the entrance to the prime minister's office on Tuesday night. Other tanks arrived at government offices and major intersections. Witnesses reported that roadblocks had been set up on roads leading into the city. The streets were quiet, and even at the prime minister's office there was little tension. Some bystanders photographed one another standing near the tanks.

Kitichai Songkeattisi, 40, a commercial photographer, said: "The last time was much more intense. People were more afraid."

Mr. Thaksin is one of the most popular — and unpopular — prime ministers in recent Thai history. Thais' different viewpoints demonstrate a sharp social divide that he has played on during the crisis.

Mr. Thaksin's party, Thai Rak Thai, or Thais Love Thais, has won three elections by landslides, in 2001, 2005 and again in April. Because of his broad support among rural voters, he was widely expected to win any new election.

But as he has tightened his grip over much of the political scene, opposition to him has swelled among the elite, mostly in Bangkok. Public indignation rose after his family's tax-free sale of its $1.9 billion stake in a giant telecommunications company to a Singapore company.

On television, the military spokesman, General Prapas, accused Mr. Thaksin of corruption and constant interference with the legislature and the courts. He apologized to the public for any inconvenience caused by the coup.

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In an effort to end the demonstrations and reassert control, Mr. Thaksin called an early election in April, which he won in a landslide. But the opposition boycotted the vote and a court annulled the result, in a severe setback for the prime minister.

An election commission loyal to Mr. Thaksin set a new vote for Oct. 15, but its members were removed and jailed by a court for malfeasance. A new commission has said that election would be delayed.

The televised announcement on Tuesday was made after reports of large-scale military movements around the capital. The military has been sharply divided between officers loyal to the prime minister — some of them his relatives — and others who oppose him.

There has been tension over an impending military shuffle that would determine which faction would dominate.

Interviewed in New York by CNN soon after early reports of a coup, Deputy Prime Minister Surakiart Sathirathai said, "We hope that the situation should return to normal soon because the prime minister is constitutionally and legally elected prime minister and this is an elected government, so we have to do everything we can to uphold the principle of democracy."

General Prapas, speaking in Thailand, laid out the rationale for the military's move.

"The government's performance destroyed harmony in society," he said. "Everyone tried to win over each other, and the situation continued to worsen. Most people don't trust the government because there are many signs of corruption."

He said the prime minister had hobbled independent bodies created by the 1997 Constitution to provide checks and balances. A leading demand of the prime minister's opponents is the writing of a new constitution that would temper executive power.

General Prapas said many attempts had been made at compromise but had failed. "That is why we, the Party for the Reform of Governance under the Constitutional Democracy, which consists of the army commanders and national police commander, have to seize power."

He added: "We would like to insist that we have no intention of governing the country. We will return the power of constitutional monarchy back to Thai people as soon as possible to maintain peace and stability."

Thai Army Vows To Return Power To The People (FT)

By Amy Kazmin

Financial Times, September 20, 2006

Thai army chief General Sondhi Boonyaratkalin promised on Wednesday to return power to the people after the armed forces ousted Prime Minister Thaksin Shinawatra in a coup.

"The council has no intention to run the country by ourselves and will return power under the constitutional monarchy to the people as soon as possible," said General Sondhi, who spoke on national television flanked by four other leaders of the Political Reform Council that seized power Tuesday night.

General Sondhi said the ousted government was tainted with corruption and cronyism.

"The reform council that consists of the Armed Forces Supreme Commander, the chiefs of the armed forces, and the chief of police jointly took the view that rule by the caretaker government created extreme divisions in the Thai society as never seen before," he said.

"The government's rule was widely tainted with corruption and to benefit cronies. Letting that situation continue could have hurt the nation's security and economy.''

General Sondhi sat beside military leaders including Supreme Commander Ruangroj Mahasaranon, Royal Thai Navy Chief Sathiraphan Keyanont, and Royal Thai Air Force Chief Chalit Pukbhasuk, as well as the country's police chief.

"We have seized power. The constitution, the Senate, the House of Representatives, the Cabinet and the Constitutional Court have all been terminated," the army chief said.

"We agreed that the caretaker prime minister has caused an unprecedented rift in society, widespread corruption, nepotism, and interfered in independent agencies, crippling them so they cannot function," he said. "If the caretaker government is allowed to govern it will hurt the country.

"They have also repeatedly insulted the king. Thus the council needed to seize power to control the situation, to restore normalcy and to create unity as soon as possible."

A military spokesman said earlier that General Sondhi, who is said to be close to the country's revered King Bhumibol Adulyadej, would serve as acting prime minister.

The dramatic developments marked the culmination of a year of political turmoil reflecting deep divisions in Thai society over the leadership of Mr Thaksin, a billionaire telecommunications tycoon who is revered by the rural poor but disliked by urban residents.

With Mr Thaksin in New York for the UN General Assembly, tanks surrounded Government House, took control of television stations and announced martial law – the latest in a long series of military intervention in Thai political life, but the first in 15 years. A military spokesman said troops had met no resistance, and the coup appeared to be bloodless.

From New York Mr Thaksin, who won a landslide re-election victory in 2005, had declared a state of emergency in Bangkok, after rumours of an imminent coup swept the city. He ordered troops "not to move illegally".

After the announcement that the military had taken power, a spokesman for Mr Thaksin's administration said they were "still in control". However, analysts said the coup-makers appeared to have their grip firmly on the reins of power.

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The Thai ambassador to Washington, Virasakdi Futrakul, said Mr Thaksin was preparing to leave the United States following the coup, after cancelling plans to give a speech at the UN General Assembly. He did not say where the prime minister would go.

Tom Kruesopon, a member of ruling party and an advisor to Mr Thaksin, said "the prime minister has not given up his power. He is not seeking asylum."

Mr Kruesopon said he believed Mr Thaksin could make a stopover in London, where he has family and a home. He still has an official plane at his disposal in New York.

Government offices, banks and the stock market were closed in Thailand on Wednesday. In offshore trade, the baht weakened on the political uncertainty. The currency dropped 1.2 per cent to 37.72 to the dollar at around 9:00 am in Bangkok from 37.26 in late Asia trade Tuesday. Fitch Ratings and Standard & Poor's put Thailand's credit ratings on review for possible downgrade.

Some businesses were shuttered in Bangkok, and foreign car manufacturers such as Japan's Nissan Motor Co, one of hundreds of investors in Thailand's export-driven economy, said they had halted operations for a day. However, the city remained calm and quiet, with Bangkok's notorious traffic jams alleviated by the holiday announcement.

Thailand's military has a history of coups, but many Thais had though such interventions to be largely a thing of the past. However, the Thai army has been bitterly divided over Mr Thaksin's leadership.

Long-simmering public resentment in Bangkok over his authoritarian style boiled over into mass demonstrations in January. In a bid to defuse tensions, Mr Thaksin called an election. However, the opposition parties boycotted the April polls, which were subsequently annulled.

Fresh elections, in which the opposition had already agreed to participate, were expected take place in the second half of November.

Thai Coup Sparks Condemnation, Unease (AP)

By Rod Mcguirk, Associated Press Writer

AP, September 20, 2006

The military overthrow of Thai Prime Minister Thaksin Shinawatra and the declaration of martial law in the Southeast Asian nation triggered condemnation, unease and uncertainty in Asian nations.

Governments across the Asia-Pacific region issued warnings to their citizens to rethink traveling to Thailand, a major tourist center, where tanks and troops now lined the streets of the capital, Bangkok.

Japan, Australia and New Zealand demanded a quick restoration of civilian rule.

"To see democracy destroyed in that way is a matter for grave concern to us," Australia's Foreign Minister Alexander Downer said. "It's unacceptable for the military just to overthrow a government in this way."

New Zealand also decried the military overthrow, with Prime Minister Helen Clark saying: "New Zealand condemns any process which seeks to overturn a government by unconstitutional and undemocratic means,"

Japan's Foreign Minister Taro Aso called the coup regrettable.

"We strongly hope the situation returns to normal and democracy is restored as soon as possible," Aso said.

The coup occurred without bloodshed after months of political turmoil and sharp criticism that Thaksin had eroded Thailand's democracy.

"It's really too early to form any hardened judgments," Assistant Secretary of State Christopher Hill told The Associated Press in Washington. U.S. State Department said officials "are monitoring the situation with concern."

Coup Attempt In Thailand (WT/AP)

By Grant Peck, Associated Press

The Washington Times, September 20, 2006

2:34 p.m.

BANGKOK -- The Thai military initiated a coup against Prime Minister Thaksin Shinawatra today, circling his offices with tanks, seizing control of TV stations and declaring a provisional authority pledging loyalty to the king.

An announcement on Thai television declared that a Council of Administrative Reform with King Bhumibol Adulyadej as head of state had seized power in Bangkok and nearby provinces without any resistance.

At least 14 tanks surrounded Government House, Mr. Thaksin's office. Mr. Thaksin was in New York at the U.N. General Assembly and declared a state of emergency via a government-owned TV station.

A convoy of four tanks rigged with loudspeakers and sirens rolled through a busy commercial district warning people to get off the street for their own safety.

A senior military official, speaking on the condition of anonymity because of the sensitivity of the situation, said the army´s commander in chief, Gen. Sondhi Boonyaratkalin, had used the military to take over power from the prime minister.

Mr. Thaksin has faced calls to step down amid accusations of corruption and abuse of power.

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Massive rallies earlier this year forced Mr. Thaksin to dissolve parliament and call an election in April, three years ahead of schedule. The vote was boycotted by opposition parties and later annulled by Thailand's top courts, leaving the country without a working legislature.

Mr. Thaksin's Thai Rak Thai Party twice won landslide election victories, in 2001 and 2005, and had been expected to win the next vote on Oct. 15, bolstered by its widespread support in the country's rural areas.

In 1992, demonstrators against a military strongman were gunned down before the king stepped in to end the fighting and usher in a period of stability.

Mr. Thaksin had said yesterday that he might step down as leader of the country after upcoming elections but that he would remain at the helm of his party, despite calls for him to give up the post.

Tonight, several hundred soldiers were deployed at government installations and major intersections in the capital of Bangkok.

Army-owned TV Channel 5 interrupted regular broadcasts with patriotic music and showed pictures of the king. At least some radio and television stations monitored in Bangkok suspended programming.

The cable television station of the Nation newspaper reported that tanks were parked at the Ratchadamnoen Road and royal plaza close to the royal palace and government offices.

"The prime minister, with the approval of the Cabinet, declares serious emergency law in Bangkok from now on," Mr. Thaksin said on Channel 9 from New York. He said he was ordering the transfer of the nation's army chief to work in the prime minister's office, effectively suspending him from his military duties.

Mr. Thaksin's critics want to jettison his policies promoting privatization, free-trade agreements and CEO-style administration.

Opposition to Mr. Thaksin gained momentum in January when his family announced it had sold its controlling stake in the telecommunications company Shin Corp. to Singapore's state-owned Temasek Holdings for a tax-free $1.9 billion. Critics say the sale involved insider trading and complain that a key national asset is now in foreign hands.

Thai Army Leaders Depose Prime Minister (WP)

By Ron Corben

The Washington Post, September 20, 2006

BANGKOK, Sept. 20 -- Thai army leaders deposed Prime Minister Thaksin Shinawatra, a longtime ally of President Bush, using tanks and soldiers to seize the capital Tuesday night without firing a shot. The coup was the first in 15 years in a country where many people believed that military seizures of power were a thing of the past.

Thaksin was in New York, attending the opening of the U.N. General Assembly, when soldiers surrounded Government House, his office, at about 10:30 p.m. He declared a state of emergency by telephone, but his announcement, carried on television, was cut off midway and had no discernible effect as army units seized key facilities in a light rain.

Thaksin canceled a planned address to the General Assembly. On Tuesday night, he remained secluded in a New York hotel, with some sources saying he would leave for an undisclosed location, probably not Thailand.

Bush has made the spread of democratic rule abroad a key theme of his administration. It remained unclear what response the U.S. government would take to the overthrow of an elected figure whom Bush called a "very capable leader" in 2003. In recent months, White House officials have been distancing themselves from Thaksin.

"We look to the Thai people to resolve their political differences in a peaceful manner and in accord with the principles of democracy and rule of law," said Fred Jones, spokesman for the National Security Council.

In Thailand, announcements on state-run television signed by the coup leader, Gen. Sonthi Boonyaratkalin, commander in chief of the army, said that martial law had been declared across Thailand and that the 1997 constitution had been revoked.

On Wednesday, in his first public appearance since seizing power, Sonthi asked for the public's support and declared the coup was necessary to end serious conflicts within Thai society that Thaksin had created, the Associated Press reported.

Delivering a television address in front of portraits of Thailand's king and queen, Sonthi said the coup leaders had no intention of retaining power. He was flanked by chiefs of the three armed services and the head of the national police.

The stock exchange was to be closed Wednesday, along with schools, banks and government offices.

Thaksin, a former senior police official who built a fortune in the telecommunications industry, has faced street protests for much of the year over allegations of corruption, abuse of power and a bungling response to a Muslim insurgency. Many military officers contended that he was trying to interfere with promotions and postings in the armed forces.

Opponents of the prime minister cheered the coup; some of them turned out in the early morning to greet soldiers sitting atop tanks parked on Bangkok streets. Thaksin is widely popular in rural Thailand, where most of the population lives, and there was little immediate response from those communities.

Sonthi and other coup leaders are close to Thailand's deeply revered King Bhumibol Adulyadej. What role, if any, the monarch played in the takeover was unknown. Some of the coup soldiers sported cloths of yellow, the royal color, and gun barrels in an attempt to signal they were acting in support of the king.

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Reports said coup leaders had met with the king in his palace. In past political crises, a few words from the king, the world's longest-reigning monarch, have dramatically turned the course of events.

Panitan Wattanayagorn, a political scientist, said he had been fearful in the initial hours that troops loyal to Thaskin might fight back. Concerns of bloodshed subsided as no such opposition appeared.

Army TV gave the first sign that something was afoot when it began broadcasting patriotic songs and images of the king.

The army spokesman, Col. Akarat Chitroj, told the AP that Sonthi would serve as prime minister.

But a government spokesman denied that Thaksin was no longer head of the government. "At this moment, he is still the prime minister. I just talked to a senior party member and everyone confirms that Thaksin is still prime minister," Susasanee Nakpong told the Associated Press.

In New York, Deputy Prime Minister Surakiart Sathirathai condemned the coup. Thaksin "is constitutionally and legally elected prime minister," he told CNN. "And this is an elected government. . . . If there's going to be any change, it has to be through the democratic means, and we have upcoming elections anyway in November, so we should listen to the voice of the people."

The coup is the 18th successful or attempted military takeover in Thailand since the country became a constitutional monarchy in 1932. But in the 1990s, the military stepped back from this role as democratic institutions began to take root in the country.

As recently as this weekend, Thaksin denied that a coup was in the making. "As far as I know, there's no such movement for the time being," he told a gathering in Finland, according to the Nation newspaper.

Thaksin and his Thais Love Thais party won a resounding victory in 2005 elections, securing 374 of 500 seats in the House of Representatives. But he soon found himself in a political crisis.

Street protests that had begun with a murmur late last year found voice in January after Thaksin's family sold its shares in Shin Corp., a telecommunications and satellite company, to Singapore's Temasak Holdings for $1.9 billion, tax-free.

Thaksin sought to counter demands for his resignation by calling early elections in April, only to see them boycotted by the opposition parties. Eventually, King Bhumibol called on the courts to "clear up the mess," and the judges nullified the vote.

Sen. Kraisak Choonhavan, whose late father, Gen. Chatichai Choonhavan, was ousted as prime minister in the last successful coup in 1991, said the new takeover was "unfortunate . . . but it seems as if it was inevitable. And I think the key to understand in this event is probably Mr. Thaksin wants to take out the existing military hierarchy altogether and put his men in and have total control of Thailand."

Thaksin had been hoping that a recent military reshuffle and series of promotions would strengthen his hand, analysts said.

The military administrative council says it does not intend to hold on to power but will press ahead with general elections, possibly this year.

In an announcement on state TV, it said the army and national police had taken over Bangkok and the surrounding area to maintain peace and order. "There has been no struggle. We ask for the cooperation of the public and ask your pardon for the inconvenience," it said.

Coup Ousting Thailand's Premier Tests Democracy In Key U.S. Ally (WSJ)

By James Hookway, Patrick Barta And Jay Solomon

The Wall Street Journal, September 20, 2006

An apparent coup in Thailand raises serious questions about the stability of a key U.S. ally in Asia that until recently had served as an anchor of democracy and investment in the region.

Amid a tropical downpour late yesterday in Bangkok, tanks moved on key government offices and television stations in the Thai capital and seized command of the city while the country's caretaker prime minister, Thaksin Shinawatra, was traveling in New York. Government-run television stations said the armed forces and the police had taken control of the country, and a statement signed by the Thai army's commander in chief imposed martial law.

The seemingly bloodless coup, the outcome of which still is unclear, underscored longstanding questions about who runs Thailand, a country of 65 million people that is a favorite of Western tourists and companies despite its opaque governance. Thailand is known as a parliamentary democracy, and early this decade Mr. Thaksin became the first civilian prime minister to complete his term.

Many analysts believe the country still relies heavily on the powers of an aging and elusive king who is repeatedly invoked as the only true source of political legitimacy there. Whether the king played any role in the attempted change in government was unclear. A return to military rule would unwind years of progress toward a stable democracy.

Mr. Thaksin cancelled a speech he was scheduled to deliver at the United Nations last night. His spokesman, Surapong Suebwonglee, who was with Mr. Thaksin in New York, said the coup leaders "cannot succeed" and was confident the coup would fail "because democracy in Thailand has developed to some...measure of maturity." But in an interview with The Wall Street Journal on Monday, just hours before the coup began, Mr. Thaksin indicated the opposite, saying Thai democracy "is very young -- the system is not mature." He seemed relaxed and unfazed by rumors of a coup that were then swirling.

"I know there are those who really support me and those who are against me," Mr. Thaksin said.

As the coup unfolded, at least a dozen tanks surrounded Government House, Mr. Thaksin's office, but later withdrew. Thai television showed a motorcade of generals traveling along rain-slick streets to brief King Bhumibol Adulyadej on their coup. Other stations followed

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by broadcasting only patriotic music and announcements from the coup group. Many Thais that didn't turn on their televisions remained unaware that anything had even happened when they went to sleep last night.

The outcome of the latest power struggle is of vital importance to investors and Western governments. Although Thailand no longer is among the world's fastest-growing economies -- as it was in the 1980s -- it has emerged as an important staging ground for Western companies that don't want to place all their bets on China. This includes the world's largest auto makers, including Ford Motor Co., General Motors Corp. and Japan's Toyota Motor Corp., all of which have made the country a vital production platform.

Thailand's currency, the baht, suffered its biggest one-day weakening in three years yesterday. A large devaluation of the baht helped trigger the Asian financial crisis of 1997, highlighting Thailand's importance in the region, though many analysts believe Asia's economy is far healthier now, limiting any potential economic fallout. Thailand's stock exchange was scheduled to be closed today, along with schools, banks and government offices, the Associated Press reported. (See related article3.)

Thailand also is viewed as a critical hub in the U.S.-led war on terror. The American Embassy in Bangkok remains one of the largest U.S. missions in the world. The U.S. and Thailand run a joint counter-terrorism training center on the outskirts of Bangkok, called the International Law Enforcement Agency, which has been central to the Bush administration's efforts to combat Islamic extremism in the region.

Joint Thai and U.S. operations were successful in tracing suspected terrorist Riduan Isamuddin, also known as Hambali, to the city of Ayuthaya in central Thailand, where they arrested him in 2003. Mr. Isamuddin was a central suspect in the planning of the Bali, Indonesia, bombing of 2002 that killed more than 200 people.

The Bush administration said it was concerned about the military takeover and hoped for a democratic solution. "We continue to hope that the Thai people will resolve their political differences in accord with democratic principles and the rule of law," said U.S. State Department spokeswoman Nancy Beck.

The apparent coup came after nearly a year of political unrest in which Thais took to the streets to protest a government they increasingly viewed as corrupt and ineffective.

Protesters had a number of complaints about Mr. Thaksin, including his inability to settle an armed and violent separatist movement in the country's south. They also were upset over allegations of corruption related to his family's $1.9 billion sale of a telecommunications company to Singaporean investors this year. The sale was arranged in such a way that enabled the family to avoid paying taxes on the transaction.

The sale enraged many Thais. Many already had accused Mr. Thaksin, one of Thailand's richest men, of abusing his power in government to boost his wealth and weaken democratic institutions, including the country's courts.

Mr. Thaksin dissolved the government and called a new election in April to restore his mandate. Key opposition parties boycotted the vote amid continued street protests, and the country seemed rudderless until the king questioned the validity of the April election in a public address, calling on courts to settle the issue.

Thai courts subsequently invalidated the results, in which Mr. Thaksin's Thai Rak Thai party won the majority of seats in Parliament. Mr. Thaksin subsequently took the role of caretaker prime minister pending a new election that was expected later this year. A number of analysts of Thailand believed Mr. Thaksin's party would again win the national elections, possibly explaining the timing of the Thai military's move.

Mr. Thaksin, who has served as Thailand's leader since 2001, remains extremely popular with many Thais, especially in rural areas, for a series of populist measures that included cash payouts to small villages and subsidized health care.

He also gained favor with foreign investors by promoting an economic program to boost Thailand's economy in the face of growing competition from China. This program, which many economists viewed as a template for other, similar countries dealing with the rise of China, included efforts to privatize state companies, to negotiate free-trade pacts with other countries, including the U.S. and Japan, and to authorize large investments in new infrastructure.

Many of those initiatives -- including some of the free-trade deals -- have languished this year while the government was paralyzed by political stalemate. Meanwhile, many Thais believe the king and his supporters were disenchanted with Mr. Thaksin's attempts to aggressively consolidate his power.

Political analysts say the tacit support of King Bhumibol is necessary for any individual or group that aspires to govern Thailand. The 78-year-old monarch has frequently played a political role, implicitly signing off on military coups at times, most notably in 1976, and intervening to ensure the return of civilian governments, as in 1992.

King Bhumibol, who many Thais view as a quasidivine figure, rarely gives interviews and often chooses to talk indirectly.

His annual birthday speeches are carefully examined in Bangkok. In 2002, he published a biography of his favorite pet dog, a stray mongrel rescued from the streets of Bangkok, that was widely interpreted as a warning that Thailand shouldn't abandon its traditional values in a quickly modernizing world.

It is considered inappropriate for Thais to speak publicly about the king's possible role in politics, and on Monday, Mr. Thaksin denied suggestions that the king was involved in any of the recent political dramas.

"One should not bring him into politics," he said.

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Nevertheless, in June Mr. Thaksin said a "charismatic person" was out to remove him from his job as prime minister. Mr. Thaksin went on to say that a mysterious figure whom he refused to name was "wielding extraconstitutional force" to push him from office.

Most Thais assumed that to mean the king or his chief lieutenant, Gen. Prem Tinsulanonda. By appearing to attack the monarch and his supporters, Mr. Thaksin escalated the economically damaging political conflict into a contest between Thailand's royal and military traditions, and a new, more modern way of governing a rapidly industrializing country.

King Bhumibol's advisers struck back with a show of force. Donning his military uniform, chief adviser Gen. Prem toured army camps around the country warning soldiers that their loyalty is to the king, not Mr. Thaksin.

Other people seen as close to the royal palace gave prominent speeches in recent weeks that were interpreted as critical of Mr. Thaksin's push to modernize the Thai economy and open it up to more foreign investment.

Seizing on that sentiment, local shopkeepers across the country have petitioned the king and the government in recent weeks to block big foreign-owned hypermarkets, such as Tesco PLC of the U.K. and Carrefour SA of France, that are sprouting up across Thailand and taking away their business.

These tensions came to a boiling point last night. An announcement on Thai television declared that a "Council of Administrative Reform" with King Bhumibol as head of state had seized power in Bangkok and nearby provinces without any resistance.

A separate announcement on national television, signed by Army Commander in Chief Gen. Sondhi Boonyaratkalin, said martial law had been declared across Thailand and the country's 1997 Constitution revoked. The general, a Muslim in the overwhelmingly Buddhist country, ordered all troops to report to their duty stations and not leave without permission from their commanders.

"The armed forces commander and the national police commander have successfully taken over Bangkok and the surrounding area in order to maintain peace and order. There has been no struggle," the announcement said.

The military coup didn't meet any initial resistance in Bangkok, although it wasn't clear whether there were any confrontations elsewhere in Thailand.

Mr. Thaksin tried to put the brakes on the coup before it took effect. He telephoned a Thai television station from New York to declare a state of emergency and ordered Gen. Sondhi to report to Mr. Thaksin's deputy, effectively stripping Gen. Sondhi of his power. After 10 minutes, Mr. Thaksin's voice cut off.

A spokesman for the coup, retired Lt. Gen. Prapart Sakuntanak said on Thai television that the power grab was temporary and that power soon would be returned to the people. Some observers said they suspected the military doesn't want to control the country, only to remove Mr. Thaksin.

"Never in Thai history have the people been so divided," Lt. Gen. Prapart said. "The majority of people had become suspicious of this administration, which is running the country through rampant corruption. Independent bodies have been interfered with so much they could not perform within the spirit of the constitution."

A U.S. official who has worked on Thai issues added that the White House would be inclined to take a relatively aggressive stance against a Thai coup, due to President Bush's stated commitment to promoting democracy in the Middle East and Asia. "We're trying to build democracy around the world, and we're just going to stand by" while there are tanks on the streets? the official said. "You could imagine the snickering in the region."

Some officials working on Thailand worry that the Bush administration, absorbed with crises in Lebanon and Iraq, didn't offer signals early enough that Washington would be opposed to a coup. Now, they say, the White House will likely have to work aggressively through the Thai monarchy to restore the democratic process, though they note that it might be too late for Mr. Thaksin's government.

Weathering Thailand's Storm (WSJ)

By Karen Richardson

The Wall Street Journal, September 20, 2006

Uncertainty over the outcome of an apparent military coup in Thailand is likely to roil Thai stocks during the next few days, though analysts said it is unlikely to spill over into other major Asian markets.

As tanks and troops surrounded government offices in the Thai capital of Bangkok last night -- part of an effort to oust Prime Minister Thaksin Shinawatra -- foreign investors in the Southeast Asian country said they hoped for a smooth and swift resolution to the crisis. "Unless we have a tremendous amount of clarity, that first trading session is likely to be very sloppy and very volatile," said Uri Landesman, senior portfolio manager of a $300 million fund that invests globally at ING Investment Management in New York. It wasn't clear when trading would resume, however, as the armed forces declared Wednesday a government, bank and market "holiday."

The main SET index closed 0.47% lower at 702.56 yesterday before the coup. The SET is home to Bangkok Bank and Siam Cement, mainstays of many foreign portfolios invested in Thailand.

A rout in Thai stocks is unlikely to significantly affect the portfolios of international emerging-market investors who construct their portfolios to hew closely to the Morgan Stanley Capital International Emerging Markets Index, which is widely used by emerging-market fund managers. Thailand makes up 1.65% of that index.

The country's baht currency -- the devaluation of which helped send Asia into financial turmoil in 1997 -- fell in its biggest one-day decline in three years, weighing on other Asian currencies. The baht weakened to 37.764 from 37.286 against the dollar.

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Emerging-market bonds were slightly rattled by the news. Thailand's $2.1 billion in investment-grade sovereign debt makes up just 0.21% of the J.P. Morgan Emerging Markets Bond Global Diversified Index, widely used as a benchmark by professional investors. Fitch Ratings said it was reviewing the country's triple-B-plus foreign-currency debt rating for possible downgrade in light of the coup, but added Thailand has enough foreign-exchange reserves to handle "any shocks that may come."

Investors and traders didn't panic much. Credit-default swaps -- derivatives that provide insurance against the risk of bond defaults -- became more costly on news of the coup, jumping to $65,000 to protect against a default on $10 million of Thailand's sovereign bonds during the next five years from $37,000 yesterday morning. Later, the price retreated to $53,000, according to data from J.P. Morgan. "A coup is about as common there as an election is here," said Mr. Landesman of ING, who noted some 18 coups have occurred in Thailand in the past 75 years.

Aided by strong economic expansion driven by robust exports, consumer spending and foreign investment, Thai government coffers and Thai companies' balance sheets have strengthened since the Asian financial crisis. In the 1990s, Thailand and other Asian economies had large current-account deficits and exchange rates pegged to the U.S. dollar. These factors encouraged external borrowing, and led to high exposure by local companies and governments to foreign-exchange risk. When U.S. interest rates jumped, money swept out of Asian currencies, stocks and other assets, leaving their currencies devalued, stock markets in shambles and real estate near worthless.

"The last nine years have seen the emerging markets change their governance at both the corporate and government level," said Larry Smith, chief investment officer of Third Wave Global Investors LLC, which manages about $400 million in Greenwich, Conn. While Thai companies had poor financial governance and management before, now they are "in the business of making money," he said, adding that the return on equity for Thai stocks hovers at about 20% -- in the high end for emerging markets. Unlike the country's financial crisis in 1997, "I don't see the coup creating any type of contagion or systemic risk that's going to have an impact on other regions," he said.

Western investors in Thailand expect the coup to be positive for the market in the long term, particularly if it is bloodless and receives the blessing of Thailand's King Bhumibol Adulyadej. Mr. Landesman expects the Thai stock market to rally as much as 15% following a smooth transition of power.

Mr. Thaksin has come under fire by critics for cronyism and unpredictable government policies. Thailand has been run by a caretaker government since Mr. Thaksin in the first quarter dissolved Parliament for elections, which were held April 2. The results of the vote later were annulled because of irregularities. Free-trade talks with Japan and the U.S. are on hold until a new government can be elected.

Other Market Activity

European shares closed lower as long-term worries about interest rates offset short-term relief generated by tepid U.S. inflation data. Asian markets were flat ahead of today's U.S. Federal Reserve meeting.

In LONDON, the FTSE 100 index fell 58.40 points, or 1%, to 5831.80. Nuclear-power operator British Energy tumbled 8.3% after a warning about falling output.

In TOKYO, the Nikkei Stock Average edged up 7.35 points, or 0.1%,to 15874.28 following a three-day weekend. Hitachi dropped 2.3% after issuing a profit warning.

A Retrograde Coup In Thailand (NYT)

The New York Times, September 20, 2006

"Political troubles should be solved by politicians," the chief of Thailand's army wisely declared last March. "Military coups are a thing of the past." Regrettably, Gen. Sondhi Boonyaratkalin changed his mind yesterday, launching a coup against the prime minister, Thaksin Shinawatra, who was in New York, preparing to address the United Nations.

Mr. Thaksin, in power since 2001, has been a high-handed and controversial leader. Corruption charges swirl around his government and his multibillion-dollar family business empire. He has tried to muzzle press critics. And his inflammatory mishandling of a Muslim separatist campaign in the south has killed more than 1,000 civilians.

But removing him from office is a decision that belongs to Thailand's voters, not an ambitious army general. They would have had a chance to make that decision soon.

Mr. Thaksin won decisive electoral victories in 2001 and 2005. Balloting earlier this year was boycotted by the opposition and later declared invalid by the courts. Arrangements for a new vote were being worked out when the army intervened.

Military power grabs have punctuated Thailand's recent history, and none have left the country better off. The best thing General Sondhi could do now is recall his wise words of six months ago and return power to the constitutional civilian leadership.

Turmoil In Thailand (LAT)

The Los Angeles Times, September 20, 2006

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THERE HAD BEEN 17 MILITARY COUPS in Thailand since its absolute monarchy was abolished in 1932. Number 18 occurred Tuesday, when soldiers circled the offices of Prime Minister Thaksin Shinawatra with tanks, seized TV stations and declared martial law. The military claimed to be acting on behalf of the popular monarch, King Bhumibol Adulyadej.

Thaksin was in New York at the time to attend a session of the United Nations, and his future as Thai leader is now seriously in doubt. The coup could also jeopardize the recent stability and economic prosperity across Southeast Asia, traditionally among the most volatile regions in the world. Thailand has been an anchor to that stability, but now the restive foes of Thaksin are taking a huge step backward. It would be in the best interest of the country if its monarch took a page from the Spanish playbook and came out against the coup — as King Juan Carlos I did in 1981 — if he is free to do so.

Thaksin, a billionaire media mogul, is very popular in the rural north but widely despised in Bangkok. The first democratically-elected Thai prime minister to serve a full four-year term, he was first elected in 2001 and easily reelected in 2005. But urban voters, dissatisfied with Thaksin's control of the media, manipulation of democratic institutions, mishandling of a Muslim insurgency and other issues, held frequent protests against his regime.

Thaksin responded by holding snap elections in April, and won once again. But the election was boycotted by the minority party, leaving 38 parliamentary seats unfilled, and Thaksin wisely decided to step down. Then, after the courts declared the April election invalid, Thaksin returned to work as "caretaker" prime minister in a country without a parliament, while new elections were scheduled for this fall.

Thaksin bears some blame for his government's downfall. Had he made it clear that he wouldn't seek the premiership after the coming elections, opposition and turmoil in Bangkok would have died down. Had he not tried to interfere with military decisions, he wouldn't have created the fury among army leaders that may have prompted them to take action.

The coup could produce deep uncertainty at best and violent uprisings at worst, and it may threaten economies throughout the region. That's a heavy price to pay for one man's refusal to cede power and a refusal by his people to accept a concept taken for granted in more mature democracies: Sometimes in free elections, your side loses.

Paulson Spends Much Of Debut On World Stage Defending The U.S. (NYT)

By Steven R. Weisman

The New York Times, September 20, 2006

HANGZHOU, China, Sept. 19 — In his debut on the international stage, Treasury Secretary Henry M. Paulson Jr. faced three days of criticism and concern that the United States' fiscal and current-account deficits were casting a shadow over the global economy.

The issue of "global imbalances" came up again and again in Singapore in the language of speaker after speaker, as well as in the communiqué of the Group of 7 as its members conferred at the annual meeting of the World Bank and the International Monetary Fund.

Mr. Paulson, who arrived in Hangzhou on Tuesday to meet local entrepreneurs before traveling to Beijing on Wednesday, did not seem bothered by the criticism. Economic relations between countries are "never easy," he said Monday.

In office a little more than two months, Mr. Paulson gamely made the arguments in response. He said the current-account deficit — nearly 7 percent of the United States economy — was a sign of strength, not weakness, because American consumers were buying global goods and keeping the world prosperous.

While Mr. Paulson acknowledged to reporters that the United States had room to improve, he saw its deficits as part of a bigger picture and part of a problem of imbalances in other countries.

"The U.S. has for a good number of years now been growing much faster than the major developed trading partners, Europe and Japan," he said, suggesting that as a faster-growing country, the United States would import more. "We've got a low savings rate, and it is a problem in the U.S." He also said the United States could "do more on deficits."

But he said that for the imbalances to ease, Japan, China and Europe had to "get the kind of growth on the consumption side that's going to make a difference."

He refused to blame the policies of the Bush administration for the global problems. The United States is able to borrow heavily from around the world, he said, because investors regard United States debt instruments as secure and United States policies, like maintaining tax cuts, as sound.

As for the nation's budget deficit, Mr. Paulson said it was coming down, citing recent revenue figures. For the future, he promised that he would personally help the Bush administration tackle the exploding costs of Medicare, Social Security and Medicaid in the next two years.

And to those in Singapore who said the United States was saving too little, Mr. Paulson said China was saving too much.

He did not say any of these things in a combative way. He sought to parry the criticism of American policies by suggesting that all countries, not just the United States, needed to put their houses in order.

Others echoed that theme, as when Jean-Claude Trichet, president of the European Central Bank, said at a news conference that all the participants in Singapore had "homework" to do to avert threats to the world economy.

The homework that Europe needs to do, Mr. Paulson said, is structural reform, like lifting regulations, taxes and labor restrictions that will allow business to grow and import more.

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His prescription for China was similar. In addition to saving less and consuming more, Mr. Paulson said, China needs to deregulate its economy and, most important, let the value of its currency fluctuate against the dollar and the euro, so that a new balance could be struck in which Chinese exports are more expensive and China imports more.

In addition to criticism of the United States current account and budget deficits, Mr. Paulson heard complaints about American trade policies and Washington's responsibility for disputed practices at the World Bank and the International Monetary Fund.

By all accounts, Mr. Paulson, who took office in July, moved comfortably in Singapore. Many of his counterparts were friends from his years as the head of Goldman Sachs.

He also seemed to understand that when representatives of 184 countries get together, criticism of the United States is often what most of them can agree on. This time the criticism seemed especially focused, but at the same time a main worry was that the United States economy might slow, imperiling the future for everyone else.

"I am not looking for any immediate solutions or quick fixes to any particular economic issue," Mr. Paulson said in Singapore. "I'm looking to set a tone and an expectation of working through issues and making progress."

On trade, the Suntec Center in Singapore, where thousands of officials gathered, echoed with calls for leadership to revive the world trade negotiations that collapsed this summer. But most delegates aimed their appeals at the United States, over its refusal to offer more concessions to revive the talks.

Even a revolt among board members at the World Bank over the anticorruption campaign of its president, Paul D. Wolfowitz, reflected many bank officials' resentment at President Bush for choosing Mr. Wolfowitz, an architect of the Iraq war, to lead the institution.

A leader in the fight against Mr. Wolfowitz's policies, for instance, was a close associate of Gordon Brown, the British chancellor of the exchequer and a likely successor to Prime Minister Tony Blair. Bank officials said Mr. Brown seemed to be trying to show that, presumably unlike Mr. Blair, he could stand up to Washington.

But Mr. Paulson did leave with a major victory. The Singapore gathering demonstrated that the United States had successfully rallied the world's economic players around a policy of trying to expand China's influence in the institutions that oversee the world economy, like the International Monetary Fund, and in pressing China to be a more responsible player on economic issues.

Paulson Seeks To Build On Ties During China Visit (WSJ)

By Michael M. Phillips And Andrew Browne

The Wall Street Journal, September 20, 2006

Treasury Secretary Henry Paulson's first meeting after arriving in China yesterday was with Xi Jinping, the Communist Party secretary for Zhejiang Province.

It wasn't because Mr. Xi is a national political figure, although Mr. Paulson considers him a rising star in a province that is an aggressive exporter to the U.S. It was because when the two met in New York City a few months ago, Mr. Paulson -- then chief executive of Goldman Sachs Group Inc. -- promised he'd drop by.

At Goldman, Mr. Paulson believed the key to doing business in China was building long-term relationships. At Treasury, he believes the same thing, putting his contacts to work for the U.S. government on an agenda that ranges from protecting American companies' intellectual property to trying to convince Beijing to relax its grip on the exchange value of the yuan. "These things generally take a bit of compromise, generally take patience and generally take listening as well as talking. And in the case of China it takes a process where you're talking to all of the right people," Mr. Paulson said before arriving in the garden city Hangzhou.

"I told you I would come," Mr. Paulson said as Mr. Xi greeted him at a lakeside guesthouse.

Treasury officials have long found Chinese decision-making opaque, as they struggled to figure out which bureaucrats and politicians really influence policy. They hope Mr. Paulson -- who made some 70 trips to China as an investment banker, tourist and environmental activist -- will bring Treasury something close to an insider's view.

The secretary himself drew up the list of people he wanted to see. Among them was President Hu Jintao, whom Mr. Paulson is slated to meet in Beijing this week -- something of a coup for a cabinet secretary in a protocol-conscious country. He was scheduled to meet, as well, with Finance Minister Jin Renqing and Ma Kai, head of the National Development and Reform Commission, which sets China's energy policy.

Also on his schedule is Beijing Mayor Wang Qishan, who bonded with Mr. Paulson during the 2003 SARS crisis. The previous mayor had been fired for covering up the epidemic, and Mr. Wang took the job, desperate to show Beijing was safe. He asked Mr. Paulson if he would be willing to help out -- by making a public visit to the city. Mr. Paulson immediately got on a plane to China.

Mr. Paulson has a proven record in doing business with China. He helped pull off a coup in 2004 with an innovative plan that enabled Goldman Sachs to get around strict ownership rules and establish control over a full-service Chinese brokerage firm and investment bank. No other foreign investment bank has managed to achieve that.

The argument he used to clinch the deal, according to people familiar with the situation, was that it was in China's best interests because Goldman would help raise standards in a securities industry Beijing is striving to clean up.

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That's the tack U.S. officials have taken with China for some time. They argue that by allowing more flexibility in the yuan's exchange rate, Beijing will give itself more leeway to adjust interest rates and control its own economy. The Chinese government is now struggling to rein in investment that is leading to runaway growth and threatening another boom-bust cycle.

Mr. Paulson's comments on the yuan so far have been measured.

But having barely set foot in China, Mr. Paulson was already coming under pressure to speed things along. "Secretary Paulson's repeated efforts to lowball expectations just before beginning negotiations with the Chinese represent a major tactical and strategic mistake," U.S. Business and Industry Council President Kevin L. Kearns said in a written release yesterday. "His claims that Chinese reforms 'will take time,' and his criticisms of 'quick fixes,' inevitably tell Beijing that it can keep stonewalling with impunity."

Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, have asked for a Senate vote on a bill that would impose 27.5% tariffs on all imports from China, in retaliation for the alleged advantage an undervalued yuan gives to Chinese businesses.

Aside from the currency, analysts predict Mr. Paulson will push the interests of international financial-services companies, which he sees as necessary for economic growth.

Mr. Paulson has made a point of pooh-poohing expectations that he will make concrete headway on specific economic issues during his four-day China trip. Rather, he has said he is trying to set the tone and build relationships for slower, more-durable gains.

The personal touch seemed to get the attention of Mr. Xi. "We treasure your friendship," he told Mr. Paulson before the two men strolled together through the lush gardens around the guesthouse, the same complex where Richard Nixon stayed during his groundbreaking visit in 1972.

"He's the kind of guy who knows how to get over the goal line," Mr. Paulson said after their meeting.

Two Chinese Warships Visit San Diego (LAT)

By Tony Perry And Mark Magnier

The Los Angeles Times, September 20, 2006

SAN DIEGO — Under a clear blue sky Monday, two Chinese warships slipped peacefully into San Diego Bay, a sign of some warming in the sometimes chilly relationship between the two countries.

The arrival of the guidedmissile cruiser Qingdao and the oiler Hongzehu marked the third visit of Chinese ships to the West Coast — but the first since the 2001 incident in which a Navy surveillance plane collided with a Chinese fighter, forcing the U.S. plane to land on China's Hainan Island and requiring 11 days of diplomatic wrangling before the plane's crew was allowed to leave.

"With this visit, China and the United States have an important opportunity to develop and build through our sailors relationships for cooperation in maintaining a peaceful and stable region," Rear Adm. Len Hering, commander of Navy Region Southwest, said as the ships docked at the 32nd Street Naval Station.

Three hundred members of the local Chinese community greeted the ships. The Navy Band was accompanied by the Chinese Navy Band.

China could have its first aircraft carrier by the end of this year, and Pentagon analysts have warned in recent years that China could present a major threat as its expanding "blue-water" navy increasingly is able to travel far from home. But the U.S. also may need Chinese cooperation in the United Nations to reign in the nuclear ambitions of Iran and North Korea.

In San Diego, the two Chinese ships are surrounded by carriers, destroyers and submarines. On Monday, a variety of U.S. warplanes screamed overhead.

When it comes to military relations with the United States, analysts said, China is more wary of exposing its weaknesses than of revealing its strengths.

"It's like a millionaire invites someone who only has a few dollars to enter into a partnership," said Ni Lexiong, a defense analyst and professor at the Shanghai Institute of Politics and Law. "The latter wouldn't accept it because he wouldn't have any real say in the partnership and might even risk what little money he does have."

The U.S., meanwhile, has every interest in fostering closer military relations in hopes that Chinese leaders will see America's overwhelming military superiority and convey their impressions back to their political leaders in Beijing — making them think twice about challenging the Pentagon, Lexiong said.

Chinese leaders have eased their reservations about improving relations with the U.S. in recent months as their confidence gradually improves, analysts say.

They also have a big interest in keeping overall bilateral relations on a good footing and don't want military issues to add strain at a time of economic friction and foreign policy differences over Iran and Sudan.

Better bilateral relations, in Beijing's view, would encourage Washington to restrain Taiwan, while military acrimony might spur conservatives in Washington to encourage Taiwan's pro-independence voices. "In a bid to improve its relations with the United States, China is now trying to actively spur these defense exchanges," said Jia Qingguo, vice dean of international studies at Peking University.

Since he assumed command last year of all U.S. forces in the Pacific, Adm. William Fallon has visited China three times, calling for greater transparency and reciprocity in the access each side receives.

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In San Diego, crew members aboard the two ships will participate in a search-and-rescue training mission with U.S. ships. But first the crew members will enjoy some free time, including a visit to the San Diego Zoo and its pandas, on loan from China.

Powering China's Juggernaut: Truckers Hauling Coal (NYT)

By Jim Yardley

The New York Times, September 20, 2006

FUGU, China — Hunched over his steering wheel, Zhu Dexiu turned the key in the ignition as the engine rumbled awake and his coal truck lurched forward. The journey lasted about 30 feet. Then Mr. Zhu switched off the engine and waited for the next flurry of driving, maybe another 20 minutes off.

It was 2 p.m. His goal was to reach the inspection station here on the eastern border of Shaanxi Province by 10 p.m. All that stood in his way were other battered trucks carrying cinderblock-size chunks of coal destined for China's east. There were maybe a thousand of them.

The line was five miles long.

"We've been waiting in this line for 24 hours," complained Mr. Zhu, a green towel draped over his head and behind his ears as if he were a beleaguered Egyptian pharaoh. "We have no choice but to be patient."

Given China's status as the workshop of the world, and given that coal, more than anything, is powering that workshop, men like Mr. Zhu could be called the coal-truck drivers of the world. They carry the coal that powers the country's restaurants, office buildings and high-rises, as well as the factories that make cheap exports for the West.

They also spend hours, sometimes days, waiting in line, a small example of the epic scale, and epic inefficiency, of China's coal economy. The grimmest barometer of that inefficiency is not measured in hours wasted but in lives lost: nearly 6,000 coal miners died in accidents last year, often in illegal mines where owners sacrificed safety in the rush for profits.

But the journey of the coal driver is a reminder that often beneath the juggernaut of the Chinese economy are three guys squeezed into the cab of a filthy truck hauling coal, a trip multiplied daily by untold thousands. In this fashion — one restaurant, one shopping mall or one factory at a time — much of China gets its energy.

First, though, the drivers must get out of coal country in the autonomous region of Inner Mongolia and neighboring Shaanxi and Shanxi provinces. On a gray, drizzly afternoon in August, Mr. Zhu was part of a small caravan of trucks carrying 90 tons of coal to a karaoke bar and bathhouse in Baoding.

Mr. Zhu had collected his load a day earlier from a small mine in Shenmu, a major coal hub in northern Shaanxi. He estimated that the 260-mile trip to Baoding would take five days, including at least two at the inspection checkpoint in Fugu before he could cross the Yellow River and head east. For a poor province like Shaanxi, the toll collected there is like a tithe for every pebble of black gold leaving its borders: the fee for a ton of coal is about $7.

Drivers see the fee as just another shakedown. On a different morning, just south of the ancient city of Togtoh, in Inner Mongolia, a different caravan of about 20 coal trucks was parked on a roadside. They had sent a scout to a nearby traffic circle to check for a police officer with a reputation for dispensing dubious tickets.

"He's got to make his quotas," said one driver, smoking a cigarette as other drivers napped on the road beneath the shaded undercarriages of their trucks. The scout's job was to notify the other drivers when the officer broke for lunch so the caravan could beat it safely through town. "Otherwise," the driver said of the $6 ticket, "we could not make any money."

The inspection station in Fugu is an unavoidable bottleneck for the trucks heading east from the mines in Shenmu. Drivers spend so much time waiting that a floating commercial district has arisen on the roadside. Hawkers on bicycles and mopeds peddle Mao amulets, military magazines, spare keys, boiled eggs, noodles and fingernail clippers.

"Corn! Corn!" shouted a woman selling food from the back of one bike.

In their idle time, drivers play cards in the cramped cabs of their trucks or read magazines. Some compare waiting-in-line stories the way other men compare fish stories.

"The longest we had to wait was two weeks," Mr. Zhu said. "People set up restaurants beside the road."

Another driver in the convoy, Li Wenshun, said he once waited in a line that stretched more than 30 miles, all the way back to the mines in Shenmu.

"Before there was a road," mused Mr. Li, "there was a line."

For the Chinese government, bottlenecks in coal transportation are a critical issue partly blamed for power shortages in cities and factory districts along the southern coast. The government has responded by rapidly expanding railroad lines dedicated to coal and upgrading port facilities to expedite sea shipments of coal to power plants and factories in the south.

Experts say those improvements have begun to help ease the bottlenecks. But the demand for coal remains so insatiable that the more informal, and chaotic, network of truckers continues to play a vital role. Coal trucks seem to be everywhere. Anyone who has driven in China knows the not-always-comforting feeling of looking in the rear-view mirror and seeing a coal truck barreling closer.

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Mr. Zhu said he now made the trip from Shenmu to Baoding about six times a month, earning about $600. Many of the drivers were once farmers who could not earn $600 in a year and are looking for a way out of rural poverty. “We have no choice,” said another driver. “There is no other way out of the countryside.”

On this trip, Mr. Zhu was traveling with a backup driver and his son, an apprentice driver who hopes to have his own coal truck one day. They sat patiently inside the cab as, every hour or so, coal trains whizzed by the paralyzed truck line.

“I like the lifestyle,” said the son, Zhu Dongliang, 20. “There aren’t that many jobs out there. This is good work.”

If sometimes tedious: a few minutes later, the elder Mr. Zhu cranked up the engine and lurched forward another 30 feet. Then he turned it off.

Australia Announces Plan For Compromise In Global Trade Talks (WSJ/AP)

By Associated Press

The Wall Street Journal, September 20, 2006

CAIRNS, Australia -- The 18-member Cairns Group of Pacific Rim and Asian nations launched a bid to intensify pressure on the U.S., Europe and Japan to give ground in global trade talks.

Host Australia announced a compromise it hopes will cut through the impasse on trade protection that is blocking the World Trade Organization's so-called Doha round.

But European Union Trade Commissioner Peter Mandelson, who didn't attend the Cairns meeting, already has rejected the proposal as "undoable."

The plan would require the EU to agree to better by 5% its offer to reduce farm tariffs and the U.S. to agree to cut subsidies by $5 billion, Australian Trade Minister Mark Vaile told Australian Broadcasting Corp. radio yesterday.

"We think that's a middle-ground position," Mr. Vaile said, though he conceded neither the EU nor Washington was on board with the idea.

The U.S.'s chief agricultural negotiator, Richard Crowder, told the Associated Press yesterday that Washington was "prepared to be flexible" on domestic subsidies, provided other countries made significant reductions in agricultural tariffs.

The Doha round talks were suspended in July over disagreements about agricultural subsidies and tariffs.

The Cairns Group members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

The group was formed in August 1986 to lobby for the removal of global farm trade barriers.

US Trade Representative Says Australian Trade Proposal "has Potential" (AP)

AP, September 20, 2006

CAIRNS, Australia U.S. Trade Representative Susan Schwab said Wednesday that a new proposal to break the current impasse in global trade talks "has potential."

Schwab said the proposal, under which the European Union would agree to better by 5 percent its offer to reduce farm tariffs, while the U.S. would agree to cut subsidies by US$5 billion (€3.9 billion), could help restart the stalled Doha round of World Trade Organization talks.

"I'm going to be very careful not to endorse any specific proposal, except to say that the Australian proposal, I think, is an important one," she told The Associated Press on the sidelines of a meeting of the 18-member Cairns Group of agricultural exporting nations.

Australia's Trade Minister Mark Vaile presented the proposed compromise this week, but the EU's Trade Commissioner Peter Mandelson immediately rejected it as "undoable."

While she wouldn't comment on the specific figures, Schwab said the principles underlying the proposal were acceptable to the United States.

"I think the fact that Mark Vaile and the government in Australia put forward a proposal that has both more market access and more cuts in domestic support is ultimately the right way to go," she said. "I think it has potential to move the conversation forward."

The United States and the EU have been sharply divided over how to cut tariffs and domestic subsidies on farm goods, a dispute that led to the suspension of the Doha round in July.

This week's meeting of the Cairns Group has set the revival of the Doha round — named for the Qatari capital where talks commenced in 2001 — as its top priority.

But as the meeting began Wednesday, the United States and Europe remained divided as ever.

"I think the fundamental disagreement has to do with the level of ambition in the Doha round," Schwab said. "If you are going to promote global economic growth and development and the alleviation of poverty you need an ambitious balanced agreement where market access is key and new trade flows occur."

She said the EU was willing to open its markets to the manufactured goods and the services sector, but "when it comes to agriculture, the EU's proposal is less ambitious."

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Moscow Faces Global Oil Backlash (FT)

By Neil Buckley And Arkady Ostrovsky

Financial Times, September 20, 2006

Russia was facing a global backlash on Tuesday over its threat to halt work on a $20bn (£10.6bn) energy project led by Royal Dutch Shell.

Japan led the chorus of anger. Shinzo Abe, chief cabinet secretary and front-runner to be next prime minister, warned the move would damage international relations and jeopardise foreign investment. The European Union voiced concern and Britain protested to the Russian authorities.

But even as the international community was protesting against the suspension of an environmental permit for the Royal Dutch Shell-led Sakhalin-2 project, it emerged that another large foreign energy project faced a similar threat.

Russian prosecutors have threatened to suspend an exploration licence for TNK-BP, the Anglo-Russian joint venture, to develop Kovykta, the massive gas field in Eastern Siberia.

A source familiar with the situation said prosecutors in Irkutsk, capital of Eastern Siberia, demanded a local agency for natural resources suspend TNK-BP's licence on environmental grounds and for failing to fulfil its terms.

On Tuesday Russia insisted its move to cancel the environmental permit for Sakhalin-2 was not politically motivated and was prompted entirely by environmental concerns.

If the move is ratified by Russia's industrial safety agency, work on the huge gas and oil development would be halted.

Oleg Mitvol, deputy head of Russia's environmental watchdog, accused the project operators of serious breaches of environmental law, including marine and river pollution on the Pacific island of Sakhalin. He expected the natural resources ministry's decision to revoke the permit to be approved by a further technical body within days.

Ministry officials say the Shell-led consortium would be forced to suspend work on phase two of the project, which includes building the world's largest liquefied natural gas plant and pipelines linking it to offshore oil fields.

The suspension of Shell's permit has been widely seen as a tactic to secure a better stake in the project for the Russian government: a charge the authorities strongly rejected on Tuesday. The moves against Shell and TNK-BP come as the Kremlin looks to expand its influence over the energy sector. It is known to want Gazprom to take a substantial stake in Sakhalin-2. Gazprom is also seen as the front-runner to replace the private Russian partners in the TNK-BP venture.

The move was keenly felt in Japan, where Sakhalin gas and oil are crucial for strengthening energy security and reducing dependence on the Middle East. The trading companies Mitsui and Mitsubishi own 25 per cent and 20 per cent of the project, with the rest owned by Shell.

EU, Japan Object To Russia's Move On Shell Permit (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, September 20, 2006

Russia's move to revoke an environmental permit for a $20 billion oil-and-gas project led by Royal Dutch Shell PLC sparked protests from Europe and Japan.

Meanwhile, Russia's OAO Gazprom said talks aimed at bringing the state-controlled gas monopoly into the giant project on the Far East island of Sakhalin have made no progress since Shell announced costs would double more than a year ago.

Russia's Ministry of Natural Resources said Monday it was withdrawing its approval for the second phase of the project because of allegations Shell had violated terms of the deal. Shell denies that.

But Russia's economics minister said the government had no plans to cancel a handful of foreign-led energy projects agreed to in the 1990s, including Sakhalin II.

The move to revoke the permit follows Kremlin efforts to increase Russian control of oil and natural-gas projects and was seen as a tough negotiating tactic aimed at restructuring the agreement between Russia and the project's operator, in which Shell owns a 55% stake and Japan's Mitsui & Co. and Mitsubishi Corp. own a combined 45%.

The European Commission, the European Union's executive body, said it was taking Russia's withdrawal of the permits "very seriously" and called on Moscow to guarantee a secure and predictable investment climate.

Shinzo Abe, the expected successor to Japanese Prime Minister Junichiro Koizumi, said a major delay to Sakhalin could hurt diplomatic relations, and the British government said it was "deeply concerned."

Analysts said Russia needs massive amounts of investment to develop its infrastructure and exploration capacities.

Sakhalin II had been scheduled to start producing liquefied natural gas in the middle of 2008, with about 60% delivered to Japan, according to Japanese buyers.

Analysts and an industry insider said they don't expect a severe impact on liquefied-natural-gas supplies in 2008 to 2009, because Japanese buyers already had expected initial output from the project to be unstable.

But for the longer term, a possible slowdown in investments in energy projects in Russia could be a serious problem, analysts said.

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"Japanese companies may think twice about investing in resource projects in Russia," said Hirofumi Kawachi, an analyst with Mizuho Investors Securities Co.

Analysts said they suspect the Kremlin will ratchet up pressure to the point where Shell would be forced to surrender long-established production deals, negotiated when global oil prices were much lower, to give Russia a bigger slice.

Analysts said Russia also wants to help Gazprom get better terms for a stake in the project. Gazprom had planned to swap 50% in its giant Siberian Zapolyarnoye field against a 25% stake in Sakhalin II. But the plan ran into trouble after Shell announced cost overruns. A Gazprom spokesman denied that the government's move had influenced Gazprom's talks with Shell.

Jonathan Stern, a gas specialist at the Oxford Institute for Energy Studies, said companies would continue to invest in Russia because alternatives such as Iran, Venezuela and Nigeria were just as risky, if not more so.

"They will all say they're going to be discouraged," he said of Western energy companies. "The question is...'Where are you going to go?' If you look at the places which are open for investment...it seems to me that you don't see Russia as more difficult than anywhere else."

Steven Beharrell, a senior counsel at law firm LeBoeuf, Lamb, Greene & MacRae, said this may prove to be a watershed, with assets coming under much closer Kremlin control.

"I think this is an indication and a warning to anyone wishing to invest in Russian infrastructure that you will do it on national terms and not on any others," he told a London conference.

Annan Calls For Unity In Emotional Adieu (AP-Y)

By Edith M. Lederer

AP, September 19, 2006

In an emotional farewell, Secretary-General Kofi Annan appealed for nations and peoples to unite to combat widespread contempt for human rights, religious divisions, brutal conflicts and an unjust world economy.

Annan's opening address to the 61st annual U.N. General Assembly hit many issues on the ambitious agenda that leaders of the 192 member nations confront — reviving a stalled Mideast peace process, curbing Iran's nuclear ambitions, getting U.N. peacekeepers into conflict-wracked Darfur and promoting democracy.

But it was overshadowed by a bloodless coup in Thailand in which the military overthrew popularly elected Prime Minister Thaksin Shinawatra as he was in New York for the ministerial meeting. Thaksin initially switched speaking slots so he could make his speech on Tuesday evening, a day earlier than planned, but later canceled the address.

Trying to build bridges with people in the Middle East angry with the United States over Iraq and Lebanon, President Bush assured skeptical Muslims he is not waging war with Islam and urged support for the people trying to transform the region and bring Mideast peace.

Iranian President Mahmoud Ahmadinejad — who was scheduled to speak to the body later Tuesday — was not in the hall during Bush's address and skipped a lunch hosted by Annan attended by the U.S. leader.

Bush opened his speech saying the call he made immediately after the Sept. 11 terrorist attacks five years ago to all nations to defend civilization and build a better future "is still the greatest challenge of our time; it is the calling of our generation."

"At the start of the 21st century, it is clear that the world is engaged in a great ideological struggle, between extremists who use terror as a weapon to create fear, and moderate people who work for peace," he said.

Pakistan's President Gen. Pervez Musharraf, a staunch U.S. ally who spoke shortly after Bush, also urged the world to confront the plague of terrorism head-on and end ending conflicts in the Islamic world to eliminate the "desperation and injustice" that breed extremism.

"Unless we end foreign occupation and suppression of Muslim peoples," he said, "terrorism and extremism will continue to find recruits among alienated Muslims in various parts of the world," he said, and the top priority should be ending "the tragedy of Palestine."

Annan, meanwhile, warned that "as long as the Palestinians live under occupation, exposed to daily frustration and humiliation, and as long as Israelis are blown up in buses or in dance halls, so long will passions everywhere be inflamed."

Failure to resolve the Palestinian-Israeli conflict and Israel's 40-year occupation will continue to hurt the U.N.'s reputation and raise questions about its impartiality, he said. It also will stymie the U.N.'s best efforts to resolve other conflicts, "including those in Iraq and Afghanistan, whose peoples need our help just as badly, and are entitled to it," he warned.

On a positive note, Israeli Foreign Minister Tzipi Livni met Palestinian President Mahmoud Abbas late Monday for the first time in months. Ministers from the Quartet that drafted the stalled road map to Mideast peace — the U.S., the U.N., the European Union and Russia — will meet Wednesday, and the Security Council was to hold a ministerial meeting Thursday that Arab leaders hope will help revive the Mideast peace process.

Annan, whose second five-year term ends on Dec. 31, said the past decade had seen progress in development, security and the rule of law — the three great challenges he said humanity faced in his first address to the General Assembly in 1997.

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But the secretary-general said too many people are still exposed to "brutal conflict" and the fear of terrorism has increased the risk of a clash of civilizations and religions. Terrorism is being used as a pretext to limit or abolish human rights, and globalization risks driving richer and poorer peoples apart, he said.

"As a result, we face a world whose divisions threaten the very notion of an international community, upon which this institution stands," Annan said.

"The only answer to this divided world must be a truly United Nations," he said.

He also decried the continuing conflict in Sudan's western Darfur region, "where the continued spectacle of men, women and children driven from their homes by murder, rape and the burning of their villages makes a mockery of our claim, as an international community, to shield people from the worst abuses."

Sudan's President Omar al-Bashir denied that there was a major humanitarian crisis, accusing volunteer organizations working in Darfur of exaggerating the crisis in order to "solicit more assistance and more aid."

Al-Bashir reiterated his government's rejection of Security Council demands that the United Nations take control of a Darfur peacekeeping force now run by the African Union. Still, he said, he did not oppose the current force being strengthened and stressed that AU troops should remain there until a lasting peace is put into place.

Liberian President Ellen Johnson Sirleaf said the U.N.'s obligation to protect the helpless and innocent must remain paramount. She called on the Security Council to act under Chapter 7 of the U.N. Charter, which allows military intervention, "to restore peace, security and stability to Darfur."

The African Union's Peace and Security Council is scheduled to meet here Wednesday to discuss breaking the deadlock over Darfur.

Annan's voice rose with emotion as he described his "difficult and challenging but at times also thrillingly rewarding" job.

"Together we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back," the secretary-general said. "I yield my place to others with an obstinate feeling — a real obstinate feeling — of hope for our common future."

The presidents, prime ministers, foreign ministers, ambassadors and other diplomats in the General Assembly chamber burst into loud applause and rose to give their departing leader a sustained standing ovation.

In Last Report, Annan Cites 'Challenges' (WT)

By Betsy Pisik

The Washington Times, September 20, 2006

NEW YORK -- In his final address to an opening session of the U.N. General Assembly as secretary-general, Kofi Annan yesterday warned that the Israeli-Arab conflict has so inflamed tensions that it is constantly refueling "a climate of fear and suspicion" around the world.

Speaking with unusual candor, Mr. Annan also used his last appearance before the high-powered audience to demand economic opportunities for Africa, peace for the Middle East, and human rights for all.

"The events of the last 10 years have not resolved, but sharpened, the three great challenges ... an unjust world economy, world disorder and widespread contempt for human rights and the rule of law," he told the assembled world leaders, ministers and diplomats attending this year's general debate, including President Bush.

"As a result, we face a world whose divisions threaten the very notion of an international community, upon which this institution stands."

Mr. Annan will leave the United Nations in December after a decade of global and sometimes personal turbulence.

World leaders paid tribute to the outgoing secretary-general, and congratulations poured in during the annual luncheon.

President Bush praised his compassion, desire for peace and work ethic.

"We need to toast the fact that he is a decent, honorable man," Mr. Bush said during the luncheon. "We need to raise our glasses to 10 years of extraordinary service and be thankful that a man such as Kofi Annan was willing to stand up and serve the cause of justice and peace."

Mr. Annan, who last month visited 11 countries in two weeks to try to quell the Israeli-Hezbollah conflict in Lebanon, spoke passionately about the region.

"We might like to think of the Arab-Israeli conflict as just one regional conflict among many," Mr. Annan said. "But it is not. No other conflict carries such a powerful symbolic and emotional charge among people far removed from the battlefield."

"As long as the Security Council is unable to end this conflict, and the now nearly 40-year-old occupation, by bringing both sides to accept and implement its resolutions, so long will respect for the United Nations continue to decline," he warned.

The organization's impartiality will be questioned, and people will resist the U.N. efforts to resolve other conflicts, he said, citing Iraq and Afghanistan in particular.

The 61st session of the General Assembly opened amid acute security precautions. Throughout Midtown Manhattan, traffic was halted for passing motorcades, and streets surrounding luxury hotels are being barricaded through the weekend.

Mr. Annan offered a bittersweet assessment of his own tenure.

"This is the last time I shall have the honor of presenting my annual report to this assembly. Let me conclude by thanking you all for allowing me to serve as secretary-general during this remarkable decade," Mr. Annan said yesterday.

"Together, we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back. But this mountain with its bracing winds and global views is the best place on earth to be."

Sudan: Won't Accept U.N. Peacekeepers (AP)

By Nick Wadhams

AP, September 20, 2006

Sudan will not allow the United Nations to take control of peacekeepers in Darfur under any circumstance, the president said Tuesday, claiming that rights groups have exaggerated the crisis there in a bid for more cash.

Omar al-Bashir did say that the African Union, which now runs the peacekeeping mission in Darfur, should be allowed to augment its forces with more logistics, advisers and other support.

"The picture that volunteer organizations try to give in order to solicit more assistance and more aid, have given a negative result," al-Bashir told a news conference.

Speaking on the sidelines of the annual U.N. General Assembly debate, al-Bashir claimed that Zionist groups wanted to weaken Sudan and that Jewish organizations were behind dozens of recent rallies there. He said Israel was spreading a lie that Sudanese Arabs are killing Sudanese Africans.

"We refuse to normalize with Israel, we refuse to deal with Israel," he said.

The fighting in Darfur has largely pitted Muslims against Muslims, though some identify themselves as African and others as Arab. The janjaweed, the Arab tribal militias unleashed by the government, are accused of some of the worst atrocities.

The United Nations and many rights groups claim that fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million since 2003.

The underfunded AU force has been largely unable to stop the violence, leading AU leaders and the U.N. Security Council to demand a takeover by the United Nations, with its deeper pockets and better resources.

Speaking on the sidelines of the General Assembly meeting, al-Bashir reiterated his stance that the demands to put peacekeeping in Darfur under U.N. control are part of efforts to protect Israel, carve up Sudan and get access to its oil reserves.

While he ruled out U.N. peacekeepers at any cost, he said he had no objection to the African Union force receiving logistical, military and communications support, as well as materials and advisers.

In what could be an encouraging sign, he said the African Union forces should be allowed to remain in Sudan until the region sees peace at last.

"We want the African Union to remain in Darfur until peace is re-established in Sudan," al-Bashir said.

Those comments suggest that the African Union will not face any resistance in renewing the peacekeeping force's mandate, which expires on Sept. 30.

Last month, the Security Council passed a resolution that would put the peacekeepers under U.N. control, but required Sudan's consent.

In his speech to the U.N. General Assembly earlier Tuesday, President Bush repeated Washington's belief that the Darfur tragedy is a genocide, and said the AU force is "not strong enough" to protect the people of Darfur. He called for the force to be strengthened and demanded the U.N. take control.

"If the Sudanese government does not approve this peacekeeping force quickly, the United Nations must act," Bush said. "Your lives and the credibility of the United Nations is at stake."

In that speech, Bush announced that he was naming Andrew Natsios, the former director of the U.S. Agency for International Development, as his special envoy for Sudan.

The United States and its allies are now weighing whether there are other options for confronting al-Bashir's government, including the possibility of military intervention despite his objections.

In her speech to the General Assembly, Liberian President Ellen Johnson Sirleaf said the stalemate over whether a U.N. or AU force should be deployed "demonstrates a lack of international will to address the sufferings and yearnings of the citizens and residents of Darfur."

Saying the U.N.'s obligation to protect the helpless and innocent must remain paramount, she called on the Security Council to act under Chapter 7 of the U.N. Charter, which allows military intervention, "to restore peace, security and stability to Darfur."

Darfur Can't Wait (USAT)

USA Today, September 20, 2006

Last week, actor George Clooney described a recent trip to the crisis-torn region of Darfur in Sudan. A little girl pulled his finger, he said, and asked when he would be back. When he replied “soon,” she giggled and told him: “That's what you always say.”

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Out of the mouth of babes, the saying goes, often comes the truth.

On Tuesday, speaking to the opening of the United Nations General Assembly in New York, President Bush announced he was appointing a high-level envoy, Andrew Natsios, to lead a new push to end more than three years of slaughter and mass displacements in Darfur. The little girl set the only meaningful test: Will it be yet another hollow gesture?

The portents aren't good.

At the U.N., Bush rightly took credit for the fact that the United States, two years ago, first called what was happening in Darfur "genocide" as others pussyfooted around the definition. Bush also outlined what it would take to stop the slaughter: sending in a muscular U.N. force of about 20,000 — preferably with NATO logistical backing and air power. The Security Council, with U.S. prodding, recently authorized such a force.

The problem is that the Sudanese government, led by President Omar el-Bashir, won't accept the U.N. force. Sudan also plans to eject a poorly equipped African Union force of 7,000 when its mandate expires at the end of the month. Bashir plans to replace them with Sudanese forces.

That's a recipe for new slaughter: It is government-backed Arab militias, known as Janjaweed, that have been carrying out the massacres of tribes associated with rebel groups. So far, about 2 million people have been displaced and hundreds of thousands killed.

Clearly, the Sudanese government is betting on getting away with murder. It's a good bet. The world is distracted by crises elsewhere, and finding troops for the U.N. force would be hard. Rustling them up for Lebanon and Afghanistan has already proved difficult.

The odds can be changed — with political will. Appointing a high-level envoy is a start. A strong U.S. and European diplomatic offensive would have to follow. Even more helpful would be for China and Russia, which have significant economic ties with Sudan, to use their leverage rather than holding back, as both did when they abstained in the Security Council vote for the U.N. force.

After genocide in Rwanda in the 1990s, the world said "never again." But when the little girl implied that she did not believe Clooney's promise, she spoke from experience — and, all too likely, with prescience.

Hungary Premier Defiant (WSJ)

By Margit Feher And Edith Balazs

The Wall Street Journal, September 20, 2006

Gyurcsány Resists Calls for Resignation, Stands by Overhaul

BUDAPEST -- Several thousand protesters gathered outside the Hungarian parliament yesterday for a third night of protests after Hungarian Prime Minister Ferenc Gyurcsány rejected demands that he resign after he admitted lying about the condition of the economy before April's elections.

"I do not want to step down," the Socialist prime minister said. "There's only one policy, that of change, reforms and clear speech. This is my policy, there is no plan B."

Hungarian financial markets remained on edge after the protests turned violent Monday night. The BUX index of the Budapest Stock Exchange fell 1.2%.

Socialist members of Parliament continued to voice their support for Mr. Gyurcsány and his economic overhauls, while economists and analysts said the premier's resignation would cause more harm than good.

"The prime minister's resignation would have serious market consequences as it would mean the failure of the reform package," said György Barcza, chief economist at ING Bank in Budapest. Mr. Barcza didn't expect the prime minister to resign, saying that would be a major mistake because it would be perceived as a break with overhaul policies.

Hungary's budget deficit -- forecast by the government at 10.1% of gross domestic product this year -- is the biggest in the European Union. To rein in the budget shortfall, Mr. Gyurcsány has launched extensive austerity measures, mainly consisting of higher taxes and utility prices. Hundreds of public workers have been laid off, universities now charge tuition and residents must pay certain health-care costs, including fees to visit a doctor.

Rating service Standard & Poor's said yesterday that a change in government could weaken effectiveness of overhauls, which could eventually lead to the ratings being lowered.

"Collapse of the government seems unlikely anytime soon, but the scandal clearly undermines the position of the prime minister," said Merrill Lynch economist Radoslaw Bodys. "And any defeat of the ruling Socialists in the Oct. 1 local elections may put further pressure on Gyurcsány, and consequently his proposed fiscal consolidation package."

Mr. Gyurcsány is key for fiscal overhauls, said economist Juliet Sampson at HSBC. Hungarian asset value is based overwhelmingly on the credibility of the government's overhaul program, and this, to a great extent, is tied to Mr. Gyurcsány, she said. "If he goes, any successor would have an even greater challenge in establishing and maintaining credibility," Ms. Sampson said.

Monday night, between 2,000 and 3,000 protesters stormed the headquarters of state television, demanding a live broadcast to proclaim their demands, throwing rocks at police and setting fire to several cars. About 150 people were injured, including 102 police officers, officials said. A more peaceful crowd of about 200 protesters remained outside the Parliament building yesterday.

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The protests were in response to a recording of a speech by Mr. Gyurcsány leaked to the state radio station, on which the prime minister admitted to Socialist Party officials that he covered up serious problems in the Hungarian economy. The opposition center-right party, Fidesz, has been calling for the premier's resignation ever since the leak. The source of the leak isn't known. But the premier acknowledged the authenticity of the tape and published a transcript on his blog.

"I almost died when for a year and a half we had to pretend we were governing," the premier says on the recording. "Instead, we lied morning, evening and night." The premier also said on the recording that abundant global liquidity and budget accounting tricks have saved Hungary's international standing among investors.

Hungary's PM Defies Calls To Quit (FT)

By Christopher Condon

Financial Times, September 20, 2006

Ferenc Gyurcsany, Hungary's prime minister, on Tuesday defied calls for his resignation and vowed to press ahead with public-sector reforms after the worst street violence in the Hungarian capital since the fall of communism.

The Socialist premier condemned rioters enraged over his extraordinary admission that he had lied about the state of the economy to win re-election.

Demonstrators had stormed the headquarters of Hungarian public television in Budapest shortly after midnight on Tuesday morning. More than 150 people were injured in clashes with police.

"I put my political life at stake for this. Either there will be a new Hungary or I shall not continue," he said.

The events in Hungary fuel concerns that the European Union's newest members are facing growing political instability and resistance to reforms required for their economic integration.

Last night, a crowd of about 1,000 protesters gathered in front of parliament under a steady rain. They were accompanied by hundreds of riot police.

All five political parties represented in parliament condemned Monday's riot, though representatives of the opposition centre-right Fidesz party expressed sympathy for the public's frustration.

Fidesz urged the prime minister to go in what it called a "moral crisis".

Monday's protest was triggered by an audio recording, leaked to the press at the weekend, in which Mr Gyurcsany admitted that his Socialist government had lied repeatedly to voters about state finances.

He was trying to galvanise his party to end the deceit and push ahead with real reforms.

Hungary's budget deficit is expected to top 10 per cent of gross domestic product this year. Both the Socialists and Fidesz waged election campaigns in the spring that ignored the rising deficit and featured competing spending promises. The Socialists won the contest and Mr Gyurcsany quickly followed with a budget austerity programme and plans for public sector reforms. Fidesz leaders have since attacked Mr Gyurcsany for concealing the extent of Hungary's budget deficit during the campaign and denying plans for austerity measures.

The Hungarian forint and bonds dropped by the most in a month. Against the euro, the forint fell as much as 1.5 per cent, trading at 272.83 late on Tuesday.

Riots Test Hungary's Young Democracy (CSM)

By Michael Logan

The Christian Science Monitor, September 20, 2006

BUDAPEST, HUNGARY

More than 100 policemen and 50 anti-government protesters were injured late Monday night and into the early morning Tuesday in Budapest after the protesters set fire to cars and stormed the state-run Hungarian Television building in the worst violence Hungary has seen since the fall of communism.

Tension had been mounting since Sunday, when a radio station aired a leaked recording of Prime Minister Ferenc Gyurcsany admitting his party had lied before April's general elections.

Hungarians were already angry at the ruling Socialist-Liberal coalition for introducing unannounced tax and energy price increases after being re-elected, and thousands of anti-government, right-wing, protesters took to the streets after the tape was aired.

The country has been divided between right and left since the changeover to democracy in 1990, and divisions have in the past spilled over into bitter campaigns. While the Monday's violence has shocked Hungarians, few see long-term damage to the country's young democracy.

Mr. Gyurcsany, a former Communist youth leader, has resisted opposition calls to resign, and some feel the riots could work in his favor. While the right-wing opposition party Fidesz, founded by dissidents who protested against Soviet rule in the 1980s, did not direct the violence, several analysts feel charged language used in campaigning for the upcoming local elections contributed to the blow up.

"Viktor Orban [the Fidesz leader] has been using words like 'uprising' and 'radicalism'," says Krisztian Szabados, the director of the independent Political Capital Institute. "These words incited people." How the protests began

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The riots began after several hundred right-wing extremists broke off from a peaceful crowd of around ten thousand demanding Gyurcsany's resignation late Monday evening. The breakaway group laid siege to the television building on Freedom Square in an effort to have their demands read out.

The mob, supported by several thousand onlookers, set fire to cars, threw cobblestones at police and damaged an unpopular monument to the Soviet troops that liberated Hungary from the Nazis in 1945. The police attempted to control the crowd with water cannons and tear gas but were forced to retreat, allowing the protestors to briefly occupy the building before dispersing.

According to Mr. Szabados, prominent right-wingers helped pump up the protestors by comparing the demonstrations to the 1956 uprising, in which ordinary Hungarians rose up against Communist rule only to be brutally crushed. The 50th anniversary of the uprising falls in October.

Maria Wittner, a Fidesz MP who as a young woman fought in the uprising, gave a speech Monday in which she said: "This is already a revolution." Who's to blame?

Szabados finds this rhetoric irresponsible. "Last night was a breach of the peace, not a revolution. To compare it to 1956 was ridiculous and those who did so are legally responsible."

However, Fidesz laid the blame squarely at the feet of the prime minister.

"Ferenc Gyurcsany alone is responsible for what happened last night," Fidesz spokesman Peter Sziijarto said in a statement.

Opposition parties are increasing their calls for Gyurcsany to resign, who made it clear he would stand firm and vowed to crack down on further demonstrations. He called for calm, branded the riots "Hungary's longest, darkest night" since the fall of communism and said that he had asked the police to do whatever it took to quell further illegal demonstrations.

Local elections are scheduled for Oct. 1, and several large rallies are planned before then, creating the possibility of further incident. However, most analysts believe that the violence has shocked the general populace and there will be no escalation.

The demonstrations first began on Sunday, when Hungarian Radio aired a speech Gyurcsany made at a meeting of his Hungarian Socialist Party (MSZP) in May.

"Obviously we have lied. It is clear that what we were saying was not true," Gyurcsany said in the speech. "We haven't done anything for the last four years. I can't mention a single political step we can be proud of ...."

In the speech sprinkled with expletives, Gyurcsany admitted his party had "screwed up" the economy and had hidden the scale of a planned austerity package, which has since been introduced. Hungary has been under pressure from the European Commission and international investors for some time over its economy, and the austerity package is aimed at reducing the huge budget deficit and joining the euro zone, thus completing the long transition from a state-driven to a stable market economy.

The demonstrations could backfire on the opposition, say analysts. "Last night I said that until the first stone is thrown, Fidesz would be better off, but that as soon as the demonstrations turn violent, Fidesz will lose," Szabados says. "Now the average Hungarian is shocked. What we can say at the moment is that these events will cause a political crisis within Fidesz."

Budapest Police Clash With Demonstrators (AP)

By George Jahn, Associated Press Writer

AP, September 20, 2006

Mounted police charged bottle-hurling protesters outside Socialist party headquarters early Wednesday, another night of violence touched off by the prime minister's leaked admission that his government had repeatedly lied to the public about the economy.

Up to 50 people were reported injured, including one policeman. The state MTI news agency said the officer was seriously hurt in the clashes, which — like on the previous day — involved splinter groups separate from a larger demonstration massing about 10,000 people.

MTI said total police at the scene numbered around 1,000. It reported several police cars burning and said demonstrators were also were tearing chunks of plaster from nearby buildings to throw at police.

The latest violence came just a day after hundreds of demonstrators stormed and vandalized part of the state television building, in clashes that left more than 100 people hurt. Wednesday's confrontation erupted after the demonstrators apparently threatened to move in on the party building and ignored police orders shouted through bullhorns to disperse.

Police succeeded in scattering the protesters, then scuffled with small groups in side streets. Wailing sirens signaled the approach of police reinforcements, who then blocked access to the area to media. An ambulance crew was seen attending to an injured officer while other police hustled away individual demonstrators.

The protesters then regrouped, blocking a main thoroughfare with garbage containers and park benches. A bus, its windshield broken, was caught in the swirling mass of police and protesters. As the confrontation neared its third hour, police split the demonstrators into three groups and deployed water cannons to push them into different directions in a new attempt to disperse them.

MTI, quoting police, said about 50 people had been detained by the time the clashes ended in the early hours Wednesday.

The confrontation demonstrated continued high potential for violence amid radical opponents of Prime Minister Ferenc Gyurcsany — (Feh-RENZ DJUHR-chanj) — whose taped comments set off the country's worst violence since its failed anti-Soviet revolution 50 years ago.

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The violent group had split away from the estimated 10,000 people gathered in Kossuth Square, the vast plaza abutting the neo-Gothic parliament building. Dozens in the square waved Hungarian flags, and some of the demonstrators set up small tents, signaling they intended to stay at least overnight.

Some insisted they would remain until the resignation of Gyurcsany.

"I hope we can accomplish our goal," said Tamas Szep, 48, a paint supplies wholesaler. "Not only the prime minister, but all of his sidekicks have to go."

Protesters accused the governing coalition of lying to win the April elections, but people also were upset over tax boosts and other economic austerity measures that Gyurcsany has ordered over the last three months.

A 22-year-old student who identified herself only as Mariann compared Gyurcsany to a child caught telling untruths and suggested the Socialist Party leader, who is friends with Russian President Vladimir Putin, be banished to Siberia.

"My mother used to stand me in the corner for lying," she said. "Gyurcsany should stand in the corner of Siberia for lying to the whole country."

Opposition leader Viktor Orban, whose center-right FIDESZ party lost in the elections, also demanded the prime minister's resignation, describing him as "a sick, lying dilettante."

Gyurcsany — whose taped comments admitting his government had "lied morning, evening and night" about the economy provoked the fury — said he intended to weather the storm.

"I'm staying and I'm doing my job. I'm extremely committed to fulfilling my program, fiscal adjustments and reforms," he told The Associated Press. "I know it's very difficult for the people, but it's the only direction for Hungary."

Police were caught off guard the previous night by the fury of a few thousand people who broke away from the main demonstration and stormed the state TV building. Pushing past officers with protective helmets, clubs and shields, about 400 got inside, breaking glass and causing other damage.

The violence shook a country that for much of its last two decades had been held up as a model of progress following the collapse of communism in eastern Europe.

About 150 people were injured, including 102 police officers, one of whom suffered serious head injuries. Gyurcsany called it Hungary's "longest and darkest night" since the end of communist rule in 1989.

As the crowd grew again on Kossuth Square, hundreds of police from around the country arrived to reinforce officers guarding government buildings in the downtown Pest area. Gyurcsany ordered police commanders to use all means to prevent violence while respecting the democratic right to freedom of expression.

The public was stunned by the blunt admissions of government ineptitude during its first term and the cynicism contained in a 25-minute tape that was widely aired and published by news media over the weekend.

"We did nothing for four years. Nothing," Gyurcsany said on the tape, made during a private talk with Socialist parliament members that was larded with crude expressions. Later he said: "We screwed up. Not a little, a lot.

"No European country has done something as boneheaded as we have ... Plainly, we lied throughout the last year and a half, two years," the prime minister said.

The outpouring of rage was fueled by austerity measures implemented by Gyurcsany's Socialist-led coalition seeking to rein in a government budget deficit expected to surpass 10 percent of Hungary's gross domestic product this year — the largest in the European Union.

The government has raised taxes and announced plans to lay off dozens of employees and to introduce direct fees in the health sector and tuition for most university students.

Until the scandal broke Sunday, the 45-year-old Gyurcsany had been the Socialist Party's golden boy — a youthful, charismatic leader promising to lead his nation to prosperity as a full EU member.

Along with Putin, he counts among his friends Prime Minister Tony Blair of Britain and President Bush, whom he presented with a handmade pair of riding boots during the U.S. leader's visit in June.

In the April ballot, his coalition with the Alliance of Free Democrats became the first Hungarian government to win consecutive elections since the return to democracy in 1990.

The origin of the leaked tape remained murky.

When confronted with initial excerpts of the 25-minute recording that state radio put up on its Web site Sunday afternoon, Gyurcsany not only confirmed the tape's authenticity but seemed relieved his comments had been made public.

That led some people to speculate the tape might have been released by Gyurcsany's own office, arguing he might hope a scandal could work in his favor by revealing the full extent of Hungary's economic malaise and casting him in the role of its savior.

The prime minister denied any involvement with the tape becoming public.

Associated Press writer Pablo Gorondi contributed to this report.

Abe Wins Vote For Japan Party Presidency (WP/AP)

By Joseph Coleman, The Associated Press

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The Washington Post, September 20, 2006

TOKYO -- Nationalist Shinzo Abe became head of Japan's ruling party by a landslide Wednesday, a victory expected to lead to his election as prime minister next week.

Abe won 464 of the 702 votes counted, a majority of 66 percent. Foreign Minister Taro Aso came in a distant second with 136 votes and Finance Minister Sadakazu Tanigaki garnered 102 votes.

By winning the three-year term as Liberal Democratic Party president, Abe, a proponent of a hard line against North Korea, and a more militarily assertive Japan, all but guarantees his election as premier in the vote in parliament on Sept. 26.

"From now on, I would like to join everyone in helping Mr. Abe win the public trust," Prime Minister Junichiro Koizumi, Abe's mentor, said minutes after the vote. Abe stood up and quietly bowed in all directions when the results were read.

Abe, 51, would be Japan's youngest postwar prime minister and the first born after World War II. He is relatively inexperienced, having joined the parliament in 1993 and assumed his first Cabinet position only a year ago.

The son of a foreign minister and grandson of a prime minister, Abe has campaigned on forging a more confident Japan. He is expected to seek to revise the pacifist constitution to give the military more freedom of action and bolster the security alliance with Japan's top ally, the United States.

Despite his inexperience, Abe came to the vote with key essentials for victory: high support ratings inside and outside the party and the blessing of Koizumi, who remains widely popular after five years in office.

Because Abe's victory appeared certain, the competition has been lackluster. Challengers such as Tanigaki and Aso never came close to rivaling him in popularity or a vision for Japan's future.

The lack of competition, however, has led to a lack of clarity about Abe's policies.

One looming question for Japan's neighbors is how far Abe will push his vision of a country freed from the restraining legacy of World War II, in which Tokyo's attempt at regional hegemony left Japan and much of Asia in ruins.

Abe, for instance, supports revisionist history textbooks that teach students to take pride in their nation rather than focus on the dark accounts of Japanese atrocities and aggression. He is also a proponent of the Yasukuni war shrine, which honors war criminals among the country's war dead.

He has compounded this conservative image by questioning whether every prime minister must repeat Japan's standard apology for its wartime actions. When North Korea tested several missiles in July, Abe suggested a look into whether the constitution would allow Japan to conduct a pre-emptive military strike.

It was unclear how that approach would affect Japan's troubled relations with China and South Korea, two victims of Japanese aggression who have refused to meet with Koizumi because of his visits to the Tokyo war shrine.

If he ultimately becomes prime minister, Abe will take the helm of a Japan in transition.

After five years under Koizumi, reforms have made Japan a more competitive market, powering the economy out of a decade-long slowdown but also widening an increasingly troubling gap between rich and poor.

Japan already has started shedding its postwar pacifism. Koizumi pushed for _ and won _ the power to dispatch the military in unprecedented non-combat roles to help U.S.-led missions in Afghanistan and Iraq, despite domestic opposition.

Mexico Pledges To Extradite Drug Lords (AP)

By Marjorie Olster

AP, September 19, 2006

President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States.

Fox said Mexico currently has 16 "big leaders" of drug gangs in jail along with 75,000 lower level members of various cartels.

"We are fighting hard and attaining very important results," Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly.

The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector "El Guero" Palma, a reputed leader of the Sinaloa drug cartel.

"We will extradite all of those who have pending matters with U.S. justice," Fox said.

It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S.

Mexico extradited its first major drug lord — accused kingpin Francisco Rafael Arellano Felix — to the United States over the weekend. Before that, Mexico had often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty.

Mexico's extradition of the man who once ran the Arellano Felix drug clan was a victory for U.S. officials who have been pushing Mexico to send them more drug lords.

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After serving a 10-year sentence in Mexico, Arellano Felix was loaded into a helicopter to the Mexican border town of Matamoros, then flown across and handed over to Texas officials in Brownsville. He will be taken to California to face trial on charges stemming from a 1980 case in which he allegedly sold cocaine to an undercover police officer in the United States.

U.S. authorities requested Arellano Felix's extradition on June 2, 2003. A federal judge approved that request in 2004, but it took two years for the Foreign Relations Department approve the extradition.

Mexico has fought many extraditions in the past, arguing that suspects must face justice here first. It also has refused to extradite suspects who face the death penalty in other countries.

Capital punishment is illegal here, and a 1978 extradition treaty with the United States allows Mexico to deny extradition if a person faces the death penalty in another country.

In November, Mexico's Supreme Court removed an obstacle that had prevented many of the country's most notorious criminals from facing U.S. justice when it overturned a 4-year ban on the extradition of suspects facing life in prison.

Mexico last year extradited 41 suspected criminals to the United States, up from 34 in 2004; 31 in 2003; 25 in 2002; 17 in 2001; and 12 in 2000, according to the U.S. Department of Justice.

Liberia Sees Green In Reform Of 'Blood Timber' (CSM)

By Matthew Clark

The Christian Science Monitor, September 20, 2006

MONROVIA, LIBERIA

A lucrative industry long steeped in corruption and used to fuel a brutal civil war, timber may now hold the key to rebuilding the devastated West African nation of Liberia.

Ten months after the country elected Africa's first female head of state, Ellen Johnson-Sirleaf, Liberia is poised for rebirth. And reopening the timber business, which could emerge permanently from under UN sanctions this week, is crucial to boosting its broken economy.

Timber is projected to bring in some $100 million annually, of which Ms. Johnson-Sirleaf's government would get between $7 million and $8 million.

The government estimates that the industry could eventually account for 25 percent of GDP - and create 5,000-7,000 jobs in a country with more than 80 percent unemployment.

The pressure to move quickly is considerable. Violent crime has spiked recently, fueled by large numbers of young, jobless, and restless ex-fighters. The government wants to boost its coffers for much-needed schools, roads and sewers, legal development, and security.

But Liberian and international advocates warn that hasty efforts to reform the industry - which farms teak, mahogany, and walnut, among other varieties - could have disastrous results, shortchanging the land and property rights of forest communities and prompting further unrest.

"We understand the [economic] pressure, but we have to do the right thing," says Alfred Brownell, a Liberian lawyer and cofounder of the Green Advocates rights group. If forest communities feel they are cheated by future logging arrangements, he warns, the country could slide back into conflict, leading Liberia "back to the [former dictator Charles] Taylor's days ... back to Square 1."

Joseph Sesay, a Liberian civil affairs officer for the United Nations Mission in Liberia (UNMIL), says he is keenly aware of the need to ensure local residents benefit enough as loggers operate in their areas. But, he adds, Liberia can't afford to wait. "It's a very tough balancing game," he says.

Ms. Johnson-Sirleaf has moved swiftly to get the timber industry into position. She cancelled all timber concessions shortly after her inauguration this year - a move designed to target corruption and bring loggers under the government's eye. In June, she asked the UN to lift sanctions it slapped on Liberian timber in 2003 in response to Mr. Taylor's takeover of the industry using militias stocked with child soldiers. That helped cut off a key source for Taylor's brutal 14-year war against rebels - and, in turn, end the war. Taylor is now in The Hague awaiting trial on war crimes.

The UN provisionally lifted its sanctions early this summer. If it permanently lifts the bans, the government could choose to revoke its own ban shortly thereafter.

Still, rights advocates warn that the country needs to do more to avoid falling prey to timber-funded militias.

"Ex-generals will have a ready [export] market" in neighboring countries, says Silas Siakor, director of the Liberian group Sustainable Development Institute, and an internationally recognized activist (see story, below). He says the government doesn't have the capacity to regulate the industry, and that the ban on exports should remain in place for now. A law that targets corruption

Last month, the government passed a timber-reform law - a move that will factor strongly in the UN's ultimate decision. But while the law takes stronger measures against corruption and in favor of conservation, critics say it focuses on commercial rights to the exclusion of other concerns.

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"There is a school of thought that feels community rights are left out," says Mr. Sesay. But, he says, if the government waited to put every interest group's specific clauses in the bill, it would never have passed. "It's like a Christmas tree. Everyone wants to hang his ornament.

"The law cannot be comprehensive about everything, but can serve as a prelude," he adds, explaining that how the community and government agree to share the resources is an issue with too many complexities to be detailed in the law at this stage.

John Woods, the head of the Liberian government's Forestry Development Authority, says that there is a firm commitment from the government to work with civil-society critics to ensure community rights are more adequately implemented in the near future. "The journey of 1,000 miles starts with one step," he says. Damage by small-scale logging

Meanwhile, advocacy groups point out that despite the UN sanctions, illegal logging - mostly small-scale pit sawing by individuals - continues to deplete the forests.

Brownell, whose group monitors illegal logging, says the practice is extensive and "extremely organized." A drive through parts of the southeast reveals long stretches of road lined with freshly felled trees, piles of plank wood, and large timber trucks.

Reports of such small-scale illegal logging have been downplayed by UNMIL, which insists that none of the timber is being exported. "Pit sawing is widespread. You can't stop it. UNMIL doesn't have the personnel." And, he adds, timber from pit sawing "is the only resource for reconstruction."

The Sustainable Development Initiatives group says it has recent evidence, however, of at least one larger-scale illegal logging company moving heavy machinery across Liberia's eastern border from neighboring Ivory Coast, and operating within Liberia.

During an ad hoc monitoring mission headed by the government and UNMIL in an area of concern - which journalists and civil-society advocates joined - they found no evidence of large-scale illegal logging by timber companies. Mr. Siakor's group, however, says these monitoring trips happen too infrequently to adequately address the situation.

The "government hasn't fully come to terms with the fact that they have serious responsibilities," Siakor says.

Beyond the potential for profits, timber reform is expected to set a standard for how the nation can avoid further conflict and lift itself out of dire poverty.

"Timber will serve as a model for extractive industry reform," including the nation's diamond, rubber, and iron ore mining industries, says Sesay. Liberia is still under UN sanctions on its diamond trade. But on timber, he says, "indications so far are positive." One Liberian who found he could make a difference

Small in stature, soft-spoken, a guy who wears jeans and sneakers to the office - Silas Siakor seems an unlikely hero for his war-torn country.

He'd never use that word to describe himself. But the modest thirtysomething will concede that his efforts to document the plunder of Liberia's vast tropical forests have played an important role not only in helping to end 14 years of war, but also in rebuilding the devastated West African nation in ways that may ensure that the fragile peace will not slip.

Evidence of former leader Charles Taylor's abuse of so-called "blood timber" - collected at great personal risk by a small team headed by Mr. Siakor - was key in prompting UN sanctions on Liberian timber exports in 2003. Those sanctions, in turn, helped end the war. Since then, Siakor has continued to monitor the industry and press for its reform.

Siakor began documenting abuses of Liberia's timber in the late 1990s by using monitors around the country and informers working for corrupt timber companies. "What drives us," he says, "is trying to secure better use of Liberia's natural resources for local people. It's not about the greenery - it's about making people's lives better."

But, he adds, "you can't separate the two."

Collecting the data was risky business, Siakor explains calmly, as he tells of vigorous debates within his small group about whether to go public with the information, for fear of their lives.

Soon after they published a damaging report in 2002, he immediately faced pressure and threats from Mr. Taylor's government. In 2003, Siakor decided to leave his family in Liberia while laying low in neighboring countries until 2004.

Today, Siakor says, his efforts were worth the risk. "If we hadn't acted, no other group would have," he argues. "Up to now, people have been scared."

Last spring, Siakor won one of six prestigious Goldman Environmental Prizes - the world's largest award honoring grassroots environmental activists - for his efforts, and he says it's only now that he has gained international credibility and recognition that he realizes just how hard it is to make lasting changes to government policy from the outside.

"Sometimes I think: 'Is this really worth it?' " he muses. "But then I think of what it would be like if groups like us weren't around, and it motivates me."

Siakor says that he tries to keep colleagues inspired by telling them to take stock of the "little things," the small gains they have made and are making day by day.

"Change will only continue if ordinary people remain actively engaged," he says. "Without that, it will be business as usual."

One of eight children, Siakor says that his father, a hospital worker and strict Baptist preacher, used to tell him to "leave the people thing alone," meaning "don't get involved in the government's business."

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But, now, he says, "the paradigm is changing," and people are more willing to play an active role in how they are ruled. "War made people realize that bad governance affects us all."

On India's Farms, A Plague Of Suicide (NYT)

By Somini Sengupta

The New York Times, September 20, 2006

BHADUMARI, India — Here in the center of India, on a gray Wednesday morning, a cotton farmer swallowed a bottle of pesticide and fell dead at the threshold of his small mud house.

The farmer, Anil Kondba Shende, 31, left behind a wife and two small sons, debts that his family knew about only vaguely and a soggy, ruined 3.5-acre patch of cotton plants that had been his only source of income.

Whether it was debt, shame or some other privation that drove Mr. Shende to kill himself rests with him alone. But his death was by no means an isolated one, and in it lay an alarming reminder of the crisis facing the Indian farmer.

Across the country in desperate pockets like this one, 17,107 farmers committed suicide in 2003, the most recent year for which government figures are available. Anecdotal reports suggest that the high rates are continuing.

Though the crisis has been building for years, it presents an increasingly thorny political challenge for Prime Minister Manmohan Singh. High suicide rates and rural despair helped topple the previous government two years ago and put Mr. Singh in power.

Changes brought on by 15 years of economic reforms have opened Indian farmers to global competition and given them access to expensive and promising biotechnology, but not necessarily opened the way to higher prices, bank loans, irrigation or insurance against pests and rain.

Mr. Singh's government, which has otherwise emerged as a strong ally of America, has become one of the loudest critics in the developing world of Washington's $18 billion a year in subsidies to its own farmers, which have helped drive down the price of cotton for farmers like Mr. Shende.

At the same time, frustration is building in India with American multinational companies peddling costly, genetically modified seeds. They have made deep inroads in rural India — a vast and alluring market — bringing new opportunities but also new risks as Indian farmers pile up debt.

In this central Indian cotton-growing area, known as Vidarbha, the unofficial death toll from suicides, compiled by a local advocacy group and impossible to verify, was 767 in a 14-month period that ended in late August.

"The suicides are an extreme manifestation of some deep-seated problems which are now plaguing our agriculture," said M. S. Swaminathan, the geneticist who was the scientific leader of India's Green Revolution 40 years ago and is now chairman of the National Commission on Farmers. "They are climatic. They are economic. They are social."

India's economy may be soaring, but agriculture remains its Achilles' heel, the source of livelihood for hundreds of millions of people but a fraction of the nation's total economy and a symbol of its abiding difficulties.

In what some see as an ominous trend, food production, once India's great pride, has failed to keep pace with the nation's population growth in the last decade.

The cries of Indian farmers — or what Prime Minister Singh recently described as their "acute distress" — can hardly be neglected by the leaders of a country where two-thirds of people still live in the countryside.

Mr. Singh's government has responded to the current crisis by promptly expanding rural credit and promising investments in rural infrastructure. It has also offered several quick fixes, including a $156 million package to rescue "suicide prone" districts across the country and a promise to expand rural credit, waive interest on existing bank loans and curb usurious informal moneylenders.

But pressure is building to do more. Many, including Mr. Swaminathan, the agricultural scientist, would like to see the government help farmers survive during crop failures or years of low world prices.

Subsidies, once a linchpin of Indian economic policy, have dried up for virtually everyone but the producers of staple food grains. Indian farmers now must compete or go under. To compete, many have turned to high-cost seeds, fertilizers and pesticides, which now line the shelves of even the tiniest village shops.

Monsanto, for instance, invented the genetically modified seeds that Mr. Shende planted, known as Bt cotton, which are resistant to bollworm infestation, the cotton farmer's prime enemy. It says the seeds can reduce the use of pesticides by 25 percent.

The company has more than doubled its sales of Bt cotton here in the last year, but the expansion has been contentious. This year, a legal challenge from the government of the state of Andhra Pradesh forced Monsanto to slash the royalty it collected from the sale of its patented seeds in India. The company has appealed to the Indian Supreme Court.

The modified seeds can cost nearly twice as much as ordinary ones, and they have nudged many farmers toward taking on ever larger loans, often from moneylenders charging exorbitant interest rates.

Virtually every cotton farmer in these parts, for instance, needs the assistance of someone like Chandrakant Agarwal, a veteran moneylender who charges 5 percent interest a month.

He collects his dues at harvest time, but exacts an extra premium, compelling farmers to sell their cotton to him at a price lower than it fetches on the market, pocketing the profit.

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His collateral policy is nothing if not inventive. The borrower signs a blank official document that gives Mr. Agarwal the right to collect the farmer's property at any time.

Business has boomed with the arrival of high-cost seeds and pesticides. "Many moneylenders have made a whole lot of money," Mr. Agarwal said. "Farmers, many of them, are ruined."

Indeed, one or two crop failures, an unexpected health expense or the marriage of a daughter have become that much more perilous in a livelihood where the risks are already high.

A government survey released last year found that 40 percent of farmers said they would abandon agriculture if they could. The study also found that farming represented less than half the income of farmer households.

Barely 4 percent of all farmers insure their crops. Nearly 60 percent of Indian agriculture still depends entirely on the rains, as in Mr. Shende's case.

This year, waiting for a tardy monsoon, Mr. Shende sowed his fields three times with the genetically modified seeds made by Monsanto. Two batches of seed went to waste because the monsoon was late. When the rains finally arrived, they came down so hard that they flooded Mr. Shende's low-lying field and destroyed his third and final batch.

Mr. Shende shouldered at least four debts at the time of his death: one from a bank, two procured on his behalf by his sisters and one from a local moneylender. The night before his suicide, he borrowed one last time. From a fellow villager, he took the equivalent of $9, roughly the cost of a one-liter bottle of pesticide, which he used to take his life.

Those like him with small holdings are particularly vulnerable. A study by Srijit Mishra, a professor at the Mumbai-based Indira Gandhi Institute of Development Research, found that more than half of the suicides in this part of the country were among farmers with less than five acres of land.

But even those who are prosperous by local standards are not immune. Manoj Chandurkar, 36, has 72 acres of cotton with genetically modified seeds and sorghum in a neighboring village called Waifad. Every year is a gamble, he said.

Each time, he takes out a loan, then another and then prays that the bollworms will stay away and the rains will be good. On his shoulders today sit three loans, bringing his total debt to $10,000, a vast sum here.

The study by Mr. Mishra found that 86.5 percent of farmers who took their own lives were indebted — their average debt was about $835 — and 40 percent had suffered a crop failure.

The news of Mr. Shende's death brought his wife, Vandana, back home to Bhadumari. Relatives said she had gone to tend to her sick brother in a nearby village. By the time she arrived, her husband's body was covered by a thin checkered cloth.

A policeman had recorded the death — the eighth in six months for the officer.

Ms. Shende, squatting in the narrow village lane, shrouded her face in her cheap blue sari and wailed at the top of her lungs. "Your father is dead," she screamed at her small son, who stood before her, dazed.

Blair's Indelible Mark Is A More Open Britain (NYT)

By Roger Cohen, International Herald Tribune

The New York Times, September 20, 2006

LONDON Last month, Tony Blair said this: "Though Left and Right still matter in politics, the increasing divide today is between open and closed." He went on to say, "Without hesitation, I am on the open side of the argument."

The British prime minister will be gone within a year, probably soon after the 10th anniversary in May of his arrival in power, so it's natural that his legacy is being discussed. With those few words, he pointed to a central element of his achievement and got to the heart of the matter.

Beyond Havana and Pyongyang, nobody - or at least nobody outside the French labor movement - talks seriously today about the creation of socialist societies. Even Chinese communists are Starbucks-loving capitalists.

Rather, debate and conflict center on the globalization of commerce, mores and ideas and the various reactions against this inexorable tide of American-led opening.

Whether it's the fanatical absolutists of Al Qaeda with their desire to turn back the clock to the caliphate, or the bizarre Castro-Chávez- Ahmadinejad troika with its Cuban- Venezuelan-Iranian diatribes against the West, or, more innocuously, the world's various anti-globalization cabals, the same issue returns: Is an open world a better world?

Blair's consistent answer has been yes. On issues including trade, immigration, financial markets and competitiveness, he has favored the removal of barriers. "See competition as a threat and we are already on the way to losing," he has said. Jacques Chirac, take note.

One result is that the British economy has grown by 28 percent since Labour took office in 1997, averaging close to 3 percent growth a year, with low inflation and almost full employment. Another is that the London Stock Exchange attracts far more international companies to its markets these days than the New York Stock Exchange and Nasdaq.

A less tangible consequence of Blair's stand is perhaps even more important. It is the necessarily imperfect but still palpable sense exuded by many British cities today of energy, optimism and a comfortable mingling of a many-faceted humanity.

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Russian oligarchs, Polish au pairs, Indian entrepreneurs, Kenyan accountants and jobless French youths may not all love Marmite, but they have found a way to make a buck and to get along with each other and with the lads in Blair's Britain.

Which is not, of course, to say that extreme racial or religious tension has vanished - witness the Leeds suicide bombers - or that wide income disparity and substantial poverty have not persisted despite Labour's faltering efforts to spur social mobility and jump-start education.

British bleakness has not ended with Blair. If the housing market goes south - and it is already going sideways - the bleakness could spread. The British have acquired an American taste for personal debt and consumption, using their homes as collateral for skiing breaks in Chamonix and the like.

But the prime minister has never had a "little England" response to the difficulties. He has never retreated into the rich, mawkish lexicon of defeatism or the equally extensive lexicon of British bigotry.

In the place of a managed decline - the theme of the postwar decades until Margaret Thatcher's revolution - he has posited the view that Britain, even as a medium-sized power, can make a difference in the world.

If, that is, the country works alongside the United States, the open society par excellence.

Blair has always been more comfortable with a unipolar world than other European leaders. He has favored European action, but not at the expense of relations with Washington. He has had little time for the European counterweight argument trumpeted from Brussels to Madrid. His commitment to the trans-Atlantic alliance has been unbending.

This position, of course, has ushered Blair into his greatest difficulties: the wars in Iraq and Afghanistan, and the unpopular support for President George W. Bush that has accompanied those struggles.

But it is worth noting that had Blair opted to side with France and Germany, rather than with Washington, over Iraq, we might be talking about the trans-Atlantic alliance in the past tense. That would almost certainly mean a more unstable world.

Blair's choices over Iraq were stark. He knew that, with or without Britain, the United States was going in. His decision, like America's, proved to be based on false arguments. That was grave. But it's possible to get into the right war for the wrong reasons, and Blair has developed a deep conviction over Iraq.

As he put it in the same speech last month in Los Angeles, "In almost pristine form, the battles in Iraq or Afghanistan became battles between the majority of Muslims in either country who wanted democracy and the minority who realize that this rings the death-knell of their ideology."

That ideology - which Blair describes as "a specifically Muslim version" of "religious extremism" - aims "not to fight for the coming into being of a Palestinian state, but for the going out of being of an Israeli state." It seeks to prevent democracy taking any hold in Iraq or Afghanistan. It fights for "a retreat into governance by a semi-feudal religious oligarchy." It forms "an arc of extremism" across the Middle East.

Blair is more honest than Bush. He makes no claims of victory or progress. "Why are we not succeeding?" he asks. "Because we are not being bold enough, consistent enough, thorough enough, in fighting for the values we believe in." The greatest problem, he suggests, has been the failure to "bend every sinew" to bring Israel and Palestine closer.

That's a not-so-oblique criticism of Bush, who has been asleep at the wheel on that front. You can be sure that, out of office, Blair will still exercise all his own sinews in favor of a two-state solution. A moralist, he believes passionately in the possibility of reconciliation through the values of open societies: freedom, democracy, the rule of law.

By being on "the open side of the argument," Blair has made an indelible mark on Britain and helped preserve the alliance on which Europe's security still depends.

IMF Consultants Inc. (WSJ)

The Wall Street Journal, September 20, 2006

"The biggest reform to the governance of the International Monetary Fund for 60 years."

So said British Chancellor of the Exchequer Gordon Brown of IMF voting reforms announced at the World Bank-IMF meetings, which close today in Singapore. If he's right, the Fund is in more trouble than we thought. Here's the big news: On Monday the IMF voted to give emerging-market countries more say in how money is distributed. South Korea's voting share, for instance, will grow to 1.3%, from 0.8%; China's will rise to around 3.7%.

Rebalancing the voting to reflect economic progress is probably overdue. But in this case it's also like rearranging flowers before a funeral. Since the collapse of Bretton Woods in 1971, the IMF has been searching for a mission. Before the days of global capital markets, it financed bankrupt governments. Later, in the 1990s, it bailed out private-sector investors who had made bankrupt bets on governments. Lately, with the world economy humming, the IMF has been scrambling for a new purpose.

The Fund's top brass seem to be steering the institution toward the role of global economic consultancy. "It's not resources that are the problem in developing countries," the IMF's director of economic research, Raghuram Rajan, told a breakfast meeting in Singapore on Friday. "What is missing is the ability to use that capital" -- implying that the IMF can help with those choices. "Policy makers need to be ready to adapt to a more difficult environment," Managing Director Rodrigo de Rato told delegates the next day.

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Good advice certainly would be welcomed in developing countries, which would benefit from cleaner government and more openness to trade and foreign investment. But is the IMF the institution to provide this kind of counsel? Indonesia is still suffering from the fallout from the Fund's advice during the 1997-98 Asian currency crisis; South Korea and Thailand have only recently recovered. Argentina isn't exactly a poster child for IMF smarts (see above).

This week, too, the Fund focused on all of the wrong problems. Its meetings were peppered with talk of looming global imbalances, unstable exchange-rate regimes and the buildup of central bank reserves. These conditions have persisted for years without damage to the global economy.

Perhaps the Fund would do its 184 members a better service by focusing on strengthening economies so foreign-exchange fluctuations, for instance, wouldn't have such a large effect. It's ironic that the Fund met in Singapore, which boasts one of the most business-friendly environments in Asia, and somehow missed this point. We didn't hear one serious discussion of how low taxes, simple and clear regulatory regimes, and protection of property rights boost economic growth.

The Fund could also revert to a closer reading of its original mission, part of which was "to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation." Talking up the Japanese yen, just as the world's second-largest economy gets back on its feet, isn't the way forward. Nor is pressuring China to appreciate the yuan.

The IMF's fundamental mission is to be a lender of last resort. That's less needed these days, with capital freely available in most corners of the world. Many emerging-market nations whose voting rights were just boosted -- China foremost among them -- already serve as bigger lenders to the developing world than the IMF itself. That's not to say that the IMF may never be needed again. But if the IMF wants to go into the consulting business, it had better improve the quality of its advice.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 20, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Offers Compromise On Detainee Issue. The New York Times (9/20, Zernike, 1.21M) reports, "Seeking a deal with Senate Republicans on the rules governing the interrogation of terrorism suspects, the White House has dropped its insistence on redefining the obligations of the United States under the Geneva Conventions, members of Congress and aides said Tuesday." The "new White House position, sent to Capitol Hill on Monday night, set off intensified negotiations between administration officials and a small group of Republican senators." The "two sides were said to be exchanging proposals and counterproposals late Tuesday in a showdown that could have substantial ramifications for national security policy and the political climate heading toward Election Day." The developments "suggested that the White House had blinked first in its standoff with" Sens. John Warner and John McCain.

McClatchy Newspapers (9/20, Talev) reports the White House "appeared…to be offering dissident Republican senators a compromise on detainee legislation that would leave the language of the Geneva Conventions untouched if lawmakers preserve the CIA's terrorist-interrogation program." Sen. John Cornyn, "an administration ally, described the

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proposal in broad terms, saying, 'that's essentially what it does,' but stressed that 'this is still a negotiation in flux.'" Cornyn said "any deal could hinge on whether the Justice Department can provide the CIA with a legal opinion 'that, yes, what you're doing is clearly within bounds and will not expose you to liability.'" McClatchy adds that in another "sign of the administration's compromise terms, George P. Shultz, secretary of state under President Reagan and well-connected to current policy-makers, released a statement saying, 'I believe that there is a compromise that leaves the Geneva Convention alone and achieves the specificity that the administration wants.'" McClatchy adds "such terms would mark a significant concession by Bush."

CNN's The Situation Room (9/19, Blitzer) reported, "The Bush White House is trying to get rid of a big headache right now. It's disagreement with maverick Republicans about harsher interrogations of terror suspects." Senators "are working to try to craft a compromise after deciding a new Administration offer is serious, but still falls short." CNN (Koppel) added, "No one is using the word breakthrough. In fact, one Republican staffer who is close to these negotiations told me that there is only really a 50/50 chance, they believe, of any kind of a break in the impasse between now and the end of the month when Congress goes on recess. Nevertheless it does appear that both sides are taking these talks seriously."

Fox News' Special Report (9/19, Angle) reported, "Senator John Warner called discussions constructive, saying they offer a ray of optimism. Another source says the White House offered interesting ideas. Bill Frist did not reveal any new language, but saw progress in the making."

Frist Warns Dissident Republicans' Bill May Face Filibuster. The Washington Post (9/20, A4, Babington, Weisman, 748K) reports Senate Majority Leader Bill Frist "signaled… that he and other White House allies will filibuster a bill dealing with the interrogation and prosecution of detainees if they cannot persuade a rival group of Republicans to rewrite key provisions opposed by President Bush." Frist chief of staff Eric M. Ueland "called the dissidents' bill 'dead.'" The Post adds that with Congress "scheduled to adjourn in nine days, delaying tactics such as a filibuster could kill the drive to enact detainee legislation before the Nov. 7 elections, a White House priority."

Cheney Meets With Hill Republicans On Detainee Bill. CNN's The Situation Room (9/19, Koppel) reported, "Vice President Cheney came to Capitol Hill to meet privately with Senate Republicans. But on a day when others seemed eager to lower the rhetoric, the Senate Majority Leader, who also supports the president, came out swinging." Majority Leader Bill Frist: "We have several fundamental issues where there's not agreement. And the Warner, McCain, Graham approach does not meet the bottom line criteria, which, I think, is important to the safety and security of the American people."

Four House GOP Moderates Back Warner-McCain-Graham Bill. USA Today (9/20, Kiely, 2.27M) reports House Republican leaders "postponed a vote on President Bush's plan for interrogations and trials of terrorism suspects Tuesday as an intraparty revolt against the proposal widened." Four senior House Republicans "released a letter endorsing a rival bill authored by Senate Armed Services Chairman John Warner of Virginia and two GOP colleagues, Sens. John McCain of Arizona and Lindsey Graham of South Carolina." The letter "was signed by Reps. Mike Castle of Delaware, Jim Leach of Iowa, Christopher Shays of Connecticut and Jim Walsh of New York, all Republican centrists."

Congress Wants Info On CIA Interrogation Tactics. The Christian Science Monitor (9/20, Chaddock, 58K) reports members of Congress "are looking for answers to very concrete questions on how the Central Intelligence Agency questions terror suspects. Is it ever appropriate, for example, to put a naked detainee in a cold cell and douse him with water? If so, for how long? Should interrogators be able to lead people to think they are drowning (a practice known as waterboarding)?" Lawmakers "thought they had settled some of these questions last December, when they passed an antitorture amendment by broad majorities in Congress. But in his signing statement, President Bush claimed executive powers to exempt members of his administration from the amendment, should circumstances warrant." Ever since, Sen. John McCain "and others have sought clarification on what, exactly, the Bush administration had ruled inbounds for detainee treatment."

Frist Voices Opposition To Warner-McCain-Graham Bill. Senate Majority Leader Bill Frist was asked on CNN's The Situation Room (9/19) if he is supports Sens. John Warner, John McCain and Lindsey Graham, who oppose the Administration's legislation on the interrogation of terrorism detainees. Frist said, "I and the overwhelming majority of Republicans are with the President of the United States. And it's really pretty clear why. And that is because a

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very important program that has been lifesaving, that had been used to stop terrorist attack, goes away, goes away under the Warner-McCain-Graham approach. Second issue is on the use of classified information. But, fundamentally, until we meet the criteria of being able to continue that very important program, which is lifesaving, and we don't give classified information to terrorists, I don't think that the Warner-McCain and Graham approach is going to be very much here in the United States Senate, at least among Republicans."

Frist was asked on MSNBC's Hardball (9/19) who is right on the issue, the President or McCain. Frist said, "The President," adding that "it's as simple as that because right now we have a program that is on halt, on a pause right now, because we have not been able to delivery a clear-cut definition as to what Common Article 3 means. The ambiguity there means that interrogations do not continue. It means we cannot have military tribunals, and if we have two criteria -- number one, do not give classified information to terrorists which they can use against us, and the second criteria being that we are able to continue a program that has been life-saving -- until those criteria are met and are not met by the Warner, McCain, Graham approach, until those criteria are met, we are not doing the nation's business."

Wickham Says McCain Has Right Perspective On Torture Debate. In his USA Today column (9/20), Dewayne Wickham says, "What President Bush wants from Congress is not clarity on the limits to which CIA interrogators might go in trying to get terrorism suspects to talk. He wants Congress to grant them absolution." Sen. John McCain, "a war hero who spent 5½ years as a prisoner of war, has led a bipartisan group of senators in opposing Bush's effort to have Congress legislate a U.S. interpretation of Article 3. Wisely, in rejecting Bush's proposal last week, a majority of the members of the Senate Armed Services Committee sided with the Arizona senator." On "one level, siding with these men and against Bush and Cheney, who both ducked active duty military service during the Vietnam War, is an easy call for me. But on an even more thoughtful level, McCain's opposition to Bush's legislation makes sense. It's hard enough to get warring nations to adhere to the Geneva Conventions without creating a precedent that would make it possible for other countries to conjure up their own interpretations of them to escape being branded as war criminals."

Wilson Offers Substitute Warrantless Wiretapping Bill. The AP (9/20, Kellman) reports President Bush's "stalled anti-terrorism agenda edged forward Tuesday, with a rebellious House member rewriting her bill on wiretaps more to his liking and maverick Senate Republicans reopening talks over how to handle detainees." Rep. Heather Wilson "offered to substitute her original bill on giving legal status to Bush's warrantless surveillance program with a bill that would grant a key administration request: allow wiretapping on Americans in the event of an 'imminent' terrorist attack." In exchange, "the administration would be required to share with Congress more details of the nature of the threat, presumably with the House and Senate Intelligence committees and some congressional leaders." Wilson's substitute measure, "to be considered Wednesday by the House Intelligence Committee, represents a possible breakthrough in a bitter, election-season rift between the White House and GOP leaders on one side and Republican lawmakers concerned about Bush's use of executive authority in his war on terror."

Judiciary Committee Revolt Threatens Fate Of Wilson Bill. The Hill (9/20, Sheffield) reports, "Unrest among GOP members of the House Judiciary Committee threatens to overthrow a bill co-sponsored by Chairman James Sensenbrenner (R-Wis.) aimed at altering policies governing federal intelligence-gathering programs." Citing "concerns over civil liberties and program stability, GOP committee members last week forced Sensenbrenner to cancel a markup of the bill that would allow President Bush's warrantless surveillance program to continue with limited congressional oversight." Republican members say "they have enough votes to replace what they see as an unsavory bill, introduced by Rep. Heather Wilson (R-N.M.) and co-sponsored by Sensenbrenner, with a more palatable one during a scheduled markup this morning." Several GOP and Democratic committee members "are concerned that Wilson's bill would separate oversight of Bush's Terrorist Surveillance Program (TSP) from congressional oversight under the Foreign Intelligence Surveillance Act (FISA)."

WPost Says Wilson, Specter NSA Bills Both Should Be Rejected. The Washington Post (9/20, A24, 748K) says in an editorial, "Before wrapping up business and sending members home for the fall campaign, both houses of Congress are likely to take up measures to authorize the National Security Agency's program of warrantless surveillance. The two main bills under consideration would

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both be disasters; they should not pass in anything like their present form." The main bill "in the Senate, by Judiciary Committee Chairman Arlen Specter (R-Pa.), was originally designed to place the NSA's program before the courts for review. Judicial review of this program could indeed be helpful, but Mr. Specter's bill, which yesterday seemed to be running into trouble in the Senate, would achieve it at an unacceptable price." In the House, Rep. Wilson's proposal "has acquired an undeserved reputation for moderation. Under her bill, all aliens who are not permanent residents would become subject to warrantless surveillance for up to a year if they are 'reasonably expected to transmit or receive foreign intelligence information' -- even if there is no suspicion of wrongdoing on their part."

Red Cross To Visit Guantanamo, Meet With High Value Detainees. The New York Times (9/20, Lewis, 1.21M) reports Red Cross officials "plan to begin a series of face-to-face visits in Guantánamo Bay, Cuba, on Monday with the 14 prisoners who until this month had spent as much as four years in secret Central Intelligence Agency custody." The visits "by a team from the International Committee of the Red Cross are believed to be the first time that the detainees, who include senior operatives of Al Qaeda like Khalid Shaikh Mohammed, will get to talk with anyone outside of the world of their captors since they were taken into custody." Simon Schorno, "an official with the International Red Cross in Washington, said on Tuesday that about 10 experienced officials, including translators, will assemble this weekend in Guantánamo and begin their interviews on Monday." Schorno said, "We expect to to be able to speak in private with any detainee of our choosing." The Times adds Schorno said the priority "will be to interview the 14 recently transferred prisoners, assess their conditions and 'give them the means to communicate with their families through Red Cross messages.'" But "any information or assertions as to how they were treated under C.I.A. custody is not likely to emerge publicly anytime soon. Under the standard arrangement that allows its officials access to war-related prisoners, the Red Cross has agreed that it will not speak publicly about what it learns."

McClatchy Newspapers (9/20) reports the "12-member delegation from the International Committee of the Red Cross would be the first people not affiliated with the detentions and questioning to meet with the terrorist suspects since their arrests as long as five years ago. Afterwards, the prisoners will be allowed to fill out Red Cross message forms that will be passed to their families in what would be their first communications since their captures."

The Washington Post (9/20, A5, White, 748K) reports the meetings "will be part of a routine Red Cross visit to the U.S. military detention facility at Guantanamo Bay, Cuba, said Simon Schorno, a Red Cross spokesman in Washington. About 12 officials, including interpreters, will spend about two weeks at the camp, he said." Schorno said the Red Cross "has been hoping to speak to anyone who was held in a CIA-run prison." The Red Cross "will officially register the men, one of whom is alleged Sept. 11 mastermind Khalid Sheik Mohammed, and will then offer to speak to them privately, Schorno said. The meetings involve only a Red Cross delegate, an interpreter and in some cases a doctor." It is "possible that, in such discussions, the Red Cross will become the first organization outside of the Bush administration to learn about the practices in the CIA-run facilities, including the interrogation techniques used."

Gonzales Says Canadian Terrorism Suspect Was Deported, Not "Rendered." Both ABC and CBS last night picked up the story of Maher Arar, the Canadian computer scientist who was "rendered" to Syria after 9/11 and was allegedly tortured. A Canadian government report cleared Arar and his wife of terrorism suspicions and was critical of the Canadian and US intelligence agencies. However, Attorney General Gonzales said Arar was deported from the US, and that the US does not knowingly send suspects to countries where they will be tortured.

ABC World News (9/19, story 5, 2:20, Gibson) reported Arar "was wrongly accused of having any ties to terrorism." ABC (Harris) added Arar "says after four years of hell, he feels his reputation is finally clear." The Canadian government's "822-page report says Arar has no links to terrorism. And blames Canadian and US law enforcement for landing Arar in a prison." Attorney General Alberto Gonzales "says the US never sends suspects anywhere without a promise they won't be tortured." Attorney General Gonzales: "We seek to satisfy ourselves that they will not be -- they will not be tortured. We do that in every case." Harris: "But human rights activists say such promises are often meaningless. And they say the Arar might help change things."

The CBS Evening News (9/19, story 5, 2:25, Keteyian, 7.66M) reported, "Despite Arar's experience, this former

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counterterrorism official says rendition does have its place." John Brennan, terrorism analyst: "I think it allows us to have the option to move a person who is involved in terrorism or terrorism-related activities to a country where they can be effectively questioned or prosecuted." Keteyian: "For his part, Arar has sued both the US and Canada for damages but what he really wants is an apology." Arar: "And I think that will mean a lot to me." Ketayian: "Today Attorney General Alberto Gonzalez said Arar's case was not a rendition but a deportation adding 'I'm not aware that he was tortured.'"

FNC's Special Report (9/19, 6:16 p.m.) reported, "A Canadian judicial report has found that American authorities transferred an innocent Canadian citizen to Syria where he was tortured, this after Canadian intelligence officials gave Americans bad information -- that the man was an Islamic extremist and should be put on the Al Qaeda watch list. Maher Arar a Muslim of Syrian descent was detained for questioning in 2002 and transferred to Syria where he was beaten, he says, and made to make false confessions. They say the agents were improperly trained and did not anticipate the consequences of naming the man without sufficient evidence. He is demanding an apology from the U.S., but Alberto Gonzales says he was not aware that the Arar was tortured."

The Attorney General's defense of terrorist renditions was covered by at least three local newscasts. Usually, he was said to be defending the Administration's position. WEWS-TV Cleveland, (9/19, 6:40 p.m.) reported, "Today, attorney general Alberto Gonzales, says the U.S. never sends suspects anywhere, without a promise they won't be tortured."

WCFT-TV Birmingham, (9/19, 5:09 p.m.) reported, "Attorney general Alberto Gonzales is backing the president's strategy for interrogating terror suspects. Gonzales says CIA interrogators lack guidance on how to comply with the Geneva conventions. He says the provisions banning humiliating and degrading treatment and outrages upon personal dignity are too vague."

WRGB-TV Albany, (9/19, 5:32 p.m.) reported, "Attorney general Alberto Gonzales is continuing the Administration's push for its version of anti-terror laws. Gonzales says the Geneva conventions are too vague, and CIA interrogators need guidance, so they can observe the rule of law."

Other Commentary. In a USA Today op-ed (9/20), Andrew C. McCarthy, a senior fellow at the Foundation for the Defense of Democracies, says, "The case of Maher Arar, a Canadian Muslim allegedly tortured in Syria after being taken there by the CIA, warrants scrutiny. So, indeed, does the whole practice of rendition, a favorite of the Clinton administration long before the Sept. 11 attacks." But with "the lives of 300 million Americans at stake, the United States cannot make national security policy based on individual anecdotes about government roguishness."

In his Washington Post column (9/20, A25), Harold Meyerson says, "Why rely just on the Syrians? At the same time, as the president acknowledged this month, we ourselves (that is, CIA employees) had embarked on our own round of torture of al-Qaeda suspects, some of them the genuine article, some not. As the president asserted during his news conference Friday, that doesn't mean that we've become our enemy, that we're in any sense the moral equivalent of al-Qaeda. But it most certainly means we've abandoned our own moral and legal norms, as the administration's determination to create a loophole in the Geneva Conventions makes unmistakably clear."

USA Today (9/20, 2.27M) says in an editorial that Arar's case "is a textbook example of what can go wrong, and why Americans should be leery of embracing the harsh tactics President Bush wants applied to terror suspects." Attorney General Alberto Gonzales "said Tuesday that the hand-over of Arar to the Syrians was a deportation, not a 'rendition' — a controversial practice in which U.S. authorities turn over suspected terrorists to other countries. In this case, that seems to be a distinction without a difference."

The Washington Post (9/20, A24, 748K) says in an editorial that Arar's case "vividly illustrates a couple of the points that veteran military and diplomatic leaders have been trying to impress on Mr. Bush about the dangers of the CIA program, for which the president is demanding congressional approval." Bush "claims that the renditions, secret detentions and harsh U.S. techniques -- which most of the world regards as torture -- have yielded important intelligence. But as the military commanders who oppose such methods have insistently and courageously pointed out, it is well known that the information they produce is unreliable. Many detainees, as Mr. Arar did, will falsely incriminate themselves or others to avoid abuse."

The New York Times (9/20, 1.21M) editorializes that the Arar case and the case of AP photographer Bilal Hussein, who has been held for five months in Iraq, "illustrate vividly why Congress needs to pass an effective law on the handling of prisoners that not only provides for legal military tribunals to try dangerous men like Khalid Shaikh Mohammed, who is

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believed to have organized the 9/11 attacks, but also deals with the other men, perhaps hundreds, wrongly imprisoned at Guantánamo Bay, and sets rules for the future. The bills now before Congress don't meet the test. The White House's measure endorses the practice of picking up any foreign citizens the United States wants, abusing and even torturing them, and then trying them on the basis of secret evidence. It effectively repudiates the Geneva Conventions, putting American soldiers at risk."

Vermont Officials To Continue Probing Phone Records Case. The AP (9/20) reports that Vermont state regulators "plan to continue exploring whether telephone records were improperly released to the federal government even though the Justice Department has warned such an inquiry could run afoul of federal law. … 'We have jurisdiction under state law to proceed in this matter and it has not been shown that federal law pre-empts that jurisdiction,' the Public Service Board said." The AP continues, "Verizon and AT&T both operate in Vermont and news reports have suggested they might have turned over records of customer calls to the National Security Agency. Those companies' customers, Gov. Jim Douglas and the Vermont chapter of the American Civil Liberties Union urged the Public Service Board to determine whether Verizon and AT&T violated state statutes by cooperating with the NSA." The AP adds, "Verizon has said in the board's proceedings that it could not say whether it had cooperated with NSA, even if it wanted to, because federal law bars it. … But the Public Service Board said the privilege against answering the state's inquiry 'belongs to the government and must be asserted by it. It can neither be claimed nor waived by a private party.' … The federal government has declined to participate in the case before the Public Service Board and the Justice Department has said in a letter that it should be dropped. But the board says it concluded that no federal laws prevented it from pursuing the docket."

Maine Rights Group Seeks To Intervene In Phone Records Suit. The Magic City (ME) Morning Star (9/20) reports, "The MCLU went to court today to protect the privacy rights of Maine telephone customers. In a motion filed in U.S. District Court, the MCLU seeks an opportunity to have the consumers' voice heard in the Bush administration's lawsuit against the Maine Public Utilities Commission. The MCLU asked that the Verizon customers who initiated the privacy investigation at the Maine Public Utilities Commission be added to US. v. Kurt Adams et al as intervenor-defendants. … 'The Justice Department is making up the law as it goes. It's a blatant attempt to intimidate Maine's Public Utilities Commission, but it won't work,' said John Paterson, an MCLU cooperating attorney with Bernstein Shur. 'Mainers deserve to know if their privacy rights were violated.'" The Star adds, "The MCLU asserts that the DOJ has no legal basis for suing the State of Maine. The Maine Public Utilities Commission has merely asked Verizon to confirm the truthfulness of statements it had already made publicly in press releases. … 'Verizon's refusal to respond to our questions and now the Justice Department's lawsuit makes it look like Verizon has cooperated in Maine with the National Security Agency and that they are guilty of violating Mainers' privacy rights and possibly breaking the law,' said James Cowie, lead intervenor-defendant, 'The United States of America is not a place where citizens should have to expect that the government is eavesdropping on our private telephone conversations.'" The Star notes, "Today's filings follow on the heels of Attorney General Steve Rowe's vigorous defense of Maine's right to conduct an investigation. Congressmen Mike Michaud and Tom Allen have called on U.S. Attorney General Alberto Gonzales to withdraw the lawsuit. Fifteen Maine state senators and twenty-seven Maine state representatives signed a letter to Attorney General Alberto Gonzales noting that state has both the authority and the responsibility to protect Mainers. … Maine was the third state to be sued by the federal government is this matter. The government has also sued the states of New Jersey and Missouri, and on September 6, the Department of Justice sued a fourth state, Connecticut, in an effort to prevent the state from determining whether the telephone companies or the federal government broke the law."

Albany Terror Probe Informant Testifies He Was Truthful With FBI Agent. The AP (9/20, Virtanen) reports, "An FBI informant testified Tuesday that he did whatever an FBI agent told him, even if that meant misrepresenting himself as a big import-export businessman, Islamic radical and part-time arms dealer in the FBI sting that led to terrorism charges against" Yassin Aref and Mohammed Hossain. "Shahed Hussain acknowledged cooperating with the FBI in hopes of reducing his sentence after his 2001 arrest for helping immigrants fraudulently obtain state drivers' licenses in Albany. He maintained he has been truthful since, especially with FBI case agent Timothy Coll." The AP notes,

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"The credibility of the Pakistani emigre is a central issue in the case, with defense attorneys saying Hussain not only lied to their clients, but in his past business dealings as a translator at the state Department of Motor Vehicles and to the FBI concerning their clients." The AP adds, "Hussain also testified he showed the shoulder-fired missile launcher to Hossain at a videotaped meeting in November 2003, and the money transactions began in January 2004. He acknowledged that he never showed the weapon to Aref, though he did show both defendants the trigger mechanism, but only briefly while Aref was counting money."

Cheney Says "Civilized World" Depends On US In War On Terror. The AP (9/20, Raum) reports Vice President Dick Cheney "cast the global war on terror on Tuesday as a 'war of nerves,' borrowing a phrase Harry Truman used to describe the Cold War. Cheney asserted that the hopes of the civilized world depend on a U.S. victory." Speaking to the National Automobile Dealers Association, Cheney said, "We are not going to let down our guard." He said President Bush "will not relent in the effort to track the enemies of the United States with every legitimate tool at his command." Cheney "defended the administration's warrantless wiretapping and detainee programs, both subject to criticism from Democrats and some members of his own Republican party."

HOMELAND RESPONSE:

Study Warns Of Rising Islamic Extremism In US Prisons. The AP (9/20, Jordan) reports, "Jailed Islamic extremists with violent interpretations of the Quran are taking advantage of scarce religious monitoring programs to breed terrorists in U.S. prisons, a study released Tuesday shows. State and local prison officials struggle to track radicalized behavior by inmates or religious counselors, the joint study by George Washington University and the University of Virginia found. … 'Radicalized prisoners are a potential pool of recruits by terrorist groups,' concluded the study, released at a Senate Homeland Security and Governmental Affairs Committee hearing on 'homegrown' terrorists." The AP adds, "Daveed Gartenstein-Ross, a counterterrorism consultant, told senators that 'chilling' interpretations of the Quran were given to prison inmates when he worked for the al-Haramain Islamic Foundation, an international charity that served as a major al-Qaida financier."

The Christian Science Monitor (9/20, Marks, 58K) adds that the report "says it's essential for local, state, and federal correctional officials to work closely with one another as well as the FBI. Then, they say, extremists within the prison system, and those on the outside who want to exploit it, can be identified and tracked. But they acknowledge it will be a challenge, particularly since most American prisons are overcrowded, and many are understaffed. 'The really critical thing here is information,' says Jeffrey Raynor of the Institute of Law, Psychiatry and Public Policy at the University of Virginia, who co-wrote the report."

The Washington Times (9/20, Seper, 88K) reports Sen. Joseph Lieberman "said homegrown terrorism is a 'grave enough concern' that Congress needs to consider whether to focus more attention and resources on it." He noted "that although more than 80 percent of religious conversions in prison are to some form of Islam, only 10 of the 200 chaplains in the federal system are devoted to Islam."

FBI Searches Muslim Leader's Home, Islamic Charity Office. The AP (9/20, Zagier) reports from Columbia, Mo., "FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. … Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked. In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press." The AP notes that the search of Hamoodi's house "came three days after bureau officials met with Muslims at a local mosque to try to improve community relations."

FBI Searched Homes Of Pilot Suspected Of Link To Wales Murder. The Seattle Times (9/20, Miletich, 217K) reports, "FBI agents conducted searches last month in the slaying of Seattle federal prosecutor Thomas Wales, combing two houses owned by an airline pilot long under investigation in the 2001 killing. Agents looked for evidence to tie the pilot to an anonymous letter sent to the Seattle FBI office in January, said a law-enforcement official, speaking on condition of anonymity because the investigation is continuing." The Times notes, "The searches represent

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the most visible activity in the investigation since top FBI officials stripped the case from the Seattle FBI office in June and put it under the direction of the Portland office. The move came after the head of the Seattle office tried to reduce the number of investigators on the case, sparking an outcry from law-enforcement officials in Seattle. … The investigation is a top priority of the FBI, with a $1 million reward."

New Book Says FBI, CIA Still Fall Short On Terror Counter-Intelligence. The Washington Times (9/20, A1, 88K) runs another excerpts from reporter Bill Gertz's new book "Enemies: How America's Foes Steal Our Vital Secrets -- And How We Let It Happen." Gertz writes, "The FBI, the CIA and other intelligence agencies continue to struggle to plant agents in, or recruit them from, deadly Islamist terror organizations here and abroad. The FBI, for example, did not have under way a single active investigation this past spring of al Qaeda or any Islamist group anywhere in the United States. … President Bush expects the FBI to help counter such terror threats through its new National Security Branch (NSB), a major reform he announced over internal opposition in summer 2005." Gertz adds, "Left largely unsaid in this year's debate about the president's authorizing the National Security Agency to intercept suspected terrorists' communications: The administration might not have needed to rely on the program so heavily, and risk infringing on civil liberties, were American counterintelligence not so weak."

Scientists Attempt To Design Hijack-Proof Airliner. The Washington Times (9/20, Webb, 88K) reports, "Five years after the September 11 terrorist attacks, a hijack-proof airliner still seems the impossible dream, but the next best thing to it could begin guarding the world's airways within two to four years." A "consortium of European scientists is working on a $46 million project to thwart terrorists bent on capturing and destroying an aircraft in flight after they have managed to sneak through airport security." More than "100 aviation specialists from 31 companies are involved in the project, part of a plan known as Security of Aircraft in the Future European Environment (SAFEE), to create a so-called 'last barrier to attack' by hijackers." Scientists at "one of the companies, defense giant BAE Systems in Bristol, England, say that at the heart of their work is development of a computer system that could automatically seize control of a threatened airliner and prevent a hijacker from steering it into a mountain or tall building."

8th Circuit Panel Rules Muslim Pilot Not Fired Over Religion. The AP (9/20, Salter) reports, "A Muslim pilot fired a week after the Sept. 11, 2001, terrorist attacks was let go because he was seen in a bar in uniform, not because of religious bigotry, a three-judge federal appeals court panel ruled Tuesday. The panel of the 8th U.S. Circuit Court of Appeals affirmed a district court judge's ruling that Trans States Airlines did not violate discrimination laws in firing Mohammed Shanif Hussein," and "EEOC attorney Robert Johnson said the agency was still considering whether to seek a hearing before the full 8th Circuit." The AP notes a bar patron claimed Hussein raised a beer in toast to the WTC attacks, prompting an investigation. "Court documents indicate Hussein told an FBI agent that he was drinking in the bar, but did not do anything to show support for the terrorists. He said he was seen smiling not because of the attacks, but because he had just learned his wife was pregnant."

Study Says Airports Face Crisis In Baggage Screening. USA Today (9/20, Frank, 2.27M) reports the nation's airports "face a looming crisis in their ability to screen checked luggage for bombs that will require billions of dollars to avert, a new report ordered by Congress says." The study says "many airports have too few screeners and use slow, labor-intensive bomb detectors that are being overwhelmed by increasing passenger traffic." The report "criticizes how bomb detectors were installed in airports after 9/11. Because of a tight deadline, 'many if not most of the implementations were suboptimal,' it says."

Health Problems Plague Federal Air Marshal Program. The Washington Times (9/20, Hudson, 88K) reports the "size of the federal air marshal force has been cut in half by on-the-job injuries that have sidelined nearly 2,100 marshals, while squabbling prevents health and safety policies from being implemented, government officials say." Marshals say "medical staffers are quitting the Federal Air Marshal Service (FAMS) out of frustration as hundreds develop illnesses related to their heavy flying schedules such as barotrauma, decompression sickness that causes ruptured eardrums and sinus conditions often requiring surgery." They are also "developing deep vein thrombosis, a disease attributed to long periods of sitting that causes blood clots, usually in the legs, that could lead to cardiac arrest." Policies to "prevent such injuries or to determine sick leave

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and light duty for injured marshals are being held up by fights over wording and punctuation, said one air marshal. Others say they were fired for their disability then denied workers' compensation."

Boeing Said To Have Won SBInet Contract. The Washington Post (9/20, A1, Witte, 748K) reports on its front page that "congressional sources" said Tuesday that Boeing Co. has won a Department of Homeland Security contract to secure the nation's borders, relying "heavily on a network of 1,800 towers, most of which would need to be erected along the borders with Mexico and Canada. Each tower would be equipped with a variety of sensors, including cameras and heat and motion detectors." The company "sold its plan" for the contract, known as SBInet, "as less risky and less expensive than competing proposals that would have relied heavily on drones for routine surveillance work. … The public announcement of the award is planned for tomorrow."

The New York Times (9/20, Lipton, 1.21M) reports, "The contract will at least initially be much more limited than some industry officials had expected, valued at $80 million instead of the $2 billion estimate given for the six-year deal, the officials said." Wayne Esser, who led the Boeing bid, said it was "not a Department of Defense type of procurement. Customs and Border Protection just doesn't have that kind of a budget." The Times adds, "Members of Congress have expressed some skepticism about whether the department will be able to succeed in this border effort because of the failure of previous ones."

The Wall Street Journal (9/20, A17, Block, 2.03M) reports, "According to defense-industry officials and congressional staffers the various plans of how to make SBInet were varied, in part because the Department of Homeland Security left it up to the various companies to decide how to best protect the border, giving them unusually wide sway over a critical national security issue. Michael Jackson, deputy secretary of the Homeland Security Department, told the competing firms this year he wanted them 'to come back and tell us how to do our business.'"

Government, New York Overpaying For Freedom Tower Space. The Wall Street Journal (9/20, Frangos, 2.03M) reports the Federal Government "and New York state may be overpaying to move into the Freedom Tower, some commercial-property experts say." The Federal Government's "real-estate arm, the General Services Administration, said this week it has tentatively agreed to pay $59 a square foot for 16 floors in the yet-to-be-built skyscraper at the World Trade Center site when it opens in 2012. New York state government would pay the same rate for 11 floors." But a "look at prices for comparable space shows the government is paying more than tenants in other Lower Manhattan buildings, even factoring in possible rent inflation over the five years it will take to build the Freedom Tower."

Islamic Society of North America Elects First Female President. The New York Times (9/20, MacFarquhar, 1.21M) reports Hartford Seminary professor and Muslim convert Ingrid Mattson "this month…was elected president of the Islamic Society of North America…making her a prominent voice for a faith ever more under assault by critics who paint it as the main font of terrorism. She is both the first woman and, as a Canadian, the first nonimmigrant to hold the post. To her supporters, Professor Mattson's selection comes as a significant breakthrough, a chance for North American Muslims to show that they are a diverse, enlightened community with real roots here — and not alien, sexist extremists bent on the destruction of Western civilization. Some naysayers grumble that a woman should not head any Muslim organization because the faith bars women from leading men in congregational prayers, but they are a distinct minority."

FEMA Gives Trailer Park Residents Grace Period. The Miami Herald (9/20, Spangler) reports, "People living in government trailer parks that opened after the 2004 hurricane season have another 35 days before they have to move out, the Federal Emergency Management Agency announced Tuesday." The Herald continues, "FEMA extended a Sept. 26 deadline -- itself the six-month extension of a prior deadline -- to Oct. 31 to give trailer tenants more time to find permanent housing. Though they have said it before, FEMA officials say this new deadline is the absolute last. … 'That's what I've been told. Thirty five days and that's it,' said FEMA spokeswoman Mildred Acevedo." The Herald adds, "The last of more than 17,000 people left homeless after four back-to-back hurricanes in the summer and fall of 2004 still live in 1,161 FEMA trailers all over the state. … In places like Charlotte County, site of FEMA City -- once home to 1,500 people in 551 trailers -- extensions were needed because there was nowhere else to live. Much of that county's

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affordable housing was destroyed by the hurricanes, and housing costs soared. The latest extension gives 'the people who are in these units more time,' said Acevedo. 'It gives them more time to work on their paperwork, if they're purchasing their units, and more time to work on a housing plan.'" The Herald notes, "Bob Hebert, Charlotte County's director of emergency recovery, suggested another reason for the extension: Federal marshals weren't ready to evict families from the trailers. 'The property fell under the jurisdiction of the Department of Justice, and the department was not ready to act on termination of leases yet,' Hebert said."

WAR NEWS:

Bush Will Meet Musharraf, Karzai. The AP (9/20) reports in a brief article, "President Bush, already scheduled to meet separately in the coming days with the leaders of Afghanistan and Pakistan, has now added joint White House talks where all three leaders can discuss regional security." Relations between the two neighbors hae been "strained" at times over the presence of terrorist hideouts along the border. Afghan officials have alleged "that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border."

General Abizaid Says US Forces In Iraq "Unlikely" To Shrink Soon. Remarks by Centcom commander Gen. John Abizaid attracted pessimistic coverage of Iraq. All three networks covered his press conference. ABC World News (9/19, story 3, 1:55, Gibson) reported, "Turning to Iraq, there has been speculation for months about when US troops might start coming home. Military leaders had indicated a drawdown, as it's called, to begin by the end of the year. But that is not going to happen. There are 147,000 American troops today in Iraq. The top commander in the Middle East, General John Abizaid said, this level will probably will have to be sustained until next spring. Then, we'll re-evaluate." ABC (Karl) added, "More than anything, this is a recognition of reality. What you've had here for more than a year now, generals, top commanders in Iraq, have said that as conditions improve, as more Iraqi troops are trained, that Americans would begin to come home. But Abizaid made it very clear now that that has not happened. Conditions have not improved. Sectarian violence is as bad as it's ever been. That means those war plans that were drawn up to bring Americans home, will have to stay on the shelf. In fact, he said you may see an increase in American troop levels in Iraq."

The CBS Evening News (9/19, story 6, 0:20, Couric, 7.66M) reported, "Thousands of American servicemen and women will not be coming home for the holidays after all, and that tops our CBS News briefing tonight. The military had hoped to cut US troop strength in Iraq to 100,000 by the end of the year, but with no letup in the violence, the head of central command, General John Abizaid said today a force of more than 140,000 will remain in Iraq at least until spring."

NBC Nightly News (9/19, story 4, , Williams, 9.87M) reported, "There's been a major admission tonight from the top US Commander in the Middle East. It's about how many American troops will be on duty in Iraq and for just how long." NBC (Miklaszewski) added, "The admission came from General John Abizaid, who predicted today that there would be no significant reduction in the number of American troops in Iraq until at least the middle of next year. There are now 147,000 American forces on the ground in Iraq and it's expected to remain at about that level through next spring. In fact, today there are 20,000 more American troops on the ground than there were only two months ago. They're there to combat the recent spike in sectarian violence and because the Iraqi security forces are still not up to the job. It's a far cry from earlier predictions when military leaders thought they could actually reduce the number of American troops in Iraq this year. But nobody around here at the Pentagon is talking about that now."

The Washington Post (9/20, Tyson, 748K) reports in a front page article, "The U.S. military is unlikely to reduce forces in Iraq before next spring because the current contingent of more than 140,000 troops is battling sectarian violence that could prove 'fatal' to the country if not arrested, the top American commander for the Middle East said yesterday." Abizaid gave a "sober assessment" and when asked "point-blank" whether the US was winning replied, "Given unlimited time and unlimited support, we're winning the war." His words "effectively ended hopes for a big troop withdrawal" this year.

The AP (9/19, Baldor) calls Abizaid's statement "one of the gloomiest assessments yet of when troops may come home." Until the recent upsurge in violence, the administration had hoped to bring back some troops from "what has become a widely unpopular war." He, "Defense

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Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week."

The New York Times (9/20, Cloud, 1.21M) reports that "no cutback [is] likely" before spring and calls Abizaid's comments "the first indication that senior commanders believed reductions were very unlikely until well into next year." Plans to trim US forces have been "repeatedly frustrated" by violence and the Iraqi government's "shortcomings." After the increase in forces in Baghdad, the capital has become "slightly better," but "a couple months" are needed for real improvement, he stated.

The Financial Times (9/20, Daniel) reports that Gen. Abizaid "said because of worsening sectarian violence, current US troop levels of more than 140,000 would be 'sustained through the spring and then we'll re-evaluate.'" The McClatchy Newspapers (9/20, Brown) reports that Abizaid "said it probably wouldn't be known until December whether the crackdown would have any lasting effect." He argued that having "too many" American troops in Iraq "would only 'feed extremism' and prevent Iraqis from taking responsibility for their own security."

Max Boot Calls Bush "Stubbornly Hopeful," Questions Troop Levels. In his column for the Los Angeles Times (9/20, 918K), Max Boot writes, "His steadfastness in the face of adversity is admirable. ... But there is a certain fatalism that can come from focusing so much on the long term. ... In the case of Iraq, in particular, even those of us who support the war effort question whether Bush has done enough to win. A strong case can be made that there have never been enough troops to enforce even a modicum of law and order."

Misgivings Grow About Iraqi Premier's Strength. The New York Times (9/20, Wong, 1.21M) reports, "Senior Iraqi and American officials are beginning to question whether Prime Minister Nuri Kamal al-Maliki has the political muscle and decisiveness to hold Iraq together as it hovers on the edge of a full civil war." The prime minister "has failed to take aggressive steps to end the country's sectarian strife because they would alienate fundamentalist Shiite leaders inside his fractious government who have large followings and private armies, senior Iraqi politicians and Western officials say. He is also constrained by the need to woo militant Sunni Arabs connected to the insurgency." His security plan for Baghdad "intentionally avoids direct confrontation with [Moqtada al-Sadr's] militia, despite Iraqi Army generals' apparent willingness to attack the militia and despite growing violence by rogue militia elements." Unnamed "departed officials" say that President Bush's top advisers are "far more pessimistic" in private about Maliki because "he never makes any decisions."

Panel Leader Says Iraqi Premier Must "Act Now" On Security. The AP (9/20, Jelinek) reports, "U.S. experts studying what to do next in Iraq said Tuesday that the next three months are critical and Baghdad's government must make more progress toward controlling the violence and rebuilding the nation." Iraqi Study Group co-chair Lee Hamilton said that the Iraqi government had to show that it was "deserving of continued support." He and co-chair James Baker "said Baghdad's government needs to secure a capital reeling in sectarian violence, make progress on national reconciliation, and provide electricity, water, and other services that Iraqis need." Hamilton stated that Prime Minister Maliki's government "has been complete since June. The people of Iraq are looking to him urgently for leadership."

The Financial Times (9/20, Daniel) reports that the presence of Bush insider James Baker "has created hopes that the commission could chart an exit strategy from Iraq that offered a politically convenient way for the administration to change direction." In a reflection of the "poor security" in Baghdad, on a recent commission trip to Iraq, "only one member" left the Green Zone.

Iraqi Lawmakers Rap "Relentless Violence." The AP (9/20, Quinn) reports, "Lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis." The angered legislators were "both Sunni and Shiite." One Shiite lawmaker "proposed special security teams to investigate the killings."

Baker's 1995 Justification For Not Ousting Saddam Is Cited. The New York Times (9/20, Pear, 1.21M) quotes two paragraphs of Hamilton's statement, including, "No one can expect miracles, but the people of Iraq have the right to expect immediate action. ... The next three months are critical." The Times also quotes from co-chair James Baker's 1995 memoir, in which he explained that he opposed ousting Saddam Hussein in 1991 "because he feared that such action might lead to an Iraqi civil war, to 'criticism from many of our allies' and to an eventual loss of American support for an occupation."

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At Least 24 Killed In Iraq. USA Today/AP (9/20) reports, "At least two dozen people were killed in Iraq on Tuesday — the latest victims of a cycle of violence that the top U.S. military commander said could force the U.S. military to maintain or increase troop levels in Iraq through spring." The violence "has grown despite a security crackdown in Baghdad that began Aug. 7, when 12,000 more Iraqi and U.S. troops were brought into the city." Another AP (9/20) article reports, "Separate bombings near an army base and a police building killed at least 28 people and wounded at least 56."

US Forces Face "Hurdles" In Restoring Order. The McClatchy Newspapers (9/20, Brunswick) reports on the frustrations faced by 1st Lt. Jake Hughes and "his platoon from Apache Company of the 1-23rd Infantry." The article reports how a raid on a mosque was apparently spoiled by a tip to the targeted individuals and how another raid was based on pro-Shiite information and "appeared to focus exclusively on the homes of Sunni families." Hughes "can't wait to turn over the operation to the Iraqis." However, some progress occurs; the battalion commander remarks "that even the Iraqi police, often the wild card in the operations, showed up to provide protection along the perimeters of the search, the first time that all elements of the Iraqi security forces had participated."

Life Of Fear In Baghdad Is Described. In a human interest story, the Los Angeles Times (9/20, 918K) describes through an anonymous Iraqi employee's eyes life in Baghdad. He sees a wounded man lying in the street, whom nobody dares to help: "Then, a white Volkswagen pulled up. A passenger stepped out with a gun, walked steadily to the wounded man and shot him three times." The Iraqi states, "Fear dictates everything we do. ... Things are going from bad to worse, and I can't see any light at the end of the tunnel."

Senators Seek Declassification Of Prewar Reports. The AP (9/19, Hananel) reports, "Senators on an intelligence panel are seeking to declassify more information from two Senate reports on prewar intelligence on Iraq, saying too much was kept secret." The "bipartisan" group's letter is the "first time lawmakers have appealed to the Public Interest Declassification Board since it was established in 2004." About half of the Senate Intelligence Committee signed the letter: "[Missouri Republican Kit] Bond; [Oregon Democrat Ron] Wyden; Dianne Feinstein, D-Calif.; Mike DeWine, R-Ohio; Russ Feingold, D-Wis.; Orrin Hatch, R-Utah; and Jay Rockefeller, D-W.Va."

Judge In Saddam Hussein's Trial Replaced. Abdullah al-Amiri, the judge overseeing the second phase of Saddam Hussein's trial, was fired Tuesday amid concerns that he was showing bias toward the deposed dictator. The New York Times (9/20, Oppel, 1.21M) reports that aides Prime Minister Nuri Kamal al-Maliki "said pressure had been building from Kurds and others to oust the judge after he told Mr. Hussein in court that he was not a dictator." The Times adds, "The firing was condemned by human rights advocates as improper political interference by Mr. Maliki's government, which is dominated by Shiites and Kurds persecuted during Mr. Hussein's rule. Human Rights Watch said the firing 'sends a chilling message to all judges: toe the line or risk removal.'"

The Washington Post (9/20, A18, Paley, 748K) reports that the Iraqi cabinet voted to remove al-Amiri "because it felt he was no longer impartial and his conduct had 'injured the feelings of the victims in the case,' government spokesman Ali al-Dabbagh said. 'The government wants to maintain the independence of the court without interfering with their daily work and their decisions,' Dabbagh said. 'But at the same time, they want the court to keep neutral.'"

The AP (9/20, Yacoub, Halaby) reports, "Abdullah al-Amiri was replaced on the five-member panel by his deputy in the trial, Mohammed al-Uraibiy, a court official said. The new chief judge is a Shiite Arab, as is al-Amiri." The AP adds, "An attorney defending senior officials in Saddam's former regime decried the change as purely political. 'This was a coup that succeeded. There was no legal reason for removing him (al-Amiri),' defense lawyer Badee Izzat Aref told The Associated Press. 'They (court officials) felt that he would not respond to their demands.'"

British Soldier Enters Guilty Plea To War Crime. A British soldier has pleaded guilty to inhumanely treating civilians detained in Iraq. The New York Times (9/20, Cowell, 1.21M) reports, "The plea came at the opening of a court martial of seven soldiers on war crimes charges, the first trial of British soldiers under laws binding this country to the International Criminal Court. … Three of the seven soldiers faced war crimes charges; only one, Corporal Donald Payne, 35, pleaded guilty. But he denied charges of manslaughter and perverting the court of justice. Three officers among the seven accused soldiers denied charges of 'negligently performing a duty,' meaning that they failed to control personnel under their command."

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Farmers Seek To Rejuvenate Iraq's Date Industry. The Washington Post (9/20, A18, Raghavan, 748K) reports that farmers across Iraq are "trying to restore the glory days when Iraq produced about 30 percent of the world's supply of dates. … In the calculus of preventing Iraq's slide toward civil war, reconstructing Iraq's economy is a top priority. And dates are Iraq's second-biggest export, after oil. Revitalizing the industry could help reduce sectarian tensions by creating thousands of jobs while generating revenue to rebuild Iraq, improve security and lessen the country's dependence on US reconstruction dollars." The Post adds that Iraq's date industry "is showing signs of recovery, partly through US efforts. Farmers are being introduced to market-oriented capitalism after years of depending on state subsidies under the government of Saddam Hussein." The Los Angeles Times (9/19, Moore, 918K) also reports on the success of Iraq farmers.

Reconstruction Project Symbolizes Shift In US Afghanistan Strategy. The opening of a bridge over the Pech River in Afghanistan Monday is what the Christian Science Monitor (9/20, Peterson, 58K) calls an "early step in a shifting US strategy: Clear Taliban strongholds, stay on the ground long enough to reestablish government rule, deploy Afghan forces, and show fruit of reconstruction. But the stakes are high in a region that - already five years after US-led forces toppled the Taliban and their Al Qaeda allies - the American military has visited again and again, only to watch the Taliban filter back." The Monitor adds, "A similar fight-and-build strategy is being pursued by NATO troops in southern provinces."

Author Says Afghanistan's Local Police Must Be Strengthened To Fight Drugs. Author Joel Hafvenstein writes in the New York Times (9/20, 1.21M) that Afghanistan's "drug dependency is back in the headlines. … This deplorable new record will not be reversed by more belligerent counternarcotics measures. Instead, America, NATO and the Afghan government must reform a vital but neglected institution: the local police. … To reduce Afghanistan's poppy cultivation, Western governments must keep their focus on improving security. … Local police forces are the weakest link in Afghanistan's security net." Hafvenstein adds, "The poppy boom won't be solved by police reform alone, of course. The Afghan government must purge drug kingpins from the federal and provincial governments, and continue disarming militias (friendly as well as hostile)."

Group Greets Troops Headed To Persian Gulf War. The New York Times (9/20, Zezima, 1.21M) reports on a group called Maine Troop Greeters, which "was founded in 1991 to greet troops headed to the Persian Gulf war. Since May 2003, shortly after the start of the Iraq war, the group has welcomed every military transport flight that has arrived" at Bangor International Airport. The group "came about, in part, because this is the country's easternmost airport and it has one of the longest runways in the nation, making it a favored military refueling and transfer location." Maine Troop Greeters "has about 100 volunteers who operate out of the small room, which is lined with American flags, signed military T-shirts and maps of Iraq. They arrive about three hours before a flight to set out cookies donated by a local Sam's Club, pies baked by volunteers, and candy and donuts. They also make sure free cellphones donated by local providers are available for troops to use."

Three Brothers Headed To Iraq War In Same Unit. USA Today/AP (9/20, Carlton) reports on Michael, Allen and Reginald Mouton who will "ship out for the Middle East next month. It's an extremely rare instance of three brothers being sent to the same base in a combat zone." The AP adds, "Reginald is a medic who runs a battalion aid station for about 1,000 troops. Allen, 40, a first sergeant, leads about 100 soldiers in a combat group. Michael, 42, also a first sergeant, does the same in a logistical support group." The Moutons "say they take comfort in knowing they'll be together in the 3,800-member Ironhorse Brigade — the 1st Brigade of the 1st Cavalry Division — although Allen says that for the family, it amounts to 'putting all your eggs in one basket.' They are their mother's only offspring. She also has a stepson."

Old-Guard Conservatives Discuss 15th Century Venice's Lessons For US. David Ignatius writes in the Washington Post (9/20, A25, 748K) that the struggles of 15th century Venice have "a lot" to do with the US' troubles in Iraq, in the view of "a group of old-guard Washington conservatives who sponsored a conference last week to discuss the lessons for today of La Serenissima , as the 'serene republic' of Venice was known. … Now, who might be inquiring into the contemporary lessons of an empire that died more than 200 years ago? The answer is as

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intriguing as the conference itself. The sponsor was a little-known group called the Committee for the Republic, which was formed back in 2003 by a group of establishment Washingtonians -- paleoconservatives, one might call them -- who were concerned about neoconservative enthusiasm for foreign interventions. … A leading member is C. Boyden Gray, former White House counsel in the Bush 41 administration and a longtime amateur historian of Venice." Ignatius adds, "The quirky Venice conference is important less for any precise parallels it may offer for contemporary America than as an example of the debate that's growing among both liberals and conservatives in the wake of the Iraq war about the limits of American power."

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Keane Wins IT Contract For COPS Grants. Washington Technology (9/20, Welsh) reports, "Keane Inc. won a contract from the Justice Department to deliver IT support services for a key grant program, under a contract worth $14 million over five years." WashTech continues, "Keane of Boston will supply program management and application maintenance to support help desk and network operations for the Community Oriented Policing Services Office's management system. … Keane's Public Sector practice will run the project. Teamed with Keane are Turner Consulting Group of Washington and Apptis Inc. of Chantilly, Va." WashTech adds, "The Community Oriented Policing Services Office gives grants to local governments to enhance neighborhood policing. These grants have resulted in the hiring of 118,000 police officers and the purchase of numerous technical resources since 1995. … 'CMS will allow the Department of Justice users to more effectively manage the lifecycle of the grants process: from issuance to search, to approvals in a data protected environment,' Glenn Giles, vice president and general manager of Keane's Public Sector Practice, said in a statement announcing the award."

Federal Computer Week (9/20, Hubler) reports, "According to a statement from Keane, the $14 million task order covers one base year plus four, one-year options. … During that time, the Boston-based integrator will provide a full-range of IT services -- including IT program management and application maintenance, help-desk support, and network operations -- for the COPS Management System (CMS), which oversees the agency's grant-making process and other business services." FCW adds, "Since 1995, COPS has invested $11.9 billion to advance community policing, providing nearly 36,000 state and local grants to hire more than 118,000 police officers and provide numerous technical assistance resources. … The CMS work will be performed by Keane's Public Sector practice. Turner Consulting Group and Apptis are partnering with Keane. … 'Law enforcement has found community policing to be a critical component in responding to crime, gang activity, and homeland security,' said Carl Peed, director of COPS at Justice, in a statement."

CORPORATE SCANDALS:

Chairman, GC Played Primary Roles In HP Leak Probe. The Wall Street Journal (9/20, A3, Waldman) reports, "As early as summer 2005, Hewlett-Packard Co. Chairman Patricia Dunn and General Counsel Ann Baskins helped direct the company's board-leak investigation, as part of the planning and execution of many steps of the probe, internal H-P emails suggest." The Journal continues, "H-P has disclosed only that Ms. Dunn and an 'internal group' inside the Palo Alto, Calif., company, working with outside investigators, conducted the leak probes in 2005 and 2006. Ms. Dunn has said in interviews that she couldn't supervise the investigation because, as one of the H-P directors being investigated for leaking information to the media, she was a potential target of the probe. Instead, Ms. Dunn has said, she turned to H-P's security department to handle it. … However, H-P emails reviewed by The Wall Street Journal suggest that Ms. Dunn and Ms. Baskins were closely involved in helping direct the course of the investigation. The emails indicate that the two were kept well informed of the investigation's tactics and progress by the H-P security officials who ran the probe, as well as by some of the private investigators H-P hired to assist the computer company."

The Washington Post (9/20, D1, Nakashima, Noguchi, 748K) reports that a consultant's report prepared for HP says the spying effort "was wide-ranging and included physical surveillance, photographs and spyware sent via e-mail, and it also targeted wives and other relatives of HP board members and reporters, according to a consultant's report prepared for the company. The Feb. 10 report, obtained by The Washington Post, summarized in eight pages how investigators, to identify an internal leak of confidential HP information, surreptitiously followed HP board member George A. Keyworth II while he was giving a lecture at the

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University of Colorado. They watched his home in Piedmont, Calif. They used photographs of a reporter to see if the reporter met with him. And they tried to recover a laptop computer stolen from him in Italy so they could analyze its contents." The Post adds, "The report, prepared by a consulting firm in Needham, Mass., hired to investigate leaks to the media, was sent to four HP executives, including HP's ethics director. That suggests that senior HP employees were aware of the spying tactics used as early as February."

HP Executives To Testify Before Congress. HP Chairman Patricia Dunn and HP General Counsel Ann Baskins will testiofy on Capitol Hill about their involvement in a boardroom spying scandal. The Financial Times (9/20, Allison, Kirchgaessner) reports that the two HP executives "will appear before the House Committee on Energy and Commerce on September 28 and are expected to testify, according to a committee spokesperson. Larry Sonsini, a veteran Silicon Valley lawyer and HP's outside counsel, has also agreed to testify. Lawmakers on the committee are expected to vote on Wednesday on a measure that would give committee chairman Joe Barton and John Dingell, the highest ranking Democrat on the committee, the power to fast-track subpoenas for information from HP."

The San Francisco Chronicle (9/20, C - 1) reports, "Hewlett Packard Co. Chairwoman Patricia Dunn has agreed to answer questions from a congressional panel investigating the company's controversial probe of internal leaks to the media, the Palo Alto giant said Tuesday." The Chronicle continues, "Also planning to testify Sept. 28 before the House Energy and Commerce Committee will be HP's in-house counsel Ann Baskins and outside counsel Larry Sonsini, chairman of Wilson Sonsini Goodrich & Rosati, a prominent Silicon Valley law firm." The Chronicle adds, "Their decision suggests that, while the HP probe turned into an embarrassing scandal, Dunn, Baskins and Sonsini are confident they did not do anything wrong and have nothing to hide from lawmakers who are expected to ask them tough questions, analysts say. … But the hearings in Washington, D.C., will likely shed more light on HP's use of false identities and other questionable tactics to obtain personal information on directors, employees and journalists. … The three could have refused the invitation, although legal experts say that could have prompted the panel to issue subpoenas in order to compel them to testify."

The AP (9/20, Gordon) reports, "With federal and California prosecutors conducting criminal investigations of HP's use of deceptive tactics to find a boardroom leaker, some experts say the executives' testimony to Congress could be fraught with legal peril. … On the other hand, the risks of invoking their Fifth Amendment privilege against self-incrimination - as a parade of corporate executives have done on Capitol Hill in recent years - could be even greater, according to others." The AP adds, "In appearing before the panel, the two executives of Silicon Valley's largest and oldest technology company will be stepping into the highly charged and well-choreographed theater that is a congressional hearing. Enduring hours of questioning, business executives often sit at witness tables as they are vilified by lawmakers before television cameras."

Bloomberg (9/20, Stern, Guglielmo) reports, "Outside investigator Ronald DeLia, who was also asked to appear, told the House committee he is likely to cite his Fifth Amendment right not to incriminate himself during the Sept. 28 hearing, said the aide, who asked not to be identified." Bloomberg adds, "The Energy and Commerce Committee made a second round of requests today for testimony at a hearing on Hewlett-Packard's probe. The company's global security manager, Anthony Gentilucci, and private investigator Joe Depante, owner of Action Research Group in Melbourne, Florida, were asked to testify, the panel said in a statement. Hewlett-Packard's outside lawyer, Larry Sonsini, was also called. … The committee asked for information about Hewlett-Packard's probe on Sept. 11, after the Palo Alto, California-based company acknowledged investigators used fake identities to collect the private phone records of two employees, some directors and nine journalists to uncover the source of news leaks. The House is investigating the practice, called 'pretexting.'"

Florida Man Asked To Testify. Florida Today (9/20, Blake, Balancia) reports, "A congressional subcommittee has asked a (Florida) private investigator to testify as part of the panel's probe of the corporate-spying scandal at computer giant Hewlett-Packard Co." Florida Today continues, 'The House of Representatives' Subcommittee on Oversight and Investigation sent a letter to Joseph DePante, owner of Brevard County-based Action Research Group, asking him to testify and answer questions on the 'Hewlett-Packard Pretexting Scandal' during a Sept. 28 hearing in Washington. … Terry Lane, a spokesman for the House Committee on Energy and Commerce, which oversees the subcommittee probing the case, did not specify what DePante's connection was to the Hewlett-Packard case, but said investigators want

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to know what DePante might know. … 'Our investigators have been looking into this for a few days, and to send him a letter, it's an indication that he has some knowledge of what Hewlett-Packard did,' Lane said. 'We went through the effort to send him a letter, so, obviously, we feel he has information that will be helpful to the investigation.' … Lane said the letter sent to DePante 'is not a subpoena. It's an option to appear. You can decline or you can appear.'"

Investigators Examine Omaha Detective's Role In HP Scandal. The New York Times (9/20, Richtel, 1.21M) reports, "Investigators are exploring the role of a man in the Omaha area who may have obtained private phone records in the Hewlett-Packard spying case, according to people briefed on the company's review of the operation. The man, Brian Wagoner, has spent several years working for Action Research Group, a Florida detective agency that is among the investigative firms linked to the Hewlett-Packard operation, according to a relative of Mr. Wagoner's." The Times adds, "The identification of Mr. Wagoner as a possible participant provides a potentially critical link in a chain that has stretched from Hewlett-Packard's sprawling Silicon Valley headquarters to detective agencies in Boston and Florida hired to" identify company directors who leaked information to journalists.

Attorneys For HP Hire Lawyers. The California Recorder (9/20, Scheck) reports, "The combined weight of investigations by state prosecutors, federal regulators and the Department of Justice has forced lawyers in Hewlett-Packard's boardroom mess to get their own attorneys." The Recorder continues, "Ann Baskins, the HP general counsel, has hired Berkeley, Calif., white-collar specialist Cristina Arguedas. Kevin Hunsaker, the HP senior counsel and ethics director -- who the New York Times has reported was in charge of the boardroom leak investigation -- has hired San Diego solo Michael Pancer, who also specializes in white-collar criminal cases." The Recorder adds, "In addition to the in-house lawyers, the Wall Street Journal's online edition reported Tuesday that top Silicon Valley lawyer Larry Sonsini, who advises HP's board, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, to represent him in connection with an upcoming congressional subcommittee hearing on the matter. … Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of clients caught up in high-profile investigations -- most recently Nancy Heinen, the former general counsel of Apple Computer, a company now under scrutiny for its stock options practices."

NYTimes Says HP Scandal Should Be An Example To Other Institutions. An editorial in the New York Times (9/20, 1.21M) says the battle at HP "offers up two useful lessons. It should remind those of us watching from the sidelines just how porous our privacy is in an era of databases and hackers and sophisticated snoops, and how much we need greater legal safeguards and protections to keep pace with the technological advances. Institutions should take a very different lesson away: That their reputations are only as good as the people they hire." The Times adds, "As head of the board, it was Ms. Dunn's responsibility to ensure that the company's standards were met in any investigation, no matter who was tasked with the job. We hope that Hewlett-Packard's mistakes provide an instructive example to the ethically impaired."

Prudential Deal Sparks Debate Over Definition Of "Nonprosecution Agreement."

Corporate Counsel (9/20, Reisinger) reports, "As if the nuances of corporate governance aren't tough enough to fathom, now the government is playing word games. On Aug. 28, Prudential Financial, Inc., signed what it thought was a nonprosecution agreement with Michael Sullivan, the U.S. Attorney in Boston. But once the deal was done, Deputy Attorney General Paul McNulty called a press conference in Washington, D.C., to trumpet the 'deferred prosecution agreement.'" Corporate Counsel continues, "McNulty's comment has led some corporate advocates to question the government's credibility. The question of what to call the Prudential pact isn't just a matter of semantics -- a deferred prosecution deal carries more of a stigma than a nonprosecution agreement." Corporate Counsel adds, "Everyone involved in the Prudential case at least agrees that the settlement ends the government's three-year criminal probe of one of the company's subsidiaries. Boston-based Prudential Equity Group admitted that some of its brokers illegally timed mutual fund trades to benefit big hedge fund clients. But there's a split on whether to call the deal a deferred or a nonprosecution agreement. … In an NPA, no charge is filed in court, but the government can still file and prosecute a charge later if the company violates the terms of the deal. In a DPA, the government files the criminal charge in court but doesn't prosecute the claim. If the company abides by the terms of the DPA, the government dismisses the

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charge when the agreement expires. If not, the government can prosecute the already-filed charge. … A spokesman for the Justice Department in Washington stands by McNulty's characterization of the Prudential deal as a DPA. 'This is a deferred prosecution agreement [because] it provides for the filing of charges in the event of a breach,' the spokesman says. Prudential spokesman Bob DeFillippo disagrees, saying, 'I don't know why people call it what they call it, but it is a nonprosecution agreement.'"

Options Scandal Expands To Monster, Broadcom. The Wall Street Journal (9/20, Forelle, Bandler) reports, "Monster Worldwide Inc. suspended its general counsel and Broadcom Corp.'s finance chief retired ahead of schedule, as the fallout from the options-manipulation scandal continued to spread." The Journal continues, 'Both Monster and Broadcom have disclosed problems with their stock-options accounting. Earlier this month, Broadcom, a chip maker based in Irvine, Calif., doubled its estimate of the hit to its books, suggesting it will make a restatement to increase its past expenses by more than $1.5 billion. That would be the largest restatement so far in the present crop of options cases." The Journal adds, "Monster, for its part, has said it may restate a number of years' financial results. Yesterday, the New York company, which is the parent of job-search site Monster.com, said such a restatement was 'very likely.' … In a short statement, Monster said longtime general counsel Myron Olesnyckyj was suspended 'effective immediately,' though it didn't say precisely why. Broadcom said William J. Ruehle, who had served as chief financial officer since 1997, 'decided to accelerate his retirement as a result of' its internal options review."

Bloomberg (9/20, Brennan) reports, "The (Broadcom) departure follows Broadcom's announcement on Sept. 8 that costs related to the irregularities doubled, the most for any company in the widening scandal over stock options. At least 130 companies are conducting internal reviews of their stock-option grants or face federal investigations into whether they manipulated grant dates to enrich executives. … A board committee is still reviewing the options and hasn't reached any conclusions, Broadcom said. The company, whose chips are used in a variety of consumer electronics products including networking equipment and wireless headsets, first said it would restate results on July 14, estimating option-related costs of $750 million at the time."

The Los Angeles Times (9/20, Granelli, Chmielewski) reports, "As companies complete their reviews, they want to say that no current executives or directors were involved in questionable transactions, said Michael D. Cohen, research director at Pacific American Securities in San Diego. 'Part of the reason for the damage control is not only to give shareholders confidence but also to deflect further scrutiny from regulators.'" The Times adds, "Tech companies are under scrutiny for manipulating the timing of option awards to maximize the potential upside. For instance, companies could grant options on days when the stock is depressed by bad news. In some cases, companies engaged in so-called backdating, or changing the date of an option grant retroactively to match dips in the share price. … In many cases, experts believe, nothing illegal was done, but the Justice Department is examining more than 45 companies. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud."

SEC Accountant Issues Options Guidelines. The Wall Street Journal (9/20, Reilly) reports, "The Securities and Exchange Commission's chief accountant issued guidance on how companies should account for employee stock options in light of regulators' probes into 'backdating' of this type of compensation. … But chief accountant Conrad Hewitt made clear that in considering problems related to options accounting the commission would distinguish between honest mistakes, such as paperwork errors, and those that showed a company was trying to game accounting rules. Mr. Hewitt's tone echoed previous comments made by SEC Chairman Christopher Cox that indicated the commission would look closely at a company's intent when investigating possible backdating practices." The Journal continues, "Mr. Hewitt's letter laid out examples where questions have arisen over whether a company should have taken an expense for options under the old accounting rules. In cases where companies picked an exercise price over a 30-day period, for example, they generally should have recorded an expense for the options, the letter said. However, so-called springloading of options, where companies grant options ahead of good news, doesn't result in an accounting issue, the letter said."

Cox Defends Sarbanes-Oxley. SEC Chairman Chris Cox yesterday issued a defense of the Sarbanes-Oxley law saying that many of its elements had been adopted by other regulators overseas. The Financial Times (9/20, Grant) reports that Cox's comments "came at a hearing where US

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lawmakers will grill the heads of the two regulatory agencies responsible for overseeing implementation of the controversial Sarbanes-Oxley auditing and compliance law. … Mr Cox said, 'As we consider the effect of Sarbanes-Oxley on US competitiveness, it is important to keep in mind how broadly many of its tenets have been taken up over seas.'"

CRIMINAL LAW:

Gonzales Urges Internet Data Retention To Combat Child Pornography. CNET News (9/20, McCullagh, Broache) reports, "Attorney General Alberto Gonzales on Tuesday stepped up his efforts to lobby for federal laws requiring Internet providers to keep track of what their customers do online." CNET continues, "Gonzales asked senators to adopt 'data retention' legislation that would likely force Internet providers to keep customer logs for at least a year or two. Those logs, often routinely discarded after a few months, are intended to be used by police investigating crimes. … 'This is a national problem that requires federal legislation,' Gonzales said during a Senate Banking Committee hearing. 'We need to figure out a way to have ISPs retain data for a sufficient period of time that would allow us to go back and retrieve it.'" CNET notes, "As the November election approaches, politicians have been devoting an unprecedented amount of attention to the topic of children, pornography and the Internet: At least three committees are holding hearings on the subject this week alone. … It's unclear what the prospects are for mandatory data retention in Congress this year, or whether politicians will delay action until 2007. One senior House Republican drafted a bill but then backed away from it, and a Democratic proposal has not been voted on. … But with the Bush administration firmly behind the concept, and with state and local law enforcement lending a hand in the lobbying efforts and saying such mandates would help protect children, industry groups and privacy advocates may be hard-pressed to head off new regulations."

The AP (9/20, Yen) reports that Gonzales "called the government's lack of access to customer data the biggest obstacle to deterring child porn. … 'We have to find a way for Internet service providers to retain information for a period of time so we can go back with a legal process to get them,' he said." The AP adds, "Gonzales and FBI Director Robert Mueller have met with several Internet service providers, including Time Warner Inc.'s AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc. .. . The law enforcement officials have indicated to the companies they must retain customer records, possibly for two years. The companies have discussed strengthening their retention periods — which currently run the gamut from a few days to about a year — to help avoid legislation." The AP notes, "At Tuesday's hearing, Gonzales said he agreed with the sentiment of 49 state attorneys general who in a June letter to Congress expressed support for a federal law that would require longer retention of customer records. … 'We respect civil liberties but we have to harmonize this so we can get more information,' he said." USA Today (9/20, 5A, 2.27M) reports Gonzales and Mueller "want providers to retain customer records for up to two years. … Gonzales testified to a Senate panel that law enforcement's needs trump concerns that legislation might be overly intrusive and encroach on customers' privacy rights." Gonzales said, "This is a problem that requires federal legislation. We need information. I nformation helps us make cases. … We respect civil liberties, but we have to harmonize this so we can get more information."

ABC News (9/20, Ryan) reports, "Attorney General Alberto Gonzales and Ernie Allen, the head of the National Center for Missing and Exploited Children (NCMEC), said today that they hoped to eliminate child pornography from commercial Web sites entirely by 2008. … Their plan: Close down the financial networks that peddle images showing children and even infants being sexually abused." ABC continues, "Appearing before the Senate Banking Committee, Gonzales said, 'These are shocking images that cry out for the strongest law enforcement response possible. … This is an important fight for the future of our country.'" ABC adds, "Since the late 1990s, the scourge of child pornography has spread internationally as pedophiles have found individuals with the same thinking around the world in just a few keystrokes on the Internet. … Online child porn is now a billion-dollar-a-year underground industry, and one of the fastest-growing businesses on the Internet. … 'While the Internet is undoubtedly one of the greatest inventions of our generations, it has also greatly facilitated the exploitation of children,' Gonzales said."

FNC's Big Story (9/19, 5:26 p.m.) reported, "Well, child pornography is the issue as attorney general Alberto Gonzalez testifies on Capitol Hill. He has been telling senators that Congress should require internet service providers to preserve customer records. Gonzalez says prosecutors need

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them to fight on line child predators. He acknowledged concerns over privacy rights but said the growing threat posed to children on the internet is just too great."

Local Television. Attorney general Alberto Gonzales's testimony on Capitol Hill on child pornography received moderate coverage by local television newscasts; scores of stories on it were run by scores of local stations. In general, the problem was characterized as rapidly growing and a serious problem the government is dealing with. Some examples: WFMZ-TV Philadelphia, (9/19, 5:09 p.m.) reported, "Senators are getting a lesson on how the Justice Department is targeting child pornographers and their finances. Attorney general Alberto Gonzales testified today before a Senate committee about his 'project safe childhood.' It's a program that tracks pornographers' financial records and the internet traces they leave behind."

KXAS-TV Dallas, (9/19, 4:34 p.m.) reported, "U.S. attorney general Alberto Gonzales today Congress that child pornography is exploding on the internet, but he says law enforcement at all levels is working to smash this multi-billion dollar global industry within two years."

WVIT-TV Hartford, (9/19, 5:42 p.m.) reported, "U-S attorney general Alberto Gonzales today told Congress that child pornography is exploding on the internet. Even so, the Attorney General said law enforcement at every level is working to disrupt the business."

KGO-TV San Francisco, (9/19, 11:12 a.m.) reported, "Today U.S. attorney general Alberto Gonzales testified about the need for measures to fight child pornography over the internet. … He did acknowledge customers civil liberties but the online threat is too great."

WDJT-TV Milwaukee, (9/19, 10:22 p.m.) reported, "Attorney general Alberto Gonzales says federal legislation is needed in order to do that. He says state and federal prosecutors say they can't get to some of the violators with the current laws. Gonzales also told some skeptical senators that any changes must respect civil liberties and privacy rights."

ID Theft Task Force Issues Recommendations. The AP (9/20, Yen) reports, "Federal agencies should restrict their use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday." The AP continues, "The Identity Theft Task Force, which was created in May, also urges greater penalties against identity thieves and creation of a 'universal police report' to help police and victims track complaints. … 'When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals,' Attorney General Alberto Gonzales said at a briefing announcing the proposals. … The recommendations, Gonzales said, are a first step to creating practical solutions." The AP adds, "Under the plan, the task force urges the government to review the uses of Social Security numbers as employee identification and determine ways in which it can conceal or eliminate their use in agency systems and paper and electronic forms. … It calls on Congress to amend criminal laws so that identity-theft victims can recover for their hours lost disputing fraudulent accounts with creditors or correcting credit reports." USA Today (9/20, 5A, 2.27M) notes, "The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported such incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered."

InformationWeek (9/20, Claburn) reports, "Victims of identity theft should be allowed to seek restitution from defendants for time spent undoing damage from the offense, according to interim recommendations issued Tuesday by a federal task force on ID theft. … 'As with any crime, victims of identity theft suffer feelings of violation and stress, but in these cases, victims have the added burden of cleaning up the mess that the identity thieves leave behind,' said Attorney General Alberto Gonzales in a statement. 'The President created the Identity Theft Task Force to oversee the implementation of real and practical solutions at the federal level to defeat this ongoing intrusion into the lives of law-abiding Americans. Today's recommendations move that process forward.'" IW adds, 'The Task Force issued seven recommendations These include 1) directing the Office of Management and Budget to issue guidance to federal agencies on how to handle data breaches; 2) strengthening data security in the government; 3) accelerating and broadening the review of where social security numbers are used by agencies; 4) establishing a new 'routine use' by which agencies would be allowed to share information otherwise restricted by the Privacy Act to facilitate responding to a data breach; 5) holding workshops for academics and businesses to develop better methods to authenticate identities; 6) amending criminal statutes to allow identity theft victims to seek restitution from defendants for time spent

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undoing damage from the offense; and 7) developing a universal police report to make it easier to report identity theft and enter it into existing systems."

InfoWorld (9/20, Gross) reports, "The President's Identity Theft Task Force, which met Tuesday, also recommended that U.S. agencies examine whether their use of Social Security numbers is necessary and called on an interagency working group on ID theft to develop best practices for data security in government. … The U.S. government needs to lead by example in protecting consumers from ID theft, Deborah Platt Majoras, chairwoman of the U.S. Federal Trade Commission (FTC), said. … 'Identity theft truly is a direct assault on our citizens and attacks the very foundation of the information economy,' Majoras said in a joint press conference with U.S. Attorney General Alberto Gonzales." InfoWorld adds, "About 4 percent of U.S. residents are ID theft victims every year, Gonzales said. Bush established the task force because of 'the prevalence of this crime, combined with the lingering burdens and effects on victims,' Gonzales said."

AP Analysis Of FBI Data Ranks NYC Safest Large US City. In a widely-distributed story, the AP (9/20) reports, "New York was the safest of the nation's 10 largest cities in 2005, with about one crime reported for every 37 residents, according to an Associated Press analysis of FBI statistics. … The large city with the highest crime rate was Dallas." Los Angeles "ranked third safest," and "San Jose took the No. 2 spot, while San Diego ranked fourth. … The AP's calculation ranked cities by the total number of crimes reported per resident and did not distinguish between violent crimes and property crimes. The FBI said in its report that it makes a point not to rank cities, saying 'they provide no insight into the many variables that mold the crime in a particular town, city, county, state, or region.'"

San Jose Disputes NYC Claim Of Safest Big City. Bay City News Wires (9/20) reports, "New York City is proclaiming itself the 'Safest Big City in America'' based on new FBI statistics released this week but a spokesman for San Jose Mayor Ron Gonzales today disputed the Big Apple's claim." Gonzales spokesman David Vossbrink "said San Jose's claim might still be accurate. 'We've always based our claim on (an independent) analysis of the FBI stats that comes out each year around Thanksgiving,' Vossbrink said. New York City's analysis of the FBI's 2005 Crime in the United States annual report does not take into account how some crimes, especially violent crimes, may have more impact on a community's feeling of safety than other crimes." BCN notes, "The FBI does not rank cities by crime rate in its annual report."

Philadelphia Violent Crime Rate Worst Among Large Cities. The Philadelphia Inquirer (9/20, Boyer, Mucha, 399K) reports, "When it comes to violent crime among America's largest cities, Philadelphia is the worst, the FBI reported this week. However, when overall crime, which includes nonviolent offenses such as burglary and theft, is considered, the city drops to No. 5, while Dallas tops the list." The Inquirer adds, "At least one local crime expert and several law enforcement officials -- reviewing national numbers yesterday -- said violence in Philadelphia is not as bad as it appears based on the FBI numbers, which they say can be deceiving." Penn criminologist Lawrence Sherman said that "if Philadelphia, with a population of 1.47 million, is compared with cities closer to 100,000 in population, not just those with about one million or more, the city is nearer to the middle of the list in violent crime."

Burns Aide Says Senator Is Not Target Of Abramoff Probe. The Billings (MT) Gazette (9/20, McKee) reports, "Erik Iverson, manager for Republican Sen. Conrad Burns' tough re-election campaign, said late Tuesday the senator is not the target of a federal corruption investigation centered on disgraced lobbyist Jack Abramoff." The Gazette continues, "Iverson said Burns' personal criminal defense attorney, Ralph Caccia, spoke with Justice Department employees Tuesday afternoon. The employees said Burns is not the target of the investigation. … Iverson was responding to statements made by Montana Democratic Party Executive Director Jim Farrell to television reporters regarding Burns' involvement in the scandal. 'The comments made yesterday by Jim Farrell are patently false and without merit,' Iverson said." The Gazette adds, 'Iverson said Caccia himself would not speak to reporters. He also said he didn't know if any former Burns staff members may be part of the investigation. Farrell said the campaign should make Caccia available for questions. He also released a long list of news articles that have reported that Burns is part of the investigation. … 'We need to hear directly from Senator Burns' criminal defense attorney himself, who must positively confirm to the media and to the people of Montana that he spoke with representatives of the U.S. Department Justice on this matter,' Farrell said. … The Justice Department has steadfastly refused to comment on the ongoing investigation.

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… Several national publications, most recently Time magazine last week, have reported that Burns is among of handful of lawmakers under scrutiny for their dealings with Abramoff."

Washington State Mayor Indicted On Bribery Charges. The Spokane Spokesman-Review (9/20, Morlin) reports, "The former mayor of Airway Heights and the former operator of Spokane Raceway Park both are named in a federal grand jury indictment accusing them of multiple counts of public corruption. The charges against Dale R. Perry stem from his financial involvement with Orville Moe, the embattled former operator of Spokane Raceway Park." The Spokesman-Review notes, "The investigation by agents of the FBI and the Washington State Gambling Commission culminated with the four-count indictment returned Tuesday," which alleges "Perry 'corruptly solicited' money from Moe after earlier similar unsuccessful attempts to secretly get money from Paul Sandifur, the president of Metropolitan Mortgage and Summit Properties, and Northern Quest Casino officials Tom Lien and Marianne Guenther."

The AP (9/20) reports, "The indictment alleges Moe…loaned Perry $18,000 in October 2002 and another $109,000 in October 2004. The government alleges the loans were actually bribes in return for Perry's refraining from voting on an admissions tax on Spokane Raceway Park, an auto racing complex, and his later vote to repeal the tax enacted in November 2003, Rice said." The AP notes, "Agents with the FBI and the state Gambling Commission raided Perry's home and office in April 2005."

Prison Psychologist Says Rodriguez Was Frightened About Release. The AP (9/20, Kolpack) reports from Fargo, ND, "A Minnesota prison psychologist says Alfonso Rodriguez Jr. asked to see her in January 2003, while he was serving time for assaults on women, and told her he was frightened about being released." The AP continues, "Rita St. George, a psychologist at the medium security prison in Moose Lake, Minn., also testified Monday that she was worried Rodriguez might commit more crimes after his release. A follow-up interview with him in February eased some of those fears, she said, but she wished she had raised more questions with her superiors about Rodriguez's release." The AP adds, 'In January 2003, she said, Rodriguez told her he was 'very frightened.' A month later, she said, he was doing better and 'he had no thoughts of hurting himself or others.'" The AP notes, "St. George was among the last witnesses to be called by attorneys for Rodriguez, 53, of Crookston, Minn., as his trial enters its final stage. Jurors may begin deliberating later this week over whether he should be sentenced to death or life in prison for the killing of University of North Dakota student Dru Sjodin. … The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez to be sentenced to death. He was convicted late last month of kidnapping resulting in Sjodin's death."

Mobster Probed For Plotting To Kill Judge. The New York Times (9/20, Rashbaum) reports, "Vincent Basciano, a fastidious and mercurial mob figure who could face the death penalty at his federal trial on charges that include conspiring to kill a prosecutor, is now under investigation for plotting to kill the judge who is to preside over his case, according to court papers made public yesterday." The Times continues, "The investigation, by the F.B.I. and federal prosecutors in Brooklyn and Manhattan, centers on a list that Mr. Basciano wrote in jail that names the judge, Nicholas G. Garaufis, of United States District Court in Brooklyn and four other people who prosecutors say he sought to have killed, the court papers and several people with knowledge of the inquiry said." The Times adds, "Besides Judge Garaufis, the people named on the list include three Mafia turncoats who testified against Mr. Basciano at another trial this year and the prosecutor he is accused of plotting to kill, according to an Aug. 28 letter that prosecutors wrote to defense lawyers. The letter was initially sealed, but was publicly filed yesterday after a reporter made inquiries about the case. … While an F.B.I. handwriting analysis concluded that Mr. Basciano wrote the list, and he has acknowledged doing so, he denies that he was plotting to kill anyone on the list, according to those with knowledge of the inquiry. .. . Instead, he maintains that he compiled the names as part of a plan to use Santeria, a religion in the Caribbean region, to lift the evil spells that he contends were placed on him by the judge, the turncoats and the prosecutor — far from a conventional tactic by traditional Mafia standards, the people said."

The New York Daily News (9/20, Marzulli, 729K) reports that Basciano gave the list "to another inmate at the Metropolitan Correctional Center in lower Manhattan, according to a letter unsealed by prosecutors yesterday. … The unidentified inmate turned the list over to the government

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in August, which responded by throwing Basciano into solitary confinement with no visitors. 'Forensic analysis by the FBI laboratory has confirmed that the handwriting on the note is a positive match to Basciano,' prosecutor Winston Chan said." The Daily News adds, "Adding to Basciano's woes, the feds made public a letter the married gangster wrote to a girlfriend from jail, which was used to confirm his handwriting." The New York Post (9/20, Haberman, 608K) notes, "Atop the list was Assistant U.S. Attorney Greg Andres. It's the second time Basciano has conspired to kill him, the feds said. … The mob big hates Andres, who has decimated the crime family through numerous convictions, the feds said. … Two of three rats Basciano put on his hit list testified at the trial: one-time protégé Dominick Cicale and lawyer Thomas Lee, who was busted passing jailhouse notes between Basciano and Bonanno ex-godfather Joe Massino."

Rare Map Dealer Seeks Three-Year Sentence For Thefts. The AP (9/20) reports, "A renowned dealer who admitted stealing nearly 100 rare antique maps asked for leniency yesterday, saying his extensive cooperation with authorities led to the recovery of most of the maps." E. Forbes Smiley III "faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. He asked for a sentence of up to three years. … 'It is our view that he has cooperated honestly, openly and thoroughly,' Smiley's attorney, Richard Reeve, wrote." The AP notes, "The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries." The New York Times (9/20, Cowan, 1.21M) adds "Reeve argued that the 'consequences of the case could be highly beneficial' to the institutions if 'the hard lessons' it taught led them to enhance security and update their inventories."

Pellicano-Related Perjury Trial Gets Underway. The Los Angeles Times (9/20, Krikorian, 918K) reports, "A federal prosecutor charged Tuesday that a former SBC employee repeatedly lied to a grand jury about her conversations with a co-worker indicted in the racketeering and wiretapping probe of onetime private eye Anthony Pellicano. Assistant U.S. Atty. Kevin Lally told a Los Angeles federal jury that Joann Wiggan 'brazenly committed perjury by telling lie after lie' about her contact with Ray Turner, another onetime SBC employee accused of aiding Pellicano's alleged criminal enterprise." The Times notes, "The alleged contact between Wiggan and Turner is considered significant to authorities because two other former SBC employees have admitted that they improperly provided confidential information about SBC customers to Turner. Wiggan's trial is expected to last a week and is the first resulting from the investigation of Pellicano and others by the FBI and U.S. attorney's office."

Poll Company Employee Pleads Guilty To Making Up Results. The AP (9/20) reports, "An employee of a company that conducted campaign polls for President Bush, Sen. Joe Lieberman and other political candidates pleaded guilty Tuesday to making up poll results, according to the U.S. Attorney's office" in New Haven, Conn. Darryl Hylton "admitted that he conspired to falsify survey and polling results to meet deadlines or other requirements that DataUSA otherwise could not meet. He also admitted that he directed other DataUSA employees to falsify results in a variety of ways, including changing demographic information, such as gender, to satisfy client requirements. … His plea comes two weeks after Tracy Costin, the company's owner, pleaded guilty to the same charge." The AP notes FBI Special Agent Jeff Rovelli's 2004 affidavit "in support of a search warrant quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified."

BetOnSports Seeks Negotiated Settlement Of US Charges. The AP (9/20) reports, "Online gambling firm BetOnSports has asked to negotiate a settlement of civil and criminal charges for racketeering and fraud against the company, lawyers on both sides said in court Tuesday. … Assistant U.S. Attorney Michael Fagan said he thought the case could be resolved, according to STLtoday.com, the Web site for the St. Louis Post-Dispatch." The AP adds, "Also on Tuesday, prosecutors won a temporary restraining order that barred the company from accepting bets from U.S. customers . The order also seeks to force the company to give up $4.5 billion and other property and hand over business records, the Post-Dispatch reported."

Super Micro Pleads Guilty To Export Violation. The Wall Street Journal (9/20) reports, "Super Micro Computer Inc. pleaded guilty to a felony charge of exporting computer components to Iran in 2001 and 2002 in

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violation of a national security ban, the U.S. Attorney for the Northern District of California said." The Journal continues, "Super Micro, a San Jose, Calif., producer of servers, motherboards, and power supplies, agreed to pay a $150,000 fine. … Super Micro pleaded guilty to selling 300 motherboards to a company in Dubai knowing the items were to be shipped to Iran, the Justice Department said. At the time, it was illegal to export the motherboards to Iran without a license, prosecutors said. The products are no longer subject to such restrictions, the Justice Department said." The Journal adds, "In a plea agreement, the government noted Super Micro became aware of the investigation in February 2004 and took remedial action that involved setting up an export-control program that year. … Because of the program, prosecutors agreed it wasn't necessary to put Super Micro on probation as part of the settlement. The government said it has been monitoring the company's exports and hasn't found any further violations."

DOJ Raises Doubts About Supervisory Capability Of Hinckley Parents. The Washington Times (9/20, Mcelhatton) reports, "Reports from St. Elizabeths Hospital are raising questions about whether the parents of would-be presidential assassin John W. Hinckley Jr. can continue to supervise him on overnight trips, according to the Justice Department. .. . 'It is now clear that the physical condition of Mr. Hinckley's parents has deteriorated considerably,' prosecutors wrote in a memo filed Monday in federal court in the District." The Times continues, "Hinckley, 51, who shot President Reagan in 1981 and was found not guilty by reason of insanity in 1982, last year won the right to leave St. Elizabeths Hospital in Southeast for seven overnight visits with his parents in Williamsburg. A judge extended the order last month pending a hearing in November. … Hinckley's attorneys last week sought to postpone the Nov. 6 hearing. They said officials need more time to gather information. … The Justice Department on Monday objected to a delay." The Times adds, "In the memo, Assistant U.S. Attorneys Thomas Zeno and Sarah Chasson said Hinckley's trips were conditioned on supervision by his parents. However, the parents' 'physical ability to supervise Mr. Hinckley is questionable,' the memo states. … 'The reports also reveal persistent tension within the Hinckley family stemming from this deterioration,' the memo states."

Virginia Man Sentenced For Death Of Pentagon Officer. The Washington Post (9/20, Markon) reports, "The wife of James Feltis, the first Pentagon police officer killed in the line of duty in the agency's 62-year history, lashed out in court yesterday at the man who ran her husband over with a car that he said he stole because he 'just needed a car.' … 'How infuriating to hear such statements, to willfully take James's life,' Mary E. Feltis told the judge. 'To injure him because James was in his way, because he needed a car, to injure or kill another person for reasons so unthinkable.'" The Post continues, "U.S. District Court Judge Leonie M. Brinkema sentenced Ossie K. LaRode, 23, who is homeless, to 31 years and 10 months in prison. In January 2005, LaRode, who was leading Alexandria police on a six-mile-long chase in a stolen Cadillac, hit Feltis, 41, outside a Pentagon traffic booth. … Brinkema rejected the defense's efforts to send LaRode, who pleaded guilty in July, to a prison hospital after two experts testified that he is mentally ill. Brinkema said that 'there is no question that mental illness played a role in what happened' and LaRode can be treated in prison and ask to be transferred to a hospital if his mental state deteriorates. .. 'This case is, in one word, a tragedy, a tragedy for everybody,' Brinkema said before sentencing LaRode. 'Justice and retribution are appropriate at certain times, and that certainly is appropriate here. It was just by luck that there were not more serious injuries or deaths.'"

Former Connecticut Attorney Sentences For Embezzlement. The Connecticut Law Tribune (9/20, Siegel) reports, "Former Greenwich, Conn., attorney Roland R. Hicks was sentenced last week to 37 months in prison for embezzling over $1.2 million from clients and defrauding investors in a dot.com business called 'LawWeb.'" The Tribune continues, "The sentence imposed by U.S. District Court Judge Ellen Bree Burns on a single count of mail fraud was the top of the range of imprisonment stipulated by the parties when Hicks pled guilty on June 21." The Tribune adds, "Hicks, 49, was a practicing attorney in Greenwich in 2000 when he incorporated LawWeb Inc., a startup Internet business that was to offer online private placement variable life insurance, according to documents filed in the case. Hicks convinced 'seemingly sophisticated' people to invest in his company, and misrepresented the business' assets in purported balance sheets he sent to the investors, Assistant U.S. Attorney Paul A. Murphy wrote in court papers. Eventually, Hicks sent investors a shareholder buyout agreement that

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included checks with the amount of their investment plus a premium. Those 'buyout' checks were worthless, and Hicks admitted in his plea bargain that he used the investors' money for his own personal use." The Tribune notes, "Holding himself out as an attorney with expertise in trust and estate law, Hicks took over $2.2 million from one client who instructed Hicks to fund an annuity for his wife as part of a property settlement in a pending divorce, court papers revealed. Hicks admitted that he converted at least $1 million of the client's money for his own personal use. Some of the money he used as a down payment on a house, according to Murphy. … 'It is our hope that this prosecution will serve as a deterrent to any professional or other individual who solicits investment capital and abuses his or her position of authority and defrauds innocent clients and investors,' U.S. Attorney Kevin J. O'Connor stated. 'We will prosecute these crimes vigorously and seek restitution for victims.'"

Capitol Gunmen Ordered To Undergo Drug Treatment. The Washington Post (9/20, B3, Weiss, Sheridan, 748K) reports US Magistrate Judge John Facciola has ordered that Carlos Greene, the armed man who burst into the Capitol building on Monday be held in jail "for the next 10 days and to undergo medical or psychiatric treatment after testing positive for drug use." Greene "is accused of barreling a sport-utility vehicle through a construction entrance at the Capitol about 7:45 a.m. Monday, smashing into a concrete barrier and sprinting into the building. Police chased him to the basement and arrested him after a struggle. Authorities then discovered that Greene had a loaded gun in his waistband. No one was hurt during the incident." The Post adds, "Prosecutors offered no motive in court."

WPost Calls For "Rigorous Review" Of Capitol Security Breach. The Washington Post (9/20, A24, 748K) editorializes, "The breach of Capitol security Monday by a man apparently high on drugs, who drove past security and onto the Capitol grounds, may well have been a fluke, but it demands a rigorous review by police and congressional authorities. … Among the questions that need to be answered is why the public wasn't told about the breach in a timely fashion. It took some nine hours before any information was released; that lapse, like gun-toting inside government offices, doesn't make anyone feel safer."

DOJ Grant Will Help Alabama Police With Technology Upgrades. The Talladega (AL) Daily Home (9/20, Norwood) reports, "U.S. Sen. Richard Shelby (R-Ala.), chairman of the Senate Appropriations Subcommittee on Commerce, Justice and Science, issued a press release Tuesday announcing the Department of Justice will release $247,000 to the Police Department for technology upgrades." The Daily Home continues, "Shelby was instrumental in securing this funding during the fiscal year 2006 appropriations process, according to the release. … 'Local law enforcement officers work on the front lines every day to ensure the safety of our communities and our citizens,' Shelby said. 'It is crucial that they have the most up-to-date equipment available. With these technology upgrades, the Talladega Police Department will be able to better maintain public safety in Talladega.'" The Daily Home adds, "The release goes on to say: 'The funding provided will be used for the purchase of in-car camera systems, mobile data terminals, vehicles and other equipment upgrades. In addition, a storage server will be purchased to allow the department to keep data in chronological order for playback during court, complaints and investigations.' .. . According to Police Chief Alan Watson, one of the major purchases will be 11 or 12 laptop computers, which will be mounted in patrol cars. The mounting will automatically charge the laptop's battery, which will allow the officer to take it out of the car and use it to take statements from crime victims and record other information."

Louisiana Woman Pleads Guilty To Katrina Fraud. The Baton Rouge Advocate (9/20) reports, "One Louisiana resident pleaded guilty and three others were sentenced in federal court Friday on fraud charges related to hurricane disaster relief programs." The Advocate continues, "According to the U.S. Attorney's Office, Kim Cummings, 38, of Baton Rouge pleaded guilty to one count of making a false and fraudulent claim for Hurricane Katrina relief. … Whitney R. Paul, 19, of Donaldsonville and Vinita S. Lane, 28, and Jenny L. Lowery, 22, both of Baton Rouge, were sentenced." The Advocate adds, "After Hurricane Katrina, the Federal Emergency Management Agency made available $2,000 in expedited disaster assistance for food, shelter and clothing to people affected by the hurricane. … Cummings was indicted on two counts of making a false and fraudulent claim for assistance. She could be sentenced to a maximum of five years in prison, a $250,000 fine or both. .. . As part of her plea agreement, the U.S. Attorney's Office will dismiss the second count when she is sentenced. … According to the U.S.

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Attorney's Office, 74 people have been charged in the Middle District of Louisiana with violations related to hurricane disaster relief funds." The Advocate notes, "In September 2005, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute such disaster-related crimes as charity fraud, identity theft, procurement fraud and insurance fraud. … The Task Force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for United States Attorneys and others."

Former WV Lawmaker, School Official Indicted On Fraud Charges. The AP (9/20) reports, "Former (West Virginia) House Education Chairman Jerry Mezzatesta and former Hampshire County (WV) schools Superintendent David Friend were indicted Tuesday on federal charges of defrauding the school board and misappropriating public funds." The AP continues, "A federal grand jury in Martinsburg charged the ailing Mezzatesta, 59, of Romney, and Friend, 59, of Morgantown, with conspiring to misapply public funds between January 2004 and June 2005, Acting U.S. Attorney Rita Valdrini said. … 'I truly feel really bad that he's been indicted over this,' said Mezzatesta's attorney, Deirdre Purdy. 'e's lost his place in the Legislature, and with the cancer, he has suffered enough. I don't know why they keep hounding him.' … Friend's attorney, Wes Metheney of Morgantown, defended his client from what he called 'a Mezzatesta witch hunt' and called the indictments 'a shame.'" The AP adds, "The charges center on a $75,000 grant that Mezzatesta, a nine-term lawmaker, sought in March 2003 for the Special Services Workshop in Romney. Mezzatesta had agreed not to use his legislative office to seek money for the Hampshire County school system where he was employed as an administrator. … In 2004, Friend asked state officials for permission to spend the money instead on Red Cross and emergency services training facilities in Romney and Springfield. … State officials who approved the change said the list included equipment, infrastructure for the Future Farmers of America at the Hampshire County fairgrounds and supported employment opportunities for the Special Services Workshop. … The list did not include $5,000 distributed by the county to the Capon Bridge Library and $5,000 each to six volunteer fire departments in Augusta, Capon Bridge, Capon Springs, Levels, North River and Slanesville. … In April 2005, the state Board of Education ordered the county board to return $35,000 of the grant money. That same month, the Hampshire County board fired Mezzatesta from his $60,000 administrative job."

Former DHS Press Aide Pleads No Contest In Child Enticement Case. The AP (9/20, Davis) reports from Bartow, FL, "A former Department of Homeland Security press aide pleaded no contest Tuesday to charges that he had sexually explicit online conversations with someone he thought was a 14-year-old girl." The AP continues, "Brian J. Doyle, 55, could face up to five years in prison under the plea agreement accepted Tuesday. He also faces up to 10 years' probation at sentencing scheduled for Nov. 17, and must register as a sex offender. He resigned from the department shortly after his April 4 arrest. … 'I just want to say one thing. I am very, very sorry. Very sorry,' Doyle told reporters outside the Polk County courthouse." The AP adds, "Doyle, of Silver Spring, Md., could have been sentenced to life in prison for 23 felony charges, including 16 counts of sending pornographic movie clips to a minor. … Prosecutors said Doyle wrote 'very graphic' descriptions of sexual acts in online chats with a 14-year-old named 'Ashlynne,' who was actually an undercover Polk County sheriff's detective. Doyle was arrested after detectives said he tried to set up a meeting in Florida with the girl on a date when she wouldn't be menstruating. … According to court records, Doyle bragged about his government connections, provided his government-issued phone numbers, showed off his department ID and may have used his official computer in the communications with the detective posing as the girl."

CIVIL LAW:

Judge Allows Idaho Man's False Arrest Suit Against US To Proceed. The AP (9/20, Boone) reports from Boise, ID, "A federal judge has said a lawsuit brought by a former University of Idaho football player against U.S. Attorney General Alberto Gonzales, the Department of Homeland Security and others can move forward. … U.S. District Judge Edward Lodge made the ruling in a written order Monday." The AP continues, "Abdullah al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen. … A jury acquitted Al-Hussayen of using his computer skills to foster

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terrorism and of three immigration violations in an eight-week federal trial. It deadlocked on eight other immigration charges, and Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia." The AP adds, 'Al-Kidd was never actually called to testify in the case. But three weeks after Al-Hussayen was arrested, al-Kidd was arrested at Dulles International Airport in Washington, D.C. as a material witness in the Al-Hussayen case. Al-Kidd had planned to board a flight to Saudi Arabia to begin studying Islam on a four-year scholarship. But federal prosecutors maintained that al-Kidd had testimony that was crucial to their case against Al-Hussayen, and said they feared if al-Kidd was allowed to leave the country he would not return for the trial. … Al-Kidd spent two weeks in jail before he was granted a detention hearing in Idaho, at which the judge agreed to release him into the custody of his wife. But al-Kidd was prohibited from traveling anywhere but Idaho, Washington, Nevada and California, and his public defenders said the restrictions and the detention not only cost al-Kidd his scholarship in Saudi Arabia but employment opportunities as well. … Al-Kidd sued, alleging that he was falsely imprisoned, and that the government was guilty of abuse of process. He contended that the arrest warrant was invalid because in order to get the arrest warrant, the FBI gave wrong information about al-Kidd to a U.S. magistrate."

Judge Upholds Law Requiring Proof Of Citizenship For Medicaid. The AP (9/20, Freking) reports a Federal judge "has dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits." Congress "passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, which is the state-federal health insurance program for the poor. More than 50 million people get health care through the program." Several beneficiaries "contended in a lawsuit that the new documentation requirements would endanger their health care benefits. However, that contention was nothing more than conjecture, said U.S. District Judge Ronald A. Guzman of the Northern District of Illinois."

New Bankruptcy Law's Glitch May Hinder Creditors' Damages. The New York Law Journal (9/20, Caher) reports, "A Northern District of New York bankruptcy judge has refused to bail out Congress for an apparent drafting glitch in the new bankruptcy law that frequently results in creditors getting less under the 'reform' measure than they got under the old version -- even though the clear intent of lawmakers and the president was to aid creditors." The Journal continues, "Chief Bankruptcy Judge Stephen D. Gerling in In re Rotunda, 06-60054, broke with the majority of his colleagues who have considered the same issue and said that if Congress is determined to replace judicial discretion with formulaic mandates, it can deal with the seemingly absurd results. … 'To allow a debtor with income above the state median to provide for zero payments to unsecured creditors in a chapter 13 plan ... when ... there remains sufficient funds to pay even a minimal dividend to them is contrary to the approach taken by this Court for over 20 years in considering chapter 13 plans,' wrote Gerling of Utica. 'Yet ... it is not for the Court to second guess Congress despite the fact that the statute, as written, may result in a confirmed plan that is contrary to the view expressed by President Bush.'" The Journal adds, "Gerling's decision is rooted in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. … The bill, which took effect last October, was drafted largely by credit industry lobbyists and was designed to prevent debtors from taking what the creditors viewed as unfair advantage of the bankruptcy law."

Senators Ask Gonzales To Clarify Bankruptcy Law. The New York Law Journal (9/20, Caher) reports that "on Friday three prominent U.S. senators who had strongly backed bankruptcy reform issued a letter criticizing a recent decision of the other Northern District bankruptcy judge, Robert E. Littlefield Jr. of Albany, N.Y. Like Gerling, Littlefield stuck with what Congress wrote in the statute even though those words may have produced an unintended result." The Journal adds, "In In re Diagostino, 06-10384, Littlefield found that the new rules do not permit debtors to include religious tithes as a necessary expense, a major departure from prior practice. Consequently, the court found, money that previously would have been safeguarded for churches and other charities is now fair game for credit card companies. That ruling did not please religious conservatives who had spearheaded bankruptcy reform." The Journal notes, "On Friday, Sens. Orrin G. Hatch, R-Utah, Charles E. Grassley, R-Iowa, and Jeff Sessions, R-Ala., wrote to Attorney General Alberto Gonzales, complaining that Diagostino 'was wrongly decided and runs counter to Congressional intent.' They urged Gonzales to direct Chapter 13 trustees that they are not to go after legitimate tithes.

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At least one station covered four senators' letter to the Attorney General asking for a clarification of a New York court's bankruptcy ruling. KTVX-TV Salt Lake City, (5:37 p.m.) reported, "A New York bankruptcy court demands those who have declared bankruptcy to pay back debt before paying tithing. Senator Orrin Hatch and three others have asked Alberto Gonzales to correct this misrepresentation of law."

US In Dispute With Former Air Base Employee Over Auctioned Merchandise. Stars & Stripes (9/20, Jontz) reports, "The U.S. Justice Department filed a legal brief with an Italian judge seeking immunity from having to pay a former Aviano Air Base employee, continuing the legal saga that put seized Army and Air Force Exchange Service merchandise in an auction limbo." S&S continues, "A hearing is scheduled for Nov. 8 in the Civil Court of Pordenone. It was scheduled after the U.S. Justice Department filed a brief maintaining the U.S. government already fulfilled its financial and contractual obligations to Mauro Martin when it paid off his bank debt after Martin was laid off 15 years ago, according to the brief." S&S adds, "Martin, an Italian, worked at Aviano as a bus driver and motor pool dispatcher from 1975 to 1991. According to his lawyer, Roberto Russi, the U.S. government violated Italian law regarding money it owed Martin when he was laid off in 1991. … In suits filed against the U.S. government, Martin alleged the U.S. illegally paid off his debts to a creditor, Banca Carimonte, instead of giving him the money. Three Italian court decisions — including the Supreme Court of Cassation in Rome — supported Martin's position. Italian courts sanctioned an auction of merchandise seized from AAFES in order to settle Martin's 22,000-euro claim. … In its brief, the U.S. government argues that the military — and by extension the AAFES goods — are immune from such an action because the products 'are in fulfillment of a public function,' the brief states."

CIVIL RIGHTS:

North Carolina Police Officer Charged With Violating Hispanics' Civil Rights. The AP (9/20) reports Washington, N.C., Police Officer Steven Ray Hilsinger "has been charged with violating the civil rights of Hispanics by taking money from them during traffic stops." Hilsinger "was arrested Monday night by the Beaufort County Sheriff's Office drug enforcement unit and the Federal Bureau of Investigation. He was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin." The AP notes, "After receiving complaints, the sheriff's office and the FBI conducted sting operations in which an undercover agent posing as a Hispanic person drove a car through the city of Washington." The Raleigh News & Observer (9/20, Allegood) reports, "Hilsinger is the fourth Eastern North Carolina police officer accused of stealing from Hispanic drivers in recent years. Three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in similar circumstances. … In an affidavit, FBI Agent Donald Cowart described the complaints and the undercover investigation that led to Hilsinger's arrest."

Texas Utility Board Challenges Voting Rights Act. The Washington Times (9/20, Debose) reports, "A lawsuit filed by a Texas utility board seeking a 'bailout' from the federal Voting Rights Act has raised questions about the fairness of the act in small jurisdictions, and a Supreme Court battle over its constitutionality may ensue." The Times continues, "The Northwest Austin Municipal Utility District No. 1 Board was formed to oversee construction and maintenance of water and sewer services, operate a local park and provide other services by establishing taxes. That made it a government entity in Texas and therefore subject to Section 5 pre-clearance statutes under the Voting Rights Act. Currently, any change to the district -- no matter how minor -- must first be cleared by the Justice Department through a process requiring a constitutional lawyer and costing thousands of dollars." The Times adds, "Board members were hoping that Congress would pass an amendment requiring the Justice Department to notify Section 5 jurisdictions eligible for a bailout provision and pre-approve such areas, but the amendment failed. The group said it had no choice but to seek a bailout via a lawsuit. … 'These local issues ought to be decided at the local level,' said Greg Coleman, attorney for the 20-year-old utility district who filed the brief. 'No one is trying to undermine any issue of the Voting Rights Act.'" The Times notes, "The utility district has made two changes to its voting habits in the past four years, and both received pre-clearance, Mr. Coleman said. The most recent change was the relocation of its polling site from the personal garage of one of the board members to a local elementary school 'across the street.' … The Justice Department declined to comment on the case."

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Judge Tosses Georgia Photo-Voter ID Law. The New York Times (9/20, Goodman, 1.21M) reports, "A state judge ruled Tuesday that a Georgia law requiring voters to present government-issued photo identification violates the State Constitution and could not be enforced. In issuing a permanent injunction against the latest version of the Voter ID Act, the judge, T. Jackson Bedford Jr. of Fulton County Superior Court, said legislators overstepped their authority when they imposed a condition on the right to vote by requiring a photo ID. 'Nowhere in the Constitution is the legislature authorized to deny a registered voter the right to vote on any other ground, including a possession of a photo ID,' he wrote." Bedford's "ruling was a significant setback for the Republican-led effort to enforce a photo ID requirement at the polls in Georgia. A spokesman for Thurbert E. Baker, the state attorney general, said the state was already drafting an appeal and would file it to the Georgia Supreme Court as soon as possible."

The Washington Post (9/20, A6, Fears, Weisman, 748K) notes, "The timing of the judge's decision could have political ramifications in Washington. The House is set today to vote on legislation that would require voters in 2008 to present a valid photo identification that 'could not have been obtained without proof of citizenship.' The bill is part of a package of measures designed to demonstrate a new get-tough attitude on illegal immigration and border security. 'There have been enough reports over the years of voter fraud that it is time to have a picture ID to ensure the integrity of our voting process,' House Majority Leader John A. Boehner (R-Ohio) said yesterday." The Post relates, "In previous elections, Georgians could present any one of 17 types of identification with their names and addresses, including a driver's license, utility bill, bank statement or paycheck." Georgia Gov. Sonny Perdue (R) "and other proponents of the law said it is needed to curtail fraud. They cited an Atlanta Journal-Constitution article that said 5,000 dead people were listed as having voted in the eight elections preceding 2000."

The AP (9/20, Haines) adds, "Last October, federal Judge Harold Murphy struck down an earlier version of the law, saying it amounted to an unconstitutional poll tax. The Georgia Legislature addressed his complaints in the latest version of the law, but when Murphy issued an injunction before the July primaries, he said the state had not taken enough time to educate voters. Because the Department of Justice did not approve the photo ID requirement until late June, the state's election board had only three weeks to educate voters before the primaries -- a window that was too short, Murphy said. Nationwide, 24 states have legislation requiring voters to show some form of identification. Seven states, including Georgia, have passed legislation requiring voters to show a photo ID at the polls."

Editorial Says Congress Will Be At Fault If '06 Elections Beset By Voting Problems. An editorial in Roll Call (9/20) relates, "Six years after the 'hanging chad' presidential election debacle in Florida and four years after Congress passed legislation designed to prevent such disasters from happening again, alarms are once again being raised that these pivotal Congressional elections could be beset by chaos at the polls. … Now, it's control of Congress that hangs in the balance, and the worry is that despite (or worse, because of) provisions of the 2002 Help America Vote Act, Florida-style confusion may reign all over the country." Roll Call notes, "HAVA mandated new voting technology, updated statewide voter registries, provisional ballots for those not on voter lists and identification requirements for certain new registrants." But "as a Congressional Research Service study reported, Congress authorized $600 million to help states meet its requirements, then failed to provide the funding in fiscal 2005 or 2006." Roll Call adds, "Ever since 2003, Rep. Rush Holt (D-N.J.) has offered legislation to require that electronic machines be equipped with a backup paper trail to make it possible to resolve disputes. His bill…will not receive its first hearing in the House Administration Committee until Sept. 28 -- just days before Congress is ready to adjourn and 38 days before the elections. … If Nov. 7 is a mess, Congress will be to blame."

Williams Sees Leadership Void In Fight For Racial Equality In US. Senior NPR correspondent and Fox News political analyst Juan Williams writes in USA Today (9/20, 2.27M), "The most frequently asked question about black leadership in America today is: Where is the next Martin Luther King Jr.? … But the continuing focus on the next King is not really about a shortage of black people in leadership positions. It's about who is at the forefront of the ongoing fight for racial equality in the nation." On "the issue of black America remaining competitive in a global economy moving away from blue-collar jobs, there is a leadership void." Williams adds, "In the 21st century, black leaders must inspire people by urging them to get the highest level degree

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possible to keep pace in the rough-and-tumble global economy."

ANTITRUST:

Senators Seek DOJ Review Of Smithfield-Premium Standard Merger. The Des Moines Register (9/20) reports, "Sen. Charles Grassley, R-Ia., is asking the Justice Department to take a close look at the proposed merger of the nation's two largest hog producers, Smithfield Foods and Premium Standard Farms." The Register continues, "In a letter Tuesday to the department's antitrust division, Grassley said the merger would hurt independent farmers by severely reducing the number of places they can sell their hogs. .. . 'I have strong reservations about this proposal and the continued trend in concentration in the pork industry and, as such, I urge the Department of Justice to carefully scrutinize this transaction,' Grassley wrote." The Register adds, "Sen. Tom Harkin, D-Ia., also has called on the department to review the deal. … The department could seek to block the merger on antitrust grounds or require the companies to sell some of their operations. … But Dennis Treacy, Smithfield vice president of environmental, community and government affairs, has said the company is confident that the department will clear the merger."

Microsoft Rivals Feud Over Vista Security. CNET News (9/20, Evers) reports, "Microsoft and its security rivals are feuding over a key piece of Windows Vista real estate." CNET continues, "The fight is over the display of technology that helps Vista owners manage the security tools on their PC. Symantec, McAfee, Check Point Software Technologies and other companies want Microsoft to change Vista so their products can easily replace the operating system's built-in Windows Security Center on the desktop. But Microsoft is resisting the call. … 'By imposing the Windows Security Center on all Windows users, Microsoft is defining a template through which everybody looks at security,' Bruce McCorkendale, a chief engineer at Symantec, said in an interview. 'How do we trust that Microsoft knows what all the important things about security are to warn users about?'" CNET adds, "Windows Security Center, introduced with Windows XP Service Pack 2, pops up on desktops to alert PC owners if their firewall, virus protection and other security tools need attention. The version in the Vista update, set for broad release in January, will add new categories and management tools. … It is possible to run third-party security consoles in Vista, said Stephen Toulouse, a program manager in Microsoft's Security Technology Unit. However, people have to manually disable the Windows Security Center if they don't want to use it. And the software giant has no plans to give other companies the ability to turn off the Windows Security Center, Toulouse noted. … If the differences aren't worked out, it could spell annoyance for consumers, the rival security companies say. People who choose to use Microsoft's console alone will get a limited view of their Vista PC protection, they suggest. Those who buy competing software will have to run it alongside Microsoft's dashboard, which could report conflicting information. Rivals have charged that the Redmond, Wash.-based software giant is hurting consumers, raising the specter of more antitrust complaints for Microsoft."

ImClone Crafts Patent Strategy After Erbitux Ruling. The Wall Street Journal (9/20, Chase) reports, "Caught off guard by a federal court's Monday-night decision in the Erbitux patent case, ImClone Systems Inc. said yesterday it has crafted a strategy to deal with a judge's award of the cancer treatment's ownership to Israeli scientists. … 'We have three avenues of defense: an appeal, an action for declaratory judgment [invalidating the patent] and the option to seek a license' from Yeda Research & Development Co., the technology-transfer arm of Israel's Weizmann Institute of Science, an ImClone spokesman said, calling this a 'fail-safe' strategy." The Journal adds, "The market wasn't so sure. The New York biotechnology company's shares staggered and then recovered a bit to close down $1.36, or 4.5%, at $29.16 as of 4 p.m. in Nasdaq Stock Market composite trading." The Journal notes, "U.S. District Court Judge Naomi Reice Buchwald in New York ruled Monday that three Israeli scientists were the true inventors of a patent covering a use of the monoclonal antibody Erbitux when given in combination with chemotherapy. The drug is approved for advanced colorectal cancer as well as for tumors of the head and neck. ImClone had licensed exclusive rights to the patent from French drug maker Sanofi-Aventis SA, which said it had no comment on the ruling."

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ENVIRONMENT/INDIAN AFFAIRS:

DOE's Radioactive Cleanup At Fernald Site In Ohio Nearly Complete. Under the headline, "Nuclear Site Nears End Of Its Conversion To A Park," the New York Times (9/20, Maag, 1.21M) reports, "In about two weeks, the final trainload of radioactive waste is to leave the Fernald nuclear site. The train will carry 5,800 tons of contaminated soil in 60 railcars, just like the 196 trains before it, which have run for seven years to a Utah dump from this scarred, cratered patch of land in the hills of southern Ohio." The Times adds that "this fall, the site will open to the public as a natural, undeveloped park following a 13-year, $4.4-billion cleanup," a bargain since experts "originally estimated that cleanup would cost $12 billion and take until 2025." From 1951 to 1989, "the Feed Materials Production Center in Fernald enriched 500 million pounds of uranium," and generated "1.5 billion pounds of radioactive waste" operating in "obscurity until 1985, when neighbors discovered that the plant's waste had polluted their air, soil and drinking water," and sued, after which the "resulting news coverage prompted similar revelations at nuclear facilities around the country."

Hazardous Chemicals Spilled In Train Derailment Near Bush Ranch. The AP (9/20) reports, "A train derailed and spilled a hazardous liquid Tuesday night, prompting about half the population of Crawford to temporarily evacuate, officials said." The President's "ranch is several miles away from the town and was not near the area evacuated."

Friedman Says Sugar Ethanol A Viable Alternative. New York Times (9/20, 1.21M) columnist Thomas Friedman said he is "upset" by the United States' 54-cents-a-gallon tariff on ethanol imports, which he says prevents the fuel from becoming "a scalable, sustainable alternative." At the same time, Friedman says Brazil needs to start "thinking right now about how to expand its sugar cane biofuel industry without harming the environment." However, he says these "conflicts" can be resolved by mapping "the lands that need protection…But sugar farmers, governments and environmentalists need to sit down early—like now—to identify those lands and commit the money needed to protect them. Otherwise, we will have a fight over every acre, and sugar ethanol will never realize its potential. That would be really, really stupid."

Tribal Video Bingo Under Federal Scrutiny. The AP (9/20, Werner) reports, "At some Indian casinos, they're not playing your grandmother's church basement bingo anymore. Now the game is video bingo, played at blinking, whirring consoles virtually indistinguishable from slot machines." The AP continues, "Slots are subject to state approval and limits. Bingo machines aren't. … Concerned that tribes are blurring the line between the two, federal regulators are trying to clarify the difference." The AP adds, "New rules proposed by the National Indian Gaming Commission would slow play at video bingo terminals, mandate more player participation and require screen space to be devoted to a bingo display, making it more clear to customers that they are playing bingo rather than a slot machine. … But the draft rules face angry opposition from Indian tribes. Some rely on video bingo to supplement their state-allowed quota of slot machines, or they use the devices because they can't get state permission to run slots. … 'This is serious. This is people's lives at stake here,' Marjorie Mejia, chairwoman of Northern California's Lytton Band of Pomo Indians, told gaming commission officials at a daylong public hearing Tuesday. 'These proposed regulations are of great concern.' … The Lytton Band hasn't won permission from California lawmakers for slot machines. It gets all its revenue from 937 electronic bingo machines. Tribal officials fear such machines would no longer be allowed under the new rules, and the slower machines that would be permitted wouldn't appeal to gamblers. … But National Indian Gaming Commission Chairman Phil Hogen said that if his agency doesn't act to delineate the difference between video bingo and slots, the two will grow so indistinguishable that states might seek to control bingo. … The Justice Department has also tangled with tribes over whether video bingo is allowed, underscoring the need for more certainty, Hogen said."

FBI/DEA/ATF/USMS:

Mueller Discusses Post-9/11 FBI Transformation. Noting Monday's FBI searches of a Missouri Muslim leader's home and Michigan Islamic charity, Fox News' Special Report with Brit Hume (9/19) reported, "FBI operations have been substantially altered by the war terror. We recently asked the FBI Director about those changes." Fox (Kelly) added, "Arriving at the FBI in 2001, Robert Mueller came with strong law enforcement

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credentials," but "seven days after taking over," 9/11 "happened…and the lawyers suddenly had to serve more like a battlefield commander in the war terror." Mueller: "It has been an adjustment. I have had to look at things far differently than I did as a prosecutor." Kelly: "Preventing…another attack became top priority. … Muller revamped and strengthened partnerships among state, local, federal agencies." Mueller: "Those partnerships and the development of those partnerships is the biggest single improvement." Kelly: "His work has not been easy. There has been friction with Congress. Members of the 9/11 commission have hammered the FBI for failures before and after 9/11. … Of the biggest disappointments so far was the failure of a new computer case tracking system." Mueller: "We discovered it simply was not working before it was scheduled to go online. Nearly $200 million and years of development were wasted." Kelly: "Who is responsible for that?" Mueller: "Me." Kelly: "Mueller is well-regarded on Capitol Hill and the bureau because he is that rare Washington figure who does not crave the spotlight. … The Marine combat veteran has lost sleep over what he fears could happen to this country -- a future terrorist attack on the US." Mueller: "Inevitably, there will be one or more that will get through."

FBI Searches Muslim Leader's Home, Office Of Islamic Charity. In a widely-distributed story, the AP (9/20, Zagier) reports from Columbia, Mo., "FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. … Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked. In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press." The AP notes that the search of Hamoodi's house "came three days after bureau officials met with Muslims at a local mosque to try to improve community relations."

Mexican President Pledges To Extradite Drug Lords. The AP (9/20, Olster) reports, "President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States." The AP continues, "Fox said Mexico currently has 16 'big leaders' of drug gangs in jail along with 75,000 lower level members of various cartels. … 'We are fighting hard and attaining very important results,' Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly." The AP adds, "The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector 'El Guero' Palma, a reputed leader of the Sinaloa drug cartel. … 'We will extradite all of those who have pending matters with U.S. justice,' Fox said. … It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S."

Reporting Continues On Discovery Of Cross-Border Tunnel. UPI (9/19) cites an El Universal story on the tunnel and writes that DEA officials "said they discovered a tunnel running 400 feet along the U.S.-Mexican border used by traffickers to smuggle drugs. The tunnel, about 20 feet underground, reportedly was outfitted with lights and had a concrete floor, resembling in sophistication the tunnel authorities discovered last January that led from Mexico into a California border town."

Marijuana Residue Found Inside Tunnel. The San Diego Union-Tribune (9/19, Cearley) reports a man "linked to the cross-border tunnel that was found Friday in Calexico has pleaded not guilty to possessing about 1,000 pounds of marijuana found in a truck he was driving. Jesus Bernardo Aguila Agundez made his plea at the El Centro federal courthouse Monday." The Union-Tribune says DEA special agent Dan Simmons wouldn't say how a multiagency task force had grown suspicious about the Calexico house that was involved. No arrests "were reported on the Mexican side, but officials there did find marijuana residue on their side of the tunnel, according to a news release from the Mexican Attorney General's Office. The Arellano Felix drug cartel has been linked to drug tunnels in the past, but Mexican and U.S. authorities wouldn't say whether this tunnel was used by a particular group."

DEA: New Jersey-Pennsylvania Drug Ring Avoided Detection By Crossing State Line. The Easton Express-Times (9/20, Quigley) reports A

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$17,000-a-week cocaine ring "dismantled by federal and local investigators made about half its drug sales in the Easton area. A six-month investigation led to the arrests of 30 people facing charges ranging from state drug possession charges to federal charges of conspiracy to distribute cocaine. DEA spokesman Douglas S. Collier said the cocaine dealers tried to use the state line between New Jersey and Pennsylvania to thwart local investigators. … He said the investigation was dubbed 'Operation Stateline' because investigators saw several members of the distribution ring crossing between the two states."

The Morning Call (9/20) writes, "The crack ring, believed to be the largest in rural Warren County, was put out of business six months after federal agents began using wiretaps and making undercover buys. 'They tried to manipulate the system, using the state line as their protector and shield,'" said Collier. He added, "They were doing operations in Pennsylvania and going back to New Jersey feeling safe."

In California, Drug-Ring Defendant Is Sentenced To Prison. The San Francisco Chronicle (9/19) reports one of the last of 22 defendants "named in a 2004 federal grand jury indictment accusing them of conspiring to distribute cocaine and heroin from West Oakland was sentenced Monday to more than five years in prison. At a hearing in Oakland, U.S. District Judge Claudia Wilken ordered Joel Diaz, 35, of Oakland to serve 63 months in prison. In April, Diaz pleaded guilty to possession with intent to distribute and distribution of cocaine while aiding and abetting. … The charges, based largely on wiretapped phone conversations and undercover surveillance, were the result of an investigation that included Oakland police, the FBI, the Drug Enforcement Administration and state narcotics agents."

Texas Suspect Linked To Gun Cartel. The Dallas Morning News (9/20, Chapa) reports, "A Lancaster (TX) man arrested late last week for being a felon in possession of a firearm is part of a network that provides weapons to the drug cartel enforcers known as the Zetas, according to court documents and testimony." The News continues, "Members of a local task force with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives arrested Erasmo Arciba, 42, near his Franklin Street home Thursday. The arrest came after a five-month investigation into handguns and assault rifles that were bought in the Dallas-Fort Worth area and delivered to Mexico's Gulf cartel." The News adds, 'Mr. Arciba's attorney, Carlton McLarty, said his client – who is being held without bail pending a Thursday hearing – admits to being a felon in possession of guns but denies being part of an international weapons smuggling ring. … In a court hearing Monday, Dallas police Officer Paul Freese told U.S. Magistrate Judge William F. Sanderson that Mr. Arciba's case is part of an ongoing investigation of the Zetas' local connections, including weapons trafficking. … The Zetas, a paramilitary group that murders rivals and collect debts on behalf of the Gulf drug cartel, have been linked to crimes in Mexico and the U.S., including at least three killings in the Dallas area first reported in The Dallas Morning News."

ATF Probing Pennsylvania Bar Fire. The Johnstown (PA) Tribune-Democrat (9/20, Faher) reports, "More than a week after fire leveled a popular Johnstown bar, investigators say they have no idea what caused the blaze. … And local officials have called in some outside help: The federal Bureau of Alcohol, Tobacco, Firearms and Explosives has dispatched agents to assist at the 1167 Franklin St. site formerly occupied by Lamont's. ... But city police Chief Craig Foust cautioned that an ATF presence does not mean anyone has determined that the fire is suspicious in origin. … 'It's not unusual to bring (federal investigators) in if there's a lot of damage,' Foust said. 'It's a challenging scene because of the extent of the damage.'" The Tribune-Democrat adds, "Lamont's burned to the ground early Sept. 12. … City firefighters said they found the structure fully engulfed when they arrived around 3:30 a.m. The intensity of the flames and proximity of overhead power lines prevented emergency crews from getting inside. … City police and fire personnel, a state police fire marshal and now ATF representatives are involved in the probe."

IMMIGRATION:

California Woman Admits Nazi Concentration Camp Service. The AP (9/20) reports, "An 83-year-old (California) woman who admitted she had served as a guard at a concentration camp during World War II was deported to Germany, federal officials said Tuesday." The AP continues, "Prosecutors would not say how they learned about Elfriede Rinkel, but a department

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spokeswoman said investigators routinely compare guard rosters and other Nazi documents to U.S. immigration records." The AP adds, "Rinkel admitted in court documents that she worked as a prison guard at the Ravensbrueck camp near Furstenberg from June 1944 until the camp was abandoned by the Nazi government in April 1945. According to the U.S. Department of Justice, she worked with an SS-trained attack dog but was not a member of the Nazi party. .. 'Concentration camp guards such as Elfriede Rinkel played a vital role in the Nazi regime's horrific mistreatment of innocent victims,' said Alice Fisher, a Justice Department lawyer. 'This case reflects the government's unwavering commitment to remove Nazi persecutors from this country.'"

The Oakland (CA) Tribune (9/20, Richman) reports that "although Elfriede Lina Rinkel, 84, now admits her terrible past, shocked Berkeley relatives said Tuesday she had hid her secret for more than 60 years even from them and apparently from her late husband -- a German Jew who'd fled the Holocaust himself." The Tribune continues, "Rinkel's brother and sister-in-law, longtime Berkeley residents who asked that their names not be published, said they just learned the truth Tuesday when reporters called them for comment. … 'It knocked us off our feet,' the sister-in-law said. 'We have many, many Jewish friends who live in the Oakland/Berkeley area and this would be quite shocking to them as it was to us.'" The Tribune adds, "Rinkel -- charged under a federal law requiring removal of aliens who took part in acts of Nazi-sponsored persecution -- in June signed a settlement agreement with the government admitting that from June 1944 to April 1945 she was a guard at the Ravensbruck camp, built near Furstenburg, Germany almost exclusively for female prisoners. … Documents released Tuesday by the U.S. Department of Justice's Office of Special Investigations say she used a trained SS guard dog at the camp. The OSI also provided copies of her service card, taken from an SS records office, and bank records showing pay she received for her service at the camp."

The San Francisco Chronicle (9/20, Page A - 1, Bulwa) reports, "Those who knew San Francisco's Elfriede Rinkel never found it remarkable that the German immigrant would marry a Jewish survivor of the Holocaust, or attend synagogue with him, or plan to be buried next to him at a cemetery run by a Chevra Kadisha, a Jewish burial society that performs ritual purification. … On Tuesday, though, came a jarring twist: The U.S. Justice Department said the 84-year-old Rinkel had been deported to Germany, nearly half a century after she emigrated to the United States, because she had been a guard at a Nazi concentration camp in World War II where an estimated 90,000 people, many of them Jews, were exterminated." The Chronicle adds, "The government said Rinkel, a permanent resident alien who never applied for U.S. citizenship, had admitted after a two-year investigation that she had guarded female prisoners at Ravensbruck from June 1944 to April 1945, when the Nazis abandoned the camp to the advancing Allies. She now lives with her younger sister in the German city of Viersen, her brother said. … The Justice Department alleged that Rinkel had used attack dogs to march emaciated inmates to slave-labor sites. More than 130,000 women from dozens of countries -- Jews, gypsies and others -- were brought to Ravensbruck during its six years of existence. More than two-thirds of them died of malnourishment, in medical experiments and in a gas chamber, according to the U.S. Holocaust Memorial Museum."

Frist Stresses Need For Comprehensive Immigration Reform. Senate Majority Leader Bill Frist said on CNN's The Situation Room (9/19), "I believe we need comprehensive [immigration] reform. We have to address what happens at the work site, where people are hiring illegal immigrants. We have to have a strong legal temporary worker program here. And that is what comprehensive reform is. But I'm faced with the reality that I have about six more legislative days in this Congress before the elections. And, so, I'm taking a bill that has broad bipartisan support and that is securing our borders. Made the decision last night, taking it back to the floor of the Senate tomorrow, so that we can have that debate. I look at it as a border security first, not border security only. Thus, people who believe in comprehensive reform can agree to that, and say, yes, we can address the other in the future, and those who say, no, the only thing important is border security, again, should be able to vote for that. And I'm very hopeful we will see that on the floor this week and a vote in the affirmative."

Arizona Tribe Says It Would Object To Border Fence. The New York Times (9/20, Archibold, 1.21M) reports that if Congress agrees to build a 700-mile-long fence along the US-Mexico border, "it could have a long gap — about 75 miles — at one of the border's most vulnerable points because of opposition from" an Arizona tribe. "More illegal immigrants are caught — and die trying to

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cross into the United States — in and around the Tohono O'odham Indian territory, which straddles the Arizona border, than any other spot in the state." Though tribal members "have become fed up with" an increase in illegal immigration through the area and have increased cooperation on efforts to control the border, they "said they would fight the kind of steel-plated fencing that Congress had in mind."

Texas Senators Oppose Fence. The Fort Worth Star-Telegram (9/20, Montgomery, 236K) reports Texas Senators John Cornyn and Kay Bailey Hutchison "expressed opposition Tuesday to House-passed legislation calling for more than 700 miles of fencing along the US-Mexico border, including stretches in the Lone Star State." The senators "said they support toughened border security measures. While some new fencing may be necessary, they said, it should be part of a mix that would include added Border Patrol agents, high-tech surveillance and unmanned aerial vehicles."

TAX:

WSJ Blasts DOJ Over KPMG Probe. The Wall Street Journal (9/20) editorializes, "Prosecutors have been advertising their ballyhooed case against a pack of former KPMG partners as the largest criminal tax-shelter trial in history. They'd better do some scrambling for better evidence, however, or the case could end up becoming one of the biggest flops in Justice Department history." The Journal continues, "Last week, a previously undisclosed memo from 2004 suggested that the IRS wasn't sure that the tax shelters at issue in the trial of 18 defendants even needed to be registered with the IRS. This revelation is important because the failure to register the shelters is one of the Justice Department's justifications for charging a conspiracy to defraud the IRS. … Separately, we've obtained an internal KPMG memo to Richard Smith, one of the defendants in the case. In that 2003 memo, IRS Acting Chief Counsel Emily Parker is cited as assuring KPMG 'that there has been no criminal activity' in KPMG's marketing of the shelters. The defendants have claimed all along that they thought the shelters they were publicly marketing were entirely legal, and memos such as this one will certainly help the argument for 'reasonable doubt.' … The KPMG prosecutors have already been rapped on the knuckles by federal Judge Lewis A. Kaplan for dragging their feet on the defendants' discovery requests, so this late revelation is unlikely to please the court." The Journal adds, "So let's sum up this case to date: In the year since the indictments were handed down, Judge Kaplan has ruled that the prosecutors violated the defendants' Fifth and Sixth Amendment rights. He has found the prosecutors delinquent in responding to document requests from the defendants' lawyers. And he has excluded evidence that he found to have been coerced, as well as the 'fruit' of that coerced evidence. None of this speaks well of Justice's respect for due process. … More broadly still, the evidence that is coming to light suggests that the legality of these tax shelters was a subject of debate within the government itself. Justice nonetheless decided, for the first time, to prosecute such a case before the IRS had ever won a ruling in tax court declaring the shelters to be illegal. We have no brief for tax evasion, but mere tax avoidance is not a crime. This newspaper first raised questions about due process and the underlying legal theory in this case a year ago, when the first defendants were indicted. Increasingly, those concerns are being borne out."

CONGRESS-ADMINISTRATION:

Critics Use Record To Oppose Bush Regulatory Nominee. The Washington Post (9/19, D1, Skrzycki, 748K) reports, "Susan E. Dudley , President Bush 's nominee to become his new regulatory review chief, has written extensively about federal rulemaking for years, a miles-long paper trail that is providing ammunition for her opponents." Her "supporters say Dudley, director of regulatory studies at George Mason University's Mercatus Center , is experienced, analytical and dispassionate in expressing her belief that the market will correct most problems and that rules should be subject to a tough cost-benefit test. Public interest groups fighting the nomination say those writings disqualify her for the job."

DeMint Threatens To Block Von Eschenbach Nomination. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column, "Sen. Jim DeMint, South Carolina Republican, vowed yesterday to block President Bush's nomination of Andrew von Eschenbach to head the Food and Drug Administration unless the agency moves to stop the sale of an abortion pill. Mr. DeMint made the move as a Senate committee prepared to vote today on the nomination. Dr. von Eschenbach has been acting FDA commissioner for a year, but his

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confirmation had been held up by two Democratic senators -- Patty Murray of Washington and Hillary Rodham Clinton of New York -- until the agency approved over-the-counter sale of emergency contraception."

House Approves Measure To Require School Districts To Establish Student Search Policies. The AP (9/20, Zuckerbrod) reports, "The House issued an ultimatum to school boards Tuesday: Establish policies on student searches or risk losing federal funds." The bill, H.R. 5295, was passed by voice vote. The Senate "has not yet considered a companion measure." It was sponsored by KY4 Rep. Geoff Davis (R) and "states that the policies implemented by school boards should spell out that searches have to be conducted by a full-time teacher or school officials acting on a reasonable suspicion that a student has weapons, drugs or other dangerous materials." The bill "has the backing of the National Education Association" but is opposed by the American Federation of Teachers and the American Association of School Administrators.

Tariff Suspension Bills Said To Cost Taxpayers, Domestic Firms. The Washington Post (9/20, A1, Stephens, 748K) reports in a front page story that "a largely unknown congressional apparatus…allows companies to erase tariffs -- taxes levied on products and materials shipped to the United States from overseas -- for years at a time." Each legislative season, "corporate executives and lobbyists quietly draft hundreds of bills to suspend tariffs. Over time, the changes cost taxpayers hundreds of millions of dollars in lost revenue, a Washington Post analysis of U.S. trade data found." Most of the tariff suspensions "involve obscure chemicals and dyes, but many other products show up, including boilers for nuclear reactors, green peanuts, child potty seats, unicycles -- even chocolate coatings for laxatives." Jim Schollaert, a former State Department trade specialist "who now represents domestic manufacturers," said, "It's become sort of a lobbyists' dream. It's a gravy train, and there's little work to it." The Post adds the bills "in Congress generally give no hint of whom the suspensions have been designed to benefit and sometimes refer to the products only by strings of numbers linked to phone-book-size tariff tables. But many corporate names can be found in reports on the legislation produced for Congress by the U.S. International Trade Commission."

Air Traffic Controllers Oppose Effort To Reduce Staffing Levels. Air traffic controllers are opposing a drive by the FAA to reduce the number of controllers nationally by 10 percent below negotiated levels. The New York Times (9/20, Wald, 1.21M) reports that the FAA's effort is "producing tension, anger and occasional shows of defiance among controllers." The FAA "imposed the changes on Sept. 3, three months after it declared an impasse in contract talks. Most of the changes have had little effect on the public. But one in particular may have safety implications, controllers and some outside experts said. That is the ending of contractual protection against being kept working on a radar screen controlling traffic for more than two hours without a break."

Federal Employees' Health Premiums To Increase 1.8% Next Year. The Washington Post (9/20, D4, Barr, 748K) reports in its "Federal Diary" column, "Health insurance premiums for federal employees will increase by an average of 1.8 percent next year, the lowest annual increase in the government's employee program since 1997. Officials said they substantially slowed the rise in 2007 insurance rates by dipping into excess financial reserves of the Federal Employees Health Benefits Program, which provides about $33 billion in health-care benefits annually. They said the reserves had increased in recent months because insurance claims and other expenses had not grown as fast as estimated."

Number Of House Members In Jail Nears That Of Early 1990s. Roll Call (9/20, Bresnahan) reports that with Rep. Bob Ney's (R-Ohio) "guilty plea on federal corruption charges last Friday and a stint in prison looming for the lawmaker, the House suddenly finds the ranks of its alumni behind bars growing to a level not seen in a decade." When Ney "heads off to prison, likely sometime next year, he will become the fourth Member to be locked up for criminal behavior, and the Ohio Republican may not be the last. Ney will join ex-Reps. James Traficant (D-Ohio), Duke Cunningham (R-Calif.) and Frank Ballance (D-N.C.), all of whom currently are being held in federal correctional facilities. Ney will appear in front of a federal judge on Oct. 13 to formally plead guilty to conspiracy and making false statements." Rep. William Jefferson (D-La.) "could join this group of disgraced Members soon. Jefferson is at the center of a federal bribery probe that already has resulted in lengthy

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prison terms for two men involved in the scandal, including Brett Pfeffer, a former Jefferson aide. Jefferson has not been charged in the case and has repeatedly denied any wrongdoing, but FBI agents turned up $90,000 in marked bills in Jefferson's freezer when they searched his home last year." Not "since the early 1990s, when the House Bank, Post Office and Page scandals were roiling Capitol Hill and prematurely ending dozens of political careers, have so many lawmakers been in prosecutors' sights."

Elections, Guilty Pleas Trim Scandal Checklist. Roll Call (9/20, Jacobson) reports that in "recent months, the ranks of Out There's periodic scandal checklist have thinned significantly. Since we last assessed the vulnerability of politicians facing ethical allegations, five people have vanished from our list." Four "besieged politicians were given the heave-ho by voters: Rep. Cynthia McKinney (D-Ga.), Alaska Gov. Frank Murkowski (R), Georgia lieutenant governor candidate Ralph Reed (R) and ex-Alabama Gov. Don Siegelman (D) all lost primaries this summer. A fifth, Rep. Bob Ney (R-Ohio), bowed out of the re-election campaign as a federal probe into his ties with disgraced lobbyist Jack Abramoff intensified; last week he pleaded guilty to charges stemming from that case." Others remaining on the "scandal checklist" include Rep. William Jefferson, Sen. Conrad Burns, Gov. Jim Doyle of Wisconsin, Sen. Bob Menendez, Gov. Rod Blagojevich of Illinois, Rep. Don Sherwood, Rep. Alan Mollohan, Rep. Charles Taylor, Rep. Jerry Lewis, Rep. John Doolittle, and Rep. John Conyers.

GOP Leaders Criticized For Ignoring Ethics Reform. In his Roll Call column (9/20), Norman Ornstein of the American Enterprise Institute says, "You can't make this stuff up: Republican leaders in the House found another way to deep-six any serious ethics and lobbying reform, on the very same day that prosecutors heralded the sorry end to the career of Rep. Bob Ney (R-Ohio) and documented the sordid list of activities that has led him to a prison term." Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) "decided to take up and pass a laughable sham of an earmark 'reform' and hoped that nobody would notice it is neither serious nor a reform. They concocted a fig-leaf rules change that provides disclosure on earmarks, but one that does not encompass all or most earmarks, that is not at all certain to stay in place and that provides no protection against chicanery in earmarking, including last-minute lawmaking and lawmakers or their family members exploiting the system for personal gain."

Bush Approval Rating At 44% In USAToday/Gallup Poll. CNN's The Situation Room (9/19, Blitzer) reported, "New political gains for President Bush, seven weeks before congressional elections -- check it out. The new USA Today/Gallup poll shows his approval rating now up to 44 percent. That's his highest rating in a year. When the three latest polls are averaged together, Mr. Bush gets a 41 percent approval rating."

Polls Show "Intense" Dislike For Bush. AEI scholar Karlyn Bowman in her column in Roll Call (9/20) writes, "One of the most notable features of polling about President Bush has been the intensity of the opposition to him." For example, "a September NBC News/Wall Street Journal poll" showed "36 percent said they had 'very negative' feelings about the president. Since September 2005, more than three of every 10 respondents have expressed this view in the poll."

Marcus Faults Congressional Earmark Reform. Ruth Marcus writes in the Washington Post (9/20, A25, 748K) that last week's congressional debate on earmarking reform was a "charade" the "involved lawmakers forcing themselves to take credit for their earmarks -- in essence, engaging in the legislative equivalent of naming the hospital after themselves. Under the new rule, some -- but not all -- earmarks will require that the sponsoring lawmaker be identified. Big whoop. The problem with the most egregious earmarks isn't that the public doesn't know who's behind them. It's that the patrons are completely unabashed about the pork they are pushing."

OTHER NEWS:

New-Home Construction Falls, Worries Abound. The Wall Street Journal (9/20, Gerena-Morales, 2.03M) reports that construction starts on new homes fell in August "as builders curtailed production in response to mounting inventory and slowing sales. The Commerce Department reported yesterday that housing starts dropped 6% in August from a month earlier to a seasonally adjusted annual rate of 1.665 million units. That was the fifth decline in construction starts in the past six months and the slowest rate of starts since April 2003. When compared with a year earlier, construction starts were down 19.8%." David Seiders, chief economist of the National Association of Home

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Builders, added it is "'pretty darn clear that ... we're in a pretty substantial downswing here.'"

The Christian Science Monitor (9/20, Scherer, 58K) reports, "The housing slump won't be welcome news in Washington when the Federal Reserve meets Wednesday to set interest-rate policy. Partly because of the problems in the housing sector, economists expect the Fed to leave interest rates unchanged as it did last month."

Bloomberg (9/20) reports, "The slump in housing, which fueled growth for half a decade, is now so deep that it raises concerns the rest of the economy will be dragged down with it. … `Right now, it's just housing that's slowing, but this can spread to the rest of the economy very quickly,' said Chris Low, chief economist at FTN Financial in New York. `It should be absolutely clear to the Fed that they've done enough.'"

Crude Oil Price Plummets To Near Six-Month Low. Bloomberg (9/20, Evans) reports, "Crude oil traded near a six-month low in New York after plunging yesterday on signs rising fuel stockpiles and protracted negotiations over Iran's nuclear program have prompted investment funds to cut their holdings. Oil posted its biggest fall in four months after U.S. President George W. Bush said he will give European diplomacy a chance to end the dispute with Iran, the world's fourth-biggest oil producer." Bloomberg says the contract for crude oil for October delivery "which expires today, fell $2.14, or 3.4 percent, to $61.66 a barrel [Tuesday], the lowest close since March 21 and the biggest one-day decline since May 15. ... The more actively traded November contract [fell] 3.7 percent yesterday."

Stock Market Down On Bad News About Housing, Thai Coup. NBC Nightly News (9/19, story 9, , Williams, 9.87M) reported, "On Wall Street, investors sold energy stocks and the markets finished modestly lower. The Dow lost 14 points [to close at 11,540.91]. The Nasdaq was down just over 13 points [to close at 2,222.37]."

The Financial Times (9/20John O', doherty) reports stocks were down "as investor confidence was soured by data showing a precipitous drop in housing starts, a warning on profits from internet group Yahoo, and news of a possible coup in Thailand." Meanwhile, "Crude oil prices tumbled, as high inventories helped ease supply worries. The front-month Nymex contract lost 3.2 per cent to $61.66 a barrel, its biggest single day decline since May. Valero slid 4.3 per cent to $50.10, and Devon Energy lost 3.8 per cent to $64.32."

Bloomberg (9/20) says the decline ended "the Nasdaq Composite Index's longest winning streak in eight months, as slowing advertising growth at Yahoo! Inc. and a drop in home construction suggested the economy is losing momentum." Federated Investment Management senior vice president of equity trading David Briggs said, "The market's vulnerable. … People begin to wonder about the psyche of the average consumer and how it might slow up the economy."

Fed Not Expected To Raise Interest Rates. McClatchy Newspapers (9/20, Hall) reports, "The Federal Reserve is expected to leave interest rates unchanged Wednesday for a second straight month, and many analysts now think there won't be any more rate increases this year." That would be "good news for consumers."

Core Producer Price Index Declines. The New York Times (9/20, Peters, 1.21M) reports, "A widely watched gauge of inflation fell again in August, providing fresh evidence that prices, which have climbed steadily for most of the year, may now be settling down." The producer price index "rose just 0.1 percent overall, matching the slowest pace of growth seen so far this year" and "the so-called core index, excluding the volatile prices of food and energy, declined in August, as it did in July."

Judicial Conference Enacts Accountability Rules. Responding to criticism about lapses in judicial ethics, the federal judiciary's top leadership yesterday announced several steps aimed at improved self-policing and greater public accountability. The New York Times (9/20, Greenhouse, 1.21M) reports that under the rules announced by the Judicial Conference of the United States, all federal judges below the Supreme Court level "will be required to install 'conflict checking' software on their computers to avoid unwittingly participating in cases in which they have a financial interest." Judges will also "be prohibited from accepting reimbursement for attending a private seminar unless its sponsor has filed a public disclosure statement on the content of the program and all sources of financing. Judges will have 30 days to report their attendance at such seminars, and both the judges' and the seminars' reports will be available on judicial Web sites. The policy does not apply to bar association activities."

USA Today (9/20, Biskupic, 2.27M) reports, "The moves are designed 'to maintain public confidence in the system,'

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said US District Judge Thomas Hogan, a member of the 27-judge conference. He said it was important to have 'transparency' in judges' off-bench activities. … The actions apply to all 875 life-tenured federal judges except the nine-member Supreme Court, which is exempt from the Judicial Conference rules but generally bound by ethical canons."

The AP (9/20, Sherman) reports, "The work represents an aggressive effort by the [Chief Justice John] Roberts-led federal judiciary to demonstrate its responsiveness to public criticism and ward off proposals in Congress to clamp down on judicial ethics through a travel ban or creation of an ethics watchdog for the court."

The Legal Times (9/20, Mauro) reports, "Tuesday's actions represent a major shift toward accountability -- or at least transparency -- from segments of a branch of government that has often resisted both. … Judges also hoped to defuse pressure from Congress, primarily in the person of House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who has proposed creating an inspector general's office to oversee the judiciary's handling of ethical complaints. The late Chief Justice William Rehnquist appointed the Breyer Committee in 2004, mainly in response to congressional complaints. … Tuesday's focus on judicial ethics comes on the eve of the Sept. 21 hearings by the House Judiciary Committee that could lead to the impeachment of California federal trial Judge Manuel Real, which would be the first judicial impeachment since 1989. … Chief Justice John Roberts Jr., in a rare impromptu press conference at the Court, applauded both of Tuesday's moves and urged federal judges to take 'prompt action.' … Significantly, none of what happened Tuesday affects the Supreme Court itself. The Judicial Conference never sets policy for the high court, and Breyer, speaking at the same press conference, said the scope of his committee's study of disciplinary procedures did not include the Supreme Court. As a result, it appears the justices have still not taken action on a 1993 recommendation by a blue-ribbon government commission that the Court consider establishing procedures for handling complaints against its own members."

McAuliffe To Chair Hillary Clinton's Potential 2008 Campaign. The Hill (9/20, Bolton) reports former Democratic National Committee Chairman Terry McAuliffe "has told business associates and Democratic donors that he will chair Sen. Hillary Rodham Clinton's (D-N.Y.) presidential campaign next year, according to several Democratic sources." Clinton, "the favorite to win the Democratic nomination, and McAuliffe, the top money man in Democratic politics, have a good chance of raising $100 million before the first official contest, the Iowa caucuses in January 2008." While Clinton "and her staff insist she is focused solely on winning reelection in New York this November, the decision over who will be in charge of getting her elected to the White House is already settled."

McCain Risks Conservative Support By Bucking Bush On Detainee Issue. The AP (9/20, Sidoti) reports Sen. John McCain's "standoff with the White House over treatment of detainees — an issue the former POW knows intimately well — threatens to exacerbate his already contentious relationship with conservatives." Tony Perkins of the Family Research Council said, "Maverick status is looked upon as a strength in Congress, but a maverick in the White House is not looked upon with great admiration from our folks." The Rev. Louis Sheldon, chairman of the Traditional Values Coalition, said, "Politically, this isn't wise." The AP adds the "warnings from conservatives over the detainee issue illustrate the risk McCain faces in taking on the White House — alienating a base of support he would need to win the Republican presidential nomination." As the "clash escalated, McCain shrugged off suggestions that the dust-up could hurt him politically, telling reporters last week that his 'credibility with the American people is that I do what I think is right.'"

Observers Weighing Impact Of Interrogation Debate On GOP. The New York Times (9/20, Nagourney, 1.21M) reports that with "fewer than 50 days left until Election Day, as many as 40 House and 10 Senate seats are in play, fueling Democratic hopes of capturing power in November." Washington is "awaiting polling data that will show how much success the White House has had in trying to put Democrats on the defensive on national security — and whether that effort has been undercut by the battle among Republicans over what is permissible in interrogating terrorism suspects."

Gerrymandering Leaves Few Competitive House Seats In California. The Wall Street Journal (9/20, Calmes, 2.03M) reports it is "less than eight weeks until Election Day Nov. 7, and not a single one" of California's "53 congressional contests is competitive enough to merit a busy

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correspondent's attention." In a year "of anti-Republican and anti-incumbent fever, that fact stands as a testament to the completeness of California's bipartisan gerrymandering. The mapping of political lines for partisan advantage after each decennial census may have originated back east with Massachusetts Gov. Elbridge Gerry 194 years ago, but it has been perfected here on the West Coast." California "did draw national attention briefly last spring, for a June special election to fill the seat that former Republican Rep. Randy 'Duke' Cunningham vacated for a prison cell after his conviction on corruption charges." But "the Republican candidate, former Rep. Brian Bilbray, easily dispatched with Democrat Francine Busby. The two are on the ballot again in November for a full two-year term, and Mr. Bilbray now rates as the prohibitive favorite." Similarly, national Democrats "initially targeted Republican Rep. Richard Pombo of California's Central Valley, with help from environmentalists outraged by his record as the House Resources Committee chairman. But their preferred candidate, a former Navy officer, lost in June's Democratic primary to wind-energy engineer Jerry McNerney, who lost overwhelmingly to Mr. Pombo in 2004. Now most race-watchers are ignoring this one, too, though just this week the Democratic Congressional Campaign Committee put the Pombo-McNerney contest on a new list called 'emerging races.'" Also on "that long-shot list is the suburban Sacramento district represented for 16 years by Rep. John Doolittle; he and his wife have been implicated in the scandal involving convicted lobbyist Jack Abramoff."

GOP Fundraising Advantage Could Be Pivotal. The Wall Street Journal (9/20, Cummings, 2.03M) reports Republicans "maintain a strong fund-raising advantage that could play a pivotal role in close races." Financial disclosure reports "to be released today will show that the Republican National Committee has more than triple the cash as its counterpart, the Democratic National Committee. The RNC raised $7.6 million in August and has $39 million in the bank, compared with the DNC's August donations of $6.7 million and a balance of $11 million in the bank." RNC Chairman Ken Mehlman "has promised to use that money to bombard the airwaves with negative advertisements aimed at Democrats and to run a high-tech, get-out-the-vote operation that will overwhelm their opponents' operations." The Democratic "financial disadvantage stems from a decision by DNC Chairman Howard Dean to spend money to hire full-time workers in state party offices who can help produce a national turnout program this year, as well as sustain the party through more than one election cycle." But the Democrats' House campaign committee "released numbers yesterday that show continued fundraising strength and spending discipline. The Democratic Congressional Campaign Committee raised $5 million in August and ended the month with $35 million -- a million dollars shy of its counterpart. The National Republican Congressional Committee said yesterday it collected $8.5 million in August donations and has $36 million in the bank."

The AP (9/20, Kuhnhenn) reports the DCCC and NRCC "held almost equal amounts in their bank accounts, giving neither side a substantial financial advantage going into the final stretch of the congressional campaign." Both committees "are in substantially better shape financially than they were at a comparable point during the 2004 election." NRCC Chairman Tom Reynolds "said the NRCC had $10 million more in the bank than it did then. DCCC spokesman Bill Burton said the Democratic group was $15 million ahead of its 2004 mark."

Roll Call (9/20, Drucker) reports, "Seven weeks before Election Day, an upbeat National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) guaranteed on Tuesday that his party would hold the House majority on the strength of its war chest, political organization and positions on the issues in the 36 districts that matter." But while Reynolds "boasted of being $10 million ahead of where the NRCC was in 2004 and raising $10 million to date for the committee's Battleground program, the DCCC countered that it is $15 million above where it was in the previous cycle."

Four Democratic Senators Give DSCC $1 Million Each. Roll Call (9/20, Kane) reports four leading Senate Democrats "gave $1 million each from their campaign accounts to the Democratic Senatorial Campaign Committee in recent days, as the Caucus makes its final push to give itself as much of a financial edge as possible over its GOP counterpart." Sens. Edward Kennedy (Mass.), Hillary Rodham Clinton (N.Y.), Dick Durbin (Ill.) and Dianne Feinstein (Calif.) "each gave $1 million from their campaign committees to the DSCC, according to Senators, aides and strategists. The Senators' campaign committees are allowed to give unlimited donations to national and state party organizations." The donations — "which represent the largest contributions the committee has received so far this election cycle — are part of the daily effort by DSCC Chairman

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Charles Schumer (N.Y.) to round up as much cash as possible to boost his committee's financial advantage over the National Republican Senatorial Committee, which trailed the DSCC by $15 million in cash on hand at the end of July."

USAToday/Gallup Poll Finds Democrats, GOP Tied On Generic Ballot. CNN's The Situation Room (9/19, Blitzer) reported, "The USA Today/Gallup poll shows likely voters are evenly divided between Democratic and Republican candidates. But among the wider sample of registered voters, Democrats hold a nine-point advantage over Republicans."

Lieberman Leads Lamont By Two Points In Rasmussen Poll. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column that Sen. Joe Lieberman "leads Democratic opponent Ned Lamont by a whisper, 45 percent to 43 percent, in the Connecticut race for U.S. Senate, according to a Rasmussen Poll released yesterday. It also revealed that Republican nominee Alan Schlesinger wooed just 11 percent of Republican votes while Mr. Lieberman had the support of 62 percent. The survey of 550 likely voters was conducted Sept. 13 and 14 and had a margin of error of 4.5 percentage points."

Allen Questions Relevance Of Jewish Ancestry. The AP (9/20, Lewis) reports a day "after being asked in a debate about his immigrant mother's heritage, Sen. George Allen fired back in a written statement Tuesday confirming his Jewish ancestry." Allen "denounced the reporter's question as 'reprehensible' and irrelevant and said he only recently learned that his maternal grandfather was Jewish." Allen said, "Whenever we would ask my mother through the years about our family background on her side, the answer always was, `Who cares about that?'" The AP adds that during a debate Monday "with Democrat Jim Webb, Allen was indignant when a panelist asked him whether his forebears included Jews. An audience of about 600 business executives booed and hissed at the question from Peggy Fox of WUSA-TV in Washington, D.C." The AP adds Allen "and his siblings also were raised as Christians. He said he became aware only recently that his grandfather, Felix Lumbroso, who had been imprisoned by the Nazis, was Jewish."

The Washington Post (9/20, A1, Shear, 748K) reports in a front page story that Allen "said for the first time publicly yesterday that he has Jewish ancestry, a day after responding angrily to an exchange that included questions about his mother's racial sensitivity and whether his family has Jewish roots." At the debate, "a reporter asked Allen whether his mother's father, Felix Lumbroso, was Jewish. He became visibly upset, saying his mother's religion was not relevant to the campaign and chiding the reporter for 'making aspersions about people because of their religious beliefs.'" Allen's campaign manager "said the senator believed the question was hostile because it followed another one about whether Allen had learned the word 'macaca' from his mother. The word, which Allen used last month to describe a Webb volunteer, is a French slur for a dark-skinned person. Allen's mother, Henreitte 'Etty' Allen, is a native of Tunisia and speaks French."

The New York Times (9/20, Hulse, 1.21M) reports the issue "was injected into the campaign on Monday in a debate with Mr. Allen's Democratic opponent, Jim Webb, when a panelist asked Mr. Allen, a former governor, if his mother was Jewish." But the Allen campaign, "which had earlier found itself on the defensive over Mr. Allen's reference to a volunteer for Mr. Webb as 'macaca,' apparently decided to try to defuse the issue quickly by putting out a statement acknowledging his family ties."

Webb Said To Be The "Consummate Non-Pol." In a Washington Post column (9/20, A25), Lee Hockstader says Democrat Jim Webb is "a consummate non-pol, which makes his race for the Senate among the most interesting, and treacherous, of the year. Badly underfunded so far and mostly allergic to stump speech mumbo jumbo, he could just blunder his way into the Senate on the strength of Allen's problematic past and bullying present -- and on Webb's consistent stance that the war in Iraq is a terrible strategic blunder. Or, just as easily, he could drown in the sea of Allen's financial advantage if the Democratic fundraising machine doesn't deliver in the next few weeks."

Black Democratic Leaders Back Cardin In Maryland Senate Race. The Washington Times (9/20, Miller, Ward, 88K) reports Rep. Elijah E. Cummings "and other black Democratic leaders yesterday endorsed Rep. Benjamin L. Cardin for the U.S. Senate, as the Cardin campaign and that of his Republican rival -- Maryland Lt. Gov. Michael S. Steele -- sought approval from supporters of Kweisi Mfume." Cummings, who had "backed the primary campaign of Mr. Mfume, the former president of the National

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Association for the Advancement of Colored People," said, "We know where Ben Cardin stands on all the issues. We do not know who Michael Steele is, and we do not know what he stands for." The Times adds race has "played a key role in the U.S. Senate contest, which pits Mr. Cardin, a white 10-term congressman from Baltimore, against Mr. Steele, the first black to win statewide office in Maryland."

The Washington Post (9/20, B2, Mosk, 748K) reports Cardin "reached out to African American leaders within the Democratic Party yesterday, trying to heal lingering racial divisions from the Democratic Primary and focus the contest on issues." In "front of Baltimore City Hall, a succession of black elected officials pledged their support for the veteran lawmaker, who is white, in his campaign against Republican Lt. Gov. Michael S. Steele, the first African American to win a statewide office in Maryland." But the "task before Cardin may not be so easy. African Americans have been among the most loyal Democratic voters in Maryland, but the dynamics of this campaign could test that loyalty. Cardin's chief rival in last week's primary, Kweisi Mfume, has signaled that he will rally behind the Democratic nominee but did not appear at yesterday's event and has not formally endorsed him."

Tennessee Senate Race Shaping Up As Battle Of Insider Vs. Outsider. In an overview of Tennessee's U.S. Senate race between ex-Chattanooga Mayor Bob Corker (R) and TN9 Rep. Harold Ford Jr. (D), Roll Call (9/20, Whittington) relates that the contest is "a critical part of the math for Democrats to win a majority in the chamber this fall. … The race is tight and a poll done for Ford's campaign in late August showed the Congressman with a two-point lead." Roll Call notes that "with a difficult national political environment for the GOP, Corker isn't exactly embracing" the Republican Party "label. His campaign materials don't identify him as a Republican, and neither do his television ads. Instead, Corker is focused on running as the anti-Washington, D.C., outsider while painting his opponent as a liberal, insider elitist. Corker has touted his record as mayor and played up the fact that he started at the bottom before building a successful, and very lucrative, construction business." Ford, "meanwhile, has worked to portray himself as a fresh face, using the slogan 'A New Generation of Leadership' in his ads and campaign materials. He argues that his voting record is much more moderate than Corker has portrayed it to be. To refute Ford's message, Corker's commercials have made a point of identifying Ford as a Congressman -- the one with the most liberal record in the state's delegation -- who has been in Washington for 10 years."

McCaskill Wooing Rural Voters In Effort To Unseat Missouri's Talent. Roll Call (9/20, Drucker), in a report on the race between Missouri Sen. Jim Talent (R) and Democratic challenger Claire McCaskill, relates, "This year, in a race of several nuances, the discontent that exists in the Missouri heartland, including among staunch Republicans and like-minded independents, is likely to help McCaskill drive up her vote totals in rural Missouri, especially when compared to her performance in" the 2004 gubernatorial race, which McCaskill lost to now-Missouri Gov. Matt Blunt (R). However, "voter discontent, and McCaskill's rural push, are not guaranteed to matter enough, said Kate Martin, publisher of the Republic Monitor in Perryville. 'I think she will do better in Perry County. I think it's the standard of living for people in small communities. We have a great number of young, struggling families who aren't able to take that next step into a comfortable life,' said Martin, whose paper serves a rural community of around 8,000 located 80 miles south of St. Louis. 'But we're a very religious community, so her stance on stem-cell research, and a woman's right to choose, will hurt her there."

Cantwell, McGavick Breeze To Washington Senate Primary Wins. The Washington Times (9/20, Bellantoni, 88K) reports that Washington Sen. Maria Cantwell (D) "last night easily defeated her anti-war challenger, setting up a November showdown against Republican businessman Mike McGavick in what the GOP sees as one of its best chances to pick up a Senate seat. With about 55 percent of the expected vote counted, Miss Cantwell had 262,719 votes -- an overwhelming 92 percent of the Democratic vote. She easily won over Hong Tran, a lawyer with a nonprofit agency, who raised little money and relied on grass-roots volunteers to amplify her anti-war message throughout the campaign. Mrs. Tran received 11,452 votes, or 4 percent of the total, leading three other little-known Democratic challengers." McGavick, meanwhile, "had 185,743 votes, or 85 percent of the total, easily outpolling five Republican challengers, led by Brad Klippert at 14,422 votes, or 6 percent."

The AP (9/20, Ammons) notes, "There was so little suspense that Cantwell didn't even stay in her homestate to await the returns. Rather, she returned to Washington, D.C.,

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on Monday to attend to Senate chores. McGavick had the stage to himself, but after a brief celebration at his Seattle campaign headquarters, he, too, was heading to Washington, D.C., to shake the money trees. … Some polls had showed Cantwell and McGavick in a fairly tight race, in the 5-to-7 percent range, in recent months, but several late polls have the senator leading by double digits. Cantwell also has a strong lead in finances so far, and has $5.1 million on hand, to McGavick's $2.8 million, after he loaned his campaign $2 million. But though the race leans Democratic, both sides agree that the seat still remains in play and that unforeseen developments could really change the dynamics."

The Seattle Post-Intelligencer (9/20, Modie, 129K) adds that McGavick, in an interview, "said voters 'really want robust conversation' between the two candidates about three issues: the Iraq war as part of the fight against Islamic terrorism; the federal deficit, and saving Social Security. Cantwell, in an interview, pointed to some of the same issues, saying the country has 'gone from record surpluses to record deficits' under President Bush. As for Bush's plan to privatize Social Security, she said, 'I just think that should be off the table.' McGavick, aware of the political volatility of privatization, said he, too, is opposed to Bush's plan but favors allowing younger workers the option of government-managed Social Security investment accounts."

Republicans Say Ney Should Resign House Seat. The AP (9/20, Hammer) reports, "A top House Republican on Tuesday called for Rep. Bob Ney to resign, days after the six-term GOP lawmaker agreed to plead guilty to federal corruption charges. 'He betrayed his constituents, he betrayed the body and there's no place for him in the Congress,' said Rep. Deborah Pryce, the fourth-ranking Republican in the House. Last week, Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company." Ney "agreed to plead guilty in court papers filed Friday" and "was expected to formally plead guilty in court Oct. 13. Mary Jo Kilroy, Pryce's Democratic opponent, has called for Ney to step down and give up his federal pension. Another Republican facing a close re-election race, Steve Chabot of Cincinnati, said through a spokesman that any lawmaker responsible for criminal wrongdoing should step down." Ohio GOP Chairman Bob Bennett and Ohio state Sen. Joy Padgett (R), "the Republican running to replace Ney in Congress, have already called for Ney's resignation."

Some GOP Gubernatorial Hopefuls Embracing Non-Traditional Republican Issues. A front-page story in the New York Times (9/20, A1, Steinhauer, 1.21M) reports, "Here are the things that Gov. Arnold Schwarzenegger will be bragging about on the campaign trail: an initiative to lower greenhouse gases with the onus on big companies, a $1 increase in the state's minimum wage and a program to open up access to prescription drugs." Schwarzenegger "is not just tolerating positions generally associated with liberal candidates. Rather, he is using them as the centerpiece of his re-election campaign, marking the first time in a generation that a Republican governor here has clung to the left during a re-election fight. The strategy is not unique to Mr. Schwarzenegger's campaign. Across the nation's 36 races for governor, Republican candidates in states heavy with moderate or Democratic voters are playing up their liberal positions on issues including stem cell research, abortion and the environment, while remaining true to their party's platform on taxes and streamlining government." Noting that GOP gubernatorial candidates in Massachusetts, Illinois, Maryland, Hawaii and Connecticut are backing some non-traditional Republican issues, the Times adds, "In many ways, the strategy reflects the dynamics of local contests, in which voters are willing to overlook the party affiliation of a candidate if they believe he stands with them on one or two important issues, or pushes through policies that are inherently nonpartisan and that will improve their daily lives."

Ex-DOJ Official Victorious In Massachusetts Democratic Governor's Primary. USA Today (9/20, 3A, 2.27M) reports, "A former Clinton administration official won the Democratic nomination for governor Tuesday in" Massachusetts, "a state where the Republicans have held the top seat for nearly 16 years. Deval Patrick, 50, who headed the Justice Department's civil rights division under President Clinton, will face the Republican nominee, Lt. Gov. Kerry Healey, in November. If he wins, he would become the state's first black governor." Patrick "defeated venture capitalist Chris Gabrieli, 46, who spent more than $8 million of his own fortune on the campaign, and state Attorney General Tom Reilly. … With 98% of precincts reporting, Patrick had 50%, Gabrieli had 27%, and Reilly had 23%."

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Healey "faced no opposition for the Republican gubernatorial nomination. Republican Gov. Mitt Romney decided not to run and is considering a run for president."

Professor Says Average Retirement Age Will Increase By 10 Years Or More. Jeremy Siegel, a professor of finance at the Wharton School, at the University of Pennsylvania, writes in the Wall Street Journal (9/20, 2.03M) that over the next two decades tens of millions of Americans will leave the labor force and "unless we can exploit the dramatic demographic and economic changes that are before us, our future will be much poorer." Siegel adds, "Because of our aging population, I calculate that the average retirement age will have to rise by 10 years or more for workers to produce enough goods and services to provide for a comfortable retirement. This increase will greatly exceed the expected increase in life expectancy and lead -- for the first time in history -- to an absolute reduction in the number of years in retirement. … We cannot escape from our demographic realities. But we can take actions that will lead to a much brighter outcome. The integration of the world's economies and capital markets is the key to our future well-being. If we shun this path, our future will in no way be as bright as our past."

Bush Reaches Out To Moderate Muslims In UN Speech. President Bush's speech on hopes for reform in the Mideast received prominent attention in the media which characterized his speech as an attempt to find a diplomatic solution to the Iranian nuclear impasse in contrast to Iranian President Mahmoud Ahmadinejad's harsher rhetoric against the US.

All three network news programs covered Bush's speech early in their broadcasts. NBC Nightly News (9/19, lead story, 4:10, Gregory, 9.87M) reported that a "tense standoff between the US and Iran hung over the President's speech." He "never mentioned" Ahmadinejad "by name, instead appealing to Iranians directly saying they deserve to be free." President Bush: "The greatest obstacle to this future is that your leader has denied you liberty and to use your nation's resources to pursue nuclear weapons." Gregory: "Difficult diplomacy ahead on Iran, but the President's message was broader than that today. Facing a skeptical international body that resisted the invasion of Iraq, Mr. Bush challenged critics who say the Middle East is less stable because of the war." But "reality in the Middle East has fallen short of US goals. Iraq rests on the brink of civil war. Afghanistan is once again threatened by the Taliban. And the US remains a huge target for Islamic rage."

ABC World News (9/19, story 2, 2:30, Gibson) reported that "instead of addressing the nation assembly," Bush "reached out to the people of the Middle East." ABC (Raddatz) added, "Charlie, what the President was trying to do today, is make the case that it's up to the people, especially the people in the Middle East and throughout the Muslim world to determine their future. Facing more than 100 world leaders, President Bush made a point this morning to speak not to them, but to their people." He "spread his message country-by-country" but he "reserved his strongest words for the citizens of Iran." President Bush: "Iran must abandon its nuclear weapons ambitions. Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program." Raddatz: "The US and its allies are looking for a diplomatic solution to the standoff with Iran. But resolutions seem further away than ever, despite public statements today."

The CBS Evening News (9/19, story 3, 2:20, Axelrod, 7.66M) reported that Bush "used the platform to speak directly to the people of the Islamic countries the US finds itself at odds with. Iran, for instance. The President is here to line up allies to pressure Iran to give up any plans for nuclear weapons." He "said the choice was clear." President Bush: "The nations gathered in this chamber must make a choice as well. Will we support the moderates and reformers who are working for change across the Middle East or will we yield the future to the terrorists and extremists?"

CNN's The Situation Room (9/19, Blitzer) reported, "The leaders of Iran and the US are keeping their distance at the UN gathering, where the showdown over Iran's nuclear program is being spotlighted today. Mr. Bush told the UN delegates and world leaders that Iran's rulers are holding their people back by funding terrorism, fueling extremism and pursuing nuclear weapons."

The New York Times (9/20, A1, Rutenberg, Cooper, 1.21M) in a front page story reports President Bush and Iranian President Mahmoud Ahmadinejad, "clashed at the United Nations on Tuesday over Iran's nuclear ambitions and each other's place in the world." Ahmadinejad's "repeated references to what he called a lack of 'legitimacy' at the Security Council appeared to set the stage for Iran to argue that the Security Council has no authority to impose sanctions against Tehran." In contrast, Bush "made a direct appeal to

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the Iranian people from the United Nations, telling them their leaders were misleading them about the United States' intentions while using their national treasury to sponsor terrorists and build nuclear weapons." The Times calls the speeches "a rare moment of diplomatic theater between Mr. Bush and his leading Middle Eastern nemesis, a man whose nation is increasingly asserting itself in the region that lies at the heart of Mr. Bush's foreign policy, and whose nuclear program is a subject of deep concern to the American, European, Chinese and Russian officials trying to rein it in."

The Wall Street Journal (9/20, King, 2.03M) reports Ahmadinejad's address "gave no sign that Tehran was ready to suspend its uranium-enrichment work or to join international talks on its nuclear program." In contrast, Bush "sought to reach out to the Iranian people while demanding that Tehran 'abandon its nuclear-weapons ambitions.' Mr. Bush also backed off his long-held stance that Iran should be hit with sanctions over its nuclear program, expressing support for a European-led effort to engage Tehran in yet another round of talks." Bush said "that the U.S. would continue to champion democracy in the Muslim world instead of falling for the 'mirage' of some perceived stability. His tone was far more muted and conciliatory than in previous U.N. addresses, though, including the 2002 speech in which he began to make the case for military action against Iraq."

The Financial Times (9/20, Dinmore, Turner, Bozorgmehr) says Ahmadinejad "took his diplomatic battle with the US right to the heart of the United Nations, challenging the legitimacy of the Security Council where some of its veto-wielding members – namely the US and UK – 'commit aggression, occupation and violation of international law.'" He "accused the West of exploiting the Council for its own ends, including the recent conflict in Lebanon and the invasion of Iraq." He also "questioned the right of the UN to impose sanctions on Iran over its 'transparent, peaceful' nuclear programme when the nuclear powers 'proudly announce their production of second and third generation weapons.'"

The Washington Post (9/20, A12, Abramowitz, Lynch, 748K) in an article titled "Bush Softens Tone" says Bush "sought to assure the Iranian people that he wants a diplomatic solution to the impasse over their country's nuclear activities but warned that their leaders are obstructing progress by funding terrorism and pursuing nuclear weapons. Striking a more conciliatory tone than in previous addresses on the subject, Bush said Tuesday that the United States has no objections to Iran achieving a 'truly peaceful nuclear power program' and told the Iranians that he looks forward 'to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace.'" Bush "said he wanted to speak directly to people in the [Middle East], assuring Iraqis, Lebanese and Afghans of continued U.S. support for their efforts to build new democracies while telling Syrians that their government's support of Hamas and Hezbollah is 'turning your country into a tool of Iran.'"

The AP (9/20, Riechmann) in an article titled "Bush Pushes Democracy In U.N. Speech" says, "Bush sought to blunt anti-Americanism across the Middle East on Tuesday, asserting that extremists are trying to justify their violence by falsely claiming the U.S. is waging war on Islam. He singled out Iran and Syria as sponsors of terrorism." Meanwhile "Ahmadinejad was also critical of the U.S.-led war in Iraq, declaring that 'the occupiers are incapable of establishing security in Iraq' and that every day hundreds of people are killed 'in cold blood.'" And although "praising Bush's freedom refrain, Madeleine Albright, secretary of state under President Clinton, said in an interview that the U.S.-led war in Iraq, not democratic reform, has destabilized the Middle East."

The Los Angeles Times (9/20, Farley, Wallsten, 918K) reports Bush "called for Muslims and other residents of the Middle East to reject extremism and empower 'voices of moderation,' offering the latest defense of his 'freedom agenda' that has rankled allies abroad and drawn criticism from Democrats at home." His "speech focused heavily on the Middle East, and in contrast with some of his more hawkish appearances here, such as his promise to 'disarm' then-Iraqi President Saddam Hussein with or without support from the U.N., Tuesday's address accentuated diplomacy."

USA Today (9/20, Jackson, Slavin, 2.27M) reports, "Iranian President Mahmoud Ahmadinejad delivered a defiant speech" and "lashed out at" the US and Israel. Meanwhile, "Bush spoke broadly of efforts to spread democracy in the Middle East. Speaking directly to citizens of individual countries, Bush outlined his hopes for peace and praised democratic efforts in places such as Iraq."

McClatchy Newspapers (9/20, Douglas, Strobel) characterized both Bush and Ahmadinejad as "engaged in a unabashed war of words" but notes, "Bush's comments on Iran, while tough, were more restrained than in recent weeks. Last month he called Iran a 'grave threat' in a speech to the American Legion. That helped fuel speculation that some

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sort of U.S. military action against Iran might be coming." Yet while Bush "spoke publicly in softer tones, he and other administration officials continued to work behind the scenes to forge consensus among U.S. allies for eventual sanctions against Tehran." The AP (9/20, Faramarzi) and Bloomberg (9/20) reports details similar on other coverage.

Bush Places Onus On International Community. The Washington Times (9/20, A1, Dinan, 88K) in a front page article notes that in previous speeches Bush "challenged Congress and U.S. voters to give him the tools he wants to fight Islamic terrorists, but in yesterday's speech he made clear he expects other countries to join the U.S. fight worldwide." Bush "mentioned three U.N. resolutions -- on disarming Hezbollah in Lebanon, calling on Iran to end its nuclear-weapons program, and on expanding the peacekeeping force in the Darfur region of Sudan -- and said the world body must now meet its commitments."

Ahmadinejad Accuses US Of Moving World Toward War. Leading its broadcast with an interview with Iranian President Mahmoud Ahmadinejad, NBC Nightly News (9/19, lead story, 4:10, Williams, 9.87M) quotes him saying via a translator: "The US government thinks that it's still the period after World War II where they came out as a victor and had special rights and could rule therefore the rest of the world. I'm against the policies chosen by the US government to run the world because these policies are moving the world toward war."

Ahmadinejad Says Bush Rejected Overture For Peace. NBC Nightly News (9/19, story 2, , Williams, 9.87M) reported that Bush "said he looks forward to the day when America and Iran can be good friends and close partners in the cause of peace. How do you react to the statement of the American President today?" Ahmadinejad: "We have the same desire. To be together for the cause of world peace. But we have to see what the impediments are. Is it Iranian forces that have occupied countries neighboring or is it American forces occupying countries neighboring Iran?" Williams: "If I was President Bush sitting here across from you, what would you say to him?" Ahmadinejad: "I think that the situation would have been better here if you were Mr. Bush. You know that I am a teacher. I'm interested in talks and in dialogue. I like to understand the truth. Facts. And in that letter I raised very important subjects. I invited him to peace, brotherhood and friendship. But we did not receive an answer."

Bush, Chirac Reveal Differences On How To Proceed Against Iran. Fox News' Special Report (9/19, Hume) reported, "New differences have arisen between France and the United States over how to proceed against Iran in halting its uranium enrichment program. Differences became clear only after the French Prime Minister and President Bush addressed the UN today." In an earlier meeting, the leaders "had seemed to be in accord." Fox (Baier) added, "In a one-on-one meeting, before both leaders addressed the United Nations General Assembly, President Bush and French President Chirac seemed to be on the same page in regards to having the nuclear standoff with Iran. … But a few hours later, in front of the General Assembly, Chirac urged dialogue with Iran instead of threats. Then told reporters afterwards, there should not be a new deadline for Iran."

The AP (9/20, Charlton) notes Chirac "has sought out the spotlight on this trip to New York as part of a larger bid to carve out a lasting legacy on world affairs. It is likely his last such performance." He "insisted that his compromise proposal was just a reiteration of France's position. He said he and Bush see 'eye-to-eye' on Iran and insisted U.S.-French relations were close and friendly." Yet "in his speech to the General Assembly, he avoided mention of sanctions, saying only: 'Our goal is not to call regimes into question.'"

Rice Seeks To Resolve Differences With Allies Over Iran. CNN's The Situation Room (9/19, Malveaux) reported, "Ultimately you know, this was billed as a showdown between the Great Satan and the Axis of Evil. Never happened, they never got in the same ring. Ahmadinejad was a no-show for the President's address to the UN General Assembly. But what's really important here, not so much these kind of political maneuvers between these two, but as you know, what is happening quietly behind the scenes, the negotiations. If you take a look at Secretary of State Condoleezza Rice, where is she going to be this evening? Meeting with her counterparts, the Europeans who have been quietly talking to Iran for weeks now, trying to figure out a way to get them to suspend their enrichment uranium program and then get them back to the table."

The AP (9/20, Gearan) in an article titled "U.S. Tries To Save Its Iran Plan" reports, "The United States tried Tuesday to salvage its plan to punish Iran with sanctions if it won't back down in a nuclear standoff with the West, even as President Bush told Iranians he hopes that one day 'America and Iran can be good friends.'" Secretary of State Condoleezza Rice's

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"dinner meeting produced little consensus about the next step, and no announced deadline for when world powers expect further word from Iran. Undersecretary of State Nicholas Burns said the diplomatic effort to counter Iran was in 'extra innings.'"

Lugar Said Bush's Message Was "Positive, Constructive." Sen. Richard Lugar said on PBS' Newshour with Jim Lehrer (9/19) that President Bush's message at the UN "was very positive, constructive. He stressed diplomacy. He did not, however, hide our feelings about, for example, what is occurring in Syria or deficiencies, for that matter, in the handling of Sudan. I thought that it was a strong message and a very clear, to the point, on American foreign policy."

Biden Approves Of Bush Message To Iranian People. Sen. Joe Biden said on PBS' Newshour with Jim Lehrer (9/19), "The thing that I liked what the president did -- and I wish, quite frankly, he would do it more -- he spoke directly to the Iranian people. The irony is we, Senator Lugar, conducted a hearing today on Iran where we had leading experts representing various points of view, where everyone acknowledged that one of the things that may be, not a secret weapon, but something we have not utilized is the inherent distaste of the Iranian people for their present government and the empathy it has toward the average Iranian -- I don't want to exaggerate it -- toward America. And that's always perplexed me why we're unwilling to speak directly with the Iranians and with the Iranian government so at least our side of the argument gets into the Iranian people who are more likely to, once knowing our position, be more empathetic to it, and possibly not revolt or anything, but put pressure upon their own government. And I think the president essentially talking over the heads of the Iranian leadership to the Iranian people was a very positive thing."

Boxer Says US Is Doing The Right Thing On Iran. Sen. Barbara Boxer said on Fox News' The Big Story with John Gibson (9/19) that the US is doing the right thing on Iran, adding, "We are working with our European friends. We have made it very clear we are willing to talk if they abandon their enrichment of plutonium. And we have to be clear as I think Nicholas Burns was clear and many of us are clear in a bipartisan way that this is the time for them to abandon this enrichment, come to the table, and let's talk and avert any other problems. And if they don't do this, we are going to have to begin with the sanctions."

First Lady Says President Spoke To UN's Goals. First Lady Laura Bush said on Fox News' On the Record with Greta van Susteren (9/19), "I thought he gave a wonderful speech. He touched on all the points, all the ways, speaking directly to the people of the Middle East. Each one of the countries in the Middle East about what we can do to promote peace, to promote the moderate people to avoid terrorism by not supporting extremists and I think it's a very good message. It's a good message here at the United Nations. He really spoke to what the goals of the United Nations are."

Administration Said To Choose Diplomacy. In an analysis piece, the Washington Post (9/20, A20, Kessler, 748K) notes, "Before the U.S.-led invasion of Iraq, U.S. officials confidently predicted that the toppling of Saddam Hussein would lead to renewed momentum on the Israeli-Palestinian peace track." President Bush's UNGA speech "showed how much that diplomatic calculation has changed in Bush's second term. With the United States ensnarled in an increasingly difficult campaign in Iraq, war is no longer a viable option. Instead, the administration is struggling with the difficult and messy business of diplomacy. That often means accommodating the interests and demands of other countries, even backtracking on what had been firm positions." The Administration "has muddied what were once clear lines in pursuit of diplomacy;" where once officials had "firmly demanded" that Tehran suspend its enrichment of uranium, now they "have quietly acquiesced in a European-led effort to find a face-saving way for the talks to begin."

Iran's Trade Links To Key Nations Said To Inhibit Sanctions Push. In a 2,000-word piece entitled, "Nations' Rich Trade With Iran Is Hurdle For Sanctions Plan," the Wall Street Journal (9/20, King, Champion, 2.03M) reports, "One reason the U.S. is having a hard time winning global sanctions on Iran over its nuclear work is evident at a company in Tehran called Iran Khodro Co., a big vehicle manufacturer. The company is cutting deals in China, France, Germany and Russia -- key players in the tussle over what to do about Iran's nuclear ambitions." The Journal says an extensive "web of business ties helps explain why the U.S. is alone, among the five permanent members of the United Nations Security Council, in being enthusiastic about imposing sweeping sanctions on Iran. The U.S. is the only one that has little to lose." While the US has almost no remaining economic ties to Iran, "the other Security Council members have seen their business with Iran increase. … While part of the growth reflects the higher cost of Iran's oil, the trade is broader: Iran buys German steel, French cars,

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Russian armaments and Chinese air conditioners. The European Union accounts for more than a third of Iran's total trade with the world. China's exports to Iran have tripled in four years."

Bolton Says Iran Will Not Suspend Its Nuclear Program. US Ambassador to the UN John Bolton was asked on CNN's The Situation Room (9/19) if he is convinced that Iran "will suspend its nuclear enrichment program under any circumstances given their desire, apparent desire to build a bomb." Bolton said, "No, and that's the real test and we have been saying, the Europeans have been saying, the Security Council has said, the international atomic energy agency has said that that is the pre- condition for these negotiations to proceed. So we've given them a lot of latitude, we've got a very generous, a very generous offer on the table. We want to hear from them they they're going to suspend their uranium enrichment operations."

Ahmadinejad Defends Position On Israel. Later in its broadcast NBC Nightly News (9/19, story 6, , Williams, 9.87M) continued its interview with Iranian President Ahmadinejad, asking him "why he famously called the Holocaust a myth." President Mahmoud Ahmadinejad (via Translator): "In the Second World War, over 60 million people lost their lives. They were all human beings. Why is it that only a select group of those who were killed have become so prominent and important?" Asked whether "Israel should be wiped away" Ahmadinejad replied: "The main question is, if this happened in Europe, what is the fault of the Palestinian people? This is a problem we have today. The root cause of many of our problems. Not what happened 60 years ago. The Palestinian people -- their lives are being destroyed today under the pretext of the Holocaust. Their lands have been occupied. What is their fault? What are they to be blamed for? Are they not human beings? Do they have no rights? What role did they play in the holocaust?

Israeli Foreign Minister Stresses International Solution To Iran. Israeli Foreign Minister Tzipi Livini in an interview on the CBS Evening News (9/19, story 4, 3:40, Couric, 7.66M) was asked whether Israel would "allow Iran to develop nuclear weapons?" Tzipi Livini: "I believe the world, not only Israel, cannot afford a nuclear Iran. I would like also to add I think that the fact that the Iranian President, the one who mocked the Holocaust, denies the Holocaust, speaks openly and publicly about his vision of wiping Israel off the map, I think that this kind of person should not be invited to the United Nations. I believe that his speech here today is outrageous and I believe that these kinds of president cannot be a member of the family of nations."

Voinovich Likens Ahmadinejad To Hitler. CNN's The Situation Room (9/19, Blitzer) reported, "During a Foreign Relations Committee hearing, Republican George Voinovich of Ohio compared Mahmoud Ahmadinejad to Hitler and then made fun of his name." Voinovich: "Ahmadinejad, I call him Ahmad in the Head. I think he's a Hitler type of person. He has made it clear that he wants to destroy Israel. He's made it clear he doesn't believe in a Holocaust. He's a -- he's a -- well, we all know what he is."

White House Dismissive Of Iranian Leader. USA Today (9/20, Slavin, Jackson, 2.27M) reports, "Bush, who is known to size up a foreign leader's character with a handshake and meeting, has a personal dislike of Ahmadinejad, according to Stanley Renshon, a political psychologist at the City University of New York." Renshon said, "There is a chemistry between them, and the correct term is 'revulsion.' … Ahmadinejad stands for everything Bush is worried about."

Former President Clinton Says Change In US Policy Offers Hope For Mideast Peace. The Financial Times (9/20, Freeland, Luce) reports, "The situation in the Middle East has become so bad that a fresh peace initiative is a strong likelihood within the next two months, Bill Clinton, the former US president, said in an interview with the Financial Times." He "said the deteriorating situation in Iraq and Afghanistan and the aftermath of the war in Lebanon had created the conditions for 'some kind of positive movement to take place.'" He "offered a subtle but cogently-presented rebuttal of the Bush administration's approach to foreign policy saying that rising global resentment towards the US could mostly be overcome by a change in the US administration's attitude towards those feeling the resentment. President Clinton said that people around the world could disagree with particular policies the US pursued but still feel goodwill towards America if they felt it held their ultimate interests at heart."

Scholar Casts Doubts On Iran Honesty In Negotiations. AEI scholar Michael Rubin in an op-ed in the Wall Street Journal (9/20, 2.03M) writes, "Tehran may still conduct diplomacy to fish for incentive and reward but, at its core, Iranian diplomacy is insincere. The Iranian leadership will say anything and do anything to buy the time necessary to acquire nuclear capability. That Foggy Bottom still advises against any strategy that might undercut the possibility of

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some illusionary breakthrough signals triumph not of realism but of negligence. Diplomacy cannot succeed if one side is playing for real and the other only for time.

Dowd Blames Bush For Increasing Iranian Power In Region. Maureen Dowd in her column in the New York Times (9/20, 1.21M) writes blames Bush for playing down "Osama for five years, while he focused on Iraq. But his ill-fated detour into Baghdad just ended up magnifying another enemy and giving Mr. Ahmadinejad a huge strategic opportunity to stoke the growing fundamentalist and radical Shiite surge unleashed by the bungled occupation. Because W. blew off diplomacy with Iraq, he is now hostage to diplomacy with Iran."

First Lady Takes "Major Role" On World Stage. Under the headline "First Lady Is Playing A Major Role On The World Stage," the Washington Post (9/20, A3, Fletcher, 748K) writes, "On Monday, Laura Bush convened an international conference on literacy. Tuesday, she hosted a roundtable aimed at prodding the United Nations into action on the humanitarian crisis in Burma. Wednesday, she will address the Clinton Global Initiative. And Thursday, she is to receive a major international award. By any measure, it is a busy week. It is particularly so for a first lady praised by some admirers as the 'anti-Hillary' for her seeming preference for eschewing controversy and for embracing a more traditional role as first lady." Her chief of staff, Anita McBride, said, "Any one of those events on their own for a first lady is significant. Together, they are profound." The Post notes that while President Bush "has been a polarizing political presence both at home and abroad," the First Lady "remains popular. A Gallup-USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's approval rating of 40 percent."

Fox News' On the Record with Greta van Susteren (9/19) spent another day with First Lady Laura Bush. Fox reported, "Today the First Lady went to the United Nations to talk about human rights in Burma. … Burma stands accused of horrible human rights including widespread rape and murder." The world "is outrage wanted and so is the first lady. She brought a group to a round table discussion to learn more." Mrs. Bush: "It was a very sobering discussion. It's an issue that I hope get out that people really pay attention to what's happening in Burma because I think it's certainly ripe for pressure from the UN Security Council now that it's on the agenda and from humanitarian groups around the world. To get the message out about the problems there and hopefully put pressure on so there is a chance for democracy to builds." Mrs. Bush added, "The regime is recalcitrant and I think that's a problem. A lot of people have already tried to put pressure on the regime, including countries that are the neighbors of Burma. But now that it is on the agenda for the Security Council, for the UN, I think that is the next step, being able to put pressure there."

The AP (9/19, Klug) reports on the First Lady's remarks on Myanmar (Burma), saying she called for the nation's "military rulers to release imprisoned pro-democracy leader Aung San Suu Kyi and urged the U.N. Security Council to issue a swift resolution condemning the junta."

Hillary Clinton, Gingrich Both Defend Pope Benedict. The AP (9/19, Barrett) reports Sen. Hillary Clinton and Newt Gingrich, "longtime foes in American politics," who are both "considered potential presidential candidates in 2008," defended Pope Benedict XVI "against a wave of Muslim criticism over a speech last week." Both Clinton and Gingrich were asked about the controversy following a joint appearance at an American Cancer Society event. Clinton said the Pope's "follow-up statement should have been enough to settle the matter. 'It's just outrageous and offensive that people would be threatening violence against him based on what he said, especially when there is so much they should be working on together,' Clinton said." Gingrich said, "I think what he said in his entire speech…is that Islam has to come to grips with having a genuine dialogue of mutual respect. Everything you've seen of the viciousness and the evil that has been said since then by fanatics reinforces the Pope's speech."

The Washington Times (9/20, Duin, 88K) writes that Benedict, "known for his toughness on matters of Catholic doctrine," gives "no quarter when it comes to questions about Islam." But he has "dialogued with Muslims for years and, just after his installation as pope 17 months ago, specifically mentioned them in an address to members of other religions."

Spencer Urges Clinton To Defend Pope's Free Speech Rights. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column, "John Spencer, the conservative Republican challenger to Sen. Hillary Rodham Clinton in New York's race for US Senate, has called upon his Democratic rival to defend Pope Benedict XVI's right to free speech. 'Senator Clinton should speak out publicly and

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denounce the words and actions of Islamic fascists throughout the world. She has an obligation, as a United States senator, to stand up for free speech,' Mr. Spencer told radio station WROW-590 AM in Albany, N.Y., yesterday. … There also was snarling in New York's Democratic ranks. The anti-Iraq war activist whom Mrs. Clinton crushed in last week's Senate primary said yesterday he would not support her re-election bid, the Associated Press reports. 'I urge my supporters and the people who voted for me to vote their conscience,' said Jonathan Tasini. 'Every vote that is not cast for the incumbent is a clear repudiation of an immoral war.'"

Anger At Pope Abates Among Some Muslims. Under the headline "Muslim Anger At Pope Shows Signs Of Easing," the New York Times (9/20, Fisher, Kiefer, 1.21M) reports Iranian President Mahmoud Ahmadinejad suggested the Pope had "satisfactorily 'modified' his remarks on Islam, one sign of an apparent easing of anger since the pope issued an apology on Sunday for the reaction to his words." But "some Muslims continued to demand a fuller apology." Mohammed Qaddafi, a son of Libya's leader, said he "did not accept the apology and suggested instead that that pope convert to Islam."

NYTimes Says Catholics, Muslims Should "Move Forward In A Conciliatory Spirit." The New York Times (9/20, 1.21M) editorializes, "Now that Pope Benedict XVI has expressed regret for offending Muslims in remarks he made last week, we hope Catholics and Muslims alike will put aside the pontiff's ill-considered comments and move forward in a conciliatory spirit. Muslim leaders need to condemn the specific acts of violence that followed the pope's speech. Even more important, they must work against the nurturing of grievance that magnifies and politicizes insults, giving them a destructive dynamic. … The pope and the Vatican can also do more. For the past two years, Benedict has been a no-show at interfaith gatherings in Assisi, begun 20 years ago by his predecessor."

Defense Chief Says Israel Hopes To Be Out Of Lebanon By Friday Evening. The New York Times (9/20, Erlanger, 1.21M) reports Israeli defense chief Lt. Gen. Dan Halutz said Israel "hopes to pull its last troops out of Lebanon by sundown on Friday," the start of Rosh Hashanah. Halutz told a parliamentary committee, "If all goes without a hitch, to the satisfaction of all sides, the working assumption is that the I.D.F. will leave all the areas it controls by the Jewish New Year holiday."

Fatah, Hamas Gunmen Continue To Fight In Gaza. The New York Times (9/19, Erlanger, 1.21M) reports that as Palestinian Authority President Mahmoud Abbas "tries to assemble a national unity government that might enable Israeli and Western funds to flow back" to the PA, the battling in Gaza "between gunmen affiliated with his Fatah faction and those of Hamas, the radical Islamist party which came to power after January's legislative elections, continues apace." The fighting "is part of a struggle for power in the one part of the Palestinian territories that Israel has largely abandoned."

Crisis Group Leader Says Quartet Must Accept Palestinian Government. In a Financial Times (9/20) op-ed, International Crisis Group President Gareth Evans writes, "If there is to be any chance of forging new momentum for a comprehensive Arab-Israeli peace settlement out of the ashes of the past several months, it will have to begin with acceptance of the leadership chosen by the Palestinians as a legitimate partner by Israel and the Quartet." That was "not possible so long as Hamas made up the whole of the Palestinian government," but the incoming national unity government "will, on current indications, go a significant way towards meeting international concerns."

LAT Applauds Bush Stance On Israeli-Palestinian Peace. The Los Angeles Times (9/20, 918K) in an editorial writes that In his speech at the UN Bush "reaffirmed U.S. support for the 'road map' for Israeli-Palestinian negotiations agreed on in 2002 by the U.S., the U.N., Russia and the European Union. And he said Secretary of State Condoleezza Rice would lead a renewed diplomatic effort in the region." The Times concludes, "Buried as they were in his speech, Bush's comments about the Arab-Israeli conflict were notable because they fit awkwardly into his main theme of democracy as the solution to tensions in the region. Democracy is important, but so are security for Israel and independence for the Palestinians."

Yemenese President Expected To Triumph In Today's Elections. The Christian Science Monitor (9/20, Hill, 58K) reports nine million voters are expected to turn out in Yemen today "in combined presidential and local elections, concluding a heated and sometimes deadly month-long campaign." President Ali Abdullah Saleh, "who in June reversed his earlier decision to step down after nearly three decades in power, is seeking a mandate for another seven-year term," and his reelection "is almost certain."

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Transitional President Of Somalia Survives Car Bombing. The Los Angeles Times (9/20, Sanders, 918K) reports that Abdullahi Yusuf, the transitional president of Somalia, "narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament," although "eight other people, including his brother and several security guards, were killed." The attack occured "at a particularly sensitive time for the government," as "Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year." In spite of "years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants," although "Some officials in Baidoa accused the" Conservative Council of Islamic Courts. "Islamist officials denied any knowledge of the attack."

Novelist Faces Istanbul Trial For "Insulting Turkishness." USA Today (9/20, Kuser, 2.27M) reports novelist Elif Shafak will go on trial in Istanbul tomorrow "on charges of 'insulting Turkishness' through comments made by a fictional character in her latest novel." The University of Arizona lecturer "splits her time between Tucson and Istanbul." She could face "up to three years in jail on charges she violated Article 301 of the Turkish Penal Code by having an Armenian character in the book say that 'Turkish butchers' killed her family and that the deaths were 'genocide.'" USA Today says the charges "raise questions about Turkey's readiness to become a full member of the European Union."

Senate Approves Free Trade Agreement With Oman. The AP (9/19) reports the Senate voted 63-31 Tuesday to give final approval to a free trade agreement with Oman, "ending months of debate over a deal that will have few economic effects but came to stand for growing differences over U.S. trade policy." President Bush praised the action, saying it "would deliver economic benefits to both countries and protect U.S. national security interests 'by strengthening our relations with a strategic friend and ally in the Middle East.'"

Japan, Australia Sanction North Korean Bank Transactions. McClatchy Newspapers (9/20, Johnson) reports Japan "on Tuesday froze some bank activity of a North Korean hospital that treats top officials and a state-run software company with extensive commercial contracts in Japan, joining Australia in tightening a financial noose around the Kim Jong-il regime. In step with the United States, Japan and Australia imposed a series of financial sanctions on North Korea over its nuclear weapons development." Tokyo's move "restricted overseas remittances and bank withdrawals of 15 North Korean commercial entities and one Swiss individual, expanding existing U.S. sanctions to include three new companies. Australia targeted 11 companies and the Swiss man." Japanese Chief Cabinet Secretary and presumptive prime minister Shinzo Abe "said the actions were aimed at North Korea's weapons programs and were designed to force the nation to return to six-nation talks on dismantling its nuclear programs, which deadlocked last year." The "sanctions also appeared intended to hurt the health care of North Korea's senior officials and to pinch hard-currency earnings from at least one successful company," Pyongyang Informatics Center.

The New York Times (9/20, Sang-hun, 1.21M) adds Australia and Japan "imposed new financial sanctions on North Korea today, as the United States dismissed appeals from China and South Korea for a softer approach and rallied more international pressure on the North over its nuclear program." The Times says "the practical impact" of the move "will be small" because Australian and Japanese trade with North Korea is limited, but the sanctions "are a sign that Washington and its allies are intent on tightening a financial noose around the Communist North Korean regime and starving it of hard currency from abroad." Chinese and South Korean officials "expressed concern that mounting pressure might prompt the North's mercurial leaders to lash out defiantly by testing a nuclear weapon — and thereby touch off an arms race in Northeast Asia."

The Wall Street Journal (9/20, Moffett, Ramstad, 2.03M) notes, "With one week left before Junichiro Koizumi steps down as prime minister, Japan imposed sanctions on 15 groups and one individual with links to North Korea's weapons programs, a sign of the more assertive foreign policy Tokyo has crafted during Mr. Koizumi's five years in power." The move is "meant to increase pressure on the communist nation in the wake of its July missile tests." In recent years, "Japan has been losing some leverage over North Korea, making any punishment it tries to mete out potentially less effective." Its trade with North Korea has dropped off dramatically, and China and South Korea "exert far more influence on Pyongyang via food and energy

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assistance." The Journal notes, "Tokyo's hard line complements that of the U.S., which would like to see North Korean leader Kim Jong-il's regime collapse, removing a threat to regional stability."

Joint US-Russia Nuclear Cities Initiative To Sunset. The Christian Science Monitor (9/20, Weir, Clayton, 58K) reports that the US and Russian partnership formed to keep Russian nuclear experts from moving abroad and becoming proliferation risks, "is set to expire Friday, barring final talks," and adds "with the threat of nuclear terrorism" continuing to loom "large" the "brain drain of Russian nuclear expertise is an even more critical concern than it was six years ago, many say." The Chronicle adds that the a "stronger Russian economy and growing wariness of US access to sensitive nuclear programs has dampened Moscow's enthusiasm for the Nuclear Cities Initiative (NCI) program, as has a three-year wrangle with Washington over legal liability issues, observers say." The "NCI program, which has helped 1,600 scientists in its existence, has been folded into a much larger DOE effort that employs more than 13,000 Russian scientists with grant funding."

Buffett's Nuclear Threat Initiative Pledges $50 Million To Curb Nuclear Proliferation. Under the headline, "$50 Million Offer Aims at Curbing Efforts to Make Nuclear Fuel," the New York Times (9/20, Broad, 1.21M) reports from Vienna that billionaire investor Warren E. Buffet pledged "$50 million on Tuesday to help set up an international nuclear fuel bank that aspiring powers could turn to for reactor fuel instead of making it on their own," calling the pledge an "investment in a safer world." The Times adds that the "pledge came at an international conference here in Vienna where nations are exploring how to create multinational fuel banks as a way to aid nuclear development while avoiding new risks."

The Wall Street Journal (9/20, Fialka, 2.03M) notes that Buffett's "proposal was welcomed by" IAEA head Mohamed ElBaradei, and "US officials also supported the idea, which has been discussed since the US launched its 'Atoms for Peace' program in the early 1950s. Former US Sen. Sam Nunn, who announced the proposal and Mr. Buffett's financial backing in Vienna, said 'we're at a stage now where a number of nations may be getting close to starting their own [nuclear] fuel cycles.'" The Journal adds, "Nunn said the terms of Mr. Buffett's donation require IAEA nations to contribute $100 million to help build the stockpile. The IAEA would set up and maintain the fuel reserve."

The AP (9/20, Evans) quotes Sen. Nunn from a telephone interview and he said, "Under international law and under the Nuclear Nonproliferation Treaty, countries have the right to enrich nuclear fuel," adding, "If we have a lot more countries that do that — and we're on the threshold of that now — then it's going to be an extremely dangerous world. It's going to be very difficult to keep that weapons-grade material out of the hands of someone who might use it as a weapon, like a terrorist group."

Military Coup In Bangkok Overthrows Thaksin. The New York Times (9/20, Mydans, Fuller, 1.21M) reports, "In Thailand's first coup in 15 years, military leaders seized control of Bangkok on Tuesday night, suspended the Constitution and declared martial law in the capital, effective immediately." Prime Minister Thaksin Shinawatra "was in New York preparing to address the United Nations. He declared a state of emergency on Thai television, but was cut off in mid-speech," and later "canceled his address to the" UNGA. Gen. Sondhi Boonyaratkalin, a Muslim, announced that he has suspended both houses of Parliament, the cabinet and the Constitutional Court. The Times says the coup "returned Thailand to a time that most experts here thought was finally past, raising questions about the future of Thai democracy and the stability of a country that is a prime tourist destination with strong economic links to the West." The move "came at the height of a drawn-out political crisis," and Sondhi "was shown on television in an audience with King Bhumibol Adulyadej, a clear indication that the highly revered constitutional monarch endorsed the move."

ABC World News (9/19, story 4, 2:10, Gibson) reported, "There is an emergency state in Thailand, after an army general led a coup. A coup is not uncommon in Thailand. But this one, the military seized the capital. The prime minister, half a world away at the UN General Assembly, was powerless to stop it." ABC (Litke) added, "Both the public and the military have grown increasingly critical of Thaksin's rule."

NBC Nightly News (9/19, story 7, , Williams, 9.87M) reported, "There's been a sudden change for tonight's session. The program at the United Nations, the Prime Minister of Thailand, was supposed to speak to the gathering but he has canceled because, since he's been away, the army has staged a bloodless coup and has taken over the country." NBC (Williams) added, "The Thai military seems in

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full control. Troops and armored vehicles surrounding government house and key buildings. They suspended the constitution, declared martial law and appointed a retired general as prime minister. They say they're acting in the name of Thailand's revered king who was shown on Thai television. This follows weeks of political turmoil here including an annulled election. And an apparent assassination attempt against the prime minister. The prime minister who was out of the country has been accused by his opponents of misrule and corruption in his family's business dealings

The Financial Times (9/20, Kazmin) adds, "The dramatic developments marked the culmination of a year of political turmoil reflecting deep divisions in Thai society over the leadership of Mr. Thaksin, a billionaire telecommunications tycoon who is revered by the rural poor but disliked by urban residents." The AP (9/20, McGuirk) says the coup "triggered condemnation, unease and uncertainty in Asian nations. Governments across the Asia-Pacific region issued warnings to their citizens to rethink traveling to Thailand." Tokyo, Canberra and Auckland "demanded a quick restoration of civilian rule." The Washington Times/AP (9/20, Peck) runs an AP story reporting similar facts.

USA Today (9/20, For, 2.27M) notes, "Thailand's armed forces seized control of the country Tuesday. Military leaders promised a quick return to democracy after overthrowing the elected prime minister without any bloodshed. … Confused tourists poured out of the capital's popular bars and nightspots, which began closing before midnight after coup leaders seized control of television stations. Normal TV programming was replaced by images of the country's revered monarch, King Bhumibol Adulyadej, and patriotic music." Sondhi "announced the creation of the Council of Administrative Reform with the king as head of state. A council statement accused Thaksin of social division, corruption, political meddling and an inability to deliver vital services." USA Today adds, "Thaksin's opponents included many urban, educated Thais and pro-democracy activists who led massive demonstrations against him last year. They accused him of restricting press freedoms and rigging or stripping power from the country's democratic institutions such as the electoral commission. They also alleged that he evaded millions of dollars in taxes in the sale of his telecom company."

Thaksin's Demise Said To Pose Problem For Administration. The Washington Post (9/20, A1, Corben, 748K) adds, "Thai army leaders deposed" Thaksin, "a longtime ally of President Bush, using tanks and soldiers to seize the capital Tuesday night without firing a shot. The coup was the first in 15 years in a country where many people believed that military seizures of power were a thing of the past." The Post notes President Bush "has made the spread of democratic rule abroad a key theme of his administration. It remained unclear what response the U.S. government would take to the overthrow of an elected figure whom Bush called a 'very capable leader' in 2003. In recent months, White House officials have been distancing themselves from Thaksin." Today, Sondhi "asked for the public's support and declared the coup was necessary to end serious conflicts within Thai society that Thaksin had created." He "said the coup leaders had no intention of retaining power."

The Wall Street Journal (9/20, Hookway, Barta, Solomon, 2.03M) titles its extensive reporting, "Coup Ousting Thailand's Premier Tests Democracy In Key U.S. Ally." The coup "raises serious questions about the stability of a key U.S. ally in Asia that until recently had served as an anchor of democracy and investment in the region." Thaksin's overthrow "underscored longstanding questions about who runs Thailand, a country of 65 million people that is a favorite of Western tourists and companies despite its opaque governance. … Many analysts believe the country still relies heavily on the powers of an aging and elusive king who is repeatedly invoked as the only true source of political legitimacy there. Whether the king played any role in the attempted change in government was unclear. A return to military rule would unwind years of progress toward a stable democracy."

Short-Term Investor Unease Said Unlikely To Hurt Other Asian Markets. The Wall Street Journal (9/20, Richardson, 2.03M) reports, "Uncertainty over the outcome of an apparent military coup in Thailand is likely to roil Thai stocks during the next few days, though analysts said it is unlikely to spill over into other major Asian markets." Investors familiar with Thailand "said they hoped for a smooth and swift resolution to the crisis," and "expect the coup to be positive for the market in the long term, particularly if it is bloodless and receives the blessing of" the king. The Journal says "a rout in Thai stocks is unlikely to significantly affect the portfolios of international emerging-market investors who construct their portfolios to hew closely to the Morgan Stanley Capital International Emerging Markets Index." In one immediate outcome, the Journal notes, "the country's baht currency -- the

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devaluation of which helped send Asia into financial turmoil in 1997 -- fell in its biggest one-day decline in three years, weighing on other Asian currencies. The baht weakened to 37.764 from 37.286 against the dollar." In addition, "emerging-market bonds were slightly rattled by the news," however, "investors and traders didn't panic much."

NYTimes Says Thaksin's Mistakes Do Not Justify Overthrow. In an editorial, the New York Times (9/20, 1.21M) calls the coup "regrettable." Thaksin "has been a high-handed and controversial leader," with continuing "corruption charges" among other mistakes, "but removing him from office is a decision that belongs to Thailand's voters, not an ambitious army general. They would have had a chance to make that decision soon." The Times concludes, "Military power grabs have punctuated Thailand's recent history, and none have left the country better off. The best thing General Sondhi could do now is…return power to the constitutional civilian leadership."

LATimes Emplores King To Stand Against Coup. The Los Angeles Times (9/20, 918K) editorializes, "The coup could jeopardize the recent stability and economic prosperity across Southeast Asia, traditionally among the most volatile regions in the world. Thailand has been an anchor to that stability, but now the restive foes of Thaksin are taking a huge step backward. It would be in the best interest of the country if its monarch took a page from the Spanish playbook and came out against the coup — as King Juan Carlos I did in 1981 — if he is free to do so." Thaksin "bears some blame for his government's downfall," and he should have made clear his intention not to run in this fall's election and, the Times says, stayed out of military decision making. The Times concludes, "The coup could produce deep uncertainty at best and violent uprisings at worst, and it may threaten economies throughout the region. That's a heavy price to pay for one man's refusal to cede power and a refusal by his people to accept a concept taken for granted in more mature democracies: Sometimes in free elections, your side loses."

Paulson Seen As On Defensive About US Trade. The New York Times (9/20, Weisman, 1.21M) reports, "In his debut on the international stage, Treasury Secretary Henry M. Paulson Jr. faced three days of criticism and concern that the United States' fiscal and current-account deficits were casting a shadow over the global economy." The Times continues, "The issue of 'global imbalances' came up again and again in Singapore in the language of speaker after speaker, as well as in the communiqué of the Group of 7 as its members conferred at the annual meeting of the World Bank and the International Monetary Fund." He "did not seem bothered by the criticism. Economic relations between countries are 'never easy,' he said Monday" and he has "gamely made the arguments in response. He said the current-account deficit — nearly 7 percent of the United States economy — was a sign of strength, not weakness, because American consumers were buying global goods and keeping the world prosperous."

Paulson Said To Seek Long Term Relationships With China Visit. The Wall Street Journal (9/20, Phillips, China, Browne, 2.03M) reports that Treasury Secretary Henry Paulson believes "the key to doing business in China" is "building long-term relationships." As "Treasury officials have long found Chinese decision-making opaque," they "hope Mr. Paulson -- who made some 70 trips to China as an investment banker, tourist and environmental activist -- will bring Treasury something close to an insider's view." He will meet with President Hu Jintao, "something of a coup for a cabinet secretary in a protocol-conscious country." Still, "Paulson has made a point of pooh-poohing expectations that he will make concrete headway on specific economic issues during his four-day China trip. Rather, he has said he is trying to set the tone and build relationships for slower, more-durable gains." However, he is "coming under pressure to speed things along" on China allowing the yuan's exchange rate to fluctuate more.

Chinese Warships Visit San Diego. The Los Angeles Times (9/19, Perry, Magnier, 918K) reports, "Two Chinese warships slipped peacefully into San Diego Bay, a sign of some warming in the sometimes chilly relationship between the two countries." The port call is "the first [by China] since the 2001 incident in which a Navy surveillance plane collided with a Chinese fighter." The Times writes, "Pentagon analysts have warned in recent years that China could present a major threat as its expanding 'blue-water' navy increasingly is able to travel far from home. But the U.S. also may need Chinese cooperation in the United Nations to reign in the nuclear ambitions of Iran and North Korea."

China's Coal Economy Relies On Truckers. The New York Times (9/20, Yardley, 1.21M) reports that there is an "epic scale, and epic inefficiency, of China's coal economy," which continues to rely on coal trucks that must deal with bottlenecks. "For the Chinese government,

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bottlenecks in coal transportation are a critical issue partly blamed for power shortages in cities and factory districts along the southern coast. The government has responded by rapidly expanding railroad lines dedicated to coal and upgrading port facilities to expedite sea shipments of coal to power plants and factories in the south. Experts say those improvements have begun to help ease the bottlenecks. But the demand for coal remains so insatiable that the more informal, and chaotic, network of truckers continues to play a vital role."

Australia Seeks Compromise In Stalled Trade Talks. The Wall Street Journal/AP (9/20, A10) reports as the 18-member Cairns Group of Pacific Rim and Asian nations launched a bid yesterday "to intensify pressure on the US, Europe and Japan to give ground in global trade talks," host Australia announced a compromise it hopes will "cut through the impasse." However, European Union Trade Commissioner Peter Mandelson, who turned down an invitation to attend the meeting, already rejected the proposal as "undoable." The plan would require the EU "to agree to better by 5% its offer to reduce farm tariffs and the US to agree to cut subsidies by $5 billion," Australian Trade Minister Mark Vaile said. US chief agricultural negotiator, Richard Crowder, told the AP yesterday that Washington was "prepared to be flexible" on domestic subsidies, if other countries made "significant" reductions in agricultural tariffs.

Schwab Says Australian Proposal "Has Potential." The AP (9/20) reports US Trade Representative Susan Schwab said Wednesday the Australian new proposal "has potential." At the same time, Schwab said she is "going to be very careful not to endorse any specific proposal, except to say that the Australian proposal…is an important one."

Russia Faces International Anger Over Cancellation Of Permit For Shell Energy Project. The Financial Times (9/20, Buckley, Ostrovsky, Crooks, Laitner, Pilling) reports, "Russia was facing a global backlash on Tuesday over its threat to halt work on a $20bn...energy project led by Royal Dutch Shell. Japan led the chorus of anger. ... The European Union voiced concern and Britain protested to the Russian authorities." However, "even as the international community was protesting against the suspension of an environmental permit for the Royal Dutch Shell-led Sakhalin-2 project, it emerged that another large foreign energy project faced a similar threat. Russian prosecutors have threatened to suspend an exploration licence for TNK-BP, the Anglo-Russian joint venture, to develop Kovykta, the massive gas field in Eastern Siberia." Russia Tuesday "insisted its move to cancel the environmental permit for Sakhalin-2 was not politically motivated and was prompted entirely by environmental concerns."

The Wall Street Journal (9/20, A11, 2.03M) says, "The move to revoke the permit follows Kremlin efforts to increase Russian control of oil and natural-gas projects and was seen as a tough negotiating tactic aimed at restructuring the agreement between Russia and the project's operator, in which Shell owns a 55% stake and Japan's Mitsui & Co. and Mitsubishi Corp. own a combined 45%." The EU "said it was taking Russia's withdrawal of the permits 'very seriously' and called on Moscow to guarantee a secure and predictable investment climate. Shinzo Abe, the expected successor to Japanese Prime Minister Junichiro Koizumi, said a major delay to Sakhalin could hurt diplomatic relations, and the British government said it was 'deeply concerned.'"

Annan Calls For Unity, Progress In Farewell Speech. The AP (9/20, Lederer) reports, "In an emotional farewell, Secretary-General Kofi Annan appealed for nations and peoples to unite to combat widespread contempt for human rights, religious divisions, brutal conflicts and an unjust world economy." He said that "Failure to resolve the Palestinian-Israeli conflict and Israel's 40-year occupation will continue to hurt the U.N.'s reputation and raise questions about its impartiality" and "will stymie the U.N.'s best efforts to resolve other conflicts." Annan added that "too many people are still exposed to 'brutal conflict' and the fear of terrorism has increased the risk of a clash of civilizations and religions. Terrorism is being used as a pretext to limit or abolish human rights, and globalization risks driving richer and poorer peoples apart, he said."

The Washington Times (9/20, Pisik, 88K) adds that Annan, "Speaking with unusual candor," had "offered a bittersweet assessment of his own tenure." Still, "World leaders paid tribute to the outgoing secretary-general, and congratulations poured in." The President "praised his compassion, desire for peace and work ethic."

Sudan's President Rejects UN Peacekeepers For Darfur. The AP (9/20, Wadhams) reports that "claiming that rights groups have exaggerated the crisis there

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in a bid for more cash" and "that Zionist groups wanted to weaken Sudan and that Jewish organizations were behind dozens of recent rallies there," Sudan's president, Omar al-Bashir, "will not allow the United Nations to take control of peacekeepers in Darfur under any circumstance." He added that "Israel was spreading a lie that Sudanese Arabs are killing Sudanese Africans." However, al-Bashir "did say that the African Union, which now runs the peacekeeping mission in Darfur, should be allowed to augment its forces with more logistics, advisers and other support." Meanwhile, President Bush, in a speech to the U.N. General Assembly, "repeated Washington's belief that the Darfur tragedy is a genocide, and said the AU force is 'not strong enough' to protect the people of Darfur," and "the United States and its allies are now weighing whether there are other options for confronting al-Bashir's government, including the possibility of military intervention despite his objections."

USA Today Predicts Poor Outcome For Darfur Without Additional Political Will. USA Today (9/20, 2.27M) editorializes, "The portents aren't good" for Darfur. "Clearly, the Sudanese government is betting on getting away with murder. It's a good bet. The world is distracted by crises elsewhere, and finding troops for the U.N. force would be hard," but "the odds can be changed — with political will. Appointing a high-level envoy is a start. A strong U.S. and European diplomatic offensive would have to follow. Even more helpful would be for China and Russia, which have significant economic ties with Sudan, to use their leverage rather than holding back."

Budapest Street Protests Against Prime Minister Continue. The Wall Street Journal (9/20, Feher, Balazs, 2.03M) reports, "Several thousand protesters gathered outside the Hungarian parliament [Tuesday] for a third night of protests after Hungarian Prime Minister Ferenc Gyurcsány rejected demands that he resign after he admitted lying about the condition of the economy before April's elections." The Journal says the nation's "financial markets remained on edge," and "Socialist members of Parliament continued to voice their support for Mr. Gyurcsány and his economic overhauls, while economists and analysts said the premier's resignation would cause more harm than good." Hungary's budget deficit remains "the biggest in the European Union," and Gyurcsany is attempting "extensive austerity measures, mainly consisting of higher taxes and utility prices. Hundreds of public workers have been laid off, universities now charge tuition and residents must pay certain health-care costs, including fees to visit a doctor."

The Financial Times (9/20, Condon) notes Gyurcsany "on Tuesday defied calls for his resignation and vowed to press ahead with public- sector reforms after the worst street violence in the Hungarian capital since the fall of communism." He "condemned rioters enraged over his extraordinary admission that he had lied about the state of the economy to win re-election." The Times says the violent protests "fuel concerns that the European Union's newest members are facing growing political instability and resistance to reforms required for their economic integration." In contrast, the Christian Science Monitor (9/20, Logan, 58K) reports that despite "the worst violence Hungary has seen since the fall of communism," which "has shocked Hungarians, few see long-term damage to the country's young democracy." Hungary "has been divided between right and left since the changeover to democracy in 1990, and divisions have in the past spilled over into bitter campaigns." In fact, "the demonstrations could backfire on the opposition, say analysts."

In a 1,100-word piece, the AP (9/20, Jahn) adds, "Mounted police charged bottle-hurling protesters outside Socialist party headquarters early Wednesday, another night of violence touched off by [Gyurcsany's] leaked admission that his government had repeatedly lied to the public about the economy." The "violence shook a country that for much of its last two decades had been held up as a model of progress following the collapse of communism in eastern Europe."

Abe Easily Elected Head Of Japan's Ruling Party. The AP (9/20) reports Shinzo Abe was elected president of Japan's ruling Liberal Democratic Party "by a landslide Wednesday, a victory expected to lead to his election as prime minister next week. Abe won 464 of the 702 votes counted, a majority of 66 percent. Foreign Minister Taro Aso came in a distant second with 136 votes and Finance Minister Sadakazu Tanigaki garnered 102 votes." The win by Abe, "a proponent of a hard line against North Korea, and a more militarily assertive Japan, all but guarantees his election as premier in the vote in parliament on Sept. 26."

Fox Says Mexico Will Extradite Drug Lords To US. The AP (9/20, Olster) reports, "President Vicente

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Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States," saying, "We will extradite all of those who have pending matters with U.S. justice." Previously Mexico "often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty." However, "Mexico extradited its first major drug lord — accused kingpin Francisco Rafael Arellano Felix — to the United States over the weekend," in "a victory for U.S. officials."

Timber Industry Could Uplift Liberia. The Christian Science Monitor (9/20, Clark, 58K) reports, "A lucrative industry long steeped in corruption and used to fuel a brutal civil war, timber may now hold the key to rebuilding the devastated West African nation of Liberia." The timber business "could emerge permanently from under UN sanctions this week," and "the government estimates that the industry could eventually account for 25 percent of GDP - and create 5,000-7,000 jobs in a country with more than 80 percent unemployment. The pressure to move quickly is considerable." However, "timber reform is expected to set a standard for how the nation can avoid further conflict and lift itself out of dire poverty," and "Liberian and international advocates warn that hasty efforts to reform the industry…could have disastrous results, shortchanging the land and property rights of forest communities and prompting further unrest."

India Sees High Suicide Rates On Farms. The New York Times (9/20, Sengupta, 1.21M) reports that India's agricultural suicide "crisis has been building for years," and "it presents an increasingly thorny political challenge for Prime Minister Manmohan Singh. High suicide rates and rural despair helped topple the previous government two years ago and put Mr. Singh in power." His "government, which has otherwise emerged as a strong ally of America, has become one of the loudest critics in the developing world of Washington's $18 billion a year in subsidies to its own farmers" even as "frustration is building in India with American multinational companies peddling costly, genetically modified seeds." The Indian "government has responded to the current crisis by promptly expanding rural credit and promising investments in rural infrastructure. It has also offered several quick fixes, including a $156 million package to rescue 'suicide prone' districts across the country and a promise to expand rural credit, waive interest on existing bank loans and curb usurious informal moneylenders. But pressure is building to do more."

Cohen Praises Blair, His Commitment To Openness. Roger Cohen writes in his column in the New York Times (9/20, 1.21M) that Tony Blair observed that "the increasing divide today is between open and closed." The "debate and conflict center on the globalization of commerce, mores and ideas and the various reactions against this inexorable tide of American-led opening." For Blair, the "consistent answer has been" on the side of open, and "one result is that the British economy has grown by 28 percent since Labour took office in 1997, averaging close to 3 percent growth a year, with low inflation and almost full employment. Another is that the London Stock Exchange attracts far more international companies to its markets these days than the New York Stock Exchange and Nasdaq. A less tangible consequence" but one "perhaps even more important," is the "palpable sense exuded by many British cities today of energy, optimism and a comfortable mingling of a many-faceted humanity." Blair "posited the view that Britain, even as a medium-sized power, can make a difference in the world. If, that is, the country works alongside the United States, the open society par excellence." He "has made an indelible mark on Britain and helped preserve the alliance on which Europe's security still depends."

WSJournal Criticizes Direction It Believes IMF Is Heading. The Wall Street Journal (9/20, 2.03M) editorializes that British Chancellor of the Exchequer Gordon Brown said the IMF voting reforms announced at the World Bank-IMF meetings are "The biggest reform to the governance of the International Monetary Fund for 60 years." However, "if he's right, the Fund is in more trouble than we thought." While "rebalancing the voting to reflect economic progress is probably overdue," it's "like rearranging flowers before a funeral." At the meeting "the Fund focused on all of the wrong problems:" looming global imbalances, unstable exchange-rate regimes and the buildup of central bank reserves," all conditions that "have persisted for years without damage to the global economy." The Fund "has been scrambling for a new purpose" and its "top brass seem to be steering the institution toward the role of global economic consultancy," but "if the IMF wants to go into the consulting business, it had better improve the quality of its advice."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"At U.N., Bush Urges Reform In Middle East."
"Taking L.A. In A New Direction."
"First H&M In L.A. Has Fashion Fans In A Frenzy."
"George Lucas To Give USC Film School $175 Million."
"House Takes Up Voter IDs."
"No One Dares To Help."

USA Today:
"Atlantis Crew Today Will Attempt To ID Object Flying Near Spacecraft."
"The Newest Characters On TV Shows: Product Plugs."
"Crisis Seen In Luggage Screening."

New York Times:
"Doubts Increase About Strength Of Iraq's Premier."
"Leaders Spar Over Iran's Aims And U.S. Power."
"For Governors in G.O.P. Slots, A Liberal Turn."
"With Premier at U.N., Thai Military Stages Coup."
"Settling Disputes Across A Table When Officer and Citizen Clash."
"For New-Sport Athletes, High School Finishes 2nd."

Washington Post:
"Cuts in Iraq Forces Are Unlikely Before Spring."
"A Quiet Break for Corporations."
"Thai Army Leaders Depose Prime Minister."
"Boeing Wins Deal For Border Security."
"One-Year Wonder."
"Allen Claims Jewish Ancestry in Speech."

Washington Times:
"Air Marshals Ousted Over Job Injuries."
"Bush Warns Iranians Of 'Liberty' Denied."
"Thai Leader Deposed In Military Coup."
"Black Leaders Endorse Cardin."
"Islamist Groups Still Evade U.S. Intelligence."

Detroit Free Press:
"Ford Buyouts Revealed."
"Foster Boy's Death reveals Wider Neglect."
"DCX: Too Many Trucks."
"Chrysler To Cut Production."
"Area Catholics, Muslims Seek Healing Over Pope."

Atlanta Journal-Constitution:
"Bush Calls Out Iran."
"Voter ID Law Loses Another Round."
"Reality Hits As Workers Weigh Ford Buyout Plan."
"Head To Hoof: Mascot Matchup May Eclipse Game."

Houston Chronicle:
"NASA: Objects Cause For Delay, Not Alarm."
"Bush, Iran's Leader Clash Over Nations' Roles In Mideast."
"Without A Shot Fired, Thai Army Oust PM."
"Together They Serve."

Story Lineup From Last Night's Network News:
ABC: Space Shuttle Incident; President Bush At UN; No Troop Withdrawal; Thailand Coup; Canada-Terrorism Rendition; Medical Mistakes; Heartburn Surgery; Human Statute.
CBS: Space Shuttle Incident; Space Shuttle Incident Analysis; President Bush At UN; Israel Response To Iran; Canada-Terrorism Rendition; No Troop Withdrawal; Protestors In Hungry; Smoking Mothers & ADHD; Close Senate Race-Missouri; Eugene Robinson Opinion; Anniversary Of the 1st Hot Air Balloon; NASA's Return Too The Moon; Flying Circus Performers; A Walking Genius.
NBC: President Bush At UN; President Ahmadinejad Interview; Space Shuttle Incident; No Troop Withdrawal; California Wildfires; President Ahmadinejad Interview; Thailand Coup; Oil Prices; Stock Market.; Working Mothers.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-UN Speech; Ahmadinejad-UN Speech; Iraq-Mosul Bombing; Thailand-Coup; MO-Kidnapped Baby Found; E-Coli Outbreak; Study-Kidney Cancer; Australia-Irwin Funeral.
NPR: Thailand-Coup; Bush-UN Speech; Ahmadinejad-UN Speech; E-Coli Outbreak; Primary Elections; UN Report-Human Rights Abuses; LA-Ex-Black Panther Seeks New Trial.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of the Palestinian Authority, Waldorf-Astoria Hotel, New York, NY.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the Clinton Global Initiative annual meeting, Sheraton Manhattan, NYC.

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US Senate: 9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of Margrethe Lundsager to be U.s. Executive Director of the IMF. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Oversight hearing on tribal self governance. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on effective federal law enforcement relating to media privilege legislation. Deputy Attorney General Paul J. McNulty; attorneys Theodore B. Olson, Bruce A. Baird and Victor E. Schwartz; and Cornell law school professor Steven Clymer. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Economic Policy Subcommittee and the Housing and Transportation Subcommittee. Joint hearing on assessing non-traditional mortgage products. Orice Williams, GAO; Kathryn E. Dick, deputy comptroller of the currency; Sandra F. Braunstein, director, Division of Consumer and Community Affairs, Federal Reserve System; Sandra Thompson, FDIC; Scott Albinson, Office of Thrift Supervision; Robert Broeksmit, Mortgage Bankers Association; George Hanzimanolis, president-elect, National Association of Mortgage Brokers; William A. Simpson, chairman, Republic Mortgage Insurance Co.; Michael D. Calhoun, president, Center for Responsible Lending; Allen Fishbein, Consumer Federation of America. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Trade, Tourism, and Economic Development Subcommittee. Hearing on the future of the Internet Corporation for Assigned Names and Numbers. Acting Assistant Commerce Secretary John M.R. Kneuer; FTC Commissioner Jon Leibowitz; Paul Twomey, President, ICANN; Ken Silva, VeriSign; Christine Jones, GoDaddy.com. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on ``Our Business Tax System: Objectives, Deficiencies, and Options for Reform. David Walker, GAO; Robert Carroll, Deputy Assistant Secretary, Treasury; Charles Rossotti, Carlyle Group; Thomas Neubig, Ernst and Young; David Bernard, Kimberly-Clark Corp.; Jeff Johannesen, RSM McGladrey, Des Moines. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 430, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing to receive the legislative agenda and views of the American Legion. Location: Room 106, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on a proposal to restructure the 9th judicial circuit. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing to consider the nomination of Mary Peters to be Secretary of Transportation. Location: Room 253, Russell.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the Asia Pacific Partnership on Clean Development and Climate. James L. Connaughton, Chairman, Council on Environmental Quality; Bjorn Lomborg, Copenhagen Business School; David Doniger, Natural Resources Defense Council; E. Calvin Beisner, Knox Theological Seminary. Location: Room 406, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on Spiral 1.1 of the National Security Personnel System. Deputy Defense Secretary Gordon England; OPM Director Linda Springer; Lt. Gen. Terry Gabreski, Air Force Materiel Command; Darryl Perkinson, Federal Managers Association. Location: Room 342, Dirksen.

3:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (10 bills): 1) S. 1025 - Wichita Project Equus Beds Division Authorization Act of 2005; 2) S. 2430 - Great Lakes Fish and Wildlife Restoration Act of 2006; 3) H.R. 2334 - City of Oxnard Water Recycling and Desalination Act of 2005; 4) H.R. 5664 - Jacob Fletcher Post Office Building Designation Act; 5) H.R. 4768 - Robert Linn Memorial Post Office Building Designation Act; 6) H.R. 4586 - Benjamin Franklin Tercentenary Commission Act of 2005; 7) S. 2832 - Appalachian Regional Development Act Amendments of 2006; 8) H.R. 4653 - To repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San Fernando Valley Metro Rail project, California; 9) H.R. 3858 - Pets Evacuation and Transportation Standards Act of 2006; 10) H.R. 5450 - National Oceanic and Atmospheric Administration Act. H.R. 4844 - Federal Election Integrity Act of 2006.

10 a.m. AGRICULTURE _ Full Committee. Hearing on federal farm policy. American Farm Bureau Federation

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President Bob Stallman; National Farmers union President Tom Buis; National Cotton Council Chairman Allen Helms; USA Rice Producers Group Chairman Paul Combs; National Association of Wheat Growers President Dale Schuler; National Corn Growers Association President Gerald Tumbleson; others. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of NIH reform, Pandemic Vaccine Act, Ryan White Act, others. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on improving the transparency in state regulation of insurer investments. Kevin Conery, Merrill Lynch; Michael Hunter, American Council of Life Insurers; Alessandro Iuppa, National Association of Insurance Commissioners. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on why cities and towns should look past historic preservation and community development as keys to their future. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. SCIENCE _ Subcommittee on Research. Hearing on ``International Polar Year: The Scientific Agenda and Federal Role." Arden Bement, director, National Science Foundation; Robin Bell, Lamont-Doherty Earth Observatory, Columbia University; Kelly K. Falkner, Oregon State University; Donal T. Manahan, University of Southern California; Mark McCaffrey, University of Colorado. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Afghanistan five years after 9/11. Antonio Maria Costa, UN OFfice of Drugs and Crime; Jorge Castro Castro, Colombian National Police; Barnett Rubin, New York University. Location: Room 2172, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. CHearing on the previous fiscal year and a look toward the next. Jim R. Mueller, commander-in-chief, Veterans of Foreign Wars; Edward Kemp, national commander, AMVETS; Paul W. Jackson, national commander, Disabled American Veterans; Larry Blote - national commander, Blinded Veterans Association; retired Sgt. Maj. Gene Overstreet, USMC - president and CEO, Non Commissioned Officers Association; James D. Randles, national commander, Military Order of the Purple Heart; Randy Pleva, national president, Paralyzed Veterans of America; Joan Young, national president, Gold Star Wives; Edgar Zerr - national president, Fleet Reserve Association; Thomas L. Bock, national commander, The American Legion. Location: Room 334, Cannon.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of H.R. 1105 - Dam Rehabilitation and Repair Act; H.R. 1556 - To designate a parcel of land located on the site of the Thomas F. Eagleton United States Courthouse in St. Louis, Missouri, as the Clyde S. Cahill Memorial Park; H.R. 2322 - To designate the Federal building located at 320 North Main Street in McAllen, Texas, as the Kika de la Garza Federal Building; H.R. 4981 - Dam Safety Act; H.R. 5026 - To designate the Investigations Building of the FDA located at 466 Fernandez Juncos Avenue in San Juan, Puerto Rico, as the Andres Toro Building. Location: Room 2167, Rayburn.

1 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on the next generation nuclear plant and hydrogen production. Jim Wells, GAO); Phil Hildebrandt, Idaho National Laboratory; Andrew Kadak, MIT. Location: Room 2154, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, information Sharing and Terrorism Risk Assessment Subcommittee. Location: Room 2212, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Europe and Emerging Threats Subcommittee. Hearing on the status and future of Serbia. Daniel Serwer, U.S. Institute of Peace; Ivan Vejvoda, German Marshall Fund of the U.S. Location: Room 2200, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on executive and judicial compensation in the federal government. Location: Room 2203, Rayburn.

2 p.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Hearing on H.R. 6080 - Resources Origin and Commodity Knowledge Act. Location: Room 1324, Longworth.

2 p.m. SCIENCE _ Subcommittee on Energy. Hearing on Energy Department's plan for climate change technology programs. Stephen D. Eule, U.S. Climate Change Technology Program, DOE; Pew Center on Global Climate Change; Chris Mottershead, advisor on Energy and the Environment at BP; others. Location: Room 2318, Rayburn.

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2 p.m. SELECT INTELLIGENCE _ Full Committee. Markup of H.R. 5825 - Electronic Surveillance Modernization Act. Location: Room H-405, Capitol.

2 p.m. TRANSPORTATION AND INFRASATRUCTURE _ Aviation Subcommittee. Oversight hearing on FAA aviation safety programs. Nicholas Sabatini, FAA; Thomas Haueter, NTSB; Gerald Dillingham, GAO; Todd Zinser, DOT. Location: Room 2167, Rayburn.

2:30 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the situation in the Sudan. Assistant Secretary of State Jendayi E. Frazer; Michael Hess, USAID; Mira Sorvino, goodwill ambassador, Stop Violence Against Women Campaign, Amnesty International; Warwick Davies Webb, Executive Research Associates. Location: Room 2172, Rayburn.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on the future of human intelligence gathering at the Defense Department. Location: Room H-405, Capitol.

4 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

Other: FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Rep. Barney Frank, D-Mass.; Rep. Spencer Bachus, R-Ala.; Rep. Bernie Sanders, I-Vt.; 10 a.m. Rep. Tom Reynolds, R-NY; Rep. Jeb Hensarling, R-Texas. 11:40 a.m. Assistant Treasury Secretary Emil Henry discusses the role credit unions play in the financial marketplace. Location: Grand Hyatt Hotel, 1000 H St. NW.

DEFENSE LOGISTICS-SUMMIT _ Institute for Defense and Government Advancement holds Military Logistics Summit. Speakers include Lt. Gen. Russel Honore, commanding general of the First Army, in charge of the DOD response to the Gulf Coast hurricanes. Highlights: 8 a.m. Lt. Gen. Russel Honore, commanding general of the First Army, delivers keynote. Location: Sheraton Premiere, Tysons Corner, Va.

GENERIC DRUGS-FUTURE _ Generic Pharmaceutical Associations policy conference, ``Leading America Into a Healthy Future. Agenda focuses on legislative, regulatory and business issues that could shape the industry in coming years. Highlights: 8 a.m. Chairmans welcome and introduction, Kathleen Jaeger, CEO, GPhA; then keynote address by Senator Orrin G. Hatch, R-Utah. 8:45 a.m. Keynote address - Rep. Nathan Deal. 9:30 a.m. Keynote: Mark B. McClellan, M.D., Administrator, Centers for Medicare and Medicaid Services. 10:15 a.m. Keynote: William Marth, President & CEO, Teva Pharmaceuticals USA. 12:15 p.m. Keynote: Rep. Nathan Deal, R-GA. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

YOUNG LEADERS _ Senate Leadership Summit for Young Professionals, policy summit for over 300 young professionals from across the country. Highlights: 2:05 p.m. Keynote speech by Elaine Chao, U.S. Department of Labor; 2:35 p.m. Affordable Health Care, with Mark McClellan, M.D., Ph.D., Administrator, Centers for Medicare and Medicaid Services. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

MCCAIN _ 8 a.m. Sen. John McCain addresses the Northern Virginia Technology Council breakfast meeting. Location: Capital Hilton, 16th and K Sts. NW.

ACLU-SUPREME COURT _ 8:30 a.m. American Civil Liberties Union hosts annual Supreme Court Breakfast Briefing to review the upcoming term. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

BIDEN ON IRAQ _ 8:30 a.m. Sen. Joseph Biden speaks on ``Iraq: The Way Forward" at meeting of the Council on Foreign Relations. Location: 1779 Massachusetts Ave. NW.

LONG-TERM CARE _ 8:30 a.m. - 12:30 p.m. 2006 Symposium on Long-Term Care, with former House Speaker Newt Gingrich, US Sen. Debbie Stabenow, others. Moderated by Susan Dentzer of NewsHour with Jim Lehrer. Location: Mayflower Hotel, 1127 Connecticut Ave NW.

HOEKSTRA _ 8:45 a.m. The American Enterprise Institute holds a program with House Intelligence Committee Chairman Rep. Peter Hoekstra. Location: 12th floor, AEI, 1150 17th St. NW.

BUSINESS-NO CHILD LEFT BEHIND _ 9 a.m. - 11 a.m. Business Roundtable holds ``Fourth Annual No Child Left Behind Forum: Assessing Progress, Addressing Problems, Advancing Performance," with Prudential CEO Arthur Ryan, Assistant Education Secretary Thomas W. Luce, House Education Committee Chairman Howard McKeon, National Council of La Raza, others. Location: National Press Club, 14th and F Sts. NW.

HEALTH CARE SCORECARD _ 9:30 a.m. Commonwealth Fund Commission on a High Performance Health System releases first national scorecard rating U.S. health care system on quality, access, efficiency and equity. Location: Hotel Washington, 515 15th St. NW.

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GONZALES-HISPANIC HERITAGE _ 10 a.m. Location: James Madison Building, Mumford Room, 6th Floor, 101 Independence Avenue.

HOUSE DEMOCRATS _ 10 a.m. House Democratic leadership holds media availability following the closed 9 a.m. House Democratic Caucus. Subject: economic security. Location: Cannon Caucus Room.

HOUSE GOP LEADERSHIP _ 10 a.m. House GOP leadership holds a stakeout following the closed 9 a.m. House GOP Conference meeting. Location: Room HC-6, Capitol.

PENTAGON-NATO _ 10 a.m. Gen. James L. Jones, NATO's supreme allied commander, Europe (SACEUR) and commander of the European Command (USEUCOM) will conduct a news briefing to provide an update of NATO operations, including NATO's International Security and Assistance Force (ISAF) in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

RELIGION-VALUES _ 10 a.m. The Center for American Values in Public Life holds a news conference to release a national poll on religion, values and voting. Location: Capital Hilton, 16th and K Sts. NW.

YOUNG VOTERS-POLL _ 10 a.m. Press conference to release GW-Battleground Poll of political attitudes of voters from 18- to 30-year-olds. Ed Goeas and Celinda Lake will speak. Location: GWU, Marvin Center, 800 21st St. NW.

VOTER ID _ 10:30 a.m. Rep. Charles Gonzalez, Chair of CHC Civil Rights Taskforce, Rep. Grace Napolitano, Chair of the CHC, Rep. Linda Sanchez, Rep. Juanita Millender-McDonald, as well as other members of Congress speak out against H.R. 4844, the Voter ID Act of 2006. Location: House Radio/TV Studio.

GOP-BUDGET _ 11 a.m. Sen. Kent Conrad, D-N.D., and Rep. Jim Cooper, D-Tenn. hold a news conference on the GOP position on the nation's fiscal condition. Location: Senate Radio-TV Gallery.

MEDICAL INFORMATION _ 11 a.m. Actress Mary Tyler Moore discusses her struggle with diabetes, as the National Institutes of Health launches a new effort to share accurate, bias-free medical news. Participants include Sen. tom Harkin, Reps. Ralph Regula and Michael Castle, NIH Director Elias Zerhouni, others. Location: Room SC-4, Capitol.

BREAST CANCER _ 11:30 a.m. Singer Jewel, Lifetime Television and members of Congress hold a news conference to deliver petitions with more than 12 million signatures to Congress urging passage of the bipartisan Breast Cancer Protect Act. Location: Cannon Terrace.

CONSCIENTIOUS OBJECTOR _ 11:30 a.m. American Voices Abroad Military Project holds a news conference on the case of an Army enlisted man who has refused to be deployed to Iraq from Germany based on conscientious objector grounds. Location: Camp Democracy, On the Mall at Constitution and 14th Sts.

IMMIGRATION POLICY _ 11:30 a.m. Bipartisan Migration Policy Institute releases report on U.S. immigration policy. With Spencer Abraham, task force co-chair, Distinguished Visiting Fellow at the Hoover Institution; Lee Hamilton, task force co-chair; and Doris Meissner, MPI Senior Fellow. Location: 1400 16th Street, NW, Suite 300.

BROADBAND-RURAL _ 12 p.m. The New America Foundation holds a program on removing barriers to rural and municipal wireless broadband, with Pierre de Vries of Microsoft, Brian O'Hara of the National Telecommunications cooperative Association, Roger Cochetti of CompTIA, others. Location: Room 253, Russell.

MEDICARE _ 12 p.m. Reps. Robert Wexler, Debbie Wasserman and Pete Stark hold a news conference with others to respond to Rep. Clay Shaw's Sunday editorial in the Palm Beach Post regarding Medicare Part D. Location: Room 441, Cannon.

MUSLIMS-CATHOLICS _ 12 p.m. The controversy involving Pope Benedict XVI's statement concerning Islam, and Prophet Muhammad will be addressed at a joint American-Muslim and Catholic press conference hosted by the Muslim American Society's Freedom Foundation and Pax Christi - USA and Pax Christi - International. Location: 1050 17th St. NW, Suite 600.

NEGATIVE ADS _ 12 p.m. Cato Institute book forum on ``In Defense of Negativity: Attack Ads in Presidential Campaigns." With book author John G. Geer, Vanderbilt University. Location: 1000 Massachusetts Ave. NW.

POST OFFICE _ 12 p.m. Postmaster General John Potter delivers a national satellite broadcast to postal partners and customers outlining plans to eliminate costs and information on proposed rate changes. Contacts: n/a, 202-268-2155.

FIRST RESPONDERS-9/11 _ 12:15 p.m. 9/11 first responders who are ill and doctors meet with members of Congress to urge federal help with their help problems. Participants include New York City Fire Department Chief

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Medical Officer Kerry Kelly, Reps. Carolyn Maloney and Vito Fossella, others. Location: Cannon Terrace.

OBAMA _ 12:30 p.m. Sen. Barack Obama speaks to Moveon.org members about the need for energy independence. Location: Gaston Hall, Healy Hall, Georgetown University.

TAX CODE _ 3 p.m. Deputy Assistant Treasury Secretary Robert Carroll speaks on tax policy, the tax code and pensions at a conference of Employee-Owned S Corporations of America. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

HOPKINS-IRAQ BOOK _ 5 p.m. Johns Hopkins University's Nitze School of Advanced International Studies holds book launch for ``Imperial Life in the Emerald City: Inside Iraq's Green Zone," with Washington Post reporter Rajiv Chandrasekaran. Location: Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 20, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Offers Compromise On Detainee Issue. The New York Times (9/20, Zernike, 1.21M) reports, "Seeking a deal with Senate Republicans on the rules governing the interrogation of terrorism suspects, the White House has dropped its insistence on redefining the obligations of the United States under the Geneva Conventions, members of Congress and aides said Tuesday." The "new White House position, sent to Capitol Hill on Monday night, set off intensified negotiations between administration officials and a small group of Republican senators." The "two sides were said to be exchanging proposals and counterproposals late Tuesday in a showdown that could have substantial ramifications for national security policy and the political climate heading toward Election Day." The developments "suggested that the White House had blinked first in its standoff with" Sens. John Warner and John McCain.

McClatchy Newspapers (9/20, Talev) reports the White House "appeared…to be offering dissident Republican senators a compromise on detainee legislation that would leave the language of the Geneva Conventions untouched if lawmakers preserve the CIA's terrorist-interrogation program." Sen. John Cornyn, "an administration ally, described the proposal in broad terms, saying, 'that's essentially what it does,' but stressed that 'this is still a negotiation in flux.'" Cornyn said "any deal could hinge on whether the Justice Department can provide the CIA with a legal opinion 'that, yes, what you're doing is clearly within bounds and will not expose you to liability.'" McClatchy adds that in another "sign of the administration's compromise terms, George P. Shultz, secretary of state under President Reagan and well-connected to current policy-makers, released a statement saying, 'I believe that there is a compromise that leaves the Geneva Convention alone and achieves the specificity that the administration wants.'" McClatchy adds "such terms would mark a significant concession by Bush."

CNN's The Situation Room (9/19, Blitzer) reported, "The Bush White House is trying to get rid of a big headache right now. It's disagreement with maverick Republicans about harsher interrogations of terror suspects." Senators "are working to try to craft a compromise after deciding a new Administration offer is serious, but still falls short." CNN (Koppel) added, "No one is using the word breakthrough. In fact, one Republican staffer who is close to these negotiations told me that there is only really a 50/50 chance, they believe, of any kind of a break in the impasse between now and the end of the month when Congress goes on recess. Nevertheless it does appear that both sides are taking these talks seriously."

Fox News' Special Report (9/19, Angle) reported, "Senator John Warner called discussions constructive, saying they offer a ray of optimism. Another source says the White House offered interesting ideas. Bill Frist did not reveal any new language, but saw progress in the making."

Frist Warns Dissident Republicans' Bill May Face Filibuster. The Washington Post (9/20, A4, Babington, Weisman, 748K) reports Senate Majority Leader Bill Frist "signaled… that he and other White House allies will filibuster a bill dealing with the interrogation and prosecution of detainees if they cannot persuade a rival group of Republicans to rewrite key provisions opposed by President Bush." Frist chief of staff Eric M. Ueland "called the dissidents' bill 'dead.'" The Post adds that with Congress "scheduled to adjourn in nine days, delaying tactics such as a filibuster could kill the drive to enact detainee legislation before the Nov. 7 elections, a White House priority."

Cheney Meets With Hill Republicans On Detainee Bill. CNN's The Situation Room (9/19, Koppel) reported, "Vice President Cheney came to Capitol Hill to meet privately with Senate Republicans. But on a day when others seemed eager to lower the rhetoric, the Senate Majority Leader, who also supports the president, came out swinging." Majority Leader Bill Frist: "We have several fundamental issues where there's not agreement. And the Warner, McCain, Graham approach does not meet the bottom line criteria, which, I think, is important to the safety and security of the American people."

Four House GOP Moderates Back Warner-McCain-Graham Bill. USA Today (9/20, Kiely, 2.27M) reports House Republican leaders "postponed a vote on President Bush's plan for interrogations and trials of terrorism suspects Tuesday as an intraparty revolt against the proposal widened." Four senior House Republicans "released a letter endorsing a rival bill authored by Senate Armed Services Chairman John Warner of Virginia and two GOP colleagues, Sens. John McCain of Arizona and Lindsey Graham of South Carolina." The letter "was signed by Reps. Mike Castle of Delaware, Jim Leach of Iowa, Christopher Shays of Connecticut and Jim Walsh of New York, all Republican centrists."

Congress Wants Info On CIA Interrogation Tactics. The Christian Science Monitor (9/20, Chaddock, 58K) reports members of Congress "are looking for answers to very concrete questions on how the Central Intelligence Agency questions terror suspects. Is it ever appropriate, for example, to put a naked detainee in a cold cell and douse him with water? If so, for how long? Should interrogators be able to lead people to think they are drowning (a practice known as waterboarding)?" Lawmakers "thought they had settled some of these questions last December, when they passed an antitorture amendment by broad majorities in Congress. But in his signing statement, President Bush claimed executive powers to exempt members of his administration from the amendment, should circumstances warrant." Ever since, Sen. John McCain "and others have sought clarification on what, exactly, the Bush administration had ruled inbounds for detainee treatment."

Frist Voices Opposition To Warner-McCain-Graham Bill. Senate Majority Leader Bill Frist was asked on CNN's The Situation Room (9/19) if he is supports Sens. John Warner, John McCain and Lindsey Graham, who oppose the Administration's

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legislation on the interrogation of terrorism detainees. Frist said, "I and the overwhelming majority of Republicans are with the President of the United States. And it's really pretty clear why. And that is because a very important program that has been lifesaving, that had been used to stop terrorist attack, goes away, goes away under the Warner-McCain-Graham approach. Second issue is on the use of classified information. But, fundamentally, until we meet the criteria of being able to continue that very important program, which is lifesaving, and we don't give classified information to terrorists, I don't think that the Warner-McCain and Graham approach is going to be very much here in the United States Senate, at least among Republicans."

Frist was asked on MSNBC's Hardball (9/19) who is right on the issue, the President or McCain. Frist said, "The President," adding that "it's as simple as that because right now we have a program that is on halt, on a pause right now, because we have not been able to delivery a clear-cut definition as to what Common Article 3 means. The ambiguity there means that interrogations do not continue. It means we cannot have military tribunals, and if we have two criteria -- number one, do not give classified information to terrorists which they can use against us, and the second criteria being that we are able to continue a program that has been life-saving -- until those criteria are met and are not met by the Warner, McCain, Graham approach, until those criteria are met, we are not doing the nation's business."

Wickham Says McCain Has Right Perspective On Torture Debate. In his USA Today column (9/20), Dewayne Wickham says, "What President Bush wants from Congress is not clarity on the limits to which CIA interrogators might go in trying to get terrorism suspects to talk. He wants Congress to grant them absolution." Sen. John McCain, "a war hero who spent 5½ years as a prisoner of war, has led a bipartisan group of senators in opposing Bush's effort to have Congress legislate a U.S. interpretation of Article 3. Wisely, in rejecting Bush's proposal last week, a majority of the members of the Senate Armed Services Committee sided with the Arizona senator." On "one level, siding with these men and against Bush and Cheney, who both ducked active duty military service during the Vietnam War, is an easy call for me. But on an even more thoughtful level, McCain's opposition to Bush's legislation makes sense. It's hard enough to get warring nations to adhere to the Geneva Conventions without creating a precedent that would make it possible for other countries to conjure up their own interpretations of them to escape being branded as war criminals."

Wilson Offers Substitute Warrantless Wiretapping Bill. The AP (9/20, Kellman) reports President Bush's "stalled anti-terrorism agenda edged forward Tuesday, with a rebellious House member rewriting her bill on wiretaps more to his liking and maverick Senate Republicans reopening talks over how to handle detainees." Rep. Heather Wilson "offered to substitute her original bill on giving legal status to Bush's warrantless surveillance program with a bill that would grant a key administration request: allow wiretapping on Americans in the event of an 'imminent' terrorist attack." In exchange, "the administration would be required to share with Congress more details of the nature of the threat, presumably with the House and Senate Intelligence committees and some congressional leaders." Wilson's substitute measure, "to be considered Wednesday by the House Intelligence Committee, represents a possible breakthrough in a bitter, election-season rift between the White House and GOP leaders on one side and Republican lawmakers concerned about Bush's use of executive authority in his war on terror."

Judiciary Committee Revolt Threatens Fate Of Wilson Bill. The Hill (9/20, Sheffield) reports, "Unrest among GOP members of the House Judiciary Committee threatens to overthrow a bill co-sponsored by Chairman James Sensenbrenner (R-Wis.) aimed at altering policies governing federal intelligence-gathering programs." Citing "concerns over civil liberties and program stability, GOP committee members last week forced Sensenbrenner to cancel a markup of the bill that would allow President Bush's warrantless surveillance program to continue with limited congressional oversight." Republican members say "they have enough votes to replace what they see as an unsavory bill, introduced by Rep. Heather Wilson (R-N.M.) and co-sponsored by Sensenbrenner, with a more palatable one during a scheduled markup this morning." Several GOP and Democratic committee members "are concerned that Wilson's bill would separate oversight of Bush's Terrorist Surveillance Program (TSP) from congressional oversight under the Foreign Intelligence Surveillance Act (FISA)."

WPost Says Wilson, Specter NSA Bills Both Should Be Rejected. The Washington Post (9/20, A24, 748K) says in an editorial, "Before wrapping up business and sending members home for the fall campaign, both houses of Congress are likely to take up measures to authorize the National Security Agency's program of warrantless surveillance. The two main bills under consideration would both be disasters; they should not pass in anything like their present form." The main bill "in the Senate, by Judiciary Committee Chairman Arlen Specter (R-Pa.), was originally designed to place the NSA's program before the courts for review. Judicial review of this program could indeed be helpful, but Mr. Specter's bill, which yesterday seemed to be running into trouble in the Senate, would achieve it at an unacceptable price." In the House, Rep. Wilson's proposal "has acquired an undeserved reputation for moderation. Under her bill, all aliens who are not permanent residents would become subject to warrantless surveillance for up to a year if they are 'reasonably expected to transmit or receive foreign intelligence information' -- even if there is no suspicion of wrongdoing on their part."

Red Cross To Visit Guantanamo, Meet With High Value Detainees. The New York Times (9/20, Lewis, 1.21M) reports Red Cross officials "plan to begin a series of face-to-face visits in Guantánamo Bay, Cuba, on Monday with the 14 prisoners who until this month had spent as much as four years in secret Central Intelligence Agency custody." The visits "by a team from the International Committee of the Red Cross are believed to be the first time that the detainees, who include senior operatives of Al Qaeda like Khalid Shaikh Mohammed, will get to talk with

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anyone outside of the world of their captors since they were taken into custody." Simon Schorno, "an official with the International Red Cross in Washington, said on Tuesday that about 10 experienced officials, including translators, will assemble this weekend in Guantánamo and begin their interviews on Monday." Schorno said, "We expect to to be able to speak in private with any detainee of our choosing." The Times adds Schorno said the priority "will be to interview the 14 recently transferred prisoners, assess their conditions and 'give them the means to communicate with their families through Red Cross messages.'" But "any information or assertions as to how they were treated under C.I.A. custody is not likely to emerge publicly anytime soon. Under the standard arrangement that allows its officials access to war-related prisoners, the Red Cross has agreed that it will not speak publicly about what it learns."

McClatchy Newspapers (9/20) reports the "12-member delegation from the International Committee of the Red Cross would be the first people not affiliated with the detentions and questioning to meet with the terrorist suspects since their arrests as long as five years ago. Afterwards, the prisoners will be allowed to fill out Red Cross message forms that will be passed to their families in what would be their first communications since their captures."

The Washington Post (9/20, A5, White, 748K) reports the meetings "will be part of a routine Red Cross visit to the U.S. military detention facility at Guantanamo Bay, Cuba, said Simon Schorno, a Red Cross spokesman in Washington. About 12 officials, including interpreters, will spend about two weeks at the camp, he said." Schorno said the Red Cross "has been hoping to speak to anyone who was held in a CIA-run prison." The Red Cross "will officially register the men, one of whom is alleged Sept. 11 mastermind Khalid Sheik Mohammed, and will then offer to speak to them privately, Schorno said. The meetings involve only a Red Cross delegate, an interpreter and in some cases a doctor." It is "possible that, in such discussions, the Red Cross will become the first organization outside of the Bush administration to learn about the practices in the CIA-run facilities, including the interrogation techniques used."

Gonzales Says Canadian Terrorism Suspect Was Deported, Not "Rendered." Both ABC and CBS last night picked up the story of Maher Arar, the Canadian computer scientist who was "rendered" to Syria after 9/11 and was allegedly tortured. A Canadian government report cleared Arar and his wife of terrorism suspicions and was critical of the Canadian and US intelligence agencies. However, Attorney General Gonzales said Arar was deported from the US, and that the US does not knowingly send suspects to countries where they will be tortured.

ABC World News (9/19, story 5, 2:20, Gibson) reported Arar "was wrongly accused of having any ties to terrorism." ABC (Harris) added Arar "says after four years of hell, he feels his reputation is finally clear." The Canadian government's "822-page report says Arar has no links to terrorism. And blames Canadian and US law enforcement for landing Arar in a prison." Attorney General Alberto Gonzales "says the US never sends suspects anywhere without a promise they won't be tortured." Attorney General Gonzales: "We seek to satisfy ourselves that they will not be -- they will not be tortured. We do that in every case." Harris: "But human rights activists say such promises are often meaningless. And they say the Arar might help change things."

The CBS Evening News (9/19, story 5, 2:25, Keteyian, 7.66M) reported, "Despite Arar's experience, this former counterterrorism official says rendition does have its place." John Brennan, terrorism analyst: "I think it allows us to have the option to move a person who is involved in terrorism or terrorism-related activities to a country where they can be effectively questioned or prosecuted." Keteyian: "For his part, Arar has sued both the US and Canada for damages but what he really wants is an apology." Arar: "And I think that will mean a lot to me." Ketayian: "Today Attorney General Alberto Gonzalez said Arar's case was not a rendition but a deportation adding 'I'm not aware that he was tortured.'"

FNC's Special Report (9/19, 6:16 p.m.) reported, "A Canadian judicial report has found that American authorities transferred an innocent Canadian citizen to Syria where he was tortured, this after Canadian intelligence officials gave Americans bad information -- that the man was an Islamic extremist and should be put on the Al Qaeda watch list. Maher Arar a Muslim of Syrian descent was detained for questioning in 2002 and transferred to Syria where he was beaten, he says, and made to make false confessions. They say the agents were improperly trained and did not anticipate the consequences of naming the man without sufficient evidence. He is demanding an apology from the U.S., but Alberto Gonzales says he was not aware that the Arar was tortured."

The Attorney General's defense of terrorist renditions was covered by at least three local newscasts. Usually, he was said to be defending the Administration's position. WEWS-TV Cleveland, (9/19, 6:40 p.m.) reported, "Today, attorney general Alberto Gonzales, says the U.S. never sends suspects anywhere, without a promise they won't be tortured."

WCFT-TV Birmingham, (9/19, 5:09 p.m.) reported, "Attorney general Alberto Gonzales is backing the president's strategy for interrogating terror suspects. Gonzales says CIA interrogators lack guidance on how to comply with the Geneva conventions. He says the provisions banning humiliating and degrading treatment and outrages upon personal dignity are too vague."

WRGB-TV Albany, (9/19, 5:32 p.m.) reported, "Attorney general Alberto Gonzales is continuing the Administration's push for its version of anti-terror laws. Gonzales says the Geneva conventions are too vague, and CIA interrogators need guidance, so they can observe the rule of law."

Other Commentary. In a USA Today op-ed (9/20), Andrew C. McCarthy, a senior fellow at the Foundation for the Defense of Democracies, says, "The case of Maher Arar, a Canadian Muslim allegedly tortured in Syria after being taken there by the CIA, warrants scrutiny. So, indeed, does the whole practice of rendition, a favorite of the Clinton administration long before the Sept. 11 attacks." But with "the lives of 300 million Americans at

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stake, the United States cannot make national security policy based on individual anecdotes about government roguishness."

In his Washington Post column (9/20, A25), Harold Meyerson says, "Why rely just on the Syrians? At the same time, as the president acknowledged this month, we ourselves (that is, CIA employees) had embarked on our own round of torture of al-Qaeda suspects, some of them the genuine article, some not. As the president asserted during his news conference Friday, that doesn't mean that we've become our enemy, that we're in any sense the moral equivalent of al-Qaeda. But it most certainly means we've abandoned our own moral and legal norms, as the administration's determination to create a loophole in the Geneva Conventions makes unmistakably clear."

USA Today (9/20, 2.27M) says in an editorial that Arar's case "is a textbook example of what can go wrong, and why Americans should be leery of embracing the harsh tactics President Bush wants applied to terror suspects." Attorney General Alberto Gonzales "said Tuesday that the hand-over of Arar to the Syrians was a deportation, not a 'rendition' — a controversial practice in which U.S. authorities turn over suspected terrorists to other countries. In this case, that seems to be a distinction without a difference."

The Washington Post (9/20, A24, 748K) says in an editorial that Arar's case "vividly illustrates a couple of the points that veteran military and diplomatic leaders have been trying to impress on Mr. Bush about the dangers of the CIA program, for which the president is demanding congressional approval." Bush "claims that the renditions, secret detentions and harsh U.S. techniques -- which most of the world regards as torture -- have yielded important intelligence. But as the military commanders who oppose such methods have insistently and courageously pointed out, it is well known that the information they produce is unreliable. Many detainees, as Mr. Arar did, will falsely incriminate themselves or others to avoid abuse."

The New York Times (9/20, 1.21M) editorializes that the Arar case and the case of AP photographer Bilal Hussein, who has been held for five months in Iraq, "illustrate vividly why Congress needs to pass an effective law on the handling of prisoners that not only provides for legal military tribunals to try dangerous men like Khalid Shaikh Mohammed, who is believed to have organized the 9/11 attacks, but also deals with the other men, perhaps hundreds, wrongly imprisoned at Guantánamo Bay, and sets rules for the future. The bills now before Congress don't meet the test. The White House's measure endorses the practice of picking up any foreign citizens the United States wants, abusing and even torturing them, and then trying them on the basis of secret evidence. It effectively repudiates the Geneva Conventions, putting American soldiers at risk."

Vermont Officials To Continue Probing Phone Records Case. The AP (9/20) reports that Vermont state regulators "plan to continue exploring whether telephone records were improperly released to the federal government even though the Justice Department has warned such an inquiry could run afoul of federal law. … 'We have jurisdiction under state law to proceed in this matter and it has not been shown that federal law pre-empts that jurisdiction,' the Public Service Board said." The AP continues, "Verizon and AT&T both operate in Vermont and news reports have suggested they might have turned over records of customer calls to the National Security Agency. Those companies' customers, Gov. Jim Douglas and the Vermont chapter of the American Civil Liberties Union urged the Public Service Board to determine whether Verizon and AT&T violated state statutes by cooperating with the NSA." The AP adds, "Verizon has said in the board's proceedings that it could not say whether it had cooperated with NSA, even if it wanted to, because federal law bars it. … But the Public Service Board said the privilege against answering the state's inquiry 'belongs to the government and must be asserted by it. It can neither be claimed nor waived by a private party.' … The federal government has declined to participate in the case before the Public Service Board and the Justice Department has said in a letter that it should be dropped. But the board says it concluded that no federal laws prevented it from pursuing the docket."

Maine Rights Group Seeks To Intervene In Phone Records Suit. The Magic City (ME) Morning Star (9/20) reports, "The MCLU went to court today to protect the privacy rights of Maine telephone customers. In a motion filed in U.S. District Court, the MCLU seeks an opportunity to have the consumers' voice heard in the Bush administration's lawsuit against the Maine Public Utilities Commission. The MCLU asked that the Verizon customers who initiated the privacy investigation at the Maine Public Utilities Commission be added to US. v. Kurt Adams et al as intervenor-defendants. … 'The Justice Department is making up the law as it goes. It's a blatant attempt to intimidate Maine's Public Utilities Commission, but it won't work,' said John Paterson, an MCLU cooperating attorney with Bernstein Shur. 'Mainers deserve to know if their privacy rights were violated.'" The Star adds, "The MCLU asserts that the DOJ has no legal basis for suing the State of Maine. The Maine Public Utilities Commission has merely asked Verizon to confirm the truthfulness of statements it had already made publicly in press releases. … 'Verizon's refusal to respond to our questions and now the Justice Department's lawsuit makes it look like Verizon has cooperated in Maine with the National Security Agency and that they are guilty of violating Mainers' privacy rights and possibly breaking the law,' said James Cowie, lead intervenor-defendant, 'The United States of America is not a place where citizens should have to expect that the government is eavesdropping on our private telephone conversations.'" The Star notes, "Today's filings follow on the heels of Attorney General Steve Rowe's vigorous defense of Maine's right to conduct an investigation. Congressmen Mike Michaud and Tom Allen have called on U.S. Attorney General Alberto Gonzales to withdraw the lawsuit. Fifteen Maine state senators and twenty-seven Maine state representatives signed a letter to Attorney General Alberto Gonzales noting that state has both the authority and the responsibility to protect Mainers. … Maine was the third state to be sued by the federal government is this matter. The government has also sued the states of New Jersey and Missouri, and on September 6, the Department of

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Justice sued a fourth state, Connecticut, in an effort to prevent the state from determining whether the telephone companies or the federal government broke the law."

Albany Terror Probe Informant Testifies He Was Truthful With FBI Agent. The AP (9/20, Virtanen) reports, "An FBI informant testified Tuesday that he did whatever an FBI agent told him, even if that meant misrepresenting himself as a big import-export businessman, Islamic radical and part-time arms dealer in the FBI sting that led to terrorism charges against" Yassin Aref and Mohammed Hossain. "Shahed Hussain acknowledged cooperating with the FBI in hopes of reducing his sentence after his 2001 arrest for helping immigrants fraudulently obtain state drivers' licenses in Albany. He maintained he has been truthful since, especially with FBI case agent Timothy Coll." The AP notes, "The credibility of the Pakistani emigre is a central issue in the case, with defense attorneys saying Hussain not only lied to their clients, but in his past business dealings as a translator at the state Department of Motor Vehicles and to the FBI concerning their clients." The AP adds, "Hussain also testified he showed the shoulder-fired missile launcher to Hossain at a videotaped meeting in November 2003, and the money transactions began in January 2004. He acknowledged that he never showed the weapon to Aref, though he did show both defendants the trigger mechanism, but only briefly while Aref was counting money."

Cheney Says "Civilized World" Depends On US In War On Terror. The AP (9/20, Raum) reports Vice President Dick Cheney "cast the global war on terror on Tuesday as a 'war of nerves,' borrowing a phrase Harry Truman used to describe the Cold War. Cheney asserted that the hopes of the civilized world depend on a U.S. victory." Speaking to the National Automobile Dealers Association, Cheney said, "We are not going to let down our guard." He said President Bush "will not relent in the effort to track the enemies of the United States with every legitimate tool at his command." Cheney "defended the administration's warrantless wiretapping and detainee programs, both subject to criticism from Democrats and some members of his own Republican party."

HOMELAND RESPONSE:

Study Warns Of Rising Islamic Extremism In US Prisons. The AP (9/20, Jordan) reports, "Jailed Islamic extremists with violent interpretations of the Quran are taking advantage of scarce religious monitoring programs to breed terrorists in U.S. prisons, a study released Tuesday shows. State and local prison officials struggle to track radicalized behavior by inmates or religious counselors, the joint study by George Washington University and the University of Virginia found. … 'Radicalized prisoners are a potential pool of recruits by terrorist groups,' concluded the study, released at a Senate Homeland Security and Governmental Affairs Committee hearing on 'homegrown' terrorists." The AP adds, "Daveed Gartenstein-Ross, a counterterrorism consultant, told senators that 'chilling' interpretations of the Quran were given to prison inmates when he worked for the al-Haramain Islamic Foundation, an international charity that served as a major al-Qaida financier."

The Christian Science Monitor (9/20, Marks, 58K) adds that the report "says it's essential for local, state, and federal correctional officials to work closely with one another as well as the FBI. Then, they say, extremists within the prison system, and those on the outside who want to exploit it, can be identified and tracked. But they acknowledge it will be a challenge, particularly since most American prisons are overcrowded, and many are understaffed. 'The really critical thing here is information,' says Jeffrey Raynor of the Institute of Law, Psychiatry and Public Policy at the University of Virginia, who co-wrote the report."

The Washington Times (9/20, Seper, 88K) reports Sen. Joseph Lieberman "said homegrown terrorism is a 'grave enough concern' that Congress needs to consider whether to focus more attention and resources on it." He noted "that although more than 80 percent of religious conversions in prison are to some form of Islam, only 10 of the 200 chaplains in the federal system are devoted to Islam."

FBI Searches Muslim Leader's Home, Islamic Charity Office. The AP (9/20, Zagier) reports from Columbia, Mo., "FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. … Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked. In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press." The AP notes that the search of Hamoodi's house "came three days after bureau officials met with Muslims at a local mosque to try to improve community relations."

FBI Searched Homes Of Pilot Suspected Of Link To Wales Murder. The Seattle Times (9/20, Miletich, 217K) reports, "FBI agents conducted searches last month in the slaying of Seattle federal prosecutor Thomas Wales, combing two houses owned by an airline pilot long under investigation in the 2001 killing. Agents looked for evidence to tie the pilot to an anonymous letter sent to the Seattle FBI office in January, said a law-enforcement official, speaking on condition of anonymity because the investigation is continuing." The Times notes, "The searches represent the most visible activity in the investigation since top FBI officials stripped the case from the Seattle FBI office in June and put it under the direction of the Portland office. The move came after the head of the Seattle office tried to reduce the number of investigators on the case, sparking an outcry from law-enforcement officials in Seattle. … The investigation is a top priority of the FBI, with a $1 million reward."

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New Book Says FBI, CIA Still Fall Short On Terror Counter-Intelligence. The Washington Times (9/20, A1, 88K) runs another excerpts from reporter Bill Gertz's new book "Enemies: How America's Foes Steal Our Vital Secrets -- And How We Let It Happen." Gertz writes, "The FBI, the CIA and other intelligence agencies continue to struggle to plant agents in, or recruit them from, deadly Islamist terror organizations here and abroad. The FBI, for example, did not have under way a single active investigation this past spring of al Qaeda or any Islamist group anywhere in the United States. … President Bush expects the FBI to help counter such terror threats through its new National Security Branch (NSB), a major reform he announced over internal opposition in summer 2005." Gertz adds, "Left largely unsaid in this year's debate about the president's authorizing the National Security Agency to intercept suspected terrorists' communications: The administration might not have needed to rely on the program so heavily, and risk infringing on civil liberties, were American counterintelligence not so weak."

Scientists Attempt To Design Hijack-Proof Airliner. The Washington Times (9/20, Webb, 88K) reports, "Five years after the September 11 terrorist attacks, a hijack-proof airliner still seems the impossible dream, but the next best thing to it could begin guarding the world's airways within two to four years." A "consortium of European scientists is working on a $46 million project to thwart terrorists bent on capturing and destroying an aircraft in flight after they have managed to sneak through airport security." More than "100 aviation specialists from 31 companies are involved in the project, part of a plan known as Security of Aircraft in the Future European Environment (SAFEE), to create a so-called 'last barrier to attack' by hijackers." Scientists at "one of the companies, defense giant BAE Systems in Bristol, England, say that at the heart of their work is development of a computer system that could automatically seize control of a threatened airliner and prevent a hijacker from steering it into a mountain or tall building."

8th Circuit Panel Rules Muslim Pilot Not Fired Over Religion. The AP (9/20, Salter) reports, "A Muslim pilot fired a week after the Sept. 11, 2001, terrorist attacks was let go because he was seen in a bar in uniform, not because of religious bigotry, a three-judge federal appeals court panel ruled Tuesday. The panel of the 8th U.S. Circuit Court of Appeals affirmed a district court judge's ruling that Trans States Airlines did not violate discrimination laws in firing Mohammed Shanif Hussein," and "EEOC attorney Robert Johnson said the agency was still considering whether to seek a hearing before the full 8th Circuit." The AP notes a bar patron claimed Hussein raised a beer in toast to the WTC attacks, prompting an investigation. "Court documents indicate Hussein told an FBI agent that he was drinking in the bar, but did not do anything to show support for the terrorists. He said he was seen smiling not because of the attacks, but because he had just learned his wife was pregnant."

Study Says Airports Face Crisis In Baggage Screening. USA Today (9/20, Frank, 2.27M) reports the nation's airports "face a looming crisis in their ability to screen checked luggage for bombs that will require billions of dollars to avert, a new report ordered by Congress says." The study says "many airports have too few screeners and use slow, labor-intensive bomb detectors that are being overwhelmed by increasing passenger traffic." The report "criticizes how bomb detectors were installed in airports after 9/11. Because of a tight deadline, 'many if not most of the implementations were suboptimal,' it says."

Health Problems Plague Federal Air Marshal Program. The Washington Times (9/20, Hudson, 88K) reports the "size of the federal air marshal force has been cut in half by on-the-job injuries that have sidelined nearly 2,100 marshals, while squabbling prevents health and safety policies from being implemented, government officials say." Marshals say "medical staffers are quitting the Federal Air Marshal Service (FAMS) out of frustration as hundreds develop illnesses related to their heavy flying schedules such as barotrauma, decompression sickness that causes ruptured eardrums and sinus conditions often requiring surgery." They are also "developing deep vein thrombosis, a disease attributed to long periods of sitting that causes blood clots, usually in the legs, that could lead to cardiac arrest." Policies to "prevent such injuries or to determine sick leave and light duty for injured marshals are being held up by fights over wording and punctuation, said one air marshal. Others say they were fired for their disability then denied workers' compensation."

Boeing Said To Have Won SBInet Contract. The Washington Post (9/20, A1, Witte, 748K) reports on its front page that "congressional sources" said Tuesday that Boeing Co. has won a Department of Homeland Security contract to secure the nation's borders, relying "heavily on a network of 1,800 towers, most of which would need to be erected along the borders with Mexico and Canada. Each tower would be equipped with a variety of sensors, including cameras and heat and motion detectors." The company "sold its plan" for the contract, known as SBInet, "as less risky and less expensive than competing proposals that would have relied heavily on drones for routine surveillance work. … The public announcement of the award is planned for tomorrow."

The New York Times (9/20, Lipton, 1.21M) reports, "The contract will at least initially be much more limited than some industry officials had expected, valued at $80 million instead of the $2 billion estimate given for the six-year deal, the officials said." Wayne Esser, who led the Boeing bid, said it was "not a Department of Defense type of procurement. Customs and Border Protection just doesn't have that kind of a budget." The Times adds, "Members of Congress have expressed some skepticism about whether the department will be able to succeed in this border effort because of the failure of previous ones."

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The Wall Street Journal (9/20, A17, Block, 2.03M) reports, "According to defense-industry officials and congressional staffers the various plans of how to make SBInet were varied, in part because the Department of Homeland Security left it up to the various companies to decide how to best protect the border, giving them unusually wide sway over a critical national security issue. Michael Jackson, deputy secretary of the Homeland Security Department, told the competing firms this year he wanted them 'to come back and tell us how to do our business.'"

Government, New York Overpaying For Freedom Tower Space. The Wall Street Journal (9/20, Frangos, 2.03M) reports the Federal Government "and New York state may be overpaying to move into the Freedom Tower, some commercial-property experts say." The Federal Government's "real-estate arm, the General Services Administration, said this week it has tentatively agreed to pay $59 a square foot for 16 floors in the yet-to-be-built skyscraper at the World Trade Center site when it opens in 2012. New York state government would pay the same rate for 11 floors." But a "look at prices for comparable space shows the government is paying more than tenants in other Lower Manhattan buildings, even factoring in possible rent inflation over the five years it will take to build the Freedom Tower."

Islamic Society of North America Elects First Female President. The New York Times (9/20, MacFarquhar, 1.21M) reports Hartford Seminary professor and Muslim convert Ingrid Mattson "this month…was elected president of the Islamic Society of North America…making her a prominent voice for a faith ever more under assault by critics who paint it as the main font of terrorism. She is both the first woman and, as a Canadian, the first nonimmigrant to hold the post. To her supporters, Professor Mattson's selection comes as a significant breakthrough, a chance for North American Muslims to show that they are a diverse, enlightened community with real roots here — and not alien, sexist extremists bent on the destruction of Western civilization. Some naysayers grumble that a woman should not head any Muslim organization because the faith bars women from leading men in congregational prayers, but they are a distinct minority."

FEMA Gives Trailer Park Residents Grace Period. The Miami Herald (9/20, Spangler) reports, "People living in government trailer parks that opened after the 2004 hurricane season have another 35 days before they have to move out, the Federal Emergency Management Agency announced Tuesday." The Herald continues, "FEMA extended a Sept. 26 deadline -- itself the six-month extension of a prior deadline -- to Oct. 31 to give trailer tenants more time to find permanent housing. Though they have said it before, FEMA officials say this new deadline is the absolute last. … 'That's what I've been told. Thirty five days and that's it,' said FEMA spokeswoman Mildred Acevedo." The Herald adds, "The last of more than 17,000 people left homeless after four back-to-back hurricanes in the summer and fall of 2004 still live in 1,161 FEMA trailers all over the state. … In places like Charlotte County, site of FEMA City -- once home to 1,500 people in 551 trailers -- extensions were needed because there was nowhere else to live. Much of that county's affordable housing was destroyed by the hurricanes, and housing costs soared. The latest extension gives 'the people who are in these units more time,' said Acevedo. 'It gives them more time to work on their paperwork, if they're purchasing their units, and more time to work on a housing plan.'" The Herald notes, "Bob Hebert, Charlotte County's director of emergency recovery, suggested another reason for the extension: Federal marshals weren't ready to evict families from the trailers. 'The property fell under the jurisdiction of the Department of Justice, and the department was not ready to act on termination of leases yet,' Hebert said."

War News:

Bush Will Meet Musharraf, Karzai. The AP (9/20) reports in a brief article, "President Bush, already scheduled to meet separately in the coming days with the leaders of Afghanistan and Pakistan, has now added joint White House talks where all three leaders can discuss regional security." Relations between the two neighbors hae been "strained" at times over the presence of terrorist hideouts along the border. Afghan officials have alleged "that Pakistan hasn't done enough to go after the remnants of the ousted Taliban regime, which Afghani leaders say have established hideouts in Pakistan along the mountainous border."

General Abizaid Says US Forces In Iraq "Unlikely" To Shrink Soon. Remarks by Centcom commander Gen. John Abizaid attracted pessimistic coverage of Iraq. All three networks covered his press conference. ABC World News (9/19, story 3, 1:55, Gibson) reported, "Turning to Iraq, there has been speculation for months about when US troops might start coming home. Military leaders had indicated a drawdown, as it's called, to begin by the end of the year. But that is not going to happen. There are 147,000 American troops today in Iraq. The top commander in the Middle East, General John Abizaid said, this level will probably will have to be sustained until next spring. Then, we'll re-evaluate." ABC (Karl) added, "More than anything, this is a recognition of reality. What you've had here for more than a year now, generals, top commanders in Iraq, have said that as conditions improve, as more Iraqi troops are trained, that Americans would begin to come home. But Abizaid made it very clear now that that has not happened. Conditions have not improved. Sectarian violence is as bad as it's ever been. That means those war plans that were drawn up to bring Americans home, will have to stay on the shelf. In fact, he said you may see an increase in American troop levels in Iraq."

The CBS Evening News (9/19, story 6, 0:20, Couric, 7.66M) reported, "Thousands of American servicemen and women will not be coming home for the holidays after all, and that tops our CBS News briefing tonight. The military had hoped to cut US

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troop strength in Iraq to 100,000 by the end of the year, but with no letup in the violence, the head of central command, General John Abizaid said today a force of more than 140,000 will remain in Iraq at least until spring."

NBC Nightly News (9/19, story 4, , Williams, 9.87M) reported, "There's been a major admission tonight from the top US Commander in the Middle East. It's about how many American troops will be on duty in Iraq and for just how long." NBC (Miklaszewski) added, "The admission came from General John Abizaid, who predicted today that there would be no significant reduction in the number of American troops in Iraq until at least the middle of next year. There are now 147,000 American forces on the ground in Iraq and it's expected to remain at about that level through next spring. In fact, today there are 20,000 more American troops on the ground than there were only two months ago. They're there to combat the recent spike in sectarian violence and because the Iraqi security forces are still not up to the job. It's a far cry from earlier predictions when military leaders thought they could actually reduce the number of American troops in Iraq this year. But nobody around here at the Pentagon is talking about that now."

The Washington Post (9/20, Tyson, 748K) reports in a front page article, "The U.S. military is unlikely to reduce forces in Iraq before next spring because the current contingent of more than 140,000 troops is battling sectarian violence that could prove 'fatal' to the country if not arrested, the top American commander for the Middle East said yesterday." Abizaid gave a "sober assessment" and when asked "point-blank" whether the US was winning replied, "Given unlimited time and unlimited support, we're winning the war." His words "effectively ended hopes for a big troop withdrawal" this year.

The AP (9/19, Baldor) calls Abizaid's statement "one of the gloomiest assessments yet of when troops may come home." Until the recent upsurge in violence, the administration had hoped to bring back some troops from "what has become a widely unpopular war." He, "Defense Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week."

The New York Times (9/20, Cloud, 1.21M) reports that "no cutback [is] likely" before spring and calls Abizaid's comments "the first indication that senior commanders believed reductions were very unlikely until well into next year." Plans to trim US forces have been "repeatedly frustrated" by violence and the Iraqi government's "shortcomings." After the increase in forces in Baghdad, the capital has become "slightly better," but "a couple months" are needed for real improvement, he stated.

The Financial Times (9/20, Daniel) reports that Gen. Abizaid "said because of worsening sectarian violence, current US troop levels of more than 140,000 would be 'sustained through the spring and then we'll re-evaluate.'" The McClatchy Newspapers (9/20, Brown) reports that Abizaid "said it probably wouldn't be known until December whether the crackdown would have any lasting effect." He argued that having "too many" American troops in Iraq "would only 'feed extremism' and prevent Iraqis from taking responsibility for their own security."

Max Boot Calls Bush "Stubbornly Hopeful," Questions Troop Levels. In his column for the Los Angeles Times (9/20, 918K), Max Boot writes, "His steadfastness in the face of adversity is admirable. ... But there is a certain fatalism that can come from focusing so much on the long term. ... In the case of Iraq, in particular, even those of us who support the war effort question whether Bush has done enough to win. A strong case can be made that there have never been enough troops to enforce even a modicum of law and order."

Misgivings Grow About Iraqi Premier's Strength.

The New York Times (9/20, Wong, 1.21M) reports, "Senior Iraqi and American officials are beginning to question whether Prime Minister Nuri Kamal al-Maliki has the political muscle and decisiveness to hold Iraq together as it hovers on the edge of a full civil war." The prime minister "has failed to take aggressive steps to end the country's sectarian strife because they would alienate fundamentalist Shiite leaders inside his fractious government who have large followings and private armies, senior Iraqi politicians and Western officials say. He is also constrained by the need to woo militant Sunni Arabs connected to the insurgency." His security plan for Baghdad "intentionally avoids direct confrontation with [Moqtada al-Sadr's] militia, despite Iraqi Army generals' apparent willingness to attack the militia and despite growing violence by rogue militia elements." Unnamed "departed officials" say that President Bush's top advisers are "far more pessimistic" in private about Maliki because "he never makes any decisions."

Panel Leader Says Iraqi Premier Must "Act Now" On Security. The AP (9/20, Jelinek) reports, "U.S. experts studying what to do next in Iraq said Tuesday that the next three months are critical and Baghdad's government must make more progress toward controlling the violence and rebuilding the nation." Iraqi Study Group co-chair Lee Hamilton said that the Iraqi government had to show that it was "deserving of continued support." He and co-chair James Baker "said Baghdad's government needs to secure a capital reeling in sectarian violence, make progress on national reconciliation, and provide electricity, water, and other services that Iraqis need." Hamilton stated that Prime Minister Maliki's government "has been complete since June. The people of Iraq are looking to him urgently for leadership."

The Financial Times (9/20, Daniel) reports that the presence of Bush insider James Baker "has created hopes that the commission could chart an exit strategy from Iraq that offered a politically convenient way for the administration to change direction." In a reflection of the "poor security" in Baghdad, on a recent commission trip to Iraq, "only one member" left the Green Zone.

Iraqi Lawmakers Rap "Relentless Violence." The AP (9/20, Quinn) reports, "Lawmakers angered by relentless violence in Iraq demanded Tuesday that the defense and interior ministers explain what they are doing to put an end to the death squads that have killed hundreds of Iraqis." The angered legislators were "both Sunni and Shiite." One Shiite lawmaker "proposed special security teams to investigate the killings."

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Baker's 1995 Justification For Not Ousting Saddam Is Cited. The New York Times (9/20, Pear, 1.21M) quotes two paragraphs of Hamilton's statement, including, "No one can expect miracles, but the people of Iraq have the right to expect immediate action. ... The next three months are critical." The Times also quotes from co-chair James Baker's 1995 memoir, in which he explained that he opposed ousting Saddam Hussein in 1991 "because he feared that such action might lead to an Iraqi civil war, to 'criticism from many of our allies' and to an eventual loss of American support for an occupation."

At Least 24 Killed In Iraq. USA Today/AP (9/20) reports, "At least two dozen people were killed in Iraq on Tuesday — the latest victims of a cycle of violence that the top U.S. military commander said could force the U.S. military to maintain or increase troop levels in Iraq through spring." The violence "has grown despite a security crackdown in Baghdad that began Aug. 7, when 12,000 more Iraqi and U.S. troops were brought into the city." Another AP (9/20) article reports, "Separate bombings near an army base and a police building killed at least 28 people and wounded at least 56."

US Forces Face "Hurdles" In Restoring Order. The McClatchy Newspapers (9/20, Brunswick) reports on the frustrations faced by 1st Lt. Jake Hughes and "his platoon from Apache Company of the 1-23rd Infantry." The article reports how a raid on a mosque was apparently spoiled by a tip to the targeted individuals and how another raid was based on pro-Shiite information and "appeared to focus exclusively on the homes of Sunni families." Hughes "can't wait to turn over the operation to the Iraqis." However, some progress occurs; the battalion commander remarks "that even the Iraqi police, often the wild card in the operations, showed up to provide protection along the perimeters of the search, the first time that all elements of the Iraqi security forces had participated."

Life Of Fear In Baghdad Is Described. In a human interest story, the Los Angeles Times (9/20, 918K) describes through an anonymous Iraqi employee's eyes life in Baghdad. He sees a wounded man lying in the street, whom nobody dares to help: "Then, a white Volkswagen pulled up. A passenger stepped out with a gun, walked steadily to the wounded man and shot him three times." The Iraqi states, "Fear dictates everything we do. ... Things are going from bad to worse, and I can't see any light at the end of the tunnel."

Senators Seek Declassification Of Prewar Reports. The AP (9/19, Hananel) reports, "Senators on an intelligence panel are seeking to declassify more information from two Senate reports on prewar intelligence on Iraq, saying too much was kept secret." The "bipartisan" group's letter is the "first time lawmakers have appealed to the Public Interest Declassification Board since it was established in 2004." About half of the Senate Intelligence Committee signed the letter: "[Missouri Republican Kit] Bond; [Oregon Democrat Ron] Wyden; Dianne Feinstein, D-Calif.; Mike DeWine, R-Ohio; Russ Feingold, D-Wis.; Orrin Hatch, R-Utah; and Jay Rockefeller, D-W.Va."

Judge In Saddam Hussein's Trial Replaced. Abdullah al-Amiri, the judge overseeing the second phase of Saddam Hussein's trial, was fired Tuesday amid concerns that he was showing bias toward the deposed dictator. The New York Times (9/20, Oppel, 1.21M) reports that aides Prime Minister Nuri Kamal al-Maliki "said pressure had been building from Kurds and others to oust the judge after he told Mr. Hussein in court that he was not a dictator." The Times adds, "The firing was condemned by human rights advocates as improper political interference by Mr. Maliki's government, which is dominated by Shiites and Kurds persecuted during Mr. Hussein's rule. Human Rights Watch said the firing 'sends a chilling message to all judges: toe the line or risk removal.'"

The Washington Post (9/20, A18, Paley, 748K) reports that the Iraqi cabinet voted to remove al-Amiri "because it felt he was no longer impartial and his conduct had 'injured the feelings of the victims in the case,' government spokesman Ali al-Dabbagh said. 'The government wants to maintain the independence of the court without interfering with their daily work and their decisions,' Dabbagh said. 'But at the same time, they want the court to keep neutral.'"

The AP (9/20, Yacoub, Halaby) reports, "Abdullah al-Amiri was replaced on the five-member panel by his deputy in the trial, Mohammed al-Uraibiy, a court official said. The new chief judge is a Shiite Arab, as is al-Amiri." The AP adds, "An attorney defending senior officials in Saddam's former regime decried the change as purely political. 'This was a coup that succeeded. There was no legal reason for removing him (al-Amiri),' defense lawyer Badee Izzat Aref told The Associated Press. 'They (court officials) felt that he would not respond to their demands.'"

British Soldier Enters Guilty Plea To War Crime. A British soldier has pleaded guilty to inhumanely treating civilians detained in Iraq. The New York Times (9/20, Cowell, 1.21M) reports, "The plea came at the opening of a court martial of seven soldiers on war crimes charges, the first trial of British soldiers under laws binding this country to the International Criminal Court. … Three of the seven soldiers faced war crimes charges; only one, Corporal Donald Payne, 35, pleaded guilty. But he denied charges of manslaughter and perverting the court of justice. Three officers among the seven accused soldiers denied charges of 'negligently performing a duty,' meaning that they failed to control personnel under their command."

Farmers Seek To Rejuvenate Iraq's Date Industry. The Washington Post (9/20, A18, Raghavan, 748K) reports that farmers across Iraq are "trying to restore the glory days when Iraq produced about 30 percent of the world's supply of dates. … In the calculus of preventing Iraq's slide toward civil war, reconstructing Iraq's economy is a top priority. And dates are Iraq's second-biggest export, after oil. Revitalizing the industry could help reduce sectarian tensions by creating thousands of jobs while generating revenue to rebuild Iraq, improve security and lessen the country's dependence on US reconstruction dollars." The Post adds that Iraq's date industry "is showing signs

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of recovery, partly through US efforts. Farmers are being introduced to market-oriented capitalism after years of depending on state subsidies under the government of Saddam Hussein." The Los Angeles Times (9/19, Moore, 918K) also reports on the success of Iraq farmers.

Reconstruction Project Symbolizes Shift In US Afghanistan Strategy. The opening of a bridge over the Pech River in Afghanistan Monday is what the Christian Science Monitor (9/20, Peterson, 58K) calls an "early step in a shifting US strategy: Clear Taliban strongholds, stay on the ground long enough to reestablish government rule, deploy Afghan forces, and show fruit of reconstruction. But the stakes are high in a region that - already five years after US-led forces toppled the Taliban and their Al Qaeda allies - the American military has visited again and again, only to watch the Taliban filter back." The Monitor adds, "A similar fight-and-build strategy is being pursued by NATO troops in southern provinces."

Author Says Afghanistan's Local Police Must Be Strengthened To Fight Drugs. Author Joel Hafvenstein writes in the New York Times (9/20, 1.21M) that Afghanistan's "drug dependency is back in the headlines. … This deplorable new record will not be reversed by more belligerent counternarcotics measures. Instead, America, NATO and the Afghan government must reform a vital but neglected institution: the local police. … To reduce Afghanistan's poppy cultivation, Western governments must keep their focus on improving security. … Local police forces are the weakest link in Afghanistan's security net." Hafvenstein adds, "The poppy boom won't be solved by police reform alone, of course. The Afghan government must purge drug kingpins from the federal and provincial governments, and continue disarming militias (friendly as well as hostile)."

Group Greets Troops Headed To Persian Gulf War. The New York Times (9/20, Zezima, 1.21M) reports on a group called Maine Troop Greeters, which "was founded in 1991 to greet troops headed to the Persian Gulf war. Since May 2003, shortly after the start of the Iraq war, the group has welcomed every military transport flight that has arrived" at Bangor International Airport. The group "came about, in part, because this is the country's easternmost airport and it has one of the longest runways in the nation, making it a favored military refueling and transfer location." Maine Troop Greeters "has about 100 volunteers who operate out of the small room, which is lined with American flags, signed military T-shirts and maps of Iraq. They arrive about three hours before a flight to set out cookies donated by a local Sam's Club, pies baked by volunteers, and candy and donuts. They also make sure free cellphones donated by local providers are available for troops to use."

Three Brothers Headed To Iraq War In Same Unit. USA Today/AP (9/20, Carlton) reports on Michael, Allen and Reginald Mouton who will "ship out for the Middle East next month. It's an extremely rare instance of three brothers being sent to the same base in a combat zone." The AP adds, "Reginald is a medic who runs a battalion aid station for about 1,000 troops. Allen, 40, a first sergeant, leads about 100 soldiers in a combat group. Michael, 42, also a first sergeant, does the same in a logistical support group." The Moutons "say they take comfort in knowing they'll be together in the 3,800-member Ironhorse Brigade — the 1st Brigade of the 1st Cavalry Division — although Allen says that for the family, it amounts to 'putting all your eggs in one basket.' They are their mother's only offspring. She also has a stepson."

Old-Guard Conservatives Discuss 15th Century Venice's Lessons For US. David Ignatius writes in the Washington Post (9/20, A25, 748K) that the struggles of 15th century Venice have "a lot" to do with the US' troubles in Iraq, in the view of "a group of old-guard Washington conservatives who sponsored a conference last week to discuss the lessons for today of La Serenissima , as the 'serene republic' of Venice was known. … Now, who might be inquiring into the contemporary lessons of an empire that died more than 200 years ago? The answer is as intriguing as the conference itself. The sponsor was a little-known group called the Committee for the Republic, which was formed back in 2003 by a group of establishment Washingtonians -- paleoconservatives, one might call them -- who were concerned about neoconservative enthusiasm for foreign interventions. … A leading member is C. Boyden Gray, former White House counsel in the Bush 41 administration and a longtime amateur historian of Venice." Ignatius adds, "The quirky Venice conference is important less for any precise parallels it may offer for contemporary America than as an example of the debate that's growing among both liberals and conservatives in the wake of the Iraq war about the limits of American power."

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Keane Wins IT Contract For COPS Grants. Washington Technology (9/20, Welsh) reports, "Keane Inc. won a contract from the Justice Department to deliver IT support services for a key grant program, under a contract worth $14 million over five years." WashTech continues, "Keane of Boston will supply program management and application maintenance to support help desk and network operations for the Community Oriented Policing Services Office's management system. … Keane's Public Sector practice will run the project. Teamed with Keane are Turner Consulting Group of Washington and Apptis Inc. of Chantilly, Va." WashTech adds, "The Community Oriented Policing Services Office gives grants to local governments to enhance neighborhood policing. These grants have resulted in the hiring of 118,000 police officers and the purchase of numerous technical resources since 1995. … 'CMS will allow the Department of Justice users to more effectively manage the lifecycle of the grants process: from issuance to search, to approvals in a data protected environment,' Glenn Giles, vice

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president and general manager of Keane's Public Sector Practice, said in a statement announcing the award."

Federal Computer Week (9/20, Hubler) reports, "According to a statement from Keane, the $14 million task order covers one base year plus four, one-year options. … During that time, the Boston-based integrator will provide a full-range of IT services -- including IT program management and application maintenance, help-desk support, and network operations -- for the COPS Management System (CMS), which oversees the agency's grant-making process and other business services." FCW adds, "Since 1995, COPS has invested $11.9 billion to advance community policing, providing nearly 36,000 state and local grants to hire more than 118,000 police officers and provide numerous technical assistance resources. … The CMS work will be performed by Keane's Public Sector practice. Turner Consulting Group and Apptis are partnering with Keane. … 'Law enforcement has found community policing to be a critical component in responding to crime, gang activity, and homeland security,' said Carl Peed, director of COPS at Justice, in a statement."

CORPORATE SCANDALS:

Chairman, GC Played Primary Roles In HP Leak Probe. The Wall Street Journal (9/20, A3, Waldman) reports, "As early as summer 2005, Hewlett-Packard Co. Chairman Patricia Dunn and General Counsel Ann Baskins helped direct the company's board-leak investigation, as part of the planning and execution of many steps of the probe, internal H-P emails suggest." The Journal continues, "H-P has disclosed only that Ms. Dunn and an 'internal group' inside the Palo Alto, Calif., company, working with outside investigators, conducted the leak probes in 2005 and 2006. Ms. Dunn has said in interviews that she couldn't supervise the investigation because, as one of the H-P directors being investigated for leaking information to the media, she was a potential target of the probe. Instead, Ms. Dunn has said, she turned to H-P's security department to handle it. … However, H-P emails reviewed by The Wall Street Journal suggest that Ms. Dunn and Ms. Baskins were closely involved in helping direct the course of the investigation. The emails indicate that the two were kept well informed of the investigation's tactics and progress by the H-P security officials who ran the probe, as well as by some of the private investigators H-P hired to assist the computer company."

The Washington Post (9/20, D1, Nakashima, Noguchi, 748K) reports that a consultant's report prepared for HP says the spying effort "was wide-ranging and included physical surveillance, photographs and spyware sent via e-mail, and it also targeted wives and other relatives of HP board members and reporters, according to a consultant's report prepared for the company. The Feb. 10 report, obtained by The Washington Post, summarized in eight pages how investigators, to identify an internal leak of confidential HP information, surreptitiously followed HP board member George A. Keyworth II while he was giving a lecture at the University of Colorado. They watched his home in Piedmont, Calif. They used photographs of a reporter to see if the reporter met with him. And they tried to recover a laptop computer stolen from him in Italy so they could analyze its contents." The Post adds, "The report, prepared by a consulting firm in Needham, Mass., hired to investigate leaks to the media, was sent to four HP executives, including HP's ethics director. That suggests that senior HP employees were aware of the spying tactics used as early as February."

HP Executives To Testify Before Congress. HP Chairman Patricia Dunn and HP General Counsel Ann Baskins will testiofy on Capitol Hill about their involvement in a boardroom spying scandal. The Financial Times (9/20, Allison, Kirchgaessner) reports that the two HP executives "will appear before the House Committee on Energy and Commerce on September 28 and are expected to testify, according to a committee spokesperson. Larry Sonsini, a veteran Silicon Valley lawyer and HP's outside counsel, has also agreed to testify. Lawmakers on the committee are expected to vote on Wednesday on a measure that would give committee chairman Joe Barton and John Dingell, the highest ranking Democrat on the committee, the power to fast-track subpoenas for information from HP."

The San Francisco Chronicle (9/20, C - 1) reports, "Hewlett Packard Co. Chairwoman Patricia Dunn has agreed to answer questions from a congressional panel investigating the company's controversial probe of internal leaks to the media, the Palo Alto giant said Tuesday." The Chronicle continues, "Also planning to testify Sept. 28 before the House Energy and Commerce Committee will be HP's in-house counsel Ann Baskins and outside counsel Larry Sonsini, chairman of Wilson Sonsini Goodrich & Rosati, a prominent Silicon Valley law firm." The Chronicle adds, "Their decision suggests that, while the HP probe turned into an embarrassing scandal, Dunn, Baskins and Sonsini are confident they did not do anything wrong and have nothing to hide from lawmakers who are expected to ask them tough questions, analysts say. … But the hearings in Washington, D.C., will likely shed more light on HP's use of false identities and other questionable tactics to obtain personal information on directors, employees and journalists. … The three could have refused the invitation, although legal experts say that could have prompted the panel to issue subpoenas in order to compel them to testify."

The AP (9/20, Gordon) reports, "With federal and California prosecutors conducting criminal investigations of HP's use of deceptive tactics to find a boardroom leaker, some experts say the executives' testimony to Congress could be fraught with legal peril. … On the other hand, the risks of invoking their Fifth Amendment privilege against self-incrimination - as a parade of corporate executives have done on Capitol Hill in recent years - could be even greater, according to others." The AP adds, "In appearing before the panel, the two executives of Silicon Valley's largest and oldest technology company will be stepping into the highly charged and well-choreographed theater that is a congressional hearing. Enduring hours of questioning, business executives often sit at witness tables as they are vilified by lawmakers before television cameras."

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Bloomberg (9/20, Stern, Guglielmo) reports, "Outside investigator Ronald DeLia, who was also asked to appear, told the House committee he is likely to cite his Fifth Amendment right not to incriminate himself during the Sept. 28 hearing, said the aide, who asked not to be identified." Bloomberg adds, "The Energy and Commerce Committee made a second round of requests today for testimony at a hearing on Hewlett-Packard's probe. The company's global security manager, Anthony Gentilucci, and private investigator Joe Depante, owner of Action Research Group in Melbourne, Florida, were asked to testify, the panel said in a statement. Hewlett-Packard's outside lawyer, Larry Sonsini, was also called. … The committee asked for information about Hewlett-Packard's probe on Sept. 11, after the Palo Alto, California-based company acknowledged investigators used fake identities to collect the private phone records of two employees, some directors and nine journalists to uncover the source of news leaks. The House is investigating the practice, called 'pretexting.'"

Florida Man Asked To Testify. Florida Today (9/20, Blake, Balancia) reports, "A congressional subcommittee has asked a (Florida) private investigator to testify as part of the panel's probe of the corporate-spying scandal at computer giant Hewlett-Packard Co." Florida Today continues, 'The House of Representatives' Subcommittee on Oversight and Investigation sent a letter to Joseph DePante, owner of Brevard County-based Action Research Group, asking him to testify and answer questions on the 'Hewlett-Packard Pretexting Scandal' during a Sept. 28 hearing in Washington. … Terry Lane, a spokesman for the House Committee on Energy and Commerce, which oversees the subcommittee probing the case, did not specify what DePante's connection was to the Hewlett-Packard case, but said investigators want to know what DePante might know. … 'Our investigators have been looking into this for a few days, and to send him a letter, it's an indication that he has some knowledge of what Hewlett-Packard did,' Lane said. 'We went through the effort to send him a letter, so, obviously, we feel he has information that will be helpful to the investigation.' … Lane said the letter sent to DePante 'is not a subpoena. It's an option to appear. You can decline or you can appear.'"

Investigators Examine Omaha Detective's Role In HP Scandal. The New York Times (9/20, Richtel, 1.21M) reports, "Investigators are exploring the role of a man in the Omaha area who may have obtained private phone records in the Hewlett-Packard spying case, according to people briefed on the company's review of the operation. The man, Brian Wagoner, has spent several years working for Action Research Group, a Florida detective agency that is among the investigative firms linked to the Hewlett-Packard operation, according to a relative of Mr. Wagoner's." The Times adds, "The identification of Mr. Wagoner as a possible participant provides a potentially critical link in a chain that has stretched from Hewlett-Packard's sprawling Silicon Valley headquarters to detective agencies in Boston and Florida hired to" identify company directors who leaked information to journalists.

Attorneys For HP Hire Lawyers. The California Recorder (9/20, Scheck) reports, "The combined weight of investigations by state prosecutors, federal regulators and the Department of Justice has forced lawyers in Hewlett-Packard's boardroom mess to get their own attorneys." The Recorder continues, "Ann Baskins, the HP general counsel, has hired Berkeley, Calif., white-collar specialist Cristina Arguedas. Kevin Hunsaker, the HP senior counsel and ethics director -- who the New York Times has reported was in charge of the boardroom leak investigation -- has hired San Diego solo Michael Pancer, who also specializes in white-collar criminal cases." The Recorder adds, "In addition to the in-house lawyers, the Wall Street Journal's online edition reported Tuesday that top Silicon Valley lawyer Larry Sonsini, who advises HP's board, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, to represent him in connection with an upcoming congressional subcommittee hearing on the matter. … Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of clients caught up in high-profile investigations -- most recently Nancy Heinen, the former general counsel of Apple Computer, a company now under scrutiny for its stock options practices."

NYTimes Says HP Scandal Should Be An Example To Other Institutions. An editorial in the New York Times (9/20, 1.21M) says the battle at HP "offers up two useful lessons. It should remind those of us watching from the sidelines just how porous our privacy is in an era of databases and hackers and sophisticated snoops, and how much we need greater legal safeguards and protections to keep pace with the technological advances. Institutions should take a very different lesson away: That their reputations are only as good as the people they hire." The Times adds, "As head of the board, it was Ms. Dunn's responsibility to ensure that the company's standards were met in any investigation, no matter who was tasked with the job. We hope that Hewlett-Packard's mistakes provide an instructive example to the ethically impaired."

Prudential Deal Sparks Debate Over Definition Of "Nonprosecution Agreement." Corporate Counsel (9/20, Reisinger) reports, "As if the nuances of corporate governance aren't tough enough to fathom, now the government is playing word games. On Aug. 28, Prudential Financial, Inc., signed what it thought was a nonprosecution agreement with Michael Sullivan, the U.S. Attorney in Boston. But once the deal was done, Deputy Attorney General Paul McNulty called a press conference in Washington, D.C., to trumpet the 'deferred prosecution agreement.'" Corporate Counsel continues, "McNulty's comment has led some corporate advocates to question the government's credibility. The question of what to call the Prudential pact isn't just a matter of semantics -- a deferred prosecution deal carries more of a stigma than a nonprosecution agreement." Corporate Counsel adds, "Everyone involved in the Prudential case at least agrees that the settlement ends the government's three-year criminal probe of one of the company's subsidiaries. Boston-based Prudential Equity Group admitted that some of its brokers illegally timed mutual fund trades to benefit big hedge fund clients. But there's a split on whether to call the deal a deferred or a nonprosecution agreement. … In an NPA, no

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charge is filed in court, but the government can still file and prosecute a charge later if the company violates the terms of the deal. In a DPA, the government files the criminal charge in court but doesn't prosecute the claim. If the company abides by the terms of the DPA, the government dismisses the charge when the agreement expires. If not, the government can prosecute the already-filed charge. … A spokesman for the Justice Department in Washington stands by McNulty's characterization of the Prudential deal as a DPA. 'This is a deferred prosecution agreement [because] it provides for the filing of charges in the event of a breach,' the spokesman says. Prudential spokesman Bob DeFillippo disagrees, saying, 'I don't know why people call it what they call it, but it is a nonprosecution agreement.'"

Options Scandal Expands To Monster, Broadcom. The Wall Street Journal (9/20, Forelle, Bandler) reports, "Monster Worldwide Inc. suspended its general counsel and Broadcom Corp.'s finance chief retired ahead of schedule, as the fallout from the options-manipulation scandal continued to spread." The Journal continues, 'Both Monster and Broadcom have disclosed problems with their stock-options accounting. Earlier this month, Broadcom, a chip maker based in Irvine, Calif., doubled its estimate of the hit to its books, suggesting it will make a restatement to increase its past expenses by more than $1.5 billion. That would be the largest restatement so far in the present crop of options cases." The Journal adds, "Monster, for its part, has said it may restate a number of years' financial results. Yesterday, the New York company, which is the parent of job-search site Monster.com, said such a restatement was 'very likely.' … In a short statement, Monster said longtime general counsel Myron Olesnyckyj was suspended 'effective immediately,' though it didn't say precisely why. Broadcom said William J. Ruehle, who had served as chief financial officer since 1997, 'decided to accelerate his retirement as a result of' its internal options review."

Bloomberg (9/20, Brennan) reports, "The (Broadcom) departure follows Broadcom's announcement on Sept. 8 that costs related to the irregularities doubled, the most for any company in the widening scandal over stock options. At least 130 companies are conducting internal reviews of their stock- option grants or face federal investigations into whether they manipulated grant dates to enrich executives. … A board committee is still reviewing the options and hasn't reached any conclusions, Broadcom said. The company, whose chips are used in a variety of consumer electronics products including networking equipment and wireless headsets, first said it would restate results on July 14, estimating option-related costs of $750 million at the time."

The Los Angeles Times (9/20, Granelli, Chmielewski) reports, "As companies complete their reviews, they want to say that no current executives or directors were involved in questionable transactions, said Michael D. Cohen, research director at Pacific American Securities in San Diego. 'Part of the reason for the damage control is not only to give shareholders confidence but also to deflect further scrutiny from regulators.'" The Times adds, "Tech companies are under scrutiny for manipulating the timing of option awards to maximize the potential upside. For instance, companies could grant options on days when the stock is depressed by bad news. In some cases, companies engaged in so-called backdating, or changing the date of an option grant retroactively to match dips in the share price. … In many cases, experts believe, nothing illegal was done, but the Justice Department is examining more than 45 companies. Two former executives of Brocade Communications Systems Inc. in San Jose have been charged with securities fraud."

SEC Accountant Issues Options Guidelines. The Wall Street Journal (9/20, Reilly) reports, "The Securities and Exchange Commission's chief accountant issued guidance on how companies should account for employee stock options in light of regulators' probes into 'backdating' of this type of compensation. … But chief accountant Conrad Hewitt made clear that in considering problems related to options accounting the commission would distinguish between honest mistakes, such as paperwork errors, and those that showed a company was trying to game accounting rules. Mr. Hewitt's tone echoed previous comments made by SEC Chairman Christopher Cox that indicated the commission would look closely at a company's intent when investigating possible backdating practices." The Journal continues, "Mr. Hewitt's letter laid out examples where questions have arisen over whether a company should have taken an expense for options under the old accounting rules. In cases where companies picked an exercise price over a 30-day period, for example, they generally should have recorded an expense for the options, the letter said. However, so-called springloading of options, where companies grant options ahead of good news, doesn't result in an accounting issue, the letter said."

Cox Defends Sarbanes-Oxley. SEC Chairman Chris Cox yesterday issued a defense of the Sarbanes-Oxley law saying that many of its elements had been adopted by other regulators overseas. The Financial Times (9/20, Grant) reports that Cox's comments "came at a hearing where US lawmakers will grill the heads of the two regulatory agencies responsible for overseeing implementation of the controversial Sarbanes-Oxley auditing and compliance law. … Mr Cox said, 'As we consider the effect of Sarbanes-Oxley on US competitiveness, it is important to keep in mind how broadly many of its tenets have been taken up over seas.'"

CRIMINAL LAW:

Gonzales Urges Internet Data Retention To Combat Child Pornography. CNET News (9/20, McCullagh, Broache) reports, "Attorney General Alberto Gonzales on Tuesday stepped up his efforts to lobby for federal laws requiring Internet providers to keep track of what their customers do online." CNET continues, "Gonzales asked senators to adopt 'data retention' legislation that would likely force Internet providers to keep customer logs for at least a year or two. Those logs, often

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routinely discarded after a few months, are intended to be used by police investigating crimes. … 'This is a national problem that requires federal legislation,' Gonzales said during a Senate Banking Committee hearing. 'We need to figure out a way to have ISPs retain data for a sufficient period of time that would allow us to go back and retrieve it.'" CNET notes, "As the November election approaches, politicians have been devoting an unprecedented amount of attention to the topic of children, pornography and the Internet: At least three committees are holding hearings on the subject this week alone. … It's unclear what the prospects are for mandatory data retention in Congress this year, or whether politicians will delay action until 2007. One senior House Republican drafted a bill but then backed away from it, and a Democratic proposal has not been voted on. … But with the Bush administration firmly behind the concept, and with state and local law enforcement lending a hand in the lobbying efforts and saying such mandates would help protect children, industry groups and privacy advocates may be hard-pressed to head off new regulations."

The AP (9/20, Yen) reports that Gonzales "called the government's lack of access to customer data the biggest obstacle to deterring child porn. … 'We have to find a way for Internet service providers to retain information for a period of time so we can go back with a legal process to get them,' he said." The AP adds, "Gonzales and FBI Director Robert Mueller have met with several Internet service providers, including Time Warner Inc.'s AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc. .. . The law enforcement officials have indicated to the companies they must retain customer records, possibly for two years. The companies have discussed strengthening their retention periods — which currently run the gamut from a few days to about a year — to help avoid legislation." The AP notes, "At Tuesday's hearing, Gonzales said he agreed with the sentiment of 49 state attorneys general who in a June letter to Congress expressed support for a federal law that would require longer retention of customer records. … 'We respect civil liberties but we have to harmonize this so we can get more information,' he said." USA Today (9/20, 5A, 2.27M) reports Gonzales and Mueller "want providers to retain customer records for up to two years. … Gonzales testified to a Senate panel that law enforcement's needs trump concerns that legislation might be overly intrusive and encroach on customers' privacy rights." Gonzales said, "This is a problem that requires federal legislation. We need information. I nformation helps us make cases. … We respect civil liberties, but we have to harmonize this so we can get more information."

ABC News (9/20, Ryan) reports, "Attorney General Alberto Gonzales and Ernie Allen, the head of the National Center for Missing and Exploited Children (NCMEC), said today that they hoped to eliminate child pornography from commercial Web sites entirely by 2008. … Their plan: Close down the financial networks that peddle images showing children and even infants being sexually abused." ABC continues, "Appearing before the Senate Banking Committee, Gonzales said, 'These are shocking images that cry out for the strongest law enforcement response possible. … This is an important fight for the future of our country.'" ABC adds, "Since the late 1990s, the scourge of child pornography has spread internationally as pedophiles have found individuals with the same thinking around the world in just a few keystrokes on the Internet. … Online child porn is now a billion-dollar-a-year underground industry, and one of the fastest-growing businesses on the Internet. … 'While the Internet is undoubtedly one of the greatest inventions of our generations, it has also greatly facilitated the exploitation of children,' Gonzales said."

FNC's Big Story (9/19, 5:26 p.m.) reported, "Well, child pornography is the issue as attorney general Alberto Gonzalez testifies on Capitol Hill. He has been telling senators that Congress should require internet service providers to preserve customer records. Gonzalez says prosecutors need them to fight on line child predators. He acknowledged concerns over privacy rights but said the growing threat posed to children on the internet is just too great."

Local Television. Attorney general Alberto Gonzales's testimony on Capitol Hill on child pornography received moderate coverage by local television newscasts; scores of stories on it were run by scores of local stations. In general, the problem was characterized as rapidly growing and a serious problem the government is dealing with. Some examples: WFMZ-TV Philadelphia, (9/19, 5:09 p.m.) reported, "Senators are getting a lesson on how the Justice Department is targeting child pornographers and their finances. Attorney general Alberto Gonzales testified today before a Senate committee about his 'project safe childhood.' It's a program that tracks pornographers' financial records and the internet traces they leave behind."

KXAS-TV Dallas, (9/19, 4:34 p.m.) reported, "U.S. attorney general Alberto Gonzales today Congress that child pornography is exploding on the internet, but he says law enforcement at all levels is working to smash this multi-billion dollar global industry within two years."

WVIT-TV Hartford, (9/19, 5:42 p.m.) reported, "U-S attorney general Alberto Gonzales today told Congress that child pornography is exploding on the internet. Even so, the Attorney General said law enforcement at every level is working to disrupt the business."

KGO-TV San Francisco, (9/19, 11:12 a.m.) reported, "Today U.S. attorney general Alberto Gonzales testified about the need for measures to fight child pornography over the internet. … He did acknowledge customers civil liberties but the online threat is too great."

WDJT-TV Milwaukee, (9/19, 10:22 p.m.) reported, "Attorney general Alberto Gonzales says federal legislation is needed in order to do that. He says state and federal prosecutors say they can't get to some of the violators with the current laws. Gonzales also told some skeptical senators that any changes must respect civil liberties and privacy rights."

ID Theft Task Force Issues Recommendations.

The AP (9/20, Yen) reports, "Federal agencies should restrict their use of Social Security numbers to guard against identity theft, a presidential commission said Tuesday." The AP continues, "The

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Identity Theft Task Force, which was created in May, also urges greater penalties against identity thieves and creation of a 'universal police report' to help police and victims track complaints. … 'When we look at the problem of identity theft, we are reminded that the same technological advances that have improved our lives have also given new and broad opportunities to criminals,' Attorney General Alberto Gonzales said at a briefing announcing the proposals. … The recommendations, Gonzales said, are a first step to creating practical solutions." The AP adds, "Under the plan, the task force urges the government to review the uses of Social Security numbers as employee identification and determine ways in which it can conceal or eliminate their use in agency systems and paper and electronic forms. … It calls on Congress to amend criminal laws so that identity-theft victims can recover for their hours lost disputing fraudulent accounts with creditors or correcting credit reports." USA Today (9/20, 5A, 2.27M) notes, "The initial recommendations come as the government has struggled with high-profile data breaches. At least 10 agencies in recent months have reported such incidents, which included the loss of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. That equipment was later recovered."

InformationWeek (9/20, Claburn) reports, "Victims of identity theft should be allowed to seek restitution from defendants for time spent undoing damage from the offense, according to interim recommendations issued Tuesday by a federal task force on ID theft. … 'As with any crime, victims of identity theft suffer feelings of violation and stress, but in these cases, victims have the added burden of cleaning up the mess that the identity thieves leave behind,' said Attorney General Alberto Gonzales in a statement. 'The President created the Identity Theft Task Force to oversee the implementation of real and practical solutions at the federal level to defeat this ongoing intrusion into the lives of law-abiding Americans. Today's recommendations move that process forward.'" IW adds, 'The Task Force issued seven recommendations These include 1) directing the Office of Management and Budget to issue guidance to federal agencies on how to handle data breaches; 2) strengthening data security in the government; 3) accelerating and broadening the review of where social security numbers are used by agencies; 4) establishing a new 'routine use' by which agencies would be allowed to share information otherwise restricted by the Privacy Act to facilitate responding to a data breach; 5) holding workshops for academics and businesses to develop better methods to authenticate identities; 6) amending criminal statutes to allow identity theft victims to seek restitution from defendants for time spent undoing damage from the offense; and 7) developing a universal police report to make it easier to report identity theft and enter it into existing systems."

InfoWorld (9/20, Gross) reports, "The President's Identity Theft Task Force, which met Tuesday, also recommended that U.S. agencies examine whether their use of Social Security numbers is necessary and called on an interagency working group on ID theft to develop best practices for data security in government. … The U.S. government needs to lead by example in protecting consumers from ID theft, Deborah Platt Majoras, chairwoman of the U.S. Federal Trade Commission (FTC), said. … 'Identity theft truly is a direct assault on our citizens and attacks the very foundation of the information economy,' Majoras said in a joint press conference with U.S. Attorney General Alberto Gonzales." InfoWorld adds, "About 4 percent of U.S. residents are ID theft victims every year, Gonzales said. Bush established the task force because of 'the prevalence of this crime, combined with the lingering burdens and effects on victims,' Gonzales said."

AP Analysis Of FBI Data Ranks NYC Safest Large US City. In a widely-distributed story, the AP (9/20) reports, "New York was the safest of the nation's 10 largest cities in 2005, with about one crime reported for every 37 residents, according to an Associated Press analysis of FBI statistics. … The large city with the highest crime rate was Dallas." Los Angeles "ranked third safest," and "San Jose took the No. 2 spot, while San Diego ranked fourth. … The AP's calculation ranked cities by the total number of crimes reported per resident and did not distinguish between violent crimes and property crimes. The FBI said in its report that it makes a point not to rank cities, saying 'they provide no insight into the many variables that mold the crime in a particular town, city, county, state, or region.'"

San Jose Disputes NYC Claim Of Safest Big City. Bay City News Wires (9/20) reports, "New York City is proclaiming itself the 'Safest Big City in America" based on new FBI statistics released this week but a spokesman for San Jose Mayor Ron Gonzales today disputed the Big Apple's claim." Gonzales spokesman David Vossbrink "said San Jose's claim might still be accurate. 'We've always based our claim on (an independent) analysis of the FBI stats that comes out each year around Thanksgiving,' Vossbrink said. New York City's analysis of the FBI's 2005 Crime in the United States annual report does not take into account how some crimes, especially violent crimes, may have more impact on a community's feeling of safety than other crimes." BCN notes, "The FBI does not rank cities by crime rate in its annual report."

Philadelphia Violent Crime Rate Worst Among Large Cities. The Philadelphia Inquirer (9/20, Boyer, Mucha, 399K) reports, "When it comes to violent crime among America's largest cities, Philadelphia is the worst, the FBI reported this week. However, when overall crime, which includes nonviolent offenses such as burglary and theft, is considered, the city drops to No. 5, while Dallas tops the list." The Inquirer adds, "At least one local crime expert and several law enforcement officials -- reviewing national numbers yesterday -- said violence in Philadelphia is not as bad as it appears based on the FBI numbers, which they say can be deceiving." Penn criminologist Lawrence Sherman said that "if Philadelphia, with a population of 1.47 million, is compared with cities closer to 100,000 in population, not just those with about one million or more, the city is nearer to the middle of the list in violent crime."

Burns Aide Says Senator Is Not Target Of Abramoff Probe. The Billings (MT) Gazette (9/20, McKee)

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reports, "Erik Iverson, manager for Republican Sen. Conrad Burns' tough re-election campaign, said late Tuesday the senator is not the target of a federal corruption investigation centered on disgraced lobbyist Jack Abramoff." The Gazette continues, "Iverson said Burns' personal criminal defense attorney, Ralph Caccia, spoke with Justice Department employees Tuesday afternoon. The employees said Burns is not the target of the investigation. … Iverson was responding to statements made by Montana Democratic Party Executive Director Jim Farrell to television reporters regarding Burns' involvement in the scandal. 'The comments made yesterday by Jim Farrell are patently false and without merit,' Iverson said." The Gazette adds, 'Iverson said Caccia himself would not speak to reporters. He also said he didn't know if any former Burns staff members may be part of the investigation. Farrell said the campaign should make Caccia available for questions. He also released a long list of news articles that have reported that Burns is part of the investigation. … 'We need to hear directly from Senator Burns' criminal defense attorney himself, who must positively confirm to the media and to the people of Montana that he spoke with representatives of the U.S. Department Justice on this matter,' Farrell said. … The Justice Department has steadfastly refused to comment on the ongoing investigation. … Several national publications, most recently Time magazine last week, have reported that Burns is among of handful of lawmakers under scrutiny for their dealings with Abramoff."

Washington State Mayor Indicted On Bribery Charges. The Spokane Spokesman-Review (9/20, Morlin) reports, "The former mayor of Airway Heights and the former operator of Spokane Raceway Park both are named in a federal grand jury indictment accusing them of multiple counts of public corruption. The charges against Dale R. Perry stem from his financial involvement with Orville Moe, the embattled former operator of Spokane Raceway Park." The Spokesman-Review notes, "The investigation by agents of the FBI and the Washington State Gambling Commission culminated with the four-count indictment returned Tuesday," which alleges "Perry 'corruptly solicited' money from Moe after earlier similar unsuccessful attempts to secretly get money from Paul Sandifur, the president of Metropolitan Mortgage and Summit Properties, and Northern Quest Casino officials Tom Lien and Marianne Guenther."

The AP (9/20) reports, "The indictment alleges Moe… loaned Perry $18,000 in October 2002 and another $109,000 in October 2004. The government alleges the loans were actually bribes in return for Perry's refraining from voting on an admissions tax on Spokane Raceway Park, an auto racing complex, and his later vote to repeal the tax enacted in November 2003, Rice said." The AP notes, "Agents with the FBI and the state Gambling Commission raided Perry's home and office in April 2005."

Prison Psychologist Says Rodriguez Was Frightened About Release. The AP (9/20, Kolpack) reports from Fargo, ND, "A Minnesota prison psychologist says Alfonso Rodriguez Jr. asked to see her in January 2003, while he was serving time for assaults on women, and told her he was frightened about being released." The AP continues, "Rita St. George, a psychologist at the medium security prison in Moose Lake, Minn., also testified Monday that she was worried Rodriguez might commit more crimes after his release. A follow-up interview with him in February eased some of those fears, she said, but she wished she had raised more questions with her superiors about Rodriguez's release." The AP adds, 'In January 2003, she said, Rodriguez told her he was 'very frightened.' A month later, she said, he was doing better and 'he had no thoughts of hurting himself or others.'" The AP notes, "St. George was among the last witnesses to be called by attorneys for Rodriguez, 53, of Crookston, Minn., as his trial enters its final stage. Jurors may begin deliberating later this week over whether he should be sentenced to death or life in prison for the killing of University of North Dakota student Dru Sjodin. … The verdict by the federal court jury of seven women and five men must be unanimous for Rodriguez to be sentenced to death. He was convicted late last month of kidnapping resulting in Sjodin's death."

Mobster Probed For Plotting To Kill Judge. The New York Times (9/20, Rashbaum) reports, "Vincent Basciano, a fastidious and mercurial mob figure who could face the death penalty at his federal trial on charges that include conspiring to kill a prosecutor, is now under investigation for plotting to kill the judge who is to preside over his case, according to court papers made public yesterday." The Times continues, "The investigation, by the F.B.I. and federal prosecutors in Brooklyn and Manhattan, centers on a list that Mr. Basciano wrote in jail that names the judge, Nicholas G. Garaufis, of United States District Court in Brooklyn and four other people who prosecutors say he sought to have killed, the court papers and several people with knowledge of the inquiry said." The Times adds, "Besides Judge Garaufis, the people named on the list include three Mafia turncoats who testified against Mr. Basciano at another trial this year and the prosecutor he is accused of plotting to kill, according to an Aug. 28 letter that prosecutors wrote to defense lawyers. The letter was initially sealed, but was publicly filed yesterday after a reporter made inquiries about the case. … While an F.B.I. handwriting analysis concluded that Mr. Basciano wrote the list, and he has acknowledged doing so, he denies that he was plotting to kill anyone on the list, according to those with knowledge of the inquiry. .. . Instead, he maintains that he compiled the names as part of a plan to use Santeria, a religion in the Caribbean region, to lift the evil spells that he contends were placed on him by the judge, the turncoats and the prosecutor — far from a conventional tactic by traditional Mafia standards, the people said."

The New York Daily News (9/20, Marzulli, 729K) reports that Basciano gave the list "to another inmate at the Metropolitan Correctional Center in lower Manhattan, according to a letter unsealed by prosecutors yesterday. … The unidentified inmate turned the list over to the government in August, which responded by throwing Basciano into solitary confinement with no visitors. 'Forensic analysis by the FBI laboratory has confirmed that the

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handwriting on the note is a positive match to Basciano,' prosecutor Winston Chan said." The Daily News adds, "Adding to Basciano's woes, the feds made public a letter the married gangster wrote to a girlfriend from jail, which was used to confirm his handwriting." The New York Post (9/20, Haberman, 608K) notes, "Atop the list was Assistant U.S. Attorney Greg Andres. It's the second time Basciano has conspired to kill him, the feds said. … The mob big hates Andres, who has decimated the crime family through numerous convictions, the feds said. … Two of three rats Basciano put on his hit list testified at the trial: one-time protégé Dominick Cicale and lawyer Thomas Lee, who was busted passing jailhouse notes between Basciano and Bonanno ex-godfather Joe Massino."

Rare Map Dealer Seeks Three-Year Sentence For Thefts. The AP (9/20) reports, "A renowned dealer who admitted stealing nearly 100 rare antique maps asked for leniency yesterday, saying his extensive cooperation with authorities led to the recovery of most of the maps." E. Forbes Smiley III "faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. He asked for a sentence of up to three years. … 'It is our view that he has cooperated honestly, openly and thoroughly,' Smiley's attorney, Richard Reeve, wrote." The AP notes, "The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries." The New York Times (9/20, Cowan, 1.21M) adds "Reeve argued that the 'consequences of the case could be highly beneficial' to the institutions if 'the hard lessons' it taught led them to enhance security and update their inventories."

Pellicano-Related Perjury Trial Gets Underway. The Los Angeles Times (9/20, Krikorian, 918K) reports, "A federal prosecutor charged Tuesday that a former SBC employee repeatedly lied to a grand jury about her conversations with a co-worker indicted in the racketeering and wiretapping probe of onetime private eye Anthony Pellicano. Assistant U.S. Atty. Kevin Lally told a Los Angeles federal jury that Joann Wiggan 'brazenly committed perjury by telling lie after lie' about her contact with Ray Turner, another onetime SBC employee accused of aiding Pellicano's alleged criminal enterprise." The Times notes, "The alleged contact between Wiggan and Turner is considered significant to authorities because two other former SBC employees have admitted that they improperly provided confidential information about SBC customers to Turner. Wiggan's trial is expected to last a week and is the first resulting from the investigation of Pellicano and others by the FBI and U.S. attorney's office."

Poll Company Employee Pleads Guilty To Making Up Results. The AP (9/20) reports, "An employee of a company that conducted campaign polls for President Bush, Sen. Joe Lieberman and other political candidates pleaded guilty Tuesday to making up poll results, according to the U.S. Attorney's office" in New Haven, Conn. Darryl Hylton "admitted that he conspired to falsify survey and polling results to meet deadlines or other requirements that DataUSA otherwise could not meet. He also admitted that he directed other DataUSA employees to falsify results in a variety of ways, including changing demographic information, such as gender, to satisfy client requirements. … His plea comes two weeks after Tracy Costin, the company's owner, pleaded guilty to the same charge." The AP notes FBI Special Agent Jeff Rovelli's 2004 affidavit "in support of a search warrant quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified."

BetOnSports Seeks Negotiated Settlement Of US Charges. The AP (9/20) reports, "Online gambling firm BetOnSports has asked to negotiate a settlement of civil and criminal charges for racketeering and fraud against the company, lawyers on both sides said in court Tuesday. … Assistant U.S. Attorney Michael Fagan said he thought the case could be resolved, according to STLtoday.com, the Web site for the St. Louis Post-Dispatch." The AP adds, "Also on Tuesday, prosecutors won a temporary restraining order that barred the company from accepting bets from U.S. customers . The order also seeks to force the company to give up $4.5 billion and other property and hand over business records, the Post-Dispatch reported."

Super Micro Pleads Guilty To Export Violation. The Wall Street Journal (9/20) reports, "Super Micro Computer Inc. pleaded guilty to a felony charge of exporting computer components to Iran in 2001 and 2002 in violation of a national security ban, the U.S. Attorney for the Northern District of California said." The Journal continues, "Super Micro, a San Jose, Calif., producer of servers, motherboards, and power supplies, agreed to pay a $150,000 fine. … Super Micro pleaded guilty to selling 300 motherboards to a company in Dubai knowing the items were to be shipped to Iran, the Justice Department said. At the time, it was illegal to export the motherboards to Iran without a license, prosecutors said. The products are no longer subject to such restrictions, the Justice Department said." The Journal adds, "In a plea agreement, the government noted Super Micro became aware of the investigation in February 2004 and took remedial action that involved setting up an export-control program that year. … Because of the program, prosecutors agreed it wasn't necessary to put Super Micro on probation as part of the settlement. The government said it has been monitoring the company's exports and hasn't found any further violations."

DOJ Raises Doubts About Supervisory Capability Of Hinckley Parents. The Washington Times (9/20, Mcelhatton) reports, "Reports from St. Elizabeths Hospital are raising questions about whether the parents of would-be presidential assassin John W. Hinckley Jr. can continue to supervise him on overnight trips, according to the Justice Department. .. . 'It is now clear that the physical condition of Mr.

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Hinckley's parents has deteriorated considerably,' prosecutors wrote in a memo filed Monday in federal court in the District." The Times continues, "Hinckley, 51, who shot President Reagan in 1981 and was found not guilty by reason of insanity in 1982, last year won the right to leave St. Elizabeths Hospital in Southeast for seven overnight visits with his parents in Williamsburg. A judge extended the order last month pending a hearing in November. … Hinckley's attorneys last week sought to postpone the Nov. 6 hearing. They said officials need more time to gather information. … The Justice Department on Monday objected to a delay." The Times adds, "In the memo, Assistant U.S. Attorneys Thomas Zeno and Sarah Chasson said Hinckley's trips were conditioned on supervision by his parents. However, the parents' 'physical ability to supervise Mr. Hinckley is questionable,' the memo states. … 'The reports also reveal persistent tension within the Hinckley family stemming from this deterioration,' the memo states."

Virginia Man Sentenced For Death Of Pentagon Officer. The Washington Post (9/20, Markon) reports, "The wife of James Feltis, the first Pentagon police officer killed in the line of duty in the agency's 62-year history, lashed out in court yesterday at the man who ran her husband over with a car that he said he stole because he 'just needed a car.' … 'How infuriating to hear such statements, to willfully take James's life,' Mary E. Feltis told the judge. 'To injure him because James was in his way, because he needed a car, to injure or kill another person for reasons so unthinkable.'" The Post continues, "U.S. District Court Judge Leonie M. Brinkema sentenced Ossie K. LaRode, 23, who is homeless, to 31 years and 10 months in prison. In January 2005, LaRode, who was leading Alexandria police on a six-mile-long chase in a stolen Cadillac, hit Feltis, 41, outside a Pentagon traffic booth. … Brinkema rejected the defense's efforts to send LaRode, who pleaded guilty in July, to a prison hospital after two experts testified that he is mentally ill. Brinkema said that 'there is no question that mental illness played a role in what happened' and LaRode can be treated in prison and ask to be transferred to a hospital if his mental state deteriorates. .. 'This case is, in one word, a tragedy, a tragedy for everybody,' Brinkema said before sentencing LaRode. 'Justice and retribution are appropriate at certain times, and that certainly is appropriate here. It was just by luck that there were not more serious injuries or deaths.'"

Former Connecticut Attorney Sentences For Embezzlement. The Connecticut Law Tribune (9/20, Siegel) reports, "Former Greenwich, Conn., attorney Roland R. Hicks was sentenced last week to 37 months in prison for embezzling over $1.2 million from clients and defrauding investors in a dot.com business called 'LawWeb.'" The Tribune continues, "The sentence imposed by U.S. District Court Judge Ellen Bree Burns on a single count of mail fraud was the top of the range of imprisonment stipulated by the parties when Hicks pled guilty on June 21." The Tribune adds, "Hicks, 49, was a practicing attorney in Greenwich in 2000 when he incorporated LawWeb Inc., a startup Internet business that was to offer online private placement variable life insurance, according to documents filed in the case. Hicks convinced 'seemingly sophisticated' people to invest in his company, and misrepresented the business' assets in purported balance sheets he sent to the investors, Assistant U.S. Attorney Paul A. Murphy wrote in court papers. Eventually, Hicks sent investors a shareholder buyout agreement that included checks with the amount of their investment plus a premium. Those 'buyout' checks were worthless, and Hicks admitted in his plea bargain that he used the investors' money for his own personal use." The Tribune notes, "Holding himself out as an attorney with expertise in trust and estate law, Hicks took over $2.2 million from one client who instructed Hicks to fund an annuity for his wife as part of a property settlement in a pending divorce, court papers revealed. Hicks admitted that he converted at least $1 million of the client's money for his own personal use. Some of the money he used as a down payment on a house, according to Murphy. … 'It is our hope that this prosecution will serve as a deterrent to any professional or other individual who solicits investment capital and abuses his or her position of authority and defrauds innocent clients and investors,' U.S. Attorney Kevin J. O'Connor stated. 'We will prosecute these crimes vigorously and seek restitution for victims.'"

Capitol Gunmen Ordered To Undergo Drug Treatment. The Washington Post (9/20, B3, Weiss, Sheridan, 748K) reports US Magistrate Judge John Facciola has ordered that Carlos Greene, the armed man who burst into the Capitol building on Monday be held in jail "for the next 10 days and to undergo medical or psychiatric treatment after testing positive for drug use." Greene "is accused of barreling a sport-utility vehicle through a construction entrance at the Capitol about 7:45 a.m. Monday, smashing into a concrete barrier and sprinting into the building. Police chased him to the basement and arrested him after a struggle. Authorities then discovered that Greene had a loaded gun in his waistband. No one was hurt during the incident." The Post adds, "Prosecutors offered no motive in court."

WPost Calls For "Rigorous Review" Of Capitol Security Breach. The Washington Post (9/20, A24, 748K) editorializes, "The breach of Capitol security Monday by a man apparently high on drugs, who drove past security and onto the Capitol grounds, may well have been a fluke, but it demands a rigorous review by police and congressional authorities. … Among the questions that need to be answered is why the public wasn't told about the breach in a timely fashion. It took some nine hours before any information was released; that lapse, like gun-toting inside government offices, doesn't make anyone feel safer."

DOJ Grant Will Help Alabama Police With Technology Upgrades. The Talladega (AL) Daily Home (9/20, Norwood) reports, "U.S. Sen. Richard Shelby (R-Ala.), chairman of the Senate Appropriations Subcommittee on Commerce, Justice and Science, issued a press release Tuesday announcing the Department of Justice will release $247,000 to the Police Department for technology upgrades." The Daily Home continues, "Shelby was instrumental in securing this funding during the fiscal year 2006 appropriations process, according to

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the release. … 'Local law enforcement officers work on the front lines every day to ensure the safety of our communities and our citizens,' Shelby said. 'It is crucial that they have the most up-to-date equipment available. With these technology upgrades, the Talladega Police Department will be able to better maintain public safety in Talladega.'" The Daily Home adds, "The release goes on to say: 'The funding provided will be used for the purchase of in-car camera systems, mobile data terminals, vehicles and other equipment upgrades. In addition, a storage server will be purchased to allow the department to keep data in chronological order for playback during court, complaints and investigations.' .. . According to Police Chief Alan Watson, one of the major purchases will be 11 or 12 laptop computers, which will be mounted in patrol cars. The mounting will automatically charge the laptop's battery, which will allow the officer to take it out of the car and use it to take statements from crime victims and record other information."

Louisiana Woman Pleads Guilty To Katrina Fraud. The Baton Rouge Advocate (9/20) reports, "One Louisiana resident pleaded guilty and three others were sentenced in federal court Friday on fraud charges related to hurricane disaster relief programs." The Advocate continues, "According to the U.S. Attorney's Office, Kim Cummings, 38, of Baton Rouge pleaded guilty to one count of making a false and fraudulent claim for Hurricane Katrina relief. … Whitney R. Paul, 19, of Donaldsonville and Vinita S. Lane, 28, and Jenny L. Lowery, 22, both of Baton Rouge, were sentenced." The Advocate adds, "After Hurricane Katrina, the Federal Emergency Management Agency made available $2,000 in expedited disaster assistance for food, shelter and clothing to people affected by the hurricane. … Cummings was indicted on two counts of making a false and fraudulent claim for assistance. She could be sentenced to a maximum of five years in prison, a $250,000 fine or both. .. . As part of her plea agreement, the U.S. Attorney's Office will dismiss the second count when she is sentenced. … According to the U.S. Attorney's Office, 74 people have been charged in the Middle District of Louisiana with violations related to hurricane disaster relief funds." The Advocate notes, "In September 2005, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute such disaster-related crimes as charity fraud, identity theft, procurement fraud and insurance fraud. … The Task Force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for United States Attorneys and others."

Former WV Lawmaker, School Official Indicted On Fraud Charges. The AP (9/20) reports, "Former (West Virginia) House Education Chairman Jerry Mezzatesta and former Hampshire County (WV) schools Superintendent David Friend were indicted Tuesday on federal charges of defrauding the school board and misappropriating public funds." The AP continues, "A federal grand jury in Martinsburg charged the ailing Mezzatesta, 59, of Romney, and Friend, 59, of Morgantown, with conspiring to misapply public funds between January 2004 and June 2005, Acting U.S. Attorney Rita Valdrini said. … 'I truly feel really bad that he's been indicted over this,' said Mezzatesta's attorney, Deirdre Purdy. 'e's lost his place in the Legislature, and with the cancer, he has suffered enough. I don't know why they keep hounding him.' … Friend's attorney, Wes Metheney of Morgantown, defended his client from what he called 'a Mezzatesta witch hunt' and called the indictments 'a shame.'" The AP adds, "The charges center on a $75,000 grant that Mezzatesta, a nine-term lawmaker, sought in March 2003 for the Special Services Workshop in Romney. Mezzatesta had agreed not to use his legislative office to seek money for the Hampshire County school system where he was employed as an administrator. … In 2004, Friend asked state officials for permission to spend the money instead on Red Cross and emergency services training facilities in Romney and Springfield. … State officials who approved the change said the list included equipment, infrastructure for the Future Farmers of America at the Hampshire County fairgrounds and supported employment opportunities for the Special Services Workshop. … The list did not include $5,000 distributed by the county to the Capon Bridge Library and $5,000 each to six volunteer fire departments in Augusta, Capon Bridge, Capon Springs, Levels, North River and Slanesville. … In April 2005, the state Board of Education ordered the county board to return $35,000 of the grant money. That same month, the Hampshire County board fired Mezzatesta from his $60,000 administrative job."

Former DHS Press Aide Pleads No Contest In Child Enticement Case. The AP (9/20, Davis) reports from Bartow, FL, "A former Department of Homeland Security press aide pleaded no contest Tuesday to charges that he had sexually explicit online conversations with someone he thought was a 14-year-old girl." The AP continues, "Brian J. Doyle, 55, could face up to five years in prison under the plea agreement accepted Tuesday. He also faces up to 10 years' probation at sentencing scheduled for Nov. 17, and must register as a sex offender. He resigned from the department shortly after his April 4 arrest. … 'I just want to say one thing. I am very, very sorry. Very sorry,' Doyle told reporters outside the Polk County courthouse." The AP adds, "Doyle, of Silver Spring, Md., could have been sentenced to life in prison for 23 felony charges, including 16 counts of sending pornographic movie clips to a minor. … Prosecutors said Doyle wrote 'very graphic' descriptions of sexual acts in online chats with a 14-year-old named 'Ashlynne,' who was actually an undercover Polk County sheriff's detective. Doyle was arrested after detectives said he tried to set up a meeting in Florida with the girl on a date when she wouldn't be menstruating. … According to court records, Doyle bragged about his government connections, provided his government-issued phone numbers, showed off his department ID and may have used his official computer in the communications with the detective posing as the girl."

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CIVIL LAW:

Judge Allows Idaho Man's False Arrest Suit Against US To Proceed. The AP (9/20, Boone) reports from Boise, ID, "A federal judge has said a lawsuit brought by a former University of Idaho football player against U.S. Attorney General Alberto Gonzales, the Department of Homeland Security and others can move forward. … U.S. District Judge Edward Lodge made the ruling in a written order Monday." The AP continues, "Abdullah al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen. … A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations in an eight-week federal trial. It deadlocked on eight other immigration charges, and Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia." The AP adds, 'Al-Kidd was never actually called to testify in the case. But three weeks after Al-Hussayen was arrested, al-Kidd was arrested at Dulles International Airport in Washington, D.C. as a material witness in the Al-Hussayen case. Al-Kidd had planned to board a flight to Saudi Arabia to begin studying Islam on a four-year scholarship. But federal prosecutors maintained that al-Kidd had testimony that was crucial to their case against Al-Hussayen, and said they feared if al-Kidd was allowed to leave the country he would not return for the trial. … Al-Kidd spent two weeks in jail before he was granted a detention hearing in Idaho, at which the judge agreed to release him into the custody of his wife. But al-Kidd was prohibited from traveling anywhere but Idaho, Washington, Nevada and California, and his public defenders said the restrictions and the detention not only cost al-Kidd his scholarship in Saudi Arabia but employment opportunities as well. … Al-Kidd sued, alleging that he was falsely imprisoned, and that the government was guilty of abuse of process. He contended that the arrest warrant was invalid because in order to get the arrest warrant, the FBI gave wrong information about al-Kidd to a U.S. magistrate."

Judge Upholds Law Requiring Proof Of Citizenship For Medicaid. The AP (9/20, Freking) reports a Federal judge "has dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits." Congress "passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, which is the state-federal health insurance program for the poor. More than 50 million people get health care through the program." Several beneficiaries "contended in a lawsuit that the new documentation requirements would endanger their health care benefits. However, that contention was nothing more than conjecture, said U.S. District Judge Ronald A. Guzman of the Northern District of Illinois."

New Bankruptcy Law's Glitch May Hinder Creditors' Damages. The New York Law Journal (9/20, Caher) reports, "A Northern District of New York bankruptcy judge has refused to bail out Congress for an apparent drafting glitch in the new bankruptcy law that frequently results in creditors getting less under the 'reform' measure than they got under the old version -- even though the clear intent of lawmakers and the president was to aid creditors." The Journal continues, "Chief Bankruptcy Judge Stephen D. Gerling in In re Rotunda, 06-60054, broke with the majority of his colleagues who have considered the same issue and said that if Congress is determined to replace judicial discretion with formulaic mandates, it can deal with the seemingly absurd results. … 'To allow a debtor with income above the state median to provide for zero payments to unsecured creditors in a chapter 13 plan ... when ... there remains sufficient funds to pay even a minimal dividend to them is contrary to the approach taken by this Court for over 20 years in considering chapter 13 plans,' wrote Gerling of Utica. 'Yet ... it is not for the Court to second guess Congress despite the fact that the statute, as written, may result in a confirmed plan that is contrary to the view expressed by President Bush.'" The Journal adds, "Gerling's decision is rooted in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. … The bill, which took effect last October, was drafted largely by credit industry lobbyists and was designed to prevent debtors from taking what the creditors viewed as unfair advantage of the bankruptcy law."

Senators Ask Gonzales To Clarify Bankruptcy Law. The New York Law Journal (9/20, Caher) reports that "on Friday three prominent U.S. senators who had strongly backed bankruptcy reform issued a letter criticizing a recent decision of the other Northern District bankruptcy judge, Robert E. Littlefield Jr. of Albany, N.Y. Like Gerling, Littlefield stuck with what Congress wrote in the statute even though those words may have produced an unintended result." The Journal adds, "In In re Diagostino, 06-10384, Littlefield found that the new rules do not permit debtors to include religious tithes as a necessary expense, a major departure from prior practice. Consequently, the court found, money that previously would have been safeguarded for churches and other charities is now fair game for credit card companies. That ruling did not please religious conservatives who had spearheaded bankruptcy reform." The Journal notes, "On Friday, Sens. Orrin G. Hatch, R-Utah, Charles E. Grassley, R-Iowa, and Jeff Sessions, R-Ala., wrote to Attorney General Alberto Gonzales, complaining that Diagostino 'was wrongly decided and runs counter to Congressional intent.' They urged Gonzales to direct Chapter 13 trustees that they are not to go after legitimate tithes.

At least one station covered four senators' letter to the Attorney General asking for a clarification of a New York court's bankruptcy ruling. KTVX-TV Salt Lake City, (5:37 p.m.) reported, "A New York bankruptcy court demands those who have declared bankruptcy to pay back debt before paying tithing. Senator Orrin

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Hatch and three others have asked Alberto Gonzales to correct this misrepresentation of law."

US In Dispute With Former Air Base Employee Over Auctioned Merchandise. Stars & Stripes (9/20, Jontz) reports, "The U.S. Justice Department filed a legal brief with an Italian judge seeking immunity from having to pay a former Aviano Air Base employee, continuing the legal saga that put seized Army and Air Force Exchange Service merchandise in an auction limbo." S&S continues, "A hearing is scheduled for Nov. 8 in the Civil Court of Pordenone. It was scheduled after the U.S. Justice Department filed a brief maintaining the U.S. government already fulfilled its financial and contractual obligations to Mauro Martin when it paid off his bank debt after Martin was laid off 15 years ago, according to the brief." S&S adds, "Martin, an Italian, worked at Aviano as a bus driver and motor pool dispatcher from 1975 to 1991. According to his lawyer, Roberto Russi, the U.S. government violated Italian law regarding money it owed Martin when he was laid off in 1991. … In suits filed against the U.S. government, Martin alleged the U.S. illegally paid off his debts to a creditor, Banca Carimonte, instead of giving him the money. Three Italian court decisions — including the Supreme Court of Cassation in Rome — supported Martin's position. Italian courts sanctioned an auction of merchandise seized from AAFES in order to settle Martin's 22,000-euro claim. … In its brief, the U.S. government argues that the military — and by extension the AAFES goods — are immune from such an action because the products 'are in fulfillment of a public function,' the brief states."

CIVIL RIGHTS:

North Carolina Police Officer Charged With Violating Hispanics' Civil Rights. The AP (9/20) reports Washington, N.C., Police Officer Steven Ray Hilsinger "has been charged with violating the civil rights of Hispanics by taking money from them during traffic stops." Hilsinger "was arrested Monday night by the Beaufort County Sheriff's Office drug enforcement unit and the Federal Bureau of Investigation. He was charged with a misdemeanor count of depriving a person of constitutional rights on the basis of color, race or national origin." The AP notes, "After receiving complaints, the sheriff's office and the FBI conducted sting operations in which an undercover agent posing as a Hispanic person drove a car through the city of Washington." The Raleigh News & Observer (9/20, Allegood) reports, "Hilsinger is the fourth Eastern North Carolina police officer accused of stealing from Hispanic drivers in recent years. Three Mount Olive police officers were charged with common law robbery in 2004 after taking money from Hispanic drivers in similar circumstances. … In an affidavit, FBI Agent Donald Cowart described the complaints and the undercover investigation that led to Hilsinger's arrest."

Texas Utility Board Challenges Voting Rights Act. The Washington Times (9/20, Debose) reports, "A lawsuit filed by a Texas utility board seeking a 'bailout' from the federal Voting Rights Act has raised questions about the fairness of the act in small jurisdictions, and a Supreme Court battle over its constitutionality may ensue." The Times continues, "The Northwest Austin Municipal Utility District No. 1 Board was formed to oversee construction and maintenance of water and sewer services, operate a local park and provide other services by establishing taxes. That made it a government entity in Texas and therefore subject to Section 5 pre-clearance statutes under the Voting Rights Act. Currently, any change to the district -- no matter how minor -- must first be cleared by the Justice Department through a process requiring a constitutional lawyer and costing thousands of dollars." The Times adds, "Board members were hoping that Congress would pass an amendment requiring the Justice Department to notify Section 5 jurisdictions eligible for a bailout provision and pre-approve such areas, but the amendment failed. The group said it had no choice but to seek a bailout via a lawsuit. … 'These local issues ought to be decided at the local level,' said Greg Coleman, attorney for the 20-year-old utility district who filed the brief. 'No one is trying to undermine any issue of the Voting Rights Act.'" The Times notes, "The utility district has made two changes to its voting habits in the past four years, and both received pre-clearance, Mr. Coleman said. The most recent change was the relocation of its polling site from the personal garage of one of the board members to a local elementary school 'across the street.' … The Justice Department declined to comment on the case."

Judge Tosses Georgia Photo-Voter ID Law. The New York Times (9/20, Goodman, 1.21M) reports, "A state judge ruled Tuesday that a Georgia law requiring voters to present government-issued photo identification violates the State Constitution and could not be enforced. In issuing a permanent injunction against the latest version of the Voter ID Act, the judge, T. Jackson Bedford Jr. of Fulton County Superior Court, said legislators overstepped their authority when they imposed a condition on the right to vote by requiring a photo ID. 'Nowhere in the Constitution is the legislature authorized to deny a registered voter the right to vote on any other ground, including a possession of a photo ID,' he wrote." Bedford's "ruling was a significant setback for the Republican-led effort to enforce a photo ID requirement at the polls in Georgia. A spokesman for Thurbert E. Baker, the state attorney general, said the state was already drafting an appeal and would file it to the Georgia Supreme Court as soon as possible."

The Washington Post (9/20, A6, Fears, Weisman, 748K) notes, "The timing of the judge's decision could have political ramifications in Washington. The House is set today to vote on legislation that would require voters in 2008 to present a valid photo identification that 'could not have been obtained without proof of citizenship.' The bill is part of a package of measures designed to demonstrate a new get-tough attitude on illegal immigration and border security. 'There have been enough

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reports over the years of voter fraud that it is time to have a picture ID to ensure the integrity of our voting process,' House Majority Leader John A. Boehner (R-Ohio) said yesterday." The Post relates, "In previous elections, Georgians could present any one of 17 types of identification with their names and addresses, including a driver's license, utility bill, bank statement or paycheck." Georgia Gov. Sonny Perdue (R) "and other proponents of the law said it is needed to curtail fraud. They cited an Atlanta Journal-Constitution article that said 5,000 dead people were listed as having voted in the eight elections preceding 2000."

The AP (9/20, Haines) adds, "Last October, federal Judge Harold Murphy struck down an earlier version of the law, saying it amounted to an unconstitutional poll tax. The Georgia Legislature addressed his complaints in the latest version of the law, but when Murphy issued an injunction before the July primaries, he said the state had not taken enough time to educate voters. Because the Department of Justice did not approve the photo ID requirement until late June, the state's election board had only three weeks to educate voters before the primaries -- a window that was too short, Murphy said. Nationwide, 24 states have legislation requiring voters to show some form of identification. Seven states, including Georgia, have passed legislation requiring voters to show a photo ID at the polls."

Editorial Says Congress Will Be At Fault If '06 Elections Beset By Voting Problems. An editorial in Roll Call (9/20) relates, "Six years after the 'hanging chad' presidential election debacle in Florida and four years after Congress passed legislation designed to prevent such disasters from happening again, alarms are once again being raised that these pivotal Congressional elections could be beset by chaos at the polls. … Now, it's control of Congress that hangs in the balance, and the worry is that despite (or worse, because of) provisions of the 2002 Help America Vote Act, Florida-style confusion may reign all over the country." Roll Call notes, "HAVA mandated new voting technology, updated statewide voter registries, provisional ballots for those not on voter lists and identification requirements for certain new registrants." But "as a Congressional Research Service study reported, Congress authorized $600 million to help states meet its requirements, then failed to provide the funding in fiscal 2005 or 2006." Roll Call adds, "Ever since 2003, Rep. Rush Holt (D-N.J.) has offered legislation to require that electronic machines be equipped with a backup paper trail to make it possible to resolve disputes. His bill…will not receive its first hearing in the House Administration Committee until Sept. 28 -- just days before Congress is ready to adjourn and 38 days before the elections. … If Nov. 7 is a mess, Congress will be to blame."

Williams Sees Leadership Void In Fight For Racial Equality In US. Senior NPR correspondent and Fox News political analyst Juan Williams writes in USA Today (9/20, 2.27M), "The most frequently asked question about black leadership in America today is: Where is the next Martin Luther King Jr.? … But the continuing focus on the next King is not really about a shortage of black people in leadership positions. It's about who is at the forefront of the ongoing fight for racial equality in the nation." On "the issue of black America remaining competitive in a global economy moving away from blue-collar jobs, there is a leadership void." Williams adds, "In the 21st century, black leaders must inspire people by urging them to get the highest level degree possible to keep pace in the rough-and-tumble global economy."

ANTITRUST:

Senators Seek DOJ Review Of Smithfield-Premium Standard Merger. The Des Moines Register (9/20) reports, "Sen. Charles Grassley, R-Ia., is asking the Justice Department to take a close look at the proposed merger of the nation's two largest hog producers, Smithfield Foods and Premium Standard Farms." The Register continues, "In a letter Tuesday to the department's antitrust division, Grassley said the merger would hurt independent farmers by severely reducing the number of places they can sell their hogs. .. . 'I have strong reservations about this proposal and the continued trend in concentration in the pork industry and, as such, I urge the Department of Justice to carefully scrutinize this transaction,' Grassley wrote." The Register adds, "Sen. Tom Harkin, D-Ia., also has called on the department to review the deal. … The department could seek to block the merger on antitrust grounds or require the companies to sell some of their operations. … But Dennis Treacy, Smithfield vice president of environmental, community and government affairs, has said the company is confident that the department will clear the merger."

Microsoft Rivals Feud Over Vista Security. CNET News (9/20, Evers) reports, "Microsoft and its security rivals are feuding over a key piece of Windows Vista real estate." CNET continues, "The fight is over the display of technology that helps Vista owners manage the security tools on their PC. Symantec, McAfee, Check Point Software Technologies and other companies want Microsoft to change Vista so their products can easily replace the operating system's built-in Windows Security Center on the desktop. But Microsoft is resisting the call. … 'By imposing the Windows Security Center on all Windows users, Microsoft is defining a template through which everybody looks at security,' Bruce McCorkendale, a chief engineer at Symantec, said in an interview. 'How do we trust that Microsoft knows what all the important things about security are to warn users about?'" CNET adds, "Windows Security Center, introduced with Windows XP Service Pack 2, pops up on desktops to alert PC owners if their firewall, virus protection and other security tools need attention. The version in the Vista update, set for broad release in January, will add new categories and management tools. … It is possible to run third-party security consoles in Vista, said Stephen Toulouse, a program manager in Microsoft's Security Technology Unit. However, people have to manually disable the Windows Security Center if they don't want to use it. And the software giant

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has no plans to give other companies the ability to turn off the Windows Security Center, Toulouse noted. … If the differences aren't worked out, it could spell annoyance for consumers, the rival security companies say. People who choose to use Microsoft's console alone will get a limited view of their Vista PC protection, they suggest. Those who buy competing software will have to run it alongside Microsoft's dashboard, which could report conflicting information. Rivals have charged that the Redmond, Wash.-based software giant is hurting consumers, raising the specter of more antitrust complaints for Microsoft."

ImClone Crafts Patent Strategy After Erbitux Ruling. The Wall Street Journal (9/20, Chase) reports, "Caught off guard by a federal court's Monday-night decision in the Erbitux patent case, ImClone Systems Inc. said yesterday it has crafted a strategy to deal with a judge's award of the cancer treatment's ownership to Israeli scientists. … 'We have three avenues of defense: an appeal, an action for declaratory judgment [invalidating the patent] and the option to seek a license' from Yeda Research & Development Co., the technology-transfer arm of Israel's Weizmann Institute of Science, an ImClone spokesman said, calling this a 'fail-safe' strategy." The Journal adds, "The market wasn't so sure. The New York biotechnology company's shares staggered and then recovered a bit to close down $1.36, or 4.5%, at $29.16 as of 4 p.m. in Nasdaq Stock Market composite trading." The Journal notes, "U.S. District Court Judge Naomi Reice Buchwald in New York ruled Monday that three Israeli scientists were the true inventors of a patent covering a use of the monoclonal antibody Erbitux when given in combination with chemotherapy. The drug is approved for advanced colorectal cancer as well as for tumors of the head and neck. ImClone had licensed exclusive rights to the patent from French drug maker Sanofi-Aventis SA, which said it had no comment on the ruling."

ENVIRONMENT/INDIAN AFFAIRS:

DOE's Radioactive Cleanup At Fernald Site In Ohio Nearly Complete. Under the headline, "Nuclear Site Nears End Of Its Conversion To A Park," the New York Times (9/20, Maag, 1.21M) reports, "In about two weeks, the final trainload of radioactive waste is to leave the Fernald nuclear site. The train will carry 5,800 tons of contaminated soil in 60 railcars, just like the 196 trains before it, which have run for seven years to a Utah dump from this scarred, cratered patch of land in the hills of southern Ohio." The Times adds that "this fall, the site will open to the public as a natural, undeveloped park following a 13-year, $4.4-billion cleanup," a bargain since experts "originally estimated that cleanup would cost $12 billion and take until 2025." From 1951 to 1989, "the Feed Materials Production Center in Fernald enriched 500 million pounds of uranium," and generated "1.5 billion pounds of radioactive waste" operating in "obscurity until 1985, when neighbors discovered that the plant's waste had polluted their air, soil and drinking water," and sued, after which the "resulting news coverage prompted similar revelations at nuclear facilities around the country."

Hazardous Chemicals Spilled In Train Derailment Near Bush Ranch. The AP (9/20) reports, "A train derailed and spilled a hazardous liquid Tuesday night, prompting about half the population of Crawford to temporarily evacuate, officials said." The President's "ranch is several miles away from the town and was not near the area evacuated."

Friedman Says Sugar Ethanol A Viable Alternative. New York Times (9/20, 1.21M) columnist Thomas Friedman said he is "upset" by the United States' 54-cents-a-gallon tariff on ethanol imports, which he says prevents the fuel from becoming "a scalable, sustainable alternative." At the same time, Friedman says Brazil needs to start "thinking right now about how to expand its sugar cane biofuel industry without harming the environment." However, he says these "conflicts" can be resolved by mapping "the lands that need protection…But sugar farmers, governments and environmentalists need to sit down early—like now—to identify those lands and commit the money needed to protect them. Otherwise, we will have a fight over every acre, and sugar ethanol will never realize its potential. That would be really, really stupid."

Tribal Video Bingo Under Federal Scrutiny. The AP (9/20, Werner) reports, "At some Indian casinos, they're not playing your grandmother's church basement bingo anymore. Now the game is video bingo, played at blinking, whirring consoles virtually indistinguishable from slot machines." The AP continues, "Slots are subject to state approval and limits. Bingo machines aren't. … Concerned that tribes are blurring the line between the two, federal regulators are trying to clarify the difference." The AP adds, "New rules proposed by the National Indian Gaming Commission would slow play at video bingo terminals, mandate more player participation and require screen space to be devoted to a bingo display, making it more clear to customers that they are playing bingo rather than a slot machine. … But the draft rules face angry opposition from Indian tribes. Some rely on video bingo to supplement their state-allowed quota of slot machines, or they use the devices because they can't get state permission to run slots. … 'This is serious. This is people's lives at stake here,' Marjorie Mejia, chairwoman of Northern California's Lytton Band of Pomo Indians, told gaming commission officials at a daylong public hearing Tuesday. 'These proposed regulations are of great concern.' … The Lytton Band hasn't won permission from California lawmakers for slot machines. It gets all its revenue from 937 electronic bingo machines. Tribal officials fear such machines would no longer be allowed under the new rules, and the slower machines that would be permitted wouldn't appeal to gamblers. … But National Indian Gaming Commission Chairman Phil Hogen said that if his agency doesn't act to delineate the difference between video bingo and slots, the two will grow so indistinguishable that states might seek to control bingo. … The Justice Department has also tangled with

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tribes over whether video bingo is allowed, underscoring the need for more certainty, Hogen said."

FBI/DEA/ATF/USMS:

Mueller Discusses Post-9/11 FBI Transformation. Noting Monday's FBI searches of a Missouri Muslim leader's home and Michigan Islamic charity, Fox News' Special Report with Brit Hume (9/19) reported, "FBI operations have been substantially altered by the war terror. We recently asked the FBI Director about those changes." Fox (Kelly) added, "Arriving at the FBI in 2001, Robert Mueller came with strong law enforcement credentials," but "seven days after taking over," 9/11 "happened… and the lawyers suddenly had to serve more like a battlefield commander in the war terror." Mueller: "It has been an adjustment. I have had to look at things far differently than I did as a prosecutor." Kelly: "Preventing…another attack became top priority. … Muller revamped and strengthened partnerships among state, local, federal agencies." Mueller: "Those partnerships and the development of those partnerships is the biggest single improvement." Kelly: "His work has not been easy. There has been friction with Congress. Members of the 9/11 commission have hammered the FBI for failures before and after 9/11. … Of the biggest disappointments so far was the failure of a new computer case tracking system." Mueller: "We discovered it simply was not working before it was scheduled to go online. Nearly $200 million and years of development were wasted." Kelly: "Who is responsible for that?" Mueller: "Me." Kelly: "Mueller is well-regarded on Capitol Hill and the bureau because he is that rare Washington figure who does not crave the spotlight. … The Marine combat veteran has lost sleep over what he fears could happen to this country -- a future terrorist attack on the US." Mueller: "Inevitably, there will be one or more that will get through."

FBI Searches Muslim Leader's Home, Office Of Islamic Charity. In a widely-distributed story, the AP (9/20, Zagier) reports from Columbia, Mo., "FBI agents searched the home of a prominent Islamic community leader and Iraq war critic, a bureau spokesman said, declining to reveal any reasons for the search. A dozen agents searched the home of Shakir Abdul-Kaf Hamoodi and his wife on Monday, FBI spokesman Jeff Lanza said. … Federal agents on Monday also raided the offices of a Southfield, Mich., Muslim charity organization, Life for Relief and Development, where Hamoodi has worked. In that raid, the warrants were based on a criminal assertion, but the affidavits were sealed, William Kowalski, an assistant special agent in the FBI's Detroit office, told the Detroit Free Press." The AP notes that the search of Hamoodi's house "came three days after bureau officials met with Muslims at a local mosque to try to improve community relations."

Mexican President Pledges To Extradite Drug Lords. The AP (9/20, Olster) reports, "President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States." The AP continues, "Fox said Mexico currently has 16 'big leaders' of drug gangs in jail along with 75,000 lower level members of various cartels. … 'We are fighting hard and attaining very important results,' Fox said of Mexico's fight against drug dealers. He was speaking at a news conference in New York where he was attending the United Nations General Assembly." The AP adds, "The U.S. is believed to have requested the extradition of at least three suspected drug kingpins: Benjamin Arellano Felix of the Arellano Felix smuggling syndicate; Osiel Cardenas, reputed head of the Gulf Cartel; and Hector 'El Guero' Palma, a reputed leader of the Sinaloa drug cartel. … 'We will extradite all of those who have pending matters with U.S. justice,' Fox said. … It was the first time Mexico's president had made such a sweeping commitment to send wanted drug lords to face charges in the U.S."

Reporting Continues On Discovery Of Cross-Border Tunnel. UPI (9/19) cites an El Universal story on the tunnel and writes that DEA officials "said they discovered a tunnel running 400 feet along the U.S.-Mexican border used by traffickers to smuggle drugs. The tunnel, about 20 feet underground, reportedly was outfitted with lights and had a concrete floor, resembling in sophistication the tunnel authorities discovered last January that led from Mexico into a California border town."

Marijuana Residue Found Inside Tunnel. The San Diego Union-Tribune (9/19, Cearley) reports a man "linked to the cross-border tunnel that was found Friday in Calexico has pleaded not guilty to possessing about 1,000 pounds of marijuana found in a truck he was driving. Jesus Bernardo Aguila Agundez made his plea at the El Centro federal courthouse Monday." The Union-Tribune says DEA special agent Dan Simmons wouldn't say how a multiagency task force had grown suspicious about the Calexico house that was involved. No arrests "were reported on the Mexican side, but officials there did find marijuana residue on their side of the tunnel, according to a news release from the Mexican Attorney General's Office. The Arellano Felix drug cartel has been linked to drug tunnels in the past, but Mexican and U.S. authorities wouldn't say whether this tunnel was used by a particular group."

DEA: New Jersey-Pennsylvania Drug Ring Avoided Detection By Crossing State Line. The Easton Express-Times (9/20, Quigley) reports A $17,000-a-week cocaine ring "dismantled by federal and local investigators made about half its drug sales in the Easton area. A six-month investigation led to the arrests of 30 people facing charges ranging from state drug possession charges to federal charges of conspiracy to distribute cocaine. DEA spokesman Douglas S. Collier said the cocaine dealers tried to use the state line between New Jersey and Pennsylvania to thwart local investigators. … He said the investigation was dubbed 'Operation Stateline' because investigators saw several members of the distribution ring crossing between the two states."

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The Morning Call (9/20) writes, "The crack ring, believed to be the largest in rural Warren County, was put out of business six months after federal agents began using wiretaps and making undercover buys. 'They tried to manipulate the system, using the state line as their protector and shield,'" said Collier. He added, "They were doing operations in Pennsylvania and going back to New Jersey feeling safe."

In California, Drug-Ring Defendant Is Sentenced To Prison. The San Francisco Chronicle (9/19) reports one of the last of 22 defendants "named in a 2004 federal grand jury indictment accusing them of conspiring to distribute cocaine and heroin from West Oakland was sentenced Monday to more than five years in prison. At a hearing in Oakland, U.S. District Judge Claudia Wilken ordered Joel Diaz, 35, of Oakland to serve 63 months in prison. In April, Diaz pleaded guilty to possession with intent to distribute and distribution of cocaine while aiding and abetting. … The charges, based largely on wiretapped phone conversations and undercover surveillance, were the result of an investigation that included Oakland police, the FBI, the Drug Enforcement Administration and state narcotics agents."

Texas Suspect Linked To Gun Cartel. The Dallas Morning News (9/20, Chapa) reports, "A Lancaster (TX) man arrested late last week for being a felon in possession of a firearm is part of a network that provides weapons to the drug cartel enforcers known as the Zetas, according to court documents and testimony." The News continues, "Members of a local task force with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives arrested Erasmo Arciba, 42, near his Franklin Street home Thursday. The arrest came after a five-month investigation into handguns and assault rifles that were bought in the Dallas-Fort Worth area and delivered to Mexico's Gulf cartel." The News adds, 'Mr. Arciba's attorney, Carlton McLarty, said his client – who is being held without bail pending a Thursday hearing – admits to being a felon in possession of guns but denies being part of an international weapons smuggling ring. … In a court hearing Monday, Dallas police Officer Paul Freese told U.S. Magistrate Judge William F. Sanderson that Mr. Arciba's case is part of an ongoing investigation of the Zetas' local connections, including weapons trafficking. … The Zetas, a paramilitary group that murders rivals and collect debts on behalf of the Gulf drug cartel, have been linked to crimes in Mexico and the U.S., including at least three killings in the Dallas area first reported in The Dallas Morning News."

ATF Probing Pennsylvania Bar Fire. The Johnstown (PA) Tribune-Democrat (9/20, Faher) reports, "More than a week after fire leveled a popular Johnstown bar, investigators say they have no idea what caused the blaze. … And local officials have called in some outside help: The federal Bureau of Alcohol, Tobacco, Firearms and Explosives has dispatched agents to assist at the 1167 Franklin St. site formerly occupied by Lamont's. ... But city police Chief Craig Foust cautioned that an ATF presence does not mean anyone has determined that the fire is suspicious in origin. … 'It's not unusual to bring (federal investigators) in if there's a lot of damage,' Foust said. 'It's a challenging scene because of the extent of the damage.'" The Tribune-Democrat adds, "Lamont's burned to the ground early Sept. 12. … City firefighters said they found the structure fully engulfed when they arrived around 3:30 a.m. The intensity of the flames and proximity of overhead power lines prevented emergency crews from getting inside. … City police and fire personnel, a state police fire marshal and now ATF representatives are involved in the probe."

IMMIGRATION:

California Woman Admits Nazi Concentration Camp Service. The AP (9/20) reports, "An 83-year-old (California) woman who admitted she had served as a guard at a concentration camp during World War II was deported to Germany, federal officials said Tuesday." The AP continues, "Prosecutors would not say how they learned about Elfriede Rinkel, but a department spokeswoman said investigators routinely compare guard rosters and other Nazi documents to U.S. immigration records." The AP adds, "Rinkel admitted in court documents that she worked as a prison guard at the Ravensbrueck camp near Furstenberg from June 1944 until the camp was abandoned by the Nazi government in April 1945. According to the U.S. Department of Justice, she worked with an SS-trained attack dog but was not a member of the Nazi party. .. 'Concentration camp guards such as Elfriede Rinkel played a vital role in the Nazi regime's horrific mistreatment of innocent victims,' said Alice Fisher, a Justice Department lawyer. 'This case reflects the government's unwavering commitment to remove Nazi persecutors from this country.'"

The Oakland (CA) Tribune (9/20, Richman) reports that "although Elfriede Lina Rinkel, 84, now admits her terrible past, shocked Berkeley relatives said Tuesday she had hid her secret for more than 60 years even from them and apparently from her late husband -- a German Jew who'd fled the Holocaust himself." The Tribune continues, "Rinkel's brother and sister-in-law, longtime Berkeley residents who asked that their names not be published, said they just learned the truth Tuesday when reporters called them for comment. … 'It knocked us off our feet,' the sister-in-law said. 'We have many, many Jewish friends who live in the Oakland/Berkeley area and this would be quite shocking to them as it was to us.'" The Tribune adds, "Rinkel -- charged under a federal law requiring removal of aliens who took part in acts of Nazi-sponsored persecution -- in June signed a settlement agreement with the government admitting that from June 1944 to April 1945 she was a guard at the Ravensbruck camp, built near Furstenburg, Germany almost exclusively for female prisoners. … Documents released Tuesday by the U.S. Department of Justice's Office of Special Investigations say she used a trained SS guard dog at the camp. The OSI also provided copies of her service card, taken from an SS records office, and bank records showing pay she received for her service at the camp."

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The San Francisco Chronicle (9/20, Page A - 1, Bulwa) reports, "Those who knew San Francisco's Elfriede Rinkel never found it remarkable that the German immigrant would marry a Jewish survivor of the Holocaust, or attend synagogue with him, or plan to be buried next to him at a cemetery run by a Chevra Kadisha, a Jewish burial society that performs ritual purification. … On Tuesday, though, came a jarring twist: The U.S. Justice Department said the 84-year-old Rinkel had been deported to Germany, nearly half a century after she emigrated to the United States, because she had been a guard at a Nazi concentration camp in World War II where an estimated 90,000 people, many of them Jews, were exterminated." The Chronicle adds, "The government said Rinkel, a permanent resident alien who never applied for U.S. citizenship, had admitted after a two-year investigation that she had guarded female prisoners at Ravensbruck from June 1944 to April 1945, when the Nazis abandoned the camp to the advancing Allies. She now lives with her younger sister in the German city of Viersen, her brother said. … The Justice Department alleged that Rinkel had used attack dogs to march emaciated inmates to slave-labor sites. More than 130,000 women from dozens of countries -- Jews, gypsies and others -- were brought to Ravensbruck during its six years of existence. More than two-thirds of them died of malnourishment, in medical experiments and in a gas chamber, according to the U.S. Holocaust Memorial Museum."

Frist Stresses Need For Comprehensive Immigration Reform. Senate Majority Leader Bill Frist said on CNN's The Situation Room (9/19), "I believe we need comprehensive [immigration] reform. We have to address what happens at the work site, where people are hiring illegal immigrants. We have to have a strong legal temporary worker program here. And that is what comprehensive reform is. But I'm faced with the reality that I have about six more legislative days in this Congress before the elections. And, so, I'm taking a bill that has broad bipartisan support and that is securing our borders. Made the decision last night, taking it back to the floor of the Senate tomorrow, so that we can have that debate. I look at it as a border security first, not border security only. Thus, people who believe in comprehensive reform can agree to that, and say, yes, we can address the other in the future, and those who say, no, the only thing important is border security, again, should be able to vote for that. And I'm very hopeful we will see that on the floor this week and a vote in the affirmative."

Arizona Tribe Says It Would Object To Border Fence. The New York Times (9/20, Archibold, 1.21M) reports that if Congress agrees to build a 700-mile-long fence along the US-Mexico border, "it could have a long gap — about 75 miles — at one of the border's most vulnerable points because of opposition from" an Arizona tribe. "More illegal immigrants are caught — and die trying to cross into the United States — in and around the Tohono O'odham Indian territory, which straddles the Arizona border, than any other spot in the state." Though tribal members "have become fed up with" an increase in illegal immigration through the area and have increased cooperation on efforts to control the border, they "said they would fight the kind of steel-plated fencing that Congress had in mind."

Texas Senators Oppose Fence. The Fort Worth Star-Telegram (9/20, Montgomery, 236K) reports Texas Senators John Cornyn and Kay Bailey Hutchison "expressed opposition Tuesday to House-passed legislation calling for more than 700 miles of fencing along the US-Mexico border, including stretches in the Lone Star State." The senators "said they support toughened border security measures. While some new fencing may be necessary, they said, it should be part of a mix that would include added Border Patrol agents, high-tech surveillance and unmanned aerial vehicles."

TAX:

WSJ Blasts DOJ Over KPMG Probe. The Wall Street Journal (9/20) editorializes, "Prosecutors have been advertising their ballyhooed case against a pack of former KPMG partners as the largest criminal tax-shelter trial in history. They'd better do some scrambling for better evidence, however, or the case could end up becoming one of the biggest flops in Justice Department history." The Journal continues, "Last week, a previously undisclosed memo from 2004 suggested that the IRS wasn't sure that the tax shelters at issue in the trial of 18 defendants even needed to be registered with the IRS. This revelation is important because the failure to register the shelters is one of the Justice Department's justifications for charging a conspiracy to defraud the IRS. … Separately, we've obtained an internal KPMG memo to Richard Smith, one of the defendants in the case. In that 2003 memo, IRS Acting Chief Counsel Emily Parker is cited as assuring KPMG 'that there has been no criminal activity' in KPMG's marketing of the shelters. The defendants have claimed all along that they thought the shelters they were publicly marketing were entirely legal, and memos such as this one will certainly help the argument for 'reasonable doubt.' … The KPMG prosecutors have already been rapped on the knuckles by federal Judge Lewis A. Kaplan for dragging their feet on the defendants' discovery requests, so this late revelation is unlikely to please the court." The Journal adds, "So let's sum up this case to date: In the year since the indictments were handed down, Judge Kaplan has ruled that the prosecutors violated the defendants' Fifth and Sixth Amendment rights. He has found the prosecutors delinquent in responding to document requests from the defendants' lawyers. And he has excluded evidence that he found to have been coerced, as well as the 'fruit' of that coerced evidence. None of this speaks well of Justice's respect for due process. … More broadly still, the evidence that is coming to light suggests that the legality of these tax shelters was a subject of debate within the government itself. Justice nonetheless decided, for the first time, to prosecute such a case before the IRS had ever won a ruling in tax court declaring the shelters to be illegal. We have no brief for tax evasion, but mere tax avoidance is not a crime. This newspaper first raised questions about due process and the

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underlying legal theory in this case a year ago, when the first defendants were indicted. Increasingly, those concerns are being borne out."

CONGRESS-ADMINISTRATION:

Critics Use Record To Oppose Bush Regulatory Nominee. The Washington Post (9/19, D1, Skrzycki, 748K) reports, "Susan E. Dudley , President Bush 's nominee to become his new regulatory review chief, has written extensively about federal rulemaking for years, a miles-long paper trail that is providing ammunition for her opponents." Her "supporters say Dudley, director of regulatory studies at George Mason University's Mercatus Center , is experienced, analytical and dispassionate in expressing her belief that the market will correct most problems and that rules should be subject to a tough cost-benefit test. Public interest groups fighting the nomination say those writings disqualify her for the job."

DeMint Threatens To Block Von Eschenbach Nomination. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column, "Sen. Jim DeMint, South Carolina Republican, vowed yesterday to block President Bush's nomination of Andrew von Eschenbach to head the Food and Drug Administration unless the agency moves to stop the sale of an abortion pill. Mr. DeMint made the move as a Senate committee prepared to vote today on the nomination. Dr. von Eschenbach has been acting FDA commissioner for a year, but his confirmation had been held up by two Democratic senators -- Patty Murray of Washington and Hillary Rodham Clinton of New York -- until the agency approved over-the-counter sale of emergency contraception."

House Approves Measure To Require School Districts To Establish Student Search Policies. The AP (9/20, Zuckerbrod) reports, "The House issued an ultimatum to school boards Tuesday: Establish policies on student searches or risk losing federal funds." The bill, H.R. 5295, was passed by voice vote. The Senate "has not yet considered a companion measure." It was sponsored by KY4 Rep. Geoff Davis (R) and "states that the policies implemented by school boards should spell out that searches have to be conducted by a full-time teacher or school officials acting on a reasonable suspicion that a student has weapons, drugs or other dangerous materials." The bill "has the backing of the National Education Association" but is opposed by the American Federation of Teachers and the American Association of School Administrators.

Tariff Suspension Bills Said To Cost Taxpayers, Domestic Firms. The Washington Post (9/20, A1, Stephens, 748K) reports in a front page story that "a largely unknown congressional apparatus…allows companies to erase tariffs -- taxes levied on products and materials shipped to the United States from overseas -- for years at a time." Each legislative season, "corporate executives and lobbyists quietly draft hundreds of bills to suspend tariffs. Over time, the changes cost taxpayers hundreds of millions of dollars in lost revenue, a Washington Post analysis of U.S. trade data found." Most of the tariff suspensions "involve obscure chemicals and dyes, but many other products show up, including boilers for nuclear reactors, green peanuts, child potty seats, unicycles -- even chocolate coatings for laxatives." Jim Schollaert, a former State Department trade specialist "who now represents domestic manufacturers," said, "It's become sort of a lobbyists' dream. It's a gravy train, and there's little work to it." The Post adds the bills "in Congress generally give no hint of whom the suspensions have been designed to benefit and sometimes refer to the products only by strings of numbers linked to phone-book-size tariff tables. But many corporate names can be found in reports on the legislation produced for Congress by the U.S. International Trade Commission."

Air Traffic Controllers Oppose Effort To Reduce Staffing Levels. Air traffic controllers are opposing a drive by the FAA to reduce the number of controllers nationally by 10 percent below negotiated levels. The New York Times (9/20, Wald, 1.21M) reports that the FAA's effort is "producing tension, anger and occasional shows of defiance among controllers." The FAA "imposed the changes on Sept. 3, three months after it declared an impasse in contract talks. Most of the changes have had little effect on the public. But one in particular may have safety implications, controllers and some outside experts said. That is the ending of contractual protection against being kept working on a radar screen controlling traffic for more than two hours without a break."

Federal Employees' Health Premiums To Increase 1.8% Next Year. The Washington Post (9/20, D4, Barr, 748K) reports in its "Federal Diary" column, "Health insurance premiums for federal employees will increase by an average of 1.8 percent next year, the lowest annual increase in the government's employee program since 1997. Officials said they substantially slowed the rise in 2007 insurance rates by dipping into excess financial reserves of the Federal Employees Health Benefits Program, which provides about $33 billion in health-care benefits annually. They said the reserves had increased in recent months because insurance claims and other expenses had not grown as fast as estimated."

Number Of House Members In Jail Nears That Of Early 1990s. Roll Call (9/20, Bresnahan) reports that with Rep. Bob Ney's (R-Ohio) "guilty plea on federal corruption charges last Friday and a stint in prison looming for the lawmaker, the House suddenly finds the ranks of its alumni behind bars growing to a level not seen in a decade." When Ney "heads off to prison, likely sometime next year, he will become the fourth Member to be locked up for criminal behavior, and the Ohio Republican may not be the last. Ney will join ex-Reps. James Traficant (D-Ohio), Duke Cunningham (R-Calif.) and Frank

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Ballance (D-N.C.), all of whom currently are being held in federal correctional facilities. Ney will appear in front of a federal judge on Oct. 13 to formally plead guilty to conspiracy and making false statements." Rep. William Jefferson (D-La.) "could join this group of disgraced Members soon. Jefferson is at the center of a federal bribery probe that already has resulted in lengthy prison terms for two men involved in the scandal, including Brett Pfeffer, a former Jefferson aide. Jefferson has not been charged in the case and has repeatedly denied any wrongdoing, but FBI agents turned up $90,000 in marked bills in Jefferson's freezer when they searched his home last year." Not "since the early 1990s, when the House Bank, Post Office and Page scandals were roiling Capitol Hill and prematurely ending dozens of political careers, have so many lawmakers been in prosecutors' sights."

Elections, Guilty Pleas Trim Scandal Checklist. Roll Call (9/20, Jacobson) reports that in "recent months, the ranks of Out There's periodic scandal checklist have thinned significantly. Since we last assessed the vulnerability of politicians facing ethical allegations, five people have vanished from our list." Four "besieged politicians were given the heave-ho by voters: Rep. Cynthia McKinney (D-Ga.), Alaska Gov. Frank Murkowski (R), Georgia lieutenant governor candidate Ralph Reed (R) and ex-Alabama Gov. Don Siegelman (D) all lost primaries this summer. A fifth, Rep. Bob Ney (R-Ohio), bowed out of the re-election campaign as a federal probe into his ties with disgraced lobbyist Jack Abramoff intensified; last week he pleaded guilty to charges stemming from that case." Others remaining on the "scandal checklist" include Rep. William Jefferson, Sen. Conrad Burns, Gov. Jim Doyle of Wisconsin, Sen. Bob Menendez, Gov. Rod Blagojevich of Illinois, Rep. Don Sherwood, Rep. Alan Mollohan, Rep. Charles Taylor, Rep. Jerry Lewis, Rep. John Doolittle, and Rep. John Conyers.

GOP Leaders Criticized For Ignoring Ethics Reform. In his Roll Call column (9/20), Norman Ornstein of the American Enterprise Institute says, "You can't make this stuff up: Republican leaders in the House found another way to deep-six any serious ethics and lobbying reform, on the very same day that prosecutors heralded the sorry end to the career of Rep. Bob Ney (R-Ohio) and documented the sordid list of activities that has led him to a prison term." Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) "decided to take up and pass a laughable sham of an earmark 'reform' and hoped that nobody would notice it is neither serious nor a reform. They concocted a fig-leaf rules change that provides disclosure on earmarks, but one that does not encompass all or most earmarks, that is not at all certain to stay in place and that provides no protection against chicanery in earmarking, including last-minute lawmaking and lawmakers or their family members exploiting the system for personal gain."

Bush Approval Rating At 44% In USAToday/Gallup Poll. CNN's The Situation Room (9/19, Blitzer) reported, "New political gains for President Bush, seven weeks before congressional elections -- check it out. The new USA Today/Gallup poll shows his approval rating now up to 44 percent. That's his highest rating in a year. When the three latest polls are averaged together, Mr. Bush gets a 41 percent approval rating."

Polls Show "Intense" Dislike For Bush. AEI scholar Karlyn Bowman in her column in Roll Call (9/20) writes, "One of the most notable features of polling about President Bush has been the intensity of the opposition to him." For example, "a September NBC News/Wall Street Journal poll" showed "36 percent said they had 'very negative' feelings about the president. Since September 2005, more than three of every 10 respondents have expressed this view in the poll."

Marcus Faults Congressional Earmark Reform. Ruth Marcus writes in the Washington Post (9/20, A25, 748K) that last week's congressional debate on earmarking reform was a "charade" the "involved lawmakers forcing themselves to take credit for their earmarks -- in essence, engaging in the legislative equivalent of naming the hospital after themselves. Under the new rule, some -- but not all -- earmarks will require that the sponsoring lawmaker be identified. Big whoop. The problem with the most egregious earmarks isn't that the public doesn't know who's behind them. It's that the patrons are completely unabashed about the pork they are pushing."

OTHER NEWS:

New-Home Construction Falls, Worries Abound. The Wall Street Journal (9/20, Gerena-Morales, 2.03M) reports that construction starts on new homes fell in August "as builders curtailed production in response to mounting inventory and slowing sales. The Commerce Department reported yesterday that housing starts dropped 6% in August from a month earlier to a seasonally adjusted annual rate of 1.665 million units. That was the fifth decline in construction starts in the past six months and the slowest rate of starts since April 2003. When compared with a year earlier, construction starts were down 19.8%." David Seiders, chief economist of the National Association of Home Builders, added it is "'pretty darn clear that ... we're in a pretty substantial downswing here.'"

The Christian Science Monitor (9/20, Scherer, 58K) reports, "The housing slump won't be welcome news in Washington when the Federal Reserve meets Wednesday to set interest-rate policy. Partly because of the problems in the housing sector, economists expect the Fed to leave interest rates unchanged as it did last month."

Bloomberg (9/20) reports, "The slump in housing, which fueled growth for half a decade, is now so deep that it raises concerns the rest of the economy will be dragged down with it. … `Right now, it's just housing that's slowing, but this can spread to the rest of the economy very quickly,' said Chris Low, chief economist at FTN Financial in New York. `It should be absolutely clear to the Fed that they've done enough.'"

Crude Oil Price Plummets To Near Six-Month Low. Bloomberg (9/20, Evans) reports, "Crude oil traded near a six-

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month low in New York after plunging yesterday on signs rising fuel stockpiles and protracted negotiations over Iran's nuclear program have prompted investment funds to cut their holdings. Oil posted its biggest fall in four months after U.S. President George W. Bush said he will give European diplomacy a chance to end the dispute with Iran, the world's fourth-biggest oil producer." Bloomberg says the contract for crude oil for October delivery "which expires today, fell $2.14, or 3.4 percent, to $61.66 a barrel [Tuesday], the lowest close since March 21 and the biggest one-day decline since May 15. ... The more actively traded November contract [fell] 3.7 percent yesterday."

Stock Market Down On Bad News About Housing, Thai Coup. NBC Nightly News (9/19, story 9, , Williams, 9.87M) reported, "On Wall Street, investors sold energy stocks and the markets finished modestly lower. The Dow lost 14 points [to close at 11,540.91]. The Nasdaq was down just over 13 points [to close at 2,222.37]."

The Financial Times (9/20John O', doherty) reports stocks were down "as investor confidence was soured by data showing a precipitous drop in housing starts, a warning on profits from internet group Yahoo, and news of a possible coup in Thailand." Meanwhile, "Crude oil prices tumbled, as high inventories helped ease supply worries. The front-month Nymex contract lost 3.2 per cent to $61.66 a barrel, its biggest single day decline since May. Valero slid 4.3 per cent to $50.10, and Devon Energy lost 3.8 per cent to $64.32."

Bloomberg (9/20) says the decline ended "the Nasdaq Composite Index's longest winning streak in eight months, as slowing advertising growth at Yahoo! Inc. and a drop in home construction suggested the economy is losing momentum." Federated Investment Management senior vice president of equity trading David Briggs said, "The market's vulnerable. … People begin to wonder about the psyche of the average consumer and how it might slow up the economy."

Fed Not Expected To Raise Interest Rates. McClatchy Newspapers (9/20, Hall) reports, "The Federal Reserve is expected to leave interest rates unchanged Wednesday for a second straight month, and many analysts now think there won't be any more rate increases this year." That would be "good news for consumers."

Core Producer Price Index Declines. The New York Times (9/20, Peters, 1.21M) reports, "A widely watched gauge of inflation fell again in August, providing fresh evidence that prices, which have climbed steadily for most of the year, may now be settling down." The producer price index "rose just 0.1 percent overall, matching the slowest pace of growth seen so far this year" and "the so-called core index, excluding the volatile prices of food and energy, declined in August, as it did in July."

Judicial Conference Enacts Accountability Rules. Responding to criticism about lapses in judicial ethics, the federal judiciary's top leadership yesterday announced several steps aimed at improved self-policing and greater public accountability. The New York Times (9/20, Greenhouse, 1.21M) reports that under the rules announced by the Judicial Conference of the United States, all federal judges below the Supreme Court level "will be required to install 'conflict checking' software on their computers to avoid unwittingly participating in cases in which they have a financial interest." Judges will also "be prohibited from accepting reimbursement for attending a private seminar unless its sponsor has filed a public disclosure statement on the content of the program and all sources of financing. Judges will have 30 days to report their attendance at such seminars, and both the judges' and the seminars' reports will be available on judicial Web sites. The policy does not apply to bar association activities."

USA Today (9/20, Biskupic, 2.27M) reports, "The moves are designed 'to maintain public confidence in the system,' said US District Judge Thomas Hogan, a member of the 27-judge conference. He said it was important to have 'transparency' in judges' off-bench activities. … The actions apply to all 875 life-tenured federal judges except the nine-member Supreme Court, which is exempt from the Judicial Conference rules but generally bound by ethical canons."

The AP (9/20, Sherman) reports, "The work represents an aggressive effort by the [Chief Justice John] Roberts-led federal judiciary to demonstrate its responsiveness to public criticism and ward off proposals in Congress to clamp down on judicial ethics through a travel ban or creation of an ethics watchdog for the court."

The Legal Times (9/20, Mauro) reports, "Tuesday's actions represent a major shift toward accountability -- or at least transparency -- from segments of a branch of government that has often resisted both. … Judges also hoped to defuse pressure from Congress, primarily in the person of House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who has proposed creating an inspector general's office to oversee the judiciary's handling of ethical complaints. The late Chief Justice William Rehnquist appointed the Breyer Committee in 2004, mainly in response to congressional complaints. … Tuesday's focus on judicial ethics comes on the eve of the Sept. 21 hearings by the House Judiciary Committee that could lead to the impeachment of California federal trial Judge Manuel Real, which would be the first judicial impeachment since 1989. … Chief Justice John Roberts Jr., in a rare impromptu press conference at the Court, applauded both of Tuesday's moves and urged federal judges to take 'prompt action.' … Significantly, none of what happened Tuesday affects the Supreme Court itself. The Judicial Conference never sets policy for the high court, and Breyer, speaking at the same press conference, said the scope of his committee's study of disciplinary procedures did not include the Supreme Court. As a result, it appears the justices have still not taken action on a 1993 recommendation by a blue-ribbon government commission that the Court consider establishing procedures for handling complaints against its own members."

McAuliffe To Chair Hillary Clinton's Potential 2008 Campaign. The Hill (9/20, Bolton) reports former Democratic National Committee Chairman Terry McAuliffe "has told business associates and Democratic donors that he will chair Sen. Hillary

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Rodham Clinton's (D-N.Y.) presidential campaign next year, according to several Democratic sources." Clinton, "the favorite to win the Democratic nomination, and McAuliffe, the top money man in Democratic politics, have a good chance of raising $100 million before the first official contest, the Iowa caucuses in January 2008." While Clinton "and her staff insist she is focused solely on winning reelection in New York this November, the decision over who will be in charge of getting her elected to the White House is already settled."

McCain Risks Conservative Support By Bucking Bush On Detainee Issue. The AP (9/20, Sidoti) reports Sen. John McCain's "standoff with the White House over treatment of detainees — an issue the former POW knows intimately well — threatens to exacerbate his already contentious relationship with conservatives." Tony Perkins of the Family Research Council said, "Maverick status is looked upon as a strength in Congress, but a maverick in the White House is not looked upon with great admiration from our folks." The Rev. Louis Sheldon, chairman of the Traditional Values Coalition, said, "Politically, this isn't wise." The AP adds the "warnings from conservatives over the detainee issue illustrate the risk McCain faces in taking on the White House — alienating a base of support he would need to win the Republican presidential nomination." As the "clash escalated, McCain shrugged off suggestions that the dust-up could hurt him politically, telling reporters last week that his 'credibility with the American people is that I do what I think is right.'"

Observers Weighing Impact Of Interrogation Debate On GOP. The New York Times (9/20, Nagourney, 1.21M) reports that with "fewer than 50 days left until Election Day, as many as 40 House and 10 Senate seats are in play, fueling Democratic hopes of capturing power in November." Washington is "awaiting polling data that will show how much success the White House has had in trying to put Democrats on the defensive on national security — and whether that effort has been undercut by the battle among Republicans over what is permissible in interrogating terrorism suspects."

Gerrymandering Leaves Few Competitive House Seats In California. The Wall Street Journal (9/20, Calmes, 2.03M) reports it is "less than eight weeks until Election Day Nov. 7, and not a single one" of California's "53 congressional contests is competitive enough to merit a busy correspondent's attention." In a year "of anti-Republican and anti-incumbent fever, that fact stands as a testament to the completeness of California's bipartisan gerrymandering. The mapping of political lines for partisan advantage after each decennial census may have originated back east with Massachusetts Gov. Elbridge Gerry 194 years ago, but it has been perfected here on the West Coast." California "did draw national attention briefly last spring, for a June special election to fill the seat that former Republican Rep. Randy 'Duke' Cunningham vacated for a prison cell after his conviction on corruption charges." But "the Republican candidate, former Rep. Brian Bilbray, easily dispatched with Democrat Francine Busby. The two are on the ballot again in November for a full two-year term, and Mr. Bilbray now rates as the prohibitive favorite." Similarly, national Democrats "initially targeted Republican Rep. Richard Pombo of California's Central Valley, with help from environmentalists outraged by his record as the House Resources Committee chairman. But their preferred candidate, a former Navy officer, lost in June's Democratic primary to wind-energy engineer Jerry McNerney, who lost overwhelmingly to Mr. Pombo in 2004. Now most race-watchers are ignoring this one, too, though just this week the Democratic Congressional Campaign Committee put the Pombo-McNerney contest on a new list called 'emerging races.'" Also on "that long-shot list is the suburban Sacramento district represented for 16 years by Rep. John Doolittle; he and his wife have been implicated in the scandal involving convicted lobbyist Jack Abramoff."

GOP Fundraising Advantage Could Be Pivotal. The Wall Street Journal (9/20, Cummings, 2.03M) reports Republicans "maintain a strong fund-raising advantage that could play a pivotal role in close races." Financial disclosure reports "to be released today will show that the Republican National Committee has more than triple the cash as its counterpart, the Democratic National Committee. The RNC raised $7.6 million in August and has $39 million in the bank, compared with the DNC's August donations of $6.7 million and a balance of $11 million in the bank." RNC Chairman Ken Mehlman "has promised to use that money to bombard the airwaves with negative advertisements aimed at Democrats and to run a high-tech, get-out-the-vote operation that will overwhelm their opponents' operations." The Democratic "financial disadvantage stems from a decision by DNC Chairman Howard Dean to spend money to hire full-time workers in state party offices who can help produce a national turnout program this year, as well as sustain the party through more than one election cycle." But the Democrats' House campaign committee "released numbers yesterday that show continued fundraising strength and spending discipline. The Democratic Congressional Campaign Committee raised $5 million in August and ended the month with $35 million -- a million dollars shy of its counterpart. The National Republican Congressional Committee said yesterday it collected $8.5 million in August donations and has $36 million in the bank."

The AP (9/20, Kuhnhenn) reports the DCCC and NRCC "held almost equal amounts in their bank accounts, giving neither side a substantial financial advantage going into the final stretch of the congressional campaign." Both committees "are in substantially better shape financially than they were at a comparable point during the 2004 election." NRCC Chairman Tom Reynolds "said the NRCC had $10 million more in the bank than it did then. DCCC spokesman Bill Burton said the Democratic group was $15 million ahead of its 2004 mark."

Roll Call (9/20, Drucker) reports, "Seven weeks before Election Day, an upbeat National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) guaranteed on Tuesday that his party would hold the House majority on the strength of its war chest, political organization and positions on the

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issues in the 36 districts that matter." But while Reynolds "boasted of being $10 million ahead of where the NRCC was in 2004 and raising $10 million to date for the committee's Battleground program, the DCCC countered that it is $15 million above where it was in the previous cycle."

Four Democratic Senators Give DSCC $1 Million Each. Roll Call (9/20, Kane) reports four leading Senate Democrats "gave $1 million each from their campaign accounts to the Democratic Senatorial Campaign Committee in recent days, as the Caucus makes its final push to give itself as much of a financial edge as possible over its GOP counterpart." Sens. Edward Kennedy (Mass.), Hillary Rodham Clinton (N.Y.), Dick Durbin (Ill.) and Dianne Feinstein (Calif.) "each gave $1 million from their campaign committees to the DSCC, according to Senators, aides and strategists. The Senators' campaign committees are allowed to give unlimited donations to national and state party organizations." The donations — "which represent the largest contributions the committee has received so far this election cycle — are part of the daily effort by DSCC Chairman Charles Schumer (N.Y.) to round up as much cash as possible to boost his committee's financial advantage over the National Republican Senatorial Committee, which trailed the DSCC by $15 million in cash on hand at the end of July."

USAToday/Gallup Poll Finds Democrats, GOP Tied On Generic Ballot. CNN's The Situation Room (9/19, Blitzer) reported, "The USA Today/Gallup poll shows likely voters are evenly divided between Democratic and Republican candidates. But among the wider sample of registered voters, Democrats hold a nine-point advantage over Republicans."

Lieberman Leads Lamont By Two Points In Rasmussen Poll. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column that Sen. Joe Lieberman "leads Democratic opponent Ned Lamont by a whisper, 45 percent to 43 percent, in the Connecticut race for U.S. Senate, according to a Rasmussen Poll released yesterday. It also revealed that Republican nominee Alan Schlesinger wooed just 11 percent of Republican votes while Mr. Lieberman had the support of 62 percent. The survey of 550 likely voters was conducted Sept. 13 and 14 and had a margin of error of 4.5 percentage points."

Allen Questions Relevance Of Jewish Ancestry. The AP (9/20, Lewis) reports a day "after being asked in a debate about his immigrant mother's heritage, Sen. George Allen fired back in a written statement Tuesday confirming his Jewish ancestry." Allen "denounced the reporter's question as 'reprehensible' and irrelevant and said he only recently learned that his maternal grandfather was Jewish." Allen said, "Whenever we would ask my mother through the years about our family background on her side, the answer always was, `Who cares about that?'" The AP adds that during a debate Monday "with Democrat Jim Webb, Allen was indignant when a panelist asked him whether his forebears included Jews. An audience of about 600 business executives booed and hissed at the question from Peggy Fox of WUSA-TV in Washington, D.C." The AP adds Allen "and his siblings also were raised as Christians. He said he became aware only recently that his grandfather, Felix Lumbroso, who had been imprisoned by the Nazis, was Jewish."

The Washington Post (9/20, A1, Shear, 748K) reports in a front page story that Allen "said for the first time publicly yesterday that he has Jewish ancestry, a day after responding angrily to an exchange that included questions about his mother's racial sensitivity and whether his family has Jewish roots." At the debate, "a reporter asked Allen whether his mother's father, Felix Lumbroso, was Jewish. He became visibly upset, saying his mother's religion was not relevant to the campaign and chiding the reporter for 'making aspersions about people because of their religious beliefs.'" Allen's campaign manager "said the senator believed the question was hostile because it followed another one about whether Allen had learned the word 'macaca' from his mother. The word, which Allen used last month to describe a Webb volunteer, is a French slur for a dark-skinned person. Allen's mother, Henreitte 'Etty' Allen, is a native of Tunisia and speaks French."

The New York Times (9/20, Hulse, 1.21M) reports the issue "was injected into the campaign on Monday in a debate with Mr. Allen's Democratic opponent, Jim Webb, when a panelist asked Mr. Allen, a former governor, if his mother was Jewish." But the Allen campaign, "which had earlier found itself on the defensive over Mr. Allen's reference to a volunteer for Mr. Webb as 'macaca,' apparently decided to try to defuse the issue quickly by putting out a statement acknowledging his family ties."

Webb Said To Be The "Consummate Non-Pol." In a Washington Post column (9/20, A25), Lee Hockstader says Democrat Jim Webb is "a consummate non-pol, which makes his race for the Senate among the most interesting, and treacherous, of the year. Badly underfunded so far and mostly allergic to stump speech mumbo jumbo, he could just blunder his way into the Senate on the strength of Allen's problematic past and bullying present -- and on Webb's consistent stance that the war in Iraq is a terrible strategic blunder. Or, just as easily, he could drown in the sea of Allen's financial advantage if the Democratic fundraising machine doesn't deliver in the next few weeks."

Black Democratic Leaders Back Cardin In Maryland Senate Race. The Washington Times (9/20, Miller, Ward, 88K) reports Rep. Elijah E. Cummings "and other black Democratic leaders yesterday endorsed Rep. Benjamin L. Cardin for the U.S. Senate, as the Cardin campaign and that of his Republican rival -- Maryland Lt. Gov. Michael S. Steele -- sought approval from supporters of Kweisi Mfume." Cummings, who had "backed the primary campaign of Mr. Mfume, the former president of the National Association for the Advancement of Colored People," said, "We know where Ben Cardin stands on all the issues. We do not know who Michael Steele is, and we do not know what he stands for." The Times adds race has "played a key role in the U.S. Senate contest, which pits Mr. Cardin, a white

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10-term congressman from Baltimore, against Mr. Steele, the first black to win statewide office in Maryland."

The Washington Post (9/20, B2, Mosk, 748K) reports Cardin "reached out to African American leaders within the Democratic Party yesterday, trying to heal lingering racial divisions from the Democratic Primary and focus the contest on issues." In "front of Baltimore City Hall, a succession of black elected officials pledged their support for the veteran lawmaker, who is white, in his campaign against Republican Lt. Gov. Michael S. Steele, the first African American to win a statewide office in Maryland." But the "task before Cardin may not be so easy. African Americans have been among the most loyal Democratic voters in Maryland, but the dynamics of this campaign could test that loyalty. Cardin's chief rival in last week's primary, Kweisi Mfume, has signaled that he will rally behind the Democratic nominee but did not appear at yesterday's event and has not formally endorsed him."

Tennessee Senate Race Shaping Up As Battle Of Insider Vs. Outsider. In an overview of Tennessee's U.S. Senate race between ex-Chattanooga Mayor Bob Corker (R) and TN9 Rep. Harold Ford Jr. (D), Roll Call (9/20, Whittington) relates that the contest is "a critical part of the math for Democrats to win a majority in the chamber this fall. … The race is tight and a poll done for Ford's campaign in late August showed the Congressman with a two-point lead." Roll Call notes that "with a difficult national political environment for the GOP, Corker isn't exactly embracing" the Republican Party "label. His campaign materials don't identify him as a Republican, and neither do his television ads. Instead, Corker is focused on running as the anti-Washington, D.C., outsider while painting his opponent as a liberal, insider elitist. Corker has touted his record as mayor and played up the fact that he started at the bottom before building a successful, and very lucrative, construction business." Ford, "meanwhile, has worked to portray himself as a fresh face, using the slogan 'A New Generation of Leadership' in his ads and campaign materials. He argues that his voting record is much more moderate than Corker has portrayed it to be. To refute Ford's message, Corker's commercials have made a point of identifying Ford as a Congressman -- the one with the most liberal record in the state's delegation -- who has been in Washington for 10 years."

McCaskill Wooing Rural Voters In Effort To Unseat Missouri's Talent. Roll Call (9/20, Drucker), in a report on the race between Missouri Sen. Jim Talent (R) and Democratic challenger Claire McCaskill, relates, "This year, in a race of several nuances, the discontent that exists in the Missouri heartland, including among staunch Republicans and like-minded independents, is likely to help McCaskill drive up her vote totals in rural Missouri, especially when compared to her performance in" the 2004 gubernatorial race, which McCaskill lost to now-Missouri Gov. Matt Blunt (R). However, "voter discontent, and McCaskill's rural push, are not guaranteed to matter enough, said Kate Martin, publisher of the Republic Monitor in Perryville. 'I think she will do better in Perry County. I think it's the standard of living for people in small communities. We have a great number of young, struggling families who aren't able to take that next step into a comfortable life,' said Martin, whose paper serves a rural community of around 8,000 located 80 miles south of St. Louis. 'But we're a very religious community, so her stance on stem-cell research, and a woman's right to choose, will hurt her there."

Cantwell, McGavick Breeze To Washington Senate Primary Wins. The Washington Times (9/20, Bellantoni, 88K) reports that Washington Sen. Maria Cantwell (D) "last night easily defeated her anti-war challenger, setting up a November showdown against Republican businessman Mike McGavick in what the GOP sees as one of its best chances to pick up a Senate seat. With about 55 percent of the expected vote counted, Miss Cantwell had 262,719 votes -- an overwhelming 92 percent of the Democratic vote. She easily won over Hong Tran, a lawyer with a nonprofit agency, who raised little money and relied on grass-roots volunteers to amplify her anti-war message throughout the campaign. Mrs. Tran received 11,452 votes, or 4 percent of the total, leading three other little-known Democratic challengers." McGavick, meanwhile, "had 185,743 votes, or 85 percent of the total, easily outpolling five Republican challengers, led by Brad Klippert at 14,422 votes, or 6 percent."

The AP (9/20, Ammons) notes, "There was so little suspense that Cantwell didn't even stay in her homestate to await the returns. Rather, she returned to Washington, D.C., on Monday to attend to Senate chores. McGavick had the stage to himself, but after a brief celebration at his Seattle campaign headquarters, he, too, was heading to Washington, D.C., to shake the money trees. … Some polls had showed Cantwell and McGavick in a fairly tight race, in the 5-to-7 percent range, in recent months, but several late polls have the senator leading by double digits. Cantwell also has a strong lead in finances so far, and has $5.1 million on hand, to McGavick's $2.8 million, after he loaned his campaign $2 million. But though the race leans Democratic, both sides agree that the seat still remains in play and that unforeseen developments could really change the dynamics."

The Seattle Post-Intelligencer (9/20, Modie, 129K) adds that McGavick, in an interview, "said voters 'really want robust conversation' between the two candidates about three issues: the Iraq war as part of the fight against Islamic terrorism; the federal deficit, and saving Social Security. Cantwell, in an interview, pointed to some of the same issues, saying the country has 'gone from record surpluses to record deficits' under President Bush. As for Bush's plan to privatize Social Security, she said, 'I just think that should be off the table.' McGavick, aware of the political volatility of privatization, said he, too, is opposed to Bush's plan but favors allowing younger workers the option of government-managed Social Security investment accounts."

Republicans Say Ney Should Resign House Seat. The AP (9/20, Hammer) reports, "A top House Republican on Tuesday called for Rep. Bob Ney to resign, days after the six-term GOP lawmaker agreed to plead guilty to federal corruption charges. 'He betrayed his constituents, he betrayed the body and

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there's no place for him in the Congress,' said Rep. Deborah Pryce, the fourth-ranking Republican in the House. Last week, Ney admitted improperly accepting tens of thousands of dollars worth of trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company." Ney "agreed to plead guilty in court papers filed Friday" and "was expected to formally plead guilty in court Oct. 13. Mary Jo Kilroy, Pryce's Democratic opponent, has called for Ney to step down and give up his federal pension. Another Republican facing a close re-election race, Steve Chabot of Cincinnati, said through a spokesman that any lawmaker responsible for criminal wrongdoing should step down." Ohio GOP Chairman Bob Bennett and Ohio state Sen. Joy Padgett (R), "the Republican running to replace Ney in Congress, have already called for Ney's resignation."

Some GOP Gubernatorial Hopefuls Embracing Non-Traditional Republican Issues. A front-page story in the New York Times (9/20, A1, Steinhauer, 1.21M) reports, "Here are the things that Gov. Arnold Schwarzenegger will be bragging about on the campaign trail: an initiative to lower greenhouse gases with the onus on big companies, a $1 increase in the state's minimum wage and a program to open up access to prescription drugs." Schwarzenegger "is not just tolerating positions generally associated with liberal candidates. Rather, he is using them as the centerpiece of his re-election campaign, marking the first time in a generation that a Republican governor here has clung to the left during a re-election fight. The strategy is not unique to Mr. Schwarzenegger's campaign. Across the nation's 36 races for governor, Republican candidates in states heavy with moderate or Democratic voters are playing up their liberal positions on issues including stem cell research, abortion and the environment, while remaining true to their party's platform on taxes and streamlining government." Noting that GOP gubernatorial candidates in Massachusetts, Illinois, Maryland, Hawaii and Connecticut are backing some non-traditional Republican issues, the Times adds, "In many ways, the strategy reflects the dynamics of local contests, in which voters are willing to overlook the party affiliation of a candidate if they believe he stands with them on one or two important issues, or pushes through policies that are inherently nonpartisan and that will improve their daily lives."

Ex-DOJ Official Victorious In Massachusetts Democratic Governor's Primary. USA Today (9/20, 3A, 2.27M) reports, "A former Clinton administration official won the Democratic nomination for governor Tuesday in" Massachusetts, "a state where the Republicans have held the top seat for nearly 16 years. Deval Patrick, 50, who headed the Justice Department's civil rights division under President Clinton, will face the Republican nominee, Lt. Gov. Kerry Healey, in November. If he wins, he would become the state's first black governor." Patrick "defeated venture capitalist Chris Gabrieli, 46, who spent more than $8 million of his own fortune on the campaign, and state Attorney General Tom Reilly. … With 98% of precincts reporting, Patrick had 50%, Gabrieli had 27%, and Reilly had 23%." Healey "faced no opposition for the Republican gubernatorial nomination. Republican Gov. Mitt Romney decided not to run and is considering a run for president."

Professor Says Average Retirement Age Will Increase By 10 Years Or More. Jeremy Siegel, a professor of finance at the Wharton School, at the University of Pennsylvania, writes in the Wall Street Journal (9/20, 2.03M) that over the next two decades tens of millions of Americans will leave the labor force and "unless we can exploit the dramatic demographic and economic changes that are before us, our future will be much poorer." Siegel adds, "Because of our aging population, I calculate that the average retirement age will have to rise by 10 years or more for workers to produce enough goods and services to provide for a comfortable retirement. This increase will greatly exceed the expected increase in life expectancy and lead -- for the first time in history -- to an absolute reduction in the number of years in retirement. … We cannot escape from our demographic realities. But we can take actions that will lead to a much brighter outcome. The integration of the world's economies and capital markets is the key to our future well-being. If we shun this path, our future will in no way be as bright as our past."

Bush Reaches Out To Moderate Muslims In UN Speech. President Bush's speech on hopes for reform in the Mideast received prominent attention in the media which characterized his speech as an attempt to find a diplomatic solution to the Iranian nuclear impasse in contrast to Iranian President Mahmoud Ahmadinejad's harsher rhetoric against the US.

All three network news programs covered Bush's speech early in their broadcasts. NBC Nightly News (9/19, lead story, 4:10, Gregory, 9.87M) reported that a "tense standoff between the US and Iran hung over the President's speech." He "never mentioned" Ahmadinejad "by name, instead appealing to Iranians directly saying they deserve to be free." President Bush: "The greatest obstacle to this future is that your leader has denied you liberty and to use your nation's resources to pursue nuclear weapons." Gregory: "Difficult diplomacy ahead on Iran, but the President's message was broader than that today. Facing a skeptical international body that resisted the invasion of Iraq, Mr. Bush challenged critics who say the Middle East is less stable because of the war." But "reality in the Middle East has fallen short of US goals. Iraq rests on the brink of civil war. Afghanistan is once again threatened by the Taliban. And the US remains a huge target for Islamic rage."

ABC World News (9/19, story 2, 2:30, Gibson) reported that "instead of addressing the nation assembly," Bush "reached out to the people of the Middle East." ABC (Raddatz) added, "Charlie, what the President was trying to do today, is make the case that it's up to the people, especially the people in the Middle East and throughout the Muslim world to determine their future. Facing more than 100 world leaders, President Bush made a point this morning to speak not to them, but to their people." He "spread his

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message country-by-country" but he "reserved his strongest words for the citizens of Iran." President Bush: "Iran must abandon its nuclear weapons ambitions. Despite what the regime tells you, we have no objection to Iran's pursuit of a truly peaceful nuclear power program." Raddatz: "The US and its allies are looking for a diplomatic solution to the standoff with Iran. But resolutions seem further away than ever, despite public statements today."

The CBS Evening News (9/19, story 3, 2:20, Axelrod, 7.66M) reported that Bush "used the platform to speak directly to the people of the Islamic countries the US finds itself at odds with. Iran, for instance. The President is here to line up allies to pressure Iran to give up any plans for nuclear weapons." He "said the choice was clear." President Bush: "The nations gathered in this chamber must make a choice as well. Will we support the moderates and reformers who are working for change across the Middle East or will we yield the future to the terrorists and extremists?"

CNN's The Situation Room (9/19, Blitzer) reported, "The leaders of Iran and the US are keeping their distance at the UN gathering, where the showdown over Iran's nuclear program is being spotlighted today. Mr. Bush told the UN delegates and world leaders that Iran's rulers are holding their people back by funding terrorism, fueling extremism and pursuing nuclear weapons."

The New York Times (9/20, A1, Rutenberg, Cooper, 1.21M) in a front page story reports President Bush and Iranian President Mahmoud Ahmadinejad, "clashed at the United Nations on Tuesday over Iran's nuclear ambitions and each other's place in the world." Ahmadinejad's "repeated references to what he called a lack of 'legitimacy' at the Security Council appeared to set the stage for Iran to argue that the Security Council has no authority to impose sanctions against Tehran." In contrast, Bush "made a direct appeal to the Iranian people from the United Nations, telling them their leaders were misleading them about the United States' intentions while using their national treasury to sponsor terrorists and build nuclear weapons." The Times calls the speeches "a rare moment of diplomatic theater between Mr. Bush and his leading Middle Eastern nemesis, a man whose nation is increasingly asserting itself in the region that lies at the heart of Mr. Bush's foreign policy, and whose nuclear program is a subject of deep concern to the American, European, Chinese and Russian officials trying to rein it in."

The Wall Street Journal (9/20, King, 2.03M) reports Ahmadinejad's address "gave no sign that Tehran was ready to suspend its uranium-enrichment work or to join international talks on its nuclear program." In contrast, Bush "sought to reach out to the Iranian people while demanding that Tehran 'abandon its nuclear-weapons ambitions.' Mr. Bush also backed off his long-held stance that Iran should be hit with sanctions over its nuclear program, expressing support for a European-led effort to engage Tehran in yet another round of talks." Bush said "that the U.S. would continue to champion democracy in the Muslim world instead of falling for the 'mirage' of some perceived stability. His tone was far more muted and conciliatory than in previous U.N. addresses, though, including the 2002 speech in which he began to make the case for military action against Iraq."

The Financial Times (9/20, Dinmore, Turner, Bozorgmehr) says Ahmadinejad "took his diplomatic battle with the US right to the heart of the United Nations, challenging the legitimacy of the Security Council where some of its veto-wielding members – namely the US and UK – 'commit aggression, occupation and violation of international law.'" He "accused the West of exploiting the Council for its own ends, including the recent conflict in Lebanon and the invasion of Iraq." He also "questioned the right of the UN to impose sanctions on Iran over its 'transparent, peaceful' nuclear programme when the nuclear powers 'proudly announce their production of second and third generation weapons.'"

The Washington Post (9/20, A12, Abramowitz, Lynch, 748K) in an article titled "Bush Softens Tone" says Bush "sought to assure the Iranian people that he wants a diplomatic solution to the impasse over their country's nuclear activities but warned that their leaders are obstructing progress by funding terrorism and pursuing nuclear weapons. Striking a more conciliatory tone than in previous addresses on the subject, Bush said Tuesday that the United States has no objections to Iran achieving a 'truly peaceful nuclear power program' and told the Iranians that he looks forward 'to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace.'" Bush "said he wanted to speak directly to people in the [Middle East], assuring Iraqis, Lebanese and Afghans of continued U.S. support for their efforts to build new democracies while telling Syrians that their government's support of Hamas and Hezbollah is 'turning your country into a tool of Iran.'"

The AP (9/20, Riechmann) in an article titled "Bush Pushes Democracy In U.N. Speech" says, "Bush sought to blunt anti-Americanism across the Middle East on Tuesday, asserting that extremists are trying to justify their violence by falsely claiming the U.S. is waging war on Islam. He singled out Iran and Syria as sponsors of terrorism." Meanwhile "Ahmadinejad was also critical of the U.S.-led war in Iraq, declaring that 'the occupiers are incapable of establishing security in Iraq' and that every day hundreds of people are killed 'in cold blood.'" And although "praising Bush's freedom refrain, Madeleine Albright, secretary of state under President Clinton, said in an interview that the U.S.-led war in Iraq, not democratic reform, has destabilized the Middle East."

The Los Angeles Times (9/20, Farley, Wallsten, 918K) reports Bush "called for Muslims and other residents of the Middle East to reject extremism and empower 'voices of moderation,' offering the latest defense of his 'freedom agenda' that has rankled allies abroad and drawn criticism from Democrats at home." His "speech focused heavily on the Middle East, and in contrast with some of his more hawkish appearances here, such as his promise to 'disarm' then-Iraqi President Saddam Hussein with or without support from the U.N., Tuesday's address accentuated diplomacy."

USA Today (9/20, Jackson, Slavin, 2.27M) reports, "Iranian President Mahmoud Ahmadinejad delivered a defiant speech"

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and "lashed out at" the US and Israel. Meanwhile, "Bush spoke broadly of efforts to spread democracy in the Middle East. Speaking directly to citizens of individual countries, Bush outlined his hopes for peace and praised democratic efforts in places such as Iraq."

McClatchy Newspapers (9/20, Douglas, Strobel) characterized both Bush and Ahmadinejad as "engaged in a unabashed war of words" but notes, "Bush's comments on Iran, while tough, were more restrained than in recent weeks. Last month he called Iran a 'grave threat' in a speech to the American Legion. That helped fuel speculation that some sort of U.S. military action against Iran might be coming." Yet while Bush "spoke publicly in softer tones, he and other administration officials continued to work behind the scenes to forge consensus among U.S. allies for eventual sanctions against Tehran." The AP (9/20, Faramarzi) and Bloomberg (9/20) reports details similar on other coverage.

Bush Places Onus On International Community. The Washington Times (9/20, A1, Dinan, 88K) in a front page article notes that in previous speeches Bush "challenged Congress and U.S. voters to give him the tools he wants to fight Islamic terrorists, but in yesterday's speech he made clear he expects other countries to join the U.S. fight worldwide." Bush "mentioned three U.N. resolutions -- on disarming Hezbollah in Lebanon, calling on Iran to end its nuclear-weapons program, and on expanding the peacekeeping force in the Darfur region of Sudan -- and said the world body must now meet its commitments."

Ahmadinejad Accuses US Of Moving World Toward War. Leading its broadcast with an interview with Iranian President Mahmoud Ahmadinejad, NBC Nightly News (9/19, lead story, 4:10, Williams, 9.87M) quotes him saying via a translator: "The US government thinks that it's still the period after World War II where they came out as a victor and had special rights and could rule therefore the rest of the world. I'm against the policies chosen by the US government to run the world because these policies are moving the world toward war."

Ahmadinejad Says Bush Rejected Overture For Peace. NBC Nightly News (9/19, story 2, , Williams, 9.87M) reported that Bush "said he looks forward to the day when America and Iran can be good friends and close partners in the cause of peace. How do you react to the statement of the American President today?" Ahmadinejad: "We have the same desire. To be together for the cause of world peace. But we have to see what the impediments are. Is it Iranian forces that have occupied countries neighboring or is it American forces occupying countries neighboring Iran?" Williams: "If I was President Bush sitting here across from you, what would you say to him?" Ahmadinejad: "I think that the situation would have been better here if you were Mr. Bush. You know that I am a teacher. I'm interested in talks and in dialogue. I like to understand the truth. Facts. And in that letter I raised very important subjects. I invited him to peace, brotherhood and friendship. But we did not receive an answer."

Bush, Chirac Reveal Differences On How To Proceed Against Iran. Fox News' Special Report (9/19, Hume) reported, "New differences have arisen between France and the United States over how to proceed against Iran in halting its uranium enrichment program. Differences became clear only after the French Prime Minister and President Bush addressed the UN today." In an earlier meeting, the leaders "had seemed to be in accord." Fox (Baier) added, "In a one-on-one meeting, before both leaders addressed the United Nations General Assembly, President Bush and French President Chirac seemed to be on the same page in regards to having the nuclear standoff with Iran. … But a few hours later, in front of the General Assembly, Chirac urged dialogue with Iran instead of threats. Then told reporters afterwards, there should not be a new deadline for Iran."

The AP (9/20, Charlton) notes Chirac "has sought out the spotlight on this trip to New York as part of a larger bid to carve out a lasting legacy on world affairs. It is likely his last such performance." He "insisted that his compromise proposal was just a reiteration of France's position. He said he and Bush see 'eye-to-eye' on Iran and insisted U.S.-French relations were close and friendly." Yet "in his speech to the General Assembly, he avoided mention of sanctions, saying only: 'Our goal is not to call regimes into question.'"

Rice Seeks To Resolve Differences With Allies Over Iran. CNN's The Situation Room (9/19, Malveaux) reported, "Ultimately you know, this was billed as a showdown between the Great Satan and the Axis of Evil. Never happened, they never got in the same ring. Ahmadinejad was a no-show for the President's address to the UN General Assembly. But what's really important here, not so much these kind of political maneuvers between these two, but as you know, what is happening quietly behind the scenes, the negotiations. If you take a look at Secretary of State Condoleezza Rice, where is she going to be this evening? Meeting with her counterparts, the Europeans who have been quietly talking to Iran for weeks now, trying to figure out a way to get them to suspend their enrichment uranium program and then get them back to the table."

The AP (9/20, Gearan) in an article titled "U.S. Tries To Save Its Iran Plan" reports, "The United States tried Tuesday to salvage its plan to punish Iran with sanctions if it won't back down in a nuclear standoff with the West, even as President Bush told Iranians he hopes that one day 'America and Iran can be good friends.'" Secretary of State Condoleezza Rice's "dinner meeting produced little consensus about the next step, and no announced deadline for when world powers expect further word from Iran. Undersecretary of State Nicholas Burns said the diplomatic effort to counter Iran was in 'extra innings.'"

Lugar Said Bush's Message Was "Positive, Constructive." Sen. Richard Lugar said on PBS' Newshour with Jim Lehrer (9/19) that President Bush's message at the UN "was very positive, constructive. He stressed diplomacy. He did not, however, hide our feelings about, for example, what is occurring in Syria or deficiencies, for that matter, in the handling of Sudan. I thought that it was a strong message and a very clear, to the point, on American foreign policy."

Biden Approves Of Bush Message To Iranian People. Sen. Joe Biden said on PBS' Newshour with Jim Lehrer (9/19), "The thing that I liked what the president did -- and I wish, quite

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frankly, he would do it more -- he spoke directly to the Iranian people. The irony is we, Senator Lugar, conducted a hearing today on Iran where we had leading experts representing various points of view, where everyone acknowledged that one of the things that may be, not a secret weapon, but something we have not utilized is the inherent distaste of the Iranian people for their present government and the empathy it has toward the average Iranian -- I don't want to exaggerate it -- toward America. And that's always perplexed me why we're unwilling to speak directly with the Iranians and with the Iranian government so at least our side of the argument gets into the Iranian people who are more likely to, once knowing our position, be more empathetic to it, and possibly not revolt or anything, but put pressure upon their own government. And I think the president essentially talking over the heads of the Iranian leadership to the Iranian people was a very positive thing."

Boxer Says US Is Doing The Right Thing On Iran. Sen. Barbara Boxer said on Fox News' The Big Story with John Gibson (9/19) that the US is doing the right thing on Iran, adding, "We are working with our European friends. We have made it very clear we are willing to talk if they abandon their enrichment of plutonium. And we have to be clear as I think Nicholas Burns was clear and many of us are clear in a bipartisan way that this is the time for them to abandon this enrichment, come to the table, and let's talk and avert any other problems. And if they don't do this, we are going to have to begin with the sanctions."

First Lady Says President Spoke To UN's Goals. First Lady Laura Bush said on Fox News' On the Record with Greta van Susteren (9/19), "I thought he gave a wonderful speech. He touched on all the points, all the ways, speaking directly to the people of the Middle East. Each one of the countries in the Middle East about what we can do to promote peace, to promote the moderate people to avoid terrorism by not supporting extremists and I think it's a very good message. It's a good message here at the United Nations. He really spoke to what the goals of the United Nations are."

Administration Said To Choose Diplomacy. In an analysis piece, the Washington Post (9/20, A20, Kessler, 748K) notes, "Before the U.S.-led invasion of Iraq, U.S. officials confidently predicted that the toppling of Saddam Hussein would lead to renewed momentum on the Israeli-Palestinian peace track." President Bush's UNGA speech "showed how much that diplomatic calculation has changed in Bush's second term. With the United States ensnarled in an increasingly difficult campaign in Iraq, war is no longer a viable option. Instead, the administration is struggling with the difficult and messy business of diplomacy. That often means accommodating the interests and demands of other countries, even backtracking on what had been firm positions." The Administration "has muddied what were once clear lines in pursuit of diplomacy;" where once officials had "firmly demanded" that Tehran suspend its enrichment of uranium, now they "have quietly acquiesced in a European-led effort to find a face-saving way for the talks to begin."

Iran's Trade Links To Key Nations Said To Inhibit Sanctions Push. In a 2,000-word piece entitled, "Nations' Rich Trade With Iran Is Hurdle For Sanctions Plan," the Wall Street Journal (9/20, King, Champion, 2.03M) reports, "One reason the U.S. is having a hard time winning global sanctions on Iran over its nuclear work is evident at a company in Tehran called Iran Khodro Co., a big vehicle manufacturer. The company is cutting deals in China, France, Germany and Russia -- key players in the tussle over what to do about Iran's nuclear ambitions." The Journal says an extensive "web of business ties helps explain why the U.S. is alone, among the five permanent members of the United Nations Security Council, in being enthusiastic about imposing sweeping sanctions on Iran. The U.S. is the only one that has little to lose." While the US has almost no remaining economic ties to Iran, "the other Security Council members have seen their business with Iran increase. … While part of the growth reflects the higher cost of Iran's oil, the trade is broader: Iran buys German steel, French cars, Russian armaments and Chinese air conditioners. The European Union accounts for more than a third of Iran's total trade with the world. China's exports to Iran have tripled in four years."

Bolton Says Iran Will Not Suspend Its Nuclear Program. US Ambassador to the UN John Bolton was asked on CNN's The Situation Room (9/19) if he is convinced that Iran "will suspend its nuclear enrichment program under any circumstances given their desire, apparent desire to build a bomb." Bolton said, "No, and that's the real test and we have been saying, the Europeans have been saying, the Security Council has said, the international atomic energy agency has said that that is the pre- condition for these negotiations to proceed. So we've given them a lot of latitude, we've got a very generous, a very generous offer on the table. We want to hear from them they they're going to suspend their uranium enrichment operations."

Ahmadinejad Defends Position On Israel. Later in its broadcast NBC Nightly News (9/19, story 6, , Williams, 9.87M) continued its interview with Iranian President Ahmadinejad, asking him "why he famously called the Holocaust a myth." President Mahmoud Ahmadinejad (via Translator): "In the Second World War, over 60 million people lost their lives. They were all human beings. Why is it that only a select group of those who were killed have become so prominent and important?" Asked whether "Israel should be wiped away" Ahmadinejad replied: "The main question is, if this happened in Europe, what is the fault of the Palestinian people? This is a problem we have today. The root cause of many of our problems. Not what happened 60 years ago. The Palestinian people -- their lives are being destroyed today under the pretext of the Holocaust. Their lands have been occupied. What is their fault? What are they to be blamed for? Are they not human beings? Do they have no rights? What role did they play in the holocaust?

Israeli Foreign Minister Stresses International Solution To Iran. Israeli Foreign Minister Tzipi Livini in an interview on the CBS Evening News (9/19, story 4, 3:40, Couric, 7.66M) was asked whether Israel would "allow Iran to develop nuclear weapons?" Tzipi Livini: "I believe the world, not only Israel, cannot afford a nuclear Iran. I would like also to add I think that the fact that the Iranian President, the one who mocked the

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Holocaust, denies the Holocaust, speaks openly and publicly about his vision of wiping Israel off the map, I think that this kind of person should not be invited to the United Nations. I believe that his speech here today is outrageous and I believe that these kinds of president cannot be a member of the family of nations."

Voinovich Likens Ahmadinejad To Hitler. CNN's The Situation Room (9/19, Blitzer) reported, "During a Foreign Relations Committee hearing, Republican George Voinovich of Ohio compared Mahmoud Ahmadinejad to Hitler and then made fun of his name." Voinovich: "Ahmadinejad, I call him Ahmad in the Head. I think he's a Hitler type of person. He has made it clear that he wants to destroy Israel. He's made it clear he doesn't believe in a Holocaust. He's a -- he's a -- well, we all know what he is."

White House Dismissive Of Iranian Leader. USA Today (9/20, Slavin, Jackson, 2.27M) reports, "Bush, who is known to size up a foreign leader's character with a handshake and meeting, has a personal dislike of Ahmadinejad, according to Stanley Renshon, a political psychologist at the City University of New York." Renshon said, "There is a chemistry between them, and the correct term is 'revulsion.' … Ahmadinejad stands for everything Bush is worried about."

Former President Clinton Says Change In US Policy Offers Hope For Mideast Peace. The Financial Times (9/20, Freeland, Luce) reports, "The situation in the Middle East has become so bad that a fresh peace initiative is a strong likelihood within the next two months, Bill Clinton, the former US president, said in an interview with the Financial Times." He "said the deteriorating situation in Iraq and Afghanistan and the aftermath of the war in Lebanon had created the conditions for 'some kind of positive movement to take place.'" He "offered a subtle but cogently-presented rebuttal of the Bush administration's approach to foreign policy saying that rising global resentment towards the US could mostly be overcome by a change in the US administration's attitude towards those feeling the resentment. President Clinton said that people around the world could disagree with particular policies the US pursued but still feel goodwill towards America if they felt it held their ultimate interests at heart."

Scholar Casts Doubts On Iran Honesty In Negotiations. AEI scholar Michael Rubin in an op-ed in the Wall Street Journal (9/20, 2.03M) writes, "Tehran may still conduct diplomacy to fish for incentive and reward but, at its core, Iranian diplomacy is insincere. The Iranian leadership will say anything and do anything to buy the time necessary to acquire nuclear capability. That Foggy Bottom still advises against any strategy that might undercut the possibility of some illusionary breakthrough signals triumph not of realism but of negligence. Diplomacy cannot succeed if one side is playing for real and the other only for time.

Dowd Blames Bush For Increasing Iranian Power In Region. Maureen Dowd in her column in the New York Times (9/20, 1.21M) writes blames Bush for playing down "Osama for five years, while he focused on Iraq. But his ill-fated detour into Baghdad just ended up magnifying another enemy and giving Mr. Ahmadinejad a huge strategic opportunity to stoke the growing fundamentalist and radical Shiite surge unleashed by the bungled occupation. Because W. blew off diplomacy with Iraq, he is now hostage to diplomacy with Iran."

First Lady Takes "Major Role" On World Stage. Under the headline "First Lady Is Playing A Major Role On The World Stage," the Washington Post (9/20, A3, Fletcher, 748K) writes, "On Monday, Laura Bush convened an international conference on literacy. Tuesday, she hosted a roundtable aimed at prodding the United Nations into action on the humanitarian crisis in Burma. Wednesday, she will address the Clinton Global Initiative. And Thursday, she is to receive a major international award. By any measure, it is a busy week. It is particularly so for a first lady praised by some admirers as the 'anti-Hillary' for her seeming preference for eschewing controversy and for embracing a more traditional role as first lady." Her chief of staff, Anita McBride, said, "Any one of those events on their own for a first lady is significant. Together, they are profound." The Post notes that while President Bush "has been a polarizing political presence both at home and abroad," the First Lady "remains popular. A Gallup-USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's approval rating of 40 percent."

Fox News' On the Record with Greta van Susteren (9/19) spent another day with First Lady Laura Bush. Fox reported, "Today the First Lady went to the United Nations to talk about human rights in Burma. … Burma stands accused of horrible human rights including widespread rape and murder." The world "is outrage wanted and so is the first lady. She brought a group to a round table discussion to learn more." Mrs. Bush: "It was a very sobering discussion. It's an issue that I hope get out that people really pay attention to what's happening in Burma because I think it's certainly ripe for pressure from the UN Security Council now that it's on the agenda and from humanitarian groups around the world. To get the message out about the problems there and hopefully put pressure on so there is a chance for democracy to builds." Mrs. Bush added, "The regime is recalcitrant and I think that's a problem. A lot of people have already tried to put pressure on the regime, including countries that are the neighbors of Burma. But now that it is on the agenda for the Security Council, for the UN, I think that is the next step, being able to put pressure there."

The AP (9/19, Klug) reports on the First Lady's remarks on Myanmar (Burma), saying she called for the nation's "military rulers to release imprisoned pro-democracy leader Aung San Suu Kyi and urged the U.N. Security Council to issue a swift resolution condemning the junta."

Hillary Clinton, Gingrich Both Defend Pope Benedict. The AP (9/19, Barrett) reports Sen. Hillary Clinton and Newt Gingrich, "longtime foes in American politics," who are both "considered potential presidential candidates in 2008," defended Pope Benedict XVI "against a wave of Muslim criticism over a speech last week." Both Clinton and Gingrich were asked about the controversy following a joint appearance at an American

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Cancer Society event. Clinton said the Pope's "follow-up statement should have been enough to settle the matter. 'It's just outrageous and offensive that people would be threatening violence against him based on what he said, especially when there is so much they should be working on together,' Clinton said." Gingrich said, "I think what he said in his entire speech…is that Islam has to come to grips with having a genuine dialogue of mutual respect. Everything you've seen of the viciousness and the evil that has been said since then by fanatics reinforces the Pope's speech."

The Washington Times (9/20, Duin, 88K) writes that Benedict, "known for his toughness on matters of Catholic doctrine," gives "no quarter when it comes to questions about Islam." But he has "dialogued with Muslims for years and, just after his installation as pope 17 months ago, specifically mentioned them in an address to members of other religions."

Spencer Urges Clinton To Defend Pope's Free Speech Rights. The Washington Times (9/20, Harper, 88K) reports in its "Inside Politics" column, "John Spencer, the conservative Republican challenger to Sen. Hillary Rodham Clinton in New York's race for US Senate, has called upon his Democratic rival to defend Pope Benedict XVI's right to free speech. 'Senator Clinton should speak out publicly and denounce the words and actions of Islamic fascists throughout the world. She has an obligation, as a United States senator, to stand up for free speech,' Mr. Spencer told radio station WROW-590 AM in Albany, N.Y., yesterday. … There also was snarling in New York's Democratic ranks. The anti-Iraq war activist whom Mrs. Clinton crushed in last week's Senate primary said yesterday he would not support her re-election bid, the Associated Press reports. 'I urge my supporters and the people who voted for me to vote their conscience,' said Jonathan Tasini. 'Every vote that is not cast for the incumbent is a clear repudiation of an immoral war.'"

Anger At Pope Abates Among Some Muslims. Under the headline "Muslim Anger At Pope Shows Signs Of Easing," the New York Times (9/20, Fisher, Kiefer, 1.21M) reports Iranian President Mahmoud Ahmadinejad suggested the Pope had "satisfactorily 'modified' his remarks on Islam, one sign of an apparent easing of anger since the pope issued an apology on Sunday for the reaction to his words." But "some Muslims continued to demand a fuller apology." Mohammed Qaddafi, a son of Libya's leader, said he "did not accept the apology and suggested instead that that pope convert to Islam."

NYTimes Says Catholics, Muslims Should "Move Forward In A Conciliatory Spirit." The New York Times (9/20, 1.21M) editorializes, "Now that Pope Benedict XVI has expressed regret for offending Muslims in remarks he made last week, we hope Catholics and Muslims alike will put aside the pontiff's ill-considered comments and move forward in a conciliatory spirit. Muslim leaders need to condemn the specific acts of violence that followed the pope's speech. Even more important, they must work against the nurturing of grievance that magnifies and politicizes insults, giving them a destructive dynamic. … The pope and the Vatican can also do more. For the past two years, Benedict has been a no-show at interfaith gatherings in Assisi, begun 20 years ago by his predecessor."

Defense Chief Says Israel Hopes To Be Out Of Lebanon By Friday Evening. The New York Times (9/20, Erlanger, 1.21M) reports Israeli defense chief Lt. Gen. Dan Halutz said Israel "hopes to pull its last troops out of Lebanon by sundown on Friday," the start of Rosh Hashanah. Halutz told a parliamentary committee, "If all goes without a hitch, to the satisfaction of all sides, the working assumption is that the I.D.F. will leave all the areas it controls by the Jewish New Year holiday."

Fatah, Hamas Gunmen Continue To Fight In Gaza. The New York Times (9/19, Erlanger, 1.21M) reports that as Palestinian Authority President Mahmoud Abbas "tries to assemble a national unity government that might enable Israeli and Western funds to flow back" to the PA, the battling in Gaza "between gunmen affiliated with his Fatah faction and those of Hamas, the radical Islamist party which came to power after January's legislative elections, continues apace." The fighting "is part of a struggle for power in the one part of the Palestinian territories that Israel has largely abandoned."

Crisis Group Leader Says Quartet Must Accept Palestinian Government. In a Financial Times (9/20) op-ed, International Crisis Group President Gareth Evans writes, "If there is to be any chance of forging new momentum for a comprehensive Arab-Israeli peace settlement out of the ashes of the past several months, it will have to begin with acceptance of the leadership chosen by the Palestinians as a legitimate partner by Israel and the Quartet." That was "not possible so long as Hamas made up the whole of the Palestinian government," but the incoming national unity government "will, on current indications, go a significant way towards meeting international concerns."

LAT Applauds Bush Stance On Israeli-Palestinian Peace. The Los Angeles Times (9/20, 918K) in an editorial writes that In his speech at the UN Bush "reaffirmed U.S. support for the 'road map' for Israeli-Palestinian negotiations agreed on in 2002 by the U.S., the U.N., Russia and the European Union. And he said Secretary of State Condoleezza Rice would lead a renewed diplomatic effort in the region." The Times concludes, "Buried as they were in his speech, Bush's comments about the Arab-Israeli conflict were notable because they fit awkwardly into his main theme of democracy as the solution to tensions in the region. Democracy is important, but so are security for Israel and independence for the Palestinians."

Yemenese President Expected To Triumph In Today's Elections. The Christian Science Monitor (9/20, Hill, 58K) reports nine million voters are expected to turn out in Yemen today "in combined presidential and local elections, concluding a heated and sometimes deadly month-long campaign." President Ali Abdullah Saleh, "who in June reversed his earlier decision to step down after nearly three decades in power, is seeking a mandate for another seven-year term," and his reelection "is almost certain."

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Transitional President Of Somalia Survives Car Bombing. The Los Angeles Times (9/20, Sanders, 918K) reports that Abdullahi Yusuf, the transitional president of Somalia, "narrowly escaped assassination Monday when a car bomb exploded as he left a converted grain silo that serves as the nation's makeshift parliament," although "eight other people, including his brother and several security guards, were killed." The attack occured "at a particularly sensitive time for the government," as "Yusuf's administration is attempting to negotiate a power-sharing agreement with the Conservative Council of Islamic Courts, which seized control of Mogadishu earlier this year." In spite of "years of instability and violence, car bombs have been rare in Somalia, and local officials quickly blamed foreign militants," although "Some officials in Baidoa accused the" Conservative Council of Islamic Courts. "Islamist officials denied any knowledge of the attack."

Novelist Faces Istanbul Trial For "Insulting Turkishness." USA Today (9/20, Kuser, 2.27M) reports novelist Elif Shafak will go on trial in Istanbul tomorrow "on charges of 'insulting Turkishness' through comments made by a fictional character in her latest novel." The University of Arizona lecturer "splits her time between Tucson and Istanbul." She could face "up to three years in jail on charges she violated Article 301 of the Turkish Penal Code by having an Armenian character in the book say that 'Turkish butchers' killed her family and that the deaths were 'genocide.'" USA Today says the charges "raise questions about Turkey's readiness to become a full member of the European Union."

Senate Approves Free Trade Agreement With Oman. The AP (9/19) reports the Senate voted 63-31 Tuesday to give final approval to a free trade agreement with Oman, "ending months of debate over a deal that will have few economic effects but came to stand for growing differences over U.S. trade policy." President Bush praised the action, saying it "would deliver economic benefits to both countries and protect U.S. national security interests 'by strengthening our relations with a strategic friend and ally in the Middle East.'"

Japan, Australia Sanction North Korean Bank Transactions. McClatchy Newspapers (9/20, Johnson) reports Japan "on Tuesday froze some bank activity of a North Korean hospital that treats top officials and a state-run software company with extensive commercial contracts in Japan, joining Australia in tightening a financial noose around the Kim Jong-il regime. In step with the United States, Japan and Australia imposed a series of financial sanctions on North Korea over its nuclear weapons development." Tokyo's move "restricted overseas remittances and bank withdrawals of 15 North Korean commercial entities and one Swiss individual, expanding existing U.S. sanctions to include three new companies. Australia targeted 11 companies and the Swiss man." Japanese Chief Cabinet Secretary and presumptive prime minister Shinzo Abe "said the actions were aimed at North Korea's weapons programs and were designed to force the nation to return to six-nation talks on dismantling its nuclear programs, which deadlocked last year." The "sanctions also appeared intended to hurt the health care of North Korea's senior officials and to pinch hard-currency earnings from at least one successful company," Pyongyang Informatics Center.

The New York Times (9/20, Sang-hun, 1.21M) adds Australia and Japan "imposed new financial sanctions on North Korea today, as the United States dismissed appeals from China and South Korea for a softer approach and rallied more international pressure on the North over its nuclear program." The Times says "the practical impact" of the move "will be small" because Australian and Japanese trade with North Korea is limited, but the sanctions "are a sign that Washington and its allies are intent on tightening a financial noose around the Communist North Korean regime and starving it of hard currency from abroad." Chinese and South Korean officials "expressed concern that mounting pressure might prompt the North's mercurial leaders to lash out defiantly by testing a nuclear weapon — and thereby touch off an arms race in Northeast Asia."

The Wall Street Journal (9/20, Moffett, Ramstad, 2.03M) notes, "With one week left before Junichiro Koizumi steps down as prime minister, Japan imposed sanctions on 15 groups and one individual with links to North Korea's weapons programs, a sign of the more assertive foreign policy Tokyo has crafted during Mr. Koizumi's five years in power." The move is "meant to increase pressure on the communist nation in the wake of its July missile tests." In recent years, "Japan has been losing some leverage over North Korea, making any punishment it tries to mete out potentially less effective." Its trade with North Korea has dropped off dramatically, and China and South Korea "exert far more influence on Pyongyang via food and energy assistance." The Journal notes, "Tokyo's hard line complements that of the U.S., which would like to see North Korean leader Kim Jong-il's regime collapse, removing a threat to regional stability."

Joint US-Russia Nuclear Cities Initiative To Sunset. The Christian Science Monitor (9/20, Weir, Clayton, 58K) reports that the US and Russian partnership formed to keep Russian nuclear experts from moving abroad and becoming proliferation risks, "is set to expire Friday, barring final talks," and adds "with the threat of nuclear terrorism" continuing to loom "large" the "brain drain of Russian nuclear expertise is an even more critical concern than it was six years ago, many say." The Chronicle adds that the a "stronger Russian economy and growing wariness of US access to sensitive nuclear programs has dampened Moscow's enthusiasm for the Nuclear Cities Initiative (NCI) program, as has a three-year wrangle with Washington over legal liability issues, observers say." The "NCI program, which has helped 1,600 scientists in its existence, has been folded into a much larger DOE effort that employs more than 13,000 Russian scientists with grant funding."

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Buffett's Nuclear Threat Initiative Pledges $50 Million To Curb Nuclear Proliferation. Under the headline, "$50 Million Offer Aims at Curbing Efforts to Make Nuclear Fuel," the New York Times (9/20, Broad, 1.21M) reports from Vienna that billionaire investor Warren E. Buffet pledged "$50 million on Tuesday to help set up an international nuclear fuel bank that aspiring powers could turn to for reactor fuel instead of making it on their own," calling the pledge an "investment in a safer world." The Times adds that the "pledge came at an international conference here in Vienna where nations are exploring how to create multinational fuel banks as a way to aid nuclear development while avoiding new risks."

The Wall Street Journal (9/20, Fialka, 2.03M) notes that Buffett's "proposal was welcomed by" IAEA head Mohamed ElBaradei, and "US officials also supported the idea, which has been discussed since the US launched its 'Atoms for Peace' program in the early 1950s. Former US Sen. Sam Nunn, who announced the proposal and Mr. Buffett's financial backing in Vienna, said 'we're at a stage now where a number of nations may be getting close to starting their own [nuclear] fuel cycles.'" The Journal adds, "Nunn said the terms of Mr. Buffett's donation require IAEA nations to contribute $100 million to help build the stockpile. The IAEA would set up and maintain the fuel reserve."

The AP (9/20, Evans) quotes Sen. Nunn from a telephone interview and he said, "Under international law and under the Nuclear Nonproliferation Treaty, countries have the right to enrich nuclear fuel," adding, "If we have a lot more countries that do that — and we're on the threshold of that now — then it's going to be an extremely dangerous world. It's going to be very difficult to keep that weapons-grade material out of the hands of someone who might use it as a weapon, like a terrorist group."

Military Coup In Bangkok Overthrows Thaksin. The New York Times (9/20, Mydans, Fuller, 1.21M) reports, "In Thailand's first coup in 15 years, military leaders seized control of Bangkok on Tuesday night, suspended the Constitution and declared martial law in the capital, effective immediately." Prime Minister Thaksin Shinawatra "was in New York preparing to address the United Nations. He declared a state of emergency on Thai television, but was cut off in mid-speech," and later "canceled his address to the" UNGA. Gen. Sondhi Boonyaratkalin, a Muslim, announced that he has suspended both houses of Parliament, the cabinet and the Constitutional Court. The Times says the coup "returned Thailand to a time that most experts here thought was finally past, raising questions about the future of Thai democracy and the stability of a country that is a prime tourist destination with strong economic links to the West." The move "came at the height of a drawn-out political crisis," and Sondhi "was shown on television in an audience with King Bhumibol Adulyadej, a clear indication that the highly revered constitutional monarch endorsed the move."

ABC World News (9/19, story 4, 2:10, Gibson) reported, "There is an emergency state in Thailand, after an army general led a coup. A coup is not uncommon in Thailand. But this one, the military seized the capital. The prime minister, half a world away at the UN General Assembly, was powerless to stop it." ABC (Litke) added, "Both the public and the military have grown increasingly critical of Thaksin's rule."

NBC Nightly News (9/19, story 7, , Williams, 9.87M) reported, "There's been a sudden change for tonight's session. The program at the United Nations, the Prime Minister of Thailand, was supposed to speak to the gathering but he has canceled because, since he's been away, the army has staged a bloodless coup and has taken over the country." NBC (Williams) added, "The Thai military seems in full control. Troops and armored vehicles surrounding government house and key buildings. They suspended the constitution, declared martial law and appointed a retired general as prime minister. They say they're acting in the name of Thailand's revered king who was shown on Thai television. This follows weeks of political turmoil here including an annulled election. And an apparent assassination attempt against the prime minister. The prime minister who was out of the country has been accused by his opponents of misrule and corruption in his family's business dealings

The Financial Times (9/20, Kazmin) adds, "The dramatic developments marked the culmination of a year of political turmoil reflecting deep divisions in Thai society over the leadership of Mr. Thaksin, a billionaire telecommunications tycoon who is revered by the rural poor but disliked by urban residents." The AP (9/20, McGuirk) says the coup "triggered condemnation, unease and uncertainty in Asian nations. Governments across the Asia-Pacific region issued warnings to their citizens to rethink traveling to Thailand." Tokyo, Canberra and Auckland "demanded a quick restoration of civilian rule." The Washington Times/AP (9/20, Peck) runs an AP story reporting similar facts.

USA Today (9/20, For, 2.27M) notes, "Thailand's armed forces seized control of the country Tuesday. Military leaders promised a quick return to democracy after overthrowing the elected prime minister without any bloodshed. … Confused tourists poured out of the capital's popular bars and nightspots, which began closing before midnight after coup leaders seized control of television stations. Normal TV programming was replaced by images of the country's revered monarch, King Bhumibol Adulyadej, and patriotic music." Sondhi "announced the creation of the Council of Administrative Reform with the king as head of state. A council statement accused Thaksin of social division, corruption, political meddling and an inability to deliver vital services." USA Today adds, "Thaksin's opponents included many urban, educated Thais and pro-democracy activists who led massive demonstrations against him last year. They accused him of restricting press freedoms and rigging or stripping power from the country's democratic institutions such as the electoral commission. They also alleged that he evaded millions of dollars in taxes in the sale of his telecom company."

Thaksin's Demise Said To Pose Problem For Administration. The Washington Post (9/20, A1, Corben, 748K) adds, "Thai army leaders deposed" Thaksin, "a longtime ally of President Bush, using tanks and soldiers to seize the capital

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Tuesday night without firing a shot. The coup was the first in 15 years in a country where many people believed that military seizures of power were a thing of the past." The Post notes President Bush "has made the spread of democratic rule abroad a key theme of his administration. It remained unclear what response the U.S. government would take to the overthrow of an elected figure whom Bush called a 'very capable leader' in 2003. In recent months, White House officials have been distancing themselves from Thaksin." Today, Sondhi "asked for the public's support and declared the coup was necessary to end serious conflicts within Thai society that Thaksin had created." He "said the coup leaders had no intention of retaining power."

The Wall Street Journal (9/20, Hookway, Barta, Solomon, 2.03M) titles its extensive reporting, "Coup Ousting Thailand's Premier Tests Democracy In Key U.S. Ally." The coup "raises serious questions about the stability of a key U.S. ally in Asia that until recently had served as an anchor of democracy and investment in the region." Thaksin's overthrow "underscored longstanding questions about who runs Thailand, a country of 65 million people that is a favorite of Western tourists and companies despite its opaque governance. … Many analysts believe the country still relies heavily on the powers of an aging and elusive king who is repeatedly invoked as the only true source of political legitimacy there. Whether the king played any role in the attempted change in government was unclear. A return to military rule would unwind years of progress toward a stable democracy."

Short-Term Investor Unease Said Unlikely To Hurt Other Asian Markets. The Wall Street Journal (9/20, Richardson, 2.03M) reports, "Uncertainty over the outcome of an apparent military coup in Thailand is likely to roil Thai stocks during the next few days, though analysts said it is unlikely to spill over into other major Asian markets." Investors familiar with Thailand "said they hoped for a smooth and swift resolution to the crisis," and "expect the coup to be positive for the market in the long term, particularly if it is bloodless and receives the blessing of' the king. The Journal says "a rout in Thai stocks is unlikely to significantly affect the portfolios of international emerging-market investors who construct their portfolios to hew closely to the Morgan Stanley Capital International Emerging Markets Index." In one immediate outcome, the Journal notes, "the country's baht currency -- the devaluation of which helped send Asia into financial turmoil in 1997 -- fell in its biggest one-day decline in three years, weighing on other Asian currencies. The baht weakened to 37.764 from 37.286 against the dollar." In addition, "emerging-market bonds were slightly rattled by the news," however, "investors and traders didn't panic much."

NYTimes Says Thaksin's Mistakes Do Not Justify Overthrow. In an editorial, the New York Times (9/20, 1.21M) calls the coup "regrettable." Thaksin "has been a high-handed and controversial leader," with continuing "corruption charges" among other mistakes, "but removing him from office is a decision that belongs to Thailand's voters, not an ambitious army general. They would have had a chance to make that decision soon." The Times concludes, "Military power grabs have punctuated Thailand's recent history, and none have left the country better off. The best thing General Sondhi could do now is…return power to the constitutional civilian leadership."

LATimes Emplores King To Stand Against Coup. The Los Angeles Times (9/20, 918K) editorializes, "The coup could jeopardize the recent stability and economic prosperity across Southeast Asia, traditionally among the most volatile regions in the world. Thailand has been an anchor to that stability, but now the restive foes of Thaksin are taking a huge step backward. It would be in the best interest of the country if its monarch took a page from the Spanish playbook and came out against the coup — as King Juan Carlos I did in 1981 — if he is free to do so." Thaksin "bears some blame for his government's downfall," and he should have made clear his intention not to run in this fall's election and, the Times says, stayed out of military decision making. The Times concludes, "The coup could produce deep uncertainty at best and violent uprisings at worst, and it may threaten economies throughout the region. That's a heavy price to pay for one man's refusal to cede power and a refusal by his people to accept a concept taken for granted in more mature democracies: Sometimes in free elections, your side loses."

Paulson Seen As On Defensive About US Trade. The New York Times (9/20, Weisman, 1.21M) reports, "In his debut on the international stage, Treasury Secretary Henry M. Paulson Jr. faced three days of criticism and concern that the United States' fiscal and current-account deficits were casting a shadow over the global economy." The Times continues, "The issue of 'global imbalances' came up again and again in Singapore in the language of speaker after speaker, as well as in the communiqué of the Group of 7 as its members conferred at the annual meeting of the World Bank and the International Monetary Fund." He "did not seem bothered by the criticism. Economic relations between countries are 'never easy,' he said Monday" and he has "gamely made the arguments in response. He said the current-account deficit — nearly 7 percent of the United States economy — was a sign of strength, not weakness, because American consumers were buying global goods and keeping the world prosperous."

Paulson Said To Seek Long Term Relationships With China Visit. The Wall Street Journal (9/20, Phillips, China, Browne, 2.03M) reports that Treasury Secretary Henry Paulson believes "the key to doing business in China" is "building long-term relationships." As "Treasury officials have long found Chinese decision-making opaque," they "hope Mr. Paulson -- who made some 70 trips to China as an investment banker, tourist and environmental activist -- will bring Treasury something close to an insider's view." He will meet with President Hu Jintao, "something of a coup for a cabinet secretary in a protocol-conscious country." Still, "Paulson has made a point of pooh-poohing expectations that he will make concrete headway on specific economic issues during his four-day China trip. Rather, he has said he is trying to set the tone and build relationships for slower, more-durable gains." However, he is "coming under pressure to speed things

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along" on China allowing the yuan's exchange rate to fluctuate more.

Chinese Warships Visit San Diego. The Los Angeles Times (9/19, Perry, Magnier, 918K) reports, "Two Chinese warships slipped peacefully into San Diego Bay, a sign of some warming in the sometimes chilly relationship between the two countries." The port call is "the first [by China] since the 2001 incident in which a Navy surveillance plane collided with a Chinese fighter." The Times writes, "Pentagon analysts have warned in recent years that China could present a major threat as its expanding 'blue-water' navy increasingly is able to travel far from home. But the U.S. also may need Chinese cooperation in the United Nations to reign in the nuclear ambitions of Iran and North Korea."

China's Coal Economy Relies On Truckers. The New York Times (9/20, Yardley, 1.21M) reports that there is an "epic scale, and epic inefficiency, of China's coal economy," which continues to rely on coal trucks that must deal with bottlenecks. "For the Chinese government, bottlenecks in coal transportation are a critical issue partly blamed for power shortages in cities and factory districts along the southern coast. The government has responded by rapidly expanding railroad lines dedicated to coal and upgrading port facilities to expedite sea shipments of coal to power plants and factories in the south. Experts say those improvements have begun to help ease the bottlenecks. But the demand for coal remains so insatiable that the more informal, and chaotic, network of truckers continues to play a vital role."

Australia Seeks Compromise In Stalled Trade Talks. The Wall Street Journal/AP (9/20, A10) reports as the 18-member Cairns Group of Pacific Rim and Asian nations launched a bid yesterday "to intensify pressure on the US, Europe and Japan to give ground in global trade talks," host Australia announced a compromise it hopes will "cut through the impasse." However, European Union Trade Commissioner Peter Mandelson, who turned down an invitation to attend the meeting, already rejected the proposal as "undoable." The plan would require the EU "to agree to better by 5% its offer to reduce farm tariffs and the US to agree to cut subsidies by $5 billion," Australian Trade Minister Mark Vaile said. US chief agricultural negotiator, Richard Crowder, told the AP yesterday that Washington was "prepared to be flexible" on domestic subsidies, if other countries made "significant" reductions in agricultural tariffs.

Schwab Says Australian Proposal "Has Potential." The AP (9/20) reports US Trade Representative Susan Schwab said Wednesday the Australian new proposal "has potential." At the same time, Schwab said she is "going to be very careful not to endorse any specific proposal, except to say that the Australian proposal…is an important one."

Russia Faces International Anger Over Cancellation Of Permit For Shell Energy Project. The Financial Times (9/20, Buckley, Ostrovsky, Crooks, Laitner, Pilling) reports, "Russia was facing a global backlash on Tuesday over its threat to halt work on a $20bn...energy project led by Royal Dutch Shell. Japan led the chorus of anger. ... The European Union voiced concern and Britain protested to the Russian authorities." However, "even as the international community was protesting against the suspension of an environmental permit for the Royal Dutch Shell-led Sakhalin-2 project, it emerged that another large foreign energy project faced a similar threat. Russian prosecutors have threatened to suspend an exploration licence for TNK-BP, the Anglo-Russian joint venture, to develop Kovykta, the massive gas field in Eastern Siberia." Russia Tuesday "insisted its move to cancel the environmental permit for Sakhalin-2 was not politically motivated and was prompted entirely by environmental concerns."

The Wall Street Journal (9/20, A11, 2.03M) says, "The move to revoke the permit follows Kremlin efforts to increase Russian control of oil and natural-gas projects and was seen as a tough negotiating tactic aimed at restructuring the agreement between Russia and the project's operator, in which Shell owns a 55% stake and Japan's Mitsui & Co. and Mitsubishi Corp. own a combined 45%." The EU "said it was taking Russia's withdrawal of the permits 'very seriously' and called on Moscow to guarantee a secure and predictable investment climate. Shinzo Abe, the expected successor to Japanese Prime Minister Junichiro Koizumi, said a major delay to Sakhalin could hurt diplomatic relations, and the British government said it was 'deeply concerned.'"

Annan Calls For Unity, Progress In Farewell Speech. The AP (9/20, Lederer) reports, "In an emotional farewell, Secretary-General Kofi Annan appealed for nations and peoples to unite to combat widespread contempt for human rights, religious divisions, brutal conflicts and an unjust world economy." He said that "Failure to resolve the Palestinian-Israeli conflict and Israel's 40-year occupation will continue to hurt the U.N.'s reputation and raise questions about its impartiality" and "will stymie the U.N.'s best efforts to resolve other conflicts." Annan added that "too many people are still exposed to 'brutal conflict' and the fear of terrorism has increased the risk of a clash of civilizations and religions. Terrorism is being used as a pretext to limit or abolish human rights, and globalization risks driving richer and poorer peoples apart, he said."

The Washington Times (9/20, Pisik, 88K) adds that Annan, "Speaking with unusual candor," had "offered a bittersweet assessment of his own tenure." Still, "World leaders paid tribute to the outgoing secretary-general, and congratulations poured in." The President "praised his compassion, desire for peace and work ethic."

Sudan's President Rejects UN Peacekeepers For Darfur. The AP (9/20, Wadhams) reports that "claiming that rights groups have exaggerated the crisis there in a bid for more cash" and "that Zionist groups wanted to weaken Sudan and that Jewish organizations were behind dozens of recent rallies there," Sudan's president, Omar al-Bashir, "will not allow the United Nations to take control of peacekeepers in Darfur under any circumstance." He added that "Israel was spreading a lie that

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Sudanese Arabs are killing Sudanese Africans." However, al-Bashir "did say that the African Union, which now runs the peacekeeping mission in Darfur, should be allowed to augment its forces with more logistics, advisers and other support." Meanwhile, President Bush, in a speech to the U.N. General Assembly, "repeated Washington's belief that the Darfur tragedy is a genocide, and said the AU force is 'not strong enough' to protect the people of Darfur," and "the United States and its allies are now weighing whether there are other options for confronting al-Bashir's government, including the possibility of military intervention despite his objections."

USA Today Predicts Poor Outcome For Darfur Without Additional Political Will. USA Today (9/20, 2.27M) editorializes, "The portents aren't good" for Darfur. "Clearly, the Sudanese government is betting on getting away with murder. It's a good bet. The world is distracted by crises elsewhere, and finding troops for the U.N. force would be hard," but "the odds can be changed — with political will. Appointing a high-level envoy is a start. A strong U.S. and European diplomatic offensive would have to follow. Even more helpful would be for China and Russia, which have significant economic ties with Sudan, to use their leverage rather than holding back."

Budapest Street Protests Against Prime Minister Continue. The Wall Street Journal (9/20, Feher, Balazs, 2.03M) reports, "Several thousand protesters gathered outside the Hungarian parliament [Tuesday] for a third night of protests after Hungarian Prime Minister Ferenc Gyurcsány rejected demands that he resign after he admitted lying about the condition of the economy before April's elections." The Journal says the nation's "financial markets remained on edge," and "Socialist members of Parliament continued to voice their support for Mr. Gyurcsány and his economic overhauls, while economists and analysts said the premier's resignation would cause more harm than good." Hungary's budget deficit remains "the biggest in the European Union," and Gyurcsany is attempting "extensive austerity measures, mainly consisting of higher taxes and utility prices. Hundreds of public workers have been laid off, universities now charge tuition and residents must pay certain health-care costs, including fees to visit a doctor."

The Financial Times (9/20, Condon) notes Gyurcsany "on Tuesday defied calls for his resignation and vowed to press ahead with public- sector reforms after the worst street violence in the Hungarian capital since the fall of communism." He "condemned rioters enraged over his extraordinary admission that he had lied about the state of the economy to win re-election." The Times says the violent protests "fuel concerns that the European Union's newest members are facing growing political instability and resistance to reforms required for their economic integration." In contrast, the Christian Science Monitor (9/20, Logan, 58K) reports that despite "the worst violence Hungary has seen since the fall of communism," which "has shocked Hungarians, few see long-term damage to the country's young democracy." Hungary "has been divided between right and left since the changeover to democracy in 1990, and divisions have in the past spilled over into bitter campaigns." In fact, "the demonstrations could backfire on the opposition, say analysts."

In a 1,100-word piece, the AP (9/20, Jahn) adds, "Mounted police charged bottle-hurling protesters outside Socialist party headquarters early Wednesday, another night of violence touched off by [Gyurcsany's] leaked admission that his government had repeatedly lied to the public about the economy." The "violence shook a country that for much of its last two decades had been held up as a model of progress following the collapse of communism in eastern Europe."

Abe Easily Elected Head Of Japan's Ruling Party. The AP (9/20) reports Shinzo Abe was elected president of Japan's ruling Liberal Democratic Party "by a landslide Wednesday, a victory expected to lead to his election as prime minister next week. Abe won 464 of the 702 votes counted, a majority of 66 percent. Foreign Minister Taro Aso came in a distant second with 136 votes and Finance Minister Sadakazu Tanigaki garnered 102 votes." The win by Abe, "a proponent of a hard line against North Korea, and a more militarily assertive Japan, all but guarantees his election as premier in the vote in parliament on Sept. 26."

Fox Says Mexico Will Extradite Drug Lords To US. The AP (9/20, Olster) reports, "President Vicente Fox said Tuesday that Mexico is willing to extradite any drug lord in its custody wanted by the United States," saying, "We will extradite all of those who have pending matters with U.S. justice." Previously Mexico "often balked at sending drug kingpins, arguing they should face justice in Mexico and refusing to send anyone to the U.S. who would face the death penalty." However, "Mexico extradited its first major drug lord — accused kingpin Francisco Rafael Arellano Felix — to the United States over the weekend," in "a victory for U.S. officials."

Timber Industry Could Uplift Liberia. The Christian Science Monitor (9/20, Clark, 58K) reports, "A lucrative industry long steeped in corruption and used to fuel a brutal civil war, timber may now hold the key to rebuilding the devastated West African nation of Liberia." The timber business "could emerge permanently from under UN sanctions this week," and "the government estimates that the industry could eventually account for 25 percent of GDP - and create 5,000-7,000 jobs in a country with more than 80 percent unemployment. The pressure to move quickly is considerable." However, "timber reform is expected to set a standard for how the nation can avoid further conflict and lift itself out of dire poverty," and "Liberian and international advocates warn that hasty efforts to reform the industry…could have disastrous results, shortchanging the land and property rights of forest communities and prompting further unrest."

India Sees High Suicide Rates On Farms. The New York Times (9/20, Sengupta, 1.21M) reports that India's agricultural suicide "crisis has been building for years," and "it presents an increasingly thorny political challenge for Prime

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Minister Manmohan Singh. High suicide rates and rural despair helped topple the previous government two years ago and put Mr. Singh in power." His "government, which has otherwise emerged as a strong ally of America, has become one of the loudest critics in the developing world of Washington's $18 billion a year in subsidies to its own farmers" even as "frustration is building in India with American multinational companies peddling costly, genetically modified seeds." The Indian "government has responded to the current crisis by promptly expanding rural credit and promising investments in rural infrastructure. It has also offered several quick fixes, including a $156 million package to rescue 'suicide prone' districts across the country and a promise to expand rural credit, waive interest on existing bank loans and curb usurious informal moneylenders. But pressure is building to do more."

Cohen Praises Blair, His Commitment To Openness. Roger Cohen writes in his column in the New York Times (9/20, 1.21M) that Tony Blair observed that "the increasing divide today is between open and closed." The "debate and conflict center on the globalization of commerce, mores and ideas and the various reactions against this inexorable tide of American-led opening." For Blair, the "consistent answer has been" on the side of open, and "one result is that the British economy has grown by 28 percent since Labour took office in 1997, averaging close to 3 percent growth a year, with low inflation and almost full employment. Another is that the London Stock Exchange attracts far more international companies to its markets these days than the New York Stock Exchange and Nasdaq. A less tangible consequence" but one "perhaps even more important," is the "palpable sense exuded by many British cities today of energy, optimism and a comfortable mingling of a many-faceted humanity." Blair "posited the view that Britain, even as a medium-sized power, can make a difference in the world. If, that is, the country works alongside the United States, the open society par excellence." He "has made an indelible mark on Britain and helped preserve the alliance on which Europe's security still depends."

WSJournal Criticizes Direction It Believes IMF Is Heading. The Wall Street Journal (9/20, 2.03M) editorializes that British Chancellor of the Exchequer Gordon Brown said the IMF voting reforms announced at the World Bank-IMF meetings are "The biggest reform to the governance of the International Monetary Fund for 60 years." However, "if he's right, the Fund is in more trouble than we thought." While "rebalancing the voting to reflect economic progress is probably overdue," it's "like rearranging flowers before a funeral." At the meeting "the Fund focused on all of the wrong problems:" looming global imbalances, unstable exchange-rate regimes and the buildup of central bank reserves," all conditions that "have persisted for years without damage to the global economy." The Fund "has been scrambling for a new purpose" and its "top brass seem to be steering the institution toward the role of global economic consultancy," but "if the IMF wants to go into the consulting business, it had better improve the quality of its advice."

The Big Picture:

Headlines From Today's Front Pages.

Los Angeles Times:
"At U.N., Bush Urges Reform In Middle East."
"Taking L.A. In A New Direction."
"First H&M In L.A. Has Fashion Fans In A Frenzy."
"George Lucas To Give USC Film School $175 Million."
"House Takes Up Voter IDs."
"No One Dares To Help."

USA Today:
"Atlantis Crew Today Will Attempt To ID Object Flying Near Spacecraft."
"The Newest Characters On TV Shows: Product Plugs."
"Crisis Seen In Luggage Screening."

New York Times:
"Doubts Increase About Strength Of Iraq's Premier."
"Leaders Spar Over Iran's Aims And U.S. Power."
"For Governors in G.O.P. Slots, A Liberal Turn."
"With Premier at U.N., Thai Military Stages Coup."
"Settling Disputes Across A Table When Officer and Citizen Clash."
"For New-Sport Athletes, High School Finishes 2nd."

Washington Post:
"Cuts in Iraq Forces Are Unlikely Before Spring."
"A Quiet Break for Corporations."
"Thai Army Leaders Depose Prime Minister."
"Boeing Wins Deal For Border Security."
"One-Year Wonder."
"Allen Claims Jewish Ancestry in Speech."

Washington Times:
"Air Marshals Ousted Over Job Injuries."
"Bush Warns Iranians Of 'Liberty' Denied."
"Thai Leader Deposed In Military Coup."
"Black Leaders Endorse Cardin."
"Islamist Groups Still Evade U.S. Intelligence."

Detroit Free Press:
"Ford Buyouts Revealed."
"Foster Boy's Death reveals Wider Neglect."
"DCX: Too Many Trucks."
"Chrysler To Cut Production."
"Area Catholics, Muslims Seek Healing Over Pope."

Atlanta Journal-Constitution:
"Bush Calls Out Iran."
"Voter ID Law Loses Another Round."
"Reality Hits As Workers Weigh Ford Buyout Plan."
"Head To Hoof: Mascot Matchup May Eclipse Game."

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Houston Chronicle:
"NASA: Objects Cause For Delay, Not Alarm."
"Bush, Iran's Leader Clash Over Nations' Roles In Mideast."
"Without A Shot Fired, Thai Army Oust PM."
"Together They Serve."

Story Lineup From Last Night's Network News:
ABC: Space Shuttle Incident; President Bush At UN; No Troop Withdrawal; Thailand Coup; Canada-Terrorism Rendition; Medical Mistakes; Heartburn Surgery; Human Statute.
CBS: Space Shuttle Incident; Space Shuttle Incident Analysis; President Bush At UN; Israel Response To Iran; Canada-Terrorism Rendition; No Troop Withdrawal; Protestors In Hungry; Smoking Mothers & ADHD; Close Senate Race-Missouri; Eugene Robinson Opinion; Anniversary Of the 1st Hot Air Balloon; NASA's Return Too The Moon; Flying Circus Performers; A Walking Genius.
NBC: President Bush At UN; President Ahmadinejad Interview; Space Shuttle Incident; No Troop Withdrawal; California Wildfires; President Ahmadinejad Interview; Thailand Coup; Oil Prices; Stock Market.; Working Mothers.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-UN Speech; Ahmadinejad-UN Speech; Iraq-Mosul Bombing; Thailand-Coup; MO-Kidnapped Baby Found; E-Coli Outbreak; Study-Kidney Cancer; Australia-Irwin Funeral.
NPR: Thailand-Coup; Bush-UN Speech; Ahmadinejad-UN Speech; E-Coli Outbreak; Primary Elections; UN Report-Human Rights Abuses; LA-Ex-Black Panther Seeks New Trial.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of the Palestinian Authority, Waldorf-Astoria Hotel, New York, NY.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the Clinton Global Initiative annual meeting, Sheraton Manhattan, NYC.

US Senate: 9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of Margrethe Lundsager to be U.s. Executive Director of the IMF. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Oversight hearing on tribal self governance. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on effective federal law enforcement relating to media privilege legislation. Deputy Attorney General Paul J. McNulty; attorneys Theodore B. Olson, Bruce A. Baird and Victor E. Schwartz; and Cornell law school professor Steven Clymer. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Economic Policy Subcommittee and the Housing and Transportation Subcommittee. Joint hearing on assessing non-traditional mortgage products. Orice Williams, GAO; Kathryn E. Dick, deputy comptroller of the currency; Sandra F. Braunstein, director, Division of Consumer and Community Affairs, Federal Reserve System; Sandra Thompson, FDIC; Scott Albinson, Office of Thrift Supervision; Robert Broeksmit, Mortgage Bankers Association; George Hanzimanolis, president-elect, National Association of Mortgage Brokers; William A. Simpson, chairman, Republic Mortgage Insurance Co.; Michael D. Calhoun, president, Center for Responsible Lending; Allen Fishbein, Consumer Federation of America. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Trade, Tourism, and Economic Development Subcommittee. Hearing on the future of the Internet Corporation for Assigned Names and Numbers. Acting Assistant Commerce Secretary John M.R. Kneuer; FTC Commissioner Jon Leibowitz; Paul Twomey, President, ICANN; Ken Silva, VeriSign; Christine Jones, GoDaddy.com. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on ``Our Business Tax System: Objectives, Deficiencies, and Options for Reform. David Walker, GAO; Robert Carroll, Deputy Assistant Secretary, Treasury; Charles Rossotti, Carlyle Group; Thomas Neubig, Ernst and Young; David Bernard, Kimberly-Clark Corp.; Jeff Johannesen, RSM McGladrey, Des Moines. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 430, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing to receive the legislative agenda and views of the American Legion. Location: Room 106, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on a proposal to restructure the 9th judicial circuit. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing to consider the nomination of Mary Peters to be Secretary of Transportation. Location: Room 253, Russell.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the Asia Pacific Partnership on Clean Development and Climate. James L. Connaughton, Chairman, Council on Environmental Quality; Bjorn Lomborg, Copenhagen Business School; David Doniger, Natural Resources Defense Council; E. Calvin Beisner, Knox Theological Seminary. Location: Room 406, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on Spiral 1.1 of the National Security Personnel System. Deputy Defense Secretary Gordon England; OPM Director Linda Springer; Lt. Gen. Terry Gabreski, Air Force Materiel Command; Darryl Perkinson, Federal Managers Association. Location: Room 342, Dirksen.

3:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (10 bills): 1) S. 1025 - Wichita Project Equus Beds Division Authorization Act of

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2005; 2) S. 2430 - Great Lakes Fish and Wildlife Restoration Act of 2006; 3) H.R. 2334 - City of Oxnard Water Recycling and Desalination Act of 2005; 4) H.R. 5664 - Jacob Fletcher Post Office Building Designation Act; 5) H.R. 4768 - Robert Linn Memorial Post Office Building Designation Act; 6) H.R. 4586 - Benjamin Franklin Tercentenary Commission Act of 2005; 7) S. 2832 - Appalachian Regional Development Act Amendments of 2006; 8) H.R. 4653 - To repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San Fernando Valley Metro Rail project, California; 9) H.R. 3858 - Pets Evacuation and Transportation Standards Act of 2006; 10) H.R. 5450 - National Oceanic and Atmospheric Administration Act. H.R. 4844 - Federal Election Integrity Act of 2006.

10 a.m. AGRICULTURE _ Full Committee. Hearing on federal farm policy. American Farm Bureau Federation President Bob Stallman; National Farmers union President Tom Buis; National Cotton Council Chairman Allen Helms; USA Rice Producers Group Chairman Paul Combs; National Association of Wheat Growers President Dale Schuler; National Corn Growers Association President Gerald Tumbleson; others. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of NIH reform, Pandemic Vaccine Act, Ryan White Act, others. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on improving the transparency in state regulation of insurer investments. Kevin Conery, Merrill Lynch; Michael Hunter, American Council of Life Insurers; Alessandro Iuppa, National Association of Insurance Commissioners. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on why cities and towns should look past historic preservation and community development as keys to their future. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. SCIENCE _ Subcommittee on Research. Hearing on ``International Polar Year: The Scientific Agenda and Federal Role.'' Arden Bement, director, National Science Foundation; Robin Bell, Lamont-Doherty Earth Observatory, Columbia University; Kelly K. Falkner, Oregon State University; Donal T. Manahan, University of Southern California; Mark McCaffrey, University of Colorado. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Afghanistan five years after 9/11. Antonio Maria Costa, UN OFfice of Drugs and Crime; Jorge Castro Castro, Colombian National Police; Barnett Rubin, New York University. Location: Room 2172, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. CHearing on the previous fiscal year and a look toward the next. Jim R. Mueller, commander-in-chief, Veterans of Foreign Wars; Edward Kemp, national commander, AMVETS; Paul W. Jackson, national commander, Disabled American Veterans; Larry Blote - national commander, Blinded Veterans Association; retired Sgt. Maj. Gene Overstreet, USMC - president and CEO, Non Commissioned Officers Association; James D. Randles, national commander, Military Order of the Purple Heart; Randy Pleva, national president, Paralyzed Veterans of America; Joan Young, national president, Gold Star Wives; Edgar Zerr - national president, Fleet Reserve Association; Thomas L. Bock, national commander, The American Legion. Location: Room 334, Cannon.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of H.R. 1105 - Dam Rehabilitation and Repair Act; H.R. 1556 - To designate a parcel of land located on the site of the Thomas F. Eagleton United States Courthouse in St. Louis, Missouri, as the Clyde S. Cahill Memorial Park; H.R. 2322 - To designate the Federal building located at 320 North Main Street in McAllen, Texas, as the Kika de la Garza Federal Building; H.R. 4981 - Dam Safety Act; H.R. 5026 - To designate the Investigations Building of the FDA located at 466 Fernandez Juncos Avenue in San Juan, Puerto Rico, as the Andres Toro Building. Location: Room 2167, Rayburn.

1 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on the next generation nuclear plant and hydrogen production. Jim Wells, GAO); Phil Hildebrandt, Idaho National Laboratory; Andrew Kadak, MIT. Location: Room 2154, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, information Sharing and Terrorism Risk Assessment Subcommittee. Location: Room 2212, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Europe and Emerging Threats Subcommittee. Hearing on the status and future of Serbia. Daniel Serwer, U.S. Institute of Peace; Ivan Vejvoda, German Marshall Fund of the U.S. Location: Room 2200, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on executive and judicial compensation in the federal government. Location: Room 2203, Rayburn.

2 p.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Hearing on H.R. 6080 - Resources Origin and Commodity Knowledge Act. Location: Room 1324, Longworth.

2 p.m. SCIENCE _ Subcommittee on Energy. Hearing on Energy Department's plan for climate change technology programs. Stephen D. Eule, U.S. Climate Change Technology Program, DOE; Pew Center on Global Climate Change; Chris Mottershead, advisor on Energy and the Environment at BP; others. Location: Room 2318, Rayburn.

2 p.m. SELECT INTELLIGENCE _ Full Committee. Markup of H.R. 5825 - Electronic Surveillance Modernization Act. Location: Room H-405, Capitol.

2 p.m. TRANSPORTATION AND INFRASATRUCTURE _ Aviation Subcommittee. Oversight hearing on FAA aviation safety programs. Nicholas Sabatini, FAA; Thomas Haueter, NTSB; Gerald Dillingham, GAO; Todd Zinser, DOT. Location: Room 2167, Rayburn.

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2:30 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the situation in the Sudan. Assistant Secretary of State Jendayi E. Frazer; Michael Hess, USAID; Mira Sorvino, goodwill ambassador, Stop Violence Against Women Campaign, Amnesty International; Warwick Davies Webb, Executive Research Associates. Location: Room 2172, Rayburn.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on the future of human intelligence gathering at the Defense Department. Location: Room H-405, Capitol.

4 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

Other: FEDERAL CREDIT UNIONS _ 2006 National Association of Federal Credit Unions Congressional Caucus. Highlights: 9 a.m. Rep. Barney Frank, D-Mass.; Rep. Spencer Bachus, R-Ala.; Rep. Bernie Sanders, I-Vt.; 10 a.m. Rep. Tom Reynolds, R-NY; Rep. Jeb Hensarling, R-Texas. 11:40 a.m. Assistant Treasury Secretary Emil Henry discusses the role credit unions play in the financial marketplace. Location: Grand Hyatt Hotel, 1000 H St. NW.

DEFENSE LOGISTICS-SUMMIT _ Institute for Defense and Government Advancement holds Military Logistics Summit. Speakers include Lt. Gen. Russel Honore, commanding general of the First Army, in charge of the DOD response to the Gulf Coast hurricanes. Highlights: 8 a.m. Lt. Gen. Russel Honore, commanding general of the First Army, delivers keynote. Location: Sheraton Premiere, Tysons Corner, Va.

GENERIC DRUGS-FUTURE _ Generic Pharmaceutical Associations policy conference, ``Leading America Into a Healthy Future. Agenda focuses on legislative, regulatory and business issues that could shape the industry in coming years. Highlights: 8 a.m. Chairmans welcome and introduction, Kathleen Jaeger, CEO, GPhA; then keynote address by Senator Orrin G. Hatch, R-Utah. 8:45 a.m. Keynote address - Rep. Nathan Deal. 9:30 a.m. Keynote: Mark B. McClellan, M.D., Administrator, Centers for Medicare and Medicaid Services. 10:15 a.m. Keynote: William Marth, President & CEO, Teva Pharmaceuticals USA. 12:15 p.m. Keynote: Rep. Nathan Deal, R-GA. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

YOUNG LEADERS _ Senate Leadership Summit for Young Professionals, policy summit for over 300 young professionals from across the country. Highlights: 2:05 p.m. Keynote speech by Elaine Chao, U.S. Department of Labor; 2:35 p.m. Affordable Health Care, with Mark McClellan, M.D., Ph.D., Administrator, Centers for Medicare and Medicaid Services. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

MCCAIN _ 8 a.m. Sen. John McCain addresses the Northern Virginia Technology Council breakfast meeting. Location: Capital Hilton, 16th and K Sts. NW.

ACLU-SUPREME COURT _ 8:30 a.m. American Civil Liberties Union hosts annual Supreme Court Breakfast Briefing to review the upcoming term. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

BIDEN ON IRAQ _ 8:30 a.m. Sen. Joseph Biden speaks on ``Iraq: The Way Forward" at meeting of the Council on Foreign Relations. Location: 1779 Massachusetts Ave. NW.

LONG-TERM CARE _ 8:30 a.m. - 12:30 p.m. 2006 Symposium on Long-Term Care, with former House Speaker Newt Gingrich, US Sen. Debbie Stabenow, others. Moderated by Susan Dentzer of NewsHour with Jim Lehrer. Location: Mayflower Hotel, 1127 Connecticut Ave NW.

HOEKSTRA _ 8:45 a.m. The American Enterprise Institute holds a program with House Intelligence Committee Chairman Rep. Peter Hoekstra. Location: 12th floor, AEI, 1150 17th St. NW.

BUSINESS-NO CHILD LEFT BEHIND _ 9 a.m. - 11 a.m. Business Roundtable holds ``Fourth Annual No Child Left Behind Forum: Assessing Progress, Addressing Problems, Advancing Performance," with Prudential CEO Arthur Ryan, Assistant Education Secretary Thomas W. Luce, House Education Committee Chairman Howard McKeon, National Council of La Raza, others. Location: National Press Club, 14th and F Sts. NW.

HEALTH CARE SCORECARD _ 9:30 a.m. Commonwealth Fund Commission on a High Performance Health System releases first national scorecard rating U.S. health care system on quality, access, efficiency and equity. Location: Hotel Washington, 515 15th St. NW.

GONZALES-HISPANIC HERITAGE _ 10 a.m. Location: James Madison Building, Mumford Room, 6th Floor, 101 Independence Avenue.

HOUSE DEMOCRATS _ 10 a.m. House Democratic leadership holds media availability following the closed 9 a.m. House Democratic Caucus. Subject: economic security. Location: Cannon Caucus Room.

HOUSE GOP LEADERSHIP _ 10 a.m. House GOP leadership holds a stakeout following the closed 9 a.m. House GOP Conference meeting. Location: Room HC-6, Capitol.

PENTAGON-NATO _ 10 a.m. Gen. James L. Jones, NATO's supreme allied commander, Europe (SACEUR) and commander of the European Command (USEUCOM) will conduct a news briefing to provide an update of NATO operations, including NATO's International Security and Assistance Force (ISAF) in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

RELIGION-VALUES _ 10 a.m. The Center for American Values in Public Life holds a news conference to release a national poll on religion, values and voting. Location: Capital Hilton, 16th and K Sts. NW.

YOUNG VOTERS-POLL _ 10 a.m. Press conference to release GW-Battleground Poll of political attitudes of voters from 18- to 30-year-olds. Ed Goeas and Celinda Lake will speak. Location: GWU, Marvin Center, 800 21st St. NW.

VOTER ID _ 10:30 a.m. Rep. Charles Gonzalez, Chair of CHC Civil Rights Taskforce, Rep. Grace Napolitano, Chair of the CHC, Rep. Linda Sanchez, Rep. Juanita Millender-McDonald, as

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well as other members of Congress speak out against H.R. 4844, the Voter ID Act of 2006. Location: House Radio/TV Studio.

GOP-BUDGET _ 11 a.m. Sen. Kent Conrad, D-N.D., and Rep. Jim Cooper, D-Tenn. hold a news conference on the GOP position on the nation's fiscal condition. Location: Senate Radio-TV Gallery.

MEDICAL INFORMATION _ 11 a.m. Actress Mary Tyler Moore discusses her struggle with diabetes, as the National Institutes of Health launches a new effort to share accurate, bias-free medical news. Participants include Sen. tom Harkin, Reps. Ralph Regula and Michael Castle, NIH Director Elias Zerhouni, others. Location: Room SC-4, Capitol.

BREAST CANCER _ 11:30 a.m. Singer Jewel, Lifetime Television and members of Congress hold a news conference to deliver petitions with more than 12 million signatures to Congress urging passage of the bipartisan Breast Cancer Protect Act. Location: Cannon Terrace.

CONSCIENTIOUS OBJECTOR _ 11:30 a.m. American Voices Abroad Military Project holds a news conference on the case of an Army enlisted man who has refused to be deployed to Iraq from Germany based on conscientious objector grounds. Location: Camp Democracy, On the Mall at Constitution and 14th Sts.

IMMIGRATION POLICY _ 11:30 a.m. Bipartisan Migration Policy Institute releases report on U.S. immigration policy. With Spencer Abraham, task force co-chair, Distinguished Visiting Fellow at the Hoover Institution; Lee Hamilton, task force co-chair; and Doris Meissner, MPI Senior Fellow. Location: 1400 16th Street, NW, Suite 300.

BROADBAND-RURAL _ 12 p.m. The New America Foundation holds a program on removing barriers to rural and municipal wireless broadband, with Pierre de Vries of Microsoft, Brian O'Hara of the National Telecommunications cooperative Association, Roger Cochetti of CompTIA, others. Location: Room 253, Russell.

MEDICARE _ 12 p.m. Reps. Robert Wexler, Debbie Wasserman and Pete Stark hold a news conference with others to respond to Rep. Clay Shaw's Sunday editorial in the Palm Beach Post regarding Medicare Part D. Location: Room 441, Cannon.

MUSLIMS-CATHOLICS _ 12 p.m. The controversy involving Pope Benedict XVI's statement concerning Islam, and Prophet Muhammad will be addressed at a joint American-Muslim and Catholic press conference hosted by the Muslim American Society's Freedom Foundation and Pax Christi - USA and Pax Christi - International. Location: 1050 17th St. NW, Suite 600.

NEGATIVE ADS _ 12 p.m. Cato Institute book forum on ``In Defense of Negativity: Attack Ads in Presidential Campaigns." With book author John G. Geer, Vanderbilt University. Location: 1000 Massachusetts Ave. NW.

POST OFFICE _ 12 p.m. Postmaster General John Potter delivers a national satellite broadcast to postal partners and customers outlining plans to eliminate costs and information on proposed rate changes. Contacts: n/a, 202-268-2155.

FIRST RESPONDERS-9/11 _ 12:15 p.m. 9/11 first responders who are ill and doctors meet with members of Congress to urge federal help with their help problems. Participants include New York City Fire Department Chief Medical Officer Kerry Kelly, Reps. Carolyn Maloney and Vito Fossella, others. Location: Cannon Terrace.

OBAMA _ 12:30 p.m. Sen. Barack Obama speaks to Moveon.org members about the need for energy independence. Location: Gaston Hall, Healy Hall, Georgetown University.

TAX CODE _ 3 p.m. Deputy Assistant Treasury Secretary Robert Carroll speaks on tax policy, the tax code and pensions at a conference of Employee-Owned S Corporations of America. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

HOPKINS-IRAQ BOOK _ 5 p.m. Johns Hopkins University's Nitze School of Advanced International Studies holds book launch for ``Imperial Life in the Emerald City: Inside Iraq's Green Zone," with Washington Post reporter Rajiv Chandrasekaran. Location: Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, September 20, 2006 11:16 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 9/20/06 Civil Division News

U.S. denies Arar was deported under America's 'extraordinary rendition' policy

Deportation to Syria Backed

Federal judge allows ex-Vandal's lawsuit to proceed

Failure to report corporate relationship leads to false claims conviction

Press Release: Taxpayer Group Awards Whistleblower of The Year to Ven-A-Care of the Florida Keys

Vancouver Sun
Sept. 20, 2006

U.S. denies Arar was deported under America's 'extraordinary rendition' policy

Sheldon Alberts , with files from Janice Tibbetts inOttawa, CanWest News Service

WASHINGTON - Facing renewed criticism over its treatment of Maher Arar, the Bush administration on Tuesday denied U.S. intelligence officials deliberately sent the former Ottawa man to Syria for interrogation as a possible terrorist.

Speaking to reporters in Washington, Attorney General Alberto Gonzales said the U.S. government would never knowingly ship a suspect terrorist to another country if it believed that person would be tortured.

Further, Gonzales specifically refuted claims Arar was removed from the U.S. in 2002 as part of the Bush

administration's controversial "extraordinary rendition" policy.

"Mr. Arar was deported under our immigration laws. He was initially detained because his name appeared on terrorists lists," Gonzales told reporters. "Some people have characterized his removal as a rendition. That is not what happened here. It was a deportation."

Gonzales's comments marked the Bush administration's first reaction to Justice Dennis O'Connor's report about Canada's role in Arar's detention in New York and his subsequent imprisonment and torture in Syria. E

O'Connor's inquiry exonerated Arar of any ties to terrorism and blamed the RCMP for providing the U.S. with false information linking the 36-year-old Syrian-Canadian to al-Qaida.

The report singled out U.S. officials for criticism, saying "they removed (Arar) to Syria against his wishes and in the face of statements that he would be tortured if sent there."

O'Connor recommended Ottawa register a formal objection with the U.S. government for its treatment of Arar.

The case has attracted widespread media attention in the U.S. at a time when the White House is waging a heated public feud with fellow Republicans over its treatment of terror detainees.

Several leading Senate Republicans including potential presidential candidate and former PoW John McCain have rejected legislation proposed by the White House to authorize a set of "alternative" interrogation techniques against high-value terror suspects.

Critics say the White House's proposed interrogation rules would sanction torture, and former U.S. secretary of state Colin Powell has warned that they could undermine America's moral authority around the world.

With that controversy as a backdrop, both the Washington Post and the New York Times ran front-page stories Tuesday about the Arar inquiry's findings.

Arar's case is commonly cited in the media and among human rights activists as an egregious example of "extraordinary rendition," the Bush administration's practice of sending terror suspects to third countries where more extreme forms of interrogation are allowed.

But "even if (Arar's case) were rendition, we understand as a government what our obligations are with respect to anyone who's rendered by the government to another country," Gonzales said. "That is, we seek to satisfy ourselves that they will not be tortured. We do that in every case. If, in fact, he had been rendered to Syria, we would have sought those same kind of assurances, as we do in every case." Notwithstanding Gonzales's remarks, U.S. lawyers for the former Ottawa engineer appealed to the Bush administration for an apology and demanded his name be removed from the country's terrorist watch list.

"Right now, Maher wants the U.S. government to clear his name, just like the Canadian commission did," said Maria Lahood, an attorney at the New York-based Center for Constitutional Rights. "I would hope that would be accompanied by an apology."

The centre has filed notice it will appeal a U.S. federal court decision in February that dismissed Arar's lawsuit claiming compensation from the Bush administration for depriving him of his civil rights. Now that the Canadian commission's work is complete, Lahood said she expects to file a brief supporting the appeal at the Second Circuit Court of Appeals in New York within two months.

O'Connor's three-volume report into Arar's case will figure prominently in an ongoing legal battle with the Justice Department, Lahood said.E

The inquiry report said U.S. officials were "less than forthcoming" with Canadian authorities on plans to send Arar to Jordan, then Syria, after his detention at New York's Kennedy Airport.

In Ottawa, Liberal critic Irwin Cotler accused the U.S. of breaching the Vienna treaty on consular relations by failing to keep Canadian authorities fully apprised of Arar's situation.

"That's where the narrative began because they breached Arar's rights," Cotler said. "I don't think they should be let off the hook."

The U.S. has never acknowledged erring in Arar's case and he is still believed to be included on its terrorist watch list and banned from entering the country, said Lahood.

When Arar's lawsuit was dismissed last winter, presiding judge David Trager ruled the former Ottawa man could not apply for redress under the Torture Victim Prevention Act because he was not a U.S. citizen.

The U.S. judge also determined Arar's case was not valid on constitutional grounds and cited concerns that Canada's relations with the U.S. could be irreparably harmed by the release of secret information relating to his rendition.

But with much of that information now made public by O'Connor and with no evidence senior Canadian government officials were complicit in Arar's rendition those objections are now moot, Lahood argues.

"The U.S. government has accepted no responsibility. It continues to essentially claim it was in the right," says Lahood.

"The fact is that the U.S. is using torture, using extraordinary rendition, using secret prisons and detentions without due process all those things make us a country that other countries are not going to want to co-operate with."

END

Los Angeles Times

September 20, 2006

Deportation to Syria Backed

Richard B. Schmitt

Christopher Guly

WASHINGTON U.S. Atty. Gen. Alberto R. Gonzales said Tuesday that the United States had acted lawfully when it deported a Canadian citizen, Maher Arar , to Syria, where Arar says he was tortured during a yearlong incarceration.

"Mr. Arar was deported under our immigration laws. He was initially detained because his name appeared on terrorist lists, and he was deported according to our laws," Gonzales told reporters.

Gonzales' comments came one day after a Canadian commission, headed by Justice Dennis O'Connor, released a three-volume, 1,195-page report excoriating U.S. authorities for sending Arar to Syria even though he had no ties to terrorism.

"American authorities who handled Mr. Arar's case treated [him] in a most regrettable fashion," O'Connor

wrote. "They removed him to Syria against his wishes and in the face of his statements that he would be tortured if sent there."

The inaccurate description of Arar, a wireless communications engineer who was born in Syria, and his wife as "Islamic extremist individuals suspected of being linked to the Al Qaeda terrorist movement" came from the Royal Canadian Mounted Police, which also included him in a diagram titled "Bin Laden's Associates: The Al Qaeda Organization in Ottawa."

Arar's name was placed on a terrorist watch list, and he was detained at John F. Kennedy International Airport in September 2002 while returning from a family vacation in Tunisia.

"I am categorically able to say that there is no evidence to indicate that Mr. Arar has committed any offence or that his activities constitute a threat to the security of Canada," O'Connor wrote in the report, the result of 2 1/2 years of investigation.

The report found that Canadian law enforcement officials had sought to interview Arar during a terrorism investigation because he knew a target of the probe, but they did not consider him a terrorist suspect.

Despite that, the report said, "the RCMP provided American authorities with information about Mr. Arar that was inaccurate, portrayed him in an unfairly negative fashion and overstated his importance in the ... investigation."

The Canadian government appeared ready to formally protest the U.S. action.

"Mr. Arar has been done a tremendous injustice," Prime Minister Stephen Harper told the House of Commons on Tuesday.

He said the government would "act swiftly" on the recommendations in O'Connor's report, one of which was to "register a formal objection with the governments of the United States and Syria concerning their treatment of Mr. Arar and Canadian officials involved with his case."

The prime minister is to meet with President Bush in New York this week.

Arar, now 36, has said that he was interrogated for several days in New York, was refused access to a lawyer and was eventually sent to Syria. He and his family had moved to Canada when he was a teenager.

"I would like the U.S. government to accept [O'Connor's] findings and clear my name," he said in a interview Tuesday in Ottawa, the Canadian capital.

The report from Canada comes at a time of angry debate in Washington over the rules applied to U.S. agents interrogating terrorism suspects. But questions continue about the transfer of prisoners, seized by CIA agents and others, to countries where they are subject to torture. The practice is known as rendition.

Gonzales said Arar's removal was a deportation and not rendition.

"Even if it were a rendition, we understand as a government what our obligations are with respect to anyone who is rendered by this government to another country, and that is that we seek to satisfy ourselves that they will not be tortured," he said. "And we do that in every case. And if in fact he had been rendered to Syria, we would have sought those same kind of assurances, as we do in every case."

Arar challenged that assertion. "I don't think they are being truthful about this," he said.

In his case, he said, a "special removal unit" transported him to Syria via Jordan on what he believes to have been a CIA plane. "They rendered me to a country that they consider sponsors terrorism and that has a legacy of torture," he said.

The CIA had no comment Tuesday.

The Canadian report said Arar was beaten with an electric cable until it shredded. He has said he was beaten repeatedly, and kept in an unlit cell 3 feet wide, 6 feet long and 7 feet high for more than 10 months before he was released.

In addition to refusing to comment on the Arar report, the CIA would not say whether a growing list of mistakes had led it to make any changes in the rendition program.

Ben Wizner, an American Civil Liberties Union lawyer, said the Canadian commission's report was a cautionary tale for U.S. legislators as they debate interrogation rules.

Wizner is representing Khaled El-Masri, a German citizen who, in a case of mistaken identity, was kidnapped by the CIA and taken to a secret Afghan prison, where he said he was abused. His suit against the CIA was dismissed by a federal court in Virginia after a judge ruled that allowing it to proceed could harm national security.

The Arar and El-Masri cases show that "not every torture victim is a terrorist. Some of them are innocent men," Wizner said.

END

AP
September 19, 2006

Federal judge allows ex-Vandal's lawsuit to proceed

Rebecca Boone
Associated Press

BOISE (AP) — A federal judge has said a lawsuit brought by a former University of Idaho football player against U.S. Attorney General Alberto Gonzales, the Department of Homeland Security and others can move forward.

U.S. District Judge Edward Lodge made the ruling in a written order Monday.

Abdullah al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations in an eight-week federal trial. It deadlocked on eight other immigration charges, and Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify in the case. But three weeks after Al-Hussayen was arrested, al-Kidd was arrested at Dulles International Airport in Washington, D.C. as a material witness in the Al-Hussayen case. Al-Kidd had planned to board a flight to Saudi Arabia to begin studying Islam on a four-year scholarship. But federal prosecutors maintained that al-Kidd had testimony that was crucial to their case against Al-Hussayen, and said they feared if al-Kidd was allowed to leave the country he would not return for the trial.

Al-Kidd spent two weeks in jail before he was granted a detention hearing in Idaho, at which the judge agreed to release him into the custody of his wife. But al-Kidd was prohibited from traveling anywhere but Idaho, Washington, Nevada and California, and his public defenders said the restrictions and the detention not only cost al-Kidd his scholarship in Saudi Arabia but employment opportunities as well.

Al-Kidd sued, alleging that he was falsely imprisoned, and that the government was guilty of abuse of process. He contended that the arrest warrant was invalid because in order to get the arrest warrant, the FBI gave wrong information about al-Kidd to a U.S. magistrate.

Specifically, the FBI allegedly told the judge that al-Kidd had only a one-way ticket to Saudi Arabia, when he had purchased a round-trip ticket. The FBI also allegedly failed to tell the judge that al-Kidd had a wife and children in the United States, that he was a U.S. citizen, that he had talked with the FBI several times before his arrest and that the FBI had never told al-Kidd that he should not travel abroad.

Attorneys for the federal government asked the U.S. District Court to dismiss the lawsuit, claiming that the arrest warrant and subsequent jailing had been proper under the law.

But Lodge disagreed, saying that al-Kidd's claims are sufficient to move the lawsuit forward.

Neither the attorneys representing the federal government nor the attorneys representing al-Kidd could be immediately reached by The Associated Press.

END

CCH® Medicare

9/20/06

Failure to report corporate relationship leads to false claims conviction

The Eleventh Circuit Court of Appeals upheld the conviction of an owner of several home health agencies (HHAs) for conspiracy to submit false claims to the government under the Medicare related organizations regulations.

In addition to owning the HHAs, the owner exerted an extensive amount of control over the management consulting agency he hired to provide management services to his HHAs. Failure to accurately report on the HHA's cost reports that a related party is providing management consulting services is actionable as a false statement under the Medicare related party regulation because the related party has the ability to influence significantly the terms of the ultimate agreement. If a provider receives services from a related organization, the reimbursement is limited to the supplier's cost rather than the amount paid by the provider.

Evidence of control. According to the allegations, the owner of the HHAs set up a friend as the figurehead owner of a management consulting agency to maximize the amount billable to Medicare and circumvent the regulation. The evidence showed that the HHAs' owner created the consulting company, managed its day-to-day affairs, and directed the work of the employees. The owner took steps to conceal the relationship including dummy employment contracts, false corporate minutes, straw owners, forged contracts, and backdated correspondence. Furthermore, none of the HHAs indicated that the consulting firm was a related party on their cost reports.

Sentencing guidelines. In addition, because the trial court erred in the conclusion that the HHA owner's criminal activity was not overly extensive and that no loss occurred to the federal government, his

sentence of three years probation and a $10,000 fine was revoked and remanded based on the trial court's misapplication of the sentencing guidelines.

United States v. Gupta, 11th Cir., Sept. 5, 2006.

END

Taxpayers Against Fraud
9/19/2006

Press Release: Taxpayer Group Awards Whistleblower of The Year to Ven-A-Care of the Florida Keys

Taxpayers Against Fraud, an organization devoted to combating fraud against the Federal Government, has named Ven-A-Care of the Florida Keys and its principals -- Mark Jones, Luis Cobo, Dr. John Lockwood and Zach Bentley -- Whistleblowers of the Year for 2006 for their extraordinary work in combating fraud against the Federal Government in the prescription drug arena.

Said TAF President James Moorman, "Ven-a-Care of the Florida Keys have helped recover hundreds of millions of dollars stolen from U.S. taxpayers and are, to this day, working to change the way prescription drugs are priced under Medicare, Medicaid and other government-funded health care systems.

"The Ven-a-Care partners have demonstrated, as no others have before, that much of the health care fraud we see in this country is not one-off rip-offs, but business plan frauds that permeate entire sectors of the U.S. health care system. What Ven-a-Care has shown is that if you invest in research and investigation and pursue False Claims Act cases suits with a concerted plan of action, you can change the culture of the health care system.

Background:

Mark Jones, Luis Cobo, Dr. John Lockwood and Zach Bentley did not intend to go to war with the pharmaceutical industry -- they simply wanted to run their own business.

The four friends owned a company called Ven-A-Care of the Florida Keys to provide home infusion therapy to HIV-positive patients and elderly residents with kidney failure.

The business made a profit, but no one was getting rich. It was a small business like any other. What the business offered the Ven-a-Care partners was economic independence in one of the most beautiful spots on earth. *What could be better than that?*

When National Medical Care (NMC) approached the four partners in 1991 and asked them if they wanted to be bought out on unusually lucrative terms, they told NMC they were not interested.

NMC (now called Fresenius) had offered the Ven-a-Care partners both a carrot and a stick: they could fold up shop and join with NMC and become rich, or NMC would drive them out of the infusion therapy business in Key West, Florida. The Vent-A-Care partners declined the offer and, true to its word, NMC did indeed drive them out of business.

But something was not quite right. There was not enough money in the local infusion therapy business for anyone to go so aggressively after that market. How could NMC make so much money when Ven-a-Care could not?

What the Ven-a-Care partners discovered was that NMC was paying kickbacks to doctors who prescribed medicines and services that were not needed, and then billing Medicare and Medicaid exorbitant sums far in excess of what infusion therapy actually cost.

The papers and marketing materials NMC gave Ven-a-Care gave the game away, and the Ven-A-Care partners realized that NMC was engaged in a significant fraud against the government. Thus it came to be that Ven-A-Care filed a False Claim Act case.

The case against NMC was eventually settled for $486 million ($385 million under the False Claims Act), and the Ven-a-Care partners were awarded over $40 million for their efforts in bringing the fraud to justice.

By all rights the Ven-a-Care partners could have retired and gone fishing. But they did not. Instead, they went to work changing the way the prescription drug industry operates in America.

In 1990 the Ven-a-Care partners had received a check from Medicaid for $56 reimbursement for drug that had cost the company only $10. They looked at other drug reimbursements and began to notice a pattern of over-reimbursement.

Something was wrong here too, they thought. A quick calculation on the back of an envelope showed the 20 percent beneficiary's co-payments were often greater than the actual cost of the drug. Thinking that the Florida Medicaid program had made a mistake, Ven-a-Care tore up the check and reported the error to the state, asking them to reprocess the reimbursement.

But Florida Medicaid said it was not in error -- the $56 figure was the price the drug company had reported to the state as being the "Average Wholesale Price" for the medication. Ven-a-Care was due the full amount they had received.

And so, once again suspecting a massive fraud scheme at hand, Ven-a-Care filed their first False Claims Act case alleging pharmaceutical fraud.

In January of 2001, one year after Fresenius had settled their National Medical Care case, Bayer pharmaceutical settled a marketing the spread and concealment of best price case initiated by Ven-a-Care. Other pharmaceutical company settlements have followed: A case against Dey Pharmaceuticals was settled in 2003 for $18.5 million; a case against Schering-Plough's Warrick Pharmaceutical subsidiary was settled in 2004 for $27 million, and a case against Roxane Laboratories was settled for $10 million in 2005.

This year, GlaxoSmithKline settled a case brought by the Ven-a-Care whistleblowers for the sum of $150 million. The case involved fraudulent misrepresentation of the true "Average Wholesale Price" of the anti-nausea drugs Zofran and Kytril.

Ven-a-Care isn't done. They have cases on file in Boston, Miami, Austin, Los Angeles and elsewhere. It seems highly unlikely that pharmaceutical over-billing of government health plans will continue as business-as-usual now that Ven-a-Care has opened the doors to this troubling practice.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, September 21, 2006 8:17 AM
To:	USDOJ- Office of Public Affairs
Subject:	FW: Attorney General's News Briefing for Thursday, September 21, 2006
Attachments:	agnb060921.pdf; agnb060921.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says US Needs Tools To Stop Terrorists Plotting To Kill Americans. President Bush was asked on CNN's The Situation Room (9/20) what he meant when he said the terrorists are coming again. Bush said, "It means there are people out there plotting and planning to kill Americans. And it is frightening. And that's why, you know, it's important that we have the tools necessary to protect us. And I think that was in the context of whether or not we ought to have a program that enables us to get information -- within the law -- from people who may have knowledge about an impending attack." Asked about criticism that he is "trying to scare the American public to score political points," Bush said, "They don't sit where I sit. They don't see the intelligence I see. And, frankly, if anybody thinks there's not an enemy coming to attack us, they just don't see the world the way it is. Because, well, just take the last plot we -- that the Brits found out about and we helped them, and that is people getting on airplanes getting ready to blow them up, pure and simple. And this is a dangerous world. And you know, I know there are some out there that kind of look at the world the way they wish it would be, but the job of the president -- particularly one who saw what happened to us on September the 11th and vowed that day to do everything to protect the people -- is to do just that. That's our most important responsibility."

CIA Refusal To Interrogate Prisoners Seen As Impetus For Bush Announcement. The Financial Times (9/21, Dinmore) reports the Bush Administration "had to empty its secret prisons and transfer terror suspects to the military-

DOJ_NMG_0066408

run detention centre at Guantánamo this month in part because CIA interrogators had refused to carry out further interrogations and run the secret facilities, according to former CIA officials and people close to the programme." When the President "announced the suspension of the secret prison programme in a speech before the fifth anniversary of the September 11 terror attacks, some analysts thought he was trying to gain political momentum before the November midterm congressional elections." But the "former CIA officials said Mr Bush's hand was forced because interrogators had refused to continue their work until the legal situation was clarified because they were concerned they could be prosecuted for using illegal techniques."

Broder Praises Opposition To "Lawless And Reckless" Bush. In his Washington Post column (9/21, A25), David Broder says, "The revolt of several Republican senators against President Bush's insistence on a free hand in treating terrorist detainees signaled the emergence of an independent force in elections and government." Bush was "elected twice, over Democrats Al Gore and John Kerry, whose know-it-all arrogance rankled Midwesterners such as myself. The country thought Bush was a pleasant, down-to-earth guy who would not rock the boat. Instead, swayed by some inner impulse or the influence of Dick Cheney, he has proved to be lawless and reckless. He started a war he cannot finish, drove the government into debt and repeatedly defied the Constitution."

WSJournal Says Bush Is Right To Demand Clarity On Detainee Interrogations. An editorial in the Wall Street Journal (9/21, 2.03M) says, "Opponents of interrogating al Qaeda detainees keep slandering the Bush Administration by equating all aggressive questioning techniques with 'torture.' What's more, they seem unable to draw the obvious lessons from our experience handling terror suspects thus far. … The White House has been negotiating over the issue with Senator John McCain so US interrogators aren't left in legal limbo because Congress refuses to define our obligations under Common Article 3 of the Geneva Conventions. It's precisely such legal clarity that will limit potential abuses, rather than leaving Article 3 open to interpretation by individuals -- or by the likes of Syria, since as it stands every country in the world interprets Article 3 in its own way now. … President Bush has been very strong on this issue so far. We trust he won't endorse anything now that falls short of the comprehensive legal clarity he's been right to demand."

DOJ Clarifies Gonzales Remarks On Arar Case. The New York Times (9/21, Shane) reports, "In an embarrassing turnabout, the Department of Justice backed away Wednesday from a denial by Attorney General Alberto R. Gonzales of responsibility for the treatment of a Canadian who was seized by American authorities in 2002. The man was deported to Syria, where he was imprisoned and beaten." The Times continues, 'Asked at a news conference on Tuesday about a Canadian commission's finding that the man, Maher Arar, was wrongly sent to Syria and tortured there, Mr. Gonzales replied, 'Well, we were not responsible for his removal to Syria.' He added, 'I'm not aware that he was tortured.' … The attorney general's comments caused puzzlement because they followed front-page news articles of the findings of the Canadian commission. It reported that based on inaccurate information from Canada about Mr. Arar's supposed terrorist ties, American officials ordered him taken to Syria, an action documented in public records." The Times adds, "On Wednesday, a Justice Department spokesman said Mr. Gonzales had intended to make only a narrow point: that deportations are now handled by the Department of Homeland Security, not the Department of Justice. … The spokesman, Charles Miller, said the attorney general forgot that at the time of Mr. Arar's deportation, such matters were still handled by the Immigration and Naturalization Service, which was part of the Department of Justice. … 'He had his timeline mixed up,' Mr. Miller said. … Asked why Mr. Gonzales appeared to cast doubt on the Canadian finding that Mr. Arar had been tortured, Mr. Miller said, 'I wouldn't go beyond what he said.' … He said Justice Department officials 'have not fully reviewed' the commission's report since its release on Monday, and he noted that Mr. Arar had brought a lawsuit against United States officials that was dismissed by a lower court but was being appealed."

Herbert Says Canadian Case Likely To Be Repeated. In his New York Times column (9/21), Bob Herbert says, "It turns out John Ashcroft was wrong. After an exhaustive investigation, a government commission in Canada ruled definitively and unequivocally this week that Maher Arar was no terrorist. He was nothing more than a quiet family man who found himself sucked into a vortex of incompetence, hysteria and a so-called war on terror that has gone completely haywire." If this "were just a bad but honest mistake, we might be able to simply wish Mr. Arar well and vow never to let it happen again. Instead, the United States is

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about to ensure that many more individuals who are falsely accused are deprived of the single most fundamental tool they need to establish their innocence."

Wiretapping Bill Makes Progress In House. USA Today/AP (9/21) reports the wireless wiretapping bill "by Rep. Heather Wilson, R-N.M., made some progress Wednesday after she rewrote it to allow warrantless wiretapping when an attack is imminent, as Bush has demanded. Even so, she told reporters differences between the House and Senate versions were unlikely to be worked out before Congress reconvenes after the Nov. 7 elections."

CQ (9/20, Starks, Perine) reports the House Intelligence Committee "swiftly approved legislation (HR 5825)" sponsored by Rep. Wilson "that would overhaul the 1978 Foreign Intelligence Surveillance Act (PL 95-511) to grant more wiretapping authority to the administration but require additional congressional notification of spy activities. Its speedy approval stood in contrast to the lengthy process the same bill faced in the House Judiciary Committee." Those two different "versions of the bill must now be reconciled in the Rules Committee, and Wilson said she was confident an agreement could be worked out in time to bring the bill to the floor next week, before lawmakers depart for recess."

The New York Times/AP (9/21) reports "Wilson's revision, likely to draw Mr. Bush's support, is the bill that probably will make it to the full House. Under her bill, the president may conduct the secret surveillance only under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent."

CNET News (9/21, Broache) reports, "Supporters said the bill's provisions would aid terrorist investigations by relaxing the requirements for warrants to conduct electronic surveillance and addressing modern communications in a 'technology neutral' way not foreseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA). … The Bush administration has acknowledged that its controversial National Security Agency terrorist surveillance program was not approved by the FISA court--but argue the president's constitutional powers as commander-in-chief, among other things, provide ample legal authority. … Meanwhile, civil liberties advocates have accused the administration of intruding into phone calls and e-mails of millions of innocent Americans, and even Attorney General Alberto Gonzales conceded earlier this year that some 'ordinary' citizens could be swept up in the quest for rogue targets."

Army Says 14 High-Value Guantanamo Detainees Undergoing "Orientation." The AP (9/21, Burns) reports the "14 terrorism suspects transferred to the Guantanamo Bay detention center from overseas CIA prisons two weeks ago are undergoing 'orientation' and not being interrogated, the Army said Wednesday." Gen. Bantz Craddock, "who oversees U.S. military operations in Latin America and the Caribbean," said, "It seems to be working fine." Craddock said "the 14 men are in a 30-day 'orientation, acclimatization period' that is standard for new arrivals at Guantanamo." Craddock said "representatives of the International Committee of the Red Cross would be granted access to the new arrivals, who include the mastermind of the Sept. 11 attacks and architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania." But "first, he said, the 14 would have to complete their orientation, which he did not describe in detail. He estimated they would be made available to the Red Cross around Oct. 1."

ABC World News (9/20, story 7, 0:20, Gibson) reports, "And the Red Cross announced plans to meet with top terror suspects being held at Guantanamo Bay. Red Cross representatives say they expect to visit in private next week with 14 detainees recently transferred to Guantanamo from secret CIA prisons, including the alleged September 11th mastermind, Khalid Shaikh Mohammed."

Judge Orders Release Of Discipline Files For Guantanamo Detainees. The AP (9/21, Neumeister) reports U.S. District Judge Jed S. Rakoff "on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press." Judge Rakoff "gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy."

House Judiciary Committee Narrowly Approves Bush Detainee Bill. The Washington Post (9/21, A6, Babington, 748K) reports, "President Bush's supporters in the House narrowly defeated yesterday efforts to sidetrack his proposal for questioning and prosecuting

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terrorism suspects, but the issue continues to divide Congress in its final workdays before the November elections." The day was "animated by switched votes, parliamentary gymnastics and protest cries from Democrats" as the House Judiciary Committee "barely managed to reject a rival proposal and endorse the administration's version of the legislation. Even if the chamber takes up the bill next week -- its last scheduled period of action before the elections -- the matter remains mired in the Senate, where a majority opposes the White House approach." Republicans "control the Judiciary Committee, 23 to 17. But early yesterday, three GOP members were absent and two others backed the rival legislation written by GOP Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.). Had a couple of Democrats not also been absent at the time, the Warner bill might have won the panel's endorsement. It fell just short, but so did the Bush version, which was temporarily voted out of the committee with an 'unfavorable report.'"

The AP (9/21, Kellman) reports, "White House loyalists struggled on Wednesday to save President Bush's wartime legislative plans from collapsing under Republican squabbles. In cliffhanger votes," the House Judiciary Committee "rejected, then endorsed Bush's proposal to continue tough interrogations of suspected terrorists." However, the "largely symbolic endorsement" was gained through "a series of procedural gymnastics," although it "was worth the fight for White House loyalists struggling to keep the bill alive."

The Washington Times (9/21, Fagan, 88K) reports the "embarrassing struggle hinted of a tough road ahead for the House bill. Opponents yesterday argued that the administration and its congressional allies are trying to redefine U.S. obligations under the Geneva Conventions in order to give terrorism detainees fewer rights and the government more leeway in how to treat them." Rep. Jeff Flake "predicted Congress will ultimately endorse a bill like the Senate version, which affords more civil rights to the detainees and rejects Mr. Bush's definition of detainee treatment." Bloomberg (9/21, Roland) reports "the closeness of the vote further clouds the future of the legislation and shows that Republican dissent from President George W. Bush's proposal extends to the House as well as the Senate."

The Hill (9/21, Schor, Tiron) reports, "On the verge of a major political defeat, House Judiciary Committee Republicans scrambled to find missing panel members in order to successfully send a White House-backed military-tribunals bill to the floor." After Reps. Jeff Flake and Bob Inglis "cast their votes against the bill — siding with a Senate-crafted bill at odds with the Bush administration — Rep. Louie Gohmert (R-Texas) resorted to a procedural move." Gohmert voted "against the bill, allowing members time to track down House International Relations Chairman Henry Hyde (R-Ill.) and Rep. Elton Gallegly (R-Calif.), two panel members who weren't present for the vote." With Hyde and Gallegly "voting in favor of the bill, the committee was able to get the vote to 20-19 in favor of the legislation."

CQ (9/20, Donnelly, Stern) reports, "Although GOP leaders quickly scrambled to undo the damage, the vote was a sign that Republican rebellion against Bush's measure was spreading on Capitol Hill. For the first time, rank-and-file House Republicans predicted the measure could fail next week when it comes to the floor." Rep. Christopher Shays said, "I don't think the bill passes."

In the Washington Post's "Washington Sketch" column (9/21, A2), Dana Milbank says "it was a tough day" for House Judiciary Chairman James Sensenbrenner, "who had insisted that the legislation go through his committee against House leaders' wishes. Nor was it one of the finest days for House Republicans, who proved that, on the subject of torture, they could tie themselves in knots just as easily as their colleagues in the Senate, where the Bush bill is in a stalemate with one backed by Sen. John McCain (R-Ariz.) and friends. Confronted with one of the weightiest issues of the times -- whether to reinterpret the Geneva Conventions' torture prohibitions -- the committee members quickly retreated to the familiar terrain of extraneous and off-point arguments."

USA Today/AP (9/21) reports Democrats "sat on the sidelines 'watching the catfights' among Republicans on terrorism surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev. He noted that Republican leader Bill Frist of Tennessee was forced to postpone consideration of those bills this week; the Senate instead is holding a floor debate on border security 'because they have nothing else to do.'"

Senate Negotiations On Detainee Legislation Continue. CNN's The Situation Room (9/20, Koppel) reported, "Day two of negotiations between the White House and a small group of Senate Republicans over military detainee legislation continued today, mostly behind closed doors, as both sides sought to narrow differences, to find

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common ground over what one Republican described as the deal- breaker issue. That is Article 3 of the Geneva Conventions and the War Crimes Act. Now, even though neither side wanted to tip their hands today, speaking to reporters in the hallway, one of the three leading Republicans who is blocking the President's bill, Senator John McCain, told reporters, in his words, the two sides were -- quote – 'making progress' and that good-faith efforts were being made by both sides. But, in an effort to keep up the pressure on the White House, Senator McCain's office released yet another letter of support from a former military official, this one from the former chairman of the Joint Chiefs of Staff, Hugh Shelton, saying -- quote – 'General Shelton is the fifth former chairman of the Joint Chiefs who has expressed concern regarding a proposed change in Common Article 3, joining former Secretary of State General Colin Powell, General John Vessey, General John Shalikashvili, and Admiral William Crowe.'"

MSNBC's Hardball (9/20, Shuster) reported, "Today President Bush met with Republican congressional leaders at the White House amidst new signs that GOP infighting over terror detainee legislation is even deeper than has been publicly acknowledged. Last night, Senate Majority Leader Bill Frist noted that a proposal from Republicans Lindsey Graham, John McCain and John Warner may have 50 votes, but doesn't have the 60 needed to get around a filibuster from backers of the more stringent White House bill. … The threat of Republicans, the majority party using a filibuster to block other Republicans is remarkable and it something that Frist in a hastily arranged speech today said he hopes to avoid." MSNBC added, "White House officials and Senator McCain both say negotiations are continuing. But it is a delicate issue. And when McCain was informed about the harsh criticism from Bill Frist and the suggestion that McCain might face a Republican filibuster, the Arizona senator stated curtly, quote, our negotiations are with the White House."

Detainee Bills Would Limit Habeas Corpus Appeals. The New York Times (9/21, Lewis, Zernike, 1.21M) reports that although "the effort has been partly obscured by the highly publicized wrangling over military commissions for war crimes trials, the Bush administration and its allies in Congress are trying to use the same legislation to strip federal courts of their authority to review the detentions of almost all terrorism suspects." The Administration bill and the Senate GOP dissidents' measure both include "a provision that would bar foreigners held abroad from using the federal trial courts for challenges to detention known as habeas corpus lawsuits. If the provision was enacted, it would mean that all of the lawsuits brought in federal court by about 430 detainees at Guantánamo Bay, Cuba, would be wiped from the books."

Bush Says US Would Enter Pakistan To Get Bin Laden If Intelligence Dictated It. President Bush was asked on CNN's The Situation Room (9/20) if he would go into Pakistan to capture or kill Osama bin Laden or Ayman al-Zawahiri if he had actionable intelligence. Bush said, "Absolutely," adding, "We would take the action necessary to bring them to justice."

The AFP (9/21) reports Bush said "he would not hesitate to track down and kill Al-Qaeda leader Osama bin Laden and other terror operatives even if it meant hunting them down on Pakistani soil." But Bush also "praised efforts by Pakistan's President Pervez Musharraf to root out members of the Al-Qaeda terror network ahead of Musharraf's White House visit later this week." Bush said, "I view President Musharraf as somebody who would like to bring Al-Qaeda to justice. As a matter of fact, we'll be discussing that with him on that subject on Friday at the White House."

The AP (9/21) reports that with bin Laden "still at large five years after the Sept. 11, 2001, attacks and believed to be hiding somewhere along the mountainous border between Afghanistan and Pakistan, Bush disputed any suggestion that Pakistan has not done enough to hunt down terrorist leaders."

CNN's The Situation Room (9/20, Blitzer) reported that Bush's comment that he would go into Pakistan to get bin Laden drew "an immediate reaction from Pakistan's president, a negative reaction." Pakistani President Pervez Musharraf: "We won't like to allow that at all. We will do it ourselves. We would like to do it ourselves."

Bush Says Security Goes Beyond Finding Bin Laden. President Bush was asked on CNN's The Situation Room (9/20) why the US has been unable to find Osama bin Laden. Bush said, "Osama bin Laden is in hiding and we're still spending a lot of time trying to find him. But the key thing that the American people have got to know is that security comes not only with getting him -- which I'm convinced we will -- but also doing other things to protect them. One is to dismantle al Qaeda. Two is to listen to phone calls if al Qaeda's calling to the United States and respond to that. Three is to get information so we can prevent attack. Getting

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bin Laden is important, but putting things in place, putting procedures in place that protect you is equally important, and we're doing both."

Fifth Anniversary Of Declaration Of War On Terrorism Noted. CBS Evening News (9/20, story 11, 0:25, Couric, 7.66M) reported, "It was five years ago tonight that President Bush rallied Americans to a new kind of war against terror. That historic milestone tops tonight's snapshots. On September 20, 2001, nine days after the attacks, the President addressed a joint session of Congress and a national television audience." President Bush: "Tonight we are a country awakened to danger and called to defend freedom." Couric: "The President cautioned that the war on terror would be long and hard."

State Department To Press Musharraf On Deal With Taliban Sympathizers. The Washington Times (9/21, Iqbal, 88K) reports Pakistani President Pervez Musharraf "will be hard-pressed at a White House meeting tomorrow to explain a peace deal with tribal leaders that Afghans fear will turn the border region into a safe haven for al Qaeda and the Taliban." White House and State Department officials "have told reporters that the meeting would focus on the resurgence of violence in Afghanistan and on a recent deal Pakistan signed with pro-Taliban elements in the region bordering Afghanistan. The deal would allow the militants to live peacefully if they give up arms and denounce violence."

Padilla's Alleged Recruiter Challenges Wiretap Intercepts. The AP (9/21, Anderson) reports, "The man who allegedly recruited Jose Padilla to join al-Qaida is challenging warrants obtained from a secret intelligence court by the FBI for wiretaps, which form the backbone of prosecutors' case against him." The AP continues, "Adham Amin Hassoun, a former computer programmer from Sunrise, contends that the FBI intercepted some of his telephone calls between 1993 and 2002 without sufficient legal reason under the Foreign Intelligence Surveillance Act." The AP adds, 'The FISA law requires U.S. agents to show probable cause that a wiretap target is a suspected foreign agent before surveillance can begin. Hassoun's lawyers Kenneth Swartz and Jeanne Baker contend that warrants were issued without that legal basis and argue that many phone intercepts should not be permitted as evidence the upcoming trial of Hassoun, Padilla and codefendant Kifah Wael Jayyousi. … U.S. Attorney General Alberto Gonzales said in papers filed in Miami federal court that disclosure of the top secret documents challenged by Hassoun could 'cause exceptionally grave damage' to U.S. national security because they contain sensitive intelligence-gathering methods and sources as well as details about the way terrorism investigations are carried out." The AP notes, "U.S. Magistrate Judge Stephen Brown held a brief hearing Wednesday on the issue but issued no ruling. Prosecutors have submitted sealed documents to Brown so he can evaluate the legality of the FISA warrants and applications in private. … Hassoun, Padilla and Jayyousi are charged with being part of a North American terror support cell that provided money, supplies and recruits to violent Islamic extremists worldwide. Prosecutors say Hassoun recruited Padilla for al-Qaida shortly after Padilla, a former Chicago gang member, converted to Islam."

Judge Orders DOD To Release More Guantanamo Documents. The AP (9/21, Neumeister) reports, "A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press." The AP continues, "U.S. District Judge Jed S. Rakoff said the government must provide the news organization with the information despite government claims that doing so would violate detainees' privacy. … 'The public interest in disclosing government malfeasance is well-established,' the judge wrote in saying that the AP had demonstrated the need. … A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment." The AP adds, "Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations. … The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks. … The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information."

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DOJ Appeals Citizenship Approval Of Terror-Linked Palestinian. The AP (9/21) reports, "The Bush administration has appealed a federal judge's ruling granting a petition for citizenship to a Palestinian man who the government has claimed has terrorist ties." The AP continues, "The appeal comes two months after U.S. District Judge Stephen V. Wilson ruled Aiad Barakat, 45, of Arcadia, should become a citizen. The judge said Barakat didn't lack good moral character and his application should never have been denied. … The Justice Department filed its notice of appeal on Sept. 14 without giving a reason for the action. Authorities had refused citizenship to Barakat because of his alleged terrorist links, saying Barakat lied about ties to the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization." The AP adds, "Barakat was detained in 1987, along with six other Palestinians and a Kenyan in a case that became known as the "L.A. Eight," but charges were never filed. Immigrant rights groups said the case was politically motivated. … Barakat's lawyer Marc Van Der Hout said he believes Wilson's June 28 ruling will stand. … The Justice Department declined comment."

FBI Agents Testify About Albany Terror Probe Raid. Capital News 9 Albany (9/20) reported, "A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there. The jury also heard lengthy transcripts and audio of Aref preaching from 1994 when he was living in the northern province of Kurdistan in Iraq. A translator read each word of the translation the government may be using to show an inclination toward radical Islamic thought -- including statements like, 'We should sacrifice our lives for the sake of the religion.' But the speeches…when put in context are more about Aref's preaching against Kurds leaving their homeland for places like Europe and America, which he does call 'the house of infidels.'"

Pennsylvania Man To Plead Guilty In Al Qaeda Material Support Case. In a story distributed by McClatchy, the Allentown Morning Call (9/21, Birkbeck) reports, "A Pennsylvania man scheduled to stand trial next week on a charge he plotted to sell bombs to al-Qaida is expected to agree to a plea deal as early as Thursday. Ronald Grecula, 69, of Upper Mount Bethel, was charged with attempting to provide material support and resources to terrorist organizations after his arrest in Houston in May 2005. Federal prosecutors say Grecula, angry with the government over a bitter custody battle with his estranged wife, told FBI agents disguised as al-Qaida operatives he could build a hydrogen chlorine bomb that could destroy buildings, level city blocks and kill 'a bunch of Americans.'"

Michigan Islamic Charity Puzzled By FBI Searches. The Columbia (MO) Tribune (9/21, Luecke) reports, "A spokesman for a Michigan-based Islamic charity under FBI scrutiny says the organization did nothing wrong when it sent aid to Iraq during U.S. sanctions on the country. … Mohammed Alomari, Life for Relief spokesman, said the group did send food and medicine into the country during the sanctions period under a special license from the U.S. Department of the Treasury." However, he added, "Whatever the legal guidelines were established for this kind of work, we strictly followed those guidelines." Alomari also "said the FBI attention on [Shakir] Hamoodi was puzzling because he is not a prominent member of the charity." The Tribune notes that yesterday "morning religious leaders and peace activists gathered at First Christian Church…to condemn the FBI for the investigation and show support for Hamoodi" and his family, and "several people said they believed the raid was intended to intimidate Hamoodi and other Muslims in Mid-Missouri."

Hamoodi Says Agents Told Him Raid Linked To Charity. The AP (920, Zagier) reported "Muslim leader and Iraq war opponent" Shakir Abdul-Kaf Hamoodi said that the FBI agents who searched his house "told him they were interested in his links to a Michigan charity that also was searched. … An FBI spokesman declined to reveal the reasons for the search." The AP noted, "The search of Hamoodi's home came three days after a community meeting at which local Muslims raised concerns about racial profiling and an October 2004 FBI raid of the Islamic American Relief Agency's U.S. headquarters in Columbia." Hamoodi "said the search warrant was dated Sept. 12 — meaning FBI agents knew about the impending raid even as they vowed to work with the Muslim community. 'What they did (Monday) has really nullified everything they did Friday,' he said."

Hoekstra Calls For Broad Terrorism Strategy. The AP (9/21, Shrader) reports House

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Intelligence Committee Chairman Peter Hoekstra "said Wednesday that the United States must attack Islamic extremism with more than military might by focusing on social and economic work in countries cooperating in counterterrorism efforts." Rep. Hoekstra said, "We need to recognize that this war cannot be won solely by being on offense in a military sense. We need a comprehensive strategy, as well, to engage them on a number of different fronts." The AP adds a spokesman for Hoekstra "said he was not distancing himself from the Bush administration, but was laying out additional steps that should be taken against al-Qaida and other extremist groups. The White House contended that it has long said a comprehensive strategy is needed."

HOMELAND RESPONSE:

"Huge" Homeland Security Spending Bill May Take Longer Than Expected. CQ (9/20, Yoest, Higa) reported, "Talks bogged down Wednesday on several measures attached to the fiscal 2007 Homeland Security spending bill, and plans by House leaders to try to add border security language could further complicate the discussions. But lawmakers said the Homeland Security bill remains on track to clear both chambers before they leave town to campaign at the end of the month." Rep. Harold Rogers "had been aiming for the House to appoint conferees by Wednesday, with formal talks to follow Thursday. But on Wednesday he said that his preferred timetable might have been 'too optimistic. 'The real time problem here is this is going to be a huge bill,' Rogers said. 'Not just the appropriations, but the other items that are going to be in it. . . . The staff readout time is going to be enormous.'"

Republican Leaders Reject Industry-Backed Chemical Plant Security Measure. The New York Times (9/21, Lipton, 1.21M) reports a "behind the scenes" struggle in Congress over chemical plant security "is testing the balance of power not just between Republicans and Democrats, but also between rival Republicans in the House and the Senate and between environmentalists and the chemical industry, all of whom have dug in to defend their views." An industry backed proposal that would have allowed DHS Secretary Michael Chertoff to establish regulations for only "a sliver of facilities that…are deemed to have the 'highest levels of security risk'" appeared to be on its way to approval earlier this week. However, that measure's approval "is now in question because of objections raised by Senator Susan Collins of Maine, Representative Peter T. King of New York, and Senator Judd Gregg of New Hampshire, all Republicans who hold powerful positions."

Bioterrorism Bill Gains Support In Congress. The Wall Street Journal (9/21, A5, Lueck, 2.03M) reports, "As military tribunals and wiretapping dominate Congress's pre-election agenda, biotech companies are pushing lawmakers to enact a less divisive -- and more lucrative -- homeland-security measure: a $1 billion fund for vaccines and treatments for anthrax, smallpox and pandemic flu. Since the anthrax attacks in October 2001, the biotech and venture-capital industries have seen new potential in developing products against bioterrorism. … But without greater support from the government, industry leaders say it is difficult, if not impossible, to bring their products to market." Though the industry's efforts have drawn bipartisan backing in both chambers, "the bill could stall amid a tight schedule on Capitol Hill and a climate in which Republicans and Democrats already are squabbling over counterterrorism measures."

CQ (9/21, Hopkins) reports, "The House Energy and Commerce Committee approved by voice vote Wednesday a bill that would create a new agency to research defenses against biological weapons and disease outbreaks. … The measure is aimed at streamlining the process of giving funds to pharmaceutical companies and academic institutions, with the goal of creating and producing more vaccines by directing the HHS secretary to award contracts, grants and cooperative agreements."

Mica Calls For Review Of Air Marshal Injuries. Following a report on the issue in Wednesday's newspapers, the Washington Times (9/21, Hudson, 88K) reports Rep. John L. Mica "yesterday said that Congress should review the large number of federal air marshals sidelined by injuries sustained while protecting passengers from another September 11-style terrorist attack. More than 2,100, or nearly half the Federal Air Marshals Service's peak force, have been awarded workers' compensation claims in the past three years, according to the Labor Department." Meanwhile, "In a written rebuttal provided last night, the Transportation Security Administration disputed The Times' report as 'inaccurate' and 'misleading.'"

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WAR NEWS:

Bush Disputes Claim Iraq Is In Civil War.

President Bush said on CNN's The Situation Room (9/20), "This notion that we are in civil war [in Iraq] is just not true." Bush added that there is "an unbelievable will and resiliency by the Iraqi people. Twelve million people voted last December. Admittedly, it seems like a decade ago. I like to tell people when the final history is written on Iraq, it will look like just a comma, because there is -- my point is, there is a strong will for democracy. These people want a unity government. The unity government is functioning. I'm impressed by President Maliki. I've talked to him. I've seen the decision-making process that he's put in place. The Iraqi army is still recruiting and training. … The Iraqi government and the Iraqi military is committed to keeping this country together. And so, therefore, I reject the notion that this country's in civil war based upon experts, not based upon people who are speculating."

Despite Rice's Comments, US Hopes For Malaki's Success Said To Be Fading. CBS Evening News (9/20, story 4, 1:15, Couric, 7.66M) interviewed Secretary of State Condoleezza Rice. Couric asked, "Now there is doubt that the Iraqi Prime Minister can really handle this, is sectarian violence that's going on in Iraq. The situation is terrible. How can this sectarian violence be decreased?" Condoleezza Rice, Secretary of State: "These are things that they have to decide and they have to disband the militias. But, you know, I heard many, many times of things that just couldn't be done, couldn't be done and then when they were done people look back and said, 'Oh, it was inevitable that that was going to be done.' I suspect given the commitment of this Iraqi government and, by the way, a prime minister of whom in we have enormous confidence because he is tough and he is making difficult decisions, I think you're going to see that this Iraqi government will get a handle on this sectarian violence. But it's going to take some time."

However, ABC World News (9/20, story 2, 1:50, Karl) reported US Officials are "privately expressing frustration with the government of Iraqi Prime Minister Nuri al Maliki. Officials say Maliki's government is not doing enough to win support of Iraq's Sunnis." Gen. Jack Keane (ret.): "They have been absolutely unable or unwilling to do anything about the Shia militia groups who are causing so much of the violence in Baghdad." Karl: "White House press secretary Tony Snow said today that reports that the President has lost faith in Prime Minister Maliki are absolutely false. He's been in office just four months, and there has been 'significant progress.' But, Charlie, many of the senior military officials I've spoken to, simply do not agree with that assessment."

In a news analysis article, the AP (9/21, Reid) reports, "Four months after Iraq's unity government took office, hope is turning to disappointment. Key U.S. leaders are hinting that Iraq's leaders must make hard decisions — and soon — if they expect American support to continue." Prime Minister Nouri al-Maliki's government "has failed to stop sectarian militias responsible for much of the bloodshed, or to make headway in luring Sunni Arabs away from the insurgency." In addition, Al-Maliki "has run into persistent trouble from U.S. critics in Congress angry at his recent meeting with Iran's president and his refusal to condemn the Hezbollah militia, which fought Israel." While publicly the Bush Administration "continues to offer strong support," President Bush "also offered a not-too-subtle hint that the American commitment to Iraq and its current government is not open-ended. The president said Iraqis could count on U.S. support 'so long as the government continues to make the tough choices necessary for peace to prevail.'"

Schieffer Compares Government's "Spinning" Of Iraq With Vietnam. On the CBS Evening News (9/20, story 11, 2:10, Couric, 7.66M), Face the Nation anchor Bob Schieffer said, "From the beginning there were those who saw Iraq as another Vietnam. I wasn't one of them because I saw Vietnam up close. During the Cold War, we chose Vietnam as the place to draw a line and tell the communists once and for all they could not cross it. Whatever Iraq is, it was never that. But I am beginning to see parallels in the remarkably similar way the government then and the government now reports war news. During Vietnam, the government was on a never ending search for good news, victory was always just around the corner. Over and over there were sightings at that light of the end of the tunnel." Iraq and Vietnam are "two different wars but when the government spin machine starts spinning, it is hard to tell the difference. Sadly, there is no difference on one point: We went to Vietnam with good intentions and a bad plan. We may have managed to do the same thing in Iraq."

McGovern Calls For Withdrawal Of US Troops From Iraq. In a USA Today op-ed (9/21), Rep. Jim McGovern calls for "the safe and orderly removal of U.S. troops. Whether through an immediate withdrawal, as I favor,

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or phased over a specific period of time, ending the U.S. military occupation could provide Iraq and the global community a fresh opportunity to carry out new ideas in a new context." It "might be too late to save Iraq, but removing the U.S. military from the quagmire there is the only way to force the Iraqis — and the international community — to finally begin to forge a better future for that country."

US Military Warns Of Spike In Violence, Al Qaeda Attacks In Iraq. NBC Nightly News (9/20, story 6, 1:20, Williams, 9.87M) reported, "In Iraq this evening top US generals are warning that the ongoing violence in Baghdad will likely get even worse during the Islamic holy month which begins this weekend. They say al Qaeda in Iraq has already stepped up attacks on American troops there. Violence killed some 65 people today alone in Iraq."

The AP (9/21, Quinn) reports top US generals "warned…that violence will increase in Baghdad during the Islamic holy month of Ramadan and said al-Qaida in Iraq already has intensified its assaults against American troops." Senior US military spokesman Maj. Gen. William B. Caldwell said, "If you historically look at this time period just before and going into Ramadan, there has unfortunately been an increase in violence. That, in fact, is occurring within the city." Caldwell "said Iraqi and U.S. forces were carrying out operations against insurgents and terrorists to 'disrupt their ability to coordinate violence prior to Ramadan.'"

CBS Evening News (9/20, story 3, 2:40, Couric, 7.66M) reported, "Here at home, a CBS News/New York Times poll finds more than half the American public believes pulling out of Iraq now despite what President Bush says would not mean defeat." CBS (Logan) added, "This past week in Iraq has seen a wave of bloodletting with suicide car bombings like this one in the northern city of Kirkuk as well as roadside bombs, execution style killings and attacks on US forces all on the rise. That's what the Army's top spokesman in Iraq admitted today." Major General William Caldwell, US Military spokesman: "Al Qaeda in Iraq insurgents and death squads have recently increased their attacks with the primary area being focused in the Baghdad area."

The Washington Post (9/21, A19, Raghavan, 748K) reports Gen. Caldwell said attacks "against U.S. troops have increased in the two weeks since al-Qaeda in Iraq's new leader urged insurgents to target American forces." Since the "threat posted on the Internet on Sept. 7 by Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, at least 23 servicemen have been killed, mostly by suicide car bombers or roadside bombs, according to U.S. military news releases."

Pentagon Survey Shows 75% Of Sunnis Support Insurgency. ABC World News (9/20, story 2, 1:50, Karl) reports, "ABC News has learned that that confidential Pentagon assessment says that the overwhelming majority of Iraq's Sunni Muslims support the insurgency, about 75%. That number has never been higher. In fact, when the Pentagon began doing surveying of public opinion in Iraq, support for the insurgents amongst Sunnis stood at just 14%."

UN Report Finds Violence Challenging "Fabric" Of Iraq. The Los Angeles Times (9/21, Roug, 918K) reports the UN "issued a somber human rights report Wednesday that focused on recent civilian deaths in Iraq, as at least 75 Iraqis were killed or found slain around the country." The report "says 3,009 people were killed in Iraq during August, down from 3,590 in July. It warns that although the rate had declined at the beginning of the month, it had escalated again by month's end, especially in Baghdad. The current level of violence, the report says, 'is challenging the very fabric of the country.'"

With Iraq Withdrawal Delayed, Army Faces Personnel Issues. The Los Angeles Times (9/21, Spiegel, Barnes, 918K) reports, "As prospects fade for US force reductions in Iraq, Army and Marine commanders have been stepping up their warnings that the pace of troop deployments is increasingly straining the military and threatening to cause long-term damage." A "senior Pentagon official involved in long-term planning said the concerns had reached such a level that top Army leaders broached the issue of changing deployment rules to allow for more frequent call-ups" than the two out of every five years for "National Guard and Reserve units to relieve pressure on the active duty Army." While "the issue of revising the two-year limit is fraught with political risk," without a change, the army "would be forced to consider a push for an expansion of its active duty force." While "the Marine Corps has expressed less alarm about the high rate of deployments," defense officials said "Gen. Michael W. Hagee, the Corps' commandant, had begun discussing his need to focus on force levels out of concern that 'significant personnel issues' could develop. Similarly, "some former senior military officials said that without a substantial draw-down, the military will face personnel issues."

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The AP (9/21, Burns) adds that the choice between expanding the army or calling up the National Guard more frequently "is looming in light of the fact that the simultaneous wars in Iraq and Afghanistan have put the Army under enormous strain." Army brigades "are cycling in and out of Iraq and Afghanistan at a faster pace than the goal of one year deployed for every two years at home,' and a senior defense official said, "'I don't know how long' that can go on."

Iraqi Government Replaces Lead Judge In Saddam Trial. CBS Evening News (9/20, story 3, 2:40, Logan, 7.66M) reported, "The trial of Iraq's former dictator slipped even further into the farce today. Iraq's government fired the chief judge last night for being too lenient. The new man in charge immediately faced a walkout from the defense team and shortly afterwards ejected an aggressive Saddam from the court. Outside the court, farce has turned to tragedy for the defense team. Four have already been murdered."

The AP (9/21, Yacoub, Halaby) reports new chief judge Mohammed Oreibi al-Khalifa "threw the former Iraqi president out of court Wednesday, and his lawyers stormed out in protest. A leading human rights group charged that the government's decision to replace the former chief judge, Abdullah al-Amiri, threatens the independence of the troubled tribunal." The government "removed al-Amiri, who angered Kurds by declaring last week that Saddam was 'not a dictator.'"

The Los Angeles Times (9/21, Roug, 918K) reports "in the genocide trial of Saddam Hussein and six codefendants, theatrics and shenanigans are par for the course." After Saddam was escorted from the room, "Kurdish villagers testified about chemical attacks. The defendants are accused of orchestrating a brutal military offensive known as the Anfal campaign that killed as many as 100,000 Kurds in northern Iraq in 1987 and 1988."

The Washington Post (9/21, A19, Paley, 748K) reports human rights groups "and international legal observers condemned the government's intervention and said it would undermine Iraq's nascent judicial system by sending a message to judges that they must toe a politically correct line or risk being fired." But Iraqi and US officials "said the move to oust Amiri did not erode the independence of the judiciary. 'There is no interference with the decisions and the daily work of the court,' said Ali al-Dabbagh, a government spokesman."

NYTimes Criticizes Replacement Of Saddam Trial Judge. The New York Times (9/21, 1.21M) says in an editorial that the trial of Saddam for the 1988 Anfal campaign "is likely to spawn more cynicism and division after the Iraqi government fired the court's chief judge this week for allegedly being too sympathetic to Mr. Hussein. Sunni politicians immediately accused the Shiite and Kurdish dominated government of violating the independence of the judiciary. Legal experts raised similar fears."

NATO Commander Says Up To 1,500 Taliban Killed In Offensive. USA Today (9/21, 2.27M) reports NATO's offensive "against insurgents in southern Afghanistan killed up to 1,500 Taliban fighters, a large chunk of the militants' force, NATO's supreme allied commander for Europe said Wednesday." The "casualty toll given by U.S. Marine Gen. James Jones is higher than the 510 that Western alliance spokespersons gave during the two-week operation. Five Canadians and 14 Britons died in the offensive, and 20,000 villagers were displaced, Jones said." He added the Taliban "suffered a tactical defeat," but "I don't think they've been totally defeated."

The Washington Times (9/21, Scarborough, 88K) reports Gen. Jones said "Taliban insurgents have retreated in southern Afghanistan after taking heavy losses from a British-led force of U.S. allies and that a reconstruction phase has begun." Gen. Jones said, "The Taliban decided to make a test case of this region. The outcome of it was that they retreated and we are now in the consolidation phrase and we are going to start to bring aid and reconstruction to the region." The Times adds Gen. Jones "recapped months of fighting in Operation Medusa in southern Afghanistan around Kandahar, the Taliban's birthplace."

The AP (9/21, Baldor) reports Gen. Jones said after "weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering." Jones said "requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters." Jones "offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat."

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The Washington Post (9/21, A21, Tyson, 748K) reports Gen. Jones "said NATO members Romania, Poland, Canada, the United Kingdom and other countries would begin deploying from 2,000 to 2,500 additional troops to Afghanistan beginning next month to bolster the 20,000-strong NATO contingent." NATO "called for the fresh forces as it engaged in a major offensive this month that Jones said has killed about 1,000 Taliban fighters who massed against NATO troops near Kandahar in southern Afghanistan, the Taliban's traditional stronghold."

US Applying Classic Counterinsurgency Theory In Eastern Afghanistan. The Washington Post (9/21, A21, Constable, 748K) reports that in Kandagal, the "stout new wood-plank bridge over the Pech River, paid for by the U.S. Army, was a strategic gift to the people of this remote area of eastern Afghanistan, where insurgents are active. The aim: to open the river's valley to markets and health care and thereby strengthen local support for the central government." But even "as US and Afghan officials landed by helicopter in a cornfield Monday and snipped a ceremonial pink ribbon across the bridge, U.S. and Afghan soldiers were blockading the only road into the nearby Korengal Valley. Officials said some local tribes there had helped Taliban forces regroup after they were driven out of the area by the U.S.-led Operation Mountain Lion in April." Lt. Col. Christopher Cavoli, "commander of U.S. military forces in Konar province, who called the bridge and blockade combination a textbook application of counterinsurgency theory."

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Fisher Confirmed As Assistant AG While Public Integrity Slot Remains Unfilled. Roll Call (9/21, Kane) reports, "The Justice Department's top criminal prosecutor won Senate confirmation Tuesday, just days after announcing the first felony plea agreement from a Member of Congress directly connected to the long-running probe of ex-lobbyist Jack Abramoff. … But the confirmation of Alice Fisher to be assistant attorney general — she had been serving in an acting capacity as head of the criminal division — comes as the department is still searching for a permanent chief of the Public Integrity Section, which has gone without a full-time boss since mid-January." Roll Call continues, "Fisher's confirmation had been delayed for more than a year because Democrats questioned what role, if any, she might have played in Justice's formulation of legal briefs in support of controversial interrogation techniques on alleged terrorists being held at U.S. military facilities at Guantanamo Bay. … Republicans countered that Democrats were holding her nomination hostage in an effort to force the White House to turn over documents that might be embarrassing, trying to score political points with a critical nomination." Roll Call adds, "In addition to overseeing the prosecutions of terrorist trials, Fisher will continue to manage the growing Congressional corruption scandals. Justice got its highest-profile target to date last week when Rep. Bob Ney (R-Ohio) signed a plea agreement for three felony counts of accepting illegal gifts from Abramoff and a Syrian-born arms dealer and lying about them on federal forms. … While Fisher announced the deal outside Justice's headquarters, the investigation has been led by a team of career prosecutors in the Public Integrity Section. … A Justice spokesman said those prosecutors are continuing to build cases despite the ongoing vacancy of a permanent chief of their division. … 'They're moving ahead full steam,' said Bryan Sierra." Roll Call notes, "Public Integrity lost its top prosecutor, Noel Hillman, in mid-January when he was nominated for a federal judgeship in New Jersey, to which he was confirmed in the spring. At the time Hillman temporarily was replaced by Andrew Lourie, an assistant U.S. attorney in the West Palm Beach, Fla., office who previously had worked with Hillman at Public Integrity."

CORPORATE SCANDALS:

HP Leak Probe Included "Sting" Of Reporter. The Washington Post (9/21, A1, Nakashima, Noguchi) reports, "Hewlett-Packard Co. chief executive Mark V. Hurd approved an elaborate 'sting' operation on a reporter in February in an attempt to plug leaks to the media, according to an e-mail message sent by HP Chairman Patricia C. Dunn." The Post continues, "The document, one of more than two dozen e-mails obtained by The Washington Post, for the first time links Hurd to an internal investigation of media leaks that has led to criminal probes and will be the subject of a congressional hearing next week." The Post adds, "Internal e-mails show senior HP employees who were given the task of identifying anonymous news sources concocted a fictitious, high-level HP tipster who sent bogus information to a San Francisco reporter in an attempt to trick her into revealing her sources. … The e-mail sting operation, which was part of a wide-ranging two-part HP investigation that

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began in March 2005 and ended in May 2006, is the latest in a series of deceptive and possibly illegal tactics that reveal the lengths to which HP went to spy on people inside and outside the company to protect its image and secrets." The Post notes, "HP's leak investigation involved planting false documents, following HP board members and journalists, watching their homes, and obtaining calling records for hundreds of phone numbers belonging to HP directors, journalists and their spouses, according to a consultant's report and the e-mails. … The e-mail operation demonstrated an intense degree of attention by Dunn, who often sent messages via a BlackBerry device, and by senior HP executives attempting to cultivate and trick a news reporter to find the identity of her source."

The AP (9/21, Bergstein) reports, "Hewlett-Packard Co. may be the world's largest technology company, but the superlative that better suits it these days is Provider of the World's Strangest Corporate Drama. … For two weeks, almost every day has brought revelations of questionable tactics that HP investigators used this year and last to root out who had been describing boardroom deliberations to the media. Corporate intelligence is an old and frequently practiced art, but HP's efforts feel more Watergate than Wall Street." The AP adds, "Not only did investigators impersonate board members, employees and journalists to obtain their phone records, but according to multiple reports, they also surveilled an HP director and a reporter for CNet Networks Inc. They sent monitoring spyware in an e-mail to that reporter by concocting a phony story tip. … They even snooped on the phone records of former CEO and Chairwoman Carly Fiorina, who had launched the quest to identify media sources in the first place. … And in a twist that might seem preposterous if it happened in a movie, The New York Times reported that HP consultants considered hiring spies to pose as clerical or custodial workers at CNet and The Wall Street Journal. … Jeffrey Sonnenfeld, senior associate dean at the Yale School of Management, said the HP affair stands out even against similar episodes from the past, such as the 1991 incident in which Procter & Gamble Co. persuaded authorities to mine 803,000 phone bills to track leaks to a Wall Street Journal reporter."

House Committee Seeks More Testimony From HP Officials. USA Today (9/21, Hopkins) reports, "Raising pressure on Hewlett-Packard, a congressional panel investigating HP's boardroom spying scandal is seeking testimony from two more company executives at a high-profile hearing next week." USA continues, "The House Energy and Commerce Committee on Wednesday said it had added to its witness list Kevin Hunsaker, an HP attorney, and Fred Adler, an HP computer security investigator. … They would join a growing parade of witnesses: Chairman Patricia Dunn; top in-house attorney Ann Baskins; and a prominent Silicon Valley attorney, Larry Sonsini, whose firm represents HP." USA adds, "The Sept. 28 hearing focuses on an HP internal investigation of news leaks from its board of directors. That investigation — and the revelations of the controversial tactics the company's investigators used — has plunged HP into a crisis and prompted a raft of law-enforcement investigations in the past month. The panel gave Hunsaker and Adler until today to reply. … The committee also is seeking testimony from Anthony Gentilucci, which it says is HP's global security manager, and two private investigators tied to the matter: Ron DeLia, operator of Security Outsourcing Solutions in Boston; and Joe Depante, owner of Action Research Group in Melbourne, Fla."

HP CEO To Discuss Leak Probe On Friday. Bloomberg (9/21, Guglielmo) reports, "Hewlett-Packard Co. Chief Executive Officer Mark Hurd will discuss the company's investigation into the source of news leaks at a press conference on Sept. 22." Bloomberg continues, "Timing and the location of the event, to be held in the California Bay Area, haven't yet been determined, spokesman Ryan Donovan said today in an interview. … Hurd, whose comments so far have been limited to prepared statements and a videotaped presentation to employees, may seek to defuse the widening scandal over the methods used to identify the source of boardroom leaks. Chairwoman Patricia Dunn, General Counsel Ann Baskins and Hewlett-Packard's outside attorney, Larry Sonsini, have agreed to appear before a U.S. House committee on Sept. 28 to discuss the probe." Bloomberg adds, "California Attorney General Bill Lockyer, the U.S. Justice Department and the Federal Bureau of Investigation are reviewing the company's tactics to determine if crimes were committed."

Amaranth Fund Losses Force Energy Trade Transfer. The Wall Street Journal (9/21, Davis, Sender, Zuckerman) reports, "Two big firms deepened their exposure to a tricky market by acquiring the energy portfolio of Amaranth Advisors, the hedge fund that now says it lost roughly $6 billion since the beginning of September, mostly on bad natural-gas bets." The Journal continues, "To forestall

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a shutdown of the increasingly shaky hedge fund, J.P. Morgan Chase & Co. and hedge fund Citadel Investment Group LLC took over the investments. The new owners will share profits and losses." The Journal adds, "Amaranth also has sold nonenergy investments to meet demands from investors for withdrawals and from brokers for more collateral, people familiar with its portfolio say. Some investments were in loans and other investments that aren't easy to unload without discounts. … In a letter to investors last night, Amaranth said transferring its investments prevented further losses, kept it out of default with brokers and decreased its loans and other leverage. But it did so 'at a price that resulted in additional significant losses.' It estimates its holdings dropped 65% in September alone and that year-to-date losses were 55%. That revised estimate means its assets fell from about $9 billion Sept. 1 to just over $3 billion. Previously, it said year-to-date losses were 35%, putting assets at about $4.5 billion. The firm also confirmed that brokers' demands last week for more collateral to back its losing trades 'created serious' cash-flow problems and default risks. It said it would brief investors tomorrow and was 'determined to earn back its investors' trust.'"

The Providence Journal/Bloomberg (9/21, Burton, Leising) reports, "Amaranth was forced to unload the trades after swings in natural-gas prices last week turned it into the biggest hedge fund meltdown since Long-Term Capital Management LP's 1998 collapse. By transferring the bets, Amaranth would stem its losses and the new investor would be at risk of any further declines in the gas market. … Also yesterday, 3M Co., Goldman Sachs Group Inc. and San Diego County's retirement fund say the meltdown of Amaranth may cost them millions. … The $9.2-billion pension fund of 3M, maker of Post-it Notes and electronics and cleaning products, gave less than $92 million to Amaranth, according to Jacqueline Berry, a spokeswoman for the St. Paul, Minn.-based company. Goldman Sachs Hedge Fund Partners LLC has about $13 million with the firm, according to a regulatory filing."

Fastow Requests Lenient Sentence For Enron Role. The Washington Post (9/21, D3, Johnson) reports, "Lawyers for former Enron Corp. finance chief Andrew S. Fastow are asking a judge for leniency in advance of his sentencing on conspiracy charges next week, according to court papers filed in Houston." The Post continues, "Fastow's defense lawyers cited letters from unnamed teachers, friends and relatives who say that Fastow has 'stepped up to take responsibility' and has expressed 'full remorse' for his role in disguising financial problems at the Houston energy company. Enron's December 2001 collapse cost investors and employees billions of dollars." The Post adds, "Over the past two years, Fastow, 44, has helped victims of Hurricane Katrina and volunteered with Meals on Wheels and at his synagogue, where he has taught classes, built a playground and picnic table, and mowed the lawn. 'He is a changed man,' the court filing said." The Post notes, "Fastow pleaded guilty to two conspiracy charges in January 2004, agreeing to a 10-year maximum prison sentence in exchange for testifying against onetime chief executives Jeffrey K. Skilling and Kenneth L. Lay. During the trial, in which defense lawyers challenged his veracity, Fastow told the jury he 'destroyed' his life and was 'ashamed to the core.' … A jury convicted both men in May. Skilling, who is to be sentenced next month, has vowed to appeal. Lay died of heart disease in July."

Skilling Arrested For Public Intoxication. The Houston Chronicle (9/21, Hays, Fowler, Korosec) reports, "Former Enron CEO Jeffrey Skilling was arrested and accused of public intoxication in Dallas earlier this month, but he will not go to jail early for violating the terms of his $5 million bond." The Chronicle continues, "According to a Dallas Police Department report, Skilling was arrested about 1:45 a.m. Sept. 9 in the 3600 block of McKinney Avenue in Dallas. … Skilling was not drinking when he was arrested and did not resist arrest, according to the report." The Chronicle adds, "A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its Enron investigation following the company's 2001 crash. He plans to appeal. … He faces 20 to 30 years in prison, and currently is scheduled for sentencing on Oct. 23. … 'Jeff is doing the very best he can to deal with a nearly impossible situation,' his lead attorney, Daniel Petrocelli, said today." The Chronicle notes, "Public intoxication is a Class C misdemeanor, subject to a fine of up to $500 but no prison time. He was assessed a $385 ticket and was held briefly in a city jail. … Skilling reported his arrest to pre-trial services the next day, Petrocelli said. The incident was investigated and the court required him to increase the frequency of his visits with mental health and alcohol treatment counselors. … Sean Berkowitz, director of the Justice Department's Enron Task Force who cross-examined Skilling during the ex-CEO's lengthy trial testimony, declined comment today on the incident."

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SEC Bans "Stealth Restating" Of Earnings. The Wall Street Journal (9/21, Reilly) reports, "The Securities and Exchange Commission has a message for public companies: Fess up to bad news. … At issue is guidance from the regulator that companies shouldn't try to sweep under the carpet errors in their financial results. In recent years, scores of companies have changed previously reported figures via what critics call 'stealth restatements,' commonly including the new, different figures in subsequent securities filings. The SEC's stand: Such changes constitute information that is material to investors and thus needs to be formally disclosed in a restatement filing clearly labeled as such." The Journal continues, "As a result, some companies are announcing restatements to earnings reports they made months ago. … The SEC's new push on stealth restatements follows on the heels of a report released this summer by the Government Accountability Office, the investigative arm of Congress, which found that about 17% of public companies restating results between August 2004 and September 2005 failed to 'file the proper disclosure.'"

CRIMINAL LAW:

"Abramoff Associates" Norquist, Reed Made Numerous Visits To Bush White House. Under the headline "Abramoff Associates, Bush Aides Met Often," the Washington Post/AP (9/21, A11) reports, "Former associates of disgraced lobbyist Jack Abramoff had dozens of appointments with Bush administration staff members, according to Secret Service visitor logs the White House released yesterday to settle a lawsuit by the Democratic Party and an ethics watchdog group." Grover Norquist and Ralph Reed, "political allies of President Bush and longtime Abramoff associates, totaled more than 100 visits to the Bush White House." The AP adds, "Among others who visited White House staff members are two former Abramoff lobbying associates who have also pleaded guilty in the ongoing lobbying probe. Neil Volz, an aide to Rep. Robert W. Ney (R-Ohio) before joining Abramoff's lobbying team, had 18 appointments with White House aides. Tony Rudy, an aide to then-Rep. Tom DeLay (R-Tex.), visited the Bush White House 13 times. Former Abramoff lobbying associate Kevin Ring, a former aide to Rep. John T. Doolittle (R-Calif.), had 21, and lobbyist Shawn Vasell had 18 -- two this year."

The AP (9/21, Solomon, Theimer) reports, "White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex between 2001 and 2006, including a half-dozen with the president." Reed, "former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia earlier this year, got 18 meetings, including two events with Bush." Officials "said they believe all appointments with Bush involved larger group settings, such as Christmas parties or policy briefings for GOP supporters." White House spokeswoman Dana Perino said, however, "it was possible some of Norquist's meetings might have been directly with Karl Rove, the president's longtime confidant and political strategist. 'He is one of a number of individuals who worked to advance fiscal responsibility, which is one of the key aspects of the president's agenda,' Perino said." The New York Times (9/21, 1.21M) runs a brief summary of the same AP story.

McNulty Expresses DOJ Opposition To Shield Law. The AP (9/21, Yen) reports, "The No. 2 official at the Justice Department said Wednesday that a shield law for reporters would encourage leaks of classified information." The AP continues, "At a Senate Judiciary Committee hearing, Deputy Attorney General Paul McNulty also said the proposal to protect reporters from having to identify their sources would 'significantly weaken' the department's ability to obtain information it needs to protect national security. … Senate Judiciary Committee Chairman Arlen Specter, R-Pa., rejected McNulty's opposition, saying he wants to push forward with the bill, inspired in part by last year's jailing of journalist Judith Miller, then of The New York Times." The AP continues, "Miller had refused to cooperate with prosecutors in the Valerie Plame leak investigation. She subsequently disclosed that the source who told her of Plame's CIA identity had been Vice President Dick Cheney's now-indicted former chief of staff, I. Lewis Libby. … The Senate proposal would allow reporters to protect their confidential sources only in some instances. There would be exemptions in cases involving guilt or innocence, death or bodily harm, eyewitness accounts of criminal activity, and unauthorized disclosure of properly classified information. … McNulty said an exemption for national security was inadequate because the government would have to prove in court that a news leak harmed security. The Senate legislation would inject the federal judiciary 'to an

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extraordinary degree' into executive branch functions, said McNulty." The AP notes, "A former solicitor general in the Bush administration, Theodore Olson, supported a shield law, saying it would promote investigative journalism. … 'Naturally, the Department of Justice does not want its judgments second-guessed by courts,' Olson testified. But Congress should not recoil from ensuring judicial oversight on government decisions such as warrants for eavesdropping on phone conversations, Olson said."

LATimes Opposes Jailing Reporters In Grand Jury Leak Case. The Los Angeles Times (9/21, 918K) editorializes, "San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about" a steroids case. If they don't, "the judge could put them behind bars until they change their minds." Prosecutors "have at their disposal the full investigative power of the US government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources."

Suspect Pleads Guilty To Murder Of Reporter In DC. The Washington Post (9/21, B2, Cauvin) reports, "One of the men charged with killing New York Times journalist David E. Rosenbaum pleaded guilty yesterday to murder and conspiracy charges." The Post continues, "The surprise plea by Michael Hamlin, just a month before the first trial in the case was to begin, indicates that he could testify against his accused accomplice -- a cousin, Percey Jordan. .. . Hamlin, 24, told a D.C. Superior Court judge that he and Jordan attacked Rosenbaum in January as the 63-year-old journalist was walking in his Northwest Washington neighborhood." The Post adds, "With Hamlin's family looking on from a few rows behind Rosenbaum's relatives, he pleaded guilty to second-degree murder, conspiracy and conspiracy to commit robbery -- offenses that collectively carry a maximum penalty of 60 years in prison. … But a long sentence is unlikely. As part of the plea agreement, prosecutors will not seek a sentence above the maximum calculated under Superior Court's voluntary sentencing guidelines, which probably would mean a term of 15 to 35 years."

The New York Times (9/21, Files) reports, "Mr. Hamlin pleaded guilty to charges of second-degree murder, conspiracy to commit robbery and robbery. He said that on the night of Jan. 6, he stole Mr. Rosenbaum's wallet and that Mr. Jordan struck Mr. Rosenbaum on the head with a metal pipe; they divided his money and credit cards and used the cards at stores including a pharmacy, gas station and grocery. … Mr. Rosenbaum, who was found lying semiconscious on a sidewalk near his home that night, died two days later. The authorities attributed the cause of death to blunt force trauma to his head, neck and body." The Times adds, "Judge Erik P. Christian of Superior Court ordered a sentencing hearing for Dec. 19. Lawyers for Mr. Hamlin said he had accepted responsibility for his role in attacking Mr. Rosenbaum, who was 63 and had worked for The Times for more than 37 years as a reporter and an editor and had planned to continue contributing articles in retirement."

The Washington Times (9/21, Mcelhatton) reports, "A graduate of Anacostia High School, Hamlin was employed as a trash truck driver in Virginia at the time of his arrest. He turned himself in after seeing his picture on television during coverage of the beating." The Times adds, "Stephen Mercer, an attorney for Hamlin, called his client 'a young man who was led astray' and who had 'a very strong family.' … Assistant U.S. Attorney Amanda Haines said Hamlin and Jordan drove to Northwest in Hamlin's car after they agreed to commit a robbery together."

Local Television. The Guilty plea from one of the two men charged in the killing of New York Times Journalist David Rosenbaum received reasonable coverage by the nation's capital's newscats. The focus was mainly on the "surprise plea deal," but also on the reaction of Rosenbaum's family. Some examples, NC8-TV Washington, DC, (9/20, 10:02 p.m.) reported, "One of the men accused of killing a retired New York times reporter made a surprise plea deal Wednesday. Michael Hamlin admitted to mugging New York Times editor David Rosenbaum back in January near Rosenbaum's upper northwest home. In court, Hamlin said he drove to Gramercy street with his cousin Percy Jordan, where they spotted Rosenbaum taking a walk, hit Rosenbaum with a pipe while Hamlin took his wallet. The Rosenbaum family spoke after court. Mark Rosenbaum, victim's brother: 'He did a horrible thing and he's taken responsibility for it. … We hope Mr. Hamlin will spend a long

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time in prison to think about what he has done and we hope he will think about it as long as we will be thinking about my brother.' Prosecutors say after the robbery. Hamlin and Jordan filled up their car at a nearby gas station, using Rosenbaum's credit card."

WUSA-TV Washington, DC (9/20, 12:02 p.m.) reported, "It comes as a surprise. One of the suspects charged in the death of New York Times journalist David Rosenbaum agreed to a plea deal. The trial against Michael Hamlin was supposed to begin in less than a month. This morning, he pleaded guilty to murder and robbery charges and as part of the deal, Hamlin will testify against his alleged accomplice."

WJLA-TV Washington, DC, (9/20, 5:00 p.m.) reported, "The family of David Rosenbaum today is very happy that Michael Hamlin has taken responsibility for his actions. A family member in the crowded courtroom called out, 'I love you, Michael' just before Michael Hamlin admitted to his part in the murder of 'New York Times' editor Rosenbaum. … Police tell us Hamlin and Jordan had been working together for several months and were responsible for nearly two dozen robberies in the area. Hamlin's attorney said his client was under the influence of his older cousin who led him astray."

WTTG-TV Washington, DC, (9/20, 12:02 p.m.) reported, "Rosenbaum's brother and children came to court. They say they value the fact that Hamlin took responsibility for his actions."

California Man Charged With Serving As Unregistered Iraqi Agent. In a widely-distributed story, the AP (9/21, Marquez) reports, "A man accused of collecting intelligence for Saddam Hussein's regime during the 1990s was indicted on charges of failing to register as an agent of a foreign government, authorities said Wednesday. William Shaoul Benjamin, 64, of Los Angeles also faces charges of making false statements and conspiracy, according to the FBI. On Monday, Benjamin, an Iraqi-born naturalized citizen, pleaded not guilty and was released on $500,000 bond with electric monitoring following his arrest on Sept. 14." The AP adds, "The FBI says that he not only failed to state he was a paid source for Iraq intelligence in his application for U.S. citizenship, but also falsely declared that he had renounced allegiance to Iraq."

The Los Angeles Times (9/21, Mozingo, 918K) reports, "According to the federal grand jury indictment, returned in June and unsealed Sept. 14, Benjamin is accused of working for the Iraqi Intelligence Service from 1993 to 2001, under the codename '9211.' The indictment alleges that Benjamin met with intelligence service officers in Iraq and Tunisia, and received three payments totaling $8,500, as well as two bottles of whiskey. … The indictment did not say which groups were allegedly infiltrated. Several local Muslim leaders with ties to the Iraqi community said they had never heard of Benjamin."

Minnesota Senate Campaign Aide Fired Over Leaked Ad. The St. Paul Pioneer Press (9/21, Stassen-Berger) reports, "Democrat Amy Klobuchar's U.S. Senate campaign communications director resigned this week after she viewed and shared a possibly fraudulently obtained campaign ad for U.S. Rep. Mark Kennedy, Republican opponent, the campaign disclosed Wednesday. … According to the Klobuchar campaign, a blogger sent Klobuchar's former Communications Director, Tara McGuinness, the Kennedy campaign ad on Saturday. She was told the ad was obtained through, 'use of passwords.'" The Pioneer-Press notes Klobuchar campaign manager Ben Goldfarb said that "the FBI hadn't interviewed anyone with Klobuchar's campaign by Wednesday."

The AP (9/21, Condon) reports, "At a hastily called press conference late Wednesday, Noah Kunin, who maintains the liberal blog http://www.blanked-out.com, revealed that he uncovered the ad. … 'At no point in the process did I circumvent security measures,' said Kunin, 24. 'The Web site containing this ad can be accessed by anyone with Internet access. It was in no way secured.'" The AP notes, "FBI spokesman Paul McCabe confirmed his office had been contacted by the Klobuchar campaign. 'We are currently reviewing the facts of this matter to determine if there was any violation of federal law,' McCabe said. … Goldfarb said the Klobuchar campaign wouldn't answer any more questions about the matter while the FBI was investigating it."

Virginia Doctor Convicted Of Obstructing FBI Corruption Probe. The AP (9/20) reported, "A Petersburg doctor has been convicted of obstructing an FBI investigation and making a false statement after federal authorities say he signed two competency letters that helped a Virginia lawmaker commit bank fraud." Dr. Clarence Scranage Jr. "faces up to 25 years in prison and $500,000 in fines when he's sentenced on Dec. 15. A federal jury convicted Scranage Tuesday, according to Chuck Rosenberg, United States Attorney for the Eastern District of

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Virginia. The FBI and Virginia State Police led the investigation against Scranage." The AP noted, "The charges relate to a 2004 joint investigation of Virginia Del. Fenton Bland," who "is serving a 57-month federal prison sentence for forging deeds to property owned by an elderly Petersburg resident."

New York Police Superintendent Rejects Criticism Of Phillips Search. The AP (9/21, Gormley) reports New York State Police Superintendent Wayne Bennett "on Wednesday rejected allegations of mismanagement that prompted a state assemblyman to call for an independent investigation into how the manhunt for Ralph 'Bucky' Phillips was handled. 'I think there should be something more, based on this,' said Assemblyman William Parment, referring to complaints from the state troopers union released in a letter Tuesday," but "Bennett said the internal review already under way would address all questions." The AP adds, "Bennett said he would welcome an independent investigation, but he wouldn't call for one since the State Police can do the job. 'I can tell you there is no credibility to some of these allegations,' he said, for example that state police turned away FBI assistance."

The New York Times (9/21, Wilson, 1.21M) reports, "The manhunt began in earnest after the June 10 shooting, but for many weeks that followed the state troopers rebuffed an offer of help from the F.B.I.," Police Benevolent Association president Daniel M. DeFedericis "said in an interview yesterday. 'We do have evidence that the F.B.I. both was given the impression and felt they were not wanted on that detail,' he said. 'Hence, they left it.'" But Bennett "said the F.B.I. agents in question were part of a tactical group meant to capture Mr. Phillips once his location was known, which was not the case at the time, and that both the F.B.I. and the state police agreed that the agents were needed elsewhere. Paul Moskal, a special agent and spokesman for the Buffalo F.B.I. office, declined to comment on the matter and referred questions to the state police."

Gotti Jurors Ask Judge About Statute Of Limitations, Review Jailhouse Recording. The New York Daily News (9/21, Zambito, 729K) reports that at the retrial of John "Junior" Gotti yesterday, "jurors sent a note…to Manhattan Federal Court Judge Shira Scheindlin asking whether they must find that Gotti…continued to be involved in construction extortion after 1999 in order to find him guilty. And they asked to listen to a March 2003 tape of Gotti and pal Steve Dobies discussing the failed startup of a prison magazine that would dispense legal advice and feature photos of rapper babes." The Daily News notes, "In order to find him guilty of participating in a racketeering conspiracy, prosecutors must prove that he participated in at least one crime after 1999, five years from his 2004 indictment."

Bonanno Capos Sentenced To 15 Years In Prison For Mob Murder. The New York Post (9/21, Haberman, 608K) reports, "Bonanno crime-family big Louis 'Louie Ha Ha' Attanasio was sentenced to 15 years behind bars yesterday for whacking another mobster. Attanasio, 62, and fellow capo Peter 'Rabbit' Calabrese, 58, who was also given a 15-year prison stint yesterday, both pleaded guilty last month to murdering Cesar Bonventre, a member of the family's Sicilian faction. Former godfather Joe Massino ordered the gangland hit after Bonventre fell out of favor with him. Attanasio admitted to shooting Bonventre in the back of the head as they sat in a car parked inside a garage in Maspeth, Queens, in 1984."

Former SBC Employee Denies Committing Perjury In Pellicano Probe. The Los Angeles Times (9/21, Krikorian, 918K) reports, "A former SBC employee denied Wednesday that she lied to a federal grand jury about her contacts with a co-worker who has been indicted in the racketeering and wiretapping case of indicted private investigator Anthony Pellicano. Facing five counts of perjury, Joann Wiggan…also testified that whatever calls she made to or received from her former co-worker, Ray Turner, had nothing to do with his alleged involvement in accessing confidential phone records for Pellicano." On Tuesday, "prosecutors said that two other ex-SBC employees who have admitted illegally providing confidential phone company information to Turner were contacting him at the same time as Wiggan. But the former SBC employees, Teresa Wright and Michele Malkin, testified Wednesday…that they did not know Wiggan. Other government witnesses, including an FBI agent and an SBC security official, testified that they had no way of knowing what Turner and Wiggan talked about, or even if the many calls between their home, work and cellphones were made by them or others with access to those phones."

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Initiative Aims At Closing Child Pornography Web Sites. The New York Times (9/21, Eichenwald) reports, "As part of the battle against the spread of child pornography on the Internet, an initiative has begun allowing for the shutdown or blocking of sites offering illicit images of minors, even in cases where no criminal investigation is being conducted." The Times continues, "The initiative, expected to be announced today at a Congressional hearing, is part of an effort among a group of Internet service providers and the National Center for Missing and Exploited Children." The Times adds, "Until now, the decisions to close child pornography sites were ad hoc, based on thousands of referrals to the service providers and the Cybertipline of the center. .. . Often such shutdowns did not occur, and many times closings were reserved for sites that were the targets of criminal investigations. .. . But in an inquiry this year by the Investigations and Oversight Subcommittee of the House Energy and Commerce Committee, lawmakers learned of an aggressive effort in Britain to shut or block access to identified sites. … That effort, run by the Internet Watch Foundation, resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent this year from 18 percent in 1997. … In that period, the percentage of such sites based in the United States rose, to almost 50 percent, officials said." The Times notes, "The chairman of the House committee, Representative Joe Barton, Republican of Texas, asked the center why the United States did not have a similar effort. In response, officials with the center joined with Internet service providers to begin the initiative. … In prepared testimony to be delivered today to the subcommittee, the president of the center, Ernie Allen, credits Mr. Barton as the catalyst for the initiative."

Status Of Burns In Corruption Probe Unclear. The Montana Standard (9/21, McKee) reports, "Sen. Conrad Burns' re-election campaign revealed this week that Burns is not the 'target' of an ongoing federal probe into lobbying and corruption, but that doesn't mean the three-term incumbent is not a 'subject' of the probe. … The distinction stems from definitions spelled out in an exhaustive U.S. Justice Department manual. It defines the 'target' of an investigation as someone about whom 'substantial evidence linking him or her to the commission of a crime' exists. Targets of investigations are presumed to be the prospects for future charges. … 'Subjects' of investigations are different. The manual defines subject as a 'person whose conduct is within the scope of' an investigation." The Standard adds, "Ralph Caccia, Burns' Washington-based criminal defense attorney spoke with Justice Department officials this week, who confirmed that Burns was not the 'target' of the investigation. … Asked if Burns might be the 'subject' of an investigation, Erik Iverson, Burns' campaign manager said he was 'not going to speculate.'" The Standard notes, "Iverson said Caccia's conversation with the Justice Department came in response to comments this week by Jim Farrell, executive director of the Montana Democratic Party. Farrell told a Montana television station that 'we know from many sources now that Senator Conrad Burns is the target, in fact, the center of this (investigation).' … Iverson said Farrell was referring to the Justice Department definition of 'target.'"

Arrest Made In Colorado Dragging Death. The Washington Times (9/21, Richardson) reports, "An arrest was made late Tuesday in the vehicle-dragging death of a Colorado woman, with authorities charging a man who left behind a photo of himself at the crime scene and is suspected of being an illegal alien." The Times continues, "Jose Luis Rubi-Nava, 36, was being held without bail yesterday on first-degree murder charges. Douglas County Sheriff Dave Weaver said he had placed an immigration hold on the prisoner and notified Immigration and Customs Enforcement of the arrest. … Investigators tracked down the suspect after finding a photograph of him and a woman at the crime scene in the Surrey Ridge subdivision, Sheriff Weaver said. … 'It has not been determined if the female in the photograph is our deceased victim,' he said." The Times adds, "Identifying the victim, whose body was found Monday, has been difficult because her face was unrecognizable after she was dragged for about 1½ miles on a paved road in the rural community about 20 miles south of Denver. … Preliminary autopsy results say that the victim was alive when she was tied to the vehicle and that she died of asphyxiation and head injuries. An orange tow rope was found around her neck." The Times notes, "Rep. Tom Tancredo, whose district includes the Surrey Ridge neighborhood, said the federal government shared 'a certain degree of responsibility' for the woman's slaying. … 'This is another example of what happens when you have no control over your borders,' said the Republican, a vocal proponent of immigration reform."

Three In Oregon Indicted On Real Estate Fraud Charges. The AP (9/21) reports, "A federal grand

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jury indicted three Portland residents in connection with real estate transactions. The Department of Justice announced Wednesday that Ryan Bonneau, 30; real estate agent Troy Martin, 40 and real estate loan broker Leanne Booth, 48, were charged in the indictment. The charges stem from a federal investigation by the IRS and the FBI into allegations that the defendants engaged in a scheme to defraud a bank to finance the sale of two properties in Northeast Portland."

Montana Insurance Agent Pleads Guilty To Defrauding Insurers. The Billings Gazette (9/21, Johnson, 47K) reports, "A Billings insurance agent Wednesday admitted he defrauded companies and laundered money." Michael Don Hutton "pleaded guilty in federal court to wire fraud, mail fraud and money laundering. … From May 1999 until May 2004, Hutton issued 38 performance and payment bonds on behalf of St. Paul Mercury Insurance Co. and St. Paul Fire and Marine Co. to S.E. Inc. in Deaver, Wyo., according to Assistant U.S. Attorney Kurt Alme. SEI paid Hutton $160,152 for the bonds. Hutton did not notify the St. Paul insurance companies he had issued the bonds and kept the insurance premiums that he had collected from SEI on the policies, Alme said." The Gazette notes, "Agents with the FBI, the Criminal Investigation Division of the IRS and the Montana State Auditor's Office conducted the investigation."

Utah FBI Agents Arrest Self-Described "King Of Child Pornography." The Deseret Morning News (9/21, Winslow) reports, "A man who described himself to FBI agents as the 'king of child pornography' has been arrested after more than 20 years on the run. Kirk Alan Swearingen has been indicted by a federal grand jury in Utah on charges of receipt of child pornography and possession of child pornography. He is scheduled to be arraigned this morning before a federal magistrate." He "was arrested after FBI agents said he gave a stolen Social Security number while trying to rent an apartment in Salt Lake City. … When agents threatened to run his fingerprints, 'Swearingen advised that he understood and indicated that he had been on the "run" for 22 years and had been profiled on "America's Most Wanted,"' FBI Special Agent Jeff Ross wrote in an affidavit filed with criminal charges in federal court. … 'He's got a history of travels, a history of child molestation,' FBI Special Agent Patrick Kiernan told the Deseret Morning News. 'He had over 30 different aliases and six or seven dates of birth. … Look how far these offenses go back. We're talking over 20 years. That's a long time, and that could be a lot of victims.'"

The Salt Lake Tribune (9/21, Manson) reports, "Agents found compact discs containing numerous images of minors engaging in sexual acts, Ross alleges. … The FBI affidavit says Swearingen's record shows a 1983 conviction for a sex offense against a child in Aurora, Colo.; a failure to appear in court after being charged in 1994 in Rapid City, S.D., with a sex offense against a minor, and a 1998 arrest in Gallup, N.M., on a charge of possession of child pornography." KUTV-TV Salt Lake City (9/20, Rascon) adds, "The idea that Swearingen could have set up shop in Salt Lake City is painful for authorities to think about. 'He is one of the worst possible predators,' said Brett Tolman of the U.S Attorney's office. … 'We are concerned that he's traveling throughout the country, either possibly molesting children…or being involved in production or distribution of child pornography,' Patrick Kiernan of the FBI told 2News." The AP (9/21) also reports on the arrest.

Man Imprisoned For 16 Years Cleared By DNA Evidence. The New York Times (9/21, Santos) reports, "Jeffrey Mark Deskovic came of age in a maximum-security prison, doing time for a crime he did not commit." The Times continues, "Sixteen years ago, Mr. Deskovic was convicted of raping, beating and strangling a Peekskill High School classmate in a jealous fit of rage. DNA evidence presented at his trial showed that semen in the victim's body was not his, but the police testified that he had confessed. … On Wednesday, after he fought exhaustive legal battles and wrote dozens of pleading letters that led him nowhere, Mr. Deskovic, 32, walked out of the Westchester County Courthouse an overjoyed if embittered man." The Times adds, "Among the people who Mr. Deskovic said refused to review his case is Jeanine F. Pirro, the former Westchester district attorney, who took office after his trial; she is now the Republican nominee for state attorney general. The freed inmate and his lawyer expressed outrage that Ms. Pirro had scheduled a news conference to call for the reinstatement of the death penalty in New York just as Mr. Deskovic was being released Wednesday morning, but Ms. Pirro ended up canceling the event. … Ms. Pirro's successor, Janet DiFiore, agreed to run the evidence through a national DNA databank after she was approached in June by Barry Scheck, a director of the Innocence Project, which works to free the wrongly convicted. … The decision to release Mr. Deskovic came

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after the DNA matched that of a man who is serving time for another Westchester murder. Ms. DiFiore declined to identify him but said he recently confessed to killing Angela Correa, 15, the girl Mr. Deskovic was convicted of killing, on Nov. 15, 1989." The Times notes, "Mr. Scheck said that Mr. Deskovic was the 184th person nationwide to be exonerated because of DNA evidence since 1989, and that his case highlights the importance of having the authorities videotape interviews with suspects, as many police departments nationwide have begun to do."

DOJ Grants To Carolinas Announced. The Chester County (SC) News & Reporter (9/21, Guilfoyle) reports, "The Chester County Sheriff's Office has received $17,765 from the U.S. Attorney's Office in Columbia, part of $445,487 in anti-gang grants the office announced last week. … The grant application said the Sheriff's Office will start a program called, 'Beat the Streets' to fight gangs in the county." The N&R continues, "Deputy Kim Carnes, the gang officer for the Sheriff's Office, said the grant would allow her to buy a laptop and a projector so that she can give presentations on gang activity and raise awareness, as well as teach classes in local schools. … She currently uses a Sheriff's Department laptop, but she can't take it with her everywhere she needs to go." The N&R adds, "Sheriff Robby Benson said the computer will allow Carnes to track gang activity and put it into a state database so the state can track gang activity. Federal officers would probably have access to the database as well, he said. … Carnes said she would be able to advertise the department's tipline better. Going into the schools is a big concern of the grant. … U.S. Attorney Reginald I. Lloyd announced 10 other anti-gang grants from a federal program called Project Safe Neighborhood/Project CeaseFire. … The S.C. Department of Public Safety's Office of Justice Programs will administer these grant programs on behalf of the U.S. Attorney's Office and the Department of Justice, according to a release from Lloyd's office."

The Asheville (NC) Citizen-Times (9/21) reports, "Warren Wilson College (in Swannanoa, NC) has received a federal grant of $191,851 to reduce violence against women on campus." The Citizen-Times continues, "The U.S. Attorney's office announced the award Tuesday, part of a Justice Department program that helps colleges pay for victim services, education programs, security measures and investigation strategies. .. .The goal is to better prevent and respond to domestic violence, dating violence, sexual assault, and stalking."

Florida Executes Man For 1982 Murder Of Police Officer. The AP (9/21) reports, "A convicted killer who had argued that Florida's use of lethal injections amounted to cruel and unusual punishment was put to death by lethal injection Wednesday night after the U.S. Supreme Court narrowly denied him another stay." The AP continues, "Clarence Hill, 48, was executed for the 1982 murder of a Pensacola police officer in a savings and loan robbery. … Earlier in the day, the Supreme Court, which halted Hill's execution in January after he was strapped to a gurney awaiting his lethal injections, voted 5-4 to deny another stay. Justices Stephen Breyer, Ruth Bader Ginsburg, David Souter and John Paul Stevens voted to grant the stay, the court said in a two-sentence order." The AP adds, "The high court ruled unanimously in June that Hill could argue the three chemicals used in lethal injections in Florida and many other states - sodium pentothal, pancuronium bromide and potassium chloride - can cause excruciating pain. The first drug is a painkiller, the second paralyzes the inmate and the third causes a fatal heart attack, but death penalty critics have argued the painkiller could wear off too soon. … Neither the federal court in Tallahassee nor the Atlanta appeals court agreed to consider Hill's challenges to the chemicals. Both said Hill should have made those arguments years ago, although Doss contends they could not have been made until Gov. Jeb Bush signed the death warrant in November."

The New York Times (9/21, Goodnough) reports, "Like 36 other states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill based his case on a 2005 study that found that the anesthetic could wear off before an inmate died." The Times adds, "The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the way in which they are given. … But on Monday, a three-judge panel of the 11th Circuit court in Atlanta said Mr. Hill had waited too long to file a civil rights complaint — he did so four days before he was to be executed in January — and was merely trying to stall. … The Supreme Court issued no opinion to accompany its decision on Wednesday and responded only to Mr. Hill's request for a stay, leaving aside his appeal."

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Flag Shop Worker Subdued Capitol Intruder. Sen. Thad Cochran said yesterday that a flag shop worker, not Capitol Police first subdued the armed intruder in the Capitol this week. The Hill (9/21, Allen, Kucinich) reports, "Cochran said his staff told him the intruder was near the flag shop and 'looked suspicious.' The still-unidentified flag-shop worker 'just assumed [the intruder] didn't belong in the Capitol,' seized him and held him until Capitol Police arrived on the scene. It was 'an act of courage,' Cochran said."

Roll Call (9/21, McArdle) reports, "Acting Capitol Police Chief Christopher McGaffin revealed Wednesday that employees of the House Flag Office assisted officers in subduing the armed intruder who perpetrated the worst Congressional security breach in eight years. 'I want to recognize...the courageous assistance that members of the House Flag Office brought to the department in apprehending the suspect,' McGaffin said Wednesday while discussing further details of the incident. 'I believe that they were instrumental." McGaffin added that the intruder, Carols Greene "came upon these employees seconds before [Capitol Police officers] came upon Greene. So they were valiant in their presence and in at least one instance participated in a bit of struggle with this fellow."

Research Suggests Adult Prisons May Be Better For Juveniles. USA Today (9/21, Elias) reports, "Get-tough laws that have put more teenagers in adult prisons since the early '90s conflict with a wave of new research suggesting how children can be set straight and society protected at the same time." USA continues, "At a two-day summit starting today in Washington, leading researchers will meet with juvenile justice decision-makers — directors of state juvenile justice systems, judges, prosecutors and defense attorneys — to discuss how the new evidence should affect treatment of teen offenders. … 'We know so much more about the adolescent brain and behavior than we used to, and we want to get these facts into the hands of people who can make a difference,' psychologist Laurence Steinberg says. He heads a network of researchers and juvenile-justice workers financed by the MacArthur Foundation, which sponsored the meeting." USA adds, "Since 1992, every state but Nebraska has made it easier to try juveniles as adults, and most states have legalized harsher sentences. Many states limit judges' discretion, sending all teens who commit serious offenses to adult courts, or allowing prosecutors to opt for adult prosecution. … That sounds reasonable, but it can be unfair, says Kimberly O'Donnell, chief judge of the Juvenile and Domestic Relations District Court in Richmond, Va. She points to 14-year-olds tried as adults for 'assault by a mob' — in effect, ganging up on and hurting a child at school. … There's firm evidence that teens prosecuted as adults are much more likely to commit crimes when they get out than comparable young people tried as juveniles, says Shay Bilchik, president and CEO of the Child Welfare League of America. … Juvenile facilities tend to offer better education, job training, and drug abuse and mental health treatment, Steinberg says. Plus, teens aren't learning from adults how to be career criminals, he adds."

New Orleans Nursing Home Owners Indicted On Negligent Homicide Charges. USA Today (9/21, 1A, Parker, Konigsmark) reports on its front page that a grand jury in New Orleans indicted the owners of St. Rita's Nursing Home Wednesday "on charges of negligent homicide and cruelty to the infirm, according to documents obtained by the Associated Press." The owners, Salvador and Mabel Mangano, who were arrested two weeks after 35 people drowned at the home, "remain free on bond. … The indictments stem from a broad investigation into more than 200 deaths at hospitals and nursing homes after Katrina's floodwaters stranded thousands and knocked out power." NBC Evening News (9/20, story 9, 0:15, Williams) briefly noted the story.

CIVIL LAW:

Judge Dismisses Suit Challenging Citizenship Proof For Medicaid. The AP (9/21, Freking) reports, "A federal judge dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits." The AP continues, "Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, the state-federal health insurance program for the poor. More than 50 million people get health care through the program. … Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. That contention was nothing more than conjecture, U.S. District Judge Ronald A. Guzman ruled." The AP adds "Guzman's 21-page ruling was made public Tuesday. He did not rule on the

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law's validity. Instead, he said the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law. … The contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted. .. 'Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims,' Guzman wrote." The AP notes, "Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they got a partial victory in the case when the judge said he probably will issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations."

CIVIL RIGHTS:

DOJ Sues Boca Raton, FL, Over Ban On Recovery Centers. The South Florida Sun-Sentinel (9/21, Blum, Perez) reports, "The U.S. Department of Justice filed a civil rights lawsuit against the city of Boca Raton Wednesday challenging a 2002 zoning rule banning the operation of 'sober houses' in residential neighborhoods." The Sun-Sentinel continues, "Pushing recovering drug addicts and alcoholics into parts of the city reserved for motels and medical facilities discriminates against people with disabilities and violates the federal Fair Housing Act, government lawyers said in their complaint." The Sun-Sentinel adds, 'The government's suit asks a federal judge to stop the city from enforcing the rule, to impose a civil fine on the city, and to order the payment of monetary damages to victims. … 'No citizen should be refused an equal opportunity for housing in their community,' said Wan Kim, who heads the Justice Department's Civil Rights Division."

The AP (9/21) reports, "The lawsuit seeks monetary damages to compensate victims, civil penalties, and a court order barring future discrimination. The Justice Department also seeks to prevent the city from enforcing the ordinance. … 'The Fair Housing Act protects all Americans from housing discrimination, including those persons recovering from substance abuse problems,' said Miami U.S. Attorney R. Alexander Acosta."

The New York Times (9/21, Aguayo) reports, "The lawsuit says the ordinance, passed in 2002, excludes housing for recovering alcoholics and drug addicts in the city's residential areas, in violation of the Fair Housing Act. The regulations 'impose conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities,' says the lawsuit, which seeks monetary damages for victims, civil penalties and a court order to stop future discrimination."

Local Television. At least one station announced that the Department of Justice is suing the city of Boca Raton, alleging a city zoning ordinance discriminates against disabled people. WFLX-TV West Palm Beach, (9/20, 10:15 p.m.) reported, "The U.S. Department of Justice filed this suit saying they exclude housing for substance abuse treatment centers in residential areas, and it's therefore in violation of the fair housing act. The city argues otherwise and says it will fight the suit. … Meanwhile, the Justice Department is also trying to prevent the city from enforcing the ordinance."

Six Arkansas Jailers Fired As FBI Launches Inmate Beating Probe. The AP (9/21) reports, "Six Arkansas correctional officers have been fired after an internal investigation found that an inmate was assaulted with a baton at the Maximum Security Unit in Tucker. At the request of the state, the FBI has now opened a civil-rights investigation regarding a May 29th incident at the Tucker unit. Prison officials say the incident happened after 35-year-old inmate Terry Botts stabbed two other inmates with a homemade knife. Four jailers -- including a captain and lieutenant -- subdued Botts, but then began kicking and punching Botts." The AP notes, "The FBI last investigated excessive force at an Arkansas prison in 1998. Then, five officers were sentenced to federal prison terms for a series of inmate beatings."

FBI Files Offer No Information On Civil Rights Pioneer's Disappearance. The AP (9/21, Zagier) reports, "The disappearance of civil rights pioneer Lloyd Gaines nearly 70 years ago dominated headlines across the country, with amateur sleuths, activists and historians stumped over the fate of the black man who successfully sued to gain admission to the segregated University of Missouri law school. … But FBI records obtained by The Associated Press through the federal Freedom of Information Act show the agency didn't investigate the fate of Gaines, who was last seen leaving a Chicago boarding house in 1939. An internal memo dated May 10, 1940, and signed by FBI director J. Edgar Hoover

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advises that bureau agents 'are conducting no investigation in connection with this matter.'" Lloyd Gaines' nephew, George Gaines, "said the lack of information in the FBI files was disappointing but not surprising."

Mississippi Town Opens Till Museum. The AP (9/21) reports that a museum honoring Emmett Till has opened in Glendora, Miss. "'I want the country to see this moment as an historic event of how far we have come in the civil rights movement and to open people's eyes to the many other injustices that have happened in other places besides the Delta,' said Till's cousin, Priscilla Sterling. The town converted a cotton gin into the Emmett Till Historic Intrepid Center, which includes oral histories, an audio-visual archive and a cotton gin fan like the one used to weigh down Till's body after it was dumped in the Tallahatchie River." The AP notes, "The FBI reopended the case in 2004 but decided in March not to press charges. The case was turned over to District Attorney Joyce Chiles for possible state charges."

House Passes Bill Requiring Voters To Show Proof Of Citizenship. The AP (9/21, Abrams) reports, "The House voted Wednesday to require Americans to show proof of citizenship in order to vote, and the Senate moved to build a 700-mile fence along the Mexican border as Republicans sharpened attacks on illegal immigration before the midterm elections." The House approved the bill by a 228-196 margin. Republican sponsors "said it was a commonsense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee. 'This is not a new concept.'" But "Democrats assailed the legislation, saying it could hurt minorities, the poor and the elderly -- groups that tend to vote Democratic -- who might have trouble producing a photo identification."

The Hill (9/21, Mikhail) reports "only seven lawmakers crossed party lines on the vote, as Reps. Melissa Bean (D-Ill.), Jim Marshall (D-Ga.), Collin Peterson (D-Minn.), and Gene Taylor (D-Miss.) backed the bill and Reps. Charles Bass (R-N.H.), Jeb Bradley (R-N.H.), and Don Young (R-Alaska) voted against it."

The Washington Times (9/21, Hurt, 88K) reports Democrats, "siding with groups that work on behalf of minorities and illegal aliens, called the bill a 'modern-day poll tax' and said it would place an insurmountable burden on voters and infringe upon their voting rights." Rep. John Lewis, Georgia Democrat, said that the bill "is nothing less than voter suppression."

USA Today (9/21, 2.27M) says "no action is likely in the Senate, so the legislation stands little chance of becoming law this year."

Roll Call (9/21, Murray) notes "judges in Missouri and Georgia recently struck down laws requiring similar proof of citizenship."

NYTimes Says "Voter Suppression" A "Cornerstone" Of GOP Strategy. The New York Times (9/21, 1.21M) editorializes, "One of the cornerstones of the Republican Party's strategy for winning elections these days is voter suppression, intentionally putting up barriers between eligible voters and the ballot box." The House "took a shameful step in this direction yesterday, voting largely along party lines for onerous new voter ID requirements. Laws of this kind are unconstitutional, as an array of courts have already held, and profoundly undemocratic. The Senate should not go along with this cynical, un-American electoral strategy. … If this bill passed the Senate and became law, the electorate would likely become more middle-aged, whiter and richer -- and, its sponsors are anticipating, more Republican."

DOJ Asked To Probe Maryland Voting Problems. The Washington Post (9/21, B1, Helderman, Rich) reports, "In a cavernous warehouse in Upper Marlboro, the Prince George's County Board of Elections cracked open voting machines yesterday in search of dozens of data cards filled with still uncounted votes from the Sept. 12 primary election." The Post continues, "They acknowledged that the memory cards from each of more than 2,000 voting machines used at the county's 206 polling stations should have been delivered by election workers to a central office shortly after voting concluded Sept. 12. … Instead, in the days since then, supervisors discovered that nearly four dozen cards -- holding potentially hundreds or more votes -- had not yet been uploaded into a central server." The Post adds, "Although unlikely in the major contests, those votes and thousands of provisional ballots still being counted created the mathematical possibility -- tantalizing to candidates who came up short in close races -- that outcomes could shift. … Some cards were left locked in voting machines for days. Others arrived at the voting office but were overlooked and left in sealed bags, along with other cards that had been counted, officials said. … County executive candidate Rushern L.

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Baker III (D) yesterday wrote to the U.S. Justice Department and State's Attorney Glenn F. Ivey (D) and demanded an investigation into voting problems."

ANTITRUST:

Lawmakers Concerned About Smithfield Deal. The Sioux Falls (SD) Argus Leader (9/21, Dobbs, Woster) reports, "Smithfield Foods Inc., the parent of John Morrell & Co. in Sioux Falls, is rushing the consolidation of the pork industry and hastening the demise of small hog producers, agriculture groups and several farm-state senators say." The Argus Leader continues, "Lawmakers from South Dakota, Iowa and Nebraska worry that Smithfield, the nation's largest pork producer and processor, will squeeze out small farmers when it completes its acquisition of Premium Standard Farms Inc., the nation's No. 2 hog producer and No. 6 pork processor." The Argus Leader adds, "Smithfield announced this week it would buy its rival for about $650 million in cash and stock. The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own a fifth of the nation's hogs. That could limit independent producers' options and ability to get good prices for their meat, some critics say. … National Farmers Union President Tom Buis said the 'deal perpetuates the consolidation and concentration of the meat industry' and 'all but guarantees independent producers will be left without a market.' … Sen. John Thune, R-S.D., said today the deal deserves 'careful scrutiny' by federal regulators because it "presents some real risks for our producers." .. . Analysts correctly predicted the move would raise antitrust concerns because it punctuates a trend among big meat companies to vertically integrate by slaughtering their own hogs rather than buying from independent farmers."

The Newport News (VA) Daily Press (9/21, Flores) reports, "If the Smithfield Foods acquisition of Premium Standard Farms is denied by federal regulators, Smithfield will be required to pay $100 million to Premium." The Press continues, "The risk of the deal falling through is impossible to gauge, but the Smithfield purchase will draw scrutiny by the Department of Justice. Farm state senators, who have raised antitrust concerns in the past about Smithfield, are already speaking out against the deal. … Sen. Charles Grassley, R-Iowa, immediately fired off a letter to the Justice Department, asking it to 'carefully scrutinize' the deal. Grassley, a longtime Smithfield foe, says the concentration of ownership hurts family farmers and independent farms that raise hogs in Iowa."

Missouri Governor Calls For Antitrust Investigation Of Merger. At least one station covered Missouri Gov. Matt Blunt's call on U.S. attorney general Alberto Gonzales to investigate whether the merger between Smithfield Food Inc. and Premium Standard Farm Inc. is compliant with federal and state antitrust laws and regulations. KTVO-TV Ottumwa-Kirksville, (9/20, 6:00 p.m.) reported, "P.S.F. is the country's second largest pork producer and one of the biggest pork processors. Governor Matt Blunt and Attorney general Jay Nixon separately announced legal concerns about the merger. Blunt has asked U.S. attorney general Alberto Gonzales to investigate whether or not the merger is compliant with federal anti-trust laws. Nixon is concerned that the merger violates state anti-trust laws."

Facebook In Acquisition Talks With Yahoo, Microsoft, Viacom. The Wall Street Journal (9/21, A1, Delaney, Buckman, Guth) reports that, according to people familiar with the matter, the social-networking site Facebook.com "has held separate acquisition talks with Yahoo Inc., Microsoft Corp. and Viacom Inc. over the past year. Now, say some of these people, the start-up is in serious discussions -- again -- to sell itself to Yahoo for an amount that could approach $1 billion." The Journal continues, "Behind the pursuit of Facebook is a high-stakes battle by big technology companies to extend their influence on the Internet. Sites like Facebook and rival MySpace have become the Web hangouts for a coveted market: young people. They gather there in large numbers to create Web pages with their own profiles and musings, look for friends, pick up strangers and send messages to each other. … Suddenly, social-networking sites, as they are called, are starting to look like the latest incarnation of the Internet's Holy Grail: an entry point onto the Web, where an owner can sell access to all the consumers that come there. In past years, that search has taken investors and marketers to Web browsers, to 'portals' such as Yahoo that assemble a wide array of Web services and to search engines such as Google Inc." The Journal adds, "Rupert Murdoch's News Corp. bought MySpace last year for $650 million and quickly set about turning it into a cash machine. The Murdoch empire now uses MySpace to promote music, movies, soft drinks and books, helped by features including video downloads and instant messaging. In August, Google guaranteed MySpace

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and some other News Corp. sites a minimum of $900 million in ad revenue over the next three and a half years."

Physicians' Group Sues Insurers Claiming Unfair Coercion. The New York Times (9/21, Pérez-Peña) reports, "The statewide trade group for doctors in New York has filed a class action lawsuit against one of the state's largest insurers, Oxford Health Plans, and its parent company, UnitedHealth Group, accusing them of illegally coercing doctors to do more business with them." The Times continues, "UnitedHealth Group, an insurance giant based in Minnesota, had a small presence in New York until 2004, when it bought Oxford. Last year, Oxford and United told thousands of doctors in New York that if they wanted to stay in or join one of the two insurers' networks, they had to be in both." The Times adds, "The suit, filed on Tuesday in State Supreme Court in Manhattan, says that that requirement violates state antitrust law and laws against unfair and deceptive trade practices. The plaintiffs are the Medical Society of the State of New York and several individual doctors practicing in New York City and on Long Island. … They say that Oxford and United's new rules, known as an 'all-products' requirement, force doctors to do business with an insurer they dislike — because its payments are low, its paperwork is cumbersome or it does not cover some services — or risk losing many of their patients. And in many cases, they contend, Oxford and United have breached contracts with doctors."

Poker Web Site Domain Is Focus Of Legal Dispute. The Las Vegas Sun (9/21, Skolnik) reports, "In 2004, Harrah's acquired the venerable Binion's Horseshoe casino downtown in large part, company executives said at the time, so the company could cash in on Binion's increasingly popular World Series of Poker, or WSOP for short. … But that plan has hit a snag, Harrah's claims in a lawsuit filed last week in U.S. District Court in Las Vegas against Binion's former information technology director, Federico Schiavio." The Sun continues, "One year before the sale of Binion's, Harrah's claims, Schiavio registered the domain name for an Internet site called WSOP.com. Since then, Schiavio has used the site to divert Web traffic to an online gambling site called All In Poker, Harrah's claims. More recently, it appears WSOP.com is in the process of designing its own gambling site. … Harrah's has no control over that Web site and receives no profits from it - a problem it's anxious to fix." The Sun adds, "The casino giant claims it owns the trademark on the name 'World Series of Poker,' and that it has applied for a patent on the name "WSOP" as well, so Schiavio's Web site should be passed over to Harrah's. … Schiavio is attempting to create an association between his Web site and the World Series of Poker where none exists, Harrah's claims. The company says Schiavio 'is attempting to frustrate or divert Internet traffic intended for Harrah's.' … What's more, the company says Schiavio's Web site is promoting Internet gambling. … 'Schiavio's use of the WSOP mark in connection (with) the domain name WSOP.com is intended to trade off Harrah's goodwill and reputation and deceive people into thinking Internet gambling is acceptable,' the suit claims. … (Harrah's official World Series of Poker Web site, www.worldseriesofpoker.com, uses advertising from www.PartyPoker.net, a free poker site affiliated with www.PartyPoker.com, the type of gambling Web site the Justice Department has deemed illegal.)"

EU Probes US-UK Paper Mill Deal. The AP (9/21) reports, "European Union antitrust regulators opened an in-depth probe into U.S. paper maker Glatfelter's plans to buy a British paper mill, saying Wednesday it believed the deal could create a monopoly supplier with the power to fix prices for tea bags and coffee filter paper." The AP continues, 'The European Commission said its initial investigation found that P.H. Glatfelter Co., based in York, Pa., would control a very high market share for coffee filters and tea bags if it bought a paper mill at Lydney in western England from J.R. Crompton Ltd. … 'The only remaining competitors, Ahlstrom and Purico, have only limited production capacity,' it said. 'Although the proposed transaction affects a niche market, annual sales in the European economic area of tea and coffee filtration papers alone amount to around 145 million euros ($183 million).'" The AP adds, "British fiber producer Crompton was placed in court-ordered administration in February as part of British insolvency proceedings. It is the leading manufacturer of specialty papers for tea and coffee filters with three paper mills in Britain selling to customers all over the world. … EU officials have until Feb. 6 to decide whether to block or clear the deal. It can also ask the companies to sell assets or change the way they do business in future to try and solve antitrust problems. Although it has the power to block mergers and acquisitions, it rarely does so."

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Hospira To Pay $2 Billion To Acquire Mayne Pharma. The Wall Street Journal (9/21, Berman, Burton) reports, "Hospira Inc. agreed to acquire Australian generic-pharmaceuticals maker Mayne Pharma Ltd. for about $2 billion, the companies said." The Journal continues, 'The deal is the largest corporate move yet for the two-and-a-half-year-old Hospira, which is a hospital-products spinoff of health-care giant Abbott Laboratories. Hospira has a big business in injectable pharmaceuticals, which package medications in prefilled syringes while also creating vials of medicine used in standard doctor's needles. … It also makes and sells products such as intravenous drug-delivery equipment and patient-controlled drugs for pain management." The Journal adds, "Melbourne-based Mayne is a world leader in generic injectable pharmaceuticals, with its strongest presence in cancer treatments. Last year, the company registered sales of about $517 million, an increase of more than one-third from the previous year. … Hospira is expected to pay a 32% premium to where Mayne's shares closed on Sept. 18, marking a total price of about $2 billion. That figure represents about one-third of Hospira's overall market capitalization, making the deal a significant step for the Lake Forest, Ill., company. The company plans to finance the purchase almost entirely with new debt."

EU Fines 30 Firms Over Copper Pricing Violations. Bloomberg (9/21, Newman) reports, "Aalberts Industries NV, Europe's largest maker of water and gas fittings, and 29 other companies were fined a total of 314.7 million euros ($399 million) for colluding to fix prices for copper fittings used in plumbing and heating. Aalberts shares fell as much as 12 percent." Bloomberg continues, "Aalberts was fined 100.8 million euros, the European Commission, the EU's antitrust authority, said in a statement today. In addition, IMI Plc was fined 48.3 million euros, Delta Plc 28.3 million euros and Tomkins Plc 5.3 million euros." Bloomberg adds, "The fines are the third time since 2003 that the commission has penalized companies in the copper tube industry. In this case, four of the 11 groups fined, including Aalberts and Delta, had penalties increased by 60 percent because they continued their illegal activity after the commission started its probe. .. . 'We will not tolerate cartels and will take all measures to stamp them out,' EU Competition Commissioner Neelie Kroes said in the statement. 'We will not only punish firms severely for cartel behavior, but also increase the fines for flagrantly continuing after a commission dawn raid and for providing wrong or misleading information.' … The EU fine is almost double the company's first half net income of 51 million euros. In August, the company said profit rose 34 percent, boosted by acquisitions as the company charged more for its products."

Microsoft Rivals Complain To EU Over Vista. The Wall Street Journal (9/21, Jacoby) reports, "Two U.S. software makers are lobbying European Union regulators for action against Microsoft Corp.'s next-generation Windows computer operating system, slated for release to corporate customers in November." The Journal continues, "Adobe Systems Inc. of San Jose, Calif., has told regulators that Microsoft should be prohibited from building free competing software for reading and creating electronic documents into the operating system, called Vista, according to people familiar with the situation. … Meanwhile, officials from antivirus-software maker Symantec Corp. plan to travel to Brussels next week to brief journalists about Vista features that the Cupertino, Calif., company has told EU regulators will undercut rival computer-security-software makers. The briefings are intended to combat a similar public-relations effort by Microsoft, said a Symantec spokesman, Cris Paden." The Journal adds, 'At a Sept. 12 briefing, Erich Andersen, Microsoft's general counsel for Europe, said any regulatory action requiring changes in Vista's design could 'increase security risks for European consumers' by making them more vulnerable to malicious attacks through the Internet, something that Symantec contests. … EU antitrust chief Neelie Kroes has warned Microsoft not to design the new version of Windows, which runs more than 90% of the world's personal computers, in ways that would put rival software companies at a competitive disadvantage. The EU fined Microsoft €497 million, or more than $600 million, for antitrust violations related to its earlier versions of Windows in 2004. In July, Ms. Kroes imposed an additional penalty of €280.5 million against Microsoft for defying orders to change its business practices. The company is appealing both fines."

ENVIRONMENT:

Administration Unveils "Strategic Plan" To Curb Global Warming. The Washington Post (9/21, A12, Eilperin, 748K) reports, "The Bush administration yesterday laid out a long-term 'strategic plan' for using technology to curb the impact of global warming, reiterating

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its position that basic scientific research and voluntary actions can curb greenhouse gases linked to climate change." The Post says, "Addressing complaints by environmentalists and some scientists that Bush has not done enough to cut the nation's emissions of such gases, Energy Secretary Samuel W. Bodman said the 244-page 'Climate Change Technology Program Strategic Plan' promotes initiatives such as sequestering carbon dioxide before it enters the atmosphere and promoting hydrogen-powered cars." He said in a statement, "This strategic plan is unprecedented in its scope and scale and breaks new ground with its visionary 100-year planning horizon, global perspective, multilateral research collaborations, and public-private partnerships."

The New York Times (9/21, Barringer, 1.21M) reports, "As the rich and powerful gathered in New York to discuss sweeping approaches to climate change under the aegis of former President Bill Clinton, the Bush administration unveiled its priorities for working with Asian countries on voluntary efforts and for spending $3 billion on technologies that could cut emissions of heat-trapping gases. James L. Connaughton, chairman of the Council on Environmental Quality at the White House, told the Senate Environment and Public Works Committee that the Asia-Pacific partnership between the United States and Australia, China, India, Japan and South Korea would share technology advances." The Times says, "Stephen Eule, director of the Climate Change Technology program at the Energy Department, gave the energy subcommittee of the House Committee on Science an overview of the administration's technology priorities."

California AG Sues Automakers Over Greenhouse Gases. USA Today (9/21, Woodyard, 2.27M) reports, "California's attorney general filed a public-nuisance lawsuit Wednesday against the six biggest-selling automakers, alleging their products spew dangerous greenhouse gases and foster global warming. The lawsuit, filed in U.S. District Court in Oakland, seeks unspecified compensation for the 'billions of dollars in damages' from global warming caused by cars." USA Today notes, "The lawsuit is similar to one filed by eight state attorneys general and the city of New York in 2004 against utilities, alleging that smokestack pollution increased global warming. That lawsuit was dismissed. It's on appeal."

The Washington Post (9/21, D2, Freeman, 748K) reports, "The California complaint alleges that under federal and state common law the automakers have created a public nuisance by producing millions of vehicles that collectively emit massive quantities of carbon dioxide." The Post says, "Most of the automakers declined to comment, saying they were still reviewing the complaint. In a statement, Honda said 'the real issue regarding climate change is how the United States as a nation, not the individual states, is going to address the proliferation of greenhouse gases.' Honda repeated its position that the federal government, through the National Highway Traffic Safety Administration, should raise fuel economy standards to address greenhouse gas emissions from cars and trucks."

The AP (9/20, Young) says the suit "marks the first time a state has sought monetary damages for the impact of global warming by vehicles. It names Chrysler Motors Corp., General Motors Corp., Ford Motor Co., Toyota Motor North America Inc., American Honda Motor Co. and Nissan North America Inc."

Exxon Reviewing Funding For Groups Skeptical Of Global Warming. The Wall Street Journal (9/21, A8, Ball, 2.03M) reports, "Exxon Mobil Corp., which has sparked criticism for funding groups that challenge the scientific validity of concerns about global warming, is reviewing whether it will continue to fund some of those groups. Exxon spokesman Mark Boudreaux said yesterday the company's decisions about which outside groups to fund for the rest of 2006 and for 2007 'are under review.' The Competitive Enterprise Institute, one past recipient of Exxon funding that has been vocal in questioning climate science, hasn't received any money from Exxon in 2006, he said." The Journal says, "Exxon's statement follows a letter released by the Royal Society, Britain's independent scientific society. The letter said that in a July meeting between Royal Society and Exxon officials, society officials criticized Exxon's funding of 'organizations that have been misinforming the public about the science of climate change' and Exxon officials responded that the company 'would not be providing any further funding to these organizations.'"

Judge Reinstates Clinton-Era Roadless Rule. The AP (9/21, Chea) reports, "A federal judge on Wednesday reinstated the 'Roadless Rule,' a Clinton-era ban on road construction in nearly a third of national forests." US District Judge Elizabeth Laporte "ruled that the Bush administration failed to conduct necessary environmental studies before making changes that allowed states to decide how to manage individual national forests."

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The New York Times (9/21, Barringer, 1.21M) reports, "In repealing the 2001 rule, she said, the Forest Service, which is part of the Agriculture Department, had failed to comply with the National Environmental Policy Act, which requires agencies to conduct detailed environmental analyses of alternative approaches." LaPorte "said the Forest Service had failed to consult federal agencies responsible for protecting endangered species. Among other points, her order enjoined the service 'from taking any further action contrary to the roadless rule without undertaking environmental analysis.'" Justice Department lawyers "had argued that such analyses and endangered-species consultations would be performed as decisions were made on managing individual forests and that giving states the right to petition was more procedural than substantive." The Wall Street Journal (9/21, Carlton, 2.03M) says "Justice Department officials declined comment pending their review of he case, but it's likely the decision will be appealed."

USA Today (9/21, Kenworthy, 2.27M) says the ruling "is a victory for four states -- California, New Mexico, Oregon and Washington -- and 20 environmental groups that sued the U.S. Forest Service to overturn the changes." If upheld, the decision "would allow recreational activities that don't require roads, such as camping, fishing, hiking, hunting and horseback riding. It would prevent road construction, motorized travel, logging and mining in these areas."

The Los Angeles Times (9/21, Reiterman, 918K) reports, "While the ruling does not put an end to the controversy, environmentalists and state officials believe that the ruling will make it difficult for the Bush administration to cut many trees or build new roads across the nearly 50 million acres of forest at issue.

The Washington Post (9/21, A23, Harden, Eilperin, 748K) notes "New Mexico Gov. Bill Richardson (D), who is hoping to protect his state's 1.6 million acres of roadless areas, welcomed the court decision. 'This is a monumental victory for everyone who enjoys our wild forests,' he said." The ruling "does not affect 9.3 million acres of Alaska's Tongass National Forest, which is covered by a different Forest Service rule."

Auditors Claim Interior Impeded Oil Lease Audits. The New York Times (9/21, Andrews) reports, "Four government auditors who monitor leases for oil and gas on federal property say the Interior Department suppressed their efforts to recover millions of dollars from companies they said were cheating the government." The Times continues, "The accusations, many of them in four lawsuits that were unsealed last week by federal judges in Oklahoma, represent a rare rebellion by government investigators against their own agency." The Times adds, "The auditors contend that they were blocked by their bosses from pursuing more than $30 million in fraudulent underpayments of royalties for oil produced in publicly owned waters in the Gulf of Mexico. … 'The agency has lost its sense of mission, which is to protect American taxpayers,' said Bobby L. Maxwell, who was formerly in charge of Gulf of Mexico auditing. 'These are assets that belong to the American public, and they are supposed to be used for things like education, public infrastructure and roadways.'" The Times notes, "The lawsuits have surfaced as Democrats and Republicans alike are questioning the Bush administration's willingness to challenge the oil and gas industry. .. The new accusations surfaced just one week after the Interior Department's inspector general, Earl E. Devaney, told a House subcommittee that 'short of crime, anything goes' at the top levels of the Interior Department."

Study Finds No Change In Potomac River Pollution. The Washington Times (9/21, Wagner) reports, "Six years of water-quality monitoring along the headwaters of the Potomac River revealed that some contaminants decreased and nitrates increased, but that there was no compelling change in the content of the river's flow, officials said. … 'This is a very complex issue,' said Curtis Dalpra, a spokesman for the Interstate Commission on the Potomac River Basin, which helps the federal government and the states that make up the Potomac Basin address water quality and related resource problems in the Potomac watershed. … 'Over the years [of the water-quality study], there have been great changes,' Mr. Dalpra said. 'There have been huge swings in the weather. That equates to huge changes in water flows.'" The Times adds, "Weather changes can affect a river's content of nitrogen and phosphorus, which are important for the health of animals and fish, Mr. Dalpra said. Many pollutants flow into waterways when it rains. … The study, which was released by the West Virginia Department of Agriculture, began in 1998 after the state's Environmental Protection Department reported that seven streams flowing into the Potomac were contaminated with fecal coliform bacteria. … Those streams had been

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cited by the federal Environmental Protection Agency as polluted by fecal contamination."

Probe Of E Coli Outbreak Continues. CBS Evening News (9/20, story 8, 2:15, Couric) reported, "And two more states are reporting cases of e. coli. 23 states in all now, 146 people have gotten sick and one has died. Fresh raw spinach sold in plastic bags is still the suspected cause. But investigators have not yet found the source of the contamination."

The New York Times (9/21, Mckinley) reports, "In Washington, federal officials said that they had narrowed the focus of their investigation after health officials in New Mexico announced that they found the strain of E. coli responsible for the outbreak in an open bag of baby spinach in the refrigerator of a sickened woman." Chief medical officer for the Center for Food Safety and Applied Nutrition at the FDA Dr. David Acheson said, "We are working with industry in the State of California to come up with a way to get spinach back on the shelves that have not been implicated." But "the news from New Mexico did little to address the source of the E. coli." Earthbound Farm spokeswoman Samantha "noted the challenge of pinpointing the source, saying, 'there's a lot more space in the fields than in the processing plant.'"

The Washington Post (9/21, A1, Rosenwald, Shin) reports, "Health officials in New Mexico positively identified a deadly strain of E. coli in a bag of spinach yesterday, providing a crucial clue that investigators say can be used to trace the source.", Top FDA food safety expert David W. Acheson said, "Yesterday, we narrowed it to California. … Today, we narrowed it down to three counties. We're hoping to narrow it down to a field and … to a spinach leaf." FDA officials "have said they would like to quickly lift the cloud of concern over farmers not tied to the outbreak."

The USA Today (9/21, Davis) reports, "A Food and Drug Administration official said the bar code on the bag helped investigators trace the contaminated spinach back to one of nine farms in three California counties in the Salinas Valley … raising hopes that spinach from other areas can soon be sold." David Acheson said, "We have established that all of the spinach that was implicated so far was grown in that area." Acheson also said that "because 20 previous outbreaks involving leafy greens such as spinach and lettuce were small, the exact source of contamination has never been pinpointed. But he said he has high hopes that the exact cause of this outbreak will be found because there are so many more victims — meaning many more clues."

The New York Times (9/21, Planck) reports that E. coli "probably has little do with the folks who grow and package your greens. The detective trail ultimately leads back to a seemingly unrelated food industry — beef and dairy cattle." E. Coli O157 "thrives in a new … biological niche: the unnaturally acidic stomachs of beef and dairy cattle fed on grain. … It's the infected manure from these grain-fed cattle that contaminates the groundwater and spreads the bacteria to produce, like spinach, growing on neighboring farms." The FDA "does recognize the threat from these huge lagoons of waste, and so pays 75 percent of the cost for a confinement cattle farmer to make manure pits watertight. … But taxpayers are financing a policy that only treats the symptom, not the disease, and at great expense."

FBI/DEA/ATF/USMS:

Washington FBI Office Developing Stronger Ties With Local Muslims. Under the headline "Reaching Out Across Cultures," the Washington Post (9/21, A23, Horwitz, 748K) reports, "Don't let an FBI investigation be the reason for your first visit to an Arab home, a U.S. Muslim leader told 500 FBI agents gathered at Quantico yesterday, urging them to reach out to Arab communities." Nawar Shora of the American-Arab Anti-Discrimination Committee "and other Muslim leaders met last week over tea and cookies with Joseph Persichini Jr., acting assistant director in charge of the FBI office. … Persichini said the relationships developed through this committee allow him and Muslim leaders to be in constant touch by phone or electronic message. He said he hopes that inroads into the Muslim community will help the FBI attract much-needed Arab American agents."

Bonds Attorney Blasts Federal Prosecutors Over BALCO Probe. ESPN.com (9/21, Fish) reports, "Even as he waits for the Justice Department to ferret out the source of leaks in the BALCO steroids scandal, the lawyer for Barry Bonds claims to have what he calls 'fairly compelling evidence' that the source is a federal employee." ESPN continues, "For the moment, defensive attorney Michael Rains is content to wait for the U.S. attorney's office in Los Angeles -- handed this chore because the investigation involves employees of the federal prosecutor's office in San Francisco -- to 'out' the person or persons who leaked

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transcripts of secret grand jury testimony and other sealed documents. But Rains threatens to go public with his information if the government indicts Bonds, the San Francisco slugger who is thought to be the target of potential perjury or tax evasion charges. … Even without an indictment, he wants answers about the source, and he promises to use his information if those answers aren't forthcoming. … 'I have a pretty damn good idea of who it is,' said Rains, though he declined to share his specific evidence. 'And I have a pretty damn good idea that it is someone whose paycheck looks a lot like the people who are conducting the grand jury to determine who it is. Meaning, it is somebody who is employed by the federal government. The problem is that I would like to see if the government really is going to ferret out the wrongdoing on their own, even if the wrongdoer turns out to be somebody who is employed by the federal government. And if they do, my faith in their integrity and their resilience and whatnot is restored. But if they don't, then I guess I will. If they try to take a shot at Barry, we'll do it then.'" ESPN notes, "Thom Mrozek, a spokesperson for the U.S. attorney's office in L.A., refused to address Rains' allegation, saying, 'We don't react to statements that are made outside of court.' … Rains also told ESPN.com that government attorneys will look like 'buffoons' if they choose to indict Bonds. While suggesting that the investigation had turned into the 'Barry Show,' the attorney boasted that a San Francisco jury will 'never convict Barry' -- a notion that has strong support from other defense attorneys involved in the BALCO proceedings, who spoke on background."

Eleven Indicted For Selling Unapproved Prescription Drugs. There are more than 150 media references to an Internet prescription drug scheme that has led to several indictments. Coverage of the story by CBS and Georgia TV stations focused on the indictments as well as warnings about buying prescription drugs over the Internet. The AP (9/20) reports federal authorities "have indicted 11 people in three U.S. states and the Central American nation of Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet. Hi-Tech Pharmaceuticals based in Norcross, Ga., marketed the drugs as Canadian through unsolicited emails, but the pills actually were made in Belize," according to federal officials. "'One of the fastest growing drug abuse concerns is prescription drugs,' said Sherri Strange, special agent of the Drug Enforcement Administration. 'The selling and purchasing of drugs has been facilitated by the wide use of the Internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies.'"

In a separate story the AP (9/20) reports federal authorities "have indicted 11 people in Georgia, North Carolina, South Dakota and Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet." In this story, the AP says the operation is based in Alpharetta, Georgia. Newspapers that used a version of the AP story include, the Wall Street Journal, Washington Post, San Diego Union Tribune, Boston Herald, and Australia's Sydney Morning Herald.

The Atlanta Journal-Constitution (9/20, Reid) writes that a Gwinnett County pharmaceutical company and eleven men allegedly associated with it "have been indicted by a federal grand jury on conspiracy and other felony charges in a $20 million Internet scam to sell fake prescription drugs. Federal authorities say the men peddled adulterated, misbranded medications produced under questionable conditions in Belize for Hi-Tech Pharmaceuticals of Norcross. … The U.S. Drug Enforcement Administration, Food and Drug Administration and other federal, state and local agencies were involved in the investigation of the scam."

The New York Times (9/21, Goodman) reports that a company "posing as a Canadian pharmacy offering inexpensive versions of generic drugs over the Internet was really a 'backyard chemist' that sent millions of fake pills to hundreds of unsuspecting customers," according to federal agents in Atlanta. Drug enforcement agents said the drugs "were made in an 'unsanitary house' in Belize and sold over the Internet through spam e-mail messages and Web sites."

The Atlanta Business Chronicle (9/20) reports all the defendants "are charged with two different conspiracies: conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs."

On its Web site, WXIA-TV, Atlanta (9/20) reports eleven employees who "work for Hi-Tech Pharmaceuticals in Norcross have been indicted for importing controlled substances into the United States. The lead defendant in the case is the owner of the company, 34-year old Jared Wheat of Alpharetta. … The government alleges Wheat made $14 million last year."

Network TV Coverage. The CBS Evening News (9/20, story 9, 2:10, Couric) reported, "Today, Federal prosecutors

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charged 11 people and an Atlanta-based company [in a scheme] to sell the fake drugs over the Internet promising big savings." David Nahmas, US Attorney: "Consumers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at a reduced price when in fact they were receiving adulterated fake drugs that were crudely made in an unsanitary house in Belize." In an analysis of the scheme, the CBS Evening News (9/20, story 10, 1:15, Couric) also reported, "Our chief medical correspondent Dr. Jon Lapook is here with more." Lapook said, "Medications are so expensive and 47 million people in our country are uninsured. It's totally understandable people would save money. It's also tempting to try to skip the inconvenience of a visit to a doctor's office or a call to a doctor. Finally it can be embarrassing for patients to ask doctors for certain medications like Viagra. Bottom line is it's very dangerous to buy counterfeit drugs."

Local TV Coverage. WAGA-TV, Atlanta (9/20, 10:00 p.m.) reported, "Eleven people were indicted in federal court today after prosecutors accused them of selling unapproved prescription drugs over the Internet. Pharmacists and doctors say you should never go on-line to purchase medications."

WGCL-TV, Atlanta (9/20, 6:00 p.m.) reported, "A word of warning from the DEA tonight when it comes to buying prescription drugs over the Internet. Buyer beware. Today the agency announced a group of Atlanta man accused of a scheme of selling drugs advertised through spam e-mails. … [Buyers] thought they were getting a prescription drugs over the Internet from Canada at a cheaper price and they were receiving crudely made drugs from a house in Belize."

WSB-TV, Atlanta (9/20, 6:00 p.m.) reported, "The government says these four men were part of a scheme to manufacture drugs illegally and fraudulently sell them as legitimate drugs from Canada. Federal drug agents say going on-line and unlawfully purchasing prescription drugs isn't any different than going down to the corner and buying OxyContin from your local dealer."

WXIA-TV, (9/20, 11:00 p.m.) reported, "Federal agents indicted 11 people today on charges of selling fake prescription drug over the Internet. High-tech pharmaceuticals of Norcross is accused of selling drugs to people who thought they were getting legitimate prescription drugs from Canada at reduced prices. Federal agents say instead, the consumers got fake drugs made in an unsanitary house."

ONDCP Anti-Drug Videos On YouTube Remain Under Scrutiny. ONDCP anti-drug videos on YouTube continued to receive wide media coverage today. There are now more than 300 media references to the story, with the most recent coverage focusing on how the videos will be perceived by YouTube users. For example, In a story about Senator Ted Kennedy's "tough talk" at a Samuel Alito hearing being replaced on YouTube by dialog from Bluto Blutarsku (John Belushi) from Animal House, Broadcasting & Cable (9/20) writes, "CNN made a similar point about the Office of National Drug Control Policy decision to put some of its anti-drug TV PSAs on YouTube given that a search for the term drug gets not only its PSAs but video of people doing drugs."

The AP (9/20, Coyle) reports the ONDCP posted a dozen videos on YouTube and as of Wednesday, the ONDCP channel "had received a scant 53 subscribers and a total of 14,463 views, a relatively low total." The AP adds, "How the youthful, rebellious Web is responding to the ONDCP's efforts is perhaps hinted at by the mirror site, http://www.ondcp.com, which recasts the acronym as 'oppressive network drug content propaganda.' … Some of the most viewed drug-related videos on YouTube are far more persuasively anti-drug than anything produced by the government or the Ad Council. In one video, you can see a real heroin user discuss his fight with addiction." Newspapers such as the Washington Post, Houston Chronicle, San Francisco Chronicle, Contra Costa Times, Fort Worth Star-Telegram, and Seattle Post Intelligencer have used this latest AP story.

Everett, Washington's Herald (9/20) editorializes, "The federal government's anti-drug ad campaign is a demonstrated flop. So what's the government going to do? Run the ads on YouTube, a hugely popular Internet video service that is demonstrably not anti-drug. Flashback to August: The Government Accountability Office reported that the ad campaign has not been proven to deter children from using drugs and recommended that lawmakers consider reducing funding for the program, which has cost $1.2 billion since 1998. (President Bush has requested another $120 million for next year.)"

Media Daily (9/20) reports that last week, the White House "quietly began posting anti-drug ads from TV on the popular video-sharing site. But the feds still face some major obstacles, according to media execs who have worked with YouTube on unrelated projects. … Clearly, the ads have stirred interest on YouTube--but it's still unclear whether the

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videos have real viral appeal, meaning the feds face yet another uphill battle in the war on drugs. Ian Schafer, CEO of Deep Focus, said the ads are too straightforward to gain much traction on YouTube." However, Media Daily notes that John Walters said, "Public institutions must adapt to meet the realities of these promising technologies."

US Officials Concerned Mexico's Government Is Losing Battle With Drug Cartels. According to the Dallas Morning News (9/20, Corchado), U.S. officials worry that drug cartels' growing geographic reach and the recent killing of a judge and police officials are signs that Mexico's government may be losing control of the drug fight. The cartels "are securing smuggling routes through Central America and are recruiting gunmen from there, say senior U.S. officials in Washington and Mexico City. … Current and former U.S. law enforcement officials say the brutal tactics, if not halted, may travel beyond the U.S.-Mexico border and into the United States. 'If these beheadings and other types of violence aren't curtailed in the killing fields of Mexico, don't be surprised that soon they will find their way to El Paso, Laredo or the Dallas metroplex,' said Phil Jordan, former U.S. Drug Enforcement Administration chief in Dallas."

US General Sees No Progress In Combating Afghanistan Opium Problem. The AP (9/20) reports European nations "have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering. U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. … He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat."

UN Official Says NATO Must Help Fight Opium Trade. The AP (9/20) also reports the U.N.'s top counternarcotics official "said Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys. Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is 'in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism.'"

Gang Sweep In Chicago Suburb Nets Seven Arrests. The AP (9/21) reports, "Seven illegal immigrant gang members were arrested Tuesday night in Aurora as part of a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Aurora police, according to a release. All face criminal charges and/or deportation." The AP continues, "One of those arrested, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said. .. . Also arrested were Braulio Gutierrez-Montes, 18; Carlos Perez-Monarrez, 27; Juan Ibarra-Garcia, 35; Ricardo Herrera, 21; Luis Alberto Parra-Torres, 18; and Armando Rodriguez, 27, according to the release. All had been living in Aurora at the time of the arrest, according to Aurora police spokesman Dan Ferrelli." The AP adds, "All seven are Mexican nationals and documented members of the Latin Kings and Insane Deuces street gangs, the release said. All have past criminal records, including convictions for voluntary manslaughter, burglary, drunken driving and illegally possessing a firearm, according to the release. … Five are being held in ICE custody pending deportation, while two others will face possible criminal prosecution for re-entry after deportation, and an illegal alien possessing a firearm, the release said. They would then face deportation upon release."

The Chicago Tribune (9/21) reports, Four men are alleged to be Mexican nationals and will face deportation proceedings, authorities said. … All seven were accused of being members of either the Latin Kings or the Insane Deuces gangs and were handed over to immigration officials." The Tribune adds, "The arrests were the culmination of an investigation by three agencies—the ICE, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Aurora Police Department—through the ATF's West Suburban Gang Violence Task Force."

Two Brothers To Plead No Contest In Rhode Island Nightclub Fire. The New York Times (9/21, Belluck) reports, "Two brothers who owned a Rhode Island nightclub where pyrotechnics ignited a fire that killed 100 people in 2003 will plead no contest to charges of involuntary manslaughter. One of them will not serve any prison time." The Times continues, "Under the plea agreement, announced Wednesday in a letter to victims' families by

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Rhode Island's attorney general, one of the men, Michael Derderian, will be sentenced to serve four years in a minimum security prison. His brother, Jeffrey Derderian, will be sentenced to three years of probation and 500 hours of community service." The Times adds, "The agreement, which came as jury selection was under way for the trial of Michael Derderian, resolves all criminal charges that stemmed from the horrific fire. … In February, Daniel Biechele, the manager of the band Great White, who had set off the pyrotechnics, pleaded guilty to 100 counts of involuntary manslaughter. He was sentenced to four years in prison. .. . In his letter Wednesday, the attorney general, Patrick C. Lynch, wrote, 'Despite their desire to admit to the charges against them, I was unwilling to recommend or agree to the sentences that I have been advised the court will impose.' … He added, 'Most significantly, I strongly disagree with the court's intention to sentence Jeffrey Derderian to less than jail.' … Jeffrey Derderian was in the club, called the Station in West Warwick, the night of the fire, but the authorities have said Michael Derderian played a greater role in buying and installing highly flammable sound-insulating foam around the stage that was almost instantly ignited by the pyrotechnics. … The plea deal angered many relatives of the victims, as well as some of the 200 people who were injured in the blaze. Several said they would attend the Sept. 29 sentencing before Associate Justice Francis J. Darigan Jr. of Superior Court, who will hear from some of the victims and relatives."

IMMIGRATION:

US Cooperates With Virginia Localities In Visa Scam Task Force. The Washington Post (9/21, VA03, Markon) reports, "After the Sept. 11, 2001, terrorist attacks, the U.S. attorney's office in Alexandria zeroed in on what seemed like an obvious target: immigrant-document and identity fraud." The Post continues, "Seven of the 19 hijackers had obtained fraudulent Virginia identity cards, taking advantage of a loophole in the state's rules for issuing driver's licenses and state identification cards. Northern Virginia, authorities believed, had become a hub for criminal rings that produced such documents. 'There was a combination of shock and urgency out of the notion that the 9/11 hijackers were right in our midst, that there was a sleeper cell that was operating in significant part in and around Northern Virginia,' said Paul J. McNulty, then the U.S. attorney in Alexandria. 'We knew we had a problem.' … So McNulty started the nation's first document- and benefit-fraud task force, blending a unique combination of federal and state agencies. This month, the Alexandria-based task force broke one of its biggest cases: a marriage fraud ring that authorities said arranged scores of phony marriages, mostly in Arlington, to help illegal immigrants speed their route to U.S. citizenship. … And the crackdown that began on the edge of Old Town is now a model for the nation: Identical task forces recently opened in 10 cities across the country, and federal officials hope to blanket the nation with them by the end of next year." The Post notes, "Law enforcement officials said that approaching immigration cases through a task force is more effective because it provides more agents and a broader perspective on what charges can be brought. In the past, ICE or its predecessor, the Immigration and Naturalization Service, investigated cases alone or with the help of one or two other agencies. … The task forces on document and benefit fraud bring together a variety of agencies in a collaboration that federal officials said is extraordinary. The regular members of the Alexandria-based unit, which began operations in January 2002, include the U.S. attorney's office, ICE, the Department of Labor, the Social Security Administration, the State Department, the IRS, the U.S. Postal Service, the Virginia Department of Motor Vehicles and the Fairfax County Police Department. … Other Northern Virginia police departments, primarily Arlington, participate on a case-by-case basis. Fairfax is a regular member because the immigration office for Northern Virginia is located there."

Bush Says He Will Continue To Push For Comprehensive Immigration Reform. President Bush was asked on CNN's The Situation Room (9/20) if the Senate passes the same immigration bill as the House, will he sign it into law. Bush said, "Yes, I'll sign it into law. They're appropriating money -- I believe that's what you're talking about -- and it's part of the appropriations process, if I'm not mistaken." Bush added, "I don't view this as the final product. And I will keep -- I will keep urging people to have a comprehensive reform. You can't enforce the border until you have a rational guest worker program. In other words, people should come here on a temporary basis and then go home. People are sneaking across to work. And no matter how much equipment you have on that border, people will find ways to do so. And so, it is a rational way to enforce the

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border. What their talking about in the House and the Senate is a temporary step. If you're question is, will I stop trying to push for a comprehensive reform? The answer is, no, I won't stop trying to push for comprehensive reform."

Congress Takes Up Border Fence Bill. With seven weeks to go before election day, Congress took up legislation to require voters to show proof of citizenship and to build a fence along the Mexican border. The AP (9/20, Abrams) reports, "The House of Representatives debate on a new photo ID plan for voters, and Senate action on the fence, were part of a get-tough policy on illegal immigrants that Republicans have taken in the wake of failure to agree on broader legislation that would set a path for undocumented workers to attain US citizenship."

The Los Angeles Times (9/21, Gaouette, 918K) reports, "Republicans in both chambers said the steps were necessary to protect the United States from illegal immigrants entering the country or trying to corrupt the voting process. Democrats dismissed the moves as political ploys aimed at the November midterm elections, in which many Republicans are making immigration a key issue."

The New York Times (9/21, Hulse, 1.21M) reports, "Senator Bill Frist of Tennessee, the majority leader, said the fate of millions of illegal immigrants already in the United States had become a 'fundamental sticking point' in trying to reach agreement with the House on a broad bill. Mr. Frist said the fence proposal, which the House has passed, was the best alternative if lawmakers wanted to salvage some immigration changes before the Nov. 7 elections."

CQ (9/20, Sandler) reports that Wednesday's procedural vote in the Senate "guarantees passage of legislation that would authorize 700 miles of double-layered fencing along the US-Mexico border. The 94-0 vote to invoke cloture simply limits debate on a motion to proceed to the House-passed bill (HR 6061), which also calls for a 'virtual fence' of sensors, cameras, unmanned aerial vehicles and surveillance technology. Several obstacles remain on the measure, which could conceivably tie up the Senate all next week and leave Frist walking away empty-handed."

The Washington Post (9/21, A3, Weisman, 748K) calls the effort "a piecemeal crackdown on illegal immigration." The measures "would take the place of President Bush's far broader rewrite of the nation's immigration laws."

USA Today (9/21, Kiely, 2.27M) reports that "leaders of a bipartisan task force Wednesday dismissed" the effort as "a 'piecemeal' approach that won't curb illegal immigration."

ABC World News (9/20, story 8,0:25, Gibson) reports, "President Bush says he will sign the bill if it reaches his desk, and Republicans concede that the comprehensive immigration reforms sought by the President this year are dead for now."

DHS To Put Cameras Along US Southern Border. The Homeland Security Department is preparing to place hundreds of new camera towers along the nation's borders as part of an effort to tighten security and slow illegal migration across the southern border. USA Today (9/21, Hall, 2.27M) reports, "Secretary Michael Chertoff plans to announce today that the government will pay private contractors, including Boeing, tens of millions of dollars to set up high-tech towers to hold cameras and sensors that will help Border Patrol agents catch people crossing illegally. The contract also will include some unmanned aerial vehicles and ground-based radar systems."

Surveillance Plan Said To Face Major Hurdles. Under the headline "Plenty of Holes Seen In a 'Virtual Fence,' the Washington Post (9/21, A3, Hsu, 748K) reports the success of SBInet "hinges on overcoming obstacles that doomed past efforts, funding shortages and other problems with the country's immigration controls, according to experts and former US officials." Former Indiana congressman Lee H. Hamilton said the program "makes some sense and is part of the solution. It's also insufficient, I believe." The Post continues, "Congressional backers and military experts are confident that technologies devised to detect troop movements and tank formations can be adapted for homeland security and, by extension, individual border crossers. But scientists warn of bedeviling details, and analysts cite political pressures that have led to lavish spending on borders, technology and guards with few results."

Zero Tolerance Policy Considered A Success. ABC World News (9/20, story 9, 2:15, von Fremd) reported, "Eagle Pass sits on the Rio Grande. And for years, hundreds of illegal immigrants from all over Latin America have poured in there each day looking for work. … But seven months ago, the Department of Homeland Security adopted a zero tolerance crackdown. The Border Patrol has instituted a blanket policy of prosecuting in Federal court, everyone they catch crossing across the border here. … So far, more than 7,000 illegal immigrants have been arrested. After serving one to six months in US detention, they are deported back to their country of origin. At first, the zero tolerance program

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overwhelmed the courts and jails. But officials say it is now working. … Zero tolerance is considered such a sweeping success that the Border Patrol is now expanding it along the Mexican border from Texas to Arizona."

WSJournal Says Wall Will Not Reduce Flow Of Illegals Across Border. The Wall Street Journal (9/21, 2.03M) editorializes, "Few really believe that a fence will do much to keep out those who threaten our safety, such as smugglers, drug runners or terrorists. None of the 9/11 terrorists snuck across the Mexican border illegally; they entered the U.S. with lawful visas. Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs. … Republicans cite polls indicating that Americans want a secure border, but the political appeal of walls and fences is exaggerated. … The only real way to reduce the flow of illegal Mexican immigration is to provide a legal, orderly process to match open American jobs with workers who want to fill them."

LATimes Says Senate Should Reject Fence Legislation. The Los Angeles Times (9/21, 918K) editorializes, "Building an actual wall won't resolve the schizophrenia underlying our approach to immigration. That's why it's so disappointing to watch the US Senate, which passed comprehensive immigration reform earlier in the year, considering following the path of the more shortsighted House by taking up a simplistic, enforcement-only measure — to build, you guessed it, a fence along the border. Senators should vote "no" on the Secure Fence Act. … If the Senate passes piecemeal enforcement measures, it will erode its ability to negotiate a more comprehensive approach with House leaders who myopically insist on treating immigration solely as a law enforcement issue."

TAX:

Rhode Island Man Agrees To Stop Alleged Tax Scam. The AP (9/21) reports, "A Providence (RI) man has agreed to stop marketing an alleged tax fraud scheme under a federal court order." The AP continues, "Officials from the Justice Department say Eric Messier falsely advised customers that they could avoid paying federal income taxes by treating their assets and income as a 'corporation sole' -- a church or charity organization with tax benefits in some states." The AP adds, "A government's complaint filed in the U-S District Court in Rhode Island says customers paid Messier between 25-hundred dollars and 10-thousand dollars to participate in the scheme. .. .The court order gives Messier 15 days to remove from his Web site all information advertising the scheme and to give the government a list of his customer's names and other personal."

Judge Denies KPMG Request For Jury Trial Over Fees. The New York Law Journal (9/21, Bar) reports, "A federal judge Monday denied accounting firm KPMG's request for a jury trial over the issue of whether it should advance defense costs to its former employees who are now facing criminal tax fraud charges." The Times continues, "Southern District Judge Lewis A. Kaplan, in United States v. Jeffrey Stein, S1 05 Crim. 0888, ruled that the employee claim was for specific performance of a contract. Thus, he said that it was equitable in nature and did not require a jury trial. … As a result of the ruling, Kaplan will decide whether the employees are entitled to legal fees. He had already refused to dismiss the employees' claim and compel arbitration of the issue. KPMG filed a notice Monday asking the 2nd Circuit U.S. Court of Appeals to reverse the decision." The Times adds, 'Attorneys for KPMG had argued in their memorandum of law in opposition to the former employees' motion to strike KPMG's jury demand that the former employees' breach of contract claim is an 'action at law' and one for which KPMG is entitled to a trial by jury. … Kaplan, however, said that the monetary relief the former KPMG executives seek would be 'exactly the type of monetary relief that courts, and the Restatement [of Contracts], envision as equitable relief; they are incidental to the grant of equitable relief, yet are necessary to afford complete relief.' … In reaching this decision, Kaplan quoted the 6th Circuit in its decision in Golden v. Kelsey-Hayes Co., 73 F.3d 648. … Kaplan's ruling on the jury issue was released on the same day that KPMG filed its answer to the civil complaint filed against it by its former employees. The company argued as an affirmative defense that the complaint is barred in whole or in part because the former employees, through their conduct, 'have unclean hands and are at fault in bringing about any loss and harm they might suffer.'"

Bank Probe Expands To KPMG Austria's Staff. The Wall Street Journal (9/21, Crawford, Mollenkamp) reports, "The investigation by Austrian prosecutors of more than $2 billion in losses at Bawag P.S.K. Group, the Vienna bank at the center of the Refco Inc. scandal, has expanded to the roles played by employees of the bank's auditor, KPMG Austria GmbH, according to people familiar with the matter."

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The Journal continues, "Refco, a huge commodities brokerage firm, last year disclosed that its chief executive officer allegedly had helped to hide bad debt. That revelation ultimately led Refco to file for bankruptcy-law protection and to the discovery that Bawag had played a key role in the alleged debt scheme. The CEO, Phillip R. Bennett, who faces criminal charges, has denied the allegations." The Journal adds, "More recently, prosecutors have focused on how Bawag reported assets and losses. At the center of the investigation are the KPMG audits of the bank between 1994 and 2005 that failed to reveal misreporting of bank assets and losses. Witnesses have told prosecutors that Robert Reiter, a former partner and head of the accounting firm's auditing subsidiary in Vienna, KPMG Alpen-Treuhand GmbH, advised the bank on how to book hundreds of millions of dollars in losses so they wouldn't be visible to public scrutiny, according to the witnesses' statements."

IRS Battles Church Over Political Activity. A liberal California church is locked in a battle with the IRS over an anti-war sermon delivered two days before the 2004 presidential election. The AP (9/21, Flaccus) reports that the dispute "could cost the congregation its tax-exempt status." The AP adds, "Religious leaders on both the right and left are watching closely, afraid the confrontation at All Saints Church in this Los Angeles suburb will compromise their ability to speak out on issues of moral importance such as abortion and gay marriage during the midterm elections."

CONGRESS-ADMINISTRATION:

Senate Committee Approves Von Eschenbach Nomination. The AP (9/21) reports, "A Senate committee Wednesday approved President Bush's nominee to head the Food and Drug Administration, but a full Senate vote to confirm Dr. Andrew von Eschenbach was in doubt." Von Eschenbach "overcame earlier stalling tactics by two Democratic senators pending an agency decision to allow nonprescription sales of the morning-after pill. But now two Republican senators have pledged to block his confirmation, each for separate reasons."

The New York Times (9/21, Harris, 1.21M) notes "von Eschenbach has been acting commissioner for a year." GOP Sen. David Vitter "has promised to hold up Dr. von Eschenbach's nomination until the Bush administration agrees to legalize imports of cheaper drugs from abroad. And Senator Jim DeMint, Republican of South Carolina, said he would not allow the nomination to proceed until Dr. von Eschenbach took action to suspend sales of RU-486, the abortion drug."

Novak Says Dodd, Annan Deputy Working To Block Bolton's Confirmation. Syndicated columnist Robert Novak (9/21) writes this morning, "The focus temporarily is on Sen. Lincoln Chafee…as the days dwindle down for this Congress to permit John Bolton to continue as U.S. ambassador to the United Nations. But Bolton's two-year struggle to get confirmed can be directly traced to a determined Democratic senator and the vengeful U.N. secretariat." Senate GOP Whip Mitch McConnell on Tuesday pleaded with Chafee "to permit Bolton's nomination to reach the Senate floor. The reason Chafee is in this pivotal position can be attributed to Sen. Christopher Dodd's fierce open opposition to Bolton, and U.N. Secretary-General Kofi Annan's stealthy sabotage, executed by his deputy, Mark Malloch Brown." Novak notes that while the White House and GOP leaders await Chafee's decision, Dodd is still hoping "to filibuster Bolton again, but he does not appear to have the votes this time." Bolton's "confirmation…would be bad news for the secretariat. According to U.N. sources, Malloch Brown has been stirring up anti-Bolton sentiment with his fellow ambassadors, who in turn have contacted senators. Bolton has demanded reform at the U.N., and that has not made him popular with the world organization's bureaucrats. They would like nothing better than to give this conservative diplomat his comeuppance."

Senate Panel Pulls Bush CPB Nominee From Hearing Schedule. The Los Angeles Times (9/21, Gold, 918K) reports television sitcom producer Warren Bell's "appointment to the board of the Corporation for Public Broadcasting appears in jeopardy after the Senate Commerce Committee on Wednesday abruptly pulled him from a nomination hearing scheduled for today." A spokesman for Chairman Ted Stevens "said Bell was removed from the agenda because several senators on the panel had concerns about his nomination. Hearings for two other CPB nominees — former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's public broadcasting TV station KQED — are still going forward today." Bell, "executive producer and show-runner of ABC's 'According to Jim,' was tapped by President Bush in June to

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serve on the board of the private, nonprofit corporation that distributes federal funds to local public television and radio stations." The "selection of the outspoken conservative disquieted many public broadcasting officials, who were troubled by partisan comments Bell has posted on the website of the conservative National Review magazine."

Lawmakers, Judges, DOJ Clash Over Proposal To Split 9th Circuit. The AP (9/21, Werner) reports, "Senators, judges and a Bush administration official clashed Wednesday over splitting up a San Francisco-based federal appeals court, with Democrats charging political motives by Republicans fed up with the court's left-leaning rulings. … Not so, said Republicans. They contended the 9th U.S. Circuit Court of Appeals, by far the nation's largest federal circuit, has gotten too big to be effective and would operate better if split in two. … 'At what point is it unmanageable?' Sen. John Ensign, R-Nev., asked at a Senate Judiciary Committee hearing." The AP continues, "The 9th Circuit covers nine states with about 54 million people and the appeals court has 28 judgeships. .. .It's so big the judges don't all hear cases together as they do in other circuits. Critics, including the Bush Justice Department, argue there are inconsistencies from one ruling by the court to another." The AP adds, "The court has also issued a series of rulings that outraged Republicans - for example, a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. Its rulings often are reversed by the U.S. Supreme Court. … Ensign and Alaska Republican Sen. Lisa Murkowski have sponsored legislation that would break the circuit in two. A new 9th Circuit would cover California, Hawaii and the Pacific Islands, and a new 12th Circuit would cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. … Similar legislation passed the House in December. Breaking up the court has been a longtime Republican goal." The AP notes, "The hearing featured a clash between Sen. Dianne Feinstein, D-Calif., and Assistant Attorney General Rachel Brand of the Justice Department's office of legal policy. … The Justice Department now supports the circuit split but has opposed it under past administrations. … 'What has changed?' Feinstein demanded to know. … Brand responded that the Justice Department, often a party to litigation before the 9th Circuit, has concluded it moves too slowly and sometimes has inconsistent decisions. … Feinstein said she's never heard such a complaint from the Justice Department, including once when she had lunch with Attorney General Alberto Gonzales. … 'So I can only conclude, and I must just say this, that this is political, that it has nothing to do with the performance of the circuit,' Feinstein said. … 'Our opposition has nothing to do with the outcome of any particular case,' Brand responded."

High Court Advocate Appeals Missed-Deadline Dismissal. The Legal Times (9/21, Mauro) reports, "Every lawyer's nightmare -- inadvertently missing a court filing deadline -- has come true for Roy Englert Jr. Adding to the pain is that the court whose deadline he missed is the Supreme Court, where such mistakes tend to get noticed more than they might elsewhere. … But if there is any consolation, it is this: As competitive as the Supreme Court practice is, it is collegial enough that some of Englert's brothers at the bar have rallied to his side. Former Solicitors General Charles Fried and Seth Waxman have filed a brief asking the Court to clarify its rule that Englert ran afoul of and, in the process, to accept his out-of-time petition. As the brief, written by Fried, notes, 'There but for the grace of God go I.' The Court will consider the issue at its conference Monday." The Times continues, "Englert, a veteran Supreme Court practitioner and partner at Washington's Robbins, Russell, Englert, Orseck & Untereiner, was hired by Northwest Airlines to file a petition challenging a decision by the 6th U.S. Circuit Court of Appeals that sided with Spirit Airlines in a long-simmering predatory-pricing dispute. The suit originally filed by Spirit has not gone to trial, but the appeals court decided some significant issues, about what a jury needs to consider, in Spirit's favor. … On April 17 the office of Northwest's 6th Circuit counsel alerted Robbins Russell that the circuit court had denied a petition for a rehearing of the case. For Englert that meant he had 90 days to file a petition with the Supreme Court. … He did just that on July 17, and the case of Northwest Airlines v. Spirit Airlines was given the docket number 06-77. But on July 20 a Supreme Court case analyst in the clerk's office called Englert with bad news; according to the 6th Circuit, the denial of rehearing was actually issued April 13, not April 17, making the petition to the Supreme Court several days late. Since Englert had not requested an extension during the 90-day period -- extensions of up to 60 days are allowed by statute -- the petition was deemed out of time. The case was yanked from the docket, meaning the 6th Circuit ruling would stand. Not a good result for Northwest." The Times notes, "The next day, Englert filed a motion

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asking the Court to direct the clerk to accept the petition out of time, an action reported first by Scotusblog, a weblog that focuses on Supreme Court developments. Englert took full responsibility for the error but described it as 'classic excusable neglect' that did not prejudice any party in the case. While recognizing that the Court has been strict about enforcing its deadlines, Englert argued that nothing in the relevant statutes precludes parties from seeking an extension after the 90-day deadline has passed."

GAO Reports VA Budget Shortfall. The Washington Post/AP (9/20, Talhelm) reports, "The government used prewar data to estimate the cost of caring for veterans from Iraq and Afghanistan, contributing to a $3 billion budget shortfall at the Veterans Affairs Department since 2005" according to a GAO report released Wednesday. According to investigators from the Government Accountability Office, the VA used "'unrealistic assumptions, errors in estimation and insufficient data' to project its budget," and "failed to tell Congress in a timely way" that it was facing the shortfall. The report, however, said that because the VA was unable to "get accurate information from the Defense Department" it could not correctly estimate anticipated costs for the war veterans. "Department officials said they agreed with the findings and were working to improve" and Secretary Jim Nicholson released a statement saying that while the VA uses "highly reliable actuarial projections of health care demand," it "continues to 'refine' its modeling." Nicholson said, "The bottom line is to provide the leading-edge health care and benefits that our veterans deserve."

Dreier Urges Ney To Resign. The AP (9/21, Hammer) reports, "A member of the Republican leadership added his name to the list of GOP lawmakers calling for Rep. Bob Ney to resign. When reporters asked some GOP leaders Wednesday whether Ney should resign, House Rules Committee Chairman David Dreier, R-Calif., responded, 'Absolutely.'"

The Hill (9/21, O'Connor) reports, "Joy Padgett, the Republican running to replace him, called on Ney to step down on Monday, and Conference Chairwoman Deborah Pryce (R-Ohio), who is locked in her own difficult reelection fight, said yesterday that her Ohio colleague should step down before his court date." House Majority Leader John Boehner, "who has said Ney himself must determine whether or not to resign, briefly mentioned the possibility that Democrats may introduce a resolution to expel Ney from the House during the GOP's regular closed-door session Wednesday morning, members and staff in the meeting said. 'I feel sorry for him and really feel sorry for his family, but there has been no conversations about it amongst us in terms of what he should or shouldn't do,' Boehner told reporters on Tuesday."

Roll Call (9/21, Davis) reports, "House GOP aides suggested that Ney could be postponing his resignation for financial reasons, as House Members are paid on the first of every month, and a resignation beforehand would deprive Ney -- who has no personal wealth -- and his family of a significant portion of his Congressional income."

Bush Receives Bill On Pets In Emergencies. Under legislation sent to President Bush, Congress has called for emergency preparedness plans that include helping individuals and families with pets. The New York Times/AP (9/21) reports, "The bill calls for state and local emergency preparedness plans to make provisions for families with pets and individuals with service animals. It grants the Federal Emergency Management Agency the authority to help state and local governments develop emergency and evacuation plans that take pets and service animals into account. It also authorizes some federal financial help for states establishing emergency shelters for people and their pets."

Lawmakers, Consumer Advocates Push For Restrictions On New Mortgages. Consumer advocates and lawmakers on the Senate Banking Committee yesterday urged federal banking regulators to move more quickly to put restrictions on non-traditional mortgage lending, saying that new kinds of mortgages may put borrowers and lenders at financial risk. The Washington Post (9/21, Downey, 748K) reports, "The popular loans, which include various adjustable-rate mortgages, interest-only loans and what are called 'option' adjustables, share a common feature in that they allow borrowers to pay less money now but require them to pay more, sometimes much more, later. Monthly payments could double or triple when borrowers are required to pay the full interest and principal on the loan, several years down the road." Last year, "federal banking regulators said they intended to issue a regulatory 'guidance,'" to tell lenders "to be more careful in making these loans and to make sure consumers understood them. … Sen. Wayne Allard (R-Colo.)

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pushed the bank regulators appearing before the committee to say when, exactly, the guidance would be issued."

The Washington Times (9/21, Hill, 88K) reports, "Sandra Thompson, a director at the Federal Deposit Insurance Corp., testified yesterday that some borrowers were not qualified to make escalating payments required under the loans, and the banks loosened their standards considerably to enable buyers to qualify, including 'layering on' risks such as requiring no down payment or proof of income. The problems raise the risk of defaults and foreclosures as the housing market stagnates, she told the Senate Banking, Housing and Urban Affairs Committee in Congress' first hearing on the new breed of mortgages, sometimes called 'exotic' or 'alternative' loans because they do not offer standard, fixed payments like those on 30-year mortgages."

Air Force Successfully Tests Synthetic Fuel. USA Today (9/21, Welch, 2.27M) reports, "An Air Force crew took [an] aging B-52 bomber aloft for more than two hours above the Mojave desert test range...in the military's first jet flight powered with synthetic fuel. ... The Air Force's experiment is being watched by a commercial aviation industry eager to stabilize and cut fuel costs, which have soared along with the price of oil this year." The bomber flew "with two of its eight engines powered with a 50-50 mixture of jet fuel, called JP-8, and a colorless synthetic fuel produced by a Tulsa-based company, Syntroleum. The synthetic was produced from natural gas, but officials said coal — which the nation has in abundance — could be used to produce an identical fuel." Air Force Undersecretary Ronald Sega "said engines running the new fuel appeared to operate identically to the other engines, though researchers will pore over flight data before reaching conclusions."

OPM Kicks Off New Dental-Vision Benefit For Federal Employees. The Washington Post (9/21, D4, Barr, 748K) reports in its "Federal Diary" column, "The new dental and vision benefit program for federal employees and retirees tries to fill a gap in their health-care coverage by offering a mix of national and regional plans that vary in cost and enrollment options. The program's design should make the federal premiums competitive with plans offered in the private sector, officials at the Office of Personnel Management think. … The OPM officials kicked off the new dental-vision program yesterday after announcing premium increases for the federal employees health insurance program."

Provision Allowing Public, Sectarian Prayer By Military Chaplains Criticized. The Washington Post (9/21, A24, 748K) editorializes that a provision that "would permit military chaplains to offer explicitly sectarian prayers at public events" and "snarled completion of the defense authorization bill," was called "unnecessary and likely counterproductive" by the Rev. Ted Haggard, president of the National Association of Evangelicals. This is despite the fact that the provision "has been pushed by some evangelical ministers." At issue is "what rules should govern religious speech at public, nonreligious events." Besides which, "the Defense Department explained in stating its opposition, the military's 'present insistence on inclusive prayer at interfaith gatherings' is more conducive to 'unit cohesion.'" For this issue, "the best resolution would be not to drain prayer at public ceremonies of specific religious content but to discourage prayer at such events as inherently and unnecessarily divisive."

The New York Times (9/21, 1.21M), in an editorial, calls the provision "a mischievous amendment," adding, "We expect the Senate, mindful of the nation's multidenominational legions fighting in Iraq and Afghanistan, to reject the fine-print travesty. At its heart is religious intolerance…and a naked attempt to elevate evangelical beliefs to primacy in the ranks." Instead, "Defense conferees who were truly conscientious would act to control predatory insurance salesmen at the gates of military bases. And they would force the Pentagon to end its awarding of unearned 'bonus' payments to favored defense contractors."

Bush's Job Approval At Highest Point Since January In LATimes Poll. The Los Angeles Times (9/21, Brownstein, 918K) reports, "President Bush's approval rating has reached its highest level since January, helping to boost the Republican Party's image across a range of domestic and national security issues just seven weeks before this year's mid-term election, a new Times/Bloomberg poll has found." While "the survey spotlights a continuing array of Republican vulnerabilities," it also "offers the first evidence in months that the GOP may be gaining momentum in November's battle for control of Congress." Democrats "hold a lead in the poll, 49% to 39%, when registered voters are asked which party they intend to support for Congress this

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year." But "that advantage may rest on softening ground -- on virtually every comparison between the parties measured in the survey, Republicans have improved their position since the summer." The Times adds, "In particular, Republicans have nearly doubled their lead when voters are asked which party they trust most to protect the nation against terrorism -- the thrust of Bush's public relations blitz in recent weeks." However, "the shift in the wind hasn't dispelled all of the GOP's problems. Along with a plurality of voters saying they want Democrats to control Congress, most say they disapprove of Bush's overall job performance. And the percentage of voters who say they believe their own member of Congress deserves reelection is lower than in the weeks before a Republican landslide overturned Democratic majorities in the House and Senate in 1994." The Times also reports, "For all the anxiety about Iraq, the survey found that significantly more voters (46%) said the U.S. should stay in the country as long as it takes to establish order than said American troops should be withdrawn within the next year (28%)."

The Christian Science Monitor (9/21, Feldmann, 58K) reports, "Bush has done this before: He launches a series of speeches highlighting the war on terror, and his job approval rating improves in most major polls. Then the speeches end, and the bump fades. Will that happen again? And, in the end, how will the president's standing with voters affect how they approach individual races for Congress on Nov. 7?" The Monitor adds, "The political world has been abuzz over the latest Gallup Poll, which shows Mr. Bush with his highest job approval in a year - now at 44 percent - and likely voters split evenly between Republicans and Democrats, 48 percent to 48 percent, over which party's candidate they would vote for in their congressional district. … The short answer is, it's too soon to tell if the improved national climate for Bush and Republican candidates…has the legs to carry through to election day."

CBS/NYTimes Poll Shows Congress Wit 25% Approval, Bush's Rating Unchanged At 37%. The New York Times (9/21, Nagourney, Elder, 1.21M) reports, "With barely seven weeks until the midterm elections, Americans have an overwhelmingly negative view of the Republican-controlled Congress, with substantial majorities saying that they disapprove of the job it is doing and that its members do not deserve re-election, according to the latest New York Times/CBS News poll. The disdain for Congress is as intense as it has been since 1994, when Republicans captured 52 seats to end 40 years of Democratic control of the House and retook the Senate as well. … But for all the clear dissatisfaction with the 109th Congress, 39 percent of respondents said their own representative deserved re-election, compared with 48 percent who said it was time for someone new." The Times adds, "What is more, it seems highly unlikely Democrats will experience a sweep similar to the one Republicans experienced in 1994. Most analysts judge only about 40 House seats to be in play at the moment, compared with over 100 seats in play at this point 12 years ago, in large part because redistricting has created more safe seats for both parties." In the poll, "Bush's job approval rating was 37 percent in the poll, virtually unchanged from the last Times/CBS News poll, in August. On the issue that has been a bulwark for Mr. Bush, 54 percent said they approved of the way he was managing the effort to combat terrorists, again unchanged from last month, though up from this spring."

CBS Evening News (9/20, story 5, 0:20, Couric, 7.66M) reported, "In our CBS News/New York Times poll, 50% of registered voters say they'll vote for the Democratic candidate for the House of Representatives. 35% for the Republican. And bad news for incumbents. Only 42% of registered voters said their congressman deserves reelection. 47% say it's time for a change."

Decreasing Gas Prices Seen As Boosting Bush's Rating. USA Today (9/21, Page, 2.27M) reports, "When it comes to…Bush's approval rating -- the number that measures his political health -- one factor seems more powerful than any Oval Office address or legislative initiative. It's the price of a gallon of gas. … For some Americans, analysts speculate, gas prices provide a shorthand reading of the general state of the economy. Even though prices at the pump are largely outside the president's control, he gets credit when they fall — and blame when they rise."

NBC Nightly News (9/20, lead story, 3:20, Williams, 9.87M) noted the decreasing prices yesterday in its lead story, "If you have filled your tank lately you have noticed. After some dire predictions on this broadcast and elsewhere that prices were rocketing to $4 a gallon, gas prices are coming down. The two big questions appear to be how far and why is this happening. The price of oil was down another $1.20 to close at $60.46. Gas prices are today down to $2.50. That is on average. It is even cheaper in some places." NBC (Thompson) added, "No major hurricanes to disrupt production in the Gulf of Mexico and plenty of supply are two reasons why prices are plummeting. … Despite the

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decreases, analysts warn we are just one hurricane or major political crisis away from higher prices."

WPost Says Coast Guard Should Accept White's Ferry Owner's Apology. The Washington Post (9/21, A24, 748K) editorializes that it is "unfortunate" that the operator of White's Ferry and the Coast Guard "have allowed a dispute over licensing ferry pilots to endanger what ought to be a cooperative and harmonious working relationship." The Coast Guard's decision to "seek 'thousands of dollars' in fines" over allegations that unlicensed pilots were used has commuters worried "that massive penalties could mean the end of their ride." The Post suspects that the fines are less about safety and more about the Coast Guard's "need to prove a point with" owner Edwin Brown, "who essentially thumbed his nose at them in word and deed" by not complying with demands to shut down the operation. "Coast Guard officials, who certainly have more important things to do with their time and resources," should accept Brown's letter of apology and pledge of cooperation.

OTHER NEWS:

Fed Leaves Interest Rates Unchanged; Stocks Up. ABC World News (9/20, story 4, 0:20, Gibson) reported "the Federal Reserve is leaving interest rates where they are, in the belief that falling energy prices will help keep inflation in check. Today's vote keep a key rate steady for a second-straight month, after two years of hikes. And on Wall Street, the stocks were up. The Dow up 72 points [to close at 11613.19]. The NASDAQ up 30 [to close at 2252.89]." NBC Nightly News (9/20, story 2, , Williams, 9.87M) reported, "This rapidly falling price of oil and a weakening housing market were two of the factors that led the Federal Reserve to hold its key interest rate steady." NBC said Wall Street "was happy with that news."

USA Today (9/21, Shell, 2.27M) titles its report on Wall Street "Markets Applaud Holding Rates Steady," and notes "the S&P 500 finished at 1325.18, less than a point below its May 5 high for the year and less than 2 points below its close of 1326.61 set on Feb. 15, 2001." The Wall Street Journal (9/21, McKay, 2.03M), among other newspapers, also reports the stock numbers.

USA Today (9/21, Hagenbaugh, 2.27M) reports Fed Chairman Ben Bernanke "and his colleagues said in their post-meeting statement that the economy was continuing to moderate, in part because of widespread cooling in the housing market. Although inflation measures were still high, price pressures "seem likely to moderate," partly reflecting recent energy cost drops." But "the Fed repeated 'inflation risks remain' and said the 'extent and timing of any additional (rate) firming that may be needed' would depend on incoming data, suggesting more interest rate increases may be on the way." The Financial Times (9/21, Beales), New York Times (9/21, Uchitelle, 1.21M), Washington Post (9/21, D1, Henderson, 748K) and Wall Street Journal (9/21, lp, 2.03M) run similar reports.

Chile Seeks US Documents On Letelier Assassination. The New York Times (9/21, Rohter) reports, "Thirty years after a Chilean-organized hit squad assassinated former Foreign Minister Orlando Letelier and an American colleague on the streets of Washington, investigators here are drawing closer to implicating this country's former dictator, Gen. Augusto Pinochet, in the killings. … But they say their efforts are being hindered by a parallel investigation in the United States that has been stalled since President Bush took office and that is withholding potentially important documents." The Times continues, "Mr. Letelier, one of the most visible leaders of the opposition to the Pinochet dictatorship, and Ronni Karpen Moffitt were killed on Sept. 21, 1976, when a bomb planted under his car exploded as they were riding to work. … Even after 9/11, the Letelier assassination remains the most audacious act of state-sponsored terrorism committed on American soil. … 'Every day it is clearer that Pinochet ordered my brother's death,' said Fabiola Letelier, a prominent human rights lawyer here. 'But for a proper and complete investigation to take place we need access to the appropriate records and evidence.'" The Times adds, "General Pinochet was detained in London in 1998 by prosecutors seeking to bring him to justice for abuses committed during his 17-year rule. … Afterward, the Clinton administration came under new pressure from the Letelier and Moffitt families, and it released more than 24,000 declassified diplomatic and intelligence cables. It also reopened an investigation of the assassination, sending an F.B.I. team to Chile in 2000 to interview more than 40 witnesses. … That mission resulted in a recommendation that the United States indict General Pinochet, but Attorney General Janet Reno decided to leave the decision to her

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successors in the Bush administration." The Times notes, "The case remains politically delicate in Washington, where previous Republican administrations supported the Pinochet dictatorship as a bulwark against leftist encroachment in Latin America during the cold war."

Third Infant Dies At Indiana Hospital After Dosage Error. USA Today (9/21, Kim, Webber) reports, "A third premature baby has died in a case of medical error here that has shaken one of Indiana's largest hospitals." USA continues, "Five-day-old Thursday Dawn Jeffers died late Tuesday, said Jon Mills, a spokesman for Methodist Hospital. … The Jeffers infant was one of six premature babies who received overdoses of the anti-clotting drug heparin Saturday in Methodist's neonatal intensive care unit." USA adds, "Thursday Dawn was being treated at Riley Hospital for Children, where she had been transferred after being born at Methodist. … Two other infants died late Saturday: 5-day-old D'myia Alexander Nelson and 2-day-old Emmery Miller. The other three babies are expected to survive, Mills said." USA adds, "Premature newborns are often given heparin to prevent their blood from clotting as they are administered fluids intravenously, said James Lemons, a neonatologist at Riley Hospital. … Each of the six infants was given an adult dose — an amount 1,000 times greater than prescribed, Odle said. … A preliminary hospital investigation found the mix-up occurred when a veteran technician delivered adult-dose heparin vials to the neonatal unit, Odle said."

RNC Gaining Large Fundraising Edge. The New York Times (9/21, Zeleny, 1.21M) reports, "The Republican National Committee has amassed a significant fund-raising advantage, according to campaign finance records filed Wednesday, feeding Democrats' fears about remaining competitive in the intense final weeks before the midterm elections." The Democrats' House and Senate campaign committees "have been unusually successful raising money compared with past election cycles. House Democrats have nearly as much as Republicans, while Senate Democrats have $10 million more than their Republican counterparts." But "that edge is being offset by the fund-raising of the Republican National Committee, which has said it would spend more than $60 million to make up for any shortcoming by the party's Congressional committees." The Times adds, "The new fund-raising reports show that at the beginning of September, Republicans had $39 million in the bank, compared with $11 million for Democrats. The disparity is caused by the decision of the Democratic National Committee chairman, Howard Dean, to take a longer view of turning around the party by devoting most of the money he has raised to rebuilding state organizations across the country."

Meanwhile, the Wall Street Journal (9/21, 2.03M) says that "while Republicans enjoy an overall financial edge in the coming elections, Senate Democrats ended August with a nearly $12 million advantage over their Republican colleagues, which could ratchet up pressure on incumbents fighting to hold their seats."

Lawmakers Turning To Wealthier Americans For Revenue. USA Today (9/21, Wolf, 2.27M) reports that the Bush Administration, lawmakers and outside experts "are all looking at other ways to raise new revenue from the rich. … Democrats generally are in favor of higher taxes, such as eliminating President Bush's tax cuts for the wealthiest taxpayers. Republicans are more likely to favor raising the price for government benefits, such as Medicare and Social Security." USA adds, "Singling out wealthier Americans is controversial. When higher-income seniors were asked to pay for an expansion of Medicare in 1988 that would largely benefit the poor, they revolted, and the law was repealed the following year."

Bush To Raise Funds For Florida Candidates, State GOP. The Palm Beach Post (9/21, Crowley) reports that President Bush "will be in Florida today raising money for the state Republican Party, its nominee for governor, Charlie Crist, and other candidates. Bush is scheduled to arrive in Tampa about noon to raise campaign cash for" FL9 hopeful Gus Bilirakis (R), who is running to replace his father -- FL9 Rep. Michael Bilirakis (R) -- who "is retiring after 24 years in Congress." Later, Bush "is scheduled to go to Orlando, where he will pose for pictures at a private reception for those who contribute $25,000 or more to the Florida Republican Party. A reception for Crist will cost $500, the state's limit on individual campaign contributions to a candidate."

Bush To Headline Fundraiser For Connecticut GOP. Roll Call (9/21) reports in its "At the Races" column, "President Bush will headline a fundraiser to benefit the Connecticut Republican Party and its candidates Monday. One of the featured beneficiaries, Rep. Christopher

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Shays, (R) is scheduled to attend. The luncheon, which costs $15,000 per couple, will be held at a residence in Greenwich, the hometown of former President George H.W. Bush, the Stamford Advocate reported."

Bush Education Reform Ranks Near Iraq War As Major Issue In Connecticut Races. The Hill (9/21, Schor) reports, "Struggles over implementing" the No Child Left Behind Act have become "a flashpoint this fall in Connecticut's hotly contested races." Democrats challenging Reps. Christopher Shays (R-4), Rob Simmons (R-2), Nancy Johnson (R-5) and Sen. Joseph Lieberman (D) have placed NCLB "alongside the Iraq war" in their criticisms and have also claimed it has led to reduced education funding, "teaching to the test" and has had no "clear benefit."

Shays Accused Of Changing Stance On Iraq Out Of Expediency. Morton Kondracke writes in Roll Call (9/21) that Rep. Chris Shays is "being accused by Democrats and the media of shifting his position on Iraq out of…expediency because he is under threat of losing his House seat. … Shays' Democratic opponent, Diane Farrell, is seeking to tie Shays to Bush and the war; she described his shift as 'an election-year conversion.' Shays added to his woes with an agonized appearance at a reporters' breakfast sponsored by The Christian Science Monitor last week during which he said Bush 'has no credibility' on the war." Shays "said he is willing to lose his seat over Iraq, but clearly he would rather win both contests."

Democrats To Hold Hearings On Iraq War Ahead Of Election. The Hill (9/21, Allen) reports that as the election nears, Congressional Democrats "plan to hold Iraq war hearings on Capitol Hill and around the country." The Democrats "will highlight the fact that they intend to go toe-to-toe with Republicans on the issue of national security, believing that this election cycle it can play to their advantage rather than to their detriment as it has in elections past. … Democrats said they extended an invitation to Republicans so that the hearings would be seen as fair."

GOP Sees Chance To Capture HI2. Roll Call (9/21, Duran) reports, "When Rep. Ed Case (D-Hawaii) decided to give up his House seat to challenge Sen. Daniel Akaka (D-Hawaii) few pundits or political operatives believed Democrats would have a hard time holding onto his 2nd district seat." But "with Saturday's primary looming, Republicans sense a unique opportunity brewing in the Aloha State and some Democrats fear they are right. Ten Democrats are vying for their party's nod while two Republicans -- a multimillionaire heir to the Hawaiian throne and a popular sportscaster -- compete for the chance to represent the GOP and possibly make history." Roll Call adds, "The ultimate Democratic nominee is 'going to land on the other side of the primary broke,' said one Democratic operative who did not want to be named." If Quentin Kawananakoa "wins the Republican nomination, which is far from certain, the Democratic candidate could face 'an infinite war chest,' the operative warned."

As Election Nears, Republicans Attack Democrats On Tax Record. The AP (9/21, Hammer) reports that as the midterm election nears, some Republicans are "emphasizing an old mantra that Democrats will raise taxes, despite low voter interest in the topic this campaign season. … In certain states and congressional districts, Republicans are hoping taxes are the way to take voters' minds off GOP corruption scandals, the war in Iraq or Bush's low approval ratings. … Also, in races that appear to be going down to the wire, Republicans hope their traditional tax message can at least keep the support of conservative voters who have shown a disdain for the current GOP leadership."

Hoyer, Murtha Court Democrats For Majority Leader's Race. Reps Steny Hoyer and Jack Murtha, who would be rivals in the race for Majority Leader if Democrats win control of the House, are courting Democratic candidates seen as likely to win their reelection campaigns this year. The Hill (9/21, Hearn) reports that the two lawmakers "have been discreetly raising the issue with candidates, even as they campaign to ensure that Democrats will win control of the House, without which their contest for the majority leader post cannot take place."

Weaver Tries To Convince KY2 Voters He Is Conservative Enough. A front page story in the Washington Post (9/21, A1, VandeHei, Cillizza, 748K) reports on the race in Kentucky's second congressional district between incumbent Rep. Ron Lewis and Democrat Mike Weaver. Weaver "is doing his best to make Lewis sweat this time. Weaver's campaign revolves largely around convincing even his fellow Democrats that he is conservative enough. … Lewis spokesman Michael Dodge said he does not dispute

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that Weaver is as socially conservative as the congressman, but he warns that once in Washington [Weaver] would be taking orders from liberal leaders such as House Minority Leader Nancy Pelosi (D-Calif.)."

Senate GOP's "Magnificent Seven" To Campaign Together. The Hill (9/21, Bolton) reports that the Senate Republican freshman class, known as the "Magnificent Seven" plan to "campaign together as a group next month in states such as Michigan, Minnesota, and Maryland, where the GOP thinks it has the best chances of picking up Democratic seats. The plan has gelled in recent weeks as members of the class have discussed who among them should volunteer to run the National Republican Senatorial Committee (NRSC) during the next election cycle." The Hill adds, "Members of the class were dubbed the 'Magnificent Seven' when they first came to Congress two years ago because of the impact expected from the five-seat lead they then gave Republicans in the Senate. They are [Sen. John] Thune, and Sens. Richard Burr (N.C.), David Vitter (La.), Mel Martinez (Fla.), Jim DeMint (S.C.), Johnny Isakson (Ga.), and Tom Coburn (Okla.)."

Rothenberg Says GOP's Hold On Senate Is "Tenuous." Stuart Rothenberg writes in Roll Call (9/21) that Democrats' prospects for taking over the Senate have improved as the Republican hold is "looking more tenuous than even a month ago. While the renomination of Rhode Island Sen. Lincoln Chafee has improved GOP chances of holding onto his seat, Virginia Sen. George Allen's ongoing problems have put a previously safe Republican seat at growing risk." Whatever "benefits the Republicans have derived from developments in Rhode Island have been more than erased by Allen's problems in the Old Dominion." Rothenberg adds, "Two other Senate seats that Democrats have been competing in strongly, Arizona and Tennessee, still look to me to be more difficult for them, though their nominees still have six weeks to change that. … The other development in recent weeks has been in New Jersey, where, as I have believed all along, the Democrats' hold on the Senate seat is far from secure, even with the GOP's obvious weakness in the state."

Allen Learned Of His Jewish Heritage In August. A front page story in the Washington Post (9/21, A1, Shear, 748K) reports that Sen. George Allen's mother Henrietta "said Wednesday that she told the Senator about her upbringing as a Jew in North Africa from her children in late August. Allen's heritage "became an issue in the Virginia Senate campaign Monday, when television reporter Peggy Fox raised it at a televised debate in front of 600 business executives in Fairfax County. Allen repeated what he has said in the past: 'My mother's French-Italian with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian.' In fact, Allen had just recently learned about their Jewish roots when he made those comments. Allen declined to comment, but his mother said she had sworn him to secrecy." The Post adds, "For Allen, the 2006 campaign was supposed to have been a coronation -- an easy reelection to a second term in the Senate and a springboard to national prominence and a possible presidential campaign in 2008. Instead, the last six weeks have become a nightmare for his political consultants and a source of material for late-night comedians." In a separate story, the Washington Post (9/21, A9, 748K) runs a transcript pf the exchange between Fox and Allen about his heritage.

King, Grisham To Raise Funds For Webb. In its "Washington Wire" column on its web site, the Wall Street Journal (9/20, 2.03M) reported that Allen's Democratic opponent, former Navy Secretary James Webb "is preparing for the rarest of events: a fund-raiser people might WANT to attend. On Sunday, two of Webb's writing buddies, Stephen King and John Grisham, will be in Charlottesville to help raise money for Webb's campaign. Just $2,100 buys admission into a wine and cheese reception with the authors and 'priority seating' at the event, although $100 gets you a general admission ticket."

Democrats Believe They Have A Shot At Beating Allen. NBC Nightly News (9/20, story 5, 8:20, Williams, 9.87M) examined the Virginia Senate race. NBC (Reid) reported that the race "was supposed to be an easy ride into victory" for Allen, but Democrats "say they are fired up and confident they have a real chance to win the race." NBC added, "Allen's share in the polling has shrunken, giving life to Democrats in a race that may be up for grabs."

Lamont, 2008 Democratic Hopefuls Doing A "Delicate" Dance. The New York Times (9/21, Kornblut, Medina, 1.21M) reports that soon after he won the Democratic Senate nomination in Connecticut, Ned Lamont "heard from almost the entire Democratic field — a group he refers to, with some amusement, as his 'new friends.'" But "as

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the dust has settled on the contentious primary defeat of Senator Joseph I. Lieberman…the dance between the presidential contenders and the Lamont campaign has grown more delicate. Some of the White House hopefuls — most notably Mark R. Warner, the former governor of Virginia — are debating how strongly to align themselves with a candidate who has become an icon of the liberal left. And the Lamont team, despite its initial thrill over the rush of attention, is wary of being exploited or of alienating local voters with too many national political stars."

Religion At Forefront Of Pennsylvania Senate Contest. GOP Sen. Rick Santorum and his challenger, Democrat Bob Casey, Jr. are highlighting their religious faiths in the race's final weeks. The AP (9/21, Hefling) reports, "Casey, who is a Catholic, has been talking openly about his religious upbringing and his work with the Jesuit Corps. … The two-term Santorum, who also is Catholic, has been outspoken on issues consistent with the church's teachings such as opposition to abortion and same-sex marriage." The AP adds, "Religion has been at the forefront of the competitive Pennsylvania race pitting two somewhat similar candidates — both Catholic, both opposed to abortion. It reflects a change from recent elections when many Democrats tended to avoid talking about their faith and essentially conceded religious voters to Republicans. It also highlights a new willingness by Democrats to discuss religion in personal terms."

Ehrlich Wants Paper Ballot System In Maryland Election. Maryland Gov. Robert Ehrlich is calling for his state to scrap its electronic voting apparatus in favor or a paper ballot system for the November election. A front page story in the Washington Post (9/21, A1, Davenport, Marimow, 748K) reports, "Linda H. Lamone, the administrator of the Maryland State Board of Elections, quickly denounced the plan to swap voting systems just seven weeks before the general election as 'crazy.' And Senate President Thomas V. Mike Miller Jr. (D-Calvert) said it 'cannot happen. It will not happen.'" However, Ehrlich "said that, if necessary, he would call a special session of the Maryland General Assembly to change the law to allow paper ballots."

Writer Says Maryland Political Campaigns Are Volatile This Year. Writer Russ Smith writes in the Wall Street Journal (9/21, 2.03M) that the race between Ehrlich and Democratic challenger Martin O'Malley is "increasingly nasty, loaded with hyperbole on both sides and expected to be the most expensive in state history." Smith adds that "the Maryland race with the more acute national resonance is for the Senate seat vacated by the retiring Democrat Paul Sarbanes, with attention focused on current Lt. Gov. Michael Steele. … While the prevailing wisdom seems to be that [Rep. Ben] Cardin will hold the seat for the Democrats, Mr. Steele has a clear shot. The Democrats are -- and ought to be -- very nervous. Still, although both Mr. Steele and Mr. Ehrlich trail in current polls by single digits, one indication of the volatility is that I can't find a single friend who will accept a small wager that both Republicans will emerge victorious."

Friedman Accused Of Making Racist Remark. Texas gubernatorial hopeful Kinky Friedman was accused yesterday of making a racially offensive remark. The AP (9/21, Shannon) reports that during a year old interview, Friedman "said sexual predators should be thrown in prison and forced to 'listen to a Negro talking to himself.' The independent candidate already was under fire for referring to Hurricane Katrina evacuees in Texas 'crackheads and thugs.'" State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, "said the remarks are unacceptable from a candidate for governor, and sound more like something uttered by someone running for 'class clown or the grand wizard of the Ku Klux Klan.'" Friedman's spokeswoman, Laura Stromberg, said Wednesday: 'Texans who know anything about Kinky know that he's not a racist, and they're going to see through all of this political correctness very soon. This is what they've got? Bring it on. Texans can see right through.'"

Schwarzenegger Signs Bills Cracking Down On Sex Offenders. California Gov. Arnold Schwarzenegger yesterday signed a package if bills to increase prison terms for many sex offenders and barring them from loitering near schools and parks upon their release from prison. The Los Angeles Times (9/21, Warren, 918K) reports, "The measures, signed seven weeks before voters will decide on a ballot initiative offering similar provisions, also require that sex offenders deemed high risk by authorities wear electronic tracking devices while on parole. Backers said the laws give California the nation's toughest restrictions on sex offenders, a category of felons facing an expanding national crackdown." Schwarzenegger "said the

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bills would 'help us fight sexual predators and make our state a safer place to live and raise our families.'"

Obama Says Democrats Should Challenge Bush On Terrorism. The AP (9/21, Lester) reports Democratic Sen. Barack Obama "called the view that President Bush has been perfect in fighting terrorism an illusion and urged Democrats to challenge the Bush administration's policies." Obama said, "On the terrorism front, I'm happy to have that debate. The notion that the president has led a flawless policy on terrorism is an illusion." The AP adds Obama, "mentioned as a possible 2008 presidential candidate, said the nation is involved in 'a war in Iraq that has vastly expanded the number of terrorist recruits, a deteriorating situation in Afghanistan and Osama bin Laden has not been caught. We should not shy away from that debate.'"

Bill Clinton Says It Is Too Early To Discuss Wife's Presidential Ambitions. Former President Bill Clinton was asked on CNN's Larry King Live (9/20) if Sen. Hillary Clinton will run for president in 2008. The former President said, "I will say what I have said until I'm blue in the face. I think it would be an error for her to think about this now, until she is reelected, and has a chance to get a sense of the lay of the land, and what her options are for service in the Senate, and what's -- and what the presidential options are. That's what I believe. So, I wouldn't even discuss it with her now." Clinton added, "The second thing I want to say is, if she did decide to run, I have no idea if she would win. You know, she would be the immediate favorite, but there's a million things that can happen."

New Research Appears To Stem Cells' Beneficial Effect On Heart Damage, Vision. The Los Angeles Times (9/21, Kaplan, Zarembo, 918K) reports, "Using stem cells harvested from patients' own bone marrow, researchers reported Wednesday that they improved cardiac function in heart attack patients months, years -- and even decades -- after the patients suffered their attacks." The "infusion of stem cells boosted cardiac pumping efficiency by 7 percent in three months -- a modest gain, but still a significant improvement for a chronic condition." The German researchers also "found tentative signs that patients can continue to improve with repeated stem-cell treatments." Dr. Andreas Zeiher, chair of the department of medicine at Johann Wolfgang Goethe University in Frankfurt, Germany, and senior author of the study, "said the preliminary results pointed to potential new strategies for treating chronic heart disease -- a condition for which there is currently no cure."

The New York Times (9/21, Wade, 1.21M) reports, "Pointing the way to a possible clinical use of human embryonic stem cells, researchers have improved vision in rats suffering from a disease similar to age-related macular degeneration." The scientists, at Oregon Health and Science University, "used human embryonic stem cells that had spontaneously converted into the special cells that line the base of the retina. The cells, which support the light-sensing rod and cone cells above them, are damaged in some forms of macular degeneration." The Washington Post (9/21, A12, Weiss, 748K) runs a similar report under the headline "Stem Cell Experiments Slow Vision Loss In Rats."

Dissident Muslim Woman Profiled. In his Washington Post column (9/21, A25), George Will profiles Dutch Parliament member Ayaan Hirsi Ali, "an astringent critic, from personal experience, of the condition of women under Islam. She wrote the script, and filmmaker Theo van Gogh directed, 'Submission,' an 11-minute movie featuring pertinent passages from the Koran (such as when it is a husband's duty to beat his wife) projected on the bodies of naked women." After van Gogh's murder by an Islamic extremist, "The remainder of her life in Holland was lived under guard. Neighbors in her apartment building complained that they felt endangered with her there and got a court to order her evicted. She decided to come to America." The "recoil of many Dutch people from Hirsi Ali suggests that the tolerance about which Holland preens is a compound of intellectual sloth and moral timidity. She was more trouble than the Dutch evidently think free speech is worth."

WSJournal Praises Faso's Tax Reduction Plan. An editorial in the Wall Street Journal (9/21, 2.03M) says New York Republican gubernatorial candidate today is expected to release a tax reduction plan "that could at least put New York back in the game for jobs and investment. … The current front-runner in the Governor's race, Democratic Attorney General Eliot Spitzer, isn't likely to follow suit. His own tax plan focuses on property levies, which are the fourth highest in the country. That sounds good, but he can't resist adding a class warfare wrinkle to his proposal for tax 'relief,' imposing an income test so that only lower- and middle-

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income homeowners get his rebate." The Journal adds, "If not for the 2003 Bush tax cuts that helped to revive American capital markets and thus New York City in particular, the state would be even worse off. Mr. Faso is proposing to take a page from that same tax strategy and use it to lure investment and people back to America's fourth-largest state. This is a debate worth having."

McClatchy Urged To Reinstate Fired Miami Journalists. Carlos Alberto Montaner writes in the Wall Street Journal (9/21, 2.03M), "On Sept. 8, the Miami Herald (TMH, 310K) and El Nuevo Herald (ENH), both of the McClatchy newspaper chain, published on Page One a sensationalist report, clumsily researched, under a headline that read, in type befitting a major event, '10 Miami Journalists Take US Pay.' … All the article said was that journalists of Cuban origin also contributed to Radio and TV Martí, an official US broadcast station similar to Radio Free Europe, governed by the ethical standards of Voice of America, and transmitting to Cuba. Naturally, the journalists accepted for their work the fees (generally low) that the government routinely pays." Montaner adds, "To think that just because a journalist participates in a VOA program and receives $100 he will sell his conscience to the government is to have a terrible opinion of journalists. … So what can McClatchy do now? Something very simple: Apologize publicly for the defamatory report and readmit the expelled journalists."

Bush Says Iran Can't Be Allowed To Get Nuclear Weapons. President Bush was asked on CNN's The Situation Room (9/20) what he has to lose by sitting down with Iranian President Mahmoud Ahmadinejad. Bush said, "Our position is very clear to the Iranians, that if they want to sit down with American officials, that they first must verifiably suspend their enrichment program. They know our position, the world knows our position, and I clarified it at the United Nations over the past couple of days." Bush added that "in order for there to be effective diplomacy, you can't keep changing your word. At an important moment in these negotiations with the EU3 and Iran, we made it clear we would come to the table, but we would come to the table only if they verifiably suspended their enrichment program. And the reason that's important, that they verifiably suspend, is because we don't want them to have the technologies necessary to be able to build a nuclear weapon. A nuclear weapon in the hands of Iran in the middle of the Middle East would be a very destabilizing and troubling occurrence."

Rice, Counterparts Agree To Give Tehran Two More Weeks To Suspend Uranium Enrichment. The Washington Post (9/21, A15, Kessler, 748K) reports, "With Iran still resisting a freeze on its nuclear activities, the United States and five partners have decided to set yet another deadline in hopes that Iran will finally agree to terms paving the way for substantive talks on its nuclear program." The deal "reached by" Secretary Rice "and her counterparts from five other nations over a late-night dinner Tuesday" will give Tehran "until early October to agree to suspend its nuclear activities as the negotiations take place, diplomats said. At the meeting, Rice backed off the U.S. demand that the U.N. Security Council begin imposing sanctions over Iran's failure to meet previous deadlines, but noted that there is intense interest in the issue on Capitol Hill." The Post notes, "The new deadline is the fourth in four months," and while Administration "officials said they believe the deadline of the first week of October is firm," a "European diplomat suggested that the possibility of slippage remains."

The Christian Science Monitor (9/21, LaFranchi, 58K) notes, "With prospects fading for tough economic sanctions against Iran anytime soon, the United States is shifting its stance even more solidly toward a diplomatic solution to Tehran's nuclear ambitions. President Bush is sounding more conciliatory, Secretary of State Condoleezza Rice is approving more leeway for the Europeans to pursue talks with the Iranians - and everyone is insisting the aim is to allow Tehran the peaceful nuclear-power program it says is its only goal." The Monitor says the Administration's "reasons for the softer approach appear to be twofold. First, Iranian officials are themselves sending mixed messages about their openness to suspending uranium enrichment in exchange for broad talks with the West. And second, international powers appear further than ever from joining to impose the sanctions they had agreed to this summer if Tehran did not suspend the nuclear activities that could lead to a bomb." Some "analysts say the American seesaw from tough talk to more conciliatory language reflects a hard-line/ pragmatist policy divide within the administration that is not unlike the split coloring Tehran's approach."

The AP (9/21, Charlton) says Washington "had hoped to move decisively this week toward political and economic sanctions against Iran after it missed an Aug. 31 U.N. Security Council deadline to halt disputed uranium enrichment that

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many believe is aimed at making a bomb. But some U.S. allies are balking. France has instead proposed a compromise deal: a simultaneous suspension of all threats of sanctions and Iran's uranium enrichment."

Under the headline, "New Iran Deadline As Bush Watches Clock," AFP (9/21) reports, "World powers handed Iran a new early October deadline to halt uranium enrichment, a senior European diplomat said, as" President Bush "warned 'time is of the essence' in settling the nuclear showdown." Bush "warned time was running out for Iran, and again wondered out loud whether the latest delay was a symptom of Tehran running out the clock."

Solana And Larjani To Meet Next Week. The Financial Times (9/21, Bozorgmehr) reports Iranian nuclear negotiator Ali Larjani "is expected to resume talks with" EU foreign policy chief Javier Solana "next week following a concession by the US to give the process more time before pursuing a United Nations sanctions resolution." Iranian media said the two "would meet in Europe. Iranian officials blamed the US for a delay in issuing visas for Mr Larijani and his delegation as the main reason for the nuclear team's failure to show up in New York."

Ahmadinejad Tells NBC He "Wants Peace" And Values Freedom. NBC Nightly News (9/20, story 5, 4:00, Williams, 9.87M) interviewed Ahmadinejad, and reported he "tried to paint himself as a regular man who wants peace and fostered freedoms in his own country as he tried to stress in this portion of our conversation." Asked about freedom of expression in Iran, he said, "You must see that thousands of newspapers have been opened. Thousands of new opportunities are created. In our country the law matters. … Everybody is treated equally before the law." Saying "we are against war" and "we hate it," Ahmadinejad said the recruitment of suicide bombers is justified because Iran is "under attack." NBC (Gregory) added, "I think it is important for him to speak directly to the American people to make his own case about what he is like personally, what Iran really wants, to offer his own spin. I think it is also important for Iran's leader and for President Chavez to have an equal footing with the President of the United States. They get that at the United Nations and get equal air time. That is what they have been after and that is why the White House has tried to diminish their importance." At the end of its broadcast, NBC Nightly News (9/20, story 11, 2:20, Williams, 9.87M) discussed viewer mail in reaction to the interview. Williams said many viewers opposed the airing of Ahmadinejad's views, but, "on the other hand a good many people argued that democracy has to be big enough to air other ideas."

Ahmadinejad's "Determination" Comes Through At Council Of Foreign Relations Discussion. In an lengthy piece on Ahmadinejad's other appearance in New York this week, the New York Times (9/21, Sanger, 1.21M) reports, "When President Bush and his advisers decided to allow [him] into the country to address the United Nations, their strategy was simple: containment. There would be no visits to other cities where he could denounce Washington or question Israel's legitimacy." However, Ahmadinejad's "determination to dominate not only the airwaves but the debate became evident yesterday evening, when he entered a hotel conference room on the East Side with a jaunty smile, a wave and an air of supreme confidence." He then "squared off with the nation's foreign policy establishment, parrying questions for an hour and three-quarters with two dozen members of the Council on Foreign Relations, then ending the evening by asking whether they were simply shills for the Bush administration." He "traced the history of 50 years of unfilled deals with the United States, Germany, France and others — skipping over the Iranian revolution and the hostage-taking that followed — and concluded, 'How can we rely on these partners.'" The Times says Ahmadinejad's "habit of answering every question about Iranian policy with a question about American policy was clearly wearing on some of the members, but at the end they acknowledged that he was about as skillful an interlocutor as they had ever encountered."

Livni Calls Iran "Biggest Threat To World's Values." The AP (9/21, Wadhams) reports Israeli Foreign Minister Tzipi Livni "on Wednesday warned that Iranian leaders pose the biggest threat to the world's values because they 'speak proudly' of their wish to destroy Israel and pursue weapons to achieve that objective." Livni told the UNGA "that the international community must stand up against Iran, which she claimed is pursuing the weapons to destroy Israel… She said Iran's support of" Hezbollah "showed the threat it poses to the region. The world must ensure that it enforces the U.N. Security Council resolution that ended more than a month of fighting between Israel and Hezbollah, Livni said."

More Commentary On Iran. In his column in the New York Times (9/21, 1.21M), David Brooks says, "One of the lessons of this past week is that the international system is broken. The world community might make declarations…but

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when it comes to actually uniting to take action, words and resolutions lead nowhere. Thanks to a combination of American errors, European escapism, and Russian and Chinese greed, the worst people in the world now drive events while the best people do nothing." Brooks adds that "we are farther from reaching a consensus on the nature of the threat [from terrorism] than ever before. Instead of clarity, there is a cacophony of theories that attempt to explain the extremists." Thirdly, it has become apparent "that a huge gap is emerging between the way ordinary Americans see the Arab world and the way members of the political, media and intellectual elites see it. … Millions of Americans think the pope asked exactly the right questions" and "has nothing to apologize for. They regard the vicious overreaction to his speech, like the vicious overreaction to the Danish cartoons, as another sign that some sort of intellectual disease is sweeping through the Arab world." Lastly, says Brooks, "we are drifting toward a policy that does not match the threat we face. Extremism is not an isolated cult in the Muslim world," and "Western policy is drifting toward the option that most resembles passivity. That is containment," which is "a policy that was designed to confront a secular, bureaucratic foe" but which "will now be used to confront a surging, jihadist one. The survival of Tel Aviv, and maybe New York and Washington, will depend on the Clausewitzian rationalism of the Iranian mullahs, or the angry younger brothers who will replace them."

In an opinion piece in the Washington Post (9/21, A25, 748K), Iranian journalist Akbar Ganji says, following a six-year prison term, he came to the US "bearing a message from a movement whose members are hard at work promoting the values of democracy, human rights, social justice and civil liberties. We want our country to play a positive role in promoting peace, security and cooperation in the region. To achieve our goals, we need the support of the entire world, particularly your vast and powerful country." Ganji says "even the 1979 revolution could not turn" Iranian desires for freedom "into reality. The political and ideological forces that came to dominate that revolution denied the people the right to exercise their free will. … According to this clerical theory, the people are most virtuous when they are most docile." To "achieve our goal of a new polity and a new constitution not by violence but by following a peaceful and democratic path," the Iranian people "need moral support from all freedom-loving people around the world -- particularly the United States." Ganji concludes, "The large community of Iranians in America is imbued with affection for it. They, as well as the people of Iran, hope that political conflicts will be resolved and replaced by bonds of friendship and peaceful cooperation."

In an op-ed in today's USA Today (9/21, 2.27M), Council on Foreign Relations writer Lionel Beehner endorses the idea of a Bush-Ahmadinejad debate. The leaders' speeches on Tuesday "might be as close as these men ever get to meeting in a public forum. And that's unfortunate." A genuine debate "would make for intriguing TV, but more important, it would offer a public airing of both leaders' views on perhaps the most daunting issue of our time: nuclear proliferation." Such an exchange "is in both countries' interests. Iranians rarely get unfettered access to American politicians' views, while Ahmadinejad's anti-U.S. screeds usually hit the Iranian press unfiltered and unchallenged." A debate "could spur greater political discussion and freedom of speech in Iran, not less. In the process, Iranians just might learn why the world opposes their nuclear program." And it "would make sense for Bush, whose approval ratings have been sagging for months and might receive a boost from such a debate. It could also burnish Bush's foreign policy credentials at home, while demonstrating to moderates in the Middle East the folksiness many Americans admire about the president. It might also salvage his faltering Middle East policy during an important election year." Beehner says "the benefits" of a debate "would far outweigh the risks," with regular debates bringing "leaders and their citizenry closer together, as well as hold[ing] world leaders accountable for their actions and statements."

"Contradictions" Seen In Bush's "Freedom Agenda." In an analysis piece entitled, "Ideals And Realities Clash In Bush's 'Freedom' Agenda," the Washington Post (9/21, A20, Baker, 748K) says President Bush, in his UNGA speech, "made no mention of the" coup in Thailand "and left New York yesterday without ever seeing" Prime Minister Thaksin Shinawatra, "much less offering any public support for a onetime strong ally of the United States." The Post notes, "The timing of Bush's address on democracy to the [UNGA] and the overthrow of a democratically elected government underlined the complexities and contradictions in his 'freedom agenda.' With the president's attention focused on the Middle East, the state of democracy elsewhere in the world does not rate as high on his priority list. In the case of Thailand, the situation is complicated by growing U.S. unease with" Thaksin. However, Thailand "is

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hardly the only example. Bush strongly supports" Pakistani President Pervez Musharraf "and plans to meet with him at the White House twice in the next week. Bush will also host Kazakhstan's president, Nursultan Nazarbayev, at the end of next week despite the suppression of opposition parties, newspapers and human rights groups in the oil-rich Central Asian republic." The Administration has "embraced autocratic leaders in such disparate places as Azerbaijan and Ethiopia while generally tempering criticism of anti-democratic policies in Russia and China. Even in the Middle East, Bush has treaded lightly in nudging allies such as Egypt and Saudi Arabia to reform." In contrast, the Post says, "the White House ratcheted up its pressure this month on the repressive government in Burma." Generally, when Bush "talks about promoting democracy, as he did in New York on Tuesday, he focuses mainly on Iraq and Afghanistan. Some other countries that he once highlighted as success stories have been dropped from his speeches, most notably Ukraine and Kyrgyzstan."

An analysis piece by the AP (9/21, Raum) says Bush "sees the world as a struggle between good and evil, but his push for democracy often collides with geopolitical reality." Iraqi and Palestinians elections have produced unwanted results, and Bush "associates with leaders from Kazakhstan, Azerbaijan and authoritarian Mideast states that don't necessarily practice what he preaches." On Tuesday, Bush "depicted the U.S. as leading the charge to defeat the forces of darkness and to spread freedom and democracy, particularly in the Middle East," and that "refrain was echoed by Vice President Dick Cheney." However, the AP notes, that "formulation doesn't always serve U.S. interests. Bush commonly brushes aside the democracy debate to stand with hardline leaders who happen to be terror-war allies or economic partners." Citing White House meetings with the leaders of Pakistan, Kazakhstan and Azerbaijan, the AP adds, "Human rights groups have criticized all three leaders. No matter. The two former Soviet republics are oil-rich allies in the war on terrorism and Musharraf is the leading U.S. partner in the Muslim world."

Bush Speeches Keep Agenda In Limelight. Under the headline ""Bush at the UN. Another Political Masterstroke?" James Carney writes in a Time (9/19, 4.03M) web exclusive, "Bush has been so busy lately giving speeches and taking questions about terrorism and Iraq and the ideological battle against Islamo-fascism that he's practically owned the airwaves. Which is just what Karl Rove wanted. Bush's address at the United Nations General Assembly today may have been a long-scheduled, annual diplomatic event. But it was also a key piece in an elaborate Labor Day political strategy devised by the man whose job it is to keep Republicans in control of Congress in November and thereby salvage the President's legacy." Carney links Bush's recent "tough" national security speeches to his recently rising poll numbers and calls the UN speech "genius" saying Bush "was Presidential. Expect another bump up in the polls."

In Broadside Against US, Chavez Likes Bush To "The Devil." ABC World News (9/20, lead story, 3:15, Gibson) reports, "The United Nations was created as a place to settle international conflicts, not enflame them. But last night, Iran's president lashed out at the US and Western governments. And today, Venezuela's President, Hugo Chavez, unleashed a tirade, calling President Bush 'the devil' and denouncing the UN itself. It was a belligerent, audacious attack, and in the General Assembly, he was applauded for it." ABC (Raddatz) added, "Hugo Chavez has never made a secret of his disdain for the US. But today, that disdain was a shout heard around the world. And Chavez took aim at President Bush, calling him a devil." Chavez, via translator: "The devil came here yesterday. Yesterday, the devil came here. Right here. And it smells of sulfur still today." Chavez "called President Bush 'the spokesman for imperialism,' who is trying to 'exploit and pillage the people of the world.'" Chavez, via translator: "I have the feeling, dear world dictator, that you are going to live the rest of your days as a nightmare because the rest of us are standing up. All of us are rising up against American imperialism." Raddatz: "The speech was greeted with what observers described as tentative laughter and some applause. The US Ambassador, however, was not amused." Ambassador John Bolten: "We're not going to address that sort of comic strip approach to international affairs. And as I say, the real issue here is he knows he can exercise freedom of speech on that podium. And as I say, he could exercise it in Central Park, too. He's not given the same freedom to the people of Venezuela."

NBC Nightly News (9/20, story 4, 2:35, Williams, 9.87M) reported, "First it was Iran, now it is Venezuela. For the second day in a row a world leader used the podium at the United Nations to attack the President of the United States." Secretary of State Condoleezza Rice was shown saying, "I will not dignify a comment by the Venezuelan President."

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CBS Evening News (9/20, lead story, 2:20, Pitt, 7.66M) reported, "The Venezuelan President's speech drew laughter and applause and he may have been doing it to build support for a seat on the UN Security Council. … For regimes that disliked President Bush, Chavez's comments were like a student bad-mouthing the principal. They were welcomed. We'll have to see if those translate into votes when the time comes." CBS Evening News (9/20, story 2, 1:55, Couric, 7.66M) also reported, "Who is Hugo Chavez, why is he so angry and why would we care? Trish Regan has the answers." CBS (Regan) added, "He may be the biggest threat to emerge in Latin America since his hero, Fidel Castro, seized power a half century ago. But it's not the taunting that keeps the US worried. … It's President Hugo Chavez's threats to cut the US off from Venezuela's oil supply." GOP Sen. Richard Lugar was shown saying, "We have to take that seriously." CBS (Regan) added, "Earlier this year, Chavez was quoted saying: 'The US government must know that if it crosses the line it won't be getting Venezuelan oil.' And that could be a problem, since right now we get more than a million barrels a day from Venezuela."

The Washington Times (9/21, Kralev, 88K) reports that State Department spokesman Tom Casey "said the Venezuelan people should 'determine whether President Chavez represented them in a way they would have liked to have seen.'" The Times adds, "Several diplomats said they were not surprised by Mr. Chavez's style and did not take him seriously. Others noted that the issue of UN reform deserved attention, but there are more appropriate ways to express one's opinion about Security Council members."

Fox News' Special Report (9/20, Rosen) noted Chavez "denounced the American 'empire' and branded Mr. Bush a racist, a liar, a dictator and killer of innocent women and children. As evidence Chavez cited US support for Israel during recent war with Hezbollah."

CNN's The Situation Room (9/20, Roth) reported Chavez said Bush "is trying to own the world, a liar, a terrorist."

The AP (9/21, James) reports, "The address appeared to be one of Chavez' boldest moves yet to lead an alliance of countries firmly opposed to the Bush administration. The speech came after the leftist leader crisscrossed the globe this summer visiting like-minded nations from Iran to Belarus." Chavez "has become Latin America's leading voice against the US government, and his speech was reminiscent of crusading addresses by his mentor Fidel Castro of Cuba and the late Argentine revolutionary Ernesto 'Che' Guevara." USA Today (9/21, Jackson, 2.27M), Financial Times (9/21, Turner) and Los Angeles Times (9/21, Farley, 918K) run similar reports.

The New York Times (9/21, Cooper, 1.21M) reports, "In the end, President Mahmoud Ahmadinejad of Iran lost the much-hyped war of words waged against…Bush at the General Assembly. A stealth opponent swooped in and took the prize."

The Washington Post (9/21, A14, Lynch, 748K) notes Chavez "waved a copy of Noam Chomsky's book 'Hegemony or Survival: America's Quest for Global Domination'" and "recommended that everyone read it. The book, written by the American linguist and longtime critic of US foreign policy, argues that the United States' pursuit of political supremacy is having devastating consequences for the majority of the world's people."

The Wall Street Journal (9/21, King, 2.03M) says "this week's UN confab has put on full display a new generation of leaders in the Castro mold who revel in lobbing rhetorical missiles at Washington and lambasting US policies abroad." And "in the case of the Iranian and Venezuelan presidents, their fiery populism comes backed by soaring oil wealth, a lever Castro never had." Bolivia's populist President Evo Morales, "a former coca grower elected in December, drew a rousing response Tuesday when he pulled a coca leaf from his pocket during his speech to the General Assembly, then blasted the US for its 'neocolonialist' efforts to eradicate coca production."

Bush Praises Abbas. The AP (9/21, Riechmann) notes President Bush "on Wednesday called embattled Palestinian leader Mahmoud Abbas a 'man of courage' for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants." Bush "tried to breathe new life into negotiations to resolve the long-running conflict between the Israelis and Palestinians. Supporting the moderate Abbas was Bush's final undertaking before returning to Washington." Secretary Rice "is likely to travel to friendly Mideast nations next month, her first visit since a U.N.-brokered cease-fire ended the monthlong cross-border war in Lebanon. She met with moderate Arab nations Wednesday on the sidelines of the U.N. meeting."

Quartet Backs Abbas, But US Will Continue Withholding Direct Aid. The Financial Times (9/21, Dinmore, Turner) says Abbas "on Wednesday received a significant diplomatic boost to his efforts to form a unity

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government after the Bush administration made its second concession in as many days to the European powers over a Middle East crisis." The Quartet "agreed to ease sanctions imposed on the Palestinians, called on Israel to release revenues due to the Palestinians and, most significantly, softened the language regarding international demands of the new government, once it is formed." The Times notes some experts "saw the Bush administration adopting a more realistic foreign policy in the Middle East. At the same time the European powers appear more assertive, seeking to undo what they see as the damage caused by the US through its invasion of Iraq, the fallout from the Lebanon conflict and the continued Israeli-Palestinian impasse." One Administration "official denied the US was going soft over the militant group Hamas." The New York Times (9/21, Cooper, 1.21M) says the Administration "expressed support on Wednesday for the efforts by [Abbas] to establish a national unity government with Hamas, but said the United States would continue to withhold aid from the Palestinian Authority." The US' "European allies have been pushing President Bush to engage more fully in peace efforts in the Middle East. An announcement on Wednesday by the [Quartet] that they supported Mr. Abbas' efforts came as part of talks on the periphery of the General Assembly."

The Washington Times (9/21, Dinan, Pisik, 88K) reports Abbas "pleaded with…Bush yesterday that his government is 'in dire need' of US aid and support as the two leaders sought to jump-start the Israeli-Palestinian peace process."

Germany Will Contribute Ships, Up To 2,400 Troops For UN Lebanon Force. The New York Times (9/21, Landler, 1.21M) reports, "German warships will set sail for the Mediterranean on Thursday, after Parliament voted Wednesday to send up to 2,400 troops to patrol the waters off Lebanon. Haunted by the Holocaust, Germany had resisted sending soldiers to the Middle East for fear of potential clashes with Israeli troops." The deployment will be Berlin's "first in the Middle East since World War II," and "was approved by a three-to-one ratio. It thrusts Germany into an uncertain phase of its steady development into a nation that projects military force outside its borders." Chancellor Angela Merkel, "whose government pushed for the deployment despite the deep misgivings of many Germans, described the mission as having a 'historical dimension.'" The Times adds, "To avoid conflicts with Israeli soldiers, this deployment will include no ground troops — only two frigates with helicopters, two supply ships and four fast-patrol boats. Even with a full complement of 2,400 troops, it would rank third in size for Germany's foreign deployments, after Afghanistan and the Balkans."

Israel Unlikely To Pull Out Of Lebanon By Weekend. The AP (9/21, Nessman) reports, "Israel's army chief said Wednesday his nation's troops were unlikely to withdraw from Lebanon by the weekend, as he initially predicted, because final details remained to be worked out with the UN peacekeepers taking their place." The delay "came even as the international peacekeeping mission grew to 5,000 troops, the number Israel said was needed before it could pull out of southern Lebanon. The force, known as UNIFIL, will eventually number 15,000."

US Asking Arab Nations For Help On Darfur. The AP (9/21, Gedda) reports, "The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new US special envoy for Sudan said Wednesday." In a telephone interview with the AP, Andrew Natsios "said US contacts with Arab countries have begun. He declined to identify the countries." Said Natsios, "We are engaging and we are going to continue to engage with them."

African Union Force To Stay In Darfur. The Washington Post/AP (9/21, A15, Wadhams) reports, "The African Union said Wednesday that it would extend the mandate of its peacekeeping force in Darfur through the end of the year, ensuring that international troops will remain in the war-torn Sudanese province for now." The United Nations "will provide material and logistical support to the mission, though Sudan is still resisting demands that the world body take over the mission from the African Union, said Burkina Faso President Blaise Compaore, head of the A.U. Peace and Security Council."

First Lady Describes Work Of Clinton Global Initiative. First Lady Laura Bush said on Fox News' On the Record with Greta van Susteren (9/20), "Today I'm going to give an overview of Clinton Global Initiative for all things doing with our tax dollars through the government. We have a really wonderful, wide variety of ways through USAID or the President's emergency relief for AIDS fund. A lot of other funds that the American government uses to help developing

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countries." Mrs. Bush added, "African education initiative, the debt relief that came out of the G-8 when it was in Scotland the year before last. So, I'm excited to have that opportunity to let people know what the American taxpayers are doing with their government, to help the developing world. And then I have a surprise announcement, which I can tell you now, it will be really fun, and that is a commitment of the US government and the case foundation to provide merry go rounds to villages to put on wells to pump water so that when children play, they can pump water into a holding tank."

The First Lady was asked on Fox News' On the Record with Greta van Susteren (9/20) how she was invited to be part of the Clinton Global Initiative. Mrs. Bush said, "I think what happened was I invited him last year to speak to the textbook festival, a festival that I started when George was Governor of Texas. It's in its 11th year now and the textbook festival committee really wanted him to open the textbook festival with his book. They knew it would draw a lot of people down to the Texas state capital which is where the textbook festival is held and it did. So, when he said yes to that, when he called me to ask me to speak to his conference, of course, I felt like I had to say yes and I was happy to."

ABC World News (9/20, story 5, 2:30, Gibson) reports that in New York City, "First Lady Laura Bush and former President Bill Clinton teamed up to give $16 million to the world's poorest people." ABC (Snow) added, "As the President, President Clinton, put it, the Clinton Global Initiative, as it's called is meant to tackle big global challenges in bite-sized pieces. The idea, bring together big thinkers to brainstorm ideas and form alliances. Alliances that may seem a bit strange at first glance." At President Clinton's conference, "Mrs. Bush announced their first initiative: A project funded by the US government and two foundations, to install 4,000 of these. Play pumps in sub-Saharan Africa. They look like merry-go-rounds. But every revolution draws clean drinking water from the ground. Each pump can serve 2500 people."

The New York Times (9/21, Healy, 1.21M) reported that Clinton "warmly welcomed Mrs. Bush to his conference dais yesterday to announce the $10 million federal commitment for the water project. She did so in front of an audience of hundreds of officials from developed and undeveloped nations, who first sat and listened to a list of Bush administration goals to support the third world. If there were Bush skeptics in the room, they were politely silent, and Mr. Clinton was beaming like a proud presidential spouse as he sat and listened to Mrs. Bush champion her husband's agenda." The Times adds, "Mr. Clinton said that so far he had secured more than $2 billion in 'commitments' from businesses and others to help address the themes of his conference: energy and climate change; mitigating religious and ethnic conflict; alleviating poverty; and global health."

US, China Launch "Strategic Economic Dialogue." The Financial Times (9/21, Guha, McGregor, Minder) reports, "The US and China on Wednesday announced the creation of a new "strategic economic dialogue" in which both countries would aim to grapple with the long-term issues arising from China's emergence as a leading economic power." The dialogue "will be led by Hank Paulson, the new US treasury secretary, and Wu Yi, the vice-premier responsible for trade and foreign investment policy." It will "not directly address the vexed issue of China's renminbi policy or other near term issues, which will continue to be dealt with through existing bilateral contacts." The Times adds, "Each government will establish an inter-agency group bringing together top officials in economic and foreign policy, to support the strategic dialogue." Paulson and Wu "will meet twice a year, and the process will continue at a senior official level."

The Wall Street Journal (9/21, Phillips, 2.03M) reports, "Among the issues the US would like to broach are how China can change copycat manufacturing into genuine innovation and retool its economy to promote domestic consumption more than exports." China "is particularly interested in energy conservation and environmental protection." The Journal adds, "Whether the effort will be productive is uncertain. The US had similar frustrations with Japan and its trade surplus during the late 1980s and 1990s."

USA Today (9/21, Lynch, 2.27M) reports, "Reflecting a negotiating style Paulson honed while CEO of Goldman Sachs, the new process will: Involve top decision makers in both countries, not their deputies. Replace the traditional scattershot tactic with a single negotiation that prioritizes economic disputes. Occur behind closed doors to facilitate frank brokering. Explicitly aim for an eventual understanding that benefits both sides."

Under the headline "Why US Speaks Softly With China On Trade," the Christian Science Monitor (9/21, Trumbull, 58K) says Paulson "worries that China's economy is more fragile than it appears. America's economic point man is taking the tack of cooperation rather than confrontation on a

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visit to China this week, despite a widening trade deficit and disputes over everything from pirated movies to barriers that hinder US exports of auto parts." It is "a softer tone driven by China's rising economic power, by the interdependence of the two nations, and by a pragmatic approach to financial diplomacy." But for Paulson, "it also reflects an assessment of risk that may come as a surprise to many Americans."

Thai Coup Leader, Backed By King, Promises Elections Next Year. In a 1,100-word piece, the AP (9/21, Wannabovorn) reports Thai Gen. Sondhi Boonyaratkalin, "winning crucial royal backing for his bloodless coup, announced Wednesday that he would not call elections for another year. The U.S. and other Western nations expressed disapproval and urged a swift restoration of democracy." Sondhi "said he would serve as de facto prime minister for two weeks until the junta — which calls itself the Council of Administrative Reform — chooses a civilian to replace him and drafts an interim constitution." The AP says he "sealed the success of his coup by receiving royal endorsement as leader of the new junta… Receiving the imprimatur of revered King Bhumibol Adulyadej legitimizes the takeover, and should effectively quash any efforts at resistance by [Prime Minister] Thaksin's partisans." The coup "followed a series of missteps that prompted many to accuse the prime minister of challenging the king's authority — an unpardonable act." The AP also notes "a sense of relief among many Thais at the resolution of political tensions that had hung over the nation since the beginning of the year."

The Financial Times (9/21, Kazmin, Burgis) adds, "Thailand's monarch on Thursday confirmed" Sondhi "as the head of the interim government," and Sondhi "said on Wednesday he would step down in two weeks and promised fresh elections next year. … He added that the military was considering possible candidates for prime minister." Thaksin "flew to London, where he owns a flat and his daughter attends university. Diplomats said the ousted prime minister could face prosecution if he returned home. The British government said it had no reason not to allow Mr Thaksin into the country and has not to date received any request for his extradition."

USA Today (9/21, Wiseman, Chitrada, 2.27M) and the Christian Science Monitor (9/21, Montlake, Kate, 58K) runs similar reports. The Washington Post (9/21, A20, Faiola, 748K), carries a story titled "Many In Bangkok Embrace Military Takeover," and notes "Thailand has suffered 17 successful or attempted military takeovers, but Tuesday's was the first in 15 years and something of a shock for Thais who thought they had left the days of coups behind. Many leading opposition figures have called this coup different in nature from the others -- mostly because the military is being trusted to simply act as a caretaker and restorer of democracy -- but others here recalled the coup in 1991."

US Denounces Coup. CBS Evening News (9/20, story 6, 0:15, Couric, 7.66M) reported, "The Bush Administration is denouncing the military coup in Thailand and hinting it may cut off US aid unless democracy is restored. No shots were fired in the coup yesterday and today some people even handed flowers to the soldiers. The ousted prime minister who was at the UN flew to London today."

The AP (9/21, Schweid) quotes State Department deputy spokesman Tom Casereports saying of the coup, "There is no justification for it. … It is a step backward for democracy."

More Commentary. The Washington Post (9/21, A24, 748K) editorializes, "The Bush administration designated Thailand as a major non-NATO ally because of its cooperation in the war on terrorism, but now it must respect the US law mandating a suspension of military aid in the event of a coup." The Administration "should join with allies such as Australia, Japan and the European Union in insisting that the interruption of democracy by the Thai military is unacceptable. The White House made a start yesterday by indicating that talks on a free-trade agreement would be suspended. It should go further: Any government appointed by the Thai military should be shunned and US-Thai relations frozen until a free and fair election is held."

Colum Murphy, deputy editor of the Far Eastern Economic Review, writes in today's Wall Street Journal (9/21, 2.03M), "The coup itself may not undermine confidence in Thailand's political stability." But "the deep divisions in Thai society remain unresolved. Even if the junta can deliver free elections within a year, what guarantee is there that the same social conflicts won't resurface? That would herald a much more serious crisis -- because the Thai people have already tolerated a coup for change. If it fails, what comes after that won't be easy."

Pope Tries To Calm Furor Over Remarks On Muslims. ABC World News (9/20, story 6, 0:15, Gibson) reports, "Pope Benedict tried again to calm the furor over those remarks that many Muslims called anti-Islamic.

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Benedict said he did not share the views of that medieval emperor that he quoted who portrayed Islam as a violent religion. But some Muslim leaders say the Pope still hasn't made the apology they are seeking."

Abe's Ascendance To Japanese Leadership Seen As Turning Point. The Wall Street Journal (9/21, Moffett, 2.03M) reports Japanese Chief Cabinet Secretary Shinzo Abe, chosen yesterday as leader of Japan's ruling party, pledged to continue the small-government policies pursued by current Prime Minister Junichiro Koizumi." Koizumi's Liberal Democratic Party "gave Mr. Abe 66% of its votes in a leadership election involving two other candidates. The LDP controls Parliament, so he is almost certain to become prime minister next Tuesday, when a special session meets to choose the next Japanese leader." Abe "said he would broadly continue with the remodeling of Japan undertaken by Mr. Koizumi, who cast his vote for Mr. Abe in the election." He "said he would continue to rein in spending, while generating higher tax revenues by fostering economic growth," and "would only later consider a rise in sales tax, which economists say is inevitable at some point, to cope with Japan's aging population." The Journal says the popular Abe "is inexperienced for a Japanese prime minister. At 52 years old, he would be Japan's youngest premier since World War II. He has held his only major cabinet post -- Mr. Koizumi's chief cabinet secretary, an amalgam of spokesman and chief of staff -- for less than a year." However, Abe "might stand out [in] foreign affairs. He favors a continuation of Japan's new assertiveness. But he is expected to be less brusque than Mr. Koizumi, who angered China with his annual visits to a controversial war shrine, and was not invited to visit Beijing."

The New York Times (9/21, Onishi, 1.21M) adds, "After securing the Liberal Democratic Party's presidency on Wednesday, Shinzo Abe will become Japan's first prime minister born after World War II, with a clear eye toward re-examining the postwar era." He "avoided specific comments about how he would pursue economic changes or how he would repair Japan's strained relations with China and South Korea. Instead, he spoke of revising the United States-imposed Constitution, which forbids Japan to have a full-fledged military, passing legislation to allow Japanese troops to be deployed overseas and making it possible for Japan to exercise the right to collective self-defense with the United States." The Times notes, "The emergence of a prime minister with no personal experience of World War II is considered a turning point in Japan, where the absence of a consensus on the war still troubles relations with the rest of Asia." While Abe is "considered politically inexperienced," his supporters say he "is a politician unburdened by Japan's past, capable of forging a newly independent and strong path for the nation. To critics, he is a potentially dangerous ideologue ready to jettison the postwar values that have brought stability, peace and wealth to Japan."

Critics Say Saleh Has Moved Yemen Away From Democratic Ideals. The Washington Post (9/21, A17, Ambah, 748K) reports, "Former presidential candidate Sumayya Ali Rajja…plodded from polling station to polling station Wednesday trying to take part in what she considered a historic moment: Yemen's first competitive presidential elections. But Rajja's frustration mounted when she was turned away from the third station and again told her name was not on the list of registered voters. Despite apologies by election officials for what they said was a mistake, Rajja insisted that her name was intentionally removed from the list." Rajja's frustration and disappointment were "echoed by many who had held high hopes for Yemen's democratic experiment, which had been closely watched as a barometer of pluralism in the Arab world." The Post adds, "Today, Rajja joins a growing chorus who believe President Saleh, in power for more than 28 years, has moved the country away from democratic ideals toward an authoritarian system based on patronage."

Hungary Crisis Said To Highlight Problems Across Eastern Europe. A front page story in the Wall Street Journal (9/21, Perry, 2.03M) reports, "Demonstrators protested outside Hungary's Parliament for a third straight day yesterday following clashes earlier in the week with police armed with water cannons. The protests were triggered by Prime Minister Ferenc Gyurcsány's admission that he had lied 'morning, evening and night' about the state of the economy ahead of April elections that returned him to power." The Post adds that Hungary's problems "highlight a troubling state of affairs in Eastern Europe. After economic crises in the 1990s, emerging economies in East Asia and Latin America learned to let their currencies float to reflect economic conditions and avoid excessive foreign debt. Many countries formerly behind the Iron Curtain haven't fully followed those lessons."

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The Washington Post (9/21, A14, Whitlock, 748K) reports, "Thousands of Hungarians surrounded the parliament building here for the third straight night to demand" Gyurcsany's ouster. By midnight Wednesday, "an estimated 15,000 protesters had gathered in a square overlooking the Danube River, the largest crowd to materialize since the tape recording became public. Instead of resigning in shame or apologizing for having lied, Gyurcsany, 45, has tried to spin the scandal to his political benefit. He not only acknowledged making the comments but posted a transcript of the entire recording on his blog. He said his statements showed he was merely being honest about the sorry state of Hungary's public finances, something voters and politicians alike have been loath to accept."

LATimes Says Leak May Make It Easier For Gyurcsany To Sell Austerity Package. The Los Angeles Times (9/21, 918K) editorializes, "Gyurcsany is under intense pressure to resign, or at least scale back his economic reforms, but so far he's standing firm. The leak may even make it easier for him to sell his austerity package, a theory bolstered when the prime minister quickly published a lengthy transcript on his blog. Given that the violent demonstrators number only in the low thousands, it's conceivable that the telegenic young politician may yet pull a mini-Bulworth, or at least be able to…bring the previous government's election-year spending binge into check."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush And GOP Making Gains Among Voters."
"No Shortage Of Oil At The L.A. County Fair."
"S. Koreans Search Far And Wide For A Wife."
"Ban on New Forest Roads Upheld By Federal Judge."
"Attempt To Settle Skid Row Suit Fails."
"Adult Stem Cells Help Weakened Hearts."
"Venezuela's Chavez Pillories Bush, Denounces the U.N."

USA Today:

"Nursing Home Owners Indicted."
"For Bush, Cheaper Gas Is Premium."
"City Throwing A Party At Restored Superdome."

New York Times:

"Only 25% In Poll Voice Approval Of The Congress."
"Suits Say U.S. Impeded Audits For Oil Leases."
"Iran's Leader Relishes 2nd Chance To Make Waves."
"Japanese Fret That Quality Is In Decline."
"Little Girl, 3 Million Years Old, Offers New Hints On Evolution."
"Clanging New York Subways, Screeches Intact, Go Miniature."

Washington Post:

"Ehrlich Wants Paper Ballots For Nov. Vote."
"HP CEO Allowed 'Sting' Of Reporter."
"Allen's Mother Revealed Jewish Heritage To Him Last Month."
"Both Parties In Ky. Battle Try To Take Right Flank."
"Search Narrows For Source Of E. Coli."
"Pre-Human Child's Skeleton Found."

Washington Times:

"Chavez Calls Bush 'Devil' At U.N."
"House Bill To require Voter ID."
"Regulators Hit Backloaded Mortages."
"All-Female U.N. Unit Set For Liberia Mission."
"Football Patsies Paid To Take Beating."
"Lobster Come With A Side OF Frozen Veggies."

Detroit Free Press:

"Toyota Accelerate Push For No. 1."
"Intelligent Design OK For Science Class, DeVos Says."
"Chatty Corpse Collector Now May Need New Job."

Atlanta Journal-Constitution:

""Voter ID Fight Lands In D.C."
"A Costly Break?"
"McDonough's Pay For Its Top Worker? More Than Governor."
"Back To School; Recess Returns."

Houston Chronicle:

"Enjoy The Ride As Prices Go Down."
"Skilling Arrested In Dallas On September 9."
"Chavez's U.N. Lashing Is A Sign Of What May Come."
"The Call For One Way To rate Schools Grows Louder."
"Morning Landing Set For Shuttle."

Story Lineup From Last Night's Network News:

ABC: Chavez-UN Speech; Iraq-Sunni Insurgency; Space Shuttle Cleared; Fed-Interest Rates; Laura Bush-Clinton Foundation; Senate-Border Fence; Border Town; MN-Tornado Sirens; Heartburn Treatment; Young College Graduates.

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CBS: Chavez UN-Speech; Chavez Profiled; Iraq-Sectarian Violence; Condoleezza Rice Interview; Generic Ballot; Thailand Coup; Space Shuttle; E. Coli Outbreak; Prescription Drug Scam; Drug Scam-Analysis; Bob Schieffer Opinion; War On Terror; Mount Rushmore; Irwin Memorial Service; Working Dogs.

NBC: Gas Prices Down; Interest Rate Steady; Stock Market; Chavez-UN Speech; Ahmadinejad Interview; Space Shuttle; Virginia Senate Race; Hurricane Katrina-Negligent Homicide; SAT Controversy; Ahmadinejad Interview Reaction.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Space Shuttle; Chavez-UN Speech; Israeli Foreign Minister-UN Speech; Iraq-Policemen Killed; Skilling Arrested.

CBS: E-Coli Outbreak; RI-Nightclub Fire Plea Deal; LA-Nursing Home Owners Indicted; CBS News Poll; LATimes/Bloomberg Poll; Federal Reserve-Interest Rates.

NPR: RI-Nightclub Fire Plea Deal; Chavez-UN Speech; Space Shuttle; Wall Street; CA-Roadless Rule Reinstated; Survey-Moral Values Issues.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Gus Bilirakis for Congress Reception, Raymond James Stadium, Tampa, Fla.; attends Charlie Christ for Governor and Republican Party of Florida reception, Ritz-Carlton Orlando, Orlando, Fla.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a launch of Web site on Pakistani culture, with Sehba Musharraf, first lady of Pakistan. Kennedy Center; Delivers remarks and accepts International Republican Institute's Freedom Award, with Liberia's President, Ellen Johnson-Sirleaf, J.W. Marriott..

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the transition form coalition command to an international assistance force in Afghanistan. Gen. James L. Jones Jr., supreme allied commander Europe (SACEUR), Supreme Headquarters, Allied Powers Europe; Lt. Gen. Karl W. Eikenberry, commander, Combined Forces Command, Kabul; Barnett R. Rubin, New York University. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the nomination of Mary Amelia Bomar to be National Park Service Director. Location: Room 628, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing savings from increased use of generic drugs. CMMS Administrator Mark McClellan; Timothy Antonelli, Blue Cross Blue Shield of Michigan; William Shrank, Harvard Medical School; Bill Vaughan, Consumers Union. Location: Room 562, Dirksen.

10:15 a.m. ENVIORNMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation and nominations. Location: Room 406, Dirksen. Notes: Meeting may be delayed until after the first vote of the day.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the progress of the Capitol Visitor Center. Location: Room 138, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meets on pending nominations, including Warren Bell, Chris Boskin, and David Pryor to join Board of Directors of the Corporation for Public Broadcasting. Location: Room 253, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 628, Dirksen.

2:30 p.m. JUDICIARY _ Corrections and Rehabilitation Subcommittee. Hearing on federal assistance for prisoner rehabilitation and reentry. Mason Bishop, deputy assistant secretary of Labor; Regina Schofield, assistant attorney general; Robert Bogart, HUD; Cheri Nolan, HHS; Roger Werholtz, secretary, Kansas Department of Corrections; Diane Williams, Safer Foundation, Chicago. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Closed meeting on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 4830 - Border Tunnel Prevention Act of 2006. H.R. 6094 - Community Protection Act of 2006. H.R. 6095 - Immigration Law Enforcement Act of 2006.

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9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on a bill to impeach federal Judge Manuel Real of California. Judge Real, Andrew Smyth, attorney, Arthur Hellman, University of Pittsburgh School of Law; Charles Geyh, Indiana University School of Law. Location: Room 2141, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on worldwide trouble areas. Location: Room H-405, Capitol.

9:30 a.m. AGRICULTURE _ Full Committee. Markup of pending legislation. Location: Room 1300, Longworth.

10 a.m. AGRICULTURE _ Subcommittee on General Farm Commodities and Risk Managment. Hearing on federal farm policy, with university agriculture economists. Location: Room 1300, Longworth.

10 a.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on state of Army's efforts to develop combat vehicle active protection systems. Witnesses: Dr Robert Buhrkuhl, Joint Rapid Acquisition Cell, Office of the Secretary of Defense; Lloyd A. Feldman, Office of Force Transformation, Office of the Secretary of Defense; Major General Jeffrey A. Sorenson, Deputy for Acquisition and Systems Management, Department of the Army. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on commercial child pornography sites on the Internet. Ernie Allen, President and CEO, National Center for Missing and Exploited Children; Charles B. Wang International Children's Building, Alexandria, Va.; U.S. Attorney Christopher J. Christie, Newark, N.J.; James Plitt, Director, Cyber Crimes Center, Office of Investigations, ICE; Arne L. Christenson, American Express Co.; Jodi Golinsky, MasterCard International Inc.; Mark McCarthy, VISA U.S.A. Inc.; Douglas Jackson, Mitchell, O'Donnell, Ross, Fuerst, Miami; Joe Sullivan, PayPal; David Strider, U.S. Bancorp; Ralph Shalom, First Data Corporation; William Matos, Chase Paymentech Solutions; Kim Mowder, Bank of America. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Business meeting, followed immediately by a hearing on climate change technology research and whether we need a ``Manhattan Project'' for the environment. Stephen Eule, Climate Change Technology Program; John Stephenson, GAO; Lee Lane, Climate Policy Center; Richard Van Atta, Institute for Data Analysis; Martin Hoffert, New York University; Robert Socolow, Princeton University. Location: Room 2154, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Asia and the Pacific Subcommittee. Hearing on American and Asian relationships. Aaron L. Friedberg, Woodrow Wilson School of Public and International Affairs; Jonathan D. Pollack, Center for Naval Warfare Studies; Catharin E. Dalpino, Georgetown University; Teresita C. Schaffer, CSIS. Location: Room 2200, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Oversight hearing on the San Joaquin River Restoration Settlement Act. Location: Room 1324, Longworth.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.R. 4315 - To amend the Duck Stamp Act. Location: Room 1334, Longworth.

10 a.m. SCIENCE _ Full Committee. Hearing on ``Research on Environmental and Safety Impacts of Nanotechnology: What are the Federal Agencies Doing?'' Norris Alderson, FDEA; Arden Bement, National Science Foundation; George Gray, EPA; Altaf Carim, Energy Department; Andrew Maynard, Wilson Center; Matthew Nordan, Lux Research Inc. Location: Room 2318, Rayburn.

10 a.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on state and local intelligence gathering centers. Location: Room H-405, Capitol.

10 a.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 4511 - Flex Health Savings Accounts Act. Location: Room 1100, Longworth.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on increasing parental awareness of supplemental education services. Assistant Deputy Education Secretary Morgan Brown; Barbara Anderson, Knowledge Learning Corporation; Cornelia Ashby, GAO; Stephen Barr, Ohio Education Department; Monique Dollonne, parent, Ventura, Calif. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the past year and a look at 2007. Gary Kurpius, commander-in-chief, Veterans of Foreign Wars; Tom McGriff - national commander, AMVETS; Bradley S. Barton, national commander, Disabled American Veterans; Tom Zampieri, Blinded Veterans Association; retired Sgt. Maj. H. Gene Overstreet, USMC, president and CEO, Non Commissioned Officers Association; Tom Poulter, national commander,

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Military Order of the Purple Heart; Louis Irvin, executive director, Paralyzed Veterans of America; Rose E. Lee, Gold Star Wives of America; John R. Davis, Reserve Fleet Officer Association; John Rowan, national president, Vietnam Veterans of America; Paul Morin, national commander, The American Legion. Location: Room 334, Cannon.

11:30 a.m. JUDICIARY AND INTERNATIONAL RELATIONS _ Crime, Terrorism and Homeland Security and the Western Hemisphere Subcommittee. Joint hearing on the need for European assistant to Colombia in the fight against illegal drugs. Location: Room 2141, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee and the Subcommittee on Commerce, Trade and Consumer Protection. Hearing on Internet governance. Assistant Commerce Secretary John Kneuer; Paul Twomey, President ICANN; Steve DelBianco, Association for Competitive Technology; Thomas Lenard, Progress and Freedom Foundation; Harold Feld, Media Access Project; Mark Bohannon, Software and Information Industry Association. Location: Room 2123, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: Afternoon. Event at the Embassy. Closed. Invitation only.

DISASTER TRAINING _ The FEMA Urban Search and Rescue Task Force holds an international disaster training exercise. Location: Fairfax County Fire and Rescue Training Academy, 4600 W. Ox Rd., Fairfax.

GENETIC TESTING-ETHICS _ Johns Hopkins University's Genetics and Public Policy Center holds the National Genetic Policy Summit. Highlights: 9:30 a.m. Plenary, with Janet Woodcock, M.D., Deputy Commissioner for Operations, Food and Drug Administration. 10:15 a.m. ``Genetic Testing 2006: Focus on Quality." With Brad Popovich, Ph.D., President and CEO, Sirius Genomics; Greg Hines, CEO, Tm Bioscience; Kathy Hudson, Director, Genetics and Public Policy Center. 11:45 a.m. Luncheon speaker, Sen. Barak Obama, D-Ill. 1 p.m. Genes in Practice, with Sharon Terry, CEO, Genetic Alliance; Patricia Furlong, Jana Monaco, Rebecca Fisher, consumers; Ned Calonge, State Epidemiologist, Colorado Dept. of Public Health; Joanne Armstrong, Senior Medical Director, Aetna. 3 p.m. Embryo Testing, with Joe Leigh Simpson, Baylor College of Medicine; Mark Hughes, Genesis Genetics; Eric Cohen, Ethics and Public Policy Center; Susannah Baruch, Genetics and Public Policy Center. 4:30 p.m. Genomes and Governments: The deCODE Story in Iceland, with Kari Stefansson, Founder, deCODE Genetics, Reykjavik. Location: Fairmont Hotel, 2401 M St. NW.

PROSTATE CANCER-CONFERENCE _ 2nd annual African American Prostate Cancer Disparity Summit. Cancer survivors, community leaders and researchers will speak. Highlights: 9 a.m. A Call to Action, with Reps. G.K. Butterfield, James Clyburn, Melvin Watt. 12 p.m. Legislative iniatives, with Sen. John Kerry, Rep. Gregory Meeks and Thomas A. Farrington, president of the Prostate Health Education Network. Location: Room 2168, Rayburn (except as noted).

FAMILY-VOTERS _ The Family Research Council, Focus on the Family Action, American Family Association Action, others, hold the first ``Washington Briefing: Values Voter Summit 2006." Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

ELECTIONS _ 8 a.m. The American Enterprise Institute holds a panel discussion on the midterm elections, with Karlyn Bowman, Norman Ornstein, others, all of AEI. Location: 12th floor, AEI, 1150 17th St. NW.

NATURAL DISASTERS _ 8:30 a.m. The Wilson International Center for Scholars holds a seminar on the growing threat of natural disasters, with Rep. Earl Blumenauer, former NPS Director Roger Kennedy, former Maryland Gov. Parris Glendening. Location: 8th floor, Wilson Center, Reagan Trade Building.

MASSACHUSETTS-UNIVERSAL COVERAGE _ 8:45 a.m. - 11 a.m. National Journals Policy Council holds forum on Massachusetts new state health care law, which could put the state in a position to be first in nation with nearly universal coverage. With Gov. Mitt Romney; Timothy Murphy, Massachusetts Office of Health and Human Services; Families USA; AFL-CIO, others. Location: Mayflower, Grand Ballroom, 1127 Connecticut Ave. NW.

CUBA _ 9 a.m. The National Committee to Free the Cuban Five holds a news conference to call on the Bush Administration to release the five Cuban men known as the ``Cuban Five." Participants include Francisco Letelier, son of Orlando Letelier (on the 30th anniversary of his DC assassination), and victims of anti-Cuba incidents. Location: National Press Club.

DEMOCRATS-AFGHANISTAN _ 9 a.m. Representative Tom Lantos and other Democrats on the House International Relations Committee hold a news conference on what they say is the Bush Administrations failures in Afghanistan. These members sent a letter to Bush on Monday calling for a

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bottom-up review of U.S. Afghanistan policy, and the HIRC held a full-committee hearing on the subject this morning. Location: Cannon Terrace.

LEBANON _ 9 a.m. The Middle East Institute holds a program with Lebanese member of Parliament Musbah al-Ahda on the status of Lebanon's pro-democracy March 14th movement. Location: 1761 N St. NW.

NEO-POPULISM _ 9 a.m. George Washington University and the Army War College hold a colloquium on the rise of no-populism in the Western hemisphere. Location: Room 451, Duques Hall, 2201 G St. NW.

SUPREME COURT _ 9 a.m. The Washington Legal Foundation holds a preview of the 2006 Supreme Court term, with former Attorney General Richard Thornburgh and attorneys Jonathan Franklin and David Rivkin. Location: 2009 Massachusetts Ave. NW.

NATRUAL DISASTERS _ 9:15 a.m. Deputy Commerce Secretary Davis Sampson gives keynote remarks at the Continuity of Business Summit, sponsored by the U.S. Chamber of Commerce. Location: 1615 H St. NW.

HASTERT-VAULT _ 9:30 a.m. Photo op with sSpeaker of the House J. Dennis Hastert joins professor Allen Weinstein, Archivist of the United States, immediately after touring the National Archives' Legislative Treasures Vault, to examine the original, handwritten Journal of the U.S. House of Representatives from the First Congress. Location: National Archives, 700 Pennsylvania Ave. NW.

IRAN _ 9:30 a.m. The Center for Strategic and International Studies holds a program with Reps. Robert Andrews and Jim Saxton on Iran's nuclear ambitions. Location: B-1 conference level, 1800 K St. NW.

ADDICTION TREATMENT _ 10 a.m. The Betty Ford Center and Caron Treatment Centers hold a news conference to call for passage of a bill equalizing addiction treatment coverage. Location: Cannon Terrace.

DEMOCRATS-MILITARY BASES _ 10 a.m. Senior HASC Democrats, along with the National Military Family Association, will discuss what they say are the severely degraded base operations and support services offered to soldiers and their families on military installations. Location: Room 2212, Rayburn House Office Building.

ELECTION-FUTURE _ 10 a.m. The American Enterprise Institute holds a forum on what will happen following the midterm elections. Location: 12th floor, AEI, 1150 17th St. NW.

HEALTH INSURANCE-RETIREES _ 10 a.m. Retirees who had their company health coverage cut adevocate for health benefit protection reforms. Location: Independence Ave., near Cannon Terrace.

RECOVERY MONTH _ 10 a.m. Reps. Patrick Kennedy and Jim Ramstad hold a news conference on National Recovery Month. Location: Cannon Terrace.

US IMAGE OVERSEAS _ 10 a.m. National Press Club newsmaker with authors of ``Advertising's War on Terrorism: The Story of the US State Department's Shared Values Initiative," with Alice Kendrick and Jami Fullerton. Location: National Press Club, 14th and F Sts. NW.

PAKISTAN _ 10:20 a.m. Launch of a new website, Gift of the Indus: The Arts and Culture of Pakistan. With First Ladies Laura Bush and Begum Sehba Musharraf of Pakistan, others. Location: Kennedy Center Family Theater.

DEMOCRATS-MIDDLE CLASS _ 10:30 a.m. Democratic Senators Paul Sarbanes, Jack Reed, and Ken Salazar will join Elizabeth Warren, Harvard professor and author of ``The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke, and a family to call for a new direction from economic policies that they say have left Americas middle class squeezed between rising costs and stagnant wages. Location: Room S-211, Capitol.

IRAQ _ 10:30 a.m. Religious and peace movement leaders hold a nonviolent civil disobedience against the Iraq war. Location: In front of the White House.

PENTAGON-AFGHANISTAN _ 10:30 a.m. Army Lt. Gen. Karl Eikenberry, commanding general of Combined Forces Command-Afghanistan, will conduct a news briefing to provide an update of ongoing military operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

DARFUR _ 10:45 a.m. Reps. Barbara Lee, Mel Watt, James McDermott, others, hold a news conference to announce introduction of the Darfur Divestment and Accountability Act. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DARFUR _ 11 a.m. Sens. Sam Brownback, Mike DeWine, Russ Feingold, Tom Coburn and Barack Obama hold a news conference to discuss Darfur and to call for final passage of the Darfur Peace and Accountability Act. Location: Russell Senate Park.

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MEDICARE GAP _ 11 a.m. Sen. Debbie Stabenow, D-Mich., and Rep. Jan Schakowsky, D-Ill., will join Campaign for Americas Future co-director Roger Hickey and Americans United communications director Brad Woodhouse on a press conference call to release a new report by the Campaign for Americas Future on the gap in Medicares prescription drug coverage known as the ``donut hole. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Conference Call-in : 800-289-0508. Passcode: 8774909. Media should reserve space by contacting Noreen Nielsen at nnielsenourfuture.org. For more information please visit www.nodonuthole.com.

SUZANNE SWIFT CASE _ 11:30 a.m. Members of Iraq Veterans Against the War, Veterans for Peace and others hold news conference after meeting between Rep. Peter DeFazio, D-Ore., and mother of Army specialist Suzanne Swift. (Swift is an Iraq war veteran who says she was assaulted by fellow officers, and is now being held in custody at Fort Lewis, Wash.) Location: in front of Rayburn Bldg.

AG POLICY _ 12 p.m. The Cato Institute holds a briefing on why Congress should consider the direction of U.S. agricultural policy, with Rep. Jeff Flake, others. Location: Room 2226, Rayburn.

CHINA UNREST _ 12 p.m. Discussion on ``Chinas Social Unrest: What does it mean? With Albert Keidel, Carnegie Endowment for International Peace; M. Scott Tanner, RAND Corp., John D. Steinbruner, Center for International and Security Studies at Maryland (CISSM). Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

COMCAST-STEVENS _ 12 p.m. Senate Commerce Committee Chairman Ted Stevens and Comcast Corp. Chairman and CEO Brian Roberts speak at Progress & Freedom Foundation CEO Luncheon Series. Location: Capital Hilton, 16th and K Sts. NW.

MEDICARE-MEPHISTOPHELES _ 12 p.m. Cato Institute book forum on ``Medicare Meets Mephistopheles," with author David Hyman, University of Illinois. Hyman wryly suggests that Medicare may be ``the greatest trick the devil has ever played." Location: 1000 Massachusetts Ave. NW.

STOPPING ILLEGAL IMMIGRATION _ 12 p.m. Rep. Tom Tancredo addresses Heritage Foundation forum on ``A New Strategy for Controlling Illegal Immigration." Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

INEQUALITY IN AMERICA _ 12 p.m. - 1:30 p.m. Ron Blackwell, chief economist for the AFL-CIO, addresses National Economists Club luncheon on the ``Growing Inequality in America." Location: Chinatown Garden Restaurant, 618 H St. NW.

FDA REFORM _ 12:15 p.m. Rep. Rosa DeLauro releases FDA reform legislation on a media conference call. Contacts: Kate Cyrul, 202-225-3661. Notes: Callin number: 888-455-0044. Call contact for passcode.

ARMY-FUEL CELLS _ 12:30 p.m. The Army becomes the first customer of GM's latest fuel cell technology, as the first vehicles of the next generation Chevrolet Equinox Fuel Cell vehicle are delivered. Location: Russell Senate Park.

DEMOCRATS-HISPANIC AGENDA _ 12:30 p.m. Congressional Democratic leadership holds a news conference to release the Democrats' Hispanic agenda. With Sens. Harry Reid, Hillary Clinton, Reps. Nancy Pelosi Grace Napolitano, others. Location: Room G-50, Dirksen.

BURTON-OFFSHORE OIL _ 1 p.m. Minerals Management Service Director Johnnie Burton will address the Platts Energy Podium on the controversy over offshore oil lease price threshold contract provisions and other matters. Location: McGraw-Hill/Platts Washington office, 1200 G St. NW, Suite 1000.

JOB CORPS _ 1 p.m. Labor Secretary Chao and Job Corps Director Esther Johnson announce a Job Corps initiative to improve student preparedness for high-demand occupations. Location: Woodland Job Corps Center, 3300 Fort Meade Rd., Laurel.

MILITARY READINESS _ 1 p.m. Reps. Ike Skelton, Silvesatre Reyes and Vic Snyder hold a news conference on military readiness. Location: Room 2212, Rayburn.

HEALTH INSURANCE _ 2 p.m. The New America Foundation holds a program on the future of employer-based health insurance, with Sens. Blanche Lincoln and Gordon Smith, others. Location: Room 562 Dirksen.

INSURANCE REGULATION _ 2 p.m. The American Enterprise Institute holds a panel discussion on whether insurance rates should continue to be regulated at the state or federal level, with Scott Harrington of the Wharton School, Thomas Hazlett of George Mason School of Law, George Kaufman of Loyola University Chicago, others. Location: 12th floor, AEI, 1150 17th St. NW.

BORDER SECURITY _ 2:30 p.m. House Speaker Dennis Hastert and the House Republican leadership holds a news conference on border security. Location: House Radio-TV Gallery.

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GOP-BORDER SECURITY _ 2:30 p.m. House Speaker J. Dennis Hastert joins Majority Leader John Boehner, Majority Whip Roy Blunt, Conference Chairman Deborah Pryce, and Policy Committee Chairman Adam Putnam to highlight boder security action. Location: House Radio-TV Gallery.

NEW CAPITAL _ 3 p.m. Roundtable discussion on U.S. markets and the impact of current regulations, with Reps. Tom Feeney and Pete Sessions, others. Location: Mansfield Room, Capitol.

IRAQ-TERRORISM _ 4 p.m. The University of Maryland holds a discussion on Iraq and terrorism, with former Amb. Joseph Wilson, former Amb. David Mack, others. Location: Stamp Student Union ballroom, University of Maryland, College Park.

SENATE-IRAQ _ 4 p.m. Closed briefing for senators only on Iraq, with Defense Secretary Rumsfeld, Joint Chief of Staff Chairman Gen. Peter Pace, others. Location: Room S-407, Capitol.

NATIONAL GUARD-TOP EMPLOYERS _ 6:30 p.m. Department of Defense honors the top 15 outstanding employers of National Guard and Reserve service men and women. Honorees include DuPont, Starbucks, Allianz, MGM Mirage and the state governments of Vermont and Massachusetts. Location: Reagan Bldg. and Trade Center, 1300 Pennsylvania Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says US Needs Tools To Stop Terrorists Plotting To Kill Americans. President Bush was asked on CNN's The Situation Room (9/20) what he meant when he said the terrorists are coming again. Bush said, "It means there are people out there plotting and planning to kill Americans. And it is frightening. And that's why, you know, it's important that we have the tools necessary to protect us. And I think that was in the context of whether or not we ought to have a program that enables us to get information -- within the law -- from people who may have knowledge about an impending attack." Asked about criticism that he is "trying to scare the American public to score political points," Bush said, "They don't sit where I sit. They don't see the intelligence I see. And, frankly, if anybody thinks there's not an enemy coming to attack us, they just don't see the world the way it is. Because, well, just take the last plot we -- that the Brits found out about and we helped them, and that is people getting on airplanes getting ready to blow them up, pure and simple. And this is a dangerous world. And you know, I know there are some out there that kind of look at the world the way they wish it would be, but the job of the president -- particularly one who saw what happened to us on September the 11th and vowed that day to do everything to protect the people -- is to do just that. That's our most important responsibility."

CIA Refusal To Interrogate Prisoners Seen As Impetus For Bush Announcement. The Financial Times (9/21, Dinmore) reports the Bush Administration "had to empty its secret prisons and transfer terror suspects to the military-run detention centre at Guantánamo this month in part because CIA interrogators had refused to carry out further interrogations and run the secret facilities, according to former CIA officials and people close to the programme." When the President "announced the suspension of the secret prison programme in a speech before the fifth anniversary of the September 11 terror attacks, some analysts thought he was trying to gain political momentum before the November midterm congressional elections." But the "former CIA officials said Mr Bush's hand was forced because interrogators had refused to continue their work until the legal situation was clarified because they were concerned they could be prosecuted for using illegal techniques."

Broder Praises Opposition To "Lawless And Reckless" Bush. In his Washington Post column (9/21, A25), David Broder says, "The revolt of several Republican senators against President Bush's insistence on a free hand in treating terrorist detainees signaled the emergence of an independent force in elections and government." Bush was "elected twice, over Democrats Al Gore and John Kerry, whose know-it-all arrogance rankled Midwesterners such as myself. The country thought Bush was a pleasant, down-to-earth guy who would not rock the boat. Instead, swayed by some inner impulse or the influence of Dick Cheney, he has proved to be lawless and reckless. He started a war he cannot finish, drove the government into debt and repeatedly defied the Constitution."

WSJournal Says Bush Is Right To Demand Clarity On Detainee Interrogations. An editorial in the Wall Street Journal (9/21, 2.03M) says, "Opponents of interrogating al Qaeda detainees keep slandering the Bush Administration by equating all aggressive questioning techniques with 'torture.' What's more, they seem unable to draw the obvious lessons from our experience handling terror suspects thus far. … The White House has been negotiating over the issue with Senator John McCain so US interrogators aren't left in legal limbo because Congress refuses to define our obligations under Common Article 3 of the Geneva Conventions. It's precisely such legal clarity that will limit potential abuses, rather than leaving Article 3 open to interpretation by individuals -- or by the likes of Syria, since as it stands every country in the world interprets Article 3 in its own way now. … President Bush has been very strong on this issue so far. We trust he won't endorse anything now that falls short of the comprehensive legal clarity he's been right to demand."

DOJ Clarifies Gonzales Remarks On Arar Case. The New York Times (9/21, Shane) reports, "In an embarrassing turnabout, the Department of Justice backed away Wednesday from a denial by Attorney General Alberto R. Gonzales of responsibility for the treatment of a Canadian who was seized by American authorities in 2002. The man was deported to Syria, where he was imprisoned and beaten." The Times continues, 'Asked at a news conference on Tuesday about a Canadian commission's finding that the man, Maher Arar, was wrongly sent to Syria and tortured there, Mr. Gonzales replied, 'Well, we were not responsible for his removal to Syria.' He added, 'I'm not aware that he was tortured.' … The attorney general's comments caused puzzlement because they followed front-page news articles of the findings of the Canadian commission. It reported that based on inaccurate information from Canada about Mr. Arar's supposed terrorist ties, American officials ordered him taken to Syria, an action documented in public records." The Times adds, "On Wednesday, a Justice Department spokesman said Mr. Gonzales had intended to make only a narrow point: that deportations are now handled by the Department of Homeland Security, not the Department of Justice. … The spokesman, Charles Miller, said the attorney general forgot that at the time of Mr. Arar's deportation, such matters were still handled by the Immigration and Naturalization Service, which was part of the Department of Justice. … 'He had his timeline mixed up,' Mr. Miller said. … Asked why Mr. Gonzales appeared to cast doubt on the Canadian finding that Mr. Arar had been tortured, Mr. Miller said, 'I wouldn't go beyond what he said.' … He said Justice Department officials 'have not fully reviewed' the commission's report since its release on Monday, and he noted that Mr. Arar had brought a lawsuit against United States officials that was dismissed by a lower court but was being appealed."

Herbert Says Canadian Case Likely To Be Repeated. In his New York Times column (9/21), Bob Herbert says, "It turns out John Ashcroft was wrong. After an exhaustive investigation, a

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government commission in Canada ruled definitively and unequivocally this week that Maher Arar was no terrorist. He was nothing more than a quiet family man who found himself sucked into a vortex of incompetence, hysteria and a so-called war on terror that has gone completely haywire." If this "were just a bad but honest mistake, we might be able to simply wish Mr. Arar well and vow never to let it happen again. Instead, the United States is about to ensure that many more individuals who are falsely accused are deprived of the single most fundamental tool they need to establish their innocence."

Wiretapping Bill Makes Progress In House. USA Today/AP (9/21) reports the wireless wiretapping bill "by Rep. Heather Wilson, R-N.M., made some progress Wednesday after she rewrote it to allow warrantless wiretapping when an attack is imminent, as Bush has demanded. Even so, she told reporters differences between the House and Senate versions were unlikely to be worked out before Congress reconvenes after the Nov. 7 elections."

CQ (9/20, Starks, Perine) reports the House Intelligence Committee "swiftly approved legislation (HR 5825)" sponsored by Rep. Wilson "that would overhaul the 1978 Foreign Intelligence Surveillance Act (PL 95-511) to grant more wiretapping authority to the administration but require additional congressional notification of spy activities. Its speedy approval stood in contrast to the lengthy process the same bill faced in the House Judiciary Committee." Those two different "versions of the bill must now be reconciled in the Rules Committee, and Wilson said she was confident an agreement could be worked out in time to bring the bill to the floor next week, before lawmakers depart for recess."

The New York Times/AP (9/21) reports "Wilson's revision, likely to draw Mr. Bush's support, is the bill that probably will make it to the full House. Under her bill, the president may conduct the secret surveillance only under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent."

CNET News (9/21, Broache) reports, "Supporters said the bill's provisions would aid terrorist investigations by relaxing the requirements for warrants to conduct electronic surveillance and addressing modern communications in a 'technology neutral' way not foreseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA). … The Bush administration has acknowledged that its controversial National Security Agency terrorist surveillance program was not approved by the FISA court--but argue the president's constitutional powers as commander-in-chief, among other things, provide ample legal authority. … Meanwhile, civil liberties advocates have accused the administration of intruding into phone calls and e-mails of millions of innocent Americans, and even Attorney General Alberto Gonzales conceded earlier this year that some 'ordinary' citizens could be swept up in the quest for rogue targets."

Army Says 14 High-Value Guantanamo Detainees Undergoing "Orientation." The AP (9/21, Burns) reports the "14 terrorism suspects transferred to the Guantanamo Bay detention center from overseas CIA prisons two weeks ago are undergoing 'orientation' and not being interrogated, the Army said Wednesday." Gen. Bantz Craddock, "who oversees U.S. military operations in Latin America and the Caribbean," said, "It seems to be working fine." Craddock said "the 14 men are in a 30-day 'orientation, acclimatization period' that is standard for new arrivals at Guantanamo." Craddock said "representatives of the International Committee of the Red Cross would be granted access to the new arrivals, who include the mastermind of the Sept. 11 attacks and architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania." But "first, he said, the 14 would have to complete their orientation, which he did not describe in detail. He estimated they would be made available to the Red Cross around Oct. 1."

ABC World News (9/20, story 7, 0:20, Gibson) reports, "And the Red Cross announced plans to meet with top terror suspects being held at Guantanamo Bay. Red Cross representatives say they expect to visit in private next week with 14 detainees recently transferred to Guantanamo from secret CIA prisons, including the alleged September 11th mastermind, Khalid Shaikh Mohammed."

Judge Orders Release Of Discipline Files For Guantanamo Detainees. The AP (9/21, Neumeister) reports U.S. District Judge Jed S. Rakoff "on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press." Judge Rakoff "gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy."

House Judiciary Committee Narrowly Approves Bush Detainee Bill. The Washington Post (9/21, A6, Babington, 748K) reports, "President Bush's supporters in the House narrowly defeated yesterday efforts to sidetrack his proposal for questioning and prosecuting terrorism suspects, but the issue continues to divide Congress in its final workdays before the November elections." The day was "animated by switched votes, parliamentary gymnastics and protest cries from Democrats" as the House Judiciary Committee "barely managed to reject a rival proposal and endorse the administration's version of the legislation. Even if the chamber takes up the bill next week -- its last scheduled period of action before the elections -- the matter remains mired in the Senate, where a majority opposes the White House approach." Republicans "control the Judiciary Committee, 23 to 17. But early yesterday, three GOP members were absent and two others backed the rival legislation written by GOP Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.). Had a couple of Democrats not also been absent at the time, the Warner bill might have won the panel's endorsement. It fell just short, but so did the Bush version, which was temporarily voted out of the committee with an 'unfavorable report.'"

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The AP (9/21, Kellman) reports, "White House loyalists struggled on Wednesday to save President Bush's wartime legislative plans from collapsing under Republican squabbles. In cliffhanger votes," the House Judiciary Committee "rejected, then endorsed Bush's proposal to continue tough interrogations of suspected terrorists." However, the "largely symbolic endorsement" was gained through "a series of procedural gymnastics," although it "was worth the fight for White House loyalists struggling to keep the bill alive."

The Washington Times (9/21, Fagan, 88K) reports the "embarrassing struggle hinted of a tough road ahead for the House bill. Opponents yesterday argued that the administration and its congressional allies are trying to redefine U.S. obligations under the Geneva Conventions in order to give terrorism detainees fewer rights and the government more leeway in how to treat them." Rep. Jeff Flake "predicted Congress will ultimately endorse a bill like the Senate version, which affords more civil rights to the detainees and rejects Mr. Bush's definition of detainee treatment." Bloomberg (9/21, Roland) reports "the closeness of the vote further clouds the future of the legislation and shows that Republican dissent from President George W. Bush's proposal extends to the House as well as the Senate."

The Hill (9/21, Schor, Tiron) reports, "On the verge of a major political defeat, House Judiciary Committee Republicans scrambled to find missing panel members in order to successfully send a White House-backed military-tribunals bill to the floor." After Reps. Jeff Flake and Bob Inglis "cast their votes against the bill — siding with a Senate-crafted bill at odds with the Bush administration — Rep. Louie Gohmert (R-Texas) resorted to a procedural move." Gohmert voted "against the bill, allowing members time to track down House International Relations Chairman Henry Hyde (R-Ill.) and Rep. Elton Gallegly (R-Calif.), two panel members who weren't present for the vote." With Hyde and Gallegly "voting in favor of the bill, the committee was able to get the vote to 20-19 in favor of the legislation."

CQ (9/20, Donnelly, Stern) reports, "Although GOP leaders quickly scrambled to undo the damage, the vote was a sign that Republican rebellion against Bush's measure was spreading on Capitol Hill. For the first time, rank-and-file House Republicans predicted the measure could fail next week when it comes to the floor." Rep. Christopher Shays said, "I don't think the bill passes."

In the Washington Post's "Washington Sketch" column (9/21, A2), Dana Milbank says "it was a tough day" for House Judiciary Chairman James Sensenbrenner, "who had insisted that the legislation go through his committee against House leaders' wishes. Nor was it one of the finest days for House Republicans, who proved that, on the subject of torture, they could tie themselves in knots just as easily as their colleagues in the Senate, where the Bush bill is in a stalemate with one backed by Sen. John McCain (R-Ariz.) and friends. Confronted with one of the weightiest issues of the times -- whether to reinterpret the Geneva Conventions' torture prohibitions -- the committee members quickly retreated to the familiar terrain of extraneous and off-point arguments."

USA Today/AP (9/21) reports Democrats "sat on the sidelines 'watching the catfights' among Republicans on terrorism surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev. He noted that Republican leader Bill Frist of Tennessee was forced to postpone consideration of those bills this week; the Senate instead is holding a floor debate on border security 'because they have nothing else to do.'"

Senate Negotiations On Detainee Legislation Continue. CNN's The Situation Room (9/20, Koppel) reported, "Day two of negotiations between the White House and a small group of Senate Republicans over military detainee legislation continued today, mostly behind closed doors, as both sides sought to narrow differences, to find common ground over what one Republican described as the deal- breaker issue. That is Article 3 of the Geneva Conventions and the War Crimes Act. Now, even though neither side wanted to tip their hands today, speaking to reporters in the hallway, one of the three leading Republicans who is blocking the President's bill, Senator John McCain, told reporters, in his words, the two sides were -- quote – 'making progress' and that good-faith efforts were being made by both sides. But, in an effort to keep up the pressure on the White House, Senator McCain's office released yet another letter of support from a former military official, this one from the former chairman of the Joint Chiefs of Staff, Hugh Shelton, saying -- quote – 'General Shelton is the fifth former chairman of the Joint Chiefs who has expressed concern regarding a proposed change in Common Article 3, joining former Secretary of State General Colin Powell, General John Vessey, General John Shalikashvili, and Admiral William Crowe.'"

MSNBC's Hardball (9/20, Shuster) reported, "Today President Bush met with Republican congressional leaders at the White House amidst new signs that GOP infighting over terror detainee legislation is even deeper than has been publicly acknowledged. Last night, Senate Majority Leader Bill Frist noted that a proposal from Republicans Lindsey Graham, John McCain and John Warner may have 50 votes, but doesn't have the 60 needed to get around a filibuster from backers of the more stringent White House bill. … The threat of Republicans, the majority party using a filibuster to block other Republicans is remarkable and it something that Frist in a hastily arranged speech today said he hopes to avoid." MSNBC added, "White House officials and Senator McCain both say negotiations are continuing. But it is a delicate issue. And when McCain was informed about the harsh criticism from Bill Frist and the suggestion that McCain might face a Republican filibuster, the Arizona senator stated curtly, quote, our negotiations are with the White House."

Detainee Bills Would Limit Habeas Corpus Appeals. The New York Times (9/21, Lewis, Zernike, 1.21M) reports that although "the effort has been partly obscured by the highly publicized wrangling over military commissions for war crimes trials, the Bush administration and its allies in Congress are trying to use the same legislation to strip federal courts of their authority to review the detentions of almost all terrorism suspects." The Administration bill and the Senate GOP dissidents' measure both

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include "a provision that would bar foreigners held abroad from using the federal trial courts for challenges to detention known as habeas corpus lawsuits. If the provision was enacted, it would mean that all of the lawsuits brought in federal court by about 430 detainees at Guantánamo Bay, Cuba, would be wiped from the books."

Bush Says US Would Enter Pakistan To Get Bin Laden If Intelligence Dictated It. President Bush was asked on CNN's The Situation Room (9/20) if he would go into Pakistan to capture or kill Osama bin Laden or Ayman al-Zawahiri if he had actionable intelligence. Bush said, "Absolutely," adding, "We would take the action necessary to bring them to justice."

The AFP (9/21) reports Bush said "he would not hesitate to track down and kill Al-Qaeda leader Osama bin Laden and other terror operatives even if it meant hunting them down on Pakistani soil." But Bush also "praised efforts by Pakistan's President Pervez Musharraf to root out members of the Al-Qaeda terror network ahead of Musharraf's White House visit later this week." Bush said, "I view President Musharraf as somebody who would like to bring Al-Qaeda to justice. As a matter of fact, we'll be discussing that with him on that subject on Friday at the White House."

The AP (9/21) reports that with bin Laden "still at large five years after the Sept. 11, 2001, attacks and believed to be hiding somewhere along the mountainous border between Afghanistan and Pakistan, Bush disputed any suggestion that Pakistan has not done enough to hunt down terrorist leaders."

CNN's The Situation Room (9/20, Blitzer) reported that Bush's comment that he would go into Pakistan to get bin Laden drew "an immediate reaction from Pakistan's president, a negative reaction." Pakistani President Pervez Musharraf: "We won't like to allow that at all. We will do it ourselves. We would like to do it ourselves."

Bush Says Security Goes Beyond Finding Bin Laden. President Bush was asked on CNN's The Situation Room (9/20) why the US has been unable to find Osama bin Laden. Bush said, "Osama bin Laden is in hiding and we're still spending a lot of time trying to find him. But the key thing that the American people have got to know is that security comes not only with getting him -- which I'm convinced we will -- but also doing other things to protect them. One is to dismantle al Qaeda. Two is to listen to phone calls if al Qaeda's calling to the United States and respond to that. Three is to get information so we can prevent attack. Getting bin Laden is important, but putting things in place, putting procedures in place that protect you is equally important, and we're doing both."

Fifth Anniversary Of Declaration Of War On Terrorism Noted. CBS Evening News (9/20, story 11, 0:25, Couric, 7.66M) reported, "It was five years ago tonight that President Bush rallied Americans to a new kind of war against terror. That historic milestone tops tonight's snapshots. On September 20, 2001, nine days after the attacks, the President addressed a joint session of Congress and a national television audience." President Bush: "Tonight we are a country awakened to danger and called to defend freedom." Couric: "The President cautioned that the war on terror would be long and hard."

State Department To Press Musharraf On Deal With Taliban Sympathizers. The Washington Times (9/21, Iqbal, 88K) reports Pakistani President Pervez Musharraf "will be hard-pressed at a White House meeting tomorrow to explain a peace deal with tribal leaders that Afghans fear will turn the border region into a safe haven for al Qaeda and the Taliban." White House and State Department officials "have told reporters that the meeting would focus on the resurgence of violence in Afghanistan and on a recent deal Pakistan signed with pro-Taliban elements in the region bordering Afghanistan. The deal would allow the militants to live peacefully if they give up arms and denounce violence."

Padilla's Alleged Recruiter Challenges Wiretap Intercepts. The AP (9/21, Anderson) reports, "The man who allegedly recruited Jose Padilla to join al-Qaida is challenging warrants obtained from a secret intelligence court by the FBI for wiretaps, which form the backbone of prosecutors' case against him." The AP continues, "Adham Amin Hassoun, a former computer programmer from Sunrise, contends that the FBI intercepted some of his telephone calls between 1993 and 2002 without sufficient legal reason under the Foreign Intelligence Surveillance Act." The AP adds, 'The FISA law requires U.S. agents to show probable cause that a wiretap target is a suspected foreign agent before surveillance can begin. Hassoun's lawyers Kenneth Swartz and Jeanne Baker contend that warrants were issued without that legal basis and argue that many phone intercepts should not be permitted as evidence the upcoming trial of Hassoun, Padilla and codefendant Kifah Wael Jayyousi. … U.S. Attorney General Alberto Gonzales said in papers filed in Miami federal court that disclosure of the top secret documents challenged by Hassoun could 'cause exceptionally grave damage' to U.S. national security because they contain sensitive intelligence-gathering methods and sources as well as details about the way terrorism investigations are carried out." The AP notes, "U.S. Magistrate Judge Stephen Brown held a brief hearing Wednesday on the issue but issued no ruling. Prosecutors have submitted sealed documents to Brown so he can evaluate the legality of the FISA warrants and applications in private. … Hassoun, Padilla and Jayyousi are charged with being part of a North American terror support cell that provided money, supplies and recruits to violent Islamic extremists worldwide. Prosecutors say Hassoun recruited Padilla for al-Qaida shortly after Padilla, a former Chicago gang member, converted to Islam."

Judge Orders DOD To Release More Guantanamo Documents. The AP (9/21, Neumeister) reports, "A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press." The AP continues, "U.S. District Judge Jed S. Rakoff said the government must provide the news organization with the

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information despite government claims that doing so would violate detainees' privacy. … 'The public interest in disclosing government malfeasance is well-established,' the judge wrote in saying that the AP had demonstrated the need. … A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment." The AP adds, "Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations. … The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks. … The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information."

DOJ Appeals Citizenship Approval Of Terror-Linked Palestinian. The AP (9/21) reports, "The Bush administration has appealed a federal judge's ruling granting a petition for citizenship to a Palestinian man who the government has claimed has terrorist ties." The AP continues, "The appeal comes two months after U.S. District Judge Stephen V. Wilson ruled Aiad Barakat, 45, of Arcadia, should become a citizen. The judge said Barakat didn't lack good moral character and his application should never have been denied. … The Justice Department filed its notice of appeal on Sept. 14 without giving a reason for the action. Authorities had refused citizenship to Barakat because of his alleged terrorist links, saying Barakat lied about ties to the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization." The AP adds, "Barakat was detained in 1987, along with six other Palestinians and a Kenyan in a case that became known as the "L.A. Eight," but charges were never filed. Immigrant rights groups said the case was politically motivated. … Barakat's lawyer Marc Van Der Hout said he believes Wilson's June 28 ruling will stand. … The Justice Department declined comment."

FBI Agents Testify About Albany Terror Probe Raid. Capital News 9 Albany (9/20) reported, "A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there. The jury also heard lengthy transcripts and audio of Aref preaching from 1994 when he was living in the northern province of Kurdistan in Iraq. A translator read each word of the translation the government may be using to show an inclination toward radical Islamic thought -- including statements like, 'We should sacrifice our lives for the sake of the religion.' But the speeches…when put in context are more about Aref's preaching against Kurds leaving their homeland for places like Europe and America, which he does call 'the house of infidels.'"

Pennsylvania Man To Plead Guilty In Al Qaeda Material Support Case. In a story distributed by McClatchy, the Allentown Morning Call (9/21, Birkbeck) reports, "A Pennsylvania man scheduled to stand trial next week on a charge he plotted to sell bombs to al-Qaida is expected to agree to a plea deal as early as Thursday. Ronald Grecula, 69, of Upper Mount Bethel, was charged with attempting to provide material support and resources to terrorist organizations after his arrest in Houston in May 2005. Federal prosecutors say Grecula, angry with the government over a bitter custody battle with his estranged wife, told FBI agents disguised as al-Qaida operatives he could build a hydrogen chlorine bomb that could destroy buildings, level city blocks and kill 'a bunch of Americans.'"

Michigan Islamic Charity Puzzled By FBI Searches. The Columbia (MO) Tribune (9/21, Luecke) reports, "A spokesman for a Michigan-based Islamic charity under FBI scrutiny says the organization did nothing wrong when it sent aid to Iraq during U.S. sanctions on the country. … Mohammed Alomari, Life for Relief spokesman, said the group did send food and medicine into the country during the sanctions period under a special license from the U.S. Department of the Treasury." However, he added, "Whatever the legal guidelines were established for this kind of work, we strictly followed those guidelines." Alomari also "said the FBI attention on [Shakir] Hamoodi was puzzling because he is not a prominent member of the charity." The Tribune notes that yesterday "morning religious leaders and peace activists gathered at First Christian Church…to condemn the FBI for the investigation and show support for Hamoodi" and his family, and "several people said they believed the raid was intended to intimidate Hamoodi and other Muslims in Mid-Missouri."

Hamoodi Says Agents Told Him Raid Linked To Charity. The AP (920, Zagier) reported "Muslim leader and Iraq war opponent" Shakir Abdul-Kaf Hamoodi said that the FBI agents who searched his house "told him they were interested in his links to a Michigan charity that also was searched. … An FBI spokesman declined to reveal the reasons for the search." The AP noted, "The search of Hamoodi's home came three days after a community meeting at which local Muslims raised concerns about racial profiling and an October 2004 FBI raid of the Islamic American Relief Agency's U.S. headquarters in Columbia." Hamoodi "said the search warrant was dated Sept. 12 — meaning FBI agents knew about the impending raid even as they vowed to work with the Muslim community. 'What they did (Monday) has really nullified everything they did Friday,' he said."

Hoekstra Calls For Broad Terrorism Strategy. The AP (9/21, Shrader) reports House Intelligence Committee Chairman Peter Hoekstra "said Wednesday that the United States must attack Islamic extremism with more than military might by focusing on social and economic work in countries cooperating in

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counterterrorism efforts." Rep. Hoekstra said, "We need to recognize that this war cannot be won solely by being on offense in a military sense. We need a comprehensive strategy, as well, to engage them on a number of different fronts." The AP adds a spokesman for Hoekstra "said he was not distancing himself from the Bush administration, but was laying out additional steps that should be taken against al-Qaida and other extremist groups. The White House contended that it has long said a comprehensive strategy is needed."

HOMELAND RESPONSE:

"Huge" Homeland Security Spending Bill May Take Longer Than Expected. CQ (9/20, Yoest, Higa) reported, "Talks bogged down Wednesday on several measures attached to the fiscal 2007 Homeland Security spending bill, and plans by House leaders to try to add border security language could further complicate the discussions. But lawmakers said the Homeland Security bill remains on track to clear both chambers before they leave town to campaign at the end of the month." Rep. Harold Rogers "had been aiming for the House to appoint conferees by Wednesday, with formal talks to follow Thursday. But on Wednesday he said that his preferred timetable might have been 'too optimistic. 'The real time problem here is this is going to be a huge bill,' Rogers said. 'Not just the appropriations, but the other items that are going to be in it. . . . The staff readout time is going to be enormous.'"

Republican Leaders Reject Industry-Backed Chemical Plant Security Measure. The New York Times (9/21, Lipton, 1.21M) reports a "behind the scenes" struggle in Congress over chemical plant security "is testing the balance of power not just between Republicans and Democrats, but also between rival Republicans in the House and the Senate and between environmentalists and the chemical industry, all of whom have dug in to defend their views." An industry backed proposal that would have allowed DHS Secretary Michael Chertoff to establish regulations for only "a sliver of facilities that…are deemed to have the 'highest levels of security risk'" appeared to be on its way to approval earlier this week. However, that measure's approval "is now in question because of objections raised by Senator Susan Collins of Maine, Representative Peter T. King of New York, and Senator Judd Gregg of New Hampshire, all Republicans who hold powerful positions."

Bioterrorism Bill Gains Support In Congress. The Wall Street Journal (9/21, A5, Lueck, 2.03M) reports, "As military tribunals and wiretapping dominate Congress's pre-election agenda, biotech companies are pushing lawmakers to enact a less divisive -- and more lucrative -- homeland-security measure: a $1 billion fund for vaccines and treatments for anthrax, smallpox and pandemic flu. Since the anthrax attacks in October 2001, the biotech and venture-capital industries have seen new potential in developing products against bioterrorism. … But without greater support from the government, industry leaders say it is difficult, if not impossible, to bring their products to market." Though the industry's efforts have drawn bipartisan backing in both chambers, "the bill could stall amid a tight schedule on Capitol Hill and a climate in which Republicans and Democrats already are squabbling over counterterrorism measures."

CQ (9/21, Hopkins) reports, "The House Energy and Commerce Committee approved by voice vote Wednesday a bill that would create a new agency to research defenses against biological weapons and disease outbreaks. … The measure is aimed at streamlining the process of giving funds to pharmaceutical companies and academic institutions, with the goal of creating and producing more vaccines by directing the HHS secretary to award contracts, grants and cooperative agreements."

Mica Calls For Review Of Air Marshal Injuries. Following a report on the issue in Wednesday's newspapers, the Washington Times (9/21, Hudson, 88K) reports Rep. John L. Mica "yesterday said that Congress should review the large number of federal air marshals sidelined by injuries sustained while protecting passengers from another September 11-style terrorist attack. More than 2,100, or nearly half the Federal Air Marshals Service's peak force, have been awarded workers' compensation claims in the past three years, according to the Labor Department." Meanwhile, "In a written rebuttal provided last night, the Transportation Security Administration disputed The Times' report as 'inaccurate' and 'misleading.'"

WAR NEWS:

Bush Disputes Claim Iraq Is In Civil War. President Bush said on CNN's The Situation Room (9/20), "This notion that we are in civil war [in Iraq] is just not true." Bush added that there is "an unbelievable will and resiliency by the Iraqi people. Twelve million people voted last December. Admittedly, it seems like a decade ago. I like to tell people when the final history is written on Iraq, it will look like just a comma, because there is -- my point is, there is a strong will for democracy. These people want a unity government. The unity government is functioning. I'm impressed by President Maliki. I've talked to him. I've seen the decision-making process that he's put in place. The Iraqi army is still recruiting and training. … The Iraqi government and the Iraqi military is committed to keeping this country together. And so, therefore, I reject the notion that this country's in civil war based upon experts, not based upon people who are speculating."

Despite Rice's Comments, US Hopes For Malaki's Success Said To Be Fading. CBS Evening News (9/20, story 4, 1:15, Couric, 7.66M) interviewed Secretary of State Condoleezza Rice. Couric asked, "Now there is doubt that the Iraqi Prime Minister can really handle this, is sectarian violence that's going on in Iraq. The situation is terrible. How can this sectarian violence be decreased?" Condoleezza Rice, Secretary of State: "These are things that they have to decide and they have to disband the militias. But, you know, I heard many, many times of

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things that just couldn't be done, couldn't be done and then when they were done people look back and said, 'Oh, it was inevitable that that was going to be done.' I suspect given the commitment of this Iraqi government and, by the way, a prime minister of whom in we have enormous confidence because he is tough and he is making difficult decisions, I think you're going to see that this Iraqi government will get a handle on this sectarian violence. But it's going to take some time."

However, ABC World News (9/20, story 2, 1:50, Karl) reported US Officials are "privately expressing frustration with the government of Iraqi Prime Minister Nuri al Maliki. Officials say Maliki's government is not doing enough to win support of Iraq's Sunnis." Gen. Jack Keane (ret.): "They have been absolutely unable or unwilling to do anything about the Shia militia groups who are causing so much of the violence in Baghdad." Karl: "White House press secretary Tony Snow said today that reports that the President has lost faith in Prime Minister Maliki are absolutely false. He's been in office just four months, and there has been 'significant progress.' But, Charlie, many of the senior military officials I've spoken to, simply do not agree with that assessment."

In a news analysis article, the AP (9/21, Reid) reports, "Four months after Iraq's unity government took office, hope is turning to disappointment. Key U.S. leaders are hinting that Iraq's leaders must make hard decisions — and soon — if they expect American support to continue." Prime Minister Nouri al-Maliki's government "has failed to stop sectarian militias responsible for much of the bloodshed, or to make headway in luring Sunni Arabs away from the insurgency." In addition, Al-Maliki "has run into persistent trouble from U.S. critics in Congress angry at his recent meeting with Iran's president and his refusal to condemn the Hezbollah militia, which fought Israel." While publicly the Bush Administration "continues to offer strong support," President Bush "also offered a not-too-subtle hint that the American commitment to Iraq and its current government is not open-ended. The president said Iraqis could count on U.S. support 'so long as the government continues to make the tough choices necessary for peace to prevail.'"

Schieffer Compares Government's "Spinning" Of Iraq With Vietnam. On the CBS Evening News (9/20, story 11, 2:10, Couric, 7.66M), Face the Nation anchor Bob Schieffer said, "From the beginning there were those who saw Iraq as another Vietnam. I wasn't one of them because I saw Vietnam up close. During the Cold War, we chose Vietnam as the place to draw a line and tell the communists once and for all they could not cross it. Whatever Iraq is, it was never that. But I am beginning to see parallels in the remarkably similar way the government then and the government now reports war news. During Vietnam, the government was on a never ending search for good news, victory was always just around the corner. Over and over there were sightings at that light of the end of the tunnel." Iraq and Vietnam are "two different wars but when the government spin machine starts spinning, it is hard to tell the difference. Sadly, there is no difference on one point: We went to Vietnam with good intentions and a bad plan. We may have managed to do the same thing in Iraq."

McGovern Calls For Withdrawal Of US Troops From Iraq. In a USA Today op-ed (9/21), Rep. Jim McGovern calls for "the safe and orderly removal of U.S. troops. Whether through an immediate withdrawal, as I favor, or phased over a specific period of time, ending the U.S. military occupation could provide Iraq and the global community a fresh opportunity to carry out new ideas in a new context." It "might be too late to save Iraq, but removing the U.S. military from the quagmire there is the only way to force the Iraqis — and the international community — to finally begin to forge a better future for that country."

US Military Warns Of Spike In Violence, Al Qaeda Attacks In Iraq. NBC Nightly News (9/20, story 6, 1:20, Williams, 9.87M) reported, "In Iraq this evening top US generals are warning that the ongoing violence in Baghdad will likely get even worse during the Islamic holy month which begins this weekend. They say al Qaeda in Iraq has already stepped up attacks on American troops there. Violence killed some 65 people today alone in Iraq."

The AP (9/21, Quinn) reports top US generals "warned… that violence will increase in Baghdad during the Islamic holy month of Ramadan and said al-Qaida in Iraq already has intensified its assaults against American troops." Senior US military spokesman Maj. Gen. William B. Caldwell said, "If you historically look at this time period just before and going into Ramadan, there has unfortunately been an increase in violence. That, in fact, is occurring within the city." Caldwell "said Iraqi and U.S. forces were carrying out operations against insurgents and terrorists to 'disrupt their ability to coordinate violence prior to Ramadan.'"

CBS Evening News (9/20, story 3, 2:40, Couric, 7.66M) reported, "Here at home, a CBS News/New York Times poll finds more than half the American public believes pulling out of Iraq now despite what President Bush says would not mean defeat." CBS (Logan) added, "This past week in Iraq has seen a wave of bloodletting with suicide car bombings like this one in the northern city of Kirkuk as well as roadside bombs, execution style killings and attacks on US forces all on the rise. That's what the Army's top spokesman in Iraq admitted today." Major General William Caldwell, US Military spokesman: "Al Qaeda in Iraq insurgents and death squads have recently increased their attacks with the primary area being focused in the Baghdad area."

The Washington Post (9/21, A19, Raghavan, 748K) reports Gen. Caldwell said attacks "against U.S. troops have increased in the two weeks since al-Qaeda in Iraq's new leader urged insurgents to target American forces." Since the "threat posted on the Internet on Sept. 7 by Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, at least 23 servicemen have been killed, mostly by suicide car bombers or roadside bombs, according to U.S. military news releases."

Pentagon Survey Shows 75% Of Sunnis Support Insurgency. ABC World News (9/20, story 2, 1:50, Karl) reports, "ABC News has learned that that confidential Pentagon

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assessment says that the overwhelming majority of Iraq's Sunni Muslims support the insurgency, about 75%. That number has never been higher. In fact, when the Pentagon began doing surveying of public opinion in Iraq, support for the insurgents amongst Sunnis stood at just 14%."

UN Report Finds Violence Challenging "Fabric" Of Iraq. The Los Angeles Times (9/21, Roug, 918K) reports the UN "issued a somber human rights report Wednesday that focused on recent civilian deaths in Iraq, as at least 75 Iraqis were killed or found slain around the country." The report "says 3,009 people were killed in Iraq during August, down from 3,590 in July. It warns that although the rate had declined at the beginning of the month, it had escalated again by month's end, especially in Baghdad. The current level of violence, the report says, 'is challenging the very fabric of the country.'"

With Iraq Withdrawal Delayed, Army Faces Personnel Issues. The Los Angeles Times (9/21, Spiegel, Barnes, 918K) reports, "As prospects fade for US force reductions in Iraq, Army and Marine commanders have been stepping up their warnings that the pace of troop deployments is increasingly straining the military and threatening to cause long-term damage." A "senior Pentagon official involved in long-term planning said the concerns had reached such a level that top Army leaders broached the issue of changing deployment rules to allow for more frequent call-ups" than the two out of every five years for "National Guard and Reserve units to relieve pressure on the active duty Army." While "the issue of revising the two-year limit is fraught with political risk," without a change, the army "would be forced to consider a push for an expansion of its active duty force." While "the Marine Corps has expressed less alarm about the high rate of deployments," defense officials said "Gen. Michael W. Hagee, the Corps' commandant, had begun discussing his need to focus on force levels out of concern that 'significant personnel issues' could develop. Similarly, "some former senior military officials said that without a substantial draw-down, the military will face personnel issues."

The AP (9/21, Burns) adds that the choice between expanding the army or calling up the National Guard more frequently "is looming in light of the fact that the simultaneous wars in Iraq and Afghanistan have put the Army under enormous strain." Army brigades "are cycling in and out of Iraq and Afghanistan at a faster pace than the goal of one year deployed for every two years at home,' and a senior defense official said, "'I don't know how long' that can go on."

Iraqi Government Replaces Lead Judge In Saddam Trial. CBS Evening News (9/20, story 3, 2:40, Logan, 7.66M) reported, "The trial of Iraq's former dictator slipped even further into the farce today. Iraq's government fired the chief judge last night for being too lenient. The new man in charge immediately faced a walkout from the defense team and shortly afterwards ejected an aggressive Saddam from the court. Outside the court, farce has turned to tragedy for the defense team. Four have already been murdered."

The AP (9/21, Yacoub, Halaby) reports new chief judge Mohammed Oreibi al-Khalifa "threw the former Iraqi president out of court Wednesday, and his lawyers stormed out in protest. A leading human rights group charged that the government's decision to replace the former chief judge, Abdullah al-Amiri, threatens the independence of the troubled tribunal." The government "removed al-Amiri, who angered Kurds by declaring last week that Saddam was 'not a dictator.'"

The Los Angeles Times (9/21, Roug, 918K) reports "in the genocide trial of Saddam Hussein and six codefendants, theatrics and shenanigans are par for the course." After Saddam was escorted from the room, "Kurdish villagers testified about chemical attacks. The defendants are accused of orchestrating a brutal military offensive known as the Anfal campaign that killed as many as 100,000 Kurds in northern Iraq in 1987 and 1988."

The Washington Post (9/21, A19, Paley, 748K) reports human rights groups "and international legal observers condemned the government's intervention and said it would undermine Iraq's nascent judicial system by sending a message to judges that they must toe a politically correct line or risk being fired." But Iraqi and US officials "said the move to oust Amiri did not erode the independence of the judiciary. 'There is no interference with the decisions and the daily work of the court,' said Ali al-Dabbagh, a government spokesman."

NYTimes Criticizes Replacement Of Saddam Trial Judge. The New York Times (9/21, 1.21M) says in an editorial that the trial of Saddam for the 1988 Anfal campaign "is likely to spawn more cynicism and division after the Iraqi government fired the court's chief judge this week for allegedly being too sympathetic to Mr. Hussein. Sunni politicians immediately accused the Shiite and Kurdish dominated government of violating the independence of the judiciary. Legal experts raised similar fears."

NATO Commander Says Up To 1,500 Taliban Killed In Offensive. USA Today (9/21, 2.27M) reports NATO's offensive "against insurgents in southern Afghanistan killed up to 1,500 Taliban fighters, a large chunk of the militants' force, NATO's supreme allied commander for Europe said Wednesday." The "casualty toll given by U.S. Marine Gen. James Jones is higher than the 510 that Western alliance spokespersons gave during the two-week operation. Five Canadians and 14 Britons died in the offensive, and 20,000 villagers were displaced, Jones said." He added the Taliban "suffered a tactical defeat," but "I don't think they've been totally defeated."

The Washington Times (9/21, Scarborough, 88K) reports Gen. Jones said "Taliban insurgents have retreated in southern Afghanistan after taking heavy losses from a British-led force of U.S. allies and that a reconstruction phase has begun." Gen. Jones said, "The Taliban decided to make a test case of this region. The outcome of it was that they retreated and we are now in the consolidation phrase and we are going to start to bring aid and reconstruction to the region." The Times adds Gen. Jones "recapped months of fighting in Operation Medusa in southern Afghanistan around Kandahar, the Taliban's birthplace."

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The AP (9/21, Baldor) reports Gen. Jones said after "weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering." Jones said "requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters." Jones "offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat."

The Washington Post (9/21, A21, Tyson, 748K) reports Gen. Jones "said NATO members Romania, Poland, Canada, the United Kingdom and other countries would begin deploying from 2,000 to 2,500 additional troops to Afghanistan beginning next month to bolster the 20,000-strong NATO contingent." NATO "called for the fresh forces as it engaged in a major offensive this month that Jones said has killed about 1,000 Taliban fighters who massed against NATO troops near Kandahar in southern Afghanistan, the Taliban's traditional stronghold."

US Applying Classic Counterinsurgency Theory In Eastern Afghanistan. The Washington Post (9/21, A21, Constable, 748K) reports that in Kandagal, the "stout new wood-plank bridge over the Pech River, paid for by the U.S. Army, was a strategic gift to the people of this remote area of eastern Afghanistan, where insurgents are active. The aim: to open the river's valley to markets and health care and thereby strengthen local support for the central government." But even "as US and Afghan officials landed by helicopter in a cornfield Monday and snipped a ceremonial pink ribbon across the bridge, U.S. and Afghan soldiers were blockading the only road into the nearby Korengal Valley. Officials said some local tribes there had helped Taliban forces regroup after they were driven out of the area by the U.S.-led Operation Mountain Lion in April." Lt. Col. Christopher Cavoli, "commander of U.S. military forces in Konar province, who called the bridge and blockade combination a textbook application of counterinsurgency theory."

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Fisher Confirmed As Assistant AG While Public Integrity Slot Remains Unfilled. Roll Call (9/21, Kane) reports, "The Justice Department's top criminal prosecutor won Senate confirmation Tuesday, just days after announcing the first felony plea agreement from a Member of Congress directly connected to the long-running probe of ex-lobbyist Jack Abramoff. … But the confirmation of Alice Fisher to be assistant attorney general — she had been serving in an acting capacity as head of the criminal division — comes as the department is still searching for a permanent chief of the Public Integrity Section, which has gone without a full-time boss since mid-January." Roll Call continues, "Fisher's confirmation had been delayed for more than a year because Democrats questioned what role, if any, she might have played in Justice's formulation of legal briefs in support of controversial interrogation techniques on alleged terrorists being held at U.S. military facilities at Guantanamo Bay. … Republicans countered that Democrats were holding her nomination hostage in an effort to force the White House to turn over documents that might be embarrassing, trying to score political points with a critical nomination." Roll Call adds, "In addition to overseeing the prosecutions of terrorist trials, Fisher will continue to manage the growing Congressional corruption scandals. Justice got its highest-profile target to date last week when Rep. Bob Ney (R-Ohio) signed a plea agreement for three felony counts of accepting illegal gifts from Abramoff and a Syrian-born arms dealer and lying about them on federal forms. … While Fisher announced the deal outside Justice's headquarters, the investigation has been led by a team of career prosecutors in the Public Integrity Section. … A Justice spokesman said those prosecutors are continuing to build cases despite the ongoing vacancy of a permanent chief of their division. … 'They're moving ahead full steam,' said Bryan Sierra." Roll Call notes, "Public Integrity lost its top prosecutor, Noel Hillman, in mid-January when he was nominated for a federal judgeship in New Jersey, to which he was confirmed in the spring. At the time Hillman temporarily was replaced by Andrew Lourie, an assistant U.S. attorney in the West Palm Beach, Fla., office who previously had worked with Hillman at Public Integrity."

Corporate Scandals:

HP Leak Probe Included "Sting" Of Reporter. The Washington Post (9/21, A1, Nakashima, Noguchi) reports, "Hewlett-Packard Co. chief executive Mark V. Hurd approved an elaborate 'sting' operation on a reporter in February in an attempt to plug leaks to the media, according to an e-mail message sent by HP Chairman Patricia C. Dunn." The Post continues, "The document, one of more than two dozen e-mails obtained by The Washington Post, for the first time links Hurd to an internal investigation of media leaks that has led to criminal probes and will be the subject of a congressional hearing next week." The Post adds, "Internal e-mails show senior HP employees who were given the task of identifying anonymous news sources concocted a fictitious, high-level HP tipster who sent bogus information to a San Francisco reporter in an attempt to trick her into revealing her sources. … The e-mail sting operation, which was part of a wide-ranging two-part HP investigation that began in March 2005 and ended in May 2006, is the latest in a series of deceptive and possibly illegal tactics that reveal the lengths to which HP went to spy on people inside and outside the company to protect its image and secrets." The Post notes, "HP's leak investigation involved planting false documents, following HP board members and journalists, watching their homes, and obtaining calling records for hundreds of phone numbers belonging to HP directors, journalists and their spouses, according to a consultant's report and the e-mails. … The e-mail operation demonstrated an intense degree of attention by Dunn, who often sent messages via a BlackBerry

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device, and by senior HP executives attempting to cultivate and trick a news reporter to find the identity of her source."

The AP (9/21, Bergstein) reports, "Hewlett-Packard Co. may be the world's largest technology company, but the superlative that better suits it these days is Provider of the World's Strangest Corporate Drama. … For two weeks, almost every day has brought revelations of questionable tactics that HP investigators used this year and last to root out who had been describing boardroom deliberations to the media. Corporate intelligence is an old and frequently practiced art, but HP's efforts feel more Watergate than Wall Street." The AP adds, "Not only did investigators impersonate board members, employees and journalists to obtain their phone records, but according to multiple reports, they also surveilled an HP director and a reporter for CNet Networks Inc. They sent monitoring spyware in an e-mail to that reporter by concocting a phony story tip. … They even snooped on the phone records of former CEO and Chairwoman Carly Fiorina, who had launched the quest to identify media sources in the first place. … And in a twist that might seem preposterous if it happened in a movie, The New York Times reported that HP consultants considered hiring spies to pose as clerical or custodial workers at CNet and The Wall Street Journal. … Jeffrey Sonnenfeld, senior associate dean at the Yale School of Management, said the HP affair stands out even against similar episodes from the past, such as the 1991 incident in which Procter & Gamble Co. persuaded authorities to mine 803,000 phone bills to track leaks to a Wall Street Journal reporter."

House Committee Seeks More Testimony From HP Officials. USA Today (9/21, Hopkins) reports, "Raising pressure on Hewlett-Packard, a congressional panel investigating HP's boardroom spying scandal is seeking testimony from two more company executives at a high-profile hearing next week." USA continues, "The House Energy and Commerce Committee on Wednesday said it had added to its witness list Kevin Hunsaker, an HP attorney, and Fred Adler, an HP computer security investigator. … They would join a growing parade of witnesses: Chairman Patricia Dunn; top in-house attorney Ann Baskins; and a prominent Silicon Valley attorney, Larry Sonsini, whose firm represents HP." USA adds, "The Sept. 28 hearing focuses on an HP internal investigation of news leaks from its board of directors. That investigation — and the revelations of the controversial tactics the company's investigators used — has plunged HP into a crisis and prompted a raft of law-enforcement investigations in the past month. The panel gave Hunsaker and Adler until today to reply. … The committee also is seeking testimony from Anthony Gentilucci, which it says is HP's global security manager, and two private investigators tied to the matter: Ron DeLia, operator of Security Outsourcing Solutions in Boston; and Joe Depante, owner of Action Research Group in Melbourne, Fla."

HP CEO To Discuss Leak Probe On Friday. Bloomberg (9/21, Guglielmo) reports, "Hewlett-Packard Co. Chief Executive Officer Mark Hurd will discuss the company's investigation into the source of news leaks at a press conference on Sept. 22." Bloomberg continues, "Timing and the location of the event, to be held in the California Bay Area, haven't yet been determined, spokesman Ryan Donovan said today in an interview. … Hurd, whose comments so far have been limited to prepared statements and a videotaped presentation to employees, may seek to defuse the widening scandal over the methods used to identify the source of boardroom leaks. Chairwoman Patricia Dunn, General Counsel Ann Baskins and Hewlett-Packard's outside attorney, Larry Sonsini, have agreed to appear before a U.S. House committee on Sept. 28 to discuss the probe." Bloomberg adds, "California Attorney General Bill Lockyer, the U.S. Justice Department and the Federal Bureau of Investigation are reviewing the company's tactics to determine if crimes were committed."

Amaranth Fund Losses Force Energy Trade Transfer. The Wall Street Journal (9/21, Davis, Sender, Zuckerman) reports, "Two big firms deepened their exposure to a tricky market by acquiring the energy portfolio of Amaranth Advisors, the hedge fund that now says it lost roughly $6 billion since the beginning of September, mostly on bad natural-gas bets." The Journal continues, "To forestall a shutdown of the increasingly shaky hedge fund, J.P. Morgan Chase & Co. and hedge fund Citadel Investment Group LLC took over the investments. The new owners will share profits and losses." The Journal adds, "Amaranth also has sold nonenergy investments to meet demands from investors for withdrawals and from brokers for more collateral, people familiar with its portfolio say. Some investments were in loans and other investments that aren't easy to unload without discounts. … In a letter to investors last night, Amaranth said transferring its investments prevented further losses, kept it out of default with brokers and decreased its loans and other leverage. But it did so 'at a price that resulted in additional significant losses.' It estimates its holdings dropped 65% in September alone and that year-to-date losses were 55%. That revised estimate means its assets fell from about $9 billion Sept. 1 to just over $3 billion. Previously, it said year-to-date losses were 35%, putting assets at about $4.5 billion. The firm also confirmed that brokers' demands last week for more collateral to back its losing trades 'created serious' cash-flow problems and default risks. It said it would brief investors tomorrow and was 'determined to earn back its investors' trust.'"

The Providence Journal/Bloomberg (9/21, Burton, Leising) reports, "Amaranth was forced to unload the trades after swings in natural-gas prices last week turned it into the biggest hedge fund meltdown since Long-Term Capital Management LP's 1998 collapse. By transferring the bets, Amaranth would stem its losses and the new investor would be at risk of any further declines in the gas market. … Also yesterday, 3M Co., Goldman Sachs Group Inc. and San Diego County's retirement fund say the meltdown of Amaranth may cost them millions. … The $9.2-billion pension fund of 3M, maker of Post-it Notes and electronics and cleaning products, gave less than $92 million to Amaranth, according to Jacqueline Berry, a spokeswoman for the St. Paul, Minn.-based company. Goldman Sachs Hedge Fund Partners LLC has about $13 million with the firm, according to a regulatory filing."

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Fastow Requests Lenient Sentence For Enron Role. The Washington Post (9/21, D3, Johnson) reports, "Lawyers for former Enron Corp. finance chief Andrew S. Fastow are asking a judge for leniency in advance of his sentencing on conspiracy charges next week, according to court papers filed in Houston." The Post continues, "Fastow's defense lawyers cited letters from unnamed teachers, friends and relatives who say that Fastow has 'stepped up to take responsibility' and has expressed 'full remorse' for his role in disguising financial problems at the Houston energy company. Enron's December 2001 collapse cost investors and employees billions of dollars." The Post adds, "Over the past two years, Fastow, 44, has helped victims of Hurricane Katrina and volunteered with Meals on Wheels and at his synagogue, where he has taught classes, built a playground and picnic table, and mowed the lawn. 'He is a changed man,' the court filing said." The Post notes, "Fastow pleaded guilty to two conspiracy charges in January 2004, agreeing to a 10-year maximum prison sentence in exchange for testifying against onetime chief executives Jeffrey K. Skilling and Kenneth L. Lay. During the trial, in which defense lawyers challenged his veracity, Fastow told the jury he 'destroyed' his life and was 'ashamed to the core.' … A jury convicted both men in May. Skilling, who is to be sentenced next month, has vowed to appeal. Lay died of heart disease in July."

Skilling Arrested For Public Intoxication. The Houston Chronicle (9/21, Hays, Fowler, Korosec) reports, "Former Enron CEO Jeffrey Skilling was arrested and accused of public intoxication in Dallas earlier this month, but he will not go to jail early for violating the terms of his $5 million bond." The Chronicle continues, "According to a Dallas Police Department report, Skilling was arrested about 1:45 a.m. Sept. 9 in the 3600 block of McKinney Avenue in Dallas. … Skilling was not drinking when he was arrested and did not resist arrest, according to the report." The Chronicle adds, "A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its Enron investigation following the company's 2001 crash. He plans to appeal. … He faces 20 to 30 years in prison, and currently is scheduled for sentencing on Oct. 23. … 'Jeff is doing the very best he can to deal with a nearly impossible situation,' his lead attorney, Daniel Petrocelli, said today." The Chronicle notes, "Public intoxication is a Class C misdemeanor, subject to a fine of up to $500 but no prison time. He was assessed a $385 ticket and was held briefly in a city jail. … Skilling reported his arrest to pre-trial services the next day, Petrocelli said. The incident was investigated and the court required him to increase the frequency of his visits with mental health and alcohol treatment counselors. … Sean Berkowitz, director of the Justice Department's Enron Task Force who cross-examined Skilling during the ex-CEO's lengthy trial testimony, declined comment today on the incident."

SEC Bans "Stealth Restating" Of Earnings. The Wall Street Journal (9/21, Reilly) reports, "The Securities and Exchange Commission has a message for public companies: Fess up to bad news. … At issue is guidance from the regulator that companies shouldn't try to sweep under the carpet errors in their financial results. In recent years, scores of companies have changed previously reported figures via what critics call 'stealth restatements,' commonly including the new, different figures in subsequent securities filings. The SEC's stand: Such changes constitute information that is material to investors and thus needs to be formally disclosed in a restatement filing clearly labeled as such." The Journal continues, "As a result, some companies are announcing restatements to earnings reports they made months ago. … The SEC's new push on stealth restatements follows on the heels of a report released this summer by the Government Accountability Office, the investigative arm of Congress, which found that about 17% of public companies restating results between August 2004 and September 2005 failed to 'file the proper disclosure.'"

CRIMINAL LAW:

"Abramoff Associates" Norquist, Reed Made Numerous Visits To Bush White House. Under the headline "Abramoff Associates, Bush Aides Met Often," the Washington Post/AP (9/21, A11) reports, "Former associates of disgraced lobbyist Jack Abramoff had dozens of appointments with Bush administration staff members, according to Secret Service visitor logs the White House released yesterday to settle a lawsuit by the Democratic Party and an ethics watchdog group." Grover Norquist and Ralph Reed, "political allies of President Bush and longtime Abramoff associates, totaled more than 100 visits to the Bush White House." The AP adds, "Among others who visited White House staff members are two former Abramoff lobbying associates who have also pleaded guilty in the ongoing lobbying probe. Neil Volz, an aide to Rep. Robert W. Ney (R-Ohio) before joining Abramoff's lobbying team, had 18 appointments with White House aides. Tony Rudy, an aide to then-Rep. Tom DeLay (R-Tex.), visited the Bush White House 13 times. Former Abramoff lobbying associate Kevin Ring, a former aide to Rep. John T. Doolittle (R-Calif.), had 21, and lobbyist Shawn Vasell had 18 -- two this year."

The AP (9/21, Solomon, Theimer) reports, "White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex between 2001 and 2006, including a half-dozen with the president." Reed, "former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia earlier this year, got 18 meetings, including two events with Bush." Officials "said they believe all appointments with Bush involved larger group settings, such as Christmas parties or policy briefings for GOP supporters." White House spokeswoman Dana Perino said, however, "it was possible some of Norquist's meetings might have been directly with Karl Rove, the president's longtime confidant and political strategist. 'He is one of a number of individuals who worked to advance fiscal responsibility, which is one of the key aspects of the president's agenda,' Perino said."

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The New York Times (9/21, 1.21M) runs a brief summary of the same AP story.

McNulty Expresses DOJ Opposition To Shield Law. The AP (9/21, Yen) reports, "The No. 2 official at the Justice Department said Wednesday that a shield law for reporters would encourage leaks of classified information." The AP continues, "At a Senate Judiciary Committee hearing, Deputy Attorney General Paul McNulty also said the proposal to protect reporters from having to identify their sources would 'significantly weaken' the department's ability to obtain information it needs to protect national security. … Senate Judiciary Committee Chairman Arlen Specter, R-Pa., rejected McNulty's opposition, saying he wants to push forward with the bill, inspired in part by last year's jailing of journalist Judith Miller, then of The New York Times." The AP continues, "Miller had refused to cooperate with prosecutors in the Valerie Plame leak investigation. She subsequently disclosed that the source who told her of Plame's CIA identity had been Vice President Dick Cheney's now-indicted former chief of staff, I. Lewis Libby. … The Senate proposal would allow reporters to protect their confidential sources only in some instances. There would be exemptions in cases involving guilt or innocence, death or bodily harm, eyewitness accounts of criminal activity, and unauthorized disclosure of properly classified information. … McNulty said an exemption for national security was inadequate because the government would have to prove in court that a news leak harmed security. The Senate legislation would inject the federal judiciary 'to an extraordinary degree' into executive branch functions, said McNulty." The AP notes, "A former solicitor general in the Bush administration, Theodore Olson, supported a shield law, saying it would promote investigative journalism. … 'Naturally, the Department of Justice does not want its judgments second-guessed by courts,' Olson testified. But Congress should not recoil from ensuring judicial oversight on government decisions such as warrants for eavesdropping on phone conversations, Olson said."

LATimes Opposes Jailing Reporters In Grand Jury Leak Case. The Los Angeles Times (9/21, 918K) editorializes, "San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about" a steroids case. If they don't, "the judge could put them behind bars until they change their minds." Prosecutors "have at their disposal the full investigative power of the US government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources."

Suspect Pleads Guilty To Murder Of Reporter In DC. The Washington Post (9/21, B2, Cauvin) reports, "One of the men charged with killing New York Times journalist David E. Rosenbaum pleaded guilty yesterday to murder and conspiracy charges." The Post continues, "The surprise plea by Michael Hamlin, just a month before the first trial in the case was to begin, indicates that he could testify against his accused accomplice -- a cousin, Percey Jordan. .. . Hamlin, 24, told a D.C. Superior Court judge that he and Jordan attacked Rosenbaum in January as the 63-year-old journalist was walking in his Northwest Washington neighborhood." The Post adds, "With Hamlin's family looking on from a few rows behind Rosenbaum's relatives, he pleaded guilty to second-degree murder, conspiracy and conspiracy to commit robbery -- offenses that collectively carry a maximum penalty of 60 years in prison. … But a long sentence is unlikely. As part of the plea agreement, prosecutors will not seek a sentence above the maximum calculated under Superior Court's voluntary sentencing guidelines, which probably would mean a term of 15 to 35 years."

The New York Times (9/21, Files) reports, "Mr. Hamlin pleaded guilty to charges of second-degree murder, conspiracy to commit robbery and robbery. He said that on the night of Jan. 6, he stole Mr. Rosenbaum's wallet and that Mr. Jordan struck Mr. Rosenbaum on the head with a metal pipe; they divided his money and credit cards and used the cards at stores including a pharmacy, gas station and grocery. … Mr. Rosenbaum, who was found lying semiconscious on a sidewalk near his home that night, died two days later. The authorities attributed the cause of death to blunt force trauma to his head, neck and body." The Times adds, "Judge Erik P. Christian of Superior Court ordered a sentencing hearing for Dec. 19. Lawyers for Mr. Hamlin said he had accepted responsibility for his role in attacking Mr. Rosenbaum, who was 63 and had worked for The Times for more than 37 years as a reporter and an editor and had planned to continue contributing articles in retirement."

The Washington Times (9/21, Mcelhatton) reports, "A graduate of Anacostia High School, Hamlin was employed as a trash truck driver in Virginia at the time of his arrest. He turned himself in after seeing his picture on television during coverage of the beating." The Times adds, "Stephen Mercer, an attorney for Hamlin, called his client 'a young man who was led astray' and who had 'a very strong family.' … Assistant U.S. Attorney Amanda Haines said Hamlin and Jordan drove to Northwest in Hamlin's car after they agreed to commit a robbery together."

Local Television. The Guilty plea from one of the two men charged in the killing of New York Times Journalist David Rosenbaum received reasonable coverage by the nation's capital's newscats. The focus was mainly on the "surprise plea deal," but also on the reaction of Rosenbaum's family. Some examples, NC8-TV Washington, DC, (9/20, 10:02 p.m.) reported, "One of the men accused of killing a retired New York times reporter made a surprise plea deal Wednesday. Michael Hamlin admitted to mugging New York Times editor David Rosenbaum back in January near Rosenbaum's upper northwest home. In court, Hamlin said he drove to Gramercy street with his cousin Percy Jordan, where they spotted Rosenbaum taking a walk, hit Rosenbaum with a pipe while Hamlin took his wallet. The Rosenbaum family spoke after court. Mark Rosenbaum, victim's brother: 'He did a horrible thing and he's taken responsibility for it.

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… We hope Mr. Hamlin will spend a long time in prison to think about what he has done and we hope he will think about it as long as we will be thinking about my brother.' Prosecutors say after the robbery. Hamlin and Jordan filled up their car at a nearby gas station, using Rosenbaum's credit card."

WUSA-TV Washington, DC (9/20, 12:02 p.m.) reported, "It comes as a surprise. One of the suspects charged in the death of New York Times journalist David Rosenbaum agreed to a plea deal. The trial against Michael Hamlin was supposed to begin in less than a month. This morning, he pleaded guilty to murder and robbery charges and as part of the deal, Hamlin will testify against his alleged accomplice."

WJLA-TV Washington, DC, (9/20, 5:00 p.m.) reported, "The family of David Rosenbaum today is very happy that Michael Hamlin has taken responsibility for his actions. A family member in the crowded courtroom called out, 'I love you, Michael' just before Michael Hamlin admitted to his part in the murder of 'New York Times' editor Rosenbaum. … Police tell us Hamlin and Jordan had been working together for several months and were responsible for nearly two dozen robberies in the area. Hamlin's attorney said his client was under the influence of his older cousin who led him astray."

WTTG-TV Washington, DC, (9/20, 12:02 p.m.) reported, "Rosenbaum's brother and children came to court. They say they value the fact that Hamlin took responsibility for his actions."

California Man Charged With Serving As Unregistered Iraqi Agent. In a widely-distributed story, the AP (9/21, Marquez) reports, "A man accused of collecting intelligence for Saddam Hussein's regime during the 1990s was indicted on charges of failing to register as an agent of a foreign government, authorities said Wednesday. William Shaoul Benjamin, 64, of Los Angeles also faces charges of making false statements and conspiracy, according to the FBI. On Monday, Benjamin, an Iraqi-born naturalized citizen, pleaded not guilty and was released on $500,000 bond with electric monitoring following his arrest on Sept. 14." The AP adds, "The FBI says that he not only failed to state he was a paid source for Iraq intelligence in his application for U.S. citizenship, but also falsely declared that he had renounced allegiance to Iraq."

The Los Angeles Times (9/21, Mozingo, 918K) reports, "According to the federal grand jury indictment, returned in June and unsealed Sept. 14, Benjamin is accused of working for the Iraqi Intelligence Service from 1993 to 2001, under the codename '9211.' The indictment alleges that Benjamin met with intelligence service officers in Iraq and Tunisia, and received three payments totaling $8,500, as well as two bottles of whiskey. … The indictment did not say which groups were allegedly infiltrated. Several local Muslim leaders with ties to the Iraqi community said they had never heard of Benjamin."

Minnesota Senate Campaign Aide Fired Over Leaked Ad. The St. Paul Pioneer Press (9/21, Stassen-Berger) reports, "Democrat Amy Klobuchar's U.S. Senate campaign communications director resigned this week after she viewed and shared a possibly fraudulently obtained campaign ad for U.S. Rep. Mark Kennedy, Republican opponent, the campaign disclosed Wednesday. … According to the Klobuchar campaign, a blogger sent Klobuchar's former Communications Director, Tara McGuinness, the Kennedy campaign ad on Saturday. She was told the ad was obtained through, 'use of passwords.'" The Pioneer-Press notes Klobuchar campaign manager Ben Goldfarb said that "the FBI hadn't interviewed anyone with Klobuchar's campaign by Wednesday."

The AP (9/21, Condon) reports, "At a hastily called press conference late Wednesday, Noah Kunin, who maintains the liberal blog http://www.blanked-out.com, revealed that he uncovered the ad. … 'At no point in the process did I circumvent security measures,' said Kunin, 24. 'The Web site containing this ad can be accessed by anyone with Internet access. It was in no way secured.'" The AP notes, "FBI spokesman Paul McCabe confirmed his office had been contacted by the Klobuchar campaign. 'We are currently reviewing the facts of this matter to determine if there was any violation of federal law,' McCabe said. … Goldfarb said the Klobuchar campaign wouldn't answer any more questions about the matter while the FBI was investigating it."

Virginia Doctor Convicted Of Obstructing FBI Corruption Probe. The AP (9/20) reported, "A Petersburg doctor has been convicted of obstructing an FBI investigation and making a false statement after federal authorities say he signed two competency letters that helped a Virginia lawmaker commit bank fraud." Dr. Clarence Scranage Jr. "faces up to 25 years in prison and $500,000 in fines when he's sentenced on Dec. 15. A federal jury convicted Scranage Tuesday, according to Chuck Rosenberg, United States Attorney for the Eastern District of Virginia. The FBI and Virginia State Police led the investigation against Scranage." The AP noted, "The charges relate to a 2004 joint investigation of Virginia Del. Fenton Bland," who "is serving a 57-month federal prison sentence for forging deeds to property owned by an elderly Petersburg resident."

New York Police Superintendent Rejects Criticism Of Phillips Search. The AP (9/21, Gormley) reports New York State Police Superintendent Wayne Bennett "on Wednesday rejected allegations of mismanagement that prompted a state assemblyman to call for an independent investigation into how the manhunt for Ralph 'Bucky' Phillips was handled. 'I think there should be something more, based on this,' said Assemblyman William Parment, referring to complaints from the state troopers union released in a letter Tuesday," but "Bennett said the internal review already under way would address all questions." The AP adds, "Bennett said he would welcome an independent investigation, but he wouldn't call for one since the State Police can do the job. 'I can tell you there is no credibility to some of these allegations,' he said, for example that state police turned away FBI assistance."

The New York Times (9/21, Wilson, 1.21M) reports, "The manhunt began in earnest after the June 10 shooting, but for

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many weeks that followed the state troopers rebuffed an offer of help from the F.B.I.," Police Benevolent Association president Daniel M. DeFedericis "said in an interview yesterday. 'We do have evidence that the F.B.I. both was given the impression and felt they were not wanted on that detail,' he said. 'Hence, they left it.'" But Bennett "said the F.B.I. agents in question were part of a tactical group meant to capture Mr. Phillips once his location was known, which was not the case at the time, and that both the F.B.I. and the state police agreed that the agents were needed elsewhere. Paul Moskal, a special agent and spokesman for the Buffalo F.B.I. office, declined to comment on the matter and referred questions to the state police."

Gotti Jurors Ask Judge About Statute Of Limitations, Review Jailhouse Recording. The New York Daily News (9/21, Zambito, 729K) reports that at the retrial of John "Junior" Gotti yesterday, "jurors sent a note…to Manhattan Federal Court Judge Shira Scheindlin asking whether they must find that Gotti…continued to be involved in construction extortion after 1999 in order to find him guilty. And they asked to listen to a March 2003 tape of Gotti and pal Steve Dobies discussing the failed startup of a prison magazine that would dispense legal advice and feature photos of rapper babes." The Daily News notes, "In order to find him guilty of participating in a racketeering conspiracy, prosecutors must prove that he participated in at least one crime after 1999, five years from his 2004 indictment."

Bonanno Capos Sentenced To 15 Years In Prison For Mob Murder. The New York Post (9/21, Haberman, 608K) reports, "Bonanno crime-family big Louis 'Louie Ha Ha' Attanasio was sentenced to 15 years behind bars yesterday for whacking another mobster. Attanasio, 62, and fellow capo Peter 'Rabbit' Calabrese, 58, who was also given a 15-year prison stint yesterday, both pleaded guilty last month to murdering Cesar Bonventre, a member of the family's Sicilian faction. Former godfather Joe Massino ordered the gangland hit after Bonventre fell out of favor with him. Attanasio admitted to shooting Bonventre in the back of the head as they sat in a car parked inside a garage in Maspeth, Queens, in 1984."

Former SBC Employee Denies Committing Perjury In Pellicano Probe. The Los Angeles Times (9/21, Krikorian, 918K) reports, "A former SBC employee denied Wednesday that she lied to a federal grand jury about her contacts with a co-worker who has been indicted in the racketeering and wiretapping case of indicted private investigator Anthony Pellicano. Facing five counts of perjury, Joann Wiggan…also testified that whatever calls she made to or received from her former co-worker, Ray Turner, had nothing to do with his alleged involvement in accessing confidential phone records for Pellicano." On Tuesday, "prosecutors said that two other ex-SBC employees who have admitted illegally providing confidential phone company information to Turner were contacting him at the same time as Wiggan. But the former SBC employees, Teresa Wright and Michele Malkin, testified Wednesday…that they did not know Wiggan. Other government witnesses, including an FBI agent and an SBC security official, testified that they had no way of knowing what Turner and Wiggan talked about, or even if the many calls between their home, work and cellphones were made by them or others with access to those phones."

Initiative Aims At Closing Child Pornography Web Sites. The New York Times (9/21, Eichenwald) reports, "As part of the battle against the spread of child pornography on the Internet, an initiative has begun allowing for the shutdown or blocking of sites offering illicit images of minors, even in cases where no criminal investigation is being conducted." The Times continues, "The initiative, expected to be announced today at a Congressional hearing, is part of an effort among a group of Internet service providers and the National Center for Missing and Exploited Children." The Times adds, "Until now, the decisions to close child pornography sites were ad hoc, based on thousands of referrals to the service providers and the Cybertipline of the center. .. . Often such shutdowns did not occur, and many times closings were reserved for sites that were the targets of criminal investigations. .. . But in an inquiry this year by the Investigations and Oversight Subcommittee of the House Energy and Commerce Committee, lawmakers learned of an aggressive effort in Britain to shut or block access to identified sites. … That effort, run by the Internet Watch Foundation, resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent this year from 18 percent in 1997. … In that period, the percentage of such sites based in the United States rose, to almost 50 percent, officials said." The Times notes, "The chairman of the House committee, Representative Joe Barton, Republican of Texas, asked the center why the United States did not have a similar effort. In response, officials with the center joined with Internet service providers to begin the initiative. … In prepared testimony to be delivered today to the subcommittee, the president of the center, Ernie Allen, credits Mr. Barton as the catalyst for the initiative."

Status Of Burns In Corruption Probe Unclear. The Montana Standard (9/21, McKee) reports, "Sen. Conrad Burns' re-election campaign revealed this week that Burns is not the 'target' of an ongoing federal probe into lobbying and corruption, but that doesn't mean the three-term incumbent is not a 'subject' of the probe. … The distinction stems from definitions spelled out in an exhaustive U.S. Justice Department manual. It defines the 'target' of an investigation as someone about whom 'substantial evidence linking him or her to the commission of a crime' exists. Targets of investigations are presumed to be the prospects for future charges. … 'Subjects' of investigations are different. The manual defines subject as a 'person whose conduct is within the scope of' an investigation." The Standard adds, "Ralph Caccia, Burns' Washington-based criminal defense attorney spoke with Justice Department officials this week, who confirmed that Burns was not the 'target' of the investigation. … Asked if Burns might be the 'subject' of an investigation, Erik Iverson, Burns' campaign manager said he was 'not going to speculate.'" The Standard

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notes, "Iverson said Caccia's conversation with the Justice Department came in response to comments this week by Jim Farrell, executive director of the Montana Democratic Party. Farrell told a Montana television station that 'we know from many sources now that Senator Conrad Burns is the target, in fact, the center of this (investigation).' … Iverson said Farrell was referring to the Justice Department definition of 'target.'"

Arrest Made In Colorado Dragging Death. The Washington Times (9/21, Richardson) reports, "An arrest was made late Tuesday in the vehicle-dragging death of a Colorado woman, with authorities charging a man who left behind a photo of himself at the crime scene and is suspected of being an illegal alien." The Times continues, "Jose Luis Rubi-Nava, 36, was being held without bail yesterday on first-degree murder charges. Douglas County Sheriff Dave Weaver said he had placed an immigration hold on the prisoner and notified Immigration and Customs Enforcement of the arrest. … Investigators tracked down the suspect after finding a photograph of him and a woman at the crime scene in the Surrey Ridge subdivision, Sheriff Weaver said. … 'It has not been determined if the female in the photograph is our deceased victim,' he said." The Times adds, "Identifying the victim, whose body was found Monday, has been difficult because her face was unrecognizable after she was dragged for about 1½ miles on a paved road in the rural community about 20 miles south of Denver. … Preliminary autopsy results say that the victim was alive when she was tied to the vehicle and that she died of asphyxiation and head injuries. An orange tow rope was found around her neck." The Times notes, "Rep. Tom Tancredo, whose district includes the Surrey Ridge neighborhood, said the federal government shared 'a certain degree of responsibility' for the woman's slaying. … 'This is another example of what happens when you have no control over your borders,' said the Republican, a vocal proponent of immigration reform."

Three In Oregon Indicted On Real Estate Fraud Charges. The AP (9/21) reports, "A federal grand jury indicted three Portland residents in connection with real estate transactions. The Department of Justice announced Wednesday that Ryan Bonneau, 30; real estate agent Troy Martin, 40 and real estate loan broker Leanne Booth, 48, were charged in the indictment. The charges stem from a federal investigation by the IRS and the FBI into allegations that the defendants engaged in a scheme to defraud a bank to finance the sale of two properties in Northeast Portland."

Montana Insurance Agent Pleads Guilty To Defrauding Insurers. The Billings Gazette (9/21, Johnson, 47K) reports, "A Billings insurance agent Wednesday admitted he defrauded companies and laundered money." Michael Don Hutton "pleaded guilty in federal court to wire fraud, mail fraud and money laundering. … From May 1999 until May 2004, Hutton issued 38 performance and payment bonds on behalf of St. Paul Mercury Insurance Co. and St. Paul Fire and Marine Co. to S.E. Inc. in Deaver, Wyo., according to Assistant U.S. Attorney Kurt Alme. SEI paid Hutton $160,152 for the bonds. Hutton did not notify the St. Paul insurance companies he had issued the bonds and kept the insurance premiums that he had collected from SEI on the policies, Alme said." The Gazette notes, "Agents with the FBI, the Criminal Investigation Division of the IRS and the Montana State Auditor's Office conducted the investigation."

Utah FBI Agents Arrest Self-Described "King Of Child Pornography." The Deseret Morning News (9/21, Winslow) reports, "A man who described himself to FBI agents as the 'king of child pornography' has been arrested after more than 20 years on the run. Kirk Alan Swearingen has been indicted by a federal grand jury in Utah on charges of receipt of child pornography and possession of child pornography. He is scheduled to be arraigned this morning before a federal magistrate." He "was arrested after FBI agents said he gave a stolen Social Security number while trying to rent an apartment in Salt Lake City. … When agents threatened to run his fingerprints, 'Swearingen advised that he understood and indicated that he had been on the "run" for 22 years and had been profiled on "America's Most Wanted,"' FBI Special Agent Jeff Ross wrote in an affidavit filed with criminal charges in federal court. … 'He's got a history of travels, a history of child molestation,' FBI Special Agent Patrick Kiernan told the Deseret Morning News. 'He had over 30 different aliases and six or seven dates of birth. … Look how far these offenses go back. We're talking over 20 years. That's a long time, and that could be a lot of victims.'"

The Salt Lake Tribune (9/21, Manson) reports, "Agents found compact discs containing numerous images of minors engaging in sexual acts, Ross alleges. … The FBI affidavit says Swearingen's record shows a 1983 conviction for a sex offense against a child in Aurora, Colo.; a failure to appear in court after being charged in 1994 in Rapid City, S.D., with a sex offense against a minor, and a 1998 arrest in Gallup, N.M., on a charge of possession of child pornography." KUTV-TV Salt Lake City (9/20, Rascon) adds, "The idea that Swearingen could have set up shop in Salt Lake City is painful for authorities to think about. 'He is one of the worst possible predators,' said Brett Tolman of the U.S Attorney's office. … 'We are concerned that he's traveling throughout the country, either possibly molesting children…or being involved in production or distribution of child pornography,' Patrick Kiernan of the FBI told 2News." The AP (9/21) also reports on the arrest.

Man Imprisoned For 16 Years Cleared By DNA Evidence. The New York Times (9/21, Santos) reports, "Jeffrey Mark Deskovic came of age in a maximum-security prison, doing time for a crime he did not commit." The Times continues, "Sixteen years ago, Mr. Deskovic was convicted of raping, beating and strangling a Peekskill High School classmate in a jealous fit of rage. DNA evidence presented at his trial showed that semen in the victim's body was not his, but the police testified that he had confessed. … On Wednesday, after he fought exhaustive legal battles and wrote dozens of pleading

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letters that led him nowhere, Mr. Deskovic, 32, walked out of the Westchester County Courthouse an overjoyed if embittered man." The Times adds, "Among the people who Mr. Deskovic said refused to review his case is Jeanine F. Pirro, the former Westchester district attorney, who took office after his trial; she is now the Republican nominee for state attorney general. The freed inmate and his lawyer expressed outrage that Ms. Pirro had scheduled a news conference to call for the reinstatement of the death penalty in New York just as Mr. Deskovic was being released Wednesday morning, but Ms. Pirro ended up canceling the event. … Ms. Pirro's successor, Janet DiFiore, agreed to run the evidence through a national DNA databank after she was approached in June by Barry Scheck, a director of the Innocence Project, which works to free the wrongly convicted. … The decision to release Mr. Deskovic came after the DNA matched that of a man who is serving time for another Westchester murder. Ms. DiFiore declined to identify him but said he recently confessed to killing Angela Correa, 15, the girl Mr. Deskovic was convicted of killing, on Nov. 15, 1989." The Times notes, "Mr. Scheck said that Mr. Deskovic was the 184th person nationwide to be exonerated because of DNA evidence since 1989, and that his case highlights the importance of having the authorities videotape interviews with suspects, as many police departments nationwide have begun to do."

DOJ Grants To Carolinas Announced. The Chester County (SC) News & Reporter (9/21, Guilfoyle) reports, "The Chester County Sheriff's Office has received $17,765 from the U.S. Attorney's Office in Columbia, part of $445,487 in anti-gang grants the office announced last week. … The grant application said the Sheriff's Office will start a program called, 'Beat the Streets' to fight gangs in the county." The N&R continues, "Deputy Kim Carnes, the gang officer for the Sheriff's Office, said the grant would allow her to buy a laptop and a projector so that she can give presentations on gang activity and raise awareness, as well as teach classes in local schools. … She currently uses a Sheriff's Department laptop, but she can't take it with her everywhere she needs to go." The N&R adds, "Sheriff Robby Benson said the computer will allow Carnes to track gang activity and put it into a state database so the state can track gang activity. Federal officers would probably have access to the database as well, he said. … Carnes said she would be able to advertise the department's tipline better. Going into the schools is a big concern of the grant. … U.S. Attorney Reginald I. Lloyd announced 10 other anti-gang grants from a federal program called Project Safe Neighborhood/Project CeaseFire. … The S.C. Department of Public Safety's Office of Justice Programs will administer these grant programs on behalf of the U.S. Attorney's Office and the Department of Justice, according to a release from Lloyd's office."

The Asheville (NC) Citizen-Times (9/21) reports, "Warren Wilson College (in Swannanoa, NC) has received a federal grant of $191,851 to reduce violence against women on campus." The Citizen-Times continues, "The U.S. Attorney's office announced the award Tuesday, part of a Justice Department program that helps colleges pay for victim services, education programs, security measures and investigation strategies. .. .The goal is to better prevent and respond to domestic violence, dating violence, sexual assault, and stalking."

Florida Executes Man For 1982 Murder Of Police Officer. The AP (9/21) reports, "A convicted killer who had argued that Florida's use of lethal injections amounted to cruel and unusual punishment was put to death by lethal injection Wednesday night after the U.S. Supreme Court narrowly denied him another stay." The AP continues, "Clarence Hill, 48, was executed for the 1982 murder of a Pensacola police officer in a savings and loan robbery. … Earlier in the day, the Supreme Court, which halted Hill's execution in January after he was strapped to a gurney awaiting his lethal injections, voted 5-4 to deny another stay. Justices Stephen Breyer, Ruth Bader Ginsburg, David Souter and John Paul Stevens voted to grant the stay, the court said in a two-sentence order." The AP adds, "The high court ruled unanimously in June that Hill could argue the three chemicals used in lethal injections in Florida and many other states - sodium pentothal, pancuronium bromide and potassium chloride - can cause excruciating pain. The first drug is a painkiller, the second paralyzes the inmate and the third causes a fatal heart attack, but death penalty critics have argued the painkiller could wear off too soon. … Neither the federal court in Tallahassee nor the Atlanta appeals court agreed to consider Hill's challenges to the chemicals. Both said Hill should have made those arguments years ago, although Doss contends they could not have been made until Gov. Jeb Bush signed the death warrant in November."

The New York Times (9/21, Goodnough) reports, "Like 36 other states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill based his case on a 2005 study that found that the anesthetic could wear off before an inmate died." The Times adds, "The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the way in which they are given. … But on Monday, a three-judge panel of the 11th Circuit court in Atlanta said Mr. Hill had waited too long to file a civil rights complaint — he did so four days before he was to be executed in January — and was merely trying to stall. … The Supreme Court issued no opinion to accompany its decision on Wednesday and responded only to Mr. Hill's request for a stay, leaving aside his appeal."

Flag Shop Worker Subdued Capitol Intruder. Sen. Thad Cochran said yesterday that a flag shop worker, not Capitol Police first subdued the armed intruder in the Capitol this week. The Hill (9/21, Allen, Kucinich) reports, "Cochran said his staff told him the intruder was near the flag shop and 'looked suspicious.' The still-unidentified flag-shop worker 'just assumed [the intruder] didn't belong in the Capitol,' seized him and held him until Capitol

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Police arrived on the scene. It was 'an act of courage,' Cochran said."

Roll Call (9/21, McArdle) reports, "Acting Capitol Police Chief Christopher McGaffin revealed Wednesday that employees of the House Flag Office assisted officers in subduing the armed intruder who perpetrated the worst Congressional security breach in eight years. 'I want to recognize...the courageous assistance that members of the House Flag Office brought to the department in apprehending the suspect,' McGaffin said Wednesday while discussing further details of the incident. 'I believe that they were instrumental." McGaffin added that the intruder, Carols Greene "came upon these employees seconds before [Capitol Police officers] came upon Greene. So they were valiant in their presence and in at least one instance participated in a bit of struggle with this fellow."

Research Suggests Adult Prisons May Be Better For Juveniles. USA Today (9/21, Elias) reports, "Get-tough laws that have put more teenagers in adult prisons since the early '90s conflict with a wave of new research suggesting how children can be set straight and society protected at the same time." USA continues, "At a two-day summit starting today in Washington, leading researchers will meet with juvenile justice decision-makers — directors of state juvenile justice systems, judges, prosecutors and defense attorneys — to discuss how the new evidence should affect treatment of teen offenders. … 'We know so much more about the adolescent brain and behavior than we used to, and we want to get these facts into the hands of people who can make a difference,' psychologist Laurence Steinberg says. He heads a network of researchers and juvenile-justice workers financed by the MacArthur Foundation, which sponsored the meeting." USA adds, "Since 1992, every state but Nebraska has made it easier to try juveniles as adults, and most states have legalized harsher sentences. Many states limit judges' discretion, sending all teens who commit serious offenses to adult courts, or allowing prosecutors to opt for adult prosecution. … That sounds reasonable, but it can be unfair, says Kimberly O'Donnell, chief judge of the Juvenile and Domestic Relations District Court in Richmond, Va. She points to 14-year-olds tried as adults for 'assault by a mob' — in effect, ganging up on and hurting a child at school. … There's firm evidence that teens prosecuted as adults are much more likely to commit crimes when they get out than comparable young people tried as juveniles, says Shay Bilchik, president and CEO of the Child Welfare League of America. … Juvenile facilities tend to offer better education, job training, and drug abuse and mental health treatment, Steinberg says. Plus, teens aren't learning from adults how to be career criminals, he adds."

New Orleans Nursing Home Owners Indicted On Negligent Homicide Charges. USA Today (9/21, 1A, Parker, Konigsmark) reports on its front page that a grand jury in New Orleans indicted the owners of St. Rita's Nursing Home Wednesday "on charges of negligent homicide and cruelty to the infirm, according to documents obtained by the Associated Press." The owners, Salvador and Mabel Mangano, who were arrested two weeks after 35 people drowned at the home, "remain free on bond. … The indictments stem from a broad investigation into more than 200 deaths at hospitals and nursing homes after Katrina's floodwaters stranded thousands and knocked out power." NBC Evening News (9/20, story 9, 0:15, Williams) briefly noted the story.

Civil Law:

Judge Dismisses Suit Challenging Citizenship Proof For Medicaid. The AP (9/21, Freking) reports, "A federal judge dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits." The AP continues, "Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, the state-federal health insurance program for the poor. More than 50 million people get health care through the program. … Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. That contention was nothing more than conjecture, U.S. District Judge Ronald A. Guzman ruled." The AP adds "Guzman's 21-page ruling was made public Tuesday. He did not rule on the law's validity. Instead, he said the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law. … The contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted. .. 'Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims,' Guzman wrote." The AP notes, "Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they got a partial victory in the case when the judge said he probably will issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations."

Civil Rights:

DOJ Sues Boca Raton, FL, Over Ban On Recovery Centers. The South Florida Sun-Sentinel (9/21, Blum, Perez) reports, "The U.S. Department of Justice filed a civil rights lawsuit against the city of Boca Raton Wednesday challenging a 2002 zoning rule banning the operation of 'sober houses' in residential neighborhoods." The Sun-Sentinel continues, "Pushing recovering drug addicts and alcoholics into parts of the city reserved for motels and medical facilities discriminates against people with disabilities and violates the federal Fair Housing Act, government lawyers said in their complaint." The Sun-Sentinel adds, 'The government's suit asks a federal judge to stop the city from enforcing the rule, to impose a civil fine on the city, and to order the payment of monetary damages to victims. … 'No citizen

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should be refused an equal opportunity for housing in their community,' said Wan Kim, who heads the Justice Department's Civil Rights Division."

The AP (9/21) reports, "The lawsuit seeks monetary damages to compensate victims, civil penalties, and a court order barring future discrimination. The Justice Department also seeks to prevent the city from enforcing the ordinance. … 'The Fair Housing Act protects all Americans from housing discrimination, including those persons recovering from substance abuse problems,' said Miami U.S. Attorney R. Alexander Acosta."

The New York Times (9/21, Aguayo) reports, "The lawsuit says the ordinance, passed in 2002, excludes housing for recovering alcoholics and drug addicts in the city's residential areas, in violation of the Fair Housing Act. The regulations 'impose conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities,' says the lawsuit, which seeks monetary damages for victims, civil penalties and a court order to stop future discrimination."

Local Television. At least one station announced that the Department of Justice is suing the city of Boca Raton, alleging a city zoning ordinance discriminates against disabled people. WFLX-TV West Palm Beach, (9/20, 10:15 p.m.) reported, "The U.S. Department of Justice filed this suit saying they exclude housing for substance abuse treatment centers in residential areas, and it's therefore in violation of the fair housing act. The city argues otherwise and says it will fight the suit. … Meanwhile, the Justice Department is also trying to prevent the city from enforcing the ordinance."

Six Arkansas Jailers Fired As FBI Launches Inmate Beating Probe. The AP (9/21) reports, "Six Arkansas correctional officers have been fired after an internal investigation found that an inmate was assaulted with a baton at the Maximum Security Unit in Tucker. At the request of the state, the FBI has now opened a civil-rights investigation regarding a May 29th incident at the Tucker unit. Prison officials say the incident happened after 35-year-old inmate Terry Botts stabbed two other inmates with a homemade knife. Four jailers -- including a captain and lieutenant -- subdued Botts, but then began kicking and punching Botts." The AP notes, "The FBI last investigated excessive force at an Arkansas prison in 1998. Then, five officers were sentenced to federal prison terms for a series of inmate beatings."

FBI Files Offer No Information On Civil Rights Pioneer's Disappearance. The AP (9/21, Zagier) reports, "The disappearance of civil rights pioneer Lloyd Gaines nearly 70 years ago dominated headlines across the country, with amateur sleuths, activists and historians stumped over the fate of the black man who successfully sued to gain admission to the segregated University of Missouri law school. … But FBI records obtained by The Associated Press through the federal Freedom of Information Act show the agency didn't investigate the fate of Gaines, who was last seen leaving a Chicago boarding house in 1939. An internal memo dated May 10, 1940, and signed by FBI director J. Edgar Hoover advises that bureau agents 'are conducting no investigation in connection with this matter.'" Lloyd Gaines' nephew, George Gaines, "said the lack of information in the FBI files was disappointing but not surprising."

Mississippi Town Opens Till Museum. The AP (9/21) reports that a museum honoring Emmett Till has opened in Glendora, Miss. "'I want the country to see this moment as an historic event of how far we have come in the civil rights movement and to open people's eyes to the many other injustices that have happened in other places besides the Delta,' said Till's cousin, Priscilla Sterling. The town converted a cotton gin into the Emmett Till Historic Intrepid Center, which includes oral histories, an audio-visual archive and a cotton gin fan like the one used to weigh down Till's body after it was dumped in the Tallahatchie River." The AP notes, "The FBI reopended the case in 2004 but decided in March not to press charges. The case was turned over to District Attorney Joyce Chiles for possible state charges."

House Passes Bill Requiring Voters To Show Proof Of Citizenship. The AP (9/21, Abrams) reports, "The House voted Wednesday to require Americans to show proof of citizenship in order to vote, and the Senate moved to build a 700-mile fence along the Mexican border as Republicans sharpened attacks on illegal immigration before the midterm elections." The House approved the bill by a 228-196 margin. Republican sponsors "said it was a commonsense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee. 'This is not a new concept.'" But "Democrats assailed the legislation, saying it could hurt minorities, the poor and the elderly -- groups that tend to vote Democratic -- who might have trouble producing a photo identification."

The Hill (9/21, Mikhail) reports "only seven lawmakers crossed party lines on the vote, as Reps. Melissa Bean (D-Ill.), Jim Marshall (D-Ga.), Collin Peterson (D-Minn.), and Gene Taylor (D-Miss.) backed the bill and Reps. Charles Bass (R-N.H.), Jeb Bradley (R-N.H.), and Don Young (R-Alaska) voted against it."

The Washington Times (9/21, Hurt, 88K) reports Democrats, "siding with groups that work on behalf of minorities and illegal aliens, called the bill a 'modern-day poll tax' and said it would place an insurmountable burden on voters and infringe upon their voting rights." Rep. John Lewis, Georgia Democrat, said that the bill "is nothing less than voter suppression."

USA Today (9/21, 2.27M) says "no action is likely in the Senate, so the legislation stands little chance of becoming law this year."

Roll Call (9/21, Murray) notes "judges in Missouri and Georgia recently struck down laws requiring similar proof of citizenship."

NYTimes Says "Voter Suppression" A "Cornerstone" Of GOP Strategy. The New York Times (9/21, 1.21M) editorializes, "One of the cornerstones of the Republican Party's strategy for winning elections these days is voter suppression,

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intentionally putting up barriers between eligible voters and the ballot box." The House "took a shameful step in this direction yesterday, voting largely along party lines for onerous new voter ID requirements. Laws of this kind are unconstitutional, as an array of courts have already held, and profoundly undemocratic. The Senate should not go along with this cynical, un-American electoral strategy. … If this bill passed the Senate and became law, the electorate would likely become more middle-aged, whiter and richer -- and, its sponsors are anticipating, more Republican."

DOJ Asked To Probe Maryland Voting Problems. The Washington Post (9/21, B1, Helderman, Rich) reports, "In a cavernous warehouse in Upper Marlboro, the Prince George's County Board of Elections cracked open voting machines yesterday in search of dozens of data cards filled with still uncounted votes from the Sept. 12 primary election." The Post continues, "They acknowledged that the memory cards from each of more than 2,000 voting machines used at the county's 206 polling stations should have been delivered by election workers to a central office shortly after voting concluded Sept. 12. … Instead, in the days since then, supervisors discovered that nearly four dozen cards -- holding potentially hundreds or more votes -- had not yet been uploaded into a central server." The Post adds, "Although unlikely in the major contests, those votes and thousands of provisional ballots still being counted created the mathematical possibility -- tantalizing to candidates who came up short in close races -- that outcomes could shift. … Some cards were left locked in voting machines for days. Others arrived at the voting office but were overlooked and left in sealed bags, along with other cards that had been counted, officials said. … County executive candidate Rushern L. Baker III (D) yesterday wrote to the U.S. Justice Department and State's Attorney Glenn F. Ivey (D) and demanded an investigation into voting problems."

ANTITRUST:

Lawmakers Concerned About Smithfield Deal. The Sioux Falls (SD) Argus Leader (9/21, Dobbs, Woster) reports, "Smithfield Foods Inc., the parent of John Morrell & Co. in Sioux Falls, is rushing the consolidation of the pork industry and hastening the demise of small hog producers, agriculture groups and several farm-state senators say." The Argus Leader continues, "Lawmakers from South Dakota, Iowa and Nebraska worry that Smithfield, the nation's largest pork producer and processor, will squeeze out small farmers when it completes its acquisition of Premium Standard Farms Inc., the nation's No. 2 hog producer and No. 6 pork processor." The Argus Leader adds, "Smithfield announced this week it would buy its rival for about $650 million in cash and stock. The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own a fifth of the nation's hogs. That could limit independent producers' options and ability to get good prices for their meat, some critics say. … National Farmers Union President Tom Buis said the 'deal perpetuates the consolidation and concentration of the meat industry' and 'all but guarantees independent producers will be left without a market.' … Sen. John Thune, R-S.D., said today the deal deserves 'careful scrutiny' by federal regulators because it "presents some real risks for our producers." .. . Analysts correctly predicted the move would raise antitrust concerns because it punctuates a trend among big meat companies to vertically integrate by slaughtering their own hogs rather than buying from independent farmers."

The Newport News (VA) Daily Press (9/21, Flores) reports, "If the Smithfield Foods acquisition of Premium Standard Farms is denied by federal regulators, Smithfield will be required to pay $100 million to Premium." The Press continues, "The risk of the deal falling through is impossible to gauge, but the Smithfield purchase will draw scrutiny by the Department of Justice. Farm state senators, who have raised antitrust concerns in the past about Smithfield, are already speaking out against the deal. … Sen. Charles Grassley, R-Iowa, immediately fired off a letter to the Justice Department, asking it to 'carefully scrutinize' the deal. Grassley, a longtime Smithfield foe, says the concentration of ownership hurts family farmers and independent farms that raise hogs in Iowa."

Missouri Governor Calls For Antitrust Investigation Of Merger. At least one station covered Missouri Gov. Matt Blunt's call on U.S. attorney general Alberto Gonzales to investigate whether the merger between Smithfield Food Inc. and Premium Standard Farm Inc. is compliant with federal and state antitrust laws and regulations. KTVO-TV Ottumwa-Kirksville, (9/20, 6:00 p.m.) reported, "P.S.F. is the country's second largest pork producer and one of the biggest pork processors. Governor Matt Blunt and Attorney general Jay Nixon separately announced legal concerns about the merger. Blunt has asked U.S. attorney general Alberto Gonzales to investigate whether or not the merger is compliant with federal anti-trust laws. Nixon is concerned that the merger violates state anti-trust laws."

Facebook In Acquisition Talks With Yahoo, Microsoft, Viacom. The Wall Street Journal (9/21, A1, Delaney, Buckman, Guth) reports that, according to people familiar with the matter, the social-networking site Facebook.com "has held separate acquisition talks with Yahoo Inc., Microsoft Corp. and Viacom Inc. over the past year. Now, say some of these people, the start-up is in serious discussions -- again -- to sell itself to Yahoo for an amount that could approach $1 billion." The Journal continues, "Behind the pursuit of Facebook is a high-stakes battle by big technology companies to extend their influence on the Internet. Sites like Facebook and rival MySpace have become the Web hangouts for a coveted market: young people. They gather there in large numbers to create Web pages with their own profiles and musings, look for friends, pick up strangers and send messages to each other. … Suddenly, social-networking sites, as they are called, are starting to look like the latest incarnation of the Internet's Holy Grail: an entry point onto the Web, where an owner can sell access to all the consumers that come there. In past years, that search has taken investors and marketers to Web browsers, to 'portals' such as Yahoo that

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assemble a wide array of Web services and to search engines such as Google Inc." The Journal adds, "Rupert Murdoch's News Corp. bought MySpace last year for $650 million and quickly set about turning it into a cash machine. The Murdoch empire now uses MySpace to promote music, movies, soft drinks and books, helped by features including video downloads and instant messaging. In August, Google guaranteed MySpace and some other News Corp. sites a minimum of $900 million in ad revenue over the next three and a half years."

Physicians' Group Sues Insurers Claiming Unfair Coercion. The New York Times (9/21, Pérez-Peña) reports, "The statewide trade group for doctors in New York has filed a class action lawsuit against one of the state's largest insurers, Oxford Health Plans, and its parent company, UnitedHealth Group, accusing them of illegally coercing doctors to do more business with them." The Times continues, "UnitedHealth Group, an insurance giant based in Minnesota, had a small presence in New York until 2004, when it bought Oxford. Last year, Oxford and United told thousands of doctors in New York that if they wanted to stay in or join one of the two insurers' networks, they had to be in both." The Times adds, "The suit, filed on Tuesday in State Supreme Court in Manhattan, says that that requirement violates state antitrust law and laws against unfair and deceptive trade practices. The plaintiffs are the Medical Society of the State of New York and several individual doctors practicing in New York City and on Long Island. … They say that Oxford and United's new rules, known as an 'all-products' requirement, force doctors to do business with an insurer they dislike — because its payments are low, its paperwork is cumbersome or it does not cover some services — or risk losing many of their patients. And in many cases, they contend, Oxford and United have breached contracts with doctors."

Poker Web Site Domain Is Focus Of Legal Dispute. The Las Vegas Sun (9/21, Skolnik) reports, "In 2004, Harrah's acquired the venerable Binion's Horseshoe casino downtown in large part, company executives said at the time, so the company could cash in on Binion's increasingly popular World Series of Poker, or WSOP for short. … But that plan has hit a snag, Harrah's claims in a lawsuit filed last week in U.S. District Court in Las Vegas against Binion's former information technology director, Federico Schiavio." The Sun continues, "One year before the sale of Binion's, Harrah's claims, Schiavio registered the domain name for an Internet site called WSOP.com. Since then, Schiavio has used the site to divert Web traffic to an online gambling site called All In Poker, Harrah's claims. More recently, it appears WSOP.com is in the process of designing its own gambling site. … Harrah's has no control over that Web site and receives no profits from it - a problem it's anxious to fix." The Sun adds, "The casino giant claims it owns the trademark on the name 'World Series of Poker,' and that it has applied for a patent on the name "WSOP" as well, so Schiavio's Web site should be passed over to Harrah's. … Schiavio is attempting to create an association between his Web site and the World Series of Poker where none exists, Harrah's claims. The company says Schiavio 'is attempting to frustrate or divert Internet traffic intended for Harrah's.' … What's more, the company says Schiavio's Web site is promoting Internet gambling. … 'Schiavio's use of the WSOP mark in connection (with) the domain name WSOP.com is intended to trade off Harrah's goodwill and reputation and deceive people into thinking Internet gambling is acceptable,' the suit claims. … (Harrah's official World Series of Poker Web site, www.worldseriesofpoker.com, uses advertising from www.PartyPoker.net, a free poker site affiliated with www.PartyPoker.com, the type of gambling Web site the Justice Department has deemed illegal.)"

EU Probes US-UK Paper Mill Deal. The AP (9/21) reports, "European Union antitrust regulators opened an in-depth probe into U.S. paper maker Glatfelter's plans to buy a British paper mill, saying Wednesday it believed the deal could create a monopoly supplier with the power to fix prices for tea bags and coffee filter paper." The AP continues, 'The European Commission said its initial investigation found that P.H. Glatfelter Co., based in York, Pa., would control a very high market share for coffee filters and tea bags if it bought a paper mill at Lydney in western England from J.R. Crompton Ltd. … 'The only remaining competitors, Ahlstrom and Purico, have only limited production capacity,' it said. 'Although the proposed transaction affects a niche market, annual sales in the European economic area of tea and coffee filtration papers alone amount to around 145 million euros ($183 million).'" The AP adds, "British fiber producer Crompton was placed in court-ordered administration in February as part of British insolvency proceedings. It is the leading manufacturer of specialty papers for tea and coffee filters with three paper mills in Britain selling to customers all over the world. … EU officials have until Feb. 6 to decide whether to block or clear the deal. It can also ask the companies to sell assets or change the way they do business in future to try and solve antitrust problems. Although it has the power to block mergers and acquisitions, it rarely does so."

Hospira To Pay $2 Billion To Acquire Mayne Pharma. The Wall Street Journal (9/21, Berman, Burton) reports, "Hospira Inc. agreed to acquire Australian generic-pharmaceuticals maker Mayne Pharma Ltd. for about $2 billion, the companies said." The Journal continues, 'The deal is the largest corporate move yet for the two-and-a-half-year-old Hospira, which is a hospital-products spinoff of health-care giant Abbott Laboratories. Hospira has a big business in injectable pharmaceuticals, which package medications in prefilled syringes while also creating vials of medicine used in standard doctor's needles. … It also makes and sells products such as intravenous drug-delivery equipment and patient-controlled drugs for pain management." The Journal adds, "Melbourne-based Mayne is a world leader in generic injectable pharmaceuticals, with its strongest presence in cancer treatments. Last year, the company registered sales of about $517 million, an increase of more than one-third from the previous year. … Hospira is expected to pay a

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32% premium to where Mayne's shares closed on Sept. 18, marking a total price of about $2 billion. That figure represents about one-third of Hospira's overall market capitalization, making the deal a significant step for the Lake Forest, Ill., company. The company plans to finance the purchase almost entirely with new debt."

EU Fines 30 Firms Over Copper Pricing Violations. Bloomberg (9/21, Newman) reports, "Aalberts Industries NV, Europe's largest maker of water and gas fittings, and 29 other companies were fined a total of 314.7 million euros ($399 million) for colluding to fix prices for copper fittings used in plumbing and heating. Aalberts shares fell as much as 12 percent." Bloomberg continues, "Aalberts was fined 100.8 million euros, the European Commission, the EU's antitrust authority, said in a statement today. In addition, IMI Plc was fined 48.3 million euros, Delta Plc 28.3 million euros and Tomkins Plc 5.3 million euros." Bloomberg adds, "The fines are the third time since 2003 that the commission has penalized companies in the copper tube industry. In this case, four of the 11 groups fined, including Aalberts and Delta, had penalties increased by 60 percent because they continued their illegal activity after the commission started its probe. .. . 'We will not tolerate cartels and will take all measures to stamp them out,' EU Competition Commissioner Neelie Kroes said in the statement. 'We will not only punish firms severely for cartel behavior, but also increase the fines for flagrantly continuing after a commission dawn raid and for providing wrong or misleading information.' … The EU fine is almost double the company's first half net income of 51 million euros. In August, the company said profit rose 34 percent, boosted by acquisitions as the company charged more for its products."

Microsoft Rivals Complain To EU Over Vista. The Wall Street Journal (9/21, Jacoby) reports, "Two U.S. software makers are lobbying European Union regulators for action against Microsoft Corp.'s next-generation Windows computer operating system, slated for release to corporate customers in November." The Journal continues, "Adobe Systems Inc. of San Jose, Calif., has told regulators that Microsoft should be prohibited from building free competing software for reading and creating electronic documents into the operating system, called Vista, according to people familiar with the situation. … Meanwhile, officials from antivirus-software maker Symantec Corp. plan to travel to Brussels next week to brief journalists about Vista features that the Cupertino, Calif., company has told EU regulators will undercut rival computer-security-software makers. The briefings are intended to combat a similar public-relations effort by Microsoft, said a Symantec spokesman, Cris Paden." The Journal adds, 'At a Sept. 12 briefing, Erich Andersen, Microsoft's general counsel for Europe, said any regulatory action requiring changes in Vista's design could 'increase security risks for European consumers' by making them more vulnerable to malicious attacks through the Internet, something that Symantec contests. … EU antitrust chief Neelie Kroes has warned Microsoft not to design the new version of Windows, which runs more than 90% of the world's personal computers, in ways that would put rival software companies at a competitive disadvantage. The EU fined Microsoft €497 million, or more than $600 million, for antitrust violations related to its earlier versions of Windows in 2004. In July, Ms. Kroes imposed an additional penalty of €280.5 million against Microsoft for defying orders to change its business practices. The company is appealing both fines."

ENVIRONMENT:

Administration Unveils "Strategic Plan" To Curb Global Warming. The Washington Post (9/21, A12, Eilperin, 748K) reports, "The Bush administration yesterday laid out a long-term 'strategic plan' for using technology to curb the impact of global warming, reiterating its position that basic scientific research and voluntary actions can curb greenhouse gases linked to climate change." The Post says, "Addressing complaints by environmentalists and some scientists that Bush has not done enough to cut the nation's emissions of such gases, Energy Secretary Samuel W. Bodman said the 244-page 'Climate Change Technology Program Strategic Plan' promotes initiatives such as sequestering carbon dioxide before it enters the atmosphere and promoting hydrogen-powered cars." He said in a statement, "This strategic plan is unprecedented in its scope and scale and breaks new ground with its visionary 100-year planning horizon, global perspective, multilateral research collaborations, and public-private partnerships."

The New York Times (9/21, Barringer, 1.21M) reports, "As the rich and powerful gathered in New York to discuss sweeping approaches to climate change under the aegis of former President Bill Clinton, the Bush administration unveiled its priorities for working with Asian countries on voluntary efforts and for spending $3 billion on technologies that could cut emissions of heat-trapping gases. James L. Connaughton, chairman of the Council on Environmental Quality at the White House, told the Senate Environment and Public Works Committee that the Asia-Pacific partnership between the United States and Australia, China, India, Japan and South Korea would share technology advances." The Times says, "Stephen Eule, director of the Climate Change Technology program at the Energy Department, gave the energy subcommittee of the House Committee on Science an overview of the administration's technology priorities."

California AG Sues Automakers Over Greenhouse Gases. USA Today (9/21, Woodyard, 2.27M) reports, "California's attorney general filed a public-nuisance lawsuit Wednesday against the six biggest-selling automakers, alleging their products spew dangerous greenhouse gases and foster global warming. The lawsuit, filed in U.S. District Court in Oakland, seeks unspecified compensation for the 'billions of dollars in damages' from global warming caused by cars." USA Today notes, "The lawsuit is similar to one filed by eight state attorneys general and the city of New York in 2004 against utilities, alleging that smokestack pollution increased global warming. That lawsuit was dismissed. It's on appeal."

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The Washington Post (9/21, D2, Freeman, 748K) reports, "The California complaint alleges that under federal and state common law the automakers have created a public nuisance by producing millions of vehicles that collectively emit massive quantities of carbon dioxide." The Post says, "Most of the automakers declined to comment, saying they were still reviewing the complaint. In a statement, Honda said 'the real issue regarding climate change is how the United States as a nation, not the individual states, is going to address the proliferation of greenhouse gases.' Honda repeated its position that the federal government, through the National Highway Traffic Safety Administration, should raise fuel economy standards to address greenhouse gas emissions from cars and trucks."

The AP (9/20, Young) says the suit "marks the first time a state has sought monetary damages for the impact of global warming by vehicles. It names Chrysler Motors Corp., General Motors Corp., Ford Motor Co., Toyota Motor North America Inc., American Honda Motor Co. and Nissan North America Inc."

Exxon Reviewing Funding For Groups Skeptical Of Global Warming. The Wall Street Journal (9/21, A8, Ball, 2.03M) reports, "Exxon Mobil Corp., which has sparked criticism for funding groups that challenge the scientific validity of concerns about global warming, is reviewing whether it will continue to fund some of those groups. Exxon spokesman Mark Boudreaux said yesterday the company's decisions about which outside groups to fund for the rest of 2006 and for 2007 'are under review.' The Competitive Enterprise Institute, one past recipient of Exxon funding that has been vocal in questioning climate science, hasn't received any money from Exxon in 2006, he said." The Journal says, "Exxon's statement follows a letter released by the Royal Society, Britain's independent scientific society. The letter said that in a July meeting between Royal Society and Exxon officials, society officials criticized Exxon's funding of 'organizations that have been misinforming the public about the science of climate change' and Exxon officials responded that the company 'would not be providing any further funding to these organizations.'"

Judge Reinstates Clinton-Era Roadless Rule. The AP (9/21, Chea) reports, "A federal judge on Wednesday reinstated the 'Roadless Rule,' a Clinton-era ban on road construction in nearly a third of national forests." US District Judge Elizabeth Laporte "ruled that the Bush administration failed to conduct necessary environmental studies before making changes that allowed states to decide how to manage individual national forests."

The New York Times (9/21, Barringer, 1.21M) reports, "In repealing the 2001 rule, she said, the Forest Service, which is part of the Agriculture Department, had failed to comply with the National Environmental Policy Act, which requires agencies to conduct detailed environmental analyses of alternative approaches." LaPorte "said the Forest Service had failed to consult federal agencies responsible for protecting endangered species. Among other points, her order enjoined the service 'from taking any further action contrary to the roadless rule without undertaking environmental analysis.'" Justice Department lawyers "had argued that such analyses and endangered-species consultations would be performed as decisions were made on managing individual forests and that giving states the right to petition was more procedural than substantive." The Wall Street Journal (9/21, Carlton, 2.03M) says "Justice Department officials declined comment pending their review of he case, but it's likely the decision will be appealed."

USA Today (9/21, Kenworthy, 2.27M) says the ruling "is a victory for four states -- California, New Mexico, Oregon and Washington -- and 20 environmental groups that sued the U.S. Forest Service to overturn the changes." If upheld, the decision "would allow recreational activities that don't require roads, such as camping, fishing, hiking, hunting and horseback riding. It would prevent road construction, motorized travel, logging and mining in these areas."

The Los Angeles Times (9/21, Reiterman, 918K) reports, "While the ruling does not put an end to the controversy, environmentalists and state officials believe that the ruling will make it difficult for the Bush administration to cut many trees or build new roads across the nearly 50 million acres of forest at issue.

The Washington Post (9/21, A23, Harden, Eilperin, 748K) notes "New Mexico Gov. Bill Richardson (D), who is hoping to protect his state's 1.6 million acres of roadless areas, welcomed the court decision. 'This is a monumental victory for everyone who enjoys our wild forests,' he said." The ruling "does not affect 9.3 million acres of Alaska's Tongass National Forest, which is covered by a different Forest Service rule."

Auditors Claim Interior Impeded Oil Lease Audits. The New York Times (9/21, Andrews) reports, "Four government auditors who monitor leases for oil and gas on federal property say the Interior Department suppressed their efforts to recover millions of dollars from companies they said were cheating the government." The Times continues, "The accusations, many of them in four lawsuits that were unsealed last week by federal judges in Oklahoma, represent a rare rebellion by government investigators against their own agency." The Times adds, "The auditors contend that they were blocked by their bosses from pursuing more than $30 million in fraudulent underpayments of royalties for oil produced in publicly owned waters in the Gulf of Mexico. … 'The agency has lost its sense of mission, which is to protect American taxpayers,' said Bobby L. Maxwell, who was formerly in charge of Gulf of Mexico auditing. 'These are assets that belong to the American public, and they are supposed to be used for things like education, public infrastructure and roadways.'" The Times notes, "The lawsuits have surfaced as Democrats and Republicans alike are questioning the Bush administration's willingness to challenge the oil and gas industry. .. The new accusations surfaced just one week after the Interior Department's inspector general, Earl E. Devaney, told a House subcommittee that 'short of crime, anything goes' at the top levels of the Interior Department."

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Study Finds No Change In Potomac River Pollution. The Washington Times (9/21, Wagner) reports, "Six years of water-quality monitoring along the headwaters of the Potomac River revealed that some contaminants decreased and nitrates increased, but that there was no compelling change in the content of the river's flow, officials said. … 'This is a very complex issue,' said Curtis Dalpra, a spokesman for the Interstate Commission on the Potomac River Basin, which helps the federal government and the states that make up the Potomac Basin address water quality and related resource problems in the Potomac watershed. … 'Over the years [of the water-quality study], there have been great changes,' Mr. Dalpra said. 'There have been huge swings in the weather. That equates to huge changes in water flows.'" The Times adds, "Weather changes can affect a river's content of nitrogen and phosphorus, which are important for the health of animals and fish, Mr. Dalpra said. Many pollutants flow into waterways when it rains. … The study, which was released by the West Virginia Department of Agriculture, began in 1998 after the state's Environmental Protection Department reported that seven streams flowing into the Potomac were contaminated with fecal coliform bacteria. … Those streams had been cited by the federal Environmental Protection Agency as polluted by fecal contamination."

Probe Of E Coli Outbreak Continues. CBS Evening News (9/20, story 8, 2:15, Couric) reported, "And two more states are reporting cases of e. coli. 23 states in all now, 146 people have gotten sick and one has died. Fresh raw spinach sold in plastic bags is still the suspected cause. But investigators have not yet found the source of the contamination."

The New York Times (9/21, Mckinley) reports, "In Washington, federal officials said that they had narrowed the focus of their investigation after health officials in New Mexico announced that they found the strain of E. coli responsible for the outbreak in an open bag of baby spinach in the refrigerator of a sickened woman." Chief medical officer for the Center for Food Safety and Applied Nutrition at the FDA Dr. David Acheson said, "We are working with industry in the State of California to come up with a way to get spinach back on the shelves that have not been implicated." But "the news from New Mexico did little to address the source of the E. coli." Earthbound Farm spokeswoman Samantha "noted the challenge of pinpointing the source, saying, 'there's a lot more space in the fields than in the processing plant.'"

The Washington Post (9/21, A1, Rosenwald, Shin) reports, "Health officials in New Mexico positively identified a deadly strain of E. coli in a bag of spinach yesterday, providing a crucial clue that investigators say can be used to trace the source.", Top FDA food safety expert David W. Acheson said, "Yesterday, we narrowed it to California. … Today, we narrowed it down to three counties. We're hoping to narrow it down to a field and … to a spinach leaf." FDA officials "have said they would like to quickly lift the cloud of concern over farmers not tied to the outbreak."

The USA Today (9/21, Davis) reports, "A Food and Drug Administration official said the bar code on the bag helped investigators trace the contaminated spinach back to one of nine farms in three California counties in the Salinas Valley … raising hopes that spinach from other areas can soon be sold." David Acheson said, "We have established that all of the spinach that was implicated so far was grown in that area." Acheson also said that "because 20 previous outbreaks involving leafy greens such as spinach and lettuce were small, the exact source of contamination has never been pinpointed. But he said he has high hopes that the exact cause of this outbreak will be found because there are so many more victims — meaning many more clues."

The New York Times (9/21, Planck) reports that E. coli "probably has little do with the folks who grow and package your greens. The detective trail ultimately leads back to a seemingly unrelated food industry — beef and dairy cattle." E. Coli O157 "thrives in a new … biological niche: the unnaturally acidic stomachs of beef and dairy cattle fed on grain. … It's the infected manure from these grain-fed cattle that contaminates the groundwater and spreads the bacteria to produce, like spinach, growing on neighboring farms." The FDA "does recognize the threat from these huge lagoons of waste, and so pays 75 percent of the cost for a confinement cattle farmer to make manure pits watertight. … But taxpayers are financing a policy that only treats the symptom, not the disease, and at great expense."

FBI/DEA/ATF/USMS:

Washington FBI Office Developing Stronger Ties With Local Muslims. Under the headline "Reaching Out Across Cultures," the Washington Post (9/21, A23, Horwitz, 748K) reports, "Don't let an FBI investigation be the reason for your first visit to an Arab home, a U.S. Muslim leader told 500 FBI agents gathered at Quantico yesterday, urging them to reach out to Arab communities." Nawar Shora of the American-Arab Anti-Discrimination Committee "and other Muslim leaders met last week over tea and cookies with Joseph Persichini Jr., acting assistant director in charge of the FBI office. … Persichini said the relationships developed through this committee allow him and Muslim leaders to be in constant touch by phone or electronic message. He said he hopes that inroads into the Muslim community will help the FBI attract much-needed Arab American agents."

Bonds Attorney Blasts Federal Prosecutors Over BALCO Probe. ESPN.com (9/21, Fish) reports, "Even as he waits for the Justice Department to ferret out the source of leaks in the BALCO steroids scandal, the lawyer for Barry Bonds claims to have what he calls 'fairly compelling evidence' that the source is a federal employee." ESPN continues, "For the moment, defensive attorney Michael Rains is content to wait for the U.S. attorney's office in Los Angeles -- handed this chore because the investigation involves employees of the federal prosecutor's office

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in San Francisco -- to 'out' the person or persons who leaked transcripts of secret grand jury testimony and other sealed documents. But Rains threatens to go public with his information if the government indicts Bonds, the San Francisco slugger who is thought to be the target of potential perjury or tax evasion charges. … Even without an indictment, he wants answers about the source, and he promises to use his information if those answers aren't forthcoming. … 'I have a pretty damn good idea of who it is,' said Rains, though he declined to share his specific evidence. 'And I have a pretty damn good idea that it is someone whose paycheck looks a lot like the people who are conducting the grand jury to determine who it is. Meaning, it is somebody who is employed by the federal government. The problem is that I would like to see if the government really is going to ferret out the wrongdoing on their own, even if the wrongdoer turns out to be somebody who is employed by the federal government. And if they do, my faith in their integrity and their resilience and whatnot is restored. But if they don't, then I guess I will. If they try to take a shot at Barry, we'll do it then.'" ESPN notes, "Thom Mrozek, a spokesperson for the U.S. attorney's office in L.A., refused to address Rains' allegation, saying, 'We don't react to statements that are made outside of court.' … Rains also told ESPN.com that government attorneys will look like 'buffoons' if they choose to indict Bonds. While suggesting that the investigation had turned into the 'Barry Show,' the attorney boasted that a San Francisco jury will 'never convict Barry' -- a notion that has strong support from other defense attorneys involved in the BALCO proceedings, who spoke on background."

Eleven Indicted For Selling Unapproved Prescription Drugs. There are more than 150 media references to an Internet prescription drug scheme that has led to several indictments. Coverage of the story by CBS and Georgia TV stations focused on the indictments as well as warnings about buying prescription drugs over the Internet. The AP (9/20) reports federal authorities "have indicted 11 people in three U.S. states and the Central American nation of Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet. Hi-Tech Pharmaceuticals based in Norcross, Ga., marketed the drugs as Canadian through unsolicited emails, but the pills actually were made in Belize," according to federal officials. "'One of the fastest growing drug abuse concerns is prescription drugs,' said Sherri Strange, special agent of the Drug Enforcement Administration. 'The selling and purchasing of drugs has been facilitated by the wide use of the Internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies.'"

In a separate story the AP (9/20) reports federal authorities "have indicted 11 people in Georgia, North Carolina, South Dakota and Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet." In this story, the AP says the operation is based in Alpharetta, Georgia. Newspapers that used a version of the AP story include, the Wall Street Journal, Washington Post, San Diego Union Tribune, Boston Herald, and Australia's Sydney Morning Herald.

The Atlanta Journal-Constitution (9/20, Reid) writes that a Gwinnett County pharmaceutical company and eleven men allegedly associated with it "have been indicted by a federal grand jury on conspiracy and other felony charges in a $20 million Internet scam to sell fake prescription drugs. Federal authorities say the men peddled adulterated, misbranded medications produced under questionable conditions in Belize for Hi-Tech Pharmaceuticals of Norcross. … The U.S. Drug Enforcement Administration, Food and Drug Administration and other federal, state and local agencies were involved in the investigation of the scam."

The New York Times (9/21, Goodman) reports that a company "posing as a Canadian pharmacy offering inexpensive versions of generic drugs over the Internet was really a 'backyard chemist' that sent millions of fake pills to hundreds of unsuspecting customers," according to federal agents in Atlanta. Drug enforcement agents said the drugs "were made in an 'unsanitary house' in Belize and sold over the Internet through spam e-mail messages and Web sites."

The Atlanta Business Chronicle (9/20) reports all the defendants "are charged with two different conspiracies: conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs."

On its Web site, WXIA-TV, Atlanta (9/20) reports eleven employees who "work for Hi-Tech Pharmaceuticals in Norcross have been indicted for importing controlled substances into the United States. The lead defendant in the case is the owner of the company, 34-year old Jared Wheat of Alpharetta. … The government alleges Wheat made $14 million last year."

Network TV Coverage. The CBS Evening News (9/20, story 9, 2:10, Couric) reported, "Today, Federal prosecutors charged 11 people and an Atlanta-based company [in a scheme] to sell the fake drugs over the Internet promising big savings." David Nahmas, US Attorney: "Consumers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at a reduced price when in fact they were receiving adulterated fake drugs that were crudely made in an unsanitary house in Belize." In an analysis of the scheme, the CBS Evening News (9/20, story 10, 1:15, Couric) also reported, "Our chief medical correspondent Dr. Jon Lapook is here with more." Lapook said, "Medications are so expensive and 47 million people in our country are uninsured. It's totally understandable people would save money. It's also tempting to try to skip the inconvenience of a visit to a doctor's office or a call to a doctor. Finally it can be embarrassing for patients to ask doctors for certain medications like Viagra. Bottom line is it's very dangerous to buy counterfeit drugs."

Local TV Coverage. WAGA-TV, Atlanta (9/20, 10:00 p.m.) reported, "Eleven people were indicted in federal court today after prosecutors accused them of selling unapproved prescription drugs over the Internet. Pharmacists and doctors say you should never go on-line to purchase medications."

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WGCL-TV, Atlanta (9/20, 6:00 p.m.) reported, "A word of warning from the DEA tonight when it comes to buying prescription drugs over the Internet. Buyer beware. Today the agency announced a group of Atlanta man accused of a scheme of selling drugs advertised through spam e-mails. … [Buyers] thought they were getting a prescription drugs over the Internet from Canada at a cheaper price and they were receiving crudely made drugs from a house in Belize."

WSB-TV, Atlanta (9/20, 6:00 p.m.) reported, "The government says these four men were part of a scheme to manufacture drugs illegally and fraudulently sell them as legitimate drugs from Canada. Federal drug agents say going on-line and unlawfully purchasing prescription drugs isn't any different than going down to the corner and buying OxyContin from your local dealer."

WXIA-TV, (9/20, 11:00 p.m.) reported, "Federal agents indicted 11 people today on charges of selling fake prescription drug over the Internet. High-tech pharmaceuticals of Norcross is accused of selling drugs to people who thought they were getting legitimate prescription drugs from Canada at reduced prices. Federal agents say instead, the consumers got fake drugs made in an unsanitary house."

ONDCP Anti-Drug Videos On YouTube Remain Under Scrutiny. ONDCP anti-drug videos on YouTube continued to receive wide media coverage today. There are now more than 300 media references to the story, with the most recent coverage focusing on how the videos will be perceived by YouTube users. For example, In a story about Senator Ted Kennedy's "tough talk" at a Samuel Alito hearing being replaced on YouTube by dialog from Bluto Blutarsku (John Belushi) from Animal House, Broadcasting & Cable (9/20) writes, "CNN made a similar point about the Office of National Drug Control Policy decision to put some of its anti-drug TV PSAs on YouTube given that a search for the term drug gets not only its PSAs but video of people doing drugs."

The AP (9/20, Coyle) reports the ONDCP posted a dozen videos on YouTube and as of Wednesday, the ONDCP channel "had received a scant 53 subscribers and a total of 14,463 views, a relatively low total." The AP adds, "How the youthful, rebellious Web is responding to the ONDCP's efforts is perhaps hinted at by the mirror site, http://www.ondcp.com, which recasts the acronym as 'oppressive network drug content propaganda.' … Some of the most viewed drug-related videos on YouTube are far more persuasively anti-drug than anything produced by the government or the Ad Council. In one video, you can see a real heroin user discuss his fight with addiction." Newspapers such as the Washington Post, Houston Chronicle, San Francisco Chronicle, Contra Costa Times, Fort Worth Star-Telegram, and Seattle Post Intelligencer have used this latest AP story.

Everett, Washington's Herald (9/20) editorializes, "The federal government's anti-drug ad campaign is a demonstrated flop. So what's the government going to do? Run the ads on YouTube, a hugely popular Internet video service that is demonstrably not anti-drug. Flashback to August: The Government Accountability Office reported that the ad campaign has not been proven to deter children from using drugs and recommended that lawmakers consider reducing funding for the program, which has cost $1.2 billion since 1998. (President Bush has requested another $120 million for next year.)"

Media Daily (9/20) reports that last week, the White House "quietly began posting anti-drug ads from TV on the popular video-sharing site. But the feds still face some major obstacles, according to media execs who have worked with YouTube on unrelated projects. … Clearly, the ads have stirred interest on YouTube--but it's still unclear whether the videos have real viral appeal, meaning the feds face yet another uphill battle in the war on drugs. Ian Schafer, CEO of Deep Focus, said the ads are too straightforward to gain much traction on YouTube." However, Media Daily notes that John Walters said, "Public institutions must adapt to meet the realities of these promising technologies."

US Officials Concerned Mexico's Government Is Losing Battle With Drug Cartels. According to the Dallas Morning News (9/20, Corchado), U.S. officials worry that drug cartels' growing geographic reach and the recent killing of a judge and police officials are signs that Mexico's government may be losing control of the drug fight. The cartels "are securing smuggling routes through Central America and are recruiting gunmen from there, say senior U.S. officials in Washington and Mexico City. … Current and former U.S. law enforcement officials say the brutal tactics, if not halted, may travel beyond the U.S.-Mexico border and into the United States. 'If these beheadings and other types of violence aren't curtailed in the killing fields of Mexico, don't be surprised that soon they will find their way to El Paso, Laredo or the Dallas metroplex,' said Phil Jordan, former U.S. Drug Enforcement Administration chief in Dallas."

US General Sees No Progress In Combating Afghanistan Opium Problem. The AP (9/20) reports European nations "have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering. U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. … He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat."

UN Official Says NATO Must Help Fight Opium Trade. The AP (9/20) also reports the U.N.'s top counternarcotics official "said Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys. Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is 'in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism.'"

Gang Sweep In Chicago Suburb Nets Seven Arrests. The AP (9/21) reports, "Seven illegal immigrant gang

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members were arrested Tuesday night in Aurora as part of a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Aurora police, according to a release. All face criminal charges and/or deportation." The AP continues, "One of those arrested, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said. .. . Also arrested were Braulio Gutierrez-Montes, 18; Carlos Perez-Monarrez, 27; Juan Ibarra-Garcia, 35; Ricardo Herrera, 21; Luis Alberto Parra-Torres, 18; and Armando Rodriguez, 27, according to the release. All had been living in Aurora at the time of the arrest, according to Aurora police spokesman Dan Ferrelli." The AP adds, "All seven are Mexican nationals and documented members of the Latin Kings and Insane Deuces street gangs, the release said. All have past criminal records, including convictions for voluntary manslaughter, burglary, drunken driving and illegally possessing a firearm, according to the release. … Five are being held in ICE custody pending deportation, while two others will face possible criminal prosecution for re-entry after deportation, and an illegal alien possessing a firearm, the release said. They would then face deportation upon release."

The Chicago Tribune (9/21) reports, Four men are alleged to be Mexican nationals and will face deportation proceedings, authorities said. … All seven were accused of being members of either the Latin Kings or the Insane Deuces gangs and were handed over to immigration officials." The Tribune adds, "The arrests were the culmination of an investigation by three agencies —the ICE, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Aurora Police Department—through the ATF's West Suburban Gang Violence Task Force."

Two Brothers To Plead No Contest In Rhode Island Nightclub Fire. The New York Times (9/21, Belluck) reports, "Two brothers who owned a Rhode Island nightclub where pyrotechnics ignited a fire that killed 100 people in 2003 will plead no contest to charges of involuntary manslaughter. One of them will not serve any prison time." The Times continues, "Under the plea agreement, announced Wednesday in a letter to victims' families by Rhode Island's attorney general, one of the men, Michael Derderian, will be sentenced to serve four years in a minimum security prison. His brother, Jeffrey Derderian, will be sentenced to three years of probation and 500 hours of community service." The Times adds, "The agreement, which came as jury selection was under way for the trial of Michael Derderian, resolves all criminal charges that stemmed from the horrific fire. … In February, Daniel Biechele, the manager of the band Great White, who had set off the pyrotechnics, pleaded guilty to 100 counts of involuntary manslaughter. He was sentenced to four years in prison. .. . In his letter Wednesday, the attorney general, Patrick C. Lynch, wrote, 'Despite their desire to admit to the charges against them, I was unwilling to recommend or agree to the sentences that I have been advised the court will impose.' … He added, 'Most significantly, I strongly disagree with the court's intention to sentence Jeffrey Derderian to less than jail.' … Jeffrey Derderian was in the club, called the Station in West Warwick, the night of the fire, but the authorities have said Michael Derderian played a greater role in buying and installing highly flammable sound-insulating foam around the stage that was almost instantly ignited by the pyrotechnics. … The plea deal angered many relatives of the victims, as well as some of the 200 people who were injured in the blaze. Several said they would attend the Sept. 29 sentencing before Associate Justice Francis J. Darigan Jr. of Superior Court, who will hear from some of the victims and relatives."

IMMIGRATION:

US Cooperates With Virginia Localities In Visa Scam Task Force. The Washington Post (9/21, VA03, Markon) reports, "After the Sept. 11, 2001, terrorist attacks, the U.S. attorney's office in Alexandria zeroed in on what seemed like an obvious target: immigrant-document and identity fraud." The Post continues, "Seven of the 19 hijackers had obtained fraudulent Virginia identity cards, taking advantage of a loophole in the state's rules for issuing driver's licenses and state identification cards. Northern Virginia, authorities believed, had become a hub for criminal rings that produced such documents. 'There was a combination of shock and urgency out of the notion that the 9/11 hijackers were right in our midst, that there was a sleeper cell that was operating in significant part in and around Northern Virginia,' said Paul J. McNulty, then the U.S. attorney in Alexandria. 'We knew we had a problem.' … So McNulty started the nation's first document- and benefit-fraud task force, blending a unique combination of federal and state agencies. This month, the Alexandria-based task force broke one of its biggest cases: a marriage fraud ring that authorities said arranged scores of phony marriages, mostly in Arlington, to help illegal immigrants speed their route to U.S. citizenship. … And the crackdown that began on the edge of Old Town is now a model for the nation: Identical task forces recently opened in 10 cities across the country, and federal officials hope to blanket the nation with them by the end of next year." The Post notes, "Law enforcement officials said that approaching immigration cases through a task force is more effective because it provides more agents and a broader perspective on what charges can be brought. In the past, ICE or its predecessor, the Immigration and Naturalization Service, investigated cases alone or with the help of one or two other agencies. … The task forces on document and benefit fraud bring together a variety of agencies in a collaboration that federal officials said is extraordinary. The regular members of the Alexandria-based unit, which began operations in January 2002, include the U.S. attorney's office, ICE, the Department of Labor, the Social Security Administration, the State Department, the IRS, the U.S. Postal Service, the Virginia Department of Motor Vehicles and the Fairfax County Police Department. … Other Northern Virginia police departments, primarily Arlington, participate on a case-by-case basis. Fairfax is a regular member

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because the immigration office for Northern Virginia is located there."

Bush Says He Will Continue To Push For Comprehensive Immigration Reform. President Bush was asked on CNN's The Situation Room (9/20) if the Senate passes the same immigration bill as the House, will he sign it into law. Bush said, "Yes, I'll sign it into law. They're appropriating money -- I believe that's what you're talking about -- and it's part of the appropriations process, if I'm not mistaken." Bush added, "I don't view this as the final product. And I will keep -- I will keep urging people to have a comprehensive reform. You can't enforce the border until you have a rational guest worker program. In other words, people should come here on a temporary basis and then go home. People are sneaking across to work. And no matter how much equipment you have on that border, people will find ways to do so. And so, it is a rational way to enforce the border. What their talking about in the House and the Senate is a temporary step. If you're question is, will I stop trying to push for a comprehensive reform? The answer is, no, I won't stop trying to push for comprehensive reform."

Congress Takes Up Border Fence Bill. With seven weeks to go before election day, Congress took up legislation to require voters to show proof of citizenship and to build a fence along the Mexican border. The AP (9/20, Abrams) reports, "The House of Representatives debate on a new photo ID plan for voters, and Senate action on the fence, were part of a get-tough policy on illegal immigrants that Republicans have taken in the wake of failure to agree on broader legislation that would set a path for undocumented workers to attain US citizenship."

The Los Angeles Times (9/21, Gaouette, 918K) reports, "Republicans in both chambers said the steps were necessary to protect the United States from illegal immigrants entering the country or trying to corrupt the voting process. Democrats dismissed the moves as political ploys aimed at the November midterm elections, in which many Republicans are making immigration a key issue."

The New York Times (9/21, Hulse, 1.21M) reports, "Senator Bill Frist of Tennessee, the majority leader, said the fate of millions of illegal immigrants already in the United States had become a 'fundamental sticking point' in trying to reach agreement with the House on a broad bill. Mr. Frist said the fence proposal, which the House has passed, was the best alternative if lawmakers wanted to salvage some immigration changes before the Nov. 7 elections."

CQ (9/20, Sandler) reports that Wednesday's procedural vote in the Senate "guarantees passage of legislation that would authorize 700 miles of double-layered fencing along the US-Mexico border. The 94-0 vote to invoke cloture simply limits debate on a motion to proceed to the House-passed bill (HR 6061), which also calls for a 'virtual fence' of sensors, cameras, unmanned aerial vehicles and surveillance technology. Several obstacles remain on the measure, which could conceivably tie up the Senate all next week and leave Frist walking away empty-handed."

The Washington Post (9/21, A3, Weisman, 748K) calls the effort "a piecemeal crackdown on illegal immigration." The measures "would take the place of President Bush's far broader rewrite of the nation's immigration laws."

USA Today (9/21, Kiely, 2.27M) reports that "leaders of a bipartisan task force Wednesday dismissed" the effort as "a 'piecemeal' approach that won't curb illegal immigration."

ABC World News (9/20, story 8,0:25, Gibson) reports, "President Bush says he will sign the bill if it reaches his desk, and Republicans concede that the comprehensive immigration reforms sought by the President this year are dead for now."

DHS To Put Cameras Along US Southern Border. The Homeland Security Department is preparing to place hundreds of new camera towers along the nation's borders as part of an effort to tighten security and slow illegal migration across the southern border. USA Today (9/21, Hall, 2.27M) reports, "Secretary Michael Chertoff plans to announce today that the government will pay private contractors, including Boeing, tens of millions of dollars to set up high-tech towers to hold cameras and sensors that will help Border Patrol agents catch people crossing illegally. The contract also will include some unmanned aerial vehicles and ground-based radar systems."

Surveillance Plan Said To Face Major Hurdles. Under the headline "Plenty of Holes Seen In a 'Virtual Fence,' the Washington Post (9/21, A3, Hsu, 748K) reports the success of SBInet "hinges on overcoming obstacles that doomed past efforts, funding shortages and other problems with the country's immigration controls, according to experts and former US officials." Former Indiana congressman Lee H. Hamilton said the program "makes some sense and is part of the solution. It's also insufficient, I believe." The Post continues, "Congressional backers and military experts are confident that technologies devised to detect troop movements and tank formations can be adapted for homeland security and, by extension, individual border crossers. But scientists warn of bedeviling details, and analysts cite political pressures that have led to lavish spending on borders, technology and guards with few results."

Zero Tolerance Policy Considered A Success. ABC World News (9/20, story 9, 2:15, von Fremd) reported, "Eagle Pass sits on the Rio Grande. And for years, hundreds of illegal immigrants from all over Latin America have poured in there each day looking for work. … But seven months ago, the Department of Homeland Security adopted a zero tolerance crackdown. The Border Patrol has instituted a blanket policy of prosecuting in Federal court, everyone they catch crossing across the border here. … So far, more than 7,000 illegal immigrants have been arrested. After serving one to six months in US detention, they are deported back to their country of origin. At first, the zero tolerance program overwhelmed the courts and jails. But officials say it is now working. … Zero tolerance is considered such a sweeping success that the Border Patrol is now expanding it along the Mexican border from Texas to Arizona."

WSJournal Says Wall Will Not Reduce Flow Of Illegals Across Border. The Wall Street Journal (9/21, 2.03M) editorializes, "Few really believe that a fence will do much to keep

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out those who threaten our safety, such as smugglers, drug runners or terrorists. None of the 9/11 terrorists snuck across the Mexican border illegally; they entered the U.S. with lawful visas. Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs. … Republicans cite polls indicating that Americans want a secure border, but the political appeal of walls and fences is exaggerated. … The only real way to reduce the flow of illegal Mexican immigration is to provide a legal, orderly process to match open American jobs with workers who want to fill them."

LATimes Says Senate Should Reject Fence Legislation. The Los Angeles Times (9/21, 918K) editorializes, "Building an actual wall won't resolve the schizophrenia underlying our approach to immigration. That's why it's so disappointing to watch the US Senate, which passed comprehensive immigration reform earlier in the year, considering following the path of the more shortsighted House by taking up a simplistic, enforcement-only measure — to build, you guessed it, a fence along the border. Senators should vote "no" on the Secure Fence Act. … If the Senate passes piecemeal enforcement measures, it will erode its ability to negotiate a more comprehensive approach with House leaders who myopically insist on treating immigration solely as a law enforcement issue."

TAX:

Rhode Island Man Agrees To Stop Alleged Tax Scam. The AP (9/21) reports, "A Providence (RI) man has agreed to stop marketing an alleged tax fraud scheme under a federal court order." The AP continues, "Officials from the Justice Department say Eric Messier falsely advised customers that they could avoid paying federal income taxes by treating their assets and income as a 'corporation sole' -- a church or charity organization with tax benefits in some states." The AP adds, "A government's complaint filed in the U-S District Court in Rhode Island says customers paid Messier between 25-hundred dollars and 10-thousand dollars to participate in the scheme. .. .The court order gives Messier 15 days to remove from his Web site all information advertising the scheme and to give the government a list of his customer's names and other personal."

Judge Denies KPMG Request For Jury Trial Over Fees. The New York Law Journal (9/21, Bar) reports, "A federal judge Monday denied accounting firm KPMG's request for a jury trial over the issue of whether it should advance defense costs to its former employees who are now facing criminal tax fraud charges." The Times continues, "Southern District Judge Lewis A. Kaplan, in United States v. Jeffrey Stein, S1 05 Crim. 0888, ruled that the employee claim was for specific performance of a contract. Thus, he said that it was equitable in nature and did not require a jury trial. … As a result of the ruling, Kaplan will decide whether the employees are entitled to legal fees. He had already refused to dismiss the employees' claim and compel arbitration of the issue. KPMG filed a notice Monday asking the 2nd Circuit U.S. Court of Appeals to reverse the decision." The Times adds, 'Attorneys for KPMG had argued in their memorandum of law in opposition to the former employees' motion to strike KPMG's jury demand that the former employees' breach of contract claim is an 'action at law' and one for which KPMG is entitled to a trial by jury. … Kaplan, however, said that the monetary relief the former KPMG executives seek would be 'exactly the type of monetary relief that courts, and the Restatement [of Contracts], envision as equitable relief; they are incidental to the grant of equitable relief, yet are necessary to afford complete relief.' … In reaching this decision, Kaplan quoted the 6th Circuit in its decision in Golden v. Kelsey-Hayes Co., 73 F.3d 648. … Kaplan's ruling on the jury issue was released on the same day that KPMG filed its answer to the civil complaint filed against it by its former employees. The company argued as an affirmative defense that the complaint is barred in whole or in part because the former employees, through their conduct, 'have unclean hands and are at fault in bringing about any loss and harm they might suffer.'"

Bank Probe Expands To KPMG Austria's Staff. The Wall Street Journal (9/21, Crawford, Mollenkamp) reports, "The investigation by Austrian prosecutors of more than $2 billion in losses at Bawag P.S.K. Group, the Vienna bank at the center of the Refco Inc. scandal, has expanded to the roles played by employees of the bank's auditor, KPMG Austria GmbH, according to people familiar with the matter." The Journal continues, "Refco, a huge commodities brokerage firm, last year disclosed that its chief executive officer allegedly had helped to hide bad debt. That revelation ultimately led Refco to file for bankruptcy-law protection and to the discovery that Bawag had played a key role in the alleged debt scheme. The CEO, Phillip R. Bennett, who faces criminal charges, has denied the allegations." The Journal adds, "More recently, prosecutors have focused on how Bawag reported assets and losses. At the center of the investigation are the KPMG audits of the bank between 1994 and 2005 that failed to reveal misreporting of bank assets and losses. Witnesses have told prosecutors that Robert Reiter, a former partner and head of the accounting firm's auditing subsidiary in Vienna, KPMG Alpen-Treuhand GmbH, advised the bank on how to book hundreds of millions of dollars in losses so they wouldn't be visible to public scrutiny, according to the witnesses' statements."

IRS Battles Church Over Political Activity. A liberal California church is locked in a battle with the IRS over an anti-war sermon delivered two days before the 2004 presidential election. The AP (9/21, Flaccus) reports that the dispute "could cost the congregation its tax-exempt status." The AP adds, "Religious leaders on both the right and left are watching closely, afraid the confrontation at All Saints Church in this Los Angeles suburb will compromise their ability to speak out on issues of moral importance such as abortion and gay marriage during the midterm elections."

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CONGRESS-ADMINISTRATION:

Senate Committee Approves Von Eschenbach Nomination. The AP (9/21) reports, "A Senate committee Wednesday approved President Bush's nominee to head the Food and Drug Administration, but a full Senate vote to confirm Dr. Andrew von Eschenbach was in doubt." Von Eschenbach "overcame earlier stalling tactics by two Democratic senators pending an agency decision to allow nonprescription sales of the morning-after pill. But now two Republican senators have pledged to block his confirmation, each for separate reasons."

The New York Times (9/21, Harris, 1.21M) notes "von Eschenbach has been acting commissioner for a year." GOP Sen. David Vitter "has promised to hold up Dr. von Eschenbach's nomination until the Bush administration agrees to legalize imports of cheaper drugs from abroad. And Senator Jim DeMint, Republican of South Carolina, said he would not allow the nomination to proceed until Dr. von Eschenbach took action to suspend sales of RU-486, the abortion drug."

Novak Says Dodd, Annan Deputy Working To Block Bolton's Confirmation. Syndicated columnist Robert Novak (9/21) writes this morning, "The focus temporarily is on Sen. Lincoln Chafee…as the days dwindle down for this Congress to permit John Bolton to continue as U.S. ambassador to the United Nations. But Bolton's two-year struggle to get confirmed can be directly traced to a determined Democratic senator and the vengeful U.N. secretariat." Senate GOP Whip Mitch McConnell on Tuesday pleaded with Chafee "to permit Bolton's nomination to reach the Senate floor. The reason Chafee is in this pivotal position can be attributed to Sen. Christopher Dodd's fierce open opposition to Bolton, and U.N. Secretary-General Kofi Annan's stealthy sabotage, executed by his deputy, Mark Malloch Brown." Novak notes that while the White House and GOP leaders await Chafee's decision, Dodd is still hoping "to filibuster Bolton again, but he does not appear to have the votes this time." Bolton's "confirmation…would be bad news for the secretariat. According to U.N. sources, Malloch Brown has been stirring up anti-Bolton sentiment with his fellow ambassadors, who in turn have contacted senators. Bolton has demanded reform at the U.N., and that has not made him popular with the world organization's bureaucrats. They would like nothing better than to give this conservative diplomat his comeuppance."

Senate Panel Pulls Bush CPB Nominee From Hearing Schedule. The Los Angeles Times (9/21, Gold, 918K) reports television sitcom producer Warren Bell's "appointment to the board of the Corporation for Public Broadcasting appears in jeopardy after the Senate Commerce Committee on Wednesday abruptly pulled him from a nomination hearing scheduled for today." A spokesman for Chairman Ted Stevens "said Bell was removed from the agenda because several senators on the panel had concerns about his nomination. Hearings for two other CPB nominees — former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's public broadcasting TV station KQED — are still going forward today." Bell, "executive producer and show-runner of ABC's 'According to Jim,' was tapped by President Bush in June to serve on the board of the private, nonprofit corporation that distributes federal funds to local public television and radio stations." The "selection of the outspoken conservative disquieted many public broadcasting officials, who were troubled by partisan comments Bell has posted on the website of the conservative National Review magazine."

Lawmakers, Judges, DOJ Clash Over Proposal To Split 9th Circuit. The AP (9/21, Werner) reports, "Senators, judges and a Bush administration official clashed Wednesday over splitting up a San Francisco-based federal appeals court, with Democrats charging political motives by Republicans fed up with the court's left-leaning rulings. … Not so, said Republicans. They contended the 9th U.S. Circuit Court of Appeals, by far the nation's largest federal circuit, has gotten too big to be effective and would operate better if split in two. … 'At what point is it unmanageable?' Sen. John Ensign, R-Nev., asked at a Senate Judiciary Committee hearing." The AP continues, "The 9th Circuit covers nine states with about 54 million people and the appeals court has 28 judgeships. .. .It's so big the judges don't all hear cases together as they do in other circuits. Critics, including the Bush Justice Department, argue there are inconsistencies from one ruling by the court to another." The AP adds, "The court has also issued a series of rulings that outraged Republicans - for example, a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. Its rulings often are reversed by the U.S. Supreme Court. … Ensign and Alaska Republican Sen. Lisa Murkowski have sponsored legislation that would break the circuit in two. A new 9th Circuit would cover California, Hawaii and the Pacific Islands, and a new 12th Circuit would cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. … Similar legislation passed the House in December. Breaking up the court has been a longtime Republican goal." The AP notes, "The hearing featured a clash between Sen. Dianne Feinstein, D-Calif., and Assistant Attorney General Rachel Brand of the Justice Department's office of legal policy. … The Justice Department now supports the circuit split but has opposed it under past administrations. … 'What has changed?' Feinstein demanded to know. … Brand responded that the Justice Department, often a party to litigation before the 9th Circuit, has concluded it moves too slowly and sometimes has inconsistent decisions. … Feinstein said she's never heard such a complaint from the Justice Department, including once when she had lunch with Attorney General Alberto Gonzales. … 'So I can only conclude, and I must just say this, that this is political, that it has nothing to do with the performance of the circuit,' Feinstein said. … 'Our opposition has nothing to do with the outcome of any particular case,' Brand responded."

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High Court Advocate Appeals Missed-Deadline Dismissal. The Legal Times (9/21, Mauro) reports, "Every lawyer's nightmare -- inadvertently missing a court filing deadline -- has come true for Roy Englert Jr. Adding to the pain is that the court whose deadline he missed is the Supreme Court, where such mistakes tend to get noticed more than they might elsewhere. … But if there is any consolation, it is this: As competitive as the Supreme Court practice is, it is collegial enough that some of Englert's brothers at the bar have rallied to his side. Former Solicitors General Charles Fried and Seth Waxman have filed a brief asking the Court to clarify its rule that Englert ran afoul of and, in the process, to accept his out-of-time petition. As the brief, written by Fried, notes, 'There but for the grace of God go I.' The Court will consider the issue at its conference Monday." The Times continues, "Englert, a veteran Supreme Court practitioner and partner at Washington's Robbins, Russell, Englert, Orseck & Untereiner, was hired by Northwest Airlines to file a petition challenging a decision by the 6th U.S. Circuit Court of Appeals that sided with Spirit Airlines in a long-simmering predatory-pricing dispute. The suit originally filed by Spirit has not gone to trial, but the appeals court decided some significant issues, about what a jury needs to consider, in Spirit's favor. … On April 17 the office of Northwest's 6th Circuit counsel alerted Robbins Russell that the circuit court had denied a petition for a rehearing of the case. For Englert that meant he had 90 days to file a petition with the Supreme Court. … He did just that on July 17, and the case of Northwest Airlines v. Spirit Airlines was given the docket number 06-77. But on July 20 a Supreme Court case analyst in the clerk's office called Englert with bad news; according to the 6th Circuit, the denial of rehearing was actually issued April 13, not April 17, making the petition to the Supreme Court several days late. Since Englert had not requested an extension during the 90-day period -- extensions of up to 60 days are allowed by statute -- the petition was deemed out of time. The case was yanked from the docket, meaning the 6th Circuit ruling would stand. Not a good result for Northwest." The Times notes, "The next day, Englert filed a motion asking the Court to direct the clerk to accept the petition out of time, an action reported first by Scotusblog, a weblog that focuses on Supreme Court developments. Englert took full responsibility for the error but described it as 'classic excusable neglect' that did not prejudice any party in the case. While recognizing that the Court has been strict about enforcing its deadlines, Englert argued that nothing in the relevant statutes precludes parties from seeking an extension after the 90-day deadline has passed."

GAO Reports VA Budget Shortfall. The Washington Post/AP (9/20, Talhelm) reports, "The government used prewar data to estimate the cost of caring for veterans from Iraq and Afghanistan, contributing to a $3 billion budget shortfall at the Veterans Affairs Department since 2005" according to a GAO report released Wednesday. According to investigators from the Government Accountability Office, the VA used "'unrealistic assumptions, errors in estimation and insufficient data' to project its budget," and "failed to tell Congress in a timely way" that it was facing the shortfall. The report, however, said that because the VA was unable to "get accurate information from the Defense Department" it could not correctly estimate anticipated costs for the war veterans. "Department officials said they agreed with the findings and were working to improve" and Secretary Jim Nicholson released a statement saying that while the VA uses "highly reliable actuarial projections of health care demand," it "continues to 'refine' its modeling." Nicholson said, "The bottom line is to provide the leading-edge health care and benefits that our veterans deserve."

Dreier Urges Ney To Resign. The AP (9/21, Hammer) reports, "A member of the Republican leadership added his name to the list of GOP lawmakers calling for Rep. Bob Ney to resign. When reporters asked some GOP leaders Wednesday whether Ney should resign, House Rules Committee Chairman David Dreier, R-Calif., responded, 'Absolutely.'"

The Hill (9/21, O'Connor) reports, "Joy Padgett, the Republican running to replace him, called on Ney to step down on Monday, and Conference Chairwoman Deborah Pryce (R-Ohio), who is locked in her own difficult reelection fight, said yesterday that her Ohio colleague should step down before his court date." House Majority Leader John Boehner, "who has said Ney himself must determine whether or not to resign, briefly mentioned the possibility that Democrats may introduce a resolution to expel Ney from the House during the GOP's regular closed-door session Wednesday morning, members and staff in the meeting said. 'I feel sorry for him and really feel sorry for his family, but there has been no conversations about it amongst us in terms of what he should or shouldn't do,' Boehner told reporters on Tuesday."

Roll Call (9/21, Davis) reports, "House GOP aides suggested that Ney could be postponing his resignation for financial reasons, as House Members are paid on the first of every month, and a resignation beforehand would deprive Ney -- who has no personal wealth -- and his family of a significant portion of his Congressional income."

Bush Receives Bill On Pets In Emergencies. Under legislation sent to President Bush, Congress has called for emergency preparedness plans that include helping individuals and families with pets. The New York Times/AP (9/21) reports, "The bill calls for state and local emergency preparedness plans to make provisions for families with pets and individuals with service animals. It grants the Federal Emergency Management Agency the authority to help state and local governments develop emergency and evacuation plans that take pets and service animals into account. It also authorizes some federal financial help for states establishing emergency shelters for people and their pets."

Lawmakers, Consumer Advocates Push For Restrictions On New Mortgages. Consumer advocates and lawmakers on the Senate Banking Committee yesterday urged federal banking regulators to move more quickly to put

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restrictions on non-traditional mortgage lending, saying that new kinds of mortgages may put borrowers and lenders at financial risk. The Washington Post (9/21, Downey, 748K) reports, "The popular loans, which include various adjustable-rate mortgages, interest-only loans and what are called 'option' adjustables, share a common feature in that they allow borrowers to pay less money now but require them to pay more, sometimes much more, later. Monthly payments could double or triple when borrowers are required to pay the full interest and principal on the loan, several years down the road." Last year, "federal banking regulators said they intended to issue a regulatory 'guidance,'" to tell lenders "to be more careful in making these loans and to make sure consumers understood them. … Sen. Wayne Allard (R-Colo.) pushed the bank regulators appearing before the committee to say when, exactly, the guidance would be issued."

The Washington Times (9/21, Hill, 88K) reports, "Sandra Thompson, a director at the Federal Deposit Insurance Corp., testified yesterday that some borrowers were not qualified to make escalating payments required under the loans, and the banks loosened their standards considerably to enable buyers to qualify, including 'layering on' risks such as requiring no down payment or proof of income. The problems raise the risk of defaults and foreclosures as the housing market stagnates, she told the Senate Banking, Housing and Urban Affairs Committee in Congress' first hearing on the new breed of mortgages, sometimes called 'exotic' or 'alternative' loans because they do not offer standard, fixed payments like those on 30-year mortgages."

Air Force Successfully Tests Synthetic Fuel. USA Today (9/21, Welch, 2.27M) reports, "An Air Force crew took [an] aging B-52 bomber aloft for more than two hours above the Mojave desert test range...in the military's first jet flight powered with synthetic fuel. ... The Air Force's experiment is being watched by a commercial aviation industry eager to stabilize and cut fuel costs, which have soared along with the price of oil this year." The bomber flew "with two of its eight engines powered with a 50-50 mixture of jet fuel, called JP-8, and a colorless synthetic fuel produced by a Tulsa-based company, Syntroleum. The synthetic was produced from natural gas, but officials said coal — which the nation has in abundance — could be used to produce an identical fuel." Air Force Undersecretary Ronald Sega "said engines running the new fuel appeared to operate identically to the other engines, though researchers will pore over flight data before reaching conclusions."

OPM Kicks Off New Dental-Vision Benefit For Federal Employees. The Washington Post (9/21, D4, Barr, 748K) reports in its "Federal Diary" column, "The new dental and vision benefit program for federal employees and retirees tries to fill a gap in their health-care coverage by offering a mix of national and regional plans that vary in cost and enrollment options. The program's design should make the federal premiums competitive with plans offered in the private sector, officials at the Office of Personnel Management think. … The OPM officials kicked off the new dental-vision program yesterday after announcing premium increases for the federal employees health insurance program."

Provision Allowing Public, Sectarian Prayer By Military Chaplains Criticized. The Washington Post (9/21, A24, 748K) editorializes that a provision that "would permit military chaplains to offer explicitly sectarian prayers at public events" and "snarled completion of the defense authorization bill," was called "unnecessary and likely counterproductive" by the Rev. Ted Haggard, president of the National Association of Evangelicals. This is despite the fact that the provision "has been pushed by some evangelical ministers." At issue is "what rules should govern religious speech at public, nonreligious events." Besides which, "the Defense Department explained in stating its opposition, the military's 'present insistence on inclusive prayer at interfaith gatherings' is more conducive to 'unit cohesion.'" For this issue, "the best resolution would be not to drain prayer at public ceremonies of specific religious content but to discourage prayer at such events as inherently and unnecessarily divisive."

The New York Times (9/21, 1.21M), in an editorial, calls the provision "a mischievous amendment," adding, "We expect the Senate, mindful of the nation's multidenominational legions fighting in Iraq and Afghanistan, to reject the fine-print travesty. At its heart is religious intolerance…and a naked attempt to elevate evangelical beliefs to primacy in the ranks." Instead, "Defense conferees who were truly conscientious would act to control predatory insurance salesmen at the gates of military bases. And they would force the Pentagon to end its awarding of unearned 'bonus' payments to favored defense contractors."

Bush's Job Approval At Highest Point Since January In LATimes Poll. The Los Angeles Times (9/21, Brownstein, 918K) reports, "President Bush's approval rating has reached its highest level since January, helping to boost the Republican Party's image across a range of domestic and national security issues just seven weeks before this year's mid-term election, a new Times/Bloomberg poll has found." While "the survey spotlights a continuing array of Republican vulnerabilities," it also "offers the first evidence in months that the GOP may be gaining momentum in November's battle for control of Congress." Democrats "hold a lead in the poll, 49% to 39%, when registered voters are asked which party they intend to support for Congress this year." But "that advantage may rest on softening ground -- on virtually every comparison between the parties measured in the survey, Republicans have improved their position since the summer." The Times adds, "In particular, Republicans have nearly doubled their lead when voters are asked which party they trust most to protect the nation against terrorism -- the thrust of Bush's public relations blitz in recent weeks." However, "the shift in the wind hasn't dispelled all of the GOP's problems. Along with a plurality of voters saying they want Democrats to control Congress, most say they disapprove of Bush's overall job performance. And the percentage of voters who say they believe their own member of Congress deserves reelection is lower than in the weeks before a Republican landslide overturned

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Democratic majorities in the House and Senate in 1994." The Times also reports, "For all the anxiety about Iraq, the survey found that significantly more voters (46%) said the U.S. should stay in the country as long as it takes to establish order than said American troops should be withdrawn within the next year (28%)."

The Christian Science Monitor (9/21, Feldmann, 58K) reports, "Bush has done this before: He launches a series of speeches highlighting the war on terror, and his job approval rating improves in most major polls. Then the speeches end, and the bump fades. Will that happen again? And, in the end, how will the president's standing with voters affect how they approach individual races for Congress on Nov. 7?" The Monitor adds, "The political world has been abuzz over the latest Gallup Poll, which shows Mr. Bush with his highest job approval in a year - now at 44 percent - and likely voters split evenly between Republicans and Democrats, 48 percent to 48 percent, over which party's candidate they would vote for in their congressional district. … The short answer is, it's too soon to tell if the improved national climate for Bush and Republican candidates…has the legs to carry through to election day."

CBS/NYTimes Poll Shows Congress Wit 25% Approval, Bush's Rating Unchanged At 37%. The New York Times (9/21, Nagourney, Elder, 1.21M) reports, "With barely seven weeks until the midterm elections, Americans have an overwhelmingly negative view of the Republican-controlled Congress, with substantial majorities saying that they disapprove of the job it is doing and that its members do not deserve re-election, according to the latest New York Times/CBS News poll. The disdain for Congress is as intense as it has been since 1994, when Republicans captured 52 seats to end 40 years of Democratic control of the House and retook the Senate as well. … But for all the clear dissatisfaction with the 109th Congress, 39 percent of respondents said their own representative deserved re-election, compared with 48 percent who said it was time for someone new." The Times adds, "What is more, it seems highly unlikely Democrats will experience a sweep similar to the one Republicans experienced in 1994. Most analysts judge only about 40 House seats to be in play at the moment, compared with over 100 seats in play at this point 12 years ago, in large part because redistricting has created more safe seats for both parties." In the poll, "Bush's job approval rating was 37 percent in the poll, virtually unchanged from the last Times/CBS News poll, in August. On the issue that has been a bulwark for Mr. Bush, 54 percent said they approved of the way he was managing the effort to combat terrorists, again unchanged from last month, though up from this spring."

CBS Evening News (9/20, story 5, 0:20, Couric, 7.66M) reported, "In our CBS News/New York Times poll, 50% of registered voters say they'll vote for the Democratic candidate for the House of Representatives. 35% for the Republican. And bad news for incumbents. Only 42% of registered voters said their congressman deserves reelection. 47% say it's time for a change."

Decreasing Gas Prices Seen As Boosting Bush's Rating. USA Today (9/21, Page, 2.27M) reports, "When it comes to…Bush's approval rating -- the number that measures his political health -- one factor seems more powerful than any Oval Office address or legislative initiative. It's the price of a gallon of gas. … For some Americans, analysts speculate, gas prices provide a shorthand reading of the general state of the economy. Even though prices at the pump are largely outside the president's control, he gets credit when they fall — and blame when they rise."

NBC Nightly News (9/20, lead story, 3:20, Williams, 9.87M) noted the decreasing prices yesterday in its lead story, "If you have filled your tank lately you have noticed. After some dire predictions on this broadcast and elsewhere that prices were rocketing to $4 a gallon, gas prices are coming down. The two big questions appear to be how far and why is this happening. The price of oil was down another $1.20 to close at $60.46. Gas prices are today down to $2.50. That is on average. It is even cheaper in some places." NBC (Thompson) added, "No major hurricanes to disrupt production in the Gulf of Mexico and plenty of supply are two reasons why prices are plummeting. … Despite the decreases, analysts warn we are just one hurricane or major political crisis away from higher prices."

WPost Says Coast Guard Should Accept White's Ferry Owner's Apology. The Washington Post (9/21, A24, 748K) editorializes that it is "unfortunate" that the operator of White's Ferry and the Coast Guard "have allowed a dispute over licensing ferry pilots to endanger what ought to be a cooperative and harmonious working relationship." The Coast Guard's decision to "seek 'thousands of dollars' in fines" over allegations that unlicensed pilots were used has commuters worried "that massive penalties could mean the end of their ride." The Post suspects that the fines are less about safety and more about the Coast Guard's "need to prove a point with" owner Edwin Brown, "who essentially thumbed his nose at them in word and deed" by not complying with demands to shut down the operation. "Coast Guard officials, who certainly have more important things to do with their time and resources," should accept Brown's letter of apology and pledge of cooperation.

OTHER NEWS:

Fed Leaves Interest Rates Unchanged; Stocks Up. ABC World News (9/20, story 4, 0:20, Gibson) reported "the Federal Reserve is leaving interest rates where they are, in the belief that falling energy prices will help keep inflation in check. Today's vote keep a key rate steady for a second-straight month, after two years of hikes. And on Wall Street, the stocks were up. The Dow up 72 points [to close at 11613.19]. The NASDAQ up 30 [to close at 2252.89]." NBC Nightly News (9/20, story 2, , Williams, 9.87M) reported, "This rapidly falling price of oil and a weakening housing market were two of the factors that led the Federal Reserve to hold its key interest rate steady." NBC said Wall Street "was happy with that news."

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USA Today (9/21, Shell, 2.27M) titles its report on Wall Street "Markets Applaud Holding Rates Steady," and notes "the S&P 500 finished at 1325.18, less than a point below its May 5 high for the year and less than 2 points below its close of 1326.61 set on Feb. 15, 2001." The Wall Street Journal (9/21, McKay, 2.03M), among other newspapers, also reports the stock numbers.

USA Today (9/21, Hagenbaugh, 2.27M) reports Fed Chairman Ben Bernanke "and his colleagues said in their post-meeting statement that the economy was continuing to moderate, in part because of widespread cooling in the housing market. Although inflation measures were still high, price pressures "seem likely to moderate," partly reflecting recent energy cost drops." But "the Fed repeated 'inflation risks remain' and said the 'extent and timing of any additional (rate) firming that may be needed' would depend on incoming data, suggesting more interest rate increases may be on the way." The Financial Times (9/21, Beales), New York Times (9/21, Uchitelle, 1.21M), Washington Post (9/21, D1, Henderson, 748K) and Wall Street Journal (9/21, Ip, 2.03M) run similar reports.

Chile Seeks US Documents On Letelier Assassination. The New York Times (9/21, Rohter) reports, "Thirty years after a Chilean-organized hit squad assassinated former Foreign Minister Orlando Letelier and an American colleague on the streets of Washington, investigators here are drawing closer to implicating this country's former dictator, Gen. Augusto Pinochet, in the killings. … But they say their efforts are being hindered by a parallel investigation in the United States that has been stalled since President Bush took office and that is withholding potentially important documents." The Times continues, "Mr. Letelier, one of the most visible leaders of the opposition to the Pinochet dictatorship, and Ronni Karpen Moffitt were killed on Sept. 21, 1976, when a bomb planted under his car exploded as they were riding to work. … Even after 9/11, the Letelier assassination remains the most audacious act of state-sponsored terrorism committed on American soil. … 'Every day it is clearer that Pinochet ordered my brother's death,' said Fabiola Letelier, a prominent human rights lawyer here. 'But for a proper and complete investigation to take place we need access to the appropriate records and evidence.'" The Times adds, "General Pinochet was detained in London in 1998 by prosecutors seeking to bring him to justice for abuses committed during his 17-year rule. … Afterward, the Clinton administration came under new pressure from the Letelier and Moffitt families, and it released more than 24,000 declassified diplomatic and intelligence cables. It also reopened an investigation of the assassination, sending an F.B.I. team to Chile in 2000 to interview more than 40 witnesses. … That mission resulted in a recommendation that the United States indict General Pinochet, but Attorney General Janet Reno decided to leave the decision to her successors in the Bush administration." The Times notes, "The case remains politically delicate in Washington, where previous Republican administrations supported the Pinochet dictatorship as a bulwark against leftist encroachment in Latin America during the cold war."

Third Infant Dies At Indiana Hospital After Dosage Error. USA Today (9/21, Kim, Webber) reports, "A third premature baby has died in a case of medical error here that has shaken one of Indiana's largest hospitals." USA continues, "Five-day-old Thursday Dawn Jeffers died late Tuesday, said Jon Mills, a spokesman for Methodist Hospital. … The Jeffers infant was one of six premature babies who received overdoses of the anti-clotting drug heparin Saturday in Methodist's neonatal intensive care unit." USA adds, "Thursday Dawn was being treated at Riley Hospital for Children, where she had been transferred after being born at Methodist. … Two other infants died late Saturday: 5-day-old D'myia Alexander Nelson and 2-day-old Emmery Miller. The other three babies are expected to survive, Mills said." USA adds, "Premature newborns are often given heparin to prevent their blood from clotting as they are administered fluids intravenously, said James Lemons, a neonatologist at Riley Hospital. … Each of the six infants was given an adult dose — an amount 1,000 times greater than prescribed, Odle said. … A preliminary hospital investigation found the mix-up occurred when a veteran technician delivered adult-dose heparin vials to the neonatal unit, Odle said."

RNC Gaining Large Fundraising Edge. The New York Times (9/21, Zeleny, 1.21M) reports, "The Republican National Committee has amassed a significant fund-raising advantage, according to campaign finance records filed Wednesday, feeding Democrats' fears about remaining competitive in the intense final weeks before the midterm elections." The Democrats' House and Senate campaign committees "have been unusually successful raising money compared with past election cycles. House Democrats have nearly as much as Republicans, while Senate Democrats have $10 million more than their Republican counterparts." But "that edge is being offset by the fund-raising of the Republican National Committee, which has said it would spend more than $60 million to make up for any shortcoming by the party's Congressional committees." The Times adds, "The new fund-raising reports show that at the beginning of September, Republicans had $39 million in the bank, compared with $11 million for Democrats. The disparity is caused by the decision of the Democratic National Committee chairman, Howard Dean, to take a longer view of turning around the party by devoting most of the money he has raised to rebuilding state organizations across the country."

Meanwhile, the Wall Street Journal (9/21, 2.03M) says that "while Republicans enjoy an overall financial edge in the coming elections, Senate Democrats ended August with a nearly $12 million advantage over their Republican colleagues, which could ratchet up pressure on incumbents fighting to hold their seats."

Lawmakers Turning To Wealthier Americans For Revenue. USA Today (9/21, Wolf, 2.27M) reports that the Bush Administration, lawmakers and outside experts "are all looking at other ways to raise new revenue from the rich. … Democrats generally are in favor of higher taxes, such as eliminating President Bush's tax cuts for the wealthiest taxpayers.

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Republicans are more likely to favor raising the price for government benefits, such as Medicare and Social Security." USA adds, "Singling out wealthier Americans is controversial. When higher-income seniors were asked to pay for an expansion of Medicare in 1988 that would largely benefit the poor, they revolted, and the law was repealed the following year."

Bush To Raise Funds For Florida Candidates, State GOP. The Palm Beach Post (9/21, Crowley) reports that President Bush "will be in Florida today raising money for the state Republican Party, its nominee for governor, Charlie Crist, and other candidates. Bush is scheduled to arrive in Tampa about noon to raise campaign cash for" FL9 hopeful Gus Bilirakis (R), who is running to replace his father -- FL9 Rep. Michael Bilirakis (R) -- who "is retiring after 24 years in Congress." Later, Bush "is scheduled to go to Orlando, where he will pose for pictures at a private reception for those who contribute $25,000 or more to the Florida Republican Party. A reception for Crist will cost $500, the state's limit on individual campaign contributions to a candidate."

Bush To Headline Fundraiser For Connecticut GOP. Roll Call (9/21) reports in its "At the Races" column, "President Bush will headline a fundraiser to benefit the Connecticut Republican Party and its candidates Monday. One of the featured beneficiaries, Rep. Christopher Shays, (R) is scheduled to attend. The luncheon, which costs $15,000 per couple, will be held at a residence in Greenwich, the hometown of former President George H.W. Bush, the Stamford Advocate reported."

Bush Education Reform Ranks Near Iraq War As Major Issue In Connecticut Races. The Hill (9/21, Schor) reports, "Struggles over implementing" the No Child Left Behind Act have become "a flashpoint this fall in Connecticut's hotly contested races." Democrats challenging Reps. Christopher Shays (R-4), Rob Simmons (R-2), Nancy Johnson (R-5) and Sen. Joseph Lieberman (D) have placed NCLB "alongside the Iraq war" in their criticisms and have also claimed it has led to reduced education funding, "teaching to the test" and has had no "clear benefit."

Shays Accused Of Changing Stance On Iraq Out Of Expediency. Morton Kondracke writes in Roll Call (9/21) that Rep. Chris Shays is "being accused by Democrats and the media of shifting his position on Iraq out of…expediency because he is under threat of losing his House seat. … Shays' Democratic opponent, Diane Farrell, is seeking to tie Shays to Bush and the war; she described his shift as 'an election-year conversion.' Shays added to his woes with an agonized appearance at a reporters' breakfast sponsored by The Christian Science Monitor last week during which he said Bush 'has no credibility' on the war." Shays "said he is willing to lose his seat over Iraq, but clearly he would rather win both contests."

Democrats To Hold Hearings On Iraq War Ahead Of Election. The Hill (9/21, Allen) reports that as the election nears, Congressional Democrats "plan to hold Iraq war hearings on Capitol Hill and around the country." The Democrats "will highlight the fact that they intend to go toe-to-toe with Republicans on the issue of national security, believing that this election cycle it can play to their advantage rather than to their detriment as it has in elections past. … Democrats said they extended an invitation to Republicans so that the hearings would be seen as fair."

GOP Sees Chance To Capture HI2. Roll Call (9/21, Duran) reports, "When Rep. Ed Case (D-Hawaii) decided to give up his House seat to challenge Sen. Daniel Akaka (D-Hawaii) few pundits or political operatives believed Democrats would have a hard time holding onto his 2nd district seat." But "with Saturday's primary looming, Republicans sense a unique opportunity brewing in the Aloha State and some Democrats fear they are right. Ten Democrats are vying for their party's nod while two Republicans -- a multimillionaire heir to the Hawaiian throne and a popular sportscaster -- compete for the chance to represent the GOP and possibly make history." Roll Call adds, "The ultimate Democratic nominee is 'going to land on the other side of the primary broke,' said one Democratic operative who did not want to be named." If Quentin Kawananakoa "wins the Republican nomination, which is far from certain, the Democratic candidate could face 'an infinite war chest,' the operative warned."

As Election Nears, Republicans Attack Democrats On Tax Record. The AP (9/21, Hammer) reports that as the midterm election nears, some Republicans are "emphasizing an old mantra that Democrats will raise taxes, despite low voter interest in the topic this campaign season. … In certain states and congressional districts, Republicans are hoping taxes are the way to take voters' minds off GOP corruption scandals, the war in Iraq or Bush's low approval ratings. … Also, in races that appear to be going down to the wire, Republicans hope their traditional tax message can at least keep the support of conservative voters who have shown a disdain for the current GOP leadership."

Hoyer, Murtha Court Democrats For Majority Leader's Race. Reps Steny Hoyer and Jack Murtha, who would be rivals in the race for Majority Leader if Democrats win control of the House, are courting Democratic candidates seen as likely to win their reelection campaigns this year. The Hill (9/21, Hearn) reports that the two lawmakers "have been discreetly raising the issue with candidates, even as they campaign to ensure that Democrats will win control of the House, without which their contest for the majority leader post cannot take place."

Weaver Tries To Convince KY2 Voters He Is Conservative Enough. A front page story in the Washington Post (9/21, A1, VandeHei, Cillizza, 748K) reports on the race in Kentucky's second congressional district between incumbent Rep. Ron Lewis and Democrat Mike Weaver. Weaver "is doing his best to make Lewis sweat this time. Weaver's campaign revolves largely around convincing even his fellow Democrats that he is conservative enough. … Lewis spokesman Michael Dodge said he does not dispute that Weaver is as socially conservative as the congressman, but he warns that once in

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Washington [Weaver] would be taking orders from liberal leaders such as House Minority Leader Nancy Pelosi (D-Calif.)."

Senate GOP's "Magnificent Seven" To Campaign Together. The Hill (9/21, Bolton) reports that the Senate Republican freshman class, known as the "Magnificent Seven" plan to "campaign together as a group next month in states such as Michigan, Minnesota, and Maryland, where the GOP thinks it has the best chances of picking up Democratic seats. The plan has gelled in recent weeks as members of the class have discussed who among them should volunteer to run the National Republican Senatorial Committee (NRSC) during the next election cycle." The Hill adds, "Members of the class were dubbed the 'Magnificent Seven' when they first came to Congress two years ago because of the impact expected from the five-seat lead they then gave Republicans in the Senate. They are [Sen. John] Thune, and Sens. Richard Burr (N.C.), David Vitter (La.), Mel Martinez (Fla.), Jim DeMint (S.C.), Johnny Isakson (Ga.), and Tom Coburn (Okla.)."

Rothenberg Says GOP's Hold On Senate Is "Tenuous." Stuart Rothenberg writes in Roll Call (9/21) that Democrats' prospects for taking over the Senate have improved as the Republican hold is "looking more tenuous than even a month ago. While the renomination of Rhode Island Sen. Lincoln Chafee has improved GOP chances of holding onto his seat, Virginia Sen. George Allen's ongoing problems have put a previously safe Republican seat at growing risk." Whatever "benefits the Republicans have derived from developments in Rhode Island have been more than erased by Allen's problems in the Old Dominion." Rothenberg adds, "Two other Senate seats that Democrats have been competing in strongly, Arizona and Tennessee, still look to me to be more difficult for them, though their nominees still have six weeks to change that. … The other development in recent weeks has been in New Jersey, where, as I have believed all along, the Democrats' hold on the Senate seat is far from secure, even with the GOP's obvious weakness in the state."

Allen Learned Of His Jewish Heritage In August. A front page story in the Washington Post (9/21, A1, Shear, 748K) reports that Sen. George Allen's mother Henrietta "said Wednesday that she told the Senator about her upbringing as a Jew in North Africa from her children in late August. Allen's heritage "became an issue in the Virginia Senate campaign Monday, when television reporter Peggy Fox raised it at a televised debate in front of 600 business executives in Fairfax County. Allen repeated what he has said in the past: 'My mother's French-Italian with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian.' In fact, Allen had just recently learned about their Jewish roots when he made those comments. Allen declined to comment, but his mother said she had sworn him to secrecy." The Post adds, "For Allen, the 2006 campaign was supposed to have been a coronation -- an easy reelection to a second term in the Senate and a springboard to national prominence and a possible presidential campaign in 2008. Instead, the last six weeks have become a nightmare for his political consultants and a source of material for late-night comedians." In a separate story, the Washington Post (9/21, A9, 748K) runs a transcript pf the exchange between Fox and Allen about his heritage.

King, Grisham To Raise Funds For Webb. In its "Washington Wire" column on its web site, the Wall Street Journal (9/20, 2.03M) reported that Allen's Democratic opponent, former Navy Secretary James Webb "is preparing for the rarest of events: a fund-raiser people might WANT to attend. On Sunday, two of Webb's writing buddies, Stephen King and John Grisham, will be in Charlottesville to help raise money for Webb's campaign. Just $2,100 buys admission into a wine and cheese reception with the authors and 'priority seating' at the event, although $100 gets you a general admission ticket."

Democrats Believe They Have A Shot At Beating Allen. NBC Nightly News (9/20, story 5, 8:20, Williams, 9.87M) examined the Virginia Senate race. NBC (Reid) reported that the race "was supposed to be an easy ride into victory" for Allen, but Democrats "say they are fired up and confident they have a real chance to win the race." NBC added, "Allen's share in the polling has shrunken, giving life to Democrats in a race that may be up for grabs."

Lamont, 2008 Democratic Hopefuls Doing A "Delicate" Dance. The New York Times (9/21, Kornblut, Medina, 1.21M) reports that soon after he won the Democratic Senate nomination in Connecticut, Ned Lamont "heard from almost the entire Democratic field — a group he refers to, with some amusement, as his 'new friends.'" But "as the dust has settled on the contentious primary defeat of Senator Joseph I. Lieberman…the dance between the presidential contenders and the Lamont campaign has grown more delicate. Some of the White House hopefuls — most notably Mark R. Warner, the former governor of Virginia — are debating how strongly to align themselves with a candidate who has become an icon of the liberal left. And the Lamont team, despite its initial thrill over the rush of attention, is wary of being exploited or of alienating local voters with too many national political stars."

Religion At Forefront Of Pennsylvania Senate Contest. GOP Sen. Rick Santorum and his challenger, Democrat Bob Casey, Jr. are highlighting their religious faiths in the race's final weeks. The AP (9/21, Hefling) reports, "Casey, who is a Catholic, has been talking openly about his religious upbringing and his work with the Jesuit Corps. … The two-term Santorum, who also is Catholic, has been outspoken on issues consistent with the church's teachings such as opposition to abortion and same-sex marriage." The AP adds, "Religion has been at the forefront of the competitive Pennsylvania race pitting two somewhat similar candidates — both Catholic, both opposed to abortion. It reflects a change from recent elections when many Democrats tended to avoid talking about their faith and essentially

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conceded religious voters to Republicans. It also highlights a new willingness by Democrats to discuss religion in personal terms."

Ehrlich Wants Paper Ballot System In Maryland Election. Maryland Gov. Robert Ehrlich is calling for his state to scrap its electronic voting apparatus in favor or a paper ballot system for the November election. A front page story in the Washington Post (9/21, A1, Davenport, Marimow, 748K) reports, "Linda H. Lamone, the administrator of the Maryland State Board of Elections, quickly denounced the plan to swap voting systems just seven weeks before the general election as 'crazy.' And Senate President Thomas V. Mike Miller Jr. (D-Calvert) said it 'cannot happen. It will not happen.'" However, Ehrlich "said that, if necessary, he would call a special session of the Maryland General Assembly to change the law to allow paper ballots."

Writer Says Maryland Political Campaigns Are Volatile This Year. Writer Russ Smith writes in the Wall Street Journal (9/21, 2.03M) that the race between Ehrlich and Democratic challenger Martin O'Malley is "increasingly nasty, loaded with hyperbole on both sides and expected to be the most expensive in state history." Smith adds that "the Maryland race with the more acute national resonance is for the Senate seat vacated by the retiring Democrat Paul Sarbanes, with attention focused on current Lt. Gov. Michael Steele. … While the prevailing wisdom seems to be that [Rep. Ben] Cardin will hold the seat for the Democrats, Mr. Steele has a clear shot. The Democrats are -- and ought to be -- very nervous. Still, although both Mr. Steele and Mr. Ehrlich trail in current polls by single digits, one indication of the volatility is that I can't find a single friend who will accept a small wager that both Republicans will emerge victorious."

Friedman Accused Of Making Racist Remark. Texas gubernatorial hopeful Kinky Friedman was accused yesterday of making a racially offensive remark. The AP (9/21, Shannon) reports that during a year old interview, Friedman "said sexual predators should be thrown in prison and forced to 'listen to a Negro talking to himself.' The independent candidate already was under fire for referring to Hurricane Katrina evacuees in Texas 'crackheads and thugs.'" State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, "said the remarks are unacceptable from a candidate for governor, and sound more like something uttered by someone running for 'class clown or the grand wizard of the Ku Klux Klan.'" Friedman's spokeswoman, Laura Stromberg, said Wednesday: 'Texans who know anything about Kinky know that he's not a racist, and they're going to see through all of this political correctness very soon. This is what they've got? Bring it on. Texans can see right through.'"

Schwarzenegger Signs Bills Cracking Down On Sex Offenders. California Gov. Arnold Schwarzenegger yesterday signed a package if bills to increase prison terms for many sex offenders and barring them from loitering near schools and parks upon their release from prison. The Los Angeles Times (9/21, Warren, 918K) reports, "The measures, signed seven weeks before voters will decide on a ballot initiative offering similar provisions, also require that sex offenders deemed high risk by authorities wear electronic tracking devices while on parole. Backers said the laws give California the nation's toughest restrictions on sex offenders, a category of felons facing an expanding national crackdown." Schwarzenegger "said the bills would 'help us fight sexual predators and make our state a safer place to live and raise our families.'"

Obama Says Democrats Should Challenge Bush On Terrorism. The AP (9/21, Lester) reports Democratic Sen. Barack Obama "called the view that President Bush has been perfect in fighting terrorism an illusion and urged Democrats to challenge the Bush administration's policies." Obama said, "On the terrorism front, I'm happy to have that debate. The notion that the president has led a flawless policy on terrorism is an illusion." The AP adds Obama, "mentioned as a possible 2008 presidential candidate, said the nation is involved in 'a war in Iraq that has vastly expanded the number of terrorist recruits, a deteriorating situation in Afghanistan and Osama bin Laden has not been caught. We should not shy away from that debate.'"

Bill Clinton Says It Is Too Early To Discuss Wife's Presidential Ambitions. Former President Bill Clinton was asked on CNN's Larry King Live (9/20) if Sen. Hillary Clinton will run for president in 2008. The former President said, "I will say what I have said until I'm blue in the face. I think it would be an error for her to think about this now, until she is reelected, and has a chance to get a sense of the lay of the land, and what her options are for service in the Senate, and what's -- and what the presidential options are. That's what I believe. So, I wouldn't even discuss it with her now." Clinton added, "The second thing I want to say is, if she did decide to run, I have no idea if she would win. You know, she would be the immediate favorite, but there's a million things that can happen."

New Research Appears To Stem Cells' Beneficial Effect On Heart Damage, Vision. The Los Angeles Times (9/21, Kaplan, Zarembo, 918K) reports, "Using stem cells harvested from patients' own bone marrow, researchers reported Wednesday that they improved cardiac function in heart attack patients months, years -- and even decades -- after the patients suffered their attacks." The "infusion of stem cells boosted cardiac pumping efficiency by 7 percent in three months -- a modest gain, but still a significant improvement for a chronic condition." The German researchers also "found tentative signs that patients can continue to improve with repeated stem-cell treatments." Dr. Andreas Zeiher, chair of the department of medicine at Johann Wolfgang Goethe University in Frankfurt, Germany, and senior author of the study, "said the preliminary results pointed to potential new strategies for treating chronic heart disease -- a condition for which there is currently no cure."

The New York Times (9/21, Wade, 1.21M) reports, "Pointing the way to a possible clinical use of human embryonic stem cells, researchers have improved vision in rats suffering from a disease

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similar to age-related macular degeneration." The scientists, at Oregon Health and Science University, "used human embryonic stem cells that had spontaneously converted into the special cells that line the base of the retina. The cells, which support the light-sensing rod and cone cells above them, are damaged in some forms of macular degeneration." The Washington Post (9/21, A12, Weiss, 748K) runs a similar report under the headline "Stem Cell Experiments Slow Vision Loss In Rats."

Dissident Muslim Woman Profiled. In his Washington Post column (9/21, A25), George Will profiles Dutch Parliament member Ayaan Hirsi Ali, "an astringent critic, from personal experience, of the condition of women under Islam. She wrote the script, and filmmaker Theo van Gogh directed, 'Submission,' an 11-minute movie featuring pertinent passages from the Koran (such as when it is a husband's duty to beat his wife) projected on the bodies of naked women." After van Gogh's murder by an Islamic extremist, "The remainder of her life in Holland was lived under guard. Neighbors in her apartment building complained that they felt endangered with her there and got a court to order her evicted. She decided to come to America." The "recoil of many Dutch people from Hirsi Ali suggests that the tolerance about which Holland preens is a compound of intellectual sloth and moral timidity. She was more trouble than the Dutch evidently think free speech is worth."

WSJournal Praises Faso's Tax Reduction Plan. An editorial in the Wall Street Journal (9/21, 2.03M) says New York Republican gubernatorial candidate today is expected to release a tax reduction plan "that could at least put New York back in the game for jobs and investment. … The current front-runner in the Governor's race, Democratic Attorney General Eliot Spitzer, isn't likely to follow suit. His own tax plan focuses on property levies, which are the fourth highest in the country. That sounds good, but he can't resist adding a class warfare wrinkle to his proposal for tax 'relief,' imposing an income test so that only lower- and middle-income homeowners get his rebate." The Journal adds, "If not for the 2003 Bush tax cuts that helped to revive American capital markets and thus New York City in particular, the state would be even worse off. Mr. Faso is proposing to take a page from that same tax strategy and use it to lure investment and people back to America's fourth-largest state. This is a debate worth having."

McClatchy Urged To Reinstate Fired Miami Journalists. Carlos Alberto Montaner writes in the Wall Street Journal (9/21, 2.03M), "On Sept. 8, the Miami Herald (TMH, 310K) and El Nuevo Herald (ENH), both of the McClatchy newspaper chain, published on Page One a sensationalist report, clumsily researched, under a headline that read, in type befitting a major event, '10 Miami Journalists Take US Pay.' … All the article said was that journalists of Cuban origin also contributed to Radio and TV Martí, an official US broadcast station similar to Radio Free Europe, governed by the ethical standards of Voice of America, and transmitting to Cuba. Naturally, the journalists accepted for their work the fees (generally low) that the government routinely pays." Montaner adds, "To think that just because a journalist participates in a VOA program and receives $100 he will sell his conscience to the government is to have a terrible opinion of journalists. … So what can McClatchy do now? Something very simple: Apologize publicly for the defamatory report and readmit the expelled journalists."

Bush Says Iran Can't Be Allowed To Get Nuclear Weapons. President Bush was asked on CNN's The Situation Room (9/20) what he has to lose by sitting down with Iranian President Mahmoud Ahmadinejad. Bush said, "Our position is very clear to the Iranians, that if they want to sit down with American officials, that they first must verifiably suspend their enrichment program. They know our position, the world knows our position, and I clarified it at the United Nations over the past couple of days." Bush added that "in order for there to be effective diplomacy, you can't keep changing your word. At an important moment in these negotiations with the EU3 and Iran, we made it clear we would come to the table, but we would come to the table only if they verifiably suspended their enrichment program. And the reason that's important, that they verifiably suspend, is because we don't want them to have the technologies necessary to be able to build a nuclear weapon. A nuclear weapon in the hands of Iran in the middle of the Middle East would be a very destabilizing and troubling occurrence."

Rice, Counterparts Agree To Give Tehran Two More Weeks To Suspend Uranium Enrichment. The Washington Post (9/21, A15, Kessler, 748K) reports, "With Iran still resisting a freeze on its nuclear activities, the United States and five partners have decided to set yet another deadline in hopes that Iran will finally agree to terms paving the way for substantive talks on its nuclear program." The deal "reached by" Secretary Rice "and her counterparts from five other nations over a late-night dinner Tuesday" will give Tehran "until early October to agree to suspend its nuclear activities as the negotiations take place, diplomats said. At the meeting, Rice backed off the U.S. demand that the U.N. Security Council begin imposing sanctions over Iran's failure to meet previous deadlines, but noted that there is intense interest in the issue on Capitol Hill." The Post notes, "The new deadline is the fourth in four months," and while Administration "officials said they believe the deadline of the first week of October is firm," a "European diplomat suggested that the possibility of slippage remains."

The Christian Science Monitor (9/21, LaFranchi, 58K) notes, "With prospects fading for tough economic sanctions against Iran anytime soon, the United States is shifting its stance even more solidly toward a diplomatic solution to Tehran's nuclear ambitions. President Bush is sounding more conciliatory, Secretary of State Condoleezza Rice is approving more leeway for the Europeans to pursue talks with the Iranians - and everyone is insisting the aim is to allow Tehran the peaceful nuclear-power program it says is its only goal." The Monitor says the Administration's "reasons for the softer approach appear to be twofold. First, Iranian officials are themselves sending mixed messages about their openness to

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suspending uranium enrichment in exchange for broad talks with the West. And second, international powers appear further than ever from joining to impose the sanctions they had agreed to this summer if Tehran did not suspend the nuclear activities that could lead to a bomb." Some "analysts say the American seesaw from tough talk to more conciliatory language reflects a hard-line/ pragmatist policy divide within the administration that is not unlike the split coloring Tehran's approach."

The AP (9/21, Charlton) says Washington "had hoped to move decisively this week toward political and economic sanctions against Iran after it missed an Aug. 31 U.N. Security Council deadline to halt disputed uranium enrichment that many believe is aimed at making a bomb. But some U.S. allies are balking. France has instead proposed a compromise deal: a simultaneous suspension of all threats of sanctions and Iran's uranium enrichment."

Under the headline, "New Iran Deadline As Bush Watches Clock," AFP (9/21) reports, "World powers handed Iran a new early October deadline to halt uranium enrichment, a senior European diplomat said, as" President Bush "warned 'time is of the essence' in settling the nuclear showdown." Bush "warned time was running out for Iran, and again wondered out loud whether the latest delay was a symptom of Tehran running out the clock."

Solana And Larjani To Meet Next Week. The Financial Times (9/21, Bozorgmehr) reports Iranian nuclear negotiator Ali Larjani "is expected to resume talks with" EU foreign policy chief Javier Solana "next week following a concession by the US to give the process more time before pursuing a United Nations sanctions resolution." Iranian media said the two "would meet in Europe. Iranian officials blamed the US for a delay in issuing visas for Mr Larijani and his delegation as the main reason for the nuclear team's failure to show up in New York."

Ahmadinejad Tells NBC He "Wants Peace" And Values Freedom. NBC Nightly News (9/20, story 5, 4:00, Williams, 9.87M) interviewed Ahmadinejad, and reported he "tried to paint himself as a regular man who wants peace and fostered freedoms in his own country as he tried to stress in this portion of our conversation." Asked about freedom of expression in Iran, he said, "You must see that thousands of newspapers have been opened. Thousands of new opportunities are created. In our country the law matters. … Everybody is treated equally before the law." Saying "we are against war" and "we hate it," Ahmadinejad said the recruitment of suicide bombers is justified because Iran is "under attack." NBC (Gregory) added, "I think it is important for him to speak directly to the American people to make his own case about what he is like personally, what Iran really wants, to offer his own spin. I think it is also important for Iran's leader and for President Chavez to have an equal footing with the President of the United States. They get that at the United Nations and get equal air time. That is what they have been after and that is why the White House has tried to diminish their importance." At the end of its broadcast, NBC Nightly News (9/20, story 11, 2:20, Williams, 9.87M) discussed viewer mail in reaction to the interview. Williams said many viewers opposed the airing of Ahmadinejad's views, but, "on the other hand a good many people argued that democracy has to be big enough to air other ideas."

Ahmadinejad's "Determination" Comes Through At Council Of Foreign Relations Discussion. In an lengthy piece on Ahmadinejad's other appearance in New York this week, the New York Times (9/21, Sanger, 1.21M) reports, "When President Bush and his advisers decided to allow [him] into the country to address the United Nations, their strategy was simple: containment. There would be no visits to other cities where he could denounce Washington or question Israel's legitimacy." However, Ahmadinejad's "determination to dominate not only the airwaves but the debate became evident yesterday evening, when he entered a hotel conference room on the East Side with a jaunty smile, a wave and an air of supreme confidence." He then "squared off with the nation's foreign policy establishment, parrying questions for an hour and three-quarters with two dozen members of the Council on Foreign Relations, then ending the evening by asking whether they were simply shills for the Bush administration." He "traced the history of 50 years of unfilled deals with the United States, Germany, France and others — skipping over the Iranian revolution and the hostage-taking that followed — and concluded, 'How can we rely on these partners.'" The Times says Ahmadinejad's "habit of answering every question about Iranian policy with a question about American policy was clearly wearing on some of the members, but at the end they acknowledged that he was about as skillful an interlocutor as they had ever encountered."

Livni Calls Iran "Biggest Threat To World's Values." The AP (9/21, Wadhams) reports Israeli Foreign Minister Tzipi Livni "on Wednesday warned that Iranian leaders pose the biggest threat to the world's values because they 'speak proudly' of their wish to destroy Israel and pursue weapons to achieve that objective." Livni told the UNGA "that the international community must stand up against Iran, which she claimed is pursuing the weapons to destroy Israel… She said Iran's support of" Hezbollah "showed the threat it poses to the region. The world must ensure that it enforces the U.N. Security Council resolution that ended more than a month of fighting between Israel and Hezbollah, Livni said."

More Commentary On Iran. In his column in the New York Times (9/21, 1.21M), David Brooks says, "One of the lessons of this past week is that the international system is broken. The world community might make declarations…but when it comes to actually uniting to take action, words and resolutions lead nowhere. Thanks to a combination of American errors, European escapism, and Russian and Chinese greed, the worst people in the world now drive events while the best people do nothing." Brooks adds that "we are farther from reaching a consensus on the nature of the threat [from terrorism] than ever before. Instead of clarity, there is a cacophony of theories that attempt to explain the extremists." Thirdly, it has become apparent "that a huge gap is emerging between the way ordinary Americans see the Arab world and the way members of the political, media and intellectual elites see it. … Millions of Americans think the pope asked

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exactly the right questions" and "has nothing to apologize for. They regard the vicious overreaction to his speech, like the vicious overreaction to the Danish cartoons, as another sign that some sort of intellectual disease is sweeping through the Arab world." Lastly, says Brooks, "we are drifting toward a policy that does not match the threat we face. Extremism is not an isolated cult in the Muslim world," and "Western policy is drifting toward the option that most resembles passivity. That is containment," which is "a policy that was designed to confront a secular, bureaucratic foe" but which "will now be used to confront a surging, jihadist one. The survival of Tel Aviv, and maybe New York and Washington, will depend on the Clausewitzian rationalism of the Iranian mullahs, or the angry younger brothers who will replace them."

In an opinion piece in the Washington Post (9/21, A25, 748K), Iranian journalist Akbar Ganji says, following a six-year prison term, he came to the US "bearing a message from a movement whose members are hard at work promoting the values of democracy, human rights, social justice and civil liberties. We want our country to play a positive role in promoting peace, security and cooperation in the region. To achieve our goals, we need the support of the entire world, particularly your vast and powerful country." Ganji says "even the 1979 revolution could not turn" Iranian desires for freedom "into reality. The political and ideological forces that came to dominate that revolution denied the people the right to exercise their free will. … According to this clerical theory, the people are most virtuous when they are most docile." To "achieve our goal of a new polity and a new constitution not by violence but by following a peaceful and democratic path," the Iranian people "need moral support from all freedom-loving people around the world -- particularly the United States." Ganji concludes, "The large community of Iranians in America is imbued with affection for it. They, as well as the people of Iran, hope that political conflicts will be resolved and replaced by bonds of friendship and peaceful cooperation."

In an op-ed in today's USA Today (9/21, 2.27M), Council on Foreign Relations writer Lionel Beehner endorses the idea of a Bush-Ahmadinejad debate. The leaders' speeches on Tuesday "might be as close as these men ever get to meeting in a public forum. And that's unfortunate." A genuine debate "would make for intriguing TV, but more important, it would offer a public airing of both leaders' views on perhaps the most daunting issue of our time: nuclear proliferation." Such an exchange "is in both countries' interests. Iranians rarely get unfettered access to American politicians' views, while Ahmadinejad's anti-U.S. screeds usually hit the Iranian press unfiltered and unchallenged." A debate "could spur greater political discussion and freedom of speech in Iran, not less. In the process, Iranians just might learn why the world opposes their nuclear program." And it "would make sense for Bush, whose approval ratings have been sagging for months and might receive a boost from such a debate. It could also burnish Bush's foreign policy credentials at home, while demonstrating to moderates in the Middle East the folksiness many Americans admire about the president. It might also salvage his faltering Middle East policy during an important election year." Beehner says "the benefits" of a debate "would far outweigh the risks," with regular debates bringing "leaders and their citizenry closer together, as well as hold[ing] world leaders accountable for their actions and statements."

"Contradictions" Seen In Bush's "Freedom Agenda." In an analysis piece entitled, "Ideals And Realities Clash In Bush's 'Freedom' Agenda," the Washington Post (9/21, A20, Baker, 748K) says President Bush, in his UNGA speech, "made no mention of the" coup in Thailand "and left New York yesterday without ever seeing" Prime Minister Thaksin Shinawatra, "much less offering any public support for a onetime strong ally of the United States." The Post notes, "The timing of Bush's address on democracy to the [UNGA] and the overthrow of a democratically elected government underlined the complexities and contradictions in his 'freedom agenda.' With the president's attention focused on the Middle East, the state of democracy elsewhere in the world does not rate as high on his priority list. In the case of Thailand, the situation is complicated by growing U.S. unease with" Thaksin. However, Thailand "is hardly the only example. Bush strongly supports" Pakistani President Pervez Musharraf "and plans to meet with him at the White House twice in the next week. Bush will also host Kazakhstan's president, Nursultan Nazarbayev, at the end of next week despite the suppression of opposition parties, newspapers and human rights groups in the oil-rich Central Asian republic." The Administration has "embraced autocratic leaders in such disparate places as Azerbaijan and Ethiopia while generally tempering criticism of anti-democratic policies in Russia and China. Even in the Middle East, Bush has treaded lightly in nudging allies such as Egypt and Saudi Arabia to reform." In contrast, the Post says, "the White House ratcheted up its pressure this month on the repressive government in Burma." Generally, when Bush "talks about promoting democracy, as he did in New York on Tuesday, he focuses mainly on Iraq and Afghanistan. Some other countries that he once highlighted as success stories have been dropped from his speeches, most notably Ukraine and Kyrgyzstan."

An analysis piece by the AP (9/21, Raum) says Bush "sees the world as a struggle between good and evil, but his push for democracy often collides with geopolitical reality." Iraqi and Palestinians elections have produced unwanted results, and Bush "associates with leaders from Kazakhstan, Azerbaijan and authoritarian Mideast states that don't necessarily practice what he preaches." On Tuesday, Bush "depicted the U.S. as leading the charge to defeat the forces of darkness and to spread freedom and democracy, particularly in the Middle East," and that "refrain was echoed by Vice President Dick Cheney." However, the AP notes, that "formulation doesn't always serve U.S. interests. Bush commonly brushes aside the democracy debate to stand with hardline leaders who happen to be terror-war allies or economic partners." Citing White House meetings with the leaders of Pakistan, Kazakhstan and Azerbaijan, the AP adds, "Human rights groups have criticized all three leaders. No matter. The two former Soviet republics are oil-rich allies in the war on terrorism and Musharraf is the leading U.S. partner in the Muslim world."

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Bush Speeches Keep Agenda In Limelight. Under the headline ""Bush at the UN. Another Political Masterstroke?" James Carney writes in a Time (9/19, 4.03M) web exclusive, "Bush has been so busy lately giving speeches and taking questions about terrorism and Iraq and the ideological battle against Islamo-fascism that he's practically owned the airwaves. Which is just what Karl Rove wanted. Bush's address at the United Nations General Assembly today may have been a long-scheduled, annual diplomatic event. But it was also a key piece in an elaborate Labor Day political strategy devised by the man whose job it is to keep Republicans in control of Congress in November and thereby salvage the President's legacy." Carney links Bush's recent "tough" national security speeches to his recently rising poll numbers and calls the UN speech "genius" saying Bush "was Presidential. Expect another bump up in the polls."

In Broadside Against US, Chavez Likes Bush To "The Devil." ABC World News (9/20, lead story, 3:15, Gibson) reports, "The United Nations was created as a place to settle international conflicts, not enflame them. But last night, Iran's president lashed out at the US and Western governments. And today, Venezuela's President, Hugo Chavez, unleashed a tirade, calling President Bush 'the devil' and denouncing the UN itself. It was a belligerent, audacious attack, and in the General Assembly, he was applauded for it." ABC (Raddatz) added, "Hugo Chavez has never made a secret of his disdain for the US. But today, that disdain was a shout heard around the world. And Chavez took aim at President Bush, calling him a devil." Chavez, via translator: "The devil came here yesterday. Yesterday, the devil came here. Right here. And it smells of sulfur still today." Chavez "called President Bush 'the spokesman for imperialism,' who is trying to 'exploit and pillage the people of the world.'" Chavez, via translator: "I have the feeling, dear world dictator, that you are going to live the rest of your days as a nightmare because the rest of us are standing up. All of us are rising up against American imperialism." Raddatz: "The speech was greeted with what observers described as tentative laughter and some applause. The US Ambassador, however, was not amused." Ambassador John Bolten: "We're not going to address that sort of comic strip approach to international affairs. And as I say, the real issue here is he knows he can exercise freedom of speech on that podium. And as I say, he could exercise it in Central Park, too. He's not given the same freedom to the people of Venezuela."

NBC Nightly News (9/20, story 4, 2:35, Williams, 9.87M) reported, "First it was Iran, now it is Venezuela. For the second day in a row a world leader used the podium at the United Nations to attack the President of the United States." Secretary of State Condoleezza Rice was shown saying, "I will not dignify a comment by the Venezuelan President."

CBS Evening News (9/20, lead story, 2:20, Pitt, 7.66M) reported, "The Venezuelan President's speech drew laughter and applause and he may have been doing it to build support for a seat on the UN Security Council. … For regimes that disliked President Bush, Chavez's comments were like a student bad-mouthing the principal. They were welcomed. We'll have to see if those translate into votes when the time comes." CBS Evening News (9/20, story 2, 1:55, Couric, 7.66M) also reported, "Who is Hugo Chavez, why is he so angry and why would we care? Trish Regan has the answers." CBS (Regan) added, "He may be the biggest threat to emerge in Latin America since his hero, Fidel Castro, seized power a half century ago. But it's not the taunting that keeps the US worried. … It's President Hugo Chavez's threats to cut the US off from Venezuela's oil supply." GOP Sen. Richard Lugar was shown saying, "We have to take that seriously." CBS (Regan) added, "Earlier this year, Chavez was quoted saying: 'The US government must know that if it crosses the line it won't be getting Venezuelan oil.' And that could be a problem, since right now we get more than a million barrels a day from Venezuela."

The Washington Times (9/21, Kralev, 88K) reports that State Department spokesman Tom Casey "said the Venezuelan people should 'determine whether President Chavez represented them in a way they would have liked to have seen.'" The Times adds, "Several diplomats said they were not surprised by Mr. Chavez's style and did not take him seriously. Others noted that the issue of UN reform deserved attention, but there are more appropriate ways to express one's opinion about Security Council members."

Fox News' Special Report (9/20, Rosen) noted Chavez "denounced the American 'empire' and branded Mr. Bush a racist, a liar, a dictator and killer of innocent women and children. As evidence Chavez cited US support for Israel during recent war with Hezbollah."

CNN's The Situation Room (9/20, Roth) reported Chavez said Bush "is trying to own the world, a liar, a terrorist."

The AP (9/21, James) reports, "The address appeared to be one of Chavez' boldest moves yet to lead an alliance of countries firmly opposed to the Bush administration. The speech came after the leftist leader crisscrossed the globe this summer visiting like-minded nations from Iran to Belarus." Chavez "has become Latin America's leading voice against the US government, and his speech was reminiscent of crusading addresses by his mentor Fidel Castro of Cuba and the late Argentine revolutionary Ernesto 'Che' Guevara." USA Today (9/21, Jackson, 2.27M), Financial Times (9/21, Turner) and Los Angeles Times (9/21, Farley, 918K) run similar reports.

The New York Times (9/21, Cooper, 1.21M) reports, "In the end, President Mahmoud Ahmadinejad of Iran lost the much-hyped war of words waged against…Bush at the General Assembly. A stealth opponent swooped in and took the prize."

The Washington Post (9/21, A14, Lynch, 748K) notes Chavez "waved a copy of Noam Chomsky's book 'Hegemony or Survival: America's Quest for Global Domination'" and "recommended that everyone read it. The book, written by the American linguist and longtime critic of US foreign policy, argues that the United States' pursuit of political supremacy is having devastating consequences for the majority of the world's people."

The Wall Street Journal (9/21, King, 2.03M) says "this week's UN confab has put on full display a new generation of

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leaders in the Castro mold who revel in lobbing rhetorical missiles at Washington and lambasting US policies abroad." And "in the case of the Iranian and Venezuelan presidents, their fiery populism comes backed by soaring oil wealth, a lever Castro never had." Bolivia's populist President Evo Morales, "a former coca grower elected in December, drew a rousing response Tuesday when he pulled a coca leaf from his pocket during his speech to the General Assembly, then blasted the US for its 'neocolonialist' efforts to eradicate coca production."

Bush Praises Abbas. The AP (9/21, Riechmann) notes President Bush "on Wednesday called embattled Palestinian leader Mahmoud Abbas a 'man of courage' for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants." Bush "tried to breathe new life into negotiations to resolve the long-running conflict between the Israelis and Palestinians. Supporting the moderate Abbas was Bush's final undertaking before returning to Washington." Secretary Rice "is likely to travel to friendly Mideast nations next month, her first visit since a U.N.-brokered cease-fire ended the monthlong cross-border war in Lebanon. She met with moderate Arab nations Wednesday on the sidelines of the U.N. meeting."

Quartet Backs Abbas, But US Will Continue Withholding Direct Aid. The Financial Times (9/21, Dinmore, Turner) says Abbas "on Wednesday received a significant diplomatic boost to his efforts to form a unity government after the Bush administration made its second concession in as many days to the European powers over a Middle East crisis." The Quartet "agreed to ease sanctions imposed on the Palestinians, called on Israel to release revenues due to the Palestinians and, most significantly, softened the language regarding international demands of the new government, once it is formed." The Times notes some experts "saw the Bush administration adopting a more realistic foreign policy in the Middle East. At the same time the European powers appear more assertive, seeking to undo what they see as the damage caused by the US through its invasion of Iraq, the fallout from the Lebanon conflict and the continued Israeli-Palestinian impasse." One Administration "official denied the US was going soft over the militant group Hamas." The New York Times (9/21, Cooper, 1.21M) says the Administration "expressed support on Wednesday for the efforts by [Abbas] to establish a national unity government with Hamas, but said the United States would continue to withhold aid from the Palestinian Authority." The US' "European allies have been pushing President Bush to engage more fully in peace efforts in the Middle East. An announcement on Wednesday by the [Quartet] that they supported Mr. Abbas' efforts came as part of talks on the periphery of the General Assembly."

The Washington Times (9/21, Dinan, Pisik, 88K) reports Abbas "pleaded with…Bush yesterday that his government is 'in dire need' of US aid and support as the two leaders sought to jump-start the Israeli-Palestinian peace process."

Germany Will Contribute Ships, Up To 2,400 Troops For UN Lebanon Force. The New York Times (9/21, Landler, 1.21M) reports, "German warships will set sail for the Mediterranean on Thursday, after Parliament voted Wednesday to send up to 2,400 troops to patrol the waters off Lebanon. Haunted by the Holocaust, Germany had resisted sending soldiers to the Middle East for fear of potential clashes with Israeli troops." The deployment will be Berlin's "first in the Middle East since World War II," and "was approved by a three-to-one ratio. It thrusts Germany into an uncertain phase of its steady development into a nation that projects military force outside its borders." Chancellor Angela Merkel, "whose government pushed for the deployment despite the deep misgivings of many Germans, described the mission as having a 'historical dimension.'" The Times adds, "To avoid conflicts with Israeli soldiers, this deployment will include no ground troops — only two frigates with helicopters, two supply ships and four fast-patrol boats. Even with a full complement of 2,400 troops, it would rank third in size for Germany's foreign deployments, after Afghanistan and the Balkans."

Israel Unlikely To Pull Out Of Lebanon By Weekend. The AP (9/21, Nessman) reports, "Israel's army chief said Wednesday his nation's troops were unlikely to withdraw from Lebanon by the weekend, as he initially predicted, because final details remained to be worked out with the UN peacekeepers taking their place." The delay "came even as the international peacekeeping mission grew to 5,000 troops, the number Israel said was needed before it could pull out of southern Lebanon. The force, known as UNIFIL, will eventually number 15,000."

US Asking Arab Nations For Help On Darfur. The AP (9/21, Gedda) reports, "The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new US special envoy for Sudan said Wednesday." In a telephone interview with the AP, Andrew Natsios "said US contacts with Arab countries have begun. He declined to identify the countries." Said Natsios, "We are engaging and we are going to continue to engage with them."

African Union Force To Stay In Darfur. The Washington Post/AP (9/21, A15, Wadhams) reports, "The African Union said Wednesday that it would extend the mandate of its peacekeeping force in Darfur through the end of the year, ensuring that international troops will remain in the war-torn Sudanese province for now." The United Nations "will provide material and logistical support to the mission, though Sudan is still resisting demands that the world body take over the mission from the African Union, said Burkina Faso President Blaise Compaore, head of the A.U. Peace and Security Council."

First Lady Describes Work Of Clinton Global Initiative. First Lady Laura Bush said on Fox News' On the Record with Greta van Susteren (9/20), "Today I'm going to give an overview of Clinton Global Initiative for all things doing with our tax dollars through the government. We have a really wonderful, wide variety of ways through USAID or the President's emergency relief for AIDS fund. A lot of other funds that the American

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government uses to help developing countries." Mrs. Bush added, "African education initiative, the debt relief that came out of the G-8 when it was in Scotland the year before last. So, I'm excited to have that opportunity to let people know what the American taxpayers are doing with their government, to help the developing world. And then I have a surprise announcement, which I can tell you now, it will be really fun, and that is a commitment of the US government and the case foundation to provide merry go rounds to villages to put on wells to pump water so that when children play, they can pump water into a holding tank."

The First Lady was asked on Fox News' On the Record with Greta van Susteren (9/20) how she was invited to be part of the Clinton Global Initiative. Mrs. Bush said, "I think what happened was I invited him last year to speak to the textbook festival, a festival that I started when George was Governor of Texas. It's in its 11th year now and the textbook festival committee really wanted him to open the textbook festival with his book. They knew it would draw a lot of people down to the Texas state capital which is where the textbook festival is held and it did. So, when he said yes to that, when he called me to ask me to speak to his conference, of course, I felt like I had to say yes and I was happy to."

ABC World News (9/20, story 5, 2:30, Gibson) reports that in New York City, "First Lady Laura Bush and former President Bill Clinton teamed up to give $16 million to the world's poorest people." ABC (Snow) added, "As the President, President Clinton, put it, the Clinton Global Initiative, as it's called is meant to tackle big global challenges in bite-sized pieces. The idea, bring together big thinkers to brainstorm ideas and form alliances. Alliances that may seem a bit strange at first glance." At President Clinton's conference, "Mrs. Bush announced their first initiative: A project funded by the US government and two foundations, to install 4,000 of these. Play pumps in sub-Saharan Africa. They look like merry-go-rounds. But every revolution draws clean drinking water from the ground. Each pump can serve 2500 people."

The New York Times (9/21, Healy, 1.21M) reported that Clinton "warmly welcomed Mrs. Bush to his conference dais yesterday to announce the $10 million federal commitment for the water project. She did so in front of an audience of hundreds of officials from developed and undeveloped nations, who first sat and listened to a list of Bush administration goals to support the third world. If there were Bush skeptics in the room, they were politely silent, and Mr. Clinton was beaming like a proud presidential spouse as he sat and listened to Mrs. Bush champion her husband's agenda." The Times adds, "Mr. Clinton said that so far he had secured more than $2 billion in 'commitments' from businesses and others to help address the themes of his conference: energy and climate change; mitigating religious and ethnic conflict; alleviating poverty; and global health."

US, China Launch "Strategic Economic Dialogue."

The Financial Times (9/21, Guha, McGregor, Minder) reports, "The US and China on Wednesday announced the creation of a new "strategic economic dialogue" in which both countries would aim to grapple with the long-term issues arising from China's emergence as a leading economic power." The dialogue "will be led by Hank Paulson, the new US treasury secretary, and Wu Yi, the vice-premier responsible for trade and foreign investment policy." It will "not directly address the vexed issue of China's renminbi policy or other near term issues, which will continue to be dealt with through existing bilateral contacts." The Times adds, "Each government will establish an inter-agency group bringing together top officials in economic and foreign policy, to support the strategic dialogue." Paulson and Wu "will meet twice a year, and the process will continue at a senior official level."

The Wall Street Journal (9/21, Phillips, 2.03M) reports, "Among the issues the US would like to broach are how China can change copycat manufacturing into genuine innovation and retool its economy to promote domestic consumption more than exports." China "is particularly interested in energy conservation and environmental protection." The Journal adds, "Whether the effort will be productive is uncertain. The US had similar frustrations with Japan and its trade surplus during the late 1980s and 1990s."

USA Today (9/21, Lynch, 2.27M) reports, "Reflecting a negotiating style Paulson honed while CEO of Goldman Sachs, the new process will: Involve top decision makers in both countries, not their deputies. Replace the traditional scattershot tactic with a single negotiation that prioritizes economic disputes. Occur behind closed doors to facilitate frank brokering. Explicitly aim for an eventual understanding that benefits both sides."

Under the headline "Why US Speaks Softly With China On Trade," the Christian Science Monitor (9/21, Trumbull, 58K) says Paulson "worries that China's economy is more fragile than it appears. America's economic point man is taking the tack of cooperation rather than confrontation on a visit to China this week, despite a widening trade deficit and disputes over everything from pirated movies to barriers that hinder US exports of auto parts." It is "a softer tone driven by China's rising economic power, by the interdependence of the two nations, and by a pragmatic approach to financial diplomacy." But for Paulson, "it also reflects an assessment of risk that may come as a surprise to many Americans."

Thai Coup Leader, Backed By King, Promises Elections Next Year. In a 1,100-word piece, the AP (9/21, Wannabovorn) reports Thai Gen. Sondhi Boonyaratkalin, "winning crucial royal backing for his bloodless coup, announced Wednesday that he would not call elections for another year. The U.S. and other Western nations expressed disapproval and urged a swift restoration of democracy." Sondhi "said he would serve as de facto prime minister for two weeks until the junta — which calls itself the Council of Administrative Reform — chooses a civilian to replace him and drafts an interim constitution." The AP says he "sealed the success of his coup by receiving royal endorsement as leader of the new junta… Receiving the imprimatur of revered King Bhumibol Adulyadej legitimizes the takeover, and should effectively quash any efforts at resistance by [Prime Minister]

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Thaksin's partisans." The coup "followed a series of missteps that prompted many to accuse the prime minister of challenging the king's authority — an unpardonable act." The AP also notes "a sense of relief among many Thais at the resolution of political tensions that had hung over the nation since the beginning of the year."

The Financial Times (9/21, Kazmin, Burgis) adds, "Thailand's monarch on Thursday confirmed" Sondhi "as the head of the interim government," and Sondhi "said on Wednesday he would step down in two weeks and promised fresh elections next year. … He added that the military was considering possible candidates for prime minister." Thaksin "flew to London, where he owns a flat and his daughter attends university. Diplomats said the ousted prime minister could face prosecution if he returned home. The British government said it had no reason not to allow Mr Thaksin into the country and has not to date received any request for his extradition."

USA Today (9/21, Wiseman, Chitrada, 2.27M) and the Christian Science Monitor (9/21, Montlake, Kate, 58K) runs similar reports. The Washington Post (9/21, A20, Faiola, 748K), carries a story titled "Many In Bangkok Embrace Military Takeover," and notes "Thailand has suffered 17 successful or attempted military takeovers, but Tuesday's was the first in 15 years and something of a shock for Thais who thought they had left the days of coups behind. Many leading opposition figures have called this coup different in nature from the others -- mostly because the military is being trusted to simply act as a caretaker and restorer of democracy -- but others here recalled the coup in 1991."

US Denounces Coup. CBS Evening News (9/20, story 6, 0:15, Couric, 7.66M) reported, "The Bush Administration is denouncing the military coup in Thailand and hinting it may cut off US aid unless democracy is restored. No shots were fired in the coup yesterday and today some people even handed flowers to the soldiers. The ousted prime minister who was at the UN flew to London today."

The AP (9/21, Schweid) quotes State Department deputy spokesman Tom Casereports saying of the coup, "There is no justification for it. … It is a step backward for democracy."

More Commentary. The Washington Post (9/21, A24, 748K) editorializes, "The Bush administration designated Thailand as a major non-NATO ally because of its cooperation in the war on terrorism, but now it must respect the US law mandating a suspension of military aid in the event of a coup." The Administration "should join with allies such as Australia, Japan and the European Union in insisting that the interruption of democracy by the Thai military is unacceptable. The White House made a start yesterday by indicating that talks on a free-trade agreement would be suspended. It should go further: Any government appointed by the Thai military should be shunned and US-Thai relations frozen until a free and fair election is held."

Colum Murphy, deputy editor of the Far Eastern Economic Review, writes in today's Wall Street Journal (9/21, 2.03M), "The coup itself may not undermine confidence in Thailand's political stability." But "the deep divisions in Thai society remain unresolved. Even if the junta can deliver free elections within a year, what guarantee is there that the same social conflicts won't resurface? That would herald a much more serious crisis -- because the Thai people have already tolerated a coup for change. If it fails, what comes after that won't be easy."

Pope Tries To Calm Furor Over Remarks On Muslims. ABC World News (9/20, story 6, 0:15, Gibson) reports, "Pope Benedict tried again to calm the furor over those remarks that many Muslims called anti-Islamic. Benedict said he did not share the views of that medieval emperor that he quoted who portrayed Islam as a violent religion. But some Muslim leaders say the Pope still hasn't made the apology they are seeking."

Abe's Ascendance To Japanese Leadership Seen As Turning Point. The Wall Street Journal (9/21, Moffett, 2.03M) reports Japanese Chief Cabinet Secretary Shinzo Abe, chosen yesterday as leader of Japan's ruling party, pledged to continue the small-government policies pursued by current Prime Minister Junichiro Koizumi." Koizumi's Liberal Democratic Party "gave Mr. Abe 66% of its votes in a leadership election involving two other candidates. The LDP controls Parliament, so he is almost certain to become prime minister next Tuesday, when a special session meets to choose the next Japanese leader." Abe "said he would broadly continue with the remodeling of Japan undertaken by Mr. Koizumi, who cast his vote for Mr. Abe in the election." He "said he would continue to rein in spending, while generating higher tax revenues by fostering economic growth," and "would only later consider a rise in sales tax, which economists say is inevitable at some point, to cope with Japan's aging population." The Journal says the popular Abe "is inexperienced for a Japanese prime minister. At 52 years old, he would be Japan's youngest premier since World War II. He has held his only major cabinet post -- Mr. Koizumi's chief cabinet secretary, an amalgam of spokesman and chief of staff -- for less than a year." However, Abe "might stand out [in] foreign affairs. He favors a continuation of Japan's new assertiveness. But he is expected to be less brusque than Mr. Koizumi, who angered China with his annual visits to a controversial war shrine, and was not invited to visit Beijing."

The New York Times (9/21, Onishi, 1.21M) adds, "After securing the Liberal Democratic Party's presidency on Wednesday, Shinzo Abe will become Japan's first prime minister born after World War II, with a clear eye toward re-examining the postwar era." He "avoided specific comments about how he would pursue economic changes or how he would repair Japan's strained relations with China and South Korea. Instead, he spoke of revising the United States-imposed Constitution, which forbids Japan to have a full-fledged military, passing legislation to allow Japanese troops to be deployed overseas and making it possible for Japan to exercise the right to collective self-defense with the United States." The Times notes, "The emergence of a prime minister with no personal experience of World War II is considered a turning point in Japan, where the absence of a consensus on the war still troubles relations with the rest of Asia." While Abe is

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"considered politically inexperienced," his supporters say he "is a politician unburdened by Japan's past, capable of forging a newly independent and strong path for the nation. To critics, he is a potentially dangerous ideologue ready to jettison the postwar values that have brought stability, peace and wealth to Japan."

Critics Say Saleh Has Moved Yemen Away From Democratic Ideals. The Washington Post (9/21, A17, Ambah, 748K) reports, "Former presidential candidate Sumayya Ali Rajja…plodded from polling station to polling station Wednesday trying to take part in what she considered a historic moment: Yemen's first competitive presidential elections. But Rajja's frustration mounted when she was turned away from the third station and again told her name was not on the list of registered voters. Despite apologies by election officials for what they said was a mistake, Rajja insisted that her name was intentionally removed from the list." Rajja's frustration and disappointment were "echoed by many who had held high hopes for Yemen's democratic experiment, which had been closely watched as a barometer of pluralism in the Arab world." The Post adds, "Today, Rajja joins a growing chorus who believe President Saleh, in power for more than 28 years, has moved the country away from democratic ideals toward an authoritarian system based on patronage."

Hungary Crisis Said To Highlight Problems Across Eastern Europe. A front page story in the Wall Street Journal (9/21, Perry, 2.03M) reports, "Demonstrators protested outside Hungary's Parliament for a third straight day yesterday following clashes earlier in the week with police armed with water cannons. The protests were triggered by Prime Minister Ferenc Gyurcsány's admission that he had lied 'morning, evening and night' about the state of the economy ahead of April elections that returned him to power." The Post adds that Hungary's problems "highlight a troubling state of affairs in Eastern Europe. After economic crises in the 1990s, emerging economies in East Asia and Latin America learned to let their currencies float to reflect economic conditions and avoid excessive foreign debt. Many countries formerly behind the Iron Curtain haven't fully followed those lessons."

The Washington Post (9/21, A14, Whitlock, 748K) reports, "Thousands of Hungarians surrounded the parliament building here for the third straight night to demand" Gyurcsany's ouster. By midnight Wednesday, "an estimated 15,000 protesters had gathered in a square overlooking the Danube River, the largest crowd to materialize since the tape recording became public. Instead of resigning in shame or apologizing for having lied, Gyurcsany, 45, has tried to spin the scandal to his political benefit. He not only acknowledged making the comments but posted a transcript of the entire recording on his blog. He said his statements showed he was merely being honest about the sorry state of Hungary's public finances, something voters and politicians alike have been loath to accept."

LATimes Says Leak May Make It Easier For Gyurcsany To Sell Austerity Package. The Los Angeles Times (9/21, 918K) editorializes, "Gyurcsany is under intense pressure to resign, or at least scale back his economic reforms, but so far he's standing firm. The leak may even make it easier for him to sell his austerity package, a theory bolstered when the prime minister quickly published a lengthy transcript on his blog. Given that the violent demonstrators number only in the low thousands, it's conceivable that the telegenic young politician may yet pull a mini-Bulworth, or at least be able to…bring the previous government's election-year spending binge into check."

The Big Picture:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush And GOP Making Gains Among Voters."
"No Shortage Of Oil At The L.A. County Fair."
"S. Koreans Search Far And Wide For A Wife."
"Ban on New Forest Roads Upheld By Federal Judge."
"Attempt To Settle Skid Row Suit Fails."
"Adult Stem Cells Help Weakened Hearts."
"Venezuela's Chavez Pillories Bush, Denounces the U.N."

USA Today:
"Nursing Home Owners Indicted."
"For Bush, Cheaper Gas Is Premium."
"City Throwing A Party At Restored Superdome."

New York Times:
"Only 25% In Poll Voice Approval Of The Congress."
"Suits Say U.S. Impeded Audits For Oil Leases."
"Iran's Leader Relishes 2nd Chance To Make Waves."
"Japanese Fret That Quality Is In Decline."
"Little Girl, 3 Million Years Old, Offers New Hints On Evolution."
"Clanging New York Subways, Screeches Intact, Go Miniature."

Washington Post:
"Ehrlich Wants Paper Ballots For Nov. Vote."
"HP CEO Allowed 'Sting' Of Reporter."
"Allen's Mother Revealed Jewish Heritage To Him Last Month."
"Both Parties In Ky. Battle Try To Take Right Flank."
"Search Narrows For Source Of E. Coli."
"Pre-Human Child's Skeleton Found."

Washington Times:
"Chavez Calls Bush 'Devil' At U.N."
"House Bill To require Voter ID."
"Regulators Hit Backloaded Mortages."
"All-Female U.N. Unit Set For Liberia Mission."
"Football Patsies Paid To Take Beating."
"Lobster Come With A Side OF Frozen Veggies."

Detroit Free Press:
"Toyota Accelerate Push For No. 1."
"Intelligent Design OK For Science Class, DeVos Says."
"Chatty Corpse Collector Now May Need New Job."

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Atlanta Journal-Constitution:
""Voter ID Fight Lands In D.C."
"A Costly Break?"
"McDonough's Pay For Its Top Worker? More Than Governor."
"Back To School; Recess Returns."

Houston Chronicle:
"Enjoy The Ride As Prices Go Down."
"Skilling Arrested In Dallas On September 9."
"Chavez's U.N. Lashing Is A Sign Of What May Come."
"The Call For One Way To rate Schools Grows Louder."
"Morning Landing Set For Shuttle."

Story Lineup From Last Night's Network News:
ABC: Chavez-UN Speech; Iraq-Sunni Insurgency; Space Shuttle Cleared; Fed-Interest Rates; Laura Bush-Clinton Foundation; Senate-Border Fence; Border Town; MN-Tornado Sirens; Heartburn Treatment; Young College Graduates.
CBS: Chavez UN-Speech; Chavez Profiled; Iraq-Sectarian Violence; Condoleezza Rice Interview; Generic Ballot; Thailand Coup; Space Shuttle; E. Coli Outbreak; Prescription Drug Scam; Drug Scam-Analysis; Bob Schieffer Opinion; War On Terror; Mount Rushmore; Irwin Memorial Service; Working Dogs.
NBC: Gas Prices Down; Interest Rate Steady; Stock Market; Chavez-UN Speech; Ahmadinejad Interview; Space Shuttle; Virginia Senate Race; Hurricane Katrina-Negligent Homicide; SAT Controversy; Ahmadinejad Interview Reaction.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Space Shuttle; Chavez-UN Speech; Israeli Foreign Minister-UN Speech; Iraq-Policemen Killed; Skilling Arrested.
CBS: E-Coli Outbreak; RI-Nightclub Fire Plea Deal; LA-Nursing Home Owners Indicted; CBS News Poll; LATimes/Bloomberg Poll; Federal Reserve-Interest Rates.
NPR: RI-Nightclub Fire Plea Deal; Chavez-UN Speech; Space Shuttle; Wall Street; CA-Roadless Rule Reinstated; Survey-Moral Values Issues.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Gus Bilirakis for Congress Reception, Raymond James Stadium, Tampa, Fla.; attends Charlie Christ for Governor and Republican Party of Florida reception, Ritz-Carlton Orlando, Orlando, Fla.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a launch of Web site on Pakistani culture, with Sehba Musharraf, first lady of Pakistan. Kennedy Center; Delivers remarks and accepts International Republican Institute's Freedom Award, with Liberia's President, Ellen Johnson-Sirleaf, J.W. Marriott..

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the transition form coalition command to an international assistance force in Afghanistan. Gen. James L. Jones Jr., supreme allied commander Europe (SACEUR), Supreme Headquarters, Allied Powers Europe; Lt. Gen. Karl W. Eikenberry, commander, Combined Forces Command, Kabul; Barnett R. Rubin, New York University. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the nomination of Mary Amelia Bomar to be National Park Service Director. Location: Room 628, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing savings from increased use of generic drugs. CMMS Administrator Mark McClellan; Timothy Antonelli, Blue Cross Blue Shield of Michigan; William Shrank, Harvard Medical School; Bill Vaughan, Consumers Union. Location: Room 562, Dirksen.

10:15 a.m. ENVIORNMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation and nominations. Location: Room 406, Dirksen. Notes: Meeting may be delayed until after the first vote of the day.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the progress of the Capitol Visitor Center. Location: Room 138, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meets on pending nominations, including Warren Bell, Chris Boskin, and David Pryor to join Board of Directors of the Corporation for Public Broadcasting. Location: Room 253, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 628, Dirksen.

2:30 p.m. JUDICIARY _ Corrections and Rehabilitation Subcommittee. Hearing on federal assistance for prisoner rehabilitation and reentry. Mason Bishop, deputy assistant secretary of Labor; Regina Schofield, assistant attorney general; Robert Bogart, HUD; Cheri Nolan, HHS; Roger Werholtz, secretary, Kansas Department of Corrections; Diane Williams, Safer Foundation, Chicago. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Closed meeting on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 4830 - Border Tunnel Prevention Act of 2006. H.R. 6094 - Community Protection Act of 2006. H.R. 6095 - Immigration Law Enforcement Act of 2006.

9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on a bill to impeach federal Judge Manuel Real of California. Judge Real, Andrew Smyth, attorney, Arthur Hellman, University of Pittsburgh School of Law; Charles Geyh, Indiana University School of Law. Location: Room 2141, Rayburn.

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9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on worldwide trouble areas. Location: Room H-405, Capitol.

9:30 a.m. AGRICULTURE _ Full Committee. Markup of pending legislation. Location: Room 1300, Longworth.

10 a.m. AGRICULTURE _ Subcommittee on General Farm Commodities and Risk Managment. Hearing on federal farm policy, with university agriculture economists. Location: Room 1300, Longworth.

10 a.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on state of Army's efforts to develop combat vehicle active protection systems. Witnesses: Dr Robert Buhrkuhl, Joint Rapid Acquisition Cell, Office of the Secretary of Defense; Lloyd A. Feldman, Office of Force Transformation, Office of the Secretary of Defense; Major General Jeffrey A. Sorenson, Deputy for Acquisition and Systems Management, Department of the Army. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on commercial child pornography sites on the Internet. Ernie Allen, President and CEO, National Center for Missing and Exploited Children; Charles B. Wang International Children's Building, Alexandria, Va.; U.S. Attorney Christopher J. Christie, Newark, N.J.; James Plitt, Director, Cyber Crimes Center, Office of Investigations, ICE; Arne L. Christenson, American Express Co.; Jodi Golinsky, MasterCard International Inc.; Mark McCarthy, VISA U.S.A. Inc.; Douglas Jackson, Mitchell, O'Donnell, Ross, Fuerst, Miami; Joe Sullivan, PayPal; David Strider, U.S. Bancorp; Ralph Shalom, First Data Corporation; William Matos, Chase Paymentech Solutions; Kim Mowder, Bank of America. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Business meeting, followed immediately by a hearing on climate change technology research and whether we need a ``Manhattan Project'' for the environment. Stephen Eule, Climate Change Technology Program; John Stephenson, GAO; Lee Lane, Climate Policy Center; Richard Van Atta, Institute for Data Analysis; Martin Hoffert, New York University; Robert Socolow, Princeton University. Location: Room 2154, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Asia and the Pacific Subcommittee. Hearing on American and Asian relationships. Aaron L. Friedberg, Woodrow Wilson School of Public and International Affairs; Jonathan D. Pollack, Center for Naval Warfare Studies; Catharin E. Dalpino, Georgetown University; Teresita C. Schaffer, CSIS. Location: Room 2200, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Oversight hearing on the San Joaquin River Restoration Settlement Act. Location: Room 1324, Longworth.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.R. 4315 - To amend the Duck Stamp Act. Location: Room 1334, Longworth.

10 a.m. SCIENCE _ Full Committee. Hearing on ``Research on Environmental and Safety Impacts of Nanotechnology: What are the Federal Agencies Doing?'' Norris Alderson, FDEA; Arden Bement, National Science Foundation; George Gray, EPA; Altaf Carim, Energy Department; Andrew Maynard, Wilson Center; Matthew Nordan, Lux Research Inc. Location: Room 2318, Rayburn.

10 a.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on state and local intelligence gathering centers. Location: Room H-405, Capitol.

10 a.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 4511 - Flex Health Savings Accounts Act. Location: Room 1100, Longworth.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on increasing parental awareness of supplemental education services. Assistant Deputy Education Secretary Morgan Brown; Barbara Anderson, Knowledge Learning Corporation; Cornelia Ashby, GAO; Stephen Barr, Ohio Education Department; Monique Dollonne, parent, Ventura, Calif. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the past year and a look at 2007. Gary Kurpius, commander-in-chief, Veterans of Foreign Wars; Tom McGriff - national commander, AMVETS; Bradley S. Barton, national commander, Disabled American Veterans; Tom Zampieri, Blinded Veterans Association; retired Sgt. Maj. H. Gene Overstreet, USMC, president and CEO, Non Commissioned Officers Association; Tom Poulter, national commander, Military Order of the Purple Heart; Louis Irvin, executive director, Paralyzed Veterans of America; Rose E. Lee, Gold Star Wives of America; John R. Davis, Reserve Fleet Officer Association; John Rowan, national president, Vietnam Veterans of America; Paul Morin, national commander, The American Legion. Location: Room 334, Cannon.

11:30 a.m. JUDICIARY AND INTERNATIONAL RELATIONS _ Crime, Terrorism and Homeland Security and the Western Hemisphere Subcommittee. Joint hearing on the need for European assistant to Colombia in the fight against illegal drugs. Location: Room 2141, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee and the Subcommittee on Commerce, Trade and Consumer Protection. Hearing on Internet governance. Assistant Commerce Secretary John Kneuer; Paul Twomey, President ICANN; Steve DelBianco, Association for Competitive Technology; Thomas Lenard, Progress and Freedom Foundation; Harold Feld, Media Access Project; Mark Bohannon, Software and Information Industry Association. Location: Room 2123, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: Afternoon. Event at the Embassy. Closed. Invitation only.

DISASTER TRAINING _ The FEMA Urban Search and Rescue Task Force holds an international disaster training exercise. Location: Fairfax County Fire and Rescue Training Academy, 4600 W. Ox Rd., Fairfax.

GENETIC TESTING-ETHICS _ Johns Hopkins University's Genetics and Public Policy Center holds the National Genetic Policy Summit. Highlights: 9:30 a.m. Plenary, with Janet

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Woodcock, M.D., Deputy Commissioner for Operations, Food and Drug Administration. 10:15 a.m. ``Genetic Testing 2006: Focus on Quality." With Brad Popovich, Ph.D., President and CEO, Sirius Genomics; Greg Hines, CEO, Tm Bioscience; Kathy Hudson, Director, Genetics and Public Policy Center. 11:45 a.m. Luncheon speaker, Sen. Barak Obama, D-Ill. 1 p.m. Genes in Practice, with Sharon Terry, CEO, Genetic Alliance; Patricia Furlong, Jana Monaco, Rebecca Fisher, consumers; Ned Calonge, State Epidemiologist, Colorado Dept. of Public Health; Joanne Armstrong, Senior Medical Director, Aetna. 3 p.m. Embryo Testing, with Joe Leigh Simpson, Baylor College of Medicine; Mark Hughes, Genesis Genetics; Eric Cohen, Ethics and Public Policy Center; Susannah Baruch, Genetics and Public Policy Center. 4:30 p.m. Genomes and Governments: The deCODE Story in Iceland, with Kari Stefansson, Founder, deCODE Genetics, Reykjavik. Location: Fairmont Hotel, 2401 M St. NW.

PROSTATE CANCER-CONFERENCE _ 2nd annual African American Prostate Cancer Disparity Summit. Cancer survivors, community leaders and researchers will speak. Highlights: 9 a.m. A Call to Action, with Reps. G.K. Butterfield, James Clyburn, Melvin Watt. 12 p.m. Legislative iniatives, with Sen. John Kerry, Rep. Gregory Meeks and Thomas A. Farrington, president of the Prostate Health Education Network. Location: Room 2168, Rayburn (except as noted).

FAMILY-VOTERS _ The Family Research Council, Focus on the Family Action, American Family Association Action, others, hold the first ``Washington Briefing: Values Voter Summit 2006." Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

ELECTIONS _ 8 a.m. The American Enterprise Institute holds a panel discussion on the midterm elections, with Karlyn Bowman, Norman Ornstein, others, all of AEI. Location: 12th floor, AEI, 1150 17th St. NW.

NATURAL DISASTERS _ 8:30 a.m. The Wilson International Center for Scholars holds a seminar on the growing threat of natural disasters, with Rep. Earl Blumenauer, former NPS Director Roger Kennedy, former Maryland Gov. Parris Glendening. Location: 8th floor, Wilson Center, Reagan Trade Building.

MASSACHUSETTS-UNIVERSAL COVERAGE _ 8:45 a.m. - 11 a.m. National Journals Policy Council holds forum on Massachusetts new state health care law, which could put the state in a position to be first in nation with nearly universal coverage. With Gov. Mitt Romney; Timothy Murphy, Massachusetts Office of Health and Human Services; Families USA; AFL-CIO, others. Location: Mayflower, Grand Ballroom, 1127 Connecticut Ave. NW.

CUBA _ 9 a.m. The National Committee to Free the Cuban Five holds a news conference to call on the Bush Administration to release the five Cuban men known as the ``Cuban Five." Participants include Francisco Letelier, son of Orlando Letelier (on the 30th anniversary of his DC assassination), and victims of anti-Cuba incidents. Location: National Press Club.

DEMOCRATS-AFGHANISTAN _ 9 a.m. Representative Tom Lantos and other Democrats on the House International Relations Committee hold a news conference on what they say is the Bush Administrations failures in Afghanistan. These members sent a letter to Bush on Monday calling for a bottom-up review of U.S. Afghanistan policy, and the HIRC held a full-committee hearing on the subject this morning. Location: Cannon Terrace.

LEBANON _ 9 a.m. The Middle East Institute holds a program with Lebanese member of Parliament Musbah al-Ahda on the status of Lebanon's pro-democracy March 14th movement. Location: 1761 N St. NW.

NEO-POPULISM _ 9 a.m. George Washington University and the Army War College hold a colloquium on the rise of no-populism in the Western hemisphere. Location: Room 451, Duques Hall, 2201 G St. NW.

SUPREME COURT _ 9 a.m. The Washington Legal Foundation holds a preview of the 2006 Supreme Court term, with former Attorney General Richard Thornburgh and attorneys Jonathan Franklin and David Rivkin. Location: 2009 Massachusetts Ave. NW.

NATRUAL DISASTERS _ 9:15 a.m. Deputy Commerce Secretary Davis Sampson gives keynote remarks at the Continuity of Business Summit, sponsored by the U.S. Chamber of Commerce. Location: 1615 H St. NW.

HASTERT-VAULT _ 9:30 a.m. Photo op with sSpeaker of the House J. Dennis Hastert joins professor Allen Weinstein, Archivist of the United States, immediately after touring the National Archives' Legislative Treasures Vault, to examine the original, handwritten Journal of the U.S. House of Representatives from the First Congress. Location: National Archives, 700 Pennsylvania Ave. NW.

IRAN _ 9:30 a.m. The Center for Strategic and International Studies holds a program with Reps. Robert Andrews and Jim Saxton on Iran's nuclear ambitions. Location: B-1 conference level, 1800 K St. NW.

ADDICTION TREATMENT _ 10 a.m. The Betty Ford Center and Caron Treatment Centers hold a news conference to call for passage of a bill equalizing addiction treatment coverage. Location: Cannon Terrace.

DEMOCRATS-MILITARY BASES _ 10 a.m. Senior HASC Democrats, along with the National Military Family Association, will discuss what they say are the severely degraded base operations and support services offered to soldiers and their families on military installations. Location: Room 2212, Rayburn House Office Building.

ELECTION-FUTURE _ 10 a.m. The American Enterprise Institute holds a forum on what will happen following the midterm elections. Location: 12th floor, AEI, 1150 17th St. NW.

HEALTH INSURANCE-RETIREES _ 10 a.m. Retirees who had their company health coverage cut adevocate for health benefit protection reforms. Location: Independence Ave., near Cannon Terrace.

RECOVERY MONTH _ 10 a.m. Reps. Patrick Kennedy and Jim Ramstad hold a news conference on National Recovery Month. Location: Cannon Terrace.

US IMAGE OVERSEAS _ 10 a.m. National Press Club newsmaker with authors of ``Advertising's War on Terrorism: The

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Story of the US State Department's Shared Values Initiative," with Alice Kendrick and Jami Fullerton. Location: National Press Club, 14th and F Sts. NW.

PAKISTAN _ 10:20 a.m. Launch of a new website, Gift of the Indus: The Arts and Culture of Pakistan. With First Ladies Laura Bush and Begum Sehba Musharraf of Pakistan, others. Location: Kennedy Center Family Theater.

DEMOCRATS-MIDDLE CLASS _ 10:30 a.m. Democratic Senators Paul Sarbanes, Jack Reed, and Ken Salazar will join Elizabeth Warren, Harvard professor and author of ``The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke, and a family to call for a new direction from economic policies that they say have left Americas middle class squeezed between rising costs and stagnant wages. Location: Room S-211, Capitol.

IRAQ _ 10:30 a.m. Religious and peace movement leaders hold a nonviolent civil disobedience against the Iraq war. Location: In front of the White House.

PENTAGON-AFGHANISTAN _ 10:30 a.m. Army Lt. Gen. Karl Eikenberry, commanding general of Combined Forces Command-Afghanistan, will conduct a news briefing to provide an update of ongoing military operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

DARFUR _ 10:45 a.m. Reps. Barbara Lee, Mel Watt, James McDermott, others, hold a news conference to announce introduction of the Darfur Divestment and Accountability Act. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DARFUR _ 11 a.m. Sens. Sam Brownback, Mike DeWine, Russ Feingold, Tom Coburn and Barack Obama hold a news conference to discuss Darfur and to call for final passage of the Darfur Peace and Accountability Act. Location: Russell Senate Park.

MEDICARE GAP _ 11 a.m. Sen. Debbie Stabenow, D-Mich., and Rep. Jan Schakowsky, D-Ill., will join Campaign for Americas Future co-director Roger Hickey and Americans United communications director Brad Woodhouse on a press conference call to release a new report by the Campaign for Americas Future on the gap in Medicares prescription drug coverage known as the ``donut hole. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Conference Call-in : 800-289-0508. Passcode: 8774909. Media should reserve space by contacting Noreen Nielsen at nnielsenourfuture.org. For more information please visit www.nodonuthole.com.

SUZANNE SWIFT CASE _ 11:30 a.m. Members of Iraq Veterans Against the War, Veterans for Peace and others hold news conference after meeting between Rep. Peter DeFazio, D-Ore., and mother of Army specialist Suzanne Swift. (Swift is an Iraq war veteran who says she was assaulted by fellow officers, and is now being held in custody at Fort Lewis, Wash.) Location: in front of Rayburn Bldg.

AG POLICY _ 12 p.m. The Cato Institute holds a briefing on why Congress should consider the direction of U.S. agricultural policy, with Rep. Jeff Flake, others. Location: Room 2226, Rayburn.

CHINA UNREST _ 12 p.m. Discussion on ``Chinas Social Unrest: What does it mean? With Albert Keidel, Carnegie Endowment for International Peace; M. Scott Tanner, RAND Corp., John D. Steinbruner, Center for International and Security Studies at Maryland (CISSM). Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

COMCAST-STEVENS _ 12 p.m. Senate Commerce Committee Chairman Ted Stevens and Comcast Corp. Chairman and CEO Brian Roberts speak at Progress & Freedom Foundation CEO Luncheon Series. Location: Capital Hilton, 16th and K Sts. NW.

MEDICARE-MEPHISTOPHELES _ 12 p.m. Cato Institute book forum on ``Medicare Meets Mephistopheles," with author David Hyman, University of Illinois. Hyman wryly suggests that Medicare may be ``the greatest trick the devil has ever played." Location: 1000 Massachusetts Ave. NW.

STOPPING ILLEGAL IMMIGRATION _ 12 p.m. Rep. Tom Tancredo addresses Heritage Foundation forum on ``A New Strategy for Controlling Illegal Immigration." Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

INEQUALITY IN AMERICA _ 12 p.m. - 1:30 p.m. Ron Blackwell, chief economist for the AFL-CIO, addresses National Economists Club luncheon on the ``Growing Inequality in America." Location: Chinatown Garden Restaurant, 618 H St. NW.

FDA REFORM _ 12:15 p.m. Rep. Rosa DeLauro releases FDA reform legislation on a media conference call. Contacts: Kate Cyrul, 202-225-3661. Notes: Callin number: 888-455-0044. Call contact for passcode.

ARMY-FUEL CELLS _ 12:30 p.m. The Army becomes the first customer of GM's latest fuel cell technology, as the first vehicles of the next generation Chevrolet Equinox Fuel Cell vehicle are delivered. Location: Russell Senate Park.

DEMOCRATS-HISPANIC AGENDA _ 12:30 p.m. Congressional Democratic leadership holds a news conference to release the Democrats' Hispanic agenda. With Sens. Harry Reid, Hillary Clinton, Reps. Nancy Pelosi Grace Napolitano, others. Location: Room G-50, Dirksen.

BURTON-OFFSHORE OIL _ 1 p.m. Minerals Management Service Director Johnnie Burton will address the Platts Energy Podium on the controversy over offshore oil lease price threshold contract provisions and other matters. Location: McGraw-Hill/Platts Washington office, 1200 G St. NW, Suite 1000.

JOB CORPS _ 1 p.m. Labor Secretary Chao and Job Corps Director Esther Johnson announce a Job Corps initiative to improve student preparedness for high-demand occupations. Location: Woodland Job Corps Center, 3300 Fort Meade Rd., Laurel.

MILITARY READINESS _ 1 p.m. Reps. Ike Skelton, Silvesatre Reyes and Vic Snyder hold a news conference on military readiness. Location: Room 2212, Rayburn.

HEALTH INSURANCE _ 2 p.m. The New America Foundation holds a program on the future of employer-based

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health insurance, with Sens. Blanche Lincoln and Gordon Smith, others. Location: Room 562 Dirksen.

INSURANCE REGULATION _ 2 p.m. The American Enterprise Institute holds a panel discussion on whether insurance rates should continue to be regulated at the state or federal level, with Scott Harrington of the Wharton School, Thomas Hazlett of George Mason School of Law, George Kaufman of Loyola University Chicago, others. Location: 12th floor, AEI, 1150 17th St. NW.

BORDER SECURITY _ 2:30 p.m. House Speaker Dennis Hastert and the House Republican leadership holds a news conference on border security. Location: House Radio-TV Gallery.

GOP-BORDER SECURITY _ 2:30 p.m. House Speaker J. Dennis Hastert joins Majority Leader John Boehner, Majority Whip Roy Blunt, Conference Chairman Deborah Pryce, and Policy Committee Chairman Adam Putnam to highlight boder security action. Location: House Radio-TV Gallery.

NEW CAPITAL _ 3 p.m. Roundtable discussion on U.S. markets and the impact of current regulations, with Reps. Tom Feeney and Pete Sessions, others. Location: Mansfield Room, Capitol.

IRAQ-TERRORISM _ 4 p.m. The University of Maryland holds a discussion on Iraq and terrorism, with former Amb. Joseph Wilson, former Amb. David Mack, others. Location: Stamp Student Union ballroom, University of Maryland, College Park.

SENATE-IRAQ _ 4 p.m. Closed briefing for senators only on Iraq, with Defense Secretary Rumsfeld, Joint Chief of Staff Chairman Gen. Peter Pace, others. Location: Room S-407, Capitol.

NATIONAL GUARD-TOP EMPLOYERS _ 6:30 p.m. Department of Defense honors the top 15 outstanding employers of National Guard and Reserve service men and women. Honorees include DuPont, Starbucks, Allianz, MGM Mirage and the state governments of Vermont and Massachusetts. Location: Reagan Bldg. and Trade Center, 1300 Pennsylvania Ave. NW.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 21, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

CIA 'refused To Operate' Secret Jails (FT)

By Guy Dinmore

Financial Times, September 21, 2006

The Bush administration had to empty its secret prisons and transfer terror suspects to the military-run detention centre at Guantánamo this month in part because CIA interrogators had refused to carry out further interrogations and run the secret facilities, according to former CIA officials and people close to the programme.

The former officials said the CIA interrogators' refusal was a factor in forcing the Bush administration to act earlier than it might have wished.

When Mr Bush announced the suspension of the secret prison programme in a speech before the fifth anniversary of the September 11 terror attacks, some analysts thought he was trying to gain political momentum before the November midterm congressional elections.

The administration publicly explained its decision in light of the legal uncertainty surrounding permissible interrogation techniques following the June Supreme Court ruling that all terrorist suspects in detention were entitled to protection under Common Article Three of the Geneva Conventions.

But the former CIA officials said Mr Bush's hand was forced because interrogators had refused to continue their work until the legal situation was clarified because they were concerned they could be prosecuted for using illegal techniques. One intelligence source also said the CIA had refused to keep the secret prisons going.

Senior officials and Mr Bush himself have come close to admitting this by saying CIA interrogators sought legal clarity. But no official has confirmed on the record how and when the secret programme actually came to an end.

John Negroponte, director of national intelligence, who was interviewed by Fox News on Sunday, said in response to a question of whether CIA interrogators had refused to work: "I think the way I would answer you in regard to that question is that there's been precious little activity of that kind for a number of months now, and certainly since the Supreme Court decision."

In an interview with the Financial Times, John Bellinger, legal adviser to the state department, went further, saying there had been "very little operational activity" on CIA interrogations since the passage last December of a bill proposed by Senator John McCain outlawing torture and inhumane treatment of prisoners.

Mr Bellinger said the secret prisons remained empty for the moment. But he defended the US position that use of such prisons did not contravene international conventions as some in Europe have argued. He also said that, theoretically, the Pentagon as well as the CIA had the legal right to run such facilities. The CIA declined to comment.

Key figures among the 14 prisoners transferred to Guantánamo, including Khalid Sheikh Mohammed, had been held in secret centres for three years or more.

Independence Days (WP)

By David S. Broder

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The Washington Post, September 21, 2006

American politics reached a critical turn last week. The revolt of several Republican senators against President Bush's insistence on a free hand in treating terrorist detainees signaled the emergence of an independent force in elections and government.

This movement is not new, but the moral scale of the issue -- torture -- and the implications for both constitutional and international law give it an epic dimension, even if it is ultimately settled by compromise.

The senators involved -- John McCain, Lindsey Graham and John Warner -- were also instrumental in forming the "Gang of 14," the bipartisan bloc that seized control of the Senate last year and wrote the compromise that prevented a drastic change in the filibuster rule that otherwise would have triggered a bitter partisan divide.

These are not ordinary men. McCain, from Arizona, is probably the leading candidate for the 2008 presidential nomination. Graham, from South Carolina, is the star among the younger Republican senators. Warner, from Virginia, embodies the essence of traditional Reagan conservatism: patriotism, support for the military, civility.

They were joined in their opposition to Bush's call for extraordinary interrogation techniques by Colin Powell, the former secretary of state and chairman of the Joint Chiefs of Staff, who is still, despite the controversies over his role in Iraq policy, one of the most admired Americans.

That these Republicans -- and others -- were ready to join the Democrats in rejecting Bush's plan caused the White House to scramble for alternatives and House Republican leaders to postpone a scheduled vote. The revolt goes well beyond three men.

What it really signals is a new movement in this country -- what you could rightly call the independence party. Its unifying theme can be found in the Declaration of Independence's language when Jefferson invoked "a decent respect to the opinions of mankind."

When Powell wrote that Bush's demand would compound the world's "doubt [about] the moral basis of our fight against terrorism," he was appealing to Jefferson's standard.

It is a standard this administration has flagrantly rejected. Bush was elected twice, over Democrats Al Gore and John Kerry, whose know-it-all arrogance rankled Midwesterners such as myself. The country thought Bush was a pleasant, down-to-earth guy who would not rock the boat. Instead, swayed by some inner impulse or the influence of Dick Cheney, he has proved to be lawless and reckless. He started a war he cannot finish, drove the government into debt and repeatedly defied the Constitution.

Now, however, you can see the independence party forming -- on both sides of the aisle. They are mobilizing to resist not only Bush but also the extremist elements in American society -- the vituperative, foul-mouthed bloggers on the left and the doctrinaire religious extremists on the right who would convert their faith into a whipping post for their opponents.

The center is beginning to fight back. Michael Bloomberg, the Republican mayor of New York, is holding a fundraiser for Sen. Joe Lieberman, a Democrat running as an independent against the bloggers' favorite, Ned Lamont.

His election is important, as is Republican Sen. Lincoln Chafee's in Rhode Island, because both would signal that independence is a virtue to be rewarded.

Similarly important, though less publicized, is Republican Sen. Mike DeWine's race in Ohio. DeWine is an ally of McCain & Co. in forming a center for the Senate; his opponent, Democratic Rep. Sherrod Brown, is a loud advocate of protectionist policies that offer a false hope of solving our trade and job problems.

A "decent respect" begins at home, with an acknowledgment of public opinion. Americans are saying no to excess greenhouse gases and no to open borders; yes to embryonic stem cell research, yes to a path to earned citizenship for millions of illegal immigrants and yes to a living wage. Six more states are likely to approve increases in the minimum wage through ballot initiatives in November.

A congressional election with lots of new faces and a scare for many returning veterans is important as a signal to next year's likely leaders such as Republican Sen. Mitch McConnell and Democratic Rep. Nancy Pelosi that they can't design their strategies simply to satisfy the most rabid of their party's extremes; they have to govern down the center and work across party lines.

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And that in turn would set the stage for a 2008 election in which the two branches of the independence movement -- Republican and Democratic -- could compete in a campaign that would, for a change, show a "decent respect" for the intelligence of the American people.

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Rendering Unto Syria (WSJ)

The Wall Street Journal, September 21, 2006

Opponents of interrogating al Qaeda detainees keep slandering the Bush Administration by equating all aggressive questioning techniques with "torture." What's more, they seem unable to draw the obvious lessons from our experience handling terror suspects thus far.

Take the case of Maher Arar, an apparently innocent Canadian citizen who was arrested at JFK airport in September 2002 and turned over to Syria -- a process known as "rendition" -- where he actually appears to have been tortured. According to some of our media colleagues, this shows that CIA officials can't be trusted with the authority they're seeking under the proposed new Detainee Act to use a number of "stress techniques" against high level al Qaeda detainees.

But Mr. Arar's case proves exactly the opposite. For starters, it was the Canadian government that supplied what appears to have been bad information about Mr. Arar's alleged al Qaeda ties. More to the point, the temptation to get vital information by "rendering" such suspects for interrogation by governments that have little respect for human rights will only increase if the CIA's own al Qaeda interrogation program is shut down. This may make some in Congress feel better about themselves, but it won't do much for the "rights" of those interrogated.

The White House has been negotiating over the issue with Senator John McCain so U.S. interrogators aren't left in legal limbo because Congress refuses to define our obligations under Common Article 3 of the Geneva Conventions. It's precisely such legal clarity that will limit potential abuses, rather than leaving Article 3 open to interpretation by individuals -- or by the likes of Syria, since as it stands every country in the world interprets Article 3 in its own way now.

Crucial to any compromise is that the new rules not only protect CIA interrogators under relevant U.S. law (the 1996 War Crimes Act), but also assert our understanding of our obligations under Geneva. This is not about "rewriting" Geneva, as Mr. McCain and others have previously suggested; it is about the necessity of fleshing out what vague Article 3 prohibitions against "humiliating" treatment and the like actually mean.

President Bush has been very strong on this issue so far. We trust he won't endorse anything now that falls short of the comprehensive legal clarity he's been right to demand.

Justice Dept. Amends Remark On Torture Case (NYT)

By Scott Shane

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — In an embarrassing turnabout, the Department of Justice backed away Wednesday from a denial by Attorney General Alberto R. Gonzales of responsibility for the treatment of a Canadian who was seized by American authorities in 2002. The man was deported to Syria, where he was imprisoned and beaten.

Asked at a news conference on Tuesday about a Canadian commission's finding that the man, Maher Arar, was wrongly sent to Syria and tortured there, Mr. Gonzales replied, "Well, we were not responsible for his removal to Syria." He added, "I'm not aware that he was tortured."

The attorney general's comments caused puzzlement because they followed front-page news articles of the findings of the Canadian commission. It reported that based on inaccurate information from Canada about Mr. Arar's supposed terrorist ties, American officials ordered him taken to Syria, an action documented in public records.

On Wednesday, a Justice Department spokesman said Mr. Gonzales had intended to make only a narrow point: that deportations are now handled by the Department of Homeland Security, not the Department of Justice.

The spokesman, Charles Miller, said the attorney general forgot that at the time of Mr. Arar's deportation, such matters were still handled by the Immigration and Naturalization Service, which was part of the Department of Justice.

"He had his timeline mixed up," Mr. Miller said.

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Asked why Mr. Gonzales appeared to cast doubt on the Canadian finding that Mr. Arar had been tortured, Mr. Miller said, "I wouldn't go beyond what he said."

He said Justice Department officials "have not fully reviewed" the commission's report since its release on Monday, and he noted that Mr. Arar had brought a lawsuit against United States officials that was dismissed by a lower court but was being appealed.

The attorney general's refusal to take responsibility for the government's conduct in the case comes when the treatment of people detained in the campaign against terrorism is again at the center of public debate. The White House is in negotiations with Republican senators who believe detainee legislation proposed by the administration would damage the international standing of the United States and possibly endanger American soldiers taken prisoner overseas.

For critics of the Bush administration at home and abroad, the Arar case has become an oft-cited example of both incompetence and brutality in the offensive against terrorism. It is often described as a rendition, the legal term for the seizure of a suspect overseas and delivery to imprisonment and interrogation in another country.

But the Arar case differs technically from other instances of rendition because Mr. Arar was detained in the United States and his expulsion resulted from a formal deportation order, a distinction Mr. Gonzales made.

Asked about Mr. Gonzales's remarks, Mr. Arar said in an interview on Wednesday with National Public Radio that American officials had sent him to Syria despite his protests that he would be tortured there.

"The facts speak for themselves, you know," Mr. Arar said. "The report clearly concluded that I was tortured. And for him to say that he does not know about the case or does not know I was tortured is really outrageous."

Maria C. LaHood, Mr. Arar's lawyer at the Center for Constitutional Rights in New York, called Mr. Gonzales' comments "unbelievable."

"I had hoped that they would actually step up and say, 'We made a mistake, we accept the report's findings, we clear Mr. Arar's name and we apologize,' " Ms. LaHood said.

Mr. Arar, now 37, is a former telecommunications engineer who was born in Syria but did not live there after his teenage years.

In September 2002, as he changed planes at Kennedy International Airport in New York on his way home to Canada, he was detained because his name was on a terrorist watch list. His name was included on the basis of incorrect information from the Royal Canadian Mounted Police that he was linked to Al Qaeda, the commission found.

American officials wanted more information about what threat he might pose and decided to deport him to Syria, an option legally possible because he had been born there. Officials have said that as is standard in such cases, the United States sought "assurances" from Syria that Mr. Arar would not be tortured.

In fact, he was held there in a dank cell that measured 3 feet by 6 feet by 7 feet and beaten repeatedly with a metal cable, according to Mr. Arar's description and the commission report.

In October 2003, Mr. Arar was released by Syria, where officials found no evidence that he had any connection to terrorism, and returned to Canada. In January 2004 the commission, headed by a judge, Dennis R. O'Connor, began two years of hearings and investigation. The United States refused to cooperate with the commission, declining Canadian requests for documents and testimony related to the case.

On Wednesday, Representative Edward J. Markey, Democrat of Massachusetts, introduced five "resolutions of inquiry" aimed at forcing the release of government documents related to the case.

Under Congressional rules, the resolutions must be voted on in five House committees within 14 days, or Mr. Markey will be able to force a vote by the full House, his staff said.

The Torture Of Liberty (NYT)

By Bob Herbert

The New York Times, September 21, 2006

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After traveling to Ottawa to interview Maher Arar last year, I wrote: "If John Ashcroft was right, then I was staring into the malevolent, duplicitous eyes of pure evil ... But all I could really see was a polite, unassuming, neatly dressed guy who looked like a suburban Little League coach."

It turns out John Ashcroft was wrong. After an exhaustive investigation, a government commission in Canada ruled definitively and unequivocally this week that Maher Arar was no terrorist. He was nothing more than a quiet family man who found himself sucked into a vortex of incompetence, hysteria and a so-called war on terror that has gone completely haywire.

He's lucky he survived. Mr. Arar, a Canadian citizen who was born in Syria, was snatched by American authorities as he waited for a connecting flight home from Kennedy Airport in September 2002. The Americans apparently were acting on bad information fed to them by Canadian investigators.

As in the witch hunts of old, no one seemed to care whether there was any factual basis for the allegations against Mr. Arar. Without even a nod in the direction of due process, the Americans put him on a government jet and shipped him off to Jordan, where he was promptly driven to Syria, where he was tortured.

Welcome to extraordinary rendition, a reprehensible practice in which people are kidnapped by the U.S. government and sent off to countries that specialize in the evil arts of torture.

Mr. Arar lived in torment for nearly a year, confined most of the time to a tiny underground cell, about the size of a grave. Despite the torture, the Syrians were unable to connect him to terrorism in any way. The Canadian government managed to secure his release in October 2003.

If this were just a bad but honest mistake, we might be able to simply wish Mr. Arar well and vow never to let it happen again. Instead, the United States is about to ensure that many more individuals who are falsely accused are deprived of the single most fundamental tool they need to establish their innocence.

In the push to enact legislation dealing with the interrogation and prosecution of terror suspects, both the White House and dissident Republicans in the Senate intend to strip away the hallowed safeguard of habeas corpus for some noncitizens held in U.S. custody outside the United States.

Habeas corpus (literally "produce the body") is a legal proceeding that allows one to challenge his or her detention in a court of law. It is the most significant safeguard against arbitrary imprisonment. Someone deprived of this right — which is enshrined in the U.S. Constitution and has been recognized by various societies all the way back to the Middle Ages — can be locked up, whether innocent or guilty of any offense, and never heard from again.

I can't believe that most Americans think this is all right.

"This is recognized as a broad common-law and constitutional right," said Bill Goodman, the legal director for the Center for Constitutional Rights in New York, which has been fighting to secure basic legal protections for prisoners in American custody at Guantánamo Bay, Cuba.

At a minimum, said Mr. Goodman, "A person has a right to know what crime he's being charged with. And a court can demand that the government produce evidence indicating that there is a reason to hold that person."

The authority to demand that even the highest officials in a nation — even the president, even the king back in the days of the Magna Carta — justify the detention of a human being is powerful, and essential in a free society.

The right to file for a writ of habeas corpus, insisting that this authority be exercised, is a crucial check on naked governmental power. It's a check on injustice.

In Washington, instead of saluting this cornerstone of freedom, politicians are about to deep-six it for some people without even much in the way of debate.

Talk about freedom is cheap. We hear it all the time. Real protection against tyrannical behavior by powerful government officials is another matter.

I spoke to Mr. Arar by phone yesterday. He said now that the Canadian government has publicly cleared his name, he would like the U.S. government to follow suit. But the U.S. government is busy trying to make sure that other innocents, trapped unfairly in a cage, have absolutely nowhere to turn. No recourse at all.

Frist Hopeful Of Deal On Detainee Treatment; Wiretap Bill Altered (AP)

DOJ_NMG_0066531

AP, September 21, 2006

WASHINGTON — President Bush's embattled anti-terrorism plans got a boost Wednesday when a wiretap bill was revised and a Senate Republican leader said he was hopeful a deal was near on treatment of detainees.

Prospects for the two critical pieces of legislation remained unclear; Congress is speeding toward a recess next week as Republicans fight to retain majority control in the November elections.

Nevertheless, a bill by Rep. Heather Wilson, R-N.M., made some progress Wednesday after she rewrote it to allow warrantless wiretapping when an attack is imminent, as Bush has demanded. Even so, she told reporters differences between the House and Senate versions were unlikely to be worked out before Congress reconvenes after the Nov. 7 elections.

Democrats sat on the sidelines "watching the catfights" among Republicans on terrorism surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev. He noted that Republican leader Bill Frist of Tennessee was forced to postpone consideration of those bills this week; the Senate instead is holding a floor debate on border security "because they have nothing else to do."

Neither the White House nor rebellious Republican senators had the votes necessary to move forward on how to handle the nation's most dangerous terror suspects. The two sides remained at odds over how to adhere to the 1949 Geneva Conventions and simultaneously give the CIA leeway to conduct interrogations.

In the House of Representatives, there was more evidence that support was far from solid for the detainee bill approved overwhelmingly last week by the Armed Services Committee. A second panel, the Judiciary Committee, on Wednesday reported the same bill with an "unfavorable recommendation," a procedural bump expected to be smoothed before the legislation reaches the House floor next week.

House Intelligence Chairman Pete Hoekstra, R-Mich., said he expected significant differences between any bills passed by the House and Senate. "If the Senate and the White House have reached an agreement, that is probably what would end up becoming law and making its way to the president's desk," Hoekstra said at the American Enterprise Institute.

Despite the stalemate, Frist sought to reassure the GOP troops that a deal still was possible. "I am hopeful that very soon agreement can be reached with the president and with the majority of Republicans," Frist said.

He spoke as House Republicans moved closer to the administration's position on domestic wiretapping.

Wilson's bill initially would have given legal status to Bush's domestic surveillance program only after an attack. Instead, her bill now would grant the administration's plea to allow wiretapping against Americans without warrants when it is believed a terrorist attack is imminent.

That concession carried a price for the president, according to a draft. Under the measure, the administration would be required to share more details of the nature of the threat with House and Senate leaders and the chairmen of both intelligence committees, who then would decide without administration input which lawmakers would receive the classified information.

House Panel Approves Wiretapping Bill (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

The House Intelligence Committee approved by voice vote a bill that would put into law the Bush administration's program of wiretapping without warrants. The sponsor, Representative Heather A. Wilson, Repubican of New Mexico, had rewritten the measure to make it more to Mr. Bush's liking. The Judiciary Committee later endorsed a similar version, by 20 to 16. But Ms. Wilson's revision, likely to draw Mr. Bush's support, is the bill that probably will make it to the full House. Under her bill, the president may conduct the secret surveillance only under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent.

House Panel Endorses Controversial Spy Bill (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 21, 2006

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Republicans push through legislation designed to rewrite wiretapping law but blasted by civil liberties groups and Democrats.

Republicans on a key congressional committee on Wednesday approved legislation they described as a necessary rewrite to electronic surveillance law but attacked by Democrats, civil libertarians and technology advocacy groups as flawed and unconstitutional.

By a 20-to-16 vote mostly along party lines, the U.S. House of Representatives Judiciary Committee backed an amended version of the Electronic Surveillance Modernization Act of 2006, a Republican-sponsored measure introduced in July. Two Republicans and all 14 Democrats present rejected the proposal.

"This legislation is a priority for the president and critical to our national efforts to detect and disrupt acts of terrorism before they occur," said Committee Chairman James Sensenbrenner, who co-sponsored the controversial bill with Rep. Heather Wilson, a New Mexico Republican.

Supporters said the bill's provisions would aid terrorist investigations by relaxing the requirements for warrants to conduct electronic surveillance and addressing modern communications in a "technology neutral" way not foreseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA).

The Bush administration has acknowledged that its controversial National Security Agency terrorist surveillance program was not approved by the FISA court--but argue the president's constitutional powers as commander-in-chief, among other things, provide ample legal authority.

Meanwhile, civil liberties advocates have accused the administration of intruding into phone calls and e-mails of millions of innocent Americans, and even Attorney General Alberto Gonzales conceded earlier this year that some "ordinary" citizens could be swept up in the quest for rogue targets.

During about two hours of debate leading up to Wednesday's vote, Rep. John Conyers, the top Democrat on the Judiciary Committee, ticked off a number of flaws he perceived in the Republican-backed approach. Those gripes included a lack of limits on presidential power to conduct warrantless surveillance, extending FISA snooping to new categories of individuals and corporations who have no connection to foreign governments or terrorists, and allowing the government to maintain records and "massive databases" on surveilled individuals "in perpetuity."

"We all want to fight terrorism, but we need to fight it in the right way, consistent with our Constitution, and in a manner that serves as a model for the rest of the world," Conyers said in prepared testimony. "This bill does not meet that test."

Joining ongoing protests from advocacy groups like the American Civil Liberties Union and the Electronic Frontier Foundation, which have led many of the efforts to sue government agencies and telecommunications companies accused of illegal spying, a Washington-based technology trade association also served up its opposition to the surveillance bill this week.

"The mere possibility of widespread, secret, and unchecked surveillance of the billions of messages that flow among our customers, especially U.S. citizens, will corrode the fundamental openness and freedom necessary for our communications networks," Ed Black, president of the Computer and Communications Industry Association, wrote in a letter (click for PDF) to the committee on Tuesday. CCIA's members include Google, Yahoo, Microsoft and Red Hat.

"Even if this power is not deliberately misused," Black went on, "the loss of a sense of privacy in personal and confidential business communications will inflict great and long-lasting damage on the dynamic and innovative growth intrinsic to the high technology sector."

Some Judiciary Committee members offered amendments on Wednesday designed to quell constitutional concerns raised by opponents. In a move supported by both parties, Sensenbrenner proposed an amendment that stripped two portions of the underlying bill that would have allowed warrantless surveillance to continue for up to 60 days after an "armed attack" on the United States and up to 45 days after a "terrorist attack." He said the provisions' language was too vague and needed additional work.

Rep. Dan Lungren, a California Republican, also described a 25-page amendment that he claimed would add additional clarifications and constitutional protections. The proposed changes ultimately were approved, but not before Democrats raised questions about whether they could trust the measure without having studied it in advance and even called for halting the

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meeting until it could be more thoroughly examined. Efforts by CNET News.com to obtain a copy of the Lungren amendments met with no response.

Those actions represent "a lot of smoke and not a lot of fire," Lisa Graves, the ACLU's senior counsel for legislative strategy. "There's a lot of optics going on, but behind the scenes...I'm sure they've already worked out a deal to make sure the White House gets what it wants at the end of the day."

The same bill was also slated for a vote on Wednesday afternoon at a closed meeting of the House Permanent Select Committee on Intelligence, of which Wilson is a member. Committee representatives were not immediately available to comment on the outcome of those proceedings. But according to the ACLU, a different version of the Republican proposal, which still lacked adequate safeguards by its estimation, was approved by the intelligence panel.

In a move sure to ruffle feathers among civil libertarians, the Judiciary committee also approved along party lines an amendment designed to shield from legal liability any individual or company that complies with surveillance requests from any intelligence program.

The move would effectively "eliminate the 60 or more lawsuits filed because companies complied with government orders," such as the one lodged by the Electronic Frontier Foundation against AT&T, said Rep. Chris Cannon, the amendment's sponsor. Without such protection in place, he said, "an individual or company will be reluctant to cooperate with any government authorized surveillance program, which will severely undercut government's efforts (to prevent terrorist attacks)."

Republicans shot down a number of amendments offered primarily by Democrats, including more than one proposal designed to establish FISA as the exclusive means by which the president can sign off on electronic surveillance programs.

The House Judiciary Committee vote arrived one week after its counterpart in the Senate narrowly approved three bills relating to the Foreign Intelligence Surveillance Act, cuing them up for a vote soon on the Senate floor.

The most controversial measure of the trio, offered by Committee Chairman Arlen Specter with the White House's blessing, has drawn attacks from Democrats and civil liberties groups who claim it would erode the 1978 spy law's checks on executive power and violate Fourth Amendment privacy protections for Americans by authorizing unchecked intrusions on Internet and telephone communications.

The bill's supporters, for their part, say it signals that the president does not have a "blank check" to do warrantless surveillance and that he has volunteered to submit the National Security Agency's terrorist surveillance program for constitutional review if the bill passes, even though it doesn't explicitly require such a move.

Sensenbrenner said he expected the House version to go to a floor vote as soon as next week. It was not immediately clear when the Senate would take up its proposals.

Gitmo Says Orientation For 14 Under Way (AP-Y)

By Robert Burns

AP, September 21, 2006

The 14 terrorism suspects transferred to the Guantanamo Bay detention center from overseas CIA prisons two weeks ago are undergoing "orientation" and not being interrogated, the Army said Wednesday.

"It seems to be working fine," Gen. Bantz J. Craddock said in an interview with a group of reporters at the Pentagon. Craddock oversees U.S. military operations in Latin America and the Caribbean.

He said the 14 men are in a 30-day "orientation, acclimatization period" that is standard for new arrivals at Guantanamo.

Until that is finished, he said, it would be premature to say whether or how they would be interrogated.

Craddock said representatives of the International Committee of the Red Cross would be granted access to the new arrivals, who include the mastermind of the Sept. 11 attacks and architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania. They are the first additions to the detainee population at Guantanamo Bay since September 2004. It opened in January 2002.

But first, he said, the 14 would have to complete their orientation, which he did not describe in detail. He estimated they would be made available to the Red Cross around Oct. 1. In Geneva on Wednesday, the chief spokesman for the ICRC,

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Antonella Notari, said officials plan to arrive Sept. 25 for a scheduled two-week visit to Guantanamo. The ICRC is the only neutral agency with full access to Guantanamo detainees.

"The priority of the upcoming mission is to talk in private and to register the newly transferred detainees and to provide them the means to communicate with their family members through Red Cross messages," Notari said.

Notari said it was still unclear when the first meetings with the new detainees would occur.

Craddock said U.S. officials welcome the Red Cross's presence at Guantanamo Bay.

"They will have the same opportunity as we do pretty much with all the other detainees," Craddock said, referring to the approximately 440 other detainees at the facility on the southeastern tip of Cuba. Asked whether they would include private meetings with each of the 14 new arrivals, Craddock said, "I think so."

U.S. officials have said little about the conditions of confinement for the 14 since they arrived Sept. 4. Craddock said their overseers at the prison have been monitoring them and acclimating them to the food and other conditions.

"We have to get through this orientation, acclimatization period," he said. "We've got to understand their response because they're in a new environment. We've got to get a feel for how they respond. It's different."

U.S. officials have refused to say where the 14 were held previously or under what conditions.

Under the terms of a new U.S. military doctrine on appropriate interrogation methods for prisoners of war and detainees, an interrogation technique called "separation" may be used only with the explicit approval of a commander at Craddock's level. It refers to removing a detainee from the rest of the detainee population "and their environment," while still complying with basic standards of humane treatment.

"I have not granted the separation authority," Craddock said. "And I have not been asked to do so."

He said the 14 have not been interrogated at Guantanamo and have not been "segregated," which in military parlance means isolating a detainee from the rest of the population for security or other reasons unrelated to interrogation.

Craddock, who has been commander of U.S. Southern Command since November 2004, is awaiting Senate confirmation to become the next commander of U.S. European Command and the top NATO commander in Europe. His confirmation hearing was held Tuesday, in tandem with the hearing for his expected replacement at Southern Command, Navy Vice Adm. James Stavridis.

Judge Orders More Gitmo Papers Unsealed (AP-Y)

By Larry Neumeister

AP, September 21, 2006

A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press.

U.S. District Judge Jed S. Rakoff gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

"The public interest in disclosing government malfeasance is well-established," the judge wrote in saying that the AP had demonstrated the need.

David A. Schulz, who argued the case for the AP, called the judge's decision "a resounding victory for the public's right to know."

He said the identities of between 50 and 100 detainees who were ordered to be transferred or released from Guantanamo Bay after Jan. 1, 2005, will allow reporters to attempt to verify whether the government's account of events is accurate.

"The Department of Defense has made it virtually impossible for anyone to check the accuracy or thoroughness of what is going on in Guantanamo," Schulz said. "The public is supposed to be able to determine these things for itself."

A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment.

The judge noted that some detainees have initiated hunger strikes to protest what they consider abuse, while other detainees, since released, have gone public with allegations of abuse.

"In all such instances, the detainees have not hesitated to reveal their identities," the judge said.

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Besides the claims by detainees, the judge said some military officers and FBI agents who have worked at Guantanamo have questioned the treatment of detainees.

Schulz said the judge also ordered the government to turn over the identities in eight files reporting investigations of allegations of abuse of detainees by military personnel and fewer than a dozen probes of abuse of detainees by other detainees.

Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations.

The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks.

The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information.

The detainees are from Afghanistan, Russia, Persian Gulf countries and elsewhere. Many were captured in Afghanistan.

House Panel Supports Tribunal Plan, 20 To 19 (WP)

By Charles Babington

The Washington Post, September 21, 2006

President Bush's supporters in the House narrowly defeated yesterday efforts to sidetrack his proposal for questioning and prosecuting terrorism suspects, but the issue continues to divide Congress in its final workdays before the November elections.

In an afternoon animated by switched votes, parliamentary gymnastics and protest cries from Democrats, the House Judiciary Committee barely managed to reject a rival proposal and endorse the administration's version of the legislation. Even if the chamber takes up the bill next week -- its last scheduled period of action before the elections -- the matter remains mired in the Senate, where a majority opposes the White House approach.

Bush wants legislation that would declare the United States to be in compliance with the Geneva Conventions if it abides by a federal law's guidelines regarding the treatment of non-uniformed suspects captured in wartime.

Most House Democrats and a few Republicans oppose the plan, saying it could invite hostile nations to reinterpret the Geneva Conventions and harm U.S. troops someday. Yesterday they came within a whisker of sending a rival plan to the House floor.

Republicans control the Judiciary Committee, 23 to 17. But early yesterday, three GOP members were absent and two others backed the rival legislation written by GOP Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.). Had a couple of Democrats not also been absent at the time, the Warner bill might have won the panel's endorsement. It fell just short, but so did the Bush version, which was temporarily voted out of the committee with an "unfavorable report."

Democrats tried to end matters there and turn out the lights. But they narrowly failed to adjourn the meeting and deny the committee a quorum.

That gave Republican leaders time to round up two of their missing colleagues, Reps. Henry J. Hyde (Ill.) and Elton Gallegly (Calif.). Over strenuous Democratic protests and shouts of "point of order," the Republicans used a series of 20-to-19 votes to overturn the previous decision and to favorably report Bush's bill to the House floor. Republican Reps. Jeff Flake (Ariz.) and Bob Inglis (S.C.) joined all 17 Democrats in opposing the efforts.

Even if the full House passes the measure next week, it may prove difficult or impossible to reconcile matters with the Senate. Warner and his allies pushed their bill through the Senate Armed Services Committee last week, and they are backed by a majority of senators. But they apparently lack the votes to fend off a threatened filibuster by pro-Bush forces, including Majority Leader Bill Frist (R-Tenn.).

White House spokesman Tony Snow said negotiations continued yesterday with the Warner camp. "Both sides are acting in good faith, and they both share the same goals," Snow said. "It's unusual because compromise in this case doesn't mean you're scaling back on your ends; it's another means you use to achieve your ends."

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Matters were further complicated yesterday when the Republican and Democratic leaders of the Senate Judiciary Committee asked Frist to allow their panel to review the Warner bill. Chairman Arlen Specter (R-Pa.) and ranking Democrat Patrick J. Leahy (Vt.) object to a provision in the bill that would bar detainees -- including those held in U.S.-controlled sites such as Guantanamo Bay, Cuba -- from filing habeas corpus writs with federal courts. Such a complaint requires captors to tell the court why a detainee should not be released. Some Guantanamo Bay detainees have used the writs to challenge the legitimacy and conditions of their detention.

In a Senate speech, Specter said Congress "cannot act to delete the remedy of habeas corpus" and called the Warner bill "unconstitutional." Frist's staff said Specter can try to amend the bill when it reaches the Senate floor.

Graham and other senators also oppose Bush's bid to allow detainees to be convicted on classified information that the defendants would not be allowed to see.

Bush's Allies Struggle To Keep War Bills (AP-Y)

By Laurie Kellman

AP, September 21, 2006

White House loyalists struggled on Wednesday to save President Bush's wartime legislative plans from collapsing under Republican squabbles. In cliffhanger votes, a House committee rejected, then endorsed Bush's proposal to continue tough interrogations of suspected terrorists.

The tug-of-war on the House Judiciary Committee was evidence of the difficulty Bush is having in lining up support for his terrorism-fighting proposals weeks before the November elections.

Democrats sat on the sidelines "watching the catfights" among Republicans on surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev.

He noted that Senate Majority Leader Bill Frist, R-Tenn., was forced to postpone consideration of those bills this week and that senators are debating border security "because they have nothing else to do."

To win a largely symbolic endorsement of the White House's detainee proposal, committee Republicans performed a series of procedural gymnastics. After an initial vote resulted in a 20-17 count against the measure, GOP aides wrangled two absent members — Rep. Henry Hyde of Illinois and Elton Gallegly of California — for four more votes to turn the rejection into an endorsement.

The proceedings became muddled as Rep. James Sensenbrenner, R-Wis., asked members to repeat their votes.

"I voted no, yes," Rep. Louie Gohmert, R-Texas, said at one point.

The "favorable rating," while not required to send the bill to a full House vote, was worth the fight for White House loyalists struggling to keep the bill alive in the waning days of the congressional session.

Prospects were not much clearer in the Senate, where the White House and a group of dissenting Republicans were in negotiations over the detainee bill.

One leading Republican predicted the House would accept any deal worked out between the White House and the opposition senators.

"If the Senate and the White House have reached an agreement, that is probably what would end up becoming law and making its way to the president's desk," said House Intelligence Committee Chairman Pete Hoekstra, R-Mich.

Intricate negotiations on both interrogation techniques for detainee issue and legalizing the president's warrantless wiretapping program left their prospects for passage uncertain — even after a White House meeting Wednesday between Bush and Republican congressional leaders.

For the White House, there was some good news.

The House Intelligence Committee approved by voice vote a bill that would put into law the administration's warrentless wiretapping program. The sponsor, Rep. Heather Wilson, R-N.M., had rewritten the measure to make it more Bush's liking. The Judiciary Committee later endorsed a similar version, 20-16.

But Wilson's revision, likely to draw Bush's support, is the bill that probably will make it to the full House.

The concession on imminent attacks would come at a price for the president.

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Under Wilson's revised bill, the president may only conduct the secret surveillance under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent.

Even if the House and Senate pass versions of the wiretapping legislation in the next week, the differences would not be resolved until a lame-duck congressional session after the Nov. 7 elections, Wilson said.

Meanwhile on detainees, talks continued between the White House and Republican Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina, who are opposed to the president's proposal on detainees.

The House's endorsement of Bush's detainee policy did not mean Republicans on the Judiciary Committee were in lockstep with Bush. Two Republicans — Reps. Bob Inglis, R-S.C., and Jeff Flake, R-Ariz. — voted against the Bush bill.

Neither side in the Senate had the 60 votes required to overcome a filibuster and move a detainee bill forward. Negotiators said a deal still was possible.

"Progress has been made," said Warner, chairman of the Senate Armed Services Committee.

Frist, who supports Bush's position, said he was "hopeful that very soon agreement can be reached."

Panel OKs Bill On Terror Suspects (WT)

By Amy Fagan

The Washington Times, September 21, 2006

A House panel yesterday approved a bill backing the Bush administration's approach to the treatment of terrorism suspects, although the number of Republican lawmakers breaking with the White House on the issue is growing.

The House Judiciary Committee approved on a 20-19 vote a bill that would closely follow Bush administration requests on guidelines for interrogations and trials of detainees in the war on terrorism, with Democrats picking up two Republicans to oppose it.

Earlier in the day the Republican-controlled committee hadn't mustered enough votes to approve it because a few Republicans were absent, and the bill was killed, 20-17. After rounding up their troops, Republicans held a series of procedural votes and eventually approved the measure.

The embarrassing struggle hinted of a tough road ahead for the House bill. Opponents yesterday argued that the administration and its congressional allies are trying to redefine U.S. obligations under the Geneva Conventions in order to give terrorism detainees fewer rights and the government more leeway in how to treat them.

"If we dilute ... the Geneva Conventions, other countries will feel inclined to do the same," said Rep. Jeff Flake, an Arizona Republican who voted against the bill, along with Rep. Bob Inglis, South Carolina Republican. Mr. Flake predicted Congress will ultimately endorse a bill like the Senate version, which affords more civil rights to the detainees and rejects Mr. Bush's definition of detainee treatment.

"I think this is where we're going to end up," he said.

The administration has said the Senate bill -- written by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican -- would limit intelligence gathering and expose classified information to terrorists. Mr. Warner and a group of Senate Republicans continued their talks yesterday with White House officials as they strive to reach a deal.

Many House Republicans defended Mr. Bush yesterday -- arguing that although terrorism suspects should be treated and tried fairly, military officials must be given enough freedom to interrogate and gather information needed to protect the country.

"What we're trying to do is strike a balance," said Rep. J. Randy Forbes, Virginia Republican. "I'd rather err on the side of protecting our citizens."

House Majority Leader John A. Boehner said the House bill is expected to come to a House vote next week and "provides the president with crucial tools for waging and winning the global war on terror." In a political jab, he attacked Judiciary Committee Democrats for opposing it, but didn't mention the Republicans who did or the initial committee vote.

"Today's vote by Democrats to unanimously oppose this bill is just one more in a long line of troubling actions that weaken our ability to wage and win the global war on terror, and it underscores why Americans don't trust Democrats on important national security issues," said the Ohio Republican.

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Democrats had harsh words for the administration and Republicans.

Rep. Jerrold Nadler, New York Democrat, said the "lawless" administration has tortured detainees and now wants Congress to approve more of the same. "That's what this debate is all about," he said.

He and other Democrats tried unsuccessfully yesterday to kill a provision in the bill that would bar the detainees from suing the government for their detention, treatment or conditions where they were held.

Meanwhile, the House Permanent Select Committee on Intelligence gave voice-vote approval to a bill that would make lawful the administration's program of warrantless wiretapping of terrorism suspects. Rep. Heather A. Wilson, New Mexico Republican, rewrote the bill to make it more acceptable to Mr. Bush.

The House Judiciary Committee also approved a similar bill yesterday 20-16, but only after the panel stripped out the sections that approved Mr. Bush's surveillance program. An aide said panel Democrats were "going nuts" about that, so it was easier to take it out and leave it up to the intelligence panel.

c This article is based in part on wire service reports.

U.S. House Panel Reverses Itself, Passes Tribunals Measure (BLOOM)

Bloomberg, September 21, 2006

By Neil Roland

Sept. 20 (Bloomberg) -- A U.S. House committee, hours after rejecting Bush administration legislation to create military tribunals for terror suspects, reversed itself and approved the measure by a single vote.

The House Judiciary Committee voted 20-19 to send the measure to the full House with a favorable recommendation after Republicans leaders rounded up two members who missed the earlier roll call and one member switched. Earlier today, the panel voted 20-17 against the bill, which opponents said would weaken protections for prisoners of war.

Still, the closeness of the vote further clouds the future of the legislation and shows that Republican dissent from President George W. Bush's proposal extends to the House as well as the Senate.

A Senate committee has approved a different version of the measure sponsored by Senator John McCain of Arizona and two other Republicans. That version, unlike the House proposal, preserves the wording of the 1949 Geneva Conventions' ban on torture. Senate Republicans have been negotiating with the White House over a possible compromise.

``We're making progress," McCain said today without elaborating. He wouldn't say whether the differences can be ironed out before Congress recesses next week until after the Nov. 7 elections.

The version before the House Judiciary Committee today was approved 52-8 by the House Armed Services Committee last week. In addition to altering the Geneva Conventions' language on prohibiting mistreatment of prisoners, it also would deny defendants access to classified information that could be used to convict them.

Supreme Court Ruling

The legislation would restart tribunals set up by Bush at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated the tribunals in June, ruling that they fail to incorporate the Geneva Conventions' treatment of war prisoners.

The House version would give terrorists ``the fairness and legal protections that none of their innocent victims ever enjoyed," said Judiciary Committee Chairman James Sensenbrenner, a Wisconsin Republican.

Bush sent Congress earlier this week a revised set of proposals that haven't been publicly outlined. House Majority Whip Roy Blunt, a Missouri Republican, and Senator George Allen, a Virginia Republican, said today they expected the differences to be resolved before Congress recesses.

The Geneva Conventions, agreed to by most nations after World War II, prohibit ``outrages upon personal dignity, in particular, humiliating and degrading treatment." The proposals backed by Bush and most House Republicans would drop this language while spelling out a variety of prohibited abuses.

Bush Makes Changes

Bush says these changes would clarify the international law while McCain says they would weaken it.

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Before voting against the bill today, the House Judiciary Committee voted 18-17 to reject an amendment to leave the torture prohibitions of the Geneva Conventions unchanged. Supporters, including two Republicans, argued that these safeguards would protect Americans captured in war while also upholding U.S. values.

``The honor of our nation would be stained by this detestable legislation," said Representative Jerrold Nadler, a New York Democrat.

To contact the reporter on this story: Neil Roland in Washington at nroland@bloomberg.net

House Judiciary Panel Pulls Off Victory On Military Tribunal Bill (HILL)

By Elana Schor And Roxana Tiron

The Hill, September 21, 2006

On the verge of a major political defeat, House Judiciary Committee Republicans scrambled to find missing panel members in order to successfully send a White House-backed military-tribunals bill to the floor.

When two Republicans, Rep. Jeff Flake (Ariz.) and Bob Inglis (S.C.), cast their votes against the bill — siding with a Senate-crafted bill at odds with the Bush administration — Rep. Louie Gohmert (R-Texas) resorted to a procedural move.

Gohmert voted against the bill, allowing members time to track down House International Relations Chairman Henry Hyde (R-Ill.) and Rep. Elton Gallegly (R-Calif.), two panel members who weren't present for the vote.

By voting against the bill, Gohmert reserved the right to call it for a second vote, according to House rules.

With Hyde and Gallegly voting in favor of the bill, the committee was able to get the vote to 20-19 in favor of the legislation.

At press time, the markup was still ongoing, and further information was not available.

Underscoring the House leadership's commitment to backing the administration's position, House Majority Leader John Boehner (R-Ohio) issued a statement praising the Judiciary Committee vote.

"I'm pleased to see the Judiciary Committee take positive action on the Military Commissions Act today," the statement said. "By authorizing terrorist tribunals to fully and fairly prosecute terrorists, this bill provides the President with crucial tools for waging and winning the Global War on Terror."

The bill is slated to come to the House floor next week. At that time, Flake could attempt to resubmit an amendment he offered during yesterday's markup that would bring the House measure in line with the proposal backed by four GOP senators.

Bush's Bill Suffers A Torturous Day In Committee (WP)

By Dana Milbank

The Washington Post, September 21, 2006

House Judiciary Chairman James Sensenbrenner (R-Wis.), fighting to preserve the use of harsh interrogation techniques, speaks with some authority on the subject: He was subjected to seven hours of cruel and unusual punishment as he tried to get the legislation through his committee yesterday.

First came the cruel: As the point man for the Bush administration's military-trials bill -- which would permit questioning methods some regard as torture -- Sensenbrenner saw the legislation come within one vote of collapsing in favor of a Democratic version, despite a six-vote Republican majority on the committee.

Then came the inhuman: Sensenbrenner's bill, in a second vote, failed by three votes when several of his fellow Republicans failed to show up for the roll call or voted with the Democrats.

And finally, the degrading: Sensenbrenner endured a walkout by committee Democrats, then went through the awkward process of restaging a series of votes until the result was more to his liking. Even then, President Bush's plan survived by a single vote.

"A good day's work for a good day's pay," the chairman said wryly when he finally gaveled the session to a close.

It was, in all, a tough day for the jowly, red-faced chairman, who had insisted that the legislation go through his committee against House leaders' wishes. Nor was it one of the finest days for House Republicans, who proved that, on the subject of torture, they could tie themselves in knots just as easily as their colleagues in the Senate, where the Bush bill is in a stalemate with one backed by Sen. John McCain (R-Ariz.) and friends.

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Confronted with one of the weightiest issues of the times -- whether to reinterpret the Geneva Conventions' torture prohibitions -- the committee members quickly retreated to the familiar terrain of extraneous and off-point arguments.

Rep. Jerry Nadler (N.Y.), leading the debate for the Democrats, asked to put into the record an article written by a former prisoner of the KGB about techniques such as sleep deprivation that the Bush plan could allow.

"Objection," the chairman growled, without explaining himself or looking up from his newspaper.

But the talk of sleep deprivation caused Rep. Steve Chabot (R-Ohio) to stir. "Detainees are entitled to a full eight hours of sleep and cannot be awakened for interrogation," he said. "The average inmate gained about 15 pounds, was receiving better medical care by far, dental care, you name it: being given a Koran, they pray five times a day, there's an arrow on the floor in each of the rooms . . . so they know which way Mecca is so they can pray accordingly."

Sensenbrenner responded with a deep cough. Rep. Tom Feeney (R-Fla.) set about building a straw man. "We just heard that not guaranteeing eight hours of sleep in Guantanamo has been interpreted by some as inhumane," he said.

"Who?" demanded Rep. William Delahunt (D-Mass.), for nobody had said such a thing.

But Feeney was just warming up. "There is not an American mom that is guaranteed eight hours of sleep every night. There are very few people in the business world . . . who are guaranteed eight hours of sleep." Further, he added: "There are suggestions that playing loud music is inhumane treatment. . . . The bottom line is, that means virtually every teenager I know is torturing mom and dad."

Rep. Adam Schiff (D-Calif.) appealed for reason: "Although I'm sure parents do feel tortured by their teenagers, I don't think that's in the Constitution."

Nadler raised the ante. "Sleep deprivation [for] eight hours? How about 40 hours?" he asked. "How about waterboarding? How about holding people and subjecting them to hypothermia?"

"Absurd! Absurd!" heckled Rep. Dan Lungren (R-Calif.), who accused the Democrats of "hyperbole."

Rep. Steve King (R-Iowa) seconded the "absurd" accusation. "We are facing sleep deprivation here in this Congress at the shutdown of every single session," he cracked.

Then again, the quality of the debate didn't really matter. The committee's votes yesterday were determined less by argument than by attrition.

With one Republican member out of town, two other Republicans siding with the Democrats and two more occupied at another hearing, the majority party was in the minority. Democrats had an early chance to replace the Bush legislation with McCain's anti-torture proposal -- but that plan lost when two Florida Democrats, Debbie Wasserman Schultz and Robert Wexler, missed the vote because they were at a news conference next door on Medicare.

An hour later, it was the GOP's turn to have truancy problems. Missing Reps. Henry Hyde (Ill.) and Elton Gallegly (Calif.), the Republicans watched the Bush legislation go down to defeat -- forcing Sensenbrenner to devote two hours of parliamentary maneuvering to reverse the outcome.

Democrats tried to cement their victory with a motion to adjourn. When that failed, they walked out of the room to deny Sensenbrenner a quorum, but the chairman fought off that challenge, too. Finally, after Sensenbrenner managed to herd enough Republicans into the room, he held a series of four votes to undo the Bush proposal's defeat, overruling all Democrats' objections.

"Point of order!"

"The point of order is not well taken," Sensenbrenner replied.

"I suggest the absence of a quorum!"

"The chair rules that to be dilatory," the chairman answered.

The same could have been said of much of the debate.

Measures Seek To Restrict Detainees' Access To Courts (NYT)

By Neil A. Lewis And Kate Zernike

The New York Times, September 21, 2006

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WASHINGTON, Sept. 20 — Although the effort has been partly obscured by the highly publicized wrangling over military commissions for war crimes trials, the Bush administration and its allies in Congress are trying to use the same legislation to strip federal courts of their authority to review the detentions of almost all terrorism suspects.

Both the legislation introduced on behalf of the administration and the competing bill sponsored by a group of largely Republican opponents in the Senate include a provision that would bar foreigners held abroad from using the federal trial courts for challenges to detention known as habeas corpus lawsuits. If the provision was enacted, it would mean that all of the lawsuits brought in federal court by about 430 detainees at Guantánamo Bay, Cuba, would be wiped from the books.

On Wednesday, the House Judiciary Committee rejected an effort by opponents to strike that provision from the House bill by a party-line vote, with all 15 Republicans present voting to leave it in and all 12 Democrats voting against it. Then, after some initial difficulty in getting approval for the bill, the committee passed it on to the full House.

Representative Martin T. Meehan, Democrat of Massachusetts, who has taken a leading role in trying to counter the administration's efforts, said that stripping the federal courts of the right to hear habeas corpus challenges "raised grave constitutional questions."

Mr. Meehan, a member of both the Judiciary Committee and the Armed Services Committee, which had earlier approved a bill with the provision ending habeas reviews, said he believed the final legislation would not withstand a court challenge.

"This would take away habeas not only in all the pending cases at Guantánamo but on any future cases involving any alien detained outside the United States," he said.

Senator Lindsey Graham, Republican of South Carolina and a sponsor of one of the bills eliminating the habeas corpus filings, said Wednesday that the flood of such lawsuits had hampered the war effort and given judges too much leeway to second-guess field commanders.

Mr. Graham said his bill provided an alternative by allowing detainees to challenge their detentions in the federal appeals courts but barring them from raising the broad range of complaints that are allowable in habeas corpus lawsuits.

"These enemy prisoners should not have an unlimited right of access to our federal courts like a U.S. citizen," he said in an interview.

The administration's interest in eliminating the lawsuits for detainees held abroad intensified after the Supreme Court struck down the system of military commissions in June.

In addition to saying that the White House had overstepped its bounds in trying to put the commission system in place without Congressional approval, the court brushed aside the argument that the Detainee Treatment Act had retroactively eliminated habeas corpus jurisdiction.

The court said Congress had only eliminated habeas corpus jurisdiction in the future, impelling the administration to renew its effort to rid itself of the hundreds of challenges filed by Guantánamo detainees.

After the Supreme Court ruled in 2004 that the detainees had access to the federal courts, the administration found itself facing a flood of legal challenges it had not anticipated.

The nature of the detention regime at Guantánamo changed markedly as detainees who had been isolated suddenly had access to American lawyers who were able to provide public accounts of their treatment and defenses to the charges that they were terrorists. The military no longer had exclusive control of information about Guantánamo.

This month, the Senate Armed Services Committee approved a similar version of the bill sponsored by three Republicans, Mr. Graham, John McCain of Arizona and John W. Warner of Virginia, and a Democrat, Carl Levin of Michigan.

Unlike the administration's legislation on military commissions, the bill largely prohibits the use of secret evidence and hearsay in any war crimes trials before military commissions but includes the provision removing habeas corpus.

Joshua Colangelo-Bryan, a New York lawyer who has represented Guantánamo prisoners, said habeas corpus proceedings had demonstrated how many people have been detained on little evidence.

"There is also an irony in that people like Khalid Shaikh Mohammed who are said to be responsible for the deaths of thousands will get a trial while hundreds of others, who are not even charged with any crimes, may be kept at Guantánamo forever without any court hearing," he said.

DOJ_NMG_0066542

The Judiciary Committee votes on Wednesday demonstrated to some that the president's proposed legislation faced increasing opposition in the House. The Judiciary Committee first voted to reject it, with two Republicans joining the Democrats. Republicans then rounded up two absent members, voted to reconsider, and approved it, 20 to 19.

"I'm not sure it can pass on the floor," said Representative Jeff Flake, Republican of Arizona, who with Representative Bob Inglis of South Carolina joined the Democrats on the committee in voting against the bill. "I think there are a lot of people with concerns."

Judge Orders Data Release

By The New York Times

A federal judge on Wednesday ordered the Defense Department to release documents containing the identities of some detainees at the American prison camp in Guantánamo Bay, Cuba, who were released or who suffered mistreatment by their handlers or other detainees.

In ruling in a case brought by The Associated Press, the judge, Jed S. Rakoff of Federal District Court, said the government could not keep the names secret. He gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

Bush Vows To Hunt Down Bin Laden -- Even In Pakistan (AFP-Y)

AFP, September 21, 2006

US President George W. Bush said in an interview he would not hesitate to track down and kill Al-Qaeda leader Osama bin Laden and other terror operatives even if it meant hunting them down on Pakistani soil.

"We would take the action necessary to bring them to justice," said Bush in an interview with CNN television.

Bush praised efforts by Pakistan's President Pervez Musharraf to root out members of the Al-Qaeda terror network ahead of Musharraf's White House visit later this week.

"I view President Musharraf as somebody who would like to bring Al-Qaeda to justice. As a matter of fact, we'll be discussing that with him on that subject on Friday at the White House," said Bush.

Bin Laden is believed to be hiding in the northern reaches of the autonomous tribal region along the Afghanistan-Pakistan border.

US forces are deployed in Afghanistan but are not authorized to conduct operations in Pakistan.

His remarks received a cool reception however from Musharraf, who said Pakistan would not welcome having its sovereign territory breached by the United States -- even in the pursuit of terrorists.

"We will like to do that on our own," Musharraf told reporters in New York, on the sidelines of the UN General Assembly meetings."

"We will do it ourselves. We will like to do it ourselves," he said.

"We are able to do everything. Whenever we locate anybody -- and there have been many such occasions where we have located Al-Qaeda or Taliban activity -- we have struck and we have struck with full force very successfully," he told reporters.

"We will carry that out on our side on the border."

Bush dismissed criticism that Musharraf has not done enough to track down bin Laden.

"Osama bin Laden is in hiding and we're still spending a lot of time trying to find him," he said.

He also rejected the view voiced by some critics who accuse him of hyping the threat of terrorism to boost his sagging poll numbers.

"They don't sit where I sit. They don't see the intelligence I see," Bush said.

"Frankly, if anybody thinks there's not an enemy coming to attack us, they just don't see the world the way it is," the US leader said, adding "this is a dangerous world."

Bush welcomes Musharraf to the White House for bilateral talks on September 22, and again on September 27 for three-way talks with Afghanistan's President Hamid Karzai.

Bush Says He'd Send Troops Into Pakistan (AP-Y)

AP, September 21, 2006

DOJ_NMG_0066543

President Bush said Wednesday he would order military action inside Pakistan if intelligence indicated that Osama bin Laden or other top terror leaders were hiding there. "Absolutely," Bush said in an interview with CNN's Wolf Blitzer.

With bin Laden still at large five years after the Sept. 11, 2001, attacks and believed to be hiding somewhere along the mountainous border between Afghanistan and Pakistan, Bush disputed any suggestion that Pakistan has not done enough to hunt down terrorist leaders.

Bush meets Pakistani President Pervez Musharraf at the White House on Friday and again next week.

"I view President Musharraf as somebody who would like to bring al-Qaida to justice," Bush said. "There's no question there is a kind of a hostile territory in the remote regions of Pakistan that makes it easier for somebody to hide."

In a news conference last week, Bush said he could not send thousands of troops into Pakistan to search for bin Laden without an invitation from the government. "Pakistan's a sovereign nation," Bush said then.

In the television interview, Bush was asked whether he would give the order for American troops to kill or capture bin Laden or other terror leaders if good intelligence pointed to their whereabouts, even if it was inside Pakistan's borders.

"We would take the action necessary to bring them to justice," the president said.

On the standoff over Iran's suspected nuclear weapons ambitions, Bush said he takes Iranian President Mahmoud Ahmadinejad seriously when he says Israel shouldn't exist. Ahmadinejad has called the Nazis' slaughter of 6 million Jews a myth and said Israel should be wiped off the map or moved to Germany or the United States.

"You can't just hope for the best," Bush said. "You've got to assume that the leader, when he says that he would like to destroy Israel, means what he says. If you take — if you say, well, gosh, maybe he doesn't mean it, and you turn out to be wrong, you have not done your duty as a world leader. ... Absolutely I take him seriously."

Bush would not address Israeli estimates that it could take Iran only a few more months to get to the point where it could start building a nuclear bomb.

"I'm not going to discuss with you our intelligence on the subject," the president said. "But time is of the essence."

Earlier Wednesday, White House press secretary Tony Snow said Bush did not watch Ahmadinejad's speech Tuesday evening at the U.N. General Assembly.

In those remarks, which took place only hours after Bush stood at the same podium in New York, the hard-line leader denounced U.S. policies in Iraq and Lebanon and accused Washington of abusing its power in the Security Council to punish others while protecting its own interests and allies.

Ahmadinejad insisted that his nation's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog.

Musharraf, Bush To Discuss Taliban (WT)

By Anwar Iqbal

The Washington Times, September 21, 2006

Pakistani President Pervez Musharraf will be hard-pressed at a White House meeting tomorrow to explain a peace deal with tribal leaders that Afghans fear will turn the border region into a safe haven for al Qaeda and the Taliban.

White House and State Department officials have told reporters that the meeting would focus on the resurgence of violence in Afghanistan and on a recent deal Pakistan signed with pro-Taliban elements in the region bordering Afghanistan.

The deal would allow the militants to live peacefully if they give up arms and denounce violence.

But the Afghans complain that the arrangement will lift the pressure on the Taliban and al Qaeda supporters living on the Pakistan side of the border and free them for waging attacks inside Afghanistan.

The Pakistanis reject the suggestion.

"This deal would not only bring peace to our side of the border but can also be replicated in Afghanistan if it succeeds," says Pakistani Foreign Minister Khurshid Kasuri.

President Bush says he understands what Gen. Musharraf is attempting to do but that the United States will be watching developments "very carefully."

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"What [Gen. Musharraf] is doing is entering agreements with governors in the regions of the country, in the hopes that there would be an economic vitality, there will be alternatives to violence and terror," Mr. Bush told ABC News in a recent interview.

"We have made it clear that he should not provide an environment that enables people to go from his country into Afghanistan," Mr. Bush said.

In a conversation with CNN's Wolf Blitzer yesterday, Mr. Bush insisted that he would send forces into Pakistan to capture or kill al Qaeda leaders if solid intelligence information pinpointed them in that country, according to Cox News Service.

"Absolutely," Mr. Bush said when asked whether he would give the order under those circumstances.

Mr. Blitzer asked whether he would send troops in despite Pakistan's claims of sovereignty.

"We would take the action necessary to bring them to justice," the president replied.

Army Gen. John Abizaid, who as head of Central Command oversees U.S. military operations in Afghanistan, told reporters in Washington on Tuesday that the amount of Taliban military activity organized and supported from the Pakistan side of the border has increased in the past year.

"While we get a lot of great cooperation from the Pakistanis in many different ways, it's clear that we've got to do more against the Taliban on both sides of the border for Afghanistan and Pakistan to be able to move in a better direction," Gen. Abizaid said.

The Bush-Musharraf meeting is to be followed by a separate session with Mr. Bush and Afghan President Hamid Karzai on Tuesday.

The following day, the three leaders are to meet at the White House.

Gen. Musharraf and Mr. Karzai are in the United States to attend the opening session of the U.N. General Assembly in New York.

Mr. Karzai told world leaders at the United Nations yesterday that "terrorism does not emanate from within Afghanistan."

He said there is a need to destroy terrorist sanctuaries beyond Afghanistan, and to dismantle all terror networks in the region.

Though he did not mention Pakistan by name, the reference was clear.

Earlier this month, Pakistan signed a truce with pro-Taliban militants in the North Waziristan region.

Pakistani troops agreed to end their crackdown in the area and the militants agreed to stop hiding foreign terrorists.

Padilla's Alleged Recruiter Wants Wiretap Intercepts Tossed (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, September 21, 2006

MIAMI -- The man who allegedly recruited Jose Padilla to join al-Qaida is challenging warrants obtained from a secret intelligence court by the FBI for wiretaps, which form the backbone of prosecutors' case against him.

Adham Amin Hassoun, a former computer programmer from Sunrise, contends that the FBI intercepted some of his telephone calls between 1993 and 2002 without sufficient legal reason under the Foreign Intelligence Surveillance Act.

The FISA law requires U.S. agents to show probable cause that a wiretap target is a suspected foreign agent before surveillance can begin. Hassoun's lawyers Kenneth Swartz and Jeanne Baker contend that warrants were issued without that legal basis and argue that many phone intercepts should not be permitted as evidence the upcoming trial of Hassoun, Padilla and codefendant Kifah Wael Jayyousi.

U.S. Attorney General Alberto Gonzales said in papers filed in Miami federal court that disclosure of the top secret documents challenged by Hassoun could "cause exceptionally grave damage" to U.S. national security because they contain sensitive intelligence-gathering methods and sources as well as details about the way terrorism investigations are carried out.

U.S. Magistrate Judge Stephen Brown held a brief hearing Wednesday on the issue but issued no ruling. Prosecutors have submitted sealed documents to Brown so he can evaluate the legality of the FISA warrants and applications in private.

Hassoun, Padilla and Jayyousi are charged with being part of a North American terror support cell that provided money, supplies and recruits to violent Islamic extremists worldwide. Prosecutors say Hassoun recruited Padilla for al-Qaida shortly after Padilla, a former Chicago gang member, converted to Islam.

DOJ_NMG_0066545

Hassoun and Jayyousi were already indicted in the case when Padilla was added late last year, after President Bush dropped the "enemy combatant" designation that kept Padilla in military custody without charge for 3 1/2 years. Padilla was arrested in 2002 at Chicago's O'Hare International Airport, with authorities initially claiming he was plotting to detonate a radioactive "dirty bomb" inside the U.S.

In court papers, Hassoun's lawyers seek disclosure of secret FISA applications and warrants to determine whether they hold up under legal scrutiny.

Among other things, they say Hassoun first came to FBI attention in 1993 telephone calls with Sheikh Omar Abdel-Rahman, a blind Muslim cleric convicted in 1995 of plotting to blow up New York landmarks and assassinate Egypt's president.

Because the Abdel-Rahman case involved a criminal FBI probe instead of an intelligence investigation, U.S. agents should have been required to seek criminal wiretap warrants from a regular court rather than the secret Washington-based FISA court, Hassoun's attorneys said.

The FISA documents also might disclose whether any false statements were made in order to get wiretap warrants for Hassoun or whether calls were monitored that are protected by the First Amendment's free speech guarantees, such as discussion of raising money or expressing support for political causes.

In a partially classified response, federal prosecutors say there was probable cause showing each wiretap target, including Hassoun, was a foreign agent and that surveillance was not based on any activities protected by the First Amendment.

"Hassoun's claims should be rejected," said prosecutors Julia Paylor and Mark Maldonado. "The FISA-authorized collection at issue was lawfully authorized and lawfully conducted."

Hassoun has also challenged the legality of an FBI search of his home in 2002. Trial in the case is scheduled to begin in January but could be delayed because of pretrial legal wrangling.

Judge Orders More Gitmo Papers Unsealed (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 21, 2006

(AP) - NEW YORK-A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press.

U.S. District Judge Jed S. Rakoff said the government must provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

"The public interest in disclosing government malfeasance is well-established," the judge wrote in saying that the AP had demonstrated the need.

A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment.

Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations.

The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks.

The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information.

The detainees are from Afghanistan, Russia, Persian Gulf countries and elsewhere. Many were captured in Afghanistan.

Bush Administration Appeals OK Of Citizenship To Palestinian Man (AP)

AP, September 21, 2006

LOS ANGELES - The Bush administration has appealed a federal judge's ruling granting a petition for citizenship to a Palestinian man who the government has claimed has terrorist ties.

DOJ_NMG_0066546

The appeal comes two months after U.S. District Judge Stephen V. Wilson ruled Aiad Barakat, 45, of Arcadia, should become a citizen. The judge said Barakat didn't lack good moral character and his application should never have been denied.

The Justice Department filed its notice of appeal on Sept. 14 without giving a reason for the action. Authorities had refused citizenship to Barakat because of his alleged terrorist links, saying Barakat lied about ties to the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization.

Barakat was detained in 1987, along with six other Palestinians and a Kenyan in a case that became known as the "L.A. Eight," but charges were never filed. Immigrant rights groups said the case was politically motivated.

Barakat's lawyer Marc Van Der Hout said he believes Wilson's June 28 ruling will stand.

"We don't think there is a strong appeal on the government's part," Van Der Hout said. "Judge Wilson heard the evidence and made some credibility findings. It is exceedingly unlikely a Court of Appeals will disturb that ruling."

The Justice Department declined comment.

The Popular Front for the Liberation of Palestine has opposed peace negotiations between the PLO and Israel, and the U.S. government considers it a terrorist organization. All of the so-called "L.A. Eight" have denied being members.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation to be based on political affiliation and advocacy.

In 1997, Barakat and another Palestinian in the group were granted legal residency after the government had initially tried to deport all eight.

U.S. Immigration and Customs Enforcement spokeswoman Virginia Kice said two of the Palestinians were currently in deportation hearings. The immigration status of the others was not known.

Jurors Hear Aref Speeches During Trial (CAPN9)

Capital News 9, September 21, 2006

A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there.

The jury also heard lengthy transcripts and audio of Aref preaching from 1994 when he was living in the northern province of Kurdistan in Iraq.

A translator read each word of the translation the government may be using to show an inclination toward radical Islamic thought -- including statements like, "We should sacrifice our lives for the sake of the religion."

A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there. The jury also heard lengthy transcripts and audio of Aref preaching from 1994.

But the speeches, in their long sermon-like ways, when put in context are more about Aref's preaching against Kurds leaving their homeland for places like Europe and America, which he does call "the house of infidels."

Aref himself later left Iraq for the United States. One main point the government may try to latch onto is that in one speech, Aref said if people leave Iraq, the field will be open for other political parties to do what they want. That is significant because other political parties implies Aref was part of a party at one time. That's something he failed to mention on an immigration document, which authorities say he lied about.

American Accused Of Trying To Sell Bombs To Al-Qaida Discussing Plea (MCT)

By Matt Birkbeck, The Morning Call (Allentown, Pa.)

McClatchy, September 21, 2006

BETHLEHEM, Pa. - A Pennsylvania man scheduled to stand trial next week on a charge he plotted to sell bombs to al-Qaida is expected to agree to a plea deal as early as Thursday.

Ronald Grecula, 69, of Upper Mount Bethel, was charged with attempting to provide material support and resources to terrorist organizations after his arrest in Houston in May 2005.

DOJ_NMG_0066547

Federal prosecutors say Grecula, angry with the government over a bitter custody battle with his estranged wife, told FBI agents disguised as al-Qaida operatives he could build a hydrogen chlorine bomb that could destroy buildings, level city blocks and kill "a bunch of Americans."

Grecula was also charged in August with conspiracy to possess with intent to distribute heroin. If convicted on both charges, he would face 35 years in prison.

His trial was scheduled to begin Monday in Houston. But according to documents filed last week with the federal court in Houston, U.S. District Judge Keith Ellison postponed a pretrial conference at the behest of Grecula's attorney, Edward Mallet, who said he and prosecutors were engaged in plea discussions.

According to a source familiar with the case, those discussions have led to a tentative plea deal, which Grecula must sign in front of Ellison. A hearing is scheduled for Thursday afternoon.

Mallet did not return calls for comment. John Yenbrick, a spokesman for the U.S. attorney in Houston, declined to comment.

Grecula was arrested after flying to Houston to meet with what he believed were al-Qaida members interested in buying explosive devices, according to court papers. In return, Grecula sought help in putting his estranged wife, Monique, in prison or killing her so he could regain custody of his two children.

In 2002, Grecula was arrested at JFK International Airport in New York City for kidnapping his children and taking them to Malta during his dispute with Monique, who lives near Houston. In prison, he met a confidential informant who later told federal authorities of Grecula's alleged plans.

Charity Puzzled By FBI Raid (COLTRIB)

By Jacob Luecke

Columbia (MO) Tribune, September 21, 2006

Group allowed in Iraq, it says.

A spokesman for a Michigan-based Islamic charity under FBI scrutiny says the organization did nothing wrong when it sent aid to Iraq during U.S. sanctions on the country.

Almost 100 community members showed up at the rally this morning at the First Christian Church.

On Monday, the FBI raided the Southfield, Mich., office of Life for Relief and Development and simultaneously searched the Columbia home of Iraqi-American Shakir Hamoodi, 54, on Woodberry Court. Hamoodi, who owns an international grocery in Columbia, is a paid speaker who helps the charity's fundraising efforts.

Relief for Life provides humanitarian, health and other services in war- and disaster-torn countries around the world.

The charity's attorney, Ihsan Alkhatib, has said federal investigators were interested in whether its aid to Iraq violated U.S. sanctions in place before the war.

Mohammed Alomari, Life for Relief spokesman, said the group did send food and medicine into the country during the sanctions period under a special license from the U.S. Department of the Treasury. During that time, Alomari said, Life for Relief sent funds to Jordan to purchase food and then shipped the food and medicine into Iraq.

"We did everything," he said, "Whatever the legal guidelines were established for this kind of work, we strictly followed those guidelines."

The treasury department did issue licenses allowing groups to deliver food, medicine and services to Iraq during sanctions, said Molly Millerwise, director of public affairs for the treasury department. She said, however, that the federal Trade Secrets Act barred her from saying which organizations had those licenses.

Wayne Anderson, a University of Missouri-Columbia professor emeritus who has done disaster relief work around the world, said he once met a director for Life for Relief while helping India recover from a devastating earthquake in 2001. He said the group appeared completely legitimate.

"They were working as a true relief organization, taking care of people, feeding people and trying to find shelter," Anderson said. "There was no hint that this group was politically involved."

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The FBI has continually declined to elaborate on the reasoning behind the search of Hamoodi's home and the Life for Relief headquarters, citing a sealed search warrant.

The warrant was issued by U.S. Magistrate William Knox in Jefferson City.

Typically, the FBI would go through U.S. Attorney Bradley Schlozman to get the search warrant. Don Ledford, spokesman for Schlozman, said he could not confirm that his office obtained the warrant for the FBI.

Speaking in general terms, Ledford said to get a warrant, Schlozman needs to convince the judge a search is needed to confirm the existence of evidence of suspected criminal action.

"The court doesn't give us a blank check," Ledford said. "We present the judge with the information that we have to explain why we need to conduct the search, and if that satisfies the judge, then the judge signs off on it."

Also speaking in general terms, he said the court sometimes issues sealed warrants because there might be concern that suspects could flee if they learn about the warrant.

He would not give a time frame for public disclosure of more information about what prompted officials to search Hamoodi's house.

Alomari said Life for Relief would have opened its documents without a search warrant if asked.

Hamoodi, who owns Columbia's World Harvest International and Gourmet Foods, is one of about 60 paid employees at Life for Relief. He is one of only four members of the organization to have their homes searched. The others are CEO Khalil Jassemm and two members of the charity's board of directors.

Alomari said the FBI attention on Hamoodi was puzzling because he is not a prominent member of the charity. "It's very surprising," he said. "I don't know why they would search his house."

This morning religious leaders and peace activists gathered at First Christian Church on Tenth Street to condemn the FBI for the investigation and show support for Hamoodi, his wife, Lamya Najem, 40, and their five children. Several people said they believed the raid was intended to intimidate Hamoodi and other Muslims in Mid-Missouri.

"Although the FBI may have been legally warranted in their actions, they were morally unwarranted in my opinion," said Larry Brown, chairman of the Interfaith Peace Alliance.

Reach Jacob Luecke at (573) 815-1713 or jluecke@tribmail.com.

FBI Raid On Missouri Muslim Leader Linked To Michigan Case (AP)

By Alan Scher Zagier

AP, September 21, 2006

COLUMBIA, Mo. (AP) — A Muslim leader and Iraq war opponent whose home was raided by the FBI says the agents told him they were interested in his links to a Michigan charity that also was searched.

Shakir Abdul-Kaf Hamoodi, a former University of Missouri-Columbia engineering professor who now owns a grocery store here, said Tuesday that agents were interested in his connection to the Southfield, Mich., Muslim organization Life for Relief and Development.

An FBI spokesman declined to reveal the reasons for the search. Hamoodi, who was provided a copy of the sealed search warrant, declined a request by The Associated Press to review the document.

A dozen agents arrived Monday at the Columbia home of Hamoodi and his wife, Lamya Mukhlef Najem, and removed boxes and computer equipment throughout the day.

Hamoodi said he was in Detroit on Monday but not working for the relief agency. When he asked agents if the search could wait until he returned to Missouri, they said no, citing the simultaneous search in Michigan, he said.

Hamoodi said he cooperated with federal investigators.

"They came in, asked questions, I told them the answers and they left," he told the Columbia Missourian. Hamoodi declined to specify what questions he was asked.

Hamoodi said he has worked as a paid organizer and fundraiser for the organization for several years. Though he travels throughout the country on its behalf, Hamoodi said he has not gone abroad with the organization.

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The charity's head of legal services told the Detroit Free Press that the FBI wanted to find out whether the charity broke U.S. sanctions by doing business in Iraq before the war.

Hamoodi, 54, grew up in Anah, a town in central Iraq, and lived in Scotland and France before moving to Columbia 21 years ago. He earned a doctorate in nuclear engineering from the University of Missouri-Columbia before working as an assistant research professor for the school's College of Engineering.

Hamoodi now owns the World Harvest market, and his wife teaches at an Islamic school in Columbia. He has made several appearances in opposition to the war in Iraq, and the couple's home was recently defaced with graffiti.

Hamoodi said he plans to continue speaking out against the war. The father of five children — ages 9 to 19 and all born in Columbia — also offered a heartfelt plea to his friends, customers and neighbors.

"I want to assure them that at no time, under any circumstances, do they need to expect any harm from me and my family members to this country," he said. "I have done nothing wrong."

On Tuesday afternoon, a steady stream of customers appeared at Hamoodi's store to offer their support. Many more called and showed up unannounced at his home Monday night, he said.

The search of Hamoodi's home came three days after a community meeting at which local Muslims raised concerns about racial profiling and an October 2004 FBI raid of the Islamic American Relief Agency's U.S. headquarters in Columbia.

Hamoodi, who attended the meeting, said the search warrant was dated Sept. 12 — meaning FBI agents knew about the impending raid even as they vowed to work with the Muslim community.

"What they did (Monday) has really nullified everything they did Friday," he said.

The U.S. Treasury Department has linked the Islamic American Relief Agency to the Sudan-based Islamic African Relief Agency, which they say has ties to Osama Bin Laden, al-Qaida and Hamas. No one has been charged in that case.

Hoekstra Calls For Broader Terror Plan (AP-Y)

By Katherine Shrader

AP, September 21, 2006

The House Intelligence Committee chairman said Wednesday that the United States must attack Islamic extremism with more than military might by focusing on social and economic work in countries cooperating in counterterrorism efforts.

"We need to recognize that this war cannot be won solely by being on offense in a military sense," said Rep. Peter Hoekstra, R-Mich. "We need a comprehensive strategy, as well, to engage them on a number of different fronts."

A spokesman for Hoekstra said he was not distancing himself from the Bush administration, but was laying out additional steps that should be taken against al-Qaida and other extremist groups. The White House contended that it has long said a comprehensive strategy is needed.

Speaking at the conservative American Enterprise Institute, a think tank, Hoekstra cited his trip this year to Algeria, a relatively new U.S. partner in the counterterrorism fight. He said leaders there told him that they wanted to work with the United States on economic, medical, energy and other development issues beyond military and intelligence.

The comments accompanied release of a committee report examining how al-Qaida has changed since the attacks of Sept. 11, 2001, and the continuing threat posed by its affiliates and by homegrown terrorists.

"Unfortunately, there are still gaps in our understanding of Islamist extremist groups, which leaves America vulnerable to future attacks," the 28-page document concludes.

Democrats on the intelligence committee did not support the report, either voting against it or abstaining. They have expressed concern that Republicans are using it to fan voter fear for political gain and say the threat assessment adds no new information to the nation's understanding of challenges facing the government.

"It is clear that al-Qaida and Islamic extremists pose a serious threat to U.S. national security. The American people do not need the House Intelligence Committee to remind them of this fact," the committee's nine Democrats wrote in an addendum.

But Hoekstra said the report and others released by the committee are appropriate and educational, no matter the political timing. "People don't recognize that this is a different kind of conflict and a different kind of enemy than we have fought before," he said.

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The report devotes significant attention to extremists' electronic messaging, saying the U.S. government must do more to counter terrorists' "unchallenged use of the Internet."

It also praises the CIA's decision in September 2004 to create an office that looks at the politics of Islam. "Still, this is not enough," the report says. "This one program at the CIA can only reach a finite number of people."

CIA spokesman Mark Mansfield said the program examines the issue globally, analyzing long-term issues. "It's a relatively small office, but it's doing extraordinarily important work," he said.

The House committee has been preparing a series of public reports on issues including intelligence overhaul, Iran and an upcoming assessment on North Korea.

When the Iran report was released last month, the International Atomic Energy Agency said the document was "outrageous and dishonest" in trying to make a case that Tehran's nuclear program is geared toward making weapons.

Hoekstra conceded there was a problem with one photo caption, which overstated Iran's uranium production capabilities. But he stood by the report's assertion that an IAEA inspector was fired for raising concerns about Iranian deception on its nuclear program. "That is a pretty lousy management style," Hoekstra said.

U.S. intelligence agencies have been asked to review the House reports for accuracy and declassification; the review is not meant to be a signal that the agencies concur with the findings.

HOMELAND RESPONSE:

Debate Over Chemical Plant Security Focuses On Strictness Of Rules (NYT)

By Eric Lipton

The New York Times, September 20, 2006

WASHINGTON, Sept. 20 — After nearly five years of debate over whether the chemical industry should be required to protect plants better against a terrorist attack, a fierce struggle is going on behind the scenes in Congress to deal with what is considered one of the nation's most serious vulnerabilities.

The clash, which could be resolved as soon as Thursday, is testing the balance of power not just between Republicans and Democrats, but also between rival Republicans in the House and the Senate and between environmentalists and the chemical industry, all of whom have dug in to defend their views.

But the Bush administration, the chemical industry, Democrats, Republicans and environmentalists do agree on one important point: voluntary measures put into place by the industry after the 2001 terrorist attacks are not enough.

An analysis by the Department of Homeland Security found 272 chemical plants nationwide at which an attack or accident could affect at least 50,000 people and an additional 3,400 plants at which more than 1,000 people were at risk.

In too many cases, everyone agreed, plants have not complied with the voluntary standards requiring them to evaluate vulnerabilities to a terror attack and to take steps to eliminate them, like installing fences, cameras or other security measures.

As recently as Tuesday, it looked as if the chemical industry, with the assistance of Senator George V. Voinovich, Republican of Ohio, was on its way to winning approval for regulations that echoed almost word for word what the industry had been seeking.

Homeland Security Secretary Michael Chertoff would have been authorized to establish regulations requiring security measures, but the regulations would have applied only to a sliver of facilities that manufacture, use or store toxic chemicals and that are deemed to have the "highest levels of security risk." Mr. Chertoff would not have had the power to shut down plants not in compliance.

The proposal would also have left decisions about security plans entirely up to these high-risk plants.

"Nothing in this section authorizes the secretary directly or indirectly to require any particular security measure," the proposed language said. That wording had been endorsed by 34 senators, all but one Republicans, in a letter that Mr. Voinovich circulated Monday.

But Democrats, and some Republicans, said the proposed regulation was far too friendly to the industry.

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"This closed-door deal is industry-written and incomplete," Senator Frank R. Lautenberg, Democrat of New Jersey, said in a statement Wednesday. "Americans shouldn't be fooled that this will protect them from a terrorist attack on a chemical plant. We need stronger measures that will force the industry to take this issue seriously."

Industry officials acknowledge that they were pleased with the proposal by Mr. Voinovich, and they have been lobbying intensely to get it passed.

"It is short, simple and effective," said Margaret Hunt, a lobbyist for the Edison Electric Institute, which is helping a broad range of companies that would be affected by the regulations monitor the negotiations. "We kind of like it."

Approval of the industry-backed measure is now in question because of objections raised by Senator Susan Collins of Maine, Representative Peter T. King of New York, and Senator Judd Gregg of New Hampshire, all Republicans who hold powerful positions.

Ms. Collins and Mr. King are the leaders of the Senate and House committees that oversee the Homeland Security Department's operations, and Mr. Gregg is chairman of the Senate panel that oversees its budget, and thus controls the bill into which Republicans want to include some form of regulations.

Mr. Gregg said in an interview Wednesday that the Republicans organized by Mr. Voinovich must come to an agreement with Mr. King, Ms. Collins and others with oversight authority before any language would go into the budget bill. He said he hoped to have a final agreement on the Department of Homeland Security budget bill in time for it to win final passage by Congress before it goes on recess this month until after the midterm elections.

Mr. King and Ms. Collins want the proposed regulation changed so it applies to all chemical plants that are at "high" risk, instead of just the "highest," spokesmen for the two said. They want the Homeland Security Department to inspect plants to ensure compliance and shut any that do not honor the rules. They also want any regulations inserted into the budget to expire after three years, so Congress will have a chance to pass more comprehensive rules.

"I do want a chemical plants bill, but one that is meaningful," Mr. King said Wednesday evening.

Many Democrats, meanwhile, are struggling to add even stronger provisions to the regulations that would allow states like New Jersey, which already has its own plant rules, to have stronger requirements and to allow the Homeland Security Department to mandate that plants consider switching to less toxic chemicals, if the conversion would not be excessively expensive or complicated.

"Five years after 9/11, security at our chemical plants is still voluntary and our cities and critical infrastructure are still too vulnerable," said a letter signed Wednesday by 22 Democrats and one independent, all senators. "Too many legislators have worked too long on comprehensive legislation to see that effort undermined by backroom deals."

As it monitors the negotiations, the chemical industry is seeking most importantly to prevent regulations that would order plants to consider switching the chemicals they use. Industry representatives argue, as they have since the debate began, that Democrats and environmentalists are trying to hijack what had been an antiterrorism matter and use it to advance their own agenda.

"They were trying to pursue their agenda to ban certain chemicals under the guise of security," said Scott Jensen, a spokesman for the American Chemistry Council. "This is not the appropriate place to have that debate."

Environmentalists say that a fence or security camera is not enough to prevent a dangerous chemical release in an urban area — that only replacing the highly toxic chemical will accomplish that goal.

Ms. Collins, who has a track record in important negotiations including the reconfiguration of the government intelligence agencies and the restructuring of the Federal Emergency Management Agency now pending before Congress, said in an interview Wednesday evening that she remained hopeful that an agreement would be reached in time to insert regulations in the budget bill.

"This vulnerability has been raised time and again by terrorism experts," she said. "It is a glaring one that invites attack."

Bioterrorism Drugs Join Congress's Agenda (WSJ)

By Sarah Lueck

The Wall Street Journal, September 21, 2006

DOJ_NMG_0066552

WASHINGTON -- As military tribunals and wiretapping dominate Congress's pre-election agenda, biotech companies are pushing lawmakers to enact a less divisive -- and more lucrative -- homeland-security measure: a $1 billion fund for vaccines and treatments for anthrax, smallpox and pandemic flu.

Since the anthrax attacks in October 2001, the biotech and venture-capital industries have seen new potential in developing products against bioterrorism. Kleiner Perkins Caufield & Byers, a Menlo Park, Calif., venture-capital firm that has been lobbying for the measure, earlier this year formed a $200 million fund focused on development of vaccines and drugs for flu and bioterrorism threats. Small biotech firms, often with grants from the National Institutes of Health, or NIH, are scrambling to advance their research on products that the government might be interested in buying. Big drug makers are expressing interest in pairing with smaller players. But without greater support from the government, industry leaders say it is difficult, if not impossible, to bring their products to market.

The industry's campaign has drawn bipartisan backing. Senate legislation, sponsored by Sen. Richard Burr (R., N.C.) and several other Republicans, has the backing of Democrats such as Sen. Edward Kennedy of Massachusetts, home to a burgeoning biotechnology industry. In the House, similar legislation is sponsored by a handful each of Republicans and Democrats. The House Energy and Commerce Committee passed the legislation yesterday and the full House is expected to take up the bill soon.

But for all the momentum, the bill could stall amid a tight schedule on Capitol Hill and a climate in which Republicans and Democrats already are squabbling over counterterrorism measures. Yesterday, Republican leaders made bumpy progress on their national security agenda. President Bush's push for broader authority to conduct warrantless wiretapping was approved by the House committee that oversees intelligence. Meanwhile, the House Judiciary Committee initially rejected Mr. Bush's plan for interrogating and prosecuting suspected terrorists, as all Democrats and two Republicans opposed it. Then the committee voted again, after summoning absent Republicans, and passed the measure, 20 to 19.

Republican leaders in the Senate had planned to bring the bioterrorism measure to the floor this week, provided it could be done quickly without Democratic objections or amendments. But, while Democrats say they want to pass the measure, they also want the chance to improve it, said Jim Manley, spokesman for Democratic Leader Harry Reid of Nevada. He said Democrats aren't stalling to deprive Republicans of an antiterror legislative victory before the elections. "People on both sides of the aisle want to try to pass it as quickly as possible," Mr. Manley said.

Among the issues Democrats want to bring up: revisiting liability protections for vaccine makers that were provided in a spending bill late last year and beefing up the focus in the bill on emergency planning for at-risk populations, such as the elderly.

Mr. Burr, for his part, thought the bill had been vetted sufficiently. "This has two years of work put into it. Most objections of any significance have been addressed," he said.

The $1 billion fund is supposed to alleviate some of the problems with Project BioShield, a $5.6 billion program enacted in 2004 that is criticized by both industry and lawmakers for being slow to disburse development funds for new vaccines and other drugs to combat dangerous pathogens. Under the Senate proposal, a new agency would dole out the $1 billion in much the way venture capitalists do: in a series of increments as the recipients show progress, rather than in lump sums as practiced by BioShield's administrators at the Department of Health and Human Services. In addition, BioShield's mission would be expanded to include infectious diseases that could cause a public-health emergency, such as pandemic flu.

In recent years, as the biotechnology industry has grown, it has increased its visibility on Capitol Hill, both in terms of lobbying presence and campaign contributions. The Biotechnology Industry Organization, the industry's trade group, has as its president former Pennsylvania Republican Rep. James Greenwood. While individual companies such as Amgen Inc. are substantial political donors, it is mostly smaller, lesser known companies that have shown interest in entering the uncertain bioterrorism sector.

The $1 billion in grants that would be made available in the bioterrorism legislation is meant to address the "Valley of Death" that such smaller players say they face when trying to develop bioterrorism products. While the government has programs to fund early-stage research and late-stage procurement, companies say they need more support in the middle phase, when they conduct clinical trials and gear up manufacturing capabilities.

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Current NIH funding, while crucial, "only takes us up to a certain point," says Peter Young, president and chief executive of AlphaVax Inc., a Research Triangle Park, N.C., company working on technology to deliver into the body vaccines for flu and illnesses caused by bioterrorism. Project BioShield is "insufficient" and "fragmented," Mr. Young adds.

Passage of the bill also would show that the government is committed to funding bioterrorism research and development -- a move companies said would give the private sector greater confidence. "It sends a signal and maybe allows us to raise more money" from the private sector, says Francesca Cook, vice president for policy and government affairs at PharmAthene Inc., an Annapolis, Md., company developing treatments for anthrax and smallpox.

The Senate bill also would address some concerns raised about the government's response to the health emergencies experienced after Hurricane Katrina. It designates the.

Air Marshals' Injuries Raise Lawmaker's Concern (WT)

By Audrey Hudson

The Washington Times, September 21, 2006

A key House member yesterday said that Congress should review the large number of federal air marshals sidelined by injuries sustained while protecting passengers from another September 11-style terrorist attack.

More than 2,100, or nearly half the Federal Air Marshals Service's peak force, have been awarded workers' compensation claims in the past three years, according to the Labor Department.

Rep. John L. Mica, Florida Republican and chairman of the House Transportation and Infrastructure subcommittee on aviation, said he was "surprised" by the high volume of injuries.

"These are supposed to be our healthiest and most physically fit people to undertake that kind of responsibility, and the number does seem to be inordinately high," Mr. Mica said.

Mr. Mica's subcommittee has responsibility over the federal flight deck officers program, which arms pilots to protect airplanes from hijackings, and said he has "grandfather oversight responsibility" for the marshals.

"We will look at it, whether Homeland Security [committee] or whoever has legislative authority over the air marshals. We need to look at it, so we will check it out so that we can make sure to have those people ready and fit to do the job," Mr. Mica said.

"I deal with pilots and flight attendants on aircraft all the time, and we don't have that kind of record," Mr. Mica said.

Any depletion in airline security from the marshals service would be augmented by the thousands of pilots who now carry guns, Mr. Mica said.

The Washington Times reported yesterday that 2,450 claims have been filed in the past three years for workers' compensation, with 2,136 having been accepted, according to statistics provided by the Labor Department.

The marshals are reporting various injuries, including barotrauma and decompression sickness, which can rupture eardrums and require sinus, even brain surgery.

"They're killing their people," one air marshal told The Times on the condition of anonymity. "Congress needs to get involved and take a look because our health and well being is being jeopardized on a daily basis. If you have air marshals flying sick, they are not properly protecting the public."

Calls yesterday to the House Homeland Security Committee and to the office of Rep. Peter T. King, New York Republican and panel chairman, were not returned. A Republican staffer for the Senate Commerce, Science and Transportation Committee, which has jurisdiction over TSA, said it is "unclear" whether there will be any oversight.

In a written rebuttal provided last night, the Transportation Security Administration disputed The Times' report as "inaccurate" and "misleading."

"The health of the workforce has been and continues to be a major focus of the Federal Air Marshals Service," the statement said.

"Only 48 claimants remain off work and are in receipt of benefits due to wage loss from workers' compensation claims," the statement said.

But marshals say the reason for the small number of off-work claimants is that the typical injuries make marshals unable to fly frequently. Such a marshal cannot fulfill the mission for which he was hired, and he thus can be fired.

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Shawn McCullers, who was fired after developing deep-vein thrombosis, said many marshals are afraid to make medical claims for fear of dismissal.

"Orthopedic and barotrauma injuries, are the most common reported by the workforce," the TSA said. "Deep vein thrombosis is an extremely rare condition and less than a handful of cases have been reported."

The TSA also disputes how much flight time air marshals are assigned -- officially, five hours a day with 12 hours downtime between each flight and only 15 days a month.

"That's a lie," the air marshal said. "I would love to fly only 15 days a month."

Don Strange, former special agent in charge of the Atlanta field office until last year, was puzzled by TSA's statement that marshals only cover two flights a day.

"When I was there, the guys flew three legs a day, now they are flying four a day," Mr. Strange said.

WAR NEWS:

Analysis: Hopes For Iraqi Leader Fading (AP)

By Robert H. Reid, Associated Press Writer

AP, September 21, 2006

Four months after Iraq's unity government took office, hope is turning to disappointment. Key U.S. leaders are hinting that Iraq's leaders must make hard decisions — and soon — if they expect American support to continue.

So far, Prime Minister Nouri al-Maliki's government has failed to stop sectarian militias responsible for much of the bloodshed, or to make headway in luring Sunni Arabs away from the insurgency.

Al-Maliki also has run into persistent trouble from U.S. critics in Congress angry at his recent meeting with Iran's president and his refusal to condemn the Hezbollah militia, which fought Israel.

Publicly, the Bush administration continues to offer strong support for al-Maliki, with President Bush saying Wednesday he is optimistic the government will succeed. But Bush also offered a not-too-subtle hint that the American commitment to Iraq and its current government is not open-ended.

The president said Iraqis could count on U.S. support "so long as the government continues to make the tough choices necessary for peace to prevail."

His words are a clear signal that Washington expects al-Maliki's government to make those tough choices, including cracking down on Shiite militias — some of them led by politicians who are among the prime minister's key supporters.

But rather than intimidating Shiite militias, the security crackdown in Baghdad appears to be emboldening them as sweeps by U.S. troops move closer to Sadr City, stronghold of the Mahdi Army of Shiite radical cleric Muqtada al-Sadr.

U.S. soldiers say they have noted militias becoming more aggressive as American and Iraqi forces seek to pacify Shiite neighborhoods on the fringes of Sadr City, which is part of Baghdad.

Even al-Maliki's supporters acknowledge the unity government has failed to gain traction but insist the prime minister is not entirely to blame.

"(He) needs a better team than the current one," Shiite lawmaker Hassan al-Suneid said Wednesday. "Some blocs want him to make some changes or replacements in the Cabinet."

Sunni lawmaker Adnan al-Dulaimi said the problem is that the government has failed to galvanize support among tribal leaders, clerics and politicians.

That certainly is a long way from the rosy forecasts U.S. officials made six months ago as Iraqi politicians put together their government of national unity after December elections.

At that point, U.S. officials predicted a coalition of Shiites, Sunnis and Kurds would give all of Iraq's communities a stake in government. Over time, they hoped that unity government would calm the tensions which threaten to plunge the country into full-scale civil war.

Instead, the first months of al-Maliki's government have been marked by sharp increases in bloodshed, forcing U.S. commanders to send thousands more American soldiers into the Iraqi capital.

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U.S. officers say privately that Iraqi commanders are themselves frustrated by the lack of direction from al-Maliki's government on how to deal with the militias, especially the Mahdi Army and others affiliated with Shiite political movements.

Al-Maliki, a Shiite, appears reluctant to crack down on the militias for fear of losing support from their patrons. But without a move against Shiite gunmen, it is unlikely his government can persuade Sunni Arab insurgents to lay down their arms either.

"We're pushing this (al-Maliki) government to get a policy" on how to deal with the militias, Maj. Gen. James Thurman, the commander of coalition forces in Baghdad, told The Associated Press on Wednesday.

Right now, the militias "are holding the rule of law in contempt," Thurman complained.

The message is also likely to be delivered by a bipartisan commission due to make recommendations to Bush after the November congressional elections.

Former congressman Lee Hamilton, co-chairman of the group, said Tuesday that the Iraqi government "needs to show its own citizens soon — and the citizens of the United States — that it is deserving of continued support."

Robert H. Reid is correspondent-at-large for The Associated Press and has reported frequently from Baghdad since 2003.

U.S. Must End Occupation (USAT)

By Jim Mcgovern

USA Today, September 21, 2006

The war in Iraq was a mistake, and the U.S. military occupation there must end.

From the deceitful and shifting rationales for war, to Bush officials forbidding our generals from making meaningful post-invasion plans, the policies pursued in Iraq have failed and have forced our brave troops to carry out a dangerous and often untenable mission.

The war in Iraq is distinct from the global war against terrorism. Because of Iraq, U.S. standing is at its lowest point ever, making us more isolated and vulnerable in an increasingly dangerous world.

Nearly 2,700 of our uniformed men and women have sacrificed their lives. More than 20,000 have been wounded, and tens of thousands of Iraqi civilians have been killed in a vicious and escalating cycle of sectarian violence. Billions of taxpayer dollars have been wasted. Every day the civil war gets worse, not better.

So what's next?

Those who argue for more of the same, or for a military escalation requiring substantially more troops, must answer several questions: What is the definition of success? How many more troops should we send? Where do you expect them to come from? Should we withdraw more troops from the worsening situation in Afghanistan to send to Iraq? What difference do you believe they can make?

Most of our troops in Iraq have already been forced to serve three or more deployments. U.S. military readiness is at historic lows. The time when more troops might have made a difference is long past.

I believe we should take a different approach, one that could galvanize Iraq's government, people, neighbors and the international community to take a greater role to promote a stable Iraq — the safe and orderly removal of U.S. troops. Whether through an immediate withdrawal, as I favor, or phased over a specific period of time, ending the U.S. military occupation could provide Iraq and the global community a fresh opportunity to carry out new ideas in a new context.

The United States must continue funding economic, social and democracy-building programs. We must continue funding and equipping Iraqi security forces or a new multilateral force.

It might be too late to save Iraq, but removing the U.S. military from the quagmire there is the only way to force the Iraqis — and the international community — to finally begin to forge a better future for that country.

Rep. Jim McGovern, D-Mass., has proposed legislation to end funding for the Iraq war.

U.S. Warns Of Increased Violence In Iraq (AP)

By Patrick Quinn, Associated Press Writer

AP, September 21, 2006

Top U.S. generals warned Wednesday that violence will increase in Baghdad during the Islamic holy month of Ramadan and said al-Qaida in Iraq already has intensified its assaults against American troops.

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The warnings came as violence killed some 65 people and wounded more than 100 in two days. At least 23 people died in bombings and shootings around the country Wednesday, and 10 bodies were found. The day's deadliest attack took place in Samarra, where a suicide car bombing outside a Sunni tribal leader's house killed 10 and wounded 38.

The military said a U.S. soldier was killed Wednesday by small-arms fire in northeastern Baghdad, and reported the death of another American in a roadside blast in the same area the day before. A third U.S. soldier died in the capital in "a non-combat incident," the military said, without giving details.

"If you historically look at this time period just before and going into Ramadan, there has unfortunately been an increase in violence. That, in fact, is occurring within the city," said U.S. Maj. Gen. William B. Caldwell, the senior military spokesman in Iraq.

He said Iraqi and U.S. forces were carrying out operations against insurgents and terrorists to "disrupt their ability to coordinate violence prior to Ramadan."

Thousands of Iraqi and U.S. soldiers launched a security sweep around Baghdad on Aug. 7. The operation managed to lower violence in targeted areas of Baghdad, but attacks spiked in the rest of the city.

"Al-Qaida in Iraq, insurgents and death squads have recently increased their attacks" in the Baghdad area, Caldwell said.

"This past week, there was a spike in execution-style murders in Baghdad. Many bodies found had clear signs of being bound, tortured and executed. We believe death squads and other illegal armed groups are responsible."

Caldwell said it was believed that the increase in al-Qaida attacks against American forces came after a threat issued Sept. 7 by Abu Ayyoub al-Masri, also known as Abu Hamza al-Muhajer, the leader of al-Qaida in Iraq. The U.S. military, which killed the group's previous leader, has put a $5 million bounty on al-Masri's head.

The commander of U.S. forces in Baghdad told The Associated Press that he has been ordered to try to control the violence ahead of Ramadan, which is expected to begin around Sept. 24.

"The thing that I was told to do, prior to the month of Ramadan, is dramatically reduce the number of mortars, kidnappings, assassinations and (car bombs) inside of Baghdad and predominantly try to reduce the sectarian violence," Maj. Gen. James Thurman said.

He said he was pushing Iraqi leaders to do more about sectarian militias responsible for killing thousands of people — most of them in the capital — and would also need more Iraqi troops.

"Militias are holding the rule of law in contempt. We're pushing this government to get a policy as to how they're going to deal with it so their own people know how to deal with the militias," Thurman said. "I would like to see more Iraqi forces. We are pushing that very hard."

Sunni Arabs have linked Shiite-dominated government ministries, including the Interior Ministry, to death squads. Both Sunni Arab and Shiite death squads roam the streets of Baghdad.

However, the U.S. general helping train Iraqi police said that so far none of the death squad members detained had ties to the Interior Ministry or other government agencies.

"From a general allegation that the Ministry of Interior is sponsoring death squads, it has not been borne out by those we have captured and detained to date," Maj. Gen. Joseph Peterson said.

When asked which militias the death squad members seemed to have been recruited from, Peterson did not elaborate, except to say that "Jaish al-Mahdi is certainly one of them."

He referred to the Mahdi Army, which is loyal to radical anti-U.S. cleric Muqtada al-Sadr. There have been reports, however, that the militia has splintered recently — with some groups breaking away from al-Sadr.

AP writers Elena Becatoros, Antonio Castaneda and David Rising contributed to this report.

Since Threat, Attacks On U.S. Troops Have Risen (WP)

By Sudarsan Raghavan

The Washington Post, September 21, 2006

BAGHDAD, Sept. 20 -- Attacks against U.S. troops have increased in the two weeks since al-Qaeda in Iraq's new leader urged insurgents to target American forces, a U.S. military spokesman said Wednesday.

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Since the threat posted on the Internet on Sept. 7 by Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, at least 23 servicemen have been killed, mostly by suicide car bombers or roadside bombs, according to U.S. military news releases.

The latest casualty came Wednesday when a U.S. soldier was killed by gunfire in northeastern Baghdad, according to the military, which also reported the death of a soldier in a roadside explosion Tuesday northeast of Baghdad.

"Al-Qaeda in Iraq, insurgents and death squads have recently increased their attacks, with the primary area being focused in the Baghdad area," said Maj. Gen. William B. Caldwell, the U.S. military's top spokesman in Iraq.

Caldwell added that in the past week there had been "a spike in execution-style murders" of Iraqi civilians in Baghdad and that "many bodies found had clear signs of being bound, tortured and executed." The violence, he said, is expected to increase during the Islamic fasting month of Ramadan, which is scheduled to start next week.

Across the country, suicide bombings killed several dozen people and wounded scores over a 24-hour period, and a U.N. report released Wednesday found that the Iraqi death toll from violence in July and August rose by several hundred over the count for the previous two months.

Citing figures from morgues and the Iraqi Health Ministry, the report said the July total of 3,590 violent deaths was "unprecedented," while the August figure of 3,009 was still among the highest monthly totals ever. In comparison, there were 2,669 violent deaths in May and 3,149 in June, the report said.

"Terrorist attacks, the growth of militias, the emergence of organized crime reflects a lack of centralized and authorized control over the use of force in the country, which results in indiscriminate killings of civilians," the United Nations said in a statement. "In this context, hundreds of bodies have continued to appear throughout the country bearing signs of severe torture and execution-style killing."

The report said corpses of people detained by factional militias or by Iraqi security forces in prisons run by the Interior and Defense ministries showed signs of beatings with electrical cables, broken bones and cigarette burns. Bodies at the morgue often "bear signs of severe torture including acid-induced injuries and burns caused by chemical substances, missing skin, broken bones, missing eyes, missing teeth and wounds caused by power drills or nails," it said.

The U.S. military reported recently that murders halved in August from July but has not provided an explanation for this conclusion, stating only that the figures do not include deaths caused by bombings or other large-scale attacks.

In Shirgat, northeast of Mosul, dual blasts Tuesday night targeted a youth center near an Iraqi army base, killing 22 people, including 11 Iraqi soldiers, said Capt. Hasan al-Jubury of the Shirgat police.

"A large fireball rose up, and I could see human parts flying up in all directions," said Raad Hussein Hamdani, who was wounded in the legs and abdomen by shrapnel. "I and my friends rushed to the rescue. . . . Within a few seconds, the second explosion occurred and more people died or were wounded."

A car bomb detonated Wednesday in the town of Samarra, 65 miles north of Baghdad, in front of a house of tribesmen who opposed al-Qaeda in Iraq, killing 10 and wounding 38, police said.

In the southern Baghdad neighborhood of Dora, a roadside bomb exploded at an intersection near the entrance of the Dora Refinery, targeting a bus transporting oil refinery employees. As police and bystanders rushed to help the wounded, a suicide bomber rammed his car into a nearby police checkpoint, killing nine people and injuring 18.

Meanwhile, Iraqi police patrols found 34 corpses, most of them of people who had been shot to death and dumped in various neighborhoods across Baghdad, said Brig. Abdullah Salem of the Interior Ministry. In the past week, more than 200 corpses, most of them showing signs of torture and execution, have turned up across Baghdad.

Special correspondents K.I. Ibrahim in Baghdad and Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

U.N. Issues Grim Report On Iraq (LAT)

By Louise Roug

The Los Angeles Times, September 21, 2006

BAGHDAD — The United Nations issued a somber human rights report Wednesday that focused on recent civilian deaths in Iraq, as at least 75 Iraqis were killed or found slain around the country.

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Meanwhile, a top U.S. military spokesman said attacks against American troops had increased recently, as had killings by sectarian death squads that target civilians. He also said that American commanders expected violence to escalate even further during the Muslim holy month of Ramadan, which begins this weekend.

The report says 3,009 people were killed in Iraq during August, down from 3,590 in July. It warns that although the rate had declined at the beginning of the month, it had escalated again by month's end, especially in Baghdad.

The current level of violence, the report says, "is challenging the very fabric of the country."

The report also touches on other human rights issues. It notes that torture in official detention centers remains widespread; 300,000 people are displaced in Iraq; women are increasingly targets of violence in cases of "honor crimes"; and freedom of expression continues to suffer as a result of killings and intimidation of journalists.

The trend in the national civilian toll echoes recent statements by the Baghdad morgue, whose reports on deaths are often cited in tracking civilian casualties from sectarian fighting and the insurgency against the Iraqi government and the U.S.-led military.

These last few weeks have been even bloodier than usual in the capital, with a torrent of execution-style killings coming despite an American-led crackdown. But as U.S. commanders have focused on Baghdad, attackers have struck in northern and western parts of the country in what appears to be a coordinated campaign.

On Wednesday in Samarra, north of the capital, a suicide car bomber crashed into the home of a tribal leader who had recently denounced the Al Qaeda terrorist network. The blast killed 11 relatives but not the leader. Forty others were injured, authorities said.

In the oil-rich city of Kirkuk, also in the north, gunmen killed a government employee on his way to work, authorities said.

Eleven people were killed in attacks in Diyala province, northeast of Baghdad, and two civilians were killed in separate bombings in the south.

Attackers also inflicted heavy casualties in the capital.

A suicide bomber driving a truck detonated his explosives near a checkpoint in the Dora neighborhood in south Baghdad, killing three people and injuring 11. A roadside explosion targeting an American patrol in east Baghdad killed one civilian. Separate mortar attacks on a checkpoint and a house injured eight people, according to police.

Two U.S. soldiers died in the capital in separate accidents Tuesday and Wednesday, and a third was shot and killed in northeast Baghdad on Wednesday, U.S. military statements said.

Police recovered 46 bodies in and around the capital. Some of the victims bore signs of torture. Many were blindfolded, handcuffed and had been shot, authorities said.

Iraqi security forces, especially police and special forces affiliated with the Interior Ministry, are widely believed to have been infiltrated by Shiite Muslim militias and have been accused of being behind many of the execution-style killings. But American commanders on Wednesday said they had scant evidence that ministry personnel were behind the death squads.

"Initially, there were a lot of allegations that death squads were not only coming out of Ministry of Interior forces but also organized by the Ministry of Interior," Army Maj. Gen. Joseph Peterson, who is in charge of training Iraqi police, told reporters during a news briefing.

The U.S. military has "not identified any Ministry of Interior personnel as a part of the death squad members and leaders that we have picked up," Peterson said, adding that "this seems to counter the initial allegations discrediting them."

At the same briefing, Maj. Gen. William B. Caldwell IV, the top military spokesman in Iraq, said the number of bombing attacks against American troops had increased since a Sept. 7 statement by the leader of Al Qaeda in Iraq, Abu Ayyub Masri.

Caldwell said the military expected an increased flow of foreign fighters into Iraq during Ramadan, which has been a period of increased violence.

Deployment Math Tests The Military (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, September 21, 2006

DOJ_NMG_0066559

WASHINGTON — As prospects fade for U.S. force reductions in Iraq, Army and Marine commanders have been stepping up their warnings that the pace of troop deployments is increasingly straining the military and threatening to cause long-term damage.

According to Pentagon officials, senior officers in the Army and Marine Corps in recent weeks have begun warning that without a reduction in Iraq, the present schedule of combat tours would be difficult to sustain without an increase in the number of forces.

Army officials had been counting on a gradual drawdown in Iraq starting later this year and accelerating over the following 12 months.

But the rising violence in Baghdad forced the Pentagon to shelve those plans at the end of July, and Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, acknowledged publicly Tuesday that force levels would remain around the current 145,000 through spring.

One senior Pentagon official involved in long-term planning said the concerns had reached such a level that top Army leaders broached the issue of changing deployment rules to allow for more frequent call-ups of National Guard and Reserve units to relieve pressure on the active duty Army.

Because the Army relied heavily on the Guard and Reserve early in the war, many units have hit legal deployment limits, which allow for two years overseas out of every five. But without a change in those rules to allow more frequent Guard deployments, the Army would be forced to consider a push for an expansion of its active duty force, which stands at 504,000, the official said.

"You can start seeing the [effect of deployments] on the leadership of the active force," the official said, referring to limits on the use of Guard and Reserve troops. "That's the stress that we're having right now on this force."

Although most of the concerns regarding strains on the Marines and Army have been aired privately in the Pentagon, Abizaid told a group of military reporters this week that it would be difficult to find additional troops to send to Iraq to deal with insurgent violence in western Anbar province.

The Marine Corps has expressed less alarm about the high rate of deployments. Still, Defense officials said that in internal meetings, Gen. Michael W. Hagee, the Corps' commandant, had begun discussing his need to focus on force levels out of concern that "significant personnel issues" could develop.

"The margins are very thin," said one Defense official who has discussed the issue with senior Marine officers. "We haven't seen it occur yet; it's just something that causes the commandant and the senior leadership of the Marine Corps to be very, very wary and to constantly monitor the manpower situation to ensure we're not using up the force in ways that we can't do other missions, if required."

Hagee has said publicly that he believes the Marine Corps should remain at 181,000 troops; Pentagon planning documents call for it to shrink to 175,000.

"You have personnel who are training right now primarily to do the mission in Iraq, but are not receiving their training for other mission areas or other contingencies," the official said. "If those contingencies erupt, they won't be ready, or as ready."

Under Army models, two active duty brigades are supposed to be at their home bases for equipment repairs or retraining for every brigade deployed to a war zone. However, over the course of the Iraq war, that ratio has fallen to one brigade stateside for every one overseas — meaning most combat units are returning to Iraq after barely a year at home. An Army brigade is made up of about 3,500 soldiers.

The Marines also face a 1-to-1 deployment ratio, officials said. There are 23,000 Marines in Iraq, along with about 120,000 Army soldiers. The remaining 2,000 are from the Air Force and Navy.

Some former senior military officials said that without a substantial draw-down, the military will face personnel issues. The Army, for instance, has been maintaining its overall force levels in part because of higher-than-expected reenlistment numbers. Army officials say those rates show soldiers have been pleased with their experience and are eager to continue to serve.

But military experts say if the operational pace continues, the reenlistments are likely to fall sharply.

"My gut keeps telling me we have 18 to 36 months until we see dramatic shifts in recruiting, retention and discipline of the ground forces," says retired Army Maj. Gen. William L. Nash, a former commander in Bosnia and a senior fellow at the Council

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on Foreign Relations. "I just think that the stress over time on the same people is building and building. I don't know when the valve on the pressure cooker goes off."

Jack L. Tilley, who from 2000 to 2004 served as sergeant major of the Army — the service's top enlisted officer — said family members had begun pressuring soldiers not to reenlist, arguing they had been away from home too long and worrying that chances of serious injury or death increased with each return to Iraq.

"It's like anything else," Tilley said. "You play a game — first time you win, the second time you win. Well, you know chances are getting slimmer and slimmer about getting hurt, and there is a lot of concern about that."

As force levels remain high, the number of soldiers and Marines sent on multiple combat missions has also continued to climb. About 30% of the nearly 400,000 active-duty Army soldiers and 36% of the 143,000 active-duty Marines who have been deployed to either Iraq or Afghanistan have seen multiple tours.

In addition, about 280,000 Army and Marine Corps reservists have done one or more deployments to Iraq or Afghanistan.

Under Army force models developed under Defense Secretary Donald H. Rumsfeld, the Guard and Reserve were supposed to contribute four to five brigades to the pool of soldiers available for overseas service. But because of their heavy use early in the war, many have already hit their two-year limit, and only one Guard unit is deployed to Iraq.

The issue of revising the two-year limit is fraught with political risk. The Guard has strong support among key members of Congress, and a proposal last year to revise the regulations was dropped after concerns were raised by lawmakers.

But some Army officials have argued in recent weeks that unless the rule is revised, it will be difficult to sustain the current pace of deployment for the active force.

"If we're going to have an active duty force that's only going to be so big, you have to have access to the Reserve," the senior official said. "If you want to stay in this and never have to accelerate [Guard deployment], you'd better grow the [active] force."

Although discussions about changing the Guard rules have been underway for weeks, the official said it remained unclear when a decision would be made. Given the political sensitivity, however, it remains unlikely the Pentagon would propose any shift before the November election.

The military has been trying to ease the pressure on the Army and Marine Corps by using more Navy and Air Force service members in Iraq, but those efforts have not significantly eased the burden.

If the American force in Iraq cannot be shrunk, lawmakers will face some difficult decisions, military experts said.

"It is just a tough situation," Tilley said. "The question our Congress has to ask itself is at what point do we activate our country a little bit more. Nobody wants to talk about a draft. But how long are you going to go until enough is enough? Those are tough questions."

Pentagon Weighs Troop Demands In Iraq (AP-Y)

By Robert Burns

AP, September 20, 2006

The dimming outlook for significant U.S. troop cuts in Iraq means the Pentagon may soon face a difficult and politically sensitive decision: either make more frequent call-ups of some National Guard and Reserve troops or expand still further the size of the active-duty Army, defense officials say.

That choice, already under discussion but with no timetable for decision, is looming in light of the fact that the simultaneous wars in Iraq and Afghanistan have put the Army under enormous strain. In particular, active-duty soldiers are not getting the desired minimum of two years at home between combat deployments.

Army officials had hoped for some troop relief in Iraq in this election year, but the surge in sectarian violence, the persistence of the insurgency and the slow pace of political progress in Baghdad have snuffed out those hopes.

Gen. John Abizaid, the commander of U.S. forces throughout the Middle East, told reporters in Washington on Tuesday that the military will likely maintain — or possibly even increase — force levels of more than 140,000 troops in Iraq through next spring. The current total is 145,000, up about 20,000 since June.

In an Associated Press interview from Baghdad on Wednesday, Gen. George Casey, the top U.S. commander in Iraq, said it is important to "get people's expectations calibrated" about what can be accomplished in the months ahead.

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"Until we see the new government get its legs under it, until we see how the security situation in Baghdad comes out, we need to be thinking along the lines of maintaining about what we have" in terms of troop levels, he said.

Late last year, military leaders had indicated they hoped to reduce troop levels to about 100,000 by the end of this year for an Iraq war that has become widely unpopular at home. But Abizaid said Tuesday that rising sectarian violence and slow political progress made that impossible.

"I think that this level probably will have to be sustained through the spring," he said. "I think that we'll do whatever we have to do to stabilize Iraq and Afghanistan and use the military power of the U.S. to do that."

The U.S. military has about 21,000 troops in Afghanistan, an increase of several thousand over the past year.

Abizaid, Defense Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week.

President Bush, in New York for U.N. General Assembly meetings on Tuesday, told Iraqi President Jalal Talabani that the U.S. will keep soldiers in Iraq as long as necessary. "I've told the president of Iraq that America has given her word to help you and we will keep our word. The people of Iraq must know that," Bush said.

Meanwhile, the White House denied reports that American officials are beginning to question whether Prime Minister Nouri al-Maliki can hold Iraq together and take the steps necessary to end its sectarian troubles.

"It's absolutely false," White House press secretary Tony Snow said. "The man has been in power for barely more than 100 days, and frankly there has been significant progress."

The Army has been aiming to reorganize its combat forces in such a way as to increase the number of brigades available for deployments to Iraq and Afghanistan, but thus far it is six brigades short of its goal of 42. That is one reason why the Army was forced in 2004-05 to use more National Guard combat units in Iraq than normal; at one point there were seven Guard combat brigades there, compared with just one now.

But even now, active-duty Army brigades are cycling in and out of Iraq and Afghanistan at a faster pace than the goal of one year deployed for every two years at home. That puts a great deal of stress on the soldiers and their families.

"I don't know how long" that can go on, a senior defense official said in an interview this week. He spoke on condition of anonymity because of the sensitive nature of the problem, which is being discussed behind closed doors.

The official likened the earlier troop-reduction plan for Iraq to the situation facing a soldier traveling down a road with a map that does not match the terrain he's seeing: The soldier has to deal with the terrain as it actually exists.

For the U.S. military, the road in Iraq has gotten rockier rather suddenly. An indication of that was the decision to extend the yearlong tour of duty for the Army's 172nd Stryker Brigade; some of the unit's soldiers had already left Iraq — and families had already hung welcome home banners around the 172nd's main base in Alaska — when the decision to extend their tour by four months was announced in late July.

The Army has committed itself to not mobilizing National Guard and Reserve soldiers for war duty more than one year out of five. But in light of the possibility that troop requirements for Iraq and Afghanistan will remain high into 2007 and beyond, officials are already discussing whether in some cases Guard or Reserve soldiers may have to be recalled more frequently.

If it is decided to stick to the once-in-five-years formula for the Guard and Reserve, then it may be necessary to increase the size of the active-duty Army, the official said. The Army already is on a path to grow by 30,000 soldiers, to 512,000. It expects to end this fiscal year Sept. 30 at about 504,000 soldiers.

Michael O'Hanlon, a defense analyst at the Brookings Institution who closely follows developments in Iraq, said Tuesday the Army should have put itself on a course to grow beyond the 512,000 mark at the outset of the war rather than wait until now. Many in Congress pushed for a bigger increase in the Army, but Rumsfeld argued against it, in part because of the enormous long-term costs.

"We are in a dilemma," O'Hanlon said. "A radical new policy may be needed, such as offering citizenship to foreigners abroad if they'll serve first" in the U.S. military.

New Judge Tosses Saddam From Courtroom (AP)

By Sameer N. Yacoub And Jamal Halaby, Associated Press Writers

DOJ_NMG_0066562

AP, September 21, 2006

The new chief judge in the Saddam Hussein genocide trial threw the former Iraqi president out of court Wednesday, and his lawyers stormed out in protest. A leading human rights group charged that the government's decision to replace the former chief judge, Abdullah al-Amiri, threatens the independence of the troubled tribunal.

Mohammed Oreibi al-Khalifa presided Wednesday after the government removed al-Amiri, who angered Kurds by declaring last week that Saddam was "not a dictator."

The ousted president and seven others are on trial for the Operation Anfal crackdown on Kurdish rebels in the late 1980s. The prosecution says about 180,000 people, mostly civilians, were killed.

Defense lawyers immediately questioned the decision to replace al-Amiri.

"We don't expect this court established under the occupation authorities to be fair so we have decided to withdraw from this trial," defense lawyer Wadoud Fawzi told the court.

"The decision to sack the judge on the orders of the government shows that this trial lacks the standards of a fair trial," Fawzi said.

Al-Khalifa replied that replacing the chief judge was an "administrative matter" and if the lawyers walked out, the court would appoint new ones.

That prompted an outburst from Saddam, who pointed his finger at the judge, pounded his fist on the podium and thundered: "You must deal with us as the law dictates."

Al-Khalifa ordered Saddam to stop talking and when he refused, he ordered him escorted from the courtroom.

"Your father was in the security and he went on working as a sergeant in the security (forces) until the fall of Baghdad" in 2003, Saddam shouted.

Al-Khalifa shot back: "I challenge you in front of the public if this is the case."

Saddam's cousin "Chemical" Ali al-Majid told the judge that he too rejected court-appointed lawyers.

"I'll stay (in court), but I'll decline to say anything or defend myself and I'll gladly accept any verdict, even if it's the death penalty," he said.

In New York, Human Rights Watch said it was concerned about al-Amiri's removal.

"This appears to be improper interference in the independence of the tribunal, and may greatly damage the court," the group said in a statement signed by Richard Dicker, director of its International Justice Program.

Similar criticism was raised in Saddam's other trial for the deaths of Shiite Muslims in the town of Dujail following an assassination attempt against him in 1982.

The first chief judge in that trial resigned after Shiite politicians accused him of allowing Saddam to turn the trial into a forum for political statements.

A verdict in the Dujail case is due next month, and Saddam could face the death penalty if convicted.

With Saddam gone from the courtroom, the judges heard from five Kurdish witnesses Wednesday before recessing until next week.

Ismat Abdel-Qadir, 74, recalled a March 1987 attack on her northern village, Sowsinan, which she said was "burned down" by Iraqi warplanes.

"We knew it was a chemical attack because after the warplanes bombarded the village, something smelled like rotten apples," she said, wearing an embroidered black dress and a white headscarf.

Another witness, shepherd Ahmed Qadir, 39, testified that his village, Goushti, was hit with chemicals in March 1988.

"I saw heavy smoke coming," he said, recalling that he was near the village when the chemicals struck. On reaching the village, he also detected a rotten apple smell.

Qadir said he lost 12 relatives, including two sisters, their husbands and children. He said the attack turned their bodies and faces "black from burns."

Gharib Qadir, 29, said he spent six months at a detention center in 1988 — as an 11-year-old boy. He said he recalled an average of 10 people dying every day from disease and torture.

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"One day, guards took my father," he said somberly. "After 15 minutes, they brought his dead body back to us and asked us to bury him. There was a red (bruise) on his forehead."

AP writers Sameer N. Yacoub reported from Baghdad and Jamal Halaby from Amman, Jordan. Some material in this story came from a pool report at the trial in Baghdad.

A New Judge But Same Old Drama In Hussein Trial (LAT)

By Louise Roug

The Los Angeles Times, September 21, 2006

BAGHDAD — On his first day in charge, the judge watched the entire defense team walk out in protest. He then argued loudly with the main defendant before throwing him out.

In most other courtrooms, such goings-on would have raised eyebrows. But in the genocide trial of Saddam Hussein and six codefendants, theatrics and shenanigans are par for the course.

On Wednesday, Judge Mohammed Orabi Khalefa replaced Judge Abdullah Amiri, who had been accused by the prosecution of favoring the defense. The Iraqi government removed Amiri as head judge late Tuesday, a step Human Rights Watch and other groups fear could jeopardize the fairness of the tribunal.

The proceedings were barely underway Wednesday when Khalefa faced his first confrontation. Badie Aref, a defense lawyer, stood up.

"I want to withdraw from this court," he said.

He was followed by Wadud Fawsi, another defense lawyer, who read a statement on behalf of the defense team.

"The government is interfering in this trial and impacting its credibility," Fawsi said. "Since we doubt the credibility of this court, we decided to withdraw."

Khalefa told them, "You can go ahead," and the entire defense team walked out.

The judge then called in five court-appointed lawyers to represent the defendants, but Hussein stood up and complained about the change.

"You do not have the right to speak," the judge said sternly. Hussein shouted back, "You should listen to my opinion!" as he banged on the rail in front of him.

"I am the presiding judge, and I will decide who to listen to," Khalefa said.

Guards escorted Hussein out of the courtroom as the judge yelled, "Take him out, take him out!"

The other defendants, including Hussein's cousin, Ali Hassan Majid, said they wanted to follow the former president, but the judge refused to let them.

Afterward, Kurdish villagers testified about chemical attacks. The defendants are accused of orchestrating a brutal military offensive known as the Anfal campaign that killed as many as 100,000 Kurds in northern Iraq in 1987 and 1988.

The case has been as dramatic as a previous trial in which Hussein and seven codefendants were charged with killing 148 Shiites from the town of Dujayl after a 1982 assassination attempt against him. A verdict in that case is expected next month.

Judges were reshuffled in those proceedings as well after the head jurist resigned, citing "pressure."

Amiri, a Shiite Muslim, angered Kurdish and Shiite politicians last week when, during an exchange with Hussein, he said the former leader was "not a dictator."

Prime Minister Nouri Maliki's Cabinet transferred Amiri to a post with Iraq's Supreme Judiciary Council.

The move was necessary to preserve the neutrality of the tribunal hearing Hussein's case, government spokesman Ali Dabbagh said in a statement.

Khalefa is also a Shiite, born in southern Iraq. He was a judge during Hussein's rule.

A U.S. official familiar with the proceedings said the judicial switch was not final. The official, who requested anonymity, said the change still had to be approved by Iraq's presidential council, despite earlier reports that President Jalal Talabani had given it his blessing.

Khalefa is the ranking member of a five-judge panel. If the council approves the switch, the panel will vote to decide who will occupy the top bench, the official said.

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"It's clear that this is a very high-profile, high-pressure, difficult job to do," the official said.

Firing Of Judge Sows Disorder In Baghdad Courtroom (WP)

By Amit R. Paley

The Washington Post, September 21, 2006

BAGHDAD, Sept. 20 -- Saddam Hussein's lawyers stormed out of his genocide trial on Wednesday to protest a government attempt to sack the tribunal's chief judge, a move against the theoretically independent judiciary that has pitched the troubled trial into chaos.

The bedlam in the courtroom -- including Hussein's expulsion -- followed a vote by Prime Minister Nouri al-Maliki's cabinet on Tuesday to fire the chief judge, Abdullah al-Amiri, after he declared last week that Hussein was "not a dictator." The judge's comments infuriated many Iraqis and spurred calls for his removal.

Human rights groups and international legal observers condemned the government's intervention and said it would undermine Iraq's nascent judicial system by sending a message to judges that they must toe a politically correct line or risk being fired.

"This is Judicial Ethics 101: You don't remove a judge just because you don't like what he says," said Nehal Bhuta, a lawyer with the international justice program at Human Rights Watch, an observer of the tribunal. "This suggests to me that the government of Nouri al-Maliki doesn't have a basic grasp of the independence of the judiciary."

Iraqi and U.S. officials said the move to oust Amiri did not erode the independence of the judiciary. "There is no interference with the decisions and the daily work of the court," said Ali al-Dabbagh, a government spokesman.

The legal fracas represents more than just a historic clash between the executive and judicial branches -- it also reveals how some of the institutions that are held out as evidence of Iraq's progress toward democracy are less democratic than they at first seem. The judiciary is independent, except when it is not. Policemen and soldiers pledge fealty to the government, except when they report to factional militias. And the economy is moving toward a free-market system, except for the existence of subsidies and vestiges of government control.

"To say Iraq is a nascent democracy is an insult to democracy," said Joost Hiltermann, Middle East project director at the International Crisis Group. "Iraq is descending into total chaos; it is not in the process of building institutions."

Mahmoud Othman, a Kurdish member of parliament, said: "There is more freedom, yes, but not democracy. It doesn't look democratic to anyone, really, except maybe to some people in the Iraqi government or the American administration. But not to most people."

In the courtroom Wednesday, an alternate judge was added to the five-member panel, which made no mention of the judicial shuffle at the start of the court session. Amiri, who will technically remain chief judge for several days until Iraq's presidency council confirms his reassignment, voluntarily chose not to come to court, U.S. and Iraqi officials said.

Wadood Fawozi, an attorney for Hussein, quickly jumped up at the start of the session and presented a request, signed by all the defense lawyers, for permission to withdraw from the case. The acting chief judge, Mohammed al-Uraibiy, who was described by U.S. officials as a Shiite Muslim from southern Iraq, granted the motion.

"The government is interfering in this trial and impacting its credibility," Fawozi said. "We cannot continue with our work fairly."

When Hussein objected to the new attorneys that Uraibiy appointed to represent him, the former president jumped up and began pointing at the judge. The judge asked Hussein to sit down at least 10 times before finally throwing him out of the courtroom.

"Take him out! Take him out!" Uraibiy shouted. Hussein pointed at the judge and said, "Your father was a deputy in my security agency!"

Uraibiy grew even angrier and began gesticulating with both hands. "I challenge you in front of the public -- " he said, then stopped in mid-sentence.

"Take him out! Take him out!" he quickly shouted again, as security guards escorted Hussein from the courtroom.

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U.S. officials close to the court suggested they were aware of the plan to remove Amiri before it was announced and played down concerns that the move would undermine the tribunal's credibility. "It does not impact the fundamental fairness of this trial," said one of the officials, who spoke on condition of anonymity because they were not authorized to talk publicly about the issue.

Iraq's Trials (NYT)

The New York Times, September 21, 2006

There are a lot of lessons that Iraqis, and the world, could learn from watching Saddam Hussein face trial for the 1988 campaign to exterminate the Kurds: That once-all-powerful dictators can be brought to justice. That the suffering of the weak is not forgotten. And that all Iraqis have a stake in ensuring that such horrors never happen again.

Instead, the trial is likely to spawn more cynicism and division after the Iraqi government fired the court's chief judge this week for allegedly being too sympathetic to Mr. Hussein.

Sunni politicians immediately accused the Shiite and Kurdish dominated government of violating the independence of the judiciary. Legal experts raised similar fears.

It would have been far better if Judge Abdullah al-Amiri had not told Mr. Hussein that he was "not a dictator," in the midst of heated testimony last week.

Judges sometimes say stupid things. And Mr. Hussein is not on trial for being a dictator. He is on trial for genocide, a crime so horrific that the government should be bending over backward to protect the court's reputation for independence.

The credibility of the process was already in serious doubt after Mr. Hussein's first circuslike trial. One chief judge quit after Iraqi officials publicly criticized him for not doing more to restrain Mr. Hussein's outbursts. Three members of the defense team were murdered.

A top aide to the Iraqi prime minister justified this week's firing, saying that the judge's words had "hurt the feelings of the Iraqi people." Another insisted that while the court is "independent," the government "does pay the salaries of these judges" and has the right to "hire, fire and transfer judges."

For any other judges who follow, the implicit threat is clear.

General: Up To 1,500 Taliban Fighters Killed (USAT)

USA Today, September 21, 2006

NATO's offensive against insurgents in southern Afghanistan killed up to 1,500 Taliban fighters, a large chunk of the militants' force, NATO's supreme allied commander for Europe said Wednesday. The casualty toll given by U.S. Marine Gen. James Jones is higher than the 510 that Western alliance spokespersons gave during the two-week operation. Five Canadians and 14 Britons died in the offensive, and 20,000 villagers were displaced, Jones said. He said the Taliban "suffered a tactical defeat," but "I don't think they've been totally defeated." The Taliban has 3,000 to 4,000 "hard-core" fighters in Afghanistan, not including others paid as "weekend warriors," Jones said. There are 20,000 NATO troops and 21,000 U.S. troops in Afghanistan.

Japan's ruling party elects new leader

Shinzo Abe, who advocates a more muscular foreign policy, was elected leader of Japan's ruling Liberal Democratic Party, putting him on track to be chosen prime minister next week. Abe, who turns 52 today, would be Japan's first prime minister born after World War II. He has pledged to rewrite Japan's pacifist constitution, teach more about patriotism in classrooms, forge tighter security ties with the United States and seek a thaw in ties with China and South Korea, which were chilled by Prime Minister Junichiro Koizumi's visits to Tokyo's Yasukuni Shrine. The Shinto shrine honors Japan's war dead, including some convicted of war crimes. Abe also has visited the shrine but has not said whether he would do so as prime minister.

Israeli withdrawal from Lebanon delayed

Israel's pullout from Lebanon is unlikely to be completed before the weekend, the Army chief of staff said. Lt. Gen. Dan Halutz told lawmakers Tuesday that he hoped to bring the last soldiers home before the Jewish New Year starts at sundown Friday. On Wednesday, he said issues remain in talks with United Nations peacekeepers and Lebanon's army. Israel agreed to pull its 30,000 troops out as part of a cease-fire that ended a 34-day war with Hezbollah guerrillas. The war began after Lebanon-based Hezbollah kidnapped two Israeli soldiers in a cross-border raid July 12.

Peacekeepers to stay rest of year in Darfur

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The African Union will keep international peacekeeping forces in the war-torn Sudanese province of Darfur through the end of the year. Sudanese President Omar al-Bashir said he would not allow United Nations control of the AU force, which has been underfunded. The U.N. will provide material and logistic support, said Blaise Compaore, president of Burkina Faso and head of the AU Peace and Security Council. More than 200,000 people have been killed and more than 2 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Taliban Retreats After Losses, NATO Reports (WT)

By Rowan Scarborough

The Washington Times, September 21, 2006

NATO'S top commander said yesterday that Taliban insurgents have retreated in southern Afghanistan after taking heavy losses from a British-led force of U.S. allies and that a reconstruction phase has begun.

"The Taliban decided to make a test case of this region," Marine Gen. James Jones, supreme allied commander in Europe, said at the Pentagon. "The outcome of it was that they retreated and we are now in the consolidation phrase and we are going to start to bring aid and reconstruction to the region."

Gen. Jones recapped months of fighting in Operation Medusa in southern Afghanistan around Kandahar, the Taliban's birthplace and the city from which the hard-line Islamic movement sprung to wrest control of most of the country in the 1990s.

He said the south was generally absent of allied military forces until NATO took command earlier this year and introduced 6,000 troops, disrupting a Taliban resurgence.

"We have disturbed the hornets' nest and the hornets are swarming," he said. "We need to make them understand that nest is not going to be there for them anymore."

He added, "I've said that we were surprised by the level of violence and that's true. But what was really most surprising is the change in tactics because they decided to stand and fight in a fairly conventional linear sense, and they paid a very heavy price for it."

The military estimates that Medusa killed 1,000 to 1,500 Taliban from a hard-core force of up to 4,000 fighters. The Taliban is augmented by civilians who are recruited with about $200 each to fight for several days.

At the United Nations, Afghan President Hamid Karzai said in a speech to world leaders that his country needs continued support. He made an indirect reference to neighboring Pakistan, whose tribal areas host reorganizing Taliban forces.

"Terrorism does not emanate from within Afghanistan," Mr. Karzai said. "Afghanistan is its worst victim. Military action in Afghanistan alone, therefore, will not deliver our shared goal of eliminating terrorism.

"We must look beyond Afghanistan to the sources of terrorism. We must destroy terrorist sanctuaries beyond Afghanistan, dismantle the elaborate networks in the region that recruit, indoctrinate, train, finance, arm and deploy terrorists."

Gen. Jones stopped short of saying the Taliban is defeated. He predicted the movement will revert to terror attacks on innocent civilians.

He acknowledged the power of drug lords who oversee record production of a poppy crop that produces opium and heroin for the world market.

"They are also a force to be reckoned with, and they have good reasons to want the Taliban to stay in business and good reasons to support them financially," he said. "So that's another big problem."

He said the southern allied force, made up of Canadian, Danish, Dutch, British and American troops, sent a signal that "NATO forces would not back down from exercising robust and overwhelming combat power when necessary."

"It also was designed to demoralize the Taliban and their supporters and deter them from believing that they could achieve a military victory." Troops from Romania, Portugal and Estonia played support roles.

He described southern Afghanistan before NATO's arrival as "beset by criminal and lawlessness, ineffective governmental structures and no permanent troop strength of any consequences" since the Taliban was ousted in December 2001.

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The general also said that NATO nations that originally balked at supplying 2,000 additional troops have agreed to contribute to a quick-reaction force, although it was not needed expressly for Operation Medusa. The total allied force stands at about 20,000.

NATO To Provide More Afghanistan Troops (AP-Y)

By Lolita C. Baldor

AP, September 21, 2006

After weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering, NATO's top commander said Wednesday.

U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters.

Earlier this month Jones met with other military leaders, asking for about 2,500 troops to augment NATO forces in Afghanistan. On Wednesday, he said that Romania has agreed to send a battalion in October, and the United Kingdom and Canada are adding to their forces. Poland had previously said it would send a battalion and some special operations forces in January.

Those agreements, Jones said, would nearly meet the full troop requirements. There are currently about 20,000 NATO troops there, and another 21,000 U.S. troops.

Jones offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat.

Violence has increased in the south because it is the center of the drug trade and the home of the Taliban, he said.

"We have disturbed a hornet's nest, and the hornets are swarming," he said. "We need to make them understand that that nest is not going to be there for them anymore in that particular region."

At any one time, he said, there are 3,000-4,000 Taliban in the country, but it is difficult to tell how quickly they can recruit more to replace those that were lost. And he said that some of the Taliban who retreated went to the western section of the country, where there may now be an increase in violence.

His assessment of the drug problems was bleaker.

"Narcotics is at the core of everything that can go wrong in Afghanistan if it's not properly tackled," said Jones, adding that, "we're not making progress; we're losing ground."

Officials have said opium production jumped 59 percent this year in Afghanistan, to a record 6,100 tons of opium — a full 92 percent of the world's supply. The crop is used to fund terrorist groups. Jones said Wednesday that the Afghan government needs to commit more resources to the drug war and "start putting some big fish in jail."

NATO troops' role in the drug fight, he said, is limited to a supporting role of providing intelligence, making assessments and protecting those involved in counternarcotics operations.

"I'm in accord with those who say that it's not a military mission," said Jones. "Having NATO troops out there burning crops, for example, is not going to significantly contribute to the war on drugs. It's much more sophisticated and complex than that."

But the U.N.'s top counternarcorics official told Congress Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Hearing that, members of the House International Relations Committee expressed alarm over the resurgence of the Taliban and the skyrocketing opium poppy production.

Afghanistan has been suffering its heaviest insurgent attacks since the Taliban regime was toppled in late 2001. Clashes and bombings left up to 34 Taliban fighters and one policeman dead in five separate incidents Tuesday in central and southern Afghanistan. On Monday three bombings killed 19 people, including four Canadian soldiers.

NATO To Send Additional Troops To Afghanistan (WP)

By Ann Scott Tyson

DOJ_NMG_0066568

The Washington Post, September 21, 2006

NATO countries are sending thousands more troops to Afghanistan to help battle a surprisingly violent Taliban resurgence in the south -- the alliance's first test in ground combat for "a long, long time," NATO's top commander said yesterday.

Gen. James L. Jones said NATO members Romania, Poland, Canada, the United Kingdom and other countries would begin deploying from 2,000 to 2,500 additional troops to Afghanistan beginning next month to bolster the 20,000-strong NATO contingent. But NATO countries have not yet pledged more helicopters and transport aircraft that are also needed, Jones said.

The NATO buildup comes in addition to the approximately 20,000 U.S. troops in Afghanistan -- the highest number of U.S. forces in the country since the Taliban government was toppled in 2001. An escalation of violence has driven casualties for foreign troops and Afghan civilians this year to their highest level since the war began.

NATO called for the fresh forces as it engaged in a major offensive this month that Jones said has killed about 1,000 Taliban fighters who massed against NATO troops near Kandahar in southern Afghanistan, the Taliban's traditional stronghold.

"The Taliban decided to make a test case of this region," which had only a thin presence of U.S. troops until a NATO force of 6,000 took charge July 1, Jones said. "We have disturbed a hornet's nest, and the hornets are swarming," he told reporters at the Pentagon. He called the situation a "moment of truth" for security in lawless southern Afghanistan, where crime and narcotics are also rampant.

Indeed, southern Afghanistan is the "epicenter" of the nation's burgeoning narcotics trade, a worsening problem that Jones said is "at the core of everything that can go wrong" there. "We're not making progress; we're losing ground" in cracking down on narcotics cartels that help fund Taliban insurgents as well as al-Qaeda, he said.

The Taliban announced a "tactical retreat" last week as its forces dispersed from the Kandahar region to seek refuge farther west, but they are expected to regroup and continue attacking civilians, Jones said.

The fighting caused an exodus of about 20,000 people in the Pashmul area about 30 miles west of Kandahar, and NATO is focusing on providing food, clothing, and shelter for the war refugees.

"Many of the people of Afghanistan are on a fence right now, and they will be for whichever side wins," he said. Despite the deteriorating security, Jones pointed to progress in Afghanistan, citing the fact that 6 million children are attending school, and hundreds of development projects have been undertaken -- including the construction of about 1,800 miles of roads -- in the past four years.

In Afghanistan, A New Bridge And A Blockade (WP)

By Pamela Constable

The Washington Post, September 21, 2006

KANDAGAL, Afghanistan -- The stout new wood-plank bridge over the Pech River, paid for by the U.S. Army, was a strategic gift to the people of this remote area of eastern Afghanistan, where insurgents are active. The aim: to open the river's valley to markets and health care and thereby strengthen local support for the central government.

But even as U.S. and Afghan officials landed by helicopter in a cornfield Monday and snipped a ceremonial pink ribbon across the bridge, U.S. and Afghan soldiers were blockading the only road into the nearby Korengal Valley. Officials said some local tribes there had helped Taliban forces regroup after they were driven out of the area by the U.S.-led Operation Mountain Lion in April.

"There are serious sanctuaries in the Korengal Valley," said Lt. Col. Christopher Cavoli, commander of U.S. military forces in Konar province, who called the bridge and blockade combination a textbook application of counterinsurgency theory. Some Korengal elders are supporting the government, he said, and others are "colluding actively with the enemy. The goal . . . is to produce a fracture between two groups."

With this approach, Cavoli is attempting to negotiate the complexities of Afghan traditions and politics. Some local tribes have long-standing political relationships with both the Taliban and the government, feel both gratitude and resentment toward foreign troops and have constantly shifting alliances and conflicts with neighboring groups.

DOJ_NMG_0066569

There is constant, low-level fighting in this area. Frequent Taliban attacks draw responding U.S. artillery fire. Several tribal leaders who attended the bridge ceremony Monday complained angrily that U.S. gunfire had killed their livestock and injured their children and that when they sent sick women to seek medical help, U.S. forces detained their male escorts.

"The American forces have created a lot of problems for us," said Zawahar Khan Mangal, a Korengali elder. "It is good that they have built the bridge, but the blockade has hurt us a lot." He said that Taliban fighters came and went in small groups but that "the people of Korengal do not support them. I don't know why they have ordered this blockade."

U.S. military officials said their troops had been extremely careful to avoid causing civilian casualties. Cavoli said that one U.S. artillery attack had killed some goats and that the owner would be compensated. He also said wounded Taliban fighters came to the U.S. military clinic posing as civilians.

Even in official speeches at Monday's outdoor ceremony, which was attended by senior U.S. and Afghan military officials as well as the Afghan deputy transportation minister, expressions of appreciation for the new bridge were mixed with bitter complaints about the road closure.

The man in the hot seat was Mohammed "Deedar" Shazeeli, the recently appointed governor of Konar and a prominent example of Afghan political complexity.

Shazeeli, a former anti-Soviet militia commander widely known by his nom de guerre, Deedar, was banned from running for parliament in 2004 because of past links to the Taliban. But since President Hamid Karzai sent him to Konar several months ago, U.S. officials said, he has been an engaging and forceful leader, reaching out to all the tribes with constant meetings but also ordering the controversial blockade.

"I came here to do my best and help bring construction and development," Shazeeli said in a long, energetic speech at the outdoor ceremony marking the bridge's opening. "I respect all the elders, I respect all the jihadi commanders. I will always listen to your problems." He promised that residents would soon see new mosques built as well as bridges, adding, "I only ask you to help your government bring security and stability to the area."

The bridge inauguration came one day after a similar ceremony in central Ghazni province. U.S. and Afghan military officials traveled by helicopter Sunday to Andar, one of the most conflict-ridden districts in Ghazni, to open a new district administration building as a symbol of efforts to restore authority and security.

But there, too, they discovered that residents had other pressing concerns. According to U.S. officials who took part in a meeting with several hundred Ghazni elders, many complained that local police officers who were supposed to provide protection against the insurgents instead abused residents constantly, even extorting money from women and children as they walked along the roads.

U.S. officials said they had forwarded those complaints to the Karzai government. Sources said senior officials in Ghazni, possibly including the governor, would probably lose their jobs.

In Konar, the fight against the Taliban is complicated by the area's economic mainstay, lumber. The rugged hills are full of ancient hardwood trees, and timber smuggling across the nearby Pakistan border is a major problem. U.S. military officials said that one local timber baron was a Taliban member and that Taliban forces helped smugglers avoid paying taxes.

Another complicating factor is religion. Although Konar is not known as a hotbed of Islamic radicalism, officials said, it has some villages that were settled years ago by Pakistani clerics of the strict Wahhabi sect. The Taliban movement, which grew out of the same Muslim sect, finds some sympathy here.

Still, U.S. military officials assert that they are winning the battle in Konar and that most of the province's residents support the Karzai government. They said the strength of the Taliban in both the Korengal and Pech valleys, and its support among the local people, are much less than they were in June last year, when a U.S. Army helicopter was shot down in Konar, killing eight Navy SEALs and eight other men on board.

"I am very optimistic about the situation," said Maj. Gen. Benjamin Freakley, senior commander of U.S. forces in Afghanistan, who was at Monday's bridge ceremony. "A year ago, we couldn't even fly over this valley. This time, the local people brought tea and bread to our workers while we were building this bridge."

DOJ_NMG_0066570

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Fisher Confirmed, But Justice Vacancy Remains (RC)

By Paul Kane, Roll Call Staff

Roll Call, September 21, 2006

The Justice Department's top criminal prosecutor won Senate confirmation Tuesday, just days after announcing the first felony plea agreement from a Member of Congress directly connected to the long-running probe of ex-lobbyist Jack Abramoff.

But the confirmation of Alice Fisher to be assistant attorney general — she had been serving in an acting capacity as head of the criminal division — comes as the department is still searching for a permanent chief of the Public Integrity Section, which has gone without a full-time boss since mid-January.

Fisher's confirmation had been delayed for more than a year because Democrats questioned what role, if any, she might have played in Justice's formulation of legal briefs in support of controversial interrogation techniques on alleged terrorists being held at U.S. military facilities at Guantanamo Bay.

Republicans countered that Democrats were holding her nomination hostage in an effort to force the White House to turn over documents that might be embarrassing, trying to score political points with a critical nomination.

In addition to overseeing the prosecutions of terrorist trials, Fisher will continue to manage the growing Congressional corruption scandals. Justice got its highest-profile target to date last week when Rep. Bob Ney (R-Ohio) signed a plea agreement for three felony counts of accepting illegal gifts from Abramoff and a Syrian-born arms dealer and lying about them on federal forms.

While Fisher announced the deal outside Justice's headquarters, the investigation has been led by a team of career prosecutors in the Public Integrity Section.

A Justice spokesman said those prosecutors are continuing to build cases despite the ongoing vacancy of a permanent chief of their division.

"They're moving ahead full steam," said Bryan Sierra.

Public Integrity lost its top prosecutor, Noel Hillman, in mid-January when he was nominated for a federal judgeship in New Jersey, to which he was confirmed in the spring. At the time Hillman temporarily was replaced by Andrew Lourie, an assistant U.S. attorney in the West Palm Beach, Fla., office who previously had worked with Hillman at Public Integrity.

Lourie has since returned to Florida and on Aug. 8 Edward Nucci was selected as the acting chief of Public Integrity. Nucci most recently had been working with Justice's counter-terror prosecutors but previously had worked in the U.S. attorney's office in Miami, where he was chief of that criminal division and also served as a deputy chief of public corruption.

Nucci is familiar with the Abramoff probe, as he helped with the Florida thread of that investigation involving Abramoff's attempted SunCruz casino purchase, a fraud that already has brought a nearly six-year prison sentence. One of the elements of Ney's plea last week was his acknowledgement of inserting statements favorable to Abramoff and his SunCruz partner into the Congressional Record in 2000 in exchange for gifts from the lobbyist.

But Nucci is only temporarily in charge of Public Integrity, and Sierra declined to comment on how much longer the search would go on for a permanent chief. "For now, Ed is the guy in charge," he said.

In addition, Brenda Morris, a veteran of Public Integrity, has been promoted to permanent principal deputy of the section, the No. 2 post.

That position has in the past served as a launching spot to the top job in Public Integrity, as Hillman served as the top deputy there in 2001 and most of 2002.

CORPORATE SCANDALS:

HP CEO Allowed 'Sting' Of Reporter (WP)

By Ellen Nakashima And Yuki Noguchi

DOJ_NMG_0066571

The Washington Post, September 21, 2006

Hewlett-Packard Co. chief executive Mark V. Hurd approved an elaborate "sting" operation on a reporter in February in an attempt to plug leaks to the media, according to an e-mail message sent by HP Chairman Patricia C. Dunn.

The document, one of more than two dozen e-mails obtained by The Washington Post, for the first time links Hurd to an internal investigation of media leaks that has led to criminal probes and will be the subject of a congressional hearing next week.

Internal e-mails show senior HP employees who were given the task of identifying anonymous news sources concocted a fictitious, high-level HP tipster who sent bogus information to a San Francisco reporter in an attempt to trick her into revealing her sources.

The e-mail sting operation, which was part of a wide-ranging two-part HP investigation that began in March 2005 and ended in May 2006, is the latest in a series of deceptive and possibly illegal tactics that reveal the lengths to which HP went to spy on people inside and outside the company to protect its image and secrets.

HP's leak investigation involved planting false documents, following HP board members and journalists, watching their homes, and obtaining calling records for hundreds of phone numbers belonging to HP directors, journalists and their spouses, according to a consultant's report and the e-mails.

The e-mail operation demonstrated an intense degree of attention by Dunn, who often sent messages via a BlackBerry device, and by senior HP executives attempting to cultivate and trick a news reporter to find the identity of her source. A Hewlett-Packard spokesman declined to comment on the revelations or make Hurd or Dunn available for an interview.

None of the e-mails reviewed by The Post were to or from Hurd, nor do they detail what information Hurd had when he approved the sting operation.

A corporate spying effort this broad and orchestrated has never before been exposed, experts said.

"If you'd laid this out as a science fiction story, it'd be hard to believe it's true," said Ari Schwartz, deputy director of the Center for Democracy & Technology, a District-based privacy watchdog group.

It was unclear whether the e-mail sting operation involved illegal tactics, experts said, but federal and state authorities have launched probes into the legality of HP's methods.

On Sept. 28, Dunn and several other HP executives are scheduled to testify before the House Energy and Commerce investigative subcommittee about their roles in the spy probe. The hearing is part of an inquiry led by committee Chairman Joe Barton (R-Tex.) into the techniques Hewlett-Packard used.

California Attorney General Bill Lockyer said last week that he had enough evidence to issue indictments against people inside and outside HP. The spying scandal erupted into public view this month after it was revealed that board member Thomas J. Perkins had resigned in protest months ago after learning that his personal phone records had been obtained under false pretenses.

The Hewlett-Packard board of directors is scheduled to meet today, and Hurd is to brief board members about developments in the internal review. Hurd is expected to hold a press conference Friday.

After an emergency board meeting last week, Dunn agreed to resign as the board's chairman in January but she is to remain on the board, handing the top job to Hurd. George "Jay" Keyworth, a board member who said he talked to a reporter, resigned last week.

Though nine journalists were apparently targeted in HP's leak investigation, one in particular drew the scrutiny of Dunn and Hurd, according to a series of internal e-mails. Dawn Kawamoto, a reporter for Cnet.com, wrote a fairly straightforward article on Jan. 23 outlining the firm's long-term strategy after a board retreat.

Determined to ferret out the source's identity, HP senior counsel Kevin Hunsaker, who led the HP investigation ordered by Dunn, and an HP colleague in Boston created a fictitious persona, "Jacob," who would pose as a disgruntled HP "senior level executive" and cultivate Kawamoto by saying he was "an avid reader of your columns."

The idea, evidently, was to induce Kawamoto to open an e-mail attachment with a "tracer" in it that would allow them to see who she forwarded it to. They hoped it would pinpoint board member Keyworth as her source, according to the documents.

On Feb. 2, Hunsaker made a PowerPoint presentation to Dunn, called Project Kona II, in which she was shown the "covert" e-mail sent to Kawamoto on Jan. 26. In it, "Jacob" wrote that "tired of broken promises, misguided initiatives and generally bad treatment," he had information to pass on to her.

The computer-generated presentation included a proposed " 'next step' covert e-mail" in which "Jacob" would establish his insider bona fides with Kawamoto by telling her that, contrary to an article she wrote, a potential HP deal with "CSC," or Computer Sciences Corp. was "definitely on HP's radar . . . I know because I was involved in preparing the briefing documents."

After the presentation, Hunsaker sent Dunn an e-mail thanking her for "taking such a big chunk of time" to meet with his team. Dunn replied with an e-mail to Hunsaker, saying that she was "encouraged that this effort is on the right track."

As the project evolved, Hunsaker and Anthony Gentilucci, an HP global investigations manager in Boston, began to refine Jacob's character. "I think we have to figure out who Jacob is, weak, strong, vindictive, a Bill and Dave fan, possibly lower level employee . . . will dictate the tone of the e-mail," Gentilucci wrote on Jan. 28.

Over the next week, HP investigators designed a plan to give Kawamoto a "[small] accurate piece of advance information" about a new handheld product, before they would "spring the false one," referring to a fabricated news tip about HP opening a computer data farm. That first tip, about the handheld device, would be sent in an e-mail that would include the tracking software.

On Feb. 5, Dunn sent an e-mail to Hunsaker: "This sounds promising. I will be in contact with Mark and come back to you with an indication of joint approval as soon as we connect."

Sending someone an e-mail file, even under false pretenses, and then tracking whether it was forwarded may violate confidentiality policies, but is probably not illegal, said Robert Seiden, chief executive of Fortress Global Investigations Corp. If the company used its program to try to access other information from Kawamoto's computer, however, that would be a violation of federal law, he said.

A Feb. 8 e-mail from Ronald DeLia, a Boston security contractor hired to work on the HP leak investigation as part of Hunsaker's team, suggested "a more elaborate sting" involving "electronic bugs" that would allow the tracking of calls between Keyworth and Kawamoto.

If the team wiretapped the calls of Keyworth and Kawamoto, that too would be illegal, Seiden said.

On Feb. 9, in an e-mail to Hunsaker and general counsel Ann O. Baskins, Dunn wrote: "I spoke with Mark and he is on board with the plan" and that "he also agrees that we should consider doing something with" the data-farm tip.

On Feb. 16, Kawamoto sent an e-mail to "Jacob" that she would be on vacation the next week. DeLia forwarded her e-mail to his colleagues, saying: "Team, We're alive and kicking." He also noted that, based on her cellphone call records, she was going to Disneyland. "She has made numerous calls to a hotel in Disneyland," he wrote.

On Feb. 22, Hunsaker e-mailed Dunn and Baskins with a copy of a slide showing the bogus handheld product to be launched. "I made up everything in the slide, trying to make it at least somewhat feasible," Hunsaker wrote to Dunn and Baskins. "I won't quit my day job, but hopefully neither will the name nor the information on the slide are terribly off-base."

Dunn replied: "Kevin, I think this is very clever. As a matter of course anything that is going to potentially be seen outside HP should have Mark's approval as well."

On Feb. 23, Hunsaker sent an e-mail to Dunn. "FYI, I spoke to Mark a few minutes ago and he is fine with both the concept and the content."

HP Scandal Takes On High Weirdness Level (FINDLAW/AP)

By Brian Bergstein, Ap Technology Writer

AP, September 21, 2006

(AP) - Hewlett-Packard Co. may be the world's largest technology company, but the superlative that better suits it these days is Provider of the World's Strangest Corporate Drama.

For two weeks, almost every day has brought revelations of questionable tactics that HP investigators used this year and last to root out who had been describing boardroom deliberations to the media. Corporate intelligence is an old and frequently practiced art, but HP's efforts feel more Watergate than Wall Street.

Not only did investigators impersonate board members, employees and journalists to obtain their phone records, but according to multiple reports, they also surveilled an HP director and a reporter for CNet Networks Inc. They sent monitoring spyware in an e-mail to that reporter by concocting a phony story tip.

They even snooped on the phone records of former CEO and Chairwoman Carly Fiorina, who had launched the quest to identify media sources in the first place.

And in a twist that might seem preposterous if it happened in a movie, The New York Times reported that HP consultants considered hiring spies to pose as clerical or custodial workers at CNet and The Wall Street Journal.

"It betrays a type of corporate culture that is so self-obsessed, (that) really considers itself not only above the law, but above I think ethical decency, that you have to ask yourself, where did the shame come in?" said Charles King, an analyst with Pund-IT Research.

Jeffrey Sonnenfeld, senior associate dean at the Yale School of Management, said the HP affair stands out even against similar episodes from the past, such as the 1991 incident in which Procter & Gamble Co. persuaded authorities to mine 803,000 phone bills to track leaks to a Wall Street Journal reporter.

"This sort of investigators-gone-wild behavior is in a novel realm," Sonnenfeld said.

Investors have shrugged off the scandal, with HP stock up slightly since the story broke. But there will be repercussions. The almost-certain illegality of posing as someone to obtain phone records has sparked state and federal probes into the computer and printer maker.

HP Chairwoman Patricia Dunn and the company's general counsel are testifying to a congressional committee next week about why they approved the investigations. Attorney Larry Sonsini, a Silicon Valley power broker who advised HP's board, is also being called onto the carpet.

Dunn has agreed to cede the chairmanship to HP's chief executive in January, but she plans to remain on the board. Fortunately for her - but perhaps disappointing for those entranced by this drama - her two biggest enemies are gone: Director Thomas Perkins quit in protest of the investigation tactics, while director George Keyworth resigned after being outed as a leaker.

Ironically, this was supposed to be a time in which HP had moved on from a period of extreme board dysfunction.

In 2001, Fiorina convinced skeptics on the board that HP should acquire rival Compaq Computer Corp., a deal that ended up costing $19 billion. She persuaded all of them except for one: Walter Hewlett, son of one of the engineers who founded HP in a garage in Palo Alto, Calif., in 1938.

Even while Hewlett remained on the board, he launched a dramatic and ultimately nasty fight to scuttle the deal. When shareholders narrowly approved the deal, Hewlett sued the company and alleged that Fiorina had improperly cajoled an investment bank to switch its vote.

Back then, talking to the press was actually a duty for some HP directors, who revealed details of board meetings in an effort to refute points made against the deal by Hewlett. Dunn, Keyworth and even Sonsini all spoke on the record to challenge Hewlett's descriptions of board deliberations.

Acrimony at HP didn't end even after the Compaq deal was sealed and Hewlett left the board in 2002. By 2005, the board's unhappiness with HP's uneven financial results under Fiorina emerged in news stories that began one of the leak hunts.

"There were conflicts on the board trying to make a go of the (Compaq) marriage, strong differences of opinions, strong personalities," said Bruce Oliver, director of the Center for Business Ethics at the Rochester Institute of Technology. "You've had a divided board for quite some time now. That somewhat set up the opportunity for this to happen at that company."

After the board fired Fiorina and turned to Mark Hurd, a lower-key, cost-cutting maven who had spent 25 years at NCR Corp, HP finally seemed to enter a quiet, successful phase.

Hurd's no-nonsense operational style thrilled investors; HP stock has nearly doubled during his tenure. Now that IBM Corp. has sold its personal-computer division, HP is surpassing Big Blue as the world's largest tech company by revenue. HP's other main rival, Dell Inc., has stumbled badly, further boosting HP's image in comparison.

Until all this.

HP spokesman Ryan Donovan would not comment about how the company expects to keep this scandal from leaving a long-term tarnish.

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King, the analyst, said it could take a while to tell if HP's brand is diminished.

"If I'm a consumer, do I want to buy products from a company that has committed what looks to be felonious behavior? I don't know the answer to that," King said.

If nothing else, Hewlett-Packard will have aired in dramatic fashion the kind of corporate dirty work - often aimed at rivals rather than insiders - that "probably goes on more than we know of," said Eric Abrahamson, a professor of management at Columbia University.

"This is a particularly egregious example of it."

Committee Wants More HP Executives To Testify (USAT)

By Jim Hopkins

USA Today, September 21, 2006

Raising pressure on Hewlett-Packard, a congressional panel investigating HP's boardroom spying scandal is seeking testimony from two more company executives at a high-profile hearing next week.

The House Energy and Commerce Committee on Wednesday said it had added to its witness list Kevin Hunsaker, an HP attorney, and Fred Adler, an HP computer security investigator.

They would join a growing parade of witnesses: Chairman Patricia Dunn; top in-house attorney Ann Baskins; and a prominent Silicon Valley attorney, Larry Sonsini, whose firm represents HP.

The Sept. 28 hearing focuses on an HP internal investigation of news leaks from its board of directors. That investigation — and the revelations of the controversial tactics the company's investigators used — has plunged HP into a crisis and prompted a raft of law-enforcement investigations in the past month. The panel gave Hunsaker and Adler until today to reply.

HP declined to comment beyond saying that Hunsaker and Adler are company employees. It has said that it is cooperating with the committee's investigation and others by federal and state government agencies.

The committee also is seeking testimony from Anthony Gentilucci, which it says is HP's global security manager, and two private investigators tied to the matter: Ron DeLia, operator of Security Outsourcing Solutions in Boston; and Joe Depante, owner of Action Research Group in Melbourne, Fla.

The committee is focusing on a company that has given contributions to several of its members' political campaigns, Federal Election Commission records show.

HP executives and its political action committee gave $75,650 to 18 panel members' campaigns and their political action committees since the 1999-2000 federal election cycle, says the Center for Responsive Politics, a non-partisan campaign finance watchdog group.

The recipients included Rep. Joe Barton, R-Texas, who got $8,000 over the period, the center's data show. Barton is chairman of the House Energy and Commerce Committee.

Sonsini's firm, Wilson Sonsini Goodrich & Rosati in Palo Alto, Calif., gave $6,500 to committee members' campaigns since 1999, the data show. The firm did not return a call seeking comment.

The committee's 10 a.m. hearing is part of its Oversight and Investigations Subcommittee's seven-month inquiry into data brokers and a shady investigative practice called “pretexting.”

Consultants hired by HP used pretexting to pose as board members, HP employees, journalists and others to get telephone calling records so the company could find the source of news leaks.

HP made that news-leak investigation public on Sept. 6. California Attorney General Bill Lockyer, the FBI, the Justice Department and the Securities and Exchange Commission also are investigating the HP case. Lockyer has said he expects to bring charges against HP executives and others, although he has not given a timetable.

HP investors continue to show little concern about the case. HP shares closed Wednesday at $36.78, up 43 cents, and a bit higher than the closing price when news of the scandal first broke.

Hewlett-Packard CEO Will Discuss Leak Probe Sept. 22 (Update2) (BLOOM)

By Connie Guglielmo

Bloomberg, September 21, 2006

DOJ_NMG_0066575

Sept. 20 (Bloomberg) -- Hewlett-Packard Co. Chief Executive Officer Mark Hurd will discuss the company's investigation into the source of news leaks at a press conference on Sept. 22.

Timing and the location of the event, to be held in the California Bay Area, haven't yet been determined, spokesman Ryan Donovan said today in an interview.

Hurd, whose comments so far have been limited to prepared statements and a videotaped presentation to employees, may seek to defuse the widening scandal over the methods used to identify the source of boardroom leaks. Chairwoman Patricia Dunn, General Counsel Ann Baskins and Hewlett-Packard's outside attorney, Larry Sonsini, have agreed to appear before a U.S. House committee on Sept. 28 to discuss the probe.

Hewlett-Packard said on Sept. 6 that investigators used fake identities to obtain the private phone records of directors, employees, reporters and others as part of the probe, a tactic it said may be illegal.

California Attorney General Bill Lockyer, the U.S. Justice Department and the Federal Bureau of Investigation are reviewing the company's tactics to determine if crimes were committed.

The Energy and Commerce Committee also called Hewlett- Packard senior counsel Kevin Hunsaker, two company investigators, and two outside private investigators to testify.

The committee today approved a resolution that confers expedited subpoena power on its chairman, Texas Republican Joe Barton. The vote allows Barton to issue subpoenas on Hewlett- Packard related matters after conferring with the committee's top Democrat, John Dingell of Michigan.

Investor Lawsuit

Shares of Hewlett-Packard, the world's second-largest personal computer maker behind Dell Inc., rose 43 cents to $36.78 at 4 p.m. in New York Stock Exchange composite trading. They've gained 28 percent this year.

Separately, Hewlett-Packard agreed to give investors' lawyers access to documents related to the February firing of former CEO Carly Fiorina.

The Monroe County Public Employees Retirement System in Michigan sued Hewlett-Packard in May to get records so it could determine whether the company violated its own policies by paying Fiorina $22.3 million for her last few months in office.

To contact the reporter on this story: Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

J.P. Morgan, Citadel Acquire Amaranth's Energy Portfolio (WSJ)

By Ann Davis, Henny Sender And Gregory Zuckerman

The Wall Street Journal, September 21, 2006

Two big firms deepened their exposure to a tricky market by acquiring the energy portfolio of Amaranth Advisors, the hedge fund that now says it lost roughly $6 billion since the beginning of September, mostly on bad natural-gas bets.

To forestall a shutdown of the increasingly shaky hedge fund, J.P. Morgan Chase & Co. and hedge fund Citadel Investment Group LLC took over the investments. The new owners will share profits and losses.

WALL STREET JOURNAL VIDEO

1

WSJ editor Phil Kuntz and Rich Blake, senior editor at Trader Monthly, discuss2 the missteps at Amaranth and the possibility of hedge fund regulation.

WSJ's Greg Zuckerman comments3 on the ailing hedge fund Amaranth and the riskiness in betting on natural gas and the overall energy markets.

Amaranth also has sold nonenergy investments to meet demands from investors for withdrawals and from brokers for more collateral, people familiar with its portfolio say. Some investments were in loans and other investments that aren't easy to unload without discounts.

In a letter to investors last night, Amaranth said transferring its investments prevented further losses, kept it out of default with brokers and decreased its loans and other leverage. But it did so "at a price that resulted in additional significant losses." It estimates its holdings dropped 65% in September alone and that year-to-date losses were 55%. That revised estimate means its assets fell from about $9 billion Sept. 1 to just over $3 billion. Previously, it said year-to-date losses were 35%, putting assets at

about $4.5 billion. The firm also confirmed that brokers' demands last week for more collateral to back its losing trades "created serious" cash-flow problems and default risks. It said it would brief investors tomorrow and was "determined to earn back its investors' trust."

It didn't identify J.P. Morgan and Citadel, and declined to comment further. A call to Brian Hunter, the Amaranth trader responsible for the bad bets, was answered Tuesday by a colleague who said Mr. Hunter had been working "23 hours a day" on the crisis; Mr. Hunter didn't return the call. The fund began negotiating with firms to take its energy investments this past weekend, approaching Citigroup Inc. and Goldman Sachs Group Inc. without reaching a deal, people familiar with the matter said. Then, on Monday, it disclosed an estimated year-to-date loss of 35% and continued looking for a buyer.

Rather than pay Amaranth, J.P. Morgan Chase and Citadel could receive $2 billion that Amaranth had posted as collateral to back its trades, say people briefed on the deal. It is unclear if Amaranth will get back additional collateral, or margin.

J.P. Morgan was Amaranth's futures-clearing firm, fulfilling its obligations if it couldn't meet them. People familiar with the matter say Amaranth had met all J.P. Morgan's margin calls, and the bank isn't taking the portfolio to stem clearing-operation losses. The investments remain risky because their value could fall more. Amaranth's bets on far-forward natural-gas contracts worsened yesterday. J.P. Morgan already has sold some of the investments this week, say people familiar with the activity.

J.P. Morgan's energy trading is headed by George "Beau" Taylor, 35 years old, who departed Morgan Stanley in 2005. James Dimon, J.P. Morgan's chief executive, has supported the move to smooth out earnings from stock and bond trading, though the group's performance dragged down fixed-income returns earlier this year.

Citadel, a $12 billion Chicago hedge fund run by Ken Griffin, took a big loss in energy trades after last year's hurricanes, but finished up for 2005. The fund is up about 12% this year. Charles Winkler, the Amaranth executive who negotiated the deal, is a former Citadel executive and is friendly with Mr. Griffin.

An indication of how much pressure Amaranth is under came during a conference call for clients of Union Bancaire Privee yesterday. The Geneva private bank has $29 billion in client money invested in hedge funds, including Amaranth. UBP officials told clients the firm wanted to liquidate its Amaranth holdings quickly, and speculated that Amaranth may decide to liquidate the entire fund.

UBP officials said 80% of Amaranth's performance last year and most of its performance this year was driven by energy investments -- suggesting there mightn't be much else. When Amaranth reported being up about 12% in April, it told investors all but 2% of that came from energy, investors say. Like most hedge funds, Amaranth limits withdrawals to avoid forced asset sales that devalue holdings. Some Amaranth investors say they agreed to withdraw no more than about 8% of their stakes a month. In past hedge-fund blowups, managers have found it difficult to enforce such rules and opted for an orderly wind down, especially when faced with restless staffers.

Conn. Hedge Fund Loses Billions (PROJO/BLOOM)

By Katherine Burton And Matthew Leising, Bloomberg News

The Providence Journal, September 21, 2006

The $4.6-billion loss by Amaranth Advisors may spark activity by Congress or regulators.

Amaranth Advisors LLC, the Greenwich, Conn.-based hedge fund whose wrong-way bets lost about $4.6 billion this month, reached an agreement yesterday to transfer all of its energy trades to an unidentified third party, according to a letter sent to investors.

Nicholas Maounis, Amaranth's founder, said in his letter, a copy of which was obtained by Bloomberg News, that more details will follow "shortly." The firm was in negotiations with Citadel Investment Group LLC as of late yesterday, two people with knowledge of those talks said.

Amaranth was forced to unload the trades after swings in natural-gas prices last week turned it into the biggest hedge fund meltdown since Long-Term Capital Management LP's 1998 collapse. By transferring the bets, Amaranth would stem its losses and the new investor would be at risk of any further declines in the gas market.

Also yesterday, 3M Co., Goldman Sachs Group Inc. and San Diego County's retirement fund say the meltdown of Amaranth may cost them millions.

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The $9.2-billion pension fund of 3M, maker of Post-it Notes and electronics and cleaning products, gave less than $92 million to Amaranth, according to Jacqueline Berry, a spokeswoman for the St. Paul, Minn.-based company. Goldman Sachs Hedge Fund Partners LLC has about $13 million with the firm, according to a regulatory filing.

"This will spark activity by Congress, or by regulators, for some oversight of an area that has not been watched," said Dan McAllister, a board member of the $7.2-billion San Diego County Employees Retirement Association. The fund invested $175 million with Amaranth last year.

The San Diego County pension board invested in Amaranth on the recommendation of consultants Rocaton Investment Advisors in Norwalk, Conn., McAllister said. The San Diego County fund is unconnected to the San Diego City Employees' Retirement System, which has a deficit of more than $1 billion.

"We are aware of the Amaranth situation, and we are in dialogue with our clients," Rocaton spokesman Todd Miller said, declining further comment.

It will take weeks to find out how much pension money melted away with Amaranth's bad trades, Damon Silvers, associate general counsel of the Washington-based AFL-CIO, said.

The largest U.S. labor association, whose member unions hold more than $400 billion in pension assets, has criticized provisions of the pension-reform law signed by President Bush last month that loosened restrictions on pension-money flows into hedge funds.

"This shows what an appalling decision that was," Silvers said.

Connecticut Attorney General Richard Blumenthal said he's examining Amaranth's losses.

"We are taking some initial steps to investigate what went so terribly wrong, whether there was a truthful and accurate disclosure to investors," he said.

Tom Carson, a spokesman for U.S. Attorney Kevin O'Connor in Connecticut, declined to comment, as did Bryan Sierra, a spokesman for the Justice Department in Washington and SEC spokesman John Nester.

Amaranth, named for an imaginary flower that never fades, had gained more than 25 percent earlier this year on bets that natural-gas prices would rise. Prices tumbled this month, triggering losses that grew as it scrambled to unwind trades.

"Potentially, [the new investors] bought at a very good price," said Mark Williams, a finance professor at Boston University and former risk manager of electricity trader Citizens Power. "If they have a longer time horizon and they can withstand the volatility and the short-term fluctuations, they then have a good chance of making some serious cash."

Amaranth spokesman Shawn Pattison declined to comment. A call to Scott Rafferty, managing director at Citadel, wasn't immediately returned.

Some of Amaranth's energy investments consist of positions in gas futures, options and over-the-counter contracts that would gain in value as prices rise, according to one person with knowledge of the situation.

Amaranth, which made so-called spread trades that aim to profit from price discrepancies among different contracts, was at least the second hedge fund to be rocked by bad investments in natural gas. MotherRock LP, a $400-million fund run by former New York Mercantile Exchange President Robert "Bo" Collins, closed last month.

"It's certainly a reminder that investing in certain hedge funds is a risky business," Securities and Exchange Commission Chairman Christopher Cox said yesterday. "It's not for mom and pop."

So-called funds of funds that invested with Amaranth may bear much of its losses. Goldman Sachs Dynamic Opportunities Ltd., a London-based fund, reported that it sustained losses on an investment whose description fits Amaranth.

Morgan Stanley, Credit Suisse Group, Bank of New York Co., Deutsche Bank AG and Man Group PLC all run funds of funds that had investments in Amaranth as of June 30.

Amaranth was founded by Maounis, a University of Connecticut finance graduate. After working at Greenwich-based Paloma Partners for 10 years, Maounis, 43, left to found Amaranth with 27 employees and $450 million in 2000.

The firm occupies a beige, four-story office next to a pond and manicured lawn with a fountain in Greenwich, home to more than 100 hedge funds, private pools of capital that allow managers to participate substantially in the gains on clients' investments. The building houses a gym and a game room, with pool tables for employees.

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After starting in convertible-bond trades and betting on stocks of merging companies, Maounis expanded into energy, hiring former Deutsche Bank trader Brian Hunter. As of June 30, energy trades accounted for about half of the capital in Amaranth's funds and generated about 75 percent of its profit.

Earlier this month, Amaranth bought a portfolio of gas trades from Amsterdam-based ABN Amro Holding NV, which itself had taken them over from MotherRock. It was Hunter, 32, who orchestrated the bets that triggered Amaranth's losses.

"If one is speculating in that kind of market, there's going to be some downside risk," said Shannon Burchett, who traded oil for JPMorgan Chase & Co. and Citigroup Inc. in the 1990s and now runs an energy consulting firm in Dallas. "They should have the controls and risk management strategies in place to mitigate those kind of outcomes."

'A Changed' Fastow Requests Leniency For His Role At Enron (WP)

By Carrie Johnson

The Washington Post, September 21, 2006

Lawyers for former Enron Corp. finance chief Andrew S. Fastow are asking a judge for leniency in advance of his sentencing on conspiracy charges next week, according to court papers filed in Houston.

Fastow's defense lawyers cited letters from unnamed teachers, friends and relatives who say that Fastow has "stepped up to take responsibility" and has expressed "full remorse" for his role in disguising financial problems at the Houston energy company. Enron's December 2001 collapse cost investors and employees billions of dollars.

Over the past two years, Fastow, 44, has helped victims of Hurricane Katrina and volunteered with Meals on Wheels and at his synagogue, where he has taught classes, built a playground and picnic table, and mowed the lawn. "He is a changed man," the court filing said.

Fastow pleaded guilty to two conspiracy charges in January 2004, agreeing to a 10-year maximum prison sentence in exchange for testifying against onetime chief executives Jeffrey K. Skilling and Kenneth L. Lay. During the trial, in which defense lawyers challenged his veracity, Fastow told the jury he "destroyed" his life and was "ashamed to the core."

A jury convicted both men in May. Skilling, who is to be sentenced next month, has vowed to appeal. Lay died of heart disease in July.

As the man at the center of the long-running fraud, Fastow ultimately emerged as the public face of the Enron scandal and endured "unprecedented public humiliation" in books, movies and congressional hearings, his lawyers John Keker and David Gerger wrote.

Already, they say, Fastow has suffered emotionally, as his wife served almost a year in a high-security Houston prison after pleading guilty to failing to report income taxes from his partnerships. During that stretch, Fastow cared for the couple's two sons, now 8 and 11. One unnamed letter-writer called him "the Dad I would like to be."

Fastow's plea helped crack open another fraud case, his defense lawyers contend. They cited evidence that Fastow's deal inspired former WorldCom Inc. finance chief Scott D. Sullivan to plead guilty two months later and to testify successfully against his former boss, Bernard J. Ebbers. Sullivan is serving a five-year term, half what Fastow could receive.

Under the terms of the Fastow deal, U.S. District Judge Kenneth M. Hoyt has the option of sentencing Fastow to serve fewer than 10 years in prison but no more than that. "Ten years is not 'necessary' for the message of deterrence to be heard," his lawyers wrote.

Victims of Enron's bankruptcy are invited to sign up at the courthouse on the day of the proceeding to express their own opinions about an apt punishment for Fastow, according to a prior ruling by the judge.

Skilling Arrested, Accused Of Public Intoxication (HC)

By Kristen Hays, Tom Fowler And Thomas Korosec

Houston Chronicle, September 21, 2006

DALLAS — Former Enron CEO Jeffrey Skilling was arrested and accused of public intoxication in Dallas earlier this month, but he will not go to jail early for violating the terms of his $5 million bond.

According to a Dallas Police Department report, Skilling was arrested about 1:45 a.m. Sept. 9 in the 3600 block of McKinney Avenue in Dallas.

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Skilling was not drinking when he was arrested and did not resist arrest, according to the report.

A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its Enron investigation following the company's 2001 crash. He plans to appeal.

He faces 20 to 30 years in prison, and currently is scheduled for sentencing on Oct. 23.

"Jeff is doing the very best he can to deal with a nearly impossible situation," his lead attorney, Daniel Petrocelli, said today.

Public intoxication is a Class C misdemeanor, subject to a fine of up to $500 but no prison time. He was assessed a $385 ticket and was held briefly in a city jail.

Skilling reported his arrest to pre-trial services the next day, Petrocelli said. The incident was investigated and the court required him to increase the frequency of his visits with mental health and alcohol treatment counselors.

Sean Berkowitz, director of the Justice Department's Enron Task Force who cross-examined Skilling during the ex-CEO's lengthy trial testimony, declined comment today on the incident.

The 3600 block of McKinney is in the swanky Uptown neighborhood north of downtown Dallas. It includes the relatively new West Village development, a collection of restaurants, bars, boutiques and movie theaters.

Skilling was staying at a townhome he owns in the 1900 block of McKinney Avenue, a little more than a mile away from where he was arrested.

The townhome is among about $60 million in Skilling's cash and assets that have been frozen since he was indicted in February 2004 on charges stemming from the Enron scandal.

Skilling, 52, has had another alcohol-related run-in with the law since he was indicted.

In April 2004 he got into a scuffle with patrons of a cigar bar in New York City after a night of drinking. He wasn't arrested, but he and his wife, Rebecca, who was hurt during the scuffle, were transported to a hospital where a blood test showed Skilling's blood-alcohol level to be .019. Prosecutors pounced, asking a judge to increase his $5 million bond to $7 million, restrict his travel to Texas and impose a curfew. They argued that Skilling violated his bond's terms by drinking excessively and failing to report his contact with police to federal pretrial services authorities.

U.S. Magistrate Frances Stacy in May 2004 declined to hike the bond, but ordered Skilling to stop drinking, join an alcohol abuse treatment program, adhere to a curfew and perform community service since he wasn't working. Skilling did his community service for Habitat for Humanity in Houston.

Petrocelli said previously Skilling joined a treatment program two weeks before the post-scuffle bond hearing in 2004.

Prosecutors said in 2004, witnesses recalled that Skilling accused some of the cigar bar patrons of being FBI agents and tried to lift a woman's blouse to see if she was wearing audio recording equipment.

Skilling's lawyers countered that Skilling and his wife were harassed by two men, one of whom hit the ex-CEO.

This month's incident involved no such confrontations.

Skilling has 21 days from the date of the incident to pay his fine and enter a plea, according to Johnanna Greiner, chief prosecutor for the city of Dallas. Frequently people will pay the fine and ask for deferred adjudication, which means they are under probation for a set time and the charge will disappear if they do not break any other laws during that time.

Skilling or an attorney will have to appear in court to pay the fine and enter a plea.

"Because he's from out of town I wouldn't be surprised if he has his attorney come in and handle it," Grenier said.

Grenier said it's not unusual for well-known individuals to end up facing small charges in the city's municipal courts.

"But they're usually athletes or that ilk," she said.

Kristen Hays and Tom Fowler reported from Houston and Thomas Korosec from Dallas.

Outside Audit No More 'Stealth Restating' (WSJ)

By David Reilly

The Wall Street Journal, September 21, 2006

The Securities and Exchange Commission has a message for public companies: Fess up to bad news.

At issue is guidance from the regulator that companies shouldn't try to sweep under the carpet errors in their financial results. In recent years, scores of companies have changed previously reported figures via what critics call "stealth restatements,"

commonly including the new, different figures in subsequent securities filings. The SEC's stand: Such changes constitute information that is material to investors and thus needs to be formally disclosed in a restatement filing clearly labeled as such.

As a result, some companies are announcing restatements to earnings reports they made months ago. For example, in a report earlier this month to the SEC, Sun Microsystems Inc. pointed out that some of the figures contained in its annual report released in September 2005 differed from previous filings. At the time of that report a year ago, Sun didn't file a separate restatement announcement with the SEC.

A Sun spokeswoman said the company made the recent restatement filing in order to provide investors with "maximum transparency." The spokeswoman said the move wasn't "something that was forced upon us" by the SEC, but rather followed conversations among the company's lawyers. "It was recommended that the company refile for maximum transparency," she said.

In another recent example of such a catch-up filing, voice- and data-communications technology company Inter-Tel Inc. in early September flagged in an SEC filing a restatement that it had disclosed in its annual report filed in March. In its latest SEC announcement, the company said the purpose of the most recent filing "is to disclose this previously disclosed restatement in the format required." Kurt Kneip, Inter-Tel's chief financial officer, said the new filing was prompted by comments from the SEC.

Inter-Tel had originally filed a notice earlier this year with the commission regarding the restatement, but hadn't included it in the form designated for a restatement, because the changes "were immaterial to any prior quarter or reporting period," he said. "We thought we were being more than forthright." But the SEC, Mr. Kneip said, believes "any misstatement is material" and should be highlighted in a specific filing.

In 2004, as part of changes brought about by the Sarbanes-Oxley corporate-overhaul legislation, the SEC said companies should file a special form announcing a restatement with the agency. But some companies mistakenly believed that they wouldn't have to do so if they were submitting a new earnings filing in the days after concluding that a restatement of old results was necessary. Instead, they would just include the restated results in the new filing.

Investor advocates complain that most investors aren't going to spot such switches, putting plenty of individual investors at a disadvantage to professional company watchers who have the time and smarts to compare every financial filing with those that preceded.

The SEC's new push on stealth restatements follows on the heels of a report released this summer by the Government Accountability Office, the investigative arm of Congress, which found that about 17% of public companies restating results between August 2004 and September 2005 failed to "file the proper disclosure."

Speaking at a conference in New York last week, Stephanie Hunsaker, associate chief accountant in the SEC's division of corporate finance, said the regulator is sending comment letters to companies insisting that they disclose restatements in the special filing.

John White, director of the corporate-finance division, added that his staff has "focused" on restatement-related disclosures to make clear that companies can't avoid such announcements by simply including a restatement in a filing of current results. The loophole some companies may have tried to exploit didn't actually exist, he explained.

Restatements are admissions by companies that a prior financial filing can't be relied upon, which explains why many executives prefer not to draw attention to them. "It's embarrassing," said Eric Keller, chief executive of Movaris Inc., a company that develops financial-reporting systems. "It's akin to a product recall."

By failing to properly file disclosures related to restatements, companies hope investors "may dismiss a restatement as relatively minor," because it was tucked "away quietly in the current period's results," research firm Glass Lewis & Co. said in a report earlier this year. "Clearly, companies know this -- and many take advantage," that report noted.

For investors, a restatement is notice that they need to go back and adjust figures that may have been used as the basis for an investment decision. Although some restatements are highly technical and don't affect a company's share price, others could cause a stock to tumble.

The number of restatements has soared in recent years, as a result of a greater focus on auditing quality and risk controls. Glass Lewis reported there were 1,195 restatements by U.S. companies in 2005, compared with 270 just five years earlier.

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CRIMINAL LAW:

Abramoff Associates, Bush Aides Met Often (WP/AP)

The Washington Post, September 21, 2006

Former associates of disgraced lobbyist Jack Abramoff had dozens of appointments with Bush administration staff members, according to Secret Service visitor logs the White House released yesterday to settle a lawsuit by the Democratic Party and an ethics watchdog group.

Republican activists Grover Norquist and Ralph Reed, political allies of President Bush and longtime Abramoff associates, totaled more than 100 visits to the Bush White House. Abramoff, a former GOP lobbyist, has pleaded guilty to fraud and is cooperating with prosecutors in an influence-peddling investigation. White House officials said they believe all their meetings that included Bush were group events, such as Christmas parties or policy briefings for GOP supporters.

Among others who visited White House staff members are two former Abramoff lobbying associates who have also pleaded guilty in the ongoing lobbying probe. Neil Volz, an aide to Rep. Robert W. Ney (R-Ohio) before joining Abramoff's lobbying team, had 18 appointments with White House aides. Tony Rudy, an aide to then-Rep. Tom DeLay (R-Tex.), visited the Bush White House 13 times.

Former Abramoff lobbying associate Kevin Ring, a former aide to Rep. John T. Doolittle (R-Calif.), had 21, and lobbyist Shawn Vasell had 18 -- two this year.

White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex from 2001 to this year, half a dozen including Bush. Reed, former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia this year, got 18 meetings, including two events with Bush.

Papers Show Bush Allies' Inside Access (AP-Y)

By John Solomon And Sharon Theimer, Associated Press Writers

AP, September 21, 2006

Republican activists Grover Norquist and Ralph Reed landed more than 100 meetings inside the Bush White House, according to documents released Wednesday that provide the first official accounting of the access and influence the two presidential allies have enjoyed.

The White House released the Secret Service visit records to settle a lawsuit by the Democratic Party and an ethics watchdog group seeking visitors logs for the two GOP strategists and others who emerged as figures in the Jack Abramoff lobbying scandal.

Earlier this month, the White House suggested to the judge in that lawsuit that such records need not be disclosed because the information was privileged and might reveal how Bush and his staff get private advice, according to court documents obtained by The Associated Press.

White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex between 2001 and 2006, including a half-dozen with the president.

Reed, former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia earlier this year, got 18 meetings, including two events with Bush.

Officials said they believe all appointments with Bush involved larger group settings, such as Christmas parties or policy briefings for GOP supporters.

White House spokeswoman Dana Perino said, however, it was possible some of Norquist's meetings might have been directly with Karl Rove, the president's longtime confidant and political strategist.

"He is one of a number of individuals who worked to advance fiscal responsibility, which is one of the key aspects of the president's agenda," Perino said.

Both Reed and Norquist became involved with Abramoff, the once high-power GOP lobbyist who has pleaded guilty to fraud and is now cooperating with prosecutors in an influence peddling investigation that has rocked Capitol Hill.

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Norquist's group advocates lower taxes and less government and he built it into a major force in the Republican Party. Along the way he became friends with Abramoff and Rove.

E-mails obtained this summer by AP show Norquist facilitated several administration contacts for Abramoff's clients while the lobbyist simultaneously solicited those clients for large donations to Norquist's group. Americans for Tax Reform acknowledged Norquist helped Abramoff but said he did nothing improper.

Reed rose to prominence as an organizer of evangelical Christian groups, including the Christian Coalition, inside the Republican Party before moving into business ventures where he did work for Indian tribes at Abramoff's request.

Documents unearthed by congressional investigators showed Abramoff and business partner Michael Scanlon routed about $4 million from Indian tribes to Reed-controlled entities for grassroots work aimed at blocking rival casinos.

The White House also released records showing White House appointments landed by some of Abramoff's former lobbying associates. Among them:

_Neil Volz, a former aide to Ohio Republican Rep. Bob Ney, had 18 appointments, including one to attend a large event featuring Bush on Sept. 11, 2001, that was canceled because of the terrorist attacks. Volz has pleaded guilty to conspiring to corrupt Ney and others with trips and other largess.

_Lobbyist Shawn Vasell also had 18. Two were Bush events, likely a February bill signing and a Ford's Theatre gala, that occurred this year, when Vasell was no longer working with Abramoff.

_Abramoff business partner Scanlon, a former aide to then-Rep. Tom DeLay, R-Texas, may have had one appointment; the White House couldn't say for certain whether the name in the Secret Service log was the same person. Scanlon has pleaded guilty to conspiring to bribe public officials while lobbying on behalf of Indian tribes.

_Former DeLay aide and Abramoff lobbying team member Tony Rudy had 13, none with Bush. Rudy has pleaded guilty to conspiring with Abramoff. Former Abramoff lobbying associate Kevin Ring, a former aide to California Republican Rep. John Doolittle, had 21, none with Bush.

_Two former Abramoff lobbying colleagues who joined Bush's administration, David Safavian and Patrick Pizzella, show up in the appointment logs countless times. Pizzella, an assistant secretary of labor, had 48, none with Bush. Among numerous meetings for Safavian, a former Bush administration procurement official who pleaded guilty to trying to hide his dealings with Abramoff, just one was with Bush, likely an employee holiday reception in 2004.

The release of the visitor records settles lawsuits by the Democratic Party and Citizens for Responsibility and Ethics in Washington.

In a court filing earlier this month while settlement discussions were ongoing, Justice Department lawyers representing the administration said information about the Norquist and Reed visits should be protected from public disclosure under the doctrine of "deliberative process privilege."

That privilege lets the president and executive branch officials seek advice and deliberate policy decisions in private without having to disclose such information under the Freedom of Information Act.

It is similar to executive privilege, a power made famous by President Nixon, that lets a president keep information secret even from Congress or the courts on the grounds that it would hurt his ability to get candid advice.

Executive privilege was the focal point of major legal battles in the Watergate and Clinton impeachment cases.

Bush administration lawyers wrote that Norquist and Reed were "prominent advocates of particular tax policies and other conservative policies" and that releasing information about their White House visits would "inherently reveal the structure and nature of deliberative processes."

"In making decisions on personnel and policy, and in formulating legislative proposals, the president must be free to seek confidential information from many sources, both inside the government and outside," the lawyers wrote in citing a favorable court ruling from 2005 involving Vice President Dick Cheney.

Democratic National Committee spokeswoman Karen Finney said she saw a pattern of the White House trying to avoid answering legitimate questions.

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"By trying to extend a special privilege typically reserved for U.S. government employees, to protect their Abramoff cronies like Grover Norquist, and Ralph Reed, the Bush administration showed just how willing they are to manipulate the law to hide the truth and protect their political interests," Finney said.

The administration lawyers, meanwhile, also argued against releasing information about the White House visits of former federal procurement official David Safavian on the grounds that it would violate Safavian's privacy. Safavian was recently convicted of trying to cover up his dealings with Abramoff.

Administration officials said the Justice Department never invoked the privilege mentioned in the court filings because a settlement was reached.

Former White House lawyer Lanny Breuer, who handled many of President Clinton's privilege claims, said that administration routinely released White House entry records to the public and never "came close to making a claim like the one being suggested in this instance."

2 Strategists Had 100 White House Meetings (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 (AP) — Two Republican strategists, Grover Norquist and Ralph Reed, have attended more than 100 meetings at the Bush White House, according to documents released Wednesday that provide the first official accounting of their access and influence.

The White House released Secret Service records of the visits to settle a lawsuit by the Democratic Party and an ethics watchdog group. Earlier this month, the White House argued to the judge hearing the lawsuit that such information was privileged, according to court documents obtained by The Associated Press.

White House officials said Mr. Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex from 2001 to 2006, including a half-dozen with the president.

Mr. Reed, former executive director of the Christian Coalition, got 18 meetings, 2 of which included events with Mr. Bush.

Administration Opposes Shield Law (AP)

By Hope Yen, Associated Press Writer

AP, September 21, 2006

WASHINGTON — The No. 2 official at the Justice Department said Wednesday that a shield law for reporters would encourage leaks of classified information.

At a Senate Judiciary Committee hearing, Deputy Attorney General Paul McNulty also said the proposal to protect reporters from having to identify their sources would "significantly weaken" the department's ability to obtain information it needs to protect national security.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., rejected McNulty's opposition, saying he wants to push forward with the bill, inspired in part by last year's jailing of journalist Judith Miller, then of The New York Times.

Miller had refused to cooperate with prosecutors in the Valerie Plame leak investigation. She subsequently disclosed that the source who told her of Plame's CIA identity had been Vice President Dick Cheney's now-indicted former chief of staff, I. Lewis Libby.

The Senate proposal would allow reporters to protect their confidential sources only in some instances. There would be exemptions in cases involving guilt or innocence, death or bodily harm, eyewitness accounts of criminal activity, and unauthorized disclosure of properly classified information.

McNulty said an exemption for national security was inadequate because the government would have to prove in court that a news leak harmed security. The Senate legislation would inject the federal judiciary "to an extraordinary degree" into executive branch functions, said McNulty.

A former solicitor general in the Bush administration, Theodore Olson, supported a shield law, saying it would promote investigative journalism.

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"Naturally, the Department of Justice does not want its judgments second-guessed by courts," Olson testified. But Congress should not recoil from ensuring judicial oversight on government decisions such as warrants for eavesdropping on phone conversations, Olson said.

Clarity also is needed given a split in the federal courts as to whether journalists are entitled to protections, Olson added.

In an interview, Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said it was frustrating listening to testimony about "false, overwrought warnings about national security."

The 109th Congress is running out of time to act on the legislation. A House version of the bill would allow courts to compel reporters' testimony when necessary to prevent "imminent and actual harm" to national security. Differences between the two bills would have to be reconciled in a conference committee after the two chambers pass the bill.

Jailing The Messenger (LAT)

The Los Angeles Times, September 21, 2006

A DRUG DEALER SELLS HIS WARES to professional baseball players, whose steroid-distorted performances subvert the game. Major League Baseball knows but does nothing. The feds find out and raid the drug lab. Two reporters look into the raid, discover rampant use of steroids in baseball and write a series of articles and a book that shock the public, launch a congressional probe, prompt the president to decry drug use in sports and finally move baseball to impose a tough steroid-testing policy.

The dealer goes to jail. Might anyone else do time in this web of corruption, deceit and ineptitude? Why, the reporters, of course. The suspected ballplayers got immunity, and baseball executives escaped scrutiny. But the journalists are facing time for their work.

San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about the case. If they don't, the judge could put them behind bars until they change their minds.

Prosecutors say, correctly, that the reporters witnessed a crime when they received the sealed statements made during the grand jury probe of the Bay Area Laboratory Co-Operative steroid scandal. They also argue that such proceedings are sacrosanct and must remain so in order to get witnesses to come forward. But prosecutors have at their disposal the full investigative power of the U.S. government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources.

There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public.

Californians recognized the importance of protecting reporters from compelled testimony about their sources by passing a shield law and making it part of the state Constitution. Federal judges have the discretion to let the state law guide them in their rulings on the reporter's privilege. Meanwhile, Congress should pass a federal version of the shield law, even one that falls far short of perfect, such as the bill from Sen. Arlen Specter (R-Pa.) to restore the balance between the government — with its power to probe and compel — and two reporters backed by their enterprise and the 1st Amendment.

Suspect Pleads GuiltyÂ To Rosenbaum Murder (WP)

By Henri E. Cauvin

The Washington Post, September 21, 2006

One of the men charged with killing New York Times journalist David E. Rosenbaum pleaded guilty yesterday to murder and conspiracy charges.

The surprise plea by Michael Hamlin, just a month before the first trial in the case was to begin, indicates that he could testify against his accused accomplice -- a cousin, Percey Jordan.

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Hamlin, 24, told a D.C. Superior Court judge that he and Jordan attacked Rosenbaum in January as the 63-year-old journalist was walking in his Northwest Washington neighborhood.

With Hamlin's family looking on from a few rows behind Rosenbaum's relatives, he pleaded guilty to second-degree murder, conspiracy and conspiracy to commit robbery -- offenses that collectively carry a maximum penalty of 60 years in prison.

But a long sentence is unlikely. As part of the plea agreement, prosecutors will not seek a sentence above the maximum calculated under Superior Court's voluntary sentencing guidelines, which probably would mean a term of 15 to 35 years.

After yesterday's hearing, Rosenbaum's brother, Marcus, said it was important that Hamlin had taken responsibility. "Of course, none of this is going to bring my brother back," he added.

A long prison sentence, Marcus Rosenbaum said, will give Hamlin time to consider what he did. "We hope he will think about it -- as much as we're going to be thinking about my brother the rest of our lives," said Marcus, who was joined in court by his brother's adult children, Daniel and Dorothy. Already ill when her husband was killed, Rosenbaum's wife, Virginia, died in June.

Yesterday's hearing provided the clearest public account yet of what prosecutors believe happened shortly after 9 p.m. Jan. 6 -- an account that Hamlin confirmed in entering his guilty plea.

Setting out in Hamlin's car, Hamlin and his cousin went looking for someone to rob, Assistant U.S. Attorney Amanda Haines said. Jordan had a lead pipe in a backpack and when they spotted Rosenbaum in the 3800 block of Gramercy Street NW, they came up from behind, and Jordan struck Rosenbaum in the head with the pipe, Haines said. With Rosenbaum on the ground, Hamlin took Rosenbaum's wallet from his pocket, she said.

The blow to the head would prove fatal for Rosenbaum, who died two days later.

Rosenbaum was semiconscious when firefighters and emergency medical personnel found him, and the succession of mistakes that followed in treating him -- at the scene, in the ambulance and at the hospital -- led to a public outcry and a withering critique by the D.C. inspector general's office.

As a result of the Rosenbaum case, one emergency medical services technician was fired and four firefighters are going through proceedings that could lead to termination, said Alan Etter, spokesman for the D.C. Fire and Emergency Medical Services Department. Two supervisors who were subject to demotion retired, and a third was put on administrative leave for 10 days, Etter said.

D.C. Police Chief Charles H. Ramsey also punished three police officers for shoddy work in the aftermath of Rosenbaum's death.

Widely respected among his colleagues and the people he wrote about, Rosenbaum recently had retired from the Times after more than 30 years at the paper. His memorial service at the Dirksen Senate Office Building on Capitol Hill drew a number of notable Washington figures.

Hamlin and Jordan were arrested after police released security videotapes from two stores where someone used or tried to use Rosenbaum's stolen credit cards.

On Jan. 12, about an hour after the footage was provided to the media, Hamlin showed up at a D.C. police station, wearing the same industrial uniform that he appeared to be wearing in the video. He asked officers why his face was on television, authorities said.

When he was arrested, Hamlin was a driver for waste hauler Browning-Ferris Industries Inc. and lived with his mother in an apartment on Alabama Avenue SE, not far from the 7th District police station. It was not his first run-in with the law. In 2002, he was convicted of robbery in Prince George's County and sentenced to a year in jail, although all but three days of the sentence were suspended.

One day after Hamlin's arrest, Jordan, 42, turned himself in at the same police station. Both have been jailed since.

The men were eventually indicted on charges of conspiracy and murder after investigators linked them to a robbery in Silver Spring the night Rosenbaum was attacked.

The same indictment charged Jordan with the November 2005 robbery of a 72-year-old retired police officer, James Rose. It was a robbery that Rose said could have been solved long before Rosenbaum was attacked. Rose said that his cellphone was used to call relatives of both Jordan and Hamlin but that police never followed up on that lead.

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The detective who worked on Rose's case was notified yesterday that he was being demoted to the rank of officer, officials said.

Judge Erik P. Christian set Hamlin's sentencing for Dec. 19, but Hamlin could be back in court before then if his cousin goes to trial next month as scheduled. As part of his plea agreement, he must testify for the government if he is called to the witness stand.

Speaking to reporters after the plea was announced, Hamlin's attorneys, Stephen V. Mercer and Steven D. Kupferberg, said that from the outset, Hamlin had wanted to accept responsibility for what he did.

One Of 2 Suspects Pleads Guilty In Murder-Robbery Of A Reporter (NYT)

By John Files

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — One of the two men accused of killing a retired reporter for The New York Times pleaded guilty Wednesday to charges of murder and robbery.

As part of a plea agreement, the man, Michael C. Hamlin, 24, agreed to testify against his cousin Percey Jordan Jr., 42, who is scheduled to go on trial next month in the killing of the reporter, David E. Rosenbaum, last January. Prosecutors said they would not seek a prison term in excess of sentencing guidelines, which include a maximum of 60 years.

Mr. Hamlin pleaded guilty to charges of second-degree murder, conspiracy to commit robbery and robbery. He said that on the night of Jan. 6, he stole Mr. Rosenbaum's wallet and that Mr. Jordan struck Mr. Rosenbaum on the head with a metal pipe; they divided his money and credit cards and used the cards at stores including a pharmacy, gas station and grocery.

Mr. Rosenbaum, who was found lying semiconscious on a sidewalk near his home that night, died two days later. The authorities attributed the cause of death to blunt force trauma to his head, neck and body.

Judge Erik P. Christian of Superior Court ordered a sentencing hearing for Dec. 19. Lawyers for Mr. Hamlin said he had accepted responsibility for his role in attacking Mr. Rosenbaum, who was 63 and had worked for The Times for more than 37 years as a reporter and an editor and had planned to continue contributing articles in retirement.

One of Mr. Hamlin's lawyers, Stephen V. Mercer, said he was "essentially a young man who had been led astray," adding, "He had a good job, a strong family and was a high school graduate."

Mr. Hamlin graduated from Anacostia Senior High School here and was a truck driver. During court proceedings on Wednesday, his mother shouted, "Love you, Michael!"

Another of Mr. Hamlin's lawyers, Steven D. Kupferberg, said, "From the outset, this was a tragedy of cataclysmic dimensions."

Mr. Hamlin's lawyers said he began to cooperate with the police shortly after the attack, when he walked into a police station and asked why his picture was being shown on local television news reports. The surveillance photograph had been taken at a store where one of Mr. Rosenbaum's credit cards was used.

Marcus Rosenbaum, the victim's brother and a Washington resident, said it was important that Mr. Hamlin take responsibility for his role in the attack. "He did a horrible thing," Mr. Rosenbaum said. "He has taken responsibility for it. And he will be punished for it."

He added, "We think that he should spend a good long time in prison."

Guilty Plea In Slaying Entered (WT)

By Jim Mcelhatton

The Washington Times, September 21, 2006

One of two men arrested in the January fatal beating of New York Times journalist David E. Rosenbaum pleaded guilty to second-degree murder, robbery and conspiracy charges yesterday.

The plea entered by Michael C. Hamlin, 24, came under an agreement that means that he likely will be subpoenaed to testify in the prosecution of co-defendant Percy Jordan Jr., who is Hamlin's cousin.

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Hamlin will be sentenced Dec. 19. He would have faced up to 60 years in prison if he was convicted at trial. There is no parole for felony offenders convicted in D.C. Superior Court after 2000, though sentences can be reduced by up to 15 percent for good behavior.

Hamlin, appearing in D.C. Superior Court, admitted that he stole Mr. Rosenbaum's wallet after Jordan beat the journalist over the head with a metal pipe on Jan. 6.

Mr. Rosenbaum, 63, was out for a walk when he was attacked on Gramercy Street near his Northwest home.

Hamlin's attorneys said yesterday their client should get some leniency because he turned himself in and he took responsibility for his role in the crime by pleading guilty.

"From the outset, this was a tragedy of cataclysmic proportions," said Steven Kupferberg, an attorney for Hamlin.

Marcus Rosenbaum, the brother of David Rosenbaum, said after the hearing the family was pleased that Hamlin "took responsibility" but still hopes he spends "a good, long time in prison."

Hamlin's relatives declined to comment after the hearing.

During the hearing, Hamlin's mother yelled that she loved him, which prompted a rebuke from Judge Erik P. Christian against outbursts in the courtroom. Hamlin turned and nodded.

A graduate of Anacostia High School, Hamlin was employed as a trash truck driver in Virginia at the time of his arrest. He turned himself in after seeing his picture on television during coverage of the beating.

Stephen Mercer, an attorney for Hamlin, called his client "a young man who was led astray" and who had "a very strong family."

Assistant U.S. Attorney Amanda Haines said Hamlin and Jordan drove to Northwest in Hamlin's car after they agreed to commit a robbery together.

David Rosenbaum's death has highlighted serious problems in the District's emergency-response system.

A report by the D.C. Office of the Inspector General identified "an unacceptable chain of failure" in the response to Mr. Rosenbaum's beating, including the early prognosis by a medical crew that he was drunk.

The inspector general found that the Metropolitan Police Department officers who responded to the scene did not collect all of the evidence or interview potential witnesses. The report also found that Mr. Rosenbaum was left in a hallway untreated at Howard University Hospital, while emergency workers walked past him.

Marcus Rosenbaum said he's hopeful that the D.C. Fire and Emergency Medical Services Department will improve.

"We're going to have a new mayor, so let's see what the new mayor does," he said.

D.C. Council member Adrian M. Fenty, a strong favorite to win the mayor's race in November after his victory last week in the Democratic primary, has said he plans to place emergency medical services and firefighting functions in separate departments.

FBI: LA Man Allegedly Worked For Saddam Hussein's Regime (CCT)

By Jeremiah Marquez

The Contra Costa Times, September 21, 2006

LOS ANGELES - A man accused of collecting intelligence for Saddam Hussein's regime during the 1990s was indicted on charges of failing to register as an agent of a foreign government, authorities said Wednesday.

William Shaoul Benjamin, 64, of Los Angeles also faces charges of making false statements and conspiracy, according to the FBI.

On Monday, Benjamin, an Iraqi-born naturalized citizen, pleaded not guilty and was released on $500,000 bond with electric monitoring following his arrest on Sept. 14.

Code-named "9211," Benjamin allegedly worked with the Iraqi Intelligence Service between 1993 and 2001, infiltrating groups and organizations considered hostile to Saddam's government and relaying information to his Iraqi handlers. Prosecutors refused to say which groups he allegedly monitored.

He also traveled to Iraq to train with intelligence officers, authorities said. In June 2001, an Iraqi agent went to Tunisia to meet with Benjamin.

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In return, Benjamin received separate payments of $2,000, $4,000 and $2,500 over the years, gifts including two bottles of whiskey, and other compensation from the IIS, according to authorities.

The FBI says that he not only failed to state he was a paid source for Iraq intelligence in his application for U.S. citizenship, but also falsely declared that he had renounced allegiance to Iraq.

A call to Benjamin's attorney, James Blatt, was not immediately returned Wednesday.

If convicted on all counts, Benjamin faces a maximum sentence of 20 years in prison.

West Hills Man Indicted On Charges Of Spying For Hussein In The 1990s (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 21, 2006

William Benjamin pleads not guilty to allegedly infiltrating anti-regime groups.

A 64-year-old man from West Hills has been indicted on charges that he secretly worked for Saddam Hussein's intelligence services throughout the 1990s by infiltrating groups in the United States considered hostile to the former Iraqi regime, the FBI announced Wednesday.

William Shaoul Benjamin was arrested Sept. 14 for allegedly acting as a foreign agent without registering with the attorney general, as required by law. He also was charged with lying under oath to immigration officials.

Benjamin pleaded not guilty Monday and was released on a $500,000 bond.

At his ranch-style home in West Hills, Benjamin declined to comment. He referred questions to his attorney, James Blatt, who did not return several phone calls.

According to the federal grand jury indictment, returned in June and unsealed Sept. 14, Benjamin is accused of working for the Iraqi Intelligence Service from 1993 to 2001, under the codename "9211."

The indictment alleges that Benjamin met with intelligence service officers in Iraq and Tunisia, and received three payments totaling $8,500, as well as two bottles of whiskey.

The indictment reveals only this about what Benjamin allegedly did for the Iraqi government: "Defendant Benjamin would infiltrate groups and organizations located in the United States that were considered by the Iraqi Intelligence Service to be hostile to the government of Iraq under the leadership of Saddam Hussein. [He] would collect information regarding these groups and organizations, and the individuals in them, and provide this information to co-conspirators who were Iraqi Intelligence Service officers."

The indictment did not say which groups were allegedly infiltrated. Several local Muslim leaders with ties to the Iraqi community said they had never heard of Benjamin.

Assistant U.S. Atty. Judith Heinz, who is prosecuting the case, would not comment.

If convicted on all counts, Benjamin faces a maximum of 20 years in prison.

In May, a Palestinian man was sentenced in Indianapolis to 13 years for what prosecutors said was a plot to sell U.S. intelligence secrets to Hussein's regime. Prosecutors stopped short of saying that the man, Shaaban Hafiz Ahmad Ali Shaaban, actually had classified information and said the deal never went through, according to the Associated Press.

joe.mozingo@latimes.com

Times staff writer Amanda Covarrubias contributed to this report.

Klobuchar Campaign Aide Resigns (STPPP)

By Rachel E. Stassen-berger

The St. Paul Pioneer-Press, September 21, 2006

Democrat Amy Klobuchar's U.S. Senate campaign communications director resigned this week after she viewed and shared a possibly fraudulently obtained campaign ad for U.S. Rep. Mark Kennedy, Republican opponent, the campaign disclosed Wednesday.

"What happened here was wrong… Some people may believe that this happens on campaigns all the time, but it is not acceptable on our campaign," Klobuchar said in a prepared statement. "I offer a sincere apology to Mark Kennedy and his campaign."

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According to the Klobuchar campaign, a blogger sent Klobuchar's former Communications Director, Tara McGuinness, the Kennedy campaign ad on Saturday. She was told the ad was obtained through, "use of passwords."

Ben Goldfarb, Klobuchar's campaign manager, wouldn't further explain how the blogger got the ad or if he believed the blogger hacked into Kennedy's campaign computers. He did say McGuinness, who has been with the campaign for about five months, should not have accepted the information.

"Tara acted with exceedingly poor judgment by accepting the information and not turning it away," he said.

When he and Klobuchar, the Hennepin County Attorney, learned of the incident over the weekend they reacted immediately, he said. They reported it to the FBI, asked for McGuinness' resignation and told the blogger not to send any further advertisements to the campaign.

Goldfarb said they began dealing with the incident over the weekend and completed their follow up by today.

The FBI hadn't interviewed anyone with Klobuchar's campaign by Wednesday, he said.

He and Pat Shortridge, Kennedy's campaign manager, had a brief conversation Wednesday about the incident.

Top Klobuchar Aide Fired For Viewing Leaked Kennedy Ad (DULNT)

By Patrick Condon

The Duluth News Tribune, September 21, 2006

ST. PAUL - Democrat Amy Klobuchar's U.S. Senate campaign has fired its chief spokeswoman, revealing Wednesday that she viewed an unreleased TV ad for Republican candidate Mark Kennedy that may have been illegally obtained.

In a prepared statement, Klobuchar campaign manager Ben Goldfarb said that communications director Tara McGuinness was contacted last Saturday by a local blogger who sent her a link to the ad. Goldfarb said the campaign had turned the matter over to the Minneapolis office of the FBI.

"The blogger indicated to Ms. McGuinness that he had gained access to the advertisement by use of passwords," Goldfarb said in the statement. "Exercising poor judgment, Ms. McGuinness opened the link, watched the advertisement and asked others on our campaign to watch it."

At a hastily called press conference late Wednesday, Noah Kunin, who maintains the liberal blog http://www.blanked-out.com, revealed that he uncovered the ad. He said he was at the Web site of Kennedy media consultant Scott Howell, looking for previously aired examples of his work.

Kunin said he typed the word "Allen" into a field at the site, seeking the ads of Howell client U.S. Sen. George Allen, which led to several more links that ultimately brought up the Kennedy ad.

"At no point in the process did I circumvent security measures," said Kunin, 24. "The Web site containing this ad can be accessed by anyone with Internet access. It was in no way secured."

On the advice of his attorney, Kunin wouldn't discuss his contact with McGuinness. But he said he was not working on behalf of Klobuchar. "I want to apologize to the Klobuchar campaign for placing them under scrutiny," he said.

FBI spokesman Paul McCabe confirmed his office had been contacted by the Klobuchar campaign. "We are currently reviewing the facts of this matter to determine if there was any violation of federal law," McCabe said.

Kennedy's campaign manager, Pat Shortridge, held a news conference late Wednesday to demand the Klobuchar campaign answer a list of questions about the incident. Chief among them, Shortridge said: Why was McGuinness's firing announced Wednesday if she viewed the ad Saturday?

"Why did it take them so long to notify us?" Shortridge said. That in turn raises other questions, he said, such as whether other Klobuchar staffers or supporters saw the ad; or if McGuinness used information in the ad in a way that benefited the Klobuchar campaign.

Goldfarb said he first found out about the ad on Saturday night but not the full scope of the problem until Monday, when he dismissed McGuinness. He said the campaign didn't announce her dismissal until Wednesday because it took that long to finish making the report to the FBI.

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Goldfarb said the Klobuchar campaign wouldn't answer any more questions about the matter while the FBI was investigating it. Goldfarb did say in his prepared statement that neither he nor Klobuchar watched the ad, and that "no campaign strategy or decisions will be changed because of it."

In her own prepared statement, Klobuchar apologized to Kennedy and his campaign.

"What happened here was wrong," said Klobuchar, the chief prosecutor for Hennepin County. "By reporting the blogger's activities and this incident to law enforcement, we are doing the right thing."

McGuinness did not return a phone call seeking comment.

Petersburg Doctor Convicted In Virginia Delegate Fraud Case (DPHR/AP)

By The Associated Press

Daily Press, September 21, 2006

RICHMOND, Va. -- A Petersburg doctor has been convicted of obstructing an FBI investigation and making a false statement after federal authorities say he signed two competency letters that helped a Virginia lawmaker commit bank fraud.

Dr. Clarence Scranage Jr., 51, faces up to 25 years in prison and $500,000 in fines when he's sentenced on Dec. 15.

A federal jury convicted Scranage Tuesday, according to Chuck Rosenberg, United States Attorney for the Eastern District of Virginia. The FBI and Virginia State Police led the investigation against Scranage.

The charges relate to a 2004 joint investigation of Virginia Del. Fenton Bland. Bland is serving a 57-month federal prison sentence for forging deeds to property owned by an elderly Petersburg resident. Bland has been ordered to repay $1.2 million for his role in the scheme in which he forged signatures to take control of the property and get bank loans to benefit a Richmond funeral home he owned.

According to trial testimony, Scranage assisted the scheme by signing two letters addressed to a title insurance company that suggested the elderly victim was competent when he deeded property to Bland.

Authorities say Scranage later denied having contact with Bland during the August 2004 investigation. They later learned the two met a day before Scranage was interviewed by law enforcement.

Assemblyman Calls For Probe Of State Police Manhunt (TLPA)

By Michael Gormley

Times Leader (NE PA), September 21, 2006

ALBANY, N.Y. - The state police superintendent on Wednesday rejected allegations of mismanagement that prompted a state assemblyman to call for an independent investigation into how the manhunt for Ralph "Bucky" Phillips was handled.

"I think there should be something more, based on this," said Assemblyman William Parment, referring to complaints from the state troopers union released in a letter Tuesday. "During the process of the search, I had numerous complaints from constituents who felt the search was not being properly conducted."

Superintendent Wayne Bennett said the internal review already under way would address all questions. Gov. George Pataki issued a statement later, saying his office looks forward "to the timely completion" of the police review.

Three troopers were shot and one died during the five-month manhunt that ended with Phillips' capture Sept. 8 just across the Pennsylvania border.

Parment, a Jamestown Democrat, wants both an internal state police investigation and an outside review. He said the Legislature, which has oversight responsibility for all state agencies, or the executive branch might be capable of a proper investigation without hiring an outsider.

Assembly Speaker Sheldon Silver said he would discuss with his members how to proceed.

Saying troopers were under-equipped and poorly led during the search, the New York State Troopers Police Benevolent Association asked state officials to assign an investigator from outside state government. Assembly Speaker Sheldon Silver had no immediate comment Wednesday on Parment's request. State Attorney General Eliot Spitzer, who is running for governor, has not commented on the letter.

Trooper union president Daniel De Federicis said Wednesday that he was "flat out refused" a meeting with State Police Superintendent Wayne Bennett about his concerns before Phillips was captured.

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"If they are going to be arrogant and stubborn, which is precisely what got them into this problem in the first place, that is precisely why an outside entity must dictate to them what they did wrong in the task and what they must do in the future," De Federicis said.

Bennett said he would welcome an independent investigation, but he wouldn't call for one since the State Police can do the job.

"I can tell you there is no credibility to some of these allegations," he said, for example that state police turned away FBI assistance.

The letter also claimed state police created what became a deadly routine during the manhunt, using the same observation posts and shift-change times, and some troopers lacked adequate weaponry and body armor. Bennett said shifts have to be relieved "on post, so you can't get around that," and changing times would have meant even longer hours for some.

Bennett said the two troopers shot on a stakeout of Phillips' ex-girlfriend's house had a variety of body armor to choose from, and details that went into the woods pursuing Phillips had automatic weapons. He said some allegations, for example, that two other officers got lost in the woods and had to be found by a helicopter, he hadn't heard before and would be checked.

Phillips was captured five days after Trooper Joseph Longobardo died of injuries suffered when he was ambushed and shot during the largest manhunt in state history.

"This detail (manhunt) was poorly planned, poorly organized, poorly led and poorly executed," said the letter sent Tuesday by De Federicis on behalf of the union. The letter said the union had "significant" firsthand information from police to back its claims.

The letter, which painted an image of bullying local commanders and exhausted personnel, went to the highest levels of state government. Bennett the State Police is required to investigate personnel complaints, and some of them apparently are against personnel who are union members.

De Federicis said he feels this issue is the biggest since a fingerprinting scandal in the 1990s. Lower level state police personnel were investigated for manipulating fingerprints at crime scenes. After an independent investigation, state police adopted reforms.

"I know this is embarrassing for not just the agency, but for us as members," said De Federicis, a state police sergeant on leave for union work. "We don't like to see that. But my hope is that through a proper independent investigation, looking backwards and forwards, this agency comes out much stronger in the end."

Hundreds of police, at least 140 each shift near the end, spread out in remote, wooded southwestern New York to search for Phillips, a longtime petty criminal who escaped from an Erie County jail in April.

The condition of Trooper Donald Baker Jr., who was shot along with Longobardo while staking out the home of Phillips' former girlfriend on Aug. 31, was upgraded to serious Tuesday at a Pennsylvania hospital.

The union includes about 3,600 active state police employees, and "we feel we have the support of the majority," De Federicis said.

A suspect in the attack on Longobardo and Baker, Phillips has been charged in the shooting of Trooper Sean Brown near Elmira in June. Brown recently returned to duty.

Police Union Seeks Review Of Manhunt For Fugitive (NYT)

By Michael Wilson

The New York Times, September 21, 2006

The president of a union for state police troopers and a state assemblyman are demanding an independent review of a five-month manhunt for an escaped inmate in western New York. The union president cited what he said were several investigative missteps that may have prolonged the fugitive's flight.

The fugitive, Ralph J. Phillips, known as Bucky, surrendered on Sept. 8 in a field in Pennsylvania near the New York State line as hundreds of troopers closed in. He has been charged with attempted murder in a shooting on June 10 that wounded a trooper in Elmira, N.Y., and he is the prime suspect in an Aug. 31 ambush in Stockton, N.Y., that killed one trooper and wounded another.

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The president of the Police Benevolent Association of the New York State Troopers, Sgt. Daniel M. DeFedericis, criticized the manhunt in a letter sent on Tuesday to Gov. George E. Pataki, Attorney General Eliot Spitzer and several state lawmakers. In the letter, which he also sent to reporters, Sergeant DeFedericis said turf wars among investigators, as well as poor management, enabled Mr. Phillips to elude troopers who were, at times, literally lost.

"At one point during the detail, two troopers became lost in the woods and a state police helicopter had to be used to find them," he wrote. "Had there been proper command and control, incidents like this never would have happened."

He called for an investigation of the manhunt, as did Assemblyman William L. Parment, a Democrat from Jamestown, a city in the search area. "During the process of the search, I had numerous complaints from constituents who felt the search was not being properly conducted," Mr. Parment said.

The state police superintendent, Wayne E. Bennett, said at a news conference in Albany yesterday that he would welcome an independent investigation, and that police investigators would look into the incidents described in the letter. Mr. Bennett said he knew of no complaints from troopers about the manhunt.

Governor Pataki issued a statement later, praising the troopers' work in the manhunt and saying the review was under way. "We look forward to the timely completion of that review," he said.

Mr. Phillips, 44, who has a long criminal history, escaped from the Erie County Correctional Facility near Buffalo on April 2 by prying open a tile in a kitchen ceiling with a can opener. The manhunt began in earnest after the June 10 shooting, but for many weeks that followed the state troopers rebuffed an offer of help from the F.B.I., Sergeant DeFedericis said in an interview yesterday.

"We do have evidence that the F.B.I. both was given the impression and felt they were not wanted on that detail," he said. "Hence, they left it."

Superintendent Bennett, at the news conference, said, "I can tell you there is no credibility to some of these allegations." He said the F.B.I. agents in question were part of a tactical group meant to capture Mr. Phillips once his location was known, which was not the case at the time, and that both the F.B.I. and the state police agreed that the agents were needed elsewhere.

Paul Moskal, a special agent and spokesman for the Buffalo F.B.I. office, declined to comment on the matter and referred questions to the state police.

The union letter described exhausted troopers working weeks of double shifts and supervisors at times "ranting and raving" and bullying troopers, or donning camouflage uniforms and joining the search instead of supervising.

On Aug. 19, a trooper following a suspicious motorcycle identified its driver as Mr. Phillips as he was entering a house. But before backup officers could arrive, he had escaped again, the state police have said. Sergeant DeFedericis said the trooper was initially denied backup because of a policy of "measured response" to sightings.

In a statement, a spokesman for the New York State Police, Lt. Glenn Miner, said, "We welcome the input of the P.B.A., and all members of the New York State Police, and trust that in the future, when there is an issue of health and safety regarding an ongoing matter, that it will be brought to the attention of management immediately, not weeks later."

Mr. Phillips is being held at the Chemung County jail on charges of attempted murder in the shooting of Trooper Sean M. Brown in June.

Jr. Gibes On Pet Peeves (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 21, 2006

John A. (Junior) Gotti's Long Island mansion is mobbed up - with pets.

"My mansion, it could be featured in House & Garbage," Gotti said in a dig at prosecutors' claims he has a team of servants at his $1.3 million Oyster Bay Cove estate.

Gotti mused that it was quieter on the cellblock in his upstate New York prison than the home he shares with "six kids, four dogs, six rabbits, two chickens, two horses and a bird that screams every hour on the hour."

"Where's the kids?" and "Grandpa," the bird recites in an endless soundtrack.

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Until recently, the Gottis had a Vietnamese pot-bellied pig, but it got so fat it was putting a dent in the family's food bill. Gotti took it to an animal shelter. "I had to draw the line somewhere," he said.

Gotti's impromptu comedy routine came as jurors finished a second day of deliberations without a verdict in his latest trial.

Jurors sent a note yesterday to Manhattan Federal Court Judge Shira Scheindlin asking whether they must find that Gotti, 42, continued to be involved in construction extortion after 1999 in order to find him guilty.

And they asked to listen to a March 2003 tape of Gotti and pal Steve Dobies discussing the failed startup of a prison magazine that would dispense legal advice and feature photos of rapper babes.

Prosecutors say Gotti continued to reap the benefits of his life in the mob even after he pleaded guilty to racketeering charges in 1999 and began serving a six-year sentence.

In order to find him guilty of participating in a racketeering conspiracy, prosecutors must prove that he participated in at least one crime after 1999, five years from his 2004 indictment.

'HAPPY' CAPO NOT LAUGHING ANY MORE (NYPOST)

By Zach Haberman

The New York Post, September 21, 2006

Call him Louie Ta Ta.

Bonanno crime-family big Louis "Louie Ha Ha" Attanasio was sentenced to 15 years behind bars yesterday for whacking another mobster.

Attanasio, 62, and fellow capo Peter "Rabbit" Calabrese, 58, who was also given a 15-year prison stint yesterday, both pleaded guilty last month to murdering Cesar Bonventre, a member of the family's Sicilian faction.

Former godfather Joe Massino ordered the gangland hit after Bonventre fell out of favor with him. Attanasio admitted to shooting Bonventre in the back of the head as they sat in a car parked inside a garage in Maspeth, Queens, in 1984.

Attanasio and Calabrese - who both took plea deals to get the pre-arranged sentences instead of facing up to 20 years in prison - then hacked Bonventre's body into pieces and stuffed his remains into steel drums inside a New Jersey glue factory.

Attanasio's younger brother, Robert "Bobby Ha Ha" Attanasio, was also in court yesterday to plead guilty to his role in the rubout.

"I cleaned up the car involved in that murder," the younger Attanasio told Brooklyn federal court Judge Nicholas Garaufis.

Bobby Ha Ha's admission was also contingent on a prearranged prison sentence. He is expected to get 10 years behind bars when he is sentenced in January.

Former SBC Worker Denies She Lied To Grand Jury In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 21, 2006

A former SBC employee denied Wednesday that she lied to a federal grand jury about her contacts with a co-worker who has been indicted in the racketeering and wiretapping case of indicted private investigator Anthony Pellicano.

Facing five counts of perjury, Joann Wiggan, 52, of Burbank also testified that whatever calls she made to or received from her former co-worker, Ray Turner, had nothing to do with his alleged involvement in accessing confidential phone records for Pellicano.

Wiggan at one point broke down in tears as she testified in her own defense, contradicting assertions by federal prosecutors that she repeatedly lied to a federal grand jury about her contacts with Turner. As they presented the government's case on the first day of trial Tuesday, prosecutors said that two other ex-SBC employees who have admitted illegally providing confidential phone company information to Turner were contacting him at the same time as Wiggan.

But the former SBC employees, Teresa Wright and Michele Malkin, testified Wednesday before U.S. District Judge Dale S. Fischer that they did not know Wiggan. Other government witnesses, including an FBI agent and an SBC security official, testified that they had no way of knowing what Turner and Wiggan talked about, or even if the many calls between their home, work and cellphones were made by them or others with access to those phones.

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Under questioning by her attorney, David R. Reed, Wiggan described Turner as a co-worker whom she had known for years and as a "fun guy … who would always make you feel good about yourself."

His friendship was particularly welcome, Wiggan said, during the period from late 1999 to 2002 that has been the subject of interest by authorities because of the phone calls between the former SBC employees. "We talked now and then," Wiggan said. "I was depressed. I was going through a bad time," she said, recalling how her mother had died and that she was too ill to attend the funeral. It was also during that period, Wiggan testified, that she was first estranged from her husband and was seeing a psychiatrist. "I was going through a terrible period of my life," she said, breaking into tears. Turner "was nice to me."

When she was later called before the grand jury to testify about her contacts with Turner, Wiggan said, she testified without an attorney because she did not think she needed one.

"I didn't have anything to hide," she said, reiterating that she never provided any proprietary information to Turner.

In his opening remarks, Reed portrayed Wiggan as someone whose grand jury testimony has come back to haunt her because she appeared without an attorney and relied on her memory and other faulty information.

Despite phone records showing calls from her numbers to her voicemail at work, Reed said, Wiggan originally told the grand jury she had not accessed her office voicemail before 2003, only to learn later that her estranged husband had been checking it during that time because he suspected that she was seeing someone else.

Wiggan also testified that she would often forget about specific voicemail messages and would often not check her voicemail because she found the process "annoying," especially when her three children would call just to complain about each other or report a fight at home.

"It was supposed to be used for emergencies," she said, "not to complain."

"Did you ever call your voicemail and have a voice message from Ray Turner?" her attorney asked.

"Not that I can remember, no," Wiggan said.

After the trial recessed Wednesday, Wiggan's lawyer said he would present witnesses who will testify that they repeatedly accessed Wiggan's office voicemail. He also said he will call other former co-workers who will attest to her devotion to the company where she worked for 33 years before being fired in March as a result of the federal probe.

Prosecutors declined to comment about the day's testimony. They are scheduled to cross-examine Wiggan today.

greg.krikorian@latimes.com

Effort To Combat Child Pornography On Internet Would Close Sites (NYT)

By Kurt Eichenwald

The New York Times, September 21, 2006

As part of the battle against the spread of child pornography on the Internet, an initiative has begun allowing for the shutdown or blocking of sites offering illicit images of minors, even in cases where no criminal investigation is being conducted.

The initiative, expected to be announced today at a Congressional hearing, is part of an effort among a group of Internet service providers and the National Center for Missing and Exploited Children.

Until now, the decisions to close child pornography sites were ad hoc, based on thousands of referrals to the service providers and the Cybertipline of the center.

Often such shutdowns did not occur, and many times closings were reserved for sites that were the targets of criminal investigations

But in an inquiry this year by the Investigations and Oversight Subcommittee of the House Energy and Commerce Committee, lawmakers learned of an aggressive effort in Britain to shut or block access to identified sites.

That effort, run by the Internet Watch Foundation, resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent this year from 18 percent in 1997.

In that period, the percentage of such sites based in the United States rose, to almost 50 percent, officials said.

The chairman of the House committee, Representative Joe Barton, Republican of Texas, asked the center why the United States did not have a similar effort. In response, officials with the center joined with Internet service providers to begin the initiative.

In prepared testimony to be delivered today to the subcommittee, the president of the center, Ernie Allen, credits Mr. Barton as the catalyst for the initiative. Under the program, the testimony says, the center will confirm the presence of illegal images on reported sites and provide the Web addresses and related information to the service providers. Those companies will then take down such sites if they are based on their systems or will block their subscribers' access using filters.

Among the groups participating in the effort are the U.S. Internet Service Provider Association, as well as AOL, Earthlink, Google, Microsoft and United Online.

The initiative is part of an array of tactics adopted in recent months to combat child pornography sites on the Internet. Among them was the creation of the Financial Coalition Against Child Pornography, a group of major financial institutions and Internet companies that are working with the National Center for Missing and Exploited Children. Payment processors representing 87 percent of the business in the United States have joined the coalition, according to Mr. Allen's statement.

The coalition will be able to follow the money that is the lifeblood of the commercial child pornography business and has the goal of eradicating the business by 2008, Mr. Allen said in his prepared remarks.

"We will aggressively seek to identify child pornography sites with method of payment information attached,'' Mr. Allen said. "Then we will work with the credit card industry to identify the merchant bank. Then we will stop the flow of funds to these sites.''

The initiatives respond to problems identified by the Congressional subcommittee in hearings that began in April with the testimony of Justin Berry, who as a teenager had his own Web cam pornography site featuring images of himself. Mr. Berry laid out the network of companies that were hosts, payment processors and other businesses that have remained the focus of the hearings.

Sen. Burns Not A 'target,' But Campaign Quiet On Whether's He's A 'subject' (MTST)

By Jennifer McKee, The Standard State Bureau

Montana Standard, September 21, 2006

HELENA — Sen. Conrad Burns' re-election campaign revealed this week that Burns is not the "target'' of an ongoing federal probe into lobbying and corruption, but that doesn't mean the three-term incumbent is not a "subject'' of the probe.

The distinction stems from definitions spelled out in an exhaustive U.S. Justice Department manual. It defines the "target'' of an investigation as someone about whom "substantial evidence linking him or her to the commission of a crime'' exists. Targets of investigations are presumed to be the prospects for future charges.

"Subjects'' of investigations are different. The manual defines subject as a "person whose conduct is within the scope of'' an investigation.

Ralph Caccia, Burns' Washington-based criminal defense attorney spoke with Justice Department officials this week, who confirmed that Burns was not the "target'' of the investigation.

Asked if Burns might be the "subject'' of an investigation, Erik Iverson, Burns' campaign manager said he was "not going to speculate.''

The campaign did not make Caccia available for comment.

Iverson said Caccia's conversation with the Justice Department came in response to comments this week by Jim Farrell, executive director of the Montana Democratic Party. Farrell told a Montana television station that "we know from many sources now that Senator Conrad Burns is the target, in fact, the center of this (investigation).''

Iverson said Farrell was referring to the Justice Department definition of "target.''

"These guys are making a very specific allegation,'' Iverson said, an allegation that is false.

Iverson said the agency has never contacted Burns and aside from an initial letter Burns sent the agency late last year promising cooperation and Caccia's latest discussion, there have been no communications between the senator's office and investigators.

"The only word we've ever gotten from the Justice Department is to say Burns is not a target,'' Iverson said. "Beyond that, Senator Burns has pledged his full cooperation. He's done that and he'll continue to do that.''

A Justice Department spokesman did not return phone calls Wednesday seeking comment. The agency has steadfastly refused to comment on the case.

Local and national press reports have linked Burns to Jack Abramoff, a disgraced former lobbyist who has pleaded guilty to a host of federal corruption charges stemming from lobbing abuses.

Abramoff is at the center of the ongoing Justice Department probe.

An Ohio congressman, Republican Rep. Robert Ney, pleaded guilty earlier this month to two conspiracy counts involving Abramoff's lobbying abuses.

Burns received roughly $150,000 in Abramoff-related campaign donations, the most of any member of Congress, although he returned the money after the scandal broke. Two members of Burns staff also attended the 2001 Super Bowl at Abramoff's invitation and expense.

Matt McKenna, a spokesman for Burns' Democratic opponent, Jon Tester, also called Burns a "target'' in the Justice Department probe.

Both Farrell and McKenna said they weren't aware of the federal definition to "target'' when they made their statements.

"I don't have a $600-an-hour criminal defense attorney like Sen. Burns, so that subtlety was lost on me,'' McKenna said.

Saying Farrell made "intentionally misleading and deception claims'' about Burns being a "target'' in the investigation, Karl Ohs, chairman of the Montana Republican Party, on Wednesday asked Farrell to step down as head of the Montana Democrats.

Farrell said he "would resign when Burns resigns and we can end this dispute today.''

Farrell said he stands by his belief that Burns is part of the investigation. He said more than 20 newspapers, magazines and other news outlets have reported the story and the Justice Department has never come forward to correct the claim. But when ABC News erroneously reported earlier that House Speaker Dennis Hastert, R-Ill., was also linked to the Abramoff probe, the agency corrected the inaccurate story.

"If Senator Burns is not under investigation, why has the Department of Justice remained silent?'' Farrell said.

But Iverson countered that tying Burns to Abramoff has been part of the Democrats campaign strategy for months, but Burns has never been contacted by the agency.

Democrats, he said, "have created an entire campaign strategy around this issue and yesterday it evaporated on them,'' he said. "Facts are the facts and the fact is Burns is not a target of this investigation.''

Man Arrested In Colorado Dragging Death (WT)

By Valerie Richardson

The Washington Times, September 21, 2006

CASTLE ROCK, Colo. -- An arrest was made late Tuesday in the vehicle-dragging death of a Colorado woman, with authorities charging a man who left behind a photo of himself at the crime scene and is suspected of being an illegal alien.

Jose Luis Rubi-Nava, 36, was being held without bail yesterday on first-degree murder charges. Douglas County Sheriff Dave Weaver said he had placed an immigration hold on the prisoner and notified Immigration and Customs Enforcement of the arrest.

Investigators tracked down the suspect after finding a photograph of him and a woman at the crime scene in the Surrey Ridge subdivision, Sheriff Weaver said.

"It has not been determined if the female in the photograph is our deceased victim," he said.

Identifying the victim, whose body was found Monday, has been difficult because her face was unrecognizable after she was dragged for about 1½ miles on a paved road in the rural community about 20 miles south of Denver.

Preliminary autopsy results say that the victim was alive when she was tied to the vehicle and that she died of asphyxiation and head injuries. An orange tow rope was found around her neck.

Records obtained by KUSA-TV, the Denver NBC affiliate, showed that Rubi-Nava was arrested April 21 and charged with false identification and driving without a driver's license and proof of insurance.

The arrest comes four days after the murder conviction of Raul Gomez-Garcia, an illegal Mexican alien who last year killed Denver Police Detective Donald Young. Gomez-Garcia also had been cited in the months before the killing on traffic-related charges stemming from his illegal status but was never detained or reported to federal immigration authorities.

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"It's horrifying," said former state Senate President John Andrews, referring to the dragging death. "This is another case where police had an opportunity to apprehend someone before he could commit a more serious crime, and they didn't do it."

Rep. Tom Tancredo, whose district includes the Surrey Ridge neighborhood, said the federal government shared "a certain degree of responsibility" for the woman's slaying.

"This is another example of what happens when you have no control over your borders," said the Republican, a vocal proponent of immigration reform.

The dragging death left a weaving, mile-long trail of blood and clothing scraps along Surrey Road. Washing the road with high-power hoses failed to wipe out the blood, so the county yesterday sent a road crew to resurface the street.

"It was kind of horrible seeing this trail every time you drove through the neighborhood," said Surrey Ridge resident Sharon Braddock. "I can't believe someone could do that to another human being."

Sheriff Weaver emphasized to rattled residents that their neighborhood hadn't been targeted by the killer.

Authorities said that the victim was about 5 feet tall with long auburn hair and green or hazel eyes and that she could have been white, Hispanic or American Indian. The woman in the photograph is heavyset, has short black hair and appears to be Hispanic.

3 Portland Residents Charged With Fraud (AP)

AP, September 21, 2006

PORTLAND, Ore. (AP) — A federal grand jury indicted three Portland residents in connection with real estate transactions.

The Department of Justice announced Wednesday that Ryan Bonneau, 30; real estate agent Troy Martin, 40 and real estate loan broker Leanne Booth, 48, were charged in the indictment.

The charges stem from a federal investigation by the IRS and the FBI into allegations that the defendants engaged in a scheme to defraud a bank to finance the sale of two properties in Northeast Portland.

Bonneau was on federal-supervised release from a prior conviction during the time he allegedly engaged in the fraud.

An arraignment has not been scheduled.

Insurance Agent Admits Fraud, Money Laundering (BILLGAZ)

By Clair Johnson, Of The Gazette Staff

Billings Gazette, September 21, 2006

A Billings insurance agent Wednesday admitted he defrauded companies and laundered money.

Michael Don Hutton, 59, pleaded guilty in federal court to wire fraud, mail fraud and money laundering. The hearing before Senior U.S. District Judge Jack Shanstrom was his first court appearance.

Hutton was the principal of M.D. Hutton Insurance, an insurance agency in Billings. From May 1999 until May 2004, Hutton issued 38 performance and payment bonds on behalf of St. Paul Mercury Insurance Co. and St. Paul Fire and Marine Co. to S.E. Inc. in Deaver, Wyo., according to Assistant U.S. Attorney Kurt Alme. SEI paid Hutton $160,152 for the bonds.

Hutton did not notify the St. Paul insurance companies he had issued the bonds and kept the insurance premiums that he had collected from SEI on the policies, Alme said. The wire fraud charge involved faxing a bond invoice from Billings to Deaver.

Hutton admitted he knew it was wrong for him to issue the unreported bonds and to retain the premiums. He told investigators he did it because he was broke and needed the money because of business losses.

In the mail fraud scheme, which ran from September 2002 to May 2004, Hutton submitted 28 premium financing agreements to Provident Financial Inc. on behalf of 12 customers to obtain loans purportedly to pay the customers' insurance premiums. Hutton did not have the consent of the customers to get premium loans on their behalf, Alme said.

Hutton forged the names of customers on the premium finance agreements and sent them to Provident, which then would pay loan proceeds to Hutton or directly to the insurance company issuing the customers' policies. When Provident provided the loan proceeds to Hutton, he kept them. When Provident provided the loan proceeds directly to the insurance company to pay the premium, Hutton instead kept some or all of the premium paid to him by the customer.

Hutton used some of these loan proceeds and premiums to make payments on the loans to Provident.

In the money laundering count, Hutton sent Provident a check for $7,067 from a US Bank account knowing he had obtained the money in the mail fraud scheme. Hutton sent the check to make a payment on the unauthorized customer loans to continue the scheme.

Agents with the FBI, the Criminal Investigation Division of the IRS and the Montana State Auditor's Office conducted the investigation.

Shanstrom set sentencing for Dec. 20. Hutton faces a maximum penalty of 20 years in prison and a $500,000 fine. Hutton remains released pending sentencing.

FBI Nabs Fugitive 'king' Of Child Porn (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 21, 2006

A man who described himself to FBI agents as the "king of child pornography" has been arrested after more than 20 years on the run.

Kirk Alan Swearingen Kirk Alan Swearingen has been indicted by a federal grand jury in Utah on charges of receipt of child pornography and possession of child pornography. He is scheduled to be arraigned this morning before a federal magistrate.

Swearingen, 45, was arrested after FBI agents said he gave a stolen Social Security number while trying to rent an apartment in Salt Lake City. In criminal charges filed Monday in Utah's federal court, FBI agents said Swearingen told the landlady his name was Chet Weseman. The Social Security number belonged to a 91-year-old man.

When FBI agents investigating the identity theft brought "Weseman" in for questioning, he told them his real name was Carl Clark, giving them another name and Social Security number. Those also turned out to be fake.

When agents threatened to run his fingerprints, "Swearingen advised that he understood and indicated that he had been on the 'run' for 22 years and had been profiled on 'America's Most Wanted,'" FBI Special Agent Jeff Ross wrote in an affidavit filed with criminal charges in federal court.

Swearingen is wanted in several states for child sex offenses including Iowa, South Dakota and New Mexico. He was convicted of a sex offense against a child in Colorado back in 1983. Since then, the FBI said he has been on the run with criminal charges filed against him in 1994, 1998 and 2001.

"He's got a history of travels, a history of child molestation," FBI Special Agent Patrick Kiernan told the Deseret Morning News. "He had over 30 different aliases and six or seven dates of birth. He's been using different names for years."

During questioning by FBI agents, Ross wrote in an affidavit that Swearingen called himself the "king of child pornography but denied being involved in the possession, receipt, manufacture or distribution of child pornography."

Swearingen gave FBI agents permission to search his computers and e-mail accounts. Agents said while searching his property they found a pair of CD cases with numerous compact discs featuring video files of child pornography.

On Wednesday, the FBI said it was beginning to back-track Swearingen's life for the past 20 years, learning where he has been and who he met.

"He admitted to us that he came from California," Kiernan said. "Look how far these offenses go back. We're talking over 20 years. That's a long time, and that could be a lot of victims."

If convicted of the child pornography charges in federal court, Swearingen faces a minimum of 25 years in federal prison.

FBI Nabs Suspect In Child Porn (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, September 21, 2006

Kirk Alan Swearingen Arrested in SLC

A California man who allegedly tried to rent a Salt Lake City apartment under a false identity was indicted Wednesday by a federal grand jury on charges of receipt and possession of child pornography.

Investigators say the man's true identity is Kirk Alan Swearingen, a 45-year-old former truck driver who is a fugitive wanted in Iowa on state charges of sexual abuse for allegedly molesting two minors in 2001. He is being held without bail on a federal charge of flight to avoid prosecution.

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Swearingen was arrested Friday after an apartment complex owner suspected he was giving her a false Social Security number and called the FBI Identity Theft Task Force.

At first, Swearingen insisted to investigators that the Social Security number, which belonged to a 91-year-old man, was his, according to an affidavit by FBI Special Agent Jeff Ross. He then gave another fake name before finally revealing his true identity, Ross said.

The affidavit alleges that Swearingen described himself as the "king of child pornography" but denied having any illegal material and gave permission for a search of his belongings. Agents found compact discs containing numerous images of minors engaging in sexual acts, Ross alleges.

If convicted of the federal child pornography charges in Utah, Swearingen faces

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a 10-year mandatory minimum prison term on the possession count and a 15-year mandatory minimum sentence on the receipt count. He could get a maximum of 40 years.

The FBI affidavit says Swearingen's record shows a 1983 conviction for a sex offense against a child in Aurora, Colo.; a failure to appear in court after being charged in 1994 in Rapid City, S.D., with a sex offense against a minor, and a 1998 arrest in Gallup, N.M., on a charge of possession of child pornography. The disposition of the New Mexico case was unavailable.

Another FBI affidavit, filed in the Iowa case, said Swearingen also has a record of burglary and larceny. In addition, it alleged that Swearingen had used approximately 40 aliases in the past two decades.

'King Of Child Porn' Busted On Arrival In Utah (KUTV-TV)

KUTV-TV, September 21, 2006

(KUTV) SALT LAKE CITY - Utah authorities have arrested the self-proclaimed “King of Child Porn,” who was apparently tripped up by an identity theft scheme.

Police learned about Kirk Alan Swearingen, 45, after a Salt Lake City couple alerted them about a man wanting to rent a unit in their building – whose name and social security number seemed a little suspicious.

According to John and Betty Daley, who own an apartment building, Swearingen called them two weeks ago from San Francisco. He told them he was coming to Utah and was looking for a place to rent.

But Betty got suspicious when he gave out his social security number. She did some detective work and found that his name and social security number didn’t match.

The Daleys agreed to rent an apartment to Swearingen, and called the FBI. When the suspect showed up to claim his apartment, he was arrested for identity theft.

However, after further investigation authorities discovered that Swearingen has previously been arrested as an accused child sex predator. It turns out, he was wanted in a variety of states and had been on the run for 22 years.

“We could have been targets for this animal,” John Daley told 2News. “We are nice people. We would have let him into our lives. He could have abused our children too.”

The idea that Swearingen could have set up shop in Salt Lake City is painful for authorities to think about.

“He is one of the worst possible predators,” said Brett Tolman of the U.S Attorney’s office. “He’s very aware of what he’s doing. And he’s systematic.”

“We are concerned that he’s traveling throughout the country, either possibly molesting children… or being involved in production or distribution of child pornography,” Patrick Kiernan of the FBI told 2News.

“I got butterflies thinking about how close of a bullet we dodged,” John Daley added.

Investigators say they have found several CDs in Swearingen’s possession that contain child pornography. The suspect reportedly has used more than 30 aliases over the years, and officials say he was very good at deceiving people.

The FBI says at the current time, it is unclear exactly how many crimes Swearingen may have committed across the country – but he has previously been arrested in Colorado, South Dakota and New Mexico.

Iowa Fugitive Found In Utah (AP)

AP, September 21, 2006

SALT LAKE CITY A man wanted since 2001 for sex offenses in Iowa was arrested in Utah after a suspicious landlord doubted his Social Security number and called the FBI, authorities said Wednesday.

Kirk Swearingen, 45, likely won't be returning to the Midwest. He was charged in federal court with possession of child pornography after agents examined compact discs in his computer case.

"He's here now, and we have federal charges. We would certainly like to keep him," said Melodie Rydalch, a spokeswoman for the U.S. attorney's office in Salt Lake City.

Swearingen was in custody awaiting a detention hearing Thursday. Defense attorney Viviana Ramirez could not immediately be reached for comment.

After riding an Amtrak train to Salt Lake City from California on Sept. 15, he attempted to rent an apartment under a different name and supplied a Social Security number that actually belonged to a 91-year-old man, FBI agent Jeff Ross said in a court document.

The landlord called the FBI. Agents interviewed Swearingen and caught him in a series of lies about his name, date of birth and Social Security number, Ross said.

After fingerprinting him, agents found an arrest warrant from Jasper County, Iowa, where he was charged in the sexual abuse of two minors five years ago.

Swearingen also is wanted in Rapid City, S.D., where he was charged in 1994 with a sex offense involving a minor, Ross said.

His criminal history includes a conviction for sex offenses in Colorado in 1983, the agent said.

Swearingen declared himself the "king of child pornography" but denied possessing or making it, Ross said.

In 2002, four months after the Iowa charges were filed, FBI agents there filed documents in federal court accusing Swearingen of fleeing that state. He was described as a trucker who had used 40 aliases over 20 years.

DNA Evidence Frees A Man Imprisoned For Half His Life (NYT)

By Fernanda Santos

The New York Times, September 21, 2006

WHITE PLAINS, Sept. 20 — Jeffrey Mark Deskovic came of age in a maximum-security prison, doing time for a crime he did not commit.

Sixteen years ago, Mr. Deskovic was convicted of raping, beating and strangling a Peekskill High School classmate in a jealous fit of rage. DNA evidence presented at his trial showed that semen in the victim's body was not his, but the police testified that he had confessed.

On Wednesday, after he fought exhaustive legal battles and wrote dozens of pleading letters that led him nowhere, Mr. Deskovic, 32, walked out of the Westchester County Courthouse an overjoyed if embittered man.

"I was supposed to finish my education, to begin a career," he said. "The time period to have a family, to spend time with my family, is lost. I lost all my friends. My family has become strangers to me.

"There was a woman who I wanted to marry at the time that I was convicted, and I lost that too," Mr. Deskovic added. "Given all that, I ask everybody: Would you be angry?"

Among the people who Mr. Deskovic said refused to review his case is Jeanine F. Pirro, the former Westchester district attorney, who took office after his trial; she is now the Republican nominee for state attorney general. The freed inmate and his lawyer expressed outrage that Ms. Pirro had scheduled a news conference to call for the reinstatement of the death penalty in New York just as Mr. Deskovic was being released Wednesday morning, but Ms. Pirro ended up canceling the event.

Ms. Pirro's successor, Janet DiFiore, agreed to run the evidence through a national DNA databank after she was approached in June by Barry Scheck, a director of the Innocence Project, which works to free the wrongly convicted.

The decision to release Mr. Deskovic came after the DNA matched that of a man who is serving time for another Westchester murder. Ms. DiFiore declined to identify him but said he recently confessed to killing Angela Correa, 15, the girl Mr. Deskovic was convicted of killing, on Nov. 15, 1989.

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Mr. Scheck said that Mr. Deskovic was the 184th person nationwide to be exonerated because of DNA evidence since 1989, and that his case highlights the importance of having the authorities videotape interviews with suspects, as many police departments nationwide have begun to do.

"We've learned a lot about false confessions in the past decade," Mr. Scheck said at a news conference. "Videotaping of confessions and training of police officers can definitely lead to different results."

The case against Mr. Deskovic hinged largely on a confession he made after six hours of questioning in a small interrogation room in Brewster, where two Peekskill detectives took him for a polygraph test, according to court documents.

Mr. Deskovic, a sophomore, and Ms. Correa, a freshman, were in two classes together. Both were quiet and did not have a lot of friends, according to his mother, Linda McGarr, and Ms. Correa's stepfather, Pedro Rivera, who sat quietly in court to see Mr. Deskovic go free.

"I can't tell you why, but I've always had a feeling that the police had the wrong guy," said Mr. Rivera.

Mr. Rivera met Mr. Deskovic for the first time at Ms. Correa's wake, but saw him numerous times after that, he said. Mr. Deskovic went to church with the family, dined at their home and took Ms. Correa's younger sister to the movies, he recalled.

"Jeffrey cried a lot for Angela," Mr. Rivera said. "He was very distraught."

The police in Peekskill said Mr. Deskovic's behavior seemed odd. At his trial, investigators said they grew suspicious of Mr. Deskovic because he was late for school the day after Ms. Correa's murder and seemed "overly distraught" about the death of a girl who was not his close friend.

For two months, Mr. Deskovic denied having anything to do with Ms. Correa's death. Finally, in late January 1990, he agreed to the polygraph test, which preceded the interrogation that led to his confession.

"Believing in the criminal justice system and being fearful for myself, I told them what they wanted to hear," Mr. Deskovic said, by way of explanation. "I thought it was all going to be O.K. in the end," because he was sure that the DNA testing would show his innocence.

In convicting Mr. Deskovic, the jury effectively chose to give more weight to his tearful confession than to the DNA and other scientific evidence.

The conviction seemed to indicate that jurors believed the prosecution theory that semen found in Ms. Correa's body was likely from a consensual sexual relationship with someone else.

Many convicted criminals were compelled to give DNA samples in recent years, and the source of the semen in the victim's body was apparently identified that way. Until such database comparisons were available, there was no way for Mr. Deskovic to disprove the prosecution's theory, because there was no way to pinpoint whose semen it was.

While in prison, Mr. Deskovic said, he lived "from appeal to appeal," trying not to think of the 15-years-to-life sentence that hung over him. He finished high school, and earned an associate's degree.

He played a lot of chess and learned how to type, fix computers and paint walls, he said. He also learned how to cook.

A year into his sentence, he converted to Islam. "It was a major factor in surviving prison in terms of my mental sanity,'' he said.

After his release, Mr. Deskovic went with his mother, two aunts and two uncles for lunch at an Italian restaurant here. He ate tomatoes, mozzarella sticks, stuffed mushrooms, mussels and a dish of baked ziti. And for the first time, he talked on a cell phone.

"That was pretty weird,'' he said afterward. "I was looking for the little holes where you talk into, and couldn't find them.''

Sheriff Gets $17,000 Gang Grant (CHESTNR)

By Stephen Guilfoyle

Chester County (SC) News & Reporter, September 21, 2006

The Chester County Sheriff's Office has received $17,765 from the U.S. Attorney's Office in Columbia, part of $445,487 in anti-gang grants the office announced last week.

The grant application said the Sheriff's Office will start a program called, "Beat the Streets" to fight gangs in the county.

Deputy Kim Carnes, the gang officer for the Sheriff's Office, said the grant would allow her to buy a laptop and a projector so that she can give presentations on gang activity and raise awareness, as well as teach classes in local schools.

She currently uses a Sheriff's Department laptop, but she can't take it with her everywhere she needs to go.

Chester County Council accepted the grant, which has no match, at Monday night's meeting.

Sheriff Robby Benson said the computer will allow Carnes to track gang activity and put it into a state database so the state can track gang activity. Federal officers would probably have access to the database as well, he said.

Carnes said she would be able to advertise the department's tipline better. Going into the schools is a big concern of the grant.

She will have a contest to design an anti-gang billboard, and students will win a prize. The student who comes in first will have his or her billboard put up for about a year.

She will also prepare pamphlets and information sheets about gang activities with the grant.

She will be able to do PowerPoint presentations from the computer with the projector, Carnes said.

"We have to do exactly what we said we'd do with the grant," Carnes said.

The grant spells out exactly what they will do with the money. The Chester County Safe Schools/Healthy Student Initiative helped Carnes write the grant, and she thanked them for writing a good one.

Chester County is the only county in the area to receive a grant.

Benson told County Council that Rock Hill, York and the city of Chester Police Department applied but did not receive a grant.

Gang activity is on the increase, Benson said., Gang members are leaving the bigger cities to get away from the police there, and are coming to rural counties.

Benson said many gang members here have come down from Charlotte.

He said a recent shooting at a party July 15 on York Street was apparently gang-related.

No one was arrested at the time of the incident, Benson said, But one man was subsequently arrested. That man has already been released on bond, he said.

Six people were injured when one man opened fire at what was called a party attended by about 250 to 300 people..

"The party had apparently been going on for a while," said Benson.

All the victims in the shooting were treated by the rescue squads, then transported, according to the incident report. Two were taken by helicopter to hospitals..

The State Law Enforcement Division assisted the Sheriff's Office in investigating the second shooting.

Several .45 caliber casings were found, along with a Smith and Wesson .38 caliber pistol.

Despite recovering a gun of a different caliber than the recovered casings, Benson said investigators believe there was just one shooter.

Carnes said talk on the street is one person in a gang was shooting at members or another gang.

The report says none of the victim's injuries were life-threatening. One of the victims was a woman, the rest were men.

The incident report says the shooting happened at 12:34 a.m., July 16 at 1345 Old York Road.

U.S. Attorney Reginald I. Lloyd announced 10 other anti-gang grants from a federal program called Project Safe Neighborhood/Project CeaseFire.

The S.C. Department of Public Safety's Office of Justice Programs will administer these grant programs on behalf of the U.S. Attorney's Office and the Department of Justice, according to a release from Lloyd's office.

Project Safe Neighborhoods is a national federal initiative designed to reduce gun violence. Project CeaseFire is South Carolina's implementation of the Safe Neighborhoods.

"State and local law enforcement agencies are a tremendous part of our Project CeaseFire program. Therefore, we are pleased to be able to award them the funds that they need to help us address the gang problem in South Carolina," Lloyd said. "Together we can hopefully make a difference in South Carolina."

Lloyd said with the strong and consistent support of each law enforcement agency, Project CeaseFire can continue to have the success that it has had for the past five years. These anti-gang grant awards will allow law enforcement agencies to continue with innovative programs to reduce gang and firearm crimes in our towns and counties.

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These grants comprise the $445,487 awarded to the South Carolina Department of Public Safety as fiscal agents for the U.S. Attorney's Office (District of South Carolina) by the U.S. Justice Department under the Project Safe Neighborhoods program. Under federal guidelines, agencies may use these funds for such purposes as hiring and training law enforcement officers and support personnel and establishing programs focusing on gang violence and gang violence prevention and education.

More information concerning the national initiative may be found at www.ProjectSafeNeighborhoods.gov, while more information concerning the South Carolina initiative may be found at www.usdoj.gov/usao/sc/.

Warren Wilson Gets Money To Prevent Violence Against Women (ASHCT)

Asheville (NC) Citizen-Times, September 21, 2006

SWANNANOA – Warren Wilson College has received a federal grant of $191,851 to reduce violence against women on campus.

The U.S. Attorney's office announced the award Tuesday, part of a Justice Department program that helps colleges pay for victim services, education programs, security measures and investigation strategies.

The goal is to better prevent and respond to domestic violence, dating violence, sexual assault, and stalking.

Warren Wilson in Swannanoa has about 800 undergraduate students, 55 percent of them women.

Fla. Inmate Who Had Won Stay Is Executed (FINDLAW/AP)

AP, September 21, 2006

(AP) - STARKE, Fla.-A convicted killer who had argued that Florida's use of lethal injections amounted to cruel and unusual punishment was put to death by lethal injection Wednesday night after the U.S. Supreme Court narrowly denied him another stay.

Clarence Hill, 48, was executed for the 1982 murder of a Pensacola police officer in a savings and loan robbery.

He did not reply when asked if he had a last statement, staring straight at the ceiling. His head was strapped down, unlike some other executions.

After the injection, he blinked his eyes a couple times, his chest heaved and his mouth drooped. The physicians, wearing blue hoods and dark goggles, checked his vital signs at 6:11 p.m., and pronounced him dead a minute later.

Earlier in the day, the Supreme Court, which halted Hill's execution in January after he was strapped to a gurney awaiting his lethal injections, voted 5-4 to deny another stay. Justices Stephen Breyer, Ruth Bader Ginsburg, David Souter and John Paul Stevens voted to grant the stay, the court said in a two-sentence order.

The high court ruled unanimously in June that Hill could argue the three chemicals used in lethal injections in Florida and many other states - sodium pentothal, pancuronium bromide and potassium chloride - can cause excruciating pain. The first drug is a painkiller, the second paralyzes the inmate and the third causes a fatal heart attack, but death penalty critics have argued the painkiller could wear off too soon.

Neither the federal court in Tallahassee nor the Atlanta appeals court agreed to consider Hill's challenges to the chemicals. Both said Hill should have made those arguments years ago, although Doss contends they could not have been made until Gov. Jeb Bush signed the death warrant in November.

Hill, 48, of Mobile, Ala., was convicted of first-degree murder for the Oct. 19, 1982, killing of Officer Stephen Taylor, 26, and the wounding of Taylor's partner, Larry Bailly, when they responded to a silent alarm at Freedom Federal Savings Bank.

Hill's wife, Serena Mangano, of Modino, Italy, visited him before the execution. The couple married in June during a no-contact wedding at Florida State Prison in Starke.

The Supreme Court also halted the execution of another Florida inmate who sought to challenge the lethal injection procedure. A new execution date has not been set for Arthur Rutherford, who like Hill had been scheduled to die in January.

Court Refuses Second Delay; Inmate Dies (NYT)

By Abby Goodnough

The New York Times, September 21, 2006

DOJ_NMG_0066604

MIAMI, Sept. 20 — Clarence E. Hill, convicted of killing a police officer in 1982, died by lethal injection Wednesday evening after the Supreme Court narrowly refused to delay his execution a second time. Mr. Hill had claimed that Florida's lethal injection procedure was so painful as to be unconstitutional.

The court voted 5 to 4 Wednesday to deny a new stay, with Justices Stephen G. Breyer, Ruth Bader Ginsburg, David H. Souter and John Paul Stevens dissenting.

Mr. Hill was originally scheduled to die last January, but the court stayed his execution at the last minute and told the federal district court in Tallahassee to reconsider his argument that lethal injection was unconstitutionally cruel.

The district court rejected the argument again this month without holding a hearing, a decision upheld by the United States Court of Appeals for the 11th Circuit, in Atlanta.

Mr. Hill, 48, was executed at Florida State Prison in Starke as relatives of his victim, Stephen Taylor of Pensacola, looked on. He was pronounced dead at 6:12 p.m., said Robbie Cunningham, a spokesman for the Florida Department of Corrections.

"Everything went according to protocol," Mr. Cunningham said.

Like 36 other states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill based his case on a 2005 study that found that the anesthetic could wear off before an inmate died.

The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the way in which they are given.

But on Monday, a three-judge panel of the 11th Circuit court in Atlanta said Mr. Hill had waited too long to file a civil rights complaint — he did so four days before he was to be executed in January — and was merely trying to stall.

The Supreme Court issued no opinion to accompany its decision on Wednesday and responded only to Mr. Hill's request for a stay, leaving aside his appeal.

Flag-shop Hero Nabbed Armed Hill Intruder (HILL)

By Jonathan Allen And Jackie Kucinich

The Hill, September 21, 2006

A flag-shop worker, not the U.S. Capitol Police, first subdued an armed intruder in the Capitol this week, according to Senate Appropriations Committee Chairman Thad Cochran (R-Miss.).

"A guy who worked in the flag shop grabbed him," Cochran said yesterday. "[The worker is] a big guy."

Cochran said his staff told him the intruder was near the flag shop and "looked suspicious."

The still-unidentified flag-shop worker "just assumed [the intruder] didn't belong in the Capitol," seized him and held him until Capitol Police arrived on the scene.

It was "an act of courage," Cochran said.

The Architect of the Capitol's office did not return several requests for comment.

During a press conference following the Monday incident, rumors flew about the possibility that someone other than the police had initially apprehended Carlos Greene, 20, who lead police on a four-floor chase around the Capitol after crashing his SUV on the East Front.

When asked whether officers apprehended Greene that day, Acting Chief Christopher McGaffin couched his answer to reporters, saying to his knowledge, "Capitol police apprehended Greene in the flag office" located on the basement floor of the Capitol.

The Capitol Police did not return multiple attempts for comment.

The criminal complaint filed in the U.S. District Court revelation makes no mention of the flag-shop employee.

The report, filed by Capitol Police Detective Nettie Watts, states that after being chased down a staircase into the basement level of the Capitol, "United States Capitol Police stopped the defendant and arrested him."

Channing Phillips, spokesman for the Office of the United States Attorney for the District of Columbia, said it is not uncommon for details to be left out of the initial criminal compliant.

"Many of the details will come out at the preliminary hearing," Phillips said.

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Greene is currently being held without bond at the D.C. Jail's Correction Treatment Facility until Friday when the detention and preliminary hearings are scheduled.

The court document also describes how Greene entered the Capitol Visitor Center construction site after ramming into a Capitol Police cruiser, fleeing from the vehicle after crashing it into a concrete barrier and running into a construction entrance on the east side of the Rotunda.

Upon arresting Greene, officers allegedly found a Derringer .22 caliber handgun and a substance that tested positive for crack cocaine.

Several members of Congress have expressed disappointment and have called for the Capitol Police to investigate the incident thoroughly.

"The Speaker wants a complete review of what happened and for those who are accountable to be disciplined," said Ron Bonjean, a spokesman for Speaker Dennis Hastert (R-Ill.). "He also wants to be informed about their plans to never let this happen again."

Staff Aided In Arrest (RC)

By John Mcardle

Roll Call, September 21, 2006

Acting Capitol Police Chief Christopher McGaffin revealed Wednesday that employees of the House Flag Office assisted officers in subduing the armed intruder who perpetrated the worst Congressional security breach in eight years.

"I want to recognize ... the courageous assistance that members of the House Flag Office brought to the department in apprehending the suspect," McGaffin said Wednesday while discussing further details of the incident. "I believe that they were instrumental. Greene came upon these employees seconds before [Capitol Police officers] came upon Greene. So they were valiant in their presence and in at least one instance participated in a bit of struggle with this fellow."

After running a Capitol Police barricade in a sport utility vehicle early Monday morning, Carlos Greene, of Silver Spring, Md., crashed into and came to a stop within the Capitol Visitor Center construction site. Greene, 20, exited his car carrying a Derringer .22-caliber handgun and crack cocaine and took off on foot toward the Capitol. He was able to access a construction door on the East Front of the Capitol, sprint through the building and almost make it to a basement-level door leading to the West Front before he was subdued and arrested just outside the House Flag Office.

Because the criminal investigation into Greene's early morning chase is still ongoing, McGaffin said he could not give further details about the AOC employees' actions or release their names.

McGaffin would only say that "it was a significant and courageous and valiant role. ... These individuals rose to the occasion and just performed valiantly."

But even while praising the flag office staff, McGaffin added that bystanders are strongly encouraged by police not to intervene in any unfolding security situations.

Flag office staffers contacted Tuesday and Wednesday referred interview requests to an AOC spokeswoman, who could not be reached for comment.

Along with a criminal investigation, McGaffin is conducting an internal review of the entire incident and said he shares the dissatisfaction that Members and staff have expressed since Monday's security breach.

"The expectations they're bringing as to corrective action ... is shared by me as well. Where there are performance failures there will be corrective action. Where there are failures in the execution of what I want to say are absolutely sound and exceptional security plans and procedures but where we failed to execute them properly, corrective action will be taken."

One criticism that has been directed at McGaffin since Monday was the fact that it took his office more than nine hours to hold a press conference and inform the public about Greene's breach of security.

On Wednesday, McGaffin responded, saying, "this incident was of such magnitude that I wanted to ensure that the incident had been resolved and that vulnerabilities that were immediately revealed by this assault were addressed and corrected before I stepped away from that responsibility and went to brief the media. And so as I prioritized the tasks that I saw needed to be accomplished on Monday the safety and security of the complex, the Members, the staff and the public was first and foremost in

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my mind. And once I saw to that accomplishment I saw then to the next need of briefing the public as to what occurred and that's why it took so long."

He added that he felt that the incident was of such significance that it required the chief of police to go forward and explain what happened and what had been done to correct it rather than a subordinate.

But in the days since the incident, even some Capitol Police officers have expressed frustration with how this incident was handled by Capitol Police brass.

One officer said rank-and-file cops have begun questioning the effectiveness of the current leadership and where it has been headed in recent months.

"It's a matter of time before one of us loses our life due to the lack of leadership and accountability within our chain of command," the officer said on Wednesday.

McGaffin also revealed Wednesday that Capitol Police had contact with Greene prior to the moment where he ran his rented 2006 Chevrolet Trailblazer through a CVC construction entrance at First Street and Maryland Avenue Northeast at approximately 7:45 a.m.

"It's my understanding as this unfolds that we had contact with him in the area of the 300 block of First Street Southeast for erratic driving, which jeopardized the safety of one or two pedestrians. And it was at that location where an officer who was attempting to stop Greene, but the officer was on foot, was unsuccessful at stopping him. He broadcasted a lookout for the vehicle's description as it fled at a high rate of speed from the area of First and C streets Southeast. [Greene] fled eastbound on C Street and that's when the officer put out a lookout which allowed our officers on First Street to observe him approaching northbound, and we saw what happened, he breached security."

Although McGaffin had indicated at a press conference late Monday afternoon that Greene's vehicle had crashed into and through a Capitol Police "blocking vehicle" to access the construction site, he said Wednesday that "the issue as to whether the block vehicle was actually struck or not is still under investigation. I can say that the traffic accident report that was taken by the police department did not establish physical evidence of the block vehicle being struck, but we're still attempting to at this point assess video recordings that we've got to see if in fact the vehicle was struck by Greene's car."

McGaffin added that the department also is exploring reports of Greene's erratic and high-speed driving being observed up to 10 blocks from the Capitol by bystanders who have since contacted the department.

"At least one individual said they saw the car that morning driving at a high rate of speed and driving erratically five to 10 blocks away," he said.

No motive has yet been established in Monday's incident and McGaffin said that part of the investigation also is still ongoing.

"We have no indication that he was purposefully targeting the Capitol or the Capitol complex," he said. "We're trying to take this all the way back to where he began this journey and [find out] did he even know where he was going? And does he know where he ended up?"

After appearing before Magistrate Judge John Facciola Tuesday afternoon, Greene is being held without bond in a D.C. jail pending his detention and preliminary hearing on Friday.

Is Adult Prison Best For Juveniles? (USAT)

By Marilyn Elias

USA Today, September 21, 2006

Get-tough laws that have put more teenagers in adult prisons since the early '90s conflict with a wave of new research suggesting how children can be set straight and society protected at the same time.

At a two-day summit starting today in Washington, leading researchers will meet with juvenile justice decision-makers — directors of state juvenile justice systems, judges, prosecutors and defense attorneys — to discuss how the new evidence should affect treatment of teen offenders.

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"We know so much more about the adolescent brain and behavior than we used to, and we want to get these facts into the hands of people who can make a difference," psychologist Laurence Steinberg says. He heads a network of researchers and juvenile-justice workers financed by the MacArthur Foundation, which sponsored the meeting.

Since 1992, every state but Nebraska has made it easier to try juveniles as adults, and most states have legalized harsher sentences. Many states limit judges' discretion, sending all teens who commit serious offenses to adult courts, or allowing prosecutors to opt for adult prosecution.

That sounds reasonable, but it can be unfair, says Kimberly O'Donnell, chief judge of the Juvenile and Domestic Relations District Court in Richmond, Va. She points to 14-year-olds tried as adults for "assault by a mob" — in effect, ganging up on and hurting a child at school.

"And once you're tried as an adult, you're always an adult, which can have awful consequences," she says.

For example, if these teens are arrested again, prosecutors can use the threat of lengthy prison sentences as leverage to gain a plea bargain agreement that might not be in a child's interest, O'Donnell says.

There's firm evidence that teens prosecuted as adults are much more likely to commit crimes when they get out than comparable young people tried as juveniles, says Shay Bilchik, president and CEO of the Child Welfare League of America.

Juvenile facilities tend to offer better education, job training, and drug abuse and mental health treatment, Steinberg says. Plus, teens aren't learning from adults how to be career criminals, he adds.

That's not to say kids don't commit serious crimes before landing in adult jails. Some even score in the psychopathic range on written tests that predict which adults are likely to commit future crimes. These tests are sometimes used in deciding whether young people should get severe punishments or be tried as adults, says psychologist Elizabeth Cauffman of the University of California-Irvine.

She says it's a dubious practice. Her studies show that adolescents tend to move away from this psychopath profile when they're tracked for a couple of years, while adult scores are usually stable.

Some hallmarks of psychopathy — thrill-seeking, impulsivity, failure to accept responsibility — are all too familiar to parents of teenagers, Cauffman says. In effect, youths grow out of this behavior.

Many younger children aren't even competent to stand trial because they don't understand the trial process or can't make decisions about pleas, says Thomas Grisso, a psychologist at the University of Massachusetts Medical School in Worcester. He has developed guidelines to determine juvenile competence and is training U.S. juvenile court workers in using them.

New findings of other MacArthur network scientists challenge common assumptions about teenage criminals. For example, a study that has tracked 1,355 serious offenders for three years finds that less than 10% of those involved in a lot of criminal activities at the outset continued to be heavily involved over the years. "A lot of policy is driven by the view that if a kid does a felony assault, he must be a bad actor from here on forward," says study leader Edward Mulvey of the University of Pittsburgh Medical School.

Still, 57% had at least one more arrest within two years. "Plus, we know arrests represent only the tip of the iceberg. Who really knows how much else they did that they weren't caught for?" asks Adrian Raine, a psychologist at the University of Southern California who studies criminal behavior.

Long-term studies of highly aggressive children suggest that some are headed for a life of violent crime and should be locked up early because they're dangerous, he says. Brain damage or family qualities may cause their behavior, Raine says.

"But it's naive to think many of these very violent kids are going to stop, and we don't need to be protected from them."

In Mulvey's study, better parenting and long-term treatment for drug or alcohol abuse correlated with less criminal behavior.

Bilchik, a former prosecutor of juvenile cases in Miami for 16 years and former head of the federal Office of Juvenile Justice and Delinquency Prevention, can understand why research has been slow to translate into action.

"When you've got a kid in front of you who's done a vicious armed robbery with a beating, it's different than an intellectual argument about what works," Bilchik says. "Prosecutors think, 'Can I really make myself try him as a juvenile? Can I even get permission from my boss?' "

Sometimes prosecutors know a juvenile system has scant mental health treatment or rehabilitation, and they'd rather lock up a dangerous teen with adults than risk a slap on the wrist, Bilchik says. And often there's little follow-up monitoring by youth

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workers when troubled young people are let out. Still, he says adult prisons, despite their short-term appeal, aren't usually the long-term answer. "We have the research that tells us what to do. The tragedy is, we're not capitalizing on it."

Nursing Home Owners Indicted (USAT)

By Laura Parker And Anne Rochell Konigsmark

USA Today, September 21, 2006

NEW ORLEANS — A grand jury on Wednesday indicted the owners of a nursing home near New Orleans where 35 people drowned during Hurricane Katrina, according to court documents.

These are the first indictments arising from suspicious deaths during Katrina, which flooded much of the New Orleans area, including all of St. Bernard Parish, where St. Rita's Nursing Home was located.

The grand jury, the first seated in St. Bernard Parish since Katrina devastated the community a year ago, indicted Salvador and Mabel Mangano on charges of negligent homicide and cruelty to the infirm, according to documents obtained by the Associated Press.

Mike Fink of Niceville, Fla., whose mother, Trishka Stevens, survived the flooding of St. Rita's, applauded the indictment.

"Those people had responsibilities, and people died, so they should be held responsible," he said.

Lawyers in the case would not comment because of a gag order. Jim Cobb, the Manganos' attorney, said he will seek permission from the court to talk about the case publicly.

"If they were able to obtain information about an indictment, we should be able to respond and that's what we will seek," Cobb said.

The Manganos, arrested two weeks after the deaths, remain free on bond.

Mabel Mangano, reached at her home in Baton Rouge, said she was "disappointed" by the indictment. She declined to comment further because of the gag order.

The indictments stem from a broad investigation into more than 200 deaths at hospitals and nursing homes after Katrina's floodwaters stranded thousands and knocked out power. In July, Louisiana Attorney General Charles Foti arrested two nurses and a doctor, alleging they murdered at least four patients at Memorial Hospital in New Orleans by injecting with them with narcotics. A grand jury has not yet heard that case.

Prosecutors have said the Manganos were negligent for ignoring evacuation orders. The St. Rita's residents died after water poured into the nursing home, trapping many frail and immobile patients in their beds.

Relatives said they thought the Manganos should have been indicted.

"At this point, I believe it was the right thing to do," said Joe Gallodoro, an insurance broker and former St. Bernard fire official whose father, Tufanio, drowned in his bed. "It's in the hands of the judicial system, and I have to let them handle it."

Mike Fink agreed. "It seems like they should have got those people evacuated or had enough help there to keep them alive," he said.

Thirty-five lawsuits have been filed against the Manganos by relatives of those who died or who were injured at St. Rita's.

On Aug. 29, the Manganos filed a lawsuit against federal, state and local officials, including Louisiana Gov. Kathleen Blanco. The lawsuit says those officials failed to evacuate St. Rita's residents as Katrina approached. And it contends that inadequate levees allowed 13 feet of water to fill St. Rita's, a 20-year-old facility that had never flooded.

At a court hearing on Monday, Cobb asked that the attorney general be disqualified from prosecuting the case because he is a defendant in the Mangano lawsuit.

CIVIL LAW:

Judge Dismisses Challenge To Law Requiring Citizenship Proof For Government Health Benefit (FINDLAW/AP)

By Kevin Freking, Associated Press Writer

AP, September 21, 2006

DOJ_NMG_0066609

(AP) - WASHINGTON-A federal judge dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits.

Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, the state-federal health insurance program for the poor. More than 50 million people get health care through the program.

Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. That contention was nothing more than conjecture, U.S. District Judge Ronald A. Guzman ruled.

Guzman's 21-page ruling was made public Tuesday. He did not rule on the law's validity. Instead, he said the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law.

The contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted.

"Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims," Guzman wrote.

Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they got a partial victory in the case when the judge said he probably will issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations.

"He said there is a strong likelihood of success on the merits for the foster children," said John Mark Bouman, a lawyer at the Sargent Shriver National Center on Poverty Law in Chicago, Illinois. "If he had also found they were about to be injured tomorrow, he would have entered an injunction. He just wasn't convinced of that part yet."

Bouman also said that one way or another the plaintiffs will pursue the case and ask the judge to rule on the validity of the statute. He described it as an interim ruling that says children in foster care are likely to win, but everyone else must overcome procedural hurdles.

In all, 15 people were listed as plaintiffs. Families USA, an advocacy group in Washington, helped organize the lawsuit. Ron Pollack, the organization's executive director, said the documentation requirements are most harmful to victims of natural disasters, the homeless and people with mental and physical disabilities who will have trouble finding documents such as passports or birth certificates.

"For many people, this documentation requirement is going to prove to be extraordinarily onerous, and many people will be unable to fulfill this requirement," Pollack said.

However, about 8 million Medicaid beneficiaries also are exempted from the documentation requirements, namely elderly and disabled people so poor they qualify for both Medicare and Medicaid, as well as those aged and disabled people who get cash to meet basic needs through Supplemental Security Income.

Congress said that, beginning July 1, documents will be needed to prove identity and citizenship.

Regulations issued by the Department of Health and Human Services say a passport would meet both criteria. A birth certificate would serve as evidence of citizenship, but a second document would be needed to prove identity. In rare cases, sworn affidavits from two citizens can be accepted, but at least one of the two cannot be related to the applicant.

CIVIL RIGHTS:

City Of Boca Sued Over Ban On Drug Recovery Residential Centers (FLSUNSEN)

By Vanessa Blum And Luis Perez

South Florida Sun-Sentinel, September 21, 2006

The U.S. Department of Justice filed a civil rights lawsuit against the city of Boca Raton Wednesday challenging a 2002 zoning rule banning the operation of "sober houses" in residential neighborhoods.

Pushing recovering drug addicts and alcoholics into parts of the city reserved for motels and medical facilities discriminates against people with disabilities and violates the federal Fair Housing Act, government lawyers said in their complaint.

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The government's suit asks a federal judge to stop the city from enforcing the rule, to impose a civil fine on the city, and to order the payment of monetary damages to victims.

"No citizen should be refused an equal opportunity for housing in their community," said Wan Kim, who heads the Justice Department's Civil Rights Division.

Boca Raton's ordinance applies to housing facilities that require substance abuse treatment or drug or alcohol testing as a condition of residency.

Jamie Cole, a lawyer for the city, said the rule was intended to prevent large, commercial facilities from intruding into residential neighborhoods, not to drive out recovering addicts.

"The city did not discriminate against anyone," Cole said. "This was a legitimate exercise of the city's zoning authority to avoid commercial entities coming into residential neighborhoods."

The measure has been on hold pending resolution of a 2003 lawsuit filed by the American Civil Liberties Union on behalf of residents of Boca Raton sober living residences.

That suit accused the city of segregating recovering alcoholics and drug addicts into "what is essentially a ghetto district." West Palm Beach attorney James Green, who represents residents of city sober houses in the suit, said the Justice Department's complaint validates criticism that the zoning ordinance illegally discriminates against people recovering from addiction.

"This rule effectively bans sober houses in the city of Boca Raton," Green said.

He said discrimination was evident during the May 2002 meeting when the City Council passed the law.

In that meeting, one resident said the sober houses attract "pedophiles, murderers, God knows what," while others demanded that the City Council get them out of residential neighborhoods.

Justice Department Sues Boca Raton, Alleging Discrimination (AP)

AP, September 21, 2006

The U.S. Justice Department sued the city of Boca Raton on Wednesday, alleging a city zoning ordinance discriminates against disabled people.

The complaint, filed in federal court in Miami, alleges that the ordinance excludes housing recovering drug and alcohol addicts in residential areas and imposes "conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities."

The Justice Department alleges the ordinance intentionally targets housing for recovering addicts and illegally subjects them to different rules than others, in violation of the Fair Housing Act.

"No citizen should be refused an equal opportunity for housing in their community," said Wan J. Kim, assistant attorney general for the department's civil rights division.

The lawsuit seeks monetary damages to compensate victims, civil penalties, and a court order barring future discrimination. The Justice Department also seeks to prevent the city from enforcing the ordinance.

"The Fair Housing Act protects all Americans from housing discrimination, including those persons recovering from substance abuse problems," said Miami U.S. Attorney R. Alexander Acosta.

Boca Raton Mayor Steven Abrams said the city has been negotiating a compromise with drug rehabilitation facilities and planned to meet Monday to discuss the details.

However, Abrams defended the ordinance and said the city would fight the complaint.

"The city has never discriminated against anyone," he said. "The ordinance was carefully crafted to protect residents from commercial intrusion."

Florida: Justice Department Sues City Over Zoning Law (NYT)

By Terry Aguayo

The New York Times, September 21, 2006

The federal Justice Department filed a lawsuit against the City of Boca Raton challenging a zoning ordinance that it said discriminated against people with disabilities. The lawsuit says the ordinance, passed in 2002, excludes housing for recovering alcoholics and drug addicts in the city's residential areas, in violation of the Fair Housing Act. The regulations "impose conditions

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and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities," says the lawsuit, which seeks monetary damages for victims, civil penalties and a court order to stop future discrimination.

FBI Examining Excessive Force At Tucker Prison Unit (AP)

AP, September 21, 2006

Six Arkansas correctional officers have been fired after an internal investigation found that an inmate was assaulted with a baton at the Maximum Security Unit in Tucker.

At the request of the state, the FBI has now opened a civil-rights investigation regarding a May 29th incident at the Tucker unit.

Prison officials say the incident happened after 35-year-old inmate Terry Botts stabbed two other inmates with a homemade knife. Four jailers -- including a captain and lieutenant -- subdued Botts, but then began kicking and punching Botts.

Prisons spokeswoman Dina Tyler says six officers were fired last week -- the four involved in the beating and two who failed to report the beating or didn't tell the truth when questioned. Also, three officers were suspended and four other employees were given written warnings.

Botts is serving a 61-year sentence on theft, robbery, burglary and illegal possession of a firearm convictions. After the attack, he was treated at a Little Rock hospital for bruises and swelling to his face and nose. He's since been moved to the Varner Supermax unit.

In a separate incident, a state excessive-force investigation led to the resignation of Captain Eric Hobbs -- nephew of Correction Department Deputy Director Ray Hobbs. Eric Hobbs resigned Monday. Tyler says he would have faced disciplinary action had he not resigned.

The F-B-I last investigated excessive force at an Arkansas prison in 1998. Then, five officers were sentenced to federal prison terms for a series of inmate beatings -- including the use o a cattle prod -- at the Cummins unit.

FBI Files Shed No Light On Disappearance Of Civil Rights Pioneer (AP)

By Alan Scher Zagier

AP, September 21, 2006

COLUMBIA, Mo. - The disappearance of civil rights pioneer Lloyd Gaines nearly 70 years ago dominated headlines across the country, with amateur sleuths, activists and historians stumped over the fate of the black man who successfully sued to gain admission to the segregated University of Missouri law school.

Decades later, Gaines' few surviving family members had hoped to garner clues to the mystery from classified FBI files that can be released once a person is presumed dead.

But FBI records obtained by The Associated Press through the federal Freedom of Information Act show the agency didn't investigate the fate of Gaines, who was last seen leaving a Chicago boarding house in 1939.

An internal memo dated May 10, 1940, and signed by FBI director J. Edgar Hoover advises that bureau agents "are conducting no investigation in connection with this matter."

Thirty years later, Hoover responded to another inquiry from an unidentified member of the public with a similar reply.

"Although I would like to be of assistance in connection with your letter of May 7, the case you mentioned involving Lloyd Gaines was not within the investigative jurisdiction of the FBI," Hoover wrote on May 13, 1970.

George Gaines, the missing man's nephew, said the lack of information in the FBI files was disappointing but not surprising.

"Given the time that's elapsed and what (my) family has previously said, I wasn't expecting anything concrete," he said.

Gaines, a Mississippi native who grew up in St. Louis, was an honors graduate of historically black Lincoln University in Jefferson City. His initial inquiries to the state's flagship university in Columbia were received favorably. Those responses changed after university officials realized he was black.

Denied admission solely because of his skin color, Gaines sued. The U.S. Supreme Court sided with Gaines, ruling in 1938 that the state must either admit him or establish a separate law school for blacks.

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Before the high court's decision, any black person in Missouri who wanted to attend law school or other professional schools at the graduate level was sent to neighboring states that accepted minorities, at Missouri's expense.

One of Gaines' attorneys from the National Association for the Advancement of Colored People was a young Thurgood Marshall, who would go on to argue the landmark Brown vs. Board of Education desegregation case in 1954 before spending 24 years as a Supreme Court justice.

Gaines never made it to Columbia. Discouraged by the state's response to the high court ruling - Missouri created a bare-bones law school for blacks in a former St. Louis beauty academy - he moved north and earned a master's degree in economics from the University of Michigan.

Gaines then spent several months shuttling between St. Louis, Kansas City and Chicago, struggling to earn a living while grappling with his notoriety. His jobs included working as a gas station attendant.

Gaines, who would be 95 if still alive, has not been seen since October 1939. Theories about his disappearance ranged from a violent ending at the hands of the Ku Klux Klan to a self-imposed exile in Mexico.

In recent months, Gaines' case has received renewed attention in Missouri. The university that denied him admission to its law school honored Gaines with a posthumous, honorary degree in May. And next week, the Missouri Bar will award Gaines an honorary law license at its annual meeting in St. Louis.

After the high court's ruling, Missouri lawmakers converted a ramshackle St. Louis beauty college into the Lincoln law school, a solution Marshall and the NAACP were poised to challenge.

When Gaines disappeared, they were forced to drop the case. It would be another decade before Missouri admitted a black student.

Museum Honors Emmett Till In Mississippi (WP/AP)

The Associated Press

The Washington Post, September 21, 2006

GLENDORA, Miss. -- Photographs that captured a mother's grief and Emmett Till's mutilated body were on display as this tiny Mississippi Delta town opened a museum honoring the slain black teenager whose death was pivotal in the civil rights movement.

Among the items on display are family snapshots and a picture of Till's mutilated body that stunned the nation after the 14-year-old Chicago boy was brutally murdered in 1955, allegedly in retaliation for whistling at a white woman.

"I want the country to see this moment as an historic event of how far we have come in the civil rights movement and to open people's eyes to the many other injustices that have happened in other places besides the Delta," said Till's cousin, Priscilla Sterling.

The town converted a cotton gin into the Emmett Till Historic Intrepid Center, which includes oral histories, an audio-visual archive and a cotton gin fan like the one used to weigh down Till's body after it was dumped in the Tallahatchie River.

Two white men were acquitted in Till's case by an all-white jury. The two men later confessed in an interview with Look magazine.

The FBI reopended the case in 2004 but decided in March not to press charges. The case was turned over to District Attorney Joyce Chiles for possible state charges. She did not return a call seeking comment.

The boy's case has never been forgotten in more then half a century.

The National Conference of Black Mayors commissioned the Till center as a model of revitalization for other small towns.

The museum also has a space dedicated to Glendora native and legendary blues harmonica player Sonny Boy Williamson.

A technological center will be opened at the site in a collaboration with Mississippi Valley State University.

House Passes Bill To Make Voters Show ID (AP-Y)

By Jim Abrams

AP, September 21, 2006

DOJ_NMG_0066613

The House voted Wednesday to require Americans to show proof of citizenship in order to vote, and the Senate moved to build a 700-mile fence along the Mexican border as Republicans sharpened attacks on illegal immigration before the midterm elections.

The 228-196 House vote on a new photo ID plan and the Senate's consideration of the fence were both part of a get-tough policy on illegal immigrants that Republicans have embraced after Congress' failure to agree on broader legislation that would set a path for undocumented workers to attain citizenship.

House GOP leaders have insisted that tighter borders and tougher laws must precede more comprehensive immigration changes. The House passed the fence bill last week and plans votes Thursday on other enforcement measures: to increase penalties for people building tunnels under the border, make it easier to detain and deport immigrant gang members and criminals and clarify the ability of state and local authorities to detain illegal immigrants.

Republican sponsors of the voter identification bill said it was a commonsense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee. "This is not a new concept."

"This is what Americans want," said Rep. John Mica, R-Fla., "They want safe borders and they want safe ballots."

But Democrats assailed the legislation, saying it could hurt minorities, the poor and the elderly — groups that tend to vote Democratic — who might have trouble producing a photo identification.

"This bill is tantamount to a 21st century poll tax," said Democratic Whip Steny Hoyer, D-Md. "It will disenfranchise large number of legal voters."

Rep. Ike Skelton, D-Mo., said he was initially denied a voter ID required under a Missouri state law because he doesn't have a driver's license and couldn't immediately produce a passport or birth certificate. His congressional ID card was not accepted.

A Missouri court earlier this month struck down the state law, and on Tuesday a state superior court judge in Georgia ruled that that state's law requiring a photo ID was an unconstitutional condition for voting.

The bill would require everyone to present a photo ID before voting in federal elections by 2008. By 2010 voters would have to have photo IDs that certified they were citizens. In response to criticism that this would be a burden for the poor, the bill stipulates that states must provide the identification cards free of charge to those who can't afford them.

The Senate, meanwhile, voted Wednesday to take up a bill to build a 700-mile fence along one-third of the U.S.-Mexico border.

Action on the fence, which could cost billions of dollars, comes four months after the Senate approved legislation that, along with tightening border security, created a guest worker program and outlined how people in the country illegally could work toward legal status and eventual citizenship.

President Bush has supported this broader approach, but it has met strong resistance in the House, where opponents have said it was tantamount to amnesty for illegal immigrants.

Bush, in an interview with CNN's Wolf Blitzer, said he would sign a fencebuilding bill as part of efforts to strengthen the border. But he added, "I would view this as an interim step. I don't view this as the final product. And I will keep urging people to have a comprehensive reform."

Senate Majority Leader Bill Frist, R-Tenn., said, "While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform."

Democratic leader Harry Reid of Nevada countered, "We can build the tallest fence in the world and it won't fix our broken immigration system." To do that, he said, "we need the kind of comprehensive reform that the Senate passed earlier this year."

The current bill wouldn't provide funding to cover costs of the fencing and other barriers aimed at preventing illegal entry. About $1 billion for the fencing is likely to be included in a bill for the Department of Homeland Security that Congress is expected to approve before its scheduled adjournment next week for the elections.

Also on Wednesday, a bipartisan task force recommended that Congress provide a path to legal status for immigrants who can demonstrate steady employment, knowledge of English and payment of taxes and who pass a background security check.

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The panel, chaired by Spencer Abraham, former Republican senator from Michigan and energy secretary, and Lee Hamilton, former Democratic representative from Indiana and chair of the 9/11 Commission, also urged new verification mechanisms to assist employers in hiring only authorized workers.

House Passes Photo ID Bill (HILL)

By David Mikhail

The Hill, September 21, 2006

Amid heated partisan rhetoric, the House yesterday passed a controversial bill that would mandate the use of photo identification in federal elections, 228-196.

The legislation, which was introduced by Rep. Henry Hyde (R-Ill.), would require voters to provide government-issued photo IDs before voting in federal elections, amending the National Voter Registration Act of 1993 and the Help America Vote Act of 2002.

Rep. Juanita Millender-McDonald (D-Calif.), ranking member of the House Administration Committee, said, "Those impacted by H.R.

4844 include the least among us - the elderly, disabled, the poor and ethnic minorities. And it would clearly have a disproportionate impact on women, and many students."

House Administration Committee Chairman Vernon Ehlers (R-Mich.) stated,

"Every day millions of Americans show a picture ID to pay by check, board a plane, or buy alcohol or tobacco. Surely the sanctity of the ballot warrants as much protection as these other activities."

Only seven lawmakers crossed party lines on the vote, as Reps. Melissa Bean (D-Ill.), Jim Marshall (D-Ga.), Collin Peterson (D-Minn.), and Gene Taylor (D-Miss.) backed the bill and Reps. Charles Bass (R-N.H.), Jeb Bradley (R-N.H.), and Don Young (R-Alaska) voted against it.

House Bill To Require Voter ID (WT)

By Charles Hurt

The Washington Times, September 21, 2006

The House yesterday passed legislation that would require voters to show a valid photo identification in federal elections over the overwhelming objections of Democrats who compared the bill to segregation-era measures aimed at disenfranchising Southern blacks.

The Federal Election Integrity Act was approved on a nearly party-line 228-196 vote. Republicans backed the bill 224-3, with three nonvoters; Democrats opposed it 192-4, with five nonvoters. They were joined in opposition by the House's one independent member.

The bill, which faces an uncertain future in the Senate, is part of a Republican effort to complete before the November elections a package of proposals aimed at curbing illegal immigration and its effects on ordinary Americans.

The so-called "Voter ID" bill, aimed at stamping out voter fraud, would require voters in federal elections to provide picture identification by 2008 and provide proof of U.S. citizenship by 2010. It was among the recommendations made last year by the bipartisan Commission on Federal Election Reform, headed by former President Jimmy Carter, a Democrat, and former Secretary of State James A. Baker III, a Republican.

"Effective voter registration and voter identification are bedrocks of a modern election system," they wrote in their final report.

But Democrats, siding with groups that work on behalf of minorities and illegal aliens, called the bill a "modern-day poll tax" and said it would place an insurmountable burden on voters and infringe upon their voting rights.

Rep. Brian Bilbray, California Republican, countered that the real infringement upon voting rights would be allowing fraudulent votes by the dead or illegal "to cancel out legitimate votes."

"That is the violation of the Voters Rights Act that we have not addressed," he told colleagues before the vote.

Democrats, who have long demanded reforms to the federal voting process, yesterday dismissed Republican concerns about voter fraud.

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"Show me the examples of the problem you're trying to solve," demanded Minority Whip Steny H. Hoyer, Maryland Democrat who accused Republicans of trying to appeal to the "fear and -- yes, perhaps -- the prejudices of people."

A Republican cited a study by Johns Hopkins University that found 1,500 dead people who had voted in recent elections. Mr. Hoyer belittled the study, saying no criminal convictions for voter fraud had been won in any of those cases.

Mr. Bilbray pointed out that such convictions might be obtained if proper identification were required.

"Voter fraud is not something you can come back to after the fraud is committed," he said. "The person who voted for those dead people is long gone by the time it comes up on the record."

Rep. Ginny Brown-Waite, Florida Republican, urged support of the bill because, she said, it would prevent illegal aliens from voting in U.S. elections.

"It's outrageous and inexcusable that voters do not have to show proof of citizenship in order to vote in an election," she said. "Illegal immigrants are populating this country at an unprecedented number, and it is unjust and unfair to citizens of this country that noncitizens should have a hand in electing federal officials."

Rep. Alcee L. Hastings, Florida Democrat, said he's more concerned about discouraging voters than he is about illegals voting.

"Nonparticipation in the election process is more of a problem in this country than noncitizens trying to vote," Mr. Hastings said.

Rep. John Lewis, Georgia Democrat, called the bill a "modern-day poll tax" and charged that the bill "is nothing less than voter suppression."

He also reminded the Republican chamber of its overwhelming support in July for renewing the Voting Rights Act, although many conservatives off Capitol Hill warned that portions of it are no longer necessary.

"Just three months ago, this body passed the reauthorization of the Voting Rights Act of 1965, admitting the sad fact that voter discrimination is still the reality," said Mr. Lewis, who said requiring identification at the polls is "an attack on the voting rights of millions of Americans."

Across the Capitol in the Senate, Democrats continued to slow-walk legislation approved by the House last week to construct 700 miles of fencing along the U.S.-Mexico border. The chamber voted yesterday 94-0 on a procedural motion to take up the bill.

Despite universal approval for taking up the legislation, Democratic leaders refused to grant "unanimous consent" agreements to speed up the process.

House Passes Bill To Make Voters Prove Citizenship (USAT)

USA Today, September 21, 2006

Voters would have to prove their citizenship before casting ballots under legislation the House of Representatives passed Wednesday. The measure passed 228-196. Republicans said it was needed to prevent vote fraud. Democrats called it a modern-day poll tax.

No action is likely in the Senate, so the legislation stands little chance of becoming law this year.

Republicans used the debate to highlight illegal immigration. They said that unless Congress passes a law requiring voters to prove citizenship, illegal immigrants' votes will cancel out those of legal voters. Americans “want safe borders, and they want safe ballots,” said Rep. John Mica, R-Fla. Democrats said that election fraud is scarce and that the GOP was trying to intimidate voters, particularly the poor, elderly, disabled or minorities who usually vote Democratic. Rep. John Lewis, D-Ga., called it “an attack on the voting rights of millions of American citizens.”

Twenty-six states require some form of ID to vote. Florida, Georgia, Indiana and Missouri have laws requiring photo ID. Courts struck down the Georgia and Missouri statutes this month.

— Richard Wolf

Air Force accelerates planto eliminate 40,000 jobs

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The Air Force plans to cut 40,000 jobs by 2009, two years earlier than expected, a spokesman said. Capt. David Small said officials are determining the mix of active duty and Reserve positions to be eliminated. Air Force personnel costs have risen 51% over the past decade, though the number of personnel has been constant.

The cuts are part of a long-range Defense Department plan to reshape the military into a more agile force better able to fight terrorism, while preserving the ability to wage large conventional wars.

Court says Graham can't serve as judge and senator

A federal court ruled Wednesday that Sen. Lindsey Graham, R-S.C., cannot serve in Congress and as a military judge.

The U.S. Court of Appeals for the Armed Forces said Graham violated the Constitution's Incompatibility Clause by serving as an Air Force Reserve colonel on the Air Force Court of Criminal Appeals. The clause prohibits members of Congress from also holding "an office of the United States," specifically in the executive branch. The framers included the clause to avoid conflicts of interest.

In its decision, the court said a member of Congress "performing independent judicial functions runs afoul of the fundamental constitutional principle of separation of powers."

Eugene Fidell, president of the National Institute of Military Justice, said the decision bars Graham and any other member of Congress from the judicial bench but does not forbid lawmakers from serving in another military capacity. At least three House members are military reservists. — Andrea Stone

FAA official says nation's air-traffic control is safe

Several members of the House accused federal aviation regulators of allowing air-traffic staffing levels to slip to dangerous levels.

Spurred in part by the fatal crash of a Comair jet in Lexington, Ky., last month in which staffing has arisen as an issue, lawmakers at a House aviation subcommittee hearing peppered a top FAA official with questions about a recently imposed contract that reduces pay and changes work rules for air-traffic controllers.

"I believe that the FAA has to come to grips with some serious staffing issues," Rep. Bill Pascrell, D-N.J., said.

The FAA has enough controllers to handle traffic and "safety is never compromised," said Russ Chew, chief of the FAA's Air Traffic Organization.

Voter ID Bill Passes Split House (RC)

By Matthew Murray

Roll Call, September 21, 2006

House Republicans moved quickly Wednesday afternoon to downplay suggestions that a voter-identification measure was little more than a stalling tactic and an election-year stunt intended to capture law-and-order votes.

"This is what the majority does when they don't want to bring legislation to the floor," said Rep. Juanita Millender-McDonald (D-Calif.) in a speech on the House floor. The Senate is not expected to act on the legislation, and Democrats complained that the move was made only in an attempt to stoke voters' worries about illegal immigration.

In a vote split along party lines, the House passed the Federal Election Integrity Act, 228-196 Wednesday afternoon. The measure, sponsored by outgoing Rep. Henry Hyde (R-Ill.), would require voters to show government-issued photo identification to vote in federal elections beginning in 2008.

Some Republicans argued the proposed law would limit the incidence of voting by non-citizens, a fear stoked by recent claims that ineligible voters have gained access — whether inadvertently or not — to the rolls in some states.

Judges in Missouri and Georgia recently struck down laws requiring similar proof of citizenship.

"The requirement of a photo ID to vote is common sense, " said Rep. David Dreier (R-Calif.) in a statement. "A photo ID is needed to get on a plane, buy alcohol, or get in an office building."

"Yet when it comes time to step into a voting booth," he added, "oftentimes you don't need a thing."

Democrats countered that it was little more than a modern-day poll tax intended to suppress votes and a requirement that potentially could backfire.

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"Disenfranchisement is on peoples' minds," said Rep. Rush Holt (D-N.J.) "This would only add to that [and] deter people from voting."

Keep Away The Vote (NYT)

The New York Times, September 21, 2006

One of the cornerstones of the Republican Party's strategy for winning elections these days is voter suppression, intentionally putting up barriers between eligible voters and the ballot box. The House of Representatives took a shameful step in this direction yesterday, voting largely along party lines for onerous new voter ID requirements. Laws of this kind are unconstitutional, as an array of courts have already held, and profoundly undemocratic. The Senate should not go along with this cynical, un-American electoral strategy.

The bill the House passed yesterday would require people to show photo ID to vote in 2008. Starting in 2010, that photo ID would have to be something like a passport, or an enhanced kind of driver's license or non-driver's identification, containing proof of citizenship. This is a level of identification that many Americans simply do not have.

The bill was sold as a means of deterring vote fraud, but that is a phony argument. There is no evidence that a significant number of people are showing up at the polls pretending to be other people, or that a significant number of noncitizens are voting.

Noncitizens, particularly undocumented ones, are so wary of getting into trouble with the law that it is hard to imagine them showing up in any numbers and trying to vote. The real threat of voter fraud on a large scale lies with electronic voting, a threat Congress has refused to do anything about.

The actual reason for this bill is the political calculus that certain kinds of people — the poor, minorities, disabled people and the elderly — are less likely to have valid ID. They are less likely to have cars, and therefore to have drivers' licenses. There are ways for nondrivers to get special ID cards, but the bill's supporters know that many people will not go to the effort if they don't need them to drive.

If this bill passed the Senate and became law, the electorate would likely become more middle-aged, whiter and richer — and, its sponsors are anticipating, more Republican.

Court after court has held that voter ID laws of this kind are unconstitutional. This week, yet another judge in Georgia struck down that state's voter ID law.

Last week, a judge in Missouri held its voter ID law to be unconstitutional. Supporters of the House bill are no doubt hoping that they may get lucky, and that the current conservative Supreme Court might uphold their plan.

America has a proud tradition of opening up the franchise to new groups, notably women and blacks, who were once denied it. It is disgraceful that, for partisan political reasons, some people are trying to reverse the tide, and standing in the way of people who have every right to vote.

Election Officials Seek Out Data Cards (WP)

By Rosalind S. Helderman And Eric Rich, Washington Post Staff Writers

The Washington Post, September 21, 2006

Pr. George's Looks For Missing Votes 1 Machine at a Time

In a cavernous warehouse in Upper Marlboro, the Prince George's County Board of Elections cracked open voting machines yesterday in search of dozens of data cards filled with still uncounted votes from the Sept. 12 primary election.

They acknowledged that the memory cards from each of more than 2,000 voting machines used at the county's 206 polling stations should have been delivered by election workers to a central office shortly after voting concluded Sept. 12.

Instead, in the days since then, supervisors discovered that nearly four dozen cards -- holding potentially hundreds or more votes -- had not yet been uploaded into a central server.

Although unlikely in the major contests, those votes and thousands of provisional ballots still being counted created the mathematical possibility -- tantalizing to candidates who came up short in close races -- that outcomes could shift.

Some cards were left locked in voting machines for days. Others arrived at the voting office but were overlooked and left in sealed bags, along with other cards that had been counted, officials said.

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Board of Elections members gathered yesterday alongside carts stacked with thousands of the suitcase-like plastic machines to hunt down each missing card.

With fanfare, board attorney Robert G. McGinley called out the first precinct from which votes were missing: "02-05, Rogers Heights Elementary School, machine 4!"

Then, a technician stepped forward and unlocked a padlock holding a cord in place on a cart of machines. He lifted machine 4 onto a table, withdrew a key from his pocket and unlocked a small lock.

Next, he took pliers and snipped a plastic seal. Carefully opening the box, the group edged in to examine a piece of tape affixed across the data card.

"Card found!" McGinley called out.

The find was a victory, but not the kind supporters of the voting machines anticipated when they promoted the equipment as a way to get instantaneous tallies.

"Needless to say, this is not a fast process," board Vice President Carl R. Ruble said after the group had successfully uploaded two cards in 45 minutes.

Robert J. Antonetti Sr., the interim elections administrator, said that in all, officials think they began the day in search of 47 data cards from 26 precincts. By the end of the day, they had located 13 cards from eight precincts. He promised to start the process again this morning.

District 4 congressional candidate Donna Edwards, who trails Rep. Albert R. Wynn (D), has complained vigorously about problems voting and counting ballots in Prince George's and Montgomery County.

She has been especially critical of the missing cards. She trails Wynn by about 3,000 votes and said she won't concede until all the votes are counted.

County executive candidate Rushern L. Baker III (D) yesterday wrote to the U.S. Justice Department and State's Attorney Glenn F. Ivey (D) and demanded an investigation into voting problems.

Antonetti insisted that all the cards have remained secure and that it's not unusual for some to trickle in before the election results must be formally certified.

Board President S. John di Stefano blamed human error for the fact that so many cards did not show up promptly at the election office.

"It happens," he said. "We give [workers] training. We're going to repeat the training" before the November general election.

A variety of problems slowed the process yesterday. Workers opened the third machine, from Eugene Burroughs Middle School in Accokeek, but the card was nowhere to be found. They called over an employee from Diebold Inc., which makes the machine, to help extract the information from the machine's hard drive.

He spoke quietly to the gathered board members. "Speak up," one instructed him, gesturing to reporters and candidates sitting 20 feet away and straining to hear.

"I can't speak to the press," he said, before continuing his mumbled instructions.

After several tries, they figured out how to burn the data onto a new card and upload the votes.

ANTITRUST:

Lawmakers Worry Smithfield Deal Is Bad For Farmers (SFAL)

By Kevin Dobbs And Terry Woster, Argus Leader

Sioux Falls (SD) Argus Leader, September 21, 2006

Smithfield Foods Inc., the parent of John Morrell & Co. in Sioux Falls, is rushing the consolidation of the pork industry and hastening the demise of small hog producers, agriculture groups and several farm-state senators say.

Lawmakers from South Dakota, Iowa and Nebraska worry that Smithfield, the nation's largest pork producer and processor, will squeeze out small farmers when it completes its acquisition of Premium Standard Farms Inc., the nation's No. 2 hog producer and No. 6 pork processor.

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Smithfield announced this week it would buy its rival for about $650 million in cash and stock. The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own a fifth of the nation's hogs. That could limit independent producers' options and ability to get good prices for their meat, some critics say.

National Farmers Union President Tom Buis said the "deal perpetuates the consolidation and concentration of the meat industry" and "all but guarantees independent producers will be left without a market."

Sen. John Thune, R-S.D., said today the deal deserves "careful scrutiny" by federal regulators because it "presents some real risks for our producers."

Analysts correctly predicted the move would raise antitrust concerns because it punctuates a trend among big meat companies to vertically integrate by slaughtering their own hogs rather than buying from independent farmers.

Meatpackers such as Virginia-based Smithfield say the strategy protects them against fluctuating commodity prices. Smithfield in fact reported last month disappointing first-quarter earnings results — a 50 percent drop from the previous year — that it blamed on a dip in revenue from pork production operations.

Small farmers and the lawmakers they've elected counter that the vertical integration movement threatens farm-state economies. Smithfield gets the majority of its hogs from independent producers, including at its Morrell operations in South Dakota and Iowa.

But when it acquires Premium Standard that could change. The Kansas City, Mo.-based company is a vertical integration leader. It has the capacity to slaughter about 4.6 million hogs every year, and according to the Wall Street Journal, the company owns most of the hogs it kills.

With those hogs under the Smithfield umbrella, it will be able to produce more than half of the pigs it slaughters.

Charlie Johnson, who raises hogs near Madison, said the move continues an ongoing and troubling trend.

"I'm not losing much sleep over this one. The horse has already gone out the barn door," Johnson said. "You're talking about two entities that never should have been allowed to get that big in the first place.

"They've been a menace to this state and the upper Midwest for the last 10 years," he said.

Sen. Charles Grassley, R-Iowa, and Sen. Tom Harkin, D-Iowa, asked the U.S. Department of Justice to investigate the proposed merger. They worry about too much concentration of power within the meat industry, which could hurt independent farmers by reducing the number of places they can sell their hogs and eventually raise food prices for consumers.

All of that should trigger antitrust concerns, they say.

Approval For Smithfield Won't Be Easy (DPHR)

By Chris Flores, Daily Press

Newport News (VA) Daily Press, September 21, 2006

Smithfield must pay up if it can't get past federal anti-trust regulators.

SMITHFIELD -- If the Smithfield Foods acquisition of Premium Standard Farms is denied by federal regulators, Smithfield will be required to pay $100 million to Premium.

The risk of the deal falling through is impossible to gauge, but the Smithfield purchase will draw scrutiny by the Department of Justice. Farm state senators, who have raised antitrust concerns in the past about Smithfield, are already speaking out against the deal.

Smithfield is the largest processor of hogs, with 26 percent of the market, and the company will have 31 percent once the deal is done. It will raise about 20 percent of the hogs nationwide. This concerns independent hog producers and politicians, who claim the deal will give Smithfield the ability to determine hog prices.

Smithfield, the world's largest processor and producer of hogs, paid $674 million for Premium. Kansas City-based Premium was the second largest producer and sixth-largest processor. Some analysts have speculated that the deal might have a hard time getting anti-trust approval.

Sen. Charles Grassley, R-Iowa, immediately fired off a letter to the Justice Department, asking it to "carefully scrutinize" the deal. Grassley, a longtime Smithfield foe, says the concentration of ownership hurts family farmers and independent farms that raise hogs in Iowa.

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Fellow Iowa Senator Tom Harkin introduced a bill earlier this year to provide protections for independent livestock producers. Harkin has also-co-sponsored a bill that takes on Smithfield's vertical integration business model of owning, slaughtering and packaging animals.

Social Whirl Facebook, Riding A Web Trend, Flirts With A Big-Money Deal (WSJ)

By Kevin J. Delaney, Rebecca Buckman And Robert A. Guth

The Wall Street Journal, September 21, 2006

As Big Companies Pursue Networking Sites, Start-Up Is in Talks With Yahoo Youthful Audience Is Fickle

One popular use of social-networking site Facebook.com is to flirt with other members. As it happens, Facebook Inc., the start-up company behind the Web site, has been doing some serious flirting of its own.

People familiar with the matter say the company has held separate acquisition talks with Yahoo Inc., Microsoft Corp. and Viacom Inc. over the past year. Now, say some of these people, the start-up is in serious discussions -- again -- to sell itself to Yahoo for an amount that could approach $1 billion.

Behind the pursuit of Facebook is a high-stakes battle by big technology companies to extend their influence on the Internet. Sites like Facebook and rival MySpace have become the Web hangouts for a coveted market: young people. They gather there in large numbers to create Web pages with their own profiles and musings, look for friends, pick up strangers and send messages to each other.

Suddenly, social-networking sites, as they are called, are starting to look like the latest incarnation of the Internet's Holy Grail: an entry point onto the Web, where an owner can sell access to all the consumers that come there. In past years, that search has taken investors and marketers to Web browsers, to "portals" such as Yahoo that assemble a wide array of Web services and to search engines such as Google Inc. (See related article1.)

Rupert Murdoch's News Corp. bought MySpace last year for $650 million and quickly set about turning it into a cash machine. The Murdoch empire now uses MySpace to promote music, movies, soft drinks and books, helped by features including video downloads and instant messaging. In August, Google guaranteed MySpace and some other News Corp. sites a minimum of $900 million in ad revenue over the next three and a half years.

The danger of building a business around networking sites -- which also include Friendster, Bebo and myriad smaller players -- is the fickle nature of their consumers. As the Internet has sped up the life cycle of success and failure, it is possible some of these sites will flame out as their young devotees flock to the next thing.

Two and a half years ago, Facebook was a college project run by an undergraduate. Today, in an echo of the 1990s technology boom, it is being chased by large companies with their wallets wide open.

During one series of talks with Microsoft, Facebook executives told their Microsoft peers they couldn't do an 8 a.m. conference call because the company's 22-year-old founder and chief executive, Harvard dropout Mark Zuckerberg, wouldn't be awake, says a person familiar with the talks. Microsoft executives were incredulous.

In an interview, Mr. Zuckerberg declines to comment on any talks. The young entrepreneur says he generally works late -- he recalls eating French fries recently in the parking lot of a local McDonald's restaurant at 3 a.m. -- and doesn't get to work early. "I'm in the office at 10:30 a.m. sometimes," he says.

These days, Facebook is wrestling with whether to sell or stay an independent concern. People familiar with the matter say some Facebook executives have considered following the example of Google, which countered critics and acquirers by going it alone. In the process it became a publicly traded juggernaut with a market capitalization of $120 billion.

"I would never say that at no point in the future would we go public or become part of a larger company...but what I would say is, it's not our priority," Mr. Zuckerberg says. "There's so much more to do here." People familiar with the matter say Mr. Zuckerberg holds a roughly 30% stake in the closely held Palo Alto, Calif., start-up business.

At some point, the venture capitalists who funded Facebook will want to see some return on their investment. Jim Breyer, partner at Accel Partners, says he and his firm invested around $13 million in Facebook in 2005. "Clearly we have had significant strategic discussions that have covered everything from outright acquisition to major strategic partnerships," he said. Mr. Breyer says his main focus is turning Facebook into a "major standalone business."

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Based on online ad sales, Facebook will likely soon top $100 million in annual revenue, say people familiar with the matter. That is a level now considered the minimum for a high-technology initial public offering in today's difficult Wall Street environment for small-stock offerings.

Facebook may have a limited window of opportunity, having built much of its business on young, Internet-savvy students who could in time switch to using rival sites.

The company recently encountered the fickleness of its world when it rolled out features that enabled users to keep track of their friends' activities on the site. Hundreds of thousands of members joined groups protesting what they saw as a privacy invasion. Facebook added some privacy protections, but Mr. Zuckerberg concedes the company "did a very bad job of communicating" details about the original features to users.

Facebook originally limited membership to college students, later inviting high-school students and people who work for certain companies and organizations. Now, Facebook plans to allow anyone with a valid email address to join.

Some teenagers who once embraced social networking have started to shun such sites, saying they have become too popular and commercial. "It's like a bad party, where you've got too many people talking too loud and you can't enjoy yourself," says Carlo Montagnino, a 22-year-old living New York who killed his MySpace profile this summer. Mr. Montagnino says he was sick of reading the innermost thoughts of his 500 online "friends."

"I don't care about the food they ate that day, I don't care about the new poem they wrote, or the pictures of their birthday party," he says.

Facebook says its site is so integral to the lives of college students and others that it has become more like a service such as email, instead of merely a place to chat about parties and find dates.

Mr. Zuckerberg started Facebook while still a Harvard University student in February 2004. The native of Dobbs Ferry, N.Y., intended the site to assume some of the functions of printed "facebooks" with students' photos and contact information. Mr. Zuckerberg added features enabling students to customize their pages and communicate with each other. Members can "poke" each other, a message sent from one user to another that is sometimes considered a form of flirting.

Facebook quickly spread to other universities. By early 2005, the site had 1.6 million monthly U.S. visitors, a number that soared to nearly nine million last month, according to research firm NetRatings Inc. Facebook users spent an average of more than one hour a month on the site in August, a long time by Internet standards and more than double what they spent a year earlier.

As Facebook's popularity swelled, Mr. Zuckerberg, who wears Adidas sandals to work many days, dropped out of Harvard after his sophomore year and moved to Palo Alto. The former computer-science and psychology major quickly set a brash tone, joking with colleagues about Facebook's goal of "world domination" and once distributed business cards that read, "I'm CEO...bitch." A Facebook spokeswoman says the cards were a joke.

News Corp.'s July 2005 announcement that it was buying MySpace raised Facebook's profile among Internet and media industry deal makers. Yahoo, of Sunnyvale, Calif., for one, began negotiating to take a minority stake in Facebook, with a deal that would have given the start-up company a $750 million valuation, according to a person familiar with the matter. The deal never worked out.

Facebook entered discussions with Viacom, of New York, in early 2006 to be acquired for a total that could have exceeded $1 billion if Facebook reached certain targets, say people familiar with the matter. The talks broke down over valuation and other disagreements, according to those people.

Yahoo, meanwhile, continued to pursue its Facebook aspirations. The Web company has roughly 500 million users worldwide but largely missed the boom in social-networking sites.

Around March, Yahoo was weighing a roughly $1 billion offer, according to people familiar with the matter. Facebook's Mr. Zuckerberg met with executives at Yahoo's headquarters in late March to discuss a possible deal.

At one point in the Yahoo negotiations, the talks extended into the weekend, says a person familiar with the matter. Mr. Zuckerberg, this account continues, said he couldn't take part because his girlfriend was in town. Others pointed out they were closing in on a billion-dollar deal. Mr. Zuckerberg said it didn't matter: his cellphone would be off, this person says.

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Mr. Zuckerberg says he doesn't "remember anything like that." He adds: "I have a girlfriend; when I'm hanging out with her I tend to not be that engaged."

In April, Facebook announced $25 million in a third round of financing. That valued the company at around $500 million, according to a person familiar with the matter.

Microsoft soon got word that Facebook had suitors and contacted the company, says a person familiar with the matter. Microsoft Senior Vice President Hank Vigil was one of the main drivers behind starting acquisition talks. After several weeks the talks faltered, largely because Facebook told Microsoft it wanted $2 billion, according to one version of events, a number that had been touted by some investors. That was too rich for Microsoft, which was thinking of a figure in the hundreds of millions of dollars, say people familiar with the talks.

Microsoft also faced internal challenges. The talks with Facebook were being driven by Mr. Vigil and the corporate mergers-and-acquisitions team, not its MSN online business. Without full backing of the online group, Microsoft couldn't justify a deal, say people familiar with the talks.

In July, Yahoo formally offered roughly $1 billion for Facebook, say people familiar with the matter. Shortly after, a new batch of traffic numbers for Facebook indicated the site wasn't growing as quickly as Yahoo had expected. At the same time, Yahoo stock fell sharply after it announced a delay in a key corporate initiative. The company dropped its offer closer to $800 million, say people familiar with the talks, which Facebook rejected.

Facebook's whipsawing series of talks took another turn in August when Google announced it had agreed to broker ads for MySpace and other News Corp. sites. The size of the guaranteed revenue spurred Facebook executives to put any acquisition talks aside and pursue a similar deal, first with Google, then with Microsoft. The deal with Microsoft was signed and sealed in less than a week. Microsoft has promised to deliver ads valued at a minimum of $200 million over three years, according to one person familiar with the deal.

Although it has joined forces with Microsoft, Facebook signaled to Yahoo that the advertising deal didn't preclude further acquisition talks, according to people familiar with the matter. The discussions are at an advanced stage, although it appears the two sides still differ about valuation. If a deal goes through, Yahoo could use Facebook to boost advertising revenue and pitch Yahoo services -- which range from email to music and online dating -- to Facebook's young member base.

Mr. Zuckerberg says he isn't focused on making money or using his position at Facebook to become a media tycoon. Still, he has met media luminaries such as Donald Graham, the chairman and chief executive officer of Washington Post Co.

"I do feel like I share a lot of values with folks like Don. He's very into building a long-term business and focusing on that," Mr. Zuckerberg says. He describes Mr. Graham as "a bit of a mentor."

--Matthew Karnitschnig and Vauhini Vara contributed to this article.

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Doctors' Group Sues Two Insurers, Charging Unfair Coercion (NYT)

By Richard Pérez-peña

The New York Times, September 21, 2006

The statewide trade group for doctors in New York has filed a class action lawsuit against one of the state's largest insurers, Oxford Health Plans, and its parent company, UnitedHealth Group, accusing them of illegally coercing doctors to do more business with them.

UnitedHealth Group, an insurance giant based in Minnesota, had a small presence in New York until 2004, when it bought Oxford. Last year, Oxford and United told thousands of doctors in New York that if they wanted to stay in or join one of the two insurers' networks, they had to be in both.

The suit, filed on Tuesday in State Supreme Court in Manhattan, says that that requirement violates state antitrust law and laws against unfair and deceptive trade practices. The plaintiffs are the Medical Society of the State of New York and several individual doctors practicing in New York City and on Long Island.

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They say that Oxford and United's new rules, known as an "all-products" requirement, force doctors to do business with an insurer they dislike — because its payments are low, its paperwork is cumbersome or it does not cover some services — or risk losing many of their patients. And in many cases, they contend, Oxford and United have breached contracts with doctors.

"This is the first time the Medical Society has brought a lawsuit expressly challenging an all-products provision," said Donald R. Moy, the group's general counsel.

"Some other insurers have similar practices, but this is the most egregious one," Mr. Moy said.

In an exchange of e-mail messages, Maria Gordon Shydlo, a spokeswoman for Oxford and United — which still operate under separate names — said that the new system had improved customer service.

She said it had added 6,600 doctors to United's provider network in New York, New Jersey and Connecticut and 3,800 doctors to Oxford's network, while fewer than 1 percent of the combined companies' providers had dropped out rather than accept the new requirement.

"Our customers and employer groups now have had access to a broader network of physicians and providers on an in-network basis," she said. But she did not address the allegations that the companies had violated state law or that they had breached contracts.

In part, the suit reflects doctors' frustration with the growing power of a handful of insurers, fueled by a series of mergers that has left consumers with fewer choices. Empire Blue Cross Blue Shield, the largest health insurer in New York, was taken over this year by WellPoint, the largest in the country; Oxford became part of United, the nation's second-largest; GHI and HIP plan to merge; and there have been several takeovers of small insurers by larger ones.

But the complaint is also the latest in a string of accusations by hospitals, doctors, patients and state regulators in New York, who say that Oxford and United subject doctors and hospitals to harsher and more unfair practices than other insurers.

In 2000, the Medical Society filed suits against several insurers, charging them with unethical practices in their dealings with doctors. Most of those were consolidated in federal court with similar cases filed by doctors' groups in other states.

Most of the major insurers settled and agreed to change some practices; United has not settled. Mr. Moy said the society's only other significant continuing suit against an insurer was also against United, challenging its definitions of "usual and customary" charges for medical care.

Legal Dueling Over Web Site Domain (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, September 21, 2006

Harrah's wants WSOP.com for poker series

In 2004, Harrah's acquired the venerable Binion's Horseshoe casino downtown in large part, company executives said at the time, so the company could cash in on Binion's increasingly popular World Series of Poker, or WSOP for short.

But that plan has hit a snag, Harrah's claims in a lawsuit filed last week in U.S. District Court in Las Vegas against Binion's former information technology director, Federico Schiavio.

One year before the sale of Binion's, Harrah's claims, Schiavio registered the domain name for an Internet site called WSOP.com. Since then, Schiavio has used the site to divert Web traffic to an online gambling site called All In Poker, Harrah's claims. More recently, it appears WSOP.com is in the process of designing its own gambling site.

Harrah's has no control over that Web site and receives no profits from it - a problem it's anxious to fix.

The casino giant claims it owns the trademark on the name "World Series of Poker," and that it has applied for a patent on the name "WSOP" as well, so Schiavio's Web site should be passed over to Harrah's.

Schiavio is attempting to create an association between his Web site and the World Series of Poker where none exists, Harrah's claims. The company says Schiavio "is attempting to frustrate or divert Internet traffic intended for Harrah's."

What's more, the company says Schiavio's Web site is promoting Internet gambling.

"Schiavio's use of the WSOP mark in connection (with) the domain name WSOP.com is intended to trade off Harrah's goodwill and reputation and deceive people into thinking Internet gambling is acceptable," the suit claims.

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(Harrah's official World Series of Poker Web site, www.worldseriesofpoker.com, uses advertising from www.PartyPoker.net, a free poker site affiliated with www.PartyPoker.com, the type of gambling Web site the Justice Department has deemed illegal .)

Harrah's 13-page lawsuit includes claims of trademark infringement, "cybersquatting" and unfair trade practices. The company is asking that Schiavio be prohibited from using the WSOP trademark; that the WSOP.com domain name be transferred to them, and that they be awarded damages.

Harrah's also notes that the U.S. Patent and Trademark Office suspended examination of its applications to trademark the acronym "WSOP" because of Schiavio's similar application - and is asking that the court order the federal trademark office to reject Schiavio's application and approve Harrah's.

The legal dispute has been ongoing virtually since Harrah's Entertainment Group and MTR Gaming Group purchased Binion's on March 10, 2004. Thirteen days later, after receiving a "cease and desist" letter that Harrah's had sent him, Schiavio changed the content of the WSOP.com site to make it seem less directly affiliated with the World Series of Poker, the lawsuit contends.

Schiavio's site now reads: "WSOP.com: World's Standard of Online Poker."

According to the site, its operators are in the process of developing "the most exciting concept in online multiplayer poker ¦ We will soon be starting an online poker room with a unique selling proposition geared toward rewarding professional poker players, keen amateurs and other players for whom poker is becoming their favorite online activity."

On May 30 of this year, Harrah's filed a complaint with the National Arbitration Forum, asking it to resolve the dispute. A three-judge panel with the forum dismissed Harrah's complaint, finding last month that it would be inappropriate for it to decide while the trademark office was weighing Schiavio's "WSOP" trademark application.

Schiavio could not be reached for comment, and his attorney in the arbitration, Darren Rimer of Laguna Niguel, Calif., did not return a phone call.

According to the suit, Schiavio got the idea to use the WSOP.com domain name while working for the Horseshoe Club Operation Co., owner of Binion's, as a consultant from 1999 to 2004.

Though Binion's no longer holds the World Series - Harrah's hosts the annual event at its Rio Hotel and Suites - Binion's still hosts live poker games.

But Binion's has not done well since MTR Gaming Group took over the management of the casino from Harrah's Entertainment in March 2005. The Sun reported in April that in MTR's latest earnings report, Binion's posted a net loss of $702,000 last year, compared with a profit of $934,000 in 2004. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@vegas.com.

Regulators Probe Paper Mill Deal (AP-YBIZ)

AP, September 21, 2006

European Union Regulators Probe U.S. Company's Deal for British Mill

BRUSSELS, Belgium (AP) -- European Union antitrust regulators opened an in-depth probe into U.S. paper maker Glatfelter's plans to buy a British paper mill, saying Wednesday it believed the deal could create a monopoly supplier with the power to fix prices for tea bags and coffee filter paper.

The European Commission said its initial investigation found that P.H. Glatfelter Co., based in York, Pa., would control a very high market share for coffee filters and tea bags if it bought a paper mill at Lydney in western England from J.R. Crompton Ltd.

"The only remaining competitors, Ahlstrom and Purico, have only limited production capacity," it said. "Although the proposed transaction affects a niche market, annual sales in the European economic area of tea and coffee filtration papers alone amount to around 145 million euros ($183 million)."

British fiber producer Crompton was placed in court-ordered administration in February as part of British insolvency proceedings. It is the leading manufacturer of specialty papers for tea and coffee filters with three paper mills in Britain selling to customers all over the world.

The Lydney plant makes wetlaid fibre, which is also used for wall paper, adhesive tapes and battery components.

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EU officials have until Feb. 6 to decide whether to block or clear the deal. It can also ask the companies to sell assets or change the way they do business in future to try and solve antitrust problems. Although it has the power to block mergers and acquisitions, it rarely does so.

Both companies' sales are lower than the threshold for the EU to get involved -- it usually decides on deals where both companies make more than 250 million euros ($316 million) in Europe -- but the commission said both the German antitrust authority, the Bundeskartellamt, and Britain had asked it to investigate this case.

Hospira To Buy Mayne Pharma For $2 Billion (WSJ)

By Dennis K. Berman And Thomas M. Burton

The Wall Street Journal, September 21, 2006

Hospira Inc. agreed to acquire Australian generic-pharmaceuticals maker Mayne Pharma Ltd. for about $2 billion, the companies said.

The deal is the largest corporate move yet for the two-and-a-half-year-old Hospira, which is a hospital-products spinoff of health-care giant Abbott Laboratories. Hospira has a big business in injectable pharmaceuticals, which package medications in prefilled syringes while also creating vials of medicine used in standard doctor's needles.

It also makes and sells products such as intravenous drug-delivery equipment and patient-controlled drugs for pain management.

Melbourne-based Mayne is a world leader in generic injectable pharmaceuticals, with its strongest presence in cancer treatments. Last year, the company registered sales of about $517 million, an increase of more than one-third from the previous year.

NEWSHOUND QUIZ

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Care to test your memory of recent news events in WSJ.com's weekly Newshound Quiz? Sign up for the quiz2, and then look for the latest installments in your inbox on Fridays. Be the first to reply with all your answers correct, and you can declare yourself Top Dog!

Hospira is expected to pay a 32% premium to where Mayne's shares closed on Sept. 18, marking a total price of about $2 billion. That figure represents about one-third of Hospira's overall market capitalization, making the deal a significant step for the Lake Forest, Ill., company. The company plans to finance the purchase almost entirely with new debt.

Prior to this transaction, Hospira has been weighted heavily toward domestic sales. In 2005, for instance, U.S. sales made up 83% of the business, with international sales constituting the other 17%.

The company said it hopes to create annual savings of at least $50 million by 2008 and predicted the deal would add to earnings in 2007.

But its measure of earnings accretion excludes transaction-related costs and the amortization of intangible assets. As measured by more rigorous generally accepted accounting principles, the deal won't add to earnings during 2008, Hospira said.

The market hasn't been favorable to Hospira this year. Since January, its shares have declined 14%, while an index of other health-care-equipment makers fell 5%.

Morgan Stanley and law firm Baker & McKenzie advised Hospira. Merrill Lynch & Co. and law firm Clayton Utz advised Mayne.

Aalberts, 29 Other Companies Fined EU314.7 Million (Update2) (BLOOM)

By Matthew Newman

Bloomberg, September 21, 2006

Sept. 20 (Bloomberg) -- Aalberts Industries NV, Europe's largest maker of water and gas fittings, and 29 other companies were fined a total of 314.7 million euros ($399 million) for colluding to fix prices for copper fittings used in plumbing and heating. Aalberts shares fell as much as 12 percent.

Aalberts was fined 100.8 million euros, the European Commission, the EU's antitrust authority, said in a statement today. In addition, IMI Plc was fined 48.3 million euros, Delta Plc 28.3 million euros and Tomkins Plc 5.3 million euros.

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The fines are the third time since 2003 that the commission has penalized companies in the copper tube industry. In this case, four of the 11 groups fined, including Aalberts and Delta, had penalties increased by 60 percent because they continued their illegal activity after the commission started its probe.

``We will not tolerate cartels and will take all measures to stamp them out," EU Competition Commissioner Neelie Kroes said in the statement. ``We will not only punish firms severely for cartel behavior, but also increase the fines for flagrantly continuing after a commission dawn raid and for providing wrong or misleading information."

Aalberts shares fell 7.25 euros, or 12 percent, to 55.40 euros as of 1:07 p.m. in Amsterdam. That's the biggest one-day decline since February 1991. Marja Bouw, a spokeswoman for Langbroek, Netherlands-based Aalberts, said the company would appeal the fine.

Net Income

The EU fine is almost double the company's first half net income of 51 million euros. In August, the company said profit rose 34 percent, boosted by acquisitions as the company charged more for its products.

Stephanie Badjonat, a spokeswoman for Birmingham, England- based IMI, said the company had no immediate comment. Robin Walker, a spokesperson for London-based Tomkins, also said the company had no immediate comment. Calls to Delta Plc Chief Executive Officer Todd Atkinson weren't immediately returned.

Shares of Tomkins fell 5.5 pence, or 2.2 percent, to 235.5 pence in London. Shares of IMI rose 2.5 pence to 492 pence in London trading.

Mueller Industries

Memphis-based Mueller Industries Inc. got full immunity from fines because it alerted EU authorities about the illegal price-fixing in January 2001.

Mueller ``took the lead in bringing these issues to the attention" of the commission ``and has fully cooperated in the investigation from its inception," Mueller said in a July 28 filing to the U.S. Securities and Exchange Commission.

Mueller and its subsidiaries were also granted full immunity in September 2004 when the commission fined seven companies, including IMI, 222.3 million euros for fixing prices for copper plumbing tubes used for water and heating.

The commission's investigation of the copper-tube business also led to 79 million euros in fines against three companies in December 2003.

The highest cartel penalties were in 2001 when the commission imposed 1.83 billion euros in fines, including 790 million euros against a vitamin price-fixing conspiracy.

To contact the reporter on this story: Matthew Newman in Brussels at Mnewman6@bloomberg.net

Software Makers Complain To EU Over Microsoft's New Vista System (WSJ)

By Mary Jacoby

The Wall Street Journal, September 21, 2006

BRUSSELS -- Two U.S. software makers are lobbying European Union regulators for action against Microsoft Corp.'s next-generation Windows computer operating system, slated for release to corporate customers in November.

Adobe Systems Inc. of San Jose, Calif., has told regulators that Microsoft should be prohibited from building free competing software for reading and creating electronic documents into the operating system, called Vista, according to people familiar with the situation.

Meanwhile, officials from antivirus-software maker Symantec Corp. plan to travel to Brussels next week to brief journalists about Vista features that the Cupertino, Calif., company has told EU regulators will undercut rival computer-security-software makers. The briefings are intended to combat a similar public-relations effort by Microsoft, said a Symantec spokesman, Cris Paden.

At a Sept. 12 briefing, Erich Andersen, Microsoft's general counsel for Europe, said any regulatory action requiring changes in Vista's design could "increase security risks for European consumers" by making them more vulnerable to malicious attacks through the Internet, something that Symantec contests.

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EU antitrust chief Neelie Kroes has warned Microsoft not to design the new version of Windows, which runs more than 90% of the world's personal computers, in ways that would put rival software companies at a competitive disadvantage. The EU fined Microsoft €497 million, or more than $600 million, for antitrust violations related to its earlier versions of Windows in 2004. In July, Ms. Kroes imposed an additional penalty of €280.5 million against Microsoft for defying orders to change its business practices. The company is appealing both fines.

"Our goal is to deliver a fully innovative, secure version of Windows Vista that is compliant with EU law," said Tom Brookes, a spokesman for Microsoft, based in Redmond, Wash. However, Adobe and Symantec have told EU regulators that Vista has put them squarely in Microsoft's cross hairs.

Symantec is concerned that Vista will direct consumers toward a Microsoft-designed security console, or box that shows what level various security functions, such as an Internet firewall, are set on. The rival company wants to be able automatically to override the Microsoft template with its own design and features, as it has been allowed to do in the past.

Also, Microsoft has a new feature, called PatchGuard, designed to protect the core of its operating system from hacking. But Symantec's Mr. Paden said the design has been changed from previous Windows versions to prevent security-software companies from accessing this crucial part of the system to update computers against security threats.

Adobe is objecting to Microsoft's inclusion in Vista of its own software for creating and viewing digital snapshots of documents, known as XML Paper Specification, or XPS. XPS competes with Adobe's widely used portable document format, or PDF.

While Adobe earns money by selling its Acrobat software to create PDF documents (while giving away the software to read such documents), Microsoft will include both reading and writing software as part of Vista for no extra charge. That could erode Adobe's sales. An Adobe spokeswoman declined to comment.

Microsoft Chief Executive Steve Ballmer wrote to Ms. Kroes in the spring and asked if she wanted Microsoft to remove its XPS electronic-document software from Vista, said Mr. Brookes, the Microsoft spokesman. Ms. Kroes didn't respond, Mr. Brookes added.

A spokesman for Ms. Kroes, Jonathan Todd, said: "The commission has been giving guidance to Microsoft for over a year. But ultimately it is for Microsoft to decide how they package and sell Vista." He added that regulators could take no action until Vista was on the market.

ENVIRONMENT:

White House Outlines Global Warming Fight (WP)

By Juliet Eilperin

The Washington Post, September 21, 2006

The Bush administration yesterday laid out a long-term "strategic plan" for using technology to curb the impact of global warming, reiterating its position that basic scientific research and voluntary actions can curb greenhouse gases linked to climate change.

Addressing complaints by environmentalists and some scientists that Bush has not done enough to cut the nation's emissions of such gases, Energy Secretary Samuel W. Bodman said the 244-page "Climate Change Technology Program Strategic Plan" promotes initiatives such as sequestering carbon dioxide before it enters the atmosphere and promoting hydrogen-powered cars.

"This plan was inspired by the President's vision to harness America's strengths in innovation and technology to transform energy production and use in ways that significantly reduce greenhouse gas emissions over the long term," Bodman said in a statement. "This strategic plan is unprecedented in its scope and scale and breaks new ground with its visionary 100-year planning horizon, global perspective, multilateral research collaborations, and public-private partnerships."

Energy Department officials described the plan -- which has taken four years to produce -- before the House Science subcommittee on energy yesterday. It immediately came under fire from senior Hill Republicans as well as several outside scientists and policy experts.

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"It's good as far as it goes, but it needs to go a lot further," House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.) said in an interview after the hearing. "It's good to look ahead, but people expect something immediate, as well as futuristic."

House Government Reform Committee Chairman Thomas M. Davis III (R-Va.), who has scheduled a hearing today on climate change research, said the administration failed to spell out how future research will be funded.

"They address the need for research but give a very convoluted answer as to how that's going to occur," Davis said in an interview. "What we're asking is, is this sufficient? You've got to have some teeth and focus."

In the document, the administration said it spends $3 billion a year on the research.

But Ken Caldeira, a senior scientist at the Carnegie Institution at Stanford University, said the country would have to spend "hundreds of billions of dollars a year" to move away from a carbon-dependent economy. He added that the government would have to regulate carbon dioxide emissions, either through a tax or cap-and-trade system, to create incentives to develop and implement cleaner technologies.

"Most energy technologies that do not emit carbon dioxide to the atmosphere will cost more than those that do emit carbon dioxide to the atmosphere," Caldeira said. "A major energy R&D program only makes sense in the context of a price on carbon emissions."

Rafe Pomerance, who chairs the bipartisan Climate Policy Center, praised the administration for emphasizing the need for exploratory research to produce innovative responses to global warming.

Some outside scientists, such as William Fulkerson, a senior fellow at the University of Tennessee's Institute for a Secure and Sustainable Environment, said the plan could provide a blueprint for encouraging the development of technologies that would cut emissions. "It makes it clear this is a long-term issue and it is not solved by any one technology or strategy," Fulkerson said.

Margo Thorning, chief economist at the American Council for Capital Formation, said the plan is "a substantial, credible effort" to address global warming.

"The technology-based approach is the only way to go, and the administration's emphasis on that is the right one," said Thorning, whose think tank accepts money from Exxon Mobil Corp.

John Coequyt, an energy policy specialist for the advocacy group Greenpeace, said that the plan's biggest flaw is shown by the 2010 start of its initial goals.

"The big picture from the Bush administration is always the same: This is a long-term problem that will be solved by another administration," Coequyt said. "It's time to start talking about what are the things we can do tomorrow."

White House Presents Plans To Cut Emissions (NYT)

By Felicity Barringer

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — As the rich and powerful gathered in New York to discuss sweeping approaches to climate change under the aegis of former President Bill Clinton, the Bush administration unveiled its priorities for working with Asian countries on voluntary efforts and for spending $3 billion on technologies that could cut emissions of heat-trapping gases.

James L. Connaughton, chairman of the Council on Environmental Quality at the White House, told the Senate Environment and Public Works Committee that the Asia-Pacific partnership between the United States and Australia, China, India, Japan and South Korea would share technology advances.

An example of their plans, Mr. Connaughton said, was a $58 million deal by which the Caterpillar company provided a Chinese mining operation with generators that could burn methane gas that would otherwise be vented into the atmosphere. Methane's warming potential in the atmosphere is more than 20 times that of carbon dioxide.

Shortly before Mr. Connaughton testified, Stephen Eule, director of the Climate Change Technology program at the Energy Department, gave the energy subcommittee of the House Committee on Science an overview of the administration's technology priorities.

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But the committee chairman, Representative Sherwood Boehlert, Republican of New York, chided Mr. Eule about the long time horizon envisioned for some technologies, saying that the administration's plan "is silent on the deployment of technologies already out or near the end of the pipeline" of research efforts.

"What are we doing about deploying these technologies next year" Mr. Boehlert added, "not 15 years from now?"

In response, Mr. Eule referred to the department's energy-efficiency efforts and its aid to builders of less energy-intensive homes. In addition, he cited a part of the Energy Policy Act providing $1.5 billion for developers of six new nuclear plants if they face costly regulatory delays.

Global Warming Suit Hits Carmakers (USAT)

By Chris Woodyard

USA Today, September 21, 2006

LOS ANGELES — California's attorney general filed a public-nuisance lawsuit Wednesday against the six biggest-selling automakers, alleging their products spew dangerous greenhouse gases and foster global warming.

The lawsuit, filed in U.S. District Court in Oakland, seeks unspecified compensation for the "billions of dollars in damages" from global warming caused by cars.

The lawsuit names General Motors, Ford Motor, DaimlerChrysler, Toyota, Honda and Nissan. They have made 88% of the vehicles sold in the USA so far this year.

"Vehicle emissions are the single most rapidly growing source of the carbon emissions contributing to global warming, yet the federal government and automakers have refused to act," state Attorney General Bill Lockyer said in a statement. "It is time to hold these companies responsible for their contribution to this crisis."

Though limited to California, the lawsuit could invite others from around the nation. It could put automakers under more pressure to speed development of hybrids and alternative-fuel vehicles, such as those powered by hydrogen fuel cells, to lessen air pollution.

"CEOs and members of boards of directors of companies have to be thinking, 'Do we have liabilities here? Are we exposed here?' " says David Doniger, climate policy director for the Natural Resources Defense Council. "These kinds of suits are only going to multiply until we have an effective national legislation that curbs global warming."

GM, Ford and DaimlerChrysler referred response to their Washington-based trade group, the Alliance of Automobile Manufacturers, which said that today's cars and trucks are "99% cleaner" than the past generation.

This type of lawsuit requires courts to go beyond their jurisdiction and "opens the door to lawsuits targeting any activity that uses fossil fuel for energy," the group said.

Honda, not a member of the alliance, issued a statement saying it favors higher fuel economy standards as one way of reducing greenhouse gases.

The lawsuit is similar to one filed by eight state attorneys general and the city of New York in 2004 against utilities, alleging that smokestack pollution increased global warming. That lawsuit was dismissed. It's on appeal.

These types of lawsuits aren't clear cut.

"Nuisance law is very squishy," says Sean Hecht, executive director of the Environmental Law Center at the University of California-Los Angeles. "It's a basic feature of nuisance law that it reaches problems that are not otherwise illegal."

Calif. Sues Six Automakers Over Global Warming (WP)

By Sholnn Freeman

The Washington Post, September 21, 2006

California filed a lawsuit against the six largest automakers operating in the United States, alleging car and truck emissions are causing global warming, injuring the state's environment and economy and endangering public health.

The complaint, filed yesterday in U.S. District Court for Northern California, is the latest escalation in a clash between states and the U.S. auto industry over global warming. The California complaint alleges that under federal and state common law the automakers have created a public nuisance by producing millions of vehicles that collectively emit massive quantities of carbon dioxide.

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The lawsuit targets U.S. operations of General Motors Corp., Ford Motor Co., the Chrysler division of DaimlerChrysler AG, Toyota Motor Co., Honda Motor Co. and Nissan Motor Co. Most of the automakers declined to comment, saying they were still reviewing the complaint. In a statement, Honda said "the real issue regarding climate change is how the United States as a nation, not the individual states, is going to address the proliferation of greenhouse gases."

Honda repeated its position that the federal government, through the National Highway Traffic Safety Administration, should raise fuel economy standards to address greenhouse gas emissions from cars and trucks. Most automakers have strongly opposed attempts to raise fuel economy standards.

The lawsuit does not seek a specific claim for damages. The complaint says the state is spending millions of dollars on planning, monitoring and making infrastructure changes to address "a large spectrum of current and anticipated impacts." The complaint blames global warming for raising sea levels along the state's coastline, increasing ozone pollution in big cities, increasing the threat of wildfires and reducing the amount of fresh water flowing from mountain snow packs.

California Attorney General Bill Lockyer pegged current damages at "tens of millions of dollars." He said the amount could grow as the legal battle continues.

"Money is being spent in our regulatory system preparing for small disruptions in the water supply due to the smaller snow pack, saltwater intrusion of the water supply, beach erosion," Lockyer said in an interview yesterday. "There is a lot of spending that is already ongoing that we are claiming. The point is taxpayers shouldn't pay for those damages, the industry should."

The complaint comes as Congress is deadlocked on how to curb global warming. California is the country's largest single auto market and in many ways has set the nation's agenda on vehicle emissions regulations for the past three decades.

Lockyer said the lawsuit was the first of its kind trying to hold auto manufacturers liable for the damages caused by the greenhouse gases their products emit. He said that vehicle emissions in California account for 30 percent of carbon dioxide in the air, while nationally the figure is 20 percent.

The Alliance of Automobile Manufacturers, an industry trade group in Washington, said lawsuits like California's have failed in the past. The lobbying group said the suits draw courts into deciding political questions.

"We've made no secret of our belief that any attempt to regulate carbon dioxide is an attempt to regulate fuel economy, and that is something that is reserved for the federal government," said Charles Territo, a spokesman for the group.

Still, both sides have sought to draw the courts into the battle. The auto industry has sued the state of California in U.S. District Court in Fresno to block implementation of a greenhouse-gas emissions law. This fall the U.S. Supreme Court is set to hear arguments in Massachusetts v. Environmental Protection Agency which addresses whether the federal government must regulate carbon dioxide as a pollutant. The case could have broad implications for utilities, automakers and other industries.

Calif. AG Sues Automakers Over Emissions (AP)

By Samantha Young

AP, September 21, 2006

SACRAMENTO — California's attorney general on Wednesday sued the six largest U.S. and Japanese automakers for causing millions of dollars in damage through vehicle emissions of greenhouse gases, the latest action to combat global warming by the nation's most populous state.

The federal lawsuit is intended to hold the auto industry accountable for what regulators say is their contribution to climate change, Attorney General Bill Lockyer said. Vehicles are the largest single source of greenhouse gas emissions in the state.

"In effect, we're getting the taxpayers' money back," Lockyer said in a telephone interview.

The lawsuit, filed in U.S. District Court in Oakland, marks the first time a state has sought monetary damages for the impact of global warming by vehicles. It names Chrysler Motors Corp., General Motors Corp., Ford Motor Co., Toyota Motor North America Inc., American Honda Motor Co. and Nissan North America Inc.

It adds a new dynamic to an ongoing battle between the state and the auto industry over greenhouse gas emissions. In 2002, California lawmakers approved legislation requiring cuts in emissions from cars and light trucks.

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The auto industry is challenging those regulations, arguing they can be met only through increased fuel-economy standards, which is the domain of the federal government. The state has countered that emission reductions can be achieved in other ways.

Lockyer's suit claims California already is dealing with the effects of global warming and its projected consequences. He said the auto companies should be held accountable for past and future actions harming Californians' health and damaging the state's environment.

Reports by state agencies indicate that a 2- to 3-degree rise in temperature could melt the Sierra snowpack earlier each year, lead to flooding in the Central Valley and threaten the state's long-term water supply for cities and farms. The lawsuit states that California agencies will spend millions to deal with those problems.

David Doniger, an attorney with the Natural Resources Defense Council in Washington, D.C., who is defending the California auto regulations in court, said it was not surprising California is looking to hold automakers responsible.

"Industries that release the pollution that is causing global warming have to expect there are going to be more suits of this kind until and unless we have effective national legislation to curb global warming," Doniger said.

Most automakers declined to comment on the lawsuit.

Ford spokeswoman Kristen Kinley, DaimlerChrysler spokesman Michael Palese, a receptionist at GM's media division and a spokeswoman at Nissan referred calls to the Alliance of Auto Manufacturers. Toyota Motor Sales U.S.A. spokeswoman Sona Iliffe-Moon said the company was still evaluating the lawsuit.

Honda spokesman David Iida in Detroit said the company was unfamiliar with the lawsuit but said Honda believes the federal government should raise fuel-economy standards as a means to address global warming.

The Alliance of Automobile Manufacturers responded to Lockyer's lawsuit by issuing a statement saying auto companies already are building cleaner and more fuel-efficient vehicles. A spokeswoman declined to address the substance of the 15-page complaint, saying manufacturers would need time to review it.

Lockyer is suing on the theory that greenhouse gases are a "public nuisance" under both California and federal law, an argument similar to one being pursued in a case before the 2nd U.S. District Court of Appeals in New York. Connecticut and seven other states, including California, have sued five power companies in an effort to get them to reduce their greenhouse gas emissions.

The Connecticut lawsuit was dismissed by a district judge who said it attempted to address political questions. In a brief filed in support of the utility companies, the automakers alliance argued that such a suit "opens the door to lawsuits targeting any activity that uses fossil fuel for energy."

Lockyer often joins multistate lawsuits, but he said he did not know whether other states or environmental groups planned to enlist in his latest effort against auto manufacturers.

California is attempting to cut the amount of greenhouse gases to 1990 levels by 2020. As part of its strategy, auto emissions from cars and light trucks would account for about a third of the reductions.

Other reductions would come from industrial sources in a landmark deal that Schwarzenegger struck with Democratic leaders in August during the waning days of the legislative session. It will be the first such cap in the nation if Schwarzenegger signs it into law this month as expected.

The timing of Lockyer's lawsuit _ coming 48 days before the November election _ raised questions about his motives. Lockyer is termed out as attorney general and is running in a contested race for state treasurer.

"This is the silly season of elections in the fall, and obviously he thinks this will gain him a few marginal votes," said Sean McAlinden, an economist with the nonprofit Center for Automotive Research in Ann Arbor, Mich. "I don't think it means anything more than it says. It's California politics."

Lockyer, a Democrat, said the complaint has nothing to do with election-year politics. His Republican opponent, state Board of Equalization member Claude Parrish did not return calls seeking comment. Attempts to reach him through the state Republican Party also were unsuccessful.

Lockyer said he intentionally waited until the Legislature passed the industrial greenhouse gas bill before filing his lawsuit against the automakers because he didn't want to jeopardize its chances.

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Linda Adams, secretary of the California Environmental Protection Agency, declined to comment specifically on Lockyer's lawsuit, saying her office had not had time to review it. But she said the agency supports "any effort to defend California's right to clean our air."

Exxon Reviews Funding In Climate-Change Issue (WSJ)

By Jeffrey Ball

The Wall Street Journal, September 21, 2006

Exxon Mobil Corp., which has sparked criticism for funding groups that challenge the scientific validity of concerns about global warming, is reviewing whether it will continue to fund some of those groups.

Exxon spokesman Mark Boudreaux said yesterday the company's decisions about which outside groups to fund for the rest of 2006 and for 2007 "are under review." The Competitive Enterprise Institute, one past recipient of Exxon funding that has been vocal in questioning climate science, hasn't received any money from Exxon in 2006, he said.

Also yesterday, California filed a lawsuit against six auto makers alleging their vehicles have contributed to global warming, hurt the state's environment and cost it millions of dollars to address the effects. The suit would hold them liable for damages caused by warming.

Exxon's statement follows a letter released by the Royal Society, Britain's independent scientific society. The letter said that in a July meeting between Royal Society and Exxon officials, society officials criticized Exxon's funding of "organizations that have been misinforming the public about the science of climate change" and Exxon officials responded that the company "would not be providing any further funding to these organizations." The letter was reported yesterday in the Guardian newspaper.

The letter said Exxon has been "misleading" in characterizing the extent of doubts about climate science. Exxon said yesterday the society "inaccurately and unfairly" described its position.

Exxon, one of the tallest lightning rods in the global-warming debate, has opposed the Kyoto Protocol, the global-warming treaty, and has stressed remaining uncertainties in climate science. In a report in February, Exxon said atmospheric concentrations of carbon dioxide have increased, that the Earth is getting warmer and that fossil-fuel emissions are a factor in the increased concentrations. But how significantly fossil fuels are contributing to global warming remains uncertain, it said.

One group mentioned during the meeting was the Competitive Enterprise Institute, said Royal Society spokesman Bob Ward, who participated in the meeting. In May, the institute ran television ads that argued that carbon dioxide, widely seen as the main global-warming gas, is helpful. In 2005, Exxon and its philanthropic foundation gave the institute $270,000, Exxon says. That was out of a total of $6.8 million that Exxon says it and its foundation gave in 2005 to tax-exempt nonprofit groups engaged in "public information and public policy research."

Myron Ebell, the institute's director of energy-and-global-warming policy, declined to discuss whether Exxon had decided to stop funding the group.

Mr. Boudreaux said Exxon hasn't made any final decisions on funding of such groups for this year or next year. The review is part of a regular annual assessment of funding for outside groups, he said.

California filed suit in U.S. District Court against General Motors Corp., Ford Motor Co. and the U.S. arms of DaimlerChrysler AG, Toyota Motor Corp., Honda Motor Co. and Nissan Motor Corp. State Attorney General Bill Lockyer said "the federal government and auto makers have refused to act" to address automotive emissions.

The Alliance of Automobile Manufacturers said it hadn't had time to review the lawsuit. But it said: "Using nuisance suits to address global warming would involve the courts in deciding political questions beyond their jurisdiction. This opens the door to lawsuits targeting any activity that uses fossil fuel for energy."

Judge Restores Clinton's 'Roadless Rule' (AP-Y)

By Terence Chea, Associated Press Writer

AP, September 21, 2006

A federal judge on Wednesday reinstated the "Roadless Rule," a Clinton-era ban on road construction in nearly a third of national forests.

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U.S. District Judge Elizabeth Laporte ruled that the Bush administration failed to conduct necessary environmental studies before making changes that allowed states to decide how to manage individual national forests.

The 2001 rule prohibits logging, mining and other development on 58.5 million acres in 38 states and Puerto Rico, but the Bush administration replaced it in May 2005 with a process that required governors to petition the federal government to protect national forests in their states.

Laporte sided with 20 environmental groups and four states — California, New Mexico, Oregon and Washington — that sued the U.S. Forest Service over the changes.

"This is fantastic news for millions of Americans who have consistently told the Forest Service that they wanted these last wild areas of public land protected," said Kristen Boyles, an attorney for Earthjustice, one of the plaintiffs.

Forest Service officials could not be immediately reached for comment.

Laporte's ruling does not affect about 9.3 million acres of Alaska's Tongass National Forest, which is covered by a separate rule on road construction and other development.

Judge Voids Bush Policy On National Forest Roads (NYT)

By Felicity Barringer

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — In the latest round of legal Ping-Pong over the future of 49 million roadless acres of national forests, a federal judge in California on Wednesday reinstated Clinton-era protections against logging and mining on the land and invalidated the Bush administration's substitute policy.

The judge, Elizabeth D. LaPorte of Federal District Court in San Francisco, said the new policy had been imposed without the required environmental safeguards.

The reversal, however, does not cover nine million acres of the Tongass National Forest in Alaska because a separate set of legal opinions determines their use.

Judge LaPorte ruled in a suit filed by a coalition of environmental groups and states that objected to the decision last year to scuttle what was widely known as the "roadless rule" of 2001.

The administration replaced that rule with a policy of state-by-state management under which governors submit recommendations for the use of national forest lands within their borders.

Judge LaPorte said that the original rule had laid out "the inherent problems in this kind of local decision making," particularly "the failure to recognize the cumulative national significance of individual local decisions."

In repealing the 2001 rule, she said, the Forest Service, which is part of the Agriculture Department, had failed to comply with the National Environmental Policy Act, which requires agencies to conduct detailed environmental analyses of alternative approaches.

Judge LaPorte said the Forest Service had failed to consult federal agencies responsible for protecting endangered species. Among other points, her order enjoined the service "from taking any further action contrary to the roadless rule without undertaking environmental analysis."

Justice Department lawyers had argued that such analyses and endangered-species consultations would be performed as decisions were made on managing individual forests and that giving states the right to petition was more procedural than substantive.

The legislative director of the U.S. Public Interest Research Group, Anna Aurilio, said that the judge's ruling "sort of took it back to the first principles of environmental protection and said, you can't just ride roughshod over the environment."

"They can't just trample on all the laws," Ms. Aurilio said of the administration.

Two Agriculture Department officials said they had not decided whether to appeal the decision and would continue to accept and review state petitions.

"As a general matter, we disagree with it, but the court's order is what it is," Deputy Under Secretary David P. Tenny said.

Mr. Tenny said working closely with states to gather information was "more effective in managing roadless areas properly than a sweeping approach that deals with all areas at one time."

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"We'll do our level best to keep working with the states," he added.

Six states have submitted requests under the changed policy. Five of them — California, New Mexico, North Carolina, South Carolina and Virginia — sought protection for their entire inventories of roadless areas.

Idaho, with the largest inventory of roadless acres outside Alaska, submitted its petition on Wednesday. It sought full protection for 1.7 million of its 9.3 million roadless acres and the option for logging and road construction in what state officials called the remaining "backcountry" areas.

A state environmental official, James L. Caswell, said that such logging would in general be intended to protect forest health and manage fire risks.

Kristen Boyles, the lawyer for Earthjustice who argued in support of the roadless rule, said the governors' petitions were "never a guarantee that we would get the protections." The repeal of the rule "was illegal, Ms. Boyles said, because the Forest Service didn't look at the environmental consequences or the alternatives."

In June, the Forest Service sold timber leases on two small roadless tracts of the Rogue River-Siskiyou National Forest near the Oregon coast despite the explicit objections of Gov. Theodore R. Kulongoski.

Fire ravaged the area in 2002.

The merits of the roadless policy and its successor have been argued in three federal courts — in Idaho, Wyoming and, now, California — for six years.

The rule was first enjoined by a judge in Idaho, an injunction that the United States Court of Appeals for the Ninth Circuit overturned.

A judge in Wyoming then enjoined the rule nationwide, and the United States Court of Appeals for the 10th Circuit did not rule on that appeal until after the Agriculture Department had rescinded the rule and set up the system of state petitions in May 2005. Thereafter, the 10th Circuit said, any ruling would be moot because the roadless rule was no longer in effect.

U.S. District Judge Reinstates Roadless Rule In National Forests (WSJ)

By Jim Carlton

The Wall Street Journal, September 21, 2006

SAN FRANCISCO -- A U.S. District Court judge here reinstated President Clinton's roadless rule that sharply curtails development in nearly 60 million acres of national forests, setting aside a decision by the Bush administration last year to replace that measure by one considerably less stringent.

The decision Tuesday by Judge Elizabeth Laporte came in a case filed by several environmental groups and four states, after the U.S. Forest Service last year replaced the Clinton roadless plan with one requiring states to petition for protection of roadless forests. Critics of the new plan said it would open pristine forests to logging, mining and other activities. The Bush administration has argued its plan would still protect the forests, without locking up vast tracts of forests from industrial and recreational uses.

Justice Department officials declined comment pending their review of he case, but it's likely the decision will be appealed. Before the Bush administration replaced the rule last year, federal courts in Idaho and Wyoming had issued rulings enjoining the roadless rule from being implemented. The Idaho one was struck down on appeal, while the Wyoming one was under appeal when the Bush administration replaced the roadless rule last year. Legal experts said the Wyoming case probably wouldn't have any bearing on this case, because it became moot after the new roadless decision went into effect.

In this case, Judge Laporte concluded the Forest Service failed to follow proper environmental procedures when it issued the rule allowing states to file petitions.

Judge Reinstates Ban On Forest Development (USAT)

By Tom Kenworthy

USA Today, September 21, 2006

A federal judge in California on Wednesday struck down Bush administration rules for development on nearly all 58.5 million acres of "roadless" National Forest land and reinstated a Clinton-era ban on road-building, logging, drilling and other activities.

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The ruling by U.S. District Judge Elizabeth Laporte is a victory for four states — California, New Mexico, Oregon and Washington — and 20 environmental groups that sued the U.S. Forest Service to overturn the changes.

If upheld, the decision would allow recreational activities that don't require roads, such as camping, fishing, hiking, hunting and horseback riding. It would prevent road construction, motorized travel, logging and mining in these areas.

Laporte ruled that the Forest Service had violated two environmental laws and a statute governing administrative procedures when it blocked the Clinton administration plan in 2001 and replaced it last year with new procedures.

Laporte said the Forest Service had the authority to issue the new rules but had "failed adequately to consider the environmental and species impacts."

Her ruling does not apply to about 9.3 million acres of Alaska's Tongass National Forest, which is governed by a separate rule on development. The Tongass had been included in the Clinton ban.

"There's no question this is important for all Americans who appreciate clean water, healthy fish and wildlife populations and the opportunity to get out and enjoy the outdoors," said Jonathan Oppenheimer of the Idaho Conservation League, one of the plaintiffs. "But it's far from over."

Dave Tenny, deputy undersecretary of U.S. Department of Agriculture, said the administration disagrees with the ruling but has not decided whether to appeal.

"We disagree with the judge's decision," Tenny said. "The approach we took was one we carefully considered. We believe it is not only the right course, but fully legally defensible."

In place of the blanket protections ordered by the Clinton administration in early 2001, the Bush administration gave governors a say on what land could be developed.

Governors with roadless forest areas in their states had until November to petition the Department of Agriculture, specifying which roadless lands they want protected and which could be developed.

Five states have submitted their proposals, and seven others have said they intend to file. Laporte's decision blocks the process from going forward.

Wednesday's ruling came less than an hour before Idaho Gov. Jim Risch — with Mark Rey, the top U.S. forestry official, by his side in Boise — was to announce his state's proposal for its 9.3 million acres of roadless forest. Idaho's proposal would allow some development on most of that land.

Prior to the Clinton administration ban, decisions on how to manage roadless areas were made by each national forest and periodically reviewed. About 34.3 million of the nation's 58.5 million roadless forest acres were open to logging and other development.

Judge Restores Protection To National Forests (LAT)

By Tim Reiterman

The Los Angeles Times, September 21, 2006

SAN FRANCISCO -- A federal judge has restored broad protection of about one-third of national forest land in the lower 48 states, rejecting efforts by the Bush administration to relax a ban on logging in the most pristine forests.

The decision by U.S. District Court Judge Elizabeth D. Laporte gives new life to one of the past decade's most hotly contested environmental decrees, a Clinton administration policy that sought to protect the parts of the forests that don't yet have any roads in them.

The policy responded to concerns that areas of the forests that are sanctuaries for wildlife and reservoirs of clean water would be damaged by logging and other types of development.

U.S. national forests, once the province of timber companies and only the most intrepid outdoor enthusiasts, have become destinations for millions of people -- hikers and skiers; hunters and fishermen; river rafters and mountain bikers -- many of whom seek out the least disturbed areas.

In her ruling, Laporte declared that the current administration could not weaken the ban until it complied with requirements of the federal Endangered Species Act and the National Environmental Policy Act, which she said it hadn't done.

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While the ruling does not put an end to the controversy, environmentalists and state officials believe that the ruling will make it difficult for the Bush administration to cut many trees or build new roads across the nearly 50 million acres of forest at issue.

"Today marks a huge victory for America's last remaining wild forest and the millions of Americans who have spoken out in support of protecting these special places for future generations," said Carl Pope, executive director of the Sierra Club, one of 20 environmental groups that filed the suit to halt the Bush policy.

Their suit was consolidated with one by attorneys general in California, Oregon, New Mexico and Washington.

Officials at the U.S. Department of Agriculture, which oversees national forests, said they disagree with the decision but have not yet decided whether to appeal.

Dave Tenny, USDA's deputy undersecretary for natural resources and environment, said the administration always has intended to conduct environmental reviews of its new policy -- but only after receiving input from the states on how much protection to provide in their road-less areas. "Our view is that the most effective . . . environmental review will be done at the local level," he said.

But critics of the Bush policy said that without a ban, there is nothing to stop new roads for logging or mineral exploration in the future.

"What if a change in leadership and administration were to elect to enter these areas for whatever reason, such as logging?" said Jim Lyons, a Yale University forestry school lecturer who helped draft the original road-less rule. "Without the Clinton policy in place, these areas are fair game."

After years of debate and study, the ban on road construction was adopted by President Clinton shortly before he left office in 2001.

Opponents of the road-less rule successfully challenged it in Idaho where a federal judge invalidated the policy. But the 9th U.S. Circuit Court of Appeals reinstated the rule after environmentalists filed suit.

The state of Wyoming later filed a suit against the road-less rule, and won a nationwide injunction against it. Then, while an appeal by environmentalists was pending, the Bush administration adopted a new policy in 2005 that rescinded the ban and established a system under which individual forest plans could allow construction on 34 million acres without roads.

The new policy allowed states to petition the federal government to provide additional protection if they wished.

Judge Laporte ruled the Bush policy was adopted without the environmental analysis and the study of impacts on endangered and threatened species required by federal laws.

The judge rejected the administration's contention that its approach amounted to a procedural change that did not require environmental assessment.

The ruling did not choose which of the policies is best, and the judge affirmed the Forest Service's "authority to change polices from a uniform national approach strongly protecting road-less areas from human encroachment to a more localized approach permitting more roads and logging, providing that it follows the proper procedures."

Federal officials said they are digesting the ruling before deciding on a course of action.

Lyons, the former Clinton official, said nothing would preclude the Bush administration from conducting the environmental reviews and reinstating their policy. "But it will take them plenty of time," he said. "It took us 18 months."

Bush Dealt Setback On Opening Forests (WP)

By Blaine Harden And Juliet Eilperin

The Washington Post, September 21, 2006

SEATTLE, Sept. 20 -- Ruling against the Bush administration's efforts to open national forests for logging and mining, a federal judge in California on Wednesday set aside a U.S. Forest Service rule that allows governors to decide which land in national forests is suited for development.

U.S. Magistrate Judge Elizabeth D. Laporte largely reinstated one of the most sweeping, emotionally fraught and legally contentious land-protection measures in decades: the Clinton-era "roadless rule," which put nearly a third of the national forests -- roughly 60 million acres -- off-limits to most development.

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Administration officials "don't agree with the decision of the court" in California and "are considering our options" in appealing, said Dave Tenny, the deputy undersecretary of agriculture responsible for Forest Service policy.

The court ruling did not stop Idaho Gov. James E. Risch (R) from presenting a petition on Wednesday to open up the majority of the state's 9.3 million acres of roadless areas to commercial development. Colorado and Utah may soon do likewise.

"Idaho is moving forward," said Brad Hoaglun, a spokesman for Risch. "It sounds like there will be another court case."

Laporte's order chastised the Bush administration for having changed the 2001 roadless rule without explaining why it was doing so, for failing to cite "any new evidence" for altering land protections that had been years in the making and for ignoring the consequences of its new policy on endangered species.

Early in the Bush administration, timber companies and several Western states challenged the roadless rule, winning in lower federal courts but losing on appeal. About 97 percent of roadless areas are in 12 Western states. By issuing a new rule in 2005 that allowed governors to decide which roadless areas warranted continued protection, the administration said it was trying to head off "the prospect of endless lawsuits" that harmed local communities.

But when the Forest Service granted governors the right to make state-by-state decisions, it violated federal environmental law, Laporte wrote in a 53-page ruling released in San Francisco.

"Eliminating a major program triggers the obligation to perform environmental analysis," Laporte wrote, noting that the administration did none.

The decision can be appealed to the U.S. Court of Appeals for the 9th Circuit, which in the past has upheld the roadless rule.

The Forest Service has had "a great deal of success working with the states" under the current rule, Tenny said. "There's a lot of agreement out there about the need to protect roadless areas. If there are differences out there, they're on the margins."

The court challenge to the administration came from four Western states -- California, Oregon, Washington and New Mexico -- along with numerous environmental groups.

New Mexico Gov. Bill Richardson (D), who is hoping to protect his state's 1.6 million acres of roadless areas, welcomed the court decision. "This is a monumental victory for everyone who enjoys our wild forests," he said.

Kristen Boyles, a lawyer for Earthjustice who argued the case in behalf of 20 environmental groups, said the ruling is "a pretty direct assault on what the Forest Service is trying to do under the Bush administration."

The ruling does not affect 9.3 million acres of Alaska's Tongass National Forest, which is covered by a different Forest Service rule.

Suits Say U.S. Impeded Audits For Oil Leases (NYT)

By Edmund L. Andrews

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — Four government auditors who monitor leases for oil and gas on federal property say the Interior Department suppressed their efforts to recover millions of dollars from companies they said were cheating the government.

The accusations, many of them in four lawsuits that were unsealed last week by federal judges in Oklahoma, represent a rare rebellion by government investigators against their own agency.

The auditors contend that they were blocked by their bosses from pursuing more than $30 million in fraudulent underpayments of royalties for oil produced in publicly owned waters in the Gulf of Mexico.

“The agency has lost its sense of mission, which is to protect American taxpayers,” said Bobby L. Maxwell, who was formerly in charge of Gulf of Mexico auditing. “These are assets that belong to the American public, and they are supposed to be used for things like education, public infrastructure and roadways.”

The lawsuits have surfaced as Democrats and Republicans alike are questioning the Bush administration’s willingness to challenge the oil and gas industry.

The new accusations surfaced just one week after the Interior Department’s inspector general, Earl E. Devaney, told a House subcommittee that “short of crime, anything goes” at the top levels of the Interior Department.

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In two of the lawsuits, two senior auditors with the Minerals Management Service in Oklahoma City said they were ordered to drop their claim that Shell Oil had fraudulently shortchanged taxpayers out of $18 million.

A third auditor, also in Oklahoma City, charged that senior officials in Denver ordered him to drop his demand that two dozen companies pay $1 million in back interest.

And in a suit that was filed in 2004, Mr. Maxwell charged that senior officials in Washington ordered him not to press claims that the Kerr-McGee Corporation had cheated the government out of $12 million in royalties.

On Wednesday, Interior officials denied that the agency had suppressed any valid claims and implied that the auditors simply wanted a share of any money recovered through their lawsuits.

"If these auditors believed there were fraud and or false claims on the part of the companies they were auditing, they should have followed the proper procedures," the Interior Department said in a written statement. "Instead, they opted to pursue private lawsuits under which, if they prevail, they could receive up to 30 percent of the monies recovered from the companies."

In defying their own agency, the Interior Department's auditors sued the oil companies under a federal law, called the False Claims Act, that was created to allow individuals to expose fraud against the government. People who successfully recover money for the government in such cases are entitled to a portion. A losing company is required to pay triple the amount of recovered money as well as back interest — potentially more than $120 million in the cases brought by the auditors.

Destin Singleton, a spokeswoman for Shell, said the company had not seen the suits and could not comment. John Christiansen, a Kerr-McGee spokesman, said, "We believe the case is without merit and we are defending against it."

In dollar terms, the suspected underpayments amount to a tiny fraction of the $8 billion in royalties that companies paid last year for oil and gas extracted from federal lands.

But the lawsuits come at a time when the Interior Department is already under fire from Congress, accused of covering up ethical lapses and managerial incompetence.

"These accounts, coming from the front lines, point a big red arrow at the large problem of taxpayers being stiffed," said Senator Ron Wyden, Democrat of Oregon, who has been investigating the accusations.

"If it was one isolated instance, you could say that's somebody who had a bad experience and was frustrated," Mr. Wyden said. "But when you have three or four professional, nonpolitical, independent auditors all bringing the same message, that is too important to ignore."

By any measure, the Interior Department under President Bush has placed top priority on increasing oil and gas production in the United States. Under its business-friendly agenda, the department has increased incentives for drilling in risky areas, has speeded approvals for drilling applications and has campaigned to open more coastal areas for oil exploration.

Lawyers who have specialized in lawsuits under the False Claims Act said they had never seen a group of government investigators use the law against their own agency.

"Most whistle-blowers are insiders at a company who spot something that government auditors have missed," said James Moorman, president of Taxpayers Against Fraud Education Fund, a nonprofit organization supported by lawyers that specializes in the False Claims Act.

"But here you have auditors saying, 'We did our job, we found the problems and our superiors don't want to hear about it,' " Mr. Moorman said. "If it were just one auditor, you could dismiss it. But with four auditors, that's a pattern of practice."

In their suits, the auditors contend that they had no choice but to go outside the agency because their supervisors ordered them to "cease work" on five separate investigations and drop their claims.

Documents recently unsealed in Mr. Maxwell's case against Kerr-McGee, which is scheduled for trial in November, show that federal officials abandoned his claims at almost the same moment that state auditors in Louisiana reached the same conclusions as Mr. Maxwell.

Under federal regulations, companies are supposed to pay the federal government a royalty of 12 percent or 16 percent on oil and gas they extract from federal lands or coastal waters.

Mr. Maxwell's job was eliminated in 2004. He received a settlement from the government and is now living in Hawaii.

A much-praised auditor who recovered hundreds of millions of dollars over a 20-year career, Mr. Maxwell concluded in late 2002 that Kerr-McGee had used a clever marketing deal to reduce its apparent sales receipts and royalty payments.

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Under the marketing deal, Mr. Maxwell contended, Kerr-McGee sold its oil at $1 to $3 a barrel below market prices to a company called Texon. Mr. Maxwell's auditing team said that Texon was making up for Kerr-McGee's shortfall by providing marketing and administrative services. In effect, Mr. Maxwell contended, Kerr-McGee was being paid in both cash and services but only paying royalties on the cash portion.

Interior officials initially encouraged Mr. Maxwell when he raised the concerns about Kerr-McGee in early 2003. "I am sure we can make the case," wrote John Price, then head of the agency's appeals division, in an e-mail message to Mr. Maxwell.

But a few days later, lawyers in the Interior Department's solicitor's office urged him to drop the case. "Although I did not understand the reasoning, it was made clear to me that the agency did not want the order issued," Mr. Maxwell wrote in an affidavit for his suit. "The next day, Mr. Price telephoned me and reiterated to me that if I issued the order, the director would be very upset with me."

But Louisiana auditors were investigating the same practices in connection with royalties on state-owned land, and had concluded that Kerr-McGee was lowballing its sales price by $1.50 to $3 a barrel. Louisiana officials demanded more than $1 million in additional state royalties from the company, and eventually settled for $600,000.

In two of the lawsuits that were unsealed last week in Oklahoma, senior auditors in Oklahoma City said they had been ordered to drop claims that Shell Oil had underpaid by $18 million.

The suits were brought by Joel F. Arnold, a supervisory auditor who oversees a team of offshore auditors based in Oklahoma City, and Randall L. Little, a senior auditor on Mr. Arnold's team in Oklahoma City.

Like Mr. Maxwell, both of the Oklahoma auditors have more than two decades of experience in government and industry and have received numerous government awards for the money they have recovered.

In one suit, Mr. Little contends that he found evidence from his audit that Shell had reduced the sales value of oil from six leases by fraudulently inflating transportation costs. One practice, they said, allowed Shell to improperly escape $15 million in royalties. A second practice allowed Shell to save $3.8 million by claiming transportation costs for oil that was being delivered to the government at its own production site in the Gulf.

The Justice Department, which reviews such suits and sometimes joins them, declined to participate in these cases. But it did not urge the courts to dismiss the suits, as some senior Interior Department had wanted.

None of the Oklahoma auditors would agree to an interview. Elizabeth Sharrock, a lawyer for Mr. Arnold and Mr. Little, said both men had already been removed from their usual jobs and were afraid of being fired.

But according to their suits, the auditors presented their findings about Shell last October to their supervisor in Houston, Lonnie Kimball. Mr. Kimball, according to court papers, initially told the auditors to "go straight to Shell" with the complaints.

But in January, after meeting with a Shell executive, Mr. Kimball abruptly reversed course and told the auditors to "cease work on all false claims" against Shell.

In its statement on Wednesday, the Interior Department acknowledged that the auditors had been told not to send "issue letters" — an official notification that a company appears to have underpaid royalties.

But it said that other auditing offices had been investigating the issues and taken certain actions. "In fact," it said, "our actions to date include: issuing late-payment interest bills; continuing an ongoing audit; and determining that an issue was not supported by the regulations."

Interior officials did not say how much money they had recovered from companies named by the auditors. But the agency's own statistics indicate that revenue from auditing and enforcement plunged after President Bush took office.

From 1989 through 2001, according to a report by the Congressional Budget Office, auditing and other enforcement efforts generated an average of $176 million a year. But from 2002 through 2005, according to numbers that the department provided lawmakers last May, those collections averaged only $46 million.

In another clash, frustrated federal auditors have complained that the Interior Department no longer allows them to subpoena documents from oil companies.

"Subpoenas are a very powerful tool to get the information you need, but I don't think they've approved a single subpoena in years," Mr. Maxwell said in an interview. "In the good old days when we were able to issue subpoenas on our own, each of us was able to recover millions of dollars a year."

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Agency officials acknowledged that they have not issued any subpoenas in the last three years. “Enforcement of subpoenas by the courts can take years and be very costly,” the agency said in a written response to questions. “We have not found them to be a very effective tool.”

Water-quality Study Finds No Change In Potomac Pollutants (WT)

By Arlo Wagner

The Washington Times, September 21, 2006

Six years of water-quality monitoring along the headwaters of the Potomac River revealed that some contaminants decreased and nitrates increased, but that there was no compelling change in the content of the river's flow, officials said.

"This is a very complex issue," said Curtis Dalpra, a spokesman for the Interstate Commission on the Potomac River Basin, which helps the federal government and the states that make up the Potomac Basin address water quality and related resource problems in the Potomac watershed.

"Over the years [of the water-quality study], there have been great changes," Mr. Dalpra said. "There have been huge swings in the weather. That equates to huge changes in water flows."

Weather changes can affect a river's content of nitrogen and phosphorus, which are important for the health of animals and fish, Mr. Dalpra said. Many pollutants flow into waterways when it rains.

The study, which was released by the West Virginia Department of Agriculture, began in 1998 after the state's Environmental Protection Department reported that seven streams flowing into the Potomac were contaminated with fecal coliform bacteria.

Those streams had been cited by the federal Environmental Protection Agency as polluted by fecal contamination.

The study concluded in 2004 after 13,000 samples had been taken and analyzed from 100 sites in Lost River, South Branch, the north and south forks of the South Branch of the Potomac, Mill Creek, Lunice Creek and Anderson Run.

Analysis revealed that phosphorus and ammonia decreased at 26 test sites and increased at three other test sites. Nitrates increased at 36 test sites but could not be found at three other test sites.

Fecal coliform bacteria, which could be traced to poultry and farm animals, decreased at 14 test sites, while there was no detectable change at 12 other sites.

No detectable change is surprising since there have been many changes in the environment while the study was conducted, officials said.

The poultry industry has tripled during the study years, Mr. Dalpra said.

A government cost-share program was initiated in the mid-1990s to focus on accelerated development of nutrient-management plans and installation of agricultural-waste storage structures, mortality composters and livestock-confinement areas, the study shows.

Nearly 85 percent of poultry growers in the five-county area of the Potomac Valley Conservation District in the eastern part of West Virginia are participating in that program, the study found.

Researchers sought data that might indicate if increased amounts of poultry litter, including manure and bedding materials, infiltrated the headwaters.

"It was a very complicated period of time," said W. Neil Gillies, executive director of West Virginia-based Cacapon Institute, explaining that the headwaters region experienced a drought in 1998 and 1999, and that 2003 and 2004 "were as wet as it could be."

During drought conditions, river and creek waters contain few nutrients, but because of little water, the nutrients are not as diluted and test at higher levels. During wet seasons, more nutrients and debris run into the rivers and creeks, but because of more water, the nutrients test at smaller levels.

Officials Narrow Investigation After Finding Bad Spinach (NYT)

By Jesse Mckinley

The New York Times, September 21, 2006

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SAN JUAN BAUTISTA, Calif., Sept. 20 — The investigation into an outbreak of E. coli that killed one person and sickened more than 140 others both broadened and shrank on Wednesday, as more victims were reported and scientists zeroed in on the contaminated spinach that caused the illness.

In Washington, federal officials said that they had narrowed the focus of their investigation after health officials in New Mexico announced that they found the strain of E. coli responsible for the outbreak in an open bag of baby spinach in the refrigerator of a sickened woman.

That batch, under the Dole brand, was hailed as a "smoking gun" by California officials who have been frantically trying to identify the source of the infection, which has halted the state's spinach harvest and raised the specter of millions of dollars of agricultural losses.

"We are working with industry in the State of California to come up with a way to get spinach back on the shelves that have not been implicated," said Dr. David Acheson, chief medical officer for the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

By Wednesday, the bad batch had been traced to Natural Selection Foods, which recalled 34 brands soon after health officials announced the outbreak last Friday.

In a news conference here at Earthbound Farm, one of Natural Selection's best known brands, company officials confirmed that it had packaged the Dole brand found in New Mexico. But they said a preliminary test of facilities by a private laboratory had found that the contamination probably occurred in the fields. Tests cleared the plant, a company spokeswoman, Samantha Cabaluna, said. But Ms. Cabaluna cautioned that tests from the F.D.A. and the California Department of Health Services were not complete.

But the news from New Mexico did little to address the source of the E. coli, which is found in mammals' intestines and can be spread via polluted irrigation water, raw animal droppings or unsanitary work conditions. Ms. Cabaluna noted the challenge of pinpointing the source, saying, "there's a lot more space in the fields than in the processing plant."

The authorities traced the spinach to one of three counties — Monterey, San Benito and Santa Clara, all south of San Francisco — and investigators continued to prowl plants and farms looking for evidence of the bacteria, which can cause diarrhea, kidney failure and even death.

As of Wednesday, 146 people in 23 states had been sickened by E. coli from fresh spinach, with 76 requiring hospitalization, including 23 who have developed hemolytic uremic syndrome, a serious kidney problem.

While federal and California officials seemed somewhat relieved by the day's developments, concerns continued to percolate in agricultural counties. In San Juan Bautista, about 90 miles south of San Francisco, where street signs are hand-painted and farms back into modern housing developments, residents said a serious farm disruption could shatter the economy.

Few agricultural leaders were discussing economic damage, as spinach sat unpicked on thousands of acres, saying the health issues far outweighed their money woes.

But Bob Perkins, the executive director of the Monterey County Farm Bureau, said, "We have to be able to assure the public that our product is safe in order to sell it."

"If I can't do that," Mr. Perkins said, "then I've got a tremendous problem."

Search Narrows For Source Of E. Coli (WP)

By Michael S. Rosenwald And Annys Shin

The Washington Post, September 21, 2006

Health officials in New Mexico positively identified a deadly strain of E. coli in a bag of spinach yesterday, providing a crucial clue that investigators say can be used to trace the source of an outbreak that has sickened 146 people.

Until now, the evidence implicating spinach has been circumstantial. By confirming the presence of the germ in a bag of spinach eaten by one victim, investigators can begin tracing it back to a farm in California, a step toward clearing the sale of fresh spinach from other parts of the country, David W. Acheson, a top FDA food safety expert, said.

"Yesterday, we narrowed it to California," he said. "Today, we narrowed it down to three counties. We're hoping to narrow it down to a field and . . . to a spinach leaf."

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The E. coli outbreak, which was reported a week ago, has led to the leafy vegetable's banishment from restaurants and dinner tables across the country and is threatening the spinach industry with severe damage. Losses are estimated at up to $100 million if the crisis lasts just a month, and the industry has been hoping for a quick resolution in order to stem long-term damage.

Nutritionists and food-policy experts said public fears about spinach could extend to other popular produce, such as bagged salads. Even though there have been 20 E. coli outbreaks from spinach or lettuce since 1995, this one has attracted the most attention because it has the most victims, with one death, another death suspected and the number of illnesses climbing by 15 yesterday. Two more states, Arizona and Colorado, reported cases yesterday.

The uncertainty has virtually shut down the fresh spinach industry.

"This is going to kill the spinach industry for who knows how long," said Marion Nestle, a professor of nutrition, food studies, and public health at New York University. "The idea that salad greens have become a source of E. coli is very shocking, and it means we have a real problem in the food system. This is very serious."

Samuel Fromartz, the author of a recent book about the natural foods business in California, said: "It's not just the spinach industry. I think it's a big blemish for fresh produce production out of the Salinas Valley."

Federal officials yesterday narrowed the source of the outbreak to three counties, Monterey, Santa Clara and San Benito, in and around the greater Salinas Valley. The germ was found in a bag of Dole baby spinach, marked best used by Aug. 30. Acheson said the spinach was processed by Natural Selection Foods LLC, saying the code on the bag fit with information provided by the company, which has previously been linked to the outbreak.

Yesterday, the FDA said a New Jersey company, RLB Food Distributors, was recalling a number of products containing spinach possibly supplied by Natural Selection. The brands -- including Balducci's and FreshPro -- were sold on the East Coast, including in Maryland, Virginia and the District. Those with an "Enjoy Thru" date of 9/20/06 or earlier should be returned to the store where they were purchased.

And officials reiterated that no one should consume fresh spinach until they lift their warning.

The Salinas Valley is a dominant area for spinach production in California, which produces roughly 74 percent of the country's fresh spinach, thanks in large part to Natural Selection's Earthbound Farm and its innovative bagged produce. California recorded $258 million in spinach sales last year. In Monterey County, sales of spinach reached $188.2 million last year, up from $56 million in 1995.

The U.S. Department of Agriculture has credited the growth of spinach sales to the convenience of buying it fresh in bags, which became popular in the 1990s.

The California region's spinach problems, amplified by the sheer size of its market share, have not only dented the state's more than $30 billion-a-year agricultural business, but are also causing concern in secondary spinach and produce markets across the country -- from Arizona to Colorado to New Jersey and even Maryland, where about 40 growers covering 1,200 acres are two weeks from harvesting late-summer plantings.

FDA officials have said they would like to quickly lift the cloud of concern over farmers not tied to the outbreak.

Kate Wagner, a spokeswoman for the Maryland Department of Agriculture, said the state's farmers were "cautiously optimistic" that they will be able to harvest their spinach.

In California, some growers have talked about "disking" -- plowing under ripe crops that cannot be harvested. "I don't know of anybody disking yet, but that's the decision we're going to have to face," said Joe Pezzini, chairman of the Grower-Shipper Association of Central California.

Spinach is grown in 80-inch beds and harvested mechanically, at a cost of about $33,500 an acre. Farmers with hundreds of acres, who may lose more than one crop before the end of the growing season in November, stand to suffer big losses, according to Richard F. Smith, a farm adviser in the University of California Cooperative Extension program in Monterey County. Last year, 17,000 acres in the county were planted with spinach.

Growers aren't the only ones in the food chain feeling the pinch.

Mark Allen, president of the International Food Service Distributors Association, said, "From an economic standpoint, it's substantial because distributors have to pull back not just any tainted product, but anything that has fresh spinach in it." He

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couldn't say how much of a hit distributors would take but said larger companies could lose millions of dollars if they are not reimbursed by their suppliers.

The longer FDA officials take to figure out the problem, the worse the damage will be to the spinach industry. Not being able to pinpoint the cause would be an even worse situation.

"If you don't know what the problem is and you can't solve it, then you can't reassure the public that what they are eating is safe," said Nestle, the NYU professor.

As a leafy green vegetable, which nutritionists would like Americans to eat more of, spinach is known as being a good source of fiber and vitamin A, as well as iron, vitamin C and folic acid. "It's a pretty power-packed vegetable compared with iceberg lettuce," said Reed Mangels, nutrition adviser for the Vegetarian Resource Group.

There are other sources of leafy vegetables that provide similar nutritional value: kale, collard greens, mustard greens, arugula. Some of those have already become a replacement for dishes containing spinach in restaurants. Also, frozen and canned spinach are not included in the warning.

But while spinach is certainly taking a beating, nobody is saying the vegetable is going away forever. "There are no concerns about healthiness, that it's not a good food," Mangels said.

"Spinach isn't poison," said Daniel Sumner, an agricultural economist at the University of California at Davis. "Yes, there has been a problem. But there are outbreaks in hamburgers that make the news, and we haven't quit eating hamburgers."

Staff writers Sonya Geis and Chris Kirkham contributed to this report.

Investigators Narrow Tainted-spinach Search To 3 California Counties (USAT)

By Robert Davis

USA Today, September 21, 2006

Health investigators trying to hunt down the source of a deadly E. coli strain got a big break Wednesday from a little bag.

A sack of Dole baby spinach in the refrigerator of an E. coli victim in New Mexico tested positive for the dangerous strain that has killed one person — a 77-year-old Wisconsin woman — and sickened 146 others in 23 states.

A Food and Drug Administration official said the bar code on the bag helped investigators trace the contaminated spinach back to one of nine farms in three California counties in the Salinas Valley — Monterey, San Benito and Santa Clara — raising hopes that spinach from other areas can soon be sold.

“We have established that all of the spinach that was implicated so far was grown in that area,” said David Acheson, chief medical officer at the FDA's Center for Food Safety and Applied Nutrition.

The FDA reiterated that it is still not safe to eat fresh spinach of any kind. While cooking can kill E. coli, making the spinach safe to eat, the FDA advised against cooking fresh spinach just yet. The agency fears that a cook could get sick from handling contaminated spinach and that the bacteria could spread to other parts of a kitchen.

While investigators do not yet know if the spinach was contaminated in a field, in transit or at a processing plant, Acheson said stocking shelves with spinach grown in other areas of the country could ultimately be as easy as putting stickers on bags that tell consumers where it's from. He said such preparations could begin as early as today.

“Just as soon as we can work out a system with industry to get spinach from non-affected areas to the shelves, that will happen,” he said.

Also Wednesday, Arizona joined the list of states with victims of the outbreak of the strain known as E. coli O157:H7. The bacteria has so far put 76 people in the hospital, 23 of them with kidney damage.

While a lab in New Mexico was confirming that the bag of baby spinach was the cause of an illness there, federal and California investigators were looking for clues to the contamination in fields and processing plants in Salinas Valley.

Acheson said that because 20 previous outbreaks involving leafy greens such as spinach and lettuce were small, the exact source of contamination has never been pinpointed. But he said he has high hopes that the exact cause of this outbreak will be found because there are so many more victims — meaning many more clues.

Investigators in processing plants are reviewing paperwork and operations in work areas, he said. Their colleagues in the fields are taking soil samples where they see animal tracks and water samples from standing pools and ditches.

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A prime suspect in E. coli contamination is any livestock area near a field of greens, because the bacteria can be found in cow manure. A hydrologist from the Centers for Disease Control and Prevention is on the ground with the investigative team to size up water-flow patterns into fields.

Acheson said he is optimistic that an exact source will be found because the clues are leading to an ever smaller area. "We started it out nationwide," he said. "(Tuesday), we got it down to California. (Wednesday), we got it down to three counties. (Today), maybe we'll narrow it down further. Ultimately, the goal is to get it down to a field, if not to a spinach leaf.

"More should have been done because one case of E. coli H:157 is one too many cases," he said. "But we are going to learn from this."

Leafy Green Sewage (NYT)

By Nina Planck

The New York Times, September 21, 2006

FARMERS and food safety officials still have much to figure out about the recent spate of E. coli infections linked to raw spinach. So far, no particular stomachache has been traced to any particular farm irrigated by any particular river.

There is also no evidence so far that Natural Selection Foods, the huge shipper implicated in the outbreak that packages salad greens under more than two dozen brands, including Earthbound Farm, O Organic and the Farmer's Market, failed to use proper handling methods.

Indeed, this epidemic, which has infected more than 100 people and resulted in at least one death, probably has little do with the folks who grow and package your greens. The detective trail ultimately leads back to a seemingly unrelated food industry — beef and dairy cattle.

First, some basic facts about this usually harmless bacterium: E. coli is abundant in the digestive systems of healthy cattle and humans, and if your potato salad happened to be carrying the average E. coli, the acid in your gut is usually enough to kill it.

But the villain in this outbreak, E. coli O157:H7, is far scarier, at least for humans. Your stomach juices are not strong enough to kill this acid-loving bacterium, which is why it's more likely than other members of the E. coli family to produce abdominal cramps, diarrhea, fever and, in rare cases, fatal kidney failure.

Where does this particularly virulent strain come from? It's not found in the intestinal tracts of cattle raised on their natural diet of grass, hay and other fibrous forage. No, O157 thrives in a new — that is, recent in the history of animal diets — biological niche: the unnaturally acidic stomachs of beef and dairy cattle fed on grain, the typical ration on most industrial farms. It's the infected manure from these grain-fed cattle that contaminates the groundwater and spreads the bacteria to produce, like spinach, growing on neighboring farms.

In 2003, The Journal of Dairy Science noted that up to 80 percent of dairy cattle carry O157. (Fortunately, food safety measures prevent contaminated fecal matter from getting into most of our food most of the time.) Happily, the journal also provided a remedy based on a simple experiment. When cows were switched from a grain diet to hay for only five days, O157 declined 1,000-fold.

This is good news. In a week, we could choke O157 from its favorite home — even if beef cattle were switched to a forage diet just seven days before slaughter, it would greatly reduce cross-contamination by manure of, say, hamburger in meat-packing plants. Such a measure might have prevented the E. coli outbreak that plagued the Jack in the Box fast food chain in 1993.

Unfortunately, it would take more than a week to reduce the contamination of ground water, flood water and rivers — all irrigation sources on spinach farms — by the E-coli-infected manure from cattle farms.

The United States Department of Agriculture does recognize the threat from these huge lagoons of waste, and so pays 75 percent of the cost for a confinement cattle farmer to make manure pits watertight, either by lining them with concrete or building them above ground. But taxpayers are financing a policy that only treats the symptom, not the disease, and at great expense. There remains only one long-term remedy, and it's still the simplest one: stop feeding grain to cattle.

California's spinach industry is now the financial victim of an outbreak it probably did not cause, and meanwhile, thousands of acres of other produce are still downstream from these lakes of E. coli-ridden cattle manure. So give the spinach growers a

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break, and direct your attention to the people in our agricultural community who just might be able to solve this deadly problem: the beef and dairy farmers.

FBI/DEA/ATF/USMS:

Reaching Out Across Cultures (WP)

By Sari Horwitz

The Washington Post, September 21, 2006

Don't let an FBI investigation be the reason for your first visit to an Arab home, a U.S. Muslim leader told 500 FBI agents gathered at Quantico yesterday, urging them to reach out to Arab communities.

"You say 'FBI' to the average Yousef out there and they picture a middle-aged white guy talking in their sleeve," said Nawar Shora of the American-Arab Anti-Discrimination Committee. "Recent immigrants don't have the comfort level, because in their countries oftentimes the equivalent of the FBI is the secret police."

Shora dispensed his advice to FBI agents from the bureau's second-largest office, the Washington Field Office, as part of an effort by Muslim community leaders and FBI officials to build a more trusting relationship.

Shora and other Muslim leaders met last week over tea and cookies with Joseph Persichini Jr., acting assistant director in charge of the FBI office. The group included representatives from the Council on American Islamic Relations, the Sikh American Legal Defense Education Fund, the Arab America Institute, the Muslim Public Affairs Council and the ADAMS (All Dulles Area Muslim Society) Center.

"We need to reach out and develop better contacts in the Shia community in light of the Lebanon-Israel war," Persichini told the group, gathered around his conference table.

The FBI helped create the group, called the Arab, Muslim and Sikh Advisory Council, after Sept. 11, 2001. They meet about every two months to discuss a range of issues, including hate crimes and concerns about the Patriot Act.

Persichini said the relationships developed through this committee allow him and Muslim leaders to be in constant touch by phone or electronic message. He said he hopes that inroads into the Muslim community will help the FBI attract much-needed Arab American agents. "We have to recruit better," he said.

When Muslim leaders recently learned that an FBI agent wrote an e-mail insinuating that some area Muslim groups were linked to terrorists, they immediately talked by phone to Persichini and Shora said the controversy was resolved.

Two days ago Persichini heard a radio broadcast about a report released by a national Muslim advocacy organization detailing an increase in hate crimes in the Washington area. The report was news to him. "I fired off a BlackBerry message to Arsalan [Iftikhar from the Council on American Islamic Relations]," Persichini said. "I said, 'Hello? Where did that come from?' "

While the report raised questions about overzealous arrests and interrogation practices, Iftikhar told Persichini that he had praised the FBI Washington Field Office at a news conference about the report for its efforts in trying to combat hate crimes in the area.

Two weeks ago, at a Saturday night family gathering at a mosque, Imam Mohammed Magid of the ADAMS Center presented Persichini and the FBI's Washington office an award for service to the Muslim community.

"We don't always agree," said Shora. "But we've come a long way. Communication and understanding equals trust."

Attorney For Bonds Lashes Out At Investigators (ESPN)

By Mike Fish, ESPN.com

ESPN.com, September 21, 2006

Even as he waits for the Justice Department to ferret out the source of leaks in the BALCO steroids scandal, the lawyer for Barry Bonds claims to have what he calls "fairly compelling evidence" that the source is a federal employee.

For the moment, defensive attorney Michael Rains is content to wait for the U.S. attorney's office in Los Angeles -- handed this chore because the investigation involves employees of the federal prosecutor's office in San Francisco -- to "out" the person or persons who leaked transcripts of secret grand jury testimony and other sealed documents. But Rains threatens to go public

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with his information if the government indicts Bonds, the San Francisco slugger who is thought to be the target of potential perjury or tax evasion charges.

Even without an indictment, he wants answers about the source, and he promises to use his information if those answers aren't forthcoming.

"I have a pretty damn good idea of who it is," said Rains, though he declined to share his specific evidence. "And I have a pretty damn good idea that it is someone whose paycheck looks a lot like the people who are conducting the grand jury to determine who it is. Meaning, it is somebody who is employed by the federal government. The problem is that I would like to see if the government really is going to ferret out the wrongdoing on their own, even if the wrongdoer turns out to be somebody who is employed by the federal government. And if they do, my faith in their integrity and their resilience and whatnot is restored. But if they don't, then I guess I will. If they try to take a shot at Barry, we'll do it then."

Thom Mrozek, a spokesperson for the U.S. attorney's office in L.A., refused to address Rains' allegation, saying, "We don't react to statements that are made outside of court."

Rains also told ESPN.com that government attorneys will look like "buffoons" if they choose to indict Bonds. While suggesting that the investigation had turned into the "Barry Show," the attorney boasted that a San Francisco jury will "never convict Barry" -- a notion that has strong support from other defense attorneys involved in the BALCO proceedings, who spoke on background.

Bonds' attorney fired his salvos as San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams prepare to appear in federal court on Thursday in the government's latest attempt to get them to reveal their source of the grand jury transcripts from the BALCO proceedings, which were used to document their co-authored book, "Game of Shadows." The reporters have acknowledged publicly that they obtained the secret testimony of Bonds, Jason and Jeremy Giambi, Benito Santiago, Gary Sheffield, Bobby Estalella, Armando Rios and former sprint world-record-holder Tim Montgomery, as well as details from federal agents' interviews with a handful of coaches and other athletes.

It is illegal to leak grand jury testimony.

So far, the Chronicle's lawyers have argued unsuccessfully that reporters should not be compelled to testify because the public benefit of their reporting outweighs the harm caused by the disclosure of grand jury material. U.S. District Court Judge Jeffrey White is expected to spell out their punishment on Thursday should they remain in contempt of court, though the government has already struck a deal that will allow Fainaru-Wada and Williams to remain out of jail during the appeals process.

Not lost on Rains is that Bonds' personal trainer and boyhood friend, Greg Anderson, has been found in contempt of court twice for refusing to testify and is in jail for a second term. Anderson, who earlier served three months after pleading guilty to steroid distribution and money laundering, has refused to tell the court whether he gave Bonds steroids. At issue is whether Bonds, who owns baseball's single-season home run record and is approaching Hank Aaron's career record, lied under oath when he told a grand jury in 2003 that he never knowingly took steroids.

Anderson's testimony appears to be pivotal to making a successful perjury case against Bonds.

"They need to be in jail," Rains said of the reporters, whose work further cast Bonds as a steroid-enhanced cheat. "Other media people, of course, take exception with my attitude about that; but I say unless they go to jail, you make a complete mockery of the grand jury system. Since when can anybody declare that the purpose of our dealing with this issue has a larger purpose, and that is to educate the public?

"How can these guys sit there and say, 'Oh, yeah, we've convinced kids in the Central Valley that they shouldn't take steroids. And look at all the good that is coming.' Come on, give me a break. This is all about money. It is all about a newspaper that was having financial problems. It is all about them making dough and how much they can make [from the book]."

In 2004, Fainaru-Wada and Williams began quoting closed-door testimony of Jason Giambi, Montgomery and other high-profile athletes that indicated the athletes had been supplied performance-enhancing drugs by the Bay Area Laboratory Co-Operative. They also reported that Bonds testified he, too, received substances, though he told the grand jury that he believed them to be flaxseed oil and arthritis balm. Prosecutors suspect the substances were the BALCO-supplied performance-enhancing drugs known as "the clear" and "the cream."

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Before the first Chronicle story appeared, a federal judge issued orders in March 2004 that prohibited BALCO defendants as well as government personnel from disclosing grand jury transcripts and other confidential materials to the media. At least three other attorneys for defendants in the BALCO case strongly back Rains' suspicion that the source of the leaks is a government employee.

Only attorneys for the four BALCO defendants (Anderson, BALCO founder and president Victor Conte, vice president James Valente and track coach Remi Korchemny) and the government were privy to the discovery documents. It's difficult, they say, to fathom that a defense attorney would turn over reams of documents at the risk of losing the license to practice law.

They further say that the release of the transcripts benefited none of the four original BALCO defendants, while the disclosures ultimately enhanced the government's ability to make a public case and discredit Bonds and numerous other high-profile athletes. The case would have been viewed as excessively pricey and mundane, they say, without the juicy link to pro athletes, especially in light of the fact that none of the defendants received a prison sentence harsher than the four months served by Conte.

In some circles, Conte has been viewed as a possible source for the grand jury leaks, though recent court filings by the Chronicle seem to make that less likely.

"A lot of the stuff that came out came from [the government]," said one of the defense attorneys, who asked to remain anonymous. "During the case, there was stuff coming out all the time. Some of the stuff, we didn't even have.

"Every time that we turned around, we were getting hit, getting hit. I think [the government] wanted to force a deal with Conte and all those surrounding people, and they weren't cooperating. So why not go ahead and embarrass them? I think the motive was there. The problem is proving the government did it. If the government is investigating the government, how fair is that?"

That's where Rains comes into play.

While he admits he hasn't stumbled upon a smoking gun, Bonds' attorney purports to possess enough evidence to finger the source of the grand jury leaks. He says IRS special agent Jeff Novitzky, who has led the probe of Bonds and BALCO, was one source of information for the reporters, though he stops short of identifying Novitzky as the person who provided the grand jury testimony.

"Novitzky, in particular, has an absolute obsession of taking down Barry," Rains said. "The thinking is, if he has been given unfettered right to do anything he damn well pleases here in this case, then certainly things could happen. From Novitzky's standpoint, he was angry when Barry didn't get indicted to begin with."

Rains acknowledged the feds could indict Bonds any time they desire, but said they know a conviction from a San Francisco jury is a dicey proposition. The moody superstar continues to have a solid fan base in the city and is associated by some with helping to keep Major League Baseball in San Francisco. And with the O.J. Simpson, Michael Jackson and Robert Blake cases as a backdrop, it seems a conviction for a celebrity defendant is an increasingly difficult task.

"They'll never convict Barry," Rains said. "And it makes you wonder why in the world they would want to indict him, if they can't convict him. They're going to be embarrassed. They're going to be ashamed. And they're going to look like fools in the process. They have done too many dirty, underhanded things.

"Their problem is, their forum to convict Barry is San Francisco. And like it or not, a lot of people in San Francisco kind of like Barry. The sports writers don't, but the people do. Two, you got a lot of people in San Francisco -- being the liberal Bay Area community that it is -- that have a certain amount of mistrust of the government. And three, the government has completely played into the theory and belief of mistrust in the way it has behaved in connection with this case against Barry.

"And a San Francisco jury is going to hate the government in this case. And that is not to say maybe they'll even feel … well, there could be some belief or could be some suspicion still that Barry did something and he knew better. But that is not enough to convict. And it is not going to convict him in San Francisco. So the bottom line is, he won't be convicted. They don't have either the evidence, or the talent to present the evidence to convict Barry Bonds."

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

US Indicts 11 For Selling Prescription Drugs On Internet (AP)

AP, September 20, 2006

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ATLANTA (AP)--Federal authorities have indicted 11 people in three U.S. states and the Central American nation of Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet.

Hi-Tech Pharmaceuticals based in Norcross, Ga., marketed the drugs as Canadian through unsolicited emails, but the pills actually were made in Belize, federal officials said Wednesday.

The indictment named the company itself, as well as its principal owner, Jared Robert Wheat, 32, of Alpharetta, Ga. Others named in the indictment came from Georgia, North Carolina and South Dakota.

At a hearing in Atlanta for four of the defendants, U.S. Magistrate Linda Walker ordered Wheat and two others be held without bond, but lawyers for all three said they plan to appeal the ruling. A fourth defendant, David Watkins, 40, of Norcross, was released on $75,000 bond.

All four pleaded not guilty to the charges.

During the hearing, federal prosecutors showed photographs of Hi-Tech's squalid drug lab in Belize, where pills were stored in large garbage cans marked with "Viagra" and "Lipitor." In the photos, the equipment used to make the pills is covered in dust and dirt and rooms are filled with unorganized boxes and canisters.

Hi-Tech is estimated to be worth $35 million and to have produced more than 30 million pills.

U.S. Attorney David E. Nahmias called the case "disturbing."

"Customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," he said.

Nahmias said the drugs were "not properly produced or regulated. You don't know what you're getting." He said authorities didn't know how many customers were involved, but obviously it was hundreds.

Nahmias said those arrested out of state would have hearings in those states. The only fugitive, he said, was Brad Neal Watkins, 38, of Birmingham, Ala.

"One of the fastest growing drug abuse concerns is prescription drugs," said Sherri Strange, special agent of the Drug Enforcement Administration. "The selling and purchasing of drugs has been facilitated by the wide use of the Internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies."

The indictment seeks forfeiture of numerous properties, automobiles and bank accounts and seeks a money judgment of not less than $19.8 million.

Nahmias said the defendants are accused of making 24 different drugs that they marketed through so-called "spam" advertisements over the Internet as authentic generic versions of those drugs being imported from Canada.

The drugs included steroids such as oxymethelone and stanazolol, plus unapproved versions of controlled drugs such as Ambien, Valium and Xanax and prescription drugs such as Viagra, Cialis, Lipitor and Vioxx, Nahmias said.

He said from 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills.

Assistant U.S. Attorney Aaron Danzig said Hi-Tech and its subsidiaries are still operating and breaking the law even though it has been under investigation by federal authorities for a few years. During Wednesday's hearing, he called the company and those involved "snake-oil salesmen."

Those named in the indictment included two citizens of Belize, Michelle Young, 38, and Guillermo Pech, 28.

2 Pinehurst Men Arrested For Internet Drug Sales (AP)

AP, September 20, 2006

ATLANTA (AP) — Federal authorities have indicted 11 people in Georgia, North Carolina, South Dakota and Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet.

The operation, which authorities say is based in Alpharetta, Ga., marketed the drugs as Canadian through unsolicited e-mails, but the pills actually were made in Belize, officials said Wednesday.

Named in the indictment are Jared Robert Wheat, 34, of Alpharetta; David Dalton Johnson, 37, of Pinehurst, N.C.; David Alan Brady, 40, of Pinehurst, N.C.; Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43 of Duluth, Ga.; Sergio Ronaldo

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Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; and two citizens of Belize, Michelle Young, 38, and Guillermo Pech, 28.

Also named in the indictment was Hi-Tech Pharmaceuticals, a Norcross company of which Wheat was the principal owner.

Wheat, Smith, Oliveira and David Watkins were to appear before U.S. Magistrate Linda Walker in Atlanta later Wednesday where federal prosecutors are expected to reveal more details about the case.

"The indictment's allegations are disturbing because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," U.S. Attorney David E. Nahmias said.

Nahmias said the drugs were "not properly produced or regulated. You don't know what you're getting." He said authorities did not know how many customers were involved, but obviously it was hundreds.

Nahmias said those arrested out of state would have hearings in those states. The only fugitive, he said, was Brad Watkins, David's brother.

"One of the fastest growing drug abuse concerns is prescription drugs," said Sherri Strange, special agent of the Drug Enforcement Administration. "The selling and purchasing of drugs has been facilitated by the wide use of the internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies."

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The drugs included steroids such as oxymethelone and stanazolol, plus unapproved versions of controlled drugs such as Ambien, Valium and Xanax and prescription drugs such as Viagra, Cialis, Lipitor and Vioxx, Nahmias said.

He said from 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills.

11 Indicted In Internet Prescription Drugs Scam (AJC)

By S.a. Reid, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 20, 2006

A Gwinnett County pharmaceutical company and 11 men allegedly associated with it have been indicted by a federal grand jury on conspiracy and other felony charges in a $20 million Internet scam to sell fake prescription drugs.

Federal authorities say the men peddled adulterated, misbranded medications produced under questionable conditions in Belize for Hi-Tech Pharmaceuticals of Norcross.

From 2002 to 2004, they allegedly marketed the illegally produced pharmaceuticals as cheaper, generic Canadian versions of popular U.S-made brands using Internet "spam" advertising.

The list includes steroids Oxymethelone and Stanazolol, controlled drugs Ambien, Valium and Xanax, and prescription drugs Viagra, Cialis, Lipitor and Vioxx, according to an indictment made public Wednesday by the U.S. Attorney's Office in Atlanta.

Four of the men — Jared R. Wheat of Alpharetta, Stephen D. Smith of Duluth, Sergio R. Oliveira of Hoschton and David Watkins of Norcross — were scheduled to make an initial appearance in U.S. District Court later Wednesday.

Thomas Holda, 43, of Duluth, is in custody on an unrelated charge, authorities said.

Other defendants named in the indictment are in custody in North Carolina, Alabama, South Dakota and Belize.

Brad N. Watkins, 38, of Birmingham, Ala., is considered a fugitive.

All the defendants are charged with felony conspiracy to import controlled substances and to introduce adulterated and misbranded prescription medication, according to the indictment.

Eight have additional charges of mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs.

The indictment also charges Wheat, 34, with engaging in a continuous criminal enterprise.

Federal authorities are seeking a financial judgment of at least $19.8 million generated through the scam, plus forfeiture of numerous properties, vehicles and bank accounts.

The U.S. Drug Enforcement Administration, Food and Drug Administration and other federal, state and local agencies were involved in the investigation of the scam.

Georgia: Arrests In Fake Pills Scheme (NYT)

By Brenda Goodman

The New York Times, September 21, 2006

A company posing as a Canadian pharmacy offering inexpensive versions of generic drugs over the Internet was really a "backyard chemist" that sent millions of fake pills to hundreds of unsuspecting customers, federal agents in Atlanta said. Eleven people have been charged with two felony counts of conspiracy each in connection with the manufacture of 24 unapproved or adulterated drugs that were sold by Hi-Tech Pharmaceuticals, a company based in Norcross, Ga. The drugs were made in an "unsanitary house" in Belize and sold over the Internet through spam e-mail messages and Web sites, drug enforcement agents said. "When you buy drugs over the Internet you don't know what you're getting," said Sherri Strange, special agent in charge of the Drug Enforcement Administration in Atlanta.

Indictments Handed Down In Fake Prescription Drug Scheme (TABC)

The Atlanta Business Chronicle, September 20, 2006

Eleven people and a metro Atlanta company have been indicted by a federal grand jury on multiple felony charges relating to a scheme to sell adulterated and unapproved new drugs over the Internet.

The defendants named in the indictment are: Jared Robert Wheat, 34, of Alpharetta, Ga.; David Dalton Johnson, 37, of Pinehurst, N.C.; David Alan Brady, 40, of Pinehurst; Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43, of Duluth; Sergio Ronaldo Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; Michelle Young, 38, a citizen of Belize; and, Guillermo Pech, 28, a citizen of Belize; and Hi-Tech Pharmaceuticals, a company based in Norcross.

All of the defendants are charged with two different conspiracies: conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs.

The indictment charges each of the defendants, except David Watkins, Brad Watkins and Steven Blinder, with different violations including mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs. The indictment also charges the lead defendant, Jared Wheat, with engaging in a continuing criminal enterprise.

The indictment seeks to forfeit numerous properties, automobiles and bank accounts, and seeks a money judgment of not less than $19.8 million.

According to U.S. Attorney David Nahmias, the indictment, search warrants and information presented in court, Wheat, the principal owner of Hi-Tech Pharmaceuticals, and the other defendants opened a drug manufacturing facility in Belize around 2002. The defendants allegedly used Hi-Tech funds and Jared Wheat's own funds to cover the costs of operating the Hi-Tech facility in Belize and would travel to Belize to manufacture various prescription and controlled substances.

The defendants allegedly made approximately 24 different drugs that they marketed through spam advertisements over the Internet as authentic generic versions of those drugs being imported from Canada. The drugs included steroids such as "Oxymethelone" and "Stanazolol," along with unapproved versions of controlled drugs such as "Ambien," "Valium," and "Xanax." The defendants also manufactured versions of prescription drugs such as "Viagra," "Cialis," "Lipitor" and "Vioxx."

From 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills, many of which were then shipped into the United States to people who bought the drugs after receiving Internet spam and also to various wholesalers of drugs.

"The indictment's allegations are disturbing because customers thought they were getting legitimate and safe prescription drugs over the internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," Nahmias said

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Norcross Drug Company Busted (WXIA)

WXIA-TV, September 20, 2006

Does your e-mail box get cluttered with spam advertisements for prescription drugs? One of the companies that mail those ads has been indicted by a federal grand jury for allegedly peddling fake prescription drugs.

Eleven employees who work for Hi-Tech Pharmaceuticals in Norcross have been indicted for importing controlled substances into the United States.

The lead defendant in the case is the owner of the company, 34-year old Jared Wheat of Alpharetta.

U.S. Attorney David Nahmias says consumers thought they were getting legitimate drugs from Canada at a reduced price from the company.

"In fact they were receiving fake drugs that were crudely made in an unsanitary house in Belize," Nahmias said.

At a detention hearing in federal court Wednesday, the Government presented evidence in the form of photographs depicting the conditions of where the drugs were manufactured in Belize. Employees of the company traveled to Belize and helped in the manufacturing of the drugs, according to the indictment.

The U.S. Attorney called the conditions in the home "crude." The indictment alleges various prescription and controlled substances like steroids, Valium, Zanax, Viagra, Cialis, Lipitor and Vioxx were manufactured and packaged in the home.

Sherri Strange, Special Agent in Charge of the Drug Enforcement Administration says this case is an example why prescription drugs should not be purchased illegally over the internet.

"Going on-line and unlawfully purchasing prescription drugs isn't any different from going down to the corner and buying Oxycontin from your local dealer," Strange said.

Federal search warrants were executed at Hi-Tech Pharmaceuticals' headquarters in Norcross and at the defendant's homes. The Government seized the suspect's property and vehicles, which included Ferrari's, Mercedes-Benz and BMW automobiles.

The Government alleges Jared Wheat made $14 million last year. At the detention hearing Wednesday, Wheat was denied bond, while 38-year-old Sergio Oliveira of Hoschton and 38-year old Stephen Smith of Duluth were also denied bond. Brad Watkins, also 38, was granted a $75,000 bond.

Seven other defendants were arrested in North Carolina, South Dakota and Belize.

Senator Kennedy Stars On YouTube (B&C)

Broadcasting & Cable, September 21, 2006

At press time--10 a.m. Wednesday morning--Senator Ted Kennedy (D-Mass.) had gotten 144,342 views to his YouTube pitch for network neutrality. That was about 30,000 more than he had just 12 hours before.

The battle between proponents of strong Internet access anti-discrimination enforcement authority language in a Senate telecommunications bill (Kennedy, Google, Microsoft) and its opponents (telcos, Senate Republicans) has been the debate du jour in D.C., prompting endless studies and rallies and conference calls on both sides. The bill's chances, with or without the language, are now slim thanks to the debate.

In his online pitch, Kennedy says the Internet "allows me and everyone else to communicate directly to you, no matter what your political agenda, no matter what your political party."

Of course, though the message can be controlled, the adjacent message can't. Kennedy's video is right above one where video of his tough talk at the Samuel Alito hearing has been replaced by dialog from Bluto Blutarsku (John Belushi) from Animal House.

CNN made a similar point about the Office of National Drug Control Policy decision to put some of its anti-drug TV PSA's on YouTube given that a search for the term drug gets not only its PSA's but video of people doing drugs.

PSAs Get Lukewarm Reception On YouTube (AP)

By Jake Coyle, Ap Entertainment Writer

AP, September 20, 2006

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NEW YORK — As various interests have increasingly converged on YouTube in hopes of some free, viral marketing, it came as little surprise when the White House announced earlier this week that it, too, wanted a piece of Lonelygirl15's spotlight.

The Office of National Drug Control Policy posted a dozen videos at http://www.YouTube.com/ONDCP, mostly of public-service commercials on the dangers of drug use from the "above the influence" campaign, as seen on TV.

As of Wednesday, the ONDCP channel had received a scant 53 subscribers and a total of 14,463 views, a relatively low total. How the youthful, rebellious Web is responding to the ONDCP's efforts is perhaps hinted at by the mirror site, http://www.ondcp.com, which recasts the acronym as "oppressive network drug content propaganda."

It's true, though, that any YouTube viewings are basically gravy to the ONDCP; it costs nothing to post the clips. Still, the campaign's numbers pale in comparison to, for example, the hundreds of thousands that have watched various videos on how to grow marijuana.

A spokesman for YouTube, which generally doesn't regulate its user-posted videos, declined on Wednesday to discuss the site's policy regarding videos that show illegal activity, such as drug use or drug production.

YouTube and the Web clearly present a problem for public-service announcements. On TV and on radio, PSAs typically rely on federally required play or corporations looking to bolster their image. They are inserted between entertainment _ they aren't the entertainment, itself.

On YouTube, there are no regulations and videos make a dent with the public only if they create their own audience, thus making their way up the "most viewed" list. To help grab viewers, the government links its videos with the terms "war on drugs," "peer-pressure," "marijuana," "weed," "ONDCP" and "420" (a reference to marijuana), so anyone searching for those words on YouTube can find them.

The Ad Council, a leading producer of PSAs since 1942, has seen its methods change over the years and has worked to adapt to the Internet _ like asking for donated ad time to play before videos.

"I don't think YouTube has changed the way we approach PSAs, but I think it's just added another dimension and another media niche for a no-cost solution," says Barbara Shimaitis, the senior vice president of interactive services at the Ad Council.

Shimaitis thinks YouTube and other video-sharing sites could propel PSAs to become still more entertaining, and points to the popularity of a dramatic global warming ad of theirs featuring a train (a metaphor for global warming) bearing down on a young girl (a stand-in for future generations).

Some of the most viewed drug-related videos on YouTube are far more persuasively anti-drug than anything produced by the government or the Ad Council. In one video, you can see a real heroin user discuss his fight with addiction.

Over 183,000 people have watched a sadly hysterical 1980 interview with Richard Pryor in which he brags about cocaine he recently purchased. It would be hard to watch the clip of Pryor, who died of a heart attack at the age of 65 in 2005, and not contemplate whether drugs shortened his life.

Still, people generally don't watch YouTube hoping to change their lives. After all, one of the most watched PSAs on YouTube is a clip from the `80s about the dangers of crack cocaine. It's not watched for its message, but for its star: Pee Wee Herman.

Government Can't Kick Bad Anti-drug Campaign (THER)

The Herald, September 20, 2006

The federal government's anti-drug ad campaign is a demonstrated flop. So what's the government going to do? Run the ads on YouTube, a hugely popular Internet video service that is demonstrably not anti-drug.

Flashback to August: The Government Accountability Office reported that the ad campaign has not been proven to deter children from using drugs and recommended that lawmakers consider reducing funding for the program, which has cost $1.2 billion since 1998. (President Bush has requested another $120 million for next year.)

The GAO's recommendation was based on an independent evaluation of the campaign conducted by Westat Inc. The report, commissioned by the White House Office of National Drug Control Policy and the National Institute on Drug Abuse, cost the government $42.7 million. The report found that not only is the campaign not working, it is backfiring.

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Westat Inc. found that the scores of television, print and radio ads had no "significant favorable effects" in deterring children from trying marijuana or getting them to stop. Instead, it found that more 121/2- to 13-year-olds and girls were trying the drug after seeing the ads.

In September, the online magazine Slate reported that the agencies that commissioned the report sat on the findings for a year and a half beginning in early 2005 - while spending $220 million on the anti-marijuana ads in fiscal years 2005 and 2006. The GAO confirmed this and added that it encountered serious resistance from the NIDA and the White House when it insisted that it was entitled and mandated by Congress to review the publicly funded Westat report.

The government now says the study was ill-suited to judge the effect of an ad campaign and that the findings have limited relevance because they are more than two years old. Of course, sitting on the findings for a year and a half made them older. Downplaying unfavorable findings is not new. In 1994, the Justice Department rejected a report it had commissioned on the DARE program at schools, because it found that the program had no effect on whether children will try drugs.

Since the government's anti-marjiuana ads are already made, there's no additional cost to run them on YouTube. Millions of dollars aside, what about the cost of ignoring the evidence that more kids are trying pot after seeing the ads?

"If just one teen sees this and decides illegal drug use is not the path for them, it will be a success," a government spokesman said of placing the ads on YouTube.

And if one, or more, decides to try drugs? When will the government just say no?

Feds Post Anti-Drug Videos On YouTube (MP)

Media Daily News, September 20, 2006

FOLLOWING IN THE FOOTSTEPS OF commercial marketers and politicians, the federal government has realized the potential value of YouTube as a platform for disseminating messages to young people. Last week, the White House quietly began posting anti-drug ads from TV on the popular video-sharing site.

But the feds still face some major obstacles, according to media execs who have worked with YouTube on unrelated projects.

So far the government has posted 12 videos, including 9 anti-drug ads and 3 clips from speeches given by Walters on the subject. The most popular ad, centering on an ill-advised encounter with a junkyard dog resulting from intoxication, had received 2,003 views as of Tuesday evening.

"Public institutions must adapt to meet the realities of these promising technologies," President Bush's top drug-policy adviser John Walters said at a press conference Tuesday, explaining the administration's decision to harness YouTube.

Clearly, the ads have stirred interest on YouTube--but it's still unclear whether the videos have real viral appeal, meaning the feds face yet another uphill battle in the war on drugs.

Ian Schafer, CEO of Deep Focus, said the ads are too straightforward to gain much traction on YouTube. "They're not especially jarring, since they're designed for television, so they're not the kind of things that work as viral video," said Schafer, who has worked with YouTube to promote new movies. "They're very professionally produced, and there's nothing subversive about the descriptions, which give away exactly what the clips are."

The ads also face difficulty on YouTube, where new content can easily fall into an anonymous sea of content. Search terms that could lead users to the anti-drug ads are far more likely to lead them to the much larger volume of pro-drug content, Schafer said, including do-it-yourself tutorials in marijuana cultivation and literally hundreds of spoof anti-drug ads. A YouTube search for the term "marijuana," for example, unearthed a satire of a well-known campaign from a few years ago, titled "Marijuana: My Anti-Drug."

Schafer said the most effective way of drawing attention to content in the YouTube universe is creating a YouTube channel and buying ad spots on the site to drive traffic to it--as Deep Focus did recently for a new movie from Dimension Films, "Pulse." Schafer explained: "The challenge historically was how do we take advantage of YouTube, not just as a vehicle for distribution, but for promotion? Now we can put video content on the site, pay for the promotion of it, and hopefully get some viral traction--all without interrupting the user experience, which is really the whole point."

Are Drug Cartels Gaining Upper Hand In Mexico? (DMN)

DOJ_NMG_0066654

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, September 21, 2006

As violence surges, U.S. officials fear government may be losing control of fight

WASHINGTON – Once encouraged by Mexico's assault on drug traffickers, U.S. officials now worry that the cartels' growing geographic reach and the recent killing of a judge and police officials are signs that the government may be losing control of the drug fight.

The powerful cartels are securing smuggling routes through Central America and are recruiting gunmen from there, say senior U.S. officials in Washington and Mexico City.

"The concern is growing. There is a dramatic spike in violence," said one senior U.S. official, speaking on condition of anonymity. The tense presidential succession now under way in Mexico will make the coming months "very dangerous," the official said.

Law enforcement officials from both countries will meet today in the Texas border city of Laredo, in part at the urging of U.S. Ambassador Tony Garza, who last week described lawlessness in Mexico as an urgent problem. The U.S. Embassy issued a new travel advisory to Americans, warning them of a rising level of "brutal violence" throughout Mexico, especially along the border with Texas.

Mexican officials acknowledge the violence but say it is a result of their aggressive law enforcement efforts. They say the U.S. must share responsibility for the problem because of the continuing demand for illegal drugs. Foreign Minister Luis Ernesto Derbez called Mr. Garza's comments "unfortunate."

U.S. officials say there has been an accelerating breakdown of Mexico's rule of law, underscored by a spate of attacks on judicial and law enforcement officials:

• On Sept. 12, Police Chief Enrique Barrera Nevárez, 48, was gunned down in front of his house in Linares, just south of Monterrey in the state of Nuevo León, which borders Texas.

• On Sept. 1, the top police investigator for Nuevo León, Marcelo Garza y Garza, was shot to death in an upscale neighborhood of Monterrey.

• On Aug. 17, Federal Judge Rene Nieto Contreras was shot and killed in broad daylight in Toluca, in the state of Mexico. Judges are rarely attacked in Mexico, and some have begun demanding protection.

• On Aug. 7, assailants gunned down Marcos Arturo Nazar Contreras, chief of the Chihuahua State Agency for Investigations, in Ciudad Juárez, firing more than 30 bullets into his vehicle. Juárez is across the border from El Paso.

"This wave of killings is very unusual, rare and very strange," said José Arturo Yáñez Romero, a professor at Mexico's National Institute for Criminal Law. "These people were not targeted before, and that's what's so worrisome, especially when there's no accountability."

Colombia comparisons

The attacks against public officials have led some U.S. officials to compare the situation in Mexico to Colombia in the 1980s and '90s, when drug cartels declared war on the government and targeted police, judges and even politicians.

"It's a practice, a pattern of terrorism in that they are trying to influence public opinion about who's really in charge and what their capability is and to silence those who may want to come forward and help both of our governments," said a senior U.S. anti-narcotics official, speaking on condition of anonymity.

"Mexico is waking up to a new era of brutality. Anyone who gets in the way, including law enforcement, pays the price. They're turning it into this public spectacle. That's alarming."

Most of the victims of drug violence continue to be members of the drug-trafficking organizations, which are battling for control of turf and trading routes, officials say. More than 1,500 people have been killed this year in drug-related violence, and the violence has taken a brutal turn, with 13 beheadings in recent weeks.

Last week, authorities in the central state of Michoacán arrested three Guatemalan men, two of whom identified themselves as former soldiers. The men had 12 military-style assault rifles and nearly 3,000 bullets. Investigators said that they may have belonged to a brutal anti-insurgency battalion in Guatemala known as Kaibiles and that they may have participated in six beheadings this month in Uruapan, Michoacán.

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Prosecutors said the men testified that there are more former Guatemalan soldiers in the state, fighting a fierce turf war between the Gulf cartel, based in Nuevo Laredo, and the local Milenio organization.

Current and former U.S. law enforcement officials say the brutal tactics, if not halted, may travel beyond the U.S.-Mexico border and into the United States.

"If these beheadings and other types of violence aren't curtailed in the killing fields of Mexico, don't be surprised that soon they will find their way to El Paso, Laredo or the Dallas metroplex," said Phil Jordan, former U.S. Drug Enforcement Administration chief in Dallas. "Narcoterrorism knows no boundaries."

Fighting corruption

U.S. officials are urging the incoming government of President-elect Felipe Calderón to deepen cooperation and to carry out, in the words of one, "the mother of all wars" against widening corruption, sometimes of entire police forces.

"We need to get to the point where we trust one another, where we don't feel like we're compromising our operation because we're working together and sharing intelligence," the senior U.S. official said.

Aides to Mr. Calderón, who has defined public security as one of his three priorities, said they would use aggressive money-laundering enforcement to seek to cut off the cash that fuels cartel violence and empower the military to take a more active role in anti-drug operations. Technically, the military cannot now enforce civilian law.

A new study by Mr. Yáñez found that 3,502 federal investigators of the attorney general's office have been investigated for corruption since 2001, and hundreds more for other crimes. The attorney general's office has 12,000 employees.

In a presentation this month at the Center for Strategic and International Studies in Washington, Mr. Yáñez said that 400 members of the military have been killed in the battle against drug traffickers since 2000. More than 60 federal investigators have been killed in that period, along with hundreds from state and municipal police forces.

One of the issues troubling U.S. officials is the lack of response from Mexican law enforcement authorities in going after criminals who've assassinated government officials – setting a dangerous precedent for fellow police authorities and elected officials.

The recent killings of the judge and the police officials are examples of "where a line must be drawn and not allowed to cross," said the senior U.S. anti-narcotics official. "What we saw happening 10 to 15 years ago in Colombia is now very, very alive and well in Mexico.

"The dynamics between Mexico and Colombia are different, but the challenges are the same," the official said. "Mexico is waking up to a new era of violence never seen before."

Police under fire

In Villa Madero, Michoacán, the entire 32-member police force resigned or failed to show up for work this week after being threatened by drug traffickers, local authorities said. Members of the force complained about a lack of arms and communications equipment to protect themselves. The town is near the state capital of Morelia.

Mexican officials reject the comparison to Colombia. "How do you measure that?" said a senior Mexican official, speaking on condition of anonymity. The official, who helps oversee his country's anti-drug policy, added that the issue of drug trafficking is a shared problem with the U.S. and said that "blaming one side does more to hurt than help the fight."

U.S. authorities agree that drug trafficking is a shared responsibility and have praised the government of President Vicente Fox, insisting that cooperation has never been better and citing the extradition last week of drug kingpin Francisco Rafael Arellano Félix.

"While I'm the first to point out those instances where more can be done, particularly along the border, I've also got to say that this administration has been aggressive about extraditions and committed to doing what they can, when they can," Mr. Garza said. "President Fox has been unwavering in that regard, and I recognize and appreciate both his conviction and courage."

Staff writer Laurence Iliff in Mexico City contributed to this report.

NATO To Provide More Afghanistan Troops (AP)

AP, September 20, 2006

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WASHINGTON (AP) -- After weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering, NATO's top commander said Wednesday.

U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters.

Earlier this month Jones met with other military leaders, asking for about 2,500 troops to augment NATO forces in Afghanistan. On Wednesday, he said that Romania has agreed to send a battalion in October, and the United Kingdom and Canada are adding to their forces. Poland had previously said it would send a battalion and some special operations forces in January.

Those agreements, Jones said, would nearly meet the full troop requirements. There are currently about 20,000 NATO troops there, and another 21,000 U.S. troops.

Jones offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat.

Violence has increased in the south because it is the center of the drug trade and the home of the Taliban, he said.

"We have disturbed a hornet's nest, and the hornets are swarming," he said. "We need to make them understand that that nest is not going to be there for them anymore in that particular region."

At any one time, he said, there are 3,000-4,000 Taliban in the country, but it is difficult to tell how quickly they can recruit more to replace those that were lost. And he said that some of the Taliban who retreated went to the western section of the country, where there may now be an increase in violence.

His assessment of the drug problems was bleaker.

"Narcotics is at the core of everything that can go wrong in Afghanistan if it's not properly tackled," said Jones, adding that, "we're not making progress; we're losing ground."

Officials have said opium production jumped 59 percent this year in Afghanistan, to a record 6,100 tons of opium -- a full 92 percent of the world's supply. The crop is used to fund terrorist groups. Jones said Wednesday that the Afghan government needs to commit more resources to the drug war and "start putting some big fish in jail."

NATO troops' role in the drug fight, he said, is limited to a supporting role of providing intelligence, making assessments and protecting those involved in counternarcotics operations.

"I'm in accord with those who say that it's not a military mission," said Jones. "Having NATO troops out there burning crops, for example, is not going to significantly contribute to the war on drugs. It's much more sophisticated and complex than that."

But the U.N.'s top counternarcorics official told Congress Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Hearing that, members of the House International Relations Committee expressed alarm over the resurgence of the Taliban and the skyrocketing opium poppy production.

Afghanistan has been suffering its heaviest insurgent attacks since the Taliban regime was toppled in late 2001. Clashes and bombings left up to 34 Taliban fighters and one policeman dead in five separate incidents Tuesday in central and southern Afghanistan. On Monday three bombings killed 19 people, including four Canadian soldiers.

Associated Press reporter George Gedda contributed to this story.

On the Net:

Defense Department: http://www.nato.int

UN Official: NATO Must Help Fight Afghan Opium Trade (AP)

AP, September 20, 2006

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WASHINGTON (AP)--The U.N.'s top counternarcorics official said Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Costa's comments were prepared for delivery to a U.S. House International Relations Committee hearing that featured expressions of alarm by both Republicans and Democrats over the resurgence of the Taliban and the skyrocketing opium poppy production.

The hearing was convened to assess the situation in Afghanistan five years after Sept. 11.

Committee chairman Henry Hyde, R-Ill., said "the window of opportunity in Afghanistan is imperiled."

He said that despite an upsurge in violence, "NATO has failed to respond" to a recent U.S. request for an increase in the deployment of troops from the 26-member alliance.

Rep. Tom Lantos, D-Calif., underscoring Hyde's point, said Poland is the only NATO country to offer additional troops to Afghanistan - 900 soldiers by February. "We are witnessing the unraveling of NATO," he said. He added that the post-Taliban government in Afghanistan is "too weak, too poor and riddled with corruption" to provide basic services.

Rep. Dana Rohrabacher, R-Calif., said the administration deserves a "failing grade" on Afghanistan, especially on the drug issue.

Costa noted that the opium yield this year in Afghanistan is up 59% "to a staggering 165,000 hectares." He estimated that Afghan heroin will have a street value of $50 billion.

"That's a massive windfall for organized crime, insurgents and terrorists," Costa said.

Members from both parties lambasted the administration for declining to send an official to the hearing to defend White House policy. U.S. Ambassador Ronald Neumann had been scheduled to speak to an afternoon session of the committee but sent word that he would not attend.

Rep. Tom Tancredo, R-Colo., was one of the few members to stand up for the administration on Afghanistan. While problems persist, he called the administration's effort there "a job well done."

Illegal Immigrant Gang Members Arrested (AP)

AP, September 21, 2006

Seven illegal immigrant gang members were arrested Tuesday night in Aurora as part of a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Aurora police, according to a release. All face criminal charges and/or deportation.

One of those arrested, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said.

Also arrested were Braulio Gutierrez-Montes, 18; Carlos Perez-Monarrez, 27; Juan Ibarra-Garcia, 35; Ricardo Herrera, 21; Luis Alberto Parra-Torres, 18; and Armando Rodriguez, 27, according to the release. All had been living in Aurora at the time of the arrest, according to Aurora police spokesman Dan Ferrelli.

All seven are Mexican nationals and documented members of the Latin Kings and Insane Deuces street gangs, the release said. All have past criminal records, including convictions for voluntary manslaughter, burglary, drunken driving and illegally possessing a firearm, according to the release.

Five are being held in ICE custody pending deportation, while two others will face possible criminal prosecution for re-entry after deportation, and an illegal alien possessing a firearm, the release said. They would then face deportation upon release.

The arrests were made by the ATF West Suburban Gang Violence Task Force, organized to combat the spread of gangs and gang-related violence in the western suburbs, the release said. ICE agents participated as part of “Operation Community Shield,” a national initiative launched in February 2005 to dismantle violent street gangs with foreign-born members.

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The arrests were made as part of an operation targeting violent street gangs, and one of those arrested last night, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said.

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The arrests were made by the ATF West Suburban Gang Violence Task Force, which combats the spread of gangs and gang-related violence in the western suburbs, the release said. ICE agents participated as part of "Operation Community Shield," a national initiative launched in February 2005 to dismantle violent street gangs with foreign-born members.

Since its inception, Operation Community Shield has resulted in arresting more than 3,400 gang members nationwide, representing 370 gangs, the release said. ICE agents in Chicago have arrested more than 175 gang members.

7 Alleged Gang Members Face Deportation (CHIT)

Chicago Tribune, September 21, 2006

Seven men were arrested in Aurora Tuesday night, accused of being gang members and illegal immigrants from Mexico. All will face deportation, authorities said.

Two of the men also may be charged in a U.S. court for allegedly re-entering the country after being deported in the past.

One had a shotgun, shotgun shells and a police scanner when he was arrested in his Aurora home, authorities said.

One other alleged gang member and illegal immigrant allegedly had about 2.5 grams of marijuana in his possession, said Gail Montenegro, a spokeswoman for U.S. Immigration and Customs Enforcement, or ICE.

Four men are alleged to be Mexican nationals and will face deportation proceedings, authorities said.

All seven were accused of being members of either the Latin Kings or the Insane Deuces gangs and were handed over to immigration officials.

The arrests were the culmination of an investigation by three agencies—the ICE, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Aurora Police Department—through the ATF's West Suburban Gang Violence Task Force.

2 Brothers To Plead No Contest In R.I. Fire (NYT)

By Pam Belluck

The New York Times, September 21, 2006

BOSTON, Sept. 20 — Two brothers who owned a Rhode Island nightclub where pyrotechnics ignited a fire that killed 100 people in 2003 will plead no contest to charges of involuntary manslaughter. One of them will not serve any prison time.

Under the plea agreement, announced Wednesday in a letter to victims' families by Rhode Island's attorney general, one of the men, Michael Derderian, will be sentenced to serve four years in a minimum security prison. His brother, Jeffrey Derderian, will be sentenced to three years of probation and 500 hours of community service.

The agreement, which came as jury selection was under way for the trial of Michael Derderian, resolves all criminal charges that stemmed from the horrific fire.

In February, Daniel Biechele, the manager of the band Great White, who had set off the pyrotechnics, pleaded guilty to 100 counts of involuntary manslaughter. He was sentenced to four years in prison.

In his letter Wednesday, the attorney general, Patrick C. Lynch, wrote, "Despite their desire to admit to the charges against them, I was unwilling to recommend or agree to the sentences that I have been advised the court will impose."

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He added, “Most significantly, I strongly disagree with the court’s intention to sentence Jeffrey Derderian to less than jail.”

Jeffrey Derderian was in the club, called the Station in West Warwick, the night of the fire, but the authorities have said Michael Derderian played a greater role in buying and installing highly flammable sound-insulating foam around the stage that was almost instantly ignited by the pyrotechnics. Kathleen Hagerty, a lawyer for Michael Derderian, said the brothers agreed to the plea because “after learning what the effects on the people testifying were going to be, they didn’t want to put them through it.”

The plea deal angered many relatives of the victims, as well as some of the 200 people who were injured in the blaze. Several said they would attend the Sept. 29 sentencing before Associate Justice Francis J. Darigan Jr. of Superior Court, who will hear from some of the victims and relatives.

“As far as I’m concerned, these guys are getting away with murder,” said Charles Sweet of Pembroke, Mass., who lost his son Shawn, 28, an assistant grocery store manager, and Shawn’s girlfriend, Laura Gillette. “I really thought that these two guys would be facing some serious jail time. I mean, they had 440 people inside that club, and the capacity was 300. My wife and I are devastated.”

Anna Gruttadauria, whose daughter Pam, 33, the 100th victim, died after being hospitalized for two and a half months after the fire, said, “I think it’s awful.”

She said that many victims and relatives wanted to see the Derderians face trial, especially Michael. “I just wanted to see his face,” she said. “I just wanted to see him go through something the way we did with our daughter. After four years he’ll be walking free. My daughter is six feet under. I’ll never see her face again.”

IMMIGRATION:

Task Force On Immigration Fraud Becomes A Model (WP)

By Jerry Markon

The Washington Post, September 21, 2006

After the Sept. 11, 2001, terrorist attacks, the U.S. attorney's office in Alexandria zeroed in on what seemed like an obvious target: immigrant-document and identity fraud.

Seven of the 19 hijackers had obtained fraudulent Virginia identity cards, taking advantage of a loophole in the state's rules for issuing driver's licenses and state identification cards. Northern Virginia, authorities believed, had become a hub for criminal rings that produced such documents.

"There was a combination of shock and urgency out of the notion that the 9/11 hijackers were right in our midst, that there was a sleeper cell that was operating in significant part in and around Northern Virginia," said Paul J. McNulty, then the U.S. attorney in Alexandria. "We knew we had a problem."

So McNulty started the nation's first document- and benefit-fraud task force, blending a unique combination of federal and state agencies. This month, the Alexandria-based task force broke one of its biggest cases: a marriage fraud ring that authorities said arranged scores of phony marriages, mostly in Arlington, to help illegal immigrants speed their route to U.S. citizenship.

And the crackdown that began on the edge of Old Town is now a model for the nation: Identical task forces recently opened in 10 cities across the country, and federal officials hope to blanket the nation with them by the end of next year.

"Many people don't view it as very glamorous, but our mandate is to work to regain the integrity of the immigration system, and this really does go to the heart of it," said Matthew Allen, deputy assistant director of the smuggling and public safety unit for U.S. Immigration and Customs Enforcement.

Law enforcement officials said that approaching immigration cases through a task force is more effective because it provides more agents and a broader perspective on what charges can be brought. In the past, ICE or its predecessor, the Immigration and Naturalization Service, investigated cases alone or with the help of one or two other agencies.

"It's more bodies and more law," McNulty, now U.S. deputy attorney general, said in an interview last week. "Task forces, pure and simple, allow you to get more done."

The task forces on document and benefit fraud bring together a variety of agencies in a collaboration that federal officials said is extraordinary. The regular members of the Alexandria-based unit, which began operations in January 2002, include the

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U.S. attorney's office, ICE, the Department of Labor, the Social Security Administration, the State Department, the IRS, the U.S. Postal Service, the Virginia Department of Motor Vehicles and the Fairfax County Police Department.

Other Northern Virginia police departments, primarily Arlington, participate on a case-by-case basis. Fairfax is a regular member because the immigration office for Northern Virginia is located there.

Officials said the benefits became clear as they worked on what became the task force's first big case: the conviction of Samuel G. Kooritzky, an Arlington lawyer sentenced to 10 years in prison in 2003 for a massive labor-certification fraud scheme that targeted immigrants. More than $6 million in seized funds and assets was eventually forfeited to the federal government in that case, including more than $4.6 million in restitution for Kooritzky's victims.

"Every agency brought something different to the table," said James Spero, unit chief of ICE's identity and benefit fraud unit. "The IRS helped us focus on money-laundering charges, because, prior to that, we were just kind of learning how to do money-laundering-style cases. Labor brought their expertise in the labor fraud itself. Citizenship and immigration services helped us analyze and collect the data found in the immigration files."

The task-force approach has also proved beneficial because it gets prosecutors involved from the start of each investigation, officials said, unlike in many cases in which they are brought in toward the end. "Instead of being reactionary to the cases themselves, this is more of a proactive approach, where we can actually analyze and discuss how to attack the vulnerabilities and shore up loopholes in the system," Spero said.

In the marriage-fraud case, 22 people were charged in U.S. District Court in Alexandria in what authorities called a scheme that may have arranged as many as 1,000 phony marriages, mostly in Arlington but also in Alexandria, Fairfax County, Manassas, the District and Maryland. According to the charges, illegal immigrants, mostly from West Africa, would pay as much as $6,000 to be introduced to their "spouse," usually on the day of the marriage. They would then be coached on how to lie to immigration inspectors to gain citizenship faster, according to the charges.

Immigrants who marry U.S. citizens can immediately get a visa to stay in the country, instead of having to wait years, and can shave several years off gaining citizenship.

Attorneys for several of the defendants declined to comment on the case after a recent court hearing.

In April, ICE and the Justice Department launched task forces using the Alexandria model in Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, New York, Newark, Philadelphia and St. Paul, Minn. Several more are being launched in the coming months, and ICE officials said they hope by the end of next year to have task forces operating in all 26 ICE field offices, which would cover the entire country.

"It's working extremely well," said Tony Rouco, ICE's supervisory special agent in Denver, where authorities said immigration-document fraud has been a major problem. "The flow of information is a lot easier."

Congress Debates Immigration Bills (AP-Y)

By Jim Abrams

AP, September 21, 2006

Congress took up legislation to require voters to show proof of citizenship and to build a 700 mile fence along the Mexican border as Republicans sharpened their attacks on illegal immigration seven weeks before the midterm elections.

The House of Representatives debate on a new photo ID plan for voters, and Senate action on the fence, were part of a get-tough policy on illegal immigrants that Republicans have taken in the wake of failure to agree on broader legislation that would set a path for undocumented workers to attain U.S. citizenship.

House Republican leaders have insisted that tighter borders and tougher laws must precede immigration reform. The House passed the fence bill last week and plans to vote on Thursday on bills that will increase penalties for those building tunnels under the border, make it easier to detain and deport immigrant gang members and criminals, and clarify the ability of state and local law enforcement officers to detain illegal immigrants.

Republican sponsors of the voter identification bill insisted that it was a common sense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, chairman of the House Administration Committee. "This is not a new concept."

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But opposition Democrats assailed the legislation, saying it would affect minorities, the poor and the elderly — groups that tend to vote Democratic — who might have trouble producing a photo identification.

"This bill is tantamount to a 21st century poll tax," said Democratic Whip Steny Hoyer, D-Md. "It will disenfranchise large number of legal voters."

The bill would require individuals to present a photo ID before voting in federal elections by 2008. By 2010 voters must have a photo ID that certifies they are citizens. In response to criticisms that this would be a burden for poor citizens, the bill stipulates that states must provide those identification cards free of charge to those who can't afford them.

The Senate, meanwhile, voted to take up a bill that would build a fence along one-third of the U.S. Mexican border.

Action on the fence, which could cost billions of dollars, comes four months after the Senate approved legislation that, along with tightening border security, created a guest worker program and outlined how people in the country illegally could work toward legal status and eventual citizenship. President Bush has supported this broader approach, but it met strong resistance in the House, where opponents said it was tantamount to amnesty for illegal immigrants.

"While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform," said Senate Majority Leader Bill Fris. "Not enforcement only, but enforcement first."

But Democratic leader Harry Reid countered that "we can build the tallest fence in the world and it won't fix our broken immigration system." To do that, he said, "we need the kind of comprehensive reform that the Senate passed earlier this year."

The bill would not provide funding to cover costs of the fencing and other barriers aimed at preventing illegal entry. About $1 billion for the fencing is likely to be included in a bill funding the Department of Homeland Security that Congress is expected to approve before its scheduled adjournment next week for the Nov. 7 elections.

GOP Advances Enforcement-First Approach For Border (LAT)

By Nicole Gaouette

The Los Angeles Times, September 21, 2006

WASHINGTON — Republicans pushing for tougher means to stem illegal immigration got a boost Wednesday when the Senate agreed to consider a bill that would build a 700-mile fence along the U.S.-Mexico border and the House approved a measure that would require voters to show photo identification at the polls.

Republicans in both chambers said the steps were necessary to protect the United States from illegal immigrants entering the country or trying to corrupt the voting process.

Democrats dismissed the moves as political ploys aimed at the November midterm elections, in which many Republicans are making immigration a key issue.

"What we are doing here today is about November," said Senate Minority Leader Harry Reid (D-Nev.), in reference to the fence bill.

In fiery debate on the House voting bill, Democrats argued that there were no data to show that illegal immigrants voted, and that the bill would disenfranchise poor, elderly and minority citizens who tended to support the Democratic Party.

Republicans countered that the voting measure was necessary.

"We have 12 million illegal aliens in this country. Many of them, we believe, have been voting illegally," said Rep. Dan Burton (R-Ind.). "Every illegal vote takes away the right of one American's vote."

The voter identification bill is unlikely to become law anytime soon because the Senate is not expected to consider the bill this session.

Since the House and Senate failed this summer to agree on a compromise to overhaul immigration laws, House Republicans have insisted on the need to pass enforcement measures before broader changes are made.

The enforcement-first approach appears to have won out, with some Senate Republicans who backed broader reform now echoing their House colleagues on the need to take up enforcement first and pass the fence bill, which cleared the House on Sept. 14.

"The Secure Fence Act will have a significant impact on our security," Senate Majority Leader Bill Frist (R-Tenn.) said. He emphasized that "this is not enforcement only; this is enforcement first."

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But Sen. Mel Martinez (R-Fla.), who helped write parts of the Senate bill, said pursuing enforcement first could undermine support for a broader reorganization of the immigration system. "For those who think there's no need to do more, there would be little impetus" to consider broader reform, he said.

House leaders are expected to introduce three other immigration bills today that emphasize other aspects of enforcement.

One would affirm the "inherent authority" of state and local law enforcement to help enforce immigration laws. A second bill would allow the government to indefinitely detain immigrants who had served a jail sentence but who could not be deported. It would also let authorities deport or forbid entry to anyone they had reason to think belonged to a gang, whether the person had committed a crime or not. A third bill would make it a crime to build cross-border tunnels.

On the fence bill, the Senate voted 94 to 0 to consider a debate on the measure. The bill would require stretches of double-layered fencing, vehicle barriers and ground sensors covering one-third of the 2,000-mile border with Mexico. It would also require the Department of Homeland Security to certify that the border was secure within 18 months of implementation.

Frist said that he would like to begin debate on the fence measure today, and that he hadn't decided whether to allow senators the chance to add amendments to the bill.

Sen. Dianne Feinstein (D-Calif.) said she would like to amend the bill to add an agricultural guest worker program to help California farmers, who were having difficulty finding the manpower to harvest crops.

House debate on the photo identification measure was intense before it was approved 228 to 196. The California delegation voted along party lines.

Rep. Zoe Lofgren (D-San Jose) ridiculed the suggestion that illegal immigrants voted. "Illegal aliens are sneaking across the border for a job, not to vote," she said, arguing that requirements for photo identification were so expensive that they could keep the poor and some minorities from the polls.

But Rep. Charlie Norwood, a Georgia Republican, said that the issue "could likely determine the long-term fate of our republic. Tamper-proof ID is the only way to stop the influx of illegal voters into our system."

Democrats said there were no data to show whether voting by illegal immigrants was a problem. Norwood countered: "How the heck do we know we don't have any? We don't check."

G.O.P. In Senate Narrows Immigration Focus To 700-Mile Fence (NYT)

By Carl Hulse

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — Senate Republicans formally put aside a broad immigration overhaul sought by President Bush on Wednesday and decided instead to press ahead with narrower bills to require building 700 miles of fence on the southwestern border.

Senator Bill Frist of Tennessee, the majority leader, said the fate of millions of illegal immigrants already in the United States had become a “fundamental sticking point” in trying to reach agreement with the House on a broad bill.

Mr. Frist said the fence proposal, which the House has passed, was the best alternative if lawmakers wanted to salvage some immigration changes before the Nov. 7 elections.

“Let’s focus on a problem the American people understand,’’ the senator said, “and that is, we have hundreds of thousands of people coming across our border every year into our country.”

He added that the broad measure could be considered when Congress returned in mid-November or next year.

The Senate voted, 94 to 0, to debate the measure on fencing and other border barriers at the cost of billions of dollars. But the fate of even that measure is unclear, because members of both parties have reservations, and Mr. Frist may need to block any amendments if he wants to deliver it to Mr. Bush before Congress adjourns next week.

The fence represents one element of the broad bipartisan measure that the Senate approved in May after Mr. Bush had delivered a prime-time address calling for sweeping changes in immigration law, including allowing some illegal immigrants to earn citizenship. House Republicans, fearing a backlash from the right, refused to consider any bill that could be called amnesty for illegal immigrants.

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The two chambers never formally opened negotiations to reconcile the Senate bill with a strict border enforcement measure that the House approved in December.

Republican backers of the broad Senate approach suggested that the party could be penalized at the polls for not pursuing a comprehensive solution.

"It is one of the greatest problems facing the country today," Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Senate Judiciary Committee, said. "For the Republicans not to produce is not good. Perhaps we will find a little better mood in the lame-duck session."

Other Republicans said constituents were demanding that the government do a much better job of sealing borders before considering other aspects of an immigration overhaul like a temporary-worker program, new penalties for businesses that employ illegal immigrants and possible citizenship.

"This is putting the horse before the cart," Senator Rick Santorum, Republican of Pennsylvania, said about moving ahead with just the fence proposal.

The House passed its fence bill last week and is considering other enforcement measures this week in an effort to show that lawmakers are making progress on immigration. On Wednesday, the House voted, 228 to 196, to require voters to show proof of citizenship, a step that Republicans said would limit illegal immigrants' voting.

Democratic critics said requiring government-issued identification would amount to a modern poll tax that would discourage minorities and older Americans from voting. The House and Senate have previously voted in favor of building barriers along the border with Mexico. The proposal calls for two strips of concrete separated by a road along with cameras and other surveillance equipment at five locations. "I'm convinced that physical barriers at the border, fencing in particular, are important," said Senator Jeff Sessions, Republican of Alabama.

Mr. Sessions said he was worried that Congress might approve the fence but not provide the money to build it. The Senate had previously added $1.8 billion to a Pentagon spending measure for the fence, a bill that is pending.

Senator Harry Reid of Nevada, the Democratic leader, said the fence could cost $7 billion or more.

"We can build the tallest fence in the world, and it won't fix our broken immigration system," Mr. Reid said. "To do that, we need the kind of comprehensive reform that the Senate passed earlier this year."

The fence measure, which may not come to a vote in the Senate until next week, is drawing scrutiny from some border-state Republicans who worry that it would impose too many requirements on local governments involving locating the fence.

Senator Larry E. Craig, Republican of Idaho, is considering offering a plan to allow more agricultural workers to enter the country. Mr. Craig said a continuing crackdown on illegal immigrants along the Mexican border was leaving growers in the West short of workers.

"Fruit is not being picked; vegetables are not being harvested," Mr. Craig said.

A bipartisan group recommended on Wednesday overhauling the immigration system to make it more responsive to the demands of the labor market. After more than a year of research, the group recommended creating expedited visas for workers of all skill levels who have legal employment offers.

The group was led by former Energy Secretary Spencer Abraham, a Republican who is also a former senator from Michigan, and former Representative Lee H. Hamilton, the Indiana Democrat who was vice chairman of the Sept. 11 Commission.

The director of the bipartisan group was Doris M. Meissner, who was commissioner of the Immigration and Naturalization Service under President Bill Clinton.

Throwing its support behind proposals passed by the Senate, the group called for "an earned path to permanent legal status" for an estimated 12 million illegal immigrants now living in the United States as "an essential element" of reform.

The panel called for federal aid to states to allay the costs of the legalization program, and it called on the White House to name an immigration coordinator and to focus on disrupting terrorists' travel with the same vigor it had brought to tracking terrorists' communications and finances.

Congress Resumes Immigration Efforts (WP)

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By Jonathan Weisman

The Washington Post, September 21, 2006

The House and the Senate moved yesterday toward a piecemeal crackdown on illegal immigration, pushing forward separate bills to require photo identification to vote, build vast fences on the U.S.-Mexico border and speed the deportation of undocumented workers. The measures would take the place of President Bush's far broader rewrite of the nation's immigration laws.

Voting almost completely along party lines, the House voted 228 to 196 for a bill that would require all who register to vote in federal elections to show photo identification that proves they are U.S. citizens. The Senate, meanwhile, voted 94 to 0 to take up a measure passed by the House last week to build 700 miles of double-layered fencing on the U.S.-Mexico border, with a final vote to come as early as Monday.

Today, the House will take up bills to speed the deportation of undocumented workers, ratchet up penalties for immigrant gang members and human smugglers, end an exemption for Salvadoran illegal immigrants from rapid deportation, criminalize tunneling under the border, and overtly deputize state and local police officers to enforce federal immigration laws.

In an interview on CNN, President Bush said he would sign the measures, even though they do not embrace a more comprehensive approach -- including a guest-worker program -- that he has backed.

"Yes, I'll sign it into law," Bush said. "I would view this as an interim step. I don't view this as a final product."

Passage of the measures would permit leaders of the Republican-controlled Congress to claim they have taken steps to deal with the flood of illegal immigrants. It is an issue that has rent the party, spawned huge demonstrations in many cities last spring, and called into question the Republicans' ability to face tough issues. GOP leaders also believe that the hardening of legislative lines on illegal immigration and border security will bolster the party's conservative political support ahead of the midterm elections.

"Border security is national security," declared House Rules Committee Chairman David Dreier (R-Calif.), with House GOP leaders by his side. "We're going to try our doggonedest to enact as many of these bills as we can."

With little more than a week left before the Sept. 29 start of Congress's scheduled recess, GOP leaders are considering appending some or all of the bills to must-pass spending measures before they leave town. But Senate Appropriations Committee Chairman Thad Cochran (R-Miss.) appeared to close off that avenue last night, saying he will not add any legislative language onto the spending bills that could slow their progress in the final days before the coming recess.

The sudden rush of activity startled immigrant and civil rights groups, which had largely thought a legislative response on immigration was dead for the year. The National Immigration Law Center sent out an "urgent" notice to allies to prod them into action, noting: "In recent days, there has been a serious deterioration of the position of pro-immigrant forces in Congress."

The lawmakers' embrace of a piecemeal approach came as members of a private task force on immigration reiterated their belief that a comprehensive solution is necessary to solve the nation's immigration problems. The task force's plan includes strong border enforcement and a program that allows undocumented workers currently in the country to remain by paying a stiff fine.

But it also proposes that the president and Congress establish two federal organizations that would regulate the flow of immigrants and help them assimilate into society. Former congressman Lee H. Hamilton (D-Ind.), who co-chaired the Migration Policy Institute task force with former senator Spencer Abraham (R-Mich.), said the House's approach is draconian to immigrants, while a Senate bill approved in May is too complex.

Most of the provisions in the bills the lawmakers are now considering were plucked from the House's border security and anti-illegal-immigration bill that passed in December, then sparked protests this spring that brought millions of immigrants into the streets. But Republicans believe the politics of the immigration issue have shifted in favor of their get-tough approach. Even some Republicans who have backed Bush's approach, such as Rep. John Shadegg (R-Ariz.), said yesterday that the shift among voters in favor of "enforcement first" is palpable.

"While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform," said Senate Majority Leader Bill Frist (R-Tenn.), who surprised many immigration rights activists when he took up the House border-fencing bill.

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Cecilia MuÃ±oz, vice president of the National Council of La Raza, warned that Republicans "are politically playing with fire" with Latino voters, who gave 40 percent of their vote to Bush in 2004.

The rhetoric in the House yesterday was particularly heated, with a stream of African American and Latino Democrats taking to the floor to denounce a voter ID bill that they called a "modern-day poll tax" designed to disenfranchise minority, elderly and disabled voters who lean Democratic.

House Minority Leader Nancy Pelosi (D-Calif.) called the bill "a tawdry attempt by Republicans to suppress the votes of millions of Americans."

Rep. Vernon Ehlers (R-Mich.), a soft-spoken moderate who helped craft the legislation, angrily called the charges nonsense, saying the bill authorizes funds to help state and local governments cover the costs of helping the poor obtain identification cards.

Under the bill, all states would be required to check photo identification by the November 2008 elections. By the 2010 elections, states could accept only identification that shows proof of citizenship, a passport or a new federal "Real ID" card authorized by Congress but not yet implemented.

The bill coming before the Senate would authorize the construction, on the southern border, of 700 miles of double-layered fencing -- at an estimated cost of at least $3 million a mile -- and a "virtual fence" of cameras, sensors and unmanned aerial vehicles. That is nearly double the size of the fence approved by the Senate in May as part of its comprehensive immigration bill.

Task Force Rejects Push To Fence Border (USAT)

By Kathy Kiely

USA Today, September 21, 2006

WASHINGTON — As congressional Republicans pushed before the fall elections to extend fencing along the U.S.-Mexican border, leaders of a bipartisan task force Wednesday dismissed such an effort as a “piecemeal” approach that won't curb illegal immigration.

“We view this as much more than building fences,” said task force co-chairman Lee Hamilton, a former Democratic congressman and vice chairman of the 9/11 Commission.

The move in Congress runs counter to what President Bush wants. Bills before the House of Representatives and Senate this week aim to make it harder for immigrants to cross the border illegally and easier to punish those who do.

The legislation does not address what to do about employers who hire illegal immigrants or with the estimated 12 million illegal immigrants already living and working here.

Bush has said any immigration bill must be comprehensive and deal with a host of issues. That view was endorsed by task force leaders Hamilton and Spencer Abraham, a former Republican senator and Bush Cabinet member.

The House and Senate have been deadlocked for months on immigration.

Backers of the tough border enforcement bills say they will make the country safer.

“Border security is national security,” said Rep. David Dreier, R-Calif.

The Senate continues debate today on a bill to construct 700 miles of fence along the U.S.-Mexican border. The House passed the bill last week. Today in the House, lawmakers will consider three measures to increase penalties on illegal immigrants and speed deportations.

Some Republicans expressed concern that passing the border enforcement bills now will slow momentum for broader immigration legislation, which the Senate passed in May. The House passed a bill emphasizing border security in December. Sen. Larry Craig, R-Idaho, who favors expanding opportunities for foreign agricultural workers, said crops are rotting in the field “because we in Congress haven't gotten our act together.”

For Democrats, the legislation presents a political dilemma. They must either support legislation that many consider inadequate or cast a vote that could be portrayed during fall campaigns as anti-border security. Sen. Dick Durbin of Illinois, the deputy Democratic leader, said his party members haven't decided how they will vote on the border fence bill. “We'll wait and see how this unfolds.”

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The immigration task force was convened by the Migration Policy Institute, a think tank that tracks immigration, and included participants from liberal immigrant-rights groups such as the National Council of La Raza and conservative groups such as the Manhattan Institute.

Most of the task force's 16 recommendations are not included in the immigration bills that have already passed the House or Senate. They include:

•Creating a biometric Social Security card that could be used to verify the legal employment status of job applicants.

•Giving illegal immigrants now living in the USA a chance to become citizens, as the Senate's comprehensive measure now does.

•Collapsing a system of dozens of entry visas into three groups of immigrants: permanent, provisional (for workers who might end up staying permanently) and temporary (for seasonal or part-time workers).

•Setting new legal immigration levels at 1.5 million people a year and establishing a commission to adjust levels up or down according to labor needs.

•Giving priority to immigrants with job skills the USA needs, such as farmworkers and engineers, which could reduce the number of visas available to family members of people now in the USA.

•Streamlining the labor certification system to allow employers to more easily hire foreign workers.

Abraham and Hamilton, who presented their proposals to White House aides and Senate Minority Leader Harry Reid, D-Nev., don't believe Congress will act quickly. "Our proposal is more long-term," said Hamilton. "The politics of this are very tough."

High-tech Plan Pitched To Fight Illegal Crossings (USAT)

By Mimi Hall

USA Today, September 21, 2006

WASHINGTON — The Homeland Security Department is preparing to have hundreds of new camera towers installed along the nation's porous land borders as part of a multiyear effort to tighten security and dramatically slow illegal migration across the southern border.

Secretary Michael Chertoff plans to announce today that the government will pay private contractors, including Boeing, tens of millions of dollars to set up high-tech towers to hold cameras and sensors that will help Border Patrol agents catch people crossing illegally. The contract also will include some unmanned aerial vehicles and ground-based radar systems.

Sen. Judd Gregg, R-N.H., chairman of the Senate Appropriations Subcommittee on Homeland Security, praised Chertoff for asking businesses to submit proposals for securing the border and said Congress will approve the money to pay for the new program.

"Is this the right plan?" Gregg said of the primarily cameras-and-sensors approach. "Is it going to work? Obviously the jury's out."

He noted that a previous effort to install cameras along the border failed when the equipment didn't work well. "Hopefully, we learned some lessons," Gregg said. "You've got to make sure you're on top of the contractors."

T.J. Bonner, president of the National Border Patrol Council, the union that represents border agents, is skeptical of any plan that relies on technology.

"They're applying the wrong solution to the problem," said Bonner, adding that Congress needs to pass legislation to "stop the employment magnet."

Immigration legislation promoted by President Bush that would create a "guest worker" program died amid political battles over a host of issues, including whether immigrants should be offered a path to citizenship.

The new technology is one piece of a multiyear Secure Border Initiative that Chertoff announced in 2005. Homeland Security is a third of the way toward doubling the number of border agents — from 9,000 in 2001 to 18,000 by the end of 2008. In the meantime, the effort to boost the number of so-called boots on the ground is now being aided by up to 6,000 National Guard troops.

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The department also has ended a “catch-and-release” policy of allowing illegal immigrants to stay in the country, on their own, pending a court date. Many offenders simply never showed up in court and stayed in the country illegally. Now, those who are caught are sent home or held in detention centers pending court dates.

Maine Sen. Susan Collins, chairwoman of the Senate homeland security committee, said the new technology, which will initially be set up along the border in Arizona, “should greatly improve situational awareness of Border Patrol agents.”

Bonner said, however, that there still aren't enough agents and more cameras won't change that. “None of this technology catches people,” he said. “The cameras don't swoop down off the towers and grab people by the ankles until Border Patrol agents show up.”

He said he's disappointed that the only thing Congress can agree on is building 700 more miles of fencing. “As long as employers hire them (illegal migrants) in this country,” he said, “they're going to come by the millions.”

Plenty Of Holes Seen In A 'Virtual Fence' (WP)

By Spencer S. Hsu And Griff Witte, Washington Post Staff Writers

The Washington Post, September 21, 2006

Border Sensors Not Enough, Experts Say

The selection of Boeing Co. to erect a "virtual fence" along 6,000 miles of U.S. border marks a potential turning point in the government's long quest to stop illegal immigration, but its success hinges on overcoming obstacles that doomed past efforts, funding shortages and other problems with the country's immigration controls, according to experts and former U.S. officials.

Congress and the Department of Homeland Security must focus on overcoming technology and management problems that have derailed similar remote-sensing networks set up over the decades by the military and border agencies from Vietnam to Iraq to the southwestern United States, they said.

They also must acknowledge that as much as half of the illegal-immigration problem is driven by the hiring of people who enter the United States through official border points but use fraudulent documents or overstay visas to become part of the estimated population of 11 million illegal immigrants in the United States, former immigration officials and members of Congress said.

Surveillance by the government's $2.5 billion Secure Border Initiative Network, or SBInet, "makes some sense and is part of the solution," said former Indiana congressman Lee H. Hamilton (D), vice chairman of the commission that investigated the Sept. 11, 2001, terrorist attacks. "It's also insufficient, I believe."

C. Stewart Verdery Jr., a former Bush administration assistant secretary for border policy, agreed that a "smart border" buildup alone is doomed to fail, given the government's track record and the labor needs of U.S. employers.

"Boeing and its subcontractors should be pushing the hardest for a comprehensive immigration solution," Verdery said.

Boeing proposes to construct a necklace of 1,800 towers equipped with cameras, sensors and links to sophisticated computers along the nation's vast frontiers with Mexico and Canada. The Department of Homeland Security is scheduled to announce Boeing as the winner of the competition today.

Boeing's plan rests heavily on adapting military technology from the battlefield to the border. The company has suggested, for instance, flying a camera-equipped, truck-mounted, 10-pound drone called the Skylark that Israeli and Australian forces have used to track suspects for as long as 90 minutes at a range of six miles.

Boeing also proposed a variety of ground-based sensors, including underground seismic sensors and tower-mounted motion and heat detectors that have been used to thwart insurgents in Iraq and Afghanistan.

Congressional backers and military experts are confident that technologies devised to detect troop movements and tank formations can be adapted for homeland security and, by extension, individual border crossers.

But scientists warn of bedeviling details, and analysts cite political pressures that have led to lavish spending on borders, technology and guards with few results.

Gervasio Prado, founder of SenTech Inc., a sensor maker that was part of two unsuccessful bid teams, said SBINet is good for his industry but is not likely to work.

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"I don't think you'll make a dent really," because of the difficulty of managing information from 6,000 miles of sensors and the economic incentives for illegal migrants and their smugglers, he said. "I'd love to say that if you put thousands of sensors in that you could really solve the problem. But I think the help is going to be minimal."

Since 1995, spending on border security has increased tenfold, from $1.2 billion to $12.7 billion, and the number of Border Patrol agents has more than doubled, from 5,000 to 12,319, according to the House Appropriations Committee. Yet the number of illegal immigrants in the United States has jumped from 5 million to more than 11 million.

In addition, several experts said, tighter borders could discourage illegal immigrants already living here from attempting to leave for fear that they won't be able to reenter the country.

The Department of Homeland Security and the former Immigration and Naturalization Service spent $429 million since 1998 on video and remote surveillance on the borders. But nearly half of 489 planned cameras were never installed, 60 percent of sensor alerts are never investigated, 90 percent of the rest are false alarms, and only 1 percent overall resulted in arrests, the Homeland Security inspector general reported in December.

On April 25, the Border Patrol's first and only Predator 2 unmanned aerial vehicle crashed outside Tubac, Ariz., seven months after the $6.5 million craft began flights.

"There has been a huge amount of money poured into the border . . . but the track record of the performance of these technologies is disappointing," said Doris Meissner, former INS commissioner.

James Jay Carafano, senior research fellow at the Heritage Foundation, noted that Congress is moving to build 700 miles of border fence, at a cost of more than $2 billion, and adding about 2,500 border agents, at a cost of about $500 million a year, with an eye on this fall's elections.

By comparison, SBINet is funded at less than $130 million next year by the House and Senate, Carafano said. "If Congress is mandating all this money to go to guards and fences," he said, "my concern is there won't be enough money to put into place SBINet."

Other priorities that could lose the competition for funding are big-ticket programs to process and return illegal immigrants, develop computer systems to verify legal workers for U.S. companies, monitor visa compliance and tighten legal ports of entry, which will cost well over $10 billion, said Meissner and Steven A. Camarota, research director at the Center for Immigration Studies.

Boeing's record at delivering major technology is mixed. The company pointed to its success deploying baggage-screening devices to more than 400 airports in less than six months after the terrorist attacks. But the company's machines were criticized for being too large and having high false-alarm rates.

The inspector general's office has also found fault with the work of L-3 Communications, a Boeing subcontractor on SBInet. In December, investigators reported that cameras L-3 deployed for border security as part of the Integrated Surveillance Intelligence System malfunctioned when exposed to severe cold or heat.

Homeland Security officials want contractors to fully deploy their equipment in four years, and Boeing has said it can do it in three.

Gregory J. Pottie, a UCLA engineering professor who specializes in sensor technology, testified to the House last week that "if we want to solve this in three years, it could cost us a fortune and we're going to make a lot of mistakes."

The Great Wall Of America (WSJ)

The Wall Street Journal, September 21, 2006

It wasn't so long ago, during the Reagan era, that Republicans sought to tear down walls, not erect them. But last week House Republicans passed a bill to construct a 700-mile, double-layered fence along the Mexican border while also approving a study on building a similar wall-like structure along the Canadian border. Price tag for the Mexican portion: $7 billion.

Sixty-four Democrats joined all but six Republicans in voting for the measure, and the Senate GOP may also now vote to build this Great Wall of America. Later this week the House will vote on legislation that would deputize local police forces as agents of the border patrol. This will further burden local law enforcement that already has enough work handling bona fide

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felons. What we have here is panicked Republicans engaging in pre-election theatrics as they seek to remind voters that they're tough on the illegal immigration problem they've done nothing to actually solve.

Here's one example of how tough they are. Steve King of Iowa suggested in front of the C-SPAN cameras that at the top of this new fence "we electrify this wire with the kind of current that would not kill somebody, but it would be a discouragement for them to be fooling around with it." Then he added: "We do this with livestock all the time." Equating people with cattle: There's an inclusive political message for you.

Few really believe that a fence will do much to keep out those who threaten our safety, such as smugglers, drug runners or terrorists. None of the 9/11 terrorists snuck across the Mexican border illegally; they entered the U.S. with lawful visas. Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs.

Democratic Governor Janet Napolitano of Arizona wasn't much off the mark when she once said that "You show me a 50-foot wall and I'll show you a 51-foot ladder at the border" to get over it. These migrant workers are resourceful people, which is one reason they meld so productively into the U.S. labor force. As the U.S. becomes more commercially integrated with Mexico and Canada, the restrictionists' strange utopia of a sealed border becomes even more impossible.

Nor is a "sealed border" desirable, even if it could be achieved. More than nine of 10 of the three million net new jobs created from 2000-05 have been filled by immigrants, according to Census Bureau data. With many regions of the country now suffering from a shortage of workers, not even Pat Buchanan could argue with a straight face that immigrants are stealing jobs from Americans. The fence itself will probably have to be built by immigrants.

The refrain on immigration from Republican lawmakers is that "we support legal, but not illegal, immigration." That sounds fine -- except that for six years the Republicans have done virtually nothing to allow more immigrants to enter the U.S. legally even as the demand for their services has soared. The quotas for skill-based high tech workers, the so-called H1-B visas, have been reduced by almost half -- to America's own economic detriment. Nor has the House lifted a finger this year to deal with a critical shortage of nurses and agriculture workers. That's a big reason one-half to two-thirds of the crop pickers in America are here illegally.

Republicans cite polls indicating that Americans want a secure border, but the political appeal of walls and fences is exaggerated. Just last week Don Goldwater, the man who held a press conference at the border urging, "Mr. Bush, build this wall now," was defeated in a GOP primary for Governor of Arizona -- in the very border state where these policies were thought to be most popular. The Arizona Republican who won a Congressional primary on immigration in the Tucson district is expected to lose in November.

The only real way to reduce the flow of illegal Mexican immigration is to provide a legal, orderly process to match open American jobs with workers who want to fill them. Mr. Bush is for that, and so is the Senate, but House Republicans have concluded that they're better off building fences. When Ronald Reagan spoke of America being a "shining city on a hill," he wasn't thinking of one surrounded by electrified barbed-wire fences.

Tear Down This Wall Bill (LAT)

The Los Angeles Times, September 21, 2006

PICTURE A WALL ALONG the entire border with Mexico. The problem with the United States' current immigration policies, as we have previously illustrated in this space, is that there would be two contradictory signs posted on such a wall — one reading "Do Not Trespass," the other reading "Help Wanted: Inquire Within."

Building an actual wall won't resolve the schizophrenia underlying our approach to immigration. That's why it's so disappointing to watch the U.S. Senate, which passed comprehensive immigration reform earlier in the year, considering following the path of the more shortsighted House by taking up a simplistic, enforcement-only measure — to build, you guessed it, a fence along the border. Senators should vote "no" on the Secure Fence Act.

The bill would authorize the construction of 700 miles of at least double-layer fencing with all the fixings — more patrols, unmanned aerial craft, sensors, satellites, radar, lighting and cameras — along select parts of the nearly 2,000-mile southern U.S. border. The bill is before the Senate, which could vote on it as early as Monday.

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Given that the Senate passed comprehensive reform only four months ago and appropriated some money for the fence last month, it should know that sound immigration reform requires addressing all three parts of the immigration puzzle at once: border security, the undocumented immigrants in the country and the visa system. A wall is fine, but not by itself. Addressing border security alone won't fulfill the economy's need for a legal supply of labor, and it will leave millions of illegal immigrants already here hidden in a vast underground. And fence or no fence, the 45% of illegal immigrants who overstay legal visas instead of returning across the border would continue to do so.

The visa system — which offers a laughably insufficient number of work visas each year for low-skilled workers — would still be backlogged and wouldn't be able to address the country's economic needs in the way a guest worker program and increased visas for low- and high-skilled workers would.

Members of the Senate who support comprehensive reform but who advocate the Secure Fence Act — like Senate Majority Leader Bill Frist — say other elements of comprehensive reform can come after November. Even if comprehensive reform were taken up at the start of the new Congress, however, elements such as a guest worker program need time to work properly. Waiting on a guest worker program would make the delays worse and would harm the economy.

If the Senate passes piecemeal enforcement measures, it will erode its ability to negotiate a more comprehensive approach with House leaders who myopically insist on treating immigration solely as a law enforcement issue.

TAX:

Providence Man Agrees To Stop Alleged Tax Fraud Scheme (AP)

AP, September 21, 2006

WASHINGTON (AP) - A Providence man has agreed to stop marketing an alleged tax fraud scheme under a federal court order.

Officials from the Justice Department say Eric Messier falsely advised customers that they could avoid paying federal income taxes by treating their assets and income as a "corporation sole" -- a church or charity organization with tax benefits in some states.

A government's complaint filed in the U-S District Court in Rhode Island says customers paid Messier between 25-hundred dollars and 10-thousand dollars to participate in the scheme.

The court order gives Messier 15 days to remove from his Web site all information advertising the scheme and to give the government a list of his customer's names and other personal

Federal Judge Denies KPMG Request For Jury Trial On Defense Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 21, 2006

A federal judge Monday denied accounting firm KPMG's request for a jury trial over the issue of whether it should advance defense costs to its former employees who are now facing criminal tax fraud charges.

Southern District Judge Lewis A. Kaplan, in United States v. Jeffrey Stein, S1 05 Crim. 0888, ruled that the employee claim was for specific performance of a contract. Thus, he said that it was equitable in nature and did not require a jury trial.

As a result of the ruling, Kaplan will decide whether the employees are entitled to legal fees. He had already refused to dismiss the employees' claim and compel arbitration of the issue. KPMG filed a notice Monday asking the 2nd Circuit U.S. Court of Appeals to reverse the decision.

Attorneys for KPMG had argued in their memorandum of law in opposition to the former employees' motion to strike KPMG's jury demand that the former employees' breach of contract claim is an "action at law" and one for which KPMG is entitled to a trial by jury.

Kaplan, however, said that the monetary relief the former KPMG executives seek would be "exactly the type of monetary relief that courts, and the Restatement [of Contracts], envision as equitable relief; they are incidental to the grant of equitable relief, yet are necessary to afford complete relief."

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In reaching this decision, Kaplan quoted the 6th Circuit in its decision in Golden v. Kelsey-Hayes Co., 73 F.3d 648.

Kaplan's ruling on the jury issue was released on the same day that KPMG filed its answer to the civil complaint filed against it by its former employees. The company argued as an affirmative defense that the complaint is barred in whole or in part because the former employees, through their conduct, "have unclean hands and are at fault in bringing about any loss and harm they might suffer."

KPMG also argued that forcing it to pony up what could amount to millions of dollars in legal fees would amount to an unconstitutional taking in violation of its due process rights.

Attorneys for KPMG singled out former executive David Greenberg, and former employee Robert Pfaff in their answer. KPMG accused Greenberg of embezzlement and fraud, saying Greenberg intentionally concealed his illegal conduct from KPMG and the government. It said Pfaff received compensation in the form of "side fees" from tax shelter promoters while he was a KPMG partner.

"KPMG suffered actual injury and damages as a result of this conduct, by [Mr.] Pfaff," KPMG said.

The company accused Jeffrey Stein, a former vice chairman of the company, and former Chief Financial Officer Richard Rosenthal of breaching their fiduciary duty to the company.

Richard Smith, KPMG's former chairman of tax services, was also accused of breach of fiduciary duty.

Charles A. Stillman, a partner at Stillman, Friedman & Shechtman, and Robert S. Bennett and Sheila L. Birnbaum, partners at Skadden, Arps, Slate, Meagher & Flom, represent KPMG. Bennett declined to comment, as did Stillman.

David Spears, a partner at Spears & Imes who represents Stein, did not return calls to comment on the latest claims against his client.

Susan R. Necheles, a partner at Hafetz & Necheles who represents Rosenthal, and David C. Scheper, a partner at Overland Borenstein Scheper & Kim who represents Pfaff, also did not return calls for comment.

Robert S. Fink, a partner at Kostelanetz & Fink who represents Smith, declined to comment, as did Leonard F. Lesser, a partner at Simon Lesser who represents Greenberg.

Inquiry Of Bank Expands To KPMG Austria's Staff (WSJ)

By David Crawford In Berlin And Carrick Mollenkamp In London

The Wall Street Journal, September 21, 2006

The investigation by Austrian prosecutors of more than $2 billion in losses at Bawag P.S.K. Group, the Vienna bank at the center of the Refco Inc. scandal, has expanded to the roles played by employees of the bank's auditor, KPMG Austria GmbH, according to people familiar with the matter.

Refco, a huge commodities brokerage firm, last year disclosed that its chief executive officer allegedly had helped to hide bad debt. That revelation ultimately led Refco to file for bankruptcy-law protection and to the discovery that Bawag had played a key role in the alleged debt scheme. The CEO, Phillip R. Bennett, who faces criminal charges, has denied the allegations.

More recently, prosecutors have focused on how Bawag reported assets and losses. At the center of the investigation are the KPMG audits of the bank between 1994 and 2005 that failed to reveal misreporting of bank assets and losses. Witnesses have told prosecutors that Robert Reiter, a former partner and head of the accounting firm's auditing subsidiary in Vienna, KPMG Alpen-Treuhand GmbH, advised the bank on how to book hundreds of millions of dollars in losses so they wouldn't be visible to public scrutiny, according to the witnesses' statements.

A KPMG Austria spokeswoman yesterday said the auditing firm itself isn't under investigation. At the time the matters under investigation allegedly took place, there was no law in Austria that allowed for the criminal investigation of companies. She added that the firm has full confidence in Mr. Reiter's integrity. "KPMG is convinced it was proper to give our unrestricted confirmation of Bawag's annual reports," the spokeswoman said.

Mr. Reiter couldn't be reached for comment.

KPMG Austria is the local affiliate of KPMG's global network. While firms within the network share the KPMG name, they operate as legally independent partnerships. Such arrangements are designed to prevent problems at one firm from affecting

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others in the network. As a result, any potential problems tied to Bawag could be contained to employees at KPMG's Austrian unit and not impact firms in other countries.

Austrian authorities have interviewed key bank figures. Earlier this year, in a statement to investigators, former Bawag CEO Helmut Elsner said Mr. Reiter attended an emergency Bawag management-board meeting in 2000. That meeting was called after Austrian businessman Wolfgang Flottl revealed he had lost €433 million, or $549 million at current exchange rates, from bad bets on the pricing of the yen. Mr. Flottl is the son of the former head of the bank. After the meeting, a KPMG representative agreed not to mention the loss in KPMG's statement in the bank's annual report if the Austrian Trade Union Federation, Bawag's majority shareholder, gave a guarantee to cover the loss, according to an Austrian National Bank audit.

The KPMG audit for Bawag's 2000 results said, "We are convinced the said transactions have been properly booked and evaluated, particularly in the field of derivatives," according to an Austrian Finance Ministry report.

Mr. Reiter was the lead auditor of Bawag for KPMG. Mr. Elsner was arrested last week at his home in France. Neither Mr. Elsner nor his lawyer could be reached for comment. Mr. Flottl has denied any wrongdoing. A spokesman for the Vienna prosecutor's office declined to comment.

This summer, Bawag reached a settlement with U.S. authorities, including the Justice Department, and Refco creditors. That settlement potentially could total $675 million.

IRS Investigates Calif. Church (AP-Y)

By Gillian Flaccus

AP, September 21, 2006

With the campaign season in full swing, a liberal church is locked in an escalating dispute with the IRS over an anti-war sermon — delivered two days before the 2004 presidential election — that could cost the congregation its tax-exempt status.

Religious leaders on both the right and left are watching closely, afraid the confrontation at All Saints Church in this Los Angeles suburb will compromise their ability to speak out on issues of moral importance such as abortion and gay marriage during the midterm elections.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status, they cannot endorse candidates or parties. Most who do so receive a warning.

According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was the Church at Pierce Creek near Binghamton, N.Y., which was penalized in 1995 after running full-page ads against President Clinton in USA Today and The Washington Times in 1992 during election season.

Before this fall's congressional races, the IRS warned that it would be scrutinizing churches and charities — important platforms, particularly for Republicans — for unlawful political activity.

All Saints is an Episcopalian church of about 3,500 — the largest west of the Mississippi — and has long had a reputation for liberal social activism among its largely affluent, Democratic-leaning membership. During World War II, its rector spoke out against the internment of Japanese Americans. The Rev. George Regas, who headed the church for 28 years before retiring in 1995, was well known for opposing the Vietnam War, championing female clergy and supporting gays in the church.

The dispute centers on a sermon titled "If Jesus Debated Senator Kerry and President Bush" that Regas delivered as a guest pastor. Though he did not endorse a candidate, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

"I believe Jesus would say to Bush and Kerry: `War is itself the most extreme form of terrorism. President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq,'" Regas said, according to a transcript.

The IRS reprimanded the church in June 2005 and asked that it promise to be more careful. Church officials refused.

Last week, the IRS demanded documents and an interview with the rector by the end of the month. Church officials will probably fight the action, said the rector, the Rev. Ed Bacon. That would mean the IRS would have to ask for a hearing before a judge.

"You can't talk about the love of the neighbor without talking about public policy," Bacon said.

Pastors elsewhere echoed those sentiments.

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In South Dakota, where citizens in November will vote on the nation's most restrictive abortion law, preachers have taken classes to avoid breaking federal law.

"I would think that that speech should not be censored and neither should ours," said the Rev. Ron Traub of the Pasadena case.

Traub, senior pastor at the First Assembly of God in Sioux Falls, S.D., said he never mentions candidates by name but tells his congregation to vote for the abortion ban and for politicians who espouse the church's values.

"When the IRS comes into my pulpit and tells me I cannot speak on issues, on spiritual and moral issues, I believe my congregation will be willing to stand with me and say, `If you want to take away our IRS status, go ahead,'" he said. "The only approval that we need is the approval of God."

Steve Miller, commissioner of the IRS tax-exempt and government entities division, would not comment on the specifics of the investigation but denied the agency had any partisan agenda.

"It's a delicate area, there's no question," Miller said. "But we are not trying to curtail people's right to speak."

Miller said the agency completed investigations of 90 tax-exempt churches and charities in 2004 and found wrongdoing in 70 percent of the cases. Four — none of them churches — lost their tax-exempt status. In 2005, the agency began audits of 70 churches and charities and has 40 cases pending so far this year.

Earlier this year, IRS Commissioner Mark W. Everson promised more robust enforcement.

In recent years, Republicans in particular have teamed with conservative evangelical leaders to motivate would-be voters, a strategy credited with helping President Bush win re-election. Intensified IRS enforcement could erode the relationship between religious and political leaders, according to some political strategists.

"The IRS action will hinder the ability of some of the churches to make their lists available, to make their pulpits available, to make their sanctuaries available," said Democratic strategist Donna Brazile.

Others say the All Saints case will barely affect politicians' use of churches.

All Saints has been known as "a headquarters for political activity" since the 1970s, said Steve Frank, a GOP consultant who organizes churches for political campaigns. The IRS is probably using the sermon as an excuse to investigate the church's expenditures, Frank said.

"It's not a question of the IRS going after one ideology. They're going after anybody that violates the law," he said. "The reality is it doesn't stop a minister from teaching ... what they believe is the truth within the Bible."

CONGRESS-ADMINISTRATION:

Senate Panel Backs Bush's FDA Nominee (AP-Y)

AP, September 21, 2006

A Senate committee Wednesday approved President Bush's nominee to head the Food and Drug Administration, but a full Senate vote to confirm Dr. Andrew von Eschenbach was in doubt.

Von Eschenbach overcame earlier stalling tactics by two Democratic senators pending an agency decision to allow nonprescription sales of the morning-after pill. But now two Republican senators have pledged to block his confirmation, each for separate reasons.

Sen. Jim DeMint of South Carolina, wants von Eschenbach to suspend sales of the abortion pill RU-486 and investigate whether it increases the likelihood of infection by a rare but deadly bacterium. Louisiana Sen. David Vitter wants the FDA to legalize the importation of some prescription drugs from Canada.

Von Eschenbach has headed the FDA on an acting basis for the past year. The agency has been without a permanent head for all but 18 months of the Bush administration.

"We need a strong leader at the FDA right now, one who has a mandate to act," said Sen. Mike Enzi, R-Wyo. "There are many items before the FDA that require the immediate attention of an FDA commissioner vested with full authority. It is time (for) the Senate to move forward with this nomination."

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Enzi is chairman of the Senate Health, Education, Labor and Pensions Committee, which approved von Eschenbach's nomination by voice vote Wednesday.

The nominee hopes to be confirmed and "looks forward to working with Congress on the FDA's broad and ambitious public health agenda," FDA spokeswoman Susan Bro said in a statement.

F.D.A. Nominee Advances; Hurdles Linger (NYT)

By Gardiner Harris

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — A Senate committee voted on Wednesday to approve Andrew von Eschenbach to head the Food and Drug Administration, but hurdles to his confirmation remain.

Dr. von Eschenbach has been acting commissioner for a year. Action on his nomination was held up for six months because of objections from two Democratic senators, and now two Republicans have promised to delay a confirmation vote for entirely different reasons.

All of which left Senator Michael B. Enzi, the chairman of the Senate Health, Education, Labor and Pensions Committee, uncharacteristically testy on Wednesday.

"The F.D.A. commissioner has to be the toughest thing outside of a Supreme Court justice to get passed around here," Mr. Enzi, a Wyoming Republican, said after the hearing.

Mr. Enzi said he and Senator Edward M. Kennedy of Massachusetts, the senior Democrat on the panel, would work to persuade their colleagues to approve Dr. von Eschenbach's nomination "virtually full time" until the Senate convenes next week.

But with each passing day, the chances narrow that Dr. von Eschenbach's nomination will be approved. As it was on Wednesday, the committee had trouble assembling a quorum. Its hearing was delayed, and then it moved to a small reception room in the Capitol that barely fit the more than 50 staff members, reporters and senators who crammed into it.

When enough senators finally filtered in, Mr. Enzi read through the bills and nominations before the committee like an auctioneer fearing rain. Only Senator Barbara A. Mikulski, Democrat of Maryland, managed to get in a word edgewise.

"As you know, the F.D.A. is located in my state," Ms. Mikulski said, as the crush of reporters and staff towered above her. "There is a crisis of morale at the F.D.A., and I take him at his word that he will deal appropriately with this."

Senator Hillary Rodham Clinton, Democrat of New York, started to speak next. "Mr. Chairman, I — — " was as far as she got. Mr. Enzi raised his hand.

"We'll keep the record open for the rest of the day to reflect any members' statements," he said, and glanced at Mrs. Clinton, who nodded in return. He asked for a vote. It was unanimous.

And that was it.

Senator David Vitter, Republican of Louisiana, has promised to hold up Dr. von Eschenbach's nomination until the Bush administration agrees to legalize imports of cheaper drugs from abroad. And Senator Jim DeMint, Republican of South Carolina, said he would not allow the nomination to proceed until Dr. von Eschenbach took action to suspend sales of RU-486, the abortion drug. The F.D.A is not expected to take any such action soon.

Any senator can place a "hold" on a presidential nomination, preventing the full Senate from voting on it.

With so little time left in the current session, even a brief delay in voting on Dr. von Eschenbach's nomination would probably end his chances of being confirmed until December at the earliest. If the Senate fails to act before January, President Bush would have to renominate him.

The F.D.A. has been without a confirmed commissioner for all but 18 months of the Bush administration.

Previously, Mrs. Clinton and Senator Patty Murray, Democrat of Washington, had held up Dr. von Eschenbach's nomination as a protest against the agency's three-year delay in deciding whether to allow over-the-counter sales of the emergency contraceptive Plan B. Last month, Dr. von Eschenbach approved the Plan B application, removing the Democrats' objections.

Mr. Enzi noted that he and Mr. Kennedy had written a bill that proposes overhauling the way the F.D.A. monitors the safety of marketed drugs.

"It's hard to do those kinds of reforms without a confirmed commissioner," Mr. Enzi said.

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Chris Dodd, U.N. Ambassadors Blocking Bolton's Confirmation (NHUL)

By Robert Novak

New Hampshire Union Leader, September 21, 2006

THE FOCUS temporarily is on Sen. Lincoln Chafee, a frequently unfathomable maverick Republican, as the days dwindle down for this Congress to permit John Bolton to continue as U.S. ambassador to the United Nations. But Bolton's two-year struggle to get confirmed can be directly traced to a determined Democratic senator and the vengeful U.N. secretariat.

Senate Republican Whip Mitch McConnell sat down Tuesday for a heart-to-heart talk with Chafee, pleading with him to permit Bolton's nomination to reach the Senate floor. The reason Chafee is in this pivotal position can be attributed to Sen. Christopher Dodd's fierce open opposition to Bolton, and U.N. Secretary-General Kofi Annan's stealthy sabotage, executed by his deputy, Mark Malloch Brown.

Bolton's ordeal provides a cautionary tale for any foreign policy conservative who wants to serve his country in Washington.

Indeed, some of Bolton's colleagues in the State Department (where he was an under secretary in George W. Bush's first term) were backstabbing when the President named him U.N. envoy. Bolton's overriding defect was his anti-Castro views, which collided with Dodd's goal of "normalizing" relations with Communist Cuba. Dodd was able to mobilize Democratic colleagues in a deadlock -- creating demand for executive branch documents involving Bolton.

Republican Sen. George Voinovich did not like Bolton's blunt answers to his Democratic antagonists in last year's Foreign Relations Committee hearings. He unexpectedly voted against Bolton but permitted the nomination to reach the floor without recommendation. That did not help find the 60-vote supermajority to cut off a Dodd-managed filibuster.

Bolton's vigorous U.N. performance under a recess appointment made Aug. 5, 2005, when the Senate was not in session, convinced the fair-minded Voinovich to change his position.

Bolton was set for a favorable committee roll call on Sept. 7 when it became clear that the White House had misread Chafee in believing it had his vote for Bolton. The President's political team had gone all out for Chafee, who was fighting for his political life in the Sept. 12 Rhode Island Republican primary. Nevertheless, Chafee informed Chairman Richard Lugar he could not support Bolton, and Lugar cancelled the committee meeting.

Chafee's avowed complaint, laid out in a letter to Secretary of State Condoleezza Rice, had nothing to do with Bolton's performance at the U.N. Chafee complained that U.S. Middle East policy under Bush tilted too much toward Israel, and demanded an answer before he would discuss Bolton's nomination.

Although the Bush administration generally answers letters from Capitol Hill with glacial speed, Rice immediately responded to Chafee. The senator, however, was in no hurry to get back to Washington from Rhode Island after his renomination. Thus, McConnell waited a week before pressing Chafee Tuesday to support Bolton (as he did last year) or at least permit the nomination to go to the Senate floor. The outcome of the meeting was not divulged.

Dodd still lies in wait, hoping to filibuster Bolton again, but he does not appear to have the votes this time. AIPAC, the pro-Israel lobby, now backs Bolton, and the usually partisan Democrat Sen. Charles Schumer has indicated he will change his vote from last year and vote for cloture to end debate.

Bolton's confirmation for another two years at the U.N. would be bad news for the secretariat. According to U.N. sources, Malloch Brown has been stirring up anti-Bolton sentiment with his fellow ambassadors, who in turn have contacted senators. Bolton has demanded reform at the U.N., and that has not made him popular with the world organization's bureaucrats. They would like nothing better than to give this conservative diplomat his comeuppance.

Robert D. Novak is a Washington political columnist and commentator on the FOX network.

Nomination On Hold For Public Broadcasting Post (LAT)

By Matea Gold

The Los Angeles Times, September 21, 2006

NEW YORK — Television sitcom producer Warren Bell's appointment to the board of the Corporation for Public Broadcasting appears in jeopardy after the Senate Commerce Committee on Wednesday abruptly pulled him from a nomination hearing scheduled for today.

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A spokesman for Republican Sen. Ted Stevens of Alaska, the committee chairman, said Bell was removed from the agenda because several senators on the panel had concerns about his nomination. Hearings for two other CPB nominees — former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's public broadcasting TV station KQED — are still going forward today.

Bell, executive producer and show-runner of ABC's "According to Jim," was tapped by President Bush in June to serve on the board of the private, nonprofit corporation that distributes federal funds to local public television and radio stations.

The selection of the outspoken conservative disquieted many public broadcasting officials, who were troubled by partisan comments Bell has posted on the website of the conservative National Review magazine. His sharp opinions caused some broadcasters to fear that Bell would rekindle the fierce political debate that engulfed the corporation last year under the leadership of former Chairman Kenneth Y. Tomlinson.

Bell — who described himself in a May 2005 column as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues" — said in an interview in July that he would set aside his politics as a CPB board member.

"My intent for my service with CPB is to ensure a strong, healthy, vibrant public broadcasting system for everyone to be proud of," he said.

The White House said Wednesday that Bush had not withdrawn Bell's name.

"President Bush continues to support his nomination," said Emily Lawrimore, a White House spokeswoman.

But committee sources said it remained unclear whether Bell's hearing would be rescheduled or whether the panel would ask Bush to submit someone else.

"This is an indication that a critical mass of the Senate Commerce Committee, including the leadership, shares with us some pretty serious reservations about the credentials of Mr. Bell," said John Lawson, president of the Assn. of Public Television Stations.

Bell said he had no comment on the committee's move.

The panel's wariness about his nomination underscores the desire among many lawmakers to avoid the politicization that occurred during Tomlinson's tenure, when his efforts to promote more conservatives within public broadcasting stirred controversy. He resigned after an internal investigation found that he had broken federal law.

In recent days, the debate over Bell's nomination intensified as former and current colleagues of the veteran producer came forward with conflicting accounts of his philosophy about public broadcasting.

In a letter sent Tuesday to the committee's ranking members, a married writing-and-producing team that worked with Bell for two years on "According to Jim" stated that they often heard him say that federal money should not be "wasted" on programs like public broadcasting.

Jeffrey B. Hodes and Nastaran Dibai said the topic came up during political discussions that frequently arose in the show's Studio City production offices. They served as executive producers on the ABC comedy before leaving in 2005.

At one point, "We said to him, 'How would you change CPB?' " Hodes said in an interview. "He said, 'I would dismantle it.' "

Another former writer on "According to Jim," who declined to be named out of fear his comments could jeopardize his employment in the industry, said he also heard Bell make a similar remark.

Bell rejected their accounts.

"I wholeheartedly support federal funding for public broadcasting, and I always have," he wrote in an e-mail Wednesday.

Many of his staff have come forward to back him.

Ron Hart, an executive producer on "According to Jim" who has worked with Bell for three years, said he never heard him express a desire to eliminate funding for public broadcasting.

"He was worried people were going to go after him because there's a perception that conservatives want to get rid of it, but he didn't have that opinion," said Hart, who described himself as liberal.

In addition, 16 current and former colleagues of Bell voiced support for his nomination in a letter to the committee's ranking members, stating that while many of them did not share his political views, they believed he would be good for CPB.

"He's a smart, intelligent, creative guy," said Chris Nowak, a writer on "According to Jim" who drafted the letter. While Bell is his boss, he said he was supporting him on his own volition.

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All of Bell's colleagues agreed that he was vocal about his conservative politics, an outlook that made him stand out among the show's largely liberal staff. Political subjects spark banter and debate in the writing room, but "Warren is a reasonable dude," said Nowak, adding that he shared some of Bell's viewpoints.

However, Bell's contributions to the National Review Online — including a piece in which he said he would hug House Minority Leader Nancy Pelosi (D-San Francisco), except "that sort of thing leaves a stain" — disturbed public broadcasting officials. (Bell has said that the comment was a joke.)

Some broadcasters also questioned Bell's credentials for the post. While he has worked for 17 years on sitcoms such as "Life's Work," "Ellen" and "Coach," he does not have any public broadcasting experience.

Bell said in July that he was surprised by the nomination, but added that he viewed it as an opportunity use his expertise in scripted programming to help PBS develop a stronger schedule.

Senators, Judges Face Off Over Breaking Up 9th Circuit (AP)

By Erica Werner, Associated Press Writer

AP, September 21, 2006

WASHINGTON (AP) - Senators, judges and a Bush administration official clashed Wednesday over splitting up a San Francisco-based federal appeals court, with Democrats charging political motives by Republicans fed up with the court's left-leaning rulings.

Not so, said Republicans. They contended the 9th U.S. Circuit Court of Appeals, by far the nation's largest federal circuit, has gotten too big to be effective and would operate better if split in two.

"At what point is it unmanageable?" Sen. John Ensign, R-Nev., asked at a Senate Judiciary Committee hearing.

The 9th Circuit covers nine states with about 54 million people and the appeals court has 28 judgeships.

It's so big the judges don't all hear cases together as they do in other circuits. Critics, including the Bush Justice Department, argue there are inconsistencies from one ruling by the court to another.

The court has also issued a series of rulings that outraged Republicans - for example, a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. Its rulings often are reversed by the U.S. Supreme Court.

Ensign and Alaska Republican Sen. Lisa Murkowski have sponsored legislation that would break the circuit in two. A new 9th Circuit would cover California, Hawaii and the Pacific Islands, and a new 12th Circuit would cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona.

Similar legislation passed the House in December. Breaking up the court has been a longtime Republican goal.

"Let's be frank: the motivation behind splitting the circuit is political," said Sen. Max Baucus, D-Mont. "It's an attempt to control the decisions of the judiciary by rearranging the bench."

Most judges on the circuit oppose the break-up. Judges testified for and against Wednesday.

The hearing featured a clash between Sen. Dianne Feinstein, D-Calif., and Assistant Attorney General Rachel Brand of the Justice Department's office of legal policy.

The Justice Department now supports the circuit split but has opposed it under past administrations.

"What has changed?" Feinstein demanded to know.

Brand responded that the Justice Department, often a party to litigation before the 9th Circuit, has concluded it moves too slowly and sometimes has inconsistent decisions.

Feinstein said she's never heard such a complaint from the Justice Department, including once when she had lunch with Attorney General Alberto Gonzales.

"So I can only conclude, and I must just say this, that this is political, that it has nothing to do with the performance of the circuit," Feinstein said.

"Our opposition has nothing to do with the outcome of any particular case," Brand responded.

"There is a very strong Justice interest in consistency in the law. People have to know what the law is," she said.

Feinstein told Brand to give her written examples showing where the circuit has been inconsistent.

"The Justice Department has now joined the fray and I want them to put up," she said.

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High Court Advocate Gets A Little Help From Friends On Missed Deadline (LAW)

By Tony Mauro, Legal Times

Legal Times, September 21, 2006

Every lawyer's nightmare -- inadvertently missing a court filing deadline -- has come true for Roy Englert Jr. Adding to the pain is that the court whose deadline he missed is the Supreme Court, where such mistakes tend to get noticed more than they might elsewhere.

But if there is any consolation, it is this: As competitive as the Supreme Court practice is, it is collegial enough that some of Englert's brothers at the bar have rallied to his side. Former Solicitors General Charles Fried and Seth Waxman have filed a brief asking the Court to clarify its rule that Englert ran afoul of and, in the process, to accept his out-of-time petition. As the brief, written by Fried, notes, "There but for the grace of God go I." The Court will consider the issue at its conference Monday.

Englert, a veteran Supreme Court practitioner and partner at Washington's Robbins, Russell, Englert, Orseck & Untereiner, was hired by Northwest Airlines to file a petition challenging a decision by the 6th U.S. Circuit Court of Appeals that sided with Spirit Airlines in a long-simmering predatory-pricing dispute. The suit originally filed by Spirit has not gone to trial, but the appeals court decided some significant issues, about what a jury needs to consider, in Spirit's favor.

On April 17 the office of Northwest's 6th Circuit counsel alerted Robbins Russell that the circuit court had denied a petition for a rehearing of the case. For Englert that meant he had 90 days to file a petition with the Supreme Court.

He did just that on July 17, and the case of Northwest Airlines v. Spirit Airlines was given the docket number 06-77. But on July 20 a Supreme Court case analyst in the clerk's office called Englert with bad news; according to the 6th Circuit, the denial of rehearing was actually issued April 13, not April 17, making the petition to the Supreme Court several days late. Since Englert had not requested an extension during the 90-day period -- extensions of up to 60 days are allowed by statute -- the petition was deemed out of time. The case was yanked from the docket, meaning the 6th Circuit ruling would stand. Not a good result for Northwest.

The next day, Englert filed a motion asking the Court to direct the clerk to accept the petition out of time, an action reported first by Scotusblog, a weblog that focuses on Supreme Court developments. Englert took full responsibility for the error but described it as "classic excusable neglect" that did not prejudice any party in the case. While recognizing that the Court has been strict about enforcing its deadlines, Englert argued that nothing in the relevant statutes precludes parties from seeking an extension after the 90-day deadline has passed.

"The Court has the freedom to take into account all circumstances," Englert argued in the motion, "in exercising its discretion whether to accept the petition, but the Court's power to do so is beyond reasonable question."

In an interview, Englert says, "This is not a happy moment in my life." He adds, "I have never missed a court deadline like this in 25 years of practice."

Englert acknowledges that "courts have to have deadlines," and he understands the clerk's interest in treating all petitioners equally. "But the Court has been taking an unduly harsh attitude, without Congress saying it has to."

Englert declined to say what Northwest's reaction to the situation has been, and efforts to obtain a comment from the company were unsuccessful. Spirit's lawyers also did not return messages, and they have not filed a reply to Englert's motion -- nor are they required to. In the lawsuit, Spirit claims Northwest illegally undercut its ticket prices in the 1990s to drive Spirit out of the Boston and Philadelphia markets.

Meanwhile, Englert has sought out some top-drawer amicus curiae help from former solicitors general. Both Fried and Waxman agreed; Kenneth Starr, the only other former SG he asked, did not respond, according to Englert.

Fried also argues that the deadline issue "is an open question that should be resolved by the Court itself. So far, it seems to have been decided only by the clerk's office."

Currently a Harvard Law School professor, Fried says he was glad to write the brief gratis on Englert's behalf. "I would no sooner charge for it than I would bill my grandson for milk and cookies."

Fried agrees that his brief is an example of the collegiality of the Supreme Court Bar. "Lawyers are professional adversaries and professional friends, and when someone you work with and sometimes work against is in a situation like this, one ought to consider stepping up to the plate," Fried says. "Collegiality is what makes it a profession, and there's not enough of it."

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Collegiality or no, other high court advocates say that Englert and his amici will have an extremely hard time persuading the Court to relax its rule. The high court views the 90-day rule as a jurisdictional matter, which means that after the 90th day, the Court does not even think it has jurisdiction over a case.

"I feel for Roy. It could happen to any of us," says another high court veteran, who preferred to remain unnamed. "But I don't see what's in it for the Court to grant his motion."

But not all is lost for Northwest, even if Englert's motion fails. The case would go back to lower courts for trial, and on appeal it could return to the Supreme Court, presumably meeting deadlines every step of the way.

GAO Report: VA Underestimated Care Costs (WP/AP)

By Jennifer Talhelm

The Washington Post/AP, September 21, 2006

WASHINGTON -- The government used prewar data to estimate the cost of caring for veterans from Iraq and Afghanistan, contributing to a $3 billion budget shortfall at the Veterans Affairs Department since 2005, congressional investigators say.

The department used "unrealistic assumptions, errors in estimation and insufficient data" to project its budget, the Government Accountability Office said in a report Wednesday.

Investigators also said the VA failed to estimate correctly the costs for these war veterans partly because the agency could not get accurate information from the Defense Department.

In addition, the VA agency failed to tell Congress in a timely way that it was struggling to meet its expenses. The problems led officials to make requests for an extra $3 billion last year, according to the GAO.

Department officials said they agreed with the findings and were working to improve. Secretary Jim Nicholson said in a statement that the VA uses "highly reliable actuarial projections of health care demand" but that the agency continues to "refine" its modeling.

"The bottom line is to provide the leading-edge health care and benefits that our veterans deserve," he said.

Democrats, who requested the report, used it to criticize the Bush administration for what they said was inadequate care of veterans from the two wars. The VA will receive about $31.5 billion to provide health care for about 5.4 million patients this year.

The report is "a stunning indictment of this administration's commitment to our troops," said Sen. Patty Murray, D-Wash.

Democrats urged Nicholson to provide an accurate plan for how it will meet veterans' needs in the future.

"We should not be running a VA system that is going to be short on the funding for health care," said Sen. Ken Salazar, D-Colo.

House Democrats began circulating a letter to President Bush asking that he "fully fund" the VA so it will not have to rely on "accounting gimmicks" and "inaccurate health care projections" when developing its budget.

Investigators said the VA knew 2005 would be a tight budget year and attempted to manage the expenses and cut costs. But officials were overly optimistic _ and sometimes plain wrong _ about how effective the changes could be, the GAO found.

One plan called for the VA to reduce the average daily patient workload in its nursing homes. But the proposal would have required the agency to cut staff and discharge or transfer in a short time potentially thousands of veterans with severe, chronic physical or mental disabilities.

The plan also would have forced the veterans to dip into Medicaid, private insurance or their own savings to pay for care, the GAO found.

Instead, in June 2005, with three months left in the budget year, the administration requested an extra $975 million from Congress to meet its expenses. That included $273 million for Iraq and Afghanistan veterans.

A month later, the administration asked for an additional $1.977 billion for the 2006 budget year.

In response, Congress required the VA to provide quarterly status reports. But the GAO review found the agency has omitted important information from the reports about the cost to treat patients.

The agency has since worked to improve its estimates and its coordination with Congress and the administration's budget office, according to the GAO.

Top Republican Says Ney Should Resign (AP-Y)

DOJ_NMG_0066680

By David Hammer

AP, September 21, 2006

A member of the Republican leadership added his name to the list of GOP lawmakers calling for Rep. Bob Ney to resign.

When reporters asked some GOP leaders Wednesday whether Ney should resign, House Rules Committee Chairman David Dreier, R-Calif., responded, "Absolutely."

Last week, Ney admitted improperly accepting trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company. The six-term lawmaker remains in a rehabilitation center for treatment of alcohol abuse, a problem he disclosed when his agreement to plead guilty was announced Friday.

Ohio state Sen. Joy Padgett, who was hand-picked by Ney to run to replace him, called on the House to move as soon as possible to expel Ney from Congress if he doesn't resign immediately. The House can expel a member with a two-thirds majority vote.

Other Republicans calling for Ney to resign include fellow Ohioans Steve Chabot, Deborah Pryce, Ralph Regula and Pat Tiberi. House Majority Leader John Boehner has said the decision of whether to resign is entirely up to Ney and his family.

Pryce repeated her call for Ney's resignation.

"It's a tragedy this happened to his family, but he has betrayed the trust of his constituents," she said.

Ney lawyer William Lawler said Ney still had no plans to resign.

Pressure Mounts For Ney To Resign (HILL)

By Patrick O'connor

The Hill, September 21, 2006

Republicans are calling for Rep. Bob Ney (R-Ohio) to resign before he appears in court next month, but some fear his enrollment in a treatment facility for alcohol abuse might prevent the congressman from heeding those calls.

Republicans in Ney's home state of Ohio have been among the first to call for his resignation before his scheduled court appearance Oct. 13.

Joy Padgett, the Republican running to replace him, called on Ney to step down on Monday, and Conference Chairwoman Deborah Pryce (R-Ohio), who is locked in her own difficult reelection fight, said yesterday that her Ohio colleague should step down before his court date.

"I feel that the members from Ohio believe very strongly that Bob Ney should resign," Pryce said during a media briefing yesterday. "It's a tragedy that this happened to his family, but he has betrayed the trust of his constituents and his colleagues."

Leaving that briefing, Rules Chairman David Dreier (R-Calif.) said he also believed Ney should resign in response to follow-up questions about Pryce's remarks.

Pryce and others have suggested Ney's enrollment in a rehabilitation center for alcohol abuse prevents members and staff from contacting him while he is admitted.

House Majority Leader John Boehner (R-Ohio), who has said Ney himself must determine whether or not to resign, briefly mentioned the possibility that Democrats may introduce a resolution to expel Ney from the House during the GOP's regular closed-door session Wednesday morning, members and staff in the meeting said.

"I feel sorry for him and really feel sorry for his family, but there has been no conversations about it amongst us in terms of what he should or shouldn't do," Boehner told reporters on Tuesday.

Any member can call for a vote to expel the Ohio Republican after notifying leadership of plans to bring a privileged resolution to the floor – majority and minority leaders do not need to give notice to bring a resolution to the floor.

Democratic leaders are taking a wait-and-see approach to whether they will offer a resolution to expel Ney, according to a Democratic leadership aide. So far, they have avoided signaling whether or not they plan to offer such a resolution, preferring instead to keep Ney in the news so that House Republicans must continue to ask questions about him.

Boehner and some leadership aides have suggested that Ney must first plead guilty before they could proceed to expel him.

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The official expulsion process, which would be managed by members of the House ethics committee, is a three-step process that requires a formal investigation – one was initiated in May – a hearing before a separate sub-panel and a vote by the entire committee. The entire House would then vote on the matter after the committee vote.

Earlier this week, Republican Reps. Rick Renzi (Ariz.) and Heather Wilson (N.M.) announced that they had donated campaign contributions they had received from Ney to charity. The Ohio Republican has not been a prolific donor this election cycle.

Ney has given $4,000 to Republican candidates this cycle, all of which was donated during 2005, according to PoliticalMoneyLine.com and the Center for Responsive Politics website.

Those contributions include $2,500 to House candidate Pat DeWine, who lost in the special-election primary to fill former Rep. Rob Portman's (R-Ohio) suburban Cincinnati seat, $1,000 to Rep. Mike Conaway (R-Texas) and $500 to Rep. Thelma Drake (R-Va.).

Leaders Boost Pressure On Ney (RC)

By Susan Davis

Roll Call, September 21, 2006

With three weeks still left before Rep. Bob Ney (R-Ohio) officially pleads guilty to a pair of federal charges, House Republican leaders on Wednesday stepped up their public calls for the embattled lawmaker to resign from the chamber immediately.

While House Majority Leader John Boehner (R) remained reluctant to pressure his fellow Ohioan to step down from his post — and Democrats so far have stopped short of pushing an expulsion resolution on the House floor — Boehner's fellow leaders were far more definitive in their statements.

"I do, as a member from Ohio, believe very strongly that Bob Ney should resign," House Republican Conference Chairwoman Deborah Pryce told reporters Wednesday. "It's a tragedy that's happened to his family but he has betrayed the trust of his constituents and his colleagues here in the House."

When asked if Pryce's view was the position of leadership, House Rules Chairman David Dreier (R-Calif.) responded, "Yep, absolutely."

Speaker Dennis Hastert (R-Ill.) has made no public announcements on Ney's resignation but indicated Wednesday that he was working on getting a letter from the Ohioan soon.

"We'll get this worked out," he said, when asked if Ney should offer his resignation.

House GOP leaders aren't the only Republicans pushing for Ney to step down now. In Ohio's 18th district, the candidate Ney endorsed to succeed him, state Sen. Joy Padgett (R), said earlier this week that if Ney doesn't resign the House should expel him as soon as possible.

Padgett has been attacked by Democrats for her endorsement by Ney, and some Republican lawmakers privately fear that the longer Ney remains in office, the longer they will have to deal on the campaign trail with stories about GOP corruption.

Last week Ney announced he would plead guilty to conspiracy and making false statements on Oct. 13 in federal court, and Boehner said Tuesday he did not believe that Ney should have to resign before that date.

"After Oct.13, when he is scheduled to go to court, or up until Oct. 13, when he is scheduled to go to court, they could change the agreement, he could change his mind," Boehner said. "A lot of things could happen between now and then and I would prefer to allow this decision to be his."

Ney did send letters of resignation to Hastert last Friday to relinquish his remaining committee chairmanship, but his office has not said when Ney plans to resign from the House. Ney's office did not return calls seeking comment Wednesday.

Ney currently is in a rehabilitation facility seeking treatment for alcoholism, which has garnered him some level of sympathy from his House colleagues, even as some Republicans remain angry that Ney repeatedly swore he was innocent before agreeing to plead guilty to federal charges.

Both Republican and Democratic House leaders are at this point reluctant to force Ney out of the House with a formal House vote, known as a motion to expel, although Democrats are reserving the right to do so.

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"We would hope that Mr. Ney would do the right thing and resign," said Jennifer Crider, a spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.).

House GOP aides suggested that Ney could be postponing his resignation for financial reasons, as House Members are paid on the first of every month, and a resignation beforehand would deprive Ney — who has no personal wealth — and his family of a significant portion of his Congressional income.

Legislation On Pets In Emergencies Is Sent To Bush (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

Congress called for emergency preparedness plans that include helping individuals and families with pets, under legislation sent to President Bush. The bill calls for state and local emergency preparedness plans to make provisions for families with pets and individuals with service animals. It grants the Federal Emergency Management Agency the authority to help state and local governments develop emergency and evacuation plans that take pets and service animals into account. It also authorizes some federal financial help for states establishing emergency shelters for people and their pets.

Senators Criticize Regulators Over New Mortgages (WP)

By Kirstin Downey

The Washington Post, September 21, 2006

At a Senate Banking Committee hearing yesterday, legislators and consumer advocates prodded federal banking regulators to move more quickly to put restrictions on non-traditional mortgage lending, because, they said, the new kinds of mortgages may place borrowers and lenders at financial risk.

"It seems to me there's been a race to the bottom" in lending standards, said Sen. Jim Bunning (R-Ky.). He said that consumers don't seem to understand the new products, and that if real estate values continue to fall, the market "pullback" could become "a prelude to a crash."

"There's a plethora of new products that are destroying the lives of a whole lot of people," said Sen. Charles E. Schumer (D-N.Y.). "These were intended for rich, sophisticated buyers but they have been sold to the least sophisticated and most vulnerable."

The popular loans, which include various adjustable-rate mortgages, interest-only loans and what are called "option" adjustables, share a common feature in that they allow borrowers to pay less money now but require them to pay more, sometimes much more, later. Monthly payments could double or triple when borrowers are required to pay the full interest and principal on the loan, several years down the road. About half of all non-traditional loans now require borrowers to pay a hefty fee, known as a prepayment penalty, if they try to sell the home or refinance to get better terms, according to George Hanzimanolis, a mortgage broker who spoke at the hearing.

The lending industry has defended non-traditional loans as a key reason that homeownership has reached a near-record high despite steep home prices. They say the loans can be tailored to meet individual needs, rather than the one-size-fits-all loans of past decades. But consumer advocates and an increasing number of legislators have questioned whether borrowers really understand what they are doing.

Last year, federal banking regulators said they intended to issue a regulatory "guidance," which is a kind of warning, to tell lenders to be more careful in making these loans and to make sure consumers understood them. At yesterday's hearing, the regulators said the guidance was still a few weeks away, something they have been telling legislators for several months.

Sen. Wayne Allard (R-Colo.) pushed the bank regulators appearing before the committee to say when, exactly, the guidance would be issued. Regulators from the Federal Deposit Insurance Corp. and Office of the Comptroller of the Currency said "soon" or "in a matter of weeks, not months."

"We were hoping for something more specific," Allard said.

Until recently, the lending industry had said the loans were being marketed to people with only the strongest financial records. But a report released yesterday by the Government Accountability Office found that about three-quarters of people whose option-ARM loans were packaged into securities in the first half of 2005 were not required to fully document their income.

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The mortgage market has changed quickly, and senators and banking industry regulators and officials grappled yesterday with the ramifications. Only six years ago, most borrowers had either simple fixed-rate or adjustable-rate loans, but now more than one-third, particularly people in high-cost areas such as the District and California, have opted for the new variants, which are typically originated by mortgage brokers on behalf of lenders, who then sell the loans on the secondary market as securities. Traditionally, banks made loans to people they thought were good credit risks and held the loans or sold them to government-backed entities such as Fannie Mae and Freddie Mac, which resold many of them. But now many are sold as securities to other investors who appear to have a much higher risk tolerance.

Regulators Hit Backloaded Mortgages (WT)

By Patrice Hill

The Washington Times, September 21, 2006

Federal regulators found serious problems with backloaded mortgages that enabled buyers to buy high-priced homes in Washington and other booming markets, after examining the portfolios of six huge banks that make half the mortgage loans in the United States.

Sandra Thompson, a director at the Federal Deposit Insurance Corp., testified yesterday that some borrowers were not qualified to make escalating payments required under the loans, and the banks loosened their standards considerably to enable buyers to qualify, including "layering on" risks such as requiring no down payment or proof of income.

The problems raise the risk of defaults and foreclosures as the housing market stagnates, she told the Senate Banking, Housing and Urban Affairs Committee in Congress' first hearing on the new breed of mortgages, sometimes called "exotic" or "alternative" loans because they do not offer standard, fixed payments like those on 30-year mortgages.

Ms. Thompson said the bank insurance agency and other federal regulators soon will be issuing rules that prohibit banks from offering loans to consumers who cannot handle future payment increases and require more rigorous disclosures about the risks of the mortgages.

State banking regulators at the hearing said they would, as reported in The Washington Times, pass the federal rules along to the half of mortgage lenders, including state banks and mortgage brokers, not regulated by the federal bank agencies.

Exotic mortgage products such as "interest-only" loans and "optional payment [adjustable -rate mortgages]" took the mortgage market by storm when they started to be widely offered in 2003, jumping to become one-third of all loans issued nationally and half of the loans issued in high-priced markets like Washington in the past year, according to the FDIC.

All the mortgages have one essential characteristic: They allow borrowers to make minimal interest payments in the first few months or years, but at the cost of ballooning payments in future years that can double or triple the monthly bill.

Mortgage brokers often did little to warn consumers about the risks of exploding payments in marketing the loans, the regulators said. Brokers say privately they expect most borrowers to refinance the loans when the higher payments come due -- yielding more business and fees for the brokers -- or end up "house poor," without the money to spend on just about anything but their mortgage if they are to avoid default.

The enticing but risky loans were an essential fuel feeding the housing boom that ended last year, the regulators said. During the housing boom, home prices doubled nationwide and tripled or more in Washington and other East and West Coast cities, an unprecedented run-up that many economists think constituted a housing bubble that is now bursting.

"The acceleration of the home price boom does appear to have been related to changes in the mortgage markets," Ms. Thompson said. "The greater availability of flexible mortgage structures probably allowed price increases to outstrip growth in incomes," while "high-priced homes probably induced at least some borrowers to use interest-only or payment-option mortgages in order to afford their homes."

One important change in the market that facilitated the boom in exotic loans was the advent of large private pools of investors, often gigantic hedge funds marshaling the resources of both domestic and foreign investors, she said. These investor pools, many of which had much lower underwriting standards than banks, stepped into the void created by the withdrawal of Fannie Mae and Freddie Mac from the loan-pooling market since 2003.

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The FDIC sounded a strong warning about the risks to both borrowers and lenders now that the housing boom has ended. Foreclosures already are rising this year among borrowers faced with sharply higher loan payments.

Orice Williams, director at the Government Accountability Office, Congress' investigative arm, testified that it is too soon to tell whether exotic mortgages will lead to greatly increased defaults and foreclosures, but she said it is clear that better disclosures are needed to ensure consumers understand the loans and know what they're facing.

Exotic loans have been "concentrated in regional markets on the East and West coasts in states such as California, Washington, Virginia and Maryland," she said.

"A wide spectrum of borrowers may not fully understand their risks," she said, because they often have complicated terms, the advertising emphasizes the benefits rather than risks, and the disclosures consumers do receive are hard to understand.

She said federal regulators should revamp the decades-old Truth in Lending Act to require disclosures that cover loan features that add to consumer debt burdens but are not understood by many consumers.

Sandra F. Braunstein, a director at the Federal Reserve, said the central bank is rewriting the Truth in Lending Act regulations to address exotic loans, but she did not indicate when the new rules would appear.

Military Tests 1st Synthetic Fuel For Jets (USAT)

By William M. Welch

USA Today, September 21, 2006

More flights are just days away; airlines could reap benefits

EDWARDS AIR FORCE BASE, Calif. — A 46-year-old jet lumbered off a runway this week on a flight that could lead to a new domestic fuel source, not just for the military but for commercial aviation as well.

An Air Force crew took the aging B-52 bomber aloft for more than two hours above the Mojave desert test range here in the military's first jet flight powered with synthetic fuel.

Air Force Undersecretary Ronald Sega declared the flight a success, even though an unrelated technical problem — a balky hydraulic landing gear — prompted the crew to cut short planned test maneuvers.

The Air Force's experiment is being watched by a commercial aviation industry eager to stabilize and cut fuel costs, which have soared along with the price of oil this year.

Sega, the Air Force's top energy official, said establishing the viability of synthetic fuel “is potentially important to others as well as” the military. Once testing on the B-52 is complete, he said, the Air Force will try the fuel in more modern jet engines, including those that power the KC-135 airborne refueling tanker, which uses the same engines as the Boeing 737, a workhorse of airlines.

“Some of the engines we have are the same as in commercial aviation,” said Sega, a pilot and former space shuttle astronaut who rode in the cockpit for the test flight.

“We think this is a test that has potentially huge ramifications,” said Maj. Gen. Curtis Bedke, commander of the test center here.

The Air Transport Association, the airlines' trade group, said it “strongly supports the development of alternatives to traditional oil-based jet fuel.”

The bomber took off just after dawn with two of its eight engines powered with a 50-50 mixture of jet fuel, called JP-8, and a colorless synthetic fuel produced by a Tulsa-based company, Syntroleum. The synthetic was produced from natural gas, but officials said coal — which the nation has in abundance — could be used to produce an identical fuel.

The Air Force previously conducted more than 100 hours of ground tests with the fuel mixture. Within days, it plans to conduct more test flights, including use of the synthetic in all eight of the B-52's engines.

The objective of the tests is to establish that the 50-50 synthetic mixture produces engine performance equal to that of pure jet fuel, Air Force officials said. Their hope is that a switch to a synthetic mixture can be made without modifying aircraft engines, fuel systems and performance standards. The B-52 was chosen because its relatively old-fashioned fuel system permits crewmembers to manually direct fuel from specific tanks to each engine, making it easy to isolate the new mixture and measure its performance. Also, said Col. Arnie Bunch, crews were trained to land the craft under partial power if two engines fail.

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Sega said engines running the new fuel appeared to operate identically to the other engines, though researchers will pore over flight data before reaching conclusions. He said the Air Force may also consider other mixtures, including a higher proportion of synthetic, which tests suggest burns with less pollution than regular fuel.

While new to the military's skies, synthetic fuel has a long history. It was championed in the late 1970s by the Carter administration, before the collapse of oil prices reduced interest and economic viability.

Sega said the method of turning raw carbon sources such as coal or natural gas into usable fuel was developed by German scientists in the 1920s and used briefly by Germany during World War II and later by South Africa.

The Air Force, which is the military's largest user of fuel, began looking at the idea anew in 1999, said Michael Aimone, the Air Force's assistant deputy chief of staff for logistics. He said the Air Force uses 2.6 billion gallons of jet fuel a year, at a cost of $4.5 billion.

Commercial U.S. airlines burn more than 53 million gallons of jet fuel per day, the industry group says. Fuel now amounts to 20% to 30% of total airline operating costs, twice the historical average, it said.

The project took on a new priority after President Bush, in his Jan. 31 State of the Union speech, set the goal of using technology to replace more than 75% of oil imports from the Middle East by 2025.

Bedke and other military officials said they don't know yet what kind of cost savings, if any, could be gained from using synthetic fuel. But its viability has grown with the price of oil. Beyond such savings, however, the officials said there are strong potential benefits of synthetic fuel, including cleaner emissions and a stable domestic energy source.

Workers To Get Their Pick Of Dental, Vision Plans (WP)

By Stephen Barr

The Washington Post, September 21, 2006

The new dental and vision benefit program for federal employees and retirees tries to fill a gap in their health-care coverage by offering a mix of national and regional plans that vary in cost and enrollment options.

The program's design should make the federal premiums competitive with plans offered in the private sector, officials at the Office of Personnel Management think. By law, the government cannot provide a subsidy for the new benefits, but enrollees who stay in dental and vision networks will have lower costs.

The OPM officials kicked off the new dental-vision program yesterday after announcing premium increases for the federal employees health insurance program. Federal employees and retirees will have to do some homework to determine which dental and vision options best fit their needs, of course. But OPM briefing materials provided a snapshot of the program's design and the options offered by 10 vendors.

As with their health insurance, federal employees will be able to pay their dental-vision premiums on a pretax basis through a payroll deduction. Retirees may have their premiums withheld from their monthly pension checks, but the Internal Revenue Code does not provide a tax break for retirees.

When enrolling, federal employees and retirees will select one of three options: self-only coverage; self plus one, for the enrollee and a family member; and self and family, for eligible family members (such as unmarried, dependent children under 22).

In the Washington area, biweekly dental premiums range from $9.64 for the MetLife self-only standard option to $51.20 for the Government Employees Hospital Association's high-benefit family option.

Biweekly premiums for vision benefits will range from $2.63 for self-only coverage through the Spectera standard option to $16.21 for family coverage under the Vision Services Plan high option.

The only service that will not be available to enrollees right away is orthodontia.

One of the 10 vendors, MetLife, will offer two dental options, high and standard. The high option, the OPM said, will provide the highest per-person maximum benefit of any nationwide provider -- $3,000 per person annually. Orthodontia will be covered after a two-year waiting period, with a $1,500-per-person lifetime maximum under the standard option.

Another vendor, CompBenefits, a dental-health maintenance organization, will provide coverage in the District, Virginia, West Virginia and most of Maryland. There are fixed co-payments for each service, regardless of the amount of the charge. The

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plan has no benefit maximum, but it does not offer an out-of-network benefit in most areas. It also has no lifetime maximum for orthodontia.

In general, dental plans will cover basic services, such as exams, sealants and X-rays; restorative procedures, such as fillings, crowns and periodontal scaling; and some major services, such as root canals and complete dentures.

Visions plans will provide eye exams and coverage for lens, frames and contact lens. Other benefits, such as discounts on Lasik surgery, also may be available.

OPM officials said employees will be able to enroll for the dental-vision programs through a Web site or by calling a toll-free number and speak to a program representative.

Some federal employee health insurance plans cover some dental and vision services. That will serve as the first payer for services, and the new dental-vision program will be secondary. Dental and vision enrollees will be asked to provide information on their medical insurance plan to help coordinate benefits.

To help reduce out-of-pocket costs, employees also will be able to use their flexible spending accounts, which require annual renewal, for any services that insurance doesn't pay for.

Federal employees and retirees will be able to enroll in the new program from Nov. 13 to Dec. 11. Coverage starts Dec. 31.Innovation Deadline

The deadline to apply for the $100,000 Innovations in American Government award has been extended to Tuesday to give applicants more time to prepare and file their material, program spokesman Carl Fillichio said.

Applications and information on the award, given annually to creative, effective government programs, may be found at http://www.innovationsaward.harvard.edu . The original deadline was Sept. 12.

The award is administered by the Ash Institute for Democratic Governance and Innovation at Harvard's John F. Kennedy School of Government in partnership with the nonprofit Council for Excellence in Government.

Unneeded And Divisive (WP)

The Washington Post, September 21, 2006

"UNNECESSARY and likely counterproductive." That's what a major interest group had to say Tuesday about a provision that has snarled completion of the defense authorization bill. The provision -- contained in the House version but not in the Senate-passed measure -- would permit military chaplains to offer explicitly sectarian prayers at public events. But that negative assessment, and the call on congressional negotiators to drop the amendment, didn't come, as you might assume, from the usual separation-of-church-and-state types. Rather, it was contained in a letter to lawmakers from the Rev. Ted Haggard, president of the National Association of Evangelicals. "At this time, our country needs no legislation in this area," the Rev. Haggard wrote. He is right.

The House provision has been pushed by some evangelical ministers who contend that new Air Force and Navy guidelines violate the rights of chaplains whose faith requires them to pray in the name of Jesus Christ when they offer public prayers. It would guarantee chaplains "the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

We respect the chaplains' convictions about the demands of their faith. But we are also concerned about having such sectarian prayers at events that military personnel of other faiths, or no faith at all, are compelled to attend. No one disputes that chaplains are free to pray as they wish, and as their religion demands, at private, voluntary services. The argument is about what rules should govern religious speech at public, nonreligious events. In fact, as the Defense Department explained in stating its opposition, the military's "present insistence on inclusive prayer at interfaith gatherings" is more conducive to "unit cohesion."

Senate Armed Services Committee Chairman John W. Warner (R-Va.) went to the Senate floor Tuesday evening to make clear his opposition to including the amendment in the defense bill. Instead, Mr. Warner said that lawmakers should hold hearings at the start of the next Congress and that in the interim the military should suspend enforcement of the new guidelines.

Mr. Warner deserves credit for his efforts to get the amendment out of the authorization bill. But the better resolution of this complicated and divisive issue would be for Congress to stay out of it and leave the matter in the hands of the military services. In

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the long run, the best resolution would be not to drain prayer at public ceremonies of specific religious content but to discourage prayer at such events as inherently and unnecessarily divisive.

Keep Christ Out Of The Christmas Tree (NYT)

The New York Times, September 21, 2006

Taxpayers may find it hard to believe that the must-pass $500 billion defense budget could be held hostage to a mischievous amendment empowering evangelical chaplains to speak in the name of Jesus at nonreligious military gatherings. But that is the case in Congress, where hard-right Republicans have held up passage of the defense bill in an attempt to license zealot chaplains to violate policies of religious tolerance at secular ceremonies.

Despite the firm opposition of the Pentagon and ecumenical chaplain groups, House Republicans have been defending this egregious pro-evangelical thumb on the scale in negotiations with the Senate.

We expect the Senate, mindful of the nation's multidenominational legions fighting in Iraq and Afghanistan, to reject the fine-print travesty. At its heart is religious intolerance — not respect of chaplains' consciences — and a naked attempt to elevate evangelical beliefs to primacy in the ranks. These very abuses caused a scandal at the Air Force Academy two years ago after cadets complained that ranking officers tolerated evangelical chaplains' proselytizing and discriminating on campus.

Proponents hope to exploit the urgency of passing the defense bill — part of the annual attempt to make a "Christmas tree" of the measure by weighting it with nonessential favors for political patrons. Another controversial amendment aims at allowing war veterans to introduce hunting to a pristine part of the Channel Islands National Park off the coast of California. A spokesman for Representative Duncan Hunter, Republican of California, said the proposal would "preserve the herds" and provide veterans from Iraq and Afghanistan with "the experience of a lifetime." Surely the Senate will oppose such a wacky exploitation of veterans as just another sop to the gun lobby.

Defense conferees who were truly conscientious would act to control predatory insurance salesmen at the gates of military bases. And they would force the Pentagon to end its awarding of unearned "bonus" payments to favored defense contractors. Government investigators found the Air Force's F-22A Raptor plane 20 months late and 42 percent over budget, yet contractors reaped $849 million in bonuses.

Voters should wonder what in the name of (fill in deity) is going on in Congress.

Poll: Democrats Lead, But Bush Popularity Rises (LAT)

By Ronald Brownstein

The Los Angeles Times, September 21, 2006

WASHINGTON — President Bush's approval rating has reached its highest level since January, helping to boost the Republican Party's image across a range of domestic and national security issues just seven weeks before this year's mid-term election, a new Times/Bloomberg poll has found.

While the survey spotlights a continuing array of Republican vulnerabilities, it also offers the first evidence in months that the GOP may be gaining momentum in November's battle for control of Congress.

Democrats hold a lead in the poll, 49% to 39%, when registered voters are asked which party they intend to support for Congress this year. But that advantage may rest on softening ground — on virtually every comparison between the parties measured in the survey, Republicans have improved their position since the summer.

In particular, Republicans have nearly doubled their lead when voters are asked which party they trust most to protect the nation against terrorism — the thrust of Bush's public relations blitz in recent weeks.

"I believe he has made the country more secure," said R.C. Cox, a police officer from North Little Rock, Ark. who responded to the survey and categorized himself as a political independent. "President Bush has stuck with a nonpopular plan throughout this and he has been relentless in what he has done."

The shift in the wind hasn't dispelled all of the GOP's problems. Along with a plurality of voters saying they want Democrats to control Congress, most say they disapprove of Bush's overall job performance. And the percentage of voters who say they believe their own member of Congress deserves reelection is lower than in the weeks before a Republican landslide overturned Democratic majorities in the House and Senate in 1994.

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But the results suggest that a combination of improving attitudes about the economy and the president's focus on national security issues have ended the nearly unbroken slide in the GOP's public standing through Bush's tumultuous second term and created the conditions for a highly competitive battle in this year's election.

The Times/Bloomberg poll, supervised by Times polling Director Susan Pinkus, surveyed 1,517 adults, including 1,347 registered voters, from Saturday through Tuesday. It has a margin of sampling error of plus or minus three percentage points.

The survey captured consistent signs of recovery for Bush and the GOP. Still, adding to the uncertainty of the political climate, their level of support remains at a point that has usually produced election losses for the party in power.

One of the key figures — Bush's approval rating — rose among registered voters from 41% in late June to 44% in the new poll, with 54% disapproving. In January, 45% of registered voters expressed approval of his job performance.

The improvement for Bush tracks with the direction of most other recent national surveys. In the Times/Bloomberg poll, Bush's gain since the early summer rests on consistent, if modest, gains among Democrats, independents and Republicans.

Bush's backing from his Republican base, a political asset that has wavered during the last year, again looks solid, with more than 4 in 5 of GOP respondents giving him approval marks.

"Things that impress me most about him are his strong emphasis on family values and how he tries to protect our nation through one of the worst periods," said Ruth Bixby, a homemaker and a Republican from Taylor, S.C.

But from other angles, Bush's political position continues to look more precarious. His approval rating remains no better than Times' polls recorded for President Bill Clinton in the two months before the GOP's 1994 landslide. And Bush faces an intensity gap: the percentage of Americans who say they strongly disapprove of his performance is more than 1½ times as large as the share who strongly approve.

Michelle Hayter, a Democrat from Puyallup, Wash., who lives on disability payments, is one of those deeply alienated from the president. "I think his whole policy with Iraq is terrible," she said. "I think he is using fear to get people to agree with what he's doing. I don't think it has anything to do with terror at this point."

Other assessments point to the same trend: Bush has gained ground, but his standing still is weak by historical standards.

In the June poll, just 32% of voters said they believed the country was better off because of his policies and should continue in the direction he's charted. In the new survey, that nudged up to 36%, but 61% said they thought the country should change direction.

Similarly, the number of registered voters who said in June that they disapproved of Bush's handling of the economy exceeded the share who approved by 21 percentage points; that gap dropped to just nine percentage points in the new survey. But 52% of those polled still gave Bush poor marks for his economic performance.

These findings underscore a critical question arising from the poll: Is the upturn in Bush's fortune a temporary blip linked to the public attention on the fifth anniversary of the Sept. 11, 2001 terrorist attacks or is it the start of a sustained recovery of political strength?

The same question looms over the measures of voter preferences in the midterm elections.

Many of the poll's findings underscored the persistence of the threat facing the GOP's congressional majority.

The 10-percentage point Democratic lead on the question of which party voters intend to support for Congress is twice as large as the Republican advantage in the final Times survey before the 1994 election.

Also, just 46% of registered voters said in the new survey their own member of Congress deserves reelection, while 40% said they want to elect someone new — figures that seem to show a greater desire for change than polls found shortly before the 1994 vote.

But beneath the surface, the survey finds substantial evidence that the current may be starting to reverse direction.

On some issues where voters have preferred Democrats, the survey found Republicans narrowing the gap.

Democrats still lead Republicans by seven percentage points (44% to 37%) on the most sweeping question: Which party do Americans trust to handle the nation's major problems. But in the June poll, the Democratic advantage was twice as large.

Democrats also lead Republicans when voters were asked which party they most trust to handle immigration and taxes, but in each case the margin has decreased slightly.

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Bigger changes are evident on national security and foreign policy. While voters narrowly preferred Democrats over Republicans in June when asked which party could best handle the war in Iraq, they now tilt slightly toward the GOP.

In June, Republicans led Democrats by nine percentage points when voters were asked which party they trusted most to handle national security and the war on terror. In the new poll, voters prefer Republicans by 17 percentage points, 49% to 32%, on that central question.

Still, the survey suggests that one of the critical fault lines in this year's campaign will be whether voters view national security primarily through the lens of terrorism or the war in Iraq.

Public attitudes about the war remain largely negative. Just 37% of voters said they believe Bush when he says America is making progress in the war; 56% said they don't agree with that assessment. And 57% said the war in Iraq has not been worth the cost, with 38% saying they thought it has been.

For all the anxiety about Iraq, the survey found that significantly more voters (46%) said the U.S. should stay in the country as long as it takes to establish order than said American troops should be withdrawn within the next year (28%).

The reluctance to abandon a war most Americans consider has not been worth its costs seemed to capture the ambivalence of a nation that appears up for grabs in the final weeks of a frenzied struggle for control of Congress.

Will Bump For Bush Help GOP In The Fall Elections? (CSM)

By Linda Feldmann

The Christian Science Monitor, September 21, 2006

WASHINGTON

President Bush has done this before: He launches a series of speeches highlighting the war on terror, and his job approval rating improves in most major polls. Then the speeches end, and the bump fades.

Will that happen again? And, in the end, how will the president's standing with voters affect how they approach individual races for Congress on Nov. 7?

The political world has been abuzz over the latest Gallup Poll, which shows Mr. Bush with his highest job approval in a year - now at 44 percent - and likely voters split evenly between Republicans and Democrats, 48 percent to 48 percent, over which party's candidate they would vote for in their congressional district. The "generic ballot" has typically favored Democrats among registered voters, often with a double-digit lead, so far this year.

The short answer is, it's too soon to tell if the improved national climate for Bush and Republican candidates - helped also by a decline in gasoline prices to a six-month low - has the legs to carry through to election day. Dick Morris, a political adviser over the years to top members of both parties, calls polling on presidential approval and congressional preference "notoriously fickle." He and others note that 44 percent still isn't that great.

"His [Bush's] standing is not all that different than [President] Clinton's was in 1994," says Carroll Doherty, an analyst at the Pew Research Center, referring to the last time control of the House changed hands, from Democratic to Republican. "It's still a pretty tough environment."

But the latest polling does contain many hopeful moments for Republicans concerned that the war in Iraq and perceptions of a weak economy are sinking Bush politically and damaging enough Republicans in competitive races to cost the GOP control of the House.

According to the latest Gallup Poll, released Sept. 19:

• Americans tend to believe the country would be safer from terrorism under a Republican-controlled Congress than under a Democratic-controlled Congress.

• A growing percentage of voters - now 48 percent - see the Iraq war as part of the larger war on terror as opposed to an entirely separate military action (49 percent). In December, 43 percent saw Iraq as part of the war on terror versus 55 percent who did not.

• Most voters - 67 percent - do not believe the Democrats have a plan for handling the situation in Iraq. Bush does not fare much better: 61 percent of voters say Bush does not have a clear plan for handling the situation in Iraq. But that's down from 67 percent in June.

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Gallup editor in chief Frank Newport notes a strong partisan correlation among voters' partisan choices for Congress and which issue they see as most important in the fall election. Sixty-eight percent of registered voters who rank Iraq as the No. 1 issue plan to vote Democratic for Congress; among registered voters who rank terrorism first, 71 percent of registered voters plan to vote Republican.

"Convincing more voters to focus on terrorism as the pivotal issue in the fall campaign - as the Bush administration is attempting to do - could benefit the Republicans, just as convincing voters to focus on Iraq - as the Democrats are doing - could benefit them," writes Mr. Newport.

The 9/11 anniversary, the UN General Assembly meeting, and debate over legislation on military tribunals and warrantless wiretapping has provided news pegs for Bush to use his bully pulpit on terrorism. On Iraq, the news is continuous, but in public discussion, it has been drowned out by the terrorism debate. Still, the Gallup Poll found that 72 percent of Americans believe Iraq is in a state of civil war, which does not bode well for voter tolerance of continued US involvement there.

The Democratic polling organization Democracy Corps argued last week that Bush's bully-pulpit offensive had given him only a modest rise in job approval, "concentrated in his conservative base." But Gallup's numbers show an across-the-board improvement for Bush among all political groups - Republican, Democratic, and independent.

According to Newport, support for Bush among Democrats is up to 15 percent, Republicans are at 86 percent, and Independents are at about one-third approval. Compared with the previous poll, taken Sept. 7-10, which found Bush's job approval at 39 percent, he went up among all groups.

Charles Franklin, an expert on presidential polls at the University of Wisconsin, Madison, says Bush's average job approval among major polls has gone from 34 percent in May to 41 percent today. Looking at Bush's ability to halt declines in approval by using the bully pulpit, he adds, "there's reason to believe that this upward trend can at least sustain itself or flatten out, not turn around and fall again between now and election day."

Only 25% In Poll Voice Approval Of The Congress (NYT)

By Adam Nagourney And Janet Elder

The New York Times, September 21, 2006

With barely seven weeks until the midterm elections, Americans have an overwhelmingly negative view of the Republican-controlled Congress, with substantial majorities saying that they disapprove of the job it is doing and that its members do not deserve re-election, according to the latest New York Times/CBS News poll.

The disdain for Congress is as intense as it has been since 1994, when Republicans captured 52 seats to end 40 years of Democratic control of the House and retook the Senate as well. It underlines the challenge the Republican Party faces in trying to hold on to power in the face of a surge in anti-incumbent sentiment.

By broad margins, respondents said that members of Congress were too tied to special interests and that they did not understand the needs and problems of average Americans. Two-thirds said Congress had accomplished less than it typically did in a two-year session; most said they could not name a single major piece of legislation that cleared this Congress. Just 25 percent said they approved of the way Congress was doing its job.

But for all the clear dissatisfaction with the 109th Congress, 39 percent of respondents said their own representative deserved re-election, compared with 48 percent who said it was time for someone new.

What is more, it seems highly unlikely Democrats will experience a sweep similar to the one Republicans experienced in 1994. Most analysts judge only about 40 House seats to be in play at the moment, compared with over 100 seats in play at this point 12 years ago, in large part because redistricting has created more safe seats for both parties.

The poll also found that President Bush had not improved his own or his party's standing through his intense campaign of speeches and events surrounding the fifth anniversary of the 9/11 attacks. The speeches were at the heart of a Republican strategy to thrust national security to the forefront in the fall elections.

Mr. Bush's job approval rating was 37 percent in the poll, virtually unchanged from the last Times/CBS News poll, in August. On the issue that has been a bulwark for Mr. Bush, 54 percent said they approved of the way he was managing the effort to combat terrorists, again unchanged from last month, though up from this spring.

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Republicans continued to hold a slight edge over Democrats on which party was better at dealing with terrorism, though that edge did not grow since last month despite Mr. Bush's flurry of speeches on national security, including one from the Oval Office on the night of Sept. 11.

But the Times/CBS News poll found a slight increase in the percentage of Americans who said they approved of the way Mr. Bush had handled the war in Iraq, to 36 percent from 30 percent. The results also suggest that after bottoming out this spring, Mr. Bush's approval ratings on the economy and foreign policy have returned to their levels of about a year ago, both at 37 percent. The number of people who called terrorism the most important issue facing the country doubled to 14 percent, from 7 percent in July; 22 percent named the war in Iraq as their top concern, little changed from July.

Across the board, the poll found marked disenchantment with Congress, highlighting the opportunity Democrats see to make the argument for a change in leadership and to make the election a national referendum on the performance of a Republican-controlled Congress and Mr. Bush's tenure.

In one striking finding, 77 percent of respondents — including 65 percent of Republicans — said most members of Congress had not done a good enough job to deserve re-election and that it was time to give a new people a chance. That is the highest number of voters saying it is "time for new people" since the fall of 1994.

"You get some people in there, and they're in there forever," said Jan Weaver, of Aberdeen, S.D., who described herself as a Republican voter, in a follow-up interview. "They're so out of touch with reality."

In the poll, 50 percent said they would support a Democrat in the fall Congressional elections, compared with 35 percent who said they would support a Republican. But the poll found that Democrats continued to struggle to offer a strong case for turning government control over to them; only 38 percent said the Democrats had a clear plan for how they would run the country, compared with 45 percent who said the Republicans had offered a clear plan.

Overall discontent with Congress or Washington does not necessarily signify how people will vote when they see the familiar name of their member of Congress on the ballot, however. Democrats face substantial institutional obstacles in trying to repeat what Republicans accomplished in 1994, including a Republican financial advantage and the fact that far fewer seats are in play.

Thus, while 61 percent of respondents said they disapproved of the way Congress was handling its job, just 29 percent said they disapproved of the way their own "representative is handling his or her job."

The New York Times/CBS News poll began last Friday, four days after the commemoration of the fifth anniversary of the 9/11 attacks, and two weeks after the White House began its offensive on security issues. A USA Today-Gallup Poll published Tuesday reported that Mr. Bush's job approval rating had jumped to 44 percent from 39 percent. The questioning in that poll went through Sunday; The Times and CBS completed questioning Tuesday night. Presidential addresses often produce shifts in public opinion that tend to be transitory.

The nationwide poll was conducted by telephone Friday through Tuesday. It included 1,131 adults, of whom 1,007 said they were registered to vote, and had a margin of sampling error of plus or minus three percentage points.

As part of the Republican effort to gain advantage on the war in Iraq, Republicans have accused Democrats who want to set a timetable for leaving Iraq of wanting to "cut and run." But 52 percent of respondents said they would not think the United States had lost the war if it withdrew its troops from Iraq today.

The poll also found indications that voters were unusually intrigued by this midterm election: 43 percent said they were more enthusiastic than usual about voting. However, with turnout promising to be a critical factor in many of the closer Senate and House races, there was no sign that either party had an edge in terms of voter enthusiasm.

Evidence of the antipathy toward Congress in particular — and Washington in general — was abundant: 71 percent said they did not trust the government to do what is right.

"If they had new blood, then the people that influence them — the lobbyists — would maybe not be so influential," said Norma Scranton, a Republican from Thedford, Neb., in a follow-up interview after the poll. "They don't have our interest at heart because they're influenced by these lobbyists. If they were new, maybe they would try to please their constituents a little better."

Lois Thurber, a Republican from Axtell, Neb., said in a follow-up interview: "There's so much bickering, so much disagreement — they just can't get together on certain issues.

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"They're kind of more worried about themselves than they are about the country."

Incumbents and challengers nationwide are trying to accommodate this sour mood. Democrats are presenting themselves as a fresh start — "Isn't it time for a change?" asked an advertisement by the Democratic Senatorial Campaign Committee directed against Senator Jim Talent, Republican of Missouri.

And Republican incumbents are seeking to distance themselves from fellow Republicans in Washington. "I've gone against the president and the Republican leadership when I think they are wrong," Representative Christopher Shays, a Connecticut Republican locked in a tough re-election battle, said in a television advertisement broadcast this week.

The Republicans continue to be seen as the better party to deal with terrorism, but by nowhere near the margin they once enjoyed: it is now 42 percent to 37 percent. When asked which party took the threat of terrorism more seriously, 69 percent said they both did; 22 percent named Republicans, compared with 6 percent who said Democrats.

Voters said Democrats were more likely to tell the truth than Republicans when discussing the war in Iraq and about the actual threat of terrorism. And 59 percent of respondents said Mr. Bush was hiding something when he talked about how things were going in Iraq; an additional 25 percent said he was mostly lying when talking about the war.

Not that Democrats should draw any solace from that: 71 percent of respondents said Democrats in Congress were hiding something when they talked about how well things were going in Iraq, while 13 percent said they were mostly lying.

Robert Allen, a Democrat from Ventura, Calif., said: "We're in a stalemate right now. They're not getting hardly anything done." He added, "It's time to elect a whole new bunch so they can do something."

For Bush, Cheaper Gas Is Premium (USAT)

By Susan Page

USA Today, September 21, 2006

WASHINGTON — When it comes to President Bush's approval rating — the number that measures his political health — one factor seems more powerful than any Oval Office address or legislative initiative.

It's the price of a gallon of gas.

Statisticians who have compared changes in gas prices and Bush's ratings through his presidency have found a steady relationship: As gas prices rise, his ratings fall. As gas prices fall, his ratings rise.

For some Americans, analysts speculate, gas prices provide a shorthand reading of the general state of the economy. Even though prices at the pump are largely outside the president's control, he gets credit when they fall — and blame when they rise.

"Gas prices are a price everybody knows because it hangs on the street in big letters," says Stuart Thiel, an economist at DePaul University in Chicago who has been tracking the trend for several years.

A statistical analysis by Doug Henwood, editor of the liberal newsletter Left Business Observer, found that an "uncanny" 78% of the movement in Bush's ratings could be correlated with changes in gas prices. Based on trends in crude oil prices, Henwood predicted last Thursday that it "wouldn't be surprising to see his approval numbers rise into the mid-40s."

In a USA TODAY/Gallup Poll taken Friday through Sunday, Bush's rating rose to 44%, his highest in a year. Average gas prices, which peaked at more than $3 a gallon in August, had dropped under $2.50, the lowest since March.

A renewed focus on terrorism contributed to Bush's turnaround, analysts say. "When they put the terror issue out there, they tend to get political points," says sociologist Robb Willer of the University of California, Berkeley.

Gas prices may be "a proxy for larger developments in the political economy," Henwood says. For instance, the war in Iraq and Hurricane Katrina, which drove up fuel costs, also eroded Bush's support.

The ratings of Bush's three immediate predecessors weren't closely tied to gas prices, Henwood found. Volatile prices and a supply crunch did contribute to President Jimmy Carter's political travails.

For Bush, too, prices have been volatile, and his background as an oilman may be a factor affecting public attitudes. In the USA TODAY poll, two in five said the administration has deliberately manipulated gas prices to decline before the fall elections.

Routine market forces are likely to deliver more good news to Bush, says Tom Kloza of the Oil Price Information Service. Absent an international crisis, he predicts gas prices will drop an additional 10 to 20 cents a gallon by Election Day.

Ferry Fuss (WP)

DOJ_NMG_0066693

The Washington Post, September 21, 2006

NO ONE DENIES the charm of crossing the Potomac River on White's Ferry, or its convenience to hundreds of commuters. By the same token, there is no denying that the Coast Guard is right to ensure that the ride be safe. That's why it's so unfortunate that the ferry operator and the Coast Guard have allowed a dispute over licensing ferry pilots to endanger what ought to be a cooperative and harmonious working relationship.

Owner Edwin Brown ran afoul of the Coast Guard for supposedly using unlicensed ferry operators. In the ensuing weeks, the situation escalated, with the Coast Guard demanding -- and Mr. Brown refusing -- that he shut down operations. A truce was declared, with the ferry being allowed to operate under a provisional license. Then the Coast Guard announced its latest salvo: It would seek "thousands of dollars" in fines for the alleged violations. Commuters able to escape traffic by using the ferry between Montgomery and Loudoun counties are right to worry that massive penalties could mean the end of their ride.

We suspect the real reason for the Coast Guard's unnecessarily hard line has little to do with the level of danger posed to the public; The Post's Fredrick Kunkle likened the ferry to "a hunk of driveway that has broken loose," and even Coast Guard officials concede it is less than demanding to operate. Rather, officials think that they need to prove a point with Mr. Brown, a rather colorful character who essentially thumbed his nose at them in word and deed -- and who in the process received a groundswell of public support. While we don't condone anyone defying a direct government order, it also seems as though there was a way to avoid that showdown.

Mr. Brown, now contrite and clearly worried about the future of his business, is seeking to make amends with a letter of apology and a pledge of cooperation. Coast Guard officials, who certainly have more important things to do with their time and resources, would do well to take him at his word.

OTHER NEWS:

Markets Applaud Holding Rates Steady (USAT)

By Adam Shell

USA Today, September 21, 2006

NEW YORK — The broad U.S. stock market closed within 2 points of a fresh 5½-year high Wednesday after the Federal Reserve left short-term interest rates unchanged and said it expects inflationary pressures to lessen over time.

For its second straight meeting, the nation's central bank decided to leave its target for short-term rates at 5.25%, although it noted in a statement that the future direction of rates still will be dependent on incoming data on the economy and inflation (story, 1B).

Stocks, which have been in rally mode since mid-August, continued to move higher as investors bet that the Fed will be able to cool growth and root out inflation without causing serious harm to the economy, says Rod Smyth, chief investment strategist at Wachovia Securities.

“The market decided in August that a ‘soft landing' was looking more likely,” says Smyth. “And the message of today's Fed statement is that the market got it right.”

However, Smyth insists that any signs of inflation spiking up again or a sharper-than-expected housing plunge could hurt stocks going forward.

While stocks finished the day a tad below their intraday highs, the S&P 500 finished at 1325.18, less than a point below its May 5 high for the year and less than 2 points below its close of 1326.61 set on Feb. 15, 2001.

The Dow Jones industrial average marched closer to an all-time high, gaining 72.28 points, or 0.6%, to 11,613.19. The blue-chip index is less than 110 points shy of a record. The Nasdaq composite also rallied, helped by a good earnings report from Oracle. It gained 30.52 points, or 1.4%, to 2252.89.

For the year, the Dow is up 8.4%, the S&P 500 is up 6.2% and Nasdaq is up 2.2%. The broad market, as measured by the S&P 500, is up 4.2% since the Fed's first rate pause on Aug. 8.

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Stocks have been helped by a 21.5% drop in a barrel of crude since its July 14 high. At one point Wednesday, oil dropped below $60 a barrel. A dip in long-term bond yields has also given stocks a boost. The benchmark 10-year Treasury note closed at 4.74%.

Oracle jumped 11.2%, or $1.80, to $17.93 a day after it reported quarterly profit that topped analysts' forecasts.

If stocks are to continue marching higher, investors must get more clarity on how much the economy and corporate earnings will slow in the quarters ahead, says Quincy Krosby, chief investment strategist at The Hartford.

Unchanged Rates, Oil-Price Dip Rally Stocks (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 21, 2006

A stand pat Federal Reserve and a dip in crude oil prices under $60 a barrel pushed stocks higher, with major market indexes hitting fresh four-month highs.

The Dow Jones Industrial Average gained 72.28 points, or 0.6%, to end at 11613.19, up 8.4% on the year. Among the Dow's strongest components were International Business Machines and Boeing, each of which gained nearly 2%.

The blue-chip average now stands just 109.79 points from its record close reached in January 2000. The broad Standard & Poor's 500-stock index rallied 6.87 points, or 0.5%, to 1325.18, up 6.2% on the year.

As widely expected, the Federal Reserve's policy makers left their key interest-rate target unchanged at 5.25% following their one-day meeting. Perhaps more important, the U.S. central bank made no major tweaks to the language of its statement explaining its decision, compared to the one from its last meeting.

Wall Street dissects those statements for any inkling of what the Fed might do next, parsing each word as carefully as a school kid diagrams sentences. Economists and investors alike want to know whether the Fed is done raising rates or may have to undertake another hike or two sometime soon.

Looking at yesterday's Fed statement, Lehman Brothers economist Ethan Harris said he still believes more rate increases are on the way because the Fed still seems concerned that signs of inflation may resurface.

He acknowledged that the statement, in discussing the slowing housing market, excised the descriptor "gradually," suggesting the central bank believes the real-estate slowdown is in full gear. Such a development would seem to discourage further rate increases. But Mr. Harris thinks his fellow Wall Streeters and investors have been too blasé about price increases that may yet show up in the government's monthly economic data.

"Everyone seems to have forgotten about the lags before inflation usually shows up," he said. "It's true that producer prices and the cost of goods seems to be under control. But that doesn't save us from inflation in services and rents and other things."

One of the factors helping ease inflation fears is a general pullback in energy prices, which continued in dramatic fashion. Crude-oil futures for October delivery fell $1.20, or 1.9%, to a six-month low of $60.46 a barrel on the New York Mercantile Exchange, hurt by reports of growing U.S. inventories. The selloff temporarily pushed oil below $60 and left the price of crude off 1% on the year.

The oil pullback has generated savings for consumers -- who are also investors -- at the pump lately. The driving club AAA reported that the national average retail price for regular-grade gasoline hit $2.472 on Wednesday, off 11% from a year ago.

Among specific stock sectors, technology continued to outpace the rest of the market, a trend that analysts said reflects investors' rising confidence and willingness to take riskier bets. The Nasdaq Composite Index jumped 1.4%, or 30.52, to 2252.89, up 2.2% on the year. Surprisingly strong earnings by Oracle helped boost the tech sector and drove the software company's stock to a five-year high.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.04%, or 0.09 point, to 217.47.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.52 billion shares, as 2,156 issues advanced and 1.137 fell.

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Bond prices were little changed. The 10-year note was unchanged, yielding 4.733%. But the 30-year bond rose 4/32 to yield 4.848%.

The dollar weakened. Against the Japanese currency, the dollar fell to 117.45 yen, compared with 117.61. The euro rose to $1.2687, compared with 1.2679.

Fed Keeps Interest Rates Unchanged (USAT)

By Barbara Hagenbaugh

USA Today, September 21, 2006

WASHINGTON — Federal Reserve policymakers left interest rates unchanged Wednesday but cautioned more rate increases could come later this year.

In a 10-1 vote, Fed officials left their target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, at 5.25%, the highest in nearly six years.

Fed Chairman Ben Bernanke and his colleagues said in their post-meeting statement that the economy was continuing to moderate, in part because of widespread cooling in the housing market. Although inflation measures were still high, price pressures "seem likely to moderate," partly reflecting recent energy cost drops.

But the Fed repeated "inflation risks remain" and said the "extent and timing of any additional (rate) firming that may be needed" would depend on incoming data, suggesting more interest rate increases may be on the way.

"This leaves us in this kind of limbo state about whether the Fed hikes going forward," Lehman Bros. chief U.S. economist Ethan Harris says.

Harris predicts inflation pressures will force the Fed to raise rates twice more in the next six months. But other economists, including those at Moody's Economy.com and Global Insight, say the Fed is done.

The Fed next meets Oct. 24-25.

Lacking a clear signal on rates, investors initially erased some of the gains seen earlier in the session after the widely expected decision. The Dow Jones industrial average later bounced back, ending the day up 72.28 points at 11,613.19.

The Fed's decision Wednesday marked the second consecutive meeting in which U.S. central bankers have left rates unchanged. The Fed raised interest rates 17 times from June 2004 to June 2006 to remove stimulus put in place earlier in the decade and to stem inflationary pressures.

Data have pointed to a recent easing in price pressures, and oil prices are down more than 20% from the peak hit two months ago, potentially a positive development on the inflation front. Such declines have led investors to reduce expectations of future Fed action, a development that recently has also led to lower costs of borrowing for some loans, including mortgages. But other borrowing rates, such as for credit cards, are tied to the prime rate, which has not changed from 8.25%.

Despite recent declines, the consumer price data are still above where many Fed officials, including Bernanke, have said they would like to see inflation.

Higher inflation readings mean "There is still a very clear risk that we see another tightening," Briefing.com chief economist Timothy Rogers says.

As in August, Richmond Fed President Jeffrey Lacker issued a rare dissent, instead favoring a rate increase.

Fed Leaves Rates On Hold At 5.25% (FT)

By Richard Beales In New York

Financial Times, September 21, 2006

The US Federal Reserve left interest rates unchanged at 5.25 per cent on Wednesday as expected, amid housing market weakness and signs of easing inflation.

The Fed's open market committee nonetheless reiterated its watchfulness on inflation and its dependence on economic data.

"The committee judges that some inflation risks remain," the Fed said, repeating language used in August.

"The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

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Stocks closed higher on the day, having fallen back slightly after the announcement, which confirmed near-unanimous market expectations and did not appear to suggest the Fed was poised to resume interest rate increases.

Bonds also responded by giving up most of their earlier gains to trade close to their levels on Tuesday evening.

Alan Ruskin, international strategist at RBS Greenwich Capital, said the statement's tone was "almost exactly the same" as in August, when the Fed left rates unchanged after 17 consecutive rises over more than two years.

"It may have disappointed a few players who thought that, with housing slowing sharply and oil prices undercutting some price pressures, the Fed would sound more dovish," he said. "Instead, the Fed . . . made it clear that their bias is still, if anything, toward tightening. The market's inclination is to view this as largely bluster."

Jeffrey Lacker, Richmond Fed president, cast a formal dissenting vote, preferring another rate rise, as he did in August.

According to the minutes of the earlier meeting, he felt another rate rise would help bring inflation down more quickly than would be the case with an unchanged rate.

But other policymakers believed a pause would "allow the committee to accumulate more information before judging whether additional firming would be necessary".

Keeping rates steady last month also partly reflected a belief at the Fed that earlier interest rate rises would have a delayed effect on economic activity.

Since the Fed's last meeting, housing market indicators have provided further evidence of a sharp slowdown in activity, a factor contributing to the central bank saying in Wednesday's statement that "the moderation in economic growth appears to be continuing".

The Fed also noted that recent declines in energy prices made for a "reduced impetus" on inflationary pressures. But the committee repeated earlier concerns about relatively high inflation readings recently.

Fed Holds Rate Steady At 5.25% (NYT)

By Louis Uchitelle

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — The Federal Reserve's policy makers voted Wednesday to keep interest rates unchanged, committing themselves for the second time in six weeks to the proposition that the slowing economy will eventually damp a still troublesome inflation rate.

The vote was not unanimous; there was one dissent. But the tone of the statement — issued in the early afternoon, after a morning of debate and voting — suggested that the policy makers were clearly satisfied with the decision they made at their last meeting, on Aug. 8, to halt a series of 17 consecutive rate increases stretching back two years. It also suggested that they would not change their view at their next meeting in late October, just before the midterm elections.

"The consensus among the policy makers that the pause was justified is perhaps stronger now than it was in August," said Robert V. DiClemente, chief United States economist for Citigroup. "What has happened to the economy since then has in some small measure enhanced the Fed's credibility."

The stock market responded joyfully to the Fed's decision to keep the key lending rate that it controls at 5.25 percent. Stock prices often jump when a lid on rates makes stocks seem like a better investment than interest-bearing securities. The Dow Jones industrial average rose 72.28 points, or 0.63 percent, to close at 11,613.19, a little more than 100 points below its record high.

The Fed's statement Wednesday spotlighted the housing slowdown and also suggested that the risk of a rising inflation rate, while still present, had diminished. Since August, residential construction and home sales have deteriorated noticeably, and the pressure on inflation from rising energy costs has also eased, thanks mainly to sharp declines in petroleum and natural gas prices.

The policy makers took special note of the deterioration in housing and "the reduced impetus from energy prices." Their statement suggested that the "cooling of the housing market" was the main reason for the moderation in economic growth. Indeed, the cooling was no longer "gradual," as it had been in August. That adjective was eliminated from yesterday's statement — a significant deletion in the Fed's carefully calibrated public statements.

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"There is greater recognition at the Fed that the economy has slowed to below trend growth and this is precisely the time to sit on the sidelines and watch," said Laurence H. Meyer, vice chairman of Macroeconomic Advisers and a former Fed governor. "The policy makers do not see much risk in waiting."

Ben S. Bernanke, who succeeded Alan Greenspan this year as Fed chairman, is betting that the slowing economy will moderate the annual inflation rate, which now exceeds the Fed's upper-end target of 2 percent. In taking this stance, Mr. Bernanke runs up against the view of some economists, particularly on Wall Street, that consumer demand is still strong enough to give business the power to raise prices.

Higher rates are necessary, according to this view, to contain that pricing power and bring down the inflation rate. It is a view that one of the policy makers, Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, seems to share. Of the 11 policy makers who voted — that is, all of the sitting Fed governors and 5 of the 12 bank presidents — only Mr. Lacker dissented, as he had on Aug. 8. Instead of a continuation in the pause, he favored a quarter-point increase, the statement said.

The Fed controls a crucial short-term rate, known as the federal funds rate, now at 5.25 percent. This is the rate at which banks and other financial institutions lend to each other. The rate also determines what these lenders charge for mortgages, auto loans and other consumer and commercial borrowing. Housing has been hurt by rising mortgage rates, but consumer spending, while weakening a bit in recent weeks, is still robust. Partly in response to this demand, the inflation rate has inched up this year.

"Creeping inflation," Albert Wojnilower, a senior economic adviser at Craig Drill Capital, calls it. "It is very difficult to deal with creeping inflation, because there is no popular support for stopping it."

Acknowledging this view, the Fed's statement on Wednesday recognized that "some inflation risks remain," repeating a phrase from the Aug. 8 statement. The policy makers also declared, as they did six weeks ago, "that the extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

What the statement omitted was any reference to rising labor costs, and the upward pressure that might have on prices. For Mark M. Zandi, chief economist at Moody's Economy.com, that was a significant omission.

"All the wage data show an acceleration to one degree or another yet the policy makers do not acknowledge that in their statement," Mr. Zandi said. "That is suggestive of a more dovish Federal Reserve. The small changes in this latest statement all suggest that the Fed will not be raising interest rates anytime soon. In fact, you can almost make the case that they are trying to drive expectations in the other direction."

Fed Holds Steady On Key Rate (WP)

By Nell Henderson

The Washington Post, September 21, 2006

Federal Reserve policymakers held short-term interest rates steady yesterday, saying inflation remains too high but should drift lower as energy prices fall and the economy slows.

The central bank left open the door to further rate increases if necessary to tamp down price pressures, but the decision strengthened many analysts' view that the Fed is done increasing rates for now.

The policymaking Federal Open Market Committee last raised its benchmark short-term interest rate to 5.25 percent in June, the 17th consecutive increase in two years meant to cool the economy and bring down inflation. The group left the rate unchanged at its previous meeting, in early August, saying that it expected price pressures to weaken as past rate increases took effect in coming months.

Since then, energy prices have tumbled, inflation has ebbed and the housing market has slowed sharply, boosting expectations in financial markets that the central bank will leave interest rates on hold through the end of the year, and perhaps even cut rates early next year.

One big question for the committee and financial markets now is how the housing downturn will affect the rest of the economy.

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The housing boom of recent years was a big generator of jobs in construction, finance and retailing, and rapid appreciation of housing prices encouraged many consumers to borrow against their homes to finance extra spending.

Construction of new homes plunged 6 percent in August, for the third consecutive monthly decline, pushing the pace of home building to its lowest level in more than three years. Inventories of unsold homes have shot up in recent months, and the rise of home prices has been sluggish.

This shift is likely to cause a "fairly significant" drop in consumer spending and a hit to the economy next year, which will prompt the Fed to cut interest rates by the spring, predicted Jan Hatzius, chief economist at Goldman Sachs Group Inc.

But other economists, including many at the Fed, believe the weakness in housing will be offset by strong business investment, an increase in exports and solid consumer spending. Many households have more money to spend now than earlier this year because of lower gasoline prices, rising incomes and steady job growth.

"Housing is going to cool off, but not crush the economy," said Ethan S. Harris, chief U.S. economist at Lehman Brothers Holdings Inc. He added that though inflation had eased, it will remain high for several months, likely prompting the Fed to raise its benchmark interest rate to 5.5 percent this year and perhaps to 5.75 percent early next year.

The Fed adjusts interest rates to encourage economic growth and keep inflation low. Higher rates make it harder for businesses and consumers to borrow and spend, slowing growth and weakening inflation. Lower rates do the opposite.

Consumer prices rose 2.4 percent in the 12 months that ended in July, according to the Fed's preferred measure, which excludes volatile food and energy prices. That is above the 1 to 2 percent comfort zone described by Chairman Ben S. Bernanke and several of his colleagues.

As in August, one voting member of the Fed committee dissented yesterday from its decision. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, would have preferred another quarter-percentage point increase in the benchmark interest rate, the group said in a statement.

Lacker has argued that the Fed should raise the rate to bring down inflation more rapidly.

The Fed's decision means that consumer interest rates linked to the benchmark federal funds rate should stay steady as well. Those include rates on many credit cards and home equity loans.

Fed policy directly affects short-term interest rates like those on credit cards, but only indirectly influences long-term rates, which are determined more by global financial markets. Mortgage rates, for example, have declined in recent months. The average rate on a 30-year, fixed-rate mortgage slipped to 6.43 percent last week, down from a peak this year of 6.79 percent in early July, according to mortgage financier Freddie Mac.

Financial markets showed little reaction to yesterday's decision, which traders had expected. The Dow Jones industrial average gained 72.28 points, or 0.63 percent, to close at 11,613.19.

Fed Cites Energy, Housing Declines In Holding Rates (WSJ)

By Greg Ip

The Wall Street Journal, September 21, 2006

What started out as a pause in rate increases last month began to look more like a full halt yesterday.

The Federal Reserve left its short-term interest rate target at 5.25% for a second consecutive meeting. It also warned that it remains concerned about inflation, and thus if it changes rates soon, it is more likely to raise them than lower them.

The statement accompanying yesterday's decision suggested that, since pausing in its two-year string of rate increases last month, the Fed has become more confident that standing pat is justified. In explaining yesterday's decision, it cited the quickening decline in housing activity and easing inflation pressure from energy.

Investors, however, increasingly expect the Fed not just to remain on hold, but to cut rates at least once by next June and again by December 2007. Ten-year Treasury bond yields have fallen, ending yesterday at 4.73%, down from 5.25% in late June. Those expectations may not match the Fed's, at least for now. Indeed, its statement did little to hint a rate cut would be on the table in the near term and financial markets pulled back slightly in their anticipation of one.

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Stocks, meanwhile, which have been rallying because of falling oil prices and on hopes the Fed is finished raising rates and the economy escapes recession, extended their winning streak. The Dow Jones Industrial Average rose 72.28 points yesterday to 11613.19, just 110 points short of its January 2000 record.

In its statement, the Fed said growth is moderating, "partly reflecting a cooling of the housing market." By discarding last month's characterization of housing as "gradually cooling," the Fed acknowledged the slide in home construction, sales and, in some regions, prices has picked up speed.

It said that while the "core" measure of inflation, which excludes food and energy, remains "elevated," it was likely to moderate in part because of "reduced impetus from energy prices."

Oil and gasoline prices have fallen sharply in recent months. Oil futures on the New York Mercantile Exchange fell $1.20 yesterday, or nearly 2%, to settle at $60.46 a barrel -- their lowest level in six months and down 22% from the nominal high reached July 14. In theory, such a decline has mixed implications for the Fed. Lower energy prices reduce inflationary pressure, which would call for the Fed to lower rates. They also boost consumer purchasing power, which can improve growth prospects and would call for an increase in rates. The Fed statement suggests it considers the former effect as more important.

While economists differed on what the Fed's next action is likely to be, they agreed that the small changes in its statement signaled greater comfort with leaving rates where they are, despite its stated bias toward raising rates.

"We see these wording changes (and absence of other potential changes) as a step in the direction of a neutral balance of risks," Peter Hooper, chief economist at Deutsche Bank Securities, wrote in a note to clients. He predicted the Fed would drop its bias to higher rates either at its next meeting, on Oct. 24-25, or in December, and would cut rates by March.

The Fed's statement conveys "more of a sense of comfort of being on hold," agreed Bruce Kasman, head of economic research at J.P. Morgan Chase. He noted that inflation remains the Fed's paramount concern. He also expects another rate increase by March.

Ten of the 11 voting members of the Federal Open Market Committee agreed to yesterday's decision not the change the federal-funds rate, which is charged on overnight loans between banks. The Fed had increased that rate at 17 consecutive meetings before pausing last month. As in August, Federal Reserve Bank of Richmond President Jeffrey Lacker dissented, preferring a quarter-point increase. It was the first time in eight years an FOMC member dissented at two consecutive meetings in favor of higher rates, said David Resler of Nomura Securities. The last time, he said, the Fed's next move was to lower rates.

The Fed remains focused on inflation risks in large part because core inflation is above the 1% to 2% "comfort zone" of many Fed officials, including Chairman Ben Bernanke. In the 12 months through August, core inflation was 2.8%, up from 2.7% in the 12 months through July. Using a lesser-known price index that the Fed prefers, core inflation was 2.4% in the 12 months through July.

Fed officials expect core inflation to move back below 2% over the next two to three years as energy prices stop boosting the prices of other goods and services and the economy cools. If that forecast doesn't unfold, it could pose a threat to the Fed's credibility that would require higher interest rates.

The Fed's continuing concern about inflation seems at odds with investor expectations of rate cuts. Thomas Joseph Marta, fixed income strategist at RBC Capital Markets, says that while the Fed and his own firm's economists are optimistic the housing slump won't significantly hurt the rest of the economy, market participants are far more pessimistic. "I've heard traders say, 'Look, the Fed's wrong,'" he said. "Traders are reacting viscerally to housing. Housing is something you see when you're driving home from the train station; it's very obvious, very visible."

Mr. Marta added, "In terms of inflation, I keep whispering in the traders' ears, 'Look, core [prices], hourly wages, unit labor costs, they're all at dangerous levels.' They don't care."

Still, some economists say the bond market will be proven right. Paul Ashworth, senior U.S. economist at Capital Economics of London, said if housing construction's share of economic output falls to the same level it hit in the early 1990s, after the last housing boom, "you'll get a substantial drag on growth." He expects growth to slow to 1.5% next year from a projected 3.3% this year, and the Fed cutting its rate target to 3.5% by mid-2008.

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Another reason for the disconnect could be anticipation of easier credit conditions globally. The U.S. bond market is increasingly linked to its foreign counterparts, and there have been signs of slowing growth in Germany, Japan and China in recent weeks.

Write to Greg Ip at greg.ip@wsj.com5

Chile Seeks U.S. Files On 1976 Assassination (NYT)

By Larry Rohter

The New York Times, September 21, 2006

SANTIAGO, Chile — Thirty years after a Chilean-organized hit squad assassinated former Foreign Minister Orlando Letelier and an American colleague on the streets of Washington, investigators here are drawing closer to implicating this country's former dictator, Gen. Augusto Pinochet, in the killings.

But they say their efforts are being hindered by a parallel investigation in the United States that has been stalled since President Bush took office and that is withholding potentially important documents.

Mr. Letelier, one of the most visible leaders of the opposition to the Pinochet dictatorship, and Ronni Karpen Moffitt were killed on Sept. 21, 1976, when a bomb planted under his car exploded as they were riding to work.

Even after 9/11, the Letelier assassination remains the most audacious act of state-sponsored terrorism committed on American soil.

"Every day it is clearer that Pinochet ordered my brother's death," said Fabiola Letelier, a prominent human rights lawyer here. "But for a proper and complete investigation to take place we need access to the appropriate records and evidence."

General Pinochet was detained in London in 1998 by prosecutors seeking to bring him to justice for abuses committed during his 17-year rule.

Afterward, the Clinton administration came under new pressure from the Letelier and Moffitt families, and it released more than 24,000 declassified diplomatic and intelligence cables. It also reopened an investigation of the assassination, sending an F.B.I. team to Chile in 2000 to interview more than 40 witnesses.

That mission resulted in a recommendation that the United States indict General Pinochet, but Attorney General Janet Reno decided to leave the decision to her successors in the Bush administration.

The case remains politically delicate in Washington, where previous Republican administrations supported the Pinochet dictatorship as a bulwark against leftist encroachment in Latin America during the cold war.

Though President Bush, whose father was director of central intelligence at the time of the assassination, promised to "direct every resource at our command" to defeating terrorism, the American investigation continues to languish, Ms. Letelier and Chilean officials say.

They and others complain that hundreds of secret documents are being kept out of Chilean hands.

"It's been six years, three times longer than the original investigation that fingered the hit team, and nothing has happened," said Peter Kornbluh, a Chile specialist at the National Security Archive, which obtained the release of the original trove of documents. "I've filed Freedom of Information Act requests, but the documents that come closest to Pinochet are still being withheld, ostensibly as evidence."

No one in the Bush administration would comment on the case. William Blier, head of the unit in the office of the United States Attorney in Washington that is in charge of the case, declined a request for information on the status of the investigation. He referred the question to a press spokesman, Channing Phillips, who also would not discuss any aspect of the case.

Other lawyers involved in the case on the victims' side said the Bush administration's performance contrasted with promises made after Sept. 11 to put pressure on states that sponsored terrorism.

"It is stunning to me that with all the energy being put into the war on terror," the Bush administration "has been completely unresponsive to our queries," said Sam Buffone, a Washington lawyer representing Ms. Moffitt's husband, Michael Moffitt.

"The most basic lesson of that war is that anyone responsible for an act of domestic terrorism will never get away with it, no matter how long it takes," Mr. Buffone said. "But that rule seems to have been honored in the breach for Augusto Pinochet."

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General Pinochet, now 90, ailing and discredited here, ruled Chile from Sept. 11, 1973, to March 1990. Since mid-2004, investigations in the United States and in Chile have uncovered an illicit fortune of more than $27 million that he hid abroad.

He is now facing tax fraud and forgery charges, two indictments for human rights violations and several other investigations of murders, kidnappings and disappearances that occurred during his rule.

John Dinges, co-author of "Assassination on Embassy Row" and a professor at Alberto Hurtado University here, said, "The evidence against Pinochet is as strong in the Letelier case as any of the other cases he is facing."

He noted that the dossier now included damning testimony from central officials. Among them are Gen. Manuel Contreras, the former chief of the National Intelligence Directorate, or DINA, General Pinochet's secret police, and Michael Townley, an American-born former DINA agent.

Facing intense diplomatic pressure, the Pinochet government handed Mr. Townley over to the United States in 1978. He admitted organizing and carrying out the assassination with Cuban exiles recruited for the task. He served a short prison term and was enrolled in the witness protection program.

General Pinochet refused to extradite other officials of the intelligence directorate who were Chilean citizens. But in 1995 General Contreras was convicted here of the Letelier assassination and sentenced to seven years in prison.

In interviews, including one with The New York Times in November 2004, General Contreras, currently serving a prison term here for the disappearance and torture of political prisoners, said General Pinochet had known and approved of all the actions he took.

But he has not specifically said that General Pinochet, whom American diplomatic cables show as irate about Mr. Letelier's activities in exile, ordered the killing.

Most recently, Chilean courts agreed to consider a request that General Pinochet be stripped of his immunity in a related case: the murder of Eugenio Berrios, a DINA agent nicknamed Pinochet's Mad Scientist, whose headless body was found on a beach in Uruguay in 1995.

Mr. Berrios had been spirited into exile there in 1992, in anticipation that he would soon be called to testify in an investigation of the Letelier and other assassinations.

In March, Chile asked that three senior Uruguayan military officers said to be involved in the Berrios killing be extradited here. Uruguayan courts complied, and the men were recently interrogated by a Chilean investigative judge, Alejandro Madrid, whose inquiry into the Berrios case inevitably led him to the Letelier assassination.

"The Chileans have been remarkable, exemplary, in going forward on Pinochet," E. Lawrence Barcella, the lead prosecutor in the original trial of Mr. Letelier's assassins in 1980, said in a telephone interview from Washington. "In my view, outliving those you kill is not a defense, and I hope nobody stops trying" to build the case against General Pinochet.

Third Baby Dies After Error At Indiana Hospital (USAT)

By Theodore Kim And Tammy Webber

USA Today, September 21, 2006

INDIANAPOLIS — A third premature baby has died in a case of medical error here that has shaken one of Indiana's largest hospitals.

Five-day-old Thursday Dawn Jeffers died late Tuesday, said Jon Mills, a spokesman for Methodist Hospital.

The Jeffers infant was one of six premature babies who received overdoses of the anti-clotting drug heparin Saturday in Methodist's neonatal intensive care unit.

Thursday Dawn was being treated at Riley Hospital for Children, where she had been transferred after being born at Methodist.

"They killed my baby. Why, oh why?" the child's mother, Heather Jeffers, asked her mother as they hugged outside the younger woman's apartment.

"We are all saddened by this news and our hearts are with this family, and all the families who have been affected," Mills said in a statement Wednesday.

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Two other infants died late Saturday: 5-day-old D'myia Alexander Nelson and 2-day-old Emmery Miller. The other three babies are expected to survive, Mills said.

"Ultimately, the blame for our errors falls upon the institution," Sam Odle, president and CEO of Methodist Hospital, said following the first two deaths. "This is a system failure."

Premature newborns are often given heparin to prevent their blood from clotting as they are administered fluids intravenously, said James Lemons, a neonatologist at Riley Hospital.

Each of the six infants was given an adult dose — an amount 1,000 times greater than prescribed, Odle said.

A preliminary hospital investigation found the mix-up occurred when a veteran technician delivered adult-dose heparin vials to the neonatal unit, Odle said.

Joanna Pruitt, Heather Jeffers' mother, held a news conference outside her daughter's apartment in which she described how her granddaughter deteriorated. "When she got the heparin, that's when she started … breaking down, and I really don't know what to say, except that they killed my grandbaby," Pruitt said.

Methodist Hospital pledged to prevent future overdoses by requiring all drugs to be double- and triple-checked before they are administered, Odle said. Clarian Health Partners, which runs Methodist, has 1,300 beds and tallies nearly 1 million patient visits annually.

The hospital has offered to pay for funeral expenses and counseling, plus provide restitution to all six families affected, Odle said.

Brittany Alexander, an aunt of D'myia Nelson, said the family is planning legal action. And, in a statement released on Tuesday, the family of Emmery Miller said it had hired an attorney.

G.O.P. Gains Big Fund-Raising Advantage (NYT)

By Jeff Zeleny

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — The Republican National Committee has amassed a significant fund-raising advantage, according to campaign finance records filed Wednesday, feeding Democrats' fears about remaining competitive in the intense final weeks before the midterm elections.

The Democrats' House and Senate campaign committees have been unusually successful raising money compared with past election cycles. House Democrats have nearly as much as Republicans, while Senate Democrats have $10 million more than their Republican counterparts.

But that edge is being offset by the fund-raising of the Republican National Committee, which has said it would spend more than $60 million to make up for any shortcoming by the party's Congressional committees.

The cash-on-hand figures, revealed in reports filed with the Federal Election Commission, are critical indicators of the resources the parties can draw upon during the intense days ahead. The money is primarily devoted to television advertisements in districts that are — or will become — competitive, as well as to help finance get-out-the-vote operations.

The new fund-raising reports show that at the beginning of September, Republicans had $39 million in the bank, compared with $11 million for Democrats.

The disparity is caused by the decision of the Democratic National Committee chairman, Howard Dean, to take a longer view of turning around the party by devoting most of the money he has raised to rebuilding state organizations across the country. Last week, the committee said it would provide $12 million to finance voter turnout efforts, only $2.6 million of which would be directed toward House campaigns, a point of bitter contention among Democrats and relief among Republicans.

"The advantage that we have is based on the fact that because we all work together, we've been able to be more strategic and our dollars will go further," said Ken Mehlman, the chairman of the Republican National Committee. "We've been building our turnout operation since 2005."

Republicans concede that fund-raising, at least by the Republican National Committee, is one of the few bright spots in an otherwise frustrating political season. And fund-raising, in turn, helps fuel a turnout machine that has a proven track record during the last three election cycles.

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"The area where the Republican funding advantage could make the difference is on the ground," said David B. Magleby, a professor of political science at Brigham Young University who studies campaign finance. "It's an open question of whether the Democrats will find a way to compete with the Republican advantage in the closing days."

Senator Charles E. Schumer of New York, the chairman of the Democratic Senatorial Campaign Committee, dismissed suggestions that Democrats could not compete with Republicans in the final stage of the contest. Fund-raising will only increase among Democrats, he said, as voters frustrated with the Republican-controlled Congress begin tuning into the race in October.

"We're getting contributions large and small from people that we never have gotten contributions from before," Mr. Schumer said, noting that such donations were urgently needed considering the overall Republican fund-raising muscle. The fund-raising at the Democratic senatorial committee, under Mr. Schumer's businesslike-direction, has significantly outpaced the Republican equivalent, led by Senator Elizabeth Dole of North Carolina. The Democratic committee reported a cash-on-hand balance of $29.8 million, compared with $18.6 million for the Republican committee.

In an interview on Wednesday, Mr. Schumer was ebullient as he discussed his committee's fund-raising success. His voice quickly fell, though, when asked whether he was satisfied with the fund-raising by the Democratic National Committee, saying, "I'm not going to comment on that."

To win control of Congress, Democrats must pick up 6 seats in the Senate and 15 in the House. The National Republican Congressional Committee, led by Representative Thomas M. Reynolds of New York, reported Wednesday that it had $36 million at its disposal as of the beginning of the month. A spokesman, Carl Forti, predicted that the fund-raising tally would soar in the next month, particularly through an initiative called the battleground program, where representatives are asked to contribute $17.5 million to the committee.

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, is not far behind Mr. Reynolds. The Democratic committee reported $35 million in the bank, and similar edicts have been issued to Democratic members.

"N.R.C.C. 36, D.C.C.C. 35," Mr. Emanuel said, talking about the fund-raising report as though it were a weekend football score. "Financial parity is better than financial disparity. It's that simple."

Senate Democrats Get Boost In Fund Raising (WSJ)

The Wall Street Journal, September 21, 2006

WASHINGTON -- While Republicans enjoy an overall financial edge in the coming elections, Senate Democrats ended August with a nearly $12 million advantage over their Republican colleagues, which could ratchet up pressure on incumbents fighting to hold their seats.

The Democrats' campaign committee also got a boost this month when four senators -- New York's Hillary Clinton, Massachusetts's Edward Kennedy, Illinois's Dick Durbin and California's Dianne Feinstein -- transferred a million dollars each from their own brimming campaign accounts to the Senate effort, Democratic aides said.

According to reports released yesterday, the Democratic Senatorial Campaign Committee raised $4 million in August and ended the month with $30 million in the bank. The Senate Republican committee reported raising $3.3 million with a cash balance of $18.6 million.

The Democrats' strong standing may help incumbents fend off a barrage of attacks expected in the coming weeks from the Republican National Committee, which is flush with money. It also will help Democratic challengers seeking to unseat embattled Republican incumbents, many of whom have been forced to start drawing down precious dollars to run television advertising earlier than their campaigns originally anticipated.

Uncle Sam Leaning More Heavily On The Better-off (USAT)

By Richard Wolf

USA Today, September 21, 2006

WASHINGTON — Warning to the wealthy: The cash-strapped federal government is targeting you.

Having already gone after people with higher incomes through the federal tax code and the Social Security system, the government next year will begin charging wealthier seniors more for doctors' care under Medicare.

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The Bush administration, members of Congress and outside experts are all looking at other ways to raise new revenue from the rich.

If taxes must be raised or benefits cut, "you have to ask the question, who should pay the price?" says Robert Bixby, executive director of the Concord Coalition, a fiscal watchdog group.

The answer, according to many Democrats and Republicans, is those with greater ability to pay. Democrats generally are in favor of higher taxes, such as eliminating President Bush's tax cuts for the wealthiest taxpayers. Republicans are more likely to favor raising the price for government benefits, such as Medicare and Social Security.

Singling out wealthier Americans is controversial. When higher-income seniors were asked to pay for an expansion of Medicare in 1988 that would largely benefit the poor, they revolted, and the law was repealed the following year.

Most of the proposals for means-testing benefits still face stiff odds:

•President Bush proposed last year that Social Security benefits should be increased more slowly for "people who are better off." He endorsed a plan that would tie their increases in benefits to prices, rather than faster-rising wages. Congress didn't bite.

•In November, an advisory tax panel created by Bush proposed several major changes to the federal tax code that would limit wealthier Americans' tax breaks for mortgage interest, employer-paid health insurance and state and local taxes. Its report was largely ignored.

•Bush proposed in his 2007 budget to speed up the premium increases paid by higher-income Medicare beneficiaries. Congress has not gone along.

•Many Democrats in Congress want to roll back Bush's tax cuts for the wealthiest Americans, which would raise their tax bill. Republicans want to extend the tax cuts.

Government taxes and benefits already treat rich and poor differently. "It permeates tax and expenditure policy," says Eugene Steuerle of the non-partisan Urban Institute.

The income tax code has six brackets, escalating by income level. The personal exemption, child credit and education credits phase out at higher income levels. The earned income tax credit helps lower-income taxpayers. Savings incentives such as individual retirement accounts are income-related.

Under Social Security's benefits formula, low-wage workers receive a proportionately greater return on their contributions than those with higher incomes. Since 1984, some benefits have been taxed at different rates, depending on income.

Medicare taxes now apply to all wages, so the wealthy pay a far greater share. And lower-income beneficiaries get reduced prices for prescription-drug coverage.

Nevertheless, both Medicare and Social Security are on unsustainable paths, with promised benefits eventually overtaking projected revenue from taxes and premiums. And the federal budget is still $296 billion in the red. So the Bush administration, Congress and budget watchdog groups are looking for additional sources of revenue.

"The growth in entitlement spending is going to be tremendous," says Len Burman, director of the Tax Policy Center. "Reducing the benefits to those who least need government assistance makes sense."

Going after higher-income groups, says former Democratic senator John Breaux of Louisiana, imposes "the least amount of heartburn" on politicians.

In 2003, the Kaiser Family Foundation and the Harvard School of Public Health found that means-testing premiums was the most popular way to raise money within Medicare to keep it financially sound. In 2005, a USA TODAY poll found that limiting benefits and raising taxes for wealthy retirees were the most popular ways to shore up Social Security.

"That's what the public wants," says Douglas Holtz-Eakin, a Council on Foreign Relations economist and former director of the Congressional Budget Office. "The days of free are over."

The newest area of government means-testing is Part B of Medicare, which covers doctors and outpatient services. Under the same 2003 law that created Medicare's prescription-drug benefit, about 1.2 million seniors will be required to pay higher premiums; that will rise to 2.8 million by 2013. Singles with incomes greater than $80,000 and couples with incomes greater than $160,000 will be affected.

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Opponents such as Maria Freese of the National Committee to Preserve Social Security and Medicare say higher premiums will chase healthier, wealthier seniors out of the program, making it more expensive for those remaining to sustain. Experts such as Tricia Neuman of the Kaiser Family Foundation say that's unlikely because no private insurance product compares to Medicare financially.

Not all policies or proposals target the rich. Many of Bush's tax cuts, such as those on capital gains and dividends, benefited wealthy investors. Medicare's drug benefit does not require higher premiums from upper-income beneficiaries.

Democrats in Congress have been first to protest treating rich and poor Medicare and Social Security beneficiaries differently. They fear that doing so could cost the programs public support. "There's always this concern that a program for the poor is a poor program," says Maya MacGuineas of the bipartisan Committee for a Responsible Federal Budget.

For that reason, most experts say further efforts to increase taxes and premiums or reduce benefits for upper-income Americans will face political peril.

"It will have to be done very gradually," says Robert Reischauer, president of the Urban Institute and a former Congressional Budget Office director.

Adds Isabel Sawhill, a Brookings Institution economist: "Doing it right means not carrying it too far."

President's Fund-raising Swing Brings Him To Tampa, Orlando (PALMBEACHP)

By Brian E. Crowley

Palm Beach Post (FL), September 21, 2006

President Bush will be in Florida today raising money for the state Republican Party, its nominee for governor, Charlie Crist, and other candidates.

Bush is scheduled to arrive in Tampa about noon to raise campaign cash for Republican Gus Bilirakis, who is trying to keep the state's ninth congressional seat not only in the party, but in the family. His father, U.S. Rep. Michael Bilirakis of Tampa, is retiring after 24 years in Congress.

Gus Bilirakis faces Democrat Phyllis Busansky, a former Hillsborough County commissioner, in the general election.

About two hours after arriving in Tampa, Bush is scheduled to go to Orlando, where he will pose for pictures at a private reception for those who contribute $25,000 or more to the Florida Republican Party.

A reception for Crist will cost $500, the state's limit on individual campaign contributions to a candidate. Neither the campaign nor the party would disclose how much money they will raise from the events at the Orlando Ritz Carlton.

Crist is running against Democrat Jim Davis in the Nov. 7 election.

U.S. Rep. Katherine Harris, a Republican who is challenging U.S. Sen. Bill Nelson, a Democrat, plans to be at the Orlando events, her campaign said.

Bush is scheduled to depart Orlando on Air Force One by 6:45 p.m.

Nebraska: New GOP Poll Shows Smith Trouncing Kleeb (RC)

Roll Call, September 21, 2006

Although some Democrats have talked optimistically about making the 3rd district race competitive this year, a new Republican poll showed state Sen. Adrian Smith (R) walloping rancher Scott Kleeb (D), 51 percent to 24 percent.

Public Opinion Strategies surveyed 400 likely voters on Sept. 9, 10 and 12 for Smith's campaign and the National Republican Congressional Committee. The poll had a 4.9 percent margin of error.

Smith was considerably better known than Kleeb — 74 percent of those surveyed knew him, compared to a 47 percent name ID for Kleeb — and had fairly solid favorability ratings. Smith and Kleeb are vying to replace Rep. Tom Osborne (R), who lost the May Republican gubernatorial primary, in the western Nebraska district.

"Scott Kleeb and the Democrats had hoped to put Nebraska's Third District in play this election, but that hasn't happened — nor will it," pollster Glen Bolger wrote.

— Josh Kurtz

OHIO

2 Polls Confirm Senate Contest Is Very Tight

DOJ_NMG_0066706

Two new polls out in the Buckeye State Senate race showed the contest between Rep. Sherrod Brown (D) and Sen. Mike DeWine (R) to be a dead heat.

A Quinnipiac University poll released Wednesday showed Brown ahead of DeWine 45 percent to 44 percent, while 11 percent of the 876 likely voters surveyed were undecided.

The poll was done Sept. 11-17 and had a 3 percent margin of error.

The Quinnipiac survey found that DeWine and Brown were in a statistical tie among independent voters. Women favored Brown by an 8 percent margin, while men backed DeWine by an 8 percent margin.

Also out this week, a University of Cincinnati Ohio Poll showed Brown led DeWine 51 percent to 47 percent. The poll of 671 likely voters was taken Sept. 7-17, although interviews were not conducted on Sept. 11. It had a 3.8 percent margin of error.

The gender gap was even wider in the Ohio Poll, as 55 percent of women said they backed Brown compared to 42 percent who backed DeWine. DeWine had an 8 percent advantage among male likely voters.

— Lauren W. Whittington

WASHINGTON

Giuliani to Raise Money for McGavick Senate Bid

Rudy Giuliani, former New York mayor and prospective 2008 presidential contender, is heading to the Pacific Northwest to stump for former insurance CEO Mike McGavick, the Republican Senate nominee.

Giuliani will be in Washington state Oct. 9, according to the McGavick campaign. No further details were available, although the event is expected to be held in the Seattle area.

"Mayor Giuliani will always be remembered as a great American leader, an outstanding mayor, and someone whose decisive, clear-headed leadership helped guide this country through the tragic aftermath of" the Sept. 11, 2001, terrorist attacks, McGavick said in a news release.

McGavick is trying to unseat first-term Sen. Maria Cantwell (D) and is getting enthusiastic support from national GOP leaders.

— Nicole Duran

NEW JERSEY

New Radio Spot Seeks to Link Kean With Bush

Sen. Bob Menendez (D) is on the radio with a new spot accusing state Sen. Tom Kean Jr. (R) of being closely aligned with President Bush.

"Tom Kean Jr. will say anything to get elected," the ad's male narrator begins.

"His pro-Bush, pro-war record is clear. On issues from supporting the Iraq War to privatizing Social Security, Republican Tom Kean Jr. is just like George Bush," continues a female narrator.

Despite the strong Democratic leanings of the Garden State and Bush's low poll numbers there, Kean is running strong in the race. A new Quinnipiac University poll of 688 likely voters released Wednesday found Kean leading Menendez, 48 percent to 45 percent.

The poll was taken Sept. 13-18 and had a 3.7 percent margin of error. However, a Quinnipiac poll of 1,233 registered voters found Menendez ahead, 41 percent to 38 percent. That poll had a 2.8 percent error margin.

Democrats attribute Kean's strength to his lineage — his father is popular ex-governor and former 9/11 commission Chairman Tom Kean (R). But Republicans say that recent reports of Menendez's ethics problems are contributing to the Democrat's problems, and the Quinnipiac poll seems to confirm that.

"The recent ethical questions about Sen. Menendez have hurt him slightly, but the jury is still out," said Clay Richards, associate director of the Quinnipiac University Polling Institute. "More than four in 10 voters say they don't know if Menendez — or Kean for that matter — can be described as honest or trustworthy."

— David M. Drucker

ARIZONA

Democratic Poll Shows Why Republicans Fretted

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One week after last week's hard-fought primaries, a new Democratic poll suggests that the highly competitive 8th district may not be so competitive after all.

In the poll, conducted for former state Sen. Gabrielle Giffords (D) by Greenberg Quinlan Rosner Research, Giffords led ex-state Rep. Randy Graf (R) 54 percent to 35 percent. Two Independent candidates split 5 percent of the vote, and the rest were undecided.

The survey of 500 likely voters was taken Sept. 13-18 and had a 4 percent error margin.

The 8th district seat, which Rep. Jim Kolbe (R) is giving up after 12 terms, represents one of the Democrats' best pickup opportunities of the cycle. National Republicans have fretted that Graf, a hardliner on illegal immigration, may be too conservative for the district, and the poll appears to bear that out.

While both Giffords and Graf were relatively well-known, Graf was viewed favorably by just 32 percent of those surveyed and unfavorably by 39 percent. Kolbe has so far refused to endorse Graf.

— J.K.

NEVADA

President Hopes to Give Them Heller in Reno

President Bush is going to Nevada to headline a fundraiser for the 2nd district Congressional bid of Nevada Secretary of State Dean Heller (R).

According to the Ralston Report, a Nevada tip sheet, Bush will be in Reno Oct. 2 to help Heller in his open-seat contest with Jill Derby (D), a member of the state universities' board of regents.

Rep. Jim Gibbons (R) is vacating the seat as he seeks the governorship.

A recent poll conducted for the Reno Gazette-Journal and KRNV-TV showed Heller leading Derby in the GOP-stronghold 45 percent to 37 percent.

The survey of 600 likely voters was conducted Sept. 5-7 and had a 4 percent margin of error.

— N.D.

LOUISIANA

GOPer's Ad Touts Plan to Rebuild New Orleans

Attorney Joe Lavigne began airing a new TV commercial this week that focuses on his plan to help rebuild hurricane-ravaged New Orleans.

Lavigne is the leading Republican in the 2nd district all-party primary that features embattled Rep. William Jefferson (D), as well as several prominent Democrats.

The ad, airing on CNN and Fox News, notes that the New Orleans Times-Picayune has called Lavigne the "colorblind candidate" and highlights his priorities for the rebuilding effort.

"Honest, Independent, Joe Lavigne, he'll fight for all of us," an announcer says at the end of the spot.

Lavigne had raised more than $242,000 for his campaign as of July 22 .

If no candidate receives more than 50 percent of the vote on Nov. 7, a December runoff between the top two vote-getters will be held.

— L.W.W.

NORTH CAROLINA

LCV Goes on Offense for Shuler's Campaign

The League of Conservation Voters announced its endorsement this week of former NFL quarterback Heath Shuler (D) in his bid to defeat Rep. Charles Taylor (R).

A news release announcing the endorsement noted that Shuler, a standout at the University of Tennessee and a one-time player for the Washington Redskins, is a founding member and spokesman for the Friends of the Smokies, a group that helps preserve the Great Smoky Mountains National Park.

The race in the Tar Heel State's 11th district is among the most competitive in the country this cycle.

— L.W.W.

CALIFORNIA

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Brown Ad Portrays Him as a Fiscal Conservative

Police administrator Charlie Brown (D) is on television in his bid to oust Rep. John Doolittle (R) in the solidly Republican 4th district.

In a 30-second spot airing on cable television in the Sacramento and Reno, Nev., markets that serve the sprawling 4th district, Brown makes his case to conservative voters, saying he'll balance "budgets, secure our borders," and provide real support for the troops.

Brown, a military veteran, has the politically delicate task of trying to appeal to the district's majority of socially conservative voters despite his stands on social issues. The Democrat supports abortion rights and is not opposed to same-sex marriage.

— D.M.D.

CONNECTICUT

Shays to Join Bush at State GOP Fundraiser

President Bush will headline a fundraiser to benefit the Connecticut Republican Party and its candidates Monday.

One of the featured beneficiaries, Rep. Christopher Shays, (R) is scheduled to attend.

The luncheon, which costs $15,000 per couple, will be held at a residence in Greenwich, the hometown of former President George H.W. Bush, the Stamford Advocate reported.

The state party chairman hopes to raise $400,000 for the party's entire ticket, according to the newspaper.

Shays is locked in a tough rematch with Westport First Selectwoman Diane Farrell (D), who almost beat him in 2004.

— N.D.

NEW HAMPSHIRE

Poll: House Incumbents in Good Shape So Far

A recent poll showed Republican Reps. Jeb Bradley and Charles Bass in good shape for re-election.

The Research 2000 survey of 600 likely voters reached Sept. 13-14 on behalf of the Concord Monitor, revealed that both men hold substantial leads over their Democratic opponents.

In the 1st district Bradley led Carol Shea-Porter (D), the surprise winner of last week's Democratic primary, 53 percent to 22 percent. In the 2nd district Bass led attorney Paul Hodes (D), whom he trounced in 2004, 55 percent to 30 percent.

National Democrats are high on Hodes despite his seemingly uphill climb. This week he was added to the Democratic Congressional Campaign Committee's "Red to Blue" program, which assists promising candidates with fundraising, communications and strategic advice.

Party leaders had backed state Rep. Jim Craig against Shea-Porter in the 1st district Democratic primary.

— N.D.

No Child Left Behind Stirs Conn. Campaigns (HILL)

By Elana Schor

The Hill, September 21, 2006

Recent congressional debate over the No Child Left Behind law has been largely nonpartisan, but that has not prevented struggles over implementing it from becoming a flashpoint this fall in Connecticut's hotly contested races.

Footage of Republican and Democratic lawmakers giving the education law high marks for its goals set the stage at yesterday's Business Roundtable event on the coming reauthorization of the law. There, the House's senior Republican and Democrat on education issues struck an optimistic note on future changes to No Child Left Behind, which requires states to test students annually and meet accountability standards.

But frustration among many Democrats and education groups about incomplete federal funding and state benchmarks seen as excessively rigid are fuelling campaign rhetoric in Connecticut. The state remains tangled in a lawsuit against the Department of Education (DoE), arguing that the law is an unconstitutional unfunded mandate.

Diane Farrell, the Democratic former town selectwoman mounting a strong challenge to Rep. Christopher Shays (R-Conn.), has ranked No Child Left Behind alongside the Iraq war among issues where Shays, an avowed centrist, aligned himself

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with the Bush White House. Farrell, in an interview, noted the drop in Connecticut's federal education funding since the Act was signed — the state suffered more than $7 million in cuts this year — and said lawmakers have "got to go in and modify" it.

"We should focus on what really matters: teacher training and class size," she added.

Joe Courtney, a Democratic former state lawmaker mounting his second challenge in three cycles to Rep. Rob Simmons (R-Conn.), also points to No Child Left Behind as shortchanging the state. His campaign contends that a Democratic House majority, with Courtney a part of it, will be far more inclined than a GOP-controlled chamber to force changes in the law.

Simmons, a former educator whose wife is a teacher, admitted in an interview that No Child Left Behind "did not work well in Connecticut" but attributed the problems to overreaction by state education officials, who feuded with Education Secretary Margaret Spellings over implementation.

"Our accountability plan was not well-negotiated," Simmons said, referring to the state-written definitions of student progress that must be approved by the federal government. Specific changes to Connecticut's accountability plan would go a long way, Simmons said, but fighting in court with the Bush administration makes reopening the plan less likely.

Chris Murphy, the Democratic state legislator challenging Rep. Nancy Johnson (R-Conn.), labeled No Child Left Behind "a disaster for Connecticut's students" in his education plan and vowed to "fight to restore state control of education funding."

At the Roundtable event yesterday, DoE Chief of Staff David Dunn and House Education and the Workforce Committee Chairman Buck McKeon (R-Calif.) acknowledged that the law has not hit all its marks.

"I don't want to be put in a position where I'm defending [the law] as the perfect be-all, end-all. It isn't," McKeon said. Echoing Simmons, he said later that lawmakers field the brunt of the criticism for the law's failings "but the problem really lies with state standards."

Rep. George Miller (Calif.), the education panel's ranking Democrat, defended No Child Left Behind, saying, "It is working. There is a lot of angst in this country but … the system is changing."

The landmark statute has also stoked campaign fires in Connecticut's Senate race, where Democratic nominee Ned Lamont released an education plan this month that tracked dire predictions from the Business Roundtable and other groups about plummeting student proficiency in math and science. NCLB, Lamont wrote, "has imposed rigidity and 'teaching to the test' … along with massive unfunded mandates, without any clear benefit in terms of outcomes."

Sen. Joseph Lieberman (D), running as an independent against Lamont, was part of a state delegation that unanimously backed No Child Left Behind in 2001. He told local reporters this week that he would favor hearings with teachers and school administrators to examine broad changes to the statute, not just a reauthorization.

Miller yesterday dismissed the "teach to the test" criticism, a reference to reliance on test scores alone as a measure of student progress. But he praised "growth models," alternative and flexible methods of calculating student success that are in a pilot stage in two states.

The National Education Association (NEA) and American Federation of Teachers (AFT), two politically powerful education unions, both support formally adding "growth models" to No Child Left Behind during next year's reauthorization process. The Connecticut chapters of both unions were the first labor groups to endorse Lamont's upstart run earlier this year.

Connecticut is far from the only state to wrestle with accountability-plan pitfalls, funding gaps and other setbacks with implementation. Still, the law has yet to emerge as a top-tier campaign issue in other close midterm contests because GOP candidates have tended to share Democratic complaints.

In Maryland, where the lax showing of Baltimore city schools has popped up in gubernatorial campaign ads, GOP Senate hopeful Michael Steele positioned himself early as a critic of the new law's execution. Steele's rival, Rep. Ben Cardin (D-Md.), has called for full funding.

Rep. Mark Kennedy (R-Minn.), running behind Democrat Amy Klobuchar in their Minnesota Senate race, touted his vote against No Child Left behind in a recent campaign ad where he narrates, "I want people who know our kids' names to make education decisions, not bureaucrats in Washington." Michele Bachmann, the state senator running for Kennedy's House seat, also opposed the law early in her campaign as an unfair federal mandate.

The NEA's PAC has steered just 13 percent of its nearly $1 million in contributions to Republicans, according to the Center for Responsive Politics. The union, which drew fire from McKeon and other Republicans for its efforts to point out deficiencies in

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the law, has given to two GOP incumbents, Reps. Mike Fitzpatrick (N.J.) and Jim Gerlach (Pa.), to the exclusion of their Democratic foes.

Moderate Shays Tries To Find Ways To Win In Iraq — And Conn. (RC)

By Morton M. Kondracke

Roll Call, September 21, 2006

Henrik Ibsen's play "An Enemy of the People," currently showing at Washington, D.C.'s Shakespeare Theatre, contains a devastating portrait of a political moderate, the kind of image now being projected onto embattled Rep. Christopher Shays (R-Conn.).

In the play, a character named Aslaksen prates about believing in "discreet moderation ... and moderate discretion." At first, he promises to back the protagonist, Dr. Stockman, who has discovered that their town's water pipes and public baths — crucial to the economy — are poisoned with pollution.

But when Aslaksen discovers that repairing the system will force taxes to be raised, he turns on the doctor and backs the town's mayor, a character who echoes Vice President Cheney, in keeping the situation secret.

Shays, the quintessential moderate Republican, is now being accused by Democrats and the media of shifting his position on Iraq out of similar expediency because he is under threat of losing his House seat.

After his August visit to Iraq, his 14th, Shays announced he now favors a timetable for withdrawing U.S. forces — a reversal of his previous stance and a seeming abandonment of President Bush, who is deeply unpopular in Connecticut.

Shays' Democratic opponent, Diane Farrell, is seeking to tie Shays to Bush and the war; she described his shift as "an election-year conversion." Shays added to his woes with an agonized appearance at a reporters' breakfast sponsored by The Christian Science Monitor last week during which he said Bush "has no credibility" on the war.

After attending that breakfast and interviewing Shays for almost two hours, I'm convinced he's no Aslaksen; I believe he genuinely wants to win the war, not simply withdraw U.S. troops, and that he thinks the Iraqi government needs to face deadlines for achieving its goals.

As Shays emphasizes, his proposed timetable is not identical to those being put forward by many Democrats. It isn't based on a date certain, but rather on the achievement of administration goals for training adequate numbers of Iraqi security forces.

Moreover, even though Shays says that both he and Bush lost credibility because weapons of mass destruction were not found in Iraq, I do think Shays has credibility as one of the most diligent Members of Congress in providing oversight of Iraq operations and the war on terror.

As chairman of the House Government Reform subcommittee on national security, Shays has held more than 100 hearings on terrorist threats since March 1999 — well before the Sept. 11, 2001, terrorist attacks — and has been to Iraq more than any other Member, often traveling without U.S. government escorts or approval.

He supported the war and still believes it is "a noble mission," along with Bush's vision of spreading democracy in the Middle East. At the same time, he has delivered consistent warnings — albeit mostly in private, he admits — about failings in administration policy.

After his first visit to Iraq in April 2003, he said, he urged that U.S. forces bring on more Arabic speakers so they could connect with Iraqis. An ex-Peace Corps volunteer, he traveled with nongovernmental aid groups and heard from their Iraqi employees the complaint that U.S. forces purposely had allowed looting in the aftermath of the war.

He said he argued that it was a mistake to disband the Iraqi army and police forces, whose lower-level personnel could have been employed to guard hospitals and other facilities.

FBI agents in Iraq told him — and he told Bush — that U.S. forces should be dismantling roadside bombs to trace their manufacturers instead of exploding them. He says he also urged the Pentagon to move faster in armoring Humvees and trucks.

After the Iraqi government began recruiting police, he warned U.S. officials, on the basis of a staffer's visit to a training facility, that the police were being infiltrated by militias loyal to radical Shiite cleric Muqtada al-Sadr.

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Shays said U.S. deadlines were crucial in getting Iraq to form a provisional government, write a draft constitution and hold elections in 2005. Then, he said, it took more than four months to form a government, and "since January, nothing has happened" to reconcile sectarian groups, write a final constitution and hold provincial elections.

"It's a slow death," he told me. He wants to force Iraqi reform both because he's afraid Americans are losing the will to see the mission through and because Iraq is heading for civil war. Echoing Bush, he said that U.S. defeat in Iraq will be a victory for radical Islamic terrorism.

In Ibsen's play, which is well worth seeing, the town's mayor covers up the truth about pollution because "without moral authority I am powerless to direct public affairs for what I judge is the common good." Shays thinks the administration should be admitting its mistakes to regain credibility.

The truth-telling doctor in the play becomes the enemy of the people. He gives up on convincing anyone else and declares that "the strongest man in the world is he who stands most alone." Shays seems to fear that Bush is becoming like the doctor. Shays said he is willing to lose his seat over Iraq, but clearly he would rather win both contests.

Dems To Spotlight Iraq (HILL)

By Jonathan Allen

The Hill, September 21, 2006

Congressional Democrats plan to hold Iraq war hearings on Capitol Hill and around the country, turning an election spotlight on an issue much as the GOP did with immigration during the summer recess.

The Democrats' will highlight the fact that they intend to go toe-to-toe with Republicans on the issue of national security, believing that this election cycle it can play to their advantage rather than to their detriment as it has in elections past.

And Rep. Walter Jones (R-N.C.), a leading House critic of the war, indicated yesterday that he would give the hearings a degree of bipartisan cover by attending them when he can.

"Any [hearings] up here that I can get to, I'll attend," said Jones, who voted for the resolution authorizing President Bush to use force in Iraq but has since pressed to bring American troops home. "I wish it was my party, the committees in the House, doing the same thing. The American people want answers."

Jones said he would try to attend the Senate Democratic Policy Committee's (DPC) first planned hearing on Monday, provided he can make the five-hour drive from his district in time.

Rep. Gil Gutknecht (R-Minn.) also said he would consider taking part in the hearings, which Democrats say will be open to Republican lawmakers on both sides of the Capitol.

"I might take them up on it," Gutknecht said. "I would certainly consider sending them some written testimony."

The hearing on Monday, featuring military officers who served in Iraq, will delve into "the policy decisions that led to the current situation in Iraq," according to Barry Piatt, spokesman for DPC Chairman Byron Dorgan (N.D.).

Democrats said they will follow up that hearing with field hearings around the country at least through November. They argue that Republicans have neglected to provide proper oversight of the war in a number of areas, including postwar planning, troop readiness and care for troops and veterans.

"At no time is congressional oversight more important than when the men and women of our armed forces are engaged in combat to defend our freedom," Dorgan and Senate Minority Leader Harry Reid (D-Nev.) wrote in a letter to Majority Leader Bill Frist (R-Tenn.) and Republican Policy Committee Chairman Jon Kyl (R-Ariz.) in which the Democrats invited Senate Republicans to attend their hearings.

"We all understand how important the war on terror is, especially the ongoing fighting in Iraq. These issues have been addressed on the floor of the Senate and will continue to be addressed," Frist spokeswoman Carolyn Weforth said. "It's no surprise, however, that on the day after a national poll showed improving American attitudes toward the liberation of Iraq, that the Democrat leadership would want to change the subject."

Democrats said they extended an invitation to Republicans so that the hearings would be seen as fair.

Jones, who attended a DPC oversight hearing earlier this year, said his experience with the panel was "absolutely fair."

"I called Sen. Dorgan's staff and told them I wanted to come," he said of the first hearing he attended. Aides to Jones and Dorgan talked yesterday about making arrangements for Jones to attend Monday's hearing.

Even if they are not ready to share a dais with the Democratic Policy Committee, there are other Republicans who say their party has done too little to keep an eye on the administration's conduct of the war.

"I think it's been inadequate oversight of the Iraqi issue," said Rep. Jim Leach (R-Iowa), who has opposed the Iraq war from its outset. Leach left open the question of whether he might attend the hearings.

"I'd have to see what they're doing," he said.

Leach said he believes in bipartisanship in assessing national security issues, that both parties should offer support and criticism of presidents.

"I can't tell you that either political party looks good on the Iraq issue," he said.

Dorgan has held numerous hearings on Iraq contracting and the government's handling of hurricanes Katrina and Rita. Like Leach, he has called for the establishment of a commission, modeled after a committee run by then-Sen. Harry Truman (D-Mo.) during World War II, that would investigate allegations of contracting abuses.

"Because we have one-party control, there's been virtually no oversight," Dorgan said. "This Republican-led Congress has been AWOL when it comes to the war in Iraq."

Jones said he would like to hear from more people than he has at House Armed Services Committee hearings.

"We had hearings, but I think we need different witnesses than we've had," he said. "Anything I can do to expand my knowledge … helps me make the right decisions for my people."

Jones said in particular that he wants to hear from retired senior military officers such as retired Gen. Anthony Zinni, retired Maj. Gen. John Batiste, and retired Marine Lt. Gen. Gregory Newbold, all of whom have called for the resignation of Defense Secretary Donald Rumsfeld.

GOP Bullish On Prospects Of Stealing Case's House Seat (RC)

By Nicole Duran

Roll Call, September 21, 2006

When Rep. Ed Case (D-Hawaii) decided to give up his House seat to challenge Sen. Daniel Akaka (D-Hawaii) few pundits or political operatives believed Democrats would have a hard time holding onto his 2nd district seat.

But with Saturday's primary looming, Republicans sense a unique opportunity brewing in the Aloha State and some Democrats fear they are right.

Ten Democrats are vying for their party's nod while two Republicans — a multimillionaire heir to the Hawaiian throne and a popular sportscaster — compete for the chance to represent the GOP and possibly make history.

The ultimate Democratic nominee is "going to land on the other side of the primary broke," said one Democratic operative who did not want to be named.

If Quentin Kawananakoa wins the Republican nomination, which is far from certain, the Democratic candidate could face "an infinite war chest," the operative warned.

Kawananakoa is a former state lawmaker and a direct descendant of Hawaiian Prince David and Princess Abigail Kawananakoa. He also is an heir to the Campbell Estate, a large private trust, philanthropic entity and mammoth real estate venture.

The trust owns huge tracts of land in Hawaii. When it dissolves next January, it will net Kawananakoa about $25 million on top of his already considerable fortune, according to The Honolulu Advertiser.

Republicans are positively giddy about this prospect. It is "the sleeper race of the decade," according to Jonathan Collegio, a spokesman for the National Republican Congressional Committee. "Few pundits and few pols are paying attention to this race and it's on virtually no one's radar but Republicans have two candidates in Kawananakoa and Bob Hogue who could easily go all the way."

Hogue is a state Senator and former local TV personality who still writes a regular sports column for a weekly newspaper. According to private and public polls, the race between Hogue and Kawananakoa is neck-and-neck.

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Kawananakoa had a little more than $117,000 in the bank as of Sept. 3 while Hogue had just about $20,000. Kawananakoa had sunk almost $350,000 of his own money into well-produced TV spots and other aspects of his campaign.

Though Hogue has not proved himself an adept fundraiser, Democrats and Republicans agree he is a well-known figure with positive name recognition.

The 2nd district spans all the outlying islands and all of Oahu, save Honolulu.

Many in Hawaii's Democratic establishment are still bitter that Case not only is challenging Akaka, an affable elder statesman, but that by doing so he takes an otherwise safe Democratic seat and possibly puts it in play during a cycle when Democrats have a realistic chance of winning control of the House.

"Are Democrats worried?" one Hawaiian Democrat who did not want to be named asked. "Yeah they're worried; they're still ticked off that Ed Case left a safe seat and even created that kind of problem."

But Ira Rohter, a public policy professor at the University of Hawaii, said Democrats can relax.

Case's Senate candidacy has reinvigorated the state's Democratic Party, he said. The establishment, which had been stagnating, has sprung back to life to rally around Akaka as party elders think Case threatens them as much as he threatens the 82-year-old Senator.

Once the Senate primary is done, the newly mobilized Democratic Party will turn its attention to the open House race, Rohter predicted.

Furthermore, Rohter said the fact that no one can predict who will win the Republican primary shows that national Republicans' hope for Kawananakoa is unfounded.

"It seems there's not a lot of passion for Kawananakoa," he said. "I wouldn't put my money on Kawananakoa.

"He didn't distinguish himself in the Legislature and the idea of him as a prince, he is not even the first line," Rohter said, noting that Kawananakoa descends from a more distant branch of the original Hawaiian royal family.

Queen Liliuokalani ruled the Hawaiian archipelago until she was overthrown by American businessmen and landowners, with the help of U.S. Marines, in 1893.

Rohter said Hogue is viewed as a nice guy and popular sports figure but that both he and Kawananakoa are light on legislative accomplishments and "really B-Team stuff" compared to the Democratic field.

In the past two presidential elections, the Democratic nominee has done better in the 2nd district than statewide. Sen. John Kerry (D-Mass.) took 56 percent of the vote there in 2004.

GOP Hopes Attacking Democrats' Tax Records Pays Off (CCT)

By David Hammer

The Contra Costa Times, September 21, 2006

WASHINGTON - Some Republicans feeling the pinch in key midterm elections are emphasizing an old mantra that Democrats will raise taxes, despite low voter interest in the topic this campaign season.

Republicans are putting a large amount of money behind the message in a key U.S. Senate race in Ohio. Sen. Mike DeWine and two national Republican Party organizations have spent at least $3 million on television ads seeking to convince voters that DeWine has a record of cutting taxes and alleging that his opponent, Rep. Sherrod Brown, votes to raise them. The back-and-forth has included dueling and disputed tallies of how many times Brown voted for raising or lowering taxes.

In certain states and congressional districts, Republicans are hoping taxes are the way to take voters' minds off GOP corruption scandals, the war in Iraq or Bush's low approval ratings.

"Republicans are looking to take refuge in issues that have been tried and true in the past," said Chris Borick, a pollster at Muhlenberg College in Allentown, Pa. "In a year when they feel under siege in a number of high-profile races on issues like Iraq, they are going back to the basics."

Also, in races that appear to be going down to the wire, Republicans hope their traditional tax message can at least keep the support of conservative voters who have shown a disdain for the current GOP leadership.

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"Taxes - they will never top the charts as the most important issue facing the country, but they still are very important to a significant group of people who feel very intensely about the issue," said Whit Ayres of GOP polling firm Ayres McHenry in Alexandria, Va.

Several national polls have suggested taxes won't drive voters on a national level. An AP-Ipsos poll Sept. 11-13 found voters consider Iraq, terrorism, health care, the economy and social security as important issues more readily than taxes.

Fifty-three percent of 661 likely voters surveyed see Iraq as extremely important, compared with 37 percent who gave high personal importance to taxes.

But the national mood aside, Republicans have made sure the issue is prominent in certain locations, especially in tight suburban House races, where socially moderate voters are still conservative on pocketbook issues.

Republican Reps. Jim Gerlach and Mike Fitzpatrick ran TV ads attacking their opponents on taxes in suburban Philadelphia. In northwest Connecticut, Rep. Nancy Johnson has an ad that repetitively says Democrat Chris Murphy voted to raise taxes 27 times. In suburban Columbus, Ohio, Rep. Deborah Pryce, a member of the GOP House leadership, has tried to define Democrat Mary Jo Kilroy for the taxes she raised as a county commissioner.

In the Ohio governor's race, Republican Ken Blackwell addressed taxes at least two dozen times during his first debate with Democrat Ted Strickland. Blackwell said he plans to cut them and predicted his opponent would raise them, which Strickland denied.

Democrats are touting their own plans for targeted middle class tax breaks. Strickland said he would be able to pay for projects without raising taxes. Brown and Kilroy called separate news conferences to announce similar proposals for middle class tax credits.

Brown said Republicans can't count on owning the tax issue this time.

"This effort to give tax breaks to the richest in the country - the scam's up," he said.

Democrats have to address taxes, even though the issue is perceived as a strength for the GOP, said Joe White, a political science professor at Case Western Reserve University in Cleveland.

"You want to neutralize your opponent's issues, so a certain amount of moderate me-tooism is appropriate for Democrats," White said. "The Republicans are trying to define the Democrats. At the minimum, the Democrats have to say, no, that's not me."

Courting Votes For Next Year (HILL)

By Josephine Hearn

The Hill, September 21, 2006

The two Democrats vying to become House majority leader next year are courting Democratic candidates likely to win in November, hoping to reach out early to those who may one day have a say in their promotion.

Rival Reps. Steny Hoyer (Md.) and Jack Murtha (Pa.) have been discreetly raising the issue with candidates, even as they campaign to ensure that Democrats will win control of the House, without which their contest for the majority leader post cannot take place.

“It’s being done on both sides,” said Rep. Bill Pascrell (D-N.J.), a Murtha supporter, referring to the efforts to reach out to candidates. “It would be remiss not to do it.”

In a Democratic House, freshman would number not fewer than 27 — at least 15 from previously Republican districts, plus as many as 12 replacing Democrats who are retiring or running for higher office. That bloc of new members, who lack the entrenched loyalties of incumbents, is enticing to both campaigns.

Hoyer, the minority whip, has long been active with candidates, traveling around the country on behalf of the Democratic Congressional Campaign Committee (DCCC) to recruit promising challengers, raise money, hold press events and mentor new recruits through the ups and downs of the campaign season.

Hoyer has visited candidates in 31 districts this cycle, an aide said, and directly contributed over $600,000 to candidates.

Murtha has traveled as well, hitting districts in Pennsylvania, Ohio and New York, but he lacks the breadth and depth of relationships Hoyer enjoys, said members and aides on both sides.

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"It's a slight advantage, yes," Pascrell conceded. "Because [Hoyer] has been involved in so many other elections, no one can argue Steny's status with candidates, [but] Jack is very well regarded for his work on the committees. In the last five years, Jack has emerged as an individual people will pay attention to because Iraq and 9/11 is the subject at hand."

Among current Democratic lawmakers, Murtha is undoubtedly a giant, but to candidates, he is known largely for his outspoken stance on Iraq, said Democratic sources.

"I am sure Mr. Murtha is a fine person, but Congressman Hoyer came out to my district, held a fundraiser for me. He met with the press. He's been a mentor for questions, a coach, essentially a father figure," said a Democratic candidate in a competitive race who asked to remain anonymous.

The candidate went on to suggest that Murtha's position on Iraq made him too polarizing for the district.

"I have an incredible respect for [Murtha's] service background, but in regard to the war, I'm trying to give my own presentation."

Rep. Mike Capuano (D-Mass.), a Murtha ally, downplayed the influence of campaign work on leadership races.

"Does that personal contact matter? Yes. Does it translate into votes? No. Candidates are thinking about their own races right now, not this race."

Capuano was confident of Murtha's standing even before the new members were counted, predicting that Murtha would win by a "measurable degree."

Capuano estimated that there were still 30 to 35 uncommitted members in the race, 20 of whom had "vehemently opposed" the idea of starting the contest before the election.

Rep. John Dingell (D-Mich.) took issue with Capuano's assessment.

"I thought that this campaign had been suspended," he retorted. "It seems there is a lot of over-confident talk being thrown around while we should be concentrating on the November elections."

But Dingell's doubts about conducting a race now didn't prevent him from throwing his support behind Hoyer.

"A majority of our caucus understands that Steny is the majority leader we need to help lead us when we take back the House," he said.

If Murtha is to win, as Capuano contends, he must do so against a tide of newly elected members who have been helped by Hoyer. Many Democratic candidates running in swing districts are centrists, and centrists have traditionally sided with Hoyer.

Rep. Mike Ross (D-Ark.), a Blue Dog who did not vote for Hoyer in the race for whip several years ago, said he was backing Hoyer now. He lauded the whip's work with candidates.

"The phone calls he's made, the trips around the country, the people he knows and the people who know him will all help his chances of being the next majority leader," Ross said. "... How many Democratic candidates has he not met? The answer is very few.

"I have not one bad word to say about Jack Murtha, but I've seen Steny continue to work, working hard every year and I think he's earned the right."

Still, Murtha has a formidable track record on leadership races. He largely engineered Rep. Nancy Pelosi's (D-Calif.) ascent to minority leader and Rep. John Larson's (D-Conn.) victory in the race for caucus vice-chairman.

Asked whether Hoyer enjoyed an advantage among candidates, Murtha said only, "We'll see."

Murtha has been picking and choosing his opportunities across the country, at times taking a gamble in safe Democratic seats by endorsing a candidate before the primary. He backed Mike Erlandson, a Democratic candidate in Minnesota, before he lost to Keith Ellison in the primary. In New York, he had better luck, holding a town hall event for candidate Yvette Clarke shortly before she won her primary.

"It was extraordinary," said Clarke, who was doing a victory tour around Capitol Hill yesterday. "We were gaining momentum at that time and [the visit] just threw the campaign into overdrive. That was significant. It wasn't just an endorsement for endorsement's sake."

Hoyer, the minority whip, called her after the primary to offer his congratulations, but she knew little about him.

"I looked on the Internet afterwards and: Lo and behold!"

Clarke said she had no preference yet in the majority race, but she was scheduled yesterday to meet with Murtha.

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Both Parties In Ky. Battle Try To Take Right Flank (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 21, 2006

ELIZABETHTOWN, Ky., Sept. 20 -- Mike Weaver, age 67, is a former Army colonel who said he knows what war is about. He'll tell you that if you ask, or if you don't. In fact, he rarely goes more than a few sentences without mentioning his military career. He's eager also to share his views on abortion rights: opposed. Or gun control: opposed. Or same-sex marriage: very much opposed.

Weaver is the Democrat in Kentucky's 2nd District. At first blush, that might seem like an advantage. There are 100,000 more registered Democrats than Republicans in these precincts, home to tobacco fields and Fort Knox, south of Louisville. But for the past 12 years a good many of these Democrats have been happy to vote again and again for one of the most reliably conservative Republicans in Congress.

Rep. Ron Lewis, who used to own a Christian bookstore, has won seven straight elections -- most times without breaking a sweat.

Weaver is doing his best to make Lewis sweat this time. Weaver's campaign revolves largely around convincing even his fellow Democrats that he is conservative enough.

This is one of the places where the "Republican Revolution" began in 1994 -- before then, Democratic representative William H. Natcher held the seat for 40 years -- and it is a good window into whether the GOP reign will end in 2006.

It is also the first stop in The Washington Post's nine-day trek through nine congressional districts that sit on the dividing line between the upper South and the industrial Midwest. There is no place outside the Ohio River Valley where so many competitive districts are clustered in an unbroken line.

The aim is to capture the 2006 campaign -- its characters, issues, back stories -- at eye level, touring 500 miles of main roads and less-traveled paths through Kentucky, Indiana, Ohio and West Virginia. Even in a year buffeted by unease over the Iraq war and other national issues, many competitive races are shaped by local twists. There is the Democratic candidate who worries that a decades-old high school basketball rivalry could cost him the election, and a Republican hopes to turn local pork-barrel spending into political gold.

And there is Kentucky's 2nd, where Weaver, a state representative, is running not only against Lewis but also against long currents of political history. Natcher, who as Appropriations Committee chairman prided himself on the bridges and highways his political clout made possible, was a beloved figure right up until his death in office in March 1994. In the special election to replace him, Lewis hit hard on President Bill Clinton's unpopularity in the district. At the time, Lewis's victory was seen as something of an aberration.

It was really an omen. That November, a generation of Southern Democrats were tossed out of office by voters turned off by their affiliation with a national party that was far more liberal than their districts.

The Democratic plan for reversing the past here and in similar districts centered on recruiting candidates who sound like Republicans, at least on social issues. A military background was a big bonus.

Enter "the colonel." At least that's what Weaver's aides always call him. In addition to his military record -- the Weaver Web site says he knows "what it means to defend our freedom on foreign soil" -- he prominently mentions his faith (Roman Catholic) and his family (11 grandchildren). In a campaign headquarters a stone's throw from a mobile-home dealership where doublewides are on sale, Weaver looks fit and angry enough to jump back into the trenches at any moment. He boasts that Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said Weaver is the only Democratic candidate who intimidates him.

He casts a skeptical eye on the out-of-town reporters who come to interview him. But then he turns his ire on Democrats for allegedly surrendering the political war over values they should be winning. "We have allowed them to steal from us without challenging it at all that they are the party of faith and family values," he said of the Republicans. "One of the first things we need to do is change that, because I think that is absolutely absurd."

But Lewis said Weaver cannot escape association with his party.

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"If you look at the national Democrat party and their platform, the Democrats of the 2nd District do not line up with that," he said.

Lewis spokesman Michael Dodge said he does not dispute that Weaver is as socially conservative as the congressman, but he warns that once in Washington the colonel would be taking orders from liberal leaders such as House Minority Leader Nancy Pelosi (D-Calif.). Those are fighting words in these parts, where Christian singer Michael W. Smith can be heard singing praise and worship songs on the radio at Chick-Fil-A.

The district, which President Bush won with 65 percent of the vote in 2004, is a string of rural farming communities interrupted only by towns such as Elizabethtown, population 23,000. The Kentucky 2nd is anchored by Elizabethtown in the north, Bowling Green in the south and Owensboro in the west.

The area is in transition. Tobacco farmers are converting to soybeans and corn. Military life is changing, too. Fort Knox, the Army base that drew thousands of military personnel to Radcliff and turned them into lifelong district residents, survived the most recent round of cutbacks but lost its armor school, which trains personnel for armored warfare.

The latest change is that the district is once again an interesting place to watch an election. The Republican congressman this week aired campaign commercials -- the first time a challenger has forced him to do that in eight years -- and he plans to spend well over $1 million to defend his seat.

Given the scant difference on social issues, Lewis is taking aim at Weaver over tax cuts. In one of the new ads, Lewis warns that Weaver would vote for tax increases as he did several times in the state assembly. "That voting record doesn't line up" with traditional values, Lewis said. That he is going negative this early suggests Weaver's internal polling -- showing the GOP lead in single digits -- might be on target.

Weaver, in an interview, concedes that he would support repealing the Bush tax cuts that benefit the richest 1 percent of taxpayers, but he refused to detail any specifics. He walked a similar line on the Iraq war. He criticized Bush's planning and execution of the war, and he demanded that the president put forth a plan for withdrawal, but he has not backed any timetables himself. And, no matter the question, his instinct is to turn the conversation back to his biography.

"My faith and values were taught and nurtured in my home," he said, "then taught and nurtured in the school system, which happened to be a Catholic school. It was also taught and nurtured in a church -- and confirmed in a foxhole. That is my faith and values, and I match that with anyone."

The Magnificent Seven Hit The Campaign Trail (HILL)

By Alexander Bolton

The Hill, September 21, 2006

The Senate Republican freshman class is known as the “Magnificent Seven,” and like the cowboy heroes of the Western classic from which they take their nickname, they plan to ride into town to save the day.

The Republican freshmen plan to campaign together as a group next month in states such as Michigan, Minnesota, and Maryland, where the GOP thinks it has the best chances of picking up Democratic seats.

The plan has gelled in recent weeks as members of the class have discussed who among them should volunteer to run the National Republican Senatorial Committee (NRSC) during the next election cycle. The perch has traditionally been viewed as a steppingstone to leadership, but with 21 GOP seats to defend, the task is one that the seven freshmen have shunned despite their senior colleagues’ strong expectation that one of them should rise to the task.

Sen. John Thune (R-S.D.) had been the senior senators’ main hope of taking over the Senate fundraising committee and the arduous tasks of recruiting candidates and raising millions of dollars next cycle, the final two years of the Bush administration when the national political environment may be as difficult for Republicans as now.

Members of the class were dubbed the “Magnificent Seven” when they first came to Congress two years ago because of the impact expected from the five-seat lead they then gave Republicans in the Senate. They are Thune, and Sens. Richard Burr (N.C.), David Vitter (La.), Mel Martinez (Fla.), Jim DeMint (S.C.), Johnny Isakson (Ga.), and Tom Coburn (Okla.).

Facing possible questions about their willingness to be team players, the class met Thursday to tackle the issue of who would head the NRSC next year. But they made little progress, according to participants, and have decided to defer the puzzle

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until after the Nov. 7 election. Burr said postponing discussions on the future leadership of the NRSC would also give more senior lawmakers time for "soul searches" over whether they wanted the job.

But there seems to be little interest among veteran Republicans.

"It takes a member willing to work a thankless job," said Sen. Judd Gregg (N.H.), a third-term Republican. "It's a lot of hours and you have to raise a lot of money."

In the meantime, the class will gather during the second week of October to stump in states where Republicans have a shot at capturing Democratic seats.

"We're committed as the freshman class to go out and help the candidates," said Thune, who last month declined the NRSC job because of the effect its time and travel demands would have on his family.

Thune said campaigning with classmates would underscore to voters what they stand to accomplish by electing Republicans to the Senate. For example, the five-seat majority that the class of 2004 gave to Senate Republicans helped confirm two conservative justices to the Supreme Court and pass important pieces of legislation, such as bankruptcy reform, class-action tort reform, and gun-liability reform.

The class plans to argue that increasing the Republican majority, or offsetting the loss of GOP incumbents, would enable their party to expand its list of accomplishments.

"We've had an impact and made a difference," Thune said, adding that the message would be more penetrating if delivered from a group. "We want to show that these elections matter and make a difference. All of us are going to emphasize that; it adds intensity to the message."

Burr, who is considered one of the most likely to play a leadership role at the party committee next cycle, said an effort would be made to get as many of his classmates together next month in each of the targeted states. He acknowledged that the size of the group may vary from place to place.

Burr said the plans had been under discussion for several weeks and became more defined after last week's meeting. But the scheduling is not complete.

Vitter said the lingering expectation that someone from their class chair the NRSC next year did not have much influence on the decision to campaign together.

"I don't think it's a big factor," said Vitter, who emphasized the positive dynamic among his classmates. "We bring a certain energy to the trail."

So far, the class has kept its plans largely to itself. A spokesman for the NRSC said he was not aware of them, nor was a spokesman of one of the participating members.

Minnesota, Michigan, and Maryland are on the itinerary because they are each states where Republicans have a chance to capture a Democratic seat and add to the Republican majority as the class of 2004 did two years ago. They are also closer to more of the lawmakers' states than Washington state and Nebraska, where Republicans also have pick-up opportunities.

Political handicappers rate the races in Minnesota, Michigan and Maryland as less competitive than races in Pennsylvania, Ohio, Montana, Missouri, Tennessee, and Rhode Island, where Republicans are in danger of losing seats.

The Fight For The Senate: More GOP Headaches, And One For Democrats (RC)

By Stuart Rothenberg

Roll Call, September 21, 2006

Recent developments have improved Democrats' prospects in their fight to take the Senate, with the Republican hold on the chamber looking more tenuous than even a month ago.

While the renomination of Rhode Island Sen. Lincoln Chafee has improved GOP chances of holding onto his seat, Virginia Sen. George Allen's ongoing problems have put a previously safe Republican seat at growing risk. The development in Virginia has a far greater impact on the fight for control, since it means a sixth GOP seat — the magic number for the Democratic Senatorial Campaign Committee — is now in play.

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Chafee's victory over Cranston Mayor Stephen Laffey was impressive, particularly because Republican turnout efforts proved to be so effective. Chafee is about even money to hold his seat, not exactly a comfortable position for the National Republican Senatorial Committee, but a far better one than if Laffey had won the party's nomination.

But whatever benefits the Republicans have derived from developments in Rhode Island have been more than erased by Allen's problems in the Old Dominion.

Leaving aside all of the questions about whether the media exaggerated the controversial nature of Allen's "macaca" comment (they did), whether the media's portrayal of the demeaned Jim Webb (D) staff member was ridiculously naive (no argument here), whether Allen's grandmother's religion is relevant (it isn't) or whether The Washington Post is out to defeat the Senator (a lot of Republicans think it is pretty obvious), Allen hasn't stood the light of day very well.

Anyone who watched the Allen-Webb joint appearance on NBC's "Meet the Press" on Sunday with any degree of disinterest had to conclude that Webb looked relatively poised, thoughtful and smart. He thoroughly outpointed the Republican Senator.

Moreover, there now have been enough polls in Virginia to conclude that its Senate race is a single-digit contest, and Northern Virginia's growing importance in the state ought to have Republican strategists worrying about its nominee.

Some Republicans clearly are concerned, while others continue to insist, regardless of the polls, that Allen can't lose and is guaranteed 53 percent of the vote no matter what he says or does. Given how the race has developed and how little ammunition the Allen folks have against Webb, I think those Republicans who are worried have reason for concern.

Additionally, Republican seats in Pennsylvania and Montana now look very, very vulnerable, with a third, Ohio, only slightly better. Rhode Island and Missouri look like tossups, with neither party having a distinct advantage. Add Virginia to those and you have six seats, and at least a scenario for a Democratic takeover.

Two other Senate seats that Democrats have been competing in strongly, Arizona and Tennessee, still look to me to be more difficult for them, though their nominees still have six weeks to change that.

While there has been some "normal" closing in Arizona, the Tennessee contest could get very interesting in the next month if Republican Bob Corker doesn't start to put some room between himself and Democratic Rep. Harold Ford Jr. For the moment, I'm still expecting that to happen.

The other development in recent weeks has been in New Jersey, where, as I have believed all along, the Democrats' hold on the Senate seat is far from secure, even with the GOP's obvious weakness in the state.

Appointed Sen. Bob Menendez's (D) problems look very real, including a new federal investigation into a landlord/rental agreement with a community group over a building Menendez owns.

Menendez has, for months, flicked off suggestions that ethics could be a problem for him by asserting that he has been a reformer fighting against the establishment throughout his career. Well, Garden State voters — at least so far — haven't bought Menendez's storyline, and even if Republican challenger Tom Kean Jr. sometimes looks too green, voters in the state are giving him a long, long look.

The more Menendez is distracted by questions about himself and the more he is on the defensive, the better Kean's chances of making the contest a referendum on Menendez.

I still am not certain that Kean can beat Menendez, but this contest increasingly looks like a Democratic problem and the GOP's best opportunity to win a seat held by the minority.

Elsewhere, except for Maryland, there aren't a lot of reasons to be terribly excited about Republican prospects. Sure, that could change, but West Virginia never developed at all, and Michigan still looks like a snoozer (especially compared to the state's gubernatorial race). That leaves Minnesota and Washington, both of which seem to be going in the wrong direction for the GOP.

Republicans still have the advantage in the fight for the Senate. While I rate Missouri as a tossup, I still give Sen. Jim Talent (R) an edge. That means Democrats have the advantage in only three states with GOP incumbents: Pennsylvania, Montana and Ohio. They'll need to add at least three more races to that list to win the Senate, and, of course, they cannot afford to lose New Jersey. It still looks very hard, but with the addition of Virginia, it finally looks at least possible.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Allen's Mother Revealed Jewish Heritage To Him Last Month (WP)

By Michael D. Shear

The Washington Post, September 21, 2006

RICHMOND, Sept. 20 -- Henrietta "Etty" Allen said Wednesday that she concealed her upbringing as a Jew in North Africa from her children, including Sen. George Allen (R-Va.), until a conversation across the dining room table in late August.

She said Allen asked her directly about his Jewish heritage when he was in Los Angeles for a fundraiser. "We sat across the table and he said, 'Mom, there's a rumor that Pop-pop and Mom-mom were Jewish and so were you,' " she recalled, a day after Allen issued a statement acknowledging and embracing his Jewish roots as he campaigns for a second term in the U.S. Senate.

At the table in Palos Verdes, Calif., Allen's mother, who is 83, said she told her son the truth: That she had been raised as a Jew in Tunisia before moving to the United States. She said that she and the senator's father, famed former Redskins coach George Allen, had wanted to protect their children from living with the fear that she had experienced during World War II. Her father, Felix Lumbroso, was imprisoned by the Nazis during the German occupation of Tunis.

"What they put my father through. I always was fearful," Etty Allen said in a telephone interview. "I didn't want my children to have to go through that fear all the time. When I told Georgie, I said, 'Now you don't love me anymore.' He said, 'Mom, I respect you more than ever.' "

Allen's heritage became an issue in the Virginia Senate campaign Monday, when television reporter Peggy Fox raised it at a televised debate in front of 600 business executives in Fairfax County. Allen repeated what he has said in the past: "My mother's French-Italian with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian."

In fact, Allen had just recently learned about their Jewish roots when he made those comments. Allen declined to comment, but his mother said she had sworn him to secrecy.

"I said, well, I just didn't want anyone to know," she explained. "I had said, 'Please don't tell your brothers and sister and your wife.' The fact this is such an issue justifies my actions, and my behavior."

For Allen, the 2006 campaign was supposed to have been a coronation -- an easy reelection to a second term in the Senate and a springboard to national prominence and a possible presidential campaign in 2008. Instead, the last six weeks have become a nightmare for his political consultants and a source of material for late-night comedians.

And for the past three days, he has been forced to deal publicly with a very private matter.

Allen's Jewish heritage has been a subject of low-level political speculation for years, in part because the former governor and first-term senator often refers to his grandfather's incarceration by the Nazis in political speeches. But Allen has always said Lumbroso was a member of the Free French resistance movement and insisted that he and his mother were raised as Christians.

Fox has said her question was prompted by an article in a Jewish newspaper that had explored his heritage last month.

"You've been quoted as saying your mother's not Jewish, but it had been reported her father, your grandfather Felix, whom you were given your middle name for, was Jewish," Fox asked Allen. "Could you please tell us whether your forebearers include Jews, and if so, at which point Jewish identity might have ended?"

Allen reacted angrily, in part, because Fox's question came on the heels of a previous one about the "macaca" controversy. Fox had asked Allen whether he learned the word macaca from his mother. Allen had used the word to describe an Indian American volunteer for the campaign of his Democratic opponent, James Webb. Macaca is a genus of monkey and is a French slur for a dark-skinned person. French and Arabic are spoken in Tunis.

Etty Allen said Wednesday that she had never used the word "macaca" before and had to go to a dictionary to look it up when she heard of the controversy. She said the word did not exist in her dictionary.

"I swear to you, I have never used that word," she said. "I must have used a lot of bad words, but not that word."

Allen's angry reaction at the Chamber of Commerce debate prompted criticism from Internet bloggers and some Jewish leaders, some of whom accused him of hiding his Jewish ancestry or viewing it as a political problem.

"It's strange that George Allen wasn't more curious about his own heritage and a lot of people are wondering why," said George Mason University politics professor Mark J. Rozell.

But Rozell said most Virginia voters are not likely to see the question of Allen's roots as an important one in determining how they will vote in November.

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"I don't even think among some of the more hard-core religious conservatives in this state it will cause him any difficulty," Rozell said. "When it comes down to it in November, voters are going to look at George Allen's record, the war in Iraq, Jim Webb, a lot of policy issues."

Allen's mother said she first began concealing her Jewish roots after meeting her future husband, afraid that she would not be accepted by his parents and fearful that her religion could harm his budding coaching career, which started at Whittier College, a school in Southern California founded by Quakers.

"He didn't want me to tell his mother," she said of the elder George Allen. "At that time, that was a no-no, to marry outside the church." Allen died in 1990.

Leo Mugmon, 92, a longtime friend of Allen's mother who knew her as a Jew in Tunis, recalled her decision to hide her faith when she came to the United States.

"She did not say anything to her mother-in-law or her family," Mugmon said. He added that Etty Allen's father, Felix Lumbroso, traveled from Tunis for the Allen wedding. "Mr. Felix didn't say anything about it. In silence, he sort of condoned it."

Etty Allen said she is relieved to no longer have to keep a secret about her past. She said she hopes the revelation does not hurt her son's bid for reelection to the Senate.

"He's fine. He loves challenges," she said, then offered an unsolicited observation that suggests her son might be ready for a break from tough questions: "His favorite time of the week is when he comes home, sits on his riding mower, by himself and mows his lawn and no one is asking him questions."

Exchange Between Allen And TV Reporter On His Heritage (WP)

The Washington Post, September 21, 2006

The text of the exchange between Sen. George Allen and WUSA (Channel 9) reporter Peggy Fox at the Fairfax County Chamber of Commerce debate Monday in Tysons Corner:

Fox : Senator Allen, you have said several times that you made up the word "macaca" when referring to S.R. Sidarth, the young man of Indian heritage born and raised in Fairfax County who attends your alma mater. But the word is a racial slur in French-influenced African nations, most notably Tunisia. Your mother's Tunisian -- are you sure you never heard the word and if you were just making up a name, to call Sidarth, why not just call him John, something that -- rather than something that sounds derogatory. Was it because he looked different?

Allen : I hope you're not trying to bring my mother into this matter. I have said, and I'll say it once again, I made a mistake. It was a thoughtless moment. I have apologized for it, as well I should. I had never heard that word before, from my mother or from anyone else. If I had any idea that in some parts of the world, for some cultures, that this would be an insult, I would never use that word, because that's not who I am, that's not how I was raised, it's not what I believe in.

Whether it was from my father's football teams, where he had people from all different parts of the country and different backgrounds -- you don't care about, on football teams or on sports teams, what someone's race or religion is or ethnicity is, all you care about is whether they can help the team compete and succeed. And that's the meritocracy that we should aspire to in our country. And if there's one lesson that I learned more than from anyone else it was my mother, whose father was incarcerated by the Nazis in World War II. And of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother.

And so I made that mistake, I will of course do better, I'm sorry I said it. Nonetheless, there was no intent whatsoever to insult that young man or anyone else. It is not who I am and that is why, by the way, state senator Bennie Lambert, an African American, Democrat, endorsed me last week because he knows my record in making sure this is a land of opportunity for all and especially helping out minority-serving institutions.

Fox : May I ask a follow up? Following the macaca episode, the Jewish press published a story on the Internet that explored your possible Jewish ancestry on your mother's side. You've been quoted as saying your mother's not Jewish, but it had been reported her father, your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebearers include Jews, and if so, at which point Jewish identity might have ended?

[Booing from the audience]

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Allen : I'm glad you all have that, you have that reaction. You know what our first freedom in this country was? Freedom of religion, where people's rights are not enhanced or diminished on account of their religious beliefs. Thomas Jefferson was the author of that. As we try to stand up a free and just society, that's the first pillar of a free and just society. And to be getting into what religion my mother is, I don't think it's relevant, whatever one person believes, whatever their beliefs may be, is not relevant. So I'd like to ask you, why is that relevant? My religion, Jim's religion, or the religion beliefs of anyone out there. [applause]

My mother's French Italian . . .

Fox : Honesty.

Allen : . . . with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian. But if you really need to get into such matters . . .

Fox : . . . Honesty, that's all.

Allen : Oh, that's all? That's just all? We need, we need to get this country together. And I respect your right to ask questions. But let's ask questions about issues that really matter to people here, in Virginia, such as how we're going to bring this country together, make us more secure, a land of opportunity. And I'll tell you one other thing, preserve our foundational values, and one of those values is freedom of religion and not making aspersions about people because of their religious beliefs.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", September 18, 2006

September 17, 2006, 3:09 pm Making Nice, but No Progress

The standoff continues between the Bush administration and some senators over limits on CIA interrogations of suspected terrorists, raising questions on whether Congress will act on the matter before it leaves town later this month for the fall campaigns.

Making the rounds of the Sunday talk shows, National Security Adviser Stephen Hadley declined to say what specific techniques would be illegal if Congress didn't pass Mr. Bush's proposal. But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator [John] McCain's requirement that we don't amend or change" the Geneva Conventions. "We need to find a way through that obstacle course, and I think we can," Mr. Hadley said.

Michigan Sen. Carl Levin said he wasn't certain a compromise was possible. "I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva," he told CBS' "Face the Nation"

A Supreme Court ruling in June essentially said the Geneva Conventions on the rights of wartime prisoners should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Read more: Global, Homeland Security, Foreign Policy

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September 17, 2006, 1:11 pm Chewing Over the Virginia Senate Race

Republican Sen. George Allen, who has seen his big lead over former Navy Secretary Jim Webb deflate since he flung the "macaca" comment at a Webb volunteer of Indian descent last month, squared off with his opponent on NBC's "Meet the Press," where both men found themselves on the defensive. Webb had to answer charges that a magazine article he wrote 27 years paved the way for harrassment and abuse of women at the U.S. Naval Academy. In fact, after some early argument over Iraq and detainee interrogations, the debate turned to dealing with all the baggage.

Allen didn't really need to apologize for his remark, he's already done so repeatedly. Nonetheless, he called it "a mistake" and said "there was no racial or ethnic intent to slur anyone." When pressed on his past embrace of the Confederate flag, Allen said there are "a lot of things I wish I'd learned earlier in life," and pledged to help people of all races become a part of "team America."

Webb said he regretted "many pieces" of the article, such as one passage that referred to Naval Academy dormitories as "a horny woman's dream" and another in which Mr. Webb wrote that he had never met a female he would "trust to provide" combat leadership." Mr. Webb then tried to shift attention back to Allen's previous opposition to admitting women to the Virginia Military

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Institute. He later noted that he agrees with the Army's current policy of having women "attached" to combat — 62 have died serving in Iraq over the last three years - -but not directly fighting as part of infantry units.

In the end,the two came to agreement on something: chewing tobacco. Show host Tim Russert pressed them both on their long-time tobacco habits, asking if that was a good example for children. Both candidates agreed it was a bad example, but, perhaps in deference to the presence of major tobacco firms in Virginia, neither said they planned to quit. "Yes I do dip," Allen said, striking a softly defiant tone. He then quoted Mark Twain: "Nothing needs more reforming than someone else's habit." –Christopher Conkey

Read more: Global, Campaign Journal

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September 15, 2006, 6:27 pm Wait, Who's on the Ballot?

The White House this afternoon released the president's schedule for next week, which includes one intriguing entry. On Thursday, President Bush will be in Orlando, Fla., to attend a "Charlie Christ for Governor" event.

We'll take a guess they meant Charlie Crist , the Republican candidate for Florida governor. It's an easy enough mistake to make.

On the subject of religion, President Bush at a Rose Garden news conference this morning did talk about what he sees as America's changing attitudes. Responding to question about his address to conservative columnists earlier this week in which he brought up a "Third Awakening" of religious devotion, the president said: "It seems like to me that something is happening in the religious life of America… But I'm able to see a lot of people, and from my perspective, people are coming to say, I'm praying for you. And it's an uplifting part of being the president; it inspires me. And I'm grateful that a fellow citizen would say a prayer for me and Laura." –Amy Schatz

Read more: Campaign 2006, White House

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September 15, 2006, 5:34 pm Dodging a Dukakis Moment

While touring a high-tech plant today, Massachusetts Lt. Gov. Kerry Healey , the Republican candidate for governor, apparently refused to be seen wearing goggles and a hard hat by waiting photographers, according to the Patriot Ledger. The incident in Quincy follows a similar one last month in New Bedford, the AP reports, when Healey's campaign staff barred photographers from snapping photos "while she was wearing a hair net at a fish processing plant."

Seems to Washington Wire that doing anything to avoid a Dukakis moment, particularly in Massachusetts, is only prudent. Also, let's be honest: Who looks good in a hair net?!

Healey's decision to nix the goggles photo op means the Democratic winner of the state's Sept. 19 primary will have one less photo to choose from when the attack ads start. Three Democrats are currently trying to win the nomination to take on Healey in November. At this point, the governor's race is considered a toss-up. –Amy Schatz

Read more: Global, Campaign Journal

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September 15, 2006, 4:31 pm You Gotta…Know When to Fold 'Em

Among the allegations the Justice Department today announced against Rep. Bob Ney (R, Ohio): on two occasions in 2003, he accepted thousands of dollars of gambling chips from a "foreign businessman" for use at private London casinos. In exchange, he lobbied the State Department for an exemption to a trade embargo against a country to which the businessman wanted to sell U.S.-made aircraft and airplane parts, the Justice Department says.

Ney The Justice Department wouldn't divulge the businessman's nationality or the country to which he sought the embargo exception. But according to numerous media accounts, the London rendezvous included British resident Nigel Winfield and Syrian-born Fouad al Zayat, co-owners of Cyprus-based FN Aviation. Their intended market: Iran. (Ney, who once lived in Iran, is the only member of Congress fluent in Farsi.)

Under the gifts section of his 2004 financial disclosure report, Ney listed $34,000 from a "game of chance" at the Ambassador's Club, a London casino. The Justice Department said his combined winnings exceeded $50,000. In June, Ney was one of just 17 Republican to vote against a bill to crack down on Internet gambling. –Ben Winograd

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Read more: Global, Congress

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September 15, 2006, 4:19 pm Not Buying

The new Wall Street Journal/NBC News poll shows that a 59% majority of voters rejects President Bush's recent comparison of the war on terrorism to earlier struggles against Nazism and fascism. In equal proportions, members of families including a current soldier or military veteran join other voters in calling that "an inappropriate comparison that is only being made to justify the Bush policy."

Americans of all ages, incomes and demographic groups agree on the point; only Republicans and conservatives side with the president. Asked about the war in Iraq at today's Rose Garden news conference, Bush said he's prosecuting "the ideological war of the 21st century" but did not repeat the comparison to the battle against Nazism. –John Harwood

Read more: Global, Iraq, White House

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September 15, 2006, 3:10 pm Indiana Voters Leaning Leftward?

When he worked at the White House, Mitch Daniels wasn't always the most popular guy in the room. It's not an uncommon problem for the head of the Office of Management and Budget, whose job includes telling the president and federal agencies how much less money they'll have to spend than they want.

Daniels That's one reason why Daniels, who as Indiana governor has spent a lot of time trying to balance the state's budget, probably won't be fazed by new poll from WISH-TV in Indianapolis, showing Hoosiers aren't very happy with him. Daniels, a Republican, was rated in the fair or poor categories by 57% of all respondents (although just 35% of Republicans). The poll of 800 likely voters conducted from Sept. 5 to Sept. 8 found that 55% think the country is headed in the wrong direction while 41% say its going the right way.

Daniels isn't up for re-election this fall. But three Indiana congressional seats are in play, which is why both Republicans and Democrats are pouring money and resources into the conservative state. Among local issues, voters appear to still be miffed about Daniels's decision to lease a northern Indiana toll road to an international conglomerate as well as the continuing drama over the state's effort to pick a time zone. Consequently, the answer to one poll question –"Would you like to see more Democrats or Republicans elected to Congress this year?"– may be somewhat troubling.

In all, 46% said they'd prefer more Democrats while 41% chose Republican. Among women, 50% preferred Democrats, and 35% favored Republicans. –Amy Schatz

Read more: Global, Campaign 2006

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September 15, 2006, 1:17 pm Scrubbing the Numbers

The Citizenship and Immigration Service says its once-monumental backlog for green card, asylum and naturalization requests has almost disappeared—except for the 1.1 million people still in it.

USCIS Director Emilio Gonzalez called a news conference to announce that the service's "net backlog" had been winnowed to 139,000 by the end of July—down from 3.8 million in January 2004—and that he expects to eliminate it by Oct. 1. The backlog includes people applying to join family members, those who want to live and work here permanently, political refugees and those seeking asylum, and people who already are here and want to gain their citizenship.

The news should have come as a relief to certain categories of Filipinos, who have been waiting since 1984 for permission to join family members. Some categories of Mexicans have been waiting since 1993, and some Indians and Chinese have been on the wait list since 1995, according to a monthly government bulletin advising immigrants how long they can expect to wait.

But USCIS, which replaced the old Immigration and Naturalization Service, says it still has a "gross backlog" of a million people whose applications are being held up by other agencies and by situations over which it has no control. About 100,000 of those cases are waiting for the FBI to complete background checks. But most of the gross backlog is because Congress limits the number of new immigrants from any one country to 7% of the yearly total, regardless of the country's size or the number of its people who want to immigrate. Under that rule, tiny Singapore is entitled to as many green cards yearly as China.

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The USCIS defines a backlogged case as one that's been in the works longer than six months. That means immigrants from small countries who are applying to join their families face a fairly speedy route through the immigration system. But for those long-waiting Filipinos and Mexicans, the wait could be almost as long as ever. –June Kronholz

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September 15, 2006, 11:40 am Activists Call for IMF/World Bank Boycott

Antipoverty activists announce a boycott of the International Monetary Fund/World Bank annual meetings to protest Singapore's refusal to let some of them enter the country.

After massive antiglobalization demonstrations over the last decade, the international lenders have tried to incorporate nongovernmental organizations into their decision-making. But the relationship isn't always smooth.

Now 163 such groups say they won't participate in official events in Singapore. They had planned to raise concerns about the often-austere economic policies the IMF urges its 184 member nations to implement, as well as the environmental impact of dams and other big World Bank projects.

World Bank President Paul Wolfowitz condemned Singapore's "authoritarian" actions. "The one thing I think I would say is that a lot of that damage has been done to Singapore and it's self-inflicted," Wolfowitz told activists at a roundtable, before they walked out. "It is unacceptable."

An IMF spokesman said of the activist groups: "We have been having productive discussions, and we expect them to continue."

In a statement issued Friday, the World Bank said the Government of Singapore informed the organization that it will remove the objections to 22 of the 27 accredited civil society representatives whom they had previously said would be barred from participating in the annual meetings. "We are notifying those persons of their change in status," the World Bank said.

The World Bank said it would continue to urge the Government of Singapore to allow "all accredited individuals be permitted to participate," because "open dialogue with civil society is important for the effective operation of our institutions." –Michael M. Phillips

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September 15, 2006, 11:31 am Gee, Thanks

For a moment, imagine that you are state Sen. Joy Padgett of Ohio. You're 59 years old and you've been kicking around local politics for years, paying your dues in both the state House and Senate. After all this time you've finally got a shot at the big-time, the local congressman has retired and endorsed you for the job.

Unfortunately, that congressman is Bob Ney, a six-term member who was forced to resign earlier this year over his shady dealings with lobbyist Jack Abramoff. And on Thursday, the day you win a special primary, beating four other candidates for the chance to take on Democratic lawyer Zack Space to win Ney's seat in November, lawyers close to his case begin leaking word that he will plead guilty to federal criminal conspiracy charges Friday. Plus, he's now in rehab.

Do you:

a.) Curse, letting loose such a long string of expletives that even your 20-something campaign staffers look on in awe

b.) Call state party leaders to complain Ney's trying to torpedo your campaign

c.) Put on a brave face, telling reporters you have no need to distance yourself from the Ney scandal since voters in the district know and trust you

d.) All of the above

Washington Wire is betting Padgett goes with option "c," although it would be hard to blame her for choosing "d" instead.

The AP, which caught up with Padgett this morning in Columbus, reports that she wouldn't comment on the Ney case but says she doesn't worry about distancing herself from the former congressman. "I don't think I have to do that at all. There was an attempt in 2004 to try to Velcro me to (Republican Gov.) Bob Taft, and that didn't work," she said. –Amy Schatz

Read more: Campaign 2006, Congress

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DOJ_NMG_0066726

September 15, 2006, 11:22 am Bush Approval Rating Rebounds

President Bush's job-approval rating rebounded in the latest Harris Interactive poll, rising to 38% from 34% in August. The poll numbers come in the wake of a Wall Street Journal/NBC News Poll that also showed a modest gain, following a series of speeches by President Bush on the Iraq war.

Still, less than one-third of those polled believe the country is going in the right direction–but that's up from last month's 26%. The Harris Interactive poll surveyed 1,004 U.S. adults by telephone from Sept. 8 to Sept. 11.

Capitol Hill figures of both parties, as well as cabinet officials, continued to draw low marks. The top issues on Americans' minds? Iraq–though down slightly–followed by the economy, health care and immigration.

Graphic: Compare Bush's approval ratings across multiple polls.

Read more: Global, Campaign 2006, White House

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September 15, 2006, 6:00 am So How Bad Is Wal-Mart's Image?

Well, the big retailer's image is better than President Bush's, Defense Secretary Donald Rumsfeld's, Vice President Dick Cheney's, but not as good as Secretary of State Condoleezza Rice's.

Here's what the Wall Street Journal/NBC News poll found when it asked respondents to "rate your feelings" toward the following.

28%

And for comparison…

Target

51%

10%

(Rows don't add to 100 because remainder were neutral or weren't sure.)

Read more: Campaign 2006, Business

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September 15, 2006, 6:00 am The Power of Markets

Whether it's President Bush talking more about terrorism, gas prices dropping or something else, Republicans have improved their prospects of holding onto both houses of Congress in recent weeks, according to an analysis of trading in the Iowa Electronics Market by Moody's Economy.com.

As of Thursday, traders placed a 49% probability that Republicans will lose seats in the House, down from 56% a month ago. In the Senate, where only one-third of the seats are up for grabs, traders see only a 16% likelihood that Republicans will lose seats, down from 27% in August. The probability of Republicans holding onto their current total of 55 seats rose to 73% last night from 67% last month.

The IEM is a Web-based, real-money futures market operated for research purposes by professors at the University of Iowa. Investors can trade between $5 and $500 in a variety of futures contracts, such as whether the unemployment rate will drop or whether the Federal Reserve will raise interest rates later this month, and it opens trading on political outcomes in the months leading up to a major election. Probabilities are determined based on where traders put the price of a typical contract.

Think it doesn't have solid predictive power? Think again. On the eve of the 2004 presidential election, traders forecast President Bush would receive 50.45% of the vote to Sen. John Kerry's 49.55%. Pretty spot on. –Christopher Conkey

Read more: Campaign 2006, Congress

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September 15, 2006, 12:00 am Poll Finds Support for Iran Strike

Voters talk tough on Iran's nuclear program.

In new Wall Street Journal/NBC News poll, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

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Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues. – John Harwood

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September 14, 2006, 7:29 pm Ballot Battle in Pennsylvania

Pennsylvania's Green Party candidate for Senate can't appear on the Nov. 7 ballot unless he can prove to a state court that nearly 3,000 signatures on his nominating petitions are indeed valid.

That's a big issue for Democrats, who worry that Carl Romanelli could siphon crucial votes from their candidate, Bob Casey Jr., who's locked in a tight race with Rick Santorum, the Republican incumbent. "We feel very strongly that [Romanelli's]

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candidacy will take away votes from Bob Casey and we're hopeful the court agrees with us," said Pennsylvania Democratic Party spokesman Abe Amoros.

Democrats filed suit challenging signatures on Romanelli's petition for listing on the ballot. A month-long review found some 30,000 invalid signatures — ones that are faked, illegible, or aren't those of registered voters — leaving him about 3,000 signatures short of the 67,070 needed. Romanelli lawyer Lawrence M. Otter argues that some of the signatures were incorrectly labeled invalid.

Pennsylvania Democrats accuse Santorum and the Republicans of helping Romanelli's climb to the ballot by financing the candidate's signature campaign and helping in the petition drive.

The Romanelli camp has until his scheduled Sept. 25 court date to rehab the 3,000 mislabeled signatures.

In the meantime, Romanelli's not showing concern. "I am confident I will remain on the ballot — definitely," he said. – Erika Lovley

Read more: Global, Campaign 2006, Congress

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September 14, 2006, 6:07 pm Dueling Letters Over Judicial Appointee

Trying to revive the nomination of one of President Bush's most controversial judicial appointments, a group of 18 retired military officers sent a letter to top Senate Judiciary Committee members in support of Williams J. Haynes II.

Yesterday's letter sought to debunk a July letter signed by 19 retired military officers that expressed "deep concern" with Haynes' nomination. Haynes, general counsel to the Defense Department, was first nominated to the Fourth Circuit Court of Appeals in 2003, but his nomination has stalled over apprehension about his involvement in crafting legal policies toward detainees in Iraq, Afghanistan and Guantanamo Bay, Cuba.

According to the July letter, "Mr. Haynes was arguably in the strongest position of any other senior government official to sound the alarm about the likely consequences for military personnel of the views being put forward by the Justice Department" offering legal cover for the use torture during interrogations. Haynes also helped craft the military commission system the Supreme Court struck down in June for departing from the Uniform Code of Military Justice.

Yesterday's letter said the July letter created a "highly misleading impression of Jim Haynes" by "asserting that Jim ignored the advice of Judge Advocates with respect to the policy on interrogation of detainees." This morning, the Senate Judiciary Committee was scheduled to discuss Mr. Haynes and four other appeals court candidates President Bush re-nominated earlier this month. The committee could not reach a quorum. – Ben Winograd

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September 14, 2006, 5:58 pm FCC's Martin Says AT&T-BellSouth Review on Track

A federal judge's ongoing review of two telecom deals won't slow the government's review of AT&T's pending $67 billion deal to acquire BellSouth Corp., Federal Communications Commission Chairman Kevin Martin said Thursday.

In a conference call with UBS investors and analysts, Martin was asked about whether a federal judge's antitrust review might delay the government's review of AT&T's current acquisition. The court review focuses on the Justice Department's approval of the SBC Communications Inc. and AT&T Corp. deal as well as Verizon Communication Inc.'s purchase of MCI Inc.

Noting the FCC hopes to complete its review of the BellSouth deal by mid or late October, Mr. Martin said the court review wasn't a problem. "It doesn't really have an impact from our agency's standpoint," he said. "There's not a deadline for us other than a self-imposed" 180-day clock. — Amy Schatz

Read more: Global, Business

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September 14, 2006, 4:41 pm Run, Don't Walk

The Republican National Committee issued a call to arms, part of its much-admired get-out-the-vote effort. The RNC's "September Sprint to Victory" asks supporters to hold house parties, set up a home-based phone bank and go door-to-door in their neighborhoods in support of local Republican candidates.

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Acknowledging that most people have lives to lead and aren't going to put them on hold for political races, Republicans are offering supporters three ways to help (beyond the obvious option of giving $$). There is Turnout Tuesday, in which you can invite a few friends over and turn your house into a mini-call center, using your cellphones; House Party Thursdays, where absentee ballots can be distributed or local candidates invited to speak; or Super Saturday on Sept. 30, which features a walk around the 'hood to spread the word before "invit(ing) folks back home to watch the big game."

Not clear what game that is, although it's a safe bet it's on a campus and involves a football. The volunteer who makes "the biggest impact" during the drive–including volunteers recruited, new voters registered, etc. – will "receive a special surprise gift autographed by President Bush ," (RNC's emphasis).

A spokeswoman said the campaign was an "invaluable part of our broader effort to contact millions of voters in the coming days." She declined to provide any hints about the special prize (although we note the RNC loves handing out autographed photos). –Amy Schatz

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September 14, 2006, 4:04 pm Bayh Calls for Meeting of the Minds

It's been months since President Bush first planned to meet with the CEOs of Detroit's Big 3 auto makers—a meeting now postponed until after the November elections. The White House has taken flak from Michiganders about the perceived snub, but today it got a missile lobbed from a neighboring state. Sen. Evan Bayh (D., Ind.), a potential presidential candidate in 2008, wrote Bush that "a sense of urgency is required" in addressing the issues that the domestic auto industry faces.

"Our working men and women deserve leadership and results," he wrote in the letter. "They cannot afford to wait." –- Laura Meckler

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September 14, 2006, 2:38 pm Agency Unveils Car-Safety Rules

The Bush administration says proposed rules on electronic stability control systems for all new passenger vehicles would save between 5,300 and 10,300 lives annually and prevent between 168,000 and 252,000 injuries.

Electronic stability control, already available on some vehicles, helps keep cars from veering out of control and tipping over. The National Highway Traffic Safety Administration proposal would require manufacturers to begin installing the technology on SUVs, minivans and pickup trucks under 10,000 pounds, beginning with the 2009 fleet and have it on all such vehicles by model year 2012. The agency figures it will add $111 to the cost of vehicles that already have antilock brake systems, which are needed for stability control to work. –Laura Meckler

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September 14, 2006, 2:21 pm Seeing Red in Pennsylvania

Recently, it seemed like Pennsylvania Sen. Rick Santorum was gaining some momentum in his effort to hold his seat from challenger Bob Casey Jr., the Democratic state treasurer. Warm and fuzzy television ads that played all over the state this summer (see "Polka" and "Hoedown") were widely credited with reintroducing the conservative Republican in a good way to the state — and erasing the scary double-digit lead Casey had built-up. When the two debated for an hour on NBC's Meet the Press, many political observers dubbed the Sept. 3 match a draw.

Santorum

Which brings us to a negative television ad the senator's campaign launched yesterday, dubbed "Corner Bar." It suggests Casey's political team contains a bunch of unethical hacks who are halfway to landing in a jail cell, if they aren't there already. It will be interesting to see what–if any–impact this has on the race, particularly given that one of the allegedly shady characters on Team Casey has apparently been dead for almost two years. –Amy Schatz

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September 14, 2006, 2:02 pm Michele Davis Tapped for Treasury Post

DOJ_NMG_0066730

Treasury Secretary Henry Paulson has picked Michele A. Davis for the top public affairs position in the department, a role she filled during the tumultuous tenure of President Bush's first Treasury secretary, Paul O'Neill. Bush is expected to announce his intent to nominate her for the assistant secretary's post this afternoon. The position requires Senate confirmation.

While it's a job title she's held before, Davis is expected to play an expanded role, serving as a senior strategist for Paulson on policy as well as communications matters. Davis has been serving as deputy national security advisor at the White House's National Security Council. After leaving Treasury the first time, Davis served as senior vice president of regulatory policy at mortgage giant Fannie Mae. She also served as communications director for former House Majority Leader Richard Armey, (R., Texas).

Davis is one of several hires Paulson has made since taken over at Treasury earlier this year. –Deborah Solomon

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September 14, 2006, 12:05 pm Lobbying Group Presses for FDA Money

The FDA Alliance, a new lobbying group that includes a number of former Food and Drug Administration officials, launched its effort to press Congress to increase federal funding for the agency. The group, which has been quietly discussing its plans with FDA-watchers for months, is backed by patient groups, trade associations and drug companies, among others.

The biotech industry is also expected to lobby strongly for more appropriations for FDA. The agency, saying it needs more money to fund important initiatives including drug-safety programs, has been seeking higher user-fee payments from drug companies. –Anna Wilde Mathews

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September 14, 2006, 11:59 am Paulson: Fodder for Bloggers

In a blog post on RGEmonitor.com, Brad Setser praises parts of Wednesday's speech by the new Treasury secretary, but pokes a couple of holes.

Paulson

"It was rather surprising that Paulson's speech didn't explicitly allude to any risks from the rising financial imbalances that have been associated with the current form of globalization. After all there is no intrinsic reason why globalization implies that emerging economies should be financing the world's advanced economies," he says. "I was a bit concerned that Paulson may be putting a bit too much emphasis on domestic capital market reform and opening up China's domestic banking markets to foreign competition and too little emphasis on currency reform…..(L)etting US financial institutions operate Chinese banks won't do much (if anything) to address the concerns of American auto parts workers. …

"Above all, though, I was struck by the irony of the United States – and particularly the Bush Administration – emphasizing how important it is that all countries like up to their international responsibilities…. Wasn't the Bush Administration elected, in part, to make sure that the United States own policies – including its economic policies — weren't subject to any global tests?"

And Brad Delong, the Berkeley blogger who did a stint at the Clinton Treasury, writes that Paulson "appears to have decided to be Secretary of the U.S.-China Relationship. It's an honorable job, and one well worth his considerable talents." Why this approach? "Given the White House he has to deal with, he can do nothing to undo the disastrous fiscal policies of the Bush administration," DeLong suggests. "Given the White House he has to deal with, he can do nothing to bring the resources devoted to entitlement programs into long-run balance with the spending plans of the programs."

At billsdue, a blog that focuses on the improbable combination of China and video games, comes this nugget: "He was definitely trying to speak in language the Chinese government understands, and even cribbed a phrase almost directly from the latest Hu-Wen economic stump speech: China needs a more harmonious, more balanced pattern of growth that gives Chinese households more income and the confidence to spend it."

The blog maintained by the National Association of Manufacturers – whose chief, John Engler, attended the speech, was full of praise: "a clear appreciation of the place and of the nuances of the global trading system." Foreign Policy magazine's blog boiled 4,000 words of rhetoric into a single sentence: "Treasury Secretary Hank Paulson to China: We want you to succeed." – David Wessel

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September 14, 2006, 11:21 am Remembering Ann Richards

Richards It's slightly too early in the day for the Washington Wire to imbibe, but we're raising a margarita tonight (frozen, no salt), in honor of Ann Richards, a true giant of Texas politics and one of the wittiest pols in the business, Democrat or Republican. President Bush, who ended her political career by defeating her in the 1994 governor's race and became her verbal pincushion, had nice words to say.

The 73-year-old former governor died yesterday from esophageal cancer, and the Texas statehouse political reporters paid homage today in Dallas, Austin and Houston.

Here's a sampling of the governor's greatest lines, beyond her classic: "Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

"I thought I knew Texas pretty well, but I had no notion of its size until I campaigned it."

"I have always had the feeling I could do anything and my dad told me I could. I was in college before I found out he might be wrong."

"Poor George [H.W. Bush], he can't help it. He was born with a silver foot in his mouth."

"There is a lot more to life than just struggling to make money."

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone.'"

–Amy Schatz

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September 14, 2006, 6:00 am 54 Days Left to Go

Seven-term Republican congressman Jack Kingston's Georgia seat doesn't exactly appear to be in jeopardy. Running against Democrat Rev. Jim Nelson, a United Methodist pastor and author ("Where Would Jesus Put the Sidewalks? A Study Of Faith and Politics"), political prognosticators suggest Kingston needn't give up his Washington digs.

Never hurts to reward the faithful, however, which is why Kingston's campaign committee sent out a desktop flip calendar this summer so supporters could track the last 100 days until Election Day—from Sunday, July 30 to Tuesday, Nov. 7.

Dubbed "100 Reasons to Vote Republican," the calendar is liberally sprinkled with quotes from prominent conservatives, including Rush Limbaugh and President Reagan (Aug. 11: "It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first." Sept. 21: "The trouble with our liberal friends is not that they're ignorant: It's just that they know so much that isn't so."). It's peppered, too, with quotes from those on the other end of the spectrum, including Dixie Chick Natalie Maines (Sept. 14: "The entire country may disagree with me, but I don't understand the necessity for patriotism.").

The calendar has 200 pages, but the ones after Nov. 7 are blank. Unfortunately, the Friends of Jack Kingston apparently couldn't fill all 200 of them with reasons to vote Republican.

"It's for notes," explained Rob Asbell, a Kingston spokesman, who said this is the second campaign in which the congressman has sent out the calendar/notepad to supporters. — Amy Schatz

Indiana Voters Leaning Leftward?

Sep.15, 2006

Scrubbing the Numbers

Sep.15, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch

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for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Presidential Hopefuls Do A Delicate Dance With Lamont (and Vice Versa) (NYT)

By Anne E. Kornblut And Jennifer Medina

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — For a road map to the 2008 Democratic presidential primaries, check out Ned Lamont's phone log.

Soon after winning the Democratic Senate primary in Connecticut last month, Mr. Lamont heard from almost the entire Democratic field — a group he refers to, with some amusement, as his "new friends."

Senator Hillary Rodham Clinton of New York rushed to donate the maximum amount to his campaign, and is planning a fund-raiser for him in early October. John Edwards, the former North Carolina senator and vice presidential candidate, rallied with him in New Haven. Senator John Kerry of Massachusetts, the 2004 Democratic presidential nominee who may try again, e-mailed supporters soliciting money on Mr. Lamont's behalf. And Wesley K. Clark, the retired general and a 2004 also-ran, offered foreign policy advice.

"You could get a pretty good idea of who was running for president by who called," Mr. Lamont said in a recent interview.

But as the dust has settled on the contentious primary defeat of Senator Joseph I. Lieberman, whose downfall was initially seen as an ominous sign for other Democrats who supported the Iraq war, the dance between the presidential contenders and the Lamont campaign has grown more delicate.

Some of the White House hopefuls — most notably Mark R. Warner, the former governor of Virginia — are debating how strongly to align themselves with a candidate who has become an icon of the liberal left. And the Lamont team, despite its initial thrill over the rush of attention, is wary of being exploited or of alienating local voters with too many national political stars.

"We're not going to be a launching pad for the 2008 candidates," said Tom Swan, Mr. Lamont's campaign manager. "Ned is still the Washington outsider. We're not going to have everyone and her sister take a piece of that."

As the general election rematch between Mr. Lamont and Mr. Lieberman — who is now running as an independent — gains intensity, the race remains a litmus test for Democrats with higher aspirations. Candidates and their advisers view the Lamont campaign as a critical marker of anti-incumbency, anti-Bush fervor and the evolution of online political forces known as the Netroots.

The potential candidates are demonstrating their affection for Mr. Lamont in varying degrees, carefully calculating how their connections to the Connecticut contest could reverberate if they run at the national level.

All of this is unfolding as other Democrats, including the heads of the national campaign committees in charge of electing party members to Congress, are largely leaving the Connecticut race to sort itself out. Given Mr. Lieberman's promise to continue caucusing with the Democrats, the outcome will hardly tip the balance of power in the Senate, so party leaders are focusing on more competitive seats being fought for by Republicans (in Connecticut, the Republican candidate, Alan Schlesinger, is stuck in single digits in the polls). As a result, it is the fledgling 2008 field that is mostly driving outside official support for Mr. Lamont.

The relationships may ultimately benefit the national candidates more than the supposed beneficiary. Mr. Lamont's campaign will rise or fall on his popularity among Connecticut voters. The generosity of national Democrats stems mainly from a desire to placate the liberal national forces that elevated his profile during the contentious primary and will play a pivotal role in the presidential selection process starting next fall.

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So far, the contest for Mr. Lamont's affections has been waged mainly among the contenders trying to burnish their credentials with the liberal wing: Mrs. Clinton, Mr. Kerry and Mr. Edwards, all three of whom voted in support of the war in Iraq but have since become critical of it, have all claimed to have been in front of the Lamont wave. Mr. Clark was among the earliest to demand that Mr. Lieberman withdraw from the race.

Senator Russ Feingold, a Wisconsin Democrat who is considering running for president on his opposition to the war, called Mr. Lamont immediately after the primary and "offered to help out in any way possible," a spokesman said.

"They're sending a message to the Netroots right now — who are some of the most active Democrats — that they are serious players, that they would like some early attention themselves in their presidential races," said Donna L. Brazile, a Democratic Party strategist.

Showing devotion to Mr. Lamont, agreed David Axelrod, another Democratic strategist, is "really important because there's an activist wing within the Democratic Party that helped elect Lamont" and expect the next class of presidential hopefuls to pay tribute.

"The '08 candidates are worried about the Netroots, it's that simple," said a senior Democratic lawmaker, who was granted anonymity in order to talk freely about the race. That constituency, the lawmaker said, has "far more effect in a primary than in a general" election.

Public polls taken since the primary have consistently shown Mr. Lieberman in the lead, though the latest, taken Sept. 15 to 19 by American Research Group, has him up by only 47 percent to 45 percent, within the margin of error.

At least one candidate, Mr. Warner — who made his fortune in technology and is courting the blogosphere in other ways — has largely avoided Mr. Lamont, instead lending his name and fund-raising capabilities to races that are genuinely in play and have longer-term strategic value for the Democratic Party, like Representative Harold Ford Jr.'s bid for the Senate in Tennessee. But even Mr. Warner is covering his bases; his political action committee gave $5,000, the maximum allowed, to Mr. Lamont, as did those with Mrs. Clinton, Mr. Kerry and Mr. Edwards.

Advisers to Mr. Lamont say they appreciate the assistance they have received, but intend to choose their advocates strategically. "To the extent that we can bring people in to show their expertise and the like, we will," said George Jepsen, Mr. Lamont's campaign chairman and a former Connecticut state party chairman. "But we do not want to just have a parade of celebrities."

Still, the Lamont campaign resists suggestions that the flood of attention has subsided since the flush after the primary, insisting that Mr. Lamont has spoken to several of the candidates recently and has been told that they are still willing to do whatever he asks.

At a breakfast with reporters in Washington this month, Mr. Lamont sounded tickled by his sudden standing among the national Democratic A-list. "I like all my new friends," he said.

Asked what kind of advantage Mrs. Clinton might gain from her association with him, Mr. Lamont replied, "I don't know."

"I mean, she's Hillary Clinton and I'm a guy who was pulling fiber optic cable at Georgetown nine months ago," he said, referring to his company, which installs cable on college campuses.

Mrs. Clinton and Mr. Lamont have not yet appeared publicly together — she invited him to her home in Chappaqua, N.Y., for a confab, but it was closed to the news media. He plans to be by her side at the fund-raiser in October in New York, but has not invited her — or any of the other 2008 hopefuls — to hit the campaign trail in Connecticut.

Despite the help he got from a few national headliners in the primary, like the Rev. Al Sharpton, many inside the campaign now think local names like Senator Christopher J. Dodd — who has presidential ambitions but also a Connecticut address — and Representative Rosa L. DeLauro of New Haven are safer and more effective alliances.

"We have to make our mind up as a campaign: Do we really want a flood of out-of-staters coming in?" Mr. Lamont said over dinner in Washington recently. "Selectively, maybe, yeah, they can burnish my credentials and talk about some different issues in a way that gives me credibility."

Democrat, Republican Talk About Faith (AP-Y)

By Kimberly Hefling

DOJ_NMG_0066734

AP, September 21, 2006

Democrat Bob Casey highlights his religious work while Republican Sen. Rick Santorum seeks out evangelical Christians, a reflection of the fierce fight for voters of faith.

Casey, who is a Catholic, has been talking openly about his religious upbringing and his work with the Jesuit Corps. He unveiled a 60-second television ad in the Philadelphia market Tuesday featuring a former student talking about Casey's mentoring from days in the corps' inner-city program.

Similar to a missionary assignment, Casey spent one year with the organization, which he described in a speech last week at Catholic University in Washington.

Religion "is something that a lot of us share, no matter what faith we are," Casey said in a recent interview.

The two-term Santorum, who also is Catholic, has been outspoken on issues consistent with the church's teachings such as opposition to abortion and same-sex marriage. He wrote a book, "It Takes a Family: Conservatism and the Common Good," in which he wrote, "Religious congregations are, by an overwhelming margin, the most important intermediate institution outside the family for the vast majority of Americans."

On Wednesday night in Pittsburgh, close to Santorum's hometown, James Dobson's Focus on the Family Action is sponsoring a "Stand for the Family" rally in support of the religious right. Santorum, who has regular meetings with a religious working group, is slated to address the conservative Family Research Council's voter summit on Saturday.

Religion has been at the forefront of the competitive Pennsylvania race pitting two somewhat similar candidates — both Catholic, both opposed to abortion. It reflects a change from recent elections when many Democrats tended to avoid talking about their faith and essentially conceded religious voters to Republicans. It also highlights a new willingness by Democrats to discuss religion in personal terms.

On Monday, Democratic Sen. John Kerry, the party's 2004 presidential nominee, delivered a speech in California in which he talked of "godly tasks" and described his own journey of faith.

In a recent ad in the Tennessee Senate race, Democratic Rep. Harold Ford Jr., seated in a church, tells voters, "I started church the old-fashioned way. I was forced to and I'm better for it."

This spring, Santorum addressed via video a get-out-the-vote training session of the Pennsylvania Pastors Network. Once Casey heard about it, he asked to speak to the group and was given a chance. He did it in person.

"To the extent that he is successful, his campaign might become a model for other Democrats in similar circumstances," said John Green, a senior fellow at the Pew Forum on Religion and Public Life.

Casey has held a double-digit lead in polls over Santorum, the Senate's No. 3 Republican, although recent surveys have shown a tightening contest.

More than one-third of voters in Pennsylvania are Catholic. While the state has about a half million more registered Democrats than Republicans, voters tend to be socially conservative and frequently vote along cultural lines.

Santorum has enjoyed political success siphoning the support of socially conservative Democrats — many of whom once voted for Casey's father, the late Gov. Robert P. Casey. The elder Casey, a strong foe of abortion, was revered by many for standing up to the Democratic Party on the issue.

In his son, some Democrats see an opportunity to reach out to voters alienated by the party's stance on social issues.

An August poll by Muhlenberg College Institute of Public Opinion found that among Catholic voters, Casey led Santorum by seven percentage points. Among anti-abortion voters, Santorum led by 17 percentage points.

While both candidates are Catholic and abortion foes, they differ on some issues critical to religious voters. Casey supports civil unions but opposes same-sex marriage. Santorum advocated for a constitutional amendment banning same-sex marriage; Casey said he didn't support it because it was too divisive.

Last spring, Casey addressed evangelicals on global warming at Messiah College in Grantham, Pa. His openness about his faith appealed to at least one voter.

Kimberly Tucker, 48, of Dillsburg, Pa., an evangelical Christian who home-schooled her three children, said she wished other Democrats would follow Casey's lead.

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"The Democrats really need to get comfortable with that if they want to appeal to the liberal evangelicals," Tucker said. "They need to be more open with their faith. I think if they are, evangelicals are going to come with them."

Ehrlich Wants Paper Ballots For Nov. Vote (WP)

By Christian Davenport And Ann E. Marimow

The Washington Post, September 21, 2006

A week after the primary election was plagued by human error and technical glitches, Maryland Gov. Robert L. Ehrlich Jr. (R) called yesterday for the state to scrap its $106 million electronic voting apparatus and revert to a paper ballot system for the November election.

"When in doubt, go paper, go low-tech," he said.

Linda H. Lamone, the administrator of the Maryland State Board of Elections, quickly denounced the plan to swap voting systems just seven weeks before the general election as "crazy." And Senate President Thomas V. Mike Miller Jr. (D-Calvert) said it "cannot happen. It will not happen."

Ehrlich said that, if necessary, he would call a special session of the Maryland General Assembly to change the law to allow paper ballots. But Miller and House Speaker Michael E. Busch (D-Anne Arundel) dismissed the idea of a special session, saying elections officials should focus instead on fixing the current system.

"We paid millions. These are state-of-the-art machines," said Miller, who called Ehrlich's announcement a political ploy to energize his Republican supporters.

In Montgomery and Prince George's counties yesterday, election officials continued to count the thousands of paper provisional ballots that could determine the outcome of the 4th Congressional District Democratic primary race between incumbent U.S. Rep. Albert R. Wynn and challenger Donna Edwards. Prince George's officials cracked opened 26 machines yesterday and retrieved votes that had not been counted.

The problems playing out in Maryland have created unease elsewhere in the nation, where more than 80 percent of voters will use electronic voting machines in the Nov. 7 election and a third of all precincts are using them for the first time.

Ehrlich's statement came after a State Board of Public Works hearing at which Lamone said her staff would "work around the clock" to correct the problems that plagued the primary. She vowed that her office would help local election boards retrain judges, recruit new ones and force Diebold Election Systems to fix the problems that caused some of its machines to malfunction.

The idea of switching systems now worried local election officials who said testing new equipment and educating election judges and voters about a new system would be a daunting -- if not impossible -- task.

"There isn't a lot of time," said Marjorie Roher, a spokeswoman for the Montgomery Board of Elections.

Henry Fawell, a spokesman for Ehrlich, said the governor's top priority is to replace the electronic poll books, used to check in voters. But he said Ehrlich "is also interested in moving voters to a paper ballot for this year's general election."

"He realizes it's a tall order," Fawell said. But moving to paper ballots would "eliminate the chronic problems that electronic voting machines demonstrated [Sept. 12] with respect to crashing and susceptibility to tampering."

In the spring, Ehrlich advocated leasing optical scan machines that use paper ballots, a proposal that won unanimous support in the House of Delegates but was rejected by the Senate.

Many of the problems that marred this month's primary resulted from human error. Election judges in Baltimore failed to show up, meaning the polls opened late. In Montgomery, voting at nearly all 238 precincts was delayed because officials forgot to distribute plastic cards needed to operate voting machines.

In Prince George's, election officials struggled to transmit data electronically from polling places to a central office on election night, delaying the counting process for hours. In the days since, they have also discovered that dozens of memory cards were not counted after the election; some remained locked in voting machines for days.

Yesterday, county election officials began opening selected machines to locate the missing cards and capture the voting information contained on them.

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Also yesterday, Gene Raynor, the Baltimore election director, resigned, saying Lamone and the General Assembly "have set dangerous precedents that, in my opinion, threaten the integrity of November's elections." Raynor previously sat on the State Board of Elections, where he had joined members in trying to oust Lamone two years ago.

There were also technical problems during the primary, mainly with the electronic poll books that were used in the state for the first time. They replaced the paper printouts of the voter registration rolls, allowing election judges to check in voters electronically.

Some crashed and needed to be rebooted, election judges reported. Others failed to transmit the name of a checked-in voter to the other machines in the same polling place. That meant, theoretically, that a voter could cast more than one ballot. Officials said they had no evidence of any voter fraud.

Lamone said the electronic poll books, purchased from Diebold in June and July, were tested in the days before the election. But those tests did not reveal any problems.

Mark Radke, a Diebold spokesman, said many of the poll books crashed because software created exclusively for Maryland caused the machines' memories to fill up after about 40 people had checked in to vote.

He said the company was investigating the synchronization problems.

But Ehrlich said he wasn't willing to risk the possibility that such glitches would remain for the November election, in which he is seeking a second term.

"I'm not sure we can afford another experiment," Ehrlich said after the Board of Public Works hearing. "I want to play it safe."

His position was supported in the hearing by Avi Rubin, a Johns Hopkins University computer scientist who worked as an elections judge during the primary and has long been critical of the touch-screen voting machines.

Gilles W. Burger, chairman of the State Board of Elections, said his panel has requested that Diebold officials appear at its meeting Tuesday.

"Their feet are going to be held to the fire," Burger said.

Maryland's election law leaves it to the State Elections Board to pick a voting system and certify its reliability and security. Mark Davis, the assistant attorney general who represents the board, said it has already performed required tests on the touch-screen machines.

"The board feels it would be catastrophic to try to do that for another system between now and the general election," he said. "It just doesn't make any sense."

Staff writer Rosalind S. Helderman contributed to this report.

The Battleground Is Joined (WSJ)

By Russ Smith

The Wall Street Journal, September 21, 2006

BALTIMORE -- Maryland has never been much considered, since the term was coined, a "battleground state." Registered Democrats outnumber Republicans by a two-to-one margin, and reliably voted for John Kerry (by 13 percentage points) in 2004 and Al Gore (by 17 percentage points) in 2000. Both Maryland senators are Democrats, as well as six of its eight-member House delegation. Yet the run-up to the Sept. 12 primary was the most frenzied political blitz in recent state history. Improbably, Maryland has emerged as one of the most contested states in the country, featuring very competitive gubernatorial and Senate elections. All this is more improbable still in a year not expected to bring much November cheer to the GOP.

Maryland does have a Republican governor, Robert Ehrlich, who was elected in 2002 (the first member of his party since 1966), but that was widely attributed to the inept campaign of his opponent, Kathleen Kennedy Townsend. Not surprisingly, Mr. Ehrlich has since been stifled by the Democratic legislature and unremitting criticism from the Baltimore Sun and the Washington Post; and he is now facing Baltimore's popular mayor, Martin O'Malley. The two men dislike each other personally, and as the governor told an AARP audience on Sept. 14, they "agree on nothing," accusing the mayor of being a "pseudo populist" who would govern through "speeches" and "euphemism." Mr. O'Malley replied in kind.

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The match is increasingly nasty, loaded with hyperbole on both sides and expected to be the most expensive in state history. The governor is called the "$20-million man" by Democrats, and Mr. O'Malley, for his part, will be the beneficiary of fundraising appearances by Hillary and Bill Clinton.

Mr. O'Malley's television advertising attacks Mr. Ehrlich's record on education, opposition to a minimum wage hike, the environment and, echoing the national Democratic theme, pictures the incumbent clasping raised hands with George Bush at a past rally. It's not subtle, but it undoubtedly pleases Mr. O'Malley's firm base -- which may prove his Achilles' heel. His past gaffes -- he said he was "more worried about the actions and inactions of the Bush administration" than al Qaeda, at a Baltimore rally for John Kerry in July 2004 -- have demonstrated that he sometimes speaks without thinking about political repercussions.

If Mr. Ehrlich wins re-election, his profile would rise considerably; and he could make an attractive running mate for the Republican presidential nominee in two years. But the Maryland race with the more acute national resonance is for the Senate seat vacated by the retiring Democrat Paul Sarbanes, with attention focused on current Lt. Gov. Michael Steele. Not only is the national Republican majority threatened, but should Mr. Steele win the seat -- he's currently several points behind in the polling -- he'd be the first African-American senator from Maryland, and only the sixth in Senate history. That possibility sticks in the collective craw of local Democrats, who don't like Mr. Steele's cultural conservatism, for one, and are petrified, for two, that the next Barack Obama could be a Republican.

In the primary, Democratic voters did have the opportunity to nominate their own black candidate, Kweisi Mfume, a charismatic former congressman and NAACP president, but chose instead U.S. Rep. Ben Cardin by a close margin. Mr. Cardin, a 20-year House veteran whose studious demeanor resembles that of Mr. Sarbanes, was backed by the Democratic establishment, as well as the Post and the Sun, an "anointment" that caused no small resentment among Mr. Mfume's impassioned supporters. Had Mr. Mfume prevailed and faced off against Mr. Steele, it would've guaranteed a history-making precedent.

In any case, although Mr. Cardin's camp scoffs at the notion, Mr. Steele has the potential to capture a sizable percentage of Maryland's black voters, many of whom feel taken for granted by the Democrats. The lieutenant governor, raised by his mother in a dangerous Washington neighborhood and a graduate of Johns Hopkins, appeals to church-going citizens who share his opposition to abortion and gay marriage, if not necessarily his erstwhile support for George Bush's foreign policy.

Maryland's latent racial politics have made for some curious political bedfellows. Mr. Mfume, muddying the waters, has endorsed Mr. Cardin, but hasn't yet made any commitment to campaign vigorously on his behalf. Also, Mr. Mfume told reporters that "Mike Steele's a great guy," even though their political platforms are polar opposites. In late August, Mr. Steele was feted at a fundraiser hosted by hip-hop impresario Russell Simmons, who almost always reserves his endorsements for Democrats. Mr. Steele's emphasis on black empowerment and entrepreneurship, evidently, cuts across political lines.

Mr. Cardin -- whose campaign war-chest was fairly depleted by his primary race -- has not begun a general election television campaign, but Mr. Steele has. Given today's political climate, he's distancing himself from Mr. Bush and even the Republican Party, presenting his candidacy as that of an "outsider" who'll clean up corruption in Washington. His already ubiquitous advertisement (somewhat hokey, but Republicans do have to be inventive this year), begins with Mr. Steele saying, "Soon your TV will be jammed with negative ads from the Washington crowds. Grainy pictures and spooky music saying Steele hates puppies and worse. For the record, I love puppies." Seriously.

The commentariat has given the unconventional campaign mixed reviews. But even the fact that it is such a live topic of discussion reinforces the fact that the race is anyone's game, especially with the uncertain African-American vote, 29% of the population. While the prevailing wisdom seems to be that Mr. Cardin will hold the seat for the Democrats, Mr. Steele has a clear shot. The Democrats are -- and ought to be -- very nervous.

Still, although both Mr. Steele and Mr. Ehrlich trail in current polls by single digits, one indication of the volatility is that I can't find a single friend who will accept a small wager that both Republicans will emerge victorious.

Mr. Smith, a Baltimore writer, has founded weekly newspapers in Baltimore, Washington and Manhattan.

Texas Candidate Accused Of Racist Crack (AP-Y)

By Kelley Shannon

DOJ_NMG_0066738

AP, September 21, 2006

Gubernatorial candidate and professional wiseacre Kinky Friedman was accused Wednesday of making another racially offensive remark — this time in a year-old interview in which he said sexual predators should be thrown in prison and forced to "listen to a Negro talking to himself."

The independent candidate already was under fire for referring to Hurricane Katrina evacuees in Texas "crackheads and thugs." Some black politicians from Houston took that remark as a slap at black victims of the storm.

The Fort Worth Star-Telegram and the Houston Chronicle have reported on an interview with Friedman that aired on CNBC last year in which the country singer and comedian was asked what to do with sexual predators.

"Throw them in prison and throw away the key and make them listen to a Negro talking to himself," Friedman said. He also called "Negro" a "charming word."

State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, said the remarks are unacceptable from a candidate for governor, and sound more like something uttered by someone running for "class clown or the grand wizard of the Ku Klux Klan."

Friedman's spokeswoman, Laura Stromberg, said Wednesday: "Texans who know anything about Kinky know that he's not a racist, and they're going to see through all of this political correctness very soon. This is what they've got? Bring it on. Texans can see right through."

Democratic candidate Chris Bell said he was offended by Friedman's remark, and added, "I just don't think those types of comments have a place in this campaign."

Mark Sanders, a spokesman for independent candidate Carole Keeton Strayhorn, said such "divisive language has no place in this campaign. Carole's campaign is about uniting people to get things done, not about dividing people."

Republican Gov. Rick Perry's campaign declined to comment.

Friedman was traveling to New York for a fundraiser Wednesday and was not available for comment. He told the Star-Telegram on Tuesday that anyone who is offended by his comment should vote for one of the other candidates.

"If I've got to lie to people, sweep the truth under the rug and worry about offending people, I'm not going to be very effective," Friedman said.

His spokeswoman said part of the "Negro" line was derived from a book Friedman wrote in the late 1980s that was being discussed in the CNBC interview before Friedman used the phrase.

"The United Negro College Fund doesn't have a problem with the word Negro," Stromberg said, adding that Friedman does not use the word in everyday conversation.

Friedman also took some heat recently for a remark about ethnic politicking.

"I don't eat tamales in the barrio, I don't eat fried chicken in the ghetto, I don't eat bagels with the Jews for breakfast," said Friedman, who is Jewish. "That to me is true racism."

Bills Toughen Restrictions On Sex Offenders (LAT)

By Jenifer Warren

The Los Angeles Times, September 21, 2006

Sacramento, Calif. — Calling public safety government's most important job, Gov. Arnold Schwarzenegger on Wednesday signed a package of bills increasing prison terms for many sex offenders and barring them from loitering near schools and parks upon release.

The measures, signed seven weeks before voters will decide on a ballot initiative offering similar provisions, also require that sex offenders deemed high risk by authorities wear electronic tracking devices while on parole.

Backers said the laws give California the nation's toughest restrictions on sex offenders, a category of felons facing an expanding national crackdown.

Schwarzenegger, flanked at a Capitol signing ceremony by a bipartisan group of legislators and police, said the bills would "help us fight sexual predators and make our state a safer place to live and raise our families."

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The broadest measure, by Sen. Elaine Alquist, D-Santa Clara, would increase the penalty for child rape to 25 years to life in prison; allow possession of child pornography to be charged as a felony; extend prison sentences for Internet luring; and lengthen parole terms for violent ex-felons to 10 years.

Other bills would require registered sex offenders to disclose their registration status when applying for certain jobs and create an oversight Sex Offender Management Board.

Analysts say the legislation would cost the state more than $200 million annually, largely by expanding the prison population and requiring more parole agents to monitor ex-offenders for longer periods of time.

The Alquist billwas put forth by Democrats after Republicans failed to win passage of their version. Frustrated, two GOP legislators launched a bid to qualify their version for the November ballot, resulting in Proposition 83, dubbed "Jessica's Law" by proponents.

The initiative differs from the bills in two major respects, involving electronic tracking of ex-offenders and limits on where they may live. Under Proposition 83, all registered sex offenders would be required to undergo electronic monitoring for life, regardless of their offense or the likelihood they would re-offend. Under SB 1178 by Sen. Jackie Speier, D-Hillsborough, signed by the governor, high-risk former felons would be tracked with electronic devices while on parole.

The ballot measure also prohibits ex-offenders from living within 2,000 feet of schools or parks, or additional locations identified by local governments. The legislation bans loitering around schools, parks or other locations where vulnerable populations congregate but does not limit where ex-offenders may live.

Some experts say the new laws make Proposition 83 unnecessary because it mirrors many of the tougher-sentencing aspects of the legislation. Critics also argue that the loitering ban contained in legislation would be more effective than simply limiting where ex-offenders may live.

"The bills the governor is signing give California virtually every positive thing that could come out of Jessica's Law," said Robert Coombs of the California Coalition Against Sexual Assault, a statewide network of rape crisis centers. "These bills do not take sex crime lightly, but they do the job in a more thoughtful way than Jessica's Law."

Schwarzenegger, however, said the state still needs Proposition 83, and Sen. Chuck Poochigian, R-Fresno, a co-author of one bill signed by the governor, agreed. Poochigian said the ballot measure is tougher in one respect, allowing designation of an offender as a sexually violent predator after just one victim rather than two.

While cracking down on sex offenders has become a national trend, a federal study showed a 79 percent decline in sexual assaults against children ages 12 to 17 between 1993 and 2003.

The number of arrests for sex crimes against kids in California also has declined during this decade, despite population growth of 6 percent, state statistics show.

Obama Urges Challenge To Bush Policy (AP-Y)

By Will Lester

AP, September 21, 2006

Democratic Sen. Barack Obama on Wednesday called the view that President Bush has been perfect in fighting terrorism an illusion and urged Democrats to challenge the Bush administration's policies.

"On the terrorism front, I'm happy to have that debate," the first-term Illinois senator said following a speech on energy at Georgetown University. "The notion that the president has led a flawless policy on terrorism is an illusion."

Obama, mentioned as a possible 2008 presidential candidate, said the nation is involved in "a war in Iraq that has vastly expanded the number of terrorist recruits, a deteriorating situation in Afghanistan and Osama bin Laden has not been caught. We should not shy away from that debate."

Democrats have opposed Bush administration anti-terrorist measures such as the warrantless wiretapping program and proposals to allow aggressive interrogation of prisoners.

Obama questioned why the terrorism debate should become more intense around elections.

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In this politically charged atmosphere, Republicans and Democrats have clashed over Bush's Iraq war policy and his efforts to combat terrorism. Republicans have argued Democrats are weak on defense, seeking to exploit their advantage with voters on the issue.

Several GOP lawmakers and members of Bush's Cabinet have suggested Democrats are aiding the terrorists and behaving like Nazi appeasers.

Democrats have countered that the rhetoric smacks of the McCarthyism of the 1950s.

"But we don't always pick our fights, especially when the president has the bully pulpit," he said.

His talk was sponsored by the liberal political group Moveon.org.

Tracy Schmitt, spokeswoman for the Republican National Committee, responding to Obama's comments, argued that his Democratic Party's "opposition to the tools imperative to the war on terror illustrates a startling lack of understanding about how to keep America safe."

Stem Cells Appear To Undo Some Heart-Attack Damage, Study Says (LAT)

By Karen Kaplan And Alan Zarembo

The Los Angeles Times, September 21, 2006

Using stem cells harvested from patients' own bone marrow, researchers reported Wednesday that they improved cardiac function in heart attack patients months, years -- and even decades -- after the patients suffered their attacks.

The infusion of stem cells boosted cardiac pumping efficiency by 7 percent in three months -- a modest gain, but still a significant improvement for a chronic condition.

In one case, a patient who had suffered a heart attack 30 years earlier showed an 11 percent improvement after the treatment, according to the study published in the New England Journal of Medicine.

The German researchers also found tentative signs that patients can continue to improve with repeated stem-cell treatments.

"We have always thought that a heart attack is permanent damage, but now there is the potential that this damage can be repaired," said Dr. Christopher Cannon, a cardiologist at Brigham and Women's Hospital in Boston who was not involved in the research.

While the researchers are uncertain why the therapy works, the findings are a sign that the long-touted regenerative powers of stem cells may be moving from the laboratory into the realm of viable human therapies.

Some researchers cautioned that it was too soon to say that the results could be translated into routine treatment.

"There are a number of therapies that have gotten to this step, but when subjected to more rigorous trials have not worked," said Dr. Gregg Fonarow, a professor of cardiovascular medicine at the University of California, Los Angeles. "This is a therapy that may or may not pan out."

Dr. Andreas Zeiher, chair of the department of medicine at Johann Wolfgang Goethe University in Frankfurt, Germany, and senior author of the study, said the preliminary results pointed to potential new strategies for treating chronic heart disease -- a condition for which there is currently no cure.

Stem cells present one of the most tantalizing mysteries in medicine. Embryonic stem cells are capable of generating any type of tissue in the body, but scientists haven't learned the biochemical means to transform them.

The current study focused on adult stem cells, of which there are many types, each focused on regenerating a specific group of tissues to help the body repair normal wear and tear.

Stem cells from bone marrow have been used for decades to regenerate blood and immune cells in cancer patients. Laboratory experiments suggest that these cells -- or others found in bone marrow -- can also make heart muscle, blood vessels, nerve cells and other tissues.

Because the stem cells can be collected from the same patients they will be used to treat, they avoid problems of tissue rejection.

Heart disease has been one of the primary targets of stem-cell research.

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About 1.2 million heart attacks occur in the United States per year, leading to nearly 500,000 deaths, according to the American Heart Association.

The German researchers recruited 75 patients who had suffered heart attacks at least three months -- and as long as 30 years -- earlier.

The patients already were receiving state-of-the-art drug treatments for their heart disease, including beta blockers and cholesterol-lowering statins.

The researchers extracted 50 milliliters of bone marrow from each patient's hip. They isolated a soup of cells that included the stem cells and infused it into patients within hours after the extraction.

The researchers divided the patients into three groups. One received the bone marrow stem cells, and another was treated with different stem cells derived from their own blood. A third group served as a control.

Three months later, the researchers tested the patients' left ventricular ejection fraction, a measure of how much oxygenated blood is pumped into the circulatory system. In healthy people, it ranges from 57 percent to 75 percent.

The patients in the study started out with ejection fractions ranging from 29 percent to 56 percent.

Those treated with bone marrow stem cells saw their heart-pumping efficiency increase over three months by an average of 2.9 percentage points -- a 7 percent improvement.

Over the same period, patients in the control group saw their pumping efficiency decline by an average of about 3 percent while those treated with blood stem cells dropped about 1 percent.

To confirm their findings, the researchers swapped the treatments and gave patients in the control group either blood or bone marrow stem cells. Again, the patients who got bone marrow cells saw an increase in their pumping efficiency.

Fonarow of UCLA said the improvement was similar to the effect of statins, which boost pumping efficiency by 5 percent to 8 percent.

The patients treated with bone marrow cells showed an increased ability to tolerate physical activity before getting tired and breathless -- and the improvements have been sustained, Zeiher said.

He said one patient who had suffered a heart attack four years earlier improved by 61 percent and returned to the golf course to play at least nine holes. Some patients have made further progress by receiving one or two additional infusions over a two-year period.

"For the past 20 years, we have obsessed about treating (heart attacks) quickly -- time is muscle," said Dr. Douglas Losordo, chief of cardiovascular research at St. Elizabeth's Medical Center in Boston. "What this paper tells us is there is another time window for therapeutic intervention that's quite a bit longer and larger than we thought."

Dr. Anthony Rosenzweig, director of cardiovascular research at Beth Israel Deaconess Medical Center in Boston, said the results suggest the stem cells were doing more than just accelerating the recovery process.

"These people were, on average, six years after their heart attacks," he said. "If it were just hastening healing after a heart attack, you wouldn't necessarily predict you'd be able to have a beneficial impact so long after."

Laboratory experiments have shown the cells can rebuild damaged heart cells, stimulate the formation of new blood vessels and release chemicals that aid the healing process, Zeiher said. But in patients, he said, "it is extremely difficult to assess these different mechanisms of action."

Some doctors, however, noted that a key piece of information was missing from the study: What exactly were the bone marrow cells doing inside the heart?

"They provide no evidence that the injected (stem cells) actually settled in the heart," Dr. Robert S. Schwartz, deputy editor of the New England Journal, wrote in a perspective piece accompanying the study. He added in an interview: "Physicians should know how any therapy they give works. That's fundamental."

Others found the mystery less bothersome.

"We still don't know how statins work, but I haven't stopped prescribing them," Losordo said.

The German researchers also published results of a companion study showing that patients who received the bone marrow cells within seven days of a heart attack improved their blood-pumping efficiency by 11 percent after four months, compared with a 6 percent boost for patients who received a placebo.

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Human Stem Cells Are Found To Help Rats' Vision (NYT)

By Nicholas Wade

The New York Times, September 21, 2006

Pointing the way to a possible clinical use of human embryonic stem cells, researchers have improved vision in rats suffering from a disease similar to age-related macular degeneration.

The scientists, at Oregon Health and Science University, used human embryonic stem cells that had spontaneously converted into the special cells that line the base of the retina. The cells, which support the light-sensing rod and cone cells above them, are damaged in some forms of macular degeneration.

A group led by Raymond Lund says members injected these human cells into the retina of a special breed of rat in which the retina degenerates shortly after birth. The cells rescued the rats' vision, as judged by several tests, for three months after birth, the researchers report today in the journal Cloning and Stem Cells.

The injected human cells seemed to behave as retinal cells should, and the treated rats retained some six layers of rods and cones in their retinas, as much as half the normal value.

The human retinal lining cells, derived from different cultures of embryonic stem cells, were supplied by Advanced Cell Technology, a company with laboratories in Worcester, Mass. Dr. Neal Adams of the Wilmer Eye Institute in Baltimore said the development was important and "shows us some of the hope that regenerative medicine possesses." But many more stages lie ahead before any clinical test of the cells in patients with macular degeneration could be tried, Dr. Adams added.

Macular degeneration is a good candidate for embryonic stem cell therapy, at least in principle, because the eye is not closely monitored by the immune system. So cells from another individual could be grafted with lesser risk of rejection than at other sites.

A bank of retinal cells derived from 100 embryonic stem cells of different immunological backgrounds should suffice to provide a good match to most of the American population, said Robert Lanza of Advanced Cell Technology.

Although the experiment suggests a possible treatment for age-related macular degeneration, a disease that affects one-third of the population older than 75, many uncertainties remain to be addressed. The disease treated in the rats is caused by a genetic defect and is not exactly the same as the human disease.

Also, as with many proposals for cell therapy, the replacement cells are liable to be damaged in time by whatever disease process killed the patient's cells. Dr. Adams said macular degeneration was probably caused by a mix of environmental and genetic factors. Even if replacement cells should also fall victim to the disease, he said, they may buy the patient extra time and be a valuable treatment.

Stem Cell Experiments Slow Vision Loss In Rats (WP)

By Rick Weiss

The Washington Post, September 21, 2006

Researchers will report today that cells grown from human embryonic stem cells slowed vision loss when injected into the eyes of rats with a disease similar to macular degeneration, the leading cause of blindness in people older than 55.

The experiments do not prove that the cells, obtained through the destruction of human embryos, will work in people. But by showing that the cells have the potential to fill in for failing cells in the retina, experts said, the work may help justify trying the technique in humans.

Raymond D. Lund, then at the University of Utah's John A. Moran Eye Center in Salt Lake City, and Robert Lanza of Advanced Cell Technology Inc. (ACT) in Worcester, Mass., started by developing a reliable method for turning embryonic stem cells into retinal pigment epithelium cells, which nourish the light-sensitive "photoreceptor" cells in the eye. In macular degeneration, the pigment cells gradually disappear.

The researchers achieved the transformation in all 18 stem cell lines they worked with -- including some provided by the National Institutes of Health and others developed privately at Harvard University and at ACT -- proving that their approach can consistently produce the crucial pigment cells. Then they injected the cells, about 20,000 per eye, into the retinas of 14 rats with a genetic disease similar to macular degeneration. Eight control rats received eye injections without any cells.

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Forty days after treatment, the team measured retinal electrical activity in response to flashes of light, and it found that the treated rats were twice as responsive as the untreated ones, which by then were going blind. A separate test -- which tracks eye and head movements in response to a moving display, a measure of an animal's ability to discern fine details -- showed that the treated rats had twice the visual acuity of the untreated rats nearly three months after treatment.

Microscopic examination of the retinas at autopsy showed that the treated eyes had healthy photoreceptor layers five to seven cells thick, while the untreated eyes had an average thickness of just one cell. (Healthy rats have layers 10 to 12 cells thick.) None of the cells divided abnormally or grew into tumors, the team reports in today's issue of the journal Cloning and Stem Cells.

"It's important and pretty exciting work," said Lucian V. Del Priore, an expert in retinal cell transplants at Columbia University. A steady source of safe, laboratory-cultivated cells for retinal transplants would be a welcome advance, he said.

But Del Priore cautioned that the rat disease is not identical to macular degeneration (no animal disease is), and it remains uncertain how long the new cells will survive and work. Immune-system responses, while generally suppressed inside the eye, can eventually lead to rejection, he said.

'A Dissident Of Islam' (WP)

By George F. Will

The Washington Post, September 21, 2006

While her security contingent waits outside the Georgetown restaurant, Ayaan Hirsi Ali orders what the menu calls "raw steak tartare." Amused by the redundancy, she speculates that it is intended to immunize the restaurant against lawyers, should a customer be discommoded by that entree. She has been in America only two weeks. She is a quick study.

And an exile and an immigrant. Born 36 years ago in Somalia, Hirsi Ali has lived in Ethiopia, Kenya, Saudi Arabia and the Netherlands, where she settled in 1992 after she deplaned in Frankfurt, supposedly en route to Canada for a marriage, arranged by her father, to a cousin. She makes her own arrangements.

She quickly became a Dutch citizen, a member of parliament and an astringent critic, from personal experience, of the condition of women under Islam. She wrote the script, and filmmaker Theo van Gogh directed, "Submission," an 11-minute movie featuring pertinent passages from the Koran (such as when it is a husband's duty to beat his wife) projected on the bodies of naked women.

It was shown twice before Nov. 2, 2004, when van Gogh, bicycling through central Amsterdam in the morning, was shot by an Islamic extremist who then slit his throat with a machete. Next, the murderer (in whose room was found a disc containing videos of "enemies of Allah" being murdered, including a man having his head slowly sawed off) used another knife to pin a long letter to van Gogh's chest. The letter was to Hirsi Ali, calling her a "soldier of evil" who would "smash herself to pieces on Islam."

The remainder of her life in Holland was lived under guard. Neighbors in her apartment building complained that they felt endangered with her there and got a court to order her evicted. She decided to come to America.

Holland evidently tolerates everything except skepticism about the sacramental nature of multiculturalism. One million of the country's 16 million residents are Muslims, and the political left has appropriated the European right's traditional celebration of identity grounded in racial and ethnic traditions and culture. But the recoil of many Dutch people from Hirsi Ali suggests that the tolerance about which Holland preens is a compound of intellectual sloth and moral timidity. She was more trouble than the Dutch evidently think free speech is worth.

Her story is told in a riveting new book, "Murder in Amsterdam," by Ian Buruma, who is not alone in finding her -- this "Enlightenment fundamentalist" -- somewhat unnerving and off-putting. Having experienced life circumscribed by tribal and religious communities (as a girl she suffered the genital mutilation called female circumcision), she is a fierce partisan of individualism against collectivism.

She reminds Buruma of Margaret Thatcher's sometimes abrasive intelligence and her fascination with America. He is dismissive of the idea that she is a Voltaire against Islam: Voltaire, he says, offended the powerful Catholic Church, whereas she offends "only a minority that was already feeling vulnerable in the heart of Europe."

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She, however, replies that this is hardly a normal minority. It is connected to Islam's worldwide adherents. Living sullenly in European "dish cities" -- enclaves connected by satellite television and the Internet to the tribal societies they have not really left behind -- many members of this minority are uninterested in assimilation into open societies.

She calls herself "a dissident of Islam" because, given what Allah supposedly enjoins and what she knows is right, "the cognitive dissonance is, for me, too much." She says she is not "a militant atheist," but the emphasis is on the adjective.

Slender, elegant, stylish and articulate (in English, Dutch and Swahili), she has found an intellectual home here at the American Enterprise Institute, where she is writing a book that imagines Muhammad meeting, in the New York Public Library, three thinkers -- John Stuart Mill, Friedrich Hayek and Karl Popper, each a hero of the unending struggle between (to take the title of Popper's 1945 masterpiece) "The Open Society and Its Enemies." Islamic extremists -- the sort who were unhinged by some Danish cartoons -- will be enraged. She is unperturbed.

Neither is she pessimistic about the West. It has, she says, "the drive to innovate." But Europe, she thinks, is invertebrate. After two generations without war, Europeans "have no idea what an enemy is." And they think, she says, that leadership is an antiquated notion because they believe that caring governments can socialize everyone to behave well, thereby erasing personal accountability and responsibility. "I can't even tell it without laughing," she says, laughing softly. Clearly she is where she belongs, at last.

Juice For The Apple (WSJ)

The Wall Street Journal, September 21, 2006

The Mets and Yankees may be safely in first place, but New Yorkers haven't had much else to cheer about lately. The state ranks first in the nation in net outmigration since 2000, according to a Manhattan Institute analysis of Census data, and the economic damage is especially notable in such struggling upstate areas as Utica and Buffalo. With even nearby Rhode Island planning a reduction in income tax rates, New York will slip further behind on the cost of doing business.

Enter GOP candidate for Governor John Faso, who is expected to release a tax reduction plan today that could at least put New York back in the game for jobs and investment. At the urging of such advisers as economist Larry Kudlow, Mr. Faso will propose to repeal the state's tax on dividends and capital gains over four years and immediately zero out the capital gains tax on all new investment in the state. Since the amount of new investment under the current tax regime is so microscopic, eliminating that capital-gains levy would cost the state almost nothing in lost revenue even on a static basis.

It's always been a strange paradox that New York, which fancies itself the financial capital of the globe, tries to repel capital with high taxes. Mr. Faso will also propose cutting the corporate income tax, as well as indexing the personal income tax brackets for inflation while chopping the top marginal rate to 6.25% from 6.85% (plus 3.65% if you live in New York City). The Big Apple's top rate would fall below 10% for the first time in decades. "When it comes to taxes, the world is flat and New York should be too," says Mr. Faso, referring to the flat-tax movement sweeping Europe and other parts of the world.

The current front-runner in the Governor's race, Democratic Attorney General Eliot Spitzer, isn't likely to follow suit. His own tax plan focuses on property levies, which are the fourth highest in the country. That sounds good, but he can't resist adding a class warfare wrinkle to his proposal for tax "relief," imposing an income test so that only lower- and middle-income homeowners get his rebate.

Property taxes have long been flat-rate levies that rise based only the value of one's home, so Mr. Spitzer is proposing to make the property tax as "progressive" as the income tax rates that have driven so many talented families and businesses out of the state. A state that found the cash to increase spending by 13% last year can afford a far bigger tax cut.

For years, Albany politicians have tried to lure businesses by offering lucrative special favors, one smokestack at a time. But that kind of corporate cronyism, financed through "economic development" grants and specific tax subsidies ($1 billion in handouts were just awarded to computer chip maker AMD), has only narrowed New York's tax base and accelerated its economic decline. Mr. Faso says he'd eliminate these corporate-welfare grants and apply the savings for his across-the-board tax cuts.

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If not for the 2003 Bush tax cuts that helped to revive American capital markets and thus New York City in particular, the state would be even worse off. Mr. Faso is proposing to take a page from that same tax strategy and use it to lure investment and people back to America's fourth-largest state. This is a debate worth having.

Clash Of Civilizations (WSJ)

By Carlos Alberto Montaner

The Wall Street Journal, September 21, 2006

The clash of civilizations began this way. On Sept. 8, the Miami Herald (TMH) and El Nuevo Herald (ENH), both of the McClatchy newspaper chain, published on Page One a sensationalist report, clumsily researched, under a headline that read, in type befitting a major event, "10 Miami Journalists Take U.S. Pay." The initiative for the report had come from TMH; ENH was obliged to publish it, grudgingly. From the way in which the story was presented, it appeared that a great font of corruption had been unearthed, but in reality nothing criminal had happened. All the article said was that journalists of Cuban origin also contributed to Radio and TV Martí, an official U.S. broadcast station similar to Radio Free Europe, governed by the ethical standards of Voice of America, and transmitting to Cuba. Naturally, the journalists accepted for their work the fees (generally low) that the government routinely pays.

Miami's Cuban community was indignant. What was bad about trying to undermine Cuba's censorship? For the Cuban journalists, that was a civic duty. TMH has editorialized in support of Radio and TV Martí. Wasn't it logical that the good Cuban journalists said to Cuba, via Radio Martí, the same things they said in Miami via the McClatchy chain? To add insult to injury, the company fired three reporters on ENH's staff, claiming there might be a conflict of interests if they collected honoraria from the government. Granma, the organ of the Communist Party of Cuba, reported that those who criticized the Cuban government were bought by money from Washington. TMH did more damage in one day to Cuban writers in the democratic opposition than Granma has done in 40 years.

A few days later, ENH reported that hundreds of U.S. journalists have appeared on VOA and received the usual modest $100 per program. To contribute to VOA, PBS or public radio, and to charge for it, doesn't compromise their objectivity. Why a different standard for Cuban writers? TMH did not reprint ENH's report; 1,200 readers cancelled their subscriptions and it became evident that the two newspapers were taking opposing stances. For the "Anglo" journalists, their Cuban colleagues had conflicts. In contrast, the journalists at ENH felt their corporate brothers had ambushed them. To Miami's Cuban-Americans, this was a display of double-standards.

This clash also allows us to reflect on "conflicts of interest." To think that just because a journalist participates in a VOA program and receives $100 he will sell his conscience to the government is to have a terrible opinion of journalists. To think that readers, if they find out, will repudiate the medium where these journalists work, is to have a terrible opinion of readers. Professors at public universities get paid by the government; yet they don't submit to their paymaster for that reason. Because the law enshrines the presumption of innocence, U.S. society is characterized by a presumption of decency. Life is a continuous conflict of interest and one must presume that people -- even Cuban journalists -- act in accordance with reasonable principles and standards.

So what can McClatchy do now? Something very simple: Apologize publicly for the defamatory report and readmit the expelled journalists.

Mr. Montaner, a syndicated writer, is published in the Miami Herald and El Nuevo Herald.

Early October New Deadline For Iran (WP)

By Glenn Kessler

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- With Iran still resisting a freeze on its nuclear activities, the United States and five partners have decided to set yet another deadline in hopes that Iran will finally agree to terms paving the way for substantive talks on its nuclear program.

Under the plan, reached by Secretary of State Condoleezza Rice and her counterparts from five other nations over a late-night dinner Tuesday, Iran will have until early October to agree to suspend its nuclear activities as the negotiations take place,

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diplomats said. At the meeting, Rice backed off the U.S. demand that the U.N. Security Council begin imposing sanctions over Iran's failure to meet previous deadlines, but noted that there is intense interest in the issue on Capitol Hill.

"Everyone wants to solve this through negotiation, everybody wants to solve this diplomatically," Rice said Wednesday, declining to confirm the new deadline.

The new deadline is the fourth in four months. Originally, when the six countries -- the United States, France, Britain, Germany, China and Russia -- offered on June 1 to discuss an array of incentives with Iran if it froze its uranium enrichment program, they demanded an answer by the end of June. That slipped to July, and then the end of August was set as the deadline in a Security Council resolution.

U.S. officials said they believe the deadline of the first week of October is firm, but at least one European diplomat suggested that the possibility of slippage remains.

"There is certainly no doubt in our mind how much longer we will see through continuation of the Solana track," one U.S. official said, referring to the efforts of European Union foreign policy chief Javier Solana, who is spearheading the talks with Iran. "We have a hard end-date in mind." The official spoke on the condition of anonymity because the ministers agreed not to announce the date.

Solana has held numerous talks with his Iranian counterpart, Ali Larijani, in an effort to find a formula that would allow the talks to begin. The United States granted a visa to Larijani so he could meet with Solana in New York this week, but Larijani did not show up. Larijani and Solana agreed in a telephone call to hold talks next week somewhere in Europe, the official Iranian news agency reported in Tehran.

"We must have a response fairly quickly," French Foreign Minister Philippe Douste-Blazy told reporters. "It's becoming urgent."

Iran has resisted appearing to bow to international pressure to halt its program. In a speech to the U.N. General Assembly on Tuesday, Iranian President Mahmoud Ahmadinejad said Iran's nuclear activities are "transparent, peaceful and under the watchful eyes of IAEA inspectors," referring to the International Atomic Energy Agency. He denounced the effort to bring the issue to the Security Council, which he called "an instrument of threat and coercion."

Originally, Iran was told that no talks could start until it suspended the nuclear program. Officials are discussing the possibility of beginning the talks without the United States present, having Iran declare its willingness to suspend its program at the same time that action in the Security Council is halted, and then having the United States join the talks once the suspension is verified. Rice has said that she would attend the first meeting as the U.S. representative to the talks.

Meanwhile, President Bush met on Wednesday with Palestinian President Mahmoud Abbas, and Rice met with her counterparts in the Quartet, a coordinating group on Middle East peace that includes the European Union, Russia and the United Nations. The main topic of discussion was the Palestinian government led by the Islamic Resistance Movement, also known as Hamas -- which receives financial backing from Iran -- and how to persuade the militant group to give up its pledge to destroy Israel.

U.S. officials say that a cutoff of international aid has left Hamas desperate for a solution, but Europeans officials have pressed for ways to relieve the suffering of the Palestinians. The Quartet in a statement said that the group has agreed to expand and continue what was originally billed as a temporary measure to bypass the government and to bring aid to critical groups of Palestinians.

Why Bush Is Taking A More Diplomatic Approach On Iran (CSM)

By Howard Lafranchi

The Christian Science Monitor, September 21, 2006

UNITED NATIONS, N.Y.

With prospects fading for tough economic sanctions against Iran anytime soon, the United States is shifting its stance even more solidly toward a diplomatic solution to Tehran's nuclear ambitions.

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President Bush is sounding more conciliatory, Secretary of State Condoleezza Rice is approving more leeway for the Europeans to pursue talks with the Iranians - and everyone is insisting the aim is to allow Tehran the peaceful nuclear-power program it says is its only goal.

The US insists that the option of sanctions remains on the table, but the reasons for the softer approach appear to be twofold. First, Iranian officials are themselves sending mixed messages about their openness to suspending uranium enrichment in exchange for broad talks with the West. And second, international powers appear further than ever from joining to impose the sanctions they had agreed to this summer if Tehran did not suspend the nuclear activities that could lead to a bomb.

The question now niggling the US and others is whether Tehran is indeed debating the merits of backing off enrichment for the potentially more economically promising negotiations - or is just playing the international community for more time.

Iran's power circles are divided over what foreign policy to pursue, and that division is currently being played out in internal debate over the nuclear program, analysts say. What is less clear is when that debate might be settled enough to yield a clear answer to the countries - the five permanent members of the United Nations Security Council plus Germany - offering negotiations to Iran.

"Iran doesn't have a united front, that's clear," says Jon Wolfsthal, a nonproliferation expert at the Center for Strategic and International Studies (CSIS) in Washington. "The problem is that the default for them [in the absence of unity] is a more aggressive approach, as opposed to accepting a deal."

Just last week, Mr. Bush warned the international community against falling into a trap set by Iran, and again on Tuesday, he said Tehran is simply stalling. If that continues, he added, "We will then discuss the consequences of their stalling." But in his speech to the UN General Assembly, the president refrained from any urgent language, saying the US accepts Tehran's right to a peaceful nuclear-power program.

At the same time, Secretary of State Rice convened a meeting Tuesday night of key foreign ministers - a meeting that was originally envisioned as the setting for the next steps towards sanctions. Instead, she allowed that preliminary talks between the Europeans and Iran will proceed. Her deputy, Nicholas Burns, said those talks are already in "extra innings," but there was no hint of a precise deadline for reaching a conclusion.

That approach reflects a consistent approach on the part of the administration, Mr. Wolfsthal says, which is to let Iran convince the world it ultimately is not willing to shut down its nuclear-weapons ambitions. "I don't think anyone in the administration really expects Iran to compromise," he says. "So the whole diplomatic path has been to demonstrate to the rest of the world that Iran never was serious about a diplomatic solution."

But other analysts say the American seesaw from tough talk to more conciliatory language reflects a hard-line/ pragmatist policy divide within the administration that is not unlike the split coloring Tehran's approach.

"Iran is another chapter in the administration's internal struggle for control of foreign policy," says Joseph Cirincione, a weapons-proliferation policy expert at the Center for American Progress in Washington. "Depending on where you sit in this divide, what we're seeing in terms of Iran is either the collapse of the Bush strategy [to arrive at international sanctions], or it's all unfolding according to plan."

Mr. Cirincione says "hard-liners" in the administration - starting with Vice President Dick Cheney - "have always thought Rice's strategy of going for sanctions would fail," but they have gone along as a way to prove the international community won't act. The objective, he says, is to let diplomacy run its course, especially with military action against Iran's nuclear installations so unpalatable right now.

"From their perspective, it's fine to have the president talking softly at the UN," he says, "as long as plans for military action proceed at the White House and in the backrooms of the Pentagon."

That does not mean the US is doing nothing more than sitting back while, from its perspective, Tehran hangs itself. Over recent weeks, the US has begun pressing other countries to pursue the kinds of unilateral measures it is already taking against Tehran, including freezing the assets of companies.

One Swiss bank, Union Bank of Switzerland, has already cut off relations with Iran, but the US would like to see more - especially since European intelligence reports earlier this year reported Iran was diligently looking throughout Europe and former Soviet countries for materials and technological know-how.

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In the midst of the American and Iranian mixed signals, President Jacques Chirac of France came up with a new proposal this week that he said could break the diplomatic logjam: The Iranians would agree to suspend uranium enrichment once talks begin - not as a condition for talks as the US insists - and agree to honor the suspension as long as talks go on.

That suggestion took the US by surprise. But Mr. Chirac quickly reassured Bush publicly after a breakfast in New York Tuesday that he continues to see "eye to eye" with the US president on the necessity of forestalling a nuclear-armed Iran.

Cirincione says that Chirac, who saw the reality of the sanctions effort going nowhere fast, is "probably planting this as a face-saving solution" that could appeal to all sides.

But he adds that while he believes a deal is still possible, the conditions may be too much for Washington to allow. The US and its international partners would have to "accept some amount of enrichment activity in Iran," he says, while the US would have to cease "all talk and promotion of regime change in Tehran."

What that would amount to, Cirincione says, is offering the Iranian regime "the same security assurances we gave the government of Libya to get that deal" of forswearing nuclear-weapons goals.

All these issues will keep diplomacy around Iran's nuclear program percolating for a while, with some analysts predicting little movement well into next year.

Another reason for the lack of urgency - fewer officials even in the Bush administration are speaking of a "crisis" - is that more nuclear experts are concluding that Iran's progress toward mastery of nuclear weapons technology has slowed.

Despite a recent House committee report faulting US intelligence for failing to keep abreast of Iran's progress, most experts say Iran has slowed its rate of advancement in the nuclear field - either by design or as a result of mounting procurement difficulties in terms of technology and materials.

"It's increasingly clear through inspections and intelligence reports that Iran is making glacially slow progress on its program," Wolfsthal of CSIS says.

"Yes, they have surprised us before," he adds. "But from what we're able to see, it's pretty clear they are not months away, but years away, from having a nuclear bomb. And that is deflating some of the pressure to act on this one way or the other right now."

Nations Discuss New Deadline For Iran (AP)

By Angela Charlton, Associated Press Writer

AP, September 21, 2006

The nations seeking to halt Iran's nuclear activities are working out a new deadline for Tehran despite differences over possible sanctions, the French foreign minister said Wednesday.

With world leaders gathered at the United Nations, the United States had hoped to move decisively this week toward political and economic sanctions against Iran after it missed an Aug. 31 U.N. Security Council deadline to halt disputed uranium enrichment that many believe is aimed at making a bomb.

But some U.S. allies are balking. France has instead proposed a compromise deal: a simultaneous suspension of all threats of sanctions and Iran's uranium enrichment.

French Foreign Minister Philippe Douste-Blazy pushed ahead with this plan Wednesday. He suggested that the United States and others support it and said they were discussing a possible new timeline. He also discussed it with Iranian Foreign Minister Manouchehr Mottaki and said the Iranian agreed that "time is an important factor."

Douste-Blazy gave no specific date. But a senior French diplomat said the nations involved in nuclear talks with Iran are mulling an early October deadline for Tehran to agree to a simultaneous suspension of uranium enrichment and talk of sanctions.

The United States and Britain remained cautious about the suspension plan. A U.S. official, who spoke on condition of anonymity because he was not authorized to comment on the confidential discussions, confirmed that the group had discussed a new timeline — but said sanctions are still on the table.

Secretary of State Condoleezza Rice said Wednesday: "I'm not going to talk in terms of deadlines," but added, "This cannot go on for very much longer."

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She also reiterated the U.S. position that Iran suspend enrichment before negotiations can begin.

British Foreign Secretary Margaret Beckett would not discuss a possible new date, either.

"What we are looking for is a clear and sustained and concrete signal that Iran wishes to negotiate," she told reporters. "Our patience, I think, is not unlimited."

A dinner meeting Tuesday with Rice, Beckett, Douste-Blazy and the foreign ministers of Russia, China, Germany and Italy produced little consensus about the next step, U.S. Undersecretary of State Nicholas Burns said. He said the diplomatic effort to counter Iran was in "extra innings."

The Americans have little choice but to give the Europeans a little more time, since Washington needs Europe on board for sanctions to be effective.

U.S.-Iranian tensions are in the spotlight this week, with both nations' presidents speaking Tuesday to the U.N. General Assembly — and pointedly avoiding each other in the halls of the world body.

In his speech, President Bush said, "Iran must abandon its nuclear weapons ambitions," but said the U.S. has "no objection to Iran's pursuit of a truly peaceful nuclear power program."

Iranian President Mahmoud Ahmadinejad insisted in his speech that Tehran's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog. He also reiterated his nation's commitment to the Nuclear Nonproliferation Treaty.

Progress hinges on talks between EU foreign policy chief Javier Solana and Iranian negotiator Ali Larijani. Larijani had been expected in New York this week, but Beckett said Wednesday that it appeared that he would not be coming.

She also said the ministers have authorized Solana to go anywhere at any time to meet Larijani.

Italian Prime Minister Romano Prodi met Ahmadinejad later Wednesday, but no details of the talks were released.

France appeared determined to resist sanctions, despite mixed messages this week.

President Jacques Chirac shook up diplomatic circles with a proposal to drop talk of sanctions on Monday, then appeared to soften the stance after meeting Tuesday with Bush. Chirac also said Tuesday he was not interested in new deadlines for Iran.

Douste-Blazy, however, was eager to set a new timeline.

"We cannot let the Iranians ... gain time," he said. "We must have a response rather fast."

Iran hinted last week that it might be willing to suspend uranium enrichment. That was enough to sow new division among the nations seeking to stem Iran's nuclear program — and brake the push for sanctions.

New Iran Deadline As Bush Watches Clock (AFP)

AFP, September 21, 2006

World powers handed Iran a new early October deadline to halt uranium enrichment, a senior European diplomat said, as President George W. Bush warned "time is of the essence" in settling the nuclear showdown.

Hopes of a snap breakthrough in the crisis however were already dimmed, with an announcement that European Union foreign policy chief Javier Solana would not meet, as expected, this week in New York with Iranian negotiators.

The five permanent members of the UN Security Council plus Germany and Italy agreed late Tuesday to give European negotiators more time to convince Iran to give up enrichment before seeking sanctions under a UN resolution

A senior European diplomat told reporters the new deadline would stretch to early October, in the hope that new talks between Solana and Iranian negotiator Ali Larijani would bear fruit.

The UN Security Council had set an August 31 deadline for Iran to comply with the demand for a suspension of enrichment operations. But Tehran, which denies US claims it is seeking a nuclear weapons, has so far refused to comply.

Bush meanwhile warned time was running out for Iran, and again wondered out loud whether the latest delay was a symptom of Tehran running out the clock.

"I'm not going to discuss with you our intelligence on the subject, but time is of the essence," Bush said, when asked on CNN whether he backed the Israeli line that only a few months remained before Iranian scientists learned how to enrich uranium -- the critical step towards building a bomb.

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"I'm concerned that Iran is trying to stall, and to try to buy time, and therefore it seems like a smart policy is to push this issue along as hard as we can and we are," Bush said.

Bush's secretary of state, Condoleezza Rice meanwhile declined to confirm the new deadline but also warned diplomacy couldn't stretch on indefinitely.

"Everyone wants to resolve this through negotiations and everyone wants to solve this thing quickly," she said here.

"There is a really excellent opportunity for Iran to engage with the international community, if it will simply meet a condition (freezing uranium enrichment)."

French Foreign Minister Philippe Douste-Blazy said Wednesday major powers -- Britain, China, France, Germany, Italy, Russia and the United States -- agreed that Iran must respond rapidly.

"We must have a response fairly quickly," he said, "it's becoming urgent."

At Tuesday's meeting, US Secretary of State Condoleezza Rice backed away from the long-standing US position that Iran should face sanctions immediately for failing to meet an August 31 UN deadline for suspending its uranium enrichment.

She agreed to permit a new round of negotiations between Solana and Larijani in hopes of convincing Tehran to meet the UN demand, US officials said.

If Iran suspends its enrichment, Rice said she would personally attend the launch of direct negotiations with Tehran aimed at rewarding the Islamic republic for winding down its nuclear program.

Chances of a quick breakthrough in the standoff were hit by the announcement that Larijani would not meet with Solana in New York this week as expected.

Instead, Larijani and Solana agreed in a telephone conversation to hold talks next week in an unidentified European capital, the official Iranian news agency reported in Tehran.

"It seems to have been difficult to get some of those (talks) scheduled and we would encourage the Iranians to take him up on his offer to meet with him and to clarify any remaining questions," said Rice.

"But this cannot go on for very much longer."

As well as the extended deadline for an Iranian response, Washington got its partners to agree to the new deadline for imposing sanctions if Iran stands firm, according to senior US and European officials present at the meeting.

Douste-Blazy said Tuesday's meeting had agreed on the need to give Iran one more chance.

"We all thought that we had to avoid confrontation and do everything possible to pursue a dialogue ... while also avoiding a situation where the Iranians, through meeting after meeting, are able to play for time and we end up with a fait accompli" of an Iranian nuclear weapons program, he said.

Concession Clears Way For Iran-EU Talks (FT)

By Najmeh Bozorgmehr

Financial Times, September 21, 2006

Iran's chief nuclear security official, Ali Larijani, is expected to resume talks with the European Union's Javier Solana next week following a concession by the US to give the process more time before pursuing a United Nations sanctions resolution.

The Iranian state news agency – reporting from Damascus where Mr Larijani met the Syrian president, Bashar al-Assad, on Wednesday – said Iran's chief negotiator would continue talks with Mr Solana, the EU's foreign policy supremo.

Although the meeting had been expected to take place at the UN in New York, reports from Tehran said they would meet in Europe. Iranian officials blamed the US for a delay in issuing visas for Mr Larijani and his delegation as the main reason for the nuclear team's failure to show up in New York.

"Only Mr Larijani and one deputy, Javad Vaeedi, hold visas now, while the rest are still waiting for their visas to be issued," an Iranian official told the Financial Times.

Diplomats are trying to work out a process whereby negotiations will begin and ran will suspend its uranium enrichment. The sequence is still unclear, but signs of progress and pressure from France, China and Russia have persuaded the US to put the sanctions drive on hold.

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Iran's President Mahmoud Ahmadi-Nejad insisted on his country's right to develop nuclear energy in a forceful speech to the UN General Assembly in New York on Tuesday. He also reiterated Iran's adherence to its international safeguard commitments, while questioning the legitimacy of the Security Council and what he called the abuse of the UN by the veto-wielding powers, particularly the US and UK.

The position of Mr Ahmadi-Nejad in Iran's top leadership is stronger in domestic issues, while big international policies, including the nuclear decisions, are taken collectively by the top leadership. Sources have confirmed that Mr Ahmadi-Nejad, with a rather confrontational approach, is in the minority within the leadership.

Although his speech lacked any suggestion of dialogue and compromise with the west over the nuclear programme, it was less confrontational than some western observers had feared. Ahead of the speech European diplomats had warned that if it was too aggressive it could jeopardise the chances of striking a deal on opening formal negotiations.

Mr Ahmadi-Nejad also used the speech to again display his millennialist approach to world affairs, starting and wrapping up his speech by praying for the return of the last Imam of Muslim Shia, Mahdi, who is supposed to save the world.

Mr Ahmadi-Nejad adopted populist language on Middle Eastern issues, including Iraq, the Palestinian territories and Lebanon, but he did not repeat his earlier controversial comments about "wiping Israel off the map" and questioning the truth of the Holocaust, which brought him popularity in the Islamic world

Iran's Leader Relishes 2nd Chance To Make Waves (NYT)

By David E. Sanger

The New York Times, September 21, 2006

When President Bush and his advisers decided to allow President Mahmoud Ahmadinejad of Iran into the country to address the United Nations, their strategy was simple: containment.

There would be no visits to other cities where he could denounce Washington or question Israel's legitimacy. There would be no opportunities, beyond his speech to the General Assembly, to turn questions about his nuclear intentions into repeated diatribes about America's nuclear arsenal.

It turned out that Mr. Ahmadinejad had a Plan B.

The scope of his determination to dominate not only the airwaves but the debate became evident yesterday evening, when he entered a hotel conference room on the East Side with a jaunty smile, a wave and an air of supreme confidence.

Over the objections of the administration and Jewish groups that boycotted the event, Mr. Ahmadinejad, the man who has become the defiant face of Iran, squared off with the nation's foreign policy establishment, parrying questions for an hour and three-quarters with two dozen members of the Council on Foreign Relations, then ending the evening by asking whether they were simply shills for the Bush administration.

Never raising his voice and thanking each questioner with a tone that oozed polite hostility, he spent 40 minutes questioning the evidence that the Holocaust ever happened — "I think we should allow more impartial studies to be done on this," he said after hearing an account of an 81-year-old member, the insurance mogul Maurice R. Greenberg, who saw the Dachau concentration camp as Germany fell — and he refused to even consider Washington's proposal for Russia to provide Iran with nuclear reactor fuel, and take it back once it is used. (Without the capacity to enrich fuel on its own soil Iran would be unable to make fuel suitable for a nuclear weapon.)

He traced the history of 50 years of unfilled deals with the United States, Germany, France and others — skipping over the Iranian revolution and the hostage-taking that followed — and concluded, "How can we rely on these partners." His solution? The United States should shut down its own fuel production and "within five years, we will sell you our own fuel, with a 50 percent discount!" He settled back into his seat with a broad smile that some in the group described as a smirk.

The decision by the council's president, Richard N. Haass, to invite Mr. Ahmadinejad to the session touched off a rare outcry protest in an organization whose meetings are usually as staid as the portraits of long-forgotten diplomats on its walls.

Mr. Haass, who ran the policy planning branch of the State Department during Mr. Bush's first term, first had to fend off senior administration officials who had argued that he should not give Mr. Ahmadinejad the legitimacy of a hearing — especially

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with the likes of Brent Scowcroft, who served as national security adviser under President Bush's father, or Robert D. Blackwill, who directed Iraq policy at the White House under Condoleezza Rice.

"It's fair to say that Dr. Rice thought this was a bad idea," one senior State Department official said. "A really, really bad idea."

So did leaders of several Jewish groups, whom Mr. Haass invited — and who promptly asked if the council would have invited Hitler in the 1930's. "Some of us considered quitting to make it clear how offensive this is," said Abraham H. Foxman, the national director of the Anti-Defamation League, who was one of the Jewish leaders whose attendance Mr. Haass sought.

But after a flurry of phone calls, including with Elie Wiesel, the writer and Holocaust survivor, they decided against a mass resignation — particularly after the council made the session a "meeting" rather than a dinner. (There were light hors d'oeuvres on the side; Mr. Ahmadinejad never touched them.)

"It is more offensive to break bread with the guy," Mr. Foxman said. "I thought dinner was crossing the line."

But the council pointed out that it had served as host for many world leaders equally skilled at repressing dissidents, developing suspected weapons programs, shutting down a free press and denouncing Israel.

"We've had Castro," said Lisa Shields, the council's communications director, ticking off the gallery of leaders Washington considered rogues. "We've had Arafat, and Mugabe. We've had Gerry Adams."

The greeting yesterday evening was not exactly overwhelming. There were no introductory handshakes, no diplomatic niceties. All of the Americans who were invited to attend, including four journalists, were members of the council. Iran's effort to bring in television cameras was deflected, apparently because the council feared that the session would be used for political purposes in Iran, where Mr. Ahmadinejad is presumably eager to show that even if President Bush refused to meet him, he got his message across.

In fact he did — meeting academics in the morning and religious leaders at midday, and speeding from the council meeting for another television interview. He did most of this without leaving the Intercontinental Hotel on 48th Street in Manhattan.

The council would not say how many of the invitees had refused to attend. But members said they knew of more than a half-dozen, from the publisher Mort Zuckerman to the former Secretary of State Madeleine K. Albright. It is unclear why some declined. A few claimed scheduling conflicts, rather than moral objections.

The handful who had a chance to quiz the Iranian president went out of their way, within the limits of diplomatic etiquette, to make clear to Mr. Ahmadinejad that they thought his characterizations of Israel and the Holocaust were repugnant and that his nuclear strategy was self-defeating. He gave no ground.

When Martin S. Indyk, a former American ambassador to Israel, told Mr. Ahmadinejad that Iran "did everything possible to destroy'' efforts to bring peace between Israel and the Palestinians, the president said, "If you believe Iran is the reason for the failure, you are making a second mistake.'' Why, he asked, should the Palestinians be asked to "pay for an event they had nothing to do with'' in World War II, saying that they had nothing to do with the systematic killing of Jews — if those killings, he added, had happened at all.

"In World War II about 60 million people were killed,'' he said at one point, when pressed again on his refusal to accept that the Holocaust happened. "Two million were military. Why is such prominence given to a small portion of those 60 million?''

A few minutes later, he asked a question himself: "In the Council on Foreign Relations, is there any voice of support for the Palestinians?''

Mr. Ahmadinejad's habit of answering every question about Iranian policy with a question about American policy was clearly wearing on some of the members, but at the end they acknowledged that he was about as skillful an interlocutor as they had ever encountered. "He is a master of counterpunch, deception, circumlocution,'' Mr. Scowcroft said, shaking his head. Mr. Blackwill emerged from the conversation wondering how the United States would ever be able to negotiate with this Iranian government.

"If this man represents the prevailing government opinion in Tehran, we are heading for a massive confrontation with Iran," he said.

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In fact, on the main issue speeding the two countries toward confrontation, Iran's nuclear program, the president was unwilling to discuss specifics. He insisted that he was fully cooperating with the International Atomic Energy Agency, even though it had pages of questions his government refused to answer.

Instead, he steered the whole conversation toward Iran's rights under the Nuclear Nonproliferation Treaty, ignoring an effort by Ashton B. Carter, a Harvard professor, to get him to answer whether the nuclear effort was worth the cost to Iranian society.

"The U.S. doesn't speak for the whole world,'' Mr. Ahmadinejad responded, noting that at a meeting of nonaligned nations in Cuba over the weekend "118 countries defended the right of Iran to enrich.''

And as he left, it was with a jab to his hosts. "At the beginning of the session, you said you were an independent group,'' he said. "But almost everything that I was asked came from a government position.'' Then he smiled, thanked everyone and left the room with a light step.

Israel Calls Iran Its Greatest Threat (AP)

By Nick Wadhams, Associated Press Writer

AP, September 21, 2006

The Israeli foreign minister on Wednesday warned that Iranian leaders pose the biggest threat to the world's values because they "speak proudly" of their wish to destroy Israel and pursue weapons to achieve that objective.

Foreign Minister Tzipi Livni told the annual U.N. General Assembly session that the international community must stand up against Iran, which she claimed is pursuing the weapons to destroy Israel, a reference to its suspect nuclear program.

"There is no greater challenge to our values than that posed by the leaders of Iran," Livni said. "They deny and mock the Holocaust. They speak proudly and openly of their desire to wipe Israel off the map. And now, by their actions, they pursue the weapons to achieve this objective, to imperil the region and to threaten the world."

She said Iran's support of the Islamic militant group Hezbollah in south Lebanon showed the threat it poses to the region. The world must ensure that it enforces the U.N. Security Council resolution that ended more than a month of fighting between Israel and Hezbollah, Livni said.

"There is no place for such a regime in the family of nations," she said.

Iranian President Mahmoud Ahmadinejad has said in the past he wants to wipe Israel off the map and dismissed the Holocaust as a myth. In his own speech to the General Assembly on Tuesday, Ahmadinejad said Israel was created by driving millions of people from territory that was rightfully theirs, something he called "a great tragedy with hardly a precedent in history."

He also harshly criticized Israel's policies, saying the country was a source of insecurity in the Middle East that was "waging war and spilling blood and impeding the progress of regional countries."

While Livni spoke, a lone Iranian diplomat sat in the back row of the section of six seats reserved for the Islamic republic in the General Assembly hall. After her speech ended, the diplomat moved up to the front row to listen to the following official, from Belgium.

Livni struck a more conciliatory tone toward the Palestinians, saying the two did not necessarily have to remain at odds and the only way to resolve their conflict was at the "bilateral negotiating table."

"We have no illusions about the difficulties before us — we must face them and not ignore them," she said.

Livni met with Palestinian President Mahmoud Abbas at the U.N. a day before the General Assembly session began, and both described the meeting as positive. In her speech, she reiterated their desire to reopen a serious dialogue, including with the creation of a permanent channel "to pursue ways to advance together."

On the sidelines of the summit on Wednesday, President Bush called Abbas a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants. Abbas has been weakened since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

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Israel has new leadership too as Ariel Sharon remains incapacitated after his sudden massive stroke on Jan. 4. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war against Hezbollah.

Lessons From U.N. Week (NYT)

By David Brooks

The New York Times, September 21, 2006

One of the lessons of this past week is that the international system is broken. The world community might make declarations — on preventing Iranian and North Korean nukes, disarming Hezbollah, or preventing genocide in Darfur — but when it comes to actually uniting to take action, words and resolutions lead nowhere. Thanks to a combination of American errors, European escapism, and Russian and Chinese greed, the worst people in the world now drive events while the best people do nothing.

The second big lesson of the past week is that five years after 9/11 we are farther from reaching a consensus on the nature of the threat than ever before. Instead of clarity, there is a cacophony of theories that attempt to explain the extremists — emphasizing religion or ideology or feelings of historic humiliation or some combination of all three.

The core of the dispute is: Do the extremists play by the normal rules of geostrategy, or are their minds off in some mystical sphere that is utterly alien to our categories?

Do they respond to incentives and follow the dictates of what we call self-interest? Can they be deterred by normal threats to their security? Or, alternatively, are they playing an entirely different game? Are the men who occupy the black hole that is the Iranian power elite engaged in a religious enterprise based on an eschatological time frame and driven by supernatural longings we can't begin to fathom?

The definition of the threat determines the remedies we select to combat it, and yet what we have now is a clash of incongruous definitions and an enemy that is chaos theory in human form — an ever-shifting array of state and nonstate actors who cooperate, coagulate, divide, feud and feed on one another without end.

The third lesson is that a huge gap is emerging between the way ordinary Americans see the Arab world and the way members of the political, media and intellectual elites see it.

Elite debate is restrained by a series of enlightened attitudes that amount to a code of political correctness: be tolerant of cultural differences, seek to understand the responses of people who feel oppressed, don't judge groups, never criticize somebody else's religion.

As anybody who has traveled around the country or listened to talk radio of left, right and center knows, these genteel manners do not inhibit the masses. Millions of Americans think the pope asked exactly the right questions: Does the Muslim God accord with the categories of reason? Are Muslims trying to spread their religion with the sword?

These millions of Americans believe the pope has nothing to apologize for. They regard the vicious overreaction to his speech, like the vicious overreaction to the Danish cartoons, as another sign that some sort of intellectual disease is sweeping through the Arab world.

What these Americans see is fanatical violence, a rampant culture of victimology and grievance, a tendency by many Arabs to blame anyone other than themselves for the problems they create. These Americans don't believe they should lower their standards of tolerable behavior merely for the sake of multicultural politeness, and they are growing ever more disgusted with commentators and leaders who are totally divorced from the reality they see on TV every night.

The fourth lesson is that we are drifting toward a policy that does not match the threat we face. Extremism is not an isolated cult in the Muslim world. It is a diverse and vibrant movement, which inspires the smartest of the young and treats the psychological wounds of those who are trapped between tradition and modernity.

The Muslim millenarians possess a habit of mind that causes them to escalate conflicts. They seem confident they can prevail, owing to their willingness to die for their truth. They don't seem to feel marginalized, but look down on us as weak, and doubt our ability to strike back.

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With America exhausted by Iraq, with the threat of Iranian sanctions dissolving before our eyes, Western policy is drifting toward the option that most resembles passivity. That is containment — accepting Iranian nukes and trying to deter their use with our arsenal.

In other words, a policy that was designed to confront a secular, bureaucratic foe — the Soviets — will now be used to confront a surging, jihadist one. The survival of Tel Aviv, and maybe New York and Washington, will depend on the Clausewitzian rationalism of the Iranian mullahs, or the angry younger brothers who will replace them.

Letter To America (WP)

By Akbar Ganji

The Washington Post, September 21, 2006

My brief journey to your beautiful and amazing country began in New York City with a symbolic hunger strike in front of United Nations headquarters. Its purpose was to bring to the world's attention the plight of political prisoners in my country, Iran. We demand that all political prisoners in Iran be freed. I am certain that you appreciate our desire for freedom; it was, after all, the main principle upon which your country was founded.

My American journey commenced shortly after I was released from prison in Iran. I spent six years behind bars on the bogus charge of endangering national security. I came here bearing a message from a movement whose members are hard at work promoting the values of democracy, human rights, social justice and civil liberties. We want our country to play a positive role in promoting peace, security and cooperation in the region. To achieve our goals, we need the support of the entire world, particularly your vast and powerful country.

To end the tensions between our countries, we appeal to your natural sense of independence, liberty and fairness -- to your belief that the pursuit of happiness is not just the prerogative of some classes or nations. Happiness, peace and security can be achieved and sustained when we succeed in making these values universal. The sense of physical pain as well as injury to our sense of human dignity and self-esteem are common to us all. No less common is our shared sense of peace, security, joy and laughter.

The history of the United States as a nation begins with the establishment of a polity based upon a constitution. In modern Iran, that is still a relatively new idea. Although it dates to our Constitutional Revolution of 1906, we have in fact achieved only some of the goals of that revolution. We are, a century later, still struggling to create a polity based on a constitution and the rule of law.

Even the 1979 revolution could not turn this dream into reality. The political and ideological forces that came to dominate that revolution denied the people the right to exercise their free will. The official ideology of the ruling clerical regime considers all humans to be less than adult and says that without the supervision of the clergy, they will act like children, if not madmen. According to this clerical theory, the people are most virtuous when they are most docile.

This is similar to the concept of the ruler as shepherd and guardian, and the people as flock. The official ideology of the Islamic regime calls for fully implementing this idea in the political domain. The idea is not, of course, limited to the world of Islam. Religious fundamentalism, whether it appears in Islamic, Christian, Jewish or Buddhist hue, shares the desire to humiliate the people and deny them their rights.

In Iran, we hope to achieve our goal of a new polity and a new constitution not by violence but by following a peaceful and democratic path. And in this struggle we need moral support from all freedom-loving people around the world -- particularly the United States.

We want the world to know that our rulers do not represent the Iranian people and that their religion is not the religion of the entire nation. We ask that in shaping its policies toward the Iranian regime, the United States not overlook the interests of Iranian civil society. In particular, we hope that America listens to those in Iran who fear that policies intended to contain the current crisis might in fact lead to a greater crisis, and to war.

We are convinced that the outbreak of a new war in the Middle East, particularly against a large and populous country such as Iran, would destabilize the region and the world. And it would deprive us of the chance to found a peaceful and democratic

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political order. We are also against policies, such as economic sanctions, that bring extraordinary hardship to the lives of ordinary Iranians.

It is both possible and desirable to solve the problems between the United States and Iran through direct talks. Such diplomacy will best serve the interests of the American and Iranian people if it is conducted in a transparent fashion. This transparency would not only make it impossible for advocates of war to increase tensions but also would help isolate them. Iranian democrats are opposed to secret diplomacy.

If, in the 1980s, the United States had pursued a policy of never establishing ties with enemies of human rights, and if it had given priority to the interests of civil society, it could be reaping the benefits of a successful foreign policy today. And the danger of terrorism would have been less than it is now. In fighting nuclear proliferation, all countries must be treated equally. The Iranian people do not accept double standards in this matter.

We believe the government in Tehran is seeking a secret deal with the United States. It is willing to make any concession, provided that the United States promises to remain silent about the regime's repressive measures at home. We don't want war; nor do we favor such a deal. We hope that the regime will not be allowed to suppress its people, foment a crisis in the region or continue with its nuclear adventurism.

But the dangers of the Tehran regime are not limited to the nuclear question. The regime is dangerous mostly because it is willing to brutally trample on the democratic and human rights of the Iranian people. It is dangerous because it is willing to create gender apartheid in the name of religion and to suppress religious and ethnic minorities. Finally, it is dangerous because it considers all forms of dissent unforgivable sins. The real goal of the nuclear program is to make these policies permanent. In its negotiations with the Iranian regime, the West must not overlook this important fact.

Today I stand among a large number of Iranians who live in the United States. Most are now citizens of this country, educated and successful. They owe their success not just to their resourcefulness and hard work but also to the admirable ability of American society to accept strangers and immigrants on its shores, and to America's cultural tolerance. The large community of Iranians in America is imbued with affection for it. They, as well as the people of Iran, hope that political conflicts will be resolved and replaced by bonds of friendship and peaceful cooperation.

A Bush-Ahmadinejad Debate? Why Not? (USAT)

By Lionel Beehner

USA Today, September 21, 2006

The presidents of the United States and Iran squared off at the United Nations, yet nothing of substance materialized. They spoke hours apart Tuesday, sticking to their usual talking points. Alas, this might be as close as these men ever get to meeting in a public forum. And that's unfortunate.

Just last month, Iranian President Mahmoud Ahmadinejad challenged President Bush to a televised debate. Though the White House scoffed at the request, perhaps it's not so crazy after all. Sure, it would make for intriguing TV, but more important, it would offer a public airing of both leaders' views on perhaps the most daunting issue of our time: nuclear proliferation.

Here's how it might work. Unlike the “Kitchen Debate” between Vice President Nixon and Soviet Premier Nikita Khrushchev in 1959, the participants would debate live via satellite with simultaneous, uncensored translation. The moderator would be a prominent yet impartial diplomat from a third-party state.

A debate is in both countries' interests. Iranians rarely get unfettered access to American politicians' views, while Ahmadinejad's anti-U.S. screeds usually hit the Iranian press unfiltered and unchallenged.

State Department spokesman Tom Casey has said it was “somewhat odd for the president of a country that represses all debate within its own society to be talking about free and open exchange of ideas.” But if anything, this exchange could spur greater political discussion and freedom of speech in Iran, not less. In the process, Iranians just might learn why the world opposes their nuclear program.

The face-off also would make sense for Bush, whose approval ratings have been sagging for months and might receive a boost from such a debate. It could also burnish Bush's foreign policy credentials at home, while demonstrating to moderates in

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the Middle East the folksiness many Americans admire about the president. It might also salvage his faltering Middle East policy during an important election year.

Iran is one issue where the president's no-nonsense approach seems to resonate with voters (no one supports a nuclear Iran). Yet he is short on solutions. Bush has dismissed Ahmadinejad's longwinded letter in May to him, ignored the Iranian leader's quirky blog, and demurred on directly engaging Tehran until it first suspends its uranium-enrichment activities.

Of course, Bush's supporters will say he should not dignify a request to debate a Holocaust denier. But Ahmadinejad is not going away. And the nuclear issue will not likely be resolved through intermediaries in Europe or bureaucrats at the U.N. Like President Nixon's decision to deal with Communist China in 1972, Bush should directly engage his enemies, no matter how muddled their political philosophies or grotesque their views on history.

Some policymakers might say agreeing to a public debate would establish a bad precedent or open up a dangerous can of worms. World leaders groping for a soapbox to stand on — Venezuela's Hugo Chavez or North Korea's Kim Jong Il come to mind — might challenge their foes to debates, creating needless sideshows that would distract from serious disagreements on issues of foreign policy. It might also create havoc for diplomats should their leaders misspeak or misrepresent their positions in the heat of debate.

Even so, the benefits would far outweigh the risks. Regular televised debates would provide a forum for world leaders to openly exchange views, unencumbered by underlings and diplomatic niceties, while educating their respective publics in the process. Much like President Roosevelt's “fireside chats” in the 1930s, live debates would bring leaders and their citizenry closer together, as well as hold world leaders accountable for their actions and statements. In the process, leaders might become more humanized. Americans would see Ahmadinejad not as the unruly dictator hawks make him out to be, while Iranians might see Bush not as the Christian cowboy he is portrayed as in the Middle East.

A similar gulf in perception divided the Americans and “10-feet-tall” Soviets at the height of the Cold War. As Nixon shrewdly put it to Khrushchev in 1959, “We should hear you more on our televisions. You should hear us more on yours.” Same goes for Bush and Ahmadinejad in 2006.

Lionel Beehner is a staff writer for the Council on Foreign Relations' website.

Ideals And Realities Clash In Bush 'Freedom Agenda' (WP)

By Peter Baker

The Washington Post, September 21, 2006

At the United Nations lectern this week, President Bush hailed the spread of democracy. "From Beirut to Baghdad," he said, "people are making the choice for freedom." Yet even as he spoke, tanks were rolling through the streets of Bangkok as a military coup toppled the elected leader of Thailand, who at that moment was in New York for the U.N. session.

Bush made no mention of the dramatic events on Tuesday and left New York yesterday without ever seeing the deposed prime minister, much less offering any public support for a onetime strong ally of the United States. The president's spokesman later provided a strikingly mild response only after being asked by a reporter, pronouncing the White House "disappointed" by the coup.

The timing of Bush's address on democracy to the U.N. General Assembly and the overthrow of a democratically elected government underlined the complexities and contradictions in his "freedom agenda." With the president's attention focused on the Middle East, the state of democracy elsewhere in the world does not rate as high on his priority list. In the case of Thailand, the situation is complicated by growing U.S. unease with the ousted prime minister, Thaksin Shinawatra.

"The president's freedom agenda is inherently selective," said Thomas Carothers, head of the democracy project at the Carnegie Endowment for International Peace. "We care very much about democracy in Afghanistan and Iraq, but . . . Thailand's just not part of the story, so this falls off the map a bit."

Thailand is hardly the only example. Bush strongly supports Gen. Pervez Musharraf, the Pakistani president who took power in a military coup, and plans to meet with him at the White House twice in the next week. Bush will also host Kazakhstan's president, Nursultan Nazarbayev, at the end of next week despite the suppression of opposition parties, newspapers and human rights groups in the oil-rich Central Asian republic.

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The administration has likewise embraced autocratic leaders in such disparate places as Azerbaijan and Ethiopia while generally tempering criticism of anti-democratic policies in Russia and China. Even in the Middle East, Bush has treaded lightly in nudging allies such as Egypt and Saudi Arabia to reform.

On the other hand, the White House ratcheted up its pressure this month on the repressive government in Burma. After meeting with a dissident, Bush personally lobbied to get the U.N. Security Council to put Burma on the agenda last week for possible sanctions. And first lady Laura Bush hosted a roundtable at the United Nations on democracy in that country.

When the president talks about promoting democracy, as he did in New York on Tuesday, he focuses mainly on Iraq and Afghanistan. Some other countries that he once highlighted as success stories have been dropped from his speeches, most notably Ukraine and Kyrgyzstan.

In Ukraine, the popular coalition that led the "Orange Revolution" of December 2004 has splintered and the new prime minister is the same one the street protests targeted. In Kyrgyzstan, the brother of the president who took office after the revolution of March 2005 has been accused of trying to frame an opposition leader by planting a heroin-filled wooden doll in his luggage.

The coup in Thailand poses the latest challenge to Bush's commitment to "ending tyranny in our world," as he vowed in his second inaugural address. Aides said yesterday that he did not mention the coup in his U.N. speech because they were still gathering information, but they did not explain why he said nothing later in the day as it became clear that the military had ousted Thaksin.

"We're disappointed in the coup," White House press secretary Tony Snow said yesterday aboard Air Force One on the return flight to Washington. "We hope those who mounted it will make good, and make good swiftly, on their promises to restore democracy."

Thaksin had been a U.S. favorite for years, but relations soured recently when he was accused of abusing power for profit and undermining the parliament, the opposition and the media. Although Thaksin won reelection handily last year, the opposition took to the streets this year to protest the sale of the prime minister's family holdings in a telecommunications and satellite company for $1.9 billion -- tax-free. Thaksin announced he would step down, but he stayed in office with elections scheduled for this fall.

The distaste for Thaksin may have colored the tepid U.S. response. "Nobody wants to go to bat for Thaksin. He's just an odious figure," said Michael A. McFaul, director of Stanford University's Center on Democracy, Development and the Rule of Law. "But there's the problem -- democracy's not about picking winners and losers, it's about defending institutions."

Lorne W. Craner, former assistant secretary of state under Bush and now president of the International Republican Institute, agreed that U.S. concerns with Thaksin did not justify a coup. "You can't sanction a coup just because you don't like the guy if you're going to stand up for democracy," he said. "It's unconstitutional."

Analysis: Bush Policy Tempered (AP-Y)

By Tom Raum

AP, September 21, 2006

President Bush sees the world as a struggle between good and evil, but his push for democracy often collides with geopolitical reality.

Free elections handed power to Palestinian militants and led to a fractious government in Iraq. And he associates with leaders from Kazakhstan, Azerbaijan and authoritarian Mideast states that don't necessarily practice what he preaches.

In his speech to the U.N. General Assembly, Bush depicted the U.S. as leading the charge to defeat the forces of darkness and to spread freedom and democracy, particularly in the Middle East. "It is the calling of our generation," he said.

The refrain was echoed by Vice President Dick Cheney. "We know that the hopes of the civilized world ride with us," Cheney told an audience in Washington.

But the formulation doesn't always serve U.S. interests.

Bush commonly brushes aside the democracy debate to stand with hardline leaders who happen to be terror-war allies or economic partners.

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Pakistani President Pervez Musharraf — a general who seized power in a coup — will be at the White House on Friday and again next week. The president of Kazakhstan, Nursultan Nazarbayev, will be there Sept. 29. The president of Azerbaijan, Ilham Aliev, visited in April.

Human rights groups have criticized all three leaders. No matter. The two former Soviet republics are oil-rich allies in the war on terrorism and Musharraf is the leading U.S. partner in the Muslim world.

"The United States turns a blind eye to human rights abuses when it seems politically expedient," said Sam Zarifi of Human Rights Watch.

"The failure to uphold standards of democracy and push for some of the issues that President Bush has identified as being top in his mind erodes the U.S.'s ability to criticize other countries like Iran," said Zarifi, the group's Asia research director.

On Pakistan, human rights activists have said Bush should press Musharraf to restore civilian rule, end discrimination against women and stop using torture and arbitrary detention in counterrorism operations.

Bush remains on chummy terms with Russian President Vladimir Putin, despite Putin's moves to centralize authority and to restrict press and political freedoms. And in pushing for wider trade with China, Bush ignored complaints of democracy activists and evangelicals about Beijing's religious persecutions.

Meanwhile, democracy has not always turned out the way Bush had hoped.

A military coup suspended democratic government in Thailand this week. The militant Hamas group, sworn to Israel's destruction, swept Palestinian parliamentary elections in January. Iraq's elections produced a wobbly government that took months to form and fundamentalist Shiite leaders wield far-reaching influence amid rising sectarian violence.

Afghan President Hamid Karzai warned Thursday that efforts to build democracy in his country had suffered setbacks and that terrorism was rebounding, especially in the volatile south.

Emile A. Nakhleh, a recently retired top CIA expert on Islamic politics and institutions, said the U.S. "lost a generation of goodwill" in the Muslim world.

"The president's democratization and reform program for the Middle East has all but disappeared, except for official rhetoric," Nakhleh said in an interview posted on Harper's Magazine Web site Wednesday.

In Bush's good vs. evil world, there are certain leaders he refuses to meet, among them Iranian President Mahmoud Ahmadinejad, Syrian President Bashar Assad and Venezuelan President Hugo Chavez.

In a General Assembly speech, Chavez on Wednesday called Bush "the devil.... He came here talking as if he were the owner of the world."

The day before, Ahmadinejad criticized U.S. policies in Iraq and Lebanon and accused Washington of abusing its veto power in the Security Council after Bush sought to assure Muslims he is not waging war with Islam.

White House spokesman Tony Snow said the administration stands by its hope that "all the people in the region will be able to achieve a democracy in which they're able to speak freely and pursue their destinies freely."

Bush refused throughout his first term to meet with longtime Palestinian leader Yasser Arafat, who died in 2004. Bush did meet in New York on Wednesday with Palestinian President Mahmoud Abbas, a moderate with limited authority since the Hamas victory.

Bush still is pushing for a democratic Palestinian state alongside Israel. But, Deputy National Security Adviser Elliott Abrams told reporters: "He's well aware of the fact that conditions may, in the end, not exist to make it possible."

Bush, Cheney, and other administration officials often exaggerate the nature of the battle against Islamic terrorists, suggested Dan Benjamin, a Middle East analyst at the Center for Strategic and International Studies.

"I don't think it's a struggle for civilization," Benjamin said. "I don't see any states being seized by jihadists anytime soon."

Bush At The U.N.: Another Political Masterstroke? (TIME)

By James Carney

Time, September 21, 2006

President Bush has been so busy lately giving speeches and taking questions about terrorism and Iraq and the ideological battle against Islamo-fascism that he's practically owned the airwaves. Which is exactly the way Karl Rove planned it. Bush's

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address at the United Nations General Assembly today may have been a long-scheduled, annual diplomatic event. But it was also a key piece in an elaborate Labor Day political strategy devised by the man whose job it is to keep Republicans in control of Congress in November and thereby salvage the President's legacy. In the past two and half weeks Bush has given a major address on detainee policy, a series of speeches surrounding the five-year anniversary of the 9/11 attacks and an extensive press conference — all of them covered as Presidential rather than political events by the cable channels and, for the most part, the broadcast networks. ABC even broke into its daytime programming to carry Bush's United Nations speech this morning. The result has been saturation coverage of the President talking tough on terror, just as Rove planned.

Democrats and some observers have argued that the old strategy — that making the election about national security, a traditional GOP strength — wouldn't work this time because voters have gotten wise to it and are generally fed up. But this morning's Gallup Poll numbers in USA Today suggest otherwise; Democrats may have reason to panic. Bush's approval at 44% isn't great, but it's a 12-month high. Still better news for the GOP is the so-called " generic " — in which likely voters say whether they plan to vote Republican or Democratic in congressional races this fall. The result — a 48-48% tie — is potentially catastrophic for the Democrats. Recent polling history suggests the Dems need at least a 5-point advantage in the generic just to break even in the mid-terms. This is just one poll, and it's just a snapshot. The Democrats' advantage may reappear. But for now, it's clear that Rove's strategy is working.

As politics, the President's United Nations speech was genius. It almost didn't matter what he said as long as he talked tough. He lectured the bad guys — Syria, Iran, Hamas, etc. — and promised to stay the course in Iraq. He invoked 9/11. He said he hoped for a diplomatic solution to the nuclear crisis with Iran but offered no new means to achieve it. He was Presidential. Expect another bump up in the polls.

Chavez Calls Bush 'Devil' At U.N. (WT)

By Nicholas Kralev

The Washington Times, September 21, 2006

NEW YORK -- Venezuelan President Hugo Chavez yesterday used his annual address to the United Nations to call President Bush "the devil himself" and "world dictator," topping the rhetorical blast of his Iranian counterpart the previous day.

Echoing Iranian President Mahmoud Ahmadinejad's criticism of the current U.N. structure, Mr. Chavez said American dominance and a Security Council with veto-holding permanent members had made the world organization "worthless."

"The hegemonic pretensions of the American empire are placing at risk the very existence of the human species," Mr. Chavez said.

"The devil himself is right in the house. The devil came here yesterday, ... talking as if he owned the world," Mr. Chavez said. Then he crossed himself and added: "It still smells of sulfur today."

Secretary of State Condoleezza Rice declined "to dignify" the Venezuelan leader's comment, saying only, "I think it's not becoming for a head of state."

John R. Bolton, the U.S. ambassador to the United Nations, called the remarks a "comic-strip approach to international affairs."

In Washington, State Department spokesman Tom Casey said the Venezuelan people should "determine whether President Chavez represented them in a way they would have liked to have seen."

The "devil" comment elicited some giggles among the audience of presidents, prime ministers and diplomats from around the world, and Mr. Chavez's speech won light applause, although no one publicly sided with him. Still, it was not clear how much support his argument gathered among delegates.

Several diplomats said they were not surprised by Mr. Chavez's style and did not take him seriously. Others noted that the issue of U.N. reform deserved attention, but there are more appropriate ways to express one's opinion about Security Council members.

"I don't think anybody in this room could defend the system," Mr. Chavez said. "Let's be honest. The U.N. system born after the Second World War collapsed. It's worthless."

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Mr. Ahmadinejad said in his speech to the General Assembly on Tuesday that some of the governments objecting to his country's nuclear program, which he insisted was for peaceful purposes, "have abused nuclear technology for nonpeaceful ends including the production of nuclear bombs."

"The question needs to be asked: If the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?" the Iranian president said Tuesday night.

"As long as the council is unable to act on behalf of the entire international community in a transparent, just and democratic manner, it will neither be legitimate nor effective," he added.

British Foreign Secretary Margaret Beckett yesterday rejected the notion that the United States and Britain "are causing problems for the rest of the international community."

Also yesterday, the five veto-wielding Security Council members gave Iran a new deadline of early October to suspend uranium enrichment and begin negotiations on a package of incentives in order to avoid a nuclear showdown, European diplomats said.

Meanwhile, the Iranian president told Italian Prime Minister Romano Prodi he is ready for nuclear talks with major powers but flexibility is needed on all sides.

"Ahmadinejad indicated that Iran is willing to negotiate but there needs to be flexibility on both sides," Mr. Prodi said in a written statement issued after his meeting with the Iranian leader during the U.N. general debate.

Mr. Chavez and Mr. Ahmadinejad have become good friends in the past year, and the Iranian leader made a much-publicized visit to Venezuela before flying to New York.

U.S. officials said that Mr. Chavez's speech yesterday had given the United Nations a glimpse of what it might expect if Venezuela succeeded in its bid for one of Latin America's two rotating seats on the Security Council, which is currently held by Argentina and will become available in January.

The Bush administration supports Guatemala's candidacy, and officials said their efforts to keep Mr. Chavez away from another U.N. forum would increase in the coming weeks and months.

The Security Council consists of 15 members. Ten are elected for two-year terms and do not have the veto power, which is reserved for each of the five permanent members -- the United States, Britain, China, France and Russia.

Chavez Launches Bush Broadside At U.N. (AP-Y)

By Ian James

AP, September 21, 2006

Venezuelan President Hugo Chavez called President Bush "the devil" in a speech to the United Nations on Wednesday, making the sign of the cross in a dramatic gesture and accusing him of "talking as if he owned the world."

The fiery speech by the leftist leader, one of the Bush's staunchest critics abroad, was harsher in tone than that of Iranian President Mahmoud Ahmadinejad, who sparred with Bush the previous day over Tehran's disputed nuclear program but avoided any personal insults.

"Yesterday, the devil came here," Chavez said, referring to Bush's address before the U.N. General Assembly on Tuesday. "Right here. Right here. And it smells of sulfur still today, this table that I am now standing in front of."

He then made the sign of the cross, brought his hands together as if praying and looked up at the ceiling.

Lest anyone wasn't listening, Chavez continued:

"Yesterday, ladies and gentlemen, from this rostrum, the president of the United States, the gentleman to whom I refer as the devil, came here, talking as if he owned the world. Truly. As the owner of the world," Chavez said.

Chavez's words drew tentative giggles at times from the audience, but also applause at the end of the speech and when he called Bush the devil — a word he used no fewer than eight times.

Secretary of State Condoleezza Rice said Chavez's remarks were "not becoming for a head of state."

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"I am not going to dignify a comment by the Venezuelan president to the president of the United States," Rice told reporters in New York. The main U.S. seat in the assembly hall was empty as Chavez spoke, though the U.S. Ambassador John Bolton told The Associated Press that a "junior note-taker" was present, as is customary "when governments like that speak."

The address appeared to be one of Chavez' boldest moves yet to lead an alliance of countries firmly opposed to the Bush administration. The speech came after the leftist leader crisscrossed the globe this summer visiting like-minded nations from Iran to Belarus.

The Venezuelan has become Latin America's leading voice against the U.S. government, and his speech was reminiscent of crusading addresses by his mentor Fidel Castro of Cuba and the late Argentine revolutionary Ernesto "Che" Guevara.

In his 23-minute address, Chavez also called Bush a "spokesman of imperialism" who was trying "to preserve the current pattern of domination, exploitation and pillage of the peoples of the world."

"An Alfred Hitchcock movie could use it as a scenario. I would even propose a title: `The Devil's Recipe,'" Chavez said.

He accused the U.S. of planning and financing a failed 2002 coup against him, a charge the U.S. denies. And he said the U.S. tries to impose its vision of democracy militarily in countries like Iran and Iraq.

"We appeal to the people of the United States and the world to halt this threat, which is like a sword hanging over our head," he said. "The imperialists see extremists everywhere. It's not that we are extremists. It's that the world is waking up."

At the start of his talk, Chavez held up a book by American writer Noam Chomsky, "Hegemony or Survival: America's Quest for Global Dominance," and recommended it to everyone in the General Assembly, as well as to the American people.

"The people of the United States should read this ... instead of the watching Superman movies," Chavez later told reporters.

He called U.S. consumerism "madness," saying Americans have wasteful habits in using oil and energy. He held up a satellite photo showing the world at night, with bright light emanating from the U.S. and other wealthy countries.

Consuming less should be an environmental priority, he said, "instead of looking for oil" through the war in Iraq.

The United States continues to be the top buyer of Venezuelan oil, bringing the South American country billions of dollars in earnings that help fund Chavez's popular social programs.

Accusing Bush of neglecting the poor, Chavez started a program last winter for Venezuela's U.S.-based oil company Citgo to sell discounted heating oil to poor American families. It distributed more than 40 million gallons of oil last winter to low-income Americans, and Chavez announced a doubling of that this winter.

Chavez also lambasted the U.S. government for trying to block Venezuela's campaign for a seat in the U.N. Security Council. He said if chosen over U.S.-favorite Guatemala in a secret-ballot U.N. vote next month, Venezuela would be "the voice of the Third World."

The council currently consists of five permanent members with veto power — the United States, Britain, Russia, China and France — and 10 non-permanent members who serve two-year terms and have no power to veto resolutions.

The U.S. argues that Venezuela — closely allied with Iran, Syria and Cuba — would be a disruptive force. The campaign for a U.N. seat is shaping up to be a formidable diplomatic test for Chavez, gauging his ability to lobby head-to-head against the United States.

Chavez said the U.N. in its current system "doesn't work" and is "antidemocratic." He called for the world body to be overhauled, saying the U.S. government's "immoral veto" had allowed recent Israeli bombings of Lebanon to continue unabated for more than a month.

The Mideast was in the spotlight, with ministers from the Quartet that drafted the stalled so-called "road map" peace plan — the U.S., the U.N., the European Union and Russia — planning to meet. The Security Council also was scheduled to hold a ministerial meeting Thursday that Arab leaders hope will help revive the peace process.

On Wednesday, Bush met with Palestinian leader Mahmoud Abbas and described him as "a man of peace" who can help move forward the stalled peace process.

Afghan President Hamid Karzai also addressed the General Assembly, warning that terrorism is rebounding in his country. He said efforts to build democracy there had suffered setbacks over the past year as violence increased, especially in the volatile south where NATO forces have been battling Taliban militants in some of the fiercest battles since the hard-line government was toppled in 2001.

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"We have seen terrorism rebounding as terrorists have infiltrated our borders to step up their murderous campaign against our people," he told the General Assembly.

He also expressed concern about "the increased incidents of Islamophobia in the West," saying it does not "bode well for the cause of building understanding and cooperation across civilizations."

Chávez Refers To Bush As 'the Devil' At The U.N. (USAT)

By David Jackson

USA Today, September 21, 2006

NEW YORK — Venezuelan President Hugo Chávez called President Bush "the devil" Wednesday in a rare personal attack on the floor of the U.N. General Assembly. The fiery speech challenged Bush's assertive foreign policy in an effort to galvanize anti-American sentiment.

"Yesterday, the devil came here … and it smells of sulfur still today," said Chávez, whose international reputation has grown largely on the strength of his opposition to U.S. policy. Chávez said Bush was "talking as if he owned the world."

His remarks came one day after Iranian President Mahmoud Ahmadinejad gave a speech at the United Nations in which he defended his country's nuclear program. The United States has demanded that Iran stop its uranium-enrichment program.

The United States dismissed Chávez's remarks. U.N. Ambassador John Bolton called Chávez's speech a "comic strip approach to international affairs."

"Too bad President Chávez doesn't extend the same freedom of speech and the press to the people of Venezuela," he said.

In his remarks Tuesday, Bush urged member nations to back efforts to forge democracy in the Middle East, including new governments in Iraq and Afghanistan.

"From Beirut to Baghdad, people are making the choice for freedom," said Bush, who ended his three days of diplomacy in New York after meeting Wednesday with Palestinian President Mahmoud Abbas.

Israel got its opportunity to rebut critics at the U.N. podium Wednesday when Israeli Foreign Minister Tzipi Livni warned that Iranian leaders pose the biggest threat to international values. "There is no greater challenge to our values than that posed by the leaders of Iran," Livni said.

"They deny and mock the Holocaust," she said. "They speak proudly and openly of their desire to wipe Israel off the map. And now, by their actions, they pursue the weapons to achieve this objective, to imperil the region and to threaten the world."

Chávez scoffed at Bush's foreign policy goals. "They say they want to impose a democratic model," he said. "It's the false democracy of elites, and, I would say, a very original democracy that's imposed by weapons and bombs and firing weapons.

"What type of democracy do you impose with Marines and bombs?"

The vitriolic attack was rare, historians say. "It's pushing the envelope," said Stephen Schlesinger, author of Act of Creation: The Founding of the United Nations. "He's obviously trying to bait Bush."

Stanley Meisler, author of United Nations: The First Fifty Years, said he could not recall another example of such a personal attack.

The closest, he said, came when Soviet leader Nikita Khrushchev banged his shoe on his desk at the General Assembly in 1960 to protest an anti-Soviet speech by a Filipino diplomat. Khrushchev, from the floor of the hall, called the diplomat, Lorenzo Sumulong, "a jerk, a stooge and a lackey of imperialism."

"There have been instances when countries have gone after other countries," said Linda Jamison, a senior fellow with the Center for Strategic and International Studies. "But personal attacks are unusual. It is, to some degree, unprecedented. And it's also shocking."

Chávez has become a leading Bush antagonist. He has established close ties with Cuban leader Fidel Castro and Ahmadinejad and given aid from oil revenue to regimes hostile to the United States.

Venezuela is the fourth-largest supplier — after Canada, Mexico and Saudi Arabia — of crude oil, gasoline and other petroleum imports to the USA, according to the U.S. Energy Information Administration.

During his speech, delegates nodded their heads and smiled at some of Chávez's remarks. At times there were tentative giggles from the audience.

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Chávez held up a book by American leftist writer Noam Chomsky titled Hegemony or Survival: America's Quest for Global Dominance and recommended it to everyone in the General Assembly.

He likened Bush's policy to a scary movie.

"An Alfred Hitchcock movie could use it as a scenario," Chávez said. "I would even propose a title: The Devil's Recipe."

Chávez Rails Against 'devil' Bush At UN (FT)

By Mark Turner

Financial Times, September 21, 2006

Hugo Chávez, the Venezuelan president, assured his place in UN history on Wednesday by calling George W. Bush, the US president, "the devil" and saying he could still smell the "sulphur" hanging around the General Assembly chamber.

His diatribe against US "imperialism," and calls for a re-foundation of the United Nations, may be nothing new, but the grandeur of his stage and the applause he won hammered home the mounting sense of developing world anger at an organisation many countries believe to be irretrievably under the sway of rich western powers.

Mr Chávez's invective came one day after Mahmoud Ahmadi-Nejad, the Iranian president, slammed the inequities of the Security Council, and Evo Morales, the indigenous Bolivian leader, brandished a coca leaf before the hall and called for an end to injustice.

While the 15-member Council has returned to centre stage in trying to resolve many of the world's most intractable crises, the General Assembly – of 192 countries – has found itself deadlocked over efforts to reform the way the UN is managed and how its resources are spent.

It cannot agree on a definition of terrorism, and has proved incapable of agreeing a strategy on nuclear non-proliferation.

All countries claim the UN needs reform, but the developing world is deeply sceptical of US efforts to overhaul its systems in the wake of the oil-for-food scandal, and believe the secretariat incapable of resisting the demands of its industrialised paymasters.

Even more moderate leaders such as Thabo Mbeki, the South African president, warned that unless the UN gave a greater voice to the poor it risked losing legitimacy. "For the UN to continue occupying its moral high ground, it has to reform urgently, and lead by practical example as to what it means to be democratic."

Mr Chávez was less forgiving. "Let's be honest," he said. "The UN system born after the second world war collapsed. It's worthless."

He suggested: "We could call a psychiatrist to analyse Wednesday's statement by the president of the United States," referring to Mr Bush's upbeat assessment of the situation in the Middle East.

"The hegemonistic pretensions of the American empire are placing at risk the very existence of the human species," he said. "We appeal to the people of the United States and of the world to halt this threat which is like a sword hanging over our heads."

Chavez Slams Bush, U.N. Before General Assembly (LAT)

By Maggie Farley

The Los Angeles Times, September 21, 2006

UNITED NATIONS -- Venezuelan President Hugo Chavez called President Bush "the devil" and pronounced the U.N. "worthless" in a fiery speech to the General Assembly on Wednesday, giving a preview of clashes to come if Venezuela wins a seat on the Security Council next year.

Standing at the lectern where Bush had delivered his speech the day before, Chavez said, "yesterday, the devil came here. Right here." He crossed himself. "Right here. And it smells of sulfur still today." Many diplomats in the vaulted chamber laughed and clapped.

Chavez criticized the United States for using the U.N. as a tool to dominate other countries, saying that "the government of the United States doesn't want peace. It wants to exploit its system of exploitation, of pillage, of hegemony through war."

The world body needs to be completely renewed if it is to be able to counter Washington's control, he said, declaring that "the U.N. system born after the Second World War collapsed. It's worthless."

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To applause from the packed room, he objected that developing nations, "have no power to make any impact on the terrible situation in the world. And that is why Venezuela once again proposes, here, today, 20 September, that we re-establish the United Nations."

Many diplomats came just to hear what has become the most provocative bit of showmanship in an series of foreign policy speeches that are often soporific. The crowd in the hall did not include any senior U.S. diplomats, however. They boycotted the speech, leaving a young note taker to occupy one of the otherwise empty group of U.S. seats.

A White House spokesman said that Chavez's performance did not merit comment. U.S. Ambassador John Bolton said the speech was "insulting" and called it a "comic-strip approach to international affairs."

But Washington will have to take Venezuela seriously if it wins a vote this fall for the seat on the Security Council that by tradition goes to a Latin American nation. Of the 15 council seats, five are up for rotation every year, and Venezuela is competing with Guatemala to represent its region.

The campaign has divided Latin American. Guatemala has won the backing of the United States, along with Mexico, Nicaragua, Honduras, El Salvador, Costa Rica and Colombia.

Venezuela has won support from other nations that oppose U.S. policy and has used its oil money to bolster its likely vote total. Cuba, Bolivia, Brazil, Argentina, Paraguay, Uruguay and 15 Caribbean nations now back the Venezuelan bid.

Chile and other countries caught between the U.S. and Venezuela are searching for a compromise candidate. But so far, potential candidates, including the Dominican Republic, have been unwilling to risk Chavez's wrath by entering the race.

If the Latin American nations fail to reach a consensus, the entire General Assembly will hold a secret ballot next month to break the deadlock. The winner in that case would need to garner two-thirds of the General Assembly's 192 votes.

Chavez said the U.S. has launched "an immoral attack" to prevent his country from joining the Security Council. He accused the CIA of trying to kill him and described how his personal doctor and security chief had to stay in his locked airplane when it landed this week because U.S. immigration authorities would not allow them to enter the country.

Whether Chavez's speech helped or harmed his nation's bid was the subject of considerable discussion Wednesday.

More than half the U.N.'s member states are developing countries, many of whose leaders may find appeal in Chavez's message. And even among wealthier nations, his defiant speech struck a chord among those nursing resentment over Washington's treatment of the world body. Some simply found his speech entertaining.

Guatemala's ambassador to the U.N., Jorge Skinner-Klee, said that despite the laughter and applause, Chavez's speech helped Guatemala more than Venezuela.

"You can not attack what you want to be part of," he said. "We need to address the world in a rational manner, not a confrontational way."

Chavez has promised that if his country wins a seat, he will come often to the U.N. to use the bully pulpit of the Security Council to press for change and to stand up to the United States.

"It will be fun to have Venezuela in the Security Council," said Cesar Mayoral, the ambassador from Argentina, which strongly supports Venezuela. "But it will mean the end of consensus."

That prospect may make some nations uncomfortable, said one expert from an independent think tank on Latin America.

"I think he's playing a risky game," said Michael Shifter, vice president for policy at the Inter-American Dialogue.

"It's true that the U.S. is not very popular, but this kind of vitriolic discourse doesn't win a lot of support," he said. "The applause and warm reaction were understandable in that moment. But when countries have to confront the really polarizing, poisonous politics going on, they may think twice about their support for him."

In Venezuela, Chavez's speech produced divided reactions. In Caracas, the capital city, the official government television network installed a giant screen in Plaza Bolivar downtown to broadcast the address.

Luis Mercedo, an office worker, described the speech as "a dignified position that confronts imperialism." By contrast, Cristina Maldonado, 35, a bank employee, said that calling Bush the "devil" was a "shame because it doesn't represent the majority view of Venezuelans."

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Political leaders of all persuasions jumped into the fray, supporting or criticizing the speech. Oswaldo Alvarez Paz, an ex-legislator and director of COPEI, an opposition party, said the speech was a calculated effort "to make an impact before the world" as part of Chavez's Security Council campaign.

Chavez's principal opponent in the Dec. 3 presidential elections, Manuel Rosales, slammed Chavez for "constantly generating a violent discourse, of aggression and permanent bellicosity."

Special correspondent Mery Mogollon in Caracas contributed to this report.

Iran Who? Venezuela Takes The Lead In A Battle Of Anti-U.S. Sound Bites (NYT)

By Helene Cooper

The New York Times, September 21, 2006

UNITED NATIONS, Sept. 20 — In the end, President Mahmoud Ahmadinejad of Iran lost the much-hyped war of words waged against President Bush at the General Assembly. A stealth opponent swooped in and took the prize.

Speaking on Wednesday from the same lectern Mr. Bush had occupied the day before, President Hugo Chávez of Venezuela announced, to gasps and even giggles: "The devil came here yesterday, right here.

"It smells of sulfur still today, this table that I am now standing in front of," he said.

Just hours before, Mr. Ahmadinejad took issue with the great Satan, too. But what a difference. Where Mr. Chávez was Khrushchevian, waving around books and stopping just short of shoe-banging, Mr. Ahmadinejad was flowery, almost Socratic in his description of behavior that only the devil would condone.

"By causing war and conflict, some are fast expanding their domination, accumulating greater wealth, while others endure poverty," Mr. Ahmadinejad lectured. "Some seek to rule the world relying on weapons and threats while others live in poverty. Some occupy the homelands of others, interfering in their affairs and controlling their oil and resources, while others are bombarded daily in their own homes, their children murdered in the streets."

Mr. Ahmadinejad, who has been known for inflammatory language in his sound bites at home, suggesting that Israel should be wiped off the map and denying the Holocaust, was much less direct in his United Nations speech, asking question after question.

An example: "The question needs to be asked: if the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account? Can a Council in which they are privileged members address their violations? Has this ever happened?"

Mr. Ahmadinejad's speech received all the buildup beforehand, particularly since he was scheduled on Tuesday, the same day as Mr. Bush. At the end of his speech, Mr. Ahmadinejad, as Mr. Bush did before him, received polite, diplomatic-style applause from the assembled officials, junior note-takers and various United Nations bureaucrats.

And for Mr. Chávez?

The gasps. The horrified giggles. The loud applause that lasted so long that the organization's officials had to tell the cheering group to cut it out.

President Bush's defenders noted that at least the United States had let Mr. Chávez and Mr. Ahmadinejad come here and say whatever they pleased without being thrown in jail. John R. Bolton, the American ambassador to the United Nations, who said that someone at the "junior note-taker" level was chronicling Mr. Chávez's speech for the United States, offered: "You know, it's a phenomenon of the United States that not only can he say those things in the General Assembly, he could walk over to Central Park and exercise freedom of speech in Central Park, too, and say pretty much whatever he wanted. Too bad President Chávez doesn't extend the same freedom of speech to the people of Venezuela."

For her part, Secretary of State Condoleezza Rice said Mr. Chávez's comments were "not becoming of a head of state."

But compared with Mr. Ahmadinejad, Mr. Chávez was just more colorful. He brandished a copy of Noam Chomsky's "Hegemony or Survival: America's Quest for Global Dominance" and recommended it to members of the General Assembly to read. Later, he told a news conference that one of his greatest regrets was not getting to meet Mr. Chomsky before he died. (Mr. Chomsky, 77, is still alive.)

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At that same news conference, just after his speech, he made eyes at a pretty Colombian journalist who asked him why he went around calling President Bush names. “Are you Colombian?” Mr. Chávez asked, performing a quick merengue move with his upper body and flashing her a grin.

He suggested that Americans read Mr. Chomsky’s book instead of spending all their time “watching Superman and Batman” movies.

Minutes later, at the same news conference, Mr. Chávez offered to double the amount of heating oil Venezuela donates to poor communities in the United States. He reminded reporters that Citgo, which is owned by Petróleos de Venezuela S.A., delivered free and discounted oil to Indian tribal reservations and low-income neighborhoods in the United States, including the Bronx.

“We are ready to double our oil donations,” Mr. Chávez said. “That is a Christian gesture.”

Mr. Ahmadinejad did not offer any Iranian oil to poor United States neighborhoods.

Venezuelan Leader Demonizes Bush (WP)

By Colum Lynch

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- President Hugo Chavez, the combative Venezuelan leader, denounced President Bush in a U.N. speech Wednesday as a racist, imperialist "devil" who has devoted six years in office to military aggression and the oppression of the world's poorest people.

Speaking from the lectern where Bush spoke a day earlier, Chavez said he could still smell the sulfur -- a reference to the scent of Satan. Even by U.N. standards, where the United States is frequently criticized as the world's superpower, Chavez's remarks were exceptionally inflammatory. They were also received with a warm round of applause.

Chavez's address followed a series of strident speeches by U.S. adversaries, including Iranian President Mahmoud Ahmadinejad and Sudanese President Omar al-Bashir. Together, they represent an emboldened alliance of oil-rich states that defy U.S. demands to change their policies on a range of issues, including the development of nuclear technology and the role of U.N. peacekeepers in Darfur.

"Yesterday, ladies and gentlemen, from this rostrum, the president of the United States, the gentleman to whom I refer as the devil, came here, talking as if he owned the world," Chavez told the chamber of international diplomats. "I think we could call a psychiatrist to analyze yesterday's statement made by the president of the United States. As the spokesman of imperialism, he came to share his nostrums, to try to preserve the current pattern of domination, exploitation and pillage of the peoples of the world."

Bush administration officials dismissed Chavez's remarks as the ravings of a reckless political leader. "I'm not going to dignify a comment by the Venezuelan president towards the United States," Secretary of State Condoleezza Rice said. "I think it's not becoming for a head of state."

In an effort to bolster his case, Chavez waved a copy of Noam Chomsky's book "Hegemony or Survival: America's Quest for Global Domination" and recommended that everyone read it. The book, written by the American linguist and longtime critic of U.S. foreign policy, argues that the United States' pursuit of political supremacy is having devastating consequences for the majority of the world's people.

"The president of the United States came to talk to the peoples -- to the peoples of the world," Chavez said. "What would those peoples of the world tell him if they were given the floor? . . . I think I have some inkling of what the peoples of the south, the oppressed people, think. They would say, 'Yankee imperialist, go home.' "

"The world is waking up," he added. "I have the feeling, dear world dictator, that you are going to live the rest of your days as a nightmare because the rest of us are standing up, all those who are rising up against American imperialism."

Chavez's U.N. appearance is part of a Venezuelan campaign to gain election to the Latin American seat on the U.N. Security Council, a post that would place it in a position to challenge U.S. policies. The United States, which vigorously opposes Venezuela's candidacy, is supporting a competing bid for the post by Guatemala, a poor Central American republic with little political influence at the United Nations.

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In portraying the United States as an imperial power, Chavez sought to evoke memories of the Cold War, when Third World revolutionaries such as Cuban President Fidel Castro (an ally and mentor of Chavez) and Zimbabwean leader Robert Mugabe delivered scathing attacks against the United States.

U.N. experts said that though Chavez's speech may resonate with delegations who oppose a new world order built around American power, it was so undiplomatic that it may undermine his chances of getting into the Security Council. It "confirms the worst stereotypes about the U.N. General Assembly being a circus sideshow filled with venom and rabid anti-Americanism," said Edward Luck, an expert on the United Nations at Columbia University. "I never thought anyone could make Ahmadinejad look like a moderate, but Chavez has done it."

Although Chavez is renowned for his caustic views on the Bush administration, some senior U.N. diplomats were startled by his statement. Asked if Chavez had gone too far, China's Foreign Minister Li Zhao Xing said: "He really said that? Are you sure? He would go that far?"

Britain's Foreign Secretary Margaret Beckett suggested that the Chavez comments went beyond the pale of diplomatic protocol at the United Nations. "Even the Democrats wouldn't say that," she said.

Some of the world's poorest countries, such as Bolivia, sought to prove they could stand up to the United States. Bolivian President Evo Morales, a close ally of Chavez, chastised the Bush administration for adding his nation to a list of major drug-producing countries because it permits the cultivation of coca, which is consumed by many Bolivians as tea but is also used to make cocaine.

Holding a coca leaf in his hand, Morales told the General Assembly he would never yield to U.S. pressure to criminalize coca production. "With all respect to the government of the United States, we are not going to change anything. We do not need blackmail or threats," Morales said.

Anti-Americanism Is A Big Hit At U.N. (WSJ)

By Neil King Jr.

The Wall Street Journal, September 21, 2006

UNITED NATIONS -- A day after President Bush's speech at the same lectern here drew tepid applause, Venezuela's leader earned laughter and ovations from the world leaders on hand by calling Mr. Bush "the devil" and comparing the U.S. to a "sword hanging over our heads."

While President Hugo Chávez's anti-American jabs were hardly new, they marked a theatrical high point for an annual U.N. gathering where full-bore anti-Americanism is not only back in fashion, but also much appreciated by many in attendance.

The leaders of Iran, Venezuela and Bolivia have all delivered full-throated harangues this week against Mr. Bush and U.S. foreign policy. Less expected were persistent pokes delivered by more-centrist leaders from places such as Brazil or Mexico.

Speeches by leaders of 57 nations over the past two days -- and many more to come -- reveal a world body awash in grievances over trade, the Iraq war, perceived U.S. unilateralism, Washington's drug policy in Latin America and the "great powers" structure of the U.N. itself. All illustrate, some observers say, a rising chorus of discontent with the world order envisioned by the U.S.

"In their inflammatory and provocative way, Chávez and the others are expressing a sentiment that is deeply resentful of the way the U.S. uses its power," said Julia Sweig, a scholar at the Council on Foreign Relations and author of "Friendly Fire," a recent book on the rise of anti-Americanism.

"People who say these guys are just outliers are wrong," said Mark Weisbrot, a Latin America specialist at the Center for Economic and Policy Research, a left-leaning think tank in Washington. "They are saying things that many other leaders only think."

The U.N. has seen much U.S. bashing over the years. Cuba's Fidel Castro gave a famous stemwinder on U.S. imperialism in September 1960, just before Nikita Khrushchev famously pounded his shoe on his desk in a fit of pique at the General Assembly.

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But this week's U.N. confab has put on full display a new generation of leaders in the Castro mold who revel in lobbing rhetorical missiles at Washington and lambasting U.S. policies abroad. And in the case of the Iranian and Venezuelan presidents, their fiery populism comes backed by soaring oil wealth, a lever Castro never had.

Bolivia's populist President Evo Morales, a former coca grower elected in December, drew a rousing response Tuesday when he pulled a coca leaf from his pocket during his speech to the General Assembly, then blasted the U.S. for its "neocolonialist" efforts to eradicate coca production.

Iranian President Mahmoud Ahmadinejad then took to the podium for a far more scathing and almost scholarly critique of the use of U.S. power, accusing the Bush administration of employing its nuclear and military might to intimidate other countries and to control the U.N. Security Council.

"Some seek to rule the world relying on weapons and threats, while others live in perpetual insecurity and danger," he said. In a theme echoed by many speakers, Mr. Ahmadinejad said that the U.S. and other powers, such as Britain, had turned the U.N. Security Council into "an instrument of threat and coercion" that now has to be reorganized.

Yet no one found a more receptive audience than Mr. Chávez, who got laughs right off when he raised high -- and highly recommended -- a copy of leftist professor Noam Chomsky's 2003 tome, "Hegemony or Survival: America's Quest for Global Dominance."

According to Mr. Chávez, the book told everything one needs to know about the world. Then he lashed into Mr. Bush. "The devil came here yesterday. Right here," he said, pointing at the lectern before him. "It smells of sulfur still."

In his speech the day before, Mr. Bush had sought to speak directly to the citizens of undemocratic countries such as Iran and Syria, and to express U.S. support for a future free of extremism.

Mr. Chávez lashed into what he described as Mr. Bush's obsession with extremists, suggesting it was racist. "He looks at your color, brother, and he sees an extremist," he said to an audience made up largely of diplomats from Africa, the Middle East and Asia.

Secretary of State Condoleezza Rice told reporters that Mr. Chávez's remarks were "not becoming for a head of state." The U.S. ambassador to the U.N., John Bolton, called Mr. Chávez's antics "insulting" and said it was "too bad President Chávez doesn't extend the same freedom of speech to the people of Venezuela."

Mr. Chávez is campaigning heavily to win for Venezuela next year a rotating seat on the U.N. Security Council, and U.N. watchers say Mr. Chávez may well garner the 128 country votes needed to prevail.

Bush Praises Abbas As 'Man Of Courage' (AP)

By Deb Riechmann

AP, September 21, 2006

President Bush on Wednesday called embattled Palestinian leader Mahmoud Abbas a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants.

On the sidelines of a U.N. General Assembly meeting, Bush tried to breathe new life into negotiations to resolve the long-running conflict between the Israelis and Palestinians. Supporting the moderate Abbas was Bush's final undertaking before returning to Washington.

"In order to achieve this vision, there must be leaders willing to speak out and act on behalf of people who yearn for peace, and you are such a leader, Mr. President," Bush said after his 40-minute meeting with Abbas at a New York hotel. "I can't thank you enough for the courage you have shown."

Israel wants to reopen a serious dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Abbas retains his position as president but he is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the United States and Israel are leery of the plan.

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"We look forward to your support and your help and your aid because we are in dire need for your help and support," Abbas said to an audience that included Bush and TV viewers. "Mr. President, we will always be faithful and truthful to peace and we will not disappoint you."

While Bush said Tuesday in a speech to the U.N. General Assembly that he views achieving Mideast peace as one of his presidency's "great objectives," he realizes it's an uphill battle.

"He's well aware of the fact that conditions may, in the end, not exist to make it possible," deputy national security adviser Elliott Abrams told reporters. "But he wants it understood that his interest, his commitment, his view that the establishment of a peaceful, democratic Palestinian state is very, very much in the interest of Palestinians and Israelis alike — none of that has changed."

Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Israel has new leadership too following Ariel Sharon's sudden massive stroke. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war with Hezbollah militants in Lebanon.

Still, the Bush administration is focusing fresh attention on the Israel-Palestinian question as a foundation for initiatives in other areas of the Mideast.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. The festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

Secretary of State Condoleezza Rice is likely to travel to friendly Mideast nations next month, her first visit since a U.N.-brokered cease-fire ended the monthlong cross-border war in Lebanon. She met with moderate Arab nations Wednesday on the sidelines of the U.N. meeting.

Hamas has given no sign that it will meet international demands that would resolve the stalemate with Abbas and allow aid to flow: Renounce violence, recognize Israel and abide by agreements made by the previous secular Palestinian leadership.

Rice suggested to reporters that Hamas risks losing political traction among its own supporters as a result.

"It has been difficult for the Hamas-led government to actually deliver on its promises of a better life," Rice said.

Diplomats from the United States, the European Union, Russia and the United Nations met Wednesday to take stock of the Mideast peace process. The group is the would-be shepherd for a U.S.-backed peace plan that would eventually establish an independent Palestinian state alongside Israel.

In a statement, the group welcomed the prospect of a meeting between Abbas and Olmert and welcomed Abbas' efforts to form a unified national government.

The group said it hopes any Palestinian national unity government would reflect the group's principles. European diplomats said that language could allow wiggle room for Hamas to moderate its position without taking the dramatic step of fully recognizing Israel, but U.S. officials disputed that.

US Gives Boost To Abbas' Unity Drive (FT)

By Guy Dinmore And Mark Turner

Financial Times, September 21, 2006

Mahmoud Abbas, the Palestinian president, on Wednesday received a significant diplomatic boost to his efforts to form a unity government after the Bush administration made its second concession in as many days to the European powers over a Middle East crisis.

The "Quartet" of the European Union, Russia, the United Nations and the US agreed to ease sanctions imposed on the Palestinians, called on Israel to release revenues due to the Palestinians and, most significantly, softened the language regarding international demands of the new government, once it is formed.

"The Americans have shown understanding and openness," Benita Ferrero-Waldner, the EU external relations commissioner, told the FT after the Quartet meeting in New York.

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A day earlier, President George W. Bush had relented at the UN over Iran, putting his sanctions efforts on hold to give the Europeans more time to find a way to resume negotiations with Tehran over its nuclear programme.

Some European diplomats and UN officials saw the Bush administration adopting a more realistic foreign policy in the Middle East. At the same time the European powers appear more assertive, seeking to undo what they see as the damage caused by the US through its invasion of Iraq, the fallout from the Lebanon conflict and the continued Israeli-Palestinian impasse.

"There is a message to the Israelis that they should transfer to the Palestinians their due money," Ms Ferrero-Waldner said, referring to €500m ($760m) held by Israel in customs revenues and taxes. The Quartet also agreed to expand and extend the Temporary International Mechanism that passes aid and funding to the Palestinians while bypassing the Hamas government which the US and EU refuse to recognise.

A senior US official denied the US was going soft over the militant group Hamas which swept Palestinian parliamentary elections in January.

"There is not an erosion or softening of our position, but a strengthening of the common position," he told reporters. The Quartet was still demanding that a new Palestinian government that would include Hamas must adopt certain conditions, including recognition of Israel, he said.

"There is no nuance here," he said, referring to the Quartet statement which expressed the hope that a government of national unity would "reflect" the conditions previously set out by the Quartet, including recognition of Israel.

Mr Bush, meeting Mr Abbas in New York, described him as a "man of peace".

"We are in dire need of your help and support," Mr Abbas said.

Separately, the Palestinian president has floated a four-stage plan within the UN that would restart the peace process with Israel, starting with prisoner releases on both sides. Officials said he had not raised the plan with Mr Bush.

Margaret Beckett, the British foreign secretary, said there were growing questions over negotiations between Mr Abbas and Hamas, cautioning that "it was not quite clear whether the basis for discussions (on a unity government) still remains".

The new Abbas plan also envisaged an international conference, attended by the Quartet and Arab countries. Jacques Chirac, the French president, endorsed the conference idea during his speech to the UN General Assembly on Tuesday.

U.S. Supports Abbas In Bid To Assemble Unity Cabinet (NYT)

By Helene Cooper

The New York Times, September 21, 2006

UNITED NATIONS, Sept. 20 — The Bush administration expressed support on Wednesday for the efforts by the Palestinian president, Mahmoud Abbas, to establish a national unity government with Hamas, but said the United States would continue to withhold aid from the Palestinian Authority.

Washington's European allies have been pushing President Bush to engage more fully in peace efforts in the Middle East. An announcement on Wednesday by the four powers of the so-called quartet that have been working to promote peace negotiations — the European Union, the United States, Russia and the United Nations — that they supported Mr. Abbas's efforts came as part of talks on the periphery of the General Assembly.

"The quartet welcomes the efforts of Palestinian President Mahmoud Abbas to form a government of national unity, in the hope that the platform of such a government would reflect quartet principles and allow for early engagement," Secretary General Kofi Annan and foreign ministers of the quartet said in a statement.

The Palestinian prime minister, Ismail Haniya, said Wednesday that he believed the Palestinians were close to establishing a unity government. But he said he and his Hamas movement were not prepared to accept the demands made by Israel and Western countries.

His statements underscored the uphill battle facing Mr. Abbas as he seeks to restore international aid. "Conditions are being imposed on the Palestinian people," Mr. Haniya said as a rally in Gaza, according to Agence France-Presse.

Western countries have cut off money to the Palestinian Authority, and Israel has not turned over the $50 million a month in taxes and customs receipts that it collects on the Palestinians' behalf. The cutoffs came when Hamas won elections in January and then took over leadership of the Palestinian government.

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The West and Israel want the Palestinian Authority to agree to three conditions: to recognize the right of Israel to exist, to forswear violence and to accept all previous Israeli-Palestinian agreements.

"They want us to condemn the resistance and recognize agreements," Mr. Haniya said. But Hamas is committed to a platform that "does not recognize the legality of the occupation and reaffirms the legality of the resistance," he added.

The proposed unity government is intended to bring about a restoration of Western aid. But with increasing friction, the internal Palestinian talks were put on hold while Mr. Abbas is abroad, and some in his party are questioning the rationale for such a government if Hamas is not willing to meet the demands that could restore assistance.

President Bush met with Mr. Abbas in New York on Tuesday. Elliott Abrams, the deputy national security adviser, said Mr. Abbas had told White House officials that Hamas would strike a deal only under terms that allowed for some public ambiguity over its stand on Israel, even if it agreed to recognize previous agreements and Israel's right to exist.

But Mr. Abrams said the United States had argued that the Hamas leadership was being quite explicit in its anti-Israel stand and its support of terrorist tactics.

Abbas Appeals To Bush, Cites 'Dire Need' For Help (WT)

By Stephen Dinan And Betsy Pisik

The Washington Times, September 21, 2006

NEW YORK -- Palestinian Authority President Mahmoud Abbas pleaded with President Bush yesterday that his government is "in dire need" of U.S. aid and support as the two leaders sought to jump-start the Israeli-Palestinian peace process.

Hours later, the Bush administration joined the European Union, the United Nations and Russia in calling on Israel to release $500 million in tax revenues it has collected on behalf of the Palestinian Authority but has refused to free up -- a move one U.N. official privately said was a concession by the White House.

"We look forward to your support and your help and your aid, because we are in dire need for your help and support," Mr. Abbas said after a 40-minute meeting with Mr. Bush. "Mr. President, we will always be faithful and truthful to peace, and we will not disappoint you."

"I can't thank you enough for the courage you have shown," Mr. Bush told Mr. Abbas.

Mr. Abbas, a member of the Fatah party, is trying to form a coalition government with Hamas, the terrorist group that won a majority in legislative elections earlier this year but has refused to renounce violence or recognize Israel's right to exist -- conditions the international community has set for major members to resume aid to the Palestinian Authority.

In the afternoon, foreign ministers of the Quartet -- composed of the United Nations, Russia, the United States and the European Union -- met for more than an hour to assess progress on the somewhat tattered "road map" to Middle East peace.

The statement they released afterward showed an incremental easing of pressure on the Palestinian Authority. The Quartet called on Israel to release the $500 million and endorsed a three-month continuation and an expansion of a separate EU-affiliated program.

The EU program collects and disburses through nongovernmental organizations money earmarked for humanitarian aid to the Palestinian people and funds to help the PA pay its civil servants.

"The Quartet noted that the resumption of transfers of tax and customs revenues collected by Israel on behalf of the Palestinian Authority would have a significant impact on the Palestinian economy," the group said.

The Quartet meeting, hosted by U.N. Secretary-General Kofi Annan, was attended by Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, Finnish Foreign Minister Erkki Tuomioja on behalf of the European Union, as well as EU foreign policy chief Javier Solana and EU external relations Commissioner Benita Ferrero-Waldner.

"This is a strong statement," said a U.N. official involved with Middle East affairs, adding that "the Americans have conceded a bit," particularly in urging Israel to release the tax revenues.

Mr. Bush was wrapping up 48 hours in New York that included his address to the U.N. General Assembly and meetings with seven world leaders. In addition to trying to rally opposition to Iran's nuclear program, Mr. Bush spent much of his time trying to persuade Mr. Abbas and other Middle Eastern leaders he considers moderates to face radical Muslim movements in their countries.

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That includes Iraqi Prime Minister Nouri al-Maliki, who is trying to keep order amid sectarian violence. The administration yesterday strenuously rejected reports that it is losing confidence in Mr. al-Maliki.

"That's absolutely false," said White House spokesman Tony Snow. "The man has been in power for barely more than 100 days and, frankly, there has been significant progress."

Mr. Bush, in an interview with CNN's Wolf Blitzer yesterday, said that both Army Gen. George Casey, the highest-ranking U.S. military official in Iraq, and U.S. Ambassador Zalmay Khalilzad have confidence in Mr. al-Maliki.

In Reversal, Germany Will Join Lebanon Force (NYT)

By Mark Landler

The New York Times, September 21, 2006

BERLIN, Sept. 20 — German warships will set sail for the Mediterranean on Thursday, after Parliament voted Wednesday to send up to 2,400 troops to patrol the waters off Lebanon. Haunted by the Holocaust, Germany had resisted sending soldiers to the Middle East for fear of potential clashes with Israeli troops.

The deployment, the country's first in the Middle East since World War II, was approved by a three-to-one ratio. It thrusts Germany into an uncertain phase of its steady development into a nation that projects military force outside its borders.

Chancellor Angela Merkel, whose government pushed for the deployment despite the deep misgivings of many Germans, described the mission as having a "historical dimension."

"There is perhaps no other area of the world," Mrs. Merkel said in Parliament, "where Germany's unique responsibility, the unique responsibility of every German government for the lessons of our past, is so clear."

German soldiers now patrol dusty towns in northern Afghanistan, jungles in central Africa and wooded hills in Bosnia and Kosovo.

To avoid conflicts with Israeli soldiers, this deployment will include no ground troops — only two frigates with helicopters, two supply ships and four fast-patrol boats. Even with a full complement of 2,400 troops, it would rank third in size for Germany's foreign deployments, after Afghanistan and the Balkans.

Still, Mrs. Merkel said it was Germany's duty to support the foreign peacekeeping force being assembled in southern Lebanon, to enforce a truce between Israel and the Hezbollah militia.

The German ships, which will try to prevent the smuggling of weapons to Hezbollah, are part of a maritime force that includes ships from Denmark, Norway, Sweden and the Netherlands. The German sailors will be authorized to stop ships suspected of carrying weapons — by force if necessary — board them, and turn them over to Lebanese authorities.

On Tuesday, the foreign minister, Frank-Walter Steinmeier, said, "We in the international community are obliged to draw on our strength to help Lebanon as long as it is not itself in a position to do so."

Whether Germany should play any military role in the Middle East conflict has been a source of debate here for weeks. Parliament approved the mission a day after the chief of the Israeli military said Israel hoped to pull its last forces out of Lebanon by sundown on Friday.

The vote in the lower house of Parliament — 442 to 152, with 5 abstentions — was not a surprise, given the commanding majority of Mrs. Merkel's "grand coalition."

But opposition leaders voiced strident criticism, warning of the risks of sending troops to a volatile region where Germany has built up good will with its diplomacy rather than its military might.

"We should be under no illusions just because this is a navy mission and not a ground mission," said Guido Westerwelle, the leader of the opposition Free Democratic Party. Oskar Lafontaine, a leader of the Left Party, said Germany was risking terrorist attacks.

Germans have been on edge since August when the police discovered suitcases with unexploded bombs on two trains in western Germany. Two Lebanese men who had been living in Germany were arrested, and intelligence officials said the timing of the bungled plot might have been linked to the war.

Some critics said Mrs. Merkel's avowed support of Israel — combined with the decision to commit troops — would jeopardize Germany's traditional role as a go-between in the Middle East.

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"In the past, Germany could be a mediator between Israel and the Palestinians," said Günter Meyer, director of the Center for Research on the Arab World at the University of Mainz. "But by clearly siding in this mission with the Israelis, we are alienating the rest of the Arab world."

The German public opposes the deployment, polls indicate, though people differ on how vociferously. Some of the opposition, experts say, is a reflexive tendency in postwar Germany toward pacifism. Some, they say, also reflects anger at how Israel conducted the war in its early days.

Critics fault Mrs. Merkel for not initiating a national debate about Germany's proliferating military engagements. The lack of discussion outside the capital could come back to haunt her, they say, should this deployment or, more likely, the Afghanistan mission, become messy.

"A lot of people are having doubts about these missions," said Rainer Arnold, a spokesman on military issues for the Social Democratic Party, which is in a coalition with Mrs. Merkel's Christian Democrats. "I'm very concerned about the risks to German soldiers in Afghanistan."

On Thursday, Parliament is expected to extend the army's mission in Afghanistan by a year, though.

Mr. Arnold said the German military would soon reach the limits in resources for foreign deployments, not because it lacks troops — 8,000 out of 250,000 military personnel are serving in foreign missions — but because it lacks the specialists these missions require.

"If you compare that with the United States, it's a smaller percentage," said Sascha Lange, an analyst at the German Institute for International and Security Affairs. "But we are in a transformation to make it possible to deploy troops outside of Germany, and this is only the beginning."

Israel: Pullout Unlikely Before Weekend (AP)

By Ravi Nessman, Associated Press Writer

AP, September 21, 2006

Israel's army chief said Wednesday his nation's troops were unlikely to withdraw from Lebanon by the weekend, as he initially predicted, because final details remained to be worked out with the U.N. peacekeepers taking their place.

The delay came even as the international peacekeeping mission grew to 5,000 troops, the number Israel said was needed before it could pull out of southern Lebanon. The force, known as UNIFIL, will eventually number 15,000.

Israel's troop presence in southern Lebanon had been as large as 30,000 during the fighting against Hezbollah guerrillas. But the army has slowly withdrawn the soldiers since a cease-fire took effect on Aug. 14, and international peacekeepers and the Lebanese army began deploying in the area. There are currently about 9,000 Lebanese soldiers there.

The Israeli army will not say how many of its troops remain in Lebanon, but the number is believed to be several thousand concentrated in three pockets along the border. The full withdrawal of Israeli troops will remove a remaining point of friction and help bolster the cease-fire.

Lt. Gen. Dan Halutz told Israeli lawmakers Tuesday that he hoped to bring the last soldier home before the start of the Jewish New Year, which begins Friday evening.

But Wednesday, he said that timetable did not appear realistic because of ongoing talks with the U.N. peacekeepers.

"We very much hoped it would happen by Friday, but in the dialogue we have been holding with the United Nations and the Lebanese army, there are a few issues to be wrapped up," he said.

"I hope it will take place in the next few days, but it looks likely to be after the holiday," he said. The New Year holiday ends Sunday evening.

The fighting between Israel and Hezbollah began July 12 when the Lebanese guerrilla group crossed the border and attacked an army patrol, capturing two Israeli soldiers. The fighting ended after 34 days with more than 850 Lebanese and 150 Israelis killed.

UNIFIL commander Maj. Gen. Alain Pelligrini said in a statement that a meeting took place Tuesday between senior Israeli and Lebanese officers and top U.N. peacekeepers.

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"The meeting was positive, we are making progress," he said, adding the Israeli army withdrawal and the Lebanese army deployments were on track.

Commitments to the international force continued to grow Wednesday, with German lawmakers approving the deployment of warships to Lebanon's coast to stop arms shipments to Hezbollah.

Germany will send eight warships — its largest naval deployment since World War II — and lead the multinational naval force patrolling Lebanon's coast.

Wary of its Nazi past and the Holocaust, Germany ruled out sending ground troops to southern Lebanon to ensure that German soldiers do not get caught up in any confrontation with Israeli forces.

Rebuffing concern about the deployment, Chancellor Angela Merkel said Germany's history obligated it to help stabilize the region because Israel — as well as Lebanon — had given its approval for the naval mission.

That was "a signal of trust in Germany, in the country in whose name the destruction of the Jews and World War II began," Merkel said. "We should take such a signal seriously."

The German ships, which are to leave Thursday, are being accompanied by three from Denmark and are expected to take 10 to 14 days to reach the area. Greek, Italian and French warships are patrolling the Lebanese coast until they arrive.

Norway, Sweden and the Netherlands are also expected to send ships.

Also Wednesday, Malaysian officials said their country would contribute 360 members of the U.N. mission in Lebanon, after the United Nations approved the deployment.

Malaysia had previously offered to send as many as 1,000 troops, and Deputy Prime Minister Najib Razak said it remains ready to dispatch more peacekeepers if asked to.

The deployment comes despite Israel's initial objections to the involvement of countries without diplomatic relations with the Jewish state — including Malaysia and Indonesia. Israel later dropped objections to Indonesia's participation, although it was unclear if Malaysia was acceptable to Israel.

Meanwhile, a group of reserve soldiers, angry at Israel's conduct of the war, heckled Israeli Prime Minister Ehud Olmert during a speech to members of his Kadima Party.

"Olmert, resign!" one said. "Take responsibility?" yelled another.

Security guards escorted some of the protesters out of the hall, and Olmert brushed off their criticisms, saying most Israelis agreed with his positions.

Reserve soldiers, many of whom said they were not properly equipped or trained for the battle, have taken the lead in protesting the government's war effort.

U.S. Urges Arab Help On Darfur (AP-Y)

By George Gedda

AP, September 21, 2006

The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new U.S. special envoy for Sudan said Wednesday

In a telephone interview with The Associated Press, Andrew Natsios said U.S. contacts with Arab countries have begun. He declined to identify the countries.

"We are engaging and we are going to continue to engage with them," Natsios said. The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries.

The U.N. Security Council approved a resolution three weeks ago for the deployment a U.N. force, but the Sudanese government has rejected the plan.

Natsios expressed disappointment that China, a permanent member of the Security Council, has shown little willingness to lobby Sudan to accept peacekeepers. The two countries have close economic and political ties.

"The role of China cannot be overstated," said Natsios. "They are the country with the most influence with the Sudanese government."

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With the humanitarian situation in Darfur worsening by the day, President Bush appointed Natsios as special envoy this week. Natsios was deeply involved in Darfur policy as administrator of the U.S. Agency for International Development, a post he held from 2001 until early this year.

The African Union agreed Wednesday to extend the mandate of its underequipped peacekeeping forces in Darfur through the end of 2006.

The United Nations and many human rights groups say that since 2003, fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million.

African Union Troops Will Remain In Darfur (WP/AP)

By Nick Wadhams

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- The African Union said Wednesday that it would extend the mandate of its peacekeeping force in Darfur through the end of the year, ensuring that international troops will remain in the war-torn Sudanese province for now.

The United Nations will provide material and logistical support to the mission, though Sudan is still resisting demands that the world body take over the mission from the African Union, said Burkina Faso President Blaise Compaore, head of the A.U. Peace and Security Council.

The decision was made in a morning meeting of the A.U. body also attended by U.N. Secretary General Kofi Annan and Sudanese President Omar Hassan al-Bashir. When Bashir left about halfway through the meeting, he withheld comment except to shout "No!" when a reporter asked if he would allow the United Nations to take control of the peacekeepers.

An underfunded A.U. force in Darfur has been unable to stop the violence there. Both the African Union and the U.N. Security Council have called for the United Nations, with its superior funding and resources, to run the mission.

For now, the A.U. mission will be reinforced and infused with U.N. logistical and material support, Compaore said. "Sudan is disposed to work with the United Nations," he said.

The United Nations and many rights groups say that fighting between government troops, with the support of a militia called the Janjaweed, and rebel groups has left at least 200,000 people dead and displaced 2.5 million since 2003.

Bashir denies that there is a major humanitarian disaster there and said Tuesday that human rights groups have exaggerated the crisis in a bid for more money.

"The picture that volunteer organizations try to give in order to solicit more assistance and more aid has given a negative result," Bashir said at a news conference.

In a speech to the U.N. General Assembly earlier Tuesday, President Bush called the Darfur killings a genocide and said the A.U. force was "not strong enough" to protect the population. He called for the force to be strengthened and demanded that the United Nations take control.

The United States and its allies are weighing whether there are other options for confronting the Sudanese government, including the possibility of military intervention despite Bashir's objections.

It's The Bushes And Clintons, Finding Common Ground (NYT)

By Patrick Healy

The New York Times, September 21, 2006

It's not often that you see a current American president and his predecessor in New York City, on the same morning, trying to foster peace in the Muslim world, and trying to burnish their own legacies as statesmen.

Nor is it common to have the wife of one of them on hand to help out the other guy.

But there was President Bush meeting with the Palestinian president, Mahmoud Abbas, at the Waldorf-Astoria. And there was former President Bill Clinton convening a conference on global concerns at a nearby Sheraton, and listening to President Pervez Musharraf of Pakistan chastise Pope Benedict XVI for the pope's remarks about Islam. And there was the first lady, Laura Bush, giving the Clinton conclave some juice by announcing a new project to deliver clean water to 10 million Africans by 2010.

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Mr. Musharraf, echoing an old slogan of Mr. Clinton's, could have been reflecting the ethos of the Midtown diplomacy — not to mention the Bushes and the Clintons — when he told the conference that in dealing with all religious faiths, "This is a time to build bridges and not burn bridges."

In truth, it was just another day in the intriguing world of BushClinton (or ClintonBush, if you will): A world in which a Bush presidency begat a Clinton presidency that begat a Bush presidency that may lead to — well, one can speculate. In this world, the former presidents named Bush and Clinton are apparently thick as thieves, while son Bush and wife Clinton are regularly at odds over the geopolitical issues under discussion yesterday.

Certainly, though, no one was calling a Bush (or a Clinton) a devil as the two families overlapped at Mr. Clinton's conference. President Bush and Mr. Clinton had a pleasant-looking run-in at the United Nations on Tuesday afternoon, and Mr. Clinton warmly welcomed Mrs. Bush to his conference dais yesterday to announce the $10 million federal commitment for the water project.

She did so in front of an audience of hundreds of officials from developed and undeveloped nations, who first sat and listened to a list of Bush administration goals to support the third world. If there were Bush skeptics in the room, they were politely silent, and Mr. Clinton was beaming like a proud presidential spouse as he sat and listened to Mrs. Bush champion her husband's agenda.

The major speakers at the conference were a little less love-soaked and a good bit more opinionated, apparently to the applauding audience's delight.

Mr. Musharraf took the lead as news-making head of state. He said "a lot of tensions in the Muslim world" were caused by the furor involving Pope Benedict XVI's citation of a medieval text saying some of Muhammad's teachings were "evil and inhuman." Mr. Musharraf added that the pope's remarks "were most unwarranted."

"It is a time for interfaith harmony," Mr. Musharraf said later in the conference session. No one has the right, he continued, "to hurt anybody else's feelings, least of all at this time."

Referring to Muslims, Mr. Musharraf added: "The world thinks that we don't believe in democracy, we don't believe in modernization, we don't believe in secularism. Let me assure this house that Islam in theory believes in all of them."

Mr. Musharraf also said the continued presence of American troops in Afghanistan was contributing to the resurgence of the Taliban and was intensifying instability there.

"They are coming back because of the presence of foreign troops," he said. "There certainly is an antipathy to foreign presence in Afghanistan."

The Pakistani leader emphasized that in his view, the conflict between the Israeli and Palestinian governments remained the greatest threat to security and political stability in Iraq, Afghanistan, Pakistan and Lebanon.

"It lies at the core of everything," he said. "We must not open new fronts — we must start closing fronts."

Javier Solana, the foreign policy chief of the European Union, said he believed that "the Clinton parameters are still probably the best solution" to bringing peace to the Middle East, referring to the former president's aggressive diplomacy to mediate the Israeli-Palestinian disputes.

Mr. Solana also said clashes of ideology, religion, politics and economics went beyond the Israeli and Palestinian governments.

"The divide that persists in the world is more profound than we think, and we better be aware of that," he said. "It's not getting smaller, but growing."

In remarks that seemed aimed at the news media, Mr. Solana also warned that the West should not carelessly provoke Muslims even in the spirit of free speech and open thought. He made the comment when asked about the newspaper cartoons lampooning Muhammad last winter that led to a spasm of violence worldwide.

Mr. Clinton said that so far he had secured more than $2 billion in "commitments" from businesses and others to help address the themes of his conference: energy and climate change; mitigating religious and ethnic conflict; alleviating poverty; and global health.

The conference, known as the Clinton Global Initiative, lined up $2.5 billion from 300 sponsors last year.

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US-China Launch 'economic Dialogue' (FT)

By Krishna Guha, Richard Mcgregor And Raphael Minder

Financial Times, September 21, 2006

The US and China on Wednesday announced the creation of a new "strategic economic dialogue" in which both countries would aim to grapple with the long-term issues arising from China's emergence as a leading economic power.

The dialogue will be led by Hank Paulson, the new US treasury secretary, and Wu Yi, the vice-premier responsible for trade and foreign investment policy. It will not directly address the vexed issue of China's renminbi policy or other near term issues, which will continue to be dealt with through existing bilateral contacts.

Each government will establish an inter-agency group bringing together top officials in economic and foreign policy, to support the strategic dialogue.

Mr Paulson and Ms Wu will meet twice a year, and the process will continue at a senior official level.

In a joint statement, Mr Paulson and Ms Wu said they had agreed to "focus on bilateral and global strategic issues of common interests and concerns."

They said the new dialogue would "promote economic co-operation and the growth of China-US relations" and contribute to "world economic development as well as global economic stability and security."

Mr Paulson and Ms Wu said President George W. Bush and President Hu Jintao "will strongly support and take an active role in the strategic economic dialogue."

The initiative dovetails with longstanding Chinese ambitions to elevate the US-China relationship into one unencumbered by the many difficult issues that divide them, such as piracy of intellectual property, the swelling trade imbalance and, to some extent, human rights.

"Whenever you have a higher level dialogue, it will be to the benefit of the overall relationship," said Yan Xuetong, international relations professor at Tsinghua University in Beijing.

"Because of Mr Paulson's background, they will talk more about economic issues, but I would regard this as a political dialogue as well."

A US senior administration official said the mechanism was the "first of its kind" in US international economic relations. She said the US wanted to build a "mature" and long-term economic relationship with China, as it has for instance with Europe.

The official said that the idea for the dialogue had come from Mr Paulson, and Mr Bush had proposed it in a telephone call to President Hu on August 21.

The US said likely themes include innovation, globalisation, energy security and the environment.

The US hopes the process will help lock in a continuing process of economic reform in China as the nation completes the implementation of its World Trade Organisation commitments.

Speaking in Cairns, Susan Schwab, the US ttrade representative, said that the new dialogue was "not inconsistent with existing groups."

Trade issues are now discussed in the Joint Commission on Commerce and Trade, established only four years again to handle difficult bilateral disputes.

The US side is jointly chaired by the USTR and the commerce ministry, and in China, by Ms Wu, who is also the chief point person for Mr Paulson.

U.S., China Plan Regular Talks On Long-Term Economic Issues (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 21, 2006

BEIJING -- The U.S. and China announced a top-level economic dialogue that they vowed would move their relationship beyond such day-to-day issues as currencies and copyright piracy.

Treasury Secretary Henry Paulson, who will lead the cabinet-level U.S. team in semiannual meetings with Chinese counterparts, said yesterday that the approach will focus on longer-term concerns and will set the tone for better relations. Most

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importantly, he said, top officials from both countries will have a regular opportunity to sit down and talk privately about what their nations want most from each other.

"The key to working with the Chinese is being able to get access to all the right people at whatever level," said Mr. Paulson, who winds up a four-day trip to China tomorrow.

Among the issues the U.S. would like to broach are how China can change copycat manufacturing into genuine innovation and retool its economy to promote domestic consumption more than exports. China is particularly interested in energy conservation and environmental protection.

Whether the effort will be productive is uncertain. The U.S. had similar frustrations with Japan and its trade surplus during the late 1980s and 1990s. In the first Bush administration, the U.S. and Japan launched a "structural impediments initiative" aimed at getting Japan to deregulate and play by what the U.S. considered international rules. But it took until the Japanese economy fell into a recession, which lasted a decade, for Tokyo to make the changes.

The plan for the new meetings underscores the influence that Mr. Paulson, a former Goldman Sachs Group Inc. chief executive with long experience in China, has amassed only two months into his job. Mr. Paulson conceived the idea of the dialogue and secured President Bush's endorsement before taking office in July. Last month, the president telephoned his Chinese counterpart, Hu Jintao, to lobby for the plan. In less than a month, Mr. Paulson helped persuade the Chinese to sign on -- giving him something to bring home from this week's visit.

Administration officials believe the proposal appealed to Chinese leaders in part because it singled the country out for special treatment and, without making new demands or raising new complaints, overtly recognized its growing economic power.

The U.S.-China relationship has been fraught with perils recently, including American anger over alleged Chinese violations of U.S. intellectual-property rights, a spat over trade in auto parts, and persistent disagreement over the weak yuan, which U.S. companies say gives their Chinese competitors an unfair edge.

Washington officials said the top-level strategic discussions would elevate -- rather than distract from -- efforts to resolve those daily issues. "We hope with this dialogue we'll create confidence in and support for continued reform" of the Chinese economy, one senior administration official said.

Mr. Hu chose Vice Premier Wu Yi, considered by American officials to be an enthusiastic reformer, to lead China's side. Mr. Hu gave her "full decision-making authority across all aspects of the Chinese economy," according to the Treasury Department.

The first meeting is slated to take place in Beijing before year end, but the new approach might not be sufficient to cool anti-China ardor in the U.S. Congress. The Senate appears headed for a vote this month on a measure to impose stiff tariffs on Chinese goods to counter the alleged price advantage they receive from the country's weak currency.

"I have tremendous respect for Secretary Paulson, and if he brings back significant accomplishments from his trip, so much the better," said Sen. Charles Schumer (D., N.Y.). "However, we have had four years of talk. Everyone knows the Chinese are flouting the rules. We need action."

Furthermore, it isn't clear whether another discussion mechanism would necessarily improve bilateral relations. The U.S. and China already have at least nine two-way or multilateral commissions, dialogues, partnerships and forums that address particular aspects of their relationship, from health care to energy to trade policy. And Treasury officials have repeatedly asserted that they have constant contact with their Chinese counterparts over the bilateral trade deficit and other issues.

Mr. Paulson tapped Deborah Lehr, a former National Security Council official and one of his advisers at Goldman Sachs, to handle the practical and substantive details of the new dialogue.

--Bob Davis in Washington contributed to this article.

High-level Economic Talks Planned For U.S., China (USAT)

By David J. Lynch

USA Today, September 21, 2006

BEIJING — The United States and China agreed on Wednesday to open high-level talks aimed at managing an increasingly complex and contentious commercial relationship.

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President Bush, who launched the proposal with an Aug. 21 phone call to Chinese President Hu Jintao, named Treasury Secretary Henry Paulson to head the new "Strategic Economic Dialogue." Paulson, in Beijing for meetings with Chinese leaders, unveiled the initiative during an appearance with Chinese Vice Premier Wu Yi at China's Great Hall of the People.

"We're both thinking the same way," Paulson said. "This is a unique opportunity to create an initiative that reflects the 21st-century global economy and redefines the economic relationship between the United States and China."

The U.S. and China already engage in at least three sets of lower-level talks about various commercial issues. But Paulson says Wednesday's announcement marks a significant reshaping of the U.S. approach to China.

"The level we have here is unprecedented. There's never been anything close to it. That indicates how serious both sides are," he said in a late-night interview with reporters from five major newspapers.

Reflecting a negotiating style Paulson honed while CEO of Goldman Sachs, the new process will:

•Involve top decision makers in both countries, not their deputies.

•Replace the traditional scattershot tactic with a single negotiation that prioritizes economic disputes.

•Occur behind closed doors to facilitate frank brokering.

•Explicitly aim for an eventual understanding that benefits both sides.

China is the fastest-growing market for U.S. exporters. But U.S. manufacturers complain China keeps the value of its currency, the yuan, artificially low as an effective export subsidy, fueling an annual trade deficit of more than $200 billion.

Sens. Charles Schumer, D-N.Y., and Lindsey Graham, R-S.C., are seeking a Senate vote next week on their proposal to slap tariffs on Chinese exports to the USA unless China revalues. On Wednesday, Schumer said: "We have had four years of talk. … We need action."

Paulson said that failing to launch a broader discussion with China raises the risk of today's irritations degenerating into "punitive actions … (or) trade wars." Chinese leaders, including the powerful Wu, likewise have become aware of the need to safeguard their most important trade link.

"They have a sense of doing some real things, including concessions to the U.S., to prevent too much protectionist pressure in the U.S.," says Shi Yinhong, professor of international relations at Beijing's Peoples' University. "If there's too much dissatisfaction, maybe the Congress will do things that really hurt the Chinese economy."

The new talks are scheduled to begin in Beijing before the end of the year. Follow-up meetings will alternate between Washington and Beijing.

Said Paulson: "We don't intend to sit around the table and write communiqués. We intend to get things done."

Why US Speaks Softly With China On Trade (CSM)

By Mark Trumbull

The Christian Science Monitor, September 21, 2006

America's economic point man is taking the tack of cooperation rather than confrontation on a visit to China this week, despite a widening trade deficit and disputes over everything from pirated movies to barriers that hinder US exports of auto parts.

It's a softer tone driven by China's rising economic power, by the interdependence of the two nations, and by a pragmatic approach to financial diplomacy.

But for Henry Paulson, America's new Treasury secretary, it also reflects an assessment of risk that may come as a surprise to many Americans.

For all its rapid strides, China is in some ways a fragile economy. That, trade experts say, is a danger not just to leaders in Beijing but to the world economy.

"If reform stalls, the Chinese economy will stall, and that is in nobody's interest," says Daniel Griswold, an economist at the Cato Institute, a libertarian think tank in Washington. Paulson "understands that our interest is in a thriving, liberalizing China."

China has committed itself down the road to an increasingly market-based economy. Its surging output of electronics and other goods has been stunning - and unsettling to rival manufacturers in other nations.

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But this doesn't mean China's path of progress will necessarily remain smooth. Among the challenges: an outdated financial system heavy on bad loans, state-owned businesses in distress, a volatile social rift between prosperous urbanites and the rural poor, and the looming burden of a rising elderly population. Paulson outlined China's challenges

Secretary Paulson pointed to many of these challenges in a major speech before heading overseas.

"The biggest risk we face is not that China will overtake the US," he said, "but that China won't move ahead with the reforms necessary to sustain its growth and to address the very serious problems facing the nation."

Paulson's stated goals for the US-China economic relationship have much in common with those of his predecessor, John Snow. Both put the issue of a more flexible Chinese currency high on their list - a move that could bolster the exports of struggling US manufacturers.

But Paulson's tone appears at once softer and more ambitious. He is not simply calling for change from Beijing officials. He expects to work with them regularly, building on the ties he established there in his career as a globe-trotting investment banker.

Wednesday, Paulson and a Chinese official announced the creation of a new high-level dialogue designed to deal with long-term issues between the two nations. At the same time, he has dampened expectations for any quick victories on issues such as the yuan-dollar exchange rate.

All this reflects a tempered approach to China at a time when critics continue to press the Bush administration for punitive measures if China is not responsive.

"Time is running out. I hope that Hank returns with tangible results," Sen. Charles Schumer (D) of New York said in a statement last week. He and Republican Sen. Lindsey Graham of South Carolina say they may have "no choice" but to call for a vote on their proposal that China face a 27.5 percent tariff in the US if Beijing fails to act on the currency issue.

His sentiment is backed up by many small- and medium-size manufacturing companies. Kevin Kearns, president of the US Business and Industry Council, said this week that America needs a get-tough approach. Use China's reliance on exports to the US and the threat that those sales could be lost, he suggested, to leverage concessions from Beijing. A trade war if US pushes too hard?

Many economists, however, caution that a trade war could harm both nations and the world economy. Their arguments include:

• The US and China, currently the twin engines of global growth, have become increasingly interdependent. Supporting gradual reforms, and a healthy Chinese economy, is more important than winning concessions.

• China's increasing clout makes it likely that its leaders will continue to make decisions based on perceptions of their own interests, not outside pressure.

• Even if the yuan were to rise sharply against the dollar, it is unclear how much impact that would have on the mammoth US trade deficit. America might simply import more from other nations, or pay more for imports from China.

Moreover, a large revaluation of the yuan might destabilize China.

"If they did it suddenly, their financial system might not be able to withstand the adversity," says Michael Cosgrove, an economist in Dallas who publishes the Econoclast newsletter.

A recent study, prepared for Congress's Joint Economic Committee, outlines a collection of challenges China confronts. It calls the banking system "dysfunctional," dominated by four state-owned banks and wrestling with a tide of nonperforming loans. One estimate, by the US accounting firm Ernst & Young, reckoned that the bad loans totaled $911 billion, or 41 percent of China's gross domestic product, at the end of last year.

China also has a jobless or underemployed "floating population" of some 140 million. By 2015, a decline in the working-age population promises to shore up the labor market.

But the flip side of that trend is an aging population without a social safety net. Already, this has distorted the economy by pushing China's domestic savings rate sky high. That's hindering the nation's hoped-for shift from an export-driven economy to one fueled more by domestic consumption.

"They themselves have come to the view that their current growth path is not sustainable," says Nicholas Lardy, an expert on China at the Institute for International Economics in Washington.

He says China is making headway with financial and other reforms.

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Now it needs to find a way to boost domestic consumption while reducing runaway investment in industrial production - and to achieve this in lock step so that the economy doesn't slump. "The whole strategy is fraught with risk," Dr. Lardy says.

A more flexible exchange rate could help, he says. That would allow the central bank to focus more on domestic conditions and less on maintaining the yuan.

Paulson echoed that view in his recent speech on the global economy.

He spoke of "freeing up an inflexible currency regime" that hinders the development of a balanced economy. A more nimble monetary policy and financial system in China, he said, could "keep its economy from veering out of control." IMF pushes US, China on imbalance

Member nations of the International Monetary Fund are also nudging China and the US to do more to address imbalances in the world economy. To many, that means exchange-rate shifts in the dollar and yuan. It also means more saving (and less borrowing) in the US, and more consumption within China.

Lardy and others say China isn't fragile to the point of breaking. But it faces some tough transitions.

The reforms "will be when they feel it is in their interest to do so," Lardy says. "Paulson, at the margin, could help them see their way to the decision."

Thai Leader Says No Elections For A Year (AP)

By Sutin Wannabovorn, Associated Press Writer

AP, September 21, 2006

Thailand's new military ruler, winning crucial royal backing for his bloodless coup, announced Wednesday that he would not call elections for another year. The U.S. and other Western nations expressed disapproval and urged a swift restoration of democracy.

Army commander Gen. Sondhi Boonyaratkalin, appearing relaxed and confident in his military uniform at his first news conference since seizing power Tuesday night, said he would serve as de facto prime minister for two weeks until the junta — which calls itself the Council of Administrative Reform — chooses a civilian to replace him and drafts an interim constitution.

Sondhi sealed the success of his coup by receiving royal endorsement as leader of the new junta, while ousted Prime Minister Thaksin Shinawatra, who watched events unfold from abroad, pondered his future and the threat of possible prosecution at home.

Receiving the imprimatur of revered King Bhumibol Adulyadej legitimizes the takeover, and should effectively quash any efforts at resistance by Thaksin's partisans. Thaksin's ouster followed a series of missteps that prompted many to accuse the prime minister of challenging the king's authority — an unpardonable act in this traditional Southeast Asian nation that is a popular vacation destination for Westerners.

There appeared to be a sense of relief among many Thais at the resolution of political tensions that had hung over the nation since the beginning of the year, when street demonstrations demanding Thaksin step down for alleged corruption and abuse of power gained momentum. Thailand has had no working legislature and only a caretaker government since February, when Thaksin dissolved parliament to hold new elections in an effort to reaffirm his mandate.

The presence of tanks and armed soldiers on the streets of Bangkok, a city of more than 10 million, was taken with good humor in an almost holiday atmosphere. Schools, government offices and the stock market were closed Wednesday but were to reopen Thursday.

There was also hope that a new regime could more effectively address an Islamic insurgency in the south that has resulted in more than 1,700 deaths in the last two years.

One insurgency leader voiced support for the coup in a statement released early Thursday.

"It is the right thing that the military has taken power," said Lukman B. Lima, an exiled leader in one of several groups fighting the central government for a separate Muslim state. "We hope that the political (situation) can be resolved."

In an e-mailed response to questions from The Associated Press, Lukman said that Sondhi was the "only one who knows the real problems" of the Muslim-dominated provinces of southern Thailand. Lukman, exiled in Sweden, is vice president of the Pattani United Liberation Organization.

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Sondhi, a 59-year-old Muslim in a predominantly Buddhist country, had proposed several weeks ago opening talks with the separatists, but Thaksin's government vehemently opposed such a move.

"Thaksin's government has totally failed to quell the violence, so we are pinning our hope on the Council of Administrative Reform," said Srisompob Jitpiromsri, a political scientist from Prince of Songkhla University in the southern province of Pattani.

Outside Thailand, the coup drew criticism from several foreign governments and human rights groups, who expressed dismay at the overthrow of a popularly elected government.

The Bush administration denounced the coup and hinted that U.S. aid, military cooperation and improved trade relations might be in jeopardy.

"There is no justification for it," State Department deputy spokesman Tom Casey said. "It is a step backward for democracy."

Casey said U.S. assistance programs for Thailand had been put under review. At the White House, spokesman Tony Snow said negotiations on a free trade agreement with Thailand depended on restoration of democracy.

"We hope those who mounted it make good and make good swiftly on their (promise) to restore democracy," Snow said.

One of the stronger reactions came from the European Union, which demanded "that the military forces stand back and give way to the democratically elected political government."

Human Rights Watch said the military "should immediately restore fundamental human rights and protect those exercising their rights to free expression, association and assembly."

The economic fallout was still hard to judge. The stock market was closed, but in currency markets the Thai baht fell sharply, its weakness rippling out to other Asian currencies, including the Singapore dollar, Malaysian ringgit and Philippine peso. The International Monetary Fund, which bailed Thailand and some of its neighbors out of a financial crisis in the late 1990s, believed the region would be little affected, said the IMF's chief, Rodrigo de Rato.

"Thailand's economy is fundamentally strong," he said.

The swift and bloodless nature of the coup gave hope that the effects on Thailand's large tourist industry might be minimal, though several nations advised caution.

The U.S. Embassy, in an e-mail to its citizens living in Thailand, said while there had been no reports of violence, Americans should "monitor the situation closely, avoid large gatherings and exercise discretion when moving about" Bangkok.

"At this point, we are not advising Americans to leave Thailand; however, Americans planning to travel to Thailand may wish to carefully consider their options before traveling until the situation becomes clearer," the e-mail read.

Britain told its citizens in Thailand to stay in their homes, while Japan, Australia and Canada similarly advised caution.

Sondhi made two public appearances Wednesday, the first to make a brief formal announcement:

"We would like to reaffirm that we don't have any intention to rule the country and will return power to the Thai people as soon as possible," he said, flanked by the three armed forces chiefs and the national police chief.

His second appearance came at a news conference attended by about 300 Thai and foreign journalists. Seated on a stage, he spoke calmly but with confidence and smiled occasionally.

Sondhi said Thailand's foreign policy and international agreements will remain unchanged, and that new general elections will be held by October 2007.

He said the coup, the country's first in 15 years, was necessary to heal rifts in Thai society, and to end corruption, insults to the king, and what the general called Thaksin's attempts to destroy democratic institutions.

Although Thaksin handily won three general elections, opponents accused him of emasculating democratic institutions, including packing the state Election Commission with cronies and stifling media that were once among Asia's freest.

Thaksin had a power base among the rural majority, a previously neglected segment who benefited from his populist policies of government assistance.

The junta warned farmers and workers not to stage protests, and military roadblocks were set up on the outskirts of Bangkok, reportedly to keep Thaksin's supporters from reaching the capital.

Two minor pro-Thaksin demonstrations were briefly staged in Bangkok before being gently broken up by the authorities.

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Thaksin flew from New York, where he had been attending the U.N. General Assembly, to London, where he maintains a residence. He did not comment on his plans.

With Thaksin out of power, speculation has been rising on whether a new government might try to prosecute him for alleged corruption.

Asked if there would be moves to confiscate Thaksin's vast assets, Sondhi said "those who have committed wrongdoing have to be prosecuted according to the law."

Associated Press reporters Jocelyn Gecker, Grant Peck, Rungrawee C. Pinyorat and Alisa Tang contributed to this story.

Coup Leader Vows To Restore Democracy (FT)

By Amy Kazmin And Tom Burgis

Financial Times, September 21, 2006

Thailand's monarch on Thursday confirmed coup leader Sonthi Boonyarataklin as the head of the interim government.

The army chief behind Thailand's coup said on Wednesday he would step down in two weeks and promised fresh elections next year.

A day after ousting Thaksin Shinawatra, the country's controversial prime minister, General Sonthi Boonyaratkalin said he would appoint an interim prime minister to run the country until parliamentary elections under a new constitution in October 2007.

Gen Sonthi said that the Council for Administrative Reform – the name the coup leaders have given themselves – had "no intention of running the country by itself, and will return power, under the constitutional monarchy, to the people as soon as possible".

He added that the military was considering possible candidates for prime minister. "We want a person who loves democracy and constitutional monarchy," he told a news conference.

An announcement broadcast on Thai television on Wednesday night said that Thailand's revered King Bhumibol Adulyadej backed the country's new leadership. But the US appeared to take issue with the coup leaders' decision to hold no new elections for more than a year.

"We very much urge that democratic elections be held as soon as possible," the State Department said.

While tanks remained in position at Thailand's Government House on Wednesday, other parts of Bangkok were quiet as Thais stayed at home on what was declared a holiday. The military has banned gatherings of more than five people, and human rights activists expressed concern about civil liberties.

Mr Thaksin, who had been visiting New York for the annual meeting of the United Nations, flew to London, where he owns a flat and his daughter attends university. Diplomats said the ousted prime minister could face prosecution if he returned home.

The British government said it had no reason not to allow Mr Thaksin into the country and has not to date received any request for his extradition. A spokeswoman declined to comment on whether the British government considered Mr Thaksin the legitimate prime min-ister. However, the European Union called for the military to "give way to the democratically elected political government".

Gen Sonthi told foreign diplomats that there would not be a "witch hunt" against Mr Thaksin's loyalists. But Chitchai Wannasathit, a deputy prime minister, and Thammarak Issrangkura Na Ayutthaya, the defence minister, both members of Mr Thaksin's inner circle, are said to be in army custody as are several other of his key allies.

Mr Thaksin "caused an unprecedented rift in society, widespread corruption, nepotism and he interfered in independent agencies, crippling them," Gen Sonthi said on television.

Foreign investors indicated that Thailand would quickly get back to business.

"Thailand's economy is fundamentally strong and financial market reactions have been limited," said Rodrigo Rato, International Monetary Fund managing director.

Thai Coup Leader Delays Elections For A Year (USAT)

By Paul Wiseman And Ratchada Chitrada

USA Today, September 21, 2006

DOJ_NMG_0066785

BANGKOK — A day after grabbing power in a bloodless coup, Thailand's army chief announced Wednesday that the military will postpone elections for a year while a constitution is drafted.

Despite international criticism, Thailand's king endorsed the military takeover that deposed Prime Minister Thaksin Shinawatra while he was out of the country Tuesday.

The army chief, Gen. Sondhi Boonyaratkalin, who led the coup, promised that the Thai armed forces will quickly surrender authority to a "neutral" caretaker prime minister.

"We will be in power for two weeks," Sondhi told reporters at military headquarters here. During that time, the country will be ruled by a six-member Council of Administrative Reform, made up of military and police officials. Parliamentary elections, which had been scheduled for this fall, will be pushed back until about October 2007, said Sondhi, 59.

Tuesday night's coup has been criticized by several countries, including the United States. "We hope those who mounted it will … make good swiftly on their promises to restore democracy," White House spokesman Tony Snow said.

The takeover has been welcomed in the Thai capital. The urban elite have turned against Thaksin, even though he won re-election in February 2005.

King Bhumibol Adulyadej appointed Sondhi, a Muslim in a predominantly Buddhist country, as head of the council "in order to create peace in the country," according to an announcement Wednesday on state-run television.

Sondhi said the king, who is influential but has no official political role in Thailand, had not been involved in planning or executing the coup. "I am the one who decided to stage the coup," he said. "No one supported me."

The capital was calm Wednesday. Backpackers on Kao San Road barely noticed the political upheaval. "Nobody's up in arms about it," said Amy Farquhar, 21, a recent college graduate visiting from Aberdeen, Scotland.

The U.S. Embassy on its website advised Americans "to monitor the situation closely," but added, "At this point, we are not advising Americans to leave Thailand."

The political crisis had been building for months. Many of the capital's residents were tired of Thaksin's governing style and the way the former telecommunications tycoon blurred his private and government business.

In January, Thaksin's family maneuvered to skip taxes on the $1.9 billion sale of a controlling stake in its telecommunications empire to the investment arm of Singapore's government.

"He takes care of his cronies, and he looks out for his family," said grocer Thongdee Wonghaew, 64. When army tanks rolled into the prime minister's office complex Tuesday night, Wonghaew said, she brought the soldiers coffee and snacks.

A standoff between Thaksin and his opponents had paralyzed the Thai government for months. After intensifying street protests in January and February, Thaksin scheduled a snap election for April 2, hoping to win another popular mandate and silence his critics.

The opposition staged a boycott. Thai courts jailed three election commissioners accused of favoring Thaksin's political party and annulled the election as undemocratic and unconstitutional. New elections had been scheduled for October or November.

Thaksin was in New York for a meeting of the United Nations General Assembly when the coup occurred. He flew to London on Wednesday. It's unclear whether he will try to return to Thailand.

He still has strong support in the countryside. "He promised to give free cows, and he did," said Sutatip Sritao, 44, a farmer in Khonkaen in northeastern Thailand's Isan province, a Thaksin stronghold. "If Thaksin is not around, I won't vote for anyone else." Rural Thais have not come out strongly against the coup.

Political scientist Neil Englehart of Bowling Green State University warned that support for the coup could disappear if the military doesn't hand power to an elected government.

"If the military can keep up the impression that they have acted for the good of the nation, then opposition is likely to be muted," he said. "If it appears that they want to stay in power, opposition will get stronger."

Thai Coup Uproots A Thin Democracy (CSM)

By Simon Montlake And Daniel Ten Kate

The Christian Science Monitor, September 21, 2006

DOJ_NMG_0066786

BEIJING AND BANGKOK

A bloodless coup in Thailand has upended the country's fragile democracy, to the delight of many middle-class activists who had campaigned for months for the removal of Thaksin Shinawatra, the populist prime minister. But the manner of his removal by Army officers loyal to the Thai monarch exposes the shallow roots of the democratic institutions that grew in the shadow of past military regimes.

Mr. Thaksin, whose party has won three elections since 2001, had repeatedly accused his opponents of plotting a coup. Wednesday, Thailand's king endorsed the military coup leaders, who have pledged to restore civilian rule within weeks.

The readiness of self-styled democrats to condone the military action reflects the conservative grounding of Thailand's urban political culture, which is shaped more by royalist hierarchy than well-defined checks and balances on a strong executive.

"They should use the rule of law to pin him down, rather than use a gun to get him out," says Pasuk Phongpaichit, coauthor of a critical biography on Thaksin. "I think it's important now that the coup group puts in place a new Constitution very quickly, or it could backfire and impact the economy."

Other critics of Thaksin, however, say that given his lock on the political system, and gutting of institutional checks and balances, there was no other way to end the stalemate. Thaksin packed courts with allies, politicized the nominally nonpartisan Senate, and muzzled television news. During a 2003 antidrugs campaign, Thaksin cheered when over 2,000 suspected dealers were shot dead in what rights groups called extrajudicial killings.

"There was no peaceful solution because Thaksin didn't play by the rules of the game, he only played by his own rules. We've tried all possible means to remove Thaksin," says Kasit Piromya, a member of the opposition Democrat Party and former ambassador to the US. "Thailand has not been a democracy for the past five years. Thaksin turned the whole democratic system into an authoritarian regime."

The coup leaders described their action as a response to deepening social rifts and to widespread corruption. "The government's rule was widely tainted with corruption and to benefit cronies," said Army commander Sondhi Boonyarataklin. "Letting that situation continue could have hurt the nation's security and economy."

The new ruling council has the power to censor domestic and foreign news reports and ban public gatherings of five or more people. But General Sondhi vowed to restore constitutional rule and undertake political reforms - a rallying cry of the opposition parties in Parliament - within two weeks. He said no action would be taken against members of the ousted government. However, several Army officers loyal to Thaksin have reportedly been detained, including the head of the civilian intelligence agency.

As for Thaksin himself, it remains unclear if he would return immediately to Thailand or seek diplomatic support as the leader of a government-in-exile, said an aide. Thailand is a close US ally and Thaksin has positioned himself as a trusted partner in the US-led war on terror. Thai news reports said Thaksin flew Wednesday to London where his daughter is enrolled in university.

The coup leaders might face a situation down the road where Thaksin returns - and wins another election.

On the streets, Bangkok residents wearied by months of political gridlock struck a note of cautious support for the coup. But many also said they would again vote for Thaksin if he returns to politics. "I was glad we had a coup because the political problem had gone on for such a long time," said Rittiporn Yomrum, a motorcycle driver. "But I would still vote for [him] again."

Analysts say the coup-prone military has to move quickly to install a civilian administration under royal endorsement in order to preempt any public backlash. The last time the military seized power in 1991, the public mood soured after the coup leader clung to office, then ordered a violent crackdown on protesters in Bangkok the following year. King Bhumibol then intervened to steer the country back from the brink of further civil strife.

Memories of that bloody event were revived this year by a wave of anti-Thaksin protests in the run-up to an April election that was later annulled by the Constitutional Court. A new vote was due to be run in November by a newly elected commission.

Analysts had predicted another win for Thaksin, who commands the loyalty of millions of rural Thais. He gained their support with subsidized healthcare, a freeze on farmers' debts, and cheap loans to villages.

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But middle-class voters began turning their backs, angered by reports of widespread corruption in Thaksin's cabinet and his brash style of governing and refusal to countenance public criticism. Urban elites were dismayed by the appointment of his family to key roles in the military and police, and his attempts to radically overhaul the top-heavy government bureaucracy.

Unable to win at the ballot box, Thaksin's opponents now seem ready to turn the clock back on the gains of the 1990s, when the Constitution was changed to promote more stable parliamentary politics, a shift that spawned Thaksin's winning party machine, at the expense of the royalist old guard.

Thaksin made few efforts to woo the palace during his first term, ignoring protocol that for decades has put the monarchy above elected officials. The king offered only indirect criticism of Thaksin, leaving it to his aides to deliver public rebukes.

Foreign diplomats were caught off-guard by the coup timing, given the unfavorable light it casts on Thailand at the UN and the preparations to rerun the elections.

"It seems almost idiotic to do this right as Thaksin is about to get up on the biggest stage in the world," a Western diplomat says. "There was no real obstruction to reform or a national election."

Many In Bangkok Embrace Military Takeover (WP)

By Anthony Faiola

The Washington Post, September 21, 2006

BANGKOK, Sept. 20 -- Jubilant crowds in this sultry capital embraced Thailand's new military leadership on Wednesday, as Thais showered soldiers with flowers, posed for photos with tanks and welcomed a bloodless coup that deposed Prime Minister Thaksin Shinawatra a day earlier.

Gen. Sonthi Boonyaratkalin, the army chief who led the rebellion and who is now acting prime minister, vowed that an interim leader would be appointed within two weeks. But in an indication that the restoration of democracy is a long way off, he made clear that elections may wait until October 2007, after the drafting of a new constitution.

For now, the military remains in control of a country that had become one of the strongest beacons of democracy in Southeast Asia. Provincial governors -- including many still loyal to Thaksin -- are being forced to report to four regional army commanders. To prevent any uprisings among Thaksin's supporters, based in the rural north and northeast, the provisional military authority also advised farmers to "remain calm" and banned political gatherings of five or more people. Some television and radio reports have been blocked or censored.

Despite the new period of uncertainty, ushered in by a coup that was denounced by the United States and other foreign governments, many Thais in the capital appeared overjoyed.

"Democracy has won!" said an ecstatic Orathai Dechodomphan, 59, a tailor and Thaksin opponent who joined hundreds of people handing out roses to soldiers near the army headquarters. "Thaksin tried to steal power and did not respect our king. He never would have left on his own. What happened yesterday is our first step toward recovering a real democracy."

King Bhumibol Adulyadej, who was seen by many here as having effectively allowed Thaksin's removal, endorsed Sonthi, appointing him the official head of a new governing council charged with creating "peace in the country," according to an announcement televised nationally.

Sonthi is close to the king, and there had been speculation that the monarch played a role in the coup. Sonthi dismissed those suggestions Wednesday, telling reporters: "I am the one who decided to stage the coup. No one supported me."

The general, who only a week ago had ruled out the chance of a coup, said the military had been forced to act because Thaksin's moves to remain in power had divided the country. At the same time, Sonthi said, Thaksin's actions were dangerously bordering on lese-majeste, a powerful charge in a country where the king is widely revered.

The ousted prime minister, a billionaire tycoon who rose to power in 2001, was extremely popular among rural Thais largely because of a series of lucrative local programs he backed. But allegations of corruption and abuse of power earned him the hostility of the country's elite, mostly in Bangkok. He had been accused of monopolizing the media, altering the constitution to enhance his powers and stocking electoral commissions with his supporters. He was also scorned for mishandling the increasingly violent Islamic insurgency in the south of Thailand, a mostly Buddhist country.

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In a public opinion poll released Wednesday by Rajabhat Suan Dusit University, almost 84 percent of respondents supported the coup. The overwhelming majority of those taking part in the poll were from the capital.

Sonthi suggested that Thaksin could face prosecution if he returned to Thailand. Thaksin, for his part, did not immediately appear ready to stage a comeback. "I volunteer to work for the country," he told the Thai News Agency in London, where he arrived Wednesday after departing early from the opening session of the U.N. General Assembly. "If they don't want me to do that, I won't."

Thaksin received international support. The European Union demanded "that the military forces stand back and give way to the democratically elected political government." The Bush administration denounced the coup and said negotiations on a free-trade agreement with Thailand depended on restoration of democracy.

Tom Casey, a State Department spokesman, called the developments a "step back for democracy."

Sonthi insisted the military had no interest in maintaining power. "We have two weeks; after two weeks, we step out," he said, referring to his search for a caretaker prime minister, who analysts say would probably still operate under the scrutiny of the military.

While activists who had long sought Thaksin's ouster cheered the military's move, some opposition leaders acknowledged that Thailand must find some way out of its political crisis.

"Of course we would have liked to see this handled another way, but we also recognize that Thaksin's abuse of power had grown to the breaking point," said Abhisit Vejjajiva, head of the main opposition Democrat Party. "Now, at least, we will see a new constitution written and the path of a clean electoral process. That is what the people of Thailand want and deserve."

Diplomatic sources and Thai officials said there was little indication that the remaining Thaksin loyalists in the military and police would attempt to resist the coup. Although analysts said such a response could not yet be ruled out, Bangkok newspapers reported that at least two high-ranking military figures linked to Thaksin had pledged allegiance instead to Sonthi's "political reform council."

[Early Thursday, Lukman B. Lima, an exiled leader in one of several groups fighting the central government for a separate Muslim state, told the Associated Press that "it is the right thing that the military has taken power" and that Sonthi was the "only one who knows the real problems" of the Muslim-dominated provinces of southern Thailand.]

Thailand has suffered 17 successful or attempted military takeovers, but Tuesday's was the first in 15 years and something of a shock for Thais who thought they had left the days of coups behind. Many leading opposition figures have called this coup different in nature from the others -- mostly because the military is being trusted to simply act as a caretaker and restorer of democracy -- but others here recalled the coup in 1991. A year after that takeover, when pro-democracy activists began demonstrating against the interim military commander, at least 50 people were gunned down by troops.

"We are entering another vicious circle in Thailand -- of coups, democracy, corruption and more coups," said Thitinan Pongsudhirak, a political analyst at Bangkok's Chulalongkorn University. "We had hoped that we would get beyond this. We went 15 years without a military intervention, but clearly recent events have shown that we have yet to escape that cycle."

U.S. 'Disappointed' In Thailand Coup (AP-Y)

By Barry Schweid

AP, September 21, 2006

The Bush administration on Wednesday denounced the military coup that seized control of Thailand and hinted that U.S. aid and improved trade relations might be in jeopardy.

"There is no justification for it," said State Department deputy spokesman Tom Casey, adding, "It is a step backward for democracy."

Casey said U.S. assistance programs for Thailand had been put under review. At the White House, spokesman Tony Snow said negotations on a free trade agreement with Thailand depended on restoration of democracy.

"We hope those who mounted it make good and make good swiftly on their (promise) to restore democracy," Snow said as President Bush returned to Washington from a speech and meetings at the United Nations in New York.

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The coup leaders Tuesday seized control from a government headed by Prime Minister Thaksin Shinawatra, suspended the Constitution and declared martial law in Bangkok, the capital.

The army commander who led the coup said elections would be held by October 2007.

The military took control while the prime minister was in New York preparing to address the special session of the U.N. General Assembly.

"The most important thing is to see a restoration of constitutional rule as soon as possible," Casey said.

Thailand's Leap Backward (WP)

The Washington Post, September 21, 2006

THAILAND'S ARMY commander claimed yesterday that the military coup against the country's democratic government on Tuesday was necessary to end corruption and domestic political conflict. In fact the principal result of his condemnable action will probably be to worsen both. Thailand has a history of military coups, but for the past 15 years the army had appeared to accept the fact that such interventions invariably harmed rather than helped the country. Now the lesson will have to be learned again.

Gen. Sonthi Boonyaratkalin, who led the coup, said yesterday that the military did not want to rule; he promised to restore civilian government in a couple of weeks. But his intervention, which apparently had the support of King Bhumibol Adulyadej, was clearly intended to end the career of Thailand's most popular civilian politician, Prime Minister Thaksin Shinawatra. Mr. Thaksin was a bad leader who himself weakened Thai democracy by trying to intimidate and monopolize the media and by supporting brutal tactics in campaigns against drug traffickers and Muslim separatists. But it's pretty clear that he was supported by a majority of Thais and that his party would have won the parliamentary election that was to have been held this fall.

Gen. Sonthi said yesterday that the parliamentary election would be put off for a year while Thailand's constitution -- which he suspended -- is rewritten. That agenda may have the support of some Thai political parties, whose members have been trying all year to force Mr. Thaksin from power through such undemocratic means as street demonstrations. The coming constitutional reforms will probably be aimed at preventing prime ministers from monopolizing power, as Mr. Thaksin tried to do. But such reform could have been achieved through the democratic system; now it will be overseen by military officers or civilian politicians who didn't -- or couldn't -- win an election.

Thailand's democratic allies should not tolerate this rupture. The Bush administration designated Thailand as a major non-NATO ally because of its cooperation in the war on terrorism, but now it must respect the U.S. law mandating a suspension of military aid in the event of a coup. The administration should join with allies such as Australia, Japan and the European Union in insisting that the interruption of democracy by the Thai military is unacceptable. The White House made a start yesterday by indicating that talks on a free-trade agreement would be suspended. It should go further: Any government appointed by the Thai military should be shunned and U.S.-Thai relations frozen until a free and fair election is held.

For King And Country? (WSJ)

By Colum Murphy

The Wall Street Journal, September 21, 2006

BANGKOK -- The teenage soldiers standing outside the Erawan Shrine here on Tuesday night seemed unusually calm, given the task at hand. With yellow ribbons tied to their machine guns -- signifying loyalty to King Bhumibol -- they chatted idly while guarding a key intersection. And in doing so, they played a bit part in Thailand's 18th coup -- the first in 15 years.

Hours earlier, talks mediated by the king's right-hand man, Privy Council President Gen. Prem Tinsulanonda, broke down between a section of the army that supported former Prime Minister Thaksin Shinawatra's government and sections that favored his ouster. Mr. Thaksin got wind of the plot from New York, where he was at the U.N. General Assembly, and declared a state of emergency. But by 11 p.m. back home, Army Chief Gen. Sonthi Boonyaratkalin took over Government House with little to no resistance.

Earlier that day, Gen. Prem, one-time prime minister and former commander-in-chief of the army, granted a rare interview at the white, modern Thai-style building that is home to the Privy Council. If he had an inkling of what was about to occur, the 86-year-old didn't show it. The crisply dressed general was unruffled and characteristically tight-lipped about the political turmoil that

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has plagued Thailand since February. But he reiterated what he said to the Royal Military Academy's graduating cadets this summer: "In this country, we belong to the king. The armed forces belong to the king." Ethics and moral standards, he added, are of paramount import for the governing class.

So how did the situation deteriorate so quickly? Mr. Thaksin's opponents accused him of corruption, cronyism and the hijacking of independent political institutions, such as the Election Commission. That led opposition leaders to band together and protest in the streets of Bangkok. Mr. Thaksin countered by holding a snap election in April. He won 57% of the vote.Since the opposition parties boycotted the election -- and technical reasons prevented a government from being formed -- on April 25 the king called on the courts to sort out the "mess." Between then and Tuesday evening, Thailand was under the authority of a caretaker government. Fresh elections were planned for later this year.

As late as July, few analysts foresaw that the situation would deteriorate into a coup d'etat. One exception is Ukrist Pathmanand, assistant director of the Institute of Asian Studies at Chulalongkorn University in Bangkok. According to Mr. Ukrist, division within the army was just a natural progression of the social divisions that were becoming more pronounced throughout Thai society -- divisions, he says, fostered by Mr. Thaksin and his Thai Rak Thai party. "It's bad to ban the constitution and ban the democratic process including elections," Mr. Ukrist said. "But I think this is a very special situation" -- namely, that the coup took place ahead of an opposition protest march originally scheduled for yesterday, but subsequently canceled. If it had proceeded, the demonstration surely would have drawn a crowd of pro-Thaksin supporters, resulting in clashes and the possible loss of lives, Mr. Ukrist believes.

Former Prime Minister Anand Panyarachun, who served under the previous military junta of 1991-92 and was head of the Constitution Drafting Assembly (1996-97) agrees. "I think you make two steps forward and retreat one step, you hope that you can catch up the steps you lose and that future steps would become even faster," he explained on a surprisingly calm afternoon, less than 24 hours after the coup. "It's not that every country has to emulate American democracy," he added. "It should be homegrown."

The idea of "Thai-style democracy" resonates with many Thais. It rests upon the authority of the king, who typically intervenes whenever a major critical crisis occurs. This is the only system that will work for Thailand, says Gen. Prem. "We will never be a republic or without a king," he said in his interview before the coup. "That is the only thing that induces the people together. . . . So long as we have this particular, very, very good king, we will go ahead either slowly or rapidly, but united."

However, a Thai-style solution to the current crisis runs the risk of treating the symptoms -- such as removing Mr. Thaksin -- without addressing the causes. As Mr. Ukrist suggested, Thai society has split between the urban elite and the rural poor, between an increasingly sophisticated middle class and a political system characterized by weak institutions and corruption.

Though painful, Thailand would be better off grappling with its political turmoil without resorting to the deus ex machina of military or royal intervention. The coup itself may not undermine confidence in Thailand's political stability. But the deep divisions in Thai society remain unresolved. Even if the junta can deliver free elections within a year, what guarantee is there that the same social conflicts won't resurface? That would herald a much more serious crisis -- because the Thai people have already tolerated a coup for change. If it fails, what comes after that won't be easy.

Mr. Murphy is deputy editor of the Far Eastern Economic Review.

Abe Vows To Continue Policies For Japan Pursued By Koizumi (WSJ)

By Sebastian Moffett

The Wall Street Journal, September 21, 2006

TOKYO -- Shinzo Abe, chosen yesterday as leader of Japan's ruling party, pledged to continue the small-government policies pursued by current Prime Minister Junichiro Koizumi.

The Liberal Democratic Party gave Mr. Abe 66% of its votes in a leadership election involving two other candidates. The LDP controls Parliament, so he is almost certain to become prime minister next Tuesday, when a special session meets to choose the next Japanese leader.

Mr. Abe immediately said he would broadly continue with the remodeling of Japan undertaken by Mr. Koizumi, who cast his vote for Mr. Abe in the election. Mr. Koizumi demanded after he took office in 2001 that the change-shy country "reform," and cut

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public spending to try to curb Japan's growing national debt. He privatized government-run bodies, notably the post office, and started to cut the number of public employees.

Yesterday, Mr. Abe said he would continue to rein in spending, while generating higher tax revenues by fostering economic growth. He said he would only later consider a rise in sales tax, which economists say is inevitable at some point, to cope with Japan's aging population.

"We must absolutely not stop reforming," he told reporters after the vote. "We must accelerate reforms."

The Japanese public generally likes Mr. Abe for his apparent combination of assertiveness and a calm demeanor. He first became popular when he negotiated the release of Japanese kidnapped by North Korea, and acquired an image as a robust defender of national interests.

But he is inexperienced for a Japanese prime minister. At 52 years old, he would be Japan's youngest premier since World War II. He has held his only major cabinet post -- Mr. Koizumi's chief cabinet secretary, an amalgam of spokesman and chief of staff -- for less than a year. What's more, he has a tough act to follow. Mr. Koizumi gave Japan its most vigorous leadership for decades, taking on vested interests in the LDP, forcing banks to clean up their bad loans, and making Japan more assertive abroad.

One area where Mr. Abe might stand out is foreign affairs. He favors a continuation of Japan's new assertiveness. But he is expected to be less brusque than Mr. Koizumi, who angered China with his annual visits to a controversial war shrine, and was not invited to visit Beijing.

Chinese Foreign Ministry spokesman Qin Gang said he hopes Mr. Abe "works diligently at improving and developing China-Japan relations," according to a statement carried on the ministry Web site.

Mr. Abe indicated to Japan's national broadcaster, NHK, that he would like to find a way out of the problems between the two countries and set up a meeting with Chinese leaders. "It is quite regrettable that the summit meetings between Chinese and Japanese leaders haven't happened," he said. "It is necessary for both sides to make efforts and take a step ahead."

Better relations with China would go down well with a lot of Japanese, many of whom are hoping for a continuation of Mr. Koizumi's economic policies, but do not like the way relations with the country's Asian neighbors have soured.

"Koizumi was forceful but Abe is not, which I think is a good thing about him," said Kazuo Taguchi, 59, a Tokyo accountant. "He's well-balanced person, and does not look like he's going to do something extreme to make us worried or afraid. I think he will be able to restore Japan's relations with China and South Korea."

Set To Lead, Japan's Next Premier Reconsiders Postwar Era (NYT)

By Norimitsu Onishi

The New York Times, September 21, 2006

TOKYO, Sept. 20 — After securing the Liberal Democratic Party's presidency on Wednesday, Shinzo Abe will become Japan's first prime minister born after World War II, with a clear eye toward re-examining the postwar era.

Mr. Abe, who will turn 52 on Thursday, received two-thirds of the votes in the election for the presidency of the Liberal Democratic Party. Because of the party's grip on the lower house of Parliament, which chooses the prime minister, Mr. Abe is now assured of succeeding Prime Minister Junichiro Koizumi in a parliamentary session on Tuesday.

In a race that was his to lose, Mr. Abe (pronounced AH-bay) avoided specific comments about how he would pursue economic changes or how he would repair Japan's strained relations with China and South Korea.

Instead, he spoke of revising the United States-imposed Constitution, which forbids Japan to have a full-fledged military, passing legislation to allow Japanese troops to be deployed overseas and making it possible for Japan to exercise the right to collective self-defense with the United States. He also wants to revise the other legal document of the postwar American occupation, the Fundamental Law of Education, and emphasize moral values, patriotism and tradition in schools.

"By entrusting our national security to another country and putting a priority on economic development, we were indeed able to make great material gains," Mr. Abe wrote of the postwar era in his campaign book, "Toward a Beautiful Country." "But what we lost spiritually — that was also great."

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The emergence of a prime minister with no personal experience of World War II is considered a turning point in Japan, where the absence of a consensus on the war still troubles relations with the rest of Asia.

Considered politically inexperienced, Mr. Abe, who will be the youngest prime minister in postwar Japan, rose to political stardom by talking tough on North Korea, China and national security. In Japan and in the rest of Asia, Mr. Abe is regarded as even more hawkish and conservative than Mr. Koizumi.

To his supporters, Mr. Abe is a politician unburdened by Japan's past, capable of forging a newly independent and strong path for the nation. To critics, he is a potentially dangerous ideologue ready to jettison the postwar values that have brought stability, peace and wealth to Japan.

Hakubun Shimomura, a Liberal Democratic lawmaker and an ally of Mr. Abe's, said the next prime minister would "look back objectively at the postwar period, removed from its trauma and able to make choices as part of the postwar generation."

"I think the symbolic start of the independent nation of Japan will be Mr. Abe's revision of the Constitution," Mr. Shimomura said.

But Shusei Tanaka, a professor at Fukuyama University and a former Liberal Democratic lawmaker, worried that Mr. Abe's greatest influence was from his grandfather, Nobusuke Kishi, a wartime cabinet member imprisoned as a Class A war crimes suspect but never tried, who became prime minister in 1957. Recently, Mr. Abe has avoided commenting on Japan's wartime past.

Only five years ago, few would have predicted that Mr. Abe would become prime minister. He was known mainly as the grandson of Mr. Kishi and the son of Shintaro Abe, a former foreign minister, whom the son long served as secretary.

Mr. Abe took over his father's parliamentary seat in 1993, after Shintaro Abe's death, and became quite popular among voters, earning a reputation as a strong leader by voicing national anger at North Korea's admission in 2002 that it had kidnapped several Japanese citizens in the 1970's and 1980's. Since then, he has kept his hard line against North Korea, and against China. After North Korea launched missiles in July, he suggested that Japan debate whether it should acquire the military capacity for a pre-emptive strike.

One of Mr. Abe's most pressing problems will be to restore normal relations with China, which has refused to hold high-level talks because of Mr. Koizumi's annual visits to the Yasukuni Shrine, the Shinto memorial where 14 Class A war criminals are enshrined. The shrine, also a memorial to Japan's 2.5 million war dead, is considered a symbol of Japanese militarism in the rest of Asia.

The visits have worried American politicians that Japan is provoking China, and hurting American interests in the region. Mr. Abe, despite past support of the visits, has said he would pursue a policy of ambiguity, neither confirming nor denying whether he has visited the shrine.

On wartime history, Mr. Abe has allied himself with Japan's right-wing politicians, news media and scholars. Unlike Mr. Koizumi, he has doubted the validity of the postwar Tokyo trials in which Japan's wartime leaders were condemned.

In the past he has indicated that he rejects the mainstream, postwar view that Japan waged a war of aggression and invasion in Asia. But he has not publicly embraced the hard-line position that Japan waged war in Asia to liberate it from Western imperialism. Unlike Mr. Koizumi and other prime ministers, Mr. Abe, though pressed many times, has avoided endorsing a landmark apology issued in 1995 by the Japanese government to Asian countries.

Japanese hard-liners regard him as a true believer, while they looked askance at Mr. Koizumi for trying to negotiate with North Korea and for proposing to change the Imperial Household Law so that a woman could ascend the throne. While Mr. Koizumi made decisions on his own, dividing people between enemy and ally, Mr. Abe emphasizes harmony.

"People tend to like Mr. Abe's personality," Mr. Shimomura said. Lacking Mr. Koizumi's larger-than-life personality, Mr. Abe has instead cultivated a soft image that has taken the sharp edges off his strong views. Mr. Abe, a teetotaler who is married but has no children, appeared on a talk show to announce that his favorite food was ice cream.

"In his appearance and his way of speaking, he's soft," Mr. Shimomura said. "But in the inside, he's rock solid. He sticks to his principles and won't compromise."

For Some In Yemen, Dashed Hopes (WP)

DOJ_NMG_0066793

By Faiza Saleh Ambah

The Washington Post, September 21, 2006

SANAA, Yemen, Sept. 20 -- Former presidential candidate Sumayya Ali Rajja, her two children in tow, plodded from polling station to polling station Wednesday trying to take part in what she considered a historic moment: Yemen's first competitive presidential elections. But Rajja's frustration mounted when she was turned away from the third station and again told her name was not on the list of registered voters.

Despite apologies by election officials for what they said was a mistake, Rajja insisted that her name was intentionally removed from the list. The 51-year-old consultant, who dropped out of the presidential race last month, wrote an editorial this week criticizing President Ali Abdullah Saleh and announcing she would vote for his main opponent.

"This is proof that the government intends to do whatever it takes to win this election, that there's no real democracy here," she said as she walked out of the Tareq bin Ziyad middle school. "We're nothing but a corrupt dictatorship run by a mafia."

Whatever the reason behind Rajja's missing registration, her frustration and disappointment were real, echoed by many who had held high hopes for Yemen's democratic experiment, which had been closely watched as a barometer of pluralism in the Arab world. The country's announcement in 1990 that it would unify north and south and embrace democracy had inspired hope across the region.

Today, Rajja joins a growing chorus who believe President Saleh, in power for more than 28 years, has moved the country away from democratic ideals toward an authoritarian system based on patronage.

"Every election, instead of representing a step forward, was actually a step back," said Abdul-Wahhab al-Anisi, an official with Islah, an Islamic opposition group. "People have been losing faith in democracy because they see their lives deteriorating and oppression increasing during democracy."

Abdul-Ghani al-Iryani, a political consultant, said that eight modifications made to the constitution since 1990 had all served to increase the president's powers and make him less accountable. Saleh "is an authoritarian ruler who has subverted and sabotaged laws and established a system of patronage not conducive to democracy," said Iryani, driving around Sanaa. At a traffic light, three young boys rushed to his car begging for money to buy food. "People are actually going hungry," he said. "There's been an increase in poverty. Forty percent of the people are now living under the poverty line."

The main problem plaguing one of the Arab world's poorest countries is endemic corruption, critics say. "The government came to be seen as a place through which you could become wealthy and provide for yourself, your friends and your family," said Robert Burrowes, a political science professor at the University of Washington and author of several books on Yemen. "The people in the system don't want democracy if it limits their ability to use the state as a source of personal wealth."

Sanaa was quiet Wednesday, a national holiday to allow people to vote, as shops were shuttered and long lines formed at some of the polling stations. Soldiers in camouflage uniforms and red berets carried Kalashnikov assault rifles and frisked men entering the schools.

At the Shuhadaa al-Sabeen middle school, opposition supporters traded stories about how people affiliated with Saleh's ruling party canvassed neighborhoods, warning people that a vote for opposition candidate Faisal bin Shamlan would cause the country to slide toward Somalia-like anarchy. Those who agreed to vote for Saleh were offered cash, they said.

Early results show Saleh leading by more than 80 percent of the vote. But the opposition coalition has accused the ruling party of intimidating and arresting opponents and of forging voter lists.

"They came around to my father-in-law's house last night and offered money to the registered voters. My wife refused because she believes in reform, like I do, but my brothers-in-law took about 2000 riyals each," or about $10, said Muhammad Abdullah, an accountant at the Finance Ministry.

Despite the growing poverty, many people fear an alternative to Saleh, the only leader they've known for nearly three decades. At the Tareq bin Ziyad middle school, Amal Mohsen, a homemaker, wiped purple ink from her finger after voting. Behind her trailed her three young daughters, in threadbare clothes and bare hennaed feet, only the eldest wearing tattered sandals.

"We don't want change," she said, only her eyes visible behind a black veil and long black robe. "We want stability."

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But without an overhaul of the government, the country will only get poorer and more backward, said Iryani, who believes that Saleh's administration has neither the will nor the ability to get Yemen back on the road to democracy.

Others still have faith in the system, believing it can be salvaged from within. Jalal Yaqoub, 38, a Planning Ministry official in charge of reform, left a well-paid job in the private sector for a monthly salary of about $250 because he's convinced Saleh is serious about reform. He said that earlier this year, just months after he suggested the judicial system be reformed, Saleh divested himself of the position of head of the judiciary.

"He's not corrupt," Yaqoub said. "He has the will to change. But it's not going to happen overnight. We're a 16-year-old democracy, teenagers, still going through the hardships of puberty. I'm optimistic."

Blue Danube: Turmoil In Hungary Spotlights Troubles In Eastern Europe (WSJ)

By Joellen Perry

The Wall Street Journal, September 21, 2006

BUDAPEST -- The streets here are boiling with violence not seen since Soviet tanks rolled along the city's medieval cobblestones in 1956. This time, it is a capitalist who is pushing people to the brink.

Demonstrators protested outside Hungary's Parliament for a third straight day yesterday following clashes earlier in the week with police armed with water cannons. The protests were triggered by Prime Minister Ferenc Gyurcsány's admission that he had lied "morning, evening and night" about the state of the economy ahead of April elections that returned him to power.

In a recording laced with expletives and leaked Sunday to local radio, the multimillionaire advocate of free markets is heard telling fellow Socialist Party officials that the "moment of truth will come swiftly" for the economy he has rushed to link to the outside world. "It was divine intervention, the abundance of cash in the world economy and hundreds of tricks...which helped us survive so far," he said. The 45-year-old prime minister, a favorite of Western investors, has confirmed the authenticity of the tape.

Hungary has huge budget and current-account deficits. Its plan to switch its currency to the euro from the Hungarian forint has suffered repeated delays.

While Hungary's economy is in more-serious straits than Poland's or the Czech Republic's, its problems highlight a troubling state of affairs in Eastern Europe. After economic crises in the 1990s, emerging economies in East Asia and Latin America learned to let their currencies float to reflect economic conditions and avoid excessive foreign debt. Many countries formerly behind the Iron Curtain haven't fully followed those lessons.

Poland, the Czech Republic and Hungary are trying to keep their currencies fairly close to the euro, in the hopes of joining the euro zone. Foreign investors, anticipating the euro conversion, have poured money in. The danger: If the countries keep postponing the conversion date, the foreigners all could try to rush for the exits at once, triggering a rapid weakening in local currencies. In this respect, many Eastern European countries "look like the Asian countries did in their run-up to their crisis in 1997," says Harvard professor Kenneth Rogoff, a former chief economist of the International Monetary Fund.

So far, Hungary's woes appear to be contained mostly within its borders, and Hungary itself doesn't appear on the verge of an Asian-style crisis. Yesterday, the forint was practically unchanged against the dollar and the Budapest stock market fell 2.2%. The country sold more debt successfully on global markets. "Events would really have to escalate" to trigger a broader crisis, said Barbara Nestor, a currency strategist at Commerzbank in London.

Still, a few emerging countries, including Turkey and South Africa, had their bonds and currencies weaken somewhat as a result of the unrest in Budapest. A coup in Thailand, a major emerging market, also raised some concerns. "The ugly scenario is Hungary gets into serious trouble, and there are problems in Turkey, and global conditions get worse," said Nouriel Roubini, an often-bearish professor at New York University's Stern School of Business.

Yesterday at the end of Europe's trading day, Fitch Ratings changed its outlook on Hungary's foreign and local currency debt to "negative" from "stable," a move it ascribed to the protests.

To repair Hungary's budget deficit, which is expected to balloon to more than 10% of national output this year, Mr. Gyurcsány has introduced an austerity campaign. He is raising taxes, laying off public workers and asking universities to charge tuition. People soon will have to pay fees to visit a doctor -- a jolt to those long accustomed to free service.

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"I understand we have to go through rough times to make the country better, but I don't trust this government with the money," said protester János Erdelyi, a 37-year-old sales representative for a Budapest construction company, wrapped in the red-white-green Hungarian flag. "We want a new election."

Mr. Gyurcsány got his start in politics as a Communist youth leader. After the collapse of the Soviet bloc in 1989, he went into business, running an investment firm that profited handsomely from privatization projects.

His political philosophy is hard to pin down: While he leads the Socialist Party, the major left-leaning party in Hungary, he also is an enthusiastic capitalist and, more recently, a proponent of orthodox fiscal policy. He is friendly both with Russia's Vladimir Putin and Britain's Tony Blair.

Mr. Gyurcsány has offered an array of explanations for his remarks at the party meeting in May, when he acknowledged his lack of candor and said, "I almost died when for a year and a half we had to pretend we were governing." He said in his Web log, or blog, that he was referring to the dishonesty of the entire political elite since 1989, and on Hungarian television that he was criticizing politicians' unwillingness to persuade people of the need for painful changes.

It remains unclear who leaked the tape of the meeting. Some say the prime minister himself might have been behind it, perhaps to convince Hungarians of the direness of the situation prior to regional elections on Oct. 1 in which his party trails.

If that was the intention, it clearly backfired. Zoltan Istok, a 32-year-old sales manager for a medical-equipment maker who has attended demonstrations all three days this week, pointed out that the government campaigned on a platform of tax cuts. "There was a 180-degree turnaround before the election and after, so they have no credibility," he said.

Although violence made headlines, the crowds before Hungary's Parliament building have been overwhelmingly peaceful. Many are supporters of the leading conservative party. Tuesday, protesters lined up at a makeshift wooden cart where a bearded, large-bellied man pulled beer from a tap and scooped out cups of cinnamon-mulled wine. Hungarian flags fluttered above the crowed as thousands sang along to Szózat, the country's second anthem, which begins: "To your homeland without fail/Be faithful, O Hungarian!"

Andrew Olasz, a 57-year-old father of three, was particularly upset about the government's plan to introduce university fees. Wearing a cloth band around his neck labeled with the name of a bitter Hungarian herbal liquor, he said he is protesting against "the campaign of lies."

Shaky Fundamentals

Economic fundamentals across Eastern Europe are increasingly shaky, two years after Hungary and seven other Eastern European nations joined the European Union. Slovakia and Croatia have big budget deficits that are getting worse. Several nations, including Hungary, have foreign-currency debt coming due that exceed their reserves of hard currency.

There are some similarities between the Eastern Europe of today and Southeast Asia in the late 1990s. Then, high interest rates and rollicking growth attracted throngs of investors. The money helped spark domestic credit booms across the region. And exchange rates linked to the dollar in Thailand, Indonesia and South Korea encouraged banks and corporations to borrow abroad.

Then, as interest rates rose in the developed world -- much as they are doing again today -- investors started to back away from developing nations. The retreat turned into a rout after Thailand devalued its currency in July 1997, as investors rushed to pull out of nearby countries where they perceived similar weakness.

Eastern Europe's situation isn't identical to Asia's a decade ago. Poland and the Czech Republic have significantly reined in deficits in their current account -- a broad measure of money flows that includes trade in goods and services. Also, unlike the key Asian nations in the 1997 currency crisis, Eastern European countries haven't committed to keep their currencies within a tight band versus the euro, giving them more flexibility.

In some respects, Hungary more closely resembles a group of countries including developed nations such as Iceland and New Zealand that have attracted foreign money with high interest rates despite concerns about a large current-account deficit. Iceland's currency plunged this year when some of that hot money withdrew.

After a long hot streak, emerging markets fell hard in May and June, suffering their worst selloff since 1997 and 1998. They have snapped back in recent weeks and most are up comfortably for the year and are outperforming the developed-nation markets.

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Mr. Gyurcsány is vowing not to flinch from his austerity plan. "The policy of raw emotions and radicalism are in no way a viable path," he said yesterday.

Unusually Sensitive

Ordinary Hungarians are unusually sensitive to the risk of their currency weakening because many of them borrow in foreign currencies. Over half of Hungary's housing loans are in euros or Swiss francs. Sixty percent of corporate debt, and a third of the government's, is denominated in foreign currencies.

Agi Cöveky, a 53-year-old widow and obstetric nurse, is struggling to keep up. From her apartment next to an apple orchard on Budapest's outskirts, she explains that the monthly payments on her car and pickup truck -- both of which she bought using Swiss-franc loans several years ago -- have risen by 7,000 Hungarian forints (about $35) since April, as the forint's value has weakened. A government subsidy for her 10-year mortgage was halved in 2004, raising her monthly payments to about $359.

The combination meant she had to take up part-time work last year. "I haven't bought anything new in years," she says.

Still, such cases haven't stopped Hungary's economy from consistently expanding at a 3% to 5% clip over the past few years. One reason: generous public spending. Hungary doubled its minimum wage to $240 a month and boosted public-sector salaries 50%. In 2002, the current ruling coalition decided to add a 13th month of pay to pensioners' annual allowances. "Fiscal policy has been indulgent," says György Kopits, a member of the National Bank of Hungary's monetary council and a former International Monetary Fund official.

While protesters call Mr. Gyurcsány's cuts too severe, some international observers say his plan, although heavy with new taxes, doesn't go far enough in shaving pensions and health-care spending. After he introduced it in June, Standard & Poor's responded by downgrading Hungary's debt.

Jean Christophe de Beaulieu, who runs Boston-based State Street Global Advisors' $7 billion emerging-market fund, sold his $125 million holdings in Hungarian equities this spring. "The macroeconomic situation is preventing us from putting any money to work in the country," he says.

Euro-zone policy makers fret about the impact unstable economies could have on the currency club. Lithuania's bid for entry was rejected by the European Commission in May because its inflation rate was just above the limit for admission.

Hungary still has a number of things going for it. The banking system, largely owned by Western parents, is sound. Foreign direct investment last year totaled $6.7 billion. János Kóka, the minister of economics, called this in a recent interview "the best long-term indicator of the country's economic expectations."

To date, Hungary's prospects of joining the euro zone have given it some protection by reducing the perception of risk in investing in the country. If Hungary weren't slated to join the euro, said National Bank of Hungary Gov. Zsigmond Járai in an interview, "international investors would absolutely have given up on us a long time ago."

The power of that buffer is fading. In July, after backsliding repeatedly, the Hungarian government dropped its latest formal target of switching to the euro in 2010. It now hopes to switch before 2012. Last week the Czech Republic also abandoned its euro-entry target. Governments in Eastern Europe, prodded by popular sentiment, have chafed at the targets on budget deficits and other economic indicators that are required to join the common European currency.

Protest In Hungary Draws 15,000 (WP)

By Craig Whitlock

The Washington Post, September 21, 2006

BUDAPEST, Sept. 20 -- Thousands of Hungarians surrounded the parliament building here for the third straight night to demand the ouster of the country's prime minister after he admitted to lying "morning, noon and night" to win reelection in April.

In what he thought was a private meeting, Ferenc Gyurcsany said in May that he had won reelection only by duping voters about how badly his party had run the country. "We have screwed up," he said. "Not a little, but a lot. No country in Europe has screwed up as much as we have. . . . It was perfectly clear that what we were saying was not true."

On Sunday, someone leaked to Radio Hungary and other media a tape recording of the socialist prime minister's confession. The immediate result: round-the-clock protests demanding Gyurcsany's removal. On Monday night, rioters temporarily took over the state television station. Over the next day or so, 150 police officers were injured.

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The political violence is the worst in the East European country since Soviet tanks crushed a revolt in Budapest in 1956.

By midnight Wednesday, an estimated 15,000 protesters had gathered in a square overlooking the Danube River, the largest crowd to materialize since the tape recording became public.

Instead of resigning in shame or apologizing for having lied, Gyurcsany, 45, has tried to spin the scandal to his political benefit. He not only acknowledged making the comments but posted a transcript of the entire recording on his blog. He said his statements showed he was merely being honest about the sorry state of Hungary's public finances, something voters and politicians alike have been loath to accept.

"We will work without reversing course," the millionaire businessman and former communist vowed at a cabinet meeting Wednesday. "The government will hold firm on the only track possible: the policies of reform to ensure development and economic stability."

The uprising in Hungary has rattled neighbors in Europe, which until this week had counted the nation of 10 million people as the only East European country stable enough to reelect a government since the fall of communism in 1989.

Leaders of the European Union, which admitted Hungary and nine other new member states in 2004, said they were monitoring the crisis closely. Finnish Prime Minister Matti Taneli Vanhanen, whose country holds the rotating presidency of the bloc, said the E.U. would not intervene, "at least not today." But he added, "I hope things will calm down."

Many of the unpopular economic policies that the government began to implement after the election were required by the E.U. to keep the country on track for eventual adoption of the euro common currency.

Student leaders who had planned a major demonstration for Thursday called it off, saying they were afraid of the potential for more riots. But authorities said they expected other protests to continue.

Demonstrators who gathered outside parliament Wednesday waved red, white and green Hungarian national flags. Others carried banners. "We Need Truth For Peace," read one. Props included a mock coffin with Gyurcsany's photo and a black cloth draped over it.

"Like everyone else, I think he should resign," said Nikolett Boncz, a 24-year-old university student from the capital who was there to listen to the speeches. "It was obvious that he's been lying all along."

With municipal elections scheduled for Oct. 1, Hungarian opposition parties were quick to take advantage of the truth-telling scandal. Viktor Orban, head of the center-right Fidesz party and the prime minister's chief rival, called Gyurcsany "a sick, lying dilettante."

Few people, however, were predicting that Gyurcsany would yield to the pressure and step down. Political analysts and lawmakers from several parties said most Hungarians were disgusted with the prime minister's admission that he had lied to win reelection but were equally upset by the outbreak of violence, which they blamed on his political opponents.

"This has been shocking for Hungarian society, because for the last 16 years we've never had anything like this, never any violent actions," said Krisztian Szabados, managing director of Political Capital, an independent political research and consulting firm in Budapest. "People are faced with a choice between a liar or a guy who burns down the whole city."

Attila Gosze, 23, a Budapest schoolteacher, said he was upset not only by Gyurcsany's duplicity but by the numerous obscenities in his tape-recorded remarks. But he said he could live with the lies and the foul language as long as the prime minister and his party prove able to fix Hungary's ailing economy.

"Perhaps he made a mistake, but he shouldn't resign," Gosze said. "That's his character, and we have to accept him for the way he is. If he does his job right, we'll stand by him."

Campaigning before April's national elections, Gyurcsany and his Socialist Party colleagues promised tax cuts and higher spending on social programs -- a popular platform with voters who had resisted calls to trim a long pattern of deficit spending in Hungary.

A few weeks after winning reelection, however, Gyurcsany told party allies in a closed meeting that the whole campaign had been a charade.

"I almost died, because I had to pretend for 18 months that we were governing," he said, according to a transcript of his remarks posted on his blog. "We kept the secret, while we knew and you did, too, that if the election victory comes, we will have to seriously settle down to work and that we have never had such a problem."

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Instead of cutting taxes, Gyurcsany and his coalition partners have moved to raise them. They have also laid off public-sector workers and tried to trim spending.

Although opposition parties have pummeled the Socialists in recent months for their unpopular economic policies, they also campaigned last spring on a platform of cutting taxes and raising spending. Analysts and other lawmakers say that if nothing else, Gyurcsany's unvarnished comments will make it more difficult for all Hungarian politicians to make promises they know they cannot keep.

"It's unfortunately true that both big parties have been lying to the Hungarian people," said Matyas Eorsi, a lawmaker with the Liberals, a free-market party. "Now, the time of truth has finally come for Hungary. The rules of the market economy are also the rules for Hungary. We cannot ignore the rules anymore."

Politics, Lies And Audiotape (LAT)

The Los Angeles Times, September 21, 2006

IT'S ONE OF HOLLYWOOD'S FAVORITE TROPES: A cynical politician becomes weary of his own platitudes, startles the world by confessing his lies and is then rewarded with a popular groundswell of support for speaking the truth. From the Depression-era "Gabriel Over the White House" to the 1998 fable "Bulworth," the "mad as hell" mea culpa has seduced media dreamers for decades.

But does it work in the real world? Maybe not, if this week's events in Hungary are any indication. On Sunday, an unknown leaker released a 25-minute audiotape of Hungarian Prime Minister Ferenc Gyurcsany privately chewing out members of his Socialist Party a month after their April 23 reelection. "We [deleted] up. Not a little, a lot," Gyurcsany said, arguing for the necessity of emergency post-election austerity measures. "We have done nothing for four years. You cannot tell me of any significant government measure we could be proud of…. I almost died of having to pretend for the past year that we were actually governing. Instead we lied day, night and evening. I don't want to do this anymore."

Refreshingly blunt, for sure. But did a grateful nation hoist the truth-teller on its shoulders? Not quite. Angry demonstrators set fire to the state television building, attacked and injured more than 140 police officers, torched a dozen police cars and demanded Gyurcsany's figurative head. It was the worst public violence in the streets of Budapest since the Soviet-quashed revolution 50 years ago next month.

Gyurcsany is under intense pressure to resign, or at least scale back his economic reforms, but so far he's standing firm. The leak may even make it easier for him to sell his austerity package, a theory bolstered when the prime minister quickly published a lengthy transcript on his blog. Given that the violent demonstrators number only in the low thousands, it's conceivable that the telegenic young politician may yet pull a mini-Bulworth, or at least be able to do what his Socialist predecessors did 11 years ago shortly after winning election: bring the previous government's election-year spending binge into check.

But for the first time since Hungary reinstituted free elections in 1990, the previous government is the same as the one in power. And therein lies an important lesson: Some politicians will indeed lie "day, night and evening" if they can get away with it, especially to preserve their own power. Hearing an elected leader admit as much is both refreshing and depressing. If Hollywood ever decides to tell its own version of this week's events in Hungary, which aspect it emphasizes will depend on what happens in Budapest in the coming weeks and months.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

CIA 'refused To Operate' Secret Jails (FT)

By Guy Dinmore

Financial Times, September 21, 2006

The Bush administration had to empty its secret prisons and transfer terror suspects to the military-run detention centre at Guantánamo this month in part because CIA interrogators had refused to carry out further interrogations and run the secret facilities, according to former CIA officials and people close to the programme.

The former officials said the CIA interrogators' refusal was a factor in forcing the Bush administration to act earlier than it might have wished.

When Mr Bush announced the suspension of the secret prison programme in a speech before the fifth anniversary of the September 11 terror attacks, some analysts thought he was trying to gain political momentum before the November midterm congressional elections.

The administration publicly explained its decision in light of the legal uncertainty surrounding permissible interrogation techniques following the June Supreme Court ruling that all terrorist suspects in detention were entitled to protection under Common Article Three of the Geneva Conventions.

But the former CIA officials said Mr Bush's hand was forced because interrogators had refused to continue their work until the legal situation was clarified because they were concerned they could be prosecuted for using illegal techniques. One intelligence source also said the CIA had refused to keep the secret prisons going.

Senior officials and Mr Bush himself have come close to admitting this by saying CIA interrogators sought legal clarity. But no official has confirmed on the record how and when the secret programme actually came to an end.

John Negroponte, director of national intelligence, who was interviewed by Fox News on Sunday, said in response to a question of whether CIA interrogators had refused to work: "I think the way I would answer you in regard to that question is that there's been precious little activity of that kind for a number of months now, and certainly since the Supreme Court decision."

In an interview with the Financial Times, John Bellinger, legal adviser to the state department, went further, saying there had been "very little operational activity" on CIA interrogations since the passage last December of a bill proposed by Senator John McCain outlawing torture and inhumane treatment of prisoners.

Mr Bellinger said the secret prisons remained empty for the moment. But he defended the US position that use of such prisons did not contravene international conventions as some in Europe have argued. He also said that, theoretically, the Pentagon as well as the CIA had the legal right to run such facilities. The CIA declined to comment.

Key figures among the 14 prisoners transferred to Guantánamo, including Khalid Sheikh Mohammed, had been held in secret centres for three years or more.

Independence Days (WP)

By David S. Broder

The Washington Post, September 21, 2006

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American politics reached a critical turn last week. The revolt of several Republican senators against President Bush's insistence on a free hand in treating terrorist detainees signaled the emergence of an independent force in elections and government.

This movement is not new, but the moral scale of the issue -- torture -- and the implications for both constitutional and international law give it an epic dimension, even if it is ultimately settled by compromise.

The senators involved -- John McCain, Lindsey Graham and John Warner -- were also instrumental in forming the "Gang of 14," the bipartisan bloc that seized control of the Senate last year and wrote the compromise that prevented a drastic change in the filibuster rule that otherwise would have triggered a bitter partisan divide.

These are not ordinary men. McCain, from Arizona, is probably the leading candidate for the 2008 presidential nomination. Graham, from South Carolina, is the star among the younger Republican senators. Warner, from Virginia, embodies the essence of traditional Reagan conservatism: patriotism, support for the military, civility.

They were joined in their opposition to Bush's call for extraordinary interrogation techniques by Colin Powell, the former secretary of state and chairman of the Joint Chiefs of Staff, who is still, despite the controversies over his role in Iraq policy, one of the most admired Americans.

That these Republicans -- and others -- were ready to join the Democrats in rejecting Bush's plan caused the White House to scramble for alternatives and House Republican leaders to postpone a scheduled vote. The revolt goes well beyond three men.

What it really signals is a new movement in this country -- what you could rightly call the independence party. Its unifying theme can be found in the Declaration of Independence's language when Jefferson invoked "a decent respect to the opinions of mankind."

When Powell wrote that Bush's demand would compound the world's "doubt [about] the moral basis of our fight against terrorism," he was appealing to Jefferson's standard.

It is a standard this administration has flagrantly rejected. Bush was elected twice, over Democrats Al Gore and John Kerry, whose know-it-all arrogance rankled Midwesterners such as myself. The country thought Bush was a pleasant, down-to-earth guy who would not rock the boat. Instead, swayed by some inner impulse or the influence of Dick Cheney, he has proved to be lawless and reckless. He started a war he cannot finish, drove the government into debt and repeatedly defied the Constitution.

Now, however, you can see the independence party forming -- on both sides of the aisle. They are mobilizing to resist not only Bush but also the extremist elements in American society -- the vituperative, foul-mouthed bloggers on the left and the doctrinaire religious extremists on the right who would convert their faith into a whipping post for their opponents.

The center is beginning to fight back. Michael Bloomberg, the Republican mayor of New York, is holding a fundraiser for Sen. Joe Lieberman, a Democrat running as an independent against the bloggers' favorite, Ned Lamont.

His election is important, as is Republican Sen. Lincoln Chafee's in Rhode Island, because both would signal that independence is a virtue to be rewarded.

Similarly important, though less publicized, is Republican Sen. Mike DeWine's race in Ohio. DeWine is an ally of McCain & Co. in forming a center for the Senate; his opponent, Democratic Rep. Sherrod Brown, is a loud advocate of protectionist policies that offer a false hope of solving our trade and job problems.

A "decent respect" begins at home, with an acknowledgment of public opinion. Americans are saying no to excess greenhouse gases and no to open borders; yes to embryonic stem cell research, yes to a path to earned citizenship for millions of illegal immigrants and yes to a living wage. Six more states are likely to approve increases in the minimum wage through ballot initiatives in November.

A congressional election with lots of new faces and a scare for many returning veterans is important as a signal to next year's likely leaders such as Republican Sen. Mitch McConnell and Democratic Rep. Nancy Pelosi that they can't design their strategies simply to satisfy the most rabid of their party's extremes; they have to govern down the center and work across party lines.

And that in turn would set the stage for a 2008 election in which the two branches of the independence movement -- Republican and Democratic -- could compete in a campaign that would, for a change, show a "decent respect" for the intelligence of the American people.

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Rendering Unto Syria (WSJ)

The Wall Street Journal, September 21, 2006

Opponents of interrogating al Qaeda detainees keep slandering the Bush Administration by equating all aggressive questioning techniques with "torture." What's more, they seem unable to draw the obvious lessons from our experience handling terror suspects thus far.

Take the case of Maher Arar, an apparently innocent Canadian citizen who was arrested at JFK airport in September 2002 and turned over to Syria -- a process known as "rendition" -- where he actually appears to have been tortured. According to some of our media colleagues, this shows that CIA officials can't be trusted with the authority they're seeking under the proposed new Detainee Act to use a number of "stress techniques" against high level al Qaeda detainees.

But Mr. Arar's case proves exactly the opposite. For starters, it was the Canadian government that supplied what appears to have been bad information about Mr. Arar's alleged al Qaeda ties. More to the point, the temptation to get vital information by "rendering" such

suspects for interrogation by governments that have little respect for human rights will only increase if the CIA's own al Qaeda interrogation program is shut down. This may make some in Congress feel better about themselves, but it won't do much for the "rights" of those interrogated.

The White House has been negotiating over the issue with Senator John McCain so U.S. interrogators aren't left in legal limbo because Congress refuses to define our obligations under Common Article 3 of the Geneva Conventions. It's precisely such legal clarity that will limit potential abuses, rather than leaving Article 3 open to interpretation by individuals -- or by the likes of Syria, since as it stands every country in the world interprets Article 3 in its own way now.

Crucial to any compromise is that the new rules not only protect CIA interrogators under relevant U.S. law (the 1996 War Crimes Act), but also assert our understanding of our obligations under Geneva. This is not about "rewriting" Geneva, as Mr. McCain and others have previously suggested; it is about the necessity of fleshing out what vague Article 3 prohibitions against "humiliating" treatment and the like actually mean.

President Bush has been very strong on this issue so far. We trust he won't endorse anything now that falls short of the comprehensive legal clarity he's been right to demand.

Justice Dept. Amends Remark On Torture Case (NYT)

By Scott Shane

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — In an embarrassing turnabout, the Department of Justice backed away Wednesday from a denial by Attorney General Alberto R. Gonzales of responsibility for the treatment of a Canadian who was seized by American authorities in 2002. The man was deported to Syria, where he was imprisoned and beaten.

Asked at a news conference on Tuesday about a Canadian commission's finding that the man, Maher Arar, was wrongly sent to Syria and tortured there, Mr. Gonzales replied, "Well, we were not responsible for his removal to Syria." He added, "I'm not aware that he was tortured."

The attorney general's comments caused puzzlement because they followed front-page news articles of the findings of the Canadian commission. It reported that based on inaccurate information from Canada about Mr. Arar's supposed terrorist ties, American officials ordered him taken to Syria, an action documented in public records.

On Wednesday, a Justice Department spokesman said Mr. Gonzales had intended to make only a narrow point: that deportations are now handled by the Department of Homeland Security, not the Department of Justice.

The spokesman, Charles Miller, said the attorney general forgot that at the time of Mr. Arar's deportation, such matters were still handled by the Immigration and Naturalization Service, which was part of the Department of Justice.

"He had his timeline mixed up," Mr. Miller said.

Asked why Mr. Gonzales appeared to cast doubt on the Canadian finding that Mr. Arar had been tortured, Mr. Miller said, "I wouldn't go beyond what he said."

He said Justice Department officials "have not fully reviewed" the commission's report since its release on Monday, and he noted that Mr. Arar had brought a lawsuit against United States officials that was dismissed by a lower court but was being appealed.

The attorney general's refusal to take responsibility for the government's conduct in the case comes when the treatment of people detained in the campaign against terrorism is again at the center of public debate. The White House is in negotiations with Republican senators who believe detainee legislation proposed by the administration would damage the international standing of the United States and possibly endanger American soldiers taken prisoner overseas.

For critics of the Bush administration at home and abroad, the Arar case has become an oft-cited example of both incompetence and brutality in the offensive against terrorism. It is often described as a rendition, the legal term for the seizure of a suspect overseas and delivery to imprisonment and interrogation in another country.

But the Arar case differs technically from other instances of rendition because Mr. Arar was detained in the United States and his expulsion resulted from a formal deportation order, a distinction Mr. Gonzales made.

Asked about Mr. Gonzales's remarks, Mr. Arar said in an interview on Wednesday with National Public Radio that American officials had sent him to Syria despite his protests that he would be tortured there.

"The facts speak for themselves, you know," Mr. Arar said. "The report clearly concluded that I was tortured. And for him to say that he does not know about the case or does not know I was tortured is really outrageous."

Maria C. LaHood, Mr. Arar's lawyer at the Center for Constitutional Rights in New York, called Mr. Gonzales' comments "unbelievable."

"I had hoped that they would actually step up and say, 'We made a mistake, we accept the report's findings, we clear Mr. Arar's name and we apologize,' " Ms. LaHood said.

Mr. Arar, now 37, is a former telecommunications engineer who was born in Syria but did not live there after his teenage years.

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In September 2002, as he changed planes at Kennedy International Airport in New York on his way home to Canada, he was detained because his name was on a terrorist watch list. His name was included on the basis of incorrect information from the Royal Canadian Mounted Police that he was linked to Al Qaeda, the commission found.

American officials wanted more information about what threat he might pose and decided to deport him to Syria, an option legally possible because he had been born there. Officials have said that as is standard in such cases, the United States sought "assurances" from Syria that Mr. Arar would not be tortured.

In fact, he was held there in a dank cell that measured 3 feet by 6 feet by 7 feet and beaten repeatedly with a metal cable, according to Mr. Arar's description and the commission report.

In October 2003, Mr. Arar was released by Syria, where officials found no evidence that he had any connection to terrorism, and returned to Canada. In January 2004 the commission, headed by a judge, Dennis R. O'Connor, began two years of hearings and investigation. The United States refused to cooperate with the commission, declining Canadian requests for documents and testimony related to the case.

On Wednesday, Representative Edward J. Markey, Democrat of Massachusetts, introduced five "resolutions of inquiry" aimed at forcing the release of government documents related to the case.

Under Congressional rules, the resolutions must be voted on in five House committees within 14 days, or Mr. Markey will be able to force a vote by the full House, his staff said.

The Torture Of Liberty (NYT)

By Bob Herbert

The New York Times, September 21, 2006

After traveling to Ottawa to interview Maher Arar last year, I wrote: "If John Ashcroft was right, then I was staring into the malevolent, duplicitous eyes of pure evil ... But all I could really see was a polite, unassuming, neatly dressed guy who looked like a suburban Little League coach."

It turns out John Ashcroft was wrong. After an exhaustive investigation, a government commission in Canada ruled definitively and unequivocally this week that Maher Arar was no terrorist. He was nothing more than a quiet family man who found himself sucked into a vortex of incompetence, hysteria and a so-called war on terror that has gone completely haywire.

He's lucky he survived. Mr. Arar, a Canadian citizen who was born in Syria, was snatched by American authorities as he waited for a connecting flight home from Kennedy Airport in September 2002. The Americans apparently were acting on bad information fed to them by Canadian investigators.

As in the witch hunts of old, no one seemed to care whether there was any factual basis for the allegations against Mr. Arar. Without even a nod in the direction of due process, the Americans put him on a government jet and shipped him off to Jordan, where he was promptly driven to Syria, where he was tortured.

Welcome to extraordinary rendition, a reprehensible practice in which people are kidnapped by the U.S. government and sent off to countries that specialize in the evil arts of torture.

Mr. Arar lived in torment for nearly a year, confined most of the time to a tiny underground cell, about the size of a grave. Despite the torture, the Syrians were unable to connect him to terrorism in any way. The Canadian government managed to secure his release in October 2003.

If this were just a bad but honest mistake, we might be able to simply wish Mr. Arar well and vow never to let it happen again. Instead, the United States is about to ensure that many more individuals who are falsely accused are deprived of the single most fundamental tool they need to establish their innocence.

In the push to enact legislation dealing with the interrogation and prosecution of terror suspects, both the White House and dissident Republicans in the Senate intend to strip away the hallowed safeguard of habeas corpus for some noncitizens held in U.S. custody outside the United States.

Habeas corpus (literally "produce the body") is a legal proceeding that allows one to challenge his or her detention in a court of law. It is the most significant safeguard against arbitrary imprisonment. Someone deprived of this right — which is enshrined in the U.S. Constitution and has been recognized by various societies all the way back to the Middle Ages — can be locked up, whether innocent or guilty of any offense, and never heard from again.

I can't believe that most Americans think this is all right.

"This is recognized as a broad common-law and constitutional right," said Bill Goodman, the legal director for the Center for Constitutional Rights in New York, which has been fighting to secure basic legal protections for prisoners in American custody at Guantánamo Bay, Cuba.

At a minimum, said Mr. Goodman, "A person has a right to know what crime he's being charged with. And a court can demand that the government produce evidence indicating that there is a reason to hold that person."

The authority to demand that even the highest officials in a nation — even the president, even the king back in the days of the Magna Carta — justify the detention of a human being is powerful, and essential in a free society.

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The right to file for a writ of habeas corpus, insisting that this authority be exercised, is a crucial check on naked governmental power. It's a check on injustice.

In Washington, instead of saluting this cornerstone of freedom, politicians are about to deep-six it for some people without even much in the way of debate.

Talk about freedom is cheap. We hear it all the time. Real protection against tyrannical behavior by powerful government officials is another matter.

I spoke to Mr. Arar by phone yesterday. He said now that the Canadian government has publicly cleared his name, he would like the U.S. government to follow suit. But the U.S. government is busy trying to make sure that other innocents, trapped unfairly in a cage, have absolutely nowhere to turn. No recourse at all.

Frist Hopeful Of Deal On Detainee Treatment; Wiretap Bill Altered (AP)

AP, September 21, 2006

WASHINGTON — President Bush's embattled anti-terrorism plans got a boost Wednesday when a wiretap bill was revised and a Senate Republican leader said he was hopeful a deal was near on treatment of detainees.

Prospects for the two critical pieces of legislation remained unclear; Congress is speeding toward a recess next week as Republicans fight to retain majority control in the November elections.

Nevertheless, a bill by Rep. Heather Wilson, R-N.M., made some progress Wednesday after she rewrote it to allow warrantless wiretapping when an attack is imminent, as Bush has demanded. Even so, she told reporters differences between the House and Senate versions were unlikely to be worked out before Congress reconvenes after the Nov. 7 elections.

Democrats sat on the sidelines "watching the catfights" among Republicans on terrorism surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev. He noted that Republican leader Bill Frist of Tennessee was forced to postpone consideration of those bills this week; the Senate instead is holding a floor debate on border security "because they have nothing else to do."

Neither the White House nor rebellious Republican senators had the votes necessary to move forward on how to handle the nation's most dangerous terror suspects. The two sides remained at odds over how to adhere to the 1949 Geneva Conventions and simultaneously give the CIA leeway to conduct interrogations.

In the House of Representatives, there was more evidence that support was far from solid for the detainee bill approved overwhelmingly last week by the Armed Services Committee. A second panel, the Judiciary Committee, on Wednesday reported the same bill with an "unfavorable recommendation," a procedural bump expected to be smoothed before the legislation reaches the House floor next week.

House Intelligence Chairman Pete Hoekstra, R-Mich., said he expected significant differences between any bills passed by the House and Senate. "If the Senate and the White House have reached an agreement, that is probably what would end up becoming law and making its way to the president's desk," Hoekstra said at the American Enterprise Institute.

Despite the stalemate, Frist sought to reassure the GOP troops that a deal still was possible. "I am hopeful that very soon agreement can be reached with the president and with the majority of Republicans," Frist said.

He spoke as House Republicans moved closer to the administration's position on domestic wiretapping.

Wilson's bill initially would have given legal status to Bush's domestic surveillance program only after an attack. Instead, her bill now would grant the administration's plea to allow wiretapping against Americans without warrants when it is believed a terrorist attack is imminent.

That concession carried a price for the president, according to a draft. Under the measure, the administration would be required to share more details of the nature of the threat with House and Senate leaders and the chairmen of both intelligence committees, who then would decide without administration input which lawmakers would receive the classified information.

House Panel Approves Wiretapping Bill (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

The House Intelligence Committee approved by voice vote a bill that would put into law the Bush administration's program of wiretapping without warrants. The sponsor, Representative Heather A. Wilson, Repubican of New Mexico, had rewritten the measure to make it more to Mr. Bush's liking. The Judiciary Committee later endorsed a similar version, by 20 to 16. But Ms. Wilson's revision, likely to draw Mr. Bush's support, is the bill that probably will make it to the full House. Under her bill, the president may conduct the secret surveillance only under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent.

House Panel Endorses Controversial Spy Bill (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 21, 2006

DOJ_NMG_0066807

Republicans push through legislation designed to rewrite wiretapping law but blasted by civil liberties groups and Democrats.

Republicans on a key congressional committee on Wednesday approved legislation they described as a necessary rewrite to electronic surveillance law but attacked by Democrats, civil libertarians and technology advocacy groups as flawed and unconstitutional.

By a 20-to-16 vote mostly along party lines, the U.S. House of Representatives Judiciary Committee backed an amended version of the Electronic Surveillance Modernization Act of 2006, a Republican-sponsored measure introduced in July. Two Republicans and all 14 Democrats present rejected the proposal.

"This legislation is a priority for the president and critical to our national efforts to detect and disrupt acts of terrorism before they occur," said Committee Chairman James Sensenbrenner, who co-sponsored the controversial bill with Rep. Heather Wilson, a New Mexico Republican.

Supporters said the bill's provisions would aid terrorist investigations by relaxing the requirements for warrants to conduct electronic surveillance and addressing modern communications in a "technology neutral" way not foreseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA).

The Bush administration has acknowledged that its controversial National Security Agency terrorist surveillance program was not approved by the FISA court--but argue the president's constitutional powers as commander-in-chief, among other things, provide ample legal authority.

Meanwhile, civil liberties advocates have accused the administration of intruding into phone calls and e-mails of millions of innocent Americans, and even Attorney General Alberto Gonzales conceded earlier this year that some "ordinary" citizens could be swept up in the quest for rogue targets.

During about two hours of debate leading up to Wednesday's vote, Rep. John Conyers, the top Democrat on the Judiciary Committee, ticked off a number of flaws he perceived in the Republican-backed approach. Those gripes included a lack of limits on presidential power to conduct warrantless surveillance, extending FISA snooping to new categories of individuals and corporations who have no connection to foreign governments or terrorists, and allowing the government to maintain records and "massive databases" on surveilled individuals "in perpetuity."

"We all want to fight terrorism, but we need to fight it in the right way, consistent with our Constitution, and in a manner that serves as a model for the rest of the world," Conyers said in prepared testimony. "This bill does not meet that test."

Joining ongoing protests from advocacy groups like the American Civil Liberties Union and the Electronic Frontier Foundation, which have led many of the efforts to sue government agencies and telecommunications companies accused of illegal spying, a Washington-based technology trade association also served up its opposition to the surveillance bill this week.

"The mere possibility of widespread, secret, and unchecked surveillance of the billions of messages that flow among our customers, especially U.S. citizens, will corrode the fundamental openness and freedom necessary for our communications networks," Ed Black, president of the Computer and Communications Industry Association, wrote in a letter (click for PDF) to the committee on Tuesday. CCIA's members include Google, Yahoo, Microsoft and Red Hat.

"Even if this power is not deliberately misused," Black went on, "the loss of a sense of privacy in personal and confidential business communications will inflict great and long-lasting damage on the dynamic and innovative growth intrinsic to the high technology sector."

Some Judiciary Committee members offered amendments on Wednesday designed to quell constitutional concerns raised by opponents. In a move supported by both parties, Sensenbrenner proposed an amendment that stripped two portions of the underlying bill that would have allowed warrantless surveillance to continue for up to 60 days after an "armed attack" on the United States and up to 45 days after a "terrorist attack." He said the provisions' language was too vague and needed additional work.

Rep. Dan Lungren, a California Republican, also described a 25-page amendment that he claimed would add additional clarifications and constitutional protections. The proposed changes ultimately were approved, but not before Democrats raised questions about whether they could trust the measure without having studied it in advance and even called for halting the meeting until it could be more thoroughly examined. Efforts by CNET News.com to obtain a copy of the Lungren amendments met with no response.

Those actions represent "a lot of smoke and not a lot of fire," Lisa Graves, the ACLU's senior counsel for legislative strategy. "There's a lot of optics going on, but behind the scenes...I'm sure they've already worked out a deal to make sure the White House gets what it wants at the end of the day."

The same bill was also slated for a vote on Wednesday afternoon at a closed meeting of the House Permanent Select Committee on Intelligence, of which Wilson is a member. Committee representatives were not immediately available to comment on the outcome of those proceedings. But according to the ACLU, a different version of the Republican proposal, which still lacked adequate safeguards by its estimation, was approved by the intelligence panel.

In a move sure to ruffle feathers among civil libertarians, the Judiciary committee also approved along party lines an amendment designed to shield from legal liability any individual or company that complies with surveillance requests from any intelligence program.

The move would effectively "eliminate the 60 or more lawsuits filed because companies complied with government orders," such as the one lodged by the Electronic Frontier Foundation against AT&T, said Rep. Chris Cannon, the amendment's sponsor. Without such protection in place, he said, "an individual or company will be reluctant to cooperate with any government authorized surveillance program, which will severely undercut government's efforts (to prevent terrorist attacks)."

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Republicans shot down a number of amendments offered primarily by Democrats, including more than one proposal designed to establish FISA as the exclusive means by which the president can sign off on electronic surveillance programs.

The House Judiciary Committee vote arrived one week after its counterpart in the Senate narrowly approved three bills relating to the Foreign Intelligence Surveillance Act, cuing them up for a vote soon on the Senate floor.

The most controversial measure of the trio, offered by Committee Chairman Arlen Specter with the White House's blessing, has drawn attacks from Democrats and civil liberties groups who claim it would erode the 1978 spy law's checks on executive power and violate Fourth Amendment privacy protections for Americans by authorizing unchecked intrusions on Internet and telephone communications.

The bill's supporters, for their part, say it signals that the president does not have a "blank check" to do warrantless surveillance and that he has volunteered to submit the National Security Agency's terrorist surveillance program for constitutional review if the bill passes, even though it doesn't explicitly require such a move.

Sensenbrenner said he expected the House version to go to a floor vote as soon as next week. It was not immediately clear when the Senate would take up its proposals.

Gitmo Says Orientation For 14 Under Way (AP-Y)

By Robert Burns

AP, September 21, 2006

The 14 terrorism suspects transferred to the Guantanamo Bay detention center from overseas CIA prisons two weeks ago are undergoing "orientation" and not being interrogated, the Army said Wednesday.

"It seems to be working fine," Gen. Bantz J. Craddock said in an interview with a group of reporters at the Pentagon. Craddock oversees U.S. military operations in Latin America and the Caribbean.

He said the 14 men are in a 30-day "orientation, acclimatization period" that is standard for new arrivals at Guantanamo.

Until that is finished, he said, it would be premature to say whether or how they would be interrogated.

Craddock said representatives of the International Committee of the Red Cross would be granted access to the new arrivals, who include the mastermind of the Sept. 11 attacks and architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania. They are the first additions to the detainee population at Guantanamo Bay since September 2004. It opened in January 2002.

But first, he said, the 14 would have to complete their orientation, which he did not describe in detail. He estimated they would be made available to the Red Cross around Oct. 1. In Geneva on Wednesday, the chief spokesman for the ICRC, Antonella Notari, said officials plan to arrive Sept. 25 for a scheduled two-week visit to Guantanamo. The ICRC is the only neutral agency with full access to Guantanamo detainees.

"The priority of the upcoming mission is to talk in private and to register the newly transferred detainees and to provide them the means to communicate with their family members through Red Cross messages," Notari said.

Notari said it was still unclear when the first meetings with the new detainees would occur.

Craddock said U.S. officials welcome the Red Cross's presence at Guantanamo Bay.

"They will have the same opportunity as we do pretty much with all the other detainees," Craddock said, referring to the approximately 440 other detainees at the facility on the southeastern tip of Cuba. Asked whether they would include private meetings with each of the 14 new arrivals, Craddock said, "I think so."

U.S. officials have said little about the conditions of confinement for the 14 since they arrived Sept. 4. Craddock said their overseers at the prison have been monitoring them and acclimating them to the food and other conditions.

"We have to get through this orientation, acclimatization period," he said. "We've got to understand their response because they're in a new environment. We've got to get a feel for how they respond. It's different."

U.S. officials have refused to say where the 14 were held previously or under what conditions.

Under the terms of a new U.S. military doctrine on appropriate interrogation methods for prisoners of war and detainees, an interrogation technique called "separation" may be used only with the explicit approval of a commander at Craddock's level. It refers to removing a detainee from the rest of the detainee population "and their environment," while still complying with basic standards of humane treatment.

"I have not granted the separation authority," Craddock said. "And I have not been asked to do so."

He said the 14 have not been interrogated at Guantanamo and have not been "segregated," which in military parlance means isolating a detainee from the rest of the population for security or other reasons unrelated to interrogation.

Craddock, who has been commander of U.S. Southern Command since November 2004, is awaiting Senate confirmation to become the next commander of U.S. European Command and the top NATO commander in Europe. His confirmation hearing was held Tuesday, in tandem with the hearing for his expected replacement at Southern Command, Navy Vice Adm. James Stavridis.

Judge Orders More Gitmo Papers Unsealed (AP-Y)

DOJ_NMG_0066809

By Larry Neumeister

AP, September 21, 2006

A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press.

U.S. District Judge Jed S. Rakoff gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

"The public interest in disclosing government malfeasance is well-established," the judge wrote in saying that the AP had demonstrated the need.

David A. Schulz, who argued the case for the AP, called the judge's decision "a resounding victory for the public's right to know."

He said the identities of between 50 and 100 detainees who were ordered to be transferred or released from Guantanamo Bay after Jan. 1, 2005, will allow reporters to attempt to verify whether the government's account of events is accurate.

"The Department of Defense has made it virtually impossible for anyone to check the accuracy or thoroughness of what is going on in Guantanamo," Schulz said. "The public is supposed to be able to determine these things for itself."

A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment.

The judge noted that some detainees have initiated hunger strikes to protest what they consider abuse, while other detainees, since released, have gone public with allegations of abuse.

"In all such instances, the detainees have not hesitated to reveal their identities," the judge said.

Besides the claims by detainees, the judge said some military officers and FBI agents who have worked at Guantanamo have questioned the treatment of detainees.

Schulz said the judge also ordered the government to turn over the identities in eight files reporting investigations of allegations of abuse of detainees by military personnel and fewer than a dozen probes of abuse of detainees by other detainees.

Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations.

The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks.

The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information.

The detainees are from Afghanistan, Russia, Persian Gulf countries and elsewhere. Many were captured in Afghanistan.

House Panel Supports Tribunal Plan, 20 To 19 (WP)

By Charles Babington

The Washington Post, September 21, 2006

President Bush's supporters in the House narrowly defeated yesterday efforts to sidetrack his proposal for questioning and prosecuting terrorism suspects, but the issue continues to divide Congress in its final workdays before the November elections.

In an afternoon animated by switched votes, parliamentary gymnastics and protest cries from Democrats, the House Judiciary Committee barely managed to reject a rival proposal and endorse the administration's version of the legislation. Even if the chamber takes up the bill next week -- its last scheduled period of action before the elections -- the matter remains mired in the Senate, where a majority opposes the White House approach.

Bush wants legislation that would declare the United States to be in compliance with the Geneva Conventions if it abides by a federal law's guidelines regarding the treatment of non-uniformed suspects captured in wartime.

Most House Democrats and a few Republicans oppose the plan, saying it could invite hostile nations to reinterpret the Geneva Conventions and harm U.S. troops someday. Yesterday they came within a whisker of sending a rival plan to the House floor.

Republicans control the Judiciary Committee, 23 to 17. But early yesterday, three GOP members were absent and two others backed the rival legislation written by GOP Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.). Had a couple of Democrats not also been absent at the time, the Warner bill might have won the panel's endorsement. It fell just short, but so did the Bush version, which was temporarily voted out of the committee with an "unfavorable report."

Democrats tried to end matters there and turn out the lights. But they narrowly failed to adjourn the meeting and deny the committee a quorum.

That gave Republican leaders time to round up two of their missing colleagues, Reps. Henry J. Hyde (Ill.) and Elton Gallegly (Calif.). Over strenuous Democratic protests and shouts of "point of order," the Republicans used a series of 20-to-19 votes to overturn the previous decision and to favorably report Bush's bill to the House floor. Republican Reps. Jeff Flake (Ariz.) and Bob Inglis (S.C.) joined all 17 Democrats in opposing the efforts.

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Even if the full House passes the measure next week, it may prove difficult or impossible to reconcile matters with the Senate. Warner and his allies pushed their bill through the Senate Armed Services Committee last week, and they are backed by a majority of senators. But they apparently lack the votes to fend off a threatened filibuster by pro-Bush forces, including Majority Leader Bill Frist (R-Tenn.).

White House spokesman Tony Snow said negotiations continued yesterday with the Warner camp. "Both sides are acting in good faith, and they both share the same goals," Snow said. "It's unusual because compromise in this case doesn't mean you're scaling back on your ends; it's another means you use to achieve your ends."

Matters were further complicated yesterday when the Republican and Democratic leaders of the Senate Judiciary Committee asked Frist to allow their panel to review the Warner bill. Chairman Arlen Specter (R-Pa.) and ranking Democrat Patrick J. Leahy (Vt.) object to a provision in the bill that would bar detainees -- including those held in U.S.-controlled sites such as Guantanamo Bay, Cuba -- from filing habeas corpus writs with federal courts. Such a complaint requires captors to tell the court why a detainee should not be released. Some Guantanamo Bay detainees have used the writs to challenge the legitimacy and conditions of their detention.

In a Senate speech, Specter said Congress "cannot act to delete the remedy of habeas corpus" and called the Warner bill "unconstitutional." Frist's staff said Specter can try to amend the bill when it reaches the Senate floor.

Graham and other senators also oppose Bush's bid to allow detainees to be convicted on classified information that the defendants would not be allowed to see.

Bush's Allies Struggle To Keep War Bills (AP-Y)

By Laurie Kellman

AP, September 21, 2006

White House loyalists struggled on Wednesday to save President Bush's wartime legislative plans from collapsing under Republican squabbles. In cliffhanger votes, a House committee rejected, then endorsed Bush's proposal to continue tough interrogations of suspected terrorists.

The tug-of-war on the House Judiciary Committee was evidence of the difficulty Bush is having in lining up support for his terrorism-fighting proposals weeks before the November elections.

Democrats sat on the sidelines "watching the catfights" among Republicans on surveillance and detainee legislation, said Senate Minority Leader Harry Reid, D-Nev.

He noted that Senate Majority Leader Bill Frist, R-Tenn., was forced to postpone consideration of those bills this week and that senators are debating border security "because they have nothing else to do."

To win a largely symbolic endorsement of the White House's detainee proposal, committee Republicans performed a series of procedural gymnastics. After an initial vote resulted in a 20-17 count against the measure, GOP aides wrangled two absent members — Rep. Henry Hyde of Illinois and Elton Gallegly of California — for four more votes to turn the rejection into an endorsement.

The proceedings became muddled as Rep. James Sensenbrenner, R-Wis., asked members to repeat their votes.

"I voted no, yes," Rep. Louie Gohmert, R-Texas, said at one point.

The "favorable rating," while not required to send the bill to a full House vote, was worth the fight for White House loyalists struggling to keep the bill alive in the waning days of the congressional session.

Prospects were not much clearer in the Senate, where the White House and a group of dissenting Republicans were in negotiations over the detainee bill.

One leading Republican predicted the House would accept any deal worked out between the White House and the opposition senators.

"If the Senate and the White House have reached an agreement, that is probably what would end up becoming law and making its way to the president's desk," said House Intelligence Committee Chairman Pete Hoekstra, R-Mich.

Intricate negotiations on both interrogation techniques for detainee issue and legalizing the president's warrantless wiretapping program left their prospects for passage uncertain — even after a White House meeting Wednesday between Bush and Republican congressional leaders.

For the White House, there was some good news.

The House Intelligence Committee approved by voice vote a bill that would put into law the administration's warrentless wiretapping program. The sponsor, Rep. Heather Wilson, R-N.M., had rewritten the measure to make it more Bush's liking. The Judiciary Committee later endorsed a similar version, 20-16.

But Wilson's revision, likely to draw Bush's support, is the bill that probably will make it to the full House.

The concession on imminent attacks would come at a price for the president.

Under Wilson's revised bill, the president may only conduct the secret surveillance under specific conditions. For example, the president must notify Congress within five days of authorizing the surveillance, name the entity that poses the threat and state the reason for believing the attack is imminent.

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Even if the House and Senate pass versions of the wiretapping legislation in the next week, the differences would not be resolved until a lame-duck congressional session after the Nov. 7 elections, Wilson said.

Meanwhile on detainees, talks continued between the White House and Republican Sens. John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina, who are opposed to the president's proposal on detainees.

The House's endorsement of Bush's detainee policy did not mean Republicans on the Judiciary Committee were in lockstep with Bush. Two Republicans — Reps. Bob Inglis, R-S.C., and Jeff Flake, R-Ariz. — voted against the Bush bill.

Neither side in the Senate had the 60 votes required to overcome a filibuster and move a detainee bill forward. Negotiators said a deal still was possible.

"Progress has been made," said Warner, chairman of the Senate Armed Services Committee.

Frist, who supports Bush's position, said he was "hopeful that very soon agreement can be reached."

Panel OKs Bill On Terror Suspects (WT)

By Amy Fagan

The Washington Times, September 21, 2006

A House panel yesterday approved a bill backing the Bush administration's approach to the treatment of terrorism suspects, although the number of Republican lawmakers breaking with the White House on the issue is growing.

The House Judiciary Committee approved on a 20-19 vote a bill that would closely follow Bush administration requests on guidelines for interrogations and trials of detainees in the war on terrorism, with Democrats picking up two Republicans to oppose it.

Earlier in the day the Republican-controlled committee hadn't mustered enough votes to approve it because a few Republicans were absent, and the bill was killed, 20-17. After rounding up their troops, Republicans held a series of procedural votes and eventually approved the measure.

The embarrassing struggle hinted of a tough road ahead for the House bill. Opponents yesterday argued that the administration and its congressional allies are trying to redefine U.S. obligations under the Geneva Conventions in order to give terrorism detainees fewer rights and the government more leeway in how to treat them.

"If we dilute ... the Geneva Conventions, other countries will feel inclined to do the same," said Rep. Jeff Flake, an Arizona Republican who voted against the bill, along with Rep. Bob Inglis, South Carolina Republican. Mr. Flake predicted Congress will ultimately endorse a bill like the Senate version, which affords more civil rights to the detainees and rejects Mr. Bush's definition of detainee treatment.

"I think this is where we're going to end up," he said.

The administration has said the Senate bill -- written by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican -- would limit intelligence gathering and expose classified information to terrorists. Mr. Warner and a group of Senate Republicans continued their talks yesterday with White House officials as they strive to reach a deal.

Many House Republicans defended Mr. Bush yesterday -- arguing that although terrorism suspects should be treated and tried fairly, military officials must be given enough freedom to interrogate and gather information needed to protect the country.

"What we're trying to do is strike a balance," said Rep. J. Randy Forbes, Virginia Republican. "I'd rather err on the side of protecting our citizens."

House Majority Leader John A. Boehner said the House bill is expected to come to a House vote next week and "provides the president with crucial tools for waging and winning the global war on terror." In a political jab, he attacked Judiciary Committee Democrats for opposing it, but didn't mention the Republicans who did or the initial committee vote.

"Today's vote by Democrats to unanimously oppose this bill is just one more in a long line of troubling actions that weaken our ability to wage and win the global war on terror, and it underscores why Americans don't trust Democrats on important national security issues," said the Ohio Republican.

Democrats had harsh words for the administration and Republicans.

Rep. Jerrold Nadler, New York Democrat, said the "lawless" administration has tortured detainees and now wants Congress to approve more of the same. "That's what this debate is all about," he said.

He and other Democrats tried unsuccessfully yesterday to kill a provision in the bill that would bar the detainees from suing the government for their detention, treatment or conditions where they were held.

Meanwhile, the House Permanent Select Committee on Intelligence gave voice-vote approval to a bill that would make lawful the administration's program of warrantless wiretapping of terrorism suspects. Rep. Heather A. Wilson, New Mexico Republican, rewrote the bill to make it more acceptable to Mr. Bush.

The House Judiciary Committee also approved a similar bill yesterday 20-16, but only after the panel stripped out the sections that approved Mr. Bush's surveillance program. An aide said panel Democrats were "going nuts" about that, so it was easier to take it out and leave it up to the intelligence panel.

c This article is based in part on wire service reports.

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U.S. House Panel Reverses Itself, Passes Tribunals Measure (BLOOM)

Bloomberg, September 21, 2006

By Neil Roland

Sept. 20 (Bloomberg) -- A U.S. House committee, hours after rejecting Bush administration legislation to create military tribunals for terror suspects, reversed itself and approved the measure by a single vote.

The House Judiciary Committee voted 20-19 to send the measure to the full House with a favorable recommendation after Republicans leaders rounded up two members who missed the earlier roll call and one member switched. Earlier today, the panel voted 20-17 against the bill, which opponents said would weaken protections for prisoners of war.

Still, the closeness of the vote further clouds the future of the legislation and shows that Republican dissent from President George W. Bush's proposal extends to the House as well as the Senate.

A Senate committee has approved a different version of the measure sponsored by Senator John McCain of Arizona and two other Republicans. That version, unlike the House proposal, preserves the wording of the 1949 Geneva Conventions' ban on torture. Senate Republicans have been negotiating with the White House over a possible compromise.

``We're making progress," McCain said today without elaborating. He wouldn't say whether the differences can be ironed out before Congress recesses next week until after the Nov. 7 elections.

The version before the House Judiciary Committee today was approved 52-8 by the House Armed Services Committee last week. In addition to altering the Geneva Conventions' language on prohibiting mistreatment of prisoners, it also would deny defendants access to classified information that could be used to convict them.

Supreme Court Ruling

The legislation would restart tribunals set up by Bush at the U.S. Navy Base at Guantanamo Bay, Cuba. The Supreme Court invalidated the tribunals in June, ruling that they fail to incorporate the Geneva Conventions' treatment of war prisoners.

The House version would give terrorists ``the fairness and legal protections that none of their innocent victims ever enjoyed," said Judiciary Committee Chairman James Sensenbrenner, a Wisconsin Republican.

Bush sent Congress earlier this week a revised set of proposals that haven't been publicly outlined. House Majority Whip Roy Blunt, a Missouri Republican, and Senator George Allen, a Virginia Republican, said today they expected the differences to be resolved before Congress recesses.

The Geneva Conventions, agreed to by most nations after World War II, prohibit ``outrages upon personal dignity, in particular, humiliating and degrading treatment." The proposals backed by Bush and most House Republicans would drop this language while spelling out a variety of prohibited abuses.

Bush Makes Changes

Bush says these changes would clarify the international law while McCain says they would weaken it.

Before voting against the bill today, the House Judiciary Committee voted 18-17 to reject an amendment to leave the torture prohibitions of the Geneva Conventions unchanged. Supporters, including two Republicans, argued that these safeguards would protect Americans captured in war while also upholding U.S. values.

``The honor of our nation would be stained by this detestable legislation," said Representative Jerrold Nadler, a New York Democrat.

To contact the reporter on this story: Neil Roland in Washington at nroland@bloomberg.net

House Judiciary Panel Pulls Off Victory On Military Tribunal Bill (HILL)

By Elana Schor And Roxana Tiron

The Hill, September 21, 2006

On the verge of a major political defeat, House Judiciary Committee Republicans scrambled to find missing panel members in order to successfully send a White House-backed military-tribunals bill to the floor.

When two Republicans, Rep. Jeff Flake (Ariz.) and Bob Inglis (S.C.), cast their votes against the bill — siding with a Senate-crafted bill at odds with the Bush administration — Rep. Louie Gohmert (R-Texas) resorted to a procedural move.

Gohmert voted against the bill, allowing members time to track down House International Relations Chairman Henry Hyde (R-Ill.) and Rep. Elton Gallegly (R-Calif.), two panel members who weren't present for the vote.

By voting against the bill, Gohmert reserved the right to call it for a second vote, according to House rules.

With Hyde and Gallegly voting in favor of the bill, the committee was able to get the vote to 20-19 in favor of the legislation.

At press time, the markup was still ongoing, and further information was not available.

Underscoring the House leadership's commitment to backing the administration's position, House Majority Leader John Boehner (R-Ohio) issued a statement praising the Judiciary Committee vote.

"I'm pleased to see the Judiciary Committee take positive action on the Military Commissions Act today," the statement said. "By authorizing terrorist tribunals to fully and fairly prosecute terrorists, this bill provides the President with crucial tools for waging and winning the Global War on Terror."

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The bill is slated to come to the House floor next week. At that time, Flake could attempt to resubmit an amendment he offered during yesterday's markup that would bring the House measure in line with the proposal backed by four GOP senators.

Bush's Bill Suffers A Torturous Day In Committee (WP)

By Dana Milbank

The Washington Post, September 21, 2006

House Judiciary Chairman James Sensenbrenner (R-Wis.), fighting to preserve the use of harsh interrogation techniques, speaks with some authority on the subject: He was subjected to seven hours of cruel and unusual punishment as he tried to get the legislation through his committee yesterday.

First came the cruel: As the point man for the Bush administration's military-trials bill -- which would permit questioning methods some regard as torture -- Sensenbrenner saw the legislation come within one vote of collapsing in favor of a Democratic version, despite a six-vote Republican majority on the committee.

Then came the inhuman: Sensenbrenner's bill, in a second vote, failed by three votes when several of his fellow Republicans failed to show up for the roll call or voted with the Democrats.

And finally, the degrading: Sensenbrenner endured a walkout by committee Democrats, then went through the awkward process of restaging a series of votes until the result was more to his liking. Even then, President Bush's plan survived by a single vote.

"A good day's work for a good day's pay," the chairman said wryly when he finally gaveled the session to a close.

It was, in all, a tough day for the jowly, red-faced chairman, who had insisted that the legislation go through his committee against House leaders' wishes. Nor was it one of the finest days for House Republicans, who proved that, on the subject of torture, they could tie themselves in knots just as easily as their colleagues in the Senate, where the Bush bill is in a stalemate with one backed by Sen. John McCain (R-Ariz.) and friends.

Confronted with one of the weightiest issues of the times -- whether to reinterpret the Geneva Conventions' torture prohibitions -- the committee members quickly retreated to the familiar terrain of extraneous and off-point arguments.

Rep. Jerry Nadler (N.Y.), leading the debate for the Democrats, asked to put into the record an article written by a former prisoner of the KGB about techniques such as sleep deprivation that the Bush plan could allow.

"Objection," the chairman growled, without explaining himself or looking up from his newspaper.

But the talk of sleep deprivation caused Rep. Steve Chabot (R-Ohio) to stir. "Detainees are entitled to a full eight hours of sleep and cannot be awakened for interrogation," he said. "The average inmate gained about 15 pounds, was receiving better medical care by far, dental care, you name it: being given a Koran, they pray five times a day, there's an arrow on the floor in each of the rooms . . . so they know which way Mecca is so they can pray accordingly."

Sensenbrenner responded with a deep cough. Rep. Tom Feeney (R-Fla.) set about building a straw man. "We just heard that not guaranteeing eight hours of sleep in Guantanamo has been interpreted by some as inhumane," he said.

"Who?" demanded Rep. William Delahunt (D-Mass.), for nobody had said such a thing.

But Feeney was just warming up. "There is not an American mom that is guaranteed eight hours of sleep every night. There are very few people in the business world . . . who are guaranteed eight hours of sleep." Further, he added: "There are suggestions that playing loud music is inhumane treatment. . . . The bottom line is, that means virtually every teenager I know is torturing mom and dad."

Rep. Adam Schiff (D-Calif.) appealed for reason: "Although I'm sure parents do feel tortured by their teenagers, I don't think that's in the Constitution."

Nadler raised the ante. "Sleep deprivation [for] eight hours? How about 40 hours?" he asked. "How about waterboarding? How about holding people and subjecting them to hypothermia?"

"Absurd! Absurd!" heckled Rep. Dan Lungren (R-Calif.), who accused the Democrats of "hyperbole."

Rep. Steve King (R-Iowa) seconded the "absurd" accusation. "We are facing sleep deprivation here in this Congress at the shutdown of every single session," he cracked.

Then again, the quality of the debate didn't really matter. The committee's votes yesterday were determined less by argument than by attrition.

With one Republican member out of town, two other Republicans siding with the Democrats and two more occupied at another hearing, the majority party was in the minority. Democrats had an early chance to replace the Bush legislation with McCain's anti-torture proposal -- but that plan lost when two Florida Democrats, Debbie Wasserman Schultz and Robert Wexler, missed the vote because they were at a news conference next door on Medicare.

An hour later, it was the GOP's turn to have truancy problems. Missing Reps. Henry Hyde (Ill.) and Elton Gallegly (Calif.), the Republicans watched the Bush legislation go down to defeat -- forcing Sensenbrenner to devote two hours of parliamentary maneuvering to reverse the outcome.

Democrats tried to cement their victory with a motion to adjourn. When that failed, they walked out of the room to deny Sensenbrenner a quorum, but the chairman fought off that challenge, too. Finally, after Sensenbrenner managed to herd enough Republicans into the room, he held a series of four votes to undo the Bush proposal's defeat, overruling all Democrats' objections.

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"Point of order!"
"The point of order is not well taken," Sensenbrenner replied.
"I suggest the absence of a quorum!"
"The chair rules that to be dilatory," the chairman answered.
The same could have been said of much of the debate.

Measures Seek To Restrict Detainees' Access To Courts (NYT)

By Neil A. Lewis And Kate Zernike
The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — Although the effort has been partly obscured by the highly publicized wrangling over military commissions for war crimes trials, the Bush administration and its allies in Congress are trying to use the same legislation to strip federal courts of their authority to review the detentions of almost all terrorism suspects.

Both the legislation introduced on behalf of the administration and the competing bill sponsored by a group of largely Republican opponents in the Senate include a provision that would bar foreigners held abroad from using the federal trial courts for challenges to detention known as habeas corpus lawsuits. If the provision was enacted, it would mean that all of the lawsuits brought in federal court by about 430 detainees at Guantánamo Bay, Cuba, would be wiped from the books.

On Wednesday, the House Judiciary Committee rejected an effort by opponents to strike that provision from the House bill by a party-line vote, with all 15 Republicans present voting to leave it in and all 12 Democrats voting against it. Then, after some initial difficulty in getting approval for the bill, the committee passed it on to the full House.

Representative Martin T. Meehan, Democrat of Massachusetts, who has taken a leading role in trying to counter the administration's efforts, said that stripping the federal courts of the right to hear habeas corpus challenges "raised grave constitutional questions."

Mr. Meehan, a member of both the Judiciary Committee and the Armed Services Committee, which had earlier approved a bill with the provision ending habeas reviews, said he believed the final legislation would not withstand a court challenge.

"This would take away habeas not only in all the pending cases at Guantánamo but on any future cases involving any alien detained outside the United States," he said.

Senator Lindsey Graham, Republican of South Carolina and a sponsor of one of the bills eliminating the habeas corpus filings, said Wednesday that the flood of such lawsuits had hampered the war effort and given judges too much leeway to second-guess field commanders.

Mr. Graham said his bill provided an alternative by allowing detainees to challenge their detentions in the federal appeals courts but barring them from raising the broad range of complaints that are allowable in habeas corpus lawsuits.

"These enemy prisoners should not have an unlimited right of access to our federal courts like a U.S. citizen," he said in an interview.

The administration's interest in eliminating the lawsuits for detainees held abroad intensified after the Supreme Court struck down the system of military commissions in June.

In addition to saying that the White House had overstepped its bounds in trying to put the commission system in place without Congressional approval, the court brushed aside the argument that the Detainee Treatment Act had retroactively eliminated habeas corpus jurisdiction.

The court said Congress had only eliminated habeas corpus jurisdiction in the future, impelling the administration to renew its effort to rid itself of the hundreds of challenges filed by Guantánamo detainees.

After the Supreme Court ruled in 2004 that the detainees had access to the federal courts, the administration found itself facing a flood of legal challenges it had not anticipated.

The nature of the detention regime at Guantánamo changed markedly as detainees who had been isolated suddenly had access to American lawyers who were able to provide public accounts of their treatment and defenses to the charges that they were terrorists. The military no longer had exclusive control of information about Guantánamo.

This month, the Senate Armed Services Committee approved a similar version of the bill sponsored by three Republicans, Mr. Graham, John McCain of Arizona and John W. Warner of Virginia, and a Democrat, Carl Levin of Michigan.

Unlike the administration's legislation on military commissions, the bill largely prohibits the use of secret evidence and hearsay in any war crimes trials before military commissions but includes the provision removing habeas corpus.

Joshua Colangelo-Bryan, a New York lawyer who has represented Guantánamo prisoners, said habeas corpus proceedings had demonstrated how many people have been detained on little evidence.

"There is also an irony in that people like Khalid Shaikh Mohammed who are said to be responsible for the deaths of thousands will get a trial while hundreds of others, who are not even charged with any crimes, may be kept at Guantánamo forever without any court hearing," he said.

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The Judiciary Committee votes on Wednesday demonstrated to some that the president's proposed legislation faced increasing opposition in the House. The Judiciary Committee first voted to reject it, with two Republicans joining the Democrats. Republicans then rounded up two absent members, voted to reconsider, and approved it, 20 to 19.

"I'm not sure it can pass on the floor," said Representative Jeff Flake, Republican of Arizona, who with Representative Bob Inglis of South Carolina joined the Democrats on the committee in voting against the bill. "I think there are a lot of people with concerns."

Judge Orders Data Release

By The New York Times

A federal judge on Wednesday ordered the Defense Department to release documents containing the identities of some detainees at the American prison camp in Guantánamo Bay, Cuba, who were released or who suffered mistreatment by their handlers or other detainees.

In ruling in a case brought by The Associated Press, the judge, Jed S. Rakoff of Federal District Court, said the government could not keep the names secret. He gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

Bush Vows To Hunt Down Bin Laden -- Even In Pakistan (AFP-Y)

AFP, September 21, 2006

US President George W. Bush said in an interview he would not hesitate to track down and kill Al-Qaeda leader Osama bin Laden and other terror operatives even if it meant hunting them down on Pakistani soil.

"We would take the action necessary to bring them to justice," said Bush in an interview with CNN television.

Bush praised efforts by Pakistan's President Pervez Musharraf to root out members of the Al-Qaeda terror network ahead of Musharraf's White House visit later this week.

"I view President Musharraf as somebody who would like to bring Al-Qaeda to justice. As a matter of fact, we'll be discussing that with him on that subject on Friday at the White House," said Bush.

Bin Laden is believed to be hiding in the northern reaches of the autonomous tribal region along the Afghanistan-Pakistan border.

US forces are deployed in Afghanistan but are not authorized to conduct operations in Pakistan.

His remarks received a cool reception however from Musharraf, who said Pakistan would not welcome having its sovereign territory breached by the United States -- even in the pursuit of terrorists.

"We will like to do that on our own," Musharraf told reporters in New York, on the sidelines of the UN General Assembly meetings."

"We will do it ourselves. We will like to do it ourselves," he said.

"We are able to do everything. Whenever we locate anybody -- and there have been many such occasions where we have located Al-Qaeda or Taliban activity -- we have struck and we have struck with full force very successfully," he told reporters.

"We will carry that out on our side on the border."

Bush dismissed criticism that Musharraf has not done enough to track down bin Laden.

"Osama bin Laden is in hiding and we're still spending a lot of time trying to find him," he said.

He also rejected the view voiced by some critics who accuse him of hyping the threat of terrorism to boost his sagging poll numbers.

"They don't sit where I sit. They don't see the intelligence I see," Bush said.

"Frankly, if anybody thinks there's not an enemy coming to attack us, they just don't see the world the way it is," the US leader said, adding "this is a dangerous world."

Bush welcomes Musharraf to the White House for bilateral talks on September 22, and again on September 27 for three-way talks with Afghanistan's President Hamid Karzai.

Bush Says He'd Send Troops Into Pakistan (AP-Y)

AP, September 21, 2006

President Bush said Wednesday he would order military action inside Pakistan if intelligence indicated that Osama bin Laden or other top terror leaders were hiding there. "Absolutely," Bush said in an interview with CNN's Wolf Blitzer.

With bin Laden still at large five years after the Sept. 11, 2001, attacks and believed to be hiding somewhere along the mountainous border between Afghanistan and Pakistan, Bush disputed any suggestion that Pakistan has not done enough to hunt down terrorist leaders.

Bush meets Pakistani President Pervez Musharraf at the White House on Friday and again next week.

"I view President Musharraf as somebody who would like to bring al-Qaida to justice," Bush said. "There's no question there is a kind of a hostile territory in the remote regions of Pakistan that makes it easier for somebody to hide."

In a news conference last week, Bush said he could not send thousands of troops into Pakistan to search for bin Laden without an invitation from the government. "Pakistan's a sovereign nation," Bush said then.

In the television interview, Bush was asked whether he would give the order for American troops to kill or capture bin Laden or other terror leaders if good intelligence pointed to their whereabouts, even if it was inside Pakistan's borders.

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"We would take the action necessary to bring them to justice," the president said.

On the standoff over Iran's suspected nuclear weapons ambitions, Bush said he takes Iranian President Mahmoud Ahmadinejad seriously when he says Israel shouldn't exist. Ahmadinejad has called the Nazis' slaughter of 6 million Jews a myth and said Israel should be wiped off the map or moved to Germany or the United States.

"You can't just hope for the best," Bush said. "You've got to assume that the leader, when he says that he would like to destroy Israel, means what he says. If you take — if you say, well, gosh, maybe he doesn't mean it, and you turn out to be wrong, you have not done your duty as a world leader. ... Absolutely I take him seriously."

Bush would not address Israeli estimates that it could take Iran only a few more months to get to the point where it could start building a nuclear bomb.

"I'm not going to discuss with you our intelligence on the subject," the president said. "But time is of the essence."

Earlier Wednesday, White House press secretary Tony Snow said Bush did not watch Ahmadinejad's speech Tuesday evening at the U.N. General Assembly.

In those remarks, which took place only hours after Bush stood at the same podium in New York, the hard-line leader denounced U.S. policies in Iraq and Lebanon and accused Washington of abusing its power in the Security Council to punish others while protecting its own interests and allies.

Ahmadinejad insisted that his nation's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog.

Musharraf, Bush To Discuss Taliban (WT)

By Anwar Iqbal

The Washington Times, September 21, 2006

Pakistani President Pervez Musharraf will be hard-pressed at a White House meeting tomorrow to explain a peace deal with tribal leaders that Afghans fear will turn the border region into a safe haven for al Qaeda and the Taliban.

White House and State Department officials have told reporters that the meeting would focus on the resurgence of violence in Afghanistan and on a recent deal Pakistan signed with pro-Taliban elements in the region bordering Afghanistan.

The deal would allow the militants to live peacefully if they give up arms and denounce violence.

But the Afghans complain that the arrangement will lift the pressure on the Taliban and al Qaeda supporters living on the Pakistan side of the border and free them for waging attacks inside Afghanistan.

The Pakistanis reject the suggestion.

"This deal would not only bring peace to our side of the border but can also be replicated in Afghanistan if it succeeds," says Pakistani Foreign Minister Khurshid Kasuri.

President Bush says he understands what Gen. Musharraf is attempting to do but that the United States will be watching developments "very carefully."

"What [Gen. Musharraf] is doing is entering agreements with governors in the regions of the country, in the hopes that there would be an economic vitality, there will be alternatives to violence and terror," Mr. Bush told ABC News in a recent interview.

"We have made it clear that he should not provide an environment that enables people to go from his country into Afghanistan," Mr. Bush said.

In a conversation with CNN's Wolf Blitzer yesterday, Mr. Bush insisted that he would send forces into Pakistan to capture or kill al Qaeda leaders if solid intelligence information pinpointed them in that country, according to Cox News Service.

"Absolutely," Mr. Bush said when asked whether he would give the order under those circumstances.

Mr. Blitzer asked whether he would send troops in despite Pakistan's claims of sovereignty.

"We would take the action necessary to bring them to justice," the president replied.

Army Gen. John Abizaid, who as head of Central Command oversees U.S. military operations in Afghanistan, told reporters in Washington on Tuesday that the amount of Taliban military activity organized and supported from the Pakistan side of the border has increased in the past year.

"While we get a lot of great cooperation from the Pakistanis in many different ways, it's clear that we've got to do more against the Taliban on both sides of the border for Afghanistan and Pakistan to be able to move in a better direction," Gen. Abizaid said.

The Bush-Musharraf meeting is to be followed by a separate session with Mr. Bush and Afghan President Hamid Karzai on Tuesday.

The following day, the three leaders are to meet at the White House.

Gen. Musharraf and Mr. Karzai are in the United States to attend the opening session of the U.N. General Assembly in New York.

Mr. Karzai told world leaders at the United Nations yesterday that "terrorism does not emanate from within Afghanistan."

He said there is a need to destroy terrorist sanctuaries beyond Afghanistan, and to dismantle all terror networks in the region.

Though he did not mention Pakistan by name, the reference was clear.

Earlier this month, Pakistan signed a truce with pro-Taliban militants in the North Waziristan region.

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Pakistani troops agreed to end their crackdown in the area and the militants agreed to stop hiding foreign terrorists.

Padilla's Alleged Recruiter Wants Wiretap Intercepts Tossed (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, September 21, 2006

MIAMI -- The man who allegedly recruited Jose Padilla to join al-Qaida is challenging warrants obtained from a secret intelligence court by the FBI for wiretaps, which form the backbone of prosecutors' case against him.

Adham Amin Hassoun, a former computer programmer from Sunrise, contends that the FBI intercepted some of his telephone calls between 1993 and 2002 without sufficient legal reason under the Foreign Intelligence Surveillance Act.

The FISA law requires U.S. agents to show probable cause that a wiretap target is a suspected foreign agent before surveillance can begin. Hassoun's lawyers Kenneth Swartz and Jeanne Baker contend that warrants were issued without that legal basis and argue that many phone intercepts should not be permitted as evidence the upcoming trial of Hassoun, Padilla and codefendant Kifah Wael Jayyousi.

U.S. Attorney General Alberto Gonzales said in papers filed in Miami federal court that disclosure of the top secret documents challenged by Hassoun could "cause exceptionally grave damage" to U.S. national security because they contain sensitive intelligence-gathering methods and sources as well as details about the way terrorism investigations are carried out.

U.S. Magistrate Judge Stephen Brown held a brief hearing Wednesday on the issue but issued no ruling. Prosecutors have submitted sealed documents to Brown so he can evaluate the legality of the FISA warrants and applications in private.

Hassoun, Padilla and Jayyousi are charged with being part of a North American terror support cell that provided money, supplies and recruits to violent Islamic extremists worldwide. Prosecutors say Hassoun recruited Padilla for al-Qaida shortly after Padilla, a former Chicago gang member, converted to Islam.

Hassoun and Jayyousi were already indicted in the case when Padilla was added late last year, after President Bush dropped the "enemy combatant" designation that kept Padilla in military custody without charge for 3 1/2 years. Padilla was arrested in 2002 at Chicago's O'Hare International Airport, with authorities initially claiming he was plotting to detonate a radioactive "dirty bomb" inside the U.S.

In court papers, Hassoun's lawyers seek disclosure of secret FISA applications and warrants to determine whether they hold up under legal scrutiny.

Among other things, they say Hassoun first came to FBI attention in 1993 telephone calls with Sheikh Omar Abdel-Rahman, a blind Muslim cleric convicted in 1995 of plotting to blow up New York landmarks and assassinate Egypt's president.

Because the Abdel-Rahman case involved a criminal FBI probe instead of an intelligence investigation, U.S. agents should have been required to seek criminal wiretap warrants from a regular court rather than the secret Washington-based FISA court, Hassoun's attorneys said.

The FISA documents also might disclose whether any false statements were made in order to get wiretap warrants for Hassoun or whether calls were monitored that are protected by the First Amendment's free speech guarantees, such as discussion of raising money or expressing support for political causes.

In a partially classified response, federal prosecutors say there was probable cause showing each wiretap target, including Hassoun, was a foreign agent and that surveillance was not based on any activities protected by the First Amendment.

"Hassoun's claims should be rejected," said prosecutors Julia Paylor and Mark Maldonado. "The FISA-authorized collection at issue was lawfully authorized and lawfully conducted."

Hassoun has also challenged the legality of an FBI search of his home in 2002. Trial in the case is scheduled to begin in January but could be delayed because of pretrial legal wrangling.

Judge Orders More Gitmo Papers Unsealed (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 21, 2006

(AP) - NEW YORK-A federal judge on Wednesday ordered the Department of Defense to release documents detailing mistreatment or disciplinary action taken against detainees at the U.S. military prison at Guantanamo Bay, Cuba, and other information sought by The Associated Press.

U.S. District Judge Jed S. Rakoff said the government must provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

"The public interest in disclosing government malfeasance is well-established," the judge wrote in saying that the AP had demonstrated the need.

A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment.

Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees were permitted to challenge their incarcerations.

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The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged or publicly identified since investigations were begun into the Sept. 11, 2001, attacks.

The AP filed Freedom of Information Act lawsuits seeking the documents last year. The government turned over the transcripts of the 558 tribunals but redacted facts about each detainee's identity before the judge ordered it to release versions that included such information.

The detainees are from Afghanistan, Russia, Persian Gulf countries and elsewhere. Many were captured in Afghanistan.

Bush Administration Appeals OK Of Citizenship To Palestinian Man (AP)

AP, September 21, 2006

LOS ANGELES - The Bush administration has appealed a federal judge's ruling granting a petition for citizenship to a Palestinian man who the government has claimed has terrorist ties.

The appeal comes two months after U.S. District Judge Stephen V. Wilson ruled Aiad Barakat, 45, of Arcadia, should become a citizen. The judge said Barakat didn't lack good moral character and his application should never have been denied.

The Justice Department filed its notice of appeal on Sept. 14 without giving a reason for the action. Authorities had refused citizenship to Barakat because of his alleged terrorist links, saying Barakat lied about ties to the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization.

Barakat was detained in 1987, along with six other Palestinians and a Kenyan in a case that became known as the "L.A. Eight," but charges were never filed. Immigrant rights groups said the case was politically motivated.

Barakat's lawyer Marc Van Der Hout said he believes Wilson's June 28 ruling will stand.

"We don't think there is a strong appeal on the government's part," Van Der Hout said. "Judge Wilson heard the evidence and made some credibility findings. It is exceedingly unlikely a Court of Appeals will disturb that ruling."

The Justice Department declined comment.

The Popular Front for the Liberation of Palestine has opposed peace negotiations between the PLO and Israel, and the U.S. government considers it a terrorist organization. All of the so-called "L.A. Eight" have denied being members.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation to be based on political affiliation and advocacy.

In 1997, Barakat and another Palestinian in the group were granted legal residency after the government had initially tried to deport all eight.

U.S. Immigration and Customs Enforcement spokeswoman Virginia Kice said two of the Palestinians were currently in deportation hearings. The immigration status of the others was not known.

Jurors Hear Aref Speeches During Trial (CAPN9)

Capital News 9, September 21, 2006

A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there.

The jury also heard lengthy transcripts and audio of Aref preaching from 1994 when he was living in the northern province of Kurdistan in Iraq.

A translator read each word of the translation the government may be using to show an inclination toward radical Islamic thought -- including statements like, "We should sacrifice our lives for the sake of the religion."

A number of FBI agents took the stand in federal court in Albany Wednesday in the trial of Yassin Aref and Mohammed Hossain. They gave details about the raid on a Central Avenue mosque in 2004 and the evidence they may have found there. The jury also heard lengthy transcripts and audio of Aref preaching from 1994.

But the speeches, in their long sermon-like ways, when put in context are more about Aref's preaching against Kurds leaving their homeland for places like Europe and America, which he does call "the house of infidels."

Aref himself later left Iraq for the United States. One main point the government may try to latch onto is that in one speech, Aref said if people leave Iraq, the field will be open for other political parties to do what they want. That is significant because other political parties implies Aref was part of a party at one time. That's something he failed to mention on an immigration document, which authorities say he lied about.

American Accused Of Trying To Sell Bombs To Al-Qaida Discussing Plea (MCT)

By Matt Birkbeck, The Morning Call (Allentown, Pa.)

McClatchy, September 21, 2006

BETHLEHEM, Pa. - A Pennsylvania man scheduled to stand trial next week on a charge he plotted to sell bombs to al-Qaida is expected to agree to a plea deal as early as Thursday.

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Ronald Grecula, 69, of Upper Mount Bethel, was charged with attempting to provide material support and resources to terrorist organizations after his arrest in Houston in May 2005.

Federal prosecutors say Grecula, angry with the government over a bitter custody battle with his estranged wife, told FBI agents disguised as al-Qaida operatives he could build a hydrogen chlorine bomb that could destroy buildings, level city blocks and kill "a bunch of Americans."

Grecula was also charged in August with conspiracy to possess with intent to distribute heroin. If convicted on both charges, he would face 35 years in prison.

His trial was scheduled to begin Monday in Houston. But according to documents filed last week with the federal court in Houston, U.S. District Judge Keith Ellison postponed a pretrial conference at the behest of Grecula's attorney, Edward Mallet, who said he and prosecutors were engaged in plea discussions.

According to a source familiar with the case, those discussions have led to a tentative plea deal, which Grecula must sign in front of Ellison. A hearing is scheduled for Thursday afternoon.

Mallet did not return calls for comment. John Yenbrick, a spokesman for the U.S. attorney in Houston, declined to comment.

Grecula was arrested after flying to Houston to meet with what he believed were al-Qaida members interested in buying explosive devices, according to court papers. In return, Grecula sought help in putting his estranged wife, Monique, in prison or killing her so he could regain custody of his two children.

In 2002, Grecula was arrested at JFK International Airport in New York City for kidnapping his children and taking them to Malta during his dispute with Monique, who lives near Houston. In prison, he met a confidential informant who later told federal authorities of Grecula's alleged plans.

Charity Puzzled By FBI Raid (COLTRIB)

By Jacob Luecke

Columbia (MO) Tribune, September 21, 2006

Group allowed in Iraq, it says.

A spokesman for a Michigan-based Islamic charity under FBI scrutiny says the organization did nothing wrong when it sent aid to Iraq during U.S. sanctions on the country.

Almost 100 community members showed up at the rally this morning at the First Christian Church.

On Monday, the FBI raided the Southfield, Mich., office of Life for Relief and Development and simultaneously searched the Columbia home of Iraqi-American Shakir Hamoodi, 54, on Woodberry Court. Hamoodi, who owns an international grocery in Columbia, is a paid speaker who helps the charity's fundraising efforts.

Relief for Life provides humanitarian, health and other services in war- and disaster-torn countries around the world.

The charity's attorney, Ihsan Alkhatib, has said federal investigators were interested in whether its aid to Iraq violated U.S. sanctions in place before the war.

Mohammed Alomari, Life for Relief spokesman, said the group did send food and medicine into the country during the sanctions period under a special license from the U.S. Department of the Treasury. During that time, Alomari said, Life for Relief sent funds to Jordan to purchase food and then shipped the food and medicine into Iraq.

"We did everything," he said, "Whatever the legal guidelines were established for this kind of work, we strictly followed those guidelines."

The treasury department did issue licenses allowing groups to deliver food, medicine and services to Iraq during sanctions, said Molly Millerwise, director of public affairs for the treasury department. She said, however, that the federal Trade Secrets Act barred her from saying which organizations had those licenses.

Wayne Anderson, a University of Missouri-Columbia professor emeritus who has done disaster relief work around the world, said he once met a director for Life for Relief while helping India recover from a devastating earthquake in 2001. He said the group appeared completely legitimate.

"They were working as a true relief organization, taking care of people, feeding people and trying to find shelter," Anderson said. "There was no hint that this group was politically involved."

The FBI has continually declined to elaborate on the reasoning behind the search of Hamoodi's home and the Life for Relief headquarters, citing a sealed search warrant.

The warrant was issued by U.S. Magistrate William Knox in Jefferson City.

Typically, the FBI would go through U.S. Attorney Bradley Schlozman to get the search warrant. Don Ledford, spokesman for Schlozman, said he could not confirm that his office obtained the warrant for the FBI.

Speaking in general terms, Ledford said to get a warrant, Schlozman needs to convince the judge a search is needed to confirm the existence of evidence of suspected criminal action.

"The court doesn't give us a blank check," Ledford said. "We present the judge with the information that we have to explain why we need to conduct the search, and if that satisfies the judge, then the judge signs off on it."

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Also speaking in general terms, he said the court sometimes issues sealed warrants because there might be concern that suspects could flee if they learn about the warrant.

He would not give a time frame for public disclosure of more information about what prompted officials to search Hamoodi's house.

Alomari said Life for Relief would have opened its documents without a search warrant if asked.

Hamoodi, who owns Columbia's World Harvest International and Gourmet Foods, is one of about 60 paid employees at Life for Relief. He is one of only four members of the organization to have their homes searched. The others are CEO Khalil Jassemm and two members of the charity's board of directors.

Alomari said the FBI attention on Hamoodi was puzzling because he is not a prominent member of the charity. "It's very surprising," he said. "I don't know why they would search his house."

This morning religious leaders and peace activists gathered at First Christian Church on Tenth Street to condemn the FBI for the investigation and show support for Hamoodi, his wife, Lamya Najem, 40, and their five children. Several people said they believed the raid was intended to intimidate Hamoodi and other Muslims in Mid-Missouri.

"Although the FBI may have been legally warranted in their actions, they were morally unwarranted in my opinion," said Larry Brown, chairman of the Interfaith Peace Alliance.

Reach Jacob Luecke at (573) 815-1713 or jluecke@tribmail.com.

FBI Raid On Missouri Muslim Leader Linked To Michigan Case (AP)

By Alan Scher Zagier

AP, September 21, 2006

COLUMBIA, Mo. (AP) — A Muslim leader and Iraq war opponent whose home was raided by the FBI says the agents told him they were interested in his links to a Michigan charity that also was searched.

Shakir Abdul-Kaf Hamoodi, a former University of Missouri-Columbia engineering professor who now owns a grocery store here, said Tuesday that agents were interested in his connection to the Southfield, Mich., Muslim organization Life for Relief and Development.

An FBI spokesman declined to reveal the reasons for the search. Hamoodi, who was provided a copy of the sealed search warrant, declined a request by The Associated Press to review the document.

A dozen agents arrived Monday at the Columbia home of Hamoodi and his wife, Lamya Mukhlef Najem, and removed boxes and computer equipment throughout the day.

Hamoodi said he was in Detroit on Monday but not working for the relief agency. When he asked agents if the search could wait until he returned to Missouri, they said no, citing the simultaneous search in Michigan, he said.

Hamoodi said he cooperated with federal investigators.

"They came in, asked questions, I told them the answers and they left," he told the Columbia Missourian. Hamoodi declined to specify what questions he was asked.

Hamoodi said he has worked as a paid organizer and fundraiser for the organization for several years. Though he travels throughout the country on its behalf, Hamoodi said he has not gone abroad with the organization.

The charity's head of legal services told the Detroit Free Press that the FBI wanted to find out whether the charity broke U.S. sanctions by doing business in Iraq before the war.

Hamoodi, 54, grew up in Anah, a town in central Iraq, and lived in Scotland and France before moving to Columbia 21 years ago. He earned a doctorate in nuclear engineering from the University of Missouri-Columbia before working as an assistant research professor for the school's College of Engineering.

Hamoodi now owns the World Harvest market, and his wife teaches at an Islamic school in Columbia. He has made several appearances in opposition to the war in Iraq, and the couple's home was recently defaced with graffiti.

Hamoodi said he plans to continue speaking out against the war. The father of five children — ages 9 to 19 and all born in Columbia — also offered a heartfelt plea to his friends, customers and neighbors.

"I want to assure them that at no time, under any circumstances, do they need to expect any harm from me and my family members to this country," he said. "I have done nothing wrong."

On Tuesday afternoon, a steady stream of customers appeared at Hamoodi's store to offer their support. Many more called and showed up unannounced at his home Monday night, he said.

The search of Hamoodi's home came three days after a community meeting at which local Muslims raised concerns about racial profiling and an October 2004 FBI raid of the Islamic American Relief Agency's U.S. headquarters in Columbia.

Hamoodi, who attended the meeting, said the search warrant was dated Sept. 12 — meaning FBI agents knew about the impending raid even as they vowed to work with the Muslim community.

"What they did (Monday) has really nullified everything they did Friday," he said.

The U.S. Treasury Department has linked the Islamic American Relief Agency to the Sudan-based Islamic African Relief Agency, which they say has ties to Osama Bin Laden, al-Qaida and Hamas. No one has been charged in that case.

DOJ_NMG_0066821

Hoekstra Calls For Broader Terror Plan (AP-Y)

By Katherine Shrader

AP, September 21, 2006

The House Intelligence Committee chairman said Wednesday that the United States must attack Islamic extremism with more than military might by focusing on social and economic work in countries cooperating in counterterrorism efforts.

"We need to recognize that this war cannot be won solely by being on offense in a military sense," said Rep. Peter Hoekstra, R-Mich. "We need a comprehensive strategy, as well, to engage them on a number of different fronts."

A spokesman for Hoekstra said he was not distancing himself from the Bush administration, but was laying out additional steps that should be taken against al-Qaida and other extremist groups. The White House contended that it has long said a comprehensive strategy is needed.

Speaking at the conservative American Enterprise Institute, a think tank, Hoekstra cited his trip this year to Algeria, a relatively new U.S. partner in the counterterrorism fight. He said leaders there told him that they wanted to work with the United States on economic, medical, energy and other development issues beyond military and intelligence.

The comments accompanied release of a committee report examining how al-Qaida has changed since the attacks of Sept. 11, 2001, and the continuing threat posed by its affiliates and by homegrown terrorists.

"Unfortunately, there are still gaps in our understanding of Islamist extremist groups, which leaves America vulnerable to future attacks," the 28-page document concludes.

Democrats on the intelligence committee did not support the report, either voting against it or abstaining. They have expressed concern that Republicans are using it to fan voter fear for political gain and say the threat assessment adds no new information to the nation's understanding of challenges facing the government.

"It is clear that al-Qaida and Islamic extremists pose a serious threat to U.S. national security. The American people do not need the House Intelligence Committee to remind them of this fact," the committee's nine Democrats wrote in an addendum.

But Hoekstra said the report and others released by the committee are appropriate and educational, no matter the political timing. "People don't recognize that this is a different kind of conflict and a different kind of enemy than we have fought before," he said.

The report devotes significant attention to extremists' electronic messaging, saying the U.S. government must do more to counter terrorists' "unchallenged use of the Internet."

It also praises the CIA's decision in September 2004 to create an office that looks at the politics of Islam. "Still, this is not enough," the report says. "This one program at the CIA can only reach a finite number of people."

CIA spokesman Mark Mansfield said the program examines the issue globally, analyzing long-term issues. "It's a relatively small office, but it's doing extraordinarily important work," he said.

The House committee has been preparing a series of public reports on issues including intelligence overhaul, Iran and an upcoming assessment on North Korea.

When the Iran report was released last month, the International Atomic Energy Agency said the document was "outrageous and dishonest" in trying to make a case that Tehran's nuclear program is geared toward making weapons.

Hoekstra conceded there was a problem with one photo caption, which overstated Iran's uranium production capabilities. But he stood by the report's assertion that an IAEA inspector was fired for raising concerns about Iranian deception on its nuclear program. "That is a pretty lousy management style," Hoekstra said.

U.S. intelligence agencies have been asked to review the House reports for accuracy and declassification; the review is not meant to be a signal that the agencies concur with the findings.

HOMELAND RESPONSE:

Debate Over Chemical Plant Security Focuses On Strictness Of Rules (NYT)

By Eric Lipton

The New York Times, September 20, 2006

WASHINGTON, Sept. 20 — After nearly five years of debate over whether the chemical industry should be required to protect plants better against a terrorist attack, a fierce struggle is going on behind the scenes in Congress to deal with what is considered one of the nation's most serious vulnerabilities.

The clash, which could be resolved as soon as Thursday, is testing the balance of power not just between Republicans and Democrats, but also between rival Republicans in the House and the Senate and between environmentalists and the chemical industry, all of whom have dug in to defend their views.

But the Bush administration, the chemical industry, Democrats, Republicans and environmentalists do agree on one important point: voluntary measures put into place by the industry after the 2001 terrorist attacks are not enough.

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An analysis by the Department of Homeland Security found 272 chemical plants nationwide at which an attack or accident could affect at least 50,000 people and an additional 3,400 plants at which more than 1,000 people were at risk.

In too many cases, everyone agreed, plants have not complied with the voluntary standards requiring them to evaluate vulnerabilities to a terror attack and to take steps to eliminate them, like installing fences, cameras or other security measures.

As recently as Tuesday, it looked as if the chemical industry, with the assistance of Senator George V. Voinovich, Republican of Ohio, was on its way to winning approval for regulations that echoed almost word for word what the industry had been seeking.

Homeland Security Secretary Michael Chertoff would have been authorized to establish regulations requiring security measures, but the regulations would have applied only to a sliver of facilities that manufacture, use or store toxic chemicals and that are deemed to have the "highest levels of security risk." Mr. Chertoff would not have had the power to shut down plants not in compliance.

The proposal would also have left decisions about security plans entirely up to these high-risk plants.

"Nothing in this section authorizes the secretary directly or indirectly to require any particular security measure," the proposed language said. That wording had been endorsed by 34 senators, all but one Republicans, in a letter that Mr. Voinovich circulated Monday.

But Democrats, and some Republicans, said the proposed regulation was far too friendly to the industry.

"This closed-door deal is industry-written and incomplete," Senator Frank R. Lautenberg, Democrat of New Jersey, said in a statement Wednesday. "Americans shouldn't be fooled that this will protect them from a terrorist attack on a chemical plant. We need stronger measures that will force the industry to take this issue seriously."

Industry officials acknowledge that they were pleased with the proposal by Mr. Voinovich, and they have been lobbying intensely to get it passed.

"It is short, simple and effective," said Margaret Hunt, a lobbyist for the Edison Electric Institute, which is helping a broad range of companies that would be affected by the regulations monitor the negotiations. "We kind of like it."

Approval of the industry-backed measure is now in question because of objections raised by Senator Susan Collins of Maine, Representative Peter T. King of New York, and Senator Judd Gregg of New Hampshire, all Republicans who hold powerful positions.

Ms. Collins and Mr. King are the leaders of the Senate and House committees that oversee the Homeland Security Department's operations, and Mr. Gregg is chairman of the Senate panel that oversees its budget, and thus controls the bill into which Republicans want to include some form of regulations.

Mr. Gregg said in an interview Wednesday that the Republicans organized by Mr. Voinovich must come to an agreement with Mr. King, Ms. Collins and others with oversight authority before any language would go into the budget bill. He said he hoped to have a final agreement on the Department of Homeland Security budget bill in time for it to win final passage by Congress before it goes on recess this month until after the midterm elections.

Mr. King and Ms. Collins want the proposed regulation changed so it applies to all chemical plants that are at "high" risk, instead of just the "highest," spokesmen for the two said. They want the Homeland Security Department to inspect plants to ensure compliance and shut any that do not honor the rules. They also want any regulations inserted into the budget to expire after three years, so Congress will have a chance to pass more comprehensive rules.

"I do want a chemical plants bill, but one that is meaningful," Mr. King said Wednesday evening.

Many Democrats, meanwhile, are struggling to add even stronger provisions to the regulations that would allow states like New Jersey, which already has its own plant rules, to have stronger requirements and to allow the Homeland Security Department to mandate that plants consider switching to less toxic chemicals, if the conversion would not be excessively expensive or complicated.

"Five years after 9/11, security at our chemical plants is still voluntary and our cities and critical infrastructure are still too vulnerable," said a letter signed Wednesday by 22 Democrats and one independent, all senators. "Too many legislators have worked too long on comprehensive legislation to see that effort undermined by backroom deals."

As it monitors the negotiations, the chemical industry is seeking most importantly to prevent regulations that would order plants to consider switching the chemicals they use. Industry representatives argue, as they have since the debate began, that Democrats and environmentalists are trying to hijack what had been an antiterrorism matter and use it to advance their own agenda.

"They were trying to pursue their agenda to ban certain chemicals under the guise of security," said Scott Jensen, a spokesman for the American Chemistry Council. "This is not the appropriate place to have that debate."

Environmentalists say that a fence or security camera is not enough to prevent a dangerous chemical release in an urban area — that only replacing the highly toxic chemical will accomplish that goal.

Ms. Collins, who has a track record in important negotiations including the reconfiguration of the government intelligence agencies and the restructuring of the Federal Emergency Management Agency now pending before Congress, said in an interview Wednesday evening that she remained hopeful that an agreement would be reached in time to insert regulations in the budget bill.

"This vulnerability has been raised time and again by terrorism experts," she said. "It is a glaring one that invites attack."

Bioterrorism Drugs Join Congress's Agenda (WSJ)

By Sarah Lueck

The Wall Street Journal, September 21, 2006

DOJ_NMG_0066823

WASHINGTON -- As military tribunals and wiretapping dominate Congress's pre-election agenda, biotech companies are pushing lawmakers to enact a less divisive -- and more lucrative -- homeland-security measure: a $1 billion fund for vaccines and treatments for anthrax, smallpox and pandemic flu.

Since the anthrax attacks in October 2001, the biotech and venture-capital industries have seen new potential in developing products against bioterrorism. Kleiner Perkins Caufield & Byers, a Menlo Park, Calif., venture-capital firm that has been lobbying for the measure, earlier this year formed a $200 million fund focused on development of vaccines and drugs for flu and bioterrorism threats. Small biotech firms, often with grants from the National Institutes of Health, or NIH, are scrambling to advance their research on products that the government might be interested in buying. Big drug makers are expressing interest in pairing with smaller players. But without greater support from the government, industry leaders say it is difficult, if not impossible, to bring their products to market.

The industry's campaign has drawn bipartisan backing. Senate legislation, sponsored by Sen. Richard Burr (R., N.C.) and several other Republicans, has the backing of Democrats such as Sen. Edward Kennedy of Massachusetts, home to a burgeoning biotechnology industry. In the House, similar legislation is sponsored by a handful each of Republicans and Democrats. The House Energy and Commerce Committee passed the legislation yesterday and the full House is expected to take up the bill soon.

But for all the momentum, the bill could stall amid a tight schedule on Capitol Hill and a climate in which Republicans and Democrats already are squabbling over counterterrorism measures. Yesterday, Republican leaders made bumpy progress on their national security agenda. President Bush's push for broader authority to conduct warrantless wiretapping was approved by the House committee that oversees intelligence. Meanwhile, the House Judiciary Committee initially rejected Mr. Bush's plan for interrogating and prosecuting suspected terrorists, as all Democrats and two Republicans opposed it. Then the committee voted again, after summoning absent Republicans, and passed the measure, 20 to 19.

Republican leaders in the Senate had planned to bring the bioterrorism measure to the floor this week, provided it could be done quickly without Democratic objections or amendments. But, while Democrats say they want to pass the measure, they also want the chance to improve it, said Jim Manley, spokesman for Democratic Leader Harry Reid of Nevada. He said Democrats aren't stalling to deprive Republicans of an antiterror legislative victory before the elections. "People on both sides of the aisle want to try to pass it as quickly as possible," Mr. Manley said.

Among the issues Democrats want to bring up: revisiting liability protections for vaccine makers that were provided in a spending bill late last year and beefing up the focus in the bill on emergency planning for at-risk populations, such as the elderly.

Mr. Burr, for his part, thought the bill had been vetted sufficiently. "This has two years of work put into it. Most objections of any significance have been addressed," he said.

The $1 billion fund is supposed to alleviate some of the problems with Project BioShield, a $5.6 billion program enacted in 2004 that is criticized by both industry and lawmakers for being slow to disburse development funds for new vaccines and other drugs to combat dangerous pathogens. Under the Senate proposal, a new agency would dole out the $1 billion in much the way venture capitalists do: in a series of increments as the recipients show progress, rather than in lump sums as practiced by BioShield's administrators at the Department of Health and Human Services. In addition, BioShield's mission would be expanded to include infectious diseases that could cause a public-health emergency, such as pandemic flu.

In recent years, as the biotechnology industry has grown, it has increased its visibility on Capitol Hill, both in terms of lobbying presence and campaign contributions. The Biotechnology Industry Organization, the industry's trade group, has as its president former Pennsylvania Republican Rep. James Greenwood. While individual companies such as Amgen Inc. are substantial political donors, it is mostly smaller, lesser known companies that have shown interest in entering the uncertain bioterrorism sector.

The $1 billion in grants that would be made available in the bioterrorism legislation is meant to address the "Valley of Death" that such smaller players say they face when trying to develop bioterrorism products. While the government has programs to fund early-stage research and late-stage procurement, companies say they need more support in the middle phase, when they conduct clinical trials and gear up manufacturing capabilities.

Current NIH funding, while crucial, "only takes us up to a certain point," says Peter Young, president and chief executive of AlphaVax Inc., a Research Triangle Park, N.C., company working on technology to deliver into the body vaccines for flu and illnesses caused by bioterrorism. Project BioShield is "insufficient" and "fragmented," Mr. Young adds.

Passage of the bill also would show that the government is committed to funding bioterrorism research and development -- a move companies said would give the private sector greater confidence. "It sends a signal and maybe allows us to raise more money" from the private sector, says Francesca Cook, vice president for policy and government affairs at PharmAthene Inc., an Annapolis, Md., company developing treatments for anthrax and smallpox.

The Senate bill also would address some concerns raised about the government's response to the health emergencies experienced after Hurricane Katrina. It designates the.

Air Marshals' Injuries Raise Lawmaker's Concern (WT)

By Audrey Hudson

The Washington Times, September 21, 2006

DOJ_NMG_0066824

A key House member yesterday said that Congress should review the large number of federal air marshals sidelined by injuries sustained while protecting passengers from another September 11-style terrorist attack.

More than 2,100, or nearly half the Federal Air Marshals Service's peak force, have been awarded workers' compensation claims in the past three years, according to the Labor Department.

Rep. John L. Mica, Florida Republican and chairman of the House Transportation and Infrastructure subcommittee on aviation, said he was "surprised" by the high volume of injuries.

"These are supposed to be our healthiest and most physically fit people to undertake that kind of responsibility, and the number does seem to be inordinately high," Mr. Mica said.

Mr. Mica's subcommittee has responsibility over the federal flight deck officers program, which arms pilots to protect airplanes from hijackings, and said he has "grandfather oversight responsibility" for the marshals.

"We will look at it, whether Homeland Security [committee] or whoever has legislative authority over the air marshals. We need to look at it, so we will check it out so that we can make sure to have those people ready and fit to do the job," Mr. Mica said.

"I deal with pilots and flight attendants on aircraft all the time, and we don't have that kind of record," Mr. Mica said.

Any depletion in airline security from the marshals service would be augmented by the thousands of pilots who now carry guns, Mr. Mica said.

The Washington Times reported yesterday that 2,450 claims have been filed in the past three years for workers' compensation, with 2,136 having been accepted, according to statistics provided by the Labor Department.

The marshals are reporting various injuries, including barotrauma and decompression sickness, which can rupture eardrums and require sinus, even brain surgery.

"They're killing their people," one air marshal told The Times on the condition of anonymity. "Congress needs to get involved and take a look because our health and well being is being jeopardized on a daily basis. If you have air marshals flying sick, they are not properly protecting the public."

Calls yesterday to the House Homeland Security Committee and to the office of Rep. Peter T. King, New York Republican and panel chairman, were not returned. A Republican staffer for the Senate Commerce, Science and Transportation Committee, which has jurisdiction over TSA, said it is "unclear" whether there will be any oversight.

In a written rebuttal provided last night, the Transportation Security Administration disputed The Times' report as "inaccurate" and "misleading."

"The health of the workforce has been and continues to be a major focus of the Federal Air Marshals Service," the statement said.

"Only 48 claimants remain off work and are in receipt of benefits due to wage loss from workers' compensation claims," the statement said.

But marshals say the reason for the small number of off-work claimants is that the typical injuries make marshals unable to fly frequently. Such a marshal cannot fulfill the mission for which he was hired, and he thus can be fired.

Shawn McCullers, who was fired after developing deep-vein thrombosis, said many marshals are afraid to make medical claims for fear of dismissal.

"Orthopedic and barotrauma injuries, are the most common reported by the workforce," the TSA said. "Deep vein thrombosis is an extremely rare condition and less than a handful of cases have been reported."

The TSA also disputes how much flight time air marshals are assigned -- officially, five hours a day with 12 hours downtime between each flight and only 15 days a month.

"That's a lie," the air marshal said. "I would love to fly only 15 days a month."

Don Strange, former special agent in charge of the Atlanta field office until last year, was puzzled by TSA's statement that marshals only cover two flights a day.

"When I was there, the guys flew three legs a day, now they are flying four a day," Mr. Strange said.

War News:

Analysis: Hopes For Iraqi Leader Fading (AP)

By Robert H. Reid, Associated Press Writer

AP, September 21, 2006

Four months after Iraq's unity government took office, hope is turning to disappointment. Key U.S. leaders are hinting that Iraq's leaders must make hard decisions — and soon — if they expect American support to continue.

So far, Prime Minister Nouri al-Maliki's government has failed to stop sectarian militias responsible for much of the bloodshed, or to make headway in luring Sunni Arabs away from the insurgency.

Al-Maliki also has run into persistent trouble from U.S. critics in Congress angry at his recent meeting with Iran's president and his refusal to condemn the Hezbollah militia, which fought Israel.

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Publicly, the Bush administration continues to offer strong support for al-Maliki, with President Bush saying Wednesday he is optimistic the government will succeed. But Bush also offered a not-too-subtle hint that the American commitment to Iraq and its current government is not open-ended.

The president said Iraqis could count on U.S. support "so long as the government continues to make the tough choices necessary for peace to prevail."

His words are a clear signal that Washington expects al-Maliki's government to make those tough choices, including cracking down on Shiite militias — some of them led by politicians who are among the prime minister's key supporters.

But rather than intimidating Shiite militias, the security crackdown in Baghdad appears to be emboldening them as sweeps by U.S. troops move closer to Sadr City, stronghold of the Mahdi Army of Shiite radical cleric Muqtada al-Sadr.

U.S. soldiers say they have noted militias becoming more aggressive as American and Iraqi forces seek to pacify Shiite neighborhoods on the fringes of Sadr City, which is part of Baghdad.

Even al-Maliki's supporters acknowledge the unity government has failed to gain traction but insist the prime minister is not entirely to blame.

"(He) needs a better team than the current one," Shiite lawmaker Hassan al-Suneid said Wednesday. "Some blocs want him to make some changes or replacements in the Cabinet."

Sunni lawmaker Adnan al-Dulaimi said the problem is that the government has failed to galvanize support among tribal leaders, clerics and politicians.

That certainly is a long way from the rosy forecasts U.S. officials made six months ago as Iraqi politicians put together their government of national unity after December elections.

At that point, U.S. officials predicted a coalition of Shiites, Sunnis and Kurds would give all of Iraq's communities a stake in government. Over time, they hoped that unity government would calm the tensions which threaten to plunge the country into full-scale civil war.

Instead, the first months of al-Maliki's government have been marked by sharp increases in bloodshed, forcing U.S. commanders to send thousands more American soldiers into the Iraqi capital.

U.S. officers say privately that Iraqi commanders are themselves frustrated by the lack of direction from al-Maliki's government on how to deal with the militias, especially the Mahdi Army and others affiliated with Shiite political movements.

Al-Maliki, a Shiite, appears reluctant to crack down on the militias for fear of losing support from their patrons. But without a move against Shiite gunmen, it is unlikely his government can persuade Sunni Arab insurgents to lay down their arms either.

"We're pushing this (al-Maliki) government to get a policy" on how to deal with the militias, Maj. Gen. James Thurman, the commander of coalition forces in Baghdad, told The Associated Press on Wednesday.

Right now, the militias "are holding the rule of law in contempt," Thurman complained.

The message is also likely to be delivered by a bipartisan commission due to make recommendations to Bush after the November congressional elections.

Former congressman Lee Hamilton, co-chairman of the group, said Tuesday that the Iraqi government "needs to show its own citizens soon — and the citizens of the United States — that it is deserving of continued support."

Robert H. Reid is correspondent-at-large for The Associated Press and has reported frequently from Baghdad since 2003.

U.S. Must End Occupation (USAT)

By Jim Mcgovern

USA Today, September 21, 2006

The war in Iraq was a mistake, and the U.S. military occupation there must end.

From the deceitful and shifting rationales for war, to Bush officials forbidding our generals from making meaningful post-invasion plans, the policies pursued in Iraq have failed and have forced our brave troops to carry out a dangerous and often untenable mission.

The war in Iraq is distinct from the global war against terrorism. Because of Iraq, U.S. standing is at its lowest point ever, making us more isolated and vulnerable in an increasingly dangerous world.

Nearly 2,700 of our uniformed men and women have sacrificed their lives. More than 20,000 have been wounded, and tens of thousands of Iraqi civilians have been killed in a vicious and escalating cycle of sectarian violence. Billions of taxpayer dollars have been wasted. Every day the civil war gets worse, not better.

So what's next?

Those who argue for more of the same, or for a military escalation requiring substantially more troops, must answer several questions: What is the definition of success? How many more troops should we send? Where do you expect them to come from? Should we withdraw more troops from the worsening situation in Afghanistan to send to Iraq? What difference do you believe they can make?

Most of our troops in Iraq have already been forced to serve three or more deployments. U.S. military readiness is at historic lows. The time when more troops might have made a difference is long past.

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I believe we should take a different approach, one that could galvanize Iraq's government, people, neighbors and the international community to take a greater role to promote a stable Iraq — the safe and orderly removal of U.S. troops. Whether through an immediate withdrawal, as I favor, or phased over a specific period of time, ending the U.S. military occupation could provide Iraq and the global community a fresh opportunity to carry out new ideas in a new context.

The United States must continue funding economic, social and democracy-building programs. We must continue funding and equipping Iraqi security forces or a new multilateral force.

It might be too late to save Iraq, but removing the U.S. military from the quagmire there is the only way to force the Iraqis — and the international community — to finally begin to forge a better future for that country.

Rep. Jim McGovern, D-Mass., has proposed legislation to end funding for the Iraq war.

U.S. Warns Of Increased Violence In Iraq (AP)

By Patrick Quinn, Associated Press Writer

AP, September 21, 2006

Top U.S. generals warned Wednesday that violence will increase in Baghdad during the Islamic holy month of Ramadan and said al-Qaida in Iraq already has intensified its assaults against American troops.

The warnings came as violence killed some 65 people and wounded more than 100 in two days. At least 23 people died in bombings and shootings around the country Wednesday, and 10 bodies were found. The day's deadliest attack took place in Samarra, where a suicide car bombing outside a Sunni tribal leader's house killed 10 and wounded 38.

The military said a U.S. soldier was killed Wednesday by small-arms fire in northeastern Baghdad, and reported the death of another American in a roadside blast in the same area the day before. A third U.S. soldier died in the capital in "a non-combat incident," the military said, without giving details.

"If you historically look at this time period just before and going into Ramadan, there has unfortunately been an increase in violence. That, in fact, is occurring within the city," said U.S. Maj. Gen. William B. Caldwell, the senior military spokesman in Iraq.

He said Iraqi and U.S. forces were carrying out operations against insurgents and terrorists to "disrupt their ability to coordinate violence prior to Ramadan."

Thousands of Iraqi and U.S. soldiers launched a security sweep around Baghdad on Aug. 7. The operation managed to lower violence in targeted areas of Baghdad, but attacks spiked in the rest of the city.

"Al-Qaida in Iraq, insurgents and death squads have recently increased their attacks" in the Baghdad area, Caldwell said.

"This past week, there was a spike in execution-style murders in Baghdad. Many bodies found had clear signs of being bound, tortured and executed. We believe death squads and other illegal armed groups are responsible."

Caldwell said it was believed that the increase in al-Qaida attacks against American forces came after a threat issued Sept. 7 by Abu Ayyoub al-Masri, also known as Abu Hamza al-Muhajer, the leader of al-Qaida in Iraq. The U.S. military, which killed the group's previous leader, has put a $5 million bounty on al-Masri's head.

The commander of U.S. forces in Baghdad told The Associated Press that he has been ordered to try to control the violence ahead of Ramadan, which is expected to begin around Sept. 24.

"The thing that I was told to do, prior to the month of Ramadan, is dramatically reduce the number of mortars, kidnappings, assassinations and (car bombs) inside of Baghdad and predominantly try to reduce the sectarian violence," Maj. Gen. James Thurman said.

He said he was pushing Iraqi leaders to do more about sectarian militias responsible for killing thousands of people — most of them in the capital — and would also need more Iraqi troops.

"Militias are holding the rule of law in contempt. We're pushing this government to get a policy as to how they're going to deal with it so their own people know how to deal with the militias," Thurman said. "I would like to see more Iraqi forces. We are pushing that very hard."

Sunni Arabs have linked Shiite-dominated government ministries, including the Interior Ministry, to death squads. Both Sunni Arab and Shiite death squads roam the streets of Baghdad.

However, the U.S. general helping train Iraqi police said that so far none of the death squad members detained had ties to the Interior Ministry or other government agencies.

"From a general allegation that the Ministry of Interior is sponsoring death squads, it has not been borne out by those we have captured and detained to date," Maj. Gen. Joseph Peterson said.

When asked which militias the death squad members seemed to have been recruited from, Peterson did not elaborate, except to say that "Jaish al-Mahdi is certainly one of them."

He referred to the Mahdi Army, which is loyal to radical anti-U.S. cleric Muqtada al-Sadr. There have been reports, however, that the militia has splintered recently — with some groups breaking away from al-Sadr.

AP writers Elena Becatoros, Antonio Castaneda and David Rising contributed to this report.

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Since Threat, Attacks On U.S. Troops Have Risen (WP)

By Sudarsan Raghavan

The Washington Post, September 21, 2006

BAGHDAD, Sept. 20 -- Attacks against U.S. troops have increased in the two weeks since al-Qaeda in Iraq's new leader urged insurgents to target American forces, a U.S. military spokesman said Wednesday.

Since the threat posted on the Internet on Sept. 7 by Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, at least 23 servicemen have been killed, mostly by suicide car bombers or roadside bombs, according to U.S. military news releases.

The latest casualty came Wednesday when a U.S. soldier was killed by gunfire in northeastern Baghdad, according to the military, which also reported the death of a soldier in a roadside explosion Tuesday northeast of Baghdad.

"Al-Qaeda in Iraq, insurgents and death squads have recently increased their attacks, with the primary area being focused in the Baghdad area," said Maj. Gen. William B. Caldwell, the U.S. military's top spokesman in Iraq.

Caldwell added that in the past week there had been "a spike in execution-style murders" of Iraqi civilians in Baghdad and that "many bodies found had clear signs of being bound, tortured and executed." The violence, he said, is expected to increase during the Islamic fasting month of Ramadan, which is scheduled to start next week.

Across the country, suicide bombings killed several dozen people and wounded scores over a 24-hour period, and a U.N. report released Wednesday found that the Iraqi death toll from violence in July and August rose by several hundred over the count for the previous two months.

Citing figures from morgues and the Iraqi Health Ministry, the report said the July total of 3,590 violent deaths was "unprecedented," while the August figure of 3,009 was still among the highest monthly totals ever. In comparison, there were 2,669 violent deaths in May and 3,149 in June, the report said.

"Terrorist attacks, the growth of militias, the emergence of organized crime reflects a lack of centralized and authorized control over the use of force in the country, which results in indiscriminate killings of civilians," the United Nations said in a statement. "In this context, hundreds of bodies have continued to appear throughout the country bearing signs of severe torture and execution-style killing."

The report said corpses of people detained by factional militias or by Iraqi security forces in prisons run by the Interior and Defense ministries showed signs of beatings with electrical cables, broken bones and cigarette burns. Bodies at the morgue often "bear signs of severe torture including acid-induced injuries and burns caused by chemical substances, missing skin, broken bones, missing eyes, missing teeth and wounds caused by power drills or nails," it said.

The U.S. military reported recently that murders halved in August from July but has not provided an explanation for this conclusion, stating only that the figures do not include deaths caused by bombings or other large-scale attacks.

In Shirgat, northeast of Mosul, dual blasts Tuesday night targeted a youth center near an Iraqi army base, killing 22 people, including 11 Iraqi soldiers, said Capt. Hasan al-Jubury of the Shirgat police.

"A large fireball rose up, and I could see human parts flying up in all directions," said Raad Hussein Hamdani, who was wounded in the legs and abdomen by shrapnel. "I and my friends rushed to the rescue. . . . Within a few seconds, the second explosion occurred and more people died or were wounded."

A car bomb detonated Wednesday in the town of Samarra, 65 miles north of Baghdad, in front of a house of tribesmen who opposed al-Qaeda in Iraq, killing 10 and wounding 38, police said.

In the southern Baghdad neighborhood of Dora, a roadside bomb exploded at an intersection near the entrance of the Dora Refinery, targeting a bus transporting oil refinery employees. As police and bystanders rushed to help the wounded, a suicide bomber rammed his car into a nearby police checkpoint, killing nine people and injuring 18.

Meanwhile, Iraqi police patrols found 34 corpses, most of them of people who had been shot to death and dumped in various neighborhoods across Baghdad, said Brig. Abdullah Salem of the Interior Ministry. In the past week, more than 200 corpses, most of them showing signs of torture and execution, have turned up across Baghdad.

Special correspondents K.I. Ibrahim in Baghdad and Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

U.N. Issues Grim Report On Iraq (LAT)

By Louise Roug

The Los Angeles Times, September 21, 2006

BAGHDAD — The United Nations issued a somber human rights report Wednesday that focused on recent civilian deaths in Iraq, as at least 75 Iraqis were killed or found slain around the country.

Meanwhile, a top U.S. military spokesman said attacks against American troops had increased recently, as had killings by sectarian death squads that target civilians. He also said that American commanders expected violence to escalate even further during the Muslim holy month of Ramadan, which begins this weekend.

The report says 3,009 people were killed in Iraq during August, down from 3,590 in July. It warns that although the rate had declined at the beginning of the month, it had escalated again by month's end, especially in Baghdad.

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The current level of violence, the report says, "is challenging the very fabric of the country."

The report also touches on other human rights issues. It notes that torture in official detention centers remains widespread; 300,000 people are displaced in Iraq; women are increasingly targets of violence in cases of "honor crimes"; and freedom of expression continues to suffer as a result of killings and intimidation of journalists.

The trend in the national civilian toll echoes recent statements by the Baghdad morgue, whose reports on deaths are often cited in tracking civilian casualties from sectarian fighting and the insurgency against the Iraqi government and the U.S.-led military.

These last few weeks have been even bloodier than usual in the capital, with a torrent of execution-style killings coming despite an American-led crackdown. But as U.S. commanders have focused on Baghdad, attackers have struck in northern and western parts of the country in what appears to be a coordinated campaign.

On Wednesday in Samarra, north of the capital, a suicide car bomber crashed into the home of a tribal leader who had recently denounced the Al Qaeda terrorist network. The blast killed 11 relatives but not the leader. Forty others were injured, authorities said.

In the oil-rich city of Kirkuk, also in the north, gunmen killed a government employee on his way to work, authorities said.

Eleven people were killed in attacks in Diyala province, northeast of Baghdad, and two civilians were killed in separate bombings in the south.

Attackers also inflicted heavy casualties in the capital.

A suicide bomber driving a truck detonated his explosives near a checkpoint in the Dora neighborhood in south Baghdad, killing three people and injuring 11. A roadside explosion targeting an American patrol in east Baghdad killed one civilian. Separate mortar attacks on a checkpoint and a house injured eight people, according to police.

Two U.S. soldiers died in the capital in separate accidents Tuesday and Wednesday, and a third was shot and killed in northeast Baghdad on Wednesday, U.S. military statements said.

Police recovered 46 bodies in and around the capital. Some of the victims bore signs of torture. Many were blindfolded, handcuffed and had been shot, authorities said.

Iraqi security forces, especially police and special forces affiliated with the Interior Ministry, are widely believed to have been infiltrated by Shiite Muslim militias and have been accused of being behind many of the execution-style killings. But American commanders on Wednesday said they had scant evidence that ministry personnel were behind the death squads.

"Initially, there were a lot of allegations that death squads were not only coming out of Ministry of Interior forces but also organized by the Ministry of Interior," Army Maj. Gen. Joseph Peterson, who is in charge of training Iraqi police, told reporters during a news briefing.

The U.S. military has "not identified any Ministry of Interior personnel as a part of the death squad members and leaders that we have picked up," Peterson said, adding that "this seems to counter the initial allegations discrediting them."

At the same briefing, Maj. Gen. William B. Caldwell IV, the top military spokesman in Iraq, said the number of bombing attacks against American troops had increased since a Sept. 7 statement by the leader of Al Qaeda in Iraq, Abu Ayyub Masri.

Caldwell said the military expected an increased flow of foreign fighters into Iraq during Ramadan, which has been a period of increased violence.

Deployment Math Tests The Military (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, September 21, 2006

WASHINGTON — As prospects fade for U.S. force reductions in Iraq, Army and Marine commanders have been stepping up their warnings that the pace of troop deployments is increasingly straining the military and threatening to cause long-term damage.

According to Pentagon officials, senior officers in the Army and Marine Corps in recent weeks have begun warning that without a reduction in Iraq, the present schedule of combat tours would be difficult to sustain without an increase in the number of forces.

Army officials had been counting on a gradual drawdown in Iraq starting later this year and accelerating over the following 12 months.

But the rising violence in Baghdad forced the Pentagon to shelve those plans at the end of July, and Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, acknowledged publicly Tuesday that force levels would remain around the current 145,000 through spring.

One senior Pentagon official involved in long-term planning said the concerns had reached such a level that top Army leaders broached the issue of changing deployment rules to allow for more frequent call-ups of National Guard and Reserve units to relieve pressure on the active duty Army.

Because the Army relied heavily on the Guard and Reserve early in the war, many units have hit legal deployment limits, which allow for two years overseas out of every five. But without a change in those rules to allow more frequent Guard deployments, the Army would be forced to consider a push for an expansion of its active duty force, which stands at 504,000, the official said.

"You can start seeing the [effect of deployments] on the leadership of the active force," the official said, referring to limits on the use of Guard and Reserve troops. "That's the stress that we're having right now on this force."

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Although most of the concerns regarding strains on the Marines and Army have been aired privately in the Pentagon, Abizaid told a group of military reporters this week that it would be difficult to find additional troops to send to Iraq to deal with insurgent violence in western Anbar province.

The Marine Corps has expressed less alarm about the high rate of deployments. Still, Defense officials said that in internal meetings, Gen. Michael W. Hagee, the Corps' commandant, had begun discussing his need to focus on force levels out of concern that "significant personnel issues" could develop.

"The margins are very thin," said one Defense official who has discussed the issue with senior Marine officers. "We haven't seen it occur yet; it's just something that causes the commandant and the senior leadership of the Marine Corps to be very, very wary and to constantly monitor the manpower situation to ensure we're not using up the force in ways that we can't do other missions, if required."

Hagee has said publicly that he believes the Marine Corps should remain at 181,000 troops; Pentagon planning documents call for it to shrink to 175,000.

"You have personnel who are training right now primarily to do the mission in Iraq, but are not receiving their training for other mission areas or other contingencies," the official said. "If those contingencies erupt, they won't be ready, or as ready."

Under Army models, two active duty brigades are supposed to be at their home bases for equipment repairs or retraining for every brigade deployed to a war zone. However, over the course of the Iraq war, that ratio has fallen to one brigade stateside for every one overseas — meaning most combat units are returning to Iraq after barely a year at home. An Army brigade is made up of about 3,500 soldiers.

The Marines also face a 1-to-1 deployment ratio, officials said. There are 23,000 Marines in Iraq, along with about 120,000 Army soldiers. The remaining 2,000 are from the Air Force and Navy.

Some former senior military officials said that without a substantial draw-down, the military will face personnel issues. The Army, for instance, has been maintaining its overall force levels in part because of higher-than-expected reenlistment numbers. Army officials say those rates show soldiers have been pleased with their experience and are eager to continue to serve.

But military experts say if the operational pace continues, the reenlistments are likely to fall sharply.

"My gut keeps telling me we have 18 to 36 months until we see dramatic shifts in recruiting, retention and discipline of the ground forces," says retired Army Maj. Gen. William L. Nash, a former commander in Bosnia and a senior fellow at the Council on Foreign Relations. "I just think that the stress over time on the same people is building and building. I don't know when the valve on the pressure cooker goes off."

Jack L. Tilley, who from 2000 to 2004 served as sergeant major of the Army — the service's top enlisted officer — said family members had begun pressuring soldiers not to reenlist, arguing they had been away from home too long and worrying that chances of serious injury or death increased with each return to Iraq.

"It's like anything else," Tilley said. "You play a game — first time you win, the second time you win. Well, you know chances are getting slimmer and slimmer about getting hurt, and there is a lot of concern about that."

As force levels remain high, the number of soldiers and Marines sent on multiple combat missions has also continued to climb. About 30% of the nearly 400,000 active-duty Army soldiers and 36% of the 143,000 active-duty Marines who have been deployed to either Iraq or Afghanistan have seen multiple tours.

In addition, about 280,000 Army and Marine Corps reservists have done one or more deployments to Iraq or Afghanistan.

Under Army force models developed under Defense Secretary Donald H. Rumsfeld, the Guard and Reserve were supposed to contribute four to five brigades to the pool of soldiers available for overseas service. But because of their heavy use early in the war, many have already hit their two-year limit, and only one Guard unit is deployed to Iraq.

The issue of revising the two-year limit is fraught with political risk. The Guard has strong support among key members of Congress, and a proposal last year to revise the regulations was dropped after concerns were raised by lawmakers.

But some Army officials have argued in recent weeks that unless the rule is revised, it will be difficult to sustain the current pace of deployment for the active force.

"If we're going to have an active duty force that's only going to be so big, you have to have access to the Reserve," the senior official said. "If you want to stay in this and never have to accelerate [Guard deployment], you'd better grow the [active] force."

Although discussions about changing the Guard rules have been underway for weeks, the official said it remained unclear when a decision would be made. Given the political sensitivity, however, it remains unlikely the Pentagon would propose any shift before the November election.

The military has been trying to ease the pressure on the Army and Marine Corps by using more Navy and Air Force service members in Iraq, but those efforts have not significantly eased the burden.

If the American force in Iraq cannot be shrunk, lawmakers will face some difficult decisions, military experts said.

"It is just a tough situation," Tilley said. "The question our Congress has to ask itself is at what point do we activate our country a little bit more. Nobody wants to talk about a draft. But how long are you going to go until enough is enough? Those are tough questions."

Pentagon Weighs Troop Demands In Iraq (AP-Y)

DOJ_NMG_0066830

By Robert Burns

AP, September 20, 2006

The dimming outlook for significant U.S. troop cuts in Iraq means the Pentagon may soon face a difficult and politically sensitive decision: either make more frequent call-ups of some National Guard and Reserve troops or expand still further the size of the active-duty Army, defense officials say.

That choice, already under discussion but with no timetable for decision, is looming in light of the fact that the simultaneous wars in Iraq and Afghanistan have put the Army under enormous strain. In particular, active-duty soldiers are not getting the desired minimum of two years at home between combat deployments.

Army officials had hoped for some troop relief in Iraq in this election year, but the surge in sectarian violence, the persistence of the insurgency and the slow pace of political progress in Baghdad have snuffed out those hopes.

Gen. John Abizaid, the commander of U.S. forces throughout the Middle East, told reporters in Washington on Tuesday that the military will likely maintain — or possibly even increase — force levels of more than 140,000 troops in Iraq through next spring. The current total is 145,000, up about 20,000 since June.

In an Associated Press interview from Baghdad on Wednesday, Gen. George Casey, the top U.S. commander in Iraq, said it is important to "get people's expectations calibrated" about what can be accomplished in the months ahead.

"Until we see the new government get its legs under it, until we see how the security situation in Baghdad comes out, we need to be thinking along the lines of maintaining about what we have" in terms of troop levels, he said.

Late last year, military leaders had indicated they hoped to reduce troop levels to about 100,000 by the end of this year for an Iraq war that has become widely unpopular at home. But Abizaid said Tuesday that rising sectarian violence and slow political progress made that impossible.

"I think that this level probably will have to be sustained through the spring," he said. "I think that we'll do whatever we have to do to stabilize Iraq and Afghanistan and use the military power of the U.S. to do that."

The U.S. military has about 21,000 troops in Afghanistan, an increase of several thousand over the past year.

Abizaid, Defense Secretary Donald H. Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace are expected to meet with members of Congress later this week.

President Bush, in New York for U.N. General Assembly meetings on Tuesday, told Iraqi President Jalal Talabani that the U.S. will keep soldiers in Iraq as long as necessary. "I've told the president of Iraq that America has given her word to help you and we will keep our word. The people of Iraq must know that," Bush said.

Meanwhile, the White House denied reports that American officials are beginning to question whether Prime Minister Nouri al-Maliki can hold Iraq together and take the steps necessary to end its sectarian troubles.

"It's absolutely false," White House press secretary Tony Snow said. "The man has been in power for barely more than 100 days, and frankly there has been significant progress."

The Army has been aiming to reorganize its combat forces in such a way as to increase the number of brigades available for deployments to Iraq and Afghanistan, but thus far it is six brigades short of its goal of 42. That is one reason why the Army was forced in 2004-05 to use more National Guard combat units in Iraq than normal; at one point there were seven Guard combat brigades there, compared with just one now.

But even now, active-duty Army brigades are cycling in and out of Iraq and Afghanistan at a faster pace than the goal of one year deployed for every two years at home. That puts a great deal of stress on the soldiers and their families.

"I don't know how long" that can go on, a senior defense official said in an interview this week. He spoke on condition of anonymity because of the sensitive nature of the problem, which is being discussed behind closed doors.

The official likened the earlier troop-reduction plan for Iraq to the situation facing a soldier traveling down a road with a map that does not match the terrain he's seeing: The soldier has to deal with the terrain as it actually exists.

For the U.S. military, the road in Iraq has gotten rockier rather suddenly. An indication of that was the decision to extend the yearlong tour of duty for the Army's 172nd Stryker Brigade; some of the unit's soldiers had already left Iraq — and families had already hung welcome home banners around the 172nd's main base in Alaska — when the decision to extend their tour by four months was announced in late July.

The Army has committed itself to not mobilizing National Guard and Reserve soldiers for war duty more than one year out of five. But in light of the possibility that troop requirements for Iraq and Afghanistan will remain high into 2007 and beyond, officials are already discussing whether in some cases Guard or Reserve soldiers may have to be recalled more frequently.

If it is decided to stick to the once-in-five-years formula for the Guard and Reserve, then it may be necessary to increase the size of the active-duty Army, the official said. The Army already is on a path to grow by 30,000 soldiers, to 512,000. It expects to end this fiscal year Sept. 30 at about 504,000 soldiers.

Michael O'Hanlon, a defense analyst at the Brookings Institution who closely follows developments in Iraq, said Tuesday the Army should have put itself on a course to grow beyond the 512,000 mark at the outset of the war rather than wait until now. Many in Congress pushed for a bigger increase in the Army, but Rumsfeld argued against it, in part because of the enormous long-term costs.

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"We are in a dilemma," O'Hanlon said. "A radical new policy may be needed, such as offering citizenship to foreigners abroad if they'll serve first" in the U.S. military.

New Judge Tosses Saddam From Courtroom (AP)

By Sameer N. Yacoub And Jamal Halaby, Associated Press Writers

AP, September 21, 2006

The new chief judge in the Saddam Hussein genocide trial threw the former Iraqi president out of court Wednesday, and his lawyers stormed out in protest. A leading human rights group charged that the government's decision to replace the former chief judge, Abdullah al-Amiri, threatens the independence of the troubled tribunal.

Mohammed Oreibi al-Khalifa presided Wednesday after the government removed al-Amiri, who angered Kurds by declaring last week that Saddam was "not a dictator."

The ousted president and seven others are on trial for the Operation Anfal crackdown on Kurdish rebels in the late 1980s. The prosecution says about 180,000 people, mostly civilians, were killed.

Defense lawyers immediately questioned the decision to replace al-Amiri.

"We don't expect this court established under the occupation authorities to be fair so we have decided to withdraw from this trial," defense lawyer Wadoud Fawzi told the court.

"The decision to sack the judge on the orders of the government shows that this trial lacks the standards of a fair trial," Fawzi said.

Al-Khalifa replied that replacing the chief judge was an "administrative matter" and if the lawyers walked out, the court would appoint new ones.

That prompted an outburst from Saddam, who pointed his finger at the judge, pounded his fist on the podium and thundered: "You must deal with us as the law dictates."

Al-Khalifa ordered Saddam to stop talking and when he refused, he ordered him escorted from the courtroom.

"Your father was in the security and he went on working as a sergeant in the security (forces) until the fall of Baghdad" in 2003, Saddam shouted.

Al-Khalifa shot back: "I challenge you in front of the public if this is the case."

Saddam's cousin "Chemical" Ali al-Majid told the judge that he too rejected court-appointed lawyers.

"I'll stay (in court), but I'll decline to say anything or defend myself and I'll gladly accept any verdict, even if it's the death penalty," he said.

In New York, Human Rights Watch said it was concerned about al-Amiri's removal.

"This appears to be improper interference in the independence of the tribunal, and may greatly damage the court," the group said in a statement signed by Richard Dicker, director of its International Justice Program.

Similar criticism was raised in Saddam's other trial for the deaths of Shiite Muslims in the town of Dujail following an assassination attempt against him in 1982.

The first chief judge in that trial resigned after Shiite politicians accused him of allowing Saddam to turn the trial into a forum for political statements.

A verdict in the Dujail case is due next month, and Saddam could face the death penalty if convicted.

With Saddam gone from the courtroom, the judges heard from five Kurdish witnesses Wednesday before recessing until next week.

Ismat Abdel-Qadir, 74, recalled a March 1987 attack on her northern village, Sowsinan, which she said was "burned down" by Iraqi warplanes.

"We knew it was a chemical attack because after the warplanes bombarded the village, something smelled like rotten apples," she said, wearing an embroidered black dress and a white headscarf.

Another witness, shepherd Ahmed Qadir, 39, testified that his village, Goushti, was hit with chemicals in March 1988.

"I saw heavy smoke coming," he said, recalling that he was near the village when the chemicals struck. On reaching the village, he also detected a rotten apple smell.

Qadir said he lost 12 relatives, including two sisters, their husbands and children. He said the attack turned their bodies and faces "black from burns."

Gharib Qadir, 29, said he spent six months at a detention center in 1988 — as an 11-year-old boy. He said he recalled an average of 10 people dying every day from disease and torture.

"One day, guards took my father," he said somberly. "After 15 minutes, they brought his dead body back to us and asked us to bury him. There was a red (bruise) on his forehead."

AP writers Sameer N. Yacoub reported from Baghdad and Jamal Halaby from Amman, Jordan. Some material in this story came from a pool report at the trial in Baghdad.

A New Judge But Same Old Drama In Hussein Trial (LAT)

By Louise Roug

DOJ_NMG_0066832

The Los Angeles Times, September 21, 2006

BAGHDAD — On his first day in charge, the judge watched the entire defense team walk out in protest. He then argued loudly with the main defendant before throwing him out.

In most other courtrooms, such goings-on would have raised eyebrows. But in the genocide trial of Saddam Hussein and six codefendants, theatrics and shenanigans are par for the course.

On Wednesday, Judge Mohammed Orabi Khalefa replaced Judge Abdullah Amiri, who had been accused by the prosecution of favoring the defense. The Iraqi government removed Amiri as head judge late Tuesday, a step Human Rights Watch and other groups fear could jeopardize the fairness of the tribunal.

The proceedings were barely underway Wednesday when Khalefa faced his first confrontation. Badie Aref, a defense lawyer, stood up.

"I want to withdraw from this court," he said.

He was followed by Wadud Fawsi, another defense lawyer, who read a statement on behalf of the defense team.

"The government is interfering in this trial and impacting its credibility," Fawsi said. "Since we doubt the credibility of this court, we decided to withdraw."

Khalefa told them, "You can go ahead," and the entire defense team walked out.

The judge then called in five court-appointed lawyers to represent the defendants, but Hussein stood up and complained about the change.

"You do not have the right to speak," the judge said sternly. Hussein shouted back, "You should listen to my opinion!" as he banged on the rail in front of him.

"I am the presiding judge, and I will decide who to listen to," Khalefa said.

Guards escorted Hussein out of the courtroom as the judge yelled, "Take him out, take him out!"

The other defendants, including Hussein's cousin, Ali Hassan Majid, said they wanted to follow the former president, but the judge refused to let them.

Afterward, Kurdish villagers testified about chemical attacks. The defendants are accused of orchestrating a brutal military offensive known as the Anfal campaign that killed as many as 100,000 Kurds in northern Iraq in 1987 and 1988.

The case has been as dramatic as a previous trial in which Hussein and seven codefendants were charged with killing 148 Shiites from the town of Dujayl after a 1982 assassination attempt against him. A verdict in that case is expected next month.

Judges were reshuffled in those proceedings as well after the head jurist resigned, citing "pressure."

Amiri, a Shiite Muslim, angered Kurdish and Shiite politicians last week when, during an exchange with Hussein, he said the former leader was "not a dictator."

Prime Minister Nouri Maliki's Cabinet transferred Amiri to a post with Iraq's Supreme Judiciary Council.

The move was necessary to preserve the neutrality of the tribunal hearing Hussein's case, government spokesman Ali Dabbagh said in a statement.

Khalefa is also a Shiite, born in southern Iraq. He was a judge during Hussein's rule.

A U.S. official familiar with the proceedings said the judicial switch was not final. The official, who requested anonymity, said the change still had to be approved by Iraq's presidential council, despite earlier reports that President Jalal Talabani had given it his blessing.

Khalefa is the ranking member of a five-judge panel. If the council approves the switch, the panel will vote to decide who will occupy the top bench, the official said.

"It's clear that this is a very high-profile, high-pressure, difficult job to do," the official said.

Firing Of Judge Sows Disorder In Baghdad Courtroom (WP)

By Amit R. Paley

The Washington Post, September 21, 2006

BAGHDAD, Sept. 20 -- Saddam Hussein's lawyers stormed out of his genocide trial on Wednesday to protest a government attempt to sack the tribunal's chief judge, a move against the theoretically independent judiciary that has pitched the troubled trial into chaos.

The bedlam in the courtroom -- including Hussein's expulsion -- followed a vote by Prime Minister Nouri al-Maliki's cabinet on Tuesday to fire the chief judge, Abdullah al-Amiri, after he declared last week that Hussein was "not a dictator." The judge's comments infuriated many Iraqis and spurred calls for his removal.

Human rights groups and international legal observers condemned the government's intervention and said it would undermine Iraq's nascent judicial system by sending a message to judges that they must toe a politically correct line or risk being fired.

"This is Judicial Ethics 101: You don't remove a judge just because you don't like what he says," said Nehal Bhuta, a lawyer with the international justice program at Human Rights Watch, an observer of the tribunal. "This suggests to me that the government of Nouri al-Maliki doesn't have a basic grasp of the independence of the judiciary."

Iraqi and U.S. officials said the move to oust Amiri did not erode the independence of the judiciary. "There is no interference with the decisions and the daily work of the court," said Ali al-Dabbagh, a government spokesman.

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The legal fracas represents more than just a historic clash between the executive and judicial branches -- it also reveals how some of the institutions that are held out as evidence of Iraq's progress toward democracy are less democratic than they at first seem. The judiciary is independent, except when it is not. Policemen and soldiers pledge fealty to the government, except when they report to factional militias. And the economy is moving toward a free-market system, except for the existence of subsidies and vestiges of government control.

"To say Iraq is a nascent democracy is an insult to democracy," said Joost Hiltermann, Middle East project director at the International Crisis Group. "Iraq is descending into total chaos; it is not in the process of building institutions."

Mahmoud Othman, a Kurdish member of parliament, said: "There is more freedom, yes, but not democracy. It doesn't look democratic to anyone, really, except maybe to some people in the Iraqi government or the American administration. But not to most people."

In the courtroom Wednesday, an alternate judge was added to the five-member panel, which made no mention of the judicial shuffle at the start of the court session. Amiri, who will technically remain chief judge for several days until Iraq's presidency council confirms his reassignment, voluntarily chose not to come to court, U.S. and Iraqi officials said.

Wadood Fawozi, an attorney for Hussein, quickly jumped up at the start of the session and presented a request, signed by all the defense lawyers, for permission to withdraw from the case. The acting chief judge, Mohammed al-Uraibiy, who was described by U.S. officials as a Shiite Muslim from southern Iraq, granted the motion.

"The government is interfering in this trial and impacting its credibility," Fawozi said. "We cannot continue with our work fairly."

When Hussein objected to the new attorneys that Uraibiy appointed to represent him, the former president jumped up and began pointing at the judge. The judge asked Hussein to sit down at least 10 times before finally throwing him out of the courtroom.

"Take him out! Take him out!" Uraibiy shouted. Hussein pointed at the judge and said, "Your father was a deputy in my security agency!"

Uraibiy grew even angrier and began gesticulating with both hands. "I challenge you in front of the public -- " he said, then stopped in mid-sentence.

"Take him out! Take him out!" he quickly shouted again, as security guards escorted Hussein from the courtroom.

U.S. officials close to the court suggested they were aware of the plan to remove Amiri before it was announced and played down concerns that the move would undermine the tribunal's credibility. "It does not impact the fundamental fairness of this trial," said one of the officials, who spoke on condition of anonymity because they were not authorized to talk publicly about the issue.

Iraq's Trials (NYT)

The New York Times, September 21, 2006

There are a lot of lessons that Iraqis, and the world, could learn from watching Saddam Hussein face trial for the 1988 campaign to exterminate the Kurds: That once-all-powerful dictators can be brought to justice. That the suffering of the weak is not forgotten. And that all Iraqis have a stake in ensuring that such horrors never happen again.

Instead, the trial is likely to spawn more cynicism and division after the Iraqi government fired the court's chief judge this week for allegedly being too sympathetic to Mr. Hussein.

Sunni politicians immediately accused the Shiite and Kurdish dominated government of violating the independence of the judiciary. Legal experts raised similar fears.

It would have been far better if Judge Abdullah al-Amiri had not told Mr. Hussein that he was "not a dictator," in the midst of heated testimony last week.

Judges sometimes say stupid things. And Mr. Hussein is not on trial for being a dictator. He is on trial for genocide, a crime so horrific that the government should be bending over backward to protect the court's reputation for independence.

The credibility of the process was already in serious doubt after Mr. Hussein's first circuslike trial. One chief judge quit after Iraqi officials publicly criticized him for not doing more to restrain Mr. Hussein's outbursts. Three members of the defense team were murdered.

A top aide to the Iraqi prime minister justified this week's firing, saying that the judge's words had "hurt the feelings of the Iraqi people." Another insisted that while the court is "independent," the government "does pay the salaries of these judges" and has the right to "hire, fire and transfer judges."

For any other judges who follow, the implicit threat is clear.

General: Up To 1,500 Taliban Fighters Killed (USAT)

USA Today, September 21, 2006

NATO's offensive against insurgents in southern Afghanistan killed up to 1,500 Taliban fighters, a large chunk of the militants' force, NATO's supreme allied commander for Europe said Wednesday. The casualty toll given by U.S. Marine Gen. James Jones is higher than the 510 that Western alliance spokespersons gave during the two-week operation. Five Canadians and 14 Britons died in the offensive, and 20,000 villagers were displaced, Jones said. He said the Taliban "suffered a tactical defeat," but "I don't think they've been totally

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defeated." The Taliban has 3,000 to 4,000 "hard-core" fighters in Afghanistan, not including others paid as "weekend warriors," Jones said. There are 20,000 NATO troops and 21,000 U.S. troops in Afghanistan.

Japan's ruling party elects new leader

Shinzo Abe, who advocates a more muscular foreign policy, was elected leader of Japan's ruling Liberal Democratic Party, putting him on track to be chosen prime minister next week. Abe, who turns 52 today, would be Japan's first prime minister born after World War II. He has pledged to rewrite Japan's pacifist constitution, teach more about patriotism in classrooms, forge tighter security ties with the United States and seek a thaw in ties with China and South Korea, which were chilled by Prime Minister Junichiro Koizumi's visits to Tokyo's Yasukuni Shrine. The Shinto shrine honors Japan's war dead, including some convicted of war crimes. Abe also has visited the shrine but has not said whether he would do so as prime minister.

Israeli withdrawal from Lebanon delayed

Israel's pullout from Lebanon is unlikely to be completed before the weekend, the Army chief of staff said. Lt. Gen. Dan Halutz told lawmakers Tuesday that he hoped to bring the last soldiers home before the Jewish New Year starts at sundown Friday. On Wednesday, he said issues remain in talks with United Nations peacekeepers and Lebanon's army. Israel agreed to pull its 30,000 troops out as part of a cease-fire that ended a 34-day war with Hezbollah guerrillas. The war began after Lebanon-based Hezbollah kidnapped two Israeli soldiers in a cross-border raid July 12.

Peacekeepers to stay rest of year in Darfur

The African Union will keep international peacekeeping forces in the war-torn Sudanese province of Darfur through the end of the year. Sudanese President Omar al-Bashir said he would not allow United Nations control of the AU force, which has been underfunded. The U.N. will provide material and logistic support, said Blaise Compaore, president of Burkina Faso and head of the AU Peace and Security Council. More than 200,000 people have been killed and more than 2 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Taliban Retreats After Losses, NATO Reports (WT)

By Rowan Scarborough

The Washington Times, September 21, 2006

NATO'S top commander said yesterday that Taliban insurgents have retreated in southern Afghanistan after taking heavy losses from a British-led force of U.S. allies and that a reconstruction phase has begun.

"The Taliban decided to make a test case of this region," Marine Gen. James Jones, supreme allied commander in Europe, said at the Pentagon. "The outcome of it was that they retreated and we are now in the consolidation phrase and we are going to start to bring aid and reconstruction to the region."

Gen. Jones recapped months of fighting in Operation Medusa in southern Afghanistan around Kandahar, the Taliban's birthplace and the city from which the hard-line Islamic movement sprung to wrest control of most of the country in the 1990s.

He said the south was generally absent of allied military forces until NATO took command earlier this year and introduced 6,000 troops, disrupting a Taliban resurgence.

"We have disturbed the hornets' nest and the hornets are swarming," he said. "We need to make them understand that nest is not going to be there for them anymore."

He added, "I've said that we were surprised by the level of violence and that's true. But what was really most surprising is the change in tactics because they decided to stand and fight in a fairly conventional linear sense, and they paid a very heavy price for it."

The military estimates that Medusa killed 1,000 to 1,500 Taliban from a hard-core force of up to 4,000 fighters. The Taliban is augmented by civilians who are recruited with about $200 each to fight for several days.

At the United Nations, Afghan President Hamid Karzai said in a speech to world leaders that his country needs continued support. He made an indirect reference to neighboring Pakistan, whose tribal areas host reorganizing Taliban forces.

"Terrorism does not emanate from within Afghanistan," Mr. Karzai said. "Afghanistan is its worst victim. Military action in Afghanistan alone, therefore, will not deliver our shared goal of eliminating terrorism.

"We must look beyond Afghanistan to the sources of terrorism. We must destroy terrorist sanctuaries beyond Afghanistan, dismantle the elaborate networks in the region that recruit, indoctrinate, train, finance, arm and deploy terrorists."

Gen. Jones stopped short of saying the Taliban is defeated. He predicted the movement will revert to terror attacks on innocent civilians.

He acknowledged the power of drug lords who oversee record production of a poppy crop that produces opium and heroin for the world market.

"They are also a force to be reckoned with, and they have good reasons to want the Taliban to stay in business and good reasons to support them financially," he said. "So that's another big problem."

He said the southern allied force, made up of Canadian, Danish, Dutch, British and American troops, sent a signal that "NATO forces would not back down from exercising robust and overwhelming combat power when necessary."

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"It also was designed to demoralize the Taliban and their supporters and deter them from believing that they could achieve a military victory." Troops from Romania, Portugal and Estonia played support roles.

He described southern Afghanistan before NATO's arrival as "beset by criminal and lawlessness, ineffective governmental structures and no permanent troop strength of any consequences" since the Taliban was ousted in December 2001.

The general also said that NATO nations that originally balked at supplying 2,000 additional troops have agreed to contribute to a quick-reaction force, although it was not needed expressly for Operation Medusa. The total allied force stands at about 20,000.

NATO To Provide More Afghanistan Troops (AP-Y)

By Lolita C. Baldor

AP, September 21, 2006

After weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering, NATO's top commander said Wednesday.

U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters.

Earlier this month Jones met with other military leaders, asking for about 2,500 troops to augment NATO forces in Afghanistan. On Wednesday, he said that Romania has agreed to send a battalion in October, and the United Kingdom and Canada are adding to their forces. Poland had previously said it would send a battalion and some special operations forces in January.

Those agreements, Jones said, would nearly meet the full troop requirements. There are currently about 20,000 NATO troops there, and another 21,000 U.S. troops.

Jones offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat.

Violence has increased in the south because it is the center of the drug trade and the home of the Taliban, he said.

"We have disturbed a hornet's nest, and the hornets are swarming," he said. "We need to make them understand that that nest is not going to be there for them anymore in that particular region."

At any one time, he said, there are 3,000-4,000 Taliban in the country, but it is difficult to tell how quickly they can recruit more to replace those that were lost. And he said that some of the Taliban who retreated went to the western section of the country, where there may now be an increase in violence.

His assessment of the drug problems was bleaker.

"Narcotics is at the core of everything that can go wrong in Afghanistan if it's not properly tackled," said Jones, adding that, "we're not making progress; we're losing ground."

Officials have said opium production jumped 59 percent this year in Afghanistan, to a record 6,100 tons of opium — a full 92 percent of the world's supply. The crop is used to fund terrorist groups. Jones said Wednesday that the Afghan government needs to commit more resources to the drug war and "start putting some big fish in jail."

NATO troops' role in the drug fight, he said, is limited to a supporting role of providing intelligence, making assessments and protecting those involved in counternarcotics operations.

"I'm in accord with those who say that it's not a military mission," said Jones. "Having NATO troops out there burning crops, for example, is not going to significantly contribute to the war on drugs. It's much more sophisticated and complex than that."

But the U.N.'s top counternarcorics official told Congress Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Hearing that, members of the House International Relations Committee expressed alarm over the resurgence of the Taliban and the skyrocketing opium poppy production.

Afghanistan has been suffering its heaviest insurgent attacks since the Taliban regime was toppled in late 2001. Clashes and bombings left up to 34 Taliban fighters and one policeman dead in five separate incidents Tuesday in central and southern Afghanistan. On Monday three bombings killed 19 people, including four Canadian soldiers.

NATO To Send Additional Troops To Afghanistan (WP)

By Ann Scott Tyson

The Washington Post, September 21, 2006

NATO countries are sending thousands more troops to Afghanistan to help battle a surprisingly violent Taliban resurgence in the south -- the alliance's first test in ground combat for "a long, long time," NATO's top commander said yesterday.

Gen. James L. Jones said NATO members Romania, Poland, Canada, the United Kingdom and other countries would begin deploying from 2,000 to 2,500 additional troops to Afghanistan beginning next month to bolster the 20,000-strong NATO contingent. But NATO countries have not yet pledged more helicopters and transport aircraft that are also needed, Jones said.

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The NATO buildup comes in addition to the approximately 20,000 U.S. troops in Afghanistan -- the highest number of U.S. forces in the country since the Taliban government was toppled in 2001. An escalation of violence has driven casualties for foreign troops and Afghan civilians this year to their highest level since the war began.

NATO called for the fresh forces as it engaged in a major offensive this month that Jones said has killed about 1,000 Taliban fighters who massed against NATO troops near Kandahar in southern Afghanistan, the Taliban's traditional stronghold.

"The Taliban decided to make a test case of this region," which had only a thin presence of U.S. troops until a NATO force of 6,000 took charge July 1, Jones said. "We have disturbed a hornet's nest, and the hornets are swarming," he told reporters at the Pentagon. He called the situation a "moment of truth" for security in lawless southern Afghanistan, where crime and narcotics are also rampant.

Indeed, southern Afghanistan is the "epicenter" of the nation's burgeoning narcotics trade, a worsening problem that Jones said is "at the core of everything that can go wrong" there. "We're not making progress; we're losing ground" in cracking down on narcotics cartels that help fund Taliban insurgents as well as al-Qaeda, he said.

The Taliban announced a "tactical retreat" last week as its forces dispersed from the Kandahar region to seek refuge farther west, but they are expected to regroup and continue attacking civilians, Jones said.

The fighting caused an exodus of about 20,000 people in the Pashmul area about 30 miles west of Kandahar, and NATO is focusing on providing food, clothing, and shelter for the war refugees.

"Many of the people of Afghanistan are on a fence right now, and they will be for whichever side wins," he said. Despite the deteriorating security, Jones pointed to progress in Afghanistan, citing the fact that 6 million children are attending school, and hundreds of development projects have been undertaken -- including the construction of about 1,800 miles of roads -- in the past four years.

In Afghanistan, A New Bridge And A Blockade (WP)

By Pamela Constable

The Washington Post, September 21, 2006

KANDAGAL, Afghanistan -- The stout new wood-plank bridge over the Pech River, paid for by the U.S. Army, was a strategic gift to the people of this remote area of eastern Afghanistan, where insurgents are active. The aim: to open the river's valley to markets and health care and thereby strengthen local support for the central government.

But even as U.S. and Afghan officials landed by helicopter in a cornfield Monday and snipped a ceremonial pink ribbon across the bridge, U.S. and Afghan soldiers were blockading the only road into the nearby Korengal Valley. Officials said some local tribes there had helped Taliban forces regroup after they were driven out of the area by the U.S.-led Operation Mountain Lion in April.

"There are serious sanctuaries in the Korengal Valley," said Lt. Col. Christopher Cavoli, commander of U.S. military forces in Konar province, who called the bridge and blockade combination a textbook application of counterinsurgency theory. Some Korengal elders are supporting the government, he said, and others are "colluding actively with the enemy. The goal . . . is to produce a fracture between two groups."

With this approach, Cavoli is attempting to negotiate the complexities of Afghan traditions and politics. Some local tribes have long-standing political relationships with both the Taliban and the government, feel both gratitude and resentment toward foreign troops and have constantly shifting alliances and conflicts with neighboring groups.

There is constant, low-level fighting in this area. Frequent Taliban attacks draw responding U.S. artillery fire. Several tribal leaders who attended the bridge ceremony Monday complained angrily that U.S. gunfire had killed their livestock and injured their children and that when they sent sick women to seek medical help, U.S. forces detained their male escorts.

"The American forces have created a lot of problems for us," said Zawahar Khan Mangal, a Korengali elder. "It is good that they have built the bridge, but the blockade has hurt us a lot." He said that Taliban fighters came and went in small groups but that "the people of Korengal do not support them. I don't know why they have ordered this blockade."

U.S. military officials said their troops had been extremely careful to avoid causing civilian casualties. Cavoli said that one U.S. artillery attack had killed some goats and that the owner would be compensated. He also said wounded Taliban fighters came to the U.S. military clinic posing as civilians.

Even in official speeches at Monday's outdoor ceremony, which was attended by senior U.S. and Afghan military officials as well as the Afghan deputy transportation minister, expressions of appreciation for the new bridge were mixed with bitter complaints about the road closure.

The man in the hot seat was Mohammed "Deedar" Shazeeli, the recently appointed governor of Konar and a prominent example of Afghan political complexity.

Shazeeli, a former anti-Soviet militia commander widely known by his nom de guerre, Deedar, was banned from running for parliament in 2004 because of past links to the Taliban. But since President Hamid Karzai sent him to Konar several months ago, U.S. officials said, he has been an engaging and forceful leader, reaching out to all the tribes with constant meetings but also ordering the controversial blockade.

"I came here to do my best and help bring construction and development," Shazeeli said in a long, energetic speech at the outdoor ceremony marking the bridge's opening. "I respect all the elders, I respect all the jihadi commanders. I will always listen to your problems."

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He promised that residents would soon see new mosques built as well as bridges, adding, "I only ask you to help your government bring security and stability to the area."

The bridge inauguration came one day after a similar ceremony in central Ghazni province. U.S. and Afghan military officials traveled by helicopter Sunday to Andar, one of the most conflict-ridden districts in Ghazni, to open a new district administration building as a symbol of efforts to restore authority and security.

But there, too, they discovered that residents had other pressing concerns. According to U.S. officials who took part in a meeting with several hundred Ghazni elders, many complained that local police officers who were supposed to provide protection against the insurgents instead abused residents constantly, even extorting money from women and children as they walked along the roads.

U.S. officials said they had forwarded those complaints to the Karzai government. Sources said senior officials in Ghazni, possibly including the governor, would probably lose their jobs.

In Konar, the fight against the Taliban is complicated by the area's economic mainstay, lumber. The rugged hills are full of ancient hardwood trees, and timber smuggling across the nearby Pakistan border is a major problem. U.S. military officials said that one local timber baron was a Taliban member and that Taliban forces helped smugglers avoid paying taxes.

Another complicating factor is religion. Although Konar is not known as a hotbed of Islamic radicalism, officials said, it has some villages that were settled years ago by Pakistani clerics of the strict Wahhabi sect. The Taliban movement, which grew out of the same Muslim sect, finds some sympathy here.

Still, U.S. military officials assert that they are winning the battle in Konar and that most of the province's residents support the Karzai government. They said the strength of the Taliban in both the Korengal and Pech valleys, and its support among the local people, are much less than they were in June last year, when a U.S. Army helicopter was shot down in Konar, killing eight Navy SEALs and eight other men on board.

"I am very optimistic about the situation," said Maj. Gen. Benjamin Freakley, senior commander of U.S. forces in Afghanistan, who was at Monday's bridge ceremony. "A year ago, we couldn't even fly over this valley. This time, the local people brought tea and bread to our workers while we were building this bridge."

DOJ:

Fisher Confirmed, But Justice Vacancy Remains (RC)

By Paul Kane, Roll Call Staff

Roll Call, September 21, 2006

The Justice Department's top criminal prosecutor won Senate confirmation Tuesday, just days after announcing the first felony plea agreement from a Member of Congress directly connected to the long-running probe of ex-lobbyist Jack Abramoff.

But the confirmation of Alice Fisher to be assistant attorney general — she had been serving in an acting capacity as head of the criminal division — comes as the department is still searching for a permanent chief of the Public Integrity Section, which has gone without a full-time boss since mid-January.

Fisher's confirmation had been delayed for more than a year because Democrats questioned what role, if any, she might have played in Justice's formulation of legal briefs in support of controversial interrogation techniques on alleged terrorists being held at U.S. military facilities at Guantanamo Bay.

Republicans countered that Democrats were holding her nomination hostage in an effort to force the White House to turn over documents that might be embarrassing, trying to score political points with a critical nomination.

In addition to overseeing the prosecutions of terrorist trials, Fisher will continue to manage the growing Congressional corruption scandals. Justice got its highest-profile target to date last week when Rep. Bob Ney (R-Ohio) signed a plea agreement for three felony counts of accepting illegal gifts from Abramoff and a Syrian-born arms dealer and lying about them on federal forms.

While Fisher announced the deal outside Justice's headquarters, the investigation has been led by a team of career prosecutors in the Public Integrity Section.

A Justice spokesman said those prosecutors are continuing to build cases despite the ongoing vacancy of a permanent chief of their division.

"They're moving ahead full steam," said Bryan Sierra.

Public Integrity lost its top prosecutor, Noel Hillman, in mid-January when he was nominated for a federal judgeship in New Jersey, to which he was confirmed in the spring. At the time Hillman temporarily was replaced by Andrew Lourie, an assistant U.S. attorney in the West Palm Beach, Fla., office who previously had worked with Hillman at Public Integrity.

Lourie has since returned to Florida and on Aug. 8 Edward Nucci was selected as the acting chief of Public Integrity. Nucci most recently had been working with Justice's counter-terror prosecutors but previously had worked in the U.S. attorney's office in Miami, where he was chief of that criminal division and also served as a deputy chief of public corruption.

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Nucci is familiar with the Abramoff probe, as he helped with the Florida thread of that investigation involving Abramoff's attempted SunCruz casino purchase, a fraud that already has brought a nearly six-year prison sentence. One of the elements of Ney's plea last week was his acknowledgement of inserting statements favorable to Abramoff and his SunCruz partner into the Congressional Record in 2000 in exchange for gifts from the lobbyist.

But Nucci is only temporarily in charge of Public Integrity, and Sierra declined to comment on how much longer the search would go on for a permanent chief. "For now, Ed is the guy in charge," he said.

In addition, Brenda Morris, a veteran of Public Integrity, has been promoted to permanent principal deputy of the section, the No. 2 post.

That position has in the past served as a launching spot to the top job in Public Integrity, as Hillman served as the top deputy there in 2001 and most of 2002.

CORPORATE SCANDALS:

HP CEO Allowed 'Sting' Of Reporter (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, September 21, 2006

Hewlett-Packard Co. chief executive Mark V. Hurd approved an elaborate "sting" operation on a reporter in February in an attempt to plug leaks to the media, according to an e-mail message sent by HP Chairman Patricia C. Dunn.

The document, one of more than two dozen e-mails obtained by The Washington Post, for the first time links Hurd to an internal investigation of media leaks that has led to criminal probes and will be the subject of a congressional hearing next week.

Internal e-mails show senior HP employees who were given the task of identifying anonymous news sources concocted a fictitious, high-level HP tipster who sent bogus information to a San Francisco reporter in an attempt to trick her into revealing her sources.

The e-mail sting operation, which was part of a wide-ranging two-part HP investigation that began in March 2005 and ended in May 2006, is the latest in a series of deceptive and possibly illegal tactics that reveal the lengths to which HP went to spy on people inside and outside the company to protect its image and secrets.

HP's leak investigation involved planting false documents, following HP board members and journalists, watching their homes, and obtaining calling records for hundreds of phone numbers belonging to HP directors, journalists and their spouses, according to a consultant's report and the e-mails.

The e-mail operation demonstrated an intense degree of attention by Dunn, who often sent messages via a BlackBerry device, and by senior HP executives attempting to cultivate and trick a news reporter to find the identity of her source. A Hewlett-Packard spokesman declined to comment on the revelations or make Hurd or Dunn available for an interview.

None of the e-mails reviewed by The Post were to or from Hurd, nor do they detail what information Hurd had when he approved the sting operation.

A corporate spying effort this broad and orchestrated has never before been exposed, experts said.

"If you'd laid this out as a science fiction story, it'd be hard to believe it's true," said Ari Schwartz, deputy director of the Center for Democracy & Technology, a District-based privacy watchdog group.

It was unclear whether the e-mail sting operation involved illegal tactics, experts said, but federal and state authorities have launched probes into the legality of HP's methods.

On Sept. 28, Dunn and several other HP executives are scheduled to testify before the House Energy and Commerce investigative subcommittee about their roles in the spy probe. The hearing is part of an inquiry led by committee Chairman Joe Barton (R-Tex.) into the techniques Hewlett-Packard used.

California Attorney General Bill Lockyer said last week that he had enough evidence to issue indictments against people inside and outside HP. The spying scandal erupted into public view this month after it was revealed that board member Thomas J. Perkins had resigned in protest months ago after learning that his personal phone records had been obtained under false pretenses.

The Hewlett-Packard board of directors is scheduled to meet today, and Hurd is to brief board members about developments in the internal review. Hurd is expected to hold a press conference Friday.

After an emergency board meeting last week, Dunn agreed to resign as the board's chairman in January but she is to remain on the board, handing the top job to Hurd. George "Jay" Keyworth, a board member who said he talked to a reporter, resigned last week.

Though nine journalists were apparently targeted in HP's leak investigation, one in particular drew the scrutiny of Dunn and Hurd, according to a series of internal e-mails. Dawn Kawamoto, a reporter for Cnet.com, wrote a fairly straightforward article on Jan. 23 outlining the firm's long-term strategy after a board retreat.

Determined to ferret out the source's identity, HP senior counsel Kevin Hunsaker, who led the HP investigation ordered by Dunn, and an HP colleague in Boston created a fictitious persona, "Jacob," who would pose as a disgruntled HP "senior level executive" and cultivate Kawamoto by saying he was "an avid reader of your columns."

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The idea, evidently, was to induce Kawamoto to open an e-mail attachment with a "tracer" in it that would allow them to see who she forwarded it to. They hoped it would pinpoint board member Keyworth as her source, according to the documents.

On Feb. 2, Hunsaker made a PowerPoint presentation to Dunn, called Project Kona II, in which she was shown the "covert" e-mail sent to Kawamoto on Jan. 26. In it, "Jacob" wrote that "tired of broken promises, misguided initiatives and generally bad treatment," he had information to pass on to her.

The computer-generated presentation included a proposed " 'next step' covert e-mail" in which "Jacob" would establish his insider bona fides with Kawamoto by telling her that, contrary to an article she wrote, a potential HP deal with "CSC," or Computer Sciences Corp. was "definitely on HP's radar . . . I know because I was involved in preparing the briefing documents."

After the presentation, Hunsaker sent Dunn an e-mail thanking her for "taking such a big chunk of time" to meet with his team. Dunn replied with an e-mail to Hunsaker, saying that she was "encouraged that this effort is on the right track."

As the project evolved, Hunsaker and Anthony Gentilucci, an HP global investigations manager in Boston, began to refine Jacob's character. "I think we have to figure out who Jacob is, weak, strong, vindictive, a Bill and Dave fan, possibly lower level employee . . . will dictate the tone of the e-mail," Gentilucci wrote on Jan. 28.

Over the next week, HP investigators designed a plan to give Kawamoto a "[small] accurate piece of advance information" about a new handheld product, before they would "spring the false one," referring to a fabricated news tip about HP opening a computer data farm. That first tip, about the handheld device, would be sent in an e-mail that would include the tracking software.

On Feb. 5, Dunn sent an e-mail to Hunsaker: "This sounds promising. I will be in contact with Mark and come back to you with an indication of joint approval as soon as we connect."

Sending someone an e-mail file, even under false pretenses, and then tracking whether it was forwarded may violate confidentiality policies, but is probably not illegal, said Robert Seiden, chief executive of Fortress Global Investigations Corp. If the company used its program to try to access other information from Kawamoto's computer, however, that would be a violation of federal law, he said.

A Feb. 8 e-mail from Ronald DeLia, a Boston security contractor hired to work on the HP leak investigation as part of Hunsaker's team, suggested "a more elaborate sting" involving "electronic bugs" that would allow the tracking of calls between Keyworth and Kawamoto.

If the team wiretapped the calls of Keyworth and Kawamoto, that too would be illegal, Seiden said.

On Feb. 9, in an e-mail to Hunsaker and general counsel Ann O. Baskins, Dunn wrote: "I spoke with Mark and he is on board with the plan" and that "he also agrees that we should consider doing something with" the data-farm tip.

On Feb. 16, Kawamoto sent an e-mail to "Jacob" that she would be on vacation the next week. DeLia forwarded her e-mail to his colleagues, saying: "Team, We're alive and kicking." He also noted that, based on her cellphone call records, she was going to Disneyland. "She has made numerous calls to a hotel in Disneyland," he wrote.

On Feb. 22, Hunsaker e-mailed Dunn and Baskins with a copy of a slide showing the bogus handheld product to be launched. "I made up everything in the slide, trying to make it at least somewhat feasible," Hunsaker wrote to Dunn and Baskins. "I won't quit my day job, but hopefully neither will the name nor the information on the slide are terribly off-base."

Dunn replied: "Kevin, I think this is very clever. As a matter of course anything that is going to potentially be seen outside HP should have Mark's approval as well."

On Feb. 23, Hunsaker sent an e-mail to Dunn. "FYI, I spoke to Mark a few minutes ago and he is fine with both the concept and the content."

HP Scandal Takes On High Weirdness Level (FINDLAW/AP)

By Brian Bergstein, Ap Technology Writer

AP, September 21, 2006

(AP) - Hewlett-Packard Co. may be the world's largest technology company, but the superlative that better suits it these days is Provider of the World's Strangest Corporate Drama.

For two weeks, almost every day has brought revelations of questionable tactics that HP investigators used this year and last to root out who had been describing boardroom deliberations to the media. Corporate intelligence is an old and frequently practiced art, but HP's efforts feel more Watergate than Wall Street.

Not only did investigators impersonate board members, employees and journalists to obtain their phone records, but according to multiple reports, they also surveilled an HP director and a reporter for CNet Networks Inc. They sent monitoring spyware in an e-mail to that reporter by concocting a phony story tip.

They even snooped on the phone records of former CEO and Chairwoman Carly Fiorina, who had launched the quest to identify media sources in the first place.

And in a twist that might seem preposterous if it happened in a movie, The New York Times reported that HP consultants considered hiring spies to pose as clerical or custodial workers at CNet and The Wall Street Journal.

"It betrays a type of corporate culture that is so self-obsessed, (that) really considers itself not only above the law, but above I think ethical decency, that you have to ask yourself, where did the shame come in?" said Charles King, an analyst with Pund-IT Research.

Jeffrey Sonnenfeld, senior associate dean at the Yale School of Management, said the HP affair stands out even against similar episodes from the past, such as the 1991 incident in which Procter & Gamble Co. persuaded authorities to mine 803,000 phone bills to track leaks to a Wall Street Journal reporter.

"This sort of investigators-gone-wild behavior is in a novel realm," Sonnenfeld said.

Investors have shrugged off the scandal, with HP stock up slightly since the story broke. But there will be repercussions. The almost-certain illegality of posing as someone to obtain phone records has sparked state and federal probes into the computer and printer maker.

HP Chairwoman Patricia Dunn and the company's general counsel are testifying to a congressional committee next week about why they approved the investigations. Attorney Larry Sonsini, a Silicon Valley power broker who advised HP's board, is also being called onto the carpet.

Dunn has agreed to cede the chairmanship to HP's chief executive in January, but she plans to remain on the board. Fortunately for her - but perhaps disappointing for those entranced by this drama - her two biggest enemies are gone: Director Thomas Perkins quit in protest of the investigation tactics, while director George Keyworth resigned after being outed as a leaker.

Ironically, this was supposed to be a time in which HP had moved on from a period of extreme board dysfunction.

In 2001, Fiorina convinced skeptics on the board that HP should acquire rival Compaq Computer Corp., a deal that ended up costing $19 billion. She persuaded all of them except for one: Walter Hewlett, son of one of the engineers who founded HP in a garage in Palo Alto, Calif., in 1938.

Even while Hewlett remained on the board, he launched a dramatic and ultimately nasty fight to scuttle the deal. When shareholders narrowly approved the deal, Hewlett sued the company and alleged that Fiorina had improperly cajoled an investment bank to switch its vote.

Back then, talking to the press was actually a duty for some HP directors, who revealed details of board meetings in an effort to refute points made against the deal by Hewlett. Dunn, Keyworth and even Sonsini all spoke on the record to challenge Hewlett's descriptions of board deliberations.

Acrimony at HP didn't end even after the Compaq deal was sealed and Hewlett left the board in 2002. By 2005, the board's unhappiness with HP's uneven financial results under Fiorina emerged in news stories that began one of the leak hunts.

"There were conflicts on the board trying to make a go of the (Compaq) marriage, strong differences of opinions, strong personalities," said Bruce Oliver, director of the Center for Business Ethics at the Rochester Institute of Technology. "You've had a divided board for quite some time now. That somewhat set up the opportunity for this to happen at that company."

After the board fired Fiorina and turned to Mark Hurd, a lower-key, cost-cutting maven who had spent 25 years at NCR Corp, HP finally seemed to enter a quiet, successful phase.

Hurd's no-nonsense operational style thrilled investors; HP stock has nearly doubled during his tenure. Now that IBM Corp. has sold its personal-computer division, HP is surpassing Big Blue as the world's largest tech company by revenue. HP's other main rival, Dell Inc., has stumbled badly, further boosting HP's image in comparison.

Until all this.

HP spokesman Ryan Donovan would not comment about how the company expects to keep this scandal from leaving a long-term tarnish.

King, the analyst, said it could take a while to tell if HP's brand is diminished.

"If I'm a consumer, do I want to buy products from a company that has committed what looks to be felonious behavior? I don't know the answer to that," King said.

If nothing else, Hewlett-Packard will have aired in dramatic fashion the kind of corporate dirty work - often aimed at rivals rather than insiders - that "probably goes on more than we know of," said Eric Abrahamson, a professor of management at Columbia University.

"This is a particularly egregious example of it."

Committee Wants More HP Executives To Testify (USAT)

By Jim Hopkins

USA Today, September 21, 2006

Raising pressure on Hewlett-Packard, a congressional panel investigating HP's boardroom spying scandal is seeking testimony from two more company executives at a high-profile hearing next week.

The House Energy and Commerce Committee on Wednesday said it had added to its witness list Kevin Hunsaker, an HP attorney, and Fred Adler, an HP computer security investigator.

They would join a growing parade of witnesses: Chairman Patricia Dunn; top in-house attorney Ann Baskins; and a prominent Silicon Valley attorney, Larry Sonsini, whose firm represents HP.

The Sept. 28 hearing focuses on an HP internal investigation of news leaks from its board of directors. That investigation — and the revelations of the controversial tactics the company's investigators used — has plunged HP into a crisis and prompted a raft of law-enforcement investigations in the past month. The panel gave Hunsaker and Adler until today to reply.

HP declined to comment beyond saying that Hunsaker and Adler are company employees. It has said that it is cooperating with the committee's investigation and others by federal and state government agencies.

The committee also is seeking testimony from Anthony Gentilucci, which it says is HP's global security manager, and two private investigators tied to the matter: Ron DeLia, operator of Security Outsourcing Solutions in Boston; and Joe Depante, owner of Action Research Group in Melbourne, Fla.

The committee is focusing on a company that has given contributions to several of its members' political campaigns, Federal Election Commission records show.

HP executives and its political action committee gave $75,650 to 18 panel members' campaigns and their political action committees since the 1999-2000 federal election cycle, says the Center for Responsive Politics, a non-partisan campaign finance watchdog group.

The recipients included Rep. Joe Barton, R-Texas, who got $8,000 over the period, the center's data show. Barton is chairman of the House Energy and Commerce Committee.

Sonsini's firm, Wilson Sonsini Goodrich & Rosati in Palo Alto, Calif., gave $6,500 to committee members' campaigns since 1999, the data show. The firm did not return a call seeking comment.

The committee's 10 a.m. hearing is part of its Oversight and Investigations Subcommittee's seven-month inquiry into data brokers and a shady investigative practice called "pretexting."

Consultants hired by HP used pretexting to pose as board members, HP employees, journalists and others to get telephone calling records so the company could find the source of news leaks.

HP made that news-leak investigation public on Sept. 6. California Attorney General Bill Lockyer, the FBI, the Justice Department and the Securities and Exchange Commission also are investigating the HP case. Lockyer has said he expects to bring charges against HP executives and others, although he has not given a timetable.

HP investors continue to show little concern about the case. HP shares closed Wednesday at $36.78, up 43 cents, and a bit higher than the closing price when news of the scandal first broke.

Hewlett-Packard CEO Will Discuss Leak Probe Sept. 22 (Update2) (BLOOM)

By Connie Guglielmo

Bloomberg, September 21, 2006

Sept. 20 (Bloomberg) -- Hewlett-Packard Co. Chief Executive Officer Mark Hurd will discuss the company's investigation into the source of news leaks at a press conference on Sept. 22.

Timing and the location of the event, to be held in the California Bay Area, haven't yet been determined, spokesman Ryan Donovan said today in an interview.

Hurd, whose comments so far have been limited to prepared statements and a videotaped presentation to employees, may seek to defuse the widening scandal over the methods used to identify the source of boardroom leaks. Chairwoman Patricia Dunn, General Counsel Ann Baskins and Hewlett-Packard's outside attorney, Larry Sonsini, have agreed to appear before a U.S. House committee on Sept. 28 to discuss the probe.

Hewlett-Packard said on Sept. 6 that investigators used fake identities to obtain the private phone records of directors, employees, reporters and others as part of the probe, a tactic it said may be illegal.

California Attorney General Bill Lockyer, the U.S. Justice Department and the Federal Bureau of Investigation are reviewing the company's tactics to determine if crimes were committed.

The Energy and Commerce Committee also called Hewlett- Packard senior counsel Kevin Hunsaker, two company investigators, and two outside private investigators to testify.

The committee today approved a resolution that confers expedited subpoena power on its chairman, Texas Republican Joe Barton. The vote allows Barton to issue subpoenas on Hewlett- Packard related matters after conferring with the committee's top Democrat, John Dingell of Michigan.

Investor Lawsuit

Shares of Hewlett-Packard, the world's second-largest personal computer maker behind Dell Inc., rose 43 cents to $36.78 at 4 p.m. in New York Stock Exchange composite trading. They've gained 28 percent this year.

Separately, Hewlett-Packard agreed to give investors' lawyers access to documents related to the February firing of former CEO Carly Fiorina.

The Monroe County Public Employees Retirement System in Michigan sued Hewlett-Packard in May to get records so it could determine whether the company violated its own policies by paying Fiorina $22.3 million for her last few months in office.

To contact the reporter on this story: Connie Guglielmo in San Francisco at cguglielmo1@bloomberg.net .

J.P. Morgan, Citadel Acquire Amaranth's Energy Portfolio (WSJ)

By Ann Davis, Henny Sender And Gregory Zuckerman

DOJ_NMG_0066842

The Wall Street Journal, September 21, 2006

Two big firms deepened their exposure to a tricky market by acquiring the energy portfolio of Amaranth Advisors, the hedge fund that now says it lost roughly $6 billion since the beginning of September, mostly on bad natural-gas bets.

To forestall a shutdown of the increasingly shaky hedge fund, J.P. Morgan Chase & Co. and hedge fund Citadel Investment Group LLC took over the investments. The new owners will share profits and losses.

WALL STREET JOURNAL VIDEO

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WSJ editor Phil Kuntz and Rich Blake, senior editor at Trader Monthly, discuss2 the missteps at Amaranth and the possibility of hedge fund regulation.

WSJ's Greg Zuckerman comments3 on the ailing hedge fund Amaranth and the riskiness in betting on natural gas and the overall energy markets.

Amaranth also has sold nonenergy investments to meet demands from investors for withdrawals and from brokers for more collateral, people familiar with its portfolio say. Some investments were in loans and other investments that aren't easy to unload without discounts.

In a letter to investors last night, Amaranth said transferring its investments prevented further losses, kept it out of default with brokers and decreased its loans and other leverage. But it did so "at a price that resulted in additional significant losses." It estimates its holdings dropped 65% in September alone and that year-to-date losses were 55%. That revised estimate means its assets fell from about $9 billion Sept. 1 to just over $3 billion. Previously, it said year-to-date losses were 35%, putting assets at about $4.5 billion. The firm also confirmed that brokers' demands last week for more collateral to back its losing trades "created serious" cash-flow problems and default risks. It said it would brief investors tomorrow and was "determined to earn back its investors' trust."

It didn't identify J.P. Morgan and Citadel, and declined to comment further. A call to Brian Hunter, the Amaranth trader responsible for the bad bets, was answered Tuesday by a colleague who said Mr. Hunter had been working "23 hours a day" on the crisis; Mr. Hunter didn't return the call. The fund began negotiating with firms to take its energy investments this past weekend, approaching Citigroup Inc. and Goldman Sachs Group Inc. without reaching a deal, people familiar with the matter said. Then, on Monday, it disclosed an estimated year-to-date loss of 35% and continued looking for a buyer.

Rather than pay Amaranth, J.P. Morgan Chase and Citadel could receive $2 billion that Amaranth had posted as collateral to back its trades, say people briefed on the deal. It is unclear if Amaranth will get back additional collateral, or margin.

J.P. Morgan was Amaranth's futures-clearing firm, fulfilling its obligations if it couldn't meet them. People familiar with the matter say Amaranth had met all J.P. Morgan's margin calls, and the bank isn't taking the portfolio to stem clearing-operation losses. The investments remain risky because their value could fall more. Amaranth's bets on far-forward natural-gas contracts worsened yesterday. J.P. Morgan already has sold some of the investments this week, say people familiar with the activity.

J.P. Morgan's energy trading is headed by George "Beau" Taylor, 35 years old, who departed Morgan Stanley in 2005. James Dimon, J.P. Morgan's chief executive, has supported the move to smooth out earnings from stock and bond trading, though the group's performance dragged down fixed-income returns earlier this year.

Citadel, a $12 billion Chicago hedge fund run by Ken Griffin, took a big loss in energy trades after last year's hurricanes, but finished up for 2005. The fund is up about 12% this year. Charles Winkler, the Amaranth executive who negotiated the deal, is a former Citadel executive and is friendly with Mr. Griffin.

An indication of how much pressure Amaranth is under came during a conference call for clients of Union Bancaire Privee yesterday. The Geneva private bank has $29 billion in client money invested in hedge funds, including Amaranth. UBP officials told clients the firm wanted to liquidate its Amaranth holdings quickly, and speculated that Amaranth may decide to liquidate the entire fund.

UBP officials said 80% of Amaranth's performance last year and most of its performance this year was driven by energy investments -- suggesting there mightn't be much else. When Amaranth reported being up about 12% in April, it told investors all but 2% of that came from energy, investors say. Like most hedge funds, Amaranth limits withdrawals to avoid forced asset sales that devalue holdings. Some Amaranth investors say they agreed to withdraw no more than about 8% of their stakes a month. In past hedge-fund blowups, managers have found it difficult to enforce such rules and opted for an orderly wind down, especially when faced with restless staffers.

Conn. Hedge Fund Loses Billions (PROJO/BLOOM)

By Katherine Burton And Matthew Leising, Bloomberg News

The Providence Journal, September 21, 2006

The $4.6-billion loss by Amaranth Advisors may spark activity by Congress or regulators.

Amaranth Advisors LLC, the Greenwich, Conn.-based hedge fund whose wrong-way bets lost about $4.6 billion this month, reached an agreement yesterday to transfer all of its energy trades to an unidentified third party, according to a letter sent to investors.

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Nicholas Maounis, Amaranth's founder, said in his letter, a copy of which was obtained by Bloomberg News, that more details will follow "shortly." The firm was in negotiations with Citadel Investment Group LLC as of late yesterday, two people with knowledge of those talks said.

Amaranth was forced to unload the trades after swings in natural-gas prices last week turned it into the biggest hedge fund meltdown since Long-Term Capital Management LP's 1998 collapse. By transferring the bets, Amaranth would stem its losses and the new investor would be at risk of any further declines in the gas market.

Also yesterday, 3M Co., Goldman Sachs Group Inc. and San Diego County's retirement fund say the meltdown of Amaranth may cost them millions.

The $9.2-billion pension fund of 3M, maker of Post-it Notes and electronics and cleaning products, gave less than $92 million to Amaranth, according to Jacqueline Berry, a spokeswoman for the St. Paul, Minn.-based company. Goldman Sachs Hedge Fund Partners LLC has about $13 million with the firm, according to a regulatory filing.

"This will spark activity by Congress, or by regulators, for some oversight of an area that has not been watched," said Dan McAllister, a board member of the $7.2-billion San Diego County Employees Retirement Association. The fund invested $175 million with Amaranth last year.

The San Diego County pension board invested in Amaranth on the recommendation of consultants Rocaton Investment Advisors in Norwalk, Conn., McAllister said. The San Diego County fund is unconnected to the San Diego City Employees' Retirement System, which has a deficit of more than $1 billion.

"We are aware of the Amaranth situation, and we are in dialogue with our clients," Rocaton spokesman Todd Miller said, declining further comment.

It will take weeks to find out how much pension money melted away with Amaranth's bad trades, Damon Silvers, associate general counsel of the Washington-based AFL-CIO, said.

The largest U.S. labor association, whose member unions hold more than $400 billion in pension assets, has criticized provisions of the pension-reform law signed by President Bush last month that loosened restrictions on pension-money flows into hedge funds.

"This shows what an appalling decision that was," Silvers said.

Connecticut Attorney General Richard Blumenthal said he's examining Amaranth's losses.

"We are taking some initial steps to investigate what went so terribly wrong, whether there was a truthful and accurate disclosure to investors," he said.

Tom Carson, a spokesman for U.S. Attorney Kevin O'Connor in Connecticut, declined to comment, as did Bryan Sierra, a spokesman for the Justice Department in Washington and SEC spokesman John Nester.

Amaranth, named for an imaginary flower that never fades, had gained more than 25 percent earlier this year on bets that natural-gas prices would rise. Prices tumbled this month, triggering losses that grew as it scrambled to unwind trades.

"Potentially, [the new investors] bought at a very good price," said Mark Williams, a finance professor at Boston University and former risk manager of electricity trader Citizens Power. "If they have a longer time horizon and they can withstand the volatility and the short-term fluctuations, they then have a good chance of making some serious cash."

Amaranth spokesman Shawn Pattison declined to comment. A call to Scott Rafferty, managing director at Citadel, wasn't immediately returned.

Some of Amaranth's energy investments consist of positions in gas futures, options and over-the-counter contracts that would gain in value as prices rise, according to one person with knowledge of the situation.

Amaranth, which made so-called spread trades that aim to profit from price discrepancies among different contracts, was at least the second hedge fund to be rocked by bad investments in natural gas. MotherRock LP, a $400-million fund run by former New York Mercantile Exchange President Robert "Bo" Collins, closed last month.

"It's certainly a reminder that investing in certain hedge funds is a risky business," Securities and Exchange Commission Chairman Christopher Cox said yesterday. "It's not for mom and pop."

So-called funds of funds that invested with Amaranth may bear much of its losses. Goldman Sachs Dynamic Opportunities Ltd., a London-based fund, reported that it sustained losses on an investment whose description fits Amaranth.

Morgan Stanley, Credit Suisse Group, Bank of New York Co., Deutsche Bank AG and Man Group PLC all run funds of funds that had investments in Amaranth as of June 30.

Amaranth was founded by Maounis, a University of Connecticut finance graduate. After working at Greenwich-based Paloma Partners for 10 years, Maounis, 43, left to found Amaranth with 27 employees and $450 million in 2000.

The firm occupies a beige, four-story office next to a pond and manicured lawn with a fountain in Greenwich, home to more than 100 hedge funds, private pools of capital that allow managers to participate substantially in the gains on clients' investments. The building houses a gym and a game room, with pool tables for employees.

After starting in convertible-bond trades and betting on stocks of merging companies, Maounis expanded into energy, hiring former Deutsche Bank trader Brian Hunter. As of June 30, energy trades accounted for about half of the capital in Amaranth's funds and generated about 75 percent of its profit.

Earlier this month, Amaranth bought a portfolio of gas trades from Amsterdam-based ABN Amro Holding NV, which itself had taken them over from MotherRock. It was Hunter, 32, who orchestrated the bets that triggered Amaranth's losses.

"If one is speculating in that kind of market, there's going to be some downside risk," said Shannon Burchett, who traded oil for JPMorgan Chase & Co. and Citigroup Inc. in the 1990s and now runs an energy consulting firm in Dallas. "They should have the controls and risk management strategies in place to mitigate those kind of outcomes."

'A Changed' Fastow Requests Leniency For His Role At Enron (WP)

By Carrie Johnson

The Washington Post, September 21, 2006

Lawyers for former Enron Corp. finance chief Andrew S. Fastow are asking a judge for leniency in advance of his sentencing on conspiracy charges next week, according to court papers filed in Houston.

Fastow's defense lawyers cited letters from unnamed teachers, friends and relatives who say that Fastow has "stepped up to take responsibility" and has expressed "full remorse" for his role in disguising financial problems at the Houston energy company. Enron's December 2001 collapse cost investors and employees billions of dollars.

Over the past two years, Fastow, 44, has helped victims of Hurricane Katrina and volunteered with Meals on Wheels and at his synagogue, where he has taught classes, built a playground and picnic table, and mowed the lawn. "He is a changed man," the court filing said.

Fastow pleaded guilty to two conspiracy charges in January 2004, agreeing to a 10-year maximum prison sentence in exchange for testifying against onetime chief executives Jeffrey K. Skilling and Kenneth L. Lay. During the trial, in which defense lawyers challenged his veracity, Fastow told the jury he "destroyed" his life and was "ashamed to the core."

A jury convicted both men in May. Skilling, who is to be sentenced next month, has vowed to appeal. Lay died of heart disease in July.

As the man at the center of the long-running fraud, Fastow ultimately emerged as the public face of the Enron scandal and endured "unprecedented public humiliation" in books, movies and congressional hearings, his lawyers John Keker and David Gerger wrote.

Already, they say, Fastow has suffered emotionally, as his wife served almost a year in a high-security Houston prison after pleading guilty to failing to report income taxes from his partnerships. During that stretch, Fastow cared for the couple's two sons, now 8 and 11. One unnamed letter-writer called him "the Dad I would like to be."

Fastow's plea helped crack open another fraud case, his defense lawyers contend. They cited evidence that Fastow's deal inspired former WorldCom Inc. finance chief Scott D. Sullivan to plead guilty two months later and to testify successfully against his former boss, Bernard J. Ebbers. Sullivan is serving a five-year term, half what Fastow could receive.

Under the terms of the Fastow deal, U.S. District Judge Kenneth M. Hoyt has the option of sentencing Fastow to serve fewer than 10 years in prison but no more than that. "Ten years is not 'necessary' for the message of deterrence to be heard," his lawyers wrote.

Victims of Enron's bankruptcy are invited to sign up at the courthouse on the day of the proceeding to express their own opinions about an apt punishment for Fastow, according to a prior ruling by the judge.

Skilling Arrested, Accused Of Public Intoxication (HC)

By Kristen Hays, Tom Fowler And Thomas Korosec

Houston Chronicle, September 21, 2006

DALLAS — Former Enron CEO Jeffrey Skilling was arrested and accused of public intoxication in Dallas earlier this month, but he will not go to jail early for violating the terms of his $5 million bond.

According to a Dallas Police Department report, Skilling was arrested about 1:45 a.m. Sept. 9 in the 3600 block of McKinney Avenue in Dallas.

Skilling was not drinking when he was arrested and did not resist arrest, according to the report.

A jury convicted Skilling in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors in the government's foremost case to emerge from its Enron investigation following the company's 2001 crash. He plans to appeal.

He faces 20 to 30 years in prison, and currently is scheduled for sentencing on Oct. 23.

"Jeff is doing the very best he can to deal with a nearly impossible situation," his lead attorney, Daniel Petrocelli, said today.

Public intoxication is a Class C misdemeanor, subject to a fine of up to $500 but no prison time. He was assessed a $385 ticket and was held briefly in a city jail.

Skilling reported his arrest to pre-trial services the next day, Petrocelli said. The incident was investigated and the court required him to increase the frequency of his visits with mental health and alcohol treatment counselors.

Sean Berkowitz, director of the Justice Department's Enron Task Force who cross-examined Skilling during the ex-CEO's lengthy trial testimony, declined comment today on the incident.

The 3600 block of McKinney is in the swanky Uptown neighborhood north of downtown Dallas. It includes the relatively new West Village development, a collection of restaurants, bars, boutiques and movie theaters.

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Skilling was staying at a townhome he owns in the 1900 block of McKinney Avenue, a little more than a mile away from where he was arrested.

The townhome is among about $60 million in Skilling's cash and assets that have been frozen since he was indicted in February 2004 on charges stemming from the Enron scandal.

Skilling, 52, has had another alcohol-related run-in with the law since he was indicted.

In April 2004 he got into a scuffle with patrons of a cigar bar in New York City after a night of drinking. He wasn't arrested, but he and his wife, Rebecca, who was hurt during the scuffle, were transported to a hospital where a blood test showed Skilling's blood-alcohol level to be .019. Prosecutors pounced, asking a judge to increase his $5 million bond to $7 million, restrict his travel to Texas and impose a curfew. They argued that Skilling violated his bond's terms by drinking excessively and failing to report his contact with police to federal pretrial services authorities.

U.S. Magistrate Frances Stacy in May 2004 declined to hike the bond, but ordered Skilling to stop drinking, join an alcohol abuse treatment program, adhere to a curfew and perform community service since he wasn't working. Skilling did his community service for Habitat for Humanity in Houston.

Petrocelli said previously Skilling joined a treatment program two weeks before the post-scuffle bond hearing in 2004.

Prosecutors said in 2004, witnesses recalled that Skilling accused some of the cigar bar patrons of being FBI agents and tried to lift a woman's blouse to see if she was wearing audio recording equipment.

Skilling's lawyers countered that Skilling and his wife were harassed by two men, one of whom hit the ex-CEO.

This month's incident involved no such confrontations.

Skilling has 21 days from the date of the incident to pay his fine and enter a plea, according to Johnanna Greiner, chief prosecutor for the city of Dallas. Frequently people will pay the fine and ask for deferred adjudication, which means they are under probation for a set time and the charge will disappear if they do not break any other laws during that time.

Skilling or an attorney will have to appear in court to pay the fine and enter a plea.

"Because he's from out of town I wouldn't be surprised if he has his attorney come in and handle it," Grenier said.

Grenier said it's not unusual for well-known individuals to end up facing small charges in the city's municipal courts.

"But they're usually athletes or that ilk," she said.

Kristen Hays and Tom Fowler reported from Houston and Thomas Korosec from Dallas.

Outside Audit No More 'Stealth Restating' (WSJ)

By David Reilly

The Wall Street Journal, September 21, 2006

The Securities and Exchange Commission has a message for public companies: Fess up to bad news.

At issue is guidance from the regulator that companies shouldn't try to sweep under the carpet errors in their financial results. In recent years, scores of companies have changed previously reported figures via what critics call "stealth restatements," commonly including the new, different figures in subsequent securities filings. The SEC's stand: Such changes constitute information that is material to investors and thus needs to be formally disclosed in a restatement filing clearly labeled as such.

As a result, some companies are announcing restatements to earnings reports they made months ago. For example, in a report earlier this month to the SEC, Sun Microsystems Inc. pointed out that some of the figures contained in its annual report released in September 2005 differed from previous filings. At the time of that report a year ago, Sun didn't file a separate restatement announcement with the SEC.

A Sun spokeswoman said the company made the recent restatement filing in order to provide investors with "maximum transparency." The spokeswoman said the move wasn't "something that was forced upon us" by the SEC, but rather followed conversations among the company's lawyers. "It was recommended that the company refile for maximum transparency," she said.

In another recent example of such a catch-up filing, voice- and data-communications technology company Inter-Tel Inc. in early September flagged in an SEC filing a restatement that it had disclosed in its annual report filed in March. In its latest SEC announcement, the company said the purpose of the most recent filing "is to disclose this previously disclosed restatement in the format required." Kurt Kneip, Inter-Tel's chief financial officer, said the new filing was prompted by comments from the SEC.

Inter-Tel had originally filed a notice earlier this year with the commission regarding the restatement, but hadn't included it in the form designated for a restatement, because the changes "were immaterial to any prior quarter or reporting period," he said. "We thought we were being more than forthright." But the SEC, Mr. Kneip said, believes "any misstatement is material" and should be highlighted in a specific filing.

In 2004, as part of changes brought about by the Sarbanes-Oxley corporate-overhaul legislation, the SEC said companies should file a special form announcing a restatement with the agency. But some companies mistakenly believed that they wouldn't have to do so if they were submitting a new earnings filing in the days after concluding that a restatement of old results was necessary. Instead, they would just include the restated results in the new filing.

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Investor advocates complain that most investors aren't going to spot such switches, putting plenty of individual investors at a disadvantage to professional company watchers who have the time and smarts to compare every financial filing with those that preceded.

The SEC's new push on stealth restatements follows on the heels of a report released this summer by the Government Accountability Office, the investigative arm of Congress, which found that about 17% of public companies restating results between August 2004 and September 2005 failed to "file the proper disclosure."

Speaking at a conference in New York last week, Stephanie Hunsaker, associate chief accountant in the SEC's division of corporate finance, said the regulator is sending comment letters to companies insisting that they disclose restatements in the special filing.

John White, director of the corporate-finance division, added that his staff has "focused" on restatement-related disclosures to make clear that companies can't avoid such announcements by simply including a restatement in a filing of current results. The loophole some companies may have tried to exploit didn't actually exist, he explained.

Restatements are admissions by companies that a prior financial filing can't be relied upon, which explains why many executives prefer not to draw attention to them. "It's embarrassing," said Eric Keller, chief executive of Movaris Inc., a company that develops financial-reporting systems. "It's akin to a product recall."

By failing to properly file disclosures related to restatements, companies hope investors "may dismiss a restatement as relatively minor," because it was tucked "away quietly in the current period's results," research firm Glass Lewis & Co. said in a report earlier this year. "Clearly, companies know this -- and many take advantage," that report noted.

For investors, a restatement is notice that they need to go back and adjust figures that may have been used as the basis for an investment decision. Although some restatements are highly technical and don't affect a company's share price, others could cause a stock to tumble.

The number of restatements has soared in recent years, as a result of a greater focus on auditing quality and risk controls. Glass Lewis reported there were 1,195 restatements by U.S. companies in 2005, compared with 270 just five years earlier.

CRIMINAL LAW:

Abramoff Associates, Bush Aides Met Often (WP/AP)

The Washington Post, September 21, 2006

Former associates of disgraced lobbyist Jack Abramoff had dozens of appointments with Bush administration staff members, according to Secret Service visitor logs the White House released yesterday to settle a lawsuit by the Democratic Party and an ethics watchdog group.

Republican activists Grover Norquist and Ralph Reed, political allies of President Bush and longtime Abramoff associates, totaled more than 100 visits to the Bush White House. Abramoff, a former GOP lobbyist, has pleaded guilty to fraud and is cooperating with prosecutors in an influence-peddling investigation. White House officials said they believe all their meetings that included Bush were group events, such as Christmas parties or policy briefings for GOP supporters.

Among others who visited White House staff members are two former Abramoff lobbying associates who have also pleaded guilty in the ongoing lobbying probe. Neil Volz, an aide to Rep. Robert W. Ney (R-Ohio) before joining Abramoff's lobbying team, had 18 appointments with White House aides. Tony Rudy, an aide to then-Rep. Tom DeLay (R-Tex.), visited the Bush White House 13 times.

Former Abramoff lobbying associate Kevin Ring, a former aide to Rep. John T. Doolittle (R-Calif.), had 21, and lobbyist Shawn Vasell had 18 -- two this year.

White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex from 2001 to this year, half a dozen including Bush. Reed, former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia this year, got 18 meetings, including two events with Bush.

Papers Show Bush Allies' Inside Access (AP-Y)

By John Solomon And Sharon Theimer, Associated Press Writers

AP, September 21, 2006

Republican activists Grover Norquist and Ralph Reed landed more than 100 meetings inside the Bush White House, according to documents released Wednesday that provide the first official accounting of the access and influence the two presidential allies have enjoyed.

The White House released the Secret Service visit records to settle a lawsuit by the Democratic Party and an ethics watchdog group seeking visitors logs for the two GOP strategists and others who emerged as figures in the Jack Abramoff lobbying scandal.

Earlier this month, the White House suggested to the judge in that lawsuit that such records need not be disclosed because the information was privileged and might reveal how Bush and his staff get private advice, according to court documents obtained by The Associated Press.

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White House officials said Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex between 2001 and 2006, including a half-dozen with the president.

Reed, former executive director of the Christian Coalition and an unsuccessful candidate for lieutenant governor in Georgia earlier this year, got 18 meetings, including two events with Bush.

Officials said they believe all appointments with Bush involved larger group settings, such as Christmas parties or policy briefings for GOP supporters.

White House spokeswoman Dana Perino said, however, it was possible some of Norquist's meetings might have been directly with Karl Rove, the president's longtime confidant and political strategist.

"He is one of a number of individuals who worked to advance fiscal responsibility, which is one of the key aspects of the president's agenda," Perino said.

Both Reed and Norquist became involved with Abramoff, the once high-power GOP lobbyist who has pleaded guilty to fraud and is now cooperating with prosecutors in an influence peddling investigation that has rocked Capitol Hill.

Norquist's group advocates lower taxes and less government and he built it into a major force in the Republican Party. Along the way he became friends with Abramoff and Rove.

E-mails obtained this summer by AP show Norquist facilitated several administration contacts for Abramoff's clients while the lobbyist simultaneously solicited those clients for large donations to Norquist's group. Americans for Tax Reform acknowledged Norquist helped Abramoff but said he did nothing improper.

Reed rose to prominence as an organizer of evangelical Christian groups, including the Christian Coalition, inside the Republican Party before moving into business ventures where he did work for Indian tribes at Abramoff's request.

Documents unearthed by congressional investigators showed Abramoff and business partner Michael Scanlon routed about $4 million from Indian tribes to Reed-controlled entities for grassroots work aimed at blocking rival casinos.

The White House also released records showing White House appointments landed by some of Abramoff's former lobbying associates. Among them:

_Neil Volz, a former aide to Ohio Republican Rep. Bob Ney, had 18 appointments, including one to attend a large event featuring Bush on Sept. 11, 2001, that was canceled because of the terrorist attacks. Volz has pleaded guilty to conspiring to corrupt Ney and others with trips and other largess.

_Lobbyist Shawn Vasell also had 18. Two were Bush events, likely a February bill signing and a Ford's Theatre gala, that occurred this year, when Vasell was no longer working with Abramoff.

_Abramoff business partner Scanlon, a former aide to then-Rep. Tom DeLay, R-Texas, may have had one appointment; the White House couldn't say for certain whether the name in the Secret Service log was the same person. Scanlon has pleaded guilty to conspiring to bribe public officials while lobbying on behalf of Indian tribes.

_Former DeLay aide and Abramoff lobbying team member Tony Rudy had 13, none with Bush. Rudy has pleaded guilty to conspiring with Abramoff. Former Abramoff lobbying associate Kevin Ring, a former aide to California Republican Rep. John Doolittle, had 21, none with Bush.

_Two former Abramoff lobbying colleagues who joined Bush's administration, David Safavian and Patrick Pizzella, show up in the appointment logs countless times. Pizzella, an assistant secretary of labor, had 48, none with Bush. Among numerous meetings for Safavian, a former Bush administration procurement official who pleaded guilty to trying to hide his dealings with Abramoff, just one was with Bush, likely an employee holiday reception in 2004.

The release of the visitor records settles lawsuits by the Democratic Party and Citizens for Responsibility and Ethics in Washington.

In a court filing earlier this month while settlement discussions were ongoing, Justice Department lawyers representing the administration said information about the Norquist and Reed visits should be protected from public disclosure under the doctrine of "deliberative process privilege."

That privilege lets the president and executive branch officials seek advice and deliberate policy decisions in private without having to disclose such information under the Freedom of Information Act.

It is similar to executive privilege, a power made famous by President Nixon, that lets a president keep information secret even from Congress or the courts on the grounds that it would hurt his ability to get candid advice.

Executive privilege was the focal point of major legal battles in the Watergate and Clinton impeachment cases.

Bush administration lawyers wrote that Norquist and Reed were "prominent advocates of particular tax policies and other conservative policies" and that releasing information about their White House visits would "inherently reveal the structure and nature of deliberative processes."

"In making decisions on personnel and policy, and in formulating legislative proposals, the president must be free to seek confidential information from many sources, both inside the government and outside," the lawyers wrote in citing a favorable court ruling from 2005 involving Vice President Dick Cheney.

Democratic National Committee spokeswoman Karen Finney said she saw a pattern of the White House trying to avoid answering legitimate questions.

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"By trying to extend a special privilege typically reserved for U.S. government employees, to protect their Abramoff cronies like Grover Norquist, and Ralph Reed, the Bush administration showed just how willing they are to manipulate the law to hide the truth and protect their political interests," Finney said.

The administration lawyers, meanwhile, also argued against releasing information about the White House visits of former federal procurement official David Safavian on the grounds that it would violate Safavian's privacy. Safavian was recently convicted of trying to cover up his dealings with Abramoff.

Administration officials said the Justice Department never invoked the privilege mentioned in the court filings because a settlement was reached.

Former White House lawyer Lanny Breuer, who handled many of President Clinton's privilege claims, said that administration routinely released White House entry records to the public and never "came close to making a claim like the one being suggested in this instance."

2 Strategists Had 100 White House Meetings (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 (AP) — Two Republican strategists, Grover Norquist and Ralph Reed, have attended more than 100 meetings at the Bush White House, according to documents released Wednesday that provide the first official accounting of their access and influence.

The White House released Secret Service records of the visits to settle a lawsuit by the Democratic Party and an ethics watchdog group. Earlier this month, the White House argued to the judge hearing the lawsuit that such information was privileged, according to court documents obtained by The Associated Press.

White House officials said Mr. Norquist, who runs the nonprofit Americans for Tax Reform, was cleared for 97 visits to the White House complex from 2001 to 2006, including a half-dozen with the president.

Mr. Reed, former executive director of the Christian Coalition, got 18 meetings, 2 of which included events with Mr. Bush.

Administration Opposes Shield Law (AP)

By Hope Yen, Associated Press Writer

AP, September 21, 2006

WASHINGTON — The No. 2 official at the Justice Department said Wednesday that a shield law for reporters would encourage leaks of classified information.

At a Senate Judiciary Committee hearing, Deputy Attorney General Paul McNulty also said the proposal to protect reporters from having to identify their sources would "significantly weaken" the department's ability to obtain information it needs to protect national security.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., rejected McNulty's opposition, saying he wants to push forward with the bill, inspired in part by last year's jailing of journalist Judith Miller, then of The New York Times.

Miller had refused to cooperate with prosecutors in the Valerie Plame leak investigation. She subsequently disclosed that the source who told her of Plame's CIA identity had been Vice President Dick Cheney's now-indicted former chief of staff, I. Lewis Libby.

The Senate proposal would allow reporters to protect their confidential sources only in some instances. There would be exemptions in cases involving guilt or innocence, death or bodily harm, eyewitness accounts of criminal activity, and unauthorized disclosure of properly classified information.

McNulty said an exemption for national security was inadequate because the government would have to prove in court that a news leak harmed security. The Senate legislation would inject the federal judiciary "to an extraordinary degree" into executive branch functions, said McNulty.

A former solicitor general in the Bush administration, Theodore Olson, supported a shield law, saying it would promote investigative journalism.

"Naturally, the Department of Justice does not want its judgments second-guessed by courts," Olson testified. But Congress should not recoil from ensuring judicial oversight on government decisions such as warrants for eavesdropping on phone conversations, Olson said.

Clarity also is needed given a split in the federal courts as to whether journalists are entitled to protections, Olson added.

In an interview, Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said it was frustrating listening to testimony about "false, overwrought warnings about national security."

The 109th Congress is running out of time to act on the legislation. A House version of the bill would allow courts to compel reporters' testimony when necessary to prevent "imminent and actual harm" to national security. Differences between the two bills would have to be reconciled in a conference committee after the two chambers pass the bill.

DOJ_NMG_0066849

Jailing The Messenger (LAT)

The Los Angeles Times, September 21, 2006

A DRUG DEALER SELLS HIS WARES to professional baseball players, whose steroid-distorted performances subvert the game. Major League Baseball knows but does nothing. The feds find out and raid the drug lab. Two reporters look into the raid, discover rampant use of steroids in baseball and write a series of articles and a book that shock the public, launch a congressional probe, prompt the president to decry drug use in sports and finally move baseball to impose a tough steroid-testing policy.

The dealer goes to jail. Might anyone else do time in this web of corruption, deceit and ineptitude? Why, the reporters, of course. The suspected ballplayers got immunity, and baseball executives escaped scrutiny. But the journalists are facing time for their work.

San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about the case. If they don't, the judge could put them behind bars until they change their minds.

Prosecutors say, correctly, that the reporters witnessed a crime when they received the sealed statements made during the grand jury probe of the Bay Area Laboratory Co-Operative steroid scandal. They also argue that such proceedings are sacrosanct and must remain so in order to get witnesses to come forward. But prosecutors have at their disposal the full investigative power of the U.S. government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources.

There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public.

Californians recognized the importance of protecting reporters from compelled testimony about their sources by passing a shield law and making it part of the state Constitution. Federal judges have the discretion to let the state law guide them in their rulings on the reporter's privilege. Meanwhile, Congress should pass a federal version of the shield law, even one that falls far short of perfect, such as the bill from Sen. Arlen Specter (R-Pa.) to restore the balance between the government — with its power to probe and compel — and two reporters backed by their enterprise and the 1st Amendment.

Suspect Pleads GuiltyÂ To Rosenbaum Murder (WP)

By Henri E. Cauvin

The Washington Post, September 21, 2006

One of the men charged with killing New York Times journalist David E. Rosenbaum pleaded guilty yesterday to murder and conspiracy charges.

The surprise plea by Michael Hamlin, just a month before the first trial in the case was to begin, indicates that he could testify against his accused accomplice -- a cousin, Percey Jordan.

Hamlin, 24, told a D.C. Superior Court judge that he and Jordan attacked Rosenbaum in January as the 63-year-old journalist was walking in his Northwest Washington neighborhood.

With Hamlin's family looking on from a few rows behind Rosenbaum's relatives, he pleaded guilty to second-degree murder, conspiracy and conspiracy to commit robbery -- offenses that collectively carry a maximum penalty of 60 years in prison.

But a long sentence is unlikely. As part of the plea agreement, prosecutors will not seek a sentence above the maximum calculated under Superior Court's voluntary sentencing guidelines, which probably would mean a term of 15 to 35 years.

After yesterday's hearing, Rosenbaum's brother, Marcus, said it was important that Hamlin had taken responsibility. "Of course, none of this is going to bring my brother back," he added.

A long prison sentence, Marcus Rosenbaum said, will give Hamlin time to consider what he did. "We hope he will think about it -- as much as we're going to be thinking about my brother the rest of our lives," said Marcus, who was joined in court by his brother's adult children, Daniel and Dorothy. Already ill when her husband was killed, Rosenbaum's wife, Virginia, died in June.

Yesterday's hearing provided the clearest public account yet of what prosecutors believe happened shortly after 9 p.m. Jan. 6 -- an account that Hamlin confirmed in entering his guilty plea.

Setting out in Hamlin's car, Hamlin and his cousin went looking for someone to rob, Assistant U.S. Attorney Amanda Haines said. Jordan had a lead pipe in a backpack and when they spotted Rosenbaum in the 3800 block of Gramercy Street NW, they came up from behind, and Jordan struck Rosenbaum in the head with the pipe, Haines said. With Rosenbaum on the ground, Hamlin took Rosenbaum's wallet from his pocket, she said.

The blow to the head would prove fatal for Rosenbaum, who died two days later.

Rosenbaum was semiconscious when firefighters and emergency medical personnel found him, and the succession of mistakes that followed in treating him -- at the scene, in the ambulance and at the hospital -- led to a public outcry and a withering critique by the D.C. inspector general's office.

As a result of the Rosenbaum case, one emergency medical services technician was fired and four firefighters are going through proceedings that could lead to termination, said Alan Etter, spokesman for the D.C. Fire and Emergency Medical Services Department. Two supervisors who were subject to demotion retired, and a third was put on administrative leave for 10 days, Etter said.

D.C. Police Chief Charles H. Ramsey also punished three police officers for shoddy work in the aftermath of Rosenbaum's death.

Widely respected among his colleagues and the people he wrote about, Rosenbaum recently had retired from the Times after more than 30 years at the paper. His memorial service at the Dirksen Senate Office Building on Capitol Hill drew a number of notable Washington figures.

Hamlin and Jordan were arrested after police released security videotapes from two stores where someone used or tried to use Rosenbaum's stolen credit cards.

On Jan. 12, about an hour after the footage was provided to the media, Hamlin showed up at a D.C. police station, wearing the same industrial uniform that he appeared to be wearing in the video. He asked officers why his face was on television, authorities said.

When he was arrested, Hamlin was a driver for waste hauler Browning-Ferris Industries Inc. and lived with his mother in an apartment on Alabama Avenue SE, not far from the 7th District police station. It was not his first run-in with the law. In 2002, he was convicted of robbery in Prince George's County and sentenced to a year in jail, although all but three days of the sentence were suspended.

One day after Hamlin's arrest, Jordan, 42, turned himself in at the same police station. Both have been jailed since.

The men were eventually indicted on charges of conspiracy and murder after investigators linked them to a robbery in Silver Spring the night Rosenbaum was attacked.

The same indictment charged Jordan with the November 2005 robbery of a 72-year-old retired police officer, James Rose. It was a robbery that Rose said could have been solved long before Rosenbaum was attacked. Rose said that his cellphone was used to call relatives of both Jordan and Hamlin but that police never followed up on that lead.

The detective who worked on Rose's case was notified yesterday that he was being demoted to the rank of officer, officials said.

Judge Erik P. Christian set Hamlin's sentencing for Dec. 19, but Hamlin could be back in court before then if his cousin goes to trial next month as scheduled. As part of his plea agreement, he must testify for the government if he is called to the witness stand.

Speaking to reporters after the plea was announced, Hamlin's attorneys, Stephen V. Mercer and Steven D. Kupferberg, said that from the outset, Hamlin had wanted to accept responsibility for what he did.

One Of 2 Suspects Pleads Guilty In Murder-Robbery Of A Reporter (NYT)

By John Files

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — One of the two men accused of killing a retired reporter for The New York Times pleaded guilty Wednesday to charges of murder and robbery.

As part of a plea agreement, the man, Michael C. Hamlin, 24, agreed to testify against his cousin Percey Jordan Jr., 42, who is scheduled to go on trial next month in the killing of the reporter, David E. Rosenbaum, last January. Prosecutors said they would not seek a prison term in excess of sentencing guidelines, which include a maximum of 60 years.

Mr. Hamlin pleaded guilty to charges of second-degree murder, conspiracy to commit robbery and robbery. He said that on the night of Jan. 6, he stole Mr. Rosenbaum's wallet and that Mr. Jordan struck Mr. Rosenbaum on the head with a metal pipe; they divided his money and credit cards and used the cards at stores including a pharmacy, gas station and grocery.

Mr. Rosenbaum, who was found lying semiconscious on a sidewalk near his home that night, died two days later. The authorities attributed the cause of death to blunt force trauma to his head, neck and body.

Judge Erik P. Christian of Superior Court ordered a sentencing hearing for Dec. 19. Lawyers for Mr. Hamlin said he had accepted responsibility for his role in attacking Mr. Rosenbaum, who was 63 and had worked for The Times for more than 37 years as a reporter and an editor and had planned to continue contributing articles in retirement.

One of Mr. Hamlin's lawyers, Stephen V. Mercer, said he was "essentially a young man who had been led astray," adding, "He had a good job, a strong family and was a high school graduate."

Mr. Hamlin graduated from Anacostia Senior High School here and was a truck driver. During court proceedings on Wednesday, his mother shouted, "Love you, Michael!"

Another of Mr. Hamlin's lawyers, Steven D. Kupferberg, said, "From the outset, this was a tragedy of cataclysmic dimensions."

Mr. Hamlin's lawyers said he began to cooperate with the police shortly after the attack, when he walked into a police station and asked why his picture was being shown on local television news reports. The surveillance photograph had been taken at a store where one of Mr. Rosenbaum's credit cards was used.

Marcus Rosenbaum, the victim's brother and a Washington resident, said it was important that Mr. Hamlin take responsibility for his role in the attack. "He did a horrible thing," Mr. Rosenbaum said. "He has taken responsibility for it. And he will be punished for it."

He added, "We think that he should spend a good long time in prison."

Guilty Plea In Slaying Entered (WT)

By Jim Mcelhatton

The Washington Times, September 21, 2006

One of two men arrested in the January fatal beating of New York Times journalist David E. Rosenbaum pleaded guilty to second-degree murder, robbery and conspiracy charges yesterday.

The plea entered by Michael C. Hamlin, 24, came under an agreement that means that he likely will be subpoenaed to testify in the prosecution of co-defendant Percy Jordan Jr., who is Hamlin's cousin.

Hamlin will be sentenced Dec. 19. He would have faced up to 60 years in prison if he was convicted at trial. There is no parole for felony offenders convicted in D.C. Superior Court after 2000, though sentences can be reduced by up to 15 percent for good behavior.

Hamlin, appearing in D.C. Superior Court, admitted that he stole Mr. Rosenbaum's wallet after Jordan beat the journalist over the head with a metal pipe on Jan. 6.

Mr. Rosenbaum, 63, was out for a walk when he was attacked on Gramercy Street near his Northwest home.

Hamlin's attorneys said yesterday their client should get some leniency because he turned himself in and he took responsibility for his role in the crime by pleading guilty.

"From the outset, this was a tragedy of cataclysmic proportions," said Steven Kupferberg, an attorney for Hamlin.

Marcus Rosenbaum, the brother of David Rosenbaum, said after the hearing the family was pleased that Hamlin "took responsibility" but still hopes he spends "a good, long time in prison."

Hamlin's relatives declined to comment after the hearing.

During the hearing, Hamlin's mother yelled that she loved him, which prompted a rebuke from Judge Erik P. Christian against outbursts in the courtroom. Hamlin turned and nodded.

A graduate of Anacostia High School, Hamlin was employed as a trash truck driver in Virginia at the time of his arrest. He turned himself in after seeing his picture on television during coverage of the beating.

Stephen Mercer, an attorney for Hamlin, called his client "a young man who was led astray" and who had "a very strong family."

Assistant U.S. Attorney Amanda Haines said Hamlin and Jordan drove to Northwest in Hamlin's car after they agreed to commit a robbery together.

David Rosenbaum's death has highlighted serious problems in the District's emergency-response system.

A report by the D.C. Office of the Inspector General identified "an unacceptable chain of failure" in the response to Mr. Rosenbaum's beating, including the early prognosis by a medical crew that he was drunk.

The inspector general found that the Metropolitan Police Department officers who responded to the scene did not collect all of the evidence or interview potential witnesses. The report also found that Mr. Rosenbaum was left in a hallway untreated at Howard University Hospital, while emergency workers walked past him.

Marcus Rosenbaum said he's hopeful that the D.C. Fire and Emergency Medical Services Department will improve.

"We're going to have a new mayor, so let's see what the new mayor does," he said.

D.C. Council member Adrian M. Fenty, a strong favorite to win the mayor's race in November after his victory last week in the Democratic primary, has said he plans to place emergency medical services and firefighting functions in separate departments.

FBI: LA Man Allegedly Worked For Saddam Hussein's Regime (CCT)

By Jeremiah Marquez

The Contra Costa Times, September 21, 2006

LOS ANGELES - A man accused of collecting intelligence for Saddam Hussein's regime during the 1990s was indicted on charges of failing to register as an agent of a foreign government, authorities said Wednesday.

William Shaoul Benjamin, 64, of Los Angeles also faces charges of making false statements and conspiracy, according to the FBI.

On Monday, Benjamin, an Iraqi-born naturalized citizen, pleaded not guilty and was released on $500,000 bond with electric monitoring following his arrest on Sept. 14.

Code-named "9211," Benjamin allegedly worked with the Iraqi Intelligence Service between 1993 and 2001, infiltrating groups and organizations considered hostile to Saddam's government and relaying information to his Iraqi handlers. Prosecutors refused to say which groups he allegedly monitored.

He also traveled to Iraq to train with intelligence officers, authorities said. In June 2001, an Iraqi agent went to Tunisia to meet with Benjamin.

In return, Benjamin received separate payments of $2,000, $4,000 and $2,500 over the years, gifts including two bottles of whiskey, and other compensation from the IIS, according to authorities.

The FBI says that he not only failed to state he was a paid source for Iraq intelligence in his application for U.S. citizenship, but also falsely declared that he had renounced allegiance to Iraq.

A call to Benjamin's attorney, James Blatt, was not immediately returned Wednesday.

If convicted on all counts, Benjamin faces a maximum sentence of 20 years in prison.

West Hills Man Indicted On Charges Of Spying For Hussein In The 1990s (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 21, 2006

William Benjamin pleads not guilty to allegedly infiltrating anti-regime groups.

A 64-year-old man from West Hills has been indicted on charges that he secretly worked for Saddam Hussein's intelligence services throughout the 1990s by infiltrating groups in the United States considered hostile to the former Iraqi regime, the FBI announced Wednesday.

William Shaoul Benjamin was arrested Sept. 14 for allegedly acting as a foreign agent without registering with the attorney general, as required by law. He also was charged with lying under oath to immigration officials.

Benjamin pleaded not guilty Monday and was released on a $500,000 bond.

At his ranch-style home in West Hills, Benjamin declined to comment. He referred questions to his attorney, James Blatt, who did not return several phone calls.

According to the federal grand jury indictment, returned in June and unsealed Sept. 14, Benjamin is accused of working for the Iraqi Intelligence Service from 1993 to 2001, under the codename "9211."

The indictment alleges that Benjamin met with intelligence service officers in Iraq and Tunisia, and received three payments totaling $8,500, as well as two bottles of whiskey.

The indictment reveals only this about what Benjamin allegedly did for the Iraqi government: "Defendant Benjamin would infiltrate groups and organizations located in the United States that were considered by the Iraqi Intelligence Service to be hostile to the government of Iraq under the leadership of Saddam Hussein. [He] would collect information regarding these groups and organizations, and the individuals in them, and provide this information to co-conspirators who were Iraqi Intelligence Service officers."

The indictment did not say which groups were allegedly infiltrated. Several local Muslim leaders with ties to the Iraqi community said they had never heard of Benjamin.

Assistant U.S. Atty. Judith Heinz, who is prosecuting the case, would not comment.

If convicted on all counts, Benjamin faces a maximum of 20 years in prison.

In May, a Palestinian man was sentenced in Indianapolis to 13 years for what prosecutors said was a plot to sell U.S. intelligence secrets to Hussein's regime. Prosecutors stopped short of saying that the man, Shaaban Hafiz Ahmad Ali Shaaban, actually had classified information and said the deal never went through, according to the Associated Press.

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Times staff writer Amanda Covarrubias contributed to this report.

Klobuchar Campaign Aide Resigns (STPPP)

By Rachel E. Stassen-berger

The St. Paul Pioneer-Press, September 21, 2006

Democrat Amy Klobuchar's U.S. Senate campaign communications director resigned this week after she viewed and shared a possibly fraudulently obtained campaign ad for U.S. Rep. Mark Kennedy, Republican opponent, the campaign disclosed Wednesday.

"What happened here was wrong… Some people may believe that this happens on campaigns all the time, but it is not acceptable on our campaign," Klobuchar said in a prepared statement. "I offer a sincere apology to Mark Kennedy and his campaign."

According to the Klobuchar campaign, a blogger sent Klobuchar's former Communications Director, Tara McGuinness, the Kennedy campaign ad on Saturday. She was told the ad was obtained through, "use of passwords."

Ben Goldfarb, Klobuchar's campaign manager, wouldn't further explain how the blogger got the ad or if he believed the blogger hacked into Kennedy's campaign computers. He did say McGuinness, who has been with the campaign for about five months, should not have accepted the information.

"Tara acted with exceedingly poor judgment by accepting the information and not turning it away," he said.

When he and Klobuchar, the Hennepin County Attorney, learned of the incident over the weekend they reacted immediately, he said. They reported it to the FBI, asked for McGuinness' resignation and told the blogger not to send any further advertisements to the campaign.

Goldfarb said they began dealing with the incident over the weekend and completed their follow up by today.

The FBI hadn't interviewed anyone with Klobuchar's campaign by Wednesday, he said.

He and Pat Shortridge, Kennedy's campaign manager, had a brief conversation Wednesday about the incident.

Top Klobuchar Aide Fired For Viewing Leaked Kennedy Ad (DULNT)

By Patrick Condon

The Duluth News Tribune, September 21, 2006

ST. PAUL - Democrat Amy Klobuchar's U.S. Senate campaign has fired its chief spokeswoman, revealing Wednesday that she viewed an unreleased TV ad for Republican candidate Mark Kennedy that may have been illegally obtained.

In a prepared statement, Klobuchar campaign manager Ben Goldfarb said that communications director Tara McGuinness was contacted last Saturday by a local blogger who sent her a link to the ad. Goldfarb said the campaign had turned the matter over to the Minneapolis office of the FBI.

"The blogger indicated to Ms. McGuinness that he had gained access to the advertisement by use of passwords," Goldfarb said in the statement. "Exercising poor judgment, Ms. McGuinness opened the link, watched the advertisement and asked others on our campaign to watch it."

At a hastily called press conference late Wednesday, Noah Kunin, who maintains the liberal blog http://www.blanked-out.com, revealed that he uncovered the ad. He said he was at the Web site of Kennedy media consultant Scott Howell, looking for previously aired examples of his work.

Kunin said he typed the word "Allen" into a field at the site, seeking the ads of Howell client U.S. Sen. George Allen, which led to several more links that ultimately brought up the Kennedy ad.

"At no point in the process did I circumvent security measures," said Kunin, 24. "The Web site containing this ad can be accessed by anyone with Internet access. It was in no way secured."

On the advice of his attorney, Kunin wouldn't discuss his contact with McGuinness. But he said he was not working on behalf of Klobuchar. "I want to apologize to the Klobuchar campaign for placing them under scrutiny," he said.

FBI spokesman Paul McCabe confirmed his office had been contacted by the Klobuchar campaign. "We are currently reviewing the facts of this matter to determine if there was any violation of federal law," McCabe said.

Kennedy's campaign manager, Pat Shortridge, held a news conference late Wednesday to demand the Klobuchar campaign answer a list of questions about the incident. Chief among them, Shortridge said: Why was McGuinness's firing announced Wednesday if she viewed the ad Saturday?

"Why did it take them so long to notify us?" Shortridge said. That in turn raises other questions, he said, such as whether other Klobuchar staffers or supporters saw the ad; or if McGuinness used information in the ad in a way that benefited the Klobuchar campaign.

Goldfarb said he first found out about the ad on Saturday night but not the full scope of the problem until Monday, when he dismissed McGuinness. He said the campaign didn't announce her dismissal until Wednesday because it took that long to finish making the report to the FBI.

Goldfarb said the Klobuchar campaign wouldn't answer any more questions about the matter while the FBI was investigating it. Goldfarb did say in his prepared statement that neither he nor Klobuchar watched the ad, and that "no campaign strategy or decisions will be changed because of it."

In her own prepared statement, Klobuchar apologized to Kennedy and his campaign.

"What happened here was wrong," said Klobuchar, the chief prosecutor for Hennepin County. "By reporting the blogger's activities and this incident to law enforcement, we are doing the right thing."

McGuinness did not return a phone call seeking comment.

Petersburg Doctor Convicted In Virginia Delegate Fraud Case (DPHR/AP)

By The Associated Press

Daily Press, September 21, 2006

RICHMOND, Va. -- A Petersburg doctor has been convicted of obstructing an FBI investigation and making a false statement after federal authorities say he signed two competency letters that helped a Virginia lawmaker commit bank fraud.

Dr. Clarence Scranage Jr., 51, faces up to 25 years in prison and $500,000 in fines when he's sentenced on Dec. 15.

A federal jury convicted Scranage Tuesday, according to Chuck Rosenberg, United States Attorney for the Eastern District of Virginia. The FBI and Virginia State Police led the investigation against Scranage.

The charges relate to a 2004 joint investigation of Virginia Del. Fenton Bland. Bland is serving a 57-month federal prison sentence for forging deeds to property owned by an elderly Petersburg resident. Bland has been ordered to repay $1.2 million for his role in the scheme in which he forged signatures to take control of the property and get bank loans to benefit a Richmond funeral home he owned.

According to trial testimony, Scranage assisted the scheme by signing two letters addressed to a title insurance company that suggested the elderly victim was competent when he deeded property to Bland.

Authorities say Scranage later denied having contact with Bland during the August 2004 investigation. They later learned the two met a day before Scranage was interviewed by law enforcement.

Assemblyman Calls For Probe Of State Police Manhunt (TLPA)

By Michael Gormley

Times Leader (NE PA), September 21, 2006

ALBANY, N.Y. - The state police superintendent on Wednesday rejected allegations of mismanagement that prompted a state assemblyman to call for an independent investigation into how the manhunt for Ralph "Bucky" Phillips was handled.

DOJ_NMG_0066854

"I think there should be something more, based on this," said Assemblyman William Parment, referring to complaints from the state troopers union released in a letter Tuesday. "During the process of the search, I had numerous complaints from constituents who felt the search was not being properly conducted."

Superintendent Wayne Bennett said the internal review already under way would address all questions. Gov. George Pataki issued a statement later, saying his office looks forward "to the timely completion" of the police review.

Three troopers were shot and one died during the five-month manhunt that ended with Phillips' capture Sept. 8 just across the Pennsylvania border.

Parment, a Jamestown Democrat, wants both an internal state police investigation and an outside review. He said the Legislature, which has oversight responsibility for all state agencies, or the executive branch might be capable of a proper investigation without hiring an outsider.

Assembly Speaker Sheldon Silver said he would discuss with his members how to proceed.

Saying troopers were under-equipped and poorly led during the search, the New York State Troopers Police Benevolent Association asked state officials to assign an investigator from outside state government. Assembly Speaker Sheldon Silver had no immediate comment Wednesday on Parment's request. State Attorney General Eliot Spitzer, who is running for governor, has not commented on the letter.

Trooper union president Daniel De Federicis said Wednesday that he was "flat out refused" a meeting with State Police Superintendent Wayne Bennett about his concerns before Phillips was captured.

"If they are going to be arrogant and stubborn, which is precisely what got them into this problem in the first place, that is precisely why an outside entity must dictate to them what they did wrong in the task and what they must do in the future," De Federicis said.

Bennett said he would welcome an independent investigation, but he wouldn't call for one since the State Police can do the job.

"I can tell you there is no credibility to some of these allegations," he said, for example that state police turned away FBI assistance.

The letter also claimed state police created what became a deadly routine during the manhunt, using the same observation posts and shift-change times, and some troopers lacked adequate weaponry and body armor. Bennett said shifts have to be relieved "on post, so you can't get around that," and changing times would have meant even longer hours for some.

Bennett said the two troopers shot on a stakeout of Phillips' ex-girlfriend's house had a variety of body armor to choose from, and details that went into the woods pursuing Phillips had automatic weapons. He said some allegations, for example, that two other officers got lost in the woods and had to be found by a helicopter, he hadn't heard before and would be checked.

Phillips was captured five days after Trooper Joseph Longobardo died of injuries suffered when he was ambushed and shot during the largest manhunt in state history.

"This detail (manhunt) was poorly planned, poorly organized, poorly led and poorly executed," said the letter sent Tuesday by De Federicis on behalf of the union. The letter said the union had "significant" firsthand information from police to back its claims.

The letter, which painted an image of bullying local commanders and exhausted personnel, went to the highest levels of state government. Bennett the State Police is required to investigate personnel complaints, and some of them apparently are against personnel who are union members.

De Federicis said he feels this issue is the biggest since a fingerprinting scandal in the 1990s. Lower level state police personnel were investigated for manipulating fingerprints at crime scenes. After an independent investigation, state police adopted reforms.

"I know this is embarrassing for not just the agency, but for us as members," said De Federicis, a state police sergeant on leave for union work. "We don't like to see that. But my hope is that through a proper independent investigation, looking backwards and forwards, this agency comes out much stronger in the end."

Hundreds of police, at least 140 each shift near the end, spread out in remote, wooded southwestern New York to search for Phillips, a longtime petty criminal who escaped from an Erie County jail in April.

The condition of Trooper Donald Baker Jr., who was shot along with Longobardo while staking out the home of Phillips' former girlfriend on Aug. 31, was upgraded to serious Tuesday at a Pennsylvania hospital.

The union includes about 3,600 active state police employees, and "we feel we have the support of the majority," De Federicis said.

A suspect in the attack on Longobardo and Baker, Phillips has been charged in the shooting of Trooper Sean Brown near Elmira in June. Brown recently returned to duty.

Police Union Seeks Review Of Manhunt For Fugitive (NYT)

By Michael Wilson

The New York Times, September 21, 2006

The president of a union for state police troopers and a state assemblyman are demanding an independent review of a five-month manhunt for an escaped inmate in western New York. The union president cited what he said were several investigative missteps that may have prolonged the fugitive's flight.

The fugitive, Ralph J. Phillips, known as Bucky, surrendered on Sept. 8 in a field in Pennsylvania near the New York State line as hundreds of troopers closed in. He has been charged with attempted murder in a shooting on June 10 that wounded a trooper in Elmira, N.Y., and he is the prime suspect in an Aug. 31 ambush in Stockton, N.Y., that killed one trooper and wounded another.

The president of the Police Benevolent Association of the New York State Troopers, Sgt. Daniel M. DeFedericis, criticized the manhunt in a letter sent on Tuesday to Gov. George E. Pataki, Attorney General Eliot Spitzer and several state lawmakers. In the letter, which he also sent to reporters, Sergeant DeFedericis said turf wars among investigators, as well as poor management, enabled Mr. Phillips to elude troopers who were, at times, literally lost.

"At one point during the detail, two troopers became lost in the woods and a state police helicopter had to be used to find them," he wrote. "Had there been proper command and control, incidents like this never would have happened."

He called for an investigation of the manhunt, as did Assemblyman William L. Parment, a Democrat from Jamestown, a city in the search area. "During the process of the search, I had numerous complaints from constituents who felt the search was not being properly conducted," Mr. Parment said.

The state police superintendent, Wayne E. Bennett, said at a news conference in Albany yesterday that he would welcome an independent investigation, and that police investigators would look into the incidents described in the letter. Mr. Bennett said he knew of no complaints from troopers about the manhunt.

Governor Pataki issued a statement later, praising the troopers' work in the manhunt and saying the review was under way. "We look forward to the timely completion of that review," he said.

Mr. Phillips, 44, who has a long criminal history, escaped from the Erie County Correctional Facility near Buffalo on April 2 by prying open a tile in a kitchen ceiling with a can opener. The manhunt began in earnest after the June 10 shooting, but for many weeks that followed the state troopers rebuffed an offer of help from the F.B.I., Sergeant DeFedericis said in an interview yesterday.

"We do have evidence that the F.B.I. both was given the impression and felt they were not wanted on that detail," he said. "Hence, they left it."

Superintendent Bennett, at the news conference, said, "I can tell you there is no credibility to some of these allegations." He said the F.B.I. agents in question were part of a tactical group meant to capture Mr. Phillips once his location was known, which was not the case at the time, and that both the F.B.I. and the state police agreed that the agents were needed elsewhere.

Paul Moskal, a special agent and spokesman for the Buffalo F.B.I. office, declined to comment on the matter and referred questions to the state police.

The union letter described exhausted troopers working weeks of double shifts and supervisors at times "ranting and raving" and bullying troopers, or donning camouflage uniforms and joining the search instead of supervising.

On Aug. 19, a trooper following a suspicious motorcycle identified its driver as Mr. Phillips as he was entering a house. But before backup officers could arrive, he had escaped again, the state police have said. Sergeant DeFedericis said the trooper was initially denied backup because of a policy of "measured response" to sightings.

In a statement, a spokesman for the New York State Police, Lt. Glenn Miner, said, "We welcome the input of the P.B.A., and all members of the New York State Police, and trust that in the future, when there is an issue of health and safety regarding an ongoing matter, that it will be brought to the attention of management immediately, not weeks later."

Mr. Phillips is being held at the Chemung County jail on charges of attempted murder in the shooting of Trooper Sean M. Brown in June.

Jr. Gibes On Pet Peeves (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 21, 2006

John A. (Junior) Gotti's Long Island mansion is mobbed up - with pets.

"My mansion, it could be featured in House & Garbage," Gotti said in a dig at prosecutors' claims he has a team of servants at his $1.3 million Oyster Bay Cove estate.

Gotti mused that it was quieter on the cellblock in his upstate New York prison than the home he shares with "six kids, four dogs, six rabbits, two chickens, two horses and a bird that screams every hour on the hour."

"Where's the kids?" and "Grandpa," the bird recites in an endless soundtrack.

Until recently, the Gottis had a Vietnamese pot-bellied pig, but it got so fat it was putting a dent in the family's food bill. Gotti took it to an animal shelter. "I had to draw the line somewhere," he said.

Gotti's impromptu comedy routine came as jurors finished a second day of deliberations without a verdict in his latest trial.

Jurors sent a note yesterday to Manhattan Federal Court Judge Shira Scheindlin asking whether they must find that Gotti, 42, continued to be involved in construction extortion after 1999 in order to find him guilty.

And they asked to listen to a March 2003 tape of Gotti and pal Steve Dobies discussing the failed startup of a prison magazine that would dispense legal advice and feature photos of rapper babes.

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Prosecutors say Gotti continued to reap the benefits of his life in the mob even after he pleaded guilty to racketeering charges in 1999 and began serving a six-year sentence.

In order to find him guilty of participating in a racketeering conspiracy, prosecutors must prove that he participated in at least one crime after 1999, five years from his 2004 indictment.

'HAPPY' CAPO NOT LAUGHING ANY MORE (NYPOST)

By Zach Haberman

The New York Post, September 21, 2006

Call him Louie Ta Ta.

Bonanno crime-family big Louis "Louie Ha Ha" Attanasio was sentenced to 15 years behind bars yesterday for whacking another mobster.

Attanasio, 62, and fellow capo Peter "Rabbit" Calabrese, 58, who was also given a 15-year prison stint yesterday, both pleaded guilty last month to murdering Cesar Bonventre, a member of the family's Sicilian faction.

Former godfather Joe Massino ordered the gangland hit after Bonventre fell out of favor with him. Attanasio admitted to shooting Bonventre in the back of the head as they sat in a car parked inside a garage in Maspeth, Queens, in 1984.

Attanasio and Calabrese - who both took plea deals to get the pre-arranged sentences instead of facing up to 20 years in prison - then hacked Bonventre's body into pieces and stuffed his remains into steel drums inside a New Jersey glue factory.

Attanasio's younger brother, Robert "Bobby Ha Ha" Attanasio, was also in court yesterday to plead guilty to his role in the rubout.

"I cleaned up the car involved in that murder," the younger Attanasio told Brooklyn federal court Judge Nicholas Garaufis.

Bobby Ha Ha's admission was also contingent on a prearranged prison sentence. He is expected to get 10 years behind bars when he is sentenced in January.

Former SBC Worker Denies She Lied To Grand Jury In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 21, 2006

A former SBC employee denied Wednesday that she lied to a federal grand jury about her contacts with a co-worker who has been indicted in the racketeering and wiretapping case of indicted private investigator Anthony Pellicano.

Facing five counts of perjury, Joann Wiggan, 52, of Burbank also testified that whatever calls she made to or received from her former co-worker, Ray Turner, had nothing to do with his alleged involvement in accessing confidential phone records for Pellicano.

Wiggan at one point broke down in tears as she testified in her own defense, contradicting assertions by federal prosecutors that she repeatedly lied to a federal grand jury about her contacts with Turner. As they presented the government's case on the first day of trial Tuesday, prosecutors said that two other ex-SBC employees who have admitted illegally providing confidential phone company information to Turner were contacting him at the same time as Wiggan.

But the former SBC employees, Teresa Wright and Michele Malkin, testified Wednesday before U.S. District Judge Dale S. Fischer that they did not know Wiggan. Other government witnesses, including an FBI agent and an SBC security official, testified that they had no way of knowing what Turner and Wiggan talked about, or even if the many calls between their home, work and cellphones were made by them or others with access to those phones.

Under questioning by her attorney, David R. Reed, Wiggan described Turner as a co-worker whom she had known for years and as a "fun guy … who would always make you feel good about yourself."

His friendship was particularly welcome, Wiggan said, during the period from late 1999 to 2002 that has been the subject of interest by authorities because of the phone calls between the former SBC employees. "We talked now and then," Wiggan said. "I was depressed. I was going through a bad time," she said, recalling how her mother had died and that she was too ill to attend the funeral. It was also during that period, Wiggan testified, that she was first estranged from her husband and was seeing a psychiatrist. "I was going through a terrible period of my life," she said, breaking into tears. Turner "was nice to me."

When she was later called before the grand jury to testify about her contacts with Turner, Wiggan said, she testified without an attorney because she did not think she needed one.

"I didn't have anything to hide," she said, reiterating that she never provided any proprietary information to Turner.

In his opening remarks, Reed portrayed Wiggan as someone whose grand jury testimony has come back to haunt her because she appeared without an attorney and relied on her memory and other faulty information.

Despite phone records showing calls from her numbers to her voicemail at work, Reed said, Wiggan originally told the grand jury she had not accessed her office voicemail before 2003, only to learn later that her estranged husband had been checking it during that time because he suspected that she was seeing someone else.

Wiggan also testified that she would often forget about specific voicemail messages and would often not check her voicemail because she found the process "annoying," especially when her three children would call just to complain about each other or report a fight at home.

"It was supposed to be used for emergencies," she said, "not to complain."

"Did you ever call your voicemail and have a voice message from Ray Turner?" her attorney asked.

"Not that I can remember, no," Wiggan said.

After the trial recessed Wednesday, Wiggan's lawyer said he would present witnesses who will testify that they repeatedly accessed Wiggan's office voicemail. He also said he will call other former co-workers who will attest to her devotion to the company where she worked for 33 years before being fired in March as a result of the federal probe.

Prosecutors declined to comment about the day's testimony. They are scheduled to cross-examine Wiggan today.

greg.krikorian@latimes.com

Effort To Combat Child Pornography On Internet Would Close Sites (NYT)

By Kurt Eichenwald

The New York Times, September 21, 2006

As part of the battle against the spread of child pornography on the Internet, an initiative has begun allowing for the shutdown or blocking of sites offering illicit images of minors, even in cases where no criminal investigation is being conducted.

The initiative, expected to be announced today at a Congressional hearing, is part of an effort among a group of Internet service providers and the National Center for Missing and Exploited Children.

Until now, the decisions to close child pornography sites were ad hoc, based on thousands of referrals to the service providers and the Cybertipline of the center.

Often such shutdowns did not occur, and many times closings were reserved for sites that were the targets of criminal investigations

But in an inquiry this year by the Investigations and Oversight Subcommittee of the House Energy and Commerce Committee, lawmakers learned of an aggressive effort in Britain to shut or block access to identified sites.

That effort, run by the Internet Watch Foundation, resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent this year from 18 percent in 1997.

In that period, the percentage of such sites based in the United States rose, to almost 50 percent, officials said.

The chairman of the House committee, Representative Joe Barton, Republican of Texas, asked the center why the United States did not have a similar effort. In response, officials with the center joined with Internet service providers to begin the initiative.

In prepared testimony to be delivered today to the subcommittee, the president of the center, Ernie Allen, credits Mr. Barton as the catalyst for the initiative. Under the program, the testimony says, the center will confirm the presence of illegal images on reported sites and provide the Web addresses and related information to the service providers. Those companies will then take down such sites if they are based on their systems or will block their subscribers' access using filters.

Among the groups participating in the effort are the U.S. Internet Service Provider Association, as well as AOL, Earthlink, Google, Microsoft and United Online.

The initiative is part of an array of tactics adopted in recent months to combat child pornography sites on the Internet. Among them was the creation of the Financial Coalition Against Child Pornography, a group of major financial institutions and Internet companies that are working with the National Center for Missing and Exploited Children. Payment processors representing 87 percent of the business in the United States have joined the coalition, according to Mr. Allen's statement.

The coalition will be able to follow the money that is the lifeblood of the commercial child pornography business and has the goal of eradicating the business by 2008, Mr. Allen said in his prepared remarks.

"We will aggressively seek to identify child pornography sites with method of payment information attached," Mr. Allen said. "Then we will work with the credit card industry to identify the merchant bank. Then we will stop the flow of funds to these sites."

The initiatives respond to problems identified by the Congressional subcommittee in hearings that began in April with the testimony of Justin Berry, who as a teenager had his own Web cam pornography site featuring images of himself. Mr. Berry laid out the network of companies that were hosts, payment processors and other businesses that have remained the focus of the hearings.

Sen. Burns Not A 'target,' But Campaign Quiet On Whether's He's A 'subject' (MTST)

By Jennifer McKee, The Standard State Bureau

Montana Standard, September 21, 2006

HELENA — Sen. Conrad Burns' re-election campaign revealed this week that Burns is not the "target" of an ongoing federal probe into lobbying and corruption, but that doesn't mean the three-term incumbent is not a "subject" of the probe.

The distinction stems from definitions spelled out in an exhaustive U.S. Justice Department manual. It defines the "target" of an investigation as someone about whom "substantial evidence linking him or her to the commission of a crime" exists. Targets of investigations are presumed to be the prospects for future charges.

"Subjects" of investigations are different. The manual defines subject as a "person whose conduct is within the scope of" an investigation.

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Ralph Caccia, Burns' Washington-based criminal defense attorney spoke with Justice Department officials this week, who confirmed that Burns was not the "target" of the investigation.

Asked if Burns might be the "subject" of an investigation, Erik Iverson, Burns' campaign manager said he was "not going to speculate."

The campaign did not make Caccia available for comment.

Iverson said Caccia's conversation with the Justice Department came in response to comments this week by Jim Farrell, executive director of the Montana Democratic Party. Farrell told a Montana television station that "we know from many sources now that Senator Conrad Burns is the target, in fact, the center of this (investigation)."

Iverson said Farrell was referring to the Justice Department definition of "target."

"These guys are making a very specific allegation," Iverson said, an allegation that is false.

Iverson said the agency has never contacted Burns and aside from an initial letter Burns sent the agency late last year promising cooperation and Caccia's latest discussion, there have been no communications between the senator's office and investigators.

"The only word we've ever gotten from the Justice Department is to say Burns is not a target," Iverson said. "Beyond that, Senator Burns has pledged his full cooperation. He's done that and he'll continue to do that."

A Justice Department spokesman did not return phone calls Wednesday seeking comment. The agency has steadfastly refused to comment on the case.

Local and national press reports have linked Burns to Jack Abramoff, a disgraced former lobbyist who has pleaded guilty to a host of federal corruption charges stemming from lobbing abuses.

Abramoff is at the center of the ongoing Justice Department probe.

An Ohio congressman, Republican Rep. Robert Ney, pleaded guilty earlier this month to two conspiracy counts involving Abramoff's lobbying abuses.

Burns received roughly $150,000 in Abramoff-related campaign donations, the most of any member of Congress, although he returned the money after the scandal broke. Two members of Burns staff also attended the 2001 Super Bowl at Abramoff's invitation and expense.

Matt McKenna, a spokesman for Burns' Democratic opponent, Jon Tester, also called Burns a "target" in the Justice Department probe.

Both Farrell and McKenna said they weren't aware of the federal definition to "target" when they made their statements.

"I don't have a $600-an-hour criminal defense attorney like Sen. Burns, so that subtlety was lost on me," McKenna said.

Saying Farrell made "intentionally misleading and deception claims" about Burns being a "target" in the investigation, Karl Ohs, chairman of the Montana Republican Party, on Wednesday asked Farrell to step down as head of the Montana Democrats.

Farrell said he "would resign when Burns resigns and we can end this dispute today."

Farrell said he stands by his belief that Burns is part of the investigation. He said more than 20 newspapers, magazines and other news outlets have reported the story and the Justice Department has never come forward to correct the claim. But when ABC News erroneously reported earlier that House Speaker Dennis Hastert, R-Ill., was also linked to the Abramoff probe, the agency corrected the inaccurate story.

"If Senator Burns is not under investigation, why has the Department of Justice remained silent?" Farrell said.

But Iverson countered that tying Burns to Abramoff has been part of the Democrats campaign strategy for months, but Burns has never been contacted by the agency.

Democrats, he said, "have created an entire campaign strategy around this issue and yesterday it evaporated on them," he said. "Facts are the facts and the fact is Burns is not a target of this investigation."

Man Arrested In Colorado Dragging Death (WT)

By Valerie Richardson

The Washington Times, September 21, 2006

CASTLE ROCK, Colo. -- An arrest was made late Tuesday in the vehicle-dragging death of a Colorado woman, with authorities charging a man who left behind a photo of himself at the crime scene and is suspected of being an illegal alien.

Jose Luis Rubi-Nava, 36, was being held without bail yesterday on first-degree murder charges. Douglas County Sheriff Dave Weaver said he had placed an immigration hold on the prisoner and notified Immigration and Customs Enforcement of the arrest.

Investigators tracked down the suspect after finding a photograph of him and a woman at the crime scene in the Surrey Ridge subdivision, Sheriff Weaver said.

"It has not been determined if the female in the photograph is our deceased victim," he said.

Identifying the victim, whose body was found Monday, has been difficult because her face was unrecognizable after she was dragged for about 1½ miles on a paved road in the rural community about 20 miles south of Denver.

Preliminary autopsy results say that the victim was alive when she was tied to the vehicle and that she died of asphyxiation and head injuries. An orange tow rope was found around her neck.

Records obtained by KUSA-TV, the Denver NBC affiliate, showed that Rubi-Nava was arrested April 21 and charged with false identification and driving without a driver's license and proof of insurance.

The arrest comes four days after the murder conviction of Raul Gomez-Garcia, an illegal Mexican alien who last year killed Denver Police Detective Donald Young. Gomez-Garcia also had been cited in the months before the killing on traffic-related charges stemming from his illegal status but was never detained or reported to federal immigration authorities.

"It's horrifying," said former state Senate President John Andrews, referring to the dragging death. "This is another case where police had an opportunity to apprehend someone before he could commit a more serious crime, and they didn't do it."

Rep. Tom Tancredo, whose district includes the Surrey Ridge neighborhood, said the federal government shared "a certain degree of responsibility" for the woman's slaying.

"This is another example of what happens when you have no control over your borders," said the Republican, a vocal proponent of immigration reform.

The dragging death left a weaving, mile-long trail of blood and clothing scraps along Surrey Road. Washing the road with high-power hoses failed to wipe out the blood, so the county yesterday sent a road crew to resurface the street.

"It was kind of horrible seeing this trail every time you drove through the neighborhood," said Surrey Ridge resident Sharon Braddock. "I can't believe someone could do that to another human being."

Sheriff Weaver emphasized to rattled residents that their neighborhood hadn't been targeted by the killer.

Authorities said that the victim was about 5 feet tall with long auburn hair and green or hazel eyes and that she could have been white, Hispanic or American Indian. The woman in the photograph is heavyset, has short black hair and appears to be Hispanic.

3 Portland Residents Charged With Fraud (AP)

AP, September 21, 2006

PORTLAND, Ore. (AP) — A federal grand jury indicted three Portland residents in connection with real estate transactions.

The Department of Justice announced Wednesday that Ryan Bonneau, 30; real estate agent Troy Martin, 40 and real estate loan broker Leanne Booth, 48, were charged in the indictment.

The charges stem from a federal investigation by the IRS and the FBI into allegations that the defendants engaged in a scheme to defraud a bank to finance the sale of two properties in Northeast Portland.

Bonneau was on federal-supervised release from a prior conviction during the time he allegedly engaged in the fraud.

An arraignment has not been scheduled.

Insurance Agent Admits Fraud, Money Laundering (BILLGAZ)

By Clair Johnson, Of The Gazette Staff

Billings Gazette, September 21, 2006

A Billings insurance agent Wednesday admitted he defrauded companies and laundered money.

Michael Don Hutton, 59, pleaded guilty in federal court to wire fraud, mail fraud and money laundering. The hearing before Senior U.S. District Judge Jack Shanstrom was his first court appearance.

Hutton was the principal of M.D. Hutton Insurance, an insurance agency in Billings. From May 1999 until May 2004, Hutton issued 38 performance and payment bonds on behalf of St. Paul Mercury Insurance Co. and St. Paul Fire and Marine Co. to S.E. Inc. in Deaver, Wyo., according to Assistant U.S. Attorney Kurt Alme. SEI paid Hutton $160,152 for the bonds.

Hutton did not notify the St. Paul insurance companies he had issued the bonds and kept the insurance premiums that he had collected from SEI on the policies, Alme said. The wire fraud charge involved faxing a bond invoice from Billings to Deaver.

Hutton admitted he knew it was wrong for him to issue the unreported bonds and to retain the premiums. He told investigators he did it because he was broke and needed the money because of business losses.

In the mail fraud scheme, which ran from September 2002 to May 2004, Hutton submitted 28 premium financing agreements to Provident Financial Inc. on behalf of 12 customers to obtain loans purportedly to pay the customers' insurance premiums. Hutton did not have the consent of the customers to get premium loans on their behalf, Alme said.

Hutton forged the names of customers on the premium finance agreements and sent them to Provident, which then would pay loan proceeds to Hutton or directly to the insurance company issuing the customers' policies. When Provident provided the loan proceeds to Hutton, he kept them. When Provident provided the loan proceeds directly to the insurance company to pay the premium, Hutton instead kept some or all of the premium paid to him by the customer.

Hutton used some of these loan proceeds and premiums to make payments on the loans to Provident.

In the money laundering count, Hutton sent Provident a check for $7,067 from a US Bank account knowing he had obtained the money in the mail fraud scheme. Hutton sent the check to make a payment on the unauthorized customer loans to continue the scheme.

Agents with the FBI, the Criminal Investigation Division of the IRS and the Montana State Auditor's Office conducted the investigation.

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Shanstrom set sentencing for Dec. 20. Hutton faces a maximum penalty of 20 years in prison and a $500,000 fine. Hutton remains released pending sentencing.

FBI Nabs Fugitive 'king' Of Child Porn (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 21, 2006

A man who described himself to FBI agents as the "king of child pornography" has been arrested after more than 20 years on the run.

Kirk Alan Swearingen Kirk Alan Swearingen has been indicted by a federal grand jury in Utah on charges of receipt of child pornography and possession of child pornography. He is scheduled to be arraigned this morning before a federal magistrate.

Swearingen, 45, was arrested after FBI agents said he gave a stolen Social Security number while trying to rent an apartment in Salt Lake City. In criminal charges filed Monday in Utah's federal court, FBI agents said Swearingen told the landlady his name was Chet Weseman. The Social Security number belonged to a 91-year-old man.

When FBI agents investigating the identity theft brought "Weseman" in for questioning, he told them his real name was Carl Clark, giving them another name and Social Security number. Those also turned out to be fake.

When agents threatened to run his fingerprints, "Swearingen advised that he understood and indicated that he had been on the 'run' for 22 years and had been profiled on 'America's Most Wanted,'" FBI Special Agent Jeff Ross wrote in an affidavit filed with criminal charges in federal court.

Swearingen is wanted in several states for child sex offenses including Iowa, South Dakota and New Mexico. He was convicted of a sex offense against a child in Colorado back in 1983. Since then, the FBI said he has been on the run with criminal charges filed against him in 1994, 1998 and 2001.

"He's got a history of travels, a history of child molestation," FBI Special Agent Patrick Kiernan told the Deseret Morning News. "He had over 30 different aliases and six or seven dates of birth. He's been using different names for years."

During questioning by FBI agents, Ross wrote in an affidavit that Swearingen called himself the "king of child pornography but denied being involved in the possession, receipt, manufacture or distribution of child pornography."

Swearingen gave FBI agents permission to search his computers and e-mail accounts. Agents said while searching his property they found a pair of CD cases with numerous compact discs featuring video files of child pornography.

On Wednesday, the FBI said it was beginning to back-track Swearingen's life for the past 20 years, learning where he has been and who he met.

"He admitted to us that he came from California," Kiernan said. "Look how far these offenses go back. We're talking over 20 years. That's a long time, and that could be a lot of victims."

If convicted of the child pornography charges in federal court, Swearingen faces a minimum of 25 years in federal prison.

FBI Nabs Suspect In Child Porn (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, September 21, 2006

Kirk Alan Swearingen Arrested in SLC

A California man who allegedly tried to rent a Salt Lake City apartment under a false identity was indicted Wednesday by a federal grand jury on charges of receipt and possession of child pornography.

Investigators say the man's true identity is Kirk Alan Swearingen, a 45-year-old former truck driver who is a fugitive wanted in Iowa on state charges of sexual abuse for allegedly molesting two minors in 2001. He is being held without bail on a federal charge of flight to avoid prosecution.

Swearingen was arrested Friday after an apartment complex owner suspected he was giving her a false Social Security number and called the FBI Identity Theft Task Force.

At first, Swearingen insisted to investigators that the Social Security number, which belonged to a 91-year-old man, was his, according to an affidavit by FBI Special Agent Jeff Ross. He then gave another fake name before finally revealing his true identity, Ross said.

The affidavit alleges that Swearingen described himself as the "king of child pornography" but denied having any illegal material and gave permission for a search of his belongings. Agents found compact discs containing numerous images of minors engaging in sexual acts, Ross alleges.

If convicted of the federal child pornography charges in Utah, Swearingen faces

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a 10-year mandatory minimum prison term on the possession count and a 15-year mandatory minimum sentence on the receipt count. He could get a maximum of 40 years.

The FBI affidavit says Swearingen's record shows a 1983 conviction for a sex offense against a child in Aurora, Colo.; a failure to appear in court after being charged in 1994 in Rapid City, S.D., with a sex offense against a minor, and a 1998 arrest in Gallup, N.M., on a charge of possession of child pornography. The disposition of the New Mexico case was unavailable.

Another FBI affidavit, filed in the Iowa case, said Swearingen also has a record of burglary and larceny. In addition, it alleged that Swearingen had used approximately 40 aliases in the past two decades.

'King Of Child Porn' Busted On Arrival In Utah (KUTV-TV)

KUTV-TV, September 21, 2006

(KUTV) SALT LAKE CITY - Utah authorities have arrested the self-proclaimed "King of Child Porn," who was apparently tripped up by an identity theft scheme.

Police learned about Kirk Alan Swearingen, 45, after a Salt Lake City couple alerted them about a man wanting to rent a unit in their building – whose name and social security number seemed a little suspicious.

According to John and Betty Daley, who own an apartment building, Swearingen called them two weeks ago from San Francisco. He told them he was coming to Utah and was looking for a place to rent.

But Betty got suspicious when he gave out his social security number. She did some detective work and found that his name and social security number didn't match.

The Daleys agreed to rent an apartment to Swearingen, and called the FBI. When the suspect showed up to claim his apartment, he was arrested for identity theft.

However, after further investigation authorities discovered that Swearingen has previously been arrested as an accused child sex predator. It turns out, he was wanted in a variety of states and had been on the run for 22 years.

"We could have been targets for this animal," John Daley told 2News. "We are nice people. We would have let him into our lives. He could have abused our children too."

The idea that Swearingen could have set up shop in Salt Lake City is painful for authorities to think about.

"He is one of the worst possible predators," said Brett Tolman of the U.S Attorney's office. "He's very aware of what he's doing. And he's systematic."

"We are concerned that he's traveling throughout the country, either possibly molesting children… or being involved in production or distribution of child pornography," Patrick Kiernan of the FBI told 2News.

"I got butterflies thinking about how close of a bullet we dodged," John Daley added.

Investigators say they have found several CDs in Swearingen's possession that contain child pornography. The suspect reportedly has used more than 30 aliases over the years, and officials say he was very good at deceiving people.

The FBI says at the current time, it is unclear exactly how many crimes Swearingen may have committed across the country – but he has previously been arrested in Colorado, South Dakota and New Mexico.

Iowa Fugitive Found In Utah (AP)

AP, September 21, 2006

SALT LAKE CITY A man wanted since 2001 for sex offenses in Iowa was arrested in Utah after a suspicious landlord doubted his Social Security number and called the FBI, authorities said Wednesday.

Kirk Swearingen, 45, likely won't be returning to the Midwest. He was charged in federal court with possession of child pornography after agents examined compact discs in his computer case.

"He's here now, and we have federal charges. We would certainly like to keep him," said Melodie Rydalch, a spokeswoman for the U.S. attorney's office in Salt Lake City.

Swearingen was in custody awaiting a detention hearing Thursday. Defense attorney Viviana Ramirez could not immediately be reached for comment.

After riding an Amtrak train to Salt Lake City from California on Sept. 15, he attempted to rent an apartment under a different name and supplied a Social Security number that actually belonged to a 91-year-old man, FBI agent Jeff Ross said in a court document.

The landlord called the FBI. Agents interviewed Swearingen and caught him in a series of lies about his name, date of birth and Social Security number, Ross said.

After fingerprinting him, agents found an arrest warrant from Jasper County, Iowa, where he was charged in the sexual abuse of two minors five years ago.

Swearingen also is wanted in Rapid City, S.D., where he was charged in 1994 with a sex offense involving a minor, Ross said.

His criminal history includes a conviction for sex offenses in Colorado in 1983, the agent said.

Swearingen declared himself the "king of child pornography" but denied possessing or making it, Ross said.

In 2002, four months after the Iowa charges were filed, FBI agents there filed documents in federal court accusing Swearingen of fleeing that state. He was described as a trucker who had used 40 aliases over 20 years.

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DNA Evidence Frees A Man Imprisoned For Half His Life (NYT)

By Fernanda Santos

The New York Times, September 21, 2006

WHITE PLAINS, Sept. 20 — Jeffrey Mark Deskovic came of age in a maximum-security prison, doing time for a crime he did not commit.

Sixteen years ago, Mr. Deskovic was convicted of raping, beating and strangling a Peekskill High School classmate in a jealous fit of rage. DNA evidence presented at his trial showed that semen in the victim's body was not his, but the police testified that he had confessed.

On Wednesday, after he fought exhaustive legal battles and wrote dozens of pleading letters that led him nowhere, Mr. Deskovic, 32, walked out of the Westchester County Courthouse an overjoyed if embittered man.

"I was supposed to finish my education, to begin a career," he said. "The time period to have a family, to spend time with my family, is lost. I lost all my friends. My family has become strangers to me.

"There was a woman who I wanted to marry at the time that I was convicted, and I lost that too," Mr. Deskovic added. "Given all that, I ask everybody: Would you be angry?"

Among the people who Mr. Deskovic said refused to review his case is Jeanine F. Pirro, the former Westchester district attorney, who took office after his trial; she is now the Republican nominee for state attorney general. The freed inmate and his lawyer expressed outrage that Ms. Pirro had scheduled a news conference to call for the reinstatement of the death penalty in New York just as Mr. Deskovic was being released Wednesday morning, but Ms. Pirro ended up canceling the event.

Ms. Pirro's successor, Janet DiFiore, agreed to run the evidence through a national DNA databank after she was approached in June by Barry Scheck, a director of the Innocence Project, which works to free the wrongly convicted.

The decision to release Mr. Deskovic came after the DNA matched that of a man who is serving time for another Westchester murder. Ms. DiFiore declined to identify him but said he recently confessed to killing Angela Correa, 15, the girl Mr. Deskovic was convicted of killing, on Nov. 15, 1989.

Mr. Scheck said that Mr. Deskovic was the 184th person nationwide to be exonerated because of DNA evidence since 1989, and that his case highlights the importance of having the authorities videotape interviews with suspects, as many police departments nationwide have begun to do.

"We've learned a lot about false confessions in the past decade," Mr. Scheck said at a news conference. "Videotaping of confessions and training of police officers can definitely lead to different results."

The case against Mr. Deskovic hinged largely on a confession he made after six hours of questioning in a small interrogation room in Brewster, where two Peekskill detectives took him for a polygraph test, according to court documents.

Mr. Deskovic, a sophomore, and Ms. Correa, a freshman, were in two classes together. Both were quiet and did not have a lot of friends, according to his mother, Linda McGarr, and Ms. Correa's stepfather, Pedro Rivera, who sat quietly in court to see Mr. Deskovic go free.

"I can't tell you why, but I've always had a feeling that the police had the wrong guy," said Mr. Rivera.

Mr. Rivera met Mr. Deskovic for the first time at Ms. Correa's wake, but saw him numerous times after that, he said. Mr. Deskovic went to church with the family, dined at their home and took Ms. Correa's younger sister to the movies, he recalled.

"Jeffrey cried a lot for Angela," Mr. Rivera said. "He was very distraught."

The police in Peekskill said Mr. Deskovic's behavior seemed odd. At his trial, investigators said they grew suspicious of Mr. Deskovic because he was late for school the day after Ms. Correa's murder and seemed "overly distraught" about the death of a girl who was not his close friend.

For two months, Mr. Deskovic denied having anything to do with Ms. Correa's death. Finally, in late January 1990, he agreed to the polygraph test, which preceded the interrogation that led to his confession.

"Believing in the criminal justice system and being fearful for myself, I told them what they wanted to hear," Mr. Deskovic said, by way of explanation. "I thought it was all going to be O.K. in the end," because he was sure that the DNA testing would show his innocence.

In convicting Mr. Deskovic, the jury effectively chose to give more weight to his tearful confession than to the DNA and other scientific evidence.

The conviction seemed to indicate that jurors believed the prosecution theory that semen found in Ms. Correa's body was likely from a consensual sexual relationship with someone else.

Many convicted criminals were compelled to give DNA samples in recent years, and the source of the semen in the victim's body was apparently identified that way. Until such database comparisons were available, there was no way for Mr. Deskovic to disprove the prosecution's theory, because there was no way to pinpoint whose semen it was.

While in prison, Mr. Deskovic said, he lived "from appeal to appeal," trying not to think of the 15-years-to-life sentence that hung over him. He finished high school, and earned an associate's degree.

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He played a lot of chess and learned how to type, fix computers and paint walls, he said. He also learned how to cook.

A year into his sentence, he converted to Islam. "It was a major factor in surviving prison in terms of my mental sanity,'' he said.

After his release, Mr. Deskovic went with his mother, two aunts and two uncles for lunch at an Italian restaurant here. He ate tomatoes, mozzarella sticks, stuffed mushrooms, mussels and a dish of baked ziti. And for the first time, he talked on a cellphone.

"That was pretty weird,'' he said afterward. "I was looking for the little holes where you talk into, and couldn't find them.''

Sheriff Gets $17,000 Gang Grant (CHESTNR)

By Stephen Guilfoyle

Chester County (SC) News & Reporter, September 21, 2006

The Chester County Sheriff's Office has received $17,765 from the U.S. Attorney's Office in Columbia, part of $445,487 in anti-gang grants the office announced last week.

The grant application said the Sheriff's Office will start a program called, "Beat the Streets" to fight gangs in the county.

Deputy Kim Carnes, the gang officer for the Sheriff's Office, said the grant would allow her to buy a laptop and a projector so that she can give presentations on gang activity and raise awareness, as well as teach classes in local schools.

She currently uses a Sheriff's Department laptop, but she can't take it with her everywhere she needs to go.

Chester County Council accepted the grant, which has no match, at Monday night's meeting.

Sheriff Robby Benson said the computer will allow Carnes to track gang activity and put it into a state database so the state can track gang activity. Federal officers would probably have access to the database as well, he said.

Carnes said she would be able to advertise the department's tipline better. Going into the schools is a big concern of the grant.

She will have a contest to design an anti-gang billboard, and students will win a prize. The student who comes in first will have his or her billboard put up for about a year.

She will also prepare pamphlets and information sheets about gang activities with the grant.

She will be able to do PowerPoint presentations from the computer with the projector, Carnes said.

"We have to do exactly what we said we'd do with the grant," Carnes said.

The grant spells out exactly what they will do with the money. The Chester County Safe Schools/Healthy Student Initiative helped Carnes write the grant, and she thanked them for writing a good one.

Chester County is the only county in the area to receive a grant.

Benson told County Council that Rock Hill, York and the city of Chester Police Department applied but did not receive a grant.

Gang activity is on the increase, Benson said., Gang members are leaving the bigger cities to get away from the police there, and are coming to rural counties.

Benson said many gang members here have come down from Charlotte.

He said a recent shooting at a party July 15 on York Street was apparently gang-related.

No one was arrested at the time of the incident, Benson said, But one man was subsequently arrested. That man has already been released on bond, he said.

Six people were injured when one man opened fire at what was called a party attended by about 250 to 300 people..

"The party had apparently been going on for a while," said Benson.

All the victims in the shooting were treated by the rescue squads, then transported, according to the incident report. Two were taken by helicopter to hospitals..

The State Law Enforcement Division assisted the Sheriff's Office in investigating the second shooting.

Several .45 caliber casings were found, along with a Smith and Wesson .38 caliber pistol.

Despite recovering a gun of a different caliber than the recovered casings, Benson said investigators believe there was just one shooter.

Carnes said talk on the street is one person in a gang was shooting at members or another gang.

The report says none of the victim's injuries were life-threatening. One of the victims was a woman, the rest were men.

The incident report says the shooting happened at 12:34 a.m., July 16 at 1345 Old York Road.

U.S. Attorney Reginald I. Lloyd announced 10 other anti-gang grants from a federal program called Project Safe Neighborhood/Project CeaseFire.

The S.C. Department of Public Safety's Office of Justice Programs will administer these grant programs on behalf of the U.S. Attorney's Office and the Department of Justice, according to a release from Lloyd's office.

Project Safe Neighborhoods is a national federal initiative designed to reduce gun violence. Project CeaseFire is South Carolina's implementation of the Safe Neighborhoods.

"State and local law enforcement agencies are a tremendous part of our Project CeaseFire program. Therefore, we are pleased to be able to award them the funds that they need to help us address the gang problem in South Carolina," Lloyd said. "Together we can hopefully make a difference in South Carolina."

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Lloyd said with the strong and consistent support of each law enforcement agency, Project CeaseFire can continue to have the success that it has had for the past five years. These anti-gang grant awards will allow law enforcement agencies to continue with innovative programs to reduce gang and firearm crimes in our towns and counties.

These grants comprise the $445,487 awarded to the South Carolina Department of Public Safety as fiscal agents for the U.S. Attorney's Office (District of South Carolina) by the U.S. Justice Department under the Project Safe Neighborhoods program. Under federal guidelines, agencies may use these funds for such purposes as hiring and training law enforcement officers and support personnel and establishing programs focusing on gang violence and gang violence prevention and education.

More information concerning the national initiative may be found at www.ProjectSafeNeighborhoods.gov, while more information concerning the South Carolina initiative may be found at www.usdoj.gov/usao/sc/.

Warren Wilson Gets Money To Prevent Violence Against Women (ASHCT)

Asheville (NC) Citizen-Times, September 21, 2006

SWANNANOA – Warren Wilson College has received a federal grant of $191,851 to reduce violence against women on campus.

The U.S. Attorney's office announced the award Tuesday, part of a Justice Department program that helps colleges pay for victim services, education programs, security measures and investigation strategies.

The goal is to better prevent and respond to domestic violence, dating violence, sexual assault, and stalking.

Warren Wilson in Swannanoa has about 800 undergraduate students, 55 percent of them women.

Fla. Inmate Who Had Won Stay Is Executed (FINDLAW/AP)

AP, September 21, 2006

(AP) - STARKE, Fla.-A convicted killer who had argued that Florida's use of lethal injections amounted to cruel and unusual punishment was put to death by lethal injection Wednesday night after the U.S. Supreme Court narrowly denied him another stay.

Clarence Hill, 48, was executed for the 1982 murder of a Pensacola police officer in a savings and loan robbery.

He did not reply when asked if he had a last statement, staring straight at the ceiling. His head was strapped down, unlike some other executions.

After the injection, he blinked his eyes a couple times, his chest heaved and his mouth drooped. The physicians, wearing blue hoods and dark goggles, checked his vital signs at 6:11 p.m., and pronounced him dead a minute later.

Earlier in the day, the Supreme Court, which halted Hill's execution in January after he was strapped to a gurney awaiting his lethal injections, voted 5-4 to deny another stay. Justices Stephen Breyer, Ruth Bader Ginsburg, David Souter and John Paul Stevens voted to grant the stay, the court said in a two-sentence order.

The high court ruled unanimously in June that Hill could argue the three chemicals used in lethal injections in Florida and many other states - sodium pentothal, pancuronium bromide and potassium chloride - can cause excruciating pain. The first drug is a painkiller, the second paralyzes the inmate and the third causes a fatal heart attack, but death penalty critics have argued the painkiller could wear off too soon.

Neither the federal court in Tallahassee nor the Atlanta appeals court agreed to consider Hill's challenges to the chemicals. Both said Hill should have made those arguments years ago, although Doss contends they could not have been made until Gov. Jeb Bush signed the death warrant in November.

Hill, 48, of Mobile, Ala., was convicted of first-degree murder for the Oct. 19, 1982, killing of Officer Stephen Taylor, 26, and the wounding of Taylor's partner, Larry Bailly, when they responded to a silent alarm at Freedom Federal Savings Bank.

Hill's wife, Serena Mangano, of Modino, Italy, visited him before the execution. The couple married in June during a no-contact wedding at Florida State Prison in Starke.

The Supreme Court also halted the execution of another Florida inmate who sought to challenge the lethal injection procedure. A new execution date has not been set for Arthur Rutherford, who like Hill had been scheduled to die in January.

Court Refuses Second Delay; Inmate Dies (NYT)

By Abby Goodnough

The New York Times, September 21, 2006

MIAMI, Sept. 20 — Clarence E. Hill, convicted of killing a police officer in 1982, died by lethal injection Wednesday evening after the Supreme Court narrowly refused to delay his execution a second time. Mr. Hill had claimed that Florida's lethal injection procedure was so painful as to be unconstitutional.

The court voted 5 to 4 Wednesday to deny a new stay, with Justices Stephen G. Breyer, Ruth Bader Ginsburg, David H. Souter and John Paul Stevens dissenting.

Mr. Hill was originally scheduled to die last January, but the court stayed his execution at the last minute and told the federal district court in Tallahassee to reconsider his argument that lethal injection was unconstitutionally cruel.

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The district court rejected the argument again this month without holding a hearing, a decision upheld by the United States Court of Appeals for the 11th Circuit, in Atlanta.

Mr. Hill, 48, was executed at Florida State Prison in Starke as relatives of his victim, Stephen Taylor of Pensacola, looked on. He was pronounced dead at 6:12 p.m., said Robbie Cunningham, a spokesman for the Florida Department of Corrections.

"Everything went according to protocol," Mr. Cunningham said.

Like 36 other states, Florida uses a combination of three chemicals in lethal injection: one to anesthetize the inmate, a second to paralyze the body and a third to stop the heart. Mr. Hill based his case on a 2005 study that found that the anesthetic could wear off before an inmate died.

The Supreme Court ruled unanimously on Mr. Hill's case in June, saying that inmates facing execution by lethal injection could invoke a federal civil rights law to challenge the state's choice of drugs and the way in which they are given.

But on Monday, a three-judge panel of the 11th Circuit court in Atlanta said Mr. Hill had waited too long to file a civil rights complaint — he did so four days before he was to be executed in January — and was merely trying to stall.

The Supreme Court issued no opinion to accompany its decision on Wednesday and responded only to Mr. Hill's request for a stay, leaving aside his appeal.

Flag-shop Hero Nabbed Armed Hill Intruder (HILL)

By Jonathan Allen And Jackie Kucinich

The Hill, September 21, 2006

A flag-shop worker, not the U.S. Capitol Police, first subdued an armed intruder in the Capitol this week, according to Senate Appropriations Committee Chairman Thad Cochran (R-Miss.).

"A guy who worked in the flag shop grabbed him," Cochran said yesterday. "[The worker is] a big guy."

Cochran said his staff told him the intruder was near the flag shop and "looked suspicious."

The still-unidentified flag-shop worker "just assumed [the intruder] didn't belong in the Capitol," seized him and held him until Capitol Police arrived on the scene.

It was "an act of courage," Cochran said.

The Architect of the Capitol's office did not return several requests for comment.

During a press conference following the Monday incident, rumors flew about the possibility that someone other than the police had initially apprehended Carlos Greene, 20, who lead police on a four-floor chase around the Capitol after crashing his SUV on the East Front.

When asked whether officers apprehended Greene that day, Acting Chief Christopher McGaffin couched his answer to reporters, saying to his knowledge, "Capitol police apprehended Greene in the flag office" located on the basement floor of the Capitol.

The Capitol Police did not return multiple attempts for comment.

The criminal complaint filed in the U.S. District Court revelation makes no mention of the flag-shop employee.

The report, filed by Capitol Police Detective Nettie Watts, states that after being chased down a staircase into the basement level of the Capitol, "United States Capitol Police stopped the defendant and arrested him."

Channing Phillips, spokesman for the Office of the United States Attorney for the District of Columbia, said it is not uncommon for details to be left out of the initial criminal compliant.

"Many of the details will come out at the preliminary hearing," Phillips said.

Greene is currently being held without bond at the D.C. Jail's Correction Treatment Facility until Friday when the detention and preliminary hearings are scheduled.

The court document also describes how Greene entered the Capitol Visitor Center construction site after ramming into a Capitol Police cruiser, fleeing from the vehicle after crashing it into a concrete barrier and running into a construction entrance on the east side of the Rotunda.

Upon arresting Greene, officers allegedly found a Derringer .22 caliber handgun and a substance that tested positive for crack cocaine.

Several members of Congress have expressed disappointment and have called for the Capitol Police to investigate the incident thoroughly.

"The Speaker wants a complete review of what happened and for those who are accountable to be disciplined," said Ron Bonjean, a spokesman for Speaker Dennis Hastert (R-Ill.). "He also wants to be informed about their plans to never let this happen again."

Staff Aided In Arrest (RC)

By John Mcardle

Roll Call, September 21, 2006

Acting Capitol Police Chief Christopher McGaffin revealed Wednesday that employees of the House Flag Office assisted officers in subduing the armed intruder who perpetrated the worst Congressional security breach in eight years.

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"I want to recognize ... the courageous assistance that members of the House Flag Office brought to the department in apprehending the suspect," McGaffin said Wednesday while discussing further details of the incident. "I believe that they were instrumental. Greene came upon these employees seconds before [Capitol Police officers] came upon Greene. So they were valiant in their presence and in at least one instance participated in a bit of struggle with this fellow."

After running a Capitol Police barricade in a sport utility vehicle early Monday morning, Carlos Greene, of Silver Spring, Md., crashed into and came to a stop within the Capitol Visitor Center construction site. Greene, 20, exited his car carrying a Derringer .22-caliber handgun and crack cocaine and took off on foot toward the Capitol. He was able to access a construction door on the East Front of the Capitol, sprint through the building and almost make it to a basement-level door leading to the West Front before he was subdued and arrested just outside the House Flag Office.

Because the criminal investigation into Greene's early morning chase is still ongoing, McGaffin said he could not give further details about the AOC employees' actions or release their names.

McGaffin would only say that "it was a significant and courageous and valiant role. ... These individuals rose to the occasion and just performed valiantly."

But even while praising the flag office staff, McGaffin added that bystanders are strongly encouraged by police not to intervene in any unfolding security situations.

Flag office staffers contacted Tuesday and Wednesday referred interview requests to an AOC spokeswoman, who could not be reached for comment.

Along with a criminal investigation, McGaffin is conducting an internal review of the entire incident and said he shares the dissatisfaction that Members and staff have expressed since Monday's security breach.

"The expectations they're bringing as to corrective action ... is shared by me as well. Where there are performance failures there will be corrective action. Where there are failures in the execution of what I want to say are absolutely sound and exceptional security plans and procedures but where we failed to execute them properly, corrective action will be taken."

One criticism that has been directed at McGaffin since Monday was the fact that it took his office more than nine hours to hold a press conference and inform the public about Greene's breach of security.

On Wednesday, McGaffin responded, saying, "this incident was of such magnitude that I wanted to ensure that the incident had been resolved and that vulnerabilities that were immediately revealed by this assault were addressed and corrected before I stepped away from that responsibility and went to brief the media. And so as I prioritized the tasks that I saw needed to be accomplished on Monday the safety and security of the complex, the Members, the staff and the public was first and foremost in my mind. And once I saw to that accomplishment I saw then to the next need of briefing the public as to what occurred and that's why it took so long."

He added that he felt that the incident was of such significance that it required the chief of police to go forward and explain what happened and what had been done to correct it rather than a subordinate.

But in the days since the incident, even some Capitol Police officers have expressed frustration with how this incident was handled by Capitol Police brass.

One officer said rank-and-file cops have begun questioning the effectiveness of the current leadership and where it has been headed in recent months.

"It's a matter of time before one of us loses our life due to the lack of leadership and accountability within our chain of command," the officer said on Wednesday.

McGaffin also revealed Wednesday that Capitol Police had contact with Greene prior to the moment where he ran his rented 2006 Chevrolet Trailblazer through a CVC construction entrance at First Street and Maryland Avenue Northeast at approximately 7:45 a.m.

"It's my understanding as this unfolds that we had contact with him in the area of the 300 block of First Street Southeast for erratic driving, which jeopardized the safety of one or two pedestrians. And it was at that location where an officer who was attempting to stop Greene, but the officer was on foot, was unsuccessful at stopping him. He broadcasted a lookout for the vehicle's description as it fled at a high rate of speed from the area of First and C streets Southeast. [Greene] fled eastbound on C Street and that's when the officer put out a lookout which allowed our officers on First Street to observe him approaching northbound, and we saw what happened, he breached security."

Although McGaffin had indicated at a press conference late Monday afternoon that Greene's vehicle had crashed into and through a Capitol Police "blocking vehicle" to access the construction site, he said Wednesday that "the issue as to whether the block vehicle was actually struck or not is still under investigation. I can say that the traffic accident report that was taken by the police department did not establish physical evidence of the block vehicle being struck, but we're still attempting to at this point assess video recordings that we've got to see if in fact the vehicle was struck by Greene's car."

McGaffin added that the department also is exploring reports of Greene's erratic and high-speed driving being observed up to 10 blocks from the Capitol by bystanders who have since contacted the department.

"At least one individual said they saw the car that morning driving at a high rate of speed and driving erratically five to 10 blocks away," he said.

No motive has yet been established in Monday's incident and McGaffin said that part of the investigation also is still ongoing.

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"We have no indication that he was purposefully targeting the Capitol or the Capitol complex," he said. "We're trying to take this all the way back to where he began this journey and [find out] did he even know where he was going? And does he know where he ended up?"

After appearing before Magistrate Judge John Facciola Tuesday afternoon, Greene is being held without bond in a D.C. jail pending his detention and preliminary hearing on Friday.

Is Adult Prison Best For Juveniles? (USAT)

By Marilyn Elias

USA Today, September 21, 2006

Get-tough laws that have put more teenagers in adult prisons since the early '90s conflict with a wave of new research suggesting how children can be set straight and society protected at the same time.

At a two-day summit starting today in Washington, leading researchers will meet with juvenile justice decision-makers — directors of state juvenile justice systems, judges, prosecutors and defense attorneys — to discuss how the new evidence should affect treatment of teen offenders.

"We know so much more about the adolescent brain and behavior than we used to, and we want to get these facts into the hands of people who can make a difference," psychologist Laurence Steinberg says. He heads a network of researchers and juvenile-justice workers financed by the MacArthur Foundation, which sponsored the meeting.

Since 1992, every state but Nebraska has made it easier to try juveniles as adults, and most states have legalized harsher sentences. Many states limit judges' discretion, sending all teens who commit serious offenses to adult courts, or allowing prosecutors to opt for adult prosecution.

That sounds reasonable, but it can be unfair, says Kimberly O'Donnell, chief judge of the Juvenile and Domestic Relations District Court in Richmond, Va. She points to 14-year-olds tried as adults for "assault by a mob" — in effect, ganging up on and hurting a child at school.

"And once you're tried as an adult, you're always an adult, which can have awful consequences," she says.

For example, if these teens are arrested again, prosecutors can use the threat of lengthy prison sentences as leverage to gain a plea bargain agreement that might not be in a child's interest, O'Donnell says.

There's firm evidence that teens prosecuted as adults are much more likely to commit crimes when they get out than comparable young people tried as juveniles, says Shay Bilchik, president and CEO of the Child Welfare League of America.

Juvenile facilities tend to offer better education, job training, and drug abuse and mental health treatment, Steinberg says. Plus, teens aren't learning from adults how to be career criminals, he adds.

That's not to say kids don't commit serious crimes before landing in adult jails. Some even score in the psychopathic range on written tests that predict which adults are likely to commit future crimes. These tests are sometimes used in deciding whether young people should get severe punishments or be tried as adults, says psychologist Elizabeth Cauffman of the University of California-Irvine.

She says it's a dubious practice. Her studies show that adolescents tend to move away from this psychopath profile when they're tracked for a couple of years, while adult scores are usually stable.

Some hallmarks of psychopathy — thrill-seeking, impulsivity, failure to accept responsibility — are all too familiar to parents of teenagers, Cauffman says. In effect, youths grow out of this behavior.

Many younger children aren't even competent to stand trial because they don't understand the trial process or can't make decisions about pleas, says Thomas Grisso, a psychologist at the University of Massachusetts Medical School in Worcester. He has developed guidelines to determine juvenile competence and is training U.S. juvenile court workers in using them.

New findings of other MacArthur network scientists challenge common assumptions about teenage criminals. For example, a study that has tracked 1,355 serious offenders for three years finds that less than 10% of those involved in a lot of criminal activities at the outset continued to be heavily involved over the years. "A lot of policy is driven by the view that if a kid does a felony assault, he must be a bad actor from here on forward," says study leader Edward Mulvey of the University of Pittsburgh Medical School.

Still, 57% had at least one more arrest within two years. "Plus, we know arrests represent only the tip of the iceberg. Who really knows how much else they did that they weren't caught for?" asks Adrian Raine, a psychologist at the University of Southern California who studies criminal behavior.

Long-term studies of highly aggressive children suggest that some are headed for a life of violent crime and should be locked up early because they're dangerous, he says. Brain damage or family qualities may cause their behavior, Raine says.

"But it's naive to think many of these very violent kids are going to stop, and we don't need to be protected from them."

In Mulvey's study, better parenting and long-term treatment for drug or alcohol abuse correlated with less criminal behavior.

Bilchik, a former prosecutor of juvenile cases in Miami for 16 years and former head of the federal Office of Juvenile Justice and Delinquency Prevention, can understand why research has been slow to translate into action.

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"When you've got a kid in front of you who's done a vicious armed robbery with a beating, it's different than an intellectual argument about what works," Bilchik says. "Prosecutors think, 'Can I really make myself try him as a juvenile? Can I even get permission from my boss?' "

Sometimes prosecutors know a juvenile system has scant mental health treatment or rehabilitation, and they'd rather lock up a dangerous teen with adults than risk a slap on the wrist, Bilchik says. And often there's little follow-up monitoring by youth workers when troubled young people are let out. Still, he says adult prisons, despite their short-term appeal, aren't usually the long-term answer. "We have the research that tells us what to do. The tragedy is, we're not capitalizing on it."

Nursing Home Owners Indicted (USAT)

By Laura Parker And Anne Rochell Konigsmark

USA Today, September 21, 2006

NEW ORLEANS — A grand jury on Wednesday indicted the owners of a nursing home near New Orleans where 35 people drowned during Hurricane Katrina, according to court documents.

These are the first indictments arising from suspicious deaths during Katrina, which flooded much of the New Orleans area, including all of St. Bernard Parish, where St. Rita's Nursing Home was located.

The grand jury, the first seated in St. Bernard Parish since Katrina devastated the community a year ago, indicted Salvador and Mabel Mangano on charges of negligent homicide and cruelty to the infirm, according to documents obtained by the Associated Press.

Mike Fink of Niceville, Fla., whose mother, Trishka Stevens, survived the flooding of St. Rita's, applauded the indictment.

"Those people had responsibilities, and people died, so they should be held responsible," he said.

Lawyers in the case would not comment because of a gag order. Jim Cobb, the Manganos' attorney, said he will seek permission from the court to talk about the case publicly.

"If they were able to obtain information about an indictment, we should be able to respond and that's what we will seek," Cobb said.

The Manganos, arrested two weeks after the deaths, remain free on bond.

Mabel Mangano, reached at her home in Baton Rouge, said she was "disappointed" by the indictment. She declined to comment further because of the gag order.

The indictments stem from a broad investigation into more than 200 deaths at hospitals and nursing homes after Katrina's floodwaters stranded thousands and knocked out power. In July, Louisiana Attorney General Charles Foti arrested two nurses and a doctor, alleging they murdered at least four patients at Memorial Hospital in New Orleans by injecting with them with narcotics. A grand jury has not yet heard that case.

Prosecutors have said the Manganos were negligent for ignoring evacuation orders. The St. Rita's residents died after water poured into the nursing home, trapping many frail and immobile patients in their beds.

Relatives said they thought the Manganos should have been indicted.

"At this point, I believe it was the right thing to do," said Joe Gallodoro, an insurance broker and former St. Bernard fire official whose father, Tufanio, drowned in his bed. "It's in the hands of the judicial system, and I have to let them handle it."

Mike Fink agreed. "It seems like they should have got those people evacuated or had enough help there to keep them alive," he said.

Thirty-five lawsuits have been filed against the Manganos by relatives of those who died or who were injured at St. Rita's.

On Aug. 29, the Manganos filed a lawsuit against federal, state and local officials, including Louisiana Gov. Kathleen Blanco. The lawsuit says those officials failed to evacuate St. Rita's residents as Katrina approached. And it contends that inadequate levees allowed 13 feet of water to fill St. Rita's, a 20-year-old facility that had never flooded.

At a court hearing on Monday, Cobb asked that the attorney general be disqualified from prosecuting the case because he is a defendant in the Mangano lawsuit.

CIVIL LAW:

Judge Dismisses Challenge To Law Requiring Citizenship Proof For Government Health Benefit (FINDLAW/AP)

By Kevin Freking, Associated Press Writer

AP, September 21, 2006

(AP) - WASHINGTON-A federal judge dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits.

Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, the state-federal health insurance program for the poor. More than 50 million people get health care through the program.

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Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. That contention was nothing more than conjecture, U.S. District Judge Ronald A. Guzman ruled.

Guzman's 21-page ruling was made public Tuesday. He did not rule on the law's validity. Instead, he said the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law.

The contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted.

"Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims," Guzman wrote.

Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they got a partial victory in the case when the judge said he probably will issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations.

"He said there is a strong likelihood of success on the merits for the foster children," said John Mark Bouman, a lawyer at the Sargent Shriver National Center on Poverty Law in Chicago, Illinois. "If he had also found they were about to be injured tomorrow, he would have entered an injunction. He just wasn't convinced of that part yet."

Bouman also said that one way or another the plaintiffs will pursue the case and ask the judge to rule on the validity of the statute. He described it as an interim ruling that says children in foster care are likely to win, but everyone else must overcome procedural hurdles.

In all, 15 people were listed as plaintiffs. Families USA, an advocacy group in Washington, helped organize the lawsuit. Ron Pollack, the organization's executive director, said the documentation requirements are most harmful to victims of natural disasters, the homeless and people with mental and physical disabilities who will have trouble finding documents such as passports or birth certificates.

"For many people, this documentation requirement is going to prove to be extraordinarily onerous, and many people will be unable to fulfill this requirement," Pollack said.

However, about 8 million Medicaid beneficiaries also are exempted from the documentation requirements, namely elderly and disabled people so poor they qualify for both Medicare and Medicaid, as well as those aged and disabled people who get cash to meet basic needs through Supplemental Security Income.

Congress said that, beginning July 1, documents will be needed to prove identity and citizenship.

Regulations issued by the Department of Health and Human Services say a passport would meet both criteria. A birth certificate would serve as evidence of citizenship, but a second document would be needed to prove identity. In rare cases, sworn affidavits from two citizens can be accepted, but at least one of the two cannot be related to the applicant.

Civil Rights:

City Of Boca Sued Over Ban On Drug Recovery Residential Centers (FLSUNSEN)

By Vanessa Blum And Luis Perez

South Florida Sun-Sentinel, September 21, 2006

The U.S. Department of Justice filed a civil rights lawsuit against the city of Boca Raton Wednesday challenging a 2002 zoning rule banning the operation of "sober houses" in residential neighborhoods.

Pushing recovering drug addicts and alcoholics into parts of the city reserved for motels and medical facilities discriminates against people with disabilities and violates the federal Fair Housing Act, government lawyers said in their complaint.

The government's suit asks a federal judge to stop the city from enforcing the rule, to impose a civil fine on the city, and to order the payment of monetary damages to victims.

"No citizen should be refused an equal opportunity for housing in their community," said Wan Kim, who heads the Justice Department's Civil Rights Division.

Boca Raton's ordinance applies to housing facilities that require substance abuse treatment or drug or alcohol testing as a condition of residency.

Jamie Cole, a lawyer for the city, said the rule was intended to prevent large, commercial facilities from intruding into residential neighborhoods, not to drive out recovering addicts.

"The city did not discriminate against anyone," Cole said. "This was a legitimate exercise of the city's zoning authority to avoid commercial entities coming into residential neighborhoods."

The measure has been on hold pending resolution of a 2003 lawsuit filed by the American Civil Liberties Union on behalf of residents of Boca Raton sober living residences.

That suit accused the city of segregating recovering alcoholics and drug addicts into "what is essentially a ghetto district." West Palm Beach attorney James Green, who represents residents of city sober houses in the suit, said the Justice Department's complaint validates criticism that the zoning ordinance illegally discriminates against people recovering from addiction.

"This rule effectively bans sober houses in the city of Boca Raton," Green said.

He said discrimination was evident during the May 2002 meeting when the City Council passed the law.

DOJ_NMG_0066870

In that meeting, one resident said the sober houses attract "pedophiles, murderers, God knows what," while others demanded that the City Council get them out of residential neighborhoods.

Justice Department Sues Boca Raton, Alleging Discrimination (AP)

AP, September 21, 2006

The U.S. Justice Department sued the city of Boca Raton on Wednesday, alleging a city zoning ordinance discriminates against disabled people.

The complaint, filed in federal court in Miami, alleges that the ordinance excludes housing recovering drug and alcohol addicts in residential areas and imposes "conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities."

The Justice Department alleges the ordinance intentionally targets housing for recovering addicts and illegally subjects them to different rules than others, in violation of the Fair Housing Act.

"No citizen should be refused an equal opportunity for housing in their community," said Wan J. Kim, assistant attorney general for the department's civil rights division.

The lawsuit seeks monetary damages to compensate victims, civil penalties, and a court order barring future discrimination. The Justice Department also seeks to prevent the city from enforcing the ordinance.

"The Fair Housing Act protects all Americans from housing discrimination, including those persons recovering from substance abuse problems," said Miami U.S. Attorney R. Alexander Acosta.

Boca Raton Mayor Steven Abrams said the city has been negotiating a compromise with drug rehabilitation facilities and planned to meet Monday to discuss the details.

However, Abrams defended the ordinance and said the city would fight the complaint.

"The city has never discriminated against anyone," he said. "The ordinance was carefully crafted to protect residents from commercial intrusion."

Florida: Justice Department Sues City Over Zoning Law (NYT)

By Terry Aguayo

The New York Times, September 21, 2006

The federal Justice Department filed a lawsuit against the City of Boca Raton challenging a zoning ordinance that it said discriminated against people with disabilities. The lawsuit says the ordinance, passed in 2002, excludes housing for recovering alcoholics and drug addicts in the city's residential areas, in violation of the Fair Housing Act. The regulations "impose conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities," says the lawsuit, which seeks monetary damages for victims, civil penalties and a court order to stop future discrimination.

FBI Examining Excessive Force At Tucker Prison Unit (AP)

AP, September 21, 2006

Six Arkansas correctional officers have been fired after an internal investigation found that an inmate was assaulted with a baton at the Maximum Security Unit in Tucker.

At the request of the state, the FBI has now opened a civil-rights investigation regarding a May 29th incident at the Tucker unit.

Prison officials say the incident happened after 35-year-old inmate Terry Botts stabbed two other inmates with a homemade knife. Four jailers -- including a captain and lieutenant -- subdued Botts, but then began kicking and punching Botts.

Prisons spokeswoman Dina Tyler says six officers were fired last week -- the four involved in the beating and two who failed to report the beating or didn't tell the truth when questioned. Also, three officers were suspended and four other employees were given written warnings.

Botts is serving a 61-year sentence on theft, robbery, burglary and illegal possession of a firearm convictions. After the attack, he was treated at a Little Rock hospital for bruises and swelling to his face and nose. He's since been moved to the Varner Supermax unit.

In a separate incident, a state excessive-force investigation led to the resignation of Captain Eric Hobbs -- nephew of Correction Department Deputy Director Ray Hobbs. Eric Hobbs resigned Monday. Tyler says he would have faced disciplinary action had he not resigned.

The F-B-I last investigated excessive force at an Arkansas prison in 1998. Then, five officers were sentenced to federal prison terms for a series of inmate beatings -- including the use o a cattle prod -- at the Cummins unit.

FBI Files Shed No Light On Disappearance Of Civil Rights Pioneer (AP)

By Alan Scher Zagier

AP, September 21, 2006

DOJ_NMG_0066871

COLUMBIA, Mo. - The disappearance of civil rights pioneer Lloyd Gaines nearly 70 years ago dominated headlines across the country, with amateur sleuths, activists and historians stumped over the fate of the black man who successfully sued to gain admission to the segregated University of Missouri law school.

Decades later, Gaines' few surviving family members had hoped to garner clues to the mystery from classified FBI files that can be released once a person is presumed dead.

But FBI records obtained by The Associated Press through the federal Freedom of Information Act show the agency didn't investigate the fate of Gaines, who was last seen leaving a Chicago boarding house in 1939.

An internal memo dated May 10, 1940, and signed by FBI director J. Edgar Hoover advises that bureau agents "are conducting no investigation in connection with this matter."

Thirty years later, Hoover responded to another inquiry from an unidentified member of the public with a similar reply.

"Although I would like to be of assistance in connection with your letter of May 7, the case you mentioned involving Lloyd Gaines was not within the investigative jurisdiction of the FBI," Hoover wrote on May 13, 1970.

George Gaines, the missing man's nephew, said the lack of information in the FBI files was disappointing but not surprising.

"Given the time that's elapsed and what (my) family has previously said, I wasn't expecting anything concrete," he said.

Gaines, a Mississippi native who grew up in St. Louis, was an honors graduate of historically black Lincoln University in Jefferson City. His initial inquiries to the state's flagship university in Columbia were received favorably. Those responses changed after university officials realized he was black.

Denied admission solely because of his skin color, Gaines sued. The U.S. Supreme Court sided with Gaines, ruling in 1938 that the state must either admit him or establish a separate law school for blacks.

Before the high court's decision, any black person in Missouri who wanted to attend law school or other professional schools at the graduate level was sent to neighboring states that accepted minorities, at Missouri's expense.

One of Gaines' attorneys from the National Association for the Advancement of Colored People was a young Thurgood Marshall, who would go on to argue the landmark Brown vs. Board of Education desegregation case in 1954 before spending 24 years as a Supreme Court justice.

Gaines never made it to Columbia. Discouraged by the state's response to the high court ruling - Missouri created a bare-bones law school for blacks in a former St. Louis beauty academy - he moved north and earned a master's degree in economics from the University of Michigan.

Gaines then spent several months shuttling between St. Louis, Kansas City and Chicago, struggling to earn a living while grappling with his notoriety. His jobs included working as a gas station attendant.

Gaines, who would be 95 if still alive, has not been seen since October 1939. Theories about his disappearance ranged from a violent ending at the hands of the Ku Klux Klan to a self-imposed exile in Mexico.

In recent months, Gaines' case has received renewed attention in Missouri. The university that denied him admission to its law school honored Gaines with a posthumous, honorary degree in May. And next week, the Missouri Bar will award Gaines an honorary law license at its annual meeting in St. Louis.

After the high court's ruling, Missouri lawmakers converted a ramshackle St. Louis beauty college into the Lincoln law school, a solution Marshall and the NAACP were poised to challenge.

When Gaines disappeared, they were forced to drop the case. It would be another decade before Missouri admitted a black student.

Museum Honors Emmett Till In Mississippi (WP/AP)

The Associated Press

The Washington Post, September 21, 2006

GLENDORA, Miss. -- Photographs that captured a mother's grief and Emmett Till's mutilated body were on display as this tiny Mississippi Delta town opened a museum honoring the slain black teenager whose death was pivotal in the civil rights movement.

Among the items on display are family snapshots and a picture of Till's mutilated body that stunned the nation after the 14-year-old Chicago boy was brutally murdered in 1955, allegedly in retaliation for whistling at a white woman.

"I want the country to see this moment as an historic event of how far we have come in the civil rights movement and to open people's eyes to the many other injustices that have happened in other places besides the Delta," said Till's cousin, Priscilla Sterling.

The town converted a cotton gin into the Emmett Till Historic Intrepid Center, which includes oral histories, an audio-visual archive and a cotton gin fan like the one used to weigh down Till's body after it was dumped in the Tallahatchie River.

Two white men were acquitted in Till's case by an all-white jury. The two men later confessed in an interview with Look magazine.

The FBI reopended the case in 2004 but decided in March not to press charges. The case was turned over to District Attorney Joyce Chiles for possible state charges. She did not return a call seeking comment.

The boy's case has never been forgotten in more then half a century.

The National Conference of Black Mayors commissioned the Till center as a model of revitalization for other small towns.

The museum also has a space dedicated to Glendora native and legendary blues harmonica player Sonny Boy Williamson.

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A technological center will be opened at the site in a collaboration with Mississippi Valley State University.

House Passes Bill To Make Voters Show ID (AP-Y)

By Jim Abrams

AP, September 21, 2006

The House voted Wednesday to require Americans to show proof of citizenship in order to vote, and the Senate moved to build a 700-mile fence along the Mexican border as Republicans sharpened attacks on illegal immigration before the midterm elections.

The 228-196 House vote on a new photo ID plan and the Senate's consideration of the fence were both part of a get-tough policy on illegal immigrants that Republicans have embraced after Congress' failure to agree on broader legislation that would set a path for undocumented workers to attain citizenship.

House GOP leaders have insisted that tighter borders and tougher laws must precede more comprehensive immigration changes. The House passed the fence bill last week and plans votes Thursday on other enforcement measures: to increase penalties for people building tunnels under the border, make it easier to detain and deport immigrant gang members and criminals and clarify the ability of state and local authorities to detain illegal immigrants.

Republican sponsors of the voter identification bill said it was a commonsense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee. "This is not a new concept."

"This is what Americans want," said Rep. John Mica, R-Fla., "They want safe borders and they want safe ballots."

But Democrats assailed the legislation, saying it could hurt minorities, the poor and the elderly — groups that tend to vote Democratic — who might have trouble producing a photo identification.

"This bill is tantamount to a 21st century poll tax," said Democratic Whip Steny Hoyer, D-Md. "It will disenfranchise large number of legal voters."

Rep. Ike Skelton, D-Mo., said he was initially denied a voter ID required under a Missouri state law because he doesn't have a driver's license and couldn't immediately produce a passport or birth certificate. His congressional ID card was not accepted.

A Missouri court earlier this month struck down the state law, and on Tuesday a state superior court judge in Georgia ruled that that state's law requiring a photo ID was an unconstitutional condition for voting.

The bill would require everyone to present a photo ID before voting in federal elections by 2008. By 2010 voters would have to have photo IDs that certified they were citizens. In response to criticism that this would be a burden for the poor, the bill stipulates that states must provide the identification cards free of charge to those who can't afford them.

The Senate, meanwhile, voted Wednesday to take up a bill to build a 700-mile fence along one-third of the U.S.-Mexico border.

Action on the fence, which could cost billions of dollars, comes four months after the Senate approved legislation that, along with tightening border security, created a guest worker program and outlined how people in the country illegally could work toward legal status and eventual citizenship.

President Bush has supported this broader approach, but it has met strong resistance in the House, where opponents have said it was tantamount to amnesty for illegal immigrants.

Bush, in an interview with CNN's Wolf Blitzer, said he would sign a fencebuilding bill as part of efforts to strengthen the border. But he added, "I would view this as an interim step. I don't view this as the final product. And I will keep urging people to have a comprehensive reform."

Senate Majority Leader Bill Frist, R-Tenn., said, "While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform."

Democratic leader Harry Reid of Nevada countered, "We can build the tallest fence in the world and it won't fix our broken immigration system." To do that, he said, "we need the kind of comprehensive reform that the Senate passed earlier this year."

The current bill wouldn't provide funding to cover costs of the fencing and other barriers aimed at preventing illegal entry. About $1 billion for the fencing is likely to be included in a bill for the Department of Homeland Security that Congress is expected to approve before its scheduled adjournment next week for the elections.

Also on Wednesday, a bipartisan task force recommended that Congress provide a path to legal status for immigrants who can demonstrate steady employment, knowledge of English and payment of taxes and who pass a background security check.

The panel, chaired by Spencer Abraham, former Republican senator from Michigan and energy secretary, and Lee Hamilton, former Democratic representative from Indiana and chair of the 9/11 Commission, also urged new verification mechanisms to assist employers in hiring only authorized workers.

House Passes Photo ID Bill (HILL)

By David Mikhail

The Hill, September 21, 2006

DOJ_NMG_0066873

Amid heated partisan rhetoric, the House yesterday passed a controversial bill that would mandate the use of photo identification in federal elections, 228-196.

The legislation, which was introduced by Rep. Henry Hyde (R-Ill.), would require voters to provide government-issued photo IDs before voting in federal elections, amending the National Voter Registration Act of 1993 and the Help America Vote Act of 2002.

Rep. Juanita Millender-McDonald (D-Calif.), ranking member of the House Administration Committee, said, "Those impacted by H.R.

4844 include the least among us - the elderly, disabled, the poor and ethnic minorities. And it would clearly have a disproportionate impact on women, and many students."

House Administration Committee Chairman Vernon Ehlers (R-Mich.) stated,

"Every day millions of Americans show a picture ID to pay by check, board a plane, or buy alcohol or tobacco. Surely the sanctity of the ballot warrants as much protection as these other activities."

Only seven lawmakers crossed party lines on the vote, as Reps. Melissa Bean (D-Ill.), Jim Marshall (D-Ga.), Collin Peterson (D-Minn.), and Gene Taylor (D-Miss.) backed the bill and Reps. Charles Bass (R-N.H.), Jeb Bradley (R-N.H.), and Don Young (R-Alaska) voted against it.

House Bill To Require Voter ID (WT)

By Charles Hurt

The Washington Times, September 21, 2006

The House yesterday passed legislation that would require voters to show a valid photo identification in federal elections over the overwhelming objections of Democrats who compared the bill to segregation-era measures aimed at disenfranchising Southern blacks.

The Federal Election Integrity Act was approved on a nearly party-line 228-196 vote. Republicans backed the bill 224-3, with three nonvoters; Democrats opposed it 192-4, with five nonvoters. They were joined in opposition by the House's one independent member.

The bill, which faces an uncertain future in the Senate, is part of a Republican effort to complete before the November elections a package of proposals aimed at curbing illegal immigration and its effects on ordinary Americans.

The so-called "Voter ID" bill, aimed at stamping out voter fraud, would require voters in federal elections to provide picture identification by 2008 and provide proof of U.S. citizenship by 2010. It was among the recommendations made last year by the bipartisan Commission on Federal Election Reform, headed by former President Jimmy Carter, a Democrat, and former Secretary of State James A. Baker III, a Republican.

"Effective voter registration and voter identification are bedrocks of a modern election system," they wrote in their final report.

But Democrats, siding with groups that work on behalf of minorities and illegal aliens, called the bill a "modern-day poll tax" and said it would place an insurmountable burden on voters and infringe upon their voting rights.

Rep. Brian Bilbray, California Republican, countered that the real infringement upon voting rights would be allowing fraudulent votes by the dead or illegal "to cancel out legitimate votes."

"That is the violation of the Voters Rights Act that we have not addressed," he told colleagues before the vote.

Democrats, who have long demanded reforms to the federal voting process, yesterday dismissed Republican concerns about voter fraud.

"Show me the examples of the problem you're trying to solve," demanded Minority Whip Steny H. Hoyer, Maryland Democrat who accused Republicans of trying to appeal to the "fear and -- yes, perhaps -- the prejudices of people."

A Republican cited a study by Johns Hopkins University that found 1,500 dead people who had voted in recent elections. Mr. Hoyer belittled the study, saying no criminal convictions for voter fraud had been won in any of those cases.

Mr. Bilbray pointed out that such convictions might be obtained if proper identification were required.

"Voter fraud is not something you can come back to after the fraud is committed," he said. "The person who voted for those dead people is long gone by the time it comes up on the record."

Rep. Ginny Brown-Waite, Florida Republican, urged support of the bill because, she said, it would prevent illegal aliens from voting in U.S. elections.

"It's outrageous and inexcusable that voters do not have to show proof of citizenship in order to vote in an election," she said. "Illegal immigrants are populating this country at an unprecedented number, and it is unjust and unfair to citizens of this country that noncitizens should have a hand in electing federal officials."

Rep. Alcee L. Hastings, Florida Democrat, said he's more concerned about discouraging voters than he is about illegals voting.

"Nonparticipation in the election process is more of a problem in this country than noncitizens trying to vote," Mr. Hastings said.

Rep. John Lewis, Georgia Democrat, called the bill a "modern-day poll tax" and charged that the bill "is nothing less than voter suppression."

He also reminded the Republican chamber of its overwhelming support in July for renewing the Voting Rights Act, although many conservatives off Capitol Hill warned that portions of it are no longer necessary.

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"Just three months ago, this body passed the reauthorization of the Voting Rights Act of 1965, admitting the sad fact that voter discrimination is still the reality," said Mr. Lewis, who said requiring identification at the polls is "an attack on the voting rights of millions of Americans."

Across the Capitol in the Senate, Democrats continued to slow-walk legislation approved by the House last week to construct 700 miles of fencing along the U.S.-Mexico border. The chamber voted yesterday 94-0 on a procedural motion to take up the bill.

Despite universal approval for taking up the legislation, Democratic leaders refused to grant "unanimous consent" agreements to speed up the process.

House Passes Bill To Make Voters Prove Citizenship (USAT)

USA Today, September 21, 2006

Voters would have to prove their citizenship before casting ballots under legislation the House of Representatives passed Wednesday. The measure passed 228-196. Republicans said it was needed to prevent vote fraud. Democrats called it a modern-day poll tax.

No action is likely in the Senate, so the legislation stands little chance of becoming law this year.

Republicans used the debate to highlight illegal immigration. They said that unless Congress passes a law requiring voters to prove citizenship, illegal immigrants' votes will cancel out those of legal voters. Americans “want safe borders, and they want safe ballots,” said Rep. John Mica, R-Fla. Democrats said that election fraud is scarce and that the GOP was trying to intimidate voters, particularly the poor, elderly, disabled or minorities who usually vote Democratic. Rep. John Lewis, D-Ga., called it “an attack on the voting rights of millions of American citizens.”

Twenty-six states require some form of ID to vote. Florida, Georgia, Indiana and Missouri have laws requiring photo ID. Courts struck down the Georgia and Missouri statutes this month.

— Richard Wolf

Air Force accelerates planto eliminate 40,000 jobs

The Air Force plans to cut 40,000 jobs by 2009, two years earlier than expected, a spokesman said. Capt. David Small said officials are determining the mix of active duty and Reserve positions to be eliminated. Air Force personnel costs have risen 51% over the past decade, though the number of personnel has been constant.

The cuts are part of a long-range Defense Department plan to reshape the military into a more agile force better able to fight terrorism, while preserving the ability to wage large conventional wars.

Court says Graham can't serve as judge and senator

A federal court ruled Wednesday that Sen. Lindsey Graham, R-S.C., cannot serve in Congress and as a military judge.

The U.S. Court of Appeals for the Armed Forces said Graham violated the Constitution's Incompatibility Clause by serving as an Air Force Reserve colonel on the Air Force Court of Criminal Appeals. The clause prohibits members of Congress from also holding “an office of the United States,” specifically in the executive branch. The framers included the clause to avoid conflicts of interest.

In its decision, the court said a member of Congress “performing independent judicial functions runs afoul of the fundamental constitutional principle of separation of powers.”

Eugene Fidell, president of the National Institute of Military Justice, said the decision bars Graham and any other member of Congress from the judicial bench but does not forbid lawmakers from serving in another military capacity. At least three House members are military reservists. — Andrea Stone

FAA official says nation's air-traffic control is safe

Several members of the House accused federal aviation regulators of allowing air-traffic staffing levels to slip to dangerous levels.

Spurred in part by the fatal crash of a Comair jet in Lexington, Ky., last month in which staffing has arisen as an issue, lawmakers at a House aviation subcommittee hearing peppered a top FAA official with questions about a recently imposed contract that reduces pay and changes work rules for air-traffic controllers.

“I believe that the FAA has to come to grips with some serious staffing issues,” Rep. Bill Pascrell, D-N.J., said.

The FAA has enough controllers to handle traffic and “safety is never compromised,” said Russ Chew, chief of the FAA's Air Traffic Organization.

Voter ID Bill Passes Split House (RC)

By Matthew Murray

Roll Call, September 21, 2006

House Republicans moved quickly Wednesday afternoon to downplay suggestions that a voter-identification measure was little more than a stalling tactic and an election-year stunt intended to capture law-and-order votes.

“This is what the majority does when they don’t want to bring legislation to the floor,” said Rep. Juanita Millender-McDonald (D-Calif.) in a speech on the House floor. The Senate is not expected to act on the legislation, and Democrats complained that the move was made only in an attempt to stoke voters’ worries about illegal immigration.

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In a vote split along party lines, the House passed the Federal Election Integrity Act, 228-196 Wednesday afternoon. The measure, sponsored by outgoing Rep. Henry Hyde (R-Ill.), would require voters to show government-issued photo identification to vote in federal elections beginning in 2008.

Some Republicans argued the proposed law would limit the incidence of voting by non-citizens, a fear stoked by recent claims that ineligible voters have gained access — whether inadvertently or not — to the rolls in some states.

Judges in Missouri and Georgia recently struck down laws requiring similar proof of citizenship.

"The requirement of a photo ID to vote is common sense, " said Rep. David Dreier (R-Calif.) in a statement. "A photo ID is needed to get on a plane, buy alcohol, or get in an office building."

"Yet when it comes time to step into a voting booth," he added, "oftentimes you don't need a thing."

Democrats countered that it was little more than a modern-day poll tax intended to suppress votes and a requirement that potentially could backfire.

"Disenfranchisement is on peoples' minds," said Rep. Rush Holt (D-N.J.) "This would only add to that [and] deter people from voting."

Keep Away The Vote (NYT)

The New York Times, September 21, 2006

One of the cornerstones of the Republican Party's strategy for winning elections these days is voter suppression, intentionally putting up barriers between eligible voters and the ballot box. The House of Representatives took a shameful step in this direction yesterday, voting largely along party lines for onerous new voter ID requirements. Laws of this kind are unconstitutional, as an array of courts have already held, and profoundly undemocratic. The Senate should not go along with this cynical, un-American electoral strategy.

The bill the House passed yesterday would require people to show photo ID to vote in 2008. Starting in 2010, that photo ID would have to be something like a passport, or an enhanced kind of driver's license or non-driver's identification, containing proof of citizenship. This is a level of identification that many Americans simply do not have.

The bill was sold as a means of deterring vote fraud, but that is a phony argument. There is no evidence that a significant number of people are showing up at the polls pretending to be other people, or that a significant number of noncitizens are voting.

Noncitizens, particularly undocumented ones, are so wary of getting into trouble with the law that it is hard to imagine them showing up in any numbers and trying to vote. The real threat of voter fraud on a large scale lies with electronic voting, a threat Congress has refused to do anything about.

The actual reason for this bill is the political calculus that certain kinds of people — the poor, minorities, disabled people and the elderly — are less likely to have valid ID. They are less likely to have cars, and therefore to have drivers' licenses. There are ways for nondrivers to get special ID cards, but the bill's supporters know that many people will not go to the effort if they don't need them to drive.

If this bill passed the Senate and became law, the electorate would likely become more middle-aged, whiter and richer — and, its sponsors are anticipating, more Republican.

Court after court has held that voter ID laws of this kind are unconstitutional. This week, yet another judge in Georgia struck down that state's voter ID law.

Last week, a judge in Missouri held its voter ID law to be unconstitutional. Supporters of the House bill are no doubt hoping that they may get lucky, and that the current conservative Supreme Court might uphold their plan.

America has a proud tradition of opening up the franchise to new groups, notably women and blacks, who were once denied it. It is disgraceful that, for partisan political reasons, some people are trying to reverse the tide, and standing in the way of people who have every right to vote.

Election Officials Seek Out Data Cards (WP)

By Rosalind S. Helderman And Eric Rich, Washington Post Staff Writers

The Washington Post, September 21, 2006

Pr. George's Looks For Missing Votes 1 Machine at a Time

In a cavernous warehouse in Upper Marlboro, the Prince George's County Board of Elections cracked open voting machines yesterday in search of dozens of data cards filled with still uncounted votes from the Sept. 12 primary election.

They acknowledged that the memory cards from each of more than 2,000 voting machines used at the county's 206 polling stations should have been delivered by election workers to a central office shortly after voting concluded Sept. 12.

Instead, in the days since then, supervisors discovered that nearly four dozen cards -- holding potentially hundreds or more votes -- had not yet been uploaded into a central server.

Although unlikely in the major contests, those votes and thousands of provisional ballots still being counted created the mathematical possibility -- tantalizing to candidates who came up short in close races -- that outcomes could shift.

Some cards were left locked in voting machines for days. Others arrived at the voting office but were overlooked and left in sealed bags, along with other cards that had been counted, officials said.

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Board of Elections members gathered yesterday alongside carts stacked with thousands of the suitcase-like plastic machines to hunt down each missing card.

With fanfare, board attorney Robert G. McGinley called out the first precinct from which votes were missing: "02-05, Rogers Heights Elementary School, machine 4!"

Then, a technician stepped forward and unlocked a padlock holding a cord in place on a cart of machines. He lifted machine 4 onto a table, withdrew a key from his pocket and unlocked a small lock.

Next, he took pliers and snipped a plastic seal. Carefully opening the box, the group edged in to examine a piece of tape affixed across the data card.

"Card found!" McGinley called out.

The find was a victory, but not the kind supporters of the voting machines anticipated when they promoted the equipment as a way to get instantaneous tallies.

"Needless to say, this is not a fast process," board Vice President Carl R. Ruble said after the group had successfully uploaded two cards in 45 minutes.

Robert J. Antonetti Sr., the interim elections administrator, said that in all, officials think they began the day in search of 47 data cards from 26 precincts. By the end of the day, they had located 13 cards from eight precincts. He promised to start the process again this morning.

District 4 congressional candidate Donna Edwards, who trails Rep. Albert R. Wynn (D), has complained vigorously about problems voting and counting ballots in Prince George's and Montgomery County.

She has been especially critical of the missing cards. She trails Wynn by about 3,000 votes and said she won't concede until all the votes are counted.

County executive candidate Rushern L. Baker III (D) yesterday wrote to the U.S. Justice Department and State's Attorney Glenn F. Ivey (D) and demanded an investigation into voting problems.

Antonetti insisted that all the cards have remained secure and that it's not unusual for some to trickle in before the election results must be formally certified.

Board President S. John di Stefano blamed human error for the fact that so many cards did not show up promptly at the election office.

"It happens," he said. "We give [workers] training. We're going to repeat the training" before the November general election.

A variety of problems slowed the process yesterday. Workers opened the third machine, from Eugene Burroughs Middle School in Accokeek, but the card was nowhere to be found. They called over an employee from Diebold Inc., which makes the machine, to help extract the information from the machine's hard drive.

He spoke quietly to the gathered board members. "Speak up," one instructed him, gesturing to reporters and candidates sitting 20 feet away and straining to hear.

"I can't speak to the press," he said, before continuing his mumbled instructions.

After several tries, they figured out how to burn the data onto a new card and upload the votes.

ANTITRUST:

Lawmakers Worry Smithfield Deal Is Bad For Farmers (SFAL)

By Kevin Dobbs And Terry Woster, Argus Leader

Sioux Falls (SD) Argus Leader, September 21, 2006

Smithfield Foods Inc., the parent of John Morrell & Co. in Sioux Falls, is rushing the consolidation of the pork industry and hastening the demise of small hog producers, agriculture groups and several farm-state senators say.

Lawmakers from South Dakota, Iowa and Nebraska worry that Smithfield, the nation's largest pork producer and processor, will squeeze out small farmers when it completes its acquisition of Premium Standard Farms Inc., the nation's No. 2 hog producer and No. 6 pork processor.

Smithfield announced this week it would buy its rival for about $650 million in cash and stock. The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own a fifth of the nation's hogs. That could limit independent producers' options and ability to get good prices for their meat, some critics say.

National Farmers Union President Tom Buis said the "deal perpetuates the consolidation and concentration of the meat industry" and "all but guarantees independent producers will be left without a market."

Sen. John Thune, R-S.D., said today the deal deserves "careful scrutiny" by federal regulators because it "presents some real risks for our producers."

Analysts correctly predicted the move would raise antitrust concerns because it punctuates a trend among big meat companies to vertically integrate by slaughtering their own hogs rather than buying from independent farmers.

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Meatpackers such as Virginia-based Smithfield say the strategy protects them against fluctuating commodity prices. Smithfield in fact reported last month disappointing first-quarter earnings results — a 50 percent drop from the previous year — that it blamed on a dip in revenue from pork production operations.

Small farmers and the lawmakers they've elected counter that the vertical integration movement threatens farm-state economies. Smithfield gets the majority of its hogs from independent producers, including at its Morrell operations in South Dakota and Iowa.

But when it acquires Premium Standard that could change. The Kansas City, Mo.-based company is a vertical integration leader. It has the capacity to slaughter about 4.6 million hogs every year, and according to the Wall Street Journal, the company owns most of the hogs it kills.

With those hogs under the Smithfield umbrella, it will be able to produce more than half of the pigs it slaughters.

Charlie Johnson, who raises hogs near Madison, said the move continues an ongoing and troubling trend.

"I'm not losing much sleep over this one. The horse has already gone out the barn door," Johnson said. "You're talking about two entities that never should have been allowed to get that big in the first place.

"They've been a menace to this state and the upper Midwest for the last 10 years," he said.

Sen. Charles Grassley, R-Iowa, and Sen. Tom Harkin, D-Iowa, asked the U.S. Department of Justice to investigate the proposed merger. They worry about too much concentration of power within the meat industry, which could hurt independent farmers by reducing the number of places they can sell their hogs and eventually raise food prices for consumers.

All of that should trigger antitrust concerns, they say.

Approval For Smithfield Won't Be Easy (DPHR)

By Chris Flores, Daily Press

Newport News (VA) Daily Press, September 21, 2006

Smithfield must pay up if it can't get past federal anti-trust regulators.

SMITHFIELD -- If the Smithfield Foods acquisition of Premium Standard Farms is denied by federal regulators, Smithfield will be required to pay $100 million to Premium.

The risk of the deal falling through is impossible to gauge, but the Smithfield purchase will draw scrutiny by the Department of Justice. Farm state senators, who have raised antitrust concerns in the past about Smithfield, are already speaking out against the deal.

Smithfield is the largest processor of hogs, with 26 percent of the market, and the company will have 31 percent once the deal is done. It will raise about 20 percent of the hogs nationwide. This concerns independent hog producers and politicians, who claim the deal will give Smithfield the ability to determine hog prices.

Smithfield, the world's largest processor and producer of hogs, paid $674 million for Premium. Kansas City-based Premium was the second largest producer and sixth-largest processor. Some analysts have speculated that the deal might have a hard time getting anti-trust approval.

Sen. Charles Grassley, R-Iowa, immediately fired off a letter to the Justice Department, asking it to "carefully scrutinize" the deal. Grassley, a longtime Smithfield foe, says the concentration of ownership hurts family farmers and independent farms that raise hogs in Iowa.

Fellow Iowa Senator Tom Harkin introduced a bill earlier this year to provide protections for independent livestock producers. Harkin has also-co-sponsored a bill that takes on Smithfield's vertical integration business model of owning, slaughtering and packaging animals.

Social Whirl Facebook, Riding A Web Trend, Flirts With A Big-Money Deal (WSJ)

By Kevin J. Delaney, Rebecca Buckman And Robert A. Guth

The Wall Street Journal, September 21, 2006

As Big Companies Pursue Networking Sites, Start-Up Is in Talks With Yahoo Youthful Audience Is Fickle

One popular use of social-networking site Facebook.com is to flirt with other members. As it happens, Facebook Inc., the start-up company behind the Web site, has been doing some serious flirting of its own.

People familiar with the matter say the company has held separate acquisition talks with Yahoo Inc., Microsoft Corp. and Viacom Inc. over the past year. Now, say some of these people, the start-up is in serious discussions -- again -- to sell itself to Yahoo for an amount that could approach $1 billion.

Behind the pursuit of Facebook is a high-stakes battle by big technology companies to extend their influence on the Internet. Sites like Facebook and rival MySpace have become the Web hangouts for a coveted market: young people. They gather there in large numbers to create Web pages with their own profiles and musings, look for friends, pick up strangers and send messages to each other.

Suddenly, social-networking sites, as they are called, are starting to look like the latest incarnation of the Internet's Holy Grail: an entry point onto the Web, where an owner can sell access to all the consumers that come there. In past years, that search has taken investors and marketers to Web browsers, to "portals" such as Yahoo that assemble a wide array of Web services and to search engines such as Google Inc. (See related article1.)

DOJ_NMG_0066878

Rupert Murdoch's News Corp. bought MySpace last year for $650 million and quickly set about turning it into a cash machine. The Murdoch empire now uses MySpace to promote music, movies, soft drinks and books, helped by features including video downloads and instant messaging. In August, Google guaranteed MySpace and some other News Corp. sites a minimum of $900 million in ad revenue over the next three and a half years.

The danger of building a business around networking sites -- which also include Friendster, Bebo and myriad smaller players -- is the fickle nature of their consumers. As the Internet has sped up the life cycle of success and failure, it is possible some of these sites will flame out as their young devotees flock to the next thing.

Two and a half years ago, Facebook was a college project run by an undergraduate. Today, in an echo of the 1990s technology boom, it is being chased by large companies with their wallets wide open.

During one series of talks with Microsoft, Facebook executives told their Microsoft peers they couldn't do an 8 a.m. conference call because the company's 22-year-old founder and chief executive, Harvard dropout Mark Zuckerberg, wouldn't be awake, says a person familiar with the talks. Microsoft executives were incredulous.

In an interview, Mr. Zuckerberg declines to comment on any talks. The young entrepreneur says he generally works late -- he recalls eating French fries recently in the parking lot of a local McDonald's restaurant at 3 a.m. -- and doesn't get to work early. "I'm in the office at 10:30 a.m. sometimes," he says.

These days, Facebook is wrestling with whether to sell or stay an independent concern. People familiar with the matter say some Facebook executives have considered following the example of Google, which countered critics and acquirers by going it alone. In the process it became a publicly traded juggernaut with a market capitalization of $120 billion.

"I would never say that at no point in the future would we go public or become part of a larger company...but what I would say is, it's not our priority," Mr. Zuckerberg says. "There's so much more to do here." People familiar with the matter say Mr. Zuckerberg holds a roughly 30% stake in the closely held Palo Alto, Calif., start-up business.

At some point, the venture capitalists who funded Facebook will want to see some return on their investment. Jim Breyer, partner at Accel Partners, says he and his firm invested around $13 million in Facebook in 2005. "Clearly we have had significant strategic discussions that have covered everything from outright acquisition to major strategic partnerships," he said. Mr. Breyer says his main focus is turning Facebook into a "major standalone business."

Based on online ad sales, Facebook will likely soon top $100 million in annual revenue, say people familiar with the matter. That is a level now considered the minimum for a high-technology initial public offering in today's difficult Wall Street environment for small-stock offerings.

Facebook may have a limited window of opportunity, having built much of its business on young, Internet-savvy students who could in time switch to using rival sites.

The company recently encountered the fickleness of its world when it rolled out features that enabled users to keep track of their friends' activities on the site. Hundreds of thousands of members joined groups protesting what they saw as a privacy invasion. Facebook added some privacy protections, but Mr. Zuckerberg concedes the company "did a very bad job of communicating" details about the original features to users.

Facebook originally limited membership to college students, later inviting high-school students and people who work for certain companies and organizations. Now, Facebook plans to allow anyone with a valid email address to join.

Some teenagers who once embraced social networking have started to shun such sites, saying they have become too popular and commercial. "It's like a bad party, where you've got too many people talking too loud and you can't enjoy yourself," says Carlo Montagnino, a 22-year-old living New York who killed his MySpace profile this summer. Mr. Montagnino says he was sick of reading the innermost thoughts of his 500 online "friends."

"I don't care about the food they ate that day, I don't care about the new poem they wrote, or the pictures of their birthday party," he says.

Facebook says its site is so integral to the lives of college students and others that it has become more like a service such as email, instead of merely a place to chat about parties and find dates.

Mr. Zuckerberg started Facebook while still a Harvard University student in February 2004. The native of Dobbs Ferry, N.Y., intended the site to assume some of the functions of printed "facebooks" with students' photos and contact information. Mr. Zuckerberg added features enabling students to customize their pages and communicate with each other. Members can "poke" each other, a message sent from one user to another that is sometimes considered a form of flirting.

Facebook quickly spread to other universities. By early 2005, the site had 1.6 million monthly U.S. visitors, a number that soared to nearly nine million last month, according to research firm NetRatings Inc. Facebook users spent an average of more than one hour a month on the site in August, a long time by Internet standards and more than double what they spent a year earlier.

As Facebook's popularity swelled, Mr. Zuckerberg, who wears Adidas sandals to work many days, dropped out of Harvard after his sophomore year and moved to Palo Alto. The former computer-science and psychology major quickly set a brash tone, joking with colleagues about Facebook's goal of "world domination" and once distributed business cards that read, "I'm CEO...bitch." A Facebook spokeswoman says the cards were a joke.

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News Corp.'s July 2005 announcement that it was buying MySpace raised Facebook's profile among Internet and media industry deal makers. Yahoo, of Sunnyvale, Calif., for one, began negotiating to take a minority stake in Facebook, with a deal that would have given the start-up company a $750 million valuation, according to a person familiar with the matter. The deal never worked out.

Facebook entered discussions with Viacom, of New York, in early 2006 to be acquired for a total that could have exceeded $1 billion if Facebook reached certain targets, say people familiar with the matter. The talks broke down over valuation and other disagreements, according to those people.

Yahoo, meanwhile, continued to pursue its Facebook aspirations. The Web company has roughly 500 million users world-wide but largely missed the boom in social-networking sites.

Around March, Yahoo was weighing a roughly $1 billion offer, according to people familiar with the matter. Facebook's Mr. Zuckerberg met with executives at Yahoo's headquarters in late March to discuss a possible deal.

At one point in the Yahoo negotiations, the talks extended into the weekend, says a person familiar with the matter. Mr. Zuckerberg, this account continues, said he couldn't take part because his girlfriend was in town. Others pointed out they were closing in on a billion-dollar deal. Mr. Zuckerberg said it didn't matter: his cellphone would be off, this person says.

Mr. Zuckerberg says he doesn't "remember anything like that." He adds: "I have a girlfriend; when I'm hanging out with her I tend to not be that engaged."

In April, Facebook announced $25 million in a third round of financing. That valued the company at around $500 million, according to a person familiar with the matter.

Microsoft soon got word that Facebook had suitors and contacted the company, says a person familiar with the matter. Microsoft Senior Vice President Hank Vigil was one of the main drivers behind starting acquisition talks. After several weeks the talks faltered, largely because Facebook told Microsoft it wanted $2 billion, according to one version of events, a number that had been touted by some investors. That was too rich for Microsoft, which was thinking of a figure in the hundreds of millions of dollars, say people familiar with the talks.

Microsoft also faced internal challenges. The talks with Facebook were being driven by Mr. Vigil and the corporate mergers-and-acquisitions team, not its MSN online business. Without full backing of the online group, Microsoft couldn't justify a deal, say people familiar with the talks.

In July, Yahoo formally offered roughly $1 billion for Facebook, say people familiar with the matter. Shortly after, a new batch of traffic numbers for Facebook indicated the site wasn't growing as quickly as Yahoo had expected. At the same time, Yahoo stock fell sharply after it announced a delay in a key corporate initiative. The company dropped its offer closer to $800 million, say people familiar with the talks, which Facebook rejected.

Facebook's whipsawing series of talks took another turn in August when Google announced it had agreed to broker ads for MySpace and other News Corp. sites. The size of the guaranteed revenue spurred Facebook executives to put any acquisition talks aside and pursue a similar deal, first with Google, then with Microsoft. The deal with Microsoft was signed and sealed in less than a week. Microsoft has promised to deliver ads valued at a minimum of $200 million over three years, according to one person familiar with the deal.

Although it has joined forces with Microsoft, Facebook signaled to Yahoo that the advertising deal didn't preclude further acquisition talks, according to people familiar with the matter. The discussions are at an advanced stage, although it appears the two sides still differ about valuation. If a deal goes through, Yahoo could use Facebook to boost advertising revenue and pitch Yahoo services -- which range from email to music and online dating -- to Facebook's young member base.

Mr. Zuckerberg says he isn't focused on making money or using his position at Facebook to become a media tycoon. Still, he has met media luminaries such as Donald Graham, the chairman and chief executive officer of Washington Post Co.

"I do feel like I share a lot of values with folks like Don. He's very into building a long-term business and focusing on that," Mr. Zuckerberg says. He describes Mr. Graham as "a bit of a mentor."

--Matthew Karnitschnig and Vauhini Vara contributed to this article.

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Doctors' Group Sues Two Insurers, Charging Unfair Coercion (NYT)

By Richard Pérez-peña

The New York Times, September 21, 2006

The statewide trade group for doctors in New York has filed a class action lawsuit against one of the state's largest insurers, Oxford Health Plans, and its parent company, UnitedHealth Group, accusing them of illegally coercing doctors to do more business with them.

UnitedHealth Group, an insurance giant based in Minnesota, had a small presence in New York until 2004, when it bought Oxford. Last year, Oxford and United told thousands of doctors in New York that if they wanted to stay in or join one of the two insurers' networks, they had to be in both.

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The suit, filed on Tuesday in State Supreme Court in Manhattan, says that that requirement violates state antitrust law and laws against unfair and deceptive trade practices. The plaintiffs are the Medical Society of the State of New York and several individual doctors practicing in New York City and on Long Island.

They say that Oxford and United's new rules, known as an "all-products" requirement, force doctors to do business with an insurer they dislike — because its payments are low, its paperwork is cumbersome or it does not cover some services — or risk losing many of their patients. And in many cases, they contend, Oxford and United have breached contracts with doctors.

"This is the first time the Medical Society has brought a lawsuit expressly challenging an all-products provision," said Donald R. Moy, the group's general counsel.

"Some other insurers have similar practices, but this is the most egregious one," Mr. Moy said.

In an exchange of e-mail messages, Maria Gordon Shydlo, a spokeswoman for Oxford and United — which still operate under separate names — said that the new system had improved customer service.

She said it had added 6,600 doctors to United's provider network in New York, New Jersey and Connecticut and 3,800 doctors to Oxford's network, while fewer than 1 percent of the combined companies' providers had dropped out rather than accept the new requirement.

"Our customers and employer groups now have had access to a broader network of physicians and providers on an in-network basis," she said. But she did not address the allegations that the companies had violated state law or that they had breached contracts.

In part, the suit reflects doctors' frustration with the growing power of a handful of insurers, fueled by a series of mergers that has left consumers with fewer choices. Empire Blue Cross Blue Shield, the largest health insurer in New York, was taken over this year by WellPoint, the largest in the country; Oxford became part of United, the nation's second-largest; GHI and HIP plan to merge; and there have been several takeovers of small insurers by larger ones.

But the complaint is also the latest in a string of accusations by hospitals, doctors, patients and state regulators in New York, who say that Oxford and United subject doctors and hospitals to harsher and more unfair practices than other insurers.

In 2000, the Medical Society filed suits against several insurers, charging them with unethical practices in their dealings with doctors. Most of those were consolidated in federal court with similar cases filed by doctors' groups in other states.

Most of the major insurers settled and agreed to change some practices; United has not settled. Mr. Moy said the society's only other significant continuing suit against an insurer was also against United, challenging its definitions of "usual and customary" charges for medical care.

Legal Dueling Over Web Site Domain (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, September 21, 2006

Harrah's wants WSOP.com for poker series

In 2004, Harrah's acquired the venerable Binion's Horseshoe casino downtown in large part, company executives said at the time, so the company could cash in on Binion's increasingly popular World Series of Poker, or WSOP for short.

But that plan has hit a snag, Harrah's claims in a lawsuit filed last week in U.S. District Court in Las Vegas against Binion's former information technology director, Federico Schiavio.

One year before the sale of Binion's, Harrah's claims, Schiavio registered the domain name for an Internet site called WSOP.com. Since then, Schiavio has used the site to divert Web traffic to an online gambling site called All In Poker, Harrah's claims. More recently, it appears WSOP.com is in the process of designing its own gambling site.

Harrah's has no control over that Web site and receives no profits from it - a problem it's anxious to fix.

The casino giant claims it owns the trademark on the name "World Series of Poker," and that it has applied for a patent on the name "WSOP" as well, so Schiavio's Web site should be passed over to Harrah's.

Schiavio is attempting to create an association between his Web site and the World Series of Poker where none exists, Harrah's claims. The company says Schiavio "is attempting to frustrate or divert Internet traffic intended for Harrah's."

What's more, the company says Schiavio's Web site is promoting Internet gambling.

"Schiavio's use of the WSOP mark in connection (with) the domain name WSOP.com is intended to trade off Harrah's goodwill and reputation and deceive people into thinking Internet gambling is acceptable," the suit claims.

(Harrah's official World Series of Poker Web site, www.worldseriesofpoker.com, uses advertising from www.PartyPoker.net, a free poker site affiliated with www.PartyPoker.com, the type of gambling Web site the Justice Department has deemed illegal.)

Harrah's 13-page lawsuit includes claims of trademark infringement, "cybersquatting" and unfair trade practices. The company is asking that Schiavio be prohibited from using the WSOP trademark; that the WSOP.com domain name be transferred to them, and that they be awarded damages.

Harrah's also notes that the U.S. Patent and Trademark Office suspended examination of its applications to trademark the acronym "WSOP" because of Schiavio's similar application - and is asking that the court order the federal trademark office to reject Schiavio's application and approve Harrah's.

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The legal dispute has been ongoing virtually since Harrah's Entertainment Group and MTR Gaming Group purchased Binion's on March 10, 2004. Thirteen days later, after receiving a "cease and desist" letter that Harrah's had sent him, Schiavio changed the content of the WSOP.com site to make it seem less directly affiliated with the World Series of Poker, the lawsuit contends.

Schiavio's site now reads: "WSOP.com: World's Standard of Online Poker."

According to the site, its operators are in the process of developing "the most exciting concept in online multiplayer poker ¦ We will soon be starting an online poker room with a unique selling proposition geared toward rewarding professional poker players, keen amateurs and other players for whom poker is becoming their favorite online activity."

On May 30 of this year, Harrah's filed a complaint with the National Arbitration Forum, asking it to resolve the dispute. A three-judge panel with the forum dismissed Harrah's complaint, finding last month that it would be inappropriate for it to decide while the trademark office was weighing Schiavio's "WSOP" trademark application.

Schiavio could not be reached for comment, and his attorney in the arbitration, Darren Rimer of Laguna Niguel, Calif., did not return a phone call.

According to the suit, Schiavio got the idea to use the WSOP.com domain name while working for the Horseshoe Club Operation Co., owner of Binion's, as a consultant from 1999 to 2004.

Though Binion's no longer holds the World Series - Harrah's hosts the annual event at its Rio Hotel and Suites - Binion's still hosts live poker games.

But Binion's has not done well since MTR Gaming Group took over the management of the casino from Harrah's Entertainment in March 2005. The Sun reported in April that in MTR's latest earnings report, Binion's posted a net loss of $702,000 last year, compared with a profit of $934,000 in 2004. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@vegas.com.

Regulators Probe Paper Mill Deal (AP-YBIZ)

AP, September 21, 2006

European Union Regulators Probe U.S. Company's Deal for British Mill

BRUSSELS, Belgium (AP) -- European Union antitrust regulators opened an in-depth probe into U.S. paper maker Glatfelter's plans to buy a British paper mill, saying Wednesday it believed the deal could create a monopoly supplier with the power to fix prices for tea bags and coffee filter paper.

The European Commission said its initial investigation found that P.H. Glatfelter Co., based in York, Pa., would control a very high market share for coffee filters and tea bags if it bought a paper mill at Lydney in western England from J.R. Crompton Ltd.

"The only remaining competitors, Ahlstrom and Purico, have only limited production capacity," it said. "Although the proposed transaction affects a niche market, annual sales in the European economic area of tea and coffee filtration papers alone amount to around 145 million euros ($183 million)."

British fiber producer Crompton was placed in court-ordered administration in February as part of British insolvency proceedings. It is the leading manufacturer of specialty papers for tea and coffee filters with three paper mills in Britain selling to customers all over the world.

The Lydney plant makes wetlaid fibre, which is also used for wall paper, adhesive tapes and battery components.

EU officials have until Feb. 6 to decide whether to block or clear the deal. It can also ask the companies to sell assets or change the way they do business in future to try and solve antitrust problems. Although it has the power to block mergers and acquisitions, it rarely does so.

Both companies' sales are lower than the threshold for the EU to get involved -- it usually decides on deals where both companies make more than 250 million euros ($316 million) in Europe -- but the commission said both the German antitrust authority, the Bundeskartellamt, and Britain had asked it to investigate this case.

Hospira To Buy Mayne Pharma For $2 Billion (WSJ)

By Dennis K. Berman And Thomas M. Burton

The Wall Street Journal, September 21, 2006

Hospira Inc. agreed to acquire Australian generic-pharmaceuticals maker Mayne Pharma Ltd. for about $2 billion, the companies said.

The deal is the largest corporate move yet for the two-and-a-half-year-old Hospira, which is a hospital-products spinoff of health-care giant Abbott Laboratories. Hospira has a big business in injectable pharmaceuticals, which package medications in prefilled syringes while also creating vials of medicine used in standard doctor's needles.

It also makes and sells products such as intravenous drug-delivery equipment and patient-controlled drugs for pain management.

Melbourne-based Mayne is a world leader in generic injectable pharmaceuticals, with its strongest presence in cancer treatments. Last year, the company registered sales of about $517 million, an increase of more than one-third from the previous year.

NEWSHOUND QUIZ

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Care to test your memory of recent news events in WSJ.com's weekly Newshound Quiz? Sign up for the quiz2, and then look for the latest installments in your inbox on Fridays. Be the first to reply with all your answers correct, and you can declare yourself Top Dog!

Hospira is expected to pay a 32% premium to where Mayne's shares closed on Sept. 18, marking a total price of about $2 billion. That figure represents about one-third of Hospira's overall market capitalization, making the deal a significant step for the Lake Forest, Ill., company. The company plans to finance the purchase almost entirely with new debt.

Prior to this transaction, Hospira has been weighted heavily toward domestic sales. In 2005, for instance, U.S. sales made up 83% of the business, with international sales constituting the other 17%.

The company said it hopes to create annual savings of at least $50 million by 2008 and predicted the deal would add to earnings in 2007.

But its measure of earnings accretion excludes transaction-related costs and the amortization of intangible assets. As measured by more rigorous generally accepted accounting principles, the deal won't add to earnings during 2008, Hospira said.

The market hasn't been favorable to Hospira this year. Since January, its shares have declined 14%, while an index of other health-care-equipment makers fell 5%.

Morgan Stanley and law firm Baker & McKenzie advised Hospira. Merrill Lynch & Co. and law firm Clayton Utz advised Mayne.

Aalberts, 29 Other Companies Fined EU314.7 Million (Update2) (BLOOM)

By Matthew Newman

Bloomberg, September 21, 2006

Sept. 20 (Bloomberg) -- Aalberts Industries NV, Europe's largest maker of water and gas fittings, and 29 other companies were fined a total of 314.7 million euros ($399 million) for colluding to fix prices for copper fittings used in plumbing and heating. Aalberts shares fell as much as 12 percent.

Aalberts was fined 100.8 million euros, the European Commission, the EU's antitrust authority, said in a statement today. In addition, IMI Plc was fined 48.3 million euros, Delta Plc 28.3 million euros and Tomkins Plc 5.3 million euros.

The fines are the third time since 2003 that the commission has penalized companies in the copper tube industry. In this case, four of the 11 groups fined, including Aalberts and Delta, had penalties increased by 60 percent because they continued their illegal activity after the commission started its probe.

``We will not tolerate cartels and will take all measures to stamp them out," EU Competition Commissioner Neelie Kroes said in the statement. ``We will not only punish firms severely for cartel behavior, but also increase the fines for flagrantly continuing after a commission dawn raid and for providing wrong or misleading information."

Aalberts shares fell 7.25 euros, or 12 percent, to 55.40 euros as of 1:07 p.m. in Amsterdam. That's the biggest one-day decline since February 1991. Marja Bouw, a spokeswoman for Langbroek, Netherlands-based Aalberts, said the company would appeal the fine.

Net Income

The EU fine is almost double the company's first half net income of 51 million euros. In August, the company said profit rose 34 percent, boosted by acquisitions as the company charged more for its products.

Stephanie Badjonat, a spokeswoman for Birmingham, England- based IMI, said the company had no immediate comment. Robin Walker, a spokesperson for London-based Tomkins, also said the company had no immediate comment. Calls to Delta Plc Chief Executive Officer Todd Atkinson weren't immediately returned.

Shares of Tomkins fell 5.5 pence, or 2.2 percent, to 235.5 pence in London. Shares of IMI rose 2.5 pence to 492 pence in London trading.

Mueller Industries

Memphis-based Mueller Industries Inc. got full immunity from fines because it alerted EU authorities about the illegal price- fixing in January 2001.

Mueller ``took the lead in bringing these issues to the attention" of the commission ``and has fully cooperated in the investigation from its inception," Mueller said in a July 28 filing to the U.S. Securities and Exchange Commission.

Mueller and its subsidiaries were also granted full immunity in September 2004 when the commission fined seven companies, including IMI, 222.3 million euros for fixing prices for copper plumbing tubes used for water and heating.

The commission's investigation of the copper-tube business also led to 79 million euros in fines against three companies in December 2003.

The highest cartel penalties were in 2001 when the commission imposed 1.83 billion euros in fines, including 790 million euros against a vitamin price-fixing conspiracy.

To contact the reporter on this story: Matthew Newman in Brussels at Mnewman6@bloomberg.net

Software Makers Complain To EU Over Microsoft's New Vista System (WSJ)

By Mary Jacoby

The Wall Street Journal, September 21, 2006

DOJ_NMG_0066883

BRUSSELS -- Two U.S. software makers are lobbying European Union regulators for action against Microsoft Corp.'s next-generation Windows computer operating system, slated for release to corporate customers in November.

Adobe Systems Inc. of San Jose, Calif., has told regulators that Microsoft should be prohibited from building free competing software for reading and creating electronic documents into the operating system, called Vista, according to people familiar with the situation.

Meanwhile, officials from antivirus-software maker Symantec Corp. plan to travel to Brussels next week to brief journalists about Vista features that the Cupertino, Calif., company has told EU regulators will undercut rival computer-security-software makers. The briefings are intended to combat a similar public-relations effort by Microsoft, said a Symantec spokesman, Cris Paden.

At a Sept. 12 briefing, Erich Andersen, Microsoft's general counsel for Europe, said any regulatory action requiring changes in Vista's design could "increase security risks for European consumers" by making them more vulnerable to malicious attacks through the Internet, something that Symantec contests.

EU antitrust chief Neelie Kroes has warned Microsoft not to design the new version of Windows, which runs more than 90% of the world's personal computers, in ways that would put rival software companies at a competitive disadvantage. The EU fined Microsoft €497 million, or more than $600 million, for antitrust violations related to its earlier versions of Windows in 2004. In July, Ms. Kroes imposed an additional penalty of €280.5 million against Microsoft for defying orders to change its business practices. The company is appealing both fines.

"Our goal is to deliver a fully innovative, secure version of Windows Vista that is compliant with EU law," said Tom Brookes, a spokesman for Microsoft, based in Redmond, Wash. However, Adobe and Symantec have told EU regulators that Vista has put them squarely in Microsoft's cross hairs.

Symantec is concerned that Vista will direct consumers toward a Microsoft-designed security console, or box that shows what level various security functions, such as an Internet firewall, are set on. The rival company wants to be able automatically to override the Microsoft template with its own design and features, as it has been allowed to do in the past.

Also, Microsoft has a new feature, called PatchGuard, designed to protect the core of its operating system from hacking. But Symantec's Mr. Paden said the design has been changed from previous Windows versions to prevent security-software companies from accessing this crucial part of the system to update computers against security threats.

Adobe is objecting to Microsoft's inclusion in Vista of its own software for creating and viewing digital snapshots of documents, known as XML Paper Specification, or XPS. XPS competes with Adobe's widely used portable document format, or PDF.

While Adobe earns money by selling its Acrobat software to create PDF documents (while giving away the software to read such documents), Microsoft will include both reading and writing software as part of Vista for no extra charge. That could erode Adobe's sales. An Adobe spokeswoman declined to comment.

Microsoft Chief Executive Steve Ballmer wrote to Ms. Kroes in the spring and asked if she wanted Microsoft to remove its XPS electronic-document software from Vista, said Mr. Brookes, the Microsoft spokesman. Ms. Kroes didn't respond, Mr. Brookes added.

A spokesman for Ms. Kroes, Jonathan Todd, said: "The commission has been giving guidance to Microsoft for over a year. But ultimately it is for Microsoft to decide how they package and sell Vista." He added that regulators could take no action until Vista was on the market.

ENVIRONMENT:

White House Outlines Global Warming Fight (WP)

By Juliet Eilperin

The Washington Post, September 21, 2006

The Bush administration yesterday laid out a long-term "strategic plan" for using technology to curb the impact of global warming, reiterating its position that basic scientific research and voluntary actions can curb greenhouse gases linked to climate change.

Addressing complaints by environmentalists and some scientists that Bush has not done enough to cut the nation's emissions of such gases, Energy Secretary Samuel W. Bodman said the 244-page "Climate Change Technology Program Strategic Plan" promotes initiatives such as sequestering carbon dioxide before it enters the atmosphere and promoting hydrogen-powered cars.

"This plan was inspired by the President's vision to harness America's strengths in innovation and technology to transform energy production and use in ways that significantly reduce greenhouse gas emissions over the long term," Bodman said in a statement. "This strategic plan is unprecedented in its scope and scale and breaks new ground with its visionary 100-year planning horizon, global perspective, multilateral research collaborations, and public-private partnerships."

Energy Department officials described the plan -- which has taken four years to produce -- before the House Science subcommittee on energy yesterday. It immediately came under fire from senior Hill Republicans as well as several outside scientists and policy experts.

"It's good as far as it goes, but it needs to go a lot further," House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.) said in an interview after the hearing. "It's good to look ahead, but people expect something immediate, as well as futuristic."

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House Government Reform Committee Chairman Thomas M. Davis III (R-Va.), who has scheduled a hearing today on climate change research, said the administration failed to spell out how future research will be funded.

"They address the need for research but give a very convoluted answer as to how that's going to occur," Davis said in an interview. "What we're asking is, is this sufficient? You've got to have some teeth and focus."

In the document, the administration said it spends $3 billion a year on the research.

But Ken Caldeira, a senior scientist at the Carnegie Institution at Stanford University, said the country would have to spend "hundreds of billions of dollars a year" to move away from a carbon-dependent economy. He added that the government would have to regulate carbon dioxide emissions, either through a tax or cap-and-trade system, to create incentives to develop and implement cleaner technologies.

"Most energy technologies that do not emit carbon dioxide to the atmosphere will cost more than those that do emit carbon dioxide to the atmosphere," Caldeira said. "A major energy R&D program only makes sense in the context of a price on carbon emissions."

Rafe Pomerance, who chairs the bipartisan Climate Policy Center, praised the administration for emphasizing the need for exploratory research to produce innovative responses to global warming.

Some outside scientists, such as William Fulkerson, a senior fellow at the University of Tennessee's Institute for a Secure and Sustainable Environment, said the plan could provide a blueprint for encouraging the development of technologies that would cut emissions. "It makes it clear this is a long-term issue and it is not solved by any one technology or strategy," Fulkerson said.

Margo Thorning, chief economist at the American Council for Capital Formation, said the plan is "a substantial, credible effort" to address global warming.

"The technology-based approach is the only way to go, and the administration's emphasis on that is the right one," said Thorning, whose think tank accepts money from Exxon Mobil Corp.

John Coequyt, an energy policy specialist for the advocacy group Greenpeace, said that the plan's biggest flaw is shown by the 2010 start of its initial goals.

"The big picture from the Bush administration is always the same: This is a long-term problem that will be solved by another administration," Coequyt said. "It's time to start talking about what are the things we can do tomorrow."

White House Presents Plans To Cut Emissions (NYT)

By Felicity Barringer

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — As the rich and powerful gathered in New York to discuss sweeping approaches to climate change under the aegis of former President Bill Clinton, the Bush administration unveiled its priorities for working with Asian countries on voluntary efforts and for spending $3 billion on technologies that could cut emissions of heat-trapping gases.

James L. Connaughton, chairman of the Council on Environmental Quality at the White House, told the Senate Environment and Public Works Committee that the Asia-Pacific partnership between the United States and Australia, China, India, Japan and South Korea would share technology advances.

An example of their plans, Mr. Connaughton said, was a $58 million deal by which the Caterpillar company provided a Chinese mining operation with generators that could burn methane gas that would otherwise be vented into the atmosphere. Methane's warming potential in the atmosphere is more than 20 times that of carbon dioxide.

Shortly before Mr. Connaughton testified, Stephen Eule, director of the Climate Change Technology program at the Energy Department, gave the energy subcommittee of the House Committee on Science an overview of the administration's technology priorities.

But the committee chairman, Representative Sherwood Boehlert, Republican of New York, chided Mr. Eule about the long time horizon envisioned for some technologies, saying that the administration's plan "is silent on the deployment of technologies already out or near the end of the pipeline" of research efforts.

"What are we doing about deploying these technologies next year" Mr. Boehlert added, "not 15 years from now?"

In response, Mr. Eule referred to the department's energy-efficiency efforts and its aid to builders of less energy-intensive homes. In addition, he cited a part of the Energy Policy Act providing $1.5 billion for developers of six new nuclear plants if they face costly regulatory delays.

Global Warming Suit Hits Carmakers (USAT)

By Chris Woodyard

USA Today, September 21, 2006

LOS ANGELES — California's attorney general filed a public-nuisance lawsuit Wednesday against the six biggest-selling automakers, alleging their products spew dangerous greenhouse gases and foster global warming.

The lawsuit, filed in U.S. District Court in Oakland, seeks unspecified compensation for the "billions of dollars in damages" from global warming caused by cars.

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The lawsuit names General Motors, Ford Motor, DaimlerChrysler, Toyota, Honda and Nissan. They have made 88% of the vehicles sold in the USA so far this year.

"Vehicle emissions are the single most rapidly growing source of the carbon emissions contributing to global warming, yet the federal government and automakers have refused to act," state Attorney General Bill Lockyer said in a statement. "It is time to hold these companies responsible for their contribution to this crisis."

Though limited to California, the lawsuit could invite others from around the nation. It could put automakers under more pressure to speed development of hybrids and alternative-fuel vehicles, such as those powered by hydrogen fuel cells, to lessen air pollution.

"CEOs and members of boards of directors of companies have to be thinking, 'Do we have liabilities here? Are we exposed here?' " says David Doniger, climate policy director for the Natural Resources Defense Council. "These kinds of suits are only going to multiply until we have an effective national legislation that curbs global warming."

GM, Ford and DaimlerChrysler referred response to their Washington-based trade group, the Alliance of Automobile Manufacturers, which said that today's cars and trucks are "99% cleaner" than the past generation.

This type of lawsuit requires courts to go beyond their jurisdiction and "opens the door to lawsuits targeting any activity that uses fossil fuel for energy," the group said.

Honda, not a member of the alliance, issued a statement saying it favors higher fuel economy standards as one way of reducing greenhouse gases.

The lawsuit is similar to one filed by eight state attorneys general and the city of New York in 2004 against utilities, alleging that smokestack pollution increased global warming. That lawsuit was dismissed. It's on appeal.

These types of lawsuits aren't clear cut.

"Nuisance law is very squishy," says Sean Hecht, executive director of the Environmental Law Center at the University of California-Los Angeles. "It's a basic feature of nuisance law that it reaches problems that are not otherwise illegal."

Calif. Sues Six Automakers Over Global Warming (WP)

By Sholnn Freeman

The Washington Post, September 21, 2006

California filed a lawsuit against the six largest automakers operating in the United States, alleging car and truck emissions are causing global warming, injuring the state's environment and economy and endangering public health.

The complaint, filed yesterday in U.S. District Court for Northern California, is the latest escalation in a clash between states and the U.S. auto industry over global warming. The California complaint alleges that under federal and state common law the automakers have created a public nuisance by producing millions of vehicles that collectively emit massive quantities of carbon dioxide.

The lawsuit targets U.S. operations of General Motors Corp., Ford Motor Co., the Chrysler division of DaimlerChrysler AG, Toyota Motor Co., Honda Motor Co. and Nissan Motor Co. Most of the automakers declined to comment, saying they were still reviewing the complaint. In a statement, Honda said "the real issue regarding climate change is how the United States as a nation, not the individual states, is going to address the proliferation of greenhouse gases."

Honda repeated its position that the federal government, through the National Highway Traffic Safety Administration, should raise fuel economy standards to address greenhouse gas emissions from cars and trucks. Most automakers have strongly opposed attempts to raise fuel economy standards.

The lawsuit does not seek a specific claim for damages. The complaint says the state is spending millions of dollars on planning, monitoring and making infrastructure changes to address "a large spectrum of current and anticipated impacts." The complaint blames global warming for raising sea levels along the state's coastline, increasing ozone pollution in big cities, increasing the threat of wildfires and reducing the amount of fresh water flowing from mountain snow packs.

California Attorney General Bill Lockyer pegged current damages at "tens of millions of dollars." He said the amount could grow as the legal battle continues.

"Money is being spent in our regulatory system preparing for small disruptions in the water supply due to the smaller snow pack, saltwater intrusion of the water supply, beach erosion," Lockyer said in an interview yesterday. "There is a lot of spending that is already ongoing that we are claiming. The point is taxpayers shouldn't pay for those damages, the industry should."

The complaint comes as Congress is deadlocked on how to curb global warming. California is the country's largest single auto market and in many ways has set the nation's agenda on vehicle emissions regulations for the past three decades.

Lockyer said the lawsuit was the first of its kind trying to hold auto manufacturers liable for the damages caused by the greenhouse gases their products emit. He said that vehicle emissions in California account for 30 percent of carbon dioxide in the air, while nationally the figure is 20 percent.

The Alliance of Automobile Manufacturers, an industry trade group in Washington, said lawsuits like California's have failed in the past. The lobbying group said the suits draw courts into deciding political questions.

"We've made no secret of our belief that any attempt to regulate carbon dioxide is an attempt to regulate fuel economy, and that is something that is reserved for the federal government," said Charles Territo, a spokesman for the group.

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Still, both sides have sought to draw the courts into the battle. The auto industry has sued the state of California in U.S. District Court in Fresno to block implementation of a greenhouse-gas emissions law. This fall the U.S. Supreme Court is set to hear arguments in Massachusetts v. Environmental Protection Agency which addresses whether the federal government must regulate carbon dioxide as a pollutant. The case could have broad implications for utilities, automakers and other industries.

Calif. AG Sues Automakers Over Emissions (AP)

By Samantha Young

AP, September 21, 2006

SACRAMENTO — California's attorney general on Wednesday sued the six largest U.S. and Japanese automakers for causing millions of dollars in damage through vehicle emissions of greenhouse gases, the latest action to combat global warming by the nation's most populous state.

The federal lawsuit is intended to hold the auto industry accountable for what regulators say is their contribution to climate change, Attorney General Bill Lockyer said. Vehicles are the largest single source of greenhouse gas emissions in the state.

"In effect, we're getting the taxpayers' money back," Lockyer said in a telephone interview.

The lawsuit, filed in U.S. District Court in Oakland, marks the first time a state has sought monetary damages for the impact of global warming by vehicles. It names Chrysler Motors Corp., General Motors Corp., Ford Motor Co., Toyota Motor North America Inc., American Honda Motor Co. and Nissan North America Inc.

It adds a new dynamic to an ongoing battle between the state and the auto industry over greenhouse gas emissions. In 2002, California lawmakers approved legislation requiring cuts in emissions from cars and light trucks.

The auto industry is challenging those regulations, arguing they can be met only through increased fuel-economy standards, which is the domain of the federal government. The state has countered that emission reductions can be achieved in other ways.

Lockyer's suit claims California already is dealing with the effects of global warming and its projected consequences. He said the auto companies should be held accountable for past and future actions harming Californians' health and damaging the state's environment.

Reports by state agencies indicate that a 2- to 3-degree rise in temperature could melt the Sierra snowpack earlier each year, lead to flooding in the Central Valley and threaten the state's long-term water supply for cities and farms. The lawsuit states that California agencies will spend millions to deal with those problems.

David Doniger, an attorney with the Natural Resources Defense Council in Washington, D.C., who is defending the California auto regulations in court, said it was not surprising California is looking to hold automakers responsible.

"Industries that release the pollution that is causing global warming have to expect there are going to be more suits of this kind until and unless we have effective national legislation to curb global warming," Doniger said.

Most automakers declined to comment on the lawsuit.

Ford spokeswoman Kristen Kinley, DaimlerChrysler spokesman Michael Palese, a receptionist at GM's media division and a spokeswoman at Nissan referred calls to the Alliance of Auto Manufacturers. Toyota Motor Sales U.S.A. spokeswoman Sona Iliffe-Moon said the company was still evaluating the lawsuit.

Honda spokesman David Iida in Detroit said the company was unfamiliar with the lawsuit but said Honda believes the federal government should raise fuel-economy standards as a means to address global warming.

The Alliance of Automobile Manufacturers responded to Lockyer's lawsuit by issuing a statement saying auto companies already are building cleaner and more fuel-efficient vehicles. A spokeswoman declined to address the substance of the 15-page complaint, saying manufacturers would need time to review it.

Lockyer is suing on the theory that greenhouse gases are a "public nuisance" under both California and federal law, an argument similar to one being pursued in a case before the 2nd U.S. District Court of Appeals in New York. Connecticut and seven other states, including California, have sued five power companies in an effort to get them to reduce their greenhouse gas emissions.

The Connecticut lawsuit was dismissed by a district judge who said it attempted to address political questions. In a brief filed in support of the utility companies, the automakers alliance argued that such a suit "opens the door to lawsuits targeting any activity that uses fossil fuel for energy."

Lockyer often joins multistate lawsuits, but he said he did not know whether other states or environmental groups planned to enlist in his latest effort against auto manufacturers.

California is attempting to cut the amount of greenhouse gases to 1990 levels by 2020. As part of its strategy, auto emissions from cars and light trucks would account for about a third of the reductions.

Other reductions would come from industrial sources in a landmark deal that Schwarzenegger struck with Democratic leaders in August during the waning days of the legislative session. It will be the first such cap in the nation if Schwarzenegger signs it into law this month as expected.

The timing of Lockyer's lawsuit _ coming 48 days before the November election _ raised questions about his motives. Lockyer is termed out as attorney general and is running in a contested race for state treasurer.

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"This is the silly season of elections in the fall, and obviously he thinks this will gain him a few marginal votes," said Sean McAlinden, an economist with the nonprofit Center for Automotive Research in Ann Arbor, Mich. "I don't think it means anything more than it says. It's California politics."

Lockyer, a Democrat, said the complaint has nothing to do with election-year politics. His Republican opponent, state Board of Equalization member Claude Parrish did not return calls seeking comment. Attempts to reach him through the state Republican Party also were unsuccessful.

Lockyer said he intentionally waited until the Legislature passed the industrial greenhouse gas bill before filing his lawsuit against the automakers because he didn't want to jeopardize its chances.

Linda Adams, secretary of the California Environmental Protection Agency, declined to comment specifically on Lockyer's lawsuit, saying her office had not had time to review it. But she said the agency supports "any effort to defend California's right to clean our air."

Exxon Reviews Funding In Climate-Change Issue (WSJ)

By Jeffrey Ball

The Wall Street Journal, September 21, 2006

Exxon Mobil Corp., which has sparked criticism for funding groups that challenge the scientific validity of concerns about global warming, is reviewing whether it will continue to fund some of those groups.

Exxon spokesman Mark Boudreaux said yesterday the company's decisions about which outside groups to fund for the rest of 2006 and for 2007 "are under review." The Competitive Enterprise Institute, one past recipient of Exxon funding that has been vocal in questioning climate science, hasn't received any money from Exxon in 2006, he said.

Also yesterday, California filed a lawsuit against six auto makers alleging their vehicles have contributed to global warming, hurt the state's environment and cost it millions of dollars to address the effects. The suit would hold them liable for damages caused by warming.

Exxon's statement follows a letter released by the Royal Society, Britain's independent scientific society. The letter said that in a July meeting between Royal Society and Exxon officials, society officials criticized Exxon's funding of "organizations that have been misinforming the public about the science of climate change" and Exxon officials responded that the company "would not be providing any further funding to these organizations." The letter was reported yesterday in the Guardian newspaper.

The letter said Exxon has been "misleading" in characterizing the extent of doubts about climate science. Exxon said yesterday the society "inaccurately and unfairly" described its position.

Exxon, one of the tallest lightning rods in the global-warming debate, has opposed the Kyoto Protocol, the global-warming treaty, and has stressed remaining uncertainties in climate science. In a report in February, Exxon said atmospheric concentrations of carbon dioxide have increased, that the Earth is getting warmer and that fossil-fuel emissions are a factor in the increased concentrations. But how significantly fossil fuels are contributing to global warming remains uncertain, it said.

One group mentioned during the meeting was the Competitive Enterprise Institute, said Royal Society spokesman Bob Ward, who participated in the meeting. In May, the institute ran television ads that argued that carbon dioxide, widely seen as the main global-warming gas, is helpful. In 2005, Exxon and its philanthropic foundation gave the institute $270,000, Exxon says. That was out of a total of $6.8 million that Exxon says it and its foundation gave in 2005 to tax-exempt nonprofit groups engaged in "public information and public policy research."

Myron Ebell, the institute's director of energy-and-global-warming policy, declined to discuss whether Exxon had decided to stop funding the group.

Mr. Boudreaux said Exxon hasn't made any final decisions on funding of such groups for this year or next year. The review is part of a regular annual assessment of funding for outside groups, he said.

California filed suit in U.S. District Court against General Motors Corp., Ford Motor Co. and the U.S. arms of DaimlerChrysler AG, Toyota Motor Corp., Honda Motor Co. and Nissan Motor Corp. State Attorney General Bill Lockyer said "the federal government and auto makers have refused to act" to address automotive emissions.

The Alliance of Automobile Manufacturers said it hadn't had time to review the lawsuit. But it said: "Using nuisance suits to address global warming would involve the courts in deciding political questions beyond their jurisdiction. This opens the door to lawsuits targeting any activity that uses fossil fuel for energy."

Judge Restores Clinton's 'Roadless Rule' (AP-Y)

By Terence Chea, Associated Press Writer

AP, September 21, 2006

A federal judge on Wednesday reinstated the "Roadless Rule," a Clinton-era ban on road construction in nearly a third of national forests.

U.S. District Judge Elizabeth Laporte ruled that the Bush administration failed to conduct necessary environmental studies before making changes that allowed states to decide how to manage individual national forests.

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The 2001 rule prohibits logging, mining and other development on 58.5 million acres in 38 states and Puerto Rico, but the Bush administration replaced it in May 2005 with a process that required governors to petition the federal government to protect national forests in their states.

Laporte sided with 20 environmental groups and four states — California, New Mexico, Oregon and Washington — that sued the U.S. Forest Service over the changes.

"This is fantastic news for millions of Americans who have consistently told the Forest Service that they wanted these last wild areas of public land protected," said Kristen Boyles, an attorney for Earthjustice, one of the plaintiffs.

Forest Service officials could not be immediately reached for comment.

Laporte's ruling does not affect about 9.3 million acres of Alaska's Tongass National Forest, which is covered by a separate rule on road construction and other development.

Judge Voids Bush Policy On National Forest Roads (NYT)

By Felicity Barringer

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — In the latest round of legal Ping-Pong over the future of 49 million roadless acres of national forests, a federal judge in California on Wednesday reinstated Clinton-era protections against logging and mining on the land and invalidated the Bush administration's substitute policy.

The judge, Elizabeth D. LaPorte of Federal District Court in San Francisco, said the new policy had been imposed without the required environmental safeguards.

The reversal, however, does not cover nine million acres of the Tongass National Forest in Alaska because a separate set of legal opinions determines their use.

Judge LaPorte ruled in a suit filed by a coalition of environmental groups and states that objected to the decision last year to scuttle what was widely known as the "roadless rule" of 2001.

The administration replaced that rule with a policy of state-by-state management under which governors submit recommendations for the use of national forest lands within their borders.

Judge LaPorte said that the original rule had laid out "the inherent problems in this kind of local decision making," particularly "the failure to recognize the cumulative national significance of individual local decisions."

In repealing the 2001 rule, she said, the Forest Service, which is part of the Agriculture Department, had failed to comply with the National Environmental Policy Act, which requires agencies to conduct detailed environmental analyses of alternative approaches.

Judge LaPorte said the Forest Service had failed to consult federal agencies responsible for protecting endangered species. Among other points, her order enjoined the service "from taking any further action contrary to the roadless rule without undertaking environmental analysis."

Justice Department lawyers had argued that such analyses and endangered-species consultations would be performed as decisions were made on managing individual forests and that giving states the right to petition was more procedural than substantive.

The legislative director of the U.S. Public Interest Research Group, Anna Aurilio, said that the judge's ruling "sort of took it back to the first principles of environmental protection and said, you can't just ride roughshod over the environment."

"They can't just trample on all the laws," Ms. Aurilio said of the administration.

Two Agriculture Department officials said they had not decided whether to appeal the decision and would continue to accept and review state petitions.

"As a general matter, we disagree with it, but the court's order is what it is," Deputy Under Secretary David P. Tenny said.

Mr. Tenny said working closely with states to gather information was "more effective in managing roadless areas properly than a sweeping approach that deals with all areas at one time."

"We'll do our level best to keep working with the states," he added.

Six states have submitted requests under the changed policy. Five of them — California, New Mexico, North Carolina, South Carolina and Virginia — sought protection for their entire inventories of roadless areas.

Idaho, with the largest inventory of roadless acres outside Alaska, submitted its petition on Wednesday. It sought full protection for 1.7 million of its 9.3 million roadless acres and the option for logging and road construction in what state officials called the remaining "backcountry" areas.

A state environmental official, James L. Caswell, said that such logging would in general be intended to protect forest health and manage fire risks.

Kristen Boyles, the lawyer for Earthjustice who argued in support of the roadless rule, said the governors' petitions were "never a guarantee that we would get the protections." The repeal of the rule "was illegal, Ms. Boyles said, because the Forest Service didn't look at the environmental consequences or the alternatives."

In June, the Forest Service sold timber leases on two small roadless tracts of the Rogue River-Siskiyou National Forest near the Oregon coast despite the explicit objections of Gov. Theodore R. Kulongoski.

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Fire ravaged the area in 2002.

The merits of the roadless policy and its successor have been argued in three federal courts — in Idaho, Wyoming and, now, California — for six years.

The rule was first enjoined by a judge in Idaho, an injunction that the United States Court of Appeals for the Ninth Circuit overturned.

A judge in Wyoming then enjoined the rule nationwide, and the United States Court of Appeals for the 10th Circuit did not rule on that appeal until after the Agriculture Department had rescinded the rule and set up the system of state petitions in May 2005. Thereafter, the 10th Circuit said, any ruling would be moot because the roadless rule was no longer in effect.

U.S. District Judge Reinstates Roadless Rule In National Forests (WSJ)

By Jim Carlton

The Wall Street Journal, September 21, 2006

SAN FRANCISCO -- A U.S. District Court judge here reinstated President Clinton's roadless rule that sharply curtails development in nearly 60 million acres of national forests, setting aside a decision by the Bush administration last year to replace that measure by one considerably less stringent.

The decision Tuesday by Judge Elizabeth Laporte came in a case filed by several environmental groups and four states, after the U.S. Forest Service last year replaced the Clinton roadless plan with one requiring states to petition for protection of roadless forests. Critics of the new plan said it would open pristine forests to logging, mining and other activities. The Bush administration has argued its plan would still protect the forests, without locking up vast tracts of forests from industrial and recreational uses.

Justice Department officials declined comment pending their review of he case, but it's likely the decision will be appealed. Before the Bush administration replaced the rule last year, federal courts in Idaho and Wyoming had issued rulings enjoining the roadless rule from being implemented. The Idaho one was struck down on appeal, while the Wyoming one was under appeal when the Bush administration replaced the roadless rule last year. Legal experts said the Wyoming case probably wouldn't have any bearing on this case, because it became moot after the new roadless decision went into effect.

In this case, Judge Laporte concluded the Forest Service failed to follow proper environmental procedures when it issued the rule allowing states to file petitions.

Judge Reinstates Ban On Forest Development (USAT)

By Tom Kenworthy

USA Today, September 21, 2006

A federal judge in California on Wednesday struck down Bush administration rules for development on nearly all 58.5 million acres of “roadless” National Forest land and reinstated a Clinton-era ban on road-building, logging, drilling and other activities.

The ruling by U.S. District Judge Elizabeth Laporte is a victory for four states — California, New Mexico, Oregon and Washington — and 20 environmental groups that sued the U.S. Forest Service to overturn the changes.

If upheld, the decision would allow recreational activities that don't require roads, such as camping, fishing, hiking, hunting and horseback riding. It would prevent road construction, motorized travel, logging and mining in these areas.

Laporte ruled that the Forest Service had violated two environmental laws and a statute governing administrative procedures when it blocked the Clinton administration plan in 2001 and replaced it last year with new procedures.

Laporte said the Forest Service had the authority to issue the new rules but had “failed adequately to consider the environmental and species impacts.”

Her ruling does not apply to about 9.3 million acres of Alaska's Tongass National Forest, which is governed by a separate rule on development. The Tongass had been included in the Clinton ban.

“There's no question this is important for all Americans who appreciate clean water, healthy fish and wildlife populations and the opportunity to get out and enjoy the outdoors,” said Jonathan Oppenheimer of the Idaho Conservation League, one of the plaintiffs. “But it's far from over.”

Dave Tenny, deputy undersecretary of U.S. Department of Agriculture, said the administration disagrees with the ruling but has not decided whether to appeal.

“We disagree with the judge's decision,” Tenny said. “The approach we took was one we carefully considered. We believe it is not only the right course, but fully legally defensible.”

In place of the blanket protections ordered by the Clinton administration in early 2001, the Bush administration gave governors a say on what land could be developed.

Governors with roadless forest areas in their states had until November to petition the Department of Agriculture, specifying which roadless lands they want protected and which could be developed.

Five states have submitted their proposals, and seven others have said they intend to file. Laporte's decision blocks the process from going forward.

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Wednesday's ruling came less than an hour before Idaho Gov. Jim Risch — with Mark Rey, the top U.S. forestry official, by his side in Boise — was to announce his state's proposal for its 9.3 million acres of roadless forest. Idaho's proposal would allow some development on most of that land.

Prior to the Clinton administration ban, decisions on how to manage roadless areas were made by each national forest and periodically reviewed. About 34.3 million of the nation's 58.5 million roadless forest acres were open to logging and other development.

Judge Restores Protection To National Forests (LAT)

By Tim Reiterman

The Los Angeles Times, September 21, 2006

SAN FRANCISCO -- A federal judge has restored broad protection of about one-third of national forest land in the lower 48 states, rejecting efforts by the Bush administration to relax a ban on logging in the most pristine forests.

The decision by U.S. District Court Judge Elizabeth D. Laporte gives new life to one of the past decade's most hotly contested environmental decrees, a Clinton administration policy that sought to protect the parts of the forests that don't yet have any roads in them.

The policy responded to concerns that areas of the forests that are sanctuaries for wildlife and reservoirs of clean water would be damaged by logging and other types of development.

U.S. national forests, once the province of timber companies and only the most intrepid outdoor enthusiasts, have become destinations for millions of people -- hikers and skiers; hunters and fishermen; river rafters and mountain bikers -- many of whom seek out the least disturbed areas.

In her ruling, Laporte declared that the current administration could not weaken the ban until it complied with requirements of the federal Endangered Species Act and the National Environmental Policy Act, which she said it hadn't done.

While the ruling does not put an end to the controversy, environmentalists and state officials believe that the ruling will make it difficult for the Bush administration to cut many trees or build new roads across the nearly 50 million acres of forest at issue.

"Today marks a huge victory for America's last remaining wild forest and the millions of Americans who have spoken out in support of protecting these special places for future generations," said Carl Pope, executive director of the Sierra Club, one of 20 environmental groups that filed the suit to halt the Bush policy.

Their suit was consolidated with one by attorneys general in California, Oregon, New Mexico and Washington.

Officials at the U.S. Department of Agriculture, which oversees national forests, said they disagree with the decision but have not yet decided whether to appeal.

Dave Tenny, USDA's deputy undersecretary for natural resources and environment, said the administration always has intended to conduct environmental reviews of its new policy -- but only after receiving input from the states on how much protection to provide in their road-less areas. "Our view is that the most effective . . . environmental review will be done at the local level," he said.

But critics of the Bush policy said that without a ban, there is nothing to stop new roads for logging or mineral exploration in the future.

"What if a change in leadership and administration were to elect to enter these areas for whatever reason, such as logging?" said Jim Lyons, a Yale University forestry school lecturer who helped draft the original road-less rule. "Without the Clinton policy in place, these areas are fair game."

After years of debate and study, the ban on road construction was adopted by President Clinton shortly before he left office in 2001.

Opponents of the road-less rule successfully challenged it in Idaho where a federal judge invalidated the policy. But the 9th U.S. Circuit Court of Appeals reinstated the rule after environmentalists filed suit.

The state of Wyoming later filed a suit against the road-less rule, and won a nationwide injunction against it. Then, while an appeal by environmentalists was pending, the Bush administration adopted a new policy in 2005 that rescinded the ban and established a system under which individual forest plans could allow construction on 34 million acres without roads.

The new policy allowed states to petition the federal government to provide additional protection if they wished.

Judge Laporte ruled the Bush policy was adopted without the environmental analysis and the study of impacts on endangered and threatened species required by federal laws.

The judge rejected the administration's contention that its approach amounted to a procedural change that did not require environmental assessment.

The ruling did not choose which of the policies is best, and the judge affirmed the Forest Service's "authority to change polices from a uniform national approach strongly protecting road-less areas from human encroachment to a more localized approach permitting more roads and logging, providing that it follows the proper procedures."

Federal officials said they are digesting the ruling before deciding on a course of action.

Lyons, the former Clinton official, said nothing would preclude the Bush administration from conducting the environmental reviews and reinstating their policy. "But it will take them plenty of time," he said. "It took us 18 months."

Bush Dealt Setback On Opening Forests (WP)

DOJ_NMG_0066891

By Blaine Harden And Juliet Eilperin

The Washington Post, September 21, 2006

SEATTLE, Sept. 20 -- Ruling against the Bush administration's efforts to open national forests for logging and mining, a federal judge in California on Wednesday set aside a U.S. Forest Service rule that allows governors to decide which land in national forests is suited for development.

U.S. Magistrate Judge Elizabeth D. Laporte largely reinstated one of the most sweeping, emotionally fraught and legally contentious land-protection measures in decades: the Clinton-era "roadless rule," which put nearly a third of the national forests -- roughly 60 million acres -- off-limits to most development.

Administration officials "don't agree with the decision of the court" in California and "are considering our options" in appealing, said Dave Tenny, the deputy undersecretary of agriculture responsible for Forest Service policy.

The court ruling did not stop Idaho Gov. James E. Risch (R) from presenting a petition on Wednesday to open up the majority of the state's 9.3 million acres of roadless areas to commercial development. Colorado and Utah may soon do likewise.

"Idaho is moving forward," said Brad Hoaglun, a spokesman for Risch. "It sounds like there will be another court case."

Laporte's order chastised the Bush administration for having changed the 2001 roadless rule without explaining why it was doing so, for failing to cite "any new evidence" for altering land protections that had been years in the making and for ignoring the consequences of its new policy on endangered species.

Early in the Bush administration, timber companies and several Western states challenged the roadless rule, winning in lower federal courts but losing on appeal. About 97 percent of roadless areas are in 12 Western states. By issuing a new rule in 2005 that allowed governors to decide which roadless areas warranted continued protection, the administration said it was trying to head off "the prospect of endless lawsuits" that harmed local communities.

But when the Forest Service granted governors the right to make state-by-state decisions, it violated federal environmental law, Laporte wrote in a 53-page ruling released in San Francisco.

"Eliminating a major program triggers the obligation to perform environmental analysis," Laporte wrote, noting that the administration did none.

The decision can be appealed to the U.S. Court of Appeals for the 9th Circuit, which in the past has upheld the roadless rule.

The Forest Service has had "a great deal of success working with the states" under the current rule, Tenny said. "There's a lot of agreement out there about the need to protect roadless areas. If there are differences out there, they're on the margins."

The court challenge to the administration came from four Western states -- California, Oregon, Washington and New Mexico -- along with numerous environmental groups.

New Mexico Gov. Bill Richardson (D), who is hoping to protect his state's 1.6 million acres of roadless areas, welcomed the court decision. "This is a monumental victory for everyone who enjoys our wild forests," he said.

Kristen Boyles, a lawyer for Earthjustice who argued the case in behalf of 20 environmental groups, said the ruling is "a pretty direct assault on what the Forest Service is trying to do under the Bush administration."

The ruling does not affect 9.3 million acres of Alaska's Tongass National Forest, which is covered by a different Forest Service rule.

Suits Say U.S. Impeded Audits For Oil Leases (NYT)

By Edmund L. Andrews

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — Four government auditors who monitor leases for oil and gas on federal property say the Interior Department suppressed their efforts to recover millions of dollars from companies they said were cheating the government.

The accusations, many of them in four lawsuits that were unsealed last week by federal judges in Oklahoma, represent a rare rebellion by government investigators against their own agency.

The auditors contend that they were blocked by their bosses from pursuing more than $30 million in fraudulent underpayments of royalties for oil produced in publicly owned waters in the Gulf of Mexico.

“The agency has lost its sense of mission, which is to protect American taxpayers,” said Bobby L. Maxwell, who was formerly in charge of Gulf of Mexico auditing. “These are assets that belong to the American public, and they are supposed to be used for things like education, public infrastructure and roadways.”

The lawsuits have surfaced as Democrats and Republicans alike are questioning the Bush administration’s willingness to challenge the oil and gas industry.

The new accusations surfaced just one week after the Interior Department’s inspector general, Earl E. Devaney, told a House subcommittee that “short of crime, anything goes” at the top levels of the Interior Department.

In two of the lawsuits, two senior auditors with the Minerals Management Service in Oklahoma City said they were ordered to drop their claim that Shell Oil had fraudulently shortchanged taxpayers out of $18 million.

A third auditor, also in Oklahoma City, charged that senior officials in Denver ordered him to drop his demand that two dozen companies pay $1 million in back interest.

DOJ_NMG_0066892

And in a suit that was filed in 2004, Mr. Maxwell charged that senior officials in Washington ordered him not to press claims that the Kerr-McGee Corporation had cheated the government out of $12 million in royalties.

On Wednesday, Interior officials denied that the agency had suppressed any valid claims and implied that the auditors simply wanted a share of any money recovered through their lawsuits.

"If these auditors believed there were fraud and or false claims on the part of the companies they were auditing, they should have followed the proper procedures," the Interior Department said in a written statement. "Instead, they opted to pursue private lawsuits under which, if they prevail, they could receive up to 30 percent of the monies recovered from the companies."

In defying their own agency, the Interior Department's auditors sued the oil companies under a federal law, called the False Claims Act, that was created to allow individuals to expose fraud against the government. People who successfully recover money for the government in such cases are entitled to a portion. A losing company is required to pay triple the amount of recovered money as well as back interest — potentially more than $120 million in the cases brought by the auditors.

Destin Singleton, a spokeswoman for Shell, said the company had not seen the suits and could not comment. John Christiansen, a Kerr-McGee spokesman, said, "We believe the case is without merit and we are defending against it."

In dollar terms, the suspected underpayments amount to a tiny fraction of the $8 billion in royalties that companies paid last year for oil and gas extracted from federal lands.

But the lawsuits come at a time when the Interior Department is already under fire from Congress, accused of covering up ethical lapses and managerial incompetence.

"These accounts, coming from the front lines, point a big red arrow at the large problem of taxpayers being stiffed," said Senator Ron Wyden, Democrat of Oregon, who has been investigating the accusations.

"If it was one isolated instance, you could say that's somebody who had a bad experience and was frustrated," Mr. Wyden said. "But when you have three or four professional, nonpolitical, independent auditors all bringing the same message, that is too important to ignore."

By any measure, the Interior Department under President Bush has placed top priority on increasing oil and gas production in the United States. Under its business-friendly agenda, the department has increased incentives for drilling in risky areas, has speeded approvals for drilling applications and has campaigned to open more coastal areas for oil exploration.

Lawyers who have specialized in lawsuits under the False Claims Act said they had never seen a group of government investigators use the law against their own agency.

"Most whistle-blowers are insiders at a company who spot something that government auditors have missed," said James Moorman, president of Taxpayers Against Fraud Education Fund, a nonprofit organization supported by lawyers that specializes in the False Claims Act.

"But here you have auditors saying, 'We did our job, we found the problems and our superiors don't want to hear about it,' " Mr. Moorman said. "If it were just one auditor, you could dismiss it. But with four auditors, that's a pattern of practice."

In their suits, the auditors contend that they had no choice but to go outside the agency because their supervisors ordered them to "cease work" on five separate investigations and drop their claims.

Documents recently unsealed in Mr. Maxwell's case against Kerr-McGee, which is scheduled for trial in November, show that federal officials abandoned his claims at almost the same moment that state auditors in Louisiana reached the same conclusions as Mr. Maxwell.

Under federal regulations, companies are supposed to pay the federal government a royalty of 12 percent or 16 percent on oil and gas they extract from federal lands or coastal waters.

Mr. Maxwell's job was eliminated in 2004. He received a settlement from the government and is now living in Hawaii.

A much-praised auditor who recovered hundreds of millions of dollars over a 20-year career, Mr. Maxwell concluded in late 2002 that Kerr-McGee had used a clever marketing deal to reduce its apparent sales receipts and royalty payments.

Under the marketing deal, Mr. Maxwell contended, Kerr-McGee sold its oil at $1 to $3 a barrel below market prices to a company called Texon. Mr. Maxwell's auditing team said that Texon was making up for Kerr-McGee's shortfall by providing marketing and administrative services. In effect, Mr. Maxwell contended, Kerr-McGee was being paid in both cash and services but only paying royalties on the cash portion.

Interior officials initially encouraged Mr. Maxwell when he raised the concerns about Kerr-McGee in early 2003. "I am sure we can make the case," wrote John Price, then head of the agency's appeals division, in an e-mail message to Mr. Maxwell.

But a few days later, lawyers in the Interior Department's solicitor's office urged him to drop the case. "Although I did not understand the reasoning, it was made clear to me that the agency did not want the order issued," Mr. Maxwell wrote in an affidavit for his suit. "The next day, Mr. Price telephoned me and reiterated to me that if I issued the order, the director would be very upset with me."

But Louisiana auditors were investigating the same practices in connection with royalties on state-owned land, and had concluded that Kerr-McGee was lowballing its sales price by $1.50 to $3 a barrel. Louisiana officials demanded more than $1 million in additional state royalties from the company, and eventually settled for $600,000.

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In two of the lawsuits that were unsealed last week in Oklahoma, senior auditors in Oklahoma City said they had been ordered to drop claims that Shell Oil had underpaid by $18 million.

The suits were brought by Joel F. Arnold, a supervisory auditor who oversees a team of offshore auditors based in Oklahoma City, and Randall L. Little, a senior auditor on Mr. Arnold's team in Oklahoma City.

Like Mr. Maxwell, both of the Oklahoma auditors have more than two decades of experience in government and industry and have received numerous government awards for the money they have recovered.

In one suit, Mr. Little contends that he found evidence from his audit that Shell had reduced the sales value of oil from six leases by fraudulently inflating transportation costs. One practice, they said, allowed Shell to improperly escape $15 million in royalties. A second practice allowed Shell to save $3.8 million by claiming transportation costs for oil that was being delivered to the government at its own production site in the Gulf.

The Justice Department, which reviews such suits and sometimes joins them, declined to participate in these cases. But it did not urge the courts to dismiss the suits, as some senior Interior Department had wanted.

None of the Oklahoma auditors would agree to an interview. Elizabeth Sharrock, a lawyer for Mr. Arnold and Mr. Little, said both men had already been removed from their usual jobs and were afraid of being fired.

But according to their suits, the auditors presented their findings about Shell last October to their supervisor in Houston, Lonnie Kimball. Mr. Kimball, according to court papers, initially told the auditors to "go straight to Shell" with the complaints.

But in January, after meeting with a Shell executive, Mr. Kimball abruptly reversed course and told the auditors to "cease work on all false claims" against Shell.

In its statement on Wednesday, the Interior Department acknowledged that the auditors had been told not to send "issue letters" — an official notification that a company appears to have underpaid royalties.

But it said that other auditing offices had been investigating the issues and taken certain actions. "In fact," it said, "our actions to date include: issuing late-payment interest bills; continuing an ongoing audit; and determining that an issue was not supported by the regulations."

Interior officials did not say how much money they had recovered from companies named by the auditors. But the agency's own statistics indicate that revenue from auditing and enforcement plunged after President Bush took office.

From 1989 through 2001, according to a report by the Congressional Budget Office, auditing and other enforcement efforts generated an average of $176 million a year. But from 2002 through 2005, according to numbers that the department provided lawmakers last May, those collections averaged only $46 million.

In another clash, frustrated federal auditors have complained that the Interior Department no longer allows them to subpoena documents from oil companies.

"Subpoenas are a very powerful tool to get the information you need, but I don't think they've approved a single subpoena in years," Mr. Maxwell said in an interview. "In the good old days when we were able to issue subpoenas on our own, each of us was able to recover millions of dollars a year."

Agency officials acknowledged that they have not issued any subpoenas in the last three years. "Enforcement of subpoenas by the courts can take years and be very costly," the agency said in a written response to questions. "We have not found them to be a very effective tool."

Water-quality Study Finds No Change In Potomac Pollutants (WT)

By Arlo Wagner

The Washington Times, September 21, 2006

Six years of water-quality monitoring along the headwaters of the Potomac River revealed that some contaminants decreased and nitrates increased, but that there was no compelling change in the content of the river's flow, officials said.

"This is a very complex issue," said Curtis Dalpra, a spokesman for the Interstate Commission on the Potomac River Basin, which helps the federal government and the states that make up the Potomac Basin address water quality and related resource problems in the Potomac watershed.

"Over the years [of the water-quality study], there have been great changes," Mr. Dalpra said. "There have been huge swings in the weather. That equates to huge changes in water flows."

Weather changes can affect a river's content of nitrogen and phosphorus, which are important for the health of animals and fish, Mr. Dalpra said. Many pollutants flow into waterways when it rains.

The study, which was released by the West Virginia Department of Agriculture, began in 1998 after the state's Environmental Protection Department reported that seven streams flowing into the Potomac were contaminated with fecal coliform bacteria.

Those streams had been cited by the federal Environmental Protection Agency as polluted by fecal contamination.

The study concluded in 2004 after 13,000 samples had been taken and analyzed from 100 sites in Lost River, South Branch, the north and south forks of the South Branch of the Potomac, Mill Creek, Lunice Creek and Anderson Run.

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Analysis revealed that phosphorus and ammonia decreased at 26 test sites and increased at three other test sites. Nitrates increased at 36 test sites but could not be found at three other test sites.

Fecal coliform bacteria, which could be traced to poultry and farm animals, decreased at 14 test sites, while there was no detectable change at 12 other sites.

No detectable change is surprising since there have been many changes in the environment while the study was conducted, officials said.

The poultry industry has tripled during the study years, Mr. Dalpra said.

A government cost-share program was initiated in the mid-1990s to focus on accelerated development of nutrient-management plans and installation of agricultural-waste storage structures, mortality composters and livestock-confinement areas, the study shows.

Nearly 85 percent of poultry growers in the five-county area of the Potomac Valley Conservation District in the eastern part of West Virginia are participating in that program, the study found.

Researchers sought data that might indicate if increased amounts of poultry litter, including manure and bedding materials, infiltrated the headwaters.

"It was a very complicated period of time," said W. Neil Gillies, executive director of West Virginia-based Cacapon Institute, explaining that the headwaters region experienced a drought in 1998 and 1999, and that 2003 and 2004 "were as wet as it could be."

During drought conditions, river and creek waters contain few nutrients, but because of little water, the nutrients are not as diluted and test at higher levels. During wet seasons, more nutrients and debris run into the rivers and creeks, but because of more water, the nutrients test at smaller levels.

Officials Narrow Investigation After Finding Bad Spinach (NYT)

By Jesse Mckinley

The New York Times, September 21, 2006

SAN JUAN BAUTISTA, Calif., Sept. 20 — The investigation into an outbreak of E. coli that killed one person and sickened more than 140 others both broadened and shrank on Wednesday, as more victims were reported and scientists zeroed in on the contaminated spinach that caused the illness.

In Washington, federal officials said that they had narrowed the focus of their investigation after health officials in New Mexico announced that they found the strain of E. coli responsible for the outbreak in an open bag of baby spinach in the refrigerator of a sickened woman.

That batch, under the Dole brand, was hailed as a “smoking gun” by California officials who have been frantically trying to identify the source of the infection, which has halted the state’s spinach harvest and raised the specter of millions of dollars of agricultural losses.

“We are working with industry in the State of California to come up with a way to get spinach back on the shelves that have not been implicated,” said Dr. David Acheson, chief medical officer for the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

By Wednesday, the bad batch had been traced to Natural Selection Foods, which recalled 34 brands soon after health officials announced the outbreak last Friday.

In a news conference here at Earthbound Farm, one of Natural Selection’s best known brands, company officials confirmed that it had packaged the Dole brand found in New Mexico. But they said a preliminary test of facilities by a private laboratory had found that the contamination probably occurred in the fields. Tests cleared the plant, a company spokeswoman, Samantha Cabaluna, said. But Ms. Cabaluna cautioned that tests from the F.D.A. and the California Department of Health Services were not complete.

But the news from New Mexico did little to address the source of the E. coli, which is found in mammals’ intestines and can be spread via polluted irrigation water, raw animal droppings or unsanitary work conditions. Ms. Cabaluna noted the challenge of pinpointing the source, saying, “there’s a lot more space in the fields than in the processing plant.”

The authorities traced the spinach to one of three counties — Monterey, San Benito and Santa Clara, all south of San Francisco — and investigators continued to prowl plants and farms looking for evidence of the bacteria, which can cause diarrhea, kidney failure and even death.

As of Wednesday, 146 people in 23 states had been sickened by E. coli from fresh spinach, with 76 requiring hospitalization, including 23 who have developed hemolytic uremic syndrome, a serious kidney problem.

While federal and California officials seemed somewhat relieved by the day’s developments, concerns continued to percolate in agricultural counties. In San Juan Bautista, about 90 miles south of San Francisco, where street signs are hand-painted and farms back into modern housing developments, residents said a serious farm disruption could shatter the economy.

Few agricultural leaders were discussing economic damage, as spinach sat unpicked on thousands of acres, saying the health issues far outweighed their money woes.

But Bob Perkins, the executive director of the Monterey County Farm Bureau, said, “We have to be able to assure the public that our product is safe in order to sell it.”

“If I can’t do that,” Mr. Perkins said, “then I’ve got a tremendous problem.”

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Search Narrows For Source Of E. Coli (WP)

By Michael S. Rosenwald And Annys Shin

The Washington Post, September 21, 2006

Health officials in New Mexico positively identified a deadly strain of E. coli in a bag of spinach yesterday, providing a crucial clue that investigators say can be used to trace the source of an outbreak that has sickened 146 people.

Until now, the evidence implicating spinach has been circumstantial. By confirming the presence of the germ in a bag of spinach eaten by one victim, investigators can begin tracing it back to a farm in California, a step toward clearing the sale of fresh spinach from other parts of the country, David W. Acheson, a top FDA food safety expert, said.

"Yesterday, we narrowed it to California," he said. "Today, we narrowed it down to three counties. We're hoping to narrow it down to a field and . . . to a spinach leaf."

The E. coli outbreak, which was reported a week ago, has led to the leafy vegetable's banishment from restaurants and dinner tables across the country and is threatening the spinach industry with severe damage. Losses are estimated at up to $100 million if the crisis lasts just a month, and the industry has been hoping for a quick resolution in order to stem long-term damage.

Nutritionists and food-policy experts said public fears about spinach could extend to other popular produce, such as bagged salads. Even though there have been 20 E. coli outbreaks from spinach or lettuce since 1995, this one has attracted the most attention because it has the most victims, with one death, another death suspected and the number of illnesses climbing by 15 yesterday. Two more states, Arizona and Colorado, reported cases yesterday.

The uncertainty has virtually shut down the fresh spinach industry.

"This is going to kill the spinach industry for who knows how long," said Marion Nestle, a professor of nutrition, food studies, and public health at New York University. "The idea that salad greens have become a source of E. coli is very shocking, and it means we have a real problem in the food system. This is very serious."

Samuel Fromartz, the author of a recent book about the natural foods business in California, said: "It's not just the spinach industry. I think it's a big blemish for fresh produce production out of the Salinas Valley."

Federal officials yesterday narrowed the source of the outbreak to three counties, Monterey, Santa Clara and San Benito, in and around the greater Salinas Valley. The germ was found in a bag of Dole baby spinach, marked best used by Aug. 30. Acheson said the spinach was processed by Natural Selection Foods LLC, saying the code on the bag fit with information provided by the company, which has previously been linked to the outbreak.

Yesterday, the FDA said a New Jersey company, RLB Food Distributors, was recalling a number of products containing spinach possibly supplied by Natural Selection. The brands -- including Balducci's and FreshPro -- were sold on the East Coast, including in Maryland, Virginia and the District. Those with an "Enjoy Thru" date of 9/20/06 or earlier should be returned to the store where they were purchased.

And officials reiterated that no one should consume fresh spinach until they lift their warning.

The Salinas Valley is a dominant area for spinach production in California, which produces roughly 74 percent of the country's fresh spinach, thanks in large part to Natural Selection's Earthbound Farm and its innovative bagged produce. California recorded $258 million in spinach sales last year. In Monterey County, sales of spinach reached $188.2 million last year, up from $56 million in 1995.

The U.S. Department of Agriculture has credited the growth of spinach sales to the convenience of buying it fresh in bags, which became popular in the 1990s.

The California region's spinach problems, amplified by the sheer size of its market share, have not only dented the state's more than $30 billion-a-year agricultural business, but are also causing concern in secondary spinach and produce markets across the country -- from Arizona to Colorado to New Jersey and even Maryland, where about 40 growers covering 1,200 acres are two weeks from harvesting late-summer plantings.

FDA officials have said they would like to quickly lift the cloud of concern over farmers not tied to the outbreak.

Kate Wagner, a spokeswoman for the Maryland Department of Agriculture, said the state's farmers were "cautiously optimistic" that they will be able to harvest their spinach.

In California, some growers have talked about "disking" -- plowing under ripe crops that cannot be harvested. "I don't know of anybody disking yet, but that's the decision we're going to have to face," said Joe Pezzini, chairman of the Grower-Shipper Association of Central California.

Spinach is grown in 80-inch beds and harvested mechanically, at a cost of about $33,500 an acre. Farmers with hundreds of acres, who may lose more than one crop before the end of the growing season in November, stand to suffer big losses, according to Richard F. Smith, a farm adviser in the University of California Cooperative Extension program in Monterey County. Last year, 17,000 acres in the county were planted with spinach.

Growers aren't the only ones in the food chain feeling the pinch.

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Mark Allen, president of the International Food Service Distributors Association, said, "From an economic standpoint, it's substantial because distributors have to pull back not just any tainted product, but anything that has fresh spinach in it." He couldn't say how much of a hit distributors would take but said larger companies could lose millions of dollars if they are not reimbursed by their suppliers.

The longer FDA officials take to figure out the problem, the worse the damage will be to the spinach industry. Not being able to pinpoint the cause would be an even worse situation.

"If you don't know what the problem is and you can't solve it, then you can't reassure the public that what they are eating is safe," said Nestle, the NYU professor.

As a leafy green vegetable, which nutritionists would like Americans to eat more of, spinach is known as being a good source of fiber and vitamin A, as well as iron, vitamin C and folic acid. "It's a pretty power-packed vegetable compared with iceberg lettuce," said Reed Mangels, nutrition adviser for the Vegetarian Resource Group.

There are other sources of leafy vegetables that provide similar nutritional value: kale, collard greens, mustard greens, arugula. Some of those have already become a replacement for dishes containing spinach in restaurants. Also, frozen and canned spinach are not included in the warning.

But while spinach is certainly taking a beating, nobody is saying the vegetable is going away forever. "There are no concerns about healthiness, that it's not a good food," Mangels said.

"Spinach isn't poison," said Daniel Sumner, an agricultural economist at the University of California at Davis. "Yes, there has been a problem. But there are outbreaks in hamburgers that make the news, and we haven't quit eating hamburgers."

Staff writers Sonya Geis and Chris Kirkham contributed to this report.

Investigators Narrow Tainted-spinach Search To 3 California Counties (USAT)

By Robert Davis

USA Today, September 21, 2006

Health investigators trying to hunt down the source of a deadly E. coli strain got a big break Wednesday from a little bag.

A sack of Dole baby spinach in the refrigerator of an E. coli victim in New Mexico tested positive for the dangerous strain that has killed one person — a 77-year-old Wisconsin woman — and sickened 146 others in 23 states.

A Food and Drug Administration official said the bar code on the bag helped investigators trace the contaminated spinach back to one of nine farms in three California counties in the Salinas Valley — Monterey, San Benito and Santa Clara — raising hopes that spinach from other areas can soon be sold.

“We have established that all of the spinach that was implicated so far was grown in that area,” said David Acheson, chief medical officer at the FDA's Center for Food Safety and Applied Nutrition.

The FDA reiterated that it is still not safe to eat fresh spinach of any kind. While cooking can kill E. coli, making the spinach safe to eat, the FDA advised against cooking fresh spinach just yet. The agency fears that a cook could get sick from handling contaminated spinach and that the bacteria could spread to other parts of a kitchen.

While investigators do not yet know if the spinach was contaminated in a field, in transit or at a processing plant, Acheson said stocking shelves with spinach grown in other areas of the country could ultimately be as easy as putting stickers on bags that tell consumers where it's from. He said such preparations could begin as early as today.

“Just as soon as we can work out a system with industry to get spinach from non-affected areas to the shelves, that will happen,” he said.

Also Wednesday, Arizona joined the list of states with victims of the outbreak of the strain known as E. coli O157:H7. The bacteria has so far put 76 people in the hospital, 23 of them with kidney damage.

While a lab in New Mexico was confirming that the bag of baby spinach was the cause of an illness there, federal and California investigators were looking for clues to the contamination in fields and processing plants in Salinas Valley.

Acheson said that because 20 previous outbreaks involving leafy greens such as spinach and lettuce were small, the exact source of contamination has never been pinpointed. But he said he has high hopes that the exact cause of this outbreak will be found because there are so many more victims — meaning many more clues.

Investigators in processing plants are reviewing paperwork and operations in work areas, he said. Their colleagues in the fields are taking soil samples where they see animal tracks and water samples from standing pools and ditches.

A prime suspect in E. coli contamination is any livestock area near a field of greens, because the bacteria can be found in cow manure. A hydrologist from the Centers for Disease Control and Prevention is on the ground with the investigative team to size up water-flow patterns into fields.

Acheson said he is optimistic that an exact source will be found because the clues are leading to an ever smaller area. “We started it out nationwide,” he said. “(Tuesday), we got it down to California. (Wednesday), we got it down to three counties. (Today), maybe we'll narrow it down further. Ultimately, the goal is to get it down to a field, if not to a spinach leaf.

“More should have been done because one case of E. coli H:157 is one too many cases,” he said. “But we are going to learn from this.”

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Leafy Green Sewage (NYT)

By Nina Planck

The New York Times, September 21, 2006

FARMERS and food safety officials still have much to figure out about the recent spate of E. coli infections linked to raw spinach. So far, no particular stomachache has been traced to any particular farm irrigated by any particular river.

There is also no evidence so far that Natural Selection Foods, the huge shipper implicated in the outbreak that packages salad greens under more than two dozen brands, including Earthbound Farm, O Organic and the Farmer's Market, failed to use proper handling methods.

Indeed, this epidemic, which has infected more than 100 people and resulted in at least one death, probably has little do with the folks who grow and package your greens. The detective trail ultimately leads back to a seemingly unrelated food industry — beef and dairy cattle.

First, some basic facts about this usually harmless bacterium: E. coli is abundant in the digestive systems of healthy cattle and humans, and if your potato salad happened to be carrying the average E. coli, the acid in your gut is usually enough to kill it.

But the villain in this outbreak, E. coli O157:H7, is far scarier, at least for humans. Your stomach juices are not strong enough to kill this acid-loving bacterium, which is why it's more likely than other members of the E. coli family to produce abdominal cramps, diarrhea, fever and, in rare cases, fatal kidney failure.

Where does this particularly virulent strain come from? It's not found in the intestinal tracts of cattle raised on their natural diet of grass, hay and other fibrous forage. No, O157 thrives in a new — that is, recent in the history of animal diets — biological niche: the unnaturally acidic stomachs of beef and dairy cattle fed on grain, the typical ration on most industrial farms. It's the infected manure from these grain-fed cattle that contaminates the groundwater and spreads the bacteria to produce, like spinach, growing on neighboring farms.

In 2003, The Journal of Dairy Science noted that up to 80 percent of dairy cattle carry O157. (Fortunately, food safety measures prevent contaminated fecal matter from getting into most of our food most of the time.) Happily, the journal also provided a remedy based on a simple experiment. When cows were switched from a grain diet to hay for only five days, O157 declined 1,000-fold.

This is good news. In a week, we could choke O157 from its favorite home — even if beef cattle were switched to a forage diet just seven days before slaughter, it would greatly reduce cross-contamination by manure of, say, hamburger in meat-packing plants. Such a measure might have prevented the E. coli outbreak that plagued the Jack in the Box fast food chain in 1993.

Unfortunately, it would take more than a week to reduce the contamination of ground water, flood water and rivers — all irrigation sources on spinach farms — by the E-coli-infected manure from cattle farms.

The United States Department of Agriculture does recognize the threat from these huge lagoons of waste, and so pays 75 percent of the cost for a confinement cattle farmer to make manure pits watertight, either by lining them with concrete or building them above ground. But taxpayers are financing a policy that only treats the symptom, not the disease, and at great expense. There remains only one long-term remedy, and it's still the simplest one: stop feeding grain to cattle.

California's spinach industry is now the financial victim of an outbreak it probably did not cause, and meanwhile, thousands of acres of other produce are still downstream from these lakes of E. coli-ridden cattle manure. So give the spinach growers a break, and direct your attention to the people in our agricultural community who just might be able to solve this deadly problem: the beef and dairy farmers.

FBI/DEA/ATF/USMS:

Reaching Out Across Cultures (WP)

By Sari Horwitz

The Washington Post, September 21, 2006

Don't let an FBI investigation be the reason for your first visit to an Arab home, a U.S. Muslim leader told 500 FBI agents gathered at Quantico yesterday, urging them to reach out to Arab communities.

"You say 'FBI' to the average Yousef out there and they picture a middle-aged white guy talking in their sleeve," said Nawar Shora of the American-Arab Anti-Discrimination Committee. "Recent immigrants don't have the comfort level, because in their countries oftentimes the equivalent of the FBI is the secret police."

Shora dispensed his advice to FBI agents from the bureau's second-largest office, the Washington Field Office, as part of an effort by Muslim community leaders and FBI officials to build a more trusting relationship.

Shora and other Muslim leaders met last week over tea and cookies with Joseph Persichini Jr., acting assistant director in charge of the FBI office. The group included representatives from the Council on American Islamic Relations, the Sikh American Legal Defense Education Fund, the Arab America Institute, the Muslim Public Affairs Council and the ADAMS (All Dulles Area Muslim Society) Center.

"We need to reach out and develop better contacts in the Shia community in light of the Lebanon-Israel war," Persichini told the group, gathered around his conference table.

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The FBI helped create the group, called the Arab, Muslim and Sikh Advisory Council, after Sept. 11, 2001. They meet about every two months to discuss a range of issues, including hate crimes and concerns about the Patriot Act.

Persichini said the relationships developed through this committee allow him and Muslim leaders to be in constant touch by phone or electronic message. He said he hopes that inroads into the Muslim community will help the FBI attract much-needed Arab American agents. "We have to recruit better," he said.

When Muslim leaders recently learned that an FBI agent wrote an e-mail insinuating that some area Muslim groups were linked to terrorists, they immediately talked by phone to Persichini and Shora said the controversy was resolved.

Two days ago Persichini heard a radio broadcast about a report released by a national Muslim advocacy organization detailing an increase in hate crimes in the Washington area. The report was news to him. "I fired off a BlackBerry message to Arsalan [Iftikhar from the Council on American Islamic Relations]," Persichini said. "I said, 'Hello? Where did that come from?' "

While the report raised questions about overzealous arrests and interrogation practices, Iftikhar told Persichini that he had praised the FBI Washington Field Office at a news conference about the report for its efforts in trying to combat hate crimes in the area.

Two weeks ago, at a Saturday night family gathering at a mosque, Imam Mohammed Magid of the ADAMS Center presented Persichini and the FBI's Washington office an award for service to the Muslim community.

"We don't always agree," said Shora. "But we've come a long way. Communication and understanding equals trust."

Attorney For Bonds Lashes Out At Investigators (ESPN)

By Mike Fish, ESPN.com

ESPN.com, September 21, 2006

Even as he waits for the Justice Department to ferret out the source of leaks in the BALCO steroids scandal, the lawyer for Barry Bonds claims to have what he calls "fairly compelling evidence" that the source is a federal employee.

For the moment, defensive attorney Michael Rains is content to wait for the U.S. attorney's office in Los Angeles -- handed this chore because the investigation involves employees of the federal prosecutor's office in San Francisco -- to "out" the person or persons who leaked transcripts of secret grand jury testimony and other sealed documents. But Rains threatens to go public with his information if the government indicts Bonds, the San Francisco slugger who is thought to be the target of potential perjury or tax evasion charges.

Even without an indictment, he wants answers about the source, and he promises to use his information if those answers aren't forthcoming.

"I have a pretty damn good idea of who it is," said Rains, though he declined to share his specific evidence. "And I have a pretty damn good idea that it is someone whose paycheck looks a lot like the people who are conducting the grand jury to determine who it is. Meaning, it is somebody who is employed by the federal government. The problem is that I would like to see if the government really is going to ferret out the wrongdoing on their own, even if the wrongdoer turns out to be somebody who is employed by the federal government. And if they do, my faith in their integrity and their resilience and whatnot is restored. But if they don't, then I guess I will. If they try to take a shot at Barry, we'll do it then."

Thom Mrozek, a spokesperson for the U.S. attorney's office in L.A., refused to address Rains' allegation, saying, "We don't react to statements that are made outside of court."

Rains also told ESPN.com that government attorneys will look like "buffoons" if they choose to indict Bonds. While suggesting that the investigation had turned into the "Barry Show," the attorney boasted that a San Francisco jury will "never convict Barry" -- a notion that has strong support from other defense attorneys involved in the BALCO proceedings, who spoke on background.

Bonds' attorney fired his salvos as San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams prepare to appear in federal court on Thursday in the government's latest attempt to get them to reveal their source of the grand jury transcripts from the BALCO proceedings, which were used to document their co-authored book, "Game of Shadows." The reporters have acknowledged publicly that they obtained the secret testimony of Bonds, Jason and Jeremy Giambi, Benito Santiago, Gary Sheffield, Bobby Estalella, Armando Rios and former sprint world-record-holder Tim Montgomery, as well as details from federal agents' interviews with a handful of coaches and other athletes.

It is illegal to leak grand jury testimony.

So far, the Chronicle's lawyers have argued unsuccessfully that reporters should not be compelled to testify because the public benefit of their reporting outweighs the harm caused by the disclosure of grand jury material. U.S. District Court Judge Jeffrey White is expected to spell out their punishment on Thursday should they remain in contempt of court, though the government has already struck a deal that will allow Fainaru-Wada and Williams to remain out of jail during the appeals process.

Not lost on Rains is that Bonds' personal trainer and boyhood friend, Greg Anderson, has been found in contempt of court twice for refusing to testify and is in jail for a second term. Anderson, who earlier served three months after pleading guilty to steroid distribution and money laundering, has refused to tell the court whether he gave Bonds steroids. At issue is whether Bonds, who owns baseball's single-season home run record and is approaching Hank Aaron's career record, lied under oath when he told a grand jury in 2003 that he never knowingly took steroids.

Anderson's testimony appears to be pivotal to making a successful perjury case against Bonds.

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"They need to be in jail," Rains said of the reporters, whose work further cast Bonds as a steroid-enhanced cheat. "Other media people, of course, take exception with my attitude about that; but I say unless they go to jail, you make a complete mockery of the grand jury system. Since when can anybody declare that the purpose of our dealing with this issue has a larger purpose, and that is to educate the public?

"How can these guys sit there and say, 'Oh, yeah, we've convinced kids in the Central Valley that they shouldn't take steroids. And look at all the good that is coming.' Come on, give me a break. This is all about money. It is all about a newspaper that was having financial problems. It is all about them making dough and how much they can make [from the book]."

In 2004, Fainaru-Wada and Williams began quoting closed-door testimony of Jason Giambi, Montgomery and other high-profile athletes that indicated the athletes had been supplied performance-enhancing drugs by the Bay Area Laboratory Co-Operative. They also reported that Bonds testified he, too, received substances, though he told the grand jury that he believed them to be flaxseed oil and arthritis balm. Prosecutors suspect the substances were the BALCO-supplied performance-enhancing drugs known as "the clear" and "the cream."

Before the first Chronicle story appeared, a federal judge issued orders in March 2004 that prohibited BALCO defendants as well as government personnel from disclosing grand jury transcripts and other confidential materials to the media. At least three other attorneys for defendants in the BALCO case strongly back Rains' suspicion that the source of the leaks is a government employee.

Only attorneys for the four BALCO defendants (Anderson, BALCO founder and president Victor Conte, vice president James Valente and track coach Remi Korchemny) and the government were privy to the discovery documents. It's difficult, they say, to fathom that a defense attorney would turn over reams of documents at the risk of losing the license to practice law.

They further say that the release of the transcripts benefited none of the four original BALCO defendants, while the disclosures ultimately enhanced the government's ability to make a public case and discredit Bonds and numerous other high-profile athletes. The case would have been viewed as excessively pricey and mundane, they say, without the juicy link to pro athletes, especially in light of the fact that none of the defendants received a prison sentence harsher than the four months served by Conte.

In some circles, Conte has been viewed as a possible source for the grand jury leaks, though recent court filings by the Chronicle seem to make that less likely.

"A lot of the stuff that came out came from [the government]," said one of the defense attorneys, who asked to remain anonymous. "During the case, there was stuff coming out all the time. Some of the stuff, we didn't even have.

"Every time that we turned around, we were getting hit, getting hit. I think [the government] wanted to force a deal with Conte and all those surrounding people, and they weren't cooperating. So why not go ahead and embarrass them? I think the motive was there. The problem is proving the government did it. If the government is investigating the government, how fair is that?"

That's where Rains comes into play.

While he admits he hasn't stumbled upon a smoking gun, Bonds' attorney purports to possess enough evidence to finger the source of the grand jury leaks. He says IRS special agent Jeff Novitzky, who has led the probe of Bonds and BALCO, was one source of information for the reporters, though he stops short of identifying Novitzky as the person who provided the grand jury testimony.

"Novitzky, in particular, has an absolute obsession of taking down Barry," Rains said. "The thinking is, if he has been given unfettered right to do anything he damn well pleases here in this case, then certainly things could happen. From Novitzky's standpoint, he was angry when Barry didn't get indicted to begin with."

Rains acknowledged the feds could indict Bonds any time they desire, but said they know a conviction from a San Francisco jury is a dicey proposition. The moody superstar continues to have a solid fan base in the city and is associated by some with helping to keep Major League Baseball in San Francisco. And with the O.J. Simpson, Michael Jackson and Robert Blake cases as a backdrop, it seems a conviction for a celebrity defendant is an increasingly difficult task.

"They'll never convict Barry," Rains said. "And it makes you wonder why in the world they would want to indict him, if they can't convict him. They're going to be embarrassed. They're going to be ashamed. And they're going to look like fools in the process. They have done too many dirty, underhanded things.

"Their problem is, their forum to convict Barry is San Francisco. And like it or not, a lot of people in San Francisco kind of like Barry. The sports writers don't, but the people do. Two, you got a lot of people in San Francisco -- being the liberal Bay Area community that it is -- that have a certain amount of mistrust of the government. And three, the government has completely played into the theory and belief of mistrust in the way it has behaved in connection with this case against Barry.

"And a San Francisco jury is going to hate the government in this case. And that is not to say maybe they'll even feel … well, there could be some belief or could be some suspicion still that Barry did something and he knew better. But that is not enough to convict. And it is not going to convict him in San Francisco. So the bottom line is, he won't be convicted. They don't have either the evidence, or the talent to present the evidence to convict Barry Bonds."

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

US Indicts 11 For Selling Prescription Drugs On Internet (AP)

AP, September 20, 2006

DOJ_NMG_0066900

ATLANTA (AP)--Federal authorities have indicted 11 people in three U.S. states and the Central American nation of Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet.

Hi-Tech Pharmaceuticals based in Norcross, Ga., marketed the drugs as Canadian through unsolicited emails, but the pills actually were made in Belize, federal officials said Wednesday.

The indictment named the company itself, as well as its principal owner, Jared Robert Wheat, 32, of Alpharetta, Ga. Others named in the indictment came from Georgia, North Carolina and South Dakota.

At a hearing in Atlanta for four of the defendants, U.S. Magistrate Linda Walker ordered Wheat and two others be held without bond, but lawyers for all three said they plan to appeal the ruling. A fourth defendant, David Watkins, 40, of Norcross, was released on $75,000 bond.

All four pleaded not guilty to the charges.

During the hearing, federal prosecutors showed photographs of Hi-Tech's squalid drug lab in Belize, where pills were stored in large garbage cans marked with "Viagra" and "Lipitor." In the photos, the equipment used to make the pills is covered in dust and dirt and rooms are filled with unorganized boxes and canisters.

Hi-Tech is estimated to be worth $35 million and to have produced more than 30 million pills.

U.S. Attorney David E. Nahmias called the case "disturbing."

"Customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," he said.

Nahmias said the drugs were "not properly produced or regulated. You don't know what you're getting." He said authorities didn't know how many customers were involved, but obviously it was hundreds.

Nahmias said those arrested out of state would have hearings in those states. The only fugitive, he said, was Brad Neal Watkins, 38, of Birmingham, Ala.

"One of the fastest growing drug abuse concerns is prescription drugs," said Sherri Strange, special agent of the Drug Enforcement Administration. "The selling and purchasing of drugs has been facilitated by the wide use of the Internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies."

The indictment seeks forfeiture of numerous properties, automobiles and bank accounts and seeks a money judgment of not less than $19.8 million.

Nahmias said the defendants are accused of making 24 different drugs that they marketed through so-called "spam" advertisements over the Internet as authentic generic versions of those drugs being imported from Canada.

The drugs included steroids such as oxymethelone and stanazolol, plus unapproved versions of controlled drugs such as Ambien, Valium and Xanax and prescription drugs such as Viagra, Cialis, Lipitor and Vioxx, Nahmias said.

He said from 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills.

Assistant U.S. Attorney Aaron Danzig said Hi-Tech and its subsidiaries are still operating and breaking the law even though it has been under investigation by federal authorities for a few years. During Wednesday's hearing, he called the company and those involved "snake-oil salesmen."

Those named in the indictment included two citizens of Belize, Michelle Young, 38, and Guillermo Pech, 28.

2 Pinehurst Men Arrested For Internet Drug Sales (AP)

AP, September 20, 2006

ATLANTA (AP) — Federal authorities have indicted 11 people in Georgia, North Carolina, South Dakota and Belize on fraud and drug charges for selling unapproved prescription drugs over the Internet.

The operation, which authorities say is based in Alpharetta, Ga., marketed the drugs as Canadian through unsolicited e-mails, but the pills actually were made in Belize, officials said Wednesday.

Named in the indictment are Jared Robert Wheat, 34, of Alpharetta; David Dalton Johnson, 37, of Pinehurst, N.C.; David Alan Brady, 40, of Pinehurst, N.C.; Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43 of Duluth, Ga.; Sergio Ronaldo Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; and two citizens of Belize, Michelle Young, 38, and Guillermo Pech, 28.

Also named in the indictment was Hi-Tech Pharmaceuticals, a Norcross company of which Wheat was the principal owner.

Wheat, Smith, Oliveira and David Watkins were to appear before U.S. Magistrate Linda Walker in Atlanta later Wednesday where federal prosecutors are expected to reveal more details about the case.

"The indictment's allegations are disturbing because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," U.S. Attorney David E. Nahmias said.

Nahmias said the drugs were "not properly produced or regulated. You don't know what you're getting." He said authorities did not know how many customers were involved, but obviously it was hundreds.

DOJ_NMG_0066901

Nahmias said those arrested out of state would have hearings in those states. The only fugitive, he said, was Brad Watkins, David's brother.

"One of the fastest growing drug abuse concerns is prescription drugs," said Sherri Strange, special agent of the Drug Enforcement Administration. "The selling and purchasing of drugs has been facilitated by the wide use of the internet, the anonymity it provides, and the ease and relative secrecy of the mail and private delivery companies."

The indictment seeks forfeiture of numerous properties, automobiles and bank accounts, and seeks a money judgment of not less than $19.8 million.

Nahmias said the defendants are accused of making 24 different drugs that they marketed through so-called 'spam' advertisements over the Internet as authentic generic versions of those drugs being imported from Canada.

The drugs included steroids such as oxymethelone and stanazolol, plus unapproved versions of controlled drugs such as Ambien, Valium and Xanax and prescription drugs such as Viagra, Cialis, Lipitor and Vioxx, Nahmias said.

He said from 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills.

11 Indicted In Internet Prescription Drugs Scam (AJC)

By S.a. Reid, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 20, 2006

A Gwinnett County pharmaceutical company and 11 men allegedly associated with it have been indicted by a federal grand jury on conspiracy and other felony charges in a $20 million Internet scam to sell fake prescription drugs.

Federal authorities say the men peddled adulterated, misbranded medications produced under questionable conditions in Belize for Hi-Tech Pharmaceuticals of Norcross.

From 2002 to 2004, they allegedly marketed the illegally produced pharmaceuticals as cheaper, generic Canadian versions of popular U.S-made brands using Internet "spam" advertising.

The list includes steroids Oxymethelone and Stanazolol, controlled drugs Ambien, Valium and Xanax, and prescription drugs Viagra, Cialis, Lipitor and Vioxx, according to an indictment made public Wednesday by the U.S. Attorney's Office in Atlanta.

Four of the men — Jared R. Wheat of Alpharetta, Stephen D. Smith of Duluth, Sergio R. Oliveira of Hoschton and David Watkins of Norcross — were scheduled to make an initial appearance in U.S. District Court later Wednesday.

Thomas Holda, 43, of Duluth, is in custody on an unrelated charge, authorities said.

Other defendants named in the indictment are in custody in North Carolina, Alabama, South Dakota and Belize.

Brad N. Watkins, 38, of Birmingham, Ala., is considered a fugitive.

All the defendants are charged with felony conspiracy to import controlled substances and to introduce adulterated and misbranded prescription medication, according to the indictment.

Eight have additional charges of mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs.

The indictment also charges Wheat, 34, with engaging in a continuous criminal enterprise.

Federal authorities are seeking a financial judgment of at least $19.8 million generated through the scam, plus forfeiture of numerous properties, vehicles and bank accounts.

The U.S. Drug Enforcement Administration, Food and Drug Administration and other federal, state and local agencies were involved in the investigation of the scam.

Georgia: Arrests In Fake Pills Scheme (NYT)

By Brenda Goodman

The New York Times, September 21, 2006

A company posing as a Canadian pharmacy offering inexpensive versions of generic drugs over the Internet was really a “backyard chemist” that sent millions of fake pills to hundreds of unsuspecting customers, federal agents in Atlanta said. Eleven people have been charged with two felony counts of conspiracy each in connection with the manufacture of 24 unapproved or adulterated drugs that were sold by Hi-Tech Pharmaceuticals, a company based in Norcross, Ga. The drugs were made in an “unsanitary house” in Belize and sold over the Internet through spam e-mail messages and Web sites, drug enforcement agents said. “When you buy drugs over the Internet you don’t know what you’re getting,” said Sherri Strange, special agent in charge of the Drug Enforcement Administration in Atlanta.

Indictments Handed Down In Fake Prescription Drug Scheme (TABC)

The Atlanta Business Chronicle, September 20, 2006

Eleven people and a metro Atlanta company have been indicted by a federal grand jury on multiple felony charges relating to a scheme to sell adulterated and unapproved new drugs over the Internet.

The defendants named in the indictment are: Jared Robert Wheat, 34, of Alpharetta, Ga.; David Dalton Johnson, 37, of Pinehurst, N.C.; David Alan Brady, 40, of Pinehurst; Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43, of Duluth; Sergio Ronaldo

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Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; Michelle Young, 38, a citizen of Belize; and, Guillermo Pech, 28, a citizen of Belize; and Hi-Tech Pharmaceuticals, a company based in Norcross.

All of the defendants are charged with two different conspiracies: conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs.

The indictment charges each of the defendants, except David Watkins, Brad Watkins and Steven Blinder, with different violations including mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs. The indictment also charges the lead defendant, Jared Wheat, with engaging in a continuing criminal enterprise.

The indictment seeks to forfeit numerous properties, automobiles and bank accounts, and seeks a money judgment of not less than $19.8 million.

According to U.S. Attorney David Nahmias, the indictment, search warrants and information presented in court, Wheat, the principal owner of Hi-Tech Pharmaceuticals, and the other defendants opened a drug manufacturing facility in Belize around 2002. The defendants allegedly used Hi-Tech funds and Jared Wheat's own funds to cover the costs of operating the Hi-Tech facility in Belize and would travel to Belize to manufacture various prescription and controlled substances.

The defendants allegedly made approximately 24 different drugs that they marketed through spam advertisements over the Internet as authentic generic versions of those drugs being imported from Canada. The drugs included steroids such as "Oxymethelone" and "Stanazolol," along with unapproved versions of controlled drugs such as "Ambien," "Valium," and "Xanax." The defendants also manufactured versions of prescription drugs such as "Viagra," "Cialis," "Lipitor" and "Vioxx."

From 2002 through 2004, the defendants allegedly ordered enough active ingredients to manufacture millions of pills, many of which were then shipped into the United States to people who bought the drugs after receiving Internet spam and also to various wholesalers of drugs.

"The indictment's allegations are disturbing because customers thought they were getting legitimate and safe prescription drugs over the internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize," Nahmias said

Norcross Drug Company Busted (WXIA)

WXIA-TV, September 20, 2006

Does your e-mail box get cluttered with spam advertisements for prescription drugs? One of the companies that mail those ads has been indicted by a federal grand jury for allegedly peddling fake prescription drugs.

Eleven employees who work for Hi-Tech Pharmaceuticals in Norcross have been indicted for importing controlled substances into the United States.

The lead defendant in the case is the owner of the company, 34-year old Jared Wheat of Alpharetta.

U.S. Attorney David Nahmias says consumers thought they were getting legitimate drugs from Canada at a reduced price from the company.

“In fact they were receiving fake drugs that were crudely made in an unsanitary house in Belize,” Nahmias said.

At a detention hearing in federal court Wednesday, the Government presented evidence in the form of photographs depicting the conditions of where the drugs were manufactured in Belize. Employees of the company traveled to Belize and helped in the manufacturing of the drugs, according to the indictment.

The U.S. Attorney called the conditions in the home “crude.” The indictment alleges various prescription and controlled substances like steroids, Valium, Zanax, Viagra, Cialis, Lipitor and Vioxx were manufactured and packaged in the home.

Sherri Strange, Special Agent in Charge of the Drug Enforcement Administration says this case is an example why prescription drugs should not be purchased illegally over the internet.

“Going on-line and unlawfully purchasing prescription drugs isn't any different from going down to the corner and buying Oxycontin from your local dealer,” Strange said.

Federal search warrants were executed at Hi-Tech Pharmaceuticals' headquarters in Norcross and at the defendant’s homes. The Government seized the suspect’s property and vehicles, which included Ferrari's, Mercedes-Benz and BMW automobiles.

The Government alleges Jared Wheat made $14 million last year. At the detention hearing Wednesday, Wheat was denied bond, while 38-year-old Sergio Oliveira of Hoschton and 38-year old Stephen Smith of Duluth were also denied bond. Brad Watkins, also 38, was granted a $75,000 bond.

Seven other defendants were arrested in North Carolina, South Dakota and Belize.

Senator Kennedy Stars On YouTube (B&C)

Broadcasting & Cable, September 21, 2006

DOJ_NMG_0066903

At press time--10 a.m. Wednesday morning--Senator Ted Kennedy (D-Mass.) had gotten 144,342 views to his YouTube pitch for network neutrality. That was about 30,000 more than he had just 12 hours before.

The battle between proponents of strong Internet access anti-discrimination enforcement authority language in a Senate telecommunications bill (Kennedy, Google, Microsoft) and its opponents (telcos, Senate Republicans) has been the debate du jour in D.C., prompting endless studies and rallies and conference calls on both sides. The bill's chances, with or without the language, are now slim thanks to the debate.

In his online pitch, Kennedy says the Internet "allows me and everyone else to communicate directly to you, no matter what your political agenda, no matter what your political party."

Of course, though the message can be controlled, the adjacent message can't. Kennedy's video is right above one where video of his tough talk at the Samuel Alito hearing has been replaced by dialog from Bluto Blutarsku (John Belushi) from Animal House.

CNN made a similar point about the Office of National Drug Control Policy decision to put some of its anti-drug TV PSA's on YouTube given that a search for the term drug gets not only its PSA's but video of people doing drugs.

PSAs Get Lukewarm Reception On YouTube (AP)

By Jake Coyle, Ap Entertainment Writer

AP, September 20, 2006

NEW YORK — As various interests have increasingly converged on YouTube in hopes of some free, viral marketing, it came as little surprise when the White House announced earlier this week that it, too, wanted a piece of Lonelygirl15's spotlight.

The Office of National Drug Control Policy posted a dozen videos at http://www.YouTube.com/ONDCP, mostly of public-service commercials on the dangers of drug use from the "above the influence" campaign, as seen on TV.

As of Wednesday, the ONDCP channel had received a scant 53 subscribers and a total of 14,463 views, a relatively low total. How the youthful, rebellious Web is responding to the ONDCP's efforts is perhaps hinted at by the mirror site, http://www.ondcp.com, which recasts the acronym as "oppressive network drug content propaganda."

It's true, though, that any YouTube viewings are basically gravy to the ONDCP; it costs nothing to post the clips. Still, the campaign's numbers pale in comparison to, for example, the hundreds of thousands that have watched various videos on how to grow marijuana.

A spokesman for YouTube, which generally doesn't regulate its user-posted videos, declined on Wednesday to discuss the site's policy regarding videos that show illegal activity, such as drug use or drug production.

YouTube and the Web clearly present a problem for public-service announcements. On TV and on radio, PSAs typically rely on federally required play or corporations looking to bolster their image. They are inserted between entertainment _ they aren't the entertainment, itself.

On YouTube, there are no regulations and videos make a dent with the public only if they create their own audience, thus making their way up the "most viewed" list. To help grab viewers, the government links its videos with the terms "war on drugs," "peer-pressure," "marijuana," "weed," "ONDCP" and "420" (a reference to marijuana), so anyone searching for those words on YouTube can find them.

The Ad Council, a leading producer of PSAs since 1942, has seen its methods change over the years and has worked to adapt to the Internet _ like asking for donated ad time to play before videos.

"I don't think YouTube has changed the way we approach PSAs, but I think it's just added another dimension and another media niche for a no-cost solution," says Barbara Shimaitis, the senior vice president of interactive services at the Ad Council.

Shimaitis thinks YouTube and other video-sharing sites could propel PSAs to become still more entertaining, and points to the popularity of a dramatic global warming ad of theirs featuring a train (a metaphor for global warming) bearing down on a young girl (a stand-in for future generations).

Some of the most viewed drug-related videos on YouTube are far more persuasively anti-drug than anything produced by the government or the Ad Council. In one video, you can see a real heroin user discuss his fight with addiction.

Over 183,000 people have watched a sadly hysterical 1980 interview with Richard Pryor in which he brags about cocaine he recently purchased. It would be hard to watch the clip of Pryor, who died of a heart attack at the age of 65 in 2005, and not contemplate whether drugs shortened his life.

Still, people generally don't watch YouTube hoping to change their lives. After all, one of the most watched PSAs on YouTube is a clip from the `80s about the dangers of crack cocaine. It's not watched for its message, but for its star: Pee Wee Herman.

Government Can't Kick Bad Anti-drug Campaign (THER)

The Herald, September 20, 2006

The federal government's anti-drug ad campaign is a demonstrated flop. So what's the government going to do? Run the ads on YouTube, a hugely popular Internet video service that is demonstrably not anti-drug.

Flashback to August: The Government Accountability Office reported that the ad campaign has not been proven to deter children from using drugs and recommended that lawmakers consider reducing funding for the program, which has cost $1.2 billion since 1998. (President Bush has requested another $120 million for next year.)

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The GAO's recommendation was based on an independent evaluation of the campaign conducted by Westat Inc. The report, commissioned by the White House Office of National Drug Control Policy and the National Institute on Drug Abuse, cost the government $42.7 million. The report found that not only is the campaign not working, it is backfiring.

Westat Inc. found that the scores of television, print and radio ads had no "significant favorable effects" in deterring children from trying marijuana or getting them to stop. Instead, it found that more 121/2- to 13-year-olds and girls were trying the drug after seeing the ads.

In September, the online magazine Slate reported that the agencies that commissioned the report sat on the findings for a year and a half beginning in early 2005 - while spending $220 million on the anti-marijuana ads in fiscal years 2005 and 2006. The GAO confirmed this and added that it encountered serious resistance from the NIDA and the White House when it insisted that it was entitled and mandated by Congress to review the publicly funded Westat report.

The government now says the study was ill-suited to judge the effect of an ad campaign and that the findings have limited relevance because they are more than two years old. Of course, sitting on the findings for a year and a half made them older. Downplaying unfavorable findings is not new. In 1994, the Justice Department rejected a report it had commissioned on the DARE program at schools, because it found that the program had no effect on whether children will try drugs.

Since the government's anti-marjiuana ads are already made, there's no additional cost to run them on YouTube. Millions of dollars aside, what about the cost of ignoring the evidence that more kids are trying pot after seeing the ads?

"If just one teen sees this and decides illegal drug use is not the path for them, it will be a success," a government spokesman said of placing the ads on YouTube.

And if one, or more, decides to try drugs? When will the government just say no?

Feds Post Anti-Drug Videos On YouTube (MP)

Media Daily News, September 20, 2006

FOLLOWING IN THE FOOTSTEPS OF commercial marketers and politicians, the federal government has realized the potential value of YouTube as a platform for disseminating messages to young people. Last week, the White House quietly began posting anti-drug ads from TV on the popular video-sharing site.

But the feds still face some major obstacles, according to media execs who have worked with YouTube on unrelated projects.

So far the government has posted 12 videos, including 9 anti-drug ads and 3 clips from speeches given by Walters on the subject. The most popular ad, centering on an ill-advised encounter with a junkyard dog resulting from intoxication, had received 2,003 views as of Tuesday evening.

"Public institutions must adapt to meet the realities of these promising technologies," President Bush's top drug-policy adviser John Walters said at a press conference Tuesday, explaining the administration's decision to harness YouTube.

Clearly, the ads have stirred interest on YouTube--but it's still unclear whether the videos have real viral appeal, meaning the feds face yet another uphill battle in the war on drugs.

Ian Schafer, CEO of Deep Focus, said the ads are too straightforward to gain much traction on YouTube. "They're not especially jarring, since they're designed for television, so they're not the kind of things that work as viral video," said Schafer, who has worked with YouTube to promote new movies. "They're very professionally produced, and there's nothing subversive about the descriptions, which give away exactly what the clips are."

The ads also face difficulty on YouTube, where new content can easily fall into an anonymous sea of content. Search terms that could lead users to the anti-drug ads are far more likely to lead them to the much larger volume of pro-drug content, Schafer said, including do-it-yourself tutorials in marijuana cultivation and literally hundreds of spoof anti-drug ads. A YouTube search for the term "marijuana," for example, unearthed a satire of a well-known campaign from a few years ago, titled "Marijuana: My Anti-Drug."

Schafer said the most effective way of drawing attention to content in the YouTube universe is creating a YouTube channel and buying ad spots on the site to drive traffic to it--as Deep Focus did recently for a new movie from Dimension Films, "Pulse." Schafer explained: "The challenge historically was how do we take advantage of YouTube, not just as a vehicle for distribution, but for promotion? Now we can put video content on the site, pay for the promotion of it, and hopefully get some viral traction--all without interrupting the user experience, which is really the whole point."

Are Drug Cartels Gaining Upper Hand In Mexico? (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, September 21, 2006

As violence surges, U.S. officials fear government may be losing control of fight

WASHINGTON – Once encouraged by Mexico's assault on drug traffickers, U.S. officials now worry that the cartels' growing geographic reach and the recent killing of a judge and police officials are signs that the government may be losing control of the drug fight.

The powerful cartels are securing smuggling routes through Central America and are recruiting gunmen from there, say senior U.S. officials in Washington and Mexico City.

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"The concern is growing. There is a dramatic spike in violence," said one senior U.S. official, speaking on condition of anonymity. The tense presidential succession now under way in Mexico will make the coming months "very dangerous," the official said.

Law enforcement officials from both countries will meet today in the Texas border city of Laredo, in part at the urging of U.S. Ambassador Tony Garza, who last week described lawlessness in Mexico as an urgent problem. The U.S. Embassy issued a new travel advisory to Americans, warning them of a rising level of "brutal violence" throughout Mexico, especially along the border with Texas.

Mexican officials acknowledge the violence but say it is a result of their aggressive law enforcement efforts. They say the U.S. must share responsibility for the problem because of the continuing demand for illegal drugs. Foreign Minister Luis Ernesto Derbez called Mr. Garza's comments "unfortunate."

U.S. officials say there has been an accelerating breakdown of Mexico's rule of law, underscored by a spate of attacks on judicial and law enforcement officials:

• On Sept. 12, Police Chief Enrique Barrera Nevárez, 48, was gunned down in front of his house in Linares, just south of Monterrey in the state of Nuevo León, which borders Texas.

• On Sept. 1, the top police investigator for Nuevo León, Marcelo Garza y Garza, was shot to death in an upscale neighborhood of Monterrey.

• On Aug. 17, Federal Judge Rene Nieto Contreras was shot and killed in broad daylight in Toluca, in the state of Mexico. Judges are rarely attacked in Mexico, and some have begun demanding protection.

• On Aug. 7, assailants gunned down Marcos Arturo Nazar Contreras, chief of the Chihuahua State Agency for Investigations, in Ciudad Juárez, firing more than 30 bullets into his vehicle. Juárez is across the border from El Paso.

"This wave of killings is very unusual, rare and very strange," said José Arturo Yáñez Romero, a professor at Mexico's National Institute for Criminal Law. "These people were not targeted before, and that's what's so worrisome, especially when there's no accountability."

Colombia comparisons

The attacks against public officials have led some U.S. officials to compare the situation in Mexico to Colombia in the 1980s and '90s, when drug cartels declared war on the government and targeted police, judges and even politicians.

"It's a practice, a pattern of terrorism in that they are trying to influence public opinion about who's really in charge and what their capability is and to silence those who may want to come forward and help both of our governments," said a senior U.S. anti-narcotics official, speaking on condition of anonymity.

"Mexico is waking up to a new era of brutality. Anyone who gets in the way, including law enforcement, pays the price. They're turning it into this public spectacle. That's alarming."

Most of the victims of drug violence continue to be members of the drug-trafficking organizations, which are battling for control of turf and trading routes, officials say. More than 1,500 people have been killed this year in drug-related violence, and the violence has taken a brutal turn, with 13 beheadings in recent weeks.

Last week, authorities in the central state of Michoacán arrested three Guatemalan men, two of whom identified themselves as former soldiers. The men had 12 military-style assault rifles and nearly 3,000 bullets. Investigators said that they may have belonged to a brutal anti-insurgency battalion in Guatemala known as Kaibiles and that they may have participated in six beheadings this month in Uruapan, Michoacán.

Prosecutors said the men testified that there are more former Guatemalan soldiers in the state, fighting a fierce turf war between the Gulf cartel, based in Nuevo Laredo, and the local Milenio organization.

Current and former U.S. law enforcement officials say the brutal tactics, if not halted, may travel beyond the U.S.-Mexico border and into the United States.

"If these beheadings and other types of violence aren't curtailed in the killing fields of Mexico, don't be surprised that soon they will find their way to El Paso, Laredo or the Dallas metroplex," said Phil Jordan, former U.S. Drug Enforcement Administration chief in Dallas. "Narcoterrorism knows no boundaries."

Fighting corruption

U.S. officials are urging the incoming government of President-elect Felipe Calderón to deepen cooperation and to carry out, in the words of one, "the mother of all wars" against widening corruption, sometimes of entire police forces.

"We need to get to the point where we trust one another, where we don't feel like we're compromising our operation because we're working together and sharing intelligence," the senior U.S. official said.

Aides to Mr. Calderón, who has defined public security as one of his three priorities, said they would use aggressive money-laundering enforcement to seek to cut off the cash that fuels cartel violence and empower the military to take a more active role in anti-drug operations. Technically, the military cannot now enforce civilian law.

A new study by Mr. Yáñez found that 3,502 federal investigators of the attorney general's office have been investigated for corruption since 2001, and hundreds more for other crimes. The attorney general's office has 12,000 employees.

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In a presentation this month at the Center for Strategic and International Studies in Washington, Mr. Yáñez said that 400 members of the military have been killed in the battle against drug traffickers since 2000. More than 60 federal investigators have been killed in that period, along with hundreds from state and municipal police forces.

One of the issues troubling U.S. officials is the lack of response from Mexican law enforcement authorities in going after criminals who've assassinated government officials – setting a dangerous precedent for fellow police authorities and elected officials.

The recent killings of the judge and the police officials are examples of "where a line must be drawn and not allowed to cross," said the senior U.S. anti-narcotics official. "What we saw happening 10 to 15 years ago in Colombia is now very, very alive and well in Mexico.

"The dynamics between Mexico and Colombia are different, but the challenges are the same," the official said. "Mexico is waking up to a new era of violence never seen before."

Police under fire

In Villa Madero, Michoacán, the entire 32-member police force resigned or failed to show up for work this week after being threatened by drug traffickers, local authorities said. Members of the force complained about a lack of arms and communications equipment to protect themselves. The town is near the state capital of Morelia.

Mexican officials reject the comparison to Colombia. "How do you measure that?" said a senior Mexican official, speaking on condition of anonymity. The official, who helps oversee his country's anti-drug policy, added that the issue of drug trafficking is a shared problem with the U.S. and said that "blaming one side does more to hurt than help the fight."

U.S. authorities agree that drug trafficking is a shared responsibility and have praised the government of President Vicente Fox, insisting that cooperation has never been better and citing the extradition last week of drug kingpin Francisco Rafael Arellano Félix.

"While I'm the first to point out those instances where more can be done, particularly along the border, I've also got to say that this administration has been aggressive about extraditions and committed to doing what they can, when they can," Mr. Garza said. "President Fox has been unwavering in that regard, and I recognize and appreciate both his conviction and courage."

Staff writer Laurence Iliff in Mexico City contributed to this report.

NATO To Provide More Afghanistan Troops (AP)

AP, September 20, 2006

WASHINGTON (AP) -- After weeks of prodding, European nations have agreed to provide more troops for the alliance in Afghanistan, where violence has surged and efforts to eradicate the opium crops are floundering, NATO's top commander said Wednesday.

U.S. Gen. James L. Jones said that requests for additional military aircraft have not yet been nailed down, but he is optimistic he will get the aircraft he needs. Jones said he is still looking for a commitment to send some helicopters.

Earlier this month Jones met with other military leaders, asking for about 2,500 troops to augment NATO forces in Afghanistan. On Wednesday, he said that Romania has agreed to send a battalion in October, and the United Kingdom and Canada are adding to their forces. Poland had previously said it would send a battalion and some special operations forces in January.

Those agreements, Jones said, would nearly meet the full troop requirements. There are currently about 20,000 NATO troops there, and another 21,000 U.S. troops.

Jones offered a mixed view of progress in Afghanistan. He said officials are not making headway on the opium problem, but recent military operations in the southern part of the country killed 1,000-1,500 Taliban, and forced others to retreat.

Violence has increased in the south because it is the center of the drug trade and the home of the Taliban, he said.

"We have disturbed a hornet's nest, and the hornets are swarming," he said. "We need to make them understand that that nest is not going to be there for them anymore in that particular region."

At any one time, he said, there are 3,000-4,000 Taliban in the country, but it is difficult to tell how quickly they can recruit more to replace those that were lost. And he said that some of the Taliban who retreated went to the western section of the country, where there may now be an increase in violence.

His assessment of the drug problems was bleaker.

"Narcotics is at the core of everything that can go wrong in Afghanistan if it's not properly tackled," said Jones, adding that, "we're not making progress; we're losing ground."

Officials have said opium production jumped 59 percent this year in Afghanistan, to a record 6,100 tons of opium -- a full 92 percent of the world's supply. The crop is used to fund terrorist groups. Jones said Wednesday that the Afghan government needs to commit more resources to the drug war and "start putting some big fish in jail."

NATO troops' role in the drug fight, he said, is limited to a supporting role of providing intelligence, making assessments and protecting those involved in counternarcotics operations.

"I'm in accord with those who say that it's not a military mission," said Jones. "Having NATO troops out there burning crops, for example, is not going to significantly contribute to the war on drugs. It's much more sophisticated and complex than that."

But the U.N.'s top counternarcorics official told Congress Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

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Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Hearing that, members of the House International Relations Committee expressed alarm over the resurgence of the Taliban and the skyrocketing opium poppy production.

Afghanistan has been suffering its heaviest insurgent attacks since the Taliban regime was toppled in late 2001. Clashes and bombings left up to 34 Taliban fighters and one policeman dead in five separate incidents Tuesday in central and southern Afghanistan. On Monday three bombings killed 19 people, including four Canadian soldiers.

Associated Press reporter George Gedda contributed to this story.

On the Net:

Defense Department: http://www.nato.int

UN Official: NATO Must Help Fight Afghan Opium Trade (AP)

AP, September 20, 2006

WASHINGTON (AP)--The U.N.'s top counternarcorics official said Wednesday that NATO forces in Afghanistan must help the Afghan Army to fight the opium trade there by destroying heroin labs, disbanding opium bazaars and attacking opium convoys.

Antonio Maria Costa, executive director of the U.N.'s office on drugs and crime, warned that Afghanistan is "in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism."

Costa's comments were prepared for delivery to a U.S. House International Relations Committee hearing that featured expressions of alarm by both Republicans and Democrats over the resurgence of the Taliban and the skyrocketing opium poppy production.

The hearing was convened to assess the situation in Afghanistan five years after Sept. 11.

Committee chairman Henry Hyde, R-Ill., said "the window of opportunity in Afghanistan is imperiled."

He said that despite an upsurge in violence, "NATO has failed to respond" to a recent U.S. request for an increase in the deployment of troops from the 26-member alliance.

Rep. Tom Lantos, D-Calif., underscoring Hyde's point, said Poland is the only NATO country to offer additional troops to Afghanistan - 900 soldiers by February. "We are witnessing the unraveling of NATO," he said. He added that the post-Taliban government in Afghanistan is "too weak, too poor and riddled with corruption" to provide basic services.

Rep. Dana Rohrabacher, R-Calif., said the administration deserves a "failing grade" on Afghanistan, especially on the drug issue.

Costa noted that the opium yield this year in Afghanistan is up 59% "to a staggering 165,000 hectares." He estimated that Afghan heroin will have a street value of $50 billion.

"That's a massive windfall for organized crime, insurgents and terrorists," Costa said.

Members from both parties lambasted the administration for declining to send an official to the hearing to defend White House policy. U.S. Ambassador Ronald Neumann had been scheduled to speak to an afternoon session of the committee but sent word that he would not attend.

Rep. Tom Tancredo, R-Colo., was one of the few members to stand up for the administration on Afghanistan. While problems persist, he called the administration's effort there "a job well done."

Illegal Immigrant Gang Members Arrested (AP)

AP, September 21, 2006

Seven illegal immigrant gang members were arrested Tuesday night in Aurora as part of a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Aurora police, according to a release. All face criminal charges and/or deportation.

One of those arrested, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said.

Also arrested were Braulio Gutierrez-Montes, 18; Carlos Perez-Monarrez, 27; Juan Ibarra-Garcia, 35; Ricardo Herrera, 21; Luis Alberto Parra-Torres, 18; and Armando Rodriguez, 27, according to the release. All had been living in Aurora at the time of the arrest, according to Aurora police spokesman Dan Ferrelli.

All seven are Mexican nationals and documented members of the Latin Kings and Insane Deuces street gangs, the release said. All have past criminal records, including convictions for voluntary manslaughter, burglary, drunken driving and illegally possessing a firearm, according to the release.

Five are being held in ICE custody pending deportation, while two others will face possible criminal prosecution for re-entry after deportation, and an illegal alien possessing a firearm, the release said. They would then face deportation upon release.

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The arrests were made by the ATF West Suburban Gang Violence Task Force, organized to combat the spread of gangs and gang-related violence in the western suburbs, the release said. ICE agents participated as part of "Operation Community Shield," a national initiative launched in February 2005 to dismantle violent street gangs with foreign-born members.

(AURORA) Seven illegal immigrant gang members were arrested Tuesday night in a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Aurora police, according to a release. All face criminal charges and/or deportation.

The arrests were made as part of an operation targeting violent street gangs, and one of those arrested last night, Manuel Parra-Torres, 18, was found to have a shotgun and shells, ammunition and a police scanner in his Aurora residence, according to the release from ICE. He will face criminal charges of illegal alien in possession of a firearm, the release said.

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The arrests were made by the ATF West Suburban Gang Violence Task Force, which combats the spread of gangs and gang-related violence in the western suburbs, the release said. ICE agents participated as part of "Operation Community Shield," a national initiative launched in February 2005 to dismantle violent street gangs with foreign-born members.

Since its inception, Operation Community Shield has resulted in arresting more than 3,400 gang members nationwide, representing 370 gangs, the release said. ICE agents in Chicago have arrested more than 175 gang members.

7 Alleged Gang Members Face Deportation (CHIT)

Chicago Tribune, September 21, 2006

Seven men were arrested in Aurora Tuesday night, accused of being gang members and illegal immigrants from Mexico. All will face deportation, authorities said.

Two of the men also may be charged in a U.S. court for allegedly re-entering the country after being deported in the past.

One had a shotgun, shotgun shells and a police scanner when he was arrested in his Aurora home, authorities said.

One other alleged gang member and illegal immigrant allegedly had about 2.5 grams of marijuana in his possession, said Gail Montenegro, a spokeswoman for U.S. Immigration and Customs Enforcement, or ICE.

Four men are alleged to be Mexican nationals and will face deportation proceedings, authorities said.

All seven were accused of being members of either the Latin Kings or the Insane Deuces gangs and were handed over to immigration officials.

The arrests were the culmination of an investigation by three agencies—the ICE, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Aurora Police Department—through the ATF's West Suburban Gang Violence Task Force.

2 Brothers To Plead No Contest In R.I. Fire (NYT)

By Pam Belluck

The New York Times, September 21, 2006

BOSTON, Sept. 20 — Two brothers who owned a Rhode Island nightclub where pyrotechnics ignited a fire that killed 100 people in 2003 will plead no contest to charges of involuntary manslaughter. One of them will not serve any prison time.

Under the plea agreement, announced Wednesday in a letter to victims' families by Rhode Island's attorney general, one of the men, Michael Derderian, will be sentenced to serve four years in a minimum security prison. His brother, Jeffrey Derderian, will be sentenced to three years of probation and 500 hours of community service.

The agreement, which came as jury selection was under way for the trial of Michael Derderian, resolves all criminal charges that stemmed from the horrific fire.

In February, Daniel Biechele, the manager of the band Great White, who had set off the pyrotechnics, pleaded guilty to 100 counts of involuntary manslaughter. He was sentenced to four years in prison.

In his letter Wednesday, the attorney general, Patrick C. Lynch, wrote, "Despite their desire to admit to the charges against them, I was unwilling to recommend or agree to the sentences that I have been advised the court will impose."

He added, "Most significantly, I strongly disagree with the court's intention to sentence Jeffrey Derderian to less than jail."

Jeffrey Derderian was in the club, called the Station in West Warwick, the night of the fire, but the authorities have said Michael Derderian played a greater role in buying and installing highly flammable sound-insulating foam around the stage that was almost instantly ignited by the pyrotechnics. Kathleen Hagerty, a lawyer for Michael Derderian, said the brothers agreed to the plea because "after learning what the effects on the people testifying were going to be, they didn't want to put them through it."

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The plea deal angered many relatives of the victims, as well as some of the 200 people who were injured in the blaze. Several said they would attend the Sept. 29 sentencing before Associate Justice Francis J. Darigan Jr. of Superior Court, who will hear from some of the victims and relatives.

"As far as I'm concerned, these guys are getting away with murder," said Charles Sweet of Pembroke, Mass., who lost his son Shawn, 28, an assistant grocery store manager, and Shawn's girlfriend, Laura Gillette. "I really thought that these two guys would be facing some serious jail time. I mean, they had 440 people inside that club, and the capacity was 300. My wife and I are devastated."

Anna Gruttadauria, whose daughter Pam, 33, the 100th victim, died after being hospitalized for two and a half months after the fire, said, "I think it's awful."

She said that many victims and relatives wanted to see the Derderians face trial, especially Michael. "I just wanted to see his face," she said. "I just wanted to see him go through something the way we did with our daughter. After four years he'll be walking free. My daughter is six feet under. I'll never see her face again."

IMMIGRATION:

Task Force On Immigration Fraud Becomes A Model (WP)

By Jerry Markon

The Washington Post, September 21, 2006

After the Sept. 11, 2001, terrorist attacks, the U.S. attorney's office in Alexandria zeroed in on what seemed like an obvious target: immigrant-document and identity fraud.

Seven of the 19 hijackers had obtained fraudulent Virginia identity cards, taking advantage of a loophole in the state's rules for issuing driver's licenses and state identification cards. Northern Virginia, authorities believed, had become a hub for criminal rings that produced such documents.

"There was a combination of shock and urgency out of the notion that the 9/11 hijackers were right in our midst, that there was a sleeper cell that was operating in significant part in and around Northern Virginia," said Paul J. McNulty, then the U.S. attorney in Alexandria. "We knew we had a problem."

So McNulty started the nation's first document- and benefit-fraud task force, blending a unique combination of federal and state agencies. This month, the Alexandria-based task force broke one of its biggest cases: a marriage fraud ring that authorities said arranged scores of phony marriages, mostly in Arlington, to help illegal immigrants speed their route to U.S. citizenship.

And the crackdown that began on the edge of Old Town is now a model for the nation: Identical task forces recently opened in 10 cities across the country, and federal officials hope to blanket the nation with them by the end of next year.

"Many people don't view it as very glamorous, but our mandate is to work to regain the integrity of the immigration system, and this really does go to the heart of it," said Matthew Allen, deputy assistant director of the smuggling and public safety unit for U.S. Immigration and Customs Enforcement.

Law enforcement officials said that approaching immigration cases through a task force is more effective because it provides more agents and a broader perspective on what charges can be brought. In the past, ICE or its predecessor, the Immigration and Naturalization Service, investigated cases alone or with the help of one or two other agencies.

"It's more bodies and more law," McNulty, now U.S. deputy attorney general, said in an interview last week. "Task forces, pure and simple, allow you to get more done."

The task forces on document and benefit fraud bring together a variety of agencies in a collaboration that federal officials said is extraordinary. The regular members of the Alexandria-based unit, which began operations in January 2002, include the U.S. attorney's office, ICE, the Department of Labor, the Social Security Administration, the State Department, the IRS, the U.S. Postal Service, the Virginia Department of Motor Vehicles and the Fairfax County Police Department.

Other Northern Virginia police departments, primarily Arlington, participate on a case-by-case basis. Fairfax is a regular member because the immigration office for Northern Virginia is located there.

Officials said the benefits became clear as they worked on what became the task force's first big case: the conviction of Samuel G. Kooritzky, an Arlington lawyer sentenced to 10 years in prison in 2003 for a massive labor-certification fraud scheme that targeted immigrants. More than $6 million in seized funds and assets was eventually forfeited to the federal government in that case, including more than $4.6 million in restitution for Kooritzky's victims.

"Every agency brought something different to the table," said James Spero, unit chief of ICE's identity and benefit fraud unit. "The IRS helped us focus on money-laundering charges, because, prior to that, we were just kind of learning how to do money-laundering-style cases. Labor brought their expertise in the labor fraud itself. Citizenship and immigration services helped us analyze and collect the data found in the immigration files."

The task-force approach has also proved beneficial because it gets prosecutors involved from the start of each investigation, officials said, unlike in many cases in which they are brought in toward the end. "Instead of being reactionary to the cases themselves, this

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is more of a proactive approach, where we can actually analyze and discuss how to attack the vulnerabilities and shore up loopholes in the system," Spero said.

In the marriage-fraud case, 22 people were charged in U.S. District Court in Alexandria in what authorities called a scheme that may have arranged as many as 1,000 phony marriages, mostly in Arlington but also in Alexandria, Fairfax County, Manassas, the District and Maryland. According to the charges, illegal immigrants, mostly from West Africa, would pay as much as $6,000 to be introduced to their "spouse," usually on the day of the marriage. They would then be coached on how to lie to immigration inspectors to gain citizenship faster, according to the charges.

Immigrants who marry U.S. citizens can immediately get a visa to stay in the country, instead of having to wait years, and can shave several years off gaining citizenship.

Attorneys for several of the defendants declined to comment on the case after a recent court hearing.

In April, ICE and the Justice Department launched task forces using the Alexandria model in Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, New York, Newark, Philadelphia and St. Paul, Minn. Several more are being launched in the coming months, and ICE officials said they hope by the end of next year to have task forces operating in all 26 ICE field offices, which would cover the entire country.

"It's working extremely well," said Tony Rouco, ICE's supervisory special agent in Denver, where authorities said immigration-document fraud has been a major problem. "The flow of information is a lot easier."

Congress Debates Immigration Bills (AP-Y)

By Jim Abrams

AP, September 21, 2006

Congress took up legislation to require voters to show proof of citizenship and to build a 700 mile fence along the Mexican border as Republicans sharpened their attacks on illegal immigration seven weeks before the midterm elections.

The House of Representatives debate on a new photo ID plan for voters, and Senate action on the fence, were part of a get-tough policy on illegal immigrants that Republicans have taken in the wake of failure to agree on broader legislation that would set a path for undocumented workers to attain U.S. citizenship.

House Republican leaders have insisted that tighter borders and tougher laws must precede immigration reform. The House passed the fence bill last week and plans to vote on Thursday on bills that will increase penalties for those building tunnels under the border, make it easier to detain and deport immigrant gang members and criminals, and clarify the ability of state and local law enforcement officers to detain illegal immigrants.

Republican sponsors of the voter identification bill insisted that it was a common sense way to stop fraud at the polls. People need photo IDs to board planes, buy alcohol or cash checks, said Rep. Vernon Ehlers, chairman of the House Administration Committee. "This is not a new concept."

But opposition Democrats assailed the legislation, saying it would affect minorities, the poor and the elderly — groups that tend to vote Democratic — who might have trouble producing a photo identification.

"This bill is tantamount to a 21st century poll tax," said Democratic Whip Steny Hoyer, D-Md. "It will disenfranchise large number of legal voters."

The bill would require individuals to present a photo ID before voting in federal elections by 2008. By 2010 voters must have a photo ID that certifies they are citizens. In response to criticisms that this would be a burden for poor citizens, the bill stipulates that states must provide those identification cards free of charge to those who can't afford them.

The Senate, meanwhile, voted to take up a bill that would build a fence along one-third of the U.S. Mexican border.

Action on the fence, which could cost billions of dollars, comes four months after the Senate approved legislation that, along with tightening border security, created a guest worker program and outlined how people in the country illegally could work toward legal status and eventual citizenship. President Bush has supported this broader approach, but it met strong resistance in the House, where opponents said it was tantamount to amnesty for illegal immigrants.

"While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform," said Senate Majority Leader Bill Fris. "Not enforcement only, but enforcement first."

But Democratic leader Harry Reid countered that "we can build the tallest fence in the world and it won't fix our broken immigration system." To do that, he said, "we need the kind of comprehensive reform that the Senate passed earlier this year."

The bill would not provide funding to cover costs of the fencing and other barriers aimed at preventing illegal entry. About $1 billion for the fencing is likely to be included in a bill funding the Department of Homeland Security that Congress is expected to approve before its scheduled adjournment next week for the Nov. 7 elections.

GOP Advances Enforcement-First Approach For Border (LAT)

By Nicole Gaouette

The Los Angeles Times, September 21, 2006

DOJ_NMG_0066911

WASHINGTON — Republicans pushing for tougher means to stem illegal immigration got a boost Wednesday when the Senate agreed to consider a bill that would build a 700-mile fence along the U.S.-Mexico border and the House approved a measure that would require voters to show photo identification at the polls.

Republicans in both chambers said the steps were necessary to protect the United States from illegal immigrants entering the country or trying to corrupt the voting process.

Democrats dismissed the moves as political ploys aimed at the November midterm elections, in which many Republicans are making immigration a key issue.

"What we are doing here today is about November," said Senate Minority Leader Harry Reid (D-Nev.), in reference to the fence bill.

In fiery debate on the House voting bill, Democrats argued that there were no data to show that illegal immigrants voted, and that the bill would disenfranchise poor, elderly and minority citizens who tended to support the Democratic Party.

Republicans countered that the voting measure was necessary.

"We have 12 million illegal aliens in this country. Many of them, we believe, have been voting illegally," said Rep. Dan Burton (R-Ind.). "Every illegal vote takes away the right of one American's vote."

The voter identification bill is unlikely to become law anytime soon because the Senate is not expected to consider the bill this session.

Since the House and Senate failed this summer to agree on a compromise to overhaul immigration laws, House Republicans have insisted on the need to pass enforcement measures before broader changes are made.

The enforcement-first approach appears to have won out, with some Senate Republicans who backed broader reform now echoing their House colleagues on the need to take up enforcement first and pass the fence bill, which cleared the House on Sept. 14.

"The Secure Fence Act will have a significant impact on our security," Senate Majority Leader Bill Frist (R-Tenn.) said. He emphasized that "this is not enforcement only; this is enforcement first."

But Sen. Mel Martinez (R-Fla.), who helped write parts of the Senate bill, said pursuing enforcement first could undermine support for a broader reorganization of the immigration system. "For those who think there's no need to do more, there would be little impetus" to consider broader reform, he said.

House leaders are expected to introduce three other immigration bills today that emphasize other aspects of enforcement.

One would affirm the "inherent authority" of state and local law enforcement to help enforce immigration laws. A second bill would allow the government to indefinitely detain immigrants who had served a jail sentence but who could not be deported. It would also let authorities deport or forbid entry to anyone they had reason to think belonged to a gang, whether the person had committed a crime or not. A third bill would make it a crime to build cross-border tunnels.

On the fence bill, the Senate voted 94 to 0 to consider a debate on the measure. The bill would require stretches of double-layered fencing, vehicle barriers and ground sensors covering one-third of the 2,000-mile border with Mexico. It would also require the Department of Homeland Security to certify that the border was secure within 18 months of implementation.

Frist said that he would like to begin debate on the fence measure today, and that he hadn't decided whether to allow senators the chance to add amendments to the bill.

Sen. Dianne Feinstein (D-Calif.) said she would like to amend the bill to add an agricultural guest worker program to help California farmers, who were having difficulty finding the manpower to harvest crops.

House debate on the photo identification measure was intense before it was approved 228 to 196. The California delegation voted along party lines.

Rep. Zoe Lofgren (D-San Jose) ridiculed the suggestion that illegal immigrants voted. "Illegal aliens are sneaking across the border for a job, not to vote," she said, arguing that requirements for photo identification were so expensive that they could keep the poor and some minorities from the polls.

But Rep. Charlie Norwood, a Georgia Republican, said that the issue "could likely determine the long-term fate of our republic. Tamper-proof ID is the only way to stop the influx of illegal voters into our system."

Democrats said there were no data to show whether voting by illegal immigrants was a problem. Norwood countered: "How the heck do we know we don't have any? We don't check."

G.O.P. In Senate Narrows Immigration Focus To 700-Mile Fence (NYT)

By Carl Hulse

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — Senate Republicans formally put aside a broad immigration overhaul sought by President Bush on Wednesday and decided instead to press ahead with narrower bills to require building 700 miles of fence on the southwestern border.

Senator Bill Frist of Tennessee, the majority leader, said the fate of millions of illegal immigrants already in the United States had become a “fundamental sticking point” in trying to reach agreement with the House on a broad bill.

Mr. Frist said the fence proposal, which the House has passed, was the best alternative if lawmakers wanted to salvage some immigration changes before the Nov. 7 elections.

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"Let's focus on a problem the American people understand," the senator said, "and that is, we have hundreds of thousands of people coming across our border every year into our country."

He added that the broad measure could be considered when Congress returned in mid-November or next year.

The Senate voted, 94 to 0, to debate the measure on fencing and other border barriers at the cost of billions of dollars. But the fate of even that measure is unclear, because members of both parties have reservations, and Mr. Frist may need to block any amendments if he wants to deliver it to Mr. Bush before Congress adjourns next week.

The fence represents one element of the broad bipartisan measure that the Senate approved in May after Mr. Bush had delivered a prime-time address calling for sweeping changes in immigration law, including allowing some illegal immigrants to earn citizenship. House Republicans, fearing a backlash from the right, refused to consider any bill that could be called amnesty for illegal immigrants.

The two chambers never formally opened negotiations to reconcile the Senate bill with a strict border enforcement measure that the House approved in December.

Republican backers of the broad Senate approach suggested that the party could be penalized at the polls for not pursuing a comprehensive solution.

"It is one of the greatest problems facing the country today," Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Senate Judiciary Committee, said. "For the Republicans not to produce is not good. Perhaps we will find a little better mood in the lame-duck session."

Other Republicans said constituents were demanding that the government do a much better job of sealing borders before considering other aspects of an immigration overhaul like a temporary-worker program, new penalties for businesses that employ illegal immigrants and possible citizenship.

"This is putting the horse before the cart," Senator Rick Santorum, Republican of Pennsylvania, said about moving ahead with just the fence proposal.

The House passed its fence bill last week and is considering other enforcement measures this week in an effort to show that lawmakers are making progress on immigration. On Wednesday, the House voted, 228 to 196, to require voters to show proof of citizenship, a step that Republicans said would limit illegal immigrants' voting.

Democratic critics said requiring government-issued identification would amount to a modern poll tax that would discourage minorities and older Americans from voting. The House and Senate have previously voted in favor of building barriers along the border with Mexico. The proposal calls for two strips of concrete separated by a road along with cameras and other surveillance equipment at five locations. "I'm convinced that physical barriers at the border, fencing in particular, are important," said Senator Jeff Sessions, Republican of Alabama.

Mr. Sessions said he was worried that Congress might approve the fence but not provide the money to build it. The Senate had previously added $1.8 billion to a Pentagon spending measure for the fence, a bill that is pending.

Senator Harry Reid of Nevada, the Democratic leader, said the fence could cost $7 billion or more.

"We can build the tallest fence in the world, and it won't fix our broken immigration system," Mr. Reid said. "To do that, we need the kind of comprehensive reform that the Senate passed earlier this year."

The fence measure, which may not come to a vote in the Senate until next week, is drawing scrutiny from some border-state Republicans who worry that it would impose too many requirements on local governments involving locating the fence.

Senator Larry E. Craig, Republican of Idaho, is considering offering a plan to allow more agricultural workers to enter the country. Mr. Craig said a continuing crackdown on illegal immigrants along the Mexican border was leaving growers in the West short of workers.

"Fruit is not being picked; vegetables are not being harvested," Mr. Craig said.

A bipartisan group recommended on Wednesday overhauling the immigration system to make it more responsive to the demands of the labor market. After more than a year of research, the group recommended creating expedited visas for workers of all skill levels who have legal employment offers.

The group was led by former Energy Secretary Spencer Abraham, a Republican who is also a former senator from Michigan, and former Representative Lee H. Hamilton, the Indiana Democrat who was vice chairman of the Sept. 11 Commission.

The director of the bipartisan group was Doris M. Meissner, who was commissioner of the Immigration and Naturalization Service under President Bill Clinton.

Throwing its support behind proposals passed by the Senate, the group called for "an earned path to permanent legal status" for an estimated 12 million illegal immigrants now living in the United States as "an essential element" of reform.

The panel called for federal aid to states to allay the costs of the legalization program, and it called on the White House to name an immigration coordinator and to focus on disrupting terrorists' travel with the same vigor it had brought to tracking terrorists' communications and finances.

Congress Resumes Immigration Efforts (WP)

By Jonathan Weisman

The Washington Post, September 21, 2006

DOJ_NMG_0066913

The House and the Senate moved yesterday toward a piecemeal crackdown on illegal immigration, pushing forward separate bills to require photo identification to vote, build vast fences on the U.S.-Mexico border and speed the deportation of undocumented workers. The measures would take the place of President Bush's far broader rewrite of the nation's immigration laws.

Voting almost completely along party lines, the House voted 228 to 196 for a bill that would require all who register to vote in federal elections to show photo identification that proves they are U.S. citizens. The Senate, meanwhile, voted 94 to 0 to take up a measure passed by the House last week to build 700 miles of double-layered fencing on the U.S.-Mexico border, with a final vote to come as early as Monday.

Today, the House will take up bills to speed the deportation of undocumented workers, ratchet up penalties for immigrant gang members and human smugglers, end an exemption for Salvadoran illegal immigrants from rapid deportation, criminalize tunneling under the border, and overtly deputize state and local police officers to enforce federal immigration laws.

In an interview on CNN, President Bush said he would sign the measures, even though they do not embrace a more comprehensive approach -- including a guest-worker program -- that he has backed.

"Yes, I'll sign it into law," Bush said. "I would view this as an interim step. I don't view this as a final product."

Passage of the measures would permit leaders of the Republican-controlled Congress to claim they have taken steps to deal with the flood of illegal immigrants. It is an issue that has rent the party, spawned huge demonstrations in many cities last spring, and called into question the Republicans' ability to face tough issues. GOP leaders also believe that the hardening of legislative lines on illegal immigration and border security will bolster the party's conservative political support ahead of the midterm elections.

"Border security is national security," declared House Rules Committee Chairman David Dreier (R-Calif.), with House GOP leaders by his side. "We're going to try our doggonedest to enact as many of these bills as we can."

With little more than a week left before the Sept. 29 start of Congress's scheduled recess, GOP leaders are considering appending some or all of the bills to must-pass spending measures before they leave town. But Senate Appropriations Committee Chairman Thad Cochran (R-Miss.) appeared to close off that avenue last night, saying he will not add any legislative language onto the spending bills that could slow their progress in the final days before the coming recess.

The sudden rush of activity startled immigrant and civil rights groups, which had largely thought a legislative response on immigration was dead for the year. The National Immigration Law Center sent out an "urgent" notice to allies to prod them into action, noting: "In recent days, there has been a serious deterioration of the position of pro-immigrant forces in Congress."

The lawmakers' embrace of a piecemeal approach came as members of a private task force on immigration reiterated their belief that a comprehensive solution is necessary to solve the nation's immigration problems. The task force's plan includes strong border enforcement and a program that allows undocumented workers currently in the country to remain by paying a stiff fine.

But it also proposes that the president and Congress establish two federal organizations that would regulate the flow of immigrants and help them assimilate into society. Former congressman Lee H. Hamilton (D-Ind.), who co-chaired the Migration Policy Institute task force with former senator Spencer Abraham (R-Mich.), said the House's approach is draconian to immigrants, while a Senate bill approved in May is too complex.

Most of the provisions in the bills the lawmakers are now considering were plucked from the House's border security and anti-illegal-immigration bill that passed in December, then sparked protests this spring that brought millions of immigrants into the streets. But Republicans believe the politics of the immigration issue have shifted in favor of their get-tough approach. Even some Republicans who have backed Bush's approach, such as Rep. John Shadegg (R-Ariz.), said yesterday that the shift among voters in favor of "enforcement first" is palpable.

"While I've made it clear that I prefer a comprehensive solution, I have always said we need an enforcement-first approach to immigration reform," said Senate Majority Leader Bill Frist (R-Tenn.), who surprised many immigration rights activists when he took up the House border-fencing bill.

Cecilia MuÃ±oz, vice president of the National Council of La Raza, warned that Republicans "are politically playing with fire" with Latino voters, who gave 40 percent of their vote to Bush in 2004.

The rhetoric in the House yesterday was particularly heated, with a stream of African American and Latino Democrats taking to the floor to denounce a voter ID bill that they called a "modern-day poll tax" designed to disenfranchise minority, elderly and disabled voters who lean Democratic.

House Minority Leader Nancy Pelosi (D-Calif.) called the bill "a tawdry attempt by Republicans to suppress the votes of millions of Americans."

Rep. Vernon Ehlers (R-Mich.), a soft-spoken moderate who helped craft the legislation, angrily called the charges nonsense, saying the bill authorizes funds to help state and local governments cover the costs of helping the poor obtain identification cards.

Under the bill, all states would be required to check photo identification by the November 2008 elections. By the 2010 elections, states could accept only identification that shows proof of citizenship, a passport or a new federal "Real ID" card authorized by Congress but not yet implemented.

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The bill coming before the Senate would authorize the construction, on the southern border, of 700 miles of double-layered fencing -- at an estimated cost of at least $3 million a mile -- and a "virtual fence" of cameras, sensors and unmanned aerial vehicles. That is nearly double the size of the fence approved by the Senate in May as part of its comprehensive immigration bill.

Task Force Rejects Push To Fence Border (USAT)

By Kathy Kiely

USA Today, September 21, 2006

WASHINGTON — As congressional Republicans pushed before the fall elections to extend fencing along the U.S.-Mexican border, leaders of a bipartisan task force Wednesday dismissed such an effort as a “piecemeal” approach that won't curb illegal immigration.

“We view this as much more than building fences,” said task force co-chairman Lee Hamilton, a former Democratic congressman and vice chairman of the 9/11 Commission.

The move in Congress runs counter to what President Bush wants. Bills before the House of Representatives and Senate this week aim to make it harder for immigrants to cross the border illegally and easier to punish those who do.

The legislation does not address what to do about employers who hire illegal immigrants or with the estimated 12 million illegal immigrants already living and working here.

Bush has said any immigration bill must be comprehensive and deal with a host of issues. That view was endorsed by task force leaders Hamilton and Spencer Abraham, a former Republican senator and Bush Cabinet member.

The House and Senate have been deadlocked for months on immigration.

Backers of the tough border enforcement bills say they will make the country safer.

“Border security is national security,” said Rep. David Dreier, R-Calif.

The Senate continues debate today on a bill to construct 700 miles of fence along the U.S.-Mexican border. The House passed the bill last week. Today in the House, lawmakers will consider three measures to increase penalties on illegal immigrants and speed deportations.

Some Republicans expressed concern that passing the border enforcement bills now will slow momentum for broader immigration legislation, which the Senate passed in May. The House passed a bill emphasizing border security in December. Sen. Larry Craig, R-Idaho, who favors expanding opportunities for foreign agricultural workers, said crops are rotting in the field “because we in Congress haven't gotten our act together.”

For Democrats, the legislation presents a political dilemma. They must either support legislation that many consider inadequate or cast a vote that could be portrayed during fall campaigns as anti-border security. Sen. Dick Durbin of Illinois, the deputy Democratic leader, said his party members haven't decided how they will vote on the border fence bill. “We'll wait and see how this unfolds.”

The immigration task force was convened by the Migration Policy Institute, a think tank that tracks immigration, and included participants from liberal immigrant-rights groups such as the National Council of La Raza and conservative groups such as the Manhattan Institute.

Most of the task force's 16 recommendations are not included in the immigration bills that have already passed the House or Senate. They include:

•Creating a biometric Social Security card that could be used to verify the legal employment status of job applicants.

•Giving illegal immigrants now living in the USA a chance to become citizens, as the Senate's comprehensive measure now does.

•Collapsing a system of dozens of entry visas into three groups of immigrants: permanent, provisional (for workers who might end up staying permanently) and temporary (for seasonal or part-time workers).

•Setting new legal immigration levels at 1.5 million people a year and establishing a commission to adjust levels up or down according to labor needs.

•Giving priority to immigrants with job skills the USA needs, such as farmworkers and engineers, which could reduce the number of visas available to family members of people now in the USA.

•Streamlining the labor certification system to allow employers to more easily hire foreign workers.

Abraham and Hamilton, who presented their proposals to White House aides and Senate Minority Leader Harry Reid, D-Nev., don't believe Congress will act quickly. “Our proposal is more long-term,” said Hamilton. “The politics of this are very tough.”

High-tech Plan Pitched To Fight Illegal Crossings (USAT)

By Mimi Hall

USA Today, September 21, 2006

WASHINGTON — The Homeland Security Department is preparing to have hundreds of new camera towers installed along the nation's porous land borders as part of a multiyear effort to tighten security and dramatically slow illegal migration across the southern border.

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Secretary Michael Chertoff plans to announce today that the government will pay private contractors, including Boeing, tens of millions of dollars to set up high-tech towers to hold cameras and sensors that will help Border Patrol agents catch people crossing illegally. The contract also will include some unmanned aerial vehicles and ground-based radar systems.

Sen. Judd Gregg, R-N.H., chairman of the Senate Appropriations Subcommittee on Homeland Security, praised Chertoff for asking businesses to submit proposals for securing the border and said Congress will approve the money to pay for the new program.

“Is this the right plan?” Gregg said of the primarily cameras-and-sensors approach. “Is it going to work? Obviously the jury's out.”

He noted that a previous effort to install cameras along the border failed when the equipment didn't work well. “Hopefully, we learned some lessons,” Gregg said. “You've got to make sure you're on top of the contractors.”

T.J. Bonner, president of the National Border Patrol Council, the union that represents border agents, is skeptical of any plan that relies on technology.

“They're applying the wrong solution to the problem,” said Bonner, adding that Congress needs to pass legislation to “stop the employment magnet.”

Immigration legislation promoted by President Bush that would create a “guest worker” program died amid political battles over a host of issues, including whether immigrants should be offered a path to citizenship.

The new technology is one piece of a multiyear Secure Border Initiative that Chertoff announced in 2005. Homeland Security is a third of the way toward doubling the number of border agents — from 9,000 in 2001 to 18,000 by the end of 2008. In the meantime, the effort to boost the number of so-called boots on the ground is now being aided by up to 6,000 National Guard troops.

The department also has ended a “catch-and-release” policy of allowing illegal immigrants to stay in the country, on their own, pending a court date. Many offenders simply never showed up in court and stayed in the country illegally. Now, those who are caught are sent home or held in detention centers pending court dates.

Maine Sen. Susan Collins, chairwoman of the Senate homeland security committee, said the new technology, which will initially be set up along the border in Arizona, “should greatly improve situational awareness of Border Patrol agents.”

Bonner said, however, that there still aren't enough agents and more cameras won't change that. “None of this technology catches people,” he said. “The cameras don't swoop down off the towers and grab people by the ankles until Border Patrol agents show up.”

He said he's disappointed that the only thing Congress can agree on is building 700 more miles of fencing. “As long as employers hire them (illegal migrants) in this country,” he said, “they're going to come by the millions.”

Plenty Of Holes Seen In A 'Virtual Fence' (WP)

By Spencer S. Hsu And Griff Witte, Washington Post Staff Writers

The Washington Post, September 21, 2006

Border Sensors Not Enough, Experts Say

The selection of Boeing Co. to erect a "virtual fence" along 6,000 miles of U.S. border marks a potential turning point in the government's long quest to stop illegal immigration, but its success hinges on overcoming obstacles that doomed past efforts, funding shortages and other problems with the country's immigration controls, according to experts and former U.S. officials.

Congress and the Department of Homeland Security must focus on overcoming technology and management problems that have derailed similar remote-sensing networks set up over the decades by the military and border agencies from Vietnam to Iraq to the southwestern United States, they said.

They also must acknowledge that as much as half of the illegal-immigration problem is driven by the hiring of people who enter the United States through official border points but use fraudulent documents or overstay visas to become part of the estimated population of 11 million illegal immigrants in the United States, former immigration officials and members of Congress said.

Surveillance by the government's $2.5 billion Secure Border Initiative Network, or SBInet, "makes some sense and is part of the solution," said former Indiana congressman Lee H. Hamilton (D), vice chairman of the commission that investigated the Sept. 11, 2001, terrorist attacks. "It's also insufficient, I believe."

C. Stewart Verdery Jr., a former Bush administration assistant secretary for border policy, agreed that a "smart border" buildup alone is doomed to fail, given the government's track record and the labor needs of U.S. employers.

"Boeing and its subcontractors should be pushing the hardest for a comprehensive immigration solution," Verdery said.

Boeing proposes to construct a necklace of 1,800 towers equipped with cameras, sensors and links to sophisticated computers along the nation's vast frontiers with Mexico and Canada. The Department of Homeland Security is scheduled to announce Boeing as the winner of the competition today.

Boeing's plan rests heavily on adapting military technology from the battlefield to the border. The company has suggested, for instance, flying a camera-equipped, truck-mounted, 10-pound drone called the Skylark that Israeli and Australian forces have used to track suspects for as long as 90 minutes at a range of six miles.

Boeing also proposed a variety of ground-based sensors, including underground seismic sensors and tower-mounted motion and heat detectors that have been used to thwart insurgents in Iraq and Afghanistan.

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Congressional backers and military experts are confident that technologies devised to detect troop movements and tank formations can be adapted for homeland security and, by extension, individual border crossers.

But scientists warn of bedeviling details, and analysts cite political pressures that have led to lavish spending on borders, technology and guards with few results.

Gervasio Prado, founder of SenTech Inc., a sensor maker that was part of two unsuccessful bid teams, said SBINet is good for his industry but is not likely to work.

"I don't think you'll make a dent really," because of the difficulty of managing information from 6,000 miles of sensors and the economic incentives for illegal migrants and their smugglers, he said. "I'd love to say that if you put thousands of sensors in that you could really solve the problem. But I think the help is going to be minimal."

Since 1995, spending on border security has increased tenfold, from $1.2 billion to $12.7 billion, and the number of Border Patrol agents has more than doubled, from 5,000 to 12,319, according to the House Appropriations Committee. Yet the number of illegal immigrants in the United States has jumped from 5 million to more than 11 million.

In addition, several experts said, tighter borders could discourage illegal immigrants already living here from attempting to leave for fear that they won't be able to reenter the country.

The Department of Homeland Security and the former Immigration and Naturalization Service spent $429 million since 1998 on video and remote surveillance on the borders. But nearly half of 489 planned cameras were never installed, 60 percent of sensor alerts are never investigated, 90 percent of the rest are false alarms, and only 1 percent overall resulted in arrests, the Homeland Security inspector general reported in December.

On April 25, the Border Patrol's first and only Predator 2 unmanned aerial vehicle crashed outside Tubac, Ariz., seven months after the $6.5 million craft began flights.

"There has been a huge amount of money poured into the border . . . but the track record of the performance of these technologies is disappointing," said Doris Meissner, former INS commissioner.

James Jay Carafano, senior research fellow at the Heritage Foundation, noted that Congress is moving to build 700 miles of border fence, at a cost of more than $2 billion, and adding about 2,500 border agents, at a cost of about $500 million a year, with an eye on this fall's elections.

By comparison, SBINet is funded at less than $130 million next year by the House and Senate, Carafano said. "If Congress is mandating all this money to go to guards and fences," he said, "my concern is there won't be enough money to put into place SBINet."

Other priorities that could lose the competition for funding are big-ticket programs to process and return illegal immigrants, develop computer systems to verify legal workers for U.S. companies, monitor visa compliance and tighten legal ports of entry, which will cost well over $10 billion, said Meissner and Steven A. Camarota, research director at the Center for Immigration Studies.

Boeing's record at delivering major technology is mixed. The company pointed to its success deploying baggage-screening devices to more than 400 airports in less than six months after the terrorist attacks. But the company's machines were criticized for being too large and having high false-alarm rates.

The inspector general's office has also found fault with the work of L-3 Communications, a Boeing subcontractor on SBInet. In December, investigators reported that cameras L-3 deployed for border security as part of the Integrated Surveillance Intelligence System malfunctioned when exposed to severe cold or heat.

Homeland Security officials want contractors to fully deploy their equipment in four years, and Boeing has said it can do it in three.

Gregory J. Pottie, a UCLA engineering professor who specializes in sensor technology, testified to the House last week that "if we want to solve this in three years, it could cost us a fortune and we're going to make a lot of mistakes."

The Great Wall Of America (WSJ)

The Wall Street Journal, September 21, 2006

It wasn't so long ago, during the Reagan era, that Republicans sought to tear down walls, not erect them. But last week House Republicans passed a bill to construct a 700-mile, double-layered fence along the Mexican border while also approving a study on building a similar wall-like structure along the Canadian border. Price tag for the Mexican portion: $7 billion.

Sixty-four Democrats joined all but six Republicans in voting for the measure, and the Senate GOP may also now vote to build this Great Wall of America. Later this week the House will vote on legislation that would deputize local police forces as agents of the border patrol. This will further burden local law enforcement that already has enough work handling bona fide felons. What we have here is panicked Republicans engaging in pre-election theatrics as they seek to remind voters that they're tough on the illegal immigration problem they've done nothing to actually solve.

Here's one example of how tough they are. Steve King of Iowa suggested in front of the C-SPAN cameras that at the top of this new fence "we electrify this wire with the kind of current that would not kill somebody, but it would be a discouragement for them to be fooling around with it." Then he added: "We do this with livestock all the time." Equating people with cattle: There's an inclusive political message for you.

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Few really believe that a fence will do much to keep out those who threaten our safety, such as smugglers, drug runners or terrorists. None of the 9/11 terrorists snuck across the Mexican border illegally; they entered the U.S. with lawful visas. Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs.

Democratic Governor Janet Napolitano of Arizona wasn't much off the mark when she once said that "You show me a 50-foot wall and I'll show you a 51-foot ladder at the border" to get over it. These migrant workers are resourceful people, which is one reason they meld so productively into the U.S. labor force. As the U.S. becomes more commercially integrated with Mexico and Canada, the restrictionists' strange utopia of a sealed border becomes even more impossible.

Nor is a "sealed border" desirable, even if it could be achieved. More than nine of 10 of the three million net new jobs created from 2000-05 have been filled by immigrants, according to Census Bureau data. With many regions of the country now suffering from a shortage of workers, not even Pat Buchanan could argue with a straight face that immigrants are stealing jobs from Americans. The fence itself will probably have to be built by immigrants.

The refrain on immigration from Republican lawmakers is that "we support legal, but not illegal, immigration." That sounds fine -- except that for six years the Republicans have done virtually nothing to allow more immigrants to enter the U.S. legally even as the demand for their services has soared. The quotas for skill-based high tech workers, the so-called H1-B visas, have been reduced by almost half -- to America's own economic detriment. Nor has the House lifted a finger this year to deal with a critical shortage of nurses and agriculture workers. That's a big reason one-half to two-thirds of the crop pickers in America are here illegally.

Republicans cite polls indicating that Americans want a secure border, but the political appeal of walls and fences is exaggerated. Just last week Don Goldwater, the man who held a press conference at the border urging, "Mr. Bush, build this wall now," was defeated in a GOP primary for Governor of Arizona -- in the very border state where these policies were thought to be most popular. The Arizona Republican who won a Congressional primary on immigration in the Tucson district is expected to lose in November.

The only real way to reduce the flow of illegal Mexican immigration is to provide a legal, orderly process to match open American jobs with workers who want to fill them. Mr. Bush is for that, and so is the Senate, but House Republicans have concluded that they're better off building fences. When Ronald Reagan spoke of America being a "shining city on a hill," he wasn't thinking of one surrounded by electrified barbed-wire fences.

Tear Down This Wall Bill (LAT)

The Los Angeles Times, September 21, 2006

PICTURE A WALL ALONG the entire border with Mexico. The problem with the United States' current immigration policies, as we have previously illustrated in this space, is that there would be two contradictory signs posted on such a wall — one reading "Do Not Trespass," the other reading "Help Wanted: Inquire Within."

Building an actual wall won't resolve the schizophrenia underlying our approach to immigration. That's why it's so disappointing to watch the U.S. Senate, which passed comprehensive immigration reform earlier in the year, considering following the path of the more shortsighted House by taking up a simplistic, enforcement-only measure — to build, you guessed it, a fence along the border. Senators should vote "no" on the Secure Fence Act.

The bill would authorize the construction of 700 miles of at least double-layer fencing with all the fixings — more patrols, unmanned aerial craft, sensors, satellites, radar, lighting and cameras — along select parts of the nearly 2,000-mile southern U.S. border. The bill is before the Senate, which could vote on it as early as Monday.

Given that the Senate passed comprehensive reform only four months ago and appropriated some money for the fence last month, it should know that sound immigration reform requires addressing all three parts of the immigration puzzle at once: border security, the undocumented immigrants in the country and the visa system. A wall is fine, but not by itself. Addressing border security alone won't fulfill the economy's need for a legal supply of labor, and it will leave millions of illegal immigrants already here hidden in a vast underground. And fence or no fence, the 45% of illegal immigrants who overstay legal visas instead of returning across the border would continue to do so.

The visa system — which offers a laughably insufficient number of work visas each year for low-skilled workers — would still be backlogged and wouldn't be able to address the country's economic needs in the way a guest worker program and increased visas for low- and high-skilled workers would.

Members of the Senate who support comprehensive reform but who advocate the Secure Fence Act — like Senate Majority Leader Bill Frist — say other elements of comprehensive reform can come after November. Even if comprehensive reform were taken up at the start of the new Congress, however, elements such as a guest worker program need time to work properly. Waiting on a guest worker program would make the delays worse and would harm the economy.

If the Senate passes piecemeal enforcement measures, it will erode its ability to negotiate a more comprehensive approach with House leaders who myopically insist on treating immigration solely as a law enforcement issue.

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TAX:

Providence Man Agrees To Stop Alleged Tax Fraud Scheme (AP)

AP, September 21, 2006

WASHINGTON (AP) - A Providence man has agreed to stop marketing an alleged tax fraud scheme under a federal court order.

Officials from the Justice Department say Eric Messier falsely advised customers that they could avoid paying federal income taxes by treating their assets and income as a "corporation sole" -- a church or charity organization with tax benefits in some states.

A government's complaint filed in the U-S District Court in Rhode Island says customers paid Messier between 25-hundred dollars and 10-thousand dollars to participate in the scheme.

The court order gives Messier 15 days to remove from his Web site all information advertising the scheme and to give the government a list of his customer's names and other personal

Federal Judge Denies KPMG Request For Jury Trial On Defense Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, September 21, 2006

A federal judge Monday denied accounting firm KPMG's request for a jury trial over the issue of whether it should advance defense costs to its former employees who are now facing criminal tax fraud charges.

Southern District Judge Lewis A. Kaplan, in United States v. Jeffrey Stein, S1 05 Crim. 0888, ruled that the employee claim was for specific performance of a contract. Thus, he said that it was equitable in nature and did not require a jury trial.

As a result of the ruling, Kaplan will decide whether the employees are entitled to legal fees. He had already refused to dismiss the employees' claim and compel arbitration of the issue. KPMG filed a notice Monday asking the 2nd Circuit U.S. Court of Appeals to reverse the decision.

Attorneys for KPMG had argued in their memorandum of law in opposition to the former employees' motion to strike KPMG's jury demand that the former employees' breach of contract claim is an "action at law" and one for which KPMG is entitled to a trial by jury.

Kaplan, however, said that the monetary relief the former KPMG executives seek would be "exactly the type of monetary relief that courts, and the Restatement [of Contracts], envision as equitable relief; they are incidental to the grant of equitable relief, yet are necessary to afford complete relief."

In reaching this decision, Kaplan quoted the 6th Circuit in its decision in Golden v. Kelsey-Hayes Co., 73 F.3d 648.

Kaplan's ruling on the jury issue was released on the same day that KPMG filed its answer to the civil complaint filed against it by its former employees. The company argued as an affirmative defense that the complaint is barred in whole or in part because the former employees, through their conduct, "have unclean hands and are at fault in bringing about any loss and harm they might suffer."

KPMG also argued that forcing it to pony up what could amount to millions of dollars in legal fees would amount to an unconstitutional taking in violation of its due process rights.

Attorneys for KPMG singled out former executive David Greenberg, and former employee Robert Pfaff in their answer. KPMG accused Greenberg of embezzlement and fraud, saying Greenberg intentionally concealed his illegal conduct from KPMG and the government. It said Pfaff received compensation in the form of "side fees" from tax shelter promoters while he was a KPMG partner.

"KPMG suffered actual injury and damages as a result of this conduct, by [Mr.] Pfaff," KPMG said.

The company accused Jeffrey Stein, a former vice chairman of the company, and former Chief Financial Officer Richard Rosenthal of breaching their fiduciary duty to the company.

Richard Smith, KPMG's former chairman of tax services, was also accused of breach of fiduciary duty.

Charles A. Stillman, a partner at Stillman, Friedman & Shechtman, and Robert S. Bennett and Sheila L. Birnbaum, partners at Skadden, Arps, Slate, Meagher & Flom, represent KPMG. Bennett declined to comment, as did Stillman.

David Spears, a partner at Spears & Imes who represents Stein, did not return calls to comment on the latest claims against his client.

Susan R. Necheles, a partner at Hafetz & Necheles who represents Rosenthal, and David C. Scheper, a partner at Overland Borenstein Scheper & Kim who represents Pfaff, also did not return calls for comment.

Robert S. Fink, a partner at Kostelanetz & Fink who represents Smith, declined to comment, as did Leonard F. Lesser, a partner at Simon Lesser who represents Greenberg.

Inquiry Of Bank Expands To KPMG Austria's Staff (WSJ)

By David Crawford In Berlin And Carrick Mollenkamp In London

The Wall Street Journal, September 21, 2006

DOJ_NMG_0066919

The investigation by Austrian prosecutors of more than $2 billion in losses at Bawag P.S.K. Group, the Vienna bank at the center of the Refco Inc. scandal, has expanded to the roles played by employees of the bank's auditor, KPMG Austria GmbH, according to people familiar with the matter.

Refco, a huge commodities brokerage firm, last year disclosed that its chief executive officer allegedly had helped to hide bad debt. That revelation ultimately led Refco to file for bankruptcy-law protection and to the discovery that Bawag had played a key role in the alleged debt scheme. The CEO, Phillip R. Bennett, who faces criminal charges, has denied the allegations.

More recently, prosecutors have focused on how Bawag reported assets and losses. At the center of the investigation are the KPMG audits of the bank between 1994 and 2005 that failed to reveal misreporting of bank assets and losses. Witnesses have told prosecutors that Robert Reiter, a former partner and head of the accounting firm's auditing subsidiary in Vienna, KPMG Alpen-Treuhand GmbH, advised the bank on how to book hundreds of millions of dollars in losses so they wouldn't be visible to public scrutiny, according to the witnesses' statements.

A KPMG Austria spokeswoman yesterday said the auditing firm itself isn't under investigation. At the time the matters under investigation allegedly took place, there was no law in Austria that allowed for the criminal investigation of companies. She added that the firm has full confidence in Mr. Reiter's integrity. "KPMG is convinced it was proper to give our unrestricted confirmation of Bawag's annual reports," the spokeswoman said.

Mr. Reiter couldn't be reached for comment.

KPMG Austria is the local affiliate of KPMG's global network. While firms within the network share the KPMG name, they operate as legally independent partnerships. Such arrangements are designed to prevent problems at one firm from affecting others in the network. As a result, any potential problems tied to Bawag could be contained to employees at KPMG's Austrian unit and not impact firms in other countries.

Austrian authorities have interviewed key bank figures. Earlier this year, in a statement to investigators, former Bawag CEO Helmut Elsner said Mr. Reiter attended an emergency Bawag management-board meeting in 2000. That meeting was called after Austrian businessman Wolfgang Flottl revealed he had lost €433 million, or $549 million at current exchange rates, from bad bets on the pricing of the yen. Mr. Flottl is the son of the former head of the bank. After the meeting, a KPMG representative agreed not to mention the loss in KPMG's statement in the bank's annual report if the Austrian Trade Union Federation, Bawag's majority shareholder, gave a guarantee to cover the loss, according to an Austrian National Bank audit.

The KPMG audit for Bawag's 2000 results said, "We are convinced the said transactions have been properly booked and evaluated, particularly in the field of derivatives," according to an Austrian Finance Ministry report.

Mr. Reiter was the lead auditor of Bawag for KPMG. Mr. Elsner was arrested last week at his home in France. Neither Mr. Elsner nor his lawyer could be reached for comment. Mr. Flottl has denied any wrongdoing. A spokesman for the Vienna prosecutor's office declined to comment.

This summer, Bawag reached a settlement with U.S. authorities, including the Justice Department, and Refco creditors. That settlement potentially could total $675 million.

IRS Investigates Calif. Church (AP-Y)

By Gillian Flaccus

AP, September 21, 2006

With the campaign season in full swing, a liberal church is locked in an escalating dispute with the IRS over an anti-war sermon — delivered two days before the 2004 presidential election — that could cost the congregation its tax-exempt status.

Religious leaders on both the right and left are watching closely, afraid the confrontation at All Saints Church in this Los Angeles suburb will compromise their ability to speak out on issues of moral importance such as abortion and gay marriage during the midterm elections.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status, they cannot endorse candidates or parties. Most who do so receive a warning.

According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was the Church at Pierce Creek near Binghamton, N.Y., which was penalized in 1995 after running full-page ads against President Clinton in USA Today and The Washington Times in 1992 during election season.

Before this fall's congressional races, the IRS warned that it would be scrutinizing churches and charities — important platforms, particularly for Republicans — for unlawful political activity.

All Saints is an Episcopalian church of about 3,500 — the largest west of the Mississippi — and has long had a reputation for liberal social activism among its largely affluent, Democratic-leaning membership. During World War II, its rector spoke out against the internment of Japanese Americans. The Rev. George Regas, who headed the church for 28 years before retiring in 1995, was well known for opposing the Vietnam War, championing female clergy and supporting gays in the church.

The dispute centers on a sermon titled "If Jesus Debated Senator Kerry and President Bush" that Regas delivered as a guest pastor. Though he did not endorse a candidate, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

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"I believe Jesus would say to Bush and Kerry: `War is itself the most extreme form of terrorism. President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq,'" Regas said, according to a transcript.

The IRS reprimanded the church in June 2005 and asked that it promise to be more careful. Church officials refused.

Last week, the IRS demanded documents and an interview with the rector by the end of the month. Church officials will probably fight the action, said the rector, the Rev. Ed Bacon. That would mean the IRS would have to ask for a hearing before a judge.

"You can't talk about the love of the neighbor without talking about public policy," Bacon said.

Pastors elsewhere echoed those sentiments.

In South Dakota, where citizens in November will vote on the nation's most restrictive abortion law, preachers have taken classes to avoid breaking federal law.

"I would think that that speech should not be censored and neither should ours," said the Rev. Ron Traub of the Pasadena case.

Traub, senior pastor at the First Assembly of God in Sioux Falls, S.D., said he never mentions candidates by name but tells his congregation to vote for the abortion ban and for politicians who espouse the church's values.

"When the IRS comes into my pulpit and tells me I cannot speak on issues, on spiritual and moral issues, I believe my congregation will be willing to stand with me and say, `If you want to take away our IRS status, go ahead,'" he said. "The only approval that we need is the approval of God."

Steve Miller, commissioner of the IRS tax-exempt and government entities division, would not comment on the specifics of the investigation but denied the agency had any partisan agenda.

"It's a delicate area, there's no question," Miller said. "But we are not trying to curtail people's right to speak."

Miller said the agency completed investigations of 90 tax-exempt churches and charities in 2004 and found wrongdoing in 70 percent of the cases. Four — none of them churches — lost their tax-exempt status. In 2005, the agency began audits of 70 churches and charities and has 40 cases pending so far this year.

Earlier this year, IRS Commissioner Mark W. Everson promised more robust enforcement.

In recent years, Republicans in particular have teamed with conservative evangelical leaders to motivate would-be voters, a strategy credited with helping President Bush win re-election. Intensified IRS enforcement could erode the relationship between religious and political leaders, according to some political strategists.

"The IRS action will hinder the ability of some of the churches to make their lists available, to make their pulpits available, to make their sanctuaries available," said Democratic strategist Donna Brazile.

Others say the All Saints case will barely affect politicians' use of churches.

All Saints has been known as "a headquarters for political activity" since the 1970s, said Steve Frank, a GOP consultant who organizes churches for political campaigns. The IRS is probably using the sermon as an excuse to investigate the church's expenditures, Frank said.

"It's not a question of the IRS going after one ideology. They're going after anybody that violates the law," he said. "The reality is it doesn't stop a minister from teaching ... what they believe is the truth within the Bible."

CONGRESS-ADMINISTRATION:

Senate Panel Backs Bush's FDA Nominee (AP-Y)

AP, September 21, 2006

A Senate committee Wednesday approved President Bush's nominee to head the Food and Drug Administration, but a full Senate vote to confirm Dr. Andrew von Eschenbach was in doubt.

Von Eschenbach overcame earlier stalling tactics by two Democratic senators pending an agency decision to allow nonprescription sales of the morning-after pill. But now two Republican senators have pledged to block his confirmation, each for separate reasons.

Sen. Jim DeMint of South Carolina, wants von Eschenbach to suspend sales of the abortion pill RU-486 and investigate whether it increases the likelihood of infection by a rare but deadly bacterium. Louisiana Sen. David Vitter wants the FDA to legalize the importation of some prescription drugs from Canada.

Von Eschenbach has headed the FDA on an acting basis for the past year. The agency has been without a permanent head for all but 18 months of the Bush administration.

"We need a strong leader at the FDA right now, one who has a mandate to act," said Sen. Mike Enzi, R-Wyo. "There are many items before the FDA that require the immediate attention of an FDA commissioner vested with full authority. It is time (for) the Senate to move forward with this nomination."

Enzi is chairman of the Senate Health, Education, Labor and Pensions Committee, which approved von Eschenbach's nomination by voice vote Wednesday.

The nominee hopes to be confirmed and "looks forward to working with Congress on the FDA's broad and ambitious public health agenda," FDA spokeswoman Susan Bro said in a statement.

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F.D.A. Nominee Advances; Hurdles Linger (NYT)

By Gardiner Harris

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — A Senate committee voted on Wednesday to approve Andrew von Eschenbach to head the Food and Drug Administration, but hurdles to his confirmation remain.

Dr. von Eschenbach has been acting commissioner for a year. Action on his nomination was held up for six months because of objections from two Democratic senators, and now two Republicans have promised to delay a confirmation vote for entirely different reasons.

All of which left Senator Michael B. Enzi, the chairman of the Senate Health, Education, Labor and Pensions Committee, uncharacteristically testy on Wednesday.

"The F.D.A. commissioner has to be the toughest thing outside of a Supreme Court justice to get passed around here," Mr. Enzi, a Wyoming Republican, said after the hearing.

Mr. Enzi said he and Senator Edward M. Kennedy of Massachusetts, the senior Democrat on the panel, would work to persuade their colleagues to approve Dr. von Eschenbach's nomination "virtually full time" until the Senate convenes next week.

But with each passing day, the chances narrow that Dr. von Eschenbach's nomination will be approved. As it was on Wednesday, the committee had trouble assembling a quorum. Its hearing was delayed, and then it moved to a small reception room in the Capitol that barely fit the more than 50 staff members, reporters and senators who crammed into it.

When enough senators finally filtered in, Mr. Enzi read through the bills and nominations before the committee like an auctioneer fearing rain. Only Senator Barbara A. Mikulski, Democrat of Maryland, managed to get in a word edgewise.

"As you know, the F.D.A. is located in my state," Ms. Mikulski said, as the crush of reporters and staff towered above her. "There is a crisis of morale at the F.D.A., and I take him at his word that he will deal appropriately with this."

Senator Hillary Rodham Clinton, Democrat of New York, started to speak next. "Mr. Chairman, I — — " was as far as she got. Mr. Enzi raised his hand.

"We'll keep the record open for the rest of the day to reflect any members' statements," he said, and glanced at Mrs. Clinton, who nodded in return. He asked for a vote. It was unanimous.

And that was it.

Senator David Vitter, Republican of Louisiana, has promised to hold up Dr. von Eschenbach's nomination until the Bush administration agrees to legalize imports of cheaper drugs from abroad. And Senator Jim DeMint, Republican of South Carolina, said he would not allow the nomination to proceed until Dr. von Eschenbach took action to suspend sales of RU-486, the abortion drug. The F.D.A is not expected to take any such action soon.

Any senator can place a "hold" on a presidential nomination, preventing the full Senate from voting on it.

With so little time left in the current session, even a brief delay in voting on Dr. von Eschenbach's nomination would probably end his chances of being confirmed until December at the earliest. If the Senate fails to act before January, President Bush would have to renominate him.

The F.D.A. has been without a confirmed commissioner for all but 18 months of the Bush administration.

Previously, Mrs. Clinton and Senator Patty Murray, Democrat of Washington, had held up Dr. von Eschenbach's nomination as a protest against the agency's three-year delay in deciding whether to allow over-the-counter sales of the emergency contraceptive Plan B. Last month, Dr. von Eschenbach approved the Plan B application, removing the Democrats' objections.

Mr. Enzi noted that he and Mr. Kennedy had written a bill that proposes overhauling the way the F.D.A. monitors the safety of marketed drugs.

"It's hard to do those kinds of reforms without a confirmed commissioner," Mr. Enzi said.

Chris Dodd, U.N. Ambassadors Blocking Bolton's Confirmation (NHUL)

By Robert Novak

New Hampshire Union Leader, September 21, 2006

THE FOCUS temporarily is on Sen. Lincoln Chafee, a frequently unfathomable maverick Republican, as the days dwindle down for this Congress to permit John Bolton to continue as U.S. ambassador to the United Nations. But Bolton's two-year struggle to get confirmed can be directly traced to a determined Democratic senator and the vengeful U.N. secretariat.

Senate Republican Whip Mitch McConnell sat down Tuesday for a heart-to-heart talk with Chafee, pleading with him to permit Bolton's nomination to reach the Senate floor. The reason Chafee is in this pivotal position can be attributed to Sen. Christopher Dodd's fierce open opposition to Bolton, and U.N. Secretary-General Kofi Annan's stealthy sabotage, executed by his deputy, Mark Malloch Brown.

Bolton's ordeal provides a cautionary tale for any foreign policy conservative who wants to serve his country in Washington.

Indeed, some of Bolton's colleagues in the State Department (where he was an under secretary in George W. Bush's first term) were backstabbing when the President named him U.N. envoy. Bolton's overriding defect was his anti-Castro views, which collided with

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Dodd's goal of "normalizing" relations with Communist Cuba. Dodd was able to mobilize Democratic colleagues in a deadlock -- creating demand for executive branch documents involving Bolton.

Republican Sen. George Voinovich did not like Bolton's blunt answers to his Democratic antagonists in last year's Foreign Relations Committee hearings. He unexpectedly voted against Bolton but permitted the nomination to reach the floor without recommendation. That did not help find the 60-vote supermajority to cut off a Dodd-managed filibuster.

Bolton's vigorous U.N. performance under a recess appointment made Aug. 5, 2005, when the Senate was not in session, convinced the fair-minded Voinovich to change his position.

Bolton was set for a favorable committee roll call on Sept. 7 when it became clear that the White House had misread Chafee in believing it had his vote for Bolton. The President's political team had gone all out for Chafee, who was fighting for his political life in the Sept. 12 Rhode Island Republican primary. Nevertheless, Chafee informed Chairman Richard Lugar he could not support Bolton, and Lugar cancelled the committee meeting.

Chafee's avowed complaint, laid out in a letter to Secretary of State Condoleezza Rice, had nothing to do with Bolton's performance at the U.N. Chafee complained that U.S. Middle East policy under Bush tilted too much toward Israel, and demanded an answer before he would discuss Bolton's nomination.

Although the Bush administration generally answers letters from Capitol Hill with glacial speed, Rice immediately responded to Chafee. The senator, however, was in no hurry to get back to Washington from Rhode Island after his renomination. Thus, McConnell waited a week before pressing Chafee Tuesday to support Bolton (as he did last year) or at least permit the nomination to go to the Senate floor. The outcome of the meeting was not divulged.

Dodd still lies in wait, hoping to filibuster Bolton again, but he does not appear to have the votes this time. AIPAC, the pro-Israel lobby, now backs Bolton, and the usually partisan Democrat Sen. Charles Schumer has indicated he will change his vote from last year and vote for cloture to end debate.

Bolton's confirmation for another two years at the U.N. would be bad news for the secretariat. According to U.N. sources, Malloch Brown has been stirring up anti-Bolton sentiment with his fellow ambassadors, who in turn have contacted senators. Bolton has demanded reform at the U.N., and that has not made him popular with the world organization's bureaucrats. They would like nothing better than to give this conservative diplomat his comeuppance.

Robert D. Novak is a Washington political columnist and commentator on the FOX network.

Nomination On Hold For Public Broadcasting Post (LAT)

By Matea Gold

The Los Angeles Times, September 21, 2006

NEW YORK — Television sitcom producer Warren Bell's appointment to the board of the Corporation for Public Broadcasting appears in jeopardy after the Senate Commerce Committee on Wednesday abruptly pulled him from a nomination hearing scheduled for today.

A spokesman for Republican Sen. Ted Stevens of Alaska, the committee chairman, said Bell was removed from the agenda because several senators on the panel had concerns about his nomination. Hearings for two other CPB nominees — former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's public broadcasting TV station KQED — are still going forward today.

Bell, executive producer and show-runner of ABC's "According to Jim," was tapped by President Bush in June to serve on the board of the private, nonprofit corporation that distributes federal funds to local public television and radio stations.

The selection of the outspoken conservative disquieted many public broadcasting officials, who were troubled by partisan comments Bell has posted on the website of the conservative National Review magazine. His sharp opinions caused some broadcasters to fear that Bell would rekindle the fierce political debate that engulfed the corporation last year under the leadership of former Chairman Kenneth Y. Tomlinson.

Bell — who described himself in a May 2005 column as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues" — said in an interview in July that he would set aside his politics as a CPB board member.

"My intent for my service with CPB is to ensure a strong, healthy, vibrant public broadcasting system for everyone to be proud of," he said.

The White House said Wednesday that Bush had not withdrawn Bell's name.

"President Bush continues to support his nomination," said Emily Lawrimore, a White House spokeswoman.

But committee sources said it remained unclear whether Bell's hearing would be rescheduled or whether the panel would ask Bush to submit someone else.

"This is an indication that a critical mass of the Senate Commerce Committee, including the leadership, shares with us some pretty serious reservations about the credentials of Mr. Bell," said John Lawson, president of the Assn. of Public Television Stations.

Bell said he had no comment on the committee's move.

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The panel's wariness about his nomination underscores the desire among many lawmakers to avoid the politicization that occurred during Tomlinson's tenure, when his efforts to promote more conservatives within public broadcasting stirred controversy. He resigned after an internal investigation found that he had broken federal law.

In recent days, the debate over Bell's nomination intensified as former and current colleagues of the veteran producer came forward with conflicting accounts of his philosophy about public broadcasting.

In a letter sent Tuesday to the committee's ranking members, a married writing-and-producing team that worked with Bell for two years on "According to Jim" stated that they often heard him say that federal money should not be "wasted" on programs like public broadcasting.

Jeffrey B. Hodes and Nastaran Dibai said the topic came up during political discussions that frequently arose in the show's Studio City production offices. They served as executive producers on the ABC comedy before leaving in 2005.

At one point, "We said to him, 'How would you change CPB?' " Hodes said in an interview. "He said, 'I would dismantle it.' "

Another former writer on "According to Jim," who declined to be named out of fear his comments could jeopardize his employment in the industry, said he also heard Bell make a similar remark.

Bell rejected their accounts.

"I wholeheartedly support federal funding for public broadcasting, and I always have," he wrote in an e-mail Wednesday.

Many of his staff have come forward to back him.

Ron Hart, an executive producer on "According to Jim" who has worked with Bell for three years, said he never heard him express a desire to eliminate funding for public broadcasting.

"He was worried people were going to go after him because there's a perception that conservatives want to get rid of it, but he didn't have that opinion," said Hart, who described himself as liberal.

In addition, 16 current and former colleagues of Bell voiced support for his nomination in a letter to the committee's ranking members, stating that while many of them did not share his political views, they believed he would be good for CPB.

"He's a smart, intelligent, creative guy," said Chris Nowak, a writer on "According to Jim" who drafted the letter. While Bell is his boss, he said he was supporting him on his own volition.

All of Bell's colleagues agreed that he was vocal about his conservative politics, an outlook that made him stand out among the show's largely liberal staff. Political subjects spark banter and debate in the writing room, but "Warren is a reasonable dude," said Nowak, adding that he shared some of Bell's viewpoints.

However, Bell's contributions to the National Review Online — including a piece in which he said he would hug House Minority Leader Nancy Pelosi (D-San Francisco), except "that sort of thing leaves a stain" — disturbed public broadcasting officials. (Bell has said that the comment was a joke.)

Some broadcasters also questioned Bell's credentials for the post. While he has worked for 17 years on sitcoms such as "Life's Work," "Ellen" and "Coach," he does not have any public broadcasting experience.

Bell said in July that he was surprised by the nomination, but added that he viewed it as an opportunity use his expertise in scripted programming to help PBS develop a stronger schedule.

Senators, Judges Face Off Over Breaking Up 9th Circuit (AP)

By Erica Werner, Associated Press Writer

AP, September 21, 2006

WASHINGTON (AP) - Senators, judges and a Bush administration official clashed Wednesday over splitting up a San Francisco-based federal appeals court, with Democrats charging political motives by Republicans fed up with the court's left-leaning rulings.

Not so, said Republicans. They contended the 9th U.S. Circuit Court of Appeals, by far the nation's largest federal circuit, has gotten too big to be effective and would operate better if split in two.

"At what point is it unmanageable?" Sen. John Ensign, R-Nev., asked at a Senate Judiciary Committee hearing.

The 9th Circuit covers nine states with about 54 million people and the appeals court has 28 judgeships.

It's so big the judges don't all hear cases together as they do in other circuits. Critics, including the Bush Justice Department, argue there are inconsistencies from one ruling by the court to another.

The court has also issued a series of rulings that outraged Republicans - for example, a 2002 opinion that declared the Pledge of Allegiance unconstitutional when recited in public schools. Its rulings often are reversed by the U.S. Supreme Court.

Ensign and Alaska Republican Sen. Lisa Murkowski have sponsored legislation that would break the circuit in two. A new 9th Circuit would cover California, Hawaii and the Pacific Islands, and a new 12th Circuit would cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona.

Similar legislation passed the House in December. Breaking up the court has been a longtime Republican goal.

"Let's be frank: the motivation behind splitting the circuit is political," said Sen. Max Baucus, D-Mont. "It's an attempt to control the decisions of the judiciary by rearranging the bench."

Most judges on the circuit oppose the break-up. Judges testified for and against Wednesday.

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The hearing featured a clash between Sen. Dianne Feinstein, D-Calif., and Assistant Attorney General Rachel Brand of the Justice Department's office of legal policy.

The Justice Department now supports the circuit split but has opposed it under past administrations.

"What has changed?" Feinstein demanded to know.

Brand responded that the Justice Department, often a party to litigation before the 9th Circuit, has concluded it moves too slowly and sometimes has inconsistent decisions.

Feinstein said she's never heard such a complaint from the Justice Department, including once when she had lunch with Attorney General Alberto Gonzales.

"So I can only conclude, and I must just say this, that this is political, that it has nothing to do with the performance of the circuit," Feinstein said.

"Our opposition has nothing to do with the outcome of any particular case," Brand responded.

"There is a very strong Justice interest in consistency in the law. People have to know what the law is," she said.

Feinstein told Brand to give her written examples showing where the circuit has been inconsistent.

"The Justice Department has now joined the fray and I want them to put up," she said.

High Court Advocate Gets A Little Help From Friends On Missed Deadline (LAW)

By Tony Mauro, Legal Times

Legal Times, September 21, 2006

Every lawyer's nightmare -- inadvertently missing a court filing deadline -- has come true for Roy Englert Jr. Adding to the pain is that the court whose deadline he missed is the Supreme Court, where such mistakes tend to get noticed more than they might elsewhere.

But if there is any consolation, it is this: As competitive as the Supreme Court practice is, it is collegial enough that some of Englert's brothers at the bar have rallied to his side. Former Solicitors General Charles Fried and Seth Waxman have filed a brief asking the Court to clarify its rule that Englert ran afoul of and, in the process, to accept his out-of-time petition. As the brief, written by Fried, notes, "There but for the grace of God go I." The Court will consider the issue at its conference Monday.

Englert, a veteran Supreme Court practitioner and partner at Washington's Robbins, Russell, Englert, Orseck & Untereiner, was hired by Northwest Airlines to file a petition challenging a decision by the 6th U.S. Circuit Court of Appeals that sided with Spirit Airlines in a long-simmering predatory-pricing dispute. The suit originally filed by Spirit has not gone to trial, but the appeals court decided some significant issues, about what a jury needs to consider, in Spirit's favor.

On April 17 the office of Northwest's 6th Circuit counsel alerted Robbins Russell that the circuit court had denied a petition for a rehearing of the case. For Englert that meant he had 90 days to file a petition with the Supreme Court.

He did just that on July 17, and the case of Northwest Airlines v. Spirit Airlines was given the docket number 06-77. But on July 20 a Supreme Court case analyst in the clerk's office called Englert with bad news; according to the 6th Circuit, the denial of rehearing was actually issued April 13, not April 17, making the petition to the Supreme Court several days late. Since Englert had not requested an extension during the 90-day period -- extensions of up to 60 days are allowed by statute -- the petition was deemed out of time. The case was yanked from the docket, meaning the 6th Circuit ruling would stand. Not a good result for Northwest.

The next day, Englert filed a motion asking the Court to direct the clerk to accept the petition out of time, an action reported first by Scotusblog, a weblog that focuses on Supreme Court developments. Englert took full responsibility for the error but described it as "classic excusable neglect" that did not prejudice any party in the case. While recognizing that the Court has been strict about enforcing its deadlines, Englert argued that nothing in the relevant statutes precludes parties from seeking an extension after the 90-day deadline has passed.

"The Court has the freedom to take into account all circumstances," Englert argued in the motion, "in exercising its discretion whether to accept the petition, but the Court's power to do so is beyond reasonable question."

In an interview, Englert says, "This is not a happy moment in my life." He adds, "I have never missed a court deadline like this in 25 years of practice."

Englert acknowledges that "courts have to have deadlines," and he understands the clerk's interest in treating all petitioners equally. "But the Court has been taking an unduly harsh attitude, without Congress saying it has to."

Englert declined to say what Northwest's reaction to the situation has been, and efforts to obtain a comment from the company were unsuccessful. Spirit's lawyers also did not return messages, and they have not filed a reply to Englert's motion -- nor are they required to. In the lawsuit, Spirit claims Northwest illegally undercut its ticket prices in the 1990s to drive Spirit out of the Boston and Philadelphia markets.

Meanwhile, Englert has sought out some top-drawer amicus curiae help from former solicitors general. Both Fried and Waxman agreed; Kenneth Starr, the only other former SG he asked, did not respond, according to Englert.

Fried also argues that the deadline issue "is an open question that should be resolved by the Court itself. So far, it seems to have been decided only by the clerk's office."

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Currently a Harvard Law School professor, Fried says he was glad to write the brief gratis on Englert's behalf. "I would no sooner charge for it than I would bill my grandson for milk and cookies."

Fried agrees that his brief is an example of the collegiality of the Supreme Court Bar. "Lawyers are professional adversaries and professional friends, and when someone you work with and sometimes work against is in a situation like this, one ought to consider stepping up to the plate," Fried says. "Collegiality is what makes it a profession, and there's not enough of it."

Collegiality or no, other high court advocates say that Englert and his amici will have an extremely hard time persuading the Court to relax its rule. The high court views the 90-day rule as a jurisdictional matter, which means that after the 90th day, the Court does not even think it has jurisdiction over a case.

"I feel for Roy. It could happen to any of us," says another high court veteran, who preferred to remain unnamed. "But I don't see what's in it for the Court to grant his motion."

But not all is lost for Northwest, even if Englert's motion fails. The case would go back to lower courts for trial, and on appeal it could return to the Supreme Court, presumably meeting deadlines every step of the way.

GAO Report: VA Underestimated Care Costs (WP/AP)

By Jennifer Talhelm

The Washington Post/AP, September 21, 2006

WASHINGTON -- The government used prewar data to estimate the cost of caring for veterans from Iraq and Afghanistan, contributing to a $3 billion budget shortfall at the Veterans Affairs Department since 2005, congressional investigators say.

The department used "unrealistic assumptions, errors in estimation and insufficient data" to project its budget, the Government Accountability Office said in a report Wednesday.

Investigators also said the VA failed to estimate correctly the costs for these war veterans partly because the agency could not get accurate information from the Defense Department.

In addition, the VA agency failed to tell Congress in a timely way that it was struggling to meet its expenses. The problems led officials to make requests for an extra $3 billion last year, according to the GAO.

Department officials said they agreed with the findings and were working to improve. Secretary Jim Nicholson said in a statement that the VA uses "highly reliable actuarial projections of health care demand" but that the agency continues to "refine" its modeling.

"The bottom line is to provide the leading-edge health care and benefits that our veterans deserve," he said.

Democrats, who requested the report, used it to criticize the Bush administration for what they said was inadequate care of veterans from the two wars. The VA will receive about $31.5 billion to provide health care for about 5.4 million patients this year.

The report is "a stunning indictment of this administration's commitment to our troops," said Sen. Patty Murray, D-Wash.

Democrats urged Nicholson to provide an accurate plan for how it will meet veterans' needs in the future.

"We should not be running a VA system that is going to be short on the funding for health care," said Sen. Ken Salazar, D-Colo.

House Democrats began circulating a letter to President Bush asking that he "fully fund" the VA so it will not have to rely on "accounting gimmicks" and "inaccurate health care projections" when developing its budget.

Investigators said the VA knew 2005 would be a tight budget year and attempted to manage the expenses and cut costs. But officials were overly optimistic _ and sometimes plain wrong _ about how effective the changes could be, the GAO found.

One plan called for the VA to reduce the average daily patient workload in its nursing homes. But the proposal would have required the agency to cut staff and discharge or transfer in a short time potentially thousands of veterans with severe, chronic physical or mental disabilities.

The plan also would have forced the veterans to dip into Medicaid, private insurance or their own savings to pay for care, the GAO found.

Instead, in June 2005, with three months left in the budget year, the administration requested an extra $975 million from Congress to meet its expenses. That included $273 million for Iraq and Afghanistan veterans.

A month later, the administration asked for an additional $1.977 billion for the 2006 budget year.

In response, Congress required the VA to provide quarterly status reports. But the GAO review found the agency has omitted important information from the reports about the cost to treat patients.

The agency has since worked to improve its estimates and its coordination with Congress and the administration's budget office, according to the GAO.

Top Republican Says Ney Should Resign (AP-Y)

By David Hammer

AP, September 21, 2006

A member of the Republican leadership added his name to the list of GOP lawmakers calling for Rep. Bob Ney to resign.

When reporters asked some GOP leaders Wednesday whether Ney should resign, House Rules Committee Chairman David Dreier, R-Calif., responded, "Absolutely."

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Last week, Ney admitted improperly accepting trips, meals, sports tickets and casino chips while trying to win favors for a disgraced Washington lobbyist and a foreign aviation company. The six-term lawmaker remains in a rehabilitation center for treatment of alcohol abuse, a problem he disclosed when his agreement to plead guilty was announced Friday.

Ohio state Sen. Joy Padgett, who was hand-picked by Ney to run to replace him, called on the House to move as soon as possible to expel Ney from Congress if he doesn't resign immediately. The House can expel a member with a two-thirds majority vote.

Other Republicans calling for Ney to resign include fellow Ohioans Steve Chabot, Deborah Pryce, Ralph Regula and Pat Tiberi. House Majority Leader John Boehner has said the decision of whether to resign is entirely up to Ney and his family.

Pryce repeated her call for Ney's resignation.

"It's a tragedy this happened to his family, but he has betrayed the trust of his constituents," she said.

Ney lawyer William Lawler said Ney still had no plans to resign.

Pressure Mounts For Ney To Resign (HILL)

By Patrick O'connor

The Hill, September 21, 2006

Republicans are calling for Rep. Bob Ney (R-Ohio) to resign before he appears in court next month, but some fear his enrollment in a treatment facility for alcohol abuse might prevent the congressman from heeding those calls.

Republicans in Ney's home state of Ohio have been among the first to call for his resignation before his scheduled court appearance Oct. 13.

Joy Padgett, the Republican running to replace him, called on Ney to step down on Monday, and Conference Chairwoman Deborah Pryce (R-Ohio), who is locked in her own difficult reelection fight, said yesterday that her Ohio colleague should step down before his court date.

"I feel that the members from Ohio believe very strongly that Bob Ney should resign," Pryce said during a media briefing yesterday. "It's a tragedy that this happened to his family, but he has betrayed the trust of his constituents and his colleagues."

Leaving that briefing, Rules Chairman David Dreier (R-Calif.) said he also believed Ney should resign in response to follow-up questions about Pryce's remarks.

Pryce and others have suggested Ney's enrollment in a rehabilitation center for alcohol abuse prevents members and staff from contacting him while he is admitted.

House Majority Leader John Boehner (R-Ohio), who has said Ney himself must determine whether or not to resign, briefly mentioned the possibility that Democrats may introduce a resolution to expel Ney from the House during the GOP's regular closed-door session Wednesday morning, members and staff in the meeting said.

"I feel sorry for him and really feel sorry for his family, but there has been no conversations about it amongst us in terms of what he should or shouldn't do," Boehner told reporters on Tuesday.

Any member can call for a vote to expel the Ohio Republican after notifying leadership of plans to bring a privileged resolution to the floor – majority and minority leaders do not need to give notice to bring a resolution to the floor.

Democratic leaders are taking a wait-and-see approach to whether they will offer a resolution to expel Ney, according to a Democratic leadership aide. So far, they have avoided signaling whether or not they plan to offer such a resolution, preferring instead to keep Ney in the news so that House Republicans must continue to ask questions about him.

Boehner and some leadership aides have suggested that Ney must first plead guilty before they could proceed to expel him.

The official expulsion process, which would be managed by members of the House ethics committee, is a three-step process that requires a formal investigation – one was initiated in May – a hearing before a separate sub-panel and a vote by the entire committee. The entire House would then vote on the matter after the committee vote.

Earlier this week, Republican Reps. Rick Renzi (Ariz.) and Heather Wilson (N.M.) announced that they had donated campaign contributions they had received from Ney to charity. The Ohio Republican has not been a prolific donor this election cycle.

Ney has given $4,000 to Republican candidates this cycle, all of which was donated during 2005, according to PoliticalMoneyLine.com and the Center for Responsive Politics website.

Those contributions include $2,500 to House candidate Pat DeWine, who lost in the special-election primary to fill former Rep. Rob Portman's (R-Ohio) suburban Cincinnati seat, $1,000 to Rep. Mike Conaway (R-Texas) and $500 to Rep. Thelma Drake (R-Va.).

Leaders Boost Pressure On Ney (RC)

By Susan Davis

Roll Call, September 21, 2006

With three weeks still left before Rep. Bob Ney (R-Ohio) officially pleads guilty to a pair of federal charges, House Republican leaders on Wednesday stepped up their public calls for the embattled lawmaker to resign from the chamber immediately.

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While House Majority Leader John Boehner (R) remained reluctant to pressure his fellow Ohioan to step down from his post — and Democrats so far have stopped short of pushing an expulsion resolution on the House floor — Boehner's fellow leaders were far more definitive in their statements.

"I do, as a member from Ohio, believe very strongly that Bob Ney should resign," House Republican Conference Chairwoman Deborah Pryce told reporters Wednesday. "It's a tragedy that's happened to his family but he has betrayed the trust of his constituents and his colleagues here in the House."

When asked if Pryce's view was the position of leadership, House Rules Chairman David Dreier (R-Calif.) responded, "Yep, absolutely."

Speaker Dennis Hastert (R-Ill.) has made no public announcements on Ney's resignation but indicated Wednesday that he was working on getting a letter from the Ohioan soon.

"We'll get this worked out," he said, when asked if Ney should offer his resignation.

House GOP leaders aren't the only Republicans pushing for Ney to step down now. In Ohio's 18th district, the candidate Ney endorsed to succeed him, state Sen. Joy Padgett (R), said earlier this week that if Ney doesn't resign the House should expel him as soon as possible.

Padgett has been attacked by Democrats for her endorsement by Ney, and some Republican lawmakers privately fear that the longer Ney remains in office, the longer they will have to deal on the campaign trail with stories about GOP corruption.

Last week Ney announced he would plead guilty to conspiracy and making false statements on Oct. 13 in federal court, and Boehner said Tuesday he did not believe that Ney should have to resign before that date.

"After Oct.13, when he is scheduled to go to court, or up until Oct. 13, when he is scheduled to go to court, they could change the agreement, he could change his mind," Boehner said. "A lot of things could happen between now and then and I would prefer to allow this decision to be his."

Ney did send letters of resignation to Hastert last Friday to relinquish his remaining committee chairmanship, but his office has not said when Ney plans to resign from the House. Ney's office did not return calls seeking comment Wednesday.

Ney currently is in a rehabilitation facility seeking treatment for alcoholism, which has garnered him some level of sympathy from his House colleagues, even as some Republicans remain angry that Ney repeatedly swore he was innocent before agreeing to plead guilty to federal charges.

Both Republican and Democratic House leaders are at this point reluctant to force Ney out of the House with a formal House vote, known as a motion to expel, although Democrats are reserving the right to do so.

"We would hope that Mr. Ney would do the right thing and resign," said Jennifer Crider, a spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.).

House GOP aides suggested that Ney could be postponing his resignation for financial reasons, as House Members are paid on the first of every month, and a resignation beforehand would deprive Ney — who has no personal wealth — and his family of a significant portion of his Congressional income.

Legislation On Pets In Emergencies Is Sent To Bush (NYT/AP)

By The Associated Press

The New York Times, September 21, 2006

Congress called for emergency preparedness plans that include helping individuals and families with pets, under legislation sent to President Bush. The bill calls for state and local emergency preparedness plans to make provisions for families with pets and individuals with service animals. It grants the Federal Emergency Management Agency the authority to help state and local governments develop emergency and evacuation plans that take pets and service animals into account. It also authorizes some federal financial help for states establishing emergency shelters for people and their pets.

Senators Criticize Regulators Over New Mortgages (WP)

By Kirstin Downey

The Washington Post, September 21, 2006

At a Senate Banking Committee hearing yesterday, legislators and consumer advocates prodded federal banking regulators to move more quickly to put restrictions on non-traditional mortgage lending, because, they said, the new kinds of mortgages may place borrowers and lenders at financial risk.

"It seems to me there's been a race to the bottom" in lending standards, said Sen. Jim Bunning (R-Ky.). He said that consumers don't seem to understand the new products, and that if real estate values continue to fall, the market "pullback" could become "a prelude to a crash."

"There's a plethora of new products that are destroying the lives of a whole lot of people," said Sen. Charles E. Schumer (D- N.Y.). "These were intended for rich, sophisticated buyers but they have been sold to the least sophisticated and most vulnerable."

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The popular loans, which include various adjustable-rate mortgages, interest-only loans and what are called "option" adjustables, share a common feature in that they allow borrowers to pay less money now but require them to pay more, sometimes much more, later. Monthly payments could double or triple when borrowers are required to pay the full interest and principal on the loan, several years down the road. About half of all non-traditional loans now require borrowers to pay a hefty fee, known as a prepayment penalty, if they try to sell the home or refinance to get better terms, according to George Hanzimanolis, a mortgage broker who spoke at the hearing.

The lending industry has defended non-traditional loans as a key reason that homeownership has reached a near-record high despite steep home prices. They say the loans can be tailored to meet individual needs, rather than the one-size-fits-all loans of past decades. But consumer advocates and an increasing number of legislators have questioned whether borrowers really understand what they are doing.

Last year, federal banking regulators said they intended to issue a regulatory "guidance," which is a kind of warning, to tell lenders to be more careful in making these loans and to make sure consumers understood them. At yesterday's hearing, the regulators said the guidance was still a few weeks away, something they have been telling legislators for several months.

Sen. Wayne Allard (R-Colo.) pushed the bank regulators appearing before the committee to say when, exactly, the guidance would be issued. Regulators from the Federal Deposit Insurance Corp. and Office of the Comptroller of the Currency said "soon" or "in a matter of weeks, not months."

"We were hoping for something more specific," Allard said.

Until recently, the lending industry had said the loans were being marketed to people with only the strongest financial records. But a report released yesterday by the Government Accountability Office found that about three-quarters of people whose option-ARM loans were packaged into securities in the first half of 2005 were not required to fully document their income.

The mortgage market has changed quickly, and senators and banking industry regulators and officials grappled yesterday with the ramifications. Only six years ago, most borrowers had either simple fixed-rate or adjustable-rate loans, but now more than one-third, particularly people in high-cost areas such as the District and California, have opted for the new variants, which are typically originated by mortgage brokers on behalf of lenders, who then sell the loans on the secondary market as securities. Traditionally, banks made loans to people they thought were good credit risks and held the loans or sold them to government-backed entities such as Fannie Mae and Freddie Mac, which resold many of them. But now many are sold as securities to other investors who appear to have a much higher risk tolerance.

Regulators Hit Backloaded Mortgages (WT)

By Patrice Hill

The Washington Times, September 21, 2006

Federal regulators found serious problems with backloaded mortgages that enabled buyers to buy high-priced homes in Washington and other booming markets, after examining the portfolios of six huge banks that make half the mortgage loans in the United States.

Sandra Thompson, a director at the Federal Deposit Insurance Corp., testified yesterday that some borrowers were not qualified to make escalating payments required under the loans, and the banks loosened their standards considerably to enable buyers to qualify, including "layering on" risks such as requiring no down payment or proof of income.

The problems raise the risk of defaults and foreclosures as the housing market stagnates, she told the Senate Banking, Housing and Urban Affairs Committee in Congress' first hearing on the new breed of mortgages, sometimes called "exotic" or "alternative" loans because they do not offer standard, fixed payments like those on 30-year mortgages.

Ms. Thompson said the bank insurance agency and other federal regulators soon will be issuing rules that prohibit banks from offering loans to consumers who cannot handle future payment increases and require more rigorous disclosures about the risks of the mortgages.

State banking regulators at the hearing said they would, as reported in The Washington Times, pass the federal rules along to the half of mortgage lenders, including state banks and mortgage brokers, not regulated by the federal bank agencies.

Exotic mortgage products such as "interest-only" loans and "optional payment [adjustable -rate mortgages]" took the mortgage market by storm when they started to be widely offered in 2003, jumping to become one-third of all loans issued nationally and half of the loans issued in high-priced markets like Washington in the past year, according to the FDIC.

All the mortgages have one essential characteristic: They allow borrowers to make minimal interest payments in the first few months or years, but at the cost of ballooning payments in future years that can double or triple the monthly bill.

Mortgage brokers often did little to warn consumers about the risks of exploding payments in marketing the loans, the regulators said. Brokers say privately they expect most borrowers to refinance the loans when the higher payments come due -- yielding more business and fees for the brokers -- or end up "house poor," without the money to spend on just about anything but their mortgage if they are to avoid default.

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The enticing but risky loans were an essential fuel feeding the housing boom that ended last year, the regulators said. During the housing boom, home prices doubled nationwide and tripled or more in Washington and other East and West Coast cities, an unprecedented run-up that many economists think constituted a housing bubble that is now bursting.

"The acceleration of the home price boom does appear to have been related to changes in the mortgage markets," Ms. Thompson said. "The greater availability of flexible mortgage structures probably allowed price increases to outstrip growth in incomes," while "high-priced homes probably induced at least some borrowers to use interest-only or payment-option mortgages in order to afford their homes."

One important change in the market that facilitated the boom in exotic loans was the advent of large private pools of investors, often gigantic hedge funds marshaling the resources of both domestic and foreign investors, she said. These investor pools, many of which had much lower underwriting standards than banks, stepped into the void created by the withdrawal of Fannie Mae and Freddie Mac from the loan-pooling market since 2003.

The FDIC sounded a strong warning about the risks to both borrowers and lenders now that the housing boom has ended. Foreclosures already are rising this year among borrowers faced with sharply higher loan payments.

Orice Williams, director at the Government Accountability Office, Congress' investigative arm, testified that it is too soon to tell whether exotic mortgages will lead to greatly increased defaults and foreclosures, but she said it is clear that better disclosures are needed to ensure consumers understand the loans and know what they're facing.

Exotic loans have been "concentrated in regional markets on the East and West coasts in states such as California, Washington, Virginia and Maryland," she said.

"A wide spectrum of borrowers may not fully understand their risks," she said, because they often have complicated terms, the advertising emphasizes the benefits rather than risks, and the disclosures consumers do receive are hard to understand.

She said federal regulators should revamp the decades-old Truth in Lending Act to require disclosures that cover loan features that add to consumer debt burdens but are not understood by many consumers.

Sandra F. Braunstein, a director at the Federal Reserve, said the central bank is rewriting the Truth in Lending Act regulations to address exotic loans, but she did not indicate when the new rules would appear.

Military Tests 1st Synthetic Fuel For Jets (USAT)

By William M. Welch

USA Today, September 21, 2006

More flights are just days away; airlines could reap benefits

EDWARDS AIR FORCE BASE, Calif. — A 46-year-old jet lumbered off a runway this week on a flight that could lead to a new domestic fuel source, not just for the military but for commercial aviation as well.

An Air Force crew took the aging B-52 bomber aloft for more than two hours above the Mojave desert test range here in the military's first jet flight powered with synthetic fuel.

Air Force Undersecretary Ronald Sega declared the flight a success, even though an unrelated technical problem — a balky hydraulic landing gear — prompted the crew to cut short planned test maneuvers.

The Air Force's experiment is being watched by a commercial aviation industry eager to stabilize and cut fuel costs, which have soared along with the price of oil this year.

Sega, the Air Force's top energy official, said establishing the viability of synthetic fuel “is potentially important to others as well as” the military. Once testing on the B-52 is complete, he said, the Air Force will try the fuel in more modern jet engines, including those that power the KC-135 airborne refueling tanker, which uses the same engines as the Boeing 737, a workhorse of airlines.

“Some of the engines we have are the same as in commercial aviation,” said Sega, a pilot and former space shuttle astronaut who rode in the cockpit for the test flight.

“We think this is a test that has potentially huge ramifications,” said Maj. Gen. Curtis Bedke, commander of the test center here.

The Air Transport Association, the airlines' trade group, said it “strongly supports the development of alternatives to traditional oil-based jet fuel.”

The bomber took off just after dawn with two of its eight engines powered with a 50-50 mixture of jet fuel, called JP-8, and a colorless synthetic fuel produced by a Tulsa-based company, Syntroleum. The synthetic was produced from natural gas, but officials said coal — which the nation has in abundance — could be used to produce an identical fuel.

The Air Force previously conducted more than 100 hours of ground tests with the fuel mixture. Within days, it plans to conduct more test flights, including use of the synthetic in all eight of the B-52's engines.

The objective of the tests is to establish that the 50-50 synthetic mixture produces engine performance equal to that of pure jet fuel, Air Force officials said. Their hope is that a switch to a synthetic mixture can be made without modifying aircraft engines, fuel systems and performance standards. The B-52 was chosen because its relatively old-fashioned fuel system permits crewmembers to manually direct fuel from specific tanks to each engine, making it easy to isolate the new mixture and measure its performance. Also, said Col. Arnie Bunch, crews were trained to land the craft under partial power if two engines fail.

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Sega said engines running the new fuel appeared to operate identically to the other engines, though researchers will pore over flight data before reaching conclusions. He said the Air Force may also consider other mixtures, including a higher proportion of synthetic, which tests suggest burns with less pollution than regular fuel.

While new to the military's skies, synthetic fuel has a long history. It was championed in the late 1970s by the Carter administration, before the collapse of oil prices reduced interest and economic viability.

Sega said the method of turning raw carbon sources such as coal or natural gas into usable fuel was developed by German scientists in the 1920s and used briefly by Germany during World War II and later by South Africa.

The Air Force, which is the military's largest user of fuel, began looking at the idea anew in 1999, said Michael Aimone, the Air Force's assistant deputy chief of staff for logistics. He said the Air Force uses 2.6 billion gallons of jet fuel a year, at a cost of $4.5 billion.

Commercial U.S. airlines burn more than 53 million gallons of jet fuel per day, the industry group says. Fuel now amounts to 20% to 30% of total airline operating costs, twice the historical average, it said.

The project took on a new priority after President Bush, in his Jan. 31 State of the Union speech, set the goal of using technology to replace more than 75% of oil imports from the Middle East by 2025.

Bedke and other military officials said they don't know yet what kind of cost savings, if any, could be gained from using synthetic fuel. But its viability has grown with the price of oil. Beyond such savings, however, the officials said there are strong potential benefits of synthetic fuel, including cleaner emissions and a stable domestic energy source.

Workers To Get Their Pick Of Dental, Vision Plans (WP)

By Stephen Barr

The Washington Post, September 21, 2006

The new dental and vision benefit program for federal employees and retirees tries to fill a gap in their health-care coverage by offering a mix of national and regional plans that vary in cost and enrollment options.

The program's design should make the federal premiums competitive with plans offered in the private sector, officials at the Office of Personnel Management think. By law, the government cannot provide a subsidy for the new benefits, but enrollees who stay in dental and vision networks will have lower costs.

The OPM officials kicked off the new dental-vision program yesterday after announcing premium increases for the federal employees health insurance program. Federal employees and retirees will have to do some homework to determine which dental and vision options best fit their needs, of course. But OPM briefing materials provided a snapshot of the program's design and the options offered by 10 vendors.

As with their health insurance, federal employees will be able to pay their dental-vision premiums on a pretax basis through a payroll deduction. Retirees may have their premiums withheld from their monthly pension checks, but the Internal Revenue Code does not provide a tax break for retirees.

When enrolling, federal employees and retirees will select one of three options: self-only coverage; self plus one, for the enrollee and a family member; and self and family, for eligible family members (such as unmarried, dependent children under 22).

In the Washington area, biweekly dental premiums range from $9.64 for the MetLife self-only standard option to $51.20 for the Government Employees Hospital Association's high-benefit family option.

Biweekly premiums for vision benefits will range from $2.63 for self-only coverage through the Spectera standard option to $16.21 for family coverage under the Vision Services Plan high option.

The only service that will not be available to enrollees right away is orthodontia.

One of the 10 vendors, MetLife, will offer two dental options, high and standard. The high option, the OPM said, will provide the highest per-person maximum benefit of any nationwide provider -- $3,000 per person annually. Orthodontia will be covered after a two-year waiting period, with a $1,500-per-person lifetime maximum under the standard option.

Another vendor, CompBenefits, a dental-health maintenance organization, will provide coverage in the District, Virginia, West Virginia and most of Maryland. There are fixed co-payments for each service, regardless of the amount of the charge. The plan has no benefit maximum, but it does not offer an out-of-network benefit in most areas. It also has no lifetime maximum for orthodontia.

In general, dental plans will cover basic services, such as exams, sealants and X-rays; restorative procedures, such as fillings, crowns and periodontal scaling; and some major services, such as root canals and complete dentures.

Visions plans will provide eye exams and coverage for lens, frames and contact lens. Other benefits, such as discounts on Lasik surgery, also may be available.

OPM officials said employees will be able to enroll for the dental-vision programs through a Web site or by calling a toll-free number and speak to a program representative.

Some federal employee health insurance plans cover some dental and vision services. That will serve as the first payer for services, and the new dental-vision program will be secondary. Dental and vision enrollees will be asked to provide information on their medical insurance plan to help coordinate benefits.

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To help reduce out-of-pocket costs, employees also will be able to use their flexible spending accounts, which require annual renewal, for any services that insurance doesn't pay for.

Federal employees and retirees will be able to enroll in the new program from Nov. 13 to Dec. 11. Coverage starts Dec. 31.Innovation Deadline

The deadline to apply for the $100,000 Innovations in American Government award has been extended to Tuesday to give applicants more time to prepare and file their material, program spokesman Carl Fillichio said.

Applications and information on the award, given annually to creative, effective government programs, may be found at http://www.innovationsaward.harvard.edu . The original deadline was Sept. 12.

The award is administered by the Ash Institute for Democratic Governance and Innovation at Harvard's John F. Kennedy School of Government in partnership with the nonprofit Council for Excellence in Government.

Unneeded And Divisive (WP)

The Washington Post, September 21, 2006

"UNNECESSARY and likely counterproductive." That's what a major interest group had to say Tuesday about a provision that has snarled completion of the defense authorization bill. The provision -- contained in the House version but not in the Senate-passed measure -- would permit military chaplains to offer explicitly sectarian prayers at public events. But that negative assessment, and the call on congressional negotiators to drop the amendment, didn't come, as you might assume, from the usual separation-of-church-and-state types. Rather, it was contained in a letter to lawmakers from the Rev. Ted Haggard, president of the National Association of Evangelicals. "At this time, our country needs no legislation in this area," the Rev. Haggard wrote. He is right.

The House provision has been pushed by some evangelical ministers who contend that new Air Force and Navy guidelines violate the rights of chaplains whose faith requires them to pray in the name of Jesus Christ when they offer public prayers. It would guarantee chaplains "the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

We respect the chaplains' convictions about the demands of their faith. But we are also concerned about having such sectarian prayers at events that military personnel of other faiths, or no faith at all, are compelled to attend. No one disputes that chaplains are free to pray as they wish, and as their religion demands, at private, voluntary services. The argument is about what rules should govern religious speech at public, nonreligious events. In fact, as the Defense Department explained in stating its opposition, the military's "present insistence on inclusive prayer at interfaith gatherings" is more conducive to "unit cohesion."

Senate Armed Services Committee Chairman John W. Warner (R-Va.) went to the Senate floor Tuesday evening to make clear his opposition to including the amendment in the defense bill. Instead, Mr. Warner said that lawmakers should hold hearings at the start of the next Congress and that in the interim the military should suspend enforcement of the new guidelines.

Mr. Warner deserves credit for his efforts to get the amendment out of the authorization bill. But the better resolution of this complicated and divisive issue would be for Congress to stay out of it and leave the matter in the hands of the military services. In the long run, the best resolution would be not to drain prayer at public ceremonies of specific religious content but to discourage prayer at such events as inherently and unnecessarily divisive.

Keep Christ Out Of The Christmas Tree (NYT)

The New York Times, September 21, 2006

Taxpayers may find it hard to believe that the must-pass $500 billion defense budget could be held hostage to a mischievous amendment empowering evangelical chaplains to speak in the name of Jesus at nonreligious military gatherings. But that is the case in Congress, where hard-right Republicans have held up passage of the defense bill in an attempt to license zealot chaplains to violate policies of religious tolerance at secular ceremonies.

Despite the firm opposition of the Pentagon and ecumenical chaplain groups, House Republicans have been defending this egregious pro-evangelical thumb on the scale in negotiations with the Senate.

We expect the Senate, mindful of the nation's multidenominational legions fighting in Iraq and Afghanistan, to reject the fine-print travesty. At its heart is religious intolerance — not respect of chaplains' consciences — and a naked attempt to elevate evangelical beliefs to primacy in the ranks. These very abuses caused a scandal at the Air Force Academy two years ago after cadets complained that ranking officers tolerated evangelical chaplains' proselytizing and discriminating on campus.

Proponents hope to exploit the urgency of passing the defense bill — part of the annual attempt to make a "Christmas tree" of the measure by weighting it with nonessential favors for political patrons. Another controversial amendment aims at allowing war veterans to introduce hunting to a pristine part of the Channel Islands National Park off the coast of California. A spokesman for Representative Duncan Hunter, Republican of California, said the proposal would "preserve the herds" and provide veterans from Iraq and Afghanistan with "the experience of a lifetime." Surely the Senate will oppose such a wacky exploitation of veterans as just another sop to the gun lobby.

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Defense conferees who were truly conscientious would act to control predatory insurance salesmen at the gates of military bases. And they would force the Pentagon to end its awarding of unearned "bonus" payments to favored defense contractors. Government investigators found the Air Force's F-22A Raptor plane 20 months late and 42 percent over budget, yet contractors reaped $849 million in bonuses.

Voters should wonder what in the name of (fill in deity) is going on in Congress.

Poll: Democrats Lead, But Bush Popularity Rises (LAT)

By Ronald Brownstein

The Los Angeles Times, September 21, 2006

WASHINGTON — President Bush's approval rating has reached its highest level since January, helping to boost the Republican Party's image across a range of domestic and national security issues just seven weeks before this year's mid-term election, a new Times/Bloomberg poll has found.

While the survey spotlights a continuing array of Republican vulnerabilities, it also offers the first evidence in months that the GOP may be gaining momentum in November's battle for control of Congress.

Democrats hold a lead in the poll, 49% to 39%, when registered voters are asked which party they intend to support for Congress this year. But that advantage may rest on softening ground — on virtually every comparison between the parties measured in the survey, Republicans have improved their position since the summer.

In particular, Republicans have nearly doubled their lead when voters are asked which party they trust most to protect the nation against terrorism — the thrust of Bush's public relations blitz in recent weeks.

"I believe he has made the country more secure," said R.C. Cox, a police officer from North Little Rock, Ark. who responded to the survey and categorized himself as a political independent. "President Bush has stuck with a nonpopular plan throughout this and he has been relentless in what he has done."

The shift in the wind hasn't dispelled all of the GOP's problems. Along with a plurality of voters saying they want Democrats to control Congress, most say they disapprove of Bush's overall job performance. And the percentage of voters who say they believe their own member of Congress deserves reelection is lower than in the weeks before a Republican landslide overturned Democratic majorities in the House and Senate in 1994.

But the results suggest that a combination of improving attitudes about the economy and the president's focus on national security issues have ended the nearly unbroken slide in the GOP's public standing through Bush's tumultuous second term and created the conditions for a highly competitive battle in this year's election.

The Times/Bloomberg poll, supervised by Times polling Director Susan Pinkus, surveyed 1,517 adults, including 1,347 registered voters, from Saturday through Tuesday. It has a margin of sampling error of plus or minus three percentage points.

The survey captured consistent signs of recovery for Bush and the GOP. Still, adding to the uncertainty of the political climate, their level of support remains at a point that has usually produced election losses for the party in power.

One of the key figures — Bush's approval rating — rose among registered voters from 41% in late June to 44% in the new poll, with 54% disapproving. In January, 45% of registered voters expressed approval of his job performance.

The improvement for Bush tracks with the direction of most other recent national surveys. In the Times/Bloomberg poll, Bush's gain since the early summer rests on consistent, if modest, gains among Democrats, independents and Republicans.

Bush's backing from his Republican base, a political asset that has wavered during the last year, again looks solid, with more than 4 in 5 of GOP respondents giving him approval marks.

"Things that impress me most about him are his strong emphasis on family values and how he tries to protect our nation through one of the worst periods," said Ruth Bixby, a homemaker and a Republican from Taylor, S.C.

But from other angles, Bush's political position continues to look more precarious. His approval rating remains no better than Times' polls recorded for President Bill Clinton in the two months before the GOP's 1994 landslide. And Bush faces an intensity gap: the percentage of Americans who say they strongly disapprove of his performance is more than 1½ times as large as the share who strongly approve.

Michelle Hayter, a Democrat from Puyallup, Wash., who lives on disability payments, is one of those deeply alienated from the president. "I think his whole policy with Iraq is terrible," she said. "I think he is using fear to get people to agree with what he's doing. I don't think it has anything to do with terror at this point."

Other assessments point to the same trend: Bush has gained ground, but his standing still is weak by historical standards.

In the June poll, just 32% of voters said they believed the country was better off because of his policies and should continue in the direction he's charted. In the new survey, that nudged up to 36%, but 61% said they thought the country should change direction.

Similarly, the number of registered voters who said in June that they disapproved of Bush's handling of the economy exceeded the share who approved by 21 percentage points; that gap dropped to just nine percentage points in the new survey. But 52% of those polled still gave Bush poor marks for his economic performance.

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These findings underscore a critical question arising from the poll: Is the upturn in Bush's fortune a temporary blip linked to the public attention on the fifth anniversary of the Sept. 11, 2001 terrorist attacks or is it the start of a sustained recovery of political strength?

The same question looms over the measures of voter preferences in the midterm elections.

Many of the poll's findings underscored the persistence of the threat facing the GOP's congressional majority.

The 10-percentage point Democratic lead on the question of which party voters intend to support for Congress is twice as large as the Republican advantage in the final Times survey before the 1994 election.

Also, just 46% of registered voters said in the new survey their own member of Congress deserves reelection, while 40% said they want to elect someone new — figures that seem to show a greater desire for change than polls found shortly before the 1994 vote.

But beneath the surface, the survey finds substantial evidence that the current may be starting to reverse direction.

On some issues where voters have preferred Democrats, the survey found Republicans narrowing the gap.

Democrats still lead Republicans by seven percentage points (44% to 37%) on the most sweeping question: Which party do Americans trust to handle the nation's major problems. But in the June poll, the Democratic advantage was twice as large.

Democrats also lead Republicans when voters were asked which party they most trust to handle immigration and taxes, but in each case the margin has decreased slightly.

Bigger changes are evident on national security and foreign policy. While voters narrowly preferred Democrats over Republicans in June when asked which party could best handle the war in Iraq, they now tilt slightly toward the GOP.

In June, Republicans led Democrats by nine percentage points when voters were asked which party they trusted most to handle national security and the war on terror. In the new poll, voters prefer Republicans by 17 percentage points, 49% to 32%, on that central question.

Still, the survey suggests that one of the critical fault lines in this year's campaign will be whether voters view national security primarily through the lens of terrorism or the war in Iraq.

Public attitudes about the war remain largely negative. Just 37% of voters said they believe Bush when he says America is making progress in the war; 56% said they don't agree with that assessment. And 57% said the war in Iraq has not been worth the cost, with 38% saying they thought it has been.

For all the anxiety about Iraq, the survey found that significantly more voters (46%) said the U.S. should stay in the country as long as it takes to establish order than said American troops should be withdrawn within the next year (28%).

The reluctance to abandon a war most Americans consider has not been worth its costs seemed to capture the ambivalence of a nation that appears up for grabs in the final weeks of a frenzied struggle for control of Congress.

Will Bump For Bush Help GOP In The Fall Elections? (CSM)

By Linda Feldmann

The Christian Science Monitor, September 21, 2006

WASHINGTON

President Bush has done this before: He launches a series of speeches highlighting the war on terror, and his job approval rating improves in most major polls. Then the speeches end, and the bump fades.

Will that happen again? And, in the end, how will the president's standing with voters affect how they approach individual races for Congress on Nov. 7?

The political world has been abuzz over the latest Gallup Poll, which shows Mr. Bush with his highest job approval in a year - now at 44 percent - and likely voters split evenly between Republicans and Democrats, 48 percent to 48 percent, over which party's candidate they would vote for in their congressional district. The "generic ballot" has typically favored Democrats among registered voters, often with a double-digit lead, so far this year.

The short answer is, it's too soon to tell if the improved national climate for Bush and Republican candidates - helped also by a decline in gasoline prices to a six-month low - has the legs to carry through to election day. Dick Morris, a political adviser over the years to top members of both parties, calls polling on presidential approval and congressional preference "notoriously fickle." He and others note that 44 percent still isn't that great.

"His [Bush's] standing is not all that different than [President] Clinton's was in 1994," says Carroll Doherty, an analyst at the Pew Research Center, referring to the last time control of the House changed hands, from Democratic to Republican. "It's still a pretty tough environment."

But the latest polling does contain many hopeful moments for Republicans concerned that the war in Iraq and perceptions of a weak economy are sinking Bush politically and damaging enough Republicans in competitive races to cost the GOP control of the House.

According to the latest Gallup Poll, released Sept. 19:

• Americans tend to believe the country would be safer from terrorism under a Republican-controlled Congress than under a Democratic-controlled Congress.

• A growing percentage of voters - now 48 percent - see the Iraq war as part of the larger war on terror as opposed to an entirely separate military action (49 percent). In December, 43 percent saw Iraq as part of the war on terror versus 55 percent who did not.

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• Most voters - 67 percent - do not believe the Democrats have a plan for handling the situation in Iraq. Bush does not fare much better: 61 percent of voters say Bush does not have a clear plan for handling the situation in Iraq. But that's down from 67 percent in June.

Gallup editor in chief Frank Newport notes a strong partisan correlation among voters' partisan choices for Congress and which issue they see as most important in the fall election. Sixty-eight percent of registered voters who rank Iraq as the No. 1 issue plan to vote Democratic for Congress; among registered voters who rank terrorism first, 71 percent of registered voters plan to vote Republican.

"Convincing more voters to focus on terrorism as the pivotal issue in the fall campaign - as the Bush administration is attempting to do - could benefit the Republicans, just as convincing voters to focus on Iraq - as the Democrats are doing - could benefit them," writes Mr. Newport.

The 9/11 anniversary, the UN General Assembly meeting, and debate over legislation on military tribunals and warrantless wiretapping has provided news pegs for Bush to use his bully pulpit on terrorism. On Iraq, the news is continuous, but in public discussion, it has been drowned out by the terrorism debate. Still, the Gallup Poll found that 72 percent of Americans believe Iraq is in a state of civil war, which does not bode well for voter tolerance of continued US involvement there.

The Democratic polling organization Democracy Corps argued last week that Bush's bully-pulpit offensive had given him only a modest rise in job approval, "concentrated in his conservative base." But Gallup's numbers show an across-the-board improvement for Bush among all political groups - Republican, Democratic, and independent.

According to Newport, support for Bush among Democrats is up to 15 percent, Republicans are at 86 percent, and Independents are at about one-third approval. Compared with the previous poll, taken Sept. 7-10, which found Bush's job approval at 39 percent, he went up among all groups.

Charles Franklin, an expert on presidential polls at the University of Wisconsin, Madison, says Bush's average job approval among major polls has gone from 34 percent in May to 41 percent today. Looking at Bush's ability to halt declines in approval by using the bully pulpit, he adds, "there's reason to believe that this upward trend can at least sustain itself or flatten out, not turn around and fall again between now and election day."

Only 25% In Poll Voice Approval Of The Congress (NYT)

By Adam Nagourney And Janet Elder

The New York Times, September 21, 2006

With barely seven weeks until the midterm elections, Americans have an overwhelmingly negative view of the Republican-controlled Congress, with substantial majorities saying that they disapprove of the job it is doing and that its members do not deserve re-election, according to the latest New York Times/CBS News poll.

The disdain for Congress is as intense as it has been since 1994, when Republicans captured 52 seats to end 40 years of Democratic control of the House and retook the Senate as well. It underlines the challenge the Republican Party faces in trying to hold on to power in the face of a surge in anti-incumbent sentiment.

By broad margins, respondents said that members of Congress were too tied to special interests and that they did not understand the needs and problems of average Americans. Two-thirds said Congress had accomplished less than it typically did in a two-year session; most said they could not name a single major piece of legislation that cleared this Congress. Just 25 percent said they approved of the way Congress was doing its job.

But for all the clear dissatisfaction with the 109th Congress, 39 percent of respondents said their own representative deserved re-election, compared with 48 percent who said it was time for someone new.

What is more, it seems highly unlikely Democrats will experience a sweep similar to the one Republicans experienced in 1994. Most analysts judge only about 40 House seats to be in play at the moment, compared with over 100 seats in play at this point 12 years ago, in large part because redistricting has created more safe seats for both parties.

The poll also found that President Bush had not improved his own or his party's standing through his intense campaign of speeches and events surrounding the fifth anniversary of the 9/11 attacks. The speeches were at the heart of a Republican strategy to thrust national security to the forefront in the fall elections.

Mr. Bush's job approval rating was 37 percent in the poll, virtually unchanged from the last Times/CBS News poll, in August. On the issue that has been a bulwark for Mr. Bush, 54 percent said they approved of the way he was managing the effort to combat terrorists, again unchanged from last month, though up from this spring.

Republicans continued to hold a slight edge over Democrats on which party was better at dealing with terrorism, though that edge did not grow since last month despite Mr. Bush's flurry of speeches on national security, including one from the Oval Office on the night of Sept. 11.

But the Times/CBS News poll found a slight increase in the percentage of Americans who said they approved of the way Mr. Bush had handled the war in Iraq, to 36 percent from 30 percent. The results also suggest that after bottoming out this spring, Mr. Bush's approval ratings on the economy and foreign policy have returned to their levels of about a year ago, both at 37 percent. The number of people who called terrorism the most important issue facing the country doubled to 14 percent, from 7 percent in July; 22 percent named the war in Iraq as their top concern, little changed from July.

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Across the board, the poll found marked disenchantment with Congress, highlighting the opportunity Democrats see to make the argument for a change in leadership and to make the election a national referendum on the performance of a Republican-controlled Congress and Mr. Bush's tenure.

In one striking finding, 77 percent of respondents — including 65 percent of Republicans — said most members of Congress had not done a good enough job to deserve re-election and that it was time to give a new people a chance. That is the highest number of voters saying it is "time for new people" since the fall of 1994.

"You get some people in there, and they're in there forever," said Jan Weaver, of Aberdeen, S.D., who described herself as a Republican voter, in a follow-up interview. "They're so out of touch with reality."

In the poll, 50 percent said they would support a Democrat in the fall Congressional elections, compared with 35 percent who said they would support a Republican. But the poll found that Democrats continued to struggle to offer a strong case for turning government control over to them; only 38 percent said the Democrats had a clear plan for how they would run the country, compared with 45 percent who said the Republicans had offered a clear plan.

Overall discontent with Congress or Washington does not necessarily signify how people will vote when they see the familiar name of their member of Congress on the ballot, however. Democrats face substantial institutional obstacles in trying to repeat what Republicans accomplished in 1994, including a Republican financial advantage and the fact that far fewer seats are in play.

Thus, while 61 percent of respondents said they disapproved of the way Congress was handling its job, just 29 percent said they disapproved of the way their own "representative is handling his or her job."

The New York Times/CBS News poll began last Friday, four days after the commemoration of the fifth anniversary of the 9/11 attacks, and two weeks after the White House began its offensive on security issues. A USA Today-Gallup Poll published Tuesday reported that Mr. Bush's job approval rating had jumped to 44 percent from 39 percent. The questioning in that poll went through Sunday; The Times and CBS completed questioning Tuesday night. Presidential addresses often produce shifts in public opinion that tend to be transitory.

The nationwide poll was conducted by telephone Friday through Tuesday. It included 1,131 adults, of whom 1,007 said they were registered to vote, and had a margin of sampling error of plus or minus three percentage points.

As part of the Republican effort to gain advantage on the war in Iraq, Republicans have accused Democrats who want to set a timetable for leaving Iraq of wanting to "cut and run." But 52 percent of respondents said they would not think the United States had lost the war if it withdrew its troops from Iraq today.

The poll also found indications that voters were unusually intrigued by this midterm election: 43 percent said they were more enthusiastic than usual about voting. However, with turnout promising to be a critical factor in many of the closer Senate and House races, there was no sign that either party had an edge in terms of voter enthusiasm.

Evidence of the antipathy toward Congress in particular — and Washington in general — was abundant: 71 percent said they did not trust the government to do what is right.

"If they had new blood, then the people that influence them — the lobbyists — would maybe not be so influential," said Norma Scranton, a Republican from Thedford, Neb., in a follow-up interview after the poll. "They don't have our interest at heart because they're influenced by these lobbyists. If they were new, maybe they would try to please their constituents a little better."

Lois Thurber, a Republican from Axtell, Neb., said in a follow-up interview: "There's so much bickering, so much disagreement — they just can't get together on certain issues.

"They're kind of more worried about themselves than they are about the country."

Incumbents and challengers nationwide are trying to accommodate this sour mood. Democrats are presenting themselves as a fresh start — "Isn't it time for a change?" asked an advertisement by the Democratic Senatorial Campaign Committee directed against Senator Jim Talent, Republican of Missouri.

And Republican incumbents are seeking to distance themselves from fellow Republicans in Washington. "I've gone against the president and the Republican leadership when I think they are wrong," Representative Christopher Shays, a Connecticut Republican locked in a tough re-election battle, said in a television advertisement broadcast this week.

The Republicans continue to be seen as the better party to deal with terrorism, but by nowhere near the margin they once enjoyed: it is now 42 percent to 37 percent. When asked which party took the threat of terrorism more seriously, 69 percent said they both did; 22 percent named Republicans, compared with 6 percent who said Democrats.

Voters said Democrats were more likely to tell the truth than Republicans when discussing the war in Iraq and about the actual threat of terrorism. And 59 percent of respondents said Mr. Bush was hiding something when he talked about how things were going in Iraq; an additional 25 percent said he was mostly lying when talking about the war.

Not that Democrats should draw any solace from that: 71 percent of respondents said Democrats in Congress were hiding something when they talked about how well things were going in Iraq, while 13 percent said they were mostly lying.

Robert Allen, a Democrat from Ventura, Calif., said: "We're in a stalemate right now. They're not getting hardly anything done." He added, "It's time to elect a whole new bunch so they can do something."

DOJ_NMG_0066936

For Bush, Cheaper Gas Is Premium (USAT)

By Susan Page

USA Today, September 21, 2006

WASHINGTON — When it comes to President Bush's approval rating — the number that measures his political health — one factor seems more powerful than any Oval Office address or legislative initiative.

It's the price of a gallon of gas.

Statisticians who have compared changes in gas prices and Bush's ratings through his presidency have found a steady relationship: As gas prices rise, his ratings fall. As gas prices fall, his ratings rise.

For some Americans, analysts speculate, gas prices provide a shorthand reading of the general state of the economy. Even though prices at the pump are largely outside the president's control, he gets credit when they fall — and blame when they rise.

"Gas prices are a price everybody knows because it hangs on the street in big letters," says Stuart Thiel, an economist at DePaul University in Chicago who has been tracking the trend for several years.

A statistical analysis by Doug Henwood, editor of the liberal newsletter Left Business Observer, found that an "uncanny" 78% of the movement in Bush's ratings could be correlated with changes in gas prices. Based on trends in crude oil prices, Henwood predicted last Thursday that it "wouldn't be surprising to see his approval numbers rise into the mid-40s."

In a USA TODAY/Gallup Poll taken Friday through Sunday, Bush's rating rose to 44%, his highest in a year. Average gas prices, which peaked at more than $3 a gallon in August, had dropped under $2.50, the lowest since March.

A renewed focus on terrorism contributed to Bush's turnaround, analysts say. "When they put the terror issue out there, they tend to get political points," says sociologist Robb Willer of the University of California, Berkeley.

Gas prices may be "a proxy for larger developments in the political economy," Henwood says. For instance, the war in Iraq and Hurricane Katrina, which drove up fuel costs, also eroded Bush's support.

The ratings of Bush's three immediate predecessors weren't closely tied to gas prices, Henwood found. Volatile prices and a supply crunch did contribute to President Jimmy Carter's political travails.

For Bush, too, prices have been volatile, and his background as an oilman may be a factor affecting public attitudes. In the USA TODAY poll, two in five said the administration has deliberately manipulated gas prices to decline before the fall elections.

Routine market forces are likely to deliver more good news to Bush, says Tom Kloza of the Oil Price Information Service. Absent an international crisis, he predicts gas prices will drop an additional 10 to 20 cents a gallon by Election Day.

Ferry Fuss (WP)

The Washington Post, September 21, 2006

NO ONE DENIES the charm of crossing the Potomac River on White's Ferry, or its convenience to hundreds of commuters. By the same token, there is no denying that the Coast Guard is right to ensure that the ride be safe. That's why it's so unfortunate that the ferry operator and the Coast Guard have allowed a dispute over licensing ferry pilots to endanger what ought to be a cooperative and harmonious working relationship.

Owner Edwin Brown ran afoul of the Coast Guard for supposedly using unlicensed ferry operators. In the ensuing weeks, the situation escalated, with the Coast Guard demanding -- and Mr. Brown refusing -- that he shut down operations. A truce was declared, with the ferry being allowed to operate under a provisional license. Then the Coast Guard announced its latest salvo: It would seek "thousands of dollars" in fines for the alleged violations. Commuters able to escape traffic by using the ferry between Montgomery and Loudoun counties are right to worry that massive penalties could mean the end of their ride.

We suspect the real reason for the Coast Guard's unnecessarily hard line has little to do with the level of danger posed to the public; The Post's Fredrick Kunkle likened the ferry to "a hunk of driveway that has broken loose," and even Coast Guard officials concede it is less than demanding to operate. Rather, officials think that they need to prove a point with Mr. Brown, a rather colorful character who essentially thumbed his nose at them in word and deed -- and who in the process received a groundswell of public support. While we don't condone anyone defying a direct government order, it also seems as though there was a way to avoid that showdown.

Mr. Brown, now contrite and clearly worried about the future of his business, is seeking to make amends with a letter of apology and a pledge of cooperation. Coast Guard officials, who certainly have more important things to do with their time and resources, would do well to take him at his word.

OTHER NEWS:

Markets Applaud Holding Rates Steady (USAT)

By Adam Shell

USA Today, September 21, 2006

DOJ_NMG_0066937

NEW YORK — The broad U.S. stock market closed within 2 points of a fresh 5½-year high Wednesday after the Federal Reserve left short-term interest rates unchanged and said it expects inflationary pressures to lessen over time.

For its second straight meeting, the nation's central bank decided to leave its target for short-term rates at 5.25%, although it noted in a statement that the future direction of rates still will be dependent on incoming data on the economy and inflation (story, 1B).

Stocks, which have been in rally mode since mid-August, continued to move higher as investors bet that the Fed will be able to cool growth and root out inflation without causing serious harm to the economy, says Rod Smyth, chief investment strategist at Wachovia Securities.

"The market decided in August that a 'soft landing' was looking more likely," says Smyth. "And the message of today's Fed statement is that the market got it right."

However, Smyth insists that any signs of inflation spiking up again or a sharper-than-expected housing plunge could hurt stocks going forward.

While stocks finished the day a tad below their intraday highs, the S&P 500 finished at 1325.18, less than a point below its May 5 high for the year and less than 2 points below its close of 1326.61 set on Feb. 15, 2001.

The Dow Jones industrial average marched closer to an all-time high, gaining 72.28 points, or 0.6%, to 11,613.19. The blue-chip index is less than 110 points shy of a record. The Nasdaq composite also rallied, helped by a good earnings report from Oracle. It gained 30.52 points, or 1.4%, to 2252.89.

For the year, the Dow is up 8.4%, the S&P 500 is up 6.2% and Nasdaq is up 2.2%. The broad market, as measured by the S&P 500, is up 4.2% since the Fed's first rate pause on Aug. 8.

Stocks have been helped by a 21.5% drop in a barrel of crude since its July 14 high. At one point Wednesday, oil dropped below $60 a barrel. A dip in long-term bond yields has also given stocks a boost. The benchmark 10-year Treasury note closed at 4.74%.

Oracle jumped 11.2%, or $1.80, to $17.93 a day after it reported quarterly profit that topped analysts' forecasts.

If stocks are to continue marching higher, investors must get more clarity on how much the economy and corporate earnings will slow in the quarters ahead, says Quincy Krosby, chief investment strategist at The Hartford.

Unchanged Rates, Oil-Price Dip Rally Stocks (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 21, 2006

A stand pat Federal Reserve and a dip in crude oil prices under $60 a barrel pushed stocks higher, with major market indexes hitting fresh four-month highs.

The Dow Jones Industrial Average gained 72.28 points, or 0.6%, to end at 11613.19, up 8.4% on the year. Among the Dow's strongest components were International Business Machines and Boeing, each of which gained nearly 2%.

The blue-chip average now stands just 109.79 points from its record close reached in January 2000. The broad Standard & Poor's 500-stock index rallied 6.87 points, or 0.5%, to 1325.18, up 6.2% on the year.

As widely expected, the Federal Reserve's policy makers left their key interest-rate target unchanged at 5.25% following their one-day meeting. Perhaps more important, the U.S. central bank made no major tweaks to the language of its statement explaining its decision, compared to the one from its last meeting.

Wall Street dissects those statements for any inkling of what the Fed might do next, parsing each word as carefully as a school kid diagrams sentences. Economists and investors alike want to know whether the Fed is done raising rates or may have to undertake another hike or two sometime soon.

Looking at yesterday's Fed statement, Lehman Brothers economist Ethan Harris said he still believes more rate increases are on the way because the Fed still seems concerned that signs of inflation may resurface.

He acknowledged that the statement, in discussing the slowing housing market, excised the descriptor "gradually," suggesting the central bank believes the real-estate slowdown is in full gear. Such a development would seem to discourage further rate increases. But Mr. Harris thinks his fellow Wall Streeters and investors have been too blasé about price increases that may yet show up in the government's monthly economic data.

"Everyone seems to have forgotten about the lags before inflation usually shows up," he said. "It's true that producer prices and the cost of goods seems to be under control. But that doesn't save us from inflation in services and rents and other things."

One of the factors helping ease inflation fears is a general pullback in energy prices, which continued in dramatic fashion. Crude-oil futures for October delivery fell $1.20, or 1.9%, to a six-month low of $60.46 a barrel on the New York Mercantile Exchange, hurt by reports of growing U.S. inventories. The selloff temporarily pushed oil below $60 and left the price of crude off 1% on the year.

The oil pullback has generated savings for consumers -- who are also investors -- at the pump lately. The driving club AAA reported that the national average retail price for regular-grade gasoline hit $2.472 on Wednesday, off 11% from a year ago.

Among specific stock sectors, technology continued to outpace the rest of the market, a trend that analysts said reflects investors' rising confidence and willingness to take riskier bets. The Nasdaq Composite Index jumped 1.4%, or 30.52, to 2252.89, up 2.2% on the year. Surprisingly strong earnings by Oracle helped boost the tech sector and drove the software company's stock to a five-year high.

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Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.04%, or 0.09 point, to 217.47.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.52 billion shares, as 2,156 issues advanced and 1.137 fell.

Bond prices were little changed. The 10-year note was unchanged, yielding 4.733%. But the 30-year bond rose 4/32 to yield 4.848%.

The dollar weakened. Against the Japanese currency, the dollar fell to 117.45 yen, compared with 117.61. The euro rose to $1.2687, compared with 1.2679.

Fed Keeps Interest Rates Unchanged (USAT)

By Barbara Hagenbaugh

USA Today, September 21, 2006

WASHINGTON — Federal Reserve policymakers left interest rates unchanged Wednesday but cautioned more rate increases could come later this year.

In a 10-1 vote, Fed officials left their target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, at 5.25%, the highest in nearly six years.

Fed Chairman Ben Bernanke and his colleagues said in their post-meeting statement that the economy was continuing to moderate, in part because of widespread cooling in the housing market. Although inflation measures were still high, price pressures "seem likely to moderate," partly reflecting recent energy cost drops.

But the Fed repeated "inflation risks remain" and said the "extent and timing of any additional (rate) firming that may be needed" would depend on incoming data, suggesting more interest rate increases may be on the way.

"This leaves us in this kind of limbo state about whether the Fed hikes going forward," Lehman Bros. chief U.S. economist Ethan Harris says.

Harris predicts inflation pressures will force the Fed to raise rates twice more in the next six months. But other economists, including those at Moody's Economy.com and Global Insight, say the Fed is done.

The Fed next meets Oct. 24-25.

Lacking a clear signal on rates, investors initially erased some of the gains seen earlier in the session after the widely expected decision. The Dow Jones industrial average later bounced back, ending the day up 72.28 points at 11,613.19.

The Fed's decision Wednesday marked the second consecutive meeting in which U.S. central bankers have left rates unchanged. The Fed raised interest rates 17 times from June 2004 to June 2006 to remove stimulus put in place earlier in the decade and to stem inflationary pressures.

Data have pointed to a recent easing in price pressures, and oil prices are down more than 20% from the peak hit two months ago, potentially a positive development on the inflation front. Such declines have led investors to reduce expectations of future Fed action, a development that recently has also led to lower costs of borrowing for some loans, including mortgages. But other borrowing rates, such as for credit cards, are tied to the prime rate, which has not changed from 8.25%.

Despite recent declines, the consumer price data are still above where many Fed officials, including Bernanke, have said they would like to see inflation.

Higher inflation readings mean "There is still a very clear risk that we see another tightening," Briefing.com chief economist Timothy Rogers says.

As in August, Richmond Fed President Jeffrey Lacker issued a rare dissent, instead favoring a rate increase.

Fed Leaves Rates On Hold At 5.25% (FT)

By Richard Beales In New York

Financial Times, September 21, 2006

The US Federal Reserve left interest rates unchanged at 5.25 per cent on Wednesday as expected, amid housing market weakness and signs of easing inflation.

The Fed's open market committee nonetheless reiterated its watchfulness on inflation and its dependence on economic data.

"The committee judges that some inflation risks remain," the Fed said, repeating language used in August.

"The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

Stocks closed higher on the day, having fallen back slightly after the announcement, which confirmed near-unanimous market expectations and did not appear to suggest the Fed was poised to resume interest rate increases.

Bonds also responded by giving up most of their earlier gains to trade close to their levels on Tuesday evening.

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Alan Ruskin, international strategist at RBS Greenwich Capital, said the statement's tone was "almost exactly the same" as in August, when the Fed left rates unchanged after 17 consecutive rises over more than two years.

"It may have disappointed a few players who thought that, with housing slowing sharply and oil prices undercutting some price pressures, the Fed would sound more dovish," he said. "Instead, the Fed . . . made it clear that their bias is still, if anything, toward tightening. The market's inclination is to view this as largely bluster."

Jeffrey Lacker, Richmond Fed president, cast a formal dissenting vote, preferring another rate rise, as he did in August.

According to the minutes of the earlier meeting, he felt another rate rise would help bring inflation down more quickly than would be the case with an unchanged rate.

But other policymakers believed a pause would "allow the committee to accumulate more information before judging whether additional firming would be necessary".

Keeping rates steady last month also partly reflected a belief at the Fed that earlier interest rate rises would have a delayed effect on economic activity.

Since the Fed's last meeting, housing market indicators have provided further evidence of a sharp slowdown in activity, a factor contributing to the central bank saying in Wednesday's statement that "the moderation in economic growth appears to be continuing".

The Fed also noted that recent declines in energy prices made for a "reduced impetus" on inflationary pressures. But the committee repeated earlier concerns about relatively high inflation readings recently.

Fed Holds Rate Steady At 5.25% (NYT)

By Louis Uchitelle

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — The Federal Reserve's policy makers voted Wednesday to keep interest rates unchanged, committing themselves for the second time in six weeks to the proposition that the slowing economy will eventually damp a still troublesome inflation rate.

The vote was not unanimous; there was one dissent. But the tone of the statement — issued in the early afternoon, after a morning of debate and voting — suggested that the policy makers were clearly satisfied with the decision they made at their last meeting, on Aug. 8, to halt a series of 17 consecutive rate increases stretching back two years. It also suggested that they would not change their view at their next meeting in late October, just before the midterm elections.

"The consensus among the policy makers that the pause was justified is perhaps stronger now than it was in August," said Robert V. DiClemente, chief United States economist for Citigroup. "What has happened to the economy since then has in some small measure enhanced the Fed's credibility."

The stock market responded joyfully to the Fed's decision to keep the key lending rate that it controls at 5.25 percent. Stock prices often jump when a lid on rates makes stocks seem like a better investment than interest-bearing securities. The Dow Jones industrial average rose 72.28 points, or 0.63 percent, to close at 11,613.19, a little more than 100 points below its record high.

The Fed's statement Wednesday spotlighted the housing slowdown and also suggested that the risk of a rising inflation rate, while still present, had diminished. Since August, residential construction and home sales have deteriorated noticeably, and the pressure on inflation from rising energy costs has also eased, thanks mainly to sharp declines in petroleum and natural gas prices.

The policy makers took special note of the deterioration in housing and "the reduced impetus from energy prices." Their statement suggested that the "cooling of the housing market" was the main reason for the moderation in economic growth. Indeed, the cooling was no longer "gradual," as it had been in August. That adjective was eliminated from yesterday's statement — a significant deletion in the Fed's carefully calibrated public statements.

"There is greater recognition at the Fed that the economy has slowed to below trend growth and this is precisely the time to sit on the sidelines and watch," said Laurence H. Meyer, vice chairman of Macroeconomic Advisers and a former Fed governor. "The policy makers do not see much risk in waiting."

Ben S. Bernanke, who succeeded Alan Greenspan this year as Fed chairman, is betting that the slowing economy will moderate the annual inflation rate, which now exceeds the Fed's upper-end target of 2 percent. In taking this stance, Mr. Bernanke runs up against the view of some economists, particularly on Wall Street, that consumer demand is still strong enough to give business the power to raise prices.

Higher rates are necessary, according to this view, to contain that pricing power and bring down the inflation rate. It is a view that one of the policy makers, Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, seems to share. Of the 11 policy makers who voted — that is, all of the sitting Fed governors and 5 of the 12 bank presidents — only Mr. Lacker dissented, as he had on Aug. 8. Instead of a continuation in the pause, he favored a quarter-point increase, the statement said.

The Fed controls a crucial short-term rate, known as the federal funds rate, now at 5.25 percent. This is the rate at which banks and other financial institutions lend to each other. The rate also determines what these lenders charge for mortgages, auto loans and other consumer and commercial borrowing. Housing has been hurt by rising mortgage rates, but consumer spending, while weakening a bit in recent weeks, is still robust. Partly in response to this demand, the inflation rate has inched up this year.

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"Creeping inflation," Albert Wojnilower, a senior economic adviser at Craig Drill Capital, calls it. "It is very difficult to deal with creeping inflation, because there is no popular support for stopping it."

Acknowledging this view, the Fed's statement on Wednesday recognized that "some inflation risks remain," repeating a phrase from the Aug. 8 statement. The policy makers also declared, as they did six weeks ago, "that the extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

What the statement omitted was any reference to rising labor costs, and the upward pressure that might have on prices. For Mark M. Zandi, chief economist at Moody's Economy.com, that was a significant omission.

"All the wage data show an acceleration to one degree or another yet the policy makers do not acknowledge that in their statement," Mr. Zandi said. "That is suggestive of a more dovish Federal Reserve. The small changes in this latest statement all suggest that the Fed will not be raising interest rates anytime soon. In fact, you can almost make the case that they are trying to drive expectations in the other direction."

Fed Holds Steady On Key Rate (WP)

By Nell Henderson

The Washington Post, September 21, 2006

Federal Reserve policymakers held short-term interest rates steady yesterday, saying inflation remains too high but should drift lower as energy prices fall and the economy slows.

The central bank left open the door to further rate increases if necessary to tamp down price pressures, but the decision strengthened many analysts' view that the Fed is done increasing rates for now.

The policymaking Federal Open Market Committee last raised its benchmark short-term interest rate to 5.25 percent in June, the 17th consecutive increase in two years meant to cool the economy and bring down inflation. The group left the rate unchanged at its previous meeting, in early August, saying that it expected price pressures to weaken as past rate increases took effect in coming months.

Since then, energy prices have tumbled, inflation has ebbed and the housing market has slowed sharply, boosting expectations in financial markets that the central bank will leave interest rates on hold through the end of the year, and perhaps even cut rates early next year.

One big question for the committee and financial markets now is how the housing downturn will affect the rest of the economy.

The housing boom of recent years was a big generator of jobs in construction, finance and retailing, and rapid appreciation of housing prices encouraged many consumers to borrow against their homes to finance extra spending.

Construction of new homes plunged 6 percent in August, for the third consecutive monthly decline, pushing the pace of home building to its lowest level in more than three years. Inventories of unsold homes have shot up in recent months, and the rise of home prices has been sluggish.

This shift is likely to cause a "fairly significant" drop in consumer spending and a hit to the economy next year, which will prompt the Fed to cut interest rates by the spring, predicted Jan Hatzius, chief economist at Goldman Sachs Group Inc.

But other economists, including many at the Fed, believe the weakness in housing will be offset by strong business investment, an increase in exports and solid consumer spending. Many households have more money to spend now than earlier this year because of lower gasoline prices, rising incomes and steady job growth.

"Housing is going to cool off, but not crush the economy," said Ethan S. Harris, chief U.S. economist at Lehman Brothers Holdings Inc. He added that though inflation had eased, it will remain high for several months, likely prompting the Fed to raise its benchmark interest rate to 5.5 percent this year and perhaps to 5.75 percent early next year.

The Fed adjusts interest rates to encourage economic growth and keep inflation low. Higher rates make it harder for businesses and consumers to borrow and spend, slowing growth and weakening inflation. Lower rates do the opposite.

Consumer prices rose 2.4 percent in the 12 months that ended in July, according to the Fed's preferred measure, which excludes volatile food and energy prices. That is above the 1 to 2 percent comfort zone described by Chairman Ben S. Bernanke and several of his colleagues.

As in August, one voting member of the Fed committee dissented yesterday from its decision. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, would have preferred another quarter-percentage point increase in the benchmark interest rate, the group said in a statement.

Lacker has argued that the Fed should raise the rate to bring down inflation more rapidly.

The Fed's decision means that consumer interest rates linked to the benchmark federal funds rate should stay steady as well. Those include rates on many credit cards and home equity loans.

Fed policy directly affects short-term interest rates like those on credit cards, but only indirectly influences long-term rates, which are determined more by global financial markets. Mortgage rates, for example, have declined in recent months. The average rate on a 30-year, fixed-rate mortgage slipped to 6.43 percent last week, down from a peak this year of 6.79 percent in early July, according to mortgage financier Freddie Mac.

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Financial markets showed little reaction to yesterday's decision, which traders had expected. The Dow Jones industrial average gained 72.28 points, or 0.63 percent, to close at 11,613.19.

Fed Cites Energy, Housing Declines In Holding Rates (WSJ)

By Greg Ip

The Wall Street Journal, September 21, 2006

What started out as a pause in rate increases last month began to look more like a full halt yesterday.

The Federal Reserve left its short-term interest rate target at 5.25% for a second consecutive meeting. It also warned that it remains concerned about inflation, and thus if it changes rates soon, it is more likely to raise them than lower them.

The statement accompanying yesterday's decision suggested that, since pausing in its two-year string of rate increases last month, the Fed has become more confident that standing pat is justified. In explaining yesterday's decision, it cited the quickening decline in housing activity and easing inflation pressure from energy.

Investors, however, increasingly expect the Fed not just to remain on hold, but to cut rates at least once by next June and again by December 2007. Ten-year Treasury bond yields have fallen, ending yesterday at 4.73%, down from 5.25% in late June. Those expectations may not match the Fed's, at least for now. Indeed, its statement did little to hint a rate cut would be on the table in the near term and financial markets pulled back slightly in their anticipation of one.

Stocks, meanwhile, which have been rallying because of falling oil prices and on hopes the Fed is finished raising rates and the economy escapes recession, extended their winning streak. The Dow Jones Industrial Average rose 72.28 points yesterday to 11613.19, just 110 points short of its January 2000 record.

In its statement, the Fed said growth is moderating, "partly reflecting a cooling of the housing market." By discarding last month's characterization of housing as "gradually cooling," the Fed acknowledged the slide in home construction, sales and, in some regions, prices has picked up speed.

It said that while the "core" measure of inflation, which excludes food and energy, remains "elevated," it was likely to moderate in part because of "reduced impetus from energy prices."

Oil and gasoline prices have fallen sharply in recent months. Oil futures on the New York Mercantile Exchange fell $1.20 yesterday, or nearly 2%, to settle at $60.46 a barrel -- their lowest level in six months and down 22% from the nominal high reached July 14. In theory, such a decline has mixed implications for the Fed. Lower energy prices reduce inflationary pressure, which would call for the Fed to lower rates. They also boost consumer purchasing power, which can improve growth prospects and would call for an increase in rates. The Fed statement suggests it considers the former effect as more important.

While economists differed on what the Fed's next action is likely to be, they agreed that the small changes in its statement signaled greater comfort with leaving rates where they are, despite its stated bias toward raising rates.

"We see these wording changes (and absence of other potential changes) as a step in the direction of a neutral balance of risks," Peter Hooper, chief economist at Deutsche Bank Securities, wrote in a note to clients. He predicted the Fed would drop its bias to higher rates either at its next meeting, on Oct. 24-25, or in December, and would cut rates by March.

The Fed's statement conveys "more of a sense of comfort of being on hold," agreed Bruce Kasman, head of economic research at J.P. Morgan Chase. He noted that inflation remains the Fed's paramount concern. He also expects another rate increase by March.

Ten of the 11 voting members of the Federal Open Market Committee agreed to yesterday's decision not the change the federal-funds rate, which is charged on overnight loans between banks. The Fed had increased that rate at 17 consecutive meetings before pausing last month. As in August, Federal Reserve Bank of Richmond President Jeffrey Lacker dissented, preferring a quarter-point increase. It was the first time in eight years an FOMC member dissented at two consecutive meetings in favor of higher rates, said David Resler of Nomura Securities. The last time, he said, the Fed's next move was to lower rates.

The Fed remains focused on inflation risks in large part because core inflation is above the 1% to 2% "comfort zone" of many Fed officials, including Chairman Ben Bernanke. In the 12 months through August, core inflation was 2.8%, up from 2.7% in the 12 months through July. Using a lesser-known price index that the Fed prefers, core inflation was 2.4% in the 12 months through July.

Fed officials expect core inflation to move back below 2% over the next two to three years as energy prices stop boosting the prices of other goods and services and the economy cools. If that forecast doesn't unfold, it could pose a threat to the Fed's credibility that would require higher interest rates.

The Fed's continuing concern about inflation seems at odds with investor expectations of rate cuts. Thomas Joseph Marta, fixed income strategist at RBC Capital Markets, says that while the Fed and his own firm's economists are optimistic the housing slump won't significantly hurt the rest of the economy, market participants are far more pessimistic. "I've heard traders say, 'Look, the Fed's wrong,'" he said. "Traders are reacting viscerally to housing. Housing is something you see when you're driving home from the train station; it's very obvious, very visible."

Mr. Marta added, "In terms of inflation, I keep whispering in the traders' ears, 'Look, core [prices], hourly wages, unit labor costs, they're all at dangerous levels.' They don't care."

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Still, some economists say the bond market will be proven right. Paul Ashworth, senior U.S. economist at Capital Economics of London, said if housing construction's share of economic output falls to the same level it hit in the early 1990s, after the last housing boom, "you'll get a substantial drag on growth." He expects growth to slow to 1.5% next year from a projected 3.3% this year, and the Fed cutting its rate target to 3.5% by mid-2008.

Another reason for the disconnect could be anticipation of easier credit conditions globally. The U.S. bond market is increasingly linked to its foreign counterparts, and there have been signs of slowing growth in Germany, Japan and China in recent weeks.

Write to Greg Ip at greg.ip@wsj.com5

Chile Seeks U.S. Files On 1976 Assassination (NYT)

By Larry Rohter

The New York Times, September 21, 2006

SANTIAGO, Chile — Thirty years after a Chilean-organized hit squad assassinated former Foreign Minister Orlando Letelier and an American colleague on the streets of Washington, investigators here are drawing closer to implicating this country's former dictator, Gen. Augusto Pinochet, in the killings.

But they say their efforts are being hindered by a parallel investigation in the United States that has been stalled since President Bush took office and that is withholding potentially important documents.

Mr. Letelier, one of the most visible leaders of the opposition to the Pinochet dictatorship, and Ronni Karpen Moffitt were killed on Sept. 21, 1976, when a bomb planted under his car exploded as they were riding to work.

Even after 9/11, the Letelier assassination remains the most audacious act of state-sponsored terrorism committed on American soil.

"Every day it is clearer that Pinochet ordered my brother's death," said Fabiola Letelier, a prominent human rights lawyer here. "But for a proper and complete investigation to take place we need access to the appropriate records and evidence."

General Pinochet was detained in London in 1998 by prosecutors seeking to bring him to justice for abuses committed during his 17-year rule.

Afterward, the Clinton administration came under new pressure from the Letelier and Moffitt families, and it released more than 24,000 declassified diplomatic and intelligence cables. It also reopened an investigation of the assassination, sending an F.B.I. team to Chile in 2000 to interview more than 40 witnesses.

That mission resulted in a recommendation that the United States indict General Pinochet, but Attorney General Janet Reno decided to leave the decision to her successors in the Bush administration.

The case remains politically delicate in Washington, where previous Republican administrations supported the Pinochet dictatorship as a bulwark against leftist encroachment in Latin America during the cold war.

Though President Bush, whose father was director of central intelligence at the time of the assassination, promised to "direct every resource at our command" to defeating terrorism, the American investigation continues to languish, Ms. Letelier and Chilean officials say.

They and others complain that hundreds of secret documents are being kept out of Chilean hands.

"It's been six years, three times longer than the original investigation that fingered the hit team, and nothing has happened," said Peter Kornbluh, a Chile specialist at the National Security Archive, which obtained the release of the original trove of documents. "I've filed Freedom of Information Act requests, but the documents that come closest to Pinochet are still being withheld, ostensibly as evidence."

No one in the Bush administration would comment on the case. William Blier, head of the unit in the office of the United States Attorney in Washington that is in charge of the case, declined a request for information on the status of the investigation. He referred the question to a press spokesman, Channing Phillips, who also would not discuss any aspect of the case.

Other lawyers involved in the case on the victims' side said the Bush administration's performance contrasted with promises made after Sept. 11 to put pressure on states that sponsored terrorism.

"It is stunning to me that with all the energy being put into the war on terror," the Bush administration "has been completely unresponsive to our queries," said Sam Buffone, a Washington lawyer representing Ms. Moffitt's husband, Michael Moffitt.

"The most basic lesson of that war is that anyone responsible for an act of domestic terrorism will never get away with it, no matter how long it takes," Mr. Buffone said. "But that rule seems to have been honored in the breach for Augusto Pinochet."

General Pinochet, now 90, ailing and discredited here, ruled Chile from Sept. 11, 1973, to March 1990. Since mid-2004, investigations in the United States and in Chile have uncovered an illicit fortune of more than $27 million that he hid abroad.

He is now facing tax fraud and forgery charges, two indictments for human rights violations and several other investigations of murders, kidnappings and disappearances that occurred during his rule.

John Dinges, co-author of "Assassination on Embassy Row" and a professor at Alberto Hurtado University here, said, "The evidence against Pinochet is as strong in the Letelier case as any of the other cases he is facing."

He noted that the dossier now included damning testimony from central officials. Among them are Gen. Manuel Contreras, the former chief of the National Intelligence Directorate, or DINA, General Pinochet's secret police, and Michael Townley, an American-born former DINA agent.

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Facing intense diplomatic pressure, the Pinochet government handed Mr. Townley over to the United States in 1978. He admitted organizing and carrying out the assassination with Cuban exiles recruited for the task. He served a short prison term and was enrolled in the witness protection program.

General Pinochet refused to extradite other officials of the intelligence directorate who were Chilean citizens. But in 1995 General Contreras was convicted here of the Letelier assassination and sentenced to seven years in prison.

In interviews, including one with The New York Times in November 2004, General Contreras, currently serving a prison term here for the disappearance and torture of political prisoners, said General Pinochet had known and approved of all the actions he took.

But he has not specifically said that General Pinochet, whom American diplomatic cables show as irate about Mr. Letelier's activities in exile, ordered the killing.

Most recently, Chilean courts agreed to consider a request that General Pinochet be stripped of his immunity in a related case: the murder of Eugenio Berrios, a DINA agent nicknamed Pinochet's Mad Scientist, whose headless body was found on a beach in Uruguay in 1995.

Mr. Berrios had been spirited into exile there in 1992, in anticipation that he would soon be called to testify in an investigation of the Letelier and other assassinations.

In March, Chile asked that three senior Uruguayan military officers said to be involved in the Berrios killing be extradited here. Uruguayan courts complied, and the men were recently interrogated by a Chilean investigative judge, Alejandro Madrid, whose inquiry into the Berrios case inevitably led him to the Letelier assassination.

"The Chileans have been remarkable, exemplary, in going forward on Pinochet," E. Lawrence Barcella, the lead prosecutor in the original trial of Mr. Letelier's assassins in 1980, said in a telephone interview from Washington. "In my view, outliving those you kill is not a defense, and I hope nobody stops trying" to build the case against General Pinochet.

Third Baby Dies After Error At Indiana Hospital (USAT)

By Theodore Kim And Tammy Webber

USA Today, September 21, 2006

INDIANAPOLIS — A third premature baby has died in a case of medical error here that has shaken one of Indiana's largest hospitals.

Five-day-old Thursday Dawn Jeffers died late Tuesday, said Jon Mills, a spokesman for Methodist Hospital.

The Jeffers infant was one of six premature babies who received overdoses of the anti-clotting drug heparin Saturday in Methodist's neonatal intensive care unit.

Thursday Dawn was being treated at Riley Hospital for Children, where she had been transferred after being born at Methodist.

"They killed my baby. Why, oh why?" the child's mother, Heather Jeffers, asked her mother as they hugged outside the younger woman's apartment.

"We are all saddened by this news and our hearts are with this family, and all the families who have been affected," Mills said in a statement Wednesday.

Two other infants died late Saturday: 5-day-old D'myia Alexander Nelson and 2-day-old Emmery Miller. The other three babies are expected to survive, Mills said.

"Ultimately, the blame for our errors falls upon the institution," Sam Odle, president and CEO of Methodist Hospital, said following the first two deaths. "This is a system failure."

Premature newborns are often given heparin to prevent their blood from clotting as they are administered fluids intravenously, said James Lemons, a neonatologist at Riley Hospital.

Each of the six infants was given an adult dose — an amount 1,000 times greater than prescribed, Odle said.

A preliminary hospital investigation found the mix-up occurred when a veteran technician delivered adult-dose heparin vials to the neonatal unit, Odle said.

Joanna Pruitt, Heather Jeffers' mother, held a news conference outside her daughter's apartment in which she described how her granddaughter deteriorated. "When she got the heparin, that's when she started … breaking down, and I really don't know what to say, except that they killed my grandbaby," Pruitt said.

Methodist Hospital pledged to prevent future overdoses by requiring all drugs to be double- and triple-checked before they are administered, Odle said. Clarian Health Partners, which runs Methodist, has 1,300 beds and tallies nearly 1 million patient visits annually.

The hospital has offered to pay for funeral expenses and counseling, plus provide restitution to all six families affected, Odle said.

Brittany Alexander, an aunt of D'myia Nelson, said the family is planning legal action. And, in a statement released on Tuesday, the family of Emmery Miller said it had hired an attorney.

G.O.P. Gains Big Fund-Raising Advantage (NYT)

By Jeff Zeleny

The New York Times, September 21, 2006

DOJ_NMG_0066944

WASHINGTON, Sept. 20 — The Republican National Committee has amassed a significant fund-raising advantage, according to campaign finance records filed Wednesday, feeding Democrats' fears about remaining competitive in the intense final weeks before the midterm elections.

The Democrats' House and Senate campaign committees have been unusually successful raising money compared with past election cycles. House Democrats have nearly as much as Republicans, while Senate Democrats have $10 million more than their Republican counterparts.

But that edge is being offset by the fund-raising of the Republican National Committee, which has said it would spend more than $60 million to make up for any shortcoming by the party's Congressional committees.

The cash-on-hand figures, revealed in reports filed with the Federal Election Commission, are critical indicators of the resources the parties can draw upon during the intense days ahead. The money is primarily devoted to television advertisements in districts that are — or will become — competitive, as well as to help finance get-out-the-vote operations.

The new fund-raising reports show that at the beginning of September, Republicans had $39 million in the bank, compared with $11 million for Democrats.

The disparity is caused by the decision of the Democratic National Committee chairman, Howard Dean, to take a longer view of turning around the party by devoting most of the money he has raised to rebuilding state organizations across the country. Last week, the committee said it would provide $12 million to finance voter turnout efforts, only $2.6 million of which would be directed toward House campaigns, a point of bitter contention among Democrats and relief among Republicans.

"The advantage that we have is based on the fact that because we all work together, we've been able to be more strategic and our dollars will go further," said Ken Mehlman, the chairman of the Republican National Committee. "We've been building our turnout operation since 2005."

Republicans concede that fund-raising, at least by the Republican National Committee, is one of the few bright spots in an otherwise frustrating political season. And fund-raising, in turn, helps fuel a turnout machine that has a proven track record during the last three election cycles.

"The area where the Republican funding advantage could make the difference is on the ground," said David B. Magleby, a professor of political science at Brigham Young University who studies campaign finance. "It's an open question of whether the Democrats will find a way to compete with the Republican advantage in the closing days."

Senator Charles E. Schumer of New York, the chairman of the Democratic Senatorial Campaign Committee, dismissed suggestions that Democrats could not compete with Republicans in the final stage of the contest. Fund-raising will only increase among Democrats, he said, as voters frustrated with the Republican-controlled Congress begin tuning into the race in October.

"We're getting contributions large and small from people that we never have gotten contributions from before," Mr. Schumer said, noting that such donations were urgently needed considering the overall Republican fund-raising muscle. The fund-raising at the Democratic senatorial committee, under Mr. Schumer's businesslike-direction, has significantly outpaced the Republican equivalent, led by Senator Elizabeth Dole of North Carolina. The Democratic committee reported a cash-on-hand balance of $29.8 million, compared with $18.6 million for the Republican committee.

In an interview on Wednesday, Mr. Schumer was ebullient as he discussed his committee's fund-raising success. His voice quickly fell, though, when asked whether he was satisfied with the fund-raising by the Democratic National Committee, saying, "I'm not going to comment on that."

To win control of Congress, Democrats must pick up 6 seats in the Senate and 15 in the House. The National Republican Congressional Committee, led by Representative Thomas M. Reynolds of New York, reported Wednesday that it had $36 million at its disposal as of the beginning of the month. A spokesman, Carl Forti, predicted that the fund-raising tally would soar in the next month, particularly through an initiative called the battleground program, where representatives are asked to contribute $17.5 million to the committee.

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, is not far behind Mr. Reynolds. The Democratic committee reported $35 million in the bank, and similar edicts have been issued to Democratic members.

"N.R.C.C. 36, D.C.C.C. 35," Mr. Emanuel said, talking about the fund-raising report as though it were a weekend football score. "Financial parity is better than financial disparity. It's that simple."

Senate Democrats Get Boost In Fund Raising (WSJ)

The Wall Street Journal, September 21, 2006

WASHINGTON -- While Republicans enjoy an overall financial edge in the coming elections, Senate Democrats ended August with a nearly $12 million advantage over their Republican colleagues, which could ratchet up pressure on incumbents fighting to hold their seats.

The Democrats' campaign committee also got a boost this month when four senators -- New York's Hillary Clinton, Massachusetts's Edward Kennedy, Illinois's Dick Durbin and California's Dianne Feinstein -- transferred a million dollars each from their own brimming campaign accounts to the Senate effort, Democratic aides said.

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According to reports released yesterday, the Democratic Senatorial Campaign Committee raised $4 million in August and ended the month with $30 million in the bank. The Senate Republican committee reported raising $3.3 million with a cash balance of $18.6 million.

The Democrats' strong standing may help incumbents fend off a barrage of attacks expected in the coming weeks from the Republican National Committee, which is flush with money. It also will help Democratic challengers seeking to unseat embattled Republican incumbents, many of whom have been forced to start drawing down precious dollars to run television advertising earlier than their campaigns originally anticipated.

Uncle Sam Leaning More Heavily On The Better-off (USAT)

By Richard Wolf

USA Today, September 21, 2006

WASHINGTON — Warning to the wealthy: The cash-strapped federal government is targeting you.

Having already gone after people with higher incomes through the federal tax code and the Social Security system, the government next year will begin charging wealthier seniors more for doctors' care under Medicare.

The Bush administration, members of Congress and outside experts are all looking at other ways to raise new revenue from the rich.

If taxes must be raised or benefits cut, "you have to ask the question, who should pay the price?" says Robert Bixby, executive director of the Concord Coalition, a fiscal watchdog group.

The answer, according to many Democrats and Republicans, is those with greater ability to pay. Democrats generally are in favor of higher taxes, such as eliminating President Bush's tax cuts for the wealthiest taxpayers. Republicans are more likely to favor raising the price for government benefits, such as Medicare and Social Security.

Singling out wealthier Americans is controversial. When higher-income seniors were asked to pay for an expansion of Medicare in 1988 that would largely benefit the poor, they revolted, and the law was repealed the following year.

Most of the proposals for means-testing benefits still face stiff odds:

•President Bush proposed last year that Social Security benefits should be increased more slowly for "people who are better off." He endorsed a plan that would tie their increases in benefits to prices, rather than faster-rising wages. Congress didn't bite.

•In November, an advisory tax panel created by Bush proposed several major changes to the federal tax code that would limit wealthier Americans' tax breaks for mortgage interest, employer-paid health insurance and state and local taxes. Its report was largely ignored.

•Bush proposed in his 2007 budget to speed up the premium increases paid by higher-income Medicare beneficiaries. Congress has not gone along.

•Many Democrats in Congress want to roll back Bush's tax cuts for the wealthiest Americans, which would raise their tax bill. Republicans want to extend the tax cuts.

Government taxes and benefits already treat rich and poor differently. "It permeates tax and expenditure policy," says Eugene Steuerle of the non-partisan Urban Institute.

The income tax code has six brackets, escalating by income level. The personal exemption, child credit and education credits phase out at higher income levels. The earned income tax credit helps lower-income taxpayers. Savings incentives such as individual retirement accounts are income-related.

Under Social Security's benefits formula, low-wage workers receive a proportionately greater return on their contributions than those with higher incomes. Since 1984, some benefits have been taxed at different rates, depending on income.

Medicare taxes now apply to all wages, so the wealthy pay a far greater share. And lower-income beneficiaries get reduced prices for prescription-drug coverage.

Nevertheless, both Medicare and Social Security are on unsustainable paths, with promised benefits eventually overtaking projected revenue from taxes and premiums. And the federal budget is still $296 billion in the red. So the Bush administration, Congress and budget watchdog groups are looking for additional sources of revenue.

"The growth in entitlement spending is going to be tremendous," says Len Burman, director of the Tax Policy Center. "Reducing the benefits to those who least need government assistance makes sense."

Going after higher-income groups, says former Democratic senator John Breaux of Louisiana, imposes "the least amount of heartburn" on politicians.

In 2003, the Kaiser Family Foundation and the Harvard School of Public Health found that means-testing premiums was the most popular way to raise money within Medicare to keep it financially sound. In 2005, a USA TODAY poll found that limiting benefits and raising taxes for wealthy retirees were the most popular ways to shore up Social Security.

"That's what the public wants," says Douglas Holtz-Eakin, a Council on Foreign Relations economist and former director of the Congressional Budget Office. "The days of free are over."

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The newest area of government means-testing is Part B of Medicare, which covers doctors and outpatient services. Under the same 2003 law that created Medicare's prescription-drug benefit, about 1.2 million seniors will be required to pay higher premiums; that will rise to 2.8 million by 2013. Singles with incomes greater than $80,000 and couples with incomes greater than $160,000 will be affected.

Opponents such as Maria Freese of the National Committee to Preserve Social Security and Medicare say higher premiums will chase healthier, wealthier seniors out of the program, making it more expensive for those remaining to sustain. Experts such as Tricia Neuman of the Kaiser Family Foundation say that's unlikely because no private insurance product compares to Medicare financially.

Not all policies or proposals target the rich. Many of Bush's tax cuts, such as those on capital gains and dividends, benefited wealthy investors. Medicare's drug benefit does not require higher premiums from upper-income beneficiaries.

Democrats in Congress have been first to protest treating rich and poor Medicare and Social Security beneficiaries differently. They fear that doing so could cost the programs public support. “There's always this concern that a program for the poor is a poor program,” says Maya MacGuineas of the bipartisan Committee for a Responsible Federal Budget.

For that reason, most experts say further efforts to increase taxes and premiums or reduce benefits for upper-income Americans will face political peril.

“It will have to be done very gradually,” says Robert Reischauer, president of the Urban Institute and a former Congressional Budget Office director.

Adds Isabel Sawhill, a Brookings Institution economist: “Doing it right means not carrying it too far.”

President's Fund-raising Swing Brings Him To Tampa, Orlando (PALMBEACHP)

By Brian E. Crowley

Palm Beach Post (FL), September 21, 2006

President Bush will be in Florida today raising money for the state Republican Party, its nominee for governor, Charlie Crist, and other candidates.

Bush is scheduled to arrive in Tampa about noon to raise campaign cash for Republican Gus Bilirakis, who is trying to keep the state's ninth congressional seat not only in the party, but in the family. His father, U.S. Rep. Michael Bilirakis of Tampa, is retiring after 24 years in Congress.

Gus Bilirakis faces Democrat Phyllis Busansky, a former Hillsborough County commissioner, in the general election.

About two hours after arriving in Tampa, Bush is scheduled to go to Orlando, where he will pose for pictures at a private reception for those who contribute $25,000 or more to the Florida Republican Party.

A reception for Crist will cost $500, the state's limit on individual campaign contributions to a candidate. Neither the campaign nor the party would disclose how much money they will raise from the events at the Orlando Ritz Carlton.

Crist is running against Democrat Jim Davis in the Nov. 7 election.

U.S. Rep. Katherine Harris, a Republican who is challenging U.S. Sen. Bill Nelson, a Democrat, plans to be at the Orlando events, her campaign said.

Bush is scheduled to depart Orlando on Air Force One by 6:45 p.m.

Nebraska: New GOP Poll Shows Smith Trouncing Kleeb (RC)

Roll Call, September 21, 2006

Although some Democrats have talked optimistically about making the 3rd district race competitive this year, a new Republican poll showed state Sen. Adrian Smith (R) walloping rancher Scott Kleeb (D), 51 percent to 24 percent.

Public Opinion Strategies surveyed 400 likely voters on Sept. 9, 10 and 12 for Smith’s campaign and the National Republican Congressional Committee. The poll had a 4.9 percent margin of error.

Smith was considerably better known than Kleeb — 74 percent of those surveyed knew him, compared to a 47 percent name ID for Kleeb — and had fairly solid favorability ratings. Smith and Kleeb are vying to replace Rep. Tom Osborne (R), who lost the May Republican gubernatorial primary, in the western Nebraska district.

“Scott Kleeb and the Democrats had hoped to put Nebraska’s Third District in play this election, but that hasn’t happened — nor will it,” pollster Glen Bolger wrote.

— Josh Kurtz

OHIO

2 Polls Confirm Senate Contest Is Very Tight

Two new polls out in the Buckeye State Senate race showed the contest between Rep. Sherrod Brown (D) and Sen. Mike DeWine (R) to be a dead heat.

A Quinnipiac University poll released Wednesday showed Brown ahead of DeWine 45 percent to 44 percent, while 11 percent of the 876 likely voters surveyed were undecided.

The poll was done Sept. 11-17 and had a 3 percent margin of error.

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The Quinnipiac survey found that DeWine and Brown were in a statistical tie among independent voters. Women favored Brown by an 8 percent margin, while men backed DeWine by an 8 percent margin.

Also out this week, a University of Cincinnati Ohio Poll showed Brown led DeWine 51 percent to 47 percent. The poll of 671 likely voters was taken Sept. 7-17, although interviews were not conducted on Sept. 11. It had a 3.8 percent margin of error.

The gender gap was even wider in the Ohio Poll, as 55 percent of women said they backed Brown compared to 42 percent who backed DeWine. DeWine had an 8 percent advantage among male likely voters.

— Lauren W. Whittington

WASHINGTON

Giuliani to Raise Money for McGavick Senate Bid

Rudy Giuliani, former New York mayor and prospective 2008 presidential contender, is heading to the Pacific Northwest to stump for former insurance CEO Mike McGavick, the Republican Senate nominee.

Giuliani will be in Washington state Oct. 9, according to the McGavick campaign. No further details were available, although the event is expected to be held in the Seattle area.

"Mayor Giuliani will always be remembered as a great American leader, an outstanding mayor, and someone whose decisive, clear-headed leadership helped guide this country through the tragic aftermath of" the Sept. 11, 2001, terrorist attacks, McGavick said in a news release.

McGavick is trying to unseat first-term Sen. Maria Cantwell (D) and is getting enthusiastic support from national GOP leaders.

— Nicole Duran

NEW JERSEY

New Radio Spot Seeks to Link Kean With Bush

Sen. Bob Menendez (D) is on the radio with a new spot accusing state Sen. Tom Kean Jr. (R) of being closely aligned with President Bush.

"Tom Kean Jr. will say anything to get elected," the ad's male narrator begins.

"His pro-Bush, pro-war record is clear. On issues from supporting the Iraq War to privatizing Social Security, Republican Tom Kean Jr. is just like George Bush," continues a female narrator.

Despite the strong Democratic leanings of the Garden State and Bush's low poll numbers there, Kean is running strong in the race. A new Quinnipiac University poll of 688 likely voters released Wednesday found Kean leading Menendez, 48 percent to 45 percent.

The poll was taken Sept. 13-18 and had a 3.7 percent margin of error. However, a Quinnipiac poll of 1,233 registered voters found Menendez ahead, 41 percent to 38 percent. That poll had a 2.8 percent error margin.

Democrats attribute Kean's strength to his lineage — his father is popular ex-governor and former 9/11 commission Chairman Tom Kean (R). But Republicans say that recent reports of Menendez's ethics problems are contributing to the Democrat's problems, and the Quinnipiac poll seems to confirm that.

"The recent ethical questions about Sen. Menendez have hurt him slightly, but the jury is still out," said Clay Richards, associate director of the Quinnipiac University Polling Institute. "More than four in 10 voters say they don't know if Menendez — or Kean for that matter — can be described as honest or trustworthy."

— David M. Drucker

ARIZONA

Democratic Poll Shows Why Republicans Fretted

One week after last week's hard-fought primaries, a new Democratic poll suggests that the highly competitive 8th district may not be so competitive after all.

In the poll, conducted for former state Sen. Gabrielle Giffords (D) by Greenberg Quinlan Rosner Research, Giffords led ex-state Rep. Randy Graf (R) 54 percent to 35 percent. Two Independent candidates split 5 percent of the vote, and the rest were undecided.

The survey of 500 likely voters was taken Sept. 13-18 and had a 4 percent error margin.

The 8th district seat, which Rep. Jim Kolbe (R) is giving up after 12 terms, represents one of the Democrats' best pickup opportunities of the cycle. National Republicans have fretted that Graf, a hardliner on illegal immigration, may be too conservative for the district, and the poll appears to bear that out.

While both Giffords and Graf were relatively well-known, Graf was viewed favorably by just 32 percent of those surveyed and unfavorably by 39 percent. Kolbe has so far refused to endorse Graf.

— J.K.

NEVADA

President Hopes to Give Them Heller in Reno

President Bush is going to Nevada to headline a fundraiser for the 2nd district Congressional bid of Nevada Secretary of State Dean Heller (R).

According to the Ralston Report, a Nevada tip sheet, Bush will be in Reno Oct. 2 to help Heller in his open-seat contest with Jill Derby (D), a member of the state universities' board of regents.

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Rep. Jim Gibbons (R) is vacating the seat as he seeks the governorship.

A recent poll conducted for the Reno Gazette-Journal and KRNV-TV showed Heller leading Derby in the GOP-stronghold 45 percent to 37 percent.

The survey of 600 likely voters was conducted Sept. 5-7 and had a 4 percent margin of error.

— N.D.

LOUISIANA

GOPer's Ad Touts Plan to Rebuild New Orleans

Attorney Joe Lavigne began airing a new TV commercial this week that focuses on his plan to help rebuild hurricane-ravaged New Orleans.

Lavigne is the leading Republican in the 2nd district all-party primary that features embattled Rep. William Jefferson (D), as well as several prominent Democrats.

The ad, airing on CNN and Fox News, notes that the New Orleans Times-Picayune has called Lavigne the "colorblind candidate" and highlights his priorities for the rebuilding effort.

"Honest, Independent, Joe Lavigne, he'll fight for all of us," an announcer says at the end of the spot.

Lavigne had raised more than $242,000 for his campaign as of July 22 .

If no candidate receives more than 50 percent of the vote on Nov. 7, a December runoff between the top two vote-getters will be held.

— L.W.W.

NORTH CAROLINA

LCV Goes on Offense for Shuler's Campaign

The League of Conservation Voters announced its endorsement this week of former NFL quarterback Heath Shuler (D) in his bid to defeat Rep. Charles Taylor (R).

A news release announcing the endorsement noted that Shuler, a standout at the University of Tennessee and a one-time player for the Washington Redskins, is a founding member and spokesman for the Friends of the Smokies, a group that helps preserve the Great Smoky Mountains National Park.

The race in the Tar Heel State's 11th district is among the most competitive in the country this cycle.

— L.W.W.

CALIFORNIA

Brown Ad Portrays Him as a Fiscal Conservative

Police administrator Charlie Brown (D) is on television in his bid to oust Rep. John Doolittle (R) in the solidly Republican 4th district.

In a 30-second spot airing on cable television in the Sacramento and Reno, Nev., markets that serve the sprawling 4th district, Brown makes his case to conservative voters, saying he'll balance "budgets, secure our borders," and provide real support for the troops.

Brown, a military veteran, has the politically delicate task of trying to appeal to the district's majority of socially conservative voters despite his stands on social issues. The Democrat supports abortion rights and is not opposed to same-sex marriage.

— D.M.D.

CONNECTICUT

Shays to Join Bush at State GOP Fundraiser

President Bush will headline a fundraiser to benefit the Connecticut Republican Party and its candidates Monday.

One of the featured beneficiaries, Rep. Christopher Shays, (R) is scheduled to attend.

The luncheon, which costs $15,000 per couple, will be held at a residence in Greenwich, the hometown of former President George H.W. Bush, the Stamford Advocate reported.

The state party chairman hopes to raise $400,000 for the party's entire ticket, according to the newspaper.

Shays is locked in a tough rematch with Westport First Selectwoman Diane Farrell (D), who almost beat him in 2004.

— N.D.

NEW HAMPSHIRE

Poll: House Incumbents in Good Shape So Far

A recent poll showed Republican Reps. Jeb Bradley and Charles Bass in good shape for re-election.

The Research 2000 survey of 600 likely voters reached Sept. 13-14 on behalf of the Concord Monitor, revealed that both men hold substantial leads over their Democratic opponents.

In the 1st district Bradley led Carol Shea-Porter (D), the surprise winner of last week's Democratic primary, 53 percent to 22 percent. In the 2nd district Bass led attorney Paul Hodes (D), whom he trounced in 2004, 55 percent to 30 percent.

National Democrats are high on Hodes despite his seemingly uphill climb. This week he was added to the Democratic Congressional Campaign Committee's "Red to Blue" program, which assists promising candidates with fundraising, communications and strategic advice.

Party leaders had backed state Rep. Jim Craig against Shea-Porter in the 1st district Democratic primary.

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— N.D.

No Child Left Behind Stirs Conn. Campaigns (HILL)

By Elana Schor

The Hill, September 21, 2006

Recent congressional debate over the No Child Left Behind law has been largely nonpartisan, but that has not prevented struggles over implementing it from becoming a flashpoint this fall in Connecticut's hotly contested races.

Footage of Republican and Democratic lawmakers giving the education law high marks for its goals set the stage at yesterday's Business Roundtable event on the coming reauthorization of the law. There, the House's senior Republican and Democrat on education issues struck an optimistic note on future changes to No Child Left Behind, which requires states to test students annually and meet accountability standards.

But frustration among many Democrats and education groups about incomplete federal funding and state benchmarks seen as excessively rigid are fuelling campaign rhetoric in Connecticut. The state remains tangled in a lawsuit against the Department of Education (DoE), arguing that the law is an unconstitutional unfunded mandate.

Diane Farrell, the Democratic former town selectwoman mounting a strong challenge to Rep. Christopher Shays (R-Conn.), has ranked No Child Left Behind alongside the Iraq war among issues where Shays, an avowed centrist, aligned himself with the Bush White House. Farrell, in an interview, noted the drop in Connecticut's federal education funding since the Act was signed — the state suffered more than $7 million in cuts this year — and said lawmakers have "got to go in and modify" it.

"We should focus on what really matters: teacher training and class size," she added.

Joe Courtney, a Democratic former state lawmaker mounting his second challenge in three cycles to Rep. Rob Simmons (R-Conn.), also points to No Child Left Behind as shortchanging the state. His campaign contends that a Democratic House majority, with Courtney a part of it, will be far more inclined than a GOP-controlled chamber to force changes in the law.

Simmons, a former educator whose wife is a teacher, admitted in an interview that No Child Left Behind "did not work well in Connecticut" but attributed the problems to overreaction by state education officials, who feuded with Education Secretary Margaret Spellings over implementation.

"Our accountability plan was not well-negotiated," Simmons said, referring to the state-written definitions of student progress that must be approved by the federal government. Specific changes to Connecticut's accountability plan would go a long way, Simmons said, but fighting in court with the Bush administration makes reopening the plan less likely.

Chris Murphy, the Democratic state legislator challenging Rep. Nancy Johnson (R-Conn.), labeled No Child Left Behind "a disaster for Connecticut's students" in his education plan and vowed to "fight to restore state control of education funding."

At the Roundtable event yesterday, DoE Chief of Staff David Dunn and House Education and the Workforce Committee Chairman Buck McKeon (R-Calif.) acknowledged that the law has not hit all its marks.

"I don't want to be put in a position where I'm defending [the law] as the perfect be-all, end-all. It isn't," McKeon said. Echoing Simmons, he said later that lawmakers field the brunt of the criticism for the law's failings "but the problem really lies with state standards."

Rep. George Miller (Calif.), the education panel's ranking Democrat, defended No Child Left Behind, saying, "It is working. There is a lot of angst in this country but … the system is changing."

The landmark statute has also stoked campaign fires in Connecticut's Senate race, where Democratic nominee Ned Lamont released an education plan this month that tracked dire predictions from the Business Roundtable and other groups about plummeting student proficiency in math and science. NCLB, Lamont wrote, "has imposed rigidity and 'teaching to the test' … along with massive unfunded mandates, without any clear benefit in terms of outcomes."

Sen. Joseph Lieberman (D), running as an independent against Lamont, was part of a state delegation that unanimously backed No Child Left Behind in 2001. He told local reporters this week that he would favor hearings with teachers and school administrators to examine broad changes to the statute, not just a reauthorization.

Miller yesterday dismissed the "teach to the test" criticism, a reference to reliance on test scores alone as a measure of student progress. But he praised "growth models," alternative and flexible methods of calculating student success that are in a pilot stage in two states.

The National Education Association (NEA) and American Federation of Teachers (AFT), two politically powerful education unions, both support formally adding "growth models" to No Child Left Behind during next year's reauthorization process. The Connecticut chapters of both unions were the first labor groups to endorse Lamont's upstart run earlier this year.

Connecticut is far from the only state to wrestle with accountability-plan pitfalls, funding gaps and other setbacks with implementation. Still, the law has yet to emerge as a top-tier campaign issue in other close midterm contests because GOP candidates have tended to share Democratic complaints.

In Maryland, where the lax showing of Baltimore city schools has popped up in gubernatorial campaign ads, GOP Senate hopeful Michael Steele positioned himself early as a critic of the new law's execution. Steele's rival, Rep. Ben Cardin (D-Md.), has called for full funding.

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Rep. Mark Kennedy (R-Minn.), running behind Democrat Amy Klobuchar in their Minnesota Senate race, touted his vote against No Child Left behind in a recent campaign ad where he narrates, "I want people who know our kids' names to make education decisions, not bureaucrats in Washington." Michele Bachmann, the state senator running for Kennedy's House seat, also opposed the law early in her campaign as an unfair federal mandate.

The NEA's PAC has steered just 13 percent of its nearly $1 million in contributions to Republicans, according to the Center for Responsive Politics. The union, which drew fire from McKeon and other Republicans for its efforts to point out deficiencies in the law, has given to two GOP incumbents, Reps. Mike Fitzpatrick (N.J.) and Jim Gerlach (Pa.), to the exclusion of their Democratic foes.

Moderate Shays Tries To Find Ways To Win In Iraq — And Conn. (RC)

By Morton M. Kondracke

Roll Call, September 21, 2006

Henrik Ibsen's play "An Enemy of the People," currently showing at Washington, D.C.'s Shakespeare Theatre, contains a devastating portrait of a political moderate, the kind of image now being projected onto embattled Rep. Christopher Shays (R-Conn.).

In the play, a character named Aslaksen prates about believing in "discreet moderation ... and moderate discretion." At first, he promises to back the protagonist, Dr. Stockman, who has discovered that their town's water pipes and public baths — crucial to the economy — are poisoned with pollution.

But when Aslaksen discovers that repairing the system will force taxes to be raised, he turns on the doctor and backs the town's mayor, a character who echoes Vice President Cheney, in keeping the situation secret.

Shays, the quintessential moderate Republican, is now being accused by Democrats and the media of shifting his position on Iraq out of similar expediency because he is under threat of losing his House seat.

After his August visit to Iraq, his 14th, Shays announced he now favors a timetable for withdrawing U.S. forces — a reversal of his previous stance and a seeming abandonment of President Bush, who is deeply unpopular in Connecticut.

Shays' Democratic opponent, Diane Farrell, is seeking to tie Shays to Bush and the war; she described his shift as "an election-year conversion." Shays added to his woes with an agonized appearance at a reporters' breakfast sponsored by The Christian Science Monitor last week during which he said Bush "has no credibility" on the war.

After attending that breakfast and interviewing Shays for almost two hours, I'm convinced he's no Aslaksen; I believe he genuinely wants to win the war, not simply withdraw U.S. troops, and that he thinks the Iraqi government needs to face deadlines for achieving its goals.

As Shays emphasizes, his proposed timetable is not identical to those being put forward by many Democrats. It isn't based on a date certain, but rather on the achievement of administration goals for training adequate numbers of Iraqi security forces.

Moreover, even though Shays says that both he and Bush lost credibility because weapons of mass destruction were not found in Iraq, I do think Shays has credibility as one of the most diligent Members of Congress in providing oversight of Iraq operations and the war on terror.

As chairman of the House Government Reform subcommittee on national security, Shays has held more than 100 hearings on terrorist threats since March 1999 — well before the Sept. 11, 2001, terrorist attacks — and has been to Iraq more than any other Member, often traveling without U.S. government escorts or approval.

He supported the war and still believes it is "a noble mission," along with Bush's vision of spreading democracy in the Middle East. At the same time, he has delivered consistent warnings — albeit mostly in private, he admits — about failings in administration policy.

After his first visit to Iraq in April 2003, he said, he urged that U.S. forces bring on more Arabic speakers so they could connect with Iraqis. An ex-Peace Corps volunteer, he traveled with nongovernmental aid groups and heard from their Iraqi employees the complaint that U.S. forces purposely had allowed looting in the aftermath of the war.

He said he argued that it was a mistake to disband the Iraqi army and police forces, whose lower-level personnel could have been employed to guard hospitals and other facilities.

FBI agents in Iraq told him — and he told Bush — that U.S. forces should be dismantling roadside bombs to trace their manufacturers instead of exploding them. He says he also urged the Pentagon to move faster in armoring Humvees and trucks.

After the Iraqi government began recruiting police, he warned U.S. officials, on the basis of a staffer's visit to a training facility, that the police were being infiltrated by militias loyal to radical Shiite cleric Muqtada al-Sadr.

Shays said U.S. deadlines were crucial in getting Iraq to form a provisional government, write a draft constitution and hold elections in 2005. Then, he said, it took more than four months to form a government, and "since January, nothing has happened" to reconcile sectarian groups, write a final constitution and hold provincial elections.

"It's a slow death," he told me. He wants to force Iraqi reform both because he's afraid Americans are losing the will to see the mission through and because Iraq is heading for civil war. Echoing Bush, he said that U.S. defeat in Iraq will be a victory for radical Islamic terrorism.

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In Ibsen's play, which is well worth seeing, the town's mayor covers up the truth about pollution because "without moral authority I am powerless to direct public affairs for what I judge is the common good." Shays thinks the administration should be admitting its mistakes to regain credibility.

The truth-telling doctor in the play becomes the enemy of the people. He gives up on convincing anyone else and declares that "the strongest man in the world is he who stands most alone." Shays seems to fear that Bush is becoming like the doctor. Shays said he is willing to lose his seat over Iraq, but clearly he would rather win both contests.

Dems To Spotlight Iraq (HILL)

By Jonathan Allen

The Hill, September 21, 2006

Congressional Democrats plan to hold Iraq war hearings on Capitol Hill and around the country, turning an election spotlight on an issue much as the GOP did with immigration during the summer recess.

The Democrats' will highlight the fact that they intend to go toe-to-toe with Republicans on the issue of national security, believing that this election cycle it can play to their advantage rather than to their detriment as it has in elections past.

And Rep. Walter Jones (R-N.C.), a leading House critic of the war, indicated yesterday that he would give the hearings a degree of bipartisan cover by attending them when he can.

"Any [hearings] up here that I can get to, I'll attend," said Jones, who voted for the resolution authorizing President Bush to use force in Iraq but has since pressed to bring American troops home. "I wish it was my party, the committees in the House, doing the same thing. The American people want answers."

Jones said he would try to attend the Senate Democratic Policy Committee's (DPC) first planned hearing on Monday, provided he can make the five-hour drive from his district in time.

Rep. Gil Gutknecht (R-Minn.) also said he would consider taking part in the hearings, which Democrats say will be open to Republican lawmakers on both sides of the Capitol.

"I might take them up on it," Gutknecht said. "I would certainly consider sending them some written testimony."

The hearing on Monday, featuring military officers who served in Iraq, will delve into "the policy decisions that led to the current situation in Iraq," according to Barry Piatt, spokesman for DPC Chairman Byron Dorgan (N.D.).

Democrats said they will follow up that hearing with field hearings around the country at least through November. They argue that Republicans have neglected to provide proper oversight of the war in a number of areas, including postwar planning, troop readiness and care for troops and veterans.

"At no time is congressional oversight more important than when the men and women of our armed forces are engaged in combat to defend our freedom," Dorgan and Senate Minority Leader Harry Reid (D-Nev.) wrote in a letter to Majority Leader Bill Frist (R-Tenn.) and Republican Policy Committee Chairman Jon Kyl (R-Ariz.) in which the Democrats invited Senate Republicans to attend their hearings.

"We all understand how important the war on terror is, especially the ongoing fighting in Iraq. These issues have been addressed on the floor of the Senate and will continue to be addressed," Frist spokeswoman Carolyn Weforth said. "It's no surprise, however, that on the day after a national poll showed improving American attitudes toward the liberation of Iraq, that the Democrat leadership would want to change the subject."

Democrats said they extended an invitation to Republicans so that the hearings would be seen as fair.

Jones, who attended a DPC oversight hearing earlier this year, said his experience with the panel was "absolutely fair."

"I called Sen. Dorgan's staff and told them I wanted to come," he said of the first hearing he attended. Aides to Jones and Dorgan talked yesterday about making arrangements for Jones to attend Monday's hearing.

Even if they are not ready to share a dais with the Democratic Policy Committee, there are other Republicans who say their party has done too little to keep an eye on the administration's conduct of the war.

"I think it's been inadequate oversight of the Iraqi issue," said Rep. Jim Leach (R-Iowa), who has opposed the Iraq war from its outset. Leach left open the question of whether he might attend the hearings.

"I'd have to see what they're doing," he said.

Leach said he believes in bipartisanship in assessing national security issues, that both parties should offer support and criticism of presidents.

"I can't tell you that either political party looks good on the Iraq issue," he said.

Dorgan has held numerous hearings on Iraq contracting and the government's handling of hurricanes Katrina and Rita. Like Leach, he has called for the establishment of a commission, modeled after a committee run by then-Sen. Harry Truman (D-Mo.) during World War II, that would investigate allegations of contracting abuses.

"Because we have one-party control, there's been virtually no oversight," Dorgan said. "This Republican-led Congress has been AWOL when it comes to the war in Iraq."

Jones said he would like to hear from more people than he has at House Armed Services Committee hearings.

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"We had hearings, but I think we need different witnesses than we've had," he said. "Anything I can do to expand my knowledge … helps me make the right decisions for my people."

Jones said in particular that he wants to hear from retired senior military officers such as retired Gen. Anthony Zinni, retired Maj. Gen. John Batiste, and retired Marine Lt. Gen. Gregory Newbold, all of whom have called for the resignation of Defense Secretary Donald Rumsfeld.

GOP Bullish On Prospects Of Stealing Case's House Seat (RC)

By Nicole Duran

Roll Call, September 21, 2006

When Rep. Ed Case (D-Hawaii) decided to give up his House seat to challenge Sen. Daniel Akaka (D-Hawaii) few pundits or political operatives believed Democrats would have a hard time holding onto his 2nd district seat.

But with Saturday's primary looming, Republicans sense a unique opportunity brewing in the Aloha State and some Democrats fear they are right.

Ten Democrats are vying for their party's nod while two Republicans — a multimillionaire heir to the Hawaiian throne and a popular sportscaster — compete for the chance to represent the GOP and possibly make history.

The ultimate Democratic nominee is "going to land on the other side of the primary broke," said one Democratic operative who did not want to be named.

If Quentin Kawananakoa wins the Republican nomination, which is far from certain, the Democratic candidate could face "an infinite war chest," the operative warned.

Kawananakoa is a former state lawmaker and a direct descendant of Hawaiian Prince David and Princess Abigail Kawananakoa. He also is an heir to the Campbell Estate, a large private trust, philanthropic entity and mammoth real estate venture.

The trust owns huge tracts of land in Hawaii. When it dissolves next January, it will net Kawananakoa about $25 million on top of his already considerable fortune, according to The Honolulu Advertiser.

Republicans are positively giddy about this prospect. It is "the sleeper race of the decade," according to Jonathan Collegio, a spokesman for the National Republican Congressional Committee. "Few pundits and few pols are paying attention to this race and it's on virtually no one's radar but Republicans have two candidates in Kawananakoa and Bob Hogue who could easily go all the way."

Hogue is a state Senator and former local TV personality who still writes a regular sports column for a weekly newspaper. According to private and public polls, the race between Hogue and Kawananakoa is neck-and-neck.

Kawananakoa had a little more than $117,000 in the bank as of Sept. 3 while Hogue had just about $20,000. Kawananakoa had sunk almost $350,000 of his own money into well-produced TV spots and other aspects of his campaign.

Though Hogue has not proved himself an adept fundraiser, Democrats and Republicans agree he is a well-known figure with positive name recognition.

The 2nd district spans all the outlying islands and all of Oahu, save Honolulu.

Many in Hawaii's Democratic establishment are still bitter that Case not only is challenging Akaka, an affable elder statesman, but that by doing so he takes an otherwise safe Democratic seat and possibly puts it in play during a cycle when Democrats have a realistic chance of winning control of the House.

"Are Democrats worried?" one Hawaiian Democrat who did not want to be named asked. "Yeah they're worried; they're still ticked off that Ed Case left a safe seat and even created that kind of problem."

But Ira Rohter, a public policy professor at the University of Hawaii, said Democrats can relax.

Case's Senate candidacy has reinvigorated the state's Democratic Party, he said. The establishment, which had been stagnating, has sprung back to life to rally around Akaka as party elders think Case threatens them as much as he threatens the 82-year-old Senator.

Once the Senate primary is done, the newly mobilized Democratic Party will turn its attention to the open House race, Rohter predicted.

Furthermore, Rohter said the fact that no one can predict who will win the Republican primary shows that national Republicans' hope for Kawananakoa is unfounded.

"It seems there's not a lot of passion for Kawananakoa," he said. "I wouldn't put my money on Kawananakoa.

"He didn't distinguish himself in the Legislature and the idea of him as a prince, he is not even the first line," Rohter said, noting that Kawananakoa descends from a more distant branch of the original Hawaiian royal family.

Queen Liliuokalani ruled the Hawaiian archipelago until she was overthrown by American businessmen and landowners, with the help of U.S. Marines, in 1893.

Rohter said Hogue is viewed as a nice guy and popular sports figure but that both he and Kawananakoa are light on legislative accomplishments and "really B-Team stuff" compared to the Democratic field.

In the past two presidential elections, the Democratic nominee has done better in the 2nd district than statewide. Sen. John Kerry (D-Mass.) took 56 percent of the vote there in 2004.

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GOP Hopes Attacking Democrats' Tax Records Pays Off (CCT)

By David Hammer

The Contra Costa Times, September 21, 2006

WASHINGTON - Some Republicans feeling the pinch in key midterm elections are emphasizing an old mantra that Democrats will raise taxes, despite low voter interest in the topic this campaign season.

Republicans are putting a large amount of money behind the message in a key U.S. Senate race in Ohio. Sen. Mike DeWine and two national Republican Party organizations have spent at least $3 million on television ads seeking to convince voters that DeWine has a record of cutting taxes and alleging that his opponent, Rep. Sherrod Brown, votes to raise them. The back-and-forth has included dueling and disputed tallies of how many times Brown voted for raising or lowering taxes.

In certain states and congressional districts, Republicans are hoping taxes are the way to take voters' minds off GOP corruption scandals, the war in Iraq or Bush's low approval ratings.

"Republicans are looking to take refuge in issues that have been tried and true in the past," said Chris Borick, a pollster at Muhlenberg College in Allentown, Pa. "In a year when they feel under siege in a number of high-profile races on issues like Iraq, they are going back to the basics."

Also, in races that appear to be going down to the wire, Republicans hope their traditional tax message can at least keep the support of conservative voters who have shown a disdain for the current GOP leadership.

"Taxes - they will never top the charts as the most important issue facing the country, but they still are very important to a significant group of people who feel very intensely about the issue," said Whit Ayres of GOP polling firm Ayres McHenry in Alexandria, Va.

Several national polls have suggested taxes won't drive voters on a national level. An AP-Ipsos poll Sept. 11-13 found voters consider Iraq, terrorism, health care, the economy and social security as important issues more readily than taxes.

Fifty-three percent of 661 likely voters surveyed see Iraq as extremely important, compared with 37 percent who gave high personal importance to taxes.

But the national mood aside, Republicans have made sure the issue is prominent in certain locations, especially in tight suburban House races, where socially moderate voters are still conservative on pocketbook issues.

Republican Reps. Jim Gerlach and Mike Fitzpatrick ran TV ads attacking their opponents on taxes in suburban Philadelphia. In northwest Connecticut, Rep. Nancy Johnson has an ad that repetitively says Democrat Chris Murphy voted to raise taxes 27 times. In suburban Columbus, Ohio, Rep. Deborah Pryce, a member of the GOP House leadership, has tried to define Democrat Mary Jo Kilroy for the taxes she raised as a county commissioner.

In the Ohio governor's race, Republican Ken Blackwell addressed taxes at least two dozen times during his first debate with Democrat Ted Strickland. Blackwell said he plans to cut them and predicted his opponent would raise them, which Strickland denied.

Democrats are touting their own plans for targeted middle class tax breaks. Strickland said he would be able to pay for projects without raising taxes. Brown and Kilroy called separate news conferences to announce similar proposals for middle class tax credits.

Brown said Republicans can't count on owning the tax issue this time.

"This effort to give tax breaks to the richest in the country - the scam's up," he said.

Democrats have to address taxes, even though the issue is perceived as a strength for the GOP, said Joe White, a political science professor at Case Western Reserve University in Cleveland.

"You want to neutralize your opponent's issues, so a certain amount of moderate me-tooism is appropriate for Democrats," White said. "The Republicans are trying to define the Democrats. At the minimum, the Democrats have to say, no, that's not me."

Courting Votes For Next Year (HILL)

By Josephine Hearn

The Hill, September 21, 2006

The two Democrats vying to become House majority leader next year are courting Democratic candidates likely to win in November, hoping to reach out early to those who may one day have a say in their promotion.

Rival Reps. Steny Hoyer (Md.) and Jack Murtha (Pa.) have been discreetly raising the issue with candidates, even as they campaign to ensure that Democrats will win control of the House, without which their contest for the majority leader post cannot take place.

“It’s being done on both sides,” said Rep. Bill Pascrell (D-N.J.), a Murtha supporter, referring to the efforts to reach out to candidates. “It would be remiss not to do it.”

In a Democratic House, freshman would number not fewer than 27 — at least 15 from previously Republican districts, plus as many as 12 replacing Democrats who are retiring or running for higher office. That bloc of new members, who lack the entrenched loyalties of incumbents, is enticing to both campaigns.

Hoyer, the minority whip, has long been active with candidates, traveling around the country on behalf of the Democratic Congressional Campaign Committee (DCCC) to recruit promising challengers, raise money, hold press events and mentor new recruits through the ups and downs of the campaign season.

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Hoyer has visited candidates in 31 districts this cycle, an aide said, and directly contributed over $600,000 to candidates.

Murtha has traveled as well, hitting districts in Pennsylvania, Ohio and New York, but he lacks the breadth and depth of relationships Hoyer enjoys, said members and aides on both sides.

"It's a slight advantage, yes," Pascrell conceded. "Because [Hoyer] has been involved in so many other elections, no one can argue Steny's status with candidates, [but] Jack is very well regarded for his work on the committees. In the last five years, Jack has emerged as an individual people will pay attention to because Iraq and 9/11 is the subject at hand."

Among current Democratic lawmakers, Murtha is undoubtedly a giant, but to candidates, he is known largely for his outspoken stance on Iraq, said Democratic sources.

"I am sure Mr. Murtha is a fine person, but Congressman Hoyer came out to my district, held a fundraiser for me. He met with the press. He's been a mentor for questions, a coach, essentially a father figure," said a Democratic candidate in a competitive race who asked to remain anonymous.

The candidate went on to suggest that Murtha's position on Iraq made him too polarizing for the district.

"I have an incredible respect for [Murtha's] service background, but in regard to the war, I'm trying to give my own presentation."

Rep. Mike Capuano (D-Mass.), a Murtha ally, downplayed the influence of campaign work on leadership races.

"Does that personal contact matter? Yes. Does it translate into votes? No. Candidates are thinking about their own races right now, not this race."

Capuano was confident of Murtha's standing even before the new members were counted, predicting that Murtha would win by a "measurable degree."

Capuano estimated that there were still 30 to 35 uncommitted members in the race, 20 of whom had "vehemently opposed" the idea of starting the contest before the election.

Rep. John Dingell (D-Mich.) took issue with Capuano's assessment.

"I thought that this campaign had been suspended," he retorted. "It seems there is a lot of over-confident talk being thrown around while we should be concentrating on the November elections."

But Dingell's doubts about conducting a race now didn't prevent him from throwing his support behind Hoyer.

"A majority of our caucus understands that Steny is the majority leader we need to help lead us when we take back the House," he said.

If Murtha is to win, as Capuano contends, he must do so against a tide of newly elected members who have been helped by Hoyer. Many Democratic candidates running in swing districts are centrists, and centrists have traditionally sided with Hoyer.

Rep. Mike Ross (D-Ark.), a Blue Dog who did not vote for Hoyer in the race for whip several years ago, said he was backing Hoyer now. He lauded the whip's work with candidates.

"The phone calls he's made, the trips around the country, the people he knows and the people who know him will all help his chances of being the next majority leader," Ross said. "... How many Democratic candidates has he not met? The answer is very few.

"I have not one bad word to say about Jack Murtha, but I've seen Steny continue to work, working hard every year and I think he's earned the right."

Still, Murtha has a formidable track record on leadership races. He largely engineered Rep. Nancy Pelosi's (D-Calif.) ascent to minority leader and Rep. John Larson's (D-Conn.) victory in the race for caucus vice-chairman.

Asked whether Hoyer enjoyed an advantage among candidates, Murtha said only, "We'll see."

Murtha has been picking and choosing his opportunities across the country, at times taking a gamble in safe Democratic seats by endorsing a candidate before the primary. He backed Mike Erlandson, a Democratic candidate in Minnesota, before he lost to Keith Ellison in the primary. In New York, he had better luck, holding a town hall event for candidate Yvette Clarke shortly before she won her primary.

"It was extraordinary," said Clarke, who was doing a victory tour around Capitol Hill yesterday. "We were gaining momentum at that time and [the visit] just threw the campaign into overdrive. That was significant. It wasn't just an endorsement for endorsement's sake."

Hoyer, the minority whip, called her after the primary to offer his congratulations, but she knew little about him.

"I looked on the Internet afterwards and: Lo and behold!"

Clarke said she had no preference yet in the majority race, but she was scheduled yesterday to meet with Murtha.

Both Parties In Ky. Battle Try To Take Right Flank (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 21, 2006

ELIZABETHTOWN, Ky., Sept. 20 -- Mike Weaver, age 67, is a former Army colonel who said he knows what war is about. He'll tell you that if you ask, or if you don't. In fact, he rarely goes more than a few sentences without mentioning his military career. He's eager also to share his views on abortion rights: opposed. Or gun control: opposed. Or same-sex marriage: very much opposed.

Weaver is the Democrat in Kentucky's 2nd District. At first blush, that might seem like an advantage. There are 100,000 more registered Democrats than Republicans in these precincts, home to tobacco fields and Fort Knox, south of Louisville. But for the past 12

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years a good many of these Democrats have been happy to vote again and again for one of the most reliably conservative Republicans in Congress.

Rep. Ron Lewis, who used to own a Christian bookstore, has won seven straight elections -- most times without breaking a sweat.

Weaver is doing his best to make Lewis sweat this time. Weaver's campaign revolves largely around convincing even his fellow Democrats that he is conservative enough.

This is one of the places where the "Republican Revolution" began in 1994 -- before then, Democratic representative William H. Natcher held the seat for 40 years -- and it is a good window into whether the GOP reign will end in 2006.

It is also the first stop in The Washington Post's nine-day trek through nine congressional districts that sit on the dividing line between the upper South and the industrial Midwest. There is no place outside the Ohio River Valley where so many competitive districts are clustered in an unbroken line.

The aim is to capture the 2006 campaign -- its characters, issues, back stories -- at eye level, touring 500 miles of main roads and less-traveled paths through Kentucky, Indiana, Ohio and West Virginia. Even in a year buffeted by unease over the Iraq war and other national issues, many competitive races are shaped by local twists. There is the Democratic candidate who worries that a decades-old high school basketball rivalry could cost him the election, and a Republican hopes to turn local pork-barrel spending into political gold.

And there is Kentucky's 2nd, where Weaver, a state representative, is running not only against Lewis but also against long currents of political history. Natcher, who as Appropriations Committee chairman prided himself on the bridges and highways his political clout made possible, was a beloved figure right up until his death in office in March 1994. In the special election to replace him, Lewis hit hard on President Bill Clinton's unpopularity in the district. At the time, Lewis's victory was seen as something of an aberration.

It was really an omen. That November, a generation of Southern Democrats were tossed out of office by voters turned off by their affiliation with a national party that was far more liberal than their districts.

The Democratic plan for reversing the past here and in similar districts centered on recruiting candidates who sound like Republicans, at least on social issues. A military background was a big bonus.

Enter "the colonel." At least that's what Weaver's aides always call him. In addition to his military record -- the Weaver Web site says he knows "what it means to defend our freedom on foreign soil" -- he prominently mentions his faith (Roman Catholic) and his family (11 grandchildren). In a campaign headquarters a stone's throw from a mobile-home dealership where doublewides are on sale, Weaver looks fit and angry enough to jump back into the trenches at any moment. He boasts that Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said Weaver is the only Democratic candidate who intimidates him.

He casts a skeptical eye on the out-of-town reporters who come to interview him. But then he turns his ire on Democrats for allegedly surrendering the political war over values they should be winning. "We have allowed them to steal from us without challenging it at all that they are the party of faith and family values," he said of the Republicans. "One of the first things we need to do is change that, because I think that is absolutely absurd."

But Lewis said Weaver cannot escape association with his party.

"If you look at the national Democrat party and their platform, the Democrats of the 2nd District do not line up with that," he said.

Lewis spokesman Michael Dodge said he does not dispute that Weaver is as socially conservative as the congressman, but he warns that once in Washington the colonel would be taking orders from liberal leaders such as House Minority Leader Nancy Pelosi (D-Calif.). Those are fighting words in these parts, where Christian singer Michael W. Smith can be heard singing praise and worship songs on the radio at Chick-Fil-A.

The district, which President Bush won with 65 percent of the vote in 2004, is a string of rural farming communities interrupted only by towns such as Elizabethtown, population 23,000. The Kentucky 2nd is anchored by Elizabethtown in the north, Bowling Green in the south and Owensboro in the west.

The area is in transition. Tobacco farmers are converting to soybeans and corn. Military life is changing, too. Fort Knox, the Army base that drew thousands of military personnel to Radcliff and turned them into lifelong district residents, survived the most recent round of cutbacks but lost its armor school, which trains personnel for armored warfare.

The latest change is that the district is once again an interesting place to watch an election. The Republican congressman this week aired campaign commercials -- the first time a challenger has forced him to do that in eight years -- and he plans to spend well over $1 million to defend his seat.

Given the scant difference on social issues, Lewis is taking aim at Weaver over tax cuts. In one of the new ads, Lewis warns that Weaver would vote for tax increases as he did several times in the state assembly. "That voting record doesn't line up" with traditional values, Lewis said. That he is going negative this early suggests Weaver's internal polling -- showing the GOP lead in single digits -- might be on target.

Weaver, in an interview, concedes that he would support repealing the Bush tax cuts that benefit the richest 1 percent of taxpayers, but he refused to detail any specifics. He walked a similar line on the Iraq war. He criticized Bush's planning and execution of the war, and he demanded that the president put forth a plan for withdrawal, but he has not backed any timetables himself. And, no matter the question, his instinct is to turn the conversation back to his biography.

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"My faith and values were taught and nurtured in my home," he said, "then taught and nurtured in the school system, which happened to be a Catholic school. It was also taught and nurtured in a church -- and confirmed in a foxhole. That is my faith and values, and I match that with anyone."

The Magnificent Seven Hit The Campaign Trail (HILL)

By Alexander Bolton

The Hill, September 21, 2006

The Senate Republican freshman class is known as the "Magnificent Seven," and like the cowboy heroes of the Western classic from which they take their nickname, they plan to ride into town to save the day.

The Republican freshmen plan to campaign together as a group next month in states such as Michigan, Minnesota, and Maryland, where the GOP thinks it has the best chances of picking up Democratic seats.

The plan has gelled in recent weeks as members of the class have discussed who among them should volunteer to run the National Republican Senatorial Committee (NRSC) during the next election cycle. The perch has traditionally been viewed as a steppingstone to leadership, but with 21 GOP seats to defend, the task is one that the seven freshmen have shunned despite their senior colleagues' strong expectation that one of them should rise to the task.

Sen. John Thune (R-S.D.) had been the senior senators' main hope of taking over the Senate fundraising committee and the arduous tasks of recruiting candidates and raising millions of dollars next cycle, the final two years of the Bush administration when the national political environment may be as difficult for Republicans as now.

Members of the class were dubbed the "Magnificent Seven" when they first came to Congress two years ago because of the impact expected from the five-seat lead they then gave Republicans in the Senate. They are Thune, and Sens. Richard Burr (N.C.), David Vitter (La.), Mel Martinez (Fla.), Jim DeMint (S.C.), Johnny Isakson (Ga.), and Tom Coburn (Okla.).

Facing possible questions about their willingness to be team players, the class met Thursday to tackle the issue of who would head the NRSC next year. But they made little progress, according to participants, and have decided to defer the puzzle until after the Nov. 7 election. Burr said postponing discussions on the future leadership of the NRSC would also give more senior lawmakers time for "soul searches" over whether they wanted the job.

But there seems to be little interest among veteran Republicans.

"It takes a member willing to work a thankless job," said Sen. Judd Gregg (N.H.), a third-term Republican. "It's a lot of hours and you have to raise a lot of money."

In the meantime, the class will gather during the second week of October to stump in states where Republicans have a shot at capturing Democratic seats.

"We're committed as the freshman class to go out and help the candidates," said Thune, who last month declined the NRSC job because of the effect its time and travel demands would have on his family.

Thune said campaigning with classmates would underscore to voters what they stand to accomplish by electing Republicans to the Senate. For example, the five-seat majority that the class of 2004 gave to Senate Republicans helped confirm two conservative justices to the Supreme Court and pass important pieces of legislation, such as bankruptcy reform, class-action tort reform, and gun-liability reform.

The class plans to argue that increasing the Republican majority, or offsetting the loss of GOP incumbents, would enable their party to expand its list of accomplishments.

"We've had an impact and made a difference," Thune said, adding that the message would be more penetrating if delivered from a group. "We want to show that these elections matter and make a difference. All of us are going to emphasize that; it adds intensity to the message."

Burr, who is considered one of the most likely to play a leadership role at the party committee next cycle, said an effort would be made to get as many of his classmates together next month in each of the targeted states. He acknowledged that the size of the group may vary from place to place.

Burr said the plans had been under discussion for several weeks and became more defined after last week's meeting. But the scheduling is not complete.

Vitter said the lingering expectation that someone from their class chair the NRSC next year did not have much influence on the decision to campaign together.

"I don't think it's a big factor," said Vitter, who emphasized the positive dynamic among his classmates. "We bring a certain energy to the trail."

So far, the class has kept its plans largely to itself. A spokesman for the NRSC said he was not aware of them, nor was a spokesman of one of the participating members.

Minnesota, Michigan, and Maryland are on the itinerary because they are each states where Republicans have a chance to capture a Democratic seat and add to the Republican majority as the class of 2004 did two years ago. They are also closer to more of the lawmakers' states than Washington state and Nebraska, where Republicans also have pick-up opportunities.

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Political handicappers rate the races in Minnesota, Michigan and Maryland as less competitive than races in Pennsylvania, Ohio, Montana, Missouri, Tennessee, and Rhode Island, where Republicans are in danger of losing seats.

The Fight For The Senate: More GOP Headaches, And One For Democrats (RC)

By Stuart Rothenberg

Roll Call, September 21, 2006

Recent developments have improved Democrats' prospects in their fight to take the Senate, with the Republican hold on the chamber looking more tenuous than even a month ago.

While the renomination of Rhode Island Sen. Lincoln Chafee has improved GOP chances of holding onto his seat, Virginia Sen. George Allen's ongoing problems have put a previously safe Republican seat at growing risk. The development in Virginia has a far greater impact on the fight for control, since it means a sixth GOP seat — the magic number for the Democratic Senatorial Campaign Committee — is now in play.

Chafee's victory over Cranston Mayor Stephen Laffey was impressive, particularly because Republican turnout efforts proved to be so effective. Chafee is about even money to hold his seat, not exactly a comfortable position for the National Republican Senatorial Committee, but a far better one than if Laffey had won the party's nomination.

But whatever benefits the Republicans have derived from developments in Rhode Island have been more than erased by Allen's problems in the Old Dominion.

Leaving aside all of the questions about whether the media exaggerated the controversial nature of Allen's "macaca" comment (they did), whether the media's portrayal of the demeaned Jim Webb (D) staff member was ridiculously naive (no argument here), whether Allen's grandmother's religion is relevant (it isn't) or whether The Washington Post is out to defeat the Senator (a lot of Republicans think it is pretty obvious), Allen hasn't stood the light of day very well.

Anyone who watched the Allen-Webb joint appearance on NBC's "Meet the Press" on Sunday with any degree of disinterest had to conclude that Webb looked relatively poised, thoughtful and smart. He thoroughly outpointed the Republican Senator.

Moreover, there now have been enough polls in Virginia to conclude that its Senate race is a single-digit contest, and Northern Virginia's growing importance in the state ought to have Republican strategists worrying about its nominee.

Some Republicans clearly are concerned, while others continue to insist, regardless of the polls, that Allen can't lose and is guaranteed 53 percent of the vote no matter what he says or does. Given how the race has developed and how little ammunition the Allen folks have against Webb, I think those Republicans who are worried have reason for concern.

Additionally, Republican seats in Pennsylvania and Montana now look very, very vulnerable, with a third, Ohio, only slightly better. Rhode Island and Missouri look like tossups, with neither party having a distinct advantage. Add Virginia to those and you have six seats, and at least a scenario for a Democratic takeover.

Two other Senate seats that Democrats have been competing in strongly, Arizona and Tennessee, still look to me to be more difficult for them, though their nominees still have six weeks to change that.

While there has been some "normal" closing in Arizona, the Tennessee contest could get very interesting in the next month if Republican Bob Corker doesn't start to put some room between himself and Democratic Rep. Harold Ford Jr. For the moment, I'm still expecting that to happen.

The other development in recent weeks has been in New Jersey, where, as I have believed all along, the Democrats' hold on the Senate seat is far from secure, even with the GOP's obvious weakness in the state.

Appointed Sen. Bob Menendez's (D) problems look very real, including a new federal investigation into a landlord/rental agreement with a community group over a building Menendez owns.

Menendez has, for months, flicked off suggestions that ethics could be a problem for him by asserting that he has been a reformer fighting against the establishment throughout his career. Well, Garden State voters — at least so far — haven't bought Menendez's storyline, and even if Republican challenger Tom Kean Jr. sometimes looks too green, voters in the state are giving him a long, long look.

The more Menendez is distracted by questions about himself and the more he is on the defensive, the better Kean's chances of making the contest a referendum on Menendez.

I still am not certain that Kean can beat Menendez, but this contest increasingly looks like a Democratic problem and the GOP's best opportunity to win a seat held by the minority.

Elsewhere, except for Maryland, there aren't a lot of reasons to be terribly excited about Republican prospects. Sure, that could change, but West Virginia never developed at all, and Michigan still looks like a snoozer (especially compared to the state's gubernatorial race). That leaves Minnesota and Washington, both of which seem to be going in the wrong direction for the GOP.

Republicans still have the advantage in the fight for the Senate. While I rate Missouri as a tossup, I still give Sen. Jim Talent (R) an edge. That means Democrats have the advantage in only three states with GOP incumbents: Pennsylvania, Montana and Ohio. They'll need to add at least three more races to that list to win the Senate, and, of course, they cannot afford to lose New Jersey. It still looks very hard, but with the addition of Virginia, it finally looks at least possible.

Stuart Rothenberg is editor of the Rothenberg Political Report.

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Allen's Mother Revealed Jewish Heritage To Him Last Month (WP)

By Michael D. Shear

The Washington Post, September 21, 2006

RICHMOND, Sept. 20 -- Henrietta "Etty" Allen said Wednesday that she concealed her upbringing as a Jew in North Africa from her children, including Sen. George Allen (R-Va.), until a conversation across the dining room table in late August.

She said Allen asked her directly about his Jewish heritage when he was in Los Angeles for a fundraiser. "We sat across the table and he said, 'Mom, there's a rumor that Pop-pop and Mom-mom were Jewish and so were you,' " she recalled, a day after Allen issued a statement acknowledging and embracing his Jewish roots as he campaigns for a second term in the U.S. Senate.

At the table in Palos Verdes, Calif., Allen's mother, who is 83, said she told her son the truth: That she had been raised as a Jew in Tunisia before moving to the United States. She said that she and the senator's father, famed former Redskins coach George Allen, had wanted to protect their children from living with the fear that she had experienced during World War II. Her father, Felix Lumbroso, was imprisoned by the Nazis during the German occupation of Tunis.

"What they put my father through. I always was fearful," Etty Allen said in a telephone interview. "I didn't want my children to have to go through that fear all the time. When I told Georgie, I said, 'Now you don't love me anymore.' He said, 'Mom, I respect you more than ever.' "

Allen's heritage became an issue in the Virginia Senate campaign Monday, when television reporter Peggy Fox raised it at a televised debate in front of 600 business executives in Fairfax County. Allen repeated what he has said in the past: "My mother's French-Italian with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian."

In fact, Allen had just recently learned about their Jewish roots when he made those comments. Allen declined to comment, but his mother said she had sworn him to secrecy.

"I said, well, I just didn't want anyone to know," she explained. "I had said, 'Please don't tell your brothers and sister and your wife.' The fact this is such an issue justifies my actions, and my behavior."

For Allen, the 2006 campaign was supposed to have been a coronation -- an easy reelection to a second term in the Senate and a springboard to national prominence and a possible presidential campaign in 2008. Instead, the last six weeks have become a nightmare for his political consultants and a source of material for late-night comedians.

And for the past three days, he has been forced to deal publicly with a very private matter.

Allen's Jewish heritage has been a subject of low-level political speculation for years, in part because the former governor and first-term senator often refers to his grandfather's incarceration by the Nazis in political speeches. But Allen has always said Lumbroso was a member of the Free French resistance movement and insisted that he and his mother were raised as Christians.

Fox has said her question was prompted by an article in a Jewish newspaper that had explored his heritage last month.

"You've been quoted as saying your mother's not Jewish, but it had been reported her father, your grandfather Felix, whom you were given your middle name for, was Jewish," Fox asked Allen. "Could you please tell us whether your forebearers include Jews, and if so, at which point Jewish identity might have ended?"

Allen reacted angrily, in part, because Fox's question came on the heels of a previous one about the "macaca" controversy. Fox had asked Allen whether he learned the word macaca from his mother. Allen had used the word to describe an Indian American volunteer for the campaign of his Democratic opponent, James Webb. Macaca is a genus of monkey and is a French slur for a dark-skinned person. French and Arabic are spoken in Tunis.

Etty Allen said Wednesday that she had never used the word "macaca" before and had to go to a dictionary to look it up when she heard of the controversy. She said the word did not exist in her dictionary.

"I swear to you, I have never used that word," she said. "I must have used a lot of bad words, but not that word."

Allen's angry reaction at the Chamber of Commerce debate prompted criticism from Internet bloggers and some Jewish leaders, some of whom accused him of hiding his Jewish ancestry or viewing it as a political problem.

"It's strange that George Allen wasn't more curious about his own heritage and a lot of people are wondering why," said George Mason University politics professor Mark J. Rozell.

But Rozell said most Virginia voters are not likely to see the question of Allen's roots as an important one in determining how they will vote in November.

"I don't even think among some of the more hard-core religious conservatives in this state it will cause him any difficulty," Rozell said. "When it comes down to it in November, voters are going to look at George Allen's record, the war in Iraq, Jim Webb, a lot of policy issues."

Allen's mother said she first began concealing her Jewish roots after meeting her future husband, afraid that she would not be accepted by his parents and fearful that her religion could harm his budding coaching career, which started at Whittier College, a school in Southern California founded by Quakers.

"He didn't want me to tell his mother," she said of the elder George Allen. "At that time, that was a no-no, to marry outside the church." Allen died in 1990.

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Leo Mugmon, 92, a longtime friend of Allen's mother who knew her as a Jew in Tunis, recalled her decision to hide her faith when she came to the United States.

"She did not say anything to her mother-in-law or her family," Mugmon said. He added that Etty Allen's father, Felix Lumbroso, traveled from Tunis for the Allen wedding. "Mr. Felix didn't say anything about it. In silence, he sort of condoned it."

Etty Allen said she is relieved to no longer have to keep a secret about her past. She said she hopes the revelation does not hurt her son's bid for reelection to the Senate.

"He's fine. He loves challenges," she said, then offered an unsolicited observation that suggests her son might be ready for a break from tough questions: "His favorite time of the week is when he comes home, sits on his riding mower, by himself and mows his lawn and no one is asking him questions."

Exchange Between Allen And TV Reporter On His Heritage (WP)

The Washington Post, September 21, 2006

The text of the exchange between Sen. George Allen and WUSA (Channel 9) reporter Peggy Fox at the Fairfax County Chamber of Commerce debate Monday in Tysons Corner:

Fox : Senator Allen, you have said several times that you made up the word "macaca" when referring to S.R. Sidarth, the young man of Indian heritage born and raised in Fairfax County who attends your alma mater. But the word is a racial slur in French-influenced African nations, most notably Tunisia. Your mother's Tunisian -- are you sure you never heard the word and if you were just making up a name, to call Sidarth, why not just call him John, something that -- rather than something that sounds derogatory. Was it because he looked different?

Allen : I hope you're not trying to bring my mother into this matter. I have said, and I'll say it once again, I made a mistake. It was a thoughtless moment. I have apologized for it, as well I should. I had never heard that word before, from my mother or from anyone else. If I had any idea that in some parts of the world, for some cultures, that this would be an insult, I would never use that word, because that's not who I am, that's not how I was raised, it's not what I believe in.

Whether it was from my father's football teams, where he had people from all different parts of the country and different backgrounds -- you don't care about, on football teams or on sports teams, what someone's race or religion is or ethnicity is, all you care about is whether they can help the team compete and succeed. And that's the meritocracy that we should aspire to in our country. And if there's one lesson that I learned more than from anyone else it was my mother, whose father was incarcerated by the Nazis in World War II. And of all people in my life who told me about tolerance and not judging people by their religious beliefs or their ethnicity or their race, it is my mother.

And so I made that mistake, I will of course do better, I'm sorry I said it. Nonetheless, there was no intent whatsoever to insult that young man or anyone else. It is not who I am and that is why, by the way, state senator Bennie Lambert, an African American, Democrat, endorsed me last week because he knows my record in making sure this is a land of opportunity for all and especially helping out minority-serving institutions.

Fox : May I ask a follow up? Following the macaca episode, the Jewish press published a story on the Internet that explored your possible Jewish ancestry on your mother's side. You've been quoted as saying your mother's not Jewish, but it had been reported her father, your grandfather Felix, whom you were given your middle name for, was Jewish. Could you please tell us whether your forebearers include Jews, and if so, at which point Jewish identity might have ended?

[Booing from the audience]

Allen : I'm glad you all have that, you have that reaction. You know what our first freedom in this country was? Freedom of religion, where people's rights are not enhanced or diminished on account of their religious beliefs. Thomas Jefferson was the author of that. As we try to stand up a free and just society, that's the first pillar of a free and just society. And to be getting into what religion my mother is, I don't think it's relevant, whatever one person believes, whatever their beliefs may be, is not relevant. So I'd like to ask you, why is that relevant? My religion, Jim's religion, or the religion beliefs of anyone out there. [applause]

My mother's French Italian . . .

Fox : Honesty.

Allen : . . . with a little Spanish blood in her. And I was raised as she was, as far as I know, raised as a Christian. But if you really need to get into such matters . . .

Fox : . . . Honesty, that's all.

Allen : Oh, that's all? That's just all? We need, we need to get this country together. And I respect your right to ask questions. But let's ask questions about issues that really matter to people here, in Virginia, such as how we're going to bring this country together, make us more secure, a land of opportunity. And I'll tell you one other thing, preserve our foundational values, and one of those values is freedom of religion and not making aspersions about people because of their religious beliefs.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", September 18, 2006

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September 17, 2006, 3:09 pm Making Nice, but No Progress

The standoff continues between the Bush administration and some senators over limits on CIA interrogations of suspected terrorists, raising questions on whether Congress will act on the matter before it leaves town later this month for the fall campaigns.

Making the rounds of the Sunday talk shows, National Security Adviser Stephen Hadley declined to say what specific techniques would be illegal if Congress didn't pass Mr. Bush's proposal. But he said the CIA program would suffer and be shut down if interrogators do not have guidance. He said the White House is working on a compromise that "achieves Senator [John] McCain's requirement that we don't amend or change" the Geneva Conventions. "We need to find a way through that obstacle course, and I think we can," Mr. Hadley said.

Michigan Sen. Carl Levin said he wasn't certain a compromise was possible. "I don't see a way unless the president gives up on his idea that we're going to unilaterally modify Geneva," he told CBS' "Face the Nation"

A Supreme Court ruling in June essentially said the Geneva Conventions on the rights of wartime prisoners should apply to suspected terrorists in CIA custody. The decision froze the interrogations and eventually led the administration to turn over the last 14 prisoners in CIA custody to the military officials running a prison for detainees at Guantanamo Bay, Cuba.

Read more: Global, Homeland Security, Foreign Policy

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September 17, 2006, 1:11 pm Chewing Over the Virginia Senate Race

Republican Sen. George Allen, who has seen his big lead over former Navy Secretary Jim Webb deflate since he flung the "macaca" comment at a Webb volunteer of Indian descent last month, squared off with his opponent on NBC's "Meet the Press," where both men found themselves on the defensive. Webb had to answer charges that a magazine article he wrote 27 years paved the way for harrassment and abuse of women at the U.S. Naval Academy. In fact, after some early argument over Iraq and detainee interrogations, the debate turned to dealing with all the baggage.

Allen didn't really need to apologize for his remark, he's already done so repeatedly. Nonetheless, he called it "a mistake" and said "there was no racial or ethnic intent to slur anyone." When pressed on his past embrace of the Confederate flag, Allen said there are "a lot of things I wish I'd learned earlier in life," and pledged to help people of all races become a part of "team America."

Webb said he regretted "many pieces" of the article, such as one passage that referred to Naval Academy dormitories as "a horny woman's dream" and another in which Mr. Webb wrote that he had never met a female he would "trust to provide" combat leadership." Mr. Webb then tried to shift attention back to Allen's previous opposition to admitting women to the Virginia Military Institute. He later noted that he agrees with the Army's current policy of having women "attached" to combat — 62 have died serving in Iraq over the last three years - -but not directly fighting as part of infantry units.

In the end,the two came to agreement on something: chewing tobacco. Show host Tim Russert pressed them both on their long-time tobacco habits, asking if that was a good example for children. Both candidates agreed it was a bad example, but, perhaps in deference to the presence of major tobacco firms in Virginia, neither said they planned to quit. "Yes I do dip," Allen said, striking a softly defiant tone. He then quoted Mark Twain: "Nothing needs more reforming than someone else's habit." –Christopher Conkey

Read more: Global, Campaign Journal

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September 15, 2006, 6:27 pm Wait, Who's on the Ballot?

The White House this afternoon released the president's schedule for next week, which includes one intriguing entry. On Thursday, President Bush will be in Orlando, Fla., to attend a "Charlie Christ for Governor" event.

We'll take a guess they meant Charlie Crist , the Republican candidate for Florida governor. It's an easy enough mistake to make.

On the subject of religion, President Bush at a Rose Garden news conference this morning did talk about what he sees as America's changing attitudes. Responding to question about his address to conservative columnists earlier this week in which he brought up a "Third Awakening" of religious devotion, the president said: "It seems like to me that something is happening in the religious life of America… But I'm able to see a lot of people, and from my perspective, people are coming to say, I'm praying for you. And it's an uplifting part of being the president; it inspires me. And I'm grateful that a fellow citizen would say a prayer for me and Laura." –Amy Schatz

Read more: Campaign 2006, White House

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September 15, 2006, 5:34 pm Dodging a Dukakis Moment

While touring a high-tech plant today, Massachusetts Lt. Gov. Kerry Healey , the Republican candidate for governor, apparently refused to be seen wearing goggles and a hard hat by waiting photographers, according to the Patriot Ledger. The incident in Quincy follows a similar one last month in New Bedford, the AP reports, when Healey's campaign staff barred photographers from snapping photos "while she was wearing a hair net at a fish processing plant."

Seems to Washington Wire that doing anything to avoid a Dukakis moment, particularly in Massachusetts, is only prudent. Also, let's be honest: Who looks good in a hair net?!

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Healey's decision to nix the goggles photo op means the Democratic winner of the state's Sept. 19 primary will have one less photo to choose from when the attack ads start. Three Democrats are currently trying to win the nomination to take on Healey in November. At this point, the governor's race is considered a toss-up. –Amy Schatz

Read more: Global, Campaign Journal

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September 15, 2006, 4:31 pm You Gotta…Know When to Fold 'Em

Among the allegations the Justice Department today announced against Rep. Bob Ney (R, Ohio): on two occasions in 2003, he accepted thousands of dollars of gambling chips from a "foreign businessman" for use at private London casinos. In exchange, he lobbied the State Department for an exemption to a trade embargo against a country to which the businessman wanted to sell U.S.-made aircraft and airplane parts, the Justice Department says.

Ney The Justice Department wouldn't divulge the businessman's nationality or the country to which he sought the embargo exception. But according to numerous media accounts, the London rendezvous included British resident Nigel Winfield and Syrian-born Fouad al Zayat, co-owners of Cyprus-based FN Aviation. Their intended market: Iran. (Ney, who once lived in Iran, is the only member of Congress fluent in Farsi.)

Under the gifts section of his 2004 financial disclosure report, Ney listed $34,000 from a "game of chance" at the Ambassador's Club, a London casino. The Justice Department said his combined winnings exceeded $50,000. In June, Ney was one of just 17 Republican to vote against a bill to crack down on Internet gambling. –Ben Winograd

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September 15, 2006, 4:19 pm Not Buying

The new Wall Street Journal/NBC News poll shows that a 59% majority of voters rejects President Bush's recent comparison of the war on terrorism to earlier struggles against Nazism and fascism. In equal proportions, nembers of families including a current soldier or military veteran join other voters in calling that "an inappropriate comparison that is only being made to justify the Bush policy."

Americans of all ages, incomes and demographic groups agree on the point; only Republicans and conservatives side with the president. Asked about the war in Iraq at today's Rose Garden news conference, Bush said he's prosecuting "the ideological war of the 21st century" but did not repeat the comparison to the battle against Nazism. –John Harwood

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September 15, 2006, 3:10 pm Indiana Voters Leaning Leftward?

When he worked at the White House, Mitch Daniels wasn't always the most popular guy in the room. It's not an uncommon problem for the head of the Office of Management and Budget, whose job includes telling the president and federal agencies how much less money they'll have to spend than they want.

Daniels That's one reason why Daniels, who as Indiana governor has spent a lot of time trying to balance the state's budget, probably won't be fazed by new poll from WISH-TV in Indianapolis, showing Hoosiers aren't very happy with him. Daniels, a Republican, was rated in the fair or poor categories by 57% of all respondents (although just 35% of Republicans). The poll of 800 likely voters conducted from Sept. 5 to Sept. 8 found that 55% think the country is headed in the wrong direction while 41% say its going the right way.

Daniels isn't up for re-election this fall. But three Indiana congressional seats are in play, which is why both Republicans and Democrats are pouring money and resources into the conservative state. Among local issues, voters appear to still be miffed about Daniels's decision to lease a northern Indiana toll road to an international conglomerate as well as the continuing drama over the state's effort to pick a time zone. Consequently, the answer to one poll question–"Would you like to see more Democrats or Republicans elected to Congress this year?"– may be somewhat troubling.

In all, 46% said they'd prefer more Democrats while 41% chose Republican. Among women, 50% preferred Democrats, and 35% favored Republicans. –Amy Schatz

Read more: Global, Campaign 2006

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September 15, 2006, 1:17 pm Scrubbing the Numbers

The Citizenship and Immigration Service says its once-monumental backlog for green card, asylum and naturalization requests has almost disappeared—except for the 1.1 million people still in it.

USCIS Director Emilio Gonzalez called a news conference to announce that the service's "net backlog" had been winnowed to 139,000 by the end of July—down from 3.8 million in January 2004—and that he expects to eliminate it by Oct. 1. The backlog includes people applying to join family members, those who want to live and work here permanently, political refugees and those seeking asylum, and people who already are here and want to gain their citizenship.

The news should have come as a relief to certain categories of Filipinos, who have been waiting since 1984 for permission to join family members. Some categories of Mexicans have been waiting since 1993, and some Indians and Chinese have been on the wait list since 1995, according to a monthly government bulletin advising immigrants how long they can expect to wait.

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But USCIS, which replaced the old Immigration and Naturalization Service, says it still has a "gross backlog" of a million people whose applications are being held up by other agencies and by situations over which it has no control. About 100,000 of those cases are waiting for the FBI to complete background checks. But most of the gross backlog is because Congress limits the number of new immigrants from any one country to 7% of the yearly total, regardless of the country's size or the number of its people who want to immigrate. Under that rule, tiny Singapore is entitled to as many green cards yearly as China.

The USCIS defines a backlogged case as one that's been in the works longer than six months. That means immigrants from small countries who are applying to join their families face a fairly speedy route through the immigration system. But for those long-waiting Filipinos and Mexicans, the wait could be almost as long as ever. –June Kronholz

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September 15, 2006, 11:40 am Activists Call for IMF/World Bank Boycott

Antipoverty activists announce a boycott of the International Monetary Fund/World Bank annual meetings to protest Singapore's refusal to let some of them enter the country.

After massive antiglobalization demonstrations over the last decade, the international lenders have tried to incorporate nongovernmental organizations into their decision-making. But the relationship isn't always smooth.

Now 163 such groups say they won't participate in official events in Singapore. They had planned to raise concerns about the often-austere economic policies the IMF urges its 184 member nations to implement, as well as the environmental impact of dams and other big World Bank projects.

World Bank President Paul Wolfowitz condemned Singapore's "authoritarian" actions. "The one thing I think I would say is that a lot of that damage has been done to Singapore and it's self-inflicted," Wolfowitz told activists at a roundtable, before they walked out. "It is unacceptable."

An IMF spokesman said of the activist groups: "We have been having productive discussions, and we expect them to continue."

In a statement issued Friday, the World Bank said the Government of Singapore informed the organization that it will remove the objections to 22 of the 27 accredited civil society representatives whom they had previously said would be barred from participating in the annual meetings. "We are notifying those persons of their change in status," the World Bank said.

The World Bank said it would continue to urge the Government of Singapore to allow "all accredited individuals be permitted to participate," because "open dialogue with civil society is important for the effective operation of our institutions." –Michael M. Phillips

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September 15, 2006, 11:31 am Gee, Thanks

For a moment, imagine that you are state Sen. Joy Padgett of Ohio. You're 59 years old and you've been kicking around local politics for years, paying your dues in both the state House and Senate. After all this time you've finally got a shot at the big-time, the local congressman has retired and endorsed you for the job.

Unfortunately, that congressman is Bob Ney, a six-term member who was forced to resign earlier this year over his shady dealings with lobbyist Jack Abramoff. And on Thursday, the day you win a special primary, beating four other candidates for the chance to take on Democratic lawyer Zack Space to win Ney's seat in November, lawyers close to his case begin leaking word that he will plead guilty to federal criminal conspiracy charges Friday. Plus, he's now in rehab.

Do you:

a.) Curse, letting loose such a long string of expletives that even your 20-something campaign staffers look on in awe

b.) Call state party leaders to complain Ney's trying to torpedo your campaign

c.) Put on a brave face, telling reporters you have no need to distance yourself from the Ney scandal since voters in the district know and trust you

d.) All of the above

Washington Wire is betting Padgett goes with option "c," although it would be hard to blame her for choosing "d" instead.

The AP, which caught up with Padgett this morning in Columbus, reports that she wouldn't comment on the Ney case but says she doesn't worry about distancing herself from the former congressman. "I don't think I have to do that at all. There was an attempt in 2004 to try to Velcro me to (Republican Gov.) Bob Taft, and that didn't work," she said. –Amy Schatz

Read more: Campaign 2006, Congress

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September 15, 2006, 11:22 am Bush Approval Rating Rebounds

President Bush's job-approval rating rebounded in the latest Harris Interactive poll, rising to 38% from 34% in August. The poll numbers come in the wake of a Wall Street Journal/NBC News Poll that also showed a modest gain, following a series of speeches by President Bush on the Iraq war.

Still, less than one-third of those polled believe the country is going in the right direction–but that's up from last month's 26%. The Harris Interactive poll surveyed 1,004 U.S. adults by telephone from Sept. 8 to Sept. 11.

Capitol Hill figures of both parties, as well as cabinet officials, continued to draw low marks. The top issues on Americans' minds? Iraq–though down slightly–followed by the economy, health care and immigration.

Graphic: Compare Bush's approval ratings across multiple polls.

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September 15, 2006, 6:00 am So How Bad Is Wal-Mart's Image?

Well, the big retailer's image is better than President Bush's, Defense Secretary Donald Rumsfeld's, Vice President Dick Cheney's, but not as good as Secretary of State Condoleezza Rice's.

Here's what the Wall Street Journal/NBC News poll found when it asked respondents to "rate your feelings" toward the following.

28%

And for comparison…

Target

51%

10%

(Rows don't add to 100 because remainder were neutral or weren't sure.)

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September 15, 2006, 6:00 am The Power of Markets

Whether it's President Bush talking more about terrorism, gas prices dropping or something else, Republicans have improved their prospects of holding onto both houses of Congress in recent weeks, according to an analysis of trading in the Iowa Electronics Market by Moody's Economy.com.

As of Thursday, traders placed a 49% probability that Republicans will lose seats in the House, down from 56% a month ago. In the Senate, where only one-third of the seats are up for grabs, traders see only a 16% likelihood that Republicans will lose seats, down from 27% in August. The probability of Republicans holding onto their current total of 55 seats rose to 73% last night from 67% last month.

The IEM is a Web-based, real-money futures market operated for research purposes by professors at the University of Iowa. Investors can trade between $5 and $500 in a variety of futures contracts, such as whether the unemployment rate will drop or whether the Federal Reserve will raise interest rates later this month, and it opens trading on political outcomes in the months leading up to a major election. Probabilities are determined based on where traders put the price of a typical contract.

Think it doesn't have solid predictive power? Think again. On the eve of the 2004 presidential election, traders forecast President Bush would receive 50.45% of the vote to Sen. John Kerry's 49.55%. Pretty spot on. –Christopher Conkey

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September 15, 2006, 12:00 am Poll Finds Support for Iran Strike

Voters talk tough on Iran's nuclear program.

In new Wall Street Journal/NBC News poll, 54% say U.S. should strike militarily if necessary to stop Iran from acquiring nuclear weapons. Support reaches 62% if U.S. joins international coalition.

Military officials warn a successful strike might only set back Iran's program, not halt it, and prompt Iranian retaliation in Iraq. But "even people who are for troop withdrawals" from Iraq back military action through a coalition, says Democratic pollster Peter Hart, who conducts Journal/NBC survey with Republican Bill McInturff.

Though Independents and Republicans would back unilateral strike, Democrats are opposed.

Democratic leaders remain elusive foils for Republican barbs.

Seven in 10 voters don't know top Senate Democrat Reid or have no strong feelings about him; six in 10 say the same of House leader Pelosi, who Republican strategists call out of touch with mainstream. House Speaker Hastert is similarly anonymous.

Senate Majority Leader and 2008 hopeful Frist has better name recognition but split ratings, 21% positive and 23% negative. Voters cite deficit and Iraq policy as biggest fears if Republicans keep control of Congress, gridlock and premature Iraq withdrawal if Democrats take over.

Voters want Wal-Mart to face tougher government oversight.

After criticism from unions and liberal activists, 52% say companies like Wal-Mart "should be reviewed and regulated more" over adequacy of health and pension benefits. That includes majorities of women, Southerners, and rural voters; even 41% of conservatives agree.

By 50% to 45%, voters earning more than $75,000 a year say companies should set their own standards. The Midwest is most sympathetic to that view. Two-thirds of all voters say they've patronized the retailer in the last month.

Overall, Wal-Mart is rated positively by 45%-31%, though Target enjoys stronger image at 51%-10%.

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DEMOCRATIC COMRADES: Kerry taps list of three million donors to boost fellow veteran-politicians. An email appeal yields more than $200,000 in 72 hours for Congressional candidates in New York, Pennsylvania and California. By 77%-17%, voters who backed Kerry two years ago favor reducing troops in Iraq.

DIPLOMAT IN CHIEF? Bush and Rice visit U.N. next week to prod allies for sanctions on Iran. Some 31% of voters rate Bush highly as "a world leader," down from 36% a year ago and 49% before the Iraq war.

TAX TACTIC: Republicans weigh new gambit for cutting estate taxes. They might add measure to government funding resolution before leaving Washington for October campaigning. Among voters earning $30,000 or less, just one-third approve Bush's handling of the economy and back Republicans for Congress.

NOT COMPLAINING: Despite controversy over imprisonment and interrogation of detainees, 54% of voters credit Bush administration with "the right course," while only 34% say administration has "gone too far." But by 51%-41%, voters oppose terror trials where suspects couldn't attend or view evidence.

Voters fault corporations, more than Washington, for widening income inequality.

Three in ten blame "excessive salaries and bonuses" for gap between highest-income workers and others. Another 26% say overseas competition, twice the 12% who cite Bush administration and Congress.

Tracking Democratic rhetoric, voters show increasing concern about the gap; one in four call it America's biggest economic problem, virtually matching the share who say energy costs. In international economic speech, Treasury Secretary Paulson says narrowing disparities is "the responsibility of all nations."

By 47%-36%, voters rate Bush poorly for "being compassionate enough to understand average people."

MINOR MEMOS: State whips Pentagon in battle of bureaucratic chiefs; Rice's positive rating rises to 55% from 48% in May 2004, while Rumsfeld's falls to 31% from 39%. Cheney's 50% negative rating exceeds that of both administration colleagues. – John Harwood

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September 14, 2006, 7:29 pm Ballot Battle in Pennsylvania

Pennsylvania's Green Party candidate for Senate can't appear on the Nov. 7 ballot unless he can prove to a state court that nearly 3,000 signatures on his nominating petitions are indeed valid.

That's a big issue for Democrats, who worry that Carl Romanelli could siphon crucial votes from their candidate, Bob Casey Jr., who's locked in a tight race with Rick Santorum, the Republican incumbent. "We feel very strongly that [Romanelli's] candidacy will take away votes from Bob Casey and we're hopeful the court agrees with us," said Pennsylvania Democratic Party spokesman Abe Amoros.

Democrats filed suit challenging signatures on Romanelli's petition for listing on the ballot. A month-long review found some 30,000 invalid signatures — ones that are faked, illegible, or aren't those of registered voters — leaving him about 3,000 signatures short of the 67,070 needed. Romanelli lawyer Lawrence M. Otter argues that some of the signatures were incorrectly labeled invalid.

Pennsylvania Democrats accuse Santorum and the Republicans of helping Romanelli's climb to the ballot by financing the candidate's signature campaign and helping in the petition drive.

The Romanelli camp has until his scheduled Sept. 25 court date to rehab the 3,000 mislabeled signatures.

In the meantime, Romanelli's not showing concern. "I am confident I will remain on the ballot — definitely," he said. – Erika Lovley

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September 14, 2006, 6:07 pm Dueling Letters Over Judicial Appointee

Trying to revive the nomination of one of President Bush's most controversial judicial appointments, a group of 18 retired military officers sent a letter to top Senate Judiciary Committee members in support of Williams J. Haynes II.

Yesterday's letter sought to debunk a July letter signed by 19 retired military officers that expressed "deep concern" with Haynes' nomination. Haynes, general counsel to the Defense Department, was first nominated to the Fourth Circuit Court of Appeals in 2003, but his nomination has stalled over apprehension about his involvement in crafting legal policies toward detainees in Iraq, Afghanistan and Guantanamo Bay, Cuba.

According to the July letter, "Mr. Haynes was arguably in the strongest position of any other senior government official to sound the alarm about the likely consequences for military personnel of the views being put forward by the Justice Department" offering legal cover for the use torture during interrogations. Haynes also helped craft the military commission system the Supreme Court struck down in June for departing from the Uniform Code of Military Justice.

Yesterday's letter said the July letter created a "highly misleading impression of Jim Haynes" by "asserting that Jim ignored the advice of Judge Advocates with respect to the policy on interrogation of detainees." This morning, the Senate Judiciary Committee was scheduled to discuss Mr. Haynes and four other appeals court candidates President Bush re-nominated earlier this month. The committee could not reach a quorum. – Ben Winograd

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September 14, 2006, 5:58 pm FCC's Martin Says AT&T-BellSouth Review on Track

DOJ_NMG_0066965

A federal judge's ongoing review of two telecom deals won't slow the government's review of AT&T's pending $67 billion deal to acquire BellSouth Corp., Federal Communications Commission Chairman Kevin Martin said Thursday.

In a conference call with UBS investors and analysts, Martin was asked about whether a federal judge's antitrust review might delay the government's review of AT&T's current acquisition. The court review focuses on the Justice Department's approval of the SBC Communications Inc. and AT&T Corp. deal as well as Verizon Communication Inc.'s purchase of MCI Inc.

Noting the FCC hopes to complete its review of the BellSouth deal by mid or late October, Mr. Martin said the court review wasn't a problem. "It doesn't really have an impact from our agency's standpoint," he said. "There's not a deadline for us other than a self-imposed" 180-day clock. — Amy Schatz

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September 14, 2006, 4:41 pm Run, Don't Walk

The Republican National Committee issued a call to arms, part of its much-admired get-out-the-vote effort. The RNC's "September Sprint to Victory" asks supporters to hold house parties, set up a home-based phone bank and go door-to-door in their neighborhoods in support of local Republican candidates.

Acknowledging that most people have lives to lead and aren't going to put them on hold for political races, Republicans are offering supporters three ways to help (beyond the obvious option of giving $$). There is Turnout Tuesday, in which you can invite a few friends over and turn your house into a mini-call center, using your cellphones; House Party Thursdays, where absentee ballots can be distributed or local candidates invited to speak; or Super Saturday on Sept. 30, which features a walk around the 'hood to spread the word before "invit(ing) folks back home to watch the big game."

Not clear what game that is, although it's a safe bet it's on a campus and involves a football. The volunteer who makes "the biggest impact" during the drive–including volunteers recruited, new voters registered, etc. – will "receive a special surprise gift autographed by President Bush ," (RNC's emphasis).

A spokeswoman said the campaign was an "invaluable part of our broader effort to contact millions of voters in the coming days." She declined to provide any hints about the special prize (although we note the RNC loves handing out autographed photos). –Amy Schatz

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September 14, 2006, 4:04 pm Bayh Calls for Meeting of the Minds

It's been months since President Bush first planned to meet with the CEOs of Detroit's Big 3 auto makers—a meeting now postponed until after the November elections. The White House has taken flak from Michiganders about the perceived snub, but today it got a missile lobbed from a neighboring state. Sen. Evan Bayh (D., Ind.), a potential presidential candidate in 2008, wrote Bush that "a sense of urgency is required" in addressing the issues that the domestic auto industry faces.

"Our working men and women deserve leadership and results," he wrote in the letter. "They cannot afford to wait." –- Laura Meckler

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September 14, 2006, 2:38 pm Agency Unveils Car-Safety Rules

The Bush administration says proposed rules on electronic stability control systems for all new passenger vehicles would save between 5,300 and 10,300 lives annually and prevent between 168,000 and 252,000 injuries.

Electronic stability control, already available on some vehicles, helps keep cars from veering out of control and tipping over. The National Highway Traffic Safety Administration proposal would require manufacturers to begin installing the technology on SUVs, minivans and pickup trucks under 10,000 pounds, beginning with the 2009 fleet and have it on all such vehicles by model year 2012. The agency figures it will add $111 to the cost of vehicles that already have antilock brake systems, which are needed for stability control to work. –Laura Meckler

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September 14, 2006, 2:21 pm Seeing Red in Pennsylvania

Recently, it seemed like Pennsylvania Sen. Rick Santorum was gaining some momentum in his effort to hold his seat from challenger Bob Casey Jr., the Democratic state treasurer. Warm and fuzzy television ads that played all over the state this summer (see "Polka" and "Hoedown") were widely credited with reintroducing the conservative Republican in a good way to the state — and erasing the scary double-digit lead Casey had built-up. When the two debated for an hour on NBC's Meet the Press, many political observers dubbed the Sept. 3 match a draw.

Santorum

Which brings us to a negative television ad the senator's campaign launched yesterday, dubbed "Corner Bar." It suggests Casey's political team contains a bunch of unethical hacks who are halfway to landing in a jail cell, if they aren't there already. It will be interesting

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to see what–if any–impact this has on the race, particularly given that one of the allegedly shady characters on Team Casey has apparently been dead for almost two years. –Amy Schatz

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September 14, 2006, 2:02 pm Michele Davis Tapped for Treasury Post

Treasury Secretary Henry Paulson has picked Michele A. Davis for the top public affairs position in the department, a role she filled during the tumultuous tenure of President Bush's first Treasury secretary, Paul O'Neill. Bush is expected to announce his intent to nominate her for the assistant secretary's post this afternoon. The position requires Senate confirmation.

While it's a job title she's held before, Davis is expected to play an expanded role, serving as a senior strategist for Paulson on policy as well as communications matters. Davis has been serving as deputy national security advisor at the White House's National Security Council. After leaving Treasury the first time, Davis served as senior vice president of regulatory policy at mortgage giant Fannie Mae. She also served as communications director for former House Majority Leader Richard Armey, (R., Texas).

Davis is one of several hires Paulson has made since taken over at Treasury earlier this year. –Deborah Solomon

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September 14, 2006, 12:05 pm Lobbying Group Presses for FDA Money

The FDA Alliance, a new lobbying group that includes a number of former Food and Drug Administration officials, launched its effort to press Congress to increase federal funding for the agency. The group, which has been quietly discussing its plans with FDA-watchers for months, is backed by patient groups, trade associations and drug companies, among others.

The biotech industry is also expected to lobby strongly for more appropriations for FDA. The agency, saying it needs more money to fund important initiatives including drug-safety programs, has been seeking higher user-fee payments from drug companies. –Anna Wilde Mathews

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September 14, 2006, 11:59 am Paulson: Fodder for Bloggers

In a blog post on RGEmonitor.com, Brad Setser praises parts of Wednesday's speech by the new Treasury secretary, but pokes a couple of holes.

Paulson

"It was rather surprising that Paulson's speech didn't explicitly allude to any risks from the rising financial imbalances that have been associated with the current form of globalization. After all there is no intrinsic reason why globalization implies that emerging economies should be financing the world's advanced economies," he says. "I was a bit concerned that Paulson may be putting a bit too much emphasis on domestic capital market reform and opening up China's domestic banking markets to foreign competition and too little emphasis on currency reform…..(L)etting US financial institutions operate Chinese banks won't do much (if anything) to address the concerns of American auto parts workers. …

"Above all, though, I was struck by the irony of the United States – and particularly the Bush Administration – emphasizing how important it is that all countries like up to their international responsibilities…. Wasn't the Bush Administration elected, in part, to make sure that the United States own policies – including its economic policies — weren't subject to any global tests?"

And Brad Delong, the Berkeley blogger who did a stint at the Clinton Treasury, writes that Paulson "appears to have decided to be Secretary of the U.S.-China Relationship. It's an honorable job, and one well worth his considerable talents." Why this approach? "Given the White House he has to deal with, he can do nothing to undo the disastrous fiscal policies of the Bush administration," DeLong suggests. "Given the White House he has to deal with, he can do nothing to bring the resources devoted to entitlement programs into long-run balance with the spending plans of the programs."

At billsdue, a blog that focuses on the improbable combination of China and video games, comes this nugget: "He was definitely trying to speak in language the Chinese government understands, and even cribbed a phrase almost directly from the latest Hu-Wen economic stump speech: China needs a more harmonious, more balanced pattern of growth that gives Chinese households more income and the confidence to spend it."

The blog maintained by the National Association of Manufacturers – whose chief, John Engler, attended the speech, was full of praise: "a clear appreciation of the place and of the nuances of the global trading system." Foreign Policy magazine's blog boiled 4,000 words of rhetoric into a single sentence: "Treasury Secretary Hank Paulson to China: We want you to succeed." –David Wessel

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September 14, 2006, 11:21 am Remembering Ann Richards

Richards It's slightly too early in the day for the Washington Wire to imbibe, but we're raising a margarita tonight (frozen, no salt), in honor of Ann Richards, a true giant of Texas politics and one of the wittiest pols in the business, Democrat or Republican. President Bush, who ended her political career by defeating her in the 1994 governor's race and became her verbal pincushion, had nice words to say.

DOJ_NMG_0066967

The 73-year-old former governor died yesterday from esophageal cancer, and the Texas statehouse political reporters paid homage today in Dallas, Austin and Houston.

Here's a sampling of the governor's greatest lines, beyond her classic: "Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

"I thought I knew Texas pretty well, but I had no notion of its size until I campaigned it."

"I have always had the feeling I could do anything and my dad told me I could. I was in college before I found out he might be wrong."

"Poor George [H.W. Bush], he can't help it. He was born with a silver foot in his mouth."

"There is a lot more to life than just struggling to make money."

"I did not want my tombstone to read, 'She kept a really clean house.' I think I'd like them to remember me by saying, 'She opened government to everyone.'"

–Amy Schatz

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September 14, 2006, 6:00 am 54 Days Left to Go

Seven-term Republican congressman Jack Kingston's Georgia seat doesn't exactly appear to be in jeopardy. Running against Democrat Rev. Jim Nelson, a United Methodist pastor and author ("Where Would Jesus Put the Sidewalks? A Study Of Faith and Politics"), political prognosticators suggest Kingston needn't give up his Washington digs.

Never hurts to reward the faithful, however, which is why Kingston's campaign committee sent out a desktop flip calendar this summer so supporters could track the last 100 days until Election Day—from Sunday, July 30 to Tuesday, Nov. 7.

Dubbed "100 Reasons to Vote Republican," the calendar is liberally sprinkled with quotes from prominent conservatives, including Rush Limbaugh and President Reagan (Aug. 11: "It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first." Sept. 21: "The trouble with our liberal friends is not that they're ignorant: It's just that they know so much that isn't so."). It's peppered, too, with quotes from those on the other end of the spectrum, including Dixie Chick Natalie Maines (Sept. 14: "The entire country may disagree with me, but I don't understand the necessity for patriotism.").

The calendar has 200 pages, but the ones after Nov. 7 are blank. Unfortunately, the Friends of Jack Kingston apparently couldn't fill all 200 of them with reasons to vote Republican.

"It's for notes," explained Rob Asbell, a Kingston spokesman, who said this is the second campaign in which the congressman has sent out the calendar/notepad to supporters. — Amy Schatz

Indiana Voters Leaning Leftward?

Sep.15, 2006

Scrubbing the Numbers

Sep.15, 2006

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The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Presidential Hopefuls Do A Delicate Dance With Lamont (and Vice Versa) (NYT)

By Anne E. Kornblut And Jennifer Medina

The New York Times, September 21, 2006

WASHINGTON, Sept. 20 — For a road map to the 2008 Democratic presidential primaries, check out Ned Lamont's phone log.

Soon after winning the Democratic Senate primary in Connecticut last month, Mr. Lamont heard from almost the entire Democratic field — a group he refers to, with some amusement, as his "new friends."

Senator Hillary Rodham Clinton of New York rushed to donate the maximum amount to his campaign, and is planning a fund-raiser for him in early October. John Edwards, the former North Carolina senator and vice presidential candidate, rallied with him in New Haven. Senator John Kerry of Massachusetts, the 2004 Democratic presidential nominee who may try again, e-mailed supporters soliciting money on Mr. Lamont's behalf. And Wesley K. Clark, the retired general and a 2004 also-ran, offered foreign policy advice.

"You could get a pretty good idea of who was running for president by who called," Mr. Lamont said in a recent interview.

But as the dust has settled on the contentious primary defeat of Senator Joseph I. Lieberman, whose downfall was initially seen as an ominous sign for other Democrats who supported the Iraq war, the dance between the presidential contenders and the Lamont campaign has grown more delicate.

Some of the White House hopefuls — most notably Mark R. Warner, the former governor of Virginia — are debating how strongly to align themselves with a candidate who has become an icon of the liberal left. And the Lamont team, despite its initial thrill over the rush of attention, is wary of being exploited or of alienating local voters with too many national political stars.

"We're not going to be a launching pad for the 2008 candidates," said Tom Swan, Mr. Lamont's campaign manager. "Ned is still the Washington outsider. We're not going to have everyone and her sister take a piece of that."

As the general election rematch between Mr. Lamont and Mr. Lieberman — who is now running as an independent — gains intensity, the race remains a litmus test for Democrats with higher aspirations. Candidates and their advisers view the Lamont campaign as a critical marker of anti-incumbency, anti-Bush fervor and the evolution of online political forces known as the Netroots.

The potential candidates are demonstrating their affection for Mr. Lamont in varying degrees, carefully calculating how their connections to the Connecticut contest could reverberate if they run at the national level.

All of this is unfolding as other Democrats, including the heads of the national campaign committees in charge of electing party members to Congress, are largely leaving the Connecticut race to sort itself out. Given Mr. Lieberman's promise to continue caucusing with the Democrats, the outcome will hardly tip the balance of power in the Senate, so party leaders are focusing on more competitive seats being fought for by Republicans (in Connecticut, the Republican candidate, Alan Schlesinger, is stuck in single digits in the polls). As a result, it is the fledgling 2008 field that is mostly driving outside official support for Mr. Lamont.

The relationships may ultimately benefit the national candidates more than the supposed beneficiary. Mr. Lamont's campaign will rise or fall on his popularity among Connecticut voters. The generosity of national Democrats stems mainly from a desire to placate the liberal national forces that elevated his profile during the contentious primary and will play a pivotal role in the presidential selection process starting next fall.

So far, the contest for Mr. Lamont's affections has been waged mainly among the contenders trying to burnish their credentials with the liberal wing: Mrs. Clinton, Mr. Kerry and Mr. Edwards, all three of whom voted in support of the war in Iraq but have since become critical of it, have all claimed to have been in front of the Lamont wave. Mr. Clark was among the earliest to demand that Mr. Lieberman withdraw from the race.

Senator Russ Feingold, a Wisconsin Democrat who is considering running for president on his opposition to the war, called Mr. Lamont immediately after the primary and "offered to help out in any way possible," a spokesman said.

"They're sending a message to the Netroots right now — who are some of the most active Democrats — that they are serious players, that they would like some early attention themselves in their presidential races," said Donna L. Brazile, a Democratic Party strategist.

Showing devotion to Mr. Lamont, agreed David Axelrod, another Democratic strategist, is "really important because there's an activist wing within the Democratic Party that helped elect Lamont" and expect the next class of presidential hopefuls to pay tribute.

"The '08 candidates are worried about the Netroots, it's that simple," said a senior Democratic lawmaker, who was granted anonymity in order to talk freely about the race. That constituency, the lawmaker said, has "far more effect in a primary than in a general" election.

Public polls taken since the primary have consistently shown Mr. Lieberman in the lead, though the latest, taken Sept. 15 to 19 by American Research Group, has him up by only 47 percent to 45 percent, within the margin of error.

At least one candidate, Mr. Warner — who made his fortune in technology and is courting the blogosphere in other ways — has largely avoided Mr. Lamont, instead lending his name and fund-raising capabilities to races that are genuinely in play and have longer-term strategic value for the Democratic Party, like Representative Harold Ford Jr.'s bid for the Senate in Tennessee. But even Mr. Warner is covering his bases; his political action committee gave $5,000, the maximum allowed, to Mr. Lamont, as did those with Mrs. Clinton, Mr. Kerry and Mr. Edwards.

Advisers to Mr. Lamont say they appreciate the assistance they have received, but intend to choose their advocates strategically. "To the extent that we can bring people in to show their expertise and the like, we will," said George Jepsen, Mr. Lamont's campaign chairman and a former Connecticut state party chairman. "But we do not want to just have a parade of celebrities."

Still, the Lamont campaign resists suggestions that the flood of attention has subsided since the flush after the primary, insisting that Mr. Lamont has spoken to several of the candidates recently and has been told that they are still willing to do whatever he asks.

At a breakfast with reporters in Washington this month, Mr. Lamont sounded tickled by his sudden standing among the national Democratic A-list. "I like all my new friends," he said.

Asked what kind of advantage Mrs. Clinton might gain from her association with him, Mr. Lamont replied, "I don't know."

"I mean, she's Hillary Clinton and I'm a guy who was pulling fiber optic cable at Georgetown nine months ago," he said, referring to his company, which installs cable on college campuses.

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Mrs. Clinton and Mr. Lamont have not yet appeared publicly together — she invited him to her home in Chappaqua, N.Y., for a confab, but it was closed to the news media. He plans to be by her side at the fund-raiser in October in New York, but has not invited her — or any of the other 2008 hopefuls — to hit the campaign trail in Connecticut.

Despite the help he got from a few national headliners in the primary, like the Rev. Al Sharpton, many inside the campaign now think local names like Senator Christopher J. Dodd — who has presidential ambitions but also a Connecticut address — and Representative Rosa L. DeLauro of New Haven are safer and more effective alliances.

"We have to make our mind up as a campaign: Do we really want a flood of out-of-staters coming in?" Mr. Lamont said over dinner in Washington recently. "Selectively, maybe, yeah, they can burnish my credentials and talk about some different issues in a way that gives me credibility."

Democrat, Republican Talk About Faith (AP-Y)

By Kimberly Hefling

AP, September 21, 2006

Democrat Bob Casey highlights his religious work while Republican Sen. Rick Santorum seeks out evangelical Christians, a reflection of the fierce fight for voters of faith.

Casey, who is a Catholic, has been talking openly about his religious upbringing and his work with the Jesuit Corps. He unveiled a 60-second television ad in the Philadelphia market Tuesday featuring a former student talking about Casey's mentoring from days in the corps' inner-city program.

Similar to a missionary assignment, Casey spent one year with the organization, which he described in a speech last week at Catholic University in Washington.

Religion "is something that a lot of us share, no matter what faith we are," Casey said in a recent interview.

The two-term Santorum, who also is Catholic, has been outspoken on issues consistent with the church's teachings such as opposition to abortion and same-sex marriage. He wrote a book, "It Takes a Family: Conservatism and the Common Good," in which he wrote, "Religious congregations are, by an overwhelming margin, the most important intermediate institution outside the family for the vast majority of Americans."

On Wednesday night in Pittsburgh, close to Santorum's hometown, James Dobson's Focus on the Family Action is sponsoring a "Stand for the Family" rally in support of the religious right. Santorum, who has regular meetings with a religious working group, is slated to address the conservative Family Research Council's voter summit on Saturday.

Religion has been at the forefront of the competitive Pennsylvania race pitting two somewhat similar candidates — both Catholic, both opposed to abortion. It reflects a change from recent elections when many Democrats tended to avoid talking about their faith and essentially conceded religious voters to Republicans. It also highlights a new willingness by Democrats to discuss religion in personal terms.

On Monday, Democratic Sen. John Kerry, the party's 2004 presidential nominee, delivered a speech in California in which he talked of "godly tasks" and described his own journey of faith.

In a recent ad in the Tennessee Senate race, Democratic Rep. Harold Ford Jr., seated in a church, tells voters, "I started church the old-fashioned way. I was forced to and I'm better for it."

This spring, Santorum addressed via video a get-out-the-vote training session of the Pennsylvania Pastors Network. Once Casey heard about it, he asked to speak to the group and was given a chance. He did it in person.

"To the extent that he is successful, his campaign might become a model for other Democrats in similar circumstances," said John Green, a senior fellow at the Pew Forum on Religion and Public Life.

Casey has held a double-digit lead in polls over Santorum, the Senate's No. 3 Republican, although recent surveys have shown a tightening contest.

More than one-third of voters in Pennsylvania are Catholic. While the state has about a half million more registered Democrats than Republicans, voters tend to be socially conservative and frequently vote along cultural lines.

Santorum has enjoyed political success siphoning the support of socially conservative Democrats — many of whom once voted for Casey's father, the late Gov. Robert P. Casey. The elder Casey, a strong foe of abortion, was revered by many for standing up to the Democratic Party on the issue.

In his son, some Democrats see an opportunity to reach out to voters alienated by the party's stance on social issues.

An August poll by Muhlenberg College Institute of Public Opinion found that among Catholic voters, Casey led Santorum by seven percentage points. Among anti-abortion voters, Santorum led by 17 percentage points.

While both candidates are Catholic and abortion foes, they differ on some issues critical to religious voters. Casey supports civil unions but opposes same-sex marriage. Santorum advocated for a constitutional amendment banning same-sex marriage; Casey said he didn't support it because it was too divisive.

Last spring, Casey addressed evangelicals on global warming at Messiah College in Grantham, Pa. His openness about his faith appealed to at least one voter.

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Kimberly Tucker, 48, of Dillsburg, Pa., an evangelical Christian who home-schooled her three children, said she wished other Democrats would follow Casey's lead.

"The Democrats really need to get comfortable with that if they want to appeal to the liberal evangelicals," Tucker said. "They need to be more open with their faith. I think if they are, evangelicals are going to come with them."

Ehrlich Wants Paper Ballots For Nov. Vote (WP)

By Christian Davenport And Ann E. Marimow

The Washington Post, September 21, 2006

A week after the primary election was plagued by human error and technical glitches, Maryland Gov. Robert L. Ehrlich Jr. (R) called yesterday for the state to scrap its $106 million electronic voting apparatus and revert to a paper ballot system for the November election.

"When in doubt, go paper, go low-tech," he said.

Linda H. Lamone, the administrator of the Maryland State Board of Elections, quickly denounced the plan to swap voting systems just seven weeks before the general election as "crazy." And Senate President Thomas V. Mike Miller Jr. (D-Calvert) said it "cannot happen. It will not happen."

Ehrlich said that, if necessary, he would call a special session of the Maryland General Assembly to change the law to allow paper ballots. But Miller and House Speaker Michael E. Busch (D-Anne Arundel) dismissed the idea of a special session, saying elections officials should focus instead on fixing the current system.

"We paid millions. These are state-of-the-art machines," said Miller, who called Ehrlich's announcement a political ploy to energize his Republican supporters.

In Montgomery and Prince George's counties yesterday, election officials continued to count the thousands of paper provisional ballots that could determine the outcome of the 4th Congressional District Democratic primary race between incumbent U.S. Rep. Albert R. Wynn and challenger Donna Edwards. Prince George's officials cracked opened 26 machines yesterday and retrieved votes that had not been counted.

The problems playing out in Maryland have created unease elsewhere in the nation, where more than 80 percent of voters will use electronic voting machines in the Nov. 7 election and a third of all precincts are using them for the first time.

Ehrlich's statement came after a State Board of Public Works hearing at which Lamone said her staff would "work around the clock" to correct the problems that plagued the primary. She vowed that her office would help local election boards retrain judges, recruit new ones and force Diebold Election Systems to fix the problems that caused some of its machines to malfunction.

The idea of switching systems now worried local election officials who said testing new equipment and educating election judges and voters about a new system would be a daunting -- if not impossible -- task.

"There isn't a lot of time," said Marjorie Roher, a spokeswoman for the Montgomery Board of Elections.

Henry Fawell, a spokesman for Ehrlich, said the governor's top priority is to replace the electronic poll books, used to check in voters. But he said Ehrlich "is also interested in moving voters to a paper ballot for this year's general election."

"He realizes it's a tall order," Fawell said. But moving to paper ballots would "eliminate the chronic problems that electronic voting machines demonstrated [Sept. 12] with respect to crashing and susceptibility to tampering."

In the spring, Ehrlich advocated leasing optical scan machines that use paper ballots, a proposal that won unanimous support in the House of Delegates but was rejected by the Senate.

Many of the problems that marred this month's primary resulted from human error. Election judges in Baltimore failed to show up, meaning the polls opened late. In Montgomery, voting at nearly all 238 precincts was delayed because officials forgot to distribute plastic cards needed to operate voting machines.

In Prince George's, election officials struggled to transmit data electronically from polling places to a central office on election night, delaying the counting process for hours. In the days since, they have also discovered that dozens of memory cards were not counted after the election; some remained locked in voting machines for days.

Yesterday, county election officials began opening selected machines to locate the missing cards and capture the voting information contained on them.

Also yesterday, Gene Raynor, the Baltimore election director, resigned, saying Lamone and the General Assembly "have set dangerous precedents that, in my opinion, threaten the integrity of November's elections." Raynor previously sat on the State Board of Elections, where he had joined members in trying to oust Lamone two years ago.

There were also technical problems during the primary, mainly with the electronic poll books that were used in the state for the first time. They replaced the paper printouts of the voter registration rolls, allowing election judges to check in voters electronically.

Some crashed and needed to be rebooted, election judges reported. Others failed to transmit the name of a checked-in voter to the other machines in the same polling place. That meant, theoretically, that a voter could cast more than one ballot. Officials said they had no evidence of any voter fraud.

Lamone said the electronic poll books, purchased from Diebold in June and July, were tested in the days before the election. But those tests did not reveal any problems.

Mark Radke, a Diebold spokesman, said many of the poll books crashed because software created exclusively for Maryland caused the machines' memories to fill up after about 40 people had checked in to vote.

He said the company was investigating the synchronization problems.

But Ehrlich said he wasn't willing to risk the possibility that such glitches would remain for the November election, in which he is seeking a second term.

"I'm not sure we can afford another experiment," Ehrlich said after the Board of Public Works hearing. "I want to play it safe."

His position was supported in the hearing by Avi Rubin, a Johns Hopkins University computer scientist who worked as an elections judge during the primary and has long been critical of the touch-screen voting machines.

Gilles W. Burger, chairman of the State Board of Elections, said his panel has requested that Diebold officials appear at its meeting Tuesday.

"Their feet are going to be held to the fire," Burger said.

Maryland's election law leaves it to the State Elections Board to pick a voting system and certify its reliability and security. Mark Davis, the assistant attorney general who represents the board, said it has already performed required tests on the touch-screen machines.

"The board feels it would be catastrophic to try to do that for another system between now and the general election," he said. "It just doesn't make any sense."

Staff writer Rosalind S. Helderman contributed to this report.

The Battleground Is Joined (WSJ)

By Russ Smith

The Wall Street Journal, September 21, 2006

BALTIMORE -- Maryland has never been much considered, since the term was coined, a "battleground state." Registered Democrats outnumber Republicans by a two-to-one margin, and reliably voted for John Kerry (by 13 percentage points) in 2004 and Al Gore (by 17 percentage points) in 2000. Both Maryland senators are Democrats, as well as six of its eight-member House delegation. Yet the run-up to the Sept. 12 primary was the most frenzied political blitz in recent state history. Improbably, Maryland has emerged as one of the most contested states in the country, featuring very competitive gubernatorial and Senate elections. All this is more improbable still in a year not expected to bring much November cheer to the GOP.

Maryland does have a Republican governor, Robert Ehrlich, who was elected in 2002 (the first member of his party since 1966), but that was widely attributed to the inept campaign of his opponent, Kathleen Kennedy Townsend. Not surprisingly, Mr. Ehrlich has since been stifled by the Democratic legislature and unremitting criticism from the Baltimore Sun and the Washington Post; and he is now facing Baltimore's popular mayor, Martin O'Malley. The two men dislike each other personally, and as the governor told an AARP audience on Sept. 14, they "agree on nothing," accusing the mayor of being a "pseudo populist" who would govern through "speeches" and "euphemism." Mr. O'Malley replied in kind.

The match is increasingly nasty, loaded with hyperbole on both sides and expected to be the most expensive in state history. The governor is called the "$20-million man" by Democrats, and Mr. O'Malley, for his part, will be the beneficiary of fundraising appearances by Hillary and Bill Clinton.

Mr. O'Malley's television advertising attacks Mr. Ehrlich's record on education, opposition to a minimum wage hike, the environment and, echoing the national Democratic theme, pictures the incumbent clasping raised hands with George Bush at a past rally. It's not subtle, but it undoubtedly pleases Mr. O'Malley's firm base -- which may prove his Achilles' heel. His past gaffes -- he said he was "more worried about the actions and inactions of the Bush administration" than al Qaeda, at a Baltimore rally for John Kerry in July 2004 -- have demonstrated that he sometimes speaks without thinking about political repercussions.

If Mr. Ehrlich wins re-election, his profile would rise considerably; and he could make an attractive running mate for the Republican presidential nominee in two years. But the Maryland race with the more acute national resonance is for the Senate seat vacated by the retiring Democrat Paul Sarbanes, with attention focused on current Lt. Gov. Michael Steele. Not only is the national Republican majority threatened, but should Mr. Steele win the seat -- he's currently several points behind in the polling -- he'd be the first African-American senator from Maryland, and only the sixth in Senate history. That possibility sticks in the collective craw of local Democrats, who don't like Mr. Steele's cultural conservatism, for one, and are petrified, for two, that the next Barack Obama could be a Republican.

In the primary, Democratic voters did have the opportunity to nominate their own black candidate, Kweisi Mfume, a charismatic former congressman and NAACP president, but chose instead U.S. Rep. Ben Cardin by a close margin. Mr. Cardin, a 20-year House veteran whose studious demeanor resembles that of Mr. Sarbanes, was backed by the Democratic establishment, as well as the Post and the Sun, an "anointment" that caused no small resentment among Mr. Mfume's impassioned supporters. Had Mr. Mfume prevailed and faced off against Mr. Steele, it would've guaranteed a history-making precedent.

In any case, although Mr. Cardin's camp scoffs at the notion, Mr. Steele has the potential to capture a sizable percentage of Maryland's black voters, many of whom feel taken for granted by the Democrats. The lieutenant governor, raised by his mother in a

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dangerous Washington neighborhood and a graduate of Johns Hopkins, appeals to church-going citizens who share his opposition to abortion and gay marriage, if not necessarily his erstwhile support for George Bush's foreign policy.

Maryland's latent racial politics have made for some curious political bedfellows. Mr. Mfume, muddying the waters, has endorsed Mr. Cardin, but hasn't yet made any commitment to campaign vigorously on his behalf. Also, Mr. Mfume told reporters that "Mike Steele's a great guy," even though their political platforms are polar opposites. In late August, Mr. Steele was feted at a fundraiser hosted by hip-hop impresario Russell Simmons, who almost always reserves his endorsements for Democrats. Mr. Steele's emphasis on black empowerment and entrepreneurship, evidently, cuts across political lines.

Mr. Cardin -- whose campaign war-chest was fairly depleted by his primary race -- has not begun a general election television campaign, but Mr. Steele has. Given today's political climate, he's distancing himself from Mr. Bush and even the Republican Party, presenting his candidacy as that of an "outsider" who'll clean up corruption in Washington. His already ubiquitous advertisement (somewhat hokey, but Republicans do have to be inventive this year), begins with Mr. Steele saying, "Soon your TV will be jammed with negative ads from the Washington crowds. Grainy pictures and spooky music saying Steele hates puppies and worse. For the record, I love puppies." Seriously.

The commentariat has given the unconventional campaign mixed reviews. But even the fact that it is such a live topic of discussion reinforces the fact that the race is anyone's game, especially with the uncertain African-American vote, 29% of the population. While the prevailing wisdom seems to be that Mr. Cardin will hold the seat for the Democrats, Mr. Steele has a clear shot. The Democrats are -- and ought to be -- very nervous.

Still, although both Mr. Steele and Mr. Ehrlich trail in current polls by single digits, one indication of the volatility is that I can't find a single friend who will accept a small wager that both Republicans will emerge victorious.

Mr. Smith, a Baltimore writer, has founded weekly newspapers in Baltimore, Washington and Manhattan.

Texas Candidate Accused Of Racist Crack (AP-Y)

By Kelley Shannon

AP, September 21, 2006

Gubernatorial candidate and professional wiseacre Kinky Friedman was accused Wednesday of making another racially offensive remark — this time in a year-old interview in which he said sexual predators should be thrown in prison and forced to "listen to a Negro talking to himself."

The independent candidate already was under fire for referring to Hurricane Katrina evacuees in Texas "crackheads and thugs." Some black politicians from Houston took that remark as a slap at black victims of the storm.

The Fort Worth Star-Telegram and the Houston Chronicle have reported on an interview with Friedman that aired on CNBC last year in which the country singer and comedian was asked what to do with sexual predators.

"Throw them in prison and throw away the key and make them listen to a Negro talking to himself," Friedman said. He also called "Negro" a "charming word."

State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, said the remarks are unacceptable from a candidate for governor, and sound more like something uttered by someone running for "class clown or the grand wizard of the Ku Klux Klan."

Friedman's spokeswoman, Laura Stromberg, said Wednesday: "Texans who know anything about Kinky know that he's not a racist, and they're going to see through all of this political correctness very soon. This is what they've got? Bring it on. Texans can see right through."

Democratic candidate Chris Bell said he was offended by Friedman's remark, and added, "I just don't think those types of comments have a place in this campaign."

Mark Sanders, a spokesman for independent candidate Carole Keeton Strayhorn, said such "divisive language has no place in this campaign. Carole's campaign is about uniting people to get things done, not about dividing people."

Republican Gov. Rick Perry's campaign declined to comment.

Friedman was traveling to New York for a fundraiser Wednesday and was not available for comment. He told the Star-Telegram on Tuesday that anyone who is offended by his comment should vote for one of the other candidates.

"If I've got to lie to people, sweep the truth under the rug and worry about offending people, I'm not going to be very effective," Friedman said.

His spokeswoman said part of the "Negro" line was derived from a book Friedman wrote in the late 1980s that was being discussed in the CNBC interview before Friedman used the phrase.

"The United Negro College Fund doesn't have a problem with the word Negro," Stromberg said, adding that Friedman does not use the word in everyday conversation.

Friedman also took some heat recently for a remark about ethnic politicking.

"I don't eat tamales in the barrio, I don't eat fried chicken in the ghetto, I don't eat bagels with the Jews for breakfast," said Friedman, who is Jewish. "That to me is true racism."

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Bills Toughen Restrictions On Sex Offenders (LAT)

By Jenifer Warren

The Los Angeles Times, September 21, 2006

Sacramento, Calif. — Calling public safety government's most important job, Gov. Arnold Schwarzenegger on Wednesday signed a package of bills increasing prison terms for many sex offenders and barring them from loitering near schools and parks upon release.

The measures, signed seven weeks before voters will decide on a ballot initiative offering similar provisions, also require that sex offenders deemed high risk by authorities wear electronic tracking devices while on parole.

Backers said the laws give California the nation's toughest restrictions on sex offenders, a category of felons facing an expanding national crackdown.

Schwarzenegger, flanked at a Capitol signing ceremony by a bipartisan group of legislators and police, said the bills would "help us fight sexual predators and make our state a safer place to live and raise our families."

The broadest measure, by Sen. Elaine Alquist, D-Santa Clara, would increase the penalty for child rape to 25 years to life in prison; allow possession of child pornography to be charged as a felony; extend prison sentences for Internet luring; and lengthen parole terms for violent ex-felons to 10 years.

Other bills would require registered sex offenders to disclose their registration status when applying for certain jobs and create an oversight Sex Offender Management Board.

Analysts say the legislation would cost the state more than $200 million annually, largely by expanding the prison population and requiring more parole agents to monitor ex-offenders for longer periods of time.

The Alquist billwas put forth by Democrats after Republicans failed to win passage of their version. Frustrated, two GOP legislators launched a bid to qualify their version for the November ballot, resulting in Proposition 83, dubbed "Jessica's Law" by proponents.

The initiative differs from the bills in two major respects, involving electronic tracking of ex-offenders and limits on where they may live. Under Proposition 83, all registered sex offenders would be required to undergo electronic monitoring for life, regardless of their offense or the likelihood they would re-offend. Under SB 1178 by Sen. Jackie Speier, D-Hillsborough, signed by the governor, high-risk former felons would be tracked with electronic devices while on parole.

The ballot measure also prohibits ex-offenders from living within 2,000 feet of schools or parks, or additional locations identified by local governments. The legislation bans loitering around schools, parks or other locations where vulnerable populations congregate but does not limit where ex-offenders may live.

Some experts say the new laws make Proposition 83 unnecessary because it mirrors many of the tougher-sentencing aspects of the legislation. Critics also argue that the loitering ban contained in legislation would be more effective than simply limiting where ex-offenders may live.

"The bills the governor is signing give California virtually every positive thing that could come out of Jessica's Law," said Robert Coombs of the California Coalition Against Sexual Assault, a statewide network of rape crisis centers. "These bills do not take sex crime lightly, but they do the job in a more thoughtful way than Jessica's Law."

Schwarzenegger, however, said the state still needs Proposition 83, and Sen. Chuck Poochigian, R-Fresno, a co-author of one bill signed by the governor, agreed. Poochigian said the ballot measure is tougher in one respect, allowing designation of an offender as a sexually violent predator after just one victim rather than two.

While cracking down on sex offenders has become a national trend, a federal study showed a 79 percent decline in sexual assaults against children ages 12 to 17 between 1993 and 2003.

The number of arrests for sex crimes against kids in California also has declined during this decade, despite population growth of 6 percent, state statistics show.

Obama Urges Challenge To Bush Policy (AP-Y)

By Will Lester

AP, September 21, 2006

Democratic Sen. Barack Obama on Wednesday called the view that President Bush has been perfect in fighting terrorism an illusion and urged Democrats to challenge the Bush administration's policies.

"On the terrorism front, I'm happy to have that debate," the first-term Illinois senator said following a speech on energy at Georgetown University. "The notion that the president has led a flawless policy on terrorism is an illusion."

Obama, mentioned as a possible 2008 presidential candidate, said the nation is involved in "a war in Iraq that has vastly expanded the number of terrorist recruits, a deteriorating situation in Afghanistan and Osama bin Laden has not been caught. We should not shy away from that debate."

Democrats have opposed Bush administration anti-terrorist measures such as the warrantless wiretapping program and proposals to allow aggressive interrogation of prisoners.

Obama questioned why the terrorism debate should become more intense around elections.

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In this politically charged atmosphere, Republicans and Democrats have clashed over Bush's Iraq war policy and his efforts to combat terrorism. Republicans have argued Democrats are weak on defense, seeking to exploit their advantage with voters on the issue.

Several GOP lawmakers and members of Bush's Cabinet have suggested Democrats are aiding the terrorists and behaving like Nazi appeasers.

Democrats have countered that the rhetoric smacks of the McCarthyism of the 1950s.

"But we don't always pick our fights, especially when the president has the bully pulpit," he said.

His talk was sponsored by the liberal political group Moveon.org.

Tracy Schmitt, spokeswoman for the Republican National Committee, responding to Obama's comments, argued that his Democratic Party's "opposition to the tools imperative to the war on terror illustrates a startling lack of understanding about how to keep America safe."

Stem Cells Appear To Undo Some Heart-Attack Damage, Study Says (LAT)

By Karen Kaplan And Alan Zarembo

The Los Angeles Times, September 21, 2006

Using stem cells harvested from patients' own bone marrow, researchers reported Wednesday that they improved cardiac function in heart attack patients months, years -- and even decades -- after the patients suffered their attacks.

The infusion of stem cells boosted cardiac pumping efficiency by 7 percent in three months -- a modest gain, but still a significant improvement for a chronic condition.

In one case, a patient who had suffered a heart attack 30 years earlier showed an 11 percent improvement after the treatment, according to the study published in the New England Journal of Medicine.

The German researchers also found tentative signs that patients can continue to improve with repeated stem-cell treatments.

"We have always thought that a heart attack is permanent damage, but now there is the potential that this damage can be repaired," said Dr. Christopher Cannon, a cardiologist at Brigham and Women's Hospital in Boston who was not involved in the research.

While the researchers are uncertain why the therapy works, the findings are a sign that the long-touted regenerative powers of stem cells may be moving from the laboratory into the realm of viable human therapies.

Some researchers cautioned that it was too soon to say that the results could be translated into routine treatment.

"There are a number of therapies that have gotten to this step, but when subjected to more rigorous trials have not worked," said Dr. Gregg Fonarow, a professor of cardiovascular medicine at the University of California, Los Angeles. "This is a therapy that may or may not pan out."

Dr. Andreas Zeiher, chair of the department of medicine at Johann Wolfgang Goethe University in Frankfurt, Germany, and senior author of the study, said the preliminary results pointed to potential new strategies for treating chronic heart disease -- a condition for which there is currently no cure.

Stem cells present one of the most tantalizing mysteries in medicine. Embryonic stem cells are capable of generating any type of tissue in the body, but scientists haven't learned the biochemical means to transform them.

The current study focused on adult stem cells, of which there are many types, each focused on regenerating a specific group of tissues to help the body repair normal wear and tear.

Stem cells from bone marrow have been used for decades to regenerate blood and immune cells in cancer patients. Laboratory experiments suggest that these cells -- or others found in bone marrow -- can also make heart muscle, blood vessels, nerve cells and other tissues.

Because the stem cells can be collected from the same patients they will be used to treat, they avoid problems of tissue rejection.

Heart disease has been one of the primary targets of stem-cell research.

About 1.2 million heart attacks occur in the United States per year, leading to nearly 500,000 deaths, according to the American Heart Association.

The German researchers recruited 75 patients who had suffered heart attacks at least three months -- and as long as 30 years -- earlier.

The patients already were receiving state-of-the-art drug treatments for their heart disease, including beta blockers and cholesterol-lowering statins.

The researchers extracted 50 milliliters of bone marrow from each patient's hip. They isolated a soup of cells that included the stem cells and infused it into patients within hours after the extraction.

The researchers divided the patients into three groups. One received the bone marrow stem cells, and another was treated with different stem cells derived from their own blood. A third group served as a control.

Three months later, the researchers tested the patients' left ventricular ejection fraction, a measure of how much oxygenated blood is pumped into the circulatory system. In healthy people, it ranges from 57 percent to 75 percent.

The patients in the study started out with ejection fractions ranging from 29 percent to 56 percent.

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Those treated with bone marrow stem cells saw their heart-pumping efficiency increase over three months by an average of 2.9 percentage points -- a 7 percent improvement.

Over the same period, patients in the control group saw their pumping efficiency decline by an average of about 3 percent while those treated with blood stem cells dropped about 1 percent.

To confirm their findings, the researchers swapped the treatments and gave patients in the control group either blood or bone marrow stem cells. Again, the patients who got bone marrow cells saw an increase in their pumping efficiency.

Fonarow of UCLA said the improvement was similar to the effect of statins, which boost pumping efficiency by 5 percent to 8 percent.

The patients treated with bone marrow cells showed an increased ability to tolerate physical activity before getting tired and breathless -- and the improvements have been sustained, Zeiher said.

He said one patient who had suffered a heart attack four years earlier improved by 61 percent and returned to the golf course to play at least nine holes. Some patients have made further progress by receiving one or two additional infusions over a two-year period.

"For the past 20 years, we have obsessed about treating (heart attacks) quickly -- time is muscle," said Dr. Douglas Losordo, chief of cardiovascular research at St. Elizabeth's Medical Center in Boston. "What this paper tells us is there is another time window for therapeutic intervention that's quite a bit longer and larger than we thought."

Dr. Anthony Rosenzweig, director of cardiovascular research at Beth Israel Deaconess Medical Center in Boston, said the results suggest the stem cells were doing more than just accelerating the recovery process.

"These people were, on average, six years after their heart attacks," he said. "If it were just hastening healing after a heart attack, you wouldn't necessarily predict you'd be able to have a beneficial impact so long after."

Laboratory experiments have shown the cells can rebuild damaged heart cells, stimulate the formation of new blood vessels and release chemicals that aid the healing process, Zeiher said. But in patients, he said, "it is extremely difficult to assess these different mechanisms of action."

Some doctors, however, noted that a key piece of information was missing from the study: What exactly were the bone marrow cells doing inside the heart?

"They provide no evidence that the injected (stem cells) actually settled in the heart," Dr. Robert S. Schwartz, deputy editor of the New England Journal, wrote in a perspective piece accompanying the study. He added in an interview: "Physicians should know how any therapy they give works. That's fundamental."

Others found the mystery less bothersome.

"We still don't know how statins work, but I haven't stopped prescribing them," Losordo said.

The German researchers also published results of a companion study showing that patients who received the bone marrow cells within seven days of a heart attack improved their blood-pumping efficiency by 11 percent after four months, compared with a 6 percent boost for patients who received a placebo.

Human Stem Cells Are Found To Help Rats' Vision (NYT)

By Nicholas Wade

The New York Times, September 21, 2006

Pointing the way to a possible clinical use of human embryonic stem cells, researchers have improved vision in rats suffering from a disease similar to age-related macular degeneration.

The scientists, at Oregon Health and Science University, used human embryonic stem cells that had spontaneously converted into the special cells that line the base of the retina. The cells, which support the light-sensing rod and cone cells above them, are damaged in some forms of macular degeneration.

A group led by Raymond Lund says members injected these human cells into the retina of a special breed of rat in which the retina degenerates shortly after birth. The cells rescued the rats' vision, as judged by several tests, for three months after birth, the researchers report today in the journal Cloning and Stem Cells.

The injected human cells seemed to behave as retinal cells should, and the treated rats retained some six layers of rods and cones in their retinas, as much as half the normal value.

The human retinal lining cells, derived from different cultures of embryonic stem cells, were supplied by Advanced Cell Technology, a company with laboratories in Worcester, Mass. Dr. Neal Adams of the Wilmer Eye Institute in Baltimore said the development was important and "shows us some of the hope that regenerative medicine possesses." But many more stages lie ahead before any clinical test of the cells in patients with macular degeneration could be tried, Dr. Adams added.

Macular degeneration is a good candidate for embryonic stem cell therapy, at least in principle, because the eye is not closely monitored by the immune system. So cells from another individual could be grafted with lesser risk of rejection than at other sites.

A bank of retinal cells derived from 100 embryonic stem cells of different immunological backgrounds should suffice to provide a good match to most of the American population, said Robert Lanza of Advanced Cell Technology.

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Although the experiment suggests a possible treatment for age-related macular degeneration, a disease that affects one-third of the population older than 75, many uncertainties remain to be addressed. The disease treated in the rats is caused by a genetic defect and is not exactly the same as the human disease.

Also, as with many proposals for cell therapy, the replacement cells are liable to be damaged in time by whatever disease process killed the patient's cells. Dr. Adams said macular degeneration was probably caused by a mix of environmental and genetic factors. Even if replacement cells should also fall victim to the disease, he said, they may buy the patient extra time and be a valuable treatment.

Stem Cell Experiments Slow Vision Loss In Rats (WP)

By Rick Weiss

The Washington Post, September 21, 2006

Researchers will report today that cells grown from human embryonic stem cells slowed vision loss when injected into the eyes of rats with a disease similar to macular degeneration, the leading cause of blindness in people older than 55.

The experiments do not prove that the cells, obtained through the destruction of human embryos, will work in people. But by showing that the cells have the potential to fill in for failing cells in the retina, experts said, the work may help justify trying the technique in humans.

Raymond D. Lund, then at the University of Utah's John A. Moran Eye Center in Salt Lake City, and Robert Lanza of Advanced Cell Technology Inc. (ACT) in Worcester, Mass., started by developing a reliable method for turning embryonic stem cells into retinal pigment epithelium cells, which nourish the light-sensitive "photoreceptor" cells in the eye. In macular degeneration, the pigment cells gradually disappear.

The researchers achieved the transformation in all 18 stem cell lines they worked with -- including some provided by the National Institutes of Health and others developed privately at Harvard University and at ACT -- proving that their approach can consistently produce the crucial pigment cells. Then they injected the cells, about 20,000 per eye, into the retinas of 14 rats with a genetic disease similar to macular degeneration. Eight control rats received eye injections without any cells.

Forty days after treatment, the team measured retinal electrical activity in response to flashes of light, and it found that the treated rats were twice as responsive as the untreated ones, which by then were going blind. A separate test -- which tracks eye and head movements in response to a moving display, a measure of an animal's ability to discern fine details -- showed that the treated rats had twice the visual acuity of the untreated rats nearly three months after treatment.

Microscopic examination of the retinas at autopsy showed that the treated eyes had healthy photoreceptor layers five to seven cells thick, while the untreated eyes had an average thickness of just one cell. (Healthy rats have layers 10 to 12 cells thick.) None of the cells divided abnormally or grew into tumors, the team reports in today's issue of the journal Cloning and Stem Cells.

"It's important and pretty exciting work," said Lucian V. Del Priore, an expert in retinal cell transplants at Columbia University. A steady source of safe, laboratory-cultivated cells for retinal transplants would be a welcome advance, he said.

But Del Priore cautioned that the rat disease is not identical to macular degeneration (no animal disease is), and it remains uncertain how long the new cells will survive and work. Immune-system responses, while generally suppressed inside the eye, can eventually lead to rejection, he said.

'A Dissident Of Islam' (WP)

By George F. Will

The Washington Post, September 21, 2006

While her security contingent waits outside the Georgetown restaurant, Ayaan Hirsi Ali orders what the menu calls "raw steak tartare." Amused by the redundancy, she speculates that it is intended to immunize the restaurant against lawyers, should a customer be discommoded by that entree. She has been in America only two weeks. She is a quick study.

And an exile and an immigrant. Born 36 years ago in Somalia, Hirsi Ali has lived in Ethiopia, Kenya, Saudi Arabia and the Netherlands, where she settled in 1992 after she deplaned in Frankfurt, supposedly en route to Canada for a marriage, arranged by her father, to a cousin. She makes her own arrangements.

She quickly became a Dutch citizen, a member of parliament and an astringent critic, from personal experience, of the condition of women under Islam. She wrote the script, and filmmaker Theo van Gogh directed, "Submission," an 11-minute movie featuring pertinent passages from the Koran (such as when it is a husband's duty to beat his wife) projected on the bodies of naked women.

It was shown twice before Nov. 2, 2004, when van Gogh, bicycling through central Amsterdam in the morning, was shot by an Islamic extremist who then slit his throat with a machete. Next, the murderer (in whose room was found a disc containing videos of "enemies of Allah" being murdered, including a man having his head slowly sawed off) used another knife to pin a long letter to van Gogh's chest. The letter was to Hirsi Ali, calling her a "soldier of evil" who would "smash herself to pieces on Islam."

The remainder of her life in Holland was lived under guard. Neighbors in her apartment building complained that they felt endangered with her there and got a court to order her evicted. She decided to come to America.

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Holland evidently tolerates everything except skepticism about the sacramental nature of multiculturalism. One million of the country's 16 million residents are Muslims, and the political left has appropriated the European right's traditional celebration of identity grounded in racial and ethnic traditions and culture. But the recoil of many Dutch people from Hirsi Ali suggests that the tolerance about which Holland preens is a compound of intellectual sloth and moral timidity. She was more trouble than the Dutch evidently think free speech is worth.

Her story is told in a riveting new book, "Murder in Amsterdam," by Ian Buruma, who is not alone in finding her -- this "Enlightenment fundamentalist" -- somewhat unnerving and off-putting. Having experienced life circumscribed by tribal and religious communities (as a girl she suffered the genital mutilation called female circumcision), she is a fierce partisan of individualism against collectivism.

She reminds Buruma of Margaret Thatcher's sometimes abrasive intelligence and her fascination with America. He is dismissive of the idea that she is a Voltaire against Islam: Voltaire, he says, offended the powerful Catholic Church, whereas she offends "only a minority that was already feeling vulnerable in the heart of Europe."

She, however, replies that this is hardly a normal minority. It is connected to Islam's worldwide adherents. Living sullenly in European "dish cities" -- enclaves connected by satellite television and the Internet to the tribal societies they have not really left behind -- many members of this minority are uninterested in assimilation into open societies.

She calls herself "a dissident of Islam" because, given what Allah supposedly enjoins and what she knows is right, "the cognitive dissonance is, for me, too much." She says she is not "a militant atheist," but the emphasis is on the adjective.

Slender, elegant, stylish and articulate (in English, Dutch and Swahili), she has found an intellectual home here at the American Enterprise Institute, where she is writing a book that imagines Muhammad meeting, in the New York Public Library, three thinkers -- John Stuart Mill, Friedrich Hayek and Karl Popper, each a hero of the unending struggle between (to take the title of Popper's 1945 masterpiece) "The Open Society and Its Enemies." Islamic extremists -- the sort who were unhinged by some Danish cartoons -- will be enraged. She is unperturbed.

Neither is she pessimistic about the West. It has, she says, "the drive to innovate." But Europe, she thinks, is invertebrate. After two generations without war, Europeans "have no idea what an enemy is." And they think, she says, that leadership is an antiquated notion because they believe that caring governments can socialize everyone to behave well, thereby erasing personal accountability and responsibility. "I can't even tell it without laughing," she says, laughing softly. Clearly she is where she belongs, at last.

Juice For The Apple (WSJ)

The Wall Street Journal, September 21, 2006

The Mets and Yankees may be safely in first place, but New Yorkers haven't had much else to cheer about lately. The state ranks first in the nation in net outmigration since 2000, according to a Manhattan Institute analysis of Census data, and the economic damage is especially notable in such struggling upstate areas as Utica and Buffalo. With even nearby Rhode Island planning a reduction in income tax rates, New York will slip further behind on the cost of doing business.

Enter GOP candidate for Governor John Faso, who is expected to release a tax reduction plan today that could at least put New York back in the game for jobs and investment. At the urging of such advisers as economist Larry Kudlow, Mr. Faso will propose to repeal the state's tax on dividends and capital gains over four years and immediately zero out the capital gains tax on all new investment in the state. Since the amount of new investment under the current tax regime is so microscopic, eliminating that capital-gains levy would cost the state almost nothing in lost revenue even on a static basis.

It's always been a strange paradox that New York, which fancies itself the financial capital of the globe, tries to repel capital with high taxes. Mr. Faso will also propose cutting the corporate income tax, as well as indexing the personal income tax brackets for inflation while chopping the top marginal rate to 6.25% from 6.85% (plus 3.65% if you live in New York City). The Big Apple's top rate would fall below 10% for the first time in decades. "When it comes to taxes, the world is flat and New York should be too," says Mr. Faso, referring to the flat-tax movement sweeping Europe and other parts of the world.

The current front-runner in the Governor's race, Democratic Attorney General Eliot Spitzer, isn't likely to follow suit. His own tax plan focuses on property levies, which are the fourth highest in the country. That sounds good, but he can't resist adding a class warfare wrinkle to his proposal for tax "relief," imposing an income test so that only lower- and middle-income homeowners get his rebate.

Property taxes have long been flat-rate levies that rise based only the value of one's home, so Mr. Spitzer is proposing to make the property tax as "progressive" as the income tax rates that have driven so many talented families and businesses out of the state. A state that found the cash to increase spending by 13% last year can afford a far bigger tax cut.

For years, Albany politicians have tried to lure businesses by offering lucrative special favors, one smokestack at a time. But that kind of corporate cronyism, financed through "economic development" grants and specific tax subsidies ($1 billion in handouts were just awarded to computer chip maker AMD), has only narrowed New York's tax base and accelerated its economic decline. Mr. Faso says he'd eliminate these corporate-welfare grants and apply the savings for his across-the-board tax cuts.

If not for the 2003 Bush tax cuts that helped to revive American capital markets and thus New York City in particular, the state would be even worse off. Mr. Faso is proposing to take a page from that same tax strategy and use it to lure investment and people back to America's fourth-largest state. This is a debate worth having.

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Clash Of Civilizations (WSJ)

By Carlos Alberto Montaner

The Wall Street Journal, September 21, 2006

The clash of civilizations began this way. On Sept. 8, the Miami Herald (TMH) and El Nuevo Herald (ENH), both of the McClatchy newspaper chain, published on Page One a sensationalist report, clumsily researched, under a headline that read, in type befitting a major event, "10 Miami Journalists Take U.S. Pay." The initiative for the report had come from TMH; ENH was obliged to publish it, grudgingly. From the way in which the story was presented, it appeared that a great font of corruption had been unearthed, but in reality nothing criminal had happened. All the article said was that journalists of Cuban origin also contributed to Radio and TV Martí, an official U.S. broadcast station similar to Radio Free Europe, governed by the ethical standards of Voice of America, and transmitting to Cuba. Naturally, the journalists accepted for their work the fees (generally low) that the government routinely pays.

Miami's Cuban community was indignant. What was bad about trying to undermine Cuba's censorship? For the Cuban journalists, that was a civic duty. TMH has editorialized in support of Radio and TV Martí. Wasn't it logical that the good Cuban journalists said to Cuba, via Radio Martí, the same things they said in Miami via the McClatchy chain? To add insult to injury, the company fired three reporters on ENH's staff, claiming there might be a conflict of interests if they collected honoraria from the government. Granma, the organ of the Communist Party of Cuba, reported that those who criticized the Cuban government were bought by money from Washington. TMH did more damage in one day to Cuban writers in the democratic opposition than Granma has done in 40 years.

A few days later, ENH reported that hundreds of U.S. journalists have appeared on VOA and received the usual modest $100 per program. To contribute to VOA, PBS or public radio, and to charge for it, doesn't compromise their objectivity. Why a different standard for Cuban writers? TMH did not reprint ENH's report; 1,200 readers cancelled their subscriptions and it became evident that the two newspapers were taking opposing stances. For the "Anglo" journalists, their Cuban colleagues had conflicts. In contrast, the journalists at ENH felt their corporate brothers had ambushed them. To Miami's Cuban-Americans, this was a display of double-standards.

This clash also allows us to reflect on "conflicts of interest." To think that just because a journalist participates in a VOA program and receives $100 he will sell his conscience to the government is to have a terrible opinion of journalists. To think that readers, if they find out, will repudiate the medium where these journalists work, is to have a terrible opinion of readers. Professors at public universities get paid by the government; yet they don't submit to their paymaster for that reason. Because the law enshrines the presumption of innocence, U.S. society is characterized by a presumption of decency. Life is a continuous conflict of interest and one must presume that people -- even Cuban journalists -- act in accordance with reasonable principles and standards.

So what can McClatchy do now? Something very simple: Apologize publicly for the defamatory report and readmit the expelled journalists.

Mr. Montaner, a syndicated writer, is published in the Miami Herald and El Nuevo Herald.

Early October New Deadline For Iran (WP)

By Glenn Kessler

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- With Iran still resisting a freeze on its nuclear activities, the United States and five partners have decided to set yet another deadline in hopes that Iran will finally agree to terms paving the way for substantive talks on its nuclear program.

Under the plan, reached by Secretary of State Condoleezza Rice and her counterparts from five other nations over a late-night dinner Tuesday, Iran will have until early October to agree to suspend its nuclear activities as the negotiations take place, diplomats said. At the meeting, Rice backed off the U.S. demand that the U.N. Security Council begin imposing sanctions over Iran's failure to meet previous deadlines, but noted that there is intense interest in the issue on Capitol Hill.

"Everyone wants to solve this through negotiation, everybody wants to solve this diplomatically," Rice said Wednesday, declining to confirm the new deadline.

The new deadline is the fourth in four months. Originally, when the six countries -- the United States, France, Britain, Germany, China and Russia -- offered on June 1 to discuss an array of incentives with Iran if it froze its uranium enrichment program, they demanded an answer by the end of June. That slipped to July, and then the end of August was set as the deadline in a Security Council resolution.

U.S. officials said they believe the deadline of the first week of October is firm, but at least one European diplomat suggested that the possibility of slippage remains.

"There is certainly no doubt in our mind how much longer we will see through continuation of the Solana track," one U.S. official said, referring to the efforts of European Union foreign policy chief Javier Solana, who is spearheading the talks with Iran. "We have a hard end-date in mind." The official spoke on the condition of anonymity because the ministers agreed not to announce the date.

Solana has held numerous talks with his Iranian counterpart, Ali Larijani, in an effort to find a formula that would allow the talks to begin. The United States granted a visa to Larijani so he could meet with Solana in New York this week, but Larijani did not show up.

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Larijani and Solana agreed in a telephone call to hold talks next week somewhere in Europe, the official Iranian news agency reported in Tehran.

"We must have a response fairly quickly," French Foreign Minister Philippe Douste-Blazy told reporters. "It's becoming urgent."

Iran has resisted appearing to bow to international pressure to halt its program. In a speech to the U.N. General Assembly on Tuesday, Iranian President Mahmoud Ahmadinejad said Iran's nuclear activities are "transparent, peaceful and under the watchful eyes of IAEA inspectors," referring to the International Atomic Energy Agency. He denounced the effort to bring the issue to the Security Council, which he called "an instrument of threat and coercion."

Originally, Iran was told that no talks could start until it suspended the nuclear program. Officials are discussing the possibility of beginning the talks without the United States present, having Iran declare its willingness to suspend its program at the same time that action in the Security Council is halted, and then having the United States join the talks once the suspension is verified. Rice has said that she would attend the first meeting as the U.S. representative to the talks.

Meanwhile, President Bush met on Wednesday with Palestinian President Mahmoud Abbas, and Rice met with her counterparts in the Quartet, a coordinating group on Middle East peace that includes the European Union, Russia and the United Nations. The main topic of discussion was the Palestinian government led by the Islamic Resistance Movement, also known as Hamas -- which receives financial backing from Iran -- and how to persuade the militant group to give up its pledge to destroy Israel.

U.S. officials say that a cutoff of international aid has left Hamas desperate for a solution, but Europeans officials have pressed for ways to relieve the suffering of the Palestinians. The Quartet in a statement said that the group has agreed to expand and continue what was originally billed as a temporary measure to bypass the government and to bring aid to critical groups of Palestinians.

Why Bush Is Taking A More Diplomatic Approach On Iran (CSM)

By Howard Lafranchi

The Christian Science Monitor, September 21, 2006

UNITED NATIONS, N.Y.

With prospects fading for tough economic sanctions against Iran anytime soon, the United States is shifting its stance even more solidly toward a diplomatic solution to Tehran's nuclear ambitions.

President Bush is sounding more conciliatory, Secretary of State Condoleezza Rice is approving more leeway for the Europeans to pursue talks with the Iranians - and everyone is insisting the aim is to allow Tehran the peaceful nuclear-power program it says is its only goal.

The US insists that the option of sanctions remains on the table, but the reasons for the softer approach appear to be twofold. First, Iranian officials are themselves sending mixed messages about their openness to suspending uranium enrichment in exchange for broad talks with the West. And second, international powers appear further than ever from joining to impose the sanctions they had agreed to this summer if Tehran did not suspend the nuclear activities that could lead to a bomb.

The question now niggling the US and others is whether Tehran is indeed debating the merits of backing off enrichment for the potentially more economically promising negotiations - or is just playing the international community for more time.

Iran's power circles are divided over what foreign policy to pursue, and that division is currently being played out in internal debate over the nuclear program, analysts say. What is less clear is when that debate might be settled enough to yield a clear answer to the countries - the five permanent members of the United Nations Security Council plus Germany - offering negotiations to Iran.

"Iran doesn't have a united front, that's clear," says Jon Wolfsthal, a nonproliferation expert at the Center for Strategic and International Studies (CSIS) in Washington. "The problem is that the default for them [in the absence of unity] is a more aggressive approach, as opposed to accepting a deal."

Just last week, Mr. Bush warned the international community against falling into a trap set by Iran, and again on Tuesday, he said Tehran is simply stalling. If that continues, he added, "We will then discuss the consequences of their stalling." But in his speech to the UN General Assembly, the president refrained from any urgent language, saying the US accepts Tehran's right to a peaceful nuclear-power program.

At the same time, Secretary of State Rice convened a meeting Tuesday night of key foreign ministers - a meeting that was originally envisioned as the setting for the next steps towards sanctions. Instead, she allowed that preliminary talks between the Europeans and Iran will proceed. Her deputy, Nicholas Burns, said those talks are already in "extra innings," but there was no hint of a precise deadline for reaching a conclusion.

That approach reflects a consistent approach on the part of the administration, Mr. Wolfsthal says, which is to let Iran convince the world it ultimately is not willing to shut down its nuclear-weapons ambitions. "I don't think anyone in the administration really expects Iran to compromise," he says. "So the whole diplomatic path has been to demonstrate to the rest of the world that Iran never was serious about a diplomatic solution."

But other analysts say the American seesaw from tough talk to more conciliatory language reflects a hard-line/ pragmatist policy divide within the administration that is not unlike the split coloring Tehran's approach.

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"Iran is another chapter in the administration's internal struggle for control of foreign policy," says Joseph Cirincione, a weapons-proliferation policy expert at the Center for American Progress in Washington. "Depending on where you sit in this divide, what we're seeing in terms of Iran is either the collapse of the Bush strategy [to arrive at international sanctions], or it's all unfolding according to plan."

Mr. Cirincione says "hard-liners" in the administration - starting with Vice President Dick Cheney - "have always thought Rice's strategy of going for sanctions would fail," but they have gone along as a way to prove the international community won't act. The objective, he says, is to let diplomacy run its course, especially with military action against Iran's nuclear installations so unpalatable right now.

"From their perspective, it's fine to have the president talking softly at the UN," he says, "as long as plans for military action proceed at the White House and in the backrooms of the Pentagon."

That does not mean the US is doing nothing more than sitting back while, from its perspective, Tehran hangs itself. Over recent weeks, the US has begun pressing other countries to pursue the kinds of unilateral measures it is already taking against Tehran, including freezing the assets of companies.

One Swiss bank, Union Bank of Switzerland, has already cut off relations with Iran, but the US would like to see more - especially since European intelligence reports earlier this year reported Iran was diligently looking throughout Europe and former Soviet countries for materials and technological know-how.

In the midst of the American and Iranian mixed signals, President Jacques Chirac of France came up with a new proposal this week that he said could break the diplomatic logjam: The Iranians would agree to suspend uranium enrichment once talks begin - not as a condition for talks as the US insists - and agree to honor the suspension as long as talks go on.

That suggestion took the US by surprise. But Mr. Chirac quickly reassured Bush publicly after a breakfast in New York Tuesday that he continues to see "eye to eye" with the US president on the necessity of forestalling a nuclear-armed Iran.

Cirincione says that Chirac, who saw the reality of the sanctions effort going nowhere fast, is "probably planting this as a face-saving solution" that could appeal to all sides.

But he adds that while he believes a deal is still possible, the conditions may be too much for Washington to allow. The US and its international partners would have to "accept some amount of enrichment activity in Iran," he says, while the US would have to cease "all talk and promotion of regime change in Tehran."

What that would amount to, Cirincione says, is offering the Iranian regime "the same security assurances we gave the government of Libya to get that deal" of forswearing nuclear-weapons goals.

All these issues will keep diplomacy around Iran's nuclear program percolating for a while, with some analysts predicting little movement well into next year.

Another reason for the lack of urgency - fewer officials even in the Bush administration are speaking of a "crisis" - is that more nuclear experts are concluding that Iran's progress toward mastery of nuclear weapons technology has slowed.

Despite a recent House committee report faulting US intelligence for failing to keep abreast of Iran's progress, most experts say Iran has slowed its rate of advancement in the nuclear field - either by design or as a result of mounting procurement difficulties in terms of technology and materials.

"It's increasingly clear through inspections and intelligence reports that Iran is making glacially slow progress on its program," Wolfsthal of CSIS says.

"Yes, they have surprised us before," he adds. "But from what we're able to see, it's pretty clear they are not months away, but years away, from having a nuclear bomb. And that is deflating some of the pressure to act on this one way or the other right now."

Nations Discuss New Deadline For Iran (AP)

By Angela Charlton, Associated Press Writer

AP, September 21, 2006

The nations seeking to halt Iran's nuclear activities are working out a new deadline for Tehran despite differences over possible sanctions, the French foreign minister said Wednesday.

With world leaders gathered at the United Nations, the United States had hoped to move decisively this week toward political and economic sanctions against Iran after it missed an Aug. 31 U.N. Security Council deadline to halt disputed uranium enrichment that many believe is aimed at making a bomb.

But some U.S. allies are balking. France has instead proposed a compromise deal: a simultaneous suspension of all threats of sanctions and Iran's uranium enrichment.

French Foreign Minister Philippe Douste-Blazy pushed ahead with this plan Wednesday. He suggested that the United States and others support it and said they were discussing a possible new timeline. He also discussed it with Iranian Foreign Minister Manouchehr Mottaki and said the Iranian agreed that "time is an important factor."

Douste-Blazy gave no specific date. But a senior French diplomat said the nations involved in nuclear talks with Iran are mulling an early October deadline for Tehran to agree to a simultaneous suspension of uranium enrichment and talk of sanctions.

The United States and Britain remained cautious about the suspension plan. A U.S. official, who spoke on condition of anonymity because he was not authorized to comment on the confidential discussions, confirmed that the group had discussed a new timeline — but said sanctions are still on the table.

Secretary of State Condoleezza Rice said Wednesday: "I'm not going to talk in terms of deadlines," but added, "This cannot go on for very much longer."

She also reiterated the U.S. position that Iran suspend enrichment before negotiations can begin.

British Foreign Secretary Margaret Beckett would not discuss a possible new date, either.

"What we are looking for is a clear and sustained and concrete signal that Iran wishes to negotiate," she told reporters. "Our patience, I think, is not unlimited."

A dinner meeting Tuesday with Rice, Beckett, Douste-Blazy and the foreign ministers of Russia, China, Germany and Italy produced little consensus about the next step, U.S. Undersecretary of State Nicholas Burns said. He said the diplomatic effort to counter Iran was in "extra innings."

The Americans have little choice but to give the Europeans a little more time, since Washington needs Europe on board for sanctions to be effective.

U.S.-Iranian tensions are in the spotlight this week, with both nations' presidents speaking Tuesday to the U.N. General Assembly — and pointedly avoiding each other in the halls of the world body.

In his speech, President Bush said, "Iran must abandon its nuclear weapons ambitions," but said the U.S. has "no objection to Iran's pursuit of a truly peaceful nuclear power program."

Iranian President Mahmoud Ahmadinejad insisted in his speech that Tehran's nuclear activities are "transparent, peaceful and under the watchful eye" of inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog. He also reiterated his nation's commitment to the Nuclear Nonproliferation Treaty.

Progress hinges on talks between EU foreign policy chief Javier Solana and Iranian negotiator Ali Larijani. Larijani had been expected in New York this week, but Beckett said Wednesday that it appeared that he would not be coming.

She also said the ministers have authorized Solana to go anywhere at any time to meet Larijani.

Italian Prime Minister Romano Prodi met Ahmadinejad later Wednesday, but no details of the talks were released.

France appeared determined to resist sanctions, despite mixed messages this week.

President Jacques Chirac shook up diplomatic circles with a proposal to drop talk of sanctions on Monday, then appeared to soften the stance after meeting Tuesday with Bush. Chirac also said Tuesday he was not interested in new deadlines for Iran.

Douste-Blazy, however, was eager to set a new timeline.

"We cannot let the Iranians ... gain time," he said. "We must have a response rather fast."

Iran hinted last week that it might be willing to suspend uranium enrichment. That was enough to sow new division among the nations seeking to stem Iran's nuclear program — and brake the push for sanctions.

New Iran Deadline As Bush Watches Clock (AFP)

AFP, September 21, 2006

World powers handed Iran a new early October deadline to halt uranium enrichment, a senior European diplomat said, as President George W. Bush warned "time is of the essence" in settling the nuclear showdown.

Hopes of a snap breakthrough in the crisis however were already dimmed, with an announcement that European Union foreign policy chief Javier Solana would not meet, as expected, this week in New York with Iranian negotiators.

The five permanent members of the UN Security Council plus Germany and Italy agreed late Tuesday to give European negotiators more time to convince Iran to give up enrichment before seeking sanctions under a UN resolution

A senior European diplomat told reporters the new deadline would stretch to early October, in the hope that new talks between Solana and Iranian negotiator Ali Larijani would bear fruit.

The UN Security Council had set an August 31 deadline for Iran to comply with the demand for a suspension of enrichment operations. But Tehran, which denies US claims it is seeking a nuclear weapons, has so far refused to comply.

Bush meanwhile warned time was running out for Iran, and again wondered out loud whether the latest delay was a symptom of Tehran running out the clock.

"I'm not going to discuss with you our intelligence on the subject, but time is of the essence," Bush said, when asked on CNN whether he backed the Israeli line that only a few months remained before Iranian scientists learned how to enrich uranium -- the critical step towards building a bomb.

"I'm concerned that Iran is trying to stall, and to try to buy time, and therefore it seems like a smart policy is to push this issue along as hard as we can and we are," Bush said.

Bush's secretary of state, Condoleezza Rice meanwhile declined to confirm the new deadline but also warned diplomacy couldn't stretch on indefinitely.

"Everyone wants to resolve this through negotiations and everyone wants to solve this thing quickly," she said here.

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"There is a really excellent opportunity for Iran to engage with the international community, if it will simply meet a condition (freezing uranium enrichment)."

French Foreign Minister Philippe Douste-Blazy said Wednesday major powers -- Britain, China, France, Germany, Italy, Russia and the United States -- agreed that Iran must respond rapidly.

"We must have a response fairly quickly," he said, "it's becoming urgent."

At Tuesday's meeting, US Secretary of State Condoleezza Rice backed away from the long-standing US position that Iran should face sanctions immediately for failing to meet an August 31 UN deadline for suspending its uranium enrichment.

She agreed to permit a new round of negotiations between Solana and Larijani in hopes of convincing Tehran to meet the UN demand, US officials said.

If Iran suspends its enrichment, Rice said she would personally attend the launch of direct negotiations with Tehran aimed at rewarding the Islamic republic for winding down its nuclear program.

Chances of a quick breakthrough in the standoff were hit by the announcement that Larijani would not meet with Solana in New York this week as expected.

Instead, Larijani and Solana agreed in a telephone conversation to hold talks next week in an unidentified European capital, the official Iranian news agency reported in Tehran.

"It seems to have been difficult to get some of those (talks) scheduled and we would encourage the Iranians to take him up on his offer to meet with him and to clarify any remaining questions," said Rice.

"But this cannot go on for very much longer."

As well as the extended deadline for an Iranian response, Washington got its partners to agree to the new deadline for imposing sanctions if Iran stands firm, according to senior US and European officials present at the meeting.

Douste-Blazy said Tuesday's meeting had agreed on the need to give Iran one more chance.

"We all thought that we had to avoid confrontation and do everything possible to pursue a dialogue ... while also avoiding a situation where the Iranians, through meeting after meeting, are able to play for time and we end up with a fait accompli" of an Iranian nuclear weapons program, he said.

Concession Clears Way For Iran-EU Talks (FT)

By Najmeh Bozorgmehr

Financial Times, September 21, 2006

Iran's chief nuclear security official, Ali Larijani, is expected to resume talks with the European Union's Javier Solana next week following a concession by the US to give the process more time before pursuing a United Nations sanctions resolution.

The Iranian state news agency – reporting from Damascus where Mr Larijani met the Syrian president, Bashar al-Assad, on Wednesday – said Iran's chief negotiator would continue talks with Mr Solana, the EU's foreign policy supremo.

Although the meeting had been expected to take place at the UN in New York, reports from Tehran said they would meet in Europe. Iranian officials blamed the US for a delay in issuing visas for Mr Larijani and his delegation as the main reason for the nuclear team's failure to show up in New York.

"Only Mr Larijani and one deputy, Javad Vaeedi, hold visas now, while the rest are still waiting for their visas to be issued," an Iranian official told the Financial Times.

Diplomats are trying to work out a process whereby negotiations will begin and ran will suspend its uranium enrichment. The sequence is still unclear, but signs of progress and pressure from France, China and Russia have persuaded the US to put the sanctions drive on hold.

Iran's President Mahmoud Ahmadi-Nejad insisted on his country's right to develop nuclear energy in a forceful speech to the UN General Assembly in New York on Tuesday. He also reiterated Iran's adherence to its international safeguard commitments, while questioning the legitimacy of the Security Council and what he called the abuse of the UN by the veto-wielding powers, particularly the US and UK.

The position of Mr Ahmadi-Nejad in Iran's top leadership is stronger in domestic issues, while big international policies, including the nuclear decisions, are taken collectively by the top leadership. Sources have confirmed that Mr Ahmadi-Nejad, with a rather confrontational approach, is in the minority within the leadership.

Although his speech lacked any suggestion of dialogue and compromise with the west over the nuclear programme, it was less confrontational than some western observers had feared. Ahead of the speech European diplomats had warned that if it was too aggressive it could jeopardise the chances of striking a deal on opening formal negotiations.

Mr Ahmadi-Nejad also used the speech to again display his millennialist approach to world affairs, starting and wrapping up his speech by praying for the return of the last Imam of Muslim Shia, Mahdi, who is supposed to save the world.

Mr Ahmadi-Nejad adopted populist language on Middle Eastern issues, including Iraq, the Palestinian territories and Lebanon, but he did not repeat his earlier controversial comments about "wiping Israel off the map" and questioning the truth of the Holocaust, which brought him popularity in the Islamic world

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Iran's Leader Relishes 2nd Chance To Make Waves (NYT)

By David E. Sanger

The New York Times, September 21, 2006

When President Bush and his advisers decided to allow President Mahmoud Ahmadinejad of Iran into the country to address the United Nations, their strategy was simple: containment.

There would be no visits to other cities where he could denounce Washington or question Israel's legitimacy. There would be no opportunities, beyond his speech to the General Assembly, to turn questions about his nuclear intentions into repeated diatribes about America's nuclear arsenal.

It turned out that Mr. Ahmadinejad had a Plan B.

The scope of his determination to dominate not only the airwaves but the debate became evident yesterday evening, when he entered a hotel conference room on the East Side with a jaunty smile, a wave and an air of supreme confidence.

Over the objections of the administration and Jewish groups that boycotted the event, Mr. Ahmadinejad, the man who has become the defiant face of Iran, squared off with the nation's foreign policy establishment, parrying questions for an hour and three-quarters with two dozen members of the Council on Foreign Relations, then ending the evening by asking whether they were simply shills for the Bush administration.

Never raising his voice and thanking each questioner with a tone that oozed polite hostility, he spent 40 minutes questioning the evidence that the Holocaust ever happened — "I think we should allow more impartial studies to be done on this," he said after hearing an account of an 81-year-old member, the insurance mogul Maurice R. Greenberg, who saw the Dachau concentration camp as Germany fell — and he refused to even consider Washington's proposal for Russia to provide Iran with nuclear reactor fuel, and take it back once it is used. (Without the capacity to enrich fuel on its own soil Iran would be unable to make fuel suitable for a nuclear weapon.)

He traced the history of 50 years of unfilled deals with the United States, Germany, France and others — skipping over the Iranian revolution and the hostage-taking that followed — and concluded, "How can we rely on these partners." His solution? The United States should shut down its own fuel production and "within five years, we will sell you our own fuel, with a 50 percent discount!" He settled back into his seat with a broad smile that some in the group described as a smirk.

The decision by the council's president, Richard N. Haass, to invite Mr. Ahmadinejad to the session touched off a rare outcry protest in an organization whose meetings are usually as staid as the portraits of long-forgotten diplomats on its walls.

Mr. Haass, who ran the policy planning branch of the State Department during Mr. Bush's first term, first had to fend off senior administration officials who had argued that he should not give Mr. Ahmadinejad the legitimacy of a hearing — especially with the likes of Brent Scowcroft, who served as national security adviser under President Bush's father, or Robert D. Blackwill, who directed Iraq policy at the White House under Condoleezza Rice.

"It's fair to say that Dr. Rice thought this was a bad idea," one senior State Department official said. "A really, really bad idea."

So did leaders of several Jewish groups, whom Mr. Haass invited — and who promptly asked if the council would have invited Hitler in the 1930's. "Some of us considered quitting to make it clear how offensive this is," said Abraham H. Foxman, the national director of the Anti-Defamation League, who was one of the Jewish leaders whose attendance Mr. Haass sought.

But after a flurry of phone calls, including with Elie Wiesel, the writer and Holocaust survivor, they decided against a mass resignation — particularly after the council made the session a "meeting" rather than a dinner. (There were light hors d'oeuvres on the side; Mr. Ahmadinejad never touched them.)

"It is more offensive to break bread with the guy," Mr. Foxman said. "I thought dinner was crossing the line."

But the council pointed out that it had served as host for many world leaders equally skilled at repressing dissidents, developing suspected weapons programs, shutting down a free press and denouncing Israel.

"We've had Castro," said Lisa Shields, the council's communications director, ticking off the gallery of leaders Washington considered rogues. "We've had Arafat, and Mugabe. We've had Gerry Adams."

The greeting yesterday evening was not exactly overwhelming. There were no introductory handshakes, no diplomatic niceties. All of the Americans who were invited to attend, including four journalists, were members of the council. Iran's effort to bring in television cameras was deflected, apparently because the council feared that the session would be used for political purposes in Iran, where Mr. Ahmadinejad is presumably eager to show that even if President Bush refused to meet him, he got his message across.

In fact he did — meeting academics in the morning and religious leaders at midday, and speeding from the council meeting for another television interview. He did most of this without leaving the Intercontinental Hotel on 48th Street in Manhattan.

The council would not say how many of the invitees had refused to attend. But members said they knew of more than a half-dozen, from the publisher Mort Zuckerman to the former Secretary of State Madeleine K. Albright. It is unclear why some declined. A few claimed scheduling conflicts, rather than moral objections.

The handful who had a chance to quiz the Iranian president went out of their way, within the limits of diplomatic etiquette, to make clear to Mr. Ahmadinejad that they thought his characterizations of Israel and the Holocaust were repugnant and that his nuclear strategy was self-defeating. He gave no ground.

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When Martin S. Indyk, a former American ambassador to Israel, told Mr. Ahmadinejad that Iran “did everything possible to destroy’’ efforts to bring peace between Israel and the Palestinians, the president said, “If you believe Iran is the reason for the failure, you are making a second mistake.’’ Why, he asked, should the Palestinians be asked to “pay for an event they had nothing to do with’’ in World War II, saying that they had nothing to do with the systematic killing of Jews — if those killings, he added, had happened at all.

“In World War II about 60 million people were killed,’’ he said at one point, when pressed again on his refusal to accept that the Holocaust happened. “Two million were military. Why is such prominence given to a small portion of those 60 million?’’

A few minutes later, he asked a question himself: “In the Council on Foreign Relations, is there any voice of support for the Palestinians?’’

Mr. Ahmadinejad’s habit of answering every question about Iranian policy with a question about American policy was clearly wearing on some of the members, but at the end they acknowledged that he was about as skillful an interlocutor as they had ever encountered. “He is a master of counterpunch, deception, circumlocution,’’ Mr. Scowcroft said, shaking his head. Mr. Blackwill emerged from the conversation wondering how the United States would ever be able to negotiate with this Iranian government.

“If this man represents the prevailing government opinion in Tehran, we are heading for a massive confrontation with Iran,” he said.

In fact, on the main issue speeding the two countries toward confrontation, Iran’s nuclear program, the president was unwilling to discuss specifics. He insisted that he was fully cooperating with the International Atomic Energy Agency, even though it had pages of questions his government refused to answer.

Instead, he steered the whole conversation toward Iran’s rights under the Nuclear Nonproliferation Treaty, ignoring an effort by Ashton B. Carter, a Harvard professor, to get him to answer whether the nuclear effort was worth the cost to Iranian society.

“The U.S. doesn’t speak for the whole world,’’ Mr. Ahmadinejad responded, noting that at a meeting of nonaligned nations in Cuba over the weekend “118 countries defended the right of Iran to enrich.’’

And as he left, it was with a jab to his hosts. “At the beginning of the session, you said you were an independent group,’’ he said. “But almost everything that I was asked came from a government position.’’ Then he smiled, thanked everyone and left the room with a light step.

Israel Calls Iran Its Greatest Threat (AP)

By Nick Wadhams, Associated Press Writer

AP, September 21, 2006

The Israeli foreign minister on Wednesday warned that Iranian leaders pose the biggest threat to the world's values because they "speak proudly" of their wish to destroy Israel and pursue weapons to achieve that objective.

Foreign Minister Tzipi Livni told the annual U.N. General Assembly session that the international community must stand up against Iran, which she claimed is pursuing the weapons to destroy Israel, a reference to its suspect nuclear program.

"There is no greater challenge to our values than that posed by the leaders of Iran," Livni said. "They deny and mock the Holocaust. They speak proudly and openly of their desire to wipe Israel off the map. And now, by their actions, they pursue the weapons to achieve this objective, to imperil the region and to threaten the world."

She said Iran's support of the Islamic militant group Hezbollah in south Lebanon showed the threat it poses to the region. The world must ensure that it enforces the U.N. Security Council resolution that ended more than a month of fighting between Israel and Hezbollah, Livni said.

"There is no place for such a regime in the family of nations," she said.

Iranian President Mahmoud Ahmadinejad has said in the past he wants to wipe Israel off the map and dismissed the Holocaust as a myth. In his own speech to the General Assembly on Tuesday, Ahmadinejad said Israel was created by driving millions of people from territory that was rightfully theirs, something he called "a great tragedy with hardly a precedent in history."

He also harshly criticized Israel's policies, saying the country was a source of insecurity in the Middle East that was "waging war and spilling blood and impeding the progress of regional countries."

While Livni spoke, a lone Iranian diplomat sat in the back row of the section of six seats reserved for the Islamic republic in the General Assembly hall. After her speech ended, the diplomat moved up to the front row to listen to the following official, from Belgium.

Livni struck a more conciliatory tone toward the Palestinians, saying the two did not necessarily have to remain at odds and the only way to resolve their conflict was at the "bilateral negotiating table."

"We have no illusions about the difficulties before us — we must face them and not ignore them," she said.

Livni met with Palestinian President Mahmoud Abbas at the U.N. a day before the General Assembly session began, and both described the meeting as positive. In her speech, she reiterated their desire to reopen a serious dialogue, including with the creation of a permanent channel "to pursue ways to advance together."

On the sidelines of the summit on Wednesday, President Bush called Abbas a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants. Abbas has been weakened since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

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Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Israel has new leadership too as Ariel Sharon remains incapacitated after his sudden massive stroke on Jan. 4. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war against Hezbollah.

Lessons From U.N. Week (NYT)

By David Brooks

The New York Times, September 21, 2006

One of the lessons of this past week is that the international system is broken. The world community might make declarations — on preventing Iranian and North Korean nukes, disarming Hezbollah, or preventing genocide in Darfur — but when it comes to actually uniting to take action, words and resolutions lead nowhere. Thanks to a combination of American errors, European escapism, and Russian and Chinese greed, the worst people in the world now drive events while the best people do nothing.

The second big lesson of the past week is that five years after 9/11 we are farther from reaching a consensus on the nature of the threat than ever before. Instead of clarity, there is a cacophony of theories that attempt to explain the extremists — emphasizing religion or ideology or feelings of historic humiliation or some combination of all three.

The core of the dispute is: Do the extremists play by the normal rules of geostrategy, or are their minds off in some mystical sphere that is utterly alien to our categories?

Do they respond to incentives and follow the dictates of what we call self-interest? Can they be deterred by normal threats to their security? Or, alternatively, are they playing an entirely different game? Are the men who occupy the black hole that is the Iranian power elite engaged in a religious enterprise based on an eschatological time frame and driven by supernatural longings we can't begin to fathom?

The definition of the threat determines the remedies we select to combat it, and yet what we have now is a clash of incongruous definitions and an enemy that is chaos theory in human form — an ever-shifting array of state and nonstate actors who cooperate, coagulate, divide, feud and feed on one another without end.

The third lesson is that a huge gap is emerging between the way ordinary Americans see the Arab world and the way members of the political, media and intellectual elites see it.

Elite debate is restrained by a series of enlightened attitudes that amount to a code of political correctness: be tolerant of cultural differences, seek to understand the responses of people who feel oppressed, don't judge groups, never criticize somebody else's religion.

As anybody who has traveled around the country or listened to talk radio of left, right and center knows, these genteel manners do not inhibit the masses. Millions of Americans think the pope asked exactly the right questions: Does the Muslim God accord with the categories of reason? Are Muslims trying to spread their religion with the sword?

These millions of Americans believe the pope has nothing to apologize for. They regard the vicious overreaction to his speech, like the vicious overreaction to the Danish cartoons, as another sign that some sort of intellectual disease is sweeping through the Arab world.

What these Americans see is fanatical violence, a rampant culture of victimology and grievance, a tendency by many Arabs to blame anyone other than themselves for the problems they create. These Americans don't believe they should lower their standards of tolerable behavior merely for the sake of multicultural politeness, and they are growing ever more disgusted with commentators and leaders who are totally divorced from the reality they see on TV every night.

The fourth lesson is that we are drifting toward a policy that does not match the threat we face. Extremism is not an isolated cult in the Muslim world. It is a diverse and vibrant movement, which inspires the smartest of the young and treats the psychological wounds of those who are trapped between tradition and modernity.

The Muslim millenarians possess a habit of mind that causes them to escalate conflicts. They seem confident they can prevail, owing to their willingness to die for their truth. They don't seem to feel marginalized, but look down on us as weak, and doubt our ability to strike back.

With America exhausted by Iraq, with the threat of Iranian sanctions dissolving before our eyes, Western policy is drifting toward the option that most resembles passivity. That is containment — accepting Iranian nukes and trying to deter their use with our arsenal.

In other words, a policy that was designed to confront a secular, bureaucratic foe — the Soviets — will now be used to confront a surging, jihadist one. The survival of Tel Aviv, and maybe New York and Washington, will depend on the Clausewitzian rationalism of the Iranian mullahs, or the angry younger brothers who will replace them.

Letter To America (WP)

By Akbar Ganji

The Washington Post, September 21, 2006

My brief journey to your beautiful and amazing country began in New York City with a symbolic hunger strike in front of United Nations headquarters. Its purpose was to bring to the world's attention the plight of political prisoners in my country, Iran. We demand that

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all political prisoners in Iran be freed. I am certain that you appreciate our desire for freedom; it was, after all, the main principle upon which your country was founded.

My American journey commenced shortly after I was released from prison in Iran. I spent six years behind bars on the bogus charge of endangering national security. I came here bearing a message from a movement whose members are hard at work promoting the values of democracy, human rights, social justice and civil liberties. We want our country to play a positive role in promoting peace, security and cooperation in the region. To achieve our goals, we need the support of the entire world, particularly your vast and powerful country.

To end the tensions between our countries, we appeal to your natural sense of independence, liberty and fairness -- to your belief that the pursuit of happiness is not just the prerogative of some classes or nations. Happiness, peace and security can be achieved and sustained when we succeed in making these values universal. The sense of physical pain as well as injury to our sense of human dignity and self-esteem are common to us all. No less common is our shared sense of peace, security, joy and laughter.

The history of the United States as a nation begins with the establishment of a polity based upon a constitution. In modern Iran, that is still a relatively new idea. Although it dates to our Constitutional Revolution of 1906, we have in fact achieved only some of the goals of that revolution. We are, a century later, still struggling to create a polity based on a constitution and the rule of law.

Even the 1979 revolution could not turn this dream into reality. The political and ideological forces that came to dominate that revolution denied the people the right to exercise their free will. The official ideology of the ruling clerical regime considers all humans to be less than adult and says that without the supervision of the clergy, they will act like children, if not madmen. According to this clerical theory, the people are most virtuous when they are most docile.

This is similar to the concept of the ruler as shepherd and guardian, and the people as flock. The official ideology of the Islamic regime calls for fully implementing this idea in the political domain. The idea is not, of course, limited to the world of Islam. Religious fundamentalism, whether it appears in Islamic, Christian, Jewish or Buddhist hue, shares the desire to humiliate the people and deny them their rights.

In Iran, we hope to achieve our goal of a new polity and a new constitution not by violence but by following a peaceful and democratic path. And in this struggle we need moral support from all freedom-loving people around the world -- particularly the United States.

We want the world to know that our rulers do not represent the Iranian people and that their religion is not the religion of the entire nation. We ask that in shaping its policies toward the Iranian regime, the United States not overlook the interests of Iranian civil society. In particular, we hope that America listens to those in Iran who fear that policies intended to contain the current crisis might in fact lead to a greater crisis, and to war.

We are convinced that the outbreak of a new war in the Middle East, particularly against a large and populous country such as Iran, would destabilize the region and the world. And it would deprive us of the chance to found a peaceful and democratic political order. We are also against policies, such as economic sanctions, that bring extraordinary hardship to the lives of ordinary Iranians.

It is both possible and desirable to solve the problems between the United States and Iran through direct talks. Such diplomacy will best serve the interests of the American and Iranian people if it is conducted in a transparent fashion. This transparency would not only make it impossible for advocates of war to increase tensions but also would help isolate them. Iranian democrats are opposed to secret diplomacy.

If, in the 1980s, the United States had pursued a policy of never establishing ties with enemies of human rights, and if it had given priority to the interests of civil society, it could be reaping the benefits of a successful foreign policy today. And the danger of terrorism would have been less than it is now. In fighting nuclear proliferation, all countries must be treated equally. The Iranian people do not accept double standards in this matter.

We believe the government in Tehran is seeking a secret deal with the United States. It is willing to make any concession, provided that the United States promises to remain silent about the regime's repressive measures at home. We don't want war; nor do we favor such a deal. We hope that the regime will not be allowed to suppress its people, foment a crisis in the region or continue with its nuclear adventurism.

But the dangers of the Tehran regime are not limited to the nuclear question. The regime is dangerous mostly because it is willing to brutally trample on the democratic and human rights of the Iranian people. It is dangerous because it is willing to create gender apartheid in the name of religion and to suppress religious and ethnic minorities. Finally, it is dangerous because it considers all forms of dissent unforgivable sins. The real goal of the nuclear program is to make these policies permanent. In its negotiations with the Iranian regime, the West must not overlook this important fact.

Today I stand among a large number of Iranians who live in the United States. Most are now citizens of this country, educated and successful. They owe their success not just to their resourcefulness and hard work but also to the admirable ability of American society to accept strangers and immigrants on its shores, and to America's cultural tolerance. The large community of Iranians in America is imbued with affection for it. They, as well as the people of Iran, hope that political conflicts will be resolved and replaced by bonds of friendship and peaceful cooperation.

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A Bush-Ahmadinejad Debate? Why Not? (USAT)

By Lionel Beehner

USA Today, September 21, 2006

The presidents of the United States and Iran squared off at the United Nations, yet nothing of substance materialized. They spoke hours apart Tuesday, sticking to their usual talking points. Alas, this might be as close as these men ever get to meeting in a public forum. And that's unfortunate.

Just last month, Iranian President Mahmoud Ahmadinejad challenged President Bush to a televised debate. Though the White House scoffed at the request, perhaps it's not so crazy after all. Sure, it would make for intriguing TV, but more important, it would offer a public airing of both leaders' views on perhaps the most daunting issue of our time: nuclear proliferation.

Here's how it might work. Unlike the "Kitchen Debate" between Vice President Nixon and Soviet Premier Nikita Khrushchev in 1959, the participants would debate live via satellite with simultaneous, uncensored translation. The moderator would be a prominent yet impartial diplomat from a third-party state.

A debate is in both countries' interests. Iranians rarely get unfettered access to American politicians' views, while Ahmadinejad's anti-U.S. screeds usually hit the Iranian press unfiltered and unchallenged.

State Department spokesman Tom Casey has said it was "somewhat odd for the president of a country that represses all debate within its own society to be talking about free and open exchange of ideas." But if anything, this exchange could spur greater political discussion and freedom of speech in Iran, not less. In the process, Iranians just might learn why the world opposes their nuclear program.

The face-off also would make sense for Bush, whose approval ratings have been sagging for months and might receive a boost from such a debate. It could also burnish Bush's foreign policy credentials at home, while demonstrating to moderates in the Middle East the folksiness many Americans admire about the president. It might also salvage his faltering Middle East policy during an important election year.

Iran is one issue where the president's no-nonsense approach seems to resonate with voters (no one supports a nuclear Iran). Yet he is short on solutions. Bush has dismissed Ahmadinejad's longwinded letter in May to him, ignored the Iranian leader's quirky blog, and demurred on directly engaging Tehran until it first suspends its uranium-enrichment activities.

Of course, Bush's supporters will say he should not dignify a request to debate a Holocaust denier. But Ahmadinejad is not going away. And the nuclear issue will not likely be resolved through intermediaries in Europe or bureaucrats at the U.N. Like President Nixon's decision to deal with Communist China in 1972, Bush should directly engage his enemies, no matter how muddled their political philosophies or grotesque their views on history.

Some policymakers might say agreeing to a public debate would establish a bad precedent or open up a dangerous can of worms. World leaders groping for a soapbox to stand on — Venezuela's Hugo Chavez or North Korea's Kim Jong Il come to mind — might challenge their foes to debates, creating needless sideshows that would distract from serious disagreements on issues of foreign policy. It might also create havoc for diplomats should their leaders misspeak or misrepresent their positions in the heat of debate.

Even so, the benefits would far outweigh the risks. Regular televised debates would provide a forum for world leaders to openly exchange views, unencumbered by underlings and diplomatic niceties, while educating their respective publics in the process. Much like President Roosevelt's "fireside chats" in the 1930s, live debates would bring leaders and their citizenry closer together, as well as hold world leaders accountable for their actions and statements. In the process, leaders might become more humanized. Americans would see Ahmadinejad not as the unruly dictator hawks make him out to be, while Iranians might see Bush not as the Christian cowboy he is portrayed as in the Middle East.

A similar gulf in perception divided the Americans and "10-feet-tall" Soviets at the height of the Cold War. As Nixon shrewdly put it to Khrushchev in 1959, "We should hear you more on our televisions. You should hear us more on yours." Same goes for Bush and Ahmadinejad in 2006.

Lionel Beehner is a staff writer for the Council on Foreign Relations' website.

Ideals And Realities Clash In Bush 'Freedom Agenda' (WP)

By Peter Baker

The Washington Post, September 21, 2006

At the United Nations lectern this week, President Bush hailed the spread of democracy. "From Beirut to Baghdad," he said, "people are making the choice for freedom." Yet even as he spoke, tanks were rolling through the streets of Bangkok as a military coup toppled the elected leader of Thailand, who at that moment was in New York for the U.N. session.

Bush made no mention of the dramatic events on Tuesday and left New York yesterday without ever seeing the deposed prime minister, much less offering any public support for a onetime strong ally of the United States. The president's spokesman later provided a strikingly mild response only after being asked by a reporter, pronouncing the White House "disappointed" by the coup.

The timing of Bush's address on democracy to the U.N. General Assembly and the overthrow of a democratically elected government underlined the complexities and contradictions in his "freedom agenda." With the president's attention focused on the Middle

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East, the state of democracy elsewhere in the world does not rate as high on his priority list. In the case of Thailand, the situation is complicated by growing U.S. unease with the ousted prime minister, Thaksin Shinawatra.

"The president's freedom agenda is inherently selective," said Thomas Carothers, head of the democracy project at the Carnegie Endowment for International Peace. "We care very much about democracy in Afghanistan and Iraq, but . . . Thailand's just not part of the story, so this falls off the map a bit."

Thailand is hardly the only example. Bush strongly supports Gen. Pervez Musharraf, the Pakistani president who took power in a military coup, and plans to meet with him at the White House twice in the next week. Bush will also host Kazakhstan's president, Nursultan Nazarbayev, at the end of next week despite the suppression of opposition parties, newspapers and human rights groups in the oil-rich Central Asian republic.

The administration has likewise embraced autocratic leaders in such disparate places as Azerbaijan and Ethiopia while generally tempering criticism of anti-democratic policies in Russia and China. Even in the Middle East, Bush has treaded lightly in nudging allies such as Egypt and Saudi Arabia to reform.

On the other hand, the White House ratcheted up its pressure this month on the repressive government in Burma. After meeting with a dissident, Bush personally lobbied to get the U.N. Security Council to put Burma on the agenda last week for possible sanctions. And first lady Laura Bush hosted a roundtable at the United Nations on democracy in that country.

When the president talks about promoting democracy, as he did in New York on Tuesday, he focuses mainly on Iraq and Afghanistan. Some other countries that he once highlighted as success stories have been dropped from his speeches, most notably Ukraine and Kyrgyzstan.

In Ukraine, the popular coalition that led the "Orange Revolution" of December 2004 has splintered and the new prime minister is the same one the street protests targeted. In Kyrgyzstan, the brother of the president who took office after the revolution of March 2005 has been accused of trying to frame an opposition leader by planting a heroin-filled wooden doll in his luggage.

The coup in Thailand poses the latest challenge to Bush's commitment to "ending tyranny in our world," as he vowed in his second inaugural address. Aides said yesterday that he did not mention the coup in his U.N. speech because they were still gathering information, but they did not explain why he said nothing later in the day as it became clear that the military had ousted Thaksin.

"We're disappointed in the coup," White House press secretary Tony Snow said yesterday aboard Air Force One on the return flight to Washington. "We hope those who mounted it will make good, and make good swiftly, on their promises to restore democracy."

Thaksin had been a U.S. favorite for years, but relations soured recently when he was accused of abusing power for profit and undermining the parliament, the opposition and the media. Although Thaksin won reelection handily last year, the opposition took to the streets this year to protest the sale of the prime minister's family holdings in a telecommunications and satellite company for $1.9 billion -- tax-free. Thaksin announced he would step down, but he stayed in office with elections scheduled for this fall.

The distaste for Thaksin may have colored the tepid U.S. response. "Nobody wants to go to bat for Thaksin. He's just an odious figure," said Michael A. McFaul, director of Stanford University's Center on Democracy, Development and the Rule of Law. "But there's the problem -- democracy's not about picking winners and losers, it's about defending institutions."

Lorne W. Craner, former assistant secretary of state under Bush and now president of the International Republican Institute, agreed that U.S. concerns with Thaksin did not justify a coup. "You can't sanction a coup just because you don't like the guy if you're going to stand up for democracy," he said. "It's unconstitutional."

Analysis: Bush Policy Tempered (AP-Y)

By Tom Raum

AP, September 21, 2006

President Bush sees the world as a struggle between good and evil, but his push for democracy often collides with geopolitical reality.

Free elections handed power to Palestinian militants and led to a fractious government in Iraq. And he associates with leaders from Kazakhstan, Azerbaijan and authoritarian Mideast states that don't necessarily practice what he preaches.

In his speech to the U.N. General Assembly, Bush depicted the U.S. as leading the charge to defeat the forces of darkness and to spread freedom and democracy, particularly in the Middle East. "It is the calling of our generation," he said.

The refrain was echoed by Vice President Dick Cheney. "We know that the hopes of the civilized world ride with us," Cheney told an audience in Washington.

But the formulation doesn't always serve U.S. interests.

Bush commonly brushes aside the democracy debate to stand with hardline leaders who happen to be terror-war allies or economic partners.

Pakistani President Pervez Musharraf — a general who seized power in a coup — will be at the White House on Friday and again next week. The president of Kazakhstan, Nursultan Nazarbayev, will be there Sept. 29. The president of Azerbaijan, Ilham Aliev, visited in April.

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Human rights groups have criticized all three leaders. No matter. The two former Soviet republics are oil-rich allies in the war on terrorism and Musharraf is the leading U.S. partner in the Muslim world.

"The United States turns a blind eye to human rights abuses when it seems politically expedient," said Sam Zarifi of Human Rights Watch.

"The failure to uphold standards of democracy and push for some of the issues that President Bush has identified as being top in his mind erodes the U.S.'s ability to criticize other countries like Iran," said Zarifi, the group's Asia research director.

On Pakistan, human rights activists have said Bush should press Musharraf to restore civilian rule, end discrimination against women and stop using torture and arbitrary detention in counterrorism operations.

Bush remains on chummy terms with Russian President Vladimir Putin, despite Putin's moves to centralize authority and to restrict press and political freedoms. And in pushing for wider trade with China, Bush ignored complaints of democracy activists and evangelicals about Beijing's religious persecutions.

Meanwhile, democracy has not always turned out the way Bush had hoped.

A military coup suspended democratic government in Thailand this week. The militant Hamas group, sworn to Israel's destruction, swept Palestinian parliamentary elections in January. Iraq's elections produced a wobbly government that took months to form and fundamentalist Shiite leaders wield far-reaching influence amid rising sectarian violence.

Afghan President Hamid Karzai warned Thursday that efforts to build democracy in his country had suffered setbacks and that terrorism was rebounding, especially in the volatile south.

Emile A. Nakhleh, a recently retired top CIA expert on Islamic politics and institutions, said the U.S. "lost a generation of goodwill" in the Muslim world.

"The president's democratization and reform program for the Middle East has all but disappeared, except for official rhetoric," Nakhleh said in an interview posted on Harper's Magazine Web site Wednesday.

In Bush's good vs. evil world, there are certain leaders he refuses to meet, among them Iranian President Mahmoud Ahmadinejad, Syrian President Bashar Assad and Venezuelan President Hugo Chavez.

In a General Assembly speech, Chavez on Wednesday called Bush "the devil.... He came here talking as if he were the owner of the world."

The day before, Ahmadinejad criticized U.S. policies in Iraq and Lebanon and accused Washington of abusing its veto power in the Security Council after Bush sought to assure Muslims he is not waging war with Islam.

White House spokesman Tony Snow said the administration stands by its hope that "all the people in the region will be able to achieve a democracy in which they're able to speak freely and pursue their destinies freely."

Bush refused throughout his first term to meet with longtime Palestinian leader Yasser Arafat, who died in 2004. Bush did meet in New York on Wednesday with Palestinian President Mahmoud Abbas, a moderate with limited authority since the Hamas victory.

Bush still is pushing for a democratic Palestinian state alongside Israel. But, Deputy National Security Adviser Elliott Abrams told reporters: "He's well aware of the fact that conditions may, in the end, not exist to make it possible."

Bush, Cheney, and other administration officials often exaggerate the nature of the battle against Islamic terrorists, suggested Dan Benjamin, a Middle East analyst at the Center for Strategic and International Studies.

"I don't think it's a struggle for civilization," Benjamin said. "I don't see any states being seized by jihadists anytime soon."

Bush At The U.N.: Another Political Masterstroke? (TIME)

By James Carney

Time, September 21, 2006

President Bush has been so busy lately giving speeches and taking questions about terrorism and Iraq and the ideological battle against Islamo-fascism that he's practically owned the airwaves. Which is exactly the way Karl Rove planned it. Bush's address at the United Nations General Assembly today may have been a long-scheduled, annual diplomatic event. But it was also a key piece in an elaborate Labor Day political strategy devised by the man whose job it is to keep Republicans in control of Congress in November and thereby salvage the President's legacy. In the past two and half weeks Bush has given a major address on detainee policy, a series of speeches surrounding the five-year anniversary of the 9/11 attacks and an extensive press conference — all of them covered as Presidential rather than political events by the cable channels and, for the most part, the broadcast networks. ABC even broke into its daytime programming to carry Bush's United Nations speech this morning. The result has been saturation coverage of the President talking tough on terror, just as Rove planned.

Democrats and some observers have argued that the old strategy — that making the election about national security, a traditional GOP strength — wouldn't work this time because voters have gotten wise to it and are generally fed up. But this morning's Gallup Poll numbers in USA Today suggest otherwise; Democrats may have reason to panic. Bush's approval at 44% isn't great, but it's a 12-month high. Still better news for the GOP is the so-called " generic " — in which likely voters say whether they plan to vote Republican or Democratic in congressional races this fall. The result — a 48-48% tie — is potentially catastrophic for the Democrats. Recent polling

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history suggests the Dems need at least a 5-point advantage in the generic just to break even in the mid-terms. This is just one poll, and it's just a snapshot. The Democrats' advantage may reappear. But for now, it's clear that Rove's strategy is working.

As politics, the President's United Nations speech was genius. It almost didn't matter what he said as long as he talked tough. He lectured the bad guys — Syria, Iran, Hamas, etc. — and promised to stay the course in Iraq. He invoked 9/11. He said he hoped for a diplomatic solution to the nuclear crisis with Iran but offered no new means to achieve it. He was Presidential. Expect another bump up in the polls.

Chavez Calls Bush 'Devil' At U.N. (WT)

By Nicholas Kralev

The Washington Times, September 21, 2006

NEW YORK -- Venezuelan President Hugo Chavez yesterday used his annual address to the United Nations to call President Bush "the devil himself" and "world dictator," topping the rhetorical blast of his Iranian counterpart the previous day.

Echoing Iranian President Mahmoud Ahmadinejad's criticism of the current U.N. structure, Mr. Chavez said American dominance and a Security Council with veto-holding permanent members had made the world organization "worthless."

"The hegemonic pretensions of the American empire are placing at risk the very existence of the human species," Mr. Chavez said.

"The devil himself is right in the house. The devil came here yesterday, ... talking as if he owned the world," Mr. Chavez said. Then he crossed himself and added: "It still smells of sulfur today."

Secretary of State Condoleezza Rice declined "to dignify" the Venezuelan leader's comment, saying only, "I think it's not becoming for a head of state."

John R. Bolton, the U.S. ambassador to the United Nations, called the remarks a "comic-strip approach to international affairs."

In Washington, State Department spokesman Tom Casey said the Venezuelan people should "determine whether President Chavez represented them in a way they would have liked to have seen."

The "devil" comment elicited some giggles among the audience of presidents, prime ministers and diplomats from around the world, and Mr. Chavez's speech won light applause, although no one publicly sided with him. Still, it was not clear how much support his argument gathered among delegates.

Several diplomats said they were not surprised by Mr. Chavez's style and did not take him seriously. Others noted that the issue of U.N. reform deserved attention, but there are more appropriate ways to express one's opinion about Security Council members.

"I don't think anybody in this room could defend the system," Mr. Chavez said. "Let's be honest. The U.N. system born after the Second World War collapsed. It's worthless."

Mr. Ahmadinejad said in his speech to the General Assembly on Tuesday that some of the governments objecting to his country's nuclear program, which he insisted was for peaceful purposes, "have abused nuclear technology for nonpeaceful ends including the production of nuclear bombs."

"The question needs to be asked: If the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account?" the Iranian president said Tuesday night.

"As long as the council is unable to act on behalf of the entire international community in a transparent, just and democratic manner, it will neither be legitimate nor effective," he added.

British Foreign Secretary Margaret Beckett yesterday rejected the notion that the United States and Britain "are causing problems for the rest of the international community."

Also yesterday, the five veto-wielding Security Council members gave Iran a new deadline of early October to suspend uranium enrichment and begin negotiations on a package of incentives in order to avoid a nuclear showdown, European diplomats said.

Meanwhile, the Iranian president told Italian Prime Minister Romano Prodi he is ready for nuclear talks with major powers but flexibility is needed on all sides.

"Ahmadinejad indicated that Iran is willing to negotiate but there needs to be flexibility on both sides," Mr. Prodi said in a written statement issued after his meeting with the Iranian leader during the U.N. general debate.

Mr. Chavez and Mr. Ahmadinejad have become good friends in the past year, and the Iranian leader made a much-publicized visit to Venezuela before flying to New York.

U.S. officials said that Mr. Chavez's speech yesterday had given the United Nations a glimpse of what it might expect if Venezuela succeeded in its bid for one of Latin America's two rotating seats on the Security Council, which is currently held by Argentina and will become available in January.

The Bush administration supports Guatemala's candidacy, and officials said their efforts to keep Mr. Chavez away from another U.N. forum would increase in the coming weeks and months.

The Security Council consists of 15 members. Ten are elected for two-year terms and do not have the veto power, which is reserved for each of the five permanent members -- the United States, Britain, China, France and Russia.

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Chavez Launches Bush Broadside At U.N. (AP-Y)

By Ian James

AP, September 21, 2006

Venezuelan President Hugo Chavez called President Bush "the devil" in a speech to the United Nations on Wednesday, making the sign of the cross in a dramatic gesture and accusing him of "talking as if he owned the world."

The fiery speech by the leftist leader, one of the Bush's staunchest critics abroad, was harsher in tone than that of Iranian President Mahmoud Ahmadinejad, who sparred with Bush the previous day over Tehran's disputed nuclear program but avoided any personal insults.

"Yesterday, the devil came here," Chavez said, referring to Bush's address before the U.N. General Assembly on Tuesday. "Right here. Right here. And it smells of sulfur still today, this table that I am now standing in front of."

He then made the sign of the cross, brought his hands together as if praying and looked up at the ceiling.

Lest anyone wasn't listening, Chavez continued:

"Yesterday, ladies and gentlemen, from this rostrum, the president of the United States, the gentleman to whom I refer as the devil, came here, talking as if he owned the world. Truly. As the owner of the world," Chavez said.

Chavez's words drew tentative giggles at times from the audience, but also applause at the end of the speech and when he called Bush the devil — a word he used no fewer than eight times.

Secretary of State Condoleezza Rice said Chavez's remarks were "not becoming for a head of state."

"I am not going to dignify a comment by the Venezuelan president to the president of the United States," Rice told reporters in New York. The main U.S. seat in the assembly hall was empty as Chavez spoke, though the U.S. Ambassador John Bolton told The Associated Press that a "junior note-taker" was present, as is customary "when governments like that speak."

The address appeared to be one of Chavez' boldest moves yet to lead an alliance of countries firmly opposed to the Bush administration. The speech came after the leftist leader crisscrossed the globe this summer visiting like-minded nations from Iran to Belarus.

The Venezuelan has become Latin America's leading voice against the U.S. government, and his speech was reminiscent of crusading addresses by his mentor Fidel Castro of Cuba and the late Argentine revolutionary Ernesto "Che" Guevara.

In his 23-minute address, Chavez also called Bush a "spokesman of imperialism" who was trying "to preserve the current pattern of domination, exploitation and pillage of the peoples of the world."

"An Alfred Hitchcock movie could use it as a scenario. I would even propose a title: `The Devil's Recipe,'" Chavez said.

He accused the U.S. of planning and financing a failed 2002 coup against him, a charge the U.S. denies. And he said the U.S. tries to impose its vision of democracy militarily in countries like Iran and Iraq.

"We appeal to the people of the United States and the world to halt this threat, which is like a sword hanging over our head," he said. "The imperialists see extremists everywhere. It's not that we are extremists. It's that the world is waking up."

At the start of his talk, Chavez held up a book by American writer Noam Chomsky, "Hegemony or Survival: America's Quest for Global Dominance," and recommended it to everyone in the General Assembly, as well as to the American people.

"The people of the United States should read this ... instead of the watching Superman movies," Chavez later told reporters.

He called U.S. consumerism "madness," saying Americans have wasteful habits in using oil and energy. He held up a satellite photo showing the world at night, with bright light emanating from the U.S. and other wealthy countries.

Consuming less should be an environmental priority, he said, "instead of looking for oil" through the war in Iraq.

The United States continues to be the top buyer of Venezuelan oil, bringing the South American country billions of dollars in earnings that help fund Chavez's popular social programs.

Accusing Bush of neglecting the poor, Chavez started a program last winter for Venezuela's U.S.-based oil company Citgo to sell discounted heating oil to poor American families. It distributed more than 40 million gallons of oil last winter to low-income Americans, and Chavez announced a doubling of that this winter.

Chavez also lambasted the U.S. government for trying to block Venezuela's campaign for a seat in the U.N. Security Council. He said if chosen over U.S.-favorite Guatemala in a secret-ballot U.N. vote next month, Venezuela would be "the voice of the Third World."

The council currently consists of five permanent members with veto power — the United States, Britain, Russia, China and France — and 10 non-permanent members who serve two-year terms and have no power to veto resolutions.

The U.S. argues that Venezuela — closely allied with Iran, Syria and Cuba — would be a disruptive force. The campaign for a U.N. seat is shaping up to be a formidable diplomatic test for Chavez, gauging his ability to lobby head-to-head against the United States.

Chavez said the U.N. in its current system "doesn't work" and is "antidemocratic." He called for the world body to be overhauled, saying the U.S. government's "immoral veto" had allowed recent Israeli bombings of Lebanon to continue unabated for more than a month.

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The Mideast was in the spotlight, with ministers from the Quartet that drafted the stalled so-called "road map" peace plan — the U.S., the U.N., the European Union and Russia — planning to meet. The Security Council also was scheduled to hold a ministerial meeting Thursday that Arab leaders hope will help revive the peace process.

On Wednesday, Bush met with Palestinian leader Mahmoud Abbas and described him as "a man of peace" who can help move forward the stalled peace process.

Afghan President Hamid Karzai also addressed the General Assembly, warning that terrorism is rebounding in his country. He said efforts to build democracy there had suffered setbacks over the past year as violence increased, especially in the volatile south where NATO forces have been battling Taliban militants in some of the fiercest battles since the hard-line government was toppled in 2001.

"We have seen terrorism rebounding as terrorists have infiltrated our borders to step up their murderous campaign against our people," he told the General Assembly.

He also expressed concern about "the increased incidents of Islamophobia in the West," saying it does not "bode well for the cause of building understanding and cooperation across civilizations."

Chávez Refers To Bush As 'the Devil' At The U.N. (USAT)

By David Jackson

USA Today, September 21, 2006

NEW YORK — Venezuelan President Hugo Chávez called President Bush "the devil" Wednesday in a rare personal attack on the floor of the U.N. General Assembly. The fiery speech challenged Bush's assertive foreign policy in an effort to galvanize anti-American sentiment.

"Yesterday, the devil came here … and it smells of sulfur still today," said Chávez, whose international reputation has grown largely on the strength of his opposition to U.S. policy. Chávez said Bush was "talking as if he owned the world."

His remarks came one day after Iranian President Mahmoud Ahmadinejad gave a speech at the United Nations in which he defended his country's nuclear program. The United States has demanded that Iran stop its uranium-enrichment program.

The United States dismissed Chávez's remarks. U.N. Ambassador John Bolton called Chávez's speech a "comic strip approach to international affairs."

"Too bad President Chávez doesn't extend the same freedom of speech and the press to the people of Venezuela," he said.

In his remarks Tuesday, Bush urged member nations to back efforts to forge democracy in the Middle East, including new governments in Iraq and Afghanistan.

"From Beirut to Baghdad, people are making the choice for freedom," said Bush, who ended his three days of diplomacy in New York after meeting Wednesday with Palestinian President Mahmoud Abbas.

Israel got its opportunity to rebut critics at the U.N. podium Wednesday when Israeli Foreign Minister Tzipi Livni warned that Iranian leaders pose the biggest threat to international values. "There is no greater challenge to our values than that posed by the leaders of Iran," Livni said.

"They deny and mock the Holocaust," she said. "They speak proudly and openly of their desire to wipe Israel off the map. And now, by their actions, they pursue the weapons to achieve this objective, to imperil the region and to threaten the world."

Chávez scoffed at Bush's foreign policy goals. "They say they want to impose a democratic model," he said. "It's the false democracy of elites, and, I would say, a very original democracy that's imposed by weapons and bombs and firing weapons.

"What type of democracy do you impose with Marines and bombs?"

The vitriolic attack was rare, historians say. "It's pushing the envelope," said Stephen Schlesinger, author of Act of Creation: The Founding of the United Nations. "He's obviously trying to bait Bush."

Stanley Meisler, author of United Nations: The First Fifty Years, said he could not recall another example of such a personal attack.

The closest, he said, came when Soviet leader Nikita Khrushchev banged his shoe on his desk at the General Assembly in 1960 to protest an anti-Soviet speech by a Filipino diplomat. Khrushchev, from the floor of the hall, called the diplomat, Lorenzo Sumulong, "a jerk, a stooge and a lackey of imperialism."

"There have been instances when countries have gone after other countries," said Linda Jamison, a senior fellow with the Center for Strategic and International Studies. "But personal attacks are unusual. It is, to some degree, unprecedented. And it's also shocking."

Chávez has become a leading Bush antagonist. He has established close ties with Cuban leader Fidel Castro and Ahmadinejad and given aid from oil revenue to regimes hostile to the United States.

Venezuela is the fourth-largest supplier — after Canada, Mexico and Saudi Arabia — of crude oil, gasoline and other petroleum imports to the USA, according to the U.S. Energy Information Administration.

During his speech, delegates nodded their heads and smiled at some of Chávez's remarks. At times there were tentative giggles from the audience.

Chávez held up a book by American leftist writer Noam Chomsky titled Hegemony or Survival: America's Quest for Global Dominance and recommended it to everyone in the General Assembly.

He likened Bush's policy to a scary movie.

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"An Alfred Hitchcock movie could use it as a scenario," Chávez said. "I would even propose a title: The Devil's Recipe."

Chávez Rails Against 'devil' Bush At UN (FT)

By Mark Turner

Financial Times, September 21, 2006

Hugo Chávez, the Venezuelan president, assured his place in UN history on Wednesday by calling George W. Bush, the US president, "the devil" and saying he could still smell the "sulphur" hanging around the General Assembly chamber.

His diatribe against US "imperialism," and calls for a re-foundation of the United Nations, may be nothing new, but the grandeur of his stage and the applause he won hammered home the mounting sense of developing world anger at an organisation many countries believe to be irretrievably under the sway of rich western powers.

Mr Chávez's invective came one day after Mahmoud Ahmadi-Nejad, the Iranian president, slammed the inequities of the Security Council, and Evo Morales, the indigenous Bolivian leader, brandished a coca leaf before the hall and called for an end to injustice.

While the 15-member Council has returned to centre stage in trying to resolve many of the world's most intractable crises, the General Assembly – of 192 countries – has found itself deadlocked over efforts to reform the way the UN is managed and how its resources are spent.

It cannot agree on a definition of terrorism, and has proved incapable of agreeing a strategy on nuclear non-proliferation.

All countries claim the UN needs reform, but the developing world is deeply sceptical of US efforts to overhaul its systems in the wake of the oil-for-food scandal, and believe the secretariat incapable of resisting the demands of its industrialised paymasters.

Even more moderate leaders such as Thabo Mbeki, the South African president, warned that unless the UN gave a greater voice to the poor it risked losing legitimacy. "For the UN to continue occupying its moral high ground, it has to reform urgently, and lead by practical example as to what it means to be democratic."

Mr Chávez was less forgiving. "Let's be honest," he said. "The UN system born after the second world war collapsed. It's worthless."

He suggested: "We could call a psychiatrist to analyse Wednesday's statement by the president of the United States," referring to Mr Bush's upbeat assessment of the situation in the Middle East.

"The hegemonistic pretensions of the American empire are placing at risk the very existence of the human species," he said. "We appeal to the people of the United States and of the world to halt this threat which is like a sword hanging over our heads."

Chavez Slams Bush, U.N. Before General Assembly (LAT)

By Maggie Farley

The Los Angeles Times, September 21, 2006

UNITED NATIONS -- Venezuelan President Hugo Chavez called President Bush "the devil" and pronounced the U.N. "worthless" in a fiery speech to the General Assembly on Wednesday, giving a preview of clashes to come if Venezuela wins a seat on the Security Council next year.

Standing at the lectern where Bush had delivered his speech the day before, Chavez said, "yesterday, the devil came here. Right here." He crossed himself. "Right here. And it smells of sulfur still today." Many diplomats in the vaulted chamber laughed and clapped.

Chavez criticized the United States for using the U.N. as a tool to dominate other countries, saying that "the government of the United States doesn't want peace. It wants to exploit its system of exploitation, of pillage, of hegemony through war."

The world body needs to be completely renewed if it is to be able to counter Washington's control, he said, declaring that "the U.N. system born after the Second World War collapsed. It's worthless."

To applause from the packed room, he objected that developing nations, "have no power to make any impact on the terrible situation in the world. And that is why Venezuela once again proposes, here, today, 20 September, that we re-establish the United Nations."

Many diplomats came just to hear what has become the most provocative bit of showmanship in an series of foreign policy speeches that are often soporific. The crowd in the hall did not include any senior U.S. diplomats, however. They boycotted the speech, leaving a young note taker to occupy one of the otherwise empty group of U.S. seats.

A White House spokesman said that Chavez's performance did not merit comment. U.S. Ambassador John Bolton said the speech was "insulting" and called it a "comic-strip approach to international affairs."

But Washington will have to take Venezuela seriously if it wins a vote this fall for the seat on the Security Council that by tradition goes to a Latin American nation. Of the 15 council seats, five are up for rotation every year, and Venezuela is competing with Guatemala to represent its region.

The campaign has divided Latin American. Guatemala has won the backing of the United States, along with Mexico, Nicaragua, Honduras, El Salvador, Costa Rica and Colombia.

Venezuela has won support from other nations that oppose U.S. policy and has used its oil money to bolster its likely vote total. Cuba, Bolivia, Brazil, Argentina, Paraguay, Uruguay and 15 Caribbean nations now back the Venezuelan bid.

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Chile and other countries caught between the U.S. and Venezuela are searching for a compromise candidate. But so far, potential candidates, including the Dominican Republic, have been unwilling to risk Chavez's wrath by entering the race.

If the Latin American nations fail to reach a consensus, the entire General Assembly will hold a secret ballot next month to break the deadlock. The winner in that case would need to garner two-thirds of the General Assembly's 192 votes.

Chavez said the U.S. has launched "an immoral attack" to prevent his country from joining the Security Council. He accused the CIA of trying to kill him and described how his personal doctor and security chief had to stay in his locked airplane when it landed this week because U.S. immigration authorities would not allow them to enter the country.

Whether Chavez's speech helped or harmed his nation's bid was the subject of considerable discussion Wednesday.

More than half the U.N.'s member states are developing countries, many of whose leaders may find appeal in Chavez's message. And even among wealthier nations, his defiant speech struck a chord among those nursing resentment over Washington's treatment of the world body. Some simply found his speech entertaining.

Guatemala's ambassador to the U.N., Jorge Skinner-Klee, said that despite the laughter and applause, Chavez's speech helped Guatemala more than Venezuela.

"You can not attack what you want to be part of," he said. "We need to address the world in a rational manner, not a confrontational way."

Chavez has promised that if his country wins a seat, he will come often to the U.N. to use the bully pulpit of the Security Council to press for change and to stand up to the United States.

"It will be fun to have Venezuela in the Security Council," said Cesar Mayoral, the ambassador from Argentina, which strongly supports Venezuela. "But it will mean the end of consensus."

That prospect may make some nations uncomfortable, said one expert from an independent think tank on Latin America.

"I think he's playing a risky game," said Michael Shifter, vice president for policy at the Inter-American Dialogue.

"It's true that the U.S. is not very popular, but this kind of vitriolic discourse doesn't win a lot of support," he said. "The applause and warm reaction were understandable in that moment. But when countries have to confront the really polarizing, poisonous politics going on, they may think twice about their support for him."

In Venezuela, Chavez's speech produced divided reactions. In Caracas, the capital city, the official government television network installed a giant screen in Plaza Bolivar downtown to broadcast the address.

Luis Mercedo, an office worker, described the speech as "a dignified position that confronts imperialism." By contrast, Cristina Maldonado, 35, a bank employee, said that calling Bush the "devil" was a "shame because it doesn't represent the majority view of Venezuelans."

Political leaders of all persuasions jumped into the fray, supporting or criticizing the speech. Oswaldo Alvarez Paz, an ex-legislator and director of COPEI, an opposition party, said the speech was a calculated effort "to make an impact before the world" as part of Chavez's Security Council campaign.

Chavez's principal opponent in the Dec. 3 presidential elections, Manuel Rosales, slammed Chavez for "constantly generating a violent discourse, of aggression and permanent bellicosity."

Special correspondent Mery Mogollon in Caracas contributed to this report.

Iran Who? Venezuela Takes The Lead In A Battle Of Anti-U.S. Sound Bites (NYT)

By Helene Cooper

The New York Times, September 21, 2006

UNITED NATIONS, Sept. 20 — In the end, President Mahmoud Ahmadinejad of Iran lost the much-hyped war of words waged against President Bush at the General Assembly. A stealth opponent swooped in and took the prize.

Speaking on Wednesday from the same lectern Mr. Bush had occupied the day before, President Hugo Chávez of Venezuela announced, to gasps and even giggles: “The devil came here yesterday, right here.

“It smells of sulfur still today, this table that I am now standing in front of,” he said.

Just hours before, Mr. Ahmadinejad took issue with the great Satan, too. But what a difference. Where Mr. Chávez was Khrushchevian, waving around books and stopping just short of shoe-banging, Mr. Ahmadinejad was flowery, almost Socratic in his description of behavior that only the devil would condone.

“By causing war and conflict, some are fast expanding their domination, accumulating greater wealth, while others endure poverty,” Mr. Ahmadinejad lectured. “Some seek to rule the world relying on weapons and threats while others live in poverty. Some occupy the homelands of others, interfering in their affairs and controlling their oil and resources, while others are bombarded daily in their own homes, their children murdered in the streets.”

Mr. Ahmadinejad, who has been known for inflammatory language in his sound bites at home, suggesting that Israel should be wiped off the map and denying the Holocaust, was much less direct in his United Nations speech, asking question after question.

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An example: “The question needs to be asked: if the governments of the United States or the United Kingdom, who are permanent members of the Security Council, commit aggression, occupation and violation of international law, which of the organs of the U.N. can take them to account? Can a Council in which they are privileged members address their violations? Has this ever happened?”

Mr. Ahmadinejad’s speech received all the buildup beforehand, particularly since he was scheduled on Tuesday, the same day as Mr. Bush. At the end of his speech, Mr. Ahmadinejad, as Mr. Bush did before him, received polite, diplomatic-style applause from the assembled officials, junior note-takers and various United Nations bureaucrats.

And for Mr. Chávez?

The gasps. The horrified giggles. The loud applause that lasted so long that the organization’s officials had to tell the cheering group to cut it out.

President Bush’s defenders noted that at least the United States had let Mr. Chávez and Mr. Ahmadinejad come here and say whatever they pleased without being thrown in jail. John R. Bolton, the American ambassador to the United Nations, who said that someone at the “junior note-taker” level was chronicling Mr. Chávez’s speech for the United States, offered: “You know, it’s a phenomenon of the United States that not only can he say those things in the General Assembly, he could walk over to Central Park and exercise freedom of speech in Central Park, too, and say pretty much whatever he wanted. Too bad President Chávez doesn’t extend the same freedom of speech to the people of Venezuela.”

For her part, Secretary of State Condoleezza Rice said Mr. Chávez’s comments were “not becoming of a head of state.”

But compared with Mr. Ahmadinejad, Mr. Chávez was just more colorful. He brandished a copy of Noam Chomsky’s “Hegemony or Survival: America’s Quest for Global Dominance” and recommended it to members of the General Assembly to read. Later, he told a news conference that one of his greatest regrets was not getting to meet Mr. Chomsky before he died. (Mr. Chomsky, 77, is still alive.)

At that same news conference, just after his speech, he made eyes at a pretty Colombian journalist who asked him why he went around calling President Bush names. “Are you Colombian?” Mr. Chávez asked, performing a quick merengue move with his upper body and flashing her a grin.

He suggested that Americans read Mr. Chomsky’s book instead of spending all their time “watching Superman and Batman” movies.

Minutes later, at the same news conference, Mr. Chávez offered to double the amount of heating oil Venezuela donates to poor communities in the United States. He reminded reporters that Citgo, which is owned by Petróleos de Venezuela S.A., delivered free and discounted oil to Indian tribal reservations and low-income neighborhoods in the United States, including the Bronx.

“We are ready to double our oil donations,” Mr. Chávez said. “That is a Christian gesture.”

Mr. Ahmadinejad did not offer any Iranian oil to poor United States neighborhoods.

Venezuelan Leader Demonizes Bush (WP)

By Colum Lynch

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- President Hugo Chavez, the combative Venezuelan leader, denounced President Bush in a U.N. speech Wednesday as a racist, imperialist "devil" who has devoted six years in office to military aggression and the oppression of the world's poorest people.

Speaking from the lectern where Bush spoke a day earlier, Chavez said he could still smell the sulfur -- a reference to the scent of Satan. Even by U.N. standards, where the United States is frequently criticized as the world's superpower, Chavez's remarks were exceptionally inflammatory. They were also received with a warm round of applause.

Chavez's address followed a series of strident speeches by U.S. adversaries, including Iranian President Mahmoud Ahmadinejad and Sudanese President Omar al-Bashir. Together, they represent an emboldened alliance of oil-rich states that defy U.S. demands to change their policies on a range of issues, including the development of nuclear technology and the role of U.N. peacekeepers in Darfur.

"Yesterday, ladies and gentlemen, from this rostrum, the president of the United States, the gentleman to whom I refer as the devil, came here, talking as if he owned the world," Chavez told the chamber of international diplomats. "I think we could call a psychiatrist to analyze yesterday's statement made by the president of the United States. As the spokesman of imperialism, he came to share his nostrums, to try to preserve the current pattern of domination, exploitation and pillage of the peoples of the world."

Bush administration officials dismissed Chavez's remarks as the ravings of a reckless political leader. "I'm not going to dignify a comment by the Venezuelan president towards the United States," Secretary of State Condoleezza Rice said. "I think it's not becoming for a head of state."

In an effort to bolster his case, Chavez waved a copy of Noam Chomsky's book "Hegemony or Survival: America's Quest for Global Domination" and recommended that everyone read it. The book, written by the American linguist and longtime critic of U.S. foreign policy, argues that the United States' pursuit of political supremacy is having devastating consequences for the majority of the world's people.

"The president of the United States came to talk to the peoples -- to the peoples of the world," Chavez said. "What would those peoples of the world tell him if they were given the floor? . . . I think I have some inkling of what the peoples of the south, the oppressed people, think. They would say, 'Yankee imperialist, go home.' "

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"The world is waking up," he added. "I have the feeling, dear world dictator, that you are going to live the rest of your days as a nightmare because the rest of us are standing up, all those who are rising up against American imperialism."

Chavez's U.N. appearance is part of a Venezuelan campaign to gain election to the Latin American seat on the U.N. Security Council, a post that would place it in a position to challenge U.S. policies. The United States, which vigorously opposes Venezuela's candidacy, is supporting a competing bid for the post by Guatemala, a poor Central American republic with little political influence at the United Nations.

In portraying the United States as an imperial power, Chavez sought to evoke memories of the Cold War, when Third World revolutionaries such as Cuban President Fidel Castro (an ally and mentor of Chavez) and Zimbabwean leader Robert Mugabe delivered scathing attacks against the United States.

U.N. experts said that though Chavez's speech may resonate with delegations who oppose a new world order built around American power, it was so undiplomatic that it may undermine his chances of getting into the Security Council. It "confirms the worst stereotypes about the U.N. General Assembly being a circus sideshow filled with venom and rabid anti-Americanism," said Edward Luck, an expert on the United Nations at Columbia University. "I never thought anyone could make Ahmadinejad look like a moderate, but Chavez has done it."

Although Chavez is renowned for his caustic views on the Bush administration, some senior U.N. diplomats were startled by his statement. Asked if Chavez had gone too far, China's Foreign Minister Li Zhao Xing said: "He really said that? Are you sure? He would go that far?"

Britain's Foreign Secretary Margaret Beckett suggested that the Chavez comments went beyond the pale of diplomatic protocol at the United Nations. "Even the Democrats wouldn't say that," she said.

Some of the world's poorest countries, such as Bolivia, sought to prove they could stand up to the United States. Bolivian President Evo Morales, a close ally of Chavez, chastised the Bush administration for adding his nation to a list of major drug-producing countries because it permits the cultivation of coca, which is consumed by many Bolivians as tea but is also used to make cocaine.

Holding a coca leaf in his hand, Morales told the General Assembly he would never yield to U.S. pressure to criminalize coca production. "With all respect to the government of the United States, we are not going to change anything. We do not need blackmail or threats," Morales said.

Anti-Americanism Is A Big Hit At U.N. (WSJ)

By Neil King Jr.

The Wall Street Journal, September 21, 2006

UNITED NATIONS -- A day after President Bush's speech at the same lectern here drew tepid applause, Venezuela's leader earned laughter and ovations from the world leaders on hand by calling Mr. Bush "the devil" and comparing the U.S. to a "sword hanging over our heads."

While President Hugo Chávez's anti-American jabs were hardly new, they marked a theatrical high point for an annual U.N. gathering where full-bore anti-Americanism is not only back in fashion, but also much appreciated by many in attendance.

The leaders of Iran, Venezuela and Bolivia have all delivered full-throated harangues this week against Mr. Bush and U.S. foreign policy. Less expected were persistent pokes delivered by more-centrist leaders from places such as Brazil or Mexico.

Speeches by leaders of 57 nations over the past two days -- and many more to come -- reveal a world body awash in grievances over trade, the Iraq war, perceived U.S. unilateralism, Washington's drug policy in Latin America and the "great powers" structure of the U.N. itself. All illustrate, some observers say, a rising chorus of discontent with the world order envisioned by the U.S.

"In their inflammatory and provocative way, Chávez and the others are expressing a sentiment that is deeply resentful of the way the U.S. uses its power," said Julia Sweig, a scholar at the Council on Foreign Relations and author of "Friendly Fire," a recent book on the rise of anti-Americanism.

"People who say these guys are just outliers are wrong," said Mark Weisbrot, a Latin America specialist at the Center for Economic and Policy Research, a left-leaning think tank in Washington. "They are saying things that many other leaders only think."

The U.N. has seen much U.S. bashing over the years. Cuba's Fidel Castro gave a famous stemwinder on U.S. imperialism in September 1960, just before Nikita Khrushchev famously pounded his shoe on his desk in a fit of pique at the General Assembly.

But this week's U.N. confab has put on full display a new generation of leaders in the Castro mold who revel in lobbing rhetorical missiles at Washington and lambasting U.S. policies abroad. And in the case of the Iranian and Venezuelan presidents, their fiery populism comes backed by soaring oil wealth, a lever Castro never had.

Bolivia's populist President Evo Morales, a former coca grower elected in December, drew a rousing response Tuesday when he pulled a coca leaf from his pocket during his speech to the General Assembly, then blasted the U.S. for its "neocolonialist" efforts to eradicate coca production.

Iranian President Mahmoud Ahmadinejad then took to the podium for a far more scathing and almost scholarly critique of the use of U.S. power, accusing the Bush administration of employing its nuclear and military might to intimidate other countries and to control the U.N. Security Council.

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"Some seek to rule the world relying on weapons and threats, while others live in perpetual insecurity and danger," he said. In a theme echoed by many speakers, Mr. Ahmadinejad said that the U.S. and other powers, such as Britain, had turned the U.N. Security Council into "an instrument of threat and coercion" that now has to be reorganized.

Yet no one found a more receptive audience than Mr. Chávez, who got laughs right off when he raised high -- and highly recommended -- a copy of leftist professor Noam Chomsky's 2003 tome, "Hegemony or Survival: America's Quest for Global Dominance."

According to Mr. Chávez, the book told everything one needs to know about the world. Then he lashed into Mr. Bush. "The devil came here yesterday. Right here," he said, pointing at the lectern before him. "It smells of sulfur still."

In his speech the day before, Mr. Bush had sought to speak directly to the citizens of undemocratic countries such as Iran and Syria, and to express U.S. support for a future free of extremism.

Mr. Chávez lashed into what he described as Mr. Bush's obsession with extremists, suggesting it was racist. "He looks at your color, brother, and he sees an extremist," he said to an audience made up largely of diplomats from Africa, the Middle East and Asia.

Secretary of State Condoleezza Rice told reporters that Mr. Chávez's remarks were "not becoming for a head of state." The U.S. ambassador to the U.N., John Bolton, called Mr. Chávez's antics "insulting" and said it was "too bad President Chávez doesn't extend the same freedom of speech to the people of Venezuela."

Mr. Chávez is campaigning heavily to win for Venezuela next year a rotating seat on the U.N. Security Council, and U.N. watchers say Mr. Chávez may well garner the 128 country votes needed to prevail.

Bush Praises Abbas As 'Man Of Courage' (AP)

By Deb Riechmann

AP, September 21, 2006

President Bush on Wednesday called embattled Palestinian leader Mahmoud Abbas a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants.

On the sidelines of a U.N. General Assembly meeting, Bush tried to breathe new life into negotiations to resolve the long-running conflict between the Israelis and Palestinians. Supporting the moderate Abbas was Bush's final undertaking before returning to Washington.

"In order to achieve this vision, there must be leaders willing to speak out and act on behalf of people who yearn for peace, and you are such a leader, Mr. President," Bush said after his 40-minute meeting with Abbas at a New York hotel. "I can't thank you enough for the courage you have shown."

Israel wants to reopen a serious dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Abbas retains his position as president but he is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the United States and Israel are leery of the plan.

"We look forward to your support and your help and your aid because we are in dire need for your help and support," Abbas said to an audience that included Bush and TV viewers. "Mr. President, we will always be faithful and truthful to peace and we will not disappoint you."

While Bush said Tuesday in a speech to the U.N. General Assembly that he views achieving Mideast peace as one of his presidency's "great objectives," he realizes it's an uphill battle.

"He's well aware of the fact that conditions may, in the end, not exist to make it possible," deputy national security adviser Elliott Abrams told reporters. "But he wants it understood that his interest, his commitment, his view that the establishment of a peaceful, democratic Palestinian state is very, very much in the interest of Palestinians and Israelis alike — none of that has changed."

Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Israel has new leadership too following Ariel Sharon's sudden massive stroke. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war with Hezbollah militants in Lebanon.

Still, the Bush administration is focusing fresh attention on the Israel-Palestinian question as a foundation for initiatives in other areas of the Mideast.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. The festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

Secretary of State Condoleezza Rice is likely to travel to friendly Mideast nations next month, her first visit since a U.N.-brokered cease-fire ended the monthlong cross-border war in Lebanon. She met with moderate Arab nations Wednesday on the sidelines of the U.N. meeting.

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Hamas has given no sign that it will meet international demands that would resolve the stalemate with Abbas and allow aid to flow: Renounce violence, recognize Israel and abide by agreements made by the previous secular Palestinian leadership.

Rice suggested to reporters that Hamas risks losing political traction among its own supporters as a result.

"It has been difficult for the Hamas-led government to actually deliver on its promises of a better life," Rice said.

Diplomats from the United States, the European Union, Russia and the United Nations met Wednesday to take stock of the Mideast peace process. The group is the would-be shepherd for a U.S.-backed peace plan that would eventually establish an independent Palestinian state alongside Israel.

In a statement, the group welcomed the prospect of a meeting between Abbas and Olmert and welcomed Abbas' efforts to form a unified national government.

The group said it hopes any Palestinian national unity government would reflect the group's principles. European diplomats said that language could allow wiggle room for Hamas to moderate its position without taking the dramatic step of fully recognizing Israel, but U.S. officials disputed that.

US Gives Boost To Abbas' Unity Drive (FT)

By Guy Dinmore And Mark Turner

Financial Times, September 21, 2006

Mahmoud Abbas, the Palestinian president, on Wednesday received a significant diplomatic boost to his efforts to form a unity government after the Bush administration made its second concession in as many days to the European powers over a Middle East crisis.

The "Quartet" of the European Union, Russia, the United Nations and the US agreed to ease sanctions imposed on the Palestinians, called on Israel to release revenues due to the Palestinians and, most significantly, softened the language regarding international demands of the new government, once it is formed.

"The Americans have shown understanding and openness," Benita Ferrero-Waldner, the EU external relations commissioner, told the FT after the Quartet meeting in New York.

A day earlier, President George W. Bush had relented at the UN over Iran, putting his sanctions efforts on hold to give the Europeans more time to find a way to resume negotiations with Tehran over its nuclear programme.

Some European diplomats and UN officials saw the Bush administration adopting a more realistic foreign policy in the Middle East. At the same time the European powers appear more assertive, seeking to undo what they see as the damage caused by the US through its invasion of Iraq, the fallout from the Lebanon conflict and the continued Israeli-Palestinian impasse.

"There is a message to the Israelis that they should transfer to the Palestinians their due money," Ms Ferrero-Waldner said, referring to €500m ($760m) held by Israel in customs revenues and taxes. The Quartet also agreed to expand and extend the Temporary International Mechanism that passes aid and funding to the Palestinians while bypassing the Hamas government which the US and EU refuse to recognise.

A senior US official denied the US was going soft over the militant group Hamas which swept Palestinian parliamentary elections in January.

"There is not an erosion or softening of our position, but a strengthening of the common position," he told reporters. The Quartet was still demanding that a new Palestinian government that would include Hamas must adopt certain conditions, including recognition of Israel, he said.

"There is no nuance here," he said, referring to the Quartet statement which expressed the hope that a government of national unity would "reflect" the conditions previously set out by the Quartet, including recognition of Israel.

Mr Bush, meeting Mr Abbas in New York, described him as a "man of peace".

"We are in dire need of your help and support," Mr Abbas said.

Separately, the Palestinian president has floated a four-stage plan within the UN that would restart the peace process with Israel, starting with prisoner releases on both sides. Officials said he had not raised the plan with Mr Bush.

Margaret Beckett, the British foreign secretary, said there were growing questions over negotiations between Mr Abbas and Hamas, cautioning that "it was not quite clear whether the basis for discussions (on a unity government) still remains".

The new Abbas plan also envisaged an international conference, attended by the Quartet and Arab countries. Jacques Chirac, the French president, endorsed the conference idea during his speech to the UN General Assembly on Tuesday.

U.S. Supports Abbas In Bid To Assemble Unity Cabinet (NYT)

By Helene Cooper

The New York Times, September 21, 2006

UNITED NATIONS, Sept. 20 — The Bush administration expressed support on Wednesday for the efforts by the Palestinian president, Mahmoud Abbas, to establish a national unity government with Hamas, but said the United States would continue to withhold aid from the Palestinian Authority.

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Washington's European allies have been pushing President Bush to engage more fully in peace efforts in the Middle East. An announcement on Wednesday by the four powers of the so-called quartet that have been working to promote peace negotiations — the European Union, the United States, Russia and the United Nations — that they supported Mr. Abbas's efforts came as part of talks on the periphery of the General Assembly.

"The quartet welcomes the efforts of Palestinian President Mahmoud Abbas to form a government of national unity, in the hope that the platform of such a government would reflect quartet principles and allow for early engagement," Secretary General Kofi Annan and foreign ministers of the quartet said in a statement.

The Palestinian prime minister, Ismail Haniya, said Wednesday that he believed the Palestinians were close to establishing a unity government. But he said he and his Hamas movement were not prepared to accept the demands made by Israel and Western countries.

His statements underscored the uphill battle facing Mr. Abbas as he seeks to restore international aid. "Conditions are being imposed on the Palestinian people," Mr. Haniya said as a rally in Gaza, according to Agence France-Presse.

Western countries have cut off money to the Palestinian Authority, and Israel has not turned over the $50 million a month in taxes and customs receipts that it collects on the Palestinians' behalf. The cutoffs came when Hamas won elections in January and then took over leadership of the Palestinian government.

The West and Israel want the Palestinian Authority to agree to three conditions: to recognize the right of Israel to exist, to forswear violence and to accept all previous Israeli-Palestinian agreements.

"They want us to condemn the resistance and recognize agreements," Mr. Haniya said. But Hamas is committed to a platform that "does not recognize the legality of the occupation and reaffirms the legality of the resistance," he added.

The proposed unity government is intended to bring about a restoration of Western aid. But with increasing friction, the internal Palestinian talks were put on hold while Mr. Abbas is abroad, and some in his party are questioning the rationale for such a government if Hamas is not willing to meet the demands that could restore assistance.

President Bush met with Mr. Abbas in New York on Tuesday. Elliott Abrams, the deputy national security adviser, said Mr. Abbas had told White House officials that Hamas would strike a deal only under terms that allowed for some public ambiguity over its stand on Israel, even if it agreed to recognize previous agreements and Israel's right to exist.

But Mr. Abrams said the United States had argued that the Hamas leadership was being quite explicit in its anti-Israel stand and its support of terrorist tactics.

Abbas Appeals To Bush, Cites 'Dire Need' For Help (WT)

By Stephen Dinan And Betsy Pisik

The Washington Times, September 21, 2006

NEW YORK -- Palestinian Authority President Mahmoud Abbas pleaded with President Bush yesterday that his government is "in dire need" of U.S. aid and support as the two leaders sought to jump-start the Israeli-Palestinian peace process.

Hours later, the Bush administration joined the European Union, the United Nations and Russia in calling on Israel to release $500 million in tax revenues it has collected on behalf of the Palestinian Authority but has refused to free up -- a move one U.N. official privately said was a concession by the White House.

"We look forward to your support and your help and your aid, because we are in dire need for your help and support," Mr. Abbas said after a 40-minute meeting with Mr. Bush. "Mr. President, we will always be faithful and truthful to peace, and we will not disappoint you."

"I can't thank you enough for the courage you have shown," Mr. Bush told Mr. Abbas.

Mr. Abbas, a member of the Fatah party, is trying to form a coalition government with Hamas, the terrorist group that won a majority in legislative elections earlier this year but has refused to renounce violence or recognize Israel's right to exist -- conditions the international community has set for major members to resume aid to the Palestinian Authority.

In the afternoon, foreign ministers of the Quartet -- composed of the United Nations, Russia, the United States and the European Union -- met for more than an hour to assess progress on the somewhat tattered "road map" to Middle East peace.

The statement they released afterward showed an incremental easing of pressure on the Palestinian Authority. The Quartet called on Israel to release the $500 million and endorsed a three-month continuation and an expansion of a separate EU-affiliated program.

The EU program collects and disburses through nongovernmental organizations money earmarked for humanitarian aid to the Palestinian people and funds to help the PA pay its civil servants.

"The Quartet noted that the resumption of transfers of tax and customs revenues collected by Israel on behalf of the Palestinian Authority would have a significant impact on the Palestinian economy," the group said.

The Quartet meeting, hosted by U.N. Secretary-General Kofi Annan, was attended by Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, Finnish Foreign Minister Erkki Tuomioja on behalf of the European Union, as well as EU foreign policy chief Javier Solana and EU external relations Commissioner Benita Ferrero-Waldner.

"This is a strong statement," said a U.N. official involved with Middle East affairs, adding that "the Americans have conceded a bit," particularly in urging Israel to release the tax revenues.

Mr. Bush was wrapping up 48 hours in New York that included his address to the U.N. General Assembly and meetings with seven world leaders. In addition to trying to rally opposition to Iran's nuclear program, Mr. Bush spent much of his time trying to persuade Mr. Abbas and other Middle Eastern leaders he considers moderates to face radical Muslim movements in their countries.

That includes Iraqi Prime Minister Nouri al-Maliki, who is trying to keep order amid sectarian violence. The administration yesterday strenuously rejected reports that it is losing confidence in Mr. al-Maliki.

"That's absolutely false," said White House spokesman Tony Snow. "The man has been in power for barely more than 100 days and, frankly, there has been significant progress."

Mr. Bush, in an interview with CNN's Wolf Blitzer yesterday, said that both Army Gen. George Casey, the highest-ranking U.S. military official in Iraq, and U.S. Ambassador Zalmay Khalilzad have confidence in Mr. al-Maliki.

In Reversal, Germany Will Join Lebanon Force (NYT)

By Mark Landler

The New York Times, September 21, 2006

BERLIN, Sept. 20 — German warships will set sail for the Mediterranean on Thursday, after Parliament voted Wednesday to send up to 2,400 troops to patrol the waters off Lebanon. Haunted by the Holocaust, Germany had resisted sending soldiers to the Middle East for fear of potential clashes with Israeli troops.

The deployment, the country's first in the Middle East since World War II, was approved by a three-to-one ratio. It thrusts Germany into an uncertain phase of its steady development into a nation that projects military force outside its borders.

Chancellor Angela Merkel, whose government pushed for the deployment despite the deep misgivings of many Germans, described the mission as having a "historical dimension."

"There is perhaps no other area of the world," Mrs. Merkel said in Parliament, "where Germany's unique responsibility, the unique responsibility of every German government for the lessons of our past, is so clear."

German soldiers now patrol dusty towns in northern Afghanistan, jungles in central Africa and wooded hills in Bosnia and Kosovo.

To avoid conflicts with Israeli soldiers, this deployment will include no ground troops — only two frigates with helicopters, two supply ships and four fast-patrol boats. Even with a full complement of 2,400 troops, it would rank third in size for Germany's foreign deployments, after Afghanistan and the Balkans.

Still, Mrs. Merkel said it was Germany's duty to support the foreign peacekeeping force being assembled in southern Lebanon, to enforce a truce between Israel and the Hezbollah militia.

The German ships, which will try to prevent the smuggling of weapons to Hezbollah, are part of a maritime force that includes ships from Denmark, Norway, Sweden and the Netherlands. The German sailors will be authorized to stop ships suspected of carrying weapons — by force if necessary — board them, and turn them over to Lebanese authorities.

On Tuesday, the foreign minister, Frank-Walter Steinmeier, said, "We in the international community are obliged to draw on our strength to help Lebanon as long as it is not itself in a position to do so."

Whether Germany should play any military role in the Middle East conflict has been a source of debate here for weeks. Parliament approved the mission a day after the chief of the Israeli military said Israel hoped to pull its last forces out of Lebanon by sundown on Friday.

The vote in the lower house of Parliament — 442 to 152, with 5 abstentions — was not a surprise, given the commanding majority of Mrs. Merkel's "grand coalition."

But opposition leaders voiced strident criticism, warning of the risks of sending troops to a volatile region where Germany has built up good will with its diplomacy rather than its military might.

"We should be under no illusions just because this is a navy mission and not a ground mission," said Guido Westerwelle, the leader of the opposition Free Democratic Party. Oskar Lafontaine, a leader of the Left Party, said Germany was risking terrorist attacks.

Germans have been on edge since August when the police discovered suitcases with unexploded bombs on two trains in western Germany. Two Lebanese men who had been living in Germany were arrested, and intelligence officials said the timing of the bungled plot might have been linked to the war.

Some critics said Mrs. Merkel's avowed support of Israel — combined with the decision to commit troops — would jeopardize Germany's traditional role as a go-between in the Middle East.

"In the past, Germany could be a mediator between Israel and the Palestinians," said Günter Meyer, director of the Center for Research on the Arab World at the University of Mainz. "But by clearly siding in this mission with the Israelis, we are alienating the rest of the Arab world."

The German public opposes the deployment, polls indicate, though people differ on how vociferously. Some of the opposition, experts say, is a reflexive tendency in postwar Germany toward pacifism. Some, they say, also reflects anger at how Israel conducted the war in its early days.

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Critics fault Mrs. Merkel for not initiating a national debate about Germany's proliferating military engagements. The lack of discussion outside the capital could come back to haunt her, they say, should this deployment or, more likely, the Afghanistan mission, become messy.

"A lot of people are having doubts about these missions," said Rainer Arnold, a spokesman on military issues for the Social Democratic Party, which is in a coalition with Mrs. Merkel's Christian Democrats. "I'm very concerned about the risks to German soldiers in Afghanistan."

On Thursday, Parliament is expected to extend the army's mission in Afghanistan by a year, though.

Mr. Arnold said the German military would soon reach the limits in resources for foreign deployments, not because it lacks troops — 8,000 out of 250,000 military personnel are serving in foreign missions — but because it lacks the specialists these missions require.

"If you compare that with the United States, it's a smaller percentage," said Sascha Lange, an analyst at the German Institute for International and Security Affairs. "But we are in a transformation to make it possible to deploy troops outside of Germany, and this is only the beginning."

Israel: Pullout Unlikely Before Weekend (AP)

By Ravi Nessman, Associated Press Writer

AP, September 21, 2006

Israel's army chief said Wednesday his nation's troops were unlikely to withdraw from Lebanon by the weekend, as he initially predicted, because final details remained to be worked out with the U.N. peacekeepers taking their place.

The delay came even as the international peacekeeping mission grew to 5,000 troops, the number Israel said was needed before it could pull out of southern Lebanon. The force, known as UNIFIL, will eventually number 15,000.

Israel's troop presence in southern Lebanon had been as large as 30,000 during the fighting against Hezbollah guerrillas. But the army has slowly withdrawn the soldiers since a cease-fire took effect on Aug. 14, and international peacekeepers and the Lebanese army began deploying in the area. There are currently about 9,000 Lebanese soldiers there.

The Israeli army will not say how many of its troops remain in Lebanon, but the number is believed to be several thousand concentrated in three pockets along the border. The full withdrawal of Israeli troops will remove a remaining point of friction and help bolster the cease-fire.

Lt. Gen. Dan Halutz told Israeli lawmakers Tuesday that he hoped to bring the last soldier home before the start of the Jewish New Year, which begins Friday evening.

But Wednesday, he said that timetable did not appear realistic because of ongoing talks with the U.N. peacekeepers.

"We very much hoped it would happen by Friday, but in the dialogue we have been holding with the United Nations and the Lebanese army, there are a few issues to be wrapped up," he said.

"I hope it will take place in the next few days, but it looks likely to be after the holiday," he said. The New Year holiday ends Sunday evening.

The fighting between Israel and Hezbollah began July 12 when the Lebanese guerrilla group crossed the border and attacked an army patrol, capturing two Israeli soldiers. The fighting ended after 34 days with more than 850 Lebanese and 150 Israelis killed.

UNIFIL commander Maj. Gen. Alain Pelligrini said in a statement that a meeting took place Tuesday between senior Israeli and Lebanese officers and top U.N. peacekeepers.

"The meeting was positive, we are making progress," he said, adding the Israeli army withdrawal and the Lebanese army deployments were on track.

Commitments to the international force continued to grow Wednesday, with German lawmakers approving the deployment of warships to Lebanon's coast to stop arms shipments to Hezbollah.

Germany will send eight warships — its largest naval deployment since World War II — and lead the multinational naval force patrolling Lebanon's coast.

Wary of its Nazi past and the Holocaust, Germany ruled out sending ground troops to southern Lebanon to ensure that German soldiers do not get caught up in any confrontation with Israeli forces.

Rebuffing concern about the deployment, Chancellor Angela Merkel said Germany's history obligated it to help stabilize the region because Israel — as well as Lebanon — had given its approval for the naval mission.

That was "a signal of trust in Germany, in the country in whose name the destruction of the Jews and World War II began," Merkel said. "We should take such a signal seriously."

The German ships, which are to leave Thursday, are being accompanied by three from Denmark and are expected to take 10 to 14 days to reach the area. Greek, Italian and French warships are patrolling the Lebanese coast until they arrive.

Norway, Sweden and the Netherlands are also expected to send ships.

Also Wednesday, Malaysian officials said their country would contribute 360 members of the U.N. mission in Lebanon, after the United Nations approved the deployment.

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Malaysia had previously offered to send as many as 1,000 troops, and Deputy Prime Minister Najib Razak said it remains ready to dispatch more peacekeepers if asked to.

The deployment comes despite Israel's initial objections to the involvement of countries without diplomatic relations with the Jewish state — including Malaysia and Indonesia. Israel later dropped objections to Indonesia's participation, although it was unclear if Malaysia was acceptable to Israel.

Meanwhile, a group of reserve soldiers, angry at Israel's conduct of the war, heckled Israeli Prime Minister Ehud Olmert during a speech to members of his Kadima Party.

"Olmert, resign!" one said. "Take responsibility?" yelled another.

Security guards escorted some of the protesters out of the hall, and Olmert brushed off their criticisms, saying most Israelis agreed with his positions.

Reserve soldiers, many of whom said they were not properly equipped or trained for the battle, have taken the lead in protesting the government's war effort.

U.S. Urges Arab Help On Darfur (AP-Y)

By George Gedda

AP, September 21, 2006

The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new U.S. special envoy for Sudan said Wednesday

In a telephone interview with The Associated Press, Andrew Natsios said U.S. contacts with Arab countries have begun. He declined to identify the countries.

"We are engaging and we are going to continue to engage with them," Natsios said. The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries.

The U.N. Security Council approved a resolution three weeks ago for the deployment a U.N. force, but the Sudanese government has rejected the plan.

Natsios expressed disappointment that China, a permanent member of the Security Council, has shown little willingness to lobby Sudan to accept peacekeepers. The two countries have close economic and political ties.

"The role of China cannot be overstated," said Natsios. "They are the country with the most influence with the Sudanese government."

With the humanitarian situation in Darfur worsening by the day, President Bush appointed Natsios as special envoy this week. Natsios was deeply involved in Darfur policy as administrator of the U.S. Agency for International Development, a post he held from 2001 until early this year.

The African Union agreed Wednesday to extend the mandate of its underequipped peacekeeping forces in Darfur through the end of 2006.

The United Nations and many human rights groups say that since 2003, fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million.

African Union Troops Will Remain In Darfur (WP/AP)

By Nick Wadhams

The Washington Post, September 21, 2006

UNITED NATIONS, Sept. 20 -- The African Union said Wednesday that it would extend the mandate of its peacekeeping force in Darfur through the end of the year, ensuring that international troops will remain in the war-torn Sudanese province for now.

The United Nations will provide material and logistical support to the mission, though Sudan is still resisting demands that the world body take over the mission from the African Union, said Burkina Faso President Blaise Compaore, head of the A.U. Peace and Security Council.

The decision was made in a morning meeting of the A.U. body also attended by U.N. Secretary General Kofi Annan and Sudanese President Omar Hassan al-Bashir. When Bashir left about halfway through the meeting, he withheld comment except to shout "No!" when a reporter asked if he would allow the United Nations to take control of the peacekeepers.

An underfunded A.U. force in Darfur has been unable to stop the violence there. Both the African Union and the U.N. Security Council have called for the United Nations, with its superior funding and resources, to run the mission.

For now, the A.U. mission will be reinforced and infused with U.N. logistical and material support, Compaore said. "Sudan is disposed to work with the United Nations," he said.

The United Nations and many rights groups say that fighting between government troops, with the support of a militia called the Janjaweed, and rebel groups has left at least 200,000 people dead and displaced 2.5 million since 2003.

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Bashir denies that there is a major humanitarian disaster there and said Tuesday that human rights groups have exaggerated the crisis in a bid for more money.

"The picture that volunteer organizations try to give in order to solicit more assistance and more aid has given a negative result," Bashir said at a news conference.

In a speech to the U.N. General Assembly earlier Tuesday, President Bush called the Darfur killings a genocide and said the A.U. force was "not strong enough" to protect the population. He called for the force to be strengthened and demanded that the United Nations take control.

The United States and its allies are weighing whether there are other options for confronting the Sudanese government, including the possibility of military intervention despite Bashir's objections.

It's The Bushes And Clintons, Finding Common Ground (NYT)

By Patrick Healy

The New York Times, September 21, 2006

It's not often that you see a current American president and his predecessor in New York City, on the same morning, trying to foster peace in the Muslim world, and trying to burnish their own legacies as statesmen.

Nor is it common to have the wife of one of them on hand to help out the other guy.

But there was President Bush meeting with the Palestinian president, Mahmoud Abbas, at the Waldorf-Astoria. And there was former President Bill Clinton convening a conference on global concerns at a nearby Sheraton, and listening to President Pervez Musharraf of Pakistan chastise Pope Benedict XVI for the pope's remarks about Islam. And there was the first lady, Laura Bush, giving the Clinton conclave some juice by announcing a new project to deliver clean water to 10 million Africans by 2010.

Mr. Musharraf, echoing an old slogan of Mr. Clinton's, could have been reflecting the ethos of the Midtown diplomacy — not to mention the Bushes and the Clintons — when he told the conference that in dealing with all religious faiths, "This is a time to build bridges and not burn bridges."

In truth, it was just another day in the intriguing world of BushClinton (or ClintonBush, if you will): A world in which a Bush presidency begat a Clinton presidency that begat a Bush presidency that may lead to — well, one can speculate. In this world, the former presidents named Bush and Clinton are apparently thick as thieves, while son Bush and wife Clinton are regularly at odds over the geopolitical issues under discussion yesterday.

Certainly, though, no one was calling a Bush (or a Clinton) a devil as the two families overlapped at Mr. Clinton's conference. President Bush and Mr. Clinton had a pleasant-looking run-in at the United Nations on Tuesday afternoon, and Mr. Clinton warmly welcomed Mrs. Bush to his conference dais yesterday to announce the $10 million federal commitment for the water project.

She did so in front of an audience of hundreds of officials from developed and undeveloped nations, who first sat and listened to a list of Bush administration goals to support the third world. If there were Bush skeptics in the room, they were politely silent, and Mr. Clinton was beaming like a proud presidential spouse as he sat and listened to Mrs. Bush champion her husband's agenda.

The major speakers at the conference were a little less love-soaked and a good bit more opinionated, apparently to the applauding audience's delight.

Mr. Musharraf took the lead as news-making head of state. He said "a lot of tensions in the Muslim world" were caused by the furor involving Pope Benedict XVI's citation of a medieval text saying some of Muhammad's teachings were "evil and inhuman." Mr. Musharraf added that the pope's remarks "were most unwarranted."

"It is a time for interfaith harmony," Mr. Musharraf said later in the conference session. No one has the right, he continued, "to hurt anybody else's feelings, least of all at this time."

Referring to Muslims, Mr. Musharraf added: "The world thinks that we don't believe in democracy, we don't believe in modernization, we don't believe in secularism. Let me assure this house that Islam in theory believes in all of them."

Mr. Musharraf also said the continued presence of American troops in Afghanistan was contributing to the resurgence of the Taliban and was intensifying instability there.

"They are coming back because of the presence of foreign troops," he said. "There certainly is an antipathy to foreign presence in Afghanistan."

The Pakistani leader emphasized that in his view, the conflict between the Israeli and Palestinian governments remained the greatest threat to security and political stability in Iraq, Afghanistan, Pakistan and Lebanon.

"It lies at the core of everything," he said. "We must not open new fronts — we must start closing fronts."

Javier Solana, the foreign policy chief of the European Union, said he believed that "the Clinton parameters are still probably the best solution" to bringing peace to the Middle East, referring to the former president's aggressive diplomacy to mediate the Israeli-Palestinian disputes.

Mr. Solana also said clashes of ideology, religion, politics and economics went beyond the Israeli and Palestinian governments.

"The divide that persists in the world is more profound than we think, and we better be aware of that," he said. "It's not getting smaller, but growing."

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In remarks that seemed aimed at the news media, Mr. Solana also warned that the West should not carelessly provoke Muslims even in the spirit of free speech and open thought. He made the comment when asked about the newspaper cartoons lampooning Muhammad last winter that led to a spasm of violence worldwide.

Mr. Clinton said that so far he had secured more than $2 billion in "commitments" from businesses and others to help address the themes of his conference: energy and climate change; mitigating religious and ethnic conflict; alleviating poverty; and global health.

The conference, known as the Clinton Global Initiative, lined up $2.5 billion from 300 sponsors last year.

US-China Launch 'economic Dialogue' (FT)

By Krishna Guha, Richard Mcgregor And Raphael Minder

Financial Times, September 21, 2006

The US and China on Wednesday announced the creation of a new "strategic economic dialogue" in which both countries would aim to grapple with the long-term issues arising from China's emergence as a leading economic power.

The dialogue will be led by Hank Paulson, the new US treasury secretary, and Wu Yi, the vice-premier responsible for trade and foreign investment policy. It will not directly address the vexed issue of China's renminbi policy or other near term issues, which will continue to be dealt with through existing bilateral contacts.

Each government will establish an inter-agency group bringing together top officials in economic and foreign policy, to support the strategic dialogue.

Mr Paulson and Ms Wu will meet twice a year, and the process will continue at a senior official level.

In a joint statement, Mr Paulson and Ms Wu said they had agreed to "focus on bilateral and global strategic issues of common interests and concerns."

They said the new dialogue would "promote economic co-operation and the growth of China-US relations" and contribute to "world economic development as well as global economic stability and security."

Mr Paulson and Ms Wu said President George W. Bush and President Hu Jintao "will strongly support and take an active role in the strategic economic dialogue."

The initiative dovetails with longstanding Chinese ambitions to elevate the US-China relationship into one unencumbered by the many difficult issues that divide them, such as piracy of intellectual property, the swelling trade imbalance and, to some extent, human rights.

"Whenever you have a higher level dialogue, it will be to the benefit of the overall relationship," said Yan Xuetong, international relations professor at Tsinghua University in Beijing.

"Because of Mr Paulson's background, they will talk more about economic issues, but I would regard this as a political dialogue as well."

A US senior administration official said the mechanism was the "first of its kind" in US international economic relations. She said the US wanted to build a "mature" and long-term economic relationship with China, as it has for instance with Europe.

The official said that the idea for the dialogue had come from Mr Paulson, and Mr Bush had proposed it in a telephone call to President Hu on August 21.

The US said likely themes include innovation, globalisation, energy security and the environment.

The US hopes the process will help lock in a continuing process of economic reform in China as the nation completes the implementation of its World Trade Organisation commitments.

Speaking in Cairns, Susan Schwab, the US ttrade representative, said that the new dialogue was "not inconsistent with existing groups."

Trade issues are now discussed in the Joint Commission on Commerce and Trade, established only four years again to handle difficult bilateral disputes.

The US side is jointly chaired by the USTR and the commerce ministry, and in China, by Ms Wu, who is also the chief point person for Mr Paulson.

U.S., China Plan Regular Talks On Long-Term Economic Issues (WSJ)

By Michael M. Phillips

The Wall Street Journal, September 21, 2006

BEIJING -- The U.S. and China announced a top-level economic dialogue that they vowed would move their relationship beyond such day-to-day issues as currencies and copyright piracy.

Treasury Secretary Henry Paulson, who will lead the cabinet-level U.S. team in semiannual meetings with Chinese counterparts, said yesterday that the approach will focus on longer-term concerns and will set the tone for better relations. Most importantly, he said, top officials from both countries will have a regular opportunity to sit down and talk privately about what their nations want most from each other.

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"The key to working with the Chinese is being able to get access to all the right people at whatever level," said Mr. Paulson, who winds up a four-day trip to China tomorrow.

Among the issues the U.S. would like to broach are how China can change copycat manufacturing into genuine innovation and retool its economy to promote domestic consumption more than exports. China is particularly interested in energy conservation and environmental protection.

Whether the effort will be productive is uncertain. The U.S. had similar frustrations with Japan and its trade surplus during the late 1980s and 1990s. In the first Bush administration, the U.S. and Japan launched a "structural impediments initiative" aimed at getting Japan to deregulate and play by what the U.S. considered international rules. But it took until the Japanese economy fell into a recession, which lasted a decade, for Tokyo to make the changes.

The plan for the new meetings underscores the influence that Mr. Paulson, a former Goldman Sachs Group Inc. chief executive with long experience in China, has amassed only two months into his job. Mr. Paulson conceived the idea of the dialogue and secured President Bush's endorsement before taking office in July. Last month, the president telephoned his Chinese counterpart, Hu Jintao, to lobby for the plan. In less than a month, Mr. Paulson helped persuade the Chinese to sign on -- giving him something to bring home from this week's visit.

Administration officials believe the proposal appealed to Chinese leaders in part because it singled the country out for special treatment and, without making new demands or raising new complaints, overtly recognized its growing economic power.

The U.S.-China relationship has been fraught with perils recently, including American anger over alleged Chinese violations of U.S. intellectual-property rights, a spat over trade in auto parts, and persistent disagreement over the weak yuan, which U.S. companies say gives their Chinese competitors an unfair edge.

Washington officials said the top-level strategic discussions would elevate -- rather than distract from -- efforts to resolve those daily issues. "We hope with this dialogue we'll create confidence in and support for continued reform" of the Chinese economy, one senior administration official said.

Mr. Hu chose Vice Premier Wu Yi, considered by American officials to be an enthusiastic reformer, to lead China's side. Mr. Hu gave her "full decision-making authority across all aspects of the Chinese economy," according to the Treasury Department.

The first meeting is slated to take place in Beijing before year end, but the new approach might not be sufficient to cool anti-China ardor in the U.S. Congress. The Senate appears headed for a vote this month on a measure to impose stiff tariffs on Chinese goods to counter the alleged price advantage they receive from the country's weak currency.

"I have tremendous respect for Secretary Paulson, and if he brings back significant accomplishments from his trip, so much the better," said Sen. Charles Schumer (D., N.Y.). "However, we have had four years of talk. Everyone knows the Chinese are flouting the rules. We need action."

Furthermore, it isn't clear whether another discussion mechanism would necessarily improve bilateral relations. The U.S. and China already have at least nine two-way or multilateral commissions, dialogues, partnerships and forums that address particular aspects of their relationship, from health care to energy to trade policy. And Treasury officials have repeatedly asserted that they have constant contact with their Chinese counterparts over the bilateral trade deficit and other issues.

Mr. Paulson tapped Deborah Lehr, a former National Security Council official and one of his advisers at Goldman Sachs, to handle the practical and substantive details of the new dialogue.

--Bob Davis in Washington contributed to this article.

High-level Economic Talks Planned For U.S., China (USAT)

By David J. Lynch

USA Today, September 21, 2006

BEIJING — The United States and China agreed on Wednesday to open high-level talks aimed at managing an increasingly complex and contentious commercial relationship.

President Bush, who launched the proposal with an Aug. 21 phone call to Chinese President Hu Jintao, named Treasury Secretary Henry Paulson to head the new “Strategic Economic Dialogue.” Paulson, in Beijing for meetings with Chinese leaders, unveiled the initiative during an appearance with Chinese Vice Premier Wu Yi at China's Great Hall of the People.

“We're both thinking the same way,” Paulson said. “This is a unique opportunity to create an initiative that reflects the 21st-century global economy and redefines the economic relationship between the United States and China.”

The U.S. and China already engage in at least three sets of lower-level talks about various commercial issues. But Paulson says Wednesday's announcement marks a significant reshaping of the U.S. approach to China.

“The level we have here is unprecedented. There's never been anything close to it. That indicates how serious both sides are,” he said in a late-night interview with reporters from five major newspapers.

Reflecting a negotiating style Paulson honed while CEO of Goldman Sachs, the new process will:

•Involve top decision makers in both countries, not their deputies.

•Replace the traditional scattershot tactic with a single negotiation that prioritizes economic disputes.

•Occur behind closed doors to facilitate frank brokering.

•Explicitly aim for an eventual understanding that benefits both sides.

China is the fastest-growing market for U.S. exporters. But U.S. manufacturers complain China keeps the value of its currency, the yuan, artificially low as an effective export subsidy, fueling an annual trade deficit of more than $200 billion.

Sens. Charles Schumer, D-N.Y., and Lindsey Graham, R-S.C., are seeking a Senate vote next week on their proposal to slap tariffs on Chinese exports to the USA unless China revalues. On Wednesday, Schumer said: "We have had four years of talk. … We need action."

Paulson said that failing to launch a broader discussion with China raises the risk of today's irritations degenerating into "punitive actions … (or) trade wars." Chinese leaders, including the powerful Wu, likewise have become aware of the need to safeguard their most important trade link.

"They have a sense of doing some real things, including concessions to the U.S., to prevent too much protectionist pressure in the U.S.," says Shi Yinhong, professor of international relations at Beijing's Peoples' University. "If there's too much dissatisfaction, maybe the Congress will do things that really hurt the Chinese economy."

The new talks are scheduled to begin in Beijing before the end of the year. Follow-up meetings will alternate between Washington and Beijing.

Said Paulson: "We don't intend to sit around the table and write communiqués. We intend to get things done."

Why US Speaks Softly With China On Trade (CSM)

By Mark Trumbull

The Christian Science Monitor, September 21, 2006

America's economic point man is taking the tack of cooperation rather than confrontation on a visit to China this week, despite a widening trade deficit and disputes over everything from pirated movies to barriers that hinder US exports of auto parts.

It's a softer tone driven by China's rising economic power, by the interdependence of the two nations, and by a pragmatic approach to financial diplomacy.

But for Henry Paulson, America's new Treasury secretary, it also reflects an assessment of risk that may come as a surprise to many Americans.

For all its rapid strides, China is in some ways a fragile economy. That, trade experts say, is a danger not just to leaders in Beijing but to the world economy.

"If reform stalls, the Chinese economy will stall, and that is in nobody's interest," says Daniel Griswold, an economist at the Cato Institute, a libertarian think tank in Washington. Paulson "understands that our interest is in a thriving, liberalizing China."

China has committed itself down the road to an increasingly market-based economy. Its surging output of electronics and other goods has been stunning - and unsettling to rival manufacturers in other nations.

But this doesn't mean China's path of progress will necessarily remain smooth. Among the challenges: an outdated financial system heavy on bad loans, state-owned businesses in distress, a volatile social rift between prosperous urbanites and the rural poor, and the looming burden of a rising elderly population. Paulson outlined China's challenges

Secretary Paulson pointed to many of these challenges in a major speech before heading overseas.

"The biggest risk we face is not that China will overtake the US," he said, "but that China won't move ahead with the reforms necessary to sustain its growth and to address the very serious problems facing the nation."

Paulson's stated goals for the US-China economic relationship have much in common with those of his predecessor, John Snow. Both put the issue of a more flexible Chinese currency high on their list - a move that could bolster the exports of struggling US manufacturers.

But Paulson's tone appears at once softer and more ambitious. He is not simply calling for change from Beijing officials. He expects to work with them regularly, building on the ties he established there in his career as a globe-trotting investment banker.

Wednesday, Paulson and a Chinese official announced the creation of a new high-level dialogue designed to deal with long-term issues between the two nations. At the same time, he has dampened expectations for any quick victories on issues such as the yuan-dollar exchange rate.

All this reflects a tempered approach to China at a time when critics continue to press the Bush administration for punitive measures if China is not responsive.

"Time is running out. I hope that Hank returns with tangible results," Sen. Charles Schumer (D) of New York said in a statement last week. He and Republican Sen. Lindsey Graham of South Carolina say they may have "no choice" but to call for a vote on their proposal that China face a 27.5 percent tariff in the US if Beijing fails to act on the currency issue.

His sentiment is backed up by many small- and medium-size manufacturing companies. Kevin Kearns, president of the US Business and Industry Council, said this week that America needs a get-tough approach. Use China's reliance on exports to the US and the threat that those sales could be lost, he suggested, to leverage concessions from Beijing. A trade war if US pushes too hard?

Many economists, however, caution that a trade war could harm both nations and the world economy. Their arguments include:

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• The US and China, currently the twin engines of global growth, have become increasingly interdependent. Supporting gradual reforms, and a healthy Chinese economy, is more important than winning concessions.

• China's increasing clout makes it likely that its leaders will continue to make decisions based on perceptions of their own interests, not outside pressure.

• Even if the yuan were to rise sharply against the dollar, it is unclear how much impact that would have on the mammoth US trade deficit. America might simply import more from other nations, or pay more for imports from China.

Moreover, a large revaluation of the yuan might destabilize China.

"If they did it suddenly, their financial system might not be able to withstand the adversity," says Michael Cosgrove, an economist in Dallas who publishes the Econoclast newsletter.

A recent study, prepared for Congress's Joint Economic Committee, outlines a collection of challenges China confronts. It calls the banking system "dysfunctional," dominated by four state-owned banks and wrestling with a tide of nonperforming loans. One estimate, by the US accounting firm Ernst & Young, reckoned that the bad loans totaled $911 billion, or 41 percent of China's gross domestic product, at the end of last year.

China also has a jobless or underemployed "floating population" of some 140 million. By 2015, a decline in the working-age population promises to shore up the labor market.

But the flip side of that trend is an aging population without a social safety net. Already, this has distorted the economy by pushing China's domestic savings rate sky high. That's hindering the nation's hoped-for shift from an export-driven economy to one fueled more by domestic consumption.

"They themselves have come to the view that their current growth path is not sustainable," says Nicholas Lardy, an expert on China at the Institute for International Economics in Washington.

He says China is making headway with financial and other reforms.

Now it needs to find a way to boost domestic consumption while reducing runaway investment in industrial production - and to achieve this in lock step so that the economy doesn't slump. "The whole strategy is fraught with risk," Dr. Lardy says.

A more flexible exchange rate could help, he says. That would allow the central bank to focus more on domestic conditions and less on maintaining the yuan.

Paulson echoed that view in his recent speech on the global economy.

He spoke of "freeing up an inflexible currency regime" that hinders the development of a balanced economy. A more nimble monetary policy and financial system in China, he said, could "keep its economy from veering out of control." IMF pushes US, China on imbalance

Member nations of the International Monetary Fund are also nudging China and the US to do more to address imbalances in the world economy. To many, that means exchange-rate shifts in the dollar and yuan. It also means more saving (and less borrowing) in the US, and more consumption within China.

Lardy and others say China isn't fragile to the point of breaking. But it faces some tough transitions.

The reforms "will be when they feel it is in their interest to do so," Lardy says. "Paulson, at the margin, could help them see their way to the decision."

Thai Leader Says No Elections For A Year (AP)

By Sutin Wannabovorn, Associated Press Writer

AP, September 21, 2006

Thailand's new military ruler, winning crucial royal backing for his bloodless coup, announced Wednesday that he would not call elections for another year. The U.S. and other Western nations expressed disapproval and urged a swift restoration of democracy.

Army commander Gen. Sondhi Boonyaratkalin, appearing relaxed and confident in his military uniform at his first news conference since seizing power Tuesday night, said he would serve as de facto prime minister for two weeks until the junta — which calls itself the Council of Administrative Reform — chooses a civilian to replace him and drafts an interim constitution.

Sondhi sealed the success of his coup by receiving royal endorsement as leader of the new junta, while ousted Prime Minister Thaksin Shinawatra, who watched events unfold from abroad, pondered his future and the threat of possible prosecution at home.

Receiving the imprimatur of revered King Bhumibol Adulyadej legitimizes the takeover, and should effectively quash any efforts at resistance by Thaksin's partisans. Thaksin's ouster followed a series of missteps that prompted many to accuse the prime minister of challenging the king's authority — an unpardonable act in this traditional Southeast Asian nation that is a popular vacation destination for Westerners.

There appeared to be a sense of relief among many Thais at the resolution of political tensions that had hung over the nation since the beginning of the year, when street demonstrations demanding Thaksin step down for alleged corruption and abuse of power gained momentum. Thailand has had no working legislature and only a caretaker government since February, when Thaksin dissolved parliament to hold new elections in an effort to reaffirm his mandate.

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The presence of tanks and armed soldiers on the streets of Bangkok, a city of more than 10 million, was taken with good humor in an almost holiday atmosphere. Schools, government offices and the stock market were closed Wednesday but were to reopen Thursday.

There was also hope that a new regime could more effectively address an Islamic insurgency in the south that has resulted in more than 1,700 deaths in the last two years.

One insurgency leader voiced support for the coup in a statement released early Thursday.

"It is the right thing that the military has taken power," said Lukman B. Lima, an exiled leader in one of several groups fighting the central government for a separate Muslim state. "We hope that the political (situation) can be resolved."

In an e-mailed response to questions from The Associated Press, Lukman said that Sondhi was the "only one who knows the real problems" of the Muslim-dominated provinces of southern Thailand. Lukman, exiled in Sweden, is vice president of the Pattani United Liberation Organization.

Sondhi, a 59-year-old Muslim in a predominantly Buddhist country, had proposed several weeks ago opening talks with the separatists, but Thaksin's government vehemently opposed such a move.

"Thaksin's government has totally failed to quell the violence, so we are pinning our hope on the Council of Administrative Reform," said Srisompob Jitpiromsri, a political scientist from Prince of Songkhla University in the southern province of Pattani.

Outside Thailand, the coup drew criticism from several foreign governments and human rights groups, who expressed dismay at the overthrow of a popularly elected government.

The Bush administration denounced the coup and hinted that U.S. aid, military cooperation and improved trade relations might be in jeopardy.

"There is no justification for it," State Department deputy spokesman Tom Casey said. "It is a step backward for democracy."

Casey said U.S. assistance programs for Thailand had been put under review. At the White House, spokesman Tony Snow said negotiations on a free trade agreement with Thailand depended on restoration of democracy.

"We hope those who mounted it make good and make good swiftly on their (promise) to restore democracy," Snow said.

One of the stronger reactions came from the European Union, which demanded "that the military forces stand back and give way to the democratically elected political government."

Human Rights Watch said the military "should immediately restore fundamental human rights and protect those exercising their rights to free expression, association and assembly."

The economic fallout was still hard to judge. The stock market was closed, but in currency markets the Thai baht fell sharply, its weakness rippling out to other Asian currencies, including the Singapore dollar, Malaysian ringgit and Philippine peso. The International Monetary Fund, which bailed Thailand and some of its neighbors out of a financial crisis in the late 1990s, believed the region would be little affected, said the IMF's chief, Rodrigo de Rato.

"Thailand's economy is fundamentally strong," he said.

The swift and bloodless nature of the coup gave hope that the effects on Thailand's large tourist industry might be minimal, though several nations advised caution.

The U.S. Embassy, in an e-mail to its citizens living in Thailand, said while there had been no reports of violence, Americans should "monitor the situation closely, avoid large gatherings and exercise discretion when moving about" Bangkok.

"At this point, we are not advising Americans to leave Thailand; however, Americans planning to travel to Thailand may wish to carefully consider their options before traveling until the situation becomes clearer," the e-mail read.

Britain told its citizens in Thailand to stay in their homes, while Japan, Australia and Canada similarly advised caution.

Sondhi made two public appearances Wednesday, the first to make a brief formal announcement:

"We would like to reaffirm that we don't have any intention to rule the country and will return power to the Thai people as soon as possible," he said, flanked by the three armed forces chiefs and the national police chief.

His second appearance came at a news conference attended by about 300 Thai and foreign journalists. Seated on a stage, he spoke calmly but with confidence and smiled occasionally.

Sondhi said Thailand's foreign policy and international agreements will remain unchanged, and that new general elections will be held by October 2007.

He said the coup, the country's first in 15 years, was necessary to heal rifts in Thai society, and to end corruption, insults to the king, and what the general called Thaksin's attempts to destroy democratic institutions.

Although Thaksin handily won three general elections, opponents accused him of emasculating democratic institutions, including packing the state Election Commission with cronies and stifling media that were once among Asia's freest.

Thaksin had a power base among the rural majority, a previously neglected segment who benefited from his populist policies of government assistance.

The junta warned farmers and workers not to stage protests, and military roadblocks were set up on the outskirts of Bangkok, reportedly to keep Thaksin's supporters from reaching the capital.

Two minor pro-Thaksin demonstrations were briefly staged in Bangkok before being gently broken up by the authorities.

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Thaksin flew from New York, where he had been attending the U.N. General Assembly, to London, where he maintains a residence. He did not comment on his plans.

With Thaksin out of power, speculation has been rising on whether a new government might try to prosecute him for alleged corruption.

Asked if there would be moves to confiscate Thaksin's vast assets, Sondhi said "those who have committed wrongdoing have to be prosecuted according to the law."

Associated Press reporters Jocelyn Gecker, Grant Peck, Rungrawee C. Pinyorat and Alisa Tang contributed to this story.

Coup Leader Vows To Restore Democracy (FT)

By Amy Kazmin And Tom Burgis

Financial Times, September 21, 2006

Thailand's monarch on Thursday confirmed coup leader Sonthi Boonyarataklin as the head of the interim government.

The army chief behind Thailand's coup said on Wednesday he would step down in two weeks and promised fresh elections next year.

A day after ousting Thaksin Shinawatra, the country's controversial prime minister, General Sonthi Boonyaratkalin said he would appoint an interim prime minister to run the country until parliamentary elections under a new constitution in October 2007.

Gen Sonthi said that the Council for Administrative Reform – the name the coup leaders have given themselves – had "no intention of running the country by itself, and will return power, under the constitutional monarchy, to the people as soon as possible".

He added that the military was considering possible candidates for prime minister. "We want a person who loves democracy and constitutional monarchy," he told a news conference.

An announcement broadcast on Thai television on Wednesday night said that Thailand's revered King Bhumibol Adulyadej backed the country's new leadership. But the US appeared to take issue with the coup leaders' decision to hold no new elections for more than a year.

"We very much urge that democratic elections be held as soon as possible," the State Department said.

While tanks remained in position at Thailand's Government House on Wednesday, other parts of Bangkok were quiet as Thais stayed at home on what was declared a holiday. The military has banned gatherings of more than five people, and human rights activists expressed concern about civil liberties.

Mr Thaksin, who had been visiting New York for the annual meeting of the United Nations, flew to London, where he owns a flat and his daughter attends university. Diplomats said the ousted prime minister could face prosecution if he returned home.

The British government said it had no reason not to allow Mr Thaksin into the country and has not to date received any request for his extradition. A spokeswoman declined to comment on whether the British government considered Mr Thaksin the legitimate prime minister. However, the European Union called for the military to "give way to the democratically elected political government".

Gen Sonthi told foreign diplomats that there would not be a "witch hunt" against Mr Thaksin's loyalists. But Chitchai Wannasathit, a deputy prime minister, and Thammarak Issrangkura Na Ayutthaya, the defence minister, both members of Mr Thaksin's inner circle, are said to be in army custody as are several other of his key allies.

Mr Thaksin "caused an unprecedented rift in society, widespread corruption, nepotism and he interfered in independent agencies, crippling them," Gen Sonthi said on television.

Foreign investors indicated that Thailand would quickly get back to business.

"Thailand's economy is fundamentally strong and financial market reactions have been limited," said Rodrigo Rato, International Monetary Fund managing director.

Thai Coup Leader Delays Elections For A Year (USAT)

By Paul Wiseman And Ratchada Chitrada

USA Today, September 21, 2006

BANGKOK — A day after grabbing power in a bloodless coup, Thailand's army chief announced Wednesday that the military will postpone elections for a year while a constitution is drafted.

Despite international criticism, Thailand's king endorsed the military takeover that deposed Prime Minister Thaksin Shinawatra while he was out of the country Tuesday.

The army chief, Gen. Sondhi Boonyaratkalin, who led the coup, promised that the Thai armed forces will quickly surrender authority to a "neutral" caretaker prime minister.

"We will be in power for two weeks," Sondhi told reporters at military headquarters here. During that time, the country will be ruled by a six-member Council of Administrative Reform, made up of military and police officials. Parliamentary elections, which had been scheduled for this fall, will be pushed back until about October 2007, said Sondhi, 59.

Tuesday night's coup has been criticized by several countries, including the United States. "We hope those who mounted it will … make good swiftly on their promises to restore democracy," White House spokesman Tony Snow said.

The takeover has been welcomed in the Thai capital. The urban elite have turned against Thaksin, even though he won re-election in February 2005.

King Bhumibol Adulyadej appointed Sondhi, a Muslim in a predominantly Buddhist country, as head of the council "in order to create peace in the country," according to an announcement Wednesday on state-run television.

Sondhi said the king, who is influential but has no official political role in Thailand, had not been involved in planning or executing the coup. "I am the one who decided to stage the coup," he said. "No one supported me."

The capital was calm Wednesday. Backpackers on Kao San Road barely noticed the political upheaval. "Nobody's up in arms about it," said Amy Farquhar, 21, a recent college graduate visiting from Aberdeen, Scotland.

The U.S. Embassy on its website advised Americans "to monitor the situation closely," but added, "At this point, we are not advising Americans to leave Thailand."

The political crisis had been building for months. Many of the capital's residents were tired of Thaksin's governing style and the way the former telecommunications tycoon blurred his private and government business.

In January, Thaksin's family maneuvered to skip taxes on the $1.9 billion sale of a controlling stake in its telecommunications empire to the investment arm of Singapore's government.

"He takes care of his cronies, and he looks out for his family," said grocer Thongdee Wonghaew, 64. When army tanks rolled into the prime minister's office complex Tuesday night, Wonghaew said, she brought the soldiers coffee and snacks.

A standoff between Thaksin and his opponents had paralyzed the Thai government for months. After intensifying street protests in January and February, Thaksin scheduled a snap election for April 2, hoping to win another popular mandate and silence his critics.

The opposition staged a boycott. Thai courts jailed three election commissioners accused of favoring Thaksin's political party and annulled the election as undemocratic and unconstitutional. New elections had been scheduled for October or November.

Thaksin was in New York for a meeting of the United Nations General Assembly when the coup occurred. He flew to London on Wednesday. It's unclear whether he will try to return to Thailand.

He still has strong support in the countryside. "He promised to give free cows, and he did," said Sutatip Sritao, 44, a farmer in Khonkaen in northeastern Thailand's Isan province, a Thaksin stronghold. "If Thaksin is not around, I won't vote for anyone else." Rural Thais have not come out strongly against the coup.

Political scientist Neil Englehart of Bowling Green State University warned that support for the coup could disappear if the military doesn't hand power to an elected government.

"If the military can keep up the impression that they have acted for the good of the nation, then opposition is likely to be muted," he said. "If it appears that they want to stay in power, opposition will get stronger."

Thai Coup Uproots A Thin Democracy (CSM)

By Simon Montlake And Daniel Ten Kate

The Christian Science Monitor, September 21, 2006

BEIJING AND BANGKOK

A bloodless coup in Thailand has upended the country's fragile democracy, to the delight of many middle-class activists who had campaigned for months for the removal of Thaksin Shinawatra, the populist prime minister. But the manner of his removal by Army officers loyal to the Thai monarch exposes the shallow roots of the democratic institutions that grew in the shadow of past military regimes.

Mr. Thaksin, whose party has won three elections since 2001, had repeatedly accused his opponents of plotting a coup. Wednesday, Thailand's king endorsed the military coup leaders, who have pledged to restore civilian rule within weeks.

The readiness of self-styled democrats to condone the military action reflects the conservative grounding of Thailand's urban political culture, which is shaped more by royalist hierarchy than well-defined checks and balances on a strong executive.

"They should use the rule of law to pin him down, rather than use a gun to get him out," says Pasuk Phongpaichit, coauthor of a critical biography on Thaksin. "I think it's important now that the coup group puts in place a new Constitution very quickly, or it could backfire and impact the economy."

Other critics of Thaksin, however, say that given his lock on the political system, and gutting of institutional checks and balances, there was no other way to end the stalemate. Thaksin packed courts with allies, politicized the nominally nonpartisan Senate, and muzzled television news. During a 2003 antidrugs campaign, Thaksin cheered when over 2,000 suspected dealers were shot dead in what rights groups called extrajudicial killings.

"There was no peaceful solution because Thaksin didn't play by the rules of the game, he only played by his own rules. We've tried all possible means to remove Thaksin," says Kasit Piromya, a member of the opposition Democrat Party and former ambassador to the US. "Thailand has not been a democracy for the past five years. Thaksin turned the whole democratic system into an authoritarian regime."

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The coup leaders described their action as a response to deepening social rifts and to widespread corruption. "The government's rule was widely tainted with corruption and to benefit cronies," said Army commander Sondhi Boonyarataklin. "Letting that situation continue could have hurt the nation's security and economy."

The new ruling council has the power to censor domestic and foreign news reports and ban public gatherings of five or more people. But General Sondhi vowed to restore constitutional rule and undertake political reforms - a rallying cry of the opposition parties in Parliament - within two weeks. He said no action would be taken against members of the ousted government. However, several Army officers loyal to Thaksin have reportedly been detained, including the head of the civilian intelligence agency.

As for Thaksin himself, it remains unclear if he would return immediately to Thailand or seek diplomatic support as the leader of a government-in-exile, said an aide. Thailand is a close US ally and Thaksin has positioned himself as a trusted partner in the US-led war on terror. Thai news reports said Thaksin flew Wednesday to London where his daughter is enrolled in university.

The coup leaders might face a situation down the road where Thaksin returns - and wins another election.

On the streets, Bangkok residents wearied by months of political gridlock struck a note of cautious support for the coup. But many also said they would again vote for Thaksin if he returns to politics. "I was glad we had a coup because the political problem had gone on for such a long time," said Rittiporn Yomrum, a motorcycle driver. "But I would still vote for [him] again."

Analysts say the coup-prone military has to move quickly to install a civilian administration under royal endorsement in order to preempt any public backlash. The last time the military seized power in 1991, the public mood soured after the coup leader clung to office, then ordered a violent crackdown on protesters in Bangkok the following year. King Bhumibol then intervened to steer the country back from the brink of further civil strife.

Memories of that bloody event were revived this year by a wave of anti-Thaksin protests in the run-up to an April election that was later annulled by the Constitutional Court. A new vote was due to be run in November by a newly elected commission.

Analysts had predicted another win for Thaksin, who commands the loyalty of millions of rural Thais. He gained their support with subsidized healthcare, a freeze on farmers' debts, and cheap loans to villages.

But middle-class voters began turning their backs, angered by reports of widespread corruption in Thaksin's cabinet and his brash style of governing and refusal to countenance public criticism. Urban elites were dismayed by the appointment of his family to key roles in the military and police, and his attempts to radically overhaul the top-heavy government bureaucracy.

Unable to win at the ballot box, Thaksin's opponents now seem ready to turn the clock back on the gains of the 1990s, when the Constitution was changed to promote more stable parliamentary politics, a shift that spawned Thaksin's winning party machine, at the expense of the royalist old guard.

Thaksin made few efforts to woo the palace during his first term, ignoring protocol that for decades has put the monarchy above elected officials. The king offered only indirect criticism of Thaksin, leaving it to his aides to deliver public rebukes.

Foreign diplomats were caught off-guard by the coup timing, given the unfavorable light it casts on Thailand at the UN and the preparations to rerun the elections.

"It seems almost idiotic to do this right as Thaksin is about to get up on the biggest stage in the world," a Western diplomat says. "There was no real obstruction to reform or a national election."

Many In Bangkok Embrace Military Takeover (WP)

By Anthony Faiola

The Washington Post, September 21, 2006

BANGKOK, Sept. 20 -- Jubilant crowds in this sultry capital embraced Thailand's new military leadership on Wednesday, as Thais showered soldiers with flowers, posed for photos with tanks and welcomed a bloodless coup that deposed Prime Minister Thaksin Shinawatra a day earlier.

Gen. Sonthi Boonyaratkalin, the army chief who led the rebellion and who is now acting prime minister, vowed that an interim leader would be appointed within two weeks. But in an indication that the restoration of democracy is a long way off, he made clear that elections may wait until October 2007, after the drafting of a new constitution.

For now, the military remains in control of a country that had become one of the strongest beacons of democracy in Southeast Asia. Provincial governors -- including many still loyal to Thaksin -- are being forced to report to four regional army commanders. To prevent any uprisings among Thaksin's supporters, based in the rural north and northeast, the provisional military authority also advised farmers to "remain calm" and banned political gatherings of five or more people. Some television and radio reports have been blocked or censored.

Despite the new period of uncertainty, ushered in by a coup that was denounced by the United States and other foreign governments, many Thais in the capital appeared overjoyed.

"Democracy has won!" said an ecstatic Orathai Dechodomphan, 59, a tailor and Thaksin opponent who joined hundreds of people handing out roses to soldiers near the army headquarters. "Thaksin tried to steal power and did not respect our king. He never would have left on his own. What happened yesterday is our first step toward recovering a real democracy."

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King Bhumibol Adulyadej, who was seen by many here as having effectively allowed Thaksin's removal, endorsed Sonthi, appointing him the official head of a new governing council charged with creating "peace in the country," according to an announcement televised nationally.

Sonthi is close to the king, and there had been speculation that the monarch played a role in the coup. Sonthi dismissed those suggestions Wednesday, telling reporters: "I am the one who decided to stage the coup. No one supported me."

The general, who only a week ago had ruled out the chance of a coup, said the military had been forced to act because Thaksin's moves to remain in power had divided the country. At the same time, Sonthi said, Thaksin's actions were dangerously bordering on lese-majeste, a powerful charge in a country where the king is widely revered.

The ousted prime minister, a billionaire tycoon who rose to power in 2001, was extremely popular among rural Thais largely because of a series of lucrative local programs he backed. But allegations of corruption and abuse of power earned him the hostility of the country's elite, mostly in Bangkok. He had been accused of monopolizing the media, altering the constitution to enhance his powers and stocking electoral commissions with his supporters. He was also scorned for mishandling the increasingly violent Islamic insurgency in the south of Thailand, a mostly Buddhist country.

In a public opinion poll released Wednesday by Rajabhat Suan Dusit University, almost 84 percent of respondents supported the coup. The overwhelming majority of those taking part in the poll were from the capital.

Sonthi suggested that Thaksin could face prosecution if he returned to Thailand. Thaksin, for his part, did not immediately appear ready to stage a comeback. "I volunteer to work for the country," he told the Thai News Agency in London, where he arrived Wednesday after departing early from the opening session of the U.N. General Assembly. "If they don't want me to do that, I won't."

Thaksin received international support. The European Union demanded "that the military forces stand back and give way to the democratically elected political government." The Bush administration denounced the coup and said negotiations on a free-trade agreement with Thailand depended on restoration of democracy.

Tom Casey, a State Department spokesman, called the developments a "step back for democracy."

Sonthi insisted the military had no interest in maintaining power. "We have two weeks; after two weeks, we step out," he said, referring to his search for a caretaker prime minister, who analysts say would probably still operate under the scrutiny of the military.

While activists who had long sought Thaksin's ouster cheered the military's move, some opposition leaders acknowledged that Thailand must find some way out of its political crisis.

"Of course we would have liked to see this handled another way, but we also recognize that Thaksin's abuse of power had grown to the breaking point," said Abhisit Vejjajiva, head of the main opposition Democrat Party. "Now, at least, we will see a new constitution written and the path of a clean electoral process. That is what the people of Thailand want and deserve."

Diplomatic sources and Thai officials said there was little indication that the remaining Thaksin loyalists in the military and police would attempt to resist the coup. Although analysts said such a response could not yet be ruled out, Bangkok newspapers reported that at least two high-ranking military figures linked to Thaksin had pledged allegiance instead to Sonthi's "political reform council."

[Early Thursday, Lukman B. Lima, an exiled leader in one of several groups fighting the central government for a separate Muslim state, told the Associated Press that "it is the right thing that the military has taken power" and that Sonthi was the "only one who knows the real problems" of the Muslim-dominated provinces of southern Thailand.]

Thailand has suffered 17 successful or attempted military takeovers, but Tuesday's was the first in 15 years and something of a shock for Thais who thought they had left the days of coups behind. Many leading opposition figures have called this coup different in nature from the others -- mostly because the military is being trusted to simply act as a caretaker and restorer of democracy -- but others here recalled the coup in 1991. A year after that takeover, when pro-democracy activists began demonstrating against the interim military commander, at least 50 people were gunned down by troops.

"We are entering another vicious circle in Thailand -- of coups, democracy, corruption and more coups," said Thitinan Pongsudhirak, a political analyst at Bangkok's Chulalongkorn University. "We had hoped that we would get beyond this. We went 15 years without a military intervention, but clearly recent events have shown that we have yet to escape that cycle."

U.S. 'Disappointed' In Thailand Coup (AP-Y)

By Barry Schweid

AP, September 21, 2006

The Bush administration on Wednesday denounced the military coup that seized control of Thailand and hinted that U.S. aid and improved trade relations might be in jeopardy.

"There is no justification for it," said State Department deputy spokesman Tom Casey, adding, "It is a step backward for democracy."

Casey said U.S. assistance programs for Thailand had been put under review. At the White House, spokesman Tony Snow said negotations on a free trade agreement with Thailand depended on restoration of democracy.

"We hope those who mounted it make good and make good swiftly on their (promise) to restore democracy," Snow said as President Bush returned to Washington from a speech and meetings at the United Nations in New York.

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The coup leaders Tuesday seized control from a government headed by Prime Minister Thaksin Shinawatra, suspended the Constitution and declared martial law in Bangkok, the capital.

The army commander who led the coup said elections would be held by October 2007.

The military took control while the prime minister was in New York preparing to address the special session of the U.N. General Assembly.

"The most important thing is to see a restoration of constitutional rule as soon as possible," Casey said.

Thailand's Leap Backward (WP)

The Washington Post, September 21, 2006

THAILAND'S ARMY commander claimed yesterday that the military coup against the country's democratic government on Tuesday was necessary to end corruption and domestic political conflict. In fact the principal result of his condemnable action will probably be to worsen both. Thailand has a history of military coups, but for the past 15 years the army had appeared to accept the fact that such interventions invariably harmed rather than helped the country. Now the lesson will have to be learned again.

Gen. Sonthi Boonyaratkalin, who led the coup, said yesterday that the military did not want to rule; he promised to restore civilian government in a couple of weeks. But his intervention, which apparently had the support of King Bhumibol Adulyadej, was clearly intended to end the career of Thailand's most popular civilian politician, Prime Minister Thaksin Shinawatra. Mr. Thaksin was a bad leader who himself weakened Thai democracy by trying to intimidate and monopolize the media and by supporting brutal tactics in campaigns against drug traffickers and Muslim separatists. But it's pretty clear that he was supported by a majority of Thais and that his party would have won the parliamentary election that was to have been held this fall.

Gen. Sonthi said yesterday that the parliamentary election would be put off for a year while Thailand's constitution -- which he suspended -- is rewritten. That agenda may have the support of some Thai political parties, whose members have been trying all year to force Mr. Thaksin from power through such undemocratic means as street demonstrations. The coming constitutional reforms will probably be aimed at preventing prime ministers from monopolizing power, as Mr. Thaksin tried to do. But such reform could have been achieved through the democratic system; now it will be overseen by military officers or civilian politicians who didn't -- or couldn't -- win an election.

Thailand's democratic allies should not tolerate this rupture. The Bush administration designated Thailand as a major non-NATO ally because of its cooperation in the war on terrorism, but now it must respect the U.S. law mandating a suspension of military aid in the event of a coup. The administration should join with allies such as Australia, Japan and the European Union in insisting that the interruption of democracy by the Thai military is unacceptable. The White House made a start yesterday by indicating that talks on a free-trade agreement would be suspended. It should go further: Any government appointed by the Thai military should be shunned and U.S.-Thai relations frozen until a free and fair election is held.

For King And Country? (WSJ)

By Colum Murphy

The Wall Street Journal, September 21, 2006

BANGKOK -- The teenage soldiers standing outside the Erawan Shrine here on Tuesday night seemed unusually calm, given the task at hand. With yellow ribbons tied to their machine guns -- signifying loyalty to King Bhumibol -- they chatted idly while guarding a key intersection. And in doing so, they played a bit part in Thailand's 18th coup -- the first in 15 years.

Hours earlier, talks mediated by the king's right-hand man, Privy Council President Gen. Prem Tinsulanonda, broke down between a section of the army that supported former Prime Minister Thaksin Shinawatra's government and sections that favored his ouster. Mr. Thaksin got wind of the plot from New York, where he was at the U.N. General Assembly, and declared a state of emergency. But by 11 p.m. back home, Army Chief Gen. Sonthi Boonyaratkalin took over Government House with little to no resistance.

Earlier that day, Gen. Prem, one-time prime minister and former commander-in-chief of the army, granted a rare interview at the white, modern Thai-style building that is home to the Privy Council. If he had an inkling of what was about to occur, the 86-year-old didn't show it. The crisply dressed general was unruffled and characteristically tight-lipped about the political turmoil that has plagued Thailand since February. But he reiterated what he said to the Royal Military Academy's graduating cadets this summer: "In this country, we belong to the king. The armed forces belong to the king." Ethics and moral standards, he added, are of paramount import for the governing class.

So how did the situation deteriorate so quickly? Mr. Thaksin's opponents accused him of corruption, cronyism and the hijacking of independent political institutions, such as the Election Commission. That led opposition leaders to band together and protest in the streets of Bangkok. Mr. Thaksin countered by holding a snap election in April. He won 57% of the vote.Since the opposition parties boycotted the election -- and technical reasons prevented a government from being formed -- on April 25 the king called on the courts to sort out the "mess." Between then and Tuesday evening, Thailand was under the authority of a caretaker government. Fresh elections were planned for later this year.

As late as July, few analysts foresaw that the situation would deteriorate into a coup d'etat. One exception is Ukrist Pathmanand, assistant director of the Institute of Asian Studies at Chulalongkorn University in Bangkok. According to Mr. Ukrist, division within the army

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was just a natural progression of the social divisions that were becoming more pronounced throughout Thai society -- divisions, he says, fostered by Mr. Thaksin and his Thai Rak Thai party. "It's bad to ban the constitution and ban the democratic process including elections," Mr. Ukrist said. "But I think this is a very special situation" -- namely, that the coup took place ahead of an opposition protest march originally scheduled for yesterday, but subsequently canceled. If it had proceeded, the demonstration surely would have drawn a crowd of pro-Thaksin supporters, resulting in clashes and the possible loss of lives, Mr. Ukrist believes.

Former Prime Minister Anand Panyarachun, who served under the previous military junta of 1991-92 and was head of the Constitution Drafting Assembly (1996-97) agrees. "I think you make two steps forward and retreat one step, you hope that you can catch up the steps you lose and that future steps would become even faster," he explained on a surprisingly calm afternoon, less than 24 hours after the coup. "It's not that every country has to emulate American democracy," he added. "It should be homegrown."

The idea of "Thai-style democracy" resonates with many Thais. It rests upon the authority of the king, who typically intervenes whenever a major critical crisis occurs. This is the only system that will work for Thailand, says Gen. Prem. "We will never be a republic or without a king," he said in his interview before the coup. "That is the only thing that induces the people together. . . . So long as we have this particular, very, very good king, we will go ahead either slowly or rapidly, but united."

However, a Thai-style solution to the current crisis runs the risk of treating the symptoms -- such as removing Mr. Thaksin -- without addressing the causes. As Mr. Ukrist suggested, Thai society has split between the urban elite and the rural poor, between an increasingly sophisticated middle class and a political system characterized by weak institutions and corruption.

Though painful, Thailand would be better off grappling with its political turmoil without resorting to the deus ex machina of military or royal intervention. The coup itself may not undermine confidence in Thailand's political stability. But the deep divisions in Thai society remain unresolved. Even if the junta can deliver free elections within a year, what guarantee is there that the same social conflicts won't resurface? That would herald a much more serious crisis -- because the Thai people have already tolerated a coup for change. If it fails, what comes after that won't be easy.

Mr. Murphy is deputy editor of the Far Eastern Economic Review.

Abe Vows To Continue Policies For Japan Pursued By Koizumi (WSJ)

By Sebastian Moffett

The Wall Street Journal, September 21, 2006

TOKYO -- Shinzo Abe, chosen yesterday as leader of Japan's ruling party, pledged to continue the small-government policies pursued by current Prime Minister Junichiro Koizumi.

The Liberal Democratic Party gave Mr. Abe 66% of its votes in a leadership election involving two other candidates. The LDP controls Parliament, so he is almost certain to become prime minister next Tuesday, when a special session meets to choose the next Japanese leader.

Mr. Abe immediately said he would broadly continue with the remodeling of Japan undertaken by Mr. Koizumi, who cast his vote for Mr. Abe in the election. Mr. Koizumi demanded after he took office in 2001 that the change-shy country "reform," and cut public spending to try to curb Japan's growing national debt. He privatized government-run bodies, notably the post office, and started to cut the number of public employees.

Yesterday, Mr. Abe said he would continue to rein in spending, while generating higher tax revenues by fostering economic growth. He said he would only later consider a rise in sales tax, which economists say is inevitable at some point, to cope with Japan's aging population.

"We must absolutely not stop reforming," he told reporters after the vote. "We must accelerate reforms."

The Japanese public generally likes Mr. Abe for his apparent combination of assertiveness and a calm demeanor. He first became popular when he negotiated the release of Japanese kidnapped by North Korea, and acquired an image as a robust defender of national interests.

But he is inexperienced for a Japanese prime minister. At 52 years old, he would be Japan's youngest premier since World War II. He has held his only major cabinet post -- Mr. Koizumi's chief cabinet secretary, an amalgam of spokesman and chief of staff -- for less than a year. What's more, he has a tough act to follow. Mr. Koizumi gave Japan its most vigorous leadership for decades, taking on vested interests in the LDP, forcing banks to clean up their bad loans, and making Japan more assertive abroad.

One area where Mr. Abe might stand out is foreign affairs. He favors a continuation of Japan's new assertiveness. But he is expected to be less brusque than Mr. Koizumi, who angered China with his annual visits to a controversial war shrine, and was not invited to visit Beijing.

Chinese Foreign Ministry spokesman Qin Gang said he hopes Mr. Abe "works diligently at improving and developing China-Japan relations," according to a statement carried on the ministry Web site.

Mr. Abe indicated to Japan's national broadcaster, NHK, that he would like to find a way out of the problems between the two countries and set up a meeting with Chinese leaders. "It is quite regrettable that the summit meetings between Chinese and Japanese leaders haven't happened," he said. "It is necessary for both sides to make efforts and take a step ahead."

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Better relations with China would go down well with a lot of Japanese, many of whom are hoping for a continuation of Mr. Koizumi's economic policies, but do not like the way relations with the country's Asian neighbors have soured.

"Koizumi was forceful but Abe is not, which I think is a good thing about him," said Kazuo Taguchi, 59, a Tokyo accountant. "He's well-balanced person, and does not look like he's going to do something extreme to make us worried or afraid. I think he will be able to restore Japan's relations with China and South Korea."

Set To Lead, Japan's Next Premier Reconsiders Postwar Era (NYT)

By Norimitsu Onishi

The New York Times, September 21, 2006

TOKYO, Sept. 20 — After securing the Liberal Democratic Party's presidency on Wednesday, Shinzo Abe will become Japan's first prime minister born after World War II, with a clear eye toward re-examining the postwar era.

Mr. Abe, who will turn 52 on Thursday, received two-thirds of the votes in the election for the presidency of the Liberal Democratic Party. Because of the party's grip on the lower house of Parliament, which chooses the prime minister, Mr. Abe is now assured of succeeding Prime Minister Junichiro Koizumi in a parliamentary session on Tuesday.

In a race that was his to lose, Mr. Abe (pronounced AH-bay) avoided specific comments about how he would pursue economic changes or how he would repair Japan's strained relations with China and South Korea.

Instead, he spoke of revising the United States-imposed Constitution, which forbids Japan to have a full-fledged military, passing legislation to allow Japanese troops to be deployed overseas and making it possible for Japan to exercise the right to collective self-defense with the United States. He also wants to revise the other legal document of the postwar American occupation, the Fundamental Law of Education, and emphasize moral values, patriotism and tradition in schools.

"By entrusting our national security to another country and putting a priority on economic development, we were indeed able to make great material gains," Mr. Abe wrote of the postwar era in his campaign book, "Toward a Beautiful Country." "But what we lost spiritually — that was also great."

The emergence of a prime minister with no personal experience of World War II is considered a turning point in Japan, where the absence of a consensus on the war still troubles relations with the rest of Asia.

Considered politically inexperienced, Mr. Abe, who will be the youngest prime minister in postwar Japan, rose to political stardom by talking tough on North Korea, China and national security. In Japan and in the rest of Asia, Mr. Abe is regarded as even more hawkish and conservative than Mr. Koizumi.

To his supporters, Mr. Abe is a politician unburdened by Japan's past, capable of forging a newly independent and strong path for the nation. To critics, he is a potentially dangerous ideologue ready to jettison the postwar values that have brought stability, peace and wealth to Japan.

Hakubun Shimomura, a Liberal Democratic lawmaker and an ally of Mr. Abe's, said the next prime minister would "look back objectively at the postwar period, removed from its trauma and able to make choices as part of the postwar generation."

"I think the symbolic start of the independent nation of Japan will be Mr. Abe's revision of the Constitution," Mr. Shimomura said.

But Shusei Tanaka, a professor at Fukuyama University and a former Liberal Democratic lawmaker, worried that Mr. Abe's greatest influence was from his grandfather, Nobusuke Kishi, a wartime cabinet member imprisoned as a Class A war crimes suspect but never tried, who became prime minister in 1957. Recently, Mr. Abe has avoided commenting on Japan's wartime past.

Only five years ago, few would have predicted that Mr. Abe would become prime minister. He was known mainly as the grandson of Mr. Kishi and the son of Shintaro Abe, a former foreign minister, whom the son long served as secretary.

Mr. Abe took over his father's parliamentary seat in 1993, after Shintaro Abe's death, and became quite popular among voters, earning a reputation as a strong leader by voicing national anger at North Korea's admission in 2002 that it had kidnapped several Japanese citizens in the 1970's and 1980's. Since then, he has kept his hard line against North Korea, and against China. After North Korea launched missiles in July, he suggested that Japan debate whether it should acquire the military capacity for a pre-emptive strike.

One of Mr. Abe's most pressing problems will be to restore normal relations with China, which has refused to hold high-level talks because of Mr. Koizumi's annual visits to the Yasukuni Shrine, the Shinto memorial where 14 Class A war criminals are enshrined. The shrine, also a memorial to Japan's 2.5 million war dead, is considered a symbol of Japanese militarism in the rest of Asia.

The visits have worried American politicians that Japan is provoking China, and hurting American interests in the region. Mr. Abe, despite past support of the visits, has said he would pursue a policy of ambiguity, neither confirming nor denying whether he has visited the shrine.

On wartime history, Mr. Abe has allied himself with Japan's right-wing politicians, news media and scholars. Unlike Mr. Koizumi, he has doubted the validity of the postwar Tokyo trials in which Japan's wartime leaders were condemned.

In the past he has indicated that he rejects the mainstream, postwar view that Japan waged a war of aggression and invasion in Asia. But he has not publicly embraced the hard-line position that Japan waged war in Asia to liberate it from Western imperialism. Unlike Mr. Koizumi and other prime ministers, Mr. Abe, though pressed many times, has avoided endorsing a landmark apology issued in 1995 by the Japanese government to Asian countries.

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Japanese hard-liners regard him as a true believer, while they looked askance at Mr. Koizumi for trying to negotiate with North Korea and for proposing to change the Imperial Household Law so that a woman could ascend the throne. While Mr. Koizumi made decisions on his own, dividing people between enemy and ally, Mr. Abe emphasizes harmony.

"People tend to like Mr. Abe's personality," Mr. Shimomura said. Lacking Mr. Koizumi's larger-than-life personality, Mr. Abe has instead cultivated a soft image that has taken the sharp edges off his strong views. Mr. Abe, a teetotaler who is married but has no children, appeared on a talk show to announce that his favorite food was ice cream.

"In his appearance and his way of speaking, he's soft," Mr. Shimomura said. "But in the inside, he's rock solid. He sticks to his principles and won't compromise."

For Some In Yemen, Dashed Hopes (WP)

By Faiza Saleh Ambah

The Washington Post, September 21, 2006

SANAA, Yemen, Sept. 20 -- Former presidential candidate Sumayya Ali Rajja, her two children in tow, plodded from polling station to polling station Wednesday trying to take part in what she considered a historic moment: Yemen's first competitive presidential elections. But Rajja's frustration mounted when she was turned away from the third station and again told her name was not on the list of registered voters.

Despite apologies by election officials for what they said was a mistake, Rajja insisted that her name was intentionally removed from the list. The 51-year-old consultant, who dropped out of the presidential race last month, wrote an editorial this week criticizing President Ali Abdullah Saleh and announcing she would vote for his main opponent.

"This is proof that the government intends to do whatever it takes to win this election, that there's no real democracy here," she said as she walked out of the Tareq bin Ziyad middle school. "We're nothing but a corrupt dictatorship run by a mafia."

Whatever the reason behind Rajja's missing registration, her frustration and disappointment were real, echoed by many who had held high hopes for Yemen's democratic experiment, which had been closely watched as a barometer of pluralism in the Arab world. The country's announcement in 1990 that it would unify north and south and embrace democracy had inspired hope across the region.

Today, Rajja joins a growing chorus who believe President Saleh, in power for more than 28 years, has moved the country away from democratic ideals toward an authoritarian system based on patronage.

"Every election, instead of representing a step forward, was actually a step back," said Abdul-Wahhab al-Anisi, an official with Islah, an Islamic opposition group. "People have been losing faith in democracy because they see their lives deteriorating and oppression increasing during democracy."

Abdul-Ghani al-Iryani, a political consultant, said that eight modifications made to the constitution since 1990 had all served to increase the president's powers and make him less accountable. Saleh "is an authoritarian ruler who has subverted and sabotaged laws and established a system of patronage not conducive to democracy," said Iryani, driving around Sanaa. At a traffic light, three young boys rushed to his car begging for money to buy food. "People are actually going hungry," he said. "There's been an increase in poverty. Forty percent of the people are now living under the poverty line."

The main problem plaguing one of the Arab world's poorest countries is endemic corruption, critics say. "The government came to be seen as a place through which you could become wealthy and provide for yourself, your friends and your family," said Robert Burrowes, a political science professor at the University of Washington and author of several books on Yemen. "The people in the system don't want democracy if it limits their ability to use the state as a source of personal wealth."

Sanaa was quiet Wednesday, a national holiday to allow people to vote, as shops were shuttered and long lines formed at some of the polling stations. Soldiers in camouflage uniforms and red berets carried Kalashnikov assault rifles and frisked men entering the schools.

At the Shuhadaa al-Sabeen middle school, opposition supporters traded stories about how people affiliated with Saleh's ruling party canvassed neighborhoods, warning people that a vote for opposition candidate Faisal bin Shamlan would cause the country to slide toward Somalia-like anarchy. Those who agreed to vote for Saleh were offered cash, they said.

Early results show Saleh leading by more than 80 percent of the vote. But the opposition coalition has accused the ruling party of intimidating and arresting opponents and of forging voter lists.

"They came around to my father-in-law's house last night and offered money to the registered voters. My wife refused because she believes in reform, like I do, but my brothers-in-law took about 2000 riyals each," or about $10, said Muhammad Abdullah, an accountant at the Finance Ministry.

Despite the growing poverty, many people fear an alternative to Saleh, the only leader they've known for nearly three decades. At the Tareq bin Ziyad middle school, Amal Mohsen, a homemaker, wiped purple ink from her finger after voting. Behind her trailed her three young daughters, in threadbare clothes and bare hennaed feet, only the eldest wearing tattered sandals.

"We don't want change," she said, only her eyes visible behind a black veil and long black robe. "We want stability."

But without an overhaul of the government, the country will only get poorer and more backward, said Iryani, who believes that Saleh's administration has neither the will nor the ability to get Yemen back on the road to democracy.

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Others still have faith in the system, believing it can be salvaged from within. Jalal Yaqoub, 38, a Planning Ministry official in charge of reform, left a well-paid job in the private sector for a monthly salary of about $250 because he's convinced Saleh is serious about reform. He said that earlier this year, just months after he suggested the judicial system be reformed, Saleh divested himself of the position of head of the judiciary.

"He's not corrupt," Yaqoub said. "He has the will to change. But it's not going to happen overnight. We're a 16-year-old democracy, teenagers, still going through the hardships of puberty. I'm optimistic."

Blue Danube: Turmoil In Hungary Spotlights Troubles In Eastern Europe (WSJ)

By Joellen Perry

The Wall Street Journal, September 21, 2006

BUDAPEST -- The streets here are boiling with violence not seen since Soviet tanks rolled along the city's medieval cobblestones in 1956. This time, it is a capitalist who is pushing people to the brink.

Demonstrators protested outside Hungary's Parliament for a third straight day yesterday following clashes earlier in the week with police armed with water cannons. The protests were triggered by Prime Minister Ferenc Gyurcsány's admission that he had lied "morning, evening and night" about the state of the economy ahead of April elections that returned him to power.

In a recording laced with expletives and leaked Sunday to local radio, the multimillionaire advocate of free markets is heard telling fellow Socialist Party officials that the "moment of truth will come swiftly" for the economy he has rushed to link to the outside world. "It was divine intervention, the abundance of cash in the world economy and hundreds of tricks...which helped us survive so far," he said. The 45-year-old prime minister, a favorite of Western investors, has confirmed the authenticity of the tape.

Hungary has huge budget and current-account deficits. Its plan to switch its currency to the euro from the Hungarian forint has suffered repeated delays.

While Hungary's economy is in more-serious straits than Poland's or the Czech Republic's, its problems highlight a troubling state of affairs in Eastern Europe. After economic crises in the 1990s, emerging economies in East Asia and Latin America learned to let their currencies float to reflect economic conditions and avoid excessive foreign debt. Many countries formerly behind the Iron Curtain haven't fully followed those lessons.

Poland, the Czech Republic and Hungary are trying to keep their currencies fairly close to the euro, in the hopes of joining the euro zone. Foreign investors, anticipating the euro conversion, have poured money in. The danger: If the countries keep postponing the conversion date, the foreigners all could try to rush for the exits at once, triggering a rapid weakening in local currencies. In this respect, many Eastern European countries "look like the Asian countries did in their run-up to their crisis in 1997," says Harvard professor Kenneth Rogoff, a former chief economist of the International Monetary Fund.

So far, Hungary's woes appear to be contained mostly within its borders, and Hungary itself doesn't appear on the verge of an Asian-style crisis. Yesterday, the forint was practically unchanged against the dollar and the Budapest stock market fell 2.2%. The country sold more debt successfully on global markets. "Events would really have to escalate" to trigger a broader crisis, said Barbara Nestor, a currency strategist at Commerzbank in London.

Still, a few emerging countries, including Turkey and South Africa, had their bonds and currencies weaken somewhat as a result of the unrest in Budapest. A coup in Thailand, a major emerging market, also raised some concerns. "The ugly scenario is Hungary gets into serious trouble, and there are problems in Turkey, and global conditions get worse," said Nouriel Roubini, an often-bearish professor at New York University's Stern School of Business.

Yesterday at the end of Europe's trading day, Fitch Ratings changed its outlook on Hungary's foreign and local currency debt to "negative" from "stable," a move it ascribed to the protests.

To repair Hungary's budget deficit, which is expected to balloon to more than 10% of national output this year, Mr. Gyurcsány has introduced an austerity campaign. He is raising taxes, laying off public workers and asking universities to charge tuition. People soon will have to pay fees to visit a doctor -- a jolt to those long accustomed to free service.

"I understand we have to go through rough times to make the country better, but I don't trust this government with the money," said protester János Erdelyi, a 37-year-old sales representative for a Budapest construction company, wrapped in the red-white-green Hungarian flag. "We want a new election."

Mr. Gyurcsány got his start in politics as a Communist youth leader. After the collapse of the Soviet bloc in 1989, he went into business, running an investment firm that profited handsomely from privatization projects.

His political philosophy is hard to pin down: While he leads the Socialist Party, the major left-leaning party in Hungary, he also is an enthusiastic capitalist and, more recently, a proponent of orthodox fiscal policy. He is friendly both with Russia's Vladimir Putin and Britain's Tony Blair.

Mr. Gyurcsány has offered an array of explanations for his remarks at the party meeting in May, when he acknowledged his lack of candor and said, "I almost died when for a year and a half we had to pretend we were governing." He said in his Web log, or blog, that he was referring to the dishonesty of the entire political elite since 1989, and on Hungarian television that he was criticizing politicians' unwillingness to persuade people of the need for painful changes.

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It remains unclear who leaked the tape of the meeting. Some say the prime minister himself might have been behind it, perhaps to convince Hungarians of the direness of the situation prior to regional elections on Oct. 1 in which his party trails.

If that was the intention, it clearly backfired. Zoltan Istok, a 32-year-old sales manager for a medical-equipment maker who has attended demonstrations all three days this week, pointed out that the government campaigned on a platform of tax cuts. "There was a 180-degree turnaround before the election and after, so they have no credibility," he said.

Although violence made headlines, the crowds before Hungary's Parliament building have been overwhelmingly peaceful. Many are supporters of the leading conservative party. Tuesday, protesters lined up at a makeshift wooden cart where a bearded, large-bellied man pulled beer from a tap and scooped out cups of cinnamon-mulled wine. Hungarian flags fluttered above the crowed as thousands sang along to Szózat, the country's second anthem, which begins: "To your homeland without fail/Be faithful, O Hungarian!"

Andrew Olasz, a 57-year-old father of three, was particularly upset about the government's plan to introduce university fees. Wearing a cloth band around his neck labeled with the name of a bitter Hungarian herbal liquor, he said he is protesting against "the campaign of lies."

Shaky Fundamentals

Economic fundamentals across Eastern Europe are increasingly shaky, two years after Hungary and seven other Eastern European nations joined the European Union. Slovakia and Croatia have big budget deficits that are getting worse. Several nations, including Hungary, have foreign-currency debt coming due that exceed their reserves of hard currency.

There are some similarities between the Eastern Europe of today and Southeast Asia in the late 1990s. Then, high interest rates and rollicking growth attracted throngs of investors. The money helped spark domestic credit booms across the region. And exchange rates linked to the dollar in Thailand, Indonesia and South Korea encouraged banks and corporations to borrow abroad.

Then, as interest rates rose in the developed world -- much as they are doing again today -- investors started to back away from developing nations. The retreat turned into a rout after Thailand devalued its currency in July 1997, as investors rushed to pull out of nearby countries where they perceived similar weakness.

Eastern Europe's situation isn't identical to Asia's a decade ago. Poland and the Czech Republic have significantly reined in deficits in their current account -- a broad measure of money flows that includes trade in goods and services. Also, unlike the key Asian nations in the 1997 currency crisis, Eastern European countries haven't committed to keep their currencies within a tight band versus the euro, giving them more flexibility.

In some respects, Hungary more closely resembles a group of countries including developed nations such as Iceland and New Zealand that have attracted foreign money with high interest rates despite concerns about a large current-account deficit. Iceland's currency plunged this year when some of that hot money withdrew.

After a long hot streak, emerging markets fell hard in May and June, suffering their worst selloff since 1997 and 1998. They have snapped back in recent weeks and most are up comfortably for the year and are outperforming the developed-nation markets.

Mr. Gyurcsány is vowing not to flinch from his austerity plan. "The policy of raw emotions and radicalism are in no way a viable path," he said yesterday.

Unusually Sensitive

Ordinary Hungarians are unusually sensitive to the risk of their currency weakening because many of them borrow in foreign currencies. Over half of Hungary's housing loans are in euros or Swiss francs. Sixty percent of corporate debt, and a third of the government's, is denominated in foreign currencies.

Agi Cöveky, a 53-year-old widow and obstetric nurse, is struggling to keep up. From her apartment next to an apple orchard on Budapest's outskirts, she explains that the monthly payments on her car and pickup truck -- both of which she bought using Swiss-franc loans several years ago -- have risen by 7,000 Hungarian forints (about $35) since April, as the forint's value has weakened. A government subsidy for her 10-year mortgage was halved in 2004, raising her monthly payments to about $359.

The combination meant she had to take up part-time work last year. "I haven't bought anything new in years," she says.

Still, such cases haven't stopped Hungary's economy from consistently expanding at a 3% to 5% clip over the past few years. One reason: generous public spending. Hungary doubled its minimum wage to $240 a month and boosted public-sector salaries 50%. In 2002, the current ruling coalition decided to add a 13th month of pay to pensioners' annual allowances. "Fiscal policy has been indulgent," says György Kopits, a member of the National Bank of Hungary's monetary council and a former International Monetary Fund official.

While protesters call Mr. Gyurcsány's cuts too severe, some international observers say his plan, although heavy with new taxes, doesn't go far enough in shaving pensions and health-care spending. After he introduced it in June, Standard & Poor's responded by downgrading Hungary's debt.

Jean Christophe de Beaulieu, who runs Boston-based State Street Global Advisors' $7 billion emerging-market fund, sold his $125 million holdings in Hungarian equities this spring. "The macroeconomic situation is preventing us from putting any money to work in the country," he says.

Euro-zone policy makers fret about the impact unstable economies could have on the currency club. Lithuania's bid for entry was rejected by the European Commission in May because its inflation rate was just above the limit for admission.

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Hungary still has a number of things going for it. The banking system, largely owned by Western parents, is sound. Foreign direct investment last year totaled $6.7 billion. János Kóka, the minister of economics, called this in a recent interview "the best long-term indicator of the country's economic expectations."

To date, Hungary's prospects of joining the euro zone have given it some protection by reducing the perception of risk in investing in the country. If Hungary weren't slated to join the euro, said National Bank of Hungary Gov. Zsigmond Járai in an interview, "international investors would absolutely have given up on us a long time ago."

The power of that buffer is fading. In July, after backsliding repeatedly, the Hungarian government dropped its latest formal target of switching to the euro in 2010. It now hopes to switch before 2012. Last week the Czech Republic also abandoned its euro-entry target. Governments in Eastern Europe, prodded by popular sentiment, have chafed at the targets on budget deficits and other economic indicators that are required to join the common European currency.

Protest In Hungary Draws 15,000 (WP)

By Craig Whitlock

The Washington Post, September 21, 2006

BUDAPEST, Sept. 20 -- Thousands of Hungarians surrounded the parliament building here for the third straight night to demand the ouster of the country's prime minister after he admitted to lying "morning, noon and night" to win reelection in April.

In what he thought was a private meeting, Ferenc Gyurcsany said in May that he had won reelection only by duping voters about how badly his party had run the country. "We have screwed up," he said. "Not a little, but a lot. No country in Europe has screwed up as much as we have. . . . It was perfectly clear that what we were saying was not true."

On Sunday, someone leaked to Radio Hungary and other media a tape recording of the socialist prime minister's confession. The immediate result: round-the-clock protests demanding Gyurcsany's removal. On Monday night, rioters temporarily took over the state television station. Over the next day or so, 150 police officers were injured.

The political violence is the worst in the East European country since Soviet tanks crushed a revolt in Budapest in 1956.

By midnight Wednesday, an estimated 15,000 protesters had gathered in a square overlooking the Danube River, the largest crowd to materialize since the tape recording became public.

Instead of resigning in shame or apologizing for having lied, Gyurcsany, 45, has tried to spin the scandal to his political benefit. He not only acknowledged making the comments but posted a transcript of the entire recording on his blog. He said his statements showed he was merely being honest about the sorry state of Hungary's public finances, something voters and politicians alike have been loath to accept.

"We will work without reversing course," the millionaire businessman and former communist vowed at a cabinet meeting Wednesday. "The government will hold firm on the only track possible: the policies of reform to ensure development and economic stability."

The uprising in Hungary has rattled neighbors in Europe, which until this week had counted the nation of 10 million people as the only East European country stable enough to reelect a government since the fall of communism in 1989.

Leaders of the European Union, which admitted Hungary and nine other new member states in 2004, said they were monitoring the crisis closely. Finnish Prime Minister Matti Taneli Vanhanen, whose country holds the rotating presidency of the bloc, said the E.U. would not intervene, "at least not today." But he added, "I hope things will calm down."

Many of the unpopular economic policies that the government began to implement after the election were required by the E.U. to keep the country on track for eventual adoption of the euro common currency.

Student leaders who had planned a major demonstration for Thursday called it off, saying they were afraid of the potential for more riots. But authorities said they expected other protests to continue.

Demonstrators who gathered outside parliament Wednesday waved red, white and green Hungarian national flags. Others carried banners. "We Need Truth For Peace," read one. Props included a mock coffin with Gyurcsany's photo and a black cloth draped over it.

"Like everyone else, I think he should resign," said Nikolett Boncz, a 24-year-old university student from the capital who was there to listen to the speeches. "It was obvious that he's been lying all along."

With municipal elections scheduled for Oct. 1, Hungarian opposition parties were quick to take advantage of the truth-telling scandal. Viktor Orban, head of the center-right Fidesz party and the prime minister's chief rival, called Gyurcsany "a sick, lying dilettante."

Few people, however, were predicting that Gyurcsany would yield to the pressure and step down. Political analysts and lawmakers from several parties said most Hungarians were disgusted with the prime minister's admission that he had lied to win reelection but were equally upset by the outbreak of violence, which they blamed on his political opponents.

"This has been shocking for Hungarian society, because for the last 16 years we've never had anything like this, never any violent actions," said Krisztian Szabados, managing director of Political Capital, an independent political research and consulting firm in Budapest. "People are faced with a choice between a liar or a guy who burns down the whole city."

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Attila Gosze, 23, a Budapest schoolteacher, said he was upset not only by Gyurcsany's duplicity but by the numerous obscenities in his tape-recorded remarks. But he said he could live with the lies and the foul language as long as the prime minister and his party prove able to fix Hungary's ailing economy.

"Perhaps he made a mistake, but he shouldn't resign," Gosze said. "That's his character, and we have to accept him for the way he is. If he does his job right, we'll stand by him."

Campaigning before April's national elections, Gyurcsany and his Socialist Party colleagues promised tax cuts and higher spending on social programs -- a popular platform with voters who had resisted calls to trim a long pattern of deficit spending in Hungary.

A few weeks after winning reelection, however, Gyurcsany told party allies in a closed meeting that the whole campaign had been a charade.

"I almost died, because I had to pretend for 18 months that we were governing," he said, according to a transcript of his remarks posted on his blog. "We kept the secret, while we knew and you did, too, that if the election victory comes, we will have to seriously settle down to work and that we have never had such a problem."

Instead of cutting taxes, Gyurcsany and his coalition partners have moved to raise them. They have also laid off public-sector workers and tried to trim spending.

Although opposition parties have pummeled the Socialists in recent months for their unpopular economic policies, they also campaigned last spring on a platform of cutting taxes and raising spending. Analysts and other lawmakers say that if nothing else, Gyurcsany's unvarnished comments will make it more difficult for all Hungarian politicians to make promises they know they cannot keep.

"It's unfortunately true that both big parties have been lying to the Hungarian people," said Matyas Eorsi, a lawmaker with the Liberals, a free-market party. "Now, the time of truth has finally come for Hungary. The rules of the market economy are also the rules for Hungary. We cannot ignore the rules anymore."

Politics, Lies And Audiotape (LAT)

The Los Angeles Times, September 21, 2006

IT'S ONE OF HOLLYWOOD'S FAVORITE TROPES: A cynical politician becomes weary of his own platitudes, startles the world by confessing his lies and is then rewarded with a popular groundswell of support for speaking the truth. From the Depression-era "Gabriel Over the White House" to the 1998 fable "Bulworth," the "mad as hell" mea culpa has seduced media dreamers for decades.

But does it work in the real world? Maybe not, if this week's events in Hungary are any indication. On Sunday, an unknown leaker released a 25-minute audiotape of Hungarian Prime Minister Ferenc Gyurcsany privately chewing out members of his Socialist Party a month after their April 23 reelection. "We [deleted] up. Not a little, a lot," Gyurcsany said, arguing for the necessity of emergency post-election austerity measures. "We have done nothing for four years. You cannot tell me of any significant government measure we could be proud of…. I almost died of having to pretend for the past year that we were actually governing. Instead we lied day, night and evening. I don't want to do this anymore."

Refreshingly blunt, for sure. But did a grateful nation hoist the truth-teller on its shoulders? Not quite. Angry demonstrators set fire to the state television building, attacked and injured more than 140 police officers, torched a dozen police cars and demanded Gyurcsany's figurative head. It was the worst public violence in the streets of Budapest since the Soviet-quashed revolution 50 years ago next month.

Gyurcsany is under intense pressure to resign, or at least scale back his economic reforms, but so far he's standing firm. The leak may even make it easier for him to sell his austerity package, a theory bolstered when the prime minister quickly published a lengthy transcript on his blog. Given that the violent demonstrators number only in the low thousands, it's conceivable that the telegenic young politician may yet pull a mini-Bulworth, or at least be able to do what his Socialist predecessors did 11 years ago shortly after winning election: bring the previous government's election-year spending binge into check.

But for the first time since Hungary reinstituted free elections in 1990, the previous government is the same as the one in power. And therein lies an important lesson: Some politicians will indeed lie "day, night and evening" if they can get away with it, especially to preserve their own power. Hearing an elected leader admit as much is both refreshing and depressing. If Hollywood ever decides to tell its own version of this week's events in Hungary, which aspect it emphasizes will depend on what happens in Budapest in the coming weeks and months.

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Miller, Charles S

From: Miller, Charles S
Sent: Thursday, September 21, 2006 11:18 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/21/06 Civil Division News

Lobbyist Access to White House Revealed in Secret Service Logs

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CMS SUED BY ADVOCACY GROUPS OVER PREMIUM GLITCH REPAYMENT POLICY

Bloomberg

Sept. 21, 2006

Lobbyist Access to White House Revealed in Secret Service Logs

Sept. 21 (Bloomberg) -- Anti-tax advocate and lobbyist Grover Norquist visited the White House at least 74 times over the last five years, according to Secret Service logs released yesterday that illustrate the access that he and other Bush administration allies enjoyed.

Norquist was one of nine people with links to disgraced lobbyist Jack Abramoff who were listed in the 1,646 pages of documents showing dates and times of appointments registered with the Secret Service.

Lobbyists who worked with Abramoff, including Tony Rudy, Neil Volz, Kevin Ring and Shawn Vasell, had among them at least 70 appointments at the White House from 2001 to 2005, according an administration official who briefed reporters on the documents. Records released earlier this year show Abramoff had at least seven White House appointments from 2001 to 2004.

The records were released by the Bush administration to settle a lawsuit filed in May by the Democratic National Committee. Democrats have sought to link President George W. Bush with Abramoff, 47, a Republican fund-raiser who pleaded guilty in January to conspiring to corrupt public officials and defrauding American Indian tribes that were his lobbying clients.

``This settles the claims brought by the DNC," White House spokeswoman Dana Perino said.

Battle Over Records

The DNC said that the records released aren't complete, because many other documents that would list appointments and visits were turned over by the Secret Service to the White House, becoming exempt from disclosure through executive privilege. The Bush administration initially argued that some of the Secret Service records, including those of former Christian Coalition Executive Director Ralph Reed and Norquist, didn't have to be released because they were policy advisers.

``By trying to extend a special privilege typically reserved for U.S. government employees to protect their Abramoff cronies like Grover Norquist, and Ralph Reed, the Bush administration showed just how willing they are to manipulate the law to hide the truth and protect their political interests," DNC spokeswoman Karen Finney said in a statement.

Among the appointments listed for Norquist, 49, was one on Feb. 4, 2005, with David Safavian, then the government's top procurement official. Federal Bureau of Investigation agents later interviewed Safavian, 39, about his connections with Abramoff, and Norquist's business ties to the Republican lobbyists were detailed during a June 2005 Senate hearing on the scandal surrounding Abramoff.

Before Safavian joined the government, he worked at a lobbying firm founded by Norquist called Janus-Merritt Strategies in Washington. Safavian was convicted last June of making false statements about his relationship with Abramoff.

Advisory Role

Norquist didn't return a call made after-hours to his Washington office seeking a comment. Perino said he is ``one of a number of individuals who worked to advance fiscal responsibility, which is one of the key aspects of the president's agenda."

The documents, involving visits to the White House grounds including the West Wing, the Eisenhower Executive Office Building and the South Lawn, list few details beyond names and times and dates of appointments. In some cases the records show whom the visitor was scheduled to meet.

Some of the people listed, including Safavian and Assistant Labor Secretary Patrick Pizzella, made regular trips to the White House compound as part of their jobs. Pizzella, who once worked with Abramoff at a lobbying firm, hasn't been implicated in any Abramoff-related court case or other hearing.

Purpose of Visits

Many of Norquist's visits may have been for large events. One visit on June 7, 2001, coincided with Bush's signing a $1.35 trillion tax cut. He was cleared to enter the White House grounds a total of 97 times, according to the administration official. His visits are noted in summary sheets included with the documents at least 74 times.

A person named Michael Scanlon spent more than an hour on the White House grounds on Saturday, March 6, 2004, according to the logs. The records aren't clear whether he is the same Michael Scanlon who was a business partner of Abramoff and who pleaded guilty last November to conspiring to corrupt public officials.

Rudy and Volz, who worked at Abramoff's lobbying firm, pleaded guilty to similar charges earlier this year.

Two other lobbyists from Abramoff's firm -- Greenberg Traurig LLP -- whose names were listed on the White House logs, Vasell and Ring, haven't been charged with wrongdoing.

The document release marks the third time this year that the Secret Service has released information about White House visits by Abramoff or his associates in response to demands from government watchdog groups and the Democratic National Committee.

The Abramoff corruption probe has ensnared members of Congress. Representative Robert Ney, an Ohio Republican, agreed to plead guilty last week to charges he accepted gifts and cash from Abramoff in exchange for legislative favors. Former House Majority Leader Tom DeLay, a Republican from Texas, resigned from Congress in part because of his relationship with Abramoff. He hasn't been charged in connection with the Abramoff case.

Bush has denied knowing Abramoff, saying at a Jan. 26 news conference, ``I, frankly, don't even remember having my picture taken with the guy." Time magazine in February published a photo of them together, which White House officials dismissed as one among hundreds of pictures the president poses for each year.

END

AP

September 21, 2006

US judge orders release of info on Guantanamo detainees who were disciplined or mistreated

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_A judge has ordered the Department of Defense to release documents containing the identities of some detainees at the U.S. prison camp in Guantanamo Bay, Cuba, who were released or who suffered mistreatment by their handlers or other detainees.

In ruling in a case brought by The Associated Press, U.S. District Judge Jed S. Rakoff said the government cannot keep the names secret. He gave the government a week to provide the news organization with the information despite government claims that doing so would violate detainees' privacy.

"The public interest in disclosing government malfeasance is well-established," the judge wrote in his decision Wednesday.

David A. Schulz, who argued the case for the AP, called the judge's decision "a resounding victory for the public's right to know."

He said the identities of between 50 and 100 detainees who were ordered to be transferred or released from Guantanamo Bay after Jan. 1, 2005, will allow reporters to attempt to verify whether the government's account of events is accurate.

"The Department of Defense has made it virtually impossible for anyone to check the accuracy or thoroughness of what is going on in Guantanamo," Schulz said. "The public is supposed to be able to determine these things for itself."

A spokeswoman for federal prosecutors, Lauren McDonough, said the government had no immediate comment.

The judge said some military officers and FBI agents who have worked at Guantanamo also have questioned the treatment of detainees. The judge also noted that some detainees have initiated hunger strikes to protest what they consider abuse, while other detainees, since released, have gone public with allegations of abuse.

"In all such instances, the detainees have not hesitated to reveal their identities," he said.

Schulz said the judge also ordered the government to turn over the identities in eight files reporting investigations of allegations of abuse of detainees by military personnel and fewer than a dozen probes of abuse of detainees by other detainees.

Earlier this year, the judge ordered the Department of Defense to turn over to the AP unredacted copies of transcripts and documents related to 558 military hearings in which detainees\l "I" were permitted to challenge their incarcerations.

The government's treatment of the hundreds of prisoners at the eastern Cuba prison camp has troubled human rights groups. Most have been held without being charged since investigations were begun into the Sept. 11, 2001, attacks.

The detainees are from Afghanistan, Russia, Persian Gulf countries and elsewhere. Many were captured in Afghanistan.

Also Wednesday, a federal judge said that the U.S. military may review thousands of legal documents seized from detainees at the Guantanamo Bay prison in a probe of suicides that may have been coordinated.

In June, three detainees were found hanged in their cells. One suicide note had been written on paper stamped "attorney-client privelege," and belonged to another detainee, according to court papers. U.S. District Judge James Robertson, in rulings issued Wednesday and last Friday, ordered an independent "filter team" to review the paperwork for evidence.

Attorneys for dozens of detainees had opposed that and demanded the government return the legal documents. Irrelevant and protected documents must be returned to the detainees, the judge ruled. He ordered the government to keep meticulous records during the process.

Robertson acknowledged that the decision likely will be appealed. Another judge in the same court opted not to set up such a filter process last month.

END

Globe & Mail

21/09/06

House apologizes for Arar's treatment; Motion passes unanimously in Commons; names removed from terrorism watch list

JEFF SALLOT AND COLIN FREEZE

OTTAWA AND TORONTO — A packed House of Commons apologized unanimously Wednesday to Maher Arar for Canadian involvement in his deportation from the United States and torture in Syria.

In a related development, the government said it has taken the names of Mr. Arar, his wife, Monia Mazigh, and their two small children off a border-watch list that is used to track terrorist suspects.

Amid sustained cheers and applause, MPs approved on a voice vote a Bloc Québécois motion that said: "It is the opinion of this House that apologies should be extended to Maher Arar for the treatment he received."

Public Safety Minister Stockwell Day and other Conservatives joined in to support the motion.

The vote came midafternoon with most MPs present. Prime Minister Stephen Harper was in New York for meetings at the United Nations.

The motion is not legally binding in the same way a bill to pay compensation would be. But the minority Conservative government has said it is in talks with Mr. Arar's lawyer to reach a financial settlement for his ordeal.

Without a doubt, Mr. Arar "suffered a serious injustice," said Conservative MP Jason Kenney, Mr. Harper's parliamentary secretary and spokesman when the Prime Minister is away from the House. "We want to come to an honourable conclusion with him."

"It is very emotional for me," Mr. Arar said when he heard the news of the House motion. "I am very grateful to the MPs who passed this motion."

Mr. Arar said he still needs an apology from Mr. Harper on behalf of the government.

He also appealed to the Prime Minister to lodge an official protest with the U.S. government for deporting him to Syria in 2002. Mr. Harper is expected to meet with senior U.S. officials while he is in New York.

A commission of inquiry exonerated Mr. Arar on Monday and said that Ottawa should formally protest to the United States and Syria for Mr. Arar's treatment.

Mr. Justice Dennis O'Connor, who headed the inquiry, said it is very likely the Americans relied on inaccurate RCMP intelligence reports when they arrested Mr. Arar at New York's Kennedy Airport and deported him in the dead of night to the Middle East as a terrorist suspect.

Judge O'Connor also said the RCMP tried to cover up the extent of its involvement with the U.S. authorities, misleading the Privy Council Office on this point at a time when the government was trying to decide whether to convene an inquiry.

Interim Liberal Leader Bill Graham, who was foreign minister when Mr. Arar was arrested, joined a chorus of opposition MPs who said RCMP Commissioner Giuliano Zaccardelli should be held accountable.

Mr. Graham stopped short of calling for the commissioner's resignation, though several other opposition MPs did say he should be axed.

Mr. Kenney and other government ministers did not try to defend Mr. Zaccardelli. Instead, Mr. Kenney said “we are not going to take precipitous action in regard to personnel” at the RCMP.

Mr. Graham said he accepts responsibility for not pushing hard enough to find out what the RCMP's involvement was in the case at the time the Liberal government was in diplomatic talks with Syria to try to get Mr. Arar released.

Likewise, “Mr. Zaccardelli will have to take his responsibility,” Mr. Graham said.

Mr. Zaccardelli, who has been out of the country on police business, has still not made a public statement about the inquiry's findings. And nobody else at the RCMP is talking.

The Arar case has Liberals and Conservatives pointing fingers at each other. The Conservatives say it is a scandal that they inherited after the election and they have to clean up the mess. The Liberals are pointing to statements by Mr. Harper and other Conservatives when they were in opposition castigating the government for trying to defend a “suspected terrorist” who supposedly slipped through a Canadian net only to be caught by Americans.

Judge O'Connor's report contained a major and disturbing surprise, Mr. Arar said in a telephone interview. The report says that not only had the 36-year-old computer engineer been put on a border-watch list, so had his wife and their two young children.

“Why did they do this to my children?” Mr. Arar asked as he wept.

NDP Leader Jack Layton also found it “outrageous” and demanded to know when the names would be removed. “I can report to the House that action has already been taken,” Mr. Kenney replied.

The watch list in question is an intelligence data bank maintained by the Canada Border Services Agency.

An agency spokesman said that government officials are reviewing the judge's findings. The CBSA was not prepared to comment whether the agency routinely puts the names of children of suspected security threats into its data base.

Still, a couple of retired Mounties stood up for the RCMP and its embattled commissioner.

“You have to recognize that Justice O'Connor was not critical of the commissioner. He was pointing out institutional failures that need to be addressed,” former RCMP chief Norman Inkster said in an interview.

And while certain pundits have suggested that the RCMP has lost its way, Mr. Inkster countered that “to say there is an absence of internal integrity of an entire organization is a huge leap.”

He pointed out that the RCMP is a sprawling organization, consisting of 21,000 officers who act as the local police forces for eight provinces and 200 municipalities, and who also strive to protect Canada from international terrorist threats. Problems related to the Arar case, Mr. Inkster pointed out, were found to be mostly limited to a small number of officers who had been thrust into national-security work immediately after 2001.

Mr. Inkster, who headed the RCMP from 1987 to 1994, said the judge's recommendations will be helpful, and that Mr. Zaccardelli “is a professional” who can be trusted to improve training and ways for police to share information. Regardless, “because people, without thinking, are challenging his integrity and leadership, it will be hurtful,” Mr. Inkster said.

Another RCMP official involved in 2001-era terrorism investigations took the mounting criticism with a grain of salt. “The bottom line is we should be proud of our front-line officers: If we put their necks on the chopping block it's the wrong message to send,” said Ben Soave, a retired chief superintendent who headed Toronto-area national-security investigations after 2001.

Conceding that the recommendations may prove beneficial, Mr. Soave said that the RCMP, just like many organizations after 9/11, faced incredible pressure and a steep learning curve in the past five years. Many improvements have been made, he said.

Apart from the findings, Mr. Soave wondered whether the terrorist organizations might be studying police methods revealed through the public-inquiry process, or whether international law-enforcement partners will continue to trust Canada with secrets.

“All the time the terrorists are getting much more smart and they are bloodthirsty,” Mr. Soave said.

END

New York Times

September 21, 2006

Justice Dept. Amends Remark on Torture Case

By SCOTT SHANE

WASHINGTON, Sept. 20 — In an embarrassing turnabout, the Department of Justice backed away Wednesday from a denial by Attorney General Alberto R. Gonzales of responsibility for the treatment of a Canadian who was seized by American authorities in 2002. The man was deported to Syria, where he was imprisoned and beaten.

Asked at a news conference on Tuesday about a Canadian commission’s finding that the man, Maher Arar, was wrongly sent to Syria and tortured there, Mr. Gonzales replied, “Well, we were not responsible for his removal to Syria.” He added, “I’m not aware that he was tortured.”

The attorney general’s comments caused puzzlement because they followed front-page news articles of the findings of the Canadian commission. It reported that based on inaccurate information from Canada about Mr. Arar’s supposed terrorist ties, American officials ordered him taken to Syria, an action documented in public records.

On Wednesday, a Justice Department spokesman said Mr. Gonzales had intended to make only a narrow point: that deportations are now handled by the Department of Homeland Security, not the Department of Justice.

The spokesman, Charles Miller, said the attorney general forgot that at the time of Mr. Arar’s deportation, such matters were still handled by the Immigration and Naturalization Service, which was part of the Department of Justice.

“He had his timeline mixed up,” Mr. Miller said.

Asked why Mr. Gonzales appeared to cast doubt on the Canadian finding that Mr. Arar had been tortured, Mr. Miller said, “I wouldn’t go beyond what he said.”

He said Justice Department officials “have not fully reviewed” the commission’s report since its release on Monday, and he noted that Mr. Arar had brought a lawsuit against United States officials that was dismissed by a lower court but was being appealed.

The attorney general’s refusal to take responsibility for the government’s conduct in the case comes when the treatment of people detained in the campaign against terrorism is again at the center of public debate. The White House is in negotiations with Republican senators who believe detainee legislation proposed

by the administration would damage the international standing of the United States and possibly endanger American soldiers taken prisoner overseas.

For critics of the Bush administration at home and abroad, the Arar case has become an oft-cited example of both incompetence and brutality in the offensive against terrorism. It is often described as a rendition, the legal term for the seizure of a suspect overseas and delivery to imprisonment and interrogation in another country.

But the Arar case differs technically from other instances of rendition because Mr. Arar was detained in the United States and his expulsion resulted from a formal deportation order, a distinction Mr. Gonzales made.

Asked about Mr. Gonzales's remarks, Mr. Arar said in an interview on Wednesday with National Public Radio that American officials had sent him to Syria despite his protests that he would be tortured there.

"The facts speak for themselves, you know," Mr. Arar said. "The report clearly concluded that I was tortured. And for him to say that he does not know about the case or does not know I was tortured is really outrageous."

Maria C. LaHood, Mr. Arar's lawyer at the Center for Constitutional Rights in New York, called Mr. Gonzales' comments "unbelievable."

"I had hoped that they would actually step up and say, 'We made a mistake, we accept the report's findings, we clear Mr. Arar's name and we apologize,' " Ms. LaHood said.

Mr. Arar, now 37, is a former telecommunications engineer who was born in Syria but did not live there after his teenage years.

In September 2002, as he changed planes at Kennedy International Airport in New York on his way home to Canada, he was detained because his name was on a terrorist watch list. His name was included on the basis of incorrect information from the Royal Canadian Mounted Police that he was linked to Al Qaeda, the commission found.

American officials wanted more information about what threat he might pose and decided to deport him to Syria, an option legally possible because he had been born there. Officials have said that as is standard in such cases, the United States sought "assurances" from Syria that Mr. Arar would not be tortured.

In fact, he was held there in a dank cell that measured 3 feet by 6 feet by 7 feet and beaten repeatedly with a metal cable, according to Mr. Arar's description and the commission report.

In October 2003, Mr. Arar was released by Syria, where officials found no evidence that he had any connection to terrorism, and returned to Canada. In January 2004 the commission, headed by a judge, Dennis R. O'Connor, began two years of hearings and investigation. The United States refused to cooperate with the commission, declining Canadian requests for documents and testimony related to the case.

On Wednesday, Representative Edward J. Markey, Democrat of Massachusetts, introduced five "resolutions of inquiry" aimed at forcing the release of government documents related to the case.

Under Congressional rules, the resolutions must be voted on in five House committees within 14 days, or Mr. Markey will be able to force a vote by the full House, his staff said.

END

AGENCE FRANCE PRESSE ENGLISH WIRE

September 21, 2006

Germany tracing US agents who seized Masri

BERLIN, Sept 21, 2006 (AFP) - German prosecutors on Thursday said Spain was helping them to identify the men who seized a German citizen who claims he was wrongly detained by the CIA for five months as a terror suspect and tortured.

The state prosecutor in Munich told AFP the Spanish authorities had handed over a list of 20 names, believed to be US agents, who may have been involved in the kidnapping of Khaled el-Masri.

"We are making specific enquiries to the Spanish authorities," state prosecutor August Stern said.

He confirmed a report in Thursday's Sueddeutsche Zeitung that the suspected kidnappers are believed to have spent a night in a hotel on the Spanish holiday island of Majorca before flying to Macedonia, where Masri was seized.

A number of secret CIA flights are believed to have passed through Majorca.

The men allegedly involved in the Masri case had used false names but the authorities had been able to identify them because the hotel made copies of their passport photographs, the German press reported.

German state broadcaster ARD reported that three of the men were pilots employed by a private company which worked for the CIA.

Masri disappeared in Skopje, the Macedonian capital, on New Year's Eve 2003 in a case that has sparked diplomatic tension between Washington and Berlin.

Chancellor Angela Merkel said earlier this year that the United States had admitted making "a mistake" in detaining Masri.

Lebanese-born Masri claims that his abductors flew him to a prison in Afghanistan for interrogation. He says he was held for five months before being taken to Albania and released.

The case heightened the controversy about the CIA's so-called rendition programme in which terror suspects were seized in one country and taken to secret prisons in other countries for questioning.

US\l "I" President George W. Bush earlier this month admitted that the US Central Intelligence Agency had covertly held prisoners in overseas prisons.

Masri sued former CIA chief George Tenet and other officials but the case was dismissed by a US\l "I" court in May.

The court ruled that a trail could compromise US security by disclosing secret information but added that if his story were true, Masri was entitled to "a remedy" from the US administration.

A German parliamentary committee is investigating the affair because of allegations that the former government had known of Masri's plight but failed to act.

END

AP

September 21, 2006

Bush administration appeals OK of citizenship to Palestinian man

LOS ANGELES_The Bush administration has appealed a federal judge's ruling granting a petition for citizenship to a Palestinian man who the government has claimed has terrorist ties.

The appeal comes two months after U.S. District Judge Stephen V. Wilson ruled Aiad Barakat, 45, of Arcadia, should become a citizen. The judge said Barakat didn't lack good moral character and his application should never have been denied.

The Justice Department filed its notice of appeal on Sept. 14 without giving a reason for the action. Authorities had refused citizenship to Barakat because of his alleged terrorist links, saying Barakat lied about ties to the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization.

Barakat was detained in 1987, along with six other Palestinians and a Kenyan in a case that became known as the "L.A. Eight," but charges were never filed. Immigrant rights groups said the case was politically motivated.

Barakat's lawyer Marc Van Der Hout said he believes Wilson's June 28 ruling will stand.

"We don't think there is a strong appeal on the government's part," Van Der Hout said. "Judge Wilson heard the evidence and made some credibility findings. It is exceedingly unlikely a Court of Appeals will disturb that ruling."

The Justice Department declined comment.

The Popular Front for the Liberation of Palestine has opposed peace negotiations between the PLO and Israel, and the U.S. government considers it a terrorist organization. All of the so-called "L.A. Eight" have denied being members.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation\l "l" to be based on political affiliation and advocacy.

In 1997, Barakat and another Palestinian in the group were granted legal residency after the government had initially tried to deport all eight.

U.S. Immigration and Customs Enforcement spokeswoman Virginia Kice said two of the Palestinians were currently in deportation hearings. The immigration status of the others was not known.

END

Inside the Pentagon

September 21, 2006

BACK IN COURT, ANTHRAX CASE FOCUSES ON SINGLE ITEM: LAWYERS' FEES

Litigation over the Pentagon's anthrax immunization program fizzled toward an unexpected conclusion

early this month when U.S . District Court Judge Emmet Sullivan opted to ignore an invitation from a three-judge appeals panel to consider vacating a decision he'd issued nearly two years ago. Instead, Sullivan said at a Sept. 7 hearing in Washington the only issue he sees remaining before his court is how much the U.S. government owes the plaintiffs in attorney's fees.

The case revolves around a Pentagon effort, begun in 1998, to inoculate more than a million defense personnel with the anthrax vaccine. Defense officials said the mandatory shots were necessary to ensure troops and civilians in high-risk regions or jobs do not fall victim to potentially lethal biological attacks. The Defense Department sought to use the vaccine to protect against "weaponized" anthrax spores an adversary might spread through the air.

Six anonymous defense personnel challenged the program with a lawsuit, filed in March 2003, saying the Pentagon could not legally administer the six-shot inoculation series involuntarily because the anthrax vaccine had never been properly licensed for wide-scale protection against inhaled transmission of the disease. Under the law, a U.S. president could invoke national security concerns and override a service member's right to decline inoculations, but neither President Clinton nor President Bush did so.

Rather, the government has defended the mandatory shots, insisting the vaccine was properly licensed.

In an October 2004 summary judgment on the case, Sullivan supported the plaintiffs, declaring the Pentagon's involuntary vaccination effort to be "illegal" (Inside the Pentagon, Oct. 28, 2004, p1). Sullivan issued a permanent injunction against giving mandatory shots until such time as the Food and Drug Administration carried out a proper process to certify the anthrax vaccine, or a presidential waiver is issued.

In response, the Defense Department temporarily suspended the shots. But in May 2005, the Pentagon resumed the effort on a voluntary basis, citing the authority of a relatively new law, the 2004 Project BioShield Act (ITP, May 5, 2005, p5).

Later that month, the government challenged Sullivan's decision at the U.S. Court of Appeals (ITP, May 19, 2005, p1). As the Justice Department's appeal was pending, FDA completed the formal process the lower court judge had said was necessary before the injunction against mandatory shots could be lifted. The agency issued a "final rule and order" last December confirming its view the anthrax vaccine is safe, effective and appropriate for the prevention of inhaled spores (ITP, Jan. 5, p1).

Based on FDA's long-awaited certification, the federal appeals panel decided in February that the government appeal before it had become moot. But in an interesting twist, the higher court remanded part of the case back to Sullivan. The appeals panel suggested Sullivan might rule on the government's pending request to vacate his 2004 finding that the Pentagon's anthrax inoculation program was illegal between its May 1998 inception and the FDA certification, issued in December 2005 (ITP, Feb. 16, p1).

"By its own terms . . . the injunction has dissolved, and this case no longer presents a live controversy on which we may pass judgment," the appeals court said in its five-paragraph decision.

"The government urges us to vacate the district court's opinion" that the Pentagon vaccination program was illegal until FDA issued its final rule and order in December 2005, the three judges stated. "We decline to do so, and instead remand with instructions to the district court to consider that request."

In court early this month, Sullivan said a joint proposal co-authored in July by the complainants and defendants essentially wraps up the case. In fact, the document summarizes different views the two sides have about how Sullivan should act on the case.

"Plaintiffs request that the court refuse the defendant's request for vacatur, and adopt the findings and holding expressed in its October 2004 order that the vaccine was not a drug approved for its applied use until the FDA properly completed its review of the vaccine and issued a final rule and order on Dec. 19, 2005," the joint proposal states. The government's repeated statements that the vaccine status was safe,

effective and not misbranded all along "fly in the face of this court's specific factual determinations and rulings," the plaintiffs note.

However, in the same document, the government appears to concede that it could not reasonably expect Sullivan to vacate his own earlier judgment that the Pentagon's use of the vaccine was illegal prior to last year's FDA certification.

"In light of the Court of Appeals' finding of mootness, the government does not believe that any substantive issues remain in this case and that the case should be dismissed," the document reads.

The two parties agree that, because the government did not prevail at the Court of Appeals, it now owes the plaintiffs payment for attorney's fees.

This remains the only pending issue before Sullivan, the federal judge said with little explanation at the Sept. 7 hearing.

"Can the parties resolve the issue of attorney's fees?" he asked the litigants, offering to assign the case to a magistrate.

Ronald Wiltsie, representing the Justice Department, told Sullivan he anticipates the two parties could probably sort out the issue themselves, once the plaintiffs update a petition for fees initially submitted to the court in November 2004. The attorneys said they could probably agree on payment for plaintiff attorney fees by early next year.

After the hearing, Mark Zaid, who serves as plaintiff co-counsel, told ITP he would estimate their total fee request will top $312,000. In 2004, the plaintiffs also tallied expert fees of nearly $22,000.

Despite the seemingly ambiguous disposition of the case as remanded back to Sullivan's court, those opposed to the Pentagon's involuntary program are confident the judge's 2004 declaration that it was illegal will form a strong basis for further litigation.

"The appeal was mooted," says one attorney involved in the case, speaking on condition of not being named. "It doesn't affect Judge Sullivan's [2004] order at all."

Those following the issue anticipate hundreds of service members who received dishonorable discharges for refusing orders to take the anthrax vaccine will appeal to the Pentagon to correct their records. Members of the military are not required to obey illegal orders. In addition, these individuals may request back pay through the end of their enlistment period and possibly seek damages if the blemish on their records made it hard to find work in the civilian world. A small number of personnel may ask to be reinstated into the military, according to sources.

"Were the government to have to cover all associated expenses involving service members and civilians who were unlawfully disciplined due to the illegal vaccine program, the amount would likely be in the tens of millions [of dollars]," Zaid told ITP on Sept. 7.

Appeals to a service board for the correction of military or naval records are made on a case-by-case basis and cannot be done as a class, sources say.

Meanwhile, the Pentagon continues to give anthrax inoculations to defense personnel on a voluntary basis.

END

CNN
SEPTEMBER 21, 2006

Report: Suits say Feds blocked oil royalties; Four Interior Department auditors said to claim they were blocked from pursuing payments owed for Gulf drilling.

NEW YORK (CNNMoney.com) -- Four government auditors who monitor leases for oil and gas on federal property charge the Interior Department suppressed their efforts to recover millions of dollars from companies they said cheated the government, according to a published report.

The *New York Times* reported the accusations Thursday, citing recently unsealed lawsuits that the four brought to try to recover more than $30 million they argue is owed the federal government for oil produced in publicly owned waters in the Gulf of Mexico.

The paper reports that two of the lawsuits, brought by two senior auditors still with the Minerals Management Service office in Oklahoma City, claim that Shell Oil (Charts) had fraudulently shortchanged taxpayers out of $18 million. The suit charges that the two had been ordered by superiors to drop their claim.

The paper reports that a third auditor, also in Oklahoma City, charged that senior officials in Denver ordered him to drop his demand that two dozen companies pay $1 million in back interest.

Bobby Maxwell, who the *Times* reports was formerly in charge of Gulf of Mexico auditing before leaving the agency, filed a suit in 2004 that charges senior officials in Washington ordered him not to press claims that the Kerr-McGee Corp. had cheated the government out of $12 million in royalties.

Anadarko Petroleum Corp. (Charts) purchased Kerr-McGee earlier this year for $16 billion. John Christiansen, a Kerr-McGee spokesman, told the paper, "We believe the case is without merit and we are defending against it." A Shell spokeswoman said the company had not seen the suits and had no comment.

The paper said the auditors sued the oil companies under a federal law, called the False Claims Act, that allows individuals to expose fraud against the government. If they are successful in their legal effort, they will be entitled to up to 30 percent of any money recovered, while losing companies would be required to pay triple the amount of recovered money as well as back interest -potentially more than $120 million in these cases.

Interior officials issued a statement to the paper that denied the agency had suppressed any valid claims and implied that the auditors simply wanted a share of any money recovered through their lawsuits.

The paper reports that the Justice Department, which reviews such suits and sometimes joins them, declined to participate in these cases. But it did not urge the courts to dismiss the suits, as some senior Interior Department officials had wanted, according to the paper.

The Interior Department's inspector general, Earl E. Devaney, in testimony to a U.S. House subcommittee Sept. 13, blasted the department for alleged ethical failures, saying that "short of crime, anything goes" at the top levels of the Interior Department, according to the paper.

Public lands under the Gulf of Mexico have become an important source of the nation's oil, accounting for almost 30 percent of U.S. oil production and almost 20 percent of natural gas production.

In addition, advances in deep-water drilling may unlock new supplies in coming years, with Chevron (Charts), Devon Energy (Charts) and Statoil (Charts) announcing earlier this month that a joint venture of theirs had successfully extracted oil from a test well in the deep waters of the Gulf of Mexico, an achievement that could increase total U.S. oil reserves by about 50 percent.

But the three companies may avoid more than $1 billion in royalty payments on that new find due to a mistake the Interior Department made in signing offshore leases in the late 1990's, according to an earlier report in the *Times*.

END

AP

Sept. 20, 2006

Judge dismisses challenge to law requiring citizenship proof for government health benefit

By KEVIN FREKING Associated Press Writer

(AP) - WASHINGTON-A federal judge dismissed a challenge to a law that requires millions of Medicaid beneficiaries to prove their citizenship before obtaining health benefits.

Congress passed legislation earlier this year designed to ensure that only citizens or qualified legal immigrants gain access to Medicaid, the state-federal health insurance program for the poor. More than 50 million people get health care through the program.

Several beneficiaries contended in a lawsuit that the new documentation requirements would endanger their health care benefits. That contention was nothing more than conjecture, U.S. District Judge Ronald A. Guzman ruled.

Guzman's 21-page ruling was made public Tuesday. He did not rule on the law's validity. Instead, he said the plaintiffs made clear in their complaint that they were challenging the regulations that the Department of Health and Human Services issued concerning implementation of the law.

The contested regulations do not create the documentation requirements. They simply flesh them out, the judge noted.

"Absent a showing that their injuries can be traced to the regulations, which they have not made, plaintiffs do not have standing to pursue these claims," Guzman wrote.

Lawyers who are pursuing the case on behalf of Medicaid beneficiaries said they got a partial victory in the case when the judge said he probably will issue an injunction that would prevent 500,000 foster children from being subject to the documentation regulations.

"He said there is a strong likelihood of success on the merits for the foster children," said John Mark Bouman, a lawyer at the Sargent Shriver National Center on Poverty Law in Chicago, Illinois. "If he had also found they were about to be injured tomorrow, he would have entered an injunction. He just wasn't convinced of that part yet."

Bouman also said that one way or another the plaintiffs will pursue the case and ask the judge to rule on the validity of the statute. He described it as an interim ruling that says children in foster care are likely to win, but everyone else must overcome procedural hurdles.

In all, 15 people were listed as plaintiffs. Families USA, an advocacy group in Washington, helped organize the lawsuit. Ron Pollack, the organization's executive director, said the documentation requirements are most harmful to victims of natural disasters, the homeless and people with mental and physical disabilities who will have trouble finding documents such as passports or birth certificates.

"For many people, this documentation requirement is going to prove to be extraordinarily onerous, and

many people will be unable to fulfill this requirement," Pollack said.

However, about 8 million Medicaid beneficiaries also are exempted from the documentation requirements, namely elderly and disabled people so poor they qualify for both Medicare and Medicaid, as well as those aged and disabled people who get cash to meet basic needs through Supplemental Security Income.

Congress said that, beginning July 1, documents will be needed to prove identity and citizenship.

Regulations issued by the Department of Health and Human Services say a passport would meet both criteria. A birth certificate would serve as evidence of citizenship, but a second document would be needed to prove identity. In rare cases, sworn affidavits from two citizens can be accepted, but at least one of the two cannot be related to the applicant.

END

Inside CMS

September 21, 2006

CMS SUED BY ADVOCACY GROUPS OVER PREMIUM GLITCH REPAYMENT POLICY

Medicare officials violated the law by failing to tell the 230,000 beneficiaries who erroneously received a total of $50 million in premium payments that they could appeal CMS' demand to repay the government , patient advocates charge in a lawsuit filed Sept. 15 against CMS in the U.S . District Court for the District of Columbia.

CMS agreed Sept. 18 to stop sending the repayment demand letters while Judge Henry Kennedy considers briefs the Center for Medicare Advocacy filed on behalf of the Action Alliance of Senior Citizens and Gray Panthers. The groups ask him to prohibit CMS from recovering any of the mistaken payments "unless and until the [HHS] Secretary provides written notice of the right to waiver."

Department of Justice attorneys agreed, on behalf of CMS, to halt the letters and are expected Thursday to file briefs either asking the judge to dismiss the lawsuit or laying out their arguments in opposition.

"These were premium refunds made in error and this is not the beneficiaries' money," said a CMS spokesman. "Waiver of repayment is not available in this situation. Therefore, while we are not sending out any additional written material at the moment, beneficiaries have already received instruction as to how to repay, they are doing that, and we're accepting repayment."

The Center for Medicare Advocacy says that, under federal law, low-income patients for whom repaying the money would be a hardship are allowed to keep it. About 50 percent of Medicare beneficiaries have incomes under 200 percent of the federal poverty level, according to the Medicare Payment Advisory Commission. Any patient who received the checks, which averaged $215, and meets the low income criteria would be allowed to keep the money, the lawsuit alleges.

The court is considering a motion on behalf of patient advocates that would require CMS to return any repaid monies until the issue is decided. The advocacy groups also argue that if it costs the government more to collect the overpayments than they are actually worth, federal law allows the agency to waive collection activities.

To recover the mistaken payments will cost the government less than $1 million if all the money sent out in error is eventually recouped, according to a CMS spokesman.

The Center for Medicare Advocacy had earlier asked CMS Administrator Mark McClellan to redraft the premium repayment demand letter to spell out the appeals rights, but he "was unwilling to do so," according to the Center for Medicare Advocacy.

An aide to Sen. Max Baucus (D-MT) said it is his policy not to comment on pending lawsuits. Baucus, Senate Finance Committee Chair Charles Grassley (R-IA) and three other senators met with McClellan Sept. 7 to discuss the premium glitch.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, September 22, 2006 8:03 AM
Subject:	Attorney General's News Briefing for Friday, September 22, 2006
Attachments:	agnb060922.pdf; agnb060922.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 22, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush, Dissident GOP Senators Reach Agreement On Terror Bill. The AP (9/22, Flaherty) reports, "The White House and rebellious Senate Republicans announced agreement Thursday on rules for the interrogation and trial of suspects in the war on terror. President Bush urged Congress to put it into law before adjourning for the midterm elections." Sen. John McCain, "one of three GOP lawmakers who told Bush he couldn't have the legislation the way he initially asked for it, said, 'The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice.'" The agreement "contains key concessions by the White House, including dropping a provision that would have interpreted Geneva Convention obligations and another allowing a defendant to be convicted on evidence he never sees if it is classified. The legislation, however, makes clear the president has the authority to enforce the treaty."

The Washington Post (9/22, A1, Smith, Babington, 748K) reports, "Yesterday's…marathon talks occurred in Vice President Cheney's little-known office on the second floor of the Dirksen Senate Office Building. McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.), plus [Stephen] Hadley and Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, met almost continuously from 9:30 a.m. to 2 p.m.," according to "sources," and then "moved to Frist's office around 3 p.m. to announce their breakthrough."

Much of the coverage depicts the deal as solving a political problem for Republicans heading into the midterm elections. NBC Nightly News (9/21, story 3, 2:20, Gregory, 9.87M), for example, said Bush "still has to sign a bill that has to work its way through Congress but politically the White House thinks it has a real winner here. New fodder for the Republicans tough on terror argument." On ABC World News (9/21, story 2, 1:40, Gibson), George Stephanopoulos said he thought the bill would now pass the Congress. Democrats, he added, "were cut out of this deal. They don't want to block this seven weeks from an election."

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USA Today (9/22, Jackson, Kiely, 2.27M), in a story headlined "Deal On Suspects Closes GOP Rift," says the deal defuses "a fight over national security that divided the GOP less than seven weeks before Election Day." Democrats "appeared likely to back the compromise. 'It is time to make the tough and smart decisions to give the American people the real security they deserve,' said Senate Minority Leader Harry Reid of Nevada."

Likewise, the Wall Street Journal (9/22, Lueck, Rogers, 2.03M) reports, "Going into the fall elections, the compromise…is crucial for Republicans, who have been embarrassed by the party split just when they had wanted to present a united front against Democrats on national-security issues. Even now, the White House faces resistance to a second legislative request, authorizing warrantless surveillance of communications in and out of the U.S. And privately, Republicans admit that completing the second measure before lawmakers go home for the elections will be difficult." The Washington Times (9/22, Hurt, Fagan, 88K) says the deal allows Republicans "to turn their attention to differences they might have with Democrats."

News reports also say the agreement is predicated on "concessions" from the White House. The Los Angeles Times (9/22, Barnes, Simon, 918K), titles its front-page story "Bush Bows to Senators on Detainees," and says the President "acceded to dissident Senate Republicans on Thursday, agreeing to new rules for interrogating and prosecuting suspected terrorists that leave intact international treaty protections against torture." In "a major concession to Arizona Sen. John McCain and other Republicans, the administration dropped its efforts to have Congress redefine US obligations under the Geneva Convention."

ABC World News (9/21, lead story, 2:05, Raddatz) said that "it doesn't seem that the President got exactly what he wanted. But he seems happy about it. Late today, the President said the compromise meets his demands." Bush was shown saying, "I'm pleased to say that this agreement preserves the single, most-potent tool we have in protecting American and foiling terrorist attacks. And that is a CIA program to question the world's most dangerous terrorists and to get their secrets." But "in some senses, the White House blinked on this. What the President had wanted was to 'clarify the language in the Geneva Conventions' about what constitutes cruel and inhuman treatment of detainees. … A White House official said, late tonight, 'We simply found a new way to achieve the same objective.' But part of that objective…was clearly to get this wrapped up before the midterm elections."

CBS Evening News (9/21, lead story,2:40, Axelrod, 7.66M) reported, "The President all along said the Geneva Conventions needed to be reinterpreted, redefined because language was too vague. It didn't offer any protection to American intelligence agencies who are actually carrying out all of this interrogation. He wanted those agents protected by the Geneva Conventions being furthered -- further explained, clarified. He gave that up."

The New York Times (9/22, Zernike, 1.21M) reports Dan Bartlett, counselor to the president, said, "We proposed a more direct approach to bringing clarification. This one is more of the scenic route, but it gets us there." The agreement "says the executive branch is responsible for upholding the nations' commitment to the Geneva Conventions, leaving it to the president to establish through executive rule any violations for the handling of terror suspects that fall short of a "grave breach." Significantly, Senate aides said, those rules would have to be published in the Federal Register." The agreement "provides several pages describing 'grave breaches' that would not be allowed, starting with torture and including other forms of assault and mental stress. But it does not lay out specific interrogation techniques that would be prohibited."

The Financial Times (9/22, Daniel) says the compromise, "struck on Thursday after six hours of intense negotiations, marks a second moral victory for Senator John McCain, who last year took on the White House over the Detainee Treatment Act, which prohibits cruel or inhumane treatment of prisoners, and Senator Lindsey Graham and Senator John Warner." The battle "had threatened to undermine both the Republican effort to show unity on national security issues and make that a cornerstone of party re-election efforts."

McClatchy (9/22, Talev) reports Sen. John McCain, "one of three Republican senators who forced the administration to compromise, said he was satisfied with the agreement. 'There is no doubt that the integrity and sprit of the Geneva Conventions have been preserved,' he said at a news conference with other senators and administration officials." Sen. Lindsey Graham, who'd joined McCain and Armed Services Committee Chairman John Warner "in forcing the White House to temper its original proposal, said he believed the compromise would prohibit simulated

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drowning, or 'water-boarding' as a CIA interrogation technique."

NYTimes, WPost Criticize Agreement. In an editorial titled "A Bad Bargain," the New York Times (9/22, 1.21M) says "the overall bill prepared by the three senators had fatal flaws. It allows the president to declare any foreigner, anywhere, an 'illegal enemy combatant' using a dangerously broad definition, and detain him without any trial. It not only fails to deal with the fact that many of the Guantánamo detainees are not terrorists and will never be charged, but it also chokes off any judicial review." The Democrats "have largely stood silent and allowed the trio of Republicans to do the lifting. It's time for them to either try to fix this bill or delay it until after the election. The American people expect their leaders to clean up this mess without endangering US troops, eviscerating American standards of justice, or further harming the nation's severely damaged reputation."

The Washington Post (9/22, 748K) headlines its editorial "The Abuse Can Continue," and says "the senators who have fought to rein in the administration's excesses…failed to break Mr. Bush's commitment to 'alternative' methods that virtually every senior officer of the US. military regards as unreliable, counterproductive and dangerous for Americans who may be captured by hostile governments." If the bill "is passed in the form agreed on yesterday, Mr. Bush will go down in history for his embrace of torture and bear responsibility for the enormous damage that has caused."

DOJ Clarifies Gonzales Remarks On Arar Case. The Washington Post (9/22, DeYoung) reports, "Attorney General Alberto R. Gonzales's claim this week that the Justice Department was not responsible for sending Canadian software engineer Maher Arar to a Syrian prison in 2002 was the result of imprecise wording by Gonzales and a misunderstanding by those who reported his remarks, according to a Justice Department spokeswoman. … The matter turns on the meaning of the word 'we.'" The Post continues, "On Tuesday, a day after a Canadian government commission concluded that the Syrian-born Arar was 'interrogated, tortured and held in degrading and inhumane conditions' for 10 months after being falsely accused of terrorist ties, Gonzales was asked whether the department owed him 'an apology.' … 'Well, we were not responsible for his removal to Syria,' Gonzales replied. 'I'm not aware that he was tortured, and I haven't read the commission report.' … Gonzales was aware that in 2002 the Immigration and Naturalization Service arranged Arar's removal from the United States and his delivery to Syria after he was accused of ties to al-Qaeda, spokeswoman Tasia Scolinos said. The INS has since been transferred from the Justice Department to the new Department of Homeland Security and is known as U.S. Citizenship and Immigration Services." The Post adds, "Since Arar was officially deported, Scolinos said, his case was 'an immigration-related issue.' She said Gonzales was trying to 'make that point' because 'immigration matters are no longer handled by the [Justice] Department.'" The Post notes, "On the question of torture, Scolinos said, 'My understanding is that the U.S. government received what they believed to be reliable assurances that he would be treated humanely, consistent with international treaties and conventions.' Gonzales, she said, was 'emphasizing that point.'"

Maine AG Seeks Dismissal Of Phone Record Suit. The AP (9/22, Adams) reports, "Maine's attorney general asked a federal court Thursday to throw out the government's lawsuit against Maine officials over whether a phone company should release information about its handling of confidential records." The AP continues, "Attorney General G. Steven Rowe said the state's request, filed on behalf of the Public Utilities Commission, asserts the federal government has no jurisdiction in the case. The state also contends that the government is wrong to invoke 'state secrets' arguments. … 'There are no state secrets at issue here,' Rowe said at a news briefing after the motion to dismiss was filed in U.S. District Court in Bangor." The AP adds, "The litigation stems from a press release issued by Verizon and information it provided to the PUC, in which the telecommunications company claims it did not provide phone records to the government for its domestic surveillance program. The company also said in a May news release that it would not discuss any relationship with the National Security Agency program. … The PUC, prompted by a complaint by 22 Mainers, ordered Verizon to provide a sworn affirmation that Verizon's statement about the phone records is true. In response, the federal government sued, saying that the PUC's attempt to force Verizon to answer raised national security concerns."

DOJ Asks 9th Circuit For Quick Dismissal Of Eavesdropping Suit. The AP (9/22, Yen) reports,

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"The Bush administration asked an appeals court Thursday to step in immediately and dismiss a lawsuit over the U.S. government's warrantless wire tapping program, calling a lower judge's ruling dangerous and wrong." The AP continues, "The Justice Department asked the 9th U.S. Circuit Court of Appeals to overturn the decision earlier this month by U.S. District Judge Garr King. Government attorneys argued the decision put the disclosure of 'highly sensitive foreign intelligence information' at risk." The AP adds, "The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter that went out of business after the U.S. government labeled it a terrorist organization. … The foundation alleged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation is asking King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping." The AP notes, "Typically, appeals are filed at the conclusion of a case in trial court; however, in this case, Justice Department attorneys are asking the 9th Circuit to step in now given the sensitivity and urgency of national security. … In the Sept. 7 order, King declined to dismiss the case, saying he believed there may be a way for the lawsuit filed by a now-defunct Islamic charity to proceed without releasing information that could harm U.S. security. … In Thursday's filing, Justice Department attorneys argued that King's decision is flawed because classified facts needed to evaluate the case are protected under the so-called 'state secrets' privilege."

Pentagon IG Says Able Danger Didn't Identify 9/11 Terrorists. The New York Times (9/22, Shenon, 1.21M) reports, "The Defense Department's inspector general on Thursday dismissed claims by military officers and others who had insisted that" the secret Pentagon program Able Danger "identified Mohamed Atta and other terrorists involved in the Sept. 11 attacks before the attacks occurred." However, the report "was criticized Thursday by Representative Curt Weldon, Republican of Pennsylvania, who is a member of the House Armed Services Committee and who helped bring information about Able Danger to light." He described "the inspector general as having 'cherry-picked testimony from witnesses in an effort to minimize the historical importance of the Able Danger effort.'"

FBI Denies Agents Visited Cobbler In Macheteros Probe. The AP (9/22) reports, "The FBI is investigating if people posing as bureau agents visited a shoe repair store in western Puerto Rico owned by a supporter of independence for the U.S. territory, an agency spokesman said Thursday. Harry Rodriguez, FBI spokesman in Puerto Rico, denied that bureau agents visited Miguel Sanchez's shoe repair store in Mayaguez, though Sanchez said they did come to see him." The AP notes, "Rodriguez's comments come three days after FBI agents returned to the homes of two Puerto Rican activists whose properties were searched in February in an investigation into a militant independence group. … Rodriguez said the agents went to the homes as part of an ongoing investigation into the Macheteros," but "he declined to provide details."

Military Said To Have "Clever" New Procedure For Tracking Terrorists. The Washington Times (9/22, Gertz, Scarborough, 88K) "Inside The Ring" column reports US commandos "have developed a clever technical procedure for tracking terrorists in Iraq, and elsewhere, we presume. The tracking is used by a special military intelligence unit within U.S. Joint Special Operations Command," and "was instrumental in finding and killing al Qaeda in Iraq leader Abu Musab Zarqawi in June and in capturing a number of his lieutenants." The report offers no specifics about the procedure.

Britain Relaxes Carry-On Restrictions. USA Today (9/22, 2B, Stinson, 2.27M) reports, "Air passengers can carry a larger bag and musical instruments on board flights leaving Britain starting today, the government announced Thursday. … The slight relaxation…comes after complaints from passengers and airlines and as the government continues to try to balance security with passenger convenience." The Transport Department said in a statement that the change would "lessen the burden on passengers, while maintaining a rigorous security regime."

Jordanian Court Sentences Woman To Death In Wedding Bombing Case. The Washington Post/AP (9/22, A12, Halaby) reports a Jordanian court "sentenced an Iraqi woman to death Thursday for her role in al-Qaeda-led hotel bombings that killed 60 people in Jordan's deadliest terror attack." Sajida al-Rishawi, 35, "was intended to be one of the suicide bombers in the Nov. 9 attack. She entered a hotel ballroom with her husband, both strapped with explosives belts. Her husband set off his own belt, the explosion ripping through a wedding party in the

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room." Rishawi was "one of seven defendants in the case, but the six others were still at large and tried in absentia. Like Rishawi, the six were sentenced to death by hanging. Rishawi is the first woman to be sentenced to execution in Jordan on terrorism charges."

Poe Says French Government Shows "Ignorance" On Terror Threat. The Washington Times (9/22, McCaslin, 88K) "Inside The Beltway" column reports the "French government's latest reaction to the global war on terrorism is being scrutinized all over again on Capitol Hill." Freshman Rep. Ted Poe (R-TX) said recently, "'Let them eat cake' is what Marie Antoinette said to the starving French people, showing her ignorance of the world around her. Today it can be used to describe France's position on handling terror threats."

Author Says Bin Laden Should Be Treated As Criminal Defendant. In a New York Times op-ed (9/22), author Lawrence Wright writes a script for what the US should do with Osama bin Laden if he is located: "First, don't kill him. He'd become a martyr instantly, which is of course his goal. His death at the hands of Americans would be the ideal finale from a Qaeda perspective. Deny him that victory at all costs. And, please, don't send him to Guantánamo or torture him in an undisclosed location." The US "should, instead, offer him to the authorities in Kenya, where, on Aug. 7, 1998, a Qaeda suicide bomber murdered 213 people in the attack on the American Embassy." Then "take him to Tanzania, where on the same August morning Al Qaeda hit another American Embassy, killing 11 people, most of them Muslims." Once "exposed as a mass murderer of Africans who had no part in his quarrel with America, Mr. bin Laden would be ready to stand trial for the bombing of the American destroyer Cole and, of course, 9/11." By "treating him as a criminal defendant instead of a enemy combatant, we could underline the differences between a civil society and the Taliban-like rule he seeks to impose on Muslim countries and eventually the entire world." Wright says bin Laden's end should be dictated by a Saudi Shariah court.

HOMELAND RESPONSE:

Miami Police Chief Defends Arrest Of Terror Suspects. The Miami Herald (9/22, Clark, 310K) reports, "Miami police Chief John Timoney defended the arrest of the Miami Seven to a House homeland security committee Thursday, telling the panel that not all terrorists look like Sept. 11 ringleader Mohamed Atta." Timoney "acknowledged there had been skepticism about the June arrest of the seven men in Liberty City. … 'I was skeptical, as was the FBI, but not once did [the suspects] back off,' Timoney said. … Timoney's remarks came after Rep. Ileana Ros-Lehtinen" noted that the arrests, "to some observers, 'hardly passed the smile test.'" The Herald adds, "Timoney told the panel that progress has been made since" 9/11 "in terms of local police working with the FBI. But he noted that it's still not clear 'who has the ultimate responsibility for intelligence gathering.' 'Somebody's got to make a decision that one agency is in charge,' he said, alluding to a turf war among the FBI, Department of Homeland Security and the 16 agencies that make up the federal intelligence community."

Collins, King Reach Agreement On Chemical Plant Security. The New York Times (9/22, Lipton, 1.21M) reports moving away from a less stringent industry-backed proposal "many other Republican senators," Sen. Susan Collins and Rep. Peter T. King agreed Thursday on a chemical plant security plan "that would give federal officials the power to shut down high-risk chemical plants that do not comply with proposed new anti-terrorism measures for that industry." Under new plan, "the regulations would apply to all high-risk plants, instead of just those defined as highest risk. The regulations would also give the Department of Homeland Security the power to review and approve plans devised by plant owners, to inspect facilities to determine compliance and to shut any noncompliant plants, according to a statement by Ms. Collins and Mr. King." However, "It is not yet clear that this language — which may be considered too stern by some Republicans and too relaxed by many Democrats — will be approved by the full conference committee, which is scheduled to meet Monday evening on the department's budget."

Cost To Implement Real ID Act Put At $11 Billion. The Washington Post (9/22, A4, Fears, 748K) reports, "The cost to consumers for helping to secure America became clearer yesterday" with the release of a report by the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators that "estimated it would cost more than $11 billion over five years to implement

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the technology required by the Real ID Act." The report "does not say whether the cost of implementation will be passed on to drivers and holders of state identification cards. But Homeland Security officials said the price of similar new smart cards for 750,000 workers at ports and other transportation facilities will be about $140 each."

Pan Am Using Terrorism Lawsuit Funds To Pay Former Employees. The Washington Times/AP (9/22, Tong) reports in the "15 years since Pan American World Airways shut down, Anthony La Pera had assumed he would never get paid his leftover wages and accrued vacation. But Mr. La Pera and another 15,000 former employees can expect to open their mailboxes one day in December and find that a check has arrived, marking the end of the liquidation of an iconic airline." In July, "a federal bankruptcy judge authorized the Pan Am Corp. to distribute the money it had secured in a settlement with the government of Libya. Sending out those checks marks the end of a long process of winding down Pan Am." Pan Am "shut down on Dec. 4, 1991, after declaring bankruptcy that January. Among the last, fatal blows it suffered was the 1988 bombing of Flight 103, a now-infamous attack that ended with 270 dead when a bomb exploded on board as the plane flew over Lockerbie, Scotland." In 2003, Libya "accepted responsibility for the bombing and agreed to pay restitution to the victims. Pan Am's payments come from a separate settlement of a lawsuit its insurers brought against the Libyan government."

Pataki, Bloomberg Praise Finalized Framework For WTC Rebuilding. After "clenched teeth" negotiations, the Port Authority, as owner of the WTC site, and developer Larry Silverstein ratified the conceptual framework to rebuild Ground Zero, the timing of which prompted the New York Times (9/22, Bagli, 1.21M) to lead with, "Now, at long last, finally, for sure." Under the agreement, the PA takes responsibility for the "$2.2 billion" Freedom Tower, a development site one block away, and the "$2.2 billion transit center." These must be built by 2012, along with the "$500 million" WTC memorial and a shopping mall, according to the agreement in April. The plan says Silverstein will build three towers along the east side of the site by 2012, and if he falls behind schedule on just one tower "he risks losing them all."

Grace Period For Silverstein Hints At Possible "Rebuilding Delays." In its headline and lead, the Wall Street Journal (9/22, Frangos, 2.03M) suggests that yesterday's agreement provided for "rebuilding delays." The Journal explains that the three buildings Silverstein plans to build could take 7 instead of 6 six years to complete, under yesterday's contract that gives him a "one-year 'grace period' beyond the 2012 deadline." If rebuilding extends past "the end of 2013," he loses all the property. A Port Authority official "said Silverstein's potential construction lenders were uncomfortable with the more-aggressive timeframe." The Journal notes Pataki "hailed" the agreement, calling it "the last major hurdle toward the completed redevelopment of the World Trade Center site." Like the Times, the Journal notes the uncertainty surrounding Freedom Tower construction, given ground zero insurers and the tentative nature of federal and state leases.

WAR NEWS:

Bush To Press Musharraf, Karzai On Fighting Islamic Extremists. The Chicago Tribune (9/22, Silva, 623K) reports the "survival of Afghanistan's fragile government in the face of a resurgent Taliban threat will be high on the agenda for President Bush and the presidents of Pakistan and Afghanistan in a series of White House meetings starting Friday." While the White House "credits Pakistan for helping to capture or kill more Al Qaeda operatives than any other country since the attacks of Sept. 11, it worries about support that Pakistan's unruly regions provide for Taliban fighters intent on unseating the government of Afghan President Hamid Karzai." The White House is "counting on Pakistan President Pervez Musharraf to prevail upon tribal leaders to prevent foreign fighters from crossing into Afghanistan."

McClatchy (9/22, Hutcheson) reports Bush "will be prodding" Musharraf and Karzai "to work together against Islamic extremists." The "diplomatic arm-twisting comes at a particularly challenging time in a region that remains a spawning ground for international terrorism. In Afghanistan, a Taliban military offensive is testing the viability of the U.S.-backed government in Kabul. Neighboring Pakistan continues to serve as a haven for Taliban operatives and al-Qaida terrorists." Bush will "meet Tuesday with Afghan President Hamid Karzai before welcoming both leaders to a three-way summit over dinner on Wednesday. It could be a heartburn-inducing meal." Stephen Cohen, a South Asia specialist at the Brookings Institution, said, "Karzai and

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Musharraf do not like each other. Our influence with both is declining."

Pakistani Official Defends Deal With Border Tribes. The Washington Times (9/22, Behn, 88K) reports, "Pakistan's point man on a truce with tribal elders along the country's restive border with Afghanistan yesterday rejected charges that the agreement would undermine the fight against Islamic extremists." Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province "also criticized the United States for being slow to deliver on critical military equipment and support needed to combat Taliban fighters." Aurakzai "said the agreement he had helped hammer out with tribal leaders of North Waziristan was part of a broader strategy to keep terrorists out." Aurakzai said, "It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm." He added that the government "planned to pump $2 billion into the tribal areas over the next nine years for "massive development," he said." The Times adds, "Top officials in both Afghanistan and the United States are skeptical of the deal and of Islamabad's overall commitment to the war on terror."

White House "Frets" Over Situation In Afghanistan. The Wall Street Journal (9/22, A4, Harwood, 2.03M) "Washington Wire" says the "White House frets about Afghanistan" before President Bush meets with President Hamid Karzai. While Bush praises his Afghan counterpart, "senior officials worry Karzai isn't strong enough to quell" the Taliban threat, since he "hasn't wrested power from warlords or extended his reach much beyond Kabul."

US Plans No Troop Reductions In Afghanistan. The Washington Post (9/22, A13, Tyson, 748K) reports the US military "plans no troop cuts in Afghanistan before March, as fighting intensifies against Taliban forces that have gained influence in a political and security 'vacuum' in the southern part of the country, according to a senior U.S. commander." Lt. Gen. Karl W. Eikenberry said, "Our troop levels in Afghanistan will remain about steady through . . . February." The Post adds there "are approximately 20,000 U.S. troops in Afghanistan, the highest number since the U.S.-led invasion in October 2001 to overthrow the Taliban government." Eikenberry said "Taliban fighters and extremists have grown more numerous, organized and determined in some parts of the south and southeast, where foreign troops were limited and the Afghan government was weak."

British Forward Operating Base A Flashpoint In Campaign Against Taliban. NBC Nightly News (9/21, story 4, 2:55, Williams, 9.87M) reported, "This evening, we have fresh pictures just in to us of the fighting in Afghanistan. Specifically an ambush just today of British forces caught on videotape. It happened in the southern part of Afghanistan during a mission to resupply a forward operating base." NBC (Nealy) added the helicopter patrol twice tried "resupply British troops and failed. It seemed like the third time lucky. But lucky's not the word for it. Gunners fired as the four helicopters approached Britain's most exposed military base in Afghanistan. This gunfire was nothing to what followed there. There had been warnings of a Taliban threat to helicopters to British troops were ready but as drawn broke the Taliban were ready, too. They were hidden near the helicopters and as we landed they prepared to launch their ambush. It came seconds after we hit the ground. The Taliban fired from several positions. Our camera damaged in the chaos. The troops retaliate with massive firepower."

Musharraf Says Armitage Threatened To Bomb Pakistan "Back To Stone Age." USA Today/AP (9/22) reports Pakistani President Pervez Musharraf says former Deputy Secretary of State Richard Armitage "threatened to bomb his country 'back to the Stone Age' after the Sept. 11 attacks if he did not help the U.S. war on terrorism." In an interview for CBS' 60 Minutes, Musharraf said, "The intelligence director told me that (Armitage) said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age.' I think it was a very rude remark." By "agreeing to cooperate with the United States, Musharraf said, he reacted responsibly. 'One has to think and take actions in the interests of the nation, and that is what I did,' he said." USA adds Armitage "disputed the language attributed to him but did not deny his message was a strong one, 60 Minutes said."

CNN's The Situation Room (9/21, Todd) reported that the US relationship with Pakistan has "hit at a very sensitive stage." In a CBS "60 Minutes" interview Pakistani president Pervez Mushurraf "indicates they might have been bullied into" helping the US after the 9/11 attacks. Musharraf's intelligence director relayed a message from" Armitage that if "Pakistan didn't help the U.S. in the war on terror, Musharraf says 'the intelligence director told me that Armitage said be prepared to be bombed. Be prepared to go back to the stone age.'" Armitage denies making that specific remarks but says he delivered a tough message to Pakistan at the time.

Albright Says Cohen, Pentagon Notified Pakistanis Of Attack Against Bin Laden. Former Secretary of State

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Madeleine Albright on CNN's The Situation Room (9/21, Blitzer) described her problems with the recent ABC documentary on the 9/11 attacks saying, "And on a very particular case which had to do warning the Pakistani of the facts were totally wrong. It was Secretary Cohen and the Defense Department that wanted to make sure that the Pakistanis did not think they were being attacked by India at a time that we were launching cruise missiles against Osama bin Laden. So when the missiles were already in the air, Joe Ralston Vice President of the Joint Chiefs was with the Pakistanis."

Conferees Approve $70 Billion In Iraq, Afghanistan War Funds. The AP (9/22, Taylor) reports House-Senate negotiators "approved a new $70 billion infusion for military operations in Iraq and Afghanistan as they wrapped up talks on a $447 billion Pentagon funding bill." The additional war funds "would bring the total approved by Congress for the wars in Iraq and Afghanistan since Sept. 11, 2001, to more than $500 billion, with another installment likely to come next spring." Meanwhile, the White House "beat back an attempt by Republicans on the appropriations committees to take an additional $2 billion from defense programs to ease cuts to domestic programs such as education and grants to local governments." The bill 'would be the first of 11 spending bills to clear Congress for the budget year beginning Oct. 1. With progress so slow on other bills — the homeland security bill is the only other spending measure likely to pass before Congress adjourns next week to campaign for fall elections — the Pentagon measure will also carry a stopgap funding bill to keep open agencies whose funding bills won't have passed."

The Wall Street Journal (9/22, A4, Rogers, 2.03M) reports together with "prior appropriations for Iraq, the total U.S. commitment will now approach $375 billion, and final concessions to the White House could squeeze billions from domestic spending bills delayed until after the November elections." Together, "the defense and homeland-security budgets, are two of the last major legislative packages Republicans hope to complete before sending members home next week to campaign, and each will be used to carry additional legislation." The defense bill, "for example, will incorporate a stopgap funding bill to keep domestic agencies operating through Nov. 17, buying time for a lame-duck session after the elections."

CQ (9/22, Cahlink, Higa) reports, "Contrary to the wishes of House Appropriations Committee Chairman Jerry Lewis, the conference report on the $447.4 billion measure also includes a continuing resolution that will fund programs in bills not completed by the Oct. 1 start of the new fiscal year. The stopgap spending measure, which will last until Nov. 17, will fund those programs at the same level as in fiscal 2006." Lewis had "preferred that the measure be passed individually, as is usually the case."

The Los Angeles Times (9/22, Levey, 918K) reports the "agreement on the 2007 defense appropriations bill — expected to be approved by the full House and Senate next week — spares Republicans the embarrassment of leaving Washington without funding the cash-strapped military." But it "marked another grim milestone for wars in Iraq and Afghanistan that by one estimate have already cost two-thirds as much as the Vietnam War, which lasted more than twice as long as the current conflicts have so far." The "prolonged and difficult negotiations over next year's Pentagon funding underscored the financial toll of war-related costs on other military-related services. On the same day Republican leaders hammered out their agreement, advocates for military families came to Capitol Hill to talk about cutbacks in military-base libraries, child-care centers and other services for armed forces personnel and their kin."

Democrats Say Administration Shortchanging Army Base Operation Funds. McClatchy (9/22, Brown) reports House Democrats said the Army "is $500 million short of the money it needs to operate its bases this year because of the war in Iraq, forcing many posts to cut back on training, force protection and family support programs." Since June, "some Army installations have had to close mess halls, reduce training time and cut back on ammunition, equipment, food and fuel to non-deploying units. Funds for family support activities, including child care, gyms, bus services and other programs have also been cut, hurting morale for families whose loved ones are fighting overseas, the congressional Democrats said at a press conference." The Democrats said the "Bush administration failed to anticipate the Army's needs and budget enough money to cover those expenditures, the group said."

Casey Says Iraq Conflict Becoming Internal Struggle. The AP (9/22, Becatoros) reports Gen. George Casey, the top US general in Iraq, said the "conflict in Iraq is changing from a fight against U.S.-led coalition forces to an

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internal struggle for political and economic power." Casey "acknowledged the security situation has become more difficult in the past few months, and said Iraqi leaders must find common ground on key issues if progress is to be made." Casey said, "We're starting to see this conflict here transition from an insurgency against us to a struggle for the division of political and economic power among the Iraqis." The AP adds Casey said "reducing violence in the capital is crucial to any possible success in Iraq."

Bush Assertion On Iraqi Civil War Disputed. In response to Wednesday's interview with President Bush who stated that Iraq was not in the midst of a civil war, CNN's The Situation Room (9/21, Ware) reported, "Well it certainly feels like a civil war to the people on the street." If "Bush talks about the sources of information, these people, everyone within the U.S. forces here live in a bubble. They couldn't be further distanced from the Iraqi reality than humanly imaginable."

Clinton Suggests Motivation For Toppling Saddam Was Based On GOP's 1980s Iraq Ties. Former President Bill Clinton in an interview on Larry King shown from Wednesday night shown on CNN's The Situation Room (9/21) said, "And I think they thought it might clean their own skirts a little since most of what Saddam did was really terrible when he had the full support of the Republican Administration in the '80s of which Dick Cheney was a part. To be fair to them, it was the example of the old adage that the enemy of my enemy is my friend."

UN Official Says Use Of Torture In Iraq May Be Worse Than It Was Under Saddam. The AP (9/22, Engeler) reports Manfred Nowak, the U.N. special investigator on torture, said "torture in Iraq may be worse now than it was under Saddam Hussein, with militias, terrorist groups and government forces disregarding rules on the humane treatment of prisoners." Nowak "made the remarks as he was presenting a report on detainee conditions at the U.S. prison in Guantanamo Bay as well as to brief the U.N. Human Rights Council, the global body's top rights watchdog, on torture worldwide." Nowak said "reports from Iraq indicate that torture 'is totally out of hand,'" adding, "The situation is so bad many people say it is worse than it has been in the times of Saddam Hussein."

Group Of Anti-War Activists Arrested At White House. The Washington Post (9/22, A8, Montes, 748K) reports a "group of ministers, veterans and peace activists attempted to deliver a 'declaration of peace' to the White House yesterday, kicking off a week of vigils and other activities in 350 communities across the country calling for the prompt withdrawal of U.S. troops from Iraq." Thirty-four people "were arrested here and charged with disorderly conduct after they demanded to speak with President Bush, then refused to leave the west gate of the White House. As part of an initiative of more than 400 groups, many of them religiously affiliated, the activists said they had to 'bear moral witness' against the U.S. military role in Iraq." The "day's activities also featured vigils for peace in dozens of cities and towns."

Army Makes Recruiting Goal, Optimistic About Next Year. The AP (9/22, Burns) reports that Army Secretary Francis Harvey said "The Army is ending its best recruiting year since 1997 and expecting similar success in 2007," in "a considerable turnaround from last year." This "trend in recruiting is particularly important for the Army now because it is striving to expand its overall ranks. The expansion is fundamental to an Army plan that increases the number of combat brigades." It appears that "a package of new financial incentives, new recruiting approaches and a bigger recruiting corps did the trick. Army recruiters are making more use of the Internet to attract young prospects, and the Army this year began allowing people as old as 42 to enter the service." It also "has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them."

Army Facing "Severe" Personnel Strain. The New York Times (9/22, Shanker, Gordon, 1.21M) reports, "Strains on the Army from the wars in Iraq and Afghanistan have become so severe that Army officials say they may be forced to make greater use of the National Guard to provide enough troops for overseas deployments. Senior Army officers have discussed that analysis…with Defense Secretary Donald H. Rumsfeld's senior adviser on personnel, David S. C. Chu," but "the prospect presents the Bush administration with a politically vexing problem: how, without expanding the Army, to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard." Meanwhile there are "many signs of mounting strain on active Army units," and "An internal Army document that was

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provided to The New York Times notes that the demand for troops in Iraq and Afghanistan has greatly exceeded past projections that predicted earlier troop reductions." While "Rumsfeld has not favored substantially expanding the Army, concluding that such a step would draw money from programs he favors to overhaul the military and calculating that the high level of troops in Iraq and Afghanistan will prove temporary," Gordon R. Sullivan, the former Army chief of staff and president of the Association of the United States Army, said "that the Army was simply too small for the many responsibilities it faced," and "Barry R. McCaffrey, the retired four-star Army general, also asserted that the armed forces needed to be expanded."

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Western Washington USA Says Budget Cuts Slow Prosecutions. The Seattle Post-Intelligencer (9/22, Shukovsky) reports, "The federal prosecutor for Western Washington says his office is 'stressed to the limit' because of years of budget cuts that threaten to slow the pace of criminal prosecutions." The P-I continues, "U.S. Attorney John McKay has issued this warning to county prosecutors and special agents in charge of federal agencies, including the FBI, the Drug Enforcement Administration and Immigration and Customs Enforcement: 'We may not be as responsive as you want us to be on the cases you refer to us.'" The P-I adds, "The office has been hemorrhaging prosecutors and support staff members even as the other Washington is poised to impose another budget cut for the 2006-07 fiscal year. … The office, which handles federal criminal prosecutions and civil cases involving the U.S. government, is down six criminal prosecutors and one civil attorney, leaving 58 assistant U.S. attorneys, McKay said. … Fourteen positions in the office are unfilled, and McKay still must pay his 118 employees a mandatory 3 percent cost-of-living raise. … McKay said he is proud that the office has been able to maintain its productivity -- prosecuting more than 800 defendants last year. … But cases that might have been prosecuted under tougher federal laws are increasingly being sent to local prosecutors."

CORPORATE SCANDALS:

Hewlett-Packard CEO Likely To Testify Before House Committee. The Wall Street Journal (9/22, Rogers, Clark) reports, "Hewlett-Packard Co. Chief Executive Mark Hurd appears headed for a House committee examining the 'pretexting' scandal at the company." The Journal continues, "Mr. Hurd yesterday offered to testify after Rep. Joe Barton of Texas, chairman of the House Energy and Commerce Committee, said the computer maker's top executive may be called as a witness. … The hearing, scheduled for Thursday before the House subcommittee on oversight and investigations, already had a witness list that includes H-P General Counsel Ann Baskins and Patricia Dunn, the H-P chairman who pushed for an investigation of board leaks." The Journal adds, "In other developments, H-P disclosed that the Securities and Exchange Commission's enforcement division had made new requests for information from the company. In a filing on Sept. 6, H-P reported that the SEC's corporation-finance department had requested information about an H-P filing last May that reported the resignation of director Thomas Perkins, who resigned in protest over the leak investigation."

The New York Times (9/22, Darlin, Richtel) reports, "Pressure is mounting on Hewlett-Packard's chief executive, Mark V. Hurd, to explain what appears to have been a greater role in the company's spying operation than was initially indicated." The Times continues, "Mr. Hurd has largely escaped mention in connection with the company's efforts to obtain private phone records and otherwise trace leaks from its board. But on Thursday, after his name figured in documents newly appearing in the investigation, Hewlett-Packard's stock price fell significantly for the first time since the revelations began early this month." The Times adds, "The California attorney general, Bill Lockyer, threatened at one point Thursday to issue subpoenas to Hewlett-Packard because of what he said was a lack of cooperation in his criminal investigation. But later in the day, a spokesman for his office said H.P. had expressed a willingness to cooperate, as the attorney general wanted. … The problem for Mr. Hurd arises from a sheaf of e-mail messages and other documents obtained by news organizations that suggest that he approved of at least one aspect of the spying operation, offered names of possible targets and may have been briefed by the supervisors of the effort at the start of a crucial phase. .. .None

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of the leaked documents directly implicate Mr. Hurd. He did not write any of the e-mail messages, nor is it clear that he was sent copies of others that refer to him and actions attributed to him. … But what may yet emerge — Hewlett-Packard delivered more than 5,000 pages of documents to investigators with the House Committee on Energy and Commerce this week, and more are expected Monday — is what seems to have worried investors and analysts."

SEC Seeks Probe Information As Lockyer Alleges HP Non-cooperation. Bloomberg (9/22, Frank, Gullo) reports, "Hewlett-Packard Co. received a request for information from the U.S. Securities and Exchange Commission over its investigation into media leaks as California Attorney General Bill Lockyer complained the company stopped cooperating with him." Bloomberg continues, "Hewlett-Packard disputed Lockyer's assertions and said it is cooperating with his probe, as well as reviews by the SEC, U.S. Justice Department and a congressional committee. Chief Executive Officer Mark Hurd offered to appear before the committee, the company said today. … 'Today we ran into a brick wall,' Lockyer said in an interview. 'Frankly I'm pretty angry about it. I've instructed my lawyers this morning to paper the place with subpoenas.'" Bloomberg adds, "The SEC probe and Lockyer's statements intensify the scandal hanging over Hewlett-Packard on the eve of Hurd's first press conference to discuss the methods the company used to uncover the source of boardroom leaks to the media. Lockyer said some tactics, including the use of fake identities to obtain phone records, are criminal."

USA Today (9/22, Hopkins, Swartz) reports, "The SEC's enforcement division is seeking records and information related to HP director Tom Perkins' resignation in May, HP said. The division also wants information about HP's news-leak probes and related Sept. 6 and May 22 SEC filings by the company. HP said it is cooperating." USA continues, "

HP Stock Value Declines. The Washington Post (9/22, D1, Noguchi, Masters) reports, "The scandal over Hewlett-Packard Co.'s conduct in investigating press leaks started affecting its business yesterday for the first time, weighing down its stock price and raising questions about the future of its leadership." The Post continues, "Shares of the printing and computing company dropped 5 percent, the first major price dip since the company revealed early this month that it had obtained personal phone records of its board members and nine journalists under false pretenses. HP shares, which had been trading near a 52-week high of $37.25, dropped $1.91 to close at $34.87."

HP Parts Ways With Wilson Sonsini. The American Lawyer (9/22, Beck) reports, "Hewlett-Packard Co. said Thursday it has dropped Wilson Sonsini Goodrich & Rosati as its outside counsel in the California attorney general's criminal investigation of the company." The AL continues, "Wilson, HP says, will continue to represent the company in other matters, but in a written statement by spokesman Ryan Donovan, the company said that 'Hewlett-Packard and Wilson Sonsini mutually agreed it would be in the best interests of both parties for Wilson to terminate its representation of HP in the California attorney general's inquiry.'" The AL adds, "Wilson chair Larry Sonsini has been HP's primary outside counsel for years, advising the client on the massive Agilent Technologies Inc. spin-off in 1999, and guiding it during the tumultuous proxy fight waged by former director Walter Hewlett that spanned 2001-2002. Sonsini has stated that he was not involved in the design of the leaks probe, but he did review the results of the probe for the company, and initially took the position that it was 'within legal limits.'" The AL notes, "In a separate news release, HP announced that it will hold a press conference Friday where CEO Mark Hurd and lawyers from Morgan, Lewis & Bockius will address the leaks investigation. The press release states that Morgan Lewis was retained on Sept. 8 by HP to conduct a 'comprehensive analysis of the leak investigations.' It also notes that, 'Morgan Lewis also is representing HP in connection with several government inquiries.'"

Dunn's Attorney Says Don't Blame Her. The California Recorder (9/22, Scheck) reports, "Don't blame Hewlett-Packard Chairman Patricia Dunn, her new lawyer said Wednesday, for the convulsions the company's board have suffered in the wake of its troubled investigation of boardroom leaks. … 'She's neither a lawyer nor is she an investigator,' said James Brosnahan, the Morrison & Foerster litigator whom Dunn hired this week. 'And she's not the kind of person, frankly, who would advise people to do something illegal.'" The Recorder continues, "Dunn has come under scrutiny for her role in directing the troubled probe -- The Wall Street Journal reported Wednesday that she closely supervised it -- and she's the latest figure in the imbroglio to get a big-name lawyer in response to multiple government investigations. … Brosnahan, long-known for handling high-profile clients -- including John Walker Lindh, the Marin County man once charged with fighting for the Taliban -- will

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represent Dunn before a congressional subcommittee and in the state and federal investigations into HP's probe of board members, journalists and employees."

Dunn Receives Award From California Business Executives. CNET News (9/22, McCullagh) reports, "Hewlett-Packard's embattled chairman, Patricia Dunn, accepted a 'hall of fame' leadership award at a gala dinner (in San Francisco) on Wednesday night where she received a standing ovation from local executives." CNET continues, "The applause and paeans to a long and successful career seemed to gratify Dunn, who has been the subject of ongoing criticism and media scrutiny since reports in the last two weeks revealed that she had called for and perhaps helped to direct an intrusive probe into boardroom leaks. … Dunn thanked the Bay Area Council, a regional business lobbying and networking group, for 'courage in standing by your decision (to grant the award) in such unexpected circumstances.' … 'All I will say about the maelstrom is that I look forward eagerly, in the near future, to the time when I can set the record straight and go back to leading my life as discreetly as possible,' Dunn said during her after-dinner speech. … The bizarre juxtaposition of receiving a leadership award from an organization that stresses business ethics and good corporate governance was not lost on Dunn, who said she's aware of the 'irony of being inducted into the Bay Area Business Hall of Fame.' .. . But for the most part, other dinner speakers offered plaudits to Dunn--there was even a slideshow with her high school yearbook photo--with only passing references to her recent troubles."

Schumer, Feinstein Press DOJ Over Probe Of Former Gemstar CEO. Bloomberg (9/22) reports, "Gemstar-TV Guide International Inc. has enlisted two U.S. senators to press the Justice Department to speed up its investigation into what role the company's former chief executive, Henry Yuen, played in a $248-million accounting fraud." Bloomberg continues, "Democratic Sens. Charles E. Schumer of New York and Dianne Feinstein of California wrote Atty. Gen. Alberto Gonzales to inquire about the government's case against Yuen, who withdrew eight months ago from a plea agreement with federal prosecutors in Los Angeles after a federal judge said the deal was too lenient. The senators also forwarded a letter from Gemstar's general counsel warning that a legal deadline to charge Yuen was approaching. … The Yuen case 'may raise some questions about the adequacy of tools available to prosecutors to fight corporate wrongdoing,[Schumer wrote in his Sept. 13 letter to Gonzales." Bloomberg adds, "While saying he didn't want to interfere, Schumer added, 'It is important that Congress be kept well-informed about this and other similar cases so we can monitor the enforcement of the laws designed to protect average Americans from the type of conduct of which Mr. Yuen has been accused.' … Feinstein, who wrote Gonzales on Aug. 23, said, 'I do not believe it is appropriate for me to intervene in prosecutorial decisions,' but the Gemstar general counsel's letter 'does raise some serious allegations.' … The letters ratchet up a campaign by Gemstar to have Yuen sent to prison for his role in the fraud. The company, which has paid more than $100 million in civil settlements and attorneys' fees in connection with the accounting missteps, has taken the unusual stance that it is a victim of Yuen's alleged crimes."

Cablevision Awarded Backdated Options Grant To Dead Official. The Wall Street Journal (9/22, Grant, Bandler, Forelle) reports, "Cablevision Systems Corp. awarded options to a vice chairman after his 1999 death but backdated them, making it appear the grant was awarded when he still was alive, according to a company filing and people familiar with the matter." The Journal continues, "The country's fifth-largest cable operator in terms of subscribers also improperly awarded a compensation consultant options but accounted for them as if he were an employee, according to a Securities and Exchange Commission filing, citing the results of a six-week investigation by an outside law firm." The Journal adds, "The findings of the probe were released yesterday as the Bethpage, N.Y., company restated its financial results and said two of its directors had stepped down from posts on the board's audit and compensation committees as part of an escalating investigation into its improper granting of stock options. … The company also said it had received a grand jury subpoena in connection with an investigation into its options practices from the U.S. Attorney for the Eastern District of New York." The Journal notes, "The improprieties regarding the deceased executive -- Vice Chairman Marc Lustgarten, who died in 1999 -- and a compensation consultant are among the more unusual allegations of abuse that have surfaced in the scores of investigations that have been launched this year over improper stock-options practices. About 100 companies are under federal

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investigation for possibly backdating or otherwise manipulating stock-option grants to secretly boost their value."

SEC Tightens Scrutiny Of Hedge Funds. The Financial Times (9/22, Grant) reports, "The Securities and Exchange Commission is tightening scrutiny of hedge funds by stepping up examination of the links between hedge funds and broker-dealers, particularly where they are owned by a hedge fund, a senior SEC official said." The Times continues, "The move is a sign that the SEC continues to find ways to regulate hedge funds after a US court federal court in June overturned an SEC rule forcing hedge fund advisers to register with the agency. .. .Walter Ricciardi, deputy director of enforcement, said: 'I think some of the problems we've seen with hedge funds, one of the risk factors, red flags, is where they have their own broker-dealer. … That creates quite a conflict in the sense that investors' money is sitting there and a hedge fund decides to trade through their own broker-dealer and [the hedge fund] gets a fee for such trading. … It gives them an incentive to run up trading fees. It may not be in the best interests of investors,' he told the Financial Times." The Times adds, "While the SEC's office of compliance already conducts routine inspection of broker-dealers, Mr Ricciardi said the enforcement division – which is focused on alleged wrongdoing in the securities markets – was 'stepping up [the focus] on hedge funds'. .. The SEC took similar steps in the wake of the collapse of Long Term Capital Management in 1998."

CRIMINAL LAW:

Ruling Could Lead Fitzgerald To Dismiss Charges Against Libby. In a move that was seen as a victory for former Vice Presidential aide Lewis Libby in the CIA leak case, MSNBC (9/21, Seidman) reported on its web site, "The judge in the CIA leak case ruled Thursday that if Special Counsel Patrick Fitzgerald feels that admitting certain classified documents at the upcoming trial of I Lewis 'Scooter' Libby can jeopardize national security, Fitzgerald can then move to dismiss the perjury charges against Libby." MSNBC adds, "Fitzgerald argues that because of the sensitive national security value of the classified materials, a special three part test must apply before determining if a document can be admitted at trial." But "Walton disagreed with Fitzgerald and favored Libby's attorney's argument that in reviewing the classified material to be presented at the hearing, he must simply apply the Federal Rules of Evidence."

The New York Times/AP (9/22) reports US District Judge Reggie Walton "decided that he won't impose strict standards sought by prosecutors who want to limit the amount of classified information used in the trial of defendant I. Lewis Libby." Prosecutors "had proposed a stringent three-part legal test that would have allowed information to be considered for the trial only when its benefit to the defense outweighed the government's need to keep it secret." Walton "sided with Libby's lawyers, who said any evidence that's relevant to the case should be considered for use. Once Walton rules on which evidence is relevant, government attorneys can propose portions to be blacked out or summarized, the judge said."

US Uses Terror Case Limits In Probe Of Alleged Mob Plot To Kill Judge. The New York Times (9/22, Rashbaum) reports, "Alberto R. Gonzales, the United States attorney general, has imposed a set of highly restrictive rules generally reserved for terror suspects on an imprisoned mob figure who is under investigation for plotting to kill a federal judge, a prosecutor and three Mafia turncoats, prosecutors disclosed yesterday." The Times continues, "The move was the latest development in an increasingly bizarre case. The mob figure in the case, Vincent Basciano, has contended that a list he wrote naming the judge and the others was not part of a murder plot, as prosecutors have asserted, but an effort to use a mystical religion to improve his chances at his forthcoming trial, at which he could face the death penalty." The Times adds, "The disclosure that Mr. Gonzales had imposed the measures was made at a hearing in United States District Court in Brooklyn. The judge in the case, Nicholas G. Garaufis, who prosecutors have said was one of Mr. Basciano's targets, also unsealed a transcript from an Aug. 28 hearing at which the investigation and the list were discussed. … In July, Mr. Basciano provided the list to a fellow inmate at the Metropolitan Correctional Center in Manhattan who, unknown to Mr. Basciano, was cooperating with the authorities. Prosecutors have said Mr. Basciano indicated to the inmate that he wanted the people on the list killed. … The transcript of the Aug. 28 hearing provided additional details about what Mr. Basciano, known as Vinny Gorgeous, has said was his effort to use Santeria, a Caribbean religion, to influence the outcome of the trial."

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Allegations Of Santeria Rituals Surface. Long Island Newsday (9/22, DeStefano) reports, "Eager to seek an edge in his recent racketeering trial, reputed Bonanno crime family member Vincent Basciano was told by a fellow jail inmate to place a list with names of the prosecutor, trial judge and witnesses in his shoe and stomp his foot five times to get good luck. … The resulting list that Basciano drew up to carry out the ritual was simply part of a Santeria-related method and not a hit list as prosecutors have suspected, his defense attorneys said Thursday." Newsday continues, "Basciano, at one time the acting street boss of the Bonanno crime family, is under investigation for allegedly creating the list and in 'sum and substance' giving it to his fellow inmate to seek the murder of the listed persons, Brooklyn federal prosecutors have stated in court papers. … Named on the list were assistant U.S. attorney Greg Andres, who prosecuted Basciano earlier this year; federal judge Nicholas Garaufis; disgraced attorney Tom Lee; and mob turncoats Dominick Cicale and James Tartaglione, court papers stated. … But while prosecutors put a sinister spin on the list and Basciano's attempt to seek magical intervention, his lawyers say that wasn't the case at all. … During a court hearing Thursday and in interviews, Basciano's attorneys related how their client was seeking Santeria help and not seeking murders."

Basciano Attorneys Deny Allegations. The New York Law Journal (9/22, Perrotta) reports, "Attorneys for a former Mafia boss who might face the death penalty in an upcoming trial expressed dismay Wednesday at the unsealing of court documents that reveal their client, Vincent Basciano, is under investigation for a potential plot to kill a federal judge." The Journal continues, "The attorneys, James Kousouros and Ephraim Savitt, said they would ask for an evidentiary hearing into the alleged plot against Eastern District Judge Nicholas G. Garaufis, which Kousouros said did not exist. Kousouros said it was 'very unfortunate' that he was not notified by federal prosecutors that the document was going to be made public late Tuesday evening. … 'I'm not saying we were entitled to notice,' Kousouros said. 'We have to now consider motions for recusal. This now creates a mess.' … He said the unsealed papers could taint the jury pool, and might contribute to U.S. Attorney General Alberto Gonzales' decision on whether the government will seek the death penalty."

FBI Searches Cook County Offices In Political Hiring Probe. The Chicago Tribune (9/22, Ciokajlo, Becker, Coen, 623K) reports, "FBI agents fanned out across Cook County on Thursday with grand jury subpoenas and a search warrant, probing deep into the role clout plays in county hiring. … The flurry of activity indicated that federal prosecutors are now taking a hard look at clout and hiring in Cook County, even as they are investigating state hiring by the Blagojevich administration and city hiring by the Daley administration." Cook County Board President Bobbie Steele said in a statement that "the subpoenas seek documents related to 'non-exempt' jobs," which "are supposed to be filled on the basis of qualifications, not political influence." The Tribune notes "sources familiar with the investigation" said that "the search warrant was issued specifically for the human resources bureau because that is an area where records are concentrated."

The Chicago Sun-Times (9/22, Pallasch, Korecki, Patterson, Herman) reports, "FBI agents could be seen carrying boxes of documents out of the Cook County Human Resources Department," and as "the seizure of documents proceeded downtown, federal agents served the search warrant at other county offices, too — including Provident Hospital, Cermak Hospital and the forest preserve district. … FBI spokesman Ross Rice said the search warrant is tied to a criminal affidavit that is under seal. 'We're looking for possible evidence of a crime,' Rice said. No arrests have been made and no charges filed, Rice said." WMAQ-TV (9/21, Rogers) noted that "agents may have accessed the office's computer servers, looking for information about hiring practices and possibly the testing of Cook County employees."

In a widely-distributed story, the AP (9/22) reports, "FBI spokeswoman Cynthia Yates would not say what the investigation was about." Alderman Todd Stroger "said he believes the raid was connected to an activist's request that a federal monitor oversee county hiring to prevent abuses. Stroger's Republican opponent, Anthony Peraica, said the raid stemmed from a 'criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected.'"

Former New Orleans Prosecutor Sentenced To Life In Prison In Rape Case. The AP (9/22) reports former New Orleans deputy city attorney Henry A. Dillon "was sentenced Thursday to life in prison for using his

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position to rape two women in his office. … 'He committed unspeakable acts of violence against innocent women while disguising himself as a public servant,' U.S. Attorney Jim Letten said in a news release. Dillon, 49, raped each woman after telling her in Municipal Court that he needed her to come to his office to complete some court business, according to the indictment. Dillon admitted having sex with both women, but said it was consensual," which US District Judge Lance Africk said to Dillon during the sentencing, "calls into question your grip on reality."

Wife Of Former Alabama Mayor Pleads Guilty To Obstructing Corruption Probe. The AP (9/22) reports, "Crystal McDonald Russo, wife of former Orange Beach Mayor Steve Russo, pleaded guilty in federal court Thursday to one felony obstruction of justice charge as part of a plea agreement with prosecutors. Prosecutors agreed to dismiss two other counts against her and recommend a sentence that will likely only get Crystal Russo probation." She "was facing trial next month for allegedly trying to help her…husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor."

Online Betting Probes In US Cloud Prospects For Industry. The Wall Street Journal (9/22, Schatz) reports, "Two recent arrests of online-gambling executives in the U.S. are drawing attention to a spirited but so far unsuccessful effort in Washington to clarify the legal status of Internet gambling and resolve the political and legal issues of regulating it." The Journal continues, "Earlier this month, Peter Dicks, at the time nonexecutive chairman of Sportingbet PLC, Britain's largest publicly traded Internet-gambling company, was arrested in New York on a Louisiana warrant. That followed the July arrest of David Carruthers, then-chief executive of BetOnSports PLC on federal charges. The two cases aren't directly related but have combined to spook executives of foreign Internet-gambling companies, which are wary of entering the U.S." The Journal adds, "The developments underscore a fundamental problem for the Internet-gambling industry: U.S. lawmakers haven't agreed on whether the practice is legal. This summer the House passed legislation that would outlaw most forms of Internet gambling, including poker and casino-style games. But similar legislation is in limbo in the Senate, despite recent efforts by Majority Leader Bill Frist to attach the measure onto a must-pass defense-authorization bill this year. .. . Taming Internet gambling is difficult, however, given uncertainty about which rules apply to it. The Bush administration maintains that all interstate Internet gambling is illegal, but acknowledges that enforcement is sporadic. To shut down Internet sites, prosecutors rely mostly on the 45-year-old federal Wire Act, which prohibits sports betting across state lines, but was written with telephone, not Internet, lines in mind. … But not all judges agree that Internet gambling is already illegal, and Internet-gambling companies argue the Wire Act doesn't apply to the Internet." The Journal notes, "Some forms of gambling have largely avoided the U.S. government's focus. For example, the government has done nothing to stop Youbet.com, a publicly traded Internet company in Woodland Hills, Calif., that offers betting on horse racing. … Justice Department officials say they launched a civil probe into Internet-gambling operations, including horse betting, last year, but say they have limited resources."

US Charges WTC Painter With 9/11 Fund Fraud. Long Island Newsday (9/22, Maloney) reports, "A New Jersey painter was arrested Thursday on charges he bilked the U.S. Justice Department's Sept. 11 compensation fund of more than $1 million -- the biggest scam yet." Newsday continues, "Mario Mastellone, 39, of East Windsor was accused in an indictment in U.S. District Court in Manhattan of accepting $1.07 million from the September 11 Victim Compensation Fund of 2001 by falsely claiming that had been disabled that day and had not worked since. … His lawyer, Peter Bark of Central Islip, said his client had suffered disabling back injuries and has not worked since then, except for a recent job as an extra on a film set, which the Justice Department had approved. … 'He's been victimized twice -- once by him being in the World Trade Center on 9/11 and now by the U.S. Attorney's office,' Bark said." Newsday adds, "Prosecutors said Mastellone lied to a Department of Justice agent investigating his case and lied to a hearing officer evaluating his claim for compensation. According to the indictment, he also fraudulently sought compensation from the New York State Workers' Compensation Board and the Painting Industry Insurance Fund. … If convicted of fraud charges, Mastellone could face up to 40 years in prison."

Prosecutors Say Resentment, Debts Drove Dealer To Steal Rare Maps. The AP (9/22) reports, "A renowned dealer who admitted stealing nearly 100 rare antique maps acted out of resentment toward the prestigious

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libraries and to pay for his expensive tastes and mounting debts, prosecutors said Thursday" for the sentencing of E. Forbes Smiley III. "Prosecutors did not specify a sentence, but recommended he be given credit for his cooperation with the investigation that led to the recovery of most of the maps." The AP notes, "The British Library has raised suspicions that Smiley stole additional maps, a charge he has denied. Authorities defended their investigation" and "said inaccurate cataloguing by some libraries, wide public access to materials and other issues made it difficult to prove Smiley stole a particular map. 'Based on this review, the FBI has not identified other information suggesting that Smiley has a hidden cache of maps or is protecting some unidentified purchaser of his maps,' prosecutors wrote."

Credit Card Companies Pledge To Help Curb Child Pornography. The New York Times (9/22, Files) reports, "Executives from credit card companies, including Visa, MasterCard and American Express, told a Congressional panel Thursday that they were determined to eliminate the use of their services in the Internet child pornography business. … But they also said it was difficult to keep pace with those who seek to exploit children on the Web and called for broad collaboration among those in the financial services industry and law enforcement authorities around the world. … 'Child pornography is a global problem in need of a coordinated response,' said Mark MacCarthy, a senior vice president for public policy for Visa U.S.A." The Times adds, "Mr. MacCarthy said that by working together with other financial services companies, the industry could 'enhance our efforts to identify Web sites and pinpoint merchants that are trafficking in this illicit activity, cut them off from use of our network and provide assistance to law enforcement to put them in jail and shut them down for good. … The way forward lies in collective action,' he said." The Times notes, "Mr. MacCarthy and other executives testified at a hearing of the oversight and investigations subcommittee of the House Energy and Commerce Committee. The hearing was the sixth this year convened by the subcommittee to examine the growth of child pornography online. … Others who spoke to the committee included Ernie Allen, the president of the National Center for Missing and Exploited Children, and Christopher J. Christie, the United States attorney for New Jersey, who led an investigation that in 2004 dismantled an Internet child pornography service stretching from Eastern Europe to Mount Laurel, N.J."

DeGette, Whitfield Working On Data Retention Bill. CNET News (9/22, Broache, McCullagh) reports, "A Democratic member of the U.S. House of Representatives said Thursday that she plans to introduce legislation next week that would force Internet providers to record customer information for one year." CNET continues, "Rep. Diana DeGette of Colorado said that she is working with Republicans Reps. Ed Whitfield, chairman of the House Energy and Commerce oversight and investigations subcommittee, and Joe Barton, chairman of the full committee, to finalize language mandating a controversial practice known as data retention. … 'Internet service providers across the board do retain this data for some period of time right now, so all were doing in this legislation is requiring a standard in the industry,' DeGette said at a morning hearing here on online child pornography, which was at least the sixth event dealing with online child exploitation in the House this year." CNET adds, "The data retention requirement is necessary because members of Congress have 'learned that Internet service providers and social networking sites have information that law enforcement needs when investigating pedophiles online, and that is the IP address on a particular date and time that will help identify those involved,' said Whitfield, a Kentucky Republican who is also heading a probe into Hewlett-Packard's boardroom scandal." CNET notes, "Privacy groups and industry groups have generally opposed mandatory data retention, with some companies such as Comcast voluntarily agreeing to retain user data for longer periods. Also, under an earlier proposal described by DeGette, the information would be available not only to police but to civil litigants as well, including divorce lawyers hoping to track someone down or employers embroiled in a lawsuit with a former employee. .. . Plans to enact the Bush administration's data retention proposal--reiterated this week by Attorney General Alberto Gonzales--have been brewing in Congress for months but have received increased attention as the November elections draw near."

CIVIL LAW:

US Probing Ela Medical Payments To Doctors. The New York Times (9/22, Meier) reports, "Ela Medical, a small producer of implantable heart devices, said this week that it had received a subpoena from federal health care fraud officials seeking information about possible inducements paid by the company to doctors using its

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products." The Times continues, "In response to an inquiry last week from a reporter, Ela Medical stated that it had received an administrative subpoena from the inspector general of the Department of Health and Human Services. The company is a division of the Sorin Group, which is based in Milan. … According to Ela Medical, the subpoena sought any documents related to 'arrangements, clinical studies, provision of monitoring equipment and services and other agreements by which the company may have provided benefits to persons in a position to recommend purchase of devices.'" The Times adds, "Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product. Ela Medical, which has previously said that it complied with all relevant laws, said in its statement that it was cooperating with the investigation. .. . Last year, the Justice Department started to investigate the country's biggest makers of heart devices — Medtronic, St. Jude and Guidant — to determine if they provided doctors with excessive payments to enroll patients in postmarketing studies of their devices as a way of increasing sales. All three companies have said they did nothing wrong."

Pediatrix Makes Final Payment In Settlement Of DOJ Billing Probe. The AP (9/22) reports, "Pediatrix Medical Group Inc. on Thursday said it paid the federal government $25.1 million as part of its final settlement with the Justice Department related to a probe into the company's billing practices." The AP continues, "The settlement ends a federal investigation into the company's Medicaid and Tricare practices related to neonatal services provided between January 1996 and December 1999. In addition, the pediatric services provider said it would reach separate state settlements for each state Medicaid program involved." The AP adds, "Information for the period 2000 to 2003 also was reviewed as part of the investigation, and Pediatrix is not making any payments for this period. … Pediatrix announced a tentative settlement in February and set aside reserves related to the investigation during periods through December 2005. The settlement will not affect the company's operating results this year."

Ex-IRS Mailroom Employees To Get Back Pay In Outsourcing Suit Settlement. The Washington Post (9/22, D4, Barr, 748K) "Federal Diary" column reports 10 former IRS mailroom employees "who lost their jobs because of outsourcing will receive about $4,000 each in back pay" as part of a settlement in a lawsuit brought by the National Treasury Employees Union.

Senators Urge DOJ To Appeal A Court Tobacco Ruling. At least two local newscasts covered the letter by 15 U.S. Senators urging attorney general Alberto Gonzales to appeal a district court's ruling that allows cigarette makers to avoid major financial penalties. WCIA-TV Champaign, (9/21, 12:11 p.m.) reported, "Durbin is among 15 senators who want the U.S. Attorney General to penalize tobacco companies. The lawmakers submitted a letter to Alberto Gonzalez asking him to appeal a district court's ruling, which limited penalties against tobacco companies who break the law. Durbin says nearly seven thousand state residents die from lung cancer each year."

WTWO-TV Terre Haute, (9/21, 05:00 p.m.) reported, "Illinois Senator Dick Durbin and 14 other senators want the U.S. Attorney General to go after tobacco companies. The lawmakers have written a letter to Alberto Gonzalez asking him to appeal a district court's ruling, which puts some limitations on penalizing tobacco companies that have broken the law."

CIVIL RIGHTS:

DOJ To Review Appointment Of Alabama Commissioner. The Mobile Press-Register (AL) (9/22, Murtaugh) reports, "Juan Chastang's future as a Mobile County commissioner is now in the hands of the U.S. Department of Justice, after the state decided not to appeal a federal court order handed down last month, a spokesman from the attorney general's office said." The Register continues, "The order, handed down by a panel of three federal judges Aug. 18, said Gov. Bob Riley had 90 days to get clearance from the Justice Department that the Chastang appointment complied with the Voting Rights Act of 1965." The Register adds, "If the Justice Department approves the appointment, nothing will change and Chastang, the commission's president, will continue to represent District 1. .. . But if the department finds that the appointment violated voters' rights, it could force Chastang out of office and call for a special election to fill the seat. … Suzanne Webb, a spokeswoman for the Alabama Attorney General's office, said Tuesday that the governor would not appeal the judges' decision to the U.S. Supreme Court and would instead ask for Justice Department clearance."

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Rights Groups Seek DOJ Bias Probe Of San Francisco Chronicle, Job-Fair Firm. The San Francisco Chronicle (9/21, Page B - 2, Hua) reports, "The Chronicle and a firm that produces job fairs tried to bar noncitizens from an employment event in June, according to a complaint the ACLU and other civil rights groups filed Tuesday with the federal Justice Department." The Chronicle continues, "The Lawyers' Committee for Civil Rights, the American Civil Liberties Union of Northern California and the ACLU Immigrants' Rights Project allege that Expo Experts, a Cincinnati company that organizes job fairs in partnership with newspapers nationwide, discriminates against legal immigrants. … The complaint, filed in Washington, D.C., charges that the company illegally bars noncitizens from attending job fairs in violation of federal anti-discrimination laws and asks the Justice Department to impose civil penalties and issue a cease-and-desist order to stop the practice. The civil rights groups filed a companion complaint against The Chronicle, which co-sponsored the June fair with Expo." The Chronicle adds, "An advertisement before the event, published in the newspaper and on its affiliated Web site, SFGate.com, said job-seekers were required to have U.S. citizenship to enter a pavilion featuring engineering, technology and security clearance positions, the complaint alleges. A second pavilion featured professional jobs. … When the Lawyers' Committee and the ACLU objected to the restriction in the days before the event, Expo Experts and The Chronicle removed the discriminatory language from the online version of the advertisement and opened both pavilions to all job-seekers, according to the complaint."

9th Circuit Panel Upholds California County's Ban On Library Prayer Service. The San Francisco Chronicle (9/22, Page B - 3, Egelko) reports, "Contra Costa County did not intrude on religious freedom when it barred a church from holding prayer services in a meeting room of the Antioch library, a federal appeals court ruled Wednesday in a case that drew arguments from the Bush administration in support of the church." The Chronicle continues, "In a 2-1 decision, the Ninth U.S. Circuit Court of Appeals in San Francisco said that the Faith Center Church Evangelistic Ministries had the right to hold religious discussions in a room that was open to other community groups, but that the county could prohibit it from conducting worship services. … 'The county has a legitimate interest in ... excluding meeting room activities that may interfere with the library's primary function as a sanctuary for reading, writing and quiet contemplation,' and in preventing the room from being 'transformed into an occasional house of worship,' Judge Richard Paez said in the majority opinion." The Chronicle adds, "He acknowledged that there may be little difference between prayer services and other types of meetings by religious groups in some cases, and said judges and government agencies are not competent to make such distinctions. But in this case, Paez said, Faith Center itself described its planned library gathering as one for 'praise and worship.' … Judge Richard Tallman stressed the same issue in his dissenting opinion. 'Separating religious worship from other religious speech inevitably leads to state entanglement in religion' and is beyond the government's authority, he said."

ANTITRUST:

Samsung Executive Pleads Guilty To Price-Fixing. The AP (9/22, Caterinicchia) reports, "An executive from Samsung Semiconductor Inc., the world's largest manufacturer of dynamic random access memory (DRAM) used in computers, has agreed to plead guilty and to serve jail time for participating in a global price-fixing conspiracy, the Justice Department said Thursday." The AP continues, "Thomas Quinn, senior vice president of memory sales and marketing at the U.S. subsidiary of Korean firm Samsung Electronics Co. Ltd., was charged with a felony for his alleged participation in an agreement to fix DRAM prices and to coordinate bids in an auction held by a buyer." The AP adds, "The scheme directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc., Gateway Inc., and Sun Microsystems Inc., according to the Justice Department. There were about $7.7 billion in DRAM sales in the U.S. in 2004, according to the department. … Under the plea agreement, which must be approved by the court, Quinn will serve eight months in prison and to pay a criminal fine of $250,000. In addition, Quinn has agreed to assist the Justice Department in its ongoing investigation. … 'Prison time for price-fixers remains the most potent deterrent to illegal cartel activity,' Thomas O. Barnett, Assistant Attorney General in charge of Justice's Antitrust Division, said in a release."

The San Jose Business Journal (9/22) reports, "The Justice Department said Thomas Quinn is the fourth Samsung manager to plead guilty in connection with the

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probe. Quinn is expected to serve eight months in prison and pay a $250,000 fine under the plea deal, and investigators said that if he had been convicted at trial, he could have faced a larger fine and a prison sentence of up to three years. … Quinn conspired to fix the price of memory chips sold to computer makers around 2001 and 2002, investigators said."

AFP (9/22) reports, "Quinn is the fourth Samsung executive to agree to a prison sentence in the investigation. Three foreign-based Samsung executives, Sun Woo Lee, Young Woo Lee and Yeongho Kang, previously pleaded guilty and agreed to serve prison terms ranging from seven to eight months. … In additional, jail terms were agreed for Hynix Semiconductor executives Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh and Choon Yub Choi; and Infineon executives T. Rudd Corwin, Peter Schaefer, Gunter Hefner and Heinrich Florian."

Texas Airfield Agreement Amended To Allay Antitrust Concerns. The Dallas Morning News (9/22, Reddy) reports, "Sen. Kay Bailey Hutchison said Thursday that new language addressing antitrust concerns in the Wright repeal bill has passed muster with a key detractor to the legislation." The News continues, "With newfound support from Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee, legislation that would lift restrictions on long-haul flights at Dallas Love Field may be poised to move forward. .. . 'It's a major step forward, but it's not the end of the road,' Ms. Hutchison said." The News adds, "The Texas Republican initiated procedures Thursday to bring the revamped Wright bill to the Senate floor. … It could come up for a vote next week, though a packed schedule in the final days before a congressional recess may force the issue into a post-election session in November. … The new language removes a phrase that could have provided a blanket exemption from competition laws for the June agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport. … But the proposed amendment still offers potential legal cover to the North Texas compromise, by employing additional language sanctioning the deal."

NYSE, Euronext To Create Independent Entities After Merger. The Wall Street Journal (9/22, Lucchetti) reports, "NYSE Group Inc. and Euronext NV will create separate U.S. and European entities to ensure that markets on each continent retain their independence if the stock-exchange operators complete their proposed merger." The Journal continues, "Euronext will have a Dutch foundation for its markets to prevent U.S. lawmakers from affecting the rules and requirements for listing stock in European countries. Likewise, NYSE will create a three-person Delaware trust to ensure that no laws are passed in Europe that will affect how U.S. companies are regulated. The structure was unveiled in a regulatory filing with Securities and Exchange Commission." The Journal adds, "The goal is to persuade everyone concerned that the planned deal won't encroach on securities laws on either side of the Atlantic. NYSE owns the New York Stock Exchange. Euronext owns stock markets in Paris, Amsterdam, Brussels and Lisbon as well as a major derivatives exchange in London. … The two entities will exist behind the scenes unless and until lawmakers or regulators pass rules that were viewed to affect the independence of regulators or companies in the other market. Essentially, they will only be able to react to laws or regulations rather than create strictures of their own." The Journal notes, "Europeans are concerned that Congress or the SEC might take the merger of the two companies as an opportunity to try to extend U.S. regulatory reach to Europe. Such a scenario is particularly frightening to European executives, who would prefer to avoid the strict accounting and governance rules that U.S. companies are subject to since the Sarbanes-Oxley law was passed in 2002. Both SEC officials and Euronext have stressed such U.S. rules won't apply in Europe."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Says She Will Try To Recover Oil And Gas Royalties. The New York Times (9/22, Andrews, 1.21M) reports, "A top official at the Interior Department said on Thursday that she would not try to recover $1.3 billion in royalties that the government lost as a result of flawed oil and gas leases it signed in the late 1990's. 'That would be very hard to recoup,' said Johnnie M. Burton, director of the Minerals Management Service of the Interior Department, at a forum held by Platt's, an oil industry newsletter." She "added that she had little or no bargaining power -- and did not want any -- to force more than 50 companies to renegotiate offshore drilling leases that currently allow them to escape as much as $10 billion in royalty payments over the next decade." The Times notes, "Administration officials say that they are close to reaching

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agreement with Shell Oil and BP and that they have held talks with about 10 companies. But more than half of the companies that hold the flawed leases have not responded to the government's pleas." The Times reports, "Democrats reacted angrily to Ms. Burton's remarks, as well as to new allegations by a group of federal auditors who have charged that the Interior Department blocked them from recovering underpayments by more than two dozen companies."

Gap In Safety Standards Noted In E Coli Probe. The Washington Post (9/22, D1, Shin) reports, "It took exactly 14 days from the time state health officials in Wisconsin noticed five cases of E. coli O157:H7 in the same county until investigators arrived Wednesday at a field in California's Salinas Valley in search of the bacteria that ended up in bagged spinach and sickened 157 people in 23 states." The Post continues, "The outbreak -- the largest, in terms of victims, caused by fresh produce -- has exposed strengths and weaknesses in the highly fragmented U.S. food safety system. And the extent of it has federal officials talking about imposing tougher regulation. … 'There are good agricultural practices out there. . . . The question that will be addressed is: Are they adequate? Are they being followed? Does the industry need to be further regulated to be safe?' said David W. Acheson, a top Food and Drug Administration food safety official." The Post adds, "Even as public health officials have gotten better at identifying the onset of illness borne by raw fruits and vegetables, the rules and procedures to prevent those outbreaks remain weaker than those for meat and poultry, consumer advocates and food safety experts said. And their enforcement relies on the voluntary efforts of growers and processors, and on the FDA, which has responsibility for much of the food supply but nowhere near the authority or resources devoted to the monitoring of meat and poultry."

EPA Administration Rejects Staff's Recommendations On Soot Rules. The New York Times (9/22, Barringer, 1.21M) reports, "The Environmental Protection Agency's administrator on Thursday rejected the recommendations of his staff -- and an unusual public plea from independent science advisers -- choosing instead to tighten only one of two standards regulating the amount of lethal particles of soot in the air. The short-term daily standard, intended to control acute exposure to the minute particles, was cut nearly in half." But "the annual standard, which affects chronic exposure, remains at its original 1997 level." Stephen L. Johnson, "a career scientist at the agency and the third administrator appointed during President Bush's six years in office, said in a conference call on Thursday that the annual standard would remain at its current level while research continued. No change was made now, he said, "due to insufficient evidence" linking health problems to long-term exposure."

The Washington Post (9/22, A3, Eilperin, 748K) reports, "The agency did not go as far as its own scientists had urged in curbing soot, which is linked to heart and lung disease as well as childhood asthma." The decision "sparked complaints on both sides of the pollution debate, with public health experts saying it was inadequate and industry officials calling it too stringent."

Senate Expected To Confirm Parks Service Nominee. The AP (9/22, Jalonick) reports, "Mary A. Bomar, President Bush's nominee to head the National Park Service, appeared headed for a quick confirmation as senators praised the British native Thursday for her professionalism and history with the agency." Bomar "offered few opinions on current park service policy or the agency's budget problems at her Senate confirmation hearing." Bomar "said she would help the agency 'search for creative ways of working within our means.'" Senate Energy and Natural Resources Chairman Pete Domenici and Sen. Craig Thomas, "the Republican chairman of the subcommittee on national parks, predicted that most senators will support her nomination."

FBI/DEA/ATF/USMS:

Judge Sentences BALCO Journalists For Contempt, Suspended Pending Appeal. The Contra Costa (CA) Times (9/22, Peele) reports, "A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case." The Times continues, "U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed. … In a tense exchange, Fainaru-Wada told White he would not, under any

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circumstances, reveal the source. … 'Do you intend to honor the subpoena as issued to you?' White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a 'meaningful, honorable profession.' … 'No,' he answered. 'I will not comply.' … Williams told White that he meant 'no disrespect to you and the judicial system,' by defying the subpoena. 'I have a deeply held ethical and moral belief as a journalist and a man that I have to keep my word,' he told White. … But a justice department lawyer said the reporters' testimony was critical to its investigation of the leak. … 'Our job is to get information and get to the truth,' said Assistant U.S. Attorney Douglas M. Miller. 'We want to indict the right people, not the wrong people. We have a right to prove our case.'"

The AP (9/22) reports two San Francisco Chronicle reporters "were ordered jailed Thursday for a maximum of 18 months, pending an appeal, for refusing to testify about who gave them secret grand jury testimony from Barry Bonds and other elite athletes. The reporters, Lance Williams and Mark Fainaru-Wada, wrote a series of articles and a book based partly on the leaked transcripts of the testimony of Bonds, Jason Giambi and others before a grand jury investigating the Bay Area Laboratory Co-Operative…that was exposed two years ago as a steroid ring. … Both sides agreed to stay the ruling pending an appeal to the United States Court of Appeals for the Ninth Circuit."

McClatchy Newspapers (9/21) reports U.S. District Judge Jeffrey White rejected requests from Williams and Fainaru-Wada that they be fined rather than jailed.

The San Francisco Chronicle (9/21) writes that in "refusing to testify, the reporters have claimed that the constitutional guarantee of freedom of the press includes the right to keep promises of confidentiality to their sources. Lawyers for Hearst Corp., which owns The Chronicle, argued that reporters should be forced to disclose their sources only if the harm caused by the breach of grand jury secrecy outweighs the public benefit of the reporting -- a standard proposed in a journalists' 'shield law' now before the U.S. Senate."

Media Criticizes Handling Of Case. The Los Angeles Times (9/21) editorializes, "There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public."

In an editorial, the Denver Post (9/21) writes, "Federal authorities have been zealous in pursuing the reporters, but they haven't been so tough on themselves. After all, it was their own blunders that resulted in the release of information they meant to expurgate. The information, filed in an electronic court brief, summarized e-mail messages between BALCO President Victor Conte Jr. and Fainaru-Wada. The FBI obtained the e-mails when they searched Conte's home. … One might deduce that the feds already know what they want to know."

For ESPN.com (9/22), Wright Thompson writes, "These reporters were assigned a story, did it well and, in the process, sparked a national debate that did big things like teach kids about the danger of steroids and small things like help force a sport to clean up its act. In the end, those are the only relevant facts to me. They provided a public service, worked long hours, endured criticism and dead ends, pursuing the truth. Funny, isn't that what the government is supposed to do?"

At least five California newscasts reported that a federal judge sentenced two San Francisco Chronicle journalists to 18 months in prison, pending an appeal, for refusing to reveal their source in the BALCO steroids scandal. The reporting also focused on the reaction of other journalists, who viewed that the court's ruling could have an impact on their profession. Some examples: KSEE-TV Fresno, (9/21, 06:15 p.m.) reported, "Two San Francisco Chronicle reporters have been sentenced to 18 months in prison for refusing to say who leaked them secret grand jury testimony from Barry Bonds and other elite athletes during the BALCO investigation. But Lance Williams and Mark Fainaru-Wada won't have to report to prison until their case is heard by a Federal Appeals Court."

KGO-TV San Francisco, (9/21, 05:02 p.m.) reported, "Journalists say sending reporters to jail for refusing to reveal sources could have a chilling affect on other reporters. … 'I know the prosecution recommended 18 months in jail. That is a good chunk of somebody's life for this.'"

KNTV-TV San Francisco, (9/21, 06:01 p.m.) reported, "Two San Francisco Chronicle reporters in the BALCO steroid scandal have been sentenced to prison for refusing to reveal their sources. Both the government and the reporters

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agreed that Williams and Mark Fainaru-Wada should be held in contempt of court but disagreed on the punishment."

NFL Commissioner, Union Discuss Drug Testing. The AP (9/22) reports NFL commissioner Roger Goodell "met Thursday with union chief Gene Upshaw and a group of other league and union officials on a range of issues, including the possibility of expanding testing for performance-enhancing drugs. NFL spokesman Greg Aiello said nothing definitive would come out of the session, one of the first formal meetings of its kind since Goodell took over three weeks ago from Paul Tagliabue."

The Washington Post (9/22, E5, Maske) writes that Goodell and Upshaw "discussed a variety of topics, including the league's drug policy. A league spokesman said no agreements were reached on that issue but that conversations would continue at some point. Goodell said in recent weeks that he had opened discussions with Upshaw about the possibility of strengthening the program, possibly by increasing the frequency of tests and adding substances to the banned list."

Former Chicago City Worker Pleads Guilty To Running Heroin Ring. The Chicago Tribune (9/21, Bush) reports a former hoisting engineer for the city's Department of Water Management "pleaded guilty in U.S. District Court Thursday to running a heroin distribution ring while working for the city. George Prado, 48, is cooperating with federal investigators in the case against his alleged supplier, Sandra Stewart, and in other ongoing drug investigations, authorities said. He admitted Thursday that he purchased large quantities of heroin that he distributed through a network of couriers and dealers, including fellow city employees Anthony Ritacco and Michael Hart."

Cocaine Seized, 13 Arrested In Massachusetts Drug Ring Investigation. The Boston Herald (9/21) reports federal authorities "seized 150 kilograms of cocaine and busted 13 people for running a sophisticated drug ring in Lynn, Revere and Dorchester. … A federal grand jury investigating the alleged ring handed down indictments against 13 people, according to June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, and Sullivan. … The feds said the charges stem from a wiretapping investigation from May to August of this year of the alleged cocaine ring."

In Lynn, the Daily Item (9/22) reports 13 members of an alleged North Shore cocaine distribution network "were indicted in federal court Thursday following a wiretap investigation and a major drug seizure in Lynn. Federal agents from the U.S. Drug Enforcement Administration (DEA) and other law enforcement organizations spent three months listening to and recording conversations among the suspects, culminating in the interception of three separate cocaine shipments, according to Samantha Martin of the U.S. Attorney's Office in Boston. … The largest - containing 123 kilograms of cocaine - was seized in a Lynn parking lot Aug. 14. … As a result of the sting, authorities seized approximately 150 kilograms, or more than 300 pounds of cocaine."

Texas Fugitive Arrested After Applying For Work On Las Vegas FBI Office. In a widely-distributed story, the AP (9/22) reports, "A man applying for work building a new Las Vegas FBI office was nabbed on a 22-year-old murder warrant after a background check found he was wanted in a double slaying in Texas." Jesus Garcia "was arrested Aug. 24 and returned to Harris County, Texas, to face charges in a Sept. 7, 1984, shooting that left two men dead and two other men wounded in a Houston-area lounge, said David Staretz, spokesman for the FBI office in Nevada. 'Even after 20 years, the law eventually will catch up with you,' Staretz said Thursday. Garcia voluntarily provided fingerprint samples when he applied for a construction job at a new southern Nevada FBI regional office, Staretz said. The prints matched those on file with a warrant in the slaying."

Judge In Rhode Island Nightclub Fire Case Chastises AG's Letter Leak. The New York Times (9/22) reports, "A Rhode Island Superior Court judge chastised the state's attorney general Thursday, saying his office had leaked to the press a letter telling relatives of 100 people killed in a nightclub fire that the club owners would plead no contest to involuntary manslaughter charges and that one would not face jail time." The Times continues, "The judge, Francis J. Darigan Jr., said the leak was 'unethical, reprehensible, devoid of any consideration for the victims of this tragedy and totally abrogated an agreement reached after weeks of discussion.' … Judge Darigan said the court mailed out its own letter to families Wednesday night explaining the

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terms of the plea agreement. He said he had intended for them to receive word of it before the news media." The Times adds, "The office of Attorney General Patrick C. Lynch had planned to send a separate letter telling families he objected to the deal, but his letter was faxed to a television station Wednesday night and was made public a short time later. … Mr. Lynch said in a statement that notifying all the families personally would have been an 'unprecedented challenge.' While many families would be 'deeply hurt' by the news of the plea arrangement, he said, most would have heard of it through the press anyway."

IMMIGRATION:

US Indicts 15 In Alleged Driver's License Plot For Immigrants. The AP (9/22, Brisendine) reports, "The operators of two trucking schools were charged with conspiracy and fraud for allegedly helping unqualified Somalian and Bosnian immigrants pass driving tests in order to obtain commercial driver's licenses, federal prosecutors said in an indictment unsealed Thursday." The AP continues, "The indictment, returned Wednesday by a grand jury in Springfield, Missouri, names 15 defendants who face charges including conspiracy and mail fraud, making a false writing and causing a false identification document to be produced. … It stems from an investigation dating to fall 2004 of testing practices at the South Central Career Center Truck Driving School in West Plains, Missouri, in which authorities found a suspiciously high percentage of students passing the driving tests. … 'The pass rate for the school was found to be 99 percent,' Col. Jim Keathley, superintendent of the Missouri State Highway Patrol, said. 'The average pass rate statewide is 83 percent.'" The AP adds, "The school's superintendent, Dean P. Proffitt, 71, was among those indicted, as was Ernest Arnel White, who ran a Kansas City-area school and would send students to Proffitt's school to take the driving exam. … Proffitt was placed on a leave of absence in February, and the school can no longer test for commercial driving licenses. … White, who allegedly provided test answers to students at his driving school in Kansas City, also is charged with being a felon in possession of a firearm."

House Passes Three Immigration Reform Bills. The Los Angeles Times (9/22, Havemann, 918K) reports, "With a majority of Democrats joining virtually all Republicans, the House today passed three bills designed to make it harder for foreigners to enter the United States illegally and to increase the penalties for those who do." The bills "had already cleared the House last July as part of a larger package of measures to control illegal immigration. The Senate passed its own version of immigration legislation that included a guest worker program and a path to citizenship for some foreigners in this country illegally." The Times adds, "The punitive House bill and the more lenient Senate approach were so different that the two chambers have not tried to forge a compromise. Instead, the House is passing part of its original bill piecemeal."

USA Today (9/22, 2.27M) says the bills "would impose prison sentences of up to 20 years for tunneling under the border, allow the Homeland Security Department to hold illegal immigrants detained for crimes or as threats to national security beyond six months, and empower state and local authorities to arrest illegal immigrants. It's unlikely this year that Congress will pass broader immigration changes favored by the Senate, so House GOP leaders said taking action to seal the border was a matter of urgency."

The AP (9/22, Abrams) notes the Senate in May "passed a broader bill, generally endorsed by President Bush, that included provisions for a guest worker program and ways for the nation's estimated 12 million illegal immigrants to work toward legal status and eventual citizenship. There's been no progress in efforts to reconcile the two bills." The Senate, meanwhile, "was debating legislation passed by the House last week that would approve construction of a 700-mile fence stretching across one-third of the U.S.-Mexico border. Democrats said Thursday's votes were an attempt to cover up the failure to pass more comprehensive immigration changes."

White House Says Bush Would Sign Border Fence Into Law. The Washington Times (9/22, Hurt, 88K) reports, "President Bush will sign the bill to construct 700 miles of fencing along the U.S.-Mexico border if it is approved by the Senate, the White House said, as Congress continued yesterday drafting more legislation to combat illegal immigration."

WPost Criticizes Failure To Move On Comprehensive Immigration Reform. The Washington Post (9/22, A16, 748K) editorializes, "The cynical immigration endgame of the 109th Congress isn't particularly surprising. But after a session in which the Senate actually managed to produce a bipartisan, comprehensive measure to overhaul the existing system, the latest, enforcement-only

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developments are nonetheless disappointing and dangerous." The Post continues that a border fence "would damage relations with Mexico, harm the environment and, especially in the absence of broader changes, be ineffective." And it is, "sadly, the least offensive of the measures under consideration." The voter ID requirement approved Wednesday in the House "would effectively disenfranchise many poor and elderly Americans, who are less likely to have, or be able to obtain, such documentation. … The Senate should not go along." The Post states, "The most disappointing aspect of the debate is the passive posture of President Bush," who "could have used his bully pulpit to make clear the importance of comprehensive reform."

Chertoff Says Secure Border Initiative To Be Handled With Caution. The New York Times (9/22, Lipton, 1.21M) reports "top Department of Homeland Security officials and Boeing executives" gathering in Washington Thursday to formally award the Secure Border Initiative Network (SBInet) contract "acknowledged that the first challenge was disproving skeptics. 'The common complaint about the government is there is a lot of lofty rhetoric, but the achievement always falls short,' Homeland Security Secretary Michael Chertoff said. 'We are very mindful of that. This is a very tall order. This is about a solution we believe is going to do the job.'" DHS Deputy Secretary Michael Jackson described the plan as "a radical change in business as usual at the border.'" However, the agency, "well aware of the decades of failed or incomplete border-security efforts," will start "small with a tiny section of the Arizona border, so it can quickly adjust if the strategy does not work."

Likewise, the Washington Post (9/22, D1, Witte, Hsu, 748K) leads its coverage of the story this morning by reporting that Secretary Chertoff said "the government learned its lessons from failed border-security initiatives and will move cautiously with its private-sector partner, Boeing Co., in the latest effort to use technology to curb illegal immigration." DHS "officials had been criticized by some immigration experts and lawmakers for indicating that the private sector would be given wide discretion in shaping a new system to secure 6,000 miles of land border. Previous attempts to do that have cost the government hundreds of millions of dollars but left little to show for it as equipment malfunctioned, agents were overwhelmed with false alarms and illegal immigration continued to climb."

Growers Lash Out At Congress Over Labor Shortage. The New York Times (9/22, Preston, 1.21M) reports, "Stepped-up border enforcement kept many illegal Mexican migrant workers out of California this year, farmers and labor contractors said, putting new strains on the state's shrinking seasonal farm labor force." The labor shortage, also reported in Washington and upstate New York has turned growers "from frustrated to furious with Congress, which has all but given up on passing legislation this year to create an agricultural guest-worker program. Last week, 300 growers representing every major agricultural state rallied on the front lawn of the Capitol carrying baskets of fruit to express their ire." The Times adds, "As they sum up this season's losses, estimated to be at least $10 million for California pear farmers alone, growers in the state mainly blame Republican lawmakers in Washington for stalling immigration legislation that would have addressed the shortage by authorizing a guest-worker program for agriculture. Many growers, a dependably Republican group, said they felt betrayed."

Study Finds Illegal Immigrants Supplanting American Workers. The New York Times (9/22, Preston, 1.21M) reports a study released yesterday by the Center for Immigration Studies found that in the five years after 2000, "foreign-born workers, including both legal and illegal immigrants, made up 86 percent of the net increase in the total number of employed workers, the highest share for immigrants ever recorded in this country. At the same time, the number of employed native workers ages 16 to 34 fell by more than 1.5 million. The study contends that 90 percent of the job deficit for young Americans would be erased if American teenagers and young adults held the jobs that immigrants now hold. … Last month a study by the Pew Hispanic Center, another Washington research organization, concluded that there was no nationwide pattern of displacement of American workers by immigrants."

TAX:

California Church Denies IRS Request For Documents. The New York Times (9/22, Strom) reports, "A California church under investigation by the Internal Revenue Service for possible violations of laws against political activities by churches has denied the agency's request for documents." The Times continues, "The decision forces the I.R.S. either to drop the case or to ask the Justice Department to take the church, All Saints Episcopal Church, in Pasadena, to court. The agency could also revoke the church's tax exemption, but legal experts said that was

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unlikely." The Times adds, "The church said it regarded an I.R.S. investigation of an antiwar sermon delivered by the church's former rector on the Sunday before the 2004 election as an attack on freedom of speech and religion. … 'We have nothing to hide, but there are principles here we think we need to uphold,' said Robert A. Long, the lay leader, or senior warden, of All Saints. … Mr. Long said the 26 members of the church's vestry, or governing body, had voted unanimously to decline to comply with two formal requests, called administrative summonses, for documents, testimony and other information that it received from the I.R.S. last Friday." The Times notes, "The church was making a point by requesting the summonses, which asked for documents ranging from copies of church policies and e-mail message to utility bills, as well as an interview with Rev. J. Edwin Bacon Jr., the rector. Mr. Bacon said the church asked for the formal process after receiving the second of two informal I.R.S. requests for information 'that was far more intrusive and that we thought were clearly aiming to invade our worship practices, which is clearly illegal.' … The request for formality is also a time-honored way of getting disputes with the I.R.S. into court, legal experts said."

The AP (9/22, Flaccus) reports, "An Episcopal church's decision Thursday not to cooperate with an IRS investigation into an anti-war sermon delivered before the 2004 presidential election sets up a high-profile confrontation between the liberal congregation and the IRS, which usually keeps such inquiries private. … The leaders of the 3,500-member All Saints Church voted unanimously to resist an order to turn over documents related to the sermon, which was given just two days before the election. The decision means the IRS must decide whether to ask the Justice Department to pursue the case in court. A judge would then rule on the validity of the agency's demands." The AP adds, "IRS spokesman Terry Lemon said he could not comment on the specific case and would not say whether the agency would request a court hearing. He instead issued a statement describing the procedure during such an investigation. … 'If the entity ultimately declines to answer the summons, the IRS can ask the Justice Department to pursue the case in court,' the statement read. … The dispute has attracted the attention of religious leaders on the right and left, who say the IRS' actions could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign."

The Los Angeles Times (9/22, Sahagun) reports, "The All Saints case escalated a week ago when the IRS slapped the 80-year-old parish with a summons demanding that it turn over by Sept. 29 all materials, such as newsletters and sermons, produced during the 2004 election year with political references. Bacon was told to testify in person Oct. 11." The Times continues, "At stake, several religious leaders say, is freedom from government intimidation when churches address moral issues of the day from the pulpit. … In an interview, Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, said, 'Churches should not endorse political candidates. But the IRS is seriously out of kilter and wrong-headed on this one; it's an appalling intrusion and it smacks of intimidation.' … Now, as the November election approaches, some churches worry that they may be the next targets of the IRS. This summer, the agency issued a statement warning nonprofits, including churches, that it was stepping up its efforts to crack down on illegal electioneering."

Local Television. Only a few newscasts reported on the Pasadena-based All Saints Episcopal Church's announcement that it refuses to submit documents to the IRS, and that it will, instead, take its battle with the federal agency before a court of law. The coverage also focused on the support from leaders of other faiths to the church. Some examples: KABC-TV Los Angeles, (9/21, 4:28 p.m.) reported, "The church was unanimous amongst their leaders. They're going to challenge this summons by the I.R.S. and this could affect their tax exempt status. They say it's an infringement on their rights and they want to put it back in the court of the I.R.S., which would more than likely mean a court of law. This sets up a high profile debate between the I.R.S. and the All Saints Episcopal Church."

KTVX-TV Salt Lake City, (9/21, 10:15 p.m.) reported, "A southern California church is standing up against the I.R.S., and refusing to turn over documents related to an anti-war sermon delivered a couple of years ago. … The church says the sermon did not favor any candidate, and the I.R.S. is infringing on the church's freedom of religion and freedom of speech. 'One of the great offenses in this I.R.S. attention has been to come into our worship practices and try to dictate how we worship.' …Now the church says it knows fighting the I.R.S. will be expensive. But they say leaders of Muslim, Jewish and other Christian churches are already calling their church and pledging money in support of the fight."

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KABC-TV Los Angeles, (9/21, 6:02 p.m.) reported, "Church officials admit challenging the I.R.S. will be costly. Leaders of Muslim, Jewish and other churches … will donate money to help them pay for their legal crew."

KCAL-TV Los Angeles, (9/21, 4:30 p.m.) reported, "Church officials see this as a key test with nationwide implications. If they lose they will submit the document … to the I.R.S., but they don't expect to lose."

CONGRESS-ADMINISTRATION:

House Judiciary Committee Hold Impeachment Hearing For 9th Circuit Judge. The Legal Times (9/22, Goldman) reports, "A House Judiciary subcommittee on Thursday held a rare impeachment hearing for a California federal judge but reached no conclusions and appeared eager to let a special committee of the 9th U.S. Circuit Court of Appeals finish its investigation before deciding whether to take up the matter in Congress again." The Times continues, "Judge Manuel Real, a Lyndon Johnson appointee who in November will have been a federal judge for 40 years, spent Thursday morning rebutting -- for the first time in public -- allegations that he had improperly seized control of a bankruptcy proceeding involving a woman whose criminal probation he was overseeing. … 'I am here to tell you I categorically deny any misconduct on the bench,' said Real, 82, who was seated next to his wife, Elizabeth, and lawyer and longtime friend, Donald Smaltz, the former independent counsel who a decade earlier had headed the investigation into former Clinton Agriculture Secretary Mike Espy. 'I have never been sanctioned for any type of judicial misconduct.'" The Times adds, "Real has a reputation as a stern and autocratic jurist. 'There are a lot of people who dislike you,' said subcommittee member Chris Cannon, R-Utah. 'No,' responded Real, who spoke slowly but forcefully. 'I don't think there are many people; I think there are a few.'" The Times adds, "One of those, the man who first filed the original complaint more than 2 1/2 years ago, is Stephen Yagman, a Venice, Calif., attorney whom Real fined $250,000 in 1984 for his conduct in a defamation case Real was handling. The sanction was later reversed by the 9th Circuit, but, Real noted, Yagman has had a 'personal vendetta against me for over 20 years.' … Yagman, in fact, has no connection to the underlying bankruptcy case. But under the 1980 Judicial Conduct and Disability Act, anyone, whether he is connected to the underlying case or not, can file a complaint against a federal judge."

Snow Seen As Relishing News Reporting Role As Press Secretary. The Christian Science Monitor (9/22, Cook, 58K) reports on White House press secretary Tony Snow's appearance at a Monitor breakfast. It is "not clear whether reporters get more information from Snow. But the White House informational diet is clearly being served up now with greater verbal dexterity and humor." Snow says "that what he brings is a major change in attitude toward the press." Said Snow, "I don't come out of the political side where a lot of times you see people coming out of the political side and they will look at the press room and they will look at it as a den of vipers, a seething hostile mass. What I see is a lot of people trying to get information so they can write a story...I think the change in the point of view makes all the difference in the world." The Monitor adds Snow "relishes the reporting aspect of his current position," But "getting ready to answer reporters' questions at two formal sessions a day involves intense preparation. There are days when Snow, a self-described "night person" gets up at 3:45 a.m. to prepare."

The White House Bulletin/US News (9/21) reported, "Opening the door on White House habits," Snow "told reporters that there is a regular feature dubbed 'policy time' in the West Wing when top aides and the President shoot the breeze on key issues leading to a presidential decision. 'I certainly put my two-cents worth in,' he told reporters at a newsmaker breakfast hosted by the Christian Science Monitor." The Bulletin adds Snow's description of an open idea mill counters the mainstream media view that only a chosen few make policy decisions, a claim White House officials have tried to fight for years. In fact, when Snow negotiated to leave Fox Radio for the White House, he won assurances that he would have access to policy discussions. But it turned out not to be an issue since he was made a policy maker on his first day. 'I was pushing against an open door,' he said."

The Washington Times (9/22, Curl, 88K) reports Snow "took over as President Bush's communications point man four months ago, beefing up the press office staff, honing internal operations and deploying a quick-response strategy." Now, polls "show, the president's approval rating has jumped to its highest level since January. Could Mr. Snow be responsible for the surge?" Snow said, "We're just busy going

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out and trying to be as aggressive as we can in getting the message out. Part of the challenge is to explain what we are doing and why. ... Sometimes you have to let people know very clearly what the policy is and that is one of our key aims." The Times adds the operation "has changed dramatically in recent months after crucial missteps, including last year's dead-on-arrival nomination of White House counsel Harriet Miers to the Supreme Court and this year's fiasco over the proposal to allow a company based in the United Arab Emirates to manage U.S. port operations." Snow has "learned to use the skills he picked up in his 28 years in journalism." Snow said, "The press secretary's job is a reporting job." He added that "even with an office right down the hall from the president, he spends a lot of his day calling others in the administration, asking, 'What's going on here?'"

Jackson Said To Have Urged Favoritism In Awarding HUD Contracts. The Washington Post (9/21, A15, Williamson, 748K), under the headline "Probe Finds Jackson Urged Favoritism in HUD Contracts," reports that "an inspector general's report charges that top US housing official Alphonso Jackson urged staff members to favor friends of President Bush when awarding Department of Housing and Urban Development contracts. But investigators so far have found no direct proof that Jackson's staff obeyed." His chief of staff told investigators that Jackson "personally intervened with contractors whom he did not like...these contractors had Democratic political affiliations," says the report, a copy of which was made available to The Washington Post.

The New York Times (9/22, Stout, 1.21M) titles its report "HUD Chief's Remarks Aside, Study Finds No Favoritism," and says Aronetta Baylor, "now an assistant deputy secretary and formerly the department's chief procurement officer, told investigators under oath that Mr. Jackson had once said, in the report's exact words, 'You know, if we weren't here, if the president hadn't appointed us, they wouldn't be (expletive) getting these contracts.' 'And he said that makes him mad that they don't realize that,' Ms. Baylor testified." Baylor's account "is in a 340-page report drawn up by Anthony G. Medici, special agent in charge of the inspector general's criminal investigations division. The report, dated Sept. 18, has not been made public." The Times adds, "It is illegal under federal procurement law to reward or punish contractors on the basis of their political views."

Khalilzad Return To Washington Sparks Rumors Of Promotion. The Washington Post (9/22, Kamen, 748K) reports in its "In the Loop" column that Zalmay Khalilzad, "the US ambassador to Iraq, is back in town for a bit -- and that has sparked chatter that maybe he'll be named deputy secretary of state, maybe with a specific portfolio of Iraq and Afghanistan." The chatter is "likely idle, generated by the fact that the post has been vacant since Robert Zoellick 's departure almost three months ago and that many names have been floated as his replacement. One big concern would be pulling Khalilzad out of Iraq, but there is some thinking in Baghdad that he may have done as much there as he can do."

House Ethics Panel Clears Lewis Aide's $2 Million Severance Pay. The Los Angeles Times (9/22, Hamburger, 918K) reports the House Ethics Committee "cleared a longtime aide to House Appropriations Committee Chairman Jerry Lewis of any breach of rules for accepting a nearly $2-million payout from his former lobbying firm." The aide, Jeffrey Shockey, "received $1.96 million in severance payments when he left Washington-based Copeland Lowery Jacquez Denton & White to return to work for Lewis (R-Redlands) as deputy staff director of the Appropriations Committee. Federal investigators are examining the relations between the firm, which specialized in appropriations matters, and Lewis." Ethics Committee staffers were "specifically reviewing whether Shockey's 2005 payout from Copeland Lowery might have broken rules that prohibit congressional staff from receiving income earned after becoming federal employees. But Shockey showed the committee documents revealing that his compensation was based on work completed before he returned to Capitol Hill." Reps. Howard Berman and Doc Hastings said, "It appears that the terms of your buyout agreement are consistent with applicable laws and House rules."

Senate Panel Not Scheduling Vote On Bolton Nomination. The Washington Post (9/22, Kamen, 748K) reports in its "In the Loop" column that the Senate Foreign Relations Committee calendar "has a business meeting scheduled for Tuesday, with votes to be taken on two nominations -- but nothing is scheduled for U.N. Ambassador John Bolton. His recess appointment ends no later than Jan. 3 unless he gets confirmed, but it appears that Sen. Lincoln 'Roadblock' Chafee (R-R.I.) hasn't budged -- yet."

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Recent Bush Interviews Cast Light On His "Mind-Set And Personal Life." A Washington Post (9/22, A15, Goldfarb, 748K) "Verbatim" item says the series of interviews President Bush gave "surrounding the anniversaries of Hurricane Katrina and the Sept. 11, 2001, attacks…offered a window into the president's mind-set and personal life," as he discussed "his frustrations" on CBS, the times "when he is overwhelmed with emotion" on ABC, and "his reading habits" and "his relationship with his father" on NBC.

Commerce Department Has Lost 1,100 Laptops. USA Today (9/22, Welch, 2.27M) reports, "The Commerce Department said Thursday that 1,100 of its laptops have been lost or stolen, including some that contain personal information collected by the Census Bureau." Department officials said that "the potential loss of personal data was limited, however, and that it is unaware of any data being improperly used." Secretary Carlos Gutierrez said in a statement, "The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low. … While we know of no instances of personal information being improperly used, we regret each instance of lost material."

The Washington Post (9/22, A3, Sipress, 748K) reports, "This disclosure by the department came in response to a request by the House Committee on Government Reform, which this summer asked 17 federal departments to detail any loss of computers holding sensitive personal information. Of the 10 departments that have responded, the losses at Commerce are 'by far the most egregious,' said David Marin, staff director for the committee. He added that the silence of the remaining seven departments could reflect their reluctance to reveal problems of similar magnitude." In "a private briefing yesterday for three members of Congress," Gutierrez "estimated that the disappearance of laptops from the Census Bureau could have compromised the personal information of about 6,200 households, Marin said. He said the department was still trying to determine the extent of the problem." The AP (9/22) notes "a half-dozen other federal agencies or departments have reported data thefts and security breaches involving personal information in the last six months."

Capitol Police Admit Intruder Was Not Stopped By Its Officers. The Washington Post (9/22, B1, Sheridan, 748K) reports the US Capitol Police, "contradicting earlier reports," said Carlos Greene, the armed man "who raced into the U.S. Capitol this week," was stopped "by employees of the Flag Office -- not by Capitol Police officers. The episode exposed gaps in security of the Capitol building and grounds, and legislators are expected to meet Tuesday to grill U.S. Capitol Police about what went wrong."

Brownback Bill Would Increase Funds For DC Savings Program. The Washington Times (9/22, Doolittle, 88K) reports the chairman "of the Senate Appropriations subcommittee on the District said yesterday that he will add $4 million to the D.C. budget next year to help married or engaged couples buy a home, get job training or start a business." Sen. Sam Brownback said, "We need more family formation in the District ... We need more children raised in two-parent homes. This initiative will help with doing that ... It will expand job-training funding for those who get married; there's also funding in there for mentoring and counseling couples." The Times adds Brownback's "proposal would add $1 million to a matched-savings program approved by the Senate last year." Under the program, "the federal government contributes $3 for every $1 a D.C. couple invests and allows a maximum lifetime payment of $9,000. Couples must withdraw the money and be married within three years of entering the program." The new proposal "would provide more funds for job training and mentoring. Last year's version was the first of its kind in the country."

CDC Recommends Routine HIV Tests For All Adults And Teens. The Centers for Disease Control and Prevention recommended Thursday that all adults and adolescents should be tested for HIV regularly. The prominence and amount of coverage of the recommendation varies. While all three broadcast networks carried the story, NBC gave it nearly three minutes, while the combined coverage on ABC and CBS barely topped 30 seconds. The New York Times and Washington Post put it on the front page.

NBC Nightly News (9/21, story 2, 2:50, Williams, 9.87M) said the "strong new recommendation" from the CDC says "an AIDS test should be a routine part of a doctor's visit for every American starting at age 13." NBC's Bazell talked with the health commissioners of New York City and Washington, D.C., and an HIV-positive man, about the call. ABC World News (9/21, story 5, 0:20, Gibson) said the CDC "estimates

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that more than 250,000 people have the virus and don't know it," a number also cited by the CBS Evening News (9/21, story 4, 0:15, Couric, 7.66M).

The Washington Post (9/22, Brown, 748K) says patients "would no longer have to sign a consent form and get extensive pre-test counseling. But they would have to be told they were being tested for the AIDS virus, asked if they have any questions and given the opportunity to 'opt out.'" The Post says the policy "is a huge change from an era when stigma and fatalism led to a unique and -- in the opinion of some practitioners, onerous -- set of procedures for HIV testing."

Likewise, the New York Times (9/22, McNeil, 1.21M) calls the recommendation a "major shift of policy" and a "sharp break from the early days of the AIDS epidemic, when the stigma of the disease and the fear of social ostracism caused many people to avoid being tested." USA Today (9/22, 2A, Sternberg, 2.27M) says the CDC recommendations "are not legally binding, but they are designed to make HIV testing as routine as tests for high blood pressure, cholesterol and diabetes."

Report Recommends Changes To Medicare System. The AP (9/22) reports that a new report prepared by the Institute of Medicine says that "quality not quantity should be the federal government's guide in setting payments to doctors, hospitals and other health care providers." The institute "said Congress should cut the base payments that Medicare makes to hospitals, nursing homes, insurers and doctors, and should use the savings to create pools that reward providers when they do work that has been proved effective in improving a patient's health." The change would "help ensure that what is paid for will be more beneficial to patients." The recommendations "did not please many health care providers."

Democrats Debate Medicare "Doughnut Hole" Costs. The AP (9/21, Freking) reported, "Filling the doughnut hole in Medicare drug plans would cost older people and the disabled about $40 a month more. Democratic lawmakers estimated the additional cost and said Thursday that is a major reason why 88 percent of the Medicare beneficiaries signing up for drug plans opted for a coverage gap." Democrats "designated Friday as 'doughnut hole day,' when the coverage gap would hit the average older person who is taking several medications." Meanwhile, the Bush administration "estimates that about 3 million Medicare beneficiaries will hit the doughnut hole, fewer than the 7 million often cited by critics. Mark McClellan, the administration's pointman on Medicare, says the 7 million figure is outdated."

Insurers Begin To "Privatize" Medicare. The New York Times (9/22, 1.21M) reports, "For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million." But "suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card. And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it." Critics "see the trend as further evidence that the government is paying private industry to take Medicare off its hands."

Pentagon May Seek More Time On New Labor-Management Relations System. The Washington Post (9/22, D4, Barr, 748K) "Federal Diary" column Deputy Defense Secretary Gordon England "has put a Senate oversight committee on notice that the Pentagon may come to Congress next year for additional time to establish a new labor-management relations system." The Pentagon "faces a 2009 deadline for implementing new labor rules, but progress has been slowed by litigation and other factors."

Paulson Says Bush Open To Compromise On GSE Bill. The Wall Street Journal (9/22, Phillips, Price, 2.03M) reports, "US Treasury Secretary Henry Paulson on Thursday said the Bush administration had clearly communicated a willingness to compromise with members of Congress at odds over legislation to establish a new regulator for the housing finance companies Fannie Mae and Freddie Mac." Paulson said in an interview with the Journal, "They're not waiting for me, or for the administration because we've indicated a willingness to work something out. … So the key question is whether people can get together on both sides of the aisle and get together in the House."

WSJournal Chides DeMint, Vitter Over Holds On FDA Nomination. In an editorial, the Wall Street Journal (9/22, A10, 2.03M) criticizes holds placed on Andrew von Eschenbach's nomination to head the FDA by Sens. Jim

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DeMint (over the RU-486 abortion pill) and David Vitter (over drug reimportation), saying that the FDA "badly needs a host of reforms" and that President Bush "has nominated one of the best available men to do that job." The Journal reminds readers that it last month criticized Democratic Sens. Hillary Clinton and Patty Murray over their blocking of the nomination, and says if DeMint and Vitter "won't be reasonable, Senate Majority Leader Bill Frist and others should call them on the deadly consequences of further delay."

NYTimes Praises Atlantis Crew, Urges NASA Focus On Hubble. The New York Times (9/22, 1.21M) editorializes, "We've never been great fans of the International Space Station, an enormously costly project that will yield such limited scientific and economic benefits that it seems destined to be considered a white elephant. Nevertheless, we had to marvel at the magnificent performance of the crew of the shuttle Atlantis, which ended an arduous 12-day mission to the station with a flawless landing yesterday." The Times also calls for upgrades for the Hubble Space Telescope, saying it "seems more important to service the Hubble than to finish a station whose main value will be the act of finishing it."

OTHER NEWS:

Bush Touts Economy, Tells Florida Audience Democrats Would Raise Taxes. The St. Petersburg Times (9/22, Stein, Smith) reports, "President Bush made a two-city swing through Florida on Thursday, raising money and the spirits of two Republican candidates. Across the country, Republican candidates have been distancing themselves from Bush before the upcoming midterm elections as the president's approval ratings have sagged while voters have grown dissatisfied with his handling of Iraq and the economy." But "on Thursday, there was no distance between Bush and Charlie Crist, the GOP candidate for governor, or Gus Bilirakis, who is running for Congress, as Bush zeroed in on tax policy, typically a point of strength for Republicans." The Tampa Tribune (9/22, March) says that while Bush "boosted those two candidates," he "was cool to his party's nominee for the US Senate, Katherine Harris, giving her a short-shrift handshake along the rope line at the Tampa event and no ride on Air Force One." However, says Miami Herald (9/22, Klas, 310K), Harris was in the audience in Tampa. Asked whether "this would end her criticism of the 'Republican elite,' Harris said, "I will never be one of the beltway boys."

National newspapers focus on Bush's tax message. The New York Times (9/22, Rutenberg, 1.21M) reports from Orlando that Bush "began a blistering new political offensive on Thursday, asserting that if Democrats won control of Congress from Republicans it would mean higher taxes, less money in the pockets of working families and damage to the economy." The speech by Bush here," in which he belittled Democrats as "'he party of high taxes,' signaled what Republicans described as a new phase of the White House's fall campaign, as Republicans begin to combine their emphasis on national security with a tough new emphasis on the issue that unites them more than any other, taxes." Bush's offensive "was backed up by a flood of television advertisements on behalf of Republican candidates."

The Washington Post (9/22, Abramowitz, 748K) reports Bush "zeroed in on comments this week by Rep. Charles B. Rangel (N.Y.), who would take over the tax-writing Ways and Means Committee if the Democrats win back the majority. Rangel told Bloomberg News that he 'cannot think of one' of Bush's first-term tax cuts that merits renewal." Bush told a crowd in Tampa, "That's one way of saying they're going to raise your taxes, because, you see, if you don't extend the tax cuts, your taxes go up." The Post also reports, "The reference to Rangel -- though not by name -- came with ironic timing. It was the same day that the veteran congressman called a news conference in Washington to defend the president against the attacks this week by Venezuelan President Hugo Chavez at the United Nations and at a Harlem church. Those attacks, as well as jibes from the Iranian president, seem to have energized Bush's political base."

The AP (9/22, Loven) reports that Bush, "politicking at full campaign speed, contended Thursday that a vote for Democrats this fall would be a vote to siphon money out of American families' budgets. It was Bush the Politician, unleashed, seven weeks before the midterm congressional elections."

The Los Angeles Times (9/22, Gerstenzang, 918K) also reports on Bush's "tough attack Thursday on the Democratic Party's policy on taxes," and adds Democrats "responded by criticizing Bush for adding to the national debt. 'The deficit the president has run up has essentially put a $28,000 tax on every newborn, and that's not to mention the $1 billion a week we're spending in Iraq,' said Rep. Rahm Emanuel of Illinois,

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who leads the Democratic effort to win more House seats." Bush "spoke in Tampa at a fundraiser for Gus Bilirakis, a Republican, who is seeking the seat his father, Michael Bilirakis, has held in the House."

The Washington Times (9/22, Dinan, 88K) says Bush "has dominated press coverage in the past few weeks with his push on terrorism, and his tax message yesterday was overshadowed by the deal his administration reached with key senators to approve a CIA interrogation program."

McClatchy (9/22, Gibson), meanwhile, focuses on Bush's references to the war on terror, reporting that "hoping to regain his political stature…Bush has hit the campaign trail to sound warnings about terrorism while boosting Republican candidates in this year's elections." In Florida, the President said, "The best way to protect the United States is to stay on the offense and bring the enemy to justice before they come here and hurt us in America." McClatchy adds, "In political terms, Bush and fellow Republicans are playing the security card, the one that sent the president's public-approval ratings to a record high in 2001 and helped the party consolidate control of the White House and Congress in the next two elections."

Eight-Year-Old Gets Award From Bush. The Bradenton Herald (9/22, Marquez, 52K) reports, "A Valrico 8 year old shook hands with the president today, received a citizenship award and then invited him to a party for young victims of a hurricane." Zach Bonner told The Herald on the tarmac at Tampa International Airport that Bush "politely declined to attend the Christmas party for Katrina victims in Louisiana in December, but said he would 'send something.'"

The St. Petersburg Times (9/22, Stein) reports Bonner, "who had been practicing his handshake, felt nervous as the commander-in-chief walked over. 'It went so fast,' he recalled. 'He said congratulations, and he was proud of me.'" Two years ago, "he heard that the victims of Hurricane Charley needed water. Zach asked his mother if he could give some. Then his neighbors. Twenty-seven pickup truckloads later, he was still helping others." Zach "has his own nonprofit, the Little Red Wagon Foundation Inc., complete with a Web site at www.littleredwagonfoundation.com."

Bush Visits Buccaneers. The AP (9/22, Goodall) reports from Tampa, "It seems like everyone has some advice these days for the winless Tampa Bay Buccaneers and struggling quarterback Chris Simms. Even…Bush tossed the football with the former University of Texas quarterback Thursday, and offered some advice." Said Bush, "Never give up." Bush "accepted an invitation to stop by practice and was greeted on the field by Simms and teammates Derrick Brooks, Ronde Barber and Mike Alstott and Ryan Nece, as well as an appreciative Gruden."

Mehlman Says Midterms To Focus On Terror; Dean Sees Economy As Defining Issue. RNC Chairman Ken Mehlman writes in the Wall Street Journal (9/22, 2.03M), "Last month's narrowly averted plot to blow up airliners bound for the U.S. from Great Britain is a stark reminder that we are engaged in an extraordinary and dangerous global war. In 46 days, the American people will make an important decision about how we prosecute that war: Do we stay on the offense and use every tool available to defeat the enemy, or do we elect leaders who would weaken America and surrender key tools we need to defeat the global jihad?" Mehlman adds that "there can be no doubt about the national and international import of the choice we all face as Americans. We face war and a changing global economy, and Republicans have very different strategies for victory than the Democrats. I believe the American people understand the choice of 2006, which is why I am confident that in 46 days Republicans will make history and maintain our majorities in Congress."

Meanwhile, DNC Chairman Howard Dean writes in the Wall Street Journal (9/22, 2.03M), "We need a Democratic Congress to fight the war on terror -- and to end the war on America's families. Republican policies of the last five years have damaged our economy and failed Americans." Democrats "believe strengthening the middle class is essential for a thriving economy that rewards work, provides economic opportunity to all and makes it easier for parents to devote time to their families. An economy that favors the top 1% at the expense of everyone else might be good for President Bush's politics, but a shrinking middle class is bad for capitalism, democracy and America. We need a new direction." Dean also writes, "The Republican record on managing the federal budget is dismal. Republicans have turned surplus into debt, hope into lost opportunity; they have become the party of borrow-and-spend." Democrats "are ready to lead with a thoughtful, fiscally responsible long-term vision."

E.J. Dionne writes in the Washington Post (9/22, A17, 748K), "The maneuvering this month for November's midterm elections is primarily about shaping the priorities that voters will carry with them to their polling places. Behind the speeches and the ads is a subtle war for position, an effort to

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prepare the ground for the campaign's final weeks. The obvious battle is over whether voters on Nov. 7 will be thinking more about the violence in Iraq, which pushes them the Democrats' way, or about the broader war on terrorism." Dionne adds, "In this skirmish, Republicans can chalk up modest but real gains. The Pew Research Center found that the proportion of voters who listed terrorism as the most important problem facing the country increased from 5 percent in May to 15 percent this month. Significantly, the share of independents who listed terrorism as the key issue rose from 5 percent to 13 percent." But "the question that has received far less attention in Washington is the one joined by Klobuchar and Brown: How will voters see the economy? … The GOP is still in trouble on the economy." Dionne concludes, "The paradox is that the survival chances of a Republican Party led by a former oilman from Texas will depend in large part on whether gas prices keep falling."

Poll Finds Americans More Upbeat On Economy, Crediting Bush. The Los Angeles Times (9/22, Hennessy-Fiske, 918K) reports, "Americans have become more optimistic about the economy and they are giving President Bush some of the credit, a new Times/Bloomberg poll shows. Republicans running for election next month could benefit from the development, as voters say the economy will influence their choices in November more than any other national issue, including the war in Iraq and terrorism." Consumer confidence "fell this summer as gas prices peaked and the housing market weakened, particularly in California. Those polled in July were almost evenly split on the state of the economy, with 49% saying the economy was doing badly. Now, the optimists outnumber the pessimists in the poll by 10 percentage points, with 54% saying the economy is doing well." The Times adds, "Seven weeks before the midterm elections, the economy remains voters' primary focus. Among registered voters, 32% listed the economy and jobs as the most important election issue, followed by the war in Iraq (21%), immigration (17%) and healthcare (10%)." Those "polled cited a variety of reasons for feeling better about the economy, including unemployment at a low 4.7% nationally, lower gas prices this month and an interest rate freeze by the Federal Reserve. That could be good news for Republican candidates, as the GOP is the party in power in Washington and may be able to take some credit for the economy."

House GOP Leaders Agrees To Ease Restrictions On Drug Reimportation. The AP (9/22, Jordan) reports, "House Republicans tentatively agreed Thursday to prohibit Customs agents from seizing prescription drugs that Americans buy in Canada and bring back into the United States." The deal "would let Americans carry up to a 90-day supply of medication back to the US from Canada without being stopped by Customs agents, House and Senate Republicans said. But it would not let Americans purchase cheaper prescriptions over the Internet or by mail-order, officials said."

Wal-Mart's New Pricing Strategy To Shakeup Drug Industry. ABC World News (9/21, story 6, 0:15, Gibson) reported, "Wal-Mart said it will begin selling generic prescription drugs at cut-rate prices. A move that could force rival pharmacies to do the same, making healthcare more affordable for many Americans. Wal-Mart is going to sell 300 generics for as low as $4 for a one-month supply."

CBS Evening News (9/21, story 2, 1:15, Couric, 7.66M) reported, "Big sales are usually found on the inside pages of the newspaper, but you can look for this one on the front page tomorrow because it's bound to make some headlines." CBS (Anthony Mason) added, "Launching a fierce price war, Wal-Mart has slashed drug costs, first just in its Tampa-area stores, but next year across the country." Bill Simon, Wal-Mart: "This is a kick-off of a program that will roll into Florida and as many places in the country as we can." Mason: "So who is unhappy? Wal-Mart's competitors for one, the national drugstore chains, and all of their stocks, Katie, dropped sharply today."

NBC Nightly News (9/21, lead story, 2:50, Williams, 9.87M) reported, "This offer again covers hundreds of drugs and Wal-Mart is big enough to change the game in the expensive prescription business across this country. We begin here tonight with NBC's Tom Costello." NBC (Costello) added, "Wal-Mart's move to slash prices on generic drugs created a stir in the pharmacy line. … But consumer advocates today had mixed reactions." David Certner, AARP: "Any time we can move people to lower priced generic drugs people are going to see savings. The biggest problem is still with brand name drugs that are rising in prices."

USA Today (9/22, A1, Appleby, 2.27M) reports, "Wal-Mart Stores' move to offer some generic drugs for $4 a prescription could save modest amounts for some consumers. It may also draw more customers to its stores or prompt a price war with other pharmacies." Wal-Mart "said

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Thursday that it will offer the $4 price on about 150 generic drugs to the insured and uninsured alike, starting immediately" with 65 stores "in the Tampa area. It will take the program statewide by January." Bill Simon, Wal-Mart's executive vice president of the Professional Services Division, noted, 'We intend to take it nationwide next year."

The Wall Street Journal (9/22, B1, McWilliams, Martinez, 2.03M) reports, "Wal-Mart Stores Inc., long attacked by some critics for its employee health-care benefits, waded into the nation's health-care debate and its rivals' pharmacy businesses by promising to cut the price of some of its generic drugs." The savings "on some drugs will be considerable compared to rival pharmacies." Wal-Mart's "move drew praise from doctors and health-care experts but mostly shrugs from rivals who dismissed it as a publicity move." Wal-Mart "cast the change as a boost to the nation's uninsured and a savings even for those with health insurance."

The Washington Post (9/22, A1, Day, 748K) reports, "Health-care industry analysts said the program has the potential to transform the $230 billion prescription-drug business the way Wal-Mart has transformed other industries…where its aggressive pricing has forced some competitors out of business and allowed it to dominate entire categories of merchandise." Meanwhile, Mark McClellan, administrator of the CMS, "said he did not think the Wal-Mart offer would siphon beneficiaries from the Medicare drug benefit, known as Part D." He noted, "Remember that the drug plans in Medicare already provide excellent coverage for generics. … Many of the plans have generics for a dollar or two, or even free." But, "what the Wal-Mart plan does provide, he said, is a way for Medicare recipients to save more money after they reach the 'doughnut hole.'"

The Washington Times (9/22, Lopes, 88K) notes that perhaps the greatest impact will be felt by "independent pharmacies" since they are "not able to afford reducing the cost of drugs." Critics "pounced on Wal-Mart, claiming the world's largest retailer will use the low-priced drugs to entice shoppers to buy other Wal-Mart products, a business tactic known as 'loss leading.' But Wal-Mart spokesman David Tovar dismissed that claim." Mr. Tovar said, "This program is not a loss leader for us. … It will be a profit creator for us." Nonetheless, "the drugs included in the program are widely prescribed and, for the most part, not expensive."

The New York Times (9/22, Barbaro, Abelson, 1.21M) reports the plan "could make scores of treatments affordable to the uninsured, reduce the burden on Medicaid and bring competitive pricing to the pharmacy industry." But "a close examination of the program…suggests that its impact could be blunted by several factors." Health care analysts "were quick to point out that Wal-Mart has carefully chosen which drugs it will cover — 300 out of roughly 11,000 generic drugs available." And "while uninsured people should benefit from the program, those with insurance may save only a dollar or so, making a trip to Wal-Mart not worth their while."

Economists Dismiss Fears Over Drop In Factory Activity. USA Today (9/22, Hagenbaugh, Shell, 2.27M) reports, "Economic jitters grew Thursday after a report showing a decline in factory activity in part of the USA became the latest piece of data to suggest the slowdown in the economy may be sharper than initially thought." But "although the economic fears sparked a sell-off on Wall Street, some economists said it is too early to panic." PNC Financial Services chief economist Stuart Hoffman said, "I don't see broad enough signs to indicate that the economy is really grinding to a halt." Manufacturing activity "in the Philadelphia area fell in September, the Federal Reserve Bank of Philadelphia said. The Fed bank's index of conditions in the area, considered representative of U.S. factories, fell to -0.4 this month from an 18.5 reading in August."

The Wall Street Journal (9/22, Gerena-Morales, Derby, 2.03M) reports that meanwhile, "the Conference Board issued a separate economic report that also signaled the economy is headed toward slower growth for the remainder of the year. It reported that its composite index of leading indicators -- which attempts to forecast economic activity as much as six months into the future -- fell 0.2% in August to a reading of 137.6, following the same decline in July."

Stocks Down. NBC Nightly News (9/21, story 8, 0:10, Williams, 9.87M) reported, "The Dow was Dow almost 80 points today [to close at 11,533.23]. NASDAQ was down 15 points [to close at 2,237.75]." The Wall Street Journal (9/22, Hudson, Ng, 2.03M) says the Standard & Poor's 500 index fell 7.15 points, or 0.54%, to 1318.03." USA Today (9/22, 2.27M) reports stocks "retreated in afternoon trading after the Federal Reserve Bank of Philadelphia's index shrank for the first time in three years. Earlier, the Conference Board's index of leading indicators showed that an economic slump may extend into next year."

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Harris Interactive Online Poll Finds Public Opinion "Sour" On Iraq. The Wall Street Journal (9/22, 2.03M) reports President Bush's job approval numbers "have rebounded a bit since he made a series of speeches making the case for a strong U.S. role in Iraq. But a new poll from Harris Interactive shows that Americans remain very sour on the war itself and the U.S.'s chances of success -- and remain uncertain over the whether the U.S. was right to go to war in the first place." Harris "found 61% of those polled aren't confident that U.S. policies in Iraq will be successful, vs. 20% who are confident of success." Bush's "job rating on his handling of Iraq runs two-to-one negative overall. But at 64% negative to 32% positive, Mr. Bush has recovered from his ratings in May, when 68% were in the negative column vs. 29% in the positive column."

CNN Analyst Dismisses Rise In Bush Polls Numbers. CNN political analyst Bill Schneider on CNN's The Situation Room (9/21) examined three recent polls, two of which showed President Bush's job approval rating rising and said, "Notice all three polls continue to show a majority of Americans disapproving of the President's job performance. In historical terms each in the mid '40s President Bush is in a weak position going into the midterm elections. His rating would have to rise above 50 for his party to benefit. While President Bush may have gotten a boost on handling terrorism and the evidence on that point is mixed, it does not seem to be strong enough to turn the political situation around."

Republican Rollercoaster Ride Seems To Be Heading Up Again. The White House Bulletin/US News (9/21) reported, "A stirring address to the House Republican Conference late last week by President Bush has 'buoyed' the spirits of lawmakers that they won't lose control in the fall elections." Members and aides "interviewed after the meeting last week described a glum crowd politely greeting the President who turned the mood around with his one-on-one talks and broader speech to the Republicans." One member said, "People came out of the meeting pumped up. That was his best appearance ever in front of the caucus." The Bulletin adds that insiders said "that Bush touched on the issues facing the election and provided an upbeat assessment. He knew the name of every member he addressed and had a nickname for virtually all." Bush's appearance, "added to his increasing poll numbers and the growing economy have given the Republicans hope of keeping the majority." One Republican said, "A majority of our caucus feels buoyed. I'm not saying that we are out of the woods...but it's not as bad as we thought."

GOP Strategists Concerned By DSCC's $12 Million Cash Edge. The Wall Street Journal (9/22, A4, Harwood, 2.03M) "Washington Wire" reports that while Democrats face an "uphill climb" to retake the Senate, Republican strategists fear the DSCC's "$12 million cash edge heightens chances of an upset." Democrats believe Sen. Robert Menendez "is their only incumbent at risk, though they dismiss talk of replacing him" on the ballot with Rep. Rob Andrews. Democrats "grudgingly credit" Maryland GOP nominee Michael Steele "for effective, offbeat ads," but are expecting the "state's blue tint" to boost Rep. Ben Cardin to victory.

Business Community Said To Be Hedging Bets In Congressional Races. The Wall Street Journal (9/22, A1, Cummings, 2.03M) reports in a front page story that the US Chamber of Commerce, "usually a stalwart of Republicans," has "run about $700,000 in advertisements defending" Democratic Rep. Melissa Bean of Illinois "and plans to help get out the pro-business vote for her in the fall." Bean is "among more than a dozen Democrats in key races across the country that the chamber is backing this year. Half of them also have benefited from the chamber's first-ever television ads for Democrats. Partly, the organization is rewarding these Democrats for votes in favor of free trade and other issues it holds dear. It also is sensing possible Republican defeats in congressional elections on Nov. 7, and is hedging its bets by spreading some of the organization's wealth to the other side of the aisle." The chamber's move "mirrors a subtle but significant shift across the business community, which has begun anticipating that the Republican majorities in Congress could shrink, if not collapse. Washington lobbying firms are balancing their Republican rosters with Democratic hires, and some companies are injecting more bipartisanship in their campaign giving."

Democrats Seek To Label GOP "Centrist" As Bush "Rubber Stamp" In WA8. The Washington Times (9/22, Bellantoni, 88K) reports Washington's 8th CD is "emblematic of this year's battle for Congress, with Democrats working their hardest to link Republicans in power

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to President Bush." Democrat Darcy Burner "says her chances of ousting freshman Rep. Dave Reichert -- and giving the Democrats a seat in their bid to recapture the House -- are good because state residents are weary of the president." But Reichert is "one of the Republican centrists in Congress and reminds voters at every opportunity that he is not afraid to be an independent voice for their needs." Bush, Vice President Dick Cheney, House Speaker J. Dennis Hastert "and many other top Republicans have come to the state to campaign for Mr. Reichert, making him an easy target for Democrats who call him 'rubber-stamp Reichert.'" When White House strategist Karl Rove "visited on behalf of Mr. Reichert last Friday, Mrs. Burner received more than $50,000 in an online counter-fundraiser."

Steele Criticizes Black GOP Group's Controversial Ad. The AP (9/22, Wyatt) reports a "national black Republican group is running a radio advertisement accusing Democrats of starting the Ku Klux Klan and saying the Rev. Martin Luther King Jr. was a Republican, a claim challenged by civil-rights researchers." Lt. Gov. Michael Steele, "the black Republican nominee for Maryland's open Senate seat, disavowed the ad" as "'insulting to Marylanders.' He said his campaign asked the Washington-based National Black Republican Association to stop running it."

Steele Picks Up Support From Black Democrats. The Washington Times (9/22, Miller, 88K) reports, "Prominent black Democrats yesterday bucked their party to support Lt. Gov. Michael S. Steele -- the Republican nominee in Maryland's U.S. Senate race." William H. "Billy" Murphy Jr., "a Baltimore civil rights lawyer…hosted the 'Steele Democrats' event at the Eubie Blake National Jazz Institute and Cultural Center." Murphy said, "Like so many people who have come out today, I'm sick and tired of being taken for granted by the Democratic Party." The Times adds a "surprise for Mr. Steele came from the son of Kweisi Mfume, a past president of the National Association for the Advancement of Colored People who lost last week's Democratic primary to U.S. Rep. Benjamin L. Cardin." Michael Mfume, "a producer of the horror film 'Ax 'Em' and an active supporter of his father's campaign, told reporters at the Eubie Blake center that he did not speak for his father."

Cardin Says Steele Ducking Debates. The Washington Times (9/22, Ward, 88K) reports Rep. Benjamin L. Cardin "criticized his Republican rival Lt. Gov. Michael S. Steele for ducking debates in the U.S. Senate race in Maryland. But Mr. Steele and his campaign said Mr. Cardin is 'playing games,' and that his campaign manager won't return phone calls to set up a debate." The Cardin campaign "has issued public challenges to Mr. Steele, the first black person elected to statewide office in Maryland, to debate Mr. Cardin at one of the 10-term congressman's previously scheduled campaign stops." So far, "the two candidates are expected to meet Oct. 29 for a debate on NBC's 'Meet the Press.'"

Libby Defense Fund Chairman Hosts Lieberman Fundraiser. The AP (9/22, Miga) reports Mel Sembler, the "prominent Republican who chairs I. Lewis 'Scooter' Libby's legal defense fund co-hosted a fundraiser Wednesday for Sen. Joe Lieberman, who is running for re-election as an independent after losing the Democratic primary." Sembler, "a former Republican National Committee finance committee chairman, helped organize a reception that raised about a 'couple hundred thousand dollars' for Lieberman, who was in attendance. Sembler said the event at his firm's office in St. Petersburg, Fla., drew a mix of Republican, Democratic and independent donors." Sembler, who is "board chairman of the Sembler Company, a real estate and shopping center development company, said he has worked hard to raise money for Libby's legal defense fund." Sembler, who "described himself as 'dear friends' with Cheney," said, "It's amazing to go to all this hard work when a crime never got committed."

Allen Said To Have Handled Revelation Of Jewish Heritage Awkwardly. The New York Times (9/22, Kornblut, 1.21M) reports Sen. George Allen finds "himself in a growing group of political figures who have discovered their Jewish roots late in life. The responses to his situation, which included bad ethnic humor and serious debates about denial and anti-Semitism, focused attention on the power of religious, ethnic and racial identities in politics, forces that may not have the power they once did. But those forces remain sufficiently alive that Gov. Mitt Romney of Massachusetts, a Mormon, will almost certainly face questions about his religion if he runs for the Republican presidential nomination." Political operatives say "what matters is not so much Mr. Allen's bloodlines but his handling of the news that his mother was born Jewish, a fact that both say she told him last month." Weekly Standard editor William

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Kristol "said the incident especially 'struck a nerve with Jewish Republicans.'" Kristol said, "It's simply the way he handled it." The Times adds, "But in a southern state that was once a slave state, where white voters are predominant and cultural and political conservatives are a majority, Mr. Allen has seemed to struggle to find the right words to address his newfound identity."

Sen. George Allen, in an interview on CNN's The Situation Room (9/21, Blitzer) explained, "I was with my mother, we were across the table and I asked her, there are these rumors flying around here that you're Jewish, you have Jewish blood lines and so forth. I asked her, is there anything to this? And I saw her reaction. And she said, yes, there are. And I said, well, why didn't you ever tell me? I didn't want to tell you. You loved me and you won't love me as much. I said, mom, why would I -- I love you even more. I respect you even more when I heard of why she had hid this for fear of retribution, of stigma and how that would harm not just her, but my father and her children. She was protecting her children. And I said, well, ma, this just doesn't matter, you know? The Nazis are gone. And it just doesn't matter and she says, especially when she said does this make you love me any less. And I just, no, I loved her more. And I said, for this -- let's just stop -- you know, there is no reason to carry on with. She said, please, please, you cannot tell anyone. Tell no one."

Kerry Defends House Democrats From Swift Boat Backer. The AP (9/22, Lester) reports the Swift Boat Veterans for Truth group "was Sen. John Kerry's albatross in 2004. Now, the Democrat is warning his party about suffering the same fate in a fundraising letter." In 2004, "the Swift Boat group, backed by Texas businessman Bob Perry, made unsubstantiated allegations about Kerry's Vietnam War heroism. The presidential nominee's slow and uncertain response is blamed for helping doom his White House bid." Perry has "donated $5 million to the Economic Freedom Fund, a newly created California group, that is running ads, sending out mailings and using automated phone calls to criticize Democratic candidates in Georgia, West Virginia, Iowa and Indiana." In a fundraising letter for the Democratic Congressional Campaign Committee, Kerry "urges Democrats to fight back." Kerry said, "Their first attack ads against Democratic House candidates are already on the air. They hope they've caught you sleeping. We have to respond quickly and in force."

Five-Way Texas Gubernatorial Race Tightening. The New York Times (9/22, Blumenthal, 1.21M) reports, "Just a few months ago," the Texas gubernatorial race "appeared to be a fairly conventional if well-financed match between Gov. Rick Perry, a Republican, and the state comptroller, Carole Keeton Strayhorn, a former Republican running as an independent." But in the "last few weeks, though, two other candidates have gained enough traction to make it a much wider race: the humorist Kinky Friedman and Chris Bell, a former Democratic congressman. A fifth candidate, James Werner, a Libertarian, could make the difference if the Nov. 7 election becomes a squeaker." Mired in "low popularity ratings but with rivals dividing the opposition and strong backing from evangelicals, Governor Perry is still favored to win his quest to become the longest-serving chief executive in Texas history using a strategy of 'running out the clock," according to Cal Jillson, a professor of political science at Southern Methodist University. Still, he "cautioned that 'the history of Texas is full of zany, crazy races and this could be one.'"

Friedman Defends 1980 Use Of Racial Slur As Satire. The AP (9/22, Shannon) reports, "Comedian and independent gubernatorial candidate Kinky Friedman on Thursday defended his use of a racial slur during a performance at Houston nightclub 26 years ago after an audio clip of the standup routine was posted on the Internet." Friedman, 61, "said he has tried to expose and lampoon racism, and was making fun of bigots when he used the n-word twice in a joke." Friedman said, "They're attacking me for something that Richard Pryor did, that Lenny Bruce did, which is to have the freedom to poke fun at anybody that you want. The whole show is satirizing racism." The AP adds state Rep. Garnet Coleman, "former chairman of the Texas Legislative Black Caucus, said it was difficult to find the humor in his joke after his remarks about Katrina evacuees in Houston in which he referred to them as 'crackheads and thugs.'"

Sweeney Defends Unions' Collective Political Financial Influence. In a Wall Street Journal letter to the editor (9/22), AFL-CIO President John Sweeney says, "In your Sept. 19 editorial 'Fun Union Facts' you continue your crusade against unions by picking and choosing facts so carefully that your page needs a 'reader beware' sign. Unions pool their resources through the AFL-CIO so working people's voices can be heard in the political

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and legislative process and to support one another in organizing; these are big budget items. At a time when median household income is sinking, 45 million Americans don't have health care and poverty is rising, we would be neglecting our duties if we didn't do everything possible to elect working-family-friendly candidates and pass laws that will improve workers' lives."

California Bill Would Guarantee Electoral Votes To National Popular Vote Winner. The New York Times (9/22, Lyman, 1.21M) reports Stanford computer scientist John R. Koza "has concocted a plan for states to skirt the Electoral College system legally to insure the election of whichever presidential candidate receives the most votes nationwide." Dr. Koza said, "When people complain that it's an end run. I just tell them, 'Hey, an end run is a legal play in football.'" The Times adds the "first fruit of his effort, a bill approved by the California legislature that would allocate the state's 55 electoral votes to the winner of the national popular vote, sits on Gov. Arnold Schwarzenegger's desk. The governor has to decide by Sept. 30 whether to sign it, a decision that may well determine whether Dr. Koza's scheme takes flight or becomes another relic in the history of efforts to kill the Electoral College." The "brainstorm behind Dr. Koza's effort, led by a seven-month-old group, National Popular Vote, was to abandon that approach and focus on creating interstate compacts. Those are contracts that bind states over issues like nuclear waste and port authorities." Dr. Koza's compact, "if approved by enough legislatures, would commit a state's electors to vote for the candidate who wins the most national votes, even if the candidate loses in that state."

Evangelical Movement Said To Be Politically Multifaceted. CBS Evening News (9/21, story 6, 3:15, Couric, 7.66M) reported, "Many people might assume all evangelicals are conservative Republican and speak with one voice, but more and more, this is a group that is branching out in different directions." CBS (Pitts) added, "Author and preacher Jim Wallis calls himself a progressive evangelical, who says Christians should focus on injustice around the world." Wallis: "With 30,000 children dying every day, needlessly from poverty and disease, I can't imagine Jesus thinking the top issue on our agenda ought to be gay marriage amendments in Ohio." Pitts: "Tony Perkins is a Christian conservative." Tony Perkins: "I think more and more people are standing on the -- on our side, on the side of the sanctity of human life, the preservation of marriage." Pitts: "Perkins is President of the politically powerful Family Research Council. He argues abortion and gay marriage are the driving concerns for most evangelicals." Pitts: "Wallis says he's against abortion but argues the agenda of the religious right is too narrow and divisive." In the "last presidential election, 78% of white evangelicals voted for President Bush. Now we're seeing more and more Democrats from Barack Obama to Hillary Clinton talking about their faith and issues like poverty and the environment."

State Governments Selling Surplus Material. USA Today (9/22, Jones, 2.27M) reports state governments are "putting more of their surplus goods on sale rather than in the dump. That's giving bargain hunters the opportunity to pick up everything from computers and desks to a car crusher and a statue of Smokey Bear." South Dakota "unloaded the car crusher for $95,000 on the Internet, according to Rick Voorhes, the state's surplus property manager. Alabama got about $30 for the 'life-size' Smokey Bear statue, says Shane Bailey, director of that state's surplus property agency." The officials "in charge of selling such items say tighter state budgets and a desire to reduce the amount of stuff deposited into landfills have bolstered their sales efforts." At least "11 states, including Georgia, Arkansas, South Dakota, Washington and South Carolina, are using online auctions to sell surplus goods, according to a survey by the National Association of State Chief Administrators."

For First Time, All "Forbes 400" Members Are Billionaires. The fact that all 400 people on "Forbes" magazine's latest list of the 400 wealthiest Americans are all billionaires drew the attention of two networks and the Washington Post. ABC World News (9/21, story 8, 2:35, Gibson) said that while "five years ago, there were 266 billionaires, this year, all 400 people are billionaires," and "in fact, there are some people with a billion dollars who didn't make the list." The CBS Evening News (9/21, story 8, 0:15, Couric, 7.66M) said Bill Gates "is number one: He's worth $53 billion. Investor Warren Buffett is number two at $46 billion." In its front-page story, the Washington Post (9/22, Ahrens, 748K) highlights a few of the other names, including the founders of Google Inc., and casino mogul Sheldon Adelson, who "has made $1 million per hour over the past two years." (The complete list is available online.)

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Convert To Islam Hopes To Help Build Harmony. On the front page of the Metro section, the Washington Post (9/22, Murphy, 748K) profiles Northern Virginia resident Chris Moore, the "son of a U.S. Navy man" who was raised Catholic but converted to Islam. The 31-year-old, "like many other young Muslims in the United States," is "seeking to fashion an Islamic identity that flourishes in American society and influences it for the better. He feels a responsibility, he said, to contribute to a more harmonious relationship between Islam and the West."

Military Chaplin Calls For Support For Military Marriages. Capt. James Key, chaplain, a brigade unit ministry trainer at Fort Irwin in California, writes in an op-ed in USA Today (9/22, 2.27M) that "military couples, unlike their civilian counterparts, face added stresses. Constant military moves are tough enough, but when you add long-term and multiple deployments to the mix, even the strongest marriages can be tested." The "military uncertainties and separations can have an emotional impact on families," so "it is incumbent upon our political leaders to remain cognizant of the emotional wounds soldiers could also be suffering in their marriages." Our "spreading democracy in Iraq or any other hot spot must not come at the expense of military marriages. Helping our troops maintain healthy families is a human imperative that none of us can afford to ignore."

Krugman Calls For Universal Health Care System. Columnist Paul Krugman writes in the New York Times (9/22, 1.21M) on the recent "series of [insurance] horror stories" that suggest "a growing trend: more and more health insurers are finding ways to yank your insurance when you get sick." Yet "even as health care becomes the core of the American economy, our system of paying for health care remains sick, and is getting sicker." And "here's the thing: it's all unnecessary. Every other wealthy nation manages to provide almost all its citizens with guaranteed health insurance, while spending less on health care than we do. And there's no mystery why: we're paying the price for pointless, destructive reliance on private insurers. … If we had a universal system…there would be no more horror stories."

LATimes Criticizes California AG's Suit Against Auto Manufacturers. The Los Angeles Times (9/22, 918K) editorializes that the "charitable spin" on California Attorney General Bill Lockyer's lawsuit against major auto manufacturers, which "alleges that because vehicle exhaust contributes to global warming, the companies should be held financially liable for everything from wildfires to a bad ski season," is that it is a "politically inspired, headline-grabbing stunt by a state attorney general running for state treasurer. The alternative -- that he might actually believe this suit has legal merit -- may be more frightening." The suit "is the latest salvo fired in the struggle between the state and the auto industry, which has separately sued the state over its attempts to curb global warming. But California shouldn't be in the business of filing meritless suits to gain leverage in other cases."

WPost Criticizes Ehrlich's Proposals For November Balloting. The Washington Post (9/22, A16, 748K) criticizes Maryland Gov. Robert Ehrlich's call for the use of paper or absentee ballots in November, saying after problems in last week's primaries, Ehrlich had "a choice: show the leadership expected of the state's top executive or succumb to the political motives of a candidate running for reelection. Unfortunately, it is Mr. Ehrlich the candidate who emerged with proposals certain to confuse the public and undermine confidence in voting. … We have no way of knowing Mr. Ehrlich's intent, but we do believe that his words and actions are creating a sense of confusion that could discourage voting."

Ahmadinejad Says He'll Consider Enrichment Suspension Under "Fair Conditions." The Washington Post (9/22, A13, Lynch, 748K) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his government is prepared to consider suspending its controversial uranium-enrichment program if Western governments meet unspecified conditions." He "did not spell out Tehran's demands," but "his remarks indicated that he is prepared to move ahead with preliminary discussions with European powers aimed at heading off a confrontation with the West." Ahmadinejad "denied U.S. claims that he is pursuing a covert nuclear weapons program, saying that Iran's spiritual leader has issued a decree prohibiting such a development. He said Iran is simply exercising its rights, under the 1970 Non-Proliferation Treaty, to develop nuclear power to meet the country's growing energy needs." He further "accused the West of

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reneging on previous agreements to support Iran's efforts to develop a nuclear power program."

The Wall Street Journal (9/22, King, 2.03M) says Ahmadinejad "continued to dodge questions about his country's nuclear ambitions, saying Tehran is willing to negotiate over -- and maybe even suspend -- its uranium-enrichment program, but not under pressure and only under 'fair conditions.'" The statement, made "during a rambling news conference, added further uncertainty to a challenge that has stymied the U.S., Europe, Russia and China all summer." Ahmadinejad "once again…appears to have offered just enough encouragement to keep the threat of sanctions at bay, but not enough to make it clear when or if actual talks might begin." While the "decision is to give Iran more time," the Journal notes Administration "officials say the patience of Washington and other key capitals will wear out within a few weeks. It is unclear what will happen once the patience runs out."

McClatchy (9/22, Strobel) notes, "Grinning and giving brisk little salutes," he "denied Thursday that Iran wants a nuclear bomb and said it might discuss suspending uranium enrichment if the conditions are fair." He also "he railed against Zionists and suggested that several thousand mainly Jewish protesters who demonstrated against his presence in New York City might have been paid to attend. He also called for a referendum on the future of the land that constitutes Israel and the Palestinian areas." McClatchy says he was "smiling from the start," and adds, "With his face on the cover of Time magazine and his every word and movement followed by hordes of journalists, this has clearly been Ahmadinejad's week. His combination of breezy confidence and sometimes slippery answers underscored the challenge President Bush faces in trying to halt Iran's suspected nuclear weapons program."

The AP (9/22, Faramarzi) adds Ahmadinejad "seems to be enjoying the spotlight at this year's U.N. General Assembly, easing his way into the international arena and trying to improve his image amid the controversy over his nuclear program and remarks about Israel and the Holocaust." He explained to a reported yesterday "that when he called for the destruction of Israel and dismissed the Holocaust as a myth, his issue was not with the Jewish people but with Zionists, 'who are not Jews. We love everyone in the world — Jews, Christians, Muslims, non-Muslims, non-Jews, non-Christians." He "also expressed love and affection for the American people, just as President Bush reached out to the Iranian people in his General Assembly speech on Tuesday. Ahmadinejad said he wished he had more time here to spend with them in person."

Ahmadinejad Not Committed To Disarming Hezbollah. The New York Times (9/22, Hoge, 1.21M) reports Iranian President Mahmoud Ahmadinejad "refused to say Thursday whether he would comply with a Security Council demand for the disarmament and disbanding of Hezbollah." He "was also evasive about whether Iran would comply with the resolution's call for an arms embargo to keep Hezbollah from rearming. He said that the United Nations Charter gave people the right to defend themselves and that 'we give spiritual support to all those who want to uphold their rights.'"

Bill Clinton Says Administration Should Talk To Iran. The AP (9/22) reports former President Clinton "said Thursday the U.S. should try talking to Iran about its nuclear weapons ambitions without imposing a lot of conditions." He is quoted saying on NBC's Today Show, "If you think you might have trouble with somebody, and God forbid if you think it could lead to a military confrontation, then there needs to be the maximum amount of contact beforehand. The United States should not be afraid to talk to anyone. They should not be reluctant and shouldn't have too many conditions."

US Efforts To End European Banks' Ties To Iran May Be Succeeding. The Christian Science Monitor (9/22, Rice-Oxley, 58K) reports, "American attempts to persuade Europe to think again about financial involvement in Iran may be starting to bear fruit, according to European banking officials. Whether such 'back-door sanctions' will work is far less apparent, experts say." The Monitor says Washington is "troubled by a lack of speedy progress in the UN toward imposing economic sanctions," and has therefore "stepped up efforts this month to persuade allies to shun Iran's financial system, claiming that Iran may tap banks to illicitly finance terror operations or the purchase of materials for nuclear weapons." European allies have "long taken a softer line toward Iran than the US, and [have] essayed a soft-power approach to its nuclear program, persisting with negotiations." European firms, "particularly German and French, rack up billions of euros' worth of exports each year, with a considerable presence in the oil, automotive, retail, and telecommunication sectors." Analysts believe the EU's "experience" heading up the border force in Lebanon "is unlikely to change its geopolitical strategy in the region," even

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as "some European bankers are growing wary of the risk of doing business in Iran."

WSJournal Says Bush Appears To Have Been "Lassoed By The UN." The Wall Street Journal (9/22, 2.03M) in an editorial writes "that UN diplomacy has come to serve as a deterrent not against Iran but against any American effort to do anything about Iran's rush to acquire the bomb." And "the 'cowboy' American President looks increasingly like the one who's been lassoed by the U.N., not vice versa." The Journal states, "The conclusion is hard to resist that the U.N. effort is really about persuading America that it can 'live with' an Iranian bomb, just as it lives with a Pakistani bomb, because the costs of economic sanctions or military strikes are supposedly prohibitive. But a glimpse of what the world will look like if Iran succeeds was provided on Tuesday by Gamal Mubarak, the son of Egyptian President Hosni Mubarak. Cairo's heir apparent floated a proposal for Egypt to develop its own nuclear programs, clearly a signal that the largest Sunni Arab country will go nuclear itself to prevent Shiite Iran from dominating the region. And where Egypt goes, Saudi Arabia and Turkey cannot be far behind. Is the international system really prepared to live with five, maybe six, nuclear powers in the Middle East?"

Chavez, Ahmadinejad Attacks Seen As Symptomatic Of Global Animus Toward US.

In an analysis of the reaction to attacks on President Bush by the leaders of Iran and Venezuela, ABC World News (9/21, story 4, 2:40, Muir) reported, "The words drew gasps and giggles at the UN but political analysts say what's more telling is what they didn't draw." Fareed Zakaria, editor Newsweek International: "Not one other country stood up for us. Unfortunately, this is the climate we live in. It's not a place we should be in the world." Muir: "Most foreign policy experts agree the bluster is less important than strategic issues, especially when it comes to the Iranian President." Richard Holbrooke, former US Ambassador to the UN: "He scored a minor PR victory. The real issue is what to do with the strategic issue posed to the United States by Iran."

The Los Angeles Times (9/22, Richter, 918K) runs a similar story, titled "Anti-Americanism Is Providing a Glue," in which it reports, "The outpouring of anti-American rhetoric at the United Nations this week is demonstrating how anger at the United States is uniting the developing world in a way not seen since the 1980s, U.S. officials and analysts say." The Times states, "There is little doubt of the deepening unpopularity of the United States, even among longtime allies. Though the U.S. government has doubled its spending on public diplomacy, a poll this year by the Pew Charitable Trusts showed wide dissatisfaction with a central pillar of U.S. foreign policy, the 'war against terrorism.'" But Lee Feinstein, a member of the Council on Foreign Relations and a former senior State Department official under Clinton "said that even though the withering denunciations by Chavez and Ahmadinejad drew applause this week, overall, members of the United Nations were much more united behind American-style views of democracy and economics than they had ever been." Feinstein said, "The tragedy is, the Bush administration hasn't been able to take advantage of that fact."

In a second article, the Los Angeles Times (9/22, Farley, 918K) says Chavez "acknowledged that it might seem odd for a developing country to send charity to one of the world's wealthiest nations." Yet "the public relations value of tweaking his nemesis, President Bush? Priceless."

And the Miami Herald (9/22, Bachelet, 310K) notes that while "Chavez's visit last year passed largely unnoticed, Mount Olivet was teeming with US media on Thursday, prepped by Chávez's now infamous U.N. reference to Bush as 'the devil.'" While Chavez touted his efforts to deliver discounted heating oil for U.S. poor and elderly residents, "State Department spokesman Eric Watnik pointed out that the U.S. government handed out 'hundreds of millions of dollars to a much larger group of Americans' through federal programs."

CNN's The Situation Room (9/21) reported, "Chavez says his problems are not with the American people but with President Bush." Chavez (via translator): "I had a good relationship with Clinton. Never disrespected us. Now with this guy you can't even talk because he walks throwing stones. The Texan that walks shooting from the waist with a machine gun." Chavez added, "In two years when the elections come to the U.S. I hope that the president be a serious man, it doesn't matter if he comes from the right, I'll be the first person to raise my hand in order to re-establish a serious relationship of respect between governments and between people."

Eugene Robinson in his column in the Washington Post (9/22, A17, 748K) praises Chavez for being "crazy like a fox. Can anyone name the last president of Venezuela, or remember when a speech by any president of Venezuela made such news?" But Robinson warns Iran is a more

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serious threat to the US and says "When I travel outside the country, I'm struck by the decline in America's moral standing in the world. The Iraq war is the main reason, but not the only one. For all its talk about public diplomacy and spreading the U.S. gospel throughout the world, the Bush administration does an appallingly lousy job of it." The US "policy of not even talking to governments we don't like has proved counterproductive -- pushing Syria closer to Iran, for example, and needlessly prolonging the Israel-Hezbollah war, to no one's benefit except perhaps Ahmadinejad's. Our arrogance has turned us into the neighborhood bully and made our adversaries look like more sympathetic figures than they really are."

Some Democrats Defend Bush From Attacks; Harkin Defends Chavez. Rep. Charles Rangel on CNN's The Situation Room (9/21, Blitzer) was shown saying, "You don't come into my country, you don't come into my congressional district and you don't condemn my President. If there is any criticism of President Bush, it should be restricted to Americans, whether they voted for him or not."

House Minority Leader Nancy Pelosi on CNN's The Situation Room (9/21, Blitzer) was shown saying, "The manner in which he characterized the President, he demeaned himself and he demeaned Venezuela. He demeaned Venezuela. I think that he, Hugo Chavez, fancies himself a modern day Simon Bolivar but all he is an everyday thug."

The Washington Times (9/22, Pisik, 88K) described it as a "stiff rebuke" from Rangel and notes Rep. Chaka Fattah said, 'His personal attacks and ridicule directed at the president of the United States are unacceptable.'" But Sen. Tom Harkin "defended Mr. Chavez in an interview with Radio Iowa." While "the remarks were 'incendiary,' Mr. Harkin said, 'I can understand the frustration, and the anger of certain people around the world because of George Bush's policies.'"

The Wall Street Journal (9/22, 2.03M) editorializes, "Ms. Pelosi's and Mr. Rangel's remarks were politically shrewd if nothing else. Even smarter would be for the two of them to follow up by having a word with their Massachusetts delegation. Only last November, Congressmen William Delahunt and Ed Markey spoke of their 'debt' to Venezuela after arranging to buy 12 million gallons of Venezuelan home heating oil at a 40% discount for the Bay State. Mr. Delahunt has called the dictator his 'excellent friend,' and yesterday the Boston Globe quoted him as blaming the dictator's outburst on 'what low esteem the United States is held, not just in the Islamic world, but all over.'"

LATimes Opposes Chavez Bid For UN Security Council Seat. The Los Angeles Times (9/22, 918K) editorializes, "If Latin America doesn't have a consensus choice for the U.N. seat by Oct. 16, it will come down to a secret ballot by the General Assembly. In case of deadlock, which seems probable, a third country may well emerge as the winner. Uruguay and the Dominican Republic are considered the two most likely candidates, and either would be better than Venezuela. Chavez might seem like a laugh riot today, but after two years of gridlock and shenanigans on the Security Council, the joke would wear pretty thin."

Chavez' Regional Agenda Raises Concerns. Mary Anastasia O'Grady in her column in the Wall Street Journal (9/22, 2.03M) writes that while some are focused on the dangers of a link between Venezuela and Iran "there is an equally pressing threat from Venezuela right in the U.S. backyard. The battleground is Bolivia, which Mr. Chávez badly wants to control so he can seize that country's natural-gas reserves and become the sole energy supplier in the Southern Cone. In doing so, he hopes to seriously damage the Brazilian economy and crush Brazil's geopolitical ambitions as the leader in South America. In its place he wants to plant the flag of Venezuelan hegemony. If he gets away with it, Argentine and Chilean sovereignty would also be diminished and continental stability lost."

Violence Erupts In Gaza. The Washington Post (9/22, A14, Wilson, 748K) reports, "Israeli forces killed at least five Palestinians on Thursday in the Gaza Strip, while gunmen there fired rockets into Israel during the day. The spate of violence ended a few weeks of relative calm between Palestinian gunmen and Israeli forces that began after Israeli tanks and troops withdrew from a volatile area east of Gaza City early this month." Four rockets hit southern Israel, destroying some property but causing no injuries. "The Palestinians were killed in two separate incidents at far ends of the strip." Internal Palestinian disputes have "sharpened" recently, "and rocket fire into Israel appears to be on the rise again."

Rice Convenes Expanded Talks On North Korea. The Washington Post (9/22, A13, Kessler, 748K) reports, "With North Korea refusing to return to the six-nation disarmament talks," Secretary Rice "on Thursday convened a

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meeting of a new group of nations that will focus on Northeast Asian security concerns." Pyongyang "declined an invitation" to join the Five-Plus-Five, "and China and Russia did not send representatives." The Post notes, "Few issues have proven as vexing as the impasse over North Korea's nuclear ambitions. In some ways, the gathering is the diplomatic equivalent of throwing spaghetti against the wall -- an effort to try something just to see what sticks." Because there is "little prospect of restarting the six-party talks, the United States has decided to try to broaden the circle, bringing in nations such as New Zealand, Canada and Indonesia." The Post identifies "a broader subtext to the gathering. The Bush administration wants China to do more to bring North Korea back to the table, and Hill pointedly noted that several ministers present said China should do more." While the Administration "has prepared a new package of sanctions," it is asking "other countries to sanction North Korea first, before it announces its own sanctions, so it will not look like the heavy."

The Washington Times (9/22, Kralev, 88K) adds China and Russia, "key nations in six-party talks on North Korea's nuclear weapons, skipped an expanded session yesterday, in which countries from the Philippines to Canada sought to address Pyongyang's refusal to negotiate." Rice's meeting "was an attempt to involve Canada, Australia, New Zealand, Indonesia and the Philippines in an expanded forum on regional security." Anonymous international sources "confirmed that many of those present expressed disappointment with Beijing. They also said that the Chinese had made a conscious decision not to attend, questioning" Assistant Secretary of State Chris Hill's "suggestion that the reason had to do with scheduling." Hill "played down the absence of both China and Russia, saying that their foreign ministers had met with Miss Rice several times this week and 'we kind of know where they are on these issues.'"

The AP (9/22) adds Pyongyang "stayed away from a gathering of diplomats from the United States and seven other nations Thursday that focused on the specter of a nuclear North Korea." Hill is quoted saying, "They don't like to talk to people." Moscow and Beijing "also skipped the meeting, although they are members of the international coalition that reached a breakthrough disarmament bargain with Pyongyang a year ago. That agreement has never taken effect and North Korea is boycotting further talks in protest of what it calls unfair U.S. financial sanctions."

Separate AP (9/22) reporting notes Ambassador Alexander Vershbow told South Korean media that Hill "could visit Pyongyang if North Korea ends its boycott of international nuclear talks." Pyongyang "has in the past invited" Hill, "who expressed willingness to make such a trip last year after the communist nation agreed at the arms talks to abandon its nuclear program in exchange for security guarantees and aid. The North immediately threw cold water on the deal and demanded a nuclear reactor for power generation — and the trip was put off." Vershbow "also said that Hill 'is prepared to enter into bilateral talks in a constructive spirit if North Korea is committed to return to the six-party talks,' according to" Embassy Seoul.

Indonesia Executes Three Christians Tied To Sectarian Killings. The New York Times (9/22, Bonner, 1.21M) reports, "In the early morning hours on Friday, an Indonesian firing squad executed three Christian men who had been convicted in connection with the violence that has wracked the province of Central Sulawesi. The government ignored a last-minute appeal from the European Union to declare a moratorium on the death penalty." The Times adds that "no evidence directly linked any of the condemned to killings," and the EU "appeal did not specifically mention the case of the Christians" but "was aimed at halting all executions." Indonesian President Susilo Bambang Yudhoyono "is considered a leading contender for the Nobel Peace Prize because of his work in bringing about an end to the separatist war in the western province of Aceh, and European diplomats said that this could hurt his chances, given the strong anti-death penalty sentiments among European governments." The Times also notes, "The executions of the three men had become entangled with the case of the Bali bombers. In this overwhelmingly Muslim country, the government considers that the risk of political protests would be too great if it executed the Bali bombers and not the Christians."

The Washington Times/AP (9/22, Firdaus) adds, "The case against them has heightened tensions in the world's most populous Muslim nation and raised questions about the role religion played in punishing those behind the violence" in Central Suawesi. "Human rights workers say the men's 2001 trial was a sham, and that while it was possible the men took part in some of the violence, they almost certainly were not the masterminds."

Thai Generals May Have Acted To Prevent Their Sidelining By Thaksin. In extensive

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reporting, the Wall Street Journal (9/22, A4, Hookway, 2.03M) notes Thai Gen. Sondhi Boonyaratkalin was "up against a tight deadline" when he overthrew the government Tuesday – "a fast-approaching military shuffle that could have promoted Mr. Thaksin's supporters into key posts and strengthened the billionaire businessman's grip on power." Thaksin "was preparing a strike to regain the upper hand, people familiar with the situation say. Mr. Thaksin planned to replace Thailand's senior commanders -- including [Sondhi] -- with new generals friendly to his government before a parliamentary election then scheduled for October." The Journal says that plan "at least partially drove the army's decision to stage this week's coup, people familiar with the events say." Thaksin's overthrow "has left" Sondhi "with the task of restoring a credible government in one of Southeast Asia's linchpin economies and a key ally of the U.S."

Coup Leaders Crack Down On Media, Opposition. The New York Times (9/22, Fuller, 1.21M) reports Sondhi yesterday "sought to strengthen the grip of his junta, banning political gatherings and 'activities' and summoning Thai media executives to army headquarters to warn them against publishing 'expressions of public opinion' — possibly a reference to opinion polls but perhaps also including commentaries. The junta also summoned Mr. Thaksin's closest political allies." The Times says "many questions remain about how the military will carry out its stated intention to return democracy to Thailand, which before a political crisis erupted in January was a sort of beacon of democracy for its neighbors." In the meantime, it remains unclear "what will happen to Mr. Thaksin and his fortune of more than $2 billion. The Thai news media speculated on Thursday that to appear more legitimate, the junta might open investigations against Mr. Thaksin. Showing financial malfeasance could justify the coup in the eyes of disapproving foreign governments."

The AP (9/22, Tang) says Sondhi's allies "tightened their grip Thursday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister." Coup leaders said they were "banning all meetings by political parties and the creation of new parties," and "also imposed media restrictions, including stationing soldiers at television and radio stations, and ordering the information ministry to stop the distribution of information 'deemed harmful' to its agenda." The crackdown "seemed likely to increase criticism from Western nations and human rights groups, which described" the coup "as a setback to democracy" nationally and regionally. The Washington Times/AP (9/22, Tang) runs a version of the AP report.

Thais Said To Accept, If Not Endorse, Coup. USA Today (9/22, Wiseman, Chitrada, 2.27M) says that, one year ago, millions of "rural Thais surged to the polls 19 months ago to re-elect Thaksin's party, Thais Love Thais, in a landslide. They saw Thaksin as a can-do leader who cared about Thailand's poor." Now, "Thaksin's rural supporters have remained mostly silent in the face of a coup that has been endorsed by Thailand's revered king. Many, in fact, appear to support the military takeover, if only because it ended a standoff between Thaksin and his opponents that had paralyzed the government all year." One "survey of 2,019 people for the Bangkok Post newspaper, published Thursday, found support for the coup ran higher outside the capital (86.4% approval) than inside (81.6%). Those findings were odd because Bangkok has been the center of anti-Thaksin sentiment and rural Thailand has been his stronghold."

Somali Islamic Forces Direct Youth Fighters Into "Rehabilitation" Camps. In a lengthy piece, the Los Angeles Times (9/22, Sanders, 918K) details Somali "boot camps for Islam" that "aim to wean former warlord militiamen off drugs, instill religious values and train them to join Muslim forces." Somalia has seen nearly "3,000 former warlord militiamen sent to Islamist-run 'rehabilitation camps' on the outskirts of the nation's capital. It's an ambitious resocialization program designed to wean the young fighters off drugs, instill religious values and, eventually, reverse loyalties so they can be integrated into the Muslim fundamentalist forces." Administration officials have voiced "concern that increasingly Islamist Somalia could end up with a Taliban-style government and serve as a terrorist training area. Amid allegations that Islamists are using military advisors from Pakistan and Afghanistan to train soldiers, officials recently began permitting journalists to visit the camps. But they denied access to weapons stockpiles and insisted on selecting the militiamen to be interviewed, and carefully monitored what they said."

Cuban Spy Said To Have "Caused Serious Damage" To US Security. The Washington Times (9/22, Gertz, Scarborough, 88K) "Inside The Ring" column reports Ana Montes, "a Cuban spy working inside the Defense Intelligence Agency (DIA), caused serious damage to U.S. national security by revealing U.S. electronic intelligence-

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gathering secrets and also by providing a feedback mechanism for communist disinformation from the Castro regime." The damage caused "is outlined in a classified assessment completed several months ago by the office of the National Counterintelligence Executive," and was disclosed this week in a new book by the newspaper's Bill Gertz.

Paulson Launches New Strategic Dialogue With China. The Financial Times (9/22, Guha) reports Hank Paulson US Treasury secretary has engaged in a new strategic dialogue with Chinese leaders and "will urge Hu Jintao, China's president, to allow the renminbi to appreciate more rapidly when the two meet on Friday in Beijing." In an interview "Paulson said he would compliment Mr Hu on reforms under way and 'encourage him to move forward even more quickly.'" Paulson "would also thank Mr Hu for putting his authority behind the new dialogue, which the US believes will help it produce results." He "said that while the dialogue would have a 'bilateral focus' it would invariably touch on 'global issues,' including global economic imbalances." Asked about the response in the US to the "new dialogue" Paulson said he "would contact senior congressmen on his return to explain why the dialogue with China was in the US national interest. 'Members of Congress are my clients,' he said. 'I need to engage with key people up there.'"

USA Today (9/22, Lynch, 2.27M) reports, "Paulson says China's agreement to participate in a new 'Strategic Economic Dialogue' will place the 'most important economic relationship in the world' on a solid long-term footing." But a "combination of stubborn commercial disputes and an increasingly protectionist Congress shadow his bid for a radically different Sino-American commercial relationship." Yet Paulson's "already demonstrated unusual speed in winning President Bush's approval to launch the new set of talks. One key: Paulson lined up backing from top White House aides and Cabinet colleagues before approaching the president this summer, says White House Chief of Staff Josh Bolten, another former Goldman Sachs executive." Bolten said, "This was his brainchild. … He has the full confidence of the president, and other Cabinet members know that. The president is sufficiently interested in it that I think Hank (Paulson) will be able to attract the kind of time and attention he's envisioned. … This will turn out to be a substantial initiative."

Hungarian Leader Rejects Calls For Resignation. The Washington Post (9/22, A10, Whitlock, 748K) reports, "With protesters massed outside the gates of the stately Hungarian parliament for a fourth straight day, Prime Minister Ferenc Gyurcsany sat in his wood-paneled office inside and tried to explain why he had admitted on tape that his party had done a 'boneheaded' job of running the country and that he had lied to voters to win reelection." He "repeated that he would not resign despite the sometimes violent protests that have rattled Budapest since local news outlets on Sunday broadcast excerpts of a leaked tape recording of his comments, made to a closed meeting of Socialist supporters shortly after he won reelection in April." But "there are few signs that the political pressure building against Gyurcsany…will end anytime soon."

Kozlin's Assassination Said To Showcase Threat Of Russian Organized Crime. In a 2,400-word piece its front page this morning, the Wall Street Journal (9/22, A1, Chazan, 2.03M) reports on the "high-stakes crusade to clamp down on Russia's murky and criminalized banking system, a project that lay at the heart of President Vladimir Putin's ambition to modernize Russia's economy." Bank regulator Andrei Kozlov "spearheaded the campaign. Last week, his ambitions were cut short by an assassin's bullet." The Journal calls Kozlov "one of the most senior Russian officials to be murdered since the end of communist rule, and his death stunned the country's elite. Contract-style killings of businessmen were commonplace in the early 1990s, when capitalism was in its infancy here, but most thought they had become a thing of the past." The murder "exposed the fragility of Mr. Putin's claims to have ushered in a new era of stability. It also showed that despite the gradual removal of political challenges to Kremlin power, crime and corruption still menace the authority of the state."

Activist Argues Against Use Of DDT To Combat Malaria. Dr. Jessie Stone, founder and director of Soft Power Health, a nonprofit organization in Uganda, in an op-ed in the New York Times (9/22, 1.21M) warns that while the WHO, the White House and Congress have endorsed using DDT to combat the spread of malaria in Africa, "DDT is not the magic bullet that will eradicate malaria. We need to refocus resources and attention on something most Africans do not have: basic malaria education, and prevention with insecticide-treated bed nets.

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A mosquito net costs $6.50 and can last up to five years. … We do not have to reinvent the wheel here. We just have to help educate people — even those with the best intentions."

Uruguayan Firm Seen As Model For New Global Economy. Thomas Friedman in his column in the New York Times (9/22, 1.21M) uses the success of TCS Iberoamerica, a joint outsourcing venture in Uruguay, as an example of "how any entrepreneur -- with the right imagination, Internet bandwidth and a small amount of capital -- can assemble a global company by matching workers and customers from anywhere to do anything for anyone. Maybe the most important rule in today's increasingly flat world is this: Whatever can be done, will be done -- because so many people now have access to the tools of innovation and connectivity. The only question is: Will it be done by you or to you?"

Pope Praised In Confrontation With Muslims. Daniel Henninger in his column in the Wall Street Journal (9/22, 2.03M) praises Pope Benedict XVI for raising the issue of Muslim radicalism writing "The pope has a Muslim problem alright. It is the hammering that Christian communities have been taking for years and are getting now in Islamic countries all over the world, but especially in the Middle East." Henninger concludes, "The Vatican doesn't want oil. Hegemony is long gone from its vocabulary. The Vatican's only brief is a modus vivendi, a global reality Islam must eventually acknowledge. The governments of Egypt, Iraq and Saudi Arabia should open the dialogue Benedict XVI is seeking. In March, Egyptian President Hosni Mubarak met with Benedict at the Vatican. He would be the obvious choice to take the lead. More than these Arab governments realize, their future could use the support of the pope's famous divisions."

Charles Krauthammer in his column in the Washington Post (9/22, A17, 748K) writes, "The pope gives offense and the Mujaheddin al-Shura Council in Iraq declares that it 'will break up the cross, spill the liquor and impose the 'jizya' [head] tax; then the only thing acceptable is conversion or the sword.' This to protest the accusation that Islam might be spread by the sword. As I said. No sense of irony."

NYTimes Urges Blair To Step Down. The New York Times (9/22, 1.21M) in an editorial praises British Prime Minister Tony Blair's record but declares "It is time for Mr. Blair to move on, preferably before the end of this year." It is also time for Gordon Brown "to recognize that the job he has wanted so badly for so long is not merely a reward for tight-lipped endurance. Mr. Brown needs to start talking about the domestic and foreign policies he would work for if the Labor Party chose him as the next prime minister. But so long as Mr. Blair talks about staying on for almost another year, Mr. Brown…is constrained from doing so. That is reason enough for Mr. Blair, already a lame duck, to speed his departure."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush Bows To Senators On Detainees."
"Spinach Scare's Larger Warning."
"A Can-Do Painter's Creation."
"Prescription For Price Cuts."
"Mountjoy Campaign Misstated Navy Duty."
"Tribune Co. To Explore Sale Or Breakup Of Firm."

USA Today:

"What Do Jeff Gordon, Martina Navratilova, Bob Knight And Mariano Rivera Have In Common? The Soul Of A Champion.."
"Deal On Suspects Closes GOP Rift."
"Savings, Shakeup Seen In $4 Drug Plan."

New York Times:

"Republicans Reach Deal On Detainee Bill."
"Strained, Army Looks To Guard For More Relief."
"U.S. Urges H.I.V. Tests For Adults And Teenagers."
"New York English Scores Drop Sharply In 6th Grade."
"Pickers Are Few, And Growers Blame Congress."
"Children Of Rich Learn Class, Minus The Struggle."

Washington Post:

"White House, Senators Near Pact On Interrogation Rules."
"U.S. Recommends Routine Testing For The AIDS Virus."
"Wal-Mart Sets $4 Price For Many Generic Drugs."
"The Super-Rich Get Richer: Forbes 400 Are All Billionaires."
"Across Latin America, Mandarin Is In The Air."
"Students Rebel Against Turnitin."

Washington Times:

"Bush Ready To Ok Border Barrier."
"Rangel Rebukes Chavez On Bush."
"Pakistan Official Defends Truce."

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"GOP Compromises On Terror Detainees."
"Wal-Mart to offer Discount On Drugs."
"Ex-Pan Am Workers Finally Will Get Paid."
"Fans Want Angelos Out."

Detroit Free Press:
"Detroit Tries To Avert Crippling Student Loss."
"French Union Vary Of Alliance."
"Downtown Entertainers A New Idea."

Atlanta Journal-Constitution:
"Detainee Deal Gets Go-Ahead."
"Who Is This man?"
"Wal-Mart Will Chop Prices Of Generic Drugs."
"Developer Abandons City Beltline Project."
"CDC Urges Routine Testing For HIV."

Houston Chronicle:
"Officer Slain During Traffic Stop."
"Routine Testing For HIV Urged."
"Branson Pledges Billions To New Fuels."

Story Lineup From Last Night's Network News:
ABC: Detainee Debate Solved; Detainee Debate Analysis; Iraq-Sectarian Violence; UN Anti-American Speeches; HIV Testing; Wal-Mart-Prescription Drugs; Philanthropy; Wealthiest Americans; Space Shuttle; Immigration Debate; Polar Bears.
CBS: Detainee Debate Concluded; Wal-Mart-Prescription Drugs; E. Coli Outbreak; HIV Testing; Branson-Global Warming; Evangelicals-Liberal Vs Conservatives Politics; Carlos Opinion Illegal Immigration; Oldest Childs Skull Found; Wealthiest Americans; Day Dreaming OF Flying.
NBC: Wal-Mart-Prescription Drugs; HIV Testing; Detainee Debate Concluded; Afghanistan Violence; Cancer Treatment Controversy; Space Shuttle; A Day Of Summits; Stock Market; CEO Spokesmen.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Pakistan, Oval Office; holds joint press availability with President of Pakistan, East Room; participates in photo opportunity with the 2006 National Spelling Bee Champion, Oval Office.

VICE PRESIDENT CHENEY — Arrives at Pennsylvania Air National Guard base, Coraopolis, Pa.; speaks at a luncheon for Santorum Victory Committee, Private residence, Venetia, Pa.; arrives at Greater Rochester International Airport. Rochester, N.Y.; speaks at a reception for Rep. Randy Kuhl. Rochester Riverside Convention Center.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

US House: 9:30 a.m. SELECT INTELLIGENCE _ Technical and Tactical Intelligence Subcommittee. Closed hearing on the Natiopnal Geospatial Intelligence Agency acquisition strategy. Location: Room H-405, Capitol.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on whether the District of Columbia needs its own crime lab. FBI Lab Director Joseph DiZinno, D.C. Police Chief Charles Ramsey; D.C. Deputy Mayor Edward Reiskin, D.C. resident Valencia Mohammed. Location: Room 2154, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: 8:45 a.m. Meets with President Bush. Oval Office. 10:05 a.m. Holds a news conference with President Bush. White House. 1:30 p.m. Speaks to students, faculty and staff at George Washington University. Marvin Center Theater, 800 21st St. NW.

GENETIC TESTING-ETHICS _ Johns Hopkins University's Genetics and Public Policy Center holds the National Genetic Policy Summit. Highlights: 8:30 a.m. Plenary, with Francis Collins, Director, National Human Genome Research Institute; Barry Straube, Director, Office of Clinical Standards and Quality, and Chief Medical Officer, Centers for Medicare and Medicaid Services. 10:15 a.m. Direct-to-Consumer Genetic Testing, with Rick Borchelt and Gail Javitt, Genetics and Public Policy Center; Robert Nussbaum, Chief of Medical Genetics, University of California, San Francisco; Howard Coleman, CEO, Genelex Corp. Peter Lurie, Public Citizen. Location: Fairmont Hotel, 2401 M St. NW.

FAMILY-VOTERS _ The Family Research Council, Focus on the Family Action, American Family Association Action, others, hold the first ``Washington Briefing: Values Voter Summit 2006." Highlights: 7:15 a.m. FRC Breakfast for Pastors with Rev. Jerry Falwell. 9:10 a.m. Rep. Mike Pence. 9:35 a.m. Massachusetts Gov. Mitt Romney. 11:20 a.m. Sen. Sam Brownback. 11:30 a.m. Arkansas Gov. Mike Huckabee. 2:35 p.m. White House Press Secretary Tony Snow. 3 p.m. Sen. George Allen. 4:25 p.m. Attorney General Gonzales. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

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SUPPORT THE TROOPS _ Military family members and supporters from around the country attend 2nd annual Support the Troops weekend. Highlights: 9 a.m. Capitol Hill visits to encourage members of Congress to support America's efforts in Iraq, Afghanistan, elsewhere. (Time is approximate). 7 p.m. Greet wounded soldiers and their families, arriving Walter Reed Army Medical Center, main gate, 7200 Georgia Ave., NW.

ELECTION REFORM _ 8:30 a.m. The AEI-Brookings Election Reform Project holds a conference on the status of election reform efforts, with Rep. Rush Holt giving the keynote address at 8:30 a.m. Location: 12th floor, AEI, 1150 17th St. NW.

HOUSE DEMOCRATS _ 9 a.m. House Democrats hold a forum with economic experts and citizens discussing the impact of the economy on the economic security of families. Location: Room HC-5, Capitol.

PENTAGON-IRAQ _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq , to provide an update on ongoing security operations in that country. Location: DOD Briefing Studio, Pentagon 2E579.

RUMSFELD _ 11 a.m. Secretary of Defense Donald H. Rumsfeld holds a Pentagon Town Hall meeting for Pentagon employees. He will be joined by Chairman of the Joint Chiefs of Staff Gen. Peter Pace. Location: Pentagon Auditorium, Room BH650, Pentagon.

ANTIWAR VOTERS _ 11:30 a.m. CODEPINK launches www.givepeaceaVOTE.org. Pink slips, peace signs, and anti-war voters, including Yoko Ono, Jackson Browne, Susan Sarandon, Kate Hudson, Samuel L. Jackson, Howard Zinn, Alice Walker, Anne Lamott, Michael Franti, will participate. Location: Outside Hart Senate Building.

CELLULOSIC ETHANOL _ 12 p.m. The Environmental and Energy Study Institute holds a briefing on cellulosic ethanol technologies. Location: Room 1302, Longworth.

ELECTION _ 12 p.m. The Cato Institute holds a briefing on electoral competition and American politics, with Michael McDonald of Brookings Institution and John Samples of Cato. Location: Room B-338, Rayburn.

BIOTECHNOLOGY-COSTS _ 12:15 p.m. The Alliance for Health Reform and the journal Health Affairs holds a briefing on biotechnology costs, with James Robinson of the University of California-Berkeley; Sean Tunis, Health Technology Center; Jim Greenwood, President of BIO, a biotechnology trade association; and M. Carolina Hinestrosa of the National Breast Cancer Coalition. Location: Columbus Club, Union Station.

WORKING POOR _ 12:30 p.m. The New America Foundation holds a program the living wage and the working poor, with Robert Strauss of Carnegie Mellon University, others. Location: 7th floor, 1630 Connecticut Ave. NW.

ASTRONAUT-SPACE STATION _ 12:49 p.m. The First female space tourist Anousheh Ansari, currently aboard the International Space Station and a George Washington University alumna, speaks GW students from space. Location: 3rd floor amphitheater, Marvin Center, 800 21st St. NW.

FLU PANDEMIC-FAUCI _ 1:30 p.m. Dr. Anthony Fauci, director of NIH's National Institute of Allergy and Inefectious Diseases, delivers a lecture on the threat of pandemic influenza, titled, ``Biodefense and Pandemic Influenza: The Research and Public Health Interface. Location: Pryzbyla Center Great Room, Catholic University of America, 620 Michigan Ave. N.E.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 22, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush, Dissident GOP Senators Reach Agreement On Terror Bill. The AP (9/22, Flaherty) reports, "The White House and rebellious Senate Republicans announced agreement Thursday on rules for the interrogation and trial of suspects in the war on terror. President Bush urged Congress to put it into law before adjourning for the midterm elections." Sen. John McCain, "one of three GOP lawmakers who told Bush he couldn't have the legislation the way he initially asked for it, said, 'The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice.'" The agreement "contains key concessions by the White House, including dropping a provision that would have interpreted Geneva Convention obligations and another allowing a defendant to be convicted on evidence he never sees if it is classified. The legislation, however, makes clear the president has the authority to enforce the treaty."

The Washington Post (9/22, A1, Smith, Babington, 748K) reports, "Yesterday's…marathon talks occurred in Vice President Cheney's little-known office on the second floor of the Dirksen Senate Office Building. McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.), plus [Stephen] Hadley and Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, met almost continuously from 9:30 a.m. to 2 p.m.," according to "sources," and then "moved to Frist's office around 3 p.m. to announce their breakthrough."

Much of the coverage depicts the deal as solving a political problem for Republicans heading into the midterm elections. NBC Nightly News (9/21, story 3, 2:20, Gregory, 9.87M), for example, said Bush "still has to sign a bill that has to work its way through Congress but politically the White House thinks it has a real winner here. New fodder for the Republicans tough on terror argument." On ABC World News (9/21, story 2, 1:40, Gibson), George Stephanopoulos said he thought the bill would now pass the Congress. Democrats, he added, "were cut out of this deal. They don't want to block this seven weeks from an election."

USA Today (9/22, Jackson, Kiely, 2.27M), in a story headlined "Deal On Suspects Closes GOP Rift," says the deal defuses "a fight over national security that divided the GOP less than seven weeks before Election Day." Democrats "appeared likely to back the compromise. 'It is time to make the tough and smart decisions to give the American people the real security they deserve,' said Senate Minority Leader Harry Reid of Nevada."

Likewise, the Wall Street Journal (9/22, Lueck, Rogers, 2.03M) reports, "Going into the fall elections, the compromise…is crucial for Republicans, who have been embarrassed by the party split just when they had wanted to present a united front against Democrats on national-security issues. Even now, the White House faces resistance to a second legislative request, authorizing warrantless surveillance of communications in and out of the U.S. And privately, Republicans admit that completing the second measure before lawmakers go home for the elections will be difficult." The Washington Times (9/22, Hurt, Fagan, 88K) says the deal allows Republicans "to turn their attention to differences they might have with Democrats."

News reports also say the agreement is predicated on "concessions" from the White House. The Los Angeles Times (9/22, Barnes, Simon, 918K), titles its front-page story "Bush Bows to Senators on Detainees," and says the President "acceded to dissident Senate Republicans on Thursday, agreeing to new rules for interrogating and prosecuting suspected terrorists that leave intact international treaty protections against torture." In "a major concession to Arizona Sen. John McCain and other Republicans, the administration dropped its efforts to have Congress redefine US obligations under the Geneva Convention."

ABC World News (9/21, lead story, 2:05, Raddatz) said that "it doesn't seem that the President got exactly what he wanted. But he seems happy about it. Late today, the President said the compromise meets his demands." Bush was shown saying, "I'm pleased to say that this agreement preserves the single, most-potent tool we have in protecting American and foiling terrorist attacks. And that is a CIA program to question the world's most dangerous terrorists and to get their secrets." But "in some senses, the White House blinked on this. What the President had wanted was to 'clarify the language in the Geneva Conventions' about what constitutes cruel and inhuman treatment of detainees. … A White House official said, late tonight, 'We simply found a new way to achieve the same objective.' But part of that objective…was clearly to get this wrapped up before the midterm elections."

CBS Evening News (9/21, lead story,2:40, Axelrod, 7.66M) reported, "The President all along said the Geneva Conventions needed to be reinterpreted, redefined because language was too vague. It didn't offer any protection to American intelligence agencies who are actually carrying out all of this interrogation. He wanted those agents protected by the Geneva Conventions being furthered -- further explained, clarified. He gave that up."

The New York Times (9/22, Zernike, 1.21M) reports Dan Bartlett, counselor to the president, said, "We proposed a more direct approach to bringing clarification. This one is

more of the scenic route, but it gets us there." The agreement "says the executive branch is responsible for upholding the nations' commitment to the Geneva Conventions, leaving it to the president to establish through executive rule any violations for the handling of terror suspects that fall short of a "grave breach." Significantly, Senate aides said, those rules would have to be published in the Federal Register." The agreement "provides several pages describing 'grave breaches' that would not be allowed, starting with torture and including other forms of assault and mental stress. But it does not lay out specific interrogation techniques that would be prohibited."

The Financial Times (9/22, Daniel) says the compromise, "struck on Thursday after six hours of intense negotiations, marks a second moral victory for Senator John McCain, who last year took on the White House over the Detainee Treatment Act, which prohibits cruel or inhumane treatment of prisoners, and Senator Lindsey Graham and Senator John Warner." The battle "had threatened to undermine both the Republican effort to show unity on national security issues and make that a cornerstone of party re-election efforts."

McClatchy (9/22, Talev) reports Sen. John McCain, "one of three Republican senators who forced the administration to compromise, said he was satisfied with the agreement. 'There is no doubt that the integrity and sprit of the Geneva Conventions have been preserved,' he said at a news conference with other senators and administration officials." Sen. Lindsey Graham, who'd joined McCain and Armed Services Committee Chairman John Warner "in forcing the White House to temper its original proposal, said he believed the compromise would prohibit simulated drowning, or 'water-boarding' as a CIA interrogation technique."

NYTimes, WPost Criticize Agreement. In an editorial titled "A Bad Bargain," the New York Times (9/22, 1.21M) says "the overall bill prepared by the three senators had fatal flaws. It allows the president to declare any foreigner, anywhere, an 'illegal enemy combatant' using a dangerously broad definition, and detain him without any trial. It not only fails to deal with the fact that many of the Guantánamo detainees are not terrorists and will never be charged, but it also chokes off any judicial review." The Democrats "have largely stood silent and allowed the trio of Republicans to do the lifting. It's time for them to either try to fix this bill or delay it until after the election. The American people expect their leaders to clean up this mess without endangering US troops, eviscerating American standards of justice, or further harming the nation's severely damaged reputation."

The Washington Post (9/22, 748K) headlines its editorial "The Abuse Can Continue," and says "the senators who have fought to rein in the administration's excesses…failed to break Mr. Bush's commitment to 'alternative' methods that virtually every senior officer of the US. military regards as unreliable, counterproductive and dangerous for Americans who may be captured by hostile governments." If the bill "is passed in the form agreed on yesterday, Mr. Bush will go down in history for his embrace of torture and bear responsibility for the enormous damage that has caused."

DOJ Clarifies Gonzales Remarks On Arar Case.

The Washington Post (9/22, DeYoung) reports, "Attorney General Alberto R. Gonzales's claim this week that the Justice Department was not responsible for sending Canadian software engineer Maher Arar to a Syrian prison in 2002 was the result of imprecise wording by Gonzales and a misunderstanding by those who reported his remarks, according to a Justice Department spokeswoman. … The matter turns on the meaning of the word 'we.'" The Post continues, "On Tuesday, a day after a Canadian government commission concluded that the Syrian-born Arar was 'interrogated, tortured and held in degrading and inhumane conditions' for 10 months after being falsely accused of terrorist ties, Gonzales was asked whether the department owed him 'an apology.' … 'Well, we were not responsible for his removal to Syria,' Gonzales replied. 'I'm not aware that he was tortured, and I haven't read the commission report.' … Gonzales was aware that in 2002 the Immigration and Naturalization Service arranged Arar's removal from the United States and his delivery to Syria after he was accused of ties to al-Qaeda, spokeswoman Tasia Scolinos said. The INS has since been transferred from the Justice Department to the new Department of Homeland Security and is known as U.S. Citizenship and Immigration Services." The Post adds, "Since Arar was officially deported, Scolinos said, his case was 'an immigration-related issue.' She said Gonzales was trying to 'make that point' because 'immigration matters are no longer handled by the [Justice] Department.'" The Post notes, "On the question of torture, Scolinos said, 'My understanding is that the U.S. government received what they believed to be reliable assurances that he would be treated humanely, consistent with international treaties and conventions.' Gonzales, she said, was 'emphasizing that point.'"

Maine AG Seeks Dismissal Of Phone Record Suit.

The AP (9/22, Adams) reports, "Maine's attorney general asked a federal court Thursday to throw out the government's lawsuit against Maine officials over whether a phone company should release information about its handling of confidential records." The AP continues, "Attorney General G. Steven Rowe said the state's request, filed on behalf of the Public Utilities Commission, asserts the federal government has no jurisdiction in the case. The state also contends that the government is wrong to invoke 'state

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secrets' arguments. … 'There are no state secrets at issue here,' Rowe said at a news briefing after the motion to dismiss was filed in U.S. District Court in Bangor." The AP adds, "The litigation stems from a press release issued by Verizon and information it provided to the PUC, in which the telecommunications company claims it did not provide phone records to the government for its domestic surveillance program. The company also said in a May news release that it would not discuss any relationship with the National Security Agency program. … The PUC, prompted by a complaint by 22 Mainers, ordered Verizon to provide a sworn affirmation that Verizon's statement about the phone records is true. In response, the federal government sued, saying that the PUC's attempt to force Verizon to answer raised national security concerns."

DOJ Asks 9th Circuit For Quick Dismissal Of Eavesdropping Suit. The AP (9/22, Yen) reports, "The Bush administration asked an appeals court Thursday to step in immediately and dismiss a lawsuit over the U.S. government's warrantless wire tapping program, calling a lower judge's ruling dangerous and wrong." The AP continues, "The Justice Department asked the 9th U.S. Circuit Court of Appeals to overturn the decision earlier this month by U.S. District Judge Garr King. Government attorneys argued the decision put the disclosure of 'highly sensitive foreign intelligence information' at risk." The AP adds, "The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter that went out of business after the U.S. government labeled it a terrorist organization. … The foundation alleged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation is asking King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping." The AP notes, "Typically, appeals are filed at the conclusion of a case in trial court; however, in this case, Justice Department attorneys are asking the 9th Circuit to step in now given the sensitivity and urgency of national security. … In the Sept. 7 order, King declined to dismiss the case, saying he believed there may be a way for the lawsuit filed by a now-defunct Islamic charity to proceed without releasing information that could harm U.S. security. … In Thursday's filing, Justice Department attorneys argued that King's decision is flawed because classified facts needed to evaluate the case are protected under the so-called 'state secrets' privilege."

Pentagon IG Says Able Danger Didn't Identify 9/11 Terrorists. The New York Times (9/22, Shenon, 1.21M) reports, "The Defense Department's inspector general on Thursday dismissed claims by military officers and others who had insisted that" the secret Pentagon program Able Danger "identified Mohamed Atta and other terrorists involved in the Sept. 11 attacks before the attacks occurred." However, the report "was criticized Thursday by Representative Curt Weldon, Republican of Pennsylvania, who is a member of the House Armed Services Committee and who helped bring information about Able Danger to light." He described "the inspector general as having 'cherry-picked testimony from witnesses in an effort to minimize the historical importance of the Able Danger effort.'"

FBI Denies Agents Visited Cobbler In Macheteros Probe. The AP (9/22) reports, "The FBI is investigating if people posing as bureau agents visited a shoe repair store in western Puerto Rico owned by a supporter of independence for the U.S. territory, an agency spokesman said Thursday. Harry Rodriguez, FBI spokesman in Puerto Rico, denied that bureau agents visited Miguel Sanchez's shoe repair store in Mayaguez, though Sanchez said they did come to see him." The AP notes, "Rodriguez's comments come three days after FBI agents returned to the homes of two Puerto Rican activists whose properties were searched in February in an investigation into a militant independence group. … Rodriguez said the agents went to the homes as part of an ongoing investigation into the Macheteros," but "he declined to provide details."

Military Said To Have "Clever" New Procedure For Tracking Terrorists. The Washington Times (9/22, Gertz, Scarborough, 88K) "Inside The Ring" column reports US commandos "have developed a clever technical procedure for tracking terrorists in Iraq, and elsewhere, we presume. The tracking is used by a special military intelligence unit within U.S. Joint Special Operations Command," and "was instrumental in finding and killing al Qaeda in Iraq leader Abu Musab Zarqawi in June and in capturing a number of his lieutenants." The report offers no specifics about the procedure.

Britain Relaxes Carry-On Restrictions. USA Today (9/22, 2B, Stinson, 2.27M) reports, "Air passengers can carry a larger bag and musical instruments on board flights leaving Britain starting today, the government announced Thursday. … The slight relaxation…comes after complaints from passengers and airlines and as the government continues to try to balance security with passenger convenience." The Transport Department said in a statement that the change would "lessen the burden on passengers, while maintaining a rigorous security regime."

Jordanian Court Sentences Woman To Death In Wedding Bombing Case. The Washington Post/AP (9/22, A12, Halaby) reports a Jordanian court "sentenced an Iraqi woman to death Thursday for her role in al-Qaeda-led

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hotel bombings that killed 60 people in Jordan's deadliest terror attack." Sajida al-Rishawi, 35, "was intended to be one of the suicide bombers in the Nov. 9 attack. She entered a hotel ballroom with her husband, both strapped with explosives belts. Her husband set off his own belt, the explosion ripping through a wedding party in the room." Rishawi was "one of seven defendants in the case, but the six others were still at large and tried in absentia. Like Rishawi, the six were sentenced to death by hanging. Rishawi is the first woman to be sentenced to execution in Jordan on terrorism charges."

Poe Says French Government Shows "Ignorance" On Terror Threat. The Washington Times (9/22, McCaslin, 88K) "Inside The Beltway" column reports the "French government's latest reaction to the global war on terrorism is being scrutinized all over again on Capitol Hill." Freshman Rep. Ted Poe (R-TX) said recently, "'Let them eat cake' is what Marie Antoinette said to the starving French people, showing her ignorance of the world around her. Today it can be used to describe France's position on handling terror threats."

Author Says Bin Laden Should Be Treated As Criminal Defendant. In a New York Times op-ed (9/22), author Lawrence Wright writes a script for what the US should do with Osama bin Laden if he is located: "First, don't kill him. He'd become a martyr instantly, which is of course his goal. His death at the hands of Americans would be the ideal finale from a Qaeda perspective. Deny him that victory at all costs. And, please, don't send him to Guantánamo or torture him in an undisclosed location." The US "should, instead, offer him to the authorities in Kenya, where, on Aug. 7, 1998, a Qaeda suicide bomber murdered 213 people in the attack on the American Embassy." Then "take him to Tanzania, where on the same August morning Al Qaeda hit another American Embassy, killing 11 people, most of them Muslims." Once "exposed as a mass murderer of Africans who had no part in his quarrel with America, Mr. bin Laden would be ready to stand trial for the bombing of the American destroyer Cole and, of course, 9/11." By "treating him as a criminal defendant instead of a enemy combatant, we could underline the differences between a civil society and the Taliban-like rule he seeks to impose on Muslim countries and eventually the entire world." Wright says bin Laden's end should be dictated by a Saudi Shariah court.

HOMELAND RESPONSE:

Miami Police Chief Defends Arrest Of Terror Suspects. The Miami Herald (9/22, Clark, 310K) reports, "Miami police Chief John Timoney defended the arrest of the Miami Seven to a House homeland security committee Thursday, telling the panel that not all terrorists look like Sept. 11 ringleader Mohamed Atta." Timoney "acknowledged there had been skepticism about the June arrest of the seven men in Liberty City. … 'I was skeptical, as was the FBI, but not once did [the suspects] back off,' Timoney said. … Timoney's remarks came after Rep. Ileana Ros-Lehtinen" noted that the arrests, "to some observers, 'hardly passed the smile test.'" The Herald adds, "Timoney told the panel that progress has been made since" 9/11 "in terms of local police working with the FBI. But he noted that it's still not clear 'who has the ultimate responsibility for intelligence gathering.' 'Somebody's got to make a decision that one agency is in charge,' he said, alluding to a turf war among the FBI, Department of Homeland Security and the 16 agencies that make up the federal intelligence community."

Collins, King Reach Agreement On Chemical Plant Security. The New York Times (9/22, Lipton, 1.21M) reports moving away from a less stringent industry-backed proposal "many other Republican senators," Sen. Susan Collins and Rep. Peter T. King agreed Thursday on a chemical plant security plan "that would give federal officials the power to shut down high-risk chemical plants that do not comply with proposed new anti-terrorism measures for that industry." Under new plan, "the regulations would apply to all high-risk plants, instead of just those defined as highest risk. The regulations would also give the Department of Homeland Security the power to review and approve plans devised by plant owners, to inspect facilities to determine compliance and to shut any noncompliant plants, according to a statement by Ms. Collins and Mr. King." However, "It is not yet clear that this language — which may be considered too stern by some Republicans and too relaxed by many Democrats — will be approved by the full conference committee, which is scheduled to meet Monday evening on the department's budget."

Cost To Implement Real ID Act Put At $11 Billion. The Washington Post (9/22, A4, Fears, 748K) reports, "The cost to consumers for helping to secure America became clearer yesterday" with the release of a report by the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators that "estimated it would cost more than $11 billion over five years to implement the technology required by the Real ID Act." The report "does not say whether the cost of implementation will be passed on to drivers and holders of state identification cards. But Homeland Security officials said the price of similar new

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smart cards for 750,000 workers at ports and other transportation facilities will be about $140 each."

Pan Am Using Terrorism Lawsuit Funds To Pay Former Employees. The Washington Times/AP (9/22, Tong) reports in the "15 years since Pan American World Airways shut down, Anthony La Pera had assumed he would never get paid his leftover wages and accrued vacation. But Mr. La Pera and another 15,000 former employees can expect to open their mailboxes one day in December and find that a check has arrived, marking the end of the liquidation of an iconic airline." In July, "a federal bankruptcy judge authorized the Pan Am Corp. to distribute the money it had secured in a settlement with the government of Libya. Sending out those checks marks the end of a long process of winding down Pan Am." Pan Am "shut down on Dec. 4, 1991, after declaring bankruptcy that January. Among the last, fatal blows it suffered was the 1988 bombing of Flight 103, a now-infamous attack that ended with 270 dead when a bomb exploded on board as the plane flew over Lockerbie, Scotland." In 2003, Libya "accepted responsibility for the bombing and agreed to pay restitution to the victims. Pan Am's payments come from a separate settlement of a lawsuit its insurers brought against the Libyan government."

Pataki, Bloomberg Praise Finalized Framework For WTC Rebuilding. After "clenched teeth" negotiations, the Port Authority, as owner of the WTC site, and developer Larry Silverstein ratified the conceptual framework to rebuild Ground Zero, the timing of which prompted the New York Times (9/22, Bagli, 1.21M) to lead with, "Now, at long last, finally, for sure." Under the agreement, the PA takes responsibility for the "$2.2 billion" Freedom Tower, a development site one block away, and the "$2.2 billion transit center." These must be built by 2012, along with the "$500 million" WTC memorial and a shopping mall, according to the agreement in April. The plan says Silverstein will build three towers along the east side of the site by 2012, and if he falls behind schedule on just one tower "he risks losing them all."

Grace Period For Silverstein Hints At Possible "Rebuilding Delays." In its headline and lead, the Wall Street Journal (9/22, Frangos, 2.03M) suggests that yesterday's agreement provided for "rebuilding delays." The Journal explains that the three buildings Silverstein plans to build could take 7 instead of 6 six years to complete, under yesterday's contract that gives him a "one-year 'grace period' beyond the 2012 deadline." If rebuilding extends past "the end of 2013," he loses all the property. A Port Authority official "said Silverstein's potential construction lenders were uncomfortable with the more-aggressive timeframe." The Journal notes Pataki "hailed" the agreement, calling it "the last major hurdle toward the completed redevelopment of the World Trade Center site." Like the Times, the Journal notes the uncertainty surrounding Freedom Tower construction, given ground zero insurers and the tentative nature of federal and state leases.

WAR NEWS:

Bush To Press Musharraf, Karzai On Fighting Islamic Extremists. The Chicago Tribune (9/22, Silva, 623K) reports the "survival of Afghanistan's fragile government in the face of a resurgent Taliban threat will be high on the agenda for President Bush and the presidents of Pakistan and Afghanistan in a series of White House meetings starting Friday." While the White House "credits Pakistan for helping to capture or kill more Al Qaeda operatives than any other country since the attacks of Sept. 11, it worries about support that Pakistan's unruly regions provide for Taliban fighters intent on unseating the government of Afghan President Hamid Karzai." The White House is "counting on Pakistan President Pervez Musharraf to prevail upon tribal leaders to prevent foreign fighters from crossing into Afghanistan."

McClatchy (9/22, Hutcheson) reports Bush "will be prodding" Musharraf and Karzai "to work together against Islamic extremists." The "diplomatic arm-twisting comes at a particularly challenging time in a region that remains a spawning ground for international terrorism. In Afghanistan, a Taliban military offensive is testing the viability of the U.S.-backed government in Kabul. Neighboring Pakistan continues to serve as a haven for Taliban operatives and al-Qaida terrorists." Bush will "meet Tuesday with Afghan President Hamid Karzai before welcoming both leaders to a three-way summit over dinner on Wednesday. It could be a heartburn-inducing meal." Stephen Cohen, a South Asia specialist at the Brookings Institution, said, "Karzai and Musharraf do not like each other. Our influence with both is declining."

Pakistani Official Defends Deal With Border Tribes. The Washington Times (9/22, Behn, 88K) reports, "Pakistan's point man on a truce with tribal elders along the country's restive border with Afghanistan yesterday rejected charges that the agreement would undermine the fight against Islamic extremists." Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province "also criticized the United States for being slow to deliver on critical military equipment and support needed to combat Taliban fighters." Aurakzai "said the agreement he had helped hammer out with tribal leaders of North Waziristan was part of a broader strategy to keep terrorists out." Aurakzai said, "It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm." He added that the

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government "planned to pump $2 billion into the tribal areas over the next nine years for "massive development," he said." The Times adds, "Top officials in both Afghanistan and the United States are skeptical of the deal and of Islamabad's overall commitment to the war on terror."

White House "Frets" Over Situation In Afghanistan. The Wall Street Journal (9/22, A4, Harwood, 2.03M) "Washington Wire" says the "White House frets about Afghanistan" before President Bush meets with President Hamid Karzai. While Bush praises his Afghan counterpart, "senior officials worry Karzai isn't strong enough to quell" the Taliban threat, since he "hasn't wrested power from warlords or extended his reach much beyond Kabul."

US Plans No Troop Reductions In Afghanistan. The Washington Post (9/22, A13, Tyson, 748K) reports the US military "plans no troop cuts in Afghanistan before March, as fighting intensifies against Taliban forces that have gained influence in a political and security 'vacuum' in the southern part of the country, according to a senior U.S. commander." Lt. Gen. Karl W. Eikenberry said, "Our troop levels in Afghanistan will remain about steady through . . . February." The Post adds there "are approximately 20,000 U.S. troops in Afghanistan, the highest number since the U.S.-led invasion in October 2001 to overthrow the Taliban government." Eikenberry said "Taliban fighters and extremists have grown more numerous, organized and determined in some parts of the south and southeast, where foreign troops were limited and the Afghan government was weak."

British Forward Operating Base A Flashpoint In Campaign Against Taliban. NBC Nightly News (9/21, story 4, 2:55, Williams, 9.87M) reported, "This evening, we have fresh pictures just in to us of the fighting in Afghanistan. Specifically an ambush just today of British forces caught on videotape. It happened in the southern part of Afghanistan during a mission to resupply a forward operating base." NBC (Nealy) added the helicopter patrol twice tried "resupply British troops and failed. It seemed like the third time lucky. But lucky's not the word for it. Gunners fired as the four helicopters approached Britain's most exposed military base in Afghanistan. This gunfire was nothing to what followed there. There had been warnings of a Taliban threat to helicopters to British troops were ready but as drawn broke the Taliban were ready, too. They were hidden near the helicopters and as we landed they prepared to launch their ambush. It came seconds after we hit the ground. The Taliban fired from several positions. Our camera damaged in the chaos. The troops retaliate with massive firepower."

Musharraf Says Armitage Threatened To Bomb Pakistan "Back To Stone Age." USA Today/AP (9/22) reports Pakistani President Pervez Musharraf says former Deputy Secretary of State Richard Armitage "threatened to bomb his country 'back to the Stone Age' after the Sept. 11 attacks if he did not help the U.S. war on terrorism." In an interview for CBS' 60 Minutes, Musharraf said, "The intelligence director told me that (Armitage) said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age.' I think it was a very rude remark." By "agreeing to cooperate with the United States, Musharraf said, he reacted responsibly. 'One has to think and take actions in the interests of the nation, and that is what I did,' he said." USA adds Armitage "disputed the language attributed to him but did not deny his message was a strong one, 60 Minutes said."

CNN's The Situation Room (9/21, Todd) reported that the US relationship with Pakistan has "hit at a very sensitive stage." In a CBS "60 Minutes" interview Pakistani president Pervez Mushurraf "indicates they might have been bullied into" helping the US after the 9/11 attacks. Musharraf's intelligence director relayed a message from" Armitage that if "Pakistan didn't help the U.S. in the war on terror, Musharraf says 'the intelligence director told me that Armitage said be prepared to be bombed. Be prepared to go back to the stone age.'" Armitage denies making that specific remarks but says he delivered a tough message to Pakistan at the time.

Albright Says Cohen, Pentagon Notified Pakistanis Of Attack Against Bin Laden. Former Secretary of State Madeleine Albright on CNN's The Situation Room (9/21, Blitzer) described her problems with the recent ABC documentary on the 9/11 attacks saying, "And on a very particular case which had to do warning the Pakistani of the facts were totally wrong. It was Secretary Cohen and the Defense Department that wanted to make sure that the Pakistanis did not think they were being attacked by India at a time that we were launching cruise missiles against Osama bin Laden. So when the missiles were already in the air, Joe Ralston Vice President of the Joint Chiefs was with the Pakistanis."

Conferees Approve $70 Billion In Iraq, Afghanistan War Funds. The AP (9/22, Taylor) reports House-Senate negotiators "approved a new $70 billion infusion for military operations in Iraq and Afghanistan as they wrapped up talks on a $447 billion Pentagon funding bill." The additional war funds "would bring the total approved by Congress for the wars in Iraq and Afghanistan since Sept. 11, 2001, to more than $500 billion, with another installment likely to come next spring." Meanwhile, the White House "beat back an attempt by Republicans on the appropriations committees to take an additional $2 billion from defense programs to ease cuts to domestic programs such as education and grants to local governments." The bill 'would be the first of 11 spending bills to clear Congress for the budget year beginning Oct. 1. With progress so slow on other bills — the homeland security bill is the only other

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spending measure likely to pass before Congress adjourns next week to campaign for fall elections — the Pentagon measure will also carry a stopgap funding bill to keep open agencies whose funding bills won't have passed."

The Wall Street Journal (9/22, A4, Rogers, 2.03M) reports together with "prior appropriations for Iraq, the total U.S. commitment will now approach $375 billion, and final concessions to the White House could squeeze billions from domestic spending bills delayed until after the November elections." Together, "the defense and homeland-security budgets, are two of the last major legislative packages Republicans hope to complete before sending members home next week to campaign, and each will be used to carry additional legislation." The defense bill, "for example, will incorporate a stopgap funding bill to keep domestic agencies operating through Nov. 17, buying time for a lame-duck session after the elections."

CQ (9/22, Cahlink, Higa) reports, "Contrary to the wishes of House Appropriations Committee Chairman Jerry Lewis, the conference report on the $447.4 billion measure also includes a continuing resolution that will fund programs in bills not completed by the Oct. 1 start of the new fiscal year. The stopgap spending measure, which will last until Nov. 17, will fund those programs at the same level as in fiscal 2006." Lewis had "preferred that the measure be passed individually, as is usually the case."

The Los Angeles Times (9/22, Levey, 918K) reports the "agreement on the 2007 defense appropriations bill — expected to be approved by the full House and Senate next week — spares Republicans the embarrassment of leaving Washington without funding the cash-strapped military." But it "marked another grim milestone for wars in Iraq and Afghanistan that by one estimate have already cost two-thirds as much as the Vietnam War, which lasted more than twice as long as the current conflicts have so far." The "prolonged and difficult negotiations over next year's Pentagon funding underscored the financial toll of war-related costs on other military-related services. On the same day Republican leaders hammered out their agreement, advocates for military families came to Capitol Hill to talk about cutbacks in military-base libraries, child-care centers and other services for armed forces personnel and their kin."

Democrats Say Administration Shortchanging Army Base Operation Funds. McClatchy (9/22, Brown) reports House Democrats said the Army "is $500 million short of the money it needs to operate its bases this year because of the war in Iraq, forcing many posts to cut back on training, force protection and family support programs." Since June, "some Army installations have had to close mess halls, reduce training time and cut back on ammunition, equipment, food and fuel to non-deploying units. Funds for family support activities, including child care, gyms, bus services and other programs have also been cut, hurting morale for families whose loved ones are fighting overseas, the congressional Democrats said at a press conference." The Democrats said the "Bush administration failed to anticipate the Army's needs and budget enough money to cover those expenditures, the group said."

Casey Says Iraq Conflict Becoming Internal Struggle. The AP (9/22, Becatoros) reports Gen. George Casey, the top US general in Iraq, said the "conflict in Iraq is changing from a fight against U.S.-led coalition forces to an internal struggle for political and economic power." Casey "acknowledged the security situation has become more difficult in the past few months, and said Iraqi leaders must find common ground on key issues if progress is to be made." Casey said, "We're starting to see this conflict here transition from an insurgency against us to a struggle for the division of political and economic power among the Iraqis." The AP adds Casey said "reducing violence in the capital is crucial to any possible success in Iraq."

Bush Assertion On Iraqi Civil War Disputed. In response to Wednesday's interview with President Bush who stated that Iraq was not in the midst of a civil war, CNN's The Situation Room (9/21, Ware) reported, "Well it certainly feels like a civil war to the people on the street." If "Bush talks about the sources of information, these people, everyone within the U.S. forces here live in a bubble. They couldn't be further distanced from the Iraqi reality than humanly imaginable."

Clinton Suggests Motivation For Toppling Saddam Was Based On GOP's 1980s Iraq Ties. Former President Bill Clinton in an interview on Larry King shown from Wednesday night shown on CNN's The Situation Room (9/21) said, "And I think they thought it might clean their own skirts a little since most of what Saddam did was really terrible when he had the full support of the Republican Administration in the '80s of which Dick Cheney was a part. To be fair to them, it was the example of the old adage that the enemy of my enemy is my friend."

UN Official Says Use Of Torture In Iraq May Be Worse Than It Was Under Saddam. The AP (9/22, Engeler) reports Manfred Nowak, the U.N. special investigator on torture, said "torture in Iraq may be worse now than it was under Saddam Hussein, with militias, terrorist groups and government forces disregarding rules on the humane treatment of prisoners." Nowak "made the remarks as he was presenting a report on detainee conditions at the U.S. prison in Guantanamo Bay as well as to brief the U.N. Human Rights Council, the global body's top rights watchdog, on torture worldwide." Nowak said "reports from Iraq indicate that torture 'is totally out of hand,'" adding, "The situation is so

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bad many people say it is worse than it has been in the times of Saddam Hussein."

Group Of Anti-War Activists Arrested At White House. The Washington Post (9/22, A8, Montes, 748K) reports a "group of ministers, veterans and peace activists attempted to deliver a 'declaration of peace' to the White House yesterday, kicking off a week of vigils and other activities in 350 communities across the country calling for the prompt withdrawal of U.S. troops from Iraq." Thirty-four people "were arrested here and charged with disorderly conduct after they demanded to speak with President Bush, then refused to leave the west gate of the White House. As part of an initiative of more than 400 groups, many of them religiously affiliated, the activists said they had to 'bear moral witness' against the U.S. military role in Iraq." The "day's activities also featured vigils for peace in dozens of cities and towns."

Army Makes Recruiting Goal, Optimistic About Next Year. The AP (9/22, Burns) reports that Army Secretary Francis Harvey said "The Army is ending its best recruiting year since 1997 and expecting similar success in 2007," in "a considerable turnaround from last year." This "trend in recruiting is particularly important for the Army now because it is striving to expand its overall ranks. The expansion is fundamental to an Army plan that increases the number of combat brigades." It appears that "a package of new financial incentives, new recruiting approaches and a bigger recruiting corps did the trick. Army recruiters are making more use of the Internet to attract young prospects, and the Army this year began allowing people as old as 42 to enter the service." It also "has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them."

Army Facing "Severe" Personnel Strain. The New York Times (9/22, Shanker, Gordon, 1.21M) reports, "Strains on the Army from the wars in Iraq and Afghanistan have become so severe that Army officials say they may be forced to make greater use of the National Guard to provide enough troops for overseas deployments. Senior Army officers have discussed that analysis…with Defense Secretary Donald H. Rumsfeld's senior adviser on personnel, David S. C. Chu," but "the prospect presents the Bush administration with a politically vexing problem: how, without expanding the Army, to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard." Meanwhile there are "many signs of mounting strain on active Army units," and "An internal Army document that was provided to The New York Times notes that the demand for troops in Iraq and Afghanistan has greatly exceeded past projections that predicted earlier troop reductions." While "Rumsfeld has not favored substantially expanding the Army, concluding that such a step would draw money from programs he favors to overhaul the military and calculating that the high level of troops in Iraq and Afghanistan will prove temporary," Gordon R. Sullivan, the former Army chief of staff and president of the Association of the United States Army, said "that the Army was simply too small for the many responsibilities it faced," and "Barry R. McCaffrey, the retired four-star Army general, also asserted that the armed forces needed to be expanded."

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Western Washington USA Says Budget Cuts Slow Prosecutions. The Seattle Post-Intelligencer (9/22, Shukovsky) reports, "The federal prosecutor for Western Washington says his office is 'stressed to the limit' because of years of budget cuts that threaten to slow the pace of criminal prosecutions." The P-I continues, "U.S. Attorney John McKay has issued this warning to county prosecutors and special agents in charge of federal agencies, including the FBI, the Drug Enforcement Administration and Immigration and Customs Enforcement: 'We may not be as responsive as you want us to be on the cases you refer to us.'" The P-I adds, "The office has been hemorrhaging prosecutors and support staff members even as the other Washington is poised to impose another budget cut for the 2006-07 fiscal year. … The office, which handles federal criminal prosecutions and civil cases involving the U.S. government, is down six criminal prosecutors and one civil attorney, leaving 58 assistant U.S. attorneys, McKay said. … Fourteen positions in the office are unfilled, and McKay still must pay his 118 employees a mandatory 3 percent cost-of-living raise. … McKay said he is proud that the office has been able to maintain its productivity -- prosecuting more than 800 defendants last year. … But cases that might have been prosecuted under tougher federal laws are increasingly being sent to local prosecutors."

CORPORATE SCANDALS:

Hewlett-Packard CEO Likely To Testify Before House Committee. The Wall Street Journal (9/22, Rogers, Clark) reports, "Hewlett-Packard Co. Chief Executive Mark Hurd appears headed for a House committee examining the 'pretexting' scandal at the company." The Journal continues, "Mr. Hurd yesterday offered to testify after Rep. Joe Barton of Texas, chairman of the House Energy and Commerce Committee, said the computer maker's top

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executive may be called as a witness. … The hearing, scheduled for Thursday before the House subcommittee on oversight and investigations, already had a witness list that includes H-P General Counsel Ann Baskins and Patricia Dunn, the H-P chairman who pushed for an investigation of board leaks." The Journal adds, "In other developments, H-P disclosed that the Securities and Exchange Commission's enforcement division had made new requests for information from the company. In a filing on Sept. 6, H-P reported that the SEC's corporation-finance department had requested information about an H-P filing last May that reported the resignation of director Thomas Perkins, who resigned in protest over the leak investigation."

The New York Times (9/22, Darlin, Richtel) reports, "Pressure is mounting on Hewlett-Packard's chief executive, Mark V. Hurd, to explain what appears to have been a greater role in the company's spying operation than was initially indicated." The Times continues, "Mr. Hurd has largely escaped mention in connection with the company's efforts to obtain private phone records and otherwise trace leaks from its board. But on Thursday, after his name figured in documents newly appearing in the investigation, Hewlett-Packard's stock price fell significantly for the first time since the revelations began early this month." The Times adds, "The California attorney general, Bill Lockyer, threatened at one point Thursday to issue subpoenas to Hewlett-Packard because of what he said was a lack of cooperation in his criminal investigation. But later in the day, a spokesman for his office said H.P. had expressed a willingness to cooperate, as the attorney general wanted. … The problem for Mr. Hurd arises from a sheaf of e-mail messages and other documents obtained by news organizations that suggest that he approved of at least one aspect of the spying operation, offered names of possible targets and may have been briefed by the supervisors of the effort at the start of a crucial phase. .. .None of the leaked documents directly implicate Mr. Hurd. He did not write any of the e-mail messages, nor is it clear that he was sent copies of others that refer to him and actions attributed to him. … But what may yet emerge — Hewlett-Packard delivered more than 5,000 pages of documents to investigators with the House Committee on Energy and Commerce this week, and more are expected Monday — is what seems to have worried investors and analysts."

SEC Seeks Probe Information As Lockyer Alleges HP Non-cooperation. Bloomberg (9/22, Frank, Gullo) reports, "Hewlett-Packard Co. received a request for information from the U.S. Securities and Exchange Commission over its investigation into media leaks as California Attorney General Bill Lockyer complained the company stopped cooperating with him." Bloomberg continues, "Hewlett-Packard disputed Lockyer's assertions and said it is cooperating with his probe, as well as reviews by the SEC, U.S. Justice Department and a congressional committee. Chief Executive Officer Mark Hurd offered to appear before the committee, the company said today. … 'Today we ran into a brick wall,' Lockyer said in an interview. 'Frankly I'm pretty angry about it. I've instructed my lawyers this morning to paper the place with subpoenas.'" Bloomberg adds, "The SEC probe and Lockyer's statements intensify the scandal hanging over Hewlett-Packard on the eve of Hurd's first press conference to discuss the methods the company used to uncover the source of boardroom leaks to the media. Lockyer said some tactics, including the use of fake identities to obtain phone records, are criminal."

USA Today (9/22, Hopkins, Swartz) reports, "The SEC's enforcement division is seeking records and information related to HP director Tom Perkins' resignation in May, HP said. The division also wants information about HP's news-leak probes and related Sept. 6 and May 22 SEC filings by the company. HP said it is cooperating." USA continues, "

HP Stock Value Declines. The Washington Post (9/22, D1, Noguchi, Masters) reports, "The scandal over Hewlett-Packard Co.'s conduct in investigating press leaks started affecting its business yesterday for the first time, weighing down its stock price and raising questions about the future of its leadership." The Post continues, "Shares of the printing and computing company dropped 5 percent, the first major price dip since the company revealed early this month that it had obtained personal phone records of its board members and nine journalists under false pretenses. HP shares, which had been trading near a 52-week high of $37.25, dropped $1.91 to close at $34.87."

HP Parts Ways With Wilson Sonsini. The American Lawyer (9/22, Beck) reports, "Hewlett-Packard Co. said Thursday it has dropped Wilson Sonsini Goodrich & Rosati as its outside counsel in the California attorney general's criminal investigation of the company." The AL continues, "Wilson, HP says, will continue to represent the company in other matters, but in a written statement by spokesman Ryan Donovan, the company said that 'Hewlett-Packard and Wilson Sonsini mutually agreed it would be in the best interests of both parties for Wilson to terminate its representation of HP in the California attorney general's inquiry.'" The AL adds, "Wilson chair Larry Sonsini has been HP's primary outside counsel for years, advising the client on the massive Agilent Technologies Inc. spin-off in 1999, and guiding it during the tumultuous proxy fight waged by former director Walter Hewlett that spanned 2001-2002. Sonsini has stated that he was not involved in the design of the leaks probe, but he did review the results of the probe for the company, and initially took the position that it was 'within legal limits.'" The AL notes, "In a separate news release, HP announced that it will hold a press conference Friday where CEO Mark Hurd and lawyers from Morgan, Lewis & Bockius will address the leaks investigation. The press release states that Morgan Lewis was retained on Sept. 8 by HP to conduct

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a 'comprehensive analysis of the leak investigations.' It also notes that, 'Morgan Lewis also is representing HP in connection with several government inquiries.'"

Dunn's Attorney Says Don't Blame Her. The California Recorder (9/22, Scheck) reports, "Don't blame Hewlett-Packard Chairman Patricia Dunn, her new lawyer said Wednesday, for the convulsions the company's board have suffered in the wake of its troubled investigation of boardroom leaks. … 'She's neither a lawyer nor is she an investigator,' said James Brosnahan, the Morrison & Foerster litigator whom Dunn hired this week. 'And she's not the kind of person, frankly, who would advise people to do something illegal.'" The Recorder continues, "Dunn has come under scrutiny for her role in directing the troubled probe -- The Wall Street Journal reported Wednesday that she closely supervised it -- and she's the latest figure in the imbroglio to get a big-name lawyer in response to multiple government investigations. … Brosnahan, long-known for handling high-profile clients -- including John Walker Lindh, the Marin County man once charged with fighting for the Taliban -- will represent Dunn before a congressional subcommittee and in the state and federal investigations into HP's probe of board members, journalists and employees."

Dunn Receives Award From California Business Executives. CNET News (9/22, McCullagh) reports, "Hewlett-Packard's embattled chairman, Patricia Dunn, accepted a 'hall of fame' leadership award at a gala dinner (in San Francisco) on Wednesday night where she received a standing ovation from local executives." CNET continues, "The applause and paeans to a long and successful career seemed to gratify Dunn, who has been the subject of ongoing criticism and media scrutiny since reports in the last two weeks revealed that she had called for and perhaps helped to direct an intrusive probe into boardroom leaks. … Dunn thanked the Bay Area Council, a regional business lobbying and networking group, for 'courage in standing by your decision (to grant the award) in such unexpected circumstances.' … 'All I will say about the maelstrom is that I look forward eagerly, in the near future, to the time when I can set the record straight and go back to leading my life as discreetly as possible,' Dunn said during her after-dinner speech. … The bizarre juxtaposition of receiving a leadership award from an organization that stresses business ethics and good corporate governance was not lost on Dunn, who said she's aware of the 'irony of being inducted into the Bay Area Business Hall of Fame.' .. . But for the most part, other dinner speakers offered plaudits to Dunn--there was even a slideshow with her high school yearbook photo--with only passing references to her recent troubles."

Schumer, Feinstein Press DOJ Over Probe Of Former Gemstar CEO. Bloomberg (9/22) reports, "Gemstar-TV Guide International Inc. has enlisted two U.S. senators to press the Justice Department to speed up its investigation into what role the company's former chief executive, Henry Yuen, played in a $248-million accounting fraud." Bloomberg continues, "Democratic Sens. Charles E. Schumer of New York and Dianne Feinstein of California wrote Atty. Gen. Alberto Gonzales to inquire about the government's case against Yuen, who withdrew eight months ago from a plea agreement with federal prosecutors in Los Angeles after a federal judge said the deal was too lenient. The senators also forwarded a letter from Gemstar's general counsel warning that a legal deadline to charge Yuen was approaching. … The Yuen case 'may raise some questions about the adequacy of tools available to prosecutors to fight corporate wrongdoing,[Schumer wrote in his Sept. 13 letter to Gonzales." Bloomberg adds, "While saying he didn't want to interfere, Schumer added, 'It is important that Congress be kept well-informed about this and other similar cases so we can monitor the enforcement of the laws designed to protect average Americans from the type of conduct of which Mr. Yuen has been accused.' … Feinstein, who wrote Gonzales on Aug. 23, said, 'I do not believe it is appropriate for me to intervene in prosecutorial decisions,' but the Gemstar general counsel's letter 'does raise some serious allegations.' … The letters ratchet up a campaign by Gemstar to have Yuen sent to prison for his role in the fraud. The company, which has paid more than $100 million in civil settlements and attorneys' fees in connection with the accounting missteps, has taken the unusual stance that it is a victim of Yuen's alleged crimes."

Cablevision Awarded Backdated Options Grant To Dead Official. The Wall Street Journal (9/22, Grant, Bandler, Forelle) reports, "Cablevision Systems Corp. awarded options to a vice chairman after his 1999 death but backdated them, making it appear the grant was awarded when he still was alive, according to a company filing and people familiar with the matter." The Journal continues, "The country's fifth-largest cable operator in terms of subscribers also improperly awarded a compensation consultant options but accounted for them as if he were an employee, according to a Securities and Exchange Commission filing, citing the results of a six-week investigation by an outside law firm." The Journal adds, "The findings of the probe were released yesterday as the Bethpage, N.Y., company restated its financial results and said two of its directors had stepped down from posts on the board's audit and compensation committees as part of an escalating investigation into its improper granting of stock options. … The company also said it had received a grand jury subpoena in connection with an investigation into its options practices from the U.S. Attorney for the Eastern District of New York." The Journal

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notes, "The improprieties regarding the deceased executive -- Vice Chairman Marc Lustgarten, who died in 1999 -- and a compensation consultant are among the more unusual allegations of abuse that have surfaced in the scores of investigations that have been launched this year over improper stock-options practices. About 100 companies are under federal investigation for possibly backdating or otherwise manipulating stock-option grants to secretly boost their value."

SEC Tightens Scrutiny Of Hedge Funds. The Financial Times (9/22, Grant) reports, "The Securities and Exchange Commission is tightening scrutiny of hedge funds by stepping up examination of the links between hedge funds and broker-dealers, particularly where they are owned by a hedge fund, a senior SEC official said." The Times continues, "The move is a sign that the SEC continues to find ways to regulate hedge funds after a US court federal court in June overturned an SEC rule forcing hedge fund advisers to register with the agency. .. .Walter Ricciardi, deputy director of enforcement, said: 'I think some of the problems we've seen with hedge funds, one of the risk factors, red flags, is where they have their own broker-dealer. … That creates quite a conflict in the sense that investors' money is sitting there and a hedge fund decides to trade through their own broker-dealer and [the hedge fund] gets a fee for such trading. … It gives them an incentive to run up trading fees. It may not be in the best interests of investors,' he told the Financial Times." The Times adds, "While the SEC's office of compliance already conducts routine inspection of broker-dealers, Mr Ricciardi said the enforcement division – which is focused on alleged wrongdoing in the securities markets – was 'stepping up [the focus] on hedge funds'. .. The SEC took similar steps in the wake of the collapse of Long Term Capital Management in 1998."

CRIMINAL LAW:

Ruling Could Lead Fitzgerald To Dismiss Charges Against Libby. In a move that was seen as a victory for former Vice Presidential aide Lewis Libby in the CIA leak case, MSNBC (9/21, Seidman) reported on its web site, "The judge in the CIA leak case ruled Thursday that if Special Counsel Patrick Fitzgerald feels that admitting certain classified documents at the upcoming trial of I Lewis 'Scooter' Libby can jeopardize national security, Fitzgerald can then move to dismiss the perjury charges against Libby." MSNBC adds, "Fitzgerald argues that because of the sensitive national security value of the classified materials, a special three part test must apply before determining if a document can be admitted at trial." But "Walton disagreed with Fitzgerald and favored Libby's attorney's argument that in reviewing the classified material to be presented at the hearing, he must simply apply the Federal Rules of Evidence."

The New York Times/AP (9/22) reports US District Judge Reggie Walton "decided that he won't impose strict standards sought by prosecutors who want to limit the amount of classified information used in the trial of defendant I. Lewis Libby." Prosecutors "had proposed a stringent three-part legal test that would have allowed information to be considered for the trial only when its benefit to the defense outweighed the government's need to keep it secret." Walton "sided with Libby's lawyers, who said any evidence that's relevant to the case should be considered for use. Once Walton rules on which evidence is relevant, government attorneys can propose portions to be blacked out or summarized, the judge said."

US Uses Terror Case Limits In Probe Of Alleged Mob Plot To Kill Judge. The New York Times (9/22, Rashbaum) reports, "Alberto R. Gonzales, the United States attorney general, has imposed a set of highly restrictive rules generally reserved for terror suspects on an imprisoned mob figure who is under investigation for plotting to kill a federal judge, a prosecutor and three Mafia turncoats, prosecutors disclosed yesterday." The Times continues, "The move was the latest development in an increasingly bizarre case. The mob figure in the case, Vincent Basciano, has contended that a list he wrote naming the judge and the others was not part of a murder plot, as prosecutors have asserted, but an effort to use a mystical religion to improve his chances at his forthcoming trial, at which he could face the death penalty." The Times adds, "The disclosure that Mr. Gonzales had imposed the measures was made at a hearing in United States District Court in Brooklyn. The judge in the case, Nicholas G. Garaufis, who prosecutors have said was one of Mr. Basciano's targets, also unsealed a transcript from an Aug. 28 hearing at which the investigation and the list were discussed. … In July, Mr. Basciano provided the list to a fellow inmate at the Metropolitan Correctional Center in Manhattan who, unknown to Mr. Basciano, was cooperating with the authorities. Prosecutors have said Mr. Basciano indicated to the inmate that he wanted the people on the list killed. … The transcript of the Aug. 28 hearing provided additional details about what Mr. Basciano, known as Vinny Gorgeous, has said was his effort to use Santeria, a Caribbean religion, to influence the outcome of the trial."

Allegations Of Santeria Rituals Surface. Long Island Newsday (9/22, DeStefano) reports, "Eager to seek an edge in his recent racketeering trial, reputed Bonanno crime family member Vincent Basciano was told by a fellow jail inmate to place a list with names of the prosecutor, trial judge and witnesses in his shoe and stomp his foot five times to get

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good luck. … The resulting list that Basciano drew up to carry out the ritual was simply part of a Santeria-related method and not a hit list as prosecutors have suspected, his defense attorneys said Thursday." Newsday continues, "Basciano, at one time the acting street boss of the Bonanno crime family, is under investigation for allegedly creating the list and in 'sum and substance' giving it to his fellow inmate to seek the murder of the listed persons, Brooklyn federal prosecutors have stated in court papers. … Named on the list were assistant U.S. attorney Greg Andres, who prosecuted Basciano earlier this year; federal judge Nicholas Garaufis; disgraced attorney Tom Lee; and mob turncoats Dominick Cicale and James Tartaglione, court papers stated. … But while prosecutors put a sinister spin on the list and Basciano's attempt to seek magical intervention, his lawyers say that wasn't the case at all. … During a court hearing Thursday and in interviews, Basciano's attorneys related how their client was seeking Santeria help and not seeking murders."

Basciano Attorneys Deny Allegations. The New York Law Journal (9/22, Perrotta) reports, "Attorneys for a former Mafia boss who might face the death penalty in an upcoming trial expressed dismay Wednesday at the unsealing of court documents that reveal their client, Vincent Basciano, is under investigation for a potential plot to kill a federal judge." The Journal continues, "The attorneys, James Kousouros and Ephraim Savitt, said they would ask for an evidentiary hearing into the alleged plot against Eastern District Judge Nicholas G. Garaufis, which Kousouros said did not exist. Kousouros said it was 'very unfortunate' that he was not notified by federal prosecutors that the document was going to be made public late Tuesday evening. … 'I'm not saying we were entitled to notice,' Kousouros said. 'We have to now consider motions for recusal. This now creates a mess.' … He said the unsealed papers could taint the jury pool, and might contribute to U.S. Attorney General Alberto Gonzales' decision on whether the government will seek the death penalty."

FBI Searches Cook County Offices In Political Hiring Probe. The Chicago Tribune (9/22, Ciokajlo, Becker, Coen, 623K) reports, "FBI agents fanned out across Cook County on Thursday with grand jury subpoenas and a search warrant, probing deep into the role clout plays in county hiring. … The flurry of activity indicated that federal prosecutors are now taking a hard look at clout and hiring in Cook County, even as they are investigating state hiring by the Blagojevich administration and city hiring by the Daley administration." Cook County Board President Bobbie Steele said in a statement that "the subpoenas seek documents related to 'non-exempt' jobs," which "are supposed to be filled on the basis of qualifications, not political influence." The Tribune notes "sources familiar with the investigation" said that "the search warrant was issued specifically for the human resources bureau because that is an area where records are concentrated."

The Chicago Sun-Times (9/22, Pallasch, Korecki, Patterson, Herman) reports, "FBI agents could be seen carrying boxes of documents out of the Cook County Human Resources Department," and as "the seizure of documents proceeded downtown, federal agents served the search warrant at other county offices, too — including Provident Hospital, Cermak Hospital and the forest preserve district. … FBI spokesman Ross Rice said the search warrant is tied to a criminal affidavit that is under seal. 'We're looking for possible evidence of a crime,' Rice said. No arrests have been made and no charges filed, Rice said." WMAQ-TV (9/21, Rogers) noted that "agents may have accessed the office's computer servers, looking for information about hiring practices and possibly the testing of Cook County employees."

In a widely-distributed story, the AP (9/22) reports, "FBI spokeswoman Cynthia Yates would not say what the investigation was about." Alderman Todd Stroger "said he believes the raid was connected to an activist's request that a federal monitor oversee county hiring to prevent abuses. Stroger's Republican opponent, Anthony Peraica, said the raid stemmed from a 'criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected.'"

Former New Orleans Prosecutor Sentenced To Life In Prison In Rape Case. The AP (9/22) reports former New Orleans deputy city attorney Henry A. Dillon "was sentenced Thursday to life in prison for using his position to rape two women in his office. … 'He committed unspeakable acts of violence against innocent women while disguising himself as a public servant,' U.S. Attorney Jim Letten said in a news release. Dillon, 49, raped each woman after telling her in Municipal Court that he needed her to come to his office to complete some court business, according to the indictment. Dillon admitted having sex with both women, but said it was consensual," which US District Judge Lance Africk said to Dillon during the sentencing, "calls into question your grip on reality."

Wife Of Former Alabama Mayor Pleads Guilty To Obstructing Corruption Probe. The AP (9/22) reports, "Crystal McDonald Russo, wife of former Orange Beach Mayor Steve Russo, pleaded guilty in federal court Thursday to one felony obstruction of justice charge as part of a plea agreement with prosecutors. Prosecutors agreed to dismiss two other counts against her and recommend a sentence that will likely only get Crystal Russo probation."

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She "was facing trial next month for allegedly trying to help her…husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor."

Online Betting Probes In US Cloud Prospects For Industry. The Wall Street Journal (9/22, Schatz) reports, "Two recent arrests of online-gambling executives in the U.S. are drawing attention to a spirited but so far unsuccessful effort in Washington to clarify the legal status of Internet gambling and resolve the political and legal issues of regulating it." The Journal continues, "Earlier this month, Peter Dicks, at the time nonexecutive chairman of Sportingbet PLC, Britain's largest publicly traded Internet-gambling company, was arrested in New York on a Louisiana warrant. That followed the July arrest of David Carruthers, then-chief executive of BetOnSports PLC on federal charges. The two cases aren't directly related but have combined to spook executives of foreign Internet-gambling companies, which are wary of entering the U.S." The Journal adds, "The developments underscore a fundamental problem for the Internet-gambling industry: U.S. lawmakers haven't agreed on whether the practice is legal. This summer the House passed legislation that would outlaw most forms of Internet gambling, including poker and casino-style games. But similar legislation is in limbo in the Senate, despite recent efforts by Majority Leader Bill Frist to attach the measure onto a must-pass defense-authorization bill this year. .. . Taming Internet gambling is difficult, however, given uncertainty about which rules apply to it. The Bush administration maintains that all interstate Internet gambling is illegal, but acknowledges that enforcement is sporadic. To shut down Internet sites, prosecutors rely mostly on the 45-year-old federal Wire Act, which prohibits sports betting across state lines, but was written with telephone, not Internet, lines in mind. … But not all judges agree that Internet gambling is already illegal, and Internet-gambling companies argue the Wire Act doesn't apply to the Internet." The Journal notes, "Some forms of gambling have largely avoided the U.S. government's focus. For example, the government has done nothing to stop Youbet.com, a publicly traded Internet company in Woodland Hills, Calif., that offers betting on horse racing. … Justice Department officials say they launched a civil probe into Internet-gambling operations, including horse betting, last year, but say they have limited resources."

US Charges WTC Painter With 9/11 Fund Fraud. Long Island Newsday (9/22, Maloney) reports, "A New Jersey painter was arrested Thursday on charges he bilked the U.S. Justice Department's Sept. 11 compensation fund of more than $1 million -- the biggest scam yet." Newsday continues, "Mario Mastellone, 39, of East Windsor was accused in an indictment in U.S. District Court in Manhattan of accepting $1.07 million from the September 11 Victim Compensation Fund of 2001 by falsely claiming that had been disabled that day and had not worked since. … His lawyer, Peter Bark of Central Islip, said his client had suffered disabling back injuries and has not worked since then, except for a recent job as an extra on a film set, which the Justice Department had approved. … 'He's been victimized twice -- once by him being in the World Trade Center on 9/11 and now by the U.S. Attorney's office,' Bark said." Newsday adds, "Prosecutors said Mastellone lied to a Department of Justice agent investigating his case and lied to a hearing officer evaluating his claim for compensation. According to the indictment, he also fraudulently sought compensation from the New York State Workers' Compensation Board and the Painting Industry Insurance Fund. … If convicted of fraud charges, Mastellone could face up to 40 years in prison."

Prosecutors Say Resentment, Debts Drove Dealer To Steal Rare Maps. The AP (9/22) reports, "A renowned dealer who admitted stealing nearly 100 rare antique maps acted out of resentment toward the prestigious libraries and to pay for his expensive tastes and mounting debts, prosecutors said Thursday" for the sentencing of E. Forbes Smiley III. "Prosecutors did not specify a sentence, but recommended he be given credit for his cooperation with the investigation that led to the recovery of most of the maps." The AP notes, "The British Library has raised suspicions that Smiley stole additional maps, a charge he has denied. Authorities defended their investigation" and "said inaccurate cataloguing by some libraries, wide public access to materials and other issues made it difficult to prove Smiley stole a particular map. 'Based on this review, the FBI has not identified other information suggesting that Smiley has a hidden cache of maps or is protecting some unidentified purchaser of his maps,' prosecutors wrote."

Credit Card Companies Pledge To Help Curb Child Pornography. The New York Times (9/22, Files) reports, "Executives from credit card companies, including Visa, MasterCard and American Express, told a Congressional panel Thursday that they were determined to eliminate the use of their services in the Internet child pornography business. … But they also said it was difficult to keep pace with those who seek to exploit children on the Web and called for broad collaboration among those in the financial services industry and law enforcement authorities around the world. … 'Child pornography is a global problem in need of a coordinated response,' said Mark MacCarthy, a senior vice president for public policy for Visa U.S.A." The Times adds, "Mr. MacCarthy said that by working together with other financial services companies, the industry could 'enhance our efforts to identify Web sites and pinpoint

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merchants that are trafficking in this illicit activity, cut them off from use of our network and provide assistance to law enforcement to put them in jail and shut them down for good. … The way forward lies in collective action,' he said." The Times notes, "Mr. MacCarthy and other executives testified at a hearing of the oversight and investigations subcommittee of the House Energy and Commerce Committee. The hearing was the sixth this year convened by the subcommittee to examine the growth of child pornography online. … Others who spoke to the committee included Ernie Allen, the president of the National Center for Missing and Exploited Children, and Christopher J. Christie, the United States attorney for New Jersey, who led an investigation that in 2004 dismantled an Internet child pornography service stretching from Eastern Europe to Mount Laurel, N.J."

DeGette, Whitfield Working On Data Retention Bill. CNET News (9/22, Broache, McCullagh) reports, "A Democratic member of the U.S. House of Representatives said Thursday that she plans to introduce legislation next week that would force Internet providers to record customer information for one year." CNET continues, "Rep. Diana DeGette of Colorado said that she is working with Republicans Reps. Ed Whitfield, chairman of the House Energy and Commerce oversight and investigations subcommittee, and Joe Barton, chairman of the full committee, to finalize language mandating a controversial practice known as data retention. … 'Internet service providers across the board do retain this data for some period of time right now, so all were doing in this legislation is requiring a standard in the industry,' DeGette said at a morning hearing here on online child pornography, which was at least the sixth event dealing with online child exploitation in the House this year." CNET adds, "The data retention requirement is necessary because members of Congress have 'learned that Internet service providers and social networking sites have information that law enforcement needs when investigating pedophiles online, and that is the IP address on a particular date and time that will help identify those involved,' said Whitfield, a Kentucky Republican who is also heading a probe into Hewlett-Packard's boardroom scandal." CNET notes, "Privacy groups and industry groups have generally opposed mandatory data retention, with some companies such as Comcast voluntarily agreeing to retain user data for longer periods. Also, under an earlier proposal described by DeGette, the information would be available not only to police but to civil litigants as well, including divorce lawyers hoping to track someone down or employers embroiled in a lawsuit with a former employee. .. . Plans to enact the Bush administration's data retention proposal--reiterated this week by Attorney General Alberto Gonzales--have been brewing in Congress for months but have received increased attention as the November elections draw near."

CIVIL LAW:

US Probing Ela Medical Payments To Doctors. The New York Times (9/22, Meier) reports, "Ela Medical, a small producer of implantable heart devices, said this week that it had received a subpoena from federal health care fraud officials seeking information about possible inducements paid by the company to doctors using its products." The Times continues, "In response to an inquiry last week from a reporter, Ela Medical stated that it had received an administrative subpoena from the inspector general of the Department of Health and Human Services. The company is a division of the Sorin Group, which is based in Milan. … According to Ela Medical, the subpoena sought any documents related to 'arrangements, clinical studies, provision of monitoring equipment and services and other agreements by which the company may have provided benefits to persons in a position to recommend purchase of devices.'" The Times adds, "Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product. Ela Medical, which has previously said that it complied with all relevant laws, said in its statement that it was cooperating with the investigation. .. . Last year, the Justice Department started to investigate the country's biggest makers of heart devices — Medtronic, St. Jude and Guidant — to determine if they provided doctors with excessive payments to enroll patients in postmarketing studies of their devices as a way of increasing sales. All three companies have said they did nothing wrong."

Pediatrix Makes Final Payment In Settlement Of DOJ Billing Probe. The AP (9/22) reports, "Pediatrix Medical Group Inc. on Thursday said it paid the federal government $25.1 million as part of its final settlement with the Justice Department related to a probe into the company's billing practices." The AP continues, "The settlement ends a federal investigation into the company's Medicaid and Tricare practices related to neonatal services provided between January 1996 and December 1999. In addition, the pediatric services provider said it would reach separate state settlements for each state Medicaid program involved." The AP adds, "Information for the period 2000 to 2003 also was reviewed as part of the investigation, and Pediatrix is not making any payments for this period. … Pediatrix announced a tentative settlement in February and set aside reserves related to the investigation during periods through December 2005. The settlement will not affect the company's operating results this year."

Ex-IRS Mailroom Employees To Get Back Pay In Outsourcing Suit Settlement. The Washington

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Post (9/22, D4, Barr, 748K) "Federal Diary" column reports 10 former IRS mailroom employees "who lost their jobs because of outsourcing will receive about $4,000 each in back pay" as part of a settlement in a lawsuit brought by the National Treasury Employees Union.

Senators Urge DOJ To Appeal A Court Tobacco Ruling. At least two local newscasts covered the letter by 15 U.S. Senators urging attorney general Alberto Gonzales to appeal a district court's ruling that allows cigarette makers to avoid major financial penalties. WCIA-TV Champaign, (9/21, 12:11 p.m.) reported, "Durbin is among 15 senators who want the U.S. Attorney General to penalize tobacco companies. The lawmakers submitted a letter to Alberto Gonzalez asking him to appeal a district court's ruling, which limited penalties against tobacco companies who break the law. Durbin says nearly seven thousand state residents die from lung cancer each year."

WTWO-TV Terre Haute, (9/21, 05:00 p.m.) reported, "Illinois Senator Dick Durbin and 14 other senators want the U.S. Attorney General to go after tobacco companies. The lawmakers have written a letter to Alberto Gonzalez asking him to appeal a district court's ruling, which puts some limitations on penalizing tobacco companies that have broken the law."

CIVIL RIGHTS:

DOJ To Review Appointment Of Alabama Commissioner. The Mobile Press-Register (AL) (9/22, Murtaugh) reports, "Juan Chastang's future as a Mobile County commissioner is now in the hands of the U.S. Department of Justice, after the state decided not to appeal a federal court order handed down last month, a spokesman from the attorney general's office said." The Register continues, "The order, handed down by a panel of three federal judges Aug. 18, said Gov. Bob Riley had 90 days to get clearance from the Justice Department that the Chastang appointment complied with the Voting Rights Act of 1965." The Register adds, "If the Justice Department approves the appointment, nothing will change and Chastang, the commission's president, will continue to represent District 1. .. . But if the department finds that the appointment violated voters' rights, it could force Chastang out of office and call for a special election to fill the seat. … Suzanne Webb, a spokeswoman for the Alabama Attorney General's office, said Tuesday that the governor would not appeal the judges' decision to the U.S. Supreme Court and would instead ask for Justice Department clearance."

Rights Groups Seek DOJ Bias Probe Of San Francisco Chronicle, Job-Fair Firm. The San Francisco Chronicle (9/21, Page B - 2, Hua) reports, "The Chronicle and a firm that produces job fairs tried to bar noncitizens from an employment event in June, according to a complaint the ACLU and other civil rights groups filed Tuesday with the federal Justice Department." The Chronicle continues, "The Lawyers' Committee for Civil Rights, the American Civil Liberties Union of Northern California and the ACLU Immigrants' Rights Project allege that Expo Experts, a Cincinnati company that organizes job fairs in partnership with newspapers nationwide, discriminates against legal immigrants. … The complaint, filed in Washington, D.C., charges that the company illegally bars noncitizens from attending job fairs in violation of federal anti-discrimination laws and asks the Justice Department to impose civil penalties and issue a cease-and-desist order to stop the practice. The civil rights groups filed a companion complaint against The Chronicle, which co-sponsored the June fair with Expo." The Chronicle adds, "An advertisement before the event, published in the newspaper and on its affiliated Web site, SFGate.com, said job-seekers were required to have U.S. citizenship to enter a pavilion featuring engineering, technology and security clearance positions, the complaint alleges. A second pavilion featured professional jobs. … When the Lawyers' Committee and the ACLU objected to the restriction in the days before the event, Expo Experts and The Chronicle removed the discriminatory language from the online version of the advertisement and opened both pavilions to all job-seekers, according to the complaint."

9th Circuit Panel Upholds California County's Ban On Library Prayer Service. The San Francisco Chronicle (9/22, Page B - 3, Egelko) reports, "Contra Costa County did not intrude on religious freedom when it barred a church from holding prayer services in a meeting room of the Antioch library, a federal appeals court ruled Wednesday in a case that drew arguments from the Bush administration in support of the church." The Chronicle continues, "In a 2-1 decision, the Ninth U.S. Circuit Court of Appeals in San Francisco said that the Faith Center Church Evangelistic Ministries had the right to hold religious discussions in a room that was open to other community groups, but that the county could prohibit it from conducting worship services. … 'The county has a legitimate interest in ... excluding meeting room activities that may interfere with the library's primary function as a sanctuary for reading, writing and quiet contemplation,' and in preventing the room from being 'transformed into an occasional house of worship,' Judge Richard Paez said in the majority opinion." The Chronicle adds, "He acknowledged that there may be little difference between prayer services and other types of meetings by religious groups in some

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cases, and said judges and government agencies are not competent to make such distinctions. But in this case, Paez said, Faith Center itself described its planned library gathering as one for 'praise and worship.' … Judge Richard Tallman stressed the same issue in his dissenting opinion. 'Separating religious worship from other religious speech inevitably leads to state entanglement in religion' and is beyond the government's authority, he said."

ANTITRUST:

Samsung Executive Pleads Guilty To Price-Fixing. The AP (9/22, Caterinicchia) reports, "An executive from Samsung Semiconductor Inc., the world's largest manufacturer of dynamic random access memory (DRAM) used in computers, has agreed to plead guilty and to serve jail time for participating in a global price-fixing conspiracy, the Justice Department said Thursday." The AP continues, "Thomas Quinn, senior vice president of memory sales and marketing at the U.S. subsidiary of Korean firm Samsung Electronics Co. Ltd., was charged with a felony for his alleged participation in an agreement to fix DRAM prices and to coordinate bids in an auction held by a buyer." The AP adds, "The scheme directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc., Gateway Inc., and Sun Microsystems Inc., according to the Justice Department. There were about $7.7 billion in DRAM sales in the U.S. in 2004, according to the department. … Under the plea agreement, which must be approved by the court, Quinn will serve eight months in prison and to pay a criminal fine of $250,000. In addition, Quinn has agreed to assist the Justice Department in its ongoing investigation. … 'Prison time for price-fixers remains the most potent deterrent to illegal cartel activity,' Thomas O. Barnett, Assistant Attorney General in charge of Justice's Antitrust Division, said in a release."

The San Jose Business Journal (9/22) reports, "The Justice Department said Thomas Quinn is the fourth Samsung manager to plead guilty in connection with the probe. Quinn is expected to serve eight months in prison and pay a $250,000 fine under the plea deal, and investigators said that if he had been convicted at trial, he could have faced a larger fine and a prison sentence of up to three years. … Quinn conspired to fix the price of memory chips sold to computer makers around 2001 and 2002, investigators said."

AFP (9/22) reports, "Quinn is the fourth Samsung executive to agree to a prison sentence in the investigation. Three foreign-based Samsung executives, Sun Woo Lee, Young Woo Lee and Yeongho Kang, previously pleaded guilty and agreed to serve prison terms ranging from seven to eight months. … In additional, jail terms were agreed for Hynix Semiconductor executives Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh and Choon Yub Choi; and Infineon executives T. Rudd Corwin, Peter Schaefer, Gunter Hefner and Heinrich Florian."

Texas Airfield Agreement Amended To Allay Antitrust Concerns. The Dallas Morning News (9/22, Reddy) reports, "Sen. Kay Bailey Hutchison said Thursday that new language addressing antitrust concerns in the Wright repeal bill has passed muster with a key detractor to the legislation." The News continues, "With newfound support from Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee, legislation that would lift restrictions on long-haul flights at Dallas Love Field may be poised to move forward. .. . 'It's a major step forward, but it's not the end of the road,' Ms. Hutchison said." The News adds, "The Texas Republican initiated procedures Thursday to bring the revamped Wright bill to the Senate floor. … It could come up for a vote next week, though a packed schedule in the final days before a congressional recess may force the issue into a post-election session in November. … The new language removes a phrase that could have provided a blanket exemption from competition laws for the June agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport. … But the proposed amendment still offers potential legal cover to the North Texas compromise, by employing additional language sanctioning the deal."

NYSE, Euronext To Create Independent Entities After Merger. The Wall Street Journal (9/22, Lucchetti) reports, "NYSE Group Inc. and Euronext NV will create separate U.S. and European entities to ensure that markets on each continent retain their independence if the stock-exchange operators complete their proposed merger." The Journal continues, "Euronext will have a Dutch foundation for its markets to prevent U.S. lawmakers from affecting the rules and requirements for listing stock in European countries. Likewise, NYSE will create a three-person Delaware trust to ensure that no laws are passed in Europe that will affect how U.S. companies are regulated. The structure was unveiled in a regulatory filing with Securities and Exchange Commission." The Journal adds, "The goal is to persuade everyone concerned that the planned deal won't encroach on securities laws on either side of the Atlantic. NYSE owns the New York Stock Exchange. Euronext owns stock markets in Paris, Amsterdam, Brussels and Lisbon as well as a major derivatives exchange in London. … The two entities will exist behind the scenes unless and until lawmakers or regulators pass rules that were viewed to affect the independence of regulators or companies in the other market. Essentially, they will only be able to react to laws or regulations rather than

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create strictures of their own." The Journal notes, "Europeans are concerned that Congress or the SEC might take the merger of the two companies as an opportunity to try to extend U.S. regulatory reach to Europe. Such a scenario is particularly frightening to European executives, who would prefer to avoid the strict accounting and governance rules that U.S. companies are subject to since the Sarbanes-Oxley law was passed in 2002. Both SEC officials and Euronext have stressed such U.S. rules won't apply in Europe."

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Says She Will Try To Recover Oil And Gas Royalties. The New York Times (9/22, Andrews, 1.21M) reports, "A top official at the Interior Department said on Thursday that she would not try to recover $1.3 billion in royalties that the government lost as a result of flawed oil and gas leases it signed in the late 1990's. 'That would be very hard to recoup,' said Johnnie M. Burton, director of the Minerals Management Service of the Interior Department, at a forum held by Platt's, an oil industry newsletter." She "added that she had little or no bargaining power -- and did not want any -- to force more than 50 companies to renegotiate offshore drilling leases that currently allow them to escape as much as $10 billion in royalty payments over the next decade." The Times notes, "Administration officials say that they are close to reaching agreement with Shell Oil and BP and that they have held talks with about 10 companies. But more than half of the companies that hold the flawed leases have not responded to the government's pleas." The Times reports, "Democrats reacted angrily to Ms. Burton's remarks, as well as to new allegations by a group of federal auditors who have charged that the Interior Department blocked them from recovering underpayments by more than two dozen companies."

Gap In Safety Standards Noted In E Coli Probe. The Washington Post (9/22, D1, Shin) reports, "It took exactly 14 days from the time state health officials in Wisconsin noticed five cases of E. coli O157:H7 in the same county until investigators arrived Wednesday at a field in California's Salinas Valley in search of the bacteria that ended up in bagged spinach and sickened 157 people in 23 states." The Post continues, "The outbreak -- the largest, in terms of victims, caused by fresh produce -- has exposed strengths and weaknesses in the highly fragmented U.S. food safety system. And the extent of it has federal officials talking about imposing tougher regulation. … 'There are good agricultural practices out there. . . . The question that will be addressed is: Are they adequate? Are they being followed? Does the industry need to be further regulated to be safe?' said David W. Acheson, a top Food and Drug Administration food safety official." The Post adds, "Even as public health officials have gotten better at identifying the onset of illness borne by raw fruits and vegetables, the rules and procedures to prevent those outbreaks remain weaker than those for meat and poultry, consumer advocates and food safety experts said. And their enforcement relies on the voluntary efforts of growers and processors, and on the FDA, which has responsibility for much of the food supply but nowhere near the authority or resources devoted to the monitoring of meat and poultry."

EPA Administration Rejects Staff's Recommendations On Soot Rules. The New York Times (9/22, Barringer, 1.21M) reports, "The Environmental Protection Agency's administrator on Thursday rejected the recommendations of his staff -- and an unusual public plea from independent science advisers -- choosing instead to tighten only one of two standards regulating the amount of lethal particles of soot in the air. The short-term daily standard, intended to control acute exposure to the minute particles, was cut nearly in half." But "the annual standard, which affects chronic exposure, remains at its original 1997 level." Stephen L. Johnson, "a career scientist at the agency and the third administrator appointed during President Bush's six years in office, said in a conference call on Thursday that the annual standard would remain at its current level while research continued. No change was made now, he said, "due to insufficient evidence" linking health problems to long-term exposure."

The Washington Post (9/22, A3, Eilperin, 748K) reports, "The agency did not go as far as its own scientists had urged in curbing soot, which is linked to heart and lung disease as well as childhood asthma." The decision "sparked complaints on both sides of the pollution debate, with public health experts saying it was inadequate and industry officials calling it too stringent."

Senate Expected To Confirm Parks Service Nominee. The AP (9/22, Jalonick) reports, "Mary A. Bomar, President Bush's nominee to head the National Park Service, appeared headed for a quick confirmation as senators praised the British native Thursday for her professionalism and history with the agency." Bomar "offered few opinions on current park service policy or the agency's budget problems at her Senate confirmation hearing." Bomar "said she would help the agency 'search for creative ways of working within our means.'" Senate Energy and Natural Resources Chairman Pete Domenici and Sen. Craig Thomas, "the Republican chairman of the subcommittee on national parks, predicted that most senators will support her nomination."

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FBI/DEA/ATF/USMS:

Judge Sentences BALCO Journalists For Contempt, Suspended Pending Appeal. The Contra Costa (CA) Times (9/22, Peele) reports, "A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case." The Times continues, "U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed. … In a tense exchange, Fainaru-Wada told White he would not, under any circumstances, reveal the source. … 'Do you intend to honor the subpoena as issued to you?' White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a 'meaningful, honorable profession.' … 'No,' he answered. 'I will not comply.' … Williams told White that he meant 'no disrespect to you and the judicial system,' by defying the subpoena. 'I have a deeply held ethical and moral belief as a journalist and a man that I have to keep my word,' he told White. … But a justice department lawyer said the reporters' testimony was critical to its investigation of the leak. … 'Our job is to get information and get to the truth,' said Assistant U.S. Attorney Douglas M. Miller. 'We want to indict the right people, not the wrong people. We have a right to prove our case.'"

The AP (9/22) reports two San Francisco Chronicle reporters "were ordered jailed Thursday for a maximum of 18 months, pending an appeal, for refusing to testify about who gave them secret grand jury testimony from Barry Bonds and other elite athletes. The reporters, Lance Williams and Mark Fainaru-Wada, wrote a series of articles and a book based partly on the leaked transcripts of the testimony of Bonds, Jason Giambi and others before a grand jury investigating the Bay Area Laboratory Co-Operative…that was exposed two years ago as a steroid ring. … Both sides agreed to stay the ruling pending an appeal to the United States Court of Appeals for the Ninth Circuit."

McClatchy Newspapers (9/21) reports U.S. District Judge Jeffrey White rejected requests from Williams and Fainaru-Wada that they be fined rather than jailed.

The San Francisco Chronicle (9/21) writes that in "refusing to testify, the reporters have claimed that the constitutional guarantee of freedom of the press includes the right to keep promises of confidentiality to their sources. Lawyers for Hearst Corp., which owns The Chronicle, argued that reporters should be forced to disclose their sources only if the harm caused by the breach of grand jury secrecy outweighs the public benefit of the reporting -- a standard proposed in a journalists' 'shield law' now before the U.S. Senate."

Media Criticizes Handling Of Case. The Los Angeles Times (9/21) editorializes, "There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public."

In an editorial, the Denver Post (9/21) writes, "Federal authorities have been zealous in pursuing the reporters, but they haven't been so tough on themselves. After all, it was their own blunders that resulted in the release of information they meant to expurgate. The information, filed in an electronic court brief, summarized e-mail messages between BALCO President Victor Conte Jr. and Fainaru-Wada. The FBI obtained the e-mails when they searched Conte's home. … One might deduce that the feds already know what they want to know."

For ESPN.com (9/22), Wright Thompson writes, "These reporters were assigned a story, did it well and, in the process, sparked a national debate that did big things like teach kids about the danger of steroids and small things like help force a sport to clean up its act. In the end, those are the only relevant facts to me. They provided a public service, worked long hours, endured criticism and dead ends, pursuing the truth. Funny, isn't that what the government is supposed to do?"

At least five California newscasts reported that a federal judge sentenced two San Francisco Chronicle journalists to 18 months in prison, pending an appeal, for refusing to reveal their source in the BALCO steroids scandal. The reporting also focused on the reaction of other journalists, who viewed that the court's ruling could have an impact on their profession. Some examples: KSEE-TV Fresno, (9/21, 06:15 p.m.) reported, "Two San Francisco Chronicle reporters have been sentenced to 18 months in prison for refusing to say who leaked them secret grand jury testimony from Barry Bonds and other elite athletes during the BALCO investigation. But Lance Williams and Mark Fainaru-Wada won't have to report to prison until their case is heard by a Federal Appeals Court."

KGO-TV San Francisco, (9/21, 05:02 p.m.) reported, "Journalists say sending reporters to jail for refusing to reveal sources could have a chilling affect on other reporters. … 'I know the prosecution recommended 18 months in jail. That is a good chunk of somebody's life for this.'"

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KNTV-TV San Francisco, (9/21, 06:01 p.m.) reported, "Two San Francisco Chronicle reporters in the BALCO steroid scandal have been sentenced to prison for refusing to reveal their sources. Both the government and the reporters agreed that Williams and Mark Fainaru-Wada should be held in contempt of court but disagreed on the punishment."

NFL Commissioner, Union Discuss Drug Testing. The AP (9/22) reports NFL commissioner Roger Goodell "met Thursday with union chief Gene Upshaw and a group of other league and union officials on a range of issues, including the possibility of expanding testing for performance-enhancing drugs. NFL spokesman Greg Aiello said nothing definitive would come out of the session, one of the first formal meetings of its kind since Goodell took over three weeks ago from Paul Tagliabue."

The Washington Post (9/22, E5, Maske) writes that Goodell and Upshaw "discussed a variety of topics, including the league's drug policy. A league spokesman said no agreements were reached on that issue but that conversations would continue at some point. Goodell said in recent weeks that he had opened discussions with Upshaw about the possibility of strengthening the program, possibly by increasing the frequency of tests and adding substances to the banned list."

Former Chicago City Worker Pleads Guilty To Running Heroin Ring. The Chicago Tribune (9/21, Bush) reports a former hoisting engineer for the city's Department of Water Management "pleaded guilty in U.S. District Court Thursday to running a heroin distribution ring while working for the city. George Prado, 48, is cooperating with federal investigators in the case against his alleged supplier, Sandra Stewart, and in other ongoing drug investigations, authorities said. He admitted Thursday that he purchased large quantities of heroin that he distributed through a network of couriers and dealers, including fellow city employees Anthony Ritacco and Michael Hart."

Cocaine Seized, 13 Arrested In Massachusetts Drug Ring Investigation. The Boston Herald (9/21) reports federal authorities "seized 150 kilograms of cocaine and busted 13 people for running a sophisticated drug ring in Lynn, Revere and Dorchester. … A federal grand jury investigating the alleged ring handed down indictments against 13 people, according to June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, and Sullivan. … The feds said the charges stem from a wiretapping investigation from May to August of this year of the alleged cocaine ring."

In Lynn, the Daily Item (9/22) reports 13 members of an alleged North Shore cocaine distribution network "were indicted in federal court Thursday following a wiretap investigation and a major drug seizure in Lynn. Federal agents from the U.S. Drug Enforcement Administration (DEA) and other law enforcement organizations spent three months listening to and recording conversations among the suspects, culminating in the interception of three separate cocaine shipments, according to Samantha Martin of the U.S. Attorney's Office in Boston. … The largest - containing 123 kilograms of cocaine - was seized in a Lynn parking lot Aug. 14. … As a result of the sting, authorities seized approximately 150 kilograms, or more than 300 pounds of cocaine."

Texas Fugitive Arrested After Applying For Work On Las Vegas FBI Office. In a widely-distributed story, the AP (9/22) reports, "A man applying for work building a new Las Vegas FBI office was nabbed on a 22-year-old murder warrant after a background check found he was wanted in a double slaying in Texas." Jesus Garcia "was arrested Aug. 24 and returned to Harris County, Texas, to face charges in a Sept. 7, 1984, shooting that left two men dead and two other men wounded in a Houston-area lounge, said David Staretz, spokesman for the FBI office in Nevada. 'Even after 20 years, the law eventually will catch up with you,' Staretz said Thursday. Garcia voluntarily provided fingerprint samples when he applied for a construction job at a new southern Nevada FBI regional office, Staretz said. The prints matched those on file with a warrant in the slaying."

Judge In Rhode Island Nightclub Fire Case Chastises AG's Letter Leak. The New York Times (9/22) reports, "A Rhode Island Superior Court judge chastised the state's attorney general Thursday, saying his office had leaked to the press a letter telling relatives of 100 people killed in a nightclub fire that the club owners would plead no contest to involuntary manslaughter charges and that one would not face jail time." The Times continues, "The judge, Francis J. Darigan Jr., said the leak was 'unethical, reprehensible, devoid of any consideration for the victims of this tragedy and totally abrogated an agreement reached after weeks of discussion.' … Judge Darigan said the court mailed out its own letter to families Wednesday night explaining the terms of the plea agreement. He said he had intended for them to receive word of it before the news media." The Times adds, "The office of Attorney General Patrick C. Lynch had planned to send a separate letter telling families he objected to the deal, but his letter was faxed to a television station Wednesday night and was made public a short time later. … Mr. Lynch said in a statement that notifying all the families personally would have been an 'unprecedented challenge.' While many families would be

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'deeply hurt' by the news of the plea arrangement, he said, most would have heard of it through the press anyway."

IMMIGRATION:

US Indicts 15 In Alleged Driver's License Plot For Immigrants. The AP (9/22, Brisendine) reports, "The operators of two trucking schools were charged with conspiracy and fraud for allegedly helping unqualified Somalian and Bosnian immigrants pass driving tests in order to obtain commercial driver's licenses, federal prosecutors said in an indictment unsealed Thursday." The AP continues, "The indictment, returned Wednesday by a grand jury in Springfield, Missouri, names 15 defendants who face charges including conspiracy and mail fraud, making a false writing and causing a false identification document to be produced. … It stems from an investigation dating to fall 2004 of testing practices at the South Central Career Center Truck Driving School in West Plains, Missouri, in which authorities found a suspiciously high percentage of students passing the driving tests. … 'The pass rate for the school was found to be 99 percent,' Col. Jim Keathley, superintendent of the Missouri State Highway Patrol, said. 'The average pass rate statewide is 83 percent.'" The AP adds, "The school's superintendent, Dean P. Proffitt, 71, was among those indicted, as was Ernest Arnel White, who ran a Kansas City-area school and would send students to Proffitt's school to take the driving exam. … Proffitt was placed on a leave of absence in February, and the school can no longer test for commercial driving licenses. .. . White, who allegedly provided test answers to students at his driving school in Kansas City, also is charged with being a felon in possession of a firearm."

House Passes Three Immigration Reform Bills. The Los Angeles Times (9/22, Havemann, 918K) reports, "With a majority of Democrats joining virtually all Republicans, the House today passed three bills designed to make it harder for foreigners to enter the United States illegally and to increase the penalties for those who do." The bills "had already cleared the House last July as part of a larger package of measures to control illegal immigration. The Senate passed its own version of immigration legislation that included a guest worker program and a path to citizenship for some foreigners in this country illegally." The Times adds, "The punitive House bill and the more lenient Senate approach were so different that the two chambers have not tried to forge a compromise. Instead, the House is passing part of its original bill piecemeal."

USA Today (9/22, 2.27M) says the bills "would impose prison sentences of up to 20 years for tunneling under the border, allow the Homeland Security Department to hold illegal immigrants detained for crimes or as threats to national security beyond six months, and empower state and local authorities to arrest illegal immigrants. It's unlikely this year that Congress will pass broader immigration changes favored by the Senate, so House GOP leaders said taking action to seal the border was a matter of urgency."

The AP (9/22, Abrams) notes the Senate in May "passed a broader bill, generally endorsed by President Bush, that included provisions for a guest worker program and ways for the nation's estimated 12 million illegal immigrants to work toward legal status and eventual citizenship. There's been no progress in efforts to reconcile the two bills." The Senate, meanwhile, "was debating legislation passed by the House last week that would approve construction of a 700-mile fence stretching across one-third of the U.S.-Mexico border. Democrats said Thursday's votes were an attempt to cover up the failure to pass more comprehensive immigration changes."

White House Says Bush Would Sign Border Fence Into Law. The Washington Times (9/22, Hurt, 88K) reports, "President Bush will sign the bill to construct 700 miles of fencing along the U.S.-Mexico border if it is approved by the Senate, the White House said, as Congress continued yesterday drafting more legislation to combat illegal immigration."

WPost Criticizes Failure To Move On Comprehensive Immigration Reform. The Washington Post (9/22, A16, 748K) editorializes, "The cynical immigration endgame of the 109th Congress isn't particularly surprising. But after a session in which the Senate actually managed to produce a bipartisan, comprehensive measure to overhaul the existing system, the latest, enforcement-only developments are nonetheless disappointing and dangerous." The Post continues that a border fence "would damage relations with Mexico, harm the environment and, especially in the absence of broader changes, be ineffective." And it is, "sadly, the least offensive of the measures under consideration." The voter ID requirement approved Wednesday in the House "would effectively disenfranchise many poor and elderly Americans, who are less likely to have, or be able to obtain, such documentation. … The Senate should not go along." The Post states, "The most disappointing aspect of the debate is the passive posture of President Bush," who "could have used his bully pulpit to make clear the importance of comprehensive reform."

Chertoff Says Secure Border Initiative To Be Handled With Caution. The New York Times (9/22, Lipton, 1.21M) reports "top Department of Homeland Security officials and Boeing executives" gathering in Washington Thursday to formally award the Secure Border Initiative Network (SBInet) contract "acknowledged that the first challenge was disproving skeptics. 'The common complaint about the government is there is a lot of lofty rhetoric, but the achievement always falls short,' Homeland Security Secretary

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Michael Chertoff said. 'We are very mindful of that. This is a very tall order. This is about a solution we believe is going to do the job.'" DHS Deputy Secretary Michael Jackson described the plan as "a radical change in business as usual at the border.'" However, the agency, "well aware of the decades of failed or incomplete border-security efforts," will start "small with a tiny section of the Arizona border, so it can quickly adjust if the strategy does not work."

Likewise, the Washington Post (9/22, D1, Witte, Hsu, 748K) leads its coverage of the story this morning by reporting that Secretary Chertoff said "the government learned its lessons from failed border-security initiatives and will move cautiously with its private-sector partner, Boeing Co., in the latest effort to use technology to curb illegal immigration." DHS "officials had been criticized by some immigration experts and lawmakers for indicating that the private sector would be given wide discretion in shaping a new system to secure 6,000 miles of land border. Previous attempts to do that have cost the government hundreds of millions of dollars but left little to show for it as equipment malfunctioned, agents were overwhelmed with false alarms and illegal immigration continued to climb."

Growers Lash Out At Congress Over Labor Shortage. The New York Times (9/22, Preston, 1.21M) reports, "Stepped-up border enforcement kept many illegal Mexican migrant workers out of California this year, farmers and labor contractors said, putting new strains on the state's shrinking seasonal farm labor force." The labor shortage, also reported in Washington and upstate New York has turned growers "from frustrated to furious with Congress, which has all but given up on passing legislation this year to create an agricultural guest-worker program. Last week, 300 growers representing every major agricultural state rallied on the front lawn of the Capitol carrying baskets of fruit to express their ire." The Times adds, "As they sum up this season's losses, estimated to be at least $10 million for California pear farmers alone, growers in the state mainly blame Republican lawmakers in Washington for stalling immigration legislation that would have addressed the shortage by authorizing a guest-worker program for agriculture. Many growers, a dependably Republican group, said they felt betrayed."

Study Finds Illegal Immigrants Supplanting American Workers. The New York Times (9/22, Preston, 1.21M) reports a study released yesterday by the Center for Immigration Studies found that in the five years after 2000, "foreign-born workers, including both legal and illegal immigrants, made up 86 percent of the net increase in the total number of employed workers, the highest share for immigrants ever recorded in this country. At the same time, the number of employed native workers ages 16 to 34 fell by more than 1.5 million. The study contends that 90 percent of the job deficit for young Americans would be erased if American teenagers and young adults held the jobs that immigrants now hold. … Last month a study by the Pew Hispanic Center, another Washington research organization, concluded that there was no nationwide pattern of displacement of American workers by immigrants."

TAX:

California Church Denies IRS Request For Documents. The New York Times (9/22, Strom) reports, "A California church under investigation by the Internal Revenue Service for possible violations of laws against political activities by churches has denied the agency's request for documents." The Times continues, "The decision forces the I.R.S. either to drop the case or to ask the Justice Department to take the church, All Saints Episcopal Church, in Pasadena, to court. The agency could also revoke the church's tax exemption, but legal experts said that was unlikely." The Times adds, "The church said it regarded an I.R.S. investigation of an antiwar sermon delivered by the church's former rector on the Sunday before the 2004 election as an attack on freedom of speech and religion. … 'We have nothing to hide, but there are principles here we think we need to uphold,' said Robert A. Long, the lay leader, or senior warden, of All Saints. … Mr. Long said the 26 members of the church's vestry, or governing body, had voted unanimously to decline to comply with two formal requests, called administrative summonses, for documents, testimony and other information that it received from the I.R.S. last Friday." The Times notes, "The church was making a point by requesting the summonses, which asked for documents ranging from copies of church policies and e-mail message to utility bills, as well as an interview with Rev. J. Edwin Bacon Jr., the rector. Mr. Bacon said the church asked for the formal process after receiving the second of two informal I.R.S. requests for information 'that was far more intrusive and that we thought were clearly aiming to invade our worship practices, which is clearly illegal.' … The request for formality is also a time-honored way of getting disputes with the I.R.S. into court, legal experts said."

The AP (9/22, Flaccus) reports, "An Episcopal church's decision Thursday not to cooperate with an IRS investigation into an anti-war sermon delivered before the 2004 presidential election sets up a high-profile confrontation between the liberal congregation and the IRS, which usually keeps such inquiries private. … The leaders of the 3,500-member All Saints Church voted unanimously to resist an order to turn over documents related to the sermon, which was given just two days before the election. The decision means the IRS must decide whether to ask the Justice Department to pursue the case in court. A judge would then rule on the validity of the agency's demands." The AP adds, "IRS spokesman Terry Lemon said he could not comment on

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the specific case and would not say whether the agency would request a court hearing. He instead issued a statement describing the procedure during such an investigation. … 'If the entity ultimately declines to answer the summons, the IRS can ask the Justice Department to pursue the case in court,' the statement read. … The dispute has attracted the attention of religious leaders on the right and left, who say the IRS' actions could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign."

The Los Angeles Times (9/22, Sahagun) reports, "The All Saints case escalated a week ago when the IRS slapped the 80-year-old parish with a summons demanding that it turn over by Sept. 29 all materials, such as newsletters and sermons, produced during the 2004 election year with political references. Bacon was told to testify in person Oct. 11." The Times continues, "At stake, several religious leaders say, is freedom from government intimidation when churches address moral issues of the day from the pulpit. … In an interview, Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, said, 'Churches should not endorse political candidates. But the IRS is seriously out of kilter and wrong-headed on this one; it's an appalling intrusion and it smacks of intimidation.' … Now, as the November election approaches, some churches worry that they may be the next targets of the IRS. This summer, the agency issued a statement warning nonprofits, including churches, that it was stepping up its efforts to crack down on illegal electioneering."

Local Television. Only a few newscasts reported on the Pasadena-based All Saints Episcopal Church's announcement that it refuses to submit documents to the IRS, and that it will, instead, take its battle with the federal agency before a court of law. The coverage also focused on the support from leaders of other faiths to the church. Some examples: KABC-TV Los Angeles, (9/21, 4:28 p.m.) reported, "The church was unanimous amongst their leaders. They're going to challenge this summons by the I.R.S. and this could affect their tax exempt status. They say it's an infringement on their rights and they want to put it back in the court of the I.R.S., which would more than likely mean a court of law. This sets up a high profile debate between the I.R.S. and the All Saints Episcopal Church."

KTVX-TV Salt Lake City, (9/21, 10:15 p.m.) reported, "A southern California church is standing up against the I.R.S., and refusing to turn over documents related to an anti-war sermon delivered a couple of years ago. … The church says the sermon did not favor any candidate, and the I.R.S. is infringing on the church's freedom of religion and freedom of speech. 'One of the great offenses in this I.R.S. attention has been to come into our worship practices and try to dictate how we worship.' …Now the church says it knows fighting the I.R.S. will be expensive. But they say leaders of Muslim, Jewish and other Christian churches are already calling their church and pledging money in support of the fight."

KABC-TV Los Angeles, (9/21, 6:02 p.m.) reported, "Church officials admit challenging the I.R.S. will be costly. Leaders of Muslim, Jewish and other churches … will donate money to help them pay for their legal crew."

KCAL-TV Los Angeles, (9/21, 4:30 p.m.) reported, "Church officials see this as a key test with nationwide implications. If they lose they will submit the document … to the I.R.S., but they don't expect to lose."

CONGRESS-ADMINISTRATION:

House Judiciary Committee Hold Impeachment Hearing For 9th Circuit Judge. The Legal Times (9/22, Goldman) reports, "A House Judiciary subcommittee on Thursday held a rare impeachment hearing for a California federal judge but reached no conclusions and appeared eager to let a special committee of the 9th U.S. Circuit Court of Appeals finish its investigation before deciding whether to take up the matter in Congress again." The Times continues, "Judge Manuel Real, a Lyndon Johnson appointee who in November will have been a federal judge for 40 years, spent Thursday morning rebutting -- for the first time in public -- allegations that he had improperly seized control of a bankruptcy proceeding involving a woman whose criminal probation he was overseeing. … 'I am here to tell you I categorically deny any misconduct on the bench,' said Real, 82, who was seated next to his wife, Elizabeth, and lawyer and longtime friend, Donald Smaltz, the former independent counsel who a decade earlier had headed the investigation into former Clinton Agriculture Secretary Mike Espy. 'I have never been sanctioned for any type of judicial misconduct.'" The Times adds, "Real has a reputation as a stern and autocratic jurist. 'There are a lot of people who dislike you,' said subcommittee member Chris Cannon, R-Utah. 'No,' responded Real, who spoke slowly but forcefully. 'I don't think there are many people; I think there are a few.'" The Times adds, "One of those, the man who first filed the original complaint more than 2 1/2 years ago, is Stephen Yagman, a Venice, Calif., attorney whom Real fined $250,000 in 1984 for his conduct in a defamation case Real was handling. The sanction was later reversed by the 9th Circuit, but, Real noted, Yagman has had a 'personal vendetta against me for over 20 years.' … Yagman, in fact, has no connection to the underlying bankruptcy case. But under the 1980 Judicial Conduct and Disability Act, anyone, whether he is connected to the underlying case or not, can file a complaint against a federal judge."

Snow Seen As Relishing News Reporting Role As Press Secretary. The Christian Science Monitor

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(9/22, Cook, 58K) reports on White House press secretary Tony Snow's appearance at a Monitor breakfast. It is "not clear whether reporters get more information from Snow. But the White House informational diet is clearly being served up now with greater verbal dexterity and humor." Snow says "that what he brings is a major change in attitude toward the press." Said Snow, "I don't come out of the political side where a lot of times you see people coming out of the political side and they will look at the press room and they will look at it as a den of vipers, a seething hostile mass. What I see is a lot of people trying to get information so they can write a story...I think the change in the point of view makes all the difference in the world." The Monitor adds Snow "relishes the reporting aspect of his current position," But "getting ready to answer reporters' questions at two formal sessions a day involves intense preparation. There are days when Snow, a self-described "night person" gets up at 3:45 a.m. to prepare."

The White House Bulletin/US News (9/21) reported, "Opening the door on White House habits," Snow "told reporters that there is a regular feature dubbed 'policy time' in the West Wing when top aides and the President shoot the breeze on key issues leading to a presidential decision. 'I certainly put my two-cents worth in,' he told reporters at a newsmaker breakfast hosted by the Christian Science Monitor." The Bulletin adds Snow's description of an open idea mill counters the mainstream media view that only a chosen few make policy decisions, a claim White House officials have tried to fight for years. In fact, when Snow negotiated to leave Fox Radio for the White House, he won assurances that he would have access to policy discussions. But it turned out not to be an issue since he was made a policy maker on his first day. 'I was pushing against an open door,' he said."

The Washington Times (9/22, Curl, 88K) reports Snow "took over as President Bush's communications point man four months ago, beefing up the press office staff, honing internal operations and deploying a quick-response strategy." Now, polls "show, the president's approval rating has jumped to its highest level since January. Could Mr. Snow be responsible for the surge?" Snow said, "We're just busy going out and trying to be as aggressive as we can in getting the message out. Part of the challenge is to explain what we are doing and why. ... Sometimes you have to let people know very clearly what the policy is and that is one of our key aims." The Times adds the operation "has changed dramatically in recent months after crucial missteps, including last year's dead-on-arrival nomination of White House counsel Harriet Miers to the Supreme Court and this year's fiasco over the proposal to allow a company based in the United Arab Emirates to manage U.S. port operations." Snow has "learned to use the skills he picked up in his 28 years in journalism." Snow said, "The press secretary's job is a reporting job." He added that "even with an office right down the hall from the president, he spends a lot of his day calling others in the administration, asking, 'What's going on here?'"

Jackson Said To Have Urged Favoritism In Awarding HUD Contracts. The Washington Post (9/21, A15, Williamson, 748K), under the headline "Probe Finds Jackson Urged Favoritism in HUD Contracts," reports that "an inspector general's report charges that top US housing official Alphonso Jackson urged staff members to favor friends of President Bush when awarding Department of Housing and Urban Development contracts. But investigators so far have found no direct proof that Jackson's staff obeyed." His chief of staff told investigators that Jackson "personally intervened with contractors whom he did not like...these contractors had Democratic political affiliations," says the report, a copy of which was made available to The Washington Post.

The New York Times (9/22, Stout, 1.21M) titles its report "HUD Chief's Remarks Aside, Study Finds No Favoritism," and says Aronetta Baylor, "now an assistant deputy secretary and formerly the department's chief procurement officer, told investigators under oath that Mr. Jackson had once said, in the report's exact words, 'You know, if we weren't here, if the president hadn't appointed us, they wouldn't be (expletive) getting these contracts.' 'And he said that makes him mad that they don't realize that,' Ms. Baylor testified." Baylor's account "is in a 340-page report drawn up by Anthony G. Medici, special agent in charge of the inspector general's criminal investigations division. The report, dated Sept. 18, has not been made public." The Times adds, "It is illegal under federal procurement law to reward or punish contractors on the basis of their political views."

Khalilzad Return To Washington Sparks Rumors Of Promotion. The Washington Post (9/22, Kamen, 748K) reports in its "In the Loop" column that Zalmay Khalilzad, "the US ambassador to Iraq, is back in town for a bit -- and that has sparked chatter that maybe he'll be named deputy secretary of state, maybe with a specific portfolio of Iraq and Afghanistan." The chatter is "likely idle, generated by the fact that the post has been vacant since Robert Zoellick 's departure almost three months ago and that many names have been floated as his replacement. One big concern would be pulling Khalilzad out of Iraq, but there is some thinking in Baghdad that he may have done as much there as he can do."

House Ethics Panel Clears Lewis Aide's $2 Million Severance Pay. The Los Angeles Times (9/22, Hamburger, 918K) reports the House Ethics Committee

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"cleared a longtime aide to House Appropriations Committee Chairman Jerry Lewis of any breach of rules for accepting a nearly $2-million payout from his former lobbying firm." The aide, Jeffrey Shockey, "received $1.96 million in severance payments when he left Washington-based Copeland Lowery Jacquez Denton & White to return to work for Lewis (R-Redlands) as deputy staff director of the Appropriations Committee. Federal investigators are examining the relations between the firm, which specialized in appropriations matters, and Lewis." Ethics Committee staffers were "specifically reviewing whether Shockey's 2005 payout from Copeland Lowery might have broken rules that prohibit congressional staff from receiving income earned after becoming federal employees. But Shockey showed the committee documents revealing that his compensation was based on work completed before he returned to Capitol Hill." Reps. Howard Berman and Doc Hastings said, "It appears that the terms of your buyout agreement are consistent with applicable laws and House rules."

Senate Panel Not Scheduling Vote On Bolton Nomination. The Washington Post (9/22, Kamen, 748K) reports in its "In the Loop" column that the Senate Foreign Relations Committee calendar "has a business meeting scheduled for Tuesday, with votes to be taken on two nominations -- but nothing is scheduled for U.N. Ambassador John Bolton. His recess appointment ends no later than Jan. 3 unless he gets confirmed, but it appears that Sen. Lincoln 'Roadblock' Chafee (R-R.I.) hasn't budged -- yet."

Recent Bush Interviews Cast Light On His "Mind-Set And Personal Life." A Washington Post (9/22, A15, Goldfarb, 748K) "Verbatim" item says the series of interviews President Bush gave "surrounding the anniversaries of Hurricane Katrina and the Sept. 11, 2001, attacks…offered a window into the president's mind-set and personal life," as he discussed "his frustrations" on CBS, the times "when he is overwhelmed with emotion" on ABC, and "his reading habits" and "his relationship with his father" on NBC.

Commerce Department Has Lost 1,100 Laptops. USA Today (9/22, Welch, 2.27M) reports, "The Commerce Department said Thursday that 1,100 of its laptops have been lost or stolen, including some that contain personal information collected by the Census Bureau." Department officials said that "the potential loss of personal data was limited, however, and that it is unaware of any data being improperly used." Secretary Carlos Gutierrez said in a statement, "The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low. … While we know of no instances of personal information being improperly used, we regret each instance of lost material."

The Washington Post (9/22, A3, Sipress, 748K) reports, "This disclosure by the department came in response to a request by the House Committee on Government Reform, which this summer asked 17 federal departments to detail any loss of computers holding sensitive personal information. Of the 10 departments that have responded, the losses at Commerce are 'by far the most egregious,' said David Marin, staff director for the committee. He added that the silence of the remaining seven departments could reflect their reluctance to reveal problems of similar magnitude." In "a private briefing yesterday for three members of Congress," Gutierrez "estimated that the disappearance of laptops from the Census Bureau could have compromised the personal information of about 6,200 households, Marin said. He said the department was still trying to determine the extent of the problem." The AP (9/22) notes "a half-dozen other federal agencies or departments have reported data thefts and security breaches involving personal information in the last six months."

Capitol Police Admit Intruder Was Not Stopped By Its Officers. The Washington Post (9/22, B1, Sheridan, 748K) reports the US Capitol Police, "contradicting earlier reports," said Carlos Greene, the armed man "who raced into the U.S. Capitol this week," was stopped "by employees of the Flag Office -- not by Capitol Police officers. The episode exposed gaps in security of the Capitol building and grounds, and legislators are expected to meet Tuesday to grill U.S. Capitol Police about what went wrong."

Brownback Bill Would Increase Funds For DC Savings Program. The Washington Times (9/22, Doolittle, 88K) reports the chairman "of the Senate Appropriations subcommittee on the District said yesterday that he will add $4 million to the D.C. budget next year to help married or engaged couples buy a home, get job training or start a business." Sen. Sam Brownback said, "We need more family formation in the District ... We need more children raised in two-parent homes. This initiative will help with doing that ... It will expand job-training funding for those who get married; there's also funding in there for mentoring and counseling couples." The Times adds Brownback's "proposal would add $1 million to a matched-savings program approved by the Senate last year." Under the program, "the federal government contributes $3 for every $1 a D.C. couple invests and allows a maximum lifetime payment of $9,000. Couples must withdraw the money and be married within three years of entering the program." The new proposal "would provide more funds for job training and mentoring. Last year's version was the first of its kind in the country."

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CDC Recommends Routine HIV Tests For All Adults And Teens. The Centers for Disease Control and Prevention recommended Thursday that all adults and adolescents should be tested for HIV regularly. The prominence and amount of coverage of the recommendation varies. While all three broadcast networks carried the story, NBC gave it nearly three minutes, while the combined coverage on ABC and CBS barely topped 30 seconds. The New York Times and Washington Post put it on the front page.

NBC Nightly News (9/21, story 2, 2:50, Williams, 9.87M) said the "strong new recommendation" from the CDC says "an AIDS test should be a routine part of a doctor's visit for every American starting at age 13." NBC's Bazell talked with the health commissioners of New York City and Washington, D.C., and an HIV-positive man, about the call. ABC World News (9/21, story 5, 0:20, Gibson) said the CDC "estimates that more than 250,000 people have the virus and don't know it," a number also cited by the CBS Evening News (9/21, story 4, 0:15, Couric, 7.66M).

The Washington Post (9/22, Brown, 748K) says patients "would no longer have to sign a consent form and get extensive pre-test counseling. But they would have to be told they were being tested for the AIDS virus, asked if they have any questions and given the opportunity to 'opt out.'" The Post says the policy "is a huge change from an era when stigma and fatalism led to a unique and -- in the opinion of some practitioners, onerous -- set of procedures for HIV testing."

Likewise, the New York Times (9/22, McNeil, 1.21M) calls the recommendation a "major shift of policy" and a "sharp break from the early days of the AIDS epidemic, when the stigma of the disease and the fear of social ostracism caused many people to avoid being tested." USA Today (9/22, 2A, Sternberg, 2.27M) says the CDC recommendations "are not legally binding, but they are designed to make HIV testing as routine as tests for high blood pressure, cholesterol and diabetes."

Report Recommends Changes To Medicare System. The AP (9/22) reports that a new report prepared by the Institute of Medicine says that "quality not quantity should be the federal government's guide in setting payments to doctors, hospitals and other health care providers." The institute "said Congress should cut the base payments that Medicare makes to hospitals, nursing homes, insurers and doctors, and should use the savings to create pools that reward providers when they do work that has been proved effective in improving a patient's health." The change would "help ensure that what is paid for will be more beneficial to patients." The recommendations "did not please many health care providers."

Democrats Debate Medicare "Doughnut Hole" Costs. The AP (9/21, Freking) reported, "Filling the doughnut hole in Medicare drug plans would cost older people and the disabled about $40 a month more. Democratic lawmakers estimated the additional cost and said Thursday that is a major reason why 88 percent of the Medicare beneficiaries signing up for drug plans opted for a coverage gap." Democrats "designated Friday as 'doughnut hole day,' when the coverage gap would hit the average older person who is taking several medications." Meanwhile, the Bush administration "estimates that about 3 million Medicare beneficiaries will hit the doughnut hole, fewer than the 7 million often cited by critics. Mark McClellan, the administration's pointman on Medicare, says the 7 million figure is outdated."

Insurers Begin To "Privatize" Medicare. The New York Times (9/22, 1.21M) reports, "For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million." But "suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card. And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it." Critics "see the trend as further evidence that the government is paying private industry to take Medicare off its hands."

Pentagon May Seek More Time On New Labor-Management Relations System. The Washington Post (9/22, D4, Barr, 748K) "Federal Diary" column Deputy Defense Secretary Gordon England "has put a Senate oversight committee on notice that the Pentagon may come to Congress next year for additional time to establish a new labor-management relations system." The Pentagon "faces a 2009 deadline for implementing new labor rules, but progress has been slowed by litigation and other factors."

Paulson Says Bush Open To Compromise On GSE Bill. The Wall Street Journal (9/22, Phillips, Price, 2.03M) reports, "US Treasury Secretary Henry Paulson on Thursday said the Bush administration had clearly communicated a willingness to compromise with members of Congress at odds over legislation to establish a new regulator for the housing finance companies Fannie Mae and Freddie Mac." Paulson said in an interview with the Journal, "They're not waiting for me, or for the administration because we've indicated a willingness to work something out. … So the key question is whether people can get together on both sides of the aisle and get together in the House."

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WSJournal Chides DeMint, Vitter Over Holds On FDA Nomination. In an editorial, the Wall Street Journal (9/22, A10, 2.03M) criticizes holds placed on Andrew von Eschenbach's nomination to head the FDA by Sens. Jim DeMint (over the RU-486 abortion pill) and David Vitter (over drug reimportation), saying that the FDA "badly needs a host of reforms" and that President Bush "has nominated one of the best available men to do that job." The Journal reminds readers that it last month criticized Democratic Sens. Hillary Clinton and Patty Murray over their blocking of the nomination, and says if DeMint and Vitter "won't be reasonable, Senate Majority Leader Bill Frist and others should call them on the deadly consequences of further delay."

NYTimes Praises Atlantis Crew, Urges NASA Focus On Hubble. The New York Times (9/22, 1.21M) editorializes, "We've never been great fans of the International Space Station, an enormously costly project that will yield such limited scientific and economic benefits that it seems destined to be considered a white elephant. Nevertheless, we had to marvel at the magnificent performance of the crew of the shuttle Atlantis, which ended an arduous 12-day mission to the station with a flawless landing yesterday." The Times also calls for upgrades for the Hubble Space Telescope, saying it "seems more important to service the Hubble than to finish a station whose main value will be the act of finishing it."

OTHER NEWS:

Bush Touts Economy, Tells Florida Audience Democrats Would Raise Taxes. The St. Petersburg Times (9/22, Stein, Smith) reports, "President Bush made a two-city swing through Florida on Thursday, raising money and the spirits of two Republican candidates. Across the country, Republican candidates have been distancing themselves from Bush before the upcoming midterm elections as the president's approval ratings have sagged while voters have grown dissatisfied with his handling of Iraq and the economy." But "on Thursday, there was no distance between Bush and Charlie Crist, the GOP candidate for governor, or Gus Bilirakis, who is running for Congress, as Bush zeroed in on tax policy, typically a point of strength for Republicans." The Tampa Tribune (9/22, March) says that while Bush "boosted those two candidates," he "was cool to his party's nominee for the US Senate, Katherine Harris, giving her a short-shrift handshake along the rope line at the Tampa event and no ride on Air Force One." However, says Miami Herald (9/22, Klas, 310K), Harris was in the audience in Tampa. Asked whether "this would end her criticism of the 'Republican elite,' Harris said, "I will never be one of the beltway boys."

National newspapers focus on Bush's tax message. The New York Times (9/22, Rutenberg, 1.21M) reports from Orlando that Bush "began a blistering new political offensive on Thursday, asserting that if Democrats won control of Congress from Republicans it would mean higher taxes, less money in the pockets of working families and damage to the economy." The speech by Bush here," in which he belittled Democrats as "'he party of high taxes,' signaled what Republicans described as a new phase of the White House's fall campaign, as Republicans begin to combine their emphasis on national security with a tough new emphasis on the issue that unites them more than any other, taxes." Bush's offensive "was backed up by a flood of television advertisements on behalf of Republican candidates."

The Washington Post (9/22, Abramowitz, 748K) reports Bush "zeroed in on comments this week by Rep. Charles B. Rangel (N.Y.), who would take over the tax-writing Ways and Means Committee if the Democrats win back the majority. Rangel told Bloomberg News that he 'cannot think of one' of Bush's first-term tax cuts that merits renewal." Bush told a crowd in Tampa, "That's one way of saying they're going to raise your taxes, because, you see, if you don't extend the tax cuts, your taxes go up." The Post also reports, "The reference to Rangel -- though not by name -- came with ironic timing. It was the same day that the veteran congressman called a news conference in Washington to defend the president against the attacks this week by Venezuelan President Hugo Chavez at the United Nations and at a Harlem church. Those attacks, as well as jibes from the Iranian president, seem to have energized Bush's political base."

The AP (9/22, Loven) reports that Bush, "politicking at full campaign speed, contended Thursday that a vote for Democrats this fall would be a vote to siphon money out of American families' budgets. It was Bush the Politician, unleashed, seven weeks before the midterm congressional elections."

The Los Angeles Times (9/22, Gerstenzang, 918K) also reports on Bush's "tough attack Thursday on the Democratic Party's policy on taxes," and adds Democrats "responded by criticizing Bush for adding to the national debt. 'The deficit the president has run up has essentially put a $28,000 tax on every newborn, and that's not to mention the $1 billion a week we're spending in Iraq,' said Rep. Rahm Emanuel of Illinois, who leads the Democratic effort to win more House seats." Bush "spoke in Tampa at a fundraiser for Gus Bilirakis, a Republican, who is seeking the seat his father, Michael Bilirakis, has held in the House."

The Washington Times (9/22, Dinan, 88K) says Bush "has dominated press coverage in the past few weeks with his push on terrorism, and his tax message yesterday was

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overshadowed by the deal his administration reached with key senators to approve a CIA interrogation program."

McClatchy (9/22, Gibson), meanwhile, focuses on Bush's references to the war on terror, reporting that "hoping to regain his political stature…Bush has hit the campaign trail to sound warnings about terrorism while boosting Republican candidates in this year's elections." In Florida, the President said, "The best way to protect the United States is to stay on the offense and bring the enemy to justice before they come here and hurt us in America." McClatchy adds, "In political terms, Bush and fellow Republicans are playing the security card, the one that sent the president's public-approval ratings to a record high in 2001 and helped the party consolidate control of the White House and Congress in the next two elections."

Eight-Year-Old Gets Award From Bush. The Bradenton Herald (9/22, Marquez, 52K) reports, "A Valrico 8 year old shook hands with the president today, received a citizenship award and then invited him to a party for young victims of a hurricane." Zach Bonner told The Herald on the tarmac at Tampa International Airport that Bush "politely declined to attend the Christmas party for Katrina victims in Louisiana in December, but said he would 'send something.'"

The St. Petersburg Times (9/22, Stein) reports Bonner, "who had been practicing his handshake, felt nervous as the commander-in-chief walked over. 'It went so fast,' he recalled. 'He said congratulations, and he was proud of me.'" Two years ago, "he heard that the victims of Hurricane Charley needed water. Zach asked his mother if he could give some. Then his neighbors. Twenty-seven pickup truckloads later, he was still helping others." Zach "has his own nonprofit, the Little Red Wagon Foundation Inc., complete with a Web site at www.littleredwagonfoundation.com."

Bush Visits Buccaneers. The AP (9/22, Goodall) reports from Tampa, "It seems like everyone has some advice these days for the winless Tampa Bay Buccaneers and struggling quarterback Chris Simms. Even…Bush tossed the football with the former University of Texas quarterback Thursday, and offered some advice." Said Bush, "Never give up." Bush "accepted an invitation to stop by practice and was greeted on the field by Simms and teammates Derrick Brooks, Ronde Barber and Mike Alstott and Ryan Nece, as well as an appreciative Gruden."

Mehlman Says Midterms To Focus On Terror; Dean Sees Economy As Defining Issue. RNC Chairman Ken Mehlman writes in the Wall Street Journal (9/22, 2.03M), "Last month's narrowly averted plot to blow up airliners bound for the U.S. from Great Britain is a stark reminder that we are engaged in an extraordinary and dangerous global war. In 46 days, the American people will make an important decision about how we prosecute that war: Do we stay on the offense and use every tool available to defeat the enemy, or do we elect leaders who would weaken America and surrender key tools we need to defeat the global jihad?" Mehlman adds that "there can be no doubt about the national and international import of the choice we all face as Americans. We face war and a changing global economy, and Republicans have very different strategies for victory than the Democrats. I believe the American people understand the choice of 2006, which is why I am confident that in 46 days Republicans will make history and maintain our majorities in Congress."

Meanwhile, DNC Chairman Howard Dean writes in the Wall Street Journal (9/22, 2.03M), "We need a Democratic Congress to fight the war on terror -- and to end the war on America's families. Republican policies of the last five years have damaged our economy and failed Americans." Democrats "believe strengthening the middle class is essential for a thriving economy that rewards work, provides economic opportunity to all and makes it easier for parents to devote time to their families. An economy that favors the top 1% at the expense of everyone else might be good for President Bush's politics, but a shrinking middle class is bad for capitalism, democracy and America. We need a new direction." Dean also writes, "The Republican record on managing the federal budget is dismal. Republicans have turned surplus into debt, hope into lost opportunity; they have become the party of borrow-and-spend." Democrats "are ready to lead with a thoughtful, fiscally responsible long-term vision."

E.J. Dionne writes in the Washington Post (9/22, A17, 748K), "The maneuvering this month for November's midterm elections is primarily about shaping the priorities that voters will carry with them to their polling places. Behind the speeches and the ads is a subtle war for position, an effort to prepare the ground for the campaign's final weeks. The obvious battle is over whether voters on Nov. 7 will be thinking more about the violence in Iraq, which pushes them the Democrats' way, or about the broader war on terrorism." Dionne adds, "In this skirmish, Republicans can chalk up modest but real gains. The Pew Research Center found that the proportion of voters who listed terrorism as the most important problem facing the country increased from 5 percent in May to 15 percent this month. Significantly, the share of independents who listed terrorism as the key issue rose from 5 percent to 13 percent." But "the question that has received far less attention in Washington is the one joined by Klobuchar and Brown: How will voters see the economy? … The GOP is still in trouble on the economy." Dionne concludes, "The paradox is that the survival chances of a Republican Party led by a former oilman from Texas will depend in large part on whether gas prices keep falling."

Poll Finds Americans More Upbeat On Economy, Crediting Bush. The Los Angeles Times (9/22, Hennessy-Fiske, 918K) reports, "Americans have become more optimistic about the economy and they are giving President

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Bush some of the credit, a new Times/Bloomberg poll shows. Republicans running for election next month could benefit from the development, as voters say the economy will influence their choices in November more than any other national issue, including the war in Iraq and terrorism." Consumer confidence "fell this summer as gas prices peaked and the housing market weakened, particularly in California. Those polled in July were almost evenly split on the state of the economy, with 49% saying the economy was doing badly. Now, the optimists outnumber the pessimists in the poll by 10 percentage points, with 54% saying the economy is doing well." The Times adds, "Seven weeks before the midterm elections, the economy remains voters' primary focus. Among registered voters, 32% listed the economy and jobs as the most important election issue, followed by the war in Iraq (21%), immigration (17%) and healthcare (10%)." Those "polled cited a variety of reasons for feeling better about the economy, including unemployment at a low 4.7% nationally, lower gas prices this month and an interest rate freeze by the Federal Reserve. That could be good news for Republican candidates, as the GOP is the party in power in Washington and may be able to take some credit for the economy."

House GOP Leaders Agrees To Ease Restrictions On Drug Reimportation. The AP (9/22, Jordan) reports, "House Republicans tentatively agreed Thursday to prohibit Customs agents from seizing prescription drugs that Americans buy in Canada and bring back into the United States." The deal "would let Americans carry up to a 90-day supply of medication back to the US from Canada without being stopped by Customs agents, House and Senate Republicans said. But it would not let Americans purchase cheaper prescriptions over the Internet or by mail-order, officials said."

Wal-Mart's New Pricing Strategy To Shakeup Drug Industry. ABC World News (9/21, story 6, 0:15, Gibson) reported, "Wal-Mart said it will begin selling generic prescription drugs at cut-rate prices. A move that could force rival pharmacies to do the same, making healthcare more affordable for many Americans. Wal-Mart is going to sell 300 generics for as low as $4 for a one-month supply."

CBS Evening News (9/21, story 2, 1:15, Couric, 7.66M) reported, "Big sales are usually found on the inside pages of the newspaper, but you can look for this one on the front page tomorrow because it's bound to make some headlines." CBS (Anthony Mason) added, "Launching a fierce price war, Wal-Mart has slashed drug costs, first just in its Tampa-area stores, but next year across the country." Bill Simon, Wal-Mart: "This is a kick-off of a program that will roll into Florida and as many places in the country as we can." Mason: "So who is unhappy? Wal-Mart's competitors for one, the national drugstore chains, and all of their stocks, Katie, dropped sharply today."

NBC Nightly News (9/21, lead story, 2:50, Williams, 9.87M) reported, "This offer again covers hundreds of drugs and Wal-Mart is big enough to change the game in the expensive prescription business across this country. We begin here tonight with NBC's Tom Costello." NBC (Costello) added, "Wal-Mart's move to slash prices on generic drugs created a stir in the pharmacy line. … But consumer advocates today had mixed reactions." David Certner, AARP: "Any time we can move people to lower priced generic drugs people are going to see savings. The biggest problem is still with brand name drugs that are rising in prices."

USA Today (9/22, A1, Appleby, 2.27M) reports, "Wal-Mart Stores' move to offer some generic drugs for $4 a prescription could save modest amounts for some consumers. It may also draw more customers to its stores or prompt a price war with other pharmacies." Wal-Mart "said Thursday that it will offer the $4 price on about 150 generic drugs to the insured and uninsured alike, starting immediately" with 65 stores "in the Tampa area. It will take the program statewide by January." Bill Simon, Wal-Mart's executive vice president of the Professional Services Division, noted, 'We intend to take it nationwide next year."

The Wall Street Journal (9/22, B1, McWilliams, Martinez, 2.03M) reports, "Wal-Mart Stores Inc., long attacked by some critics for its employee health-care benefits, waded into the nation's health-care debate and its rivals' pharmacy businesses by promising to cut the price of some of its generic drugs." The savings "on some drugs will be considerable compared to rival pharmacies." Wal-Mart's "move drew praise from doctors and health-care experts but mostly shrugs from rivals who dismissed it as a publicity move." Wal-Mart "cast the change as a boost to the nation's uninsured and a savings even for those with health insurance."

The Washington Post (9/22, A1, Day, 748K) reports, "Health-care industry analysts said the program has the potential to transform the $230 billion prescription-drug business the way Wal-Mart has transformed other industries…where its aggressive pricing has forced some competitors out of business and allowed it to dominate entire categories of merchandise." Meanwhile, Mark McClellan, administrator of the CMS, "said he did not think the Wal-Mart offer would siphon beneficiaries from the Medicare drug benefit, known as Part D." He noted, "Remember that the drug plans in Medicare already provide excellent coverage for generics. … Many of the plans have generics for a dollar or two, or even free." But, "what the Wal-Mart plan does provide, he said, is a way for Medicare recipients to save more money after they reach the 'doughnut hole.'"

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The Washington Times (9/22, Lopes, 88K) notes that perhaps the greatest impact will be felt by "independent pharmacies" since they are "not able to afford reducing the cost of drugs." Critics "pounced on Wal-Mart, claiming the world's largest retailer will use the low-priced drugs to entice shoppers to buy other Wal-Mart products, a business tactic known as 'loss leading.' But Wal-Mart spokesman David Tovar dismissed that claim." Mr. Tovar said, "This program is not a loss leader for us. … It will be a profit creator for us." Nonetheless, "the drugs included in the program are widely prescribed and, for the most part, not expensive."

The New York Times (9/22, Barbaro, Abelson, 1.21M) reports the plan "could make scores of treatments affordable to the uninsured, reduce the burden on Medicaid and bring competitive pricing to the pharmacy industry." But "a close examination of the program…suggests that its impact could be blunted by several factors." Health care analysts "were quick to point out that Wal-Mart has carefully chosen which drugs it will cover — 300 out of roughly 11,000 generic drugs available." And "while uninsured people should benefit from the program, those with insurance may save only a dollar or so, making a trip to Wal-Mart not worth their while."

Economists Dismiss Fears Over Drop In Factory Activity. USA Today (9/22, Hagenbaugh, Shell, 2.27M) reports, "Economic jitters grew Thursday after a report showing a decline in factory activity in part of the USA became the latest piece of data to suggest the slowdown in the economy may be sharper than initially thought." But "although the economic fears sparked a sell-off on Wall Street, some economists said it is too early to panic." PNC Financial Services chief economist Stuart Hoffman said, "I don't see broad enough signs to indicate that the economy is really grinding to a halt." Manufacturing activity "in the Philadelphia area fell in September, the Federal Reserve Bank of Philadelphia said. The Fed bank's index of conditions in the area, considered representative of U.S. factories, fell to -0.4 this month from an 18.5 reading in August."

The Wall Street Journal (9/22, Gerena-Morales, Derby, 2.03M) reports that meanwhile, "the Conference Board issued a separate economic report that also signaled the economy is headed toward slower growth for the remainder of the year. It reported that its composite index of leading indicators -- which attempts to forecast economic activity as much as six months into the future -- fell 0.2% in August to a reading of 137.6, following the same decline in July."

Stocks Down. NBC Nightly News (9/21, story 8, 0:10, Williams, 9.87M) reported, "The Dow was Dow almost 80 points today [to close at 11,533.23]. NASDAQ was down 15 points [to close at 2,237.75]." The Wall Street Journal (9/22, Hudson, Ng, 2.03M) says the Standard & Poor's 500 index fell 7.15 points, or 0.54%, to 1318.03." USA Today (9/22, 2.27M) reports stocks "retreated in afternoon trading after the Federal Reserve Bank of Philadelphia's index shrank for the first time in three years. Earlier, the Conference Board's index of leading indicators showed that an economic slump may extend into next year."

Harris Interactive Online Poll Finds Public Opinion "Sour" On Iraq. The Wall Street Journal (9/22, 2.03M) reports President Bush's job approval numbers "have rebounded a bit since he made a series of speeches making the case for a strong U.S. role in Iraq. But a new poll from Harris Interactive shows that Americans remain very sour on the war itself and the U.S.'s chances of success -- and remain uncertain over the whether the U.S. was right to go to war in the first place." Harris "found 61% of those polled aren't confident that U.S. policies in Iraq will be successful, vs. 20% who are confident of success." Bush's "job rating on his handling of Iraq runs two-to-one negative overall. But at 64% negative to 32% positive, Mr. Bush has recovered from his ratings in May, when 68% were in the negative column vs. 29% in the positive column."

CNN Analyst Dismisses Rise In Bush Polls Numbers. CNN political analyst Bill Schneider on CNN's The Situation Room (9/21) examined three recent polls, two of which showed President Bush's job approval rating rising and said, "Notice all three polls continue to show a majority of Americans disapproving of the President's job performance. In historical terms each in the mid '40s President Bush is in a weak position going into the midterm elections. His rating would have to rise above 50 for his party to benefit. While President Bush may have gotten a boost on handling terrorism and the evidence on that point is mixed, it does not seem to be strong enough to turn the political situation around."

Republican Rollercoaster Ride Seems To Be Heading Up Again. The White House Bulletin/US News (9/21) reported, "A stirring address to the House Republican Conference late last week by President Bush has 'buoyed' the spirits of lawmakers that they won't lose control in the fall elections." Members and aides "interviewed after the meeting last week described a glum crowd politely greeting the President who turned the mood around with his one-on-one talks and broader speech to the Republicans." One member said, "People came out of the meeting pumped up. That was his best appearance ever in front of the caucus." The Bulletin adds that insiders said "that Bush touched on the issues facing the election and provided an upbeat assessment. He knew the name of every member he addressed and had a nickname for virtually all." Bush's appearance, "added to his increasing poll numbers and the growing economy have

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given the Republicans hope of keeping the majority." One Republican said, "A majority of our caucus feels buoyed. I'm not saying that we are out of the woods...but it's not as bad as we thought."

GOP Strategists Concerned By DSCC's $12 Million Cash Edge. The Wall Street Journal (9/22, A4, Harwood, 2.03M) "Washington Wire" reports that while Democrats face an "uphill climb" to retake the Senate, Republican strategists fear the DSCC's "$12 million cash edge heightens chances of an upset." Democrats believe Sen. Robert Menendez "is their only incumbent at risk, though they dismiss talk of replacing him" on the ballot with Rep. Rob Andrews. Democrats "grudgingly credit" Maryland GOP nominee Michael Steele "for effective, offbeat ads," but are expecting the "state's blue tint" to boost Rep. Ben Cardin to victory.

Business Community Said To Be Hedging Bets In Congressional Races. The Wall Street Journal (9/22, A1, Cummings, 2.03M) reports in a front page story that the US Chamber of Commerce, "usually a stalwart of Republicans," has "run about $700,000 in advertisements defending" Democratic Rep. Melissa Bean of Illinois "and plans to help get out the pro-business vote for her in the fall." Bean is "among more than a dozen Democrats in key races across the country that the chamber is backing this year. Half of them also have benefited from the chamber's first-ever television ads for Democrats. Partly, the organization is rewarding these Democrats for votes in favor of free trade and other issues it holds dear. It also is sensing possible Republican defeats in congressional elections on Nov. 7, and is hedging its bets by spreading some of the organization's wealth to the other side of the aisle." The chamber's move "mirrors a subtle but significant shift across the business community, which has begun anticipating that the Republican majorities in Congress could shrink, if not collapse. Washington lobbying firms are balancing their Republican rosters with Democratic hires, and some companies are injecting more bipartisanship in their campaign giving."

Democrats Seek To Label GOP "Centrist" As Bush "Rubber Stamp" In WA8. The Washington Times (9/22, Bellantoni, 88K) reports Washington's 8th CD is "emblematic of this year's battle for Congress, with Democrats working their hardest to link Republicans in power to President Bush." Democrat Darcy Burner "says her chances of ousting freshman Rep. Dave Reichert -- and giving the Democrats a seat in their bid to recapture the House -- are good because state residents are weary of the president." But Reichert is "one of the Republican centrists in Congress and reminds voters at every opportunity that he is not afraid to be an independent voice for their needs." Bush, Vice President Dick Cheney, House Speaker J. Dennis Hastert "and many other top Republicans have come to the state to campaign for Mr. Reichert, making him an easy target for Democrats who call him 'rubber-stamp Reichert.'" When White House strategist Karl Rove "visited on behalf of Mr. Reichert last Friday, Mrs. Burner received more than $50,000 in an online counter-fundraiser."

Steele Criticizes Black GOP Group's Controversial Ad. The AP (9/22, Wyatt) reports a "national black Republican group is running a radio advertisement accusing Democrats of starting the Ku Klux Klan and saying the Rev. Martin Luther King Jr. was a Republican, a claim challenged by civil-rights researchers." Lt. Gov. Michael Steele, "the black Republican nominee for Maryland's open Senate seat, disavowed the ad" as "'insulting to Marylanders.' He said his campaign asked the Washington-based National Black Republican Association to stop running it."

Steele Picks Up Support From Black Democrats. The Washington Times (9/22, Miller, 88K) reports, "Prominent black Democrats yesterday bucked their party to support Lt. Gov. Michael S. Steele -- the Republican nominee in Maryland's U.S. Senate race." William H. "Billy" Murphy Jr., "a Baltimore civil rights lawyer…hosted the 'Steele Democrats' event at the Eubie Blake National Jazz Institute and Cultural Center." Murphy said, "Like so many people who have come out today, I'm sick and tired of being taken for granted by the Democratic Party." The Times adds a "surprise for Mr. Steele came from the son of Kweisi Mfume, a past president of the National Association for the Advancement of Colored People who lost last week's Democratic primary to U.S. Rep. Benjamin L. Cardin." Michael Mfume, "a producer of the horror film 'Ax 'Em' and an active supporter of his father's campaign, told reporters at the Eubie Blake center that he did not speak for his father."

Cardin Says Steele Ducking Debates. The Washington Times (9/22, Ward, 88K) reports Rep. Benjamin L. Cardin "criticized his Republican rival Lt. Gov. Michael S. Steele for ducking debates in the U.S. Senate race in Maryland. But Mr. Steele and his campaign said Mr. Cardin is 'playing games,' and that his campaign manager won't return phone calls to set up a debate." The Cardin campaign "has issued public challenges to Mr. Steele, the first black person elected to statewide office in Maryland, to debate Mr. Cardin at one of the 10-term congressman's previously scheduled campaign stops." So far, "the two candidates are expected to meet Oct. 29 for a debate on NBC's 'Meet the Press.'"

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Libby Defense Fund Chairman Hosts Lieberman Fundraiser. The AP (9/22, Miga) reports Mel Sembler, the "prominent Republican who chairs I. Lewis 'Scooter' Libby's legal defense fund co-hosted a fundraiser Wednesday for Sen. Joe Lieberman, who is running for re-election as an independent after losing the Democratic primary." Sembler, "a former Republican National Committee finance committee chairman, helped organize a reception that raised about a 'couple hundred thousand dollars' for Lieberman, who was in attendance. Sembler said the event at his firm's office in St. Petersburg, Fla., drew a mix of Republican, Democratic and independent donors." Sembler, who is "board chairman of the Sembler Company, a real estate and shopping center development company, said he has worked hard to raise money for Libby's legal defense fund." Sembler, who "described himself as 'dear friends' with Cheney," said, "It's amazing to go to all this hard work when a crime never got committed."

Allen Said To Have Handled Revelation Of Jewish Heritage Awkwardly. The New York Times (9/22, Kornblut, 1.21M) reports Sen. George Allen finds "himself in a growing group of political figures who have discovered their Jewish roots late in life. The responses to his situation, which included bad ethnic humor and serious debates about denial and anti-Semitism, focused attention on the power of religious, ethnic and racial identities in politics, forces that may not have the power they once did. But those forces remain sufficiently alive that Gov. Mitt Romney of Massachusetts, a Mormon, will almost certainly face questions about his religion if he runs for the Republican presidential nomination." Political operatives say "what matters is not so much Mr. Allen's bloodlines but his handling of the news that his mother was born Jewish, a fact that both say she told him last month." Weekly Standard editor William Kristol "said the incident especially 'struck a nerve with Jewish Republicans.'" Kristol said, "It's simply the way he handled it." The Times adds, "But in a southern state that was once a slave state, where white voters are predominant and cultural and political conservatives are a majority, Mr. Allen has seemed to struggle to find the right words to address his newfound identity."

Sen. George Allen, in an interview on CNN's The Situation Room (9/21, Blitzer) explained, "I was with my mother, we were across the table and I asked her, there are these rumors flying around here that you're Jewish, you have Jewish blood lines and so forth. I asked her, is there anything to this? And I saw her reaction. And she said, yes, there are. And I said, well, why didn't you ever tell me? I didn't want to tell you. You loved me and you won't love me as much. I said, mom, why would I -- I love you even more. I respect you even more when I heard of why she had hid this for fear of retribution, of stigma and how that would harm not just her, but my father and her children. She was protecting her children. And I said, well, ma, this just doesn't matter, you know? The Nazis are gone. And it just doesn't matter and she says, especially when she said does this make you love me any less. And I just, no, I loved her more. And I said, for this -- let's just stop -- you know, there is no reason to carry on with. She said, please, please, you cannot tell anyone. Tell no one."

Kerry Defends House Democrats From Swift Boat Backer. The AP (9/22, Lester) reports the Swift Boat Veterans for Truth group "was Sen. John Kerry's albatross in 2004. Now, the Democrat is warning his party about suffering the same fate in a fundraising letter." In 2004, "the Swift Boat group, backed by Texas businessman Bob Perry, made unsubstantiated allegations about Kerry's Vietnam War heroism. The presidential nominee's slow and uncertain response is blamed for helping doom his White House bid." Perry has "donated $5 million to the Economic Freedom Fund, a newly created California group, that is running ads, sending out mailings and using automated phone calls to criticize Democratic candidates in Georgia, West Virginia, Iowa and Indiana." In a fundraising letter for the Democratic Congressional Campaign Committee, Kerry "urges Democrats to fight back." Kerry said, "Their first attack ads against Democratic House candidates are already on the air. They hope they've caught you sleeping. We have to respond quickly and in force."

Five-Way Texas Gubernatorial Race Tightening. The New York Times (9/22, Blumenthal, 1.21M) reports, "Just a few months ago," the Texas gubernatorial race "appeared to be a fairly conventional if well-financed match between Gov. Rick Perry, a Republican, and the state comptroller, Carole Keeton Strayhorn, a former Republican running as an independent." But in the "last few weeks, though, two other candidates have gained enough traction to make it a much wider race: the humorist Kinky Friedman and Chris Bell, a former Democratic congressman. A fifth candidate, James Werner, a Libertarian, could make the difference if the Nov. 7 election becomes a squeaker." Mired in "low popularity ratings but with rivals dividing the opposition and strong backing from evangelicals, Governor Perry is still favored to win his quest to become the longest-serving chief executive in Texas history using a strategy of 'running out the clock," according to Cal Jillson, a professor of political science at Southern Methodist University. Still, he "cautioned that 'the history of Texas is full of zany, crazy races and this could be one.'"

Friedman Defends 1980 Use Of Racial Slur As Satire. The AP (9/22, Shannon) reports, "Comedian and independent gubernatorial candidate Kinky Friedman on

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Thursday defended his use of a racial slur during a performance at Houston nightclub 26 years ago after an audio clip of the standup routine was posted on the Internet." Friedman, 61, "said he has tried to expose and lampoon racism, and was making fun of bigots when he used the n-word twice in a joke." Friedman said, "They're attacking me for something that Richard Pryor did, that Lenny Bruce did, which is to have the freedom to poke fun at anybody that you want. The whole show is satirizing racism." The AP adds state Rep. Garnet Coleman, "former chairman of the Texas Legislative Black Caucus, said it was difficult to find the humor in his joke after his remarks about Katrina evacuees in Houston in which he referred to them as 'crackheads and thugs.'"

Sweeney Defends Unions' Collective Political Financial Influence. In a Wall Street Journal letter to the editor (9/22), AFL-CIO President John Sweeney says, "In your Sept. 19 editorial 'Fun Union Facts' you continue your crusade against unions by picking and choosing facts so carefully that your page needs a 'reader beware' sign. Unions pool their resources through the AFL-CIO so working people's voices can be heard in the political and legislative process and to support one another in organizing; these are big budget items. At a time when median household income is sinking, 45 million Americans don't have health care and poverty is rising, we would be neglecting our duties if we didn't do everything possible to elect working-family-friendly candidates and pass laws that will improve workers' lives."

California Bill Would Guarantee Electoral Votes To National Popular Vote Winner. The New York Times (9/22, Lyman, 1.21M) reports Stanford computer scientist John R. Koza "has concocted a plan for states to skirt the Electoral College system legally to insure the election of whichever presidential candidate receives the most votes nationwide." Dr. Koza said, "When people complain that it's an end run. I just tell them, 'Hey, an end run is a legal play in football.'" The Times adds the "first fruit of his effort, a bill approved by the California legislature that would allocate the state's 55 electoral votes to the winner of the national popular vote, sits on Gov. Arnold Schwarzenegger's desk. The governor has to decide by Sept. 30 whether to sign it, a decision that may well determine whether Dr. Koza's scheme takes flight or becomes another relic in the history of efforts to kill the Electoral College." The "brainstorm behind Dr. Koza's effort, led by a seven-month-old group, National Popular Vote, was to abandon that approach and focus on creating interstate compacts. Those are contracts that bind states over issues like nuclear waste and port authorities." Dr. Koza's compact, "if approved by enough legislatures, would commit a state's electors to vote for the candidate who wins the most national votes, even if the candidate loses in that state."

Evangelical Movement Said To Be Politically Multifaceted. CBS Evening News (9/21, story 6, 3:15, Couric, 7.66M) reported, "Many people might assume all evangelicals are conservative Republican and speak with one voice, but more and more, this is a group that is branching out in different directions." CBS (Pitts) added, "Author and preacher Jim Wallis calls himself a progressive evangelical, who says Christians should focus on injustice around the world." Wallis: "With 30,000 children dying every day, needlessly from poverty and disease, I can't imagine Jesus thinking the top issue on our agenda ought to be gay marriage amendments in Ohio." Pitts: "Tony Perkins is a Christian conservative." Tony Perkins: "I think more and more people are standing on the -- on our side, on the side of the sanctity of human life, the preservation of marriage." Pitts: "Perkins is President of the politically powerful Family Research Council. He argues abortion and gay marriage are the driving concerns for most evangelicals." Pitts: "Wallis says he's against abortion but argues the agenda of the religious right is too narrow and divisive." In the "last presidential election, 78% of white evangelicals voted for President Bush. Now we're seeing more and more Democrats from Barack Obama to Hillary Clinton talking about their faith and issues like poverty and the environment."

State Governments Selling Surplus Material. USA Today (9/22, Jones, 2.27M) reports state governments are "putting more of their surplus goods on sale rather than in the dump. That's giving bargain hunters the opportunity to pick up everything from computers and desks to a car crusher and a statue of Smokey Bear." South Dakota "unloaded the car crusher for $95,000 on the Internet, according to Rick Voorhes, the state's surplus property manager. Alabama got about $30 for the 'life-size' Smokey Bear statue, says Shane Bailey, director of that state's surplus property agency." The officials "in charge of selling such items say tighter state budgets and a desire to reduce the amount of stuff deposited into landfills have bolstered their sales efforts." At least "11 states, including Georgia, Arkansas, South Dakota, Washington and South Carolina, are using online auctions to sell surplus goods, according to a survey by the National Association of State Chief Administrators."

For First Time, All "Forbes 400" Members Are Billionaires. The fact that all 400 people on "Forbes" magazine's latest list of the 400 wealthiest Americans are all billionaires drew the attention of two networks and the Washington Post. ABC World News (9/21, story 8, 2:35, Gibson) said that while "five years ago, there were 266 billionaires, this year, all 400 people are billionaires," and "in

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fact, there are some people with a billion dollars who didn't make the list." The CBS Evening News (9/21, story 8, 0:15, Couric, 7.66M) said Bill Gates "is number one: He's worth $53 billion. Investor Warren Buffett is number two at $46 billion." In its front-page story, the Washington Post (9/22, Ahrens, 748K) highlights a few of the other names, including the founders of Google Inc., and casino mogul Sheldon Adelson, who "has made $1 million per hour over the past two years." (The complete list is available online.)

Convert To Islam Hopes To Help Build Harmony. On the front page of the Metro section, the Washington Post (9/22, Murphy, 748K) profiles Northern Virginia resident Chris Moore, the "son of a U.S. Navy man" who was raised Catholic but converted to Islam. The 31-year-old, "like many other young Muslims in the United States," is "seeking to fashion an Islamic identity that flourishes in American society and influences it for the better. He feels a responsibility, he said, to contribute to a more harmonious relationship between Islam and the West."

Military Chaplin Calls For Support For Military Marriages. Capt. James Key, chaplain, a brigade unit ministry trainer at Fort Irwin in California, writes in an op-ed in USA Today (9/22, 2.27M) that "military couples, unlike their civilian counterparts, face added stresses. Constant military moves are tough enough, but when you add long-term and multiple deployments to the mix, even the strongest marriages can be tested." The "military uncertainties and separations can have an emotional impact on families," so "it is incumbent upon our political leaders to remain cognizant of the emotional wounds soldiers could also be suffering in their marriages." Our "spreading democracy in Iraq or any other hot spot must not come at the expense of military marriages. Helping our troops maintain healthy families is a human imperative that none of us can afford to ignore."

Krugman Calls For Universal Health Care System. Columnist Paul Krugman writes in the New York Times (9/22, 1.21M) on the recent "series of [insurance] horror stories" that suggest "a growing trend: more and more health insurers are finding ways to yank your insurance when you get sick." Yet "even as health care becomes the core of the American economy, our system of paying for health care remains sick, and is getting sicker." And "here's the thing: it's all unnecessary. Every other wealthy nation manages to provide almost all its citizens with guaranteed health insurance, while spending less on health care than we do. And there's no mystery why: we're paying the price for pointless, destructive reliance on private insurers. … If we had a universal system…there would be no more horror stories."

LATimes Criticizes California AG's Suit Against Auto Manufacturers. The Los Angeles Times (9/22, 918K) editorializes that the "charitable spin" on California Attorney General Bill Lockyer's lawsuit against major auto manufacturers, which "alleges that because vehicle exhaust contributes to global warming, the companies should be held financially liable for everything from wildfires to a bad ski season," is that it is a "politically inspired, headline-grabbing stunt by a state attorney general running for state treasurer. The alternative -- that he might actually believe this suit has legal merit -- may be more frightening." The suit "is the latest salvo fired in the struggle between the state and the auto industry, which has separately sued the state over its attempts to curb global warming. But California shouldn't be in the business of filing meritless suits to gain leverage in other cases."

WPost Criticizes Ehrlich's Proposals For November Balloting. The Washington Post (9/22, A16, 748K) criticizes Maryland Gov. Robert Ehrlich's call for the use of paper or absentee ballots in November, saying after problems in last week's primaries, Ehrlich had "a choice: show the leadership expected of the state's top executive or succumb to the political motives of a candidate running for reelection. Unfortunately, it is Mr. Ehrlich the candidate who emerged with proposals certain to confuse the public and undermine confidence in voting. … We have no way of knowing Mr. Ehrlich's intent, but we do believe that his words and actions are creating a sense of confusion that could discourage voting."

Ahmadinejad Says He'll Consider Enrichment Suspension Under "Fair Conditions." The Washington Post (9/22, A13, Lynch, 748K) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his government is prepared to consider suspending its controversial uranium-enrichment program if Western governments meet unspecified conditions." He "did not spell out Tehran's demands," but "his remarks indicated that he is prepared to move ahead with preliminary discussions with European powers aimed at heading off a confrontation with the West." Ahmadinejad "denied U.S. claims that he is pursuing a covert nuclear weapons program, saying that Iran's spiritual leader has issued a decree prohibiting such a development. He said Iran is simply exercising its rights, under the 1970 Non-Proliferation Treaty, to develop nuclear power to meet the country's growing energy needs." He further "accused the West of reneging on previous agreements to support Iran's efforts to develop a nuclear power program."

The Wall Street Journal (9/22, King, 2.03M) says Ahmadinejad "continued to dodge questions about his

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country's nuclear ambitions, saying Tehran is willing to negotiate over -- and maybe even suspend -- its uranium-enrichment program, but not under pressure and only under 'fair conditions.'" The statement, made "during a rambling news conference, added further uncertainty to a challenge that has stymied the U.S., Europe, Russia and China all summer." Ahmadinejad "once again…appears to have offered just enough encouragement to keep the threat of sanctions at bay, but not enough to make it clear when or if actual talks might begin." While the "decision is to give Iran more time," the Journal notes Administration "officials say the patience of Washington and other key capitals will wear out within a few weeks. It is unclear what will happen once the patience runs out."

McClatchy (9/22, Strobel) notes, "Grinning and giving brisk little salutes," he "denied Thursday that Iran wants a nuclear bomb and said it might discuss suspending uranium enrichment if the conditions are fair." He also "he railed against Zionists and suggested that several thousand mainly Jewish protesters who demonstrated against his presence in New York City might have been paid to attend. He also called for a referendum on the future of the land that constitutes Israel and the Palestinian areas." McClatchy says he was "smiling from the start," and adds, "With his face on the cover of Time magazine and his every word and movement followed by hordes of journalists, this has clearly been Ahmadinejad's week. His combination of breezy confidence and sometimes slippery answers underscored the challenge President Bush faces in trying to halt Iran's suspected nuclear weapons program."

The AP (9/22, Faramarzi) adds Ahmadinejad "seems to be enjoying the spotlight at this year's U.N. General Assembly, easing his way into the international arena and trying to improve his image amid the controversy over his nuclear program and remarks about Israel and the Holocaust." He explained to a reported yesterday "that when he called for the destruction of Israel and dismissed the Holocaust as a myth, his issue was not with the Jewish people but with Zionists, 'who are not Jews. We love everyone in the world — Jews, Christians, Muslims, non-Muslims, non-Jews, non-Christians." He "also expressed love and affection for the American people, just as President Bush reached out to the Iranian people in his General Assembly speech on Tuesday. Ahmadinejad said he wished he had more time here to spend with them in person."

Ahmadinejad Not Committed To Disarming Hezbollah. The New York Times (9/22, Hoge, 1.21M) reports Iranian President Mahmoud Ahmadinejad "refused to say Thursday whether he would comply with a Security Council demand for the disarmament and disbanding of Hezbollah." He "was also evasive about whether Iran would comply with the resolution's call for an arms embargo to keep Hezbollah from rearming. He said that the United Nations Charter gave people the right to defend themselves and that 'we give spiritual support to all those who want to uphold their rights.'"

Bill Clinton Says Administration Should Talk To Iran. The AP (9/22) reports former President Clinton "said Thursday the U.S. should try talking to Iran about its nuclear weapons ambitions without imposing a lot of conditions." He is quoted saying on NBC's Today Show, "If you think you might have trouble with somebody, and God forbid if you think it could lead to a military confrontation, then there needs to be the maximum amount of contact beforehand. The United States should not be afraid to talk to anyone. They should not be reluctant and shouldn't have too many conditions."

US Efforts To End European Banks' Ties To Iran May Be Succeeding. The Christian Science Monitor (9/22, Rice-Oxley, 58K) reports, "American attempts to persuade Europe to think again about financial involvement in Iran may be starting to bear fruit, according to European banking officials. Whether such 'back-door sanctions' will work is far less apparent, experts say." The Monitor says Washington is "troubled by a lack of speedy progress in the UN toward imposing economic sanctions," and has therefore "stepped up efforts this month to persuade allies to shun Iran's financial system, claiming that Iran may tap banks to illicitly finance terror operations or the purchase of materials for nuclear weapons." European allies have "long taken a softer line toward Iran than the US, and [have] essayed a soft-power approach to its nuclear program, persisting with negotiations." European firms, "particularly German and French, rack up billions of euros' worth of exports each year, with a considerable presence in the oil, automotive, retail, and telecommunication sectors." Analysts believe the EU's "experience" heading up the border force in Lebanon "is unlikely to change its geopolitical strategy in the region," even as "some European bankers are growing wary of the risk of doing business in Iran."

WSJournal Says Bush Appears To Have Been "Lassoed By The UN." The Wall Street Journal (9/22, 2.03M) in an editorial writes "that UN diplomacy has come to serve as a deterrent not against Iran but against any American effort to do anything about Iran's rush to acquire the bomb." And "the 'cowboy' American President looks increasingly like the one who's been lassoed by the U.N., not vice versa." The Journal states, "The conclusion is hard to resist that the U.N. effort is really about persuading America that it can 'live with' an Iranian bomb, just as it lives with a Pakistani bomb, because the costs of economic sanctions or military strikes are supposedly prohibitive. But a glimpse of what the world will look like if Iran succeeds was provided on Tuesday by Gamal Mubarak, the son of Egyptian President Hosni Mubarak. Cairo's heir apparent floated a proposal for Egypt to develop its own nuclear programs, clearly a signal

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that the largest Sunni Arab country will go nuclear itself to prevent Shiite Iran from dominating the region. And where Egypt goes, Saudi Arabia and Turkey cannot be far behind. Is the international system really prepared to live with five, maybe six, nuclear powers in the Middle East?"

Chavez, Ahmadinejad Attacks Seen As Symptomatic Of Global Animus Toward US. In an analysis of the reaction to attacks on President Bush by the leaders of Iran and Venezuela, ABC World News (9/21, story 4, 2:40, Muir) reported, "The words drew gasps and giggles at the UN but political analysts say what's more telling is what they didn't draw." Fareed Zakaria, editor Newsweek International: "Not one other country stood up for us. Unfortunately, this is the climate we live in. It's not a place we should be in the world." Muir: "Most foreign policy experts agree the bluster is less important than strategic issues, especially when it comes to the Iranian President." Richard Holbrooke, former US Ambassador to the UN: "He scored a minor PR victory. The real issue is what to do with the strategic issue posed to the United States by Iran."

The Los Angeles Times (9/22, Richter, 918K) runs a similar story, titled "Anti-Americanism Is Providing a Glue," in which it reports, "The outpouring of anti-American rhetoric at the United Nations this week is demonstrating how anger at the United States is uniting the developing world in a way not seen since the 1980s, U.S. officials and analysts say." The Times states, "There is little doubt of the deepening unpopularity of the United States, even among longtime allies. Though the U.S. government has doubled its spending on public diplomacy, a poll this year by the Pew Charitable Trusts showed wide dissatisfaction with a central pillar of U.S. foreign policy, the 'war against terrorism.'" But Lee Feinstein, a member of the Council on Foreign Relations and a former senior State Department official under Clinton "said that even though the withering denunciations by Chavez and Ahmadinejad drew applause this week, overall, members of the United Nations were much more united behind American-style views of democracy and economics than they had ever been." Feinstein said, "The tragedy is, the Bush administration hasn't been able to take advantage of that fact."

In a second article, the Los Angeles Times (9/22, Farley, 918K) says Chavez "acknowledged that it might seem odd for a developing country to send charity to one of the world's wealthiest nations." Yet "the public relations value of tweaking his nemesis, President Bush? Priceless."

And the Miami Herald (9/22, Bachelet, 310K) notes that while "Chavez's visit last year passed largely unnoticed, Mount Olivet was teeming with US media on Thursday, prepped by Chávez's now infamous U.N. reference to Bush as 'the devil.'" While Chavez touted his efforts to deliver discounted heating oil for U.S. poor and elderly residents, "State Department spokesman Eric Watnik pointed out that the U.S. government handed out 'hundreds of millions of dollars to a much larger group of Americans' through federal programs."

CNN's The Situation Room (9/21) reported, "Chavez says his problems are not with the American people but with President Bush." Chavez (via translator): "I had a good relationship with Clinton. Never disrespected us. Now with this guy you can't even talk because he walks throwing stones. The Texan that walks shooting from the waist with a machine gun." Chavez added, "In two years when the elections come to the U.S. I hope that the president be a serious man, it doesn't matter if he comes from the right, I'll be the first person to raise my hand in order to re-establish a serious relationship of respect between governments and between people."

Eugene Robinson in his column in the Washington Post (9/22, A17, 748K) praises Chavez for being "crazy like a fox. Can anyone name the last president of Venezuela, or remember when a speech by any president of Venezuela made such news?" But Robinson warns Iran is a more serious threat to the US and says "When I travel outside the country, I'm struck by the decline in America's moral standing in the world. The Iraq war is the main reason, but not the only one. For all its talk about public diplomacy and spreading the U.S. gospel throughout the world, the Bush administration does an appallingly lousy job of it." The US "policy of not even talking to governments we don't like has proved counterproductive -- pushing Syria closer to Iran, for example, and needlessly prolonging the Israel-Hezbollah war, to no one's benefit except perhaps Ahmadinejad's. Our arrogance has turned us into the neighborhood bully and made our adversaries look like more sympathetic figures than they really are."

Some Democrats Defend Bush From Attacks; Harkin Defends Chavez. Rep. Charles Rangel on CNN's The Situation Room (9/21, Blitzer) was shown saying, "You don't come into my country, you don't come into my congressional district and you don't condemn my President. If there is any criticism of President Bush, it should be restricted to Americans, whether they voted for him or not."

House Minority Leader Nancy Pelosi on CNN's The Situation Room (9/21, Blitzer) was shown saying, "The manner in which he characterized the President, he demeaned himself and he demeaned Venezuela. He demeaned Venezuela. I think that he, Hugo Chavez, fancies himself a modern day Simon Bolivar but all he is an everyday thug."

The Washington Times (9/22, Pisik, 88K) described it as a "stiff rebuke" from Rangel and notes Rep. Chaka Fattah said, 'His personal attacks and ridicule directed at the president of the United States are unacceptable.'" But Sen.

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Tom Harkin "defended Mr. Chavez in an interview with Radio Iowa." While "the remarks were 'incendiary,' Mr. Harkin said, 'I can understand the frustration, and the anger of certain people around the world because of George Bush's policies.'"

The Wall Street Journal (9/22, 2.03M) editorializes, "Ms. Pelosi's and Mr. Rangel's remarks were politically shrewd if nothing else. Even smarter would be for the two of them to follow up by having a word with their Massachusetts delegation. Only last November, Congressmen William Delahunt and Ed Markey spoke of their 'debt' to Venezuela after arranging to buy 12 million gallons of Venezuelan home heating oil at a 40% discount for the Bay State. Mr. Delahunt has called the dictator his 'excellent friend,' and yesterday the Boston Globe quoted him as blaming the dictator's outburst on 'what low esteem the United States is held, not just in the Islamic world, but all over.'"

LATimes Opposes Chavez Bid For UN Security Council Seat. The Los Angeles Times (9/22, 918K) editorializes, "If Latin America doesn't have a consensus choice for the U.N. seat by Oct. 16, it will come down to a secret ballot by the General Assembly. In case of deadlock, which seems probable, a third country may well emerge as the winner. Uruguay and the Dominican Republic are considered the two most likely candidates, and either would be better than Venezuela. Chavez might seem like a laugh riot today, but after two years of gridlock and shenanigans on the Security Council, the joke would wear pretty thin."

Chavez' Regional Agenda Raises Concerns. Mary Anastasia O'Grady in her column in the Wall Street Journal (9/22, 2.03M) writes that while some are focused on the dangers of a link between Venezuela and Iran "there is an equally pressing threat from Venezuela right in the U.S. backyard. The battleground is Bolivia, which Mr. Chávez badly wants to control so he can seize that country's natural-gas reserves and become the sole energy supplier in the Southern Cone. In doing so, he hopes to seriously damage the Brazilian economy and crush Brazil's geopolitical ambitions as the leader in South America. In its place he wants to plant the flag of Venezuelan hegemony. If he gets away with it, Argentine and Chilean sovereignty would also be diminished and continental stability lost."

Violence Erupts In Gaza. The Washington Post (9/22, A14, Wilson, 748K) reports, "Israeli forces killed at least five Palestinians on Thursday in the Gaza Strip, while gunmen there fired rockets into Israel during the day. The spate of violence ended a few weeks of relative calm between Palestinian gunmen and Israeli forces that began after Israeli tanks and troops withdrew from a volatile area east of Gaza City early this month." Four rockets hit southern Israel, destroying some property but causing no injuries. "The Palestinians were killed in two separate incidents at far ends of the strip." Internal Palestinian disputes have "sharpened" recently, "and rocket fire into Israel appears to be on the rise again."

Rice Convenes Expanded Talks On North Korea. The Washington Post (9/22, A13, Kessler, 748K) reports, "With North Korea refusing to return to the six-nation disarmament talks," Secretary Rice "on Thursday convened a meeting of a new group of nations that will focus on Northeast Asian security concerns." Pyongyang "declined an invitation" to join the Five-Plus-Five, "and China and Russia did not send representatives." The Post notes, "Few issues have proven as vexing as the impasse over North Korea's nuclear ambitions. In some ways, the gathering is the diplomatic equivalent of throwing spaghetti against the wall -- an effort to try something just to see what sticks." Because there is "little prospect of restarting the six-party talks, the United States has decided to try to broaden the circle, bringing in nations such as New Zealand, Canada and Indonesia." The Post identifies "a broader subtext to the gathering. The Bush administration wants China to do more to bring North Korea back to the table, and Hill pointedly noted that several ministers present said China should do more." While the Administration "has prepared a new package of sanctions," it is asking "other countries to sanction North Korea first, before it announces its own sanctions, so it will not look like the heavy."

The Washington Times (9/22, Kralev, 88K) adds China and Russia, "key nations in six-party talks on North Korea's nuclear weapons, skipped an expanded session yesterday, in which countries from the Philippines to Canada sought to address Pyongyang's refusal to negotiate." Rice's meeting "was an attempt to involve Canada, Australia, New Zealand, Indonesia and the Philippines in an expanded forum on regional security." Anonymous international sources "confirmed that many of those present expressed disappointment with Beijing. They also said that the Chinese had made a conscious decision not to attend, questioning" Assistant Secretary of State Chris Hill's "suggestion that the reason had to do with scheduling." Hill "played down the absence of both China and Russia, saying that their foreign ministers had met with Miss Rice several times this week and 'we kind of know where they are on these issues.'"

The AP (9/22) adds Pyongyang "stayed away from a gathering of diplomats from the United States and seven other nations Thursday that focused on the specter of a nuclear North Korea." Hill is quoted saying, "They don't like to talk to people." Moscow and Beijing "also skipped the meeting, although they are members of the international coalition that reached a breakthrough disarmament bargain with Pyongyang a year ago. That agreement has never taken effect and North Korea is boycotting further talks in protest of what it calls unfair U.S. financial sanctions."

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Separate AP (9/22) reporting notes Ambassador Alexander Vershbow told South Korean media that Hill "could visit Pyongyang if North Korea ends its boycott of international nuclear talks." Pyongyang "has in the past invited" Hill, "who expressed willingness to make such a trip last year after the communist nation agreed at the arms talks to abandon its nuclear program in exchange for security guarantees and aid. The North immediately threw cold water on the deal and demanded a nuclear reactor for power generation — and the trip was put off." Vershbow "also said that Hill 'is prepared to enter into bilateral talks in a constructive spirit if North Korea is committed to return to the six-party talks,' according to" Embassy Seoul.

Indonesia Executes Three Christians Tied To Sectarian Killings. The New York Times (9/22, Bonner, 1.21M) reports, "In the early morning hours on Friday, an Indonesian firing squad executed three Christian men who had been convicted in connection with the violence that has wracked the province of Central Sulawesi. The government ignored a last-minute appeal from the European Union to declare a moratorium on the death penalty." The Times adds that "no evidence directly linked any of the condemned to killings," and the EU "appeal did not specifically mention the case of the Christians" but "was aimed at halting all executions." Indonesian President Susilo Bambang Yudhoyono "is considered a leading contender for the Nobel Peace Prize because of his work in bringing about an end to the separatist war in the western province of Aceh, and European diplomats said that this could hurt his chances, given the strong anti-death penalty sentiments among European governments." The Times also notes, "The executions of the three men had become entangled with the case of the Bali bombers. In this overwhelmingly Muslim country, the government considers that the risk of political protests would be too great if it executed the Bali bombers and not the Christians."

The Washington Times/AP (9/22, Firdaus) adds, "The case against them has heightened tensions in the world's most populous Muslim nation and raised questions about the role religion played in punishing those behind the violence" in Central Suawesi. "Human rights workers say the men's 2001 trial was a sham, and that while it was possible the men took part in some of the violence, they almost certainly were not the masterminds."

Thai Generals May Have Acted To Prevent Their Sidelining By Thaksin. In extensive reporting, the Wall Street Journal (9/22, A4, Hookway, 2.03M) notes Thai Gen. Sondhi Boonyaratkalin was "up against a tight deadline" when he overthrew the government Tuesday – "a fast-approaching military shuffle that could have promoted Mr. Thaksin's supporters into key posts and strengthened the billionaire businessman's grip on power." Thaksin "was preparing a strike to regain the upper hand, people familiar with the situation say. Mr. Thaksin planned to replace Thailand's senior commanders -- including [Sondhi] -- with new generals friendly to his government before a parliamentary election then scheduled for October." The Journal says that plan "at least partially drove the army's decision to stage this week's coup, people familiar with the events say." Thaksin's overthrow "has left" Sondhi "with the task of restoring a credible government in one of Southeast Asia's linchpin economies and a key ally of the U.S."

Coup Leaders Crack Down On Media, Opposition. The New York Times (9/22, Fuller, 1.21M) reports Sondhi yesterday "sought to strengthen the grip of his junta, banning political gatherings and 'activities' and summoning Thai media executives to army headquarters to warn them against publishing 'expressions of public opinion' — possibly a reference to opinion polls but perhaps also including commentaries. The junta also summoned Mr. Thaksin's closest political allies." The Times says "many questions remain about how the military will carry out its stated intention to return democracy to Thailand, which before a political crisis erupted in January was a sort of beacon of democracy for its neighbors." In the meantime, it remains unclear "what will happen to Mr. Thaksin and his fortune of more than $2 billion. The Thai news media speculated on Thursday that to appear more legitimate, the junta might open investigations against Mr. Thaksin. Showing financial malfeasance could justify the coup in the eyes of disapproving foreign governments."

The AP (9/22, Tang) says Sondhi's allies "tightened their grip Thursday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister." Coup leaders said they were "banning all meetings by political parties and the creation of new parties," and "also imposed media restrictions, including stationing soldiers at television and radio stations, and ordering the information ministry to stop the distribution of information 'deemed harmful' to its agenda." The crackdown "seemed likely to increase criticism from Western nations and human rights groups, which described" the coup "as a setback to democracy" nationally and regionally. The Washington Times/AP (9/22, Tang) runs a version of the AP report.

Thais Said To Accept, If Not Endorse, Coup. USA Today (9/22, Wiseman, Chitrada, 2.27M) says that, one year ago, millions of "rural Thais surged to the polls 19 months ago to re-elect Thaksin's party, Thais Love Thais, in a landslide. They saw Thaksin as a can-do leader who cared about Thailand's poor." Now, "Thaksin's rural supporters have remained mostly silent in the face of a coup that has been endorsed by Thailand's revered king. Many, in fact, appear to support the military takeover, if only because it ended a standoff between Thaksin and his opponents that had

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paralyzed the government all year." One "survey of 2,019 people for the Bangkok Post newspaper, published Thursday, found support for the coup ran higher outside the capital (86.4% approval) than inside (81.6%). Those findings were odd because Bangkok has been the center of anti-Thaksin sentiment and rural Thailand has been his stronghold."

Somali Islamic Forces Direct Youth Fighters Into "Rehabilitation" Camps. In a lengthy piece, the Los Angeles Times (9/22, Sanders, 918K) details Somali "boot camps for Islam" that "aim to wean former warlord militiamen off drugs, instill religious values and train them to join Muslim forces." Somalia has seen nearly "3,000 former warlord militiamen sent to Islamist-run 'rehabilitation camps' on the outskirts of the nation's capital. It's an ambitious resocialization program designed to wean the young fighters off drugs, instill religious values and, eventually, reverse loyalties so they can be integrated into the Muslim fundamentalist forces." Administration officials have voiced "concern that increasingly Islamist Somalia could end up with a Taliban-style government and serve as a terrorist training area. Amid allegations that Islamists are using military advisors from Pakistan and Afghanistan to train soldiers, officials recently began permitting journalists to visit the camps. But they denied access to weapons stockpiles and insisted on selecting the militiamen to be interviewed, and carefully monitored what they said."

Cuban Spy Said To Have "Caused Serious Damage" To US Security. The Washington Times (9/22, Gertz, Scarborough, 88K) "Inside The Ring" column reports Ana Montes, "a Cuban spy working inside the Defense Intelligence Agency (DIA), caused serious damage to U.S. national security by revealing U.S. electronic intelligence-gathering secrets and also by providing a feedback mechanism for communist disinformation from the Castro regime." The damage caused "is outlined in a classified assessment completed several months ago by the office of the National Counterintelligence Executive," and was disclosed this week in a new book by the newspaper's Bill Gertz.

Paulson Launches New Strategic Dialogue With China. The Financial Times (9/22, Guha) reports Hank Paulson US Treasury secretary has engaged in a new strategic dialogue with Chinese leaders and "will urge Hu Jintao, China's president, to allow the renminbi to appreciate more rapidly when the two meet on Friday in Beijing." In an interview "Paulson said he would compliment Mr Hu on reforms under way and 'encourage him to move forward even more quickly.'" Paulson "would also thank Mr Hu for putting his authority behind the new dialogue, which the US believes will help it produce results." He "said that while the dialogue would have a 'bilateral focus' it would invariably touch on 'global issues,' including global economic imbalances." Asked about the response in the US to the "new dialogue" Paulson said he "would contact senior congressmen on his return to explain why the dialogue with China was in the US national interest. 'Members of Congress are my clients,' he said. 'I need to engage with key people up there.'"

USA Today (9/22, Lynch, 2.27M) reports, "Paulson says China's agreement to participate in a new 'Strategic Economic Dialogue' will place the 'most important economic relationship in the world' on a solid long-term footing." But a "combination of stubborn commercial disputes and an increasingly protectionist Congress shadow his bid for a radically different Sino-American commercial relationship." Yet Paulson's "already demonstrated unusual speed in winning President Bush's approval to launch the new set of talks. One key: Paulson lined up backing from top White House aides and Cabinet colleagues before approaching the president this summer, says White House Chief of Staff Josh Bolten, another former Goldman Sachs executive." Bolten said, "This was his brainchild. … He has the full confidence of the president, and other Cabinet members know that. The president is sufficiently interested in it that I think Hank (Paulson) will be able to attract the kind of time and attention he's envisioned. … This will turn out to be a substantial initiative."

Hungarian Leader Rejects Calls For Resignation. The Washington Post (9/22, A10, Whitlock, 748K) reports, "With protesters massed outside the gates of the stately Hungarian parliament for a fourth straight day, Prime Minister Ferenc Gyurcsany sat in his wood-paneled office inside and tried to explain why he had admitted on tape that his party had done a 'boneheaded' job of running the country and that he had lied to voters to win reelection." He "repeated that he would not resign despite the sometimes violent protests that have rattled Budapest since local news outlets on Sunday broadcast excerpts of a leaked tape recording of his comments, made to a closed meeting of Socialist supporters shortly after he won reelection in April." But "there are few signs that the political pressure building against Gyurcsany…will end anytime soon."

Kozlin's Assassination Said To Showcase Threat Of Russian Organized Crime. In a 2,400-word piece its front page this morning, the Wall Street Journal (9/22, A1, Chazan, 2.03M) reports on the "high-stakes crusade to clamp down on Russia's murky and criminalized banking system, a project that lay at the heart of President Vladimir Putin's ambition to modernize Russia's economy." Bank regulator Andrei Kozlov "spearheaded the campaign.

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Last week, his ambitions were cut short by an assassin's bullet." The Journal calls Kozlov "one of the most senior Russian officials to be murdered since the end of communist rule, and his death stunned the country's elite. Contract-style killings of businessmen were commonplace in the early 1990s, when capitalism was in its infancy here, but most thought they had become a thing of the past." The murder "exposed the fragility of Mr. Putin's claims to have ushered in a new era of stability. It also showed that despite the gradual removal of political challenges to Kremlin power, crime and corruption still menace the authority of the state."

Activist Argues Against Use Of DDT To Combat Malaria. Dr. Jessie Stone, founder and director of Soft Power Health, a nonprofit organization in Uganda, in an op-ed in the New York Times (9/22, 1.21M) warns that while the WHO, the White House and Congress have endorsed using DDT to combat the spread of malaria in Africa, "DDT is not the magic bullet that will eradicate malaria. We need to refocus resources and attention on something most Africans do not have: basic malaria education, and prevention with insecticide-treated bed nets. A mosquito net costs $6.50 and can last up to five years. … We do not have to reinvent the wheel here. We just have to help educate people — even those with the best intentions."

Uruguayan Firm Seen As Model For New Global Economy. Thomas Friedman in his column in the New York Times (9/22, 1.21M) uses the success of TCS Iberoamerica, a joint outsourcing venture in Uruguay, as an example of "how any entrepreneur -- with the right imagination, Internet bandwidth and a small amount of capital -- can assemble a global company by matching workers and customers from anywhere to do anything for anyone. Maybe the most important rule in today's increasingly flat world is this: Whatever can be done, will be done -- because so many people now have access to the tools of innovation and connectivity. The only question is: Will it be done by you or to you?"

Pope Praised In Confrontation With Muslims. Daniel Henninger in his column in the Wall Street Journal (9/22, 2.03M) praises Pope Benedict XVI for raising the issue of Muslim radicalism writing "The pope has a Muslim problem alright. It is the hammering that Christian communities have been taking for years and are getting now in Islamic countries all over the world, but especially in the Middle East." Henninger concludes, "The Vatican doesn't want oil. Hegemony is long gone from its vocabulary. The Vatican's only brief is a modus vivendi, a global reality Islam must eventually acknowledge. The governments of Egypt, Iraq and Saudi Arabia should open the dialogue Benedict XVI is seeking. In March, Egyptian President Hosni Mubarak met with Benedict at the Vatican. He would be the obvious choice to take the lead. More than these Arab governments realize, their future could use the support of the pope's famous divisions."

Charles Krauthammer in his column in the Washington Post (9/22, A17, 748K) writes, "The pope gives offense and the Mujaheddin al-Shura Council in Iraq declares that it 'will break up the cross, spill the liquor and impose the 'jizya' [head] tax; then the only thing acceptable is conversion or the sword.' This to protest the accusation that Islam might be spread by the sword. As I said. No sense of irony."

NYTimes Urges Blair To Step Down. The New York Times (9/22, 1.21M) in an editorial praises British Prime Minister Tony Blair's record but declares "It is time for Mr. Blair to move on, preferably before the end of this year." It is also time for Gordon Brown "to recognize that the job he has wanted so badly for so long is not merely a reward for tight-lipped endurance. Mr. Brown needs to start talking about the domestic and foreign policies he would work for if the Labor Party chose him as the next prime minister. But so long as Mr. Blair talks about staying on for almost another year, Mr. Brown…is constrained from doing so. That is reason enough for Mr. Blair, already a lame duck, to speed his departure."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Bows To Senators On Detainees."
"Spinach Scare's Larger Warning."
"A Can-Do Painter's Creation."
"Prescription For Price Cuts."
"Mountjoy Campaign Misstated Navy Duty."
"Tribune Co. To Explore Sale Or Breakup Of Firm."

USA Today:
"What Do Jeff Gordon, Martina Navratilova, Bob Knight And Mariano Rivera Have In Common? The Soul Of A Champion.."
"Deal On Suspects Closes GOP Rift."
"Savings, Shakeup Seen In $4 Drug Plan."

New York Times:
"Republicans Reach Deal On Detainee Bill."
"Strained, Army Looks To Guard For More Relief."
"U.S. Urges H.I.V. Tests For Adults And Teenagers."
"New York English Scores Drop Sharply In 6th Grade."
"Pickers Are Few, And Growers Blame Congress."
"Children Of Rich Learn Class, Minus The Struggle."

Washington Post:
"White House, Senators Near Pact On Interrogation Rules."

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"U.S. Recommends Routine Testing For The AIDS Virus."
"Wal-Mart Sets $4 Price For Many Generic Drugs."
"The Super-Rich Get Richer: Forbes 400 Are All Billionaires."
"Across Latin America, Mandarin Is In The Air."
"Students Rebel Against Turnitin."

Washington Times:
"Bush Ready To Ok Border Barrier."
"Rangel Rebukes Chavez On Bush."
"Pakistan Official Defends Truce."
"GOP Compromises On Terror Detainees."
"Wal-Mart to offer Discount On Drugs."
"Ex-Pan Am Workers Finally Will Get Paid."
"Fans Want Angelos Out."

Detroit Free Press:
"Detroit Tries To Avert Crippling Student Loss."
"French Union Vary Of Alliance."
"Downtown Entertainers A New Idea."

Atlanta Journal-Constitution:
"Detainee Deal Gets Go-Ahead."
"Who Is This man?"
"Wal-Mart Will Chop Prices Of Generic Drugs."
"Developer Abandons City Beltline Project."
"CDC Urges Routine Testing For HIV."

Houston Chronicle:
"Officer Slain During Traffic Stop."
"Routine Testing For HIV Urged."
"Branson Pledges Billions To New Fuels."

Story Lineup From Last Night's Network News:
ABC: Detainee Debate Solved; Detainee Debate Analysis; Iraq-Sectarian Violence; UN Anti-American Speeches; HIV Testing; Wal-Mart-Prescription Drugs; Philanthropy; Wealthiest Americans; Space Shuttle; Immigration Debate; Polar Bears.
CBS: Detainee Debate Concluded; Wal-Mart-Prescription Drugs; E. Coli Outbreak; HIV Testing; Branson-Global Warming; Evangelicals-Liberal Vs Conservatives Politics; Carlos Opinion Illegal Immigration; Oldest Childs Skull Found; Wealthiest Americans; Day Dreaming OF Flying.
NBC: Wal-Mart-Prescription Drugs; HIV Testing; Detainee Debate Concluded; Afghanistan Violence; Cancer Treatment Controversy; Space Shuttle; A Day Of Summits; Stock Market; CEO Spokesmen.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Pakistan, Oval Office; holds joint press availability with President of Pakistan, East Room; participates in photo opportunity with the 2006 National Spelling Bee Champion, Oval Office.

VICE PRESIDENT CHENEY — Arrives at Pennsylvania Air National Guard base, Coraopolis, Pa.; speaks at a luncheon for Santorum Victory Committee, Private residence, Venetia, Pa.; arrives at Greater Rochester International Airport. Rochester, N.Y.; speaks at a reception for Rep. Randy Kuhl. Rochester Riverside Convention Center.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

US House: 9:30 a.m. SELECT INTELLIGENCE _ Technical and Tactical Intelligence Subcommittee. Closed hearing on the Natiopnal Geospatial Intelligence Agency acquisition strategy. Location: Room H-405, Capitol.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on whether the District of Columbia needs its own crime lab. FBI Lab Director Joseph DiZinno, D.C. Police Chief Charles Ramsey; D.C. Deputy Mayor Edward Reiskin, D.C. resident Valencia Mohammed. Location: Room 2154, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: 8:45 a.m. Meets with President Bush. Oval Office. 10:05 a.m. Holds a news conference with President Bush. White House. 1:30 p.m. Speaks to students, faculty and staff at George Washington University. Marvin Center Theater, 800 21st St. NW.

GENETIC TESTING-ETHICS _ Johns Hopkins University's Genetics and Public Policy Center holds the National Genetic Policy Summit. Highlights: 8:30 a.m. Plenary, with Francis Collins, Director, National Human Genome Research Institute; Barry Straube, Director, Office of Clinical Standards and Quality, and Chief Medical Officer, Centers for Medicare and Medicaid Services. 10:15 a.m. Direct-to-Consumer Genetic Testing, with Rick Borchelt and Gail Javitt, Genetics and Public Policy Center; Robert Nussbaum, Chief of Medical Genetics, University of California, San Francisco; Howard Coleman, CEO, Genelex Corp. Peter Lurie, Public Citizen. Location: Fairmont Hotel, 2401 M St. NW.

FAMILY-VOTERS _ The Family Research Council, Focus on the Family Action, American Family Association Action, others, hold the first ``Washington Briefing: Values Voter Summit 2006." Highlights: 7:15 a.m. FRC Breakfast for Pastors with Rev. Jerry Falwell. 9:10 a.m. Rep. Mike Pence. 9:35 a.m. Massachusetts Gov. Mitt Romney. 11:20 a.m. Sen. Sam Brownback. 11:30 a.m. Arkansas Gov. Mike Huckabee. 2:35 p.m. White House Press Secretary Tony Snow. 3 p.m. Sen. George Allen. 4:25 p.m. Attorney General Gonzales. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

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SUPPORT THE TROOPS _ Military family members and supporters from around the country attend 2nd annual Support the Troops weekend. Highlights: 9 a.m. Capitol Hill visits to encourage members of Congress to support America's efforts in Iraq, Afghanistan, elsewhere. (Time is approximate). 7 p.m. Greet wounded soldiers and their families, arriving Walter Reed Army Medical Center, main gate, 7200 Georgia Ave., NW.

ELECTION REFORM _ 8:30 a.m. The AEI-Brookings Election Reform Project holds a conference on the status of election reform efforts, with Rep. Rush Holt giving the keynote address at 8:30 a.m. Location: 12th floor, AEI, 1150 17th St. NW.

HOUSE DEMOCRATS _ 9 a.m. House Democrats hold a forum with economic experts and citizens discussing the impact of the economy on the economic security of families. Location: Room HC-5, Capitol.

PENTAGON-IRAQ _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq , to provide an update on ongoing security operations in that country. Location: DOD Briefing Studio, Pentagon 2E579.

RUMSFELD _ 11 a.m. Secretary of Defense Donald H. Rumsfeld holds a Pentagon Town Hall meeting for Pentagon employees. He will be joined by Chairman of the Joint Chiefs of Staff Gen. Peter Pace. Location: Pentagon Auditorium, Room BH650, Pentagon.

ANTIWAR VOTERS _ 11:30 a.m. CODEPINK launches www.givepeaceaVOTE.org. Pink slips, peace signs, and anti-war voters, including Yoko Ono, Jackson Browne, Susan Sarandon, Kate Hudson, Samuel L. Jackson, Howard Zinn, Alice Walker, Anne Lamott, Michael Franti, will participate. Location: Outside Hart Senate Building.

CELLULOSIC ETHANOL _ 12 p.m. The Environmental and Energy Study Institute holds a briefing on cellulosic ethanol technologies. Location: Room 1302, Longworth.

ELECTION _ 12 p.m. The Cato Institute holds a briefing on electoral competition and American politics, with Michael McDonald of Brookings Institution and John Samples of Cato. Location: Room B-338, Rayburn.

BIOTECHNOLOGY-COSTS _ 12:15 p.m. The Alliance for Health Reform and the journal Health Affairs holds a briefing on biotechnology costs, with James Robinson of the University of California-Berkeley; Sean Tunis, Health Technology Center; Jim Greenwood, President of BIO, a biotechnology trade association; and M. Carolina Hinestrosa of the National Breast Cancer Coalition. Location: Columbus Club, Union Station.

WORKING POOR _ 12:30 p.m. The New America Foundation holds a program the living wage and the working poor, with Robert Strauss of Carnegie Mellon University, others. Location: 7th floor, 1630 Connecticut Ave. NW.

ASTRONAUT-SPACE STATION _ 12:49 p.m. The First female space tourist Anousheh Ansari, currently aboard the International Space Station and a George Washington University alumna, speaks GW students from space. Location: 3rd floor amphitheater, Marvin Center, 800 21st St. NW.

FLU PANDEMIC-FAUCI _ 1:30 p.m. Dr. Anthony Fauci, director of NIH's National Institute of Allergy and Inefectious Diseases, delivers a lecture on the threat of pandemic influenza, titled, ``Biodefense and Pandemic Influenza: The Research and Public Health Interface. Location: Pryzbyla Center Great Room, Catholic University of America, 620 Michigan Ave. N.E.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush, GOP Rebels Agree On Detainee Bill (AP)

By Anne Plummer Flaherty

The AP, September 21, 2006

The White House and rebellious Senate Republicans announced agreement Thursday on rules for the interrogation and trial of suspects in the war on terror. President Bush urged Congress to put it into law before adjourning for the midterm elections.

"I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks," the president said, shortly after administration officials and key lawmakers announced agreement following a week of high-profile intraparty disagreement.

Sen. John McCain of Arizona, one of three GOP lawmakers who told Bush he couldn't have the legislation the way he initially asked for it, said, "The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice."

"There's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," McCain said, referring to the international treaties covering the treatment of prisoners in wartime.

The central sticking point had been a demand from McCain, Sen. John Warner of Virginia and Sen. Lindsey Graham of South Carolina that there be no attempt to redefine U.S. obligations under the Geneva Conventions.

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The agreement contains key concessions by the White House, including dropping a provision that would have interpreted Geneva Convention obligations and another allowing a defendant to be convicted on evidence he never sees if it is classified. The legislation, however, makes clear the president has the authority to enforce the treaty.

CIA Director Michael Hayden has said the agency needed to be confident that its interrogation program for high-value terror suspects is legal.

"Much remains in the legislative process," he said in a written statement to the agency personnel. But "if this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack al-Qaida and protect American and allied lives."

Added Stephen Hadley, the president's national security adviser, on CIA interrogations: "The good news is the program will go forward."

Rep. Duncan Hunter, R-Calif., who opposed such a measure, indicated he was not satisfied with the piece on classified information: "We're going to look at it closely. And we have some recommendations with respect to classified information."

Hadley said the bar would be "very high" and that classified information would not be automatically shared with terrorists.

"Our view is we think it's a good approach because the likelihood of that occurring would be very remote," Hadley said.

Warner, chairman of the Senate Armed Services Committee, said he wouldn't consider the agreement sealed until Bush signed on.

That happened within an hour, when the president stepped before microphones in Orlando, Fla., where he was campaigning for Republican candidates in the fall.

The agreement "clears the way to do what the American people expect us to do — to capture terrorists, to detain terrorists, to question terrorists and then to try them," he said.

The accord was sealed in a 90-minute session in the office of Senate Majority Leader Bill Frist, who had earlier in the day told Warner, McCain and Graham it was time to close the deal. The four lawmakers were joined by Hadley, as well as other administration officials, for the final session.

If it survives scrutiny, the accord would fulfill a Republican political and legislative imperative — pre-election party unity on an issue related to the war on terror, and possible enactment of one of Bush's top remaining priorities of the year.

The evident compromise came less than a week after Bush emphatically warned lawmakers at a news conference he would shut down the interrogation of terror suspects unless legislation was sent to his desk. "Time's running out," he said.

The White House shifted its tone from combative to compromising within 48 hours, though, and officials began talking of a need for an agreement that all sides would be comfortable with.

Whatever the outcome, the controversy has handed critics of the president's conduct of the war on terror election-year ammunition.

Bush's former secretary of state, Colin Powell, dismayed the administration when he sided with Warner, McCain and Graham. He said Bush's plan, which would have formally changed the U.S. view of the Geneva Conventions on rules of warfare, would cause the world "to doubt the moral basis" of the fight against terror and "put our own troops at risk."

The handling of suspects is one of two administration priorities relating to the war on terror.

The other involves the president's request for legislation to explicitly allow wiretapping without a court warrant on international calls and e-mails between suspected terrorists in the United States and abroad. One official said Republicans had narrowed their differences with the White House over that issue, as well, and hoped for an agreement soon.

Republican leaders have said they intend to adjourn Congress by the end of the month to give lawmakers time to campaign for re-election.

The Supreme Court ruled in June that Bush's plan for trying terrorism suspects before military tribunals violated the Geneva Conventions and U.S. law.

The court, in a 5-3 ruling, found that Congress had not given Bush the authority to create the special type of military trial and that the president did not provide a valid reason for the new system. The justices also said the proposed trials did not provide for minimum legal protections under international law.

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About 450 terrorism suspects, most of them captured in Afghanistan and none of them in the U.S., are being held by military authorities at Guantanamo Bay, Cuba. Ten have been charged with crimes.

White House, Senators Near Pact On Interrogation Rules (WP)

By R. Jeffrey Smith And Charles Babington, Washington Post Staff Writers

The Washington Post, September 22, 2006

President Would Have a Voice in How Detainees Are Questioned

The White House and dissident Senate Republicans reached a tentative accord yesterday on legislation that President Bush said would provide for continued tough interrogations of terrorism suspects by the CIA at secret detention sites.

The accord, which includes a plan for future military trials of alleged terrorists, also spells out rules for the use of classified evidence as well as information obtained through coercion of some detainees.

While the deal is subject to further discussion with House Republican leaders, it resolved the most contentious issues in the Bush administration's high-profile drive to gain congressional backing for its detainee policies before Congress adjourns next week. It also could help settle an intraparty fracas that worried GOP leaders in the run-up to the November elections.

Both sides declared that they had achieved their aims. Bush hailed the accord in a brief televised appearance from Orlando. He said the deal preserved "the CIA program to question the world's most dangerous terrorists and to get their secrets." CIA Director Michael V. Hayden told the agency in a statement that "if this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program."

Sen. John McCain (R-Ariz.), a prisoner during the Vietnam War who led the Senate rebellion against the administration's proposals, said, "The agreement that we've entered into gives the president the tools that he needs to continue to fight the war on terror and bring these evil people to justice." But he added: "There is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved."

On the key issue of detainee treatment that had caused the impasse between the White House and the dissident Republicans, the two sides agreed on a list of specified crimes that would provoke prosecution of CIA interrogators and others. They also agreed that past violations of the Geneva Conventions, an international treaty barring degrading and humiliating treatment of detainees, would not result in criminal or civil legal action.

The White House, for its part, yielded in its demand to adopt, with congressional approval, a restricted definition of its obligations under Common Article 3 of the Geneva Conventions. That article requires humane treatment of detainees and bars "violence to life and person," such as death and mutilation, as well as cruel treatment and "outrages upon personal dignity."

The compromise language gives the president a dominant -- but not exclusive -- role in deciding which interrogation methods are permitted by that provision of the treaty. It also prohibits detainees from using the Geneva Conventions to challenge their imprisonment or seek civil damages for mistreatment, as the administration sought.

Subsidiary legal disputes will probably be hammered out in coming days, Sen. Majority Leader Bill Frist (R-Tenn.) said at a crowded news conference outside his office.

Sen. Lindsey O. Graham (R-S.C.), a key McCain ally, said that "we struck a great balance" by agreeing that in future military trials, known as "commissions," classified materials must be provided to defendants in summary or redacted form. The administration had sought the right to use such evidence without disclosing it to defendants in any form, but Graham said the legislation would instead let defendants "confront the evidence."

The administration envisions using the new rules in military trials that may involve some of the 14 key terrorism suspects whom Bush this month ordered transferred from secret CIA prisons to the detention facility in Guantanamo Bay, Cuba.

Yesterday's final marathon talks occurred in Vice President Cheney's little-known office on the second floor of the Dirksen Senate Office Building. McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.), plus Hadley and Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, met almost continuously from 9:30 a.m. to 2 p.m., the sources said, and then moved to Frist's office around 3 p.m. to announce their breakthrough.

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The White House has pressed for the legislation partly to obtain immunity from prosecution for government officials, including CIA interrogators, for past acts that degraded and humiliated detainees. Its impetus was a Supreme Court ruling in June, in Hamdan v. Rumsfeld , that declared some aspects of the administration's past interrogation and trial policies illegal.

Officials' anxieties were provoked by a 10-year-old U.S. law, the War Crimes Act, that makes violations of the Geneva Conventions' prohibitions on degrading and humiliating detainees, as well as actions that amount to "outrages upon personal dignity," subject to felony prosecution. Senior military officials have told Congress those prohibitions were violated.

The agreement coalesced around two crucial issues: the GOP senators' insistence that Bush not be allowed to reinterpret the meaning of the Geneva Conventions, and the White House's insistence that CIA agents not be subject to prosecution for aggressive interrogation techniques -- tactics that did not constitute torture but were more aggressive than "simple assault."

The biggest hurdle, Senate sources said, was convincing administration officials that lawmakers would never accept language that allowed Bush to appear to be reinterpreting the Geneva Conventions. Once that was settled, they said, the White House poured most of its energy into defining "cruel or inhuman treatment" that would constitute a crime under the War Crimes Act. The administration wanted the term to describe techniques resulting in "severe" physical or mental pain, but the senators insisted on the word "serious."

Negotiations then turned to the amount of time that a detainee's suffering must last before the treatment amounts to a war crime. Administration officials preferred designating "prolonged" mental or physical symptoms, while the senators wanted something milder. They settled on "serious and non-transitory mental harm, which need not be prolonged."

These definitions appear in a section of the legislation that specifically lists "grave breaches" of the Geneva Conventions that might bring criminal penalties.

For lesser offenses barred by the Geneva Conventions -- those lying between cruelty and minor abuse, putting them at the heart of the intraparty dispute -- the draft legislation would give the president explicit authority to interpret "the meaning and application" of the relevant provisions in Common Article 3. It also requires that such interpretations be considered as "authoritative" as other U.S. regulations.

But the language also requires that such interpretations be published, rather than described in secret to a restricted number of lawmakers. That provision was demanded by the dissident lawmakers, who resented the administration's past efforts to curtail the number of members who were told of its policies. The provision also affirms that Congress and the judiciary can play their customary roles in reviewing the interpretations, a statement that Senate sources say the White House vigorously resisted.

A senior administration official, who spoke on the condition of anonymity, said in an interview that Bush essentially got what he asked for in a different formulation that allows both sides to maintain that their concerns were addressed. "We kind of take the scenic route, but we get there," the official said.

Democrats sounded a cautious note about the Republican accord, calling attention to the past Republican division rather than taking a position on the compromise.

Staff writer Peter Baker contributed to this report.

Deal On Suspects Closes GOP Rift (USAT)

By David Jackson And Kathy Kiely

USA Today, September 22, 2006

WASHINGTON — President Bush and Senate Republicans reached a deal Thursday on rules for secret CIA interrogations and military trials for terrorism suspects, defusing a fight over national security that divided the GOP less than seven weeks before Election Day.

Bush said the new proposal preserves a CIA interrogation program that he called the “most potent tool we have in protecting America and foiling terrorist attacks.” If approved next week by the House and Senate, it would pave the way for trials of 9/11 and other “high value” terrorism suspects being held at Guantanamo Bay, Cuba.

Senate Republicans who opposed Bush's original proposal said new language preserves U.S. obligations under the Geneva Conventions, which require humane treatment for prisoners of war, and defines for the CIA what is not acceptable.

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"We're going to do it in a way that won't come back to haunt us if our troops fall into enemy hands in the next war," said Sen. Lindsey Graham, R-S.C.

At issue are how CIA agents can get information from terrorism suspects without violating prisoner-treatment rules under the Geneva Conventions and how evidence gathered from those interrogations can be used at trial.

Graham, Senate Armed Services Chairman John Warner of Virginia and Sen. John McCain of Arizona, the key GOP dissidents, said the compromise upholds the Geneva Conventions as they wanted. Bush national security adviser Stephen Hadley said the CIA got the guidelines it needs to continue interrogations, as Bush sought. The president also wanted to allow secret evidence in trials of terrorism suspects, but the deal limits its use, as the senators had insisted.

At least one key Republican, House Armed Services Chairman Duncan Hunter of California, expressed reservations about the restrictions on secret evidence. He said he fears the government won't be able to convict terrorism suspects without it.

Hadley reached the agreement after day-long negotiations with Warner, McCain, Graham and other Republicans. Bush's military trial plan was a response to a decision by the Supreme Court in June that struck down an earlier version.

The deal comes as campaigns heat up for the Nov. 7 elections to decide control of Congress. Bush and GOP candidates are stressing their party's handling of national security and wanted to get the dispute behind them.

"It's good news for the Republicans to have that issue, at least for a while, off the political radar screen," said Sherry Bebitch Jeffe, a political scientist at the University of Southern California.

Democrats appeared likely to back the compromise. "It is time to make the tough and smart decisions to give the American people the real security they deserve," said Senate Minority Leader Harry Reid of Nevada.

Accord Is Reached On Framework For Detainee Bill (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 22, 2006

WASHINGTON -- Ending weeks of division, the White House and Senate Republicans agreed on a framework for legislation defining the tribunal structure and rules of evidence for trying enemy combatants in the war on terror.

The compromise must still be reviewed by House leaders and final details were sketchy. But if the pact holds, it removes a major obstacle for the administration and all but assures that Congress can complete action on an emotional issue that has engaged all three branches of the government.

Going into the fall elections, the compromise also is crucial for Republicans, who have been embarrassed by the party split just when they had wanted to present a united front against Democrats on national-security issues. Even now, the White House faces resistance to a second legislative request, authorizing warrantless surveillance of communications in and out of the U.S. And privately, Republicans admit that completing the second measure before lawmakers go home for the elections will be difficult.

The Supreme Court set the stage in June when it struck down the tribunal system set up by the administration, saying that defendants were being denied fundamental rights and that the system violated both the Uniform Code of Military Justice and the Geneva Conventions. The White House turned to Congress seeking specific authority for the alternative legal system it says it needs to try enemy combatants. But lawmakers were clearly troubled by what changes they should permit, especially in regard to Geneva Convention protections of prisoners and coerced testimony.

Senate Armed Services Committee Chairman John Warner (R., Va.) played a central role in challenging the White House, but the fight inevitably focused on resistance mounted by Sen. John McCain (R., Ariz.), a former prisoner of war in Vietnam. The Geneva Conventions have huge importance for Mr. McCain, and though some observers said it may have hurt his ambitions to seek the Republican presidential nomination in 2008, he stood against Mr. Bush with Mr. Warner and Sen. Lindsey Graham (R., S.C), a third member of the Armed Services panel and an experienced military attorney.

Yesterday, after a meeting to finalize the compromise, the three senators appeared in a show of Republican unity with National Security Adviser Stephen Hadley, Majority Leader Bill Frist (R., Tenn.) and others. "There's no doubt that the integrity and letter and spirit of the Geneva Convention have been preserved," Mr. McCain said. He brushed off any talk about who prevailed

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politically in the showdown. "We're all winners because we've been able to come to an agreement through a process of negotiations and consensus."

President Bush said the compromise met his test: that the Central Intelligence Agency would be able to continue its covert interrogation program targeted at high-level terrorist detainees. "I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks..." he said.

Under the compromise, Congress would rewrite a portion of the War Crimes Act to specify what actions by interrogators amount to a felony war crime. Torture and causing serious bodily injury are among the actions on the list, in line with what the negotiators said is required under U.S. treaty obligations. The definitions would apply retroactively to 1997, to protect U.S. officials from what Mr. Graham said was a vague earlier law. "You don't want to trivialize war crimes. They should be a serious violation of law," Mr. Graham said.

The president, meanwhile, would get the authority to set policies regarding interrogation techniques that fall short of being classified as war crimes. That provision already is drawing criticism from the American Civil Liberties Union, which said it would give the president "unilateral authority to declare certain torture and abuse legal and sound."

On the uses of coerced and classified evidence, the compromise took much the same approach as the legislation proposed by Sens. Warner, McCain and Graham. In the military trials of terror suspects, coerced evidence could be used if a judge decides it is reliable, illuminates the facts and is in the best interest of justice, Mr. Graham said.

Defendants wouldn't automatically be able to see classified evidence, but they would be able to rebut anything shared with the jury. Mr. Graham said that was critical to protect U.S. troops in future wars from possible unfair jurisdiction abroad. But treatment of classified evidence may yet be a sticking point with the House, where leaders have emphasized the need to fight terrorism.

"You're playing trial lawyer with this thing and you have American lives you have to think about," said House Speaker Dennis Hastert (R., Ill.).

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GOP Compromises On Terror Detainees (WT)

By Charles Hurt And Amy Fagan

The Washington Times, September 22, 2006

Dissident Senate Republicans and the White House reached a deal yesterday on legislation for how to handle the terror suspects held at Guantanamo Bay, allowing them to turn their attention to differences they might have with Democrats.

"The agreement that we've entered into gives the president the tools that he needs to continue to fight the war on terror and bring these evil people to justice," said Sen. John McCain of Arizona, who was among the Republicans who objected to the original White House proposals because they wanted the detainees granted broader civil rights, especially in terms of guaranteeing a fair trial.

"I also believe that it's consistent with the standards under the detainee treatment act, and there is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," said Mr. McCain, a veteran who was held prisoner and tortured in northern Vietnam.

Mr. McCain announced his support for the deal at a Capitol press conference accompanied by fellow Republican defectors Lindsey Graham of South Carolina and John W. Warner of Virginia.

President Bush said his only concern about the legislation was whether CIA interrogators could operate with enough freedom to glean information "to protect the American people."

"I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA program to question the world's most dangerous terrorists and to get their secrets," he said during a campaign stop in Florida.

"The measure also creates military commissions that will bring these ruthless killers to justice," he said. "In short, the agreement clears the way to do what the American people expect us to do: to capture terrorists, to detain terrorists, to question terrorists, and then to try them."

Senate Majority Leader Bill Frist said the final deal must still be shared with Senate and House Republicans as well as Senate Democratic leaders. But he hopes to have the bill on the Senate floor early next week for a vote before Congress recesses at the end of this month for the November elections.

House Majority Leader John A. Boehner, Ohio Republican, praised the deal for allowing the administration's CIA interrogation program to go forward and quickly shifted the focus from Republican opposition to Democratic opposition.

"The Democrats have a choice," he said. "They can either work with Republicans to preserve this crucial program or move to shut it down and continue to oppose every responsible effort to provide President Bush with the tools he needs to keep America safe."

Democrats late yesterday remained silent on the deal, telling reporters that they would not comment until after studying the deal more closely.

But Senate Minority Leader Harry Reid, Nevada Democrat, said Democrats are united behind bringing terrorists to justice "in a manner consistent with our laws, our values and our national security."

"Hopefully, today's press conference means that President Bush and the congressional Republican leadership have changed course and listened to numerous national security experts such as General Colin Powell," he added.

Under the deal, Republicans said, defendants in the terror trials could see any information given to a jury but classified material could be redacted.

House Armed Services Committee Chairman Duncan Hunter, California Republican, was critical of this White House concession.

"Classified information, we feel, should still be allowed to be used for a conviction," he said, arguing that the Senate deal leaves the U.S. military two choices -- either declassify the information or dismiss the case if no other evidence can be found.

Under the deal, hearsay evidence and coerced testimony can be used in some circumstances. The deal also prohibits "grave breaches" of the Geneva Conventions, described as acts such as torture, rape, or cruel and inhuman treatment. Mr. Bush can define anything short of "grave breaches."

Senate Majority Whip Mitch McConnell, Kentucky Republican, called the compromise "a big win in the continuing war on terror."

"The president was very clear that any legislation on terrorist detainees must ensure that our intelligence-gathering interrogation program can continue," he said. "As the president said, this valuable program has saved innocent American lives and is preventing future terrorist attacks. The legislation we will soon consider on the Senate floor meets the president's criteria."

Bush Bows To Senators On Detainees (LAT)

By Julian E. Barnes And Richard Simon, Times Staff Writers

The Los Angeles Times, September 22, 2006

The White House agrees to new rules banning the most controversial CIA tactics but allowing a secret interrogation program to continue.

WASHINGTON — President Bush acceded to dissident Senate Republicans on Thursday, agreeing to new rules for interrogating and prosecuting suspected terrorists that leave intact international treaty protections against torture.

In a major concession to Arizona Sen. John McCain and other Republicans, the administration dropped its efforts to have Congress redefine U.S. obligations under the Geneva Convention. The compromise bill in effect bans the most controversial CIA interrogation tactics, including water boarding, a form of simulated drowning, said those involved in the negotiations.

At the same time, the agreement gives Bush the legal protections he said were needed to preserve a secret CIA interrogation program. The compromise bill would allow Bush the latitude to employ interrogation tactics which go beyond legal limits set for the U.S. military.

Both McCain and Bush hailed the agreement, saying their most important priorities had been met.

"There is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," McCain said after hours of closed-door, often tense negotiations.

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Bush, campaigning for GOP candidates in Florida, said the agreement would achieve his goal of preserving a critical CIA interrogation program that "will help us crack the terror network and to save American lives."

But many human rights advocates involved in the debate expressed satisfaction that the White House had been forced to drop its demands that Congress redefine U.S. treaty obligations.

"The administration did not achieve its goal of having the Geneva Convention redefined," said Elisa Massimino, the Washington director of Human Rights First. "The agreement makes clear that the president can't downgrade the humane treatment standards of the Geneva Conventions, and that Congress is unwilling to do that."

While at least a partial setback for Bush, the deal heads off a politically embarrassing intra-party showdown in an election year and also paves the way for trials of terrorism suspects held at Guantanamo Bay, Cuba. The compromise followed weeks of wrenching debate in which Bush's proposal was criticized by leading members of his own party, including McCain and former Secretary of State Colin L. Powell.

Sen. Lindsey Graham (R-S.C.) said the legislation would permit aggressive interrogation techniques that will "get us good information" but would "put boundaries around conduct that would not represent American values."

The compromise sets the stage for expected Senate approval next week of legislation authorizing military tribunals to try the suspects at Guantanamo Bay. The House also is expected to take up the bill. The interrogation provisions are part of the military tribunal measure.

Senate GOP leaders and the White House also were moving toward a compromise Thursday on legislation authorizing the president's warrantless domestic surveillance, a sign of the heightened anxiety among Republicans over the need to complete work on national security legislation before recessing next week.

The compromise came together after Senate Majority Leader Bill Frist (R-Tenn.) — worried about time running out — called administration officials and the dissident GOP senators together.

The tribunal legislation was necessitated by a Supreme Court ruling in June that struck down the administration's earlier rules for detaining and prosecuting accused terrorists. Among those who are expected to be put on trial, once the legislation becomes law, are self-proclaimed Sept. 11 planner Khalid Shaikh Mohammed and 13 other suspected leaders of Al Qaeda who are now at the U.S. detention facility in Guantanamo Bay.

At issue was the meaning of Common Article 3, a provision of the Geneva Convention of 1949. The provision bans torture and cruel treatment and is considered a minimum level of protection for those taken prisoner in armed conflicts. But the Bush administration considers parts of Common Article 3 too vague, including its prohibition on "outrages upon personal dignity."

McCain, a former POW, along with Graham and Republican Sen. John Warner of Virginia, chairman of the Senate Armed Services Committee, had resisted the administration's efforts to redefine U.S. obligations under the Geneva Convention. They contended it would lead other nations to reinterpret their treaty obligations and put captured Americans at risk.

The compromise lists nine violations of Common Article 3 that are considered war crimes. It bans cruel and inhuman treatment, as McCain wanted. But it does not classify "degrading" treatment as a war crime, a concession by the Senate Republicans to Bush.

Under Thursday's deal, the administration dropped its opposition to making the infliction of "serious mental pain or suffering" a war crime. The compromise also bans shorter-term "non-transitory" suffering.

A Senate staffer involved in negotiations said that would ban the most outrageous of CIA methods, including water boarding — a tactic in which detainees are made to feel as if they're drowning — and mock executions.

"That was designed so that water boarding will never again be allowed," said the staffer. "Everyone was nodding their heads. This was out on the table. Sen. McCain said: 'We are not going to be water-boarding people. We are not going to be firing guns next to their heads. We will not be threatening them with death.' "

Although the bill allows the president to issue interpretations of the Geneva Convention, it also requires that any such executive interpretation be published in the Federal Register. Regulations and orders published in the Federal Register may be reviewed — and overridden — by Congress. Human rights organizations said they could accept that compromise because it would keep the administration's actions public, and thus subject to review.

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"The important part of the compromise is that Congress and the judiciary will retain their oversight role," said Tom Malinowski, the Washington advocacy director for Human Rights Watch. "The administration will say what it says, but it is no more binding than any regulation and subject to judicial review."

In a statement, the CIA director, Gen. Michael V. Hayden, said he was happy with the compromise.

"If this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack Al Qaeda and protect American and Allied lives," Hayden said.

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, expressed concern that the Senate compromise would allow suspects to gain access to classified evidence.

"There's still work to do on this bill," he said, but added, "We're very close."

Graham said the compromise would shield methods and sources of intelligence from being disclosed but would not allow a suspect to be convicted without seeing the evidence.

"It boils down to: If it goes to the jury, it goes to the defendant," said the Senate staffer.

Originally the Bush administration wanted to be able to use classified information and keep it secret from the defendant. But Hadley said the administration was satisfied with the compromise because it prohibited defendants from using the legal process of discovery or other mechanisms to get access to classified information.

A final sticking point between the Republican senators and the administration was the use of coerced evidence. For trials of suspects captured in the future, the compromise excluded evidence that was gathered by torture and methods that violated prohibitions on cruel treatment.

For detainees now in custody, including the 14 suspected terrorists recently transferred to Guantanamo, it will be up to military judges to decide what coerced evidence can be used.

McCain, a possible 2008 presidential candidate, refused to say who came out ahead in the fight over detainees.

"In this business, people say, 'Who's the winners and who's the losers?' There's none," he said. "We're all winners because we've been able to come to an agreement through a process of negotiation and consensus."

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Times staff writer Richard B. Schmitt in Washington contributed to this report.

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(INFOBOX BELOW)

The new rules

Highlights of the agreement between the White House and Senate Republicans dealing with the treatment of terrorist suspects:

• Requires that a defendant being tried by military commission have access to any evidence given to a jury.

• Drops a section of the administration's previous proposal that stated an existing ban on cruel, inhuman or degrading treatment satisfies the nation's obligations under the Geneva Convention.

• Prohibits "grave breaches" of the Geneva Convention. Defines grave breaches as acts such as torture, rape, biological experiments, and cruel and inhuman treatment.

• Notes the president has the authority to interpret "the meaning and application" of the Geneva Convention.

• Allows hearsay evidence.

• Allows coerced testimony if the statement was acquired before a 2005 ban on cruel, inhuman or degrading treatment and a judge finds it to be reliable. Bans coerced statements taken after the 2005 ban went into effect if constitutional definitions of cruel, inhuman or degrading treatment were violated.

• Bars individuals from protesting violations of Geneva Convention standards in court.

Source: Associated Press

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Republicans Reach Deal On Detainee Bill (NYT)

By Kate Zernike

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Bush administration and Congressional Republicans reached agreement Thursday on legislation governing the treatment and interrogation of terror suspects after weeks of debate that divided Republicans heading into the midterm elections.

Under the deal, President Bush dropped his demand that Congress redefine the nation's obligations under the Geneva Conventions, handing a victory to a group of Republicans, including Senator John McCain of Arizona, whose opposition had created a showdown over a fundamental aspect of the rules for battling terrorism.

The administration's original stance had run into fierce resistance from former and current military lawyers and Mr. Bush's former secretary of state, Colin L. Powell, a former chairman of the Joint Chiefs of Staff. They argued, as did Mr. McCain and the other two senators leading the resistance, that any redefinition would invite other nations to alter their obligations and endanger American troops captured abroad.

"There is no doubt that the integrity and the letter and the spirit of the Geneva Conventions have been preserved," said Mr. McCain, who was tortured during more than five years as a prisoner in North Vietnam.

Members of Congress and administration officials announced the deal after emerging from a tense and intricate all-day meeting in Vice President Dick Cheney's office in a Senate building, saying they would try to push it through in the five days Congress is scheduled to meet before lawmakers leave to campaign.

The White House moved quickly to assert that it had not surrendered. Administration officials characterized the negotiations as cooperative and the result as a victory for all sides.

"The agreement clears the way to do what the American people expect us to do: to capture terrorists, to detain terrorists, to question terrorists, and then to try them," Mr. Bush said in Orlando, Fla., where he was attending fund-raisers for several Republican candidates.

The dispute revolved around how to define the rules governing the interrogations of terror suspects and providing legal protection to C.I.A. officers conducting interrogations. Under the deal, Congress would seek to codify the limits by outlining in the War Crimes Act, a domestic law, several "grave breaches" of the relevant provision of the Geneva Conventions, known as Common Article 3. The deal would eliminate a legislative provision in the original White House proposal saying that compliance with the Detainee Treatment Act, which Congress passed last year and which bans "cruel, inhuman or degrading treatment," would by itself satisfy the obligations of the United States under the conventions.

"Everybody agreed we ought to try and do it in a way that did not involve modifying or amending our international obligations," said Stephen J. Hadley, the president's national security adviser. "That was the objective we all came to here in the last week. The goal was whether we could find language mutually agreed between the Senate and the White House that would achieve those objectives."

Dan Bartlett, counselor to the president, said: "We proposed a more direct approach to bringing clarification. This one is more of the scenic route, but it gets us there."

The agreement says the executive branch is responsible for upholding the nations' commitment to the Geneva Conventions, leaving it to the president to establish through executive rule any violations for the handling of terror suspects that fall short of a "grave breach." Significantly, Senate aides said, those rules would have to be published in the Federal Register.

The agreement provides several pages describing "grave breaches" that would not be allowed, starting with torture and including other forms of assault and mental stress. But it does not lay out specific interrogation techniques that would be prohibited.

The adjustment to the War Crimes Act, "will put the C.I.A. on notice of what they can and can't do," said Senator Lindsey Graham of South Carolina, who, along with Senator John W. Warner of Virginia, joined Mr. McCain in leading resistance to the White House approach. "It would take off the table things that are not within American values."

Asked about one of the most controversial interrogation techniques, a simulated drowning known as water-boarding, Mr. Graham said, "It is a technique that we need to let the world know we are no longer engaging in."

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Gen. Michael V. Hayden, the C.I.A. director, issued a statement to employees, saying, "If this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack Al Qaeda and protect American and allied lives."

The senators were careful not to characterize winners and losers. "This was a give-and-take," Mr. Graham said.

The senators agreed to a White House proposal to make the standard on interrogation treatment retroactive to 1997, so C.I.A. and military personnel could not be prosecuted for past treatment under standards the administration considers vague.

Senators Graham McCain and Warner said the agreement met the three goals they set from the beginning: to preserve the Geneva Conventions, to allow the C.I.A. to continue interrogations and to set up a program that would pass court review.

On another point of contention, the use of classified evidence in prosecutions of terror suspects, the senators won agreement that suspects would be allowed to see any evidence the jury sees, which the senators say is in keeping with 200 years of American judicial tradition. But the agreement includes procedures that would strip the evidence of the most sensitive details that lawmakers have worried could be used to plan more attacks.

The agreement would not allow any evidence obtained by techniques that violate the Detainee Treatment Act, and would not allow hearsay evidence that the defense successfully argues is not reliable or probative.

The Supreme Court had thrown the issue to Congress in June, when it struck down the tribunals the president established shortly after the terror attacks of Sept. 11, 2001, saying they violated constitutional and international law.

After weeks of standoff over proposed legislation, the two sides had begun to negotiate in earnest in the last few days, after Mr. Hadley said on the Sunday morning news programs that he believed they could reach consensus without modifying international agreements.

Thursday morning, Senator Bill Frist of Tennessee, the majority leader, who has supported the president's approach, told Mr. Warner that with just a week left before the Senate is to adjourn, they needed a deal by evening.

Mr. Frist said he would send the bill to the floor. In the House, Representative Duncan Hunter of California, chairman of the Armed Services Committee, said he had some concerns about the use of classified evidence, but added, "I think we're very close."

Democrats have put their trust in Senators Graham, McCain and Warner to push back against the White House, and Thursday they signaled that they intended to continue cooperating. "Five years after Sept. 11, it is time to make the tough and smart decisions to give the American people the real security they deserve," said the Democratic leader, Harry Reid of Nevada.

Still, Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, said he would press to change a provision in the proposal that would deny detainees a right to challenge their captivity in court.

White House In Deal On CIA Prisons (FT)

By Caroline Daniel

Financial Times, September 22, 2006

The White House on Thursday ended the impasse over its interrogation and detention policies when it agreed to compromise with a group of influential Republican senators, and said it would not seek to amend the terms of the Geneva Conventions.

President George W. Bush hailed the deal as meeting his goal of allowing the tougher interrogation of terrorist suspects at secret prisons run by the Central Intelligence Agency, and prosecution of them using a new form of military tribunals.

"I'm pleased to say that this agreement preserves the most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA programme to question the world's most dangerous terrorists and to get their secrets."

However, the compromise, struck on Thursday after six hours of intense negotiations, marks a second moral victory for Senator John McCain, who last year took on the White House over the Detainee Treatment Act, which prohibits cruel or inhumane treatment of prisoners, and Senator Lindsey Graham and Senator John Warner.

"The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice," said Mr McCain, who has made interrogations a signature issue and who has earned

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credibility on the issue after his years of being tortured in Vietnam. “There’s no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved.”

The battle had threatened to undermine both the Republican effort to show unity on national security issues and make that a cornerstone of party re-election efforts.

White House negotiators had also faced heavy criticism that they were undermining the Geneva Conventions, governing the rights of wartime detainees, by their insistence that they wanted to clarify the terms of Article 3. Although the new language was not made public, it did not now include changes to the convention, officials said.

The compromise language will be introduced as an amendment next week, when the bill could be brought to the Senate floor. Mr Bush on Thursday urged Congress to send him legislation before it wraps up business next week.

If the bill passes, it will also allow the creation of controversial military tribunals.

“The agreement clears the way to do what the American people expect us to do, to capture terrorists, to detain terrorists, to question terrorists, and then to try them,” said Mr Bush.

Bush, Senators Reach Agreement On Detainee Interrogation Legislation (MCT)

By Margaret Talev

McClatchy Newspapers, September 22, 2006

WASHINGTON - The White House and dissident Republican senators reached an agreement Thursday that would allow the CIA's controversial terrorist interrogation program to continue and trials of suspected Islamic terrorists to begin but preserve the Geneva Conventions' prohibitions against mistreating wartime prisoners.

President Bush began asking Congress for new authority to question and try suspected terrorists after the Supreme Court ruled 5-3 in June that his plan for special military tribunals violated both U.S. law and the Geneva Conventions.

If it's approved by the full Senate and the House of Representatives before the end of next week, when Congress is set to recess, Thursday's agreement also could end a weeks-long intra-party rift and unite Republicans around their core national security message as they head into crucial midterm elections.

Final passage of the compromise is likely, but hurdles remain. Most Democrats and Republicans didn't yet know the terms of the agreement Thursday, and House Armed Services Committee Chairman Duncan Hunter, R-Calif., said he had some concerns about detainees gaining too much access to classified information. The White House and CIA voiced no such concerns, however.

President Bush, speaking from a Republican fund-raiser in Orlando, Fla., said the accord "preserves the . . . most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA program to question the world's most dangerous terrorists and to get their secrets."

CIA Director Michael Hayden told his staff in a memo that the agreement would give his operatives "the clarity and the support that we need to move forward . . . ."

Sen. John McCain, R-Ariz., one of three Republican senators who forced the administration to compromise, said he was satisfied with the agreement.

"There is no doubt that the integrity and sprit of the Geneva Conventions have been preserved," he said at a news conference with other senators and administration officials.

Sen. Lindsey Graham, R-S.C., who'd joined McCain and Armed Services Committee Chairman John Warner, R-Va., in forcing the White House to temper its original proposal, said he believed the compromise would prohibit simulated drowning, or "water-boarding" as a CIA interrogation technique.

But Graham didn't rule out other aggressive techniques such as sleep deprivation or playing loud music. He said the legislation wouldn't spell out which "alternative interrogation techniques" are permitted and which are prohibited.

Specifics were sketchy, as negotiators didn't immediately release details in writing.

As outlined by lawmakers and administration officials, the deal provides CIA interrogators with protection, retroactive to 2001, against being prosecuted as war criminals for most interrogation methods on high-value detainees.

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But the administration appeared to bow to demands from McCain, Graham and Warner, who'd voiced concerns raised by dozens of current and former high ranking military and diplomatic officials, including five former chairmen of the Joint Chiefs of Staff and Republican Secretaries of State Colin Powell and George Shultz.

The administration had sought to more narrowly define the U.S. obligations under Common Article 3 of the international Geneva Conventions of 1949, which govern the treatment of prisoners of war. Critics said that Bush's approach could allow interrogation tactics too close to torture, invite other nations to back out of their treaty obligations and possibly lead to torture of U.S. soldiers in future wars. They also said it would damage the nation's international reputation by lowering the moral standards America observes in war.

Under the compromise, the administration would agree not to reinterpret the Geneva Conventions. Instead, the U.S. War Crimes Act would be revised to define "grave breaches" of Common Article 3, including murder, torture, biological experiments, rape and other acts.

The CIA would be instructed that it must abide by the Detainee Treatment Act, which was championed last year by McCain and rules out degrading treatment of detainees. But Congress would give the executive branch the power to define a lower category of mid-range felonies under the War Crimes Act.

The administration appeared to accept the senators' demand that classified information couldn't be used to convict a detainee unless the detainee was given at least a sense of what information was being used against him. The sources and methods of U.S. intelligence would be protected.

The senators also appeared to get most of what they wanted in terms of allowing a judge to throw out evidence that appeared to have been gleaned in violation of humane treatment standards.

The American Civil Liberties Union, however, urged lawmakers to reject the deal, saying it didn't protect due process and was "a compromise of America's commitment to the rule of law."

"The proposal . . . deliberately provides a `get out of jail free card' to the administration's top torture officials, " Caroline Fredrickson, director of the ACLU Washington Legislative Office, said in a written statement. ". . .The president would have the authority to declare what is - and what is not - a grave breach of the War Crimes Act, making the president his own judge and jury. . . . These are tactics expected of repressive regimes, not the American government."

But one prominent independent human-rights group hailed the deal.

"Today's agreement makes clear that the president cannot unilaterally downgrade the humane treatment standards of the Geneva Conventions," said Elisa Massimino, the Washington Director of Human Rights First, in a prepared statement. "The administration failed in its attempt to get around the prohibitions against torture and cruelty by arguing that the standards are `flexible.' "

In addition, Massimino said, the agreement "makes clear that `alternative interrogation procedures,' such as stress positions, induced hypothermia and water-boarding are not only prohibited by the treaty, they are war crimes."

However, she added, "concerns remain," including whether the administration's interpretation of the Geneva standards comports with the law, and whether alleged abuses in secret CIA prisons will ever be aired in courts.

Eugene Fidell, the president of the National Association of Military Justice, which serves as a watchdog over military prosecutions, said details of the deal were too scant to render an analysis. He sharply criticized the closed-door negotiations, saying the terms should have been the subject of public Senate hearings.

McClatchy Newspapers correspondents William Douglas, Greg Gordon and Jonathan S. Landay contributed to this report.

A Bad Bargain (NYT)

The New York Times, September 22, 2006

Here is a way to measure how seriously President Bush was willing to compromise on the military tribunals bill: Less than an hour after an agreement was announced yesterday with three leading Republican senators, the White House was already laying a path to wiggle out of its one real concession.

About the only thing that Senators John Warner, John McCain and Lindsey Graham had to show for their defiance was Mr. Bush's agreement to drop his insistence on allowing prosecutors of suspected terrorists to introduce classified evidence kept

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secret from the defendant. The White House agreed to abide by the rules of courts-martial, which bar secret evidence. (Although the administration's supporters continually claim this means giving classified information to terrorists, the rules actually provide for reviewing, editing and summarizing classified material. Evidence that cannot be safely declassified cannot be introduced.)

This is a critical point. As Senator Graham keeps noting, the United States would never stand for any other country's convicting an American citizen with undisclosed, secret evidence. So it seemed like a significant concession — until Stephen Hadley, the national security adviser, briefed reporters yesterday evening. He said that while the White House wants to honor this deal, the chairman of the House Armed Services Committee, Duncan Hunter, still wants to permit secret evidence and should certainly have his say. To accept this spin requires believing that Mr. Hunter, who railroaded Mr. Bush's original bill through his committee, is going to take any action not blessed by the White House.

On other issues, the three rebel senators achieved only modest improvements on the White House's original positions. They wanted to bar evidence obtained through coercion. Now, they have agreed to allow it if a judge finds it reliable (which coerced evidence hardly can be) and relevant to guilt or innocence. The way coercion is measured in the bill, even those protections would not apply to the prisoners at Guantánamo Bay.

The deal does next to nothing to stop the president from reinterpreting the Geneva Conventions. While the White House agreed to a list of "grave breaches" of the conventions that could be prosecuted as war crimes, it stipulated that the president could decide on his own what actions might be a lesser breach of the Geneva Conventions and what interrogation techniques he considered permissible. It's not clear how much the public will ultimately learn about those decisions. They will be contained in an executive order that is supposed to be made public, but Mr. Hadley reiterated that specific interrogation techniques will remain secret.

Even before the compromises began to emerge, the overall bill prepared by the three senators had fatal flaws. It allows the president to declare any foreigner, anywhere, an "illegal enemy combatant" using a dangerously broad definition, and detain him without any trial. It not only fails to deal with the fact that many of the Guantánamo detainees are not terrorists and will never be charged, but it also chokes off any judicial review.

The Democrats have largely stood silent and allowed the trio of Republicans to do the lifting. It's time for them to either try to fix this bill or delay it until after the election. The American people expect their leaders to clean up this mess without endangering U.S. troops, eviscerating American standards of justice, or further harming the nation's severely damaged reputation.

The Abuse Can Continue (WP)

The Washington Post, September 22, 2006

THE GOOD NEWS about the agreement reached yesterday between the Bush administration and Republican senators on the detention, interrogation and trial of accused terrorists is that Congress will not -- as President Bush had demanded -- pass legislation that formally reinterprets U.S. compliance with the Geneva Conventions. Nor will the Senate explicitly endorse the administration's use of interrogation techniques that most of the world regards as cruel and inhumane, if not as outright torture. Trials of accused terrorists will be fairer than the commission system outlawed in June by the Supreme Court.

The bad news is that Mr. Bush, as he made clear yesterday, intends to continue using the CIA to secretly detain and abuse certain terrorist suspects. He will do so by issuing his own interpretation of the Geneva Conventions in an executive order and by relying on questionable Justice Department opinions that authorize such practices as exposing prisoners to hypothermia and prolonged sleep deprivation. Under the compromise agreed to yesterday, Congress would recognize his authority to take these steps and prevent prisoners from appealing them to U.S. courts. The bill would also immunize CIA personnel from prosecution for all but the most serious abuses and protect those who in the past violated U.S. law against war crimes.

In short, it's hard to credit the statement by Sen. John McCain (R-Ariz.) yesterday that "there's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved." In effect, the agreement means that U.S. violations of international human rights law can continue as long as Mr. Bush is president, with Congress's tacit assent. If they do, America's standing in the world will continue to suffer, as will the fight against terrorism.

For now, the administration says it is not holding anyone in secret CIA facilities. The detention of those being held by the U.S. military at Guantanamo Bay clearly conforms with international law. If suspects are routed into the CIA program in the future,

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the administration has pledged to consult with Congress about the interrogation techniques that will be permitted. In theory, Congress could override Mr. Bush's regulations governing treatment if it judges that they are being used to authorize unacceptable practices.

But the senators who have fought to rein in the administration's excesses -- led by Sens. McCain, Lindsey O. Graham (R-S.C.) and John W. Warner (R-Va.) -- failed to break Mr. Bush's commitment to "alternative" methods that virtually every senior officer of the U.S. military regards as unreliable, counterproductive and dangerous for Americans who may be captured by hostile governments.

Mr. Bush wanted Congress to formally approve these practices and to declare them consistent with the Geneva Conventions. It will not. But it will not stop him either, if the legislation is passed in the form agreed on yesterday. Mr. Bush will go down in history for his embrace of torture and bear responsibility for the enormous damage that has caused.

Gonzales Revisits Deportation Remarks (WP)

By Karen Deyoung

The Washington Post, September 22, 2006

Attorney General Alberto R. Gonzales's claim this week that the Justice Department was not responsible for sending Canadian software engineer Maher Arar to a Syrian prison in 2002 was the result of imprecise wording by Gonzales and a misunderstanding by those who reported his remarks, according to a Justice Department spokeswoman.

The matter turns on the meaning of the word "we."

On Tuesday, a day after a Canadian government commission concluded that the Syrian-born Arar was "interrogated, tortured and held in degrading and inhumane conditions" for 10 months after being falsely accused of terrorist ties, Gonzales was asked whether the department owed him "an apology."

"Well, we were not responsible for his removal to Syria," Gonzales replied. "I'm not aware that he was tortured, and I haven't read the commission report."

Gonzales was aware that in 2002 the Immigration and Naturalization Service arranged Arar's removal from the United States and his delivery to Syria after he was accused of ties to al-Qaeda, spokeswoman Tasia Scolinos said. The INS has since been transferred from the Justice Department to the new Department of Homeland Security and is known as U.S. Citizenship and Immigration Services.

Since Arar was officially deported, Scolinos said, his case was "an immigration-related issue." She said Gonzales was trying to "make that point" because "immigration matters are no longer handled by the [Justice] Department."

On the question of torture, Scolinos said, "My understanding is that the U.S. government received what they believed to be reliable assurances that he would be treated humanely, consistent with international treaties and conventions." Gonzales, she said, was "emphasizing that point."

Arar, now 36 and living in Canada, sued the U.S. government in federal court, but the case was dismissed on national security grounds. He filed a notice of appeal Sept. 12, according to the Center for Constitutional Rights, a legal group that is handling his case.

The possibility of further litigation may have limited what the Justice Department is prepared to say on the matter, said some U.S. officials who spoke on the condition of anonymity because they are not authorized to discuss the matter.

Canada's House of Commons unanimously agreed Wednesday that "apologies should be presented" to Arar on behalf of Canada. Prime Minister Stephen Harper, who earlier acknowledged that Arar had been done "an injustice," balked at going that far, saying it might influence negotiations with Arar's lawyers over possible compensation.

Arar's ordeal began in New York City on Sept. 26, 2002, a year after the al-Qaeda attacks there. Changing planes on his return trip to Canada after visiting Tunisia with his family, he was arrested on what the commission concluded was false information, provided to the FBI by Canadian law enforcement, that he had al-Qaeda connections. After being held for 12 days, he was flown in a government plane to Jordan and transported over land to Syria, the nation he had left as a 17-year-old.

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U.S. officials later confirmed that the order to deport him was signed by then-Deputy Attorney General Larry D. Thompson. They said it would be "prejudicial to the interests of the United States" to send Arar home to Canada, despite his Canadian citizenship.

The Canadian government was not informed until he was gone.

U.S. law prohibits sending anyone, even on national security grounds, to a country where he or she is likely to be tortured. Although the State Department has long branded Syria a human rights violator, then-Attorney General John D. Ashcroft responded to Canadian protests by saying the Syrian government had assured that Arar would be treated humanely.

On Tuesday, Gonzales also repeated the administration's denial that Arar's removal was part of the practice of secret "renditions" of terrorism suspects to third countries where they could be more aggressively interrogated. "That is not what happened here," he said. "It was a deportation."

Even if Arar "had been rendered to Syria," he said, "we would have sought those same kind of assurances" against torture.

Correspondent Doug Struck in Toronto and staff researcher Julie Tate in Washington contributed to this report.

State Asks Court To Dismiss Suit Over Phone Company Records (AP)

By Glenn Adams, Associated Press Writer

AP, September 22, 2006

AUGUSTA, Maine --Maine's attorney general asked a federal court Thursday to throw out the government's lawsuit against Maine officials over whether a phone company should release information about its handling of confidential records.

Attorney General G. Steven Rowe said the state's request, filed on behalf of the Public Utilities Commission, asserts the federal government has no jurisdiction in the case. The state also contends that the government is wrong to invoke "state secrets" arguments.

"There are no state secrets at issue here," Rowe said at a news briefing after the motion to dismiss was filed in U.S. District Court in Bangor.

The litigation stems from a press release issued by Verizon and information it provided to the PUC, in which the telecommunications company claims it did not provide phone records to the government for its domestic surveillance program. The company also said in a May news release that it would not discuss any relationship with the National Security Agency program.

The PUC, prompted by a complaint by 22 Mainers, ordered Verizon to provide a sworn affirmation that Verizon's statement about the phone records is true. In response, the federal government sued, saying that the PUC's attempt to force Verizon to answer raised national security concerns.

Rowe was joined by PUC commissioners Thursday in rejecting the government's national security claims in the case.

"It's not about state secrets. It's about the integrity of the Public Utilities Commission process," said Sharon Reishus, one of the regulatory agency's commissioners and a defendant in the government's suit.

PUC Chairman Kurt Adams said the commission took the complaint over the handling of phone records "very seriously," adding that the PUC's ability to carry out its administrative duties was at issue in the case.

A legislator who is deeply involved in utility issues, Rep. John Brautigam, dismissed the federal government's secrecy claim as "the kind of legalistic mumbo-jumbo that gives the administration in Washington a bad name."

"The public has a right to know that their confidential information has been safeguarded in compliance with Maine law and the contractual obligations of the phone companies," said Brautigam, D-Falmouth.

A spokesman for the U.S. Justice Department's public affairs office, Charles Miller, said there would be no comment on the motion because the case is in litigation.

Legal disputes have surfaced in other states over reports of phone company cooperation with government surveillance efforts.

In Vermont, Verizon and AT&T customers, Gov. Jim Douglas and the state's chapter of the American Civil Liberties Union are urging state utility regulators to determine whether the two phone companies violated state statutes by turning records over to the NSA.

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The American Civil Liberties Union last spring filed complaints in more than 20 states over allegations that phone companies shared customer records with the NSA.

The Maine Civil Liberties Union is supporting the phone records complaint of the 22 Mainers.

Bush Administration Asks Appeals Court To Quickly Dismiss Eavesdropping Case (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 22, 2006

(AP) - WASHINGTON-The Bush administration asked an appeals court Thursday to step in immediately and dismiss a lawsuit over the U.S. government's warrantless wire tapping program, calling a lower judge's ruling dangerous and wrong.

The Justice Department asked the 9th U.S. Circuit Court of Appeals to overturn the decision earlier this month by U.S. District Judge Garr King. Government attorneys argued the decision put the disclosure of "highly sensitive foreign intelligence information" at risk.

The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter that went out of business after the U.S. government labeled it a terrorist organization.

The foundation alleged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation is asking King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping.

Typically, appeals are filed at the conclusion of a case in trial court; however, in this case, Justice Department attorneys are asking the 9th Circuit to step in now given the sensitivity and urgency of national security.

In the Sept. 7 order, King declined to dismiss the case, saying he believed there may be a way for the lawsuit filed by a now-defunct Islamic charity to proceed without releasing information that could harm U.S. security.

The decision, the latest of several rulings on the controversial program, drew a stern rebuke this week from Vice President Dick Cheney. He called it "just plain wrong."

In Thursday's filing, Justice Department attorneys argued that King's decision is flawed because classified facts needed to evaluate the case are protected under the so-called "state secrets" privilege.

On the Net:

Justice Department: http://www.usdoj.gov/

Claim 9/11 Terrorists Were Identified Is Rejected (NYT)

By Philip Shenon

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Defense Department's inspector general on Thursday dismissed claims by military officers and others who had insisted that a secret Pentagon program identified Mohamed Atta and other terrorists involved in the Sept. 11 attacks before the attacks occurred.

The inspector general's office, which acts as the Defense Department's internal watchdog, said in a report that its investigators found no evidence to suggest that the intelligence program, known as Able Danger, had identified Mr. Atta, the Egyptian-born ringleader of the attacks, or any of the other terrorists before Sept. 11.

"We concluded that prior to Sept. 11, 2001, Able Danger team members did not identify Mohamed Atta or any other 9/11 hijackers," the report said. "While we interviewed four witnesses who claimed to have seen a chart depicting Mohamed Atta and possibly other terrorists or 'cells' involved in 9/11, we determined that their recollections were not accurate."

The claim that a secret Pentagon data-mining program had known of Mr. Atta and other hijackers before Sept. 11 created a stir when the witnesses' accounts became public last year, because it suggested that the Defense Department had information that might have helped pre-empt the attacks had it been shared outside of the Pentagon.

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The inspector general's report, prepared at the request of several members of Congress, was criticized Thursday by Representative Curt Weldon, Republican of Pennsylvania, who is a member of the House Armed Services Committee and who helped bring information about Able Danger to light.

"I am appalled that the Department of Defense inspector general would expect the American people to actually consider this a full and thorough investigation," Mr. Weldon said, describing the inspector general as having "cherry-picked testimony from witnesses in an effort to minimize the historical importance of the Able Danger effort."

The report found that the recollections of most of the witnesses appeared to focus on a "single chart depicting Al Qaeda cells responsible for pre-9/11 terrorist attacks" that was produced in 1999 by a defense contractor, the Orion Scientific Corporation.

While witnesses remembered having seen Mr. Atta's photograph or name on such a chart, the inspector general said its investigation showed that the Orion chart did not list Mr. Atta or any of the other Sept. 11 terrorists, and that "testimony by witnesses who claimed to have seen such a chart varied significantly from each other."

The report says that a central witness in the investigation, an active-duty Navy captain who directed the Able Danger program, had changed his account over time, initially telling the inspector general's office last December that he was "100 percent" certain that he had seen "Mohamed Atta's image on the chart."

But in an interview this May, the report said, the officer, Scott J. Phillpott, changed his story, telling investigators that he had been confused and was now "convinced that Atta was not on that chart" but that, instead, the terrorist's photograph was reproduced on a separate document that he was shown by an intelligence analyst on the Able Danger team in June 2000.

The inspector general's report suggests that the independent federal commission that investigated the Sept. 11 attacks was right to dismiss Captain Phillpott's initial claims about Able Danger.

The Sept. 11 commission acknowledged last year that the Navy captain had come to its investigators in July 2004, only days before it issued its final report.

The inspector general's report also rejected claims by another of the witnesses, Lt. Col. Anthony Shaffer, a veteran military intelligence officer, that he had faced reprisals for having make disclosures about Able Danger, including revocation of his security clearance.

FBI Says Its Agents Did Not Visit Puerto Rican Independence Activist (AP)

AP, September 22, 2006

SAN JUAN, Puerto Rico The FBI is investigating if people posing as bureau agents visited a shoe repair store in western Puerto Rico owned by a supporter of independence for the U.S. territory, an agency spokesman said Thursday.

Harry Rodriguez, FBI spokesman in Puerto Rico, denied that bureau agents visited Miguel Sanchez's shoe repair store in Mayaguez, though Sanchez said they did come to see him.

"They were not FBI agents who went to Sanchez's business," he said, adding that those people "were impersonating FBI agents."

Rodriguez said impersonating an agent was a crime and that the FBI was investigating.

Rodriguez's comments come three days after FBI agents returned to the homes of two Puerto Rican activists whose properties were searched in February in an investigation into a militant independence group.

FBI teams went to the residences of Liliana Laboy and Norberto Cintron Fiallo, both in the San Juan area, but neither activist was home and the agents left without entering.

Rodriguez said the agents went to the homes as part of an ongoing investigation into the Macheteros, also known as the Puerto Rican People's Army. He declined to provide details.

On Saturday, Puerto Ricans will hold a vigil to mark the one-year anniversary of the death of Filiberto Ojeda Rios, the leader of the Macheteros, which claimed responsibility for bombings and attacks in the 1970s and 1980s aimed at gaining independence for Puerto Rico.

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In August, federal investigators concluded that FBI agents were justified in killing Ojeda, who opened fire first — hitting three agents — when they came to arrest him. The militant had been convicted for his role in the 1983 robbery of US$7 million (€5.5 million) from a Wells Fargo bank depot in Connecticut, but he fled while on bond.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 22, 2006

Terrorist hunt

We understand that U.S. commandos have developed a clever technical procedure for tracking terrorists in Iraq, and elsewhere, we presume.

The tracking is used by a special military intelligence unit within U.S. Joint Special Operations Command (JSOC), which includes Navy SEALs and the Army's Delta Force. The technique was instrumental in finding and killing al Qaeda in Iraq leader Abu Musab Zarqawi in June and in capturing a number of his lieutenants.

President Bush paid special tribute to JSOC after a U.S. Air Force F-16 dropped the bomb that killed Zarqawi, one of al Qaeda's most ruthless killers who pledged allegiance to Osama Bin Laden.

Cuban spy damage

Ana Montes, a Cuban spy working inside the Defense Intelligence Agency (DIA), caused serious damage to U.S. national security by revealing U.S. electronic intelligence-gathering secrets and also by providing a feedback mechanism for communist disinformation from the Castro regime.

The damage is outlined in a classified assessment completed several months ago by the office of the National Counterintelligence Executive, now under the new Director of National Intelligence John D. Negroponte. It was disclosed this week in the new book by Bill Gertz, Pentagon reporter for The Washington Times, titled, "Enemies: How America's Foes Are Stealing Our Vital Secrets — And How We Let It Happen."

According to unclassified portions of the assessment, Montes met openly with Cuban intelligence officers at restaurants in the D.C. area as often as twice a week, a rate much more frequently than other spies.

Counterintelligence officials determined that the damage caused by Montes was nearly equal to that caused by CIA turncoat Aldrich Hazen Ames and FBI traitor Robert Philip Hanssen, who both spied for Russia.

Montes had almost unlimited access to U.S. secrets, including the identities of American intelligence personnel and information that defectors provided to U.S. intelligence.

A senior U.S. counterintelligence official familiar with the damage assessment said: "As a career analyst with high-level security clearances, [Montes] had access to virtually unlimited amounts of sensitive data from a number of intelligence community organizations."

She turned down several promotion opportunities to remain as a DIA analyst and keep her access to secrets. The counterintelligence official said that Montes commented during one debriefing she viewed "just about all the information there was about Cuba."

Montes also networked extensively with other civilian and military intelligence officials and agencies, allowing her "to obtain information that was not readily available to the typical analyst," the official said. She sat with a special interagency intelligence group known as the Hard Target Committee, which would meet to discuss all the intelligence operations under way in the most difficult places, including Iran, China and North Korea. Over the years she had access to hundreds of thousands of intelligence reports, many of which she could re-create because "she had an extraordinary, almost photographic memory," according to the counterintelligence official.

The damage assessment concluded, "Montes was the first national-level analyst from the intelligence community known to have turned traitor and the most damaging Cuban spy arrested to date."

The report noted that Montes "was able to effectively inform the Cubans of the United States information gaps and served as a feedback loop for the Cubans that potentially would facilitate the formulation and execution of a robust denial and deception program at U.S. intelligence."

The counterintelligence official said: "Her damage was especially grave and affected every major intelligence community organization. She compromised numerous sensitive intelligence collection activities and provided Havana with a unique window into Washington that undoubtedly helped the Cubans chart their tactics and strategy in dealing with Washington."

U.S. officials also think that information she provided to the Cubans led to the deaths of Nicaraguan anti-communist Contra rebels and possibly of American agents as well.

Pay increase

Throw out the conventional wisdom once again.

A Rand Corp. study has found that rather than taking a salary cut, most reservists called to active duty actual make more money.

In fact, only 17 percent of all Guard and Reserve troops suffered a pay cut compared with their civilian pay stub.

"Typically, these reservists are people in their mid-20s to mid-30s, with some college but not necessarily a bachelor's degree," Rand quoted its economist and lead study author, David Loughran, as saying. "Generally, military pay is quite good for this group. Moreover, reservists receive additional special pay when activated and their earnings are not subject to federal taxes."

Co-ed dorms

Recent accusations of rape and sexual harassment at the service academies is partly a failure of leadership and partly the fault of housing young men and women in the same dorms, say alumni with whom we have talked.

One former Naval Academy graduate tells us Bancroft Hall, the co-ed dorm at Annapolis, is a frequent site of prohibited sexual intercourse. The source said midshipmen know places for having sex where they will not be detected. Such knowledge is passed on to the next class.

Peace through strength

Defense Secretary Donald H. Rumsfeld addressed the annual Keeper of the Flame award dinner Wednesday night at a black-tie affair in Union Station's East Hall.

Mr. Rumsfeld reminded the several hundred guests, including Chairman of the Joint Chiefs of Staff Gen. Peter Pace, and NATO commander Gen. Jim Jones about Winston Churchill's remark after the successful evacuation of British troops from the continent at Dunkirk.

"Churchill said in the Parliament very simply, 'Wars are not won by evacuations.' And we need to remember that today," Mr. Rumsfeld said. "They're not won by retreat or wishful thinking. They're won by determination, they're won by understanding the nature of the enemies we face, and the consequences, I would say the dire consequences of failing to understand them or failing to defeat them."

Mr. Rumsfeld said he met recently with former British Prime Minister Lady Margaret Thatcher, who he noted had been criticized for her outspoken advocacy of "peace through strength," which was the motto for the evening's host, the Center for Security Policy.

The dinner honored Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, along with five veterans of the conflicts in Iraq and Afghanistan.

•Bill Gertz and Rowan Scarborough are Pentagon reporters. Mr. Gertz can be reached at 202/636-3274 or by e-mail at bgertz@washingtontimes.com. Mr. Scarborough can be reached at 202/636-3208 or by e-mail at rscarborough@washingtontimes.com.

Britain Makes Modest Relaxation In Carry-on Rules (USAT)

By Jeffrey Stinson

USA Today, September 22, 2006

LONDON — Air passengers can carry a larger bag and musical instruments on board flights leaving Britain starting today, the government announced Thursday.

The new restrictions, announced by the Department for Transport, replace tighter ones imposed after British police announced Aug. 10 that they had broken up an alleged terrorist plot to blow up passenger jets headed for the USA.

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Plotters intended to carry aboard liquids and other bomb-making components, assemble them during flight and blow up the planes, police said. Fifteen people have been charged and are in custody.

A ban on carrying on cosmetics and liquids not purchased inside airports after security checkpoints remains in place. And passengers flying to the USA still cannot carry any liquids onto aircraft. To ensure they don't, passengers will continue to go through a second security check at the departure gate.

The slight relaxation in carry-on baggage restrictions comes after complaints from passengers and airlines and as the government continues to try to balance security with passenger convenience.

"Passengers should be able to travel as freely as possible, but we have no intention of putting their safety at risk," the Transport Department said in a statement. The change, it said, would "lessen the burden on passengers, while maintaining a rigorous security regime."

One carry-on bag now will be allowed. It can be 22 inches long, 17.7 inches wide and 9.8 inches in depth. Previously, the bag was restricted to 17.7 inches by 13.7 inches by 6.2 inches. Large musical instruments now can be carried on board rather than checked, although some airlines may require passengers to pay for an extra seat.

The relaxation also comes as Britain, the European Union and the airline industry continue to work on adopting uniform standards for passenger security inspections and carry-on bags. Requirements vary now from country to country. The varying standards cause confusion for passengers and delays at security checkpoints, the airline industry complains.

Tighter security restrictions, including a ban on carrying on liquids, prompted the cancellation of more than 2,000 flights, hundreds of flight delays and long security lines at British airports last month.

British Airways said it lost about $75 million as a result. Discount airline Ryanair sued the government last month for $6.2 million in damages. In doing so, Ryanair chief executive Michael O'Leary ridiculed many of the restrictions as "Keystone Cops security measures" and unnecessary.

Meanwhile Thursday, EU Justice and Interior ministers met in Finland to discuss new anti-terrorism measures and technology, including better equipment to detect liquid and other explosives that could be carried onto planes.

Woman Sentenced To Death For Role In Jordan Hotel Bombings (WP/AP)

By Jamal Halaby

The Washington Post, September 22, 2006

AMMAN, Jordan, Sept. 21 -- A court sentenced an Iraqi woman to death Thursday for her role in al-Qaeda-led hotel bombings that killed 60 people in Jordan's deadliest terror attack.

Sajida al-Rishawi, 35, was intended to be one of the suicide bombers in the Nov. 9 attack. She entered a hotel ballroom with her husband, both strapped with explosives belts. Her husband set off his own belt, the explosion ripping through a wedding party in the room.

Initially, Rishawi said in a televised confession that her own belt had failed to detonate and she fled. But she later told her trial that she was an unwilling participant in the attacks and never tried to set off the suicide bomb.

Rishawi was one of seven defendants in the case, but the six others were still at large and tried in absentia. Like Rishawi, the six were sentenced to death by hanging. Rishawi is the first woman to be sentenced to execution in Jordan on terrorism charges.

Jordanians are still reeling from the attacks, the worst terrorist incident in recent memory and widely labeled "Jordan's 9/11." Suicide bombers entered three Amman hotels and set off their blasts nearly simultaneously, killing 60 people -- mainly Jordanian Muslim women and children -- in an attack claimed by the insurgent group al-Qaeda in Iraq.

"The harsh verdict today sends a clear message to all terror groups: Jordan's stability and security is a red line that can't be crossed," said Mahmoud al-Kharabsheh, a lawmaker who sits on the parliament's Legal Committee.

Ashraf al-Akhras, who was the groom in the stricken wedding party and lost his father and 16 other family members and in-laws, said, "She got her just punishment, but it won't assuage the fire inside for my great loss."

Rishawi "got what she deserved," said Mahmoud al-Akrabawi, a wedding guest who lost his wife and two children.

Rishawi sat silently in the courtroom as the verdict was read.

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She later told her lawyer she had anticipated receiving the death sentence.

"She told me that she expected either to be sentenced to death or to be sent back to Iraq," said the lawyer, Hussein al-Masri. He said he planned to appeal the verdict soon.

Jordan executes by hanging after a protracted legal process that includes several appeals, including to the supreme court -- the highest judicial authority. An average of 10 people -- mostly men -- are executed each year for crimes that include terrorism and premeditated murder.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 22, 2006

The French government's latest reaction to the global war on terrorism is being scrutinized all over again on Capitol Hill, where one congressman is in search of a French general named Lafayette.

"'Let them eat cake' is what Marie Antoinette said to the starving French people, showing her ignorance of the world around her," recalls freshman Rep. Ted Poe, Texas Republican. "Today it can be used to describe France's position on handling terror threats."

The lawmaker was riled by a recent remark by French Prime Minister Dominique de Villepin that "against terrorism, what we need is not a war. It is, as France has done for many years, a determined fight based on vigilance at all times and effective cooperation with our partners."

Mr. Poe, a no-nonsense federal judge in his previous life, says what France "fails to consider is we tried that. Madrid's trains have been attacked. London's buses and subways have blown up. American embassies were bombed. The USS Cole was attacked, and, of course, there was September 11. ...

"What France and free people need is the spirit of Lafayette in this war on terror, not the current ignorance of Marie Antoinette, who was talking all the way to the guillotine and lost her head because she failed to see the real world around her."

In fairness to the French prime minister, he also warned that the risk of a terrorist attack in France using conventional, chemical, biological and nuclear weapons is "real and permanent," and assured French citizens that he would beef up security, particularly after al Qaeda's threat in recent days against French interests.

Crowned prisoners

Anybody who thinks that the terror suspects detained at Guantanamo Bay are being physically mistreated will be intrigued to learn that more dollars are being spent on food for the prisoners than for the U.S. troops guarding them.

"[T]he terrorists have gained weight on the nutritious diet," reveals Rep. Joe Wilson, a South Carolina Republican and member of the Armed Services Committee who twice toured the notorious detention facility.

And apart from their rich diets, the congressman adds, the prisoners' teeth are sparkling white, and their vision is 20/20 when reading the Koran.

"These detainees received 35 teeth cleanings, 91 filled cavities and 174 pairs of glasses," he says of the prisoners he encountered on one trip.

Rush for tickets

Coming soon to Washington, live and on stage, the one, the only — Rush Limbaugh.

Chris Berry of WMAL-630 AM fame tells Inside the Beltway that the Washington radio station over which Mr. Limbaugh is heard daily is bringing the popular broadcaster to the Warner Theatre at 8 p.m. Nov. 16 for an "Evening With Rush Limbaugh."

"Rush has thousands of fans throughout the Washington area," notes Mr. Berry, WMAL's president and general manager. "This will be a unique opportunity for them to see him as they never have before, up close and in person."

The evening is sponsored by the Heritage Foundation. A portion of the proceeds (tickets are $75 and $100, and will be available through Ticketmaster starting tomorrow) will benefit the Fisher House Foundation.

Beat by the clock

The gridiron of Washington's Gallaudet University hosted a rather lopsided flag football game this week between a U.S. Capitol Police squad and Democrats and Republicans who for once sported the same uniform.

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"[I]f it wasn't for the clock running out, we would have had that big comeback and overcome that score of 35-7," insists Rep. Rick Renzi, Arizona Republican.

Doing his best to coach the bipartisan bunch while helping to raise $80,000 for the families of law-enforcement officers was none other than Rep. Tom Osborne, a Republican who during a quarter-century as head coach of the Nebraska Cornhuskers football team, garnered an outstanding 255-49-3 record.

•John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

The Trials Of The Century (NYT)

By Lawrence Wright

The New York Times, September 22, 2006

Austin, Tex.

THE fifth anniversary of 9/11 has come and gone, but there was a conspicuous figure missing from the retrospectives and commentaries: Osama bin Laden.

Al Qaeda's founder has clearly been marginalized even in his own movement, as other jihadist spokesmen, Ayman al-Zawahri and an American, Adam Gadahn, issued threats and demanded that Americans convert to Islam. Meantime, Pakistan has negotiated a truce with tribal chiefs promising to keep troops out of the Waziristan districts, where the leadership of Al Qaeda may be hiding, and the C.I.A. has closed Alec Station, the unit devoted to finding Mr. bin Laden. He is the forgotten man.

Fortunately, there are still some members of the American intelligence community who are interested in the terrorist's whereabouts. Not long ago one of them approached me — not because of my reporting on Al Qaeda but because of my experience as a Hollywood screenwriter, a talent pool the C.I.A. occasionally draws on for futurist thinking. The official asked me to envision what we would do with Mr. bin Laden if we caught him. I said that I didn't feel comfortable, as a reporter, writing a script for the C.I.A.

I have given the idea some thought, however. Osama bin Laden is arguably the most famous man alive, and his name will resound through history. If we do have the good fortune of actually capturing him, the manner in which we bring him to justice will make a critical difference in the way in which his legacy will unfold. Here is my scenario for how this movie could end.

First, don't kill him. He'd become a martyr instantly, which is of course his goal. His death at the hands of Americans would be the ideal finale from a Qaeda perspective. Deny him that victory at all costs.

And, please, don't send him to Guantánamo or torture him in an undisclosed location. That route leads to his becoming a symbol of resistance to the erosion of the American legal system. The world will want to know what happens to him, and if he is hidden away, or subjected to a secret trial, then his reputation will soar as ours plummets. He has to be accorded the civilized treatment that he and his movement would never offer their enemies.

But don't bring him to the United States to answer for his crimes, at least not at the beginning. His followers would never accept the verdict of an American court. And, more to the point, neither would hundreds of thousands, perhaps millions, of Muslims who sympathize with him and his cause. It's that audience that we have to address in our attempt to roll back Mr. bin Laden's awful legacy.

Moreover, if he were tried in an American court, one can easily envision wide-scale attacks on American holdings and Americans being held for ransom in exchange for the terrorist leader. Placing him in the dock of the World Court would involve similar risks, and could lead to the sort of prolonged trial that sees him dying of natural causes, as in the case of Slobodan Milosevic.

We should, instead, offer him to the authorities in Kenya, where, on Aug. 7, 1998, a Qaeda suicide bomber murdered 213 people in the attack on the American Embassy. More than 150 people were blinded by flying glass in the attack — most of them Africans who were in or near the embassy or the secretarial school across the street, which was flattened by the blast. Let Mr. bin Laden sit in a courtroom in Nairobi and explain to those blind Africans that he was aiming only at an icon of American power.

Then take him to Tanzania, where on the same August morning Al Qaeda hit another American Embassy, killing 11 people, most of them Muslims. The terrorists excused the murder of their co-religionists by saying that the bombing took place

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on a Friday, when good Muslims should have been in a mosque. That would be an excellent venue to pose the question of what Islam really stands for.

Thus exposed as a mass murderer of Africans who had no part in his quarrel with America, Mr. bin Laden would be ready to stand trial for the bombing of the American destroyer Cole and, of course, 9/11. By treating him as a criminal defendant instead of a enemy combatant, we could underline the differences between a civil society and the Taliban-like rule he seeks to impose on Muslim countries and eventually the entire world.

Mr. bin Laden could go on to many other venues to answer for his crimes — Istanbul, Casablanca, Madrid, London, Islamabad — but in my opinion there is an obvious last stop on his tour of justice: his homeland, Saudi Arabia, where hundreds of his countrymen and expatriate workers have died at the hands of Al Qaeda. There he would be tried in a Shariah court, the only law he would ever recognize.

If he were found guilty, he would be taken to a park in the middle of downtown Riyadh known as "Chop Chop Square." There, the executioner would greet him with his long, heavy sword at his side. It is a Saudi tradition that the executioner personally beseeches the audience, composed of the victims of the condemned man's crimes, to forgive the condemned. If they cannot, the executioner will carry out his task. After that, Osama bin Laden's body would be taken to an unmarked tomb in a Wahhabi graveyard, as he would have wanted.

There are other ways this movie could end, and as a screenwriter I can't say that any of them are "happy" in the conventional Hollywood sense. But drama demands resolution, in real life as well as fiction. Since the Greeks, dramatists have known that a good ending is one that acknowledges the longing of the audience for justice and the sense that order has been restored.

I think the American intelligence community would be wise to pay attention to those ancient artistic dictates. The role that Osama bin Laden has cast himself in is that of the hero to Muslims who feel slighted by history and victimized by the West. It is a legend that could last for hundreds of years and inspire many generations of future terrorists. By turning his actions in other parts of the world against him, we can justly put that legend to rest.

HOMELAND RESPONSE:

Chief Defends Terror Arrests (MH)

By Lesley Clark

The Miami Herald, September 22, 2006

WASHINGTON - Miami Police Chief John Timoney defended the arrest of the Miami Seven to a House homeland security committee Thursday, telling the panel that not all terrorists look like Sept. 11 ringleader Mohamed Atta.

Timoney, who testified about "local strategies in the war on terror" before a House homeland security subcommittee, acknowledged there had been skepticism about the June arrest of the seven men in Liberty City. Some community groups were troubled that the men appeared to lack the means to conduct an attack -- no weapons or bomb-making materials.

The seven defendants who have been charged with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings are to go on trial in March.

"I was skeptical, as was the FBI, but not once did [the suspects] back off," Timoney said. ``Suffice it to say there were enough overt acts that we had to take it seriously."

Timoney's remarks came after Rep. Ileana Ros-Lehtinen, R-Miami, asked Timoney about the case, noting that the arrest of the seven men, to some observers, ``hardly passed the smile test."

Timoney suggested the same questions might have been asked if British police had arrested the men responsible for the July 2005 subway bombing in London before they carried it out.

'I can guarantee you if Scotland Yard had arrested them two weeks earlier, people would have said, `That guy's not a terrorist, he's Jamaican,' " Timoney said. ``We all had this perception of a terrorist looking like Mohamed Atta, walking through the airport. Now we know that's not so."

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Timoney told the panel that progress has been made since the Sept. 11, 2001, attacks in terms of local police working with the FBI.

But he noted that it's still not clear ``who has the ultimate responsibility for intelligence gathering."

Deal Is Reached On Plants And Terrorism (NYT)

By Eric Lipton

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Republican Congressional leaders who oversee Department of Homeland Security operations reached agreement Thursday on a plan that would give federal officials the power to shut down high-risk chemical plants that do not comply with proposed new anti-terrorism measures for that industry.

The proposal is more stringent than an industry-backed plan that many other Republican senators had already endorsed.

Under the agreement reached Thursday by Senator Susan Collins of Maine and Representative Peter T. King of New York, the regulations would apply to all high-risk plants, instead of just those defined as highest risk.

The regulations would also give the Department of Homeland Security the power to review and approve plans devised by plant owners, to inspect facilities to determine compliance and to shut any noncompliant plants, according to a statement by Ms. Collins and Mr. King. To encourage Congress to enact more comprehensive regulations, they would expire after three years.

It is not yet clear that this language — which may be considered too stern by some Republicans and too relaxed by many Democrats — will be approved by the full conference committee, which is scheduled to meet Monday evening on the department's budget. The provisions on chemical plant regulations are supposed to be inserted in that bill, with the goal of final approval of the measure next week.

ID Program Will Cost States $11 Billion, Report Says (WP)

By Darryl Fears

The Washington Post, September 22, 2006

The cost to consumers for helping to secure America became clearer yesterday as a coalition of state groups tallied the bill for implementing the Real ID Act and federal officials divulged the price that some of its workers must pay for new smart cards.

In a report released by the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, state motor vehicle officials estimated it would cost more than $11 billion over five years to implement the technology required by the Real ID Act.

Under the law, states must start to re-enroll about 250 million holders of U.S. driver's licenses after May 2008. The states must train workers to verify copies of original birth certificates, Social Security cards, marriage certificates and various identification documents.

"The days of going to the DMV and getting your license on the same day are probably over," said David Quam, director of federal relations for the National Governors Association. "You'll have to take all your documents as if you were applying for the first time. What this comes down to is that more people will be in DMV offices spending more time to get an ID."

The Real ID Act was passed last year to protect against terrorist infiltration and crack down on illegal immigration. Without the new identification, citizens will be barred from airplanes, sections of airports, and military bases and other federal facilities, unless they have another form of federally issued identification, such as a passport.

The report, "The Real ID Act: National Impact Analysis," does not say whether the cost of implementation will be passed on to drivers and holders of state identification cards. But Homeland Security officials said the price of similar new smart cards for 750,000 workers at ports and other transportation facilities will be about $140 each.

The State Department recently raised passport fees for adults to $97 to incorporate security into new e-passports, and a smart ID card for federal workers is expected to cost $100 to $150.

State officials have complained about the costs of Real ID since the law was passed. Re-enrolling drivers and other cardholders alone will cost about $8.5 billion, according to the report. An additional $2.5 billion will be spent to vet applicant information through various agencies, store the data and design new cards.

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House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.), who introduced the Real ID Act, strongly disagreed with a similar cost estimate presented by the groups last year, saying it was bloated. The chairman cited a Congressional Budget Office report that estimated the cost of implementation at $100 million between 2005 and 2010.

According to the budget office report, the federal government would reimburse $20 million to states for implementing Real ID. State officials scoffed at that amount.

"Congress has not appropriated anywhere close to the money it takes to implement this law," Quam said.

In the report, DMV officials said the two-year timetable for issuing the new licenses was unrealistic. The report recommended that Congress extend the May 2008 deadline, create a 10-year schedule for ID re-enrollment and give states more money.

Yesterday's revelations about costs came as the House passed three more border security measures aimed at terrorist infiltrators and immigrants who sneak across the southern border in search of jobs.

The proposals would authorize federal prison time for those caught building or financing border tunnels, create tough new penalties for illegal-immigrant gang members and criminals, and grant explicit authority to local police officers to enforce federal immigration laws.

The final bill would also allow the immediate deportation of undocumented Salvadoran workers, who are currently protected under court decisions on asylum dating to El Salvador's civil war in the 1980s. The Washington area has one of the nation's highest populations of Salvadorans.

Staff writers Jonathan Weisman and Spencer Hsu contributed to this report.

Ex-Pan Am Workers Finally Will Get Paid (WT/AP)

By Vinnee Tong

The Washington Times, September 22, 2006

NEW YORK -- In the 15 years since Pan American World Airways shut down, Anthony La Pera had assumed he would never get paid his leftover wages and accrued vacation. But Mr. La Pera and another 15,000 former employees can expect to open their mailboxes one day in December and find that a check has arrived, marking the end of the liquidation of an iconic airline.

In July, a federal bankruptcy judge authorized the Pan Am Corp. to distribute the money it had secured in a settlement with the government of Libya. Sending out those checks marks the end of a long process of winding down Pan Am.

"This is about as final as it can get," said Walter Curchack of the law firm Loeb & Loeb, which helped negotiate the settlement agreement on behalf of Pan Am.

The defunct Pan Am, which started in 1927 and helped create what was then a new industry, shut down on Dec. 4, 1991, after declaring bankruptcy that January. Among the last, fatal blows it suffered was the 1988 bombing of Flight 103, a now-infamous attack that ended with 270 dead when a bomb exploded on board as the plane flew over Lockerbie, Scotland.

In 2003, Libya accepted responsibility for the bombing and agreed to pay restitution to the victims. Pan Am's payments come from a separate settlement of a lawsuit its insurers brought against the Libyan government.

Mr. La Pera, 68, and other former employees recently received notices from Wells Fargo & Co., which is coordinating the distribution of about 43 percent of Pan Am's settlement money to former employees. Those who are eligible will get between 5 percent and 6 percent of what they were owed when the airline shut down in 1991.

For Mr. La Pera, that means he will get a check in the range of $1,250 to $1,800, because he was owed between $25,000 and $30,000 for accrued vacation and back pay.

"It's like found money, in effect, because nobody expected anything to come out of this," he said.

Richard Vieta, another former employee, remembers well the day the airline shut down: It was his birthday. And after the company folded, he was one of a small group of employees who remained to catalog and sell off pieces of the airline.

Mr. Vieta had worked at the airline nearly 30 years scheduling maintenance and tracking aircraft parts. His last year was spent at New York's John F. Kennedy International Airport's jet center and hangar No. 19, helping an auctioneer sell off parts from the disassembled planes.

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"What I think Pan Am demonstrates is that these are the unrecognized victims of the industry's problems -- people that did dedicate themselves to an employer for a long time and basically got left out," Mr. Curchack said.

Since the bankruptcy filing in late 1991, Mr. Curchack and others, including former Pan Am lawyer Paul Rendich, have worked to secure a settlement.

"This case has been literally, for the last 10 years, a sort of a matter of honor to many of the people involved in it," Mr. Curchack said. "It's a vindication in that there's some resolution for Pan Am and some of its employees, who felt they were personally attacked by the bombing of Flight 103."

Flight 103 was partially insured for $32 million in damage from acts of war or terror; the entire plane was valued at $67 million. The insurers paid $32 million to Pan Am, then pursued a civil case to recover damages from the Libyan government on behalf of the airline.

But because the civil lawsuit could not proceed until a related criminal one was resolved, there was little movement in the case for about a decade.

In the meantime, two Libyan agents, Abdel Basset Ali al-Megrahi and Lamen Khalifa Fhimah, were prosecuted under Scottish law through a court at The Hague for carrying out the bombing. In 2001, Mr. Fhimah was acquitted and al Megrahi convicted of murder.

As al-Megrahi's appeals wound down, representatives of the insurers and Pan Am began speaking to Libyan negotiators and their French lawyers about a settlement. The discussions intensified in 2004 and continued into 2005 by phone and at meetings in London, Paris and Tripoli.

Mr. Rendich, who had worked as a lawyer for Pan Am since the 1980s, said that at one point, the Libyans tried to pit Pan Am against its insurer and tried to blame the airline's closure on economic factors unrelated to the bombing.

The two sides finally reached a deal on Feb. 18, 2005, and the bankruptcy judge overseeing the case approved the deal a month later.

Minus certain fees and the portion of the settlement that goes to the insurers, Pan Am Corp. will have about $31 million to distribute among former employees, ticketholders, bank lenders, commercial vendors and other creditors.

An Agreement Is Formalized On Rebuilding At Ground Zero (NYT)

By Charles V. Bagli

The New York Times, September 22, 2006

Now, at long last, finally, for sure, the new framework for rebuilding at ground zero is in place. A firm deal was approved yesterday. Really. The developer Larry A. Silverstein is out of the Freedom Tower; the Port Authority of New York and New Jersey is in. The rent disputes are settled.

It took months to get to this point, after a tentative agreement was front-page news in April. Along the way, and with the diligent help of legions of lawyers, the 12-page “conceptual framework” of April mushroomed into 12 thick volumes.

Of course, no agreement or news conference at ground zero would be complete without some last-minute wrangling between Mr. Silverstein and, in this case, city officials.

They worked out their differences through clenched teeth yesterday afternoon, even if it was 90 minutes after the Port Authority board formally voted on the plan, described as a “global realignment” at ground zero.

That was followed by a celebratory, semi-secret news conference at the World Trade Center site with Gov. George E. Pataki, Deputy Mayor Daniel L. Doctoroff, Mr. Silverstein and members of the Port Authority. Most of the press missed it because the announcement went out minutes before it started.

The point of it all was to ratify the tentative April agreement. It ensures that four new office towers, including the $2.2 billion Freedom Tower, are to be built by 2012, along with a shopping mall, a $2.2 billion transit center and the $500 million memorial.

“The time has come to build this,” said Anthony R. Coscia, the authority’s chairman.

After all the delays, squabbling and security concerns of the past five years, there is progress. The Port Authority is building the transit center. Workers are excavating for the footings and foundations of the Freedom Tower and for the memorial.

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Under this agreement, the Port Authority has taken responsibility for the Freedom Tower and a second development site a block away. Mr. Silverstein, who leased the trade center complex from the Port Authority six weeks before it was destroyed, has responsibility for building three towers on the east side of the 16-acre site, along Church Street, by 2012.

The authority has agreed to excavate the sites for two towers by the end of 2007. It must provide the third site to Mr. Silverstein by mid-2008. If the authority, which plans to start running two 10-hour shifts at ground zero, fails to meet the schedule, it must pay him a $300,000-a-day penalty.

If Mr. Silverstein falls behind on even one of the towers, he risks losing them all.

The Port Authority agreed yesterday to lease 600,000 square feet in Tower 4 at $59 a square foot, not the $78 that Mr. Silverstein wanted. After hours of tense negotiations Wednesday night and yesterday morning, the city agreed to rent the same amount of space on lower floors for $56.50 a square foot. Mr. Silverstein also has the option of leasing it to corporate tenants at higher rates, if he can get them.

Last week, the federal and New York State governments tentatively agreed to lease 1 million square feet in the Freedom Tower, the tallest, most symbolic and most widely criticized skyscraper planned for ground zero.

Critics have questioned the decision to build 8.8 million square feet of office space in such a short time, and then to fill these expensive towers with public employees.

But officials praised the deal yesterday. “This is a historic event that details a specific financial plan for this massive rebuilding project, commits to deadlines for various milestones and moves us forward toward a swift completion date,” Governor Pataki said. “I’m extremely proud of the progress we have made so far.”

Mr. Silverstein said: “We need to keep building on this partnership so that together we can get the World Trade Center rebuilt.”

This doesn’t mean all the arguments and debates are over, or even that the Freedom Tower will be built.

As Mr. Coscia said yesterday, the actual plan for the tower “is not part of the agreement we’re executing today.” The Port Authority committed to building the Freedom Tower providing it has a viable financial plan that includes 1 million square feet of leases to anchor the building.

The tentative agreements with the state and federal government, Mr. Coscia said, are a significant step toward an “irrevocable contract.” But a lot can happen before a contract is signed.

There is also outstanding litigation with insurers over the $4.6 billion in insurance proceeds at ground zero. The money, including $973 million for the Freedom Tower, is needed for construction. So far, the insurers have paid only about $2.2 billion, and $1.6 billion has been spent.

The plan for the memorial has not been finished, nor has all the money been raised.

Still, Mayor Michael R. Bloomberg, who was in California yesterday, told reporters there: “It’s really a very good deal for everybody.”

Pact May Mean Rebuilding Delay At Ground Zero (WSJ)

By Alex Frangos

The Wall Street Journal, September 22, 2006

Several buildings at Ground Zero may not be completed for another seven years -- a year longer than previously promised -- under terms of an agreement approved yesterday to rebuild the World Trade Center.

The pact between developer Larry Silverstein and the Port Authority of New York and New Jersey, which owns the site, is the most definitive rebuilding blueprint to date. It divides control of development rights for the five planned towers at the site between Mr. Silverstein and the Port Authority. Mr. Silverstein will build three office skyscrapers on the east side of the site. The Port Authority will own the signature Freedom Tower, one other tower, and a shopping mall.

Amid the din of earth-moving equipment in the 90-foot-deep pit where the Twin Towers stood, New York Gov. George E. Pataki hailed the deal as "the last major hurdle toward the completed redevelopment of the World Trade Center site."

1 THE FOUR TOWERS

See a slideshow2 of architect's plans for three office towers to be built alongside the Freedom Tower.

Details of the pact show, however, that completion of Mr. Silverstein's three office towers may take longer than previously anticipated. He received a one-year "grace period" beyond the 2012 deadline earlier agreed upon, according to Port Authority Chairman Anthony Coscia. Should Mr. Silverstein fail to deliver the three skyscrapers by the new deadline, around the end of 2013, he could lose the properties entirely.

A Port Authority official said Mr. Silverstein's potential construction lenders were uncomfortable with the more-aggressive timeframe.

Construction of the Freedom Tower also remains uncertain. Tentative commitments with federal and state agencies to take space in the Freedom Tower must become actual leases, and Congress needs to approve the federal lease. Preliminary work on the Freedom Tower's foundation is continuing, and the lack of signed leases isn't likely to halt the project right away, but could affect its long-term prospects.

The City of New York agreed to take 581,000 square feet of office space in Mr. Silverstein's Tower 4, for a starting rent of $56.50 a square foot. The city's rent is 5% lower than a deal struck by the Port Authority for the same building because the city is taking lower floors. Mr. Silverstein has an option to cancel the city's lease over the next two years if he finds higher-paying tenants.

Some issues that could halt development remain unresolved, most notably several lawsuits against the Twin Towers' insurers.

WAR NEWS:

Bush To Meet Presidents Of Pakistan And Afghanistan (CHIT)

By Mark Silva

Chicago Tribune, September 22, 2006

WASHINGTON -- The survival of Afghanistan's fragile government in the face of a resurgent Taliban threat will be high on the agenda for President Bush and the presidents of Pakistan and Afghanistan in a series of White House meetings starting Friday.

While the White House credits Pakistan for helping to capture or kill more Al Qaeda operatives than any other country since the attacks of Sept. 11, it worries about support that Pakistan's unruly regions provide for Taliban fighters intent on unseating the government of Afghan President Hamid Karzai.

The White House is counting on Pakistan President Pervez Musharraf to prevail upon tribal leaders to prevent foreign fighters from crossing into Afghanistan.

The White House sessions, starting with a meeting between Bush and Musharraf on Friday, could serve to underscore what one analyst calls a "sweet and sour" relationship between their two countries, once at odds over Pakistani nuclear ambitions but now allies in a war against terrorism. After Bush plays host to Karzai on Tuesday, the administration plans a meeting of all three leaders Wednesday.

"Afghanistan is the issue that is of the greatest danger for the U.S.-Pakistan relationship," says Teresita Schaffer, director for South Asia at the Center for Strategic and International Studies. "Because we have been working at cross-purposes. Afghanistan is the one place where you could have Pakistani-supported forces coming into conflict with U.S. soldiers."

Although Musharraf has called the Taliban a greater threat to security than Al Qaeda because of the popular support it enjoys, the Pakistani leader— whose government once supported the Taliban — has made accommodations with its operatives based along the border within his own country.

The White House is counting on Musharraf to work with tribal leaders to prevent foreign fighters from crossing the border, to make those tribal leaders "part of the solution rather than part of the problem" and get them "to put pressure on people to lay down arms and behave," spokesman Tony Snow said Thursday. "That's going to be something which is going to be under discussion" Friday.

Analysts say it is imperative that this message is underscored in the meetings among Bush, Musharraf and Karzai.

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"If they do things right, they will use the Bush-Musharraf meeting to set up the trilateral [meeting] to make it real clear that the U.S. is very concerned about what Pakistan is doing in Afghanistan," said Schaffer, a former assistant secretary of state for South Asia who served in several U.S. embassies there.

Noting the troubling "relationship between the Pakistani government and the extremist organizations," Schaffer said, "I am quite convinced that the policy of the Pakistani government is to manage these organizations, rather than put them out of business. And I am not sure that that's a balancing act that's sustainable."

U.S. and NATO forces are attempting to protect the Afghan government against a violent uprising of the Taliban, who were toppled in a U.S.-led invasion in 2002 but whose key ally, Al Qaeda leader Osama bin Laden, was not captured.

Since then, bin Laden and other Al Qaeda leaders are believed to have secured refuge in Pakistan, which also has harbored other terrorists, including some of those believed responsible for a recently thwarted plot to hijack several airliners bound from Britain to the U.S.

While Musharraf has been praised for democratic reforms since taking control of Pakistan in a military coup in 1999, including election of a parliament that has confirmed his presidency and promises new elections next year, he also has been faulted for failing to secure a vast and violent border region whose rebels threaten not only him but also his neighbor.

"The unfortunate history of our region has placed Pakistan in the front line of the global campaign against terrorism," Musharraf said in an address to the United Nations this week.

"Afghanistan confronts complex security, political and economic challenges, including a resurgent Taliban, who also threaten Pakistan's efforts against extremism and terrorism," Musharraf told the UN. "Problems along the bordering regions of Pakistan and Afghanistan are compounded by the continuing presence in Pakistan of over 3 million Afghan refugees, some of them sympathetic to the Taliban."

Bush credited Pakistan with capturing or killing "hundreds of Al Qaeda terrorists" when he met with Musharraf earlier this year in Islamabad, and the two leaders spent "a good while" talking about "the work that needs to be done."

The president is confident, Snow said, that Musharraf will "complete the job" in going after Al Qaeda operatives "and people sympathetic to the Taliban."

Yet the Bush administration remains concerned about nuclear technology that a network once run by A.Q. Khan, the mastermind of Pakistan's own nuclear bomb development, has provided for Iran, Libya and other nations. The U.S. had imposed sanctions against Pakistan after discovering its clandestine nuclear program in 1990 and tightened sanctions after Pakistan tested a nuclear bomb in 1998 in response to India's bomb testing and the Pakistani military coup of October 1999.

John Bolton, U.S. ambassador to the UN, this week cited blueprints for uranium hemispheres that Khan's network provided for Iran as evidence that Iran's nuclear enrichment program is aimed at bomb-building rather than civilian nuclear power. The casting of uranium into hemispheric shapes forms the core of a nuclear bomb.

"There's only one use of uranium metal formed in the hemisphere, and that's to form a nuclear weapon," Bolton told CNN. "Nothing to do with peaceful uses of nuclear power."

The U.S. lifted its sanctions against Pakistan and resumed military assistance — $3 billion promised over five years — after Musharraf's show of U.S. support after 9/11.

Bush To Press Afghan, Pakistani Leaders On Terror Issues (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 22, 2006

WASHINGTON - Faced with a bloody Taliban resurgence in Afghanistan, President Bush over the next several days will be prodding leaders from Afghanistan and Pakistan to work together against Islamic extremists.

The diplomatic arm-twisting comes at a particularly challenging time in a region that remains a spawning ground for international terrorism. In Afghanistan, a Taliban military offensive is testing the viability of the U.S.-backed government in Kabul. Neighboring Pakistan continues to serve as a haven for Taliban operatives and al-Qaida terrorists.

"The real war on terror is going on in Afghanistan, and, frankly, it's not at all clear that we're winning," said William Milam, a former U.S. ambassador to Pakistan. "Pakistan could help by keeping the Taliban out of there."

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Bush is sure to deliver a similar message to Pakistani President Pervez Musharraf when they meet in the Oval Office on Friday. He'll also press Musharraf for information on the search for Osama bin Laden, the al-Qaida leader who's believed to be operating in the Afghanistan-Pakistan border region.

Engaging in shuttle diplomacy from the comfort of the White House, Bush will meet Tuesday with Afghan President Hamid Karzai before welcoming both leaders to a three-way summit over dinner on Wednesday. It could be a heartburn-inducing meal.

"Karzai and Musharraf do not like each other," said Stephen Cohen, a South Asia specialist at the Brookings Institution. "Our influence with both is declining."

Barnett Rubin, a South Asia expert at New York University's Center on International Cooperation, told the Senate Foreign Relations Committee Thursday that Pakistan has become "the global center of terrorism." He said Bush should use a "big diplomatic stick" to force Musharraf to shut down the Taliban's headquarters in Quetta, a provincial capital.

"The government of Pakistan has done virtually nothing to disrupt the command and control of the Taliban, which is based in Pakistan," Rubin told the Senate panel. "The destabilization of Afghanistan, insofar as it's coming from abroad, is coming from Pakistan, regardless of the fact that President Musharraf speaks good English, wears a suit and says things that we like to hear."

Karzai has complained repeatedly that Musharraf isn't doing enough to keep Islamic extremists from using Pakistan as a base for attacks in Afghanistan. Pakistan was one of three countries, along with Saudi Arabia and the United Arab Emirates, that recognized the Taliban regime when it served as al-Qaida's government sponsor in Afghanistan.

Musharraf switched sides after the terrorist attacks on Sept. 11, 2001, but critics say he's been a less-than-stalwart ally in the war on terrorism - despite an infusion of more than $3 billion in U.S. aid to Pakistan since his conversion.

Although Pakistan has captured some well-known al-Qaida members, including Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind, it hasn't arrested a single Taliban leader.

On Thursday, Marine Gen. James Jones, NATO's top military commander, confirmed that the Taliban leadership is directing the insurgency from Quetta, the capital of a Pakistani province.

Musharraf recently pulled his troops back into their barracks in the border region for what he said were promises from separatists to halt infiltration into Afghanistan. But Western diplomats in Kabul said the deal has effectively ceded the region to the militants.

Musharraf, who has survived multiple assassination attempts, bristles at suggestions that he's soft on terrorism. During a visit to the United Nations earlier this week, he suggested that Afghanistan is exporting extremists to his country.

Musharraf said Pakistan has been burdened with 3 million Afghan refugees, "some of them sympathetic to the Taliban." He blamed the Taliban's resurgence on home-grown Afghan extremists.

"Where were they from, Pakistan?" he asked sarcastically. "Certainly they were from Afghanistan. They were the people of Afghanistan who took over Afghanistan under (Taliban leader) Mullah Omar."

Bush has tussled with both leaders over military operations in their countries. He rebuffed Karzai's efforts last year to assert more Afghan control over U.S. military operations. Bush and Musharraf differed publicly this week over whether the United States could attack bin Laden in Pakistan without involving the Pakistani military.

Bush told CNN on Wednesday that he "absolutely" would send U.S. forces into Pakistan if he had good information on bin Laden's whereabouts. When asked for his reaction, Musharraf told reporters, "We wouldn't like to allow that at all. We will do it ourselves."

Pakistan Official Defends Truce (WT)

By Sharon Behn

The Washington Times, September 22, 2006

Pakistan's point man on a truce with tribal elders along the country's restive border with Afghanistan yesterday rejected charges that the agreement would undermine the fight against Islamic extremists.

Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province also criticized the United States for being slow to deliver on critical military equipment and support needed to combat Taliban fighters.

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Mr. Aurakzai, who was a corps commander in the border region when the United States invaded Afghanistan, said the agreement he had helped hammer out with tribal leaders of North Waziristan was part of a broader strategy to keep terrorists out.

"It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm," Mr. Aurakzai told editors and reporters at The Washington Times yesterday. The government planned to pump $2 billion into the tribal areas over the next nine years for "massive development," he said.

Top officials in both Afghanistan and the United States are skeptical of the deal and of Islamabad's overall commitment to the war on terror. The officials fear that Taliban fighters will continue to use Pakistan as a safe haven, harbored by tribal leaders.

The Taliban rulers of Afghanistan gave refuge to Osama bin Laden and other al Qaeda leaders until the September 11, 2001, attacks, and Pakistan was one of the regime's closest allies. Pakistani President Pervez Musharraf said he decided to cooperate with Washington in the war on terror following a U.S. threat to bomb his country.

In an interview with the CBS news magazine show "60 Minutes" that will air Sunday, Gen. Musharraf said then-Deputy Secretary of State Richard L. Armitage had conveyed the U.S. threat to Pakistan's intelligence chief.

"The intelligence director told me that [Mr. Armitage] said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age,'" Gen. Musharraf said. "One has to think and take actions in the interests of the nation, and that's what I did."

Mr. Armitage was not immediately available for comment. A Bush administration official said there would be no comment on a "reported conversation between Mr. Armitage and a Pakistani official."

But the official said, "After 9/11, Pakistan made a strategic decision to join the war on terror and has since been a steadfast partner in that effort. Pakistan's commitment to this important endeavor has not wavered and our partnership has widened as a result."

Mr. Aurakzai said that despite having 80,000 Pakistani troops currently deployed along 375 miles of border with Afghanistan, there were still areas that people could crawl through.

"You cannot rule out the possibility of infiltration through the gaps and those have to be monitored through electronic intelligence and that [should come] from our friends -- we don't have the means," Mr. Aurakzai said.

He accused the United States of dragging its feet on Pakistan's requests for more help in trying to control the treacherous border terrain, including night-vision equipment, sensors and attack helicopters.

"There is an urgency when we are asked to do something -- then it is the day before yesterday." But Washington's response "is terribly slow, there is no urgency," he said.

The governor acknowledged Taliban members were an integral part of the tribal society of Pakistan and that foreign fighters from the 1979-89 war against the Soviet Union were still living in the area.

But he insisted they would conform to the terms of the Sept. 5 agreement which bans all cross-border movement except for "easement" rights for tribes divided by the border.

If successful, the agreement with the tribes in North Waziristan could be replicated in the more restive South Waziristan, and even Afghanistan, Mr. Aurakzai said.

President Bush in a television interview Wednesday expressed his wariness about the Pakistan deal, and said he would send forces into Pakistan to capture or kill al Qaeda leaders if intelligence tracked them into that country.

"We have made it clear that [Gen. Musharraf] should not provide an environment that enables people to go from his country into Afghanistan," Mr. Bush said.

Mr. Bush is to meet with Gen. Musharraf in Washington today, and hold a joint meeting with Gen. Musharraf and Afghan President Hamid Karzai on Tuesday to discuss Taliban and al Qaeda activities on the border areas.

Mr. Aurakzai rejected suggestions that his country was providing refuge to insurgents.

"The trouble started in Afghanistan. They have been exaggerating things out of proportion. They have been covering their own mistakes," he said.

Congress Stalls On Minimum Wage, Tribunals And Other Key Issues (WSJ)

By John Harwood

The Wall Street Journal, September 22, 2006

DOJ_NMG_0067166

CONGRESS FALTERS on resolving critical issues.

Even amid progress on military tribunals, chances fade for granting Bush more leeway on wiretaps. Prospects wane for pairing minimum-wage increase with incentives for small-business health coverage.

Despite calls from vulnerable House Republicans -- and paltry congressional job-approval ratings -- lawmakers are unlikely to raise Medicare payments to physicians since financing possibilities rankle "whoever's ox is gored," a Republican aide says.

Promoting book on Congress,"The Broken Branch," co-author Norm Ornstein calls gridlock a "gift that keeps on giving."

LACKLUSTER FUND RAISING clouds Republican Senate hopes.

Though Democrats face uphill climb for six-seat gain, Republican strategists fear opposing campaign committee's $12 million cash edge heightens chances of an upset. Defenders of Sen. Dole, who heads up Republican committee, cite cash competition from 2008 presidential wannabes Frist and McCain.

Democrats believe Menendez of New Jersey is their only incumbent at risk, though they dismiss talk of replacing him on ballot with Rep. Andrews. After scare from antiwar left, incumbent Cantwell in Washington leads Republican challenger McGavick. In Maryland, Democrats grudgingly credit Republican Steele for effective, offbeat ads, but count on state's blue tint to elect moderate Rep. Cardin to succeed retiring Sarbanes.

WHITE HOUSE FRETS about Afghanistan before Bush meets with Karzai.

The president praises Afghan counterpart, but senior officials worry Karzai isn't strong enough to quell Taliban threat. He hasn't wrested power from warlords or extended his reach much beyond Kabul.

Karzai blames Pakistan, straining relations with its President Musharraf. Administration officials were surprised by Pakistan's cease-fire agreement with Taliban-linked militants; they privately share Karzai's belief that Muslim extremist groups are using Pakistan as a base.

White House won't press Pakistan publicly now, fearing further reduction in Musharraf's antiterror cooperation.

ZOELLICK'S EXIT from State Department gives Paulson more running room on international economics, since Zoellick had previously been trade representative. Though predecessor Snow traveled to Ohio battleground during 2004 campaign, Paulson swears off political travel, saying, "The president wants me to be secretary of the Treasury."

UNITED? Though most countries agree U.N. Security Council needs more than five countries with veto, three of those with that power dissent for different reasons. U.S. wants Japan to join that club, but only after U.N. reforms. Russia and China fear their prestige would be diluted in larger group.

SPITZER WILL JOIN actor Martin Sheen for October fund-raising clambake at Kennedy family compound in Hyannis Port, Mass. Event will swell coffers of Ted Kennedy son Patrick, a Rhode Island House member occupied lately with recovery from prescription-drug addiction.

GENERATION GAP? Democratic insiders worry about age of those slated for important chairmanships if House changes hands. Dingell of Energy and Commerce is 80 years old, Conyers of Judiciary is 77, and Rangel of Ways and Means is 76 -- each more than a decade older than Republican chairman. But attempts to leapfrog veterans would trigger infighting and look unlikely.

ADMINISTRATION FACES congressional resistance to Vietnam trade pact.

Textile-friendly Republican Sens. Dole of North Carolina and Graham of South Carolina resist letting Vietnam join WTO. They warn trade representative Schwab of "large-scale job losses in both our states" and seek limits on Vietnamese apparel exports to U.S.

"We're looking for some way for the industry to defend itself," says industry advocate Cass Johnson. To soothe domestic companies, Commerce Department official Lavin visits North Carolina textile executives.

After returning from China, Paulson will meet with Sen. Schumer, who may seek floor action on tariff bill.

MINOR MEMOS: Former NFL quarterback Heath Shuler, battling Republican Rep. Taylor in North Carolina, says he's happy his children aren't old enough to understand negative TV ads. ... Brad Meltzer, author of best-selling terror-themed novel "The Book of Fate," says Americans crave politicians like reluctant-hero Spider-Man to battle al Qaeda.

Taliban's Gains Forestall U.S. Troop Reductions In Afghanistan (WP)

By Ann Scott Tyson, Washington Post Staff Writer

DOJ_NMG_0067167

The Washington Post, September 22, 2006

The U.S. military plans no troop cuts in Afghanistan before March, as fighting intensifies against Taliban forces that have gained influence in a political and security "vacuum" in the southern part of the country, according to a senior U.S. commander.

"Our troop levels in Afghanistan will remain about steady through . . . February," said Lt. Gen. Karl W. Eikenberry, who leads the Combined Forces Command in Afghanistan. There are approximately 20,000 U.S. troops in Afghanistan, the highest number since the U.S.-led invasion in October 2001 to overthrow the Taliban government.

Eikenberry said Taliban fighters and extremists have grown more numerous, organized and determined in some parts of the south and southeast, where foreign troops were limited and the Afghan government was weak.

"You do have challenges where Taliban has moved into an area you could perhaps call a vacuum, or at least very weak governance," Eikenberry said at a Pentagon news conference. "In some areas there are more Taliban extremists than there were at this point last year. And within some areas they . . . demonstrated better command-and-control and they're fighting harder."

Yet a more robust Taliban is still no match for U.S. and NATO troops and 76,000 Afghan security forces, Eikenberry said. "Wherever our forces go, wherever NATO forces go, increasingly wherever the ANA, the Afghan National Army, goes, then the enemy is defeated and they disappear," he said.

The primary challenge in Afghanistan is not military but rather one of extending the reach of the central government and bolstering economic development, Eikenberry said.

Nevertheless, he said, Afghanistan's burgeoning drug trade presents a fundamental threat that could ultimately undermine both the U.S. military mission and the nation's government. The sheer scale of the drug trafficking and the money involved creates "the prospect of absolute corruption of the government," he said, as well as the likelihood that drug money will fund terrorism.

The contingent of U.S. troops in Afghanistan has swelled in recent years partly because far more American soldiers -- about 5,000 now -- are in the country training Afghan security forces. An additional 2,000 are doing logistical work or providing manpower for12 Provincial Reconstruction Teams (PRTs) that are assisting local Afghan officials with rebuilding, he said.

The U.S. military is also keeping troop levels steady as NATO prepares to take over another contentious region -- eastern Afghanistan along the Pakistan border -- by the end of this year.

As a member of NATO, the United States will remain the biggest provider of troops in Afghanistan and will retain the lead role in combating terrorist leaders and groups such as al-Qaeda. Asked about the politically sensitive issue of waging strikes against Osama bin Laden or other terrorist leaders across the border in Pakistan, Eikenberry said he has the "authority and flexibility to take the fight to international terrorism."

"We will maintain our strong national capability in support of counterterrorism missions to strike al-Qaeda and its associated movements wherever and whenever they are found," he said in an opening statement.

Pakistani Leader Says Armitage Made Bomb Threat (USAT/AP)

USA Today, September 22, 2006

WASHINGTON — Pakistani President Pervez Musharraf says a State Department official threatened to bomb his country "back to the Stone Age" after the Sept. 11 attacks if he did not help the U.S. war on terrorism.

The threat was delivered by Richard Armitage, who at the time was deputy secretary of State, to Musharraf's intelligence director, the Pakistani leader told CBS' 60 Minutes.

"The intelligence director told me that (Armitage) said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age,' " Musharraf said in an interview to be broadcast Sunday. "I think it was a very rude remark," Musharraf told reporter Steve Kroft.

By agreeing to cooperate with the United States, Musharraf said, he reacted responsibly. "One has to think and take actions in the interests of the nation, and that is what I did," he said.

Armitage disputed the language attributed to him but did not deny his message was a strong one, 60 Minutes said.

The former deputy secretary of State could not be reached immediately Thursday by the Associated Press.

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Julie Reside, a State Department spokeswoman, declined to comment on the reported conversation between Armitage and the Pakistani official. “We are referring all questions to Mr. Armitage,” she said.

Pakistan has been a close ally in the war on terrorism, Reside said.

“We are continuing to work cooperatively with them and in the process are broadening our bilateral relationship,” Reside said.

The relationship has shown signs of strain. Pakistan vowed Thursday not to let foreign forces enter its territory, a day after President Bush told CNN he would “absolutely” order American military action inside the country if Osama bin Laden were found hiding there.

In a speech in January 2002, four months after the attacks on the World Trade Center and the Pentagon, Musharraf gave a speech in which he clearly came down on the side of reform at home and opposition to Islamic fundamentalism.

In recent months, though, as the Taliban insurgency has intensified in Afghanistan, Pakistan has shown a reluctance to go after militants taking refuge in the rugged, mountainous region along its 1,500-mile border with Afghanistan.

Earlier this month, Musharraf's government struck a deal with tribal leaders along the border. It requires them to expel foreign al-Qaeda fighters in return for the release of tribesmen arrested in sweeps for Islamic militants.

Sen. Joseph Biden, D-Del., one of the deal's many critics, accused Pakistan of “turning a blind eye to the Taliban high command” operating on its soil.

Musharraf is scheduled to meet with Bush today at the White House. The two leaders are scheduled to get together again next week in a three-way meeting with Afghan President Hamid Karzai.

$70B OK'd For Iraq And Afghan War Funds (AP-Y)

By Andrew Taylor

AP, September 22, 2006

House-Senate negotiators Thursday approved a new $70 billion infusion for military operations in Iraq and Afghanistan as they wrapped up talks on a $447 billion Pentagon funding bill.

The additional war funds would bring the total approved by Congress for the wars in Iraq and Afghanistan since Sept. 11, 2001, to more than $500 billion, with another installment likely to come next spring.

At the same time, the White House beat back an attempt by Republicans on the appropriations committees to take an additional $2 billion from defense programs to ease cuts to domestic programs such as education and grants to local governments.

The bill would be the first of 11 spending bills to clear Congress for the budget year beginning Oct. 1. With progress so slow on other bills — the homeland security bill is the only other spending measure likely to pass before Congress adjourns next week to campaign for fall elections — the Pentagon measure will also carry a stopgap funding bill to keep open agencies whose funding bills won't have passed.

The defense measure is certain to enjoy sweeping support in Congress despite widespread anxiety about how well the wars in Iraq and Afghanistan are going. Even opponents of the war tend to support the measure because it supports U.S. troops in harm's way.

"The troops are stretched thin," said Rep. John Murtha of Pennsylvania, the top Democrat on the House Appropriations Defense Subcommittee. "We're not making progress."

Sen. Ted Stevens, R-Alaska, said the $70 billion infusion for Iraq and Afghanistan operations will fund the war "at least until May, but we hope beyond that."

The bill provides for a 2.2 percent pay increase for the military as President Bush requested in his February budget.

The measure would cut about $2 billion from Bush's request for procurement of new weapons systems, providing $81 billion. Almost $11 billion of that would be used to build eight ships, including two DD(X) destroyers. That is significant because it would allow Bath Iron Works in Maine and Northrop Grumman's Ingalls Shipbuilding in Mississippi to build one ship each.

A House-passed defense policy bill had called for only one DD(X) ship, to be built in Mississippi.

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The final House-Senate agreement also largely restores cuts made by the Senate from the Army's request of more than $3.5 billion for the Future Combat System. The service's key weapons program is expected to produce more than a dozen manned and unmanned vehicles and aircraft for combat.

The bill also contains good news for lawmakers from California and Missouri, who won a total of 22 C-17 cargo planes, including seven added in end-stage talks. That is expected to keep manufacturing lines open for about an additional year despite the Air Force's wish to end production with the completion of a 180-plane inventory.

The C-17 is built in Long Beach, Calif., but several components are assembled at Boeing's St. Louis-based defense company.

Negotiations on the bill demonstrated the flexibility with which the Congress and the White House treat budget limits set on the Pentagon. The bill was originally supposed to carry $50 billion for Iraq and Afghanistan, but that figure jumped after lawmakers heard about rapidly deteriorating Army and Marine Corps readiness caused as equipment has worn out in harsh overseas conditions.

The bill cuts about $4 billion from Bush's request for core defense programs in order to ease White House cuts to domestic programs. The original Senate bill had proposed a $9 billion shift, provoking a veto threat.

An attempt by House and Senate appropriators to settle on a $5.9 billion transfer to domestic programs was scuttled by the White House and House and Senate GOP leaders.

But senators from western states succeeded in preserving $200 million of $275 million added by the Senate to combat wildfires.

House-Senate Panel Approves Defense Budget (WSJ)

By David Rogers

The Wall Street Journal, September 22, 2006

WASHINGTON -- House-Senate negotiators approved a $447.4 billion Pentagon budget including $70 billion in emergency funds for the war in Iraq and to begin the rebuilding of Army and Marine units worn down by the conflict.

Together with prior appropriations for Iraq, the total U.S. commitment will now approach $375 billion, and final concessions to the White House could squeeze billions from domestic spending bills delayed until after the November elections.

The action came as Republican leaders gave their reluctant blessing to a pre-election deal that tacitly recognizes the practice of individuals' bringing cheaper prescription drugs for personal use into the U.S. from Canada. Customs officers would be barred from preventing persons re-entering the U.S. with medicines, as long as the drugs were carried on their person and in limited quantities, such as filling a prescription for as long as three months.

The compromise should help expedite final action next week on a second major spending bill funding the Department of Homeland Security for the new fiscal year that begins Oct. 1. But it represents a significant breach in the tight alliance between Republicans and the drug industry, which remains a major source financial support for House and Senate campaigns.

Asked if he was pleased with the deal, House Speaker Dennis Hastert (R., Ill.) said bluntly: "No. But it looks like that's where we're going." The Pharmaceutical Research and Manufacturers of America, which had assumed the proposal would be killed, was clearly upset with the outcome.

"If I were PhRMA, I wouldn't make a fight on this," said Rep. Jo Ann Emerson (R., Mo.), who had won an even broader amendment in the House earlier this year. Mail order, Internet sales and persons in the business of importing drugs wouldn't be covered by the exemption, and the drugs covered would have to be medicines approved by the Food and Drug Administration and not controlled substances.

But Ken Johnson, a senior vice president for PhRMA, said "We are adamantly opposed to importation for safety reasons." The group argues that counterfeit drugs represent a growing multibillion-dollar market in Canada and hazard to Americans that the FDA can't supervise in these circumstances.

Together, the defense and homeland-security budgets, are two of the last major legislative packages Republicans hope to complete before sending members home next week to campaign, and each will be used to carry additional legislation.

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The defense bill, for example, will incorporate a stopgap funding bill to keep domestic agencies operating through Nov. 17, buying time for a lame-duck session after the elections. And the $34.8 billion homeland-security measure could become a vehicle for enacting new legislation announced last night giving the department authority to require high-risk chemical plants to carry out security measures and be shut down, potentially, if they don't comply.

Even as talks continued on the homeland bill, the House was churning out new immigration-related measures yesterday that it wants to add to the package. Senators have complained of the procedures, but Mr. Hastert was unswayed. "You have to look at the bigger good," he said. "It's good stuff. It makes sense."

The Pentagon bill has its own quota of "stuff" as well, but it is most important for its sheer volume of money. The greatest share of the $70 billion in emergency funds would go to pay for personnel and operations overseas. And an additional $6 billion is provided for weapons-procurement accounts, including funds for 10 C-17 cargo aircraft built by Boeing Co. (See related article1.)

The measure provides $1.4 billion to fully fund the purchase of 20 F-22 fighter aircraft, but to cover this cost, Lockheed Martin's F-35 Joint Strike Fighter program appears to face a 40% cut in production funds. Instead of being able to buy five planes in the coming year, the Air Force would have money for just two, and the advanced procurement would also be trimmed back to 12. Within shipbuilding accounts, the Navy is promised $2.6 billion to begin production of two DDX destroyers, and Gulf Coast shipyards are expected to benefit from the addition of $117 million for an oceanographic research vessel.

--Anna Wilde Mathews contributed to this article.

GOP Leaders Work Out Deal On Defense Spending (LAT)

By Noam N. Levey

The Los Angeles Times, September 22, 2006

WASHINGTON — With national security looming as a major issue in approaching midterm elections, Republican congressional leaders agreed Thursday to a new defense spending bill that would push the price tag for the war on terrorism above $470 billion.

The agreement on the 2007 defense appropriations bill — expected to be approved by the full House and Senate next week — spares Republicans the embarrassment of leaving Washington without funding the cash-strapped military.

But it marked another grim milestone for wars in Iraq and Afghanistan that by one estimate have already cost two-thirds as much as the Vietnam War, which lasted more than twice as long as the current conflicts have so far.

The prolonged and difficult negotiations over next year's Pentagon funding underscored the financial toll of war-related costs on other military-related services.

On the same day Republican leaders hammered out their agreement, advocates for military families came to Capitol Hill to talk about cutbacks in military-base libraries, child-care centers and other services for armed forces personnel and their kin.

"Our families are not whiners … but they are worried," said Joyce Wessel Raezer, a lobbyist for the National Military Family Assn.

"Our deployed service members want to know their families are being taken care of."

Before the 2003 U.S.-led invasion of Iraq, Bush administration officials repeatedly said Iraq's oil wealth ultimately would pay for the reconstruction of the country.

Yet the U.S. government continues to bear the financial burden of the ongoing conflict in Iraq. And increasingly, reports suggest skyrocketing costs are seriously straining the military.

Senior House Democrats in recent months have spotlighted how military units in this country often don't have enough equipment to be combat-ready and that base commanders have had to scrimp to pay utility bills.

Army officials have described cutting back on personnel travel, freezing new contracts and taking other measures to make it to the next funding period.

At the same time, congressional Republican leaders have been under increasing pressure from some of their own members not to cut popular domestic programs.

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"It's the return of the guns-and-butter debate," said Bryan Riedl, a senior policy analyst at the conservative Heritage Foundation think tank, referring to the Lyndon B. Johnson administration's struggle to maintain large domestic expenditures as the costs of the Vietnam War escalated.

This year, the Senate cut $9 billion from its version of the president's proposed defense budget, in part to pay for domestic programs. The Senate vote prompted a veto threat from the Bush administration and weeks of tough negotiations.

In the end, congressional leaders agreed Thursday to cut the defense appropriations bill by $4 billion, as House leaders had proposed, bringing its price tag to $428 billion for the fiscal year that starts Oct. 1.

Although spending breakdowns have not yet been disclosed, the deal reportedly will pay for an additional 22 C-17 military cargo planes, which may delay Boeing's plans to close the Long Beach factory that produces the jets.

Congressional leaders plan to augment the military budget with an emergency infusion of $70 billion for the wars in Iraq and Afghanistan.

That would follow a $65.8-billion emergency allocation in June and more than $50 billion in emergency funding in December, as well as other such supplements since the terrorist attacks of Sept. 11.

The Bush administration defends the system of emergency funding as necessary during wartime.

"The nature of the war on terror continues to make it difficult to predict with precision future funding needs," Office of Management and Budget spokesman Scott Milburn said Thursday.

But the practice has drawn increasing criticism from members of both parties.

"There seems to be an unwillingness to be real," said Rep. David L. Hobson (R-Ohio), a member of the House Appropriations Committee. "We need to really be straightforward about what we're funding and where it's coming from."

Democrats: War Forces Army To Cut Back On Base Operations (MCT)

By Drew Brown

McClatchy Newspapers, September 22, 2006

WASHINGTON - The Army is $500 million short of the money it needs to operate its bases this year because of the war in Iraq, forcing many posts to cut back on training, force protection and family support programs, House Democrats said Thursday.

Since June, some Army installations have had to close mess halls, reduce training time and cut back on ammunition, equipment, food and fuel to non-deploying units. Funds for family support activities, including child care, gyms, bus services and other programs have also been cut, hurting morale for families whose loved ones are fighting overseas, the congressional Democrats said at a press conference.

The Bush administration failed to anticipate the Army's needs and budget enough money to cover those expenditures, the group said. The Democrats called for a congressional investigation.

"You can't expect to fight an extended war without paying for it," said Rep. Ike Skelton, D-Mo., the ranking Democrat on the House Armed Services Committee. "Cutting services that support soldiers and their families is shortsighted and just plain wrong. We should not be rewarding their service this way."

The problem has been building for several years, with the Army under-funding its base operations accounts. When fiscal year 2006 started last October, the Army had only 69 percent of the funds it needed for activities ranging from cutting grass and building maintenance to paying civilian workers to man security gates and equipment warehouses.

The Army was counting on money from the Bush administration's $72 billion emergency defense spending request to help cover those activities, but when Congress failed to pass the bill before the Memorial Day recess, belt-tightening began.

Army Vice Chief of Staff Gen. Richard Cody warned in a memo in May that unless Congress passed the bill, the Army would have to cut back on spare parts and supplies and cancel travel and training, and in June it would have to stop hiring civilians and let temporary workers go.

Even when Congress approved $94 billion in emergency war spending in June, including $722 million for Army base operations, the Army was still $500 million short of the total it needed, according to the House Democrats.

Army spokesman Dave Foster said Thursday that he had no immediate comment on the Democrats' analysis of the shortfall.

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In testimony to Congress during the summer, Gen. Peter J. Schoomaker, the Army chief of staff, testified that the Army needed a larger annual budget to address all of its needs.

For 2007, the Army has requested $5.2 billion in base operating funds and $17 billion to replace equipment damaged, worn out or lost in the war.

Skelton said the war has become a "black hole for resources" that is "sapping the non-deployed forces in order to support units in combat."

Rep. Vic Snyder, D-Ark., said cutting back on base services sends the wrong message to the men and women who are fighting overseas. It says "that even in a time of war that their country doesn't care about them," he said.

Rep. Silvestre Reyes, D-Texas, said Congress needs to exert more oversight and come up with ways of fixing the problem.

"At a time when they're fighting for us, and we're treating them this shabbily, that's unconscionable," Reyes said.

Joyce Raezer, director of government relations for the National Military Family Association, said troops serving in Iraq and Afghanistan want to know that their families are being taken care of back home. But she said indications are that services at many bases at getting worse, not better.

"Our families aren't whiners," she said. "They'll accept a certain amount of sacrifice to support their service member, but they're worried about the trend that seems to be developing."

Casey: Iraq War Becoming Internal Fight (AP-Y)

By Elena Becatoros, Associated Press Writer

AP, September 22, 2006

The conflict in Iraq is changing from a fight against U.S.-led coalition forces to an internal struggle for political and economic power, the top U.S. general in Iraq told The Associated Press in an interview Thursday.

Gen. George Casey acknowledged the security situation has become more difficult in the past few months, and said Iraqi leaders must find common ground on key issues if progress is to be made.

"We're starting to see this conflict here transition from an insurgency against us to a struggle for the division of political and economic power among the Iraqis," Casey told the AP.

The general made the comments as he finished a visit to a northern Baghdad neighborhood to talk with local officials about an operation aimed at curbing violence in the capital.

Maj. Gen. Bashar Mahmood Ayoub, commander of the 9th Iraqi army, said the situation has deteriorated in recent months.

"These days, the violence is worse and the politicians are not supporting us," Ayoub told the AP. He said it was up to political leaders to resolve the security situation, adding that the army could do nothing further for now.

Casey acknowledged the difficulties.

"I think the security situation is more complex and more difficult than it was in December '05," when Iraq held general elections.

The February bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad, led to a surge of violence.

"It's why I think it probably is somewhat more complex than it was back in December," Casey said. "But it's peaked and it's come down again."

The general flew from the fortified Green Zone in the center of the city to visit the Shaab and Azamiyah neighborhoods, where Iraqi and U.S. forces have been conducting searches as part of Operation Together Forward.

Reducing violence in the capital is crucial to any possible success in Iraq, Casey said.

Baghdad is "critical in the overall campaign. In military parlance we would say it's the center of gravity for the country," he said. "Everybody knows that. The bad guys know it, we know it, the Iraqis know it. So we have to help the Iraqis secure their capital if they're going to go forward. And I think they're committed to doing that."

The operation is designed to clear the capital neighborhood by neighborhood, with security forces cordoning off areas and searching all buildings.

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"The whole thought process here is to target the worst neighborhoods where the killings and the violence was the greatest, clear them out, impose Iraqi security forces back into the areas and then follow with economic reconstruction so that you keep the people looking ahead and not looking back," Casey said.

Col. Mike Shields, commander of the 172nd Stryker Brigade which is conducting much of the security operation in the capital, said his men were searching and clearing 1,000 to 3,000 buildings a day.

In Shaab, local officials said the operation was mostly working. But there were some complaints. They included problems with deliveries of water, and access by teachers and doctors to some areas.

Part of the security operation is the creation of physical barriers around the city — in the form of berms, trenches and roadblocks — to funnel traffic entering and leaving Baghdad through 28 checkpoints. Viewed from the air, the network of irrigation canals and ditches almost completely ringing the capital is clear.

The barrier "takes advantage of the rivers and the canals around the area, and really just blocks bridges and puts checkpoints around," said Casey. "The notion is push the bad guys out, keep them out, and then gradually go back and re-clear areas so that the people feel safe in their own neighborhoods."

"But it's a long process, it's not going to happen in two weeks," he said.

Inspired by Islamic history, the plan for a ditch around Baghdad is the newest twist in what has so far been a losing battle to prevent suicide car bombs and other weapons from entering the capital.

Casey said that for progress to be made, unity among Iraqi leaders was crucial.

"I think the greatest challenge at the moment is to get the Iraqi leaders to come together and resolve the four or five key issues that are dividing the country right now."

He said Iraqi leaders must focus on purging the government of senior officials who were members of Saddam Hussein's Baath Party and on passing a law to govern management of the nation's huge petroleum reserves.

Another crucial issue is federalism — Shiite Arabs in the south want to create an autonomous region like that controlled by Kurds in the north, but are opposed by Sunni Arabs who fear losing out on oil riches. A second key problem is the prevalence of militias.

"If the leadership can come together and resolve those, and then codify them in law so people understand that their rights are going to be protected, then I think we'll start seeing people giving up the fighting," Casey said.

U.N. Expert: Iraq Torture May Be Worse (AP)

By Eliane Engeler, Associated Press Writer

AP, September 22, 2006

Torture in Iraq may be worse now than it was under Saddam Hussein, with militias, terrorist groups and government forces disregarding rules on the humane treatment of prisoners, the U.N. anti-torture chief said Thursday.

Manfred Nowak, the U.N. special investigator on torture, made the remarks as he was presenting a report on detainee conditions at the U.S. prison in Guantanamo Bay as well as to brief the U.N. Human Rights Council, the global body's top rights watchdog, on torture worldwide.

Reports from Iraq indicate that torture "is totally out of hand," he said. "The situation is so bad many people say it is worse than it has been in the times of Saddam Hussein."

Nowak added, "That means something, because the torture methods applied under Saddam Hussein were the worst you could imagine."

Some allegations of torture were undoubtedly credible, with government forces among the perpetrators, he said, citing "very serious allegations of torture within the official Iraqi detention centers."

"You have terrorist groups, you have the military, you have police, you have these militias. There are so many people who are actually abducted, seriously tortured and finally killed," Nowak told reporters at the U.N.'s European headquarters.

"It's not just torture by the government. There are much more brutal methods of torture you'll find by private militias," he said.

A report by the U.N. Assistance Mission in Iraq's Human Rights office cited worrying evidence of torture, unlawful detentions, growth of sectarian militias and death squads, and a rise in "honor killings" of women.

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Iraq's government, set up in 2006, is "currently facing a generalized breakdown of law and order which presents a serious challenge to the institutions of Iraq" such as police and security forces and the legal system, the U.N. report said, noting that torture was a major concern.

Nowak has yet to make an official visit to Iraq and said such a mission would be unfeasible as long as the security situation there remains perilous. He based his comments on interviews with people during a visit to Amman, Jordan, and other sources.

"You find these bodies with very heavy and very serious torture marks," he said. "Many of these allegations, I have no doubt that they are credible."

According to the U.N. report, the number of Iraqi civilians killed in July and August hit 6,599, a record-high that is far greater than initial estimates suggested, the U.N. report said Wednesday.

It attributed many of the deaths to rising sectarian tensions that have pushed Iraq toward civil war.

Associated Press writers Bradley S. Klapper in Geneva and Nick Wadhams at the United Nations contributed to this report.

Antiwar Push Starts Near White House; 34 Arrested (WP)

By Sue Anne Pressley Montes

The Washington Post, September 22, 2006

A group of ministers, veterans and peace activists attempted to deliver a "declaration of peace" to the White House yesterday, kicking off a week of vigils and other activities in 350 communities across the country calling for the prompt withdrawal of U.S. troops from Iraq.

Thirty-four people were arrested here and charged with disorderly conduct after they demanded to speak with President Bush, then refused to leave the west gate of the White House. As part of an initiative of more than 400 groups, many of them religiously affiliated, the activists said they had to "bear moral witness" against the U.S. military role in Iraq.

"We are in a time of peril, and people of morals have got to stand up," said the Rev. Lennox Yearwood Jr., who founded the D.C.-based Hip Hop Caucus to involve youths in political and social action and helped to lead yesterday's protest. "If we don't stand now in the 21st century, there will not be a 22nd century. We will destroy ourselves -- we will either solve this together or die as fools together."

The day's activities also featured vigils for peace in dozens of cities and towns, including Little Rock; Tucson; Pasadena, Calif.; Miami; Decatur, Ga.; Pittsburgh; and Austin. In San Diego today, there will be a Dance Action for Peace. Tomorrow in Cincinnati, a tent city dedicated to peace will be erected. San Francisco is hosting a mass bicycle ride to protest the conflict in Iraq, and Madison, Wis., is holding community forums on the issue.

The week's activities will include civil disobedience actions at the U.S. Capitol, organizers said, as participants try to persuade members of Congress to sign the declaration of peace, a document demanding that the Bush administration "establish a concrete and rapid plan to end the U.S. occupation of Iraq."

The declaration of peace was created after religious and secular peace groups, including the Methodist Federation for Social Action, the Presbyterian Peace Fellowship and United for Peace and Justice, began discussions in January. Since then, the document has received more than 12,000 signatures online. Thousands more signatures have been gathered in petition campaigns around the country, organizers said.

At yesterday's event outside the White House, about 75 people listened as Yearwood and others explained their purpose. Some held small, red "stop" signs to show their support for an end to the war and chanted, "No to war! We declare peace!"

"Today, here in front of the White House, we kick off a week of intensive antiwar action throughout the nation," said Leslie Cagan, national coordinator for United for Peace and Justice, which she described as the country's largest antiwar coalition. "It is time to end the war in Iraq. It is time to bring all of the troops home."

Army Meets Recruiting Goal (AP)

By Robert Burns

AP, September 22, 2006

The Army is ending its best recruiting year since 1997 and expecting similar success in 2007, despite the weight of grim war news from Iraq, Army Secretary Francis Harvey said Thursday.

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In an Associated Press interview, Harvey said the Army will enlist its 80,000th soldier on Friday, reaching its goal for the year with eight days to spare. That is a considerable turnaround from last year when the Army missed its target for the first time since 1999 and by the widest margin in more than two decades.

At the start of this recruiting year, which began Oct. 1, 2005, many questioned whether the Army would reach 80,000, given the many alternative career options available to young people and the growing unpopularity of the Iraq war. But a package of new financial incentives, new recruiting approaches and a bigger recruiting corps did the trick.

Army recruiters are making more use of the Internet to attract young prospects, and the Army this year began allowing people as old as 42 to enter the service; the maximum age previously was 35.

The Army also has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them. The Army says it does not grant waivers if there is a pattern of criminal misconduct or for convictions of drug trafficking or any sexually violent crimes.

Harvey said the Army would stick with the formula it used over the past 12 months, while adding a few new wrinkles for recruiters.

He described himself as "moderately optimistic" about reaching the 80,000 goal again next year. It is too early to know the final number for the current recruiting year, which ends Sept. 30, but Harvey said it would be the highest in nine years. Last year the Army fell short of its goal by the widest margin since 1979.

Harvey was flying to New York to personally enlist on Friday the 80,000th recruit — Shirley Salvi, 23, a Rutgers University graduate who will report to Fort Leonard Wood, Mo., to become an Army linguist or intelligence analyst.

The trend in recruiting is particularly important for the Army now because it is striving to expand its overall ranks. The expansion is fundamental to an Army plan that increases the number of combat brigades available for fighting in Iraq and Afghanistan, thereby giving soldiers more breathing room between overseas tours.

The Army secretary said combat brigades now get, on average, only 14 months at home for every 12 months at war. The goal is 24 months at home for every 12 months at war, but Harvey said they currently are moving in the wrong direction. Not long ago, combat brigades were getting 18 months between war tours.

By the end of the budget year on Sept. 30, the active-duty Army expects to have a total of nearly 504,000 soldiers, up from 492,000 a year ago. A year from now it hopes to reach its goal of 512,000, but that will not happen if recruiting slips again. Harvey indicated he expects recruiting to remain strong in the coming year.

"We're sticking with all the improvements we made" over the past year, including a beefed up recruiting corps, Harvey said. "If we start seeing trends that we don't like, we may" add even more recruiters, he said.

There are now about 6,600 recruiters for the active-duty Army, up from 6,401 a year ago and 5,119 two years ago. The Army National Guard and Army Reserve also have greatly increased their recruiting corps.

The outlook for 2007 is brightened a bit by the fact that the Army expects to begin the new recruiting year with about 14 percent of the target number of 80,000 already signed up. Many who signed up this month, for example, did so with the understanding they will not begin basic training for several weeks or months. The Army began the 2006 recruiting year with about 12 percent of the year's total already signed up.

Strained, Army Looks To Guard For More Relief (NYT)

By Thom Shanker And Michael R. Gordon

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — Strains on the Army from the wars in Iraq and Afghanistan have become so severe that Army officials say they may be forced to make greater use of the National Guard to provide enough troops for overseas deployments.

Senior Army officers have discussed that analysis — and described the possible need to use more members of the National Guard — with Defense Secretary Donald H. Rumsfeld's senior adviser on personnel, David S. C. Chu, according to Pentagon officials.

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While no decision has been made to mobilize more Guard forces, and may not need to be before midterm elections, the prospect presents the Bush administration with a politically vexing problem: how, without expanding the Army, to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard.

The National Guard has a goal of allowing five years at home between foreign deployments so as not to disrupt the family life and careers of its citizen soldiers. But instead it has been sending units every three to four years, according to Guard officials.

The question of how to sustain the high level of forces abroad became more acute this week as General John P. Abizaid, the senior American commander in the Middle East, said that the number of troops in Iraq, currently at more than 140,000, could not be expected to drop until next spring at the very earliest.

That disclosure comes amid many signs of mounting strain on active Army units. So many are deployed or only recently returned from combat duty that only two or three combat brigades — perhaps 7,000 to 10,000 troops — are fully ready to respond in case of unexpected crises, according to a senior Army general.

An internal Army document that was provided to The New York Times notes that the demand for troops in Iraq and Afghanistan has greatly exceeded past projections that predicted earlier troop reductions. According to the document, the Army needs $66.1 billion to make up for all of its equipment shortfalls. Referring to the units that are to deploy next to Iraq and Afghanistan, or are in training, the document shows a large question mark to indicate their limited readiness.

The Army had to offer generous new enlistment bonuses of up to $40,000 to attract recruits into such dangerous jobs as operating convoys in Iraq. It was able to meet its active-duty enlistment goals this year with the addition of 1,000 new recruiters.

Enmeshed in negotiations with Bush administration officials over its spending request for next year, neither Gen. Peter Schoomaker, the Army Chief of Staff, nor any of his top Pentagon aides would agree to be interviewed about the personnel stresses they are confronting. But Army officials have shared their concerns with retired Army officers and members of Congress, and quietly distributed budget tallies, including the internal document on troop and equipment demands, to their supporters. Military officers and civilian Pentagon officials interviewed for this article would discuss the issues only on condition of anonymity.

An examination of the Army's plan for deploying its force shows some of the ways it has been overextended.

In overhauling its structure, the active-duty Army is growing to 42 combat brigades. Army officials have said they want to establish a pattern in which an active brigade spends two years at home for each year it is deployed overseas.

But so many units are needed for the conflicts in Iraq and Afghanistan that combat brigades are generally spending only a year at home for each year they are deployed. Military analysts concluded that this has severely reduced the number of forces that are available for other contingencies.

"The continuing frequent deployments to Iraq and Afghanistan have stretched the U.S. Army so thin that there are few brigades ready to respond to crises elsewhere," said Lynn Davis, a senior analyst in the Arroyo Center, a division of the RAND Corporation that does research for the Army.

Ms. Davis said that there was no quick fix for the limited number of troops. The longer-term solution, she said, was to rely more on the National Guard or to increase the number of Army brigades, a move that would cost billions of dollars.

Gordon R. Sullivan, the former Army chief of staff and president of the Association of the United States Army, said in an interview that the Army was simply too small for the many responsibilities it faced and should be expanded from about 500,000 in the active force to some 560,000. It also needs to make greater use of the National Guard, he said.

"The biggest challenge is manpower," General Sullivan said.

Barry R. McCaffrey, the retired four-star Army general, also asserted that the armed forces needed to be expanded. "We cannot sustain the current national security policy with an Army, Marine Corps, Air Force lift capability and Special Operations forces of this size," he added. "They are clearly inadequate."

The pace of deployments and financing shortfalls, he said, had taken a toll of units in the active duty Army and the National Guard. "One third is completely ready to fight, and two-thirds are severely impaired," he said.

Asked if it was true that only a handful of combat brigades not currently deployed were immediately ready for a crisis, a spokesman for the Army said he could not address specifics because the information was classified.

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Mr. Rumsfeld has not favored substantially expanding the Army, concluding that such a step would draw money from programs he favors to overhaul the military and calculating that the high level of troops in Iraq and Afghanistan will prove temporary. Congress, however, has mandated a temporary 30,000-soldier increase for the Army.

As for whether any decision on mobilizing more members of the Guard can be expected, Mr. Chu, the Pentagon's chief personnel officer, declined through a spokeswoman to be interviewed on Army discussions about how to meet its needs.

But active commanders have highlighted the issue. At a recent conference at Fort Benning, Ga., Gen. Dan K. McNeill, the head of the Army's Forces Command, which oversees training and mobilization for all Army forces in the continental United States, suggested that the service needed to make greater use of the National Guard if the United States was to pursue what the Bush administration has described as a "long war" against Islamic terrorists.

"If we are going to prosecute this long war, we need relatively unencumbered access to the citizen soldier formations," General McNeill said.

The equivalent of several Guard brigades are deployed today in Iraq, Afghanistan, Sinai, the Horn of Africa and Guantánamo Bay, Cuba. Sending more Guard units to Iraq is politically sensitive because of complaints from families and employers while the Guard and Reserve were used extensively in Iraq and Afghanistan in 2004.

Restrictions on the use of the Guard are a matter of interpretation. Guard officials said that under President Bush's current mobilization order, its members may not be called up if they have served for 24 consecutive months. But a conflicting Defense Department policy interprets the order as limiting the call-up of those who have tallied 24 months of total service, regardless of the length of time served consecutively. That view would put more Guard members off-limits for remobilization without a new order from the president.

If the military cannot deploy enough members of the Guard by following either interpretation of the rules, officials may be forced to propose that Mr. Rumsfeld advise President Bush of the need to sign a new mobilization order that would reset the clock for many Guard members who have already served overseas.

Lt. Gen. H Steven Blum, the head of the Guard, said his forces would be prepared to meet current requirements and to send more forces if needed.

"Can I sustain that?" General Blum said. "I say the answer is, 'Absolutely' — if three things remain, three critical things."

He said Guard members must continue to feel that what they are doing is important and that they have the support of the American people. Finally, he said, "We've got to give them some predictability or some kind of certainty so they can balance their civilian life, with their employers and their family, with their military service to the nation."

Given the lengthy lead time required for calling up, training, equipping and deploying Guard forces, Pentagon officials said that if more Guard members were mobilized, it would probably be for a rotation that begins in 2008.

Even so, Pentagon and military officials said that it was unlikely that any decision on a Guard mobilization would be necessary for several months or even into next year, which would place any announcement beyond the November mid-term Congressional elections.

To take on a greater load in Iraq and remedy existing equipment shortfalls, the Guard needs $23 billion over five years, Guard officials say.

"There is no brigade in the United States Army active, Guard or reserve that is completely ready back at home," General Blum said. "That is to ensure that every brigade overseas is completely ready. And by ready I mean completely equipped. Right now, the key to readiness of the total force is equipping it, resetting it and modernizing it. It is a function of time and money."

The stress of wars in Iraq and Afghanistan have prompted senior Army officers to pass a colorful hand card around Capitol Hill explaining that it will take $17.1 billion in extra spending over the next year to repair and replace tanks, trucks, radios and other equipment for the total force. The card indicates that another $13 billion is needed each year for the following five years to fix and replace equipment.

One Army official said this week that the service is seeking about $138 billion for the next fiscal year, compared with the $112 budget request the Army submitted last year.

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Office Of U.S. Attorney 'stressed' (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, September 22, 2006

Federal prosecutor has seen budget steadily shrink

The federal prosecutor for Western Washington says his office is "stressed to the limit" because of years of budget cuts that threaten to slow the pace of criminal prosecutions.

U.S. Attorney John McKay has issued this warning to county prosecutors and special agents in charge of federal agencies, including the FBI, the Drug Enforcement Administration and Immigration and Customs Enforcement: "We may not be as responsive as you want us to be on the cases you refer to us."

The office has been hemorrhaging prosecutors and support staff members even as the other Washington is poised to impose another budget cut for the 2006-07 fiscal year.

The office, which handles federal criminal prosecutions and civil cases involving the U.S. government, is down six criminal prosecutors and one civil attorney, leaving 58 assistant U.S. attorneys, McKay said.

Fourteen positions in the office are unfilled, and McKay still must pay his 118 employees a mandatory 3 percent cost-of-living raise.

McKay said he is proud that the office has been able to maintain its productivity -- prosecuting more than 800 defendants last year. "We are on track to do slightly more than that" this year, he said.

But cases that might have been prosecuted under tougher federal laws are increasingly being sent to local prosecutors.

"We're not taking as many of these cases as we'd like to take," McKay said. "We're working hard to take up the slack, but we're not always successful in taking the cases we should."

A bigger budget would mean more prosecutions in burgeoning problem areas, such as cybercrime, according to McKay's top assistant, Mark Bartlett.

"You'd see more cases like 'botnet,' " he said, referring to the recent prosecution of a young man from California who infected thousands of computers around the world for personal profit. "You'd see more collaboration with Microsoft and other intellectual-property firms where piracy is a huge concern."

The office's cybercrime unit has two vacancies that "prevent us from being as proactive as we'd like to be," Bartlett said.

In fiscal 2003-04, the office's budget was $12.1 million. In fiscal 2004-05, it slid to $11.4 million. In the current fiscal year ending next week, the budget will have shrunk further, to $11 million.

It's not clear what the next budget will bring, but McKay has been told that the best case is a flat budget and that more cuts are possible.

The strain on the U.S. Attorney's Office is being felt in Whatcom County, where criminals who move contraband such as drugs, undeclared cash and illegal immigrants across the U.S.-Canadian border are arrested by the federal agents, but frequently prosecuted by locals.

McKay said his office is declining about 80 percent of the cases at the border that could be prosecuted in federal court. It's a lost opportunity, he said.

"We try to flip people by putting them through federal prosecution," said McKay, using a slang term for persuading criminals to cooperate with law enforcement in return for a lighter sentence. "We don't have that flexibility right now."

Whatcom County Prosecutor Dave McEachran said he's "amazed" that McKay is facing the possibility of more budget cuts.

McEachran needs federal prosecutors to take some of the load off his attorneys, who are handling an average of 200 felony cases apiece.

"We have a huge caseload here," he said.

McEachran said local prosecutors on the U.S. side of the Mexican border had to threaten to stop prosecuting arrests made by federal agents to get federal dollars to help them with the crush of border-related crime.

There have been attempts by northern border prosecutors to get similar federal assistance. But they have never received congressional approval, McEachran said.

Cuts in the U.S. attorney's budget also affect violent crimes such as bank robberies, which occur at a high rate in Western Washington.

Bank robberies can be prosecuted federally, and those convicted given harsher sentences. But "most of them are shifting over to the locals," McKay said. Only the most violent cases or serial bank robberies are seeing the inside of a federal courtroom.

As for "note jobs," in which an unarmed robber slides a demand note to a teller -- "we're not seeing those," McKay said.

"This is going into our third year of really tough budgets," he said. "We keep expecting it to get fixed, but that's dependent on Congress."

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CORPORATE SCANDALS:

H-P's Hurd Likely To Testify Before House Panel (WSJ)

By David Rogers And Don Clark

The Wall Street Journal, September 22, 2006

Hewlett-Packard Co. Chief Executive Mark Hurd appears headed for a House committee examining the "pretexting" scandal at the company.

Mr. Hurd yesterday offered to testify after Rep. Joe Barton of Texas, chairman of the House Energy and Commerce Committee, said the computer maker's top executive may be called as a witness.

The hearing, scheduled for Thursday before the House subcommittee on oversight and investigations, already had a witness list that includes H-P General Counsel Ann Baskins and Patricia Dunn, the H-P chairman who pushed for an investigation of board leaks.

1 EMAIL TRAIL

Below are links to some key internal H-P documents: • In a series of emails2, Robert Sherbin, H-P's vice president of external communications, warns Ms. Dunn there is a "fresh" leak. In one message, Mr. Sherbin lists five directors Mr. Hurd suggested as investigation targets.

• H-P lawyer Kevin Hunsaker sends a email3 to his investigation team discussing how phone records were obtained. The message admits pretexting was used, but says the practice "is not unlawful."

But H-P emails reviewed by The Wall Street Journal suggest that Mr. Hurd was more closely involved in some aspects of the probe than previously thought. Mr. Hurd has scheduled a news conference for this afternoon. (See related article7.)

Yesterday, H-P shares fell 5.2%, or $1.91, to 34.87 in 4 p.m. composite trading on the New York Stock Exchange.

In other developments, H-P disclosed that the Securities and Exchange Commission's enforcement division had made new requests for information from the company. In a filing on Sept. 6, H-P reported that the SEC's corporation-finance department had requested information about an H-P filing last May that reported the resignation of director Thomas Perkins, who resigned in protest over the leak investigation.

An H-P filing yesterday disclosed that the SEC division had requested information related to Mr. Perkins's resignation, a Sept. 6 company filing about the matter as well as "investigations conducted by HP or any of its directors into possible sources of leaks of HP confidential information."

H-P said it is cooperating with the SEC investigation. Other agencies, including the FBI and the California attorney general's office, are investigating H-P's conduct.

Rep. Barton was given expanded subpoena authority this week by his committee and appears to have strong support for the inquiry from Michigan Rep. John Dingell, the ranking Democrat on the Energy and Commerce Committee. Both men sit as ex-officio members of the investigative subcommittee, and the extra subpoena power will allow them to expedite orders seeking additional documents, for example, that investigators may want in preparation for next week's hearing.

Mr. Barton has a long history of support for protections of privacy. He and Mr. Dingell backed legislation, reported from the committee in March, to prohibit the practice of fraudulently posing as someone to gain access to telephone records, known as pretexting. H-P has admitted pretexting directors, reporters and others as part of an internal probe to track the source of board leaks.

Mr. Barton said he hoped the controversy would spark more pressure to move ahead with the legislation in Congress. There are various laws against using fraud to obtain private records, but "under current federal and state law, there is no specific statute that makes pretexting illegal," he said.

Mr. Barton said H-P "went overboard" in trying to identify board leaks to the media. "It's an unknown whether the higher-ups at H-P knew how the information was obtained, but somebody at H-P had to know how they obtained these records.

"When you get people's phone records and things like that, that would not be the type of information the subjects being investigated would voluntarily divulge," he said.

H-P's filing with the SEC yesterday disclosed some terms of a separation agreement between the company and Mr. Perkins, who resigned as a director in May in protest over the leak investigation, and George Keyworth, whom H-P identified as a leaker and who wasn't renominated for re-election to the board.

The company and the two directors agreed not to sue each other. But the two men, who are close friends, are entitled under the agreement to prosecute legal claims against security or investigative firms, or their contractors, involved in unlawfully obtaining personal information about the former directors or their family members.

Mr. Keyworth is being represented by Reginald Brown, an attorney with the Washington firm Wilmer Cutler Pickering Hale & Dorr. Mr. Brown yesterday declined to comment about the possibility that Mr. Keyworth would sue any of H-P's outside investigators.

Mr. Perkins's attorney, Viet Dinh, of Bancroft Associates PLLC, couldn't be reached to comment.

Focus Turns To The Chief Of H.P.; Stock Falls (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 22, 2006

SAN FRANCISCO, Sept. 21 — Pressure is mounting on Hewlett-Packard's chief executive, Mark V. Hurd, to explain what appears to have been a greater role in the company's spying operation than was initially indicated.

Mr. Hurd has largely escaped mention in connection with the company's efforts to obtain private phone records and otherwise trace leaks from its board. But on Thursday, after his name figured in documents newly appearing in the investigation, Hewlett-Packard's stock price fell significantly for the first time since the revelations began early this month. The shares closed down 5.19 percent, at $34.87.

The California attorney general, Bill Lockyer, threatened at one point Thursday to issue subpoenas to Hewlett-Packard because of what he said was a lack of cooperation in his criminal investigation. But later in the day, a spokesman for his office said H.P. had expressed a willingness to cooperate, as the attorney general wanted.

The problem for Mr. Hurd arises from a sheaf of e-mail messages and other documents obtained by news organizations that suggest that he approved of at least one aspect of the spying operation, offered names of possible targets and may have been briefed by the supervisors of the effort at the start of a crucial phase.

None of the leaked documents directly implicate Mr. Hurd. He did not write any of the e-mail messages, nor is it clear that he was sent copies of others that refer to him and actions attributed to him.

But what may yet emerge — Hewlett-Packard delivered more than 5,000 pages of documents to investigators with the House Committee on Energy and Commerce this week, and more are expected Monday — is what seems to have worried investors and analysts.

"To the degree it impacts the C.E.O., that is something we are nervous about," said A. M. Sacconaghi, an analyst who tracks Hewlett-Packard for Sanford C. Bernstein & Company. But he said that "at this point the probability is very low" that Mr. Hurd, credited with turning the company around since his hiring in March 2005, might face criminal charges or be forced out.

Mr. Hurd offered Thursday to testify at a House subcommittee hearing on the case next Thursday. Several other Hewlett-Packard executives have also been asked to appear.

In addition, the company said the Securities and Exchange Commission was seeking records and information related to the resignation of Thomas J. Perkins from the board in May. It was Mr. Perkins's effort to force the company to acknowledge the reason for his resignation — his objection to the leak investigation — that brought the operation into public view.

Since then, documents have shown that Hewlett-Packard's detectives not only gained phone records of directors, employees, journalists and others, but also tried to plant software on a reporter's computer to track a bogus document it sent her and even considered infiltrating newsrooms with spies masquerading as clerical workers or cleaners.

E-mail messages between company officials, cited Thursday in The New York Times and The Wall Street Journal, show efforts to organize a briefing for Mr. Hurd last January, when the leak investigation entered an intense phase over a news account of a senior management meeting. It is not clear whether the briefing occurred.

Another message said Mr. Hurd pointed to five potential leakers on the board at that juncture. And The Washington Post reported that e-mail from the company's chairwoman, Patricia C. Dunn, cited Mr. Hurd as "fine with both the concept and the content" of the software tracking effort.

Mr. Lockyer, the California attorney general, said Thursday that he did not know yet whether the state would find culpability among senior officials in the company. "We haven't ruled anything in or out," he said. "We want to know who committed the wrongdoing."

The company promised that Mr. Hurd would answer questions at a news conference Friday afternoon, after the stock market's close, but the timing of the events also put investors on edge. "Traditionally in corporate America, bad news is delivered on a Friday after the markets close," Mr. Sacconaghi said.

Several people with close ties to board members said Mr. Hurd was preparing a plan to present to the board for how get the company beyond its current problems. It may announce dismissals or resignations, though that course could present other problems. Ex-employees have no incentive to protect the company or its executives or managers.

Hewlett-Packard's chairwoman, Ms. Dunn, has acknowledged that she authorized the internal inquiry, and documents have shown that she involved herself in it. Other documents show that Kevin T. Hunsaker, a senior company lawyer, directed the operation, which involved Hewlett-Packard investigators and several layers of outside detectives and their subcontractors.

Mr. Hunsaker has hired a San Diego criminal defense lawyer, Michael Pancer. Ann O. Baskins, the company's general counsel, to whom Mr. Hunsaker reported, has hired Cristina C. Arguedas, a white-collar crime specialist with the law firm of Arguedas, Cassman & Headley in Berkeley, Calif.

Mr. Hurd has been popular with investors because he is transforming Hewlett-Packard from a lumbering technology company content to live off the profits of its lucrative ink-cartridge business into a growth company. Hewlett is projected to bring in $91.2 billion in revenue this year — enough to make it the largest technology company in the world.

Oddly, the internal animosities exposed in the disclosures from the leak investigation had their roots in the activities of a board subcommittee established in 2002 to help the company make smarter technology strategy decisions.

After its contentious $25 billion merger with Compaq Computer, the board and some top executives became bitterly divided over how quickly the computer business could grow and how it should invest in the future, according to a person with direct knowledge of the divisions within the board.

Established at the urging of Mr. Perkins, a Silicon Valley venture capitalist who returned to the company as a director after the Compaq merger in 2002, the technology subcommittee routinely met a day before each board meeting to thrash out technology strategy issues and wrestle with how to restart growth at Hewlett-Packard.

The subcommittee was dominated by directors who maintained that the company could grow much more quickly by investing in information technology. Initial members included Mr. Perkins; George A. Keyworth II, a former Reagan administration science adviser; Richard A. Hackborn, a former Hewlett-Packard executive; and Lawrence T. Babbio Jr., vice chairman of Verizon. Shane V. Robison, the executive in charge of research and development, attended the meetings.

Mr. Hurd began attending after he joined the company, succeeding Carleton S. Fiorina as chief executive. It was where the most spirited deliberations about Hewlett-Packard's future took place, a person briefed on the sessions said.

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But Ms. Dunn, who had become chairwoman, did not take part, and some subcommittee members have concluded that her exclusion rankled her. She and several other directors were skeptical of large research investments in computing, a person with detailed knowledge of the subcommittee's activities said.

"The conflict on the board wasn't about personalities; it was about growth strategies," said Mark Stahlman, a financial industry analyst who is now a strategist at Gartner Invest, a Wall Street research firm.

Friends of Ms. Dunn, who asked not to be identified, said some of the animosity could also be traced to the period when Mr. Hurd was hired. Mr. Perkins, Mr. Keyworth and Ms. Dunn were in charge of the search committee, and while they agreed about Mr. Hurd, Ms. Dunn became angry with leaks from the board about the search, those friends said.

Mr. Perkins and Mr. Keyworth became targets in both phases of the leak investigation, around the time of Ms. Fiorina's dismissal and again early this year. Their resulting confrontation with Ms. Dunn — Mr. Keyworth was identified as a source of unauthorized disclosures — ended in their resignations.

Nonetheless, with Ms. Dunn's decision last week to step down as chairwoman in January, to be succeeded by Mr. Hurd, the strategic dispute was settled. "The growth faction has now won," Mr. Stahlman said.

In a filing Thursday with the S.E.C., the company said Mr. Perkins and Mr. Keyworth, who resigned after Ms. Dunn stepped down, had agreed not to sue Hewlett-Packard, and the company had agreed to pay expenses arising from government inquiries or legal proceedings in the spying fiasco. The company and the former directors signed mutual non-disparagement agreements.

Hewlett-Packard Receives SEC Request For Information (Update2) (BLOOM)

By Allan Dodds Frank And Karen Gullo

Bloomberg, September 22, 2006

Sept. 21 (Bloomberg) -- Hewlett-Packard Co. received a request for information from the U.S. Securities and Exchange Commission over its investigation into media leaks as California Attorney General Bill Lockyer complained the company stopped cooperating with him.

Hewlett-Packard disputed Lockyer's assertions and said it is cooperating with his probe, as well as reviews by the SEC, U.S. Justice Department and a congressional committee. Chief Executive Officer Mark Hurd offered to appear before the committee, the company said today.

``Today we ran into a brick wall," Lockyer said in an interview. ``Frankly I'm pretty angry about it. I've instructed my lawyers this morning to paper the place with subpoenas."

The SEC probe and Lockyer's statements intensify the scandal hanging over Hewlett-Packard on the eve of Hurd's first press conference to discuss the methods the company used to uncover the source of boardroom leaks to the media. Lockyer said some tactics, including the use of fake identities to obtain phone records, are criminal.

Hewlett-Packard shares had their biggest one-day decline in more than two years after the Washington Post reported that e- mails it obtained suggest Hurd had more involvement in the investigation than the company has said. Hurd said in a statement today that he plans to give ``as much clarity as we can" to the probe.

``If Mark Hurd is being implicated and had a bigger role than it was thought to date, that would jeopardize his running the firm and that would be a severe negative on the stock," said Michael Cuggino, Pacific Heights Asset Management LLC in San Francisco, which owns 200,000 Hewlett-Packard shares. ``He's recognized as the driver behind H-P's turnaround."

No Change

The company said there has been no change in its level of cooperation with the state, according to Ryan Donovan, a Hewlett- Packard spokesman. ``HP has been and continues to cooperate fully with the California Attorney General's investigation," he said.

Tom Dresslar, a spokesman for Lockyer, said Hewlett- Packard's lawyers had contacted the Attorney General's office after he spoke today.

``The lack of cooperation that we had been experiencing seems to have been addressed," Dresslar said in an interview. Lockyer had been seeking to conduct interviews with employees and examine communications between the company and outside contractors. ``Interviews with the people we wanted to talk with are being arranged," Dresslar said.

SEC

The SEC's enforcement division asked for records and information relating to the resignation of Tom Perkins from its board of directors and the company's probe of boardroom leaks, the company said today.

Hewlett-Packard also disclosed today that it hired law firm Morgan Lewis & Bockius to conduct an analysis of its investigation. A representative of the firm will join Hurd tomorrow at a press conference. Lockyer said he might show up at the event.

The new lawyers have advised Hewlett-Packard to stop handing over documents or talking. The law firm ``is not now honoring the original agreements we had," Lockyer said.

Morgan Lewis spokeswoman Amy Kalin didn't immediately return calls seeking comment.

Chairwoman Patricia Dunn, 53, said on Sept. 12 that she will resign in January to take responsibility for the investigation. Lockyer has said he has enough evidence to lay charges against company officials and outside investigators.

Shares Fall

The shares fell $1.91, or 5.2 percent, to $34.87 at 4 p.m. in New York Stock Exchange Composite trading after being little changed since the company made the investigation public on Sept. 6. That is the largest single-day drop since Aug. 2004 when the shares fell 13 percent.

In the past week, the company has been accused of following reporters and plotting to send bugs to their computers and spies into their newsrooms, according to newspaper reports. Hurd and Dunn approved a ``sting" operation to be conducted on a Cnet.com reporter to find out who she communicated with at the company, the Washington Post reported, citing e-mails from Dunn.

The e-mails link Hurd for the first time to the internal investigation, the Post said. Hewlett-Packard declined to comment on the e-mails, Donovan said.

Hurd, 49, was named to replace ousted CEO Carly Fiorina in March 2005 after a seven-week search by the board that was led by Dunn.

Meetings

Investigators hired by the company also sought meetings with Hurd, the Wall Street Journal reported, citing e-mails from January between Kevin Hunsaker, the company's senior ethics lawyer and Hewlett-Packard investigator Tony Gentilucci. It is unclear whether Hurd met investigators during that probe, the Journal reported.

Hewlett-Packard's first statement said its efforts to uncover the source of media leaks led investigators to take on false identities to obtain phone records of some directors and employees as well as nine reporters and other people outside the company. Since then, e-mail documents obtained by media outlets have suggested that the company went further.

The Post today said the company created a fictitious source named Jacob to deceive Cnet.com reporter Dawn Kawamoto. E-mails from Dunn and Hunsaker also indicate that she and Hurd approved a plan to feed Kawamoto information through Jacob, the Post said.

Dunn kept in touch with the probe, often sending responses to e-mails on her BlackBerry, the Post said.

Spies

The New York Times this week reported that the company considered sending spies into the newsrooms of the Wall Street Journal and Cnet.com posing as clerical employees or cleaning staff to help uncover the source of the leaks.

The U.S. Energy and Commerce Committee has requested Dunn and others involved in the probe testify next week before its subcommittee on Oversight and Investigations. General Counsel Ann Baskins will also testify.

Hurd, who wasn't asked to attend, today said he offered to appear before the committee. The hearing will focus on the company's use of investigators who assumed false identities to gain phone numbers, known as pretexting.

``Mark wants to be as transparent as possible," Donovan said. ``He wants to apologize publicly and talk about how we are ensuring that these events will not happen again."

Business Week today reported that investigators masqueraded as telecom employees to obtain the records from Verizon Communications Inc. customers.

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James Brosnahan of San Francisco-based Morrison & Foerster LLP said in an e-mail today that he has been hired to serve as Dunn's lawyer. He didn't return a call seeking comment.

Second Investigation

Morgan Lewis will conduct the second investigation into the probe. The first was run by Wilson Sonsini Goodrich & Rosati, the company's usual outside counsel. Larry Sonsini, the firm's president, was also the subject of investigation and has agreed to appear before the Energy and Commerce Committee next week.

The briefing tomorrow will end more than a week of silence from Hewlett-Packard, which has refused to comment on the scandal since Dunn agreed to step down. She will remain a director.

``What began as an effort to prevent the leaks of confidential information from HP's boardroom ended up heading in directions that were never anticipated," Hurd said today in an earlier statement. ``HP is working hard to determine exactly what took place and when, and without all the facts it has been difficult for us to respond to the questions that have been raised."

To contact the reporter on this story: Connie Guglielmo in San Francisco at Cguglielmo1@bloomberg.net .

Plot Thickens In HP's News-leak Probe (USAT)

By Jim Hopkins And Jon Swartz

USA Today, September 22, 2006

Hewlett-Packard's boardroom spying scandal intensified Thursday when the Securities and Exchange Commission ratcheted up its inquiry into the company's covert news-leak probe.

HP shares fell more than 5% on heavy volume as investors responded to a published report that for the first time tied CEO Mark Hurd to shady tactics used by the company's private investigators.

Hurd offered to testify next week before a congressional committee investigating the matter. He'll hold a news conference today to talk about steps the tech giant is taking in the case. The embattled HP board met again Thursday.

The Washington Post, citing an e-mail sent by HP Chairman Patricia Dunn, said Hurd had “approved an elaborate ‘sting' operation” on a reporter for the tech-news site CNet in February aiming to uncover news leaks from HP's board.

The Post report suggests Hurd, hired last year to lead a crucial turnaround, was more deeply involved, and at an earlier stage, in planning the news-leak investigation than HP has previously acknowledged.

HP said last week that Hurd did not learn about the probe's initial findings until March, and that he had learned about questionable tactics used against journalists and others “only in recent weeks.”

USA TODAY was unable to independently confirm the authenticity of the e-mails cited by the Post. HP had no comment on the story, said spokesman Ryan Donovan.

But a document obtained by USA TODAY shows one of HP's outside investigators sent CNet reporter Dawn Kawamoto an e-mail on Feb. 9 that contained a “tracking capability” that could help investigators find the board leak.

The document was prepared by Security Outsourcing Solutions, a Boston-area firm that is a focus of a California law-enforcement probe of HP. The document was provided to the newspaper by a source who is not directly involved in the investigation.

The Post said none of the e-mails it reviewed were to or from Hurd, and they did not “detail what information Hurd had when he approved the sting operation.”

The SEC's enforcement division is seeking records and information related to HP director Tom Perkins' resignation in May, HP said. The division also wants information about HP's news-leak probes and related Sept. 6 and May 22 SEC filings by the company. HP said it is cooperating.

HP's probe, which started early last year and continued through spring, involved spying on directors, employees and at least nine journalists.

Investigators hired by HP obtained private home phone-calling records of at least two directors and some journalists.

Hurd's offer to testify before the House Energy and Commerce Committee next Thursday came after Rep. Bart Stupak, D-Mich., asked other panelists to consider seeking his testimony. Stupak cited “allegations and media reports regarding Mr. Hurd's possible knowledge of HP's various deceptive investigative techniques.”

The committee does not yet have plans to call Hurd, said spokesman Terry Lane. Dunn and other senior HP executives already are scheduled to testify at the high-profile hearing, likely to focus on thousands of pages of internal documents the panel received from HP this week.

Kawamoto told USA TODAY in an e-mail that she is "shocked and outraged that they rifled through my phone records. … Not only was my privacy violated, my family's privacy was violated, and my ability to do my job was challenged."

The HP scandal already has led to a boardroom reshuffling, announced last week, in which Hurd is to replace Dunn as chairman in January. Also, director George Keyworth, identified as the boardroom leak, resigned. Perkins resigned in protest on May 18, a move that forced HP three weeks ago to disclose its probe.

The Post's disclosures about Hurd, 49, come at a crucial time for the computer and printer maker, a corporate pillar in Silicon Valley and a leading Fortune 500 company.

Hurd, CEO since April 2005, is leading a critical revamping of the company as it recovers from the tech bust and a controversial merger with Compaq Computer that was engineered by predecessor Carly Fiorina.

HP shares fell 5.2% Thursday, closing at $34.87. About 42 million shares changed hands, nearly three times average volume. Financial analysts, who until recently brushed aside the boardroom drama, say Hurd's possible role in the spy plan could now affect HP.

"The stock market is voting correctly," says Roger Kay, CEO of Endpoint Technologies Associates. "You can lose any number of board members and nobody cares, but if the CEO is somehow impaired, then that raises questions about the operational side of the house."

The specter of Hurd becoming ensnared in the legal machinations could divert him from running the $86 billion company, Kay and others say.

"Hurd has done a remarkable job with the company. Yes, there are concerns he would be distracted," says Charlie Wolf of Needham and Co.

"There is a modest jeopardy here. Fortunately, HP has a strong bench (of executives), so there should be no material impact on the company's financial performance."

Hurd will be joined at today's news conference by a representative of Morgan Lewis & Bockius, a law firm hired by HP on Sept. 8 to defend the company amid investigations by the Justice Department, California Attorney General Bill Lockyer, the FBI and the SEC.

HP said Thursday that Morgan Lewis has begun a "comprehensive analysis" of the company's news-leak investigations that began early last year around the time the board was ousting Fiorina.

"HP is working hard to determine exactly what took place and when, and without all the facts it has been difficult for us to respond to the questions that have been raised," Hurd said in a statement. "We plan to give as much clarity as we can to these matters."

Lockyer spokesman Tom Dresslar said HP is now cooperating after "some stonewalling." "We will now gain expedited access to individuals and documents," he said.

Morgan Lewis partner John Hemann, a former assistant U.S. Attorney in San Francisco who helped prosecute Enron executives Ken Lay and Andrew Fastow, has met with federal prosecutors in San Francisco investigating the case, the San Francisco daily legal newspaper The Recorder has reported.

Hemann specializes in white-collar criminal defense and internal corporate investigations, according to the 1,250-lawyer firm's website.

Hemann did not return calls seeking comment.

HP Stock Falters In Spying Scandal (WP)

By Yuki Noguchi And Brooke A. Masters

The Washington Post, September 22, 2006

The scandal over Hewlett-Packard Co.'s conduct in investigating press leaks started affecting its business yesterday for the first time, weighing down its stock price and raising questions about the future of its leadership.

Shares of the printing and computing company dropped 5 percent, the first major price dip since the company revealed early this month that it had obtained personal phone records of its board members and nine journalists under false pretenses. HP shares, which had been trading near a 52-week high of $37.25, dropped $1.91 to close at $34.87.

The decline came on the same day as a newspaper report that HP's president and chief executive, Mark V. Hurd, had personally approved an elaborate plan to trick a reporter into identifying her sources by sending her false information. That e-mail "sting" operation, reported by The Washington Post, was part of a broader leak probe that involved physical surveillance, false documents and electronic bugs, all in an attempt to flush out who on its board spoke with reporters.

Hurd yesterday offered to join HP Chairman Patricia C. Dunn and several others who are scheduled to testify next week at a House Energy and Commerce Committee hearing about the scandal. HP also disclosed in a filing that the Securities and Exchange Commission's enforcement division requested documents relating to its leak investigations and to the May resignation of a board member.

Separate probes by the California state attorney general, the Federal Bureau of Investigation and the Justice Department also are under way. New details are dribbling out almost daily about HP's spying efforts, which began early in 2005 after company leaders resolved to identify which board members were leaking confidential information to reporters.

Meanwhile, HP's board of directors met yesterday and Hurd plans to hold a news conference this afternoon.

"This has nothing to do with the strategy or operations of HP," Hurd said in a statement "What began as an effort to prevent the leaks of confidential information from HP's boardroom ended up heading in directions that were never anticipated."

But yesterday, investors who previously shrugged off disclosures of the company's spying activity reacted unhappily to the report that Hurd had approved an e-mail sting. The operation involved sending an e-mail embedded with software to trace where the reporter subsequently sent the message.

Hurd was brought in last year to help HP recover from the stormy tenure of his predecessor, Carleton "Carly" Fiorina. He is widely seen as crucial to the firm's future.

"Hurd is the guy driving the turnaround at HP, and it's not done yet," technology industry analyst Rob Enderle said. "This is pulling him away from managing the business and it's going to have an impact," which could cause a slowdown in the company's operations by next year, he added.

Research analysts at most of the major investment banks have so far shied away from trying to quantify the impact of the spying imbroglio on HP's bottom line. But there are contracts HP would not want to jeopardize because of any criminal investigations. Earlier this week, HP beat out some of its computing rivals by winning a $5 billion, 10-year deal with the U.S. Army to provide computers, printers, displays and scanners.

Analyst Roger Kay, president of research firm Endpoint Technologies Associates Inc., said the scandal was not likely to affect the company's sales. "You don't look at an HP server or laptop as a lesser product because the CEO ordered a sting operation," he said.

But Robert Passikoff, president of research consulting firm Brandkeys Inc., disagreed. His firm's surveys show that HP has lost 14 percent of what is known as "brand strength," a measure of consumer sentiment for a brand name, since the scandal began and has dropped from third place in its sector to seventh. While the allegations do not appear to affect how consumers think about the technical aspects of HP products, they have pushed down its reputation for openness, honesty and trustworthiness, Passikoff said.

The allegations dovetail with consumer fears about spyware and privacy loss in an information age, he said, noting that people are asking, "If they are doing that there, what are they doing to me?"

Until corporate spying became an issue for HP, the company stood to benefit from recent missteps by rivals Apple Computer Inc. and Dell Corp., which recently recalled millions of laptop computer batteries because of overheating. "People will reserve judgment on the company for a few weeks, but if there isn't a big change, with someone of high credibility brought in, it's going to start to affect business," said Paul Argenti, a professor of corporate communication at the Tuck School of Business at Dartmouth. "When a breach in ethics happens in a senior group of managers, it calls into question the management of the company."

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"It takes years and years to build up a reputation and a few weeks to lose it. They're doing a very good job of losing it right now," Argenti said.

Although it remains unclear whether HP executives or its outside investigators violated laws, some analysts said the prospect of criminal charges against either the firm or its executives and directors could seriously tarnish the company.

"If it were simply a civil matter, it would be easier to solve," said Howard Rubenstein, founder of New York public-relations firm Rubenstein Associates. But in this case, where California officials are talking about criminal wrongdoing, "they've got to be cautious that they don't convict themselves out of their own mouths."

Staff writers Mike Musgrove and Ellen Nakashima contributed to this report.

Hewlett-Packard, Wilson Sonsini Part Ways In Calif. Probe (LAW)

By Susan Beck, The American Lawyer

American Lawyer, September 22, 2006

Hewlett-Packard Co. said Thursday it has dropped Wilson Sonsini Goodrich & Rosati as its outside counsel in the California attorney general's criminal investigation of the company.

Wilson, HP says, will continue to represent the company in other matters, but in a written statement by spokesman Ryan Donovan, the company said that "Hewlett-Packard and Wilson Sonsini mutually agreed it would be in the best interests of both parties for Wilson to terminate its representation of HP in the California attorney general's inquiry."

Wilson chair Larry Sonsini has been HP's primary outside counsel for years, advising the client on the massive Agilent Technologies Inc. spin-off in 1999, and guiding it during the tumultuous proxy fight waged by former director Walter Hewlett that spanned 2001-2002. Sonsini has stated that he was not involved in the design of the leaks probe, but he did review the results of the probe for the company, and initially took the position that it was "within legal limits."

The probe by California AG Bill Lockyer centers on whether the company broke the law as it tried to uncover the source of leaks to the news media on deliberations by the company's board of directors. Lockyer is trying to determine whether crimes were committed when the phone records of directors and journalists covering the company were obtained under false pretenses. Last week, Lockyer said he believed he had "sufficient evidence" to indict people in the company.

On Thursday, Bloomberg reported that Lockyer said Hewlett-Packard had stopped cooperating with his investigation. "Today we ran into a brick wall," Lockyer said in the Bloomberg interview. He said the state of California would become more aggressive in its probe because of the company's "stalling tactics." He explained that HP's new law firm had advised the company to stop handing over documents and talking to investigators.

Later in the day, however, Lockyer spokesman Tom Dresslar said representatives of HP had been in contact with the AG's office since Lockyer had talked to Bloomberg, and the company's lack of cooperation "appears to be corrected." He added, "It seems now we'll be getting quick access interview subjects."

In a separate news release, HP announced that it will hold a press conference Friday where CEO Mark Hurd and lawyers from Morgan, Lewis & Bockius will address the leaks investigation. The press release states that Morgan Lewis was retained on Sept. 8 by HP to conduct a "comprehensive analysis of the leak investigations." It also notes that, "Morgan Lewis also is representing HP in connection with several government inquiries." The press release does not mention Wilson Sonsini's involvement for HP.

Donovan refused to clarify if Wilson continues to advise the HP board of directors in other aspects of the leaks investigation. He did emphasize, however, that "Hewlett-Packard and Wilson Sonsini continue to enjoy a strong relationship."

Wilson Sonsini spokesperson Courtney Dorman confirmed the HP statement. "We all agree it was the right decision," she wrote in an e-mail. She added, "Wilson Sonsini Goodrich & Rosati will continue to have a relationship with HP," but declined to say more.

Brosnahan: Don't Blame HP Chair, She's Not A Lawyer (LAW)

By Justin Scheck, The Recorder

California Recorder, September 22, 2006

Don't blame Hewlett-Packard Chairman Patricia Dunn, her new lawyer said Wednesday, for the convulsions the company's board have suffered in the wake of its troubled investigation of boardroom leaks.

"She's neither a lawyer nor is she an investigator," said James Brosnahan, the Morrison & Foerster litigator whom Dunn hired this week. "And she's not the kind of person, frankly, who would advise people to do something illegal."

Dunn has come under scrutiny for her role in directing the troubled probe -- The Wall Street Journal reported Wednesday that she closely supervised it -- and she's the latest figure in the imbroglio to get a big-name lawyer in response to multiple government investigations.

Brosnahan, long-known for handling high-profile clients -- including John Walker Lindh, the Marin County man once charged with fighting for the Taliban -- will represent Dunn before a congressional subcommittee and in the state and federal investigations into HP's probe of board members, journalists and employees.

The company's leak probe became public earlier this month, when The Journal reported that HP director Tom Perkins had resigned in protest of the methods used, which included "pretexting" -- or lying -- in calls to phone company officials in order to gain access to board members' phone records.

Reached Wednesday afternoon as he was in transit from a San Jose, Calif., trial to Dunn's induction dinner for the Bay Area Business Hall of Fame, Brosnahan said his client was trying to plug a troubling hole in HP's corporate security, and had relied on others to make sure the methods were legal.

The leak "was causing havoc in the securities market at the time, disrupting the ability to have business strategies vis a vis competitors," said Brosnahan.

In response, he said, Dunn ordered the investigation, relying on others to execute it. Once complete information about the probe comes out, Brosnahan said, Dunn's role will seem less problematic, even to skeptics.

"When the full story is out and clear, they will see she was pursuing a legitimate goal," he said. "She's confident, as am I, that she's not a good candidate for prosecution."

Thomas Carlucci, a Foley & Lardner partner and former federal prosecutor not involved in the case, said Dunn should be able to mount a strong defense by saying she relied on advice of counsel.

"We can all question her judgment about doing the investigation in the first place, but in the pretexting," he said, "I've got to believe she's relying on her general counsel or outside lawyers."

HP's general counsel, Ann Baskins, has hired Berkeley, Calif., defense lawyer Cristina Arguedas. Another in-house lawyer, HP ethics director Kevin Hunsaker, is represented by San Diego solo Michael Pancer. Arguedas could not be reached for comment by press time.

Larry Sonsini, the high-powered Silicon Valley lawyer who has long advised HP, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, in connection with a congressional subcommittee hearing later this month.

Sonsini investigated the methods used by HP to plumb the leaks and has long been the board's outside adviser, a role which continued after the news of the leak probe broke. The Journal reported last week that Sonsini led the board discussions that culminated last week in Dunn's decision to relinquish her role as chair at the end of the year.

It isn't clear if Sonsini and his firm will continue in that role. When asked about this, Wilson Sonsini spokeswoman Courtney Dorman provided the following written statement: "Wilson Sonsini Goodrich & Rosati will continue to have a relationship with HP."

Ryan Donovan, a spokesman for Hewlett-Packard, said Wednesday that he wasn't able to answer questions about the company's relationship with Wilson Sonsini by The Recorder's deadline.

Susan Beck, a senior writer at The American Lawyer, contributed to this story.

HP's Dunn Toasted At Gala Dinner (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, September 22, 2006

Chairman receives warm welcome, standing ovation when accepting award from advocacy group that touts business ethics.

SAN FRANCISCO--Hewlett-Packard's embattled chairman, Patricia Dunn, accepted a "hall of fame" leadership award at a gala dinner here on Wednesday night where she received a standing ovation from local executives.

The applause and paeans to a long and successful career seemed to gratify Dunn, who has been the subject of ongoing criticism and media scrutiny since reports in the last two weeks revealed that she had called for and perhaps helped to direct an intrusive probe into boardroom leaks.

Dunn thanked the Bay Area Council, a regional business lobbying and networking group, for "courage in standing by your decision (to grant the award) in such unexpected circumstances." The council's board of directors includes representatives of Wells Fargo, Pacific Gas & Electric, Bank of America, and the law firm Pillsbury Winthrop Shaw Pittman.

"All I will say about the maelstrom is that I look forward eagerly, in the near future, to the time when I can set the record straight and go back to leading my life as discreetly as possible," Dunn said during her after-dinner speech.

HP's investigative practices have become the subject of criminal probes by the U.S. Justice Department and the California attorney general. The U.S. House of Representatives has scheduled a hearing for Sept. 28 where Dunn is expected to testify. HP's investigators accessed the phone records of more than a dozen people, including three CNET News.com reporters, and apparently engaged in physical surveillance and sending bogus e-mail tips.

The bizarre juxtaposition of receiving a leadership award from an organization that stresses business ethics and good corporate governance was not lost on Dunn, who said she's aware of the "irony of being inducted into the Bay Area Business Hall of Fame."

But for the most part, other dinner speakers offered plaudits to Dunn--there was even a slideshow with her high school yearbook photo--with only passing references to her recent troubles.

David Zenoff, chairman of Larkin Street Youth Services, applauded "her strong sense of humanity, high standards and doing the right thing." (Dunn and her husband are major donors to the nonprofit organization, which seeks to help homeless youth in San Francisco.)

Dunn "epitomizes the special spirit and qualities that our country and the Bay Area have long cherished," Zenoff said.

"Without the leadership our Bay Area Hall of Fame honors, we would be in a heck of a mess," said Alexander Mehran, CEO of the Sunset Development Company and the council's chairman.

Mehran did joke, however, that news reports have painted Dunn as the "new J. Edgar Hoover of Silicon Valley."

Dunn capped her speech with a joke as well. She said "it wouldn't hurt if the pope continued to make controversial comments"--which might get her name off the front page.

According to an HP spokesman on Thursday, CEO Mark Hurd--who has now been linked to the investigation--did not attend the dinner. (News.com was unable to verify who was present at the head table on Wednesday night because reporters were required to stand in the back of the hotel ballroom in a roped-off area.) The Washington Post reported on its Web site late Wednesday night that Hurd approved of an elaborate sting operation aimed at deceiving News.com reporter Dawn Kawamoto.

A second unlikely juxtaposition was Dunn sharing a stage with Bill Keller, the executive editor of The New York Times, which had at least one of its reporters "pretexted" by HP investigators. But Keller, who spoke afterward, stuck to a prepared script about national security and journalism.

Correction:Due to incorrect information provided by the Bay Area Council, the original story misstated who was sitting at the head table at a dinner honoring Hewlett-Packard chairman Patricia Dunn. An HP representative said on Thursday that CEO Mark Hurd did not attend the dinner.

Senators Press Probe Of Gemstar Ex-CEO (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, September 22, 2006

Gemstar-TV Guide International Inc. has enlisted two U.S. senators to press the Justice Department to speed up its investigation into what role the company's former chief executive, Henry Yuen, played in a $248-million accounting fraud.

Democratic Sens. Charles E. Schumer of New York and Dianne Feinstein of California wrote Atty. Gen. Alberto Gonzales to inquire about the government's case against Yuen, who withdrew eight months ago from a plea agreement with federal

prosecutors in Los Angeles after a federal judge said the deal was too lenient. The senators also forwarded a letter from Gemstar's general counsel warning that a legal deadline to charge Yuen was approaching.

The Yuen case "may raise some questions about the adequacy of tools available to prosecutors to fight corporate wrongdoing," Schumer wrote in his Sept. 13 letter to Gonzales.

Gemstar's stock price has fallen about 76% since the fraud was revealed in April 2002. The Hollywood-based company, controlled by Rupert Murdoch's News Corp., publishes TV Guide magazine and is the largest provider of software for cable television program guides.

While saying he didn't want to interfere, Schumer added, "It is important that Congress be kept well-informed about this and other similar cases so we can monitor the enforcement of the laws designed to protect average Americans from the type of conduct of which Mr. Yuen has been accused."

Feinstein, who wrote Gonzales on Aug. 23, said, "I do not believe it is appropriate for me to intervene in prosecutorial decisions," but the Gemstar general counsel's letter "does raise some serious allegations."

The letters ratchet up a campaign by Gemstar to have Yuen sent to prison for his role in the fraud. The company, which has paid more than $100 million in civil settlements and attorneys' fees in connection with the accounting missteps, has taken the unusual stance that it is a victim of Yuen's alleged crimes.

Yuen has already been sanctioned for securities fraud in a civil case brought by the Securities and Exchange Commission. In May, a federal judge ordered him to pay $22.3 million — one of the largest penalties against an individual in an accounting case — for misleading investors and Gemstar's auditors while inflating the company's revenue from 1999 to 2002. Yuen is appealing.

Gemstar General Counsel Stephen Kay, in his letter to the senators, asked them "to do whatever you can to ensure that this case receives the attention it deserves so that the decision about whether or not to prosecute Mr. Yuen will be well-reasoned rather than the product of inexplicable neglect."

He said that most, if not all, potential charges against Yuen would be barred by March 2007 because of the statute of limitations on such offenses.

Thom Mrozek, a spokesman for U.S. Atty. Debra Yang in Los Angeles, who has been supervising the Yuen case, would not make further comments, saying, "The matter is still under investigation." Yuen's attorney Brian Maas declined to comment on the Justice Department probe. He said Yuen was still fighting Gemstar to collect his severance, about $30 million.

Cablevision Gave Backdated Grant To Dead Official (WSJ)

By Peter Grant, James Bandler And Charles Forelle

The Wall Street Journal, September 22, 2006

Cablevision Systems Corp. awarded options to a vice chairman after his 1999 death but backdated them, making it appear the grant was awarded when he still was alive, according to a company filing and people familiar with the matter.

The country's fifth-largest cable operator in terms of subscribers also improperly awarded a compensation consultant options but accounted for them as if he were an employee, according to a Securities and Exchange Commission filing, citing the results of a six-week investigation by an outside law firm.

The findings of the probe were released yesterday as the Bethpage, N.Y., company restated its financial results and said two of its directors had stepped down from posts on the board's audit and compensation committees as part of an escalating investigation into its improper granting of stock options.

The company also said it had received a grand jury subpoena in connection with an investigation into its options practices from the U.S. Attorney for the Eastern District of New York.

The improprieties regarding the deceased executive -- Vice Chairman Marc Lustgarten, who died in 1999 -- and a compensation consultant are among the more unusual allegations of abuse that have surfaced in the scores of investigations that have been launched this year over improper stock-options practices. About 100 companies are under federal investigation for possibly backdating or otherwise manipulating stock-option grants to secretly boost their value.

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Stock options give recipients the right to purchase shares at a fixed exercise price, usually the market price on the day the options were granted. Backdating typically involves pretending the grant was made on an earlier date, when prices were lower, thus increasing the potential value of options.

Cablevision backdated options from 1997 to 2002, according to its SEC filing. In practically all cases the share prices were lower, "sometimes substantially lower," on the option awards than they were on the actual date options were granted, the filing said. "The company's board of directors and senior management believe that the practices...are contrary to the high ethical standards they believe should apply," the filing stated.

Cablevision announced on Aug. 8 that it was launching the options probe, would restate earnings and would delay reporting its results for the second quarter. The company also has said it is under investigation by the SEC as well as the U.S. attorney's office.

Cablevision's filing didn't address how many options were tainted, who received the options or whether executives holding backdated options would be forced to surrender them or reimburse shareholders. The filing also didn't identify the outside law firm that led the investigation, though it said the firm wasn't involved in the stock-option-grant process. It also didn't say whether the firm had advised Cablevision in other matters. Regulators and law-enforcement officials have been skeptical of probes that aren't conducted by independent, outside firms.

Earlier company filings show that Cablevision awarded at least 2.9 million options from 1997 to 2002 to at least five executives, including Chief Executive James Dolan and to Mr. Lustgarten, who died in 1999 of pancreatic cancer at the age of 52.

In its filing, Cablevision said only that an "executive officer" had received backdated options after his death. People familiar with the matter identified Mr. Lustgarten as that executive. He received at least 400,000 options from 1997 to 1999, according to filings. Besides being Cablevision's chief negotiator, Mr. Lustgarten was a close confidant of James Dolan and of his father, the founder of the company, Charles Dolan.

It remains unclear which of the options grants to Mr. Lustgarten was backdated. In its 2000 proxy statement, the company said it had granted options to four other senior executives carrying a date of Aug. 2, 1999, which was four weeks before Mr. Lustgarten's death. The proxy didn't include Mr. Lustgarten's name among those executives.

It wasn't clear when the options granted to Mr. Lustgarten posthumously were dated and whether they were exercised. Mr. Lustgarten's estate was entitled to exercise all his stock options upon his death, according to his 1994 employment agreement. A Cablevision spokesman declined to provide details. The co-executor of Mr. Lustgarten's estate, Robert S. Lemle, who also is a former general counsel of Cablevision, couldn't be reached for comment.

Harvey Pitt, former chairman of the SEC, called the grant to the deceased executive "really bizarre" and "absolutely crazy."

John Coffee, a professor of law at Columbia University, noted that options are intended to create an incentive for executives to boost their company's stock price. "Trying to incentivize a corpse suggests they were not complying with the spirit of shareholder-approved stock-option plans," he said.

The filing didn't identify the compensation consultant that was paid in options, but stated that the award was cancelled in 2003. It isn't clear whether those options were backdated. The company did say it improperly accounted for the grant as if the consultant was an employee. The company also said the consultant "directly participated in the options dating process."

The consultant and officers of the company who participated in the improper options dating "have either retired or had their relationship with the company otherwise terminated" more than a year before the options investigation began, Cablevision said in its filing.

The two board members who relinquished committee posts were Richard Hochman, who stepped down from the compensation and audit committees, and Victor Oristano, who left the audit committee. The two directors, who served on those committees during the period in question, sent letters to Cablevision Wednesday stating that they were making the moves "in light of the public attention" over the options investigation and the "numerous shareholder lawsuits" that name them, among others, as defendants, the company's filing states. Both remain directors.

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The company restated its earnings for 2003 through 2005 and the first quarter of 2006. The results all were adjusted to show the cumulative impact of the improper options dating and other noncash compensation items, from 1997 to March 2006, which decreased net income in that period by a total of $89.2 million.

At 4 p.m. in New York Stock Exchange composite trading yesterday, Cablevision was down two cents, or 0.1%, to $22.99.

Brian Foley, a White Plains, N.Y., compensation consultant, said that while the dollar amounts of the restatement were relatively small compared with restatements at other companies with stock-options timing issues, he was surprised by the depth and range of the problems unearthed by the investigation.

"Once you take the lid off and look inside, you realize that the short rubber boots aren't going to do and you need the hip-waders," Mr. Foley said. "How could you have this many things go awry?"

Cablevision yesterday also reported its second-quarter earnings, which had been delayed by the probe. The company earned $14.6 million, or 5 cents a share, compared with $213.8 million, or 74 cents a share, during the same period in 2005, when earnings were boosted by an asset swap between Cablevision and News Corp. that resulted in a $332 million cash gain for the cable operator. Second-quarter revenue was $1.42 billion, up from a restated $1.23 billion in 2005 on strong sales of digital video, phone and high-speed Internet connections.

SEC Tightens Hedge Fund Scrutiny (FT)

By Jeremy Grant

Financial Times, September 22, 2006

The Securities and Exchange Commission is tightening scrutiny of hedge funds by stepping up examination of the links between hedge funds and broker-dealers, particularly where they are owned by a hedge fund, a senior SEC official said.

The move is a sign that the SEC continues to find ways to regulate hedge funds after a US court federal court in June overturned an SEC rule forcing hedge fund advisers to register with the agency.

Walter Ricciardi, deputy director of enforcement, said: “I think some of the problems we’ve seen with hedge funds, one of the risk factors, red flags, is where they have their own broker-dealer.

“That creates quite a conflict in the sense that investors’ money is sitting there and a hedge fund decides to trade through their own broker-dealer and [the hedge fund] gets a fee for such trading.

“It gives them an incentive to run up trading fees. It may not be in the best interests of investors,” he told the Financial Times.

While the SEC’s office of compliance already conducts routine inspection of broker-dealers, Mr Ricciardi said the enforcement division – which is focused on alleged wrongdoing in the securities markets – was “stepping up [the focus] on hedge funds”.

The SEC took similar steps in the wake of the collapse of Long Term Capital Management in 1998.

The timing of the fresh scrutiny comes as Amaranth Advisors, a hedge-fund manager that lost over $6bn in the past month, has become the second largest hedge fund loss since LTCM.

Last week, SEC enforcement chief Linda Thomsen said the SEC had used similar tactics to unearth evidence about late trading and market timing in mutual funds by hedge funds.

“The regulated entities [broker-dealers] are our window into hedge funds,” she said.

“Everybody’s doing business with them. We’re going to find out what they’re doing through what we can see.”

Mr Ricciardi said that hedge funds’ fee structures might have “attracted some miscreants”. “Probably the vast majority of hedge fund managers are very honest traders but in any environment where there is that much money and that much incentive to cheat you’re going to have some bad apples,” he said.

The types of issues that the SEC had seen revolved around evidence that trades might not have occurred, even though they were being recorded as having taken place, he added.

“You have statements coming from the hedge fund to investors and there may not be sufficient controls over that process. We’ve seen some instances where it’s just a phoney statement and the investments shown on the statements do not exist.

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"A good question to ask is whether there are third party administrators to check to see that the investments are real and properly priced," Mr Ricciardi said.

CRIMINAL LAW:

Fitzgerald Given Way Out Of Libby CIA Leak Case (MSNBC)

By Joel Seidman, Producer

MSNBC, September 22, 2006

Judge says he can dismiss case if classified secrets will be revealed

WASHINGTON - The judge in the CIA leak case ruled Thursday that if Special Counsel Patrick Fitzgerald feels that admitting certain classified documents at the upcoming trial of I Lewis "Scooter" Libby can jeopardize national security, Fitzgerald can then move to dismiss the perjury charges against Libby.

Judge Reggie Walton cannot automatically allow classified materials to be admitted at trial. He first must go through a series of closed hearings under CIPA regulations. CIPA, the Classified Information Procedures Act, protects and restricts the discovery of classified information in a way that does not impair the defendant's right to a fair trial. It also allows the government to propose a redacted version of a classified document as a substitution for the original, having deleted only non-relevant classified information.

In his ruling this morning, the Judge Walton, has given a technical legal victory to Libby's attorneys concerning the admissibility of classified materials they want to present at trial for their defense.

Three-part test

The issue concerns determining a standard for which the judge will review these secret documents, in a series of closed hearings later this month, to determine the use, relevance, or admissibility of classified information.

Fitzgerald argues that because of the sensitive national security value of the classified materials, a special three part test must apply before determining if a document can be admitted at trial.

That test, according to Fitzgerald, must include: (1) that the document is relevant; (2) that the document is "helpful to the defense," and (3) that the defendant's interest in disclosure of the document outweighs the government's need to protect the classified information.

Victory for Libby

Walton disagreed with Fitzgerald and favored Libby's attorney's argument that in reviewing the classified material to be presented at the hearing, he must simply apply the Federal Rules of Evidence.

Walton also suggested that, "if the government is still not satisfied that the classified information is adequately protected at the conclusion of these hearings, the government has the power to preclude entirely the introduction at trial of the classified information. While invocation of this option may require dismissal of this case."

Walton argues against adopting the balancing test proposed by the government, because it, "could infringe on the defendant's constitutional right to put on a defense by preventing him from introducing relevant and otherwise admissible evidence at his trial because the government's interest in nondisclosure was considered of greater significance."

Crush of national security work

While is it not publicly known which classified materials are at issue, Libby's attorneys have requested and have been given in recent months two batches of summaries and redacted versions of classified morning intelligence briefings which Libby attended with Vice President Cheney in 2003.

Libby's attorneys wish to present at trial a picture of their client as being overwhelmed by the crush of critical national security work at the White House — a client who may have misremembered, what they wish to portray as insignificant, the identity of former ambassador Joseph Wilson's wife, Valerie Plame who was a CIA employee at the time. Using certain classified documents at trial his lawyers could underscore that Libby was involved with important work at the time of the Plame leak.

Crux of the case

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Fitzgerald's case rests on the premise that Libby lied to the FBI and to a grand jury about his own conversations with reporters confirming that Plame worked for the CIA and was somehow responsible for her husband's fact finding trips to Africa in search of proof about Iraq's alleged quest for fissile materials. Wilson wrote in a New York Times op-ed, in July 2003, that that quest did not exist, and that the administration was "twisting" the facts about Iraq's determination to procure Niger's yellowcake.

Fitzgerald has said in court filings that the Plame leak from Libby was orchestrated specifically to undermine the credibility of Wilson's public pronouncements — which Fitzgerald says consumed the vice president's office for several weeks in the summer of 2002.

Libby was charged in October, 2005 with lying to the FBI and a federal grand jury about how he learned the name of CIA officer Valerie Plame and when he subsequently told three reporters about her. He faces five counts of perjury, making false statements and obstruction of justice. Libby's trial is scheduled to begin Jan. 17, 2007.

Judge Rules For Cheney Aide (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

A federal judge ruled in favor of Vice President Dick Cheney's former chief of staff in a fight over release of classified information in the Valerie Wilson case. The judge, Reggie B. Walton of Federal District Court, decided that he would not impose strict standards sought by prosecutors who wanted to limit the classified information used in the trial of the aide, I. Lewis Libby Jr. Judge Walton said that once he rules on which evidence is relevant government lawyers could propose parts to be blacked out or summarized. Mr. Libby is accused of lying to the authorities about discussions he had with reporters about Ms. Wilson's job at the Central Intelligence Agency.

Limits Used In Terror Cases Are Imposed On A Mob Figure (NYT)

By William K. Rashbaum

The New York Times, September 22, 2006

Alberto R. Gonzales, the United States attorney general, has imposed a set of highly restrictive rules generally reserved for terror suspects on an imprisoned mob figure who is under investigation for plotting to kill a federal judge, a prosecutor and three Mafia turncoats, prosecutors disclosed yesterday.

The move was the latest development in an increasingly bizarre case. The mob figure in the case, Vincent Basciano, has contended that a list he wrote naming the judge and the others was not part of a murder plot, as prosecutors have asserted, but an effort to use a mystical religion to improve his chances at his forthcoming trial, at which he could face the death penalty.

The disclosure that Mr. Gonzales had imposed the measures was made at a hearing in United States District Court in Brooklyn. The judge in the case, Nicholas G. Garaufis, who prosecutors have said was one of Mr. Basciano's targets, also unsealed a transcript from an Aug. 28 hearing at which the investigation and the list were discussed.

In July, Mr. Basciano provided the list to a fellow inmate at the Metropolitan Correctional Center in Manhattan who, unknown to Mr. Basciano, was cooperating with the authorities. Prosecutors have said Mr. Basciano indicated to the inmate that he wanted the people on the list killed.

The transcript of the Aug. 28 hearing provided additional details about what Mr. Basciano, known as Vinny Gorgeous, has said was his effort to use Santeria, a Caribbean religion, to influence the outcome of the trial.

One of Mr. Basciano's lawyers, James Kousouros, said at the August hearing that the inmate approached Mr. Basciano and told him that his mother was a Santeria "priestess."

The inmate "told Mr. Basciano to make a list of everybody involved, put it in your right shoe, stamp five times every day during the trial and it will help," Mr. Kousouros said. He did not explain why Mr. Basciano instead gave the list to the inmate.

The restrictive rules, known as special administrative measures, severely limit Mr. Basciano's phone and mail privileges, visits and communications with people other than his lawyers.

The measures, which were developed in 1996, have been carried out about 40 times, all but about 15 times in terrorism cases, according to Jaclyn Lesch, a Justice Department spokeswoman.

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In one of the most high-profile cases, they were imposed on Sheik Omar Abdel Rahman, a Muslim cleric serving a life sentence for planning to bomb New York City landmarks. The sheik's lawyer, Lynne F. Stewart, was convicted last year of aiding terrorism by smuggling messages from the sheik to his followers, and of lying when she pledged to abide by the special rules.

Only the attorney general can impose the rules.

At the hearing yesterday, John Buretta, an assistant United States attorney, suggested that the measures were meant to prevent Mr. Basciano from communicating what prosecutors believe are his ill intentions.

Mr. Kousouros asked the judge to hold a hearing with testimony from the other inmate, who has not been identified. He also indicated that he might seek to have the judge recuse himself.

Judge Garaufis said that before he could determine whether to hold a hearing, Mr. Basciano's lawyers must consult with their client and decide whether they will seek to have him removed from the case.

Mr. Basciano was convicted earlier this year of racketeering conspiracy, but the jury deadlocked on a murder charge.

Defense: Reputed Mobster Used Santeria Ritual (NEWSDAY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Newsday, September 22, 2006

Well, at least he didn't try sticking pins in a voodoo doll.

Eager to seek an edge in his recent racketeering trial, reputed Bonanno crime family member Vincent Basciano was told by a fellow jail inmate to place a list with names of the prosecutor, trial judge and witnesses in his shoe and stomp his foot five times to get good luck.

The resulting list that Basciano drew up to carry out the ritual was simply part of a Santeria-related method and not a hit list as prosecutors have suspected, his defense attorneys said Thursday.

Basciano, at one time the acting street boss of the Bonanno crime family, is under investigation for allegedly creating the list and in "sum and substance" giving it to his fellow inmate to seek the murder of the listed persons, Brooklyn federal prosecutors have stated in court papers.

Named on the list were assistant U.S. attorney Greg Andres, who prosecuted Basciano earlier this year; federal judge Nicholas Garaufis; disgraced attorney Tom Lee; and mob turncoats Dominick Cicale and James Tartaglione, court papers stated.

But while prosecutors put a sinister spin on the list and Basciano's attempt to seek magical intervention, his lawyers say that wasn't the case at all.

During a court hearing Thursday and in interviews, Basciano's attorneys related how their client was seeking Santeria help and not seeking murders.

Santeria is an amalgamation of African religion and Roman Catholicism that uses magic. Adherents seek out a babalawo, also known as a godfather, and a santera, or godmother, for help when in desperate straits.

"He is not denying he came up with the list, but it's not like he called up Lucca Brazzi," defense attorney Ephraim Savitt told Newsday, referring to the fictional hit man in the film "The Godfather."

Savitt, who stated the ritual was Santeria-like, said that the idea of preparing the list came from a fellow inmate of Basciano's at the federal detention center in Manhattan. The unidentified inmate was originally from the Caribbean and was facing drug charges, said Savitt. Basciano put stock in the idea and gave him the list, said the attorney.

The Santeria explanation first came up in a sealed courtroom hearing last month when the investigation of Basciano first surfaced. In a transcript of the hearing unsealed Thursday by Garaufis, it was defense attorney James Kousouros who first explained how Basciano was approached for the list by the inmate.

"This inmate, the person we believe to be this inmate, is somebody who approached our client and told him that this mother is some priestess for [Santeria]," said Kousouros and "told Mr. Basciano to make a list of everybody involved, put it in your right shoe, stamp five times every day during the trial and it will help."

Kousouros said there were other witnesses who could corroborate Basciano's story. Savitt told Newsday that there was even a second list that had names of defense attorneys on it.

Thursday prosecutors Thomas Buretta and Winston Chan disclosed in court that the probe of Basciano and the list was continuing. Buretta said Attorney General Alberto Gonzales had approved holding the defendant under special administrative measures, very strict detention standards usually reserved for terrorists.

Savitt said Basciano is allowed visits from his wife, as well as a woman friend with whom he had another child, a complicated domestic situation that had previously been disclosed in court papers.

Attorneys Deny Allegations Client Plotted To Kill Judge (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 22, 2006

Attorneys for a former Mafia boss who might face the death penalty in an upcoming trial expressed dismay Wednesday at the unsealing of court documents that reveal their client, Vincent Basciano, is under investigation for a potential plot to kill a federal judge.

The attorneys, James Kousouros and Ephraim Savitt, said they would ask for an evidentiary hearing into the alleged plot against Eastern District Judge Nicholas G. Garaufis, which Kousouros said did not exist. Kousouros said it was "very unfortunate" that he was not notified by federal prosecutors that the document was going to be made public late Tuesday evening.

"I'm not saying we were entitled to notice," Kousouros said. "We have to now consider motions for recusal. This now creates a mess."

He said the unsealed papers could taint the jury pool, and might contribute to U.S. Attorney General Alberto Gonzales' decision on whether the government will seek the death penalty.

Assistant U.S. Attorney Winston Chan said he would not comment, as the investigation into the plot is still active.

Judge Garaufis scheduled a hearing for noon Thursday to discuss the matter.

In May, Judge Garaufis presided over Basciano's conviction on racketeering charges; the jury did not reach a verdict on murder charges. Basciano may face the death penalty in an upcoming trial, also before Garaufis, for allegedly conspiring to kill a federal prosecutor.

On Tuesday, federal prosecutors asked the judge to unseal a letter they submitted to the court and defense counsel on Aug. 28. The letter detailed another possible murder plot, this time against Garaufis, and included several pages of correspondence written by Basciano.

One document was a list of names that prosecutors said Basciano gave to an unnamed inmate who was cooperating with the government, indicating, "in sum and substance," that he wanted the individuals on the list to be murdered. Garaufis was second on the list, after Assistant U.S. Attorney Greg Andres, the prosecutor at the center of the previous plot in which Basciano is accused.

Basciano's attorneys contend that their client passed the list to an inmate because he thought the inmate had a connection to Santeria, a Caribbean religion. A priest or priestess of the religion, Basciano believed, could bless Basciano and make people tell the truth about him.

"It was utter foolishness," Kousouros said. "[Prosecutors] know he believes in this hocus-pocus nonsense."

The investigation into a possible threat against Garaufis was the subject of a closed hearing on Aug. 28. Basciano's attorneys said Wednesday that they were surprised that the investigation was made public while it was still pending.

"I don't understand what the rush was to go ahead and reveal something like this," Savitt said. "I don't think it helps to disclose information that you are still investigating. I just can't understand why it's being done."

However, Savitt said he did not necessarily think that the incident required Garaufis to recuse himself from the case, especially if prosecutors conclude that the list was not threatening.

"I believe that if the investigation reveals what really happened here, there's no question that the judge can continue on this case," Savitt said.

The U.S. Marshals Service for the Eastern District would not say whether Garaufis had been given additional security. Chief Deputy Timothy E. Hogan said the office had been working on the case for a number of months, in concert with the Federal Bureau of Investigations.

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"Based on the information we have, we take what precautions we feel necessary," Hogan said.

FBI Raid Targets County Job Files (CHIT)

By Mickey Ciokajlo, Robert Becker And Jeff Coen

Chicago Tribune, September 22, 2006

FBI agents fanned out across Cook County on Thursday with grand jury subpoenas and a search warrant, probing deep into the role clout plays in county hiring.

The investigation, quietly under way since late last year, burst dramatically into public view Thursday morning. The flurry of activity indicated that federal prosecutors are now taking a hard look at clout and hiring in Cook County, even as they are investigating state hiring by the Blagojevich administration and city hiring by the Daley administration.

More than a dozen agents descended on the County Building around 9 a.m. Thursday to search the county's human resources bureau, where hiring and personnel records are kept. Agents remained all day in the 8th floor office at 118 N. Clark St.

In addition to the search warrant, agents delivered subpoenas for documents related to hiring at departments throughout the county. Subpoenas went to county health facilities, the Highway Department and the Cook County Forest Preserve District.

In a statement, Cook County Board President Bobbie Steele said the county would cooperate fully in responding to subpoenas delivered to various departments. Steele also said the human resources bureau was cooperating with the execution of the search warrant.

"I am committed to doing what is necessary to root out any problems," Steele's statement said. Steele assumed the office Aug. 1, replacing John Stroger, who had suffered a stroke.

The subpoenas seek documents related to "non-exempt" jobs, Steele said. Under a court order known as the Shakman decree, those positions are supposed to be filled on the basis of qualifications, not political influence.

Mayor Richard Daley's patronage chief, Robert Sorich, and three other former city officials were convicted of committing fraud and other crimes to circumvent the decades-old Shakman decree, which first applied to the City of Chicago and later to Cook County.

The federal investigation into the city's hiring is still under way.

Prosecutors are also engaged in a broad probe of hiring under Gov. Rod Blagojevich, who has acknowledged being interviewed by federal authorities.

In June, U.S. Atty. Patrick Fitzgerald sent a letter to Illinois Atty. Gen. Lisa Madigan saying his office has developed a number of credible witnesses in its investigation of allegations of "endemic hiring fraud" in multiple state agencies.

Though Thursday was the first public indication that the federal government is investigating hiring practices in Cook County, sources familiar with the investigation said the probe got under way in late 2005.

The sources said the search warrant was issued specifically for the human resources bureau because that is an area where records are concentrated.

The affidavit outlining the reason for seeking the search warrant is under seal.

Cheryl Cato, spokeswoman for the county's health bureau, said agents visited a number of its facilities early Thursday, including Stroger, Provident, Oak Forest and Cermak Hospitals.

"I don't know if they've taken anything," Cato said.

The flurry of activity on Thursday came about two weeks after Steele placed Gerald Nichols, who had been Stroger's patronage chief, on paid suspension.

Steele's actions followed a Chicago Sun-Times article in which a county highway supervisor claimed Nichols pressured him to hire a political ally of Stroger's.

The government's investigation quickly became an issue in the Nov. 7 election for County Board president.

Republican candidate Tony Peraica, a county commissioner, held an impromptu news conference outside the human resources office while agents searched inside. Peraica's Democratic opponent, Chicago Ald. Todd Stroger (8th), is John Stroger's son.

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"Clearly this is just the tip of the iceberg," Peraica said. "There's a criminal conspiracy here that has been going on for quite some time to falsify job applications, to alter test scores, to hire unqualified individuals, principally from the 8th Ward."

Todd Stroger suggested the federal activity was linked to a motion filed by Michael Shakman, the lawyer whose lawsuit led to the Shakman decree. Shakman returned to federal court in recent weeks to request the appointment of a federal monitor to oversee county hiring.

Stroger said he was not surprised by the investigation, and he added, "I don't think it's a surprise to many people. And I don't know what they are looking for or what they will find."

Stroger sought to distance himself from the federal probe.

"That's my father's administration," said Stroger, who was speaking at a news conference on an unrelated matter when the news broke of the federal search. "At this point, I am a city councilman and that is the job I've been doing."

County Commissioner Forrest Claypool, who lost to John Stroger in the March Democratic primary, said he was not surprised that the federal government is now probing hiring at the county.

"County government has been a patronage dumping ground for years, a place where unqualified politically connected people have been dumped by the thousands," Claypool said. "It wouldn't surprise me if lines were crossed and laws were broken in the hiring practices in Cook County.

"It's sad that reform at the county government is likely to come through law enforcement rather than through the political process," Claypool added. "We've known for years about these problems and very little has been done about it."

Shakman, too, wasn't surprised by the federal government actions, alleging the county has been engaged in violating his civil court order much as the city of Chicago was.

At a court hearing last week, a federal judge allowed the county time to respond in writing to Shakman's recent motion for a monitor to oversee county hiring, like with the city.

"The county seemed to be engaged in the same kind of systematic violation of court orders that the city engaged in, and it seemed that nobody at the county was prepared to supervise hiring to make sure it was nonpolitical," Shakman said.

Tribune staff reporters Brendan McCarthy, Todd Lighty, Laurie Cohen, Dan Mihalopoulos and Gary Washburn contributed to this report.

FBI Raids Cook County Office (CHIST)

By ABDON M. PALLASCH, NATASHA KORECKI, STEVE PATTERSON AND ERIC HERMAN, Staff Reporters

Chicago Sun-Times, September 22, 2006

FBI agents descended on Cook County government offices this morning, serving a search warrant in an investigation that apparently centers on county hiring practices.

FBI agents could be seen carrying boxes of documents out of the Cook County Human Resources Department at 118 N. Clark St., as county human resources director Mark Kilgallon and county general counsel Laura Lechowicz Felicione looked on.

“We are fully cooperating” with the investigation, Felicione said.

While the seizure of documents proceeded downtown, federal agents served the search warrant at other county offices, too — including Provident Hospital, Cermak Hospital and the forest preserve district.

The federal agents hit the county offices starting at 9:15 a.m.

FBI spokesman Ross Rice said the search warrant is tied to a criminal affidavit that is under seal. “We’re looking for possible evidence of a crime,” Rice said. No arrests have been made and no charges filed, Rice said.

The search warrant comes one month after the Chicago Sun-Times reported that county officials said they routinely were told to hire politically connected candidates for county jobs over candidates who scored higher on civil service exams. A Cook County Highway Department supervisor, Eric Petraitis, said he felt coerced to change test scores to hire candidates connected to former Cook County Board President John Stroger.

Following that report, County Board President Bobbie Steele ordered the suspension, with pay, of Stroger’s patronage chief, Gerald Nichols, and four lower-level employees responsible for administering employment tests.

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The Sun-Times also reported in late August that nearly 1,300 people were added to the Cook County payroll in the months after Stroger suffered a stroke. Stroger's campaign manager and his chief of staff's daughter were among those added to the payroll — even amid a hiring freeze — and more than a dozen others with ties to powerful political machines were also hired.

In response to the reports, attorney Michael Shakman went to federal court seeking to have a federal monitor appointed to oversee county hiring.

Steele didn't show up to a 12:30 p.m. news conference on the FBI activity, as she said she would. But her spokeswoman read a two-sentence statement saying Steele had been advised not to talk about the case, but her office is "fully cooperating."

Ald. Todd Stroger, who is running to succeed his father John and replace Steele, said the raid was not a surprise and that he believes it was connected to a motion filed by Shakman asking that a federal monitor oversee county hiring.

''I believe that everyone expected the federal government would come in the county building and Mr. Shakman has been saying there's problems and I believe he's been over to federal court,'' Todd Stroger, the Democratic candidate for County Board president, told reporters. ''And I don't know what they are looking for or what they will find,'' he said.

He also called the county's hiring system antiquated and said it needs to be revamped.

Todd Stroger's Republican opponent, Anthony Peraica, said the raid stems from what he called a ''criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected.''

''Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories,'' Peraica said.

FBI Raids Cook County HR Office (WMAQ-TV)

WMAQ-TV, September 22, 2006

CHICAGO -- The FBI conducted a search inside an office of the Cook County Building Thursday morning, NBC5 reported.

Federal investigators executed a search warrant at the offices of the county Bureau of Human Resources at 118 N. Clark St.

Agents executed a search warrant at 9 a.m. at Cook County's Bureau of Human Resources, FBI spokeswoman Cynthia Yates said. The search was part of an ongoing investigation, but Yates declined to say what the investigation was about.

NBC5's Phil Rogers reported that agents may have accessed the office's computer servers, looking for information about hiring practices and possibly the testing of Cook County employees.

Allegations have arisen that tests were rigged or changed to favor political cronies in the John H. Stroger administration, Rogers reported.

Chicago Mayor Richard M. Daley's patronage chief, Robert Sorich, along with four other former city officials are awaiting sentencing for a scheme to use fraud to cover up violations of a ban on patronage hiring.

Daley has not been accused of any wrongdoing.

Cook County's Bureau of Human Resources coordinates all human resource activities for the departments under the jurisdiction of the Cook County Board, including the Cook County Forest Preserve District.

Chicago Alderman Todd Stroger, who is running to replace his father, John Stroger, as Cook County board president, said the raid was not a surprise and that he believes it was connected to a motion filed by attorney Michael Shakman asking that a federal monitor oversee county hiring.

"I believe that everyone expected the federal government would come in the county building and Mr. Shakman has been saying there's problems and I believe he's been over to federal court," Stroger, the Democratic candidate for board president, told reporters.

"And I don't know what they are looking for or what they will find," he said.

He also called the county's hiring system antiquated and said it needs to be revamped.

Stroger's Republican opponent, Anthony Peraica, said the raid stems from what he called a "criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected."

"Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories," Peraica said.

FBI Agents Raid Cook County Office (WP/AP)

The Associated Press

The Washington Post, September 22, 2006

CHICAGO -- FBI agents Thursday raided the offices where the Cook County government keeps its hiring records.

FBI spokeswoman Cynthia Yates would not say what the investigation was about.

However, Mayor Richard M. Daley's patronage chief and four other former city officials are awaiting sentencing for a scheme to subvert a ban on patronage hiring, or doling out jobs according to applicants' political connections. Daley has not been accused of any wrongdoing.

Chinta Strausberg, a spokeswoman for acting Cook County Board President Bobbie Steele, said only: "We are fully cooperating with the investigation."

Chicago Alderman Todd Stroger, who is running to replace his father, John Stroger, as Cook County Board president, said he believes the raid was connected to an activist's request that a federal monitor oversee county hiring to prevent abuses.

Stroger's Republican opponent, Anthony Peraica, said the raid stemmed from a "criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected."

"Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories," Peraica said.

Ex-N.O. Prosecutor Gets Life In Federal Civil Rights Rape Case (AP)

AP, September 22, 2006

NEW ORLEANS, La. -- A former deputy city attorney was sentenced Thursday to life in prison for using his position to rape two women in his office.

U.S. District Judge Lance Africk sentenced Henry A. Dillon on Thursday, more than four months after a jury found him guilty of depriving the women of their civil rights under color of law, by aggravated sexual abuse.

"He committed unspeakable acts of violence against innocent women while disguising himself as a public servant," U.S. Attorney Jim Letten said in a news release.

Dillon, 49, raped each woman after telling her in Municipal Court that he needed her to come to his office to complete some court business, according to the indictment.

Dillon admitted having sex with both women, but said it was consensual. That testimony "calls into question your grip on reality," Africk told him Thursday.

His arrest and firing on Dec. 1, 2004 marked the second time Dillon had been accused of rape.

In 1998, Dillon was arrested on the same charge and accused of raping a woman at his home.

Nearly a year after he was suspended from his job without pay, the state Attorney General's Office said it had too little evidence to prosecute, allowing Dillon to return to work at the City Attorney's office.

Dillon was jailed in December, when a magistrate ruled that he was a danger to the community.

He was indicted after relatives of one woman approached the Metropolitan Crime Commission of Greater New Orleans, a nonprofit police watchdog. That woman said Dillon used a wrestling move to pin her down _ and another woman had made a similar claim in 1998, the crime commission said.

Former Orange Beach Mayor's Wife Pleads To Obstruction Count (AP)

AP, September 22, 2006

MOBILE, Ala. (AP) — Crystal McDonald Russo, wife of former Orange Beach Mayor Steve Russo, pleaded guilty in federal court Thursday to one felony obstruction of justice charge as part of a plea agreement with prosecutors.

Prosecutors agreed to dismiss two other counts against her and recommend a sentence that will likely only get Crystal Russo probation, the Press-Register reported on its Web site Thursday.

Russo, 25, was facing trial next month for allegedly trying to help her 44-year-old husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor. On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and

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developer Ken Wall were convicted by a federal court jury in Mobile of fraud and related charges in a real estate scheme in the Gulf Coast resort.

"She is glad that she's now seeing some closure in this and she thinks she's doing the right thing," Gordon Armstrong III, Crystal Russo's lawyer, said outside the courthouse.

U.S. District Judge Kristi DuBose scheduled Crystal Russo to be sentenced on Dec. 28.

Another Gamble For Online Betting (WSJ)

By Amy Schatz

The Wall Street Journal, September 22, 2006

Legal Wrangling in the U.S. Is Clouding the Prospects For the Industry World-Wide

Two recent arrests of online-gambling executives in the U.S. are drawing attention to a spirited but so far unsuccessful effort in Washington to clarify the legal status of Internet gambling and resolve the political and legal issues of regulating it.

Earlier this month, Peter Dicks, at the time nonexecutive chairman of Sportingbet PLC, Britain's largest publicly traded Internet-gambling company, was arrested in New York on a Louisiana warrant. That followed the July arrest of David Carruthers, then-chief executive of BetOnSports PLC on federal charges. The two cases aren't directly related but have combined to spook executives of foreign Internet-gambling companies, which are wary of entering the U.S.

The developments underscore a fundamental problem for the Internet-gambling industry: U.S. lawmakers haven't agreed on whether the practice is legal. This summer the House passed legislation that would outlaw most forms of Internet gambling, including poker and casino-style games. But similar legislation is in limbo in the Senate, despite recent efforts by Majority Leader Bill Frist to attach the measure onto a must-pass defense-authorization bill this year.

Taming Internet gambling is difficult, however, given uncertainty about which rules apply to it. The Bush administration maintains that all interstate Internet gambling is illegal, but acknowledges that enforcement is sporadic. To shut down Internet sites, prosecutors rely mostly on the 45-year-old federal Wire Act, which prohibits sports betting across state lines, but was written with telephone, not Internet, lines in mind.

But not all judges agree that Internet gambling is already illegal, and Internet-gambling companies argue the Wire Act doesn't apply to the Internet.

"It's never really been clear up to and including now, how the 1961 Wire Act applies to the Internet," says Keith Whyte, executive director of the National Council on Problem Gambling, an advocacy group that helps gambling addicts.

"There's a lot of gray area to make some arguments. There's been an utter failure of Congress to address this issue. They're relying on a pretty antiquated law to stretch over this," Mr. Whyte says.

Pressure on Congress to resolve the issue is likely to increase. Eight states have prohibited Internet gambling -- a pattern that has led to calls for a unified national approach.

Lawmakers' failure to clarify the legal issues of Internet gambling has frustrated many in the industry. According to Christiansen Capital Advisors, a New Gloucester, Maine, research firm, online gambling is a $12 billion-a-year industry globally, and growing. For years, some online-gambling companies have sought U.S. legislation to regulate the industry to weed out dodgy companies and promote investor confidence.

More broadly, Congress's inability to act reflects lawmakers' ambivalence about the Internet and how to strike a balance between letting it operate without much interference and requiring it to adhere to socially desirable behavior.

Republican Rep. Bob Goodlatte, who represents a rural Virginia district, personifies the sometimes-conflicting impulses. In his seven terms in Congress, Mr. Goodlatte has built a conservative voting record faithful to free-market, small-government principles. In June he voted against a proposal, which failed, that would have prevented Internet providers from moving some traffic faster than other -- in part, he said, because he was worried that "government involvement often stifles innovation in the marketplace."

A few weeks later, however, he voted for a bill to outlaw most Internet gambling in the U.S. "There are those of us who are simply opposed to gambling because of societal problems that exist," he says, adding that with the Internet, "every home in Virginia now has a wide array of casino gambling to choose from."

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Mr. Goodlatte, a 53-year-old father of two, has spent years trying to impose some order on the Internet -- such as preventing access to child pornography and protecting consumers' ability to encrypt emails. "We don't want it to become the Wild, Wild West," he says.

Some forms of gambling have largely avoided the U.S. government's focus. For example, the government has done nothing to stop Youbet.com, a publicly traded Internet company in Woodland Hills, Calif., that offers betting on horse racing. YouBet says it complies with state and federal gambling regulations, arguing that changes made in 2000 to the federal Interstate Horse Racing Act allow state-licensed interstate "interactive" parimutuel betting. Yet the company's financial statements note that the Justice Department says Internet gambling is prohibited in the U.S.

Justice Department officials say they launched a civil probe into Internet-gambling operations, including horse betting, last year, but say they have limited resources.

Even when the U.S. government tries to set rules for the Internet-gambling business, the global nature of the Internet gets in the way. In the United Kingdom, online gambling will be regulated and -- more importantly -- taxed, beginning in 2007. It is as easy for a would-be bettor to reach a gambling Web site in Athens, Greece, as one in Athens, Ga.

Indeed, the U.S. government's assertion that interstate Internet gambling is illegal has provoked an international trade fight. In March 2004, the World Trade Organization ruled the U.S. had violated global trade pacts by banning offshore firms from offering U.S. citizens some forms of Internet gambling -- notably sports betting -- while providing exceptions for U.S. companies that offer horse betting and state-run Internet lotteries. The U.S. says it has the right to ban imports that may be found morally objectionable.

Even if Congress agrees on tough legislation, enforcement would be difficult. The legislation pending in Congress is designed to make it more difficult for Americans to electronically transfer money to fund their online gambling. But banks already have policies that restrict customers from using credit cards at Internet-gambling sites. Online-gambling companies have been able to get around that by miscoding transactions or encouraging customers to use other types of electronic money transfers.

Write to Amy Schatz at Amy.Schatz@wsj.com1

Feds Charge WTC Painter In $1 Million Ripoff From Sept. 11 Fund (NEWSDAY)

By Jennifer Maloney, Newsday Staff Writer

Newsday, September 22, 2006

A New Jersey painter was arrested Thursday on charges he bilked the U.S. Justice Department's Sept. 11 compensation fund of more than $1 million -- the biggest scam yet.

Mario Mastellone, 39, of East Windsor was accused in an indictment in U.S. District Court in Manhattan of accepting $1.07 million from the September 11 Victim Compensation Fund of 2001 by falsely claiming that had been disabled that day and had not worked since.

His lawyer, Peter Bark of Central Islip, said his client had suffered disabling back injuries and has not worked since then, except for a recent job as an extra on a film set, which the Justice Department had approved.

"He's been victimized twice -- once by him being in the World Trade Center on 9/11 and now by the U.S. Attorney's office," Bark said.

Prosecutors said Mastellone lied to a Department of Justice agent investigating his case and lied to a hearing officer evaluating his claim for compensation. According to the indictment, he also fraudulently sought compensation from the New York State Workers' Compensation Board and the Painting Industry Insurance Fund.

If convicted of fraud charges, Mastellone could face up to 40 years in prison.

Bark said Mastellone's Sept. 11 fund claim was legitimate.

"The government doctors examined him and they concurred with his doctors that he's disabled," Bark said. "He cannot do any kind of labor. Unfortunately, he's learning disabled so he can't do a desk job. All he can do is physical labor, and that he can't do."

Prosecutors Say Map-stealing Collector Motivated By Resentment (AP)

AP, September 22, 2006

NEW HAVEN, Conn. -- A renowned dealer who admitted stealing nearly 100 rare antique maps acted out of resentment toward the prestigious libraries and to pay for his expensive tastes and mounting debts, prosecutors said Thursday.

Authorities filed court papers that offered the first official explanation of why E. Forbes Smiley III stole the maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard and Yale university libraries and the British Library in London.

"He explained that his initial thefts were acting out of resentment toward persons at certain institutions that he believed had wronged him, individuals who he believed had slighted him or used certain of his research without accreditation," prosecutors wrote. "Other thefts he explained resulted from some misguided sense of entitlement to the maps because he had, through collectors, provided better versions of the same map to the institution. He also acknowledged that stealing maps was profitable and he had mounting debts."

An FBI review of Smiley's computer records showed he had expensive tastes and mounting debts, prosecutors said.

Smiley, a 50-year-old resident of Martha's Vineyard, faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. His attorney has asked for a sentence of up to three years, citing Smiley's cooperation with the investigation, charity work and unspecified "mental and emotional conditions which contributed" to the thefts.

Prosecutors did not specify a sentence, but recommended he be given credit for his cooperation with the investigation that led to the recovery of most of the maps.

They called Smiley's conduct "reprehensible," saying his victims included the libraries and dealers who suffered severe harm to their finances and reputations.

The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries. Some of the maps have not been recovered, while others were damaged, the library noted.

The British Library has raised suspicions that Smiley stole additional maps, a charge he has denied.

Authorities defended their investigation, saying it involved hundreds of phone calls with curators, map historians and legal representatives of the institutions and checking Smiley's computer, phone and bank records. They said inaccurate cataloguing by some libraries, wide public access to materials and other issues made it difficult to prove Smiley stole a particular map.

"Based on this review, the FBI has not identified other information suggesting that Smiley has a hidden cache of maps or is protecting some unidentified purchaser of his maps," prosecutors wrote.

Smiley was arrested after a Yale librarian found a razor blade on the floor. The arrest prompted Yale and other top map libraries to review their security procedures.

Credit Card Companies Pledge Help In Fighting Child Pornography (NYT)

By John Files

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — Executives from credit card companies, including Visa, MasterCard and American Express, told a Congressional panel Thursday that they were determined to eliminate the use of their services in the Internet child pornography business.

But they also said it was difficult to keep pace with those who seek to exploit children on the Web and called for broad collaboration among those in the financial services industry and law enforcement authorities around the world.

“Child pornography is a global problem in need of a coordinated response,” said Mark MacCarthy, a senior vice president for public policy for Visa U.S.A.

Mr. MacCarthy said that by working together with other financial services companies, the industry could “enhance our efforts to identify Web sites and pinpoint merchants that are trafficking in this illicit activity, cut them off from use of our network and provide assistance to law enforcement to put them in jail and shut them down for good.”

“The way forward lies in collective action,” he said.

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Mr. MacCarthy and other executives testified at a hearing of the oversight and investigations subcommittee of the House Energy and Commerce Committee. The hearing was the sixth this year convened by the subcommittee to examine the growth of child pornography online.

Others who spoke to the committee included Ernie Allen, the president of the National Center for Missing and Exploited Children, and Christopher J. Christie, the United States attorney for New Jersey, who led an investigation that in 2004 dismantled an Internet child pornography service stretching from Eastern Europe to Mount Laurel, N.J.

Mr. Allen described tactics adopted in recent months to combat child pornography Web sites, including the creation of the Financial Coalition Against Child Pornography, a group of major financial institutions and Internet companies. The coalition will seek to "follow the money," Mr. Allen said, in an effort to eradicate such business by 2008. MasterCard, Visa, American Express, Bank of America, Citibank, PayPal, Yahoo and AOL, among others, have joined the coalition.

"We have changed our process for monitoring the Internet," said Arne L. Christenson, a senior vice president for federal government affairs at American Express. "In the past our search for child pornography sites took place as part of our broader efforts to enforce our Internet pornography policy, and there was not always a clear differentiation between the two in our review and reporting."

Among purveyors of child pornography, Mr. Christenson said, there is a "growing trend toward steering visitors of these sites to various alternative payment methods."

Mr. Christie said one of those methods involved granting access to Web sites in return for explicit photographs of children. "That phenomenon is something that we are very concerned about," Mr. Christie said.

Data Retention Bill Expected Next Week (CNET)

By Anne Broache, And Declan McCullagh

CNET News, September 22, 2006

WASHINGTON--A Democratic member of the U.S. House of Representatives said Thursday that she plans to introduce legislation next week that would force Internet providers to record customer information for one year.

Rep. Diana DeGette of Colorado said that she is working with Republicans Reps. Ed Whitfield, chairman of the House Energy and Commerce oversight and investigations subcommittee, and Joe Barton, chairman of the full committee, to finalize language mandating a controversial practice known as data retention.

"Internet service providers across the board do retain this data for some period of time right now, so all were doing in this legislation is requiring a standard in the industry," DeGette said at a morning hearing here on online child pornography, which was at least the sixth event dealing with online child exploitation in the House this year.

The data retention requirement is necessary because members of Congress have "learned that Internet service providers and social networking sites have information that law enforcement needs when investigating pedophiles online, and that is the IP address on a particular date and time that will help identify those involved," said Whitfield, a Kentucky Republican who is also heading a probe into Hewlett-Packard's boardroom scandal.

Privacy groups and industry groups have generally opposed mandatory data retention, with some companies such as Comcast voluntarily agreeing to retain user data for longer periods. Also, under an earlier proposal described by DeGette, the information would be available not only to police but to civil litigants as well, including divorce lawyers hoping to track someone down or employers embroiled in a lawsuit with a former employee.

Plans to enact the Bush administration's data retention proposal--reiterated this week by Attorney General Alberto Gonzales--have been brewing in Congress for months but have received increased attention as the November elections draw near.

DeGette, for her part, planned this spring to introduce such a proposal (click for PDF) as an amendment to a House telecommunications bill but ultimately dropped those plans. A senior House Republican also drafted a bill this year (click for PDF) but then backed away from it.

DeGette's bill is expected to be consistent with repeated calls for mandatory data retention in recent months from Gonzales and from 49 state attorneys general (click for PDF).

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The two law enforcement officials at Thursday's hearing, representing the cybercrimes division of Homeland Security's Immigrations and Customs Enforcement bureau and the U.S. attorney's office in New Jersey, also offered endorsements.

"We need more and more information, and we need it as quickly as we can possibly get it," said Christopher Christie, U.S. Attorney in New Jersey.

Details on data retention

In general, data retention legislation could follow one of two approaches.

One form could require Internet providers and perhaps social networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

During a series of meetings with Internet companies hosted by the Justice Department--first reported by CNET News.com--officials have been ambiguous about how they want legislation worded, private-sector participants say. Those involved have included AOL, Comcast, Google, Microsoft, Verizon Communications and trade associations.

DeGette said Thursday that her proposal would not require retention of the communications themselves, but would identify data so that law enforcement officials--if they had probable cause to believe a crime has been committed--could go in and get a subpoena and subpoena these IP addresses.

An IP address is a unique four-byte address used to communicate with a device on a computer network that relies on the Internet Protocol. An IP address associated with CNET.com, for instance, is 216.239.113.101.

Ernie Allen, president of the National Center for Missing and Exploited Children, said he liked that DeGette's proposal was not focused on retaining content. "Obviously this is a real dilemma for the Internet service providers for a host of reasons, and I think there is an appropriate time frame that can be established," he said. "But overwhelmingly, we support (data retention mandates)."

DeGette sought to allay concerns raised by privacy advocates about the approach, adding, "I'm concerned about privacy considerations, too, especially in light of what I believe to be illegal surveillance of telephone records by this administration."

CIVIL LAW:

Federal Officials Scrutinizing Company Payments To Doctors (NYT)

By Barry Meier

The New York Times, September 22, 2006

Ela Medical, a small producer of implantable heart devices, said this week that it had received a subpoena from federal health care fraud officials seeking information about possible inducements paid by the company to doctors using its products.

In response to an inquiry last week from a reporter, Ela Medical stated that it had received an administrative subpoena from the inspector general of the Department of Health and Human Services. The company is a division of the Sorin Group, which is based in Milan.

According to Ela Medical, the subpoena sought any documents related to “arrangements, clinical studies, provision of monitoring equipment and services and other agreements by which the company may have provided benefits to persons in a position to recommend purchase of devices.”

Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product. Ela Medical, which has previously said that it complied with all relevant laws, said in its statement that it was cooperating with the investigation.

Last year, the Justice Department started to investigate the country’s biggest makers of heart devices — Medtronic, St. Jude and Guidant — to determine if they provided doctors with excessive payments to enroll patients in postmarketing studies of their devices as a way of increasing sales. All three companies have said they did nothing wrong.

Such studies can have questionable scientific value, experts say.

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In March, a federal official said that the government had begun an inquiry into Ela Medical that was focusing on, among other things, financial relationships between the company and doctors in the Miami area, including physicians who were enrolling patients in postmarketing trials.

At that time, however, officials of Ela Medical said they were unaware of any government inquiries into its practices. Earlier this week, a spokeswoman for the Sorin Group said it had received a subpoena last week.

Ela Medical had only a small piece of the market in this country for heart devices like defibrillators, according to analysts' estimates. Together, it and Biotronik, based in Berlin, have about a 5 percent market share.

Pediatrix Finalizes $25.1M Settlement (AP-YBIZ)

AP, September 22, 2006

Pediatrix Finalizes $25.1 Million Settlement With Justice Department

FORT LAUDERDALE, Fla. (AP) -- Pediatrix Medical Group Inc. on Thursday said it paid the federal government $25.1 million as part of its final settlement with the Justice Department related to a probe into the company's billing practices.

The settlement ends a federal investigation into the company's Medicaid and Tricare practices related to neonatal services provided between January 1996 and December 1999. In addition, the pediatric services provider said it would reach separate state settlements for each state Medicaid program involved.

Information for the period 2000 to 2003 also was reviewed as part of the investigation, and Pediatrix is not making any payments for this period.

Pediatrix announced a tentative settlement in February and set aside reserves related to the investigation during periods through December 2005. The settlement will not affect the company's operating results this year.

Shares of Pediatrix closed down 71 cents to $47.67 on the New York Stock Exchange.

IRS To Pay Former Workers Whose Jobs Were Outsourced (WP)

By Stephen Barr

The Washington Post, September 22, 2006

Ten former mailroom employees at the Internal Revenue Service who lost their jobs because of outsourcing will receive about $4,000 each in back pay as part of a legal settlement, the National Treasury Employees Union has announced.

The settlement ends a lawsuit brought by the union in a dispute over the meaning of an appropriations bill that prohibited the IRS from turning federal work over to a contractor during much of 2004 without first conducting a public-private competition.

In March, a federal judge ruled that the IRS, which did not hold a competition for the mailroom jobs, had improperly converted the jobs in the time period that had been put off-limits by Congress.

When the job conversions began two years ago, the IRS had 87 mailroom employees. Most of the employees left, some taking cash buyouts and others finding jobs elsewhere in the IRS. The contractor, a nonprofit organization, hired some IRS employees after being awarded a $33 million contract to operate more than 30 IRS mailrooms.

The employees who accepted job transfers or left their jobs voluntarily were not eligible for back pay, the union said.

An IRS spokesman would not comment on the settlement. Shortly after the court ruling, the IRS said it thought it had complied with procurement rules and regulations.

Colleen M. Kelley , the union president, said lawsuits challenging outsourcing decisions by agencies are difficult to win. "This is the first case of which NTEU is aware in which the government has paid money to employees in settlement of a contracting out lawsuit," Kelley said. "It was important to us to hold the IRS accountable."New Deadline for Defense?

Gordon England , deputy secretary of defense, has put a Senate oversight committee on notice that the Pentagon may come to Congress next year for additional time to establish a new labor-management relations system.

The Defense Department faces a 2009 deadline for implementing new labor rules, but progress has been slowed by litigation and other factors.

A federal court stopped the new labor system after finding that the Pentagon's plan went too far in limiting the collective-bargaining rights of Defense

civil service employees. The case is on appeal, and England said he did not

expect a decision until early next

year.

Sens. Susan Collins (R-Maine) and George V. Voinovich (R-Ohio) held a hearing Wednesday afternoon to check on the progress of the National Security Personnel System, which more rigorously links the job performance of Defense civilians to pay raises. The contested labor rules are one part of the NSPS.

Because of the litigation, the NSPS rollout has been limited to nonunion Defense Department employees. About 11,000 employees converted to the NSPS on April 30 in the program's first phase. A second phase begins Oct. 1 and will include more than 66,000 Defense employees.

When fully implemented, the NSPS will cover about 700,000 workers, or about half of the government's civil service workforce.COLA Countdown

With less than a month to go in the counting period, most government retirees appear on track for a cost-of-living adjustment of at least 3.5 percent.

The calculation is based on a Labor Department index showing that consumer prices rose again in August. The 12-month period measured by the index ends this month, and the Labor Department will announce the 2007 COLA in mid-October.Talk Shows

Carol A. Bonosaro , president of the Senior Executives Association, will be the guest on "Fedtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Josefina Carbonell , assistant secretary for aging at the Health and Human Services Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

CIVIL RIGHTS:

Chastang Appointment To Be Reviewed By Department Of Justice (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), September 22, 2006

Juan Chastang's future as a Mobile County commissioner is now in the hands of the U.S. Department of Justice, after the state decided not to appeal a federal court order handed down last month, a spokesman from the attorney general's office said.

The order, handed down by a panel of three federal judges Aug. 18, said Gov. Bob Riley had 90 days to get clearance from the Justice Department that the Chastang appointment complied with the Voting Rights Act of 1965.

If the Justice Department approves the appointment, nothing will change and Chastang, the commission's president, will continue to represent District 1.

But if the department finds that the appointment violated voters' rights, it could force Chastang out of office and call for a special election to fill the seat.

Suzanne Webb, a spokeswoman for the Alabama Attorney General's office, said Tuesday that the governor would not appeal the judges' decision to the U.S. Supreme Court and would instead ask for Justice Department clearance.

Chastang said he's confident the Justice Department will approve his nomination.

"Everything's going to be OK," he said. "I trust their legal opinion that that's the best option."

The attorney general's office represented the governor in a federal lawsuit in the matter, filed last year by state Reps. Yvonne Kennedy and James Buskey, both D-Mobile, and Bill Clark, D-Prichard.

The judges ruled that when Riley appointed Chastang to replace Sam Jones on the commission after Jones became mayor of Mobile in October, the governor failed to follow a provision of the Voting Rights Act that requires the Justice Department to review in advance any changes to Alabama election practices.

Justice Department review is necessary because of a Civil Rights-era law making Alabama, along with a number of other states, ask for federal approval before changing election laws.

In 1985, the Alabama Legislature passed a law requiring a special election to fill any Mobile County Commission vacancy with more than a year remaining in the term.

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That law was ruled unconstitutional in 1988 because it conflicted with a state law that gave the governor the power to make such appointments.

In 2004, though, the Legislature passed a law allowing local acts, such as the 1985 Mobile County ordinance, to make exceptions to the general rule of gubernatorial appointments.

Therefore, when Riley appointed Chastang instead of calling for a special election, he changed voting law, the judges ruled.

Chronicle, Job-fair Firm Called Biased Against Noncitizens (SFC)

By Vanessa Hua, Chronicle Staff Writer

San Francisco Chronicle, September 21, 2006

The Chronicle and a firm that produces job fairs tried to bar noncitizens from an employment event in June, according to a complaint the ACLU and other civil rights groups filed Tuesday with the federal Justice Department.

The Lawyers' Committee for Civil Rights, the American Civil Liberties Union of Northern California and the ACLU Immigrants' Rights Project allege that Expo Experts, a Cincinnati company that organizes job fairs in partnership with newspapers nationwide, discriminates against legal immigrants.

The complaint, filed in Washington, D.C., charges that the company illegally bars noncitizens from attending job fairs in violation of federal anti-discrimination laws and asks the Justice Department to impose civil penalties and issue a cease-and-desist order to stop the practice. The civil rights groups filed a companion complaint against The Chronicle, which co-sponsored the June fair with Expo.

An advertisement before the event, published in the newspaper and on its affiliated Web site, SFGate.com, said job-seekers were required to have U.S. citizenship to enter a pavilion featuring engineering, technology and security clearance positions, the complaint alleges. A second pavilion featured professional jobs.

When the Lawyers' Committee and the ACLU objected to the restriction in the days before the event, Expo Experts and The Chronicle removed the discriminatory language from the online version of the advertisement and opened both pavilions to all job-seekers, according to the complaint.

"The San Francisco Chronicle is aware that the Lawyer's Committee for Civil Rights has filed a complaint with the U.S. Department of Justice," said Brandon Hamm, spokesman for the newspaper. "The Chronicle denies that it has violated any laws or acted wrongfully as alleged in the complaint. The Chronicle previously addressed concerns raised by the LCCR and considers the matter to be resolved. There is no basis for the complaint."

Susan Turner, Expo's president, said many government jobs require applicants to be U.S. citizens. "That's nothing we made up, or The Chronicle made up -- that's through the government."

E-mail Vanessa Hua at vahua@sfchronicle.com.

Library's Ban On Prayer Service Upheld On Appeal (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 22, 2006

Judges rule 2-1 that distinction between worship, other meetings is constitutional

Contra Costa County did not intrude on religious freedom when it barred a church from holding prayer services in a meeting room of the Antioch library, a federal appeals court ruled Wednesday in a case that drew arguments from the Bush administration in support of the church.

In a 2-1 decision, the Ninth U.S. Circuit Court of Appeals in San Francisco said that the Faith Center Church Evangelistic Ministries had the right to hold religious discussions in a room that was open to other community groups, but that the county could prohibit it from conducting worship services.

"The county has a legitimate interest in ... excluding meeting room activities that may interfere with the library's primary function as a sanctuary for reading, writing and quiet contemplation," and in preventing the room from being "transformed into an occasional house of worship," Judge Richard Paez said in the majority opinion.

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He acknowledged that there may be little difference between prayer services and other types of meetings by religious groups in some cases, and said judges and government agencies are not competent to make such distinctions. But in this case, Paez said, Faith Center itself described its planned library gathering as one for "praise and worship."

Judge Richard Tallman stressed the same issue in his dissenting opinion. "Separating religious worship from other religious speech inevitably leads to state entanglement in religion" and is beyond the government's authority, he said.

U.S. District Judge Lawrence Karlton of Sacramento, temporarily assigned to the appeals court, cast the deciding vote for the county. He wrote a separate opinion saying the "sorry state of the law" was due to Supreme Court rulings that have weakened the separation of church and state by blurring the distinction between "religious practice and secular speech."

The Bush administration entered the case on the side of the church, arguing last fall that barring worship services, while allowing social and political groups to meet at the library, would violate the religious group's freedom of expression.

"Religious worship is also communicative," the Justice Department said in its brief. "Hymns and prayers are expressions among believers, and to observers, of their common faith."

A lawyer for Faith Center said he would appeal Wednesday's ruling.

"The effect of this decision is to treat Christians and all religious people, who might want to worship in an otherwise public meeting room in a public library, as second-class citizens," said attorney Gary McCaleb of the Alliance Defense Fund.

But Deputy County Counsel Kelly Flanagan said the county was concerned that allowing prayer services in a public building would amount to an unconstitutional government endorsement of religion.

"We think a library and a church are different things and should stay different," Flanagan said.

Meeting rooms at the Antioch library, at 501 West 18th St., have been used by community and political groups, including the Sierra Club and a local Democratic Party chapter. The county initially banned all religious activities in the rooms, but, after Faith Center filed suit, modified the exclusion in December 2004 to prohibit only religious services.

Faith Center held a general meeting and a prayer service at the Antioch library in May 2004, but library officials denied permission for the church to hold another service two months later. A federal judge issued an injunction against the county's policy in May 2005, saying it was probably unconstitutional, but no further prayer meetings were held during the appeal.

E-mail Bob Egelko at begelko@sfchronicle.com.

ANTITRUST:

Samsung Exec Guilty Of Price-Fixing (AP)

By Dan Caterinicchia, AP Business Writer

AP, September 22, 2006

Justice Department Says Samsung Executive Agrees to Plead Guilty for Price-Fixing

WASHINGTON (AP) -- An executive from Samsung Semiconductor Inc., the world's largest manufacturer of dynamic random access memory (DRAM) used in computers, has agreed to plead guilty and to serve jail time for participating in a global price-fixing conspiracy, the Justice Department said Thursday.

Thomas Quinn, senior vice president of memory sales and marketing at the U.S. subsidiary of Korean firm Samsung Electronics Co. Ltd., was charged with a felony for his alleged participation in an agreement to fix DRAM prices and to coordinate bids in an auction held by a buyer.

The scheme directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc., Gateway Inc., and Sun Microsystems Inc., according to the Justice Department. There were about $7.7 billion in DRAM sales in the U.S. in 2004, according to the department.

Under the plea agreement, which must be approved by the court, Quinn will serve eight months in prison and to pay a criminal fine of $250,000. In addition, Quinn has agreed to assist the Justice Department in its ongoing investigation.

"Prison time for price-fixers remains the most potent deterrent to illegal cartel activity," Thomas O. Barnett, Assistant Attorney General in charge of Justice's Antitrust Division, said in a release.

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John E. Lucas, a spokesman for the California company, said Quinn remained a Samsung employee and issued a statement that read: "Samsung and the Department of Justice have previously reached a comprehensive settlement in the DOJ's industrywide investigation into alleged violations of U.S. antitrust laws among manufacturers of DRAM memory. Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior."

Between April 1, 2001, and June 15, 2002, Quinn communicated with competitors to discuss the prices of DRAM to be sold to certain customers and agreed with competitors to coordinate bids submitted to Sun Microsystems Inc., according to Justice.

To date, a total of 13 individuals from Samsung, Hynix Semiconductor Inc., Infineon and Micron Technology Inc., have been charged and fines totaling more than $731 million have resulted from the investigation, which is being conducted by the antitrust division of Justice and the FBI in their San Francisco offices.

Shares of Sun Microsystems added 5 cents to close at $5.21, while Dell slid 32 cents to end at $21.18, and Apple lost 61 cents to finish at $74.65, all trading on the Nasdaq.

Shares of Hewlett-Packard lost $1.91, or 5.2 percent, to end $34.87, while Micron Technology gained 18 cents to end at $17.74, and U.S.-traded shares of Infineon Technologies AG dipped 2 cents to close at $12.29, all on the New York Stock Exchange.

IBM lost $1.81, or about 2.2 percent, to close at $81.61, while Gateway fell 11 cents, or 5.4 percent, to close at $1.93, both on the NYSE.

Samsung US Executive Gets 8 Months For Price-fixing (SJBIZ)

San Jose Business Journal, September 22, 2006

A marketing executive with the U.S. unit of Samsung Electronics Co. Ltd. agreed to plead guilty and serve prison time for taking part in price-fixing in the computer memory chip business, the U.S. Justice Department said Thursday.

South Korea-based Samsung and its San Jose-based subsidiary agreed last year to pay a $300 million criminal fine for fixing prices.

The Justice Department said Thomas Quinn is the fourth Samsung manager to plead guilty in connection with the probe. Quinn is expected to serve eight months in prison and pay a $250,000 fine under the plea deal, and investigators said that if he had been convicted at trial, he could have faced a larger fine and a prison sentence of up to three years.

Quinn conspired to fix the price of memory chips sold to computer makers around 2001 and 2002, investigators said.

The government said the victims of the alleged price-fixing included Dell Inc. (NASDAQ:DELL - News), Compaq Computer Corp. (NYSE:CPQ - News), Palo Alto-based Hewlett-Packard Co. (NYSE:HPQ - News), Cupertino-based Apple Computer Inc. (NASDAQ:AAPL - News), International Business Machines Corp. (NYSE:IBM - News), and Gateway Inc. (NYSE:GTW - News).

Korean manufacturer Hynix Semiconductor Inc. and German manufacturer Infineon Technologies AG (NYSE: IFX - News) also agreed last year to plead guilty; Hynix was fined $185 million and Infineon was fined $160 million.

Four Infineon executives pleaded guilty to price-fixing charges, serving prison terms of four to six months and each paying fines of $250,000.

Samsung Executive Agrees To Jail Term For Chip Conspiracy (AFP-Y)

AFP, September 22, 2006

A US executive of South Korean electronics giant Samsung agreed to plead guilty and to serve jail time for participating in a global conspiracy to fix prices for memory chips, officials said.

The Justice Department said Thomas Quinn, vice president of marketing for memory products at Samsung Semiconductor, the California-based US unit of Samsung, agreed to the deal that would result in an eight-month prison term and a 250,000-dollar fine.

Quinn was charged with violating the US antitrust laws in a one-count criminal complaint alleging participation in an agreement to fix prices of dynamic random access memory (DRAM) chips.

The plea agreement, which must be approved by a US federal judge, also calls for Quinn to assist the ongoing investigation.

"Prison time for price-fixers remains the most potent deterrent to illegal cartel activity," said Thomas Barnett, assistant attorney general in charge of the department's antitrust division.

"Today's action sends a clear message: Those who engage in price-fixing schemes will be held accountable for their illegal conduct."

To date, four companies and 13 individuals have been charged and fines totaling more than 731 million have resulted from the DRAM investigation.

Last November, Samsung pleaded guilty as a company to charges of price fixing in a deal that came with a fine of 300 million dollars.

US authorities have alleged a conspiracy with Samsung and other producers to fix DRAM computer chip prices between April 1, 1999 and June 15, 2002.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for computer, telecommunications and consumer electronic products.

There were approximately 7.7 billion dollars in DRAM sales in the United States in 2004.

Authorities said the price-fixing scheme directly affected sales to US computer makers Dell, Hewlett-Packard and others.

Quinn is the fourth Samsung executive to agree to a prison sentence in the investigation. Three foreign-based Samsung executives, Sun Woo Lee, Young Woo Lee and Yeongho Kang, previously pleaded guilty and agreed to serve prison terms ranging from seven to eight months.

In additional, jail terms were agreed for Hynix Semiconductor executives Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh and Choon Yub Choi; and Infineon executives T. Rudd Corwin, Peter Schaefer, Gunter Hefner and Heinrich Florian.

Wright Deal Tweaked To Address Antitrust Concerns (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 22, 2006

New language wins over key detractor, Hutchison says

WASHINGTON – Sen. Kay Bailey Hutchison said Thursday that new language addressing antitrust concerns in the Wright repeal bill has passed muster with a key detractor to the legislation.

With newfound support from Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee, legislation that would lift restrictions on long-haul flights at Dallas Love Field may be poised to move forward.

"It's a major step forward, but it's not the end of the road," Ms. Hutchison said.

The Texas Republican initiated procedures Thursday to bring the revamped Wright bill to the Senate floor.

It could come up for a vote next week, though a packed schedule in the final days before a congressional recess may force the issue into a post-election session in November.

The new language removes a phrase that could have provided a blanket exemption from competition laws for the June agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

But the proposed amendment still offers potential legal cover to the North Texas compromise, by employing additional language sanctioning the deal.

Rather than issue a sweeping order that gates be eliminated at Love Field, the latest version of the bill orders the city of Dallas to tear down the facilities under its existing authority. It also orders the city to accommodate new carriers at the airport, as specified in lease agreements.

"I think it protects the parties on the balance of the agreement, which has been my goal," Ms. Hutchison said.

Mr. Specter said in a statement that he was "pleased to have worked with" Ms. Hutchison and Texas Sen. John Cornyn in resolving the Wright concerns.

The North Texas agreement, which marked the end of a rancorous dispute among the cities and the airlines over the 1979 law, would lift the Wright amendment in 2014 and immediately allow flights anywhere in the U.S., as long as passengers stopped inside the nine-state perimeter.

The number of available gates at Love would be cut to 20 from 32. Nineteen gates are now operational.

Gate concerns

Concerns over the gate-reduction provision had stalled the bill, as a few powerful lawmakers protested that the deal would reduce competition and circumvent antitrust laws.

The House Judiciary Committee removed the antitrust exemption from an original version of the bill last week.

The Dallas City Council had scheduled a meeting for this morning to consider whether the agreement could go through even without securing new language. That closed-door session was canceled late Thursday.

House members have said over the last week that they would find a way to get the original Wright bill – with an explicit antitrust exemption – onto the House floor, even though it could create a battle over the language that was removed by the House Judiciary Committee.

North Texas members' latest plan was to bring their original bill to the floor next week under procedures that suspend regular rules. That could allow the legislation to slide through without amendments, though if any influential members objected, it might force supporters to scramble for the two-thirds majority needed to pass the measure.

The move could draw out powerful members such as the House Judiciary chairman, Rep. James Sensenbrenner, R-Wis., creating a floor battle over the language and forcing lawmakers with little interest in the bill to choose sides among several committee chairs.

"I expect he would vote against that on the floor," Jeff Lungren, a spokesman for Mr. Sensenbrenner, said of the efforts to sidestep the committee's changes.

'Infinite possibilities'

House members now face the question of whether to pass that version, which would face Senate opposition, or using a Senate bill that's more acceptable to Mr. Specter and other lawmakers who had objected to the antitrust language.

"There are infinite possibilities, and which one will be chosen hasn't been decided yet," said Rep. Kay Granger, R-Fort Worth.

The Senate side still isn't free of obstacles. The top Democrat on its Judiciary Committee, Sen. Patrick Leahy, D-Vt., hasn't signed off on the new version of the bill. A spokeswoman for Mr. Leahy said Thursday evening that "good-faith negotiations continue" on the Wright issue.

Ms. Hutchison's move on Thursday – known as "hot-lining" the bill – is used to put uncontroversial legislation on a fast track to passage without a formal vote.

The procedure can draw out detractors, forcing them to put a hold on the legislation to signify their disagreement or their plans to block the legislation through a filibuster or other procedure.

If Mr. Leahy or any other lawmaker were to do that, it would force Ms. Hutchison to line up votes on the Senate floor to overcome the maneuver.

"I think if I can get to the floor," she said, "I will have the votes."

Ms. Hutchison said she spoke with Senate Majority Leader Bill Frist, who supports the Wright legislation, and received his backing for moving it onto the Senate floor.

The overwhelming approval from the bill's originating committees, and its bipartisan support in both chambers, should help win passage, she said.

But the procedures of the House and Senate could force the issue into the short post-election session, Ms. Hutchison said: "We knew that this would be a tough road, and it has been."

Staff writer Emily Ramshaw in Dallas contributed to this report.

NYSE-Euronext: One, But Two (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 22, 2006

NYSE Group Inc. and Euronext NV will create separate U.S. and European entities to ensure that markets on each continent retain their independence if the stock-exchange operators complete their proposed merger.

Euronext will have a Dutch foundation for its markets to prevent U.S. lawmakers from affecting the rules and requirements for listing stock in European countries. Likewise, NYSE will create a three-person Delaware trust to ensure that no laws are passed in Europe that will affect how U.S. companies are regulated. The structure was unveiled in a regulatory filing with Securities and Exchange Commission.

The goal is to persuade everyone concerned that the planned deal won't encroach on securities laws on either side of the Atlantic. NYSE owns the New York Stock Exchange. Euronext owns stock markets in Paris, Amsterdam, Brussels and Lisbon as well as a major derivatives exchange in London.

The two entities will exist behind the scenes unless and until lawmakers or regulators pass rules that were viewed to affect the independence of regulators or companies in the other market. Essentially, they will only be able to react to laws or regulations rather than create strictures of their own.

Europeans are concerned that Congress or the SEC might take the merger of the two companies as an opportunity to try to extend U.S. regulatory reach to Europe. Such a scenario is particularly frightening to European executives, who would prefer to avoid the strict accounting and governance rules that U.S. companies are subject to since the Sarbanes-Oxley law was passed in 2002. Both SEC officials and Euronext have stressed such U.S. rules won't apply in Europe.

The economic rights of any shares would remain with a combined NYSE-Euronext.

In the filing, Euronext also said that it held preliminary merger discussions with another major U.S. exchange in late 2005 and early 2006. While the exchange wasn't named, Euronext continued the discussions through late April on how to structure a possible transaction with the exchange. By this point, NYSE talks were becoming more advanced and Euronext's talks with the other exchange went nowhere. At the time, the Chicago Mercantile Exchange -- the largest U.S. exchange operator by market value -- had expressed interest in parts of Euronext's business. A CME spokeswoman declined to comment.

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Says She Will Not Try To Recoup Lease Money (NYT)

By Edmund L. Andrews

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — A top official at the Interior Department said on Thursday that she would not try to recover $1.3 billion in royalties that the government lost as a result of flawed oil and gas leases it signed in the late 1990's.

"That would be very hard to recoup," said Johnnie M. Burton, director of the Minerals Management Service of the Interior Department, at a forum held by Platt's, an oil industry newsletter.

Ms. Burton added that she had little or no bargaining power — and did not want any — to force more than 50 companies to renegotiate offshore drilling leases that currently allow them to escape as much as $10 billion in royalty payments over the next decade.

Administration officials say that they are close to reaching agreement with Shell Oil and BP and that they have held talks with about 10 companies. But more than half of the companies that hold the flawed leases have not responded to the government's pleas.

"I don't like to say 'negotiate' because I really don't have anything to trade," Ms. Burton said. Rather, she said, the government had told the companies that "we would really appreciate it" if they changed their contracts.

Even if the companies do agree to change their leases, she said, the government would not try to recapture the $1.3 billion in royalty payments that the companies have already been able to escape.

At issue are hundreds of offshore drilling leases for the Gulf of Mexico that were signed in 1998 and 1999 and that allow companies to extract up to 87.5 million barrels of oil per lease without paying royalties to the government. In what investigators believe was an unintentional bungle, the leases omitted a clause that would normally require companies to pay the full 12.5 percent royalty if oil prices climbed above about $36 a barrel.

Democrats reacted angrily to Ms. Burton's remarks, as well as to new allegations by a group of federal auditors who have charged that the Interior Department blocked them from recovering underpayments by more than two dozen companies.

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"If things keep going like this, we're going to need two sets of handcuffs: one for the oil companies and one for the bureaucrats," said Representative George Miller, Democrat of California.

In May, the House passed a Democratic proposal that would pressure companies to change their leases by prohibiting those that refuse to do so from acquiring additional federal leases in the future. But the measure has stalled because Republican leaders in both the House and Senate are opposed to it.

Democratic lawmakers also called for investigations into new allegations by three current and one former federal auditor that the Interior Department had stopped them from trying to recover $30 million in deliberate underpayments by oil companies.

The allegations, disclosed on Thursday by The New York Times, were made in lawsuits that the auditors filed under a law to encourage whistle-blowers.

"These claims, while as yet unproven, are serious and cannot be brushed aside," wrote Senator Jeff Bingaman of New Mexico and Representative Nick J. Rahall II of West Virginia in a letter to the Interior Department's inspector general.

Ms. Burton dismissed the allegations, saying that the auditors "did not follow proper procedure" in filing the lawsuits.

At E. Coli Hunt's End, A Safety Standards Gap (WP)

By Annys Shin

The Washington Post, September 22, 2006

It took exactly 14 days from the time state health officials in Wisconsin noticed five cases of E. coli O157:H7 in the same county until investigators arrived Wednesday at a field in California's Salinas Valley in search of the bacteria that ended up in bagged spinach and sickened 157 people in 23 states.

The outbreak -- the largest, in terms of victims, caused by fresh produce -- has exposed strengths and weaknesses in the highly fragmented U.S. food safety system. And the extent of it has federal officials talking about imposing tougher regulation.

"There are good agricultural practices out there. . . . The question that will be addressed is: Are they adequate? Are they being followed? Does the industry need to be further regulated to be safe?" said David W. Acheson, a top Food and Drug Administration food safety official.

Even as public health officials have gotten better at identifying the onset of illness borne by raw fruits and vegetables, the rules and procedures to prevent those outbreaks remain weaker than those for meat and poultry, consumer advocates and food safety experts said. And their enforcement relies on the voluntary efforts of growers and processors, and on the FDA, which has responsibility for much of the food supply but nowhere near the authority or resources devoted to the monitoring of meat and poultry.

"The FDA is acting like the fire department after the fire has already started," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

Public health officials have sought to contain E. coli O157:H7, which over the past 20 years has turned up in hamburgers, alfalfa sprouts, apple juice, cheese and lettuce. Escherichia Coli is normally found in the digestive tracts of humans and warm-blooded animals, but the rare and particularly toxic strain, E. coli O157:H7, damages the intestinal lining, leading to internal bleeding and organ failure. It can be fatal, especially for the very young and old. The latest outbreak killed a 77-year-old woman in Wisconsin.

Wisconsin public health officials were the first to sound the alarm on the current outbreak and call in the federal government, after receiving a report on Sept. 5 of five E. coli cases in Manitowoc County, located between Green Bay and Milwaukee. It later turned out that only one of those cases was linked to the tainted spinach; the others were traced to a local fair. But the initial cluster helped put state epidemiologists on high alert two days later when they learned of five more cases in the southeastern part of the state.

In those five, all of the victims had come down with Hemolytic Uremic Syndrome, a condition caused by E. coli that leads to kidney failure. On Sept. 8, Wisconsin officials notified the Centers for Disease Control and Prevention in Altanta and shared the DNA fingerprint of the E. coli strain with PulseNet, an 11-year-old network of public health labs operated by the CDC that has become instrumental in uncovering outbreaks of food-borne illness.

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By Sept. 13, detailed interviews with seven of the victims led Wisconsin officials to believe there was a link with spinach, Department of Health and Family Services spokesman Jason Helgerson said. Through the CDC, they learned Oregon officials had reached the same conclusion. With spinach suspected as the culprit, the CDC called in the FDA.

On Sept. 14, the CDC held a conference call with several states reporting cases of E. Coli O157:H7. That evening, the FDA issued its initial warning to consumers not to eat bagged fresh spinach.

The next day, last Friday, the FDA, based on information gathered from victims, narrowed down the search to Natural Selection Foods, which processes spinach used by 30 different brands, and broadened its warning to include all fresh spinach, loose and bagged.

Using supplier and distribution records at Natural Selection, the FDA confirmed California as the source of the contamination on Tuesday. The next day, about a dozen FDA and California state investigators descended on a farm in the Salinas Valley, the first of nine farms they had singled out through records.

On Wednesday, New Mexico officials said they found the strain of E. coli involved in the outbreak in an opened bag of spinach from which a victim had eaten; that helped investigators with further details such as what fields the tainted crop may have come from. Yesterday, FDA officials sent six more investigators into the fields, bringing the total to 19.

Over the past decade, outbreaks of E. coli caused by fresh produce have become more frequent, while the number caused by meat and poultry has declined. Consumer advocates and some food safety experts believe the disparity reflects differences in the regulation of fresh produce and of meat and poultry.

The bifurcated system, which puts the U.S. Department of Agriculture in charge of meat and poultry and gives the FDA oversight of the rest of the food supply, has changed little since its creation a century ago following publication of "The Jungle," Upton Sinclair's expose of Chicago slaughterhouses.

Last year, the FDA's approximately 800 inspectors conducted about 20,000 food safety inspections of all non-meat products, allowing them to visit a processing plant on average once every few years. By contrast, the USDA, which has an inspector daily in more than 6,000 processing plants nationwide, performs the same number of inspections in a matter of days, said Tony Corbo, a lobbyist with Food and Water Watch.

"I liken this to Jack in the Box all over again," said Michael Doyle, director of the University of Georgia's Center for Food Safety. He was referring to a 1993 outbreak of E. coli in Jack in the Box hamburgers that sickened hundreds and killed three.

After that episode, the USDA mandated tougher processing standards, which food safety experts credit with lowering the frequency of meat- and poultry-related E. coli and salmonella outbreaks.

"Until the government comes in and says we're going to have a law here . . . I don't think we're going to make any monumental change in improving the safety of bagged salads in general," Doyle said.

Food safety in the fresh produce industry is largely a matter of self-regulation. Typically, the FDA and state health department officials can inspect only processing plants and don't venture onto farms unless there's an outbreak. The FDA doesn't have the power to order recalls, though it can seize food before it has gone to retailers if a producer doesn't agree to one. The federal government has more powers when it comes to produce that has a plant disease that threatens other crops, DeWaal said.

Growers and processors say they have an added layer of scrutiny from third-party auditors they hire "to avoid the situation we're seeing now," said Bob Perkins, executive director of the Monterey County Farm Bureau.

The FDA was more assertive after the 19th episode of E. coli-tainted greens last October, sending a warning letter to the industry, which in the following months worked out a set of voluntary best practices for farmers and processors.

Yesterday, industry leaders were talking again about more voluntary guidelines.

Earlier this month, the FDA and California state officials, with the cooperation of the industry, began visiting fields and processing plants to get a better grasp of possible sources of contamination.

Industry leaders and some food safety experts contend there is no point to further regulation until scientists can figure out how produce becomes contaminated with E. coli.

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"If you don't know what the problem is how is that inspector going to help you?" said Jerry Welcome, spokesman for the United Fresh Fruit & Vegetable Association. "Is the answer throwing inspectors in and putting more regulations in, or do we need to spend more time and effort to figure out how does it happen?"

Top E.P.A. Official Rejects Recommendations On Soot (NYT)

By Felicity Barringer

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Environmental Protection Agency's administrator on Thursday rejected the recommendations of his staff — and an unusual public plea from independent science advisers — choosing instead to tighten only one of two standards regulating the amount of lethal particles of soot in the air.

The short-term daily standard, intended to control acute exposure to the minute particles, was cut nearly in half. But the annual standard, which affects chronic exposure, remains at its original 1997 level.

A large volume of research has implicated the soot particles — which are less than one-thirtieth the diameter of a human hair and can penetrate deep into the lungs and the circulatory system — in tens of thousands of deaths annually from both respiratory and coronary disease. Scientists say they are among the deadliest contaminants to which the public is regularly exposed, and for which the E.P.A. sets exposure levels.

Stephen L. Johnson, a career scientist at the agency and the third administrator appointed during President Bush's six years in office, said in a conference call on Thursday that the annual standard would remain at its current level while research continued. No change was made now, he said, "due to insufficient evidence'' linking health problems to long-term exposure.

"Wherever the science gave us a clear picture, we took clear action," Mr. Johnson said, adding, "All Americans deserve to breathe clean air, and through these more protective standards that is exactly what we are delivering today."

The E.P.A. sets standards under the 36-year-old Clean Air Act, and is required to review the standards every five years, taking into account the latest science. There have been no new standards since the first ones were established in 1997. The agency was under a court-ordered deadline to finalize new rules by Sept. 27.

The process of setting the new standards for soot, which comes from sources that include power plants, heavy industry and vehicle tailpipes and tires, drew intense scrutiny from medical and environmental as well as industry interests. Neither side was pleased with the final result.

In a rare display of solidarity, all but 2 of the 22 members of the agency's Clean Air Scientific Advisory Council had urged that the long-term standard be lowered to a range of 12 to 14 micrograms per cubic meter, from 15.

The American Medical Association, which seldom intervenes in such matters, agreed with the scientists in a letter to the agency in April. The letter also recommended that the daily, or acute exposure standard, be further reduced. Thursday's action reduced the daily standard to 35 micrograms per cubic meter from 65, though the A.M.A. favored a level of 25 micrograms. Edison Electric Institute, which represents investor-owned power plants that generate about 60 percent of the country's electricity, said the agency was going too far in nearly halving the daily standard.

Dan Reidinger, an Edison spokesman, said power plant emissions associated with fine particles had been cut by 40 percent since 1980. "E.P.A. persists in overemphasizing studies that suggest a possible benefit to tightening the air quality standard, '' Mr. Reidinger said, "while downplaying those suggesting that doing so may not provide the health benefits E.P.A. is seeking to achieve."

The reaction from medical and environmental groups was sharper. Joel Schwartz, an epidemiologist at the Harvard School of Public Health who has written many peer-reviewed papers on the health impact of particulates, said lowering the standard to the level set by the science advisers would prevent 3,000 premature deaths annually.

Frank O'Donnell, who heads Clean Air Watch, an environmental lobbying group in Washington, said, "Particle soot kills more people than any other form of air pollution, and this E.P.A. decision will allow particle soot to continue killing many thousands of Americans that would be spared if the air were cleaned up."

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In the teleconference, Mr. Johnson, the E.P.A. administrator, and two top agency officials, William Wehrum, the acting assistant administrator who heads the Office of Air and Radiation, and Dr. George Gray, an assistant administrator who heads the Office of Research and Development, stressed that the science advisers were not unanimous in their recommendations.

In an interview later Thursday, Mr. Johnson said, "The bottom line is these air standards are more protective today than they were yesterday."

Asked about the health-related benefits of the tighter standard for daily exposure, he cited the agency's statistical estimates that the new rule would avoid an estimated "2,500 premature deaths in people with heart or lung disease, 2,600 chronic bronchitis cases, 5,000 nonfatal heart attacks," among other things.

He said he could not provide estimates for the benefits associated with toughening the annual standard to 14 micrograms from 15.

Ron Wyzga, a scientist and biostatistician with the Electric Power Research Institute, an industry group, said a review of health studies showed "there's no magic number saying what a standard should or shouldn't be, so it's a matter of judgment. And different people have different judgments."

EPA Cuts Soot Level Allowable Daily In Air (WP)

By Juliet Eilperin

The Washington Post, September 22, 2006

The Bush administration imposed stricter standards on the nation's air quality yesterday for the first time in nearly a decade, ruling that communities across the country must cut back on the amount of soot in the air on any given day.

The agency did not go as far as its own scientists had urged in curbing soot, which is linked to heart and lung disease as well as childhood asthma. The decision sparked complaints on both sides of the pollution debate, with public health experts saying it was inadequate and industry officials calling it too stringent.

The Environmental Protection Agency's new rule lowers the limit on how much fine particulate matter Americans may be exposed to over a 24-hour period, cutting the existing standard of 65 micrograms per cubic meter of air to 35. However, it leaves unchanged the annual limit for "fine particulate matter," or soot, in the air. That standard remains an average of 15 micrograms per cubic meter per day over the course of a year.

"Today EPA is delivering the most health-protective national air standards in our nation's history," agency Administrator Stephen L. Johnson said in a telephone news conference yesterday. "All Americans deserve to breathe cleaner air, and through these more protective standards, that's exactly what we're delivering today."

The EPA's scientific advisory panel voted overwhelmingly last year to recommend cutting the annual amount of soot Americans breathe, from a daily average of 15 micrograms per cubic meter to 13 or 14 micrograms. But William L. Wehrum, the EPA's acting assistant administrator for air and radiation, said officials concluded that the current annual standard "is in fact adequate to protect public health with an adequate margin of safety, and there isn't sufficient evidence to justify a tightening of that standard."

Under federal law, officials are supposed to revise air quality rules every five years to reflect the latest scientific findings. Wehrum said the Supreme Court has ruled that officials should be "no more and no less stringent" than is needed to protect public health. "We have to hit the sweet spot here," he said.

The District and Baltimore -- which lie downwind of several power plants and are clogged with traffic -- are struggling to meet existing federal soot standards, which date to 1997.

Vince Morris, a spokesman for D.C. Mayor Anthony A. Williams (D), said the city is disappointed with the decision to leave the annual fine-particulate standard unchanged.

"It's discouraging to see the EPA take this approach, but it's not really surprising," Morris said. "We're trying to make the air cleaner for District residents against an avalanche of suburban sprawl and upwind factories, and this decision isn't going to help us at all. It's really a shame."

Public health activists, who noted that 60,000 Americans are estimated to die prematurely each year because of air pollution, were harsher in their assessment. According to an EPA analysis, the stricter standards endorsed by the scientific

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advisory panel would have reduced air pollution-related deaths in nine cities by 48 percent; the administration's new rules would cut deaths in those same cities by 22 percent.

"It is the single worst action the Bush administration has taken on air pollution," said Frank O'Donnell, president of the advocacy group Clean Air Watch. "With this decision, the Bush administration has abdicated its responsibility to protect breathers from dangers in the air."

Dan Riedinger, spokesman for the Edison Electric Institute, whose members generate 60 percent of the nation's electricity, attacked the administration from the opposite perspective. Power plants have cut their fine-particulate emissions by 40 percent since 1980, he said, and the industry plans to spend more than $50 billion to cut emissions an additional 60 percent in Eastern states.

"EPA persists in overemphasizing studies that suggest a possible benefit to tightening the air quality standard, while downplaying those suggesting that doing so may not provide the health benefits EPA is seeking to achieve," Riedinger said. "Under the new standards, hundreds of counties that currently meet existing air quality standards will be in violation of the new ones, requiring tens of billions of dollars in annual expenditures to reduce emissions from all sectors of the economy."

The new rules will take effect in 2015; by then, the affected communities must draft plans for reducing air pollution or risk losing federal funds.

If the revised standards were in effect today, the District as well as Arlington and Loudon counties in Virginia would be out of compliance. But EPA officials said they expect all three areas to meet them by 2010.

Wehrum estimated that when the new rules take effect, about 32 additional counties -- most of them in Southern California -- will be out of compliance. Bebe Heiskell, who serves as county commissioner in Walker County, Ga., which is working to meet the 1997 standards, said she is concerned that the new rules will make it even harder for her community to attract businesses.

"It could have a detrimental impact on economic development and maintenance of the industry we do have," said Heiskell, who is appealing the EPA's decision to label her county as out of compliance. When it comes to soot in the air, she added, "I don't think it's affecting health in my community."

Confirmation Likely For Parks Nominee (AP)

By Mary Clare Jalonick

AP, September 22, 2006

Mary A. Bomar, President Bush's nominee to head the National Park Service, appeared headed for a quick confirmation as senators praised the British native Thursday for her professionalism and history with the agency.

Bomar, who has served as the Park Service's Northeast regional director since 2005, offered few opinions on current park service policy or the agency's budget problems at her Senate confirmation hearing. Bomar said she would help the agency "search for creative ways of working within our means."

If confirmed, Bomar will replace Fran Mainella, who announced this summer that she would step down for family reasons.

Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M., and Wyoming Sen. Craig Thomas, the Republican chairman of the subcommittee on national parks, predicted that most senators will support her nomination.

"This will move fast," Domenici said after the hearing.

Bomar was born and raised in England and became a U.S. citizen in 1977. She has worked in numerous parks, serving as acting superintendent at Rocky Mountain National Park and as the first superintendent at the Oklahoma City National Memorial, among other jobs.

The Bush administration's handling of the national parks has drawn persistent critics. But the agency has recently retreated from some of its most controversial plans.

Officials this year rejected a management proposal that critics said would have expanded the use of snowmobiles and all-terrain vehicles on federal land. Instead, Mainella later signed a policy emphasizing that conservation is the parks' first responsibility.

But other issues remain. Bomar would take over the Park Service as the agency struggles with a yearslong backlog of maintenance and rehabilitation projects.

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Bomar declined to elaborate on her personal views on a number of subjects, including snowmobiles and the maintenance backlog. She said she planned to "stay the course" and continue to look at the backlog.

"You have done a very good job of not answering the questions," Domenici teased during the hearing, adding that she appeared to understand the agency has serious issues to confront.

Oregon Sen. Ron Wyden, a Democrat, pressed Bomar on recent ethics issues at the Interior Department.

The department's inspector general, Earl Devaney, lashed out last week at what he said was the department's failure to deal with ethical missteps and conflicts of interest.

"I will be a leader who demonstrates high ethical standards and promotes transparency in all our activities," Bomar said.

FBI/DEA/ATF/USMS:

Judge Suspends Jail Time For BALCO Journalists, Pending Appeal (CCT)

By Thomas Peele

Contra Costa (CA) Times, September 22, 2006

SAN FRANCISCO - A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case.

U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed.

In a tense exchange, Fainaru-Wada told White he would not, under any circumstances, reveal the source.

"Do you intend to honor the subpoena as issued to you?" White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a "meaningful, honorable profession."

"No," he answered. "I will not comply."

Williams told White that he meant "no disrespect to you and the judicial system," by defying the subpoena. "I have a deeply held ethical and moral belief as a journalist and a man that I have to keep my word," he told White.

But a justice department lawyer said the reporters' testimony was critical to its investigation of the leak.

"Our job is to get information and get to the truth," said Assistant U.S. Attorney Douglas M. Miller. "We want to indict the right people, not the wrong people. We have a right to prove our case."

The judge praised Fainaru-Wada and Williams as journalists and persons, but said the legal matter before him was incredibly complicated

"It is a very difficult area of the law and a conflict between the First Amendment and the Grand Jury's right to conduct its investigation." He cited a 1972 Supreme Court decision that journalists must comply with such subpoenas.

"The law in this country is quite clear. The reporters in this matter have no right not to testify. Every citizen has a duty to comply with a subpoena," White said.

The government has a legitimate need to determine who leaked the reporters the secret testimony of baseball stars Barry Bonds and Jason Giambi.

Giambi told the jurors he knowingly used steroids, according to the transcript. Bonds said he did not know that substances he used contained steroids. His personal trainer, Greg Anderson, has been twice jailed for also refusing to testify.

The Grand Jury is investigating whether Bonds lied when he said he did not know that substances called "the clear" and "the cream," which he admitted using, contained steroids. Fainaru-Wada said the pair's reporting and the book they wrote on steroids in baseball exposed a fraud committed against the public. "We were assigned to cover a story to the best of our ability," he said.

White's ruling speaks directly to the need for a federal law protecting journalists from revealing sources, Eve Burton, general counsel of the Chronicle's owner, the Hearst Corp., said outside court following the hearing.

The proposed federal "shield law," which is pending in the U.S. Senate, would allow judges to use a balancing test to weigh whether the public good served by a story should be considered when asking a journalist to testify in court, Burton said.

In the past 18 months federal judges have stopped using such tests, she said. In the last year Hearst journalists received 78 Grand Jury subpoenas compared to five in the previous year, Burton said.

At a Senate Judiciary Committee hearing Wednesday the No. 2 official in the Justice Department opposed a bipartisan bill to create a shield law. Despite that, Burton said she believes President Bush "wouldn't veto" the bill if it reaches him. The trend of requiring reporters to testify before federal grand juries "is a crisis of great proportion in this country," Burton said.

In one instance, a story involving a "case of public corruption" was not published recently because a reporter involved feared being subpoenaed. White's courtroom was packed for the nearly three-hour hearing. The crowd, which included a group of sportswriters from around the country, began to gather outside the federal court house in a show of support for Williams and Fainaru-Wada.

"This one hit us right in the wheelhouse," said the group's organizer, Rick Telander, a Chicago Sun-Times columnist. "This may be the end of investigative reporting as we know it."

Sportswriters, he said, "are usually a bunch of grumpy old guys looking for free food. But we want to stand behind Lance and Mark. We want the American people to see us. We want the president to see us. This is way beyond sports."

Reporters Get Jail In Steroids Inquiry, But Ruling Is Stayed (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

SAN FRANCISCO, Sept. 21 (AP) — Two San Francisco Chronicle reporters were ordered jailed Thursday for a maximum of 18 months, pending an appeal, for refusing to testify about who gave them secret grand jury testimony from Barry Bonds and other elite athletes.

The reporters, Lance Williams and Mark Fainaru-Wada, wrote a series of articles and a book based partly on the leaked transcripts of the testimony of Bonds, Jason Giambi and others before a grand jury investigating the Bay Area Laboratory Co-Operative, a nutritional supplement company in Burlingame, Calif., that was exposed two years ago as a steroid ring.

Federal prosecutors asked Judge Jeffrey White of Federal District Court to send the reporters to prison for the full term of the grand jury investigating the leak, or until they agreed to testify. Both sides agreed to stay the ruling pending an appeal to the United States Court of Appeals for the Ninth Circuit.

Mr. Williams and Mr. Fainaru-Wada have repeatedly said that they would go to jail rather than comply with the grand jury's subpoenas and reveal their source or sources.

The reporters agreed with the government that they are in contempt, but had sought a "nominal monetary fine" and other punishment "short of full-blown incarceration," including house arrest and weekend jailing, according to court documents.

The authorities are seeking to prosecute whoever unlawfully leaked the transcripts, and told Judge White that the reporters were the only ones who knew the identity of their sources. Judge White ordered the two to testify on Aug. 15.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the steroid inquiry and their lawyers. All had access to the leaked documents, but have sworn that they were not the source of the reporting by Mr. Williams and Mr. Fainaru-Wada.

In August, Judge White ruled that his hands were tied by a 1972 Supreme Court precedent that said no one, journalists included, was above the law and could refuse to testify before a federal grand jury.

The Chronicle reported that Bonds told the grand jury that he believed he was using flaxseed oil and arthritic balm, not steroids, supplied by his trainer Greg Anderson, one of five defendants convicted in the steroid scandal.

Mr. Anderson served his three months and is in prison again for refusing to testify before another federal grand jury investigating whether Bonds committed perjury.

San Francisco Reporters Sentenced To Jail In Bonds Steroids Case (CCT)

By Thomas Peele, Contra Costa Times

Contra Costa Times, September 22, 2006

SAN FRANCISCO - A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case.

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U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed.

In a tense exchange, Fainaru-Wada told White he would not, under any circumstances, reveal the source.

"Do you intend to honor the subpoena as issued to you?" White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a "meaningful, honorable profession."

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Judge: BALCO Reporters Face Prison If They Lose Appeals (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 22, 2006

SAN FRANCISCO -- A federal judge in San Francisco said today he will sentence two Chronicle reporters to prison if they lose their appeals of his decision requiring them to reveal their sources of confidential grand jury testimony about star athletes using performance-enhancing drugs.

Imprisonment is the only adequate means of pressuring reporters Mark Fainaru-Wada and Lance Williams to comply with their legal duty of providing evidence to a federal grand jury about the source of the leaks, U.S. District Judge Jeffrey White said in what he described as a tentative ruling.

He rejected arguments by the journalists' lawyers that a monetary fine would be a more appropriate sanction for contempt of court. A fine would not put enough pressure on the reporters to testify, White said.

The judge also rejected federal prosecutors' request for an 18-month prison sentence and instead ordered the reporters confined for the rest of the current grand jury term, unless they agree to testify earlier.

Prosecutors haven't said how long the grand jury will be in session, but it could be as late as October 2007, according to court documents. Assistant U.S. Attorney Douglas Miller told White, however, that the reporters would not necessarily be free at that point, because prosecutors could convene another grand jury to continue the investigation.

The government has agreed to delay Fainaru-Wada's and Williams' imprisonment until a panel of the Ninth U.S. Circuit Court of Appeals decides whether they have a right not to reveal who leaked the grand jury testimony to them. That ruling is at least several months away.

Fainaru-Wada and Williams wrote a series of articles in 2004 quoting closed-door grand jury testimony by Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes. All of them said they had used performance-enhancing substances that, according to prosecutors, were illegal steroids supplied by the Bay Area Laboratory Co-Operative, or BALCO.

Also leaked was testimony by Giants outfielder Barry Bonds, who denied knowingly using steroids but said he had taken substances he thought were flaxseed oil and rubbing balm for arthritis. Descriptions of those substances matched "the clear" and "the cream," two undetectable performance-enhancing drugs distributed by BALCO.

Bonds' sworn statements have given rise to a perjury investigation by a separate grand jury.

The disclosure of the athletes' testimony prompted a congressional investigation about drug use in sports and contributed to professional baseball's decision to implement a new steroid-testing policy. High school athletes in California are now required to sign pledges that they will not use steroids.

Five defendants in the BALCO case, including company founder Victor Conte, pleaded guilty to illegal drug distribution. But prosecutors did not make the athletes' grand jury testimony public or even reveal their names during the investigation of the laboratory, and have convened another grand jury to determine who disclosed the transcripts to the Chronicle reporters. Prosecutors say whoever leaked the testimony broke the law.

In refusing to testify, the reporters have claimed that the constitutional guarantee of freedom of the press includes the right to keep promises of confidentiality to their sources.

Lawyers for Hearst Corp., which owns The Chronicle, argued that reporters should be forced to disclose their sources only if the harm caused by the breach of grand jury secrecy outweighs the public benefit of the reporting -- a standard proposed in a journalists' "shield law" now before the U.S. Senate.

California and most other states have their own shield laws that contain even stronger protections for confidential news sources.

There is no such federal law, however, and White ruled last month that journalists have no right to withhold information from a federal grand jury in a criminal investigation.

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Jailing The Messenger (LAT)

The Los Angeles Times, September 21, 2006

Locking up reporters is the wrong way to plug grand jury leaks.

A DRUG DEALER SELLS HIS WARES to professional baseball players, whose steroid-distorted performances subvert the game. Major League Baseball knows but does nothing. The feds find out and raid the drug lab. Two reporters look into the raid, discover rampant use of steroids in baseball and write a series of articles and a book that shock the public, launch a congressional probe, prompt the president to decry drug use in sports and finally move baseball to impose a tough steroid-testing policy.

The dealer goes to jail. Might anyone else do time in this web of corruption, deceit and ineptitude? Why, the reporters, of course. The suspected ballplayers got immunity, and baseball executives escaped scrutiny. But the journalists are facing time for their work.

San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about the case. If they don't, the judge could put them behind bars until they change their minds.

Prosecutors say, correctly, that the reporters witnessed a crime when they received the sealed statements made during the grand jury probe of the Bay Area Laboratory Co-Operative steroid scandal. They also argue that such proceedings are sacrosanct and must remain so in order to get witnesses to come forward. But prosecutors have at their disposal the full investigative power of the U.S. government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources.

There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public.

Californians recognized the importance of protecting reporters from compelled testimony about their sources by passing a shield law and making it part of the state Constitution. Federal judges have the discretion to let the state law guide them in their rulings on the reporter's privilege. Meanwhile, Congress should pass a federal version of the shield law, even one that falls far short of perfect, such as the bill from Sen. Arlen Specter (R-Pa.) to restore the balance between the government — with its power to probe and compel — and two reporters backed by their enterprise and the 1st Amendment.

Contempt On Steroids In S.F. (DENP)

Denver Post, September 22, 2006

Their startling stories about Major League baseball provoked a national debate on the dangers of illegal steroid use. Incredibly, San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams could be sent to jail today in a contempt case that should never have seen the light of day.

At issue is a Justice Department subpoena that seeks to force the reporters to reveal who provided them with grand jury testimony in the Bay Area Laboratory Cooperative (BALCO) case. Federal judge Jeffrey White is set to decide whether their refusal - aimed at protecting the anonymity of their sources - merits jail time.

Federal authorities have been zealous in pursuing the reporters, but they haven't been so tough on themselves. After all, it was their own blunders that resulted in the release of information they meant to expurgate. The information, filed in an electronic court brief, summarized e-mail messages between BALCO President Victor Conte Jr. and Fainaru-Wada. The FBI obtained the e-mails when they searched Conte's home. In the messages, the two discussed the possibility of Conte giving Fainaru-Wada a copy of grand jury materials. Shortly after the exchange, the Chronicle ran a story quoting from the grand jury testimony of Olympic sprinter Tim Montgomery.

One might deduce that the feds already know what they want to know. People involved in the case, including Conte,have served time behind bars. What is the point in launching a gratuitous attack against the reporters?

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This summer, a number of conservatives called for the prosecution of New York Times reporters after the paper published a story regarding a government program tracking the bank transactions of terror suspects - despite the fact that President Bush had on numerous occasions publicly talked about tracking terrorists' financial transactions as part of the war on terror.

The work of a free press is imperiled by the threat of government persecution. Congress is considering a national reporters' shield law, which would give journalists a qualified privilege. Most states already have such protections, and we urge the Senate and the House to act now.

Theodore Olson, former solicitor general in the Bush administration, testified Wednesday in support of a shield law, saying it would promote investigative journalism. Such protection would ease the burden on the San Francisco journalists whose coverage of the baseball steroids story has been a valuable public service.

Outcome For Chronicle Reporters Means We All Lose (ESPN)

By Wright Thompson

ESPN.com, September 22, 2006

SAN FRANCISCO -- Mark Fainaru-Wada and Lance Williams stood in front of the federal courthouse. Moments before, the two San Francisco Chronicle reporters had listened to a judge decide that they'd face jail time as a way of coercing their testimony.

They faced a wall of cameras and talked about the First Amendment and the importance of the press.

These words are being written in the sports department of the Chronicle, which opened its doors to out-of-town media in town for the legal proceedings. And there is a pall over the entire office.

A man stood near the back, anonymous. No one noticed that Michael Rains, Barry Bonds' attorney, had come to see rock bottom for the two men most responsible for exposing his client's alleged steroid use. Rains had tried to listen for the verdict on the radio and, like a lot of people in town, had been curious if the reporters would be ordered to do time. To him, there is no difference between them and Greg Anderson, Bonds' trainer, who is being jailed for his refusal to testify in front of a grand jury.

"Contempt is contempt," Rains said. "There shouldn't be preferential treatment because they claim to have a higher calling in life."

That's the question posed often by non-journalist friends of mine: Why should these two men have more protection than Anderson? What is the difference?

There is one. There is a difference between a steroids dealer who is covering for his friend and two hard-working journalists. Look, Anderson might be a very nice man. He certainly is a loyal friend. But he's hardly an innocent bystander in all of this. He did time for dealing harmful performance-enhancing drugs.

Mark and Lance? Their biggest mistake, it seems, was doing too good a job of exposing steroid use. Sure, their work got them a book deal and accolades. But it also got them 18 months. I've won journalism awards. They ain't worth 18 months.

These reporters were assigned a story, did it well and, in the process, sparked a national debate that did big things like teach kids about the danger of steroids and small things like help force a sport to clean up its act. In the end, those are the only relevant facts to me. They provided a public service, worked long hours, endured criticism and dead ends, pursuing the truth.

Funny, isn't that what the government is supposed to do?

In the end, it seems that the only people with pure motives in this entire saga are Williams and Fainaru-Wada.

Bonds and the rest of the BALCO athletes allegedly took steroids to cheat the games they play. They're a part of this because of their egos.

The U.S. attorneys have become so obsessed with winning this case -- seems to be going around these days -- that they're missing the forest for the trees. For all the talk of wanting to expose those who abuse steroids, they asked for the stiffest possible penalty for two men who actually did the thing they so desperately want to do.

Anderson is sitting in jail to protect a friend. If he wasn't, if he could clear Bonds, don't you think he would have done so by now?

Then there are Mark and Lance. In the courtroom, Fainaru-Wada got up and made a speech to the court in his defense. He started speaking fast, and the judge asked him to slow down. His mother and wife were among the spectators in the crowd.

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"I tend to speed up when I get nervous," he said.

He told about wanting to be like his big brother, Steve Fainaru, a Washington Post reporter who recently wrote a string of outstanding stories about Iraq.

The Fainaru brothers are out there on the front lines, telling stories that make a difference. Since the days of Thomas Payne, this country has been built on the foundation of a free press. It's why that amendment was the first one. There's a reason the founding fathers -- I'll take Thomas Jefferson over the two government suits in the courtroom on Thursday -- didn't make the First Amendment about protecting secret grand juries.

"My name is Mark Fainaru-Wada," he told a packed courtroom, "and I have been a journalist for most of my adult life. ... Like many of my colleagues today, I had seen the movie and read the book 'All The President's Men,' and it inspired me to become a reporter. Journalism seemed like an honorable, meaningful profession."

He talked of wanting to do something that would cause change, that would help people. He wasn't trying to win a case or a baseball game. Those two well-meaning government attorneys should have felt real low at that moment. They'd spent lots of money going to law school, working hard to get these jobs and, instead of helping make the world a better place, they were sending difference makers to jail.

"Nobody is above the law," U.S. District Judge Jeffrey White said.

The government wants to know who leaked secret grand jury testimony to the reporters, and they're going to the mattresses to find out. That's their right. The law says they can do that, though I believe the law is wrong. Right now, Congress is debating a federal shield bill that would protect journalists working on important stories. Write your congressman or congresswoman and let them know that you support it. One of those stories might be about a plant polluting your neighborhood or a corrupt school district that is supposed to be educating your children.

These words are being written in the sports department of the Chronicle, which opened its doors to out-of-town media in town for the legal proceedings. And there is a pall over the entire office. Not long ago, Williams walked out of the building, his attorney by his side, the lawyer's tie loosened.

It had been a long day, one in which the government won and we all lost.

Wright Thompson is a senior writer for ESPN.com and ESPN The Magazine. He can be reached at wrightespn@gmail.com

NFL, Union Meet To Discuss Drug Tests (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

Filed at 7:58 p.m. ET

NEW YORK (AP) -- NFL commissioner Roger Goodell met Thursday with union chief Gene Upshaw and a group of other league and union officials on a range of issues, including the possibility of expanding testing for performance-enhancing drugs.

NFL spokesman Greg Aiello said nothing definitive would come out of the session, one of the first formal meetings of its kind since Goodell took over three weeks ago from Paul Tagliabue.

The meeting has been scheduled for a while to work out details of the extension to the labor agreement, arrived at last March in Dallas. Goodell, as the NFL's chief operating officer under Tagliabue, was the league's main contact with Upshaw during those negotiations.

But it also includes such subjects as putting a team in Los Angeles -- Goodell was the league's point man on that issue before becoming commissioner -- and expanded testing for steroids and other performance-enhancing substances, such as human growth hormone.

"There was a wide-ranging CBA follow-up meeting today involving several people and many issues, including the drug program," Aiello said in a statement. "Those meetings will continue."

"No announcements," Upshaw said in an e-mail to The Associated Press.

The HGH issue became more urgent in the last month after the Charlotte Observer ran details of medical records produced in court for the trial of Dr. James Shortt. Shortt, was sentenced to a year and a day in prison after prescribing steroids

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and human growth hormone for several Carolina Panthers in 2002 through 2004. They went to the Super Bowl after the 2003 season.

More recently, Washington offensive tackle Jon Jansen said on HBO he believes "perhaps 15, 20 percent" of NFL players use HGH, human growth hormone. Jansen later backed off that figure.

The league currently tests seven players per team per week on a random basis for performance-enhancing drugs. It has asked the union to consider more and Upshaw, after first balking, has indicated he would be amenable to additional tests.

Goodell, Upshaw Discuss Drug Testing Program (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, September 22, 2006

NFL Commissioner Roger Goodell and Players Association chief Gene Upshaw met yesterday without agreeing to any modifications of the league's steroid-testing program, officials said.

Goodell and Upshaw discussed a variety of topics, including the league's drug policy. A league spokesman said no agreements were reached on that issue but that conversations would continue at some point. Goodell said in recent weeks that he had opened discussions with Upshaw about the possibility of strengthening the program, possibly by increasing the frequency of tests and adding substances to the banned list.

Upshaw said most recently he was open to the possibility of modifying the sport's drug policies if the league's medical advisers recommended it. Previously, he'd said he didn't think more tests were necessary and he thought the drug program should be changed only when scientific advancements in testing warranted it.

The two also discussed topics related to the economics of the sport and the league's efforts to put a franchise in the Los Angeles market.Panthers' Smith Practices

Wide receiver Steve Smith participated in the Carolina Panthers' practice yesterday, perhaps signaling that he will return to the club's lineup Sunday in Tampa.

Smith hadn't practiced the previous two weeks and missed the Panthers' first two games of the season because of an injured hamstring muscle. The Panthers and Buccaneers will take identical 0-2 records into Sunday's matchup of teams that reached the NFC playoffs last season but are struggling now. The game also will mark the first time that Buccaneers Coach Jon Gruden and Panthers wide receiver Keyshawn Johnson will be on the same field since Gruden de-activated Johnson for the final six games of the 2003 season for insubordination.

The two coexisted peacefully during the Buccaneers' Super Bowl-winning season in 2002, but clashed while the club struggled the following season. Gruden reacted by sending Johnson home even though the team had to continue paying him. The Buccaneers traded Johnson to the Cowboys after that season, and he spent two seasons in Dallas before being released this past offseason and signing with the Panthers. . . .

Left tackle Orlando Pace participated in portions of the St. Louis Rams' practice yesterday. He suffered a concussion during last weekend's loss at San Francisco. The Rams upgraded Pace's playing status for this weekend from doubtful to questionable on their official injury report. . . .

The New York Giants play Sunday in Seattle, the site of the memorable game last season when they lost in overtime after committing 11 false-start penalties amid the din of the Qwest Field crowd. The Giants also watched their place kicker, Jay Feely, miss three potential game-winning field goals. Feely's misadventures even spurred a "Saturday Night Live" skit. Left tackle Luke Petitgout had five of the false starts.

Goodell has said he likes venues with loud, boisterous fans, but he and members of the competition committee will consider possible measures to lessen the disadvantage that visiting teams face in such settings. Goodell has said it's possible that, in the future, all offensive players could have radio receivers in their helmets to be able to hear the quarterback's signals.

Ex-city Worker Admits Heroin Dealing (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 22, 2006

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A former hoisting engineer for the city's Department of Water Management pleaded guilty in U.S. District Court Thursday to running a heroin distribution ring while working for the city.

George Prado, 48, is cooperating with federal investigators in the case against his alleged supplier, Sandra Stewart, and in other ongoing drug investigations, authorities said.

He admitted Thursday that he purchased large quantities of heroin that he distributed through a network of couriers and dealers, including fellow city employees Anthony Ritacco and Michael Hart.

Hart and Ritacco, who is Prado's brother-in-law, also have pleaded guilty in the case. Like Prado, they have lost their city jobs.

Stewart, 32, of Bensenville, allegedly received drugs directly from Colombian suppliers. She is scheduled to stand trial in December.

Prado likely will be a key witness in the case.

Standing in court Wednesday shackled at the legs, Prado meekly acknowledged that from 2002 to 2005 he ran a drug ring that dealt in hundreds of thousands of dollars of heroin.

"You were kind of a middleman. You would obtain heroin from sources ... and then deliver it to your couriers?" Senior Judge Harry Leinenweber asked.

Prado admitted that was the role he played in the heroin trade.

According to authorities, Prado was captured on a wiretap threatening to kill one of his own couriers.

If he had gone to trial, Prado would have had to listen to a series of such wiretaps and face testimony from several members of his ring who also pleaded guilty.

Under the deal he reached with prosecutors, he likely will face a little more than 8 years in prison.

Prado's indictment in 2005 came at a time when the city's Water Management Department was reeling from the Hired Truck scandal. And one week before Prado's arrest, then-Water Department Commissioner Richard Rice was fired in the aftermath of an alleged time-sheet scam.

But investigators said Prado's drug ring was unconnected to other problems in the scandal-plagued department.

During his guilty plea Thursday, his work for the city wasn't mentioned.

Assistant U.S. Atty. Michael Gurland instead chronicled a series of specific drug deals that Prado admitted he orchestrated.

Gurland also noted Prado's history of laundering drug money through the purchase of property.

Under his plea agreement, Prado must forfeit more than $433,000.

The U.S. Marshals Service seized one home Prado owned at 5900 S. Newcastle Ave. The home was sold for more than $59,000.

Prado's home in the 5800 block of South Nordica Avenue is also subject to forfeiture unless Prado can pay off his debt to the government some other way.

Gurland asked that Prado's sentence be delayed until Stewart is tried.

He is scheduled to be sentenced in January.

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Feds Break Up Alleged Coke Ring (BOSH)

By Steven Ryan

Boston Herald, September 22, 2006

Federal authorities seized 150 kilograms of cocaine and busted 13 people for running a sophisticated drug ring in Lynn, Revere and Dorchester, the U.S. Department of Justice announced today.

“Residents of the North Shore should not have to live with drug dealers operating in their communities,” said U.S. Attorney Michael Sullivan in a press release.

A federal grand jury investigating the alleged ring handed down indictments against 13 people, according to June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, and Sullivan. They were charged with conspiracy to possess with intent to distribute 5 or more kilograms of cocaine.

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The feds said the charges stem from a wiretapping investigation from May to August of this year of the alleged cocaine ring.

The wiretaps caught conversations allegedly arranging for the distribution and payment of wholesale quantities of cocaine that were shipped from New Jersey and Texas. Investigators intercepted three separate deliveries of the cocaine, two of which were transported by tractor trailers.

"We will not allow traffickers to turn our interstates into cocaine highways," said Stansbury. "As this case demonstrates, it's a dead end."

Eleven of the 13 suspects were arrested in August, while another one, Daniel Mueses, 30, of Hackensack, N.J., was arrested yesterday in New Jersey. The last suspect, Joseph Ovalle, 33, also of Hackensack, remains a fugitive and is believed to be in the Dominican Republic.

The seven locals charged in the drug distribution ring are Dario De Los Santo-Pascal, 31, Bertha Valencia, 43, and Jose Valencia, 25, all of Revere, Juan Estrada, 26, and Yokasta Dejada, 26, both of Dorchester, Orlando Moldonado, 29, of Melrose, and Joseph Valeri, 25, of Fitchburg.

Huge Coke Bust (DI)

By David Liscio

Daily Item, September 22, 2006

LYNN - Thirteen members of an alleged North Shore cocaine distribution network, including three Revere residents, were indicted in federal court Thursday following a wiretap investigation and a major drug seizure in Lynn.

Federal agents from the U.S. Drug Enforcement Administration (DEA) and other law enforcement organizations spent three months listening to and recording conversations among the suspects, culminating in the interception of three separate cocaine shipments, according to Samantha Martin of the U.S. Attorney's Office in Boston. Two of those deliveries involved tractor-trailers. The largest - containing 123 kilograms of cocaine - was seized in a Lynn parking lot Aug. 14.

Another drug seizure occurred shortly after undercover agents spotted some of the suspects in the Walgreens pharmacy parking lot at the corner of Broadway and Fernwood Avenue in Revere. The suspects were seen transferring a white, powdery substance in a red-and-blue diaper bag emblazoned with a picture of Elmo. Police followed the suspects' vehicle to Lynn, where it was stopped. A police dog found the drugs inside the Elmo bag on the car's backseat, according to court documents.

Overall, as a result of the sting, authorities seized approximately 150 kilograms, or more than 300 pounds of cocaine.

Named in the indictment are: Dario De Los Santo-Pascal, 31, also known as Felipe Acevedo and nicknamed "The Mayor", 58 Florence Ave., Revere; Bertha Valencia, 43, 341 Beach St., Revere; Jose "Freddy" Valencia, 25, 536 Beach St., Revere; Juan Estrada, 26, and Yokasta Dejada, 26, both of Boston's Dorchester section; Orlando Maldonado, 29, of Melrose; Alfredo Salinas, 41, and Callentano Longoria, 33, both of Texas; Joseph Valeri, 25, of Fitchburg; Miguel Lugo, 24, and Nicholas Lugo, 38, both of Tijuana, Mexico; and Joseph Ovalle, 33, and Daniel Mueses, 30, both of Hackensack, N.J.

According to court documents, the investigation was conducted from May to August and included court-authorized wiretaps to probe suspected cocaine trafficking in Lynn, Revere and Dorchester. The defendants were heard making plans to pick up, distribute and pay for wholesale amounts of cocaine shipped into Massachusetts from other parts of the country, including New Jersey and Texas. In some instances, the suspects used a Lynn woman's cell phone to conduct business, based on wiretap monitoring records.

DEA agents, State Troopers, and police departments in Lynn, Revere, Boston and Everett, participated in the investigation that traversed several North Shore communities. Undercover officers tracked the suspects to several locations, including parking lots at the Square One Mall in Saugus, a Peabody truck stop, and a junkyard off Western Avenue in Lynn, according to court records.

A federal grand jury returned the indictment on charges of conspiracy to possess cocaine with intent to distribute. Eleven defendants were also charged with cocaine possession.

"Residents of the North Shore should not have to live with drug dealers operating in their communities, brazenly conducting their drug deals in mall parking lots and truck stops," said U.S. Attorney Michael J. Sullivan.

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Only one suspect, Ovalle, was not apprehended and police believe he fled to the Dominican Republic. If convicted, each defendant faces a mandatory minimum sentence of 10 years imprisonment and up to life behind bars.

Worker On New Las Vegas FBI Office Nabbed On Old Murder Warrant (AP)

AP, September 22, 2006

LAS VEGAS (AP) - A man applying for work building a new Las Vegas FBI office was nabbed on a 22-year-old murder warrant after a background check found he was wanted in a double slaying in Texas.

Jesus Garcia, 50, was arrested Aug. 24 and returned to Harris County, Texas, to face charges in a Sept. 7, 1984, shooting that left two men dead and two other men wounded in a Houston-area lounge, said David Staretz, spokesman for the FBI office in Nevada.

"Even after 20 years, the law eventually will catch up with you," Staretz said Thursday.

Garcia voluntarily provided fingerprint samples when he applied for a construction job at a new southern Nevada FBI regional office, Staretz said. The prints matched those on file with a warrant in the slaying.

Garcia was one of 21 workers arrested or notified they were wanted for crimes and infractions based on background checks required for work building the Las Vegas FBI office, officials said.

The $28 million, 120,000 square-foot building is being built by Virginia-based Harwood and Associates for lease to the FBI for a minimum of 15 years.

Judge In Nightclub Fire Case Upbraids Prosecution Over Leak (NYT)

The New York Times, September 22, 2006

BOSTON, Sept. 21 — A Rhode Island Superior Court judge chastised the state's attorney general Thursday, saying his office had leaked to the press a letter telling relatives of 100 people killed in a nightclub fire that the club owners would plead no contest to involuntary manslaughter charges and that one would not face jail time.

The judge, Francis J. Darigan Jr., said the leak was "unethical, reprehensible, devoid of any consideration for the victims of this tragedy and totally abrogated an agreement reached after weeks of discussion."

Judge Darigan said the court mailed out its own letter to families Wednesday night explaining the terms of the plea agreement. He said he had intended for them to receive word of it before the news media.

The office of Attorney General Patrick C. Lynch had planned to send a separate letter telling families he objected to the deal, but his letter was faxed to a television station Wednesday night and was made public a short time later.

Mr. Lynch said in a statement that notifying all the families personally would have been an "unprecedented challenge." While many families would be "deeply hurt" by the news of the plea arrangement, he said, most would have heard of it through the press anyway.

"While each of us had the victims' best interests in mind in sending individual letters, the reality is that the vast majority of people would still learn of the court's intentions through the news media," he said.

Mr. Lynch also said he shared Judge Darigan's concern "that the process did not work as well as we had hoped, and I will, in time, find out why." He did not say if his office had faxed the letter to the station, and his spokesman did not return telephone calls seeking comment.

Judge Darigan's letter to families said that even though the prosecution and the defense could not come to an agreement, he accepted the no-contest pleas after seeing video and photographic evidence "of a most disturbing nature" that would have been presented at trial.

"I am sure this evidence would only serve to further traumatize and victimize not only the loved ones of the deceased and the survivors of the trial, but the general public as well," he wrote.

Under the plea agreement, the nightclub owners, Jeffrey and Michael Derderian, who are brothers, are to plead no contest to 100 counts each of manslaughter. Michael Derderian is to be sentenced to four years in a minimum security prison. Jeffrey Derderian is to receive three years' probation and 500 hours of community service. The agreement was reached during jury selection for Michael Derderian's trial.

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Michael Derderian is facing greater penalties because he was involved in buying highly flammable soundproofing foam that ignited when it was hit by a pyrotechnic. Jeffrey Derderian was in the club, The Station in West Warwick, when the fire erupted the night of Feb. 20, 2003. The men are to be sentenced Sept. 29.

A lawyer for Michael Derderian, who has been speaking for both brothers, did not respond to phone messages.

News of the agreement angered many relatives of those killed and the 200 people injured in the blaze.

"People are being held above the law," said Eileen DiBonaventura, whose son Albert died. "This was the ultimate disrespect for the victims who perished in that fire."

IMMIGRATION:

U.S. Prosecutors Indict 15 In Alleged Commercial Driver's License Conspiracy For Unqualified Immigrants (FINDLAW/AP)

By Steve Brisendine, Associated Press Writer

AP, September 22, 2006

(AP) - KANSAS CITY, Missouri-The operators of two trucking schools were charged with conspiracy and fraud for allegedly helping unqualified Somalian and Bosnian immigrants pass driving tests in order to obtain commercial driver's licenses, federal prosecutors said in an indictment unsealed Thursday.

The indictment, returned Wednesday by a grand jury in Springfield, Missouri, names 15 defendants who face charges including conspiracy and mail fraud, making a false writing and causing a false identification document to be produced.

It stems from an investigation dating to fall 2004 of testing practices at the South Central Career Center Truck Driving School in West Plains, Missouri, in which authorities found a suspiciously high percentage of students passing the driving tests.

"The pass rate for the school was found to be 99 percent," Col. Jim Keathley, superintendent of the Missouri State Highway Patrol, said. "The average pass rate statewide is 83 percent."

The school's superintendent, Dean P. Proffitt, 71, was among those indicted, as was Ernest Arnel White, who ran a Kansas City-area school and would send students to Proffitt's school to take the driving exam.

Proffitt was placed on a leave of absence in February, and the school can no longer test for commercial driving licenses.

White, who allegedly provided test answers to students at his driving school in Kansas City, also is charged with being a felon in possession of a firearm.

The indictment alleges that White, 49, who converted to Islam while in prison for a 1993 robbery conviction, used his connections in the Muslim community to recruit students to his Muslim Brothers and Sisters driving school.

"Many of the individuals to whom he gave the answers spoke little or no English," Schlozman said.

The FBI's Mark Wagoner said White, who operated his school in Kansas City, Missouri, and Kansas City, Kansas, at various times, did have an old semitrailer that could have been used for instruction.

However, prosecutors said, his students were rarely given the full two-hour proficiency tests required by state law. Instead, the indictment alleges South Central Career Center instructor Orbin May gave shortened examinations, drove trucks while White's students rode along or simply signed their examinations without their having even shown up in West Plains.

White, whose school is no longer operating, funneled between 200 and 300 students through his school, Schlozman said, and "developed a reputation in the Somali community for being able to obtain what he called 'invisible licenses.'"

Prosecutors allege White and Proffitt both profited from the students' payments for the fraudulent licenses.

The indictment also names Howard E. Schneider, 39, of Overland Park, Kan.; Hiram Chebar Oliver, of Raytown; Osman Abdullahi, 30, of San Diego; Abdiwahab Mohabud Mohamed, 37, of Minneapolis; Samir Hasanovic, 22, of Arnold; and Kansas City residents Elias Mohamed, 25, Ahmed Muhidin Sharif, 27, Abdulfatah Osman Farah, 24, Yusuf Kalmole, 34, Adil Majlovic, 19, Mersud Kajtazovic, 31, and Abdirizak Abdi Mohamed, whose age was given as 25 or 32.

The other defendants assisted in the fraud by various means, Schlozman said, including providing translation or transportation services or by directing license applicants to White.

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All of those who obtained licenses through White's school will have to pass another competency test or lose them, Schlozman said.

Twelve of the 15 defendants, including Proffitt, White and May, were in custody early Thursday afternoon.

Authorities do not believe terrorism was involved, U.S. Attorney Bradley J. Schlozman said, but public safety was at risk because some of the immigrants - more than 100 of whom also earned endorsements to transport hazardous material - never proved even rudimentary big rig driving skills.

House Bills Make Illegal U.S. Entry Tougher (LAT)

By Joel Havemann

The Los Angeles Times, September 22, 2006

WASHINGTON — With a majority of Democrats joining virtually all Republicans, the House today passed three bills designed to make it harder for foreigners to enter the United States illegally and to increase the penalties for those who do.

The bills had already cleared the House last July as part of a larger package of measures to control illegal immigration. The Senate passed its own version of immigration legislation that included a guest worker program and a path to citizenship for some foreigners in this country illegally.

The punitive House bill and the more lenient Senate approach were so different that the two chambers have not tried to forge a compromise. Instead, the House is passing part of its original bill piecemeal.

The House approved last week the first proposal — 700 miles of fence along some of the most popular crossing points on the U.S.-Mexican border. The Senate was considering that bill today.

However, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said he believed the issue should not be dealt with piecemeal and the future of the House bills seemed cloudy at best.

Of the three bills considered by the House today, the first dealt with the treatment of persons in the U.S. illegally. It would give the government the authority to expel illegal immigrants deemed to be dangerous, including gang members. It would also allow the detention of illegal immigrants beyond the current limit of six months.

Rep. John Conyers of Michigan, the top-ranked Democrat on the House Judiciary Committee, accused Republicans of "political gamesmanship" for bringing up individual provisions that the House had already approved in bulk. Today's bills "are clearly designed to distract the American public," he said.

Rep. Bennie Thompson (D-Miss.) argued that the Republicans had voted down Democratic proposals to add border patrol agents and immigration officials, along with more beds in border detention facilities. She pointed out that the new bills did not provide any new money but relied on subsequent legislation to do that.

"Republicans are all talk but cheap on action to secure our borders," she said.

House Judiciary Committee Chairman James Sensenbrenner (R-Wis.) replied that House Republican leaders were bringing up the bills separately in hopes of moving something through the Senate to President Bush's desk before Congress' planned adjournment at the end of next week for the November elections.

"This Congress is running out of time," Sensenbrenner said.

The House passed the first of the three bills by a count of 328 to 95. Republicans supported the bill, 222 to 4, and Democrats did as well, 105 to 91. The House's lone independent also voted for the bill.

The second of the three bills, approved by a vote of 277 to 140, would provide federal assistance to state and local authorities responsible for enforcing immigration laws. The third, approved unanimously, would penalize those who tunnel under the border to smuggle people or objects into the United States.

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House Passes 3 Bills On Border Security (USAT)

USA Today, September 22, 2006

The House of Representatives approved three border security bills Thursday that would impose prison sentences of up to 20 years for tunneling under the border, allow the Homeland Security Department to hold illegal immigrants detained for crimes or as threats to national security beyond six months, and empower state and local authorities to arrest illegal immigrants.

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It's unlikely this year that Congress will pass broader immigration changes favored by the Senate, so House GOP leaders said taking action to seal the border was a matter of urgency.

"We're running out of time" on the larger immigration legislation, said House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., and "the American people say border security first."

Rep. John Conyers, D-Mich., said Republicans were playing "political gamesmanship."

Senate Judiciary Chairman Arlen Specter, R-Pa., said the individual bills are unlikely to pass the Senate.

Investments measure would shield troops

Servicemembers would be protected from people pushing overpriced financial service and insurance packages under legislation ready for President Bush's signature. The measure, which was given final congressional approval Thursday in the House of Representatives, would allow state insurance regulators to better enforce state and federal law on military bases.

It also would ban discredited financial products that are no longer available on civilian markets but are still sold to servicemembers. The House approved the bill on a 418-3 vote. The Senate passed it on a voice vote in July. Rep. Geoff Davis, R-Ky., said that as a former combat arms officer, he was among those losing thousands of dollars from deceptively advertised investments.

Deal would ease ban on Rx drug imports

House Republicans tentatively agreed to relax a ban on importing prescription drugs from Canada, said Sen. David Vitter, R-La. "This is a very significant breakthrough," he said. The deal would let Americans carry up to a 90-day supply of medication back to the USA from Canada without it being seized by Customs agents. Medications are generally cheaper in Canada because of government price controls.

There was no indication when legislation to implement the agreement might pass Congress.

Report: Info couldn't have stopped 9/11

Intelligence gathered by a secret military unit could not have stopped the Sept. 11 terrorist attacks, a report from the Pentagon inspector general's office said.

An investigation found no evidence that the unit, known as Able Danger, had identified any of the attackers before the hijackings. The report contradicts assertions by Army Lt. Col. Anthony Shaffer, a former intelligence officer who worked on Able Danger, and Rep. Curt Weldon, R-Pa., vice chairman of the House Armed Services and Homeland Security committees. It also rejected Weldon's claim that Pentagon lawyers barred the unit from giving information to the FBI.

House Passes Border Security Bills (AP)

By Jim Abrams

The AP, September 21, 2006

Republicans took a new crack at old border-security legislation Thursday as the House approved pre-election bills on deporting gang members, imprisoning tunnelers and empowering local police to arrest illegal immigrants.

With no prospects this year for passing broader immigration changes favored by the Senate, House GOP leaders said taking action to seal the border was a matter of urgency.

"We're running out of time in this Congress," said Judiciary Committee Chairman James Sensenbrenner, R-Wis. "The American people say border security first."

But Sensenbrenner's Republican counterpart in the Senate, Arlen Specter of Pennsylvania, said, "I don't see how we can deal with the immigration issue on a piecemeal basis." There would be no motivation for the House to negotiate on the issue "if we take care of all of their priorities and none of the Senate's," he said.

The House passed legislation last December that concentrated on border security and enforcement of laws banning employment of undocumented workers. The Senate in May passed a broader bill, generally endorsed by President Bush, that included provisions for a guest worker program and ways for the nation's estimated 12 million illegal immigrants to work toward legal status and eventual citizenship.

There's been no progress in efforts to reconcile the two bills.

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The three border security bills the House took up Thursday were in large part already included in the bill passed last December.

House leaders said one plan was to try to attach the bills to Homeland Security spending legislation that Congress must clear before the end of the session, an approach that Specter, also a senior member of the Senate Appropriations Committee, appeared to dismiss.

The Senate, meanwhile, was debating legislation passed by the House last week that would approve construction of a 700-mile fence stretching across one-third of the U.S.-Mexico border.

Democrats said Thursday's votes were an attempt to cover up the failure to pass more comprehensive immigration changes.

"It's political gamesmanship that forecasts an election" less than two months away, said Rep. John Conyers of Michigan, top Democrat on the Judiciary Committee.

Congressional Democratic leaders, seeking to capitalize on Hispanic opposition to the get-tough policy on illegal immigrants, on Thursday unveiled plans to enact immigration changes and improve education and health care for Hispanic families. "For too long this do-nothing Republican Congress has ignored, and in some cases worsened, the critical challenges facing Latinos," said Senate Democratic leader Harry Reid.

The three House bills would:

_Impose prison terms of up to 20 years for those who knowingly construct or finance an unauthorized tunnel under a U.S. border. People who permit the construction of such a tunnel could face 10 years in prison. Sensenbrenner said 50 tunnels, used to smuggle narcotics and illegal immigrants, have been discovered along the Mexican border since 1990, and 36 in the last five years. It passed 422-0.

_Allow the Department of Homeland Security to hold illegal immigrants detained for crimes or as threats to national security beyond the current limit of six months, and set up expedited procedures for deporting these people. The bill also would make it easier to detain and deport illegal immigrants found to be part of criminal street gangs. It passed 328-95.

The National Immigration Forum voiced opposition to the provision, saying it "gives the attorney general the ability to designate any group as a gang and then punish an individual for belonging to that group, regardless of whether the individual committed a crime."

_Reaffirm the authority of state and local law enforcement to arrest, detain and transfer to federal custody illegal immigrants. It would ask the Justice Department to increase the number of attorneys prosecuting immigrant smuggling cases. It also would close loopholes that have led to "catch and release" policies in which illegal immigrants, mainly non-Mexicans, are released because they cannot be immediately deported. It passed 277-140.

Bush Ready To OK Border Barrier (WT)

By Charles Hurt

The Washington Times, September 22, 2006

President Bush will sign the bill to construct 700 miles of fencing along the U.S.-Mexico border if it is approved by the Senate, the White House said, as Congress continued yesterday drafting more legislation to combat illegal immigration.

On Wednesday night, Mr. Bush told CNN's Wolf Blitzer that he would sign the bill if approved by the Senate, which spent the past two days debating whether they should even consider the fence bill.

Late yesterday, Democrats finally agreed to allow the bill to be taken up.

The House, meanwhile, approved a slew of new bills to speed the deportation of illegal aliens, outlaw tunneling under the border and close loopholes that allow criminal aliens to be released into the U.S.

"I think today's actions here in the House on these three border-security bills demonstrate that House Republicans are serious about securing our borders and enforcing our laws," House Majority Leader John A. Boehner, Ohio Republican, said yesterday. "The American people have called on Congress to take immediate action, and we have."

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While the bills passed the House by wide margins yesterday, they face an increasingly dim future in the Senate, which has refused to approve major border-security legislation unless it is coupled with a guest-worker program and a direct path to citizenship for most of the illegal aliens currently in the U.S.

Senate Republicans have spent the past two weeks fighting among themselves over a White House proposal for dealing with terrorism suspects, and Democrats have stalled for more than a week approving the House bill to construct 700 miles of border fencing.

The most contentious immigration legislation approved by the House yesterday was a 277-140 vote to give state and local law enforcement more authority to combat illegal immigration. Also, it would close a decades-old loophole that bars federal officials from placing illegals from El Salvador into "expedited removal proceedings." The provision, adopted during El Salvador's 1980s civil war, means that suspected illegals often are freed back into the U.S. to await deportation proceedings but never heard from again.

The vast majority of Republicans in the chamber were joined by 62 Democrats to approve the changes in policy.

The House also overwhelmingly approved a bill to allow federal officials to detain illegals for more than six months if they are awaiting deportation. The same bill also would bar illegals from obtaining political asylum if they are found to be part of a "criminal street gang." That bill passed on a 328-95 vote.

A third bill passed without objection and would close a loophole in current federal law. The Border Tunnel Prevention Act of 2006 would criminalize the construction and financing of border tunnels with criminal penalties of up to 20 years' imprisonment for persons who knowingly construct or help finance an unauthorized tunnel across a U.S. international border.

Under current law, it is illegal to cross over a border, but not under a border. In recent years, 39 such tunnels have been found along the southern border through which illegal aliens and large quantities of drugs are smuggled. That bill passed on a 422-0 vote.

While House Democrats say they would prefer a single comprehensive bill to address illegal immigration, many, including top party leaders, joined in supporting yesterday's measures.

"Overwhelmingly in our caucus there is support for bipartisan comprehensive immigration reform," House Minority Leader Nancy Pelosi said yesterday. "Some of these things that they are putting forth piecemeal are awful; some are OK; but all of them are more acceptable in the context of comprehensive immigration reform. At the end of the day, if the issue is managed, there is a path to legalization, if the border is secure, if the workplace enforcement is there, if American workers are protected, then you can absorb some of these other initiatives they put forth. But standing alone, they don't manage the issue."

Immigration Ugliness (WP)

The Washington Post, September 22, 2006

THE CYNICAL immigration endgame of the 109th Congress isn't particularly surprising. But after a session in which the Senate actually managed to produce a bipartisan, comprehensive measure to overhaul the existing system, the latest, enforcement-only developments are nonetheless disappointing and dangerous.

The House has passed, and the Senate seems ready to go along with, a measure to require construction of a 700-mile fence along the Mexican border. That would cost at least $2 billion, and that's in addition to a $2.5 billion initiative, entrusted to Boeing Co. this week, to erect "virtual fences" along the northern and southern borders.

A fence would damage relations with Mexico, harm the environment and, especially in the absence of broader changes, be ineffective. Even if a foolproof fence could be placed along every mile of the border, it wouldn't eliminate illegal immigration. Perhaps half of those in the country illegally did not slip secretly across a border but arrived through official entry points, using fraudulent documents or coming in legally and overstaying their visas.

But the fence is, sadly, the least offensive of the measures under consideration. On Wednesday, the House approved an unnecessary and arguably unconstitutional bill to require voters to show photo identification to take part in federal elections beginning in 2008; in 2010, the ID would have to demonstrate proof of citizenship. This would effectively disenfranchise many poor and elderly Americans, who are less likely to have, or be able to obtain, such documentation. It responds to a non-problem.

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The manifold challenges of election administration do not include large numbers of noncitizens trying to vote. The Senate should not go along.

Yesterday, the House passed another batch of immigration-related measures, the worst of which would deputize state and local law enforcement officers to enforce federal immigration laws. The measure would permit, but not require, state and local police to arrest and detain illegal immigrants for even civil violations of federal immigration law. This would undermine the ability of law enforcement to deter and prosecute violent crime. As New York Mayor Michael R. Bloomberg told the Senate Judiciary Committee in July, "Do we really want people who could have information about criminals -- including potential terrorists -- to be afraid to go to the police?"

The most disappointing aspect of the debate is the passive posture of President Bush. Mr. Bush could have used his bully pulpit to make clear the importance of comprehensive reform. He could promise to veto the bills on the understanding that enforcement measures, even justifiable ones, will be needed as leverage to obtain the comprehensive program he says he wants. Instead, he's meekly following the worst instincts of his fellow Republicans. "Yes, I'll sign it into law," Mr. Bush told CNN, adding, "If your question is, 'Will I stop trying to push for a comprehensive reform?' The answer is, 'No, I won't stop trying to push for comprehensive reform.' " With pushing like this, who needs opponents?

U.S. Project To Secure Borders Will Begin In Arizona Desert (NYT)

By Eric Lipton

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — A rugged, largely unpopulated 28-mile stretch of desert southwest of Tucson will be the testing ground for the latest high-tech campaign by the United States government to wrestle control of the border, this time in a partnership with Boeing, the military and aerospace company.

Yet as top Department of Homeland Security officials and Boeing executives gathered here on Thursday to hail the start of the project — which will cost an estimated $2 billion over six years and eventually cover the entire 6,000 miles of the Mexican and Canadian borders — they acknowledged that the first challenge was disproving skeptics.

“The common complaint about the government is there is a lot of lofty rhetoric, but the achievement always falls short,” Homeland Security Secretary Michael Chertoff said. “We are very mindful of that. This is a very tall order. This is about a solution we believe is going to do the job.”

Boeing, Mr. Chertoff formally announced, beat out other military contractors that had bid to be the engineer of sorts for the program, the Secure Border Initiative.

In that role, Boeing will be charged with lining up radar systems, cameras, ground sensors, aerial vehicles, wireless communications equipment and vehicle barriers, as well as traditional fences. It will also coordinate their use by a Border Patrol force that is supposed to be made up of 18,000 officers by 2008. That is the year by which the Department of Homeland Security intends to achieve “operational control” of the border.

“There have never been before all of these tools collected in one plan,” said the department’s deputy secretary, Michael Jackson. “It is a radical change in business as usual at the border.”

The department is well aware of the decades of failed or incomplete border-security efforts, including most recently a program known as the Integrated Surveillance Intelligence System that turned out to be a $429 million flop.

In that effort, begun in 1997, the cameras often broke down, fogged up in the cold and rain, or were never installed as promised. Even when cameras or sensors set off alerts, they most often were false alarms or, if they were not, the Border Patrol often did not investigate them, a report by the department’s inspector general said last year.

Given this track record, the department is starting small with a tiny section of the Arizona border, so it can quickly adjust if the strategy does not work. That means for now, the Boeing contract is worth $70 million, enough to cover setting up the management for the entire project and to pay for installing the equipment near the border post at Sasabe, Ariz., one of the busiest spots for illegal crossings.

“We recognize we are in a fish bowl here, and everybody will be watching, and we have to perform,” said J. Wayne Esser, the Boeing executive who supervised the company’s pitch for the contract. “Failure is not an option.”

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At Sasabe, Boeing intends to install nine tower-mounted camera and radar systems, to track movement, day or night, in any weather. Sensors will be buried in the ground to cover areas outside the radar's reach, Mr. Esser said. When the radar or camera notices activity, the cameras would be used to figure out how many people are involved, if they are on foot or in a vehicle or if the motion is an animal instead.

Border Patrol officers will be able to monitor the camera images from the field through wireless laptop connections. The officers will also probably have tiny unmanned aerial vehicles that can be launched from a truck to keep track of illegal immigrants until they can be caught.

Boeing will rely on subcontractors for most of the equipment. Its primary job, similar to the role it plays in building airplanes, will be to integrate all the parts into a working system, officials said. It will be given work orders in small increments, so Department of Homeland Security officials can monitor its performance.

"Build a little, prove it, build more," Mr. Jackson said.

The key, he said, will be figuring out how to use the Border Patrol staff most effectively to pick up the illegal immigrants and return them to Mexico or other countries of origin quickly enough so that the system is not overwhelmed.

Tamar Jacoby, a senior fellow at the Manhattan Institute, a conservative research group, said the technology sounded impressive, but he wondered if it was enough.

"As long as you have half a million new jobs here going empty each year but for these workers, they are going to find a way to get around whatever obstacles we put in their way," Ms. Jacoby said.

About $700 million has been budgeted for the project this year and next. While officials had given an overall estimate of $2 billion, Mr. Chertoff refused to put a price on the project. "As inexpensive as possible" was all he said.

U.S. To Closely Watch Boeing's Border Plan (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, September 22, 2006

Homeland Security Secretary Michael Chertoff said yesterday that the government learned its lessons from failed border-security initiatives and will move cautiously with its private-sector partner, Boeing Co., in the latest effort to use technology to curb illegal immigration.

In announcing that Boeing had won the Secure Border Initiative Network (SBInet) contract, Chertoff emphasized that his department would call the shots and keep close watch on the company's progress.

Homeland Security officials had been criticized by some immigration experts and lawmakers for indicating that the private sector would be given wide discretion in shaping a new system to secure 6,000 miles of land border. Previous attempts to do that have cost the government hundreds of millions of dollars but left little to show for it as equipment malfunctioned, agents were overwhelmed with false alarms and illegal immigration continued to climb.

"Prior efforts to put technology on the border have been focused on individual tools but have not been focused on integrating all the tools together as part of a comprehensive program," Chertoff said. SBInet, he said, will allow border patrol agents "to know when anybody or anything is crossing that border."

That will not happen for several years, at least. The SBInet program is estimated to be worth as much as $2.5 billion, but initially Boeing will be given just under $70 million to work on a high-traffic, 28-mile stretch of the border south of Tucson. Government officials want the company to fully deploy its technology there within the next eight months. Assuming the program receives funding from Congress, the company would expand its operations from there, working on other areas of the Mexican border first and then moving to the Canadian border. The contract runs for three years, with three option years.

Boeing beat four other competitors for the contract by proposing a network of 1,800 towers that could be used for surveillance and communications. Homeland Security officials said yesterday, however, that their choice of Boeing has not locked them into a specific number of towers or type of technology, and that the strategy will vary depending on the terrain and on what's working.

"At every step of the way as we roll out additional segments of the border under this contract, we will have the opportunity to negotiate the best price," Chertoff said. "We will have the opportunity to look for alternatives."

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Chertoff's announcement was met with skepticism by T. J. Bonner, president of the National Border Patrol Council, which represents 11,000 agents. Bonner said giving agents a better sense of who is crossing the border and where wouldn't do much good on its own. "Surveillance technology can be useful if you have enough people on the ground to respond to it," he said. "But if you don't, you just have to file it away because you're too busy with the first 50 people that the cameras caught. It's not the solution to the illegal immigration problem. The solution is denying access to jobs so people don't come across in the first place."

The government's most recent attempt to use technology to enhance border security triggered too many false alarms to be effective. Boeing has said that its technology is more sophisticated and can better distinguish between genuine threats and routine movement.

Even if the technology behind SBInet works, there remains the challenge of integrating it with other border security programs. SBInet does not cover ports of entry, and it does not involve patrolling the coasts.

Boeing executive Wayne Esser said in an interview this month that he hopes more surveillance will deter some people from trying to cross borders illegally at all. But he conceded that it could merely shift the problem elsewhere. "It'll put a lot more pressure on the ports of entry, and it's going to put a lot more pressure on our coastal borders," he said.

Pickers Are Few, And Growers Blame Congress (NYT)

By Julia Preston

The New York Times, September 22, 2006

LAKEPORT, Calif. — The pear growers here in Lake County waited decades for a crop of shapely fruit like the one that adorned their orchards last month.

“I felt like I went to heaven,” said Nick Ivicevich, recalling the perfection of his most abundant crop in 45 years of tending trees.

Now harvest time has passed and tons of pears have ripened to mush on their branches, while the ground of Mr. Ivicevich’s orchard reeks with rotting fruit. He and other growers in Lake County, about 90 miles north of San Francisco, could not find enough pickers.

Stepped-up border enforcement kept many illegal Mexican migrant workers out of California this year, farmers and labor contractors said, putting new strains on the state’s shrinking seasonal farm labor force.

Labor shortages have also been reported by apple growers in Washington and upstate New York. Growers have gone from frustrated to furious with Congress, which has all but given up on passing legislation this year to create an agricultural guest-worker program.

Last week, 300 growers representing every major agricultural state rallied on the front lawn of the Capitol carrying baskets of fruit to express their ire.

This year’s shortages are compounding a flight from the fields by Mexican workers already in the United States. As it has become harder to get into this country, many illegal immigrants have been reluctant to return to Mexico in the off-season. Remaining here year-round, they have gravitated toward more stable jobs.

“When you’re having to pay housing costs, it’s very difficult to survive and wait for the next agricultural season to come around,” said Jack King, head of national affairs for the California Farm Bureau Federation.

California farms employ at least 450,000 people at the peak of the harvest, with farm workers progressing from one crop to the next, stringing together as much as seven months of work. Growers estimate the state fell short this harvest season by 70,000 workers. Joe Bautista, a labor contractor from Stockton who brings crews to Lake County, said about one-third of his regular workers stayed home in Mexico this year, while others were caught by the Border Patrol trying to enter the United States.

With fewer workers, Mr. Bautista fell behind in harvests near Sacramento and arrived weeks late in Lake County. “There was a lot of pressure on the contractors,” he said. “But there is only so much we can do. There wasn’t enough labor.”

For years, economists say, California farmers have been losing their pickers to less strenuous, more stable and sometimes higher-paying jobs in construction, landscaping and tourism.

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"If you want another low-wage job, you can work in a hotel and not die in the heat," said Marc Grossman, the spokesman for the United Farm Workers of America. The union calculates that up to 15 percent of California's farm labor force leaves agriculture each year.

As they sum up this season's losses, estimated to be at least $10 million for California pear farmers alone, growers in the state mainly blame Republican lawmakers in Washington for stalling immigration legislation that would have addressed the shortage by authorizing a guest-worker program for agriculture. Many growers, a dependably Republican group, said they felt betrayed.

"After a while, you get done being sad and start being really angry," said Toni Scully, a lifelong Republican whose family owns a pear-packing operation in Lake County. "The Republicans have given us a lot of lip service, and our crops are hanging on the trees rotting."

Tons more pears that were harvested were rejected by Mrs. Scully's packing plant because they were picked too late. The rejects were dumped in a farm lot, mounds of pungent fruit swarming with bees, left to be eaten by deer. "The anthem about the fruited plain," Mrs. Scully said sadly, "I don't think this is what they had in mind."

Some economists and advocates for farm workers say the labor shortages would ease if farmers would pay more. Lake County growers said that pickers' pay was not low — up to $150 a day — and that they had been ready to pay even more to save their crops. "I would have raised my wages," said Steve Winant, a pear grower whose 14-acre orchard is still laden with overripe fruit. "But there weren't any people to pay."

The tightening of the border with Mexico, begun more than a decade ago but reinforced since May with the deployment of 6,000 National Guard troops, has forced California growers to acknowledge that most of their workers are illegal Mexican migrants. The U.F.W. estimates that more than 90 percent of the state's farm workers are illegal.

Most California growers gave up years ago on recruiting workers through the seasonal guest-worker program currently in place. Known as H-2A, the program requires employers to prove they tried to find American workers and to apply well in advance for relatively small contingents of foreign workers for fixed time periods.

"Our experience with the current H-2A program has been a nightmare," said Luawanna Hallstrom, general manager of Harry Singh & Sons, a vine-ripe tomato grower based in Oceanside, near San Diego.

Ms. Hallstrom said her company tried to use the program in the months after the Sept. 11 attacks, when security checks forced it to fire illegal migrant employees who were working in tomato fields on a military base. Her company lost $2.5 million on that 2001 crop, she said.

Over the years, occasional programs to draw American workers to the harvests have failed. "Americans do not raise their children to be farm workers," Ms. Hallstrom said.

The failure of Congress to approve a new guest-worker program surprised California growers because a proposal that the Senate passed stemmed from a rare agreement between growers' organizations, the U.F.W. and other advocates for farm workers, and legislators ranging from conservative Republicans to liberal Democrats.

Known as AgJobs, the proposal would create a new temporary-resident status for seasonal farm workers and give them the chance to become permanent residents if they work intensively in agriculture for at least three years. It was included in a bill that passed the Senate in May. The House has passed several bills focused on border security, and has avoided negotiations with the Senate on a broader immigration overhaul. [Three of the House bills were passed Thursday.]

Mr. Ivicevich, a 69-year-old family farmer, is not given to displays of emotion. But he paused for a moment, overwhelmed, as he stood among trees sagging with pears that oozed when he squeezed them. His nighttime sleep, in his cottage among his 122 acres of orchards, is disrupted by the thud of dropping fruit and the cracking of branches.

For decades, Mr. Ivicevich said, migrant pickers would knock on his door asking for work climbing his picking ladders. Then about five years ago they stopped knocking, and he turned to a labor contractor to muster harvest crews. This year, elated, he called the contractor in early August. Pears must be picked green and quickly packed and chilled, or they go soft in shipping.

"Then I called and I called and I called," Mr. Ivicevich said.

The picking crew, which he needed on Aug. 12, arrived two weeks late and 15 workers short. He lost about 1.8 million pounds of pears.

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His neighbor, Mr. Winant, standing in his drooping orchard with his hands sunk in his jeans pockets, said he would rather bulldoze the pear trees than start preparing them for a new season.

"It's like a death, like a son died," said Mr. Winant, 45, who cares for the small orchard himself during the winter. "You work all year and then see your work go to ground. I want to pull them out because of the agony. It's just too hard to take."

Illegal Workers Supplant U.S. Ones, Report Says (NYT)

By Julia Preston

The New York Times, September 22, 2006

New illegal immigrants accounted for 56 percent of the increase in employed workers in the United States in the five years after 2000, and competition from these immigrants contributed to a sharp decline in employment of teenage and young adult Americans, according to a labor market study released yesterday.

The survey found that in the five-year period, foreign-born workers, including both legal and illegal immigrants, made up 86 percent of the net increase in the total number of employed workers, the highest share for immigrants ever recorded in this country.

At the same time, the number of employed native workers ages 16 to 34 fell by more than 1.5 million. The study contends that 90 percent of the job deficit for young Americans would be erased if American teenagers and young adults held the jobs that immigrants now hold.

The study was carried out by Andrew Sum, Paul Harrington and Ishwar Khatiwada from the Center for Labor Market Studies at Northeastern University in Boston and was published by the Center for Immigration Studies, a group in Washington that advocates reducing immigration.

Last month a study by the Pew Hispanic Center, another Washington research organization, concluded that there was no nationwide pattern of displacement of American workers by immigrants.

Several economists noted that the past five years had been marked by a slow economic recovery that created unusually few jobs for all workers in the United States. They said that several factors contributed to declining employment among young people and that an increase in the number of youths going to college was one.

Employment rates have plummeted for young black men without high school diplomas.

"They face tremendous barriers, but immigrant competition is not the biggest one," said Jared Bernstein, an economist at the Economic Policy Institute, a Washington group that focuses on labor issues. "If immigrant competition were to drop significantly, they would still have big problems."

TAX:

I.R.S. Inquiry Into Sermon Is Challenged By Church (NYT)

By Stephanie Strom

The New York Times, September 22, 2006

A California church under investigation by the Internal Revenue Service for possible violations of laws against political activities by churches has denied the agency's request for documents.

The decision forces the I.R.S. either to drop the case or to ask the Justice Department to take the church, All Saints Episcopal Church, in Pasadena, to court. The agency could also revoke the church's tax exemption, but legal experts said that was unlikely.

The church said it regarded an I.R.S. investigation of an antiwar sermon delivered by the church's former rector on the Sunday before the 2004 election as an attack on freedom of speech and religion.

"We have nothing to hide, but there are principles here we think we need to uphold," said Robert A. Long, the lay leader, or senior warden, of All Saints.

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Mr. Long said the 26 members of the church's vestry, or governing body, had voted unanimously to decline to comply with two formal requests, called administrative summonses, for documents, testimony and other information that it received from the I.R.S. last Friday.

The church was making a point by requesting the summonses, which asked for documents ranging from copies of church policies and e-mail message to utility bills, as well as an interview with Rev. J. Edwin Bacon Jr., the rector. Mr. Bacon said the church asked for the formal process after receiving the second of two informal I.R.S. requests for information "that was far more intrusive and that we thought were clearly aiming to invade our worship practices, which is clearly illegal."

The request for formality is also a time-honored way of getting disputes with the I.R.S. into court, legal experts said.

"This looks like the short-cut way for the church to get the issue as to whether this is a valid investigation or not right into the court and allow it to rule on the constitutional issues," said Kevin J. Hasson, founder and chairman of the Becket Fund for Religious Liberty. "It's a perfectly respectably legal maneuver, not something like a militia movement refusing to put license plates on their cars."

Federal law prohibits the I.R.S. from discussing any specific taxpayer. In a statement outlining its general procedures, the agency noted that in cases involving questions of inappropriate political activity by churches and other charities, it rarely revokes tax exemption, preferring to work with organizations to bring them into compliance with the law.

"Speaking generally, Congress has said that churches and charities that are exempt from federal taxes are prohibited from speaking on behalf of, or against, any candidate in office," the statement said.

The role of churches and other charities in politics has increased as Republicans and Democrats alike have sought to tap into networks of members and donors. Charities are prohibited generally from what the I.R.S. calls "campaign intervention," but the boundaries between what is acceptable and what breaks the law are not always clear. Does allowing one candidate to use a church's plane, for instance, amount to support for that candidate that would run afoul of the prohibition on campaigning for a specific candidate?

Churches and other religious organizations have been hoping for a court case to clarify the issue, though most anticipated that a conservative church would be the first to challenge the I.R.S., not a left-leaning church like All Saints.

Mr. Bacon said that was precisely what the church was trying to do. "We're not trying to change the rules, we're trying to make sure the rules are interpreted the way the I.R.S. has always interpreted them in the past," he said.

He said the church had been critical of the internment of Japanese-Americans during World War II, the Vietnam War and the country's response to Sept. 11 without inciting I.R.S. inquiry. "My question is why now?" he said.

The I.R.S. has not said what part of the sermon the Rev. George F. Regas delivered at All Saints on Oct. 31, 2004, may have violated the law. In the sermon, Mr. Regas, the former rector, imagined Jesus chiding President Bush and his Democratic opponent, Senator John Kerry of Massachusetts, on topics including the war in Iraq, nuclear weapons, poverty and the increasing income gap.

He singled Mr. Bush out for criticism by portraying Jesus as saying things like "President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq" and "Mr. President, your doctrine of preemptive war is a failed doctrine."

Mr. Regas said in his sermon it was not his intent to tell his listeners how to vote. "When you go to the voting booth on Tuesday, take with you all that you know about Jesus the peacemaker," he said in closing. "Take all that Jesus means to you. Then vote your deepest values."

IRS Probe Of Cal Church Could Reverberate In Political Season (AP)

By Gillian Flaccus, The Associated Press

AP, September 22, 2006

PASADENA, Calif. - An Episcopal church's decision Thursday not to cooperate with an IRS investigation into an anti-war sermon delivered before the 2004 presidential election sets up a high-profile confrontation between the liberal congregation and the IRS, which usually keeps such inquiries private.

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The leaders of the 3,500-member All Saints Church voted unanimously to resist an order to turn over documents related to the sermon, which was given just two days before the election. The decision means the IRS must decide whether to ask the Justice Department to pursue the case in court. A judge would then rule on the validity of the agency's demands.

Bob Long, the senior warden at All Saints, said the 26-member vestry voted unanimously early Thursday to reject the IRS' demands, which included an interview with the rector, copies of e-mails and internal correspondence and utility bills.

"We're going to put it in their court - and in a court of law - so that we can get an adjudication to some very fundamental issues here that we see as an intolerable infringement of rights," Long said.

IRS spokesman Terry Lemon said he could not comment on the specific case and would not say whether the agency would request a court hearing. He instead issued a statement describing the procedure during such an investigation.

"If the entity ultimately declines to answer the summons, the IRS can ask the Justice Department to pursue the case in court," the statement read.

The dispute has attracted the attention of religious leaders on the right and left, who say the IRS' actions could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status they cannot endorse candidates or parties. Most who do so receive a warning.

The IRS, however, has promised tougher enforcement of the law during this year's mid-term elections and in the 2008 election cycle.

The agency completed investigations of 90 tax-exempt churches and charities in 2004 and found wrongdoing in 70 percent of the cases. Four - none of them churches - lost their tax-exempt status. In 2005, the agency began audits of 70 churches and charities and has 40 cases pending so far this year.

Earlier this week, the conservative Alliance Defense Fund and the Family Research Council sent letters to thousands of pastors informing them about their right to speak to congregations on issues in this year's elections, including abortion and gay marriage.

In recent years, Republicans in particular have teamed with conservative evangelical leaders to motivate would-be voters, a strategy credited with helping President Bush win re-election.

The dispute with All Saints centers on a sermon titled "If Jesus Debated Sen. Kerry and President Bush" that was delivered by guest pastor Rev. George Regas on Oct. 31, 2004. Though he did not endorse either President Bush or Sen. John Kerry, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

"I believe Jesus would say to Bush and Kerry: 'War is itself the most extreme form of terrorism. President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq,'" Regas said, according to a transcript.

The IRS reprimanded the church in June 2005 and asked that it promise to be more careful. Church officials refused.

Last week, the IRS demanded documents and an interview with the rector by the end of the month.

According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was the Church at Pierce Creek near Binghamton, N.Y., which was penalized in 1995 after running full-page ads against President Clinton in USA Today and The Washington Times in 1992 during election season.

All Saints member Sally Howard, of West Hollywood, said she agreed with the vestry's decision.

"The church should not back down from speaking to issues of peace and justice. And if that means that the church is going to face loss of its tax-exempt status, then that will be," she said. "We do not want to be in that position of being neutral or being silent because of the political ramifications."

Howard said Regas never urged parishioners to vote for particular candidates.

"He has never, and he didn't that day, he's never stated that a particular person should be voted for," she said.

All Saints Episcopal Church Won't Comply With IRS Probe (LAT)

By Louis Sahagun, Times Staff Writer

The Los Angeles Times, September 22, 2006

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Pasadena's All Saints Episcopal parish board challenges a request to turn over documents in a case over a 2004 antiwar sermon.

A liberal Pasadena church on Thursday declared that it will refuse to comply with an IRS investigation into its tax-exemption status launched after a guest speaker was critical of President Bush in a sermon.

At a news conference attended by 50 cheering supporters gathered before the marble altar at All Saints Episcopal Church, the Rev. Ed Bacon said his 3,500-member congregation did not violate tax regulations barring tax-exempt organizations from endorsing or opposing candidates when a former rector, George F. Regas, criticized the Bush administration two days before the 2004 presidential election.

The Episcopal faith, the 58-year-old rector said, "calls us to speak to the issues of war and poverty, bigotry, torture, and all forms of terrorism … always stopping short of supporting or opposing political parties or candidates for public office."

Joined by members of other faiths, he added, "We are also not here for ourselves alone but to defend the freedom of pulpits in faith communities throughout our land."

The All Saints case escalated a week ago when the IRS slapped the 80-year-old parish with a summons demanding that it turn over by Sept. 29 all materials, such as newsletters and sermons, produced during the 2004 election year with political references. Bacon was told to testify in person Oct. 11.

At stake, several religious leaders say, is freedom from government intimidation when churches address moral issues of the day from the pulpit.

In an interview, Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, said, "Churches should not endorse political candidates. But the IRS is seriously out of kilter and wrong-headed on this one; it's an appalling intrusion and it smacks of intimidation."

Now, as the November election approaches, some churches worry that they may be the next targets of the IRS. This summer, the agency issued a statement warning nonprofits, including churches, that it was stepping up its efforts to crack down on illegal electioneering.

The Interfaith Alliance announced Thursday that it has started distributing 20,000 pamphlets to churches, synagogues and mosques offering advice on how to comply with federal law.

The Rev. C. Welton Gaddy, president of the alliance, a national group with 185,000 members, said that he was concerned that "the recent rush of candidates and political parties — and their often aggressive tactics — to reach out to people of faith lures religious organizations into dangerous legal territory."

The goal, Gaddy said, is to avoid the kind of partisan politicking recently aired in a televised campaign ad for Rep. Harold E. Ford Jr. (D-Tennessee), who is running for a Senate seat. The commercial is set inside a church.

Then there was Kansas Atty. Gen. Phill Kline, a Republican who, according to a four-page strategy memo leaked to the news media, told his reelection campaign to get pastors to recruit "money people" who could help his reelection campaign.

At All Saints, the 26-member vestry voted unanimously early Thursday to "challenge the IRS in a court of law," said senior warden Bob Long. Federal law prohibits the IRS from discussing a specific case. But in an interview Thursday, Steven T. Miller, commissioner of the agency's tax-exempt and government entities division, said the law is clear: The nation's roughly 1 million nonprofits, including churches, are barred from speaking on behalf of, or against, any candidate.

The law is not new; it dates back to 1954. What is new is a concern over the level of prohibited activity that the IRS has been seeing by charities and churches in recent years. A recent IRS report reviewed 87 completed cases of alleged illegal campaigning by nonprofits in the 2004 election cycle.

Of those closed cases, 71% were found to have engaged in what the agency called "political intervention." But in only four of those cases, none of them involving churches, did the IRS revoke a group's tax-exempt status.

If an entity declines to answer a summons in a case of alleged illegal campaigning, the IRS can ask the Justice Department to pursue the case in federal court, which is exactly what All Saints wants to happen.

"That is not to say that this challenge, as well as many other steps we have already taken to respond properly and timely to the IRS investigation, does not stretch us financially — it does," Long said. To help defray the legal costs, Bacon said All Saints,

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the largest Episcopal church west of the Mississippi, has created a new category of membership, "Solidarity Membership," for supporters of other faiths wishing to join the cause.

"We smell intimidation," said Maher Hathout, chairman of the Islamic Center of Southern California. "It smells rotten, and we should not allow any aspect of intimidation to be directed to any member of our great country."

Rabbi Steven Jacobs of Temple Kol Tikvah, who also attended the news conference, said, "There seems to be an assault upon the pulpit, and it seems to fit a pattern of focusing on those challenging our administration."

All Saints' public skirmish with the IRS is only the latest example of how it has been speaking out on political issues since a rector protested the internment of Japanese Americans during World War II. Bacon, a former Southern Baptist who was a conscientious objector during the Vietnam War, continues that tradition. The church has even posted documents central to the case on its website, http://www.allsaints-pas.org , and Bacon likes to say that social action is a requirement of religious faith.

Tax experts, however, expressed mixed opinions about the church's chances of prevailing against the IRS. A federal judge could order the church to produce the documents or face sanctions, including fines.

"It's very difficult to beat a summons in court," said Ed Robbins, an attorney specializing in tax exemption litigation. "At the end of the day, if the IRS digs in its heels and wants this data, they'll get it."

All Saint's, however, had welcome news about three weeks ago when one of its attorneys, Marcus Owens, a former head of the IRS exemption office, persuaded the IRS to drop an audit of the National Assn. for the Advancement of Colored People. That investigation was also sparked by a speech that criticized Bush and the Bush administration's war in Iraq.

Immediately after Thursday's news conference, Owens informed the IRS of the church's decision. "We believe the only way to challenge the IRS' actions in this case is through a summons enforcement proceeding in court," he told IRS officials in a letter, "and therefore the church respectfully declines to respond to the summons. Rev. Bacon will not appear to testify Oct. 11."

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CONGRESS-ADMINISTRATION:

Rare Judicial Impeachment Hearing Ends With Little Action Taken (LAW)

By T.R. Goldman, Legal Times

Legal Times, September 22, 2006

A House Judiciary subcommittee on Thursday held a rare impeachment hearing for a California federal judge but reached no conclusions and appeared eager to let a special committee of the 9th U.S. Circuit Court of Appeals finish its investigation before deciding whether to take up the matter in Congress again.

Judge Manuel Real, a Lyndon Johnson appointee who in November will have been a federal judge for 40 years, spent Thursday morning rebutting -- for the first time in public -- allegations that he had improperly seized control of a bankruptcy proceeding involving a woman whose criminal probation he was overseeing.

"I am here to tell you I categorically deny any misconduct on the bench," said Real, 82, who was seated next to his wife, Elizabeth, and lawyer and longtime friend, Donald Smaltz, the former independent counsel who a decade earlier had headed the investigation into former Clinton Agriculture Secretary Mike Espy. "I have never been sanctioned for any type of judicial misconduct."

Real has a reputation as a stern and autocratic jurist. "There are a lot of people who dislike you," said subcommittee member Chris Cannon, R-Utah. "No," responded Real, who spoke slowly but forcefully. "I don't think there are many people; I think there are a few."

One of those, the man who first filed the original complaint more than 2 1/2 years ago, is Stephen Yagman, a Venice, Calif., attorney whom Real fined $250,000 in 1984 for his conduct in a defamation case Real was handling. The sanction was later reversed by the 9th Circuit, but, Real noted, Yagman has had a "personal vendetta against me for over 20 years."

Yagman, in fact, has no connection to the underlying bankruptcy case. But under the 1980 Judicial Conduct and Disability Act, anyone, whether he is connected to the underlying case or not, can file a complaint against a federal judge.

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"The issue for me is not what he did now, but the fact that he has been tormenting lawyers and litigants for 40 years and no one did anything about it and everyone knows about it," said Yagman in a telephone interview the day before Real's impeachment hearing.

The hearing, held by the House panel's subcommittee on the Court, was chaired by Lamar Smith, the Texas Republican who is on the short-list to take over the House Judiciary Committee when Chairman James Sensenbrenner, R-Wis., steps down next year. "None of us on the subcommittee relishes this undertaking," said Smith.

Asked by subcommittee member Maxine Waters, D-Calif., whether he had been subpoenaed, Real replied, "I came by invitation, Ms. Waters, [although] I felt it was more than just an invitation."

The ethics case against Real is now in its fourth year and has followed a torturous path. The original complaint was filed in February 2003, then dismissed by the chief judge of the 9th Circuit, Mary Schroeder, six months later.

The 9th Circuit's Judicial Council, which handles misconduct complaints, sent the case back to Schroeder, who dismissed it again in November 2004.

The Judicial Council upheld the dismissal in September 2005 by a 7-3 vote, which included a blistering dissent by council member and 9th Circuit Judge Alex Kozinski.

The complaint was then sent to Washington, to the Judicial Conference Review Body, which reluctantly determined that it lacked jurisdiction to review the 9th Circuit case because Schroeder had failed to appoint a so-called special committee to investigate the allegations.

Less than a month later, on May 23, 2006, Schroeder appointed a "special committee" to investigate the complaints against Real. That committee's work is still in progress.

"I think we should have held off on this hearing to allow the special committee to do its job," noted the subcommittee's ranking member, California Democrat Howard Berman. Today's hearing, he added when it ended, "wasn't a wise thing to do."

Sensenbrenner has long pushed for more congressional oversight of the judiciary, and the long-running and disjointed 9th Circuit investigation of Real has provided an easy target for asserting committee jurisdiction.

Earlier this year, Sensenbrenner, who is term-limited and must give up the chairmanship in January, sponsored a bill that would create an inspector general to investigate complaints of judicial misconduct and allegations of fraud.

"The question is, How much of this is Sensenbrenner trying to do a last hurrah and throw his weight around, or how much of this is really going to happen?" noted a former congressional staffer who is closely following the Real impeachment. "Don't forget, Sensenbrenner is the same person taking the lead for pushing for the 9th Circuit split, which deals with the same chief judge," the ex-staffer added.

Many social conservatives are eager to divide the circuit because its often liberal decisions affect not just California but many far more conservative Western states that are also part of the circuit's vast geographic reach.

Sensenbrenner was also instrumental in the last three impeachments of federal judges -- Walter Nixon, Harry Claibourne and Alcee Hastings -- all of whom were subsequently convicted and removed from office by the Senate. That's nearly half of the seven federal judges who have ever been impeached and removed from office.

And it was Sensenbrenner who introduced the resolution of impeachment against Real on July 17, singling out the failure of the 9th Circuit to discipline Real as his reason. "When the judicial branch has failed to address serious allegations of judicial misconduct, as the 9th Circuit arguably has in this matter, the Constitution provides the Congress only one course of action -- opening an impeachment inquiry," Sensenbrenner said when he introduced his resolution.

The hearing, coincidentally or not, came just two days after a panel headed by Supreme Court Justice Stephen Breyer released a long-awaited report on judicial discipline, a report that singled out the investigations into Real's alleged misconduct and four other so-called high-profile complaints as "problematic."

Still, the panel's two expert witnesses, Indiana University School of Law professor Charles Geyh and Pittsburgh School of Law's Arthur Hellman, seemed to agree that it would be tough for the allegations against Real, if proved true, to reach the bar needed for impeachment, much less conviction, by the Senate.

"An isolated act of simple favoritism, absent a pattern, doesn't rise to the level of an impeachable offense," Geyh told the half-dozen subcommittee members in attendance.

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Tony Snow (CSM)

By David Cook

The Christian Science Monitor, September 22, 2006

Dodging questions is a key part of the White House press secretary's assignment. At one point in a Monitor-sponsored breakfast with reporters on Thursday, Tony Snow, press secretary and assistant to the president quipped, "I'm going to engage in a little cotton-mouthed diplo-speak."

It is an example of the self-deprecatory humor that Snow has brought to the White House since his first briefing on May 8. "I must say the first day I was absolutely scared stiff because I did not know what to expect, I had never done anything like it," Snow says.

Snow's predecessor in the post, Scott McLellan, was a long-time Bush loyalist who stuck closely to his talking points and seldom seemed to be enjoying himself in the verbal give and take with reporters. It is not clear whether reporters get more information from Snow. But the White House informational diet is clearly being served up now with greater verbal dexterity and humor.

Snow says that what he brings is a major change in attitude toward the press. "I don't come out of the political side where a lot of times you see people coming out of the political side and they will look at the press room and they will look at it as a den of vipers, a seething hostile mass," Snow said. "What I see is a lot of people trying to get information so they can write a story...I think the change in the point of view makes all the difference in the world."

Before moving to Fox News, Snow had a long career in newspapers, working for the Greensboro Record, The Virginian-Pilot, The Detroit News, and The Washington Times. His newspaper column was syndicated to more than 200 papers.

So he relishes the reporting aspect of his current position. "The one thing that I hadn't counted on that I rather enjoy is that the press secretary's job is a reporting job," Snow said. "So in any given day we take a close look at a lot of stories and my first answer is, 'well what is going on here?' and so you make the calls. And you call around and you talk to people who are involved."

Getting ready to answer reporters' questions at two formal sessions a day involves intense preparation. There are days when Snow, a self-described "night person" gets up at 3:45 a.m. to prepare. "The biggest challenge is... just trying to make sure you know enough about the things that are going to be of interest to reporters," he says. "There are a lot of days I come in and I've got to study to the exam. And then, over time, I develop the kind of background that will enable me with greater confidence to give detailed answers to such questions. But it is fun."

Part of the fun is having a voice in policy making. Snow sought assurances on that front before taking the job. "I think when I was talking about having a policy role, I was pushing against an open door," Snow said. "Obviously, when it comes to getting involved in the thickets of [the Geneva Convention's] Common Article Three I just keep my yap shut. That's a lawyers' issue. On the other hand, on issues where I have long experience having been in the business for 28 years as a reporter and editorial writer ... there are areas where I have built up a certain amount of intellectual capital and I certainly put in my two cents worth."

When he was asked about White House negotiations with Senate Republicans over legislation regarding treatment of terrorism suspects, Snow said, "the status is ongoing ...this is like warm milk on the kitchen counter right now. Whatever news I can get you will turn to yogurt by the time you get back to the office."

Turning to the international scene, and efforts to end the genocide in the Darfur region of Sudan, Snow said, "There are behind the scenes, ongoing diplomatic efforts to try to put together the right kind of coalitions of influence that will enable a blue-helmeted UN force to enter Darfur. The president has been speaking about Darfur for a very long time. He has been pressuring the United Nations, pushing the United Nations to acknowledge the genocide that is going on and to act aggressively to deal with it. He is continuing to do so. There is considerable behind-the-scenes diplomacy taking place right now that I am not at liberty to discuss but at some point it will become known. But let me just assure you that the president has been very actively engaged."

With the upcoming Congressional elections marking the start of the final two year's of Mr. Bush's term, Snow was asked about the president's legacy. "The president is not really a legacy guy," Snow said. "Last year he read three biographies of George Washington who, having been dead for 207 years, is still the subject of reappraisal. And if you are visiting that upon arguably the most popular president in American history and certainly one of the most consequential, the idea that you are

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somehow you are going to be able to retire to Crawford knowing what your legacy is is pure folly. So his view is to do the job and do it the best he can and take on big issues."

Presidential Ratings Rise With New Message Man (WT)

By Joseph Curl

The Washington Times, September 22, 2006

Former talk show host Tony Snow took over as President Bush's communications point man four months ago, beefing up the press office staff, honing internal operations and deploying a quick-response strategy.

Now, polls show, the president's approval rating has jumped to its highest level since January.

Could Mr. Snow be responsible for the surge?

"We're just busy going out and trying to be as aggressive as we can in getting the message out," Mr. Snow says. "Part of the challenge is to explain what we are doing and why. ... Sometimes you have to let people know very clearly what the policy is and that is one of our key aims."

The operation has changed dramatically in recent months after crucial missteps, including last year's dead-on-arrival nomination of White House counsel Harriet Miers to the Supreme Court and this year's fiasco over the proposal to allow a company based in the United Arab Emirates to manage U.S. port operations.

Joshua B. Bolten took over as chief of staff and immediately brought in Mr. Snow, a longtime friend and confidant. Since then, the pair have been at the head of efforts to refocus the White House message and the way it is disseminated.

"If there is an operative philosophy for me, it's 'flood the zone,'" says Mr. Snow, using a football term to describe overwhelming the opponent. "If we spin you," he told reporters at a hotel near the White House yesterday, "we die."

Even though he says he was "absolutely scared stiff because I didn't know what to expect, I'd never done anything like it," Mr. Snow says he has fallen in love with the job he has performed since May.

"The most pleasant surprise about this job has been how much fun it is," he says. "I've never had a day when I've gone home and kicked the dog out of frustration. ... I can't think of another job that I would willingly wake up as early as I do for" -- 3:45 a.m. on some days.

But since he took over as the chief White House spokesman, the former television and radio host -- who also once wrote editorials for The Washington Times -- has learned to use the skills he picked up in his 28 years in journalism.

"The press secretary's job is a reporting job," he says, noting that, even with an office right down the hall from the president, he spends a lot of his day calling others in the administration, asking, "What's going on here?"

"And sometimes phone calls are not returned as quickly as you want," he told the reporters, who laughed, knowing that plight well.

As for standing at the podium on behalf of the most powerful man in the United States, Mr. Snow says "there are a lot of days when I come in and I've got to study for the exam." Some reporters have complained that their former colleague doesn't always know the answer to tough questions, and he acknowledged that "the biggest challenge is ... just trying to make sure that you know enough about the things that are going to be of interest to reporters."

Mr. Snow has direct access to his boss. If he needs to know something, he says, "I'll walk into the Oval Office and get it straight from the president."

Mr. Snow sits in on policy discussions with Cabinet members and senior staff. He says views are expressed in frank exchanges, although the president has the job of "making the call at the end of the day."

"There are areas where I have built up a certain amount of intellectual capital and I certainly put up my 2 cents' worth. You have an obligation to give your best advice, and if you lose, you lose," he says. "Nobody elected you; they elected the president. But I think it is incumbent upon people to give their best and most honest advice."

Probe Finds Jackson Urged Favoritism In HUD Contracts (WP)

By Elizabeth Williamson

The Washington Post, September 22, 2006

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An inspector general's report charges that top U.S. housing official Alphonso Jackson urged staff members to favor friends of President Bush when awarding Department of Housing and Urban Development contracts. But investigators so far have found no direct proof that Jackson's staff obeyed.

His chief of staff told investigators that Jackson, the HUD secretary, "personally intervened with contractors whom he did not like . . . these contractors had Democratic political affiliations," says the report, a copy of which was made available to The Washington Post.

The investigation "did not disclose any pattern or practice of issuing contracts based on political affiliation . . . however, there were some limited instances where political affiliation may have been a factor in contract issues involving Jackson," the report says.

Awarding contracts on the basis of party affiliation violates federal law.

The 340-page report by the Criminal Investigations Division of HUD's Office of Inspector General has been released to Jackson for a response and given to members of Congress who requested it. A spokesman for the office declined to say whether the report would be released publicly.

Calls for an inquiry came after Jackson, Bush's onetime neighbor in Dallas and former housing authority chief in that city, told attendees at a public forum in Dallas on April 28 that he had killed a contract award to a firm after its chief told Jackson he disliked Bush. Jackson later took back his remarks and told investigators from the inspector general's office that he had "lied, and I regret having done that."

The investigation found "no evidence that a contract was canceled, rescinded, terminated or not issued as a result of the encounter between Secretary Jackson and the contractor," the report says.

Jackson said the report cleared him of wrongdoing. "As I stated previously, during my tenure, no contract has been cancelled, rescinded, terminated, awarded or not awarded due to the personal or political benefits of the recipient," he said in a statement released yesterday.

"I sincerely regret my April 28 remarks that led to this investigation."

Sen. Frank Lautenberg (D-N.J.), who called for Jackson's resignation after the April incident, disagreed.

"The President should not tolerate this type of activity by a member of his Cabinet," Lautenberg said in a statement yesterday. "Given the allegations made by very credible witnesses in the Inspector General's report, the Department of Justice needs to get involved."

According to two senior HUD officials, at a staff meeting this year "Jackson had advised . . . that when considering discretionary contracts, they should be considering supporters of the president," the report says.

"I don't recall doing that. They might have misconstrued it," the report quoted Jackson as saying.

Jackson, who reports directly to the White House, "indicated that he did have a bias, in that he wasn't likely to assist someone who would 'castigate' him or the president, although he would not interfere with a contract on that basis," the report reads.

The report describes investigators' research into the political contributions of 29 companies that received HUD contracts. The sample found that officers and key staff members at the 29 winning companies "contributed $101,931 to Republican candidates and $45,320 to Democratic candidates."

Investigators also describe Jackson's personal involvement with contracts and contractors. Jackson "would meet with individuals who were either contractors or who wanted to obtain contracts at HUD," the report said. A former HUD lawyer was quoted as saying "we warned him against it."

The report contains a lengthy description of delays in releasing a contract to Massachusetts-based Abt Associates, after Jackson objected. Though the award had already been granted and publicized, Jackson's dislike of the firm -- which his chief of staff said was politically motivated -- put the release in limbo for weeks while staffers scrambled to satisfy him and allay outside concerns over the delays.

Jackson told investigators his dislike was based on the quality of the firm's work, "an assertion rendered problematic by other testimony and evidence," the report says, including Abt's high marks in the agency's own evaluation process.

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The report says the HUD Office of Inspector General plans to evaluate whether "a more comprehensive audit of HUD contracting activities is feasible and warranted." A spokesman for the office declined to say when that decision would be made.

HUD Chief's Remarks Aside, Study Finds No Favoritism (NYT)

By David Stout

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Bush administration's housing secretary told his aides that they should consider the political leanings of contractors in awarding agency business, an investigation has found. But the inquiry found "no direct evidence" that political favoritism was linked to specific grants or contracts.

Three top officials of the Department of Housing and Urban Development testified that Secretary Alphonso R. Jackson had told them that "it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered," the department's inspector general, Kenneth M. Donohue, wrote.

Aronetta Baylor, now an assistant deputy secretary and formerly the department's chief procurement officer, told investigators under oath that Mr. Jackson had once said, in the report's exact words, "You know, if we weren't here, if the president hadn't appointed us, they wouldn't be (expletive) getting these contracts."

"And he said that makes him mad that they don't realize that," Ms. Baylor testified.

Ms. Baylor's account is in a 340-page report drawn up by Anthony G. Medici, special agent in charge of the inspector general's criminal investigations division. The report, dated Sept. 18, has not been made public. Its contents were disclosed on Thursday by The Dallas Morning News. The report itself was made available to The New York Times by aides to Democratic lawmakers who have been critical of Mr. Jackson.

It is illegal under federal procurement law to reward or punish contractors on the basis of their political views.

The inquiry, which includes testimony from dozens of witnesses including Mr. Jackson, arose from the secretary's boast on April 28 that he had scuttled a contract for advertising services because the person who was about to get it had been critical of President Bush.

In fact, Mr. Medici's investigation found, no contract was canceled or rescinded under the circumstances described by Mr. Jackson before a real estate forum in Dallas. But a reporter for The Dallas Business Journal heard the remark, and his account touched off a controversy that is not likely to end with the inspector general's report.

Some witnesses testified more than once during the inquiry. Before concluding that there was no direct evidence of political favoritism in the awarding of contracts, Mr. Donohue's office reviewed 22 contracts involving property management, advertising and other services.

Although the inspector general's office concluded that Mr. Jackson had not torpedoed a contract, as he had boasted, the investigation uncovered "instances of Secretary Jackson personally intervening with contractors whom he did not like," the inquiry found.

The report said the inspector general's office would consider undertaking "a more comprehensive audit of HUD contracting activities."

"I lied, and I regret having done that," Mr. Jackson testified during the inquiry. He told the inspector general that his account had been "an exaggeration," the report said.

Soon after his Dallas remarks were reported in early May, Mr. Jackson said he regretted his "anecdotal remarks," which he said were meant to illustrate how things work in Washington.

Mr. Jackson affirmed his regrets in an interview with The Dallas Morning News. "I've never done anything illegal or unethical, and I didn't do it this time, other than shoot off my mouth," he said. "That's what I did, and I made a serious mistake doing it."

Among Mr. Jackson's strongest Democratic critics are Senator Frank R. Lautenberg of New Jersey and Representative Henry A. Waxman of California, who are on their chambers' governmental affairs committees, and Representative Barney Frank of Massachusetts.

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All expressed outrage after the Dallas episode, and Mr. Lautenberg said Mr. Bush should demand Mr. Jackson's resignation if the accounts of the Dallas speech were accurate. Mr. Jackson has headed the department since March 31, 2004.

Mr. Lautenberg renewed his criticism of the secretary on Thursday.

"The inspector general's report contains very serious charges that need to be reviewed by the Department of Justice," the senator said. "This episode cannot be ignored by Congress. We must hold hearings to get to the bottom of this case. However, I am concerned that Republicans will sweep this under the rug."

Don't Let Him Near The Checkbook (WP)

By Al Kamen

The Washington Post, September 22, 2006

President Bush's selection of former Agency for International Development chief Andrew Natsios as special envoy to try to halt the violence in Darfur drew mixed reviews from those involved in the region.

His task will be to get the Sudanese government to allow 20,000 U.N. peacekeepers in to stanch the horror in Darfur -- something the government has refused to do.

Natsios, though perhaps not as high-profile choice as might be hoped, could turn out to be a good selection -- he is well-versed on the issues, knows the country and the situation. But, we trust, he'll not be allowed to have anything to do with drawing up aid budgets for the region. We recall his famous prediction, back on April 23, 2003, when he told an incredulous Ted Koppel on ABC's "Nightline" that the rebuilding tab for Iraq would be $1.7 billion.

"You're not suggesting that the rebuilding of Iraq is going to be done for $1.7 billion?" Koppel asked.

"Well, in terms of the American taxpayers' contribution, I do," Natsios said. "This is it for the U.S. The rest of the rebuilding of Iraq will be done by other countries who have already made pledges -- Britain, Germany, Norway, Japan, Canada -- and Iraqi oil revenues. . . . But the American part of this will be $1.7 billion. We have no plans for any further-on funding for this."

Nope, no plans at all.A Hiring First at State?

Zalmay Khalilzad, the U.S. ambassador to Iraq, is back in town for a bit -- and that has sparked chatter that maybe he'll be named deputy secretary of state, maybe with a specific portfolio of Iraq and Afghanistan.

The chatter is likely idle, generated by the fact that the post has been vacant since Robert Zoellick 's departure almost three months ago and that many names have been floated as his replacement. One big concern would be pulling Khalilzad out of Iraq, but there is some thinking in Baghdad that he may have done as much there as he can do.

Our research isn't complete, but we'll go out on a limb and say it appears he would be the first Sunni deputy secretary.

Given the Senate's scheduled departure next Friday, the deputyship would be filled, if at all, by a recess appointment or by an "acting" deputy until after the Nov. 7 elections.Bolton Possibly in Limbo

Speaking of recess appointments, the Senate Foreign Relations Committee calendar has a business meeting scheduled for Tuesday, with votes to be taken on two nominations -- but nothing is scheduled for U.N. Ambassador John Bolton . His recess appointment ends no later than Jan. 3 unless he gets confirmed, but it appears that Sen. Lincoln "Roadblock" Chafee (R-R.I.) hasn't budged -- yet.GAO's Car and Driver

A Loop Fan driving north on the George Washington Memorial Parkway in Virginia calls to say he was headed to work downtown a bit after 7 a.m. and a "black Cadillac scoots in front of me . . . license plate GAO 0001." Our caller said he passed and noticed "someone reading papers in the back, but the windows were tinted."

So David Walker , head of the Government Accountability Office, the watchdog guarding against waste and fraud, is chauffeured to work?

"It's a black Chrysler 300," corrects GAO spokesman Paul Anderson . "And by statute, the comptroller general has the right to be driven to and from work." Walker, however, drives himself "90 percent of the time," but he had a bike accident over Labor Day weekend. He broke his collarbone and four ribs, and hasn't been able to drive.

"We have the X-rays to prove it," Anderson said.More Common-Sense Lawmaking

The Democrats think they're going to take over the House if they can sell their spurious allegation that this is a "do-nothing" Congress. It's going to be a hard sell because the House intends to work hard in the remaining days of this session.

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We note action was pending this week on H Con Res 235: Expressing the sense of the Congress that States should require candidates for driver's licenses to demonstrate an ability to exercise greatly increased caution when driving in the proximity of a potentially visually impaired individual .Mazel Tov, Etc.

The Jewish High Holidays begin tonight, capping a week in which it was learned that Sen. George Allen 's mom was Jewish. That means, as far as Jewish law is concerned, Allen is considered Jewish, able to fly over to Tel Aviv and claim immediate citizenship.

Loop Fans have been writing in with congratulations, new year's wishes and a hearty "L'shana tova."

Payment To Lewis Aide Is Cleared (LAT)

By Tom Hamburger

The Los Angeles Times, September 22, 2006

WASHINGTON — The House Ethics Committee on Thursday cleared a longtime aide to House Appropriations Committee Chairman Jerry Lewis of any breach of rules for accepting a nearly $2-million payout from his former lobbying firm.

The aide, Jeffrey Shockey, received $1.96 million in severance payments when he left Washington-based Copeland Lowery Jacquez Denton & White to return to work for Lewis (R-Redlands) as deputy staff director of the Appropriations Committee. Federal investigators are examining the relations between the firm, which specialized in appropriations matters, and Lewis.

Since federal investigators began looking into links among lobbyists, powerful members of Congress and the special appropriations known as earmarks, the firm has received unwanted attention and split into two companies.

Federal investigators have requested information from the firm's clients who have received appropriations earmarks, including several communities in Southern California represented by Shockey.

Ethics Committee staffers were specifically reviewing whether Shockey's 2005 payout from Copeland Lowery might have broken rules that prohibit congressional staff from receiving income earned after becoming federal employees. But Shockey showed the committee documents revealing that his compensation was based on work completed before he returned to Capitol Hill.

"It appears that the terms of your buyout agreement are consistent with applicable laws and House rules," wrote Reps. Howard L. Berman (D-Valley Village) and Doc Hastings (R-Wash.) the top ranking members of the ethics panel.

A spokesman for Shockey said the congressional aide was pleased by the committee's statement and decision to cease further review of the matter. "Jeff Shockey said all along he wanted to do things by the book," spokesman Trent Duffy said. "Now he welcomes the fact that the official judges agreed" he has done so.

Although Shockey apparently violated no laws or official standards in reporting his compensation, his move from the Capitol to lobbying firm and back to the Capitol remains an example of the "revolving door" in Washington. It also shows the extraordinary amounts of money private interests are willing to pay for help in getting earmarks into appropriations bills.

Defense contractors, universities and municipalities have paid high fees to lobbyists who they believed could help get these spending directives for them. The lobbyists, in turn, often made large campaign contributions to lawmakers such as Lewis who preside over the process.

Shockey, who worked for Lewis in the 1990s as a congressional aide, became one of a category of lobbyists in Washington that specialized in appropriations matters. His former employer is a specialist in earmark lobbying and helped Lewis raise tens of thousands of dollars in campaign contributions.

One of the firm's senior partners was Bill Lowery, a former Southern California congressman and close friend of Lewis.

Shockey's lawyers have said he did nothing wrong and noted that he has not been contacted by federal investigators looking into Lewis and his relationship with the lobbying firm.

The President, Up Close And Personal (WP)

By Zachary A. Goldfarb

The Washington Post, September 22, 2006

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President Bush sat for interviews with the hosts of the three network evening news programs in recent weeks, surrounding the anniversaries of Hurricane Katrina and the Sept. 11, 2001, attacks. The interviews focused mostly on the administration's response to the devastation of the Gulf Coast, and its performance in the Iraq war and its anti-terrorism effort. But anchors Charles Gibson of ABC, Brian Williams of NBC and Katie Couric of CBS also offered a window into the president's mind-set and personal life. Here are some excerpts:

On his frustrations: "The death of innocent people and our soldiers. That's the hardest thing for me. I meet with a lot of the families. And -- I do the best I can to cry with them or, you know, laugh with them if they wanna laugh and hug them." (CBS)

On when he is overwhelmed with emotion : "Generally, it's triggered when I meet somebody who lost their loved one . . . and that happens fairly frequently. . . . It's a good sign you're able to empathize, that your heart breaks for somebody who suffered. . . . Tears can get contagious, as far as I'm concerned." (ABC)

On his relationship with his father: "My relationship is adoring son. . . . My dad means the world to me as a loving dad. He gave me the greatest gift a father can give a child, which is unconditional love. And, you know, we go out and float around there [at the family retreat in Kennebunkport, Maine] and try to catch some fish and chat and talk. But he understands what it means to be president. . . . I explain exactly . . . how I view the current tensions. And he takes it onboard and he leaves me with this thought, "I love you, Son.' " (NBC)

On his reading habits, which recently included "The Stranger" by Albert Camus: "I was in Crawford and I said -- I was looking for a book to read, and Laura said, 'You ought to try Camus.' I also read three Shakespeares. . . . I'm reading about the battle of New Orleans right now. I've got an eclectic reading list."

Census Data On Some Of 1,100 Missing Laptops (USAT)

By William M. Welch

USA Today, September 22, 2006

The Commerce Department said Thursday that 1,100 of its laptops have been lost or stolen, including some that contain personal information collected by the Census Bureau.

Department officials said that the potential loss of personal data was limited, however, and that it is unaware of any data being improperly used.

“The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low,” Secretary Carlos Gutierrez said in a statement disclosing the discovery. “While we know of no instances of personal information being improperly used, we regret each instance of lost material.”

The announcement followed a review of more than 30,000 computers used by department personnel dating to 2001. Of that total, the department said 1,137 were lost, stolen or missing, and 249 of those computers contained personally identifiable information. Each laptop contains information on an estimated 20-30 households.

“All of the equipment that was lost or stolen contained protections to prevent a breach of personal information, and we are moving to institute better management, accountability, inventory controls, 100% encryption and improved training," Gutierrez said.

Most of the missing laptops were from the Census Bureau. It used field representatives to compile survey data across the country using laptop computers. The department said the Census Bureau had in place technological means to protect that data and make it inaccessible, once entered in databases, even to the workers using the laptops.

The disclosure follows a series of other computer losses. The Veterans Affairs Department said a laptop with information on 26.5 million current and former military personnel was stolen in May. The laptop was recovered and the FBI said personal data had not been copied.

1,100 Laptops Missing From Commerce Dept. (WP)

By Alan Sipress

The Washington Post, September 22, 2006

More than 1,100 laptop computers have vanished from the Department of Commerce since 2001, including nearly 250 from the Census Bureau containing such personal information as names, incomes and Social Security numbers, federal officials said yesterday.

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This disclosure by the department came in response to a request by the House Committee on Government Reform, which this summer asked 17 federal departments to detail any loss of computers holding sensitive personal information.

Of the 10 departments that have responded, the losses at Commerce are "by far the most egregious," said David Marin, staff director for the committee. He added that the silence of the remaining seven departments could reflect their reluctance to reveal problems of similar magnitude.

In a private briefing yesterday for three members of Congress, Commerce Secretary Carlos M. Gutierrez estimated that the disappearance of laptops from the Census Bureau could have compromised the personal information of about 6,200 households, Marin said. He said the department was still trying to determine the extent of the problem.

"We don't know exactly how many computers were lost or whether personal information was compromised," said Rep. Thomas M. Davis III (R-Va.), who chairs the House Government Reform Committee and attended the briefing. "The secretary has assured me that getting that information is priority number one, and I'm confident he'll get his arms around the problem."

Commerce officials told the congressmen that the inventory of missing laptops had escalated rapidly in recent weeks as the department investigated the disappearances. Marin said the committee was concerned that that number could increase significantly as Commerce officials learn more about missing handheld computers, which are increasingly being used in the Census Bureau.

Commerce officials said in a statement that they knew of no instances in which information from the missing laptops had been improperly accessed, adding that all the equipment contained safeguards that would prevent a breach of personal data.

"The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low," Gutierrez said in the statement.

With its disclosure, Commerce is the latest federal agency to admit in recent months that it had lost laptops with sensitive personal data. In May, an employee of the Department of Veterans Affairs lost a laptop containing unencrypted information on about 26.5 million people. Three months later, Veterans Affairs acknowledged that a second computer, with information on about 38,000 hospital patients in Pennsylvania, was also missing.

The Federal Trade Commission has lost two laptops with files containing people's financial account numbers, and the Department of Agriculture announced that one of its laptops had disappeared along with personal information on about 350 employees.

Gutierrez and his staff told the congressmen that 1,137 laptops had been stolen, lost or otherwise vanished since 2001, mostly from the Census Bureau and the National Oceanic and Atmospheric Administration. Of these, 249 contained personally identifiable information, nearly all from the Census Bureau. All were password-protected, a low-level safeguard. Only 107 of the computers were fully encrypted.

Commerce Department Has Lost 1,137 Laptops Since 2001 (WSJ/AP)

The Wall Street Journal, September 22, 2006

WASHINGTON -- The Commerce Department has lost 1,137 laptop computers since 2001, most of them assigned to the Census Bureau, officials said Thursday night.

The Census Bureau, the main collector of information about Americans, lost 672 computers. Of those, 246 contained some personal data, the department said in a statement. However, no personal information from any of the missing computers has been known to have been improperly used, the department said.

The number of people affected by the equipment losses could not be determined, the department said.

"All of the equipment that was lost or stolen contained protections to prevent a breach of personal information," said Commerce Secretary Carlos M. Gutierrez. "The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low."

More than 30,000 laptops were used within the department's 15 operating unit since 2001, the department said, and a total of 1,137 were stolen or missing.

Fifteen handheld devices used to record survey data for testing processes in preparation for the 2010 Census also were lost, the department said. The department was in the process of contacting the 558 households with data recorded on the missing devices, although because of encryption technology, the risk of data misuse was considered low, it said.

A half-dozen other federal agencies or departments have reported data thefts and security breaches involving personal information in the last six months.

The Veterans Affairs Department suffered the biggest loss with the theft in May of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. Burglars stole the equipment from the home of a Veterans Affairs employee, but the computer was later recovered and showed no signs of having been accessed for the personal data.

Other government departments reporting the loss of computers with personal information include the departments of Agriculture, Defense, Education, Energy, Health and Human Services and Transportation. The Federal Trade Commission also has lost laptops with sensitive data.

Capitol Police Revise Details On Intruder (WP)

By Mary Beth Sheridan

The Washington Post, September 22, 2006

Contradicting earlier reports, officials said yesterday that an armed man who raced into the U.S. Capitol this week was stopped by employees of the Flag Office -- not by Capitol Police officers.

The episode exposed gaps in security of the Capitol building and grounds, and legislators are expected to meet Tuesday to grill U.S. Capitol Police about what went wrong. The suspect, Carlos Greene, 20, who was described as high on drugs, drove through a construction entrance partially blocked by a Capitol Police vehicle at 7:45 a.m. Monday and smashed into a concrete wall. He jumped from his vehicle and dashed into the domed building, outrunning police in a wild, four-story chase.

At a news conference Monday, Acting Capitol Police Chief Christopher M. McGaffin said his officers had subdued Greene in a basement office used to fill orders for flags that have flown over the Capitol. But yesterday, McGaffin acknowledged that three employees in the Flag Office had actually "confronted the individual."

"There was a struggle they participated in, in preventing this individual from getting any farther," McGaffin said in a telephone interview. The scuffle, he said, provided "the few precious seconds we needed to catch up with this suspect."

Police found a pistol in Greene's waistband after he was arrested. No one was harmed in the incident.

McGaffin said he did not have details about how the scuffle progressed.

However, other law enforcement and congressional sources gave this account: Greene burst into the Flag Office and grabbed the supervisor, Karen Livingston, demanding to know how he could get out. She broke away and a burly male co-worker corralled the intruder.

Capitol Police arrived seconds later and made the arrest. The sources spoke on condition of anonymity because they were not authorized to provide details on the investigation.

Asked why he had provided the incorrect information at his Monday news conference, nine hours after the incident, McGaffin said he was unaware at the time that anyone but Capitol Police officers took part in the arrest. The officers had not mentioned the civilians' role in their report, he said.

Sen. Wayne Allard (R-Colo.), who chairs the subcommittee that funds the Capitol Police, yesterday identified the Flag Office employees who stopped the intruder as Livingston, the supervisor; Dennis Anthony, the assistant supervisor; and Isaac Livingston, a clerk who is not related to the supervisor.

They "did a great job in bringing him under control," Allard said. Their role was first reported by the Hill newspaper.

The three employees were barred from talking publicly about their actions because of the Capitol Police investigation, said Cynthia Snyder of the Architect of the Capitol's office, which oversees the Flag Office.

Legislators have expressed shock and anger that Greene managed to get so far into the Capitol.

"It's very serious," Allard said. "You can just assume that terrorists somewhere are taking note."

Congress has given the Capitol Police hundreds of millions of dollars for new equipment and additional officers since the Sept. 11, 2001, attacks. The force now has more than 1,600 officers.

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The House Appropriations Committee is expected to meet Tuesday to review how the Capitol Police handled the incident, officials said.

"Frankly, I think it's a bit outrageous that this kind of incident could take place with all of the new police personnel and all of the money we have spent," Rep. Ray LaHood (R-Ill.), a committee member, said in a telephone interview. "Obviously, somebody on the front line was simply not paying attention."

Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert (R-Ill.), said he was "extremely concerned" and "wants a report about how this will never happen again."

The Capitol Police are being assisted by "national security agencies" in their investigation, Allard said yesterday. McGaffin said he had requested the agencies' assistance "so we can have an independent assessment" of the incident. He declined to identify them, but another official said the U.S. Secret Service was involved.

McGaffin has blamed the security breakdown on human error, rather than funding or equipment. He declined to specify what went wrong until an internal review is finished.

He acknowledged that the intruder made it through two key points: the entrance on the perimeter of the Capitol and the door into the building, which was not locked or guarded. That door was being used by construction workers who have been trying to finish the U.S. Capitol Visitor Center that is under construction on the east side of the building.

Since the incident, security has been increased, with added police posts around the Capitol and concrete barriers placed in front of the construction entrance on First Street and Maryland Avenue NE used by the intruder.

Greene, of Silver Spring, has been jailed since his arrest. He is scheduled to appear in court today on a charge of unlawful possession of a firearm by a convicted felon.

Pro-marriage Bill Seeks $4 Million Budget Add (WT)

By Amy Doolittle

The Washington Times, September 22, 2006

The chairman of the Senate Appropriations subcommittee on the District said yesterday that he will add $4 million to the D.C. budget next year to help married or engaged couples buy a home, get job training or start a business.

"We need more family formation in the District ... We need more children raised in two-parent homes," said Sen. Sam Brownback, Kansas Republican. "This initiative will help with doing that ... It will expand job-training funding for those who get married; there's also funding in there for mentoring and counseling couples."

Mr. Brownback's proposal would add $1 million to a matched-savings program approved by the Senate last year.

Under the program, the federal government contributes $3 for every $1 a D.C. couple invests and allows a maximum lifetime payment of $9,000. Couples must withdraw the money and be married within three years of entering the program.

The new proposal would provide more funds for job training and mentoring. Last year's version was the first of its kind in the country.

D.C. Mayor Anthony A. Williams said yesterday that he supports Mr. Brownback's bill.

"There are a lot of things we agree on and a lot of things we disagree on," said Mr. Williams, a Democrat who is not seeking re-election. "But this is something on which we wholeheartedly agree, and that is that too many children in our city are being raised by single parents."

The mayor said there are more than 13,000 families headed by single parents in the District who earn less than $10,000 a year and live well below the poverty line. Many parents do not get married for fear of higher taxes, he said.

D.C. Delegate Eleanor Holmes Norton, a Democrat, said yesterday that the marriage incentive is important because it gives children a chance to be raised by two parents.

"We're talking about the failure to form families at all, and that is becoming the trend across our country," Mrs. Norton said. "We're forgetting who gets hurt -- the children are hurt from the moment they step into this world.

"When Sam said he wanted to do marriage development, I said, 'Right on, right on, anything we can do,'" she said.

Mr. Brownback said he has yet to experience any serious opposition to his bill. He said it likely will go to a vote in the Senate in late November as part of the larger D.C. appropriations bill.

U.S. Recommends Routine Testing For The AIDS Virus (WP)

By David Brown

The Washington Post, September 22, 2006

All adolescents and adults should routinely be tested for HIV infection in hospitals, clinics and doctors' offices, the federal government said yesterday, signaling a radical shift in the public health approach to the 25-year-old epidemic.

Under the new recommendations from the Centers for Disease Control and Prevention, patients would no longer have to sign a consent form and get extensive pre-test counseling. But they would have to be told they were being tested for the AIDS virus, asked if they have any questions and given the opportunity to "opt out."

The policy is a huge change from an era when stigma and fatalism led to a unique and -- in the opinion of some practitioners, onerous -- set of procedures for HIV testing.

"This represents a milestone for CDC and for our national health protection," Julie L. Gerberding, the CDC's director, said in a telephone news conference.

Universal HIV testing is part of an all-out effort to address three problems that many experts view as scandalous: 250,000 Americans are infected with HIV and do not know it, 40 percent of infected people are diagnosed when their infection is already at an advanced stage, and the number of new infections annually in the United States has not declined in 15 years.

If medical providers go along, the strategy may be able to reduce the number who do not know they are infected by two-thirds. Because many of those people are highly likely to pass the virus on -- either because of their behavior or because they are in an early stage of the disease, when more virus is in their bloodstream -- that could in turn help prevent new cases.

By rolling an HIV test into routine blood testing to measure blood sugar, kidney function, hemoglobin count and myriad other health indicators, the policy would make AIDS unique in another way. It would become the only infectious disease tested for more or less automatically in medical encounters. Pregnant women are tested for AIDS, syphilis and hepatitis B, but the CDC policy would cover everyone 13 to 64 years old.

Advocates for AIDS patients generally lauded the new strategy but expressed concern that it could lead to occasions when people are not told they are being tested or are not prepared to handle the results.

"It's all in the implementation," said David Munar, associate director of the AIDS Foundation of Chicago. "I am concerned that in some settings that patients will be shortchanged."

Marjorie J. Hill, executive director of Gay Men's Health Crisis in New York, said her organization agrees "that HIV testing needs to be expanded and that the procedures need to be streamlined as far as possible." But she added: "It is also important that the individual who is the object of these procedures and information have meaningful, informed consent. For some people that may be a two-minute conversation. In others it may take longer."

Between 16 million and 22 million HIV tests are done each year in the United States. CDC officials would not speculate on how much that might increase.

Newly identified cases of HIV are reported to local health departments in most states, and under another CDC policy they will soon be reported in all. That allows public health officers to help get those people into care and in some cases to trace sexual contacts.

Practically speaking, the goal is to have everyone in the age range tested at least once, and high-risk people tested at least once a year. Low-risk people do not have to be tested each time blood is drawn.

The District began a campaign three months ago to make HIV tests a routine part of visits to emergency rooms and physicians' offices. This week, officials said 3 percent of people tested at community health sites are infected -- about twice the national rate.

HIV testing is a two-step process. An initial test, called an ELISA assay, screens for antibodies against the virus. If it is positive, a more specific test, called a western blot, is performed. The price ranges from about $8 to $80, which includes the cost of counseling. The lower figure is for a negative ELISA, the higher for a positive test that would require a western blot and more extensive post-test counseling. Rapid HIV tests, which give results in 20 minutes, cost about $20 more.

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The expense of expanded HIV testing would be borne by the current payers of medical care -- insurance companies, the government, hospitals and clinics, and patients. If a medical institution finds that fewer than 1 in 1,000 HIV tests are positive, it can drop routine testing.

Testing regulations differ around the country, and some states will need to change laws to follow the recommendations. Virginia does not require a separate consent form for HIV testing, but Maryland does.

The new recommendations say that "patients should be informed orally or in writing that HIV testing will be performed unless they decline. . . . Information should include an explanation of HIV infection and the meanings of positive and negative test results, and the patient should be offered an opportunity to ask questions and to decline testing."

CDC officials emphasized that while HIV testing may become routine, following up positive tests will still require specific attention.

"Active efforts are essential to ensure that HIV-infected patients receive their positive test results and linkage to clinical care, counseling, support, and prevention services," the recommendations say.

One of the CDC's main goals is to lower the practical and psychological barriers faced both by people offering HIV tests and by those getting them.

The emergency department of Johns Hopkins Hospital in Baltimore set out to offer testing to every patient eight months ago but has found that goal difficult to achieve.

"The legal requirements for written consent in the state of Maryland take time and effort beyond what is feasible in a busy emergency department," said physician Richard E. Rothman.

He said the department recently began using a "facilitator" who counsels patients and gets consent. That has "dramatically increased" the number of tests offered. About 50 percent of patients are now asked, and about 75 percent of them agree.

"Patients are definitely interested in being tested. There is no doubt about that," Rothman said.

Public health officials also hope the shift will help further destigmatize HIV. When the CDC recommended in 1995 that all pregnant women be tested, many clinics found that women embraced the policy, as it no longer required them to identify themselves as "at risk" to get tested.

The benefits of knowing -- and the hazards of not knowing -- one's HIV status are clear from studies. Between 54 and 70 percent of sexually transmitted cases of HIV are transmitted by people who do not know they are infected with the virus.

Once people know, most take precautions. The frequency with which a person has unprotected intercourse, homosexual or heterosexual, falls by about 50 percent once that person knows his or her HIV status. But the rate of unprotected sex may remain as high as 40 percent in some groups.

U.S. Urges H.I.V. Tests For Adults And Teenagers (NYT)

By Donald G. Mcneil Jr.

The New York Times, September 22, 2006

In a major shift of policy, the federal government recommended yesterday that all teenagers and most adults have H.I.V. tests as part of routine medical care because too many Americans infected with the AIDS virus don't know it.

The recommendation, by the Centers for Disease Control and Prevention, urges testing at least once for everyone aged 13 to 64 and annual tests for those with high-risk behavior.

The proposal is a sharp break from the early days of the AIDS epidemic, when the stigma of the disease and the fear of social ostracism caused many people to avoid being tested.

That led to heated debate about whether positive test results could be shared by medical and governmental authorities in their effort to contain the epidemic by reaching out to partners of those who might be infected.

Under the agency's plan, which states can adopt or modify if they choose, patients would be advised they were being tested, but the tests would be voluntary.

So that the tests could be easily administered, however, the agency urged the removal of two major barriers that some states now have: separate signed consent forms and lengthy counseling before each test.

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That would require new laws in some states, however, which could take years because some civil liberties groups and lobbyists for people with AIDS oppose the changes.

Many doctors are expected to welcome the changes.

"These recommendations are important for early diagnosis and to reduce the stigma still associated with H.I.V. testing," said Dr. Nancy Nielsen, a board member of the American Medical Association, which endorsed the new guidelines.

Dr. Julie Gerberding, the disease control agency's director and a doctor who treated some of the first San Francisco AIDS patients in 1981, said: "Our traditional approaches have not been successful. People who don't know their own H.I.V. status account for 50 to 70 percent of all new infections. If they knew, they would take steps to protect themselves and their partners."

The new guidelines, if adopted, would move the agency toward its "ultimate goals," which Dr. Gerberding described as: no more H.I.V.-infected children, no one living for years without antiretroviral treatment and, eventually, no more new cases of the disease.

About 40,000 Americans are newly infected each year, a number that has been remaining steady. In contrast to the early days of the epidemic, which struck gay men the hardest, many of those now infected are black or Hispanic, are teenagers and were infected by heterosexual sex. The agency estimates that 250,000 Americans, a quarter of those with the disease, do not know they are infected.

Moreover, 42 percent of those who find out they are infected are tested only because they are already seriously ill — which means they have been infected for up to 10 years and may have been passing the infection on all that time, Dr. Gerberding said.

The American Academy of H.I.V. Medicine, a group for AIDS specialists, gave a qualified endorsement of the guidelines, agreeing with the need for more testing but arguing that they gave counseling short shrift.

"Counseling just naturally goes with testing, as diet does to exercise," said Dr. Jeff Schouten, the academy's chairman.

Some civil liberties organizations and those representing people with AIDS, while favoring more testing, have lobbied against removing signed consent forms or pretest counseling for fear that such changes will make testing less voluntary.

Some states, including New York, have laws requiring such counseling and consent forms. They were passed in the early days of the AIDS epidemic, when having the virus amounted to a death sentence, the disease's stigma often led to denial of jobs or housing, and testing was done primarily to protect the blood supply.

Dr. Thomas R. Frieden, New York City's health commissioner, said yesterday that he "absolutely" agreed with the new guidelines and had been lobbying the state Legislature for a law incorporating them.

A bill he supported was introduced late last year, Dr. Frieden said, but opponents kept it from coming up for a vote.

"I am optimistic that it will make it through this year," he said.

Rose A. Saxe, a staff lawyer with the AIDS Project of the American Civil Liberties Union, said her group opposed the recommendation because it would remove the requirement for signed consent forms and pretest counseling. In settings like emergency rooms where doctors are strapped for time, Ms. Saxe said, "we're concerned that what the C.D.C. calls routine testing will become mandatory testing."

Patients, particularly teenagers, she said, "will be tested without an opportunity for understanding the magnitude of having a positive result."

David Ernesto Munar, associate director of the AIDS Foundation of Chicago and a board member of the National Association of People With AIDS, said he favored more testing and faster counseling to encourage it.

"But our fear," Dr. Munar said, "is that on the ground, the rush to get more blood samples is going to railroad right over any consent."

Illinois, like New York, requires written consent before a test, he said.

Disease control agency experts deny that their guidelines would encourage such problems.

They oppose mandatory testing, secret testing or testing without informing patients, at least orally, that such a test will be done. They suggest that whatever general consent for routine medical care a state law requires include consent for H.I.V. testing.

They also want anyone who tests positive to be counseled that AIDS is a serious disease and taught where to get treatment and how to keep from infecting others.

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As an example of success in a related program, Dr. Timothy Mastro, acting director of the agency's AIDS prevention division, pointed to the agency's guidelines to prevent infection of newborns.

The guidelines say that all pregnant women should be tested unless they refuse and that oral consent is acceptable. They also recommend tests again in late pregnancy for women who inject drugs, have sex with many men, have sex for money or live in neighborhoods where AIDS is common.

The number of babies born infected dropped to fewer than 240 a year now from 1,650 in 1991, Dr. Mastro said.

Laws for prisoners, which Dr. Mastro described as "a tricky area," might also need revision. In some states, testing is mandatory for all prisoners. In New York, it is voluntary.

Health officials in other states appeared to welcome the new guidelines. Steve Huard, spokesman for the Hillsborough County Health Department, which includes Tampa, Fla., said: "We strongly believe in universal H.I.V. testing through anonymous and confidential testing. With the recommendations, it would be more widespread. It would go out to private physicians and we should see infection rates going down."

Some states with few AIDS patients, like Wyoming, may be reluctant to adopt the guidelines on the ground that routine H.I.V. tests would be unnecessarily burdensome for doctors and patients.

To compensate for that, the guidelines suggest that routine tests might not be required in areas where fewer than 1 in 1,000 people test positive. But health care practitioners are not very good at guessing what rate will be found among their patients, said Dr. Bernard Branson, the C.D.C.'s associate director for laboratory diagnostics, so there should first be a period of routine testing.

The wholesale cost is about $1 for each test run in batches and about $8 for rapid tests done individually. Each positive test would require a second confirmation test and then counseling, which would raise the cost to about $80, Dr. Branson said.

That is far cheaper than many other routine screening tests like colonoscopies or mammograms, and Dr. Branson said most such tests were paid for by insurers because it was usually cheaper to treat diseases when they were caught early.

CDC Recommends AIDS Tests For Most People (USAT)

By Steve Sternberg

USA Today, September 22, 2006

AIDS virus testing should be offered regularly to everyone ages 13 to 64 in every hospital, doctor's office and clinic to speed diagnosis and help curb the epidemic, federal health officials recommended Thursday.

The Centers for Disease Control and Prevention's recommendations are not legally binding, but they are designed to make HIV testing as routine as tests for high blood pressure, cholesterol and diabetes.

About 1 million people in the USA are HIV-positive, but 250,000 of them have not been diagnosed, according to the CDC.

"It will allow us to identify a lot of people who have HIV and don't know it," says Timothy Mastro of the CDC's HIV/AIDS program.

The guidelines no longer require health workers to provide special counseling before and after the test, and they lift the requirement that patients supply specific written consent, though patients must be given the opportunity to refuse testing.

Daniel Kuritzkes of the University of Colorado, chairman of the HIV Medicine Association, says, "I think the guidelines will help destigmatize HIV testing by making it part of routine medical care and not a test with some special mystique about it."

More than a dozen AIDS advocacy groups released a statement objecting to the decision to drop counseling.

"We fear that some health care settings will interpret today's announcement as a call for universal screening and test patients without informing them or arming them with the information they need to avoid putting others at risk," says David Munar of the National Association of People with AIDS.

Peter Staley, a founder of the protest group ACT UP, disagrees with his peers: "The bottom line is that we're really losing the fight here. We're losing lives. I'm an ACT UP grad, and our motto is 'by any means necessary.'

"I realize that abandoning written informed consent raises issues. People are worried about privacy and stigma. But the bottom line is that this would probably save lives, and that's why I'm very much in favor of it."

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Even patients diagnosed late in the course of the disease can extend their life expectancy by 14 years with standard treatment, according to a recent study led by Rochelle Walensky of Harvard Medical School.

Patients diagnosed soon after infection can extend their lives by as much as 25 years, she says.

Mastro says diagnosis is a powerful tool for prevention. "We think that the quarter of a million people who don't know their infection status account for 70% of sexually transmitted infections," he says. "We have very strong data showing that when patients know they're infected, they take strong measures to avoid infecting others."

Studies have shown that AIDS testing is as cost-effective as tests for high blood pressure and colon cancer.

The new guidelines leave open two key concerns: who will pay for the tests and the cost of treating 250,000 new HIV patients.

"The strain that this is going to place on Medicaid, the Ryan White Care Act and the state AIDS drug assistance programs is going to be enormous," says A. David Paltiel of Yale University, who has studied the test's cost-effectiveness.

Report Recommends Change In Medicare (NYT/AP)

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 (AP) — Quality not quantity should be the federal government's guide in setting payments to doctors, hospitals and other health care providers, said a report that was released Thursday.

Medicare pays doctors and hospitals when they perform a service, but such a system "tends to reward excessive use of services, high-cost complex procedures, and lower quality care," said the report, which was requested by Congress and prepared by the Institute of Medicine, part of the National Academy of Sciences.

Medicare serves nearly 43 million elderly or disabled Americans and spends more than $320 billion a year.

The institute said Congress should cut the base payments that Medicare makes to hospitals, nursing homes, insurers and doctors, and should use the savings to create pools that reward providers when they do work that has been proved effective in improving a patient's health.

Such a change, it said, would not "necessarily reduce the cost of care, but it will help ensure that what is paid for will be more beneficial to patients."

The recommendations did not please many health care providers.

Carmela Coyle, senior vice president for policy at the American Hospital Association, said new financing should be arranged for the bonus pools called for in the report.

Dr. Cecil Wilson of the American Medical Association said, "Congress must provide the Medicare program with additional funding so that Medicare patients' current access to quality care is not jeopardized by cuts that force physicians to make difficult practice decisions."

Medicare Drug Costs Debated (AP)

By Kevin Freking

AP, September 22, 2006

Filling the doughnut hole in Medicare drug plans would cost older people and the disabled about $40 a month more.

Democratic lawmakers estimated the additional cost and said Thursday that is a major reason why 88 percent of the Medicare beneficiaries signing up for drug plans opted for a coverage gap.

Democrats designated Friday as "doughnut hole day," when the coverage gap would hit the average older person who is taking several medications.

"This gap in coverage doesn't have to exist. This was a conscious choice, based on a value system, that put drug companies ahead of our seniors and people with disabilities," said Sen. Debbie Stabenow, D-Mich.

The Bush administration estimates that about 3 million Medicare beneficiaries will hit the doughnut hole, fewer than the 7 million often cited by critics. Mark McClellan, the administration's pointman on Medicare, says the 7 million figure is outdated.

Under the standard Medicare plan, the government subsidizes the drug costs for older people and the disabled. But after costs reach $2,250, the subsidy stops until a beneficiary has paid $3,600 of his or her own money. Then, the government will start picking up 95 percent of each purchase.

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But beneficiaries go back to square one with each new year, and could face the doughnut hole repeatedly over the ensuing years.

Also, beneficiaries must pay the monthly premium even while they are in the doughnut hole.

Those qualifying for a low-income subsidy are not included in the Democrats' estimate of those facing hardship, nor are those who enrolled in Medicare Advantages programs, which work like an HMO.

McClellan, administrator of the Centers for Medicare and Medicaid Services, emphasized that beneficiaries who fall into the gap got a lot of government assistance beforehand.

"If you reach the doughnut hole, you've already gotten $1,500 or more worth of help with your drug costs," McClellan said. "That's a lot of money that you can use for paying for basic necessities or for paying for enhancing your health insurance coverage."

According to the Democrats, it would cost $458 a year on average to switch to a plan that had full coverage. But that figure varies from state to state. Residents of New Jersey, for example, would have to pay, on average, an additional $298. The highest additional premium — $721 — would hit beneficiaries in seven states: Iowa, Minnesota, Montana, North Dakota, Nebraska, South Dakota and Wyoming.

"As this report shows, the opportunity to purchase plans that fill the hole is a mirage," said Rep. Pete Stark, D-Calif. "Beneficiaries are no more able to afford expensive, full-coverage plans than minimum-wage Americans are able to afford a Mercedes."

At a news conference, Rep. Janice Schakowsky, D-Ill, read a letter from a constituent, Pauline Metzger-Aronson of Morton Grove, Ill.

"All I know is that last month what I paid $20.00 for cost me $96.12 this month, and that was only on one prescription. What adds insult to injury is that we must now also pay the premium while we lose our benefits," Metzger-Aronson wrote.

Rep. Bill Thomas, R-Calif., said Democrats were trying to scare and confuse people.

"So, with all the success of the new drug benefit, why are Democrats continuing to attack the program? Because they are terrified that Republicans will get credit for this tremendously successful program," said Thomas, chairman of the House Ways and Means Committee.

McClellan said older people approaching the coverage gap should keep using their Medicare drug card because it means the consumer can get the plan's discount. He also said they should contact the drug companies that make their medicine, as well as their state, to see if they qualify for assistance programs. Twenty-one states offer such programs, as do many of the major drug manufacturers.

Democrats contend that one solution to filling the doughnut hole would be to let the government negotiate drug prices on behalf of beneficiaries, instead of having fragmented insurance companies doing that. Then, the government could use the savings achieved to do away with the gap.

But McClellan said it would cost the government an additional $500 billion over 10 years to fill the gap.

Luring Customers From Medicare (NYT)

By Milt Freudenheim

The New York Times, September 22, 2006

For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million.

But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card.

And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it.

Since the government substantially increased the subsidies two years ago for these most basic private industry plans — known as private fee-for-service — enrollment in the plans has grown tenfold to 820,000. About 18,000 people signed up in

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August alone, Medicare said yesterday in its latest update. And some analysts expect enrollments to double or even triple by 2009.

The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation.

Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands.

It is a "back-door way of trying to privatize Medicare," said Dr. Jack Lewin, the chief executive of the California Medical Association, a physicians' group. But the Bush administration's Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend "is definitely not a 'push to privatization,' " but simply a way to give people with Medicare more choices. "The original Medicare program is and remains an option for those who prefer it," said Dr. McClellan, who plans to step down next month.

Private insurers can offer more choices and cost breaks to patients, he said, while providing overall better health care that will end up saving the government money.

The 11 percent calculation comes from the Medicare Payment Advisory Commission, an independent federal research body that advises Congress. And some insurance executives say the figure is an exaggeration. But there is little dispute that federal subsidies are encouraging the insurance industry to recruit members for the plans.

And while the current industry coverage can be a good deal for some patients, critics worry that Medicare patients reliant on private insurers could be left stranded if the federal money is eventually cut.

"We are very concerned that Congress is going to pull back on the funding," Dr. Lewin said, "and we will be left with a private system that offers fewer benefits and is going to be influenced by Wall Street."

Critics say the growing transfer of the nation's $342 billion Medicare program to private industry has already been playing out through other means, like the new Medicare Part D drug program and various Medicare-linked managed care plans and H.M.O's offered by private insurers.

Providing Medicare coverage in all its guises has become a $60 billion-a-year business and one of the few profitable growth areas for insurers. Medicare enrollees look especially attractive to insurers, as the industry's other main clientele — corporate America — struggles to meet the growing cost of providing health benefits to working people.

The fee-for-service plans, the focus of the current controversy, are in many ways similar to the government's own Medicare. Under the industry version, patients have the right to choose their own doctors and hospitals — as they have long been able to do with their federally issued Medicare cards.

And as with the federal program, enrollees in the private fee-for-service plans typically pay a monthly $88.50 premium to the government.

Under the industry plans, moreover, the hospitals and doctors receive the same rates as when they are paid through the basic federal Medicare program.

Experts say that because the administrative costs of providing the private policies are minimal, they represent easy income for the insurance companies, with profit margins of 4 percent or so.

But many see the private fee-for-service Medicare plans as mainly a feeder program in which insurance companies hope to gradually convert members into even more complex, more profitable private Medicare offerings that the government also subsidizes.

The more lucrative plans, like Medicare health maintenance organizations or doctor-network managed care programs, which have been available longer, can yield profits in the 10 percent range, analysts say.

The more basic private fee-for-service plans, around for less than a decade, were authorized through an amendment to the 1997 balanced budget act as a way to ensure that elderly people could obtain adequate health insurance. Now the plans are envisioned as primarily for rural Americans who typically have few medical choices.

The insurance industry largely ignored the fee-for-service plans until the insurers' subsidies were increased by $14 billion over 10 years by the 2003 Medicare overhaul legislation. Insurance lobbyists had argued that expanding private Medicare programs would eventually lower the government's costs.

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But insurers "are not really being asked to do anything for additional subsidies," said Marilyn Moon, a longtime Medicare researcher who served as a public trustee of the program — a watchdog role — during the Clinton years. She is now at the American Institutes for Research, a nonpartisan research center in Washington.

Insurers, though, say they provide benefits that basic Medicare does not cover.

The leader by far in private Medicare fee-for-service, with more than half the total members, is Humana. UnitedHealth and WellPoint are also big players.

John M. Bertko, a Humana vice president, says benefits included having nurses stay in touch with discharged hospital patients with chronic diseases to make sure they were following doctors' orders.

Other selling points for the private insurance plans include predictable out-of-pocket co-payments — typically $5 to $20 for doctor visits. That compares with the uncertainties patients face under traditional federal Medicare, in which they are responsible for 20 percent of whatever the doctor charges.

Martin Smith and his wife, Donna, of Bristol, Ind., chose a fee-for-service plan from UnitedHealth's Secure Horizons Medicare unit earlier this year.

The monthly premiums of $12.50 each for Mr. Smith, 68, and Mrs. Smith, 70, are in addition to their government Medicare premiums of $88.50 each. But the Smiths say the private plan is paying off.

Mrs. Smith recently had heart bypass surgery. And though the bill has not yet arrived, she knows that the hospital deductible for her Secure Horizons plan is $600, compared with the $952 she would be responsible for under traditional Medicare.

And instead of 20 percent of the approved doctors' fees in traditional Medicare, the Smiths pay only $10 to a primary care doctor and $20 for specialists. Secure Horizons pays the rest out of its subsidies from Medicare — which are $692.29 a month, on average, for each fee-for-service member in that part of the country.

The Smiths chose to sign up for Medicare Part D drug coverage from a separate insurer, Humana.

Like the Smiths, more than half of the private fee-for-service enrollees so far have also chosen drug coverage, and many are choosing a plan that combines both.

One is Cathy Watts, 58, of Decatur, Ill., a former nurse who says she had to retire four years ago because of Parkinson's disease and partial paralysis. Last January she signed up for a fee-for-service offering from Humana that included Part D drug coverage.

Other than the government's $88.50 Medicare premium that is deducted from her monthly Social Security check, Ms. Watts pays no premium to Humana.

She says the drug coverage was the main lure for her because her drug bill last year was $6,000.

"I will probably pay $3,600 this year" for drugs, she said. "So that will be better." And she can still see the doctors of her choice.

While insurers do run a risk of losing money on a patient if he or she has unexpectedly large health costs, the companies can consult county-by-county Medicare cost data and decide where to offer coverage and which high-cost areas to avoid.

In southern Illinois, where Mrs. Watts lives, the average monthly rate the government is paying an insurer to provide Medicare fee-for-service is $692.29 — the same as in Mr. Martin's town in Indiana.

Under Medicare's complicated rules, though, the amount actually paid to a company for a patient can vary. Around the nation, depending on local medical costs and the health profile of Medicare-eligible residents, the monthly federal subsidy to the insurance company can range from $400 to $2,500, said Dr. Scott Latimer, a Humana executive based in Tampa, Fla.

Enrollments in the fee-for-service plans are still primarily, though not exclusively, concentrated in rural and small cities. Before the Medicare subsidies were increased in 2003, insurers had little incentive to focus on such places. With few doctors and sometimes only one or two hospitals in such areas, insurers typically have little bargaining power. And the health care providers have often balked at accepting the lower fees and second-guessing often associated with managed care insurance networks. But when enough patients in a local area have been enrolled in the private fee-for-service plans, the companies say local health care providers may have little choice but to join the insurers' Medicare networks.

Rick Jelinek, the chief executive of UnitedHealth's Secure Horizons Medicare business, acknowledged that the company's strategy was "in the longer term, to build networks around our programs."

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With such networks in place, he said, the company could help manage patients' health — and the insurer's costs — through techniques like having nurses provide telephone health counseling aimed at helping keep patients with heart disease and diabetes avoid hospitalization.

Dan Mendelson, a former Clinton administration health official who is now the president of Avalere Health, a Washington research and consulting firm that advises insurance companies, said the private fee-for-service trend "should save money for Medicare by improving patient care."

But Ms. Moon, the Medicare researcher, said she was "unconvinced by the logic that says, 'If we are overpaying the health plans now, they will save us money later.' "

White House Willing To Deal To Get GSE Bill, Paulson Says (WSJ)

By Michael M. Phillips And Elizabeth Price

The Wall Street Journal, September 22, 2006

BEIJING -- U.S. Treasury Secretary Henry Paulson on Thursday said the Bush administration had clearly communicated a willingness to compromise with members of Congress at odds over legislation to establish a new regulator for the housing finance companies Fannie Mae and Freddie Mac.

"They're not waiting for me, or for the administration because we've indicated a willingness to work something out," Mr. Paulson said in an interview with the Wall Street Journal in between meetings with Chinese officials.

"So the key question is whether people can get together on both sides of the aisle and get together in the House."

A bill to create stronger government oversight of the mortgage companies is mired over differences about cutting down the companies' combined $1.4 trillion investment portfolios, which critics argue are too large and are a threat to stability of the U.S. financial system.

Sen. Paul Sarbanes (D., Md.), the Senate Banking Committee's ranking minority member, told reporters after lunch with other Democrats Tuesday that he was waiting to hear to new proposals from the Treasury Department.

"We're quite happy to look at anything that comes along," Mr. Sarbanes said.

Fannie Mae and Freddie Mac are housing government-sponsored enterprises, which buy mortgages on the secondary market from lenders. They are both recovering from massive accounting scandals and have not filed timely financial statements in years.

The House passed a bipartisan bill last year that would give the new regulator the ability to limit the portfolios based on safety and soundness, among other things. Treasury and the Federal Reserve Board have opposed that version of the bill, urging stricter limits on the GSEs.

The Senate Banking Committee passed a different bill, along party lines, that would directly limit the assets the GSEs hold in their portfolios. Champions of each version have been at a stalemate this year, and time is running out to get a law before the end of this Congressional term. Congress recesses after next week, as members return to campaign in their districts during October in preparation for the November elections.

"I would like to hope there could be movement before the elections, but I think it would be a long-shot to get anything as significant as this done in the few weeks we have before Congress goes home," Mr. Paulson said. "I'd sure like to be proven wrong," he added.

However, Congress could return after the elections for a so-called lame duck session, as some legislators have suggested.

GOP Games At The FDA (WSJ)

The Wall Street Journal, September 22, 2006

A Senate committee voted Wednesday to endorse Andrew von Eschenbach's nomination to be Food and Drug Administration Commissioner. But now two Republican Senators are threatening to block the impeccably credentialed acting FDA head unless they get their way on two different pet issues. This is an abuse of their "advice and consent" powers under the Constitution and a danger to the health of Americans, who need a confirmed FDA Commissioner with full authority to manage that bureaucracy.

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One of the obstructionists is Jim DeMint of South Carolina, who is threatening a "hold" -- that is, to prevent a full Senate vote -- on Dr. von Eschenbach's nomination unless the FDA moves to take the RU-486 abortion pill off the market. Mr. DeMint claims there are safety concerns with the product, but having lawmakers second-guess the agency's regulatory decisions on various products was hardly what Congress intended when it created the FDA.

Last month we criticized Democrats Hillary Clinton and Patty Murray for blocking the von Eschenbach nomination until the FDA approved over-the-counter sales of the so-called "morning after pill." The FDA has since done so, but Senators Clinton and Murray were wrong to hang their decision on just one of the $3 trillion worth of products -- many of them life-saving drugs -- that the FDA regulates. Senator DeMint's threat is no more defensible.

The other obstructionist is David Vitter of Louisiana, who is threatening a "hold" until he gets his way on "reimporting" cheaper prescription drugs from foreign countries like Canada. This policy shift isn't even within the FDA's power to accomplish. If Senator Vitter thinks prescription drugs are too expensive in America, the proper course is to convince his colleagues to revise the patent system Congress itself created with the intent of providing incentives for drug development. The threatened hold on Dr. von Eschenbach is evidence of Mr. Vitter's failure to move his issue democratically -- i.e., as a Senator.

The FDA badly needs a host of reforms -- especially a streamlined process for approving drugs to treat terminal diseases such as cancer. In Dr. von Eschenbach, President Bush has nominated one of the best available men to do that job. But the acting FDA chief can't get started in earnest without the bureaucratic clout that accrues to a Senate-confirmed Commissioner. If Senators DeMint and Vitter won't be reasonable, Senate Majority Leader Bill Frist and others should call them on the deadly consequences of further delay.

Back On Track In Space (NYT)

The New York Times, September 22, 2006

We've never been great fans of the International Space Station, an enormously costly project that will yield such limited scientific and economic benefits that it seems destined to be considered a white elephant. Nevertheless, we had to marvel at the magnificent performance of the crew of the shuttle Atlantis, which ended an arduous 12-day mission to the station with a flawless landing yesterday.

The flight drove home the point that the greatest value of the space station undertaking is simply the experience of building such a large and complex structure in space, far from the nearest hardware store or emergency repairman. Michael Griffin, the NASA administrator, aptly described the station as "one of the most amazing construction projects that human beings have ever undertaken."

This was the third shuttle flight since the disastrous loss of the Columbia in 2003 and the first devoted to resuming construction of the station. The astronauts spent three long days working in open space. The only glitches and human fumbles seemed minor and easily surmounted.

For the first time in years it seems possible that NASA may actually be able to finish the station by 2010 and then retire the aging shuttle fleet so as to free up money for new vehicles to carry out the more ambitious program to explore the Moon and eventually Mars. The only caveat is that this flight went so smoothly in part because the crew, which was grounded after the Columbia accident, had more than four years to get ready.

There was no evidence that the shuttle's delicate heat shield had been hit by chunks of debris like that which doomed the Columbia. This was the second successive flight without debris damage, suggesting that NASA's redesign of the external fuel tanks that previously shed foam has made the shuttles much safer. It should now be safe enough to launch at night, thus opening many more launch windows for the flights needed to complete the space station.

Our main hope is that a seemingly safer shuttle and new abilities to inspect shuttles in orbit and possibly even make small repairs will enable a mission to service and upgrade the Hubble Space Telescope before its batteries and gyroscopes run down. Mr. Griffin said NASA wants to service the Hubble by early 2008 if it can be done safely. He rightly described the Hubble as "one of the great scientific instruments of all time," responsible for fundamental discoveries about the universe that would otherwise not be known. It seems more important to service the Hubble than to finish a station whose main value will be the act of finishing it.

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OTHER NEWS:

Bush Talks Taxes In Tampa (SPT)

By Robin Stein And Adam C. Smith

St. Petersburg Times, September 22, 2006

President Bush made a two-city swing through Florida on Thursday, raising money and the spirits of two Republican candidates.

Across the country, Republican candidates have been distancing themselves from Bush before the upcoming midterm elections as the president's approval ratings have sagged while voters have grown dissatisfied with his handling of Iraq and the economy.

But on Thursday, there was no distance between Bush and Charlie Crist, the GOP candidate for governor, or Gus Bilirakis, who is running for Congress, as Bush zeroed in on tax policy, typically a point of strength for Republicans.

The issue, which Bush called a "fundamental difference" between the parties, is particularly timely in Florida. After years of absorbing hikes in property taxes and home-owners insurance premiums, residents in recent weeks have staged waves of protests in local tax offices.

"Elections are all about giving the people clear choices," Bush said in Tampa. "Do you want to keep your taxes low so we can keep the economy growing, or do we raise taxes and let the politicians in Washington try to grow the economy?"

Of course, matters of national security remained at the fore, too.

The normally soft-spoken Bilirakis seemed to burst with newfound resolve as he took to the stage just after 1 p.m. at Raymond James Stadium to introduce Bush.

"By the way, president," he said. "Thank you for making us safer."

For his part, Bush once again defended his policy of taking preemptive action to thwart terrorism.

"We've got to take threats seriously before they come home to hurt us," he said. "Getting rid of Saddam Hussein was the right thing to do, and the world is peaceful because of it."

As the applause tapered off, Bush quickly corrected himself: "The world is more peaceful because of it."

That is a matter of some debate, even among Republicans.

Indeed, in other circumstances, Democrats would be hard-pressed to claim any realistic shot at winning House races in traditional Republican strongholds such as Sarasota's District 13 and District 9, the seat Bilirakis hopes to keep in the family. (His father, Mike Bilirakis, has held the seat since 1982.)

For many Democrats those hopes are still a long shot, but leading Florida Democrats on Thursday pounced on the chance to cast Crist, Bilirakis and Katherine Harris, the Republican candidate for U.S. Senate, as "stay the course'' supporters of the president.

"We would hope that George Bush stays in Florida the entire election,'' said Mitchell Berger, finance chairman for Crist's Democratic opponent, Jim Davis.

A throng of protesters waved posters near Raymond James stadium.

The price of entry for the Bilirakis event — $1,000 a ticket or $2,100 for a one-on-one photo with the president — proved useful fodder for a counterattack from Phyllis Busansky, the Democratic candidate for District 9.

Busanksy hosted a luncheon in protest on Thursday.

"If your homeowner insurance rates went up by $1,000 or more," she wrote in the invitation, "I'd like to buy you lunch — and we can discuss ways we will fight back!"

While national polls and pundits suggest Democrats' most powerful weapon is the popular discontent with Bush, Florida Republicans didn't flinch.

"I'm just proud to have him here," said Carole Jean Jordan, chairman of the Republican Party of Florida.

"Floridians are proud to stand beside President Bush."

Among the nearly 500-person crowd gathered in Tampa were state Rep. Trey Traviesa, former governor Bob

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Martinez and embattled Senate candidate Harris.

Before the president's remarks, Harris was effusive in her praise for the president's policies and dodged questions about whether she had been invited to fly to Orlando aboard Air Force One.

The GOP establishment's support of Harris has been a matter of bitter contention for months.

In his remarks, Bush gave Harris a noticeably terse mention and afterward offered a clipped, "Thank you," as he pushed past her without making eye contact. Later, while Crist and Bush mingled with the big-dollar guests in one reception room at the Ritz-Carlton in Orlando, Harris was in the $500-per-person reception down the hall.

She was relegated to the crowd of spectators as Crist stood on stage, side by side with the president and his brother Gov. Jeb Bush.

The president praised Crist, who won the Republican primary for governor on Sept. 5, as "a people's governor."

"He likes to shake hands, he likes people," Bush said. "You want somebody who feels comfortable with the people of a state, somebody who can make decisions, and somebody who can set a clear vision on behalf of this vital state. And that's Charlie Crist."

And in between the two fundraisers, Bush and Bilirakis made an unannounced stop by the Buccaneers' new headquarters just as the team was wrapping up practice for the day.

Jackets were off as the president marched onto the sun-baked field and huddled with a ring of cheering players.

As much as Democrats savored the chance to link Republicans to President Bush, the day also underscored the immense fundraising advantage Florida Republicans enjoy again this year.

In less than eight hours, the president helped raise more than $450,000 for Bilirakis in Tampa, and in Orlando, he brought in at least $2-million for the Crist's campaign and the state Republican party.

President's Visit Pads GOP's War Chests (TT)

By William March

Tampa Tribune, September 22, 2006

TAMPA - President Bush helped Republicans raise at least $2 million for gubernatorial candidate Charlie Crist and $500,000 for Gus Bilirakis, running for a Tampa Bay area congressional seat, in fundraising stops Thursday in Tampa and Orlando.

Although he boosted those two candidates, Bush was cool to his party's nominee for the U.S. Senate, Katherine Harris, giving her a short-shrift handshake along the rope line at the Tampa event and no ride on Air Force One.

Bush spoke to a crowd gathered in the club level of Raymond James Stadium at midday Thursday for Bilirakis, defending Republican tax cuts and the war in Iraq as well as touting the candidate for Congress. About 440 people attended the event, which raised half a million in donations.

Bush then made an unannounced stop at the Tampa Bay Buccaneers' new practice facility.

For about 40 minutes, the president signed footballs, talked to players and coaches and admired the biceps of running back Michael Pittman, said to have the biggest on the team at 19 inches.

Bush responded sympathetically when Coach Jon Gruden mentioned that the Bucs' season has not started well.

"I've been 0 and 2 before," Bush said. He then thanked the players for their volunteer work and said, "I admire the courage you show out there on the football field.

"Any Texans here?" he called out to the players gathered around for a huddle chat on the practice field, getting responses from, among others, offensive lineman Jeb Terry.

"Have faith in your coach, faith in each other, and be resilient - that was the message he gave us," cornerback Ronde Barber said.

It was Gruden's first meeting with Bush, even though a Super Bowl-winning coach normally meets the president. Gruden was not able to make the White House trip after the Bucs won Super Bowl XXXVII three years ago.

Bush then took off for Orlando, where he spoke to a $25,000-a-person reception intended to raise money for the Republican Party to spend on its candidates in November's elections, most of it for Crist. Senate Candidate Acknowledged

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Harris, whose relationship with the Republican Party leadership has been troubled, got brief mentions in Bush's speeches at both events.

"I'm proud to be here with Congresswoman Katherine Harris, running for the United States Senate," he said in Tampa, mentioning her as part of a list of other acknowledgments in his speech.

Even though she will top the GOP ticket in November, Harris was not onstage at either event and said she was not asked to travel on Air Force One. Bilirakis was invited aboard for the Tampa-Orlando flight but had campaign commitments here, a spokeswoman said.

"That's what you'd call icy cordiality," said University of South Florida political scientist and Republican Party historian Darryl Paulson. "Bush does not want to create any ill feelings among Republican activists and Harris supporters by publicly trashing her. On the other hand, he does not want Harris to play a prominent role in the campaigns and potentially damage other Republican races." Tampa Boy Gets Award

When he arrived at Tampa International Airport, Bush conferred an award for volunteer service on 8-year-old Zach Bonner of Tampa, who has logged hundreds of hours collecting money and gifts for hurricane victims.

"I was very nervous," Zach said later, "but when he came over to me, I wasn't as nervous as before. I said, 'Hi,' and he said he was proud of me."

During the event for Bilirakis, his Democratic opponent, Phyllis Busansky, responded by offering free lunch at a Spanish restaurant in West Tampa for anyone whose homeowners insurance has gone up more than $1,000 a year.

"I think it's safe to say that Gus Bilirakis will not exactly be an agent for change in Congress," Busansky said in a statement, calling him a "rubber stamp" who has "embraced the failed leadership of Dick Cheney, Speaker [Dennis] Hastert, Newt Gingrich and now George W. Bush."

In his speeches, Bush hammered on two major points: telling voters that Republicans will lower taxes and Democrats will raise them and arguing that the war in Iraq is necessary to defend the nation against terrorism.

He said the United States is "a nation at war" and "Iraq is the central front in the war on terrorism."

Urging the Republicans to work for continued control of Congress, Bush said Democrats "will raise your taxes, and it will hurt our economy." Republicans, he said, have "cut the taxes on the small businesses and working people to make sure you had more money in your pocket."

He said the beneficiaries of the tax cuts were "the working people, the small-business owners, those who struggle to put food on the table for their families."

Democratic Rep. Charles Rangel of New York, whom Bush singled out for criticism in his Tampa speech, responded that the tax cuts have been "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

Reporter Roy Cummings contributed to this report, which includes information from The Associated Press.

President Pitches Crist To Party Faithful (MH)

By Mary Ellen Klas

The Miami Herald, September 22, 2006

ORLANDO - Bush pitches Crist to faithful

Conjuring up images of tax-obsessed Democrats and emphasizing the need to stay the course in America's "great ideological struggle" against terrorism, President Bush urged party faithful in Florida on Thursday to defeat Democrats in November and put Charlie Crist in the governor's office.

The president took his blue-state pitch to a Tampa fundraiser for congressional candidate Gus Bilirakis and later to a high-end fundraiser for Crist and the Republican Party of Florida in Orlando.

At Orlando's Ritz-Carlton, a throng of lobbyists, business leaders and community activists from around the state agreed to pay $25,000 apiece just to get in the door.

"This is an extraordinarily successful event, and I thank you," the president told the cheering crowd.

Party officials said they expected to raise $2 million toward their goal of collecting $30 million for Crist's election bid, although organizers boasted they might collect as much as $4 million.

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The event was co-sponsored by Orlando trial lawyer and Democrat John Morgan, whose firm employs Crist's running mate, state Rep. Jeff Kottkamp. Morgan, who endorsed Democrat Jim Smith in the primary, didn't attend the event but headed to Gainesville instead, where singer Tom Petty was performing at his alma mater, the University of Florida.

After recognizing Crist and urging the crowd to support U.S. Rep. Katherine Harris' run for the U.S. Senate, Bush unleashed a torrent of warnings about tax-loving Democrats and the failed policies he said they will attempt to pursue if they regain control of Congress.

TAX MESSAGE

"One of the issues that is important for our nation and our state is taxes. I think you're taxed too much. So does Charlie,'' the president said. ``I aim to make taxes a key issue across this country."

Bush said Crist would take the same approach.

"If you get him in office, he's going to cut your property taxes and you can take that to the bank," Bush said, referring to Crist's plan to double the homestead property tax exemption from $25,000 to $50,000.

The president's tax-cut theme was echoed in his remarks in Tampa, where he spoke to about 300 people at Raymond James Stadium and then stopped briefly to give a pep talk to Tampa Bay Buccaneers players as they worked out on the practice field.

In Orlando, the president warned the audience of Republican loyalists that Democrats 'may not tell you they're going to raise your taxes. They're just going to say they're just going to let the tax relief expire. That's like a boss who came in and said, `You know something, I'm going to let your last pay raise expire.' "

The tax-cut emphasis was at odds with what Florida voters have told pollsters this election season. Voters have said they are concerned about rising gas prices, the war in Iraq and the continued turmoil in the Middle East.

The crowds in both Tampa and Orlando didn't seem to care. People lined up for more than an hour to have their picture taken with Bush in Orlando "because people are proud to stand next to their president," said Carole Jean Jordan, chairwoman of the Republican Party of Florida.

Some of the party's top moneymen agreed. "People are wrong to criticize this president," said Zachariah Zachariah, a Fort Lauderdale cardiologist and leading fundraiser for the Republican Party. ``This president's approval ratings are climbing every day."

In an apparent gesture of acknowledgement of the president's critics, Gov. Jeb Bush defended his brother, saying the nation should ``be glad we have someone who's steadfast, who's resolute and who's bold and who will not be deterred by all of the critics and all of the pundits."

Gov. Bush introduced Crist as "a great attorney general" who will have the courage of his convictions and who will ``build on our platform of success."

Crist thanked the Bush family for its legacy and Gov. Bush for his service to the state, and noted that the president once gave him a nickname when he was running for state commissioner of education: Chalkboard Charlie.

The president responded that "Chalkboard Charlie" should be changed to ``Gov. Charlie."

HARRIS ATTENDS

In the audience was Harris, the U.S. Senate candidate whose campaign was derided by Republicans for months before she won the primary with half the vote in a four-way race.

The governor tried to recruit a replacement candidate, and the head of the state party refused to back Harris in the primary and said she couldn't defeat incumbent Democratic Sen. Bill Nelson.

After Harris won, Crist and other Republicans declined to invite her on a fly-around to a series of GOP unity rallies across the state.

Harris said Thursday that the Republican Party of Florida has warmed up to her candidacy "finally," adding: ``I'm really glad for that."

Harris, who has derided her fellow party members as being part of the "Republican elite," said she has received phone calls and offers of help from the party, the White House and other Republicans. "Of course, Sen. [Mel] Martinez has always been there," she said.

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Asked whether this would end her criticism of the "Republican elite,'' Harris said: ``I will never be one of the beltway boys."

Bush Leads New Offensive Featuring Economy And Linking Democrats To High Taxes (NYT)

By Jim Rutenberg

The New York Times, September 22, 2006

ORLANDO, Fla., Sept. 21 — President Bush began a blistering new political offensive on Thursday, asserting that if Democrats won control of Congress from Republicans it would mean higher taxes, less money in the pockets of working families and damage to the economy.

The speech by Mr. Bush here, in which he belittled Democrats as "the party of high taxes," signaled what Republicans described as a new phase of the White House's fall campaign, as Republicans begin to combine their emphasis on national security with a tough new emphasis on the issue that unites them more than any other, taxes.

Mr. Bush's offensive was backed up by a flood of television advertisements on behalf of Republican candidates.

"If they get control of the House of Representatives, they'll raise your taxes, it will hurt our economy, and that's why we're not going to let them get control of the House of Representatives," the president said at a fund-raising event at Raymond James Stadium in Tampa for Gus Bilirakis, a Republican state representative running for Congress.

"The Democrats have made their position clear," Mr. Bush said. "I want you to remember the last time they had control of the United States Congress back in 1993, they passed a massive tax increase."

Mr. Bush's words were echoed in advertisements that have been showing up on the airwaves, in mailings to voters' homes and in e-mail sent to their computers. This new offensive reflects what Republicans have said is the power they see in the tax issue, in motivating both Republican base voters — who have seemed particularly dispirited this year — and independents.

Republican officials said they had been scouring the voting records of Democrats running for re-election, in search of ways to press the issue.

"Sherrod Brown has voted for higher taxes over 35 times," an announcer says in a television advertisement shown this week in Ohio, attacking Mr. Brown, a Democratic member of Congress who is challenging Senator Mike DeWine. Mr. Brown's face is shown amid a grid of television screens displaying the word "tax" as the announcer lists various taxes Mr. Brown supported.

"Liberal Melissa Bean has not supported making the tax cuts permanent," says a mailing attacking Representative Melissa Bean, Democrat of Illinois, that was produced by the National Republican Congressional Committee. "Can you afford this tax increase?"

"Taxes have always been a good message in ads for us," said Carl Forti, a spokesman for the National Republican Congressional Committee. "We're on the air in 18 districts now, and 8 of them are on taxes."

Many Democrats are on record calling for some or all of Mr. Bush's tax cuts to be rolled back, especially those benefiting the wealthiest taxpayers.

But Democrats said that Republicans were distorting Democratic positions on taxes affecting the middle class and that by this point, Republican attacks on tax cuts had become so familiar to voters that they would not have much effect.

"Our candidates have all announced they're for middle-class tax proposals," said Representative Rahm Emanuel, Democrat of Illinois, who is leading the Democratic effort to take back the House.

Referring to Mr. Bush's comments, Mr. Emanuel said: "This is from a guy who ran up three trillion in debt and has submitted a deficit every year for the last five years. If I were him, I wouldn't be throwing stones in a glass house."

In Pennsylvania, Chris Carney, a Democratic challenger to Representative Don Sherwood, a Republican, is running an advertisement this week pushing back on Mr. Sherwood's criticism of him as supporting tax increases.

"The truth is I'm for middle-class tax cuts," Mr. Carney says in the advertisement. "Truth is, I'm for a new-baby tax credit. These attacks are another example of Sherwood bringing Washington politics back to Pennsylvania."

After a series of presidential addresses and events meant to put Democrats on the defensive about national security this month, the speeches here and in Tampa were the second phase of an election-year plan to stave off a Democratic takeover of Congress.

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Some of the pages of this White House script may seem familiar. The attack on taxes, for instance, was reminiscent of the way the White House tried to use the legislative record of Senator John Kerry in the 2004 presidential campaign, culling all possible votes to try to paint him as a serial tax raiser.

Mr. Bush on Thursday presented a new set of numbers, saying that 95 percent of House Democrats voted against his tax cuts in 2003 and that 92 percent voted against extending his tax cuts this year.

Democrats said they did not fear the new assault and welcomed a fight on economic issues.

Mr. Brown, in Ohio, responded to a Republican advertisement with his own attack posted on his Web site. He criticized Mr. DeWine as supporting "tax breaks for the rich."

In Florida, Bush Touts Tax Cuts (WP)

By Michael Abramowitz

The Washington Post, September 22, 2006

ORLANDO, Sept. 21 -- President Bush accused Democrats on Thursday of preparing to raise taxes should they take over the House, as he pivoted to a different election-year theme after several weeks of trying to draw sharp differences on fighting terrorism.

On a campaign swing through the vote-rich Interstate 4 corridor of Florida, Bush cited the tax increases approved in Congress when it was last controlled by Democrats in 1993, as well as the opposition of many House Democrats to key aspects of his tax-cutting agenda.

"If they get control of the House of Representatives, they'll raise your taxes," Bush told several hundred supporters at a fundraiser in Tampa. "It will hurt our economy, and that's why we're not going to let them get control."

Democrats scoffed at the president's assertion. "This president has added $2.7 trillion to the nation's debt, and every year he has been president, he has run a deficit," said Rep. Rahm Emanuel (Ill.), who is heading the Democratic campaign to regain the House.

The sharp exchange signaled the intensifying battle for control of Congress, where the Republicans face a strong Democratic challenge in both houses. It was the first time in two weeks that Bush has made public appearances on behalf of GOP candidates. Some polls have shown modest improvement in the president's anemic political standing since the fifth-anniversary commemorations of the Sept. 11 attacks.

White House aides said the president plans in the coming weeks to be heavily engaged in the midterm elections, with stops scheduled on behalf of endangered Sen. Mike DeWine and Rep. Deborah Pryce in Ohio, Senate hopeful Bob Corker in Tennessee, the Connecticut Republican Party, and the reelection bid of Alabama Gov. Bob Riley. Many of these events will be closed fundraisers, though one senior official said Bush is expected to participate in get-out-the-vote events in GOP strongholds such as southwest Missouri and eastern Iowa.

Several of Bush's recent political appearances have been focused on terrorism, with only a modest nod to the traditional GOP tax-cutting agenda. But Thursday, at separate appearances on behalf of GOP House candidate Gus Bilirakis and gubernatorial candidate Charlie Crist, Bush sought to draw a sharp difference between Democrats and Republicans on taxes. A homeowner revolt over taxes and insurance costs is roiling this critical battleground state, according to Florida political analysts.

The president zeroed in on comments this week by Rep. Charles B. Rangel (N.Y.), who would take over the tax-writing Ways and Means Committee if the Democrats win back the majority. Rangel told Bloomberg News that he "cannot think of one" of Bush's first-term tax cuts that merits renewal.

Bush told the crowd in Tampa, "That's one way of saying they're going to raise your taxes, because, you see, if you don't extend the tax cuts, your taxes go up."

The reference to Rangel -- though not by name -- came with ironic timing. It was the same day that the veteran congressman called a news conference in Washington to defend the president against the attacks this week by Venezuelan President Hugo Chavez at the United Nations and at a Harlem church. Those attacks, as well as jibes from the Iranian president, seem to have energized Bush's political base.

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Rangel told reporters: "I just want to make it abundantly clear to Hugo Chavez or any other president: Do not come to the United States and think because we have problems with our president that any foreigner can come to our country and not think that Americans do not feel offended when you offend our chief of state."

After the speech, Rangel said a top priority will be offering families relief from the alternative minimum tax. He also said he will review "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

Republicans said the president collected about $450,000 for Bilirakis, who is aspiring to the seat held by his father, Michael, for the past 12 terms in the Tampa area. The GOP nominee is favored, but Democrat Phyllis Busansky is waging an aggressive campaign. Bush also stopped by football practice to offer a pep talk for the Tampa Bay Buccaneers, who have started the season with two losses, before moving on to Orlando for a Crist fundraiser.

Crist, the Florida attorney general, is leading in the polls against the Democratic nominee, Rep. Jim Davis of Tampa, but the race is considered competitive. At the fundraiser, Bush was joined onstage by brother Jeb Bush, the Florida governor -- ineligible for reelection because of term limits. Conspicuously not on stage, but in the audience, was another GOP statewide candidate, Senate nominee Katherine Harris, who is struggling to unseat Sen. Bill Nelson. Bush urged the Orlando crowd to support her candidacy.

Political researcher Zachary A. Goldfarb in Washington contributed to this report.

Bush Flexes Campaign Muscles (AP)

By Jennifer Loven

AP, September 22, 2006

President Bush, politicking at full campaign speed, contended Thursday that a vote for Democrats this fall would be a vote to siphon money out of American families' budgets.

It was Bush the Politician, unleashed, seven weeks before the midterm congressional elections.

The president's campaigning to help his party win governorships and maintain control of Congress in the November voting has been kept largely under wraps of late. Most of his political appearances have been at closed fundraisers. That reflected his low approval ratings that have GOP candidates eager for Bush's ability to collect campaign cash but unwilling to be splashed across the local press at his side.

Not so on Thursday.

Racing through three venues in two Florida cities, Bush displayed his competitive streak and a love for engaging in political battle.

"I'm looking forward to reminding the American people there are significant differences in between what our party believes and what the other party believes. It's easy to tell us apart," the president said, pounding the lectern and shouting at sometimes earsplitting levels, at an open-to-the-press luncheon here that raised $450,000 for state Rep. Gus Bilirakis. He is trying to succeed his father in Congress in a safe Republican district. "And the first place you can start is looking at taxes," the president said.

Bush has repeatedly called for Congress to make permanent all the tax cuts passed at his urging earlier in his administration. GOP leaders have had little success doing so, focusing instead on extensions.

He criticized Democrats for passing what he called a "massive tax increase" in 1993 when their party last controlled the House. And he said that in the 13 years since, "they've worked hard to sustain their record as the party of high taxes," with overwhelming majorities of House Democrats voting against many of the Bush cuts.

And now, Bush said, the man poised to be chairman of the House tax-writing committee if Democrats control the chamber "can't think of one of our tax cuts that should be extended." Bush, who equates that opposition with an intention to raise taxes, was referring, though not by name, to Rep. Charles Rangel, D-N.Y.

"There should be no doubt in anybody's mind where they stand," the president said of Democrats. "If they get control of the House of Representatives, they'll raise your taxes."

Rangel said he would seek Republicans' cooperation, but he defended a review of "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

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Stacie Paxton, spokeswoman for the Democratic National Committee, said: "Under President Bush, the GOP has turned record surplus into record debt, Americans' wages are stagnant and families are taking on more and more debt just to keep up in the Republican economy. You can't trust Republicans to handle your money."

After speaking inside the Tampa Bay Buccaneers' football stadium, Bush went to the team's nearby practice field where he spent more than a half-hour, sleeves rolled up and laughing with excited players and officials. The president offered a pep talk to the team, off to a winless start this season. "I've been 0-2 before," he said to laughs. "The beginning of the season is not the end of the season."

Bush wrapped his Florida tour at an Orlando reception that scooped up $2 million for GOP gubernatorial candidate Charlie Crist, Florida's attorney general, and the state Republican Party. He hadn't lost any of his enthusiasm in the four hours since the first fundraiser, and he sounded the same themes.

"We got a record of cutting taxes, and they got a record of opposing tax cuts — it's night and day," the president said.

Democrats, whom political observers give a chance of gaining a majority in the House and, less likely, the Senate, have sought to make the elections a referendum on the unpopular war in Iraq.

The president, meanwhile, has tried to shift attention to the economy, as well as to the broader war against al-Qaida terrorists and their allies. He continued that push Thursday.

"I need members of Congress who understand that you can't negotiate with these folks, you can't hope that they change their mind, that the best way to protect the American people is to defeat them overseas so we do not have to face them here at home," he said.

GOP Rep. Katherine Harris, who won the Republican nomination in this state's Senate race despite party objections to her candidacy from the White House on down, attended both fundraisers.

But Bush's help for her long-shot race to unseat Democratic Sen. Bill Nelson was limited to briefly noting her presence in Tampa, and urging support for her in Orlando. "I, too, encourage you to vote for Katherine Harris for the United States Senate. Welcome, Katherine," he said before quickly moving on.

Bush Campaigns On Tax Cuts (LAT)

By James Gerstenzang

The Los Angeles Times, September 22, 2006

ORLANDO, Fla. — Opening a new phase in his campaigning for the midterm elections, President Bush delivered a tough attack Thursday on the Democratic Party's policy on taxes.

Bush, speaking at two political fundraisers in Florida, sought to distinguish Republicans from Democrats on a core issue that advisors believe will motivate GOP voters.

"There's a fundamental difference in this campaign and campaigns all across the country about who best to spend your money. We believe that the best people to spend your money is you," the president said at an appearance in Tampa, citing tax cuts passed by the Republican-led Congress since 2001.

Democrats responded by criticizing Bush for adding to the national debt.

"The deficit the president has run up has essentially put a $28,000 tax on every newborn, and that's not to mention the $1 billion a week we're spending in Iraq," said Rep. Rahm Emanuel of Illinois, who leads the Democratic effort to win more House seats.

Bush spoke in Tampa at a fundraiser for Gus Bilirakis, a Republican, who is seeking the seat his father, Michael Bilirakis, has held in the House. "There's nothing wrong with a son following in his father's footsteps," said Bush, the son of a president.

The reception at a concourse of Raymond James Stadium raised $450,000.

Bush spoke later in the day in Orlando, at a fundraiser for Charlie Crist, the state attorney general who is the Republican nominee for governor.

The president's focus on taxes marked a change from his efforts over the last three weeks to highlight his administration's anti-terrorism policies.

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Challenging the Democrats' record on taxes, Bush said in Tampa: "When we first cut taxes back in 2001 to get this economy going, when we cut taxes to recover from a recession, when we cut taxes to make sure we recovered from a corporate scandal, almost 85% of the House Democrats voted against it."

He said that 95% of House Democrats had voted against a 2003 tax cut proposal. "I think you're beginning to get a drift of their philosophy about your money," he said.

Emanuel, the Democratic congressman, said in a written response: "For a guy who added $3 trillion to the nation's debt and has run a deficit five out of the last five years, George Bush should not throw such sharp stones while living in such a glass house."

The president also warned of the dangers of terrorism.

Defending his decision to launch the war against Iraq, he said: "Getting rid of Saddam Hussein was the right thing to do…. The world is more peaceful because of it."

Bush finessed a potentially difficult political moment, acknowledging the presence of the party's Senate candidate, Rep. Katherine Harris (R-Fla.), who as Florida's secretary of state was at the center of the disputed recount in the 2000 presidential election.

Republican Party leaders had tagged Harris as a likely loser and discouraged her candidacy, but she won the party's nomination nonetheless. Bush made passing references to Harris in Tampa and again in Orlando.

"I'm proud to be here with Congresswoman Katherine Harris, running for the United States Senate," he said in Tampa when he recognized the various political figures in the audience.

Democratic Win Means More Taxes, Bush Warns (WT)

By Stephen Dinan

The Washington Times, September 22, 2006

TAMPA, Fla. -- President Bush yesterday charged that if Democrats gain control of the House in the November elections, they will try to force tax increases on Americans.

Pivoting from his recent series of speeches on the war on terrorism, which have boosted poll numbers for him and Republicans overall, Mr. Bush turned to the economy, the other issue that he thinks his party has a strong record on which to run.

"There should be no doubt in anybody's mind where we stand on cutting taxes. And the Democrats in Washington have got a record of their own, and there should be no doubt in anybody's mind where they stand," the president told 400 Republicans at campaign fundraiser here.

He came armed with a series of statistics about Democrats' records, which he said voters should remember when they head to the polls: 85 percent of House Democrats voted against his 2001 tax cut package, 95 percent voted against his 2003 tax cut package and 92 percent voted against this year's bill to extend some of those cuts.

"I think you're beginning to get a drift of their philosophy about your money," Mr. Bush said.

House Minority Leader Nancy Pelosi, California Democrat, said she welcomed turning this election into a referendum on the economy.

"Real incomes for middle-class families have declined since the president took office," she said, pointing to increased health insurance, energy and college tuition costs.

And Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee, said that given that the national debt has grown so quickly under Mr. Bush, he shouldn't "throw such sharp stones while living in such a glass house."

Mr. Bush, though, said Democrats have even threatened to raise taxes.

He pointed to comments by Rep. Charles B. Rangel of New York, who would become chairman of the Ways and Means Committee if Democrats won control of Congress. Mr. Rangel has said he doesn't see any Bush tax cuts worth extending.

"That's one way of saying they're going to raise your taxes because, you see, if you don't extend the tax cuts, your taxes go up," Mr. Bush said.

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The president has dominated press coverage in the past few weeks with his push on terrorism, and his tax message yesterday was overshadowed by the deal his administration reached with key senators to approve a CIA interrogation program.

The talk on terrorism has been good for him.

A Los Angeles Times-Bloomberg poll released yesterday found Mr. Bush with a 44 percent approval rating. That is Mr. Bush's highest rating since January.

The number matches the 44 percent approval rating that the Gallup-USA Today poll showed earlier this week.

Still, a CBS-New York Times poll released this week found that Mr. Bush "had not improved his own or his party's standing" with his series of speeches, according to yesterday's Times.

That poll put Mr. Bush's job approval rating at 37 percent, unchanged from an August poll, as was the number -- 54 percent -- who approve of the way he is handling the war on terrorism.

Bush: Best Way To Protect Nation Is To `stay On The Offense' (MERCN)

By William E. Gibson

The San Jose Mercury News, September 22, 2006

WASHINGTON - Hoping to regain his political stature, President Bush has hit the campaign trail to sound warnings about terrorism while boosting Republican candidates in this year's elections.

Returning to Florida, the state that secured his election in 2000, Bush on Thursday helped Republicans raise money in Tampa and Orlando while asserting that defending America means fighting in Iraq.

"The best way to protect the United States is to stay on the offense and bring the enemy to justice before they come here and hurt us in America," Bush told a supportive crowd in Tampa.

In political terms, Bush and fellow Republicans are playing the security card, the one that sent the president's public-approval ratings to a record high in 2001 and helped the party consolidate control of the White House and Congress in the next two elections.

The president's campaign offensive has boosted his approval ratings by a few percentage points in national polls while prompting Democrats and other critics to accuse him of playing politics with terror.

Voters in Florida and elsewhere are divided over Bush's effectiveness, depending on whether they believe the war in Iraq has made America more secure or more vulnerable. What was once Bush's strength has become another partisan quarrel.

In this conflicted environment, one big question is whether Republicans once again can ride the terror issue to victory. At stake is majority control of Congress.

"If Bush has not fanned the fires of fear, he has stood by and warmed himself near them," said Robert Watson, associate professor of political science at Florida Atlantic University. "Every speech, every warning, all the color-code alerts - he reminds people at every turn about the dangers of terrorism.

"Why? Because it's such a close race. Neither party has much to stand on, and what else does the president have to talk about? Not the price of gasoline, not the price of health care."

In his Tampa speech on Thursday, Bush touted his low-tax policies and said he had fulfilled his promise to Florida to set "reasonable limits" on offshore oil drilling. But the focus of this and nearly every recent Bush speech was terror and Iraq.

"Iraq is the central front of this war on terror," he said.

"Saddam Hussein was a threat. And don't let people rewrite the history of the way the world was. He was a state sponsor of terror. He paid families of suiciders. (sic) He attacked his neighbors. He used weapons of mass destruction."

The issue has spilled into congressional campaigns in South Florida and other communities, where unease over Iraq has sapped much of the president's popularity.

Democrats argue that Bush's policies and the war in Iraq have become a recruiting tool for terrorists and have left Americans less secure. Their campaign strategy is to depict Republican candidates, such as Rep. Clay Shaw of Fort Lauderdale, as part of a "rubber-stamp" Congress.

"Clay Shaw is not providing any kind of oversight of what is going on in Iraq," said state Sen. Ron Klein of Boca Raton, Shaw's Democratic opponent. "He's not asking the tough questions."

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Shaw contends that "most people want to stay the course" and accuses Klein of not presenting an alternative plan.

"This (Iraq war) has taken away some of the energy the president once had," Shaw conceded. "The American people do not want to support a prolonged war. We want to get in and get out and come home. Sadly we just can't do that, and we're stuck."

After taking office in the disputed 2000 election, Bush's approval ratings in The Gallup Poll had drifted down to 51 percent in September 2001. Then came the terrorist attacks and a dramatic rallying effect, which boosted Bush's approval rating to 90 percent.

It has ratcheted down ever since, reaching a low of 31 percent in The Gallup Poll in May before bouncing up to 44 percent in the most recent poll. Along the way, it was briefly buoyed by the invasion of Iraq and by terrorist incidents and red alerts. The climate of fear became a political windfall for Republicans, the party often associated with defense and security issues.

"If fear gets intensified, that pulls people toward the president," said Steven Kull, a pollster and director of the Program on International Policy Attitudes at the University of Maryland. "It makes people feel under siege. They hunker down and draw closer to the president and are less apt to criticize. But you can't keep doing that day after day."

Democrats are counting on the public separating Iraq from the larger war on terror while focusing again on domestic issues, such as health care and energy.

"They (Republicans) are going to keep this balloon floating as close as they can to November. The president is going to spend a lot of federal jet fuel flying all over the country talking about how he has protected America," said Rep. Kendrick Meek, D-Fla. "Obviously in Florida, because of Jeb Bush, he's had the bullet-proof vest on as it relates to his approval numbers.

"But there will come to a point when folks say this cycle is done, let's talk about some of these other issues that are facing Americans. People are going to say there should be a body, a chamber, that is going to bring balance to what this administration has been doing."

8 Year Old Meets President, Invites Him To Party For Hurricane Victims (BRAH)

By Melanie Marquez

The Bradenton Herald, September 22, 2006

TAMPA - A Valrico 8 year old shook hands with the president today, received a citizenship award and then invited him to a party for young victims of a hurricane.

Zach Bonner told The Herald on the tarmac at Tampa International Airport that President Bush politely declined to attend the Christmas party for Katrina victims in Louisiana in December, but said he would "send something."

For his meeting with the commander and chief, Bonner wore a dark blue blazer and a red tie that matched the president's.

Bonner was accompanied in his brief meeting with Bush by his mother, Laurie Bonner, and his brother, Matt Chesney, 17. Mom and brother stood off to the side as the president shook Zach Bonner's hand and presented him with the President's Volunteer Service Award.

Zach Bonner worked and organized relief efforts for the victims of hurricanes Charley in Florida and Katrina in Louisiana and Mississippi.

Just minutes after Air Force One touched down at TIA at 12:15 p.m. and taxied to an area near Raytheon Aircraft Services, the president descended stairs and met with the family. Media members about 45 yards away watched but could not hear what was said at the brief ceremony.

Afterward, Zach Bonner spoke to The Herald.

He said he was honored, and that he presented the president with a photograph of National Parks badges collected around the country as he has traveled to drum up support for the children affected by hurricanes in 2004 and 2005.

It was a beautiful day for the outdoor ceremony. Bush appeared energetic during his first visit to Florida since the primary elections.

After the ceremony, he entered a car as part of a motorcade. The reason for the trip was to appear at a fundraiser for State Rep. Gus Bilirakis, who is running congress.

Bush was to fly out of TIA in the early afternoon.

Valrico Boy Gets Presidential Award (SPT)

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By Letitia Stein

St. Petersburg Times, September 22, 2006

TAMPA — At 8 years old, Zach Bonner met his second U.S. president on Thursday. Although partisan types may take exception, he found both George W. Bush and Bill Clinton equally charming.

"They were both really, really nice," Bonner said. "I was really excited about both of them."

Arriving in Tampa for a fundraiser, Bush met the Valrico boy outside Air Force One.

Bonner, who had been practicing his handshake, felt nervous as the commander-in-chief walked over.

"It went so fast," he recalled. "He said congratulations, and he was proud of me."

If it weren't coming from a president, "proud" could sound like an understatement for Zach's accomplishments.

Two years ago, he heard that the victims of Hurricane Charley needed water. Zach asked his mother if he could give some. Then his neighbors. Twenty-seven pickup truckloads later, he was still helping others.

Today, Zach has his own nonprofit, the Little Red Wagon Foundation Inc., complete with a Web site at www.littleredwagonfoundation.com.

"I wanted to help other kids," he said. "Some of the organizations I wanted to help, I had to have 501(c)3. And so I started my own organization."

In his brief visit, Bush awarded Zach a lapel pin inscribed with "Presidential Call to Service Award."

As far as meeting presidents go, Zach confessed that 43 may have one-upped 42.

"It probably meant a little bit more to me from President Bush because, I mean, he's still in office," said Zach, who met Clinton after his presidency.

Welcome To My Site! (LRWF)

Little Red Wagon Foundation, September 22, 2006

My name is Zach and I am the founder of the Little Red Wagon Foundation Inc. I created a non profit so I could help kids in distressed situations. My plan is to help as many kids as I can, have fun and keep it simple. I hope you like my site and find it to be useful and informative. If you have any questions about what I am doing or how you can help, email me. Don't be shy, leave me a comment, let me know you were here. If you would like to recieve updates on what I am doing please click join this site listed above! Then I can keep you upddate on my projects and the auction! THANKS FOR STOPPING BY!!!

This is a picture of President Bush and me. He was very nice and it was an honor to meet him. He gave me the President's service award and we talked about the JR Ranger program.

AUCTION HAS BEGUN. DIFFERENT ITEMS WILL BEGIN THROUGH OUT THE EVENING.

Clicking the link above will give you the opportunity to help us. Every time you do an internet search using Good Search the Little Red Wagon will recieve a small amount of money. It is run my Yahoo so you know it can be trusted.

President Visits Bucs, Throws With QB (FWNS)

By Fred Goodall

The Fort Wayne News-Sentinel, September 22, 2006

TAMPA, Fla. - It seems like everyone has some advice these days for the winless Tampa Bay Buccaneers and struggling quarterback Chris Simms.

Even President Bush tossed the football with the former University of Texas quarterback Thursday, and offered some advice.

"Never give up," Bush said Thursday when asked what he told the Bucs during a half-hour visit to the team's training facility near Raymond James Stadium, where the president delivered a fundraising speech to about 400 people in a VIP club area.

Coach Jon Gruden wouldn't disclose what additional wisdom the president might have imparted to Simms.

"It's great, though, to get some advice from the president of the United States. It's a little different when the coach is telling you to do this or do that. You have the president come and give you some advice, that's something you gotta listen to," Gruden said.

"Hopefully it works. If it doesn't work out this week, he can call the president to see what happened."

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Bush accepted an invitation to stop by practice and was greeted on the field by Simms and teammates Derrick Brooks, Ronde Barber and Mike Alstott and Ryan Nece, as well as an appreciative Gruden.

"The president has a lot to do. For him to show up here with the SWAT team on the roof and the Secret Service guys, that's awesome," Gruden said.

The Bucs (0-2) are preparing for Sunday's game against Carolina, another winless team. Simms has been the target of criticism following subpar performances the first two weeks of the season.

Bush addressed the entire squad, coaching staff and other team officials and personnel in the middle of the field. The president mingled with players, coaches and officials, posing for pictures and signing autographs before playing catch with Simms, son of New York Giants Super Bowl-winning quarterback Phil Simms.

'Republicans Will Make History' (WSJ)

By Ken Mehlman

The Wall Street Journal, September 22, 2006

Last month's narrowly averted plot to blow up airliners bound for the U.S. from Great Britain is a stark reminder that we are engaged in an extraordinary and dangerous global war. In 46 days, the American people will make an important decision about how we prosecute that war: Do we stay on the offense and use every tool available to defeat the enemy, or do we elect leaders who would weaken America and surrender key tools we need to defeat the global jihad?

This war began long before September 11, 2001. For a generation, the terrorists have attacked free nations, from the 1972 Olympic Games in Munich to the 444 days that American hostages were held in Iran; from the 1983 Beirut attacks to the bombings of the World Trade Center in 1993, Riyadh in 1995 and Khobar Towers in 1996; from the embassy attacks in 1998 to bombing of the USS Cole in 2000. Too often, free nations responded weakly, or not at all, so the enemy grew emboldened. The result was 9/11.

Now we understand that we face a radical global movement of Islamic fascists, held together by a totalitarian ideology as deadly as the ones we faced in World War II or the Cold War. This movement ebbs and flows. Its adherents meet in cyberspace instead of buildings. They gather on blogs instead of barracks. A terrorist in Syria can recruit allies in the heart of Europe and a cell leader in Asia can activate an attack in the U.S., all without leaving their homes. That makes this enemy difficult to defeat. They constantly adapt -- so we must as well.

That is why the choice we face on Nov. 7 is so critical. Democratic leaders are saying Iraq is a diversion from the war on terror, that we should be more focused on defending the homeland. But again and again, the Democrats have proposed weakening our defenses.

We learned on 9/11 the need for coordination between federal, state and local governments; yet the majority of congressional Democrats voted against re-authorization of the Patriot Act. The foiled airplane plot re-emphasized the importance of following an enemy whose command and control is often obscure; yet Democrats opposed the NSA surveillance program and praised an activist judge's attempt to shut it down.

We need to aggressively and effectively interrogate captured terrorists in order to stop their plans before they come to fruition; yet Democrats want to handcuff those efforts. Terrorists cannot build IEDs or buy weapons without funding, but when the New York Times disclosed a secret program that was tracking their financing, more than 85% of House Democrats voted against a resolution supporting the program and condemning its media disclosure. We need to stop rogue regimes like Iran from acquiring nuclear weapons; yet Democrats want to take any use of force off the table.

Even more dangerous is that Democrats truly seem to believe that Iraq is completely separate from the greater war on terror. Al Qaeda's leaders are not confused about the importance of Iraq to their goal of global jihad. Osama bin Laden's No. 2, Ayman al-Zawahiri, has said his plan is to use Iraq as a base to launch further attacks, with the goal of creating a new caliphate in the Middle East. He wants to turn Iraq into another Taliban-era Afghanistan, except one strategically located between Syria and Iran, and sitting on one of the world's largest supplies of oil. Osama bin Laden himself said that the American withdrawal from Somalia emboldened his movement before 9/11. Imagine the victory celebrations among the terrorists if we were to retreat from

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Iraq. Yet this is exactly what Howard Dean and a majority of Democrats would have us do. In 46 days, we must ask ourselves, would surrendering Iraq to the enemy make us safer -- or less safe?

Here at home, we are also working to reform government. We live in a global economy, one in which it is just as easy to create jobs in India as it is in Indiana. Republicans understand this, which is why we are committed to lower taxes, less regulation and fewer lawsuits. Republicans have cut taxes every year since George W. Bush was elected president. We have streamlined regulations, reformed bankruptcy laws, offered choice to Medicare recipients, and limited class-action lawsuits. The Democrats opposed every single one of those reforms -- and they are pledging to stand in our way as we move forward.

Republicans want to eliminate the death tax once and for all. Democrats want to bring it back. Republicans want to explore new sources of energy to bring gas and heating prices down. Democrats want to block domestic exploration. Republicans want small businesses to be able to band together to provide health care to their employees at a reasonable price. Democrats don't believe entrepreneurs should have that freedom. Republicans want all parents to have the choice of where they send their kids to school. Democrats would limit that choice to the rich and powerful. The list goes on and on.

It would be foolish not to acknowledge the challenges Republicans face this election cycle. We are up against history. It has been close to a century since Republicans have held the White House and the House of Representatives for eight straight years. Winning four elections in a row doesn't happen that often.

Each election is unique, and the issues and candidates in the governor's race in Michigan are different from congressional races in California or the Senate contest in Tennessee. But there can be no doubt about the national and international import of the choice we all face as Americans. We face war and a changing global economy, and Republicans have very different strategies for victory than the Democrats. I believe the American people understand the choice of 2006, which is why I am confident that in 46 days Republicans will make history and maintain our majorities in Congress.

Mr. Mehlman is chairman of the Republican National Committee.

'Democrats Offer A New Direction' (WSJ)

By Howard Dean

The Wall Street Journal, September 22, 2006

We need a Democratic Congress to fight the war on terror -- and to end the war on America's families. Republican policies of the last five years have damaged our economy and failed Americans. Democrats believe strengthening the middle class is essential for a thriving economy that rewards work, provides economic opportunity to all and makes it easier for parents to devote time to their families. An economy that favors the top 1% at the expense of everyone else might be good for President Bush's politics, but a shrinking middle class is bad for capitalism, democracy and America. We need a new direction.

The Republican record on managing the federal budget is dismal. Republicans have turned surplus into debt, hope into lost opportunity; they have become the party of borrow-and-spend. The Joint Committee on Taxation estimates that the total cost this year of the president's tax cuts is $258 billion. This means that even with spending for wars in Iraq and Afghanistan and the response to Hurricane Katrina, the federal budget would essentially be in balance if the tax cuts had not been enacted, or if they had been offset as required under the pay-as-you-go rules that Republicans allowed to expire. These economic policies amount to a war on American families:

• Under Mr. Bush and the Republican Congress, incomes today are $1,000 less for the typical household than during Bill Clinton's final year in office; incomes for the typical working-age household have declined every year since the president took office. Black and Hispanic households have fared worse over the same period: Black household income has fallen every year, after rising every year (except for a one-year $60 dip) under Mr. Clinton. Incomes for Hispanic households are down $1,000, after rising more than $7,000 under Mr. Clinton.

• Incomes have fallen because wages -- which provide 75% of income for typical families -- are stagnant for most workers. Under Mr. Bush, wages for college-educated workers increased only 1.3% between 2000 and 2005, as compared to 11.3% during Mr. Clinton's last five years. For the nation's lowest-paid workers, the situation is even worse, as the minimum wage is worth less now than at any time in at least 50 years.

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• Health and retirement coverage have declined for most workers and their families, and workers' costs have increased. The share of Americans with job-based health coverage fell over the last five years from 62.6% in 2000 to only 59.5% in 2005, virtually erasing gains in such coverage under Mr. Clinton, when coverage rose from 57.1% in 1993 to 63.6 % in 2000. Workers are also paying more for their coverage. Between 2001 and 2005, the amount workers paid for family premiums grew more than 50%. These factors have fueled increases in the number of uninsured every year under Mr. Bush, to almost 47 million last year -- roughly one in six Americans.

• Retirement coverage has also declined. Only 19% of workers have guaranteed pensions today, compared with 39% in 1980. And under Mr. Bush, retirement coverage, including both guaranteed pensions and 401(k)s, fell almost three percentage points, to just less than 46% in 2004.

• Americans are taking on more debt just to keep up in the Republican economy. Last year, household debt was a record 132% of disposable income. Not surprisingly, home mortgage foreclosures are also up; in March of this year, the foreclosure rate was 63% higher than last year.

• While wages and incomes have slowed, health costs increased, debt increased and retirement coverage declined, the cost of sending kids to college has exploded. Between 1995 and '96 and 2005 and '06, the average costs for a four-year private college rose 32% and for a four-year public college, 42%.

• These dwindling economic fortunes have resulted partly from a decline in unionization, which has been exacerbated by the all-out assault of the Bush Republicans on workers' rights to organize and bargain. From stripping away union protections for whole classes of workers to intervening in labor-management disputes in various industries, Mr. Bush, backed by a Republican Congress, has done more to undermine workers' rights than any president in more than 70 years.

These bleak statistics explain why the overwhelming majority of Americans know our country is moving in the wrong direction -- despite the economic cheerleading of the Republicans. Americans know who has benefited in this economy -- and, for most, it isn't them.

The president's failures in Iraq are also hurting our economy, our country and our ability to fight the war on terror. We are spending $8 billion a month in Iraq -- that's $267 million a day. Consider that for what we spend in three weeks in Iraq, we could make needed improvements to secure our public transportation system; for what we spend in five days we could double the COPS program, and put more police on the streets to keep our neighborhoods safe, or we could put radiation detectors at all our ports.

Democrats offer America a new direction in fiscal policy, for the middle class, and in the war in Iraq. We believe that America should work for everyone:

We will restore honesty in government, starting with the pay-as-you-go discipline in Congress that served Mr. Clinton so well. Balancing the Federal budget will be a high priority with concurrent limitation of spending. We will ease the burdens on middle class Americans and reverse Republican cuts in college tuition aid and health care. We will ensure that a retirement with dignity is the right and expectation of every single American, including pension reform, and preventing the privatization of social security.

We will dramatically expand support of energy independence in order to generate large numbers of new American jobs and reduce our dependence on foreign oil. We will have a jobs agenda that includes good jobs that stay in America, a higher minimum wage and trade policies that benefit the global labor force, not just multinational corporations.

We will have a defense policy that is tough and smart, starting with phased redeployment of our troops in Iraq, and shore up our efforts to attack al Qaeda and fight the war on terror. We also will close the gaps in our security here at home by implementing the 9/11 Commission recommendations.

We are ready to lead with a thoughtful, fiscally responsible long-term vision. We will reach out to all Americans who value hope over fear and begin moving the country forward again.

Mr. Dean is chairman of the Democratic National Committee.

Good News For Republicans? (WP)

By E. J. Dionne Jr.

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The Washington Post, September 22, 2006

In Minnesota, Amy Klobuchar looks into the camera and declares: "These days, no matter how hard you work, the price of gas, college and health care is getting out of reach."

The answer, says the Democratic candidate for the U.S. Senate, is to "bring a dose of Minnesota fairness to Washington."

In Ohio, Democrat Sherrod Brown, who is campaigning against Republican Sen. Mike DeWine, says his state's residents "work hard, they love their country, they play by the rules." But their jobs in "cars, steel and appliances" are being pushed overseas by unfair trade agreements.

The maneuvering this month for November's midterm elections is primarily about shaping the priorities that voters will carry with them to their polling places. Behind the speeches and the ads is a subtle war for position, an effort to prepare the ground for the campaign's final weeks.

The obvious battle is over whether voters on Nov. 7 will be thinking more about the violence in Iraq, which pushes them the Democrats' way, or about the broader war on terrorism.

In this skirmish, Republicans can chalk up modest but real gains. The Pew Research Center found that the proportion of voters who listed terrorism as the most important problem facing the country increased from 5 percent in May to 15 percent this month. Significantly, the share of independents who listed terrorism as the key issue rose from 5 percent to 13 percent.

The proportion of all voters listing Iraq as the most important problem went up, too, from 18 percent to 26 percent. Much of the increase was among Democrats -- 36 percent of them said Iraq was the central question. But among independents, there was virtually no change in the importance of Iraq, and the findings were similar for self-described moderates. The relative balance between terrorism and Iraq among less partisan and ideological voters has shifted in the Republicans' direction.

But the question that has received far less attention in Washington is the one joined by Klobuchar and Brown: How will voters see the economy?

Through July and August, Republicans were reeling from voter anger over what GOP pollster David Winston calls "the cost-of-living issue" dramatized every day at the pump. He uses "cost of living" instead of "inflation" because, while the formal inflation rate is relatively low, the costs important to families -- gas, health care and college tuition, as Klobuchar's ad suggests, plus housing -- have been rising.

"Over the summer, we would talk about good economic numbers -- and then people would go to the gas station," Winston says. Now falling gas prices reinforce the Republican message about economic improvement.

The GOP is still in trouble on the economy. The New York Times-CBS News poll published yesterday found that 36 percent of respondents thought the economy was getting worse, compared with 17 percent who saw it getting better.

But this is actually good news for Republicans, considering that in July the same poll found that only 12 percent saw the economy improving while 47 percent saw it declining. And in the Pew survey, the share of voters listing gas prices and the constellation of issues around energy as the country's most important problem fell from 14 percent in May to 7 percent this month.

Are these improvements in the political terrain for Republicans the beginning of a long-term shift, or are they primarily a coming home of Republican-leaning voters who were eventually going to get back to their party anyway?

Republican strategists such as Winston are simply relieved that after a very bad summer, there is at least some movement the GOP's way. Democrats concede Bush's gains in his own party but note that even after the president's recent political push on terrorism, independents are still inclined toward the Democrats. In the race for Congress, the Times-CBS poll gave Democrats a 15-point advantage, while a Los Angeles Times-Bloomberg survey, also published yesterday, put them ahead by 10. A margin of that sort at this point usually signals victory for the party running ahead.

The decisive question is whether Democrats can seize the initiative back from Bush in early October, after the Republican Congress returns home. Democrats plan to marry the themes of national and economic security -- think of their economic platform as a dose of Klobuchar and a dash of Brown -- and hope that splits among Republicans on torture, which were resolved only yesterday, will dampen GOP gains from the resurgence of the terrorism issue.

The paradox is that the survival chances of a Republican Party led by a former oilman from Texas will depend in large part on whether gas prices keep falling.

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Americans Upbeat About Economic Forecast (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, September 22, 2006

Americans have become more optimistic about the economy and they are giving President Bush some of the credit, a new Times/Bloomberg poll shows.

Republicans running for election next month could benefit from the development, as voters say the economy will influence their choices in November more than any other national issue, including the war in Iraq and terrorism.

Consumer confidence fell this summer as gas prices peaked and the housing market weakened, particularly in California. Those polled in July were almost evenly split on the state of the economy, with 49% saying the economy was doing badly.

Now, the optimists outnumber the pessimists in the poll by 10 percentage points, with 54% saying the economy is doing well.

"There's a lot of conflicting indicators but things seem to be cruising along pretty steadily," said respondent David Busch, 38, a sales executive in Redmond, Wash., who describes himself as an independent voter. "We've seen a lot of alarmist talk about housing bubbles bursting, gas prices that are going to derail the economy that haven't materialized."

Seven weeks before the midterm elections, the economy remains voters' primary focus. Among registered voters, 32% listed the economy and jobs as the most important election issue, followed by the war in Iraq (21%), immigration (17%) and healthcare (10%).

Those polled cited a variety of reasons for feeling better about the economy, including unemployment at a low 4.7% nationally, lower gas prices this month and an interest rate freeze by the Federal Reserve.

That could be good news for Republican candidates, as the GOP is the party in power in Washington and may be able to take some credit for the economy.

When the economy is rocky, voters traditionally punish the party in power, said Bruce Oppenheimer, a political science professor at Vanderbilt University. But when the economy is doing well, their reactions are more difficult to predict, he added.

"This year it's a little more complex to figure because it's clear that the objective measures of how the economy is doing are not striking everybody equally," Oppenheimer said.

For instance, pay is rising for some college-educated professionals, but most workers face wage stagnation, he said. While falling gas prices could boost Republican candidates, he said, "The question is will it be too little too late?"

The Times/Bloomberg poll interviewed 1,517 adults, including 1,347 registered voters, nationwide between Saturday and Tuesday under the supervision of Times Poll Director Susan Pinkus. The survey's margin of sampling error is plus or minus three percentage points.

Although the survey shows more than half of registered voters still disapprove of the way Bush is handling the economy, the ranks of those who approve are increasing. Among registered voters polled, 43% said they approve of the president's handling of the economy, up from 38% in July and a January low of 37%.

"Everything seems to be going all right. I don't hear a lot of people complaining that much about the economy. The Feds have kept the interest rates down, so that will probably help," said Chester "Chet" Kusmitch, 69, a retired union carpenter in Crystal Falls, Mich.

Kusmitch said the president is doing a good job handling the economy. "You can't blame everything on the president for crying out loud. A lot of things effect the economy."

Charles Gunnells, 54, a disabled diesel mechanic and registered Republican in Salyersville, Ky., said he has his doubts about the economy, but believes the president is doing "about as good a job as anybody else could be doing."

Gunnells said his opinion of the president improved in recent weeks as he watched prices at the gas pump drop. "I feel a lot better about it when I see the prices go down," Gunnells said.

Many of those polled agree with him — 26% said high oil prices are the greatest threat to the economy today, far ahead of other factors such as foreign competition (18%) and terrorism (16%).

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The average price of gas rose to $3.08 in August before dropping to $2.54 this week, according to the Department of Energy. The dip in oil and gas prices is increasing most Americans' confidence in the economy, said Chuck Williams, dean of the business school at the University of the Pacific in Stockton.

"People see the economy in terms of their daily expenses — what is it going to cost to pick up their child from day care, what does it cost to buy lunch, what does it cost to fill the tank of their car. And if someone's driving an SUV and it's 100 bucks every time you fill up, that gets your attention," Williams said. "If the price is down by 50 cents a gallon, you notice it."

He said consumers' optimism is tempered by uncertainty about fuel prices as winter approaches and by a weakening housing market on both coasts. Homes are lingering on the market in Phoenix, Philadelphia and Washington D.C., and fewer new homes are being built. Last month, new home starts were down nearly 20% since last year, 6% since July, according to a Commerce Department report Tuesday.

In the latest poll, 53% of respondents expect home prices to remain unchanged six months from now and 19% expect prices to drop. Both numbers are up four percentage points since July. A quarter of those earning $60,000 to $100,000 worry that their home will lose value during the next six months, the poll showed.

"Six or twelve months ago, pretty much everybody thought housing prices were going to go up," said Stuart Hoffman, chief economist at PNC Financial Services Group in Pittsburgh. "Clearly, people have changed their expectations. A little bit of reality has set in."

Donna Bushby, 41, a part-time office worker, said she's getting nervous about the cost of heating her home this winter in the Chicago suburb of Elmwood Park. She and her husband, a truck driver for United Parcel Service, also worry about the value of their home. Six houses on their street are not selling and one has been on the market for a year and a half.

The couple earn enough to cover expenses for a family of five but not to save, Bushby said, and consider home equity as savings. "So if you think of your house going down, that's like your nest egg going down."

Many Americans appear to be stretching to make ends meet around the house. More than half of those polled, 53%, said they have trouble keeping up with rising costs, including 30% of those earning more than $100,000.

"People's paychecks are not going up as much as the prices around us," said Bushby, who is nonetheless optimistic. "Hopefully, it's temporary."

Geoffrey Gray Sr., 56, is a registered Republican but believes the president has mismanaged the economy and worries about the future. Although Gray's house in Reading, Pa. is paid for and the local market isn't likely to collapse, he worries about poor families and "the shrinking middle class."

"People are living paycheck to paycheck," he said.

Many of those polled, especially working-class Americans, are postponing major purchases such as cars, vacations and large appliances, unsure about their finances. Of those polled, 64% said now is not a good time to make major purchases — including 81% of those earning less than $40,000, 66% of those earning $40,000 to $60,000.

"If I do make a big purchase," said Bushby, "it may be a hybrid car."

Drug Imports From Canada Set To Be Eased (AP)

By Lara Jakes Jordan

AP, September 22, 2006

House Republicans tentatively agreed Thursday to prohibit Customs agents from seizing prescription drugs that Americans buy in Canada and bring back into the United States.

The deal would let Americans carry up to a 90-day supply of medication back to the U.S. from Canada without being stopped by Customs agents, House and Senate Republicans said. But it would not let Americans purchase cheaper prescriptions over the Internet or by mail-order, officials said.

"This really breaks the dam, and it shows that it's only a matter of time before we pass a full-blown reimportation bill," said Sen. David Vitter, R-La., who led the fight in the Senate to prohibit the Homeland Security Department from seizing prescription drugs being carried over the border. U.S. Customs and Border Protection is an arm of the Homeland Security Department.

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Vitter acknowledged that sales of drugs though mail order or through the Internet is significant. But, he added, "I think support for that is going to continue, and going to continue to grow, no matter what this bill says or doesn't say."

Both Presidents Bush and Clinton have rejected repeated congressional efforts to lift the ban on prescription imports. Medications are generally cheaper in Canada because of government price controls.

While importing drugs into the United States is illegal, the Food and Drug Administration generally has not stopped small amounts of medicine purchased for personal use. But Customs officials began intercepting imported controlled substances two years ago and prescription drugs since last November. Since then, Customs and Border Protection agents have seized more than 34,000 packages of drugs coming into the country.

The pre-election controversy over the new rule threatened to split House GOP leadership who oppose lifting the import ban and rank-and-file Republican lawmakers who want to help elderly voters buy cheaper drugs.

However, many Customs agents already allow prescription drugs into the U.S. from Canada because they don't rigorously search people and cars for them.

Democrats who pushed for broader access to imported drugs accused Republicans of trying to "blow smoke to the voters about cheaper prescription prices when it really doesn't do much of anything," said Dan McLaughlin, spokesman for Sen. Bill Nelson, D-Fla. Earlier this year, Nelson sponsored legislation to prevent Customs agents from seizing mailed medication after he began getting complaints from seniors in his state.

"I think you could call this agreement in the House a very small advance and certainly we'll take it, but it's no place that we can stop and certainly isn't enough to be satisfied with," McLaughlin said. "It really doesn't help very many people."

Opponents said importing drugs that do not have FDA approval could be unsafe for consumers. The FDA says it cannot guarantee the safety of imported drugs.

Representatives for the pharmaceutical industry said Canadian Internet pharmacies, for example, have been known to sell fake and potentially unsafe medicines to unknowing American consumers through other countries.

"Americans should look at much safer alternatives that already exist and are proving to be incredibly effective here at home," said Ken Johnson, senior vice president for the Pharmaceutical Research and Manufacturers of America, or PhRMA.

According to the Congressional Budget Office, brand-name drugs cost, on average, 35 to 55 percent less in other industrialized nations than they do in the United States. Supporters of importing drugs contend that the U.S. is subsidizing the cost of medicine for the rest of the world.

The prescription drug policy shift would be included in a $33.7 billion bill to fund the Homeland Security Department next year. Lawmakers who control the department's spending levels will meet Monday to debate other last-minute changes to the legislation, which has also been stymied by proposals to give Homeland Security regulatory oversight of security measures at chemical plants.

Lawmakers were negotiating whether to let the department require some high-risk chemical facilities to use nontoxic materials that would be more expensive but safer to the public if there is a release. The chemical industry strongly opposes such a requirement, and environmentalists have been pushing for it just as vociferously.

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Associated Press writer Kevin Freking contributed to this report.

Savings, Shakeup Seen In $4 Drug Plan (USAT)

By Julie Appleby

USA Today, September 22, 2006

Wal-Mart Stores' move to offer some generic drugs for $4 a prescription could save modest amounts for some consumers. It may also draw more customers to its stores or prompt a price war with other pharmacies.

Wal-Mart, the nation's third-largest seller of prescription drugs, said Thursday that it will offer the $4 price on about 150 generic drugs to the insured and uninsured alike, starting immediately in the Tampa area. It will take the program statewide by January.

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"We intend to take it nationwide next year," says Bill Simon, Wal-Mart's executive vice president of the Professional Services Division. For uninsured consumers, the $4 price for some generics is below what they would pay at most pharmacy counters and is less than typical $10 to $15 co-payments on generics offered by many insurance plans.

Savings could be less than $1 per prescription to more than $20, depending on the drug and pharmacy where customers shop, according to information from Wal-Mart and prices of other retailers posted at MyFloridarx.com, a state-run website.

That could draw more customers to Wal-Mart, already the largest seller of groceries and toys, possibly forcing other chain drugstores to cut their prices, says Ed Kaplan of the Segal Co., a benefits consulting firm.

"Customers who take five or seven medications a month and can save $10 on each, might switch," Kaplan says.

The move caused share prices for generic drug and pharmacy companies to drop Thursday.

Wal-Mart says the price of $4 for a 30-day supply price would save customers $7.98 a month for blood-pressure drug lisinopril, $3.85 for diabetes drug metformin and 80 cents for blood-pressure drug atenolol.

Simon says the $4 generics are not expected to be a "loss leader," meaning Wal-Mart doesn't expect to lose money on the drugs in hopes of attracting more customers to buy other products.

That's because the drugs offered are longtime generics that have multiple manufacturers and that are already inexpensive on the wholesale market. Large companies such as Wal-Mart can often purchase them in bulk for less than the $4 cost.

Wal-Mart said 291 drugs will be covered, a total that includes different dosage strengths of the same drugs. When the differing dosage strengths are taken out, the list includes fewer than 150 products, including treatments for high blood pressure, infection and diabetes, along with some vitamins and painkiller ibuprofen. That's a fraction of the estimated 2,100 generic products available.

"This is a much narrower list than they're giving the impression it is," says drug-industry expert Stephen Schondelmeyer at the University of Minnesota.

Simon says the drugs chosen for the list represent 20% of the prescriptions Wal-Mart currently fills and cover a wide range of medical needs. More products may be added, he says.

The move comes as Wal-Mart works to counter critics who say the chain doesn't make health insurance affordable for many of its workers.

"Providing low-cost drugs is a good thing. But not providing affordable health care to workers is not a good thing. Why can't Wal-Mart address the serious health care crisis in its own stores?" asks Chris Kofinis, of WakeUp Walmart.com.

Some praised Wal-Mart's move.

"That's a great price for a 30-day supply of drugs and will be a tremendous boon for seniors," says Devon Herrick, economist at the National Center for Policy Analysis.

Wal-Mart Cuts Prices For Many Generic Drugs To $4 (WSJ)

By Gary Mcwilliams And Barbara Martinez

The Wall Street Journal, September 22, 2006

Wal-Mart Stores Inc., long attacked by some critics for its employee health-care benefits, waded into the nation's health-care debate and its rivals' pharmacy businesses by promising to cut the price of some of its generic drugs to $4 for a 30-day supply.

The Bentonville, Ark. retailer said it will use its purchasing and distribution prowess to offer versions of about 150 different generic drugs, such as the antibiotic tetracycline, at prices on average 20% below its existing ones. The drugs are mostly older medications; the company said it plans to add more popular drugs later on. Wal-Mart implemented the price policy yesterday at 65 stores in the Tampa, Fla. area, and early next year will expand it to about 170 other Florida stores before taking the policy nationwide later next year.

The savings on some drugs will be considerable compared to rival pharmacies. For example, under the new plan, Wal-Mart will charge $4 for 850 milligrams of the diabetes treatment metformin, compared with $17.72 at other Florida stores and $28.19 at Walgreen.

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Richard Hastings, senior analyst at Bernand Sands, tells5 CNBC that even Wal-Mart's incremental moves like a $4 prescription price will have a profound effect on the competition and the economy in general.

On other drugs, however, Wal-Mart's new price still isn't below the competition. Wal-Mart's new price for the popular blood-pressure medicine atenolol is $4 for 30 pills, down from $8.62. Costco Wholesale Corp. lists a price of $3.69 for 30 pills on its Web site.

Wal-Mart's move drew praise from doctors and health-care experts but mostly shrugs from rivals who dismissed it as a publicity move. For now, the price cuts will apply to fewer than 300 formulations of 150 drugs, a fraction of the roughly 2,000 generic drugs sold in most pharmacies. The reductions are unlikely to be costly to Wal-Mart, which along with other retailers already buys many of these drugs at "pennies per pill or less," said Elliot Wilbur, a generics-industry analyst at CIBC World Markets.

Wal-Mart cast the change as a boost to the nation's uninsured and a savings even for those with health insurance. The pricing "aims to provide access and affordable health care to our customers and associates," said Bill Simon, a Wal-Mart executive vice president. Wal-Mart plans to add generic versions of widely used drugs such as cholesterol-lowering Zocor, at lower-than-existing prices "at some point in the not too distant future," he said.

If it does extend the price cuts to more popular generic drugs, Wal-Mart will put pressure on other retail pharmacies and generic drug makers to reduce their margins too, just as it has in groceries and toys, said Tim van Biesen, a Bain & Co. partner and generic-drug industry expert. "Typically when they start down this path, they don't stop," he said.

The stocks of generic-drug makers and drug-store chains tumbled yesterday as investors weighed the potential inroads of Wal-Mart on the business. In 4 p.m. trading on the New York Stock Exchange, shares of CVS were off 8%, or $2.96, at $32.47, while Walgreen Co. fell 7% or $3.67. Wal-Mart shares were off just 41 cents at $48.46.

Wal-Mart's new plan could also put pressure on big pharmacy-benefit managers, or PBMs, who administer the drug benefits for many employers and health plans and who operate their own mail-order pharmacies that compete with retail pharmacies. Like retail pharmacies, PBMs make much of their profits from the big margins on generic drugs they sell through the mail.

Bain & Co.'s Mr. van Biesen said because generic drugs carry a higher profit margin at retail than branded drugs, Wal-Mart can clip its profit on the drugs and use any increased store traffic to sell more profitable non-generic items. "It was frankly just a matter of time before someone decided to chip away at the generic-drug distribution system," he said.

He said even an expanded roster of drugs would have little impact on the nation's overall health-care costs, however. Pharmaceuticals account for just 15% of all U.S. spending on health care and generics are a fraction of all pharmaceutical revenues. "What it does is provide access to the uninsured and [Wal-Mart's] own employee base," he said.

The announcement yesterday drew politicians to a Tampa Wal-Mart where Florida Gov. Jeb Bush praised the local price drop as "good corporate citizenship," and U.S. Sen. Bill Nelson lauded it as "a pretty darn good deal for consumers."

Critics called the effort "marketing spin" and pointed to what they characterized as Wal-Mart's less-than-generous employee health-care policies, in which employees bear a big share of the costs. Partly as a result, many Wal-Mart workers don't even sign up for insurance.

WakeUpWalMart, a group financed by the United Food and Commercial Workers union that aims to force the company to change its labor policies, said in a statement: "Wal-Mart cruelly ignores the fact that it fails to provide company health care to over half (775,000) of its employees."

Wal-Mart's Mr. Simon rejected any characterizations of the pricing cuts as a marketing ploy. Mr. Simon insisted a standard pricing for common generic drugs wasn't about legislative issues, or attacks on its wage, environmental and employee health insurance policies. "We're certainly hopeful this is a positive business move ... as well as a significant social benefit," he said.Wal-Mart expects to slowly implement the price changes at its more than 3,000 stores nationwide, citing the need to hire additional pharmacists, and strike agreements with additional generic drug makers. Mr. Simon declined to disclose what impact, if any, the company expects on profits at its about $20 billion a year pharmaceuticals business, or its generic-drug market share.

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Pharmacy chains dismissed Wal-Mart's initial effort and said it would offer little competition. "A lot of the medications are very old generics," said Walgreen spokesman Michael Polzin. "I don't think the price change for a lot of these is that much." Mr. Polzin said Walgreen plans no pricing changes in response.

Almost 95% of Walgreen's prescriptions are covered by insurance, with the remainder covered by cash payments, Mr. Polzin said. The savings from a typical $5 co-payment "is not enough of a difference," to cause customers to change pharmacies, Mr. Polzin said. "Our convenience and locations have proven over the years to have a bigger effect on behavior."

Richard Hastings, senior retail analyst at Bernard Sands LLC, said those companies likely to be hurt would be "smaller prescription drug buyers, including certain supermarket chains that offer pharmacy services." In a research note, he wrote that those companies "will see some margin erosion if they are forced to compete on price."

Wal-Mart Sets $4 Price For Many Generic Drugs (WP)

By Kathleen Day

The Washington Post, September 22, 2006

Retailing giant Wal-Mart Stores Inc., known for forcing prices down to dominate nearly every market it enters, said yesterday that it would sell nearly 300 generic drugs for $4 per prescription, whether or not a customer has insurance.

Using its might as the nation's largest retailer and its legendary ability to force suppliers to cut prices to the bone, the company will begin the $4 price program in its 65 stores in the Tampa area today, in all of Florida in January, and in as many other states as possible by the end of 2007. The $4 is for a typical monthly supply of medicine, and included on the Wal-Mart list are generic versions of many popular prescription drugs, including the antibiotic amoxicillin and the heart and blood-pressure treatment lisinopril, sold under the brand names Prinivil and Zestril.

Health-care industry analysts said the program has the potential to transform the $230 billion prescription-drug business the way Wal-Mart has transformed other industries, including groceries and toys, where its aggressive pricing has forced some competitors out of business and allowed it to dominate entire categories of merchandise.

Health-care costs rose an average of 9.6 percent a year from 2000 to 2004, and a large component of the increase was the price of drugs, which rose an average of 11.4 percent a year in that time. Inflation during that period was around 2.6 percent a year. Though the increase in drug prices has been slowing in recent years, largely because of the wider use of generics, it has still outpaced inflation, health-care analysts and industry trade groups say.

Wal-Mart executives, criticized by labor unions and consumer groups that say the company shortchanges its employees on pay and health care, said they started the program to help families and retirees, especially those on Medicare. They said at news conferences and in telephone calls yesterday that they see these groups struggling daily at the company's pharmacies to pay for medicine.

"This $4 program represents real savings for working families," said William S. Simon, executive vice president for professional services at Wal-Mart. "Wal-Mart's taking this step so that our customers and associates can get the medicines they need at prices they can afford. . . . Customers tell us all the time that prescription-drug costs are forcing them to make tough decisions."

Generic drugs have the same active ingredients as their brand-name counterparts but are much cheaper. Last year, they accounted for 56 percent of all prescriptions filled in the United States but only about 10 percent of total prescription-drug sales.

Wal-Mart spokesman David Tovar said the company will make money on the sales but will not disclose whether it negotiated with drugmakers, wholesale suppliers or both to make the deal profitable. "It is not a loss leader. It is something we intend to make a profit on," he said. "The way we do that is through our logistics and our technology."

Some top-selling generics are not on the list of drugs Wal-Mart will offer for $4, including the painkiller hydrocodone -- whose trade name is Vicodin -- and generic forms of the painkiller Darvon and the anti-anxiety drug Xanax. But many are.

While Wal-Mart is likely to continue to profit from generic sales, the company would not say how much the $4-per-prescription program will reduce its earnings. Some of the reductions appear to be substantial. A Wal-Mart in Alexandria, for example, was selling 30 tablets of lisinopril for $20.72.

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Analysts said the company was probably gambling that the lost revenue from lower-priced drugs will be offset by increased traffic in its stores.

Gary Claxton of the Henry J. Kaiser Family Foundation said pharmacies are always placed at the back of stores in the hope customers will pick up other merchandise along the way to get their prescriptions. Wal-Mart probably hopes to benefit in overall sales, but also in drug sales because customers bringing in generic prescriptions are likely to fill their brand-name prescriptions, too, he said.

Wal-Mart's announcement roiled the retail drug industry. Shares of Walgreen Co. and CVS Corp., two large drugstore companies, fell more than 7 percent and 8 percent, respectively.

According to the Generic Pharmaceutical Association, 8,400 of the 11,167 drugs listed by the Food and Drug Administration are sold generically. The average price of a 30-day supply of a generic prescription drug was $28.71 in 2004, compared with the average price of a brand-name version at $95.54. The Congressional Budget Office has estimated that generic drugs save consumers $8 billion to $10 billion a year.

Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services, said he did not think the Wal-Mart offer would siphon beneficiaries from the Medicare drug benefit, known as Part D. "Remember that the drug plans in Medicare already provide excellent coverage for generics," he said. "Many of the plans have generics for a dollar or two, or even free."

What the Wal-Mart plan does provide, he said, is a way for Medicare recipients to save more money after they reach the "doughnut hole." That's the point at which an individual's yearly drug cost reaches $2,250, and Medicare ends its subsidy. After that, a beneficiary has to pay $3,600 out of pocket before government subsidies kick in again.

In that interval, or gap, the Wal-Mart program could result in significant savings, given that the average Medicare beneficiary is expected to spend about $3,081 on prescription drugs this year, McClellan said.

Tovar, the Wal-Mart spokesman, said that the $4 price is available to anyone, but that Wal-Mart will try to collect insurance on prescriptions for people with prescription-drug coverage. However, some insurance contracts stipulate that pharmacies will not be paid the full cost of a drug unless customers pay the full co-payment the insurer requires.

Tovar said Wal-Mart will still allow insured customers to pay $4 per prescription, even if that is less than the co-payment required and even if that means Wal-Mart will not be paid any money by insurance companies.

Mohit Ghose, a spokesman for America's Health Insurance Plans, which represents providers of insurance of all types, including for prescription-drug coverage, said the typical co-payment for a generic prescription is $5 to $15. He said it is unclear how the Wal-Mart plan will affect insurance coverage.

Staff writers Ylan Q. Mui and Christopher Lee contributed to this report.

Wal-Mart To Offer Discount On Drugs (WT)

By Gregory Lopes

The Washington Times, September 22, 2006

Retail giant Wal-Mart said yesterday it will start selling nearly 300 generic drugs at a steep discount in Florida with the hope of expanding the discounted drug prices nationwide next year.

The move to charge $4 for 291 generic drugs in Tampa starting today puts pressure on its competitors, although other retailers said yesterday they do not currently plan to follow suit.

"At this time, $4 is not enough to drive a change in individual behavior," said Walgreens spokesman Michael Polzin. "A large percentage of our customers are insured with copayments between $5 and $6, so this will not have a big impact."

Rite Aid, which has 87 stores in the Washington area, does not plan to lower generic drug prices, said spokeswoman Jody Cook.

CVS, which has the most pharmacies in the Washington area of any of drugstore chain, did not return calls for comment.

Shares of CVS Corp. fell the most in almost five years, declining $2.96, or 8.4 percent, to $32.47 yesterday on the New York Stock Exchange. Rite Aid Corp. declined 5 percent and Walgreen Co. dropped 7.4 percent.

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Consumers are increasingly using generics, which often are made by multiple companies after the original patent on a drug expires. The average monthly cost for a generic drug prescription is $28.74, according to the National Association of Chain Drug Stores, compared with $96.01 for branded drugs.

Generic drug sales are an important part of pharmacies' business because they bring in higher profits than brand-name drugs. Pharmacies pay less for generic drugs because drug manufacturers must compete against each another for the pharmacies' business.

Independent pharmacies, unlike large drugstore chains, are not able to afford reducing the cost of drugs, they said.

"You have to be able to cover costs," Leo Mallard, who operates Calvert-Arundel CARE Pharmacy in Owings, Md. "We would maybe match those prices as long as we are not losing money and not infringing on contracts with insurers."

Said Rebecca Snead, executive director of the Virginia Pharmacists Association: "Independent pharmacies cannot sell generics at that price."

Gerson Serody, chief executive officer of CARE Pharmacies, an Arlington organization representing 60 independent pharmacies in the Washington area, left the door open for change.

"I am analyzing it to see how it shakes out. It is possible that we may have a list of generics that consumers can get for $4 ," Mr. Serody said.

The Generic Pharmaceutical Association, a trade association, said generic medicines account for 56 percent of all prescriptions dispensed in the United States, but 13 percent of all money spent on prescription drugs.

After the announcement, critics pounced on Wal-Mart, claiming the world's largest retailer will use the low-priced drugs to entice shoppers to buy other Wal-Mart products, a business tactic known as "loss leading."

But Wal-Mart spokesman David Tovar dismissed that claim.

"This program is not a loss leader for us," Mr. Tovar said. "It will be a profit creator for us."

Mr. Tovar said Wal-Mart will not charge a sign-up fee to participate in the program and consumers will not have to pay premiums or deductibles to get the $4 drugs. Wal-Mart has 19 stores in the Washington area.

The number of drugs being sold at the discount is low compared with the overall number of generic drugs Wal-Mart stocks. A company spokesman said Wal-Mart dispenses "thousands" of generic drugs but did not provide an exact number.

The drugs included in the program are widely prescribed and, for the most part, not expensive. For instance, the popular high blood pressure generic medications furosemide and hydrochlorothiazide sell for close to $4 already, pharmacists said.

But Bill Simon, executive vice president of the company's Professional Services Division, said buying a 30-day supply of the diabetes drug Metformin for $4, is nearly 50 percent cheaper than the brand-name version.

Relief For Some But Maybe Not Many In Wal-Mart Plan For $4 Generic Drugs (NYT)

By Michael Barbaro And Reed Abelson

The New York Times, September 22, 2006

At first glance, Wal-Mart's plan to sharply cut the cost of generic drugs, to $4, seems like a signal event in American health care. It could make scores of treatments affordable to the uninsured, reduce the burden on Medicaid and bring competitive pricing to the pharmacy industry.

Even company critics have praised the plan, conceding that it represents a case of the giant retailer using its size and ability to wring out costs to improve the lives of regular Americans.

But a close examination of the program, with details confirmed by the company yesterday, suggests that its impact could be blunted by several factors.

The plan, which is said to cover 300 drugs, includes only about 124 separate medicines in various dosages, like 12 versions of the popular antibiotic amoxicillin. It leaves out some popular drugs altogether, like the generic version of the cholesterol-lowering treatment Zocor.

And while uninsured people should benefit from the program, those with insurance may save only a dollar or so, making a trip to Wal-Mart not worth their while, analysts said. In Florida, where the program will have its debut, most people on Medicaid pay nothing and may have little incentive to shop around for cheaper prescription drugs.

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"It is not as significant as it first seems, in our opinion," said Joseph Agnese, an analyst at Standard & Poor's, who expressed surprise at investors' reaction to the Wal-Mart announcement, which sent shares of its competitors CVS and Walgreen down sharply yesterday.

As it has for dozens of consumer products, Wal-Mart reduced prices of generic prescription drugs by attacking the few remaining pockets of inefficiency in its operations. For example, it cut out third-party distributors that stood between the chain and drug manufacturers.

"There is a huge profit margin in the generics" for the middlemen like pharmacy benefit managers, the distributors and the pharmacies themselves, said Patricia Wilson of Associates & Wilson, a Rosemont, Pa., health care consulting firm. Wal-Mart appears to be taking some of those profits from the traditional middlemen to lower the prices it is charging for these generic drugs.

The company also introduced rapid, automated machines into its pharmacy distribution centers that had long relied on workers to fill orders. In doing so, Wal-Mart reduced the amount of time that costly drugs sat in warehouses, rather than on store shelves where they could create revenue. "It is not glamorous," said Bill Simon, an executive vice president at Wal-Mart. "It's pennies at a time."

Wal-Mart said that by covering one-fifth of the generic drugs it prescribes at its more than 3,000 United States pharmacies, the new program would make it possible for thousands of people to buy drugs they either cannot afford or currently ration, sometimes by cutting pills in half, to cut costs.

Under the plan, which will begin in the Tampa, Fla., area — and the company says will eventually expand to the rest of the country beginning next year — the $4 fee charged by Wal-Mart will be paid by a combination of consumers, insurance companies and the federal government, depending on a person's health coverage. On average, generic drugs are now sold at retail for $10 to $30 for a 30-day supply.

An insured customer will not pay more than $4, no matter what the co-payment is, the company said. Wal-Mart would bill the insurer for the difference if the co-payment was below $4. Customers whose co-payment is above $4 are unlikely to use insurance, but pay for the drug out of pocket. Where required, Medicaid users would still pay a small co-payment for a prescription drug, with the government billed the balance. In the past, Wal-Mart might have billed the government significantly more than $4 for a generic drug. "It's a tremendous savings for state Medicaid," said Mr. Simon, the Wal-Mart executive.

But Christa Calamas, secretary of the Florida Agency for Health Care Administration, said the state would probably save money only on those Medicaid consumers who already fill prescriptions at Wal-Mart. Since most Florida Medicaid users pay nothing for their prescriptions, they are likely to choose convenient pharmacy locations over lower prices, experts said.

Wal-Mart said it would not lose money on the low-cost generic drugs — and, in fact, several industry analysts predicted the company's pharmacy business would benefit from the new plan. Unlike CVS or Walgreen, which rely on prescription sales for most of their revenues, Wal-Mart's pharmacy business represents less than 10 percent of its total revenue and the company has identified it as an area that needs improvement.

By luring customers of all incomes into the store at least once a month to fill generic drug prescriptions, Wal-Mart could increase overall pharmacy and store sales, these analysts said.

Health care analysts were quick to point out that Wal-Mart has carefully chosen which drugs it will cover — 300 out of roughly 11,000 generic drugs available. Moreover, it is not offering some expensive drugs, like any of the cholesterol-lowering statins, at the $4 price. And some of the drugs covered, like generic ibuprofen, cost very little and may be currently available for less than $4. "They are not losing money on all these products," said Ms. Wilson, the health care consultant.

But she praised Wal-Mart for bringing attention to the cost savings available from generic drugs, which are significantly less expensive than their branded counterparts. Wal-Mart could also introduce much greater competition to the marketplace by pushing the concept of discounts into what has traditionally been an inefficient market. "People will begin to compare prices," she said.

Wal-Mart has come under fierce attack for its employee health benefits; critics contend the benefits are too costly, given the typical Wal-Mart worker's wages, and frequently force employees to rely on state programs or forgo coverage altogether. With the

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lower generic drug prices, which apply to its workers as well as customers, the company appears to be trying to address those concerns.

Still, critics say this plan does little to confront the high costs of health care for the uninsured, including Wal-Mart employees, since they still face the expense of going to a doctor to get a prescription, for example. While the plan is a good first step, "it is clearly as much a public relations effort as a substantive change," said Ron Pollack, the executive director of Families USA, a Washington consumer group that has often criticized Wal-Mart's health care offerings.

Wal-Mart's chief executive, H. Lee Scott Jr., said that "competition and market forces have been absent from our health care system, and that has hurt working families tremendously." The company, he added, is "excited to take the lead in doing what we do best — driving costs out of the system — and passing those savings to our customers and associates," as Wal-Mart refers to its employees.

'We're OK,' Despite Drop In Factory Activity (USAT)

By Barbara Hagenbaugh And Adam Shell

USA Today, September 22, 2006

Economic jitters grew Thursday after a report showing a decline in factory activity in part of the USA became the latest piece of data to suggest the slowdown in the economy may be sharper than initially thought.

But although the economic fears sparked a sell-off on Wall Street, some economists said it is too early to panic.

"I don't see broad enough signs to indicate that the economy is really grinding to a halt," PNC Financial Services chief economist Stuart Hoffman says.

Manufacturing activity — which includes production, jobs and orders — in the Philadelphia area fell in September, the Federal Reserve Bank of Philadelphia said. The Fed bank's index of conditions in the area, considered representative of U.S. factories, fell to -0.4 this month from an 18.5 reading in August.

Numbers below zero point to a decline in activity, while those above suggest growth. It was the first time the index was below zero since April 2003, when the start of the Iraq war shook business and consumer confidence. Orders and shipments and expectations of activity six months from now all deteriorated this month, the Philadelphia Fed said.

Wall Street reacted negatively. The Dow Jones industrial average fell 79.96 points to 11,533.23, derailing its run at a record high. The blue-chip index is now 189.75 points away from its 2000 peak.

"The Philly Fed report is a harbinger of things to come," says Stuart Schweitzer, global markets strategist at JPMorgan Asset & Wealth Management. "The developing slowdown may have further to go."

A rally in the bond market confirmed stock investors' fears, as the yield on the 10-year Treasury note, which moves in the opposite direction from prices, fell to 4.64%, its lowest since March 2. Investors tend to seek the safety of bonds when the economic outlook dims, pushing bond prices up and yields down.

Other recent data, particularly reports on housing, have come in much softer than expected, adding to economic jitters.

But Putnam chief economist David Kelly says the economy has a number of things going for it: Commercial construction is picking up, helping to absorb workers losing their housing jobs; the global economy is expanding strongly, providing a boost to U.S. exports; and falling energy prices are giving consumers and businesses more money to spend in other parts of the economy.

Such positives will keep the economy growing and out of recession territory, he says.

"We're OK," Kelly says.

Philadelphia Fed Posts Sharp Drop In Output Gauge (WSJ)

By Rafael Gerena-morales And Michael S. Derby

The Wall Street Journal, September 22, 2006

An index designed to measure manufacturing activity in the Mid-Atlantic states plunged in September, upsetting financial markets and raising concerns that the slowing housing market could be sapping the economy's strength at a faster pace than previously thought.

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The Federal Reserve Bank of Philadelphia said that its business conditions index, a gauge of the regional manufacturing sector's health, fell to a reading of negative 0.4 in September, compared with 18.5 in August. The September reading was the first negative reading since April 2003. Economists had expected the index to register 15 in September. Negative readings denote contraction.

The change in the Philadelphia index was so striking that financial markets reacted swiftly. Stock prices and the dollar sank while bond prices -- which tend to benefit from negative economic news -- rallied. The Dow Jones Industrial Average fell more than 50 points following the noon release of the report and ended the day at 11533.23, down 79.96, or 0.69%.

The Philadelphia index's weak showing "could mark the first real hard evidence that the infection from the [national] housing slump is spreading into a broader economic malaise," said Richard Iley, a senior U.S. economist with BNP Paribas in New York.

The Philadelphia Fed report is widely viewed as a proxy for national manufacturing trends, and as such its decline raises questions about the health of the broader factory sector. "Generally, the Philly data [report] has the best correlation with industrial production of all the regional indexes, so [it] needs to be treated seriously," said Alan Ruskin, a strategist with RBS Greenwich in Greenwich, Conn.

The report covers business conditions in eastern Pennsylvania, southern New Jersey, and Delaware.

Meanwhile, The Conference Board issued a separate economic report that also signaled the economy is headed toward slower growth for the remainder of the year. It reported that its composite index of leading indicators -- which attempts to forecast economic activity as much as six months into the future -- fell 0.2% in August to a reading of 137.6, following the same decline in July. The Conference Board, a nonprofit business research group, noted that the leading index has now fallen in five of the last eight months. Three of the 10 factors making up the leading index rose in August, led by stock prices and money supply. The biggest negatives were consumer expectations and building permits.

"The economy is going to remain slow" and it's likely there will be "continued modest growth this autumn" and beyond, said Ken Goldstein, a Conference Board economist. The economy, as measured by changes in inflation-adjusted gross domestic product, grew at a seasonally adjusted annual rate of 5.6% in the first quarter and slowed to 2.9% in the second quarter. The consensus estimate of economists surveyed last month by The Wall Street Journal Online calls for annualized growth to slow slightly further to 2.8% during the third quarter, which ends this month. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27.

Separately, the Labor Department reported that initial jobless claims increased a seasonally adjusted 7,000 to 318,000 in the week ending Sept. 16. The four-week moving average of new claims, which economists use to gauge underlying labor-market trends, was unchanged at 315,000.

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com3 and Michael S. Derby at michael.derby@dowjones.com4

Investors Finally Break From Calm; Dow Drops 79.96 (WSJ)

By Michael Hudson And Serena Ng

The Wall Street Journal, September 22, 2006

Investors had been taking bad news in stride lately -- big troubles at a large hedge fund, political turmoil in Thailand and Hungary, a weakening U.S. housing market -- as they pushed the Dow Jones Industrial Average near a record high.

A semiobscure economic report changed that yesterday.

The Dow fell 79.96 points, or 0.69%, to 11533.23, its largest one-day decline since early August. At one point yesterday afternoon it was down more than 100 points but rallied late in the day. The tech-stock-heavy Nasdaq Composite Index dropped 15.14 points, or 0.67%, to 2237.75. The Standard & Poor's 500 index fell 7.15 points, or 0.54%, to 1318.03.

Meanwhile, Treasury bonds, a haven for worried investors, rallied. The benchmark 10-year note rose 23/32, or $7.19 for every $1,000 invested, sending its yield down to 4.644%, the lowest level since mid-March.

The catalyst for the selloff in stocks was a report by the Federal Reserve Bank of Philadelphia, which showed business in Mid-Atlantic states was softer than many investors had anticipated. Though it covers a narrow slice of the economy, the

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Philadelphia Fed index sometimes grabs the attention of investors because it is one of the earliest reads available on monthly economic activity.

"The soft Philly Fed numbers rocked the market, and there's a bit of a flight to quality into bonds," said Brian Williamson, a stock trader at Boston Company Asset Management.

The market's sharp reaction to the report marked a notable about-face from recent activity. The Dow began the day just 110 points from its record close of 11722.98, set in January 2000. That mark seemed attainable. Meanwhile, an array of risk measurements in the market had been remarkably stable, despite news about huge losses at hedge fund Amaranth Advisors and the military overthrow of Thailand's government.

For instance, the Chicago Board Options Exchange "VIX" index -- which measures how much investors are willing to pay for options that protect them from market volatility -- has declined for much of the month, though it rose yesterday. That is a sign that investors have been calm but might be changing their view.

Bond-market indicators have been sending similar signals. Turmoil abroad often raises the interest rate of debt in other countries relative to the interest rate on U.S. bonds. This difference in interest rates is known in the markets as a "spread" and reflects the risk of these assets compared with Treasurys. Despite Tuesday's coup in Thailand and protests in Hungary, the "spread" on emerging-market bonds has remained relatively stable at less than two percentage points above Treasurys.

The spreads rose to 1.96 percentage points on Thursday, from 1.83 the day before, according to a Merrill Lynch index.

"A few years back, this would be just the kind of political risk that would have driven investors out of the markets entirely," said Raja Visweswaran, a credit strategist at Bank of America in London. The lack of a "contagion" effect from events in Russia, Thailand and Hungary, he said, shows how emerging markets have matured.

In the junk-bond market, the riskiest slice of the corporate-bond world, spreads were at 3.48 percentage points over Treasurys, up from 3.33 percentage points last week but down from 3.73 percentage points at the beginning of the year.

Yesterday's activity suggested that a U.S. economic slowdown could be a bigger obstacle for the markets than these other events.

"That Philadelphia Fed survey took people a bit by surprise and just added to the general air of 'This economy is going down faster than we thought,' " said Standard & Poor's economist David Wyss.

Coupled with a housing market that is also slowing progressively, investors took advantage of the news to take profit on stocks and to move into bonds. Bond traders said expectations are emerging that the Fed, which left interest rates untouched after its policy-making meeting this week, may change course and cut rates as early as the first quarter of 2007.

The latest economic data "points to an economy that is really slowing down, meaning that the Fed may cut rates sooner rather than later," said Rick Klingman, head of Treasury trading at ABN Amro in New York. He said bond investors, "are showing no hesitation in buying now." Yields on most Treasury bills, notes and bonds are well below the current federal-funds rate of 5.25%.

In major market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.59 billion shares, as 1,374 stocks advanced and 1,944 fell.

Oil prices rose. Futures, which had briefly slipped below $60 a barrel on Wednesday, rose 85 cents, or 1.4%, to $61.59 on the New York Mercantile Exchange.

Bond prices gained. The 10-year note rose 23/32, or $7.19 for every $1,000 invested, to yield 4.644%. The 30-year bond rose 1 1/32 to yield 4.780%.

The dollar weakened. Against the Japanese currency, the dollar fell to 116.31 yen from 117.45 yen. The euro rose to $1.2792 from $1.2687.

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Signs Of Slowing Economy Slam Stocks (USAT/BLOOM)

USA Today, September 22, 2006

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Stocks fell Thursday, sending the Dow Jones industrial average to its biggest loss in six weeks, as an unexpected decline in a gauge of Philadelphia-area manufacturing suggested economic growth is weakening.

Stocks retreated in afternoon trading after the Federal Reserve Bank of Philadelphia's index shrank for the first time in three years. Earlier, the Conference Board's index of leading indicators showed that an economic slump may extend into next year (story, 1B).

The Dow retreated 79.96 points to 11,533.23, the worst decline since Aug. 9. The Standard & Poor's 500 slid 7.15 points to 1318.03. The Nasdaq composite index slid 15.14 points to 2237.75.

Stocks were within striking distance of setting new highs before the reversal. The Dow now is about 190 points away from a record following oil's decline to $60 a barrel and the Fed's decision Wednesday to leave borrowing costs unchanged for a second month after 17 consecutive increases.

"Investors are beginning to say, 'Holy cow, this is really a slowdown,' " says Barry Ritholtz, chief investment officer of Ritholtz Capital Partners in New York, which manages about $100 million. "That's bad for earnings growth and stocks."

While the Fed didn't clarify whether it will continue to refrain from raising rates after pausing Wednesday, signs the economy is slowing may leave it little choice. The Philadelphia Fed's general economic index declined to minus 0.4 from August's 18.5, which was the highest in 16 months. Readings below zero signal contraction.

"Investors are growing more concerned about the economy than the Fed," Francois Trahan, strategist at Bear, Stearns, wrote in a note released Wednesday.

Americans Remain Sour On Situation In Iraq (WSJ)

The Wall Street Journal, September 22, 2006

President Bush's job-approval numbers have rebounded a bit since he made a series of speeches making the case for a strong U.S. role in Iraq. But a new poll from Harris Interactive shows that Americans remain very sour on the war itself and the U.S.'s chances of success -- and remain uncertain over the whether the U.S. was right to go to war in the first place.

Harris found 61% of those polled aren't confident that U.S. policies in Iraq will be successful, vs. 20% who are confident of success. Republicans respondents showed the most confidence in the Iraq effort, with 45% seeing success, compared with 14% of independents and just 6% of Democrats.

Meanwhile, Mr. Bush's job rating on his handling of Iraq runs two-to-one negative overall. But at 64% negative to 32% positive, Mr. Bush has recovered from his ratings in May, when 68% were in the negative column vs. 29% in the positive column. In this series, Mr. Bush's positive rating peaked in April 2003 at 67%.

Harris found 44% believe it was "the wrong thing" to take military action against Iraq, vs. 39% who believe it was the "right thing" to do. However, 17% aren't sure whether it was right or wrong. That compares with 47% in the "wrong" column and 38% in the "right" column and 15% "not sure" in the May Harris survey.

The nationwide survey 2,747 adults was conducted online by Harris Interactive between Sept. 7 and Sept. 13.

Subtle Shift (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 22, 2006

WASHINGTON -- Freshman Democratic Rep. Melissa Bean of Illinois is facing the Republican Party machine in her re-election bid. Vice President Dick Cheney and House Speaker Dennis Hastert have headlined money-raising events for her opponent. The National Republican Congressional Committee has budgeted $1.5 million to attack her.

But Ms. Bean has won an unexpected ally with clout to counter the Republican heavyweights: the U.S. Chamber of Commerce. Usually a stalwart of Republicans, the chamber has run about $700,000 in advertisements defending the Democrat and plans to help get out the pro-business vote for her in the fall.

Ms. Bean is among more than a dozen Democrats in key races across the country that the chamber is backing this year. Half of them also have benefited from the chamber's first-ever television ads for Democrats. Partly, the organization is rewarding these Democrats for votes in favor of free trade and other issues it holds dear. It also is sensing possible Republican defeats in

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congressional elections on Nov. 7, and is hedging its bets by spreading some of the organization's wealth to the other side of the aisle.

The chamber's move mirrors a subtle but significant shift across the business community, which has begun anticipating that the Republican majorities in Congress could shrink, if not collapse. Washington lobbying firms are balancing their Republican rosters with Democratic hires, and some companies are injecting more bipartisanship in their campaign giving.

According to campaign disclosure reports through June, half of the 10 biggest Republican givers in 2004 are sending a bigger portion of their dollars to Democrats than in past campaigns. In that period, Wal-Mart Stores Inc., of Bentonville, Ark., gave 68% of its donations to Republicans this year, down from 78% over the entire 2004 election cycle. Republican candidates received 64% of the donations from Memphis, Tenn., delivery concern FedEx Corp., compared with 70% over the whole election period two years ago.

The changes also point to an emerging rift between the Republican Party's business and social-conservative constituencies, as their interests clash over some hot-button issues. In Missouri, for example, some Republican businessmen are donating to Democrat Claire McCaskill in her challenge to incumbent Republican Sen. Jim Talent, largely because Mr. Talent opposes embryonic stem-cell research.

The U.S. Chamber of Commerce is the strongest single business voice in Washington, representing thousands of trade associations and three million large and small businesses. It is the top spender on lobbying in Washington and is expected to spend $40 million on state and federal races this year. Employing an army of 36 full-time lobbyists, the chamber often takes the lead on major political issues close to the business community's heart. Its legal arm supports campaigns against elected judges perceived as unfriendly to business interests.

The chamber has backed Democrats before. But this year it is endorsing 14, up from nine in 2002, and is aiding several Democrats especially targeted by Republicans. Besides running TV ads for Democrats for the first time, the chamber chose not to attack Democrats in its ads for Republicans. That is in stark contrast to some slash-and-burn chamber-produced spots in 2004, which helped defeat Tom Daschle, then the Democratic Senate Majority Leader, in South Dakota and restore the Senate to Republican control.

The vast majority of the chamber's election efforts are still helping Republicans. But it has pushed $1.8 million of its $10 million television budget to Democrats. The move comes even though the current Congress is viewed as one of the most pro-business in decades. Tax cuts, energy legislation, trade bills and pension reform -- all longstanding priorities for much of the corporate community -- all have become law under its watch.

"Moving our agenda forward is not just about now and Nov. 7. It's about moving our agenda forward in the 110th Congress," says Bill Miller, a 43-year-old former Republican congressional aide who became director of the chamber's political program in 2002.

The chamber's decision is significant because the Republicans are struggling to maintain their grip on power. Democrats need just a handful of seats to win majorities in both houses of Congress. Illinois Republican Chairman Andy McKenna met with Mr. Miller this year to try to convince him not to back Ms. Bean. "It's hard to imagine that supporting her supports their overall agenda," he says. "It seems they've compromised themselves." North Carolina Sen. Elizabeth Dole, who heads the Republican Senate re-election committee, deadpans: "I'd rather they spend the money on Republicans."

Gerald L. Shaheen, the chamber's board chairman and a group president at Caterpillar Inc., of Peoria, Ill., acknowledges the chamber has faced pressure to stay the Republican course. But, he says, "We have to advocate for the business agenda. We'll take help wherever we can get it."

The Democrats that Mr. Miller decided to support either have a business background or are incumbents who have shown a willingness to break from their party leaders to back chamber priorities. Texas Rep. Chet Edwards became one of them, even though the chamber worked to defeat him two years ago. Mr. Edwards invited Mr. Miller to coffee on Capitol Hill in an effort to win him over.

In the past two years, Mr. Edwards had voted for overhauling bankruptcy rules, the White House's energy bill and legislation making it easier for small businesses to buy health insurance -- all chamber priorities. Meanwhile, his new Republican opponent, political newcomer Van Taylor, didn't have the strong pro-business record of Mr. Edwards's 2004 challenger. This

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summer the eight-term Congressman wound up with his first chamber endorsement. "I'm thrilled," Mr. Edwards says. "It raises a real credibility problem when a challenger is trying to call me a liberal Democrat."

In Nebraska, the chamber was one of the first national organizations to endorse freshman Democratic Sen. Ben Nelson, a leading champion of small-business health-insurance relief. That hurt Republicans' hopes of recruiting a formidable challenger in the strongly Republican state. "We have no credibility if we don't stick to what we believe and support the people who show up on tough votes," says chamber President Tom Donohue. "I've heard a lot of complaining from some of my friends out there, but some of these guys have better voting records than some Republicans."

In some cases, the chamber is supporting business-friendly Democrats or Republicans against rivals in their own party, especially in districts where primaries usually decide who will win the general election.

At a recent chamber meeting, Peter Lawson, the group's director of congressional and public affairs, was surprised to learn Mr. Miller planned to weigh into Hawaii's Democratic primary for Senate, which is tomorrow. Mr. Miller is backing challenger Rep. Ed Case against Sen. Daniel Akaka -- the incumbent Democrat, and Mr. Lawson's next-door neighbor. "Look, this really isn't a good idea," Mr. Lawson recalls saying.

Mr. Case had backed small-business health insurance, limiting class-action lawsuits and making the bankruptcy code friendlier to creditors. Mr. Akaka, like most Democrats, voted against those measures. Mr. Lawson, resigned to the decision, broke the news to Mr. Akaka personally when, while walking his dog, he bumped into the senator. He ended up writing Mr. Akaka a personal $250 check for his campaign.

In March, the chamber backed Texas Democratic Rep. Henry Cuellar, a supporter of free trade, in his primary victory over former Democratic Rep. Ciro Rodriguez, who was supported by MoveOn.org, a liberal online group. Mr. Miller tried to keep the chamber's profile low, sticking to a voter-turnout effort in the belief that a television ad war between the chamber and MoveOn would hurt his candidate with Democratic primary voters. Mr. Rodriguez thinks the chamber's effort helped Mr. Cuellar prevail. "They raised a good bit of money for him," he said.

The chamber's heightened interest in Democrats has created some challenges. To produce its first Democratic TV ads, the chamber had to hire a Democratic specialist, Mullen & Co. Erick Mullen, the company's founder, calls the chamber's increased bipartisanship "sound business practice."

At the chamber's headquarters across the street from the White House, Mr. Miller last month gathered aides to hammer out what topics they would highlight in the new TV ads. For each of four issues -- energy, a prescription-drug plan for seniors, small-business health insurance and limiting medical malpractice lawsuits -- Mr. Miller would match the issue to a Democratic candidate.

They decided to create a more-customized ad for Sen. Joe Lieberman, who was defeated in the Democratic primary last month and is running as an Independent. Sen. Lieberman supported the energy bill, a vote his opponent argues shows he is too close to President Bush. Matt Haller, who manages the chamber's political team, suggested a special ad in which members of the Connecticut chamber tout Mr. Lieberman's independence.

Carol Wallace, a Republican and chief executive officer of Cooper Atkins Corp., a small Middlefield, Conn., business that makes cooking thermometers, appeared in the ad. Businesses "are looking for a more-centrist and consensus and collaborative Congress to be able to move things forward," she said in an interview.

In some cases the chamber's more bipartisan posture has come as a relief to local and state chamber officials and business leaders. Robert Batt, executive vice president of Nebraska Furniture Mart, stood beside Mr. Miller when he swept into the state to endorse Sen. Nelson. A registered Independent, Mr. Batt said partisan attacks "don't play well here. We think of it more as the person."

In Illinois, business supporters of Ms. Bean, the freshman House Democrat targeted by the Republican leadership, have felt heat. Bill Little, a chamber board member and chief executive officer of Quam-Nichols Co., an industrial audio maker in Chicago, says his personal backing of her has "required explanation a couple of times" among his Republican friends.

For Republicans in Washington, defeating Ms. Bean represents an opportunity to recapture a seat held by their party for 70 years. The founder of a high-technology consulting firm, Ms. Bean two years ago knocked off 18-term incumbent Republican

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Rep. Phil Crane in the suburban Chicago seat. Then last summer, she joined only 15 other Democrats to vote in favor of the Central American Free Trade Act.

Labor unions protested outside her office. The Northeastern Illinois Federation of Labor Council promptly canceled its plan to award her a "Person of the Year" honor. Bill Scheurer, a Democrat, will run as an Independent in November, which could split the Democratic vote. Buoyed by that prospect, House leaders have requested Republican congressmen to give $1,000 to $5,000 to former investment banker David Sweeney, the socially conservative Republican challenger.

Early last month, Melanie Bassett of the chamber's Chicago office stood among 100 local business leaders in Schaumburg, Ill., to endorse Ms. Bean for her 73% voting record on chamber priorities. Mr. Miller launched two rounds of TV commercials. Ms. Bean believes the business backing makes it harder for a Republican to attack her. As for the chamber's hefty spending on ads for her in the expensive Chicago market, she says, "That doesn't hurt at all."

Democrat Optimistic In Washington (WT)

By Christina Bellantoni

The Washington Times, September 22, 2006

BELLEVUE, Wash. -- Washington's 8th Congressional District is emblematic of this year's battle for Congress, with Democrats working their hardest to link Republicans in power to President Bush.

Darcy Burner says her chances of ousting freshman Rep. Dave Reichert -- and giving the Democrats a seat in their bid to recapture the House -- are good because state residents are weary of the president.

"George Bush has taken this country in the wrong direction, and Congress has an obligation to stand up to him and fight for the people of this district," Mrs. Burner said.

Mr. Reichert is one of the Republican centrists in Congress and reminds voters at every opportunity that he is not afraid to be an independent voice for their needs.

"He has bucked the party and leadership many times, which is no small feat for a freshman," said Carol Beaudu, Mr. Reichert's campaign spokeswoman.

For example, he voted to overturn Mr. Bush's veto of a bill authorizing embryonic-stem-cell research and has opposed drilling in the Arctic National Wildlife Refuge in Alaska.

Mr. Bush, Vice President Dick Cheney, House Speaker J. Dennis Hastert of Illinois and many other top Republicans have come to the state to campaign for Mr. Reichert, making him an easy target for Democrats who call him "rubber-stamp Reichert."

When White House strategist Karl Rove visited on behalf of Mr. Reichert last Friday, Mrs. Burner received more than $50,000 in an online counter-fundraiser.

Sen. Maria Cantwell, a Washington Democrat facing her own re-election campaign, hosted the online drive, calling the race one of the country's most "hotly contested."

"There's a major political upset in the making here in Washington state, one that could tilt the balance of power in Congress to the Democrats," Miss Cantwell told supporters.

"They know they can't afford to lose this seat, and they are pulling out all the stops: George Bush has been here, Dick Cheney has been here, and now it's Karl Rove's turn."

Mrs. Burner isn't shy about tying Mr. Reichert to the president, and said she was not surprised to see the race generate national attention.

"We've been working hard to make it that," she said. "About nine times out of every 10, when the president tells him to do something, he gets in line and says, 'Yes, sir.'"

Mrs. Burner, 35, is a former Microsoft executive and mother to a toddler. She was raised in a Republican military family and is married to a veteran who served in Iraq. She has never run for political office.

She said Republicans have lost the ideals for which they once stood, such as fiscal responsibility.

Mr. Reichert, 56, a former sheriff who was in the Air Force Reserve, says on his Web site that he is a man of integrity who "transcends partisanship."

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Mr. Reichert garnered 52 percent of the vote when he won the open seat in 2004. His strengths are his independence and his role as chairman of the Homeland Security subcommittee on emergency preparedness, science and technology, Miss Beaudu said.

He authored the 21st Century Emergency Communications Act, which passed earlier this year by a vote of 414-2.

"The biggest issue is our security and our preparedness, and that's what's the congressman is campaigning on," she said, noting that the state is one of the closest to North Korea. "People know him and trust him."

Miss Beaudu cited an August poll showing Mr. Reichert winning by a large margin, while the Burner campaign references a poll from two weeks ago showing the Democrat with a three-point lead over the incumbent.

Each candidate has raised more than $1 million in the race, which has made the "battleground" lists used by both parties, but only Mrs. Burner is running television ads so far.

Black Republicans Run Racially Tinged Ad (AP)

By Kristen Wyatt

AP, September 22, 2006

A national black Republican group is running a radio advertisement accusing Democrats of starting the Ku Klux Klan and saying the Rev. Martin Luther King Jr. was a Republican, a claim challenged by civil-rights researchers.

Lt. Gov. Michael Steele, the black Republican nominee for Maryland's open Senate seat, disavowed the ad Thursday as "insulting to Marylanders". He said his campaign asked the Washington-based National Black Republican Association to stop running it.

At an event in Baltimore, Steele said, "I don't know exactly what the intent of the ad was" but that "it's not helpful to the public discourse."

The ad does not mention Steele or his Democratic opponent, Rep. Ben Cardin.

The association's president, Frances Rice, did not return calls for comment. The group, founded a year ago, promotes the GOP to black voters.

It was not immediately clear which radio stations were airing the 60-second ad or how long it had been running. The group's Web site announced the ad's release in a statement dated two weeks ago. The Washington Post reported Thursday that the ad was running on Baltimore stations.

The spot begins with one woman telling another, "Dr. King was a real man. You know he was a Republican."

Steve Klein, a senior researcher with the Atlanta-based King Center, said Thursday that King never endorsed candidates from either party.

"I think it's highly inaccurate to say he was a Republican because there's really no evidence," Klein said.

A King biographer, Taylor Branch, also said Thursday that King was nonpartisan.

In the ad, the woman goes on to say, "Democrats passed those black codes and Jim Crow laws. Democrats started the Ku Klux Klan." Her companion replies, "The Klan? White hoods and sheets?"

The KKK, never a political party, was a racist group of white men that started in the South after the Civil War, when Republicans were almost unheard of in former Confederate states. The mainstream Democratic Party never endorsed the Klan nor claimed to have founded it.

The first woman also says, "Democrats fought all civil rights legislation from the 1860s to the 1960s. Democrats released those vicious dogs and fire hoses on blacks."

The ad asserts that "Democrats want to keep us poor while voting only Democrat" and, "Democrats want us to accept same-sex marriages, teen abortions without a parent's consent and suing the Boy Scouts for saying 'God' in their pledge."

About the GOP, the ad says: "Republicans freed us from slavery and put our right to vote in the Constitution."

The group running the ads describes itself on its Web site as "a resource for the black community on Republican ideals." It does not say how many members it has.

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Race is a prominent theme in the Maryland race for the seat held by retiring Democrat Paul Sarbanes. Steele, the first black candidate elected statewide in Maryland, faces a white Democrat in a heavily Democratic state with the highest percentage of black residents — 29 percent — of any state outside the South.

Black Democrats Pledge Backing To Steele (WT)

By S.a. Miller

The Washington Times, September 22, 2006

BALTIMORE -- Prominent black Democrats yesterday bucked their party to support Lt. Gov. Michael S. Steele -- the Republican nominee in Maryland's U.S. Senate race.

"Like so many people who have come out today, I'm sick and tired of being taken for granted by the Democratic Party," said William H. "Billy" Murphy Jr., a Baltimore civil rights lawyer who hosted the "Steele Democrats" event at the Eubie Blake National Jazz Institute and Cultural Center.

"I'm sick and tired of being relied upon for support but not respected as a leader," Mr. Murphy said. "It pains me that I would stand here ... today in rejection of my party's refusal to embrace us in its leadership. But I am happy to be doing that for Michael Steele."

A surprise for Mr. Steele came from the son of Kweisi Mfume, a past president of the National Association for the Advancement of Colored People who lost last week's Democratic primary to U.S. Rep. Benjamin L. Cardin.

Michael Mfume, a producer of the horror film "Ax 'Em" and an active supporter of his father's campaign, told reporters at the Eubie Blake center that he did not speak for his father.

"There is a saying by Billie Holiday. It goes: 'A mother may have. A poppa may have. But God bless a child that has its own,'" he said.

A spokeswoman for Kweisi Mfume said that he did not know about his son's plans to support Mr. Steele, who is the first black elected to statewide office in Maryland.

Kweisi Mfume, who voiced support for Mr. Cardin in his concession speech but has not actively campaigned for him, has said the Democratic "bosses" shunned his campaign in favor of Mr. Cardin's.

"This is nothing new," said Baltimore lawyer A. Dwight Pettit, a black Democrat at the Steele event.

He said that state party leaders rejected his run for Baltimore state's attorney in 1978 and his nomination for U.S. attorney by President Carter in 1976 in support of white candidates.

"We are on a national stage right now in Maryland to show that if the Republican Party reaches out to African-American communities, they are not foreclosed on immediately," he said. "The question is: What has the Democratic Party done for the African-American community?"

Mr. Steele said he wanted his campaign to bridge Maryland's racial and political divide.

"I decided I wanted this campaign to be about something positive and uplifting: empowerment, opportunity, ownership," he said. "That has not changed and that will not change."

The "Steele Democrats" event followed a rally Tuesday for Mr. Cardin in Baltimore, where both candidates are vying for Mfume supporters.

Mr. Cardin's event featured endorsements from elected black Democratic officials, many of whom backed Mr. Mfume in the primary.

Mr. Cardin, who is white, defeated Mr. Mfume 43.7 percent to 40.4 percent statewide.

But Mr. Cardin lost by tens of thousands of votes in Baltimore and Prince George's County, two of the state's most populated and heavily Democratic jurisdictions -- both more than 65 percent black.

Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the country's most closely watched campaigns and one of the most fiercely fought between the national parties.

Racial politics took center stage again yesterday, when Mr. Steele called on the Washington-based National Black Republican Association to pull a radio ad airing in Maryland that says Democrats started the Ku Klux Klan and says that Martin Luther King was a Republican, which some historians contest.

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"It is creating a ripple of discontent, and that is not what I stand for," Mr. Steele said.

Cardin, Steele Issue Challenges For Debates (WT)

By Jon Ward

The Washington Times, September 22, 2006

BALTIMORE -- Rep. Benjamin L. Cardin yesterday criticized his Republican rival Lt. Gov. Michael S. Steele for ducking debates in the U.S. Senate race in Maryland.

But Mr. Steele and his campaign said Mr. Cardin is "playing games," and that his campaign manager won't return phone calls to set up a debate.

Yesterday morning, Mr. Cardin stood next to a table with two name cards on it, placed there by his staff, as he spoke to about 30 seniors at a retirement community in Catonsville. One card bore Mr. Cardin's name. The other Mr. Steele's.

"Where is Michael Steele? I wish he was here," Mr. Cardin, a Democrat, told his audience, which included some of the 2,000 residents at the Charlestown Retirement Community who watched on closed-circuit television.

Steele spokesman Doug Heye said that Ken Morley, Mr. Cardin's campaign manager, refuses to return a call from Mr. Steele's campaign manager, Michael Leavitt.

"We would like to have debates and start scheduling them. Unfortunately, Ben Cardin continues to play games," said Mr. Heye.

Mr. Cardin called that "an excuse."

The Cardin campaign has issued public challenges to Mr. Steele, the first black person elected to statewide office in Maryland, to debate Mr. Cardin at one of the 10-term congressman's previously scheduled campaign stops.

"The voters should have an opportunity to hear us in an unrehearsed, live setting, where voters can ask you questions, and you have to respond to those questions," Mr. Cardin said in an interview in Catonsville.

Mr. Cardin this week called for two debates a week until Election Day, which is Nov. 7.

So far, the two candidates are expected to meet Oct. 29 for a debate on NBC's "Meet the Press."

Mr. Leavitt called Mr. Morley about specifics for more debates, but Mr. Morley refused to respond, Mr. Heye said.

In a letter to Mr. Leavitt, Mr. Morley said, "With less than 50 days until the election, there is no time for a drawn out discussion process. Let's debate."

The letter, which was sent via e-mail at 4:16 p.m. Wednesday, challenged Mr. Steele to meet Mr. Cardin at the retirement community at 9 a.m. yesterday.

"If we wanted to do that too we could schedule a debate for when the House of Representatives has votes. But we're not doing that," Mr. Heye said.

Mr. Cardin said that his campaign has "been in constant contact with [the Steele campaign] to do whatever is reasonable in a debate forum."

But Mr. Cardin's spokesman, Oren Shur, refused to say whether campaign manager Mr. Morley had received a call from Mr. Leavitt or whether he had returned a call.

Mr. Shur said he is the contact person for scheduling debates and that he called the Steele campaign yesterday. Late in the day, Mr. Heye returned the call and invited the Cardin campaign to attend a meeting today, which he said would be attended by Steele staffers and representatives for Kevin Zeese, the Green Party candidate.

Mr. Shur would not say whether Cardin representatives plan to attend the meeting.

Mr. Heye said the Cardin campaign's actions were simply trying to distract voters.

"They are doing whatever they can to distract from the fact that their campaign is clearly stumbling from their internal scandal, and from the fact that after outspending [Kweisi] Mfume 10-to-1, they limped to the nomination," he said.

Mr. Heye was referring to Mr. Cardin's victory last week in the Democratic primary, in which Mr. Cardin defeated Mr. Mfume, the former president of the National Association for the Advancement of Colored People. Mr. Cardin spent $2.9 million on television ads to Mr. Mfume's $300,000 but defeated Mr. Mfume by less than 3 percent.

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The "scandal" to which Mr. Heye was referring was an online Web log written by a Cardin staffer that included racist and anti-Semitic comments.

The staffer, whom Mr. Cardin has refused to identify, was fired after The Washington Times first reported on the blog Sept. 15.

Top Republican Aids Lieberman Fundraiser (AP)

By Andrew Miga

AP, September 22, 2006

A prominent Republican who chairs I. Lewis "Scooter" Libby's legal defense fund co-hosted a fundraiser Wednesday for Sen. Joe Lieberman, who is running for re-election as an independent after losing the Democratic primary.

Mel Sembler, a former Republican National Committee finance committee chairman, helped organize a reception that raised about a "couple hundred thousand dollars" for Lieberman, who was in attendance. Sembler said the event at his firm's office in St. Petersburg, Fla., drew a mix of Republican, Democratic and independent donors.

"He's a man of principle," Sembler, a former ambassador to Italy and Australia, said of Lieberman in a telephone interview with The Associated Press on Thursday. "Everybody crossed party lines, that's what was interesting ... He's an excellent candidate. We're happy to support him."

Libby, Vice President Cheney's former chief of staff, was indicted last year on charges that he lied to FBI agents and a federal grand jury about how he learned CIA operative Valerie Plame's identity and when he subsequently told reporters.

Sembler, who is board chairman of the Sembler Company, a real estate and shopping center development company, said he has worked hard to raise money for Libby's legal defense fund.

"It's amazing to go to all this hard work when a crime never got committed," said Sembler, who also described himself as "dear friends" with Cheney.

The Libby defense fund's steering committee includes a few Democrats and several Republicans; Sembler is its chairman.

Sembler said the three-term Connecticut senator was supportive of him in 1989 when his nomination to be ambassador to Australia stalled in the Senate.

Sembler said he was bothered by what he termed distortions of Lieberman's record during the August primary, which upset him. That, coupled with Republican nominee Alan Schlesinger's low name recognition, persuaded him to back Lieberman financially in the general election.

Democrat Ned Lamont, an anti-war challenger, stunned Lieberman, the party's 2000 vice presidential nominee, in the Aug. 8 primary. Lieberman then embarked on an independent bid to hold his Senate seat.

Lieberman has stressed that he's reaching across the aisle for Republican votes. He's also reaching for GOP wallets.

Republican New York Mayor Michael Bloomberg plans to host a Nov. 1 fundraiser for Lieberman with former Democratic Mayor Ed Koch.

Bruce Bialosky, a longtime Republican fundraiser in California, said he's getting a strong response as he helps organize an Oct. 10 fundraiser in Los Angeles for Lieberman that also will be a bipartisan affair.

"It should be a smashing success," Bialosky said. "There are a lot of people across the country who are Republicans who are raising money for Joe."

Lieberman will need Republican and independent votes to prevail in November. One of his television ads shows him erasing a line between the words "Democrat" and "Republican" on a chalkboard.

Volatile Mix: Campaigning And Religions (NYT)

By Anne E. Kornblut

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — In one of the more awkward moments surrounding the disclosure of his Jewish heritage this week, Senator George Allen, Republican of Virginia, volunteered that his background had hardly inspired him to start keeping kosher.

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"I still had a ham sandwich for lunch," Mr. Allen told The Richmond Times-Dispatch, referring to rules against eating pork, "and my mother made great pork chops."

If Mr. Allen did not fully grasp the sensitivities at first, he did find himself in a growing group of political figures who have discovered their Jewish roots late in life.

The responses to his situation, which included bad ethnic humor and serious debates about denial and anti-Semitism, focused attention on the power of religious, ethnic and racial identities in politics, forces that may not have the power they once did. But those forces remain sufficiently alive that Gov. Mitt Romney of Massachusetts, a Mormon, will almost certainly face questions about his religion if he runs for the Republican presidential nomination.

Nowadays, political operatives say, what matters is not so much Mr. Allen's bloodlines but his handling of the news that his mother was born Jewish, a fact that both say she told him last month.

"People are always curious about the backgrounds and the attitudes that people bring into a race, and especially someone who has been touted as a potential presidential nominee," said Wesley K. Clark, a retired general and former Democratic presidential contender who learned at age 23 that his father was Jewish.

What may ultimately distinguish Mr. Allen from politicians like Madeleine K. Albright and Senator John Kerry, who both learned the full extent of their Jewish histories on the public stage, is the manner in which his narrative has unfolded. It is occupying a place in a campaign that has already left him on the defensive over racial sensitivity and his efforts to incorporate his newly discovered background into a political identity as a Christian conservative.

After initially sidestepping questions about his Jewish roots, Mr. Allen played them down and then had his campaign accuse his Democratic rival of anti-Semitism. Only on Wednesday did his mother confirm that she had hidden the family history from her son for decades.

Mr. Allen went on the offensive, declaring himself a champion for all minorities. "Now, it's personal," he said Thursday in an interview on CNN.

The development came on the heels of his "macaca" comment, a phrase he used to describe an Indian-American aide to his opponent that has become shorthand for the race and ethnicity problems that have plagued Mr. Allen's campaign for weeks.

Even some of his friends say that handled differently the news of his background could have developed into a sympathetic storyline.

Candidates like Mr. Kerry and Senator Hillary Rodham Clinton handled similar developments deftly enough to appeal to the Jewish community without, in the view of their supporters, appearing exploitative or abandoning the Christian traditions in which they were raised.

In Mrs. Clinton's Senate race in 2000, The Jewish Daily Forward reported that Mrs. Clinton's step-grandfather was Jewish.

For any Democrat in a similar spot, of course, the landscape is much less complicated. The Democratic Party has long been the predominant home for most religious and ethnic minorities, including Jews.

The situation is more complex for Mr. Allen.

William Kristol, editor of The Weekly Standard, a conservative publication, said the incident especially "struck a nerve with Jewish Republicans."

"It's simply the way he handled it," Mr. Kristol said.

But in a southern state that was once a slave state, where white voters are predominant and cultural and political conservatives are a majority, Mr. Allen has seemed to struggle to find the right words to address his newfound identity.

After initially responding defensively to a television news reporter who asked him directly on Monday about his Jewish ancestry and saying it was important not to make "aspersions about people because of their religious beliefs," Mr. Allen later said his objection was to a preceding question, about whether his mother had taught him the word "macaca."

By midweek, the campaign accused its Democratic opponent, James Webb, of using "anti-Jewish ploys." Mr. Allen's campaign issued statements saying that, among other things, Mr. Webb had approved a flier in his Senate primary that had anti-Semitic overtones, an accusation that Mr. Webb has denied.

On CNN, Mr. Allen spoke forcefully about combating discrimination, saying he had recommitted to fight for tolerance.

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He also said his mother, after releasing him from a promise to keep the family secret, had started to find out who her real friends were. \

Democrats have, of course, taken delight in watching Mr. Allen confront another difficult episode.

A spokesman for Mr. Kerry said that the news "would be nothing more than a piece of trivia if it wasn't clear that George Allen is so uncomfortable with himself" and that the "Watergate principle" applied, with the cover-up worse than the news.

In an interview published on Thursday in The Washington Post, Mr. Allen's mother, whose unmarried name was Henriette Lumbroso, said she had kept the news from her son until a discussion after a report in The Forward about her family and its experience in Tunisia. She said her father had been imprisoned during the Nazi occupation of Tunis.

On CNN, Mr. Allen recounted his mother's saying: "I didn't want to tell you. Do you love me? You won't love me as much."

Mr. Allen said he responded, "I love you even more."

Kerry Urges Democrats To Fight Back (AP)

By Will Lester

AP, September 22, 2006

The Swift Boat Veterans for Truth group was Sen. John Kerry's albatross in 2004. Now, the Democrat is warning his party about suffering the same fate in a fundraising letter.

In 2004, the Swift Boat group, backed by Texas businessman Bob Perry, made unsubstantiated allegations about Kerry's Vietnam War heroism. The presidential nominee's slow and uncertain response is blamed for helping doom his White House bid.

This year, Perry has donated $5 million to the Economic Freedom Fund, a newly created California group, that is running ads, sending out mailings and using automated phone calls to criticize Democratic candidates in Georgia, West Virginia, Iowa and Indiana.

Kerry urges Democrats to fight back in a letter seeking funds for the Democratic Congressional Campaign Committee.

"Their first attack ads against Democratic House candidates are already on the air. They hope they've caught you sleeping. We have to respond quickly and in force," Kerry writes in an e-mail sent to tens of thousands of Democrats.

Kerry was widely criticized for his slow response to the Swift Boat attacks.

"You get knocked down and you can either get mad or you can get tougher," said Kerry spokesman David Wade. "Our battle cry is 'never again.'"

Since losing the White House in 2004, Kerry has raised more than $10 million for almost 200 candidates at the local, state and federal level, aides say. He is mentioned as a potential candidate in 2008.

Clear-Cut Race Shifting Into Texas-Size Free-for-All (NYT)

By Ralph Blumenthal

The New York Times, September 22, 2006

HOUSTON, Sept. 21 — Finally, in the race for governor of Texas, things are getting unclear. And all the more riveting.

Will President Bush's home state stay in the Republican column, where it has been since Mr. Bush won in an upset in 1994? Or will it fall to a Democrat or independent — even a cigar-toting country music satirist touting his political virginity and running on the slogan, "How hard could it be?"

Just a few months ago, the race appeared to be a fairly conventional if well-financed match between Gov. Rick Perry, a Republican, and the state comptroller, Carole Keeton Strayhorn, a former Republican running as an independent.

In the last few weeks, though, two other candidates have gained enough traction to make it a much wider race: the humorist Kinky Friedman and Chris Bell, a former Democratic congressman. A fifth candidate, James Werner, a Libertarian, could make the difference if the Nov. 7 election becomes a squeaker.

"It's gotten a lot murkier over the last couple of months," said Cal Jillson, a professor of political science at Southern Methodist University in Dallas and a leading authority on Texas politics.

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Mired in low popularity ratings but with rivals dividing the opposition and strong backing from evangelicals, Governor Perry is still favored to win his quest to become the longest-serving chief executive in Texas history using a strategy of "running out the clock," Dr. Jillson said. Nonetheless, he cautioned that "the history of Texas is full of zany, crazy races and this could be one."

Voter disaffection is running high, fueled by anger over a long school-financing crisis, illegal immigration, a new business tax, rising crime, toll roads and the governor's plans for a vast foreign-built superhighway network that farmers and ranchers say would gobble up great swaths of Texas.

Mr. Perry, often accused of aloofness, has become the target not only of the left but also of the conservative right, blamed for rising state expenditures that both sides say have failed to remedy pressing state problems.

It is an environment in which the opposition has clearly thrived, and several statewide polls — though they use questionable and often unreliable methods — has driven a sense that the race has widened. None of the polls show Governor Perry getting much more than a third of the vote. The three other major candidates tend to fall in differing orders, depending on the poll, but each ranks in double-digit percentages in the various polls.

"This will be won by anyone getting 38 to 40 percent of the vote," Dr. Jillson said. With even 2 percent of the vote, Mr. Werner could pull enough from another candidate to make a difference, becoming the Ralph Nader of Texas, 2006.

"I would be pleased if I could cost any of my opponents the election," Mr. Werner said.

With the race in flux, the airwaves are full of television commercials; early ones showed Mr. Bell as a giant straddling the Alamo and Mr. Friedman at his animal rescue ranch in Kerrville comparing himself to the Good Shepherd.

In recent days, the cash-starved and long-invisible Mr. Bell has been buoyed by the unexpected opening of checkbooks, as some big donors have reconsidered their judgment that he could not beat Mr. Perry. One new benefactor was Frederick M. Baron of Dallas, a wealthy asbestos lawyer and former president of the Association of Trial Lawyers of America, who spent several hours recently closeted with Mr. Bell, calling Democrats for donations. "I'm now convinced he could win," Mr. Baron said.

Mr. Friedman's campaign raked in $60,000 at a Houston steakhouse fund-raiser Sept. 5 led by the socialite Carolyn Farb and featuring the guitarist Billy F. Gibbons of the Texas band ZZ Top and Dick DeGuerin, the lead lawyer defending Tom DeLay against criminal campaign finance charges. Mr. Friedman will win, Mr. DeGuerin predicted, "and then he's going to make me attorney general."

Next week, Mr. Friedman plans to begin touring Texas college campuses with his political idol, Jesse Ventura, the wrestler and former Minnesota governor who waged the kind of independent campaign Mr. Friedman is emulating, to the point of hiring Mr. Ventura's former campaign manager, Dean Barkley. They hope to take advantage of the growing discontent among Texas voters.

"The peasants are angry," Mr. Barkley said. "They're sharpening their pitchforks."

But Mr. Friedman himself narrowly escaped an impaling two weeks ago after dismissing Hurricane Katrina evacuees still in Houston as "crack heads and thugs." The remark prompted Mr. Bell to suggest that "Kinky is taking sensitivity training from Mel Gibson."

This week, the freewheeling Mr. Friedman was confronted with a year-old interview in which he said of sexual predators, "Throw them in prison and throw away the key, and make them listen to a Negro talking to himself." His staff explained the remark as a line from one of Mr. Friedman's mystery novels and said he was often politically incorrect but never racist. On Thursday, bloggers seized on a 1980 comedy skit by Mr. Friedman in which he used a slur against blacks, prompting expressions of outrage by his rivals — another sign, his campaign said, of their desperation over his gains.

Mr. Friedman, 61, a humor columnist and longtime mainstay of a Western troupe called Kinky Friedman and the Texas Jewboys, has also suggested dividing the border, putting a Mexican general in charge of each segment and subtracting money from a large bank account every time an illegal immigrant crossed over.

For much of the summer, the race was widely seen as a struggle between Governor Perry and Ms. Strayhorn, both former Democrats. Ms. Strayhorn, 67, the mother of two former officials in the Bush administration — Scott McClellan, the White House spokesman, and Mark B. McClellan, the F.D.A. director and Medicare commissioner — was the first woman to be mayor of Austin, from 1977 to 1983. She switched to the Republican Party in 1986, before an unsuccessful race for Congress.

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Mr. Perry, 56, a former Texas House member who switched to the Republican Party in 1989, was lieutenant governor in December 2000 when George W. Bush vacated the Statehouse, elevating Mr. Perry to governor. He won the post on his own in 2002. The two-term limit means no Texas governor has served more than 8 years; but if Mr. Perry wins in November and finishes out his term, he will have served 10.

With the race picking up, Mr. Perry, whose campaign turned away a reporter's request to accompany him on the hustings, spent several recent days visiting public schools to deliver checks for teacher merit bonuses, up to $2,800, and give children blue plastic bracelets stamped "Reach your goal — graduate." A recent survey by Education Week ranked Texas below average in high school graduation rates.

"We can't pay you enough, but we try," Mr. Perry told Monica Ferguson, a fourth-grade teacher at Oleson Elementary school in north Houston last week.

Ms. Strayhorn, who gave up any hope of challenging the governor in the Republican primary, has also been promising higher teacher pay, which has earned her endorsements from teacher unions. Education has been ignored in the state for too long, she has said on the stump, and students and teachers have seen no benefit from record state spending.

Mr. Bell, a former Houston councilman who filed an early ethics complaint against Mr. DeLay, the former House Republican leader, drew cheers at a recent Democratic forum by dismissing Mr. Perry and Ms. Strayhorn as "two sleeves of the same empty suit" and professing a lack of concern over their television campaigns. "Their problem is not that people don't know them," he said, "it's that they do."

At his Sept. 5 fund-raiser in Houston, Mr. Friedman, wearing his trademark black cowboy hat and clutching his ever-present unlit cigar, said he sensed victory.

"I can tell by the people who think we can't win," he said.

He thanked his donors — "it's been a financial pleasure" — and demanded refreshment: "The governor needs a drink!" he bellowed. "May I have a drink of Jameson's, please?"

Kinky Friedman Defends 1980 Racial Slur (AP)

By Kelley Shannon

AP, September 22, 2006

Comedian and independent gubernatorial candidate Kinky Friedman on Thursday defended his use of a racial slur during a performance at Houston nightclub 26 years ago after an audio clip of the standup routine was posted on the Internet.

Friedman, 61, said he has tried to expose and lampoon racism, and was making fun of bigots when he used the n-word twice in a joke.

"They're attacking me for something that Richard Pryor did, that Lenny Bruce did, which is to have the freedom to poke fun at anybody that you want. The whole show is satirizing racism," Friedman said at a fundraiser in New York.

But State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, said it was difficult to find the humor in his joke after his remarks about Katrina evacuees in Houston in which he referred to them as "crackheads and thugs."

Coleman said nobody would have scrutinized his 1980 joke before the comments about Katrina evacuees, most of whom are black.

"It makes it more relevant because people then look to see, is this part of your character," Coleman said. He said Friedman "needs to change his tune or get out of the race."

A staffer for Coleman posted the audio on the left-leaning political Web site Burnt Orange Report. Phillip Martin said he did the posting in his off time after getting it from an old fan of Friedman's.

Other Friedman comments criticized recently include a television interview from a year ago in which he said sexual predators should be thrown in prison "and make them listen to a Negro talking to himself," Friedman said. He also called "Negro" a "charming word."

Friedman's campaign has said the CNBC interview in which he made the "Negro" remark was a reference to a book he wrote in the 1980s.

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Gov. Rick Perry, a Republican seeking re-election, Democratic candidate Chris Bell and independent candidate Carole Keeton Strayhorn said Friedman's language was unacceptable.

LETTERS (WSJ)

The Wall Street Journal, September 22, 2006

As Harvard Bows Out, Others Should Step In

Arthur C. Brooks's Sept. 14 editorial-page commentary "Early Admissions" has got it exactly right that Harvard's early-admissions reversal need not, and indeed ought not, discourage top-tier public universities from more aggressively marketing it. Public universities such as my own, the University of Michigan, now have an unparalleled opportunity to attract the best students from both the lowest and highest socio-economic tiers.

Our best in-state students most in need of an opportunity to attend college can, through early admissions, continue to have security about their academic future. And our best out-of-state students who are assured, but not guaranteed, access to an elite private institution can now better weigh the uncertainty of a private education against the certainty of a public one. Given the excess demand for admission to private universities, it is a wonder that all public universities don't ramp up early admissions in the wake of Harvard's decision.

Derek Collins

Department of Classical Studies

University of Michigan

Ann Arbor, Mich.

(The author is an associate professor of Greek and Latin, and serves on the College of LS&A's Advisory Board to the Office of Undergraduate Admissions at the University of Michigan.)

The reason "minorities and low-income applicants" do not "show up in the early admittance pool" is because the schools' financial aid decisions are made in April/May, not because minorities and low-income applicants do not have the motivation to "show up," as Mr. Brooks outrageously suggests.

My "low-income" three children applied to 10 schools each (talk about motivation!) and ended up going to the schools that provided them with the most financial aid and were the best fit for their academic credentials. But they didn't find out until May of the following year because it is not until that time that schools release their financial aid decisions. To suggest that low-income and minorities exhibit "suboptimal personal behaviors" is an expression of ignorance of how the other half lives.

Associate Professor

Master's Couple and Family Counseling

Counselor Education Department

Northeastern Illinois University

Lincolnshire, Ill.

The early admission system may seem logical for students who are "positive" of their college decision; however I disagree with Arthur Brooks. To students, parents and college counselors, the early decision process appears flawless as it often allows them a better chance at gaining admission to their college of choice, typically one on their so-called "stretch" list. This process does not necessarily allocate students to the college that will suit them best.

As a white, private-school student in the Northeast, I like most of my fellow classmates had aspirations of attending only the most elite colleges. My hopes were dashed when I was rejected by all but my "safety school." Though I could not see it at the time, my admission to Hobart College was the single best thing that had happened to me in my life. There I was able to participate in sports, clubs and organizations that I would never had the opportunity to join had I gained admission to a school where I was accepted early under more favorable acceptance parameters.

Ryan C. Wilson

Boston

Unions Support Politicians Who Care About Workers

DOJ_NMG_0067306

In your Sept. 19 editorial "Fun Union Facts" you continue your crusade against unions by picking and choosing facts so carefully that your page needs a "reader beware" sign.

Unions pool their resources through the AFL-CIO so working people's voices can be heard in the political and legislative process and to support one another in organizing; these are big budget items. At a time when median household income is sinking, 45 million Americans don't have health care and poverty is rising, we would be neglecting our duties if we didn't do everything possible to elect working-family-friendly candidates and pass laws that will improve workers' lives.

What the LM-2s [newly expanded disclosure reports for unions' budgets] label "representational activities" is not just for collective bargaining; it includes organizing, research and education, international work, training and more. And as an umbrella organization of unions, the AFL-CIO doesn't bargain any contracts at all; our member unions do.

Unions are now reporting more information than any other type of organization in the nation -- more than business, more than churches, more than non-profits. The AFL-CIO's LM-2 forms alone were 863 pages, and we're one of 5,000 national and local labor organizations required to turn in these forms.

John J. Sweeney
President
AFL-CIO
Washington

An Insufferable Smear Of Our Staff Officers

The Sept. 19 Letter to the Editor defending an academic physician who failed to disclose his financial ties ("Needless Furor Harms Outstanding Psychiatrist") is naïve and misguided. Particularly offensive is the allegation that staff members of the American College of Neuropsychopharmacology were responsible for the nondisclosure "due to a regrettable oversight at the level of administrative publication." To the contrary, the ACNP policy on disclosure explicitly requires that information on financial conflict of interest be included in the acknowledgements section of the manuscript at the time of submission. As lead author, Dr. Charles Nemeroff was required to conform to that policy. As editor in chief of the journal, he can't claim ignorance of the policy that he was being paid to enforce. To now have his supporters issue such a smear on ACNP's administration of the journal is insufferable. The responsibility was Dr. Nemeroff's and his alone.

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(Drs. Carroll and Rubin are Fellows of the American College of Neuropsychopharmacology.)

Tons of Animal Manure Are Public Health Threat

Marc Siegel nailed it ("Eat Your Spinach," editorial page, Sept. 18): E. coli is an intestinal bug and plants don't have intestines. Diseases that make their way to the human body via produce most likely came from contamination with farm animal fecal material.

In a single year in this country, our industrialized animal agriculture's intensive confinement system produces more than a billion tons of manure -- as heavy as 10,000 Nimitz-class aircraft carriers. Billions of farm animals are overcrowded in stressful, unsanitary sheds, pens, cages and stalls; no wonder we are increasingly plagued with infectious food-borne diseases. Animal factories are a public health threat. We shouldn't have to cook the crap out of our food.

Innovator Devises Way Around Electoral College (NYT)

By Rick Lyman

The New York Times, September 22, 2006

LOS ALTOS HILLS, Calif., Sept. 21 — In his early 20's, John R. Koza and fellow graduate students invented a brutally complicated board game based on the Electoral College that became a brief cult hit and recently fetched $100 for an antique version on eBay.

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By his 30's, Dr. Koza was a co-inventor of the scratch-off lottery ticket and found it one of the few sure ways to find fortune with the lottery.

Now, a 63-year-old eminence among computer scientists who teaches genetic programming at Stanford, Dr. Koza has decided to top off things with an end run on the Constitution. He has concocted a plan for states to skirt the Electoral College system legally to insure the election of whichever presidential candidate receives the most votes nationwide.

"When people complain that it's an end run," Dr. Koza said, "I just tell them, 'Hey, an end run is a legal play in football.' "

The first fruit of his effort, a bill approved by the California legislature that would allocate the state's 55 electoral votes to the winner of the national popular vote, sits on Gov. Arnold Schwarzenegger's desk. The governor has to decide by Sept. 30 whether to sign it, a decision that may well determine whether Dr. Koza's scheme takes flight or becomes another relic in the history of efforts to kill the Electoral College.

"It would be a major development if California enacts this thing," said Tim Storey, an analyst for the National Conference of State Legislatures. "It will definitely transform it from a smoldering thing into a fire."

There have been many efforts over the decades to kill the Electoral College, the little-known and widely misunderstood body that actually elects the president based on the individual states that a candidate wins. Most recently, former Representative John B. Anderson of Illinois and former Senator Birch Bayh of Indiana spearheaded a drive, Fair Vote, for a constitutional amendment to abolish the Electoral College.

The brainstorm behind Dr. Koza's effort, led by a seven-month-old group, National Popular Vote, was to abandon that approach and focus on creating interstate compacts. Those are contracts that bind states over issues like nuclear waste and port authorities.

Dr. Koza's compact, if approved by enough legislatures, would commit a state's electors to vote for the candidate who wins the most national votes, even if the candidate loses in that state.

Robert Hardaway, a professor of law at the University of Denver who wrote "The Electoral College and the Constitution: The Case for Preserving Federalism" (1994), has counted 704 efforts to change or abolish the Electoral College. Most, he said, were ill advised, including this one.

"It's legal, but it would be a terrible idea," Professor Hardaway said. "Look at the trauma the country went through having a recount in Florida. Suppose what would happen, in the face of a close national election, if we had to have a recount in every little hamlet."

Dr. Koza, whose dissertation at the University of Michigan was titled "On Inducing a Nontrivial, Parsimonious Grammar for a Given Sample of Sentences," said the idea came to him in early 2004, although he and Barry Fadem did not go public with it until February. Working with state lotteries as chief executive of Scientific Games in Atlanta, he had learned how interstate compacts work. Multistate lotteries like Powerball are based on such compacts. What, he wondered, if a similar agreement bound states together to thwart the Electoral College?

"The bottom line is that the system has outlived its usefulness," said Assemblyman Thomas J. Umberg, the Anaheim Democrat who sponsored the bill here. "It's past time that Americans should elect their president by direct vote of the people."

Mr. Umberg and his staff met some of Mr. Schwarzenegger's top staff members on Wednesday and came away encouraged about the prospects of the legislation. Although they received no commitment, it was clear that the governor, a Republican, was seriously considering the question and had not made up his mind about it, Mr. Umberg said.

"It's anybody's guess which way he'll go," Assemblyman Chuck DeVore, an Irvine Republican who opposes the bill, said. "He's not your normal partisan politician."

National Popular Vote bills were proposed in six legislatures this year. California's was the only one to pass it, though the Colorado Senate voted for a version. The group has found sponsors for bills in 22 states next year.

"And we fully expect that by Jan. 1 we will be able to say that we have sponsors in all 50 states," said Mr. Fadem, an East Bay lawyer who specializes in referendums and initiatives and is president of National Popular Vote.

The goal is to create a snowball effect. The measures may be unlikely to pass in time for the 2008 presidential race, Mr. Fadem said, but the idea could find enough traction as an issue for candidates to address.

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As attractive as it is to guarantee the White House to the winner of the national vote, Dr. Koza said, he has other goals in mind.

"More important,'' he said, "is changing the way presidential campaigns are conducted in this country. Now, the candidates spend almost all of their time in a handful of battleground states like Ohio and Florida and ignore the rest of the country. This would force candidates to campaign nationally for every vote."

Mr. Storey said he remained skeptical that the idea would pass in enough legislatures to take effect. Almost certainly, he said, the states that are usually highly contested will oppose it, fearing the loss of attention and campaign spending. Also, Mr. Storey said, the battle might become partisan, as it did in California, where just one Republican legislator ended up supporting the bill.

Mr. DeVore said, "I just took a look at who was behind the movement, and they were left-wing partisans."

Dr. Koza acknowledged that he had been a Democratic elector, twice, and his living room is festooned with photographs of him beside former Vice President Al. Gore and former President Bill Clinton.

He insisted, however, that the movement was fundamentally nonpartisan, and he pointed to the many Republicans who had agreed to co-sponsor bills on his plan. In New York, five lawmakers, all Republican, sponsored the bill this year.

Jerry F. Hough, a professor of political science at Duke, said that he was "an enthusiastic supporter of a popular vote for president," but that he had problems with Dr. Koza's plan. Professor Hough said he would like runoff provisions, for instance.

He also agreed conservatives could see the effort as a liberal stealth move to regain lost power, comparing it to the Republicans' successful effort, after Franklin D. Roosevelt won four terms, to limit presidents to two.

"The two-term limit was clearly in the face of F.D.R.," Professor Hough said. "And I would say this is clearly in the face of Al Gore's loss in 2000."

States Spin Their Spare Stuff Into Gold (USAT)

By Ben Jones

USA Today, September 22, 2006

MADISON, Wis. — State governments are putting more of their surplus goods on sale rather than in the dump. That's giving bargain hunters the opportunity to pick up everything from computers and desks to a car crusher and a statue of Smokey Bear.

South Dakota unloaded the car crusher for $95,000 on the Internet, according to Rick Voorhes, the state's surplus property manager. Alabama got about $30 for the "life-size" Smokey Bear statue, says Shane Bailey, director of that state's surplus property agency.

The officials in charge of selling such items say tighter state budgets and a desire to reduce the amount of stuff deposited into landfills have bolstered their sales efforts.

"There has been a big push for it," says Dick Graves, president of the National Association of State Agencies for Surplus Property and director of federal and state surplus for Indiana.

"You need more money everywhere," Graves says. "There is wealth sitting here with some of this stuff."

At least 11 states, including Georgia, Arkansas, South Dakota, Washington and South Carolina, are using online auctions to sell surplus goods, according to a survey by the National Association of State Chief Administrators.

Tim Sell, who manages Wisconsin's sales, says state governments have long had surplus property on their hands. What has changed is how it's dealt with.

"In the past, normally good old boys were in the (surplus) department, and nobody cared as long as it disappeared," Sell says. "Now people's taxes are going up, and people want more accountability on these things. (People say) 'Where's my stuff going, and how's it being handled?' "

South Dakota also holds a series of public auctions each year, and several hundred people attend. Total sales come to about $1.5 million annually. "There is a lot of stuff (we sell) that should go to a landfill, but one man's junk is another man's treasure," Voorhes says.

In Kansas, state spokesman Gavin Young says it all goes on sale. "You can get everything from an in-and-out tray from the top of a desk all the way up to a dump truck. … There is a little bit of everything," he said.

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Gayleen Wyant, surplus property manager for Wyoming, says the only thing her state throws away is “absolute trash.” She says she has sold everything from used tire rims to an old wringer washing machine. “I am the queen of sales,” she says. “Guys tell me, ‘It won't sell,' and I turn around and sell it.”

New Hampshire's surplus items include big things such as police cruisers as well as the hundreds of pocketknives and small tools seized by airport security. The seized airport items alone bring in $26,000 a year.

“It's not big money, but it helps pay the bills,” says Robert Stowell, who runs that state's surplus program.

Wisconsin operates a sales warehouse in Madison that unloads property from state agencies and Wisconsin's state university system. It's filled with used computers starting at less than $100 and battered dorm furniture. Regular shoppers can find the unexpected.

Jenny White of Madison regularly combs the aisles for craft supplies.

Once, she says, she ran into a gynecological exam table. She didn't buy it. “That was probably the weirdest … thing I've seen,” White says. “But with some of the stuff, I don't have any idea what I am looking at.”

Sell, who runs the warehouse, says he has “seen everything from rat guillotines to human skulls to things from the governor's mansion. Everything.”

Past surplus sales also have featured doors and windows that were replaced during a Wisconsin Capitol renovation and gear that game wardens seized from illegal fishermen.

Sell says the sales have helped the state keep hundreds of tons of junk out of landfills. They also bring in $1.4 million annually, more than four times the amount the states collected a decade ago. “There has been a dramatic increase,” Sell says.

The Super-Rich Get Richer: Forbes 400 Are All Billionaires (WP)

By Frank Ahrens

The Washington Post, September 22, 2006

It's not news that Bill Gates is the richest person in America, according to Forbes magazine's annual list of the nation's 400 richest people, released yesterday. He has been for 13 years. Barring a second Stone Age in which computers are good only for hurling at other cavemen, Gates will always be rich.

The news is: On this list, $999 million is chump change.

For the first time, all 400 Gotbucks on the Forbes tally are billionaires, from Gates (worth $53 billion) down to the bottom, Los Angeles semiconductor magnate Sehat Sutardja ($1 billion).

It's not just the accumulated wealth that draws attention to the list; it's the eye-popping numbers that show the speed with which wealth is gained -- and lost -- at the dawn of this millennium. For instance, according to Forbes:

Â· Casino mogul Sheldon Adelson (No. 3, $20.5 billion) has made $1 million per hour over the past two years.

Â· Google Inc. founders Sergey Brin (No. 12, $14.1 billion) and Larry Page (No. 13, $14 billion) have each made $13 million per day over the past two years.

Â· Martha Stewart dropped off the list after losing nearly $400 million over the past year.

Forbes has been publishing the much-ballyhooed list -- which relies on research and estimates and rounds net worth to the nearest $100 million -- since 1982. The inaugural list contained only 13 billionaires. Even after the technology crash at the beginning of the century, a three-year war and a jumpy economy, the wealth accumulation among the richest Americans continues unabated and has risen to historic proportions, even if measured by an arbitrarily arrived-at number (400, the number of swells who could fit into the Victorian New York ballroom of Caroline Astor).

"It is a really big deal that it's all billionaires," said Forbes associate editor Matthew Miller, who edited the list and led the team that spent a year compiling it. "It shows economic growth and, as this magazine is a fan of capitalism, it shows progress."

The list of D.C. billionaires is topped by Danaher Corp. founder Mitchell P. Rales (No. 107, $2.6 billion), followed by his brother, Steven M. Rales (No. 117, $2.5 billion), new Washington Nationals owner and real estate mogul Theodore N. Lerner (No. 242, $1.5 billion), and Black Entertainment Television founder Robert L. Johnson (No. 374, $1 billion). McLean candy czar Forrest E. Mars Jr. is Virginia's top billionaire (No. 21, $10.5 billion), while Richard E. Marriott is Maryland's wealthiest man (No. 197, $1.8 billion).

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The enormous sums spur the natural question: Is it good, bad or neither that wealth is accumulating so fast that numbers begin to lose their meaning? (Requisite illustration: A stack of 1 billion $1 bills would reach a height of 80 miles.)

On the one hand, the fortunes have spawned a new age of philanthropy, by which private individuals can try to effect change with the power and reach of a government but without the bureaucratic shackles that often thwart aid efforts.

Bill and Melinda Gates, for instance, created a foundation with assets of $30 billion that focuses much of its effort on improving health for the world's poor. Warren E. Buffett (No. 2, $46 billion), a director of The Washington Post Co. along with Melinda Gates, said in June that he would give away much of his fortune to charity, most of it to the Bill & Melinda Gates Foundation. The gestures recall the large-scale largesse of 19th-century capitalists named Vanderbilt and Rockefeller.

Yet not everyone finds the billionaire boom beneficial.

"I think it's very bad," said Dean Baker, a macroeconomist at the Center for Economic and Policy Research in Washington. "If the U.S. had experienced really extraordinary growth, then maybe that would be the reason" for all the billionaires. Baker pointed out that U.S. economic growth in the past 25 years -- the period that hatched this crop of billionaires -- is actually slower than in the preceding quarter-century, which produced only 13 billionaires.

"If these people pull away so much wealth," he said, "that means everyone else has less."

The growth in the number of billionaires has been significantly aided by cuts in U.S. tax rates that allow the wealthy to keep more of their money, said Harvard University economics professor Larry Katz. Today's marginal tax rate for the richest Americans is 35 percent, down from more than 60 percent 25 years ago.

"We could do a lot more with the tax system and with policies . . . to help out those who are less fortunate," Katz said. On the other hand, "not every dollar that goes to a rich person is taken away from someone else."

Katz is of mixed mind about the billionaire boom.

"At one level, it leads to the possibility of great philanthropy," he said. "On the other level, it is a great concentration of wealth and power that can subvert other people's interests."

One-third of the Forbes 400 is concentrated in two places: California, which has 89 billionaires, and New York City, with 44.

The billionaire-free states are West Virginia, Vermont, Alaska, Maine, Delaware, Mississippi, Iowa, New Mexico, Kentucky and North Dakota. (South Dakota has one.) Even Wyoming, the least populous state, has a billionaire -- Christy Walton (No. 7, $15.6 billion), one of eight Wal-Mart family members on the list, four of whom are in the top 10.

In Embracing Islam, Ex-Catholic Seeks To Strengthen Cultural Ties (WP)

By Caryle Murphy

The Washington Post, September 22, 2006

Chris Moore was an aspiring rock musician with earrings and a shaved head when he walked into a Northern Virginia mosque a dozen years ago and began asking questions about Islam.

A month later, the Christian-raised son of a U.S. Navy man became a Muslim. His conversion initiated a spiritual odyssey that took him to several Muslim countries, including Saudi Arabia, where he adopted and then rejected the ultraconservative Wahhabi approach to Islam.

Moore's faith journey ultimately brought the Annandale resident home, and today he is pursing a master's degree at St. John's College in Annapolis, a university noted for its demanding curriculum based on reading classic works of Western civilization.

Like many other young Muslims in the United States, Moore is seeking to fashion an Islamic identity that flourishes in American society and influences it for the better. He feels a responsibility, he said, to contribute to a more harmonious relationship between Islam and the West -- a task that is on his mind as he observes this year's Islamic holy month of Ramadan, a period of daytime fasting and spiritual introspection that starts at sundown today.

"I'll be doing a lot of reflecting on how I can make a difference in the state of affairs of Muslims -- in the West, specifically," said Moore, 31, who attends the Mustafa Center in Annandale.

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Fluent in Arabic, Moore said he hopes to foster understanding between Muslims and non-Muslims by translating some of the "beautiful, deep wisdom that I've found in Arabic literature. . . . There's a lot in the Islamic tradition that people in this country . . . would love."

But first, he wants to better understand his own culture, which is why St. John's was a logical choice. "What better way to understand the West," he said, "than by going directly to the foundational texts and books and works that helped create that civilization?"

Ramadan, believed to be the period when God revealed the first verses of the Koran to the prophet Muhammad, is the most important month of the Islamic religious calendar. During this time, which is dedicated to spiritual growth, Muslims must refrain from eating, drinking and having sexual relations between dawn and sunset. It is also customary for Muslims to spend part of the days during Ramadan studying the Koran.

The daily fast is broken with an evening meal called the iftar , after which many Muslims attend special nightly prayers, known as taraweeh , at their mosques. Ramadan evenings are often festive, with visits among relatives and friends. The month ends with one of Islam's major holidays, Eid al-Fitr.

The arc of Moore's personal journey from a very conservative to a more moderate expression of his faith echoes the spiritual path of many Muslim American converts. For Moore, the story began in 1994, a year after graduating from Annandale High School.

An only child, he became close friends with Aaron Sellars, another young aspiring musician. The two also shared a yearning for spiritual fulfillment, which led them to Dar al Hijra Islamic Center in Falls Church. They walked in one day and began asking one of the members about Islam. Sellars converted that day; Moore, raised Catholic, did so shortly afterward.

He took to his new faith with an intensity typical of converts. He adopted the Arabic name Khalil, which means intimate friend, and gave up his beloved music, because a Saudi spiritual adviser convinced him that it was a sinful waste of time.

Moore also enrolled in the Saudi-run Institute of Islamic and Arabic Sciences in Fairfax to learn Arabic, because he wanted to read Islam's scriptures in their original language.

Sellars, 35, who works as an audiovisual artist at the California-based Zaytuna Institute, an Islamic educational center, said he was not surprised that his longtime friend threw himself into studying Arabic after his conversion, since that was his approach to everything.

"All of a sudden, there's all these Post-It notes of Arabic all over the wall [of his bedroom]," Sellars recalled. "It was pretty amazing for me to see that quality of doing everything right transferred to his approach to Islamic studies."

Sellars said that Moore displayed the principles of Ramadan even as he moved to accept Islam. "Ramadan is about stopping, cutting off certain aspects of your normal life to think about that which is higher and that which is deep within yourself," Sellars said.

As Moore began to seriously consider converting, "there were certain aspects of his life that he put aside, people who had negative influences . . . who were just about partying, getting high, getting drunk," Sellars said. "The core principle of Ramadan, of doing without and looking within, he was already manifesting some of those qualities . . . in his journey for the truth."

When the Fairfax institute offered Moore a scholarship to study in Medina, Saudi Arabia, he grabbed it -- because to live in the town that Muhammad called home for several years is "the dream of every Muslim," Moore said.

He arrived in Medina in 1996. "When I first got there, I was pretty much in awe. I truly, honestly believed . . . that the only scholars on the face of the Earth that had anything to truly say about Islam were . . . Saudi-related in some way," he said. Theirs, he thought, was "the true Islam."

But in his third year of studies, he started having doubts about the Wahhabi version of Islam taught at Medina. He saw "inconsistencies" in some of his professors' teachings, he said, and was perplexed by the way they selectively chose scriptural stories to back up their ideas but left out others that contradicted them.

Determined to explore Islam on his own, Moore began reading respected ancient Muslim scholars whose views were contrary to the Wahhabi outlook. He also listened to a taped lecture by Hamza Yusuf, the founder of the Zaytuna Institute and a leading figure in the American Muslim community.

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"Sparks started to go off, like maybe [his Saudi professors were] pulling the wool over my eyes," Moore recalled thinking. "Maybe there is another version of Islamic history and another version of Islam."

When he started pulling away from the Wahhabi approach, some of his fellow students, including American and British colleagues, called Moore an unbeliever and an "innovator" -- a sin in Wahhabi thought.

In 1999, he decided to study Islam elsewhere and traveled to Mauritania, Morocco, Yemen and Egypt. He worked at an Islamic educational center in Abu Dhabi for a while. During his travels, he returned in the summer to study English and religious studies at George Mason University, where obtained a bachelor's degree in 2001.

To develop "a truly Muslim identity within the American context," Moore said, Muslims in the United States need to combine what is best from their Islamic traditions and their American culture.

Moore, who no longer shuns music, is looking forward to the rigors of Ramadan. Although his current reading assignments from St. John's include "King Lear" and "The Canterbury Tales," he said he will strive to complete the traditional Ramadan practice of reading the Koran, a book of more than 6,000 verses, "from cover to cover" over the next 30 days.

He also, of course, will be fasting from dawn to sunset, a sacrifice that the Koran teaches is prescribed for Muslims "in order that you should become God-conscious," Moore said.

"Ramadan is a very personal affair," he added, noting that no one but God knows if you are truly fasting or sneaking a bite to eat. "Everyone can see that you're praying," he said. "But fasting -- how can you tell?"

Emotional Wounds Require Focus, Too (USAT)

By James Key

USA Today, September 22, 2006

A few years ago, I experienced a very painful divorce. If it weren't for my faith and support of family and friends, I would still be an emotional wreck.

The past few years, I've tried to help military couples avoid some of the pitfalls I experienced during my marriage. But military couples, unlike their civilian counterparts, face added stresses. Constant military moves are tough enough, but when you add long-term and multiple deployments to the mix, even the strongest marriages can be tested.

Last April, when my Army unit was redeployed from Baghdad, military officials thought that the number of combat brigades in Iraq might be reduced later in the year. But President Bush's decision to increase the number of U.S. troops in war-torn Baghdad seems to have dashed any hopes for large, immediate withdrawals of American forces this year.

While our servicemen and women will continue to serve with distinction, these military uncertainties and separations can have an emotional impact on families. According to the U.S. Army, 6% of married officers and 3.5% of enlisted soldier got divorces in 2004. It is important to point out that the Army's overall divorce rate for 2000, before the wars in Afghanistan and Iraq, was 2.2%.

To help ease the divorce problem, the Army has improved existing programs and introduced new ones:

•A two-day program followed by a retreat that helps couples develop better communication skills.

•A marriage education program that focuses specifically on issues that affect Reserve and National Guard couples.

•A family support group system that provides practical and emotional support for spouses of deployed soldiers.

•A program that includes briefings for soldiers on how their absence might affect their family relationships and how they can deal with changes that might have occurred during their deployment.

While daily U.S. troop deaths and political skirmishes over the direction of the Iraq war capture most of the headlines, it is incumbent upon our political leaders to remain cognizant of the emotional wounds soldiers could also be suffering in their marriages.

In the meantime, military chaplains, family-support groups and mental-health counselors will fill the gap to assist the spouses and children who have been left behind.

Spreading democracy in Iraq or any other hot spot must not come at the expense of military marriages. Helping our troops maintain healthy families is a human imperative that none of us can afford to ignore.

Capt. James Key, chaplain, is a brigade unit ministry trainer at Fort Irwin in California.

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Insurance Horror Stories (NYT)

By Paul Krugman

The New York Times, September 22, 2006

"When Steve and Leslie Shaeffer's daughter, Selah, was diagnosed at age 4 with a potentially fatal tumor in her jaw, they figured their health insurance would cover the bulk of her treatment costs." But "shortly after Selah's medical bills hit $20,000, Blue Cross stopped covering them and eventually canceled her coverage retroactively."

So begins a recent report in The Los Angeles Times titled "Sick but Insured? Think Again," which offers a series of similar horror stories, and suggests that these stories represent a growing trend: more and more health insurers are finding ways to yank your insurance when you get sick.

This trend helps explain something that has been puzzling me: why is the health insurance industry growing rapidly, even as it covers fewer Americans?

Between 2000 and 2005, the number of Americans with private health insurance coverage fell by 1 percent. But over the same period, employment at health insurance companies rose a remarkable 32 percent. What are all those extra employees doing?

Now we know at least part of the answer: they're working harder than ever at identifying people who really need medical care, and ensuring that they don't get it. In the past, they mainly concentrated on screening out applicants likely to get sick. Now, it seems, they're also devoting a lot of effort to finding pretexts for revoking insurance after they've already granted it. They typically do this by claiming that they weren't notified about some pre-existing condition, even if the insured wasn't aware of that condition when he or she bought the policy.

Welcome to the ugly world of American health care economics.

Health care is poised to become America's largest industry. Employment in manufacturing, which once dominated the economy, has fallen 18 percent since 2000, to 14.2 million. Meanwhile, employment in the private health services industry has risen 16 percent, to 12.6 million. Another 1.3 million people are employed at government hospitals. So we're quickly approaching the point at which more Americans will be employed delivering health care than are employed producing manufactured goods.

Yet even as health care becomes the core of the American economy, our system of paying for health care remains sick, and is getting sicker.

Because everyone faces some risk of incurring huge medical costs, only the superrich can afford to be without health insurance. Yet private insurers try to refuse coverage to those most likely to need it, and deny payment whenever they can get away with it.

The point isn't that they're evil or greedy (although you do wonder how the people who cut off the Schaeffers can look themselves in the mirror). The fact is that cruelty and injustice are the inevitable result of the current rules of the game. Blue Shield of California is a nonprofit insurance provider, yet as a spokesman put it, if his organization doesn't follow the for-profit practice of selectively covering only the healthiest people, "we will end up with all the high-risk people."

Now, before you panic about the state of your own coverage, you should know that the horror stories in The Los Angeles Times article all involve individual insurance; if your coverage comes via your employer, you're reasonably secure against sudden cancellation.

But employment-based insurance is in rapid decline, as employers balk at the cost and more and more companies adopt Wal-Mart-style minimal-benefit policies. That's why many people are turning to individual insurance — only to find out, in some cases, that they didn't get what they thought they paid for.

And here's the thing: it's all unnecessary.

Every other wealthy nation manages to provide almost all its citizens with guaranteed health insurance, while spending less on health care than we do. And there's no mystery why: we're paying the price for pointless, destructive reliance on private insurers. Medicare, which is a universal health insurance program for older Americans, spends less than 2 cents of every dollar on administrative costs, leaving 98 cents to pay for medical care. By contrast, private insurance companies spend only around 80 cents of each dollar in premiums on medical care; much of the remaining 20 cents is spent denying insurance to those who need it.

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If we had a universal system — Medicare for everyone — there would be no more horror stories like those reported by The Los Angeles Times. And we'd almost certainly spend less on health care than we do now.

Cars As Global Warming's Causes (LAT)

The Los Angeles Times, September 22, 2006

THE CHARITABLE SPIN ON Bill Lockyer's lawsuit against major auto manufacturers is that it's a politically inspired, headline-grabbing stunt by a state attorney general running for state treasurer. The alternative — that he might actually believe this suit has legal merit — may be more frightening.

Lockyer's suit against the Big Six auto companies alleges that because vehicle exhaust contributes to global warming, the companies should be held financially liable for everything from wildfires to a bad ski season.

The suit is the latest salvo fired in the struggle between the state and the auto industry, which has separately sued the state over its attempts to curb global warming. But California shouldn't be in the business of filing meritless suits to gain leverage in other cases.

For Lockyer, this is hardly a first. He joined several other states two years ago to file an almost identical lawsuit over the emission of greenhouse gases by power companies. That suit was rejected by the courts; the states are appealing. The judge zeroed in neatly on the problem at hand: Fighting global warming is a complex regulatory job that belongs to the legislative and executive branches. Once laws are in place, companies that break those laws should be made to pay. But holding law-abiding companies liable for the government's past failures is another matter.

It's true that Congress and the Bush administration have irresponsibly shirked their responsibility on this matter, and a separate, legitimate lawsuit before the U.S. Supreme Court brought by California and several other states is seeking to force the U.S. Environmental Protection Agency to regulate carbon dioxide emissions. The federal government's lack of action was also a major factor in the Legislature's recent passage of AB 32, which sets the stage for reducing greenhouse gases 25% by 2020. These responses to federal inaction are appropriate; frivolous, extortion-style lawsuits against car makers are not. Lockyer's new lawsuit against auto makers is akin to suing fishermen for depleting the ocean, even when they stick scrupulously to fishing quotas.

Lockyer contends that vehicle emissions — even legal emissions — are an illegal public nuisance partly responsible for a lower snowpack, wildfires and a host of other ills, current and potential. But liability here is a dicey thing to prove. Studies link warming to worsening Western drought, but that says little about any individual fire. If an arsonist sets a match to dry brush, who is at fault, the criminal or the Camry?

Global warming is, well, global. If the ocean level rises or trees die in the forest, how much of the responsibility belongs to a car sold in the U.S. and how much to the dirty Chinese coal plant or deforestation in South America? Presumably, the driver of a Hummer is more liable than the driver of an electric vehicle — as long as the battery isn't recharged using energy produced by a polluting power plant.

Lockyer is right about the threat posed by climate change and our society's responsibility to stem the trend. But in this case, he has mounted a silly legal battle that trivializes a serious problem.

Mr. Ehrlich's Paper Chase (WP)

The Washington Post, September 22, 2006

PROBLEMS IN voting on Maryland's primary day presented Gov. Robert L. Ehrlich Jr. (R) with a choice: show the leadership expected of the state's top executive or succumb to the political motives of a candidate running for reelection. Unfortunately, it is Mr. Ehrlich the candidate who emerged with proposals certain to confuse the public and undermine confidence in voting for the Nov. 7 general election.

Mr. Ehrlich says he doesn't trust the state's electronic voting system, and so he wants to junk it. First he suggested paper ballots; when more level-headed officials pointed out there was no way, even if desired, to make that switch by Nov. 7, he proposed having everyone cast absentee ballots. Coming from someone who vetoed a bill that would expand the use of absentee ballots, the suggestion would be laughable if it were not so infuriating.

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Mr. Ehrlich's imagined connection between the problems experienced on primary day and the integrity of voting machines is simply wrong. Most of the problems on Sept. 12 resulted from human error: officials forgetting to deliver cards to operate machines, judges not showing up, workers failing to remove memory cards. The one big equipment problem had to do with the electronic poll books (used by poll workers to check voters off as they come in) and not, as Mr. Ehrlich might have you believe, with the machines voters use to cast their ballots.

In fact, not only did the touch-screen voting machines work largely without incident across the state in the recent primary, but this was not the first time they have been employed. In the 2002 election, when Mr. Ehrlich became governor, four counties -- including the state's largest, Montgomery -- used these units. In the 2004 presidential election, every locality except Baltimore City used them. So why is this an issue now?

Aides to Mr. Ehrlich explain that in recent years new information about the vulnerability of electronic voting to fraud has become available and that the governor is responding to those worries. We, too, have argued for a paper trail for machine voting, but this is hardly the time for dramatic reform. Democrats counter that Mr. Ehrlich wants to help his reelection by suppressing voter turnout in a largely Democratic state.

We have no way of knowing Mr. Ehrlich's intent, but we do believe that his words and actions are creating a sense of confusion that could discourage voting. Instead of setting up hypothetical problems and appealing to people's fears, Mr. Ehrlich should focus on identifying and fixing actual problems.

Iran Open To A Break In Nuclear Program (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, September 22, 2006

But Ahmadinejad Demands 'Fair, Just' Conditions for Talks

UNITED NATIONS, Sept. 22 -- Iranian President Mahmoud Ahmadinejad said Thursday that his government is prepared to consider suspending its controversial uranium-enrichment program if Western governments meet unspecified conditions.

The Iranian leader did not spell out Tehran's demands. But his remarks indicated that he is prepared to move ahead with preliminary discussions with European powers aimed at heading off a confrontation with the West.

"Our position on suspension is very clear," he told reporters at U.N. headquarters, where he is attending the United Nations' annual meeting of world leaders. "We have said that under fair conditions and just conditions, we will negotiate about it -- under fair and just conditions, I repeat."

The statement comes two days after the United States and five other key powers authorized the European Union's foreign policy chief, Javier Solana, to continue sessions with Iran's chief nuclear negotiator, Ali Larijani. The two negotiators have been seeking to set the terms of formal talks on Iran's nuclear program that would place the United States and Iran at the same negotiating table.

The Iranian leader denied U.S. claims that he is pursuing a covert nuclear weapons program, saying that Iran's spiritual leader has issued a decree prohibiting such a development. He said Iran is simply exercising its rights, under the 1970 Non-Proliferation Treaty, to develop nuclear power to meet the country's growing energy needs.

"The bottom line is, we do not need a bomb," he said.

The United States, Britain, France, Germany, China and Russia have urged Iran to provide verifiable assurances that its nuclear program is peaceful. They pledged in June to offer Iran a broad range of commercial and political rewards in exchange for subjecting its nuclear program to greater international scrutiny.

The Security Council subsequently passed a resolution demanding that Iran suspend its enrichment of uranium and reprocessing of nuclear fuel by the end of August or face sanctions. Iran ignored the demand.

But U.S. efforts to impose sanctions stalled in the face of opposition from Russia, China and France. The Europeans, meanwhile, agreed to resume talks with Iran to break the impasse.

Ahmadinejad said the latest round of talks is "moving on the right track, unless . . . hopefully, others will not disrupt the work in small ways, perhaps. We think that it is a constructive path to take."

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But he also accused the West of reneging on previous agreements to support Iran's efforts to develop a nuclear power program. He said Tehran is now seeking assurances that the United States and its European partners will provide enforceable guarantees that they will abide by any agreements they ultimately make in formal negotiations. "We need to know who the parties to the negotiations are, and what the prerogatives and the responsibilities of each are, and what guarantees there are on enforcement measures," Ahmadinejad said.

Iran Won't Be Forced Into Talks Over Nuclear Plans, Leader Says (WSJ)

By Neil King Jr.

The Wall Street Journal, September 22, 2006

UNITED NATIONS -- Iran's president continued to dodge questions about his country's nuclear ambitions, saying Tehran is willing to negotiate over -- and maybe even suspend -- its uranium-enrichment program, but not under pressure and only under "fair conditions."

President Mahmoud Ahmadinejad's remarks during a rambling news conference added further uncertainty to a challenge that has stymied the U.S., Europe, Russia and China all summer: how to nudge Iran into talks over the future of its nuclear program, or punish it if it refuses to go along.

Once again Iran appears to have offered just enough encouragement to keep the threat of sanctions at bay, but not enough to make it clear when or if actual talks might begin.

For now, the decision is to give Iran more time. After resolving in July to give Iran until Aug. 31 to stop its enrichment work, the U.S., France, Britain, Russia, China and Germany have set a new deadline of sometime in early October, though without clear agreement on a fixed date.

Meanwhile, European Union officials say that EU foreign-policy chief Javier Solana is prepared to travel anywhere in the world to sit down with his Iranian counterpart, Ali Larijani, to discuss conditions for these talks. Mr. Larijani declined to come to New York this week for talks with Mr. Solana.

U.S. officials say the patience of Washington and other key capitals will wear out within a few weeks. It is unclear what will happen once the patience runs out.

British Foreign Secretary Margaret Beckett underscored that lack of clear consequence when she told reporters Wednesday that "if things just drag on as they have been, then as I say, there are concerns and constraints about how long that can continue."

Signs are emerging, however, that some countries in Europe may be willing to allow Iran to keep at least some enrichment activity, a move that the U.S. has opposed in the past.

After meeting yesterday with Mr. Ahmadinejad, Italian Prime Minister Romano Prodi said in a statement that "Ahmadinejad insisted on Iran's right to go ahead in research in the nuclear field, and I insisted on the need for a complete halt in the military aspect of the research," indicating that the EU is prepared to allow Iran to continue on strictly scientific research.

In remarks to reporters, Mr. Ahmadinejad also warned that any pressure could derail recent talks between Europe and Iran over commencing more-formal negotiations. "Hopefully others will not disrupt the work -- in small ways perhaps," he said, apparently alluding to U.S. threats to move ahead on U.N. sanctions.

The Iranian leader said his nation was ready for talks "under fair conditions and just conditions." Above all, he said he wanted there to be "guarantees of enforcement" for whatever might be agreed on.

He insisted again that his country had no aims to make a nuclear weapon and urged the U.S. to give up its nuclear arsenal. He also laughed at all the talk of uranium enrichment. "It would seem that this enrichment word has become the lingua franca of our day," he said, arguing that the U.S. wants to stop this work largely to impede Iran's scientific development.

The U.S. and its partners suspect that Iran is pursuing the technology involved in enriching uranium in order to make a nuclear bomb. They want Iran to set that work aside and agree to supply any future nuclear plants with fuel acquired from outside sources such as Russia.

Iranian President In Spotlight (MCT)

By Warren P. Strobel

DOJ_NMG_0067317

McClatchy Newspapers, September 22, 2006

UNITED NATIONS - Grinning and giving brisk little salutes, Iranian President Mahmoud Ahmadinejad denied Thursday that Iran wants a nuclear bomb and said it might discuss suspending uranium enrichment if the conditions are fair.

During an hour-long press conference here, Ahmadinejad declined to repeat his threat that Israel should be "wiped off the map." But he railed against Zionists and suggested that several thousand mainly Jewish protesters who demonstrated against his presence in New York City might have been paid to attend. He also called for a referendum on the future of the land that constitutes Israel and the Palestinian areas.

Smiling from the start, Ahmadinejad quoted the Quran and apologized to New York's residents for the inconvenience his and other leaders' motorcades caused during the annual U.N. General Assembly.

At one point, he called America "a great nation."

With his face on the cover of Time magazine and his every word and movement followed by hordes of journalists, this has clearly been Ahmadinejad's week.

His combination of breezy confidence and sometimes slippery answers underscored the challenge President Bush faces in trying to halt Iran's suspected nuclear weapons program.

Ahmadinejad was just one of the world leaders who denounced Bush's foreign policies from the rostrum in the General Assembly hall this week.

But Iran poses a special challenge. It has vast oil and gas deposits, possesses an advanced nuclear research program, supports terrorist groups such as Hezbollah and can threaten U.S. troops across its borders in Iraq and Afghanistan.

The United States, European nations, Russia and China this week set another deadline - the first week of October - for Iran to respond on whether it will stop enriching uranium, which, if made pure enough, could fuel an atomic bomb.

A previous deadline, Aug. 31, came and went. But with Iran dangling the possibility of talks, Bush had little choice but to submit to other nations' desire to give diplomacy every last chance, U.S. officials said privately.

"We're in extra innings," Undersecretary of State Nicholas Burns, the State Department's point man on Iran, said this week.

But Ahmadinejad didn't seem to be in any hurry to deliver the final pitch.

Asked repeatedly whether Iran would suspend uranium enrichment, he complained: "I don't see why so many people are so sensitive about this `enrichment' word.

"We have said under fair conditions and just conditions, we will negotiate about it," he said.

At another point, he said flatly: "The bottom line is, we do not need a bomb, unlike what others think."

A senior U.S. official, speaking on condition of anonymity, said there appeared to be growing divisions within the Iranian government about whether to accept a European-U.S. offer. In turn for the enrichment freeze, Iran would get talks on a package of economic and security incentives. The United States has promised to join the talks for the first time.

But if Ahmadinejad's performance here was any indication, even if Tehran agrees to join negotiations, the talks could be frustrating, torturous and maybe unfruitful.

The Iranian leader spent 15 minutes answering the first question at the press conference.

Asked what guarantees he could provide that Iran didn't seek Israel's destruction or a nuclear bomb, the Iranian leader boomeranged the question back at the United States. He embarked on a lengthy review of how Washington has sought to strangle Iran's Islamic revolution since its 1979 birth.

"Today, the pretext happens to be the nuclear issue," he said.

As for proof that Iran isn't interested in nuclear weapons, he said: "I am at a loss to understand what else we need to do to provide guarantees."

Ahmadinejad, 49, was little known outside of Iran when he was elected president last year. He quickly shocked much of the world by questioning whether the Holocaust took place and calling for Israel's destruction.

But while some early commentators portrayed him as an amateur who might not stay in power long, he's proved so far to be a shrewd politician.

Several thousand supporters of Israel rallied Wednesday to protest his presence and call for the release of two Israeli reserve soldiers kidnapped in mid-July by Iranian-backed Hezbollah.

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Ahmadinejad pondered out loud whether "some of these people were paid."

He insisted he wasn't "anti-Jew." As for the question of a future country for the Palestinians, he said, "It's wrong to think this is a problem with me, with Ahmadinejad as a humble person. No, it is a global problem."

He was asked three times whether Iran would halt arms shipments to Hezbollah, which the U.N. Security Council called for to cement the cease-fire in Lebanon. He never gave a clear answer.

Iran Leader Uses U.N. To Improve Image (AP)

By Scheherezade Faramarzi

AP, September 22, 2006

Iran's President Mahmoud Ahmadinejad seems to be enjoying the spotlight at this year's U.N. General Assembly, easing his way into the international arena and trying to improve his image amid the controversy over his nuclear program and remarks about Israel and the Holocaust.

When an Israeli reporter challenged him into answering a question at a news conference Thursday, Ahmadinejad at first stalled, whispered in Farsi to an adviser to skip the reporter, but then reluctantly gave his response.

He showed no such courtesy to an Israeli reporter during a news briefing here last year, his first appearance at the annual ministerial meetings after he was elected in June 2005.

On Thursday, he explained that when he called for the destruction of Israel and dismissed the Holocaust as a myth, his issue was not with the Jewish people but with Zionists, "who are not Jews."

"We love everyone in the world — Jews, Christians, Muslims, non-Muslims, non-Jews, non-Christians," he said, adding "we are against ugly acts."

"Everyone is respected. But I repeat, we are against aggression, occupation, killings. ... We declare this in a loud voice," he said.

But Yaniv Halily, a reporter with Israel's Yediot Ahronot was not impressed.

"He's trying to portray an image of a nice guy after all the things he said about Israel. Now he knows everyone thinks he's a bad guy," said Halily.

"He may sound nicer on the surface, but on the inside he's the same," said Kamran Dadkhah, an economics professor at Northeastern University in Boston.

Ahmadinejad was vague when asked if Iran would stop arming Hezbollah and comply with a U.N. Security Council resolution to disarm the Lebanese guerrilla group, which fought a 34-day war with Israel this summer. He said Iran gives only spiritual and cultural support to the Shiite Muslim group.

"We support ... peace and permanent stability in Lebanon, and we will fall short of no measure in promoting this goal. Whether it's in the cultural or spiritual support that we can render or whether it is the role that we can play in the international arena, we will do our best. And this is the fundamental principle of our foreign policy, and it does not preclude Lebanon," he said.

At the news conference, Ahmadinejad also expressed love and affection for the American people, just as President Bush reached out to the Iranian people in his General Assembly speech on Tuesday. Ahmadinejad said he wished he had more time here to spend with them in person.

"The people of the United States are highly respected by us," he said. "Many people in the United States believe in God and believe in justice." He thanked the New York City police and security forces for protecting him during his stay here and apologized to New Yorkers for traffic disruptions from the arrival of world leaders to attend the U.N. General Assembly session.

He reserved his harsh words for the U.S. government, which is pushing to impose diplomatic and economic sanctions against Iran if it does not suspend uranium enrichment.

"It's not the nuclear bomb that the American government is worried about, for there are countries in our region that are armed with a nuclear bomb and are incidentally supported by the U.S. government. Now, how is this?" said Ahmadinejad.

Using a Persian expression to demonstrate U.S. double-standard, the Iranian leader said:

"In Iran, we say there are two skies over a roof, or two kinds of wind running over the same ceiling. It doesn't seem plausible.

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"We say if fuel cycle for peaceful purposes is something good, then it should be good for everyone. If it's a bad thing, it's bad for everyone," he said.

Ahmadinejad said the United States' objection to Iran's nuclear program — which he claims is for peacefully purposes only — was essentially aimed at aborting his country's progress. And he said if the world stops treating his country as a subordinate, then things might be different.

"If they recognize that we too, as a nation, have rights ... the concerns too will be removed," he said.

He said his country was ready to negotiate a suspension of uranium enrichment.

"We have said that under fair conditions and just conditions, we will negotiate about it," he said.

But Secretary of State Condoleezza Rice said Iran must suspend its uranium enrichment and reprocessing before any full-fledged negotiations.

"Iran has been told by the international community ... that they should suspend and if they suspend the negotiations can begin. It's as simple as that. I don't think we need any further conditionality," she told reporters after a Security Council meeting on Mideast peace.

Russian Foreign Minister Sergey Lavrov was guardedly optimistic.

"The chance is there, and the chance is not too slim. But for this chance to be realized in practical terms we need efforts on both sides, and we need good will," he told The Associated Press in an interview.

He also said he hoped a meeting between Iran's top nuclear negotiator Ali Larijani and European Union foreign policy chief Javier Solana would take place soon. But he rejected the idea of imposing a new deadline after the Iranians missed the Aug. 31 U.N.-imposed deadline to stop enriching uranium, which can be used in producing nuclear energy or weapons.

"I think that artificial timeframes do not work," he said. "The quality of the agreement is much more important, and especially in this particular case there is no objective reason for any ultra-rush if you wish."

Although the Iranian president seemed to tone down his rhetoric about Israel, he did not retract his earlier remarks. He said he was even puzzled by the controversy.

"It seems to me that I face this question wherever I go," he said. "And I have always been ready to answer."

Iran's Leader Skirts Issue Of Disbanding Hezbollah (NYT)

By Warren Hoge

The New York Times, September 22, 2006

UNITED NATIONS, Sept. 21 — Mahmoud Ahmadinejad, the Iranian president, refused to say Thursday whether he would comply with a Security Council demand for the disarmament and disbanding of Hezbollah, the Tehran-backed guerrilla group that fought a 34-day war with Israel.

"I'd like to say that Lebanon's affairs are its own affairs, and we don't want to interfere," he said, when asked about the resolution that ended the combat in Lebanon last month.

He was also evasive about whether Iran would comply with the resolution's call for an arms embargo to keep Hezbollah from rearming.

He said that the United Nations Charter gave people the right to defend themselves and that "we give spiritual support to all those who want to uphold their rights."

Mr. Ahmadinejad spoke at a wide-ranging news conference in a packed United Nations conference hall in which he also reiterated Iran's denial that it was pursuing a nuclear weapon and chastised Western countries for trying to curb Iran's right to pursue nuclear energy. "Iran considers the nuclear issue a political one," he said. "They're not concerned about the bomb, they want to stop the development of our country."

Asked about his threat to wipe Israel off the map, he argued that his criticism of Israel had been misinterpreted as a rejection of Jews. "These Zionists are not Jews," he said. "This is the biggest deception we have faced. They are a power group, a power party. We oppose any group that seeks raw power."

He said Iran "loves everyone around the world, Jews, Christians, Muslims." But, returning to Israel, he said, "We announce and declare loudly that you will be condemned by the rest of the world if you displace people from their homes."

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His attitude was less belligerent than it had been in his speech to the General Assembly on Tuesday evening. He was dressed in what has become his signature light gray jacket over open-necked pink shirt. He smiled frequently, alluding to universal desires for love, justice, peace and happiness, and even apologizing to New Yorkers whom he had seen out his car window having to wait for his motorcade to pass before they could cross the street.

As in his General Assembly address, he depicted Iran as a growing country impatient with the current United Nations order that, he said, gave undeserved authority to the nations that won World War II and limited respect to the countries like Iran that had arisen since.

"When you look at the Security Council, we see that some members of the Council are in fact party to many conflicts around the world," he said. Even though these countries created the problems, he said, under current arrangements "they nevertheless sit in judgment of world affairs."

Bill Clinton: U.S. Should Talk To Iran (AP)

AP, September 22, 2006

Former President Clinton said Thursday the U.S. should try talking to Iran about its nuclear weapons ambitions without imposing a lot of conditions.

"If you think you might have trouble with somebody, and God forbid if you think it could lead to a military confrontation, then there needs to be the maximum amount of contact beforehand," Clinton said in an interview with NBC's "Today" show.

The Bush administration has refused to hold direct talks with Iran until it agrees to suspend enrichment of uranium, which the U.S. fears will be used to build nuclear weapons.

"The United States should not be afraid to talk to anyone. They should not be reluctant and shouldn't have too many conditions," said Clinton, who said his own offer to meet with Iranian President Mahmoud Ahmadinejad's predecessor had been rebuffed.

The U.S. and allies have offered Iran a package of incentives in return for its agreement to stop uranium enrichment. But Iran has given no definitive response and missed an Aug. 31 U.N. Security Council deadline to halt uranium enrichment, which Iran says is for generating electricity.

Iran and the United States have had no direct diplomatic relations since 1979. That's when Iranian students stormed the U.S. Embassy in Tehran and held its occupants hostage for 444 days to protest Washington's refusal to hand over the toppled shah, Mohammad Reza Pahlavi.

President Bush and Ahmadinejad used separate appearances at the U.N. General Assembly in New York this week to spar over Tehran's nuclear program, but they avoided any personal contact.

In May, Ahmadinejad sent a letter seeking a debate with Bush, but it was laced with old grievances against America and included a long list of Iranian demands.

Clinton said although he would like to see more negotiation with Iran, Bush's reluctance to personally meet with Ahmadinejad was understandable.

"I think we should have some contacts with them," Clinton said. "I'm not sure the president is the place to start."

In an interview broadcast Thursday on National Public Radio, Clinton said, " ... I still believe that, based on all my Iranian friends in America, what they say is that the vast majority of Iranian citizens want to have good relationships with the United States and the West and do not want to be at odds."

"But they all believe basically that if any other country has a right to nuclear power, they do too, so we have to work through that and I, I hope we can do it in a peaceful way," he said.

US Cautions Europe On Iran Investment (CSM)

By Mark Rice-oxley

The Christian Science Monitor, September 22, 2006

American attempts to persuade Europe to think again about financial involvement in Iran may be starting to bear fruit, according to European banking officials. Whether such "back-door sanctions" will work is far less apparent, experts say.

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Troubled by a lack of speedy progress in the UN toward imposing economic sanctions on Iran over its suspect nuclear program, the US has stepped up efforts this month to persuade allies to shun Iran's financial system, claiming that Iran may tap banks to illicitly finance terror operations or the purchase of materials for nuclear weapons.

Already, the US has blacklisted the Iranian Bank Saderat. And last week, Stuart Levey, undersecretary of the Treasury for terrorism and financial intelligence, hopped through Britain, France, Switzerland, Italy, and Germany to urge Europeans to be wary in Iran, a message underscored by Treasury Secretary Henry Paulson at the recent G-7 meeting in Singapore.

"We wanted to provide our counterparts and financial leaders with information about how Iran uses and abuses the financial system in support of terrorism and proliferation, and wanted to hear of the risk they were hearing," says Molly Millerwise, a spokeswoman for Mr. Levey, adding that he found a receptive audience in Europe.

Europe has long taken a softer line toward Iran than the US, and has essayed a soft-power approach to its nuclear program, persisting with negotiations. Its companies, particularly German and French, rack up billions of euros' worth of exports each year, with a considerable presence in the oil, automotive, retail, and telecommunication sectors.

And while the EU is spearheading a delicate mission in southern Lebanon that might aggravate relations with Hizbullah and its Iranian backers, experts say the experience is unlikely to change its geopolitical strategy in the region.

"Europe will do what is in its own interest," says Hossein Askari, an Iran expert at George Washington University. "In the long run, Europe is going to have to import gas, and apart from Russia, the most competitive gas will come from Iran," Professor Askari adds.

Yet some European bankers are growing wary of the risk of doing business in Iran. Two of Europe's largest banks have recently decided to ramp down decisively their involvement in Iran. UBS canceled business with individuals, companies, and banks in the country earlier this year; Credit Suisse is conducting a "controlled withdrawal" by refusing new business.

Both banks are firm that they took their decisions independently, though UBS, fined by Congress two years ago for its dealings with Iran and other blacklisted countries, says it pays close attention to the US. "Of course banks listen to what the US says, because for most banks the US is an important partner," says Serge Steiner, a spokesman. "Most European banks wouldn't react like this - the US says something and they implement it. But that doesn't mean we don't listen. "

Although bankers say they are governed by business calculations, not US political pressure, the two may not be unconnected. Growing qualms about Iran's nuclear program and financial support for Hizbullah mean there are greater risks for firms doing business there. As Georg Soentgerath of Credit Suisse says: "It was our decision, made in the light of the increase in political, financial, and reputational risk."

Levey says this is what the US is trying to get at. Recently, he noted that even financial institutions not formally bound to follow US law closely observe US financial measures directed at individuals, key regime members, front companies, financial institutions, and corrupt charities.

"Keeping a few customers that we have identified as terrorists or proliferators is not worth the risk of facing public scrutiny or a regulatory action that may impact on their ability to do business with the United States or the responsible international financial community," he said.

But however many Europeans the US manages to enlist to its "coalition of the shilling," it may not be enough. Iranian leaders have begun moving assets away from European banks to alternative repositories in the Gulf, experts note.

Ali Ansari, with London's Chatham House think tank, argues that the only way to make financial sanctions bite "is if you have much greater international coordination, including with other countries in the Middle East and Asia."

"The Americans talk about economic and financial sanctions a lot because they don't have much at stake" in Iran, he adds. "EU countries are more anxious not to lose that business. And the Iranians are saying, 'You are more scared than we are because of our oil. We guarantee you will lose more than we will lose.' "

Experts say international sanctions have never really had the desired impact. "They have almost never been very successful in getting governments to change behavior," says Geoffrey Underhill, of Amsterdam University. South Africa was an exception, he says, as it was a partial democracy with a business community sensitive to outside pressure. But in Iran, "you are talking about an authoritarian regime that is very good at diverting the effects of sanctions so that the regime doesn't pay."

"If the Europeans are not convinced, any sanctions are going to be less effective," he adds.

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"If you can get the whole world against Iran, then you have a chance," says Professor Askari. But persuading even allies like Germany and Japan, with formidable investments in Iran, will be tough. Then, there is the wider Muslim world, through which Iran is thought to be funneling its petrobillions. "I don't think you'll get a Muslim coalition. Everyone knows this, so they'll be reluctant to join sanctions they know are going to be ineffective."

U.N. Charades (WSJ)

The Wall Street Journal, September 22, 2006

Hugo Chávez and Mahmoud Ahmadinejad put on quite a show at the United Nations this week, and it's tempting to dismiss it all as mere bombast. Except that their assertiveness can't be separated from the more important U.N. story this week, which is its continuing failure to come to grips with Iran's open defiance of the Security Council's demand that it suspend uranium enrichment.

At issue is whether the U.N. can have any role in enforcing collective security -- and the mystery is why the very nations that say the U.N. must do so are doing the most to undermine it. Consider the behavior of Russia, France and China -- all veto-wielding members of the Security Council -- in squaring up to the Iranian threat.

In July, the Council adopted Resolution 1696, which noted "with serious concern that . . . Iran has not taken the steps required of it by the [International Atomic Energy Agency] Board of Governors." The Council went on to express "its intention . . . to adopt appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with this resolution. . . ." Article 41 refers to all legally binding measures short of war -- sanctions, that is -- to bring states into compliance with U.N. resolutions. The Resolution said Iran must cease enriching uranium by August 31, a deadline Tehran has openly flouted.

So, serious consequences? Not quite. Chinese Middle East envoy Sun Bigan has rejected sanctions on Iran as "detrimental not only to the region but also to ourselves" -- the latter a reference to China's oil imports from Iran, up 56% from last year. Russian Defense Minister Sergei Ivanov -- who is selling Iran a $700 million air-defense system -- also says sanctions won't work. That sentiment was echoed earlier this week by France's Jacques Chirac, whom the Bush Administration has claimed is a stalwart ally in stopping Iran. "I am never favorable to sanctions," said the French President, adding that, if they are unavoidable, they should be "moderate and adapted."

In other words, it has taken less than a month for the deadline set by Resolution 1696 to prove to be absolutely meaningless, something Mr. Ahmadinejad predicted in April. Why then would the Permanent Five risk their credibility as an institution by setting a deadline in the first place? Why threaten sanctions if they have no intention of imposing them?

The answer may be that U.N. diplomacy has come to serve as a deterrent not against Iran but against any American effort to do anything about Iran's rush to acquire the bomb. Iran's nuclear programs are accelerating under this diplomatic cover, as its inauguration of a heavy-water nuclear plant late last month shows. Heavy-water reactors are the kind that throw off more weapons-usable fuel. The Iranian newspaper Siyasat-e Ruz underlined that event as evidence of the "worthlessness of this American resolution."

Meanwhile, the "cowboy" American President looks increasingly like the one who's been lassoed by the U.N., not vice versa. In 2003, the U.S. agreed to downplay clear evidence that Iran was cheating on its nuclear nonproliferation treaty commitments in order to give European diplomacy a chance. The U.S. continued to do so even after it became clear that the Iranians continued to cheat well into 2004.

Later that year, the Administration went along with another European negotiation, which collapsed after six months. Earlier this year, President Bush agreed in principle to negotiate directly with Tehran, provided it suspend enrichment. He has also repeatedly underlined the point, most recently in this week's speech to the General Assembly, that the U.S. does not oppose Iran's bid to develop civilian nuclear power sources.

Throughout all this, the Administration has consistently deferred, both in timing and tactics, to Europe, Russia, the IAEA, and now the Security Council. Its single insistence is that the international community demonstrate good faith in its ostensible commitment to prevent Iran from developing a nuclear weapon. But that good faith has been conspicuously absent, raising the question about who is really serious about giving the U.N. a chance to show its "relevance."

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The conclusion is hard to resist that the U.N. effort is really about persuading America that it can "live with" an Iranian bomb, just as it lives with a Pakistani bomb, because the costs of economic sanctions or military strikes are supposedly prohibitive. But a glimpse of what the world will look like if Iran succeeds was provided on Tuesday by Gamal Mubarak, the son of Egyptian President Hosni Mubarak. Cairo's heir apparent floated a proposal for Egypt to develop its own nuclear programs, clearly a signal that the largest Sunni Arab country will go nuclear itself to prevent Shiite Iran from dominating the region. And where Egypt goes, Saudi Arabia and Turkey cannot be far behind. Is the international system really prepared to live with five, maybe six, nuclear powers in the Middle East?

The media portrayed this week's U.N. speeches as a soap opera showdown between Mr. Bush and his adversaries. But in the matter of Iran's nuclear ambitions, it is not only the Middle East that is at risk, but the U.N., which is why Messrs. Chávez and Ahmadinejad felt so free to mock its evident failures.

Anti-Americanism Is Providing A Glue (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, September 22, 2006

The rhetoric from the leaders of Iran, Sudan and Venezuela at the U.N. shared a theme of outrage at the U.S., despite their differences.

WASHINGTON — The outpouring of anti-American rhetoric at the United Nations this week is demonstrating how anger at the United States is uniting the developing world in a way not seen since the 1980s, U.S. officials and analysts say.

Leaders such as Venezuela's Hugo Chavez, Sudan's Omar Hassan Ahmed Bashir and Iran's Mahmoud Ahmadinejad are divided by background and political philosophies, but they spoke as one at the General Assembly regarding perceived U.S. bullying and misdeeds.

Chavez denounced the "imperialist empire," Ahmadinejad railed against U.S. officials' pretensions to be the "rulers of the world," and Bashir complained about powerful intruders trampling his country's sovereignty.

"There's a new sense of the oppressed versus the oppressor," said a senior U.S. official, who asked to remain unnamed. "What they have in common is their hatred of the U.S., and it's created this solidarity across Third World lines."

That solidarity hasn't been seen in the developing world since leftist liberation movements faded after the collapse of the Soviet Union, he said.

The fallout from the U.S.-led invasion of Iraq and other Bush administration policies may be particularly visible in the new bonds between many Muslim nations and populist regimes of South America, an alliance that some call the "axis of the south."

Chavez has become a hero among Muslims, flattered with huge posters in Beirut and given lavish coverage in the news media from Morocco to Pakistan.

Anti-Americanism was the overarching theme last week in Havana at a 118-nation summit of the Non-Aligned Movement, whose headliners included Ahmadinejad, Chavez and Bolivian President Evo Morales. The leaders embodied a burgeoning spirit of defiance toward "the worldwide dictatorship by the United States," declared Cuban Vice President Carlos Lage Davila.

There is little doubt of the deepening unpopularity of the United States, even among longtime allies. Though the U.S. government has doubled its spending on public diplomacy, a poll this year by the Pew Charitable Trusts showed wide dissatisfaction with a central pillar of U.S. foreign policy, the "war against terrorism."

When people in largely Muslim nations were asked whether they approved of "U.S.-led efforts to fight terrorism," 82% in Egypt said no, as did 74% in Jordan, 77% in Turkey and 50% in Pakistan. The results in some European countries were similar. In Spain, 76% of those surveyed said they did not approve; in France, it was 57%.

U.S. officials say they don't believe the growing Third World solidarity constitutes a strategic threat.

Though Chavez visits Iran and Syria, and talks about defense ties, oil sales and economic deals with these countries, North Korea and others, administration officials take the view that the Venezuelan's declarations are mostly posturing to create an impression at home that he has stature as a world leader.

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The administration acknowledges that such contacts reinforce anti-Americanism and add to the already sobering public diplomacy challenge. "It creates this impression that everybody is rising up against the Americans, and that's a problem," said the senior U.S. official.

Some outsiders say these new bonds are more than an image problem.

Chavez, for example, has won substantial support from Latin American governments for his bid to win a nonpermanent seat on the U.N. Security Council, even as the Bush administration has campaigned to have the seat go to the friendlier Guatemala. If Venezuela wins, the United States, in addition to facing a barrage of rhetoric, will have a harder time collecting the votes it needs on the council.

This Third World solidarity also has made it easier for Bashir to block a U.N. peacekeeping deployment in the Darfur region of his country, said Lee Feinstein of the Council on Foreign Relations in Washington.

Bashir "has succeeded in interfering with the U.N. deployment by depicting this as an old-fashioned 'us versus the United States,' " said Feinstein, a senior State Department official during the Clinton administration. "The American ability to credibly rally the international community on behalf of the vulnerable in Darfur has been eroded by this unpopularity."

Feinstein said that in drawing together these parts of the world, U.S. unpopularity "has created real diplomatic problems for the country, many of them second-order, but also some big ones."

The State Department has sought to not overreact to the efforts of Chavez and others to forge such alliances, but domestic pressure has been building from conservatives for U.S. diplomats to do more about the situation.

Prominent Republican lawmakers regularly ask State Department officials what more diplomacy can do about Chavez's efforts to build power alliances. And it is clear that this week's outpouring of anger in New York has spread alarm in some quarters and will bring more pressure for the administration to react.

"The Non-Aligned Movement threw down the gauntlet to U.S. global power this week," said Nile Gardiner, a foreign policy analyst at the conservative Heritage Foundation in Washington. "This is a huge public diplomacy challenge, but also a strategic threat." He said Chavez's words were "the strongest attack from any foreign leader on U.S. soil in decades."

Still, analysts and U.S. officials point out that though the shared anti-Americanism of these countries is striking, so too are their differences.

Although advocates of this "axis of the south" describe it as similar to the leftist liberation movements of 20 years ago and earlier, Arab leaders and Africans do not generally share their leftist leanings. And Chavez has yet to win the leadership role in Latin America he craves.

Feinstein said that even though the withering denunciations by Chavez and Ahmadinejad drew applause this week, overall, members of the United Nations were much more united behind American-style views of democracy and economics than they had ever been.

"Opposition has hardened into anti-Americanism and shifted government policy in many places around the world, but the U.N.'s membership is much more in sync with traditional U.S. foreign policy goals and ideals than at any time since the U.N.'s founding," he said. "The tragedy is, the Bush administration hasn't been able to take advantage of that fact."

Chavez To Double Energy Subsidies To Needy In U.S. (LAT)

By Maggie Farley

The Los Angeles Times, September 22, 2006

NEW YORK — A day after he called President Bush "the devil" from the podium at the United Nations, Venezuelan President Hugo Chavez stood at the altar of a Harlem church and presented himself as an angel, offering 100 million gallons of subsidized heating oil to needy Americans.

"It makes us feel good to give," he said to a crowd of mostly Harlem residents and Latin American immigrants waving Venezuelan flags and chanting his name.

The move more than doubles the 40 million gallons of heating oil Chavez donated to eight northeastern states last year after Hurricanes Katrina and Rita devastated refineries and caused the price of oil to soar. This winter, the program should reach about 1.2 million people in nine additional states, he said.

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Chavez, speaking at the Mount Olivet Baptist Church, acknowledged that it might seem odd for a developing country to send charity to one of the world's wealthiest nations.

"Some Venezuelans criticize me…. Some say I should be in the barrios of Caracas," he said. "Apparently I am giving away all over the world what belongs to Venezuela."

But the public relations value of tweaking his nemesis, President Bush? Priceless.

"We are afraid we won't be able to heat our building this winter, and someone told me about this guy," said Arthur Rena McDowell, a florist. "Somebody has got to make it better. It should start with our president, but it is starting with the president of Venezuela."

Harlem is the latest place where Venezuelan oil has created warm feelings toward the outspoken leftist leader. Venezuela already exports 1.5 million barrels a day to the United States.

It is able to use its oil wealth to bolster ties and influence in other countries in the region, especially to gain their favor. That could prove useful in the current U.N. contest between Venezuela and Guatemala to represent Latin America in the Security Council for the next two years. Washington, suspecting that Chavez would use the U.N. bully pulpit to rally opposition to U.S. interests, has been lobbying for Guatemala.

Chavez boasted of "walking around the world" to build ties and barter oil, describing what he got in exchange: pregnant cows from Bolivia, medical equipment from Argentina and 20,000 doctors from Cuba.

In Harlem, he received not only a warm welcome but the symbolic echo of Cuban President Fidel Castro's visits to the same neighborhood in 1960 and 1965, signaling that he is taking on Castro's mantle of anti-Americanism as the aging Cuban leader's health falters.

Wearing his signature red shirt, Chavez spoke for more than an hour at the altar next to a screen flashing the logo of Citgo, a Venezuelan-owned oil company based in Houston. Citgo is partnering with Citizens Energy Corp., a program run by former Rep. Joseph P. Kennedy II, which sells and distributes discounted home heating oil to low-income families.

Kennedy did not attend the event Thursday.

Chavez, encouraged by a rousing response after he made another reference to Bush as the devil, played to the crowd, calling the president "an alcoholic and a sick man," and imitating what he called Bush's cowboy swagger.

Chavez repeated threats to suspend oil exports to the United States, its biggest customer, if the U.S. government tried to oust him from power.

"One day, the people of the United States will choose a president with whom we can talk," he said. "You don't know how much I would like to have as a friend the president of the United States."

Chávez Courts U.S. Poor, Offers To Expand Heating Oil Program (MH)

By Pablo Bachelet

The Miami Herald, September 22, 2006

NEW YORK - Chávez offers more

low-cost oil to poor

Venezuelan President Hugo Chávez convened New York's underprivileged in Harlem on Thursday to tout a discounted oil program, a day after he triggered an uproar with his speech attacking President Bush at the United Nations.

The leftist populist leader visited Harlem to announce an expansion of his discounted heating oil program for U.S. poor and elderly. More than 450,000 households will be offered 100 million gallons of heating oil at a 40 percent discount, Chávez told a cheering crowd. Last year, 40 million gallons were offered to states, mostly in the Northeast.

Chávez said the program would benefit residents in 17 states, including Massachusetts, New York, Virginia and Indiana. Native Americans throughout the country will also benefit, Chávez said.

Inside the neo-roman styled Mount Olivet Baptist Church, a large screen flashed the logo of CITGO Petroleum, which is controlled by the Venezuelan government. Activists in red T-shirts with the words "Democracy in Revolution" emblazoned in front handed out Venezuelan flags and Chávez presidential campaign posters promising ``seven more years, for now."

Outside, a small group of protesters denounced Chávez as the "new pet" of Cuban leader Fidel Castro.

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This was Chávez's second visit to a low-income area of New York. Last year, Chávez visited the Bronx, in what was an echo of Castro's visit there decades before. In 1960, Castro spoke at the U.N. and stayed in Harlem.

But if Chavez's visit last year passed largely unnoticed, Mount Olivet was teeming with U.S. media on Thursday, prepped by Chávez's now infamous U.N. reference to Bush as ``the devil."

In his speech, Chávez said he received death threats but said his destiny was ``in God's hands."

"Some say I am a tyrant," he said, ``but what we are doing in Venezuela is transferring power to the people."

Chávez had few allies after his U.N. speech. House Democratic leader Rep. Nancy Pelosi, one of Bush's sharpest critics, called the Venezuelan leader ``an everyday thug."

The Democrat who represents Harlem, Rep. Charles Rangel, told journalists, ``You don't come into my country, you don't come into my congressional district, and you don't condemn my president."

Chávez did not moderate his tone, although the first hour of his 90-minute address meandered from praise for genetically modified Argentine cows to the "genocide" wrought by European descendants on indigenous groups and the contributions of Cuban doctors to Venezuela's health system.

Then he lashed out at Bush again, calling him an alcoholic. "It pains me to say it," he said, ``but it is the truth."

Bush says he stopped drinking in 1986.

There was plenty of praise for Chávez at the Harlem event. Actor Danny Glover introduced Chávez as ``a very visionary man."

Ian Erlich, a youthful co-chairman of the Alaska Inter-Tribal Council, which struck a cheap oil deal with CITGO, says his tribe -- located in the Aleutian Ranges above the Arctic Circle -- pays up to $7 for a gallon of oil.

"Where are the oil executives from Alaska? Where are the politicians?'' he asked.

Some people, such as Barbara Heard, did not come for politics. She will retire from her postal job in February and will depend more on her two-unit building she rents out for income. She was wondering if the CITGO program will reduce the $5,000 heating bill she paid last winter.

The Bush administration has called the CITGO program a positive gesture by a U.S. corporation, although State Department spokesman Eric Watnik pointed out that the U.S. government handed out "hundreds of millions of dollars to a much larger group of Americans" through federal programs.

CITGO CEO Félix Rodríguez told the Harlem gathering that the company was not acting out of political motivation. It was a sincere gesture of help and "a small grain of sand" that he hoped would motivate other oil companies to do the same.

Many who attended the event came driven by their opposition to Bush. Eliseo Colón, a cook, said Chávez was trying to help the poor in a way ``Bush isn't trying to do."

Arvetta Taylor, who came with a large group from the Harlem Addicts Rehabilitation Center, said she wished the United States had a president like Chávez. "I love sharing," she said of the heating oil programs.

Among the protesters outside stood Anabel Vidal, a Venezuelan consultant on vacation in New York.

"He has forgotten the poor of my country," she said, adding that Chávez thrives on stirring up controversies.

She shrugged off taunts by Chávez supporters, who called her a "thief" and ``elitist."

"Everything I have, I have earned by working for it," she said. Chávez faces a unified opposition in the December elections, but polls show him well ahead.

Why The Firebrands Get Heard (WP)

By Eugene Robinson

The Washington Post, September 22, 2006

My but the lesser nations are getting uppity.

I do love that word, uppity. Once upon a time, it was used to describe a black person who didn't know his place. The word came back to me this week as I heard all that impertinent oratory at the United Nations, most of it aimed at the United States in general and George W. Bush in particular.

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Did Venezuelan President Hugo Chavez actually call Bush the devil? And then ostentatiously cross himself? And then complain that the podium, where Bush had spoken a day earlier, still smelled of sulfur? That's exactly what he did.

And as Chavez continued his monologue, calling Bush a "world dictator" who "looks at your color, and he says, 'Oh, there's an extremist,' " his audience of world leaders laughed and applauded. Clearly, Chavez had ignored the flashing yellow lights and crashed straight through the guardrails of diplomatic propriety. Clearly, this was no way to speak about the president of the United States. But Chavez, who hosts his own weekly talk show back home in Caracas, had his audience in the palm of his hand.

Afterward, U.N. Ambassador John Bolton did what the diplomatic playbook said he had to do and refused to dignify Chavez's tirade with a response. But while his words were measured, it was hard to look at the anger in his eyes and not think of Yosemite Sam wishing he could blow that varmint to smithereens.

Chavez was so arch in manner and so extreme in his personal attacks on Bush that it's tempting to write him off as crazy, although I tend to think he's crazy like a fox. Can anyone name the last president of Venezuela, or remember when a speech by any president of Venezuela made such news? Still, Chavez may have gone so far that he hurt his chances of securing a temporary seat on the U.N. Security Council, where he would be harder to ignore.

But the uppity leader who spoke Tuesday evening, Mahmoud Ahmadinejad of Iran, is another story. Like Chavez (his new best friend), Ahmadinejad controls a sizable fraction of the world's oil supply. Unlike Chavez, he has advanced nuclear technology and almost surely is working to build nuclear weapons. And also unlike Chavez -- perhaps because he is on the verge of having a very big stick -- he speaks softly, at least in the tone of his voice.

Ahmadinejad's was actually the more uppity speech, because what he seeks is nothing less than to remake the world.

"The prevailing order of contemporary global interaction is such that certain powers equate themselves with the international community and consider their decisions superseding that of over 180 countries," he said. "They consider themselves the masters and rulers of the entire world and other nations as only second-class in the world order. . . . Is it appropriate to expect this generation to submit to the decisions and arrangements established over half a century ago?"

That's pretty clear. Ahmadinejad, a Holocaust denier who presides over one of the world's most repressive and misogynistic regimes, is determined to rearrange the furniture. Since the Soviet bloc collapsed, the West -- led by the United States -- has pretty much had its way. Ahmadinejad is determined to create an alternative focus of power and influence, and he has the faith of the fanatical true believer in his ability to succeed.

Really, this should be no contest. Given a choice between a manifestly imperfect but open and dynamic society such as ours and a retrograde theocracy such as Iran, where free thought is stifled and repressive laws have the imprimatur of unimpeachable holy writ, who would freely choose the latter?

Yet Ahmadinejad is being listened to, and not only because of Iran's oil. When I travel outside the country, I'm struck by the decline in America's moral standing in the world. The Iraq war is the main reason, but not the only one. For all its talk about public diplomacy and spreading the U.S. gospel throughout the world, the Bush administration does an appallingly lousy job of it. Even our government's genuine good deeds -- vastly increased funding to fight AIDS in Africa, for example, which has saved countless lives -- go largely unrecognized.

Our policy of not even talking to governments we don't like has proved counterproductive -- pushing Syria closer to Iran, for example, and needlessly prolonging the Israel-Hezbollah war, to no one's benefit except perhaps Ahmadinejad's. Our arrogance has turned us into the neighborhood bully and made our adversaries look like more sympathetic figures than they really are.

We have to do better. Hugo Chavez shouldn't be received as the new Dave Chappelle.

Rangel Rebukes Chavez On Bush (WT)

By Betsy Pisik

The Washington Times, September 22, 2006

NEW YORK -- Venezuelan President Hugo Chavez took his Bush-bashing to Harlem yesterday and earned a stiff rebuke from the New York district's congressman, Rep. Charles B. Rangel, who is no fan of President Bush.

"You don't come into my country, you don't come into my congressional district and criticize my president," Mr. Rangel, a Democrat, told stunned reporters on Capitol Hill.

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Mr. Rangel, who is one of Mr. Bush's harshest critics, said no foreign official should assume that "Americans do not feel offended when you offend our chief of state."

At Harlem's Mount Olivet Baptist Church yesterday, Mr. Chavez referred to the insults that he delivered at the United Nations' General Assembly a day earlier.

"They told me that I should be careful after I called [Mr. Bush] the devil -- and I think he is the devil -- because he might kill me" Mr. Chavez told an overflow crowd.

He also called Mr. Bush "an alcoholic and a very sick man."

In his remarks to the annual U.N. General Assembly debate Wednesday, the Venezuelan president first called Mr. Bush the devil and said "it still smells of sulfur" at the podium, where Mr. Bush had spoken a day earlier.

Mr. Chavez repeated his devil remarks for reporters later Wednesday and also called Mr. Bush "the genocide president."

He spoke at the Harlem church yesterday for nearly two hours, in which he mocked Mr. Bush by mimicking a cowboy's gun-slinging stance.

Mr. Chavez's performance in New York this week also offended several prominent Democrats on Capitol Hill, including House Minority Leader Nancy Pelosi of California.

"Hugo Chavez fancies himself a modern-day Simon Bolivar, but all he is an everyday thug," Mrs. Pelosi said.

She added that Mr. Chavez had "demeaned himself, and he demeaned Venezuela."

Rep. Chaka Fattah, Pennsylvania Democrat, said, "His personal attacks and ridicule directed at the president of the United States are unacceptable."

Sen. Tom Harkin, Iowa Democrat, defended Mr. Chavez in an interview with Radio Iowa.

Though the remarks were "incendiary," Mr. Harkin said, "I can understand the frustration, and the anger of certain people around the world because of George Bush's policies."

Bush administration officials have refused to be drawn into a name-calling exchange with Mr. Chavez.

"I think it's not becoming for a head of state," Secretary of State Condoleezza Rice said, when asked about Mr. Chavez's speech at the General Assembly.

Mr. Chavez went to Harlem yesterday to announce a doubling of the amount of discounted heating oil that his country will distribute to poor Americans this winter.

He said that Citgo, the U.S. arm of Venezuela's state-owned oil monopoly, will distribute 100 million gallons to people in 18 states.

The program began last year to aid Hurricane Katrina victims.

The Venezuelan president repeated his threats to halt oil sales to the United States if Washington attacked Venezuela or Iran.

Iranian President Mahmoud Ahmadinejad, asked about Mr. Chavez's support at a press conference yesterday, spoke in only general terms.

"We do not seek to represent a threat to any country," Mr. Ahmadinejad told reporters.

The Iranian president recently visited Venezuela and joined Mr. Chavez at the Non-Aligned Movement summit last week in Havana.

At his press conference yesterday, Mr. Ahmadinejad repeated that Iran's nuclear program is for peaceful purposes.

"I don't see why so many people are so sensitive about this 'enrichment' word," he said. "We have said under fair conditions and just conditions, we will negotiate about it."

Iran is in the early stages of making enriched uranium, which can be used for atomic bombs or nuclear power plants.

Shocked! By Chavez (WSJ)

The Wall Street Journal, September 22, 2006

Hugo Chávez isn't used to criticism from Congressional Democrats, some of whom have actually welcomed his blatant attempts to buy U.S. political influence with cut-price Venezuelan oil. So it must have shocked the South American strongman when two prominent Democrats took public offense at his anti-American tirade before the U.N. General Assembly this week.

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"Hugo Chávez fancies himself a modern day Simon Bolivar but he is an everyday thug," said House Minority Leader Nancy Pelosi, referring to the 19th-century fighter against Spanish colonial rule. Meanwhile, New York Representative Charlie Rangel blasted Mr. Chávez for coming into "my Congressional district" and condemning "my President" -- words we've rarely heard any Democrat use in reference to George W. Bush.

The Venezuelan dictator provoked this burst of bipartisanship by repeatedly referring to President Bush as "the devil." More broadly, his speech amounted to a justification of terrorism against the U.S., and in fact he is one of the world's most outspoken defenders of such terrorist state sponsors as Iran. However, none of this is a revelation to anyone who's watched Mr. Chávez in action in recent years.

Ms. Pelosi's and Mr. Rangel's remarks were politically shrewd if nothing else. Even smarter would be for the two of them to follow up by having a word with their Massachusetts delegation. Only last November, Congressmen William Delahunt and Ed Markey spoke of their "debt" to Venezuela after arranging to buy 12 million gallons of Venezuelan home heating oil at a 40% discount for the Bay State. Mr. Delahunt has called the dictator his "excellent friend," and yesterday the Boston Globe quoted him as blaming the dictator's outburst on "what low esteem the United States is held, not just in the Islamic world, but all over."

After Mr. Chávez's U.N. performance, you can bet Democratic leaders don't want another sweetheart oil deal this November.

No Hugo Award For Security Council (LAT)

The Los Angeles Times, September 22, 2006

VENEZUELAN PRESIDENT Hugo Chavez took his stand-up act to New York on Wednesday and just killed 'em, waking up a sleepy General Assembly crowd with zinging one-liners likening President Bush to the devil. It was the crowning stop in a comedy world tour that has been busting up audiences from Iran to China, fitting for a man running against a comedian in Venezuela's upcoming presidential election.

Chavez's anti-American tirades may be a hit in much of the developing world, but few sane people will be laughing if he achieves his appallingly realistic goal of winning a rotating seat on the U.N. Security Council.

Venezuela is seeking a two-year slot on the 15-member council. Such seats are awarded on a regional basis; the other Latin American candidate, Guatemala, is heavily backed by the United States. Chavez over the last several months has made beating Guatemala his major foreign policy goal, traveling the world (mostly to drum up support from staunch U.S. foes such as Iran and Syria) and signing oil deals to buy votes. It seems to have paid off; Venezuela is believed to have the majority of the General Assembly on its side, though it will need a two-thirds vote to prevail.

Having Venezuela on the Security Council wouldn't recast the U.N. in Chavez's image, nor would it seriously impede the democratic world. Rotating members don't have the veto power of permanent Security Council fixtures Britain, China, France, Russia and the United States. But it would provide an international forum for Chavez's diatribes, one that he plans to take advantage of personally, and he could delay important initiatives like curbing Iran's nuclear ambitions or deploying U.N. troops in Darfur.

Chavez has been generous in spreading his oil wealth to his neighbors, and tweaking Uncle Sam is a cheap way to win political support in Latin America. But Wednesday's performance should make more moderate heads of state, such as Brazilian President Luiz Inacio Lula da Silva, wonder if they really want to be represented in a critical international body by the clown prince of Caracas. And a nuclear-armed Iran or North Korea is not in the interest of anybody.

If Latin America doesn't have a consensus choice for the U.N. seat by Oct. 16, it will come down to a secret ballot by the General Assembly. In case of deadlock, which seems probable, a third country may well emerge as the winner. Uruguay and the Dominican Republic are considered the two most likely candidates, and either would be better than Venezuela. Chavez might seem like a laugh riot today, but after two years of gridlock and shenanigans on the Security Council, the joke would wear pretty thin.

In Chávez's Crosshairs (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 22, 2006

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Fidel Castro is not far from death. That's one conclusion to draw from his failure to get out of bed for the summit of the non-aligned nations held in Havana last week.

The other telling sign that the long-winded tyrant is not coming back, despite Cuban claims that he is on the mend, was Venezuelan President Hugo Chávez's performance at the United Nations on Wednesday. Clearly the revolutionary baton has been passed to the kook from Caracas, Castro's wealthiest and keenest protégé.

After this week, Americans are likely to be focused on the nexus between Venezuela and Iran, whose president rivaled Mr. Chávez as the scariest speaker at the General Assembly. Yet there is an equally pressing threat from Venezuela right in the U.S. backyard. The battleground is Bolivia, which Mr. Chávez badly wants to control so he can seize that country's natural-gas reserves and become the sole energy supplier in the Southern Cone. In doing so, he hopes to seriously damage the Brazilian economy and crush Brazil's geopolitical ambitions as the leader in South America. In its place he wants to plant the flag of Venezuelan hegemony. If he gets away with it, Argentine and Chilean sovereignty would also be diminished and continental stability lost.

To avoid this grim outcome and preserve Bolivian democracy, the U.S. could start by studying Mr. Chávez's path to power, which included help, both passive and active, from Washington.

Theatrics aside, the Venezuelan's verbal assault this week against the U.S. was hardly a news flash. Mr. Chávez has been spouting this stuff for eight years while Venezuelan democrats have been begging the world to take note of it. Democratic Congressman William Delahunt, former Republican Congressman Jack Kemp and the Washington law firm of Patton Boggs all worked to give Mr. Chávez an image makeover in the U.S. so that Venezuelan cries for help might be ignored even as the aspiring dictator was consolidating power.

It seems to have worked too. Let's not forget what happened when Venezuelans tried to remove Mr. Chávez in a 2004 recall referendum. The European Union refused to act as an observer, citing lack of transparency. But that didn't stop Jimmy Carter or the Organization of American States, both of which went along to "observe" a vote cloaked in state secrets. When OAS mission director Fernando Jaramillo cried foul at the many government pre-referendum pranks and Mr. Chávez complained about him, OAS chief César Gaviria yanked Mr. Jaramillo from the country just ahead of the vote.

Exit polls showed that the Venezuelan president was badly beaten in the contest but the chavista-stacked electoral council declared him the winner. Mr. Chávez refused to allow independent auditing of voting machine software or a count of paper ballots against machine tallies. Mr. Carter together with U.S. Assistant Secretary of State for the Western Hemisphere Roger Noriega and the OAS, rushed to endorse the vote despite the lack of transparency and many testimonies to state-sponsored intimidation and dirty tricks. In the heat of the battle, the National Endowment for Democracy cruelly threatened the country's most important independent electoral watchdog that if it didn't accept Mr. Chávez's victory, NED would pull its support.

Mr. Chávez now boasts that he was democratically elected and foments hatred against his neighbors, including the U.S. Wednesday's Castro-esque message claimed that the "non-aligned" movement intent on going nuclear has only pure motives, while the U.S. president is the devil.

Still Hugo knows that rhetorical bullying from the U.N. pulpit can take him only so far. Both Mexico and Peru rejected Chávez proxies this year in presidential elections. While he might still get a foothold in Nicaragua if Daniel Ortega wins there in November, what he really wants to do is knock Brazil down a few notches. And there is no better way to do that than to hit its energy supply. This explains the blitz the chavistas are now putting on in Bolivia to make that country a (hydro) carbon copy of Venezuela.

Mr. Morales rose to executive power by first using violence to bring down two constitutional presidents and then forcing a new election, which he won. He dreams of an indigenous, collectivist Bolivian economy under the thumb of an authoritarian government. Never mind that most native Bolivians are highly entrepreneurial.

His power is boosted by his support for Bolivian coca growers against U.S.-mandated eradication efforts. He is also being coached by Mr. Chávez. He has nationalized investments in the natural-gas industry and he ruled that agricultural land be redistributed to peasants. He has purged the military of its highest ranking professionals and he has arrested or threatened to arrest some 150 of his political opponents. Bolivia is now blanketed with Cuban doctors and teachers. Cuban security detail protect the president while Venezuelan energy advisers are said to be setting policy in the natural-gas sector.

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Yet there is serious resistance in the eastern states and some admission from La Paz that the country is too poor to cut itself off from the world. Last week Mr. Morales had to fire his energy minister after Brazil threatened to exit the country when the minister announced the seizure of two more Brazilian owned refineries.

Such acquiescence toward Brazil has to be frustrating Mr. Chávez and any chance to defeat those in his way now lies with the rewriting of the Bolivian constitution. But there is a problem there too. Mr. Morales's party has just over 50% of the constitutional assembly seats. That means that in order to steamroll the opposition the government must force a change in the approval requirement to a simple majority from a two-thirds vote, which is now the law.

Seven of the nine state governors have objected to this but Evo's side is again threatening violence. Bolivia could use some help from the international community. One thing the U.S. could do to weaken Evo is end insistence on coca eradication, which while failing to reduce drug use has alienated peasants. What is clear is that doing nothing while Mr. Chávez seizes power on the continent is not an option.

Five Palestinians Killed In Gaza; Rockets Fired Into Israel (WP)

By Scott Wilson, Washington Post Foreign Service

The Washington Post, September 22, 2006

JERUSALEM, Sept. 21 -- Israeli forces killed at least five Palestinians on Thursday in the Gaza Strip, while gunmen there fired rockets into Israel during the day.

The spate of violence ended a few weeks of relative calm between Palestinian gunmen and Israeli forces that began after Israeli tanks and troops withdrew from a volatile area east of Gaza City early this month. Israel's military has maintained intensive operations in Gaza since June 25, when Palestinian gunmen captured an Israeli soldier in a cross-border raid.

A conflict between rival Palestinian factions has sharpened at the same time, and rocket fire into Israel appears to be on the rise again. The Israeli military said four rockets landed in southern Israel over the course of the day, hitting a college classroom and rupturing a water pipe in the city of Sderot. No injuries were reported.

The Palestinians were killed in two separate incidents at far ends of the strip.

Early Thursday, Israeli army and border police units surrounded a house in Rafah, the largest city in southern Gaza, during what military officials described as an arrest operation.

The Israeli military said Palestinian gunmen inside the house attacked the Israeli forces with rifle fire and grenades. The soldiers directed small-arms and tank fire at the house, military officials said. Later, soldiers also fired on a man outside the house who military officials said was armed.

Palestinian health officials reported that a 35-year-old mother was killed by a tank round in the Rafah fighting and that a man was killed by gunfire.

Later in the day, three Palestinians who witnesses said were tending goats near the Jabalya refugee camp in northern Gaza were killed by Israeli fire. Israeli military officials confirmed that artillery fire had been directed at three men, whom Palestinian witnesses described as teenagers. Israeli military officials said the men were handling launchers used to fire rockets earlier in the day at Sderot.

Palestinian gunmen flee quickly after firing the crude, erratic rockets, often hiding in the labyrinths of Gaza's crowded residential neighborhoods. Many Palestinians have been killed by Israeli fire after wandering into those staging areas soon after a rocket is launched.

An Israeli army spokeswoman said Thursday, "If the launcher was left on the ground, then these people were victims of those who left it there."

With N. Korea Talks Stalled, U.S. Tries New Approach (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, September 22, 2006

UNITED NATIONS, Sept. 21 -- With North Korea refusing to return to the six-nation disarmament talks, Secretary of State Condoleezza Rice on Thursday convened a meeting of a new group of nations that will focus on Northeast Asian security

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concerns. Diplomats have dubbed the group "Five Plus Five" to refer to the 10 countries involved, but North Korea declined an invitation and China and Russia did not send representatives.

"It turned out to be the Six Minus One Plus Two Plus Three Minus Two," quipped Assistant Secretary of State Christopher R. Hill, the administration's point man on North Korea.

Few issues have proven as vexing as the impasse over North Korea's nuclear ambitions. In some ways, the gathering is the diplomatic equivalent of throwing spaghetti against the wall -- an effort to try something just to see what sticks.

"We had the three-party talks, the four-party and the six-party, and now the 10-party," said Kongdan Oh, an expert on the North Korean nuclear program at the Institute for Defense Analyses in Alexandria. "As the number of parties has gone up, the speed of the failure has gone faster."

A year ago this week, in what was hailed as a breakthrough, Hill and diplomats from North Korea, China, Russia, South Korea and Japan agreed to guidelines for negotiating the dismantling of North Korea's weapons programs in exchange for economic and political incentives. But the negotiations never got started in earnest.

Four days before the agreement was reached, the Treasury Department had designated Macao's Banco Delta Asia as acting as a front for North Korean counterfeiting operations. The Treasury action had wide repercussions, leading many banks around the world to curtail dealings with North Korea. North Korea declared that the action amounted to "financial sanctions," and refused to return to the six-party talks.

North Korea further rattled nerves with a ballistic missile test in July.

Now, with little prospect of restarting the six-party talks, the United States has decided to try to broaden the circle, bringing in nations such as New Zealand, Canada and Indonesia. The first meeting of the larger group was held on the sidelines of a July gathering of the Association of Southeast Asian Nations (ASEAN), after the missile test. Thursday's meeting, at New York's Waldorf-Astoria hotel, was the second, and Hill said a third is planned for Hanoi in November, when heads of state gather for an annual Asia-Pacific summit.

"In Northeast Asia, we need a stronger dialogue on security issues," Hill said. "It's not to change the six-party talks. It's not to have an immediate sort of actionable outcome or something. It's simply to have information exchange."

But there is a broader subtext to the gathering. The Bush administration wants China to do more to bring North Korea back to the table, and Hill pointedly noted that several ministers present said China should do more.

Moreover, as a result of the U.N. Security Council resolution passed after the North Korea missile test, the United States has prepared a new package of sanctions. But the administration wants a number of other countries to sanction North Korea first, before it announces its own sanctions, so it will not look like the heavy.

At Thursday's meeting, representatives of Japan and Australia described the sanctions their governments recently imposed on Pyongyang, and Rice urged other countries to follow suit.

Finally, some of Rice's aides, such as counselor Philip D. Zelikow, have long been interested in reshaping the security framework of Northeast Asia. The region has no organization similar to NATO or ASEAN, in part because relations between China, Japan and South Korea are so tense. So when crises occur, diplomatic initiatives must be cobbled together from scratch. Some experts believe the new effort is an attempt to provide the building blocks for such an entity.

"I'm not going to make predictions at this point whether this is the protoplasm of a new OSCE," Hill said, referring to the Organization for Security and Cooperation in Europe, a regional group that some see as a model for Northeast Asia. "I just at this point can't speculate that far ahead."

Russia, China Stay Away From N. Korea Session (WT)

By Nicholas Kralev

The Washington Times, September 22, 2006

NEW YORK -- China and Russia, key nations in six-party talks on North Korea's nuclear weapons, skipped an expanded session yesterday, in which countries from the Philippines to Canada sought to address Pyongyang's refusal to negotiate.

The session, hosted by Secretary of State Condoleezza Rice, was an attempt to involve Canada, Australia, New Zealand, Indonesia and the Philippines in an expanded forum on regional security.

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"Several participants commented that they thought China should be doing more" to bring North Korea back to the six-party talks, said Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs.

Officials from other countries at the meeting, who asked not to be identified, confirmed that many of those present expressed disappointment with Beijing.

They also said that the Chinese had made a conscious decision not to attend, questioning Mr. Hill's suggestion that the reason had to do with scheduling.

Mr. Hill played down the absence of both China and Russia, saying that their foreign ministers had met with Miss Rice several times this week and "we kind of know where they are on these issues."

The six-party talks consist of the United States, Japan, China, North and South Korea and Russia. A year ago, all parties signed a joint statement that they are committed to the denuclearization of the Korean Peninsula.

Since then, Pyongyang has boycotted the process, blaming Washington for imposing financial sanctions aimed at stopping suspected money-laundering and North Korean counterfeiting of U.S. $100 bills.

Briefing reporters at yesterday's meeting on the sidelines of the U.N. General Assembly session in New York, Mr. Hill said that all participants made it clear that the meeting was not a substitute for the six-party talks.

"We are not in any way trying to change that," Mr. Hill said. "It's simply an informal forum whose purpose is to discuss the security situation in Northeast Asia and to support the six-party process."

Still, he said, the expanded format is designed to make it clear that Pyongyang's refusal to negotiate does not preclude other international venues from discussing the nuclear issue.

"The effect of it will be to show North Korea that there is a broader concern in the broader region about its nuclear programs," Mr Hill said.

"It also, I think, demonstrates clearly to North Korea the fact that, while they may boycott the six-party process, they are not going to veto multilateral discussions in Northeast Asia."

Mr. Hill, who returned from a trip to the region last week, said that several ministers yesterday "expressed concern" about a possible North Korean nuclear test and "emphasized the need to dissuade the North Koreans by all means possible."

North Korea claims it has produced atomic bombs, but it has never conducted a nuclear test.

Earlier this week, Japan and Australia imposed financial sanctions on North Korea because of its ballistic missile program. Chinese Foreign Ministry spokesman Qin Gang criticized the move Tuesday.

"The Chinese government has always advocated that this issue should be resolved by dialogue, and we are opposed to sanctions," he said. "All parties concerned should focus on how to resume the talks as soon as possible and avoid any actions that may further complicate the situation."

North Korea Avoids Meeting Of 8 Nations (AP)

AP, September 22, 2006

North Korea stayed away from a gathering of diplomats from the United States and seven other nations Thursday that focused on the specter of a nuclear North Korea.

"They don't like to talk to people," Assistant Secretary of State Christopher Hill said following the gathering on the sidelines of the annual United Nations opening session.

China and Russia also skipped the meeting, although they are members of the international coalition that reached a breakthrough disarmament bargain with Pyongyang a year ago. That agreement has never taken effect and North Korea is boycotting further talks in protest of what it calls unfair U.S. financial sanctions.

Hill called the North Korean complaint a pretext for ignoring its responsibilities to give up nuclear weapons ambitions under the 2005 agreement. He said the original coalition of the United States, China, Japan, Russia and South Korea remains ready to resume negotiations with the North.

Thursday's meeting involved foreign ministers from Australia, Indonesia, New Zealand, Canada and the Philippines, in addition to the United States, Japan and South Korea.

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Hill said several participants criticized China for failing to do enough to bring North Korea back to talks, but he said the United States was not among them. China is the North's closest ally and has served as an intermediary.

North Korea seeks to normalize its relations with the U.S. but also says its nuclear program is a deterrent to fend off a possible U.S. invasion.

U.S. Sets Conditions For N. Korea Visit (AP)

AP, September 22, 2006

The main U.S. nuclear envoy could visit Pyongyang if North Korea ends its boycott of international nuclear talks, the U.S. ambassador to South Korea said in an interview Thursday.

"I think that possibility has never been excluded," Ambassador Alexander Vershbow told Yonhap news agency in remarks that were confirmed by the U.S. Embassy.

The North has in the past invited the U.S. envoy, Assistant Secretary of State Christopher Hill, who expressed willingness to make such a trip last year after the communist nation agreed at the arms talks to abandon its nuclear program in exchange for security guarantees and aid.

The North immediately threw cold water on the deal and demanded a nuclear reactor for power generation — and the trip was put off.

"Unfortunately it was impossible because North Koreans were unwilling to even suspend their production of plutonium in the Yongbyon reactor," Vershbow said, referring to the North's main nuclear facility. "So the opportunity was missed."

Vershbow also said that Hill "is prepared to enter into bilateral talks in a constructive spirit if North Korea is committed to return to the six-party talks," according to the embassy.

North Korea has stayed away from the six-nation nuclear talks — which include China, Japan, Russia, South Korea and the U.S. — since last year in anger over U.S. financial restrictions against the North for its alleged complicity in counterfeiting and money laundering.

Japan and Australia earlier this week enacted similar restrictions on a group of North Korean firms allegedly involved in suspect transactions.

Vershbow said Thursday that the United States didn't have any immediate plans for more sanctions of its own on the North.

"We are still considering what additional steps may be necessary. On our own part, we are proceeding in a deliberate manner. We are not rushing to any decisions," he said. "There is still time for North Korea to pull back from the brink. I hope they do."

North Korea has insisted it won't return to the talks unless the U.S. drops its sanctions. Pyongyang claims to have nuclear weapons and further stoked regional tension in July by test-firing a series of missiles over international objections, drawing condemnation from the U.N. Security Council.

Despite Plea, Indonesia Executes 3 Christians (NYT)

By Raymond Bonner

The New York Times, September 22, 2006

JAKARTA, Friday, Sept. 22 — In the early morning hours on Friday, an Indonesian firing squad executed three Christian men who had been convicted in connection with the violence that has wracked the province of Central Sulawesi. The government ignored a last-minute appeal from the European Union to declare a moratorium on the death penalty.

No evidence directly linked any of the condemned to killings, but two were found to be ringleaders of a Christian militia that killed 200 Muslims in 2000, and the third to have instructed Christians in the use of arrows, according to trial observers.

The European Union appeal did not specifically mention the case of the Christians. Its plea was aimed at halting all executions, including those of three Bali bombers who are on death row for their role in the attacks on nightclubs in 2002, which killed 202 people, European diplomats said.

“The European Union, along with many other like-minded countries, opposes the use of the death penalty in all circumstances,” the Finnish ambassador, Markko Niinioga, representing the presidency of the European Union, said in a letter

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that was delivered Wednesday to the Indonesian president, Susilo Bambang Yudhoyono. "The E.U. finds this punishment cruel and inhuman."

The letter was read to The New York Times by a European diplomat, who did so on the condition of anonymity because the letter had not been released publicly. An aide to Mr. Yudhoyono confirmed that it had been received. Mr. Yudhoyono is considered a leading contender for the Nobel Peace Prize because of his work in bringing about an end to the separatist war in the western province of Aceh, and European diplomats said that this could hurt his chances, given the strong anti-death penalty sentiments among European governments.

About 80 men are on Indonesia's death row, all but a handful convicted of murder or drug trafficking, according to a human rights group here, the Committee for the Disappeared and Victims of Violence.

In its letter to Mr. Yudhoyono, the European Union wrote, "Besides respecting the value of human life," a moratorium would "in our opinion strengthen the international position and prestige of Indonesia."

The three men executed Friday morning in the town of Palu were Fabianus Tibo, 60, Marinus Riwu, 48, and Dominggus da Silva, 42. They were convicted in connection with killings in the Central Sulawesi town of Poso in May 2000, including more than 70 men, women and children who had sought refuge in a school.

At their trial in 2001, no witnesses testified seeing any of them kill anyone, Dave McRae, a specialist in the Poso conflict at the Australian National University, wrote in The Jakarta Post on Wednesday. Even if they were leaders, "Their death sentence is excessive," Mr. McRae wrote. More than 150 men have been tried in connection with the Poso violence, but the longest sentence, except for these three men, has been 15 years, Mr. McRae wrote.

The executions of the three men had become entangled with the case of the Bali bombers. In this overwhelmingly Muslim country, the government considers that the risk of political protests would be too great if it executed the Bali bombers and not the Christians.

"We're going to execute the Bali bombers," said a senior government official, who was willing to discuss the government's plans and its response to the European Union appeal only on the condition of anonymity because he was not authorized to speak for attribution. The Bali bombers were scheduled to have been executed last month, but the executions were postponed. They will not happen for at least a month, until after Ramadan, which begins Sunday. Many Indonesian political analysts and foreign diplomats doubt that the men will be executed.

Three Christians Executed In Fatal Attack On Muslims (WT/AP)

By Irwan Firdaus

The Washington Times, September 22, 2006

PALU, Indonesia -- Three Christian militants were executed by firing squad early today for leading attacks on Muslims six years ago that left 70 persons dead, a police official and local news media said.

The men were taken before the firing squad at 12:15 a.m., said a senior police officer, who asked not to be identified because he wasn't authorized to speak to the media. Metro TV and SCTV had similar reports, but did not identify their sources.

The case against them has heightened tensions in the world's most populous Muslim nation and raised questions about the role religion played in punishing those behind the violence that swept Sulawesi province from 1998 to 2002, killing more than 1,000 people of both religions.

Only a small number of Muslims were convicted in the violence, all for 15 years in prison or less.

In carrying out the death sentence, Indonesia ignored an appeal last month by Pope Benedict XVI to spare the men. A Vatican spokesman, the Rev. Federico Lombardi, told the Italian news agency ANSA that news of the execution "was very sad and painful."

Fabianus Tibo, 60, Marinus Riwu, 48, and Dominggus da Silva, 42, were found guilty of leading a Christian militia that launched a series of attacks in May 2000 -- including a machete and gun assault on an Islamic school where dozens of men were seeking shelter.

Security forces braced for sectarian violence, with thousands of police blocking roads leading to the prison where the inmates had been held.

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"I understand they have been killed," said Roy Rening, their attorney, adding that he was still awaiting confirmation from the prosecutor's office.

Jeremy Sewall, a policy analyst for the Silver Spring, Md.-based International Christian Concern (ICC), told The Washington Times that the three men were denied the opportunity to attend Mass before they died.

"The Indonesian government is sacrificing true justice to provide judicial 'balance' by executing these three Christians to appease Muslims who are upset that three Islamic terrorists are also set to be executed for their part in the Bali bombings," he said. "This is not justice. This is deception, coverup, and appeasement."

The ICC, which investigated the violence in Indonesia, said that entire Christian villages were attacked with government munitions and burned down using Indonesian government fuel trucks. Christian adults and children were beheaded.

Human rights workers say the men's 2001 trial was a sham, and that while it was possible the men took part in some of the violence, they almost certainly were not the masterminds.

The executed men told relatives and a priest during final prayers at their jail yesterday that they were innocent but ready to die.

The condemned men had said they hoped investigations into the clashes would continue, noting that they had provided authorities with the names of 16 Christians who they said instigated some of the worst bloodshed.

The government said its investigation is complete.

"My father told me he was not afraid to die, he is not afraid to face his destiny," said Tibo's son, Robert. "But he wants the real killers to be caught."

Thousands of Christians rallied peacefully in at least seven towns yesterday. Muslim protesters also have taken to the streets in recent weeks, demanding the men be killed following two last-minute stays, the most recent just more than a month ago.

Fearing violence timed to the executions, Indonesia deployed more than 2,000 police and soldiers in Palu, some guarding churches that dot the city.

Security was also stepped up on the island of Flores, where the three men were born, said Lt. Col. Endang Syafrudin, the island's police chief.

Was Thai Coup Pre-Emptive? (WSJ)

By James Hookway

The Wall Street Journal, September 22, 2006

Impending Military Reshuffle Could Have Strengthened Thaksin

When Thailand's military high command decided to overthrow Prime Minister Thaksin Shinawatra in a coup, they were up against a tight deadline: a fast-approaching military shuffle that could have promoted Mr. Thaksin's supporters into key posts and strengthened the billionaire businessman's grip on power.

After months of sparring between Mr. Thaksin and political opponents had pushed Thailand into a leadership crisis, the premier was preparing a strike to regain the upper hand, people familiar with the situation say. Mr. Thaksin planned to replace Thailand's senior commanders -- including the coup's leader, Gen. Sondhi Boonyaratkalin, the army's commander in chief -- with new generals friendly to his government before a parliamentary election then scheduled for October. Mr. Thaksin's Thai Rak Thai party, which came to power in 2001, was expected to win that vote handily.

The pending shuffle at least partially drove the army's decision to stage this week's coup, people familiar with the events say. The coup, while peaceful, and popular among many Thais alienated by Mr. Thaksin's strong-willed rule during his five years in power, has prompted criticism abroad as a setback to Thailand's efforts to nurture and sustain a democratic political system.

The coup, which the military says has been endorsed by Thailand's influential King Bhumibol Adulyadej, has left 59-year-old Gen. Sondhi and other military leaders with the task of restoring a credible government in one of Southeast Asia's linchpin economies and a key ally of the U.S.

Paving the Way to Power

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Thailand's new military rulers have promised to put a civilian government in place within two weeks and hold new elections by October 2007. They have also cracked down on political activities and curtailed some civil liberties. A small group of demonstrators was detained Wednesday for protesting the army's declaration of martial law, and the military has detained four cabinet members of Mr. Thaksin's government.

"During the transition period, every country does this in order for the situation to return to normalcy quickly," said a spokesman for the ruling military council. He didn't say why the men -- who include Deputy Prime Minister Chitchai Wannasathit -- were arrested.

The military government has banned gatherings of more than five people, and prohibited political meetings and the establishment of new political parties. It also said it is taking over the functions of Thailand's legislative branch.

The military also has introduced restrictions on Thailand's once free-wheeling media.

At the same time, the coupmakers appear to be preparing to move more directly against Mr. Thaksin, who was in the U.S. at the time of the coup and is now in London. In a step widely seen as a bid to build a criminal case against the ousted premier and help justify the coup, the military council has empowered Thailand's top graft investigator, Auditor-General Jaruvan Maintaka, to investigate allegations of corruption in Mr. Thaksin's government. It isn't clear whether Mr. Thaksin, who said Thursday he was "resting" in the United Kingdom, intends to return to Thailand.

The military hasn't said whom it will recruit to head an interim civilian government. People familiar with the negotiations say front-runners include central-bank governor Pridiyathorn Devakula, a respected banker who stood up to Mr. Thaksin on financial-policy issues and clamped down on lending at state-owned Krung Thai Bank that in 2004 was beginning to undermine the bank's financial stability.

Another possible candidate is Palakorn Suwanarath, a former deputy permanent secretary at Thailand's interior ministry who now serves as one of a panel of advisers to King Bhumibol.

Unless a credible stop-gap leader is picked soon and political and civil restrictions are eased, the generally warm popular welcome accorded the coup in Bangkok could begin to fade into criticism, political analysts suggest.

"Judging from past experience, people here will put up with military government, but only if its agenda and a timetable for return to democratic rule is clear," says Thitinan Pongsudhirak, a political-science professor at Bangkok's Chulalongkorn University.

Meanwhile, Thailand's financial markets reflected the hopeful view that the military will fulfill its commitment to gradually restore democracy. After falling more than 4% in the first hour of trading since Tuesday's coup, the Bangkok stock exchange's key index recovered to close 1.4% lower on Thursday, down 9.99 points at 692.57.

The conflict between Mr. Thaksin and his conservative military opponents had been building for months, if not years, as the brash telecommunications tycoon-turned-politician tightened his hold on government institutions after coming to power in 2001 and winning re-election in 2005.

A former police officer who trained with the army cadets as a young man, Mr. Thaksin promoted many of his former classmates above more senior officers after he became prime minister. At one point he elevated his cousin, Gen. Chaiyasit Shinawatra, to the job of army commander -- the post that Gen. Sondhi now holds.

Conflicts between powerful military and civilian leaders over promotions are a recurring feature of politics in Thailand, an economically vibrant country of 65 million people.

Mr. Thaksin's efforts to place his supporters and classmates in positions of power led to back-biting and resentment in the armed forces. The tensions crystallized into two distinct factions: Mr. Thaksin's supporters -- including business backers and rural politicians -- and an older, more conservative group of military officers and bureaucrats who align themselves closely with Thailand's royal family and King Bhumibol's chief adviser, Prem Tinsulanonda, a retired general and former prime minister.

Mr. Thaksin also appointed his supporters to key positions in Thailand's judiciary and election commission as well as the military. Despite thinly veiled warnings from King Bhumibol that he was becoming too arrogant, Mr. Thaksin continued to expand his authority, filing libel suits against his critics and buying a television network that had been critical of his policies.

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The prime minister also was skilled at finding loopholes in laws and regulations and using them to his advantage, swelling the ranks of his party and, despite enjoying a parliamentary majority, frequently opting to rule by executive decree instead, making himself the center of power in the country.

Many military officers grew increasingly uneasy about Mr. Thaksin's expanding influence, particularly when he began promoting his own supporters within the armed forces.

A Rift Deepens

Signs of a rift between Mr. Thaksin and his supporters and the palace and the military became apparent late last year when, in an exercise of a seldom-used royal power, Gen. Sondhi was appointed to the top post after Gen. Prem and another royal adviser vetoed Mr. Thaksin's choice for the job.

The tensions grew acute in January, after Mr. Thaksin's family sold its controlling stake in Shin Corp. to a group of investors led by Singapore's state investment company Temasek Holdings Pte. Ltd. for $1.9 billion, in a deal that was constructed in such a way that the seller paid no taxes on the proceeds. Although the transaction illustrated Mr. Thaksin's business acumen, it also revealed his occasional inability to read the political pulse in Bangkok, even as he remained popular in rural Thailand. Within weeks, tens of thousands of people were regularly demonstrating for his resignation.

To ease the pressure, Mr. Thaksin called a snap election, which the opposition parties boycotted and the Thai courts later voided.

In June, Mr. Thaksin complained in a speech that a "charismatic figure" was trying to force him from office -- a reference many Thais considered to be directed at either King Bhumibol or his close adviser, Gen. Prem.

With many Thais now taking to the streets to demand that Mr. Thaksin be charged for insulting the monarchy under Thailand's strict lèse-majesté laws, Gen. Sondhi and his supporters started to limit Mr. Thaksin's authority within the military. His first step to rein in Mr. Thaksin was an apparent warning shot, military analysts say. Gen. Sondhi in July transferred 129 midlevel commanders with strong ties to Mr. Thaksin's supporters to remote outposts or desk jobs. That cut the chain of command between generals sympathetic to Mr. Thaksin and the rank and file, military analysts say.

People familiar with the tensions in the military say Mr. Thaksin was preparing to retaliate by ensuring that a close ally, such as Gen. Pornchai Kranlert, succeed Gen. Sondhi as the army chief in an annual military shuffle scheduled for October. He also intended to appoint other key supporters to be responsible for security in and around Bangkok.

Mr. Thaksin and his advisers couldn't immediately be reached for comment.

Military analysts say that if Gen. Sondhi didn't act when he did, he might have found himself promoted to the mostly ceremonial job of supreme commander of the armed forces.

Had the plan proceeded, Mr. Thaksin would have been well placed to reclaim full power after a parliamentary election initially scheduled for Oct. 15 without the threat of a hostile military high command to stop him.

On Sept. 17, Gen. Sondhi and several other top generals decided to proceed with a coup to remove Mr. Thaksin from office, Gen. Sondhi said Wednesday at his first news conference as Thailand's interim leader.

Once the decision to remove Mr. Thaksin was made, Gen. Sondhi's earlier maneuver to transfer the 129 middle-ranking officers loyal to Mr. Thaksin was pivotal. Military analysts say that without commanders in the field, there was no way the prime minister could have predicted he would soon be deposed.

Thai Junta Imposes Curbs On News Media (NYT)

By Thomas Fuller, International Herald Tribune

The New York Times, September 22, 2006

BANGKOK, Sept. 21 — The first signs of trouble for Prime Minister Thaksin Shinawatra emerged on Tuesday when he called an early-morning teleconference with the country's top army general.

The general, Sonthi Boonyaratglin, did not show up.

"Sonthi was absent," said Rongpol Charoenphan, the cabinet secretary. "He asked his aide to inform everyone at the meeting that he was busy in the south."

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Actually, General Sonthi, the chief of the army, was organizing a coup that he would begin 14 hours later, sending tanks into the streets and — with a televised announcement — rescinding the Constitution and dissolving Parliament.

On Thursday, General Sonthi sought to strengthen the grip of his junta, banning political gatherings and "activities" and summoning Thai media executives to army headquarters to warn them against publishing "expressions of public opinion" — possibly a reference to opinion polls but perhaps also including commentaries. The junta also summoned Mr. Thaksin's closest political allies.

Mr. Thaksin was in New York when the army took over. On Thursday, he issued a statement from London, saying that he would take a "well-deserved rest" and that he hoped for national reconciliation.

"We won't just stay in London,'' Pansak Vinyaratn, Mr. Thaksin's chief policy adviser, said by telephone from there. "We will probably go to Europe to have a rest."

Many questions remain about how the military will carry out its stated intention to return democracy to Thailand, which before a political crisis erupted in January was a sort of beacon of democracy for its neighbors.

But a more immediate question is what will happen to Mr. Thaksin and his fortune of more than $2 billion. The Thai news media speculated on Thursday that to appear more legitimate, the junta might open investigations against Mr. Thaksin. Showing financial malfeasance could justify the coup in the eyes of disapproving foreign governments.

The junta retained the country's auditor general, Jaruvan Maintaka, who had sparred with Mr. Thaksin, and increased her power to investigate government corruption.

Mr. Thaksin, one of Thailand's richest men, made his fortune in the technology business, initially by selling IBM computers to the police force.

He cashed out of his business empire in January, selling his conglomerate, consisting of telecommunications, airlines and satellite businesses, to an investment company owned by the Singapore government. The sale netted $1.9 billion for his family, an amount so large that the Thai baht appreciated against the dollar as the money was being brought into the country.

In a briefing on Wednesday, the leaders of the junta told reporters that there were no plans to freeze Mr. Thaksin's assets but that investigations were possible.

"It depends on the information we have at hand," Kowit Wattana, the country's national police chief, said at the briefing. "At present, he already has many lawsuits, so we might look into them again and see what to do."

If Mr. Thaksin's money is still in Thailand, he may find it difficult to transfer it out. The Central Bank limits personal remittances to $1 million a year per person, unless special permission has been granted for more. If the money is for investment purposes, however, an individual is allowed to wire $10 million without the permission of the Central Bank.

Vichit Supinij, a former governor of the Central Bank and a former adviser to the Thaksin government, said he believed that Mr. Thaksin's fortune was still in the country. "The money is probably still in the banks at the moment," Mr. Vichit said.

But Klanarong Chantik, the former director of the National Countercorruption Commission, said it would also be difficult to investigate Mr. Thaksin's finances.

"The current situation isn't normal," Mr. Klanarong said. "All the laws were revoked, and the committee of the National Countercorruption Commission no longer exists."

"The problem is everything now depends on the council's interpretation of the law," he said, referring to the name the junta has chosen for itself, the Administrative Reform Council.

"Right now, the council is the law," he said.

Thai Coup Leaders Tighten Controls (AP)

By Alisa Tang, Associated Press Writer

AP, September 22, 2006

Thailand's new military rulers tightened their grip Thursday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister.

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In announcements broadcast on all television stations, the military said it was banning all meetings by political parties and the creation of new parties. It said it was taking over the duties and responsibilities of parliament, which was dissolved when the coup leaders threw out the 1997 constitution.

The Thai ruling council has also imposed media restrictions, including stationing soldiers at television and radio stations, and ordering the information ministry to stop the distribution of information "deemed harmful" to its agenda.

The moves seemed likely to increase criticism from Western nations and human rights groups, which described Tuesday night's ouster of an elected but unpopular civilian government as a setback to democracy.

In a region where democracies are fragile in the best of times, the coup has also unleashed worries about nearby nations where political unrest is common. Political analysts said images of tanks rolling through Bangkok's streets sent an unfortunate message, but that the chances of a spillover effect appeared remote.

"At a time when many countries are struggling to consolidate their democracy, this is a bad example," and raises questions about stability in the region, said political analyst Dewi Fortuna Anwar of the Indonesian Institute of Sciences.

There was no challenge to the Thai military's authority from the ousted prime minister, Thaksin Shinawatra, who issued his first statement since the coup. The billionaire tycoon said from London that he planned to take a "deserved rest" from politics, and hoped to carry out "possible charitable work for Thailand."

The coup group empowered an auditor to investigate government corruption, which could lead to the confiscation of Thaksin's wealth. Analysts said that proving Thaksin's alleged corruption was necessary to legitimize the coup.

Pasuk Phongpaichit, one of Thailand's most respected political economists, alleged that corruption was "blatant" under the Thaksin government but said a coup was not the best way to handle it.

"A democratic country must have a constitution and adhere to the rule of law," she said. "If the prime minister has done something wrong, he must be tried and he should be judged."

Although Thaksin handily won three general elections, opponents accused him of emasculating democratic institutions, including packing the state Election Commission with cronies and stifling media that were once among Asia's freest.

Bottleneck traffic returned to the streets and Thais went back to work Thursday, with many in Bangkok describing the military takeover the most "friendly" coup this country has seen.

Aside from some soldiers on street corners and tanks at strategic points in and around the city, Thursday was like any other day in the congested Thai capital. Commuters crammed the subways, vendors lined shopping streets hawking handicrafts and grilled kebabs, shops were open and tourists were out.

"It feels like a normal day. Nothing is different," said Nuttawee Chotsawat, 25, who works at a 7-11 store in the downtown business district. "There's nothing to be scared of."

Many Thais appeared relieved at the resolution of political tensions festering since the beginning of the year, when street demonstrations demanding Thaksin step down started growing in size and vehemence. Thailand has had no working legislature and only a caretaker government since February, when Thaksin dissolved Parliament to hold new elections in an effort to reaffirm his mandate.

The coup leader, army commander Gen. Sondhi Boonyaratkalin, has said he would serve as de facto prime minister for two weeks and then the ruling military council will choose a civilian to replace him. A constitution is to be drawn up and elections held in one year's time.

Many Thais view the new regime as a good chance to resolve a Muslim insurgency in the south that has killed more than 1,700 people.

An exiled Muslim rebel leader on Thursday welcomed Thaksin's overthrow by Sondhi, a 59-year-old Muslim in a predominantly Buddhist country.

Thaksin, who used an iron-fisted policy in trying to suppress the insurgency, was widely detested in southern Thailand and many moderate Muslims said the conflict could never be resolved while he was in power.

Sondhi is the "only one who knows the real problems" of the Muslim-dominated south, said Lukman B. Lima, a leader of one of several groups fighting for a separate Islamic state in southern Thailand, and currently in exile in Sweden. Lukman was responding to e-mailed questions from The Associated Press.

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Sondhi had proposed several weeks ago opening talks with the separatists, but Thaksin's government vehemently opposed such a move.

Meanwhile, a spokesman for the new military leadership — which Thursday released the official English translation of its name, the Council for Democratic Reform under Constitutional Monarchy — confirmed that four of Thaksin's close associates were being kept in custody.

Office Minister Newin Chidchob and Environment Minister Yongyut Tiyapairat turned themselves in Thursday, while Deputy Prime Minister Chitchai Wannasathit and Thaksin's top aide, Prommin Lertsuridej, were detained earlier.

"During the transition period, every country does this in order for the situation to return to normalcy quickly," said Lt. Gen. Palanggoon Klaharn, a spokesman for the military rulers.

Military Rulers Limit Politicians And Press (WT/AP)

By Alisa Tang

The Washington Times, September 22, 2006

BANGKOK -- Thailand's new military rulers tightened their grip yesterday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister.

In announcements broadcast on all television stations, the military said it was banning all meetings by political parties and the creation of new parties. It said it was taking over the duties and responsibilities of parliament, which was dissolved when the coup leaders threw out the 1997 constitution.

At the United Nations in New York, a senior U.S. official said the coup marked a setback for democracy in the Southeast Asian nation.

"We consider this military move to be a step backward for Thai democracy, a very sad development for Thai democracy," said Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs.

"We are also reviewing our assistance to Thailand," Mr. Hill said.

The Thai ruling council also has imposed restrictions on press and broadcast outlets. It has stationed soldiers at television and radio stations and ordered the information ministry to stop the distribution of information "deemed harmful" to its agenda.

In a region where democracies are fragile in the best of times, the coup also has unleashed worries about nearby nations where political unrest is common.

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• Nicholas Kralev contributed to this report from New York.

From King Down, Thais Accept Coup (USAT)

By Paul Wiseman And Ratchada Chitrada

USA Today, September 22, 2006

DOJ_NMG_0067342

AYUDHAYA, Thailand — Poj Ketsuma knows he can't compete with tanks and machine guns or even with elite opinion in Bangkok, 50 miles south of here.

Poj, 41, was left feeling powerless by the bloodless military coup that on Tuesday overthrew the elected government of Prime Minister Thaksin Shinawatra. “I cannot fight with the mighty people,” Poj said. “I feel angry about the coup, but what can I do?

Last year, it was different. Poj and millions of other rural Thais surged to the polls 19 months ago to re-elect Thaksin's party, Thais Love Thais, in a landslide. They saw Thaksin as a can-do leader who cared about Thailand's poor. He offered them cheap medical care and provided low-interest loans to support their farms and businesses. Poj took out a $420 government loan to buy a motorbike three years ago; he has been running a taxi service ever since.

The ballot box verdict was overturned Tuesday night by men in military uniform, backed by urban elites who considered Thaksin high-handed and corrupt. Thaksin's rural supporters have remained mostly silent in the face of a coup that has been endorsed by Thailand's revered king. Many, in fact, appear to support the military takeover, if only because it ended a standoff between Thaksin and his opponents that had paralyzed the government all year.

“It's justifiable,” said factory worker Sangla Namthai, 48, over lunch at a roadside noodle shop in Ayudhaya, an ancient Thai capital in farm country north of Bangkok where Thaksin is popular. Sangla is a Thaksin supporter who grew tired of political gridlock. The coup, she said, is “reasonable and necessary to clean up the mess.”

A survey of 2,019 people for the Bangkok Post newspaper, published Thursday, found support for the coup ran higher outside the capital (86.4% approval) than inside (81.6%). Those findings were odd because Bangkok has been the center of anti-Thaksin sentiment and rural Thailand has been his stronghold. Neil Englehart, a political scientist at Ohio's Bowling Green State University who has studied Thai democracy extensively, offered a possible explanation: Rural Thais traditionally support the military. Also, predominantly Muslim parts of southern Thailand oppose Thaksin because of his strong-arm tactics in dealing with a low-grade Islamic insurgency there.

Thaksin, who was at the United Nations General Assembly in New York when the army moved against him, appeared resigned to his political fate. “I left Thailand as the prime minister, and now I am a jobless man,” he told reporters on a flight to London from New York. “Never mind. I can still keep in touch with my family.”

Thailand is being run by a six-man junta of military and police officials called the Council for Democratic Reform Under a Constitutional Monarchy. The coup organizer and army chief, Gen. Sondhi Boonyaratkalin, 59, promised to turn power over to a technocratic prime minister in two weeks, rewrite the constitution and hold elections around October 2007.

Thai media call the takeover the “Yellow Ribbon Coup.” Soldiers have been wearing patches of yellow cloth on their uniforms, a symbol of King Bhumibol Adulyadej. The king, who is close to coup organizer Sondhi, told Thais on Wednesday to follow orders from the council.

On Thursday, the military assumed the duties of the parliament, which was dissolved when the government was ousted. It banned meetings of existing political parties and the establishment of new ones. It also has limited public meetings and ordered Thai media not to reprint or broadcast political messages submitted from the public through cellphone text messages. Thaksin's family owns Thailand's biggest cellphone company.

The army has placed tanks and Humvees on a highway on the northern outskirts of Bangkok, their guns pointed toward traffic coming from Thaksin strongholds in the rural north. No one has challenged the military's authority, said army Pvt. Puriwat Manutjam, 22.

Thaksin's political opponents have accused him of undermining democratic institutions by, for instance, stacking the election commission with cronies and intimidating the traditionally independent media. The junta detained four top members of Thaksin's administration Thursday. “Democracy is more than ballot boxes,” said Thitinan Pongsudhiarak, a political scientist at Bangkok's Chulalongkorn University.

“We will keep an eye on the (military) council,” vowed Suriyasai Katasila, coordinator of the People's Alliance for Democracy, a coalition that had sought Thaksin's resignation. “We want to make sure they are careful with the power they have.”

No one, he said, wants to see a repeat of the military coup in 1991 that led to bloody street clashes before democracy was restored.

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In Ayudhaya, insurance salesman Nipon Klaipradit, 45, worried that the damage has been done. “Thaksin's own army betrayed him,” he said. “If they can do it this time, they can do it again.”

In Somalia, A Boot Camp For Islam (LAT)

By Edmund Sanders

The Los Angeles Times, September 22, 2006

MOGADISHU, Somalia — Beginning as a teenager, militiaman Abduallahi Mohammed Nur rarely ventured into the Mogadishu streets without an AK-47, which he often used to harass civilians and extort money at checkpoints.

But the 27-year-old hasn't held his weapon since June, when it was pointed at invading fighters with the Islamic Courts Union. The militia, now known as the Conservative Council of Islamic Courts, drove away the warlord he worked for and confiscated his gun.

Now Nur calls himself a reformed man. Under the watchful eye of Islamist commanders, Nur says he prays five times a day, studies the Koran and is learning to defend Somalia against foreign threats.

"Most of all," he said, "they are teaching me how to be good to other people."

Nur is one of about 3,000 former warlord militiamen sent to Islamist-run "rehabilitation camps" on the outskirts of the nation's capital. It's an ambitious resocialization program designed to wean the young fighters off drugs, instill religious values and, eventually, reverse loyalties so they can be integrated into the Muslim fundamentalist forces.

"It's a difficult job," said Mohammed Ibrahim Bilal, chairman of one of the new Islamic courts in Mogadishu. "We want to welcome them back. But they have been living with violence for 16 years."

In Washington, there is concern that increasingly Islamist Somalia could end up with a Taliban-style government and serve as a terrorist training area.

Amid allegations that Islamists are using military advisors from Pakistan and Afghanistan to train soldiers, officials recently began permitting journalists to visit the camps. But they denied access to weapons stockpiles and insisted on selecting the militiamen to be interviewed, and carefully monitored what they said.

About 12 miles north of the capital is the largest of the camps, called Hilwayne, which was a national army base before the collapse of Mohamed Siad Barre's regime in 1991. After that, rival warlords carved up the Horn of Africa country and largely held sway until an alliance of local religious courts seized control of Mogadishu in June.

The Islamist forces that took the barren compound have cleared the trash, built tin barracks and a makeshift mosque, and use the facility to stockpile weapons and retrain about 700 defeated militiamen.

On a recent afternoon, the mood was largely casual and relaxed, with former fighters milling around in the shade. Security and the atmosphere appeared more reminiscent of that of a drug rehab facility or a tough-love teen reform school rather than a Soviet- or Cambodian-style reeducation camp.

Guarded by a few armed Islamist soldiers, the men start their day with prayers at 4:30 a.m. Attendance is voluntary, camp leaders say, but they take note of those who don't show up. Smoking cigarettes or chewing khat leaves, a stimulant, are banned, a challenge considering most fighters were addicted to khat.

The rest of the day is filled with military exercises, religious lectures and self-defense classes, though the fighters don't practice with real weapons.

"Our goal is to upgrade their morals," said Abudulkhadir Yusuf Osman, a frequent guest lecturer at the camp and an Islamic studies professor at a Mogadishu university.

This week, during a lecture to several hundred former militiamen under the shade of a thorny tree, Osman preached that the young men could be rich in morals even if their pockets were empty. He also urged the fighters to think about their "next life," and promised paradise to those who lived a life of piety.

Religion permeates the program. Guards kneel and pray with rifles slung over their shoulders. Trainees chant Islamic verse to keep time while marching in unison across dusty plains.

"Allahu akbar! Allahu akbar," the men shouted during a recent military exercise. The phrase, which means "God is great," is a foundation of Islamic prayer.

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Islamist leaders, however, insisted that religious indoctrination was not their goal.

"We are rehabilitating their behavior, not their religion," said Sheik Mukhtar Robow Ali, the deputy security chief for the courts. "Most of them were already religious, but they weren't using their faith. Religion doesn't permit you to oppress other people, and that's what these people were doing."

Camp leaders say participation is voluntary and the men are free to leave. But they acknowledge that the camps provide a good opportunity to keep an eye on the former enemy fighters.

After Islamists chased out nearly a dozen warlords who had carved up control of Mogadishu, fighters left behind were given the option of handing in their weapons and returning home, or moving to the camps to be retrained.

In the face of pressure to prove they are "reformed," about half of the fighters agreed to go to the camps. Most were young, unemployed men who had been acting as mercenaries. Few had any education or job training that would enable them to find work.

During a recent pep talk to the former militiamen, most of them 18 to 30 years old, Robow Ali promised that the Islamic courts would take care of their needs.

"The youth are the cornerstone of every country in the world," he said. "You are the youth of Somalia, and we urge you to join us."

To sweeten the deal, the Islamists promised to continue paying the men's salaries. After some delays, militiamen in the camps received about $100 each last month. Islamists said the money came from taxes at the recently reopened airport and sea port, though critics allege that funding is coming from Middle East countries and Eritrea.

The task of transforming the fighters falls to former Somalian Army Col. Muhyadin Haji Ali, a husky, smiling man who always sports a pair of Ray-Ban sunglasses, even indoors. New recruits arrive every week, he said, including fighters who initially fled the city in fear, and defectors from forces controlled by Somalia's transitional government, based in Baidoa.

To become good Muslim soldiers, Haji Ali said, the former militiamen require heavy training. "The only thing they learned from the warlords was how to kill and loot," he said.

After spending nearly three months at the camp, Nur, a former bodyguard for Mogadishu warlord Muse Sudi Yalahow, said he had been taught to be ashamed of his past actions. He recalled times when he was ordered to shoot or fire mortars at unarmed civilians.

"We couldn't disobey, but I knew what we were doing was wrong," he said. "I knew the warlords were abusing the people. They destroyed the country."

A second former militiaman, also selected by camp leaders to be interviewed, said he defected in July from the transitional government, which is seeking to negotiate a power-sharing arrangement with the Islamic courts. Tensions have been high between the Islamists and the transitional government over which side is best suited to lead Somalia.

"I came here to fight for my religion," said Abdul Aziz Adan Mohammed, 25, a former government soldier based in Baidoa. "I'm here to fight Ethiopia."

Nationalism and anti-Ethiopian rhetoric are common themes of the retraining program.

A long-standing rivalry has been reignited by Ethiopia's support and influence over Somalia's fragile transitional government in Baidoa.

Islamists in Mogadishu say that if Ethiopian troops enter Somalia, either at the invitation of the Baidoa administration or as part of an international peacekeeping force, they will invade Ethiopia.

"Do you want Ethiopia in your country?" Robow Ali shouted at the fighters during his pep talk.

"No!" the men screamed back.

"Will you defend your country and your religion?"

"Yes!"

"Will you die for your country?"

"Yes!"

Islamist leaders said the rehabilitation program was already a success. But they said none of the former militia fighters had graduated from the program or been integrated into their forces.

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"We haven't given them their guns back," Robow Ali said. "Their spirits are good, and I would trust them now with my own children. Our fight was never with them. It was between us and the warlords. Just as they have trusted us by giving us their weapons, we will trust them."

When will the Islamists feel confident enough to rearm the men?

"I don't know," Robow Ali said. "We'll see."

Paulson To Press Hu On Flexible Currency (FT)

By Krishna Guha

Financial Times, September 22, 2006

Hank Paulson, the US Treasury secretary, will urge Hu Jintao, China's president, to allow the renminbi to appreciate more rapidly when the two meet on Friday in Beijing.

Mr Paulson will tell both Mr Hu and Wen Jiabao, the prime minister, that greater currency flexibility is in China's national interest and would remove one of the main obstacles to a strategic relationship with the US.

He will say he wants the US and China to work together on a wide range of issues through the US-China strategic economic dialogue announced on Wednesday.

But he will tell them that pressing short-term problems, including the currency, need to be dealt with if this dialogue is to fulfil its potential.

In an interview conducted on Thursday in the Jin dynasty gardens of the Diaoyutai state guest house, Mr Paulson said he would compliment Mr Hu on reforms under way and "encourage him to move forward even more quickly".

He would also thank Mr Hu for putting his authority behind the new dialogue, which the US believes will help it produce results. The former Goldman Sachs chairman said that while the dialogue would have a "bilateral focus" it would invariably touch on "global issues", including global economic imbalances.

"When you talk about global imbalances, China and the US are two big players," he said.

Asked what other nations should make of such plans, Mr Paulson said: "The rest of the world should welcome this . . . it is in no one's interest for there to be a big economic problem between the US and China."

The new mechanism would allow the US to discuss with China how and when it implemented promised reforms to rebalance its economy, including moving towards a more flexible currency. "The Chinese have already agreed to all the principles," he said. "The differences are over timing and implementation." Mr Paulson said he was too busy with the final phase of his meetings with China's top leadership to track reports of how the dialogue was being received in the US.

He would contact senior congressmen on his return to explain why the dialogue with China was in the US national interest. "Members of Congress are my clients," he said. "I need to engage with key people up there."

He said that the night before he left for Beijing he had spoken to senators Chuck Schumer and Lindsey Graham, authors of a bill threatening punitive sanctions on China's imports if it failed to revalue its currency.

Answering questions at Beijing's Tsinghua University, he called for patience while the dialogue with China got going, saying "anything worthwhile in life" was achieved over a long period.

Treasury Secretary Banks On His Long Relationship With China (USAT)

By David J. Lynch

USA Today, September 22, 2006

BEIJING — As an investment banker, Henry Paulson has been coming here for more than 15 years to make deals with the Chinese. This week, in his first visit as Treasury secretary, he made another one.

But unlike the lucrative commercial agreements Paulson negotiated as chief executive of Goldman Sachs, the value of his latest deal is uncertain.

Paulson says China's agreement to participate in a new "Strategic Economic Dialogue" will place the "most important economic relationship in the world" on a solid long-term footing. Critics on Capitol Hill and among manufacturers say it's only the most recent in a long line of fruitless talks. They want a crackdown on what they say are Beijing's unfair trade practices, including a currency policy that effectively subsidizes Chinese exports, and widespread piracy of American software and movies.

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As Paulson prepares today to return to Washington after a four-day visit, the combination of stubborn commercial disputes and an increasingly protectionist Congress shadow his bid for a radically different Sino-American commercial relationship.

"I'm not discounting the challenge, not discounting it at all. … China is still in transition to a market-driven economy, but they're so big and powerful economically, they are a global economic leader, and I think they gotta move faster," Paulson told USA TODAY in an interview Thursday. "They've got things they need to do. I'm going to need to persuade them to move faster."

He's already demonstrated unusual speed in winning President Bush's approval to launch the new set of talks. One key: Paulson lined up backing from top White House aides and Cabinet colleagues before approaching the president this summer, says White House Chief of Staff Josh Bolten, another former Goldman Sachs executive.

"This was his brainchild," says Bolten. "He has the full confidence of the president, and other Cabinet members know that. The president is sufficiently interested in it that I think Hank (Paulson) will be able to attract the kind of time and attention he's envisioned. … This will turn out to be a substantial initiative."

The 60-year-old Treasury secretary brings an impressive track record to the task of reorienting U.S.-China economic ties. On his watch, Goldman Sachs led several major initial public offerings of state-owned Chinese companies. In 2000, it helped underwrite the IPO of PetroChina, then the largest Chinese share offering. Two years ago, it became the first foreign firm to win approval to establish a joint venture investment bank.

Paulson says he succeeded in China by cultivating relationships with Chinese decision-makers and by making roughly 70 visits since 1990. Providing advice for a Tsinghua University business school and performing conservation work in Yunnan province helped convinced the Chinese that he was interested in more than just their money.

Some say Paulson's China savvy might improve the effectiveness of American economic diplomacy toward a country that is both the USA's fastest-growing export market and the object of mounting resentment.

"One thing about successful investment bankers: They usually have a very good idea what's real and what's not, and who can write checks and who can't," says Bill Overholt, head of the Rand Center for Asia Pacific Policy in Santa Monica, Calif.

However, Sen. Charles Schumer, D-N.Y., a frequent critic of the Bush administration's China trade policies, says Paulson needs to deliver more than additional talk with the Chinese. "Everyone knows the Chinese are flouting the rules," he says. "We need action."

In his public statements this week, Paulson took care to couple any criticism of Chinese policy shortcomings with demonstrations of respect for China and its accomplishments. That deft balancing act is more than mere courtesy. The Chinese, still nursing grievances from their treatment by foreigners in the past century and a half, are hypersensitive about being accorded what they see as due deference.

Public hammering of Beijing in recent years, especially over its policy of intervening in currency markets to keep the value of the yuan stable, has paid few dividends. The United States has urged China to allow the market to set the yuan's value, and last year, China abandoned the policy of keeping its currency fixed against the dollar. But the government has allowed only a roughly 4% appreciation from the yuan's original level, a sliver of what U.S. exporters say is fair.

Whether more tangible gains will follow from the new Sino-U.S. talks won't be clear for months. Paulson, who has deliberately discouraged expectations of immediate benefits, worries that Chinese and American timetables may be out of sync.

"We may be hearing what they say they're going to do, and we're thinking a year and they're thinking 10 to 20 years. Who knows? It's all about pace and timing," he said.

Paulson's more nuanced tactics, whether meeting a provincial leader in the southern city of Hangzhou or appearing before business students at Tsinghua University, won him plaudits this week.

"The new secretary of the Treasury has quite a good reputation in China. … His statements about China are quite positive," said Shi Yinhong, a professor of international relations at People's University in Beijing.

Today, Paulson is scheduled to see both Chinese President Hu Jintao and Premier Wen Jiabao.

Still, the new Treasury secretary is a capital markets specialist with significant experience in China, not a genuine China expert. Before going to work in the Nixon White House, then Goldman Sachs, he graduated from Dartmouth with a bachelor's degree in English and earned an MBA from Harvard.

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The Bush administration's new point man on China also does not speak Mandarin. Paulson says his lack of language skills hasn't been a handicap, as many Chinese officials speak English, and "with a good interpreter, you (can) develop a very good relationship."

Beijing Mayor Wang Qishan and central bank chief Zhou Xiaochuan are among his closer contacts.

The Treasury chief's plain-spoken conversations with Chinese officials are littered with football references befitting a former Dartmouth College offensive lineman. After meeting Zhejiang Party Secretary Xi Jinping on Wednesday, Paulson pronounced him "the kind of guy who knows how to get things over the goal line." Of feisty Vice Premier Wu Yi, he said: "She comes to play every day."

Apart from his numerous trips here on Goldman's executive jet, Paulson says the greatest influences upon his knowledge of China were conversations with Lee Kuan Yew, the former prime minister of Singapore, conservative Hong Kong billionaire Li Ka-Shing and Goldman's Chinese-born employees, some of whom survived the tumultuous Cultural Revolution of the 1960s. "If you're traveling with them and have any intellectual curiosity, you can learn a lot," he said.

Earlier, speaking at a forum for Tsinghua business students, he recalled his first visit to China in 1990. Driving in from Beijing airport, his taxi weaved between horse-drawn wagons and fleets of pedaling bicyclists.

Today, a multilane highway clogged with Audis and Buicks has supplanted the road Paulson traveled. A subway line is under construction alongside it in preparation for the 2008 Olympic Games. Hefting a hand-held microphone and pacing like a talk show host, Paulson told the students he had concluded early on that economic reforms were more than a passing fad because of a comment by then-president Jiang Zemin. Speaking in English, Jiang told Paulson: "I'm going to have to learn more about U.S. accounting. … Assets equals liabilities plus equities!"

In the interview with USA TODAY, Paulson refused to discuss prospects for China to develop a more democratic political system, beyond repeating the conventional wisdom that an open economy eventually will produce more open politics. That has seemed less assured under Hu, who has jailed reporters, tightened Internet censorship and chilled academic discussion during his three years at China's helm.

On Capitol Hill, China is often portrayed as a trade cheat, manipulating its currency to make its exports irresistibly inexpensive, blatantly copying American software and movies and delaying the opening of its markets to U.S. goods.

Paulson intends to pursue those issues with Chinese officials, but he rejects the view of China as a chronically unfair trade partner. "I always found that at the level I worked, when you had a deal, you had a deal," he said in an interview. "I found the Chinese very honorable in terms of standing by commitments and respecting a commitment from others."

It's unclear whether Paulson, who seemed sure-footed this week in China, will be equally adept navigating the complex political terrain back home. After seven years as a CEO, Paulson tolerates skeptical questioning with difficulty and can sometimes appear impatient with political realities.

Asked at a U.S. Embassy news conference whether lawmakers would buy his plan to refocus trade complaints with China into the new long-term dialogue, he replied brusquely: "I don't think I have a need to sell this thing to Congress."

Likewise, in the interview Paulson demonstrated a deep sympathy for the Chinese and an understanding of the difficult transition the country is navigating from an economy based on central planning to one driven by the market. But beyond calling for thinking "creatively" about ways to help Americans who lose their jobs as trade barriers fall, Paulson, in his short tenure at Treasury, has offered nothing to ease U.S. public anxiety about globalization's costs.

His well-founded insistence upon taking a long-term approach to relations with China also is complicated by this inescapable fact: The Bush administration leaves office in 28 months.

Hungarian Leader Defends Comments: 'I Did Not Lie' (WP)

By Craig Whitlock, Washington Post Foreign Service

The Washington Post, September 22, 2006

Protests Calling for His Ouster Stretch Into 4th Day

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BUDAPEST, Sept. 21 -- With protesters massed outside the gates of the stately Hungarian parliament for a fourth straight day, Prime Minister Ferenc Gyurcsany sat in his wood-paneled office inside and tried to explain why he had admitted on tape that his party had done a "boneheaded" job of running the country and that he had lied to voters to win reelection.

Looking weary and with his legs crossed, Gyurcsany said he was merely exaggerating for dramatic effect when he told a private meeting of party loyalists in May that "we lied in the morning, the night and the evening" to the public.

"It's important to emphasize that I did not lie," he said in an interview. "It's like you are arguing with your girlfriend, after four years of living together, saying to her, 'My darling, don't you understand? Our life is nothing! We screwed up our life!' It doesn't mean your four years were nothing. It doesn't mean that you don't like her. It means that you would like to change and improve your relations."

Gyurcsany repeated that he would not resign despite the sometimes violent protests that have rattled Budapest since local news outlets on Sunday broadcast excerpts of a leaked tape recording of his comments, made to a closed meeting of Socialist supporters shortly after he won reelection in April.

Demonstrators have been encouraged by opposition leaders who smell a chance to topple the government. Protests on Monday and Tuesday nights deteriorated into riots that caused hundreds of injuries, the worst political violence in Hungary since Soviet troops brutally ended an uprising against a Communist government in 1956.

According to a transcript of his remarks, Gyurcsany used raw language to confess that he and his party had done a miserable job of governing and had covered up the seriousness of Hungary's economic problems so they could stay in power.

"I almost died while I had to pretend for one and a half years as if we were governing," he is heard saying on the tape. "We screwed it up. Not a bit, but a lot. No other country in Europe has done something as boneheaded as we have."

On Thursday, Gyurcsany did not apologize for his statements, nor did he express any embarrassment or regret. Instead, he said a close reading of his words shows that he is one of the few Hungarian politicians to admit the country's finances are a wreck and to try to do something about it.

"It just shows one thing: This guy would like to change, and he's the first to admit it," he said in the interview. "You cannot say that there's been anyone else in the Hungarian elite in the last 60 years who was brave enough to pass reform."

For now, there are few signs that the political pressure building against Gyurcsany, 45, a communist bureaucrat turned millionaire, will end anytime soon.

Police used tear gas again early Thursday to disperse demonstrators after about 15,000 people turned out overnight to call on Gyurcsany to quit. The level of violence, however, was far less than the riots of the previous two days.

The main opposition party, the Hungarian Civic Union, said it would cancel a major rally it had scheduled for Saturday, after government officials said they had received bomb threats and could not ensure security for the event.

Although Gyurcsany and his ruling Socialist Party won another four-year term in April, municipal elections are scheduled for Oct. 1, and opposition groups said they expected that protests against the prime minister would continue at least until then.

"He's been lying for years and there's no guarantee that he will not lie in the future," said Andras Kelemen, a member of parliament for the Civic Union. "He admitted that he is not fit to be prime minister. And his ministers are not fit for their jobs either. Of course he should resign."

The Civic Union, known as Fidesz, has called for the creation of a new government consisting of independent economic experts. Its leader, Viktor Orban, said the prime minister "should be brought to court" for allegedly falsifying government financial data.

Hungary is struggling to solve deep-seated economic problems that have grown worse since it joined the European Union in 2004. Its budget deficit is projected to reach 10 percent of gross domestic product this year, the highest level in Europe. The fiscal straits have delayed for years Hungary's bid to adopt the euro as its currency, further weakening its prospects in global markets.

During this year's national campaign, Gyurcsany and his party -- as well as their main opposition rivals -- promised to slash taxes and spend more on social programs. But soon after winning reelection, the prime minister began pushing through a series of tax increases and spending cuts, charging Hungarians more to go to the doctor, attend college and receive other benefits.

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Istvan Stumpf, a political analyst and former government minister who served with the Civic Union opposition, said it's possible that the prime minister could face a revolt from within if the Socialists feel it would be necessary to sacrifice him for the good of the party.

"It will be tough for him to keep his job" if the Civic Union and other opposition parties win the Oct. 1 local elections in a landslide, Stumpf said. "There's a general dissatisfaction with the performance of the prime minister and his inner circle."

But Gyurcsany said he was undaunted and would not waver on his plan for further spending cuts. He noted that he had predicted months ago in his tape-recorded speech that people would take to the streets when they realized he would break his campaign promises.

"There will be conflicts, I can tell you folks," he said in May, according to a transcript of his remarks. "Yes, there will be demonstrations, no doubt about it. One can demonstrate in front of the parliament. Sooner or later, they would get bored and leave for home."

Blood Money Murdered Regulator In Russia Made Plenty Of Enemies (WSJ)

By Guy Chazan

The Wall Street Journal, September 22, 2006

Targeting Illegal Cash Flows, Andrei Kozlov Became The Bane of Shady Bankers Corruption Fight May Suffer

MOSCOW -- In the spring of 2004, Russia's central bank began a crackdown on money laundering by yanking the license of a Moscow bank it suspected of a slew of financial crimes. But when a team of regulators tried to take control of its headquarters, the bank's dark-suited security force wouldn't let them in.

More resistance followed. Protests by depositors blocked one of Moscow's busiest thoroughfares, paralyzing traffic. The target of their wrath was Andrei Kozlov, Russia's top banking regulator. To make their point, two protesters dropped their trousers to reveal the word "Kozlov" written on their backsides.

It was the first skirmish in a high-stakes crusade to clamp down on Russia's murky and criminalized banking system, a project that lay at the heart of President Vladimir Putin's ambition to modernize Russia's economy. Mr. Kozlov, a 41-year-old career central banker, spearheaded the campaign.

Last week, his ambitions were cut short by an assassin's bullet. Mr. Kozlov was shot outside a Moscow sports stadium after playing soccer with fellow bankers. He later died of his wounds.

Mr. Kozlov was one of the most senior Russian officials to be murdered since the end of communist rule, and his death stunned the country's elite. Contract-style killings of businessmen were commonplace in the early 1990s, when capitalism was in its infancy here, but most thought they had become a thing of the past.

The attack exposed the fragility of Mr. Putin's claims to have ushered in a new era of stability. It also showed that despite the gradual removal of political challenges to Kremlin power, crime and corruption still menace the authority of the state. Indeed, Mr. Putin himself admitted this month that the lack of progress against corruption was one of the major failures of his presidency.

Though investigators say they have few leads in the Kozlov murder, Mr. Putin already has drawn his own conclusions. In a hastily called meeting of top officials last Friday, he said it showed Russian banking was riddled with crime. Banks continue to be used to channel billions of rubles in cash payments used for tax evasion, "huge bribes," terrorism and the "narcomafia," he said.

Mr. Kozlov was leading a crackdown on money laundering, where criminals use complex financial transactions to conceal the source of illegally obtained money. Yet he wasn't concerned just with the dirty money being pumped into the system, but also with the cash that was being pumped out and used for criminal purposes.

In the West, most business payments are made by bank transfer, and cash withdrawals of even a few thousand dollars can raise eyebrows. In Russia, cash is king. Companies -- both criminal and outwardly legitimate -- often use it to pay salaries, and so avoid onerous payroll taxes; to grease the palms of corrupt bureaucrats; and to buy real estate.

To get their hands on that money, businesses must navigate strict rules barring banks from dispensing large amounts of cash. Luckily for them there are dozens of small, fly-by-night banks ready to use legal loopholes -- and a panoply of complex financial scams -- to get around the rules. For the banks, which charge fees of as much as 5% for customers to withdraw cash, it is a lucrative business.

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To measure the scale of the problem, take Arat, a tiny bank registered in a village near the Mongolian border whose license was withdrawn by Mr. Kozlov in August 2005. Regulators said the bank, which had just $320,000 in assets, had dispensed $1.34 billion in cash in June and July of last year alone. Owners of the bank, which was liquidated last October, couldn't be reached for comment.

Untraceable cash oils the wheels of corruption and tax evasion in Russia. It is the lifeblood of a system that links government, business and organized crime in a web of graft and financial impropriety. Russian officials, policemen and bankers believe it was Mr. Kozlov's attack on this system that cost him his life.

Many thought Mr. Kozlov's campaign was futile -- that black cash is such a feature of life in Russia that the economy can't function without it. "He said he knew that," said Richard Hainsworth, head of a local credit-rating company, RusRating, and a friend of Mr. Kozlov. "But he wanted to force the issue out of the banking system and into the political arena."

Mr. Kozlov's was a lonely struggle. After pulling a bank's license, his department would regularly pass on evidence of its illegal cash schemes and money laundering to prosecutors and police. In most cases, the evidence was ignored. That could change: Among the measures Mr. Putin ordered Friday was the creation of a task force to handle crime in the banking system. For the first time, the panel will include police and prosecutors, in addition to regulators -- suggesting a much tougher stance on dodgy banks.

Yesterday, Gennady Melikyan, a deputy chairman of the Central Bank of Russia, was named Mr. Kozlov's successor as Russia's top regulator. A Soviet-trained economist, Mr. Melikyan previously was in charge of on-site inspections of Russia's banks.

When Mr. Kozlov joined the central bank in 2002, Russia's financial-services industry was a mess. For a decade, international agencies such as the World Bank had been urging an overhaul. The economy, they said, would remain weak without healthy, well-run banks capable of channeling private savings into investment in industry, rather than just spiriting cash offshore.

Amid the political and economic chaos of the Boris Yeltsin years, little was done. Banking still was recovering from Russia's 1998 financial meltdown, when some of the country's biggest institutions collapsed under a heap of debt.

Of the nearly 2,000 banks that were left, many did little more than launder the proceeds of organized crime, according to World Bank experts. Others were just the treasury departments for post-communist tycoons unwilling or unable to service the wider economy. State-owned OAO Sberbank dominated the landscape, with the lion's share of retail deposits. Most others were tiny and undercapitalized, with inflated balance sheets and murky ownership structures.

A veteran central banker who had switched to a private-sector bank after the 1998 crash, Mr. Kozlov was brought in by Sergei Ignatiev, a respected economist whom Mr. Putin appointed head of the central bank in March 2002 with a mandate to clean up the system. "Andrei had the president's full support," says Arkady Dvorkovich, Mr. Putin's economic adviser. Mr. Putin had come to power in 2000 promising to rebuild Russia's economy, and financial services were to be a key part of the revival.

'Dirty Attacks'

From the start, Mr. Kozlov was aware he could earn enemies, both inside and outside the central bank. "I'm being watched very closely right now," he said in an interview in June 2002 with The Wall Street Journal. Seven "dirty attacks" had appeared in the local press, he said, accusing him of taking bribes. "They are weighing every word I say," he added.

Western bankers regularly took visiting top executives to drop by his office in the central bank. "It was always a pleasure to introduce people to him, because he was so clearly someone who symbolized the progress that Russia is making," said Mark Robinson, head of Citibank Inc.'s Russian operations.

Though trained in the Soviet system, Mr. Kozlov, married with three children, was more Western-oriented than most Russian officials. A keen soccer player, he studied international economic relations at one of the Soviet Union's most prestigious colleges, the Moscow Finance Institute. Some of his classmates went on to become Russia's richest businessmen and most powerful bankers.

In 2001 he was made Moscow head of the Financial Services Volunteer Corps, a U.S.-government-funded not-for-profit group set up by the first President Bush in 1990 to aid banking overhauls in transition economies. While there he consulted with U.S. Treasury officials in Moscow and drafted a comprehensive plan for a banking overhaul. Those ideas formed the core of his

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agenda when he joined the central bank a year later. They also shaped his liberal position on allowing foreign banks to compete on largely the same terms as Russian ones. That philosophy didn't win him many friends in the Russian banking industry, but it has helped turn Russia into a key target for foreign giants such as Citibank.

Installed as Russia's top regulator, Mr. Kozlov set to work restoring confidence in the country's banks by pushing through a deposit-insurance law. The measure, which had languished in Parliament for years, would compensate depositors if their bank crashed.

To be admitted into the program and earn the right to work with retail customers, banks had to provide much more information to the authorities than before. They were forced to disclose who their real owners were and to present a detailed business plan, and those that qualified were subject to rigorous monitoring.

Tense Time

It was a tense time. Mr. Kozlov headed the committee that decided who qualified, and he used the process to weed out Russia's dodgiest banks. The law gave him wide discretion. In the end, 343 of 1,270 applicants failed to make the grade. That provoked fury in the market. Articles in the Russian press claimed banks had to pay bribes of $150,000 to be allowed into the program.

Mr. Kozlov brushed off the criticism. Anatoly Aksakov, a member of the Russian Parliament's banking committee, saw him late one evening after a day spent screening banks for the new system. "He was walking past the Bolshoi Theater, on his way from the central bank, and I asked him: 'How come you don't have a bodyguard?' " Mr. Aksakov said. "He just laughed and said, 'Why should I? I'm a law-abiding citizen.' "

In 2004, Mr. Kozlov embarked on the next stage of his crusade -- a crackdown on criminal banks. In May, he hastily summoned reporters to the central bank's elegant 19th-century headquarters to announce he had yanked the license of Sodbiznesbank, a midsize institution based in Moscow. It was a historic moment: the first time the authorities had used a newly adopted antimoney-laundering law to close down a bank. He had the Kremlin's full support, according to Mr. Dvorkovich.

Regulators accused Sodbiznesbank of a host of financial irregularities. They said it had knowingly handled ransom money during an infamous kidnapping, and in 2003 had dispensed more than $1 billion in cash -- about 9% of all such transactions in the banking system for that year. The bank, Mr. Kozlov told journalists, combined "dubious operations with an active campaign to attract depositors."

Sodbiznesbank fought back. Its chairman, Roman Petrov, called Mr. Kozlov's move "utterly arbitrary" and challenged it in court. For two weeks, security guards barred central bank-appointed administrators from entering the premises. They ultimately needed a police escort to break in.

Meanwhile, Sodbiznesbank's management mobilized hundreds of customers to protest outside the bank. They blocked off one of Moscow's busiest streets, accusing Mr. Kozlov of trying to steal their savings. A vicious attack was launched in the Russian media against the banker.

A finance official hinted that other banks might soon have their licenses pulled. Panicked, banks stopped lending to each other, provoking a liquidity squeeze. Anxious customers lined up at cash machines to withdraw their savings, and some banks ran out of money. One big institution, Guta Bank, was forced to close its doors after a run by depositors and eventually was taken over by one of Russia's big state banks.

Mr. Kozlov claimed the banking crisis had been deliberately engineered to discredit the government. Many in the banking sector demanded he resign. Mr. Ignatiev and the Kremlin stood by him. "It was clear the trouble was due to fundamental problems in the banking system," Mr. Dvorkovich said. "There was no point blaming one individual."

Investigators continued to probe Sodbiznesbank. They alleged that in the months before Mr. Kozlov pulled its license, management had stripped out billions of rubles of assets and falsified the bank's accounts to cover up the holes. Last year, prosecutors opened a criminal case into "premeditated bankruptcy," though no individuals have been charged.

The Sodbiznesbank scandal had a grisly coda in October last year when Alexander Slesarev, a businessman widely thought to be the bank's true owner, was slain. Gunmen armed with a Kalashnikov rifle drew level with his speeding Mercedes outside Moscow and riddled it with bullets, killing the businessman, his wife and elder daughter.

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Mr. Kozlov's campaign against outfits like Sodbiznesbank left him highly vulnerable. Finance Minister Alexei Kudrin said the banker had "frequently encroached on the interests of unscrupulous financiers" and criminal groups. With his department closing about two banks a month, Mr. Kozlov had no shortage of enemies. Colleagues say he received numerous death threats.

"He could have been killed by the commercial organizations that were trying to launder their money through the banks, not necessarily by the banks themselves," said Viktor Gerashchenko, a former head of the central bank.

Despite the dangers, Mr. Kozlov persevered. He stopped Russian banks from using financial scams to inflate their balance sheets. And he increased capital requirements, prompting a wave of mergers and consolidation.

Some of his other plans, if implemented, would have earned him yet more enemies. "The last thing Andrei said to me before he died was that his next major project was to find ways to reform the central bank itself," said Mr. Hainsworth of RusRating. There was plenty of scope: Bankers say corruption is rife in some of the central bank's regional branches, that it requires huge bribes to get routine things done such as registering an increase in capital. With his death, those plans may well be shelved.

A central bank official declined to comment on allegations of corruption. He said Mr. Kozlov had never publicly discussed plans to clean up the central bank and he couldn't comment on the banker's private conversations.

Last Saturday, thousands of mourners turned out for Mr. Kozlov's funeral. It was a roll call of Russia's great and good: Ministers, central bankers, diplomats and business tycoons lined up to pay their respects. Huge wreathes and bouquets of red roses were piled up against the open casket.

Speaker after speaker eulogized the banker and slammed the government for failing to protect him. "The state has shown itself incapable of defending those that stand up for its interests," said Andrei Kazmin, head of Sberbank.

--Jeanne Whalen and Gregory L. White contributed to this article.

Net Gains (NYT)

By Jessie Stone

The New York Times, September 22, 2006

Kyabirwa, Uganda

TO many of us in the malaria-control business, it came as no great surprise last week when the World Health Organization recommended wider use of DDT in Africa to combat the mosquitoes that cause the disease, which kills more than a million people a year, most of them children in Africa.

The W.H.O.'s endorsement of DDT for spraying inside houses has the support of Congress and the Bush administration. With the W.H.O.'s encouragement, several African nations have approved DDT for use in indoor residual spraying (that is, spraying the walls of huts to kill the mosquitoes that wait there until dark). Uganda's Ministry of Health and National Malaria Control Program, for example, have embraced this approach. Newspaper articles across Africa have assured readers that DDT has gotten a bad rap and is, in fact, safe for use.

But people have short memories. Doesn't anyone remember the American bald eagle? DDT brought it to the brink of extinction. In part because of that, the use of DDT was banned in 1972. (The Department of Health and Human Services, the International Agency for Research on Cancer and the Environmental Protection Agency have all listed DDT and its breakdown products, DDE and DDD, as possible carcinogens.) DDT is a persistent organic compound and can remain in the environment long after its initial use, entering the food chain and accumulating in fatty tissue. Even when the United States instituted spraying in 2000 to kill the mosquitoes that carry West Nile virus, it didn't use DDT.

Although DDT helped eliminate malarial mosquitoes in South Africa, the case was unique — that type of malaria was directly related to the length and intensity of the rainy season, when malarial mosquitoes are active — and we still don't know the broader impact of its use there. In the African countries where the burden of malaria is greatest, the disease is endemic. Uganda, where it rains throughout the year, could not be more different from South Africa in terms of malaria, and it is a mistake to apply the same formula here. The use of DDT for indoor residual spraying will not produce the same results and will almost certainly have dire consequences.

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And spraying is costly. This year in Kabale, in southwestern Uganda, 100,000 huts were sprayed as part of an indoor spraying project. A permethrin derivative, not DDT, was used and the spraying was controlled and safe. The cost was close to $2 million.

Uganda has a population of 28 million, with 7 people on average to a hut. Any comprehensive, nationwide spraying effort would have to reach some four million huts, costing more than $80 million, and that's only for the first of several rounds of spraying. With Uganda's resources already overburdened, it makes little sense to embrace an approach that is exceedingly costly from fiscal, human and environmental standpoints.

In Uganda, where I run a malaria education, prevention and treatment program, the most effective weapon against the disease is basic education about how people contract it and how they can protect themselves.

For instance, insecticide-treated bed nets can reduce the incidence of malaria by at least 50 percent and perhaps as much as 90 percent. Combination-drug therapy along with targeted non-DDT spraying inside huts will also be effective in controlling malaria.

DDT is not the magic bullet that will eradicate malaria. We need to refocus resources and attention on something most Africans do not have: basic malaria education, and prevention with insecticide-treated bed nets. A mosquito net costs $6.50 and can last up to five years. An average of three people can sleep under it, and the only harmful effect we have heard about, after having distributed 11,000 nets in the Kamuli, Jinja and Kayung districts over the last two years, is people being hot at night.

We do not have to reinvent the wheel here. We just have to help educate people — even those with the best intentions.

Anyone, Anything, Anywhere (NYT)

By Thomas L. Friedman

The New York Times, September 22, 2006

Montevideo, Uruguay

The New Yorker once ran a cartoon by Peter Steiner of two dogs, with one sitting at a computer keyboard saying to the other, "On the Internet, nobody knows you're a dog."

Nobody also knows you're Uruguay.

A tiny country of three million people, wedged between Brazil and Argentina, Uruguay has come from nowhere to partner with India's biggest technology company, Tata Consultancy Services, to create in just four years one of the largest outsourcing operations in Latin America.

Yes, when Tata's Indian employees in Mumbai are asleep, its 650 Uruguayan engineers and programmers now pick up the work and help run the computers and backroom operations for the likes of American Express, Procter & Gamble and some major U.S. banks — all from Montevideo.

How did this happen? One of the most interesting features of this era of globalization is how any entrepreneur — with the right imagination, Internet bandwidth and a small amount of capital — can assemble a global company by matching workers and customers from anywhere to do anything for anyone. Maybe the most important rule in today's increasingly flat world is this: Whatever can be done, will be done — because so many people now have access to the tools of innovation and connectivity. The only question is: Will it be done by you or to you?

Gabriel Rozman decided it was going to be done by him. A retired partner from Ernst & Young who was raised in Uruguay, he hatched the idea of partnering with Tata to make Montevideo a global outsourcing hub. He did not have a single client or employee when he approached Tata. He had just two things: a gut instinct that Uruguay's quality education system had produced plenty of good, low-cost engineers and a gut desire to do something good for Uruguay — the country that gave his Hungarian parents sanctuary from Hitler.

Four years later, TCS Iberoamerica can't hire workers fast enough. When I visited its head office, people were working on computers in hallways and stairwells. (Mr. Rozman also oversees 1,300 employees in Brazil and 1,200 in Chile.) It turns out that many multinationals like the idea of spreading out their risks and not having all their outsourcing done from India — especially after one big U.S. bank nearly had to shut down last year when a flood in Mumbai paralyzed its India data center the same day a hurricane paralyzed its Florida operation. And there is no risk of nuclear war with Pakistan here.

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"When I first approached this big U.S. bank to outsource some of its services to Montevideo, instead of India," recalled Mr. Rozman, "the guy I was speaking with said, 'I don't even know where Montevideo is.' So I said to him, 'That's the point!' "

Another factor, added Mr. Rozman, was that multinationals that were depending on Indian firms alone to run their backrooms 24 hours a day were getting the third team for eight hours, since the best Indian engineers didn't want to work the late-night shift — the heart of America's day. By creating an outsourcing center in Montevideo, Tata could offer its clients its best Indian engineers during India's day (America's night) and its best Uruguayan engineers during America's day (India's night).

Most employees here are Uruguayans, but there are also lots of Indians sent over by Tata. It produces both a culture shock — Montevideo doesn't even have an Indian restaurant — and a cultural cacophony.

The firm runs on strict Tata principles, as if it were in Mumbai, so to see Uruguayans pretending to be Indians serving Americans is quite a scene. Said Rosina Marmion, 27, an Uruguayan manager, "Our customers expect us to behave like Indians — to react the same way."

Also, Latin culture, unlike Indian, is very nonhierarchical. "The Indians were not used to someone who says 'no,' " explained Ricardo Zengin, 34, a systems analyst. But eventually, "they understand that you are not saying it to challenge their authority but because you think it can be done better another way. ... In Latin culture, everything involves a discussion."

Uruguayans tell a joke about themselves that goes: If you get diagnosed with a terminal illness, move to Uruguay immediately because everything happens 20 years later here.

In outsourcing, though, Uruguay has leapt ahead of its neighbors by being the first to understand what could be done — that in today's world having an Indian company led by a Hungarian-Uruguayan servicing American banks with Montevidean engineers managed by Indian technologists who have learned to eat Uruguayan veggie is just the new normal.

Hosni Mubarak Should Call Benedict XVI (WSJ)

By Daniel Henninger

The Wall Street Journal, September 22, 2006

Who says the world lacks leaders? After again expressing his "respect" for Islam, Pope Benedict XVI at his weekly Vatican audience two days ago moved one of his knights forward on the global chessboard of Islamic politics.

Amid amped-up security in St. Peter's Square, the pope said: "I trust that after the initial reaction, my words at the University of Regensburg can constitute an impulse and encouragement toward positive, even self-critical dialogue both among religions and between modern reason and Christian faith."

Setting aside the impeccable understatement of "the initial reaction" -- churches torched world-wide -- it is close to thrilling in a world of persistent confusion about the intentions of contemporary Islam to see the pope step forward, not back, and speak without apology on behalf of "modern reason."

It is being widely said, mainly among his expectable Western critics, that the quotation from Manuel II Paleologus was a "mistake." Really? I'd say Benedict is right about where he hoped to be after Regensburg: The whole world saying that a serious conversation between the pope and Islam is necessary. My guess is Benedict would clear his calendar if the Muslim Arab leadership said it is ready to talk. And the talk won't be about who meant what in the 14th century. It will be about the here and now.

The pope has a Muslim problem alright. It is the hammering that Christian communities have been taking for years and are getting now in Islamic countries all over the world, but especially in the Middle East.

Across the region (with some exceptions), non-Islamic minorities -- which by and large means Christian minorities -- are being driven out through physical abuse, legal discrimination, murder and the destruction or confiscation of homes, businesses and churches. Call it religious cleansing. It is a political strategy that would eventually give Iran, Iraq, Egypt and the Holy Lands of Palestine a cultural homogeneity that has never existed in human history, before or after Christ.

Chairing a congressional hearing on this subject in July, GOP Rep. Chris Smith of New Jersey described the problem in historic terms that are acutely immediate to Benedict XVI: "There are dozens of Christian groups with rich histories, ranging from the ancient Syriac and Syro-Chaldean churches which still speak the (Aramaic) language of Jesus Christ, and Coptic churches in Egypt who preserve the language of the pharaohs. . . . There are followers of John the Baptist in Iraq and Iran. The

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Zoroastrians of Iran go back perhaps 3,000 years. It was under their power and influence that the great king of Persia, Cyrus, ended the Babylonian captivity of the children of Israel." Fundamentalist Islam is pressuring all of these. Many simply leave.

Iran's population has doubled since the revolution of 1979, but its Christian population has fallen to 100,000 from 300,000. The war in Iraq (Mesopotamia was evangelized by St. Thomas) has accelerated the emigration of Chaldo-Assyrian Christians, but non-Muslims were leaving even before the U.S. invasion. In 2000, the U.N. estimated that Iraq was Europe's second source of refugees, after Yugoslavia.

The oppression of Egypt's Coptic Christians, who are 10% of the population, is brutal. During Easter Week this April, knife-wielding Muslims in Alexandria attacked worshipers at several Coptic churches. Afterward, Copts shouted: "Hosni Mubarak, where are you?" Good question. Typically, local Egyptian officials prevent the Copts from rebuilding their churches. In August, a Coptic woman named Hala Helmy Botros started a blog to draw attention to such incidents. She was shut down and her father beaten: "This is a present from your daughter." In the holy land, the Christian populations of Bethlehem, Nazareth and Jerusalem have emigrated under duress in past decades. The U.S. State Department says the Palestinian government has colluded to extort property there from Christian landowners.

The exodus (and falling birth rates) of Christians in the Middle East is a well-documented, much-analyzed phenomenon extending back into the last century. After Vatican II, Pope Paul VI created the Secretariat for the Non-Christian Religions to address these matters. In a dramatic attempt to heighten awareness, Pope John Paul II made a historic pilgrimage to Syria in 2001 and held some 60 meetings with Muslims. Observably little sustainable progress has resulted. If anything, Islamic fundamentalists have ramped up their anti-minority aggression and spread it -- to Sudan, Somalia, Nigeria, Indonesia and Pakistan (where members of the Ahmadi Muslim minority have been gunned down as apostates).

And so Pope Benedict has decided it is time to act, no matter that it may hurt the sensibilities of Islamic believers or Western elites ever alert to the delicacies of language. In this Benedict deserves the world's political support. The Middle East is being purged of a historically enriching diversity that will surely kill its ability to thrive. What will remain is a homogenous, self-proclaimed threat to the rest of the world. As Nina Shea of the Center for Religious Freedom argues, the pathologies and methods directed against unprotected minorities will be used next against other Muslims and governments. It is no exaggeration to suggest that the maltreatment of these local Christians is rightly seen as a proxy for the world.

The world's standard political institutions have proven unable to address this problem. The U.N. is compromised and hapless. The U.S. is distrusted, Europe is supine, China is cynical. There would be no better venue for seeking a way out than the Vatican.

The Vatican doesn't want oil. Hegemony is long gone from its vocabulary. The Vatican's only brief is a modus vivendi, a global reality Islam must eventually acknowledge. The governments of Egypt, Iraq and Saudi Arabia should open the dialogue Benedict XVI is seeking. In March, Egyptian President Hosni Mubarak met with Benedict at the Vatican. He would be the obvious choice to take the lead. More than these Arab governments realize, their future could use the support of the pope's famous divisions.

Tolerance: A Two-Way Street (WP)

By Charles Krauthammer

The Washington Post, September 22, 2006

Religious fanatics, regardless of what name they give their jealous god, invariably have one thing in common: no sense of humor. Particularly about themselves. It's hard to imagine Torquemada taking a joke well.

Today's Islamists seem to have not even a sense of irony. They fail to see the richness of the following sequence. The pope makes a reference to a 14th-century Byzantine emperor's remark about Islam imposing itself by the sword, and to protest this linking of Islam and violence:

· In the West Bank and Gaza, Muslims attack seven churches.

· In London, the ever-dependable radical Anjem Choudary tells demonstrators at Westminster Cathedral that the pope is now condemned to death.

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· In Mogadishu, Somali religious leader Abubukar Hassan Malin calls on Muslims to "hunt down" the pope. The pope not being quite at hand, they do the next best thing: shoot dead, execution-style, an Italian nun who worked in a children's hospital.

"How dare you say Islam is a violent religion? I'll kill you for it" is not exactly the best way to go about refuting the charge. But of course, refuting is not the point here. The point is intimidation.

First Salman Rushdie. Then the false Newsweek report about Koran-flushing at Guantanamo Bay. Then the Danish cartoons. And now a line from a scholarly disquisition on rationalism and faith given in German at a German university by the pope.

And the intimidation succeeds: politicians bowing and scraping to the mob over the cartoons; Saturday's craven New York Times editorial telling the pope to apologize; the plague of self-censorship about anything remotely controversial about Islam -- this in a culture in which a half-naked pop star blithely stages a mock crucifixion as the highlight of her latest concert tour.

In today's world, religious sensitivity is a one-way street. The rules of the road are enforced by Islamic mobs and abjectly followed by Western media, politicians and religious leaders.

The fact is that all three monotheistic religions have in their long histories wielded the sword. The Book of Joshua is knee-deep in blood. The real Hanukkah story, so absurdly twinned (by calendric accident) with the Christian festival of peace, is about a savage insurgency and civil war.

Christianity more than matched that lurid history with the Crusades, an ecumenical blood bath that began with the slaughter of Jews in the Rhineland, a kind of preseason warm-up to the featured massacres to come against the Muslims, with the sacking of the capital of Byzantium (the Fourth Crusade) thrown in for good measure.

And Islam, of course, spread with great speed from Arabia across the Mediterranean and into Europe. It was not all benign persuasion. After all, what were Islamic armies doing at Poitiers in 732 and the gates of Vienna in 1683? Tourism?

However, the inconvenient truth is that after centuries of religious wars, Christendom long ago gave it up. It is a simple and undeniable fact that the violent purveyors of monotheistic religion today are self-proclaimed warriors for Islam who shout "God is great" as they slit the throats of infidels -- such as those of the flight crews on Sept. 11, 2001 -- and are then celebrated as heroes and martyrs.

Just one month ago, two journalists were kidnapped in Gaza and were released only after their forced conversion to Islam. Where were the protests in the Islamic world at that act -- rather than the charge -- of forced conversion?

Where is the protest over the constant stream of vilification of Christianity and Judaism issuing from the official newspapers, mosques and religious authorities of Arab nations? When Sheik 'Atiyyah Saqr issues a fatwa declaring Jews "apes and pigs"? When Sheik Abd al-Aziz Fawzan al-Fawzan, professor of Islamic law, says on Saudi TV that "someone who denies Allah, worships Christ, son of Mary, and claims that God is one-third of a trinity. . . . Don't you hate the faith of such a polytheist?"

Where are the demonstrations, where are the parliamentary resolutions, where are the demands for retraction when the Mufti Sheik Ali Gum'a incites readers of al-Ahram, the Egyptian government daily, against "the true and hideous face of the blood-suckers . . . who prepare [Passover] matzos from human blood"?

The pope gives offense and the Mujaheddin al-Shura Council in Iraq declares that it "will break up the cross, spill the liquor and impose the 'jizya' [head] tax; then the only thing acceptable is conversion or the sword." This to protest the accusation that Islam might be spread by the sword.

As I said. No sense of irony.

Finished But Not Gone (NYT)

The New York Times, September 22, 2006

For nearly a decade, a confident, sure-footed Tony Blair dominated British politics. He not only pushed his own Labor Party into the 21st century, but spurred the opposition Conservatives to revitalize themselves as well. Their new leader, David Cameron, strikingly resembles the early Tony Blair — nimble, persuasive, telegenic and popular.

But those words no longer describe the prime minister himself. His luster has faded, a victim of too many years in the spotlight and too many egregious misrepresentations over Iraq. His hold over the electorate, the Labor Party and even his own cabinet colleagues is slipping fast. It is time for Mr. Blair to move on, preferably before the end of this year.

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And it is time for his presumed successor, Gordon Brown, to recognize that the job he has wanted so badly for so long is not merely a reward for tight-lipped endurance. Mr. Brown needs to start talking about the domestic and foreign policies he would work for if the Labor Party chose him as the next prime minister. But so long as Mr. Blair talks about staying on for almost another year, Mr. Brown, as a serving cabinet member, is constrained from doing so. That is reason enough for Mr. Blair, already a lame duck, to speed his departure.

In recent weeks, with Mr. Blair maneuvering to extend his tenure and Mr. Brown to shorten it, tensions between the two men have flared into the open. Labor politicians have grouped themselves into Blairite and Brownite camps. Until the succession is completed, Labor members of Parliament will be reluctant to go out on a limb for controversial reforms.

That is bad for Britain, bad for Mr. Blair's legacy and bad for Mr. Brown's political inheritance. It would be far better to silence the rivalry and begin the succession.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush, GOP Rebels Agree On Detainee Bill (AP)

By Anne Plummer Flaherty

The AP, September 21, 2006

The White House and rebellious Senate Republicans announced agreement Thursday on rules for the interrogation and trial of suspects in the war on terror. President Bush urged Congress to put it into law before adjourning for the midterm elections.

"I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks," the president said, shortly after administration officials and key lawmakers announced agreement following a week of high-profile intraparty disagreement.

Sen. John McCain of Arizona, one of three GOP lawmakers who told Bush he couldn't have the legislation the way he initially asked for it, said, "The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice."

"There's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," McCain said, referring to the international treaties covering the treatment of prisoners in wartime.

The central sticking point had been a demand from McCain, Sen. John Warner of Virginia and Sen. Lindsey Graham of South Carolina that there be no attempt to redefine U.S. obligations under the Geneva Conventions.

The agreement contains key concessions by the White House, including dropping a provision that would have interpreted Geneva Convention obligations and another allowing a defendant to be convicted on evidence he never sees if it is classified. The legislation, however, makes clear the president has the authority to enforce the treaty.

CIA Director Michael Hayden has said the agency needed to be confident that its interrogation program for high-value terror suspects is legal.

"Much remains in the legislative process," he said in a written statement to the agency personnel. But "if this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack al-Qaida and protect American and allied lives."

Added Stephen Hadley, the president's national security adviser, on CIA interrogations: "The good news is the program will go forward."

Rep. Duncan Hunter, R-Calif., who opposed such a measure, indicated he was not satisfied with the piece on classified information: "We're going to look at it closely. And we have some recommendations with respect to classified information."

Hadley said the bar would be "very high" and that classified information would not be automatically shared with terrorists.

"Our view is we think it's a good approach because the likelihood of that occurring would be very remote," Hadley said.

Warner, chairman of the Senate Armed Services Committee, said he wouldn't consider the agreement sealed until Bush signed on.

That happened within an hour, when the president stepped before microphones in Orlando, Fla., where he was campaigning for Republican candidates in the fall.

The agreement "clears the way to do what the American people expect us to do — to capture terrorists, to detain terrorists, to question terrorists and then to try them," he said.

The accord was sealed in a 90-minute session in the office of Senate Majority Leader Bill Frist, who had earlier in the day told Warner, McCain and Graham it was time to close the deal. The four lawmakers were joined by Hadley, as well as other administration officials, for the final session.

If it survives scrutiny, the accord would fulfill a Republican political and legislative imperative — pre-election party unity on an issue related to the war on terror, and possible enactment of one of Bush's top remaining priorities of the year.

The evident compromise came less than a week after Bush emphatically warned lawmakers at a news conference he would shut down the interrogation of terror suspects unless legislation was sent to his desk. "Time's running out," he said.

The White House shifted its tone from combative to compromising within 48 hours, though, and officials began talking of a need for an agreement that all sides would be comfortable with.

Whatever the outcome, the controversy has handed critics of the president's conduct of the war on terror election-year ammunition.

Bush's former secretary of state, Colin Powell, dismayed the administration when he sided with Warner, McCain and Graham. He said Bush's plan, which would have formally changed the U.S. view of the Geneva Conventions on rules of warfare, would cause the world "to doubt the moral basis" of the fight against terror and "put our own troops at risk."

The handling of suspects is one of two administration priorities relating to the war on terror.

The other involves the president's request for legislation to explicitly allow wiretapping without a court warrant on international calls and e-mails between suspected terrorists in the United States and abroad. One official said Republicans had narrowed their differences with the White House over that issue, as well, and hoped for an agreement soon.

Republican leaders have said they intend to adjourn Congress by the end of the month to give lawmakers time to campaign for re-election.

The Supreme Court ruled in June that Bush's plan for trying terrorism suspects before military tribunals violated the Geneva Conventions and U.S. law.

The court, in a 5-3 ruling, found that Congress had not given Bush the authority to create the special type of military trial and that the president did not provide a valid reason for the new system. The justices also said the proposed trials did not provide for minimum legal protections under international law.

About 450 terrorism suspects, most of them captured in Afghanistan and none of them in the U.S., are being held by military authorities at Guantanamo Bay, Cuba. Ten have been charged with crimes.

White House, Senators Near Pact On Interrogation Rules (WP)

By R. Jeffrey Smith And Charles Babington, Washington Post Staff Writers

The Washington Post, September 22, 2006

President Would Have a Voice in How Detainees Are Questioned

The White House and dissident Senate Republicans reached a tentative accord yesterday on legislation that President Bush said would provide for continued tough interrogations of terrorism suspects by the CIA at secret detention sites.

The accord, which includes a plan for future military trials of alleged terrorists, also spells out rules for the use of classified evidence as well as information obtained through coercion of some detainees.

While the deal is subject to further discussion with House Republican leaders, it resolved the most contentious issues in the Bush administration's high-profile drive to gain congressional backing for its detainee policies before Congress adjourns next week. It also could help settle an intraparty fracas that worried GOP leaders in the run-up to the November elections.

Both sides declared that they had achieved their aims. Bush hailed the accord in a brief televised appearance from Orlando. He said the deal preserved "the CIA program to question the world's most dangerous terrorists and to get their secrets." CIA Director Michael V. Hayden told the agency in a statement that "if this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program."

Sen. John McCain (R-Ariz.), a prisoner during the Vietnam War who led the Senate rebellion against the administration's proposals, said, "The agreement that we've entered into gives the president the tools that he needs to continue to fight the war on terror and bring these evil people to justice." But he added: "There is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved."

On the key issue of detainee treatment that had caused the impasse between the White House and the dissident Republicans, the two sides agreed on a list of specified crimes that would provoke prosecution of CIA interrogators and others. They also agreed that past violations of the Geneva Conventions, an international treaty barring degrading and humiliating treatment of detainees, would not result in criminal or civil legal action.

The White House, for its part, yielded in its demand to adopt, with congressional approval, a restricted definition of its obligations under Common Article 3 of the Geneva Conventions. That article requires humane treatment of detainees and bars "violence to life and person," such as death and mutilation, as well as cruel treatment and "outrages upon personal dignity."

The compromise language gives the president a dominant -- but not exclusive -- role in deciding which interrogation methods are permitted by that provision of the treaty. It also prohibits detainees from using the Geneva Conventions to challenge their imprisonment or seek civil damages for mistreatment, as the administration sought.

Subsidiary legal disputes will probably be hammered out in coming days, Sen. Majority Leader Bill Frist (R-Tenn.) said at a crowded news conference outside his office.

Sen. Lindsey O. Graham (R-S.C.), a key McCain ally, said that "we struck a great balance" by agreeing that in future military trials, known as "commissions," classified materials must be provided to defendants in summary or redacted form. The administration had sought the right to use such evidence without disclosing it to defendants in any form, but Graham said the legislation would instead let defendants "confront the evidence."

The administration envisions using the new rules in military trials that may involve some of the 14 key terrorism suspects whom Bush this month ordered transferred from secret CIA prisons to the detention facility in Guantanamo Bay, Cuba.

Yesterday's final marathon talks occurred in Vice President Cheney's little-known office on the second floor of the Dirksen Senate Office Building. McCain, Graham and Senate Armed Services Committee Chairman John W. Warner (R-Va.), plus

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Hadley and Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, met almost continuously from 9:30 a.m. to 2 p.m., the sources said, and then moved to Frist's office around 3 p.m. to announce their breakthrough.

The White House has pressed for the legislation partly to obtain immunity from prosecution for government officials, including CIA interrogators, for past acts that degraded and humiliated detainees. Its impetus was a Supreme Court ruling in June, in Hamdan v. Rumsfeld , that declared some aspects of the administration's past interrogation and trial policies illegal.

Officials' anxieties were provoked by a 10-year-old U.S. law, the War Crimes Act, that makes violations of the Geneva Conventions' prohibitions on degrading and humiliating detainees, as well as actions that amount to "outrages upon personal dignity," subject to felony prosecution. Senior military officials have told Congress those prohibitions were violated.

The agreement coalesced around two crucial issues: the GOP senators' insistence that Bush not be allowed to reinterpret the meaning of the Geneva Conventions, and the White House's insistence that CIA agents not be subject to prosecution for aggressive interrogation techniques -- tactics that did not constitute torture but were more aggressive than "simple assault."

The biggest hurdle, Senate sources said, was convincing administration officials that lawmakers would never accept language that allowed Bush to appear to be reinterpreting the Geneva Conventions. Once that was settled, they said, the White House poured most of its energy into defining "cruel or inhuman treatment" that would constitute a crime under the War Crimes Act. The administration wanted the term to describe techniques resulting in "severe" physical or mental pain, but the senators insisted on the word "serious."

Negotiations then turned to the amount of time that a detainee's suffering must last before the treatment amounts to a war crime. Administration officials preferred designating "prolonged" mental or physical symptoms, while the senators wanted something milder. They settled on "serious and non-transitory mental harm, which need not be prolonged."

These definitions appear in a section of the legislation that specifically lists "grave breaches" of the Geneva Conventions that might bring criminal penalties.

For lesser offenses barred by the Geneva Conventions -- those lying between cruelty and minor abuse, putting them at the heart of the intraparty dispute -- the draft legislation would give the president explicit authority to interpret "the meaning and application" of the relevant provisions in Common Article 3. It also requires that such interpretations be considered as "authoritative" as other U.S. regulations.

But the language also requires that such interpretations be published, rather than described in secret to a restricted number of lawmakers. That provision was demanded by the dissident lawmakers, who resented the administration's past efforts to curtail the number of members who were told of its policies. The provision also affirms that Congress and the judiciary can play their customary roles in reviewing the interpretations, a statement that Senate sources say the White House vigorously resisted.

A senior administration official, who spoke on the condition of anonymity, said in an interview that Bush essentially got what he asked for in a different formulation that allows both sides to maintain that their concerns were addressed. "We kind of take the scenic route, but we get there," the official said.

Democrats sounded a cautious note about the Republican accord, calling attention to the past Republican division rather than taking a position on the compromise.

Staff writer Peter Baker contributed to this report.

Deal On Suspects Closes GOP Rift (USAT)

By David Jackson And Kathy Kiely

USA Today, September 22, 2006

WASHINGTON — President Bush and Senate Republicans reached a deal Thursday on rules for secret CIA interrogations and military trials for terrorism suspects, defusing a fight over national security that divided the GOP less than seven weeks before Election Day.

Bush said the new proposal preserves a CIA interrogation program that he called the “most potent tool we have in protecting America and foiling terrorist attacks.” If approved next week by the House and Senate, it would pave the way for trials of 9/11 and other “high value” terrorism suspects being held at Guantanamo Bay, Cuba.

Senate Republicans who opposed Bush's original proposal said new language preserves U.S. obligations under the Geneva Conventions, which require humane treatment for prisoners of war, and defines for the CIA what is not acceptable.

“We're going to do it in a way that won't come back to haunt us if our troops fall into enemy hands in the next war,” said Sen. Lindsey Graham, R-S.C.

At issue are how CIA agents can get information from terrorism suspects without violating prisoner-treatment rules under the Geneva Conventions and how evidence gathered from those interrogations can be used at trial.

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Graham, Senate Armed Services Chairman John Warner of Virginia and Sen. John McCain of Arizona, the key GOP dissidents, said the compromise upholds the Geneva Conventions as they wanted. Bush national security adviser Stephen Hadley said the CIA got the guidelines it needs to continue interrogations, as Bush sought. The president also wanted to allow secret evidence in trials of terrorism suspects, but the deal limits its use, as the senators had insisted.

At least one key Republican, House Armed Services Chairman Duncan Hunter of California, expressed reservations about the restrictions on secret evidence. He said he fears the government won't be able to convict terrorism suspects without it.

Hadley reached the agreement after day-long negotiations with Warner, McCain, Graham and other Republicans. Bush's military trial plan was a response to a decision by the Supreme Court in June that struck down an earlier version.

The deal comes as campaigns heat up for the Nov. 7 elections to decide control of Congress. Bush and GOP candidates are stressing their party's handling of national security and wanted to get the dispute behind them.

"It's good news for the Republicans to have that issue, at least for a while, off the political radar screen," said Sherry Bebitch Jeffe, a political scientist at the University of Southern California.

Democrats appeared likely to back the compromise. "It is time to make the tough and smart decisions to give the American people the real security they deserve," said Senate Minority Leader Harry Reid of Nevada.

Accord Is Reached On Framework For Detainee Bill (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 22, 2006

WASHINGTON -- Ending weeks of division, the White House and Senate Republicans agreed on a framework for legislation defining the tribunal structure and rules of evidence for trying enemy combatants in the war on terror.

The compromise must still be reviewed by House leaders and final details were sketchy. But if the pact holds, it removes a major obstacle for the administration and all but assures that Congress can complete action on an emotional issue that has engaged all three branches of the government.

Going into the fall elections, the compromise also is crucial for Republicans, who have been embarrassed by the party split just when they had wanted to present a united front against Democrats on national-security issues. Even now, the White House faces resistance to a second legislative request, authorizing warrantless surveillance of communications in and out of the U.S. And privately, Republicans admit that completing the second measure before lawmakers go home for the elections will be difficult.

The Supreme Court set the stage in June when it struck down the tribunal system set up by the administration, saying that defendants were being denied fundamental rights and that the system violated both the Uniform Code of Military Justice and the Geneva Conventions. The White House turned to Congress seeking specific authority for the alternative legal system it says it needs to try enemy combatants. But lawmakers were clearly troubled by what changes they should permit, especially in regard to Geneva Convention protections of prisoners and coerced testimony.

Senate Armed Services Committee Chairman John Warner (R., Va.) played a central role in challenging the White House, but the fight inevitably focused on resistance mounted by Sen. John McCain (R., Ariz.), a former prisoner of war in Vietnam. The Geneva Conventions have huge importance for Mr. McCain, and though some observers said it may have hurt his ambitions to seek the Republican presidential nomination in 2008, he stood against Mr. Bush with Mr. Warner and Sen. Lindsey Graham (R., S.C), a third member of the Armed Services panel and an experienced military attorney.

Yesterday, after a meeting to finalize the compromise, the three senators appeared in a show of Republican unity with National Security Adviser Stephen Hadley, Majority Leader Bill Frist (R., Tenn.) and others. "There's no doubt that the integrity and letter and spirit of the Geneva Convention have been preserved," Mr. McCain said. He brushed off any talk about who prevailed politically in the showdown. "We're all winners because we've been able to come to an agreement through a process of negotiations and consensus."

President Bush said the compromise met his test: that the Central Intelligence Agency would be able to continue its covert interrogation program targeted at high-level terrorist detainees. "I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks..." he said.

Under the compromise, Congress would rewrite a portion of the War Crimes Act to specify what actions by interrogators amount to a felony war crime. Torture and causing serious bodily injury are among the actions on the list, in line with what the negotiators said is required under U.S. treaty obligations. The definitions would apply retroactively to 1997, to protect U.S. officials from what Mr. Graham said was a vague earlier law. "You don't want to trivialize war crimes. They should be a serious violation of law," Mr. Graham said.

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The president, meanwhile, would get the authority to set policies regarding interrogation techniques that fall short of being classified as war crimes. That provision already is drawing criticism from the American Civil Liberties Union, which said it would give the president "unilateral authority to declare certain torture and abuse legal and sound."

On the uses of coerced and classified evidence, the compromise took much the same approach as the legislation proposed by Sens. Warner, McCain and Graham. In the military trials of terror suspects, coerced evidence could be used if a judge decides it is reliable, illuminates the facts and is in the best interest of justice, Mr. Graham said.

Defendants wouldn't automatically be able to see classified evidence, but they would be able to rebut anything shared with the jury. Mr. Graham said that was critical to protect U.S. troops in future wars from possible unfair jurisdiction abroad. But treatment of classified evidence may yet be a sticking point with the House, where leaders have emphasized the need to fight terrorism.

"You're playing trial lawyer with this thing and you have American lives you have to think about," said House Speaker Dennis Hastert (R., Ill.).

Write to Sarah Lueck at sarah.lueck@wsj.com1 and David Rogers at david.rogers@wsj.com2

GOP Compromises On Terror Detainees (WT)

By Charles Hurt And Amy Fagan

The Washington Times, September 22, 2006

Dissident Senate Republicans and the White House reached a deal yesterday on legislation for how to handle the terror suspects held at Guantanamo Bay, allowing them to turn their attention to differences they might have with Democrats.

"The agreement that we've entered into gives the president the tools that he needs to continue to fight the war on terror and bring these evil people to justice," said Sen. John McCain of Arizona, who was among the Republicans who objected to the original White House proposals because they wanted the detainees granted broader civil rights, especially in terms of guaranteeing a fair trial.

"I also believe that it's consistent with the standards under the detainee treatment act, and there is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," said Mr. McCain, a veteran who was held prisoner and tortured in northern Vietnam.

Mr. McCain announced his support for the deal at a Capitol press conference accompanied by fellow Republican defectors Lindsey Graham of South Carolina and John W. Warner of Virginia.

President Bush said his only concern about the legislation was whether CIA interrogators could operate with enough freedom to glean information "to protect the American people."

"I'm pleased to say that this agreement preserves the single most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA program to question the world's most dangerous terrorists and to get their secrets," he said during a campaign stop in Florida.

"The measure also creates military commissions that will bring these ruthless killers to justice," he said. "In short, the agreement clears the way to do what the American people expect us to do: to capture terrorists, to detain terrorists, to question terrorists, and then to try them."

Senate Majority Leader Bill Frist said the final deal must still be shared with Senate and House Republicans as well as Senate Democratic leaders. But he hopes to have the bill on the Senate floor early next week for a vote before Congress recesses at the end of this month for the November elections.

House Majority Leader John A. Boehner, Ohio Republican, praised the deal for allowing the administration's CIA interrogation program to go forward and quickly shifted the focus from Republican opposition to Democratic opposition.

"The Democrats have a choice," he said. "They can either work with Republicans to preserve this crucial program or move to shut it down and continue to oppose every responsible effort to provide President Bush with the tools he needs to keep America safe."

Democrats late yesterday remained silent on the deal, telling reporters that they would not comment until after studying the deal more closely.

But Senate Minority Leader Harry Reid, Nevada Democrat, said Democrats are united behind bringing terrorists to justice "in a manner consistent with our laws, our values and our national security."

"Hopefully, today's press conference means that President Bush and the congressional Republican leadership have changed course and listened to numerous national security experts such as General Colin Powell," he added.

Under the deal, Republicans said, defendants in the terror trials could see any information given to a jury but classified material could be redacted.

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House Armed Services Committee Chairman Duncan Hunter, California Republican, was critical of this White House concession.

"Classified information, we feel, should still be allowed to be used for a conviction," he said, arguing that the Senate deal leaves the U.S. military two choices -- either declassify the information or dismiss the case if no other evidence can be found.

Under the deal, hearsay evidence and coerced testimony can be used in some circumstances. The deal also prohibits "grave breaches" of the Geneva Conventions, described as acts such as torture, rape, or cruel and inhuman treatment. Mr. Bush can define anything short of "grave breaches."

Senate Majority Whip Mitch McConnell, Kentucky Republican, called the compromise "a big win in the continuing war on terror."

"The president was very clear that any legislation on terrorist detainees must ensure that our intelligence-gathering interrogation program can continue," he said. "As the president said, this valuable program has saved innocent American lives and is preventing future terrorist attacks. The legislation we will soon consider on the Senate floor meets the president's criteria."

Bush Bows To Senators On Detainees (LAT)

By Julian E. Barnes And Richard Simon, Times Staff Writers

The Los Angeles Times, September 22, 2006

The White House agrees to new rules banning the most controversial CIA tactics but allowing a secret interrogation program to continue.

WASHINGTON — President Bush acceded to dissident Senate Republicans on Thursday, agreeing to new rules for interrogating and prosecuting suspected terrorists that leave intact international treaty protections against torture.

In a major concession to Arizona Sen. John McCain and other Republicans, the administration dropped its efforts to have Congress redefine U.S. obligations under the Geneva Convention. The compromise bill in effect bans the most controversial CIA interrogation tactics, including water boarding, a form of simulated drowning, said those involved in the negotiations.

At the same time, the agreement gives Bush the legal protections he said were needed to preserve a secret CIA interrogation program. The compromise bill would allow Bush the latitude to employ interrogation tactics which go beyond legal limits set for the U.S. military.

Both McCain and Bush hailed the agreement, saying their most important priorities had been met.

"There is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved," McCain said after hours of closed-door, often tense negotiations.

Bush, campaigning for GOP candidates in Florida, said the agreement would achieve his goal of preserving a critical CIA interrogation program that "will help us crack the terror network and to save American lives."

But many human rights advocates involved in the debate expressed satisfaction that the White House had been forced to drop its demands that Congress redefine U.S. treaty obligations.

"The administration did not achieve its goal of having the Geneva Convention redefined," said Elisa Massimino, the Washington director of Human Rights First. "The agreement makes clear that the president can't downgrade the humane treatment standards of the Geneva Conventions, and that Congress is unwilling to do that."

While at least a partial setback for Bush, the deal heads off a politically embarrassing intra-party showdown in an election year and also paves the way for trials of terrorism suspects held at Guantanamo Bay, Cuba. The compromise followed weeks of wrenching debate in which Bush's proposal was criticized by leading members of his own party, including McCain and former Secretary of State Colin L. Powell.

Sen. Lindsey Graham (R-S.C.) said the legislation would permit aggressive interrogation techniques that will "get us good information" but would "put boundaries around conduct that would not represent American values."

The compromise sets the stage for expected Senate approval next week of legislation authorizing military tribunals to try the suspects at Guantanamo Bay. The House also is expected to take up the bill. The interrogation provisions are part of the military tribunal measure.

Senate GOP leaders and the White House also were moving toward a compromise Thursday on legislation authorizing the president's warrantless domestic surveillance, a sign of the heightened anxiety among Republicans over the need to complete work on national security legislation before recessing next week.

The compromise came together after Senate Majority Leader Bill Frist (R-Tenn.) — worried about time running out — called administration officials and the dissident GOP senators together.

The tribunal legislation was necessitated by a Supreme Court ruling in June that struck down the administration's earlier rules for detaining and prosecuting accused terrorists. Among those who are expected to be put on trial, once the legislation

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becomes law, are self-proclaimed Sept. 11 planner Khalid Shaikh Mohammed and 13 other suspected leaders of Al Qaeda who are now at the U.S. detention facility in Guantanamo Bay.

At issue was the meaning of Common Article 3, a provision of the Geneva Convention of 1949. The provision bans torture and cruel treatment and is considered a minimum level of protection for those taken prisoner in armed conflicts. But the Bush administration considers parts of Common Article 3 too vague, including its prohibition on "outrages upon personal dignity."

McCain, a former POW, along with Graham and Republican Sen. John Warner of Virginia, chairman of the Senate Armed Services Committee, had resisted the administration's efforts to redefine U.S. obligations under the Geneva Convention. They contended it would lead other nations to reinterpret their treaty obligations and put captured Americans at risk.

The compromise lists nine violations of Common Article 3 that are considered war crimes. It bans cruel and inhuman treatment, as McCain wanted. But it does not classify "degrading" treatment as a war crime, a concession by the Senate Republicans to Bush.

Under Thursday's deal, the administration dropped its opposition to making the infliction of "serious mental pain or suffering" a war crime. The compromise also bans shorter-term "non-transitory" suffering.

A Senate staffer involved in negotiations said that would ban the most outrageous of CIA methods, including water boarding — a tactic in which detainees are made to feel as if they're drowning — and mock executions.

"That was designed so that water boarding will never again be allowed," said the staffer. "Everyone was nodding their heads. This was out on the table. Sen. McCain said: 'We are not going to be water-boarding people. We are not going to be firing guns next to their heads. We will not be threatening them with death.' "

Although the bill allows the president to issue interpretations of the Geneva Convention, it also requires that any such executive interpretation be published in the Federal Register. Regulations and orders published in the Federal Register may be reviewed — and overridden — by Congress. Human rights organizations said they could accept that compromise because it would keep the administration's actions public, and thus subject to review.

"The important part of the compromise is that Congress and the judiciary will retain their oversight role," said Tom Malinowski, the Washington advocacy director for Human Rights Watch. "The administration will say what it says, but it is no more binding than any regulation and subject to judicial review."

In a statement, the CIA director, Gen. Michael V. Hayden, said he was happy with the compromise.

"If this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack Al Qaeda and protect American and Allied lives," Hayden said.

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, expressed concern that the Senate compromise would allow suspects to gain access to classified evidence.

"There's still work to do on this bill," he said, but added, "We're very close."

Graham said the compromise would shield methods and sources of intelligence from being disclosed but would not allow a suspect to be convicted without seeing the evidence.

"It boils down to: If it goes to the jury, it goes to the defendant," said the Senate staffer.

Originally the Bush administration wanted to be able to use classified information and keep it secret from the defendant. But Hadley said the administration was satisfied with the compromise because it prohibited defendants from using the legal process of discovery or other mechanisms to get access to classified information.

A final sticking point between the Republican senators and the administration was the use of coerced evidence. For trials of suspects captured in the future, the compromise excluded evidence that was gathered by torture and methods that violated prohibitions on cruel treatment.

For detainees now in custody, including the 14 suspected terrorists recently transferred to Guantanamo, it will be up to military judges to decide what coerced evidence can be used.

McCain, a possible 2008 presidential candidate, refused to say who came out ahead in the fight over detainees.

"In this business, people say, 'Who's the winners and who's the losers?' There's none," he said. "We're all winners because we've been able to come to an agreement through a process of negotiation and consensus."

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Times staff writer Richard B. Schmitt in Washington contributed to this report.

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(INFOBOX BELOW)

The new rules

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Highlights of the agreement between the White House and Senate Republicans dealing with the treatment of terrorist suspects:

· Requires that a defendant being tried by military commission have access to any evidence given to a jury.

· Drops a section of the administration's previous proposal that stated an existing ban on cruel, inhuman or degrading treatment satisfies the nation's obligations under the Geneva Convention.

· Prohibits "grave breaches" of the Geneva Convention. Defines grave breaches as acts such as torture, rape, biological experiments, and cruel and inhuman treatment.

· Notes the president has the authority to interpret "the meaning and application" of the Geneva Convention.

· Allows hearsay evidence.

· Allows coerced testimony if the statement was acquired before a 2005 ban on cruel, inhuman or degrading treatment and a judge finds it to be reliable. Bans coerced statements taken after the 2005 ban went into effect if constitutional definitions of cruel, inhuman or degrading treatment were violated.

· Bars individuals from protesting violations of Geneva Convention standards in court.

Source: Associated Press

Republicans Reach Deal On Detainee Bill (NYT)

By Kate Zernike

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Bush administration and Congressional Republicans reached agreement Thursday on legislation governing the treatment and interrogation of terror suspects after weeks of debate that divided Republicans heading into the midterm elections.

Under the deal, President Bush dropped his demand that Congress redefine the nation's obligations under the Geneva Conventions, handing a victory to a group of Republicans, including Senator John McCain of Arizona, whose opposition had created a showdown over a fundamental aspect of the rules for battling terrorism.

The administration's original stance had run into fierce resistance from former and current military lawyers and Mr. Bush's former secretary of state, Colin L. Powell, a former chairman of the Joint Chiefs of Staff. They argued, as did Mr. McCain and the other two senators leading the resistance, that any redefinition would invite other nations to alter their obligations and endanger American troops captured abroad.

"There is no doubt that the integrity and the letter and the spirit of the Geneva Conventions have been preserved," said Mr. McCain, who was tortured during more than five years as a prisoner in North Vietnam.

Members of Congress and administration officials announced the deal after emerging from a tense and intricate all-day meeting in Vice President Dick Cheney's office in a Senate building, saying they would try to push it through in the five days Congress is scheduled to meet before lawmakers leave to campaign.

The White House moved quickly to assert that it had not surrendered. Administration officials characterized the negotiations as cooperative and the result as a victory for all sides.

"The agreement clears the way to do what the American people expect us to do: to capture terrorists, to detain terrorists, to question terrorists, and then to try them," Mr. Bush said in Orlando, Fla., where he was attending fund-raisers for several Republican candidates.

The dispute revolved around how to define the rules governing the interrogations of terror suspects and providing legal protection to C.I.A. officers conducting interrogations. Under the deal, Congress would seek to codify the limits by outlining in the War Crimes Act, a domestic law, several "grave breaches" of the relevant provision of the Geneva Conventions, known as Common Article 3. The deal would eliminate a legislative provision in the original White House proposal saying that compliance with the Detainee Treatment Act, which Congress passed last year and which bans "cruel, inhuman or degrading treatment," would by itself satisfy the obligations of the United States under the conventions.

"Everybody agreed we ought to try and do it in a way that did not involve modifying or amending our international obligations," said Stephen J. Hadley, the president's national security adviser. "That was the objective we all came to here in the last week. The goal was whether we could find language mutually agreed between the Senate and the White House that would achieve those objectives."

Dan Bartlett, counselor to the president, said: "We proposed a more direct approach to bringing clarification. This one is more of the scenic route, but it gets us there."

The agreement says the executive branch is responsible for upholding the nations' commitment to the Geneva Conventions, leaving it to the president to establish through executive rule any violations for the handling of terror suspects that fall short of a "grave breach." Significantly, Senate aides said, those rules would have to be published in the Federal Register.

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The agreement provides several pages describing "grave breaches" that would not be allowed, starting with torture and including other forms of assault and mental stress. But it does not lay out specific interrogation techniques that would be prohibited.

The adjustment to the War Crimes Act, "will put the C.I.A. on notice of what they can and can't do," said Senator Lindsey Graham of South Carolina, who, along with Senator John W. Warner of Virginia, joined Mr. McCain in leading resistance to the White House approach. "It would take off the table things that are not within American values."

Asked about one of the most controversial interrogation techniques, a simulated drowning known as water-boarding, Mr. Graham said, "It is a technique that we need to let the world know we are no longer engaging in."

Gen. Michael V. Hayden, the C.I.A. director, issued a statement to employees, saying, "If this language becomes law, the Congress will have given us the clarity and the support that we need to move forward with a detention and interrogation program that allows us to continue to defend the homeland, attack Al Qaeda and protect American and allied lives."

The senators were careful not to characterize winners and losers. "This was a give-and-take," Mr. Graham said.

The senators agreed to a White House proposal to make the standard on interrogation treatment retroactive to 1997, so C.I.A. and military personnel could not be prosecuted for past treatment under standards the administration considers vague.

Senators Graham McCain and Warner said the agreement met the three goals they set from the beginning: to preserve the Geneva Conventions, to allow the C.I.A. to continue interrogations and to set up a program that would pass court review.

On another point of contention, the use of classified evidence in prosecutions of terror suspects, the senators won agreement that suspects would be allowed to see any evidence the jury sees, which the senators say is in keeping with 200 years of American judicial tradition. But the agreement includes procedures that would strip the evidence of the most sensitive details that lawmakers have worried could be used to plan more attacks.

The agreement would not allow any evidence obtained by techniques that violate the Detainee Treatment Act, and would not allow hearsay evidence that the defense successfully argues is not reliable or probative.

The Supreme Court had thrown the issue to Congress in June, when it struck down the tribunals the president established shortly after the terror attacks of Sept. 11, 2001, saying they violated constitutional and international law.

After weeks of standoff over proposed legislation, the two sides had begun to negotiate in earnest in the last few days, after Mr. Hadley said on the Sunday morning news programs that he believed they could reach consensus without modifying international agreements.

Thursday morning, Senator Bill Frist of Tennessee, the majority leader, who has supported the president's approach, told Mr. Warner that with just a week left before the Senate is to adjourn, they needed a deal by evening.

Mr. Frist said he would send the bill to the floor. In the House, Representative Duncan Hunter of California, chairman of the Armed Services Committee, said he had some concerns about the use of classified evidence, but added, "I think we're very close."

Democrats have put their trust in Senators Graham, McCain and Warner to push back against the White House, and Thursday they signaled that they intended to continue cooperating. "Five years after Sept. 11, it is time to make the tough and smart decisions to give the American people the real security they deserve," said the Democratic leader, Harry Reid of Nevada.

Still, Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, said he would press to change a provision in the proposal that would deny detainees a right to challenge their captivity in court.

White House In Deal On CIA Prisons (FT)

By Caroline Daniel

Financial Times, September 22, 2006

The White House on Thursday ended the impasse over its interrogation and detention policies when it agreed to compromise with a group of influential Republican senators, and said it would not seek to amend the terms of the Geneva Conventions.

President George W. Bush hailed the deal as meeting his goal of allowing the tougher interrogation of terrorist suspects at secret prisons run by the Central Intelligence Agency, and prosecution of them using a new form of military tribunals.

"I'm pleased to say that this agreement preserves the most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA programme to question the world's most dangerous terrorists and to get their secrets."

However, the compromise, struck on Thursday after six hours of intense negotiations, marks a second moral victory for Senator John McCain, who last year took on the White House over the Detainee Treatment Act, which prohibits cruel or inhumane treatment of prisoners, and Senator Lindsey Graham and Senator John Warner.

"The agreement that we've entered into gives the president the tools he needs to continue to fight the war on terror and bring these evil people to justice," said Mr McCain, who has made interrogations a signature issue and who has earned

credibility on the issue after his years of being tortured in Vietnam. “There’s no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved.”

The battle had threatened to undermine both the Republican effort to show unity on national security issues and make that a cornerstone of party re-election efforts.

White House negotiators had also faced heavy criticism that they were undermining the Geneva Conventions, governing the rights of wartime detainees, by their insistence that they wanted to clarify the terms of Article 3. Although the new language was not made public, it did not now include changes to the convention, officials said.

The compromise language will be introduced as an amendment next week, when the bill could be brought to the Senate floor. Mr Bush on Thursday urged Congress to send him legislation before it wraps up business next week.

If the bill passes, it will also allow the creation of controversial military tribunals.

“The agreement clears the way to do what the American people expect us to do, to capture terrorists, to detain terrorists, to question terrorists, and then to try them,” said Mr Bush.

Bush, Senators Reach Agreement On Detainee Interrogation Legislation (MCT)

By Margaret Talev

McClatchy Newspapers, September 22, 2006

WASHINGTON - The White House and dissident Republican senators reached an agreement Thursday that would allow the CIA's controversial terrorist interrogation program to continue and trials of suspected Islamic terrorists to begin but preserve the Geneva Conventions' prohibitions against mistreating wartime prisoners.

President Bush began asking Congress for new authority to question and try suspected terrorists after the Supreme Court ruled 5-3 in June that his plan for special military tribunals violated both U.S. law and the Geneva Conventions.

If it's approved by the full Senate and the House of Representatives before the end of next week, when Congress is set to recess, Thursday's agreement also could end a weeks-long intra-party rift and unite Republicans around their core national security message as they head into crucial midterm elections.

Final passage of the compromise is likely, but hurdles remain. Most Democrats and Republicans didn't yet know the terms of the agreement Thursday, and House Armed Services Committee Chairman Duncan Hunter, R-Calif., said he had some concerns about detainees gaining too much access to classified information. The White House and CIA voiced no such concerns, however.

President Bush, speaking from a Republican fund-raiser in Orlando, Fla., said the accord "preserves the . . . most potent tool we have in protecting America and foiling terrorist attacks, and that is the CIA program to question the world's most dangerous terrorists and to get their secrets."

CIA Director Michael Hayden told his staff in a memo that the agreement would give his operatives "the clarity and the support that we need to move forward . . . ."

Sen. John McCain, R-Ariz., one of three Republican senators who forced the administration to compromise, said he was satisfied with the agreement.

"There is no doubt that the integrity and sprit of the Geneva Conventions have been preserved," he said at a news conference with other senators and administration officials.

Sen. Lindsey Graham, R-S.C., who'd joined McCain and Armed Services Committee Chairman John Warner, R-Va., in forcing the White House to temper its original proposal, said he believed the compromise would prohibit simulated drowning, or "water-boarding" as a CIA interrogation technique.

But Graham didn't rule out other aggressive techniques such as sleep deprivation or playing loud music. He said the legislation wouldn't spell out which "alternative interrogation techniques" are permitted and which are prohibited.

Specifics were sketchy, as negotiators didn't immediately release details in writing.

As outlined by lawmakers and administration officials, the deal provides CIA interrogators with protection, retroactive to 2001, against being prosecuted as war criminals for most interrogation methods on high-value detainees.

But the administration appeared to bow to demands from McCain, Graham and Warner, who'd voiced concerns raised by dozens of current and former high ranking military and diplomatic officials, including five former chairmen of the Joint Chiefs of Staff and Republican Secretaries of State Colin Powell and George Shultz.

The administration had sought to more narrowly define the U.S. obligations under Common Article 3 of the international Geneva Conventions of 1949, which govern the treatment of prisoners of war. Critics said that Bush's approach could allow interrogation tactics too close to torture, invite other nations to back out of their treaty obligations and possibly lead to torture of U.S. soldiers in future wars. They also said it would damage the nation's international reputation by lowering the moral standards America observes in war.

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Under the compromise, the administration would agree not to reinterpret the Geneva Conventions. Instead, the U.S. War Crimes Act would be revised to define "grave breaches" of Common Article 3, including murder, torture, biological experiments, rape and other acts.

The CIA would be instructed that it must abide by the Detainee Treatment Act, which was championed last year by McCain and rules out degrading treatment of detainees. But Congress would give the executive branch the power to define a lower category of mid-range felonies under the War Crimes Act.

The administration appeared to accept the senators' demand that classified information couldn't be used to convict a detainee unless the detainee was given at least a sense of what information was being used against him. The sources and methods of U.S. intelligence would be protected.

The senators also appeared to get most of what they wanted in terms of allowing a judge to throw out evidence that appeared to have been gleaned in violation of humane treatment standards.

The American Civil Liberties Union, however, urged lawmakers to reject the deal, saying it didn't protect due process and was "a compromise of America's commitment to the rule of law."

"The proposal . . . deliberately provides a `get out of jail free card' to the administration's top torture officials, " Caroline Fredrickson, director of the ACLU Washington Legislative Office, said in a written statement. ". . .The president would have the authority to declare what is - and what is not - a grave breach of the War Crimes Act, making the president his own judge and jury. . . . These are tactics expected of repressive regimes, not the American government."

But one prominent independent human-rights group hailed the deal.

"Today's agreement makes clear that the president cannot unilaterally downgrade the humane treatment standards of the Geneva Conventions," said Elisa Massimino, the Washington Director of Human Rights First, in a prepared statement. "The administration failed in its attempt to get around the prohibitions against torture and cruelty by arguing that the standards are `flexible.' "

In addition, Massimino said, the agreement "makes clear that `alternative interrogation procedures,' such as stress positions, induced hypothermia and water-boarding are not only prohibited by the treaty, they are war crimes."

However, she added, "concerns remain," including whether the administration's interpretation of the Geneva standards comports with the law, and whether alleged abuses in secret CIA prisons will ever be aired in courts.

Eugene Fidell, the president of the National Association of Military Justice, which serves as a watchdog over military prosecutions, said details of the deal were too scant to render an analysis. He sharply criticized the closed-door negotiations, saying the terms should have been the subject of public Senate hearings.

McClatchy Newspapers correspondents William Douglas, Greg Gordon and Jonathan S. Landay contributed to this report.

A Bad Bargain (NYT)

The New York Times, September 22, 2006

Here is a way to measure how seriously President Bush was willing to compromise on the military tribunals bill: Less than an hour after an agreement was announced yesterday with three leading Republican senators, the White House was already laying a path to wiggle out of its one real concession.

About the only thing that Senators John Warner, John McCain and Lindsey Graham had to show for their defiance was Mr. Bush's agreement to drop his insistence on allowing prosecutors of suspected terrorists to introduce classified evidence kept secret from the defendant. The White House agreed to abide by the rules of courts-martial, which bar secret evidence. (Although the administration's supporters continually claim this means giving classified information to terrorists, the rules actually provide for reviewing, editing and summarizing classified material. Evidence that cannot be safely declassified cannot be introduced.)

This is a critical point. As Senator Graham keeps noting, the United States would never stand for any other country's convicting an American citizen with undisclosed, secret evidence. So it seemed like a significant concession — until Stephen Hadley, the national security adviser, briefed reporters yesterday evening. He said that while the White House wants to honor this deal, the chairman of the House Armed Services Committee, Duncan Hunter, still wants to permit secret evidence and should certainly have his say. To accept this spin requires believing that Mr. Hunter, who railroaded Mr. Bush's original bill through his committee, is going to take any action not blessed by the White House.

On other issues, the three rebel senators achieved only modest improvements on the White House's original positions. They wanted to bar evidence obtained through coercion. Now, they have agreed to allow it if a judge finds it reliable (which coerced evidence hardly can be) and relevant to guilt or innocence. The way coercion is measured in the bill, even those protections would not apply to the prisoners at Guantánamo Bay.

The deal does next to nothing to stop the president from reinterpreting the Geneva Conventions. While the White House agreed to a list of "grave breaches" of the conventions that could be prosecuted as war crimes, it stipulated that the president

could decide on his own what actions might be a lesser breach of the Geneva Conventions and what interrogation techniques he considered permissible. It's not clear how much the public will ultimately learn about those decisions. They will be contained in an executive order that is supposed to be made public, but Mr. Hadley reiterated that specific interrogation techniques will remain secret.

Even before the compromises began to emerge, the overall bill prepared by the three senators had fatal flaws. It allows the president to declare any foreigner, anywhere, an "illegal enemy combatant" using a dangerously broad definition, and detain him without any trial. It not only fails to deal with the fact that many of the Guantánamo detainees are not terrorists and will never be charged, but it also chokes off any judicial review.

The Democrats have largely stood silent and allowed the trio of Republicans to do the lifting. It's time for them to either try to fix this bill or delay it until after the election. The American people expect their leaders to clean up this mess without endangering U.S. troops, eviscerating American standards of justice, or further harming the nation's severely damaged reputation.

The Abuse Can Continue (WP)

The Washington Post, September 22, 2006

THE GOOD NEWS about the agreement reached yesterday between the Bush administration and Republican senators on the detention, interrogation and trial of accused terrorists is that Congress will not -- as President Bush had demanded -- pass legislation that formally reinterprets U.S. compliance with the Geneva Conventions. Nor will the Senate explicitly endorse the administration's use of interrogation techniques that most of the world regards as cruel and inhumane, if not as outright torture. Trials of accused terrorists will be fairer than the commission system outlawed in June by the Supreme Court.

The bad news is that Mr. Bush, as he made clear yesterday, intends to continue using the CIA to secretly detain and abuse certain terrorist suspects. He will do so by issuing his own interpretation of the Geneva Conventions in an executive order and by relying on questionable Justice Department opinions that authorize such practices as exposing prisoners to hypothermia and prolonged sleep deprivation. Under the compromise agreed to yesterday, Congress would recognize his authority to take these steps and prevent prisoners from appealing them to U.S. courts. The bill would also immunize CIA personnel from prosecution for all but the most serious abuses and protect those who in the past violated U.S. law against war crimes.

In short, it's hard to credit the statement by Sen. John McCain (R-Ariz.) yesterday that "there's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved." In effect, the agreement means that U.S. violations of international human rights law can continue as long as Mr. Bush is president, with Congress's tacit assent. If they do, America's standing in the world will continue to suffer, as will the fight against terrorism.

For now, the administration says it is not holding anyone in secret CIA facilities. The detention of those being held by the U.S. military at Guantanamo Bay clearly conforms with international law. If suspects are routed into the CIA program in the future, the administration has pledged to consult with Congress about the interrogation techniques that will be permitted. In theory, Congress could override Mr. Bush's regulations governing treatment if it judges that they are being used to authorize unacceptable practices.

But the senators who have fought to rein in the administration's excesses -- led by Sens. McCain, Lindsey O. Graham (R-S.C.) and John W. Warner (R-Va.) -- failed to break Mr. Bush's commitment to "alternative" methods that virtually every senior officer of the U.S. military regards as unreliable, counterproductive and dangerous for Americans who may be captured by hostile governments.

Mr. Bush wanted Congress to formally approve these practices and to declare them consistent with the Geneva Conventions. It will not. But it will not stop him either, if the legislation is passed in the form agreed on yesterday. Mr. Bush will go down in history for his embrace of torture and bear responsibility for the enormous damage that has caused.

Gonzales Revisits Deportation Remarks (WP)

By Karen Deyoung

The Washington Post, September 22, 2006

Attorney General Alberto R. Gonzales's claim this week that the Justice Department was not responsible for sending Canadian software engineer Maher Arar to a Syrian prison in 2002 was the result of imprecise wording by Gonzales and a misunderstanding by those who reported his remarks, according to a Justice Department spokeswoman.

The matter turns on the meaning of the word "we."

On Tuesday, a day after a Canadian government commission concluded that the Syrian-born Arar was "interrogated, tortured and held in degrading and inhumane conditions" for 10 months after being falsely accused of terrorist ties, Gonzales was asked whether the department owed him "an apology."

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"Well, we were not responsible for his removal to Syria," Gonzales replied. "I'm not aware that he was tortured, and I haven't read the commission report."

Gonzales was aware that in 2002 the Immigration and Naturalization Service arranged Arar's removal from the United States and his delivery to Syria after he was accused of ties to al-Qaeda, spokeswoman Tasia Scolinos said. The INS has since been transferred from the Justice Department to the new Department of Homeland Security and is known as U.S. Citizenship and Immigration Services.

Since Arar was officially deported, Scolinos said, his case was "an immigration-related issue." She said Gonzales was trying to "make that point" because "immigration matters are no longer handled by the [Justice] Department."

On the question of torture, Scolinos said, "My understanding is that the U.S. government received what they believed to be reliable assurances that he would be treated humanely, consistent with international treaties and conventions." Gonzales, she said, was "emphasizing that point."

Arar, now 36 and living in Canada, sued the U.S. government in federal court, but the case was dismissed on national security grounds. He filed a notice of appeal Sept. 12, according to the Center for Constitutional Rights, a legal group that is handling his case.

The possibility of further litigation may have limited what the Justice Department is prepared to say on the matter, said some U.S. officials who spoke on the condition of anonymity because they are not authorized to discuss the matter.

Canada's House of Commons unanimously agreed Wednesday that "apologies should be presented" to Arar on behalf of Canada. Prime Minister Stephen Harper, who earlier acknowledged that Arar had been done "an injustice," balked at going that far, saying it might influence negotiations with Arar's lawyers over possible compensation.

Arar's ordeal began in New York City on Sept. 26, 2002, a year after the al-Qaeda attacks there. Changing planes on his return trip to Canada after visiting Tunisia with his family, he was arrested on what the commission concluded was false information, provided to the FBI by Canadian law enforcement, that he had al-Qaeda connections. After being held for 12 days, he was flown in a government plane to Jordan and transported over land to Syria, the nation he had left as a 17-year-old.

U.S. officials later confirmed that the order to deport him was signed by then-Deputy Attorney General Larry D. Thompson. They said it would be "prejudicial to the interests of the United States" to send Arar home to Canada, despite his Canadian citizenship.

The Canadian government was not informed until he was gone.

U.S. law prohibits sending anyone, even on national security grounds, to a country where he or she is likely to be tortured. Although the State Department has long branded Syria a human rights violator, then-Attorney General John D. Ashcroft responded to Canadian protests by saying the Syrian government had assured that Arar would be treated humanely.

On Tuesday, Gonzales also repeated the administration's denial that Arar's removal was part of the practice of secret "renditions" of terrorism suspects to third countries where they could be more aggressively interrogated. "That is not what happened here," he said. "It was a deportation."

Even if Arar "had been rendered to Syria," he said, "we would have sought those same kind of assurances" against torture.

Correspondent Doug Struck in Toronto and staff researcher Julie Tate in Washington contributed to this report.

State Asks Court To Dismiss Suit Over Phone Company Records (AP)

By Glenn Adams, Associated Press Writer

AP, September 22, 2006

AUGUSTA, Maine --Maine's attorney general asked a federal court Thursday to throw out the government's lawsuit against Maine officials over whether a phone company should release information about its handling of confidential records.

Attorney General G. Steven Rowe said the state's request, filed on behalf of the Public Utilities Commission, asserts the federal government has no jurisdiction in the case. The state also contends that the government is wrong to invoke "state secrets" arguments.

"There are no state secrets at issue here," Rowe said at a news briefing after the motion to dismiss was filed in U.S. District Court in Bangor.

The litigation stems from a press release issued by Verizon and information it provided to the PUC, in which the telecommunications company claims it did not provide phone records to the government for its domestic surveillance program. The company also said in a May news release that it would not discuss any relationship with the National Security Agency program.

The PUC, prompted by a complaint by 22 Mainers, ordered Verizon to provide a sworn affirmation that Verizon's statement about the phone records is true. In response, the federal government sued, saying that the PUC's attempt to force Verizon to answer raised national security concerns.

Rowe was joined by PUC commissioners Thursday in rejecting the government's national security claims in the case.

"It's not about state secrets. It's about the integrity of the Public Utilities Commission process," said Sharon Reishus, one of the regulatory agency's commissioners and a defendant in the government's suit.

PUC Chairman Kurt Adams said the commission took the complaint over the handling of phone records "very seriously," adding that the PUC's ability to carry out its administrative duties was at issue in the case.

A legislator who is deeply involved in utility issues, Rep. John Brautigam, dismissed the federal government's secrecy claim as "the kind of legalistic mumbo-jumbo that gives the administration in Washington a bad name."

"The public has a right to know that their confidential information has been safeguarded in compliance with Maine law and the contractual obligations of the phone companies," said Brautigam, D-Falmouth.

A spokesman for the U.S. Justice Department's public affairs office, Charles Miller, said there would be no comment on the motion because the case is in litigation.

Legal disputes have surfaced in other states over reports of phone company cooperation with government surveillance efforts.

In Vermont, Verizon and AT&T customers, Gov. Jim Douglas and the state's chapter of the American Civil Liberties Union are urging state utility regulators to determine whether the two phone companies violated state statutes by turning records over to the NSA.

The American Civil Liberties Union last spring filed complaints in more than 20 states over allegations that phone companies shared customer records with the NSA.

The Maine Civil Liberties Union is supporting the phone records complaint of the 22 Mainers.

Bush Administration Asks Appeals Court To Quickly Dismiss Eavesdropping Case (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 22, 2006

(AP) - WASHINGTON-The Bush administration asked an appeals court Thursday to step in immediately and dismiss a lawsuit over the U.S. government's warrantless wire tapping program, calling a lower judge's ruling dangerous and wrong.

The Justice Department asked the 9th U.S. Circuit Court of Appeals to overturn the decision earlier this month by U.S. District Judge Garr King. Government attorneys argued the decision put the disclosure of "highly sensitive foreign intelligence information" at risk.

The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter that went out of business after the U.S. government labeled it a terrorist organization.

The foundation alleged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation is asking King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping.

Typically, appeals are filed at the conclusion of a case in trial court; however, in this case, Justice Department attorneys are asking the 9th Circuit to step in now given the sensitivity and urgency of national security.

In the Sept. 7 order, King declined to dismiss the case, saying he believed there may be a way for the lawsuit filed by a now-defunct Islamic charity to proceed without releasing information that could harm U.S. security.

The decision, the latest of several rulings on the controversial program, drew a stern rebuke this week from Vice President Dick Cheney. He called it "just plain wrong."

In Thursday's filing, Justice Department attorneys argued that King's decision is flawed because classified facts needed to evaluate the case are protected under the so-called "state secrets" privilege.

On the Net:

Justice Department: http://www.usdoj.gov/

Claim 9/11 Terrorists Were Identified Is Rejected (NYT)

By Philip Shenon

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Defense Department's inspector general on Thursday dismissed claims by military officers and others who had insisted that a secret Pentagon program identified Mohamed Atta and other terrorists involved in the Sept. 11 attacks before the attacks occurred.

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The inspector general's office, which acts as the Defense Department's internal watchdog, said in a report that its investigators found no evidence to suggest that the intelligence program, known as Able Danger, had identified Mr. Atta, the Egyptian-born ringleader of the attacks, or any of the other terrorists before Sept. 11.

"We concluded that prior to Sept. 11, 2001, Able Danger team members did not identify Mohamed Atta or any other 9/11 hijackers," the report said. "While we interviewed four witnesses who claimed to have seen a chart depicting Mohamed Atta and possibly other terrorists or 'cells' involved in 9/11, we determined that their recollections were not accurate."

The claim that a secret Pentagon data-mining program had known of Mr. Atta and other hijackers before Sept. 11 created a stir when the witnesses' accounts became public last year, because it suggested that the Defense Department had information that might have helped pre-empt the attacks had it been shared outside of the Pentagon.

The inspector general's report, prepared at the request of several members of Congress, was criticized Thursday by Representative Curt Weldon, Republican of Pennsylvania, who is a member of the House Armed Services Committee and who helped bring information about Able Danger to light.

"I am appalled that the Department of Defense inspector general would expect the American people to actually consider this a full and thorough investigation," Mr. Weldon said, describing the inspector general as having "cherry-picked testimony from witnesses in an effort to minimize the historical importance of the Able Danger effort."

The report found that the recollections of most of the witnesses appeared to focus on a "single chart depicting Al Qaeda cells responsible for pre-9/11 terrorist attacks" that was produced in 1999 by a defense contractor, the Orion Scientific Corporation.

While witnesses remembered having seen Mr. Atta's photograph or name on such a chart, the inspector general said its investigation showed that the Orion chart did not list Mr. Atta or any of the other Sept. 11 terrorists, and that "testimony by witnesses who claimed to have seen such a chart varied significantly from each other."

The report says that a central witness in the investigation, an active-duty Navy captain who directed the Able Danger program, had changed his account over time, initially telling the inspector general's office last December that he was "100 percent" certain that he had seen "Mohamed Atta's image on the chart."

But in an interview this May, the report said, the officer, Scott J. Phillpott, changed his story, telling investigators that he had been confused and was now "convinced that Atta was not on that chart" but that, instead, the terrorist's photograph was reproduced on a separate document that he was shown by an intelligence analyst on the Able Danger team in June 2000.

The inspector general's report suggests that the independent federal commission that investigated the Sept. 11 attacks was right to dismiss Captain Phillpott's initial claims about Able Danger.

The Sept. 11 commission acknowledged last year that the Navy captain had come to its investigators in July 2004, only days before it issued its final report.

The inspector general's report also rejected claims by another of the witnesses, Lt. Col. Anthony Shaffer, a veteran military intelligence officer, that he had faced reprisals for having make disclosures about Able Danger, including revocation of his security clearance.

FBI Says Its Agents Did Not Visit Puerto Rican Independence Activist (AP)

AP, September 22, 2006

SAN JUAN, Puerto Rico The FBI is investigating if people posing as bureau agents visited a shoe repair store in western Puerto Rico owned by a supporter of independence for the U.S. territory, an agency spokesman said Thursday.

Harry Rodriguez, FBI spokesman in Puerto Rico, denied that bureau agents visited Miguel Sanchez's shoe repair store in Mayaguez, though Sanchez said they did come to see him.

"They were not FBI agents who went to Sanchez's business," he said, adding that those people "were impersonating FBI agents."

Rodriguez said impersonating an agent was a crime and that the FBI was investigating.

Rodriguez's comments come three days after FBI agents returned to the homes of two Puerto Rican activists whose properties were searched in February in an investigation into a militant independence group.

FBI teams went to the residences of Liliana Laboy and Norberto Cintron Fiallo, both in the San Juan area, but neither activist was home and the agents left without entering.

Rodriguez said the agents went to the homes as part of an ongoing investigation into the Macheteros, also known as the Puerto Rican People's Army. He declined to provide details.

On Saturday, Puerto Ricans will hold a vigil to mark the one-year anniversary of the death of Filiberto Ojeda Rios, the leader of the Macheteros, which claimed responsibility for bombings and attacks in the 1970s and 1980s aimed at gaining independence for Puerto Rico.

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In August, federal investigators concluded that FBI agents were justified in killing Ojeda, who opened fire first — hitting three agents — when they came to arrest him. The militant had been convicted for his role in the 1983 robbery of US$7 million (€5.5 million) from a Wells Fargo bank depot in Connecticut, but he fled while on bond.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 22, 2006

Terrorist hunt

We understand that U.S. commandos have developed a clever technical procedure for tracking terrorists in Iraq, and elsewhere, we presume.

The tracking is used by a special military intelligence unit within U.S. Joint Special Operations Command (JSOC), which includes Navy SEALs and the Army's Delta Force. The technique was instrumental in finding and killing al Qaeda in Iraq leader Abu Musab Zarqawi in June and in capturing a number of his lieutenants.

President Bush paid special tribute to JSOC after a U.S. Air Force F-16 dropped the bomb that killed Zarqawi, one of al Qaeda's most ruthless killers who pledged allegiance to Osama Bin Laden.

Cuban spy damage

Ana Montes, a Cuban spy working inside the Defense Intelligence Agency (DIA), caused serious damage to U.S. national security by revealing U.S. electronic intelligence-gathering secrets and also by providing a feedback mechanism for communist disinformation from the Castro regime.

The damage is outlined in a classified assessment completed several months ago by the office of the National Counterintelligence Executive, now under the new Director of National Intelligence John D. Negroponte. It was disclosed this week in the new book by Bill Gertz, Pentagon reporter for The Washington Times, titled, "Enemies: How America's Foes Are Stealing Our Vital Secrets — And How We Let It Happen."

According to unclassified portions of the assessment, Montes met openly with Cuban intelligence officers at restaurants in the D.C. area as often as twice a week, a rate much more frequently than other spies.

Counterintelligence officials determined that the damage caused by Montes was nearly equal to that caused by CIA turncoat Aldrich Hazen Ames and FBI traitor Robert Philip Hanssen, who both spied for Russia.

Montes had almost unlimited access to U.S. secrets, including the identities of American intelligence personnel and information that defectors provided to U.S. intelligence.

A senior U.S. counterintelligence official familiar with the damage assessment said: "As a career analyst with high-level security clearances, [Montes] had access to virtually unlimited amounts of sensitive data from a number of intelligence community organizations."

She turned down several promotion opportunities to remain as a DIA analyst and keep her access to secrets. The counterintelligence official said that Montes commented during one debriefing she viewed "just about all the information there was about Cuba."

Montes also networked extensively with other civilian and military intelligence officials and agencies, allowing her "to obtain information that was not readily available to the typical analyst," the official said. She sat with a special interagency intelligence group known as the Hard Target Committee, which would meet to discuss all the intelligence operations under way in the most difficult places, including Iran, China and North Korea. Over the years she had access to hundreds of thousands of intelligence reports, many of which she could re-create because "she had an extraordinary, almost photographic memory," according to the counterintelligence official.

The damage assessment concluded, "Montes was the first national-level analyst from the intelligence community known to have turned traitor and the most damaging Cuban spy arrested to date."

The report noted that Montes "was able to effectively inform the Cubans of the United States information gaps and served as a feedback loop for the Cubans that potentially would facilitate the formulation and execution of a robust denial and deception program at U.S. intelligence."

The counterintelligence official said: "Her damage was especially grave and affected every major intelligence community organization. She compromised numerous sensitive intelligence collection activities and provided Havana with a unique window into Washington that undoubtedly helped the Cubans chart their tactics and strategy in dealing with Washington."

U.S. officials also think that information she provided to the Cubans led to the deaths of Nicaraguan anti-communist Contra rebels and possibly of American agents as well.

Pay increase

Throw out the conventional wisdom once again.

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A Rand Corp. study has found that rather than taking a salary cut, most reservists called to active duty actual make more money.

In fact, only 17 percent of all Guard and Reserve troops suffered a pay cut compared with their civilian pay stub.

"Typically, these reservists are people in their mid-20s to mid-30s, with some college but not necessarily a bachelor's degree," Rand quoted its economist and lead study author, David Loughran, as saying. "Generally, military pay is quite good for this group. Moreover, reservists receive additional special pay when activated and their earnings are not subject to federal taxes."

Co-ed dorms

Recent accusations of rape and sexual harassment at the service academies is partly a failure of leadership and partly the fault of housing young men and women in the same dorms, say alumni with whom we have talked.

One former Naval Academy graduate tells us Bancroft Hall, the co-ed dorm at Annapolis, is a frequent site of prohibited sexual intercourse. The source said midshipmen know places for having sex where they will not be detected. Such knowledge is passed on to the next class.

Peace through strength

Defense Secretary Donald H. Rumsfeld addressed the annual Keeper of the Flame award dinner Wednesday night at a black-tie affair in Union Station's East Hall.

Mr. Rumsfeld reminded the several hundred guests, including Chairman of the Joint Chiefs of Staff Gen. Peter Pace, and NATO commander Gen. Jim Jones about Winston Churchill's remark after the successful evacuation of British troops from the continent at Dunkirk.

"Churchill said in the Parliament very simply, 'Wars are not won by evacuations.' And we need to remember that today," Mr. Rumsfeld said. "They're not won by retreat or wishful thinking. They're won by determination, they're won by understanding the nature of the enemies we face, and the consequences, I would say the dire consequences of failing to understand them or failing to defeat them."

Mr. Rumsfeld said he met recently with former British Prime Minister Lady Margaret Thatcher, who he noted had been criticized for her outspoken advocacy of "peace through strength," which was the motto for the evening's host, the Center for Security Policy.

The dinner honored Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, along with five veterans of the conflicts in Iraq and Afghanistan.

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Britain Makes Modest Relaxation In Carry-on Rules (USAT)

By Jeffrey Stinson

USA Today, September 22, 2006

LONDON — Air passengers can carry a larger bag and musical instruments on board flights leaving Britain starting today, the government announced Thursday.

The new restrictions, announced by the Department for Transport, replace tighter ones imposed after British police announced Aug. 10 that they had broken up an alleged terrorist plot to blow up passenger jets headed for the USA.

Plotters intended to carry aboard liquids and other bomb-making components, assemble them during flight and blow up the planes, police said. Fifteen people have been charged and are in custody.

A ban on carrying on cosmetics and liquids not purchased inside airports after security checkpoints remains in place. And passengers flying to the USA still cannot carry any liquids onto aircraft. To ensure they don't, passengers will continue to go through a second security check at the departure gate.

The slight relaxation in carry-on baggage restrictions comes after complaints from passengers and airlines and as the government continues to try to balance security with passenger convenience.

“Passengers should be able to travel as freely as possible, but we have no intention of putting their safety at risk,” the Transport Department said in a statement. The change, it said, would “lessen the burden on passengers, while maintaining a rigorous security regime.”

One carry-on bag now will be allowed. It can be 22 inches long, 17.7 inches wide and 9.8 inches in depth. Previously, the bag was restricted to 17.7 inches by 13.7 inches by 6.2 inches. Large musical instruments now can be carried on board rather than checked, although some airlines may require passengers to pay for an extra seat.

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The relaxation also comes as Britain, the European Union and the airline industry continue to work on adopting uniform standards for passenger security inspections and carry-on bags. Requirements vary now from country to country. The varying standards cause confusion for passengers and delays at security checkpoints, the airline industry complains.

Tighter security restrictions, including a ban on carrying on liquids, prompted the cancellation of more than 2,000 flights, hundreds of flight delays and long security lines at British airports last month.

British Airways said it lost about $75 million as a result. Discount airline Ryanair sued the government last month for $6.2 million in damages. In doing so, Ryanair chief executive Michael O'Leary ridiculed many of the restrictions as “Keystone Cops security measures” and unnecessary.

Meanwhile Thursday, EU Justice and Interior ministers met in Finland to discuss new anti-terrorism measures and technology, including better equipment to detect liquid and other explosives that could be carried onto planes.

Woman Sentenced To Death For Role In Jordan Hotel Bombings (WP/AP)

By Jamal Halaby

The Washington Post, September 22, 2006

AMMAN, Jordan, Sept. 21 -- A court sentenced an Iraqi woman to death Thursday for her role in al-Qaeda-led hotel bombings that killed 60 people in Jordan's deadliest terror attack.

Sajida al-Rishawi, 35, was intended to be one of the suicide bombers in the Nov. 9 attack. She entered a hotel ballroom with her husband, both strapped with explosives belts. Her husband set off his own belt, the explosion ripping through a wedding party in the room.

Initially, Rishawi said in a televised confession that her own belt had failed to detonate and she fled. But she later told her trial that she was an unwilling participant in the attacks and never tried to set off the suicide bomb.

Rishawi was one of seven defendants in the case, but the six others were still at large and tried in absentia. Like Rishawi, the six were sentenced to death by hanging. Rishawi is the first woman to be sentenced to execution in Jordan on terrorism charges.

Jordanians are still reeling from the attacks, the worst terrorist incident in recent memory and widely labeled "Jordan's 9/11." Suicide bombers entered three Amman hotels and set off their blasts nearly simultaneously, killing 60 people -- mainly Jordanian Muslim women and children -- in an attack claimed by the insurgent group al-Qaeda in Iraq.

"The harsh verdict today sends a clear message to all terror groups: Jordan's stability and security is a red line that can't be crossed," said Mahmoud al-Kharabsheh, a lawmaker who sits on the parliament's Legal Committee.

Ashraf al-Akhras, who was the groom in the stricken wedding party and lost his father and 16 other family members and in-laws, said, "She got her just punishment, but it won't assuage the fire inside for my great loss."

Rishawi "got what she deserved," said Mahmoud al-Akrabawi, a wedding guest who lost his wife and two children.

Rishawi sat silently in the courtroom as the verdict was read.

She later told her lawyer she had anticipated receiving the death sentence.

"She told me that she expected either to be sentenced to death or to be sent back to Iraq," said the lawyer, Hussein al-Masri. He said he planned to appeal the verdict soon.

Jordan executes by hanging after a protracted legal process that includes several appeals, including to the supreme court -- the highest judicial authority. An average of 10 people -- mostly men -- are executed each year for crimes that include terrorism and premeditated murder.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 22, 2006

The French government's latest reaction to the global war on terrorism is being scrutinized all over again on Capitol Hill, where one congressman is in search of a French general named Lafayette.

"'Let them eat cake' is what Marie Antoinette said to the starving French people, showing her ignorance of the world around her," recalls freshman Rep. Ted Poe, Texas Republican. "Today it can be used to describe France's position on handling terror threats."

The lawmaker was riled by a recent remark by French Prime Minister Dominique de Villepin that "against terrorism, what we need is not a war. It is, as France has done for many years, a determined fight based on vigilance at all times and effective cooperation with our partners."

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Mr. Poe, a no-nonsense federal judge in his previous life, says what France "fails to consider is we tried that. Madrid's trains have been attacked. London's buses and subways have blown up. American embassies were bombed. The USS Cole was attacked, and, of course, there was September 11. ...

"What France and free people need is the spirit of Lafayette in this war on terror, not the current ignorance of Marie Antoinette, who was talking all the way to the guillotine and lost her head because she failed to see the real world around her."

In fairness to the French prime minister, he also warned that the risk of a terrorist attack in France using conventional, chemical, biological and nuclear weapons is "real and permanent," and assured French citizens that he would beef up security, particularly after al Qaeda's threat in recent days against French interests.

Crowned prisoners

Anybody who thinks that the terror suspects detained at Guantanamo Bay are being physically mistreated will be intrigued to learn that more dollars are being spent on food for the prisoners than for the U.S. troops guarding them.

"[T]he terrorists have gained weight on the nutritious diet," reveals Rep. Joe Wilson, a South Carolina Republican and member of the Armed Services Committee who twice toured the notorious detention facility.

And apart from their rich diets, the congressman adds, the prisoners' teeth are sparkling white, and their vision is 20/20 when reading the Koran.

"These detainees received 35 teeth cleanings, 91 filled cavities and 174 pairs of glasses," he says of the prisoners he encountered on one trip.

Rush for tickets

Coming soon to Washington, live and on stage, the one, the only — Rush Limbaugh.

Chris Berry of WMAL-630 AM fame tells Inside the Beltway that the Washington radio station over which Mr. Limbaugh is heard daily is bringing the popular broadcaster to the Warner Theatre at 8 p.m. Nov. 16 for an "Evening With Rush Limbaugh."

"Rush has thousands of fans throughout the Washington area," notes Mr. Berry, WMAL's president and general manager. "This will be a unique opportunity for them to see him as they never have before, up close and in person."

The evening is sponsored by the Heritage Foundation. A portion of the proceeds (tickets are $75 and $100, and will be available through Ticketmaster starting tomorrow) will benefit the Fisher House Foundation.

Beat by the clock

The gridiron of Washington's Gallaudet University hosted a rather lopsided flag football game this week between a U.S. Capitol Police squad and Democrats and Republicans who for once sported the same uniform.

"[I]f it wasn't for the clock running out, we would have had that big comeback and overcome that score of 35-7," insists Rep. Rick Renzi, Arizona Republican.

Doing his best to coach the bipartisan bunch while helping to raise $80,000 for the families of law-enforcement officers was none other than Rep. Tom Osborne, a Republican who during a quarter-century as head coach of the Nebraska Cornhuskers football team, garnered an outstanding 255-49-3 record.

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

The Trials Of The Century (NYT)

By Lawrence Wright

The New York Times, September 22, 2006

Austin, Tex.

THE fifth anniversary of 9/11 has come and gone, but there was a conspicuous figure missing from the retrospectives and commentaries: Osama bin Laden.

Al Qaeda's founder has clearly been marginalized even in his own movement, as other jihadist spokesmen, Ayman al-Zawahri and an American, Adam Gadahn, issued threats and demanded that Americans convert to Islam. Meantime, Pakistan has negotiated a truce with tribal chiefs promising to keep troops out of the Waziristan districts, where the leadership of Al Qaeda may be hiding, and the C.I.A. has closed Alec Station, the unit devoted to finding Mr. bin Laden. He is the forgotten man.

Fortunately, there are still some members of the American intelligence community who are interested in the terrorist's whereabouts. Not long ago one of them approached me — not because of my reporting on Al Qaeda but because of my experience as a Hollywood screenwriter, a talent pool the C.I.A. occasionally draws on for futurist thinking. The official asked me to envision what we would do with Mr. bin Laden if we caught him. I said that I didn't feel comfortable, as a reporter, writing a script for the C.I.A.

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I have given the idea some thought, however. Osama bin Laden is arguably the most famous man alive, and his name will resound through history. If we do have the good fortune of actually capturing him, the manner in which we bring him to justice will make a critical difference in the way in which his legacy will unfold. Here is my scenario for how this movie could end.

First, don't kill him. He'd become a martyr instantly, which is of course his goal. His death at the hands of Americans would be the ideal finale from a Qaeda perspective. Deny him that victory at all costs.

And, please, don't send him to Guantánamo or torture him in an undisclosed location. That route leads to his becoming a symbol of resistance to the erosion of the American legal system. The world will want to know what happens to him, and if he is hidden away, or subjected to a secret trial, then his reputation will soar as ours plummets. He has to be accorded the civilized treatment that he and his movement would never offer their enemies.

But don't bring him to the United States to answer for his crimes, at least not at the beginning. His followers would never accept the verdict of an American court. And, more to the point, neither would hundreds of thousands, perhaps millions, of Muslims who sympathize with him and his cause. It's that audience that we have to address in our attempt to roll back Mr. bin Laden's awful legacy.

Moreover, if he were tried in an American court, one can easily envision wide-scale attacks on American holdings and Americans being held for ransom in exchange for the terrorist leader. Placing him in the dock of the World Court would involve similar risks, and could lead to the sort of prolonged trial that sees him dying of natural causes, as in the case of Slobodan Milosevic.

We should, instead, offer him to the authorities in Kenya, where, on Aug. 7, 1998, a Qaeda suicide bomber murdered 213 people in the attack on the American Embassy. More than 150 people were blinded by flying glass in the attack — most of them Africans who were in or near the embassy or the secretarial school across the street, which was flattened by the blast. Let Mr. bin Laden sit in a courtroom in Nairobi and explain to those blind Africans that he was aiming only at an icon of American power.

Then take him to Tanzania, where on the same August morning Al Qaeda hit another American Embassy, killing 11 people, most of them Muslims. The terrorists excused the murder of their co-religionists by saying that the bombing took place on a Friday, when good Muslims should have been in a mosque. That would be an excellent venue to pose the question of what Islam really stands for.

Thus exposed as a mass murderer of Africans who had no part in his quarrel with America, Mr. bin Laden would be ready to stand trial for the bombing of the American destroyer Cole and, of course, 9/11. By treating him as a criminal defendant instead of a enemy combatant, we could underline the differences between a civil society and the Taliban-like rule he seeks to impose on Muslim countries and eventually the entire world.

Mr. bin Laden could go on to many other venues to answer for his crimes — Istanbul, Casablanca, Madrid, London, Islamabad — but in my opinion there is an obvious last stop on his tour of justice: his homeland, Saudi Arabia, where hundreds of his countrymen and expatriate workers have died at the hands of Al Qaeda. There he would be tried in a Shariah court, the only law he would ever recognize.

If he were found guilty, he would be taken to a park in the middle of downtown Riyadh known as "Chop Chop Square." There, the executioner would greet him with his long, heavy sword at his side. It is a Saudi tradition that the executioner personally beseeches the audience, composed of the victims of the condemned man's crimes, to forgive the condemned. If they cannot, the executioner will carry out his task. After that, Osama bin Laden's body would be taken to an unmarked tomb in a Wahhabi graveyard, as he would have wanted.

There are other ways this movie could end, and as a screenwriter I can't say that any of them are "happy" in the conventional Hollywood sense. But drama demands resolution, in real life as well as fiction. Since the Greeks, dramatists have known that a good ending is one that acknowledges the longing of the audience for justice and the sense that order has been restored.

I think the American intelligence community would be wise to pay attention to those ancient artistic dictates. The role that Osama bin Laden has cast himself in is that of the hero to Muslims who feel slighted by history and victimized by the West. It is a legend that could last for hundreds of years and inspire many generations of future terrorists. By turning his actions in other parts of the world against him, we can justly put that legend to rest.

HOMELAND RESPONSE:

Chief Defends Terror Arrests (MH)

By Lesley Clark

The Miami Herald, September 22, 2006

DOJ_NMG_0067381

WASHINGTON - Miami Police Chief John Timoney defended the arrest of the Miami Seven to a House homeland security committee Thursday, telling the panel that not all terrorists look like Sept. 11 ringleader Mohamed Atta.

Timoney, who testified about "local strategies in the war on terror" before a House homeland security subcommittee, acknowledged there had been skepticism about the June arrest of the seven men in Liberty City. Some community groups were troubled that the men appeared to lack the means to conduct an attack -- no weapons or bomb-making materials.

The seven defendants who have been charged with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings are to go on trial in March.

"I was skeptical, as was the FBI, but not once did [the suspects] back off," Timoney said. ``Suffice it to say there were enough overt acts that we had to take it seriously."

Timoney's remarks came after Rep. Ileana Ros-Lehtinen, R-Miami, asked Timoney about the case, noting that the arrest of the seven men, to some observers, ``hardly passed the smile test."

Timoney suggested the same questions might have been asked if British police had arrested the men responsible for the July 2005 subway bombing in London before they carried it out.

'I can guarantee you if Scotland Yard had arrested them two weeks earlier, people would have said, `That guy's not a terrorist, he's Jamaican,' " Timoney said. ``We all had this perception of a terrorist looking like Mohamed Atta, walking through the airport. Now we know that's not so."

Timoney told the panel that progress has been made since the Sept. 11, 2001, attacks in terms of local police working with the FBI.

But he noted that it's still not clear ``who has the ultimate responsibility for intelligence gathering."

Deal Is Reached On Plants And Terrorism (NYT)

By Eric Lipton

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Republican Congressional leaders who oversee Department of Homeland Security operations reached agreement Thursday on a plan that would give federal officials the power to shut down high-risk chemical plants that do not comply with proposed new anti-terrorism measures for that industry.

The proposal is more stringent than an industry-backed plan that many other Republican senators had already endorsed.

Under the agreement reached Thursday by Senator Susan Collins of Maine and Representative Peter T. King of New York, the regulations would apply to all high-risk plants, instead of just those defined as highest risk.

The regulations would also give the Department of Homeland Security the power to review and approve plans devised by plant owners, to inspect facilities to determine compliance and to shut any noncompliant plants, according to a statement by Ms. Collins and Mr. King. To encourage Congress to enact more comprehensive regulations, they would expire after three years.

It is not yet clear that this language — which may be considered too stern by some Republicans and too relaxed by many Democrats — will be approved by the full conference committee, which is scheduled to meet Monday evening on the department's budget. The provisions on chemical plant regulations are supposed to be inserted in that bill, with the goal of final approval of the measure next week.

ID Program Will Cost States $11 Billion, Report Says (WP)

By Darryl Fears

The Washington Post, September 22, 2006

The cost to consumers for helping to secure America became clearer yesterday as a coalition of state groups tallied the bill for implementing the Real ID Act and federal officials divulged the price that some of its workers must pay for new smart cards.

In a report released by the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, state motor vehicle officials estimated it would cost more than $11 billion over five years to implement the technology required by the Real ID Act.

Under the law, states must start to re-enroll about 250 million holders of U.S. driver's licenses after May 2008. The states must train workers to verify copies of original birth certificates, Social Security cards, marriage certificates and various identification documents.

"The days of going to the DMV and getting your license on the same day are probably over," said David Quam, director of federal relations for the National Governors Association. "You'll have to take all your documents as if you were applying for the first time. What this comes down to is that more people will be in DMV offices spending more time to get an ID."

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The Real ID Act was passed last year to protect against terrorist infiltration and crack down on illegal immigration. Without the new identification, citizens will be barred from airplanes, sections of airports, and military bases and other federal facilities, unless they have another form of federally issued identification, such as a passport.

The report, "The Real ID Act: National Impact Analysis," does not say whether the cost of implementation will be passed on to drivers and holders of state identification cards. But Homeland Security officials said the price of similar new smart cards for 750,000 workers at ports and other transportation facilities will be about $140 each.

The State Department recently raised passport fees for adults to $97 to incorporate security into new e-passports, and a smart ID card for federal workers is expected to cost $100 to $150.

State officials have complained about the costs of Real ID since the law was passed. Re-enrolling drivers and other cardholders alone will cost about $8.5 billion, according to the report. An additional $2.5 billion will be spent to vet applicant information through various agencies, store the data and design new cards.

House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.), who introduced the Real ID Act, strongly disagreed with a similar cost estimate presented by the groups last year, saying it was bloated. The chairman cited a Congressional Budget Office report that estimated the cost of implementation at $100 million between 2005 and 2010.

According to the budget office report, the federal government would reimburse $20 million to states for implementing Real ID. State officials scoffed at that amount.

"Congress has not appropriated anywhere close to the money it takes to implement this law," Quam said.

In the report, DMV officials said the two-year timetable for issuing the new licenses was unrealistic. The report recommended that Congress extend the May 2008 deadline, create a 10-year schedule for ID re-enrollment and give states more money.

Yesterday's revelations about costs came as the House passed three more border security measures aimed at terrorist infiltrators and immigrants who sneak across the southern border in search of jobs.

The proposals would authorize federal prison time for those caught building or financing border tunnels, create tough new penalties for illegal-immigrant gang members and criminals, and grant explicit authority to local police officers to enforce federal immigration laws.

The final bill would also allow the immediate deportation of undocumented Salvadoran workers, who are currently protected under court decisions on asylum dating to El Salvador's civil war in the 1980s. The Washington area has one of the nation's highest populations of Salvadorans.

Staff writers Jonathan Weisman and Spencer Hsu contributed to this report.

Ex-Pan Am Workers Finally Will Get Paid (WT/AP)

By Vinnee Tong

The Washington Times, September 22, 2006

NEW YORK -- In the 15 years since Pan American World Airways shut down, Anthony La Pera had assumed he would never get paid his leftover wages and accrued vacation. But Mr. La Pera and another 15,000 former employees can expect to open their mailboxes one day in December and find that a check has arrived, marking the end of the liquidation of an iconic airline.

In July, a federal bankruptcy judge authorized the Pan Am Corp. to distribute the money it had secured in a settlement with the government of Libya. Sending out those checks marks the end of a long process of winding down Pan Am.

"This is about as final as it can get," said Walter Curchack of the law firm Loeb & Loeb, which helped negotiate the settlement agreement on behalf of Pan Am.

The defunct Pan Am, which started in 1927 and helped create what was then a new industry, shut down on Dec. 4, 1991, after declaring bankruptcy that January. Among the last, fatal blows it suffered was the 1988 bombing of Flight 103, a now-infamous attack that ended with 270 dead when a bomb exploded on board as the plane flew over Lockerbie, Scotland.

In 2003, Libya accepted responsibility for the bombing and agreed to pay restitution to the victims. Pan Am's payments come from a separate settlement of a lawsuit its insurers brought against the Libyan government.

Mr. La Pera, 68, and other former employees recently received notices from Wells Fargo & Co., which is coordinating the distribution of about 43 percent of Pan Am's settlement money to former employees. Those who are eligible will get between 5 percent and 6 percent of what they were owed when the airline shut down in 1991.

For Mr. La Pera, that means he will get a check in the range of $1,250 to $1,800, because he was owed between $25,000 and $30,000 for accrued vacation and back pay.

"It's like found money, in effect, because nobody expected anything to come out of this," he said.

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Richard Vieta, another former employee, remembers well the day the airline shut down: It was his birthday. And after the company folded, he was one of a small group of employees who remained to catalog and sell off pieces of the airline.

Mr. Vieta had worked at the airline nearly 30 years scheduling maintenance and tracking aircraft parts. His last year was spent at New York's John F. Kennedy International Airport's jet center and hangar No. 19, helping an auctioneer sell off parts from the disassembled planes.

"What I think Pan Am demonstrates is that these are the unrecognized victims of the industry's problems -- people that did dedicate themselves to an employer for a long time and basically got left out," Mr. Curchack said.

Since the bankruptcy filing in late 1991, Mr. Curchack and others, including former Pan Am lawyer Paul Rendich, have worked to secure a settlement.

"This case has been literally, for the last 10 years, a sort of a matter of honor to many of the people involved in it," Mr. Curchack said. "It's a vindication in that there's some resolution for Pan Am and some of its employees, who felt they were personally attacked by the bombing of Flight 103."

Flight 103 was partially insured for $32 million in damage from acts of war or terror; the entire plane was valued at $67 million. The insurers paid $32 million to Pan Am, then pursued a civil case to recover damages from the Libyan government on behalf of the airline.

But because the civil lawsuit could not proceed until a related criminal one was resolved, there was little movement in the case for about a decade.

In the meantime, two Libyan agents, Abdel Basset Ali al-Megrahi and Lamen Khalifa Fhimah, were prosecuted under Scottish law through a court at The Hague for carrying out the bombing. In 2001, Mr. Fhimah was acquitted and al Megrahi convicted of murder.

As al-Megrahi's appeals wound down, representatives of the insurers and Pan Am began speaking to Libyan negotiators and their French lawyers about a settlement. The discussions intensified in 2004 and continued into 2005 by phone and at meetings in London, Paris and Tripoli.

Mr. Rendich, who had worked as a lawyer for Pan Am since the 1980s, said that at one point, the Libyans tried to pit Pan Am against its insurer and tried to blame the airline's closure on economic factors unrelated to the bombing.

The two sides finally reached a deal on Feb. 18, 2005, and the bankruptcy judge overseeing the case approved the deal a month later.

Minus certain fees and the portion of the settlement that goes to the insurers, Pan Am Corp. will have about $31 million to distribute among former employees, ticketholders, bank lenders, commercial vendors and other creditors.

An Agreement Is Formalized On Rebuilding At Ground Zero (NYT)

By Charles V. Bagli

The New York Times, September 22, 2006

Now, at long last, finally, for sure, the new framework for rebuilding at ground zero is in place. A firm deal was approved yesterday. Really. The developer Larry A. Silverstein is out of the Freedom Tower; the Port Authority of New York and New Jersey is in. The rent disputes are settled.

It took months to get to this point, after a tentative agreement was front-page news in April. Along the way, and with the diligent help of legions of lawyers, the 12-page “conceptual framework” of April mushroomed into 12 thick volumes.

Of course, no agreement or news conference at ground zero would be complete without some last-minute wrangling between Mr. Silverstein and, in this case, city officials.

They worked out their differences through clenched teeth yesterday afternoon, even if it was 90 minutes after the Port Authority board formally voted on the plan, described as a “global realignment” at ground zero.

That was followed by a celebratory, semi-secret news conference at the World Trade Center site with Gov. George E. Pataki, Deputy Mayor Daniel L. Doctoroff, Mr. Silverstein and members of the Port Authority. Most of the press missed it because the announcement went out minutes before it started.

The point of it all was to ratify the tentative April agreement. It ensures that four new office towers, including the $2.2 billion Freedom Tower, are to be built by 2012, along with a shopping mall, a $2.2 billion transit center and the $500 million memorial.

“The time has come to build this,” said Anthony R. Coscia, the authority’s chairman.

After all the delays, squabbling and security concerns of the past five years, there is progress. The Port Authority is building the transit center. Workers are excavating for the footings and foundations of the Freedom Tower and for the memorial.

Under this agreement, the Port Authority has taken responsibility for the Freedom Tower and a second development site a block away. Mr. Silverstein, who leased the trade center complex from the Port Authority six weeks before it was destroyed, has responsibility for building three towers on the east side of the 16-acre site, along Church Street, by 2012.

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The authority has agreed to excavate the sites for two towers by the end of 2007. It must provide the third site to Mr. Silverstein by mid-2008. If the authority, which plans to start running two 10-hour shifts at ground zero, fails to meet the schedule, it must pay him a $300,000-a-day penalty.

If Mr. Silverstein falls behind on even one of the towers, he risks losing them all.

The Port Authority agreed yesterday to lease 600,000 square feet in Tower 4 at $59 a square foot, not the $78 that Mr. Silverstein wanted. After hours of tense negotiations Wednesday night and yesterday morning, the city agreed to rent the same amount of space on lower floors for $56.50 a square foot. Mr. Silverstein also has the option of leasing it to corporate tenants at higher rates, if he can get them.

Last week, the federal and New York State governments tentatively agreed to lease 1 million square feet in the Freedom Tower, the tallest, most symbolic and most widely criticized skyscraper planned for ground zero.

Critics have questioned the decision to build 8.8 million square feet of office space in such a short time, and then to fill these expensive towers with public employees.

But officials praised the deal yesterday. “This is a historic event that details a specific financial plan for this massive rebuilding project, commits to deadlines for various milestones and moves us forward toward a swift completion date,” Governor Pataki said. “I’m extremely proud of the progress we have made so far.”

Mr. Silverstein said: “We need to keep building on this partnership so that together we can get the World Trade Center rebuilt.”

This doesn’t mean all the arguments and debates are over, or even that the Freedom Tower will be built.

As Mr. Coscia said yesterday, the actual plan for the tower “is not part of the agreement we’re executing today.” The Port Authority committed to building the Freedom Tower providing it has a viable financial plan that includes 1 million square feet of leases to anchor the building.

The tentative agreements with the state and federal government, Mr. Coscia said, are a significant step toward an “irrevocable contract.” But a lot can happen before a contract is signed.

There is also outstanding litigation with insurers over the $4.6 billion in insurance proceeds at ground zero. The money, including $973 million for the Freedom Tower, is needed for construction. So far, the insurers have paid only about $2.2 billion, and $1.6 billion has been spent.

The plan for the memorial has not been finished, nor has all the money been raised.

Still, Mayor Michael R. Bloomberg, who was in California yesterday, told reporters there: “It’s really a very good deal for everybody.”

Pact May Mean Rebuilding Delay At Ground Zero (WSJ)

By Alex Frangos

The Wall Street Journal, September 22, 2006

Several buildings at Ground Zero may not be completed for another seven years -- a year longer than previously promised -- under terms of an agreement approved yesterday to rebuild the World Trade Center.

The pact between developer Larry Silverstein and the Port Authority of New York and New Jersey, which owns the site, is the most definitive rebuilding blueprint to date. It divides control of development rights for the five planned towers at the site between Mr. Silverstein and the Port Authority. Mr. Silverstein will build three office skyscrapers on the east side of the site. The Port Authority will own the signature Freedom Tower, one other tower, and a shopping mall.

Amid the din of earth-moving equipment in the 90-foot-deep pit where the Twin Towers stood, New York Gov. George E. Pataki hailed the deal as "the last major hurdle toward the completed redevelopment of the World Trade Center site."

1 THE FOUR TOWERS

See a slideshow2 of architect's plans for three office towers to be built alongside the Freedom Tower.

Details of the pact show, however, that completion of Mr. Silverstein's three office towers may take longer than previously anticipated. He received a one-year "grace period" beyond the 2012 deadline earlier agreed upon, according to Port Authority Chairman Anthony Coscia. Should Mr. Silverstein fail to deliver the three skyscrapers by the new deadline, around the end of 2013, he could lose the properties entirely.

A Port Authority official said Mr. Silverstein's potential construction lenders were uncomfortable with the more-aggressive timeframe.

Construction of the Freedom Tower also remains uncertain. Tentative commitments with federal and state agencies to take space in the Freedom Tower must become actual leases, and Congress needs to approve the federal lease. Preliminary work on the Freedom Tower's foundation is continuing, and the lack of signed leases isn't likely to halt the project right away, but could affect its long-term prospects.

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The City of New York agreed to take 581,000 square feet of office space in Mr. Silverstein's Tower 4, for a starting rent of $56.50 a square foot. The city's rent is 5% lower than a deal struck by the Port Authority for the same building because the city is taking lower floors. Mr. Silverstein has an option to cancel the city's lease over the next two years if he finds higher-paying tenants.

Some issues that could halt development remain unresolved, most notably several lawsuits against the Twin Towers' insurers.

WAR NEWS:

Bush To Meet Presidents Of Pakistan And Afghanistan (CHIT)

By Mark Silva

Chicago Tribune, September 22, 2006

WASHINGTON -- The survival of Afghanistan's fragile government in the face of a resurgent Taliban threat will be high on the agenda for President Bush and the presidents of Pakistan and Afghanistan in a series of White House meetings starting Friday.

While the White House credits Pakistan for helping to capture or kill more Al Qaeda operatives than any other country since the attacks of Sept. 11, it worries about support that Pakistan's unruly regions provide for Taliban fighters intent on unseating the government of Afghan President Hamid Karzai.

The White House is counting on Pakistan President Pervez Musharraf to prevail upon tribal leaders to prevent foreign fighters from crossing into Afghanistan.

The White House sessions, starting with a meeting between Bush and Musharraf on Friday, could serve to underscore what one analyst calls a "sweet and sour" relationship between their two countries, once at odds over Pakistani nuclear ambitions but now allies in a war against terrorism. After Bush plays host to Karzai on Tuesday, the administration plans a meeting of all three leaders Wednesday.

"Afghanistan is the issue that is of the greatest danger for the U.S.-Pakistan relationship," says Teresita Schaffer, director for South Asia at the Center for Strategic and International Studies. "Because we have been working at cross-purposes. Afghanistan is the one place where you could have Pakistani-supported forces coming into conflict with U.S. soldiers."

Although Musharraf has called the Taliban a greater threat to security than Al Qaeda because of the popular support it enjoys, the Pakistani leader— whose government once supported the Taliban — has made accommodations with its operatives based along the border within his own country.

The White House is counting on Musharraf to work with tribal leaders to prevent foreign fighters from crossing the border, to make those tribal leaders "part of the solution rather than part of the problem" and get them "to put pressure on people to lay down arms and behave," spokesman Tony Snow said Thursday. "That's going to be something which is going to be under discussion" Friday.

Analysts say it is imperative that this message is underscored in the meetings among Bush, Musharraf and Karzai.

"If they do things right, they will use the Bush-Musharraf meeting to set up the trilateral [meeting] to make it real clear that the U.S. is very concerned about what Pakistan is doing in Afghanistan," said Schaffer, a former assistant secretary of state for South Asia who served in several U.S. embassies there.

Noting the troubling "relationship between the Pakistani government and the extremist organizations," Schaffer said, "I am quite convinced that the policy of the Pakistani government is to manage these organizations, rather than put them out of business. And I am not sure that that's a balancing act that's sustainable."

U.S. and NATO forces are attempting to protect the Afghan government against a violent uprising of the Taliban, who were toppled in a U.S.-led invasion in 2002 but whose key ally, Al Qaeda leader Osama bin Laden, was not captured.

Since then, bin Laden and other Al Qaeda leaders are believed to have secured refuge in Pakistan, which also has harbored other terrorists, including some of those believed responsible for a recently thwarted plot to hijack several airliners bound from Britain to the U.S.

While Musharraf has been praised for democratic reforms since taking control of Pakistan in a military coup in 1999, including election of a parliament that has confirmed his presidency and promises new elections next year, he also has been faulted for failing to secure a vast and violent border region whose rebels threaten not only him but also his neighbor.

"The unfortunate history of our region has placed Pakistan in the front line of the global campaign against terrorism," Musharraf said in an address to the United Nations this week.

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"Afghanistan confronts complex security, political and economic challenges, including a resurgent Taliban, who also threaten Pakistan's efforts against extremism and terrorism," Musharraf told the UN. "Problems along the bordering regions of Pakistan and Afghanistan are compounded by the continuing presence in Pakistan of over 3 million Afghan refugees, some of them sympathetic to the Taliban."

Bush credited Pakistan with capturing or killing "hundreds of Al Qaeda terrorists" when he met with Musharraf earlier this year in Islamabad, and the two leaders spent "a good while" talking about "the work that needs to be done."

The president is confident, Snow said, that Musharraf will "complete the job" in going after Al Qaeda operatives "and people sympathetic to the Taliban."

Yet the Bush administration remains concerned about nuclear technology that a network once run by A.Q. Khan, the mastermind of Pakistan's own nuclear bomb development, has provided for Iran, Libya and other nations. The U.S. had imposed sanctions against Pakistan after discovering its clandestine nuclear program in 1990 and tightened sanctions after Pakistan tested a nuclear bomb in 1998 in response to India's bomb testing and the Pakistani military coup of October 1999.

John Bolton, U.S. ambassador to the UN, this week cited blueprints for uranium hemispheres that Khan's network provided for Iran as evidence that Iran's nuclear enrichment program is aimed at bomb-building rather than civilian nuclear power. The casting of uranium into hemispheric shapes forms the core of a nuclear bomb.

"There's only one use of uranium metal formed in the hemisphere, and that's to form a nuclear weapon," Bolton told CNN. "Nothing to do with peaceful uses of nuclear power."

The U.S. lifted its sanctions against Pakistan and resumed military assistance — $3 billion promised over five years — after Musharraf's show of U.S. support after 9/11.

Bush To Press Afghan, Pakistani Leaders On Terror Issues (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 22, 2006

WASHINGTON - Faced with a bloody Taliban resurgence in Afghanistan, President Bush over the next several days will be prodding leaders from Afghanistan and Pakistan to work together against Islamic extremists.

The diplomatic arm-twisting comes at a particularly challenging time in a region that remains a spawning ground for international terrorism. In Afghanistan, a Taliban military offensive is testing the viability of the U.S.-backed government in Kabul. Neighboring Pakistan continues to serve as a haven for Taliban operatives and al-Qaida terrorists.

"The real war on terror is going on in Afghanistan, and, frankly, it's not at all clear that we're winning," said William Milam, a former U.S. ambassador to Pakistan. "Pakistan could help by keeping the Taliban out of there."

Bush is sure to deliver a similar message to Pakistani President Pervez Musharraf when they meet in the Oval Office on Friday. He'll also press Musharraf for information on the search for Osama bin Laden, the al-Qaida leader who's believed to be operating in the Afghanistan-Pakistan border region.

Engaging in shuttle diplomacy from the comfort of the White House, Bush will meet Tuesday with Afghan President Hamid Karzai before welcoming both leaders to a three-way summit over dinner on Wednesday. It could be a heartburn-inducing meal.

"Karzai and Musharraf do not like each other," said Stephen Cohen, a South Asia specialist at the Brookings Institution. "Our influence with both is declining."

Barnett Rubin, a South Asia expert at New York University's Center on International Cooperation, told the Senate Foreign Relations Committee Thursday that Pakistan has become "the global center of terrorism." He said Bush should use a "big diplomatic stick" to force Musharraf to shut down the Taliban's headquarters in Quetta, a provincial capital.

"The government of Pakistan has done virtually nothing to disrupt the command and control of the Taliban, which is based in Pakistan," Rubin told the Senate panel. "The destabilization of Afghanistan, insofar as it's coming from abroad, is coming from Pakistan, regardless of the fact that President Musharraf speaks good English, wears a suit and says things that we like to hear."

Karzai has complained repeatedly that Musharraf isn't doing enough to keep Islamic extremists from using Pakistan as a base for attacks in Afghanistan. Pakistan was one of three countries, along with Saudi Arabia and the United Arab Emirates, that recognized the Taliban regime when it served as al-Qaida's government sponsor in Afghanistan.

Musharraf switched sides after the terrorist attacks on Sept. 11, 2001, but critics say he's been a less-than-stalwart ally in the war on terrorism - despite an infusion of more than $3 billion in U.S. aid to Pakistan since his conversion.

Although Pakistan has captured some well-known al-Qaida members, including Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind, it hasn't arrested a single Taliban leader.

On Thursday, Marine Gen. James Jones, NATO's top military commander, confirmed that the Taliban leadership is directing the insurgency from Quetta, the capital of a Pakistani province.

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Musharraf recently pulled his troops back into their barracks in the border region for what he said were promises from separatists to halt infiltration into Afghanistan. But Western diplomats in Kabul said the deal has effectively ceded the region to the militants.

Musharraf, who has survived multiple assassination attempts, bristles at suggestions that he's soft on terrorism. During a visit to the United Nations earlier this week, he suggested that Afghanistan is exporting extremists to his country.

Musharraf said Pakistan has been burdened with 3 million Afghan refugees, "some of them sympathetic to the Taliban." He blamed the Taliban's resurgence on home-grown Afghan extremists.

"Where were they from, Pakistan?" he asked sarcastically. "Certainly they were from Afghanistan. They were the people of Afghanistan who took over Afghanistan under (Taliban leader) Mullah Omar."

Bush has tussled with both leaders over military operations in their countries. He rebuffed Karzai's efforts last year to assert more Afghan control over U.S. military operations. Bush and Musharraf differed publicly this week over whether the United States could attack bin Laden in Pakistan without involving the Pakistani military.

Bush told CNN on Wednesday that he "absolutely" would send U.S. forces into Pakistan if he had good information on bin Laden's whereabouts. When asked for his reaction, Musharraf told reporters, "We wouldn't like to allow that at all. We will do it ourselves."

Pakistan Official Defends Truce (WT)

By Sharon Behn

The Washington Times, September 22, 2006

Pakistan's point man on a truce with tribal elders along the country's restive border with Afghanistan yesterday rejected charges that the agreement would undermine the fight against Islamic extremists.

Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province also criticized the United States for being slow to deliver on critical military equipment and support needed to combat Taliban fighters.

Mr. Aurakzai, who was a corps commander in the border region when the United States invaded Afghanistan, said the agreement he had helped hammer out with tribal leaders of North Waziristan was part of a broader strategy to keep terrorists out.

"It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm," Mr. Aurakzai told editors and reporters at The Washington Times yesterday. The government planned to pump $2 billion into the tribal areas over the next nine years for "massive development," he said.

Top officials in both Afghanistan and the United States are skeptical of the deal and of Islamabad's overall commitment to the war on terror. The officials fear that Taliban fighters will continue to use Pakistan as a safe haven, harbored by tribal leaders.

The Taliban rulers of Afghanistan gave refuge to Osama bin Laden and other al Qaeda leaders until the September 11, 2001, attacks, and Pakistan was one of the regime's closest allies. Pakistani President Pervez Musharraf said he decided to cooperate with Washington in the war on terror following a U.S. threat to bomb his country.

In an interview with the CBS news magazine show "60 Minutes" that will air Sunday, Gen. Musharraf said then-Deputy Secretary of State Richard L. Armitage had conveyed the U.S. threat to Pakistan's intelligence chief.

"The intelligence director told me that [Mr. Armitage] said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age,'" Gen. Musharraf said. "One has to think and take actions in the interests of the nation, and that's what I did."

Mr. Armitage was not immediately available for comment. A Bush administration official said there would be no comment on a "reported conversation between Mr. Armitage and a Pakistani official."

But the official said, "After 9/11, Pakistan made a strategic decision to join the war on terror and has since been a steadfast partner in that effort. Pakistan's commitment to this important endeavor has not wavered and our partnership has widened as a result."

Mr. Aurakzai said that despite having 80,000 Pakistani troops currently deployed along 375 miles of border with Afghanistan, there were still areas that people could crawl through.

"You cannot rule out the possibility of infiltration through the gaps and those have to be monitored through electronic intelligence and that [should come] from our friends -- we don't have the means," Mr. Aurakzai said.

He accused the United States of dragging its feet on Pakistan's requests for more help in trying to control the treacherous border terrain, including night-vision equipment, sensors and attack helicopters.

"There is an urgency when we are asked to do something -- then it is the day before yesterday." But Washington's response "is terribly slow, there is no urgency," he said.

The governor acknowledged Taliban members were an integral part of the tribal society of Pakistan and that foreign fighters from the 1979-89 war against the Soviet Union were still living in the area.

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But he insisted they would conform to the terms of the Sept. 5 agreement which bans all cross-border movement except for "easement" rights for tribes divided by the border.

If successful, the agreement with the tribes in North Waziristan could be replicated in the more restive South Waziristan, and even Afghanistan, Mr. Aurakzai said.

President Bush in a television interview Wednesday expressed his wariness about the Pakistan deal, and said he would send forces into Pakistan to capture or kill al Qaeda leaders if intelligence tracked them into that country.

"We have made it clear that [Gen. Musharraf] should not provide an environment that enables people to go from his country into Afghanistan," Mr. Bush said.

Mr. Bush is to meet with Gen. Musharraf in Washington today, and hold a joint meeting with Gen. Musharraf and Afghan President Hamid Karzai on Tuesday to discuss Taliban and al Qaeda activities on the border areas.

Mr. Aurakzai rejected suggestions that his country was providing refuge to insurgents.

"The trouble started in Afghanistan. They have been exaggerating things out of proportion. They have been covering their own mistakes," he said.

Congress Stalls On Minimum Wage, Tribunals And Other Key Issues (WSJ)

By John Harwood

The Wall Street Journal, September 22, 2006

CONGRESS FALTERS on resolving critical issues.

Even amid progress on military tribunals, chances fade for granting Bush more leeway on wiretaps. Prospects wane for pairing minimum-wage increase with incentives for small-business health coverage.

Despite calls from vulnerable House Republicans -- and paltry congressional job-approval ratings -- lawmakers are unlikely to raise Medicare payments to physicians since financing possibilities rankle "whoever's ox is gored," a Republican aide says.

Promoting book on Congress,"The Broken Branch," co-author Norm Ornstein calls gridlock a "gift that keeps on giving."

LACKLUSTER FUND RAISING clouds Republican Senate hopes.

Though Democrats face uphill climb for six-seat gain, Republican strategists fear opposing campaign committee's $12 million cash edge heightens chances of an upset. Defenders of Sen. Dole, who heads up Republican committee, cite cash competition from 2008 presidential wannabes Frist and McCain.

Democrats believe Menendez of New Jersey is their only incumbent at risk, though they dismiss talk of replacing him on ballot with Rep. Andrews. After scare from antiwar left, incumbent Cantwell in Washington leads Republican challenger McGavick. In Maryland, Democrats grudgingly credit Republican Steele for effective, offbeat ads, but count on state's blue tint to elect moderate Rep. Cardin to succeed retiring Sarbanes.

WHITE HOUSE FRETS about Afghanistan before Bush meets with Karzai.

The president praises Afghan counterpart, but senior officials worry Karzai isn't strong enough to quell Taliban threat. He hasn't wrested power from warlords or extended his reach much beyond Kabul.

Karzai blames Pakistan, straining relations with its President Musharraf. Administration officials were surprised by Pakistan's cease-fire agreement with Taliban-linked militants; they privately share Karzai's belief that Muslim extremist groups are using Pakistan as a base.

White House won't press Pakistan publicly now, fearing further reduction in Musharraf's antiterror cooperation.

ZOELLICK'S EXIT from State Department gives Paulson more running room on international economics, since Zoellick had previously been trade representative. Though predecessor Snow traveled to Ohio battleground during 2004 campaign, Paulson swears off political travel, saying, "The president wants me to be secretary of the Treasury."

UNITED? Though most countries agree U.N. Security Council needs more than five countries with veto, three of those with that power dissent for different reasons. U.S. wants Japan to join that club, but only after U.N. reforms. Russia and China fear their prestige would be diluted in larger group.

SPITZER WILL JOIN actor Martin Sheen for October fund-raising clambake at Kennedy family compound in Hyannis Port, Mass. Event will swell coffers of Ted Kennedy son Patrick, a Rhode Island House member occupied lately with recovery from prescription-drug addiction.

GENERATION GAP? Democratic insiders worry about age of those slated for important chairmanships if House changes hands. Dingell of Energy and Commerce is 80 years old, Conyers of Judiciary is 77, and Rangel of Ways and Means is 76 -- each more than a decade older than Republican chairman. But attempts to leapfrog veterans would trigger infighting and look unlikely.

ADMINISTRATION FACES congressional resistance to Vietnam trade pact.

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Textile-friendly Republican Sens. Dole of North Carolina and Graham of South Carolina resist letting Vietnam join WTO. They warn trade representative Schwab of "large-scale job losses in both our states" and seek limits on Vietnamese apparel exports to U.S.

"We're looking for some way for the industry to defend itself," says industry advocate Cass Johnson. To soothe domestic companies, Commerce Department official Lavin visits North Carolina textile executives.

After returning from China, Paulson will meet with Sen. Schumer, who may seek floor action on tariff bill.

MINOR MEMOS: Former NFL quarterback Heath Shuler, battling Republican Rep. Taylor in North Carolina, says he's happy his children aren't old enough to understand negative TV ads. ... Brad Meltzer, author of best-selling terror-themed novel "The Book of Fate," says Americans crave politicians like reluctant-hero Spider-Man to battle al Qaeda.

Taliban's Gains Forestall U.S. Troop Reductions In Afghanistan (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 22, 2006

The U.S. military plans no troop cuts in Afghanistan before March, as fighting intensifies against Taliban forces that have gained influence in a political and security "vacuum" in the southern part of the country, according to a senior U.S. commander.

"Our troop levels in Afghanistan will remain about steady through . . . February," said Lt. Gen. Karl W. Eikenberry, who leads the Combined Forces Command in Afghanistan. There are approximately 20,000 U.S. troops in Afghanistan, the highest number since the U.S.-led invasion in October 2001 to overthrow the Taliban government.

Eikenberry said Taliban fighters and extremists have grown more numerous, organized and determined in some parts of the south and southeast, where foreign troops were limited and the Afghan government was weak.

"You do have challenges where Taliban has moved into an area you could perhaps call a vacuum, or at least very weak governance," Eikenberry said at a Pentagon news conference. "In some areas there are more Taliban extremists than there were at this point last year. And within some areas they . . . demonstrated better command-and-control and they're fighting harder."

Yet a more robust Taliban is still no match for U.S. and NATO troops and 76,000 Afghan security forces, Eikenberry said. "Wherever our forces go, wherever NATO forces go, increasingly wherever the ANA, the Afghan National Army, goes, then the enemy is defeated and they disappear," he said.

The primary challenge in Afghanistan is not military but rather one of extending the reach of the central government and bolstering economic development, Eikenberry said.

Nevertheless, he said, Afghanistan's burgeoning drug trade presents a fundamental threat that could ultimately undermine both the U.S. military mission and the nation's government. The sheer scale of the drug trafficking and the money involved creates "the prospect of absolute corruption of the government," he said, as well as the likelihood that drug money will fund terrorism.

The contingent of U.S. troops in Afghanistan has swelled in recent years partly because far more American soldiers -- about 5,000 now -- are in the country training Afghan security forces. An additional 2,000 are doing logistical work or providing manpower for12 Provincial Reconstruction Teams (PRTs) that are assisting local Afghan officials with rebuilding, he said.

The U.S. military is also keeping troop levels steady as NATO prepares to take over another contentious region -- eastern Afghanistan along the Pakistan border -- by the end of this year.

As a member of NATO, the United States will remain the biggest provider of troops in Afghanistan and will retain the lead role in combating terrorist leaders and groups such as al-Qaeda. Asked about the politically sensitive issue of waging strikes against Osama bin Laden or other terrorist leaders across the border in Pakistan, Eikenberry said he has the "authority and flexibility to take the fight to international terrorism."

"We will maintain our strong national capability in support of counterterrorism missions to strike al-Qaeda and its associated movements wherever and whenever they are found," he said in an opening statement.

Pakistani Leader Says Armitage Made Bomb Threat (USAT/AP)

USA Today, September 22, 2006

WASHINGTON — Pakistani President Pervez Musharraf says a State Department official threatened to bomb his country “back to the Stone Age” after the Sept. 11 attacks if he did not help the U.S. war on terrorism.

The threat was delivered by Richard Armitage, who at the time was deputy secretary of State, to Musharraf's intelligence director, the Pakistani leader told CBS' 60 Minutes.

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"The intelligence director told me that (Armitage) said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age,' " Musharraf said in an interview to be broadcast Sunday. "I think it was a very rude remark," Musharraf told reporter Steve Kroft.

By agreeing to cooperate with the United States, Musharraf said, he reacted responsibly. "One has to think and take actions in the interests of the nation, and that is what I did," he said.

Armitage disputed the language attributed to him but did not deny his message was a strong one, 60 Minutes said.

The former deputy secretary of State could not be reached immediately Thursday by the Associated Press.

Julie Reside, a State Department spokeswoman, declined to comment on the reported conversation between Armitage and the Pakistani official. "We are referring all questions to Mr. Armitage," she said.

Pakistan has been a close ally in the war on terrorism, Reside said.

"We are continuing to work cooperatively with them and in the process are broadening our bilateral relationship," Reside said.

The relationship has shown signs of strain. Pakistan vowed Thursday not to let foreign forces enter its territory, a day after President Bush told CNN he would "absolutely" order American military action inside the country if Osama bin Laden were found hiding there.

In a speech in January 2002, four months after the attacks on the World Trade Center and the Pentagon, Musharraf gave a speech in which he clearly came down on the side of reform at home and opposition to Islamic fundamentalism.

In recent months, though, as the Taliban insurgency has intensified in Afghanistan, Pakistan has shown a reluctance to go after militants taking refuge in the rugged, mountainous region along its 1,500-mile border with Afghanistan.

Earlier this month, Musharraf's government struck a deal with tribal leaders along the border. It requires them to expel foreign al-Qaeda fighters in return for the release of tribesmen arrested in sweeps for Islamic militants.

Sen. Joseph Biden, D-Del., one of the deal's many critics, accused Pakistan of "turning a blind eye to the Taliban high command" operating on its soil.

Musharraf is scheduled to meet with Bush today at the White House. The two leaders are scheduled to get together again next week in a three-way meeting with Afghan President Hamid Karzai.

$70B OK'd For Iraq And Afghan War Funds (AP-Y)

By Andrew Taylor

AP, September 22, 2006

House-Senate negotiators Thursday approved a new $70 billion infusion for military operations in Iraq and Afghanistan as they wrapped up talks on a $447 billion Pentagon funding bill.

The additional war funds would bring the total approved by Congress for the wars in Iraq and Afghanistan since Sept. 11, 2001, to more than $500 billion, with another installment likely to come next spring.

At the same time, the White House beat back an attempt by Republicans on the appropriations committees to take an additional $2 billion from defense programs to ease cuts to domestic programs such as education and grants to local governments.

The bill would be the first of 11 spending bills to clear Congress for the budget year beginning Oct. 1. With progress so slow on other bills — the homeland security bill is the only other spending measure likely to pass before Congress adjourns next week to campaign for fall elections — the Pentagon measure will also carry a stopgap funding bill to keep open agencies whose funding bills won't have passed.

The defense measure is certain to enjoy sweeping support in Congress despite widespread anxiety about how well the wars in Iraq and Afghanistan are going. Even opponents of the war tend to support the measure because it supports U.S. troops in harm's way.

"The troops are stretched thin," said Rep. John Murtha of Pennsylvania, the top Democrat on the House Appropriations Defense Subcommittee. "We're not making progress."

Sen. Ted Stevens, R-Alaska, said the $70 billion infusion for Iraq and Afghanistan operations will fund the war "at least until May, but we hope beyond that."

The bill provides for a 2.2 percent pay increase for the military as President Bush requested in his February budget.

The measure would cut about $2 billion from Bush's request for procurement of new weapons systems, providing $81 billion. Almost $11 billion of that would be used to build eight ships, including two DD(X) destroyers. That is significant because it would allow Bath Iron Works in Maine and Northrop Grumman's Ingalls Shipbuilding in Mississippi to build one ship each.

A House-passed defense policy bill had called for only one DD(X) ship, to be built in Mississippi.

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The final House-Senate agreement also largely restores cuts made by the Senate from the Army's request of more than $3.5 billion for the Future Combat System. The service's key weapons program is expected to produce more than a dozen manned and unmanned vehicles and aircraft for combat.

The bill also contains good news for lawmakers from California and Missouri, who won a total of 22 C-17 cargo planes, including seven added in end-stage talks. That is expected to keep manufacturing lines open for about an additional year despite the Air Force's wish to end production with the completion of a 180-plane inventory.

The C-17 is built in Long Beach, Calif., but several components are assembled at Boeing's St. Louis-based defense company.

Negotiations on the bill demonstrated the flexibility with which the Congress and the White House treat budget limits set on the Pentagon. The bill was originally supposed to carry $50 billion for Iraq and Afghanistan, but that figure jumped after lawmakers heard about rapidly deteriorating Army and Marine Corps readiness caused as equipment has worn out in harsh overseas conditions.

The bill cuts about $4 billion from Bush's request for core defense programs in order to ease White House cuts to domestic programs. The original Senate bill had proposed a $9 billion shift, provoking a veto threat.

An attempt by House and Senate appropriators to settle on a $5.9 billion transfer to domestic programs was scuttled by the White House and House and Senate GOP leaders.

But senators from western states succeeded in preserving $200 million of $275 million added by the Senate to combat wildfires.

House-Senate Panel Approves Defense Budget (WSJ)

By David Rogers

The Wall Street Journal, September 22, 2006

WASHINGTON -- House-Senate negotiators approved a $447.4 billion Pentagon budget including $70 billion in emergency funds for the war in Iraq and to begin the rebuilding of Army and Marine units worn down by the conflict.

Together with prior appropriations for Iraq, the total U.S. commitment will now approach $375 billion, and final concessions to the White House could squeeze billions from domestic spending bills delayed until after the November elections.

The action came as Republican leaders gave their reluctant blessing to a pre-election deal that tacitly recognizes the practice of individuals' bringing cheaper prescription drugs for personal use into the U.S. from Canada. Customs officers would be barred from preventing persons re-entering the U.S. with medicines, as long as the drugs were carried on their person and in limited quantities, such as filling a prescription for as long as three months.

The compromise should help expedite final action next week on a second major spending bill funding the Department of Homeland Security for the new fiscal year that begins Oct. 1. But it represents a significant breach in the tight alliance between Republicans and the drug industry, which remains a major source financial support for House and Senate campaigns.

Asked if he was pleased with the deal, House Speaker Dennis Hastert (R., Ill.) said bluntly: "No. But it looks like that's where we're going." The Pharmaceutical Research and Manufacturers of America, which had assumed the proposal would be killed, was clearly upset with the outcome.

"If I were PhRMA, I wouldn't make a fight on this," said Rep. Jo Ann Emerson (R., Mo.), who had won an even broader amendment in the House earlier this year. Mail order, Internet sales and persons in the business of importing drugs wouldn't be covered by the exemption, and the drugs covered would have to be medicines approved by the Food and Drug Administration and not controlled substances.

But Ken Johnson, a senior vice president for PhRMA, said "We are adamantly opposed to importation for safety reasons." The group argues that counterfeit drugs represent a growing multibillion-dollar market in Canada and hazard to Americans that the FDA can't supervise in these circumstances.

Together, the defense and homeland-security budgets, are two of the last major legislative packages Republicans hope to complete before sending members home next week to campaign, and each will be used to carry additional legislation.

The defense bill, for example, will incorporate a stopgap funding bill to keep domestic agencies operating through Nov. 17, buying time for a lame-duck session after the elections. And the $34.8 billion homeland-security measure could become a vehicle for enacting new legislation announced last night giving the department authority to require high-risk chemical plants to carry out security measures and be shut down, potentially, if they don't comply.

Even as talks continued on the homeland bill, the House was churning out new immigration-related measures yesterday that it wants to add to the package. Senators have complained of the procedures, but Mr. Hastert was unswayed. "You have to look at the bigger good," he said. "It's good stuff. It makes sense."

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The Pentagon bill has its own quota of "stuff" as well, but it is most important for its sheer volume of money. The greatest share of the $70 billion in emergency funds would go to pay for personnel and operations overseas. And an additional $6 billion is provided for weapons-procurement accounts, including funds for 10 C-17 cargo aircraft built by Boeing Co. (See related article1.)

The measure provides $1.4 billion to fully fund the purchase of 20 F-22 fighter aircraft, but to cover this cost, Lockheed Martin's F-35 Joint Strike Fighter program appears to face a 40% cut in production funds. Instead of being able to buy five planes in the coming year, the Air Force would have money for just two, and the advanced procurement would also be trimmed back to 12. Within shipbuilding accounts, the Navy is promised $2.6 billion to begin production of two DDX destroyers, and Gulf Coast shipyards are expected to benefit from the addition of $117 million for an oceanographic research vessel.

--Anna Wilde Mathews contributed to this article.

GOP Leaders Work Out Deal On Defense Spending (LAT)

By Noam N. Levey

The Los Angeles Times, September 22, 2006

WASHINGTON — With national security looming as a major issue in approaching midterm elections, Republican congressional leaders agreed Thursday to a new defense spending bill that would push the price tag for the war on terrorism above $470 billion.

The agreement on the 2007 defense appropriations bill — expected to be approved by the full House and Senate next week — spares Republicans the embarrassment of leaving Washington without funding the cash-strapped military.

But it marked another grim milestone for wars in Iraq and Afghanistan that by one estimate have already cost two-thirds as much as the Vietnam War, which lasted more than twice as long as the current conflicts have so far.

The prolonged and difficult negotiations over next year's Pentagon funding underscored the financial toll of war-related costs on other military-related services.

On the same day Republican leaders hammered out their agreement, advocates for military families came to Capitol Hill to talk about cutbacks in military-base libraries, child-care centers and other services for armed forces personnel and their kin.

"Our families are not whiners … but they are worried," said Joyce Wessel Raezer, a lobbyist for the National Military Family Assn.

"Our deployed service members want to know their families are being taken care of."

Before the 2003 U.S.-led invasion of Iraq, Bush administration officials repeatedly said Iraq's oil wealth ultimately would pay for the reconstruction of the country.

Yet the U.S. government continues to bear the financial burden of the ongoing conflict in Iraq. And increasingly, reports suggest skyrocketing costs are seriously straining the military.

Senior House Democrats in recent months have spotlighted how military units in this country often don't have enough equipment to be combat-ready and that base commanders have had to scrimp to pay utility bills.

Army officials have described cutting back on personnel travel, freezing new contracts and taking other measures to make it to the next funding period.

At the same time, congressional Republican leaders have been under increasing pressure from some of their own members not to cut popular domestic programs.

"It's the return of the guns-and-butter debate," said Bryan Riedl, a senior policy analyst at the conservative Heritage Foundation think tank, referring to the Lyndon B. Johnson administration's struggle to maintain large domestic expenditures as the costs of the Vietnam War escalated.

This year, the Senate cut $9 billion from its version of the president's proposed defense budget, in part to pay for domestic programs. The Senate vote prompted a veto threat from the Bush administration and weeks of tough negotiations.

In the end, congressional leaders agreed Thursday to cut the defense appropriations bill by $4 billion, as House leaders had proposed, bringing its price tag to $428 billion for the fiscal year that starts Oct. 1.

Although spending breakdowns have not yet been disclosed, the deal reportedly will pay for an additional 22 C-17 military cargo planes, which may delay Boeing's plans to close the Long Beach factory that produces the jets.

Congressional leaders plan to augment the military budget with an emergency infusion of $70 billion for the wars in Iraq and Afghanistan.

That would follow a $65.8-billion emergency allocation in June and more than $50 billion in emergency funding in December, as well as other such supplements since the terrorist attacks of Sept. 11.

The Bush administration defends the system of emergency funding as necessary during wartime.

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"The nature of the war on terror continues to make it difficult to predict with precision future funding needs," Office of Management and Budget spokesman Scott Milburn said Thursday.

But the practice has drawn increasing criticism from members of both parties.

"There seems to be an unwillingness to be real," said Rep. David L. Hobson (R-Ohio), a member of the House Appropriations Committee. "We need to really be straightforward about what we're funding and where it's coming from."

Democrats: War Forces Army To Cut Back On Base Operations (MCT)

By Drew Brown

McClatchy Newspapers, September 22, 2006

WASHINGTON - The Army is $500 million short of the money it needs to operate its bases this year because of the war in Iraq, forcing many posts to cut back on training, force protection and family support programs, House Democrats said Thursday.

Since June, some Army installations have had to close mess halls, reduce training time and cut back on ammunition, equipment, food and fuel to non-deploying units. Funds for family support activities, including child care, gyms, bus services and other programs have also been cut, hurting morale for families whose loved ones are fighting overseas, the congressional Democrats said at a press conference.

The Bush administration failed to anticipate the Army's needs and budget enough money to cover those expenditures, the group said. The Democrats called for a congressional investigation.

"You can't expect to fight an extended war without paying for it," said Rep. Ike Skelton, D-Mo., the ranking Democrat on the House Armed Services Committee. "Cutting services that support soldiers and their families is shortsighted and just plain wrong. We should not be rewarding their service this way."

The problem has been building for several years, with the Army under-funding its base operations accounts. When fiscal year 2006 started last October, the Army had only 69 percent of the funds it needed for activities ranging from cutting grass and building maintenance to paying civilian workers to man security gates and equipment warehouses.

The Army was counting on money from the Bush administration's $72 billion emergency defense spending request to help cover those activities, but when Congress failed to pass the bill before the Memorial Day recess, belt-tightening began.

Army Vice Chief of Staff Gen. Richard Cody warned in a memo in May that unless Congress passed the bill, the Army would have to cut back on spare parts and supplies and cancel travel and training, and in June it would have to stop hiring civilians and let temporary workers go.

Even when Congress approved $94 billion in emergency war spending in June, including $722 million for Army base operations, the Army was still $500 million short of the total it needed, according to the House Democrats.

Army spokesman Dave Foster said Thursday that he had no immediate comment on the Democrats' analysis of the shortfall.

In testimony to Congress during the summer, Gen. Peter J. Schoomaker, the Army chief of staff, testified that the Army needed a larger annual budget to address all of its needs.

For 2007, the Army has requested $5.2 billion in base operating funds and $17 billion to replace equipment damaged, worn out or lost in the war.

Skelton said the war has become a "black hole for resources" that is "sapping the non-deployed forces in order to support units in combat."

Rep. Vic Snyder, D-Ark., said cutting back on base services sends the wrong message to the men and women who are fighting overseas. It says "that even in a time of war that their country doesn't care about them," he said.

Rep. Silvestre Reyes, D-Texas, said Congress needs to exert more oversight and come up with ways of fixing the problem.

"At a time when they're fighting for us, and we're treating them this shabbily, that's unconscionable," Reyes said.

Joyce Raezer, director of government relations for the National Military Family Association, said troops serving in Iraq and Afghanistan want to know that their families are being taken care of back home. But she said indications are that services at many bases at getting worse, not better.

"Our families aren't whiners," she said. "They'll accept a certain amount of sacrifice to support their service member, but they're worried about the trend that seems to be developing."

Casey: Iraq War Becoming Internal Fight (AP-Y)

By Elena Becatoros, Associated Press Writer

AP, September 22, 2006

The conflict in Iraq is changing from a fight against U.S.-led coalition forces to an internal struggle for political and economic power, the top U.S. general in Iraq told The Associated Press in an interview Thursday.

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Gen. George Casey acknowledged the security situation has become more difficult in the past few months, and said Iraqi leaders must find common ground on key issues if progress is to be made.

"We're starting to see this conflict here transition from an insurgency against us to a struggle for the division of political and economic power among the Iraqis," Casey told the AP.

The general made the comments as he finished a visit to a northern Baghdad neighborhood to talk with local officials about an operation aimed at curbing violence in the capital.

Maj. Gen. Bashar Mahmood Ayoub, commander of the 9th Iraqi army, said the situation has deteriorated in recent months.

"These days, the violence is worse and the politicians are not supporting us," Ayoub told the AP. He said it was up to political leaders to resolve the security situation, adding that the army could do nothing further for now.

Casey acknowledged the difficulties.

"I think the security situation is more complex and more difficult than it was in December '05," when Iraq held general elections.

The February bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad, led to a surge of violence.

"It's why I think it probably is somewhat more complex than it was back in December," Casey said. "But it's peaked and it's come down again."

The general flew from the fortified Green Zone in the center of the city to visit the Shaab and Azamiyah neighborhoods, where Iraqi and U.S. forces have been conducting searches as part of Operation Together Forward.

Reducing violence in the capital is crucial to any possible success in Iraq, Casey said.

Baghdad is "critical in the overall campaign. In military parlance we would say it's the center of gravity for the country," he said. "Everybody knows that. The bad guys know it, we know it, the Iraqis know it. So we have to help the Iraqis secure their capital if they're going to go forward. And I think they're committed to doing that."

The operation is designed to clear the capital neighborhood by neighborhood, with security forces cordoning off areas and searching all buildings.

"The whole thought process here is to target the worst neighborhoods where the killings and the violence was the greatest, clear them out, impose Iraqi security forces back into the areas and then follow with economic reconstruction so that you keep the people looking ahead and not looking back," Casey said.

Col. Mike Shields, commander of the 172nd Stryker Brigade which is conducting much of the security operation in the capital, said his men were searching and clearing 1,000 to 3,000 buildings a day.

In Shaab, local officials said the operation was mostly working. But there were some complaints. They included problems with deliveries of water, and access by teachers and doctors to some areas.

Part of the security operation is the creation of physical barriers around the city — in the form of berms, trenches and roadblocks — to funnel traffic entering and leaving Baghdad through 28 checkpoints. Viewed from the air, the network of irrigation canals and ditches almost completely ringing the capital is clear.

The barrier "takes advantage of the rivers and the canals around the area, and really just blocks bridges and puts checkpoints around," said Casey. "The notion is push the bad guys out, keep them out, and then gradually go back and re-clear areas so that the people feel safe in their own neighborhoods."

"But it's a long process, it's not going to happen in two weeks," he said.

Inspired by Islamic history, the plan for a ditch around Baghdad is the newest twist in what has so far been a losing battle to prevent suicide car bombs and other weapons from entering the capital.

Casey said that for progress to be made, unity among Iraqi leaders was crucial.

"I think the greatest challenge at the moment is to get the Iraqi leaders to come together and resolve the four or five key issues that are dividing the country right now."

He said Iraqi leaders must focus on purging the government of senior officials who were members of Saddam Hussein's Baath Party and on passing a law to govern management of the nation's huge petroleum reserves.

Another crucial issue is federalism — Shiite Arabs in the south want to create an autonomous region like that controlled by Kurds in the north, but are opposed by Sunni Arabs who fear losing out on oil riches. A second key problem is the prevalence of militias.

"If the leadership can come together and resolve those, and then codify them in law so people understand that their rights are going to be protected, then I think we'll start seeing people giving up the fighting," Casey said.

U.N. Expert: Iraq Torture May Be Worse (AP)

By Eliane Engeler, Associated Press Writer

AP, September 22, 2006

DOJ_NMG_0067395

Torture in Iraq may be worse now than it was under Saddam Hussein, with militias, terrorist groups and government forces disregarding rules on the humane treatment of prisoners, the U.N. anti-torture chief said Thursday.

Manfred Nowak, the U.N. special investigator on torture, made the remarks as he was presenting a report on detainee conditions at the U.S. prison in Guantanamo Bay as well as to brief the U.N. Human Rights Council, the global body's top rights watchdog, on torture worldwide.

Reports from Iraq indicate that torture "is totally out of hand," he said. "The situation is so bad many people say it is worse than it has been in the times of Saddam Hussein."

Nowak added, "That means something, because the torture methods applied under Saddam Hussein were the worst you could imagine."

Some allegations of torture were undoubtedly credible, with government forces among the perpetrators, he said, citing "very serious allegations of torture within the official Iraqi detention centers."

"You have terrorist groups, you have the military, you have police, you have these militias. There are so many people who are actually abducted, seriously tortured and finally killed," Nowak told reporters at the U.N.'s European headquarters.

"It's not just torture by the government. There are much more brutal methods of torture you'll find by private militias," he said.

A report by the U.N. Assistance Mission in Iraq's Human Rights office cited worrying evidence of torture, unlawful detentions, growth of sectarian militias and death squads, and a rise in "honor killings" of women.

Iraq's government, set up in 2006, is "currently facing a generalized breakdown of law and order which presents a serious challenge to the institutions of Iraq" such as police and security forces and the legal system, the U.N. report said, noting that torture was a major concern.

Nowak has yet to make an official visit to Iraq and said such a mission would be unfeasible as long as the security situation there remains perilous. He based his comments on interviews with people during a visit to Amman, Jordan, and other sources.

"You find these bodies with very heavy and very serious torture marks," he said. "Many of these allegations, I have no doubt that they are credible."

According to the U.N. report, the number of Iraqi civilians killed in July and August hit 6,599, a record-high that is far greater than initial estimates suggested, the U.N. report said Wednesday.

It attributed many of the deaths to rising sectarian tensions that have pushed Iraq toward civil war.

Associated Press writers Bradley S. Klapper in Geneva and Nick Wadhams at the United Nations contributed to this report.

Antiwar Push Starts Near White House; 34 Arrested (WP)

By Sue Anne Pressley Montes

The Washington Post, September 22, 2006

A group of ministers, veterans and peace activists attempted to deliver a "declaration of peace" to the White House yesterday, kicking off a week of vigils and other activities in 350 communities across the country calling for the prompt withdrawal of U.S. troops from Iraq.

Thirty-four people were arrested here and charged with disorderly conduct after they demanded to speak with President Bush, then refused to leave the west gate of the White House. As part of an initiative of more than 400 groups, many of them religiously affiliated, the activists said they had to "bear moral witness" against the U.S. military role in Iraq.

"We are in a time of peril, and people of morals have got to stand up," said the Rev. Lennox Yearwood Jr., who founded the D.C.-based Hip Hop Caucus to involve youths in political and social action and helped to lead yesterday's protest. "If we don't stand now in the 21st century, there will not be a 22nd century. We will destroy ourselves -- we will either solve this together or die as fools together."

The day's activities also featured vigils for peace in dozens of cities and towns, including Little Rock; Tucson; Pasadena, Calif.; Miami; Decatur, Ga.; Pittsburgh; and Austin. In San Diego today, there will be a Dance Action for Peace. Tomorrow in Cincinnati, a tent city dedicated to peace will be erected. San Francisco is hosting a mass bicycle ride to protest the conflict in Iraq, and Madison, Wis., is holding community forums on the issue.

The week's activities will include civil disobedience actions at the U.S. Capitol, organizers said, as participants try to persuade members of Congress to sign the declaration of peace, a document demanding that the Bush administration "establish a concrete and rapid plan to end the U.S. occupation of Iraq."

The declaration of peace was created after religious and secular peace groups, including the Methodist Federation for Social Action, the Presbyterian Peace Fellowship and United for Peace and Justice, began discussions in January. Since then, the document has received more than 12,000 signatures online. Thousands more signatures have been gathered in petition campaigns around the country, organizers said.

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At yesterday's event outside the White House, about 75 people listened as Yearwood and others explained their purpose. Some held small, red "stop" signs to show their support for an end to the war and chanted, "No to war! We declare peace!"

"Today, here in front of the White House, we kick off a week of intensive antiwar action throughout the nation," said Leslie Cagan, national coordinator for United for Peace and Justice, which she described as the country's largest antiwar coalition. "It is time to end the war in Iraq. It is time to bring all of the troops home."

Army Meets Recruiting Goal (AP)

By Robert Burns

AP, September 22, 2006

The Army is ending its best recruiting year since 1997 and expecting similar success in 2007, despite the weight of grim war news from Iraq, Army Secretary Francis Harvey said Thursday.

In an Associated Press interview, Harvey said the Army will enlist its 80,000th soldier on Friday, reaching its goal for the year with eight days to spare. That is a considerable turnaround from last year when the Army missed its target for the first time since 1999 and by the widest margin in more than two decades.

At the start of this recruiting year, which began Oct. 1, 2005, many questioned whether the Army would reach 80,000, given the many alternative career options available to young people and the growing unpopularity of the Iraq war. But a package of new financial incentives, new recruiting approaches and a bigger recruiting corps did the trick.

Army recruiters are making more use of the Internet to attract young prospects, and the Army this year began allowing people as old as 42 to enter the service; the maximum age previously was 35.

The Army also has accepted a larger number of recruits whose score on a standardized aptitude test is at the lower end of the acceptable range, and it has granted waivers to permit the enlistment of people with criminal records that otherwise would disqualify them. The Army says it does not grant waivers if there is a pattern of criminal misconduct or for convictions of drug trafficking or any sexually violent crimes.

Harvey said the Army would stick with the formula it used over the past 12 months, while adding a few new wrinkles for recruiters.

He described himself as "moderately optimistic" about reaching the 80,000 goal again next year. It is too early to know the final number for the current recruiting year, which ends Sept. 30, but Harvey said it would be the highest in nine years. Last year the Army fell short of its goal by the widest margin since 1979.

Harvey was flying to New York to personally enlist on Friday the 80,000th recruit — Shirley Salvi, 23, a Rutgers University graduate who will report to Fort Leonard Wood, Mo., to become an Army linguist or intelligence analyst.

The trend in recruiting is particularly important for the Army now because it is striving to expand its overall ranks. The expansion is fundamental to an Army plan that increases the number of combat brigades available for fighting in Iraq and Afghanistan, thereby giving soldiers more breathing room between overseas tours.

The Army secretary said combat brigades now get, on average, only 14 months at home for every 12 months at war. The goal is 24 months at home for every 12 months at war, but Harvey said they currently are moving in the wrong direction. Not long ago, combat brigades were getting 18 months between war tours.

By the end of the budget year on Sept. 30, the active-duty Army expects to have a total of nearly 504,000 soldiers, up from 492,000 a year ago. A year from now it hopes to reach its goal of 512,000, but that will not happen if recruiting slips again. Harvey indicated he expects recruiting to remain strong in the coming year.

"We're sticking with all the improvements we made" over the past year, including a beefed up recruiting corps, Harvey said. "If we start seeing trends that we don't like, we may" add even more recruiters, he said.

There are now about 6,600 recruiters for the active-duty Army, up from 6,401 a year ago and 5,119 two years ago. The Army National Guard and Army Reserve also have greatly increased their recruiting corps.

The outlook for 2007 is brightened a bit by the fact that the Army expects to begin the new recruiting year with about 14 percent of the target number of 80,000 already signed up. Many who signed up this month, for example, did so with the understanding they will not begin basic training for several weeks or months. The Army began the 2006 recruiting year with about 12 percent of the year's total already signed up.

Strained, Army Looks To Guard For More Relief (NYT)

By Thom Shanker And Michael R. Gordon

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — Strains on the Army from the wars in Iraq and Afghanistan have become so severe that Army officials say they may be forced to make greater use of the National Guard to provide enough troops for overseas deployments.

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Senior Army officers have discussed that analysis — and described the possible need to use more members of the National Guard — with Defense Secretary Donald H. Rumsfeld's senior adviser on personnel, David S. C. Chu, according to Pentagon officials.

While no decision has been made to mobilize more Guard forces, and may not need to be before midterm elections, the prospect presents the Bush administration with a politically vexing problem: how, without expanding the Army, to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard.

The National Guard has a goal of allowing five years at home between foreign deployments so as not to disrupt the family life and careers of its citizen soldiers. But instead it has been sending units every three to four years, according to Guard officials.

The question of how to sustain the high level of forces abroad became more acute this week as General John P. Abizaid, the senior American commander in the Middle East, said that the number of troops in Iraq, currently at more than 140,000, could not be expected to drop until next spring at the very earliest.

That disclosure comes amid many signs of mounting strain on active Army units. So many are deployed or only recently returned from combat duty that only two or three combat brigades — perhaps 7,000 to 10,000 troops — are fully ready to respond in case of unexpected crises, according to a senior Army general.

An internal Army document that was provided to The New York Times notes that the demand for troops in Iraq and Afghanistan has greatly exceeded past projections that predicted earlier troop reductions. According to the document, the Army needs $66.1 billion to make up for all of its equipment shortfalls. Referring to the units that are to deploy next to Iraq and Afghanistan, or are in training, the document shows a large question mark to indicate their limited readiness.

The Army had to offer generous new enlistment bonuses of up to $40,000 to attract recruits into such dangerous jobs as operating convoys in Iraq. It was able to meet its active-duty enlistment goals this year with the addition of 1,000 new recruiters.

Enmeshed in negotiations with Bush administration officials over its spending request for next year, neither Gen. Peter Schoomaker, the Army Chief of Staff, nor any of his top Pentagon aides would agree to be interviewed about the personnel stresses they are confronting. But Army officials have shared their concerns with retired Army officers and members of Congress, and quietly distributed budget tallies, including the internal document on troop and equipment demands, to their supporters. Military officers and civilian Pentagon officials interviewed for this article would discuss the issues only on condition of anonymity.

An examination of the Army's plan for deploying its force shows some of the ways it has been overextended.

In overhauling its structure, the active-duty Army is growing to 42 combat brigades. Army officials have said they want to establish a pattern in which an active brigade spends two years at home for each year it is deployed overseas.

But so many units are needed for the conflicts in Iraq and Afghanistan that combat brigades are generally spending only a year at home for each year they are deployed. Military analysts concluded that this has severely reduced the number of forces that are available for other contingencies.

"The continuing frequent deployments to Iraq and Afghanistan have stretched the U.S. Army so thin that there are few brigades ready to respond to crises elsewhere," said Lynn Davis, a senior analyst in the Arroyo Center, a division of the RAND Corporation that does research for the Army.

Ms. Davis said that there was no quick fix for the limited number of troops. The longer-term solution, she said, was to rely more on the National Guard or to increase the number of Army brigades, a move that would cost billions of dollars.

Gordon R. Sullivan, the former Army chief of staff and president of the Association of the United States Army, said in an interview that the Army was simply too small for the many responsibilities it faced and should be expanded from about 500,000 in the active force to some 560,000. It also needs to make greater use of the National Guard, he said.

"The biggest challenge is manpower," General Sullivan said.

Barry R. McCaffrey, the retired four-star Army general, also asserted that the armed forces needed to be expanded. "We cannot sustain the current national security policy with an Army, Marine Corps, Air Force lift capability and Special Operations forces of this size," he added. "They are clearly inadequate."

The pace of deployments and financing shortfalls, he said, had taken a toll of units in the active duty Army and the National Guard. "One third is completely ready to fight, and two-thirds are severely impaired," he said.

Asked if it was true that only a handful of combat brigades not currently deployed were immediately ready for a crisis, a spokesman for the Army said he could not address specifics because the information was classified.

Mr. Rumsfeld has not favored substantially expanding the Army, concluding that such a step would draw money from programs he favors to overhaul the military and calculating that the high level of troops in Iraq and Afghanistan will prove temporary. Congress, however, has mandated a temporary 30,000-soldier increase for the Army.

As for whether any decision on mobilizing more members of the Guard can be expected, Mr. Chu, the Pentagon's chief personnel officer, declined through a spokeswoman to be interviewed on Army discussions about how to meet its needs.

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But active commanders have highlighted the issue. At a recent conference at Fort Benning, Ga., Gen. Dan K. McNeill, the head of the Army's Forces Command, which oversees training and mobilization for all Army forces in the continental United States, suggested that the service needed to make greater use of the National Guard if the United States was to pursue what the Bush administration has described as a "long war" against Islamic terrorists.

"If we are going to prosecute this long war, we need relatively unencumbered access to the citizen soldier formations," General McNeill said.

The equivalent of several Guard brigades are deployed today in Iraq, Afghanistan, Sinai, the Horn of Africa and Guantánamo Bay, Cuba. Sending more Guard units to Iraq is politically sensitive because of complaints from families and employers while the Guard and Reserve were used extensively in Iraq and Afghanistan in 2004.

Restrictions on the use of the Guard are a matter of interpretation. Guard officials said that under President Bush's current mobilization order, its members may not be called up if they have served for 24 consecutive months. But a conflicting Defense Department policy interprets the order as limiting the call-up of those who have tallied 24 months of total service, regardless of the length of time served consecutively. That view would put more Guard members off-limits for remobilization without a new order from the president.

If the military cannot deploy enough members of the Guard by following either interpretation of the rules, officials may be forced to propose that Mr. Rumsfeld advise President Bush of the need to sign a new mobilization order that would reset the clock for many Guard members who have already served overseas.

Lt. Gen. H Steven Blum, the head of the Guard, said his forces would be prepared to meet current requirements and to send more forces if needed.

"Can I sustain that?" General Blum said. "I say the answer is, 'Absolutely' — if three things remain, three critical things."

He said Guard members must continue to feel that what they are doing is important and that they have the support of the American people. Finally, he said, "We've got to give them some predictability or some kind of certainty so they can balance their civilian life, with their employers and their family, with their military service to the nation."

Given the lengthy lead time required for calling up, training, equipping and deploying Guard forces, Pentagon officials said that if more Guard members were mobilized, it would probably be for a rotation that begins in 2008.

Even so, Pentagon and military officials said that it was unlikely that any decision on a Guard mobilization would be necessary for several months or even into next year, which would place any announcement beyond the November mid-term Congressional elections.

To take on a greater load in Iraq and remedy existing equipment shortfalls, the Guard needs $23 billion over five years, Guard officials say.

"There is no brigade in the United States Army active, Guard or reserve that is completely ready back at home," General Blum said. "That is to ensure that every brigade overseas is completely ready. And by ready I mean completely equipped. Right now, the key to readiness of the total force is equipping it, resetting it and modernizing it. It is a function of time and money."

The stress of wars in Iraq and Afghanistan have prompted senior Army officers to pass a colorful hand card around Capitol Hill explaining that it will take $17.1 billion in extra spending over the next year to repair and replace tanks, trucks, radios and other equipment for the total force. The card indicates that another $13 billion is needed each year for the following five years to fix and replace equipment.

One Army official said this week that the service is seeking about $138 billion for the next fiscal year, compared with the $112 budget request the Army submitted last year.

DOJ:

Office Of U.S. Attorney 'stressed' (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, September 22, 2006

Federal prosecutor has seen budget steadily shrink

The federal prosecutor for Western Washington says his office is "stressed to the limit" because of years of budget cuts that threaten to slow the pace of criminal prosecutions.

U.S. Attorney John McKay has issued this warning to county prosecutors and special agents in charge of federal agencies, including the FBI, the Drug Enforcement Administration and Immigration and Customs Enforcement: "We may not be as responsive as you want us to be on the cases you refer to us."

The office has been hemorrhaging prosecutors and support staff members even as the other Washington is poised to impose another budget cut for the 2006-07 fiscal year.

The office, which handles federal criminal prosecutions and civil cases involving the U.S. government, is down six criminal prosecutors and one civil attorney, leaving 58 assistant U.S. attorneys, McKay said.

Fourteen positions in the office are unfilled, and McKay still must pay his 118 employees a mandatory 3 percent cost-of-living raise.

McKay said he is proud that the office has been able to maintain its productivity -- prosecuting more than 800 defendants last year. "We are on track to do slightly more than that" this year, he said.

But cases that might have been prosecuted under tougher federal laws are increasingly being sent to local prosecutors.

"We're not taking as many of these cases as we'd like to take," McKay said. "We're working hard to take up the slack, but we're not always successful in taking the cases we should."

A bigger budget would mean more prosecutions in burgeoning problem areas, such as cybercrime, according to McKay's top assistant, Mark Bartlett.

"You'd see more cases like 'botnet,' " he said, referring to the recent prosecution of a young man from California who infected thousands of computers around the world for personal profit. "You'd see more collaboration with Microsoft and other intellectual-property firms where piracy is a huge concern."

The office's cybercrime unit has two vacancies that "prevent us from being as proactive as we'd like to be," Bartlett said.

In fiscal 2003-04, the office's budget was $12.1 million. In fiscal 2004-05, it slid to $11.4 million. In the current fiscal year ending next week, the budget will have shrunk further, to $11 million.

It's not clear what the next budget will bring, but McKay has been told that the best case is a flat budget and that more cuts are possible.

The strain on the U.S. Attorney's Office is being felt in Whatcom County, where criminals who move contraband such as drugs, undeclared cash and illegal immigrants across the U.S.-Canadian border are arrested by the federal agents, but frequently prosecuted by locals.

McKay said his office is declining about 80 percent of the cases at the border that could be prosecuted in federal court. It's a lost opportunity, he said.

"We try to flip people by putting them through federal prosecution," said McKay, using a slang term for persuading criminals to cooperate with law enforcement in return for a lighter sentence. "We don't have that flexibility right now."

Whatcom County Prosecutor Dave McEachran said he's "amazed" that McKay is facing the possibility of more budget cuts.

McEachran needs federal prosecutors to take some of the load off his attorneys, who are handling an average of 200 felony cases apiece.

"We have a huge caseload here," he said.

McEachran said local prosecutors on the U.S. side of the Mexican border had to threaten to stop prosecuting arrests made by federal agents to get federal dollars to help them with the crush of border-related crime.

There have been attempts by northern border prosecutors to get similar federal assistance. But they have never received congressional approval, McEachran said.

Cuts in the U.S. attorney's budget also affect violent crimes such as bank robberies, which occur at a high rate in Western Washington.

Bank robberies can be prosecuted federally, and those convicted given harsher sentences. But "most of them are shifting over to the locals," McKay said. Only the most violent cases or serial bank robberies are seeing the inside of a federal courtroom.

As for "note jobs," in which an unarmed robber slides a demand note to a teller -- "we're not seeing those," McKay said.

"This is going into our third year of really tough budgets," he said. "We keep expecting it to get fixed, but that's dependent on Congress."

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

CORPORATE SCANDALS:

H-P's Hurd Likely To Testify Before House Panel (WSJ)

By David Rogers And Don Clark

The Wall Street Journal, September 22, 2006

Hewlett-Packard Co. Chief Executive Mark Hurd appears headed for a House committee examining the "pretexting" scandal at the company.

Mr. Hurd yesterday offered to testify after Rep. Joe Barton of Texas, chairman of the House Energy and Commerce Committee, said the computer maker's top executive may be called as a witness.

The hearing, scheduled for Thursday before the House subcommittee on oversight and investigations, already had a witness list that includes H-P General Counsel Ann Baskins and Patricia Dunn, the H-P chairman who pushed for an investigation of board leaks.

1 EMAIL TRAIL

Below are links to some key internal H-P documents: · In a series of emails2, Robert Sherbin, H-P's vice president of external communications, warns Ms. Dunn there is a "fresh" leak. In one message, Mr. Sherbin lists five directors Mr. Hurd suggested as investigation targets.

· H-P lawyer Kevin Hunsaker sends a email3 to his investigation team discussing how phone records were obtained. The message admits pretexting was used, but says the practice "is not unlawful."

But H-P emails reviewed by The Wall Street Journal suggest that Mr. Hurd was more closely involved in some aspects of the probe than previously thought. Mr. Hurd has scheduled a news conference for this afternoon. (See related article7.)

Yesterday, H-P shares fell 5.2%, or $1.91, to 34.87 in 4 p.m. composite trading on the New York Stock Exchange.

In other developments, H-P disclosed that the Securities and Exchange Commission's enforcement division had made new requests for information from the company. In a filing on Sept. 6, H-P reported that the SEC's corporation-finance department had requested information about an H-P filing last May that reported the resignation of director Thomas Perkins, who resigned in protest over the leak investigation.

An H-P filing yesterday disclosed that the SEC division had requested information related to Mr. Perkins's resignation, a Sept. 6 company filing about the matter as well as "investigations conducted by HP or any of its directors into possible sources of leaks of HP confidential information."

H-P said it is cooperating with the SEC investigation. Other agencies, including the FBI and the California attorney general's office, are investigating H-P's conduct.

Rep. Barton was given expanded subpoena authority this week by his committee and appears to have strong support for the inquiry from Michigan Rep. John Dingell, the ranking Democrat on the Energy and Commerce Committee. Both men sit as ex-officio members of the investigative subcommittee, and the extra subpoena power will allow them to expedite orders seeking additional documents, for example, that investigators may want in preparation for next week's hearing.

Mr. Barton has a long history of support for protections of privacy. He and Mr. Dingell backed legislation, reported from the committee in March, to prohibit the practice of fraudulently posing as someone to gain access to telephone records, known as pretexting. H-P has admitted pretexting directors, reporters and others as part of an internal probe to track the source of board leaks.

Mr. Barton said he hoped the controversy would spark more pressure to move ahead with the legislation in Congress. There are various laws against using fraud to obtain private records, but "under current federal and state law, there is no specific statute that makes pretexting illegal," he said.

Mr. Barton said H-P "went overboard" in trying to identify board leaks to the media. "It's an unknown whether the higher-ups at H-P knew how the information was obtained, but somebody at H-P had to know how they obtained these records.

"When you get people's phone records and things like that, that would not be the type of information the subjects being investigated would voluntarily divulge," he said.

H-P's filing with the SEC yesterday disclosed some terms of a separation agreement between the company and Mr. Perkins, who resigned as a director in May in protest over the leak investigation, and George Keyworth, whom H-P identified as a leaker and who wasn't renominated for re-election to the board.

The company and the two directors agreed not to sue each other. But the two men, who are close friends, are entitled under the agreement to prosecute legal claims against security or investigative firms, or their contractors, involved in unlawfully obtaining personal information about the former directors or their family members.

Mr. Keyworth is being represented by Reginald Brown, an attorney with the Washington firm Wilmer Cutler Pickering Hale & Dorr. Mr. Brown yesterday declined to comment about the possibility that Mr. Keyworth would sue any of H-P's outside investigators.

Mr. Perkins's attorney, Viet Dinh, of Bancroft Associates PLLC, couldn't be reached to comment.

Focus Turns To The Chief Of H.P.; Stock Falls (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 22, 2006

SAN FRANCISCO, Sept. 21 — Pressure is mounting on Hewlett-Packard's chief executive, Mark V. Hurd, to explain what appears to have been a greater role in the company's spying operation than was initially indicated.

Mr. Hurd has largely escaped mention in connection with the company's efforts to obtain private phone records and otherwise trace leaks from its board. But on Thursday, after his name figured in documents newly appearing in the investigation, Hewlett-Packard's stock price fell significantly for the first time since the revelations began early this month. The shares closed down 5.19 percent, at $34.87.

The California attorney general, Bill Lockyer, threatened at one point Thursday to issue subpoenas to Hewlett-Packard because of what he said was a lack of cooperation in his criminal investigation. But later in the day, a spokesman for his office said H.P. had expressed a willingness to cooperate, as the attorney general wanted.

The problem for Mr. Hurd arises from a sheaf of e-mail messages and other documents obtained by news organizations that suggest that he approved of at least one aspect of the spying operation, offered names of possible targets and may have been briefed by the supervisors of the effort at the start of a crucial phase.

None of the leaked documents directly implicate Mr. Hurd. He did not write any of the e-mail messages, nor is it clear that he was sent copies of others that refer to him and actions attributed to him.

But what may yet emerge — Hewlett-Packard delivered more than 5,000 pages of documents to investigators with the House Committee on Energy and Commerce this week, and more are expected Monday — is what seems to have worried investors and analysts.

"To the degree it impacts the C.E.O., that is something we are nervous about," said A. M. Sacconaghi, an analyst who tracks Hewlett-Packard for Sanford C. Bernstein & Company. But he said that "at this point the probability is very low" that Mr. Hurd, credited with turning the company around since his hiring in March 2005, might face criminal charges or be forced out.

Mr. Hurd offered Thursday to testify at a House subcommittee hearing on the case next Thursday. Several other Hewlett-Packard executives have also been asked to appear.

In addition, the company said the Securities and Exchange Commission was seeking records and information related to the resignation of Thomas J. Perkins from the board in May. It was Mr. Perkins's effort to force the company to acknowledge the reason for his resignation — his objection to the leak investigation — that brought the operation into public view.

Since then, documents have shown that Hewlett-Packard's detectives not only gained phone records of directors, employees, journalists and others, but also tried to plant software on a reporter's computer to track a bogus document it sent her and even considered infiltrating newsrooms with spies masquerading as clerical workers or cleaners.

E-mail messages between company officials, cited Thursday in The New York Times and The Wall Street Journal, show efforts to organize a briefing for Mr. Hurd last January, when the leak investigation entered an intense phase over a news account of a senior management meeting. It is not clear whether the briefing occurred.

Another message said Mr. Hurd pointed to five potential leakers on the board at that juncture. And The Washington Post reported that e-mail from the company's chairwoman, Patricia C. Dunn, cited Mr. Hurd as "fine with both the concept and the content" of the software tracking effort.

Mr. Lockyer, the California attorney general, said Thursday that he did not know yet whether the state would find culpability among senior officials in the company. "We haven't ruled anything in or out," he said. "We want to know who committed the wrongdoing."

The company promised that Mr. Hurd would answer questions at a news conference Friday afternoon, after the stock market's close, but the timing of the events also put investors on edge. "Traditionally in corporate America, bad news is delivered on a Friday after the markets close," Mr. Sacconaghi said.

Several people with close ties to board members said Mr. Hurd was preparing a plan to present to the board for how get the company beyond its current problems. It may announce dismissals or resignations, though that course could present other problems. Ex-employees have no incentive to protect the company or its executives or managers.

Hewlett-Packard's chairwoman, Ms. Dunn, has acknowledged that she authorized the internal inquiry, and documents have shown that she involved herself in it. Other documents show that Kevin T. Hunsaker, a senior company lawyer, directed the operation, which involved Hewlett-Packard investigators and several layers of outside detectives and their subcontractors.

Mr. Hunsaker has hired a San Diego criminal defense lawyer, Michael Pancer. Ann O. Baskins, the company's general counsel, to whom Mr. Hunsaker reported, has hired Cristina C. Arguedas, a white-collar crime specialist with the law firm of Arguedas, Cassman & Headley in Berkeley, Calif.

Mr. Hurd has been popular with investors because he is transforming Hewlett-Packard from a lumbering technology company content to live off the profits of its lucrative ink-cartridge business into a growth company. Hewlett is projected to bring in $91.2 billion in revenue this year — enough to make it the largest technology company in the world.

Oddly, the internal animosities exposed in the disclosures from the leak investigation had their roots in the activities of a board subcommittee established in 2002 to help the company make smarter technology strategy decisions.

After its contentious $25 billion merger with Compaq Computer, the board and some top executives became bitterly divided over how quickly the computer business could grow and how it should invest in the future, according to a person with direct knowledge of the divisions within the board.

Established at the urging of Mr. Perkins, a Silicon Valley venture capitalist who returned to the company as a director after the Compaq merger in 2002, the technology subcommittee routinely met a day before each board meeting to thrash out technology strategy issues and wrestle with how to restart growth at Hewlett-Packard.

The subcommittee was dominated by directors who maintained that the company could grow much more quickly by investing in information technology. Initial members included Mr. Perkins; George A. Keyworth II, a former Reagan administration science adviser; Richard A. Hackborn, a former Hewlett-Packard executive; and Lawrence T. Babbio Jr., vice chairman of Verizon. Shane V. Robison, the executive in charge of research and development, attended the meetings.

Mr. Hurd began attending after he joined the company, succeeding Carleton S. Fiorina as chief executive. It was where the most spirited deliberations about Hewlett-Packard's future took place, a person briefed on the sessions said.

But Ms. Dunn, who had become chairwoman, did not take part, and some subcommittee members have concluded that her exclusion rankled her. She and several other directors were skeptical of large research investments in computing, a person with detailed knowledge of the subcommittee's activities said.

"The conflict on the board wasn't about personalities; it was about growth strategies," said Mark Stahlman, a financial industry analyst who is now a strategist at Gartner Invest, a Wall Street research firm.

Friends of Ms. Dunn, who asked not to be identified, said some of the animosity could also be traced to the period when Mr. Hurd was hired. Mr. Perkins, Mr. Keyworth and Ms. Dunn were in charge of the search committee, and while they agreed about Mr. Hurd, Ms. Dunn became angry with leaks from the board about the search, those friends said.

Mr. Perkins and Mr. Keyworth became targets in both phases of the leak investigation, around the time of Ms. Fiorina's dismissal and again early this year. Their resulting confrontation with Ms. Dunn — Mr. Keyworth was identified as a source of unauthorized disclosures — ended in their resignations.

Nonetheless, with Ms. Dunn's decision last week to step down as chairwoman in January, to be succeeded by Mr. Hurd, the strategic dispute was settled. "The growth faction has now won," Mr. Stahlman said.

In a filing Thursday with the S.E.C., the company said Mr. Perkins and Mr. Keyworth, who resigned after Ms. Dunn stepped down, had agreed not to sue Hewlett-Packard, and the company had agreed to pay expenses arising from government inquiries or legal proceedings in the spying fiasco. The company and the former directors signed mutual non-disparagement agreements.

Hewlett-Packard Receives SEC Request For Information (Update2) (BLOOM)

By Allan Dodds Frank And Karen Gullo

Bloomberg, September 22, 2006

Sept. 21 (Bloomberg) -- Hewlett-Packard Co. received a request for information from the U.S. Securities and Exchange Commission over its investigation into media leaks as California Attorney General Bill Lockyer complained the company stopped cooperating with him.

Hewlett-Packard disputed Lockyer's assertions and said it is cooperating with his probe, as well as reviews by the SEC, U.S. Justice Department and a congressional committee. Chief Executive Officer Mark Hurd offered to appear before the committee, the company said today.

``Today we ran into a brick wall," Lockyer said in an interview. ``Frankly I'm pretty angry about it. I've instructed my lawyers this morning to paper the place with subpoenas."

The SEC probe and Lockyer's statements intensify the scandal hanging over Hewlett-Packard on the eve of Hurd's first press conference to discuss the methods the company used to uncover the source of boardroom leaks to the media. Lockyer said some tactics, including the use of fake identities to obtain phone records, are criminal.

Hewlett-Packard shares had their biggest one-day decline in more than two years after the Washington Post reported that e- mails it obtained suggest Hurd had more involvement in the investigation than the company has said. Hurd said in a statement today that he plans to give ``as much clarity as we can" to the probe.

``If Mark Hurd is being implicated and had a bigger role than it was thought to date, that would jeopardize his running the firm and that would be a severe negative on the stock," said Michael Cuggino, Pacific Heights Asset Management LLC in San Francisco, which owns 200,000 Hewlett-Packard shares. ``He's recognized as the driver behind H-P's turnaround."

No Change

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The company said there has been no change in its level of cooperation with the state, according to Ryan Donovan, a Hewlett- Packard spokesman. ``HP has been and continues to cooperate fully with the California Attorney General's investigation," he said.

Tom Dresslar, a spokesman for Lockyer, said Hewlett- Packard's lawyers had contacted the Attorney General's office after he spoke today.

``The lack of cooperation that we had been experiencing seems to have been addressed," Dresslar said in an interview. Lockyer had been seeking to conduct interviews with employees and examine communications between the company and outside contractors. ``Interviews with the people we wanted to talk with are being arranged," Dresslar said.

SEC

The SEC's enforcement division asked for records and information relating to the resignation of Tom Perkins from its board of directors and the company's probe of boardroom leaks, the company said today.

Hewlett-Packard also disclosed today that it hired law firm Morgan Lewis & Bockius to conduct an analysis of its investigation. A representative of the firm will join Hurd tomorrow at a press conference. Lockyer said he might show up at the event.

The new lawyers have advised Hewlett-Packard to stop handing over documents or talking. The law firm ``is not now honoring the original agreements we had," Lockyer said.

Morgan Lewis spokeswoman Amy Kalin didn't immediately return calls seeking comment.

Chairwoman Patricia Dunn, 53, said on Sept. 12 that she will resign in January to take responsibility for the investigation. Lockyer has said he has enough evidence to lay charges against company officials and outside investigators.

Shares Fall

The shares fell $1.91, or 5.2 percent, to $34.87 at 4 p.m. in New York Stock Exchange Composite trading after being little changed since the company made the investigation public on Sept. 6. That is the largest single-day drop since Aug. 2004 when the shares fell 13 percent.

In the past week, the company has been accused of following reporters and plotting to send bugs to their computers and spies into their newsrooms, according to newspaper reports. Hurd and Dunn approved a ``sting" operation to be conducted on a Cnet.com reporter to find out who she communicated with at the company, the Washington Post reported, citing e-mails from Dunn.

The e-mails link Hurd for the first time to the internal investigation, the Post said. Hewlett-Packard declined to comment on the e-mails, Donovan said.

Hurd, 49, was named to replace ousted CEO Carly Fiorina in March 2005 after a seven-week search by the board that was led by Dunn.

Meetings

Investigators hired by the company also sought meetings with Hurd, the Wall Street Journal reported, citing e-mails from January between Kevin Hunsaker, the company's senior ethics lawyer and Hewlett-Packard investigator Tony Gentilucci. It is unclear whether Hurd met investigators during that probe, the Journal reported.

Hewlett-Packard's first statement said its efforts to uncover the source of media leaks led investigators to take on false identities to obtain phone records of some directors and employees as well as nine reporters and other people outside the company. Since then, e-mail documents obtained by media outlets have suggested that the company went further.

The Post today said the company created a fictitious source named Jacob to deceive Cnet.com reporter Dawn Kawamoto. E-mails from Dunn and Hunsaker also indicate that she and Hurd approved a plan to feed Kawamoto information through Jacob, the Post said.

Dunn kept in touch with the probe, often sending responses to e-mails on her BlackBerry, the Post said.

Spies

The New York Times this week reported that the company considered sending spies into the newsrooms of the Wall Street Journal and Cnet.com posing as clerical employees or cleaning staff to help uncover the source of the leaks.

The U.S. Energy and Commerce Committee has requested Dunn and others involved in the probe testify next week before its subcommittee on Oversight and Investigations. General Counsel Ann Baskins will also testify.

Hurd, who wasn't asked to attend, today said he offered to appear before the committee. The hearing will focus on the company's use of investigators who assumed false identities to gain phone numbers, known as pretexting.

``Mark wants to be as transparent as possible," Donovan said. ``He wants to apologize publicly and talk about how we are ensuring that these events will not happen again."

Business Week today reported that investigators masqueraded as telecom employees to obtain the records from Verizon Communications Inc. customers.

James Brosnahan of San Francisco-based Morrison & Foerster LLP said in an e-mail today that he has been hired to serve as Dunn's lawyer. He didn't return a call seeking comment.

Second Investigation

Morgan Lewis will conduct the second investigation into the probe. The first was run by Wilson Sonsini Goodrich & Rosati, the company's usual outside counsel. Larry Sonsini, the firm's president, was also the subject of investigation and has agreed to appear before the Energy and Commerce Committee next week.

The briefing tomorrow will end more than a week of silence from Hewlett-Packard, which has refused to comment on the scandal since Dunn agreed to step down. She will remain a director.

``What began as an effort to prevent the leaks of confidential information from HP's boardroom ended up heading in directions that were never anticipated," Hurd said today in an earlier statement. ``HP is working hard to determine exactly what took place and when, and without all the facts it has been difficult for us to respond to the questions that have been raised."

To contact the reporter on this story: Connie Guglielmo in San Francisco at Cguglielmo1@bloomberg.net .

Plot Thickens In HP's News-leak Probe (USAT)

By Jim Hopkins And Jon Swartz

USA Today, September 22, 2006

Hewlett-Packard's boardroom spying scandal intensified Thursday when the Securities and Exchange Commission ratcheted up its inquiry into the company's covert news-leak probe.

HP shares fell more than 5% on heavy volume as investors responded to a published report that for the first time tied CEO Mark Hurd to shady tactics used by the company's private investigators.

Hurd offered to testify next week before a congressional committee investigating the matter. He'll hold a news conference today to talk about steps the tech giant is taking in the case. The embattled HP board met again Thursday.

The Washington Post, citing an e-mail sent by HP Chairman Patricia Dunn, said Hurd had “approved an elaborate ‘sting' operation” on a reporter for the tech-news site CNet in February aiming to uncover news leaks from HP's board.

The Post report suggests Hurd, hired last year to lead a crucial turnaround, was more deeply involved, and at an earlier stage, in planning the news-leak investigation than HP has previously acknowledged.

HP said last week that Hurd did not learn about the probe's initial findings until March, and that he had learned about questionable tactics used against journalists and others “only in recent weeks.”

USA TODAY was unable to independently confirm the authenticity of the e-mails cited by the Post. HP had no comment on the story, said spokesman Ryan Donovan.

But a document obtained by USA TODAY shows one of HP's outside investigators sent CNet reporter Dawn Kawamoto an e-mail on Feb. 9 that contained a “tracking capability” that could help investigators find the board leak.

The document was prepared by Security Outsourcing Solutions, a Boston-area firm that is a focus of a California law-enforcement probe of HP. The document was provided to the newspaper by a source who is not directly involved in the investigation.

The Post said none of the e-mails it reviewed were to or from Hurd, and they did not “detail what information Hurd had when he approved the sting operation.”

The SEC's enforcement division is seeking records and information related to HP director Tom Perkins' resignation in May, HP said. The division also wants information about HP's news-leak probes and related Sept. 6 and May 22 SEC filings by the company. HP said it is cooperating.

HP's probe, which started early last year and continued through spring, involved spying on directors, employees and at least nine journalists.

Investigators hired by HP obtained private home phone-calling records of at least two directors and some journalists.

Hurd's offer to testify before the House Energy and Commerce Committee next Thursday came after Rep. Bart Stupak, D-Mich., asked other panelists to consider seeking his testimony. Stupak cited “allegations and media reports regarding Mr. Hurd's possible knowledge of HP's various deceptive investigative techniques.”

The committee does not yet have plans to call Hurd, said spokesman Terry Lane. Dunn and other senior HP executives already are scheduled to testify at the high-profile hearing, likely to focus on thousands of pages of internal documents the panel received from HP this week.

Kawamoto told USA TODAY in an e-mail that she is “shocked and outraged that they rifled through my phone records. … Not only was my privacy violated, my family's privacy was violated, and my ability to do my job was challenged.”

The HP scandal already has led to a boardroom reshuffling, announced last week, in which Hurd is to replace Dunn as chairman in January. Also, director George Keyworth, identified as the boardroom leak, resigned. Perkins resigned in protest on May 18, a move that forced HP three weeks ago to disclose its probe.

The Post's disclosures about Hurd, 49, come at a crucial time for the computer and printer maker, a corporate pillar in Silicon Valley and a leading Fortune 500 company.

Hurd, CEO since April 2005, is leading a critical revamping of the company as it recovers from the tech bust and a controversial merger with Compaq Computer that was engineered by predecessor Carly Fiorina.

HP shares fell 5.2% Thursday, closing at $34.87. About 42 million shares changed hands, nearly three times average volume. Financial analysts, who until recently brushed aside the boardroom drama, say Hurd's possible role in the spy plan could now affect HP.

"The stock market is voting correctly," says Roger Kay, CEO of Endpoint Technologies Associates. "You can lose any number of board members and nobody cares, but if the CEO is somehow impaired, then that raises questions about the operational side of the house."

The specter of Hurd becoming ensnared in the legal machinations could divert him from running the $86 billion company, Kay and others say.

"Hurd has done a remarkable job with the company. Yes, there are concerns he would be distracted," says Charlie Wolf of Needham and Co.

"There is a modest jeopardy here. Fortunately, HP has a strong bench (of executives), so there should be no material impact on the company's financial performance."

Hurd will be joined at today's news conference by a representative of Morgan Lewis & Bockius, a law firm hired by HP on Sept. 8 to defend the company amid investigations by the Justice Department, California Attorney General Bill Lockyer, the FBI and the SEC.

HP said Thursday that Morgan Lewis has begun a "comprehensive analysis" of the company's news-leak investigations that began early last year around the time the board was ousting Fiorina.

"HP is working hard to determine exactly what took place and when, and without all the facts it has been difficult for us to respond to the questions that have been raised," Hurd said in a statement. "We plan to give as much clarity as we can to these matters."

Lockyer spokesman Tom Dresslar said HP is now cooperating after "some stonewalling." "We will now gain expedited access to individuals and documents," he said.

Morgan Lewis partner John Hemann, a former assistant U.S. Attorney in San Francisco who helped prosecute Enron executives Ken Lay and Andrew Fastow, has met with federal prosecutors in San Francisco investigating the case, the San Francisco daily legal newspaper The Recorder has reported.

Hemann specializes in white-collar criminal defense and internal corporate investigations, according to the 1,250-lawyer firm's website.

Hemann did not return calls seeking comment.

HP Stock Falters In Spying Scandal (WP)

By Yuki Noguchi And Brooke A. Masters

The Washington Post, September 22, 2006

The scandal over Hewlett-Packard Co.'s conduct in investigating press leaks started affecting its business yesterday for the first time, weighing down its stock price and raising questions about the future of its leadership.

Shares of the printing and computing company dropped 5 percent, the first major price dip since the company revealed early this month that it had obtained personal phone records of its board members and nine journalists under false pretenses. HP shares, which had been trading near a 52-week high of $37.25, dropped $1.91 to close at $34.87.

The decline came on the same day as a newspaper report that HP's president and chief executive, Mark V. Hurd, had personally approved an elaborate plan to trick a reporter into identifying her sources by sending her false information. That e-mail "sting" operation, reported by The Washington Post, was part of a broader leak probe that involved physical surveillance, false documents and electronic bugs, all in an attempt to flush out who on its board spoke with reporters.

Hurd yesterday offered to join HP Chairman Patricia C. Dunn and several others who are scheduled to testify next week at a House Energy and Commerce Committee hearing about the scandal. HP also disclosed in a filing that the Securities and Exchange Commission's enforcement division requested documents relating to its leak investigations and to the May resignation of a board member.

DOJ_NMG_0067406

Separate probes by the California state attorney general, the Federal Bureau of Investigation and the Justice Department also are under way. New details are dribbling out almost daily about HP's spying efforts, which began early in 2005 after company leaders resolved to identify which board members were leaking confidential information to reporters.

Meanwhile, HP's board of directors met yesterday and Hurd plans to hold a news conference this afternoon.

"This has nothing to do with the strategy or operations of HP," Hurd said in a statement "What began as an effort to prevent the leaks of confidential information from HP's boardroom ended up heading in directions that were never anticipated."

But yesterday, investors who previously shrugged off disclosures of the company's spying activity reacted unhappily to the report that Hurd had approved an e-mail sting. The operation involved sending an e-mail embedded with software to trace where the reporter subsequently sent the message.

Hurd was brought in last year to help HP recover from the stormy tenure of his predecessor, Carleton "Carly" Fiorina. He is widely seen as crucial to the firm's future.

"Hurd is the guy driving the turnaround at HP, and it's not done yet," technology industry analyst Rob Enderle said. "This is pulling him away from managing the business and it's going to have an impact," which could cause a slowdown in the company's operations by next year, he added.

Research analysts at most of the major investment banks have so far shied away from trying to quantify the impact of the spying imbroglio on HP's bottom line. But there are contracts HP would not want to jeopardize because of any criminal investigations. Earlier this week, HP beat out some of its computing rivals by winning a $5 billion, 10-year deal with the U.S. Army to provide computers, printers, displays and scanners.

Analyst Roger Kay, president of research firm Endpoint Technologies Associates Inc., said the scandal was not likely to affect the company's sales. "You don't look at an HP server or laptop as a lesser product because the CEO ordered a sting operation," he said.

But Robert Passikoff, president of research consulting firm Brandkeys Inc., disagreed. His firm's surveys show that HP has lost 14 percent of what is known as "brand strength," a measure of consumer sentiment for a brand name, since the scandal began and has dropped from third place in its sector to seventh. While the allegations do not appear to affect how consumers think about the technical aspects of HP products, they have pushed down its reputation for openness, honesty and trustworthiness, Passikoff said.

The allegations dovetail with consumer fears about spyware and privacy loss in an information age, he said, noting that people are asking, "If they are doing that there, what are they doing to me?"

Until corporate spying became an issue for HP, the company stood to benefit from recent missteps by rivals Apple Computer Inc. and Dell Corp., which recently recalled millions of laptop computer batteries because of overheating. "People will reserve judgment on the company for a few weeks, but if there isn't a big change, with someone of high credibility brought in, it's going to start to affect business," said Paul Argenti, a professor of corporate communication at the Tuck School of Business at Dartmouth. "When a breach in ethics happens in a senior group of managers, it calls into question the management of the company."

"It takes years and years to build up a reputation and a few weeks to lose it. They're doing a very good job of losing it right now," Argenti said.

Although it remains unclear whether HP executives or its outside investigators violated laws, some analysts said the prospect of criminal charges against either the firm or its executives and directors could seriously tarnish the company.

"If it were simply a civil matter, it would be easier to solve," said Howard Rubenstein, founder of New York public-relations firm Rubenstein Associates. But in this case, where California officials are talking about criminal wrongdoing, "they've got to be cautious that they don't convict themselves out of their own mouths."

Staff writers Mike Musgrove and Ellen Nakashima contributed to this report.

Hewlett-Packard, Wilson Sonsini Part Ways In Calif. Probe (LAW)

By Susan Beck, The American Lawyer

American Lawyer, September 22, 2006

Hewlett-Packard Co. said Thursday it has dropped Wilson Sonsini Goodrich & Rosati as its outside counsel in the California attorney general's criminal investigation of the company.

Wilson, HP says, will continue to represent the company in other matters, but in a written statement by spokesman Ryan Donovan, the company said that "Hewlett-Packard and Wilson Sonsini mutually agreed it would be in the best interests of both parties for Wilson to terminate its representation of HP in the California attorney general's inquiry."

Wilson chair Larry Sonsini has been HP's primary outside counsel for years, advising the client on the massive Agilent Technologies Inc. spin-off in 1999, and guiding it during the tumultuous proxy fight waged by former director Walter Hewlett that

spanned 2001-2002. Sonsini has stated that he was not involved in the design of the leaks probe, but he did review the results of the probe for the company, and initially took the position that it was "within legal limits."

The probe by California AG Bill Lockyer centers on whether the company broke the law as it tried to uncover the source of leaks to the news media on deliberations by the company's board of directors. Lockyer is trying to determine whether crimes were committed when the phone records of directors and journalists covering the company were obtained under false pretenses. Last week, Lockyer said he believed he had "sufficient evidence" to indict people in the company.

On Thursday, Bloomberg reported that Lockyer said Hewlett-Packard had stopped cooperating with his investigation. "Today we ran into a brick wall," Lockyer said in the Bloomberg interview. He said the state of California would become more aggressive in its probe because of the company's "stalling tactics." He explained that HP's new law firm had advised the company to stop handing over documents and talking to investigators.

Later in the day, however, Lockyer spokesman Tom Dresslar said representatives of HP had been in contact with the AG's office since Lockyer had talked to Bloomberg, and the company's lack of cooperation "appears to be corrected." He added, "It seems now we'll be getting quick access interview subjects."

In a separate news release, HP announced that it will hold a press conference Friday where CEO Mark Hurd and lawyers from Morgan, Lewis & Bockius will address the leaks investigation. The press release states that Morgan Lewis was retained on Sept. 8 by HP to conduct a "comprehensive analysis of the leak investigations." It also notes that, "Morgan Lewis also is representing HP in connection with several government inquiries." The press release does not mention Wilson Sonsini's involvement for HP.

Donovan refused to clarify if Wilson continues to advise the HP board of directors in other aspects of the leaks investigation. He did emphasize, however, that "Hewlett-Packard and Wilson Sonsini continue to enjoy a strong relationship."

Wilson Sonsini spokesperson Courtney Dorman confirmed the HP statement. "We all agree it was the right decision," she wrote in an e-mail. She added, "Wilson Sonsini Goodrich & Rosati will continue to have a relationship with HP," but declined to say more.

Brosnahan: Don't Blame HP Chair, She's Not A Lawyer (LAW)

By Justin Scheck, The Recorder

California Recorder, September 22, 2006

Don't blame Hewlett-Packard Chairman Patricia Dunn, her new lawyer said Wednesday, for the convulsions the company's board have suffered in the wake of its troubled investigation of boardroom leaks.

"She's neither a lawyer nor is she an investigator," said James Brosnahan, the Morrison & Foerster litigator whom Dunn hired this week. "And she's not the kind of person, frankly, who would advise people to do something illegal."

Dunn has come under scrutiny for her role in directing the troubled probe -- The Wall Street Journal reported Wednesday that she closely supervised it -- and she's the latest figure in the imbroglio to get a big-name lawyer in response to multiple government investigations.

Brosnahan, long-known for handling high-profile clients -- including John Walker Lindh, the Marin County man once charged with fighting for the Taliban -- will represent Dunn before a congressional subcommittee and in the state and federal investigations into HP's probe of board members, journalists and employees.

The company's leak probe became public earlier this month, when The Journal reported that HP director Tom Perkins had resigned in protest of the methods used, which included "pretexting" -- or lying -- in calls to phone company officials in order to gain access to board members' phone records.

Reached Wednesday afternoon as he was in transit from a San Jose, Calif., trial to Dunn's induction dinner for the Bay Area Business Hall of Fame, Brosnahan said his client was trying to plug a troubling hole in HP's corporate security, and had relied on others to make sure the methods were legal.

The leak "was causing havoc in the securities market at the time, disrupting the ability to have business strategies vis a vis competitors," said Brosnahan.

In response, he said, Dunn ordered the investigation, relying on others to execute it. Once complete information about the probe comes out, Brosnahan said, Dunn's role will seem less problematic, even to skeptics.

"When the full story is out and clear, they will see she was pursuing a legitimate goal," he said. "She's confident, as am I, that she's not a good candidate for prosecution."

Thomas Carlucci, a Foley & Lardner partner and former federal prosecutor not involved in the case, said Dunn should be able to mount a strong defense by saying she relied on advice of counsel.

"We can all question her judgment about doing the investigation in the first place, but in the pretexting," he said, "I've got to believe she's relying on her general counsel or outside lawyers."

HP's general counsel, Ann Baskins, has hired Berkeley, Calif., defense lawyer Cristina Arguedas. Another in-house lawyer, HP ethics director Kevin Hunsaker, is represented by San Diego solo Michael Pancer. Arguedas could not be reached for comment by press time.

Larry Sonsini, the high-powered Silicon Valley lawyer who has long advised HP, has hired Michael Madigan, a Washington, D.C.-based partner at Akin Gump Strauss Hauer & Feld, in connection with a congressional subcommittee hearing later this month.

Sonsini investigated the methods used by HP to plumb the leaks and has long been the board's outside adviser, a role which continued after the news of the leak probe broke. The Journal reported last week that Sonsini led the board discussions that culminated last week in Dunn's decision to relinquish her role as chair at the end of the year.

It isn't clear if Sonsini and his firm will continue in that role. When asked about this, Wilson Sonsini spokeswoman Courtney Dorman provided the following written statement: "Wilson Sonsini Goodrich & Rosati will continue to have a relationship with HP."

Ryan Donovan, a spokesman for Hewlett-Packard, said Wednesday that he wasn't able to answer questions about the company's relationship with Wilson Sonsini by The Recorder's deadline.

Susan Beck, a senior writer at The American Lawyer, contributed to this story.

HP's Dunn Toasted At Gala Dinner (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, September 22, 2006

Chairman receives warm welcome, standing ovation when accepting award from advocacy group that touts business ethics.

SAN FRANCISCO--Hewlett-Packard's embattled chairman, Patricia Dunn, accepted a "hall of fame" leadership award at a gala dinner here on Wednesday night where she received a standing ovation from local executives.

The applause and paeans to a long and successful career seemed to gratify Dunn, who has been the subject of ongoing criticism and media scrutiny since reports in the last two weeks revealed that she had called for and perhaps helped to direct an intrusive probe into boardroom leaks.

Dunn thanked the Bay Area Council, a regional business lobbying and networking group, for "courage in standing by your decision (to grant the award) in such unexpected circumstances." The council's board of directors includes representatives of Wells Fargo, Pacific Gas & Electric, Bank of America, and the law firm Pillsbury Winthrop Shaw Pittman.

"All I will say about the maelstrom is that I look forward eagerly, in the near future, to the time when I can set the record straight and go back to leading my life as discreetly as possible," Dunn said during her after-dinner speech.

HP's investigative practices have become the subject of criminal probes by the U.S. Justice Department and the California attorney general. The U.S. House of Representatives has scheduled a hearing for Sept. 28 where Dunn is expected to testify. HP's investigators accessed the phone records of more than a dozen people, including three CNET News.com reporters, and apparently engaged in physical surveillance and sending bogus e-mail tips.

The bizarre juxtaposition of receiving a leadership award from an organization that stresses business ethics and good corporate governance was not lost on Dunn, who said she's aware of the "irony of being inducted into the Bay Area Business Hall of Fame."

But for the most part, other dinner speakers offered plaudits to Dunn--there was even a slideshow with her high school yearbook photo--with only passing references to her recent troubles.

David Zenoff, chairman of Larkin Street Youth Services, applauded "her strong sense of humanity, high standards and doing the right thing." (Dunn and her husband are major donors to the nonprofit organization, which seeks to help homeless youth in San Francisco.)

Dunn "epitomizes the special spirit and qualities that our country and the Bay Area have long cherished," Zenoff said.

"Without the leadership our Bay Area Hall of Fame honors, we would be in a heck of a mess," said Alexander Mehran, CEO of the Sunset Development Company and the council's chairman.

Mehran did joke, however, that news reports have painted Dunn as the "new J. Edgar Hoover of Silicon Valley."

Dunn capped her speech with a joke as well. She said "it wouldn't hurt if the pope continued to make controversial comments"--which might get her name off the front page.

According to an HP spokesman on Thursday, CEO Mark Hurd--who has now been linked to the investigation--did not attend the dinner. (News.com was unable to verify who was present at the head table on Wednesday night because reporters were required to stand in the back of the hotel ballroom in a roped-off area.) The Washington Post reported on its Web site late Wednesday night that Hurd approved of an elaborate sting operation aimed at deceiving News.com reporter Dawn Kawamoto.

A second unlikely juxtaposition was Dunn sharing a stage with Bill Keller, the executive editor of The New York Times, which had at least one of its reporters "pretexted" by HP investigators. But Keller, who spoke afterward, stuck to a prepared script about national security and journalism.

Correction:Due to incorrect information provided by the Bay Area Council, the original story misstated who was sitting at the head table at a dinner honoring Hewlett-Packard chairman Patricia Dunn. An HP representative said on Thursday that CEO Mark Hurd did not attend the dinner.

Senators Press Probe Of Gemstar Ex-CEO (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, September 22, 2006

Gemstar-TV Guide International Inc. has enlisted two U.S. senators to press the Justice Department to speed up its investigation into what role the company's former chief executive, Henry Yuen, played in a $248-million accounting fraud.

Democratic Sens. Charles E. Schumer of New York and Dianne Feinstein of California wrote Atty. Gen. Alberto Gonzales to inquire about the government's case against Yuen, who withdrew eight months ago from a plea agreement with federal prosecutors in Los Angeles after a federal judge said the deal was too lenient. The senators also forwarded a letter from Gemstar's general counsel warning that a legal deadline to charge Yuen was approaching.

The Yuen case "may raise some questions about the adequacy of tools available to prosecutors to fight corporate wrongdoing," Schumer wrote in his Sept. 13 letter to Gonzales.

Gemstar's stock price has fallen about 76% since the fraud was revealed in April 2002. The Hollywood-based company, controlled by Rupert Murdoch's News Corp., publishes TV Guide magazine and is the largest provider of software for cable television program guides.

While saying he didn't want to interfere, Schumer added, "It is important that Congress be kept well-informed about this and other similar cases so we can monitor the enforcement of the laws designed to protect average Americans from the type of conduct of which Mr. Yuen has been accused."

Feinstein, who wrote Gonzales on Aug. 23, said, "I do not believe it is appropriate for me to intervene in prosecutorial decisions," but the Gemstar general counsel's letter "does raise some serious allegations."

The letters ratchet up a campaign by Gemstar to have Yuen sent to prison for his role in the fraud. The company, which has paid more than $100 million in civil settlements and attorneys' fees in connection with the accounting missteps, has taken the unusual stance that it is a victim of Yuen's alleged crimes.

Yuen has already been sanctioned for securities fraud in a civil case brought by the Securities and Exchange Commission. In May, a federal judge ordered him to pay $22.3 million — one of the largest penalties against an individual in an accounting case — for misleading investors and Gemstar's auditors while inflating the company's revenue from 1999 to 2002. Yuen is appealing.

Gemstar General Counsel Stephen Kay, in his letter to the senators, asked them "to do whatever you can to ensure that this case receives the attention it deserves so that the decision about whether or not to prosecute Mr. Yuen will be well-reasoned rather than the product of inexplicable neglect."

He said that most, if not all, potential charges against Yuen would be barred by March 2007 because of the statute of limitations on such offenses.

Thom Mrozek, a spokesman for U.S. Atty. Debra Yang in Los Angeles, who has been supervising the Yuen case, would not make further comments, saying, "The matter is still under investigation." Yuen's attorney Brian Maas declined to comment on the Justice Department probe. He said Yuen was still fighting Gemstar to collect his severance, about $30 million.

Cablevision Gave Backdated Grant To Dead Official (WSJ)

By Peter Grant, James Bandler And Charles Forelle

The Wall Street Journal, September 22, 2006

Cablevision Systems Corp. awarded options to a vice chairman after his 1999 death but backdated them, making it appear the grant was awarded when he still was alive, according to a company filing and people familiar with the matter.

The country's fifth-largest cable operator in terms of subscribers also improperly awarded a compensation consultant options but accounted for them as if he were an employee, according to a Securities and Exchange Commission filing, citing the results of a six-week investigation by an outside law firm.

The findings of the probe were released yesterday as the Bethpage, N.Y., company restated its financial results and said two of its directors had stepped down from posts on the board's audit and compensation committees as part of an escalating investigation into its improper granting of stock options.

The company also said it had received a grand jury subpoena in connection with an investigation into its options practices from the U.S. Attorney for the Eastern District of New York.

The improprieties regarding the deceased executive -- Vice Chairman Marc Lustgarten, who died in 1999 -- and a compensation consultant are among the more unusual allegations of abuse that have surfaced in the scores of investigations that have been launched this year over improper stock-options practices. About 100 companies are under federal investigation for possibly backdating or otherwise manipulating stock-option grants to secretly boost their value.

Stock options give recipients the right to purchase shares at a fixed exercise price, usually the market price on the day the options were granted. Backdating typically involves pretending the grant was made on an earlier date, when prices were lower, thus increasing the potential value of options.

Cablevision backdated options from 1997 to 2002, according to its SEC filing. In practically all cases the share prices were lower, "sometimes substantially lower," on the option awards than they were on the actual date options were granted, the filing said. "The company's board of directors and senior management believe that the practices...are contrary to the high ethical standards they believe should apply," the filing stated.

Cablevision announced on Aug. 8 that it was launching the options probe, would restate earnings and would delay reporting its results for the second quarter. The company also has said it is under investigation by the SEC as well as the U.S. attorney's office.

Cablevision's filing didn't address how many options were tainted, who received the options or whether executives holding backdated options would be forced to surrender them or reimburse shareholders. The filing also didn't identify the outside law firm that led the investigation, though it said the firm wasn't involved in the stock-option-grant process. It also didn't say whether the firm had advised Cablevision in other matters. Regulators and law-enforcement officials have been skeptical of probes that aren't conducted by independent, outside firms.

Earlier company filings show that Cablevision awarded at least 2.9 million options from 1997 to 2002 to at least five executives, including Chief Executive James Dolan and to Mr. Lustgarten, who died in 1999 of pancreatic cancer at the age of 52.

In its filing, Cablevision said only that an "executive officer" had received backdated options after his death. People familiar with the matter identified Mr. Lustgarten as that executive. He received at least 400,000 options from 1997 to 1999, according to filings. Besides being Cablevision's chief negotiator, Mr. Lustgarten was a close confidant of James Dolan and of his father, the founder of the company, Charles Dolan.

It remains unclear which of the options grants to Mr. Lustgarten was backdated. In its 2000 proxy statement, the company said it had granted options to four other senior executives carrying a date of Aug. 2, 1999, which was four weeks before Mr. Lustgarten's death. The proxy didn't include Mr. Lustgarten's name among those executives.

It wasn't clear when the options granted to Mr. Lustgarten posthumously were dated and whether they were exercised. Mr. Lustgarten's estate was entitled to exercise all his stock options upon his death, according to his 1994 employment agreement. A Cablevision spokesman declined to provide details. The co-executor of Mr. Lustgarten's estate, Robert S. Lemle, who also is a former general counsel of Cablevision, couldn't be reached for comment.

Harvey Pitt, former chairman of the SEC, called the grant to the deceased executive "really bizarre" and "absolutely crazy."

John Coffee, a professor of law at Columbia University, noted that options are intended to create an incentive for executives to boost their company's stock price. "Trying to incentivize a corpse suggests they were not complying with the spirit of shareholder-approved stock-option plans," he said.

The filing didn't identify the compensation consultant that was paid in options, but stated that the award was cancelled in 2003. It isn't clear whether those options were backdated. The company did say it improperly accounted for the grant as if the consultant was an employee. The company also said the consultant "directly participated in the options dating process."

The consultant and officers of the company who participated in the improper options dating "have either retired or had their relationship with the company otherwise terminated" more than a year before the options investigation began, Cablevision said in its filing.

The two board members who relinquished committee posts were Richard Hochman, who stepped down from the compensation and audit committees, and Victor Oristano, who left the audit committee. The two directors, who served on those committees during the period in question, sent letters to Cablevision Wednesday stating that they were making the moves "in light of the public attention" over the options investigation and the "numerous shareholder lawsuits" that name them, among others, as defendants, the company's filing states. Both remain directors.

The company restated its earnings for 2003 through 2005 and the first quarter of 2006. The results all were adjusted to show the cumulative impact of the improper options dating and other noncash compensation items, from 1997 to March 2006, which decreased net income in that period by a total of $89.2 million.

At 4 p.m. in New York Stock Exchange composite trading yesterday, Cablevision was down two cents, or 0.1%, to $22.99.

Brian Foley, a White Plains, N.Y., compensation consultant, said that while the dollar amounts of the restatement were relatively small compared with restatements at other companies with stock-options timing issues, he was surprised by the depth and range of the problems unearthed by the investigation.

"Once you take the lid off and look inside, you realize that the short rubber boots aren't going to do and you need the hip-waders," Mr. Foley said. "How could you have this many things go awry?"

Cablevision yesterday also reported its second-quarter earnings, which had been delayed by the probe. The company earned $14.6 million, or 5 cents a share, compared with $213.8 million, or 74 cents a share, during the same period in 2005, when earnings were boosted by an asset swap between Cablevision and News Corp. that resulted in a $332 million cash gain for the cable operator. Second-quarter revenue was $1.42 billion, up from a restated $1.23 billion in 2005 on strong sales of digital video, phone and high-speed Internet connections.

SEC Tightens Hedge Fund Scrutiny (FT)

By Jeremy Grant

Financial Times, September 22, 2006

The Securities and Exchange Commission is tightening scrutiny of hedge funds by stepping up examination of the links between hedge funds and broker-dealers, particularly where they are owned by a hedge fund, a senior SEC official said.

The move is a sign that the SEC continues to find ways to regulate hedge funds after a US court federal court in June overturned an SEC rule forcing hedge fund advisers to register with the agency.

Walter Ricciardi, deputy director of enforcement, said: “I think some of the problems we’ve seen with hedge funds, one of the risk factors, red flags, is where they have their own broker-dealer.

“That creates quite a conflict in the sense that investors’ money is sitting there and a hedge fund decides to trade through their own broker-dealer and [the hedge fund] gets a fee for such trading.

“It gives them an incentive to run up trading fees. It may not be in the best interests of investors,” he told the Financial Times.

While the SEC’s office of compliance already conducts routine inspection of broker-dealers, Mr Ricciardi said the enforcement division – which is focused on alleged wrongdoing in the securities markets – was “stepping up [the focus] on hedge funds”.

The SEC took similar steps in the wake of the collapse of Long Term Capital Management in 1998.

The timing of the fresh scrutiny comes as Amaranth Advisors, a hedge-fund manager that lost over $6bn in the past month, has become the second largest hedge fund loss since LTCM.

Last week, SEC enforcement chief Linda Thomsen said the SEC had used similar tactics to unearth evidence about late trading and market timing in mutual funds by hedge funds.

“The regulated entities [broker-dealers] are our window into hedge funds,” she said.

“Everybody’s doing business with them. We’re going to find out what they’re doing through what we can see.”

Mr Ricciardi said that hedge funds’ fee structures might have “attracted some miscreants”. “Probably the vast majority of hedge fund managers are very honest traders but in any environment where there is that much money and that much incentive to cheat you’re going to have some bad apples,” he said.

The types of issues that the SEC had seen revolved around evidence that trades might not have occurred, even though they were being recorded as having taken place, he added.

“You have statements coming from the hedge fund to investors and there may not be sufficient controls over that process. We’ve seen some instances where it’s just a phoney statement and the investments shown on the statements do not exist.

“A good question to ask is whether there are third party administrators to check to see that the investments are real and properly priced,” Mr Ricciardi said.

CRIMINAL LAW:

Fitzgerald Given Way Out Of Libby CIA Leak Case (MSNBC)

By Joel Seidman, Producer

MSNBC, September 22, 2006

Judge says he can dismiss case if classified secrets will be revealed

DOJ_NMG_0067412

WASHINGTON - The judge in the CIA leak case ruled Thursday that if Special Counsel Patrick Fitzgerald feels that admitting certain classified documents at the upcoming trial of I Lewis "Scooter" Libby can jeopardize national security, Fitzgerald can then move to dismiss the perjury charges against Libby.

Judge Reggie Walton cannot automatically allow classified materials to be admitted at trial. He first must go through a series of closed hearings under CIPA regulations. CIPA, the Classified Information Procedures Act, protects and restricts the discovery of classified information in a way that does not impair the defendant's right to a fair trial. It also allows the government to propose a redacted version of a classified document as a substitution for the original, having deleted only non-relevant classified information.

In his ruling this morning, the Judge Walton, has given a technical legal victory to Libby's attorneys concerning the admissibility of classified materials they want to present at trial for their defense.

Three-part test

The issue concerns determining a standard for which the judge will review these secret documents, in a series of closed hearings later this month, to determine the use, relevance, or admissibility of classified information.

Fitzgerald argues that because of the sensitive national security value of the classified materials, a special three part test must apply before determining if a document can be admitted at trial.

That test, according to Fitzgerald, must include: (1) that the document is relevant; (2) that the document is "helpful to the defense," and (3) that the defendant's interest in disclosure of the document outweighs the government's need to protect the classified information.

Victory for Libby

Walton disagreed with Fitzgerald and favored Libby's attorney's argument that in reviewing the classified material to be presented at the hearing, he must simply apply the Federal Rules of Evidence.

Walton also suggested that, "if the government is still not satisfied that the classified information is adequately protected at the conclusion of these hearings, the government has the power to preclude entirely the introduction at trial of the classified information. While invocation of this option may require dismissal of this case."

Walton argues against adopting the balancing test proposed by the government, because it, "could infringe on the defendant's constitutional right to put on a defense by preventing him from introducing relevant and otherwise admissible evidence at his trial because the government's interest in nondisclosure was considered of greater significance."

Crush of national security work

While is it not publicly known which classified materials are at issue, Libby's attorneys have requested and have been given in recent months two batches of summaries and redacted versions of classified morning intelligence briefings which Libby attended with Vice President Cheney in 2003.

Libby's attorneys wish to present at trial a picture of their client as being overwhelmed by the crush of critical national security work at the White House — a client who may have misremembered, what they wish to portray as insignificant, the identity of former ambassador Joseph Wilson's wife, Valerie Plame who was a CIA employee at the time. Using certain classified documents at trial his lawyers could underscore that Libby was involved with important work at the time of the Plame leak.

Crux of the case

Fitzgerald's case rests on the premise that Libby lied to the FBI and to a grand jury about his own conversations with reporters confirming that Plame worked for the CIA and was somehow responsible for her husband's fact finding trips to Africa in search of proof about Iraq's alleged quest for fissile materials. Wilson wrote in a New York Times op-ed, in July 2003, that that quest did not exist, and that the administration was "twisting" the facts about Iraq's determination to procure Niger's yellowcake.

Fitzgerald has said in court filings that the Plame leak from Libby was orchestrated specifically to undermine the credibility of Wilson's public pronouncements — which Fitzgerald says consumed the vice president's office for several weeks in the summer of 2002.

Libby was charged in October, 2005 with lying to the FBI and a federal grand jury about how he learned the name of CIA officer Valerie Plame and when he subsequently told three reporters about her. He faces five counts of perjury, making false statements and obstruction of justice. Libby's trial is scheduled to begin Jan. 17, 2007.

Judge Rules For Cheney Aide (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

A federal judge ruled in favor of Vice President Dick Cheney's former chief of staff in a fight over release of classified information in the Valerie Wilson case. The judge, Reggie B. Walton of Federal District Court, decided that he would not impose strict standards sought by prosecutors who wanted to limit the classified information used in the trial of the aide, I. Lewis Libby Jr.

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Judge Walton said that once he rules on which evidence is relevant government lawyers could propose parts to be blacked out or summarized. Mr. Libby is accused of lying to the authorities about discussions he had with reporters about Ms. Wilson's job at the Central Intelligence Agency.

Limits Used In Terror Cases Are Imposed On A Mob Figure (NYT)

By William K. Rashbaum

The New York Times, September 22, 2006

Alberto R. Gonzales, the United States attorney general, has imposed a set of highly restrictive rules generally reserved for terror suspects on an imprisoned mob figure who is under investigation for plotting to kill a federal judge, a prosecutor and three Mafia turncoats, prosecutors disclosed yesterday.

The move was the latest development in an increasingly bizarre case. The mob figure in the case, Vincent Basciano, has contended that a list he wrote naming the judge and the others was not part of a murder plot, as prosecutors have asserted, but an effort to use a mystical religion to improve his chances at his forthcoming trial, at which he could face the death penalty.

The disclosure that Mr. Gonzales had imposed the measures was made at a hearing in United States District Court in Brooklyn. The judge in the case, Nicholas G. Garaufis, who prosecutors have said was one of Mr. Basciano's targets, also unsealed a transcript from an Aug. 28 hearing at which the investigation and the list were discussed.

In July, Mr. Basciano provided the list to a fellow inmate at the Metropolitan Correctional Center in Manhattan who, unknown to Mr. Basciano, was cooperating with the authorities. Prosecutors have said Mr. Basciano indicated to the inmate that he wanted the people on the list killed.

The transcript of the Aug. 28 hearing provided additional details about what Mr. Basciano, known as Vinny Gorgeous, has said was his effort to use Santeria, a Caribbean religion, to influence the outcome of the trial.

One of Mr. Basciano's lawyers, James Kousouros, said at the August hearing that the inmate approached Mr. Basciano and told him that his mother was a Santeria "priestess."

The inmate "told Mr. Basciano to make a list of everybody involved, put it in your right shoe, stamp five times every day during the trial and it will help," Mr. Kousouros said. He did not explain why Mr. Basciano instead gave the list to the inmate.

The restrictive rules, known as special administrative measures, severely limit Mr. Basciano's phone and mail privileges, visits and communications with people other than his lawyers.

The measures, which were developed in 1996, have been carried out about 40 times, all but about 15 times in terrorism cases, according to Jaclyn Lesch, a Justice Department spokeswoman.

In one of the most high-profile cases, they were imposed on Sheik Omar Abdel Rahman, a Muslim cleric serving a life sentence for planning to bomb New York City landmarks. The sheik's lawyer, Lynne F. Stewart, was convicted last year of aiding terrorism by smuggling messages from the sheik to his followers, and of lying when she pledged to abide by the special rules.

Only the attorney general can impose the rules.

At the hearing yesterday, John Buretta, an assistant United States attorney, suggested that the measures were meant to prevent Mr. Basciano from communicating what prosecutors believe are his ill intentions.

Mr. Kousouros asked the judge to hold a hearing with testimony from the other inmate, who has not been identified. He also indicated that he might seek to have the judge recuse himself.

Judge Garaufis said that before he could determine whether to hold a hearing, Mr. Basciano's lawyers must consult with their client and decide whether they will seek to have him removed from the case.

Mr. Basciano was convicted earlier this year of racketeering conspiracy, but the jury deadlocked on a murder charge.

Defense: Reputed Mobster Used Santeria Ritual (NEWSDAY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Newsday, September 22, 2006

Well, at least he didn't try sticking pins in a voodoo doll.

Eager to seek an edge in his recent racketeering trial, reputed Bonanno crime family member Vincent Basciano was told by a fellow jail inmate to place a list with names of the prosecutor, trial judge and witnesses in his shoe and stomp his foot five times to get good luck.

The resulting list that Basciano drew up to carry out the ritual was simply part of a Santeria-related method and not a hit list as prosecutors have suspected, his defense attorneys said Thursday.

Basciano, at one time the acting street boss of the Bonanno crime family, is under investigation for allegedly creating the list and in "sum and substance" giving it to his fellow inmate to seek the murder of the listed persons, Brooklyn federal prosecutors have stated in court papers.

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Named on the list were assistant U.S. attorney Greg Andres, who prosecuted Basciano earlier this year; federal judge Nicholas Garaufis; disgraced attorney Tom Lee; and mob turncoats Dominick Cicale and James Tartaglione, court papers stated.

But while prosecutors put a sinister spin on the list and Basciano's attempt to seek magical intervention, his lawyers say that wasn't the case at all.

During a court hearing Thursday and in interviews, Basciano's attorneys related how their client was seeking Santeria help and not seeking murders.

Santeria is an amalgamation of African religion and Roman Catholicism that uses magic. Adherents seek out a babalawo, also known as a godfather, and a santera, or godmother, for help when in desperate straits.

"He is not denying he came up with the list, but it's not like he called up Lucca Brazzi," defense attorney Ephraim Savitt told Newsday, referring to the fictional hit man in the film "The Godfather."

Savitt, who stated the ritual was Santeria-like, said that the idea of preparing the list came from a fellow inmate of Basciano's at the federal detention center in Manhattan. The unidentified inmate was originally from the Caribbean and was facing drug charges, said Savitt. Basciano put stock in the idea and gave him the list, said the attorney.

The Santeria explanation first came up in a sealed courtroom hearing last month when the investigation of Basciano first surfaced. In a transcript of the hearing unsealed Thursday by Garaufis, it was defense attorney James Kousouros who first explained how Basciano was approached for the list by the inmate.

"This inmate, the person we believe to be this inmate, is somebody who approached our client and told him that this mother is some priestess for [Santeria]," said Kousouros and "told Mr. Basciano to make a list of everybody involved, put it in your right shoe, stamp five times every day during the trial and it will help."

Kousouros said there were other witnesses who could corroborate Basciano's story. Savitt told Newsday that there was even a second list that had names of defense attorneys on it.

Thursday prosecutors Thomas Buretta and Winston Chan disclosed in court that the probe of Basciano and the list was continuing. Buretta said Attorney General Alberto Gonzales had approved holding the defendant under special administrative measures, very strict detention standards usually reserved for terrorists.

Savitt said Basciano is allowed visits from his wife, as well as a woman friend with whom he had another child, a complicated domestic situation that had previously been disclosed in court papers.

Attorneys Deny Allegations Client Plotted To Kill Judge (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 22, 2006

Attorneys for a former Mafia boss who might face the death penalty in an upcoming trial expressed dismay Wednesday at the unsealing of court documents that reveal their client, Vincent Basciano, is under investigation for a potential plot to kill a federal judge.

The attorneys, James Kousouros and Ephraim Savitt, said they would ask for an evidentiary hearing into the alleged plot against Eastern District Judge Nicholas G. Garaufis, which Kousouros said did not exist. Kousouros said it was "very unfortunate" that he was not notified by federal prosecutors that the document was going to be made public late Tuesday evening.

"I'm not saying we were entitled to notice," Kousouros said. "We have to now consider motions for recusal. This now creates a mess."

He said the unsealed papers could taint the jury pool, and might contribute to U.S. Attorney General Alberto Gonzales' decision on whether the government will seek the death penalty.

Assistant U.S. Attorney Winston Chan said he would not comment, as the investigation into the plot is still active.

Judge Garaufis scheduled a hearing for noon Thursday to discuss the matter.

In May, Judge Garaufis presided over Basciano's conviction on racketeering charges; the jury did not reach a verdict on murder charges. Basciano may face the death penalty in an upcoming trial, also before Garaufis, for allegedly conspiring to kill a federal prosecutor.

On Tuesday, federal prosecutors asked the judge to unseal a letter they submitted to the court and defense counsel on Aug. 28. The letter detailed another possible murder plot, this time against Garaufis, and included several pages of correspondence written by Basciano.

One document was a list of names that prosecutors said Basciano gave to an unnamed inmate who was cooperating with the government, indicating, "in sum and substance," that he wanted the individuals on the list to be murdered. Garaufis was

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second on the list, after Assistant U.S. Attorney Greg Andres, the prosecutor at the center of the previous plot in which Basciano is accused.

Basciano's attorneys contend that their client passed the list to an inmate because he thought the inmate had a connection to Santeria, a Caribbean religion. A priest or priestess of the religion, Basciano believed, could bless Basciano and make people tell the truth about him.

"It was utter foolishness," Kousouros said. "[Prosecutors] know he believes in this hocus-pocus nonsense."

The investigation into a possible threat against Garaufis was the subject of a closed hearing on Aug. 28. Basciano's attorneys said Wednesday that they were surprised that the investigation was made public while it was still pending.

"I don't understand what the rush was to go ahead and reveal something like this," Savitt said. "I don't think it helps to disclose information that you are still investigating. I just can't understand why it's being done."

However, Savitt said he did not necessarily think that the incident required Garaufis to recuse himself from the case, especially if prosecutors conclude that the list was not threatening.

"I believe that if the investigation reveals what really happened here, there's no question that the judge can continue on this case," Savitt said.

The U.S. Marshals Service for the Eastern District would not say whether Garaufis had been given additional security. Chief Deputy Timothy E. Hogan said the office had been working on the case for a number of months, in concert with the Federal Bureau of Investigations.

"Based on the information we have, we take what precautions we feel necessary," Hogan said.

FBI Raid Targets County Job Files (CHIT)

By Mickey Ciokajlo, Robert Becker And Jeff Coen

Chicago Tribune, September 22, 2006

FBI agents fanned out across Cook County on Thursday with grand jury subpoenas and a search warrant, probing deep into the role clout plays in county hiring.

The investigation, quietly under way since late last year, burst dramatically into public view Thursday morning. The flurry of activity indicated that federal prosecutors are now taking a hard look at clout and hiring in Cook County, even as they are investigating state hiring by the Blagojevich administration and city hiring by the Daley administration.

More than a dozen agents descended on the County Building around 9 a.m. Thursday to search the county's human resources bureau, where hiring and personnel records are kept. Agents remained all day in the 8th floor office at 118 N. Clark St.

In addition to the search warrant, agents delivered subpoenas for documents related to hiring at departments throughout the county. Subpoenas went to county health facilities, the Highway Department and the Cook County Forest Preserve District.

In a statement, Cook County Board President Bobbie Steele said the county would cooperate fully in responding to subpoenas delivered to various departments. Steele also said the human resources bureau was cooperating with the execution of the search warrant.

"I am committed to doing what is necessary to root out any problems," Steele's statement said. Steele assumed the office Aug. 1, replacing John Stroger, who had suffered a stroke.

The subpoenas seek documents related to "non-exempt" jobs, Steele said. Under a court order known as the Shakman decree, those positions are supposed to be filled on the basis of qualifications, not political influence.

Mayor Richard Daley's patronage chief, Robert Sorich, and three other former city officials were convicted of committing fraud and other crimes to circumvent the decades-old Shakman decree, which first applied to the City of Chicago and later to Cook County.

The federal investigation into the city's hiring is still under way.

Prosecutors are also engaged in a broad probe of hiring under Gov. Rod Blagojevich, who has acknowledged being interviewed by federal authorities.

In June, U.S. Atty. Patrick Fitzgerald sent a letter to Illinois Atty. Gen. Lisa Madigan saying his office has developed a number of credible witnesses in its investigation of allegations of "endemic hiring fraud" in multiple state agencies.

Though Thursday was the first public indication that the federal government is investigating hiring practices in Cook County, sources familiar with the investigation said the probe got under way in late 2005.

The sources said the search warrant was issued specifically for the human resources bureau because that is an area where records are concentrated.

The affidavit outlining the reason for seeking the search warrant is under seal.

Cheryl Cato, spokeswoman for the county's health bureau, said agents visited a number of its facilities early Thursday, including Stroger, Provident, Oak Forest and Cermak Hospitals.

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"I don't know if they've taken anything," Cato said.

The flurry of activity on Thursday came about two weeks after Steele placed Gerald Nichols, who had been Stroger's patronage chief, on paid suspension.

Steele's actions followed a Chicago Sun-Times article in which a county highway supervisor claimed Nichols pressured him to hire a political ally of Stroger's.

The government's investigation quickly became an issue in the Nov. 7 election for County Board president.

Republican candidate Tony Peraica, a county commissioner, held an impromptu news conference outside the human resources office while agents searched inside. Peraica's Democratic opponent, Chicago Ald. Todd Stroger (8th), is John Stroger's son.

"Clearly this is just the tip of the iceberg," Peraica said. "There's a criminal conspiracy here that has been going on for quite some time to falsify job applications, to alter test scores, to hire unqualified individuals, principally from the 8th Ward."

Todd Stroger suggested the federal activity was linked to a motion filed by Michael Shakman, the lawyer whose lawsuit led to the Shakman decree. Shakman returned to federal court in recent weeks to request the appointment of a federal monitor to oversee county hiring.

Stroger said he was not surprised by the investigation, and he added, "I don't think it's a surprise to many people. And I don't know what they are looking for or what they will find."

Stroger sought to distance himself from the federal probe.

"That's my father's administration," said Stroger, who was speaking at a news conference on an unrelated matter when the news broke of the federal search. "At this point, I am a city councilman and that is the job I've been doing."

County Commissioner Forrest Claypool, who lost to John Stroger in the March Democratic primary, said he was not surprised that the federal government is now probing hiring at the county.

"County government has been a patronage dumping ground for years, a place where unqualified politically connected people have been dumped by the thousands," Claypool said. "It wouldn't surprise me if lines were crossed and laws were broken in the hiring practices in Cook County.

"It's sad that reform at the county government is likely to come through law enforcement rather than through the political process," Claypool added. "We've known for years about these problems and very little has been done about it."

Shakman, too, wasn't surprised by the federal government actions, alleging the county has been engaged in violating his civil court order much as the city of Chicago was.

At a court hearing last week, a federal judge allowed the county time to respond in writing to Shakman's recent motion for a monitor to oversee county hiring, like with the city.

"The county seemed to be engaged in the same kind of systematic violation of court orders that the city engaged in, and it seemed that nobody at the county was prepared to supervise hiring to make sure it was nonpolitical," Shakman said.

Tribune staff reporters Brendan McCarthy, Todd Lighty, Laurie Cohen, Dan Mihalopoulos and Gary Washburn contributed to this report.

FBI Raids Cook County Office (CHIST)

By ABDON M. PALLASCH, NATASHA KORECKI, STEVE PATTERSON AND ERIC HERMAN, Staff Reporters

Chicago Sun-Times, September 22, 2006

FBI agents descended on Cook County government offices this morning, serving a search warrant in an investigation that apparently centers on county hiring practices.

FBI agents could be seen carrying boxes of documents out of the Cook County Human Resources Department at 118 N. Clark St., as county human resources director Mark Kilgallon and county general counsel Laura Lechowicz Felicione looked on.

“We are fully cooperating” with the investigation, Felicione said.

While the seizure of documents proceeded downtown, federal agents served the search warrant at other county offices, too — including Provident Hospital, Cermak Hospital and the forest preserve district.

The federal agents hit the county offices starting at 9:15 a.m.

FBI spokesman Ross Rice said the search warrant is tied to a criminal affidavit that is under seal. “We’re looking for possible evidence of a crime,” Rice said. No arrests have been made and no charges filed, Rice said.

The search warrant comes one month after the Chicago Sun-Times reported that county officials said they routinely were told to hire politically connected candidates for county jobs over candidates who scored higher on civil service exams. A Cook County Highway Department supervisor, Eric Petraitis, said he felt coerced to change test scores to hire candidates connected to former Cook County Board President John Stroger.

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Following that report, County Board President Bobbie Steele ordered the suspension, with pay, of Stroger's patronage chief, Gerald Nichols, and four lower-level employees responsible for administering employment tests.

The Sun-Times also reported in late August that nearly 1,300 people were added to the Cook County payroll in the months after Stroger suffered a stroke. Stroger's campaign manager and his chief of staff's daughter were among those added to the payroll — even amid a hiring freeze — and more than a dozen others with ties to powerful political machines were also hired.

In response to the reports, attorney Michael Shakman went to federal court seeking to have a federal monitor appointed to oversee county hiring.

Steele didn't show up to a 12:30 p.m. news conference on the FBI activity, as she said she would. But her spokeswoman read a two-sentence statement saying Steele had been advised not to talk about the case, but her office is "fully cooperating."

Ald. Todd Stroger, who is running to succeed his father John and replace Steele, said the raid was not a surprise and that he believes it was connected to a motion filed by Shakman asking that a federal monitor oversee county hiring.

''I believe that everyone expected the federal government would come in the county building and Mr. Shakman has been saying there's problems and I believe he's been over to federal court,'' Todd Stroger, the Democratic candidate for County Board president, told reporters. ''And I don't know what they are looking for or what they will find,'' he said.

He also called the county's hiring system antiquated and said it needs to be revamped.

Todd Stroger's Republican opponent, Anthony Peraica, said the raid stems from what he called a ''criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected.''

''Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories,'' Peraica said.

FBI Raids Cook County HR Office (WMAQ-TV)

WMAQ-TV, September 22, 2006

CHICAGO -- The FBI conducted a search inside an office of the Cook County Building Thursday morning, NBC5 reported.

Federal investigators executed a search warrant at the offices of the county Bureau of Human Resources at 118 N. Clark St.

Agents executed a search warrant at 9 a.m. at Cook County's Bureau of Human Resources, FBI spokeswoman Cynthia Yates said. The search was part of an ongoing investigation, but Yates declined to say what the investigation was about.

NBC5's Phil Rogers reported that agents may have accessed the office's computer servers, looking for information about hiring practices and possibly the testing of Cook County employees.

Allegations have arisen that tests were rigged or changed to favor political cronies in the John H. Stroger administration, Rogers reported.

Chicago Mayor Richard M. Daley's patronage chief, Robert Sorich, along with four other former city officials are awaiting sentencing for a scheme to use fraud to cover up violations of a ban on patronage hiring.

Daley has not been accused of any wrongdoing.

Cook County's Bureau of Human Resources coordinates all human resource activities for the departments under the jurisdiction of the Cook County Board, including the Cook County Forest Preserve District.

Chicago Alderman Todd Stroger, who is running to replace his father, John Stroger, as Cook County board president, said the raid was not a surprise and that he believes it was connected to a motion filed by attorney Michael Shakman asking that a federal monitor oversee county hiring.

"I believe that everyone expected the federal government would come in the county building and Mr. Shakman has been saying there's problems and I believe he's been over to federal court," Stroger, the Democratic candidate for board president, told reporters.

"And I don't know what they are looking for or what they will find," he said.

He also called the county's hiring system antiquated and said it needs to be revamped.

Stroger's Republican opponent, Anthony Peraica, said the raid stems from what he called a "criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected."

"Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories," Peraica said.

FBI Agents Raid Cook County Office (WP/AP)

The Associated Press

The Washington Post, September 22, 2006

CHICAGO -- FBI agents Thursday raided the offices where the Cook County government keeps its hiring records.

FBI spokeswoman Cynthia Yates would not say what the investigation was about.

However, Mayor Richard M. Daley's patronage chief and four other former city officials are awaiting sentencing for a scheme to subvert a ban on patronage hiring, or doling out jobs according to applicants' political connections. Daley has not been accused of any wrongdoing.

Chinta Strausberg, a spokeswoman for acting Cook County Board President Bobbie Steele, said only: "We are fully cooperating with the investigation."

Chicago Alderman Todd Stroger, who is running to replace his father, John Stroger, as Cook County Board president, said he believes the raid was connected to an activist's request that a federal monitor oversee county hiring to prevent abuses.

Stroger's Republican opponent, Anthony Peraica, said the raid stemmed from a "criminal conspiracy to deny the rights of well-qualified persons and applicants jobs that were instead given to the politically connected."

"Test scores were rigged, applications were falsified in order to allow hiring of clearly unqualified individuals, some with criminal histories," Peraica said.

Ex-N.O. Prosecutor Gets Life In Federal Civil Rights Rape Case (AP)

AP, September 22, 2006

NEW ORLEANS, La. -- A former deputy city attorney was sentenced Thursday to life in prison for using his position to rape two women in his office.

U.S. District Judge Lance Africk sentenced Henry A. Dillon on Thursday, more than four months after a jury found him guilty of depriving the women of their civil rights under color of law, by aggravated sexual abuse.

"He committed unspeakable acts of violence against innocent women while disguising himself as a public servant," U.S. Attorney Jim Letten said in a news release.

Dillon, 49, raped each woman after telling her in Municipal Court that he needed her to come to his office to complete some court business, according to the indictment.

Dillon admitted having sex with both women, but said it was consensual. That testimony "calls into question your grip on reality," Africk told him Thursday.

His arrest and firing on Dec. 1, 2004 marked the second time Dillon had been accused of rape.

In 1998, Dillon was arrested on the same charge and accused of raping a woman at his home.

Nearly a year after he was suspended from his job without pay, the state Attorney General's Office said it had too little evidence to prosecute, allowing Dillon to return to work at the City Attorney's office.

Dillon was jailed in December, when a magistrate ruled that he was a danger to the community.

He was indicted after relatives of one woman approached the Metropolitan Crime Commission of Greater New Orleans, a nonprofit police watchdog. That woman said Dillon used a wrestling move to pin her down _ and another woman had made a similar claim in 1998, the crime commission said.

Former Orange Beach Mayor's Wife Pleads To Obstruction Count (AP)

AP, September 22, 2006

MOBILE, Ala. (AP) — Crystal McDonald Russo, wife of former Orange Beach Mayor Steve Russo, pleaded guilty in federal court Thursday to one felony obstruction of justice charge as part of a plea agreement with prosecutors.

Prosecutors agreed to dismiss two other counts against her and recommend a sentence that will likely only get Crystal Russo probation, the Press-Register reported on its Web site Thursday.

Russo, 25, was facing trial next month for allegedly trying to help her 44-year-old husband hide $96,000 that was sought for forfeiture by prosecutors in their probe of the former mayor. On Sept. 1, Steve Russo, Orange Beach City Attorney Larry Sutley and developer Ken Wall were convicted by a federal court jury in Mobile of fraud and related charges in a real estate scheme in the Gulf Coast resort.

"She is glad that she's now seeing some closure in this and she thinks she's doing the right thing," Gordon Armstrong III, Crystal Russo's lawyer, said outside the courthouse.

U.S. District Judge Kristi DuBose scheduled Crystal Russo to be sentenced on Dec. 28.

Another Gamble For Online Betting (WSJ)

By Amy Schatz

The Wall Street Journal, September 22, 2006

Legal Wrangling in the U.S. Is Clouding the Prospects For the Industry World-Wide

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Two recent arrests of online-gambling executives in the U.S. are drawing attention to a spirited but so far unsuccessful effort in Washington to clarify the legal status of Internet gambling and resolve the political and legal issues of regulating it.

Earlier this month, Peter Dicks, at the time nonexecutive chairman of Sportingbet PLC, Britain's largest publicly traded Internet-gambling company, was arrested in New York on a Louisiana warrant. That followed the July arrest of David Carruthers, then-chief executive of BetOnSports PLC on federal charges. The two cases aren't directly related but have combined to spook executives of foreign Internet-gambling companies, which are wary of entering the U.S.

The developments underscore a fundamental problem for the Internet-gambling industry: U.S. lawmakers haven't agreed on whether the practice is legal. This summer the House passed legislation that would outlaw most forms of Internet gambling, including poker and casino-style games. But similar legislation is in limbo in the Senate, despite recent efforts by Majority Leader Bill Frist to attach the measure onto a must-pass defense-authorization bill this year.

Taming Internet gambling is difficult, however, given uncertainty about which rules apply to it. The Bush administration maintains that all interstate Internet gambling is illegal, but acknowledges that enforcement is sporadic. To shut down Internet sites, prosecutors rely mostly on the 45-year-old federal Wire Act, which prohibits sports betting across state lines, but was written with telephone, not Internet, lines in mind.

But not all judges agree that Internet gambling is already illegal, and Internet-gambling companies argue the Wire Act doesn't apply to the Internet.

"It's never really been clear up to and including now, how the 1961 Wire Act applies to the Internet," says Keith Whyte, executive director of the National Council on Problem Gambling, an advocacy group that helps gambling addicts.

"There's a lot of gray area to make some arguments. There's been an utter failure of Congress to address this issue. They're relying on a pretty antiquated law to stretch over this," Mr. Whyte says.

Pressure on Congress to resolve the issue is likely to increase. Eight states have prohibited Internet gambling -- a pattern that has led to calls for a unified national approach.

Lawmakers' failure to clarify the legal issues of Internet gambling has frustrated many in the industry. According to Christiansen Capital Advisors, a New Gloucester, Maine, research firm, online gambling is a $12 billion-a-year industry globally, and growing. For years, some online-gambling companies have sought U.S. legislation to regulate the industry to weed out dodgy companies and promote investor confidence.

More broadly, Congress's inability to act reflects lawmakers' ambivalence about the Internet and how to strike a balance between letting it operate without much interference and requiring it to adhere to socially desirable behavior.

Republican Rep. Bob Goodlatte, who represents a rural Virginia district, personifies the sometimes-conflicting impulses. In his seven terms in Congress, Mr. Goodlatte has built a conservative voting record faithful to free-market, small-government principles. In June he voted against a proposal, which failed, that would have prevented Internet providers from moving some traffic faster than other -- in part, he said, because he was worried that "government involvement often stifles innovation in the marketplace."

A few weeks later, however, he voted for a bill to outlaw most Internet gambling in the U.S. "There are those of us who are simply opposed to gambling because of societal problems that exist," he says, adding that with the Internet, "every home in Virginia now has a wide array of casino gambling to choose from."

Mr. Goodlatte, a 53-year-old father of two, has spent years trying to impose some order on the Internet -- such as preventing access to child pornography and protecting consumers' ability to encrypt emails. "We don't want it to become the Wild, Wild West," he says.

Some forms of gambling have largely avoided the U.S. government's focus. For example, the government has done nothing to stop Youbet.com, a publicly traded Internet company in Woodland Hills, Calif., that offers betting on horse racing. YouBet says it complies with state and federal gambling regulations, arguing that changes made in 2000 to the federal Interstate Horse Racing Act allow state-licensed interstate "interactive" parimutuel betting. Yet the company's financial statements note that the Justice Department says Internet gambling is prohibited in the U.S.

Justice Department officials say they launched a civil probe into Internet-gambling operations, including horse betting, last year, but say they have limited resources.

Even when the U.S. government tries to set rules for the Internet-gambling business, the global nature of the Internet gets in the way. In the United Kingdom, online gambling will be regulated and -- more importantly -- taxed, beginning in 2007. It is as easy for a would-be bettor to reach a gambling Web site in Athens, Greece, as one in Athens, Ga.

Indeed, the U.S. government's assertion that interstate Internet gambling is illegal has provoked an international trade fight. In March 2004, the World Trade Organization ruled the U.S. had violated global trade pacts by banning offshore firms from offering U.S. citizens some forms of Internet gambling -- notably sports betting -- while providing exceptions for U.S. companies

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that offer horse betting and state-run Internet lotteries. The U.S. says it has the right to ban imports that may be found morally objectionable.

Even if Congress agrees on tough legislation, enforcement would be difficult. The legislation pending in Congress is designed to make it more difficult for Americans to electronically transfer money to fund their online gambling. But banks already have policies that restrict customers from using credit cards at Internet-gambling sites. Online-gambling companies have been able to get around that by miscoding transactions or encouraging customers to use other types of electronic money transfers.

Write to Amy Schatz at Amy.Schatz@wsj.com1

Feds Charge WTC Painter In $1 Million Ripoff From Sept. 11 Fund (NEWSDAY)

By Jennifer Maloney, Newsday Staff Writer

Newsday, September 22, 2006

A New Jersey painter was arrested Thursday on charges he bilked the U.S. Justice Department's Sept. 11 compensation fund of more than $1 million -- the biggest scam yet.

Mario Mastellone, 39, of East Windsor was accused in an indictment in U.S. District Court in Manhattan of accepting $1.07 million from the September 11 Victim Compensation Fund of 2001 by falsely claiming that had been disabled that day and had not worked since.

His lawyer, Peter Bark of Central Islip, said his client had suffered disabling back injuries and has not worked since then, except for a recent job as an extra on a film set, which the Justice Department had approved.

"He's been victimized twice -- once by him being in the World Trade Center on 9/11 and now by the U.S. Attorney's office," Bark said.

Prosecutors said Mastellone lied to a Department of Justice agent investigating his case and lied to a hearing officer evaluating his claim for compensation. According to the indictment, he also fraudulently sought compensation from the New York State Workers' Compensation Board and the Painting Industry Insurance Fund.

If convicted of fraud charges, Mastellone could face up to 40 years in prison.

Bark said Mastellone's Sept. 11 fund claim was legitimate.

"The government doctors examined him and they concurred with his doctors that he's disabled," Bark said. "He cannot do any kind of labor. Unfortunately, he's learning disabled so he can't do a desk job. All he can do is physical labor, and that he can't do."

Prosecutors Say Map-stealing Collector Motivated By Resentment (AP)

AP, September 22, 2006

NEW HAVEN, Conn. -- A renowned dealer who admitted stealing nearly 100 rare antique maps acted out of resentment toward the prestigious libraries and to pay for his expensive tastes and mounting debts, prosecutors said Thursday.

Authorities filed court papers that offered the first official explanation of why E. Forbes Smiley III stole the maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard and Yale university libraries and the British Library in London.

"He explained that his initial thefts were acting out of resentment toward persons at certain institutions that he believed had wronged him, individuals who he believed had slighted him or used certain of his research without accreditation," prosecutors wrote. "Other thefts he explained resulted from some misguided sense of entitlement to the maps because he had, through collectors, provided better versions of the same map to the institution. He also acknowledged that stealing maps was profitable and he had mounting debts."

An FBI review of Smiley's computer records showed he had expensive tastes and mounting debts, prosecutors said.

Smiley, a 50-year-old resident of Martha's Vineyard, faces restitution and up to six years in prison under federal guidelines when he is sentenced Sept. 27. His attorney has asked for a sentence of up to three years, citing Smiley's cooperation with the investigation, charity work and unspecified "mental and emotional conditions which contributed" to the thefts.

Prosecutors did not specify a sentence, but recommended he be given credit for his cooperation with the investigation that led to the recovery of most of the maps.

They called Smiley's conduct "reprehensible," saying his victims included the libraries and dealers who suffered severe harm to their finances and reputations.

The British Library last week urged the court to impose a stiff sentence, saying Smiley systematically looted treasures that told the story of the new world and had survived catastrophic events over the centuries. Some of the maps have not been recovered, while others were damaged, the library noted.

The British Library has raised suspicions that Smiley stole additional maps, a charge he has denied.

Authorities defended their investigation, saying it involved hundreds of phone calls with curators, map historians and legal representatives of the institutions and checking Smiley's computer, phone and bank records. They said inaccurate cataloguing by some libraries, wide public access to materials and other issues made it difficult to prove Smiley stole a particular map.

"Based on this review, the FBI has not identified other information suggesting that Smiley has a hidden cache of maps or is protecting some unidentified purchaser of his maps," prosecutors wrote.

Smiley was arrested after a Yale librarian found a razor blade on the floor. The arrest prompted Yale and other top map libraries to review their security procedures.

Credit Card Companies Pledge Help In Fighting Child Pornography (NYT)

By John Files

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — Executives from credit card companies, including Visa, MasterCard and American Express, told a Congressional panel Thursday that they were determined to eliminate the use of their services in the Internet child pornography business.

But they also said it was difficult to keep pace with those who seek to exploit children on the Web and called for broad collaboration among those in the financial services industry and law enforcement authorities around the world.

“Child pornography is a global problem in need of a coordinated response,” said Mark MacCarthy, a senior vice president for public policy for Visa U.S.A.

Mr. MacCarthy said that by working together with other financial services companies, the industry could “enhance our efforts to identify Web sites and pinpoint merchants that are trafficking in this illicit activity, cut them off from use of our network and provide assistance to law enforcement to put them in jail and shut them down for good.”

“The way forward lies in collective action,” he said.

Mr. MacCarthy and other executives testified at a hearing of the oversight and investigations subcommittee of the House Energy and Commerce Committee. The hearing was the sixth this year convened by the subcommittee to examine the growth of child pornography online.

Others who spoke to the committee included Ernie Allen, the president of the National Center for Missing and Exploited Children, and Christopher J. Christie, the United States attorney for New Jersey, who led an investigation that in 2004 dismantled an Internet child pornography service stretching from Eastern Europe to Mount Laurel, N.J.

Mr. Allen described tactics adopted in recent months to combat child pornography Web sites, including the creation of the Financial Coalition Against Child Pornography, a group of major financial institutions and Internet companies. The coalition will seek to “follow the money,” Mr. Allen said, in an effort to eradicate such business by 2008. MasterCard, Visa, American Express, Bank of America, Citibank, PayPal, Yahoo and AOL, among others, have joined the coalition.

“We have changed our process for monitoring the Internet,” said Arne L. Christenson, a senior vice president for federal government affairs at American Express. “In the past our search for child pornography sites took place as part of our broader efforts to enforce our Internet pornography policy, and there was not always a clear differentiation between the two in our review and reporting.”

Among purveyors of child pornography, Mr. Christenson said, there is a “growing trend toward steering visitors of these sites to various alternative payment methods.”

Mr. Christie said one of those methods involved granting access to Web sites in return for explicit photographs of children. “That phenomenon is something that we are very concerned about,” Mr. Christie said.

Data Retention Bill Expected Next Week (CNET)

By Anne Broache, And Declan McCullagh

CNET News, September 22, 2006

WASHINGTON--A Democratic member of the U.S. House of Representatives said Thursday that she plans to introduce legislation next week that would force Internet providers to record customer information for one year.

Rep. Diana DeGette of Colorado said that she is working with Republicans Reps. Ed Whitfield, chairman of the House Energy and Commerce oversight and investigations subcommittee, and Joe Barton, chairman of the full committee, to finalize language mandating a controversial practice known as data retention.

"Internet service providers across the board do retain this data for some period of time right now, so all were doing in this legislation is requiring a standard in the industry," DeGette said at a morning hearing here on online child pornography, which was at least the sixth event dealing with online child exploitation in the House this year.

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The data retention requirement is necessary because members of Congress have "learned that Internet service providers and social networking sites have information that law enforcement needs when investigating pedophiles online, and that is the IP address on a particular date and time that will help identify those involved," said Whitfield, a Kentucky Republican who is also heading a probe into Hewlett-Packard's boardroom scandal.

Privacy groups and industry groups have generally opposed mandatory data retention, with some companies such as Comcast voluntarily agreeing to retain user data for longer periods. Also, under an earlier proposal described by DeGette, the information would be available not only to police but to civil litigants as well, including divorce lawyers hoping to track someone down or employers embroiled in a lawsuit with a former employee.

Plans to enact the Bush administration's data retention proposal--reiterated this week by Attorney General Alberto Gonzales--have been brewing in Congress for months but have received increased attention as the November elections draw near.

DeGette, for her part, planned this spring to introduce such a proposal (click for PDF) as an amendment to a House telecommunications bill but ultimately dropped those plans. A senior House Republican also drafted a bill this year (click for PDF) but then backed away from it.

DeGette's bill is expected to be consistent with repeated calls for mandatory data retention in recent months from Gonzales and from 49 state attorneys general (click for PDF).

The two law enforcement officials at Thursday's hearing, representing the cybercrimes division of Homeland Security's Immigrations and Customs Enforcement bureau and the U.S. attorney's office in New Jersey, also offered endorsements.

"We need more and more information, and we need it as quickly as we can possibly get it," said Christopher Christie, U.S. Attorney in New Jersey.

Details on data retention

In general, data retention legislation could follow one of two approaches.

One form could require Internet providers and perhaps social networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

During a series of meetings with Internet companies hosted by the Justice Department--first reported by CNET News.com--officials have been ambiguous about how they want legislation worded, private-sector participants say. Those involved have included AOL, Comcast, Google, Microsoft, Verizon Communications and trade associations.

DeGette said Thursday that her proposal would not require retention of the communications themselves, but would identify data so that law enforcement officials--if they had probable cause to believe a crime has been committed--could go in and get a subpoena and subpoena these IP addresses.

An IP address is a unique four-byte address used to communicate with a device on a computer network that relies on the Internet Protocol. An IP address associated with CNET.com, for instance, is 216.239.113.101.

Ernie Allen, president of the National Center for Missing and Exploited Children, said he liked that DeGette's proposal was not focused on retaining content. "Obviously this is a real dilemma for the Internet service providers for a host of reasons, and I think there is an appropriate time frame that can be established," he said. "But overwhelmingly, we support (data retention mandates)."

DeGette sought to allay concerns raised by privacy advocates about the approach, adding, "I'm concerned about privacy considerations, too, especially in light of what I believe to be illegal surveillance of telephone records by this administration."

CIVIL LAW:

Federal Officials Scrutinizing Company Payments To Doctors (NYT)

By Barry Meier

The New York Times, September 22, 2006

Ela Medical, a small producer of implantable heart devices, said this week that it had received a subpoena from federal health care fraud officials seeking information about possible inducements paid by the company to doctors using its products.

In response to an inquiry last week from a reporter, Ela Medical stated that it had received an administrative subpoena from the inspector general of the Department of Health and Human Services. The company is a division of the Sorin Group, which is based in Milan.

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According to Ela Medical, the subpoena sought any documents related to "arrangements, clinical studies, provision of monitoring equipment and services and other agreements by which the company may have provided benefits to persons in a position to recommend purchase of devices."

Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product. Ela Medical, which has previously said that it complied with all relevant laws, said in its statement that it was cooperating with the investigation.

Last year, the Justice Department started to investigate the country's biggest makers of heart devices — Medtronic, St. Jude and Guidant — to determine if they provided doctors with excessive payments to enroll patients in postmarketing studies of their devices as a way of increasing sales. All three companies have said they did nothing wrong.

Such studies can have questionable scientific value, experts say.

In March, a federal official said that the government had begun an inquiry into Ela Medical that was focusing on, among other things, financial relationships between the company and doctors in the Miami area, including physicians who were enrolling patients in postmarketing trials.

At that time, however, officials of Ela Medical said they were unaware of any government inquiries into its practices. Earlier this week, a spokeswoman for the Sorin Group said it had received a subpoena last week.

Ela Medical had only a small piece of the market in this country for heart devices like defibrillators, according to analysts' estimates. Together, it and Biotronik, based in Berlin, have about a 5 percent market share.

Pediatrix Finalizes $25.1M Settlement (AP-YBIZ)

AP, September 22, 2006

Pediatrix Finalizes $25.1 Million Settlement With Justice Department

FORT LAUDERDALE, Fla. (AP) -- Pediatrix Medical Group Inc. on Thursday said it paid the federal government $25.1 million as part of its final settlement with the Justice Department related to a probe into the company's billing practices.

The settlement ends a federal investigation into the company's Medicaid and Tricare practices related to neonatal services provided between January 1996 and December 1999. In addition, the pediatric services provider said it would reach separate state settlements for each state Medicaid program involved.

Information for the period 2000 to 2003 also was reviewed as part of the investigation, and Pediatrix is not making any payments for this period.

Pediatrix announced a tentative settlement in February and set aside reserves related to the investigation during periods through December 2005. The settlement will not affect the company's operating results this year.

Shares of Pediatrix closed down 71 cents to $47.67 on the New York Stock Exchange.

IRS To Pay Former Workers Whose Jobs Were Outsourced (WP)

By Stephen Barr

The Washington Post, September 22, 2006

Ten former mailroom employees at the Internal Revenue Service who lost their jobs because of outsourcing will receive about $4,000 each in back pay as part of a legal settlement, the National Treasury Employees Union has announced.

The settlement ends a lawsuit brought by the union in a dispute over the meaning of an appropriations bill that prohibited the IRS from turning federal work over to a contractor during much of 2004 without first conducting a public-private competition.

In March, a federal judge ruled that the IRS, which did not hold a competition for the mailroom jobs, had improperly converted the jobs in the time period that had been put off-limits by Congress.

When the job conversions began two years ago, the IRS had 87 mailroom employees. Most of the employees left, some taking cash buyouts and others finding jobs elsewhere in the IRS. The contractor, a nonprofit organization, hired some IRS employees after being awarded a $33 million contract to operate more than 30 IRS mailrooms.

The employees who accepted job transfers or left their jobs voluntarily were not eligible for back pay, the union said.

An IRS spokesman would not comment on the settlement. Shortly after the court ruling, the IRS said it thought it had complied with procurement rules and regulations.

Colleen M. Kelley , the union president, said lawsuits challenging outsourcing decisions by agencies are difficult to win. "This is the first case of which NTEU is aware in which the government has paid money to employees in settlement of a contracting out lawsuit," Kelley said. "It was important to us to hold the IRS accountable."New Deadline for Defense?

Gordon England , deputy secretary of defense, has put a Senate oversight committee on notice that the Pentagon may come to Congress next year for additional time to establish a new labor-management relations system.

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The Defense Department faces a 2009 deadline for implementing new labor rules, but progress has been slowed by litigation and other factors.

A federal court stopped the new labor system after finding that the Pentagon's plan went too far in limiting the collective-bargaining rights of Defense

civil service employees. The case is on appeal, and England said he did not

expect a decision until early next

year.

Sens. Susan Collins (R-Maine) and George V. Voinovich (R-Ohio) held a hearing Wednesday afternoon to check on the progress of the National Security Personnel System, which more rigorously links the job performance of Defense civilians to pay raises. The contested labor rules are one part of the NSPS.

Because of the litigation, the NSPS rollout has been limited to nonunion Defense Department employees. About 11,000 employees converted to the NSPS on April 30 in the program's first phase. A second phase begins Oct. 1 and will include more than 66,000 Defense employees.

When fully implemented, the NSPS will cover about 700,000 workers, or about half of the government's civil service workforce.COLA Countdown

With less than a month to go in the counting period, most government retirees appear on track for a cost-of-living adjustment of at least 3.5 percent.

The calculation is based on a Labor Department index showing that consumer prices rose again in August. The 12-month period measured by the index ends this month, and the Labor Department will announce the 2007 COLA in mid-October.Talk Shows

Carol A. Bonosaro , president of the Senior Executives Association, will be the guest on "Fedtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Josefina Carbonell , assistant secretary for aging at the Health and Human Services Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

CIVIL RIGHTS:

Chastang Appointment To Be Reviewed By Department Of Justice (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), September 22, 2006

Juan Chastang's future as a Mobile County commissioner is now in the hands of the U.S. Department of Justice, after the state decided not to appeal a federal court order handed down last month, a spokesman from the attorney general's office said.

The order, handed down by a panel of three federal judges Aug. 18, said Gov. Bob Riley had 90 days to get clearance from the Justice Department that the Chastang appointment complied with the Voting Rights Act of 1965.

If the Justice Department approves the appointment, nothing will change and Chastang, the commission's president, will continue to represent District 1.

But if the department finds that the appointment violated voters' rights, it could force Chastang out of office and call for a special election to fill the seat.

Suzanne Webb, a spokeswoman for the Alabama Attorney General's office, said Tuesday that the governor would not appeal the judges' decision to the U.S. Supreme Court and would instead ask for Justice Department clearance.

Chastang said he's confident the Justice Department will approve his nomination.

"Everything's going to be OK," he said. "I trust their legal opinion that that's the best option."

The attorney general's office represented the governor in a federal lawsuit in the matter, filed last year by state Reps. Yvonne Kennedy and James Buskey, both D-Mobile, and Bill Clark, D-Prichard.

The judges ruled that when Riley appointed Chastang to replace Sam Jones on the commission after Jones became mayor of Mobile in October, the governor failed to follow a provision of the Voting Rights Act that requires the Justice Department to review in advance any changes to Alabama election practices.

Justice Department review is necessary because of a Civil Rights-era law making Alabama, along with a number of other states, ask for federal approval before changing election laws.

In 1985, the Alabama Legislature passed a law requiring a special election to fill any Mobile County Commission vacancy with more than a year remaining in the term.

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That law was ruled unconstitutional in 1988 because it conflicted with a state law that gave the governor the power to make such appointments.

In 2004, though, the Legislature passed a law allowing local acts, such as the 1985 Mobile County ordinance, to make exceptions to the general rule of gubernatorial appointments.

Therefore, when Riley appointed Chastang instead of calling for a special election, he changed voting law, the judges ruled.

Chronicle, Job-fair Firm Called Biased Against Noncitizens (SFC)

By Vanessa Hua, Chronicle Staff Writer

San Francisco Chronicle, September 21, 2006

The Chronicle and a firm that produces job fairs tried to bar noncitizens from an employment event in June, according to a complaint the ACLU and other civil rights groups filed Tuesday with the federal Justice Department.

The Lawyers' Committee for Civil Rights, the American Civil Liberties Union of Northern California and the ACLU Immigrants' Rights Project allege that Expo Experts, a Cincinnati company that organizes job fairs in partnership with newspapers nationwide, discriminates against legal immigrants.

The complaint, filed in Washington, D.C., charges that the company illegally bars noncitizens from attending job fairs in violation of federal anti-discrimination laws and asks the Justice Department to impose civil penalties and issue a cease-and-desist order to stop the practice. The civil rights groups filed a companion complaint against The Chronicle, which co-sponsored the June fair with Expo.

An advertisement before the event, published in the newspaper and on its affiliated Web site, SFGate.com, said job-seekers were required to have U.S. citizenship to enter a pavilion featuring engineering, technology and security clearance positions, the complaint alleges. A second pavilion featured professional jobs.

When the Lawyers' Committee and the ACLU objected to the restriction in the days before the event, Expo Experts and The Chronicle removed the discriminatory language from the online version of the advertisement and opened both pavilions to all job-seekers, according to the complaint.

"The San Francisco Chronicle is aware that the Lawyer's Committee for Civil Rights has filed a complaint with the U.S. Department of Justice," said Brandon Hamm, spokesman for the newspaper. "The Chronicle denies that it has violated any laws or acted wrongfully as alleged in the complaint. The Chronicle previously addressed concerns raised by the LCCR and considers the matter to be resolved. There is no basis for the complaint."

Susan Turner, Expo's president, said many government jobs require applicants to be U.S. citizens. "That's nothing we made up, or The Chronicle made up -- that's through the government."

E-mail Vanessa Hua at vahua@sfchronicle.com.

Library's Ban On Prayer Service Upheld On Appeal (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 22, 2006

Judges rule 2-1 that distinction between worship, other meetings is constitutional

Contra Costa County did not intrude on religious freedom when it barred a church from holding prayer services in a meeting room of the Antioch library, a federal appeals court ruled Wednesday in a case that drew arguments from the Bush administration in support of the church.

In a 2-1 decision, the Ninth U.S. Circuit Court of Appeals in San Francisco said that the Faith Center Church Evangelistic Ministries had the right to hold religious discussions in a room that was open to other community groups, but that the county could prohibit it from conducting worship services.

"The county has a legitimate interest in ... excluding meeting room activities that may interfere with the library's primary function as a sanctuary for reading, writing and quiet contemplation," and in preventing the room from being "transformed into an occasional house of worship," Judge Richard Paez said in the majority opinion.

He acknowledged that there may be little difference between prayer services and other types of meetings by religious groups in some cases, and said judges and government agencies are not competent to make such distinctions. But in this case, Paez said, Faith Center itself described its planned library gathering as one for "praise and worship."

Judge Richard Tallman stressed the same issue in his dissenting opinion. "Separating religious worship from other religious speech inevitably leads to state entanglement in religion" and is beyond the government's authority, he said.

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U.S. District Judge Lawrence Karlton of Sacramento, temporarily assigned to the appeals court, cast the deciding vote for the county. He wrote a separate opinion saying the "sorry state of the law" was due to Supreme Court rulings that have weakened the separation of church and state by blurring the distinction between "religious practice and secular speech."

The Bush administration entered the case on the side of the church, arguing last fall that barring worship services, while allowing social and political groups to meet at the library, would violate the religious group's freedom of expression.

"Religious worship is also communicative," the Justice Department said in its brief. "Hymns and prayers are expressions among believers, and to observers, of their common faith."

A lawyer for Faith Center said he would appeal Wednesday's ruling.

"The effect of this decision is to treat Christians and all religious people, who might want to worship in an otherwise public meeting room in a public library, as second-class citizens," said attorney Gary McCaleb of the Alliance Defense Fund.

But Deputy County Counsel Kelly Flanagan said the county was concerned that allowing prayer services in a public building would amount to an unconstitutional government endorsement of religion.

"We think a library and a church are different things and should stay different," Flanagan said.

Meeting rooms at the Antioch library, at 501 West 18th St., have been used by community and political groups, including the Sierra Club and a local Democratic Party chapter. The county initially banned all religious activities in the rooms, but, after Faith Center filed suit, modified the exclusion in December 2004 to prohibit only religious services.

Faith Center held a general meeting and a prayer service at the Antioch library in May 2004, but library officials denied permission for the church to hold another service two months later. A federal judge issued an injunction against the county's policy in May 2005, saying it was probably unconstitutional, but no further prayer meetings were held during the appeal.

E-mail Bob Egelko at begelko@sfchronicle.com.

ANTITRUST:

Samsung Exec Guilty Of Price-Fixing (AP)

By Dan Caterinicchia, AP Business Writer

AP, September 22, 2006

Justice Department Says Samsung Executive Agrees to Plead Guilty for Price-Fixing

WASHINGTON (AP) -- An executive from Samsung Semiconductor Inc., the world's largest manufacturer of dynamic random access memory (DRAM) used in computers, has agreed to plead guilty and to serve jail time for participating in a global price-fixing conspiracy, the Justice Department said Thursday.

Thomas Quinn, senior vice president of memory sales and marketing at the U.S. subsidiary of Korean firm Samsung Electronics Co. Ltd., was charged with a felony for his alleged participation in an agreement to fix DRAM prices and to coordinate bids in an auction held by a buyer.

The scheme directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc., Gateway Inc., and Sun Microsystems Inc., according to the Justice Department. There were about $7.7 billion in DRAM sales in the U.S. in 2004, according to the department.

Under the plea agreement, which must be approved by the court, Quinn will serve eight months in prison and to pay a criminal fine of $250,000. In addition, Quinn has agreed to assist the Justice Department in its ongoing investigation.

"Prison time for price-fixers remains the most potent deterrent to illegal cartel activity," Thomas O. Barnett, Assistant Attorney General in charge of Justice's Antitrust Division, said in a release.

John E. Lucas, a spokesman for the California company, said Quinn remained a Samsung employee and issued a statement that read: "Samsung and the Department of Justice have previously reached a comprehensive settlement in the DOJ's industrywide investigation into alleged violations of U.S. antitrust laws among manufacturers of DRAM memory. Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior."

Between April 1, 2001, and June 15, 2002, Quinn communicated with competitors to discuss the prices of DRAM to be sold to certain customers and agreed with competitors to coordinate bids submitted to Sun Microsystems Inc., according to Justice.

To date, a total of 13 individuals from Samsung, Hynix Semiconductor Inc., Infineon and Micron Technology Inc., have been charged and fines totaling more than $731 million have resulted from the investigation, which is being conducted by the antitrust division of Justice and the FBI in their San Francisco offices.

Shares of Sun Microsystems added 5 cents to close at $5.21, while Dell slid 32 cents to end at $21.18, and Apple lost 61 cents to finish at $74.65, all trading on the Nasdaq.

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Shares of Hewlett-Packard lost $1.91, or 5.2 percent, to end $34.87, while Micron Technology gained 18 cents to end at $17.74, and U.S.-traded shares of Infineon Technologies AG dipped 2 cents to close at $12.29, all on the New York Stock Exchange.

IBM lost $1.81, or about 2.2 percent, to close at $81.61, while Gateway fell 11 cents, or 5.4 percent, to close at $1.93, both on the NYSE.

Samsung US Executive Gets 8 Months For Price-fixing (SJBIZ)

San Jose Business Journal, September 22, 2006

A marketing executive with the U.S. unit of Samsung Electronics Co. Ltd. agreed to plead guilty and serve prison time for taking part in price-fixing in the computer memory chip business, the U.S. Justice Department said Thursday.

South Korea-based Samsung and its San Jose-based subsidiary agreed last year to pay a $300 million criminal fine for fixing prices.

The Justice Department said Thomas Quinn is the fourth Samsung manager to plead guilty in connection with the probe. Quinn is expected to serve eight months in prison and pay a $250,000 fine under the plea deal, and investigators said that if he had been convicted at trial, he could have faced a larger fine and a prison sentence of up to three years.

Quinn conspired to fix the price of memory chips sold to computer makers around 2001 and 2002, investigators said.

The government said the victims of the alleged price-fixing included Dell Inc. (NASDAQ:DELL - News), Compaq Computer Corp. (NYSE:CPQ - News), Palo Alto-based Hewlett-Packard Co. (NYSE:HPQ - News), Cupertino-based Apple Computer Inc. (NASDAQ:AAPL - News), International Business Machines Corp. (NYSE:IBM - News), and Gateway Inc. (NYSE:GTW - News).

Korean manufacturer Hynix Semiconductor Inc. and German manufacturer Infineon Technologies AG (NYSE: IFX - News) also agreed last year to plead guilty; Hynix was fined $185 million and Infineon was fined $160 million.

Four Infineon executives pleaded guilty to price-fixing charges, serving prison terms of four to six months and each paying fines of $250,000.

Samsung Executive Agrees To Jail Term For Chip Conspiracy (AFP-Y)

AFP, September 22, 2006

A US executive of South Korean electronics giant Samsung agreed to plead guilty and to serve jail time for participating in a global conspiracy to fix prices for memory chips, officials said.

The Justice Department said Thomas Quinn, vice president of marketing for memory products at Samsung Semiconductor, the California-based US unit of Samsung, agreed to the deal that would result in an eight-month prison term and a 250,000-dollar fine.

Quinn was charged with violating the US antitrust laws in a one-count criminal complaint alleging participation in an agreement to fix prices of dynamic random access memory (DRAM) chips.

The plea agreement, which must be approved by a US federal judge, also calls for Quinn to assist the ongoing investigation.

"Prison time for price-fixers remains the most potent deterrent to illegal cartel activity," said Thomas Barnett, assistant attorney general in charge of the department's antitrust division.

"Today's action sends a clear message: Those who engage in price-fixing schemes will be held accountable for their illegal conduct."

To date, four companies and 13 individuals have been charged and fines totaling more than 731 million have resulted from the DRAM investigation.

Last November, Samsung pleaded guilty as a company to charges of price fixing in a deal that came with a fine of 300 million dollars.

US authorities have alleged a conspiracy with Samsung and other producers to fix DRAM computer chip prices between April 1, 1999 and June 15, 2002.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for computer, telecommunications and consumer electronic products.

There were approximately 7.7 billion dollars in DRAM sales in the United States in 2004.

Authorities said the price-fixing scheme directly affected sales to US computer makers Dell, Hewlett-Packard and others.

Quinn is the fourth Samsung executive to agree to a prison sentence in the investigation. Three foreign-based Samsung executives, Sun Woo Lee, Young Woo Lee and Yeongho Kang, previously pleaded guilty and agreed to serve prison terms ranging from seven to eight months.

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In additional, jail terms were agreed for Hynix Semiconductor executives Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh and Choon Yub Choi; and Infineon executives T. Rudd Corwin, Peter Schaefer, Gunter Hefner and Heinrich Florian.

Wright Deal Tweaked To Address Antitrust Concerns (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 22, 2006

New language wins over key detractor, Hutchison says

WASHINGTON – Sen. Kay Bailey Hutchison said Thursday that new language addressing antitrust concerns in the Wright repeal bill has passed muster with a key detractor to the legislation.

With newfound support from Sen. Arlen Specter, R-Pa., chairman of the Senate Judiciary Committee, legislation that would lift restrictions on long-haul flights at Dallas Love Field may be poised to move forward.

"It's a major step forward, but it's not the end of the road," Ms. Hutchison said.

The Texas Republican initiated procedures Thursday to bring the revamped Wright bill to the Senate floor.

It could come up for a vote next week, though a packed schedule in the final days before a congressional recess may force the issue into a post-election session in November.

The new language removes a phrase that could have provided a blanket exemption from competition laws for the June agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

But the proposed amendment still offers potential legal cover to the North Texas compromise, by employing additional language sanctioning the deal.

Rather than issue a sweeping order that gates be eliminated at Love Field, the latest version of the bill orders the city of Dallas to tear down the facilities under its existing authority. It also orders the city to accommodate new carriers at the airport, as specified in lease agreements.

"I think it protects the parties on the balance of the agreement, which has been my goal," Ms. Hutchison said.

Mr. Specter said in a statement that he was "pleased to have worked with" Ms. Hutchison and Texas Sen. John Cornyn in resolving the Wright concerns.

The North Texas agreement, which marked the end of a rancorous dispute among the cities and the airlines over the 1979 law, would lift the Wright amendment in 2014 and immediately allow flights anywhere in the U.S., as long as passengers stopped inside the nine-state perimeter.

The number of available gates at Love would be cut to 20 from 32. Nineteen gates are now operational.

Gate concerns

Concerns over the gate-reduction provision had stalled the bill, as a few powerful lawmakers protested that the deal would reduce competition and circumvent antitrust laws.

The House Judiciary Committee removed the antitrust exemption from an original version of the bill last week.

The Dallas City Council had scheduled a meeting for this morning to consider whether the agreement could go through even without securing new language. That closed-door session was canceled late Thursday.

House members have said over the last week that they would find a way to get the original Wright bill – with an explicit antitrust exemption – onto the House floor, even though it could create a battle over the language that was removed by the House Judiciary Committee.

North Texas members' latest plan was to bring their original bill to the floor next week under procedures that suspend regular rules. That could allow the legislation to slide through without amendments, though if any influential members objected, it might force supporters to scramble for the two-thirds majority needed to pass the measure.

The move could draw out powerful members such as the House Judiciary chairman, Rep. James Sensenbrenner, R-Wis., creating a floor battle over the language and forcing lawmakers with little interest in the bill to choose sides among several committee chairs.

"I expect he would vote against that on the floor," Jeff Lungren, a spokesman for Mr. Sensenbrenner, said of the efforts to sidestep the committee's changes.

'Infinite possibilities'

House members now face the question of whether to pass that version, which would face Senate opposition, or using a Senate bill that's more acceptable to Mr. Specter and other lawmakers who had objected to the antitrust language.

"There are infinite possibilities, and which one will be chosen hasn't been decided yet," said Rep. Kay Granger, R-Fort Worth.

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The Senate side still isn't free of obstacles. The top Democrat on its Judiciary Committee, Sen. Patrick Leahy, D-Vt., hasn't signed off on the new version of the bill. A spokeswoman for Mr. Leahy said Thursday evening that "good-faith negotiations continue" on the Wright issue.

Ms. Hutchison's move on Thursday – known as "hot-lining" the bill – is used to put uncontroversial legislation on a fast track to passage without a formal vote.

The procedure can draw out detractors, forcing them to put a hold on the legislation to signify their disagreement or their plans to block the legislation through a filibuster or other procedure.

If Mr. Leahy or any other lawmaker were to do that, it would force Ms. Hutchison to line up votes on the Senate floor to overcome the maneuver.

"I think if I can get to the floor," she said, "I will have the votes."

Ms. Hutchison said she spoke with Senate Majority Leader Bill Frist, who supports the Wright legislation, and received his backing for moving it onto the Senate floor.

The overwhelming approval from the bill's originating committees, and its bipartisan support in both chambers, should help win passage, she said.

But the procedures of the House and Senate could force the issue into the short post-election session, Ms. Hutchison said: "We knew that this would be a tough road, and it has been."

Staff writer Emily Ramshaw in Dallas contributed to this report.

NYSE-Euronext: One, But Two (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 22, 2006

NYSE Group Inc. and Euronext NV will create separate U.S. and European entities to ensure that markets on each continent retain their independence if the stock-exchange operators complete their proposed merger.

Euronext will have a Dutch foundation for its markets to prevent U.S. lawmakers from affecting the rules and requirements for listing stock in European countries. Likewise, NYSE will create a three-person Delaware trust to ensure that no laws are passed in Europe that will affect how U.S. companies are regulated. The structure was unveiled in a regulatory filing with Securities and Exchange Commission.

The goal is to persuade everyone concerned that the planned deal won't encroach on securities laws on either side of the Atlantic. NYSE owns the New York Stock Exchange. Euronext owns stock markets in Paris, Amsterdam, Brussels and Lisbon as well as a major derivatives exchange in London.

The two entities will exist behind the scenes unless and until lawmakers or regulators pass rules that were viewed to affect the independence of regulators or companies in the other market. Essentially, they will only be able to react to laws or regulations rather than create strictures of their own.

Europeans are concerned that Congress or the SEC might take the merger of the two companies as an opportunity to try to extend U.S. regulatory reach to Europe. Such a scenario is particularly frightening to European executives, who would prefer to avoid the strict accounting and governance rules that U.S. companies are subject to since the Sarbanes-Oxley law was passed in 2002. Both SEC officials and Euronext have stressed such U.S. rules won't apply in Europe.

The economic rights of any shares would remain with a combined NYSE-Euronext.

In the filing, Euronext also said that it held preliminary merger discussions with another major U.S. exchange in late 2005 and early 2006. While the exchange wasn't named, Euronext continued the discussions through late April on how to structure a possible transaction with the exchange. By this point, NYSE talks were becoming more advanced and Euronext's talks with the other exchange went nowhere. At the time, the Chicago Mercantile Exchange -- the largest U.S. exchange operator by market value -- had expressed interest in parts of Euronext's business. A CME spokeswoman declined to comment.

ENVIRONMENT/INDIAN AFFAIRS:

Interior Official Says She Will Not Try To Recoup Lease Money (NYT)

By Edmund L. Andrews

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — A top official at the Interior Department said on Thursday that she would not try to recover $1.3 billion in royalties that the government lost as a result of flawed oil and gas leases it signed in the late 1990's.

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"That would be very hard to recoup," said Johnnie M. Burton, director of the Minerals Management Service of the Interior Department, at a forum held by Platt's, an oil industry newsletter.

Ms. Burton added that she had little or no bargaining power — and did not want any — to force more than 50 companies to renegotiate offshore drilling leases that currently allow them to escape as much as $10 billion in royalty payments over the next decade.

Administration officials say that they are close to reaching agreement with Shell Oil and BP and that they have held talks with about 10 companies. But more than half of the companies that hold the flawed leases have not responded to the government's pleas.

"I don't like to say 'negotiate' because I really don't have anything to trade," Ms. Burton said. Rather, she said, the government had told the companies that "we would really appreciate it" if they changed their contracts.

Even if the companies do agree to change their leases, she said, the government would not try to recapture the $1.3 billion in royalty payments that the companies have already been able to escape.

At issue are hundreds of offshore drilling leases for the Gulf of Mexico that were signed in 1998 and 1999 and that allow companies to extract up to 87.5 million barrels of oil per lease without paying royalties to the government. In what investigators believe was an unintentional bungle, the leases omitted a clause that would normally require companies to pay the full 12.5 percent royalty if oil prices climbed above about $36 a barrel.

Democrats reacted angrily to Ms. Burton's remarks, as well as to new allegations by a group of federal auditors who have charged that the Interior Department blocked them from recovering underpayments by more than two dozen companies.

"If things keep going like this, we're going to need two sets of handcuffs: one for the oil companies and one for the bureaucrats," said Representative George Miller, Democrat of California.

In May, the House passed a Democratic proposal that would pressure companies to change their leases by prohibiting those that refuse to do so from acquiring additional federal leases in the future. But the measure has stalled because Republican leaders in both the House and Senate are opposed to it.

Democratic lawmakers also called for investigations into new allegations by three current and one former federal auditor that the Interior Department had stopped them from trying to recover $30 million in deliberate underpayments by oil companies.

The allegations, disclosed on Thursday by The New York Times, were made in lawsuits that the auditors filed under a law to encourage whistle-blowers.

"These claims, while as yet unproven, are serious and cannot be brushed aside," wrote Senator Jeff Bingaman of New Mexico and Representative Nick J. Rahall II of West Virginia in a letter to the Interior Department's inspector general.

Ms. Burton dismissed the allegations, saying that the auditors "did not follow proper procedure" in filing the lawsuits.

At E. Coli Hunt's End, A Safety Standards Gap (WP)

By Annys Shin

The Washington Post, September 22, 2006

It took exactly 14 days from the time state health officials in Wisconsin noticed five cases of E. coli O157:H7 in the same county until investigators arrived Wednesday at a field in California's Salinas Valley in search of the bacteria that ended up in bagged spinach and sickened 157 people in 23 states.

The outbreak -- the largest, in terms of victims, caused by fresh produce -- has exposed strengths and weaknesses in the highly fragmented U.S. food safety system. And the extent of it has federal officials talking about imposing tougher regulation.

"There are good agricultural practices out there. . . . The question that will be addressed is: Are they adequate? Are they being followed? Does the industry need to be further regulated to be safe?" said David W. Acheson, a top Food and Drug Administration food safety official.

Even as public health officials have gotten better at identifying the onset of illness borne by raw fruits and vegetables, the rules and procedures to prevent those outbreaks remain weaker than those for meat and poultry, consumer advocates and food safety experts said. And their enforcement relies on the voluntary efforts of growers and processors, and on the FDA, which has responsibility for much of the food supply but nowhere near the authority or resources devoted to the monitoring of meat and poultry.

"The FDA is acting like the fire department after the fire has already started," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

Public health officials have sought to contain E. coli O157:H7, which over the past 20 years has turned up in hamburgers, alfalfa sprouts, apple juice, cheese and lettuce. Escherichia Coli is normally found in the digestive tracts of humans and warm-blooded animals, but the rare and particularly toxic strain, E. coli O157:H7, damages the intestinal lining, leading to internal

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bleeding and organ failure. It can be fatal, especially for the very young and old. The latest outbreak killed a 77-year-old woman in Wisconsin.

Wisconsin public health officials were the first to sound the alarm on the current outbreak and call in the federal government, after receiving a report on Sept. 5 of five E. coli cases in Manitowoc County, located between Green Bay and Milwaukee. It later turned out that only one of those cases was linked to the tainted spinach; the others were traced to a local fair. But the initial cluster helped put state epidemiologists on high alert two days later when they learned of five more cases in the southeastern part of the state.

In those five, all of the victims had come down with Hemolytic Uremic Syndrome, a condition caused by E. coli that leads to kidney failure. On Sept. 8, Wisconsin officials notified the Centers for Disease Control and Prevention in Altanta and shared the DNA fingerprint of the E. coli strain with PulseNet, an 11-year-old network of public health labs operated by the CDC that has become instrumental in uncovering outbreaks of food-borne illness.

By Sept. 13, detailed interviews with seven of the victims led Wisconsin officials to believe there was a link with spinach, Department of Health and Family Services spokesman Jason Helgerson said. Through the CDC, they learned Oregon officials had reached the same conclusion. With spinach suspected as the culprit, the CDC called in the FDA.

On Sept. 14, the CDC held a conference call with several states reporting cases of E. Coli O157:H7. That evening, the FDA issued its initial warning to consumers not to eat bagged fresh spinach.

The next day, last Friday, the FDA, based on information gathered from victims, narrowed down the search to Natural Selection Foods, which processes spinach used by 30 different brands, and broadened its warning to include all fresh spinach, loose and bagged.

Using supplier and distribution records at Natural Selection, the FDA confirmed California as the source of the contamination on Tuesday. The next day, about a dozen FDA and California state investigators descended on a farm in the Salinas Valley, the first of nine farms they had singled out through records.

On Wednesday, New Mexico officials said they found the strain of E. coli involved in the outbreak in an opened bag of spinach from which a victim had eaten; that helped investigators with further details such as what fields the tainted crop may have come from. Yesterday, FDA officials sent six more investigators into the fields, bringing the total to 19.

Over the past decade, outbreaks of E. coli caused by fresh produce have become more frequent, while the number caused by meat and poultry has declined. Consumer advocates and some food safety experts believe the disparity reflects differences in the regulation of fresh produce and of meat and poultry.

The bifurcated system, which puts the U.S. Department of Agriculture in charge of meat and poultry and gives the FDA oversight of the rest of the food supply, has changed little since its creation a century ago following publication of "The Jungle," Upton Sinclair's expose of Chicago slaughterhouses.

Last year, the FDA's approximately 800 inspectors conducted about 20,000 food safety inspections of all non-meat products, allowing them to visit a processing plant on average once every few years. By contrast, the USDA, which has an inspector daily in more than 6,000 processing plants nationwide, performs the same number of inspections in a matter of days, said Tony Corbo, a lobbyist with Food and Water Watch.

"I liken this to Jack in the Box all over again," said Michael Doyle, director of the University of Georgia's Center for Food Safety. He was referring to a 1993 outbreak of E. coli in Jack in the Box hamburgers that sickened hundreds and killed three.

After that episode, the USDA mandated tougher processing standards, which food safety experts credit with lowering the frequency of meat- and poultry-related E. coli and salmonella outbreaks.

"Until the government comes in and says we're going to have a law here . . . I don't think we're going to make any monumental change in improving the safety of bagged salads in general," Doyle said.

Food safety in the fresh produce industry is largely a matter of self-regulation. Typically, the FDA and state health department officials can inspect only processing plants and don't venture onto farms unless there's an outbreak. The FDA doesn't have the power to order recalls, though it can seize food before it has gone to retailers if a producer doesn't agree to one. The federal government has more powers when it comes to produce that has a plant disease that threatens other crops, DeWaal said.

Growers and processors say they have an added layer of scrutiny from third-party auditors they hire "to avoid the situation we're seeing now," said Bob Perkins, executive director of the Monterey County Farm Bureau.

The FDA was more assertive after the 19th episode of E. coli-tainted greens last October, sending a warning letter to the industry, which in the following months worked out a set of voluntary best practices for farmers and processors.

Yesterday, industry leaders were talking again about more voluntary guidelines.

Earlier this month, the FDA and California state officials, with the cooperation of the industry, began visiting fields and processing plants to get a better grasp of possible sources of contamination.

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Industry leaders and some food safety experts contend there is no point to further regulation until scientists can figure out how produce becomes contaminated with E. coli.

"If you don't know what the problem is how is that inspector going to help you?" said Jerry Welcome, spokesman for the United Fresh Fruit & Vegetable Association. "Is the answer throwing inspectors in and putting more regulations in, or do we need to spend more time and effort to figure out how does it happen?"

Top E.P.A. Official Rejects Recommendations On Soot (NYT)

By Felicity Barringer

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Environmental Protection Agency's administrator on Thursday rejected the recommendations of his staff — and an unusual public plea from independent science advisers — choosing instead to tighten only one of two standards regulating the amount of lethal particles of soot in the air.

The short-term daily standard, intended to control acute exposure to the minute particles, was cut nearly in half. But the annual standard, which affects chronic exposure, remains at its original 1997 level.

A large volume of research has implicated the soot particles — which are less than one-thirtieth the diameter of a human hair and can penetrate deep into the lungs and the circulatory system — in tens of thousands of deaths annually from both respiratory and coronary disease. Scientists say they are among the deadliest contaminants to which the public is regularly exposed, and for which the E.P.A. sets exposure levels.

Stephen L. Johnson, a career scientist at the agency and the third administrator appointed during President Bush's six years in office, said in a conference call on Thursday that the annual standard would remain at its current level while research continued. No change was made now, he said, "due to insufficient evidence'' linking health problems to long-term exposure.

"Wherever the science gave us a clear picture, we took clear action," Mr. Johnson said, adding, "All Americans deserve to breathe clean air, and through these more protective standards that is exactly what we are delivering today."

The E.P.A. sets standards under the 36-year-old Clean Air Act, and is required to review the standards every five years, taking into account the latest science. There have been no new standards since the first ones were established in 1997. The agency was under a court-ordered deadline to finalize new rules by Sept. 27.

The process of setting the new standards for soot, which comes from sources that include power plants, heavy industry and vehicle tailpipes and tires, drew intense scrutiny from medical and environmental as well as industry interests. Neither side was pleased with the final result.

In a rare display of solidarity, all but 2 of the 22 members of the agency's Clean Air Scientific Advisory Council had urged that the long-term standard be lowered to a range of 12 to 14 micrograms per cubic meter, from 15.

The American Medical Association, which seldom intervenes in such matters, agreed with the scientists in a letter to the agency in April. The letter also recommended that the daily, or acute exposure standard, be further reduced. Thursday's action reduced the daily standard to 35 micrograms per cubic meter from 65, though the A.M.A. favored a level of 25 micrograms. Edison Electric Institute, which represents investor-owned power plants that generate about 60 percent of the country's electricity, said the agency was going too far in nearly halving the daily standard.

Dan Reidinger, an Edison spokesman, said power plant emissions associated with fine particles had been cut by 40 percent since 1980. "E.P.A. persists in overemphasizing studies that suggest a possible benefit to tightening the air quality standard, '' Mr. Reidinger said, "while downplaying those suggesting that doing so may not provide the health benefits E.P.A. is seeking to achieve."

The reaction from medical and environmental groups was sharper. Joel Schwartz, an epidemiologist at the Harvard School of Public Health who has written many peer-reviewed papers on the health impact of particulates, said lowering the standard to the level set by the science advisers would prevent 3,000 premature deaths annually.

Frank O'Donnell, who heads Clean Air Watch, an environmental lobbying group in Washington, said, "Particle soot kills more people than any other form of air pollution, and this E.P.A. decision will allow particle soot to continue killing many thousands of Americans that would be spared if the air were cleaned up."

In the teleconference, Mr. Johnson, the E.P.A. administrator, and two top agency officials, William Wehrum, the acting assistant administrator who heads the Office of Air and Radiation, and Dr. George Gray, an assistant administrator who heads the Office of Research and Development, stressed that the science advisers were not unanimous in their recommendations.

In an interview later Thursday, Mr. Johnson said, "The bottom line is these air standards are more protective today than they were yesterday."

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Asked about the health-related benefits of the tighter standard for daily exposure, he cited the agency's statistical estimates that the new rule would avoid an estimated "2,500 premature deaths in people with heart or lung disease, 2,600 chronic bronchitis cases, 5,000 nonfatal heart attacks," among other things.

He said he could not provide estimates for the benefits associated with toughening the annual standard to 14 micrograms from 15.

Ron Wyzga, a scientist and biostatistician with the Electric Power Research Institute, an industry group, said a review of health studies showed "there's no magic number saying what a standard should or shouldn't be, so it's a matter of judgment. And different people have different judgments."

EPA Cuts Soot Level Allowable Daily In Air (WP)

By Juliet Eilperin

The Washington Post, September 22, 2006

The Bush administration imposed stricter standards on the nation's air quality yesterday for the first time in nearly a decade, ruling that communities across the country must cut back on the amount of soot in the air on any given day.

The agency did not go as far as its own scientists had urged in curbing soot, which is linked to heart and lung disease as well as childhood asthma. The decision sparked complaints on both sides of the pollution debate, with public health experts saying it was inadequate and industry officials calling it too stringent.

The Environmental Protection Agency's new rule lowers the limit on how much fine particulate matter Americans may be exposed to over a 24-hour period, cutting the existing standard of 65 micrograms per cubic meter of air to 35. However, it leaves unchanged the annual limit for "fine particulate matter," or soot, in the air. That standard remains an average of 15 micrograms per cubic meter per day over the course of a year.

"Today EPA is delivering the most health-protective national air standards in our nation's history," agency Administrator Stephen L. Johnson said in a telephone news conference yesterday. "All Americans deserve to breathe cleaner air, and through these more protective standards, that's exactly what we're delivering today."

The EPA's scientific advisory panel voted overwhelmingly last year to recommend cutting the annual amount of soot Americans breathe, from a daily average of 15 micrograms per cubic meter to 13 or 14 micrograms. But William L. Wehrum, the EPA's acting assistant administrator for air and radiation, said officials concluded that the current annual standard "is in fact adequate to protect public health with an adequate margin of safety, and there isn't sufficient evidence to justify a tightening of that standard."

Under federal law, officials are supposed to revise air quality rules every five years to reflect the latest scientific findings. Wehrum said the Supreme Court has ruled that officials should be "no more and no less stringent" than is needed to protect public health. "We have to hit the sweet spot here," he said.

The District and Baltimore -- which lie downwind of several power plants and are clogged with traffic -- are struggling to meet existing federal soot standards, which date to 1997.

Vince Morris, a spokesman for D.C. Mayor Anthony A. Williams (D), said the city is disappointed with the decision to leave the annual fine-particulate standard unchanged.

"It's discouraging to see the EPA take this approach, but it's not really surprising," Morris said. "We're trying to make the air cleaner for District residents against an avalanche of suburban sprawl and upwind factories, and this decision isn't going to help us at all. It's really a shame."

Public health activists, who noted that 60,000 Americans are estimated to die prematurely each year because of air pollution, were harsher in their assessment. According to an EPA analysis, the stricter standards endorsed by the scientific advisory panel would have reduced air pollution-related deaths in nine cities by 48 percent; the administration's new rules would cut deaths in those same cities by 22 percent.

"It is the single worst action the Bush administration has taken on air pollution," said Frank O'Donnell, president of the advocacy group Clean Air Watch. "With this decision, the Bush administration has abdicated its responsibility to protect breathers from dangers in the air."

Dan Riedinger, spokesman for the Edison Electric Institute, whose members generate 60 percent of the nation's electricity, attacked the administration from the opposite perspective. Power plants have cut their fine-particulate emissions by 40 percent since 1980, he said, and the industry plans to spend more than $50 billion to cut emissions an additional 60 percent in Eastern states.

"EPA persists in overemphasizing studies that suggest a possible benefit to tightening the air quality standard, while downplaying those suggesting that doing so may not provide the health benefits EPA is seeking to achieve," Riedinger said.

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"Under the new standards, hundreds of counties that currently meet existing air quality standards will be in violation of the new ones, requiring tens of billions of dollars in annual expenditures to reduce emissions from all sectors of the economy."

The new rules will take effect in 2015; by then, the affected communities must draft plans for reducing air pollution or risk losing federal funds.

If the revised standards were in effect today, the District as well as Arlington and Loudon counties in Virginia would be out of compliance. But EPA officials said they expect all three areas to meet them by 2010.

Wehrum estimated that when the new rules take effect, about 32 additional counties -- most of them in Southern California -- will be out of compliance. Bebe Heiskell, who serves as county commissioner in Walker County, Ga., which is working to meet the 1997 standards, said she is concerned that the new rules will make it even harder for her community to attract businesses.

"It could have a detrimental impact on economic development and maintenance of the industry we do have," said Heiskell, who is appealing the EPA's decision to label her county as out of compliance. When it comes to soot in the air, she added, "I don't think it's affecting health in my community."

Confirmation Likely For Parks Nominee (AP)

By Mary Clare Jalonick

AP, September 22, 2006

Mary A. Bomar, President Bush's nominee to head the National Park Service, appeared headed for a quick confirmation as senators praised the British native Thursday for her professionalism and history with the agency.

Bomar, who has served as the Park Service's Northeast regional director since 2005, offered few opinions on current park service policy or the agency's budget problems at her Senate confirmation hearing. Bomar said she would help the agency "search for creative ways of working within our means."

If confirmed, Bomar will replace Fran Mainella, who announced this summer that she would step down for family reasons.

Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M., and Wyoming Sen. Craig Thomas, the Republican chairman of the subcommittee on national parks, predicted that most senators will support her nomination.

"This will move fast," Domenici said after the hearing.

Bomar was born and raised in England and became a U.S. citizen in 1977. She has worked in numerous parks, serving as acting superintendent at Rocky Mountain National Park and as the first superintendent at the Oklahoma City National Memorial, among other jobs.

The Bush administration's handling of the national parks has drawn persistent critics. But the agency has recently retreated from some of its most controversial plans.

Officials this year rejected a management proposal that critics said would have expanded the use of snowmobiles and all-terrain vehicles on federal land. Instead, Mainella later signed a policy emphasizing that conservation is the parks' first responsibility.

But other issues remain. Bomar would take over the Park Service as the agency struggles with a yearslong backlog of maintenance and rehabilitation projects.

Bomar declined to elaborate on her personal views on a number of subjects, including snowmobiles and the maintenance backlog. She said she planned to "stay the course" and continue to look at the backlog.

"You have done a very good job of not answering the questions," Domenici teased during the hearing, adding that she appeared to understand the agency has serious issues to confront.

Oregon Sen. Ron Wyden, a Democrat, pressed Bomar on recent ethics issues at the Interior Department.

The department's inspector general, Earl Devaney, lashed out last week at what he said was the department's failure to deal with ethical missteps and conflicts of interest.

"I will be a leader who demonstrates high ethical standards and promotes transparency in all our activities," Bomar said.

FBI/DEA/ATF/USMS:

Judge Suspends Jail Time For BALCO Journalists, Pending Appeal (CCT)

By Thomas Peele

Contra Costa (CA) Times, September 22, 2006

SAN FRANCISCO - A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case.

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U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed.

In a tense exchange, Fainaru-Wada told White he would not, under any circumstances, reveal the source.

"Do you intend to honor the subpoena as issued to you?" White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a "meaningful, honorable profession."

"No," he answered. "I will not comply."

Williams told White that he meant "no disrespect to you and the judicial system," by defying the subpoena. "I have a deeply held ethical and moral belief as a journalist and a man that I have to keep my word," he told White.

But a justice department lawyer said the reporters' testimony was critical to its investigation of the leak.

"Our job is to get information and get to the truth," said Assistant U.S. Attorney Douglas M. Miller. "We want to indict the right people, not the wrong people. We have a right to prove our case."

The judge praised Fainaru-Wada and Williams as journalists and persons, but said the legal matter before him was incredibly complicated

"It is a very difficult area of the law and a conflict between the First Amendment and the Grand Jury's right to conduct its investigation." He cited a 1972 Supreme Court decision that journalists must comply with such subpoenas.

"The law in this country is quite clear. The reporters in this matter have no right not to testify. Every citizen has a duty to comply with a subpoena," White said.

The government has a legitimate need to determine who leaked the reporters the secret testimony of baseball stars Barry Bonds and Jason Giambi.

Giambi told the jurors he knowingly used steroids, according to the transcript. Bonds said he did not know that substances he used contained steroids. His personal trainer, Greg Anderson, has been twice jailed for also refusing to testify.

The Grand Jury is investigating whether Bonds lied when he said he did not know that substances called "the clear" and "the cream," which he admitted using, contained steroids. Fainaru-Wada said the pair's reporting and the book they wrote on steroids in baseball exposed a fraud committed against the public. "We were assigned to cover a story to the best of our ability," he said.

White's ruling speaks directly to the need for a federal law protecting journalists from revealing sources, Eve Burton, general counsel of the Chronicle's owner, the Hearst Corp., said outside court following the hearing.

The proposed federal "shield law," which is pending in the U.S. Senate, would allow judges to use a balancing test to weigh whether the public good served by a story should be considered when asking a journalist to testify in court, Burton said.

In the past 18 months federal judges have stopped using such tests, she said. In the last year Hearst journalists received 78 Grand Jury subpoenas compared to five in the previous year, Burton said.

At a Senate Judiciary Committee hearing Wednesday the No. 2 official in the Justice Department opposed a bipartisan bill to create a shield law. Despite that, Burton said she believes President Bush "wouldn't veto" the bill if it reaches him. The trend of requiring reporters to testify before federal grand juries "is a crisis of great proportion in this country," Burton said.

In one instance, a story involving a "case of public corruption" was not published recently because a reporter involved feared being subpoenaed. White's courtroom was packed for the nearly three-hour hearing. The crowd, which included a group of sportswriters from around the country, began to gather outside the federal court house in a show of support for Williams and Fainaru-Wada.

"This one hit us right in the wheelhouse," said the group's organizer, Rick Telander, a Chicago Sun-Times columnist. "This may be the end of investigative reporting as we know it."

Sportswriters, he said, "are usually a bunch of grumpy old guys looking for free food. But we want to stand behind Lance and Mark. We want the American people to see us. We want the president to see us. This is way beyond sports."

Reporters Get Jail In Steroids Inquiry, But Ruling Is Stayed (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

SAN FRANCISCO, Sept. 21 (AP) — Two San Francisco Chronicle reporters were ordered jailed Thursday for a maximum of 18 months, pending an appeal, for refusing to testify about who gave them secret grand jury testimony from Barry Bonds and other elite athletes.

The reporters, Lance Williams and Mark Fainaru-Wada, wrote a series of articles and a book based partly on the leaked transcripts of the testimony of Bonds, Jason Giambi and others before a grand jury investigating the Bay Area Laboratory Co-Operative, a nutritional supplement company in Burlingame, Calif., that was exposed two years ago as a steroid ring.

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Federal prosecutors asked Judge Jeffrey White of Federal District Court to send the reporters to prison for the full term of the grand jury investigating the leak, or until they agreed to testify. Both sides agreed to stay the ruling pending an appeal to the United States Court of Appeals for the Ninth Circuit.

Mr. Williams and Mr. Fainaru-Wada have repeatedly said that they would go to jail rather than comply with the grand jury's subpoenas and reveal their source or sources.

The reporters agreed with the government that they are in contempt, but had sought a "nominal monetary fine" and other punishment "short of full-blown incarceration," including house arrest and weekend jailing, according to court documents.

The authorities are seeking to prosecute whoever unlawfully leaked the transcripts, and told Judge White that the reporters were the only ones who knew the identity of their sources. Judge White ordered the two to testify on Aug. 15.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the steroid inquiry and their lawyers. All had access to the leaked documents, but have sworn that they were not the source of the reporting by Mr. Williams and Mr. Fainaru-Wada.

In August, Judge White ruled that his hands were tied by a 1972 Supreme Court precedent that said no one, journalists included, was above the law and could refuse to testify before a federal grand jury.

The Chronicle reported that Bonds told the grand jury that he believed he was using flaxseed oil and arthritic balm, not steroids, supplied by his trainer Greg Anderson, one of five defendants convicted in the steroid scandal.

Mr. Anderson served his three months and is in prison again for refusing to testify before another federal grand jury investigating whether Bonds committed perjury.

San Francisco Reporters Sentenced To Jail In Bonds Steroids Case (CCT)

By Thomas Peele, Contra Costa Times

Contra Costa Times, September 22, 2006

SAN FRANCISCO - A federal judge Thursday ordered two journalists jailed on contempt charges for as long as 18 months for refusing to reveal who leaked them secret grand jury testimony in the BALCO steroids case.

U.S. District Judge Jeffrey White immediately suspended his order pending the outcome of appeals to the 9th Circuit Court of Appeals. He rejected the requests of San Francisco Chronicle investigative reporters Lance Williams and Mark Fainaru-Wada that they be fined rather than jailed.

In a tense exchange, Fainaru-Wada told White he would not, under any circumstances, reveal the source.

"Do you intend to honor the subpoena as issued to you?" White asked Fainaru-Wada after the reporter made an emotional statement before a crowded courtroom that journalism is a "meaningful, honorable profession."

"No," he answered. "I will not comply."

Williams told White that he meant "no disrespect to you and the judicial system" by defying the subpoena.

"I have a deeply held ethical and moral belief as a journalist and a man that I have to keep my word," he told White.

But a Justice Department lawyer said the reporters' testimony was crucial to its investigation of the leak.

"Our job is to get information and get to the truth," Assistant U.S. Attorney Douglas Miller said. "We want to indict the right people, not the wrong people. We have a right to prove our case."

The judge praised Fainaru-Wada and Williams as journalists but said the legal matter before him was incredibly complicated

"It is a very difficult area of the law and a conflict between the First Amendment and the Grand Jury's right to conduct its investigation," White said.

He cited a 1972 Supreme Court decision that journalists must comply with such subpoenas.

"The law in this country is quite clear. The reporters in this matter have no right not to testify. Every citizen has a duty to comply with a subpoena," White said.

The government has a legitimate need to determine who leaked the reporters the secret testimony of baseball stars Barry Bonds and Jason Giambi, White said.

Giambi told the jurors he knowingly used steroids, according to the transcript. Bonds said he did not know that substances he used contained steroids. His personal trainer, Greg Anderson, has twice been jailed for also refusing to testify.

The Grand Jury is investigating whether Bonds lied when he said he did not know that substances called "the clear" and "the cream," which he admitted using, contained steroids. Fainaru-Wada said the pair's reporting and the book they wrote on steroids in baseball exposed a fraud committed against the public.

"We were assigned to cover a story to the best of our ability," he said.

White's ruling speaks directly to the need for a federal law protecting journalists from revealing sources, Eve Burton, general counsel of the Chronicle's owner, the Hearst Corp., said outside court following the hearing.

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The proposed federal "shield law," which is pending in the U.S. Senate, would allow judges to use a balancing test to weigh whether the public good served by a story should be considered when asking a journalist to testify in court, Burton said.

In the past 18 months, federal judges have stopped using such tests, she said. In the last year, Hearst journalists received 78 Grand Jury subpoenas compared to five in the previous year, Burton said.

At a Senate Judiciary Committee hearing Wednesday, the No. 2 official in the Justice Department opposed a bipartisan bill to create a shield law. Despite that, Burton said she believes President Bush "wouldn't veto" the bill if it reaches him. The trend of requiring reporters to testify before federal grand juries "is a crisis of great proportion in this country," Burton said.

In one instance, a story involving a "case of public corruption" was not published recently because a reporter involved feared being subpoenaed. White's courtroom was packed for the nearly three-hour hearing. The crowd included a group of sportswriters from around the country who gathered outside the federal court house in a show of support for Williams and Fainaru-Wada.

"This one hit us right in the wheelhouse," said the group's organizer, Chicago Sun-Times columnist Rick Telander. "This may be the end of investigative reporting as we know it."

Sportswriters, he said, "are usually a bunch of grumpy old guys looking for free food. But we want to stand behind Lance and Mark. We want the American people to see us. We want the president to see us. This is way beyond sports."

Judge: BALCO Reporters Face Prison If They Lose Appeals (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 22, 2006

SAN FRANCISCO -- A federal judge in San Francisco said today he will sentence two Chronicle reporters to prison if they lose their appeals of his decision requiring them to reveal their sources of confidential grand jury testimony about star athletes using performance-enhancing drugs.

Imprisonment is the only adequate means of pressuring reporters Mark Fainaru-Wada and Lance Williams to comply with their legal duty of providing evidence to a federal grand jury about the source of the leaks, U.S. District Judge Jeffrey White said in what he described as a tentative ruling.

He rejected arguments by the journalists' lawyers that a monetary fine would be a more appropriate sanction for contempt of court. A fine would not put enough pressure on the reporters to testify, White said.

The judge also rejected federal prosecutors' request for an 18-month prison sentence and instead ordered the reporters confined for the rest of the current grand jury term, unless they agree to testify earlier.

Prosecutors haven't said how long the grand jury will be in session, but it could be as late as October 2007, according to court documents. Assistant U.S. Attorney Douglas Miller told White, however, that the reporters would not necessarily be free at that point, because prosecutors could convene another grand jury to continue the investigation.

The government has agreed to delay Fainaru-Wada's and Williams' imprisonment until a panel of the Ninth U.S. Circuit Court of Appeals decides whether they have a right not to reveal who leaked the grand jury testimony to them. That ruling is at least several months away.

Fainaru-Wada and Williams wrote a series of articles in 2004 quoting closed-door grand jury testimony by Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes. All of them said they had used performance-enhancing substances that, according to prosecutors, were illegal steroids supplied by the Bay Area Laboratory Co-Operative, or BALCO.

Also leaked was testimony by Giants outfielder Barry Bonds, who denied knowingly using steroids but said he had taken substances he thought were flaxseed oil and rubbing balm for arthritis. Descriptions of those substances matched "the clear" and "the cream," two undetectable performance-enhancing drugs distributed by BALCO.

Bonds' sworn statements have given rise to a perjury investigation by a separate grand jury.

The disclosure of the athletes' testimony prompted a congressional investigation about drug use in sports and contributed to professional baseball's decision to implement a new steroid-testing policy. High school athletes in California are now required to sign pledges that they will not use steroids.

Five defendants in the BALCO case, including company founder Victor Conte, pleaded guilty to illegal drug distribution. But prosecutors did not make the athletes' grand jury testimony public or even reveal their names during the investigation of the laboratory, and have convened another grand jury to determine who disclosed the transcripts to the Chronicle reporters. Prosecutors say whoever leaked the testimony broke the law.

In refusing to testify, the reporters have claimed that the constitutional guarantee of freedom of the press includes the right to keep promises of confidentiality to their sources.

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Lawyers for Hearst Corp., which owns The Chronicle, argued that reporters should be forced to disclose their sources only if the harm caused by the breach of grand jury secrecy outweighs the public benefit of the reporting -- a standard proposed in a journalists' "shield law" now before the U.S. Senate.

California and most other states have their own shield laws that contain even stronger protections for confidential news sources.

There is no such federal law, however, and White ruled last month that journalists have no right to withhold information from a federal grand jury in a criminal investigation.

E-mail Bob Egelko at begelko@sfchronicle.com.

Jailing The Messenger (LAT)

The Los Angeles Times, September 21, 2006

Locking up reporters is the wrong way to plug grand jury leaks.

A DRUG DEALER SELLS HIS WARES to professional baseball players, whose steroid-distorted performances subvert the game. Major League Baseball knows but does nothing. The feds find out and raid the drug lab. Two reporters look into the raid, discover rampant use of steroids in baseball and write a series of articles and a book that shock the public, launch a congressional probe, prompt the president to decry drug use in sports and finally move baseball to impose a tough steroid-testing policy.

The dealer goes to jail. Might anyone else do time in this web of corruption, deceit and ineptitude? Why, the reporters, of course. The suspected ballplayers got immunity, and baseball executives escaped scrutiny. But the journalists are facing time for their work.

San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams are scheduled to appear before a federal judge today to say why they do not deserve to go to jail for refusing to betray the source who gave them grand jury transcripts about the case. If they don't, the judge could put them behind bars until they change their minds.

Prosecutors say, correctly, that the reporters witnessed a crime when they received the sealed statements made during the grand jury probe of the Bay Area Laboratory Co-Operative steroid scandal. They also argue that such proceedings are sacrosanct and must remain so in order to get witnesses to come forward. But prosecutors have at their disposal the full investigative power of the U.S. government to subpoena witnesses, grant immunity and compel testimony. They should be able to keep their own house in order. If they can't, and someone on their team or elsewhere in the courthouse leaks the testimony, they should be able to plug the leak without compelling reporters to break their promises to their own sources.

There is no room here for objections about how allowing reporters to protect their sources might interfere with the government's ability to keep the nation secure from attack in a time of war. The two Chronicle reporters are not withholding information about a security risk in the White House or the CIA. Nor is this argument about whether reporters deserve some kind of consideration others don't. They are acting on the public's behalf, and any rights they gain — or lose — also belong to the public.

Californians recognized the importance of protecting reporters from compelled testimony about their sources by passing a shield law and making it part of the state Constitution. Federal judges have the discretion to let the state law guide them in their rulings on the reporter's privilege. Meanwhile, Congress should pass a federal version of the shield law, even one that falls far short of perfect, such as the bill from Sen. Arlen Specter (R-Pa.) to restore the balance between the government — with its power to probe and compel — and two reporters backed by their enterprise and the 1st Amendment.

Contempt On Steroids In S.F. (DENP)

Denver Post, September 22, 2006

Their startling stories about Major League baseball provoked a national debate on the dangers of illegal steroid use. Incredibly, San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams could be sent to jail today in a contempt case that should never have seen the light of day.

At issue is a Justice Department subpoena that seeks to force the reporters to reveal who provided them with grand jury testimony in the Bay Area Laboratory Cooperative (BALCO) case. Federal judge Jeffrey White is set to decide whether their refusal - aimed at protecting the anonymity of their sources - merits jail time.

Federal authorities have been zealous in pursuing the reporters, but they haven't been so tough on themselves. After all, it was their own blunders that resulted in the release of information they meant to expurgate. The information, filed in an electronic court brief, summarized e-mail messages between BALCO President Victor Conte Jr. and Fainaru-Wada. The FBI obtained the e-mails when they searched Conte's home. In the messages, the two discussed the possibility of Conte giving Fainaru-Wada a

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copy of grand jury materials. Shortly after the exchange, the Chronicle ran a story quoting from the grand jury testimony of Olympic sprinter Tim Montgomery.

One might deduce that the feds already know what they want to know. People involved in the case, including Conte,have served time behind bars. What is the point in launching a gratuitous attack against the reporters?

This summer, a number of conservatives called for the prosecution of New York Times reporters after the paper published a story regarding a government program tracking the bank transactions of terror suspects - despite the fact that President Bush had on numerous occasions publicly talked about tracking terrorists' financial transactions as part of the war on terror.

The work of a free press is imperiled by the threat of government persecution. Congress is considering a national reporters' shield law, which would give journalists a qualified privilege. Most states already have such protections, and we urge the Senate and the House to act now.

Theodore Olson, former solicitor general in the Bush administration, testified Wednesday in support of a shield law, saying it would promote investigative journalism. Such protection would ease the burden on the San Francisco journalists whose coverage of the baseball steroids story has been a valuable public service.

Outcome For Chronicle Reporters Means We All Lose (ESPN)

By Wright Thompson

ESPN.com, September 22, 2006

SAN FRANCISCO -- Mark Fainaru-Wada and Lance Williams stood in front of the federal courthouse. Moments before, the two San Francisco Chronicle reporters had listened to a judge decide that they'd face jail time as a way of coercing their testimony.

They faced a wall of cameras and talked about the First Amendment and the importance of the press.

These words are being written in the sports department of the Chronicle, which opened its doors to out-of-town media in town for the legal proceedings. And there is a pall over the entire office.

A man stood near the back, anonymous. No one noticed that Michael Rains, Barry Bonds' attorney, had come to see rock bottom for the two men most responsible for exposing his client's alleged steroid use. Rains had tried to listen for the verdict on the radio and, like a lot of people in town, had been curious if the reporters would be ordered to do time. To him, there is no difference between them and Greg Anderson, Bonds' trainer, who is being jailed for his refusal to testify in front of a grand jury.

"Contempt is contempt," Rains said. "There shouldn't be preferential treatment because they claim to have a higher calling in life."

That's the question posed often by non-journalist friends of mine: Why should these two men have more protection than Anderson? What is the difference?

There is one. There is a difference between a steroids dealer who is covering for his friend and two hard-working journalists. Look, Anderson might be a very nice man. He certainly is a loyal friend. But he's hardly an innocent bystander in all of this. He did time for dealing harmful performance-enhancing drugs.

Mark and Lance? Their biggest mistake, it seems, was doing too good a job of exposing steroid use. Sure, their work got them a book deal and accolades. But it also got them 18 months. I've won journalism awards. They ain't worth 18 months.

These reporters were assigned a story, did it well and, in the process, sparked a national debate that did big things like teach kids about the danger of steroids and small things like help force a sport to clean up its act. In the end, those are the only relevant facts to me. They provided a public service, worked long hours, endured criticism and dead ends, pursuing the truth.

Funny, isn't that what the government is supposed to do?

In the end, it seems that the only people with pure motives in this entire saga are Williams and Fainaru-Wada.

Bonds and the rest of the BALCO athletes allegedly took steroids to cheat the games they play. They're a part of this because of their egos.

The U.S. attorneys have become so obsessed with winning this case -- seems to be going around these days -- that they're missing the forest for the trees. For all the talk of wanting to expose those who abuse steroids, they asked for the stiffest possible penalty for two men who actually did the thing they so desperately want to do.

Anderson is sitting in jail to protect a friend. If he wasn't, if he could clear Bonds, don't you think he would have done so by now?

Then there are Mark and Lance. In the courtroom, Fainaru-Wada got up and made a speech to the court in his defense. He started speaking fast, and the judge asked him to slow down. His mother and wife were among the spectators in the crowd.

"I tend to speed up when I get nervous," he said.

He told about wanting to be like his big brother, Steve Fainaru, a Washington Post reporter who recently wrote a string of outstanding stories about Iraq.

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The Fainaru brothers are out there on the front lines, telling stories that make a difference. Since the days of Thomas Payne, this country has been built on the foundation of a free press. It's why that amendment was the first one. There's a reason the founding fathers -- I'll take Thomas Jefferson over the two government suits in the courtroom on Thursday -- didn't make the First Amendment about protecting secret grand juries.

"My name is Mark Fainaru-Wada," he told a packed courtroom, "and I have been a journalist for most of my adult life. ... Like many of my colleagues today, I had seen the movie and read the book 'All The President's Men,' and it inspired me to become a reporter. Journalism seemed like an honorable, meaningful profession."

He talked of wanting to do something that would cause change, that would help people. He wasn't trying to win a case or a baseball game. Those two well-meaning government attorneys should have felt real low at that moment. They'd spent lots of money going to law school, working hard to get these jobs and, instead of helping make the world a better place, they were sending difference makers to jail.

"Nobody is above the law," U.S. District Judge Jeffrey White said.

The government wants to know who leaked secret grand jury testimony to the reporters, and they're going to the mattresses to find out. That's their right. The law says they can do that, though I believe the law is wrong. Right now, Congress is debating a federal shield bill that would protect journalists working on important stories. Write your congressman or congresswoman and let them know that you support it. One of those stories might be about a plant polluting your neighborhood or a corrupt school district that is supposed to be educating your children.

These words are being written in the sports department of the Chronicle, which opened its doors to out-of-town media in town for the legal proceedings. And there is a pall over the entire office. Not long ago, Williams walked out of the building, his attorney by his side, the lawyer's tie loosened.

It had been a long day, one in which the government won and we all lost.

Wright Thompson is a senior writer for ESPN.com and ESPN The Magazine. He can be reached at wrightespn@gmail.com

NFL, Union Meet To Discuss Drug Tests (NYT/AP)

By The Associated Press

The New York Times, September 22, 2006

Filed at 7:58 p.m. ET

NEW YORK (AP) -- NFL commissioner Roger Goodell met Thursday with union chief Gene Upshaw and a group of other league and union officials on a range of issues, including the possibility of expanding testing for performance-enhancing drugs.

NFL spokesman Greg Aiello said nothing definitive would come out of the session, one of the first formal meetings of its kind since Goodell took over three weeks ago from Paul Tagliabue.

The meeting has been scheduled for a while to work out details of the extension to the labor agreement, arrived at last March in Dallas. Goodell, as the NFL's chief operating officer under Tagliabue, was the league's main contact with Upshaw during those negotiations.

But it also includes such subjects as putting a team in Los Angeles -- Goodell was the league's point man on that issue before becoming commissioner -- and expanded testing for steroids and other performance-enhancing substances, such as human growth hormone.

"There was a wide-ranging CBA follow-up meeting today involving several people and many issues, including the drug program," Aiello said in a statement. "Those meetings will continue."

"No announcements," Upshaw said in an e-mail to The Associated Press.

The HGH issue became more urgent in the last month after the Charlotte Observer ran details of medical records produced in court for the trial of Dr. James Shortt. Shortt, was sentenced to a year and a day in prison after prescribing steroids and human growth hormone for several Carolina Panthers in 2002 through 2004. They went to the Super Bowl after the 2003 season.

More recently, Washington offensive tackle Jon Jansen said on HBO he believes "perhaps 15, 20 percent" of NFL players use HGH, human growth hormone. Jansen later backed off that figure.

The league currently tests seven players per team per week on a random basis for performance-enhancing drugs. It has asked the union to consider more and Upshaw, after first balking, has indicated he would be amenable to additional tests.

Goodell, Upshaw Discuss Drug Testing Program (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, September 22, 2006

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NFL Commissioner Roger Goodell and Players Association chief Gene Upshaw met yesterday without agreeing to any modifications of the league's steroid-testing program, officials said.

Goodell and Upshaw discussed a variety of topics, including the league's drug policy. A league spokesman said no agreements were reached on that issue but that conversations would continue at some point. Goodell said in recent weeks that he had opened discussions with Upshaw about the possibility of strengthening the program, possibly by increasing the frequency of tests and adding substances to the banned list.

Upshaw said most recently he was open to the possibility of modifying the sport's drug policies if the league's medical advisers recommended it. Previously, he'd said he didn't think more tests were necessary and he thought the drug program should be changed only when scientific advancements in testing warranted it.

The two also discussed topics related to the economics of the sport and the league's efforts to put a franchise in the Los Angeles market.Panthers' Smith Practices

Wide receiver Steve Smith participated in the Carolina Panthers' practice yesterday, perhaps signaling that he will return to the club's lineup Sunday in Tampa.

Smith hadn't practiced the previous two weeks and missed the Panthers' first two games of the season because of an injured hamstring muscle. The Panthers and Buccaneers will take identical 0-2 records into Sunday's matchup of teams that reached the NFC playoffs last season but are struggling now. The game also will mark the first time that Buccaneers Coach Jon Gruden and Panthers wide receiver Keyshawn Johnson will be on the same field since Gruden de-activated Johnson for the final six games of the 2003 season for insubordination.

The two coexisted peacefully during the Buccaneers' Super Bowl-winning season in 2002, but clashed while the club struggled the following season. Gruden reacted by sending Johnson home even though the team had to continue paying him. The Buccaneers traded Johnson to the Cowboys after that season, and he spent two seasons in Dallas before being released this past offseason and signing with the Panthers. . . .

Left tackle Orlando Pace participated in portions of the St. Louis Rams' practice yesterday. He suffered a concussion during last weekend's loss at San Francisco. The Rams upgraded Pace's playing status for this weekend from doubtful to questionable on their official injury report. . . .

The New York Giants play Sunday in Seattle, the site of the memorable game last season when they lost in overtime after committing 11 false-start penalties amid the din of the Qwest Field crowd. The Giants also watched their place kicker, Jay Feely, miss three potential game-winning field goals. Feely's misadventures even spurred a "Saturday Night Live" skit. Left tackle Luke Petitgout had five of the false starts.

Goodell has said he likes venues with loud, boisterous fans, but he and members of the competition committee will consider possible measures to lessen the disadvantage that visiting teams face in such settings. Goodell has said it's possible that, in the future, all offensive players could have radio receivers in their helmets to be able to hear the quarterback's signals.

Ex-city Worker Admits Heroin Dealing (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 22, 2006

A former hoisting engineer for the city's Department of Water Management pleaded guilty in U.S. District Court Thursday to running a heroin distribution ring while working for the city.

George Prado, 48, is cooperating with federal investigators in the case against his alleged supplier, Sandra Stewart, and in other ongoing drug investigations, authorities said.

He admitted Thursday that he purchased large quantities of heroin that he distributed through a network of couriers and dealers, including fellow city employees Anthony Ritacco and Michael Hart.

Hart and Ritacco, who is Prado's brother-in-law, also have pleaded guilty in the case. Like Prado, they have lost their city jobs.

Stewart, 32, of Bensenville, allegedly received drugs directly from Colombian suppliers. She is scheduled to stand trial in December.

Prado likely will be a key witness in the case.

Standing in court Wednesday shackled at the legs, Prado meekly acknowledged that from 2002 to 2005 he ran a drug ring that dealt in hundreds of thousands of dollars of heroin.

"You were kind of a middleman. You would obtain heroin from sources ... and then deliver it to your couriers?" Senior Judge Harry Leinenweber asked.

Prado admitted that was the role he played in the heroin trade.

According to authorities, Prado was captured on a wiretap threatening to kill one of his own couriers.

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If he had gone to trial, Prado would have had to listen to a series of such wiretaps and face testimony from several members of his ring who also pleaded guilty.

Under the deal he reached with prosecutors, he likely will face a little more than 8 years in prison.

Prado's indictment in 2005 came at a time when the city's Water Management Department was reeling from the Hired Truck scandal. And one week before Prado's arrest, then-Water Department Commissioner Richard Rice was fired in the aftermath of an alleged time-sheet scam.

But investigators said Prado's drug ring was unconnected to other problems in the scandal-plagued department.

During his guilty plea Thursday, his work for the city wasn't mentioned.

Assistant U.S. Atty. Michael Gurland instead chronicled a series of specific drug deals that Prado admitted he orchestrated.

Gurland also noted Prado's history of laundering drug money through the purchase of property.

Under his plea agreement, Prado must forfeit more than $433,000.

The U.S. Marshals Service seized one home Prado owned at 5900 S. Newcastle Ave. The home was sold for more than $59,000.

Prado's home in the 5800 block of South Nordica Avenue is also subject to forfeiture unless Prado can pay off his debt to the government some other way.

Gurland asked that Prado's sentence be delayed until Stewart is tried.

He is scheduled to be sentenced in January.

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Feds Break Up Alleged Coke Ring (BOSH)

By Steven Ryan

Boston Herald, September 22, 2006

Federal authorities seized 150 kilograms of cocaine and busted 13 people for running a sophisticated drug ring in Lynn, Revere and Dorchester, the U.S. Department of Justice announced today.

“Residents of the North Shore should not have to live with drug dealers operating in their communities,” said U.S. Attorney Michael Sullivan in a press release.

A federal grand jury investigating the alleged ring handed down indictments against 13 people, according to June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, and Sullivan. They were charged with conspiracy to possess with intent to distribute 5 or more kilograms of cocaine.

The feds said the charges stem from a wiretapping investigation from May to August of this year of the alleged cocaine ring.

The wiretaps caught conversations allegedly arranging for the distribution and payment of wholesale quantities of cocaine that were shipped from New Jersey and Texas. Investigators intercepted three separate deliveries of the cocaine, two of which were transported by tractor trailers.

“We will not allow traffickers to turn our interstates into cocaine highways,” said Stansbury. “As this case demonstrates, it’s a dead end.”

Eleven of the 13 suspects were arrested in August, while another one, Daniel Mueses, 30, of Hackensack, N.J., was arrested yesterday in New Jersey. The last suspect, Joseph Ovalle, 33, also of Hackensack, remains a fugitive and is believed to be in the Dominican Republic.

The seven locals charged in the drug distribution ring are Dario De Los Santo-Pascal, 31, Bertha Valencia, 43, and Jose Valencia, 25, all of Revere, Juan Estrada, 26, and Yokasta Dejada, 26, both of Dorchester, Orlando Moldonado, 29, of Melrose, and Joseph Valeri, 25, of Fitchburg.

Huge Coke Bust (DI)

By David Liscio

Daily Item, September 22, 2006

LYNN - Thirteen members of an alleged North Shore cocaine distribution network, including three Revere residents, were indicted in federal court Thursday following a wiretap investigation and a major drug seizure in Lynn.

Federal agents from the U.S. Drug Enforcement Administration (DEA) and other law enforcement organizations spent three months listening to and recording conversations among the suspects, culminating in the interception of three separate cocaine shipments, according to Samantha Martin of the U.S. Attorney's Office in Boston. Two of those deliveries involved tractor-trailers. The largest - containing 123 kilograms of cocaine - was seized in a Lynn parking lot Aug. 14.

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Another drug seizure occurred shortly after undercover agents spotted some of the suspects in the Walgreens pharmacy parking lot at the corner of Broadway and Fernwood Avenue in Revere. The suspects were seen transferring a white, powdery substance in a red-and-blue diaper bag emblazoned with a picture of Elmo. Police followed the suspects' vehicle to Lynn, where it was stopped. A police dog found the drugs inside the Elmo bag on the car's backseat, according to court documents.

Overall, as a result of the sting, authorities seized approximately 150 kilograms, or more than 300 pounds of cocaine.

Named in the indictment are: Dario De Los Santo-Pascal, 31, also known as Felipe Acevedo and nicknamed "The Mayor", 58 Florence Ave., Revere; Bertha Valencia, 43, 341 Beach St., Revere; Jose "Freddy" Valencia, 25, 536 Beach St., Revere; Juan Estrada, 26, and Yokasta Dejada, 26, both of Boston's Dorchester section; Orlando Maldonado, 29, of Melrose; Alfredo Salinas, 41, and Callentano Longoria, 33, both of Texas; Joseph Valeri, 25, of Fitchburg; Miguel Lugo, 24, and Nicholas Lugo, 38, both of Tijuana, Mexico; and Joseph Ovalle, 33, and Daniel Mueses, 30, both of Hackensack, N.J.

According to court documents, the investigation was conducted from May to August and included court-authorized wiretaps to probe suspected cocaine trafficking in Lynn, Revere and Dorchester. The defendants were heard making plans to pick up, distribute and pay for wholesale amounts of cocaine shipped into Massachusetts from other parts of the country, including New Jersey and Texas. In some instances, the suspects used a Lynn woman's cell phone to conduct business, based on wiretap monitoring records.

DEA agents, State Troopers, and police departments in Lynn, Revere, Boston and Everett, participated in the investigation that traversed several North Shore communities. Undercover officers tracked the suspects to several locations, including parking lots at the Square One Mall in Saugus, a Peabody truck stop, and a junkyard off Western Avenue in Lynn, according to court records.

A federal grand jury returned the indictment on charges of conspiracy to possess cocaine with intent to distribute. Eleven defendants were also charged with cocaine possession.

"Residents of the North Shore should not have to live with drug dealers operating in their communities, brazenly conducting their drug deals in mall parking lots and truck stops," said U.S. Attorney Michael J. Sullivan.

Only one suspect, Ovalle, was not apprehended and police believe he fled to the Dominican Republic. If convicted, each defendant faces a mandatory minimum sentence of 10 years imprisonment and up to life behind bars.

Worker On New Las Vegas FBI Office Nabbed On Old Murder Warrant (AP)

AP, September 22, 2006

LAS VEGAS (AP) - A man applying for work building a new Las Vegas FBI office was nabbed on a 22-year-old murder warrant after a background check found he was wanted in a double slaying in Texas.

Jesus Garcia, 50, was arrested Aug. 24 and returned to Harris County, Texas, to face charges in a Sept. 7, 1984, shooting that left two men dead and two other men wounded in a Houston-area lounge, said David Staretz, spokesman for the FBI office in Nevada.

"Even after 20 years, the law eventually will catch up with you," Staretz said Thursday.

Garcia voluntarily provided fingerprint samples when he applied for a construction job at a new southern Nevada FBI regional office, Staretz said. The prints matched those on file with a warrant in the slaying.

Garcia was one of 21 workers arrested or notified they were wanted for crimes and infractions based on background checks required for work building the Las Vegas FBI office, officials said.

The $28 million, 120,000 square-foot building is being built by Virginia-based Harwood and Associates for lease to the FBI for a minimum of 15 years.

Judge In Nightclub Fire Case Upbraids Prosecution Over Leak (NYT)

The New York Times, September 22, 2006

BOSTON, Sept. 21 — A Rhode Island Superior Court judge chastised the state's attorney general Thursday, saying his office had leaked to the press a letter telling relatives of 100 people killed in a nightclub fire that the club owners would plead no contest to involuntary manslaughter charges and that one would not face jail time.

The judge, Francis J. Darigan Jr., said the leak was "unethical, reprehensible, devoid of any consideration for the victims of this tragedy and totally abrogated an agreement reached after weeks of discussion."

Judge Darigan said the court mailed out its own letter to families Wednesday night explaining the terms of the plea agreement. He said he had intended for them to receive word of it before the news media.

The office of Attorney General Patrick C. Lynch had planned to send a separate letter telling families he objected to the deal, but his letter was faxed to a television station Wednesday night and was made public a short time later.

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Mr. Lynch said in a statement that notifying all the families personally would have been an "unprecedented challenge." While many families would be "deeply hurt" by the news of the plea arrangement, he said, most would have heard of it through the press anyway.

"While each of us had the victims' best interests in mind in sending individual letters, the reality is that the vast majority of people would still learn of the court's intentions through the news media," he said.

Mr. Lynch also said he shared Judge Darigan's concern "that the process did not work as well as we had hoped, and I will, in time, find out why." He did not say if his office had faxed the letter to the station, and his spokesman did not return telephone calls seeking comment.

Judge Darigan's letter to families said that even though the prosecution and the defense could not come to an agreement, he accepted the no-contest pleas after seeing video and photographic evidence "of a most disturbing nature" that would have been presented at trial.

"I am sure this evidence would only serve to further traumatize and victimize not only the loved ones of the deceased and the survivors of the trial, but the general public as well," he wrote.

Under the plea agreement, the nightclub owners, Jeffrey and Michael Derderian, who are brothers, are to plead no contest to 100 counts each of manslaughter. Michael Derderian is to be sentenced to four years in a minimum security prison. Jeffrey Derderian is to receive three years' probation and 500 hours of community service. The agreement was reached during jury selection for Michael Derderian's trial.

Michael Derderian is facing greater penalties because he was involved in buying highly flammable soundproofing foam that ignited when it was hit by a pyrotechnic. Jeffrey Derderian was in the club, The Station in West Warwick, when the fire erupted the night of Feb. 20, 2003. The men are to be sentenced Sept. 29.

A lawyer for Michael Derderian, who has been speaking for both brothers, did not respond to phone messages.

News of the agreement angered many relatives of those killed and the 200 people injured in the blaze.

"People are being held above the law," said Eileen DiBonaventura, whose son Albert died. "This was the ultimate disrespect for the victims who perished in that fire."

IMMIGRATION:

U.S. Prosecutors Indict 15 In Alleged Commercial Driver's License Conspiracy For Unqualified Immigrants (FINDLAW/AP)

By Steve Brisendine, Associated Press Writer

AP, September 22, 2006

(AP) - KANSAS CITY, Missouri-The operators of two trucking schools were charged with conspiracy and fraud for allegedly helping unqualified Somalian and Bosnian immigrants pass driving tests in order to obtain commercial driver's licenses, federal prosecutors said in an indictment unsealed Thursday.

The indictment, returned Wednesday by a grand jury in Springfield, Missouri, names 15 defendants who face charges including conspiracy and mail fraud, making a false writing and causing a false identification document to be produced.

It stems from an investigation dating to fall 2004 of testing practices at the South Central Career Center Truck Driving School in West Plains, Missouri, in which authorities found a suspiciously high percentage of students passing the driving tests.

"The pass rate for the school was found to be 99 percent," Col. Jim Keathley, superintendent of the Missouri State Highway Patrol, said. "The average pass rate statewide is 83 percent."

The school's superintendent, Dean P. Proffitt, 71, was among those indicted, as was Ernest Arnel White, who ran a Kansas City-area school and would send students to Proffitt's school to take the driving exam.

Proffitt was placed on a leave of absence in February, and the school can no longer test for commercial driving licenses.

White, who allegedly provided test answers to students at his driving school in Kansas City, also is charged with being a felon in possession of a firearm.

The indictment alleges that White, 49, who converted to Islam while in prison for a 1993 robbery conviction, used his connections in the Muslim community to recruit students to his Muslim Brothers and Sisters driving school.

"Many of the individuals to whom he gave the answers spoke little or no English," Schlozman said.

The FBI's Mark Wagoner said White, who operated his school in Kansas City, Missouri, and Kansas City, Kansas, at various times, did have an old semitrailer that could have been used for instruction.

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However, prosecutors said, his students were rarely given the full two-hour proficiency tests required by state law. Instead, the indictment alleges South Central Career Center instructor Orbin May gave shortened examinations, drove trucks while White's students rode along or simply signed their examinations without their having even shown up in West Plains.

White, whose school is no longer operating, funneled between 200 and 300 students through his school, Schlozman said, and "developed a reputation in the Somali community for being able to obtain what he called 'invisible licenses.'"

Prosecutors allege White and Proffitt both profited from the students' payments for the fraudulent licenses.

The indictment also names Howard E. Schneider, 39, of Overland Park, Kan.; Hiram Chebar Oliver, of Raytown; Osman Abdullahi, 30, of San Diego; Abdiwahab Mohabud Mohamed, 37, of Minneapolis; Samir Hasanovic, 22, of Arnold; and Kansas City residents Elias Mohamed, 25, Ahmed Muhidin Sharif, 27, Abdulfatah Osman Farah, 24, Yusuf Kalmole, 34, Adil Majlovic, 19, Mersud Kajtazovic, 31, and Abdirizak Abdi Mohamed, whose age was given as 25 or 32.

The other defendants assisted in the fraud by various means, Schlozman said, including providing translation or transportation services or by directing license applicants to White.

All of those who obtained licenses through White's school will have to pass another competency test or lose them, Schlozman said.

Twelve of the 15 defendants, including Proffitt, White and May, were in custody early Thursday afternoon.

Authorities do not believe terrorism was involved, U.S. Attorney Bradley J. Schlozman said, but public safety was at risk because some of the immigrants - more than 100 of whom also earned endorsements to transport hazardous material - never proved even rudimentary big rig driving skills.

House Bills Make Illegal U.S. Entry Tougher (LAT)

By Joel Havemann

The Los Angeles Times, September 22, 2006

WASHINGTON — With a majority of Democrats joining virtually all Republicans, the House today passed three bills designed to make it harder for foreigners to enter the United States illegally and to increase the penalties for those who do.

The bills had already cleared the House last July as part of a larger package of measures to control illegal immigration. The Senate passed its own version of immigration legislation that included a guest worker program and a path to citizenship for some foreigners in this country illegally.

The punitive House bill and the more lenient Senate approach were so different that the two chambers have not tried to forge a compromise. Instead, the House is passing part of its original bill piecemeal.

The House approved last week the first proposal — 700 miles of fence along some of the most popular crossing points on the U.S.-Mexican border. The Senate was considering that bill today.

However, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said he believed the issue should not be dealt with piecemeal and the future of the House bills seemed cloudy at best.

Of the three bills considered by the House today, the first dealt with the treatment of persons in the U.S. illegally. It would give the government the authority to expel illegal immigrants deemed to be dangerous, including gang members. It would also allow the detention of illegal immigrants beyond the current limit of six months.

Rep. John Conyers of Michigan, the top-ranked Democrat on the House Judiciary Committee, accused Republicans of "political gamesmanship" for bringing up individual provisions that the House had already approved in bulk. Today's bills "are clearly designed to distract the American public," he said.

Rep. Bennie Thompson (D-Miss.) argued that the Republicans had voted down Democratic proposals to add border patrol agents and immigration officials, along with more beds in border detention facilities. She pointed out that the new bills did not provide any new money but relied on subsequent legislation to do that.

"Republicans are all talk but cheap on action to secure our borders," she said.

House Judiciary Committee Chairman James Sensenbrenner (R-Wis.) replied that House Republican leaders were bringing up the bills separately in hopes of moving something through the Senate to President Bush's desk before Congress' planned adjournment at the end of next week for the November elections.

"This Congress is running out of time," Sensenbrenner said.

The House passed the first of the three bills by a count of 328 to 95. Republicans supported the bill, 222 to 4, and Democrats did as well, 105 to 91. The House's lone independent also voted for the bill.

The second of the three bills, approved by a vote of 277 to 140, would provide federal assistance to state and local authorities responsible for enforcing immigration laws. The third, approved unanimously, would penalize those who tunnel under the border to smuggle people or objects into the United States.

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House Passes 3 Bills On Border Security (USAT)

USA Today, September 22, 2006

The House of Representatives approved three border security bills Thursday that would impose prison sentences of up to 20 years for tunneling under the border, allow the Homeland Security Department to hold illegal immigrants detained for crimes or as threats to national security beyond six months, and empower state and local authorities to arrest illegal immigrants.

It's unlikely this year that Congress will pass broader immigration changes favored by the Senate, so House GOP leaders said taking action to seal the border was a matter of urgency.

"We're running out of time" on the larger immigration legislation, said House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., and "the American people say border security first."

Rep. John Conyers, D-Mich., said Republicans were playing "political gamesmanship."

Senate Judiciary Chairman Arlen Specter, R-Pa., said the individual bills are unlikely to pass the Senate.

Investments measure would shield troops

Servicemembers would be protected from people pushing overpriced financial service and insurance packages under legislation ready for President Bush's signature. The measure, which was given final congressional approval Thursday in the House of Representatives, would allow state insurance regulators to better enforce state and federal law on military bases.

It also would ban discredited financial products that are no longer available on civilian markets but are still sold to servicemembers. The House approved the bill on a 418-3 vote. The Senate passed it on a voice vote in July. Rep. Geoff Davis, R-Ky., said that as a former combat arms officer, he was among those losing thousands of dollars from deceptively advertised investments.

Deal would ease ban on Rx drug imports

House Republicans tentatively agreed to relax a ban on importing prescription drugs from Canada, said Sen. David Vitter, R-La. "This is a very significant breakthrough," he said. The deal would let Americans carry up to a 90-day supply of medication back to the USA from Canada without it being seized by Customs agents. Medications are generally cheaper in Canada because of government price controls.

There was no indication when legislation to implement the agreement might pass Congress.

Report: Info couldn't have stopped 9/11

Intelligence gathered by a secret military unit could not have stopped the Sept. 11 terrorist attacks, a report from the Pentagon inspector general's office said.

An investigation found no evidence that the unit, known as Able Danger, had identified any of the attackers before the hijackings. The report contradicts assertions by Army Lt. Col. Anthony Shaffer, a former intelligence officer who worked on Able Danger, and Rep. Curt Weldon, R-Pa., vice chairman of the House Armed Services and Homeland Security committees. It also rejected Weldon's claim that Pentagon lawyers barred the unit from giving information to the FBI.

House Passes Border Security Bills (AP)

By Jim Abrams

The AP, September 21, 2006

Republicans took a new crack at old border-security legislation Thursday as the House approved pre-election bills on deporting gang members, imprisoning tunnelers and empowering local police to arrest illegal immigrants.

With no prospects this year for passing broader immigration changes favored by the Senate, House GOP leaders said taking action to seal the border was a matter of urgency.

"We're running out of time in this Congress," said Judiciary Committee Chairman James Sensenbrenner, R-Wis. "The American people say border security first."

But Sensenbrenner's Republican counterpart in the Senate, Arlen Specter of Pennsylvania, said, "I don't see how we can deal with the immigration issue on a piecemeal basis." There would be no motivation for the House to negotiate on the issue "if we take care of all of their priorities and none of the Senate's," he said.

The House passed legislation last December that concentrated on border security and enforcement of laws banning employment of undocumented workers. The Senate in May passed a broader bill, generally endorsed by President Bush, that included provisions for a guest worker program and ways for the nation's estimated 12 million illegal immigrants to work toward legal status and eventual citizenship.

There's been no progress in efforts to reconcile the two bills.

The three border security bills the House took up Thursday were in large part already included in the bill passed last December.

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House leaders said one plan was to try to attach the bills to Homeland Security spending legislation that Congress must clear before the end of the session, an approach that Specter, also a senior member of the Senate Appropriations Committee, appeared to dismiss.

The Senate, meanwhile, was debating legislation passed by the House last week that would approve construction of a 700-mile fence stretching across one-third of the U.S.-Mexico border.

Democrats said Thursday's votes were an attempt to cover up the failure to pass more comprehensive immigration changes.

"It's political gamesmanship that forecasts an election" less than two months away, said Rep. John Conyers of Michigan, top Democrat on the Judiciary Committee.

Congressional Democratic leaders, seeking to capitalize on Hispanic opposition to the get-tough policy on illegal immigrants, on Thursday unveiled plans to enact immigration changes and improve education and health care for Hispanic families. "For too long this do-nothing Republican Congress has ignored, and in some cases worsened, the critical challenges facing Latinos," said Senate Democratic leader Harry Reid.

The three House bills would:

_Impose prison terms of up to 20 years for those who knowingly construct or finance an unauthorized tunnel under a U.S. border. People who permit the construction of such a tunnel could face 10 years in prison. Sensenbrenner said 50 tunnels, used to smuggle narcotics and illegal immigrants, have been discovered along the Mexican border since 1990, and 36 in the last five years. It passed 422-0.

_Allow the Department of Homeland Security to hold illegal immigrants detained for crimes or as threats to national security beyond the current limit of six months, and set up expedited procedures for deporting these people. The bill also would make it easier to detain and deport illegal immigrants found to be part of criminal street gangs. It passed 328-95.

The National Immigration Forum voiced opposition to the provision, saying it "gives the attorney general the ability to designate any group as a gang and then punish an individual for belonging to that group, regardless of whether the individual committed a crime."

_Reaffirm the authority of state and local law enforcement to arrest, detain and transfer to federal custody illegal immigrants. It would ask the Justice Department to increase the number of attorneys prosecuting immigrant smuggling cases. It also would close loopholes that have led to "catch and release" policies in which illegal immigrants, mainly non-Mexicans, are released because they cannot be immediately deported. It passed 277-140.

Bush Ready To OK Border Barrier (WT)

By Charles Hurt

The Washington Times, September 22, 2006

President Bush will sign the bill to construct 700 miles of fencing along the U.S.-Mexico border if it is approved by the Senate, the White House said, as Congress continued yesterday drafting more legislation to combat illegal immigration.

On Wednesday night, Mr. Bush told CNN's Wolf Blitzer that he would sign the bill if approved by the Senate, which spent the past two days debating whether they should even consider the fence bill.

Late yesterday, Democrats finally agreed to allow the bill to be taken up.

The House, meanwhile, approved a slew of new bills to speed the deportation of illegal aliens, outlaw tunneling under the border and close loopholes that allow criminal aliens to be released into the U.S.

"I think today's actions here in the House on these three border-security bills demonstrate that House Republicans are serious about securing our borders and enforcing our laws," House Majority Leader John A. Boehner, Ohio Republican, said yesterday. "The American people have called on Congress to take immediate action, and we have."

While the bills passed the House by wide margins yesterday, they face an increasingly dim future in the Senate, which has refused to approve major border-security legislation unless it is coupled with a guest-worker program and a direct path to citizenship for most of the illegal aliens currently in the U.S.

Senate Republicans have spent the past two weeks fighting among themselves over a White House proposal for dealing with terrorism suspects, and Democrats have stalled for more than a week approving the House bill to construct 700 miles of border fencing.

The most contentious immigration legislation approved by the House yesterday was a 277-140 vote to give state and local law enforcement more authority to combat illegal immigration. Also, it would close a decades-old loophole that bars federal officials from placing illegals from El Salvador into "expedited removal proceedings." The provision, adopted during El Salvador's 1980s civil war, means that suspected illegals often are freed back into the U.S. to await deportation proceedings but never heard from again.

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The vast majority of Republicans in the chamber were joined by 62 Democrats to approve the changes in policy.

The House also overwhelmingly approved a bill to allow federal officials to detain illegals for more than six months if they are awaiting deportation. The same bill also would bar illegals from obtaining political asylum if they are found to be part of a "criminal street gang." That bill passed on a 328-95 vote.

A third bill passed without objection and would close a loophole in current federal law. The Border Tunnel Prevention Act of 2006 would criminalize the construction and financing of border tunnels with criminal penalties of up to 20 years' imprisonment for persons who knowingly construct or help finance an unauthorized tunnel across a U.S. international border.

Under current law, it is illegal to cross over a border, but not under a border. In recent years, 39 such tunnels have been found along the southern border through which illegal aliens and large quantities of drugs are smuggled. That bill passed on a 422-0 vote.

While House Democrats say they would prefer a single comprehensive bill to address illegal immigration, many, including top party leaders, joined in supporting yesterday's measures.

"Overwhelmingly in our caucus there is support for bipartisan comprehensive immigration reform," House Minority Leader Nancy Pelosi said yesterday. "Some of these things that they are putting forth piecemeal are awful; some are OK; but all of them are more acceptable in the context of comprehensive immigration reform. At the end of the day, if the issue is managed, there is a path to legalization, if the border is secure, if the workplace enforcement is there, if American workers are protected, then you can absorb some of these other initiatives they put forth. But standing alone, they don't manage the issue."

Immigration Ugliness (WP)

The Washington Post, September 22, 2006

THE CYNICAL immigration endgame of the 109th Congress isn't particularly surprising. But after a session in which the Senate actually managed to produce a bipartisan, comprehensive measure to overhaul the existing system, the latest, enforcement-only developments are nonetheless disappointing and dangerous.

The House has passed, and the Senate seems ready to go along with, a measure to require construction of a 700-mile fence along the Mexican border. That would cost at least $2 billion, and that's in addition to a $2.5 billion initiative, entrusted to Boeing Co. this week, to erect "virtual fences" along the northern and southern borders.

A fence would damage relations with Mexico, harm the environment and, especially in the absence of broader changes, be ineffective. Even if a foolproof fence could be placed along every mile of the border, it wouldn't eliminate illegal immigration. Perhaps half of those in the country illegally did not slip secretly across a border but arrived through official entry points, using fraudulent documents or coming in legally and overstaying their visas.

But the fence is, sadly, the least offensive of the measures under consideration. On Wednesday, the House approved an unnecessary and arguably unconstitutional bill to require voters to show photo identification to take part in federal elections beginning in 2008; in 2010, the ID would have to demonstrate proof of citizenship. This would effectively disenfranchise many poor and elderly Americans, who are less likely to have, or be able to obtain, such documentation. It responds to a non-problem. The manifold challenges of election administration do not include large numbers of noncitizens trying to vote. The Senate should not go along.

Yesterday, the House passed another batch of immigration-related measures, the worst of which would deputize state and local law enforcement officers to enforce federal immigration laws. The measure would permit, but not require, state and local police to arrest and detain illegal immigrants for even civil violations of federal immigration law. This would undermine the ability of law enforcement to deter and prosecute violent crime. As New York Mayor Michael R. Bloomberg told the Senate Judiciary Committee in July, "Do we really want people who could have information about criminals -- including potential terrorists -- to be afraid to go to the police?"

The most disappointing aspect of the debate is the passive posture of President Bush. Mr. Bush could have used his bully pulpit to make clear the importance of comprehensive reform. He could promise to veto the bills on the understanding that enforcement measures, even justifiable ones, will be needed as leverage to obtain the comprehensive program he says he wants. Instead, he's meekly following the worst instincts of his fellow Republicans. "Yes, I'll sign it into law," Mr. Bush told CNN, adding, "If your question is, 'Will I stop trying to push for a comprehensive reform?' The answer is, 'No, I won't stop trying to push for comprehensive reform.' " With pushing like this, who needs opponents?

U.S. Project To Secure Borders Will Begin In Arizona Desert (NYT)

By Eric Lipton

The New York Times, September 22, 2006

DOJ_NMG_0067449

WASHINGTON, Sept. 21 — A rugged, largely unpopulated 28-mile stretch of desert southwest of Tucson will be the testing ground for the latest high-tech campaign by the United States government to wrestle control of the border, this time in a partnership with Boeing, the military and aerospace company.

Yet as top Department of Homeland Security officials and Boeing executives gathered here on Thursday to hail the start of the project — which will cost an estimated $2 billion over six years and eventually cover the entire 6,000 miles of the Mexican and Canadian borders — they acknowledged that the first challenge was disproving skeptics.

"The common complaint about the government is there is a lot of lofty rhetoric, but the achievement always falls short," Homeland Security Secretary Michael Chertoff said. "We are very mindful of that. This is a very tall order. This is about a solution we believe is going to do the job."

Boeing, Mr. Chertoff formally announced, beat out other military contractors that had bid to be the engineer of sorts for the program, the Secure Border Initiative.

In that role, Boeing will be charged with lining up radar systems, cameras, ground sensors, aerial vehicles, wireless communications equipment and vehicle barriers, as well as traditional fences. It will also coordinate their use by a Border Patrol force that is supposed to be made up of 18,000 officers by 2008. That is the year by which the Department of Homeland Security intends to achieve "operational control" of the border.

"There have never been before all of these tools collected in one plan," said the department's deputy secretary, Michael Jackson. "It is a radical change in business as usual at the border."

The department is well aware of the decades of failed or incomplete border-security efforts, including most recently a program known as the Integrated Surveillance Intelligence System that turned out to be a $429 million flop.

In that effort, begun in 1997, the cameras often broke down, fogged up in the cold and rain, or were never installed as promised. Even when cameras or sensors set off alerts, they most often were false alarms or, if they were not, the Border Patrol often did not investigate them, a report by the department's inspector general said last year.

Given this track record, the department is starting small with a tiny section of the Arizona border, so it can quickly adjust if the strategy does not work. That means for now, the Boeing contract is worth $70 million, enough to cover setting up the management for the entire project and to pay for installing the equipment near the border post at Sasabe, Ariz., one of the busiest spots for illegal crossings.

"We recognize we are in a fish bowl here, and everybody will be watching, and we have to perform," said J. Wayne Esser, the Boeing executive who supervised the company's pitch for the contract. "Failure is not an option."

At Sasabe, Boeing intends to install nine tower-mounted camera and radar systems, to track movement, day or night, in any weather. Sensors will be buried in the ground to cover areas outside the radar's reach, Mr. Esser said. When the radar or camera notices activity, the cameras would be used to figure out how many people are involved, if they are on foot or in a vehicle or if the motion is an animal instead.

Border Patrol officers will be able to monitor the camera images from the field through wireless laptop connections. The officers will also probably have tiny unmanned aerial vehicles that can be launched from a truck to keep track of illegal immigrants until they can be caught.

Boeing will rely on subcontractors for most of the equipment. Its primary job, similar to the role it plays in building airplanes, will be to integrate all the parts into a working system, officials said. It will be given work orders in small increments, so Department of Homeland Security officials can monitor its performance.

"Build a little, prove it, build more," Mr. Jackson said.

The key, he said, will be figuring out how to use the Border Patrol staff most effectively to pick up the illegal immigrants and return them to Mexico or other countries of origin quickly enough so that the system is not overwhelmed.

Tamar Jacoby, a senior fellow at the Manhattan Institute, a conservative research group, said the technology sounded impressive, but he wondered if it was enough.

"As long as you have half a million new jobs here going empty each year but for these workers, they are going to find a way to get around whatever obstacles we put in their way," Ms. Jacoby said.

About $700 million has been budgeted for the project this year and next. While officials had given an overall estimate of $2 billion, Mr. Chertoff refused to put a price on the project. "As inexpensive as possible" was all he said.

U.S. To Closely Watch Boeing's Border Plan (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, September 22, 2006

DOJ_NMG_0067450

Homeland Security Secretary Michael Chertoff said yesterday that the government learned its lessons from failed border-security initiatives and will move cautiously with its private-sector partner, Boeing Co., in the latest effort to use technology to curb illegal immigration.

In announcing that Boeing had won the Secure Border Initiative Network (SBInet) contract, Chertoff emphasized that his department would call the shots and keep close watch on the company's progress.

Homeland Security officials had been criticized by some immigration experts and lawmakers for indicating that the private sector would be given wide discretion in shaping a new system to secure 6,000 miles of land border. Previous attempts to do that have cost the government hundreds of millions of dollars but left little to show for it as equipment malfunctioned, agents were overwhelmed with false alarms and illegal immigration continued to climb.

"Prior efforts to put technology on the border have been focused on individual tools but have not been focused on integrating all the tools together as part of a comprehensive program," Chertoff said. SBInet, he said, will allow border patrol agents "to know when anybody or anything is crossing that border."

That will not happen for several years, at least. The SBInet program is estimated to be worth as much as $2.5 billion, but initially Boeing will be given just under $70 million to work on a high-traffic, 28-mile stretch of the border south of Tucson. Government officials want the company to fully deploy its technology there within the next eight months. Assuming the program receives funding from Congress, the company would expand its operations from there, working on other areas of the Mexican border first and then moving to the Canadian border. The contract runs for three years, with three option years.

Boeing beat four other competitors for the contract by proposing a network of 1,800 towers that could be used for surveillance and communications. Homeland Security officials said yesterday, however, that their choice of Boeing has not locked them into a specific number of towers or type of technology, and that the strategy will vary depending on the terrain and on what's working.

"At every step of the way as we roll out additional segments of the border under this contract, we will have the opportunity to negotiate the best price," Chertoff said. "We will have the opportunity to look for alternatives."

Chertoff's announcement was met with skepticism by T. J. Bonner, president of the National Border Patrol Council, which represents 11,000 agents. Bonner said giving agents a better sense of who is crossing the border and where wouldn't do much good on its own. "Surveillance technology can be useful if you have enough people on the ground to respond to it," he said. "But if you don't, you just have to file it away because you're too busy with the first 50 people that the cameras caught. It's not the solution to the illegal immigration problem. The solution is denying access to jobs so people don't come across in the first place."

The government's most recent attempt to use technology to enhance border security triggered too many false alarms to be effective. Boeing has said that its technology is more sophisticated and can better distinguish between genuine threats and routine movement.

Even if the technology behind SBInet works, there remains the challenge of integrating it with other border security programs. SBInet does not cover ports of entry, and it does not involve patrolling the coasts.

Boeing executive Wayne Esser said in an interview this month that he hopes more surveillance will deter some people from trying to cross borders illegally at all. But he conceded that it could merely shift the problem elsewhere. "It'll put a lot more pressure on the ports of entry, and it's going to put a lot more pressure on our coastal borders," he said.

Pickers Are Few, And Growers Blame Congress (NYT)

By Julia Preston

The New York Times, September 22, 2006

LAKEPORT, Calif. — The pear growers here in Lake County waited decades for a crop of shapely fruit like the one that adorned their orchards last month.

“I felt like I went to heaven,” said Nick Ivicevich, recalling the perfection of his most abundant crop in 45 years of tending trees.

Now harvest time has passed and tons of pears have ripened to mush on their branches, while the ground of Mr. Ivicevich’s orchard reeks with rotting fruit. He and other growers in Lake County, about 90 miles north of San Francisco, could not find enough pickers.

Stepped-up border enforcement kept many illegal Mexican migrant workers out of California this year, farmers and labor contractors said, putting new strains on the state’s shrinking seasonal farm labor force.

Labor shortages have also been reported by apple growers in Washington and upstate New York. Growers have gone from frustrated to furious with Congress, which has all but given up on passing legislation this year to create an agricultural guest-worker program.

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Last week, 300 growers representing every major agricultural state rallied on the front lawn of the Capitol carrying baskets of fruit to express their ire.

This year's shortages are compounding a flight from the fields by Mexican workers already in the United States. As it has become harder to get into this country, many illegal immigrants have been reluctant to return to Mexico in the off-season. Remaining here year-round, they have gravitated toward more stable jobs.

"When you're having to pay housing costs, it's very difficult to survive and wait for the next agricultural season to come around," said Jack King, head of national affairs for the California Farm Bureau Federation.

California farms employ at least 450,000 people at the peak of the harvest, with farm workers progressing from one crop to the next, stringing together as much as seven months of work. Growers estimate the state fell short this harvest season by 70,000 workers. Joe Bautista, a labor contractor from Stockton who brings crews to Lake County, said about one-third of his regular workers stayed home in Mexico this year, while others were caught by the Border Patrol trying to enter the United States.

With fewer workers, Mr. Bautista fell behind in harvests near Sacramento and arrived weeks late in Lake County. "There was a lot of pressure on the contractors," he said. "But there is only so much we can do. There wasn't enough labor."

For years, economists say, California farmers have been losing their pickers to less strenuous, more stable and sometimes higher-paying jobs in construction, landscaping and tourism.

"If you want another low-wage job, you can work in a hotel and not die in the heat," said Marc Grossman, the spokesman for the United Farm Workers of America. The union calculates that up to 15 percent of California's farm labor force leaves agriculture each year.

As they sum up this season's losses, estimated to be at least $10 million for California pear farmers alone, growers in the state mainly blame Republican lawmakers in Washington for stalling immigration legislation that would have addressed the shortage by authorizing a guest-worker program for agriculture. Many growers, a dependably Republican group, said they felt betrayed.

"After a while, you get done being sad and start being really angry," said Toni Scully, a lifelong Republican whose family owns a pear-packing operation in Lake County. "The Republicans have given us a lot of lip service, and our crops are hanging on the trees rotting."

Tons more pears that were harvested were rejected by Mrs. Scully's packing plant because they were picked too late. The rejects were dumped in a farm lot, mounds of pungent fruit swarming with bees, left to be eaten by deer. "The anthem about the fruited plain," Mrs. Scully said sadly, "I don't think this is what they had in mind."

Some economists and advocates for farm workers say the labor shortages would ease if farmers would pay more. Lake County growers said that pickers' pay was not low — up to $150 a day — and that they had been ready to pay even more to save their crops. "I would have raised my wages," said Steve Winant, a pear grower whose 14-acre orchard is still laden with overripe fruit. "But there weren't any people to pay."

The tightening of the border with Mexico, begun more than a decade ago but reinforced since May with the deployment of 6,000 National Guard troops, has forced California growers to acknowledge that most of their workers are illegal Mexican migrants. The U.F.W. estimates that more than 90 percent of the state's farm workers are illegal.

Most California growers gave up years ago on recruiting workers through the seasonal guest-worker program currently in place. Known as H-2A, the program requires employers to prove they tried to find American workers and to apply well in advance for relatively small contingents of foreign workers for fixed time periods.

"Our experience with the current H-2A program has been a nightmare," said Luawanna Hallstrom, general manager of Harry Singh & Sons, a vine-ripe tomato grower based in Oceanside, near San Diego.

Ms. Hallstrom said her company tried to use the program in the months after the Sept. 11 attacks, when security checks forced it to fire illegal migrant employees who were working in tomato fields on a military base. Her company lost $2.5 million on that 2001 crop, she said.

Over the years, occasional programs to draw American workers to the harvests have failed. "Americans do not raise their children to be farm workers," Ms. Hallstrom said.

The failure of Congress to approve a new guest-worker program surprised California growers because a proposal that the Senate passed stemmed from a rare agreement between growers' organizations, the U.F.W. and other advocates for farm workers, and legislators ranging from conservative Republicans to liberal Democrats.

Known as AgJobs, the proposal would create a new temporary-resident status for seasonal farm workers and give them the chance to become permanent residents if they work intensively in agriculture for at least three years. It was included in a bill that passed the Senate in May. The House has passed several bills focused on border security, and has avoided negotiations with the Senate on a broader immigration overhaul. [Three of the House bills were passed Thursday.]

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Mr. Ivicevich, a 69-year-old family farmer, is not given to displays of emotion. But he paused for a moment, overwhelmed, as he stood among trees sagging with pears that oozed when he squeezed them. His nighttime sleep, in his cottage among his 122 acres of orchards, is disrupted by the thud of dropping fruit and the cracking of branches.

For decades, Mr. Ivicevich said, migrant pickers would knock on his door asking for work climbing his picking ladders. Then about five years ago they stopped knocking, and he turned to a labor contractor to muster harvest crews. This year, elated, he called the contractor in early August. Pears must be picked green and quickly packed and chilled, or they go soft in shipping.

"Then I called and I called and I called," Mr. Ivicevich said.

The picking crew, which he needed on Aug. 12, arrived two weeks late and 15 workers short. He lost about 1.8 million pounds of pears.

His neighbor, Mr. Winant, standing in his drooping orchard with his hands sunk in his jeans pockets, said he would rather bulldoze the pear trees than start preparing them for a new season.

"It's like a death, like a son died," said Mr. Winant, 45, who cares for the small orchard himself during the winter. "You work all year and then see your work go to ground. I want to pull them out because of the agony. It's just too hard to take."

Illegal Workers Supplant U.S. Ones, Report Says (NYT)

By Julia Preston

The New York Times, September 22, 2006

New illegal immigrants accounted for 56 percent of the increase in employed workers in the United States in the five years after 2000, and competition from these immigrants contributed to a sharp decline in employment of teenage and young adult Americans, according to a labor market study released yesterday.

The survey found that in the five-year period, foreign-born workers, including both legal and illegal immigrants, made up 86 percent of the net increase in the total number of employed workers, the highest share for immigrants ever recorded in this country.

At the same time, the number of employed native workers ages 16 to 34 fell by more than 1.5 million. The study contends that 90 percent of the job deficit for young Americans would be erased if American teenagers and young adults held the jobs that immigrants now hold.

The study was carried out by Andrew Sum, Paul Harrington and Ishwar Khatiwada from the Center for Labor Market Studies at Northeastern University in Boston and was published by the Center for Immigration Studies, a group in Washington that advocates reducing immigration.

Last month a study by the Pew Hispanic Center, another Washington research organization, concluded that there was no nationwide pattern of displacement of American workers by immigrants.

Several economists noted that the past five years had been marked by a slow economic recovery that created unusually few jobs for all workers in the United States. They said that several factors contributed to declining employment among young people and that an increase in the number of youths going to college was one.

Employment rates have plummeted for young black men without high school diplomas.

"They face tremendous barriers, but immigrant competition is not the biggest one," said Jared Bernstein, an economist at the Economic Policy Institute, a Washington group that focuses on labor issues. "If immigrant competition were to drop significantly, they would still have big problems."

TAX:

I.R.S. Inquiry Into Sermon Is Challenged By Church (NYT)

By Stephanie Strom

The New York Times, September 22, 2006

A California church under investigation by the Internal Revenue Service for possible violations of laws against political activities by churches has denied the agency's request for documents.

The decision forces the I.R.S. either to drop the case or to ask the Justice Department to take the church, All Saints Episcopal Church, in Pasadena, to court. The agency could also revoke the church's tax exemption, but legal experts said that was unlikely.

The church said it regarded an I.R.S. investigation of an antiwar sermon delivered by the church's former rector on the Sunday before the 2004 election as an attack on freedom of speech and religion.

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"We have nothing to hide, but there are principles here we think we need to uphold," said Robert A. Long, the lay leader, or senior warden, of All Saints.

Mr. Long said the 26 members of the church's vestry, or governing body, had voted unanimously to decline to comply with two formal requests, called administrative summonses, for documents, testimony and other information that it received from the I.R.S. last Friday.

The church was making a point by requesting the summonses, which asked for documents ranging from copies of church policies and e-mail message to utility bills, as well as an interview with Rev. J. Edwin Bacon Jr., the rector. Mr. Bacon said the church asked for the formal process after receiving the second of two informal I.R.S. requests for information "that was far more intrusive and that we thought were clearly aiming to invade our worship practices, which is clearly illegal."

The request for formality is also a time-honored way of getting disputes with the I.R.S. into court, legal experts said.

"This looks like the short-cut way for the church to get the issue as to whether this is a valid investigation or not right into the court and allow it to rule on the constitutional issues," said Kevin J. Hasson, founder and chairman of the Becket Fund for Religious Liberty. "It's a perfectly respectably legal maneuver, not something like a militia movement refusing to put license plates on their cars."

Federal law prohibits the I.R.S. from discussing any specific taxpayer. In a statement outlining its general procedures, the agency noted that in cases involving questions of inappropriate political activity by churches and other charities, it rarely revokes tax exemption, preferring to work with organizations to bring them into compliance with the law.

"Speaking generally, Congress has said that churches and charities that are exempt from federal taxes are prohibited from speaking on behalf of, or against, any candidate in office," the statement said.

The role of churches and other charities in politics has increased as Republicans and Democrats alike have sought to tap into networks of members and donors. Charities are prohibited generally from what the I.R.S. calls "campaign intervention," but the boundaries between what is acceptable and what breaks the law are not always clear. Does allowing one candidate to use a church's plane, for instance, amount to support for that candidate that would run afoul of the prohibition on campaigning for a specific candidate?

Churches and other religious organizations have been hoping for a court case to clarify the issue, though most anticipated that a conservative church would be the first to challenge the I.R.S., not a left-leaning church like All Saints.

Mr. Bacon said that was precisely what the church was trying to do. "We're not trying to change the rules, we're trying to make sure the rules are interpreted the way the I.R.S. has always interpreted them in the past," he said.

He said the church had been critical of the internment of Japanese-Americans during World War II, the Vietnam War and the country's response to Sept. 11 without inciting I.R.S. inquiry. "My question is why now?" he said.

The I.R.S. has not said what part of the sermon the Rev. George F. Regas delivered at All Saints on Oct. 31, 2004, may have violated the law. In the sermon, Mr. Regas, the former rector, imagined Jesus chiding President Bush and his Democratic opponent, Senator John Kerry of Massachusetts, on topics including the war in Iraq, nuclear weapons, poverty and the increasing income gap.

He singled Mr. Bush out for criticism by portraying Jesus as saying things like "President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq" and "Mr. President, your doctrine of preemptive war is a failed doctrine."

Mr. Regas said in his sermon it was not his intent to tell his listeners how to vote. "When you go to the voting booth on Tuesday, take with you all that you know about Jesus the peacemaker," he said in closing. "Take all that Jesus means to you. Then vote your deepest values."

IRS Probe Of Cal Church Could Reverberate In Political Season (AP)

By Gillian Flaccus, The Associated Press

AP, September 22, 2006

PASADENA, Calif. - An Episcopal church's decision Thursday not to cooperate with an IRS investigation into an anti-war sermon delivered before the 2004 presidential election sets up a high-profile confrontation between the liberal congregation and the IRS, which usually keeps such inquiries private.

The leaders of the 3,500-member All Saints Church voted unanimously to resist an order to turn over documents related to the sermon, which was given just two days before the election. The decision means the IRS must decide whether to ask the Justice Department to pursue the case in court. A judge would then rule on the validity of the agency's demands.

Bob Long, the senior warden at All Saints, said the 26-member vestry voted unanimously early Thursday to reject the IRS' demands, which included an interview with the rector, copies of e-mails and internal correspondence and utility bills.

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"We're going to put it in their court - and in a court of law - so that we can get an adjudication to some very fundamental issues here that we see as an intolerable infringement of rights," Long said.

IRS spokesman Terry Lemon said he could not comment on the specific case and would not say whether the agency would request a court hearing. He instead issued a statement describing the procedure during such an investigation.

"If the entity ultimately declines to answer the summons, the IRS can ask the Justice Department to pursue the case in court," the statement read.

The dispute has attracted the attention of religious leaders on the right and left, who say the IRS' actions could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status they cannot endorse candidates or parties. Most who do so receive a warning.

The IRS, however, has promised tougher enforcement of the law during this year's mid-term elections and in the 2008 election cycle.

The agency completed investigations of 90 tax-exempt churches and charities in 2004 and found wrongdoing in 70 percent of the cases. Four - none of them churches - lost their tax-exempt status. In 2005, the agency began audits of 70 churches and charities and has 40 cases pending so far this year.

Earlier this week, the conservative Alliance Defense Fund and the Family Research Council sent letters to thousands of pastors informing them about their right to speak to congregations on issues in this year's elections, including abortion and gay marriage.

In recent years, Republicans in particular have teamed with conservative evangelical leaders to motivate would-be voters, a strategy credited with helping President Bush win re-election.

The dispute with All Saints centers on a sermon titled "If Jesus Debated Sen. Kerry and President Bush" that was delivered by guest pastor Rev. George Regas on Oct. 31, 2004. Though he did not endorse either President Bush or Sen. John Kerry, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

"I believe Jesus would say to Bush and Kerry: 'War is itself the most extreme form of terrorism. President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq,'" Regas said, according to a transcript.

The IRS reprimanded the church in June 2005 and asked that it promise to be more careful. Church officials refused.

Last week, the IRS demanded documents and an interview with the rector by the end of the month.

According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was the Church at Pierce Creek near Binghamton, N.Y., which was penalized in 1995 after running full-page ads against President Clinton in USA Today and The Washington Times in 1992 during election season.

All Saints member Sally Howard, of West Hollywood, said she agreed with the vestry's decision.

"The church should not back down from speaking to issues of peace and justice. And if that means that the church is going to face loss of its tax-exempt status, then that will be," she said. "We do not want to be in that position of being neutral or being silent because of the political ramifications."

Howard said Regas never urged parishioners to vote for particular candidates.

"He has never, and he didn't that day, he's never stated that a particular person should be voted for," she said.

All Saints Episcopal Church Won't Comply With IRS Probe (LAT)

By Louis Sahagun, Times Staff Writer

The Los Angeles Times, September 22, 2006

Pasadena's All Saints Episcopal parish board challenges a request to turn over documents in a case over a 2004 antiwar sermon.

A liberal Pasadena church on Thursday declared that it will refuse to comply with an IRS investigation into its tax-exemption status launched after a guest speaker was critical of President Bush in a sermon.

At a news conference attended by 50 cheering supporters gathered before the marble altar at All Saints Episcopal Church, the Rev. Ed Bacon said his 3,500-member congregation did not violate tax regulations barring tax-exempt organizations from endorsing or opposing candidates when a former rector, George F. Regas, criticized the Bush administration two days before the 2004 presidential election.

The Episcopal faith, the 58-year-old rector said, "calls us to speak to the issues of war and poverty, bigotry, torture, and all forms of terrorism … always stopping short of supporting or opposing political parties or candidates for public office."

Joined by members of other faiths, he added, "We are also not here for ourselves alone but to defend the freedom of pulpits in faith communities throughout our land."

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The All Saints case escalated a week ago when the IRS slapped the 80-year-old parish with a summons demanding that it turn over by Sept. 29 all materials, such as newsletters and sermons, produced during the 2004 election year with political references. Bacon was told to testify in person Oct. 11.

At stake, several religious leaders say, is freedom from government intimidation when churches address moral issues of the day from the pulpit.

In an interview, Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, said, "Churches should not endorse political candidates. But the IRS is seriously out of kilter and wrong-headed on this one; it's an appalling intrusion and it smacks of intimidation."

Now, as the November election approaches, some churches worry that they may be the next targets of the IRS. This summer, the agency issued a statement warning nonprofits, including churches, that it was stepping up its efforts to crack down on illegal electioneering.

The Interfaith Alliance announced Thursday that it has started distributing 20,000 pamphlets to churches, synagogues and mosques offering advice on how to comply with federal law.

The Rev. C. Welton Gaddy, president of the alliance, a national group with 185,000 members, said that he was concerned that "the recent rush of candidates and political parties — and their often aggressive tactics — to reach out to people of faith lures religious organizations into dangerous legal territory."

The goal, Gaddy said, is to avoid the kind of partisan politicking recently aired in a televised campaign ad for Rep. Harold E. Ford Jr. (D-Tennessee), who is running for a Senate seat. The commercial is set inside a church.

Then there was Kansas Atty. Gen. Phill Kline, a Republican who, according to a four-page strategy memo leaked to the news media, told his reelection campaign to get pastors to recruit "money people" who could help his reelection campaign.

At All Saints, the 26-member vestry voted unanimously early Thursday to "challenge the IRS in a court of law," said senior warden Bob Long. Federal law prohibits the IRS from discussing a specific case. But in an interview Thursday, Steven T. Miller, commissioner of the agency's tax-exempt and government entities division, said the law is clear: The nation's roughly 1 million nonprofits, including churches, are barred from speaking on behalf of, or against, any candidate.

The law is not new; it dates back to 1954. What is new is a concern over the level of prohibited activity that the IRS has been seeing by charities and churches in recent years. A recent IRS report reviewed 87 completed cases of alleged illegal campaigning by nonprofits in the 2004 election cycle.

Of those closed cases, 71% were found to have engaged in what the agency called "political intervention." But in only four of those cases, none of them involving churches, did the IRS revoke a group's tax-exempt status.

If an entity declines to answer a summons in a case of alleged illegal campaigning, the IRS can ask the Justice Department to pursue the case in federal court, which is exactly what All Saints wants to happen.

"That is not to say that this challenge, as well as many other steps we have already taken to respond properly and timely to the IRS investigation, does not stretch us financially — it does," Long said. To help defray the legal costs, Bacon said All Saints, the largest Episcopal church west of the Mississippi, has created a new category of membership, "Solidarity Membership," for supporters of other faiths wishing to join the cause.

"We smell intimidation," said Maher Hathout, chairman of the Islamic Center of Southern California. "It smells rotten, and we should not allow any aspect of intimidation to be directed to any member of our great country."

Rabbi Steven Jacobs of Temple Kol Tikvah, who also attended the news conference, said, "There seems to be an assault upon the pulpit, and it seems to fit a pattern of focusing on those challenging our administration."

All Saints' public skirmish with the IRS is only the latest example of how it has been speaking out on political issues since a rector protested the internment of Japanese Americans during World War II. Bacon, a former Southern Baptist who was a conscientious objector during the Vietnam War, continues that tradition. The church has even posted documents central to the case on its website, http://www.allsaints-pas.org , and Bacon likes to say that social action is a requirement of religious faith.

Tax experts, however, expressed mixed opinions about the church's chances of prevailing against the IRS. A federal judge could order the church to produce the documents or face sanctions, including fines.

"It's very difficult to beat a summons in court," said Ed Robbins, an attorney specializing in tax exemption litigation. "At the end of the day, if the IRS digs in its heels and wants this data, they'll get it."

All Saint's, however, had welcome news about three weeks ago when one of its attorneys, Marcus Owens, a former head of the IRS exemption office, persuaded the IRS to drop an audit of the National Assn. for the Advancement of Colored People. That investigation was also sparked by a speech that criticized Bush and the Bush administration's war in Iraq.

Immediately after Thursday's news conference, Owens informed the IRS of the church's decision. "We believe the only way to challenge the IRS' actions in this case is through a summons enforcement proceeding in court," he told IRS officials in a letter, "and therefore the church respectfully declines to respond to the summons. Rev. Bacon will not appear to testify Oct. 11."

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CONGRESS-ADMINISTRATION:

Rare Judicial Impeachment Hearing Ends With Little Action Taken (LAW)

By T.R. Goldman, Legal Times

Legal Times, September 22, 2006

A House Judiciary subcommittee on Thursday held a rare impeachment hearing for a California federal judge but reached no conclusions and appeared eager to let a special committee of the 9th U.S. Circuit Court of Appeals finish its investigation before deciding whether to take up the matter in Congress again.

Judge Manuel Real, a Lyndon Johnson appointee who in November will have been a federal judge for 40 years, spent Thursday morning rebutting -- for the first time in public -- allegations that he had improperly seized control of a bankruptcy proceeding involving a woman whose criminal probation he was overseeing.

"I am here to tell you I categorically deny any misconduct on the bench," said Real, 82, who was seated next to his wife, Elizabeth, and lawyer and longtime friend, Donald Smaltz, the former independent counsel who a decade earlier had headed the investigation into former Clinton Agriculture Secretary Mike Espy. "I have never been sanctioned for any type of judicial misconduct."

Real has a reputation as a stern and autocratic jurist. "There are a lot of people who dislike you," said subcommittee member Chris Cannon, R-Utah. "No," responded Real, who spoke slowly but forcefully. "I don't think there are many people; I think there are a few."

One of those, the man who first filed the original complaint more than 2 1/2 years ago, is Stephen Yagman, a Venice, Calif., attorney whom Real fined $250,000 in 1984 for his conduct in a defamation case Real was handling. The sanction was later reversed by the 9th Circuit, but, Real noted, Yagman has had a "personal vendetta against me for over 20 years."

Yagman, in fact, has no connection to the underlying bankruptcy case. But under the 1980 Judicial Conduct and Disability Act, anyone, whether he is connected to the underlying case or not, can file a complaint against a federal judge.

"The issue for me is not what he did now, but the fact that he has been tormenting lawyers and litigants for 40 years and no one did anything about it and everyone knows about it," said Yagman in a telephone interview the day before Real's impeachment hearing.

The hearing, held by the House panel's subcommittee on the Court, was chaired by Lamar Smith, the Texas Republican who is on the short-list to take over the House Judiciary Committee when Chairman James Sensenbrenner, R-Wis., steps down next year. "None of us on the subcommittee relishes this undertaking," said Smith.

Asked by subcommittee member Maxine Waters, D-Calif., whether he had been subpoenaed, Real replied, "I came by invitation, Ms. Waters, [although] I felt it was more than just an invitation."

The ethics case against Real is now in its fourth year and has followed a torturous path. The original complaint was filed in February 2003, then dismissed by the chief judge of the 9th Circuit, Mary Schroeder, six months later.

The 9th Circuit's Judicial Council, which handles misconduct complaints, sent the case back to Schroeder, who dismissed it again in November 2004.

The Judicial Council upheld the dismissal in September 2005 by a 7-3 vote, which included a blistering dissent by council member and 9th Circuit Judge Alex Kozinski.

The complaint was then sent to Washington, to the Judicial Conference Review Body, which reluctantly determined that it lacked jurisdiction to review the 9th Circuit case because Schroeder had failed to appoint a so-called special committee to investigate the allegations.

Less than a month later, on May 23, 2006, Schroeder appointed a "special committee" to investigate the complaints against Real. That committee's work is still in progress.

"I think we should have held off on this hearing to allow the special committee to do its job," noted the subcommittee's ranking member, California Democrat Howard Berman. Today's hearing, he added when it ended, "wasn't a wise thing to do."

Sensenbrenner has long pushed for more congressional oversight of the judiciary, and the long-running and disjointed 9th Circuit investigation of Real has provided an easy target for asserting committee jurisdiction.

Earlier this year, Sensenbrenner, who is term-limited and must give up the chairmanship in January, sponsored a bill that would create an inspector general to investigate complaints of judicial misconduct and allegations of fraud.

"The question is, How much of this is Sensenbrenner trying to do a last hurrah and throw his weight around, or how much of this is really going to happen?" noted a former congressional staffer who is closely following the Real impeachment. "Don't

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forget, Sensenbrenner is the same person taking the lead for pushing for the 9th Circuit split, which deals with the same chief judge," the ex-staffer added.

Many social conservatives are eager to divide the circuit because its often liberal decisions affect not just California but many far more conservative Western states that are also part of the circuit's vast geographic reach.

Sensenbrenner was also instrumental in the last three impeachments of federal judges -- Walter Nixon, Harry Claibourne and Alcee Hastings -- all of whom were subsequently convicted and removed from office by the Senate. That's nearly half of the seven federal judges who have ever been impeached and removed from office.

And it was Sensenbrenner who introduced the resolution of impeachment against Real on July 17, singling out the failure of the 9th Circuit to discipline Real as his reason. "When the judicial branch has failed to address serious allegations of judicial misconduct, as the 9th Circuit arguably has in this matter, the Constitution provides the Congress only one course of action -- opening an impeachment inquiry," Sensenbrenner said when he introduced his resolution.

The hearing, coincidentally or not, came just two days after a panel headed by Supreme Court Justice Stephen Breyer released a long-awaited report on judicial discipline, a report that singled out the investigations into Real's alleged misconduct and four other so-called high-profile complaints as "problematic."

Still, the panel's two expert witnesses, Indiana University School of Law professor Charles Geyh and Pittsburgh School of Law's Arthur Hellman, seemed to agree that it would be tough for the allegations against Real, if proved true, to reach the bar needed for impeachment, much less conviction, by the Senate.

"An isolated act of simple favoritism, absent a pattern, doesn't rise to the level of an impeachable offense," Geyh told the half-dozen subcommittee members in attendance.

Tony Snow (CSM)

By David Cook

The Christian Science Monitor, September 22, 2006

Dodging questions is a key part of the White House press secretary's assignment. At one point in a Monitor-sponsored breakfast with reporters on Thursday, Tony Snow, press secretary and assistant to the president quipped, "I'm going to engage in a little cotton-mouthed diplo-speak."

It is an example of the self-deprecatory humor that Snow has brought to the White House since his first briefing on May 8. "I must say the first day I was absolutely scared stiff because I did not know what to expect, I had never done anything like it," Snow says.

Snow's predecessor in the post, Scott McLellan, was a long-time Bush loyalist who stuck closely to his talking points and seldom seemed to be enjoying himself in the verbal give and take with reporters. It is not clear whether reporters get more information from Snow. But the White House informational diet is clearly being served up now with greater verbal dexterity and humor.

Snow says that what he brings is a major change in attitude toward the press. "I don't come out of the political side where a lot of times you see people coming out of the political side and they will look at the press room and they will look at it as a den of vipers, a seething hostile mass," Snow said. "What I see is a lot of people trying to get information so they can write a story...I think the change in the point of view makes all the difference in the world."

Before moving to Fox News, Snow had a long career in newspapers, working for the Greensboro Record, The Virginian-Pilot, The Detroit News, and The Washington Times. His newspaper column was syndicated to more than 200 papers.

So he relishes the reporting aspect of his current position. "The one thing that I hadn't counted on that I rather enjoy is that the press secretary's job is a reporting job," Snow said. "So in any given day we take a close look at a lot of stories and my first answer is, 'well what is going on here?' and so you make the calls. And you call around and you talk to people who are involved."

Getting ready to answer reporters' questions at two formal sessions a day involves intense preparation. There are days when Snow, a self-described "night person" gets up at 3:45 a.m. to prepare. "The biggest challenge is... just trying to make sure you know enough about the things that are going to be of interest to reporters," he says. "There are a lot of days I come in and I've got to study to the exam. And then, over time, I develop the kind of background that will enable me with greater confidence to give detailed answers to such questions. But it is fun."

Part of the fun is having a voice in policy making. Snow sought assurances on that front before taking the job. "I think when I was talking about having a policy role, I was pushing against an open door," Snow said. "Obviously, when it comes to getting involved in the thickets of [the Geneva Convention's] Common Article Three I just keep my yap shut. That's a lawyers' issue. On the other hand, on issues where I have long experience having been in the business for 28 years as a reporter and editorial writer ... there are areas where I have built up a certain amount of intellectual capital and I certainly put in my two cents worth."

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When he was asked about White House negotiations with Senate Republicans over legislation regarding treatment of terrorism suspects, Snow said, "the status is ongoing ...this is like warm milk on the kitchen counter right now. Whatever news I can get you will turn to yogurt by the time you get back to the office."

Turning to the international scene, and efforts to end the genocide in the Darfur region of Sudan, Snow said, "There are behind the scenes, ongoing diplomatic efforts to try to put together the right kind of coalitions of influence that will enable a blue-helmeted UN force to enter Darfur. The president has been speaking about Darfur for a very long time. He has been pressuring the United Nations, pushing the United Nations to acknowledge the genocide that is going on and to act aggressively to deal with it. He is continuing to do so. There is considerable behind-the-scenes diplomacy taking place right now that I am not at liberty to discuss but at some point it will become known. But let me just assure you that the president has been very actively engaged."

With the upcoming Congressional elections marking the start of the final two year's of Mr. Bush's term, Snow was asked about the president's legacy. "The president is not really a legacy guy," Snow said. "Last year he read three biographies of George Washington who, having been dead for 207 years, is still the subject of reappraisal. And if you are visiting that upon arguably the most popular president in American history and certainly one of the most consequential, the idea that you are somehow you are going to be able to retire to Crawford knowing what your legacy is is pure folly. So his view is to do the job and do it the best he can and take on big issues."

Presidential Ratings Rise With New Message Man (WT)

By Joseph Curl

The Washington Times, September 22, 2006

Former talk show host Tony Snow took over as President Bush's communications point man four months ago, beefing up the press office staff, honing internal operations and deploying a quick-response strategy.

Now, polls show, the president's approval rating has jumped to its highest level since January.

Could Mr. Snow be responsible for the surge?

"We're just busy going out and trying to be as aggressive as we can in getting the message out," Mr. Snow says. "Part of the challenge is to explain what we are doing and why. ... Sometimes you have to let people know very clearly what the policy is and that is one of our key aims."

The operation has changed dramatically in recent months after crucial missteps, including last year's dead-on-arrival nomination of White House counsel Harriet Miers to the Supreme Court and this year's fiasco over the proposal to allow a company based in the United Arab Emirates to manage U.S. port operations.

Joshua B. Bolten took over as chief of staff and immediately brought in Mr. Snow, a longtime friend and confidant. Since then, the pair have been at the head of efforts to refocus the White House message and the way it is disseminated.

"If there is an operative philosophy for me, it's 'flood the zone,'" says Mr. Snow, using a football term to describe overwhelming the opponent. "If we spin you," he told reporters at a hotel near the White House yesterday, "we die."

Even though he says he was "absolutely scared stiff because I didn't know what to expect, I'd never done anything like it," Mr. Snow says he has fallen in love with the job he has performed since May.

"The most pleasant surprise about this job has been how much fun it is," he says. "I've never had a day when I've gone home and kicked the dog out of frustration. ... I can't think of another job that I would willingly wake up as early as I do for" -- 3:45 a.m. on some days.

But since he took over as the chief White House spokesman, the former television and radio host -- who also once wrote editorials for The Washington Times -- has learned to use the skills he picked up in his 28 years in journalism.

"The press secretary's job is a reporting job," he says, noting that, even with an office right down the hall from the president, he spends a lot of his day calling others in the administration, asking, "What's going on here?"

"And sometimes phone calls are not returned as quickly as you want," he told the reporters, who laughed, knowing that plight well.

As for standing at the podium on behalf of the most powerful man in the United States, Mr. Snow says "there are a lot of days when I come in and I've got to study for the exam." Some reporters have complained that their former colleague doesn't always know the answer to tough questions, and he acknowledged that "the biggest challenge is ... just trying to make sure that you know enough about the things that are going to be of interest to reporters."

Mr. Snow has direct access to his boss. If he needs to know something, he says, "I'll walk into the Oval Office and get it straight from the president."

Mr. Snow sits in on policy discussions with Cabinet members and senior staff. He says views are expressed in frank exchanges, although the president has the job of "making the call at the end of the day."

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"There are areas where I have built up a certain amount of intellectual capital and I certainly put up my 2 cents' worth. You have an obligation to give your best advice, and if you lose, you lose," he says. "Nobody elected you; they elected the president. But I think it is incumbent upon people to give their best and most honest advice."

Probe Finds Jackson Urged Favoritism In HUD Contracts (WP)

By Elizabeth Williamson

The Washington Post, September 22, 2006

An inspector general's report charges that top U.S. housing official Alphonso Jackson urged staff members to favor friends of President Bush when awarding Department of Housing and Urban Development contracts. But investigators so far have found no direct proof that Jackson's staff obeyed.

His chief of staff told investigators that Jackson, the HUD secretary, "personally intervened with contractors whom he did not like . . . these contractors had Democratic political affiliations," says the report, a copy of which was made available to The Washington Post.

The investigation "did not disclose any pattern or practice of issuing contracts based on political affiliation . . . however, there were some limited instances where political affiliation may have been a factor in contract issues involving Jackson," the report says.

Awarding contracts on the basis of party affiliation violates federal law.

The 340-page report by the Criminal Investigations Division of HUD's Office of Inspector General has been released to Jackson for a response and given to members of Congress who requested it. A spokesman for the office declined to say whether the report would be released publicly.

Calls for an inquiry came after Jackson, Bush's onetime neighbor in Dallas and former housing authority chief in that city, told attendees at a public forum in Dallas on April 28 that he had killed a contract award to a firm after its chief told Jackson he disliked Bush. Jackson later took back his remarks and told investigators from the inspector general's office that he had "lied, and I regret having done that."

The investigation found "no evidence that a contract was canceled, rescinded, terminated or not issued as a result of the encounter between Secretary Jackson and the contractor," the report says.

Jackson said the report cleared him of wrongdoing. "As I stated previously, during my tenure, no contract has been cancelled, rescinded, terminated, awarded or not awarded due to the personal or political benefits of the recipient," he said in a statement released yesterday.

"I sincerely regret my April 28 remarks that led to this investigation."

Sen. Frank Lautenberg (D-N.J.), who called for Jackson's resignation after the April incident, disagreed.

"The President should not tolerate this type of activity by a member of his Cabinet," Lautenberg said in a statement yesterday. "Given the allegations made by very credible witnesses in the Inspector General's report, the Department of Justice needs to get involved."

According to two senior HUD officials, at a staff meeting this year "Jackson had advised . . . that when considering discretionary contracts, they should be considering supporters of the president," the report says.

"I don't recall doing that. They might have misconstrued it," the report quoted Jackson as saying.

Jackson, who reports directly to the White House, "indicated that he did have a bias, in that he wasn't likely to assist someone who would 'castigate' him or the president, although he would not interfere with a contract on that basis," the report reads.

The report describes investigators' research into the political contributions of 29 companies that received HUD contracts. The sample found that officers and key staff members at the 29 winning companies "contributed $101,931 to Republican candidates and $45,320 to Democratic candidates."

Investigators also describe Jackson's personal involvement with contracts and contractors. Jackson "would meet with individuals who were either contractors or who wanted to obtain contracts at HUD," the report said. A former HUD lawyer was quoted as saying "we warned him against it."

The report contains a lengthy description of delays in releasing a contract to Massachusetts-based Abt Associates, after Jackson objected. Though the award had already been granted and publicized, Jackson's dislike of the firm -- which his chief of staff said was politically motivated -- put the release in limbo for weeks while staffers scrambled to satisfy him and allay outside concerns over the delays.

Jackson told investigators his dislike was based on the quality of the firm's work, "an assertion rendered problematic by other testimony and evidence," the report says, including Abt's high marks in the agency's own evaluation process.

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The report says the HUD Office of Inspector General plans to evaluate whether "a more comprehensive audit of HUD contracting activities is feasible and warranted." A spokesman for the office declined to say when that decision would be made.

HUD Chief's Remarks Aside, Study Finds No Favoritism (NYT)

By David Stout

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — The Bush administration's housing secretary told his aides that they should consider the political leanings of contractors in awarding agency business, an investigation has found. But the inquiry found "no direct evidence" that political favoritism was linked to specific grants or contracts.

Three top officials of the Department of Housing and Urban Development testified that Secretary Alphonso R. Jackson had told them that "it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered," the department's inspector general, Kenneth M. Donohue, wrote.

Aronetta Baylor, now an assistant deputy secretary and formerly the department's chief procurement officer, told investigators under oath that Mr. Jackson had once said, in the report's exact words, "You know, if we weren't here, if the president hadn't appointed us, they wouldn't be (expletive) getting these contracts."

"And he said that makes him mad that they don't realize that," Ms. Baylor testified.

Ms. Baylor's account is in a 340-page report drawn up by Anthony G. Medici, special agent in charge of the inspector general's criminal investigations division. The report, dated Sept. 18, has not been made public. Its contents were disclosed on Thursday by The Dallas Morning News. The report itself was made available to The New York Times by aides to Democratic lawmakers who have been critical of Mr. Jackson.

It is illegal under federal procurement law to reward or punish contractors on the basis of their political views.

The inquiry, which includes testimony from dozens of witnesses including Mr. Jackson, arose from the secretary's boast on April 28 that he had scuttled a contract for advertising services because the person who was about to get it had been critical of President Bush.

In fact, Mr. Medici's investigation found, no contract was canceled or rescinded under the circumstances described by Mr. Jackson before a real estate forum in Dallas. But a reporter for The Dallas Business Journal heard the remark, and his account touched off a controversy that is not likely to end with the inspector general's report.

Some witnesses testified more than once during the inquiry. Before concluding that there was no direct evidence of political favoritism in the awarding of contracts, Mr. Donohue's office reviewed 22 contracts involving property management, advertising and other services.

Although the inspector general's office concluded that Mr. Jackson had not torpedoed a contract, as he had boasted, the investigation uncovered "instances of Secretary Jackson personally intervening with contractors whom he did not like," the inquiry found.

The report said the inspector general's office would consider undertaking "a more comprehensive audit of HUD contracting activities."

"I lied, and I regret having done that," Mr. Jackson testified during the inquiry. He told the inspector general that his account had been "an exaggeration," the report said.

Soon after his Dallas remarks were reported in early May, Mr. Jackson said he regretted his "anecdotal remarks," which he said were meant to illustrate how things work in Washington.

Mr. Jackson affirmed his regrets in an interview with The Dallas Morning News. "I've never done anything illegal or unethical, and I didn't do it this time, other than shoot off my mouth," he said. "That's what I did, and I made a serious mistake doing it."

Among Mr. Jackson's strongest Democratic critics are Senator Frank R. Lautenberg of New Jersey and Representative Henry A. Waxman of California, who are on their chambers' governmental affairs committees, and Representative Barney Frank of Massachusetts.

All expressed outrage after the Dallas episode, and Mr. Lautenberg said Mr. Bush should demand Mr. Jackson's resignation if the accounts of the Dallas speech were accurate. Mr. Jackson has headed the department since March 31, 2004.

Mr. Lautenberg renewed his criticism of the secretary on Thursday.

"The inspector general's report contains very serious charges that need to be reviewed by the Department of Justice," the senator said. "This episode cannot be ignored by Congress. We must hold hearings to get to the bottom of this case. However, I am concerned that Republicans will sweep this under the rug."

Don't Let Him Near The Checkbook (WP)

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By Al Kamen

The Washington Post, September 22, 2006

President Bush's selection of former Agency for International Development chief Andrew Natsios as special envoy to try to halt the violence in Darfur drew mixed reviews from those involved in the region.

His task will be to get the Sudanese government to allow 20,000 U.N. peacekeepers in to stanch the horror in Darfur -- something the government has refused to do.

Natsios, though perhaps not as high-profile choice as might be hoped, could turn out to be a good selection -- he is well-versed on the issues, knows the country and the situation. But, we trust, he'll not be allowed to have anything to do with drawing up aid budgets for the region. We recall his famous prediction, back on April 23, 2003, when he told an incredulous Ted Koppel on ABC's "Nightline" that the rebuilding tab for Iraq would be $1.7 billion.

"You're not suggesting that the rebuilding of Iraq is going to be done for $1.7 billion?" Koppel asked.

"Well, in terms of the American taxpayers' contribution, I do," Natsios said. "This is it for the U.S. The rest of the rebuilding of Iraq will be done by other countries who have already made pledges -- Britain, Germany, Norway, Japan, Canada -- and Iraqi oil revenues. . . . But the American part of this will be $1.7 billion. We have no plans for any further-on funding for this."

Nope, no plans at all.A Hiring First at State?

Zalmay Khalilzad, the U.S. ambassador to Iraq, is back in town for a bit -- and that has sparked chatter that maybe he'll be named deputy secretary of state, maybe with a specific portfolio of Iraq and Afghanistan.

The chatter is likely idle, generated by the fact that the post has been vacant since Robert Zoellick 's departure almost three months ago and that many names have been floated as his replacement. One big concern would be pulling Khalilzad out of Iraq, but there is some thinking in Baghdad that he may have done as much there as he can do.

Our research isn't complete, but we'll go out on a limb and say it appears he would be the first Sunni deputy secretary.

Given the Senate's scheduled departure next Friday, the deputyship would be filled, if at all, by a recess appointment or by an "acting" deputy until after the Nov. 7 elections.Bolton Possibly in Limbo

Speaking of recess appointments, the Senate Foreign Relations Committee calendar has a business meeting scheduled for Tuesday, with votes to be taken on two nominations -- but nothing is scheduled for U.N. Ambassador John Bolton . His recess appointment ends no later than Jan. 3 unless he gets confirmed, but it appears that Sen. Lincoln "Roadblock" Chafee (R-R.I.) hasn't budged -- yet.GAO's Car and Driver

A Loop Fan driving north on the George Washington Memorial Parkway in Virginia calls to say he was headed to work downtown a bit after 7 a.m. and a "black Cadillac scoots in front of me . . . license plate GAO 0001." Our caller said he passed and noticed "someone reading papers in the back, but the windows were tinted."

So David Walker , head of the Government Accountability Office, the watchdog guarding against waste and fraud, is chauffeured to work?

"It's a black Chrysler 300," corrects GAO spokesman Paul Anderson . "And by statute, the comptroller general has the right to be driven to and from work." Walker, however, drives himself "90 percent of the time," but he had a bike accident over Labor Day weekend. He broke his collarbone and four ribs, and hasn't been able to drive.

"We have the X-rays to prove it," Anderson said.More Common-Sense Lawmaking

The Democrats think they're going to take over the House if they can sell their spurious allegation that this is a "do-nothing" Congress. It's going to be a hard sell because the House intends to work hard in the remaining days of this session.

We note action was pending this week on H Con Res 235: Expressing the sense of the Congress that States should require candidates for driver's licenses to demonstrate an ability to exercise greatly increased caution when driving in the proximity of a potentially visually impaired individual .Mazel Tov, Etc.

The Jewish High Holidays begin tonight, capping a week in which it was learned that Sen. George Allen 's mom was Jewish. That means, as far as Jewish law is concerned, Allen is considered Jewish, able to fly over to Tel Aviv and claim immediate citizenship.

Loop Fans have been writing in with congratulations, new year's wishes and a hearty "L'shana tova."

Payment To Lewis Aide Is Cleared (LAT)

By Tom Hamburger

The Los Angeles Times, September 22, 2006

WASHINGTON — The House Ethics Committee on Thursday cleared a longtime aide to House Appropriations Committee Chairman Jerry Lewis of any breach of rules for accepting a nearly $2-million payout from his former lobbying firm.

The aide, Jeffrey Shockey, received $1.96 million in severance payments when he left Washington-based Copeland Lowery Jacquez Denton & White to return to work for Lewis (R-Redlands) as deputy staff director of the Appropriations

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Committee. Federal investigators are examining the relations between the firm, which specialized in appropriations matters, and Lewis.

Since federal investigators began looking into links among lobbyists, powerful members of Congress and the special appropriations known as earmarks, the firm has received unwanted attention and split into two companies.

Federal investigators have requested information from the firm's clients who have received appropriations earmarks, including several communities in Southern California represented by Shockey.

Ethics Committee staffers were specifically reviewing whether Shockey's 2005 payout from Copeland Lowery might have broken rules that prohibit congressional staff from receiving income earned after becoming federal employees. But Shockey showed the committee documents revealing that his compensation was based on work completed before he returned to Capitol Hill.

"It appears that the terms of your buyout agreement are consistent with applicable laws and House rules," wrote Reps. Howard L. Berman (D-Valley Village) and Doc Hastings (R-Wash.) the top ranking members of the ethics panel.

A spokesman for Shockey said the congressional aide was pleased by the committee's statement and decision to cease further review of the matter. "Jeff Shockey said all along he wanted to do things by the book," spokesman Trent Duffy said. "Now he welcomes the fact that the official judges agreed" he has done so.

Although Shockey apparently violated no laws or official standards in reporting his compensation, his move from the Capitol to lobbying firm and back to the Capitol remains an example of the "revolving door" in Washington. It also shows the extraordinary amounts of money private interests are willing to pay for help in getting earmarks into appropriations bills.

Defense contractors, universities and municipalities have paid high fees to lobbyists who they believed could help get these spending directives for them. The lobbyists, in turn, often made large campaign contributions to lawmakers such as Lewis who preside over the process.

Shockey, who worked for Lewis in the 1990s as a congressional aide, became one of a category of lobbyists in Washington that specialized in appropriations matters. His former employer is a specialist in earmark lobbying and helped Lewis raise tens of thousands of dollars in campaign contributions.

One of the firm's senior partners was Bill Lowery, a former Southern California congressman and close friend of Lewis.

Shockey's lawyers have said he did nothing wrong and noted that he has not been contacted by federal investigators looking into Lewis and his relationship with the lobbying firm.

The President, Up Close And Personal (WP)

By Zachary A. Goldfarb

The Washington Post, September 22, 2006

President Bush sat for interviews with the hosts of the three network evening news programs in recent weeks, surrounding the anniversaries of Hurricane Katrina and the Sept. 11, 2001, attacks. The interviews focused mostly on the administration's response to the devastation of the Gulf Coast, and its performance in the Iraq war and its anti-terrorism effort. But anchors Charles Gibson of ABC, Brian Williams of NBC and Katie Couric of CBS also offered a window into the president's mind-set and personal life. Here are some excerpts:

On his frustrations: "The death of innocent people and our soldiers. That's the hardest thing for me. I meet with a lot of the families. And -- I do the best I can to cry with them or, you know, laugh with them if they wanna laugh and hug them." (CBS)

On when he is overwhelmed with emotion : "Generally, it's triggered when I meet somebody who lost their loved one . . . and that happens fairly frequently. . . . It's a good sign you're able to empathize, that your heart breaks for somebody who suffered. . . . Tears can get contagious, as far as I'm concerned." (ABC)

On his relationship with his father: "My relationship is adoring son. . . . My dad means the world to me as a loving dad. He gave me the greatest gift a father can give a child, which is unconditional love. And, you know, we go out and float around there [at the family retreat in Kennebunkport, Maine] and try to catch some fish and chat and talk. But he understands what it means to be president. . . . I explain exactly . . . how I view the current tensions. And he takes it onboard and he leaves me with this thought, "I love you, Son.' " (NBC)

On his reading habits, which recently included "The Stranger" by Albert Camus: "I was in Crawford and I said -- I was looking for a book to read, and Laura said, 'You ought to try Camus.' I also read three Shakespeares. . . . I'm reading about the battle of New Orleans right now. I've got an eclectic reading list."

Census Data On Some Of 1,100 Missing Laptops (USAT)

By William M. Welch

USA Today, September 22, 2006

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The Commerce Department said Thursday that 1,100 of its laptops have been lost or stolen, including some that contain personal information collected by the Census Bureau.

Department officials said that the potential loss of personal data was limited, however, and that it is unaware of any data being improperly used.

“The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low,” Secretary Carlos Gutierrez said in a statement disclosing the discovery. “While we know of no instances of personal information being improperly used, we regret each instance of lost material.”

The announcement followed a review of more than 30,000 computers used by department personnel dating to 2001. Of that total, the department said 1,137 were lost, stolen or missing, and 249 of those computers contained personally identifiable information. Each laptop contains information on an estimated 20-30 households.

“All of the equipment that was lost or stolen contained protections to prevent a breach of personal information, and we are moving to institute better management, accountability, inventory controls, 100% encryption and improved training," Gutierrez said.

Most of the missing laptops were from the Census Bureau. It used field representatives to compile survey data across the country using laptop computers. The department said the Census Bureau had in place technological means to protect that data and make it inaccessible, once entered in databases, even to the workers using the laptops.

The disclosure follows a series of other computer losses. The Veterans Affairs Department said a laptop with information on 26.5 million current and former military personnel was stolen in May. The laptop was recovered and the FBI said personal data had not been copied.

1,100 Laptops Missing From Commerce Dept. (WP)

By Alan Sipress

The Washington Post, September 22, 2006

More than 1,100 laptop computers have vanished from the Department of Commerce since 2001, including nearly 250 from the Census Bureau containing such personal information as names, incomes and Social Security numbers, federal officials said yesterday.

This disclosure by the department came in response to a request by the House Committee on Government Reform, which this summer asked 17 federal departments to detail any loss of computers holding sensitive personal information.

Of the 10 departments that have responded, the losses at Commerce are "by far the most egregious," said David Marin, staff director for the committee. He added that the silence of the remaining seven departments could reflect their reluctance to reveal problems of similar magnitude.

In a private briefing yesterday for three members of Congress, Commerce Secretary Carlos M. Gutierrez estimated that the disappearance of laptops from the Census Bureau could have compromised the personal information of about 6,200 households, Marin said. He said the department was still trying to determine the extent of the problem.

"We don't know exactly how many computers were lost or whether personal information was compromised," said Rep. Thomas M. Davis III (R-Va.), who chairs the House Government Reform Committee and attended the briefing. "The secretary has assured me that getting that information is priority number one, and I'm confident he'll get his arms around the problem."

Commerce officials told the congressmen that the inventory of missing laptops had escalated rapidly in recent weeks as the department investigated the disappearances. Marin said the committee was concerned that that number could increase significantly as Commerce officials learn more about missing handheld computers, which are increasingly being used in the Census Bureau.

Commerce officials said in a statement that they knew of no instances in which information from the missing laptops had been improperly accessed, adding that all the equipment contained safeguards that would prevent a breach of personal data.

"The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low," Gutierrez said in the statement.

With its disclosure, Commerce is the latest federal agency to admit in recent months that it had lost laptops with sensitive personal data. In May, an employee of the Department of Veterans Affairs lost a laptop containing unencrypted information on about 26.5 million people. Three months later, Veterans Affairs acknowledged that a second computer, with information on about 38,000 hospital patients in Pennsylvania, was also missing.

The Federal Trade Commission has lost two laptops with files containing people's financial account numbers, and the Department of Agriculture announced that one of its laptops had disappeared along with personal information on about 350 employees.

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Gutierrez and his staff told the congressmen that 1,137 laptops had been stolen, lost or otherwise vanished since 2001, mostly from the Census Bureau and the National Oceanic and Atmospheric Administration. Of these, 249 contained personally identifiable information, nearly all from the Census Bureau. All were password-protected, a low-level safeguard. Only 107 of the computers were fully encrypted.

Commerce Department Has Lost 1,137 Laptops Since 2001 (WSJ/AP)

The Wall Street Journal, September 22, 2006

WASHINGTON -- The Commerce Department has lost 1,137 laptop computers since 2001, most of them assigned to the Census Bureau, officials said Thursday night.

The Census Bureau, the main collector of information about Americans, lost 672 computers. Of those, 246 contained some personal data, the department said in a statement. However, no personal information from any of the missing computers has been known to have been improperly used, the department said.

The number of people affected by the equipment losses could not be determined, the department said.

"All of the equipment that was lost or stolen contained protections to prevent a breach of personal information," said Commerce Secretary Carlos M. Gutierrez. "The amount of missing computers is high, but fortunately, the vulnerability for data misuse is low."

More than 30,000 laptops were used within the department's 15 operating unit since 2001, the department said, and a total of 1,137 were stolen or missing.

Fifteen handheld devices used to record survey data for testing processes in preparation for the 2010 Census also were lost, the department said. The department was in the process of contacting the 558 households with data recorded on the missing devices, although because of encryption technology, the risk of data misuse was considered low, it said.

A half-dozen other federal agencies or departments have reported data thefts and security breaches involving personal information in the last six months.

The Veterans Affairs Department suffered the biggest loss with the theft in May of a laptop and external drive containing information for 26.5 million veterans and active-duty troops. Burglars stole the equipment from the home of a Veterans Affairs employee, but the computer was later recovered and showed no signs of having been accessed for the personal data.

Other government departments reporting the loss of computers with personal information include the departments of Agriculture, Defense, Education, Energy, Health and Human Services and Transportation. The Federal Trade Commission also has lost laptops with sensitive data.

Capitol Police Revise Details On Intruder (WP)

By Mary Beth Sheridan

The Washington Post, September 22, 2006

Contradicting earlier reports, officials said yesterday that an armed man who raced into the U.S. Capitol this week was stopped by employees of the Flag Office -- not by Capitol Police officers.

The episode exposed gaps in security of the Capitol building and grounds, and legislators are expected to meet Tuesday to grill U.S. Capitol Police about what went wrong. The suspect, Carlos Greene, 20, who was described as high on drugs, drove through a construction entrance partially blocked by a Capitol Police vehicle at 7:45 a.m. Monday and smashed into a concrete wall. He jumped from his vehicle and dashed into the domed building, outrunning police in a wild, four-story chase.

At a news conference Monday, Acting Capitol Police Chief Christopher M. McGaffin said his officers had subdued Greene in a basement office used to fill orders for flags that have flown over the Capitol. But yesterday, McGaffin acknowledged that three employees in the Flag Office had actually "confronted the individual."

"There was a struggle they participated in, in preventing this individual from getting any farther," McGaffin said in a telephone interview. The scuffle, he said, provided "the few precious seconds we needed to catch up with this suspect."

Police found a pistol in Greene's waistband after he was arrested. No one was harmed in the incident.

McGaffin said he did not have details about how the scuffle progressed.

However, other law enforcement and congressional sources gave this account: Greene burst into the Flag Office and grabbed the supervisor, Karen Livingston, demanding to know how he could get out. She broke away and a burly male co-worker corralled the intruder.

Capitol Police arrived seconds later and made the arrest. The sources spoke on condition of anonymity because they were not authorized to provide details on the investigation.

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Asked why he had provided the incorrect information at his Monday news conference, nine hours after the incident, McGaffin said he was unaware at the time that anyone but Capitol Police officers took part in the arrest. The officers had not mentioned the civilians' role in their report, he said.

Sen. Wayne Allard (R-Colo.), who chairs the subcommittee that funds the Capitol Police, yesterday identified the Flag Office employees who stopped the intruder as Livingston, the supervisor; Dennis Anthony, the assistant supervisor; and Isaac Livingston, a clerk who is not related to the supervisor.

They "did a great job in bringing him under control," Allard said. Their role was first reported by the Hill newspaper.

The three employees were barred from talking publicly about their actions because of the Capitol Police investigation, said Cynthia Snyder of the Architect of the Capitol's office, which oversees the Flag Office.

Legislators have expressed shock and anger that Greene managed to get so far into the Capitol.

"It's very serious," Allard said. "You can just assume that terrorists somewhere are taking note."

Congress has given the Capitol Police hundreds of millions of dollars for new equipment and additional officers since the Sept. 11, 2001, attacks. The force now has more than 1,600 officers.

The House Appropriations Committee is expected to meet Tuesday to review how the Capitol Police handled the incident, officials said.

"Frankly, I think it's a bit outrageous that this kind of incident could take place with all of the new police personnel and all of the money we have spent," Rep. Ray LaHood (R-Ill.), a committee member, said in a telephone interview. "Obviously, somebody on the front line was simply not paying attention."

Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert (R-Ill.), said he was "extremely concerned" and "wants a report about how this will never happen again."

The Capitol Police are being assisted by "national security agencies" in their investigation, Allard said yesterday. McGaffin said he had requested the agencies' assistance "so we can have an independent assessment" of the incident. He declined to identify them, but another official said the U.S. Secret Service was involved.

McGaffin has blamed the security breakdown on human error, rather than funding or equipment. He declined to specify what went wrong until an internal review is finished.

He acknowledged that the intruder made it through two key points: the entrance on the perimeter of the Capitol and the door into the building, which was not locked or guarded. That door was being used by construction workers who have been trying to finish the U.S. Capitol Visitor Center that is under construction on the east side of the building.

Since the incident, security has been increased, with added police posts around the Capitol and concrete barriers placed in front of the construction entrance on First Street and Maryland Avenue NE used by the intruder.

Greene, of Silver Spring, has been jailed since his arrest. He is scheduled to appear in court today on a charge of unlawful possession of a firearm by a convicted felon.

Pro-marriage Bill Seeks $4 Million Budget Add (WT)

By Amy Doolittle

The Washington Times, September 22, 2006

The chairman of the Senate Appropriations subcommittee on the District said yesterday that he will add $4 million to the D.C. budget next year to help married or engaged couples buy a home, get job training or start a business.

"We need more family formation in the District ... We need more children raised in two-parent homes," said Sen. Sam Brownback, Kansas Republican. "This initiative will help with doing that ... It will expand job-training funding for those who get married; there's also funding in there for mentoring and counseling couples."

Mr. Brownback's proposal would add $1 million to a matched-savings program approved by the Senate last year.

Under the program, the federal government contributes $3 for every $1 a D.C. couple invests and allows a maximum lifetime payment of $9,000. Couples must withdraw the money and be married within three years of entering the program.

The new proposal would provide more funds for job training and mentoring. Last year's version was the first of its kind in the country.

D.C. Mayor Anthony A. Williams said yesterday that he supports Mr. Brownback's bill.

"There are a lot of things we agree on and a lot of things we disagree on," said Mr. Williams, a Democrat who is not seeking re-election. "But this is something on which we wholeheartedly agree, and that is that too many children in our city are being raised by single parents."

The mayor said there are more than 13,000 families headed by single parents in the District who earn less than $10,000 a year and live well below the poverty line. Many parents do not get married for fear of higher taxes, he said.

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D.C. Delegate Eleanor Holmes Norton, a Democrat, said yesterday that the marriage incentive is important because it gives children a chance to be raised by two parents.

"We're talking about the failure to form families at all, and that is becoming the trend across our country," Mrs. Norton said. "We're forgetting who gets hurt -- the children are hurt from the moment they step into this world.

"When Sam said he wanted to do marriage development, I said, 'Right on, right on, anything we can do,'" she said.

Mr. Brownback said he has yet to experience any serious opposition to his bill. He said it likely will go to a vote in the Senate in late November as part of the larger D.C. appropriations bill.

U.S. Recommends Routine Testing For The AIDS Virus (WP)

By David Brown

The Washington Post, September 22, 2006

All adolescents and adults should routinely be tested for HIV infection in hospitals, clinics and doctors' offices, the federal government said yesterday, signaling a radical shift in the public health approach to the 25-year-old epidemic.

Under the new recommendations from the Centers for Disease Control and Prevention, patients would no longer have to sign a consent form and get extensive pre-test counseling. But they would have to be told they were being tested for the AIDS virus, asked if they have any questions and given the opportunity to "opt out."

The policy is a huge change from an era when stigma and fatalism led to a unique and -- in the opinion of some practitioners, onerous -- set of procedures for HIV testing.

"This represents a milestone for CDC and for our national health protection," Julie L. Gerberding, the CDC's director, said in a telephone news conference.

Universal HIV testing is part of an all-out effort to address three problems that many experts view as scandalous: 250,000 Americans are infected with HIV and do not know it, 40 percent of infected people are diagnosed when their infection is already at an advanced stage, and the number of new infections annually in the United States has not declined in 15 years.

If medical providers go along, the strategy may be able to reduce the number who do not know they are infected by two-thirds. Because many of those people are highly likely to pass the virus on -- either because of their behavior or because they are in an early stage of the disease, when more virus is in their bloodstream -- that could in turn help prevent new cases.

By rolling an HIV test into routine blood testing to measure blood sugar, kidney function, hemoglobin count and myriad other health indicators, the policy would make AIDS unique in another way. It would become the only infectious disease tested for more or less automatically in medical encounters. Pregnant women are tested for AIDS, syphilis and hepatitis B, but the CDC policy would cover everyone 13 to 64 years old.

Advocates for AIDS patients generally lauded the new strategy but expressed concern that it could lead to occasions when people are not told they are being tested or are not prepared to handle the results.

"It's all in the implementation," said David Munar, associate director of the AIDS Foundation of Chicago. "I am concerned that in some settings that patients will be shortchanged."

Marjorie J. Hill, executive director of Gay Men's Health Crisis in New York, said her organization agrees "that HIV testing needs to be expanded and that the procedures need to be streamlined as far as possible." But she added: "It is also important that the individual who is the object of these procedures and information have meaningful, informed consent. For some people that may be a two-minute conversation. In others it may take longer."

Between 16 million and 22 million HIV tests are done each year in the United States. CDC officials would not speculate on how much that might increase.

Newly identified cases of HIV are reported to local health departments in most states, and under another CDC policy they will soon be reported in all. That allows public health officers to help get those people into care and in some cases to trace sexual contacts.

Practically speaking, the goal is to have everyone in the age range tested at least once, and high-risk people tested at least once a year. Low-risk people do not have to be tested each time blood is drawn.

The District began a campaign three months ago to make HIV tests a routine part of visits to emergency rooms and physicians' offices. This week, officials said 3 percent of people tested at community health sites are infected -- about twice the national rate.

HIV testing is a two-step process. An initial test, called an ELISA assay, screens for antibodies against the virus. If it is positive, a more specific test, called a western blot, is performed. The price ranges from about $8 to $80, which includes the cost of counseling. The lower figure is for a negative ELISA, the higher for a positive test that would require a western blot and more extensive post-test counseling. Rapid HIV tests, which give results in 20 minutes, cost about $20 more.

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The expense of expanded HIV testing would be borne by the current payers of medical care -- insurance companies, the government, hospitals and clinics, and patients. If a medical institution finds that fewer than 1 in 1,000 HIV tests are positive, it can drop routine testing.

Testing regulations differ around the country, and some states will need to change laws to follow the recommendations. Virginia does not require a separate consent form for HIV testing, but Maryland does.

The new recommendations say that "patients should be informed orally or in writing that HIV testing will be performed unless they decline. . . . Information should include an explanation of HIV infection and the meanings of positive and negative test results, and the patient should be offered an opportunity to ask questions and to decline testing."

CDC officials emphasized that while HIV testing may become routine, following up positive tests will still require specific attention.

"Active efforts are essential to ensure that HIV-infected patients receive their positive test results and linkage to clinical care, counseling, support, and prevention services," the recommendations say.

One of the CDC's main goals is to lower the practical and psychological barriers faced both by people offering HIV tests and by those getting them.

The emergency department of Johns Hopkins Hospital in Baltimore set out to offer testing to every patient eight months ago but has found that goal difficult to achieve.

"The legal requirements for written consent in the state of Maryland take time and effort beyond what is feasible in a busy emergency department," said physician Richard E. Rothman.

He said the department recently began using a "facilitator" who counsels patients and gets consent. That has "dramatically increased" the number of tests offered. About 50 percent of patients are now asked, and about 75 percent of them agree.

"Patients are definitely interested in being tested. There is no doubt about that," Rothman said.

Public health officials also hope the shift will help further destigmatize HIV. When the CDC recommended in 1995 that all pregnant women be tested, many clinics found that women embraced the policy, as it no longer required them to identify themselves as "at risk" to get tested.

The benefits of knowing -- and the hazards of not knowing -- one's HIV status are clear from studies. Between 54 and 70 percent of sexually transmitted cases of HIV are transmitted by people who do not know they are infected with the virus.

Once people know, most take precautions. The frequency with which a person has unprotected intercourse, homosexual or heterosexual, falls by about 50 percent once that person knows his or her HIV status. But the rate of unprotected sex may remain as high as 40 percent in some groups.

U.S. Urges H.I.V. Tests For Adults And Teenagers (NYT)

By Donald G. Mcneil Jr.

The New York Times, September 22, 2006

In a major shift of policy, the federal government recommended yesterday that all teenagers and most adults have H.I.V. tests as part of routine medical care because too many Americans infected with the AIDS virus don't know it.

The recommendation, by the Centers for Disease Control and Prevention, urges testing at least once for everyone aged 13 to 64 and annual tests for those with high-risk behavior.

The proposal is a sharp break from the early days of the AIDS epidemic, when the stigma of the disease and the fear of social ostracism caused many people to avoid being tested.

That led to heated debate about whether positive test results could be shared by medical and governmental authorities in their effort to contain the epidemic by reaching out to partners of those who might be infected.

Under the agency's plan, which states can adopt or modify if they choose, patients would be advised they were being tested, but the tests would be voluntary.

So that the tests could be easily administered, however, the agency urged the removal of two major barriers that some states now have: separate signed consent forms and lengthy counseling before each test.

That would require new laws in some states, however, which could take years because some civil liberties groups and lobbyists for people with AIDS oppose the changes.

Many doctors are expected to welcome the changes.

"These recommendations are important for early diagnosis and to reduce the stigma still associated with H.I.V. testing," said Dr. Nancy Nielsen, a board member of the American Medical Association, which endorsed the new guidelines.

Dr. Julie Gerberding, the disease control agency's director and a doctor who treated some of the first San Francisco AIDS patients in 1981, said: "Our traditional approaches have not been successful. People who don't know their own H.I.V. status account for 50 to 70 percent of all new infections. If they knew, they would take steps to protect themselves and their partners."

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The new guidelines, if adopted, would move the agency toward its "ultimate goals," which Dr. Gerberding described as: no more H.I.V.-infected children, no one living for years without antiretroviral treatment and, eventually, no more new cases of the disease.

About 40,000 Americans are newly infected each year, a number that has been remaining steady. In contrast to the early days of the epidemic, which struck gay men the hardest, many of those now infected are black or Hispanic, are teenagers and were infected by heterosexual sex. The agency estimates that 250,000 Americans, a quarter of those with the disease, do not know they are infected.

Moreover, 42 percent of those who find out they are infected are tested only because they are already seriously ill — which means they have been infected for up to 10 years and may have been passing the infection on all that time, Dr. Gerberding said.

The American Academy of H.I.V. Medicine, a group for AIDS specialists, gave a qualified endorsement of the guidelines, agreeing with the need for more testing but arguing that they gave counseling short shrift.

"Counseling just naturally goes with testing, as diet does to exercise," said Dr. Jeff Schouten, the academy's chairman.

Some civil liberties organizations and those representing people with AIDS, while favoring more testing, have lobbied against removing signed consent forms or pretest counseling for fear that such changes will make testing less voluntary.

Some states, including New York, have laws requiring such counseling and consent forms. They were passed in the early days of the AIDS epidemic, when having the virus amounted to a death sentence, the disease's stigma often led to denial of jobs or housing, and testing was done primarily to protect the blood supply.

Dr. Thomas R. Frieden, New York City's health commissioner, said yesterday that he "absolutely" agreed with the new guidelines and had been lobbying the state Legislature for a law incorporating them.

A bill he supported was introduced late last year, Dr. Frieden said, but opponents kept it from coming up for a vote.

"I am optimistic that it will make it through this year," he said.

Rose A. Saxe, a staff lawyer with the AIDS Project of the American Civil Liberties Union, said her group opposed the recommendation because it would remove the requirement for signed consent forms and pretest counseling. In settings like emergency rooms where doctors are strapped for time, Ms. Saxe said, "we're concerned that what the C.D.C. calls routine testing will become mandatory testing."

Patients, particularly teenagers, she said, "will be tested without an opportunity for understanding the magnitude of having a positive result."

David Ernesto Munar, associate director of the AIDS Foundation of Chicago and a board member of the National Association of People With AIDS, said he favored more testing and faster counseling to encourage it.

"But our fear," Dr. Munar said, "is that on the ground, the rush to get more blood samples is going to railroad right over any consent."

Illinois, like New York, requires written consent before a test, he said.

Disease control agency experts deny that their guidelines would encourage such problems.

They oppose mandatory testing, secret testing or testing without informing patients, at least orally, that such a test will be done. They suggest that whatever general consent for routine medical care a state law requires include consent for H.I.V. testing.

They also want anyone who tests positive to be counseled that AIDS is a serious disease and taught where to get treatment and how to keep from infecting others.

As an example of success in a related program, Dr. Timothy Mastro, acting director of the agency's AIDS prevention division, pointed to the agency's guidelines to prevent infection of newborns.

The guidelines say that all pregnant women should be tested unless they refuse and that oral consent is acceptable. They also recommend tests again in late pregnancy for women who inject drugs, have sex with many men, have sex for money or live in neighborhoods where AIDS is common.

The number of babies born infected dropped to fewer than 240 a year now from 1,650 in 1991, Dr. Mastro said.

Laws for prisoners, which Dr. Mastro described as "a tricky area," might also need revision. In some states, testing is mandatory for all prisoners. In New York, it is voluntary.

Health officials in other states appeared to welcome the new guidelines. Steve Huard, spokesman for the Hillsborough County Health Department, which includes Tampa, Fla., said: "We strongly believe in universal H.I.V. testing through anonymous and confidential testing. With the recommendations, it would be more widespread. It would go out to private physicians and we should see infection rates going down."

Some states with few AIDS patients, like Wyoming, may be reluctant to adopt the guidelines on the ground that routine H.I.V. tests would be unnecessarily burdensome for doctors and patients.

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To compensate for that, the guidelines suggest that routine tests might not be required in areas where fewer than 1 in 1,000 people test positive. But health care practitioners are not very good at guessing what rate will be found among their patients, said Dr. Bernard Branson, the C.D.C.'s associate director for laboratory diagnostics, so there should first be a period of routine testing.

The wholesale cost is about $1 for each test run in batches and about $8 for rapid tests done individually. Each positive test would require a second confirmation test and then counseling, which would raise the cost to about $80, Dr. Branson said.

That is far cheaper than many other routine screening tests like colonoscopies or mammograms, and Dr. Branson said most such tests were paid for by insurers because it was usually cheaper to treat diseases when they were caught early.

CDC Recommends AIDS Tests For Most People (USAT)

By Steve Sternberg

USA Today, September 22, 2006

AIDS virus testing should be offered regularly to everyone ages 13 to 64 in every hospital, doctor's office and clinic to speed diagnosis and help curb the epidemic, federal health officials recommended Thursday.

The Centers for Disease Control and Prevention's recommendations are not legally binding, but they are designed to make HIV testing as routine as tests for high blood pressure, cholesterol and diabetes.

About 1 million people in the USA are HIV-positive, but 250,000 of them have not been diagnosed, according to the CDC.

"It will allow us to identify a lot of people who have HIV and don't know it," says Timothy Mastro of the CDC's HIV/AIDS program.

The guidelines no longer require health workers to provide special counseling before and after the test, and they lift the requirement that patients supply specific written consent, though patients must be given the opportunity to refuse testing.

Daniel Kuritzkes of the University of Colorado, chairman of the HIV Medicine Association, says, "I think the guidelines will help destigmatize HIV testing by making it part of routine medical care and not a test with some special mystique about it."

More than a dozen AIDS advocacy groups released a statement objecting to the decision to drop counseling.

"We fear that some health care settings will interpret today's announcement as a call for universal screening and test patients without informing them or arming them with the information they need to avoid putting others at risk," says David Munar of the National Association of People with AIDS.

Peter Staley, a founder of the protest group ACT UP, disagrees with his peers: "The bottom line is that we're really losing the fight here. We're losing lives. I'm an ACT UP grad, and our motto is 'by any means necessary.'

"I realize that abandoning written informed consent raises issues. People are worried about privacy and stigma. But the bottom line is that this would probably save lives, and that's why I'm very much in favor of it."

Even patients diagnosed late in the course of the disease can extend their life expectancy by 14 years with standard treatment, according to a recent study led by Rochelle Walensky of Harvard Medical School.

Patients diagnosed soon after infection can extend their lives by as much as 25 years, she says.

Mastro says diagnosis is a powerful tool for prevention. "We think that the quarter of a million people who don't know their infection status account for 70% of sexually transmitted infections," he says. "We have very strong data showing that when patients know they're infected, they take strong measures to avoid infecting others."

Studies have shown that AIDS testing is as cost-effective as tests for high blood pressure and colon cancer.

The new guidelines leave open two key concerns: who will pay for the tests and the cost of treating 250,000 new HIV patients.

"The strain that this is going to place on Medicaid, the Ryan White Care Act and the state AIDS drug assistance programs is going to be enormous," says A. David Paltiel of Yale University, who has studied the test's cost-effectiveness.

Report Recommends Change In Medicare (NYT/AP)

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 (AP) — Quality not quantity should be the federal government's guide in setting payments to doctors, hospitals and other health care providers, said a report that was released Thursday.

Medicare pays doctors and hospitals when they perform a service, but such a system "tends to reward excessive use of services, high-cost complex procedures, and lower quality care," said the report, which was requested by Congress and prepared by the Institute of Medicine, part of the National Academy of Sciences.

Medicare serves nearly 43 million elderly or disabled Americans and spends more than $320 billion a year.

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The institute said Congress should cut the base payments that Medicare makes to hospitals, nursing homes, insurers and doctors, and should use the savings to create pools that reward providers when they do work that has been proved effective in improving a patient's health.

Such a change, it said, would not "necessarily reduce the cost of care, but it will help ensure that what is paid for will be more beneficial to patients."

The recommendations did not please many health care providers.

Carmela Coyle, senior vice president for policy at the American Hospital Association, said new financing should be arranged for the bonus pools called for in the report.

Dr. Cecil Wilson of the American Medical Association said, "Congress must provide the Medicare program with additional funding so that Medicare patients' current access to quality care is not jeopardized by cuts that force physicians to make difficult practice decisions."

Medicare Drug Costs Debated (AP)

By Kevin Freking

AP, September 22, 2006

Filling the doughnut hole in Medicare drug plans would cost older people and the disabled about $40 a month more.

Democratic lawmakers estimated the additional cost and said Thursday that is a major reason why 88 percent of the Medicare beneficiaries signing up for drug plans opted for a coverage gap.

Democrats designated Friday as "doughnut hole day," when the coverage gap would hit the average older person who is taking several medications.

"This gap in coverage doesn't have to exist. This was a conscious choice, based on a value system, that put drug companies ahead of our seniors and people with disabilities," said Sen. Debbie Stabenow, D-Mich.

The Bush administration estimates that about 3 million Medicare beneficiaries will hit the doughnut hole, fewer than the 7 million often cited by critics. Mark McClellan, the administration's pointman on Medicare, says the 7 million figure is outdated.

Under the standard Medicare plan, the government subsidizes the drug costs for older people and the disabled. But after costs reach $2,250, the subsidy stops until a beneficiary has paid $3,600 of his or her own money. Then, the government will start picking up 95 percent of each purchase.

But beneficiaries go back to square one with each new year, and could face the doughnut hole repeatedly over the ensuing years.

Also, beneficiaries must pay the monthly premium even while they are in the doughnut hole.

Those qualifying for a low-income subsidy are not included in the Democrats' estimate of those facing hardship, nor are those who enrolled in Medicare Advantages programs, which work like an HMO.

McClellan, administrator of the Centers for Medicare and Medicaid Services, emphasized that beneficiaries who fall into the gap got a lot of government assistance beforehand.

"If you reach the doughnut hole, you've already gotten $1,500 or more worth of help with your drug costs," McClellan said. "That's a lot of money that you can use for paying for basic necessities or for paying for enhancing your health insurance coverage."

According to the Democrats, it would cost $458 a year on average to switch to a plan that had full coverage. But that figure varies from state to state. Residents of New Jersey, for example, would have to pay, on average, an additional $298. The highest additional premium — $721 — would hit beneficiaries in seven states: Iowa, Minnesota, Montana, North Dakota, Nebraska, South Dakota and Wyoming.

"As this report shows, the opportunity to purchase plans that fill the hole is a mirage," said Rep. Pete Stark, D-Calif. "Beneficiaries are no more able to afford expensive, full-coverage plans than minimum-wage Americans are able to afford a Mercedes."

At a news conference, Rep. Janice Schakowsky, D-Ill, read a letter from a constituent, Pauline Metzger-Aronson of Morton Grove, Ill.

"All I know is that last month what I paid $20.00 for cost me $96.12 this month, and that was only on one prescription. What adds insult to injury is that we must now also pay the premium while we lose our benefits," Metzger-Aronson wrote.

Rep. Bill Thomas, R-Calif., said Democrats were trying to scare and confuse people.

"So, with all the success of the new drug benefit, why are Democrats continuing to attack the program? Because they are terrified that Republicans will get credit for this tremendously successful program," said Thomas, chairman of the House Ways and Means Committee.

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McClellan said older people approaching the coverage gap should keep using their Medicare drug card because it means the consumer can get the plan's discount. He also said they should contact the drug companies that make their medicine, as well as their state, to see if they qualify for assistance programs. Twenty-one states offer such programs, as do many of the major drug manufacturers.

Democrats contend that one solution to filling the doughnut hole would be to let the government negotiate drug prices on behalf of beneficiaries, instead of having fragmented insurance companies doing that. Then, the government could use the savings achieved to do away with the gap.

But McClellan said it would cost the government an additional $500 billion over 10 years to fill the gap.

Luring Customers From Medicare (NYT)

By Milt Freudenheim

The New York Times, September 22, 2006

For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million.

But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card.

And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it.

Since the government substantially increased the subsidies two years ago for these most basic private industry plans — known as private fee-for-service — enrollment in the plans has grown tenfold to 820,000. About 18,000 people signed up in August alone, Medicare said yesterday in its latest update. And some analysts expect enrollments to double or even triple by 2009.

The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation.

Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands.

It is a "back-door way of trying to privatize Medicare," said Dr. Jack Lewin, the chief executive of the California Medical Association, a physicians' group. But the Bush administration's Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend "is definitely not a 'push to privatization,' " but simply a way to give people with Medicare more choices. "The original Medicare program is and remains an option for those who prefer it," said Dr. McClellan, who plans to step down next month.

Private insurers can offer more choices and cost breaks to patients, he said, while providing overall better health care that will end up saving the government money.

The 11 percent calculation comes from the Medicare Payment Advisory Commission, an independent federal research body that advises Congress. And some insurance executives say the figure is an exaggeration. But there is little dispute that federal subsidies are encouraging the insurance industry to recruit members for the plans.

And while the current industry coverage can be a good deal for some patients, critics worry that Medicare patients reliant on private insurers could be left stranded if the federal money is eventually cut.

"We are very concerned that Congress is going to pull back on the funding," Dr. Lewin said, "and we will be left with a private system that offers fewer benefits and is going to be influenced by Wall Street."

Critics say the growing transfer of the nation's $342 billion Medicare program to private industry has already been playing out through other means, like the new Medicare Part D drug program and various Medicare-linked managed care plans and H.M.O's offered by private insurers.

Providing Medicare coverage in all its guises has become a $60 billion-a-year business and one of the few profitable growth areas for insurers. Medicare enrollees look especially attractive to insurers, as the industry's other main clientele — corporate America — struggles to meet the growing cost of providing health benefits to working people.

The fee-for-service plans, the focus of the current controversy, are in many ways similar to the government's own Medicare. Under the industry version, patients have the right to choose their own doctors and hospitals — as they have long been able to do with their federally issued Medicare cards.

And as with the federal program, enrollees in the private fee-for-service plans typically pay a monthly $88.50 premium to the government.

Under the industry plans, moreover, the hospitals and doctors receive the same rates as when they are paid through the basic federal Medicare program.

Experts say that because the administrative costs of providing the private policies are minimal, they represent easy income for the insurance companies, with profit margins of 4 percent or so.

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But many see the private fee-for-service Medicare plans as mainly a feeder program in which insurance companies hope to gradually convert members into even more complex, more profitable private Medicare offerings that the government also subsidizes.

The more lucrative plans, like Medicare health maintenance organizations or doctor-network managed care programs, which have been available longer, can yield profits in the 10 percent range, analysts say.

The more basic private fee-for-service plans, around for less than a decade, were authorized through an amendment to the 1997 balanced budget act as a way to ensure that elderly people could obtain adequate health insurance. Now the plans are envisioned as primarily for rural Americans who typically have few medical choices.

The insurance industry largely ignored the fee-for-service plans until the insurers' subsidies were increased by $14 billion over 10 years by the 2003 Medicare overhaul legislation. Insurance lobbyists had argued that expanding private Medicare programs would eventually lower the government's costs.

But insurers "are not really being asked to do anything for additional subsidies," said Marilyn Moon, a longtime Medicare researcher who served as a public trustee of the program — a watchdog role — during the Clinton years. She is now at the American Institutes for Research, a nonpartisan research center in Washington.

Insurers, though, say they provide benefits that basic Medicare does not cover.

The leader by far in private Medicare fee-for-service, with more than half the total members, is Humana. UnitedHealth and WellPoint are also big players.

John M. Bertko, a Humana vice president, says benefits included having nurses stay in touch with discharged hospital patients with chronic diseases to make sure they were following doctors' orders.

Other selling points for the private insurance plans include predictable out-of-pocket co-payments — typically $5 to $20 for doctor visits. That compares with the uncertainties patients face under traditional federal Medicare, in which they are responsible for 20 percent of whatever the doctor charges.

Martin Smith and his wife, Donna, of Bristol, Ind., chose a fee-for-service plan from UnitedHealth's Secure Horizons Medicare unit earlier this year.

The monthly premiums of $12.50 each for Mr. Smith, 68, and Mrs. Smith, 70, are in addition to their government Medicare premiums of $88.50 each. But the Smiths say the private plan is paying off.

Mrs. Smith recently had heart bypass surgery. And though the bill has not yet arrived, she knows that the hospital deductible for her Secure Horizons plan is $600, compared with the $952 she would be responsible for under traditional Medicare.

And instead of 20 percent of the approved doctors' fees in traditional Medicare, the Smiths pay only $10 to a primary care doctor and $20 for specialists. Secure Horizons pays the rest out of its subsidies from Medicare — which are $692.29 a month, on average, for each fee-for-service member in that part of the country.

The Smiths chose to sign up for Medicare Part D drug coverage from a separate insurer, Humana.

Like the Smiths, more than half of the private fee-for-service enrollees so far have also chosen drug coverage, and many are choosing a plan that combines both.

One is Cathy Watts, 58, of Decatur, Ill., a former nurse who says she had to retire four years ago because of Parkinson's disease and partial paralysis. Last January she signed up for a fee-for-service offering from Humana that included Part D drug coverage.

Other than the government's $88.50 Medicare premium that is deducted from her monthly Social Security check, Ms. Watts pays no premium to Humana.

She says the drug coverage was the main lure for her because her drug bill last year was $6,000.

"I will probably pay $3,600 this year" for drugs, she said. "So that will be better." And she can still see the doctors of her choice.

While insurers do run a risk of losing money on a patient if he or she has unexpectedly large health costs, the companies can consult county-by-county Medicare cost data and decide where to offer coverage and which high-cost areas to avoid.

In southern Illinois, where Mrs. Watts lives, the average monthly rate the government is paying an insurer to provide Medicare fee-for-service is $692.29 — the same as in Mr. Martin's town in Indiana.

Under Medicare's complicated rules, though, the amount actually paid to a company for a patient can vary. Around the nation, depending on local medical costs and the health profile of Medicare-eligible residents, the monthly federal subsidy to the insurance company can range from $400 to $2,500, said Dr. Scott Latimer, a Humana executive based in Tampa, Fla.

Enrollments in the fee-for-service plans are still primarily, though not exclusively, concentrated in rural and small cities. Before the Medicare subsidies were increased in 2003, insurers had little incentive to focus on such places. With few doctors and sometimes only one or two hospitals in such areas, insurers typically have little bargaining power. And the health care providers

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have often balked at accepting the lower fees and second-guessing often associated with managed care insurance networks. But when enough patients in a local area have been enrolled in the private fee-for-service plans, the companies say local health care providers may have little choice but to join the insurers' Medicare networks.

Rick Jelinek, the chief executive of UnitedHealth's Secure Horizons Medicare business, acknowledged that the company's strategy was "in the longer term, to build networks around our programs."

With such networks in place, he said, the company could help manage patients' health — and the insurer's costs — through techniques like having nurses provide telephone health counseling aimed at helping keep patients with heart disease and diabetes avoid hospitalization.

Dan Mendelson, a former Clinton administration health official who is now the president of Avalere Health, a Washington research and consulting firm that advises insurance companies, said the private fee-for-service trend "should save money for Medicare by improving patient care."

But Ms. Moon, the Medicare researcher, said she was "unconvinced by the logic that says, 'If we are overpaying the health plans now, they will save us money later.' "

White House Willing To Deal To Get GSE Bill, Paulson Says (WSJ)

By Michael M. Phillips And Elizabeth Price

The Wall Street Journal, September 22, 2006

BEIJING -- U.S. Treasury Secretary Henry Paulson on Thursday said the Bush administration had clearly communicated a willingness to compromise with members of Congress at odds over legislation to establish a new regulator for the housing finance companies Fannie Mae and Freddie Mac.

"They're not waiting for me, or for the administration because we've indicated a willingness to work something out," Mr. Paulson said in an interview with the Wall Street Journal in between meetings with Chinese officials.

"So the key question is whether people can get together on both sides of the aisle and get together in the House."

A bill to create stronger government oversight of the mortgage companies is mired over differences about cutting down the companies' combined $1.4 trillion investment portfolios, which critics argue are too large and are a threat to stability of the U.S. financial system.

Sen. Paul Sarbanes (D., Md.), the Senate Banking Committee's ranking minority member, told reporters after lunch with other Democrats Tuesday that he was waiting to hear to new proposals from the Treasury Department.

"We're quite happy to look at anything that comes along," Mr. Sarbanes said.

Fannie Mae and Freddie Mac are housing government-sponsored enterprises, which buy mortgages on the secondary market from lenders. They are both recovering from massive accounting scandals and have not filed timely financial statements in years.

The House passed a bipartisan bill last year that would give the new regulator the ability to limit the portfolios based on safety and soundness, among other things. Treasury and the Federal Reserve Board have opposed that version of the bill, urging stricter limits on the GSEs.

The Senate Banking Committee passed a different bill, along party lines, that would directly limit the assets the GSEs hold in their portfolios. Champions of each version have been at a stalemate this year, and time is running out to get a law before the end of this Congressional term. Congress recesses after next week, as members return to campaign in their districts during October in preparation for the November elections.

"I would like to hope there could be movement before the elections, but I think it would be a long-shot to get anything as significant as this done in the few weeks we have before Congress goes home," Mr. Paulson said. "I'd sure like to be proven wrong," he added.

However, Congress could return after the elections for a so-called lame duck session, as some legislators have suggested.

GOP Games At The FDA (WSJ)

The Wall Street Journal, September 22, 2006

A Senate committee voted Wednesday to endorse Andrew von Eschenbach's nomination to be Food and Drug Administration Commissioner. But now two Republican Senators are threatening to block the impeccably credentialed acting FDA head unless they get their way on two different pet issues. This is an abuse of their "advice and consent" powers under the Constitution and a danger to the health of Americans, who need a confirmed FDA Commissioner with full authority to manage that bureaucracy.

One of the obstructionists is Jim DeMint of South Carolina, who is threatening a "hold" -- that is, to prevent a full Senate vote -- on Dr. von Eschenbach's nomination unless the FDA moves to take the RU-486 abortion pill off the market. Mr. DeMint

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claims there are safety concerns with the product, but having lawmakers second-guess the agency's regulatory decisions on various products was hardly what Congress intended when it created the FDA.

Last month we criticized Democrats Hillary Clinton and Patty Murray for blocking the von Eschenbach nomination until the FDA approved over-the-counter sales of the so-called "morning after pill." The FDA has since done so, but Senators Clinton and Murray were wrong to hang their decision on just one of the $3 trillion worth of products -- many of them life-saving drugs -- that the FDA regulates. Senator DeMint's threat is no more defensible.

The other obstructionist is David Vitter of Louisiana, who is threatening a "hold" until he gets his way on "reimporting" cheaper prescription drugs from foreign countries like Canada. This policy shift isn't even within the FDA's power to accomplish. If Senator Vitter thinks prescription drugs are too expensive in America, the proper course is to convince his colleagues to revise the patent system Congress itself created with the intent of providing incentives for drug development. The threatened hold on Dr. von Eschenbach is evidence of Mr. Vitter's failure to move his issue democratically -- i.e., as a Senator.

The FDA badly needs a host of reforms -- especially a streamlined process for approving drugs to treat terminal diseases such as cancer. In Dr. von Eschenbach, President Bush has nominated one of the best available men to do that job. But the acting FDA chief can't get started in earnest without the bureaucratic clout that accrues to a Senate-confirmed Commissioner. If Senators DeMint and Vitter won't be reasonable, Senate Majority Leader Bill Frist and others should call them on the deadly consequences of further delay.

Back On Track In Space (NYT)

The New York Times, September 22, 2006

We've never been great fans of the International Space Station, an enormously costly project that will yield such limited scientific and economic benefits that it seems destined to be considered a white elephant. Nevertheless, we had to marvel at the magnificent performance of the crew of the shuttle Atlantis, which ended an arduous 12-day mission to the station with a flawless landing yesterday.

The flight drove home the point that the greatest value of the space station undertaking is simply the experience of building such a large and complex structure in space, far from the nearest hardware store or emergency repairman. Michael Griffin, the NASA administrator, aptly described the station as "one of the most amazing construction projects that human beings have ever undertaken."

This was the third shuttle flight since the disastrous loss of the Columbia in 2003 and the first devoted to resuming construction of the station. The astronauts spent three long days working in open space. The only glitches and human fumbles seemed minor and easily surmounted.

For the first time in years it seems possible that NASA may actually be able to finish the station by 2010 and then retire the aging shuttle fleet so as to free up money for new vehicles to carry out the more ambitious program to explore the Moon and eventually Mars. The only caveat is that this flight went so smoothly in part because the crew, which was grounded after the Columbia accident, had more than four years to get ready.

There was no evidence that the shuttle's delicate heat shield had been hit by chunks of debris like that which doomed the Columbia. This was the second successive flight without debris damage, suggesting that NASA's redesign of the external fuel tanks that previously shed foam has made the shuttles much safer. It should now be safe enough to launch at night, thus opening many more launch windows for the flights needed to complete the space station.

Our main hope is that a seemingly safer shuttle and new abilities to inspect shuttles in orbit and possibly even make small repairs will enable a mission to service and upgrade the Hubble Space Telescope before its batteries and gyroscopes run down. Mr. Griffin said NASA wants to service the Hubble by early 2008 if it can be done safely. He rightly described the Hubble as "one of the great scientific instruments of all time," responsible for fundamental discoveries about the universe that would otherwise not be known. It seems more important to service the Hubble than to finish a station whose main value will be the act of finishing it.

OTHER NEWS:

Bush Talks Taxes In Tampa (SPT)

By Robin Stein And Adam C. Smith

St. Petersburg Times, September 22, 2006

President Bush made a two-city swing through Florida on Thursday, raising money and the spirits of two Republican candidates.

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Across the country, Republican candidates have been distancing themselves from Bush before the upcoming midterm elections as the president's approval ratings have sagged while voters have grown dissatisfied with his handling of Iraq and the economy.

But on Thursday, there was no distance between Bush and Charlie Crist, the GOP candidate for governor, or Gus Bilirakis, who is running for Congress, as Bush zeroed in on tax policy, typically a point of strength for Republicans.

The issue, which Bush called a "fundamental difference" between the parties, is particularly timely in Florida. After years of absorbing hikes in property taxes and home-owners insurance premiums, residents in recent weeks have staged waves of protests in local tax offices.

"Elections are all about giving the people clear choices," Bush said in Tampa. "Do you want to keep your taxes low so we can keep the economy growing, or do we raise taxes and let the politicians in Washington try to grow the economy?"

Of course, matters of national security remained at the fore, too.

The normally soft-spoken Bilirakis seemed to burst with newfound resolve as he took to the stage just after 1 p.m. at Raymond James Stadium to introduce Bush.

"By the way, president," he said. "Thank you for making us safer."

For his part, Bush once again defended his policy of taking preemptive action to thwart terrorism.

"We've got to take threats seriously before they come home to hurt us," he said. "Getting rid of Saddam Hussein was the right thing to do, and the world is peaceful because of it."

As the applause tapered off, Bush quickly corrected himself: "The world is more peaceful because of it."

That is a matter of some debate, even among Republicans.

Indeed, in other circumstances, Democrats would be hard-pressed to claim any realistic shot at winning House races in traditional Republican strongholds such as Sarasota's District 13 and District 9, the seat Bilirakis hopes to keep in the family. (His father, Mike Bilirakis, has held the seat since 1982.)

For many Democrats those hopes are still a long shot, but leading Florida Democrats on Thursday pounced on the chance to cast Crist, Bilirakis and Katherine Harris, the Republican candidate for U.S. Senate, as "stay the course'' supporters of the president.

"We would hope that George Bush stays in Florida the entire election,'' said Mitchell Berger, finance chairman for Crist's Democratic opponent, Jim Davis.

A throng of protesters waved posters near Raymond James stadium.

The price of entry for the Bilirakis event — $1,000 a ticket or $2,100 for a one-on-one photo with the president — proved useful fodder for a counterattack from Phyllis Busansky, the Democratic candidate for District 9.

Busanksy hosted a luncheon in protest on Thursday.

"If your homeowner insurance rates went up by $1,000 or more," she wrote in the invitation, "I'd like to buy you lunch — and we can discuss ways we will fight back!"

While national polls and pundits suggest Democrats' most powerful weapon is the popular discontent with Bush, Florida Republicans didn't flinch.

"I'm just proud to have him here," said Carole Jean Jordan, chairman of the Republican Party of Florida.

"Floridians are proud to stand beside President Bush."

Among the nearly 500-person crowd gathered in Tampa were state Rep. Trey Traviesa, former governor Bob

Martinez and embattled Senate candidate Harris.

Before the president's remarks, Harris was effusive in her praise for the president's policies and dodged questions about whether she had been invited to fly to Orlando aboard Air Force One.

The GOP establishment's support of Harris has been a matter of bitter contention for months.

In his remarks, Bush gave Harris a noticeably terse mention and afterward offered a clipped, "Thank you," as he pushed past her without making eye contact. Later, while Crist and Bush mingled with the big-dollar guests in one reception room at the Ritz-Carlton in Orlando, Harris was in the $500-per-person reception down the hall.

She was relegated to the crowd of spectators as Crist stood on stage, side by side with the president and his brother Gov. Jeb Bush.

The president praised Crist, who won the Republican primary for governor on Sept. 5, as "a people's governor."

"He likes to shake hands, he likes people," Bush said. "You want somebody who feels comfortable with the people of a state, somebody who can make decisions, and somebody who can set a clear vision on behalf of this vital state. And that's Charlie Crist."

And in between the two fundraisers, Bush and Bilirakis made an unannounced stop by the Buccaneers' new headquarters just as the team was wrapping up practice for the day.

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Jackets were off as the president marched onto the sun-baked field and huddled with a ring of cheering players.

As much as Democrats savored the chance to link Republicans to President Bush, the day also underscored the immense fundraising advantage Florida Republicans enjoy again this year.

In less than eight hours, the president helped raise more than $450,000 for Bilirakis in Tampa, and in Orlando, he brought in at least $2-million for the Crist's campaign and the state Republican party.

President's Visit Pads GOP's War Chests (TT)

By William March

Tampa Tribune, September 22, 2006

TAMPA - President Bush helped Republicans raise at least $2 million for gubernatorial candidate Charlie Crist and $500,000 for Gus Bilirakis, running for a Tampa Bay area congressional seat, in fundraising stops Thursday in Tampa and Orlando.

Although he boosted those two candidates, Bush was cool to his party's nominee for the U.S. Senate, Katherine Harris, giving her a short-shrift handshake along the rope line at the Tampa event and no ride on Air Force One.

Bush spoke to a crowd gathered in the club level of Raymond James Stadium at midday Thursday for Bilirakis, defending Republican tax cuts and the war in Iraq as well as touting the candidate for Congress. About 440 people attended the event, which raised half a million in donations.

Bush then made an unannounced stop at the Tampa Bay Buccaneers' new practice facility.

For about 40 minutes, the president signed footballs, talked to players and coaches and admired the biceps of running back Michael Pittman, said to have the biggest on the team at 19 inches.

Bush responded sympathetically when Coach Jon Gruden mentioned that the Bucs' season has not started well.

"I've been 0 and 2 before," Bush said. He then thanked the players for their volunteer work and said, "I admire the courage you show out there on the football field.

"Any Texans here?" he called out to the players gathered around for a huddle chat on the practice field, getting responses from, among others, offensive lineman Jeb Terry.

"Have faith in your coach, faith in each other, and be resilient - that was the message he gave us," cornerback Ronde Barber said.

It was Gruden's first meeting with Bush, even though a Super Bowl-winning coach normally meets the president. Gruden was not able to make the White House trip after the Bucs won Super Bowl XXXVII three years ago.

Bush then took off for Orlando, where he spoke to a $25,000-a-person reception intended to raise money for the Republican Party to spend on its candidates in November's elections, most of it for Crist. Senate Candidate Acknowledged

Harris, whose relationship with the Republican Party leadership has been troubled, got brief mentions in Bush's speeches at both events.

"I'm proud to be here with Congresswoman Katherine Harris, running for the United States Senate," he said in Tampa, mentioning her as part of a list of other acknowledgments in his speech.

Even though she will top the GOP ticket in November, Harris was not onstage at either event and said she was not asked to travel on Air Force One. Bilirakis was invited aboard for the Tampa-Orlando flight but had campaign commitments here, a spokeswoman said.

"That's what you'd call icy cordiality," said University of South Florida political scientist and Republican Party historian Darryl Paulson. "Bush does not want to create any ill feelings among Republican activists and Harris supporters by publicly trashing her. On the other hand, he does not want Harris to play a prominent role in the campaigns and potentially damage other Republican races." Tampa Boy Gets Award

When he arrived at Tampa International Airport, Bush conferred an award for volunteer service on 8-year-old Zach Bonner of Tampa, who has logged hundreds of hours collecting money and gifts for hurricane victims.

"I was very nervous," Zach said later, "but when he came over to me, I wasn't as nervous as before. I said, 'Hi,' and he said he was proud of me."

During the event for Bilirakis, his Democratic opponent, Phyllis Busansky, responded by offering free lunch at a Spanish restaurant in West Tampa for anyone whose homeowners insurance has gone up more than $1,000 a year.

"I think it's safe to say that Gus Bilirakis will not exactly be an agent for change in Congress," Busansky said in a statement, calling him a "rubber stamp" who has "embraced the failed leadership of Dick Cheney, Speaker [Dennis] Hastert, Newt Gingrich and now George W. Bush."

In his speeches, Bush hammered on two major points: telling voters that Republicans will lower taxes and Democrats will raise them and arguing that the war in Iraq is necessary to defend the nation against terrorism.

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He said the United States is "a nation at war" and "Iraq is the central front in the war on terrorism."

Urging the Republicans to work for continued control of Congress, Bush said Democrats "will raise your taxes, and it will hurt our economy." Republicans, he said, have "cut the taxes on the small businesses and working people to make sure you had more money in your pocket."

He said the beneficiaries of the tax cuts were "the working people, the small-business owners, those who struggle to put food on the table for their families."

Democratic Rep. Charles Rangel of New York, whom Bush singled out for criticism in his Tampa speech, responded that the tax cuts have been "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

Reporter Roy Cummings contributed to this report, which includes information from The Associated Press.

President Pitches Crist To Party Faithful (MH)

By Mary Ellen Klas

The Miami Herald, September 22, 2006

ORLANDO - Bush pitches Crist to faithful

Conjuring up images of tax-obsessed Democrats and emphasizing the need to stay the course in America's "great ideological struggle" against terrorism, President Bush urged party faithful in Florida on Thursday to defeat Democrats in November and put Charlie Crist in the governor's office.

The president took his blue-state pitch to a Tampa fundraiser for congressional candidate Gus Bilirakis and later to a high-end fundraiser for Crist and the Republican Party of Florida in Orlando.

At Orlando's Ritz-Carlton, a throng of lobbyists, business leaders and community activists from around the state agreed to pay $25,000 apiece just to get in the door.

"This is an extraordinarily successful event, and I thank you," the president told the cheering crowd.

Party officials said they expected to raise $2 million toward their goal of collecting $30 million for Crist's election bid, although organizers boasted they might collect as much as $4 million.

The event was co-sponsored by Orlando trial lawyer and Democrat John Morgan, whose firm employs Crist's running mate, state Rep. Jeff Kottkamp. Morgan, who endorsed Democrat Jim Smith in the primary, didn't attend the event but headed to Gainesville instead, where singer Tom Petty was performing at his alma mater, the University of Florida.

After recognizing Crist and urging the crowd to support U.S. Rep. Katherine Harris' run for the U.S. Senate, Bush unleashed a torrent of warnings about tax-loving Democrats and the failed policies he said they will attempt to pursue if they regain control of Congress.

TAX MESSAGE

"One of the issues that is important for our nation and our state is taxes. I think you're taxed too much. So does Charlie," the president said. ``I aim to make taxes a key issue across this country."

Bush said Crist would take the same approach.

"If you get him in office, he's going to cut your property taxes and you can take that to the bank," Bush said, referring to Crist's plan to double the homestead property tax exemption from $25,000 to $50,000.

The president's tax-cut theme was echoed in his remarks in Tampa, where he spoke to about 300 people at Raymond James Stadium and then stopped briefly to give a pep talk to Tampa Bay Buccaneers players as they worked out on the practice field.

In Orlando, the president warned the audience of Republican loyalists that Democrats 'may not tell you they're going to raise your taxes. They're just going to say they're just going to let the tax relief expire. That's like a boss who came in and said, `You know something, I'm going to let your last pay raise expire.' "

The tax-cut emphasis was at odds with what Florida voters have told pollsters this election season. Voters have said they are concerned about rising gas prices, the war in Iraq and the continued turmoil in the Middle East.

The crowds in both Tampa and Orlando didn't seem to care. People lined up for more than an hour to have their picture taken with Bush in Orlando "because people are proud to stand next to their president," said Carole Jean Jordan, chairwoman of the Republican Party of Florida.

Some of the party's top money men agreed. "People are wrong to criticize this president," said Zachariah Zachariah, a Fort Lauderdale cardiologist and leading fundraiser for the Republican Party. ``This president's approval ratings are climbing every day."

In an apparent gesture of acknowledgement of the president's critics, Gov. Jeb Bush defended his brother, saying the nation should ``be glad we have someone who's steadfast, who's resolute and who's bold and who will not be deterred by all of the critics and all of the pundits."

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Gov. Bush introduced Crist as "a great attorney general" who will have the courage of his convictions and who will ``build on our platform of success."

Crist thanked the Bush family for its legacy and Gov. Bush for his service to the state, and noted that the president once gave him a nickname when he was running for state commissioner of education: Chalkboard Charlie.

The president responded that "Chalkboard Charlie" should be changed to ``Gov. Charlie."

HARRIS ATTENDS

In the audience was Harris, the U.S. Senate candidate whose campaign was derided by Republicans for months before she won the primary with half the vote in a four-way race.

The governor tried to recruit a replacement candidate, and the head of the state party refused to back Harris in the primary and said she couldn't defeat incumbent Democratic Sen. Bill Nelson.

After Harris won, Crist and other Republicans declined to invite her on a fly-around to a series of GOP unity rallies across the state.

Harris said Thursday that the Republican Party of Florida has warmed up to her candidacy "finally," adding: ``I'm really glad for that."

Harris, who has derided her fellow party members as being part of the "Republican elite," said she has received phone calls and offers of help from the party, the White House and other Republicans. "Of course, Sen. [Mel] Martinez has always been there," she said.

Asked whether this would end her criticism of the "Republican elite," Harris said: ``I will never be one of the beltway boys."

Bush Leads New Offensive Featuring Economy And Linking Democrats To High Taxes (NYT)

By Jim Rutenberg

The New York Times, September 22, 2006

ORLANDO, Fla., Sept. 21 — President Bush began a blistering new political offensive on Thursday, asserting that if Democrats won control of Congress from Republicans it would mean higher taxes, less money in the pockets of working families and damage to the economy.

The speech by Mr. Bush here, in which he belittled Democrats as “the party of high taxes,” signaled what Republicans described as a new phase of the White House’s fall campaign, as Republicans begin to combine their emphasis on national security with a tough new emphasis on the issue that unites them more than any other, taxes.

Mr. Bush’s offensive was backed up by a flood of television advertisements on behalf of Republican candidates.

“If they get control of the House of Representatives, they’ll raise your taxes, it will hurt our economy, and that’s why we’re not going to let them get control of the House of Representatives,” the president said at a fund-raising event at Raymond James Stadium in Tampa for Gus Bilirakis, a Republican state representative running for Congress.

“The Democrats have made their position clear,” Mr. Bush said. “I want you to remember the last time they had control of the United States Congress back in 1993, they passed a massive tax increase.”

Mr. Bush’s words were echoed in advertisements that have been showing up on the airwaves, in mailings to voters’ homes and in e-mail sent to their computers. This new offensive reflects what Republicans have said is the power they see in the tax issue, in motivating both Republican base voters — who have seemed particularly dispirited this year — and independents.

Republican officials said they had been scouring the voting records of Democrats running for re-election, in search of ways to press the issue.

“Sherrod Brown has voted for higher taxes over 35 times,” an announcer says in a television advertisement shown this week in Ohio, attacking Mr. Brown, a Democratic member of Congress who is challenging Senator Mike DeWine. Mr. Brown’s face is shown amid a grid of television screens displaying the word “tax” as the announcer lists various taxes Mr. Brown supported.

“Liberal Melissa Bean has not supported making the tax cuts permanent,” says a mailing attacking Representative Melissa Bean, Democrat of Illinois, that was produced by the National Republican Congressional Committee. “Can you afford this tax increase?”

“Taxes have always been a good message in ads for us,” said Carl Forti, a spokesman for the National Republican Congressional Committee. “We’re on the air in 18 districts now, and 8 of them are on taxes.”

Many Democrats are on record calling for some or all of Mr. Bush’s tax cuts to be rolled back, especially those benefiting the wealthiest taxpayers.

But Democrats said that Republicans were distorting Democratic positions on taxes affecting the middle class and that by this point, Republican attacks on tax cuts had become so familiar to voters that they would not have much effect.

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"Our candidates have all announced they're for middle-class tax proposals," said Representative Rahm Emanuel, Democrat of Illinois, who is leading the Democratic effort to take back the House.

Referring to Mr. Bush's comments, Mr. Emanuel said: "This is from a guy who ran up three trillion in debt and has submitted a deficit every year for the last five years. If I were him, I wouldn't be throwing stones in a glass house."

In Pennsylvania, Chris Carney, a Democratic challenger to Representative Don Sherwood, a Republican, is running an advertisement this week pushing back on Mr. Sherwood's criticism of him as supporting tax increases.

"The truth is I'm for middle-class tax cuts," Mr. Carney says in the advertisement. "Truth is, I'm for a new-baby tax credit. These attacks are another example of Sherwood bringing Washington politics back to Pennsylvania."

After a series of presidential addresses and events meant to put Democrats on the defensive about national security this month, the speeches here and in Tampa were the second phase of an election-year plan to stave off a Democratic takeover of Congress.

Some of the pages of this White House script may seem familiar. The attack on taxes, for instance, was reminiscent of the way the White House tried to use the legislative record of Senator John Kerry in the 2004 presidential campaign, culling all possible votes to try to paint him as a serial tax raiser.

Mr. Bush on Thursday presented a new set of numbers, saying that 95 percent of House Democrats voted against his tax cuts in 2003 and that 92 percent voted against extending his tax cuts this year.

Democrats said they did not fear the new assault and welcomed a fight on economic issues.

Mr. Brown, in Ohio, responded to a Republican advertisement with his own attack posted on his Web site. He criticized Mr. DeWine as supporting "tax breaks for the rich."

In Florida, Bush Touts Tax Cuts (WP)

By Michael Abramowitz

The Washington Post, September 22, 2006

ORLANDO, Sept. 21 -- President Bush accused Democrats on Thursday of preparing to raise taxes should they take over the House, as he pivoted to a different election-year theme after several weeks of trying to draw sharp differences on fighting terrorism.

On a campaign swing through the vote-rich Interstate 4 corridor of Florida, Bush cited the tax increases approved in Congress when it was last controlled by Democrats in 1993, as well as the opposition of many House Democrats to key aspects of his tax-cutting agenda.

"If they get control of the House of Representatives, they'll raise your taxes," Bush told several hundred supporters at a fundraiser in Tampa. "It will hurt our economy, and that's why we're not going to let them get control."

Democrats scoffed at the president's assertion. "This president has added $2.7 trillion to the nation's debt, and every year he has been president, he has run a deficit," said Rep. Rahm Emanuel (Ill.), who is heading the Democratic campaign to regain the House.

The sharp exchange signaled the intensifying battle for control of Congress, where the Republicans face a strong Democratic challenge in both houses. It was the first time in two weeks that Bush has made public appearances on behalf of GOP candidates. Some polls have shown modest improvement in the president's anemic political standing since the fifth-anniversary commemorations of the Sept. 11 attacks.

White House aides said the president plans in the coming weeks to be heavily engaged in the midterm elections, with stops scheduled on behalf of endangered Sen. Mike DeWine and Rep. Deborah Pryce in Ohio, Senate hopeful Bob Corker in Tennessee, the Connecticut Republican Party, and the reelection bid of Alabama Gov. Bob Riley. Many of these events will be closed fundraisers, though one senior official said Bush is expected to participate in get-out-the-vote events in GOP strongholds such as southwest Missouri and eastern Iowa.

Several of Bush's recent political appearances have been focused on terrorism, with only a modest nod to the traditional GOP tax-cutting agenda. But Thursday, at separate appearances on behalf of GOP House candidate Gus Bilirakis and gubernatorial candidate Charlie Crist, Bush sought to draw a sharp difference between Democrats and Republicans on taxes. A homeowner revolt over taxes and insurance costs is roiling this critical battleground state, according to Florida political analysts.

The president zeroed in on comments this week by Rep. Charles B. Rangel (N.Y.), who would take over the tax-writing Ways and Means Committee if the Democrats win back the majority. Rangel told Bloomberg News that he "cannot think of one" of Bush's first-term tax cuts that merits renewal.

Bush told the crowd in Tampa, "That's one way of saying they're going to raise your taxes, because, you see, if you don't extend the tax cuts, your taxes go up."

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The reference to Rangel -- though not by name -- came with ironic timing. It was the same day that the veteran congressman called a news conference in Washington to defend the president against the attacks this week by Venezuelan President Hugo Chavez at the United Nations and at a Harlem church. Those attacks, as well as jibes from the Iranian president, seem to have energized Bush's political base.

Rangel told reporters: "I just want to make it abundantly clear to Hugo Chavez or any other president: Do not come to the United States and think because we have problems with our president that any foreigner can come to our country and not think that Americans do not feel offended when you offend our chief of state."

After the speech, Rangel said a top priority will be offering families relief from the alternative minimum tax. He also said he will review "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

Republicans said the president collected about $450,000 for Bilirakis, who is aspiring to the seat held by his father, Michael, for the past 12 terms in the Tampa area. The GOP nominee is favored, but Democrat Phyllis Busansky is waging an aggressive campaign. Bush also stopped by football practice to offer a pep talk for the Tampa Bay Buccaneers, who have started the season with two losses, before moving on to Orlando for a Crist fundraiser.

Crist, the Florida attorney general, is leading in the polls against the Democratic nominee, Rep. Jim Davis of Tampa, but the race is considered competitive. At the fundraiser, Bush was joined onstage by brother Jeb Bush, the Florida governor -- ineligible for reelection because of term limits. Conspicuously not on stage, but in the audience, was another GOP statewide candidate, Senate nominee Katherine Harris, who is struggling to unseat Sen. Bill Nelson. Bush urged the Orlando crowd to support her candidacy.

Political researcher Zachary A. Goldfarb in Washington contributed to this report.

Bush Flexes Campaign Muscles (AP)

By Jennifer Loven

AP, September 22, 2006

President Bush, politicking at full campaign speed, contended Thursday that a vote for Democrats this fall would be a vote to siphon money out of American families' budgets.

It was Bush the Politician, unleashed, seven weeks before the midterm congressional elections.

The president's campaigning to help his party win governorships and maintain control of Congress in the November voting has been kept largely under wraps of late. Most of his political appearances have been at closed fundraisers. That reflected his low approval ratings that have GOP candidates eager for Bush's ability to collect campaign cash but unwilling to be splashed across the local press at his side.

Not so on Thursday.

Racing through three venues in two Florida cities, Bush displayed his competitive streak and a love for engaging in political battle.

"I'm looking forward to reminding the American people there are significant differences in between what our party believes and what the other party believes. It's easy to tell us apart," the president said, pounding the lectern and shouting at sometimes earsplitting levels, at an open-to-the-press luncheon here that raised $450,000 for state Rep. Gus Bilirakis. He is trying to succeed his father in Congress in a safe Republican district. "And the first place you can start is looking at taxes," the president said.

Bush has repeatedly called for Congress to make permanent all the tax cuts passed at his urging earlier in his administration. GOP leaders have had little success doing so, focusing instead on extensions.

He criticized Democrats for passing what he called a "massive tax increase" in 1993 when their party last controlled the House. And he said that in the 13 years since, "they've worked hard to sustain their record as the party of high taxes," with overwhelming majorities of House Democrats voting against many of the Bush cuts.

And now, Bush said, the man poised to be chairman of the House tax-writing committee if Democrats control the chamber "can't think of one of our tax cuts that should be extended." Bush, who equates that opposition with an intention to raise taxes, was referring, though not by name, to Rep. Charles Rangel, D-N.Y.

"There should be no doubt in anybody's mind where they stand," the president said of Democrats. "If they get control of the House of Representatives, they'll raise your taxes."

Rangel said he would seek Republicans' cooperation, but he defended a review of "tax breaks for the wealthy that no one has asked for and have driven our nation deeper into debt."

Stacie Paxton, spokeswoman for the Democratic National Committee, said: "Under President Bush, the GOP has turned record surplus into record debt, Americans' wages are stagnant and families are taking on more and more debt just to keep up in the Republican economy. You can't trust Republicans to handle your money."

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After speaking inside the Tampa Bay Buccaneers' football stadium, Bush went to the team's nearby practice field where he spent more than a half-hour, sleeves rolled up and laughing with excited players and officials. The president offered a pep talk to the team, off to a winless start this season. "I've been 0-2 before," he said to laughs. "The beginning of the season is not the end of the season."

Bush wrapped his Florida tour at an Orlando reception that scooped up $2 million for GOP gubernatorial candidate Charlie Crist, Florida's attorney general, and the state Republican Party. He hadn't lost any of his enthusiasm in the four hours since the first fundraiser, and he sounded the same themes.

"We got a record of cutting taxes, and they got a record of opposing tax cuts — it's night and day," the president said.

Democrats, whom political observers give a chance of gaining a majority in the House and, less likely, the Senate, have sought to make the elections a referendum on the unpopular war in Iraq.

The president, meanwhile, has tried to shift attention to the economy, as well as to the broader war against al-Qaida terrorists and their allies. He continued that push Thursday.

"I need members of Congress who understand that you can't negotiate with these folks, you can't hope that they change their mind, that the best way to protect the American people is to defeat them overseas so we do not have to face them here at home," he said.

GOP Rep. Katherine Harris, who won the Republican nomination in this state's Senate race despite party objections to her candidacy from the White House on down, attended both fundraisers.

But Bush's help for her long-shot race to unseat Democratic Sen. Bill Nelson was limited to briefly noting her presence in Tampa, and urging support for her in Orlando. "I, too, encourage you to vote for Katherine Harris for the United States Senate. Welcome, Katherine," he said before quickly moving on.

Bush Campaigns On Tax Cuts (LAT)

By James Gerstenzang

The Los Angeles Times, September 22, 2006

ORLANDO, Fla. — Opening a new phase in his campaigning for the midterm elections, President Bush delivered a tough attack Thursday on the Democratic Party's policy on taxes.

Bush, speaking at two political fundraisers in Florida, sought to distinguish Republicans from Democrats on a core issue that advisors believe will motivate GOP voters.

"There's a fundamental difference in this campaign and campaigns all across the country about who best to spend your money. We believe that the best people to spend your money is you," the president said at an appearance in Tampa, citing tax cuts passed by the Republican-led Congress since 2001.

Democrats responded by criticizing Bush for adding to the national debt.

"The deficit the president has run up has essentially put a $28,000 tax on every newborn, and that's not to mention the $1 billion a week we're spending in Iraq," said Rep. Rahm Emanuel of Illinois, who leads the Democratic effort to win more House seats.

Bush spoke in Tampa at a fundraiser for Gus Bilirakis, a Republican, who is seeking the seat his father, Michael Bilirakis, has held in the House. "There's nothing wrong with a son following in his father's footsteps," said Bush, the son of a president.

The reception at a concourse of Raymond James Stadium raised $450,000.

Bush spoke later in the day in Orlando, at a fundraiser for Charlie Crist, the state attorney general who is the Republican nominee for governor.

The president's focus on taxes marked a change from his efforts over the last three weeks to highlight his administration's anti-terrorism policies.

Challenging the Democrats' record on taxes, Bush said in Tampa: "When we first cut taxes back in 2001 to get this economy going, when we cut taxes to recover from a recession, when we cut taxes to make sure we recovered from a corporate scandal, almost 85% of the House Democrats voted against it."

He said that 95% of House Democrats had voted against a 2003 tax cut proposal. "I think you're beginning to get a drift of their philosophy about your money," he said.

Emanuel, the Democratic congressman, said in a written response: "For a guy who added $3 trillion to the nation's debt and has run a deficit five out of the last five years, George Bush should not throw such sharp stones while living in such a glass house."

The president also warned of the dangers of terrorism.

Defending his decision to launch the war against Iraq, he said: "Getting rid of Saddam Hussein was the right thing to do…. The world is more peaceful because of it."

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Bush finessed a potentially difficult political moment, acknowledging the presence of the party's Senate candidate, Rep. Katherine Harris (R-Fla.), who as Florida's secretary of state was at the center of the disputed recount in the 2000 presidential election.

Republican Party leaders had tagged Harris as a likely loser and discouraged her candidacy, but she won the party's nomination nonetheless. Bush made passing references to Harris in Tampa and again in Orlando.

"I'm proud to be here with Congresswoman Katherine Harris, running for the United States Senate," he said in Tampa when he recognized the various political figures in the audience.

Democratic Win Means More Taxes, Bush Warns (WT)

By Stephen Dinan

The Washington Times, September 22, 2006

TAMPA, Fla. -- President Bush yesterday charged that if Democrats gain control of the House in the November elections, they will try to force tax increases on Americans.

Pivoting from his recent series of speeches on the war on terrorism, which have boosted poll numbers for him and Republicans overall, Mr. Bush turned to the economy, the other issue that he thinks his party has a strong record on which to run.

"There should be no doubt in anybody's mind where we stand on cutting taxes. And the Democrats in Washington have got a record of their own, and there should be no doubt in anybody's mind where they stand," the president told 400 Republicans at campaign fundraiser here.

He came armed with a series of statistics about Democrats' records, which he said voters should remember when they head to the polls: 85 percent of House Democrats voted against his 2001 tax cut package, 95 percent voted against his 2003 tax cut package and 92 percent voted against this year's bill to extend some of those cuts.

"I think you're beginning to get a drift of their philosophy about your money," Mr. Bush said.

House Minority Leader Nancy Pelosi, California Democrat, said she welcomed turning this election into a referendum on the economy.

"Real incomes for middle-class families have declined since the president took office," she said, pointing to increased health insurance, energy and college tuition costs.

And Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee, said that given that the national debt has grown so quickly under Mr. Bush, he shouldn't "throw such sharp stones while living in such a glass house."

Mr. Bush, though, said Democrats have even threatened to raise taxes.

He pointed to comments by Rep. Charles B. Rangel of New York, who would become chairman of the Ways and Means Committee if Democrats won control of Congress. Mr. Rangel has said he doesn't see any Bush tax cuts worth extending.

"That's one way of saying they're going to raise your taxes because, you see, if you don't extend the tax cuts, your taxes go up," Mr. Bush said.

The president has dominated press coverage in the past few weeks with his push on terrorism, and his tax message yesterday was overshadowed by the deal his administration reached with key senators to approve a CIA interrogation program.

The talk on terrorism has been good for him.

A Los Angeles Times-Bloomberg poll released yesterday found Mr. Bush with a 44 percent approval rating. That is Mr. Bush's highest rating since January.

The number matches the 44 percent approval rating that the Gallup-USA Today poll showed earlier this week.

Still, a CBS-New York Times poll released this week found that Mr. Bush "had not improved his own or his party's standing" with his series of speeches, according to yesterday's Times.

That poll put Mr. Bush's job approval rating at 37 percent, unchanged from an August poll, as was the number -- 54 percent -- who approve of the way he is handling the war on terrorism.

Bush: Best Way To Protect Nation Is To `stay On The Offense' (MERCN)

By William E. Gibson

The San Jose Mercury News, September 22, 2006

WASHINGTON - Hoping to regain his political stature, President Bush has hit the campaign trail to sound warnings about terrorism while boosting Republican candidates in this year's elections.

Returning to Florida, the state that secured his election in 2000, Bush on Thursday helped Republicans raise money in Tampa and Orlando while asserting that defending America means fighting in Iraq.

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"The best way to protect the United States is to stay on the offense and bring the enemy to justice before they come here and hurt us in America," Bush told a supportive crowd in Tampa.

In political terms, Bush and fellow Republicans are playing the security card, the one that sent the president's public-approval ratings to a record high in 2001 and helped the party consolidate control of the White House and Congress in the next two elections.

The president's campaign offensive has boosted his approval ratings by a few percentage points in national polls while prompting Democrats and other critics to accuse him of playing politics with terror.

Voters in Florida and elsewhere are divided over Bush's effectiveness, depending on whether they believe the war in Iraq has made America more secure or more vulnerable. What was once Bush's strength has become another partisan quarrel.

In this conflicted environment, one big question is whether Republicans once again can ride the terror issue to victory. At stake is majority control of Congress.

"If Bush has not fanned the fires of fear, he has stood by and warmed himself near them," said Robert Watson, associate professor of political science at Florida Atlantic University. "Every speech, every warning, all the color-code alerts - he reminds people at every turn about the dangers of terrorism.

"Why? Because it's such a close race. Neither party has much to stand on, and what else does the president have to talk about? Not the price of gasoline, not the price of health care."

In his Tampa speech on Thursday, Bush touted his low-tax policies and said he had fulfilled his promise to Florida to set "reasonable limits" on offshore oil drilling. But the focus of this and nearly every recent Bush speech was terror and Iraq.

"Iraq is the central front of this war on terror," he said.

"Saddam Hussein was a threat. And don't let people rewrite the history of the way the world was. He was a state sponsor of terror. He paid families of suiciders. (sic) He attacked his neighbors. He used weapons of mass destruction."

The issue has spilled into congressional campaigns in South Florida and other communities, where unease over Iraq has sapped much of the president's popularity.

Democrats argue that Bush's policies and the war in Iraq have become a recruiting tool for terrorists and have left Americans less secure. Their campaign strategy is to depict Republican candidates, such as Rep. Clay Shaw of Fort Lauderdale, as part of a "rubber-stamp" Congress.

"Clay Shaw is not providing any kind of oversight of what is going on in Iraq," said state Sen. Ron Klein of Boca Raton, Shaw's Democratic opponent. "He's not asking the tough questions."

Shaw contends that "most people want to stay the course" and accuses Klein of not presenting an alternative plan.

"This (Iraq war) has taken away some of the energy the president once had," Shaw conceded. "The American people do not want to support a prolonged war. We want to get in and get out and come home. Sadly we just can't do that, and we're stuck."

After taking office in the disputed 2000 election, Bush's approval ratings in The Gallup Poll had drifted down to 51 percent in September 2001. Then came the terrorist attacks and a dramatic rallying effect, which boosted Bush's approval rating to 90 percent.

It has ratcheted down ever since, reaching a low of 31 percent in The Gallup Poll in May before bouncing up to 44 percent in the most recent poll. Along the way, it was briefly buoyed by the invasion of Iraq and by terrorist incidents and red alerts. The climate of fear became a political windfall for Republicans, the party often associated with defense and security issues.

"If fear gets intensified, that pulls people toward the president," said Steven Kull, a pollster and director of the Program on International Policy Attitudes at the University of Maryland. "It makes people feel under siege. They hunker down and draw closer to the president and are less apt to criticize. But you can't keep doing that day after day."

Democrats are counting on the public separating Iraq from the larger war on terror while focusing again on domestic issues, such as health care and energy.

"They (Republicans) are going to keep this balloon floating as close as they can to November. The president is going to spend a lot of federal jet fuel flying all over the country talking about how he has protected America," said Rep. Kendrick Meek, D-Fla. "Obviously in Florida, because of Jeb Bush, he's had the bullet-proof vest on as it relates to his approval numbers.

"But there will come to a point when folks say this cycle is done, let's talk about some of these other issues that are facing Americans. People are going to say there should be a body, a chamber, that is going to bring balance to what this administration has been doing."

8 Year Old Meets President, Invites Him To Party For Hurricane Victims (BRAH)

By Melanie Marquez

The Bradenton Herald, September 22, 2006

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TAMPA - A Valrico 8 year old shook hands with the president today, received a citizenship award and then invited him to a party for young victims of a hurricane.

Zach Bonner told The Herald on the tarmac at Tampa International Airport that President Bush politely declined to attend the Christmas party for Katrina victims in Louisiana in December, but said he would "send something."

For his meeting with the commander and chief, Bonner wore a dark blue blazer and a red tie that matched the president's.

Bonner was accompanied in his brief meeting with Bush by his mother, Laurie Bonner, and his brother, Matt Chesney, 17. Mom and brother stood off to the side as the president shook Zach Bonner's hand and presented him with the President's Volunteer Service Award.

Zach Bonner worked and organized relief efforts for the victims of hurricanes Charley in Florida and Katrina in Louisiana and Mississippi.

Just minutes after Air Force One touched down at TIA at 12:15 p.m. and taxied to an area near Raytheon Aircraft Services, the president descended stairs and met with the family. Media members about 45 yards away watched but could not hear what was said at the brief ceremony.

Afterward, Zach Bonner spoke to The Herald.

He said he was honored, and that he presented the president with a photograph of National Parks badges collected around the country as he has traveled to drum up support for the children affected by hurricanes in 2004 and 2005.

It was a beautiful day for the outdoor ceremony. Bush appeared energetic during his first visit to Florida since the primary elections.

After the ceremony, he entered a car as part of a motorcade. The reason for the trip was to appear at a fundraiser for State Rep. Gus Bilirakis, who is running congress.

Bush was to fly out of TIA in the early afternoon.

Valrico Boy Gets Presidential Award (SPT)

By Letitia Stein

St. Petersburg Times, September 22, 2006

TAMPA — At 8 years old, Zach Bonner met his second U.S. president on Thursday. Although partisan types may take exception, he found both George W. Bush and Bill Clinton equally charming.

"They were both really, really nice," Bonner said. "I was really excited about both of them."

Arriving in Tampa for a fundraiser, Bush met the Valrico boy outside Air Force One.

Bonner, who had been practicing his handshake, felt nervous as the commander-in-chief walked over.

"It went so fast," he recalled. "He said congratulations, and he was proud of me."

If it weren't coming from a president, "proud" could sound like an understatement for Zach's accomplishments.

Two years ago, he heard that the victims of Hurricane Charley needed water. Zach asked his mother if he could give some. Then his neighbors. Twenty-seven pickup truckloads later, he was still helping others.

Today, Zach has his own nonprofit, the Little Red Wagon Foundation Inc., complete with a Web site at www.littleredwagonfoundation.com.

"I wanted to help other kids," he said. "Some of the organizations I wanted to help, I had to have 501(c)3. And so I started my own organization."

In his brief visit, Bush awarded Zach a lapel pin inscribed with "Presidential Call to Service Award."

As far as meeting presidents go, Zach confessed that 43 may have one-upped 42.

"It probably meant a little bit more to me from President Bush because, I mean, he's still in office," said Zach, who met Clinton after his presidency.

Welcome To My Site! (LRWF)

Little Red Wagon Foundation, September 22, 2006

My name is Zach and I am the founder of the Little Red Wagon Foundation Inc. I created a non profit so I could help kids in distressed situations. My plan is to help as many kids as I can, have fun and keep it simple. I hope you like my site and find it to be useful and informative. If you have any questions about what I am doing or how you can help, email me. Don't be shy, leave me a comment, let me know you were here. If you would like to recieve updates on what I am doing please click join this site listed above! Then I can keep you upddate on my projects and the auction! THANKS FOR STOPPING BY!!!

This is a picture of President Bush and me. He was very nice and it was an honor to meet him. He gave me the President's service award and we talked about the JR Ranger program.

AUCTION HAS BEGUN. DIFFERENT ITEMS WILL BEGIN THROUGH OUT THE EVENING.

Clicking the link above will give you the opportunity to help us. Every time you do an internet search using Good Search the Little Red Wagon will recieve a small amount of money. It is run my Yahoo so you know it can be trusted.

President Visits Bucs, Throws With QB (FWNS)

By Fred Goodall

The Fort Wayne News-Sentinel, September 22, 2006

TAMPA, Fla. - It seems like everyone has some advice these days for the winless Tampa Bay Buccaneers and struggling quarterback Chris Simms.

Even President Bush tossed the football with the former University of Texas quarterback Thursday, and offered some advice.

"Never give up," Bush said Thursday when asked what he told the Bucs during a half-hour visit to the team's training facility near Raymond James Stadium, where the president delivered a fundraising speech to about 400 people in a VIP club area.

Coach Jon Gruden wouldn't disclose what additional wisdom the president might have imparted to Simms.

"It's great, though, to get some advice from the president of the United States. It's a little different when the coach is telling you to do this or do that. You have the president come and give you some advice, that's something you gotta listen to," Gruden said.

"Hopefully it works. If it doesn't work out this week, he can call the president to see what happened."

Bush accepted an invitation to stop by practice and was greeted on the field by Simms and teammates Derrick Brooks, Ronde Barber and Mike Alstott and Ryan Nece, as well as an appreciative Gruden.

"The president has a lot to do. For him to show up here with the SWAT team on the roof and the Secret Service guys, that's awesome," Gruden said.

The Bucs (0-2) are preparing for Sunday's game against Carolina, another winless team. Simms has been the target of criticism following subpar performances the first two weeks of the season.

Bush addressed the entire squad, coaching staff and other team officials and personnel in the middle of the field. The president mingled with players, coaches and officials, posing for pictures and signing autographs before playing catch with Simms, son of New York Giants Super Bowl-winning quarterback Phil Simms.

'Republicans Will Make History' (WSJ)

By Ken Mehlman

The Wall Street Journal, September 22, 2006

Last month's narrowly averted plot to blow up airliners bound for the U.S. from Great Britain is a stark reminder that we are engaged in an extraordinary and dangerous global war. In 46 days, the American people will make an important decision about how we prosecute that war: Do we stay on the offense and use every tool available to defeat the enemy, or do we elect leaders who would weaken America and surrender key tools we need to defeat the global jihad?

This war began long before September 11, 2001. For a generation, the terrorists have attacked free nations, from the 1972 Olympic Games in Munich to the 444 days that American hostages were held in Iran; from the 1983 Beirut attacks to the bombings of the World Trade Center in 1993, Riyadh in 1995 and Khobar Towers in 1996; from the embassy attacks in 1998 to bombing of the USS Cole in 2000. Too often, free nations responded weakly, or not at all, so the enemy grew emboldened. The result was 9/11.

Now we understand that we face a radical global movement of Islamic fascists, held together by a totalitarian ideology as deadly as the ones we faced in World War II or the Cold War. This movement ebbs and flows. Its adherents meet in cyberspace instead of buildings. They gather on blogs instead of barracks. A terrorist in Syria can recruit allies in the heart of Europe and a cell leader in Asia can activate an attack in the U.S., all without leaving their homes. That makes this enemy difficult to defeat. They constantly adapt -- so we must as well.

That is why the choice we face on Nov. 7 is so critical. Democratic leaders are saying Iraq is a diversion from the war on terror, that we should be more focused on defending the homeland. But again and again, the Democrats have proposed weakening our defenses.

We learned on 9/11 the need for coordination between federal, state and local governments; yet the majority of congressional Democrats voted against re-authorization of the Patriot Act. The foiled airplane plot re-emphasized the importance of following an enemy whose command and control is often obscure; yet Democrats opposed the NSA surveillance program and praised an activist judge's attempt to shut it down.

We need to aggressively and effectively interrogate captured terrorists in order to stop their plans before they come to fruition; yet Democrats want to handcuff those efforts. Terrorists cannot build IEDs or buy weapons without funding, but when the

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New York Times disclosed a secret program that was tracking their financing, more than 85% of House Democrats voted against a resolution supporting the program and condemning its media disclosure. We need to stop rogue regimes like Iran from acquiring nuclear weapons; yet Democrats want to take any use of force off the table.

Even more dangerous is that Democrats truly seem to believe that Iraq is completely separate from the greater war on terror. Al Qaeda's leaders are not confused about the importance of Iraq to their goal of global jihad. Osama bin Laden's No. 2, Ayman al-Zawahiri, has said his plan is to use Iraq as a base to launch further attacks, with the goal of creating a new caliphate in the Middle East. He wants to turn Iraq into another Taliban-era Afghanistan, except one strategically located between Syria and Iran, and sitting on one of the world's largest supplies of oil. Osama bin Laden himself said that the American withdrawal from Somalia emboldened his movement before 9/11. Imagine the victory celebrations among the terrorists if we were to retreat from Iraq. Yet this is exactly what Howard Dean and a majority of Democrats would have us do. In 46 days, we must ask ourselves, would surrendering Iraq to the enemy make us safer -- or less safe?

Here at home, we are also working to reform government. We live in a global economy, one in which it is just as easy to create jobs in India as it is in Indiana. Republicans understand this, which is why we are committed to lower taxes, less regulation and fewer lawsuits. Republicans have cut taxes every year since George W. Bush was elected president. We have streamlined regulations, reformed bankruptcy laws, offered choice to Medicare recipients, and limited class-action lawsuits. The Democrats opposed every single one of those reforms -- and they are pledging to stand in our way as we move forward.

Republicans want to eliminate the death tax once and for all. Democrats want to bring it back. Republicans want to explore new sources of energy to bring gas and heating prices down. Democrats want to block domestic exploration. Republicans want small businesses to be able to band together to provide health care to their employees at a reasonable price. Democrats don't believe entrepreneurs should have that freedom. Republicans want all parents to have the choice of where they send their kids to school. Democrats would limit that choice to the rich and powerful. The list goes on and on.

It would be foolish not to acknowledge the challenges Republicans face this election cycle. We are up against history. It has been close to a century since Republicans have held the White House and the House of Representatives for eight straight years. Winning four elections in a row doesn't happen that often.

Each election is unique, and the issues and candidates in the governor's race in Michigan are different from congressional races in California or the Senate contest in Tennessee. But there can be no doubt about the national and international import of the choice we all face as Americans. We face war and a changing global economy, and Republicans have very different strategies for victory than the Democrats. I believe the American people understand the choice of 2006, which is why I am confident that in 46 days Republicans will make history and maintain our majorities in Congress.

Mr. Mehlman is chairman of the Republican National Committee.

'Democrats Offer A New Direction' (WSJ)

By Howard Dean

The Wall Street Journal, September 22, 2006

We need a Democratic Congress to fight the war on terror -- and to end the war on America's families. Republican policies of the last five years have damaged our economy and failed Americans. Democrats believe strengthening the middle class is essential for a thriving economy that rewards work, provides economic opportunity to all and makes it easier for parents to devote time to their families. An economy that favors the top 1% at the expense of everyone else might be good for President Bush's politics, but a shrinking middle class is bad for capitalism, democracy and America. We need a new direction.

The Republican record on managing the federal budget is dismal. Republicans have turned surplus into debt, hope into lost opportunity; they have become the party of borrow-and-spend. The Joint Committee on Taxation estimates that the total cost this year of the president's tax cuts is $258 billion. This means that even with spending for wars in Iraq and Afghanistan and the response to Hurricane Katrina, the federal budget would essentially be in balance if the tax cuts had not been enacted, or if they had been offset as required under the pay-as-you-go rules that Republicans allowed to expire. These economic policies amount to a war on American families:

· Under Mr. Bush and the Republican Congress, incomes today are $1,000 less for the typical household than during Bill Clinton's final year in office; incomes for the typical working-age household have declined every year since the president took office. Black and Hispanic households have fared worse over the same period: Black household income has fallen every year, after rising every year (except for a one-year $60 dip) under Mr. Clinton. Incomes for Hispanic households are down $1,000, after rising more than $7,000 under Mr. Clinton.

· Incomes have fallen because wages -- which provide 75% of income for typical families -- are stagnant for most workers. Under Mr. Bush, wages for college-educated workers increased only 1.3% between 2000 and 2005, as compared to 11.3%

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during Mr. Clinton's last five years. For the nation's lowest-paid workers, the situation is even worse, as the minimum wage is worth less now than at any time in at least 50 years.

· Health and retirement coverage have declined for most workers and their families, and workers' costs have increased. The share of Americans with job-based health coverage fell over the last five years from 62.6% in 2000 to only 59.5% in 2005, virtually erasing gains in such coverage under Mr. Clinton, when coverage rose from 57.1% in 1993 to 63.6 % in 2000. Workers are also paying more for their coverage. Between 2001 and 2005, the amount workers paid for family premiums grew more than 50%. These factors have fueled increases in the number of uninsured every year under Mr. Bush, to almost 47 million last year -- roughly one in six Americans.

· Retirement coverage has also declined. Only 19% of workers have guaranteed pensions today, compared with 39% in 1980. And under Mr. Bush, retirement coverage, including both guaranteed pensions and 401(k)s, fell almost three percentage points, to just less than 46% in 2004.

· Americans are taking on more debt just to keep up in the Republican economy. Last year, household debt was a record 132% of disposable income. Not surprisingly, home mortgage foreclosures are also up; in March of this year, the foreclosure rate was 63% higher than last year.

· While wages and incomes have slowed, health costs increased, debt increased and retirement coverage declined, the cost of sending kids to college has exploded. Between 1995 and '96 and 2005 and '06, the average costs for a four-year private college rose 32% and for a four-year public college, 42%.

· These dwindling economic fortunes have resulted partly from a decline in unionization, which has been exacerbated by the all-out assault of the Bush Republicans on workers' rights to organize and bargain. From stripping away union protections for whole classes of workers to intervening in labor-management disputes in various industries, Mr. Bush, backed by a Republican Congress, has done more to undermine workers' rights than any president in more than 70 years.

These bleak statistics explain why the overwhelming majority of Americans know our country is moving in the wrong direction -- despite the economic cheerleading of the Republicans. Americans know who has benefited in this economy -- and, for most, it isn't them.

The president's failures in Iraq are also hurting our economy, our country and our ability to fight the war on terror. We are spending $8 billion a month in Iraq -- that's $267 million a day. Consider that for what we spend in three weeks in Iraq, we could make needed improvements to secure our public transportation system; for what we spend in five days we could double the COPS program, and put more police on the streets to keep our neighborhoods safe, or we could put radiation detectors at all our ports.

Democrats offer America a new direction in fiscal policy, for the middle class, and in the war in Iraq. We believe that America should work for everyone:

We will restore honesty in government, starting with the pay-as-you-go discipline in Congress that served Mr. Clinton so well. Balancing the Federal budget will be a high priority with concurrent limitation of spending. We will ease the burdens on middle class Americans and reverse Republican cuts in college tuition aid and health care. We will ensure that a retirement with dignity is the right and expectation of every single American, including pension reform, and preventing the privatization of social security.

We will dramatically expand support of energy independence in order to generate large numbers of new American jobs and reduce our dependence on foreign oil. We will have a jobs agenda that includes good jobs that stay in America, a higher minimum wage and trade policies that benefit the global labor force, not just multinational corporations.

We will have a defense policy that is tough and smart, starting with phased redeployment of our troops in Iraq, and shore up our efforts to attack al Qaeda and fight the war on terror. We also will close the gaps in our security here at home by implementing the 9/11 Commission recommendations.

We are ready to lead with a thoughtful, fiscally responsible long-term vision. We will reach out to all Americans who value hope over fear and begin moving the country forward again.

Mr. Dean is chairman of the Democratic National Committee.

Good News For Republicans? (WP)

By E. J. Dionne Jr.

The Washington Post, September 22, 2006

In Minnesota, Amy Klobuchar looks into the camera and declares: "These days, no matter how hard you work, the price of gas, college and health care is getting out of reach."

The answer, says the Democratic candidate for the U.S. Senate, is to "bring a dose of Minnesota fairness to Washington."

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In Ohio, Democrat Sherrod Brown, who is campaigning against Republican Sen. Mike DeWine, says his state's residents "work hard, they love their country, they play by the rules." But their jobs in "cars, steel and appliances" are being pushed overseas by unfair trade agreements.

The maneuvering this month for November's midterm elections is primarily about shaping the priorities that voters will carry with them to their polling places. Behind the speeches and the ads is a subtle war for position, an effort to prepare the ground for the campaign's final weeks.

The obvious battle is over whether voters on Nov. 7 will be thinking more about the violence in Iraq, which pushes them the Democrats' way, or about the broader war on terrorism.

In this skirmish, Republicans can chalk up modest but real gains. The Pew Research Center found that the proportion of voters who listed terrorism as the most important problem facing the country increased from 5 percent in May to 15 percent this month. Significantly, the share of independents who listed terrorism as the key issue rose from 5 percent to 13 percent.

The proportion of all voters listing Iraq as the most important problem went up, too, from 18 percent to 26 percent. Much of the increase was among Democrats -- 36 percent of them said Iraq was the central question. But among independents, there was virtually no change in the importance of Iraq, and the findings were similar for self-described moderates. The relative balance between terrorism and Iraq among less partisan and ideological voters has shifted in the Republicans' direction.

But the question that has received far less attention in Washington is the one joined by Klobuchar and Brown: How will voters see the economy?

Through July and August, Republicans were reeling from voter anger over what GOP pollster David Winston calls "the cost-of-living issue" dramatized every day at the pump. He uses "cost of living" instead of "inflation" because, while the formal inflation rate is relatively low, the costs important to families -- gas, health care and college tuition, as Klobuchar's ad suggests, plus housing -- have been rising.

"Over the summer, we would talk about good economic numbers -- and then people would go to the gas station," Winston says. Now falling gas prices reinforce the Republican message about economic improvement.

The GOP is still in trouble on the economy. The New York Times-CBS News poll published yesterday found that 36 percent of respondents thought the economy was getting worse, compared with 17 percent who saw it getting better.

But this is actually good news for Republicans, considering that in July the same poll found that only 12 percent saw the economy improving while 47 percent saw it declining. And in the Pew survey, the share of voters listing gas prices and the constellation of issues around energy as the country's most important problem fell from 14 percent in May to 7 percent this month.

Are these improvements in the political terrain for Republicans the beginning of a long-term shift, or are they primarily a coming home of Republican-leaning voters who were eventually going to get back to their party anyway?

Republican strategists such as Winston are simply relieved that after a very bad summer, there is at least some movement the GOP's way. Democrats concede Bush's gains in his own party but note that even after the president's recent political push on terrorism, independents are still inclined toward the Democrats. In the race for Congress, the Times-CBS poll gave Democrats a 15-point advantage, while a Los Angeles Times-Bloomberg survey, also published yesterday, put them ahead by 10. A margin of that sort at this point usually signals victory for the party running ahead.

The decisive question is whether Democrats can seize the initiative back from Bush in early October, after the Republican Congress returns home. Democrats plan to marry the themes of national and economic security -- think of their economic platform as a dose of Klobuchar and a dash of Brown -- and hope that splits among Republicans on torture, which were resolved only yesterday, will dampen GOP gains from the resurgence of the terrorism issue.

The paradox is that the survival chances of a Republican Party led by a former oilman from Texas will depend in large part on whether gas prices keep falling.

Americans Upbeat About Economic Forecast (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, September 22, 2006

Americans have become more optimistic about the economy and they are giving President Bush some of the credit, a new Times/Bloomberg poll shows.

Republicans running for election next month could benefit from the development, as voters say the economy will influence their choices in November more than any other national issue, including the war in Iraq and terrorism.

Consumer confidence fell this summer as gas prices peaked and the housing market weakened, particularly in California. Those polled in July were almost evenly split on the state of the economy, with 49% saying the economy was doing badly.

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Now, the optimists outnumber the pessimists in the poll by 10 percentage points, with 54% saying the economy is doing well.

"There's a lot of conflicting indicators but things seem to be cruising along pretty steadily," said respondent David Busch, 38, a sales executive in Redmond, Wash., who describes himself as an independent voter. "We've seen a lot of alarmist talk about housing bubbles bursting, gas prices that are going to derail the economy that haven't materialized."

Seven weeks before the midterm elections, the economy remains voters' primary focus. Among registered voters, 32% listed the economy and jobs as the most important election issue, followed by the war in Iraq (21%), immigration (17%) and healthcare (10%).

Those polled cited a variety of reasons for feeling better about the economy, including unemployment at a low 4.7% nationally, lower gas prices this month and an interest rate freeze by the Federal Reserve.

That could be good news for Republican candidates, as the GOP is the party in power in Washington and may be able to take some credit for the economy.

When the economy is rocky, voters traditionally punish the party in power, said Bruce Oppenheimer, a political science professor at Vanderbilt University. But when the economy is doing well, their reactions are more difficult to predict, he added.

"This year it's a little more complex to figure because it's clear that the objective measures of how the economy is doing are not striking everybody equally," Oppenheimer said.

For instance, pay is rising for some college-educated professionals, but most workers face wage stagnation, he said. While falling gas prices could boost Republican candidates, he said, "The question is will it be too little too late?"

The Times/Bloomberg poll interviewed 1,517 adults, including 1,347 registered voters, nationwide between Saturday and Tuesday under the supervision of Times Poll Director Susan Pinkus. The survey's margin of sampling error is plus or minus three percentage points.

Although the survey shows more than half of registered voters still disapprove of the way Bush is handling the economy, the ranks of those who approve are increasing. Among registered voters polled, 43% said they approve of the president's handling of the economy, up from 38% in July and a January low of 37%.

"Everything seems to be going all right. I don't hear a lot of people complaining that much about the economy. The Feds have kept the interest rates down, so that will probably help," said Chester "Chet" Kusmitch, 69, a retired union carpenter in Crystal Falls, Mich.

Kusmitch said the president is doing a good job handling the economy. "You can't blame everything on the president for crying out loud. A lot of things effect the economy."

Charles Gunnells, 54, a disabled diesel mechanic and registered Republican in Salyersville, Ky., said he has his doubts about the economy, but believes the president is doing "about as good a job as anybody else could be doing."

Gunnells said his opinion of the president improved in recent weeks as he watched prices at the gas pump drop. "I feel a lot better about it when I see the prices go down," Gunnells said.

Many of those polled agree with him — 26% said high oil prices are the greatest threat to the economy today, far ahead of other factors such as foreign competition (18%) and terrorism (16%).

The average price of gas rose to $3.08 in August before dropping to $2.54 this week, according to the Department of Energy. The dip in oil and gas prices is increasing most Americans' confidence in the economy, said Chuck Williams, dean of the business school at the University of the Pacific in Stockton.

"People see the economy in terms of their daily expenses — what is it going to cost to pick up their child from day care, what does it cost to buy lunch, what does it cost to fill the tank of their car. And if someone's driving an SUV and it's 100 bucks every time you fill up, that gets your attention," Williams said. "If the price is down by 50 cents a gallon, you notice it."

He said consumers' optimism is tempered by uncertainty about fuel prices as winter approaches and by a weakening housing market on both coasts. Homes are lingering on the market in Phoenix, Philadelphia and Washington D.C., and fewer new homes are being built. Last month, new home starts were down nearly 20% since last year, 6% since July, according to a Commerce Department report Tuesday.

In the latest poll, 53% of respondents expect home prices to remain unchanged six months from now and 19% expect prices to drop. Both numbers are up four percentage points since July. A quarter of those earning $60,000 to $100,000 worry that their home will lose value during the next six months, the poll showed.

"Six or twelve months ago, pretty much everybody thought housing prices were going to go up," said Stuart Hoffman, chief economist at PNC Financial Services Group in Pittsburgh. "Clearly, people have changed their expectations. A little bit of reality has set in."

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Donna Bushby, 41, a part-time office worker, said she's getting nervous about the cost of heating her home this winter in the Chicago suburb of Elmwood Park. She and her husband, a truck driver for United Parcel Service, also worry about the value of their home. Six houses on their street are not selling and one has been on the market for a year and a half.

The couple earn enough to cover expenses for a family of five but not to save, Bushby said, and consider home equity as savings. "So if you think of your house going down, that's like your nest egg going down."

Many Americans appear to be stretching to make ends meet around the house. More than half of those polled, 53%, said they have trouble keeping up with rising costs, including 30% of those earning more than $100,000.

"People's paychecks are not going up as much as the prices around us," said Bushby, who is nonetheless optimistic. "Hopefully, it's temporary."

Geoffrey Gray Sr., 56, is a registered Republican but believes the president has mismanaged the economy and worries about the future. Although Gray's house in Reading, Pa. is paid for and the local market isn't likely to collapse, he worries about poor families and "the shrinking middle class."

"People are living paycheck to paycheck," he said.

Many of those polled, especially working-class Americans, are postponing major purchases such as cars, vacations and large appliances, unsure about their finances. Of those polled, 64% said now is not a good time to make major purchases — including 81% of those earning less than $40,000, 66% of those earning $40,000 to $60,000.

"If I do make a big purchase," said Bushby, "it may be a hybrid car."

Drug Imports From Canada Set To Be Eased (AP)

By Lara Jakes Jordan

AP, September 22, 2006

House Republicans tentatively agreed Thursday to prohibit Customs agents from seizing prescription drugs that Americans buy in Canada and bring back into the United States.

The deal would let Americans carry up to a 90-day supply of medication back to the U.S. from Canada without being stopped by Customs agents, House and Senate Republicans said. But it would not let Americans purchase cheaper prescriptions over the Internet or by mail-order, officials said.

"This really breaks the dam, and it shows that it's only a matter of time before we pass a full-blown reimportation bill," said Sen. David Vitter, R-La., who led the fight in the Senate to prohibit the Homeland Security Department from seizing prescription drugs being carried over the border. U.S. Customs and Border Protection is an arm of the Homeland Security Department.

Vitter acknowledged that sales of drugs though mail order or through the Internet is significant. But, he added, "I think support for that is going to continue, and going to continue to grow, no matter what this bill says or doesn't say."

Both Presidents Bush and Clinton have rejected repeated congressional efforts to lift the ban on prescription imports. Medications are generally cheaper in Canada because of government price controls.

While importing drugs into the United States is illegal, the Food and Drug Administration generally has not stopped small amounts of medicine purchased for personal use. But Customs officials began intercepting imported controlled substances two years ago and prescription drugs since last November. Since then, Customs and Border Protection agents have seized more than 34,000 packages of drugs coming into the country.

The pre-election controversy over the new rule threatened to split House GOP leadership who oppose lifting the import ban and rank-and-file Republican lawmakers who want to help elderly voters buy cheaper drugs.

However, many Customs agents already allow prescription drugs into the U.S. from Canada because they don't rigorously search people and cars for them.

Democrats who pushed for broader access to imported drugs accused Republicans of trying to "blow smoke to the voters about cheaper prescription prices when it really doesn't do much of anything," said Dan McLaughlin, spokesman for Sen. Bill Nelson, D-Fla. Earlier this year, Nelson sponsored legislation to prevent Customs agents from seizing mailed medication after he began getting complaints from seniors in his state.

"I think you could call this agreement in the House a very small advance and certainly we'll take it, but it's no place that we can stop and certainly isn't enough to be satisfied with," McLaughlin said. "It really doesn't help very many people."

Opponents said importing drugs that do not have FDA approval could be unsafe for consumers. The FDA says it cannot guarantee the safety of imported drugs.

Representatives for the pharmaceutical industry said Canadian Internet pharmacies, for example, have been known to sell fake and potentially unsafe medicines to unknowing American consumers through other countries.

"Americans should look at much safer alternatives that already exist and are proving to be incredibly effective here at home," said Ken Johnson, senior vice president for the Pharmaceutical Research and Manufacturers of America, or PhRMA.

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According to the Congressional Budget Office, brand-name drugs cost, on average, 35 to 55 percent less in other industrialized nations than they do in the United States. Supporters of importing drugs contend that the U.S. is subsidizing the cost of medicine for the rest of the world.

The prescription drug policy shift would be included in a $33.7 billion bill to fund the Homeland Security Department next year. Lawmakers who control the department's spending levels will meet Monday to debate other last-minute changes to the legislation, which has also been stymied by proposals to give Homeland Security regulatory oversight of security measures at chemical plants.

Lawmakers were negotiating whether to let the department require some high-risk chemical facilities to use nontoxic materials that would be more expensive but safer to the public if there is a release. The chemical industry strongly opposes such a requirement, and environmentalists have been pushing for it just as vociferously.

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Associated Press writer Kevin Freking contributed to this report.

Savings, Shakeup Seen In $4 Drug Plan (USAT)

By Julie Appleby

USA Today, September 22, 2006

Wal-Mart Stores' move to offer some generic drugs for $4 a prescription could save modest amounts for some consumers. It may also draw more customers to its stores or prompt a price war with other pharmacies.

Wal-Mart, the nation's third-largest seller of prescription drugs, said Thursday that it will offer the $4 price on about 150 generic drugs to the insured and uninsured alike, starting immediately in the Tampa area. It will take the program statewide by January.

“We intend to take it nationwide next year,” says Bill Simon, Wal-Mart's executive vice president of the Professional Services Division. For uninsured consumers, the $4 price for some generics is below what they would pay at most pharmacy counters and is less than typical $10 to $15 co-payments on generics offered by many insurance plans.

Savings could be less than $1 per prescription to more than $20, depending on the drug and pharmacy where customers shop, according to information from Wal-Mart and prices of other retailers posted at MyFloridarx.com, a state-run website.

That could draw more customers to Wal-Mart, already the largest seller of groceries and toys, possibly forcing other chain drugstores to cut their prices, says Ed Kaplan of the Segal Co., a benefits consulting firm.

“Customers who take five or seven medications a month and can save $10 on each, might switch,” Kaplan says.

The move caused share prices for generic drug and pharmacy companies to drop Thursday.

Wal-Mart says the price of $4 for a 30-day supply price would save customers $7.98 a month for blood-pressure drug lisinopril, $3.85 for diabetes drug metformin and 80 cents for blood-pressure drug atenolol.

Simon says the $4 generics are not expected to be a “loss leader,” meaning Wal-Mart doesn't expect to lose money on the drugs in hopes of attracting more customers to buy other products.

That's because the drugs offered are longtime generics that have multiple manufacturers and that are already inexpensive on the wholesale market. Large companies such as Wal-Mart can often purchase them in bulk for less than the $4 cost.

Wal-Mart said 291 drugs will be covered, a total that includes different dosage strengths of the same drugs. When the differing dosage strengths are taken out, the list includes fewer than 150 products, including treatments for high blood pressure, infection and diabetes, along with some vitamins and painkiller ibuprofen. That's a fraction of the estimated 2,100 generic products available.

“This is a much narrower list than they're giving the impression it is,” says drug-industry expert Stephen Schondelmeyer at the University of Minnesota.

Simon says the drugs chosen for the list represent 20% of the prescriptions Wal-Mart currently fills and cover a wide range of medical needs. More products may be added, he says.

The move comes as Wal-Mart works to counter critics who say the chain doesn't make health insurance affordable for many of its workers.

“Providing low-cost drugs is a good thing. But not providing affordable health care to workers is not a good thing. Why can't Wal-Mart address the serious health care crisis in its own stores?” asks Chris Kofinis, of WakeUp Walmart.com.

Some praised Wal-Mart's move.

“That's a great price for a 30-day supply of drugs and will be a tremendous boon for seniors,” says Devon Herrick, economist at the National Center for Policy Analysis.

Wal-Mart Cuts Prices For Many Generic Drugs To $4 (WSJ)

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By Gary Mcwilliams And Barbara Martinez

The Wall Street Journal, September 22, 2006

Wal-Mart Stores Inc., long attacked by some critics for its employee health-care benefits, waded into the nation's health-care debate and its rivals' pharmacy businesses by promising to cut the price of some of its generic drugs to $4 for a 30-day supply.

The Bentonville, Ark. retailer said it will use its purchasing and distribution prowess to offer versions of about 150 different generic drugs, such as the antibiotic tetracycline, at prices on average 20% below its existing ones. The drugs are mostly older medications; the company said it plans to add more popular drugs later on. Wal-Mart implemented the price policy yesterday at 65 stores in the Tampa, Fla. area, and early next year will expand it to about 170 other Florida stores before taking the policy nationwide later next year.

The savings on some drugs will be considerable compared to rival pharmacies. For example, under the new plan, Wal-Mart will charge $4 for 850 milligrams of the diabetes treatment metformin, compared with $17.72 at other Florida stores and $28.19 at Walgreen.

Richard Hastings, senior analyst at Bernand Sands, tells5 CNBC that even Wal-Mart's incremental moves like a $4 prescription price will have a profound effect on the competition and the economy in general.

On other drugs, however, Wal-Mart's new price still isn't below the competition. Wal-Mart's new price for the popular blood-pressure medicine atenolol is $4 for 30 pills, down from $8.62. Costco Wholesale Corp. lists a price of $3.69 for 30 pills on its Web site.

Wal-Mart's move drew praise from doctors and health-care experts but mostly shrugs from rivals who dismissed it as a publicity move. For now, the price cuts will apply to fewer than 300 formulations of 150 drugs, a fraction of the roughly 2,000 generic drugs sold in most pharmacies. The reductions are unlikely to be costly to Wal-Mart, which along with other retailers already buys many of these drugs at "pennies per pill or less," said Elliot Wilbur, a generics-industry analyst at CIBC World Markets.

Wal-Mart cast the change as a boost to the nation's uninsured and a savings even for those with health insurance. The pricing "aims to provide access and affordable health care to our customers and associates," said Bill Simon, a Wal-Mart executive vice president. Wal-Mart plans to add generic versions of widely used drugs such as cholesterol-lowering Zocor, at lower-than-existing prices "at some point in the not too distant future," he said.

If it does extend the price cuts to more popular generic drugs, Wal-Mart will put pressure on other retail pharmacies and generic drug makers to reduce their margins too, just as it has in groceries and toys, said Tim van Biesen, a Bain & Co. partner and generic-drug industry expert. "Typically when they start down this path, they don't stop," he said.

The stocks of generic-drug makers and drug-store chains tumbled yesterday as investors weighed the potential inroads of Wal-Mart on the business. In 4 p.m. trading on the New York Stock Exchange, shares of CVS were off 8%, or $2.96, at $32.47, while Walgreen Co. fell 7% or $3.67. Wal-Mart shares were off just 41 cents at $48.46.

Wal-Mart's new plan could also put pressure on big pharmacy-benefit managers, or PBMs, who administer the drug benefits for many employers and health plans and who operate their own mail-order pharmacies that compete with retail pharmacies. Like retail pharmacies, PBMs make much of their profits from the big margins on generic drugs they sell through the mail.

Bain & Co.'s Mr. van Biesen said because generic drugs carry a higher profit margin at retail than branded drugs, Wal-Mart can clip its profit on the drugs and use any increased store traffic to sell more profitable non-generic items. "It was frankly just a matter of time before someone decided to chip away at the generic-drug distribution system," he said.

He said even an expanded roster of drugs would have little impact on the nation's overall health-care costs, however. Pharmaceuticals account for just 15% of all U.S. spending on health care and generics are a fraction of all pharmaceutical revenues. "What it does is provide access to the uninsured and [Wal-Mart's] own employee base," he said.

The announcement yesterday drew politicians to a Tampa Wal-Mart where Florida Gov. Jeb Bush praised the local price drop as "good corporate citizenship," and U.S. Sen. Bill Nelson lauded it as "a pretty darn good deal for consumers."

Critics called the effort "marketing spin" and pointed to what they characterized as Wal-Mart's less-than-generous employee health-care policies, in which employees bear a big share of the costs. Partly as a result, many Wal-Mart workers don't even sign up for insurance.

WakeUpWalMart, a group financed by the United Food and Commercial Workers union that aims to force the company to change its labor policies, said in a statement: "Wal-Mart cruelly ignores the fact that it fails to provide company health care to over half (775,000) of its employees."

Wal-Mart's Mr. Simon rejected any characterizations of the pricing cuts as a marketing ploy. Mr. Simon insisted a standard pricing for common generic drugs wasn't about legislative issues, or attacks on its wage, environmental and employee health

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insurance policies. "We're certainly hopeful this is a positive business move ... as well as a significant social benefit," he said.Wal-Mart expects to slowly implement the price changes at its more than 3,000 stores nationwide, citing the need to hire additional pharmacists, and strike agreements with additional generic drug makers. Mr. Simon declined to disclose what impact, if any, the company expects on profits at its about $20 billion a year pharmaceuticals business, or its generic-drug market share.

Pharmacy chains dismissed Wal-Mart's initial effort and said it would offer little competition. "A lot of the medications are very old generics," said Walgreen spokesman Michael Polzin. "I don't think the price change for a lot of these is that much." Mr. Polzin said Walgreen plans no pricing changes in response.

Almost 95% of Walgreen's prescriptions are covered by insurance, with the remainder covered by cash payments, Mr. Polzin said. The savings from a typical $5 co-payment "is not enough of a difference," to cause customers to change pharmacies, Mr. Polzin said. "Our convenience and locations have proven over the years to have a bigger effect on behavior."

Richard Hastings, senior retail analyst at Bernard Sands LLC, said those companies likely to be hurt would be "smaller prescription drug buyers, including certain supermarket chains that offer pharmacy services." In a research note, he wrote that those companies "will see some margin erosion if they are forced to compete on price."

Wal-Mart Sets $4 Price For Many Generic Drugs (WP)

By Kathleen Day

The Washington Post, September 22, 2006

Retailing giant Wal-Mart Stores Inc., known for forcing prices down to dominate nearly every market it enters, said yesterday that it would sell nearly 300 generic drugs for $4 per prescription, whether or not a customer has insurance.

Using its might as the nation's largest retailer and its legendary ability to force suppliers to cut prices to the bone, the company will begin the $4 price program in its 65 stores in the Tampa area today, in all of Florida in January, and in as many other states as possible by the end of 2007. The $4 is for a typical monthly supply of medicine, and included on the Wal-Mart list are generic versions of many popular prescription drugs, including the antibiotic amoxicillin and the heart and blood-pressure treatment lisinopril, sold under the brand names Prinivil and Zestril.

Health-care industry analysts said the program has the potential to transform the $230 billion prescription-drug business the way Wal-Mart has transformed other industries, including groceries and toys, where its aggressive pricing has forced some competitors out of business and allowed it to dominate entire categories of merchandise.

Health-care costs rose an average of 9.6 percent a year from 2000 to 2004, and a large component of the increase was the price of drugs, which rose an average of 11.4 percent a year in that time. Inflation during that period was around 2.6 percent a year. Though the increase in drug prices has been slowing in recent years, largely because of the wider use of generics, it has still outpaced inflation, health-care analysts and industry trade groups say.

Wal-Mart executives, criticized by labor unions and consumer groups that say the company shortchanges its employees on pay and health care, said they started the program to help families and retirees, especially those on Medicare. They said at news conferences and in telephone calls yesterday that they see these groups struggling daily at the company's pharmacies to pay for medicine.

"This $4 program represents real savings for working families," said William S. Simon, executive vice president for professional services at Wal-Mart. "Wal-Mart's taking this step so that our customers and associates can get the medicines they need at prices they can afford. . . . Customers tell us all the time that prescription-drug costs are forcing them to make tough decisions."

Generic drugs have the same active ingredients as their brand-name counterparts but are much cheaper. Last year, they accounted for 56 percent of all prescriptions filled in the United States but only about 10 percent of total prescription-drug sales.

Wal-Mart spokesman David Tovar said the company will make money on the sales but will not disclose whether it negotiated with drugmakers, wholesale suppliers or both to make the deal profitable. "It is not a loss leader. It is something we intend to make a profit on," he said. "The way we do that is through our logistics and our technology."

Some top-selling generics are not on the list of drugs Wal-Mart will offer for $4, including the painkiller hydrocodone -- whose trade name is Vicodin -- and generic forms of the painkiller Darvon and the anti-anxiety drug Xanax. But many are.

While Wal-Mart is likely to continue to profit from generic sales, the company would not say how much the $4-per-prescription program will reduce its earnings. Some of the reductions appear to be substantial. A Wal-Mart in Alexandria, for example, was selling 30 tablets of lisinopril for $20.72.

Analysts said the company was probably gambling that the lost revenue from lower-priced drugs will be offset by increased traffic in its stores.

Gary Claxton of the Henry J. Kaiser Family Foundation said pharmacies are always placed at the back of stores in the hope customers will pick up other merchandise along the way to get their prescriptions. Wal-Mart probably hopes to benefit in

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overall sales, but also in drug sales because customers bringing in generic prescriptions are likely to fill their brand-name prescriptions, too, he said.

Wal-Mart's announcement roiled the retail drug industry. Shares of Walgreen Co. and CVS Corp., two large drugstore companies, fell more than 7 percent and 8 percent, respectively.

According to the Generic Pharmaceutical Association, 8,400 of the 11,167 drugs listed by the Food and Drug Administration are sold generically. The average price of a 30-day supply of a generic prescription drug was $28.71 in 2004, compared with the average price of a brand-name version at $95.54. The Congressional Budget Office has estimated that generic drugs save consumers $8 billion to $10 billion a year.

Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services, said he did not think the Wal-Mart offer would siphon beneficiaries from the Medicare drug benefit, known as Part D. "Remember that the drug plans in Medicare already provide excellent coverage for generics," he said. "Many of the plans have generics for a dollar or two, or even free."

What the Wal-Mart plan does provide, he said, is a way for Medicare recipients to save more money after they reach the "doughnut hole." That's the point at which an individual's yearly drug cost reaches $2,250, and Medicare ends its subsidy. After that, a beneficiary has to pay $3,600 out of pocket before government subsidies kick in again.

In that interval, or gap, the Wal-Mart program could result in significant savings, given that the average Medicare beneficiary is expected to spend about $3,081 on prescription drugs this year, McClellan said.

Tovar, the Wal-Mart spokesman, said that the $4 price is available to anyone, but that Wal-Mart will try to collect insurance on prescriptions for people with prescription-drug coverage. However, some insurance contracts stipulate that pharmacies will not be paid the full cost of a drug unless customers pay the full co-payment the insurer requires.

Tovar said Wal-Mart will still allow insured customers to pay $4 per prescription, even if that is less than the co-payment required and even if that means Wal-Mart will not be paid any money by insurance companies.

Mohit Ghose, a spokesman for America's Health Insurance Plans, which represents providers of insurance of all types, including for prescription-drug coverage, said the typical co-payment for a generic prescription is $5 to $15. He said it is unclear how the Wal-Mart plan will affect insurance coverage.

Staff writers Ylan Q. Mui and Christopher Lee contributed to this report.

Wal-Mart To Offer Discount On Drugs (WT)

By Gregory Lopes

The Washington Times, September 22, 2006

Retail giant Wal-Mart said yesterday it will start selling nearly 300 generic drugs at a steep discount in Florida with the hope of expanding the discounted drug prices nationwide next year.

The move to charge $4 for 291 generic drugs in Tampa starting today puts pressure on its competitors, although other retailers said yesterday they do not currently plan to follow suit.

"At this time, $4 is not enough to drive a change in individual behavior," said Walgreens spokesman Michael Polzin. "A large percentage of our customers are insured with copayments between $5 and $6, so this will not have a big impact."

Rite Aid, which has 87 stores in the Washington area, does not plan to lower generic drug prices, said spokeswoman Jody Cook.

CVS, which has the most pharmacies in the Washington area of any of drugstore chain, did not return calls for comment.

Shares of CVS Corp. fell the most in almost five years, declining $2.96, or 8.4 percent, to $32.47 yesterday on the New York Stock Exchange. Rite Aid Corp. declined 5 percent and Walgreen Co. dropped 7.4 percent.

Consumers are increasingly using generics, which often are made by multiple companies after the original patent on a drug expires. The average monthly cost for a generic drug prescription is $28.74, according to the National Association of Chain Drug Stores, compared with $96.01 for branded drugs.

Generic drug sales are an important part of pharmacies' business because they bring in higher profits than brand-name drugs. Pharmacies pay less for generic drugs because drug manufacturers must compete against each another for the pharmacies' business.

Independent pharmacies, unlike large drugstore chains, are not able to afford reducing the cost of drugs, they said.

"You have to be able to cover costs," Leo Mallard, who operates Calvert-Arundel CARE Pharmacy in Owings, Md. "We would maybe match those prices as long as we are not losing money and not infringing on contracts with insurers."

Said Rebecca Snead, executive director of the Virginia Pharmacists Association: "Independent pharmacies cannot sell generics at that price."

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Gerson Serody, chief executive officer of CARE Pharmacies, an Arlington organization representing 60 independent pharmacies in the Washington area, left the door open for change.

"I am analyzing it to see how it shakes out. It is possible that we may have a list of generics that consumers can get for $4," Mr. Serody said.

The Generic Pharmaceutical Association, a trade association, said generic medicines account for 56 percent of all prescriptions dispensed in the United States, but 13 percent of all money spent on prescription drugs.

After the announcement, critics pounced on Wal-Mart, claiming the world's largest retailer will use the low-priced drugs to entice shoppers to buy other Wal-Mart products, a business tactic known as "loss leading."

But Wal-Mart spokesman David Tovar dismissed that claim.

"This program is not a loss leader for us," Mr. Tovar said. "It will be a profit creator for us."

Mr. Tovar said Wal-Mart will not charge a sign-up fee to participate in the program and consumers will not have to pay premiums or deductibles to get the $4 drugs. Wal-Mart has 19 stores in the Washington area.

The number of drugs being sold at the discount is low compared with the overall number of generic drugs Wal-Mart stocks. A company spokesman said Wal-Mart dispenses "thousands" of generic drugs but did not provide an exact number.

The drugs included in the program are widely prescribed and, for the most part, not expensive. For instance, the popular high blood pressure generic medications furosemide and hydrochlorothiazide sell for close to $4 already, pharmacists said.

But Bill Simon, executive vice president of the company's Professional Services Division, said buying a 30-day supply of the diabetes drug Metformin for $4, is nearly 50 percent cheaper than the brand-name version.

Relief For Some But Maybe Not Many In Wal-Mart Plan For $4 Generic Drugs (NYT)

By Michael Barbaro And Reed Abelson

The New York Times, September 22, 2006

At first glance, Wal-Mart's plan to sharply cut the cost of generic drugs, to $4, seems like a signal event in American health care. It could make scores of treatments affordable to the uninsured, reduce the burden on Medicaid and bring competitive pricing to the pharmacy industry.

Even company critics have praised the plan, conceding that it represents a case of the giant retailer using its size and ability to wring out costs to improve the lives of regular Americans.

But a close examination of the program, with details confirmed by the company yesterday, suggests that its impact could be blunted by several factors.

The plan, which is said to cover 300 drugs, includes only about 124 separate medicines in various dosages, like 12 versions of the popular antibiotic amoxicillin. It leaves out some popular drugs altogether, like the generic version of the cholesterol-lowering treatment Zocor.

And while uninsured people should benefit from the program, those with insurance may save only a dollar or so, making a trip to Wal-Mart not worth their while, analysts said. In Florida, where the program will have its debut, most people on Medicaid pay nothing and may have little incentive to shop around for cheaper prescription drugs.

"It is not as significant as it first seems, in our opinion," said Joseph Agnese, an analyst at Standard & Poor's, who expressed surprise at investors' reaction to the Wal-Mart announcement, which sent shares of its competitors CVS and Walgreen down sharply yesterday.

As it has for dozens of consumer products, Wal-Mart reduced prices of generic prescription drugs by attacking the few remaining pockets of inefficiency in its operations. For example, it cut out third-party distributors that stood between the chain and drug manufacturers.

"There is a huge profit margin in the generics" for the middlemen like pharmacy benefit managers, the distributors and the pharmacies themselves, said Patricia Wilson of Associates & Wilson, a Rosemont, Pa., health care consulting firm. Wal-Mart appears to be taking some of those profits from the traditional middlemen to lower the prices it is charging for these generic drugs.

The company also introduced rapid, automated machines into its pharmacy distribution centers that had long relied on workers to fill orders. In doing so, Wal-Mart reduced the amount of time that costly drugs sat in warehouses, rather than on store shelves where they could create revenue. "It is not glamorous," said Bill Simon, an executive vice president at Wal-Mart. "It's pennies at a time."

Wal-Mart said that by covering one-fifth of the generic drugs it prescribes at its more than 3,000 United States pharmacies, the new program would make it possible for thousands of people to buy drugs they either cannot afford or currently ration, sometimes by cutting pills in half, to cut costs.

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Under the plan, which will begin in the Tampa, Fla., area — and the company says will eventually expand to the rest of the country beginning next year — the $4 fee charged by Wal-Mart will be paid by a combination of consumers, insurance companies and the federal government, depending on a person's health coverage. On average, generic drugs are now sold at retail for $10 to $30 for a 30-day supply.

An insured customer will not pay more than $4, no matter what the co-payment is, the company said. Wal-Mart would bill the insurer for the difference if the co-payment was below $4. Customers whose co-payment is above $4 are unlikely to use insurance, but pay for the drug out of pocket. Where required, Medicaid users would still pay a small co-payment for a prescription drug, with the government billed the balance. In the past, Wal-Mart might have billed the government significantly more than $4 for a generic drug. "It's a tremendous savings for state Medicaid," said Mr. Simon, the Wal-Mart executive.

But Christa Calamas, secretary of the Florida Agency for Health Care Administration, said the state would probably save money only on those Medicaid consumers who already fill prescriptions at Wal-Mart. Since most Florida Medicaid users pay nothing for their prescriptions, they are likely to choose convenient pharmacy locations over lower prices, experts said.

Wal-Mart said it would not lose money on the low-cost generic drugs — and, in fact, several industry analysts predicted the company's pharmacy business would benefit from the new plan. Unlike CVS or Walgreen, which rely on prescription sales for most of their revenues, Wal-Mart's pharmacy business represents less than 10 percent of its total revenue and the company has identified it as an area that needs improvement.

By luring customers of all incomes into the store at least once a month to fill generic drug prescriptions, Wal-Mart could increase overall pharmacy and store sales, these analysts said.

Health care analysts were quick to point out that Wal-Mart has carefully chosen which drugs it will cover — 300 out of roughly 11,000 generic drugs available. Moreover, it is not offering some expensive drugs, like any of the cholesterol-lowering statins, at the $4 price. And some of the drugs covered, like generic ibuprofen, cost very little and may be currently available for less than $4. "They are not losing money on all these products," said Ms. Wilson, the health care consultant.

But she praised Wal-Mart for bringing attention to the cost savings available from generic drugs, which are significantly less expensive than their branded counterparts. Wal-Mart could also introduce much greater competition to the marketplace by pushing the concept of discounts into what has traditionally been an inefficient market. "People will begin to compare prices," she said.

Wal-Mart has come under fierce attack for its employee health benefits; critics contend the benefits are too costly, given the typical Wal-Mart worker's wages, and frequently force employees to rely on state programs or forgo coverage altogether. With the lower generic drug prices, which apply to its workers as well as customers, the company appears to be trying to address those concerns.

Still, critics say this plan does little to confront the high costs of health care for the uninsured, including Wal-Mart employees, since they still face the expense of going to a doctor to get a prescription, for example. While the plan is a good first step, "it is clearly as much a public relations effort as a substantive change," said Ron Pollack, the executive director of Families USA, a Washington consumer group that has often criticized Wal-Mart's health care offerings.

Wal-Mart's chief executive, H. Lee Scott Jr., said that "competition and market forces have been absent from our health care system, and that has hurt working families tremendously." The company, he added, is "excited to take the lead in doing what we do best — driving costs out of the system — and passing those savings to our customers and associates," as Wal-Mart refers to its employees.

'We're OK,' Despite Drop In Factory Activity (USAT)

By Barbara Hagenbaugh And Adam Shell

USA Today, September 22, 2006

Economic jitters grew Thursday after a report showing a decline in factory activity in part of the USA became the latest piece of data to suggest the slowdown in the economy may be sharper than initially thought.

But although the economic fears sparked a sell-off on Wall Street, some economists said it is too early to panic.

"I don't see broad enough signs to indicate that the economy is really grinding to a halt," PNC Financial Services chief economist Stuart Hoffman says.

Manufacturing activity — which includes production, jobs and orders — in the Philadelphia area fell in September, the Federal Reserve Bank of Philadelphia said. The Fed bank's index of conditions in the area, considered representative of U.S. factories, fell to -0.4 this month from an 18.5 reading in August.

Numbers below zero point to a decline in activity, while those above suggest growth. It was the first time the index was below zero since April 2003, when the start of the Iraq war shook business and consumer confidence. Orders and shipments and expectations of activity six months from now all deteriorated this month, the Philadelphia Fed said.

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Wall Street reacted negatively. The Dow Jones industrial average fell 79.96 points to 11,533.23, derailing its run at a record high. The blue-chip index is now 189.75 points away from its 2000 peak.

"The Philly Fed report is a harbinger of things to come," says Stuart Schweitzer, global markets strategist at JPMorgan Asset & Wealth Management. "The developing slowdown may have further to go."

A rally in the bond market confirmed stock investors' fears, as the yield on the 10-year Treasury note, which moves in the opposite direction from prices, fell to 4.64%, its lowest since March 2. Investors tend to seek the safety of bonds when the economic outlook dims, pushing bond prices up and yields down.

Other recent data, particularly reports on housing, have come in much softer than expected, adding to economic jitters.

But Putnam chief economist David Kelly says the economy has a number of things going for it: Commercial construction is picking up, helping to absorb workers losing their housing jobs; the global economy is expanding strongly, providing a boost to U.S. exports; and falling energy prices are giving consumers and businesses more money to spend in other parts of the economy.

Such positives will keep the economy growing and out of recession territory, he says.

"We're OK," Kelly says.

Philadelphia Fed Posts Sharp Drop In Output Gauge (WSJ)

By Rafael Gerena-morales And Michael S. Derby

The Wall Street Journal, September 22, 2006

An index designed to measure manufacturing activity in the Mid-Atlantic states plunged in September, upsetting financial markets and raising concerns that the slowing housing market could be sapping the economy's strength at a faster pace than previously thought.

The Federal Reserve Bank of Philadelphia said that its business conditions index, a gauge of the regional manufacturing sector's health, fell to a reading of negative 0.4 in September, compared with 18.5 in August. The September reading was the first negative reading since April 2003. Economists had expected the index to register 15 in September. Negative readings denote contraction.

The change in the Philadelphia index was so striking that financial markets reacted swiftly. Stock prices and the dollar sank while bond prices -- which tend to benefit from negative economic news -- rallied. The Dow Jones Industrial Average fell more than 50 points following the noon release of the report and ended the day at 11533.23, down 79.96, or 0.69%.

The Philadelphia index's weak showing "could mark the first real hard evidence that the infection from the [national] housing slump is spreading into a broader economic malaise," said Richard Iley, a senior U.S. economist with BNP Paribas in New York.

The Philadelphia Fed report is widely viewed as a proxy for national manufacturing trends, and as such its decline raises questions about the health of the broader factory sector. "Generally, the Philly data [report] has the best correlation with industrial production of all the regional indexes, so [it] needs to be treated seriously," said Alan Ruskin, a strategist with RBS Greenwich in Greenwich, Conn.

The report covers business conditions in eastern Pennsylvania, southern New Jersey, and Delaware.

Meanwhile, The Conference Board issued a separate economic report that also signaled the economy is headed toward slower growth for the remainder of the year. It reported that its composite index of leading indicators -- which attempts to forecast economic activity as much as six months into the future -- fell 0.2% in August to a reading of 137.6, following the same decline in July. The Conference Board, a nonprofit business research group, noted that the leading index has now fallen in five of the last eight months. Three of the 10 factors making up the leading index rose in August, led by stock prices and money supply. The biggest negatives were consumer expectations and building permits.

"The economy is going to remain slow" and it's likely there will be "continued modest growth this autumn" and beyond, said Ken Goldstein, a Conference Board economist. The economy, as measured by changes in inflation-adjusted gross domestic product, grew at a seasonally adjusted annual rate of 5.6% in the first quarter and slowed to 2.9% in the second quarter. The consensus estimate of economists surveyed last month by The Wall Street Journal Online calls for annualized growth to slow slightly further to 2.8% during the third quarter, which ends this month. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27.

Separately, the Labor Department reported that initial jobless claims increased a seasonally adjusted 7,000 to 318,000 in the week ending Sept. 16. The four-week moving average of new claims, which economists use to gauge underlying labor-market trends, was unchanged at 315,000.

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Investors Finally Break From Calm; Dow Drops 79.96 (WSJ)

By Michael Hudson And Serena Ng

The Wall Street Journal, September 22, 2006

Investors had been taking bad news in stride lately -- big troubles at a large hedge fund, political turmoil in Thailand and Hungary, a weakening U.S. housing market -- as they pushed the Dow Jones Industrial Average near a record high.

A semiobscure economic report changed that yesterday.

The Dow fell 79.96 points, or 0.69%, to 11533.23, its largest one-day decline since early August. At one point yesterday afternoon it was down more than 100 points but rallied late in the day. The tech-stock-heavy Nasdaq Composite Index dropped 15.14 points, or 0.67%, to 2237.75. The Standard & Poor's 500 index fell 7.15 points, or 0.54%, to 1318.03.

Meanwhile, Treasury bonds, a haven for worried investors, rallied. The benchmark 10-year note rose 23/32, or $7.19 for every $1,000 invested, sending its yield down to 4.644%, the lowest level since mid-March.

The catalyst for the selloff in stocks was a report by the Federal Reserve Bank of Philadelphia, which showed business in Mid-Atlantic states was softer than many investors had anticipated. Though it covers a narrow slice of the economy, the Philadelphia Fed index sometimes grabs the attention of investors because it is one of the earliest reads available on monthly economic activity.

"The soft Philly Fed numbers rocked the market, and there's a bit of a flight to quality into bonds," said Brian Williamson, a stock trader at Boston Company Asset Management.

The market's sharp reaction to the report marked a notable about-face from recent activity. The Dow began the day just 110 points from its record close of 11722.98, set in January 2000. That mark seemed attainable. Meanwhile, an array of risk measurements in the market had been remarkably stable, despite news about huge losses at hedge fund Amaranth Advisors and the military overthrow of Thailand's government.

For instance, the Chicago Board Options Exchange "VIX" index -- which measures how much investors are willing to pay for options that protect them from market volatility -- has declined for much of the month, though it rose yesterday. That is a sign that investors have been calm but might be changing their view.

Bond-market indicators have been sending similar signals. Turmoil abroad often raises the interest rate of debt in other countries relative to the interest rate on U.S. bonds. This difference in interest rates is known in the markets as a "spread" and reflects the risk of these assets compared with Treasurys. Despite Tuesday's coup in Thailand and protests in Hungary, the "spread" on emerging-market bonds has remained relatively stable at less than two percentage points above Treasurys.

The spreads rose to 1.96 percentage points on Thursday, from 1.83 the day before, according to a Merrill Lynch index.

"A few years back, this would be just the kind of political risk that would have driven investors out of the markets entirely," said Raja Visweswaran, a credit strategist at Bank of America in London. The lack of a "contagion" effect from events in Russia, Thailand and Hungary, he said, shows how emerging markets have matured.

In the junk-bond market, the riskiest slice of the corporate-bond world, spreads were at 3.48 percentage points over Treasurys, up from 3.33 percentage points last week but down from 3.73 percentage points at the beginning of the year.

Yesterday's activity suggested that a U.S. economic slowdown could be a bigger obstacle for the markets than these other events.

"That Philadelphia Fed survey took people a bit by surprise and just added to the general air of 'This economy is going down faster than we thought,' " said Standard & Poor's economist David Wyss.

Coupled with a housing market that is also slowing progressively, investors took advantage of the news to take profit on stocks and to move into bonds. Bond traders said expectations are emerging that the Fed, which left interest rates untouched after its policy-making meeting this week, may change course and cut rates as early as the first quarter of 2007.

The latest economic data "points to an economy that is really slowing down, meaning that the Fed may cut rates sooner rather than later," said Rick Klingman, head of Treasury trading at ABN Amro in New York. He said bond investors, "are showing no hesitation in buying now." Yields on most Treasury bills, notes and bonds are well below the current federal-funds rate of 5.25%.

In major market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.59 billion shares, as 1,374 stocks advanced and 1,944 fell.

Oil prices rose. Futures, which had briefly slipped below $60 a barrel on Wednesday, rose 85 cents, or 1.4%, to $61.59 on the New York Mercantile Exchange.

Bond prices gained. The 10-year note rose 23/32, or $7.19 for every $1,000 invested, to yield 4.644%. The 30-year bond rose 1 1/32 to yield 4.780%.

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The dollar weakened. Against the Japanese currency, the dollar fell to 116.31 yen from 117.45 yen. The euro rose to $1.2792 from $1.2687.

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Signs Of Slowing Economy Slam Stocks (USAT/BLOOM)

USA Today, September 22, 2006

Stocks fell Thursday, sending the Dow Jones industrial average to its biggest loss in six weeks, as an unexpected decline in a gauge of Philadelphia-area manufacturing suggested economic growth is weakening.

Stocks retreated in afternoon trading after the Federal Reserve Bank of Philadelphia's index shrank for the first time in three years. Earlier, the Conference Board's index of leading indicators showed that an economic slump may extend into next year (story, 1B).

The Dow retreated 79.96 points to 11,533.23, the worst decline since Aug. 9. The Standard & Poor's 500 slid 7.15 points to 1318.03. The Nasdaq composite index slid 15.14 points to 2237.75.

Stocks were within striking distance of setting new highs before the reversal. The Dow now is about 190 points away from a record following oil's decline to $60 a barrel and the Fed's decision Wednesday to leave borrowing costs unchanged for a second month after 17 consecutive increases.

“Investors are beginning to say, ‘Holy cow, this is really a slowdown,' ” says Barry Ritholtz, chief investment officer of Ritholtz Capital Partners in New York, which manages about $100 million. “That's bad for earnings growth and stocks.”

While the Fed didn't clarify whether it will continue to refrain from raising rates after pausing Wednesday, signs the economy is slowing may leave it little choice. The Philadelphia Fed's general economic index declined to minus 0.4 from August's 18.5, which was the highest in 16 months. Readings below zero signal contraction.

“Investors are growing more concerned about the economy than the Fed,” Francois Trahan, strategist at Bear, Stearns, wrote in a note released Wednesday.

Americans Remain Sour On Situation In Iraq (WSJ)

The Wall Street Journal, September 22, 2006

President Bush's job-approval numbers have rebounded a bit since he made a series of speeches making the case for a strong U.S. role in Iraq. But a new poll from Harris Interactive shows that Americans remain very sour on the war itself and the U.S.'s chances of success -- and remain uncertain over the whether the U.S. was right to go to war in the first place.

Harris found 61% of those polled aren't confident that U.S. policies in Iraq will be successful, vs. 20% who are confident of success. Republicans respondents showed the most confidence in the Iraq effort, with 45% seeing success, compared with 14% of independents and just 6% of Democrats.

Meanwhile, Mr. Bush's job rating on his handling of Iraq runs two-to-one negative overall. But at 64% negative to 32% positive, Mr. Bush has recovered from his ratings in May, when 68% were in the negative column vs. 29% in the positive column. In this series, Mr. Bush's positive rating peaked in April 2003 at 67%.

Harris found 44% believe it was "the wrong thing" to take military action against Iraq, vs. 39% who believe it was the "right thing" to do. However, 17% aren't sure whether it was right or wrong. That compares with 47% in the "wrong" column and 38% in the "right" column and 15% "not sure" in the May Harris survey.

The nationwide survey 2,747 adults was conducted online by Harris Interactive between Sept. 7 and Sept. 13.

Subtle Shift (WSJ)

By Jeanne Cummings

The Wall Street Journal, September 22, 2006

WASHINGTON -- Freshman Democratic Rep. Melissa Bean of Illinois is facing the Republican Party machine in her re-election bid. Vice President Dick Cheney and House Speaker Dennis Hastert have headlined money-raising events for her opponent. The National Republican Congressional Committee has budgeted $1.5 million to attack her.

But Ms. Bean has won an unexpected ally with clout to counter the Republican heavyweights: the U.S. Chamber of Commerce. Usually a stalwart of Republicans, the chamber has run about $700,000 in advertisements defending the Democrat and plans to help get out the pro-business vote for her in the fall.

Ms. Bean is among more than a dozen Democrats in key races across the country that the chamber is backing this year. Half of them also have benefited from the chamber's first-ever television ads for Democrats. Partly, the organization is rewarding these Democrats for votes in favor of free trade and other issues it holds dear. It also is sensing possible Republican defeats in

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congressional elections on Nov. 7, and is hedging its bets by spreading some of the organization's wealth to the other side of the aisle.

The chamber's move mirrors a subtle but significant shift across the business community, which has begun anticipating that the Republican majorities in Congress could shrink, if not collapse. Washington lobbying firms are balancing their Republican rosters with Democratic hires, and some companies are injecting more bipartisanship in their campaign giving.

According to campaign disclosure reports through June, half of the 10 biggest Republican givers in 2004 are sending a bigger portion of their dollars to Democrats than in past campaigns. In that period, Wal-Mart Stores Inc., of Bentonville, Ark., gave 68% of its donations to Republicans this year, down from 78% over the entire 2004 election cycle. Republican candidates received 64% of the donations from Memphis, Tenn., delivery concern FedEx Corp., compared with 70% over the whole election period two years ago.

The changes also point to an emerging rift between the Republican Party's business and social-conservative constituencies, as their interests clash over some hot-button issues. In Missouri, for example, some Republican businessmen are donating to Democrat Claire McCaskill in her challenge to incumbent Republican Sen. Jim Talent, largely because Mr. Talent opposes embryonic stem-cell research.

The U.S. Chamber of Commerce is the strongest single business voice in Washington, representing thousands of trade associations and three million large and small businesses. It is the top spender on lobbying in Washington and is expected to spend $40 million on state and federal races this year. Employing an army of 36 full-time lobbyists, the chamber often takes the lead on major political issues close to the business community's heart. Its legal arm supports campaigns against elected judges perceived as unfriendly to business interests.

The chamber has backed Democrats before. But this year it is endorsing 14, up from nine in 2002, and is aiding several Democrats especially targeted by Republicans. Besides running TV ads for Democrats for the first time, the chamber chose not to attack Democrats in its ads for Republicans. That is in stark contrast to some slash-and-burn chamber-produced spots in 2004, which helped defeat Tom Daschle, then the Democratic Senate Majority Leader, in South Dakota and restore the Senate to Republican control.

The vast majority of the chamber's election efforts are still helping Republicans. But it has pushed $1.8 million of its $10 million television budget to Democrats. The move comes even though the current Congress is viewed as one of the most pro-business in decades. Tax cuts, energy legislation, trade bills and pension reform -- all longstanding priorities for much of the corporate community -- all have become law under its watch.

"Moving our agenda forward is not just about now and Nov. 7. It's about moving our agenda forward in the 110th Congress," says Bill Miller, a 43-year-old former Republican congressional aide who became director of the chamber's political program in 2002.

The chamber's decision is significant because the Republicans are struggling to maintain their grip on power. Democrats need just a handful of seats to win majorities in both houses of Congress. Illinois Republican Chairman Andy McKenna met with Mr. Miller this year to try to convince him not to back Ms. Bean. "It's hard to imagine that supporting her supports their overall agenda," he says. "It seems they've compromised themselves." North Carolina Sen. Elizabeth Dole, who heads the Republican Senate re-election committee, deadpans: "I'd rather they spend the money on Republicans."

Gerald L. Shaheen, the chamber's board chairman and a group president at Caterpillar Inc., of Peoria, Ill., acknowledges the chamber has faced pressure to stay the Republican course. But, he says, "We have to advocate for the business agenda. We'll take help wherever we can get it."

The Democrats that Mr. Miller decided to support either have a business background or are incumbents who have shown a willingness to break from their party leaders to back chamber priorities. Texas Rep. Chet Edwards became one of them, even though the chamber worked to defeat him two years ago. Mr. Edwards invited Mr. Miller to coffee on Capitol Hill in an effort to win him over.

In the past two years, Mr. Edwards had voted for overhauling bankruptcy rules, the White House's energy bill and legislation making it easier for small businesses to buy health insurance -- all chamber priorities. Meanwhile, his new Republican opponent, political newcomer Van Taylor, didn't have the strong pro-business record of Mr. Edwards's 2004 challenger. This summer the eight-term Congressman wound up with his first chamber endorsement. "I'm thrilled," Mr. Edwards says. "It raises a real credibility problem when a challenger is trying to call me a liberal Democrat."

In Nebraska, the chamber was one of the first national organizations to endorse freshman Democratic Sen. Ben Nelson, a leading champion of small-business health-insurance relief. That hurt Republicans' hopes of recruiting a formidable challenger in the strongly Republican state. "We have no credibility if we don't stick to what we believe and support the people who show up on tough votes," says chamber President Tom Donohue. "I've heard a lot of complaining from some of my friends out there, but some of these guys have better voting records than some Republicans."

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In some cases, the chamber is supporting business-friendly Democrats or Republicans against rivals in their own party, especially in districts where primaries usually decide who will win the general election.

At a recent chamber meeting, Peter Lawson, the group's director of congressional and public affairs, was surprised to learn Mr. Miller planned to weigh into Hawaii's Democratic primary for Senate, which is tomorrow. Mr. Miller is backing challenger Rep. Ed Case against Sen. Daniel Akaka -- the incumbent Democrat, and Mr. Lawson's next-door neighbor. "Look, this really isn't a good idea," Mr. Lawson recalls saying.

Mr. Case had backed small-business health insurance, limiting class-action lawsuits and making the bankruptcy code friendlier to creditors. Mr. Akaka, like most Democrats, voted against those measures. Mr. Lawson, resigned to the decision, broke the news to Mr. Akaka personally when, while walking his dog, he bumped into the senator. He ended up writing Mr. Akaka a personal $250 check for his campaign.

In March, the chamber backed Texas Democratic Rep. Henry Cuellar, a supporter of free trade, in his primary victory over former Democratic Rep. Ciro Rodriguez, who was supported by MoveOn.org, a liberal online group. Mr. Miller tried to keep the chamber's profile low, sticking to a voter-turnout effort in the belief that a television ad war between the chamber and MoveOn would hurt his candidate with Democratic primary voters. Mr. Rodriguez thinks the chamber's effort helped Mr. Cuellar prevail. "They raised a good bit of money for him," he said.

The chamber's heightened interest in Democrats has created some challenges. To produce its first Democratic TV ads, the chamber had to hire a Democratic specialist, Mullen & Co. Erick Mullen, the company's founder, calls the chamber's increased bipartisanship "sound business practice."

At the chamber's headquarters across the street from the White House, Mr. Miller last month gathered aides to hammer out what topics they would highlight in the new TV ads. For each of four issues -- energy, a prescription-drug plan for seniors, small-business health insurance and limiting medical malpractice lawsuits -- Mr. Miller would match the issue to a Democratic candidate.

They decided to create a more-customized ad for Sen. Joe Lieberman, who was defeated in the Democratic primary last month and is running as an Independent. Sen. Lieberman supported the energy bill, a vote his opponent argues shows he is too close to President Bush. Matt Haller, who manages the chamber's political team, suggested a special ad in which members of the Connecticut chamber tout Mr. Lieberman's independence.

Carol Wallace, a Republican and chief executive officer of Cooper Atkins Corp., a small Middlefield, Conn., business that makes cooking thermometers, appeared in the ad. Businesses "are looking for a more-centrist and consensus and collaborative Congress to be able to move things forward," she said in an interview.

In some cases the chamber's more bipartisan posture has come as a relief to local and state chamber officials and business leaders. Robert Batt, executive vice president of Nebraska Furniture Mart, stood beside Mr. Miller when he swept into the state to endorse Sen. Nelson. A registered Independent, Mr. Batt said partisan attacks "don't play well here. We think of it more as the person."

In Illinois, business supporters of Ms. Bean, the freshman House Democrat targeted by the Republican leadership, have felt heat. Bill Little, a chamber board member and chief executive officer of Quam-Nichols Co., an industrial audio maker in Chicago, says his personal backing of her has "required explanation a couple of times" among his Republican friends.

For Republicans in Washington, defeating Ms. Bean represents an opportunity to recapture a seat held by their party for 70 years. The founder of a high-technology consulting firm, Ms. Bean two years ago knocked off 18-term incumbent Republican Rep. Phil Crane in the suburban Chicago seat. Then last summer, she joined only 15 other Democrats to vote in favor of the Central American Free Trade Act.

Labor unions protested outside her office. The Northeastern Illinois Federation of Labor Council promptly canceled its plan to award her a "Person of the Year" honor. Bill Scheurer, a Democrat, will run as an Independent in November, which could split the Democratic vote. Buoyed by that prospect, House leaders have requested Republican congressmen to give $1,000 to $5,000 to former investment banker David Sweeney, the socially conservative Republican challenger.

Early last month, Melanie Bassett of the chamber's Chicago office stood among 100 local business leaders in Schaumburg, Ill., to endorse Ms. Bean for her 73% voting record on chamber priorities. Mr. Miller launched two rounds of TV commercials. Ms. Bean believes the business backing makes it harder for a Republican to attack her. As for the chamber's hefty spending on ads for her in the expensive Chicago market, she says, "That doesn't hurt at all."

Democrat Optimistic In Washington (WT)

By Christina Bellantoni

The Washington Times, September 22, 2006

DOJ_NMG_0067502

BELLEVUE, Wash. -- Washington's 8th Congressional District is emblematic of this year's battle for Congress, with Democrats working their hardest to link Republicans in power to President Bush.

Darcy Burner says her chances of ousting freshman Rep. Dave Reichert -- and giving the Democrats a seat in their bid to recapture the House -- are good because state residents are weary of the president.

"George Bush has taken this country in the wrong direction, and Congress has an obligation to stand up to him and fight for the people of this district," Mrs. Burner said.

Mr. Reichert is one of the Republican centrists in Congress and reminds voters at every opportunity that he is not afraid to be an independent voice for their needs.

"He has bucked the party and leadership many times, which is no small feat for a freshman," said Carol Beaudu, Mr. Reichert's campaign spokeswoman.

For example, he voted to overturn Mr. Bush's veto of a bill authorizing embryonic-stem-cell research and has opposed drilling in the Arctic National Wildlife Refuge in Alaska.

Mr. Bush, Vice President Dick Cheney, House Speaker J. Dennis Hastert of Illinois and many other top Republicans have come to the state to campaign for Mr. Reichert, making him an easy target for Democrats who call him "rubber-stamp Reichert."

When White House strategist Karl Rove visited on behalf of Mr. Reichert last Friday, Mrs. Burner received more than $50,000 in an online counter-fundraiser.

Sen. Maria Cantwell, a Washington Democrat facing her own re-election campaign, hosted the online drive, calling the race one of the country's most "hotly contested."

"There's a major political upset in the making here in Washington state, one that could tilt the balance of power in Congress to the Democrats," Miss Cantwell told supporters.

"They know they can't afford to lose this seat, and they are pulling out all the stops: George Bush has been here, Dick Cheney has been here, and now it's Karl Rove's turn."

Mrs. Burner isn't shy about tying Mr. Reichert to the president, and said she was not surprised to see the race generate national attention.

"We've been working hard to make it that," she said. "About nine times out of every 10, when the president tells him to do something, he gets in line and says, 'Yes, sir.'"

Mrs. Burner, 35, is a former Microsoft executive and mother to a toddler. She was raised in a Republican military family and is married to a veteran who served in Iraq. She has never run for political office.

She said Republicans have lost the ideals for which they once stood, such as fiscal responsibility.

Mr. Reichert, 56, a former sheriff who was in the Air Force Reserve, says on his Web site that he is a man of integrity who "transcends partisanship."

Mr. Reichert garnered 52 percent of the vote when he won the open seat in 2004. His strengths are his independence and his role as chairman of the Homeland Security subcommittee on emergency preparedness, science and technology, Miss Beaudu said.

He authored the 21st Century Emergency Communications Act, which passed earlier this year by a vote of 414-2.

"The biggest issue is our security and our preparedness, and that's what's the congressman is campaigning on," she said, noting that the state is one of the closest to North Korea. "People know him and trust him."

Miss Beaudu cited an August poll showing Mr. Reichert winning by a large margin, while the Burner campaign references a poll from two weeks ago showing the Democrat with a three-point lead over the incumbent.

Each candidate has raised more than $1 million in the race, which has made the "battleground" lists used by both parties, but only Mrs. Burner is running television ads so far.

Black Republicans Run Racially Tinged Ad (AP)

By Kristen Wyatt

AP, September 22, 2006

A national black Republican group is running a radio advertisement accusing Democrats of starting the Ku Klux Klan and saying the Rev. Martin Luther King Jr. was a Republican, a claim challenged by civil-rights researchers.

Lt. Gov. Michael Steele, the black Republican nominee for Maryland's open Senate seat, disavowed the ad Thursday as "insulting to Marylanders". He said his campaign asked the Washington-based National Black Republican Association to stop running it.

At an event in Baltimore, Steele said, "I don't know exactly what the intent of the ad was" but that "it's not helpful to the public discourse."

The ad does not mention Steele or his Democratic opponent, Rep. Ben Cardin.

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The association's president, Frances Rice, did not return calls for comment. The group, founded a year ago, promotes the GOP to black voters.

It was not immediately clear which radio stations were airing the 60-second ad or how long it had been running. The group's Web site announced the ad's release in a statement dated two weeks ago. The Washington Post reported Thursday that the ad was running on Baltimore stations.

The spot begins with one woman telling another, "Dr. King was a real man. You know he was a Republican."

Steve Klein, a senior researcher with the Atlanta-based King Center, said Thursday that King never endorsed candidates from either party.

"I think it's highly inaccurate to say he was a Republican because there's really no evidence," Klein said.

A King biographer, Taylor Branch, also said Thursday that King was nonpartisan.

In the ad, the woman goes on to say, "Democrats passed those black codes and Jim Crow laws. Democrats started the Ku Klux Klan." Her companion replies, "The Klan? White hoods and sheets?"

The KKK, never a political party, was a racist group of white men that started in the South after the Civil War, when Republicans were almost unheard of in former Confederate states. The mainstream Democratic Party never endorsed the Klan nor claimed to have founded it.

The first woman also says, "Democrats fought all civil rights legislation from the 1860s to the 1960s. Democrats released those vicious dogs and fire hoses on blacks."

The ad asserts that "Democrats want to keep us poor while voting only Democrat" and, "Democrats want us to accept same-sex marriages, teen abortions without a parent's consent and suing the Boy Scouts for saying 'God' in their pledge."

About the GOP, the ad says: "Republicans freed us from slavery and put our right to vote in the Constitution."

The group running the ads describes itself on its Web site as "a resource for the black community on Republican ideals." It does not say how many members it has.

Race is a prominent theme in the Maryland race for the seat held by retiring Democrat Paul Sarbanes. Steele, the first black candidate elected statewide in Maryland, faces a white Democrat in a heavily Democratic state with the highest percentage of black residents — 29 percent — of any state outside the South.

Black Democrats Pledge Backing To Steele (WT)

By S.a. Miller

The Washington Times, September 22, 2006

BALTIMORE -- Prominent black Democrats yesterday bucked their party to support Lt. Gov. Michael S. Steele -- the Republican nominee in Maryland's U.S. Senate race.

"Like so many people who have come out today, I'm sick and tired of being taken for granted by the Democratic Party," said William H. "Billy" Murphy Jr., a Baltimore civil rights lawyer who hosted the "Steele Democrats" event at the Eubie Blake National Jazz Institute and Cultural Center.

"I'm sick and tired of being relied upon for support but not respected as a leader," Mr. Murphy said. "It pains me that I would stand here ... today in rejection of my party's refusal to embrace us in its leadership. But I am happy to be doing that for Michael Steele."

A surprise for Mr. Steele came from the son of Kweisi Mfume, a past president of the National Association for the Advancement of Colored People who lost last week's Democratic primary to U.S. Rep. Benjamin L. Cardin.

Michael Mfume, a producer of the horror film "Ax 'Em" and an active supporter of his father's campaign, told reporters at the Eubie Blake center that he did not speak for his father.

"There is a saying by Billie Holiday. It goes: 'A mother may have. A poppa may have. But God bless a child that has its own,'" he said.

A spokeswoman for Kweisi Mfume said that he did not know about his son's plans to support Mr. Steele, who is the first black elected to statewide office in Maryland.

Kweisi Mfume, who voiced support for Mr. Cardin in his concession speech but has not actively campaigned for him, has said the Democratic "bosses" shunned his campaign in favor of Mr. Cardin's.

"This is nothing new," said Baltimore lawyer A. Dwight Pettit, a black Democrat at the Steele event.

He said that state party leaders rejected his run for Baltimore state's attorney in 1978 and his nomination for U.S. attorney by President Carter in 1976 in support of white candidates.

"We are on a national stage right now in Maryland to show that if the Republican Party reaches out to African-American communities, they are not foreclosed on immediately," he said. "The question is: What has the Democratic Party done for the African-American community?"

Mr. Steele said he wanted his campaign to bridge Maryland's racial and political divide.

"I decided I wanted this campaign to be about something positive and uplifting: empowerment, opportunity, ownership," he said. "That has not changed and that will not change."

The "Steele Democrats" event followed a rally Tuesday for Mr. Cardin in Baltimore, where both candidates are vying for Mfume supporters.

Mr. Cardin's event featured endorsements from elected black Democratic officials, many of whom backed Mr. Mfume in the primary.

Mr. Cardin, who is white, defeated Mr. Mfume 43.7 percent to 40.4 percent statewide.

But Mr. Cardin lost by tens of thousands of votes in Baltimore and Prince George's County, two of the state's most populated and heavily Democratic jurisdictions -- both more than 65 percent black.

Mr. Steele's potential to break the Democratic lock on black votes has made Maryland's Senate race one of the country's most closely watched campaigns and one of the most fiercely fought between the national parties.

Racial politics took center stage again yesterday, when Mr. Steele called on the Washington-based National Black Republican Association to pull a radio ad airing in Maryland that says Democrats started the Ku Klux Klan and says that Martin Luther King was a Republican, which some historians contest.

"It is creating a ripple of discontent, and that is not what I stand for," Mr. Steele said.

Cardin, Steele Issue Challenges For Debates (WT)

By Jon Ward

The Washington Times, September 22, 2006

BALTIMORE -- Rep. Benjamin L. Cardin yesterday criticized his Republican rival Lt. Gov. Michael S. Steele for ducking debates in the U.S. Senate race in Maryland.

But Mr. Steele and his campaign said Mr. Cardin is "playing games," and that his campaign manager won't return phone calls to set up a debate.

Yesterday morning, Mr. Cardin stood next to a table with two name cards on it, placed there by his staff, as he spoke to about 30 seniors at a retirement community in Catonsville. One card bore Mr. Cardin's name. The other Mr. Steele's.

"Where is Michael Steele? I wish he was here," Mr. Cardin, a Democrat, told his audience, which included some of the 2,000 residents at the Charlestown Retirement Community who watched on closed-circuit television.

Steele spokesman Doug Heye said that Ken Morley, Mr. Cardin's campaign manager, refuses to return a call from Mr. Steele's campaign manager, Michael Leavitt.

"We would like to have debates and start scheduling them. Unfortunately, Ben Cardin continues to play games," said Mr. Heye.

Mr. Cardin called that "an excuse."

The Cardin campaign has issued public challenges to Mr. Steele, the first black person elected to statewide office in Maryland, to debate Mr. Cardin at one of the 10-term congressman's previously scheduled campaign stops.

"The voters should have an opportunity to hear us in an unrehearsed, live setting, where voters can ask you questions, and you have to respond to those questions," Mr. Cardin said in an interview in Catonsville.

Mr. Cardin this week called for two debates a week until Election Day, which is Nov. 7.

So far, the two candidates are expected to meet Oct. 29 for a debate on NBC's "Meet the Press."

Mr. Leavitt called Mr. Morley about specifics for more debates, but Mr. Morley refused to respond, Mr. Heye said.

In a letter to Mr. Leavitt, Mr. Morley said, "With less than 50 days until the election, there is no time for a drawn out discussion process. Let's debate."

The letter, which was sent via e-mail at 4:16 p.m. Wednesday, challenged Mr. Steele to meet Mr. Cardin at the retirement community at 9 a.m. yesterday.

"If we wanted to do that too we could schedule a debate for when the House of Representatives has votes. But we're not doing that," Mr. Heye said.

Mr. Cardin said that his campaign has "been in constant contact with [the Steele campaign] to do whatever is reasonable in a debate forum."

But Mr. Cardin's spokesman, Oren Shur, refused to say whether campaign manager Mr. Morley had received a call from Mr. Leavitt or whether he had returned a call.

Mr. Shur said he is the contact person for scheduling debates and that he called the Steele campaign yesterday. Late in the day, Mr. Heye returned the call and invited the Cardin campaign to attend a meeting today, which he said would be attended by Steele staffers and representatives for Kevin Zeese, the Green Party candidate.

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Mr. Shur would not say whether Cardin representatives plan to attend the meeting.

Mr. Heye said the Cardin campaign's actions were simply trying to distract voters.

"They are doing whatever they can to distract from the fact that their campaign is clearly stumbling from their internal scandal, and from the fact that after outspending [Kweisi] Mfume 10-to-1, they limped to the nomination," he said.

Mr. Heye was referring to Mr. Cardin's victory last week in the Democratic primary, in which Mr. Cardin defeated Mr. Mfume, the former president of the National Association for the Advancement of Colored People. Mr. Cardin spent $2.9 million on television ads to Mr. Mfume's $300,000 but defeated Mr. Mfume by less than 3 percent.

The "scandal" to which Mr. Heye was referring was an online Web log written by a Cardin staffer that included racist and anti-Semitic comments.

The staffer, whom Mr. Cardin has refused to identify, was fired after The Washington Times first reported on the blog Sept. 15.

Top Republican Aids Lieberman Fundraiser (AP)

By Andrew Miga

AP, September 22, 2006

A prominent Republican who chairs I. Lewis "Scooter" Libby's legal defense fund co-hosted a fundraiser Wednesday for Sen. Joe Lieberman, who is running for re-election as an independent after losing the Democratic primary.

Mel Sembler, a former Republican National Committee finance committee chairman, helped organize a reception that raised about a "couple hundred thousand dollars" for Lieberman, who was in attendance. Sembler said the event at his firm's office in St. Petersburg, Fla., drew a mix of Republican, Democratic and independent donors.

"He's a man of principle," Sembler, a former ambassador to Italy and Australia, said of Lieberman in a telephone interview with The Associated Press on Thursday. "Everybody crossed party lines, that's what was interesting ... He's an excellent candidate. We're happy to support him."

Libby, Vice President Cheney's former chief of staff, was indicted last year on charges that he lied to FBI agents and a federal grand jury about how he learned CIA operative Valerie Plame's identity and when he subsequently told reporters.

Sembler, who is board chairman of the Sembler Company, a real estate and shopping center development company, said he has worked hard to raise money for Libby's legal defense fund.

"It's amazing to go to all this hard work when a crime never got committed," said Sembler, who also described himself as "dear friends" with Cheney.

The Libby defense fund's steering committee includes a few Democrats and several Republicans; Sembler is its chairman.

Sembler said the three-term Connecticut senator was supportive of him in 1989 when his nomination to be ambassador to Australia stalled in the Senate.

Sembler said he was bothered by what he termed distortions of Lieberman's record during the August primary, which upset him. That, coupled with Republican nominee Alan Schlesinger's low name recognition, persuaded him to back Lieberman financially in the general election.

Democrat Ned Lamont, an anti-war challenger, stunned Lieberman, the party's 2000 vice presidential nominee, in the Aug. 8 primary. Lieberman then embarked on an independent bid to hold his Senate seat.

Lieberman has stressed that he's reaching across the aisle for Republican votes. He's also reaching for GOP wallets.

Republican New York Mayor Michael Bloomberg plans to host a Nov. 1 fundraiser for Lieberman with former Democratic Mayor Ed Koch.

Bruce Bialosky, a longtime Republican fundraiser in California, said he's getting a strong response as he helps organize an Oct. 10 fundraiser in Los Angeles for Lieberman that also will be a bipartisan affair.

"It should be a smashing success," Bialosky said. "There are a lot of people across the country who are Republicans who are raising money for Joe."

Lieberman will need Republican and independent votes to prevail in November. One of his television ads shows him erasing a line between the words "Democrat" and "Republican" on a chalkboard.

Volatile Mix: Campaigning And Religions (NYT)

By Anne E. Kornblut

The New York Times, September 22, 2006

WASHINGTON, Sept. 21 — In one of the more awkward moments surrounding the disclosure of his Jewish heritage this week, Senator George Allen, Republican of Virginia, volunteered that his background had hardly inspired him to start keeping kosher.

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"I still had a ham sandwich for lunch," Mr. Allen told The Richmond Times-Dispatch, referring to rules against eating pork, "and my mother made great pork chops."

If Mr. Allen did not fully grasp the sensitivities at first, he did find himself in a growing group of political figures who have discovered their Jewish roots late in life.

The responses to his situation, which included bad ethnic humor and serious debates about denial and anti-Semitism, focused attention on the power of religious, ethnic and racial identities in politics, forces that may not have the power they once did. But those forces remain sufficiently alive that Gov. Mitt Romney of Massachusetts, a Mormon, will almost certainly face questions about his religion if he runs for the Republican presidential nomination.

Nowadays, political operatives say, what matters is not so much Mr. Allen's bloodlines but his handling of the news that his mother was born Jewish, a fact that both say she told him last month.

"People are always curious about the backgrounds and the attitudes that people bring into a race, and especially someone who has been touted as a potential presidential nominee," said Wesley K. Clark, a retired general and former Democratic presidential contender who learned at age 23 that his father was Jewish.

What may ultimately distinguish Mr. Allen from politicians like Madeleine K. Albright and Senator John Kerry, who both learned the full extent of their Jewish histories on the public stage, is the manner in which his narrative has unfolded. It is occupying a place in a campaign that has already left him on the defensive over racial sensitivity and his efforts to incorporate his newly discovered background into a political identity as a Christian conservative.

After initially sidestepping questions about his Jewish roots, Mr. Allen played them down and then had his campaign accuse his Democratic rival of anti-Semitism. Only on Wednesday did his mother confirm that she had hidden the family history from her son for decades.

Mr. Allen went on the offensive, declaring himself a champion for all minorities. "Now, it's personal," he said Thursday in an interview on CNN.

The development came on the heels of his "macaca" comment, a phrase he used to describe an Indian-American aide to his opponent that has become shorthand for the race and ethnicity problems that have plagued Mr. Allen's campaign for weeks.

Even some of his friends say that handled differently the news of his background could have developed into a sympathetic storyline.

Candidates like Mr. Kerry and Senator Hillary Rodham Clinton handled similar developments deftly enough to appeal to the Jewish community without, in the view of their supporters, appearing exploitative or abandoning the Christian traditions in which they were raised.

In Mrs. Clinton's Senate race in 2000, The Jewish Daily Forward reported that Mrs. Clinton's step-grandfather was Jewish.

For any Democrat in a similar spot, of course, the landscape is much less complicated. The Democratic Party has long been the predominant home for most religious and ethnic minorities, including Jews.

The situation is more complex for Mr. Allen.

William Kristol, editor of The Weekly Standard, a conservative publication, said the incident especially "struck a nerve with Jewish Republicans."

"It's simply the way he handled it," Mr. Kristol said.

But in a southern state that was once a slave state, where white voters are predominant and cultural and political conservatives are a majority, Mr. Allen has seemed to struggle to find the right words to address his newfound identity.

After initially responding defensively to a television news reporter who asked him directly on Monday about his Jewish ancestry and saying it was important not to make "aspersions about people because of their religious beliefs," Mr. Allen later said his objection was to a preceding question, about whether his mother had taught him the word "macaca."

By midweek, the campaign accused its Democratic opponent, James Webb, of using "anti-Jewish ploys." Mr. Allen's campaign issued statements saying that, among other things, Mr. Webb had approved a flier in his Senate primary that had anti-Semitic overtones, an accusation that Mr. Webb has denied.

On CNN, Mr. Allen spoke forcefully about combating discrimination, saying he had recommitted to fight for tolerance.

He also said his mother, after releasing him from a promise to keep the family secret, had started to find out who her real friends were. \

Democrats have, of course, taken delight in watching Mr. Allen confront another difficult episode.

A spokesman for Mr. Kerry said that the news "would be nothing more than a piece of trivia if it wasn't clear that George Allen is so uncomfortable with himself" and that the "Watergate principle" applied, with the cover-up worse than the news.

In an interview published on Thursday in The Washington Post, Mr. Allen's mother, whose unmarried name was Henriette Lumbroso, said she had kept the news from her son until a discussion after a report in The Forward about her family and its experience in Tunisia. She said her father had been imprisoned during the Nazi occupation of Tunis.

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On CNN, Mr. Allen recounted his mother's saying: "I didn't want to tell you. Do you love me? You won't love me as much." Mr. Allen said he responded, "I love you even more."

Kerry Urges Democrats To Fight Back (AP)

By Will Lester

AP, September 22, 2006

The Swift Boat Veterans for Truth group was Sen. John Kerry's albatross in 2004. Now, the Democrat is warning his party about suffering the same fate in a fundraising letter.

In 2004, the Swift Boat group, backed by Texas businessman Bob Perry, made unsubstantiated allegations about Kerry's Vietnam War heroism. The presidential nominee's slow and uncertain response is blamed for helping doom his White House bid.

This year, Perry has donated $5 million to the Economic Freedom Fund, a newly created California group, that is running ads, sending out mailings and using automated phone calls to criticize Democratic candidates in Georgia, West Virginia, Iowa and Indiana.

Kerry urges Democrats to fight back in a letter seeking funds for the Democratic Congressional Campaign Committee.

"Their first attack ads against Democratic House candidates are already on the air. They hope they've caught you sleeping. We have to respond quickly and in force," Kerry writes in an e-mail sent to tens of thousands of Democrats.

Kerry was widely criticized for his slow response to the Swift Boat attacks.

"You get knocked down and you can either get mad or you can get tougher," said Kerry spokesman David Wade. "Our battle cry is 'never again.'"

Since losing the White House in 2004, Kerry has raised more than $10 million for almost 200 candidates at the local, state and federal level, aides say. He is mentioned as a potential candidate in 2008.

Clear-Cut Race Shifting Into Texas-Size Free-for-All (NYT)

By Ralph Blumenthal

The New York Times, September 22, 2006

HOUSTON, Sept. 21 — Finally, in the race for governor of Texas, things are getting unclear. And all the more riveting.

Will President Bush's home state stay in the Republican column, where it has been since Mr. Bush won in an upset in 1994? Or will it fall to a Democrat or independent — even a cigar-toting country music satirist touting his political virginity and running on the slogan, "How hard could it be?"

Just a few months ago, the race appeared to be a fairly conventional if well-financed match between Gov. Rick Perry, a Republican, and the state comptroller, Carole Keeton Strayhorn, a former Republican running as an independent.

In the last few weeks, though, two other candidates have gained enough traction to make it a much wider race: the humorist Kinky Friedman and Chris Bell, a former Democratic congressman. A fifth candidate, James Werner, a Libertarian, could make the difference if the Nov. 7 election becomes a squeaker.

"It's gotten a lot murkier over the last couple of months," said Cal Jillson, a professor of political science at Southern Methodist University in Dallas and a leading authority on Texas politics.

Mired in low popularity ratings but with rivals dividing the opposition and strong backing from evangelicals, Governor Perry is still favored to win his quest to become the longest-serving chief executive in Texas history using a strategy of "running out the clock," Dr. Jillson said. Nonetheless, he cautioned that "the history of Texas is full of zany, crazy races and this could be one."

Voter disaffection is running high, fueled by anger over a long school-financing crisis, illegal immigration, a new business tax, rising crime, toll roads and the governor's plans for a vast foreign-built superhighway network that farmers and ranchers say would gobble up great swaths of Texas.

Mr. Perry, often accused of aloofness, has become the target not only of the left but also of the conservative right, blamed for rising state expenditures that both sides say have failed to remedy pressing state problems.

It is an environment in which the opposition has clearly thrived, and several statewide polls — though they use questionable and often unreliable methods — has driven a sense that the race has widened. None of the polls show Governor Perry getting much more than a third of the vote. The three other major candidates tend to fall in differing orders, depending on the poll, but each ranks in double-digit percentages in the various polls.

"This will be won by anyone getting 38 to 40 percent of the vote," Dr. Jillson said. With even 2 percent of the vote, Mr. Werner could pull enough from another candidate to make a difference, becoming the Ralph Nader of Texas, 2006.

"I would be pleased if I could cost any of my opponents the election," Mr. Werner said.

With the race in flux, the airwaves are full of television commercials; early ones showed Mr. Bell as a giant straddling the Alamo and Mr. Friedman at his animal rescue ranch in Kerrville comparing himself to the Good Shepherd.

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In recent days, the cash-starved and long-invisible Mr. Bell has been buoyed by the unexpected opening of checkbooks, as some big donors have reconsidered their judgment that he could not beat Mr. Perry. One new benefactor was Frederick M. Baron of Dallas, a wealthy asbestos lawyer and former president of the Association of Trial Lawyers of America, who spent several hours recently closeted with Mr. Bell, calling Democrats for donations. "I'm now convinced he could win," Mr. Baron said.

Mr. Friedman's campaign raked in $60,000 at a Houston steakhouse fund-raiser Sept. 5 led by the socialite Carolyn Farb and featuring the guitarist Billy F. Gibbons of the Texas band ZZ Top and Dick DeGuerin, the lead lawyer defending Tom DeLay against criminal campaign finance charges. Mr. Friedman will win, Mr. DeGuerin predicted, "and then he's going to make me attorney general."

Next week, Mr. Friedman plans to begin touring Texas college campuses with his political idol, Jesse Ventura, the wrestler and former Minnesota governor who waged the kind of independent campaign Mr. Friedman is emulating, to the point of hiring Mr. Ventura's former campaign manager, Dean Barkley. They hope to take advantage of the growing discontent among Texas voters.

"The peasants are angry," Mr. Barkley said. "They're sharpening their pitchforks."

But Mr. Friedman himself narrowly escaped an impaling two weeks ago after dismissing Hurricane Katrina evacuees still in Houston as "crack heads and thugs." The remark prompted Mr. Bell to suggest that "Kinky is taking sensitivity training from Mel Gibson."

This week, the freewheeling Mr. Friedman was confronted with a year-old interview in which he said of sexual predators, "Throw them in prison and throw away the key, and make them listen to a Negro talking to himself." His staff explained the remark as a line from one of Mr. Friedman's mystery novels and said he was often politically incorrect but never racist. On Thursday, bloggers seized on a 1980 comedy skit by Mr. Friedman in which he used a slur against blacks, prompting expressions of outrage by his rivals — another sign, his campaign said, of their desperation over his gains.

Mr. Friedman, 61, a humor columnist and longtime mainstay of a Western troupe called Kinky Friedman and the Texas Jewboys, has also suggested dividing the border, putting a Mexican general in charge of each segment and subtracting money from a large bank account every time an illegal immigrant crossed over.

For much of the summer, the race was widely seen as a struggle between Governor Perry and Ms. Strayhorn, both former Democrats. Ms. Strayhorn, 67, the mother of two former officials in the Bush administration — Scott McClellan, the White House spokesman, and Mark B. McClellan, the F.D.A. director and Medicare commissioner — was the first woman to be mayor of Austin, from 1977 to 1983. She switched to the Republican Party in 1986, before an unsuccessful race for Congress.

Mr. Perry, 56, a former Texas House member who switched to the Republican Party in 1989, was lieutenant governor in December 2000 when George W. Bush vacated the Statehouse, elevating Mr. Perry to governor. He won the post on his own in 2002. The two-term limit means no Texas governor has served more than 8 years; but if Mr. Perry wins in November and finishes out his term, he will have served 10.

With the race picking up, Mr. Perry, whose campaign turned away a reporter's request to accompany him on the hustings, spent several recent days visiting public schools to deliver checks for teacher merit bonuses, up to $2,800, and give children blue plastic bracelets stamped "Reach your goal — graduate." A recent survey by Education Week ranked Texas below average in high school graduation rates.

"We can't pay you enough, but we try," Mr. Perry told Monica Ferguson, a fourth-grade teacher at Oleson Elementary school in north Houston last week.

Ms. Strayhorn, who gave up any hope of challenging the governor in the Republican primary, has also been promising higher teacher pay, which has earned her endorsements from teacher unions. Education has been ignored in the state for too long, she has said on the stump, and students and teachers have seen no benefit from record state spending.

Mr. Bell, a former Houston councilman who filed an early ethics complaint against Mr. DeLay, the former House Republican leader, drew cheers at a recent Democratic forum by dismissing Mr. Perry and Ms. Strayhorn as "two sleeves of the same empty suit" and professing a lack of concern over their television campaigns. "Their problem is not that people don't know them," he said, "it's that they do."

At his Sept. 5 fund-raiser in Houston, Mr. Friedman, wearing his trademark black cowboy hat and clutching his ever-present unlit cigar, said he sensed victory.

"I can tell by the people who think we can't win," he said.

He thanked his donors — "it's been a financial pleasure" — and demanded refreshment: "The governor needs a drink!" he bellowed. "May I have a drink of Jameson's, please?"

Kinky Friedman Defends 1980 Racial Slur (AP)

By Kelley Shannon

DOJ_NMG_0067509

AP, September 22, 2006

Comedian and independent gubernatorial candidate Kinky Friedman on Thursday defended his use of a racial slur during a performance at Houston nightclub 26 years ago after an audio clip of the standup routine was posted on the Internet.

Friedman, 61, said he has tried to expose and lampoon racism, and was making fun of bigots when he used the n-word twice in a joke.

"They're attacking me for something that Richard Pryor did, that Lenny Bruce did, which is to have the freedom to poke fun at anybody that you want. The whole show is satirizing racism," Friedman said at a fundraiser in New York.

But State Rep. Garnet Coleman, former chairman of the Texas Legislative Black Caucus, said it was difficult to find the humor in his joke after his remarks about Katrina evacuees in Houston in which he referred to them as "crackheads and thugs."

Coleman said nobody would have scrutinized his 1980 joke before the comments about Katrina evacuees, most of whom are black.

"It makes it more relevant because people then look to see, is this part of your character," Coleman said. He said Friedman "needs to change his tune or get out of the race."

A staffer for Coleman posted the audio on the left-leaning political Web site Burnt Orange Report. Phillip Martin said he did the posting in his off time after getting it from an old fan of Friedman's.

Other Friedman comments criticized recently include a television interview from a year ago in which he said sexual predators should be thrown in prison "and make them listen to a Negro talking to himself," Friedman said. He also called "Negro" a "charming word."

Friedman's campaign has said the CNBC interview in which he made the "Negro" remark was a reference to a book he wrote in the 1980s.

Gov. Rick Perry, a Republican seeking re-election, Democratic candidate Chris Bell and independent candidate Carole Keeton Strayhorn said Friedman's language was unacceptable.

LETTERS (WSJ)

The Wall Street Journal, September 22, 2006

As Harvard Bows Out, Others Should Step In

Arthur C. Brooks's Sept. 14 editorial-page commentary "Early Admissions" has got it exactly right that Harvard's early-admissions reversal need not, and indeed ought not, discourage top-tier public universities from more aggressively marketing it. Public universities such as my own, the University of Michigan, now have an unparalleled opportunity to attract the best students from both the lowest and highest socio-economic tiers.

Our best in-state students most in need of an opportunity to attend college can, through early admissions, continue to have security about their academic future. And our best out-of-state students who are assured, but not guaranteed, access to an elite private institution can now better weigh the uncertainty of a private education against the certainty of a public one. Given the excess demand for admission to private universities, it is a wonder that all public universities don't ramp up early admissions in the wake of Harvard's decision.

Derek Collins
Department of Classical Studies
University of Michigan
Ann Arbor, Mich.

(The author is an associate professor of Greek and Latin, and serves on the College of LS&A's Advisory Board to the Office of Undergraduate Admissions at the University of Michigan.)

The reason "minorities and low-income applicants" do not "show up in the early admittance pool" is because the schools' financial aid decisions are made in April/May, not because minorities and low-income applicants do not have the motivation to "show up," as Mr. Brooks outrageously suggests.

My "low-income" three children applied to 10 schools each (talk about motivation!) and ended up going to the schools that provided them with the most financial aid and were the best fit for their academic credentials. But they didn't find out until May of the following year because it is not until that time that schools release their financial aid decisions. To suggest that low-income and minorities exhibit "suboptimal personal behaviors" is an expression of ignorance of how the other half lives.

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The early admission system may seem logical for students who are "positive" of their college decision; however I disagree with Arthur Brooks. To students, parents and college counselors, the early decision process appears flawless as it often allows them a better chance at gaining admission to their college of choice, typically one on their so-called "stretch" list. This process does not necessarily allocate students to the college that will suit them best.

As a white, private-school student in the Northeast, I like most of my fellow classmates had aspirations of attending only the most elite colleges. My hopes were dashed when I was rejected by all but my "safety school." Though I could not see it at the time, my admission to Hobart College was the single best thing that had happened to me in my life. There I was able to participate in sports, clubs and organizations that I would never had the opportunity to join had I gained admission to a school where I was accepted early under more favorable acceptance parameters.

Ryan C. Wilson
Boston

Unions Support Politicians Who Care About Workers

In your Sept. 19 editorial "Fun Union Facts" you continue your crusade against unions by picking and choosing facts so carefully that your page needs a "reader beware" sign.

Unions pool their resources through the AFL-CIO so working people's voices can be heard in the political and legislative process and to support one another in organizing; these are big budget items. At a time when median household income is sinking, 45 million Americans don't have health care and poverty is rising, we would be neglecting our duties if we didn't do everything possible to elect working-family-friendly candidates and pass laws that will improve workers' lives.

What the LM-2s [newly expanded disclosure reports for unions' budgets] label "representational activities" is not just for collective bargaining; it includes organizing, research and education, international work, training and more. And as an umbrella organization of unions, the AFL-CIO doesn't bargain any contracts at all; our member unions do.

Unions are now reporting more information than any other type of organization in the nation -- more than business, more than churches, more than non-profits. The AFL-CIO's LM-2 forms alone were 863 pages, and we're one of 5,000 national and local labor organizations required to turn in these forms.

John J. Sweeney
President
AFL-CIO
Washington

An Insufferable Smear Of Our Staff Officers

The Sept. 19 Letter to the Editor defending an academic physician who failed to disclose his financial ties ("Needless Furor Harms Outstanding Psychiatrist") is naïve and misguided. Particularly offensive is the allegation that staff members of the American College of Neuropsychopharmacology were responsible for the nondisclosure "due to a regrettable oversight at the level of administrative publication." To the contrary, the ACNP policy on disclosure explicitly requires that information on financial conflict of interest be included in the acknowledgements section of the manuscript at the time of submission. As lead author, Dr. Charles Nemeroff was required to conform to that policy. As editor in chief of the journal, he can't claim ignorance of the policy that he was being paid to enforce. To now have his supporters issue such a smear on ACNP's administration of the journal is insufferable. The responsibility was Dr. Nemeroff's and his alone.

Department of Psychiatry and Biobehavioral Sciences
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(Drs. Carroll and Rubin are Fellows of the American College of Neuropsychopharmacology.)

Tons of Animal Manure Are Public Health Threat

Marc Siegel nailed it ("Eat Your Spinach," editorial page, Sept. 18): E. coli is an intestinal bug and plants don't have intestines. Diseases that make their way to the human body via produce most likely came from contamination with farm animal fecal material.

In a single year in this country, our industrialized animal agriculture's intensive confinement system produces more than a billion tons of manure -- as heavy as 10,000 Nimitz-class aircraft carriers. Billions of farm animals are overcrowded in stressful, unsanitary sheds, pens, cages and stalls; no wonder we are increasingly plagued with infectious food-borne diseases. Animal factories are a public health threat. We shouldn't have to cook the crap out of our food.

Innovator Devises Way Around Electoral College (NYT)

By Rick Lyman

The New York Times, September 22, 2006

LOS ALTOS HILLS, Calif., Sept. 21 — In his early 20's, John R. Koza and fellow graduate students invented a brutally complicated board game based on the Electoral College that became a brief cult hit and recently fetched $100 for an antique version on eBay.

By his 30's, Dr. Koza was a co-inventor of the scratch-off lottery ticket and found it one of the few sure ways to find fortune with the lottery.

Now, a 63-year-old eminence among computer scientists who teaches genetic programming at Stanford, Dr. Koza has decided to top off things with an end run on the Constitution. He has concocted a plan for states to skirt the Electoral College system legally to insure the election of whichever presidential candidate receives the most votes nationwide.

"When people complain that it's an end run," Dr. Koza said, "I just tell them, 'Hey, an end run is a legal play in football.' "

The first fruit of his effort, a bill approved by the California legislature that would allocate the state's 55 electoral votes to the winner of the national popular vote, sits on Gov. Arnold Schwarzenegger's desk. The governor has to decide by Sept. 30 whether to sign it, a decision that may well determine whether Dr. Koza's scheme takes flight or becomes another relic in the history of efforts to kill the Electoral College.

"It would be a major development if California enacts this thing," said Tim Storey, an analyst for the National Conference of State Legislatures. "It will definitely transform it from a smoldering thing into a fire."

There have been many efforts over the decades to kill the Electoral College, the little-known and widely misunderstood body that actually elects the president based on the individual states that a candidate wins. Most recently, former Representative John B. Anderson of Illinois and former Senator Birch Bayh of Indiana spearheaded a drive, Fair Vote, for a constitutional amendment to abolish the Electoral College.

The brainstorm behind Dr. Koza's effort, led by a seven-month-old group, National Popular Vote, was to abandon that approach and focus on creating interstate compacts. Those are contracts that bind states over issues like nuclear waste and port authorities.

Dr. Koza's compact, if approved by enough legislatures, would commit a state's electors to vote for the candidate who wins the most national votes, even if the candidate loses in that state.

Robert Hardaway, a professor of law at the University of Denver who wrote "The Electoral College and the Constitution: The Case for Preserving Federalism" (1994), has counted 704 efforts to change or abolish the Electoral College. Most, he said, were ill advised, including this one.

"It's legal, but it would be a terrible idea," Professor Hardaway said. "Look at the trauma the country went through having a recount in Florida. Suppose what would happen, in the face of a close national election, if we had to have a recount in every little hamlet."

Dr. Koza, whose dissertation at the University of Michigan was titled "On Inducing a Nontrivial, Parsimonious Grammar for a Given Sample of Sentences," said the idea came to him in early 2004, although he and Barry Fadem did not go public with it until February. Working with state lotteries as chief executive of Scientific Games in Atlanta, he had learned how interstate compacts work. Multistate lotteries like Powerball are based on such compacts. What, he wondered, if a similar agreement bound states together to thwart the Electoral College?

"The bottom line is that the system has outlived its usefulness," said Assemblyman Thomas J. Umberg, the Anaheim Democrat who sponsored the bill here. "It's past time that Americans should elect their president by direct vote of the people."

Mr. Umberg and his staff met some of Mr. Schwarzenegger's top staff members on Wednesday and came away encouraged about the prospects of the legislation. Although they received no commitment, it was clear that the governor, a Republican, was seriously considering the question and had not made up his mind about it, Mr. Umberg said.

"It's anybody's guess which way he'll go," Assemblyman Chuck DeVore, an Irvine Republican who opposes the bill, said. "He's not your normal partisan politician."

National Popular Vote bills were proposed in six legislatures this year. California's was the only one to pass it, though the Colorado Senate voted for a version. The group has found sponsors for bills in 22 states next year.

"And we fully expect that by Jan. 1 we will be able to say that we have sponsors in all 50 states," said Mr. Fadem, an East Bay lawyer who specializes in referendums and initiatives and is president of National Popular Vote.

The goal is to create a snowball effect. The measures may be unlikely to pass in time for the 2008 presidential race, Mr. Fadem said, but the idea could find enough traction as an issue for candidates to address.

As attractive as it is to guarantee the White House to the winner of the national vote, Dr. Koza said, he has other goals in mind.

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"More important,'' he said, "is changing the way presidential campaigns are conducted in this country. Now, the candidates spend almost all of their time in a handful of battleground states like Ohio and Florida and ignore the rest of the country. This would force candidates to campaign nationally for every vote."

Mr. Storey said he remained skeptical that the idea would pass in enough legislatures to take effect. Almost certainly, he said, the states that are usually highly contested will oppose it, fearing the loss of attention and campaign spending. Also, Mr. Storey said, the battle might become partisan, as it did in California, where just one Republican legislator ended up supporting the bill.

Mr. DeVore said, "I just took a look at who was behind the movement, and they were left-wing partisans."

Dr. Koza acknowledged that he had been a Democratic elector, twice, and his living room is festooned with photographs of him beside former Vice President Al. Gore and former President Bill Clinton.

He insisted, however, that the movement was fundamentally nonpartisan, and he pointed to the many Republicans who had agreed to co-sponsor bills on his plan. In New York, five lawmakers, all Republican, sponsored the bill this year.

Jerry F. Hough, a professor of political science at Duke, said that he was "an enthusiastic supporter of a popular vote for president," but that he had problems with Dr. Koza's plan. Professor Hough said he would like runoff provisions, for instance.

He also agreed conservatives could see the effort as a liberal stealth move to regain lost power, comparing it to the Republicans' successful effort, after Franklin D. Roosevelt won four terms, to limit presidents to two.

"The two-term limit was clearly in the face of F.D.R.," Professor Hough said. "And I would say this is clearly in the face of Al Gore's loss in 2000."

States Spin Their Spare Stuff Into Gold (USAT)

By Ben Jones

USA Today, September 22, 2006

MADISON, Wis. — State governments are putting more of their surplus goods on sale rather than in the dump. That's giving bargain hunters the opportunity to pick up everything from computers and desks to a car crusher and a statue of Smokey Bear.

South Dakota unloaded the car crusher for $95,000 on the Internet, according to Rick Voorhes, the state's surplus property manager. Alabama got about $30 for the "life-size" Smokey Bear statue, says Shane Bailey, director of that state's surplus property agency.

The officials in charge of selling such items say tighter state budgets and a desire to reduce the amount of stuff deposited into landfills have bolstered their sales efforts.

"There has been a big push for it," says Dick Graves, president of the National Association of State Agencies for Surplus Property and director of federal and state surplus for Indiana.

"You need more money everywhere," Graves says. "There is wealth sitting here with some of this stuff."

At least 11 states, including Georgia, Arkansas, South Dakota, Washington and South Carolina, are using online auctions to sell surplus goods, according to a survey by the National Association of State Chief Administrators.

Tim Sell, who manages Wisconsin's sales, says state governments have long had surplus property on their hands. What has changed is how it's dealt with.

"In the past, normally good old boys were in the (surplus) department, and nobody cared as long as it disappeared," Sell says. "Now people's taxes are going up, and people want more accountability on these things. (People say) 'Where's my stuff going, and how's it being handled?' "

South Dakota also holds a series of public auctions each year, and several hundred people attend. Total sales come to about $1.5 million annually. "There is a lot of stuff (we sell) that should go to a landfill, but one man's junk is another man's treasure," Voorhes says.

In Kansas, state spokesman Gavin Young says it all goes on sale. "You can get everything from an in-and-out tray from the top of a desk all the way up to a dump truck. … There is a little bit of everything," he said.

Gayleen Wyant, surplus property manager for Wyoming, says the only thing her state throws away is "absolute trash." She says she has sold everything from used tire rims to an old wringer washing machine. "I am the queen of sales," she says. "Guys tell me, 'It won't sell,' and I turn around and sell it."

New Hampshire's surplus items include big things such as police cruisers as well as the hundreds of pocketknives and small tools seized by airport security. The seized airport items alone bring in $26,000 a year.

"It's not big money, but it helps pay the bills," says Robert Stowell, who runs that state's surplus program.

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Wisconsin operates a sales warehouse in Madison that unloads property from state agencies and Wisconsin's state university system. It's filled with used computers starting at less than $100 and battered dorm furniture. Regular shoppers can find the unexpected.

Jenny White of Madison regularly combs the aisles for craft supplies.

Once, she says, she ran into a gynecological exam table. She didn't buy it. “That was probably the weirdest … thing I've seen,” White says. “But with some of the stuff, I don't have any idea what I am looking at.”

Sell, who runs the warehouse, says he has “seen everything from rat guillotines to human skulls to things from the governor's mansion. Everything.”

Past surplus sales also have featured doors and windows that were replaced during a Wisconsin Capitol renovation and gear that game wardens seized from illegal fishermen.

Sell says the sales have helped the state keep hundreds of tons of junk out of landfills. They also bring in $1.4 million annually, more than four times the amount the states collected a decade ago. “There has been a dramatic increase,” Sell says.

The Super-Rich Get Richer: Forbes 400 Are All Billionaires (WP)

By Frank Ahrens

The Washington Post, September 22, 2006

It's not news that Bill Gates is the richest person in America, according to Forbes magazine's annual list of the nation's 400 richest people, released yesterday. He has been for 13 years. Barring a second Stone Age in which computers are good only for hurling at other cavemen, Gates will always be rich.

The news is: On this list, $999 million is chump change.

For the first time, all 400 Gotbucks on the Forbes tally are billionaires, from Gates (worth $53 billion) down to the bottom, Los Angeles semiconductor magnate Sehat Sutardja ($1 billion).

It's not just the accumulated wealth that draws attention to the list; it's the eye-popping numbers that show the speed with which wealth is gained -- and lost -- at the dawn of this millennium. For instance, according to Forbes:

Â· Casino mogul Sheldon Adelson (No. 3, $20.5 billion) has made $1 million per hour over the past two years.

Â· Google Inc. founders Sergey Brin (No. 12, $14.1 billion) and Larry Page (No. 13, $14 billion) have each made $13 million per day over the past two years.

Â· Martha Stewart dropped off the list after losing nearly $400 million over the past year.

Forbes has been publishing the much-ballyhooed list -- which relies on research and estimates and rounds net worth to the nearest $100 million -- since 1982. The inaugural list contained only 13 billionaires. Even after the technology crash at the beginning of the century, a three-year war and a jumpy economy, the wealth accumulation among the richest Americans continues unabated and has risen to historic proportions, even if measured by an arbitrarily arrived-at number (400, the number of swells who could fit into the Victorian New York ballroom of Caroline Astor).

"It is a really big deal that it's all billionaires," said Forbes associate editor Matthew Miller, who edited the list and led the team that spent a year compiling it. "It shows economic growth and, as this magazine is a fan of capitalism, it shows progress."

The list of D.C. billionaires is topped by Danaher Corp. founder Mitchell P. Rales (No. 107, $2.6 billion), followed by his brother, Steven M. Rales (No. 117, $2.5 billion), new Washington Nationals owner and real estate mogul Theodore N. Lerner (No. 242, $1.5 billion), and Black Entertainment Television founder Robert L. Johnson (No. 374, $1 billion). McLean candy czar Forrest E. Mars Jr. is Virginia's top billionaire (No. 21, $10.5 billion), while Richard E. Marriott is Maryland's wealthiest man (No. 197, $1.8 billion).

The enormous sums spur the natural question: Is it good, bad or neither that wealth is accumulating so fast that numbers begin to lose their meaning? (Requisite illustration: A stack of 1 billion $1 bills would reach a height of 80 miles.)

On the one hand, the fortunes have spawned a new age of philanthropy, by which private individuals can try to effect change with the power and reach of a government but without the bureaucratic shackles that often thwart aid efforts.

Bill and Melinda Gates, for instance, created a foundation with assets of $30 billion that focuses much of its effort on improving health for the world's poor. Warren E. Buffett (No. 2, $46 billion), a director of The Washington Post Co. along with Melinda Gates, said in June that he would give away much of his fortune to charity, most of it to the Bill & Melinda Gates Foundation. The gestures recall the large-scale largesse of 19th-century capitalists named Vanderbilt and Rockefeller.

Yet not everyone finds the billionaire boom beneficial.

"I think it's very bad," said Dean Baker, a macroeconomist at the Center for Economic and Policy Research in Washington. "If the U.S. had experienced really extraordinary growth, then maybe that would be the reason" for all the billionaires. Baker pointed out that U.S. economic growth in the past 25 years -- the period that hatched this crop of billionaires -- is actually slower than in the preceding quarter-century, which produced only 13 billionaires.

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"If these people pull away so much wealth," he said, "that means everyone else has less."

The growth in the number of billionaires has been significantly aided by cuts in U.S. tax rates that allow the wealthy to keep more of their money, said Harvard University economics professor Larry Katz. Today's marginal tax rate for the richest Americans is 35 percent, down from more than 60 percent 25 years ago.

"We could do a lot more with the tax system and with policies . . . to help out those who are less fortunate," Katz said. On the other hand, "not every dollar that goes to a rich person is taken away from someone else."

Katz is of mixed mind about the billionaire boom.

"At one level, it leads to the possibility of great philanthropy," he said. "On the other level, it is a great concentration of wealth and power that can subvert other people's interests."

One-third of the Forbes 400 is concentrated in two places: California, which has 89 billionaires, and New York City, with 44.

The billionaire-free states are West Virginia, Vermont, Alaska, Maine, Delaware, Mississippi, Iowa, New Mexico, Kentucky and North Dakota. (South Dakota has one.) Even Wyoming, the least populous state, has a billionaire -- Christy Walton (No. 7, $15.6 billion), one of eight Wal-Mart family members on the list, four of whom are in the top 10.

In Embracing Islam, Ex-Catholic Seeks To Strengthen Cultural Ties (WP)

By Caryle Murphy

The Washington Post, September 22, 2006

Chris Moore was an aspiring rock musician with earrings and a shaved head when he walked into a Northern Virginia mosque a dozen years ago and began asking questions about Islam.

A month later, the Christian-raised son of a U.S. Navy man became a Muslim. His conversion initiated a spiritual odyssey that took him to several Muslim countries, including Saudi Arabia, where he adopted and then rejected the ultraconservative Wahhabi approach to Islam.

Moore's faith journey ultimately brought the Annandale resident home, and today he is pursing a master's degree at St. John's College in Annapolis, a university noted for its demanding curriculum based on reading classic works of Western civilization.

Like many other young Muslims in the United States, Moore is seeking to fashion an Islamic identity that flourishes in American society and influences it for the better. He feels a responsibility, he said, to contribute to a more harmonious relationship between Islam and the West -- a task that is on his mind as he observes this year's Islamic holy month of Ramadan, a period of daytime fasting and spiritual introspection that starts at sundown today.

"I'll be doing a lot of reflecting on how I can make a difference in the state of affairs of Muslims -- in the West, specifically," said Moore, 31, who attends the Mustafa Center in Annandale.

Fluent in Arabic, Moore said he hopes to foster understanding between Muslims and non-Muslims by translating some of the "beautiful, deep wisdom that I've found in Arabic literature. . . . There's a lot in the Islamic tradition that people in this country . . . would love."

But first, he wants to better understand his own culture, which is why St. John's was a logical choice. "What better way to understand the West," he said, "than by going directly to the foundational texts and books and works that helped create that civilization?"

Ramadan, believed to be the period when God revealed the first verses of the Koran to the prophet Muhammad, is the most important month of the Islamic religious calendar. During this time, which is dedicated to spiritual growth, Muslims must refrain from eating, drinking and having sexual relations between dawn and sunset. It is also customary for Muslims to spend part of the days during Ramadan studying the Koran.

The daily fast is broken with an evening meal called the iftar , after which many Muslims attend special nightly prayers, known as taraweeh , at their mosques. Ramadan evenings are often festive, with visits among relatives and friends. The month ends with one of Islam's major holidays, Eid al-Fitr.

The arc of Moore's personal journey from a very conservative to a more moderate expression of his faith echoes the spiritual path of many Muslim American converts. For Moore, the story began in 1994, a year after graduating from Annandale High School.

An only child, he became close friends with Aaron Sellars, another young aspiring musician. The two also shared a yearning for spiritual fulfillment, which led them to Dar al Hijra Islamic Center in Falls Church. They walked in one day and began asking one of the members about Islam. Sellars converted that day; Moore, raised Catholic, did so shortly afterward.

He took to his new faith with an intensity typical of converts. He adopted the Arabic name Khalil, which means intimate friend, and gave up his beloved music, because a Saudi spiritual adviser convinced him that it was a sinful waste of time.

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Moore also enrolled in the Saudi-run Institute of Islamic and Arabic Sciences in Fairfax to learn Arabic, because he wanted to read Islam's scriptures in their original language.

Sellars, 35, who works as an audiovisual artist at the California-based Zaytuna Institute, an Islamic educational center, said he was not surprised that his longtime friend threw himself into studying Arabic after his conversion, since that was his approach to everything.

"All of a sudden, there's all these Post-It notes of Arabic all over the wall [of his bedroom]," Sellars recalled. "It was pretty amazing for me to see that quality of doing everything right transferred to his approach to Islamic studies."

Sellars said that Moore displayed the principles of Ramadan even as he moved to accept Islam. "Ramadan is about stopping, cutting off certain aspects of your normal life to think about that which is higher and that which is deep within yourself," Sellars said.

As Moore began to seriously consider converting, "there were certain aspects of his life that he put aside, people who had negative influences . . . who were just about partying, getting high, getting drunk," Sellars said. "The core principle of Ramadan, of doing without and looking within, he was already manifesting some of those qualities . . . in his journey for the truth."

When the Fairfax institute offered Moore a scholarship to study in Medina, Saudi Arabia, he grabbed it -- because to live in the town that Muhammad called home for several years is "the dream of every Muslim," Moore said.

He arrived in Medina in 1996. "When I first got there, I was pretty much in awe. I truly, honestly believed . . . that the only scholars on the face of the Earth that had anything to truly say about Islam were . . . Saudi-related in some way," he said. Theirs, he thought, was "the true Islam."

But in his third year of studies, he started having doubts about the Wahhabi version of Islam taught at Medina. He saw "inconsistencies" in some of his professors' teachings, he said, and was perplexed by the way they selectively chose scriptural stories to back up their ideas but left out others that contradicted them.

Determined to explore Islam on his own, Moore began reading respected ancient Muslim scholars whose views were contrary to the Wahhabi outlook. He also listened to a taped lecture by Hamza Yusuf, the founder of the Zaytuna Institute and a leading figure in the American Muslim community.

"Sparks started to go off, like maybe [his Saudi professors were] pulling the wool over my eyes," Moore recalled thinking. "Maybe there is another version of Islamic history and another version of Islam."

When he started pulling away from the Wahhabi approach, some of his fellow students, including American and British colleagues, called Moore an unbeliever and an "innovator" -- a sin in Wahhabi thought.

In 1999, he decided to study Islam elsewhere and traveled to Mauritania, Morocco, Yemen and Egypt. He worked at an Islamic educational center in Abu Dhabi for a while. During his travels, he returned in the summer to study English and religious studies at George Mason University, where obtained a bachelor's degree in 2001.

To develop "a truly Muslim identity within the American context," Moore said, Muslims in the United States need to combine what is best from their Islamic traditions and their American culture.

Moore, who no longer shuns music, is looking forward to the rigors of Ramadan. Although his current reading assignments from St. John's include "King Lear" and "The Canterbury Tales," he said he will strive to complete the traditional Ramadan practice of reading the Koran, a book of more than 6,000 verses, "from cover to cover" over the next 30 days.

He also, of course, will be fasting from dawn to sunset, a sacrifice that the Koran teaches is prescribed for Muslims "in order that you should become God-conscious," Moore said.

"Ramadan is a very personal affair," he added, noting that no one but God knows if you are truly fasting or sneaking a bite to eat. "Everyone can see that you're praying," he said. "But fasting -- how can you tell?"

Emotional Wounds Require Focus, Too (USAT)

By James Key

USA Today, September 22, 2006

A few years ago, I experienced a very painful divorce. If it weren't for my faith and support of family and friends, I would still be an emotional wreck.

The past few years, I've tried to help military couples avoid some of the pitfalls I experienced during my marriage. But military couples, unlike their civilian counterparts, face added stresses. Constant military moves are tough enough, but when you add long-term and multiple deployments to the mix, even the strongest marriages can be tested.

Last April, when my Army unit was redeployed from Baghdad, military officials thought that the number of combat brigades in Iraq might be reduced later in the year. But President Bush's decision to increase the number of U.S. troops in war-torn Baghdad seems to have dashed any hopes for large, immediate withdrawals of American forces this year.

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While our servicemen and women will continue to serve with distinction, these military uncertainties and separations can have an emotional impact on families. According to the U.S. Army, 6% of married officers and 3.5% of enlisted soldier got divorces in 2004. It is important to point out that the Army's overall divorce rate for 2000, before the wars in Afghanistan and Iraq, was 2.2%.

To help ease the divorce problem, the Army has improved existing programs and introduced new ones:

·A two-day program followed by a retreat that helps couples develop better communication skills.

·A marriage education program that focuses specifically on issues that affect Reserve and National Guard couples.

·A family support group system that provides practical and emotional support for spouses of deployed soldiers.

·A program that includes briefings for soldiers on how their absence might affect their family relationships and how they can deal with changes that might have occurred during their deployment.

While daily U.S. troop deaths and political skirmishes over the direction of the Iraq war capture most of the headlines, it is incumbent upon our political leaders to remain cognizant of the emotional wounds soldiers could also be suffering in their marriages.

In the meantime, military chaplains, family-support groups and mental-health counselors will fill the gap to assist the spouses and children who have been left behind.

Spreading democracy in Iraq or any other hot spot must not come at the expense of military marriages. Helping our troops maintain healthy families is a human imperative that none of us can afford to ignore.

Capt. James Key, chaplain, is a brigade unit ministry trainer at Fort Irwin in California.

Insurance Horror Stories (NYT)

By Paul Krugman

The New York Times, September 22, 2006

"When Steve and Leslie Shaeffer's daughter, Selah, was diagnosed at age 4 with a potentially fatal tumor in her jaw, they figured their health insurance would cover the bulk of her treatment costs." But "shortly after Selah's medical bills hit $20,000, Blue Cross stopped covering them and eventually canceled her coverage retroactively."

So begins a recent report in The Los Angeles Times titled "Sick but Insured? Think Again," which offers a series of similar horror stories, and suggests that these stories represent a growing trend: more and more health insurers are finding ways to yank your insurance when you get sick.

This trend helps explain something that has been puzzling me: why is the health insurance industry growing rapidly, even as it covers fewer Americans?

Between 2000 and 2005, the number of Americans with private health insurance coverage fell by 1 percent. But over the same period, employment at health insurance companies rose a remarkable 32 percent. What are all those extra employees doing?

Now we know at least part of the answer: they're working harder than ever at identifying people who really need medical care, and ensuring that they don't get it. In the past, they mainly concentrated on screening out applicants likely to get sick. Now, it seems, they're also devoting a lot of effort to finding pretexts for revoking insurance after they've already granted it. They typically do this by claiming that they weren't notified about some pre-existing condition, even if the insured wasn't aware of that condition when he or she bought the policy.

Welcome to the ugly world of American health care economics.

Health care is poised to become America's largest industry. Employment in manufacturing, which once dominated the economy, has fallen 18 percent since 2000, to 14.2 million. Meanwhile, employment in the private health services industry has risen 16 percent, to 12.6 million. Another 1.3 million people are employed at government hospitals. So we're quickly approaching the point at which more Americans will be employed delivering health care than are employed producing manufactured goods.

Yet even as health care becomes the core of the American economy, our system of paying for health care remains sick, and is getting sicker.

Because everyone faces some risk of incurring huge medical costs, only the superrich can afford to be without health insurance. Yet private insurers try to refuse coverage to those most likely to need it, and deny payment whenever they can get away with it.

The point isn't that they're evil or greedy (although you do wonder how the people who cut off the Schaeffers can look themselves in the mirror). The fact is that cruelty and injustice are the inevitable result of the current rules of the game. Blue Shield of California is a nonprofit insurance provider, yet as a spokesman put it, if his organization doesn't follow the for-profit practice of selectively covering only the healthiest people, "we will end up with all the high-risk people."

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Now, before you panic about the state of your own coverage, you should know that the horror stories in The Los Angeles Times article all involve individual insurance; if your coverage comes via your employer, you're reasonably secure against sudden cancellation.

But employment-based insurance is in rapid decline, as employers balk at the cost and more and more companies adopt Wal-Mart-style minimal-benefit policies. That's why many people are turning to individual insurance — only to find out, in some cases, that they didn't get what they thought they paid for.

And here's the thing: it's all unnecessary.

Every other wealthy nation manages to provide almost all its citizens with guaranteed health insurance, while spending less on health care than we do. And there's no mystery why: we're paying the price for pointless, destructive reliance on private insurers. Medicare, which is a universal health insurance program for older Americans, spends less than 2 cents of every dollar on administrative costs, leaving 98 cents to pay for medical care. By contrast, private insurance companies spend only around 80 cents of each dollar in premiums on medical care; much of the remaining 20 cents is spent denying insurance to those who need it.

If we had a universal system — Medicare for everyone — there would be no more horror stories like those reported by The Los Angeles Times. And we'd almost certainly spend less on health care than we do now.

Cars As Global Warming's Causes (LAT)

The Los Angeles Times, September 22, 2006

THE CHARITABLE SPIN ON Bill Lockyer's lawsuit against major auto manufacturers is that it's a politically inspired, headline-grabbing stunt by a state attorney general running for state treasurer. The alternative — that he might actually believe this suit has legal merit — may be more frightening.

Lockyer's suit against the Big Six auto companies alleges that because vehicle exhaust contributes to global warming, the companies should be held financially liable for everything from wildfires to a bad ski season.

The suit is the latest salvo fired in the struggle between the state and the auto industry, which has separately sued the state over its attempts to curb global warming. But California shouldn't be in the business of filing meritless suits to gain leverage in other cases.

For Lockyer, this is hardly a first. He joined several other states two years ago to file an almost identical lawsuit over the emission of greenhouse gases by power companies. That suit was rejected by the courts; the states are appealing. The judge zeroed in neatly on the problem at hand: Fighting global warming is a complex regulatory job that belongs to the legislative and executive branches. Once laws are in place, companies that break those laws should be made to pay. But holding law-abiding companies liable for the government's past failures is another matter.

It's true that Congress and the Bush administration have irresponsibly shirked their responsibility on this matter, and a separate, legitimate lawsuit before the U.S. Supreme Court brought by California and several other states is seeking to force the U.S. Environmental Protection Agency to regulate carbon dioxide emissions. The federal government's lack of action was also a major factor in the Legislature's recent passage of AB 32, which sets the stage for reducing greenhouse gases 25% by 2020. These responses to federal inaction are appropriate; frivolous, extortion-style lawsuits against car makers are not. Lockyer's new lawsuit against auto makers is akin to suing fishermen for depleting the ocean, even when they stick scrupulously to fishing quotas.

Lockyer contends that vehicle emissions — even legal emissions — are an illegal public nuisance partly responsible for a lower snowpack, wildfires and a host of other ills, current and potential. But liability here is a dicey thing to prove. Studies link warming to worsening Western drought, but that says little about any individual fire. If an arsonist sets a match to dry brush, who is at fault, the criminal or the Camry?

Global warming is, well, global. If the ocean level rises or trees die in the forest, how much of the responsibility belongs to a car sold in the U.S. and how much to the dirty Chinese coal plant or deforestation in South America? Presumably, the driver of a Hummer is more liable than the driver of an electric vehicle — as long as the battery isn't recharged using energy produced by a polluting power plant.

Lockyer is right about the threat posed by climate change and our society's responsibility to stem the trend. But in this case, he has mounted a silly legal battle that trivializes a serious problem.

Mr. Ehrlich's Paper Chase (WP)

The Washington Post, September 22, 2006

PROBLEMS IN voting on Maryland's primary day presented Gov. Robert L. Ehrlich Jr. (R) with a choice: show the leadership expected of the state's top executive or succumb to the political motives of a candidate running for reelection.

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Unfortunately, it is Mr. Ehrlich the candidate who emerged with proposals certain to confuse the public and undermine confidence in voting for the Nov. 7 general election.

Mr. Ehrlich says he doesn't trust the state's electronic voting system, and so he wants to junk it. First he suggested paper ballots; when more level-headed officials pointed out there was no way, even if desired, to make that switch by Nov. 7, he proposed having everyone cast absentee ballots. Coming from someone who vetoed a bill that would expand the use of absentee ballots, the suggestion would be laughable if it were not so infuriating.

Mr. Ehrlich's imagined connection between the problems experienced on primary day and the integrity of voting machines is simply wrong. Most of the problems on Sept. 12 resulted from human error: officials forgetting to deliver cards to operate machines, judges not showing up, workers failing to remove memory cards. The one big equipment problem had to do with the electronic poll books (used by poll workers to check voters off as they come in) and not, as Mr. Ehrlich might have you believe, with the machines voters use to cast their ballots.

In fact, not only did the touch-screen voting machines work largely without incident across the state in the recent primary, but this was not the first time they have been employed. In the 2002 election, when Mr. Ehrlich became governor, four counties -- including the state's largest, Montgomery -- used these units. In the 2004 presidential election, every locality except Baltimore City used them. So why is this an issue now?

Aides to Mr. Ehrlich explain that in recent years new information about the vulnerability of electronic voting to fraud has become available and that the governor is responding to those worries. We, too, have argued for a paper trail for machine voting, but this is hardly the time for dramatic reform. Democrats counter that Mr. Ehrlich wants to help his reelection by suppressing voter turnout in a largely Democratic state.

We have no way of knowing Mr. Ehrlich's intent, but we do believe that his words and actions are creating a sense of confusion that could discourage voting. Instead of setting up hypothetical problems and appealing to people's fears, Mr. Ehrlich should focus on identifying and fixing actual problems.

Iran Open To A Break In Nuclear Program (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, September 22, 2006

But Ahmadinejad Demands 'Fair, Just' Conditions for Talks

UNITED NATIONS, Sept. 22 -- Iranian President Mahmoud Ahmadinejad said Thursday that his government is prepared to consider suspending its controversial uranium-enrichment program if Western governments meet unspecified conditions.

The Iranian leader did not spell out Tehran's demands. But his remarks indicated that he is prepared to move ahead with preliminary discussions with European powers aimed at heading off a confrontation with the West.

"Our position on suspension is very clear," he told reporters at U.N. headquarters, where he is attending the United Nations' annual meeting of world leaders. "We have said that under fair conditions and just conditions, we will negotiate about it -- under fair and just conditions, I repeat."

The statement comes two days after the United States and five other key powers authorized the European Union's foreign policy chief, Javier Solana, to continue sessions with Iran's chief nuclear negotiator, Ali Larijani. The two negotiators have been seeking to set the terms of formal talks on Iran's nuclear program that would place the United States and Iran at the same negotiating table.

The Iranian leader denied U.S. claims that he is pursuing a covert nuclear weapons program, saying that Iran's spiritual leader has issued a decree prohibiting such a development. He said Iran is simply exercising its rights, under the 1970 Non-Proliferation Treaty, to develop nuclear power to meet the country's growing energy needs.

"The bottom line is, we do not need a bomb," he said.

The United States, Britain, France, Germany, China and Russia have urged Iran to provide verifiable assurances that its nuclear program is peaceful. They pledged in June to offer Iran a broad range of commercial and political rewards in exchange for subjecting its nuclear program to greater international scrutiny.

The Security Council subsequently passed a resolution demanding that Iran suspend its enrichment of uranium and reprocessing of nuclear fuel by the end of August or face sanctions. Iran ignored the demand.

But U.S. efforts to impose sanctions stalled in the face of opposition from Russia, China and France. The Europeans, meanwhile, agreed to resume talks with Iran to break the impasse.

Ahmadinejad said the latest round of talks is "moving on the right track, unless . . . hopefully, others will not disrupt the work in small ways, perhaps. We think that it is a constructive path to take."

But he also accused the West of reneging on previous agreements to support Iran's efforts to develop a nuclear power program. He said Tehran is now seeking assurances that the United States and its European partners will provide enforceable

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guarantees that they will abide by any agreements they ultimately make in formal negotiations. "We need to know who the parties to the negotiations are, and what the prerogatives and the responsibilities of each are, and what guarantees there are on enforcement measures," Ahmadinejad said.

Iran Won't Be Forced Into Talks Over Nuclear Plans, Leader Says (WSJ)

By Neil King Jr.

The Wall Street Journal, September 22, 2006

UNITED NATIONS -- Iran's president continued to dodge questions about his country's nuclear ambitions, saying Tehran is willing to negotiate over -- and maybe even suspend -- its uranium-enrichment program, but not under pressure and only under "fair conditions."

President Mahmoud Ahmadinejad's remarks during a rambling news conference added further uncertainty to a challenge that has stymied the U.S., Europe, Russia and China all summer: how to nudge Iran into talks over the future of its nuclear program, or punish it if it refuses to go along.

Once again Iran appears to have offered just enough encouragement to keep the threat of sanctions at bay, but not enough to make it clear when or if actual talks might begin.

For now, the decision is to give Iran more time. After resolving in July to give Iran until Aug. 31 to stop its enrichment work, the U.S., France, Britain, Russia, China and Germany have set a new deadline of sometime in early October, though without clear agreement on a fixed date.

Meanwhile, European Union officials say that EU foreign-policy chief Javier Solana is prepared to travel anywhere in the world to sit down with his Iranian counterpart, Ali Larijani, to discuss conditions for these talks. Mr. Larijani declined to come to New York this week for talks with Mr. Solana.

U.S. officials say the patience of Washington and other key capitals will wear out within a few weeks. It is unclear what will happen once the patience runs out.

British Foreign Secretary Margaret Beckett underscored that lack of clear consequence when she told reporters Wednesday that "if things just drag on as they have been, then as I say, there are concerns and constraints about how long that can continue."

Signs are emerging, however, that some countries in Europe may be willing to allow Iran to keep at least some enrichment activity, a move that the U.S. has opposed in the past.

After meeting yesterday with Mr. Ahmadinejad, Italian Prime Minister Romano Prodi said in a statement that "Ahmadinejad insisted on Iran's right to go ahead in research in the nuclear field, and I insisted on the need for a complete halt in the military aspect of the research," indicating that the EU is prepared to allow Iran to continue on strictly scientific research.

In remarks to reporters, Mr. Ahmadinejad also warned that any pressure could derail recent talks between Europe and Iran over commencing more-formal negotiations. "Hopefully others will not disrupt the work -- in small ways perhaps," he said, apparently alluding to U.S. threats to move ahead on U.N. sanctions.

The Iranian leader said his nation was ready for talks "under fair conditions and just conditions." Above all, he said he wanted there to be "guarantees of enforcement" for whatever might be agreed on.

He insisted again that his country had no aims to make a nuclear weapon and urged the U.S. to give up its nuclear arsenal. He also laughed at all the talk of uranium enrichment. "It would seem that this enrichment word has become the lingua franca of our day," he said, arguing that the U.S. wants to stop this work largely to impede Iran's scientific development.

The U.S. and its partners suspect that Iran is pursuing the technology involved in enriching uranium in order to make a nuclear bomb. They want Iran to set that work aside and agree to supply any future nuclear plants with fuel acquired from outside sources such as Russia.

Iranian President In Spotlight (MCT)

By Warren P. Strobel

McClatchy Newspapers, September 22, 2006

UNITED NATIONS - Grinning and giving brisk little salutes, Iranian President Mahmoud Ahmadinejad denied Thursday that Iran wants a nuclear bomb and said it might discuss suspending uranium enrichment if the conditions are fair.

During an hour-long press conference here, Ahmadinejad declined to repeat his threat that Israel should be "wiped off the map." But he railed against Zionists and suggested that several thousand mainly Jewish protesters who demonstrated against his presence in New York City might have been paid to attend. He also called for a referendum on the future of the land that constitutes Israel and the Palestinian areas.

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Smiling from the start, Ahmadinejad quoted the Quran and apologized to New York's residents for the inconvenience his and other leaders' motorcades caused during the annual U.N. General Assembly.

At one point, he called America "a great nation."

With his face on the cover of Time magazine and his every word and movement followed by hordes of journalists, this has clearly been Ahmadinejad's week.

His combination of breezy confidence and sometimes slippery answers underscored the challenge President Bush faces in trying to halt Iran's suspected nuclear weapons program.

Ahmadinejad was just one of the world leaders who denounced Bush's foreign policies from the rostrum in the General Assembly hall this week.

But Iran poses a special challenge. It has vast oil and gas deposits, possesses an advanced nuclear research program, supports terrorist groups such as Hezbollah and can threaten U.S. troops across its borders in Iraq and Afghanistan.

The United States, European nations, Russia and China this week set another deadline - the first week of October - for Iran to respond on whether it will stop enriching uranium, which, if made pure enough, could fuel an atomic bomb.

A previous deadline, Aug. 31, came and went. But with Iran dangling the possibility of talks, Bush had little choice but to submit to other nations' desire to give diplomacy every last chance, U.S. officials said privately.

"We're in extra innings," Undersecretary of State Nicholas Burns, the State Department's point man on Iran, said this week.

But Ahmadinejad didn't seem to be in any hurry to deliver the final pitch.

Asked repeatedly whether Iran would suspend uranium enrichment, he complained: "I don't see why so many people are so sensitive about this `enrichment' word.

"We have said under fair conditions and just conditions, we will negotiate about it," he said.

At another point, he said flatly: "The bottom line is, we do not need a bomb, unlike what others think."

A senior U.S. official, speaking on condition of anonymity, said there appeared to be growing divisions within the Iranian government about whether to accept a European-U.S. offer. In turn for the enrichment freeze, Iran would get talks on a package of economic and security incentives. The United States has promised to join the talks for the first time.

But if Ahmadinejad's performance here was any indication, even if Tehran agrees to join negotiations, the talks could be frustrating, torturous and maybe unfruitful.

The Iranian leader spent 15 minutes answering the first question at the press conference.

Asked what guarantees he could provide that Iran didn't seek Israel's destruction or a nuclear bomb, the Iranian leader boomeranged the question back at the United States. He embarked on a lengthy review of how Washington has sought to strangle Iran's Islamic revolution since its 1979 birth.

"Today, the pretext happens to be the nuclear issue," he said.

As for proof that Iran isn't interested in nuclear weapons, he said: "I am at a loss to understand what else we need to do to provide guarantees."

Ahmadinejad, 49, was little known outside of Iran when he was elected president last year. He quickly shocked much of the world by questioning whether the Holocaust took place and calling for Israel's destruction.

But while some early commentators portrayed him as an amateur who might not stay in power long, he's proved so far to be a shrewd politician.

Several thousand supporters of Israel rallied Wednesday to protest his presence and call for the release of two Israeli reserve soldiers kidnapped in mid-July by Iranian-backed Hezbollah.

Ahmadinejad pondered out loud whether "some of these people were paid."

He insisted he wasn't "anti-Jew." As for the question of a future country for the Palestinians, he said, "It's wrong to think this is a problem with me, with Ahmadinejad as a humble person. No, it is a global problem."

He was asked three times whether Iran would halt arms shipments to Hezbollah, which the U.N. Security Council called for to cement the cease-fire in Lebanon. He never gave a clear answer.

Iran Leader Uses U.N. To Improve Image (AP)

By Scheherezade Faramarzi

AP, September 22, 2006

Iran's President Mahmoud Ahmadinejad seems to be enjoying the spotlight at this year's U.N. General Assembly, easing his way into the international arena and trying to improve his image amid the controversy over his nuclear program and remarks about Israel and the Holocaust.

When an Israeli reporter challenged him into answering a question at a news conference Thursday, Ahmadinejad at first stalled, whispered in Farsi to an adviser to skip the reporter, but then reluctantly gave his response.

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He showed no such courtesy to an Israeli reporter during a news briefing here last year, his first appearance at the annual ministerial meetings after he was elected in June 2005.

On Thursday, he explained that when he called for the destruction of Israel and dismissed the Holocaust as a myth, his issue was not with the Jewish people but with Zionists, "who are not Jews."

"We love everyone in the world — Jews, Christians, Muslims, non-Muslims, non-Jews, non-Christians," he said, adding "we are against ugly acts."

"Everyone is respected. But I repeat, we are against aggression, occupation, killings. ... We declare this in a loud voice," he said.

But Yaniv Halily, a reporter with Israel's Yediot Ahronot was not impressed.

"He's trying to portray an image of a nice guy after all the things he said about Israel. Now he knows everyone thinks he's a bad guy," said Halily.

"He may sound nicer on the surface, but on the inside he's the same," said Kamran Dadkhah, an economics professor at Northeastern University in Boston.

Ahmadinejad was vague when asked if Iran would stop arming Hezbollah and comply with a U.N. Security Council resolution to disarm the Lebanese guerrilla group, which fought a 34-day war with Israel this summer. He said Iran gives only spiritual and cultural support to the Shiite Muslim group.

"We support ... peace and permanent stability in Lebanon, and we will fall short of no measure in promoting this goal. Whether it's in the cultural or spiritual support that we can render or whether it is the role that we can play in the international arena, we will do our best. And this is the fundamental principle of our foreign policy, and it does not preclude Lebanon," he said.

At the news conference, Ahmadinejad also expressed love and affection for the American people, just as President Bush reached out to the Iranian people in his General Assembly speech on Tuesday. Ahmadinejad said he wished he had more time here to spend with them in person.

"The people of the United States are highly respected by us," he said. "Many people in the United States believe in God and believe in justice." He thanked the New York City police and security forces for protecting him during his stay here and apologized to New Yorkers for traffic disruptions from the arrival of world leaders to attend the U.N. General Assembly session.

He reserved his harsh words for the U.S. government, which is pushing to impose diplomatic and economic sanctions against Iran if it does not suspend uranium enrichment.

"It's not the nuclear bomb that the American government is worried about, for there are countries in our region that are armed with a nuclear bomb and are incidentally supported by the U.S. government. Now, how is this?" said Ahmadinejad.

Using a Persian expression to demonstrate U.S. double-standard, the Iranian leader said:

"In Iran, we say there are two skies over a roof, or two kinds of wind running over the same ceiling. It doesn't seem plausible.

"We say if fuel cycle for peaceful purposes is something good, then it should be good for everyone. If it's a bad thing, it's bad for everyone," he said.

Ahmadinejad said the United States' objection to Iran's nuclear program — which he claims is for peacefully purposes only — was essentially aimed at aborting his country's progress. And he said if the world stops treating his country as a subordinate, then things might be different.

"If they recognize that we too, as a nation, have rights ... the concerns too will be removed," he said.

He said his country was ready to negotiate a suspension of uranium enrichment.

"We have said that under fair conditions and just conditions, we will negotiate about it," he said.

But Secretary of State Condoleezza Rice said Iran must suspend its uranium enrichment and reprocessing before any full-fledged negotiations.

"Iran has been told by the international community ... that they should suspend and if they suspend the negotiations can begin. It's as simple as that. I don't think we need any further conditionality," she told reporters after a Security Council meeting on Mideast peace.

Russian Foreign Minister Sergey Lavrov was guardedly optimistic.

"The chance is there, and the chance is not too slim. But for this chance to be realized in practical terms we need efforts on both sides, and we need good will," he told The Associated Press in an interview.

He also said he hoped a meeting between Iran's top nuclear negotiator Ali Larijani and European Union foreign policy chief Javier Solana would take place soon. But he rejected the idea of imposing a new deadline after the Iranians missed the Aug. 31 U.N.-imposed deadline to stop enriching uranium, which can be used in producing nuclear energy or weapons.

"I think that artificial timeframes do not work," he said. "The quality of the agreement is much more important, and especially in this particular case there is no objective reason for any ultra-rush if you wish."

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Although the Iranian president seemed to tone down his rhetoric about Israel, he did not retract his earlier remarks. He said he was even puzzled by the controversy.

"It seems to me that I face this question wherever I go," he said. "And I have always been ready to answer."

Iran's Leader Skirts Issue Of Disbanding Hezbollah (NYT)

By Warren Hoge

The New York Times, September 22, 2006

UNITED NATIONS, Sept. 21 — Mahmoud Ahmadinejad, the Iranian president, refused to say Thursday whether he would comply with a Security Council demand for the disarmament and disbanding of Hezbollah, the Tehran-backed guerrilla group that fought a 34-day war with Israel.

"I'd like to say that Lebanon's affairs are its own affairs, and we don't want to interfere," he said, when asked about the resolution that ended the combat in Lebanon last month.

He was also evasive about whether Iran would comply with the resolution's call for an arms embargo to keep Hezbollah from rearming.

He said that the United Nations Charter gave people the right to defend themselves and that "we give spiritual support to all those who want to uphold their rights."

Mr. Ahmadinejad spoke at a wide-ranging news conference in a packed United Nations conference hall in which he also reiterated Iran's denial that it was pursuing a nuclear weapon and chastised Western countries for trying to curb Iran's right to pursue nuclear energy. "Iran considers the nuclear issue a political one," he said. "They're not concerned about the bomb, they want to stop the development of our country."

Asked about his threat to wipe Israel off the map, he argued that his criticism of Israel had been misinterpreted as a rejection of Jews. "These Zionists are not Jews," he said. "This is the biggest deception we have faced. They are a power group, a power party. We oppose any group that seeks raw power."

He said Iran "loves everyone around the world, Jews, Christians, Muslims." But, returning to Israel, he said, "We announce and declare loudly that you will be condemned by the rest of the world if you displace people from their homes."

His attitude was less belligerent than it had been in his speech to the General Assembly on Tuesday evening. He was dressed in what has become his signature light gray jacket over open-necked pink shirt. He smiled frequently, alluding to universal desires for love, justice, peace and happiness, and even apologizing to New Yorkers whom he had seen out his car window having to wait for his motorcade to pass before they could cross the street.

As in his General Assembly address, he depicted Iran as a growing country impatient with the current United Nations order that, he said, gave undeserved authority to the nations that won World War II and limited respect to the countries like Iran that had arisen since.

"When you look at the Security Council, we see that some members of the Council are in fact party to many conflicts around the world," he said. Even though these countries created the problems, he said, under current arrangements "they nevertheless sit in judgment of world affairs."

Bill Clinton: U.S. Should Talk To Iran (AP)

AP, September 22, 2006

Former President Clinton said Thursday the U.S. should try talking to Iran about its nuclear weapons ambitions without imposing a lot of conditions.

"If you think you might have trouble with somebody, and God forbid if you think it could lead to a military confrontation, then there needs to be the maximum amount of contact beforehand," Clinton said in an interview with NBC's "Today" show.

The Bush administration has refused to hold direct talks with Iran until it agrees to suspend enrichment of uranium, which the U.S. fears will be used to build nuclear weapons.

"The United States should not be afraid to talk to anyone. They should not be reluctant and shouldn't have too many conditions," said Clinton, who said his own offer to meet with Iranian President Mahmoud Ahmadinejad's predecessor had been rebuffed.

The U.S. and allies have offered Iran a package of incentives in return for its agreement to stop uranium enrichment. But Iran has given no definitive response and missed an Aug. 31 U.N. Security Council deadline to halt uranium enrichment, which Iran says is for generating electricity.

Iran and the United States have had no direct diplomatic relations since 1979. That's when Iranian students stormed the U.S. Embassy in Tehran and held its occupants hostage for 444 days to protest Washington's refusal to hand over the toppled shah, Mohammad Reza Pahlavi.

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President Bush and Ahmadinejad used separate appearances at the U.N. General Assembly in New York this week to spar over Tehran's nuclear program, but they avoided any personal contact.

In May, Ahmadinejad sent a letter seeking a debate with Bush, but it was laced with old grievances against America and included a long list of Iranian demands.

Clinton said although he would like to see more negotiation with Iran, Bush's reluctance to personally meet with Ahmadinejad was understandable.

"I think we should have some contacts with them," Clinton said. "I'm not sure the president is the place to start."

In an interview broadcast Thursday on National Public Radio, Clinton said, " ... I still believe that, based on all my Iranian friends in America, what they say is that the vast majority of Iranian citizens want to have good relationships with the United States and the West and do not want to be at odds."

"But they all believe basically that if any other country has a right to nuclear power, they do too, so we have to work through that and I, I hope we can do it in a peaceful way," he said.

US Cautions Europe On Iran Investment (CSM)

By Mark Rice-oxley

The Christian Science Monitor, September 22, 2006

American attempts to persuade Europe to think again about financial involvement in Iran may be starting to bear fruit, according to European banking officials. Whether such "back-door sanctions" will work is far less apparent, experts say.

Troubled by a lack of speedy progress in the UN toward imposing economic sanctions on Iran over its suspect nuclear program, the US has stepped up efforts this month to persuade allies to shun Iran's financial system, claiming that Iran may tap banks to illicitly finance terror operations or the purchase of materials for nuclear weapons.

Already, the US has blacklisted the Iranian Bank Saderat. And last week, Stuart Levey, undersecretary of the Treasury for terrorism and financial intelligence, hopped through Britain, France, Switzerland, Italy, and Germany to urge Europeans to be wary in Iran, a message underscored by Treasury Secretary Henry Paulson at the recent G-7 meeting in Singapore.

"We wanted to provide our counterparts and financial leaders with information about how Iran uses and abuses the financial system in support of terrorism and proliferation, and wanted to hear of the risk they were hearing," says Molly Millerwise, a spokeswoman for Mr. Levey, adding that he found a receptive audience in Europe.

Europe has long taken a softer line toward Iran than the US, and has essayed a soft-power approach to its nuclear program, persisting with negotiations. Its companies, particularly German and French, rack up billions of euros' worth of exports each year, with a considerable presence in the oil, automotive, retail, and telecommunication sectors.

And while the EU is spearheading a delicate mission in southern Lebanon that might aggravate relations with Hizbullah and its Iranian backers, experts say the experience is unlikely to change its geopolitical strategy in the region.

"Europe will do what is in its own interest," says Hossein Askari, an Iran expert at George Washington University. "In the long run, Europe is going to have to import gas, and apart from Russia, the most competitive gas will come from Iran," Professor Askari adds.

Yet some European bankers are growing wary of the risk of doing business in Iran. Two of Europe's largest banks have recently decided to ramp down decisively their involvement in Iran. UBS canceled business with individuals, companies, and banks in the country earlier this year; Credit Suisse is conducting a "controlled withdrawal" by refusing new business.

Both banks are firm that they took their decisions independently, though UBS, fined by Congress two years ago for its dealings with Iran and other blacklisted countries, says it pays close attention to the US. "Of course banks listen to what the US says, because for most banks the US is an important partner," says Serge Steiner, a spokesman. "Most European banks wouldn't react like this - the US says something and they implement it. But that doesn't mean we don't listen. "

Although bankers say they are governed by business calculations, not US political pressure, the two may not be unconnected. Growing qualms about Iran's nuclear program and financial support for Hizbullah mean there are greater risks for firms doing business there. As Georg Soentgerath of Credit Suisse says: "It was our decision, made in the light of the increase in political, financial, and reputational risk."

Levey says this is what the US is trying to get at. Recently, he noted that even financial institutions not formally bound to follow US law closely observe US financial measures directed at individuals, key regime members, front companies, financial institutions, and corrupt charities.

"Keeping a few customers that we have identified as terrorists or proliferators is not worth the risk of facing public scrutiny or a regulatory action that may impact on their ability to do business with the United States or the responsible international financial community," he said.

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But however many Europeans the US manages to enlist to its "coalition of the shilling," it may not be enough. Iranian leaders have begun moving assets away from European banks to alternative repositories in the Gulf, experts note.

Ali Ansari, with London's Chatham House think tank, argues that the only way to make financial sanctions bite "is if you have much greater international coordination, including with other countries in the Middle East and Asia."

"The Americans talk about economic and financial sanctions a lot because they don't have much at stake" in Iran, he adds. "EU countries are more anxious not to lose that business. And the Iranians are saying, 'You are more scared than we are because of our oil. We guarantee you will lose more than we will lose.' "

Experts say international sanctions have never really had the desired impact. "They have almost never been very successful in getting governments to change behavior," says Geoffrey Underhill, of Amsterdam University. South Africa was an exception, he says, as it was a partial democracy with a business community sensitive to outside pressure. But in Iran, "you are talking about an authoritarian regime that is very good at diverting the effects of sanctions so that the regime doesn't pay."

"If the Europeans are not convinced, any sanctions are going to be less effective," he adds.

"If you can get the whole world against Iran, then you have a chance," says Professor Askari. But persuading even allies like Germany and Japan, with formidable investments in Iran, will be tough. Then, there is the wider Muslim world, through which Iran is thought to be funneling its petrobillions. "I don't think you'll get a Muslim coalition. Everyone knows this, so they'll be reluctant to join sanctions they know are going to be ineffective."

U.N. Charades (WSJ)

The Wall Street Journal, September 22, 2006

Hugo Chávez and Mahmoud Ahmadinejad put on quite a show at the United Nations this week, and it's tempting to dismiss it all as mere bombast. Except that their assertiveness can't be separated from the more important U.N. story this week, which is its continuing failure to come to grips with Iran's open defiance of the Security Council's demand that it suspend uranium enrichment.

At issue is whether the U.N. can have any role in enforcing collective security -- and the mystery is why the very nations that say the U.N. must do so are doing the most to undermine it. Consider the behavior of Russia, France and China -- all veto-wielding members of the Security Council -- in squaring up to the Iranian threat.

In July, the Council adopted Resolution 1696, which noted "with serious concern that . . . Iran has not taken the steps required of it by the [International Atomic Energy Agency] Board of Governors." The Council went on to express "its intention . . . to adopt appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with this resolution. . . ." Article 41 refers to all legally binding measures short of war -- sanctions, that is -- to bring states into compliance with U.N. resolutions. The Resolution said Iran must cease enriching uranium by August 31, a deadline Tehran has openly flouted.

So, serious consequences? Not quite. Chinese Middle East envoy Sun Bigan has rejected sanctions on Iran as "detrimental not only to the region but also to ourselves" -- the latter a reference to China's oil imports from Iran, up 56% from last year. Russian Defense Minister Sergei Ivanov -- who is selling Iran a $700 million air-defense system -- also says sanctions won't work. That sentiment was echoed earlier this week by France's Jacques Chirac, whom the Bush Administration has claimed is a stalwart ally in stopping Iran. "I am never favorable to sanctions," said the French President, adding that, if they are unavoidable, they should be "moderate and adapted."

In other words, it has taken less than a month for the deadline set by Resolution 1696 to prove to be absolutely meaningless, something Mr. Ahmadinejad predicted in April. Why then would the Permanent Five risk their credibility as an institution by setting a deadline in the first place? Why threaten sanctions if they have no intention of imposing them?

The answer may be that U.N. diplomacy has come to serve as a deterrent not against Iran but against any American effort to do anything about Iran's rush to acquire the bomb. Iran's nuclear programs are accelerating under this diplomatic cover, as its inauguration of a heavy-water nuclear plant late last month shows. Heavy-water reactors are the kind that throw off more weapons-usable fuel. The Iranian newspaper Siyasat-e Ruz underlined that event as evidence of the "worthlessness of this American resolution."

Meanwhile, the "cowboy" American President looks increasingly like the one who's been lassoed by the U.N., not vice versa. In 2003, the U.S. agreed to downplay clear evidence that Iran was cheating on its nuclear nonproliferation treaty commitments in order to give European diplomacy a chance. The U.S. continued to do so even after it became clear that the Iranians continued to cheat well into 2004.

Later that year, the Administration went along with another European negotiation, which collapsed after six months. Earlier this year, President Bush agreed in principle to negotiate directly with Tehran, provided it suspend enrichment. He has also

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repeatedly underlined the point, most recently in this week's speech to the General Assembly, that the U.S. does not oppose Iran's bid to develop civilian nuclear power sources.

Throughout all this, the Administration has consistently deferred, both in timing and tactics, to Europe, Russia, the IAEA, and now the Security Council. Its single insistence is that the international community demonstrate good faith in its ostensible commitment to prevent Iran from developing a nuclear weapon. But that good faith has been conspicuously absent, raising the question about who is really serious about giving the U.N. a chance to show its "relevance."

The conclusion is hard to resist that the U.N. effort is really about persuading America that it can "live with" an Iranian bomb, just as it lives with a Pakistani bomb, because the costs of economic sanctions or military strikes are supposedly prohibitive. But a glimpse of what the world will look like if Iran succeeds was provided on Tuesday by Gamal Mubarak, the son of Egyptian President Hosni Mubarak. Cairo's heir apparent floated a proposal for Egypt to develop its own nuclear programs, clearly a signal that the largest Sunni Arab country will go nuclear itself to prevent Shiite Iran from dominating the region. And where Egypt goes, Saudi Arabia and Turkey cannot be far behind. Is the international system really prepared to live with five, maybe six, nuclear powers in the Middle East?

The media portrayed this week's U.N. speeches as a soap opera showdown between Mr. Bush and his adversaries. But in the matter of Iran's nuclear ambitions, it is not only the Middle East that is at risk, but the U.N., which is why Messrs. Chávez and Ahmadinejad felt so free to mock its evident failures.

Anti-Americanism Is Providing A Glue (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, September 22, 2006

The rhetoric from the leaders of Iran, Sudan and Venezuela at the U.N. shared a theme of outrage at the U.S., despite their differences.

WASHINGTON — The outpouring of anti-American rhetoric at the United Nations this week is demonstrating how anger at the United States is uniting the developing world in a way not seen since the 1980s, U.S. officials and analysts say.

Leaders such as Venezuela's Hugo Chavez, Sudan's Omar Hassan Ahmed Bashir and Iran's Mahmoud Ahmadinejad are divided by background and political philosophies, but they spoke as one at the General Assembly regarding perceived U.S. bullying and misdeeds.

Chavez denounced the "imperialist empire," Ahmadinejad railed against U.S. officials' pretensions to be the "rulers of the world," and Bashir complained about powerful intruders trampling his country's sovereignty.

"There's a new sense of the oppressed versus the oppressor," said a senior U.S. official, who asked to remain unnamed. "What they have in common is their hatred of the U.S., and it's created this solidarity across Third World lines."

That solidarity hasn't been seen in the developing world since leftist liberation movements faded after the collapse of the Soviet Union, he said.

The fallout from the U.S.-led invasion of Iraq and other Bush administration policies may be particularly visible in the new bonds between many Muslim nations and populist regimes of South America, an alliance that some call the "axis of the south."

Chavez has become a hero among Muslims, flattered with huge posters in Beirut and given lavish coverage in the news media from Morocco to Pakistan.

Anti-Americanism was the overarching theme last week in Havana at a 118-nation summit of the Non-Aligned Movement, whose headliners included Ahmadinejad, Chavez and Bolivian President Evo Morales. The leaders embodied a burgeoning spirit of defiance toward "the worldwide dictatorship by the United States," declared Cuban Vice President Carlos Lage Davila.

There is little doubt of the deepening unpopularity of the United States, even among longtime allies. Though the U.S. government has doubled its spending on public diplomacy, a poll this year by the Pew Charitable Trusts showed wide dissatisfaction with a central pillar of U.S. foreign policy, the "war against terrorism."

When people in largely Muslim nations were asked whether they approved of "U.S.-led efforts to fight terrorism," 82% in Egypt said no, as did 74% in Jordan, 77% in Turkey and 50% in Pakistan. The results in some European countries were similar. In Spain, 76% of those surveyed said they did not approve; in France, it was 57%.

U.S. officials say they don't believe the growing Third World solidarity constitutes a strategic threat.

Though Chavez visits Iran and Syria, and talks about defense ties, oil sales and economic deals with these countries, North Korea and others, administration officials take the view that the Venezuelan's declarations are mostly posturing to create an impression at home that he has stature as a world leader.

The administration acknowledges that such contacts reinforce anti-Americanism and add to the already sobering public diplomacy challenge. "It creates this impression that everybody is rising up against the Americans, and that's a problem," said the senior U.S. official.

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Some outsiders say these new bonds are more than an image problem.

Chavez, for example, has won substantial support from Latin American governments for his bid to win a nonpermanent seat on the U.N. Security Council, even as the Bush administration has campaigned to have the seat go to the friendlier Guatemala. If Venezuela wins, the United States, in addition to facing a barrage of rhetoric, will have a harder time collecting the votes it needs on the council.

This Third World solidarity also has made it easier for Bashir to block a U.N. peacekeeping deployment in the Darfur region of his country, said Lee Feinstein of the Council on Foreign Relations in Washington.

Bashir "has succeeded in interfering with the U.N. deployment by depicting this as an old-fashioned 'us versus the United States,' " said Feinstein, a senior State Department official during the Clinton administration. "The American ability to credibly rally the international community on behalf of the vulnerable in Darfur has been eroded by this unpopularity."

Feinstein said that in drawing together these parts of the world, U.S. unpopularity "has created real diplomatic problems for the country, many of them second-order, but also some big ones."

The State Department has sought to not overreact to the efforts of Chavez and others to forge such alliances, but domestic pressure has been building from conservatives for U.S. diplomats to do more about the situation.

Prominent Republican lawmakers regularly ask State Department officials what more diplomacy can do about Chavez's efforts to build power alliances. And it is clear that this week's outpouring of anger in New York has spread alarm in some quarters and will bring more pressure for the administration to react.

"The Non-Aligned Movement threw down the gauntlet to U.S. global power this week," said Nile Gardiner, a foreign policy analyst at the conservative Heritage Foundation in Washington. "This is a huge public diplomacy challenge, but also a strategic threat." He said Chavez's words were "the strongest attack from any foreign leader on U.S. soil in decades."

Still, analysts and U.S. officials point out that though the shared anti-Americanism of these countries is striking, so too are their differences.

Although advocates of this "axis of the south" describe it as similar to the leftist liberation movements of 20 years ago and earlier, Arab leaders and Africans do not generally share their leftist leanings. And Chavez has yet to win the leadership role in Latin America he craves.

Feinstein said that even though the withering denunciations by Chavez and Ahmadinejad drew applause this week, overall, members of the United Nations were much more united behind American-style views of democracy and economics than they had ever been.

"Opposition has hardened into anti-Americanism and shifted government policy in many places around the world, but the U.N.'s membership is much more in sync with traditional U.S. foreign policy goals and ideals than at any time since the U.N.'s founding," he said. "The tragedy is, the Bush administration hasn't been able to take advantage of that fact."

Chavez To Double Energy Subsidies To Needy In U.S. (LAT)

By Maggie Farley

The Los Angeles Times, September 22, 2006

NEW YORK — A day after he called President Bush "the devil" from the podium at the United Nations, Venezuelan President Hugo Chavez stood at the altar of a Harlem church and presented himself as an angel, offering 100 million gallons of subsidized heating oil to needy Americans.

"It makes us feel good to give," he said to a crowd of mostly Harlem residents and Latin American immigrants waving Venezuelan flags and chanting his name.

The move more than doubles the 40 million gallons of heating oil Chavez donated to eight northeastern states last year after Hurricanes Katrina and Rita devastated refineries and caused the price of oil to soar. This winter, the program should reach about 1.2 million people in nine additional states, he said.

Chavez, speaking at the Mount Olivet Baptist Church, acknowledged that it might seem odd for a developing country to send charity to one of the world's wealthiest nations.

"Some Venezuelans criticize me…. Some say I should be in the barrios of Caracas," he said. "Apparently I am giving away all over the world what belongs to Venezuela."

But the public relations value of tweaking his nemesis, President Bush? Priceless.

"We are afraid we won't be able to heat our building this winter, and someone told me about this guy," said Arthur Rena McDowell, a florist. "Somebody has got to make it better. It should start with our president, but it is starting with the president of Venezuela."

Harlem is the latest place where Venezuelan oil has created warm feelings toward the outspoken leftist leader. Venezuela already exports 1.5 million barrels a day to the United States.

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It is able to use its oil wealth to bolster ties and influence in other countries in the region, especially to gain their favor. That could prove useful in the current U.N. contest between Venezuela and Guatemala to represent Latin America in the Security Council for the next two years. Washington, suspecting that Chavez would use the U.N. bully pulpit to rally opposition to U.S. interests, has been lobbying for Guatemala.

Chavez boasted of "walking around the world" to build ties and barter oil, describing what he got in exchange: pregnant cows from Bolivia, medical equipment from Argentina and 20,000 doctors from Cuba.

In Harlem, he received not only a warm welcome but the symbolic echo of Cuban President Fidel Castro's visits to the same neighborhood in 1960 and 1965, signaling that he is taking on Castro's mantle of anti-Americanism as the aging Cuban leader's health falters.

Wearing his signature red shirt, Chavez spoke for more than an hour at the altar next to a screen flashing the logo of Citgo, a Venezuelan-owned oil company based in Houston. Citgo is partnering with Citizens Energy Corp., a program run by former Rep. Joseph P. Kennedy II, which sells and distributes discounted home heating oil to low-income families.

Kennedy did not attend the event Thursday.

Chavez, encouraged by a rousing response after he made another reference to Bush as the devil, played to the crowd, calling the president "an alcoholic and a sick man," and imitating what he called Bush's cowboy swagger.

Chavez repeated threats to suspend oil exports to the United States, its biggest customer, if the U.S. government tried to oust him from power.

"One day, the people of the United States will choose a president with whom we can talk," he said. "You don't know how much I would like to have as a friend the president of the United States."

Chávez Courts U.S. Poor, Offers To Expand Heating Oil Program (MH)

By Pablo Bachelet

The Miami Herald, September 22, 2006

NEW YORK - Chávez offers more

low-cost oil to poor

Venezuelan President Hugo Chávez convened New York's underprivileged in Harlem on Thursday to tout a discounted oil program, a day after he triggered an uproar with his speech attacking President Bush at the United Nations.

The leftist populist leader visited Harlem to announce an expansion of his discounted heating oil program for U.S. poor and elderly. More than 450,000 households will be offered 100 million gallons of heating oil at a 40 percent discount, Chávez told a cheering crowd. Last year, 40 million gallons were offered to states, mostly in the Northeast.

Chávez said the program would benefit residents in 17 states, including Massachusetts, New York, Virginia and Indiana. Native Americans throughout the country will also benefit, Chávez said.

Inside the neo-roman styled Mount Olivet Baptist Church, a large screen flashed the logo of CITGO Petroleum, which is controlled by the Venezuelan government. Activists in red T-shirts with the words "Democracy in Revolution" emblazoned in front handed out Venezuelan flags and Chávez presidential campaign posters promising ``seven more years, for now."

Outside, a small group of protesters denounced Chávez as the "new pet" of Cuban leader Fidel Castro.

This was Chávez's second visit to a low-income area of New York. Last year, Chávez visited the Bronx, in what was an echo of Castro's visit there decades before. In 1960, Castro spoke at the U.N. and stayed in Harlem.

But if Chavez's visit last year passed largely unnoticed, Mount Olivet was teeming with U.S. media on Thursday, prepped by Chávez's now infamous U.N. reference to Bush as ``the devil."

In his speech, Chávez said he received death threats but said his destiny was ``in God's hands."

"Some say I am a tyrant," he said, ``but what we are doing in Venezuela is transferring power to the people."

Chávez had few allies after his U.N. speech. House Democratic leader Rep. Nancy Pelosi, one of Bush's sharpest critics, called the Venezuelan leader ``an everyday thug."

The Democrat who represents Harlem, Rep. Charles Rangel, told journalists, ``You don't come into my country, you don't come into my congressional district, and you don't condemn my president."

Chávez did not moderate his tone, although the first hour of his 90-minute address meandered from praise for genetically modified Argentine cows to the "genocide" wrought by European descendants on indigenous groups and the contributions of Cuban doctors to Venezuela's health system.

Then he lashed out at Bush again, calling him an alcoholic. "It pains me to say it," he said, ``but it is the truth."

Bush says he stopped drinking in 1986.

There was plenty of praise for Chávez at the Harlem event. Actor Danny Glover introduced Chávez as ``a very visionary man."

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Ian Erlich, a youthful co-chairman of the Alaska Inter-Tribal Council, which struck a cheap oil deal with CITGO, says his tribe -- located in the Aleutian Ranges above the Arctic Circle -- pays up to $7 for a gallon of oil.

"Where are the oil executives from Alaska? Where are the politicians?" he asked.

Some people, such as Barbara Heard, did not come for politics. She will retire from her postal job in February and will depend more on her two-unit building she rents out for income. She was wondering if the CITGO program will reduce the $5,000 heating bill she paid last winter.

The Bush administration has called the CITGO program a positive gesture by a U.S. corporation, although State Department spokesman Eric Watnik pointed out that the U.S. government handed out "hundreds of millions of dollars to a much larger group of Americans" through federal programs.

CITGO CEO Félix Rodríguez told the Harlem gathering that the company was not acting out of political motivation. It was a sincere gesture of help and "a small grain of sand" that he hoped would motivate other oil companies to do the same.

Many who attended the event came driven by their opposition to Bush. Eliseo Colón, a cook, said Chávez was trying to help the poor in a way ``Bush isn't trying to do."

Arvetta Taylor, who came with a large group from the Harlem Addicts Rehabilitation Center, said she wished the United States had a president like Chávez. "I love sharing," she said of the heating oil programs.

Among the protesters outside stood Anabel Vidal, a Venezuelan consultant on vacation in New York.

"He has forgotten the poor of my country," she said, adding that Chávez thrives on stirring up controversies.

She shrugged off taunts by Chávez supporters, who called her a "thief" and ``elitist."

"Everything I have, I have earned by working for it," she said. Chávez faces a unified opposition in the December elections, but polls show him well ahead.

Why The Firebrands Get Heard (WP)

By Eugene Robinson

The Washington Post, September 22, 2006

My but the lesser nations are getting uppity.

I do love that word, uppity. Once upon a time, it was used to describe a black person who didn't know his place. The word came back to me this week as I heard all that impertinent oratory at the United Nations, most of it aimed at the United States in general and George W. Bush in particular.

Did Venezuelan President Hugo Chavez actually call Bush the devil? And then ostentatiously cross himself? And then complain that the podium, where Bush had spoken a day earlier, still smelled of sulfur? That's exactly what he did.

And as Chavez continued his monologue, calling Bush a "world dictator" who "looks at your color, and he says, 'Oh, there's an extremist,' " his audience of world leaders laughed and applauded. Clearly, Chavez had ignored the flashing yellow lights and crashed straight through the guardrails of diplomatic propriety. Clearly, this was no way to speak about the president of the United States. But Chavez, who hosts his own weekly talk show back home in Caracas, had his audience in the palm of his hand.

Afterward, U.N. Ambassador John Bolton did what the diplomatic playbook said he had to do and refused to dignify Chavez's tirade with a response. But while his words were measured, it was hard to look at the anger in his eyes and not think of Yosemite Sam wishing he could blow that varmint to smithereens.

Chavez was so arch in manner and so extreme in his personal attacks on Bush that it's tempting to write him off as crazy, although I tend to think he's crazy like a fox. Can anyone name the last president of Venezuela, or remember when a speech by any president of Venezuela made such news? Still, Chavez may have gone so far that he hurt his chances of securing a temporary seat on the U.N. Security Council, where he would be harder to ignore.

But the uppity leader who spoke Tuesday evening, Mahmoud Ahmadinejad of Iran, is another story. Like Chavez (his new best friend), Ahmadinejad controls a sizable fraction of the world's oil supply. Unlike Chavez, he has advanced nuclear technology and almost surely is working to build nuclear weapons. And also unlike Chavez -- perhaps because he is on the verge of having a very big stick -- he speaks softly, at least in the tone of his voice.

Ahmadinejad's was actually the more uppity speech, because what he seeks is nothing less than to remake the world.

"The prevailing order of contemporary global interaction is such that certain powers equate themselves with the international community and consider their decisions superseding that of over 180 countries," he said. "They consider themselves the masters and rulers of the entire world and other nations as only second-class in the world order. . . . Is it appropriate to expect this generation to submit to the decisions and arrangements established over half a century ago?"

That's pretty clear. Ahmadinejad, a Holocaust denier who presides over one of the world's most repressive and misogynistic regimes, is determined to rearrange the furniture. Since the Soviet bloc collapsed, the West -- led by the United

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States -- has pretty much had its way. Ahmadinejad is determined to create an alternative focus of power and influence, and he has the faith of the fanatical true believer in his ability to succeed.

Really, this should be no contest. Given a choice between a manifestly imperfect but open and dynamic society such as ours and a retrograde theocracy such as Iran, where free thought is stifled and repressive laws have the imprimatur of unimpeachable holy writ, who would freely choose the latter?

Yet Ahmadinejad is being listened to, and not only because of Iran's oil. When I travel outside the country, I'm struck by the decline in America's moral standing in the world. The Iraq war is the main reason, but not the only one. For all its talk about public diplomacy and spreading the U.S. gospel throughout the world, the Bush administration does an appallingly lousy job of it. Even our government's genuine good deeds -- vastly increased funding to fight AIDS in Africa, for example, which has saved countless lives -- go largely unrecognized.

Our policy of not even talking to governments we don't like has proved counterproductive -- pushing Syria closer to Iran, for example, and needlessly prolonging the Israel-Hezbollah war, to no one's benefit except perhaps Ahmadinejad's. Our arrogance has turned us into the neighborhood bully and made our adversaries look like more sympathetic figures than they really are.

We have to do better. Hugo Chavez shouldn't be received as the new Dave Chappelle.

Rangel Rebukes Chavez On Bush (WT)

By Betsy Pisik

The Washington Times, September 22, 2006

NEW YORK -- Venezuelan President Hugo Chavez took his Bush-bashing to Harlem yesterday and earned a stiff rebuke from the New York district's congressman, Rep. Charles B. Rangel, who is no fan of President Bush.

"You don't come into my country, you don't come into my congressional district and criticize my president," Mr. Rangel, a Democrat, told stunned reporters on Capitol Hill.

Mr. Rangel, who is one of Mr. Bush's harshest critics, said no foreign official should assume that "Americans do not feel offended when you offend our chief of state."

At Harlem's Mount Olivet Baptist Church yesterday, Mr. Chavez referred to the insults that he delivered at the United Nations' General Assembly a day earlier.

"They told me that I should be careful after I called [Mr. Bush] the devil -- and I think he is the devil -- because he might kill me" Mr. Chavez told an overflow crowd.

He also called Mr. Bush "an alcoholic and a very sick man."

In his remarks to the annual U.N. General Assembly debate Wednesday, the Venezuelan president first called Mr. Bush the devil and said "it still smells of sulfur" at the podium, where Mr. Bush had spoken a day earlier.

Mr. Chavez repeated his devil remarks for reporters later Wednesday and also called Mr. Bush "the genocide president."

He spoke at the Harlem church yesterday for nearly two hours, in which he mocked Mr. Bush by mimicking a cowboy's gun-slinging stance.

Mr. Chavez's performance in New York this week also offended several prominent Democrats on Capitol Hill, including House Minority Leader Nancy Pelosi of California.

"Hugo Chavez fancies himself a modern-day Simon Bolivar, but all he is an everyday thug," Mrs. Pelosi said.

She added that Mr. Chavez had "demeaned himself, and he demeaned Venezuela."

Rep. Chaka Fattah, Pennsylvania Democrat, said, "His personal attacks and ridicule directed at the president of the United States are unacceptable."

Sen. Tom Harkin, Iowa Democrat, defended Mr. Chavez in an interview with Radio Iowa.

Though the remarks were "incendiary," Mr. Harkin said, "I can understand the frustration, and the anger of certain people around the world because of George Bush's policies."

Bush administration officials have refused to be drawn into a name-calling exchange with Mr. Chavez.

"I think it's not becoming for a head of state," Secretary of State Condoleezza Rice said, when asked about Mr. Chavez's speech at the General Assembly.

Mr. Chavez went to Harlem yesterday to announce a doubling of the amount of discounted heating oil that his country will distribute to poor Americans this winter.

He said that Citgo, the U.S. arm of Venezuela's state-owned oil monopoly, will distribute 100 million gallons to people in 18 states.

The program began last year to aid Hurricane Katrina victims.

The Venezuelan president repeated his threats to halt oil sales to the United States if Washington attacked Venezuela or Iran.

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Iranian President Mahmoud Ahmadinejad, asked about Mr. Chavez's support at a press conference yesterday, spoke in only general terms.

"We do not seek to represent a threat to any country," Mr. Ahmadinejad told reporters.

The Iranian president recently visited Venezuela and joined Mr. Chavez at the Non-Aligned Movement summit last week in Havana.

At his press conference yesterday, Mr. Ahmadinejad repeated that Iran's nuclear program is for peaceful purposes.

"I don't see why so many people are so sensitive about this 'enrichment' word," he said. "We have said under fair conditions and just conditions, we will negotiate about it."

Iran is in the early stages of making enriched uranium, which can be used for atomic bombs or nuclear power plants.

Shocked! By Chavez (WSJ)

The Wall Street Journal, September 22, 2006

Hugo Chávez isn't used to criticism from Congressional Democrats, some of whom have actually welcomed his blatant attempts to buy U.S. political influence with cut-price Venezuelan oil. So it must have shocked the South American strongman when two prominent Democrats took public offense at his anti-American tirade before the U.N. General Assembly this week.

"Hugo Chávez fancies himself a modern day Simon Bolivar but he is an everyday thug," said House Minority Leader Nancy Pelosi, referring to the 19th-century fighter against Spanish colonial rule. Meanwhile, New York Representative Charlie Rangel blasted Mr. Chávez for coming into "my Congressional district" and condemning "my President" -- words we've rarely heard any Democrat use in reference to George W. Bush.

The Venezuelan dictator provoked this burst of bipartisanship by repeatedly referring to President Bush as "the devil." More broadly, his speech amounted to a justification of terrorism against the U.S., and in fact he is one of the world's most outspoken defenders of such terrorist state sponsors as Iran. However, none of this is a revelation to anyone who's watched Mr. Chávez in action in recent years.

Ms. Pelosi's and Mr. Rangel's remarks were politically shrewd if nothing else. Even smarter would be for the two of them to follow up by having a word with their Massachusetts delegation. Only last November, Congressmen William Delahunt and Ed Markey spoke of their "debt" to Venezuela after arranging to buy 12 million gallons of Venezuelan home heating oil at a 40% discount for the Bay State. Mr. Delahunt has called the dictator his "excellent friend," and yesterday the Boston Globe quoted him as blaming the dictator's outburst on "what low esteem the United States is held, not just in the Islamic world, but all over."

After Mr. Chávez's U.N. performance, you can bet Democratic leaders don't want another sweetheart oil deal this November.

No Hugo Award For Security Council (LAT)

The Los Angeles Times, September 22, 2006

VENEZUELAN PRESIDENT Hugo Chavez took his stand-up act to New York on Wednesday and just killed 'em, waking up a sleepy General Assembly crowd with zinging one-liners likening President Bush to the devil. It was the crowning stop in a comedy world tour that has been busting up audiences from Iran to China, fitting for a man running against a comedian in Venezuela's upcoming presidential election.

Chavez's anti-American tirades may be a hit in much of the developing world, but few sane people will be laughing if he achieves his appallingly realistic goal of winning a rotating seat on the U.N. Security Council.

Venezuela is seeking a two-year slot on the 15-member council. Such seats are awarded on a regional basis; the other Latin American candidate, Guatemala, is heavily backed by the United States. Chavez over the last several months has made beating Guatemala his major foreign policy goal, traveling the world (mostly to drum up support from staunch U.S. foes such as Iran and Syria) and signing oil deals to buy votes. It seems to have paid off; Venezuela is believed to have the majority of the General Assembly on its side, though it will need a two-thirds vote to prevail.

Having Venezuela on the Security Council wouldn't recast the U.N. in Chavez's image, nor would it seriously impede the democratic world. Rotating members don't have the veto power of permanent Security Council fixtures Britain, China, France, Russia and the United States. But it would provide an international forum for Chavez's diatribes, one that he plans to take advantage of personally, and he could delay important initiatives like curbing Iran's nuclear ambitions or deploying U.N. troops in Darfur.

Chavez has been generous in spreading his oil wealth to his neighbors, and tweaking Uncle Sam is a cheap way to win political support in Latin America. But Wednesday's performance should make more moderate heads of state, such as Brazilian President Luiz Inacio Lula da Silva, wonder if they really want to be represented in a critical international body by the clown prince of Caracas. And a nuclear-armed Iran or North Korea is not in the interest of anybody.

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If Latin America doesn't have a consensus choice for the U.N. seat by Oct. 16, it will come down to a secret ballot by the General Assembly. In case of deadlock, which seems probable, a third country may well emerge as the winner. Uruguay and the Dominican Republic are considered the two most likely candidates, and either would be better than Venezuela. Chavez might seem like a laugh riot today, but after two years of gridlock and shenanigans on the Security Council, the joke would wear pretty thin.

In Chávez's Crosshairs (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 22, 2006

Fidel Castro is not far from death. That's one conclusion to draw from his failure to get out of bed for the summit of the non-aligned nations held in Havana last week.

The other telling sign that the long-winded tyrant is not coming back, despite Cuban claims that he is on the mend, was Venezuelan President Hugo Chávez's performance at the United Nations on Wednesday. Clearly the revolutionary baton has been passed to the kook from Caracas, Castro's wealthiest and keenest protégé.

After this week, Americans are likely to be focused on the nexus between Venezuela and Iran, whose president rivaled Mr. Chávez as the scariest speaker at the General Assembly. Yet there is an equally pressing threat from Venezuela right in the U.S. backyard. The battleground is Bolivia, which Mr. Chávez badly wants to control so he can seize that country's natural-gas reserves and become the sole energy supplier in the Southern Cone. In doing so, he hopes to seriously damage the Brazilian economy and crush Brazil's geopolitical ambitions as the leader in South America. In its place he wants to plant the flag of Venezuelan hegemony. If he gets away with it, Argentine and Chilean sovereignty would also be diminished and continental stability lost.

To avoid this grim outcome and preserve Bolivian democracy, the U.S. could start by studying Mr. Chávez's path to power, which included help, both passive and active, from Washington.

Theatrics aside, the Venezuelan's verbal assault this week against the U.S. was hardly a news flash. Mr. Chávez has been spouting this stuff for eight years while Venezuelan democrats have been begging the world to take note of it. Democratic Congressman William Delahunt, former Republican Congressman Jack Kemp and the Washington law firm of Patton Boggs all worked to give Mr. Chávez an image makeover in the U.S. so that Venezuelan cries for help might be ignored even as the aspiring dictator was consolidating power.

It seems to have worked too. Let's not forget what happened when Venezuelans tried to remove Mr. Chávez in a 2004 recall referendum. The European Union refused to act as an observer, citing lack of transparency. But that didn't stop Jimmy Carter or the Organization of American States, both of which went along to "observe" a vote cloaked in state secrets. When OAS mission director Fernando Jaramillo cried foul at the many government pre-referendum pranks and Mr. Chávez complained about him, OAS chief César Gaviria yanked Mr. Jaramillo from the country just ahead of the vote.

Exit polls showed that the Venezuelan president was badly beaten in the contest but the chavista-stacked electoral council declared him the winner. Mr. Chávez refused to allow independent auditing of voting machine software or a count of paper ballots against machine tallies. Mr. Carter together with U.S. Assistant Secretary of State for the Western Hemisphere Roger Noriega and the OAS, rushed to endorse the vote despite the lack of transparency and many testimonies to state-sponsored intimidation and dirty tricks. In the heat of the battle, the National Endowment for Democracy cruelly threatened the country's most important independent electoral watchdog that if it didn't accept Mr. Chávez's victory, NED would pull its support.

Mr. Chávez now boasts that he was democratically elected and foments hatred against his neighbors, including the U.S. Wednesday's Castro-esque message claimed that the "non-aligned" movement intent on going nuclear has only pure motives, while the U.S. president is the devil.

Still Hugo knows that rhetorical bullying from the U.N. pulpit can take him only so far. Both Mexico and Peru rejected Chávez proxies this year in presidential elections. While he might still get a foothold in Nicaragua if Daniel Ortega wins there in November, what he really wants to do is knock Brazil down a few notches. And there is no better way to do that than to hit its energy supply. This explains the blitz the chavistas are now putting on in Bolivia to make that country a (hydro) carbon copy of Venezuela.

Mr. Morales rose to executive power by first using violence to bring down two constitutional presidents and then forcing a new election, which he won. He dreams of an indigenous, collectivist Bolivian economy under the thumb of an authoritarian government. Never mind that most native Bolivians are highly entrepreneurial.

His power is boosted by his support for Bolivian coca growers against U.S.-mandated eradication efforts. He is also being coached by Mr. Chávez. He has nationalized investments in the natural-gas industry and he ruled that agricultural land be redistributed to peasants. He has purged the military of its highest ranking professionals and he has arrested or threatened to

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arrest some 150 of his political opponents. Bolivia is now blanketed with Cuban doctors and teachers. Cuban security detail protect the president while Venezuelan energy advisers are said to be setting policy in the natural-gas sector.

Yet there is serious resistance in the eastern states and some admission from La Paz that the country is too poor to cut itself off from the world. Last week Mr. Morales had to fire his energy minister after Brazil threatened to exit the country when the minister announced the seizure of two more Brazilian owned refineries.

Such acquiescence toward Brazil has to be frustrating Mr. Chávez and any chance to defeat those in his way now lies with the rewriting of the Bolivian constitution. But there is a problem there too. Mr. Morales's party has just over 50% of the constitutional assembly seats. That means that in order to steamroll the opposition the government must force a change in the approval requirement to a simple majority from a two-thirds vote, which is now the law.

Seven of the nine state governors have objected to this but Evo's side is again threatening violence. Bolivia could use some help from the international community. One thing the U.S. could do to weaken Evo is end insistence on coca eradication, which while failing to reduce drug use has alienated peasants. What is clear is that doing nothing while Mr. Chávez seizes power on the continent is not an option.

Five Palestinians Killed In Gaza; Rockets Fired Into Israel (WP)

By Scott Wilson, Washington Post Foreign Service

The Washington Post, September 22, 2006

JERUSALEM, Sept. 21 -- Israeli forces killed at least five Palestinians on Thursday in the Gaza Strip, while gunmen there fired rockets into Israel during the day.

The spate of violence ended a few weeks of relative calm between Palestinian gunmen and Israeli forces that began after Israeli tanks and troops withdrew from a volatile area east of Gaza City early this month. Israel's military has maintained intensive operations in Gaza since June 25, when Palestinian gunmen captured an Israeli soldier in a cross-border raid.

A conflict between rival Palestinian factions has sharpened at the same time, and rocket fire into Israel appears to be on the rise again. The Israeli military said four rockets landed in southern Israel over the course of the day, hitting a college classroom and rupturing a water pipe in the city of Sderot. No injuries were reported.

The Palestinians were killed in two separate incidents at far ends of the strip.

Early Thursday, Israeli army and border police units surrounded a house in Rafah, the largest city in southern Gaza, during what military officials described as an arrest operation.

The Israeli military said Palestinian gunmen inside the house attacked the Israeli forces with rifle fire and grenades. The soldiers directed small-arms and tank fire at the house, military officials said. Later, soldiers also fired on a man outside the house who military officials said was armed.

Palestinian health officials reported that a 35-year-old mother was killed by a tank round in the Rafah fighting and that a man was killed by gunfire.

Later in the day, three Palestinians who witnesses said were tending goats near the Jabalya refugee camp in northern Gaza were killed by Israeli fire. Israeli military officials confirmed that artillery fire had been directed at three men, whom Palestinian witnesses described as teenagers. Israeli military officials said the men were handling launchers used to fire rockets earlier in the day at Sderot.

Palestinian gunmen flee quickly after firing the crude, erratic rockets, often hiding in the labyrinths of Gaza's crowded residential neighborhoods. Many Palestinians have been killed by Israeli fire after wandering into those staging areas soon after a rocket is launched.

An Israeli army spokeswoman said Thursday, "If the launcher was left on the ground, then these people were victims of those who left it there."

With N. Korea Talks Stalled, U.S. Tries New Approach (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, September 22, 2006

UNITED NATIONS, Sept. 21 -- With North Korea refusing to return to the six-nation disarmament talks, Secretary of State Condoleezza Rice on Thursday convened a meeting of a new group of nations that will focus on Northeast Asian security concerns. Diplomats have dubbed the group "Five Plus Five" to refer to the 10 countries involved, but North Korea declined an invitation and China and Russia did not send representatives.

"It turned out to be the Six Minus One Plus Two Plus Three Minus Two," quipped Assistant Secretary of State Christopher R. Hill, the administration's point man on North Korea.

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Few issues have proven as vexing as the impasse over North Korea's nuclear ambitions. In some ways, the gathering is the diplomatic equivalent of throwing spaghetti against the wall -- an effort to try something just to see what sticks.

"We had the three-party talks, the four-party and the six-party, and now the 10-party," said Kongdan Oh, an expert on the North Korean nuclear program at the Institute for Defense Analyses in Alexandria. "As the number of parties has gone up, the speed of the failure has gone faster."

A year ago this week, in what was hailed as a breakthrough, Hill and diplomats from North Korea, China, Russia, South Korea and Japan agreed to guidelines for negotiating the dismantling of North Korea's weapons programs in exchange for economic and political incentives. But the negotiations never got started in earnest.

Four days before the agreement was reached, the Treasury Department had designated Macao's Banco Delta Asia as acting as a front for North Korean counterfeiting operations. The Treasury action had wide repercussions, leading many banks around the world to curtail dealings with North Korea. North Korea declared that the action amounted to "financial sanctions," and refused to return to the six-party talks.

North Korea further rattled nerves with a ballistic missile test in July.

Now, with little prospect of restarting the six-party talks, the United States has decided to try to broaden the circle, bringing in nations such as New Zealand, Canada and Indonesia. The first meeting of the larger group was held on the sidelines of a July gathering of the Association of Southeast Asian Nations (ASEAN), after the missile test. Thursday's meeting, at New York's Waldorf-Astoria hotel, was the second, and Hill said a third is planned for Hanoi in November, when heads of state gather for an annual Asia-Pacific summit.

"In Northeast Asia, we need a stronger dialogue on security issues," Hill said. "It's not to change the six-party talks. It's not to have an immediate sort of actionable outcome or something. It's simply to have information exchange."

But there is a broader subtext to the gathering. The Bush administration wants China to do more to bring North Korea back to the table, and Hill pointedly noted that several ministers present said China should do more.

Moreover, as a result of the U.N. Security Council resolution passed after the North Korea missile test, the United States has prepared a new package of sanctions. But the administration wants a number of other countries to sanction North Korea first, before it announces its own sanctions, so it will not look like the heavy.

At Thursday's meeting, representatives of Japan and Australia described the sanctions their governments recently imposed on Pyongyang, and Rice urged other countries to follow suit.

Finally, some of Rice's aides, such as counselor Philip D. Zelikow, have long been interested in reshaping the security framework of Northeast Asia. The region has no organization similar to NATO or ASEAN, in part because relations between China, Japan and South Korea are so tense. So when crises occur, diplomatic initiatives must be cobbled together from scratch. Some experts believe the new effort is an attempt to provide the building blocks for such an entity.

"I'm not going to make predictions at this point whether this is the protoplasm of a new OSCE," Hill said, referring to the Organization for Security and Cooperation in Europe, a regional group that some see as a model for Northeast Asia. "I just at this point can't speculate that far ahead."

Russia, China Stay Away From N. Korea Session (WT)

By Nicholas Kralev

The Washington Times, September 22, 2006

NEW YORK -- China and Russia, key nations in six-party talks on North Korea's nuclear weapons, skipped an expanded session yesterday, in which countries from the Philippines to Canada sought to address Pyongyang's refusal to negotiate.

The session, hosted by Secretary of State Condoleezza Rice, was an attempt to involve Canada, Australia, New Zealand, Indonesia and the Philippines in an expanded forum on regional security.

"Several participants commented that they thought China should be doing more" to bring North Korea back to the six-party talks, said Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs.

Officials from other countries at the meeting, who asked not to be identified, confirmed that many of those present expressed disappointment with Beijing.

They also said that the Chinese had made a conscious decision not to attend, questioning Mr. Hill's suggestion that the reason had to do with scheduling.

Mr. Hill played down the absence of both China and Russia, saying that their foreign ministers had met with Miss Rice several times this week and "we kind of know where they are on these issues."

The six-party talks consist of the United States, Japan, China, North and South Korea and Russia. A year ago, all parties signed a joint statement that they are committed to the denuclearization of the Korean Peninsula.

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Since then, Pyongyang has boycotted the process, blaming Washington for imposing financial sanctions aimed at stopping suspected money-laundering and North Korean counterfeiting of U.S. $100 bills.

Briefing reporters at yesterday's meeting on the sidelines of the U.N. General Assembly session in New York, Mr. Hill said that all participants made it clear that the meeting was not a substitute for the six-party talks.

"We are not in any way trying to change that," Mr. Hill said. "It's simply an informal forum whose purpose is to discuss the security situation in Northeast Asia and to support the six-party process."

Still, he said, the expanded format is designed to make it clear that Pyongyang's refusal to negotiate does not preclude other international venues from discussing the nuclear issue.

"The effect of it will be to show North Korea that there is a broader concern in the broader region about its nuclear programs," Mr Hill said.

"It also, I think, demonstrates clearly to North Korea the fact that, while they may boycott the six-party process, they are not going to veto multilateral discussions in Northeast Asia."

Mr. Hill, who returned from a trip to the region last week, said that several ministers yesterday "expressed concern" about a possible North Korean nuclear test and "emphasized the need to dissuade the North Koreans by all means possible."

North Korea claims it has produced atomic bombs, but it has never conducted a nuclear test.

Earlier this week, Japan and Australia imposed financial sanctions on North Korea because of its ballistic missile program. Chinese Foreign Ministry spokesman Qin Gang criticized the move Tuesday.

"The Chinese government has always advocated that this issue should be resolved by dialogue, and we are opposed to sanctions," he said. "All parties concerned should focus on how to resume the talks as soon as possible and avoid any actions that may further complicate the situation."

North Korea Avoids Meeting Of 8 Nations (AP)

AP, September 22, 2006

North Korea stayed away from a gathering of diplomats from the United States and seven other nations Thursday that focused on the specter of a nuclear North Korea.

"They don't like to talk to people," Assistant Secretary of State Christopher Hill said following the gathering on the sidelines of the annual United Nations opening session.

China and Russia also skipped the meeting, although they are members of the international coalition that reached a breakthrough disarmament bargain with Pyongyang a year ago. That agreement has never taken effect and North Korea is boycotting further talks in protest of what it calls unfair U.S. financial sanctions.

Hill called the North Korean complaint a pretext for ignoring its responsibilities to give up nuclear weapons ambitions under the 2005 agreement. He said the original coalition of the United States, China, Japan, Russia and South Korea remains ready to resume negotiations with the North.

Thursday's meeting involved foreign ministers from Australia, Indonesia, New Zealand, Canada and the Philippines, in addition to the United States, Japan and South Korea.

Hill said several participants criticized China for failing to do enough to bring North Korea back to talks, but he said the United States was not among them. China is the North's closest ally and has served as an intermediary.

North Korea seeks to normalize its relations with the U.S. but also says its nuclear program is a deterrent to fend off a possible U.S. invasion.

U.S. Sets Conditions For N. Korea Visit (AP)

AP, September 22, 2006

The main U.S. nuclear envoy could visit Pyongyang if North Korea ends its boycott of international nuclear talks, the U.S. ambassador to South Korea said in an interview Thursday.

"I think that possibility has never been excluded," Ambassador Alexander Vershbow told Yonhap news agency in remarks that were confirmed by the U.S. Embassy.

The North has in the past invited the U.S. envoy, Assistant Secretary of State Christopher Hill, who expressed willingness to make such a trip last year after the communist nation agreed at the arms talks to abandon its nuclear program in exchange for security guarantees and aid.

The North immediately threw cold water on the deal and demanded a nuclear reactor for power generation — and the trip was put off.

"Unfortunately it was impossible because North Koreans were unwilling to even suspend their production of plutonium in the Yongbyon reactor," Vershbow said, referring to the North's main nuclear facility. "So the opportunity was missed."

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Vershbow also said that Hill "is prepared to enter into bilateral talks in a constructive spirit if North Korea is committed to return to the six-party talks," according to the embassy.

North Korea has stayed away from the six-nation nuclear talks — which include China, Japan, Russia, South Korea and the U.S. — since last year in anger over U.S. financial restrictions against the North for its alleged complicity in counterfeiting and money laundering.

Japan and Australia earlier this week enacted similar restrictions on a group of North Korean firms allegedly involved in suspect transactions.

Vershbow said Thursday that the United States didn't have any immediate plans for more sanctions of its own on the North.

"We are still considering what additional steps may be necessary. On our own part, we are proceeding in a deliberate manner. We are not rushing to any decisions," he said. "There is still time for North Korea to pull back from the brink. I hope they do."

North Korea has insisted it won't return to the talks unless the U.S. drops its sanctions. Pyongyang claims to have nuclear weapons and further stoked regional tension in July by test-firing a series of missiles over international objections, drawing condemnation from the U.N. Security Council.

Despite Plea, Indonesia Executes 3 Christians (NYT)

By Raymond Bonner

The New York Times, September 22, 2006

JAKARTA, Friday, Sept. 22 — In the early morning hours on Friday, an Indonesian firing squad executed three Christian men who had been convicted in connection with the violence that has wracked the province of Central Sulawesi. The government ignored a last-minute appeal from the European Union to declare a moratorium on the death penalty.

No evidence directly linked any of the condemned to killings, but two were found to be ringleaders of a Christian militia that killed 200 Muslims in 2000, and the third to have instructed Christians in the use of arrows, according to trial observers.

The European Union appeal did not specifically mention the case of the Christians. Its plea was aimed at halting all executions, including those of three Bali bombers who are on death row for their role in the attacks on nightclubs in 2002, which killed 202 people, European diplomats said.

“The European Union, along with many other like-minded countries, opposes the use of the death penalty in all circumstances,” the Finnish ambassador, Markko Niinioga, representing the presidency of the European Union, said in a letter that was delivered Wednesday to the Indonesian president, Susilo Bambang Yudhoyono. “The E.U. finds this punishment cruel and inhuman.”

The letter was read to The New York Times by a European diplomat, who did so on the condition of anonymity because the letter had not been released publicly. An aide to Mr. Yudhoyono confirmed that it had been received. Mr. Yudhoyono is considered a leading contender for the Nobel Peace Prize because of his work in bringing about an end to the separatist war in the western province of Aceh, and European diplomats said that this could hurt his chances, given the strong anti-death penalty sentiments among European governments.

About 80 men are on Indonesia’s death row, all but a handful convicted of murder or drug trafficking, according to a human rights group here, the Committee for the Disappeared and Victims of Violence.

In its letter to Mr. Yudhoyono, the European Union wrote, “Besides respecting the value of human life,” a moratorium would “in our opinion strengthen the international position and prestige of Indonesia.”

The three men executed Friday morning in the town of Palu were Fabianus Tibo, 60, Marinus Riwu, 48, and Dominggus da Silva, 42. They were convicted in connection with killings in the Central Sulawesi town of Poso in May 2000, including more than 70 men, women and children who had sought refuge in a school.

At their trial in 2001, no witnesses testified seeing any of them kill anyone, Dave McRae, a specialist in the Poso conflict at the Australian National University, wrote in The Jakarta Post on Wednesday. Even if they were leaders, “Their death sentence is excessive,” Mr. McRae wrote. More than 150 men have been tried in connection with the Poso violence, but the longest sentence, except for these three men, has been 15 years, Mr. McRae wrote.

The executions of the three men had become entangled with the case of the Bali bombers. In this overwhelmingly Muslim country, the government considers that the risk of political protests would be too great if it executed the Bali bombers and not the Christians.

“We’re going to execute the Bali bombers,” said a senior government official, who was willing to discuss the government’s plans and its response to the European Union appeal only on the condition of anonymity because he was not authorized to speak for attribution. The Bali bombers were scheduled to have been executed last month, but the executions were postponed.

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They will not happen for at least a month, until after Ramadan, which begins Sunday. Many Indonesian political analysts and foreign diplomats doubt that the men will be executed.

Three Christians Executed In Fatal Attack On Muslims (WT/AP)

By Irwan Firdaus

The Washington Times, September 22, 2006

PALU, Indonesia -- Three Christian militants were executed by firing squad early today for leading attacks on Muslims six years ago that left 70 persons dead, a police official and local news media said.

The men were taken before the firing squad at 12:15 a.m., said a senior police officer, who asked not to be identified because he wasn't authorized to speak to the media. Metro TV and SCTV had similar reports, but did not identify their sources.

The case against them has heightened tensions in the world's most populous Muslim nation and raised questions about the role religion played in punishing those behind the violence that swept Sulawesi province from 1998 to 2002, killing more than 1,000 people of both religions.

Only a small number of Muslims were convicted in the violence, all for 15 years in prison or less.

In carrying out the death sentence, Indonesia ignored an appeal last month by Pope Benedict XVI to spare the men. A Vatican spokesman, the Rev. Federico Lombardi, told the Italian news agency ANSA that news of the execution "was very sad and painful."

Fabianus Tibo, 60, Marinus Riwu, 48, and Dominggus da Silva, 42, were found guilty of leading a Christian militia that launched a series of attacks in May 2000 -- including a machete and gun assault on an Islamic school where dozens of men were seeking shelter.

Security forces braced for sectarian violence, with thousands of police blocking roads leading to the prison where the inmates had been held.

"I understand they have been killed," said Roy Rening, their attorney, adding that he was still awaiting confirmation from the prosecutor's office.

Jeremy Sewall, a policy analyst for the Silver Spring, Md.-based International Christian Concern (ICC), told The Washington Times that the three men were denied the opportunity to attend Mass before they died.

"The Indonesian government is sacrificing true justice to provide judicial 'balance' by executing these three Christians to appease Muslims who are upset that three Islamic terrorists are also set to be executed for their part in the Bali bombings," he said. "This is not justice. This is deception, coverup, and appeasement."

The ICC, which investigated the violence in Indonesia, said that entire Christian villages were attacked with government munitions and burned down using Indonesian government fuel trucks. Christian adults and children were beheaded.

Human rights workers say the men's 2001 trial was a sham, and that while it was possible the men took part in some of the violence, they almost certainly were not the masterminds.

The executed men told relatives and a priest during final prayers at their jail yesterday that they were innocent but ready to die.

The condemned men had said they hoped investigations into the clashes would continue, noting that they had provided authorities with the names of 16 Christians who they said instigated some of the worst bloodshed.

The government said its investigation is complete.

"My father told me he was not afraid to die, he is not afraid to face his destiny," said Tibo's son, Robert. "But he wants the real killers to be caught."

Thousands of Christians rallied peacefully in at least seven towns yesterday. Muslim protesters also have taken to the streets in recent weeks, demanding the men be killed following two last-minute stays, the most recent just more than a month ago.

Fearing violence timed to the executions, Indonesia deployed more than 2,000 police and soldiers in Palu, some guarding churches that dot the city.

Security was also stepped up on the island of Flores, where the three men were born, said Lt. Col. Endang Syafrudin, the island's police chief.

Was Thai Coup Pre-Emptive? (WSJ)

By James Hookway

The Wall Street Journal, September 22, 2006

Impending Military Reshuffle Could Have Strengthened Thaksin

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When Thailand's military high command decided to overthrow Prime Minister Thaksin Shinawatra in a coup, they were up against a tight deadline: a fast-approaching military shuffle that could have promoted Mr. Thaksin's supporters into key posts and strengthened the billionaire businessman's grip on power.

After months of sparring between Mr. Thaksin and political opponents had pushed Thailand into a leadership crisis, the premier was preparing a strike to regain the upper hand, people familiar with the situation say. Mr. Thaksin planned to replace Thailand's senior commanders -- including the coup's leader, Gen. Sondhi Boonyaratkalin, the army's commander in chief -- with new generals friendly to his government before a parliamentary election then scheduled for October. Mr. Thaksin's Thai Rak Thai party, which came to power in 2001, was expected to win that vote handily.

The pending shuffle at least partially drove the army's decision to stage this week's coup, people familiar with the events say. The coup, while peaceful, and popular among many Thais alienated by Mr. Thaksin's strong-willed rule during his five years in power, has prompted criticism abroad as a setback to Thailand's efforts to nurture and sustain a democratic political system.

The coup, which the military says has been endorsed by Thailand's influential King Bhumibol Adulyadej, has left 59-year-old Gen. Sondhi and other military leaders with the task of restoring a credible government in one of Southeast Asia's linchpin economies and a key ally of the U.S.

Paving the Way to Power

Thailand's new military rulers have promised to put a civilian government in place within two weeks and hold new elections by October 2007. They have also cracked down on political activities and curtailed some civil liberties. A small group of demonstrators was detained Wednesday for protesting the army's declaration of martial law, and the military has detained four cabinet members of Mr. Thaksin's government.

"During the transition period, every country does this in order for the situation to return to normalcy quickly," said a spokesman for the ruling military council. He didn't say why the men -- who include Deputy Prime Minister Chitchai Wannasathit -- were arrested.

The military government has banned gatherings of more than five people, and prohibited political meetings and the establishment of new political parties. It also said it is taking over the functions of Thailand's legislative branch.

The military also has introduced restrictions on Thailand's once free-wheeling media.

At the same time, the coupmakers appear to be preparing to move more directly against Mr. Thaksin, who was in the U.S. at the time of the coup and is now in London. In a step widely seen as a bid to build a criminal case against the ousted premier and help justify the coup, the military council has empowered Thailand's top graft investigator, Auditor-General Jaruvan Maintaka, to investigate allegations of corruption in Mr. Thaksin's government. It isn't clear whether Mr. Thaksin, who said Thursday he was "resting" in the United Kingdom, intends to return to Thailand.

The military hasn't said whom it will recruit to head an interim civilian government. People familiar with the negotiations say front-runners include central-bank governor Pridiyathorn Devakula, a respected banker who stood up to Mr. Thaksin on financial-policy issues and clamped down on lending at state-owned Krung Thai Bank that in 2004 was beginning to undermine the bank's financial stability.

Another possible candidate is Palakorn Suwanarath, a former deputy permanent secretary at Thailand's interior ministry who now serves as one of a panel of advisers to King Bhumibol.

Unless a credible stop-gap leader is picked soon and political and civil restrictions are eased, the generally warm popular welcome accorded the coup in Bangkok could begin to fade into criticism, political analysts suggest.

"Judging from past experience, people here will put up with military government, but only if its agenda and a timetable for return to democratic rule is clear," says Thitinan Pongsudhirak, a political-science professor at Bangkok's Chulalongkorn University.

Meanwhile, Thailand's financial markets reflected the hopeful view that the military will fulfill its commitment to gradually restore democracy. After falling more than 4% in the first hour of trading since Tuesday's coup, the Bangkok stock exchange's key index recovered to close 1.4% lower on Thursday, down 9.99 points at 692.57.

The conflict between Mr. Thaksin and his conservative military opponents had been building for months, if not years, as the brash telecommunications tycoon-turned-politician tightened his hold on government institutions after coming to power in 2001 and winning re-election in 2005.

A former police officer who trained with the army cadets as a young man, Mr. Thaksin promoted many of his former classmates above more senior officers after he became prime minister. At one point he elevated his cousin, Gen. Chaiyasit Shinawatra, to the job of army commander -- the post that Gen. Sondhi now holds.

Conflicts between powerful military and civilian leaders over promotions are a recurring feature of politics in Thailand, an economically vibrant country of 65 million people.

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Mr. Thaksin's efforts to place his supporters and classmates in positions of power led to back-biting and resentment in the armed forces. The tensions crystallized into two distinct factions: Mr. Thaksin's supporters -- including business backers and rural politicians -- and an older, more conservative group of military officers and bureaucrats who align themselves closely with Thailand's royal family and King Bhumibol's chief adviser, Prem Tinsulanonda, a retired general and former prime minister.

Mr. Thaksin also appointed his supporters to key positions in Thailand's judiciary and election commission as well as the military. Despite thinly veiled warnings from King Bhumibol that he was becoming too arrogant, Mr. Thaksin continued to expand his authority, filing libel suits against his critics and buying a television network that had been critical of his policies.

The prime minister also was skilled at finding loopholes in laws and regulations and using them to his advantage, swelling the ranks of his party and, despite enjoying a parliamentary majority, frequently opting to rule by executive decree instead, making himself the center of power in the country.

Many military officers grew increasingly uneasy about Mr. Thaksin's expanding influence, particularly when he began promoting his own supporters within the armed forces.

A Rift Deepens

Signs of a rift between Mr. Thaksin and his supporters and the palace and the military became apparent late last year when, in an exercise of a seldom-used royal power, Gen. Sondhi was appointed to the top post after Gen. Prem and another royal adviser vetoed Mr. Thaksin's choice for the job.

The tensions grew acute in January, after Mr. Thaksin's family sold its controlling stake in Shin Corp. to a group of investors led by Singapore's state investment company Temasek Holdings Pte. Ltd. for $1.9 billion, in a deal that was constructed in such a way that the seller paid no taxes on the proceeds. Although the transaction illustrated Mr. Thaksin's business acumen, it also revealed his occasional inability to read the political pulse in Bangkok, even as he remained popular in rural Thailand. Within weeks, tens of thousands of people were regularly demonstrating for his resignation.

To ease the pressure, Mr. Thaksin called a snap election, which the opposition parties boycotted and the Thai courts later voided.

In June, Mr. Thaksin complained in a speech that a "charismatic figure" was trying to force him from office -- a reference many Thais considered to be directed at either King Bhumibol or his close adviser, Gen. Prem.

With many Thais now taking to the streets to demand that Mr. Thaksin be charged for insulting the monarchy under Thailand's strict lèse-majesté laws, Gen. Sondhi and his supporters started to limit Mr. Thaksin's authority within the military. His first step to rein in Mr. Thaksin was an apparent warning shot, military analysts say. Gen. Sondhi in July transferred 129 midlevel commanders with strong ties to Mr. Thaksin's supporters to remote outposts or desk jobs. That cut the chain of command between generals sympathetic to Mr. Thaksin and the rank and file, military analysts say.

People familiar with the tensions in the military say Mr. Thaksin was preparing to retaliate by ensuring that a close ally, such as Gen. Pornchai Kranlert, succeed Gen. Sondhi as the army chief in an annual military shuffle scheduled for October. He also intended to appoint other key supporters to be responsible for security in and around Bangkok.

Mr. Thaksin and his advisers couldn't immediately be reached for comment.

Military analysts say that if Gen. Sondhi didn't act when he did, he might have found himself promoted to the mostly ceremonial job of supreme commander of the armed forces.

Had the plan proceeded, Mr. Thaksin would have been well placed to reclaim full power after a parliamentary election initially scheduled for Oct. 15 without the threat of a hostile military high command to stop him.

On Sept. 17, Gen. Sondhi and several other top generals decided to proceed with a coup to remove Mr. Thaksin from office, Gen. Sondhi said Wednesday at his first news conference as Thailand's interim leader.

Once the decision to remove Mr. Thaksin was made, Gen. Sondhi's earlier maneuver to transfer the 129 middle-ranking officers loyal to Mr. Thaksin was pivotal. Military analysts say that without commanders in the field, there was no way the prime minister could have predicted he would soon be deposed.

Thai Junta Imposes Curbs On News Media (NYT)

By Thomas Fuller, International Herald Tribune

The New York Times, September 22, 2006

BANGKOK, Sept. 21 — The first signs of trouble for Prime Minister Thaksin Shinawatra emerged on Tuesday when he called an early-morning teleconference with the country's top army general.

The general, Sonthi Boonyaratglin, did not show up.

"Sonthi was absent," said Rongpol Charoenphan, the cabinet secretary. "He asked his aide to inform everyone at the meeting that he was busy in the south."

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Actually, General Sonthi, the chief of the army, was organizing a coup that he would begin 14 hours later, sending tanks into the streets and — with a televised announcement — rescinding the Constitution and dissolving Parliament.

On Thursday, General Sonthi sought to strengthen the grip of his junta, banning political gatherings and "activities" and summoning Thai media executives to army headquarters to warn them against publishing "expressions of public opinion" — possibly a reference to opinion polls but perhaps also including commentaries. The junta also summoned Mr. Thaksin's closest political allies.

Mr. Thaksin was in New York when the army took over. On Thursday, he issued a statement from London, saying that he would take a "well-deserved rest" and that he hoped for national reconciliation.

"We won't just stay in London,'' Pansak Vinyaratn, Mr. Thaksin's chief policy adviser, said by telephone from there. "We will probably go to Europe to have a rest."

Many questions remain about how the military will carry out its stated intention to return democracy to Thailand, which before a political crisis erupted in January was a sort of beacon of democracy for its neighbors.

But a more immediate question is what will happen to Mr. Thaksin and his fortune of more than $2 billion. The Thai news media speculated on Thursday that to appear more legitimate, the junta might open investigations against Mr. Thaksin. Showing financial malfeasance could justify the coup in the eyes of disapproving foreign governments.

The junta retained the country's auditor general, Jaruvan Maintaka, who had sparred with Mr. Thaksin, and increased her power to investigate government corruption.

Mr. Thaksin, one of Thailand's richest men, made his fortune in the technology business, initially by selling IBM computers to the police force.

He cashed out of his business empire in January, selling his conglomerate, consisting of telecommunications, airlines and satellite businesses, to an investment company owned by the Singapore government. The sale netted $1.9 billion for his family, an amount so large that the Thai baht appreciated against the dollar as the money was being brought into the country.

In a briefing on Wednesday, the leaders of the junta told reporters that there were no plans to freeze Mr. Thaksin's assets but that investigations were possible.

"It depends on the information we have at hand," Kowit Wattana, the country's national police chief, said at the briefing. "At present, he already has many lawsuits, so we might look into them again and see what to do."

If Mr. Thaksin's money is still in Thailand, he may find it difficult to transfer it out. The Central Bank limits personal remittances to $1 million a year per person, unless special permission has been granted for more. If the money is for investment purposes, however, an individual is allowed to wire $10 million without the permission of the Central Bank.

Vichit Supinij, a former governor of the Central Bank and a former adviser to the Thaksin government, said he believed that Mr. Thaksin's fortune was still in the country. "The money is probably still in the banks at the moment," Mr. Vichit said.

But Klanarong Chantik, the former director of the National Countercorruption Commission, said it would also be difficult to investigate Mr. Thaksin's finances.

"The current situation isn't normal," Mr. Klanarong said. "All the laws were revoked, and the committee of the National Countercorruption Commission no longer exists."

"The problem is everything now depends on the council's interpretation of the law," he said, referring to the name the junta has chosen for itself, the Administrative Reform Council.

"Right now, the council is the law," he said.

Thai Coup Leaders Tighten Controls (AP)

By Alisa Tang, Associated Press Writer

AP, September 22, 2006

Thailand's new military rulers tightened their grip Thursday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister.

In announcements broadcast on all television stations, the military said it was banning all meetings by political parties and the creation of new parties. It said it was taking over the duties and responsibilities of parliament, which was dissolved when the coup leaders threw out the 1997 constitution.

The Thai ruling council has also imposed media restrictions, including stationing soldiers at television and radio stations, and ordering the information ministry to stop the distribution of information "deemed harmful" to its agenda.

The moves seemed likely to increase criticism from Western nations and human rights groups, which described Tuesday night's ouster of an elected but unpopular civilian government as a setback to democracy.

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In a region where democracies are fragile in the best of times, the coup has also unleashed worries about nearby nations where political unrest is common. Political analysts said images of tanks rolling through Bangkok's streets sent an unfortunate message, but that the chances of a spillover effect appeared remote.

"At a time when many countries are struggling to consolidate their democracy, this is a bad example," and raises questions about stability in the region, said political analyst Dewi Fortuna Anwar of the Indonesian Institute of Sciences.

There was no challenge to the Thai military's authority from the ousted prime minister, Thaksin Shinawatra, who issued his first statement since the coup. The billionaire tycoon said from London that he planned to take a "deserved rest" from politics, and hoped to carry out "possible charitable work for Thailand."

The coup group empowered an auditor to investigate government corruption, which could lead to the confiscation of Thaksin's wealth. Analysts said that proving Thaksin's alleged corruption was necessary to legitimize the coup.

Pasuk Phongpaichit, one of Thailand's most respected political economists, alleged that corruption was "blatant" under the Thaksin government but said a coup was not the best way to handle it.

"A democratic country must have a constitution and adhere to the rule of law," she said. "If the prime minister has done something wrong, he must be tried and he should be judged."

Although Thaksin handily won three general elections, opponents accused him of emasculating democratic institutions, including packing the state Election Commission with cronies and stifling media that were once among Asia's freest.

Bottleneck traffic returned to the streets and Thais went back to work Thursday, with many in Bangkok describing the military takeover the most "friendly" coup this country has seen.

Aside from some soldiers on street corners and tanks at strategic points in and around the city, Thursday was like any other day in the congested Thai capital. Commuters crammed the subways, vendors lined shopping streets hawking handicrafts and grilled kebabs, shops were open and tourists were out.

"It feels like a normal day. Nothing is different," said Nuttawee Chotsawat, 25, who works at a 7-11 store in the downtown business district. "There's nothing to be scared of."

Many Thais appeared relieved at the resolution of political tensions festering since the beginning of the year, when street demonstrations demanding Thaksin step down started growing in size and vehemence. Thailand has had no working legislature and only a caretaker government since February, when Thaksin dissolved Parliament to hold new elections in an effort to reaffirm his mandate.

The coup leader, army commander Gen. Sondhi Boonyaratkalin, has said he would serve as de facto prime minister for two weeks and then the ruling military council will choose a civilian to replace him. A constitution is to be drawn up and elections held in one year's time.

Many Thais view the new regime as a good chance to resolve a Muslim insurgency in the south that has killed more than 1,700 people.

An exiled Muslim rebel leader on Thursday welcomed Thaksin's overthrow by Sondhi, a 59-year-old Muslim in a predominantly Buddhist country.

Thaksin, who used an iron-fisted policy in trying to suppress the insurgency, was widely detested in southern Thailand and many moderate Muslims said the conflict could never be resolved while he was in power.

Sondhi is the "only one who knows the real problems" of the Muslim-dominated south, said Lukman B. Lima, a leader of one of several groups fighting for a separate Islamic state in southern Thailand, and currently in exile in Sweden. Lukman was responding to e-mailed questions from The Associated Press.

Sondhi had proposed several weeks ago opening talks with the separatists, but Thaksin's government vehemently opposed such a move.

Meanwhile, a spokesman for the new military leadership — which Thursday released the official English translation of its name, the Council for Democratic Reform under Constitutional Monarchy — confirmed that four of Thaksin's close associates were being kept in custody.

Office Minister Newin Chidchob and Environment Minister Yongyut Tiyapairat turned themselves in Thursday, while Deputy Prime Minister Chitchai Wannasathit and Thaksin's top aide, Prommin Lertsuridej, were detained earlier.

"During the transition period, every country does this in order for the situation to return to normalcy quickly," said Lt. Gen. Palanggoon Klaharn, a spokesman for the military rulers.

Military Rulers Limit Politicians And Press (WT/AP)

By Alisa Tang

The Washington Times, September 22, 2006

DOJ_NMG_0067541

BANGKOK -- Thailand's new military rulers tightened their grip yesterday, restricting political activities, assuming legislative powers and detaining some allies of the deposed prime minister.

In announcements broadcast on all television stations, the military said it was banning all meetings by political parties and the creation of new parties. It said it was taking over the duties and responsibilities of parliament, which was dissolved when the coup leaders threw out the 1997 constitution.

At the United Nations in New York, a senior U.S. official said the coup marked a setback for democracy in the Southeast Asian nation.

"We consider this military move to be a step backward for Thai democracy, a very sad development for Thai democracy," said Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs.

"We are also reviewing our assistance to Thailand," Mr. Hill said.

The Thai ruling council also has imposed restrictions on press and broadcast outlets. It has stationed soldiers at television and radio stations and ordered the information ministry to stop the distribution of information "deemed harmful" to its agenda.

In a region where democracies are fragile in the best of times, the coup also has unleashed worries about nearby nations where political unrest is common.

Political analysts said images of tanks rolling through Bangkok's streets sent an unfortunate message, but that the chances of a spillover effect appeared remote.

"At a time when many countries are struggling to consolidate their democracy, this is a bad example," and raises questions about stability in the region, said political analyst Dewi Fortuna Anwar of the Indonesian Institute of Sciences.

The ousted prime minister, Thaksin Shinawatra, issued his first statement since the coup and did not challenge the Thai military's authority.

The billionaire tycoon said from London that he planned to take a "deserved rest" from politics, and hoped to carry out "possible charitable work for Thailand."

The coup group empowered an auditor to investigate government corruption, which could lead to the confiscation of Mr. Thaksin's wealth. Analysts said that proving Thaksin's purported corruption was necessary to legitimize the coup.

Pasuk Phongpaichit, one of Thailand's most respected political economists, said corruption was "blatant" under the Thaksin government but that a coup was not the best way to handle it.

"A democratic country must have a constitution and adhere to the rule of law," she said. "If the prime minister has done something wrong, he must be tried and he should be judged."

· Nicholas Kralev contributed to this report from New York.

From King Down, Thais Accept Coup (USAT)

By Paul Wiseman And Ratchada Chitrada

USA Today, September 22, 2006

AYUDHAYA, Thailand — Poj Ketsuma knows he can't compete with tanks and machine guns or even with elite opinion in Bangkok, 50 miles south of here.

Poj, 41, was left feeling powerless by the bloodless military coup that on Tuesday overthrew the elected government of Prime Minister Thaksin Shinawatra. “I cannot fight with the mighty people,” Poj said. “I feel angry about the coup, but what can I do?

Last year, it was different. Poj and millions of other rural Thais surged to the polls 19 months ago to re-elect Thaksin's party, Thais Love Thais, in a landslide. They saw Thaksin as a can-do leader who cared about Thailand's poor. He offered them cheap medical care and provided low-interest loans to support their farms and businesses. Poj took out a $420 government loan to buy a motorbike three years ago; he has been running a taxi service ever since.

The ballot box verdict was overturned Tuesday night by men in military uniform, backed by urban elites who considered Thaksin high-handed and corrupt. Thaksin's rural supporters have remained mostly silent in the face of a coup that has been endorsed by Thailand's revered king. Many, in fact, appear to support the military takeover, if only because it ended a standoff between Thaksin and his opponents that had paralyzed the government all year.

“It's justifiable,” said factory worker Sangla Namthai, 48, over lunch at a roadside noodle shop in Ayudhaya, an ancient Thai capital in farm country north of Bangkok where Thaksin is popular. Sangla is a Thaksin supporter who grew tired of political gridlock. The coup, she said, is “reasonable and necessary to clean up the mess.”

A survey of 2,019 people for the Bangkok Post newspaper, published Thursday, found support for the coup ran higher outside the capital (86.4% approval) than inside (81.6%). Those findings were odd because Bangkok has been the center of anti-Thaksin sentiment and rural Thailand has been his stronghold. Neil Englehart, a political scientist at Ohio's Bowling Green State University who has studied Thai democracy extensively, offered a possible explanation: Rural Thais traditionally support the

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military. Also, predominantly Muslim parts of southern Thailand oppose Thaksin because of his strong-arm tactics in dealing with a low-grade Islamic insurgency there.

Thaksin, who was at the United Nations General Assembly in New York when the army moved against him, appeared resigned to his political fate. “I left Thailand as the prime minister, and now I am a jobless man,” he told reporters on a flight to London from New York. “Never mind. I can still keep in touch with my family.”

Thailand is being run by a six-man junta of military and police officials called the Council for Democratic Reform Under a Constitutional Monarchy. The coup organizer and army chief, Gen. Sondhi Boonyaratkalin, 59, promised to turn power over to a technocratic prime minister in two weeks, rewrite the constitution and hold elections around October 2007.

Thai media call the takeover the “Yellow Ribbon Coup.” Soldiers have been wearing patches of yellow cloth on their uniforms, a symbol of King Bhumibol Adulyadej. The king, who is close to coup organizer Sondhi, told Thais on Wednesday to follow orders from the council.

On Thursday, the military assumed the duties of the parliament, which was dissolved when the government was ousted. It banned meetings of existing political parties and the establishment of new ones. It also has limited public meetings and ordered Thai media not to reprint or broadcast political messages submitted from the public through cellphone text messages. Thaksin's family owns Thailand's biggest cellphone company.

The army has placed tanks and Humvees on a highway on the northern outskirts of Bangkok, their guns pointed toward traffic coming from Thaksin strongholds in the rural north. No one has challenged the military's authority, said army Pvt. Puriwat Manutjam, 22.

Thaksin's political opponents have accused him of undermining democratic institutions by, for instance, stacking the election commission with cronies and intimidating the traditionally independent media. The junta detained four top members of Thaksin's administration Thursday. “Democracy is more than ballot boxes,” said Thitinan Pongsudhiarak, a political scientist at Bangkok's Chulalongkorn University.

“We will keep an eye on the (military) council,” vowed Suriyasai Katasila, coordinator of the People's Alliance for Democracy, a coalition that had sought Thaksin's resignation. “We want to make sure they are careful with the power they have.”

No one, he said, wants to see a repeat of the military coup in 1991 that led to bloody street clashes before democracy was restored.

In Ayudhaya, insurance salesman Nipon Klaipradit, 45, worried that the damage has been done. “Thaksin's own army betrayed him,” he said. “If they can do it this time, they can do it again.”

In Somalia, A Boot Camp For Islam (LAT)

By Edmund Sanders

The Los Angeles Times, September 22, 2006

MOGADISHU, Somalia — Beginning as a teenager, militiaman Abduallahi Mohammed Nur rarely ventured into the Mogadishu streets without an AK-47, which he often used to harass civilians and extort money at checkpoints.

But the 27-year-old hasn't held his weapon since June, when it was pointed at invading fighters with the Islamic Courts Union. The militia, now known as the Conservative Council of Islamic Courts, drove away the warlord he worked for and confiscated his gun.

Now Nur calls himself a reformed man. Under the watchful eye of Islamist commanders, Nur says he prays five times a day, studies the Koran and is learning to defend Somalia against foreign threats.

"Most of all," he said, "they are teaching me how to be good to other people."

Nur is one of about 3,000 former warlord militiamen sent to Islamist-run "rehabilitation camps" on the outskirts of the nation's capital. It's an ambitious resocialization program designed to wean the young fighters off drugs, instill religious values and, eventually, reverse loyalties so they can be integrated into the Muslim fundamentalist forces.

"It's a difficult job," said Mohammed Ibrahim Bilal, chairman of one of the new Islamic courts in Mogadishu. "We want to welcome them back. But they have been living with violence for 16 years."

In Washington, there is concern that increasingly Islamist Somalia could end up with a Taliban-style government and serve as a terrorist training area.

Amid allegations that Islamists are using military advisors from Pakistan and Afghanistan to train soldiers, officials recently began permitting journalists to visit the camps. But they denied access to weapons stockpiles and insisted on selecting the militiamen to be interviewed, and carefully monitored what they said.

About 12 miles north of the capital is the largest of the camps, called Hilwayne, which was a national army base before the collapse of Mohamed Siad Barre's regime in 1991. After that, rival warlords carved up the Horn of Africa country and largely held sway until an alliance of local religious courts seized control of Mogadishu in June.

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The Islamist forces that took the barren compound have cleared the trash, built tin barracks and a makeshift mosque, and use the facility to stockpile weapons and retrain about 700 defeated militiamen.

On a recent afternoon, the mood was largely casual and relaxed, with former fighters milling around in the shade. Security and the atmosphere appeared more reminiscent of that of a drug rehab facility or a tough-love teen reform school rather than a Soviet- or Cambodian-style reeducation camp.

Guarded by a few armed Islamist soldiers, the men start their day with prayers at 4:30 a.m. Attendance is voluntary, camp leaders say, but they take note of those who don't show up. Smoking cigarettes or chewing khat leaves, a stimulant, are banned, a challenge considering most fighters were addicted to khat.

The rest of the day is filled with military exercises, religious lectures and self-defense classes, though the fighters don't practice with real weapons.

"Our goal is to upgrade their morals," said Abudulkhadir Yusuf Osman, a frequent guest lecturer at the camp and an Islamic studies professor at a Mogadishu university.

This week, during a lecture to several hundred former militiamen under the shade of a thorny tree, Osman preached that the young men could be rich in morals even if their pockets were empty. He also urged the fighters to think about their "next life," and promised paradise to those who lived a life of piety.

Religion permeates the program. Guards kneel and pray with rifles slung over their shoulders. Trainees chant Islamic verse to keep time while marching in unison across dusty plains.

"Allahu akbar! Allahu akbar," the men shouted during a recent military exercise. The phrase, which means "God is great," is a foundation of Islamic prayer.

Islamist leaders, however, insisted that religious indoctrination was not their goal.

"We are rehabilitating their behavior, not their religion," said Sheik Mukhtar Robow Ali, the deputy security chief for the courts. "Most of them were already religious, but they weren't using their faith. Religion doesn't permit you to oppress other people, and that's what these people were doing."

Camp leaders say participation is voluntary and the men are free to leave. But they acknowledge that the camps provide a good opportunity to keep an eye on the former enemy fighters.

After Islamists chased out nearly a dozen warlords who had carved up control of Mogadishu, fighters left behind were given the option of handing in their weapons and returning home, or moving to the camps to be retrained.

In the face of pressure to prove they are "reformed," about half of the fighters agreed to go to the camps. Most were young, unemployed men who had been acting as mercenaries. Few had any education or job training that would enable them to find work.

During a recent pep talk to the former militiamen, most of them 18 to 30 years old, Robow Ali promised that the Islamic courts would take care of their needs.

"The youth are the cornerstone of every country in the world," he said. "You are the youth of Somalia, and we urge you to join us."

To sweeten the deal, the Islamists promised to continue paying the men's salaries. After some delays, militiamen in the camps received about $100 each last month. Islamists said the money came from taxes at the recently reopened airport and sea port, though critics allege that funding is coming from Middle East countries and Eritrea.

The task of transforming the fighters falls to former Somalian Army Col. Muhyadin Haji Ali, a husky, smiling man who always sports a pair of Ray-Ban sunglasses, even indoors. New recruits arrive every week, he said, including fighters who initially fled the city in fear, and defectors from forces controlled by Somalia's transitional government, based in Baidoa.

To become good Muslim soldiers, Haji Ali said, the former militiamen require heavy training. "The only thing they learned from the warlords was how to kill and loot," he said.

After spending nearly three months at the camp, Nur, a former bodyguard for Mogadishu warlord Muse Sudi Yalahow, said he had been taught to be ashamed of his past actions. He recalled times when he was ordered to shoot or fire mortars at unarmed civilians.

"We couldn't disobey, but I knew what we were doing was wrong," he said. "I knew the warlords were abusing the people. They destroyed the country."

A second former militiaman, also selected by camp leaders to be interviewed, said he defected in July from the transitional government, which is seeking to negotiate a power-sharing arrangement with the Islamic courts. Tensions have been high between the Islamists and the transitional government over which side is best suited to lead Somalia.

"I came here to fight for my religion," said Abdul Aziz Adan Mohammed, 25, a former government soldier based in Baidoa. "I'm here to fight Ethiopia."

Nationalism and anti-Ethiopian rhetoric are common themes of the retraining program.

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A long-standing rivalry has been reignited by Ethiopia's support and influence over Somalia's fragile transitional government in Baidoa.

Islamists in Mogadishu say that if Ethiopian troops enter Somalia, either at the invitation of the Baidoa administration or as part of an international peacekeeping force, they will invade Ethiopia.

"Do you want Ethiopia in your country?" Robow Ali shouted at the fighters during his pep talk.

"No!" the men screamed back.

"Will you defend your country and your religion?"

"Yes!"

"Will you die for your country?"

"Yes!"

Islamist leaders said the rehabilitation program was already a success. But they said none of the former militia fighters had graduated from the program or been integrated into their forces.

"We haven't given them their guns back," Robow Ali said. "Their spirits are good, and I would trust them now with my own children. Our fight was never with them. It was between us and the warlords. Just as they have trusted us by giving us their weapons, we will trust them."

When will the Islamists feel confident enough to rearm the men?

"I don't know," Robow Ali said. "We'll see."

Paulson To Press Hu On Flexible Currency (FT)

By Krishna Guha

Financial Times, September 22, 2006

Hank Paulson, the US Treasury secretary, will urge Hu Jintao, China's president, to allow the renminbi to appreciate more rapidly when the two meet on Friday in Beijing.

Mr Paulson will tell both Mr Hu and Wen Jiabao, the prime minister, that greater currency flexibility is in China's national interest and would remove one of the main obstacles to a strategic relationship with the US.

He will say he wants the US and China to work together on a wide range of issues through the US-China strategic economic dialogue announced on Wednesday.

But he will tell them that pressing short-term problems, including the currency, need to be dealt with if this dialogue is to fulfil its potential.

In an interview conducted on Thursday in the Jin dynasty gardens of the Diaoyutai state guest house, Mr Paulson said he would compliment Mr Hu on reforms under way and "encourage him to move forward even more quickly".

He would also thank Mr Hu for putting his authority behind the new dialogue, which the US believes will help it produce results. The former Goldman Sachs chairman said that while the dialogue would have a "bilateral focus" it would invariably touch on "global issues", including global economic imbalances.

"When you talk about global imbalances, China and the US are two big players," he said.

Asked what other nations should make of such plans, Mr Paulson said: "The rest of the world should welcome this . . . it is in no one's interest for there to be a big economic problem between the US and China."

The new mechanism would allow the US to discuss with China how and when it implemented promised reforms to rebalance its economy, including moving towards a more flexible currency. "The Chinese have already agreed to all the principles," he said. "The differences are over timing and implementation." Mr Paulson said he was too busy with the final phase of his meetings with China's top leadership to track reports of how the dialogue was being received in the US.

He would contact senior congressmen on his return to explain why the dialogue with China was in the US national interest. "Members of Congress are my clients," he said. "I need to engage with key people up there."

He said that the night before he left for Beijing he had spoken to senators Chuck Schumer and Lindsey Graham, authors of a bill threatening punitive sanctions on China's imports if it failed to revalue its currency.

Answering questions at Beijing's Tsinghua University, he called for patience while the dialogue with China got going, saying "anything worthwhile in life" was achieved over a long period.

Treasury Secretary Banks On His Long Relationship With China (USAT)

By David J. Lynch

USA Today, September 22, 2006

BEIJING — As an investment banker, Henry Paulson has been coming here for more than 15 years to make deals with the Chinese. This week, in his first visit as Treasury secretary, he made another one.

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But unlike the lucrative commercial agreements Paulson negotiated as chief executive of Goldman Sachs, the value of his latest deal is uncertain.

Paulson says China's agreement to participate in a new "Strategic Economic Dialogue" will place the "most important economic relationship in the world" on a solid long-term footing. Critics on Capitol Hill and among manufacturers say it's only the most recent in a long line of fruitless talks. They want a crackdown on what they say are Beijing's unfair trade practices, including a currency policy that effectively subsidizes Chinese exports, and widespread piracy of American software and movies.

As Paulson prepares today to return to Washington after a four-day visit, the combination of stubborn commercial disputes and an increasingly protectionist Congress shadow his bid for a radically different Sino-American commercial relationship.

"I'm not discounting the challenge, not discounting it at all. … China is still in transition to a market-driven economy, but they're so big and powerful economically, they are a global economic leader, and I think they gotta move faster," Paulson told USA TODAY in an interview Thursday. "They've got things they need to do. I'm going to need to persuade them to move faster."

He's already demonstrated unusual speed in winning President Bush's approval to launch the new set of talks. One key: Paulson lined up backing from top White House aides and Cabinet colleagues before approaching the president this summer, says White House Chief of Staff Josh Bolten, another former Goldman Sachs executive.

"This was his brainchild," says Bolten. "He has the full confidence of the president, and other Cabinet members know that. The president is sufficiently interested in it that I think Hank (Paulson) will be able to attract the kind of time and attention he's envisioned. … This will turn out to be a substantial initiative."

The 60-year-old Treasury secretary brings an impressive track record to the task of reorienting U.S.-China economic ties. On his watch, Goldman Sachs led several major initial public offerings of state-owned Chinese companies. In 2000, it helped underwrite the IPO of PetroChina, then the largest Chinese share offering. Two years ago, it became the first foreign firm to win approval to establish a joint venture investment bank.

Paulson says he succeeded in China by cultivating relationships with Chinese decision-makers and by making roughly 70 visits since 1990. Providing advice for a Tsinghua University business school and performing conservation work in Yunnan province helped convinced the Chinese that he was interested in more than just their money.

Some say Paulson's China savvy might improve the effectiveness of American economic diplomacy toward a country that is both the USA's fastest-growing export market and the object of mounting resentment.

"One thing about successful investment bankers: They usually have a very good idea what's real and what's not, and who can write checks and who can't," says Bill Overholt, head of the Rand Center for Asia Pacific Policy in Santa Monica, Calif.

However, Sen. Charles Schumer, D-N.Y., a frequent critic of the Bush administration's China trade policies, says Paulson needs to deliver more than additional talk with the Chinese. "Everyone knows the Chinese are flouting the rules," he says. "We need action."

In his public statements this week, Paulson took care to couple any criticism of Chinese policy shortcomings with demonstrations of respect for China and its accomplishments. That deft balancing act is more than mere courtesy. The Chinese, still nursing grievances from their treatment by foreigners in the past century and a half, are hypersensitive about being accorded what they see as due deference.

Public hammering of Beijing in recent years, especially over its policy of intervening in currency markets to keep the value of the yuan stable, has paid few dividends. The United States has urged China to allow the market to set the yuan's value, and last year, China abandoned the policy of keeping its currency fixed against the dollar. But the government has allowed only a roughly 4% appreciation from the yuan's original level, a sliver of what U.S. exporters say is fair.

Whether more tangible gains will follow from the new Sino-U.S. talks won't be clear for months. Paulson, who has deliberately discouraged expectations of immediate benefits, worries that Chinese and American timetables may be out of sync.

"We may be hearing what they say they're going to do, and we're thinking a year and they're thinking 10 to 20 years. Who knows? It's all about pace and timing," he said.

Paulson's more nuanced tactics, whether meeting a provincial leader in the southern city of Hangzhou or appearing before business students at Tsinghua University, won him plaudits this week.

"The new secretary of the Treasury has quite a good reputation in China. … His statements about China are quite positive," said Shi Yinhong, a professor of international relations at People's University in Beijing.

Today, Paulson is scheduled to see both Chinese President Hu Jintao and Premier Wen Jiabao.

Still, the new Treasury secretary is a capital markets specialist with significant experience in China, not a genuine China expert. Before going to work in the Nixon White House, then Goldman Sachs, he graduated from Dartmouth with a bachelor's degree in English and earned an MBA from Harvard.

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The Bush administration's new point man on China also does not speak Mandarin. Paulson says his lack of language skills hasn't been a handicap, as many Chinese officials speak English, and “with a good interpreter, you (can) develop a very good relationship.”

Beijing Mayor Wang Qishan and central bank chief Zhou Xiaochuan are among his closer contacts.

The Treasury chief's plain-spoken conversations with Chinese officials are littered with football references befitting a former Dartmouth College offensive lineman. After meeting Zhejiang Party Secretary Xi Jinping on Wednesday, Paulson pronounced him “the kind of guy who knows how to get things over the goal line.” Of feisty Vice Premier Wu Yi, he said: “She comes to play every day.”

Apart from his numerous trips here on Goldman's executive jet, Paulson says the greatest influences upon his knowledge of China were conversations with Lee Kuan Yew, the former prime minister of Singapore, conservative Hong Kong billionaire Li Ka-Shing and Goldman's Chinese-born employees, some of whom survived the tumultuous Cultural Revolution of the 1960s. “If you're traveling with them and have any intellectual curiosity, you can learn a lot,” he said.

Earlier, speaking at a forum for Tsinghua business students, he recalled his first visit to China in 1990. Driving in from Beijing airport, his taxi weaved between horse-drawn wagons and fleets of pedaling bicyclists.

Today, a multilane highway clogged with Audis and Buicks has supplanted the road Paulson traveled. A subway line is under construction alongside it in preparation for the 2008 Olympic Games. Hefting a hand-held microphone and pacing like a talk show host, Paulson told the students he had concluded early on that economic reforms were more than a passing fad because of a comment by then-president Jiang Zemin. Speaking in English, Jiang told Paulson: “I'm going to have to learn more about U.S. accounting. … Assets equals liabilities plus equities!”

In the interview with USA TODAY, Paulson refused to discuss prospects for China to develop a more democratic political system, beyond repeating the conventional wisdom that an open economy eventually will produce more open politics. That has seemed less assured under Hu, who has jailed reporters, tightened Internet censorship and chilled academic discussion during his three years at China's helm.

On Capitol Hill, China is often portrayed as a trade cheat, manipulating its currency to make its exports irresistibly inexpensive, blatantly copying American software and movies and delaying the opening of its markets to U.S. goods.

Paulson intends to pursue those issues with Chinese officials, but he rejects the view of China as a chronically unfair trade partner. “I always found that at the level I worked, when you had a deal, you had a deal,” he said in an interview. “I found the Chinese very honorable in terms of standing by commitments and respecting a commitment from others.”

It's unclear whether Paulson, who seemed sure-footed this week in China, will be equally adept navigating the complex political terrain back home. After seven years as a CEO, Paulson tolerates skeptical questioning with difficulty and can sometimes appear impatient with political realities.

Asked at a U.S. Embassy news conference whether lawmakers would buy his plan to refocus trade complaints with China into the new long-term dialogue, he replied brusquely: “I don't think I have a need to sell this thing to Congress.”

Likewise, in the interview Paulson demonstrated a deep sympathy for the Chinese and an understanding of the difficult transition the country is navigating from an economy based on central planning to one driven by the market. But beyond calling for thinking “creatively” about ways to help Americans who lose their jobs as trade barriers fall, Paulson, in his short tenure at Treasury, has offered nothing to ease U.S. public anxiety about globalization's costs.

His well-founded insistence upon taking a long-term approach to relations with China also is complicated by this inescapable fact: The Bush administration leaves office in 28 months.

Hungarian Leader Defends Comments: 'I Did Not Lie' (WP)

By Craig Whitlock, Washington Post Foreign Service

The Washington Post, September 22, 2006

Protests Calling for His Ouster Stretch Into 4th Day

BUDAPEST, Sept. 21 -- With protesters massed outside the gates of the stately Hungarian parliament for a fourth straight day, Prime Minister Ferenc Gyurcsany sat in his wood-paneled office inside and tried to explain why he had admitted on tape that his party had done a "boneheaded" job of running the country and that he had lied to voters to win reelection.

Looking weary and with his legs crossed, Gyurcsany said he was merely exaggerating for dramatic effect when he told a private meeting of party loyalists in May that "we lied in the morning, the night and the evening" to the public.

"It's important to emphasize that I did not lie," he said in an interview. "It's like you are arguing with your girlfriend, after four years of living together, saying to her, 'My darling, don't you understand? Our life is nothing! We screwed up our life!' It doesn't mean your four years were nothing. It doesn't mean that you don't like her. It means that you would like to change and improve your relations."

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Gyurcsany repeated that he would not resign despite the sometimes violent protests that have rattled Budapest since local news outlets on Sunday broadcast excerpts of a leaked tape recording of his comments, made to a closed meeting of Socialist supporters shortly after he won reelection in April.

Demonstrators have been encouraged by opposition leaders who smell a chance to topple the government. Protests on Monday and Tuesday nights deteriorated into riots that caused hundreds of injuries, the worst political violence in Hungary since Soviet troops brutally ended an uprising against a Communist government in 1956.

According to a transcript of his remarks, Gyurcsany used raw language to confess that he and his party had done a miserable job of governing and had covered up the seriousness of Hungary's economic problems so they could stay in power.

"I almost died while I had to pretend for one and a half years as if we were governing," he is heard saying on the tape. "We screwed it up. Not a bit, but a lot. No other country in Europe has done something as boneheaded as we have."

On Thursday, Gyurcsany did not apologize for his statements, nor did he express any embarrassment or regret. Instead, he said a close reading of his words shows that he is one of the few Hungarian politicians to admit the country's finances are a wreck and to try to do something about it.

"It just shows one thing: This guy would like to change, and he's the first to admit it," he said in the interview. "You cannot say that there's been anyone else in the Hungarian elite in the last 60 years who was brave enough to pass reform."

For now, there are few signs that the political pressure building against Gyurcsany, 45, a communist bureaucrat turned millionaire, will end anytime soon.

Police used tear gas again early Thursday to disperse demonstrators after about 15,000 people turned out overnight to call on Gyurcsany to quit. The level of violence, however, was far less than the riots of the previous two days.

The main opposition party, the Hungarian Civic Union, said it would cancel a major rally it had scheduled for Saturday, after government officials said they had received bomb threats and could not ensure security for the event.

Although Gyurcsany and his ruling Socialist Party won another four-year term in April, municipal elections are scheduled for Oct. 1, and opposition groups said they expected that protests against the prime minister would continue at least until then.

"He's been lying for years and there's no guarantee that he will not lie in the future," said Andras Kelemen, a member of parliament for the Civic Union. "He admitted that he is not fit to be prime minister. And his ministers are not fit for their jobs either. Of course he should resign."

The Civic Union, known as Fidesz, has called for the creation of a new government consisting of independent economic experts. Its leader, Viktor Orban, said the prime minister "should be brought to court" for allegedly falsifying government financial data.

Hungary is struggling to solve deep-seated economic problems that have grown worse since it joined the European Union in 2004. Its budget deficit is projected to reach 10 percent of gross domestic product this year, the highest level in Europe. The fiscal straits have delayed for years Hungary's bid to adopt the euro as its currency, further weakening its prospects in global markets.

During this year's national campaign, Gyurcsany and his party -- as well as their main opposition rivals -- promised to slash taxes and spend more on social programs. But soon after winning reelection, the prime minister began pushing through a series of tax increases and spending cuts, charging Hungarians more to go to the doctor, attend college and receive other benefits.

Istvan Stumpf, a political analyst and former government minister who served with the Civic Union opposition, said it's possible that the prime minister could face a revolt from within if the Socialists feel it would be necessary to sacrifice him for the good of the party.

"It will be tough for him to keep his job" if the Civic Union and other opposition parties win the Oct. 1 local elections in a landslide, Stumpf said. "There's a general dissatisfaction with the performance of the prime minister and his inner circle."

But Gyurcsany said he was undaunted and would not waver on his plan for further spending cuts. He noted that he had predicted months ago in his tape-recorded speech that people would take to the streets when they realized he would break his campaign promises.

"There will be conflicts, I can tell you folks," he said in May, according to a transcript of his remarks. "Yes, there will be demonstrations, no doubt about it. One can demonstrate in front of the parliament. Sooner or later, they would get bored and leave for home."

Blood Money Murdered Regulator In Russia Made Plenty Of Enemies (WSJ)

By Guy Chazan

The Wall Street Journal, September 22, 2006

Targeting Illegal Cash Flows, Andrei Kozlov Became The Bane of Shady Bankers Corruption Fight May Suffer

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MOSCOW -- In the spring of 2004, Russia's central bank began a crackdown on money laundering by yanking the license of a Moscow bank it suspected of a slew of financial crimes. But when a team of regulators tried to take control of its headquarters, the bank's dark-suited security force wouldn't let them in.

More resistance followed. Protests by depositors blocked one of Moscow's busiest thoroughfares, paralyzing traffic. The target of their wrath was Andrei Kozlov, Russia's top banking regulator. To make their point, two protesters dropped their trousers to reveal the word "Kozlov" written on their backsides.

It was the first skirmish in a high-stakes crusade to clamp down on Russia's murky and criminalized banking system, a project that lay at the heart of President Vladimir Putin's ambition to modernize Russia's economy. Mr. Kozlov, a 41-year-old career central banker, spearheaded the campaign.

Last week, his ambitions were cut short by an assassin's bullet. Mr. Kozlov was shot outside a Moscow sports stadium after playing soccer with fellow bankers. He later died of his wounds.

Mr. Kozlov was one of the most senior Russian officials to be murdered since the end of communist rule, and his death stunned the country's elite. Contract-style killings of businessmen were commonplace in the early 1990s, when capitalism was in its infancy here, but most thought they had become a thing of the past.

The attack exposed the fragility of Mr. Putin's claims to have ushered in a new era of stability. It also showed that despite the gradual removal of political challenges to Kremlin power, crime and corruption still menace the authority of the state. Indeed, Mr. Putin himself admitted this month that the lack of progress against corruption was one of the major failures of his presidency.

Though investigators say they have few leads in the Kozlov murder, Mr. Putin already has drawn his own conclusions. In a hastily called meeting of top officials last Friday, he said it showed Russian banking was riddled with crime. Banks continue to be used to channel billions of rubles in cash payments used for tax evasion, "huge bribes," terrorism and the "narcomafia," he said.

Mr. Kozlov was leading a crackdown on money laundering, where criminals use complex financial transactions to conceal the source of illegally obtained money. Yet he wasn't concerned just with the dirty money being pumped into the system, but also with the cash that was being pumped out and used for criminal purposes.

In the West, most business payments are made by bank transfer, and cash withdrawals of even a few thousand dollars can raise eyebrows. In Russia, cash is king. Companies -- both criminal and outwardly legitimate -- often use it to pay salaries, and so avoid onerous payroll taxes; to grease the palms of corrupt bureaucrats; and to buy real estate.

To get their hands on that money, businesses must navigate strict rules barring banks from dispensing large amounts of cash. Luckily for them there are dozens of small, fly-by-night banks ready to use legal loopholes -- and a panoply of complex financial scams -- to get around the rules. For the banks, which charge fees of as much as 5% for customers to withdraw cash, it is a lucrative business.

To measure the scale of the problem, take Arat, a tiny bank registered in a village near the Mongolian border whose license was withdrawn by Mr. Kozlov in August 2005. Regulators said the bank, which had just $320,000 in assets, had dispensed $1.34 billion in cash in June and July of last year alone. Owners of the bank, which was liquidated last October, couldn't be reached for comment.

Untraceable cash oils the wheels of corruption and tax evasion in Russia. It is the lifeblood of a system that links government, business and organized crime in a web of graft and financial impropriety. Russian officials, policemen and bankers believe it was Mr. Kozlov's attack on this system that cost him his life.

Many thought Mr. Kozlov's campaign was futile -- that black cash is such a feature of life in Russia that the economy can't function without it. "He said he knew that," said Richard Hainsworth, head of a local credit-rating company, RusRating, and a friend of Mr. Kozlov. "But he wanted to force the issue out of the banking system and into the political arena."

Mr. Kozlov's was a lonely struggle. After pulling a bank's license, his department would regularly pass on evidence of its illegal cash schemes and money laundering to prosecutors and police. In most cases, the evidence was ignored. That could change: Among the measures Mr. Putin ordered Friday was the creation of a task force to handle crime in the banking system. For the first time, the panel will include police and prosecutors, in addition to regulators -- suggesting a much tougher stance on dodgy banks.

Yesterday, Gennady Melikyan, a deputy chairman of the Central Bank of Russia, was named Mr. Kozlov's successor as Russia's top regulator. A Soviet-trained economist, Mr. Melikyan previously was in charge of on-site inspections of Russia's banks.

When Mr. Kozlov joined the central bank in 2002, Russia's financial-services industry was a mess. For a decade, international agencies such as the World Bank had been urging an overhaul. The economy, they said, would remain weak without healthy, well-run banks capable of channeling private savings into investment in industry, rather than just spiriting cash offshore.

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Amid the political and economic chaos of the Boris Yeltsin years, little was done. Banking still was recovering from Russia's 1998 financial meltdown, when some of the country's biggest institutions collapsed under a heap of debt.

Of the nearly 2,000 banks that were left, many did little more than launder the proceeds of organized crime, according to World Bank experts. Others were just the treasury departments for post-communist tycoons unwilling or unable to service the wider economy. State-owned OAO Sberbank dominated the landscape, with the lion's share of retail deposits. Most others were tiny and undercapitalized, with inflated balance sheets and murky ownership structures.

A veteran central banker who had switched to a private-sector bank after the 1998 crash, Mr. Kozlov was brought in by Sergei Ignatiev, a respected economist whom Mr. Putin appointed head of the central bank in March 2002 with a mandate to clean up the system. "Andrei had the president's full support," says Arkady Dvorkovich, Mr. Putin's economic adviser. Mr. Putin had come to power in 2000 promising to rebuild Russia's economy, and financial services were to be a key part of the revival.

'Dirty Attacks'

From the start, Mr. Kozlov was aware he could earn enemies, both inside and outside the central bank. "I'm being watched very closely right now," he said in an interview in June 2002 with The Wall Street Journal. Seven "dirty attacks" had appeared in the local press, he said, accusing him of taking bribes. "They are weighing every word I say," he added.

Western bankers regularly took visiting top executives to drop by his office in the central bank. "It was always a pleasure to introduce people to him, because he was so clearly someone who symbolized the progress that Russia is making," said Mark Robinson, head of Citibank Inc.'s Russian operations.

Though trained in the Soviet system, Mr. Kozlov, married with three children, was more Western-oriented than most Russian officials. A keen soccer player, he studied international economic relations at one of the Soviet Union's most prestigious colleges, the Moscow Finance Institute. Some of his classmates went on to become Russia's richest businessmen and most powerful bankers.

In 2001 he was made Moscow head of the Financial Services Volunteer Corps, a U.S.-government-funded not-for-profit group set up by the first President Bush in 1990 to aid banking overhauls in transition economies. While there he consulted with U.S. Treasury officials in Moscow and drafted a comprehensive plan for a banking overhaul. Those ideas formed the core of his agenda when he joined the central bank a year later. They also shaped his liberal position on allowing foreign banks to compete on largely the same terms as Russian ones. That philosophy didn't win him many friends in the Russian banking industry, but it has helped turn Russia into a key target for foreign giants such as Citibank.

Installed as Russia's top regulator, Mr. Kozlov set to work restoring confidence in the country's banks by pushing through a deposit-insurance law. The measure, which had languished in Parliament for years, would compensate depositors if their bank crashed.

To be admitted into the program and earn the right to work with retail customers, banks had to provide much more information to the authorities than before. They were forced to disclose who their real owners were and to present a detailed business plan, and those that qualified were subject to rigorous monitoring.

Tense Time

It was a tense time. Mr. Kozlov headed the committee that decided who qualified, and he used the process to weed out Russia's dodgiest banks. The law gave him wide discretion. In the end, 343 of 1,270 applicants failed to make the grade. That provoked fury in the market. Articles in the Russian press claimed banks had to pay bribes of $150,000 to be allowed into the program.

Mr. Kozlov brushed off the criticism. Anatoly Aksakov, a member of the Russian Parliament's banking committee, saw him late one evening after a day spent screening banks for the new system. "He was walking past the Bolshoi Theater, on his way from the central bank, and I asked him: 'How come you don't have a bodyguard?' " Mr. Aksakov said. "He just laughed and said, 'Why should I? I'm a law-abiding citizen.' "

In 2004, Mr. Kozlov embarked on the next stage of his crusade -- a crackdown on criminal banks. In May, he hastily summoned reporters to the central bank's elegant 19th-century headquarters to announce he had yanked the license of Sodbiznesbank, a midsize institution based in Moscow. It was a historic moment: the first time the authorities had used a newly adopted antimoney-laundering law to close down a bank. He had the Kremlin's full support, according to Mr. Dvorkovich.

Regulators accused Sodbiznesbank of a host of financial irregularities. They said it had knowingly handled ransom money during an infamous kidnapping, and in 2003 had dispensed more than $1 billion in cash -- about 9% of all such transactions in the banking system for that year. The bank, Mr. Kozlov told journalists, combined "dubious operations with an active campaign to attract depositors."

Sodbiznesbank fought back. Its chairman, Roman Petrov, called Mr. Kozlov's move "utterly arbitrary" and challenged it in court. For two weeks, security guards barred central bank-appointed administrators from entering the premises. They ultimately needed a police escort to break in.

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Meanwhile, Sodbiznesbank's management mobilized hundreds of customers to protest outside the bank. They blocked off one of Moscow's busiest streets, accusing Mr. Kozlov of trying to steal their savings. A vicious attack was launched in the Russian media against the banker.

A finance official hinted that other banks might soon have their licenses pulled. Panicked, banks stopped lending to each other, provoking a liquidity squeeze. Anxious customers lined up at cash machines to withdraw their savings, and some banks ran out of money. One big institution, Guta Bank, was forced to close its doors after a run by depositors and eventually was taken over by one of Russia's big state banks.

Mr. Kozlov claimed the banking crisis had been deliberately engineered to discredit the government. Many in the banking sector demanded he resign. Mr. Ignatiev and the Kremlin stood by him. "It was clear the trouble was due to fundamental problems in the banking system," Mr. Dvorkovich said. "There was no point blaming one individual."

Investigators continued to probe Sodbiznesbank. They alleged that in the months before Mr. Kozlov pulled its license, management had stripped out billions of rubles of assets and falsified the bank's accounts to cover up the holes. Last year, prosecutors opened a criminal case into "premeditated bankruptcy," though no individuals have been charged.

The Sodbiznesbank scandal had a grisly coda in October last year when Alexander Slesarev, a businessman widely thought to be the bank's true owner, was slain. Gunmen armed with a Kalashnikov rifle drew level with his speeding Mercedes outside Moscow and riddled it with bullets, killing the businessman, his wife and elder daughter.

Mr. Kozlov's campaign against outfits like Sodbiznesbank left him highly vulnerable. Finance Minister Alexei Kudrin said the banker had "frequently encroached on the interests of unscrupulous financiers" and criminal groups. With his department closing about two banks a month, Mr. Kozlov had no shortage of enemies. Colleagues say he received numerous death threats.

"He could have been killed by the commercial organizations that were trying to launder their money through the banks, not necessarily by the banks themselves," said Viktor Gerashchenko, a former head of the central bank.

Despite the dangers, Mr. Kozlov persevered. He stopped Russian banks from using financial scams to inflate their balance sheets. And he increased capital requirements, prompting a wave of mergers and consolidation.

Some of his other plans, if implemented, would have earned him yet more enemies. "The last thing Andrei said to me before he died was that his next major project was to find ways to reform the central bank itself," said Mr. Hainsworth of RusRating. There was plenty of scope: Bankers say corruption is rife in some of the central bank's regional branches, that it requires huge bribes to get routine things done such as registering an increase in capital. With his death, those plans may well be shelved.

A central bank official declined to comment on allegations of corruption. He said Mr. Kozlov had never publicly discussed plans to clean up the central bank and he couldn't comment on the banker's private conversations.

Last Saturday, thousands of mourners turned out for Mr. Kozlov's funeral. It was a roll call of Russia's great and good: Ministers, central bankers, diplomats and business tycoons lined up to pay their respects. Huge wreathes and bouquets of red roses were piled up against the open casket.

Speaker after speaker eulogized the banker and slammed the government for failing to protect him. "The state has shown itself incapable of defending those that stand up for its interests," said Andrei Kazmin, head of Sberbank.

--Jeanne Whalen and Gregory L. White contributed to this article.

Net Gains (NYT)

By Jessie Stone

The New York Times, September 22, 2006

Kyabirwa, Uganda

TO many of us in the malaria-control business, it came as no great surprise last week when the World Health Organization recommended wider use of DDT in Africa to combat the mosquitoes that cause the disease, which kills more than a million people a year, most of them children in Africa.

The W.H.O.'s endorsement of DDT for spraying inside houses has the support of Congress and the Bush administration. With the W.H.O.'s encouragement, several African nations have approved DDT for use in indoor residual spraying (that is, spraying the walls of huts to kill the mosquitoes that wait there until dark). Uganda's Ministry of Health and National Malaria Control Program, for example, have embraced this approach. Newspaper articles across Africa have assured readers that DDT has gotten a bad rap and is, in fact, safe for use.

But people have short memories. Doesn't anyone remember the American bald eagle? DDT brought it to the brink of extinction. In part because of that, the use of DDT was banned in 1972. (The Department of Health and Human Services, the International Agency for Research on Cancer and the Environmental Protection Agency have all listed DDT and its breakdown products, DDE and DDD, as possible carcinogens.) DDT is a persistent organic compound and can remain in the environment

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long after its initial use, entering the food chain and accumulating in fatty tissue. Even when the United States instituted spraying in 2000 to kill the mosquitoes that carry West Nile virus, it didn't use DDT.

Although DDT helped eliminate malarial mosquitoes in South Africa, the case was unique — that type of malaria was directly related to the length and intensity of the rainy season, when malarial mosquitoes are active — and we still don't know the broader impact of its use there. In the African countries where the burden of malaria is greatest, the disease is endemic. Uganda, where it rains throughout the year, could not be more different from South Africa in terms of malaria, and it is a mistake to apply the same formula here. The use of DDT for indoor residual spraying will not produce the same results and will almost certainly have dire consequences.

And spraying is costly. This year in Kabale, in southwestern Uganda, 100,000 huts were sprayed as part of an indoor spraying project. A permethrin derivative, not DDT, was used and the spraying was controlled and safe. The cost was close to $2 million.

Uganda has a population of 28 million, with 7 people on average to a hut. Any comprehensive, nationwide spraying effort would have to reach some four million huts, costing more than $80 million, and that's only for the first of several rounds of spraying. With Uganda's resources already overburdened, it makes little sense to embrace an approach that is exceedingly costly from fiscal, human and environmental standpoints.

In Uganda, where I run a malaria education, prevention and treatment program, the most effective weapon against the disease is basic education about how people contract it and how they can protect themselves.

For instance, insecticide-treated bed nets can reduce the incidence of malaria by at least 50 percent and perhaps as much as 90 percent. Combination-drug therapy along with targeted non-DDT spraying inside huts will also be effective in controlling malaria.

DDT is not the magic bullet that will eradicate malaria. We need to refocus resources and attention on something most Africans do not have: basic malaria education, and prevention with insecticide-treated bed nets. A mosquito net costs $6.50 and can last up to five years. An average of three people can sleep under it, and the only harmful effect we have heard about, after having distributed 11,000 nets in the Kamuli, Jinja and Kayung districts over the last two years, is people being hot at night.

We do not have to reinvent the wheel here. We just have to help educate people — even those with the best intentions.

Anyone, Anything, Anywhere (NYT)

By Thomas L. Friedman

The New York Times, September 22, 2006

Montevideo, Uruguay

The New Yorker once ran a cartoon by Peter Steiner of two dogs, with one sitting at a computer keyboard saying to the other, "On the Internet, nobody knows you're a dog."

Nobody also knows you're Uruguay.

A tiny country of three million people, wedged between Brazil and Argentina, Uruguay has come from nowhere to partner with India's biggest technology company, Tata Consultancy Services, to create in just four years one of the largest outsourcing operations in Latin America.

Yes, when Tata's Indian employees in Mumbai are asleep, its 650 Uruguayan engineers and programmers now pick up the work and help run the computers and backroom operations for the likes of American Express, Procter & Gamble and some major U.S. banks — all from Montevideo.

How did this happen? One of the most interesting features of this era of globalization is how any entrepreneur — with the right imagination, Internet bandwidth and a small amount of capital — can assemble a global company by matching workers and customers from anywhere to do anything for anyone. Maybe the most important rule in today's increasingly flat world is this: Whatever can be done, will be done — because so many people now have access to the tools of innovation and connectivity. The only question is: Will it be done by you or to you?

Gabriel Rozman decided it was going to be done by him. A retired partner from Ernst & Young who was raised in Uruguay, he hatched the idea of partnering with Tata to make Montevideo a global outsourcing hub. He did not have a single client or employee when he approached Tata. He had just two things: a gut instinct that Uruguay's quality education system had produced plenty of good, low-cost engineers and a gut desire to do something good for Uruguay — the country that gave his Hungarian parents sanctuary from Hitler.

Four years later, TCS Iberoamerica can't hire workers fast enough. When I visited its head office, people were working on computers in hallways and stairwells. (Mr. Rozman also oversees 1,300 employees in Brazil and 1,200 in Chile.) It turns out that many multinationals like the idea of spreading out their risks and not having all their outsourcing done from India — especially

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after one big U.S. bank nearly had to shut down last year when a flood in Mumbai paralyzed its India data center the same day a hurricane paralyzed its Florida operation. And there is no risk of nuclear war with Pakistan here.

"When I first approached this big U.S. bank to outsource some of its services to Montevideo, instead of India," recalled Mr. Rozman, "the guy I was speaking with said, 'I don't even know where Montevideo is.' So I said to him, 'That's the point!' "

Another factor, added Mr. Rozman, was that multinationals that were depending on Indian firms alone to run their backrooms 24 hours a day were getting the third team for eight hours, since the best Indian engineers didn't want to work the late-night shift — the heart of America's day. By creating an outsourcing center in Montevideo, Tata could offer its clients its best Indian engineers during India's day (America's night) and its best Uruguayan engineers during America's day (India's night).

Most employees here are Uruguayans, but there are also lots of Indians sent over by Tata. It produces both a culture shock — Montevideo doesn't even have an Indian restaurant — and a cultural cacophony.

The firm runs on strict Tata principles, as if it were in Mumbai, so to see Uruguayans pretending to be Indians serving Americans is quite a scene. Said Rosina Marmion, 27, an Uruguayan manager, "Our customers expect us to behave like Indians — to react the same way."

Also, Latin culture, unlike Indian, is very nonhierarchical. "The Indians were not used to someone who says 'no,' " explained Ricardo Zengin, 34, a systems analyst. But eventually, "they understand that you are not saying it to challenge their authority but because you think it can be done better another way. ... In Latin culture, everything involves a discussion."

Uruguayans tell a joke about themselves that goes: If you get diagnosed with a terminal illness, move to Uruguay immediately because everything happens 20 years later here.

In outsourcing, though, Uruguay has leapt ahead of its neighbors by being the first to understand what could be done — that in today's world having an Indian company led by a Hungarian-Uruguayan servicing American banks with Montevidean engineers managed by Indian technologists who have learned to eat Uruguayan veggie is just the new normal.

Hosni Mubarak Should Call Benedict XVI (WSJ)

By Daniel Henninger

The Wall Street Journal, September 22, 2006

Who says the world lacks leaders? After again expressing his "respect" for Islam, Pope Benedict XVI at his weekly Vatican audience two days ago moved one of his knights forward on the global chessboard of Islamic politics.

Amid amped-up security in St. Peter's Square, the pope said: "I trust that after the initial reaction, my words at the University of Regensburg can constitute an impulse and encouragement toward positive, even self-critical dialogue both among religions and between modern reason and Christian faith."

Setting aside the impeccable understatement of "the initial reaction" -- churches torched world-wide -- it is close to thrilling in a world of persistent confusion about the intentions of contemporary Islam to see the pope step forward, not back, and speak without apology on behalf of "modern reason."

It is being widely said, mainly among his expectable Western critics, that the quotation from Manuel II Paleologus was a "mistake." Really? I'd say Benedict is right about where he hoped to be after Regensburg: The whole world saying that a serious conversation between the pope and Islam is necessary. My guess is Benedict would clear his calendar if the Muslim Arab leadership said it is ready to talk. And the talk won't be about who meant what in the 14th century. It will be about the here and now.

The pope has a Muslim problem alright. It is the hammering that Christian communities have been taking for years and are getting now in Islamic countries all over the world, but especially in the Middle East.

Across the region (with some exceptions), non-Islamic minorities -- which by and large means Christian minorities -- are being driven out through physical abuse, legal discrimination, murder and the destruction or confiscation of homes, businesses and churches. Call it religious cleansing. It is a political strategy that would eventually give Iran, Iraq, Egypt and the Holy Lands of Palestine a cultural homogeneity that has never existed in human history, before or after Christ.

Chairing a congressional hearing on this subject in July, GOP Rep. Chris Smith of New Jersey described the problem in historic terms that are acutely immediate to Benedict XVI: "There are dozens of Christian groups with rich histories, ranging from the ancient Syriac and Syro-Chaldean churches which still speak the (Aramaic) language of Jesus Christ, and Coptic churches in Egypt who preserve the language of the pharaohs. . . . There are followers of John the Baptist in Iraq and Iran. The Zoroastrians of Iran go back perhaps 3,000 years. It was under their power and influence that the great king of Persia, Cyrus, ended the Babylonian captivity of the children of Israel." Fundamentalist Islam is pressuring all of these. Many simply leave.

Iran's population has doubled since the revolution of 1979, but its Christian population has fallen to 100,000 from 300,000. The war in Iraq (Mesopotamia was evangelized by St. Thomas) has accelerated the emigration of Chaldo-Assyrian Christians,

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but non-Muslims were leaving even before the U.S. invasion. In 2000, the U.N. estimated that Iraq was Europe's second source of refugees, after Yugoslavia.

The oppression of Egypt's Coptic Christians, who are 10% of the population, is brutal. During Easter Week this April, knife-wielding Muslims in Alexandria attacked worshipers at several Coptic churches. Afterward, Copts shouted: "Hosni Mubarak, where are you?" Good question. Typically, local Egyptian officials prevent the Copts from rebuilding their churches. In August, a Coptic woman named Hala Helmy Botros started a blog to draw attention to such incidents. She was shut down and her father beaten: "This is a present from your daughter." In the holy land, the Christian populations of Bethlehem, Nazareth and Jerusalem have emigrated under duress in past decades. The U.S. State Department says the Palestinian government has colluded to extort property there from Christian landowners.

The exodus (and falling birth rates) of Christians in the Middle East is a well-documented, much-analyzed phenomenon extending back into the last century. After Vatican II, Pope Paul VI created the Secretariat for the Non-Christian Religions to address these matters. In a dramatic attempt to heighten awareness, Pope John Paul II made a historic pilgrimage to Syria in 2001 and held some 60 meetings with Muslims. Observably little sustainable progress has resulted. If anything, Islamic fundamentalists have ramped up their anti-minority aggression and spread it -- to Sudan, Somalia, Nigeria, Indonesia and Pakistan (where members of the Ahmadi Muslim minority have been gunned down as apostates).

And so Pope Benedict has decided it is time to act, no matter that it may hurt the sensibilities of Islamic believers or Western elites ever alert to the delicacies of language. In this Benedict deserves the world's political support. The Middle East is being purged of a historically enriching diversity that will surely kill its ability to thrive. What will remain is a homogenous, self-proclaimed threat to the rest of the world. As Nina Shea of the Center for Religious Freedom argues, the pathologies and methods directed against unprotected minorities will be used next against other Muslims and governments. It is no exaggeration to suggest that the maltreatment of these local Christians is rightly seen as a proxy for the world.

The world's standard political institutions have proven unable to address this problem. The U.N. is compromised and hapless. The U.S. is distrusted, Europe is supine, China is cynical. There would be no better venue for seeking a way out than the Vatican.

The Vatican doesn't want oil. Hegemony is long gone from its vocabulary. The Vatican's only brief is a modus vivendi, a global reality Islam must eventually acknowledge. The governments of Egypt, Iraq and Saudi Arabia should open the dialogue Benedict XVI is seeking. In March, Egyptian President Hosni Mubarak met with Benedict at the Vatican. He would be the obvious choice to take the lead. More than these Arab governments realize, their future could use the support of the pope's famous divisions.

Tolerance: A Two-Way Street (WP)

By Charles Krauthammer

The Washington Post, September 22, 2006

Religious fanatics, regardless of what name they give their jealous god, invariably have one thing in common: no sense of humor. Particularly about themselves. It's hard to imagine Torquemada taking a joke well.

Today's Islamists seem to have not even a sense of irony. They fail to see the richness of the following sequence. The pope makes a reference to a 14th-century Byzantine emperor's remark about Islam imposing itself by the sword, and to protest this linking of Islam and violence:

· In the West Bank and Gaza, Muslims attack seven churches.

· In London, the ever-dependable radical Anjem Choudary tells demonstrators at Westminster Cathedral that the pope is now condemned to death.

· In Mogadishu, Somali religious leader Abubukar Hassan Malin calls on Muslims to "hunt down" the pope. The pope not being quite at hand, they do the next best thing: shoot dead, execution-style, an Italian nun who worked in a children's hospital.

"How dare you say Islam is a violent religion? I'll kill you for it" is not exactly the best way to go about refuting the charge. But of course, refuting is not the point here. The point is intimidation.

First Salman Rushdie. Then the false Newsweek report about Koran-flushing at Guantanamo Bay. Then the Danish cartoons. And now a line from a scholarly disquisition on rationalism and faith given in German at a German university by the pope.

And the intimidation succeeds: politicians bowing and scraping to the mob over the cartoons; Saturday's craven New York Times editorial telling the pope to apologize; the plague of self-censorship about anything remotely controversial about Islam -- this in a culture in which a half-naked pop star blithely stages a mock crucifixion as the highlight of her latest concert tour.

In today's world, religious sensitivity is a one-way street. The rules of the road are enforced by Islamic mobs and abjectly followed by Western media, politicians and religious leaders.

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The fact is that all three monotheistic religions have in their long histories wielded the sword. The Book of Joshua is knee-deep in blood. The real Hanukkah story, so absurdly twinned (by calendric accident) with the Christian festival of peace, is about a savage insurgency and civil war.

Christianity more than matched that lurid history with the Crusades, an ecumenical blood bath that began with the slaughter of Jews in the Rhineland, a kind of preseason warm-up to the featured massacres to come against the Muslims, with the sacking of the capital of Byzantium (the Fourth Crusade) thrown in for good measure.

And Islam, of course, spread with great speed from Arabia across the Mediterranean and into Europe. It was not all benign persuasion. After all, what were Islamic armies doing at Poitiers in 732 and the gates of Vienna in 1683? Tourism?

However, the inconvenient truth is that after centuries of religious wars, Christendom long ago gave it up. It is a simple and undeniable fact that the violent purveyors of monotheistic religion today are self-proclaimed warriors for Islam who shout "God is great" as they slit the throats of infidels -- such as those of the flight crews on Sept. 11, 2001 -- and are then celebrated as heroes and martyrs.

Just one month ago, two journalists were kidnapped in Gaza and were released only after their forced conversion to Islam. Where were the protests in the Islamic world at that act -- rather than the charge -- of forced conversion?

Where is the protest over the constant stream of vilification of Christianity and Judaism issuing from the official newspapers, mosques and religious authorities of Arab nations? When Sheik 'Atiyyah Saqr issues a fatwa declaring Jews "apes and pigs"? When Sheik Abd al-Aziz Fawzan al-Fawzan, professor of Islamic law, says on Saudi TV that "someone who denies Allah, worships Christ, son of Mary, and claims that God is one-third of a trinity. . . . Don't you hate the faith of such a polytheist?"

Where are the demonstrations, where are the parliamentary resolutions, where are the demands for retraction when the Mufti Sheik Ali Gum'a incites readers of al-Ahram, the Egyptian government daily, against "the true and hideous face of the blood-suckers . . . who prepare [Passover] matzos from human blood"?

The pope gives offense and the Mujaheddin al-Shura Council in Iraq declares that it "will break up the cross, spill the liquor and impose the 'jizya' [head] tax; then the only thing acceptable is conversion or the sword." This to protest the accusation that Islam might be spread by the sword.

As I said. No sense of irony.

Finished But Not Gone (NYT)

The New York Times, September 22, 2006

For nearly a decade, a confident, sure-footed Tony Blair dominated British politics. He not only pushed his own Labor Party into the 21st century, but spurred the opposition Conservatives to revitalize themselves as well. Their new leader, David Cameron, strikingly resembles the early Tony Blair — nimble, persuasive, telegenic and popular.

But those words no longer describe the prime minister himself. His luster has faded, a victim of too many years in the spotlight and too many egregious misrepresentations over Iraq. His hold over the electorate, the Labor Party and even his own cabinet colleagues is slipping fast. It is time for Mr. Blair to move on, preferably before the end of this year.

And it is time for his presumed successor, Gordon Brown, to recognize that the job he has wanted so badly for so long is not merely a reward for tight-lipped endurance. Mr. Brown needs to start talking about the domestic and foreign policies he would work for if the Labor Party chose him as the next prime minister. But so long as Mr. Blair talks about staying on for almost another year, Mr. Brown, as a serving cabinet member, is constrained from doing so. That is reason enough for Mr. Blair, already a lame duck, to speed his departure.

In recent weeks, with Mr. Blair maneuvering to extend his tenure and Mr. Brown to shorten it, tensions between the two men have flared into the open. Labor politicians have grouped themselves into Blairite and Brownite camps. Until the succession is completed, Labor members of Parliament will be reluctant to go out on a limb for controversial reforms.

That is bad for Britain, bad for Mr. Blair's legacy and bad for Mr. Brown's political inheritance. It would be far better to silence the rivalry and begin the succession.

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Subject:	Attorney General's News Briefing for Saturday, September 23, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 23, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush And Musharraf Tout Benefits Of Cooperation In War Against Terrorism. President Bush and Pakistani President Pervez Musharraf sought to present a united front and stressed the benefits of their cooperation in the war on terrorism. Their meeting received significant coverage in all the major US news media, including four stories covering over eight minutes on the network news. The TV news programs focused on the problems that recent allegations former Deputy Secretary of State Richard Armitage threatened Pakistan after the 9/11 attacks posed for the US relationship with Pakistan.

ABC World News (9/22, story 3, 2:25, Raddatz) reported, "In public today, President Bush and Pakistan's President Musharraf today presented a united front in efforts to track down terrorists." President Bush: "We're on the hunt together." President Pervez Musharraf: "We're on the hunt together." Raddatz: "But privately, White House officials have been skeptical about Musharraf's commitment, given the truce he recently signed with tribal leaders near the afghan border. Afghanistan, which has seen a sharp increase in Taliban and al Qaeda operatives. But today, Musharraf insisted that's not the case." President Pervez Musharraf: "This treaty is not to deal with the Taliban. It is actually to fight the Taliban." Raddatz: "President said today." President Bush: "I believe him."

CBS Evening News (9/22, story 2, 1:45, Couric, 7.66M) said the allegations of a threat to Pakistan "made for a very bizarre day at the White House." CBS (Axelrod): "It had to be awkward for President Bush, asked about the stone age threat while standing right next to president Musharraf." Axelrod concluded that "no matter how this relationship got started, a senior White House official says tonight that Mr. Bush has total trust in Mr. Musharraf as a partner in the hunt for Osama bin Laden."

NBC Nightly News (9/22, story 6, 2:35, Williams) said "what started off as a perfectly predictable controlled event quickly became anything but. First the rare admission by President Bush who said he had been caught off guard and then the bizarre statement by the President of Pakistan as to why he couldn't answer a reporter's question." NBC (O'Donnell) added, "The President on defense after an explosive charge by his Pakistani guest that claimed the US threatened attack if Pakistan did not agree to cooperate." O'Donnell concluded, "Whatever influence was used on Pakistan after 9/11, its relationship with the US remains complicated. Their help still needed in the hunt for Osama bin Laden."

Major papers also covered the story, highlighting the Administration's concerns about the relationship with Pakistan. The Washington Post (9/23, A2, Abramowitz, De Young, 748K) reports, "President Bush yesterday launched a new round of personal diplomacy aimed at patching up the tense relations between Pakistan and Afghanistan, where a resurgent Taliban insurgency is posing new challenges for an administration already struggling to pacify Iraq." After meeting with Afghan president Karzai Tuesday, "in a twist from Bush's normal practice, the three leaders are then planning to dine together at the White House on Wednesday." Outside experts see "the meetings as part of heightened administration concern over rising violence in Afghanistan." According to White House aides, "a chunk of yesterday's hour-long meeting was devoted to Musharraf explaining to Bush the recent pact he reached with Islamic militants in Pakistan's border region," and Bush said he was satisfied" with Musharraf's assurances.

In contrast, the New York Times (9/23, A6, Sanger, 1.21M) reports that according to administration officials "Bush and his national security aides were clearly skeptical" of Musharfaf's reasoning on the pact with tribal leaders, although "Bush appeared to take General Musharraf's assurances at face value." The fear "that General Musharraf, whose political hold over sections of his own country is tenuous at best, is only episodically engaged in the battle against Al Qaeda and the Taliban" has become "an increasingly contentious issue between Afghanistan and Pakistan." The two leaders "stepped around the question of whether American forces or intelligence agencies had the right to go into Pakistan to hunt down" bin Laden. "Bush fudged the issue by saying, 'We're on the hunt together.'"

Describing Bush on the defensive the Los Angeles Times (9/23, Richter, 918K) reports, "President Bush, struggling with turbulence in the important U.S.-Pakistani relationship, eased back Friday from his vow to order U.S. troops to invade Pakistan, if necessary, to track down Osama bin Laden."

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Time Magazine (9/23, Waller) in a web exclusive says "Bush and Musharraf finally got back on the same talking points Friday" telling "reporters they were still joined at the hip when it comes to fighting al-Qaeda and the Taliban. And, as his military commanders prefer, Bush danced around the question of whether he'd ask Musharraf's permission to send U.S. troops into Pakistan to grab bin Laden, insisting that both leaders are still 'on the hunt together.' Musharraf insisted the agreement he struck with the tribal leaders is not a deal with the Taliban. 'This deal is against the Taliban,' he claimed. And Bush said: 'I believe him.'" And "Bush…was delighted the two of them were back on their talking points. 'Good job,' he told Musharraf as they walked away from the press conference. But the tensions in the relationship remain. And the top U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said Thursday he plans no immediate cuts in the 20,000 American troops battling a growing Taliban threat. Nor will Friday's spin control reverse the worsening war there."

The Financial Times (9/23, Daniel) leads that Musharraf "transformed a White House news conference into a book promotion when he refused to answer a question about his claim," saying he was "honour-bound" to the publisher not to talk about the book. "This prompted George W. Bush, US president, to interject: 'In other words, buy the book is what he's saying.'" While Bush "strongly defended the actions of Gen Musharraf after 9/11," it "underlined continued tensions in the US-Pakistan relationship strengthened by revived concerns about whether the US could strike at Osama bin Laden, al-Qaeda leader, in Pakistani territory and doubts about the peace agreement Gen Musharraf has struck with tribal leaders on the border of Afghanistan." The AFP (9/23, Knox) leads that Bush and Musharraf "celebrated their close cooperation in the war on terrorism but did not deny that it began with a US threat to bomb Pakistan 'back to the Stone Age.'"

The Washington Times (9/23, Curl, 88K) notes, "Pakistan's point man on the truce told The Washington Times Thursday that it is part of a broader strategy to keep terrorists out and will not undermine the fight against Islamic extremists." Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province said, "It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm."

The AP (9/23, Riechmann) reports that after his meeting with Bush Musharraf "later told students at The George Washington University that Pakistan 'joined the war not so much for the world but for ourselves.'" He "acknowledged that 'we are moving slowly' in reforming the Islamic madrassas, or extremist schools, in his country. But he said they accounted for only 5 percent of the country's schools."

McClatchy Newspapers (9/23, Hutcheson, Landay) reports, "Musharraf, who's facing tribal rebellions and growing disenchantment in his officer corps and among Pakistanis over his close cooperation with the United States, can't afford to reverse the policy, said U.S. intelligence officials." Meanwhile, "Bush said Musharraf renewed his commitment to hold 'free and fair' elections next year."

Armitage Denies Allegations Pakistan Was Threatened With Attack. Leading its broadcast the CBS Evening News (9/22, lead story, 1:30, Couric, 7.66M) reported "Bush responded to the allegations saying it's the first he has heard about it." Musharraf: "It was a threat, certainly, and I took it that the United States, after having whatever happened to the world trade center would be -- a wounded country, a wounded super power, and they're willing to do anything to counter and to punish the perpetrators. Now, if we stand in the way of that, we are going to suffer." CBS (Kroft): "A few days later, Musharraf said he received the list of seven demands from the United States, including giving US military unrestricted access to its airspace, its military bases and its seaports. After deciding that Pakistan could not survive with the US as an adversary, he worked out a compromise."

ABC World News (9/22, story 3, 2:25, Raddatz) reported that "most of the attention was on Musharraf's claim that shortly after 9/11, his intelligence chief was told by then-Deputy Secretary of State, Richard Armitage, that Pakistan would face air strikes if Musharraf did not join the war on terror." Armitage has denied the allegation and "the state department spokesman who does not have a book contract, as far as I know, backed up what Mr. Armitage said. He said there were no threats said. Although Mr. Armitage was very firm with the Pakistanis." The Los Angeles Times (9/23, Hennessy-Fiske, 918K) and McClatchy Newspapers (9/23, Landay) report similar details.

CNN (9/23) on its web site reports that in an interview Armitage said, "Never did I threaten to use military force. … I was not authorized to." He "acknowledged he was part of a group who met with Pakistan's intelligence chief to convey strong U.S. determination. He said the message was that 'we absolutely need their help if we were going to prosecute the

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Taliban and al Qaeda in Afghanistan. … We wanted to make sure they understood both the opportunities and the downside, but there was no threat."

Some Question Bush Reliance On Musharraf To Provide Moderating Influence. The Washington Times (9/23, Dinan, Behn, 88K) reports that while some question Musharraf's intentions "for Mr. Bush, Gen. Musharraf is one of the Muslim leaders he is trying to promote as a moderate fighting extreme elements, along with Iraqi Prime Minister Nouri al-Maliki, Afghan President Hamid Karzai and Palestinian Authority President Mahmoud Abbas." The Times notes, "Bush has taken some grief for his support of Gen. Musharraf. He told the United Nations this week that the world should no longer trade away support for freedom and democracy in the hopes of getting stability." But "that is exactly what some critics -- including democracy advocates in Pakistan -- say Mr. Bush is doing with Gen. Musharraf."

Similarly, Maureen Dowd in her column in the New York Times (9/23, 1.21M) writes that Pakistani president Pervez Musharraf "is a smooth operator, a military dictator cruising around the capital with his elegant wife and enormous security contingent, talking about how much he likes democracy, which he won't yet allow." Musharraf "may have more respect for checks and balances than Dick Cheney, but that's not saying much." Dowd question's Bush's faith in Musharraf cooperation "'on the hunt' for Osama and the Taliban at the same time he's setting up a safe haven for them -- and getting huffy at the idea that American forces have the right to go into Pakistan to track Osama." Dowd quotes British historian Niall Ferguson saying "the real problem is the Axis of Allies — Saudi Arabia, Pakistan and Britain. … The terrorists are funded in Saudi Arabia, they're trained in Pakistan, and they organize their plots quite easily in London." Dowd states, "The Paks, as W. and Vice like to call them, are at the heart of the Faustian deal the Bush administration has made. The justification for invading Iraq was that they couldn't allow a dictator who might be harboring terrorists to stay in power. But their great ally in the war on terror is General Musharraf, a dictator who appears to be harboring terrorists, including the one we want most."

Deal On Detainees Seen As Having Contradictions. The New York Times (9/23, Liptak, 1.21M) reports with skepticism on the pitfalls it perceives in the White House-Congressional deal: "The compromise reached on Thursday between Congressional Republicans and the White House on the interrogations and trials of terrorism suspects is, legal experts said yesterday, a series of interlocking paradoxes. It would impose new legal standards that it forbids the courts to enforce. It would guarantee terrorist masterminds charged with war crimes an array of procedural protections. But it would bar hundreds of minor figures and people who say they are innocent bystanders from access to the courts to challenge their potentially lifelong detentions." The agreement's complex language "was a subject of debate, posturing and, perhaps, some wishful thinking."

Critics Fear Deal Does Not Prevent Torture. McClatchy Newspapers (9/23, Talev, Gordon) reports with similar pessimism, "Several Democrats and civil rights advocates charged Friday that a Republican compromise over the treatment of terrorism suspects leaves the door open for torture and abuse, while stripping captives of a basic right to a court appeal." Expressing objections or concern are the president of the Center for Constitutional Rights, Caroline Fredrickson of the ACLU, and Rep. Jane Harman (ranking Democrat on the House Intelligence Committee). McClatchy pointedly notes, "The legislation also limits detainees from appealing in federal court to challenge their detentions - a right that dates to the Magna Carta in the year 1215."

WPost Analysis Notes Critics' Misgivings. In an analysis piece for the Washington Post (9/23, 748K), reporter R. Jeffrey Smith writes, "Many human rights groups and legal experts who parsed the bill yesterday said the White House had achieved most of its objectives in negotiations with dissident GOP senators, including John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.). They said the bill's provisions would violate detainees' legitimate rights, conflict with Supreme Court decisions, and come back to haunt Washington when Americans in foreign custody are subjected to the same harsh interrogations and military trials." Several critics are quoted, including Marine Col. Dwight Sullivan of DOD's Office of Military Commissions, who said that it "replaces the old broken" system banned by the Supreme Court with a "new broken commission system."

Democrats Could Be Stymied. The Washington Post (9/23, A6, Babington, Weisman, 748K) reports in a an article positively headlined "GOP Upbeat On Terror-Trial Bill," "House GOP leaders signaled yesterday that they are satisfied with the main elements of a bill on military trials negotiated Thursday by dissident Republican senators and White House officials, and they predicted that Congress will pass the

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measure before adjourning next week." The House action "all but settles an intraparty squabble and puts congressional Democrats in a difficult spot six weeks before elections in which they hope to wrest many House and Senate seats from the GOP. ... to oppose the compromise, which Sen. John McCain (R-Ariz.) has embraced, would subject them to charges of being soft on terrorism, several analysts said."

The New York Times (9/23, Zernike, Stolberg, 1.21M) also reports on the apparent unity enjoyed by Republicans after a week of tumult, saying, "Republicans on Friday put aside their differences, setting the House and Senate on a path to approve a compromise struck with the White House before lawmakers break to campaign for the midterm elections. ... After weeks of embarrassing division on a signature issue, Republicans resumed their campaign to portray themselves as the party of strength on national security, with Mr. McConnell practically daring Democrats to get in the way."

Bill Gives Bush Leeway. The AP (9/23, Flaherty) reports, "The resulting legislation, if passed next week by Congress as Republicans hope, would revive the CIA's terrorist interrogation program because it would reduce the risk that agency workers could be found guilty of war crimes. The deal also could open the door to aggressive techniques that test the bounds of international standards of prisoner treatment." Legal experts agree "in the end it will be up to the president to determine when most interrogation methods go too far. The bill bans detainees from protesting their detention and treatment in court."

Military Defense Lawyers Blast Bill. The Los Angeles Times (9/23, Simon, Barnes, 918K) reports, "Military defense lawyers assailed compromise legislation for interrogating and prosecuting terrorism suspects, contending Friday that proposed rules would prevent them from learning whether evidence used against their clients was obtained through coercion or torture." Rights groups also expressed concern that the compromise gave the president "too much latitude." The Times calls the tribunal and surveillance authorization bills "centerpieces of the security-focused agenda the GOP wants to highlight before the November election."

Army Outsources Interrogator Training. The Washington Post (9/23, Pincus, 748K) reports, "Since the Iraq war began, the U.S. Army has quadrupled the number of soldiers it trains each year to be detainee interrogators, according to Army officials involved in the program. Next year, 1,200 interrogators are set to be trained at the Army Intelligence Center at Fort Huachuca, Ariz., up from about 300 in 2003." The Post adds, "The Army is gearing up for the effort by hiring private companies to handle the training. ... Turning to outside contractors to teach interrogation reflects another trend of the Rumsfeld Pentagon: outsourcing programs to private companies that often are filled with retired military men and women who did similar work when they were in the service." The Army has estimated "the annual cost for an outside instructor at $100,000 ... That is at least $20,000 above the average of what someone in the service would receive."

Newsweek Explores How The Terror Deal Was Reached. Newsweek (9/23, Hosenball, 3.12M) in a web exclusive reports, "Three renegade Republican senators may be the biggest winners in Thursday's deal between the White House and Capitol Hill over the treatment of high-level terror detainees." The White House, after a pause, gave in because "it was clear that the GOP renegades' position was supported by at least 51 senators. By the same token, an important element in the compromise, the sources say, was the recognition by Graham, McCain and Warner all along that neither they nor a majority of their Senate colleagues really wanted to put the CIA interrogation program completely out of business.."

European Faults US Official For Geneva Remarks. The New York Times (9/23, Bernard, 1.21M) reports, "The European counterterrorism chief, Gijs de Vries, criticized a Bush administration official who suggested that the Geneva Conventions should not be considered sacrosanct, and that the legal framework for the treatment of terrorists should be amended." John Bellinger III (State Department counsel) made his comments in a Financial Times interview on Thursday. De Vries said, "The opinion of Europe's ministers is that respecting the rules, not bending them, is essential to our credibility and hence to our effectiveness in the fight against terrorism." Bellinger has responded that he was "not suggesting that the old rules should be discarded or that they should not be followed."

Boston Globe Criticizes Compromise. The Boston Globe (9/23, 425K) editorializes, "The senators have now agreed to a compromise that leaves the [Geneva] conventions on life support at best. ... After delaying legal action against hundreds of detainees for almost five years, the administration should work with Congress to devise interrogation and trial rules that civilized peoples expect.."

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Dallas Morning News Looks Positively on Bill. The Dallas Morning News (9/23, 500K) editorializes, "All in all, the compromise kept alive the tradition of openness in our democracy that we would like others to emulate. The House now needs to get on board."

NYTimes Letter To Editor Denounces Terror Bill. In the New York Times (9/23, 1.21M), a letter by Lawrence J. Fox (an expert on "lawyers' ethical obligations" retained by Gitmo detainees' attorneys) calls "pathetic" the willingness of Sens. Graham, Warner, and McCain to tolerate "a bill that will strip detainees of habeas rights." Fox asks, "Can you imagine the outcry if an American citizen were simply captured and imprisoned in a country that announced that there would be no review of the American's status because that country's nationals would not receive review if they were imprisoned in America?"

WSJ Praises Terrorist Interrogation Compromise. The Wall Street Journal (9/23, 2.03M) editorializes, "The upshot of the agreement is simple and welcome: Aggressive CIA interrogations of such high-level al Qaeda prisoners as Khalid Sheikh Mohammed will be able to continue."

Clinton Defends His Efforts To Capture Bin Laden. Fox News Special Report With Brit Hume (9/22, Angle) reported former President Bill Clinton "is speaking out angrily that his Administration did not catch or kill the al Qaeda leader. He said the same people who accuse him now of doing too little once accused him of focusing too much on bin Laden. He spoke with Fox News Sunday's Chris Wallace who he asked Mr. Clinton if he had done enough to get bin Laden." Clinton: "At least I tried, that's the difference me and some, including all the right wingers. They ridicule me for trying. They had eight months to try they did not try. I tried. So I tried and failed."

DOJ Appeals Challenge To NSA Terrorist Surveillance Program. The AP (9/23, Mccall) reports, "U.S. Justice Department lawyers filed an appeal Friday aimed at blocking a lawsuit by a former Islamic charity that has challenged a Bush administration secret surveillance program." The AP adds, "The appeal filed with the 9th U.S. Circuit Court of Appeals in San Francisco said 'the district court is wrongly attempting to create some form of secret adversarial proceedings, and, in doing so, is raising a serious danger of disclosure of important national security information.'" And "Steve Goldberg, a Portland attorney representing the charity, said the appeal could delay the case by a couple of years."

Judge Denies Bond For Terror Plot Suspect In Georgia. The Atlanta Journal-Constitution (9/23, Basu) reported, "A Roswell man accused of helping plot terrorist attacks wrote an e-mail in 2001 expressing a desire to join the Taliban in Afghanistan, prosecutors said in federal court Friday. U.S. Magistrate Judge Gerrilyn Brill denied bond for Ehsanul Islam Sadequee, 20, who along with Syed Haris Ahmed, 21, a former Georgia Tech student, was indicted in July on charges of discussing plans for waging jihad, or holy war." The Journal-Constitution noted, "Defense lawyer Don Samuel said he would appeal the denial to grant bond. He said the new evidence presented by the government, including the e-mail about the Taliban, proved nothing. 'This reminds me of the 1950s witchhunts when actors were punished because they were sympathetic to Communism,' Samuel said."

Pennsylvania Man Pleads Guilty To Offering To Make Bomb For Al Qaeda. The AP (9/22) reported, "A man accused of offering to build and sell a bomb to an al-Qaida affiliate in Houston in exchange for help in getting custody of his children has pleaded guilty in federal court. … Grecula pleaded guilty Thursday as part of a plea deal with federal prosecutors in which he faces up to 5 years in prison without parole." The AP noted, "Grecula, a Pennsylvania native, was accused of telling the informant he would build bombs for anti-American groups such as al-Qaida in exchange for help in getting custody back from his wife, who is from Houston." The Houston Chronicle (9/22, Rice) reported that "Grecula's ability to build a superbomb using a dubious theory of fusion remains in doubt, as does his mental health, but not his intention to sell his technology to al-Qaida. … As it turned out, he was dealing with undercover FBI agents and Houston police officers posing as al-Qaida members. Grecula also admitted to offering to teach a ground school for al-Qaida pilots and to telling an undercover agent that 'he had a dislike for America.'

One Charge Against Accused Hamas Fundraiser Dropped. The AP (9/23, Robinson) reports, "Federal prosecutors Friday dropped a charge that an alleged fundraiser for the Palestinian militant group Hamas gave material support to terrorists — a move that

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stunned defense attorneys. Prosecutors gave no explanation in court and declined to comment afterward. Muhammad Salah, 53, who has been the focus of a high-profile terrorism investigation for nine years, remains charged with racketeering conspiracy and lying by denying membership in Hamas. … The dropping of the charge was a victory for Salah, whose 2004 indictment was announced at the Justice Department by then-Attorney General John Ashcroft."

Both Parties Accused Of Politicizing The War On Terror. The Washington Post's Colbert King (9/23) writes, "Five years after Sept. 11, the focus of Republicans and Democrats has shifted from the enemy to each other. … Congress and the White House ought to be focusing on defeating that enemy -- not each other. The puerile political nonsense on display on both sides of the Capitol dome must end."

HOMELAND RESPONSE:

National CyberSecurity Chief Resigns. The AP (9/23, Bridis) reports, "Donald 'Andy' Purdy Jr. will step down as acting director of the National Cyber Security Division, part of the Department of Homeland Security. A government spokesman, Jarrod Agen, declined to comment on Purdy's plans, but colleagues circulated an invitation to his farewell party next week." Purdy's "contract drew congressional scrutiny after The Associated Press reported in June that Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth the unit's total budget."

Hoekstra Raises Concerns Over Threat Of Terrorist Attacks From Europeans. The Washington Times (9/23, Wong, 88K) reports that Rep. Peter Hoekstra, who chairs the House Permanent Select Committee on Intelligence, "is warning that 'self-radicalized' terrorists from Europe, with no criminal records and no formal links to al Qaeda, are quietly infiltrating the United States to proselytize, raise money and possibly plan attacks." He said the US "has to quickly adapt to the ever-changing threat if it is going to win the global war against Islamic extremism." Hoekstra "released a committee report titled, 'Al Qaeda: The Many Faces of an Islamist Extremist Threat,' which described how the nature of the threat has changed against the United States since the September 11 terrorist attacks."

DHS Spending More Money On Airport Security Technologies. The Los Angeles Times (9/23, Gilden, 918K) reports, "For a glimpse of airport security in the years to come, head to northern San Diego County. A sea of office parks houses a handful of high-tech companies that are developing technology to ease business travelers' journeys through airport security checkpoints and on to their destinations. Drug sniffers, bomb detectors, passenger screeners, shoe scanners, fingerprint matchers and other equipment are all under study or in initial development. … The TSA earmarked $72 million for emerging checkpoint technologies in 2006, up from $28 million in 2005. And Homeland Security already was evaluating 13 devices for detecting liquid explosives before the Aug. 10 London terrorist threat."

Schwarzenegger Vetoes Shipping Container Fee. The Los Angeles Times (9/23, Weikel, 918K) reports, "Siding with business and the shipping industry, Gov. Arnold Schwarzenegger vetoed a bill Friday that would have provided $500 million a year to improve security, expand rail networks and reduce air pollution at the ports of Los Angeles and Long Beach. The legislation by state Sen. Alan Lowenthal (D-Long Beach) called for a fee on shipping containers that pass through the ports. Had the bill been approved, owners of cargo, such as retailers and manufacturers, would have been assessed $60 for a typical 40-foot container."

Capitol Police Were Warned About Security Vulnerabilities. The Washington Post (9/23, A1, Horwitz, Sheridan, Leonnig, 748K) reports, "Capitol Police officers warned their superiors this summer that the U.S. Capitol needed tighter security because of construction work, but a door was left unguarded this week, allowing the worst breach in eight years, officials said yesterday. A drug-addled man easily drove a Chevrolet TrailBlazer through a partially blocked construction entrance to the Capitol grounds, according to officials and court testimony. … As days go by, the officials have grudgingly admitted further blunders in one of the biggest embarrassments for the law enforcement agency in years. No one was injured in the early morning drama, which ended in the man's arrest. But legislators are outraged that it could occur, given the $2 billion they have spent on police and equipment at the Capitol since" 9/11.

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BWI Evacuated After Gun Found In Luggage. The Washington Post (9/23, B5, Wilgoren, De Vise, 748K) reports, "Two concourses were evacuated for an hour yesterday morning at Baltimore-Washington International Thurgood Marshall Airport after security screeners found a loaded gun inside a carry-on bag and could not detain its owner. The .25-caliber semiautomatic pistol was discovered at 6:40 a.m. … The passenger abandoned the bag containing the gun and disappeared into the concourses." The Post adds, "The man was not found."

NYT Claims Broad Definition Of "Material Support" Victimizes Refugees. The New York Times (9/23, 1.21M) editorializes, "Congressional authors of the Patriot Act and its sister Real ID provision tucked a clause into the immigration laws barring entry to anyone who has provided 'material support' to a terrorist organization. … But the Bush administration has chosen to interpret 'material support' to include people who act under duress — someone pressed at gunpoint to supply a glass of water, or forced to dig graves or pay ransom for a kidnapped child, or held hostage in her home (and thus provided shelter to terrorists). The result is to victimize these people twice." According to the Post, "As a result of the material-support clause, more than 11,000 refugees are being kept out of the country for allegedly supporting terror. Religious conservatives have urged that this problem be fixed, but the Departments of Homeland Security and Justice have rebuffed efforts by the State Department to narrow the law."

Pataki Urged To Forge Compromise On WTC Memorial Names. The New York Times (9/23, 1.21M) in an editorial writes that Gov. George Pataki "will have to bear the responsibility for the delays in redevelopment at ground zero over the last five years. But if he wants to improve the record of his stewardship before leaving office, one way would be to act now to help solve the emotional question of how to list the names at the planned memorial for the 2,979 victims of terrorism." The Times adds, "The governor should work with Mayor Michael Bloomberg to establish a small but representative committee. … Their task should be to quickly come up with a suitable compromise that eases family concerns and still maintains the highest design standards for this memorial."

FEMA Said To Have Provided Katrina Victims "Low-Ball" Repair Estimates. The AP (9/23, Roberts) reports, "Many initial estimates by the Federal Emergency Management Agency of the cost of repairing thousands of water-logged buildings, cracked pipes and crumbling streets in hurricane-staggered Louisiana were way too low — and some reconstruction projects are being held up because of it. Some local governments say they cannot legally or financially hire contractors and get on with the work, because they fear they will be saddled with repair costs that won't be reimbursed by Washington. The FEMA estimates were made as part of a federal program under which local governments make repairs at their own expense, then ask for reimbursement from the federal government. The low-ball estimates were done by sometimes-inexperienced estimators hurriedly hired and trained by FEMA in the aftermath of Hurricanes Katrina and Rita, which struck last summer and fall. Often, the estimates were based on the much-cheaper, pre-storm costs of labor and equipment."

Consultants Submit Plan For Rebuilding Lower 9th Ward. The Los Angeles Times (9/23, Simmons, 918K) reports, "A consulting firm hired by the New Orleans City Council to devise a plan for the city's most storm-damaged neighborhoods will recommend rebuilding the Lower 9th Ward…'from scratch.' Miami-based urban planner and housing consultant Paul Lambert, along with other urban planning groups, met with Lower 9th Ward residents and incorporated their ideas into a proposal to change the area's street pattern to create a new 'town center.' That idea is part of a report he is to present to residents today."

Katrina Evacuees In DC Region Lose Special Benefits. The Washington Post (9/23, B1, Salmon, 748K) reports, "Although many [hurricane Katrina] evacuees who landed in the Washington area have moved on, almost 10,000 households are still registered with the Federal Emergency Management Agency in the District, Virginia and Maryland. But the special services for them, funded by donors and local governments, are mostly gone."

Superdome To Host First Post-Katrina NFL Game. The Wall Street Journal (9/23, Brooks, 2.03M) reports, "The New Orleans Saints return to their home field at the Louisiana Superdome on Monday night for the first time since Hurricane Katrina. It's a potent symbol of the city's rebuilding effort since the Superdome, where thousands gathered after the storm and were stranded for days in increasingly miserable

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conditions, became a potent symbol of the bungled rescue effort."

WAR NEWS:

US Says More Iraqi Troops Needed In Baghdad. The AP (9/22, Baldor) reports, "The U.S. needs 3,000 more Iraqi forces to join the battle in Baghdad, but requests have not been met because Iraqi soldiers are reluctant to leave their home regions, the commander of U.S. forces in Baghdad said Friday." Maj. Gen. James Thurman said that "only about 9,000 Iraqi soldiers" are in Baghdad, compared to 15,000 American troops. Thurman said it would "take a little time" to bring in more Iraqi troops; he expressed understanding "that there [were] competing security demands across the country." In continuing bloodshed, four people were killed by gunmen firing on Sunni mosques, while police found the bodies of "nine men from a Sunni tribe" who were kidnapped from a wedding dinner by "men dressed in ... army uniforms." An American soldier was killed by a roadside bomb on Thursday.

National Guard Is Strained By Iraqi Burden. NBC Nightly News (9/22, lead story, 2:30, Williams, 9.87M) reported the National Guard has "suffered heavy casualties and have held up under a tremendous burden as this nation has fought wars on two fronts. We learn today they are about to be asked to give even more. The problem is that most US army units are not ready for combat as we see here on this broadcast night after night. It is not as if the fight is going away. Now we have learned the Pentagon may send more Guard soldiers into battle." NBC (Miklaszewski) added, "Senior military officials tells NBC News that five years of war in Iraq and Afghanistan have stretched the army to a dangerous break point. For the Army the pace of combat has been relentless. Many are already on their third tour. Frequent deployments have cut training time at home in half. It's left two-thirds of all units not ready for combat." General Barry McCaffrey, military analyst: "It's the worst readiness condition the US army has faced since Vietnam." Miklaszewski: "Uprooting Guard soldiers from their jobs and families and sending them off to be can be politically explosive. Any decision probably won't happen until after the November elections."

Iraqis Are No Shows. The Los Angeles Times (9/23, Simon, Barnes, 918K) reports, "Only a quarter of the Iraqi army forces that had been designated more than a month ago to work on security improvements in the capital have arrived, a sign of continuing problems with the Iraqi government's ability to command and move its troops." The Times reports, "Iraqi army units have refused deployment orders before, sometimes complaining of the travel involved and sometimes expressing concern that they would be thrust into uncomfortable sectarian confrontations." General Thurman, though, "said he was confident the Defense Ministry would obtain the additional soldiers in the next few weeks. He suggested that the lack of Iraqi troops was complicating operations in two Baghdad neighborhoods, Baya and Dura."

Derrick Jackson Attacks Administration For Not Taking "Responsibility." In his column for the Boston Globe (9/23, 425K), columnist Derrick Z. Jackson writes, "The same White House that trashed generals and bean counters for saying it would take hundreds of thousands of more troops and billions more dollars to secure Iraq is now blaming the puppet government for not securing the country." After allegedly blaming Prime Minister Maliki for Iraq's problems in a "whisper campaign," the administration is playing a "shell game of responsibility" that Jackson calls "all but inevitable in a war launched both under false pretenses and with undermanned and underequipped forces."

More Commentary. The Washington Post (9/23, 748K) editorializes, "The president's steadfastness [in keeping troop levels unchanged in Iraq and Afghanistan] would be much more impressive if it seemed to be attached to a winning strategy. Sadly, the events of the past several weeks suggest otherwise, at least in Iraq. ... Unless [Lee Hamilton's warning to the Iraqi government] is heeded, the sacrifice involved in holding U.S. troop levels steady for another six months -- in lives, above all -- is likely to be wasted."

War Death Toll Now Equals 9/11's. There was little network coverage of the violence in Iraq or the fighting in Afghanistan, the exception being an NBC story on the demands placed on the National Guard. Most coverage focused on the Bush-Musharraf summit.

The AP (9/22, Woodward) reports, "Now the death toll is 9/11 times two. U.S. military deaths from Iraq and Afghanistan now surpass those of the most devastating terrorist attack in America's history, the trigger for what came next. The latest milestone for a country at war came Friday without commemoration. It came without the precision of knowing

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who was the 2,974th to die in conflict." The AP states, "Not for the first time, war that was started to answer death has resulted in at least as much death for the country that was first attacked, quite apart from the higher numbers of enemy and civilians killed. Historians note that this grim accounting is not how the success or failure of warfare is measured." Earlier wars had higher death tolls, but historian Julian Zelizer argues that modern Americans "have lost firsthand knowledge of the costs of war that existed keenly up to the 1960s" and that numerical benchmarks become the subject "when something's gone wrong." About 180 sites carried this story.

Iraqi President Warns Of Spreading Violence. The AP (9/22, Gamel) reports, "Iraq's president said Friday that terrorist forces are using his country as 'a stepping stone' for spreading violence and that military action alone won't stop them. President Jalal Talabani also told the U.N. General Assembly that the government will not talk about a timetable for withdrawing U.S.-led forces until the Iraqi armed forces are capable of ending terrorism and maintaining security." He also asked "the Security Council to dissolve the U.N. weapons inspection agency known as UNMOVIC, saying it has been proven that Iraq is free of weapons of mass destruction." Talabani complained that UNMOVIC uses funds that the Iraqi people need "desperately."

Baghdad Blast Hits Mosque And Homes. The New York Times (9/23, Oppel, 1.21M) reports, "Attackers severely damaged a Sunni mosque in western Baghdad before noon on Friday, and the resulting blaze set fire to eight nearby homes and a bakery." Gunmen reportedly "attacked homes in the area before the blast, and then after the bombing fired on Iraqi Army troops who responded to calls for help."

At Least 32 Killed In Baghdad. The Boston Globe/AP (9/23) reports, "A bomb blew up a kerosene tanker truck in Baghdad's Sadr City neighborhood on Saturday, killing at least 32 people, police said. Another 38 people were wounded by the 10 a.m. blast in the sprawling Shiite slum. ... There were more people on hand than usual as families sought to stock up on fuel for the Muslim holy month of Ramadan."

Leader Of Terror Group Arrested. The AP (9/23) reports, "U.S. and Iraqi forces have captured a leader of Ansar al-Sunnah, the group behind the 2004 attack on a U.S. military mess hall that killed 22 people, the prime minister's office said Saturday. Muntasir Hamoud Ileiwi al-Jubouri and two of his aides were arrested in Al-Taeyh, about 50 miles northeast of Baghdad." The Sunni group "has claimed responsibility for numerous suicide attacks, the August 2004 execution of 12 Nepalese hostages and a December 2004 explosion at a U.S. military mess hall in Mosul that killed 22 people."

Baghdad Residents Doubt Efficacy Of Berms. Newsweek (9/23, Nordland, 3.12M) reports in a web exclusive on the plans to protect Baghdad with a possible trench, moat, or berm. Newsweek clarifies, "Actually ... it's a combination of trench digging, natural obstacles and berms, piles of dirt pushed in place by bulldozers, high enough to prevent vehicles from crossing." Baghdadis doubt the plan will work, with one politician saying, "But the violence isn't only from outside Baghdad, it's inside as well." Newsweek adds, "The Baghdad berm isn't likely to address the city's biggest problem: its rampaging death squads."

Detainees Wound Up Dead In Special Forces' Hands. The Los Angeles Times (9/23, Sack, Pyes, 918K) reports in a 4,686 word article (first of two parts) on the "Green Berets of ODA 2021," who came home "covered in glory" after serving in Afghanistan. However, "two detainees had died in the [10-man] team's custody ... during the unit's final month in Afghanistan." The two deaths differ from other "questionable deaths" because they "were successfully concealed" from the chain of command and legal authorities. The Times states that the linkage of a small Special Forces Unit to "two detainee deaths and two apparent cover-ups" reflects the "personality of the team, the unaccountability of its leadership, the evolution of U.S. policy on detentions, the failure of United Nations officials to report abuses, and the complicity of Afghan officials."

UN Report Catalogues Human Rights Wrongs In Iraq. McClatchy Newspapers (9/22) reports, "A new report on human rights violations in Iraq documents how devastatingly easy it is to die here - and how increasingly difficult it is to live." The UN Assistance Mission for Iraq reports danger for women (often killed for "honor crimes"), homosexuals, and "the Sabean-Mandean minority," among others. "Militias, death squads, organized crime and people who are 'taking the law into their own hands'" are terrorizing society.

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AP CEO Demands Trial For Bilal Hussein. In an op-ed for the Washington Post (9/23, 748K), AP CEO Tom Curley writes, "Bilal Hussein ... is now in his sixth month in a U.S. Army prison in Iraq. He doesn't understand why he's there, and neither do his AP colleagues. ... We cannot dismiss Bilal's insistence that he is not an insurgent solely on the strength of the unexamined suspicions offered by the U.S. military. If Bilal has done something wrong, the Iraqi courts stand ready to try him."

Corp Of Engineers "Faked Budget Entries." The Los Angeles Times (9/23, Miller, 918K) reports, "The Army Corps of Engineers improperly created fake entries in government ledgers to maintain control over hundreds of millions of dollars in spending for the reconstruction of Iraq, according to a federal audit released Friday." The officials "listed $362 million in potential contracts for a nonexistent contractor labeled 'Dummy Vendor'" rather than have it go back to the Treasury. Though the technique is called "improper," it is not illegal; a bill meant to ban the practice has yet to pass. The Times reports accounting improprieties for Special Operations Command in 2003 and a children's hospital in Iraq that First Lady Bush has backed.

Judge Throws Out Halliburton Suit. The Washington Post (9/23, Witte, 748K) reports on the front page of the business section, "A federal judge in Texas yesterday threw out a lawsuit against Halliburton Co. that had been brought by survivors and the families of those killed when a fuel convoy was assaulted by insurgents outside Baghdad in April 2004. ... U.S. District Judge Gray H. Miller ruled that the Army had played a key role in sending the convoy and that it was not his place to second-guess that decision." Halliburton "has been the target of frequent criticism by Democrats, who feel the company benefited unfairly from its connections to the Bush administration. Much of that criticism has focused on charges that the firm, which was once run by Vice President Cheney, has earned lucrative profits in Iraq at the expense of taxpayers and soldiers."

WSJournal Examines Afghan Progress 5 Years Later. The Wall Street Journal (9/23, 2.03M) reports on the successes and failures of Afghanistan five years after the overthrow of the Taliban. The Journal writes pessimistically of the security situation, "U.S. troops are actively engaged in battle against al Qaeda insurgents. NATO forces say they don't have enough troops to carry out their mission. The Taliban has been making a comeback, and suicide bombings, once anomalies, have increased. Some analysts say more police forces are needed to quell the growing lawlessness linked to drug mafias." However, it points to a few positives: "Since the fall of the Taliban, GDP has grown by about 16% a year. ... Public support for the Taliban appears low. Last year, 8% of Afghans said they had a favorable opinion of the Taliban."

Insurgents Kill 19 Laborers In Ambush. The Washington Post/AP (9/23) reports, "Insurgents ambushed a bus carrying construction workers in the country's volatile south Friday, killing 19 of the laborers, and Afghan and NATO forces said they killed 35 Taliban guerrillas in two firefights." The ambush "occurred in Shorabak district, a remote area of Kandahar province."

Karzai Appeals To Canadian Public. The Washington Post (9/23, Struck, 748K) reports, "Afghan President Hamid Karzai made a forceful argument Friday for keeping Canadian troops in his country, appealing to a Canadian public wavering over growing casualties and the rise in fighting there." The Post writes, "Thirty-six Canadian soldiers have been killed, and public support for Canada's role has dropped steadily. The public was stunned this week by the deaths of four soldiers." Opponents "say that the Canadian people had expected a peacekeeping role in Afghanistan for their troops."

Taliban Drives Girls' Schooling Back Into Shadows. The Washington Post (9/23, Constable, 748K) reports on the setback to efforts to educate girls in Afghanistan: "Now that positive tide has come to a halt in several provinces where Taliban insurgents are aggressively battling NATO and U.S. troops, and has slowed dramatically in many other parts of the country. President Hamid Karzai told audiences in New York this week that about 200,000 Afghan children had been forced out of school this year by threats and physical attacks."

More Commentary. The Wall Street Journal (9/23, 2.03M) editorializes, "In the war on terror, few battles are as clear and decisive as the one fought these last few weeks in southern Afghanistan. ... This is a success story." However, "[Taliban] attacks are intended to sour publics and force democratic politicians to bring the troops home. ... More than Afghanistan's future is on the line. So is the credibility of the world's oldest political-military bloc."

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Rumsfeld Favors New Command For Africa. AFP (9/22) reports, "US Defense Secretary Donald Rumsfeld said he favors setting up a separate command to oversee US military operations and relations in Africa." The brief, five-paragraph article notes that the US "has given greater attention to Africa in recent years amid concerns that extremist groups are seeking to exploit areas outside governments' control." Policymakers have still not decided whether the new command would be on par with "other combatant commands for Europe, the Middle East, Asia Pacific, Latin America and North America."

VHA Reports Tenfold Increase In Reports Of Stress, Other Mental Disorders. The AP (9/23, Baldor) reports, "More than one-third of Iraq and Afghanistan veterans seeking medical treatment from the Veterans Health Administration report symptoms of stress or other mental disorders -- a tenfold increase in the last 18 months, according to an agency study." This jump "has triggered concern among some veterans groups that the agency may not be able to meet the demand." The AP adds, "Veterans and Defense Department officials said the increase in soldiers complaining of stress or mental disorder symptoms also may suggest that efforts to reduce the stigma of such problems are working and that commanders and medical personnel are more adept at recognizing symptoms." Dr. Michael Kussman, VA acting undersecretary for health: "We're not aware that people are having trouble getting services from us in any consistent way or pattern around the country."

Reservists Are Stunned By NYC Request For Military Pay. The New York Times (9/23, Newman, 1.21M) reports on "hundreds" of New York City employees who "were called up for military service" after 9/11. The "city offered them an option: it would keep paying their salaries and continue their benefits, but when they returned they would have to repay the city their city salary or their military pay, whichever was less." "Nearly all" the reservists took the deal, but now "the city is demanding that the veterans repay their gross salaries, even though they never saw about a third of the money, which went for taxes and other deductions." One VFW official complained about the need to change the system so that "you're not paying money for having gone to war for your country."

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Taylor Tapped As Interim US Attorney For DC. The Washington Post (9/23, B5, Leonnig) reports, "The Justice Department yesterday appointed Jeffrey A. Taylor, the counselor to Attorney General Alberto R. Gonzales, to be U.S. attorney for the District of Columbia." The Post continues, "Taylor succeeds Kenneth L. Wainstein in running the largest U.S. attorney's office in the country. For now, Taylor will be interim U.S. attorney; President Bush can nominate him to take the job, subject to Senate confirmation. … Wainstein was confirmed by the Senate on Thursday to a new post in the Justice Department, assistant attorney general for national security, after his nomination had been held up for months by Sen. Carl M. Levin (D-Mich.). Levin had been seeking FBI documents relating to its agents' concerns about mistreatment of detainees at Guantanamo Bay while Wainstein was a top aide to FBI Director Robert S. Mueller III. … Taylor could begin his new job as early as next week." The Post adds, "Before working for Gonzales in the Justice Department, Taylor was counsel to the U.S. Senate Judiciary Committee from 1999 to 2002, working on such issues as criminal law, terrorism and national security. Previously, he was federal prosecutor in San Diego from 1995 to 1999. Several prosecutors in Washington said they looked forward to working with him because of his reputation and his line prosecutor experience. … 'Jeff is a dedicated public servant and a valued advisor,' Gonzales said in a statement released by the Justice Department. 'He will continue to be an asset to the Department of Justice in his new capacity as U.S. Attorney for the District of Columbia.'"

CORPORATE SCANDALS:

Hewlett-Packard Chairman Resigns Amid Widening Leak Probe Scandal. The Washington Post (9/23, A1, Nakashima, Noguchi) reports, "Hewlett-Packard Co. chairman Patricia C. Dunn resigned yesterday and was replaced by chief executive Mark V. Hurd, who apologized for what he called 'very disturbing' improprieties in an internal media leak probe that has prompted criminal and congressional investigations." The Post continues, 'In an eight-minute statement, Hurd for the first time tried to explain his role in the scandal while taking responsibility to 'set it right.' He offered few details of his personal knowledge of the

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internal investigation . … Hurd said nothing about the use of false pretenses to obtain personal phone records. He said he was aware of a bogus e-mail sent to a reporter, but did not recall approving the use of software to trace where that message was sent subsequently." The Post adds, "Hurd…acknowledged that a report summarizing the probe was addressed to him, but said he did not read it. … Hurd said he had hired a law firm to conduct 'a more comprehensive investigation' and report directly to him on what occurred in the HP probe that started in 2005 and focused on identifying who was leaking company secrets to the news media."

The Wall Street Journal (9/23, Waldman, Clark, Stecklow) reports, "In an admission remarkable in the annals of U.S business, Hewlett-Packard Co. Chief Executive Mark Hurd described how the respected Silicon Valley titan employed a series of tawdry tactics in its effort to trace leaks from its board." The Journal continues, "Making his first extensive public remarks since the H-P leak scandal broke more than two weeks ago, Mr. Hurd on Friday also said Chairman Patricia Dunn, who had launched and overseen the probe, had resigned and left the board. Mr. Hurd, who had planned to inherit her title in January, assumed the title. A person familiar with the matter said two other employees closely associated with the probe are leaving the company. … But Mr. Hurd, who took no questions during brief remarks to journalists at H-P's suburban-office-park headquarters, also left many issues unaddressed. While acknowledging that investigators used 'disturbing' tactics, he failed to explain how the company had let the probe veer so far off track."

The New York Times (9/23, Darlin, Richtel) reports, "It was the company's first public discussion of the revelations that have engulfed it for more than two weeks. Mr. Hurd took no questions, with the company saying he did not want to pre-empt his testimony next week to a House subcommittee looking into the Hewlett-Packard affair." The Times adds, "Some industry analysts had expected Hewlett-Packard to announce more directly who it felt was responsible, inside or outside the company. … The moves by Hewlett-Packard on Friday were an attempt to get ahead of the torrent of daily disclosures about the spying operation and an acknowledgment of the irresponsibility, if not illegality, of the methods. … State and federal prosecutors are exploring whether any laws were broken by anyone inside the company or those hired in an investigative chain extending to Boston, Florida and the Midwest. A central element was the use of pretexting, which involved impersonating someone to obtain that person's calling records from a phone company."

The AP (9/23, Robertson) reports that Hurd "was supposed to take over that job in January as part of changes announced two weeks ago. … But things have changed since then amid a wave of leaked documents revealing how deeply HP's investigators intruded into the personal lives of seven directors, nine journalists, two employees and family members of those targeted individuals. Dunn authorized the investigation and received regular updates, although she said she didn't realize HP's investigators were going to such extremes."

The San Jose Mercury News (9/23, Carey, Poletti) reports, "Dunn issued a statement saying she was resigning 'in the best interests' of HP and blaming the fiasco on the investigators the company used, saying she didn't select them. She said she ``followed the proper processes" but that the investigators 'let me and the company down.' … Hurd said HP has appointed former federal prosecutor Bart M. Schwartz to perform an independent review of the company's investigative methods and make recommendations."

US Drops Charge Against Former NYSE Trader. The Wall Street Journal (9/23, Lucchetti, Davies) reports, "In the latest setback in the New York Stock Exchange trading-abuses case, prosecutors dropped a securities-fraud charge against a former NYSE floor trader who worked for a Bear Stearns Cos. unit." The Journal continues, "Kevin M. Fee, 38, was indicted in April 2005 and scheduled to go to trial next month. But the U.S. attorney in Manhattan, Michael Garcia, decided not to proceed with the case, 'based on a review of the evidence' and 'information pertaining to this defendant subsequent to the filing of the indictment,' according to a federal court filing Friday." The Journal adds, "The U.S. attorney's office has been prosecuting 15 former NYSE elite traders known as specialists. In the past two months, juries found two former specialists not guilty of securities fraud. Earlier, the government secured guilty pleas from two specialists and convinced juries to find two others guilty of a securities-fraud count."

Victims Of Enron Fraud Given Chance To Speak At Fastow Sentencing. The AP (9/23, Lozano) reports, "The court of public opinion will have one more chance to pass judgment on former Enron Corp. chief

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financial officer Andrew Fastow, whose complex schemes helped lead to the company's downfall." The AP continues, "Fastow was set to be sentenced on Tuesday to 10 years in prison, under an agreement he made with prosecutors leading up to his 2004 guilty plea. Fastow's cooperation and testimony helped pave the way for the convictions of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling." The AP adds, "The drama Tuesday is expected not to come from the handing down of Fastow's sentence but from ex-Enron workers and others hurt by the company's financial collapse who will be given the chance to speak at the court hearing. … Under a two-year-old federal law that enhances the rights of victims of federal crimes, Hoyt is allowing Enron's victims to speak about how the company's financial implosion hurt them. … Fastow was originally indicted on 98 counts of fraud, conspiracy, insider trading, money laundering and others. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. As part of the agreement, he surrendered nearly $30 million in cash and property."

CRIMINAL LAW:

Libby Plans To Testify In His Own Defense. The AP (9/23, Apuzzo) reports I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, "plans to take the stand at his upcoming trial to tell jurors that he never lied to investigators in the CIA leak case, defense attorneys said Friday." Libby "plans to testify about President Bush's daily terrorism briefings and other classified information to persuade jurors that he had more important things on his mind at the time and didn't remember his discussions with reporters, attorneys said in court papers filed Friday evening."

Rodriguez Sentenced To Death For Sjodin Murder. The AP (9/23, Kolpack) reports, "Jurors on Friday sentenced a convicted sex offender to death for kidnapping and killing University of North Dakota student Dru Sjodin, whose body was found in a Minnesota ravine nearly five months after she disappeared. … It was North Dakota's first death penalty case in more than a century. The state does not have the death penalty but it is allowed in federal cases." The AP continues, "Alfonso Rodriguez Jr., 53, of Crookston, Minnesota, looked straight ahead and showed no emotion as the sentence was announced. … The jury reached its decision after more than a day and a half of deliberations. The same federal jury convicted Rodriguez on Aug. 30 on a charge of kidnapping resulting in Sjodin's death."

The St. Paul Pioneer-Press (9/23, Nicholson) reports, "The foreman of the jury that handed down North Dakota's first death sentence in nearly 100 years says it came down to three votes and a question of punishment for a horrific crime. … 'As a Christian person I didn't know if I could agree to the death penalty,' said Terry Heuer, 51, of Leonard, the foreman of the jury that sentenced Alfonso Rodriguez Jr. to death for killing University of North Dakota student Dru Sjodin. … 'But it came down to, "Was life in prison really a punishment for this particular case?"' Heuer said Sunday." The Pioneer-Press adds, "Rodriguez, 53, of Crookston, Minn., was found guilty late last month in federal court in Fargo of a charge of kidnapping resulting in the death of Sjodin, 22, of Pequot Lakes, Minn. She disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed. … Evidence including the knife Rodriguez used to cut Sjodin's throat and the rope that bound her arms were present in the jury room. Heuer, his voice wavering, said Sunday that those images and the memories of the trial - and the ultimate decision - will stay with him." The Pioneer-Press adds, "The death penalty sentence on Friday came after six weeks of testimony in three separate phases of the trial. The jury of seven women and five men had to determine whether Rodriguez was guilty, whether he was eligible for the death penalty, and whether he should get that punishment. They answered yes all three times."

Virginia Man Sentenced To 40 Years For 1994 Slaying. The Washington Post (9/23, B2, Jackman) reports, "A Fairfax County man who admitted stabbing another man 64 times, then tried to minimize his involvement before his sentencing, was given the maximum 40-year term yesterday for second-degree murder." The Post continues, "The slaying of Marvin Greenwell, 55, occurred in a Huntington area apartment in May 1994. For years, police had few leads in the case. But after a Fairfax cold case detective resubmitted DNA evidence from Greenwell's apartment, the state's DNA databank discovered a suspect last year: Leslie E. Carver, now 45, who had committed a series of armed robberies shortly after the Greenwell murder, in the same area." The Post adds, "While detectives were investigating Carver, he was picked up by Prince William

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County police in June last year on charges of drug possession. In several tape-recorded conversations from the Prince William jail, according to court records, Carver made some fairly explicit admissions. … 'I killed somebody in 1994,' he told his mother. 'I have to live with that every day of my life, Mom, every day, you know.'" The Post notes, "When Fairfax detectives went to talk to him, Carver denied killing Greenwell. But faced with the prospect of a first-degree murder trial, and the combination of the DNA evidence and phone transcripts, Carver pleaded guilty in July to second-degree murder. … After every felony guilty plea in Fairfax, an officer from the state probation and parole agency conducts an interview to get the defendant's personal history and version of the crime as part of a report to the judge before a sentencing hearing. Fairfax Assistant Commonwealth's Attorney Marc J. Birnbaum said Carver told the probation officer that 'he doesn't accept responsibility. He comes up with this other person involved who really killed' Greenwell."

Wisconsin Official Sentenced To 18 Months In Prison For Contract Fraud. The Milwaukee Journal Sentinel (9/23, Barton) reported, "In a case that has played a role in a combative campaign season, former state Department of Administration supervisor Georgia Thompson was sentenced Friday to 18 months in prison for steering a state travel contract to a company whose top executives made $20,000 in campaign donations to Gov. Jim Doyle. A jury found that Adelman Travel would not have won a $750,000 state contract if Georgia Thompson…had not manipulated the selection process." The Journal Sentinel noted, "During Thompson's sentencing hearing in federal court in Milwaukee, the judge and attorneys for both sides acknowledged the case's political overtones and lamented a recent surge in public corruption cases across the state. In the hours after the hearing, Democratic and Republican party operatives blasted each other in dueling news releases."

FBI Conducting Wide-Ranging Corruption Probe In Oakland. The Oakland Tribune (9/22, MacDonald) reported, "The arrest of a man with close ties to several city officials is just a small part of a wide-ranging investigation by federal authorities into public corruption at Oakland City Hall, FBI officials said Thursday. The probe is focusing on whether 'City Official A' — identified as Council President Ignacio De La Fuente — or other city officials granted contracts in return for favors, said FBI spokeswoman LaRae Quy. … 'We will go where the investigation takes us,' Quy said." The Tribune noted, "Several city officials interviewed by the FBI said the questions focused on 10 to 15 city contracts and appeared to be part of an intense investigation into De La Fuente," but "despite the wide range of topics brought up by the FBI, several people who were interviewed said the investigation felt focused on elected officials and not at all like a fishing expedition."

Citing FBI Backlog, DC Seeks $94 Million To Build Crime Lab. The Washington Times (9/23, Doolittle) reported that on Friday, "D.C. officials…asked for more than $94 million in federal funds over the next three years to establish a state-of-the-art crime laboratory in the District. … 'To support our crime-fighting efforts, the District needs its own dedicated crime laboratory,' Metropolitan Police Chief Charles H. Ramsey testified…before the House Committee on Government Reform." The Times noted, "The District has a backlog of DNA evidence waiting to be processed on more than 1,500 sexual assault cases and a violent crimes backlog expected to grow 100 to 200 cases per year, officials said. Evidence processing at the FBI lab is sluggish because federal cases are given priority. … 'Since September 11 the mission of the FBI Laboratory has focused primarily upon providing forensic services to support counter-terrorism,' said Joseph A. DiZinno, director of the FBI laboratory. 'The support to [Metropolitan Police Department] investigations can continue, but not at the priority level previously received.'"

WPost Promotes Shield Law For Journalists. The Washington Post (9/23, A18, 748K), in an editorial, notes that unless a federal appeals court "steps in, two reporters for the San Francisco Chronicle will head to jail for as long as 18 months. Lance Williams and Mark Fainaru-Wada broke an important story: the grand jury testimony of baseball superstars, including Barry Bonds, concerning the steroid-dealing BALCO lab and their use of its products. They have properly refused to identify their sources, despite a subpoena from federal authorities. And as has become distressingly common in investigations and lawsuits around the country, the journalists are facing jail time for doing their jobs. … Congress has legislation pending that would give journalists a limited privilege, but the Senate Judiciary Committee has yet to act on it." The Post concludes, "How many more reporters

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are going to get locked up before Congress passes this modest reform?"

CIVIL RIGHTS:

Texas Voting Fraud Law Faces Legal Challenge. The New York Times (9/23, Blumenthal) reports, "In the latest of the nation's skirmishes over voting rights, Texas Democrats have sued two top Republican state officials over an antifraud law that the suit says is being used to intimidate minority voters casting ballots by mail." The Times continues, "The action, filed Thursday in federal court in Marshall, challenges both the constitutionality of the law and the way it is being enforced. It contends that Attorney General Greg Abbott and Secretary of State Roger Williams are exaggerating the threat of election fraud and selectively applying the statute, enacted in 2003, so that they can 'suppress voting by disfavored groups' that generally support Democrats. … The law makes it a crime in certain cases to carry someone else's filled-out ballot to the mailbox, to possess another person's blank ballot or to provide absentee ballot assistance to anyone who has not asked for it." The Times adds, "One plaintiff, Gloria Meeks, a 69-year-old Fort Worth woman who said she was being investigated for helping elderly and disabled voters cast ballots, provided a sworn statement saying two state investigators "peeped into my bathroom window not once but twice while I was in my bathroom drying off from my bath." … A statement issued by Mr. Abbott's office did not address that accusation directly but said the investigators had acted professionally, and added, 'It is not uncommon for the target of a criminal investigation to make baseless allegations against law enforcement in order to deflect attention from the serious criminal allegations they face.'"

California Golf Club Sued For Gender Bias. The New York Times (9/23, Steinhauer) reports, "In truth, the naked women discharging cocktails at the famed Lakeside Golf Club (in Burbank, CA) were not what rankled Jennifer Merkel, though she certainly found them less than charming. … It was her tee time — chosen by the club and consistently at a far less convenient hour than her husband's — that got her steamed. There was also the accusation that the highest level of memberships was reserved for men, and that all the club's board members were male and that as a woman she could not enter the Grillroom or the Gin Room. … So Ms. Merkel sued, causing more than a small hoo-ha at Lakeside, the exclusive club here where Bob Hope, Bing Crosby, W. C. Fields, Gene Autry and John Wayne all hit the links, and drawing unwanted attention to the often exclusionary policies of private clubs." The Times adds, "The lawsuit, which Ms. Merkel filed with her husband, Reginald Lee, accuses the club of sex discrimination and of violating a host of state civil rights laws, including one that protects gay domestic partners because club rules allow family membership privileges only to people married to someone 'of the opposite sex.' … Ms. Merkel charges that as a woman she is not allowed to play at Lakeside on Saturdays or become a lifetime member of the club, and that she is relegated to "special membership" status, and thereby not allowed to serve on the club's board or hold equity in the club." The Times notes, "Discrimination complaints against golf clubs by women are not new — the most famous were those against the Augusta National Golf Club in Georgia, which is host to the Masters Tournament and which has no female members — but they rarely result in lawsuits, because private golf clubs generally have great latitude over who is allowed join and how memberships are structured. The National Council of Women's Organizations has led a protest against the Augusta club because it will not allow women to be members."

SSA, EEOC Caution DHS Regarding Citizenship Verification Rules. McClatchy (9/23, Taylor, Hall) reports DHS "isn't waiting for Congress to require employers to verify they're hiring legal immigrants. It's preparing new rules that would compel companies to take swift action when they receive notice that a worker may be using fake documents, even as another federal agency warns that the proposed rule would be an invitation to discrimination lawsuits." DHS "is moving ahead on regulations - expected by the end of the year - that would require employers to ascertain quickly an employee's immigration status if the Social Security Administration sends back a notice saying it found no match between an employee's name and his or her Social Security number. That directive comes despite the fact that Social Security's current 'no-match' letter warns employers that taking adverse action against their employees could 'violate state or federal law and subject you to legal consequences.' Last month, the federal Equal Employment Opportunity Commission (EEOC), which oversees workplace discrimination cases, wrote to Homeland Security warning that its proposed rule 'may create circumstances in which

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employers have incentives to take actions that violate…non-discriminatory provisions.'"

Norwood Offers Conditional Apology To Hispanic Group. The AP (9/23, Evans) reports Rep. Charlie Norwood "says he'll apologize to" the National Council of La Raza – "a national Latino advocacy group he accused of supporting racism and illegal immigration if the organization agrees to a list of conditions." Norwood called the group "radical," "anti-American" and said it "supports racist groups calling for the secession of the western United States as a Hispanic-only homeland." According to the AP, NCLR, which "regularly testifies before Congress and is a leading Hispanic advocacy organization, emphatically denies those characterizations. … In offering a conditional apology, Norwood asked NCLR to sever all ties with a leftist student group and its 'racist doctrines,' to repudiate all claims that any American territory belongs to Mexico, and to seek outside supervision to ensure that NCLR-sponsored programs do not discriminate."

ANTITRUST:

FCC Expected To Place Conditions On AT&T BellSouth Deal. The Wall Street Journal (9/23, Schatz, 2.03M) reports that the "Federal Communications Commission staff recommended approving AT&T Inc.'s $67 billion purchase of BellSouth Corp. with no conditions, agency sources said Friday." Although "the FCC staff and Chairman Kevin Martin are advocating no conditions, it is highly unlikely the deal will clear the commission without restrictions. The FCC's newest commissioner, Republican Robert McDowell, is not expected to vote on the matter because of his previous career as a lobbyist and telecom attorney for smaller phone companies, FCC officials said. Those companies are opposing the deal." If McDowel doesn't vote the "two Democrats, who are expected to press for conditions similar to those imposed last year when the commission approved the purchase of AT&T by SBC Communications Inc. and Verizon Communications Inc.'s purchase of MCI Inc. Those conditions involved treatment of Internet traffic." In addition, "to avoid imposing similar conditions this time that would affect only AT&T, the FCC is also set to open a formal inquiry into whether industrywide rules need to be written that would require Internet providers -- including phone companies -- to treat all Internet traffic equally, otherwise known as net neutrality."

Bloomberg (9/23, Peterson) reports, "Martin has asked other commissioners to approve the purchase without conditions, said the people, who asked not to be identified because the decision hasn't been made. Martin circulated a draft order last night and the FCC may vote Oct. 12, the people said today. … The draft is a starting point for talks and may not mean the deal will sail through without conditions. The newest FCC member, Republican Robert McDowell, a former lobbyist, may be barred from voting, leaving the panel split between Republicans and Democrats. In addition, Sprint Nextel Corp. and Global Crossing Ltd. want the agency to force AT&T, the largest U.S. phone company, to allow equal access to its high-speed networks." Bloomberg adds, "A U.S. judge is examining the Justice Department's October 2005 approval of SBC's $16 billion purchase of AT&T Corp., which formed AT&T Inc., and Verizon's $8.44 billion MCI acquisition. Terms of the approval, which required the companies to divest some fiber-optic lines to buildings serving large businesses, were subject to court review."

Concerns Raised About Proposed Smithfield-Premium Deal. The Virginian-Pilot (9/23, Mcwilliams) reports, "A coalition of farmers and Midwest senators is protesting Smithfield Foods Inc.'s bid to buy its top pork-producing rival, even as the U.S. Justice Department's antitrust division has begun investigating." The V-P continues, "Smithfield's planned $810 million acquisition of Premium Standard Farms Inc., the nation's sixth-largest pork processor, would further extend the Smithfield-based company's reach in the meat industry. … 'I cannot fathom how Smithfield, which is the largest and fastest growing integrator, can continue to be allowed to purchase hog operations across the country,' said Sen. Charles Grassley, R-Iowa, in a statement this week. 'Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming.'" The V-P adds, "A Justice Department spokeswoman said there was no timeline for completing the antitrust investigation. … The Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights will hold hearings on the deal in the near future, said its chairman, Sen. Mike DeWine, R-Ohio. … 'This merger takes place in an industry already witnessing the decline of independent family farmers, and rapid consolidation in meat production and packing,' DeWine said in a statement. 'If this merger goes through, farmers will have

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even fewer choices for selling their hogs, and consumers will certainly be affected.'"

Friction Over Wright Amendment Continues. The Dallas Morning News (9/23, Reddy) reports, "Supporters of the Wright agreement called them 'the four little words.' … Tucked into legislation to repeal the Wright amendment, the words – intended to exempt the deal from antitrust laws – nearly cratered the compromise to lift restrictions on long-haul flights at Dallas Love Field." The News continues, "The language was removed from legislation in the U.S. Senate this week, keeping the Wright fight alive as the clock ticks down on the congressional session. … But the battle is far from over. … Even if the legislation clears Congress next week, the Wright-repeal movement is expected to hit more rocky terrain in a court fight treading over many of the same issues." The News adds, "The debate over the antitrust language this summer came to represent almost every facet of the decades-long dispute – how to bring airline competition to North Texas, whether Congress should involve itself with the in-city airport, why the effort to repeal a contentious 1979 law needed even more contentious legislation. … Lawmakers from North Texas say their efforts, fighting some of their most powerful colleagues on Capitol Hill, were merely intended as protection to help ensure their Wright legislation survived once it passed. .. . The need for an antitrust exemption wasn't expressed in the June agreement among the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport. … The five parties designed their agreement for protection from one another, and penalties were devised if any of the signatories chose to renege on their commitments. … But when the deal moved to Washington in the form of legislation weeks later, the four-word antitrust protection was built in to help protect the five parties from outsiders: The bill deemed that the compromise complied with the U.S. transportation code 'and any competition laws.'"

Clear Competition Rules Urged. In an op-ed in the Wall Street Journal (9/23), Ron Cass, president of Cass & Associates PC, chairman of the Center for the Rule of Law, and dean emeritus of Boston University School of Law, writes, "Intel executives, coming up on a pre-trial conference in a case that could decide their company's fate, should be looking with envy and admiration at Tiger Woods, and wondering how to make their business more like his." Cass continues, "If golf followed the same path as other businesses, Tiger could expect to face a lawsuit contending that his dominance of professional golf is based on unfair competition. And in fact, a few years back Sergio Garcia whined that Tiger got better practice times, favorable treatment around the course, more protection against distracting fans -- little things that could, Mr. Garcia intimated, explain Tiger's edge. Sportswriters responded swiftly, deriding Mr. Garcia for looking to blame others for his being outcompeted. They understood that sports contests belong on the field, not in the media or the courts. .. . The same should be true of business. Market-based economies thrive on competition. The competitive economy doesn't yield an infinite number of equally successful firms producing indistinguishable products, but lets winners and losers emerge from marketplace competition. The (inevitably) temporary dominance of one product or one firm spurs others to compete harder. Today, however, many businesses -- especially American ones -- find it easier to restrain a dominant competitor through the courts than to beat it in the market." Cass concludes, "Clear, simple rules and predictable outcomes advance the rule of law; antitrust statutes focused on clear abuses facilitate competition. But vague rules limiting business practices of successful firms are as useful to market competition as having golf officials second-guess which clubs Tiger Woods can use for particular shots. Letting him compete as aggressively as he can is far better for the game."

NYTimes Opposes Pork Producers' Merger. The New York Times (9/23, 1.21M) editorializes, "Any American history of pork — the meat, that is — shows a steady concentration of more and more hogs in the hands of fewer and fewer producers. ... It's good for the bottom line of the big industrial players, but bad for farmers, hogs, the environment and, ultimately, consumers. That history took another step in the wrong direction when Smithfield Foods — the biggest pork packer — agreed to buy the second biggest pork packer, Premium Standard Farms. This is a deal that deserves to be closely examined by antitrust regulators. It would mean fewer markets for farmers and fewer choices for consumers."

ENVIRONMENT:

Interior Offers To Allow Further Review Of Alaska Oil Leases. The AP (9/23, Hebert) reports the Interior Department "is willing to temporarily abandon the sale

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of oil leases in an environmentally sensitive area surrounding Lake Teshekpuk on Alaska's North Slope. In papers filed in federal court in Anchorage, the department asks the court to give the go-ahead to a broader lease sale next week, while the contentious leases in the lake area undergo further environmental review. U.S. District Judge James Singleton on Sept. 7 blocked the proposed sale of leases in the northeast area of the National Petroleum Reserve Alaska, saying the Bureau of Land Management had not adequately assessed the cumulative environmental impact of the sales including those on about 400,000 acres north and east of Lake Teshekpuk."

Florida Concedes Federal Oversight Of Everglades Cleanup. The Palm Beach Post (FL) (9/23, King) reports, "Gov. Jeb Bush's administration is abandoning its efforts to end federal court oversight of the state's $1.1 billion Everglades cleanup, a legal maneuver that had drawn fierce criticism from environmental groups, the Miccosukee Indians and members of Congress." The Post continues, "In a letter made public Friday, the state Department of Environmental Protection said it is ending more than a year of talks with the U.S. Justice Department because of doubts that the federal government will pay its full share of a crucial water-restoration project near Everglades National Park. .. . But one critic said the state seems to be grasping for an excuse to drop a request that was unlikely to succeed anyway. … 'They're obviously just looking for a cover,' said tribal attorney Dexter Lehtinen, who learned of the state's about-face earlier this week. 'It's good news....It's better to win without having to fight the battle.'" The Post adds, "The cleanup grew out of a lawsuit the federal government filed in 1988. Much the cleanup is still covered by a 1992 court order overseen by U.S. District Judge Federico Moreno, who last year declared that the state has violated some of its promises. That ruling spurred the state to begin talks with federal agencies to change or end the court order, according to the DEP's letter. The negotiations have included meetings in Washington between the governor and appointees of his brother, President Bush, The Palm Beach Post reported in February."

Sen. Durbin Says E. Coli Outbreak Could Have Been Prevented. ABC World News (9/22, story 6, 2:35, Gibson) reported that the nationwide outbreak of E. Coli bacteria may be responsible for two more deaths." Senator Richard Durbin said today, "we can get this right. We did it with Homeland Security." ABC added that this has placed "the FDA in the position, now, of having to certify that all the growers are safe before they go back into production. And the growers are pressuring to do it quickly. The spinach scare is likely to end not with an answer to how it happened, but with assurances that it's over. And contaminated produce will not go to the market again."

The New York Times (9/23, Times, 1.21M) reports "the number of people who have become sick with E. coli after eating fresh spinach continued to increase yesterday as federal officials narrowed their investigation and reminded consumers that spinach grown outside three California counties was safe to eat.." According to "David Acheson, the chief medical officer at the Center for Food Safety and Applied Nutrition at the F.D.A., emphasized that spinach grown outside the three California counties linked to the outbreak was safe to eat, though he did not say when bags of fresh spinach would be back on grocery shelves." It is Acheson's belief that Spinach Grown outside the effected areas in California are safe for the public to consume. The Los Angeles Times (9/23, Covarrubias, Pierson, 918K) reports similar details.

Food Safety Advocate Blames Government Cuts For Unsafe Food. Food safety advocate Nancy Donnelly in an interview on CBS Evening News (9/22, story 9, 2:00, Couric, 7.66M) blamed Federal funding cuts for lack of food safety inspectors. Donnelly said, "The Centers for Disease Control and Prevention estimates that every year 5,000 people die, and 76 million become sick from contaminated food. Our children are particularly at risk. These statistics show the need for stronger regulations and better inspection to keep unsafe food off our tables. Unfortunately the opposite is happening. For years, Congress has cut funds that affect food safety. As a result, there are not nearly enough inspectors to cover all of the processing plants. So inspectors spend less and less time in each plant because they spend more and more time in their cars traveling between the plants."

3 Children In Maryland Sick From E. Coli From Tainted Spinach. The Washington Post (9/23, A1, Shin, Otto, 748K) reports that three Maryland victims of the E. Coli outbreak "are children, all of whom are recovering, Michelle A. Gourdine, an official of the Maryland Department of Health and Mental Hygiene, said yesterday. Gourdine would not identify the children or say where they live, citing

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confidentiality concerns. Virginia reported a second case of E. coli yesterday, but state health officials there declined to provide further details." As of today F.D.A teams "have collected have collected 188 samples of water, soil, spinach and bird droppings, and swabs from processing plants in their attempt to find the source of the contamination."

FBI/DEA/ATF/USMS:

Tabman Temporarily Reassigned Over Clash With Samit. The Minneapolis Star Tribune (9/23, Gordon, Chanen) reported, "The head of the Minneapolis FBI office, Michael Tabman, has been reassigned temporarily because of an accusation that he punished a star agent in the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui, a government source said Friday. Minneapolis FBI agent Harry Samit, who accused headquarters supervisors of 'criminal negligence' in their handling of the Moussaoui case, is charging that Tabman reassigned him because he pressed to speak at a public forum, the source said. The FBI, in a terse statement that made no mention of Samit, acknowledged Tabman's reassignment 'to avoid any appearance of a conflict of interest.'" The Star Tribune noted, "The source said that Samit and Tabman apparently argued about who would speak at a national security forum on the Moussaoui case at the William Mitchell College of Law on Sept. 12. … Shortly after the argument, the source said, Samit was reassigned from the counterterrorism unit.

The AP (9/23) noted, "Minneapolis FBI spokesman Paul McCabe wouldn't provide details of the investigation or who it involves. He said the FBI has sent an inspector to the Minneapolis office to determine the facts." McCabe said, "It is important to note that until the internal inquiry is complete, no conclusions can or should be made." The St. Paul Pioneer Press (9/23) also reported on Tabman's reassignment in "Briefing: Minneapolis."

Judge Sets Bail Terms For Two Boston Police Officers. The Boston Globe (9/23, Murphy) reported Boston police officers Carlos Pizarro and Nelson Carrasquillo, "charged with conspiring to traffic cocaine and heroin, in one of the department's biggest corruption cases," were granted bail on Friday, but will face severe restrictions. Their homes "will be searched for weapons before the two are released, on Monday at the earliest. Their home telephones will be monitored, and the officers will be fitted with electronic bracelets that will trigger an alarm if they stray outside. The court must approve all visitors before they come. 'I don't want any witness to run any risk,' said US District Judge William G. Young, who ordered the restrictions after prosecutors argued that Pizarro and Carrasquillo might try to recruit others -- possibly via the Internet or on disposable cellphones -- to intimidate or harm the government's key witness or his family."

Alleged Drug Cartel Figures Near Plea Deals. The AP (9/23, Anderson) reports, "The two brothers accused of running Colombia's Cali cocaine cartel are nearing an agreement with U.S. prosecutors to plead guilty in exchange for guarantees that some relatives won't face charges and will be allowed to keep some assets not linked to drug trafficking, The Associated Press has learned." The AP continues, "Gilberto and Miguel Rodriguez Orejuela would likely spend the rest of their lives in U.S. prison under the tentative deal, according to federal law enforcement officials and lawyers familiar with the negotiations. They spoke on condition of anonymity because the agreement was not finalized Friday. .. .The pleas would cap a massive 15-year U.S. investigation into the Cali cartel, which made more than $2 billion in profits by smuggling some 250 tons of cocaine into the United States since the 1970s. More than 100 other members of the cartel have been convicted since 1991 and the U.S. government has sought forfeiture of $2 billion in drug proceeds from the brothers." The AP adds, "The guilty pleas by the brothers and release of the final agreement could come as early as Tuesday, the officials and lawyers said. As of Friday afternoon, U.S. District Judge Federico Moreno had not scheduled a change of plea hearing, according to his office."

McClatchy Newspapers (9/23, Blum) reports, "The agreement, expected to be finalized as soon as next week, does not require the accused drug kingpins to cooperate with the government in other drug cases, he said. … But the settlement is no sweetheart deal for the brothers. The tentative agreement calls for a 30-year sentence, meaning the men are likely to spend the rest of their lives in prison. In addition, they would give up billions of dollars worth of assets, said individuals close to the case who wished to remain anonymous."

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Report Faults FDA's Process For Approving New Drugs. ABC opened its broadcast last night with a report on the FDA's safety standards. NBC also aired an extensive report on the subject as its second segment, while CBS only briefly mentioned the topic. CBS Evening News (9/22, story 4, 0:20, Couric, 7.66M) reported, "Experts at the Institute of Medicine warn that federal regulators still don't have the money or manpower to track the safety of new drugs, especially after they have been approved. They say the FDA needs to review new drugs after five years, issue new warning labels and restrict advertising when drugs first come on the market." ABC World News (9/22, lead story, 3:10, Gibson) reported, "there are troubling questions about how well the FDA is doing its job. A scathing, new report a highly-respected group of scientists says the agency is rushing drugs to market. And then failing to follow up on their safety. Bottom line, they say the agency is dysfunctional and cannot ensure the safety of many new drugs." ABC added, "This report says the credibility of the FDA has become seriously diminished it recommends wholesale changes to be sure the agency can police new drugs once they are on the market. … The report found the FDA is 'severely underfunded' -- it needs more money and more authority, authority to force pharmaceutical companies to address any safety problems after a drug is approved." ABC noted other "key recommendations -- that new drugs carry a warning, such as a black triangle for two years. And that during that time, marketing to consumers be banned. And the FDA review a drug's risks and benefits five years of approval. That's something the agency has never done."

NBC Nightly News (9/22, story 2, 2:20, Williams, 9.87M) reported that Dr. Steven Golson, head of the FDA's Center for Drug Evaluation and Research "strongly disagrees." Dr. Steven Golson: "We have a very, very robust drug safety evaluation system. We are improving it and look forward to working with these recommendations to see how to continue to improve the system."

The New York Times (9/23, Harris, 1.21M), in a front-page story, reports, "The report by the Institute of Medicine, part of the National Academy of Sciences, is likely to intensify a debate about the safety of the nation's drug supply and the adequacy of the government's oversight. The debate heated up in September 2004 when Merck withdrew its popular arthritis drug Vioxx after studies showed that it doubled the risks of heart attacks. Several senators have already proposed significant changes, some of which the report seems to endorse. The report's conclusions are often damning. It describes the Food and Drug Administration as rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations." The Times notes that in a telephone conference with reporters "top F.D.A. officials struck an awkward balance between thanking the institute for its work and defending their own leadership. … 'While considerable work has been done over the past two years to improve our approach to drug safety, work still needs to be done,' said Dr. Andrew C. von Eschenbach, the acting commissioner of the agency and the nominee for commissioner."

Grassley Blasts FDA Officials' "Damage Control" Effort. The Washington Post (9/23, A1, Vedantam, 748K), which also runs a front-page story on the report, adds, "The committee also took aim at FDA management, citing a history of intra-agency squabbling and conflicts of interest on the expert advisory panels appointed by the agency to review the scientific data on proposed new drugs and devices. A substantial majority of advisory panel members should have no ties to industry, it said. … To reduce turnover and political interference, the institute said, the FDA commissioner should be appointed to a fixed six-year term." According to the Post, "Agency officials said they will take the report seriously but added that changes implemented over the past year meant that the report is somewhat out of date." Sen. Charles E. Grassley," who has led a number of investigations into the workings of the FDA in recent years, said the agency's reaction to a report it had commissioned speaks volumes. 'The FDA appears to be focused on damage control rather than addressing its core problems,' Grassley said in a statement."

The Wall Street Journal (9/23, Mathews, 2.03M) reports, "The findings could have a major impact on how the FDA handles drug safety. The legislation that gives the agency authority to collect user fees from the pharmaceutical industry must be renewed next year, and Congress is likely to use the opportunity to debate changes in the FDA system for ensuring the safety of medicines. The senators who lead the committee that oversees the FDA -- Sen. Michael Enzi, a Wyoming Republican, and Sen. Edward Kennedy, a Massachusetts Democrat -- already have introduced a drug-safety bill. So has…Grassley." The Financial Times (9/23, Bowe) also covers the FDA report.

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Indiana Man Arrested For Bomb-Making Ingredients, But FBI Rules Out Terrorism. The Indianapolis Star (9/23, Ryckaert) reported Joseph Bagley of Indianapolis "has been arrested after officers found bomb-making ingredients, al-Qaida literature and gas masks in his apartment, police said Friday. Federal counterterrorism experts assisted in the investigation, FBI agent Wendy Osborne said, but the case was left to local authorities to investigate. 'We have no reason to believe that he is a terrorism threat,' Osborne said." The Star noted, "Managers at the Lakeside Pointe at Nora apartments tipped off police after a carpet-cleaning service person reported that Bagley's apartment 'looked like a terrorist cell,' according to the police report."

IMMIGRATION:

Michigan Man Faces Deportation After Lying About WWII Actions. The Detroit News (9/23, Egan) reports, "An 85-year-old Troy man who was an officer in a Nazi-sponsored police force in Ukraine during World War II admitted Friday he lied about what he did during the war when he applied to immigrate to the United States in 1949." The News continues, "The U.S. government wants to strip John (Ivan) Kalymon of his U.S. citizenship and deport him, alleging he shot at Jews the Ukrainian Auxiliary Police were rounding up in 1942, killing at least one person and wounding at least one other." The News adds, "Kalymon, a retired Chrysler worker, admits he was on the police force but denies rounding up Jewish people or firing a shot. … His son, Alexander, also of Troy, says John Kalymon has dementia and prostate cancer and no family in Ukraine. He and his family will be devastated if he has to leave his home of nearly 60 years, the son said. … John Kalymon's denaturalization hearing in Detroit before U.S. District Judge Marianne Battani is expected to wrap up next week."

McClatchy (9/23, Ashenfelter) reports, "During 3 1/2 hours of testimony in a trial in U.S. District Court in Detroit to strip him of his U.S. citizenship, John (Ivan) Kalymon, 85, of Troy admitted he was in the Ukrainian Auxiliary Police, a unit that a government witness testified was heavily involved in rounding up Jews in and around L'viv, where Kalymon was based in the early 1940s, for deportation to work camps and extermination centers. L'viv now is in Ukraine. … Kalymon insisted that he never participated in and wasn't aware of such activities. … But under questioning by William Kenety V of the Justice Department's Office of Special Investigations, Kalymon admitted that he failed to disclose his two-year involvement in the Ukrainian police when he came to the United States in 1949. He became a U.S. citizen in 1955."

TAX:

IRS Investigating 2004 Activities Of Left-Wing Church. ABC World News (9/22, story 8, 2:25, Gibson) reported, "Polls indicate that Americans overwhelmingly believe that clergy should never discuss political candidates or issues from the pulpit. Now, the IRS is engaged in a dispute with a church in California, that it feels may have crossed that line. But church officials contend that politics may be behind the IRS' crackdown on politics." According to ABC, "The church is refusing to cooperate with the IRS investigation into a speech delivered by a guest pastor two days before the last Presidential election. In the sermon, the pastor said -- tax law specifically outlaws says churches can use their tax-exempt status. If they are opposing or endorsing candidates. Pastor George Regas says he didn't cross that line." ABC added, "Many in the 3,500 member congregation smell political interference. … The IRS says it investigates more conservative churches than liberal ones. Conservative Christians from all around the country have been defending the All-Saints Episcopal Church."

The AP (9/23, Flaccus) reports, "The church's action sets up a high-profile confrontation between the church and the IRS, which now must decide whether to ask for a hearing before a judge, who would then decide on the validity of the agency's demands." The AP adds, "Religious leaders on the right and left have expressed fear that the dispute could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign."

CONGRESS-ADMINISTRATION:

"Reading First" Audit Finds Mismanagement, Conflicts Of Interest. NBC Nightly News (9/22, story 9, 0:40, Williams, 9.87M) reported, "Tonight a Bush Administration audit is finding fault with one of the Bush Administration's favorite programs, it's a review of a reading program for elementary school students. It comes

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to some scathing conclusions. The program known as Reading First is mismanaged, the auditors say and full of conflicts of interest -- review panels stacked with people who are too close or too quick to agree with the program's director, and big money contracts steered to favorite publishers."

Status Of Reading First's Director Disputed. The New York Times (9/23, Dillon, 1.21M) reports, "In a searing report that concludes the first in a series of investigations into complaints of political favoritism in…Reading First, the report said officials improperly selected the members of review panels that awarded large grants to states, often failing to detect conflicts of interest. The money was used to buy reading textbooks and curriculum for public schools nationwide. The Times cites an e-mail from the former director of Reading First, Chris Doherty, who "urged staff members to make clear to one company that it was not favored at the department. 'They are trying to crash our party and we need to beat the [expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags,' Mr. Doherty wrote." The Times notes Doherty "recently resigned from the department." However, The AP (9/23, Feller), in a story that appears on page A2 of the Washington Post, reports Doherty "is resigning, department spokeswoman Katherine McLane said. Asked whether his quitting was in response to the report, she said only that Doherty is returning to the private sector after five years at the agency. Doherty declined to comment."

New York Students' NCLB Test Scores Show Little Progress. The New York Times (9/23, Herszenhorn, 1.21M) reports, "The share of students in New York State who are reading and writing at grade level drops sharply between the fifth and sixth grades and keeps declining through middle school, according to the first results of a new state testing system adopted to comply with the federal No Child Left Behind law's requirements for tracking year-to-year progress. The scores for the 2005-6 school year, which were released yesterday by the state education commissioner, Richard P. Mills, also showed an increase in the proportion of students in the state performing at the lowest level."

Commerce Department Has Lost More Than 1000 Computers In The Last Five Years. ABC World News (9/22, story 5, 2:15, Thomas) reported, "Over the last 5 years, 1 out of every 30 commerce department laptop computers has vanished. More than 1,000 computers. Lost, stolen, missing." Michael Vatis, former FBI official: "I think the number is simply breathtaking. It shows the utter lack of regard for security at agencies." ABC goes on to report, "Hundreds of the missing laptops were from the census bureau with personal information on up to 6,000 households. Names, dates of birth, addresses and, in some cases, social security numbers may be lost. The Commerce Department says the missing personal information is protected by passwords, encryption and other electronic barriers." David Sampson, deputy Secretary of Commerce: "We are aware of no instance where the data has been breached or abused." ABC added, "But experts in computer forensics believe the losses could lead to large-scale identity theft. … Members of congress called the losses outrageous." Rep Tom Davis: "I think when you get something of this magnitude you have to fire people."

CBS Evening News (9/22, story 6, 2:00, Couric, 7.66M) reported, "Well, you may want to pick up some aspirin, because here comes what could be another big headache. More than 1,000 laptops are somehow M.I.A. from the Federal government. No one knows if they're carrying around confidential information about you." CBS News "obtained records that show one computer after another just walked out the door after employees quit or were fired. That's right. Employees left with U.S. government computers, and many Americans' personal information. … Commerce officials say most of their data was encrypted." Deputy Secretary of Commerce David Sampson: "The vulnerability that any data has been actually breached or misused is low."

The AP (9/23, Ohlemacher) reports, "The Commerce Department, which oversees the Census Bureau, this week became the latest federal agency to acknowledge losing laptop computers containing sensitive information. Overall, the department has lost or had stolen 1,137 laptops since 2001 — the largest number of computers that any agency has publicly acknowledged losing." The AP notes, "At least eight other federal agencies have reported computers with sensitive information lost, stolen or illegally accessed in recent months. The biggest case was at the Department of Veterans Affairs, which had a computer containing the personal information of 26.5 million veterans and military personnel stolen. The computer was eventually recovered with no data accessed." According to the AP, "There is no evidence that any personal information from the Census Bureau's computers has been accessed or misused, said

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Ruth Cymber, the agency's director of communications. … Census officials do not know how many people had their personal information on the lost or stolen computers, Cymber said."

McClellan Defends Paying Private Insurers For Fee-For-Service Plans. The New York Times (9/22, Freudenheim, 1.21M) reports, "For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. … But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card. And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it." According to the Times, "The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation. Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands. … But the Bush administration's Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend 'is definitely not a "push to privatization,"' but simply a way to give people with Medicare more choices."

Treasury Reportedly Now "Flexible" Regarding GSE's Holdings. The Financial Times (9/23, Mackenzie) reports, "The treasury department under Hank Paulson is softening its long-held stance that mortgage giants Fannie Mae and Freddie Mac should face strict limits on their holdings of mortgages and securities. … The GSEs have scaled backed their presence in the mortgage market in the wake of accounting scandals in recent years, but together they still hold a portfolio of $1,400bn mortgage assets. The size of these portfolios and use of derivatives has been a hot topic with regulators and Congress, with officials at the treasury and Federal Reserve expressing concern about systemic risk to the financial system." However, "treasury officials now say they are willing to be more flexible. Randal Quarles, treasury undersecretary for domestic finance, told the Financial Times: 'It's important people understand we are open to working and engaging in an alternative approach in regulating the size of the portfolios.'"

FAA Contracting Mismanaging Funds Loosing Millions. The Washington Post (9/23, D1, Wilber, 748K) reports that "a Federal Aviation Administration contracting program, initially hailed as a way to make the agency more efficient, was so poorly managed that it cost the government millions of dollars in overruns, according to a government investigative report and legislators who reviewed its conclusions. The FAA has disbanded the program." This "program was designed to allow the FAA to obtain services faster and cheaper by using 142 approved vendors." However, many problems arose soon "after the program's inception in 2002 because contracts were supervised poorly, many were not put out for competitive bids and officials did not set proper labor rates, according to a report to be released Monday by the Transportation Department inspector general's office." According to Senator Charles Grassley, "who requested the investigation, said the program's problems cost the government tens of millions of dollars. 'It's just outrageous how the FAA was not looking out for the taxpayers' dollars," Grassley said in an interview. 'Three words would sum this up: absolutely no accountability.'"

NYTimes Claims Splitting Ninth Circuit Would Cost $100 Million. The New York Times (9/23, 1.21M), in an editorial, writes, "The Senate held hearings this week on a proposal to split the San Francisco-based United States Court of Appeals for the Ninth Circuit in two. The idea is being promoted as a way to reduce the court workload. … Its real aim is not efficiency, but a conservative, anti-environmental agenda." The Times adds, "While the bill does not solve any problem, it would create new ones while requiring, by the court system's estimate, nearly $100 million in start-up costs."

OTHER NEWS:

Stock Market Down On Concerns Economy Slowing. NBC Nightly News (9/22, story 5, 0:15, Williams, 9.87M) reported, "On Wall Street the Dow was off over 25 points [to close at 11,508.10]. NASDAQ was down almost 19 [to close at 2,218.93]. For the week the Dow lost more than 52 points and NASDAQ was down more than 16."

Bloomberg (9/23) reports, "U.S. stocks capped a losing week with a second straight day of declines on renewed concern that the economy is weakening and earnings growth

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will slow." Bloomberg adds, "After closing within a point of a five-year high, the S&P 500 lost almost 1 percent in the week's final two days. A report showed factory activity shrank in the Philadelphia area for the first time in three years, suggesting that a housing slump is weighing on other areas of the economy."

The Wall Street Journal (9/23, McKay, 2.03M) reports, "Most investment pros maintain that a gradually weakening economy, for now, is a good thing because it will keep the Federal Reserve from raising its interest-rate targets." Yet "a vocal minority maintains that, with the Fed already on hold, having left interest rates steady for its past two policy meetings, the time for that benign scenario to play out has already passed. In the bears' eyes, slower economic growth will lead to weaker corporate profits and reduced consumer spending. Lower gasoline prices will help, but that could be offset by reduced household wealth because of the recent housing slowdown, the bears say."

Auto Industry Fails To Benefit From Falling Gas Prices. The New York Times (9/23, Bunkley, 1.21M) reports, "Now that gas prices have fallen almost 50 cents in the last month, moving below $2 a gallon in some markets, will car shoppers once again start thinking of buying the S.U.V.'s and other big vehicles that have been Detroit's bread and butter for the last decade?" That is "wishful thinking, according to many dealers and auto executives." The Times notes, "The problem is consumers may have decided that higher gas prices are more the rule, and any drops they might see in coming months or years are the exception."

Target Matches Wal-Mart's Discount On Generic Prescription Drugs. ABC followed-up its lead story on the FDA with a lengthy report on Wal-Mart and Target's announcements that they will begin selling prescription drugs at discounted prices. CBS and NBC covered the retailer's moves, but in briefer, less prominent segments. ABC World News (9/22, story 2, 2:30, Gibson) reported, "a prescription drug price war has begun between the two largest retailers in the nation. Yesterday, as we reported, Wal-Mart said it would drop the price on more than 100 prescription drugs to as low as $4 for a month's supply. Today, Target said it would match those prices. Prescription drugs for $1 a week? That gets your attention. … Most of the drugs sell for $10 to $30 a month. While Target today announced it will match Wal-Mart's price cut. Walgreen's and CVS say they will not." ABC noted, "If this experiment works, Wal-Mart may force down the price of drugs, the way it has forced down the price of other products."

NBC Nightly News (9/22, story 3, Williams, 9.87M) reported, "There are some drugs they will give at this price but it's a long list of drugs they will not fill. We have to remember they don't do brand name prescriptions and for some people it might be cheaper to get it through the insurance. It is a price break. Other chains will follow suit but it's not all it's cracked up to be." CBS Evening News (9/22, story 5, 0:10, Couric, 7.66M) also reported on the "price war."

Boeing Plant May Get Reprieve. The Los Angeles Times (9/23, Pae, 918K) reports, "A congressional plan to add $2.1 billion to the defense budget to buy 10 more C-17 transport planes could help extend the life of the aircraft's production line in Long Beach beyond 2010, Boeing Co.'s top defense executive said. The funding could provide Boeing with a much-needed reprieve from having to shut the line sooner." The Pentagon had cited a 2005 analysis to justify ceasing C-187 orders; however, "Boeing and members of Congress have been calling for the Pentagon to conduct the study after criticism that its 2005 analysis of the military's air transport requirements may have been flawed." The GAO has also criticized that analysis. About 5,500 people work at the plant.

California Democrats Concerned By Angelides' Lack Of Momentum. The Los Angeles Times (9/23, Finnegan, Morain, 918K) reports, "With just over six weeks left in the race for governor, the troubles facing Democrat Phil Angelides have intensified, and his political allies are expressing rising concern over his campaign's failure to gain momentum. Hindering his drive to oust Gov. Arnold Schwarzenegger are Angelides' slow pace in raising money, his tepid support from organized labor and his difficulty defining himself clearly for voters, Democratic strategists say. … Aggravating all that are what even critics of Schwarzenegger say are the discipline and efficiency of the Republican governor's reelection machine."

Patrick Has 21-Point Lead In Democrats' Massachusetts Gubernatorial Primary. The Boston Globe (9/17, Phillips) reports, "Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new

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poll conducted for The Boston Globe and CBS4-TV. Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent."

Poll Shows Pawlenty And Hatch Tied At 42. The Minneapolis Star Tribune (9/17, Olson) reports Minnesota Gov. Tim Pawlenty and Attorney General Mike Hatch "are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll. Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent. With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters."

Rendell Well Ahead Of Swan Despite Unfulfilled Campaign Pledges. The Pittsburgh Post-Gazette (9/17, Barnes) reports, "In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate. So his bid for re-election has to be in trouble, right? Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll. 'I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently."

Taylor And Perdue Offer Dueling Tax Cut Proposals. The Atlanta Journal-Constitution (9/17, Galloway) reports, "Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners. Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house. 'There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts,' Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park. … Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65. Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people."

Kean Dismisses Allegations He's Distancing Himself From Bush. In a positive story on New Jersey state senator Tom Kean's Senate campaign the CBS Evening News (9/22, story 8, 3:15, Couric, 7.66M) contrasts his popularity in the state with the President's low approval rating in the state reporting "the latest polls have Kean ahead. The Republican party smells blood, and is helping him raise money. But when Karl Rove and Vice President Dick Cheney hosted fund-raisers for Kean, Jr. didn't show. Why? Because in blue New Jersey, this President is not popular, and Menendez knows it." Menendez campaign ad: "Tom Kean Jr. follows George Bush on Iraq." Couric: "You say you're planning to have your father campaign for you. What about President Bush?" Tom Kean Jr.: "The President's got an open invitation to come to this state." Couric: "Would you like him to come?" Tom Kean Jr.: "He has an open invitation." Couric: "Would you like him to come?" Tom Kean Jr.: "Of course. Of course." Couric: "So, if he called you today and said, Tom, I'm coming up tomorrow to campaign for you, you would say…" Tom Kean Jr.: "I'd say, of course." Couric: "The fact is, Tom Kean Jr. knows he needs his father's name more than he needs a photo op with the President of the United States to win this race."

Webb Campaigning Throughout Rural Virginia This Weekend. The Washington Post (9/23, B1, Craig, 748K) reports Virginia Senate candidate James Webb "is campaigning this weekend through parts of rural Virginia, a politically vital region where he could face a difficult challenge connecting with voters because of his positions on social issues. … This weekend, Webb will crisscross the tobacco fields south of Richmond, meet with

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supporters near the North Carolina border and attend a fish fry in coal-mining country in southwestern Virginia. At each stop, Webb will be asking voters to look past social issues that have drawn many rural voters to Republicans and instead make their decision based on economic issues and his background as a former Marine."

Allen's Reaction To Jewish Heritage Revelation Deemed "Strange." Newsweek's Lisa Miller (9/23) writes Sen. George Allen "announced that, yes, his mother was born Jewish. Here's what said: 'I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed.' Enough said. Except he couldn't stop talking. That same day, in an interview with a Richmond, Va., paper, Allen said his Jewish ancestry was 'just an interesting nuance to my background.' And then he added this: 'I still had a ham sandwich for lunch. And my mother made great pork chops.' Being an eater of ham sandwiches and pork chops may go along with Allen's Red State, cowboy-boot-wearing, Confederate-flag-waving image, but many observers were unnerved by the flippancy of these remarks, and pundits began to debate whether Allen's Jewishness—and his strange reaction to it—would help or hurt his re-election campaign."

Allen Demanded Correction From Columnist Who Referred To His "Jewish Roots." The Washington Post's Ruth Marcus (9/23) writes, "Charlottesville Daily Progress columnist Bob Gibson referred to the senator's Jewish roots in an October 2003 column -- and says that was the only time in 27 years of coverage that Allen demanded a correction. It wouldn't be much of a stretch to find offense in Allen's behavior."

Today's Hawaii Democratic Senate Primary Pits Akaka Against Case. The Wall Street Journal (9/23, Lovley, 2.03M) reports Sen. Daniel Akaka "has been put on the defensive in Saturday's primary by Rep. Ed Case, who is almost 30 years his junior. … Recent polls show Mr. Akaka pulling barely more than 50% of the likely vote, a weak showing for a longtime incumbent. Moreover, the polls show a large percentage of voters have yet to make up their minds. Undecided voters are often bad news for well-known officeholders, who can offer little that is new at the end of a campaign to persuade voters to back them. What's more, says Jennifer E. Duffy, editor of the Cook Political Report in Washington, Mr. Akaka's so-so poll showing may overstate the support behind him."

The AP (9/23, Niesse) reports Akaka "has largely ignored Case's calls for new leadership in Washington. Instead, he has highlighted his experience and his consistent votes against the Iraq war."

Pennsylvania Green Party Senate Candidate Fails To Qualify For Ballot. The AP (9/23) reports Carl Romanelli, the Pennsylvania Green Party's U.S. Senate candidate "fell about 9,000 signatures short of the number he needs to qualify for the Nov. 7 ballot as counting stopped Friday, according to his lawyers and those of state Democrats. A review of the signatures…was suspended Friday under a state judge's order issued earlier in the week." Romanelli "needed to gather 67,070 signatures to qualify for statewide office this year. His candidacy is expected to help Santorum's chances for re-election by drawing votes from Casey. … Santorum has openly supported Romanelli's candidacy and Republicans helped bankroll his signature-gathering effort."

Rendell Appearing In Casey Ads. The AP (9/23, Hefling) reports Pennsylvania Gov. Ed Rendell "is helping a fellow Democrat and former rival" — Casey. Rendell "stands up for Casey in a new ad, calling…Santorum's latest TV spot 'trash.' Rendell's chief fundraisers said Thursday they had raised a combined $250,000 for Casey. The effort represents Rendell's most public support yet for Casey in what has been a complicated relationship."

Wynn Maintains Lead Over Primary Opponent. The Washington Post (9/23, B1, Wiggins, 748K) reports, "Nearly 10 days after the polls closed, Prince George's County officials yesterday finished counting their votes from the Democratic primary election -- and delivered good news to veteran congressman Albert R. Wynn. The final Prince George's tally helped cushion Wynn's lead over challenger Donna Edwards in the 4th Congressional District. Edwards said late yesterday that she would not concede until Montgomery County officials finished counting a few thousand provisional paper ballots. In the congressional district that includes much of Prince George's and a slice of Montgomery, Wynn now leads by about 2,700 votes, officials said. As of late yesterday, 9,945 of the nearly 12,000 provisional ballots had been counted in Montgomery."

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Northrup Uses Challenger's Own Columns To Attack Him. The Washington Post (9/23, A6, Vandehei, Cillizza, 748K) reports Rep. Anne M. Northup "looked pleasant and motherly in her honeydew-green blazer, her smile as sweet as iced tea. 'It's good to see all my friends here,' the Kentucky Republican said in greeting the handful of reporters. … Then it was down to business. Friday's business for Northup was the attempted disembowelment of Democratic challenger John Yarmuth. Her weapon was Yarmuth's own words, preserved in a stack of newspaper columns that Northup brandished at the podium. Voters, she warned, should know that the Democrat wanted to punish SUV owners, endorsed the legalization of marijuana and was all in favor of teenage drinking." The Post adds, "The GOP strategy in this competitive race is to shower Yarmuth's newspaper musings with a lot more attention in 2006 than they got when he penned them years ago. The Democrat is the founder of the Eccentric Observer, an alternative newspaper that may prove to be a tad too alternative for the Kentucky 3rd's conservative voters."

Firm Bearing Shuler's Name Pays Delinquent Tax Bill. The AP (9/23, Whitmire) reports, "A real estate brokerage house associated with Democratic House candidate Heath Shuler belatedly paid over $69,000 in unpaid taxes Friday after The Associated Press raised questions with the campaign." Shuler "has a 20 percent stake in the Knoxville-based business, Heath Shuler Real Estate, which he founded with his brother, Benjie, in 1998. They sold it in 2003 to four men who formed HSRE and HSRE Properties but kept the football player's name."

White House Touts Bump In Bush Poll Numbers. NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) reported, "The White House put out a press release talking about the bump up and improvement in the President's approval rating. Last we knew this White House didn't pay attention to the polls. What gives?" NBC Washington bureau chief Tim Russert: "They wanted to make sure we paid attention to them. The interesting thing is the President has had a bump up. Some are larger than others. The one question the White House did not put out was the generic question, who are you going to vote for the in the midterm elections. In one of the five polls it got tight, the other four there is a considerable Democratic margin. The race is tightening and it is unpredictable as to who will win the elections in the next few weeks."

Clinton Global Initiative Seen As Staging Ground For 2008 Democratic Presidential Candidates. NBC Washington bureau chief Tim Russert on NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) said, "As to the Clinton global initiative I was over there. Brian it is a government in exile. All of the leading luminaries in the Clinton Administration are there and they are all talking about their agenda and vision and how it differs in many ways with that of the Bush Administration. These are people who are hungry for this next Presidential election to get underway. One of the people who joined the former President is the former first lady. Al Gore was also there. The Democrats believe 2008 is a chance to recapture the White House and they are preparing for it with these kind of seminars."

Bill Clinton Seen As Hillary's Top Strategist And Stand-In. Newsweek's Eleanor Clift (9/23) writes, "Suddenly Bill Clinton is everywhere, solving poverty, tackling AIDS, hosting Laura Bush, crafting the Democrats' message and deflecting questions about his wife's likely run for president. … He is her best strategist, with a fingertip feel for the electorate that is unrivaled. Thanks to the therapy he went through, says a friend, 'He more than anyone can be objective about himself.' Clinton has settled into his postpresidential life with gusto, and an approving public is rewarding his global good works with poll ratings that dwarf the current president's. He is in the public eye as Hillary's stand-in. But there will be times when he needs to get out of the way."

Dobson Speaks At Event Meant To Energize GOP Base. The Washington Times (9/23, Fagan, 88K) reports James Dobson, chairman and founder of Focus on the Family, "told more than 1,000 conservative 'values' voters yesterday that they shouldn't shy away from the fact that the country is in a war with Muslims who want to kill Americans. 'We're in a war and it's time that we recognized it,'" Dobson "told a crowd" at an event is sponsored by Family Research Council Action "aimed at invigorating the Republican base for November's elections." The Times notes that Dobson and Family Research Council President Tony Perkins "sought to rally the troops for the midterm elections by reminding them that Republicans helped get two new conservative justices on the Supreme Court and that Democrats are still blocking legislation and President Bush's judicial nominations." White

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House spokesman Tony Snow, "who spoke yesterday afternoon, drew loud applause when he described September 11 and then told the crowd, 'We should not for one moment feel that we have to apologize for doing the right things.'"

The Los Angeles Times (9/23, Wallsten, 918K) reports, "Worried that discontent among conservatives and the lack of a clear standard-bearer to follow President Bush might cost Republicans in November, top evangelical leaders pleaded with their followers Friday to put aside frustrations and turn out for GOP candidates. … Dobson's organization recently launched a major voter recruitment drive in eight battleground states that will include placing registration tables outside Sunday worship services at conservative churches." The Times goes on to report, "Friday's events showed that evangelicals intend to broaden their focus on issues that can motivate voters. … The mention of terrorism was the latest indication that conservative strategists are looking for additional motivators beyond the issue of gay marriage, which was credited with helping Bush secure reelection in 2004 thanks to a series of ballot initiatives that year in key states such as Ohio. Republican strategists have acknowledged that they intend to mobilize the conservative base by painting Democrats as soft on 'foreign threats,' as one internal GOP memo recently explained."

Criticism Of GOP Outweighed By Conservatives Antipathy For Democrats. The AP (9/23, Sidoti) reports, "Critical to the Republican base, conservatives expressed confidence Friday that their rank-and-file will vote Nov. 7 even though the GOP-controlled Congress hasn't delivered this year on their core issues. 'We're disgusted somewhat with some of the Republicans, but we'd be in a whole lot worse shape with the Democrats,' said the Rev. Don Wildmon of Tupelo, Miss., chairman of the conservative American Family Association. … With seven weeks left in the campaign, there's some concern among Republicans that conservatives — evangelicals included — could stay home on Election Day because of their unhappiness with Congress and President Bush."

McClatchy (9/23, Stearns) reports on "several obstacles facing Republicans in mobilizing Christian conservatives this year. Midterm elections excite fewer people anyway. A signature issue, such as a ban on same-sex marriage, is on the ballot in fewer states this year. And the federal government has promised to crack down on church-based partisan politicking after complaints about such behavior in 2004, which could suppress religious leaders' involvement and dampen turnout. Dobson and others are working hard to counter that possibility, even as they acknowledge their disappointment. 'Whether Republicans deserve the power they were given, the alternatives are downright frightening,' Dobson told more than 3,000 attendees at the Pittsburgh 'Stand for the Family' rally."

Professor Claims Bush Is Not Truly A Conservative. In an op-ed for the Los Angeles Times (9/23, 918K) Columbia professor Todd Gitlin writes, "In recent months, Republicans have begun to discover that their leader is not the paragon they once thought he was. Perhaps he is not a conservative at all but a deficit-mongering big-government advocate, a world-changing radical in disguise and a cultivator of global anti-Americanism. Perhaps, from Baghdad to Kabul to New Orleans, bungling is not the exception but the rule because he and his inner circle hold planning, the law, diplomacy and even reason in contempt."

Poll Shows Parties Splitting Rural Vote. Greenberg Quinlan Rosner Research released a poll conducted September 17-19 of 529 adults in battleground areas that shows "that Democrats and Republicans are splitting rural voters evenly." Almost "three-quarters of rural voters know someone serving or who has served in Iraq and a majority rural voters favor a plan to pull out of Iraq in the next year. They also, by a significant margin, believe the country economy is improving mainly for the wealthy. Democrats edge out Republicans among the voters most concerned about Iraq and economy." Meanwhile "Bush's approval ratings continue to be low among Americans as a whole, his standing among rural voters is somewhat better. Republicans are strongly advantaged among voters who are most concerned about the war on terrorism, one of the three dominant issues in rural areas. Just as rural voters shifted late in the election cycle towards Bush, away from Kerry, it is still possible that Republicans can regain their traditional advantage among rural voters."

Armey Claims GOP Risks Losing "Pocketbook Conservatives." In an op-ed for the Wall Street Journal (9/23, 2.03M) former House majority leader Dick Armey writes, "Suspicious of big government promises and irresponsible spending, pocketbook conservatives feel the real pain of taxes. They don't want bureaucrats to pick winners and losers in the market, and

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they resent the power of special interests seeking favors at the expense of everyone else. … Today, the pocketbook conservative is up for grabs once again. Since 2002, federal spending has increased by 47%, earmarking abuse is rampant, and the new Medicare prescription-drug benefit has created $18.2 trillion in new unfunded liabilities on future taxpayers. And while GDP growth has been good and unemployment remains low, there are a number of American households who have seen their real income remain flat for the past five years."

Emanuel Disputes Claim That Democrats Are "Silent" On Spending Reform. In a letter to the editor of the Wall Street Journal (9/23, 2.03M) Rep. Rahm Emanuel writes, "In his Sept. 18 editorial-page commentary 'Time for a Time Out?1' John H. Fund laments the proliferation of earmarks and new spending under the GOP Congress. He takes the Republicans to task for forgetting why they came to Washington and for refusing to curtail spending. He suggests that if they will not curtail spending, then perhaps they need a 'time out' from power. I agree. However, I take exception with Mr. Fund's claim that 'Democrats have been largely silent' on these issues. That's not true."

Dean Says Democrats Need To Do A Better Job Mobilizing Black Voters. The AP (9/23, Vample) reports, " The Democratic Party can no longer sit back and wait until three weeks before an election to ask minorities for their vote, Democratic National Committee Chairman Howard Dean said Friday. 'In many ways, the Democratic Party hasn't moved itself out of the '60s and '70s,' Dean said in remarks to the DNC's African-American Leadership Summit, which is aimed at mobilizing black voters and encouraging more minority candidates for state offices."

Democrats Work To Blunt GOP Edge On Homeland Security. In an "Analysis" piece for the AP (9/23) David Espo writes, "Six weeks before elections, the Democratic strategy for the war on terror is one part attack President Bush and one part agree with him. The goal is to court voters dissatisfied with the job the administration has done, yet avoid being tagged as soft on Osama bin Laden. … Democrats, primed by poll-tested advice, are projecting strength this time, determined not to let Bush and the Republicans outflank them once again.

Chavez Defends Attacks, Calls For Bush To Resign. The AP (9/23, Pearson) reports, "Venezuelan President Hugo Chavez launched yet another verbal assault against President Bush upon returning from a highly charged U.S. visit Friday, calling on the American leader to resign." In Venezuela Chavez said, "He should renounce the presidency if he has any dignity. The president of the United States has failed completely." He "appeared unfazed by the outcry" caused by his attacks on Bush and "accused the Bush administration of fueling terrorism, claimed that both the CIA and U.S. Drug Enforcement Administration were 'infiltrated' by drug traffickers, and urged people to divest their dollars because new bills were being 'fabricated.'"

Chavez in an interview with Time Magazine (9/23, Padgett) "defended his controversial rhetoric as a necessary part of his leftwing revolution's effort to counter what he calls Bush's 'global imperialism.'" Chavez said, "Bush has called me worse things -- tyrant, populist dictator, drug trafficker, to name a few. … I'm not attacking Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words -- with bombs. I think the bombs he's unleashed on Baghdad or Lebanon do a lot more harm than any words spoken in the United Nations."

Russert Applauds Democratic Criticism Of Chavez As Rare Sign Of Bipartisan Unity. NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) reported, "We allow people like Chavez and Mahmoud Ahmadinejad to come into the united nations and slam our President and our country from the podium in New York, but also while this General Assembly meeting goes on former President Bill Clinton has been calling his annual gathering in New York of thinkers and doers and former government officials. What is going on here with these concurrent sessions?" NBC Washington bureau chief Tim Russert: "At the UN it was interesting to see the Democrats joining the Republicans in condemning that behavior. It's one of the few bipartisan acts we have seen.

Bush Policies Blamed For International Backlash. The New York Times (9/23, Cooper, 1.21M) reports, "American officials were quick to dismiss the speeches as chest thumping, noting that all three men were from countries with vast oil reserves and other resources, well able to thumb their noses at Washington but hardly representative of the poorer countries that rely on American aid." US Ambassador to the UN John Bolton said, "I think it's important frankly for people to hear this, because I do think it's a reflection of what some of these governments think." Yet "others here

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wondered whether they might be witnessing the birth of a new anti-American bloc, something that may eventually succeed the Nonaligned Movement, which originated in the cold war." The Administration's policies "have made the United States vulnerable to charges of racism, hypocrisy and imperialism, particularly in the non-Western world, diplomats here said."

Chavez Seeks Role As International Leader. The Washington Post (9/23, A10, Forero, 748K) reports, "Venezuelan President Hugo Chavez's blistering attack on President Bush at the United Nations this week marked a striking crescendo in a campaign to project Venezuela as a country with the global reach to counter American initiatives." He is "not just seeking the economic deals his internationalist government has always wanted, but also pressing for influence in affairs far from Latin America, political analysts say. His immediate goal is to obtain enough backing to secure a two-year spot on the 15-member U.N. Security Council. … But his long-term goal appears to be more far-reaching." Yet "pollsters in Caracas, the capital, say that while Venezuelans support the government's social programs, they do not back many of his international initiatives. More than 60 percent of Venezuelans reject the country's antagonistic relationship with the United States, according to the Datanalisis polling firm, while nearly 80 percent do not see Cuba as a model for Venezuela."

Chomsky Book In Demand After Chavez Remarks. CBS Evening News(9/22, story 11, 0:10, Couric, 7.66M) reported, "Venezuela's president, Hugo Chavez, could have a new career as a book agent. During his anti-bush rant at the U.N. this week, he urged Americans to read Noam Chomsky's three-year-old book, 'Hegemony or Survival.' The book which was at 20,664 on Amazon suddenly shot up to number one."

The New York Times (9/23, Rich, 1.21M) adds, "Demand for the book seemed to be spread across the country." Meanwhile, "Allen Ruff, a manager at Rainbow Books, said 'Hegemony' had not sold particularly well when it was first published three years ago, because many regulars were already familiar with Mr. Chomsky's other works. But Mr. Ruff said the recent news media attention has meant that 'people are now discovering him for the first time,' and the store has ordered a dozen more copies." The Los Angeles Times (9/23, Lee, 918K) reports similar details.

Chomsky Praises Chavez. The New York Times (9/23, Santora, 1.21M) reports that after Chavez declared Chomsky dead, he was "very much alive. In fact, he was struggling through '10,000 e-mails' he had received since the remarks by Mr. Chávez,." Commenting on Chavez, Chomsky "said that he would not choose to use the same harsh oratory, but added that the Venezuelan leader was simply expressing the views of many in the world. And he said Mr. Chávez's anger was understandable." Chomsky said, "I have been quite interested in" Chavez' "policies. … Personally, I think many of them are quite constructive."

Noonan Calls For Measured Response To Chavez. Peggy Noonan in her column in the Wall Street Journal (9/23, 2.03M) says the Administration should address Chavez remarks "it is so in the habit of asserting, defending and repeating, it barely remembers how to persuade and appeal. It speaks starkly and carries a big stick. It feels so beleaguered on a daily basis, and so snakebit, that even its mildest players have taken refuge in gritting their teeth and tunneling on. They take comfort in this: They think Chávez helps them. See what we're up against? But that's not a response, it's a way not to respond. It doesn't help, because it doesn't even try to cool things down. Which is no good, because the temperature of the world is very high."

Diplomats Meet To Consider Possible Sanctions For Iran. The AP (9/23, Lederer) reports that according to diplomats, "Key nations trying to curb Iran's nuclear ambitions are hoping Tehran will agree quickly to suspend uranium enrichment and return to negotiations, but they are planning for sanctions if it does not." U.S. Undersecretary of State Nicholas Burns said that senior diplomats from Russia, the United States, Britain, France, Germany and China "met Friday to discuss what sanctions should be imposed on Tehran if it refuses to suspend its enrichment program." U.S. Secretary of State Condoleezza Rice told reporters "she was confident that 'everybody is committed' to the provisions of the resolution."

Iran Deals With Arab Discontent At Home. The New York Times (9/22, Slackman, 1.21M) reports, "Iran wants to be a leader in the Islamic world, spreading its reach and influence among Arabs and Indonesians, Sunnis and Shiites," but it "has often had to labor to unify its own people under one national identity, restricting the expression of ethnic variations — like languages — that it views as undermining that unity. The problem is often most apparent with its Arabs." It "has recently faced strong protests from some ethnic groups…with several demanding greater autonomy and cultural freedom" The "Iranian authorities have tried, but not succeeded, in reconciling" the "frustration and lack of hope that stems from

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the poverty that" Arabs "say is forced on them by a majority that discriminates." While "Iranian officials insist that there is no discrimination against Arabs or, for that matter, any of Iran's ethnic minorities," many Iranians say there is a "broader need to address the social, political and cultural concerns of many ethnic groups, including Arabs."

Israeli Ambassador Denounces Invitation For Ahmadinejad To Speak. The AP (9/23, Schweid) reports, "Israeli Ambassador Daniel Ayalon criticized the Council on Foreign Relations on Friday for providing a forum for Iranian President Mahmoud Ahmadinejad and what he called abhorrent views. In a letter to Richard Haass, a former high-ranked State Department official who now heads the think tank, Ayalon called the decision to host the Iranian leader a 'terrible mistake,'" and "provided Ahmadinejad legitimacy." He added that is "was worse than if the council had met with Hitler," as "Hitler did not call openly for genocide in the 1930s."

Hass Argues For Opening Dialogue With Iran. Richard Haass, former State Department director of policy planning and president of the Council on Foreign Relations, writes in an op-ed in the Los Angeles Times (9/23, 918K) that the Council "decided to go ahead with the meeting," reflecting "the mission and nonpartisan tradition of the council. Exchange does not constitute endorsement." At it, Ahmadinejad said "that Iran is open to relations with the United States if Washington is prepared to take the initiative. The last statement in particular is worth considering," and, "In my view, they should. There is little evidence that the alternative policies have worked or show any promise of working," and "it may work." However, "dialogue also makes sense even if it fails. It is important to be able to demonstrate to American citizens and the world alike that the United States made a good-faith effort to resolve differences diplomatically before turning to sanctions or other policies. It is time to see dialogue and diplomacy as what they are: not as a favor to bestow but as a favor to ourselves. Diplomacy is not a moral judgment but a tool with the potential to advance U.S. interests. We should have the confidence to employ it; if we do, we are more likely to isolate others than ourselves, which too often is now the case."

Cohen Argues For Talking With Iran. Roger Cohen writes in his column is the New York Times (9/23, 1.21M), "At some point these past few years, diplomacy went out of fashion." Richard Haass, who ran policy planning at the State Department during President George W. Bush's first term, said, "The United States gets itself in trouble when it limits its options and approaches diplomacy as a value judgment," adding, "'it's not obvious to me, looking at the last 50 or 60 years, that we paid a price for talking to the Soviets. At the end of all the talking, we won the Cold War.' At a time when the Bush administration uses every opportunity to cast the current war against Islamic fanaticism as comparable in scope and possible duration with the fight against communism, that's an important point." The Cold War showed that "non-communication is dangerous" and "the enemy may be large but that doesn't mean it's monolithic." In fact, "It is the role of diplomacy to probe at fault lines in order to weaken the enemy and, over time, incline it to compromise." Now "it's time to swallow hard and start talking."

Top Pacific US Commander Says North Korea's Threat To South Is Declining. The AP (9/23, Burns) reports that Adm. William Fallon, commander of U.S. Pacific Command, said "North Korea's military has grown markedly less capable of a successful attack on South Korea, in part because the U.S. has been choking the North financially." He added that "The military mismatch between an economically powerful South Korea and a declining North Korea is widening year by year," although he "did not discount the importance of the nuclear problem." This "echoed in some ways an assessment of the military situation on the Korean peninsula offered by Defense Secretary Donald H. Rumsfeld" on Aug. 27, "that South Korea no longer needs to regard the North as an immediate military threat."

The Los Angeles Times (9/23, Spiegel, 918K) focuses on Fallon's estimate of North Korea's missiles, noting he "said Friday that he believes North Korea has no missile capable of reaching long distances and is unlikely to have one 'for a while.'" This "position varies in some respects from that of Defense Secretary Donald H. Rumsfeld, who has continued to warn of the threat of North Korea's Taepodong 2 long-range missile."

US Threatens To Send Fighters Out Of South Korea. AFP (9/23) reports, "The United States has threatened to move its jet fighters out of the Korean peninsula unless Seoul offers a new, exclusive firing range for US airmen within a month, reports said." The threat is considered an "ultimatum ... ahead of high-level security talks in Washington next month." Construction of a promised facility by South Korea "has been delayed due to protests over the move."

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Rice Renews Call For UN Peacekeepers In Darfur. The Washington Post (9/23, A13, Lynch, 748K) reports that Secretary of State Condoleezza Rice, "at a gathering of representatives from 25 governments that she and her Danish counterpart, Per Stig Moller, convened to maintain international pressure on Sudan," repeated the "call for Sudan to halt a military offensive in Darfur and yield to international pressure to allow more than 20,000 U.N. peacekeepers to protect civilians there," declaring, "The violence in Darfur is not subsiding. It is getting worse." However, "senior U.N. officials and diplomats expressed increasing skepticism about the prospects of obtaining Sudan's approval for a U.N. peacekeeping force. U.N. officials turned their attention to providing reinforcements to a small African peacekeeping force of 7,000 troops that has been unable to stop the killing," and "U.N. officials said privately that there is little hope that Sudanese President Omar Hassan al-Bashir will invite the United Nations into Darfur without greater pressure from African and Arab leaders." Both "Rice and Moller pressed governments to ramp up their support for the African Union mission and urged countries with influence on Sudan to press it to accept U.N. peacekeepers."

The AP (9/23, Gearan) adds, "After the meeting, Rice hinted at stronger action if Sudan will not back down," saying, "There are other measures at the disposal of the international community should we not be able to get the agreement of Sudan." However, "The U.S. approach is hitting some resistance, especially from nations that argue that Sudan will respond best if it does not feel that its sovereignty or authority is being challenged." Arab League Secretary General Amr Moussa "alluded to the difference of opinion in remarks to reports," saying, "I really want to contribute to the creation of...a quiet atmosphere, a working atmosphere." The AFP (9/23, Milikon) notes that State Department spokesman Sean McCormack said that "The meeting notably discussed sending one or more delegations to Khartoum in an effort to convince President Omar al-Beshir to drop his opposition to deployment of the UN force."

The Washington Times (9/23, Kralev, 88K) leads, "Secretary of State Condoleezza Rice pressed Sudan to accept a United Nations force in Darfur yesterday, saying that Khartoum's consent would be welcome but is not necessary." The Los Angeles Times (9/23, Farley, 918K) leads that "the Security Council and regional leaders remained stymied Friday by that country's refusal to allow U.N. peacekeepers into the region." It agrees that "The meeting was aimed at winning support from Arab countries, especially those that have been silent or have backed Sudan's refusal."

US Reaching Out To Arabs For Pressure On Sudan. The AP (9/21, Gedda) reports that Andrew Natsios, the new U.S. special envoy for Sudan, said "the Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying" U.N. peacekeepers and police to Darfur. "The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries."

American University To Limit Sudan Investments. The Washington Post (9/23, B4, 748K) reports, "The American University Board of Trustees voted yesterday not to invest directly in companies doing business in the oil and gas sector in Sudan, to protest military attacks on the nation's Darfur region."

Gulf Between Jewish, Arab Israelis Widened Due To Lebanon War. McClatchy Newspapers (9/23, Nissenbaum) reports that there is "simmering anger that Israel's Arab citizens feel over how their country treats them." While "they are full citizens of Israel, Arab-Israelis face subtle and concrete discrimination in housing, jobs and society." Although "Arab-Israelis suffered more than their share of casualties from Hezbollah rocket attacks during the war," the "relatives of the Arab-Israeli victims didn't blame Hezbollah for their losses; they blamed their government." A number of "Jewish Israelis felt as though they'd been betrayed," and now there is "an anti-Arab backlash that's still unfolding." Already "conservative Israeli lawmaker Effi Eitam denounced Arab-Israelis as 'a band of traitors of the first degree' and a dangerous 'fifth column' that should be barred from participating in Israeli politics."

Hezbollah Leader Holds Rally. All three network news programs briefly noted Hezbollah leader Hassan Nasrallah's defiant appearance at a rally in Lebanon, and major newspapers covered the story. ABC World News (9/22, story 4, 0:20, Gibson) reported, "Overseas in Lebanon, a huge show of support for the militant group, Hezbollah, and its leader Hassan Nasrallah. He told hundreds of thousands of people that Hezbollah still has 20,000 rockets and will not disarm as required by the United Nations. He said no army in the world is strong enough to disarm us."

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CBS Evening News (9/22, story 3, 0:15, Couric, 7.66M) noted, "It's the first time he has been seen by Hezbollah since July. The cease-fire calls for Nasrallah to resign. He says that won't happen unless Lebanon form as government that gives him more power." NBC Nightly News (9/22, story 7, 0:25, Williams, 9.87M) added that Nasrallah "told thousands of supporters today his guerrilla group is stronger than it was before that Israeli offensive and it still has 20,000 unclenched rockets and it will not disarm unless Lebanon gets a stronger government."

In a front page story, the Washington Post (9/23, A1, Shadid, 748K) reports that at "its largest show of force since a cease-fire went into effect," with "the mix of theater and pulpit that makes for a Hezbollah rally, the group's leader, Hasan Nasrallah" appeared for the first time since its war with Israel ended last month. "His message was defiant, with…bravado" that "Hezbollah was stronger than before the war, he said, and it still possessed more than 20,000 rockets. Only the creation of a strong Lebanese government, he added, would lead to its disarmament." The "call for the rally this week unleashed a wave of anxiety and anticipation in Beirut," but Nasrallah was "less strident than some had expected." Still, he "said he would seek a government that better represented his group and its allies, ridiculed the prime minister and scoffed at the attempts of 'any army in the world' to seize its weapons." Also, with "each mention of Secretary of State Condoleezza Rice, the United States or Israel, the audience erupted in catcalls." Now, "more pronounced than before the war, a cult of personality has grown up around Nasrallah," who is "perhaps the most skilled orator in Arabic today."

The New York Times (9/23, A7, Slackman, 1.21M) adds "The crowd was mammoth, packing every corner of the 37-acre square in the southern suburbs of Beirut." The rally was "a show of strength to those who would challenge him from abroad, and those who would challenge him at home," but "also highlighted some of the deep divisions among Lebanon's different factions, as the crowd at times chanted slogans calling the Druse leader, Walid Jumblatt, a 'worm' and 'Jew' and calling for the prime minister to leave office." It presented [Nasrallah] a chance to re-energize his supporters, to enhance his standing as a pan-Arab leader, and to try to buttress Hezbollah's domestic political position." His speech "aimed hard at Arab leaders, criticizing them for not being willing to fight Israel," and he "seemed to try to both embrace his benefactors in Syria and Iran and to distance himself from them."

The Financial Times (9/23, England) also characterizes the speech as "defiant." Nasrallah said Hezbollah's "focus would be now to push for a government of national unity – a direct challenge to the administration led by the prime minister," and "the huge display of support for the group was viewed by some as a deliberate attempt by Hizbollah leaders to intimidate the government with a show of strength following weeks of political bickering between the pro-western parliamentary majority that backs Mr Siniora and Hizbollah and its allies."

In contrast, the AP (9/23, Dakroub) adds," Despite his tough rhetoric, Nasrallah offered an olive branch, saying he did not want to bring down the government — only to hold discussions on including more factions." Still, "Former President Amin Gemayel said parts of Nasrallah's speech were 'dangerous,'" noting, "He is linking giving up Hezbollah's weapons to regime change." The Washington Times/AP (9/23, Dakroub) runs a shortened version of the AP article.

The Los Angeles Times (9/23, Rafei, 918K) adds that Nasrallah "mocked Arab leaders who recently urged the U.N. Security Council to give a new push to the Mideast peace process." Israeli officials, have used the fact hat "Nasrallah was forced to remain in hiding" as evidence that Israel won the war, "had been evasive about whether they would target Nasrallah if he chose to appear at the rally. They warned that he should consider his life in danger."

The McClatchy Newspapers (9/23, Allam) reports, "Nasrallah chose his words carefully in calling for a new Lebanese government," and "he was quick to defend the embattled Lebanese army, saying its relationship to the resistance is like 'two dear brothers.'" However, "Members of the Lebanese government expressed exasperation over Nasrallah's remarks, saying it wasn't plausible for the Saniora administration to remake itself." Still, the rally "cemented the militant Shiite leader's postwar status as one of the most powerful leaders in the region."

Hamas Won't Agree To Government Recognizing Israel. The New York Times (9/23, Myre, 1.21M) reports, "The Palestinian prime minister, Ismail Haniya, and other Hamas leaders said Friday that the group would not be part of a Palestinian government that recognizes Israel, a position that could complicate efforts to form a unity government and win renewed Western assistance. Just a day earlier at the United Nations, the president of the Palestinian Authority, Mahmoud Abbas, said that a new Palestinian

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government would recognize Israel and honor previous agreements with it." It remains unclear "that Hamas and Fatah can agree on the makeup and the platform of a new government." They "have tried to come up with a platform for the new Palestinian Authority government that allows for broad interpretation. The goal is for the Palestinian government to meet the conditions set by the West, while Hamas, as a party, would not have to explicitly embrace those positions." However, "the United States and Israel are skeptical about this approach. Israeli officials view the internal Palestinian negotiations as an attempt to gain renewed funding and international support without any substantive change on the part of Hamas." The Los Angeles Times (9/23, Ellingwood, 918K) adds, "Abbas is to resume talks with Hamas when he returns, and the back-and-forth declarations appeared to be part of that haggling."

Time (9/23, McGirk, 4.03M) notes, "At the U.N., Abbas perhaps should have been more cautious. But his words were directed toward the White House, say Palestinian advisers close to him. Prior to his speech, Abbas was warned by the Bush Administration — his only protector these days — that he would risk trouble with the U.S. if he drew too close to a Hamas that refuses to recognize Israel. So, to please the White House, Abbas made a promise at the U.N. he could not keep." Now "faced with the impossible gymnastics of trying to satisfy both Hamas and the Bush Administration, Abbas has few options," as "Only by bringing Hamas on board in a government that recognizes the State of Israel can Abbas persuade the Bush Administration and other international donors to resume the flow of funds and supplies to keep the Palestinian administration from collapsing."

Pope To Meet With Muslim Envoys. The AP (9/23, D'emilio) reports, "Pope Benedict XVI has invited Muslim envoys to meet with him at his summer residence Monday for what the Holy See says is urgently needed dialogue following the crisis ignited by his remarks on Islam and violence. Turkey and Iran immediately said their representatives would attend," and "Indonesia's ambassador, Bambang Prayitno, said "The invitation 'will help clear the field of misunderstandings.' The Vatican's "announcement made no mention of the uproar over Benedict's remarks during a Sept. 12 speech to professors at the University of Regensburg in Germany." While "thousands of Muslim worshippers staged marches against Benedict in Jerusalem, the West Bank, Gaza and the Sudanese capital," "much of the Middle East was quiet.

Reporter Says Benedict Was Speaking To West, Not Muslims, With Lecture. Christopher Caldwell, a senior editor at The Weekly Standard, writes in an op-ed in the Financial Times (9/23), "Benedict's lecture was a lesson to Christianity, not an attack on Islam." While "It is no secret that the Pope worries about Islam" and "has doubted publicly that it can be accommodated in a pluralistic society," the reference that caused this furor "allowed the Pope…quite elegantly…to present, on the one hand, a God without rationality and, on the other, a rationality without God" while "setting up Christianity as the happy medium." Benedict implies that "Secular westerners…have a lot in common with their religious fellows" and believes that "Secular intellectuals should be in sympathy with the church…even if they are not in communion with it. … Rather than convince secular-minded people to join the flock, he seems to be trying to convince them that they are in it already."

Paulson Ends China Trip With Dialogue, But No Progress. The New York Times (9/23, Weisman, 1.21M) reports, "Treasury Secretary Henry M. Paulson Jr., winding up a four-day visit to China, met Friday with President Hu Jintao and Prime Minister Wen Jiabao and said afterward that he was encouraged by their willingness to engage in a new effort to resolve economic disputes between the countries." Paulson's "aides said that 'this was a big deal,' as one put it, for the meetings to have taken place and for there to have been a considerable presence from the Chinese media," and "Paulson summarized his visit to China as successful but said the results would not be seen until later." It's "main accomplishment…was a new strategic economic dialogue between the United States and China. But officials acknowledge that the creation of a process does not equal achievement of results," and "hat the trip was ending with no signs of progress on issues like Chinese currency policy, restrictions on China's capital markets, trade disputes and the widespread piracy in China of software, movies and pharmaceuticals from the United States." Such issues have"some urgency for the administration, with critics of China in Congress preparing to introduce legislation to punish the nation because of its currency practices."

The Financial Times (9/23, Guha, McGregor) adds that the trip "exceeded the expectations of Hank Paulson," who "insisted the meetings were not formalities." Paulson's

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"comments could heighten market expectations that China will allow its currency to appreciate more rapidly in the months ahead," but "a senior administration official said Mr Paulson was 'fully cognisant that he will be judged on results.'"

Paulson Will Seek To Stop China-Tariff Bill. The Wall Street Journal (9/23, Phillips, Hitt, 2.03M) reports, "Treasury Secretary Henry Paulson turns this coming week from negotiating with Chinese leaders to pressing two persistent U.S. senators," Charles Schumer and Lindsey Graham, "to back off a bill that would levy tariffs on Chinese goods to punish Beijing for its currency policies." They "appear intent on forcing a vote this coming week on legislation to impose a 27.5% tariff on China-made goods -- if Beijing doesn't allow its currency, the yuan, to rise against the dollar." While thrice before they agreed to "step back after appeals from the Bush administration, which fears the bill could ignite a trade war," this time "the senators say they are running out of patience." Senate Finance Chairman Charles Grassley "says passage is likely if the bill is brought up, in part because 'China hasn't delivered on' on past promises." Also, "concerns about China and the economy are helping to stoke voter angst," and some business lobbyists "fear some senators see the vote as a chance to send a shot across China's bow, knowing President Bush can block the measure from becoming law."

USN Holds Drill With Chinese Navy. The New York Times (9/23, Gordon, 1.21M) reports, "The United States Navy reached a modest but noteworthy milestone this week when it conducted an exercise with a Chinese ship off the coast of southern California." The exercise "was the first time that ships from the two navies have worked directly with each other in a search and rescue training session." There is disagreement in Washington over the value of such joint exercises: "The heads of the United States Pacific Command have favored establishing a channel of communication with their Chinese counterparts," but "some Bush administration civilians and advisers have been far more skeptical, calculating that the principal Chinese interest is to glean what they can about American military technology and operations."

Britain Seeks To Trade Anti-Dumping Support For EU Maximum Working Hour Opt-Out. The Financial Times (9/23, Parker, Bounds) reports, "Britain has offered a secret deal to Italy under which it would back Rome's demand for punitive tariffs on cheap Chinese shoes in return for Italian support for the UK's long-hours work culture," and "The fact that Britain is prepared to put aside its free-trade principles in the shoe dispute is a sign of its fear that other member states could try to axe its 'opt-out' from Europe's maximum 48-hour working week when the issue is debated in November." Italy withdrew its support, and "the Financial Times has learnt from a number of sources that Britain is desperate to" regain it. However, "Italy has so far refused to give Britain the written assurances it wants on working hours" and "Emma Bonino, the Italian trade minister, hopes to assemble the necessary majority of EU countries to support duties on Chinese shoes without Britain."

Sen Clinton Draws Crowds At Husband's Conference On Global Challenges. The New York Times (9/23, Healy, 1.21M) reports, "Senator Hillary Rodham Clinton made a star turn yesterday at former President Bill Clinton's conference on global challenges, calling for a concerted attack on the 'feminization of poverty' to destroy political and economic barriers that trap women." She "drew a standing-room-only crowd of hundreds for a session called 'Women and the Power of Economic Opportunity.'" At the end of the conference, President Clinton announced "that participants had committed $7.3 billion to climate, health and antipoverty programs, and to efforts to foster ethnic and religious tolerance. A similar conference last year, Mr. Clinton's first, raised $2.5 billion in total commitments."

The Financial Times (9/23, Jack) adds, "Some have criticised the gathering for its glitzy 'photo ops' with world leaders and telethon-style pledges backed by certificates signed by Mr Clinton, as well as a sense that many of the commitments made were repackaged, publicity-seeking or would have happened in any case." However, "a number of participants argued that if this was what it took to recruit or sensitise even a few more powerful fence-sitting business groups to their cause, or push them into making commitments, it was a price worth paying."

EU Expected To Grant Membership To Romania, Bulgaria. The Wall Street Journal (9/23, Miller, 2.03M) reports, "The European Union looks set to give a green light Tuesday for Romania and Bulgaria to join the bloc in January…testing the willingness of 'old' Europeans to welcome ever-poorer cousins." According to diplomats, the

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Commission will recommend membership in January, but will condition the offer with fine print requiring crackdowns on corruption, illegal state aid and, in the case of Bulgaria, violent crime," and "Officials in Brussels say they'll disclose on Tuesday how they plan to punish Bulgaria and Romania if they don't comply." However, "some analysts are skeptical," as "Subsidies to build roads and bridges and fund farmers are locked in by legally binding treaties that are difficult to change" and "the EU has little choice but to let the two countries in," as, "At a summit last year, the 25 member states pledged to welcome Romania and Bulgaria before 2008. Going back now would require unanimous consent, which is highly unlikely."

Momentum Slowing On Turkey's Bid To Join EU. The Washington Times (9/23, Borowiec, 88K) reports, "The sputtering locomotive pulling Turkey toward Europe is losing steam amid signs of increasing problems in Turkey's talks to join," and, "In an effort to stave off a major crisis, the European Union has postponed by a month its much-awaited report on Turkey's accession progress" in order "to 'give diplomacy another chance' despite negative signals from Ankara and Brussels" over a "tangle of issues" including "what the European Union considers to be inadequate human rights progress in Turkey and its refusal to open its ports and airports to Greek Cypriot traffic despite a binding trade convention." However, "the apparent hardening of Turkey's attitude in the face of EU demands has caused a series of crisis forecasts and predictions of a 'train wreck' in Turkey's path toward Europe."

Last US Soldiers Leave Bosnia. The Los Angeles Times (9/23, 918K) reports in a five-sentence article, "The United States will pull its last 150 soldiers out of Bosnia-Herzegovina by December, a U.S. general said. The troops of Eagle Base near Tuzla are all that remains of the 38,000-member force that deployed as part of a NATO-led peace mission in late 1995."

US "Sharply Criticizes" Russia's Revocation Of Energy Project Permit. The Washington Times (9/23, Sands, 88K) reports, "The State Department yesterday sharply criticized a recent move by the Russian government to" revoke the environmental permits for a $20 billion liquefied natural gas project being developed by the Royal Dutch Shell Group and two Japanese investment houses on Sakhalin Island, "saying it put in doubt Moscow's willingness to honor major energy deals with foreign investors." State Department spokesman Tom Casey "said the Bush administration was 'very concerned'" and that "these actions cast doubt on Russia's willingness to uphold its recent commitments that were made by all the G-8 countries at the St. Petersburg summit." This "comes against a backdrop of alarm in the United States, Europe and Japan that Russia under President Vladimir Putin is increasingly ready to use its clout as a global energy superpower to further its commercial and diplomatic interests."

Panamanians Expected To Okay Canal Expansion. The Los Angeles Times (9/23, Kraul, 918K) reports, "Support is building among" Panama's "voters for expansion of the Panama Canal, a five-year, $5.2-billion project" that goes to a nationwide vote Oct. 22. "Recent polls show that support for the plan, which goes to a nationwide vote Oct. 22, is at nearly two-thirds of those intending to cast ballots. Approval has risen 6 percentage points in the last month, and some say the public has put aside initial fears that graft and indebtedness could swamp the nation's most important resource and symbol." The "government has touted the supposed benefits in jobs and revenue for social projects from expanding the 51-mile canal, while warning of the risks of doing nothing," which "include the possibility that Mexico or other Central American countries could build competing canals or port-highway complexes to move the accelerating flow of worldwide freight. Government officials in Chile and El Salvador have been quoted recently as saying a rejection of the canal expansion would lead to the development of alternative cargo routes."

India Expected To Face Shortage Of Quality Engineers. The Los Angeles Times (9/23, Chu, 918K) reports, "a shortage of talent is looming that could put a dent in India's reputation as the world's information-technology outsourcing champion." Executives and experts in:" engineering say the problem "is not quantity. It's quality," as many of the engineering graduates are not "employable by multinational companies." This "scarcity of engineers holds ramifications not just for the vaunted high-tech sector but also for issues of basic development." A "looming squeeze in the supply of qualified engineers in India is starkly at odds with widely quoted statistics in the U.S., which have assumed almost totemic status in the debate over the future of American dominance in the high-tech marketplace.

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According to these figures, India graduates 350,000 engineers a year, China 600,000 and the U.S. a mere 70,000." However, "the origin of the statistics is murky. And recent research suggests that they are, in fact, wrong."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush And Musharraf Tout Benefits Of Cooperation In War Against Terrorism. President Bush and Pakistani President Pervez Musharraf sought to present a united front and stressed the benefits of their cooperation in the war on terrorism. Their meeting received significant coverage in all the major US news media, including four stories covering over eight minutes on the network news. The TV news programs focused on the problems that recent allegations former Deputy Secretary of State Richard Armitage threatened Pakistan after the 9/11 attacks posed for the US relationship with Pakistan.

ABC World News (9/22, story 3, 2:25, Raddatz) reported, "In public today, President Bush and Pakistan's President Musharraf today presented a united front in efforts to track down terrorists." President Bush: "We're on the hunt together." President Pervez Musharraf: "We're on the hunt together." Raddatz: "But privately, White House officials have been skeptical about Musharraf's commitment, given the truce he recently signed with tribal leaders near the afghan border. Afghanistan, which has seen a sharp increase in Taliban and al Qaeda operatives. But today, Musharraf insisted that's not the case." President Pervez Musharraf: "This treaty is not to deal with the Taliban. It is actually to fight the Taliban." Raddatz: "President said today." President Bush: "I believe him."

CBS Evening News (9/22, story 2, 1:45, Couric, 7.66M) said the allegations of a threat to Pakistan "made for a very bizarre day at the White House." CBS (Axelrod): "It had to be awkward for President Bush, asked about the stone age threat while standing right next to president Musharraf." Axelrod concluded that "no matter how this relationship got started, a senior White House official says tonight that Mr. Bush has total trust in Mr. Musharraf as a partner in the hunt for Osama bin Laden."

NBC Nightly News (9/22, story 6, 2:35, Williams) said "what started off as a perfectly predictable controlled event quickly became anything but. First the rare admission by President Bush who said he had been caught off guard and then the bizarre statement by the President of Pakistan as to why he couldn't answer a reporter's question." NBC (O'Donnell) added, "The President on defense after an explosive charge by his Pakistani guest that claimed the US threatened attack if Pakistan did not agree to cooperate." O'Donnell concluded, "Whatever influence was used on Pakistan after 9/11, its relationship with the US remains complicated. Their help still needed in the hunt for Osama bin Laden."

Major papers also covered the story, highlighting the Administration's concerns about the relationship with Pakistan. The Washington Post (9/23, A2, Abramowitz, De Young, 748K) reports, "President Bush yesterday launched a new round of personal diplomacy aimed at patching up the tense relations between Pakistan and Afghanistan, where a resurgent Taliban insurgency is posing new challenges for an administration already struggling to pacify Iraq." After meeting with Afghan president Karzai Tuesday, "in a twist from Bush's normal practice, the three leaders are then planning to dine together at the White House on Wednesday." Outside experts see "the meetings as part of heightened administration concern over rising violence in Afghanistan." According to White House aides, "a chunk of yesterday's hour-long meeting was devoted to Musharraf explaining to Bush the recent pact he reached with Islamic militants in Pakistan's border region," and Bush said he was satisfied" with Musharraf's assurances.

In contrast, the New York Times (9/23, A6, Sanger, 1.21M) reports that according to administration officials "Bush and his national security aides were clearly skeptical" of Musharfaf's reasoning on the pact with tribal leaders, although "Bush appeared to take General Musharraf's assurances at face value." The fear "that General Musharraf, whose political hold over sections of his own country is tenuous at best, is only episodically engaged in the battle against Al Qaeda and the Taliban" has become "an increasingly contentious issue between Afghanistan and Pakistan." The two leaders "stepped around the question of whether American forces or intelligence agencies had the right to go into Pakistan to hunt down" bin Laden. "Bush fudged the issue by saying, 'We're on the hunt together.'"

Describing Bush on the defensive the Los Angeles Times (9/23, Richter, 918K) reports, "President Bush, struggling with turbulence in the important U.S.-Pakistani relationship, eased back Friday from his vow to order U.S. troops to invade Pakistan, if necessary, to track down Osama bin Laden."

Time Magazine (9/23, Waller) in a web exclusive says "Bush and Musharraf finally got back on the same talking points Friday" telling "reporters they were still joined at the hip when it comes to fighting al-Qaeda and the Taliban. And, as his military commanders prefer, Bush danced around the question of whether he'd ask Musharraf's permission to send U.S. troops into Pakistan to grab bin Laden, insisting that both leaders are still 'on the hunt together.' Musharraf insisted the agreement he struck with the tribal leaders is not a deal with the Taliban. 'This deal is against the Taliban,' he claimed. And Bush said: 'I believe him.'" And "Bush…was delighted the two of them were back on their talking points. 'Good job,' he told Musharraf as they walked away from the

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press conference. But the tensions in the relationship remain. And the top U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said Thursday he plans no immediate cuts in the 20,000 American troops battling a growing Taliban threat. Nor will Friday's spin control reverse the worsening war there."

The Financial Times (9/23, Daniel) leads that Musharraf "transformed a White House news conference into a book promotion when he refused to answer a question about his claim," saying he was "honour-bound" to the publisher not to talk about the book. "This prompted George W. Bush, US president, to interject: 'In other words, buy the book is what he's saying.'" While Bush "strongly defended the actions of Gen Musharraf after 9/11," it "underlined continued tensions in the US-Pakistan relationship strengthened by revived concerns about whether the US could strike at Osama bin Laden, al-Qaeda leader, in Pakistani territory and doubts about the peace agreement Gen Musharraf has struck with tribal leaders on the border of Afghanistan." The AFP (9/23, Knox) leads that Bush and Musharraf "celebrated their close cooperation in the war on terrorism but did not deny that it began with a US threat to bomb Pakistan 'back to the Stone Age.'"

The Washington Times (9/23, Curl, 88K) notes, "Pakistan's point man on the truce told The Washington Times Thursday that it is part of a broader strategy to keep terrorists out and will not undermine the fight against Islamic extremists." Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province said, "It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm."

The AP (9/23, Riechmann) reports that after his meeting with Bush Musharraf "later told students at The George Washington University that Pakistan 'joined the war not so much for the world but for ourselves.'" He "acknowledged that 'we are moving slowly' in reforming the Islamic madrassas, or extremist schools, in his country. But he said they accounted for only 5 percent of the country's schools."

McClatchy Newspapers (9/23, Hutcheson, Landay) reports, "Musharraf, who's facing tribal rebellions and growing disenchantment in his officer corps and among Pakistanis over his close cooperation with the United States, can't afford to reverse the policy, said U.S. intelligence officials." Meanwhile, "Bush said Musharraf renewed his commitment to hold 'free and fair' elections next year."

Armitage Denies Allegations Pakistan Was Threatened With Attack. Leading its broadcast the CBS Evening News (9/22, lead story, 1:30, Couric, 7.66M) reported "Bush responded to the allegations saying it's the first he has heard about it." Musharraf: "It was a threat, certainly, and I took it that the United States, after having whatever happened to the world trade center would be -- a wounded country, a wounded super power, and they're willing to do anything to counter and to punish the perpetrators. Now, if we stand in the way of that, we are going to suffer." CBS (Kroft): "A few days later, Musharraf said he received the list of seven demands from the United States, including giving US military unrestricted access to its airspace, its military bases and its seaports. After deciding that Pakistan could not survive with the US as an adversary, he worked out a compromise."

ABC World News (9/22, story 3, 2:25, Raddatz) reported that "most of the attention was on Musharraf's claim that shortly after 9/11, his intelligence chief was told by then-Deputy Secretary of State, Richard Armitage, that Pakistan would face air strikes if Musharraf did not join the war on terror." Armitage has denied the allegation and "the state department spokesman who does not have a book contract, as far as I know, backed up what Mr. Armitage said. He said there were no threats said. Although Mr. Armitage was very firm with the Pakistanis." The Los Angeles Times (9/23, Hennessy-Fiske, 918K) and McClatchy Newspapers (9/23, Landay) report similar details.

CNN (9/23) on its web site reports that in an interview Armitage said, "Never did I threaten to use military force. … I was not authorized to." He "acknowledged he was part of a group who met with Pakistan's intelligence chief to convey strong U.S. determination. He said the message was that 'we absolutely need their help if we were going to prosecute the Taliban and al Qaeda in Afghanistan. … We wanted to make sure they understood both the opportunities and the downside, but there was no threat."

Some Question Bush Reliance On Musharraf To Provide Moderating Influence. The Washington Times (9/23, Dinan, Behn, 88K) reports that while some question Musharraf's intentions "for Mr. Bush, Gen. Musharraf is one of the Muslim leaders he is trying to promote as a moderate fighting extreme elements, along with Iraqi Prime Minister Nouri al-Maliki, Afghan President Hamid Karzai and Palestinian Authority President Mahmoud Abbas." The Times notes, "Bush has taken some grief for his support of Gen. Musharraf. He told the United Nations this week that the world should no longer trade away support for freedom and democracy in the hopes of getting stability." But "that is exactly what some critics -- including democracy advocates in Pakistan -- say Mr. Bush is doing with Gen. Musharraf."

Similarly, Maureen Dowd in her column in the New York Times (9/23, 1.21M) writes that Pakistani president Pervez Musharraf "is a smooth operator, a military dictator cruising around the capital with his elegant wife and enormous security contingent, talking about how much he likes democracy, which he won't yet allow." Musharraf "may have more respect for checks and balances than Dick Cheney, but that's not saying much." Dowd question's Bush's faith in Musharraf cooperation "'on the hunt' for Osama and the

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Taliban at the same time he's setting up a safe haven for them -- and getting huffy at the idea that American forces have the right to go into Pakistan to track Osama." Dowd quotes British historian Niall Ferguson saying "the real problem is the Axis of Allies — Saudi Arabia, Pakistan and Britain. … The terrorists are funded in Saudi Arabia, they're trained in Pakistan, and they organize their plots quite easily in London." Dowd states, "The Paks, as W. and Vice like to call them, are at the heart of the Faustian deal the Bush administration has made. The justification for invading Iraq was that they couldn't allow a dictator who might be harboring terrorists to stay in power. But their great ally in the war on terror is General Musharraf, a dictator who appears to be harboring terrorists, including the one we want most."

Deal On Detainees Seen As Having Contradictions. The New York Times (9/23, Liptak, 1.21M) reports with skepticism on the pitfalls it perceives in the White House-Congressional deal: "The compromise reached on Thursday between Congressional Republicans and the White House on the interrogations and trials of terrorism suspects is, legal experts said yesterday, a series of interlocking paradoxes. It would impose new legal standards that it forbids the courts to enforce. It would guarantee terrorist masterminds charged with war crimes an array of procedural protections. But it would bar hundreds of minor figures and people who say they are innocent bystanders from access to the courts to challenge their potentially lifelong detentions." The agreement's complex language "was a subject of debate, posturing and, perhaps, some wishful thinking."

Critics Fear Deal Does Not Prevent Torture. McClatchy Newspapers (9/23, Talev, Gordon) reports with similar pessimism, "Several Democrats and civil rights advocates charged Friday that a Republican compromise over the treatment of terrorism suspects leaves the door open for torture and abuse, while stripping captives of a basic right to a court appeal." Expressing objections or concern are the president of the Center for Constitutional Rights, Caroline Fredrickson of the ACLU, and Rep. Jane Harman (ranking Democrat on the House Intelligence Committee). McClatchy pointedly notes, "The legislation also limits detainees from appealing in federal court to challenge their detentions - a right that dates to the Magna Carta in the year 1215."

WPost Analysis Notes Critics' Misgivings. In an analysis piece for the Washington Post (9/23, 748K), reporter R. Jeffrey Smith writes, "Many human rights groups and legal experts who parsed the bill yesterday said the White House had achieved most of its objectives in negotiations with dissident GOP senators, including John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.). They said the bill's provisions would violate detainees' legitimate rights, conflict with Supreme Court decisions, and come back to haunt Washington when Americans in foreign custody are subjected to the same harsh interrogations and military trials." Several critics are quoted, including Marine Col. Dwight Sullivan of DOD's Office of Military Commissions, who said that it "replaces the old broken" system banned by the Supreme Court with a "new broken commission system."

Democrats Could Be Stymied. The Washington Post (9/23, A6, Babington, Weisman, 748K) reports in a an article positively headlined "GOP Upbeat On Terror-Trial Bill," "House GOP leaders signaled yesterday that they are satisfied with the main elements of a bill on military trials negotiated Thursday by dissident Republican senators and White House officials, and they predicted that Congress will pass the measure before adjourning next week." The House action "all but settles an intraparty squabble and puts congressional Democrats in a difficult spot six weeks before elections in which they hope to wrest many House and Senate seats from the GOP. ... to oppose the compromise, which Sen. John McCain (R-Ariz.) has embraced, would subject them to charges of being soft on terrorism, several analysts said."

The New York Times (9/23, Zernike, Stolberg, 1.21M) also reports on the apparent unity enjoyed by Republicans after a week of tumult, saying, "Republicans on Friday put aside their differences, setting the House and Senate on a path to approve a compromise struck with the White House before lawmakers break to campaign for the midterm elections. ... After weeks of embarrassing division on a signature issue, Republicans resumed their campaign to portray themselves as the party of strength on national security, with Mr. McConnell practically daring Democrats to get in the way."

Bill Gives Bush Leeway. The AP (9/23, Flaherty) reports, "The resulting legislation, if passed next week by Congress as Republicans hope, would revive the CIA's terrorist interrogation program because it would reduce the risk that agency workers could be found guilty of war crimes. The deal also could open the door to aggressive techniques that test the bounds of international standards of prisoner treatment." Legal experts agree "in the end it will be up to the president to determine when most interrogation methods go too far. The bill bans detainees from protesting their detention and treatment in court."

Military Defense Lawyers Blast Bill. The Los Angeles Times (9/23, Simon, Barnes, 918K) reports, "Military defense lawyers assailed compromise legislation for interrogating and prosecuting terrorism suspects, contending Friday that proposed rules would prevent them from learning whether evidence used against their clients was obtained through coercion or torture." Rights groups also expressed concern that the compromise gave the president "too much latitude." The Times calls the tribunal and surveillance

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authorization bills "centerpieces of the security-focused agenda the GOP wants to highlight before the November election."

Army Outsources Interrogator Training. The Washington Post (9/23, Pincus, 748K) reports, "Since the Iraq war began, the U.S. Army has quadrupled the number of soldiers it trains each year to be detainee interrogators, according to Army officials involved in the program. Next year, 1,200 interrogators are set to be trained at the Army Intelligence Center at Fort Huachuca, Ariz., up from about 300 in 2003." The Post adds, "The Army is gearing up for the effort by hiring private companies to handle the training. ... Turning to outside contractors to teach interrogation reflects another trend of the Rumsfeld Pentagon: outsourcing programs to private companies that often are filled with retired military men and women who did similar work when they were in the service." The Army has estimated "the annual cost for an outside instructor at $100,000 ... That is at least $20,000 above the average of what someone in the service would receive."

Newsweek Explores How The Terror Deal Was Reached. Newsweek (9/23, Hosenball, 3.12M) in a web exclusive reports, "Three renegade Republican senators may be the biggest winners in Thursday's deal between the White House and Capitol Hill over the treatment of high-level terror detainees." The White House, after a pause, gave in because "it was clear that the GOP renegades' position was supported by at least 51 senators. By the same token, an important element in the compromise, the sources say, was the recognition by Graham, McCain and Warner all along that neither they nor a majority of their Senate colleagues really wanted to put the CIA interrogation program completely out of business.."

European Faults US Official For Geneva Remarks. The New York Times (9/23, Bernard, 1.21M) reports, "The European counterterrorism chief, Gijs de Vries, criticized a Bush administration official who suggested that the Geneva Conventions should not be considered sacrosanct, and that the legal framework for the treatment of terrorists should be amended." John Bellinger III (State Department counsel) made his comments in a Financial Times interview on Thursday. De Vries said, "The opinion of Europe's ministers is that respecting the rules, not bending them, is essential to our credibility and hence to our effectiveness in the fight against terrorism." Bellinger has responded that he was "not suggesting that the old rules should be discarded or that they should not be followed."

Boston Globe Criticizes Compromise. The Boston Globe (9/23, 425K) editorializes, "The senators have now agreed to a compromise that leaves the [Geneva] conventions on life support at best. ... After delaying legal action against hundreds of detainees for almost five years, the administration should work with Congress to devise interrogation and trial rules that civilized peoples expect.."

Dallas Morning News Looks Positively on Bill. The Dallas Morning News (9/23, 500K) editorializes, "All in all, the compromise kept alive the tradition of openness in our democracy that we would like others to emulate. The House now needs to get on board."

NYTimes Letter To Editor Denounces Terror Bill. In the New York Times (9/23, 1.21M), a letter by Lawrence J. Fox (an expert on "lawyers' ethical obligations" retained by Gitmo detainees' attorneys) calls "pathetic" the willingness of Sens. Graham, Warner, and McCain to tolerate "a bill that will strip detainees of habeas rights." Fox asks, "Can you imagine the outcry if an American citizen were simply captured and imprisoned in a country that announced that there would be no review of the American's status because that country's nationals would not receive review if they were imprisoned in America?"

WSJ Praises Terrorist Interrogation Compromise. The Wall Street Journal (9/23, 2.03M) editorializes, "The upshot of the agreement is simple and welcome: Aggressive CIA interrogations of such high-level al Qaeda prisoners as Khalid Sheikh Mohammed will be able to continue."

Clinton Defends His Efforts To Capture Bin Laden. Fox News Special Report With Brit Hume (9/22, Angle) reported former President Bill Clinton "is speaking out angrily that his Administration did not catch or kill the al Qaeda leader. He said the same people who accuse him now of doing too little once accused him of focusing too much on bin Laden. He spoke with Fox News Sunday's Chris Wallace who he asked Mr. Clinton if he had done enough to get bin Laden." Clinton: "At least I tried, that's the difference me and some, including all the right wingers. They ridicule me for trying. They had eight months to try they did not try. I tried. So I tried and failed."

DOJ Appeals Challenge To NSA Terrorist Surveillance Program. The AP (9/23, Mccall) reports, "U.S. Justice Department lawyers filed an appeal Friday aimed at blocking a lawsuit by a former Islamic charity that has challenged a Bush administration secret surveillance program." The AP adds, "The appeal filed with the 9th U.S. Circuit Court of Appeals in San Francisco said 'the district court is wrongly attempting to create some form of secret adversarial proceedings, and, in doing so, is raising a serious danger of disclosure of important national security information.'" And "Steve Goldberg, a Portland attorney representing the charity, said the appeal could delay the case by a couple of years."

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Judge Denies Bond For Terror Plot Suspect In Georgia. The Atlanta Journal-Constitution (9/23, Basu) reported, "A Roswell man accused of helping plot terrorist attacks wrote an e-mail in 2001 expressing a desire to join the Taliban in Afghanistan, prosecutors said in federal court Friday. U.S. Magistrate Judge Gerrilyn Brill denied bond for Ehsanul Islam Sadequee, 20, who along with Syed Haris Ahmed, 21, a former Georgia Tech student, was indicted in July on charges of discussing plans for waging jihad, or holy war." The Journal-Constitution noted, "Defense lawyer Don Samuel said he would appeal the denial to grant bond. He said the new evidence presented by the government, including the e-mail about the Taliban, proved nothing. 'This reminds me of the 1950s witchhunts when actors were punished because they were sympathetic to Communism,' Samuel said."

Pennsylvania Man Pleads Guilty To Offering To Make Bomb For Al Qaeda. The AP (9/22) reported, "A man accused of offering to build and sell a bomb to an al-Qaida affiliate in Houston in exchange for help in getting custody of his children has pleaded guilty in federal court. … Grecula pleaded guilty Thursday as part of a plea deal with federal prosecutors in which he faces up to 5 years in prison without parole." The AP noted, "Grecula, a Pennsylvania native, was accused of telling the informant he would build bombs for anti-American groups such as al-Qaida in exchange for help in getting custody back from his wife, who is from Houston." The Houston Chronicle (9/22, Rice) reported that "Grecula's ability to build a superbomb using a dubious theory of fusion remains in doubt, as does his mental health, but not his intention to sell his technology to al-Qaida. … As it turned out, he was dealing with undercover FBI agents and Houston police officers posing as al-Qaida members. Grecula also admitted to offering to teach a ground school for al-Qaida pilots and to telling an undercover agent that 'he had a dislike for America.'

One Charge Against Accused Hamas Fundraiser Dropped. The AP (9/23, Robinson) reports, "Federal prosecutors Friday dropped a charge that an alleged fundraiser for the Palestinian militant group Hamas gave material support to terrorists — a move that stunned defense attorneys. Prosecutors gave no explanation in court and declined to comment afterward. Muhammad Salah, 53, who has been the focus of a high-profile terrorism investigation for nine years, remains charged with racketeering conspiracy and lying by denying membership in Hamas. … The dropping of the charge was a victory for Salah, whose 2004 indictment was announced at the Justice Department by then-Attorney General John Ashcroft."

Both Parties Accused Of Politicizing The War On Terror. The Washington Post's Colbert King (9/23) writes, "Five years after Sept. 11, the focus of Republicans and Democrats has shifted from the enemy to each other. … Congress and the White House ought to be focusing on defeating that enemy -- not each other. The puerile political nonsense on display on both sides of the Capitol dome must end."

HOMELAND RESPONSE:

National CyberSecurity Chief Resigns. The AP (9/23, Bridis) reports, "Donald 'Andy' Purdy Jr. will step down as acting director of the National Cyber Security Division, part of the Department of Homeland Security. A government spokesman, Jarrod Agen, declined to comment on Purdy's plans, but colleagues circulated an invitation to his farewell party next week." Purdy's "contract drew congressional scrutiny after The Associated Press reported in June that Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth the unit's total budget."

Hoekstra Raises Concerns Over Threat Of Terrorist Attacks From Europeans. The Washington Times (9/23, Wong, 88K) reports that Rep. Peter Hoekstra, who chairs the House Permanent Select Committee on Intelligence, "is warning that 'self-radicalized' terrorists from Europe, with no criminal records and no formal links to al Qaeda, are quietly infiltrating the United States to proselytize, raise money and possibly plan attacks." He said the US "has to quickly adapt to the ever-changing threat if it is going to win the global war against Islamic extremism." Hoekstra "released a committee report titled, 'Al Qaeda: The Many Faces of an Islamist Extremist Threat,' which described how the nature of the threat has changed against the United States since the September 11 terrorist attacks."

DHS Spending More Money On Airport Security Technologies. The Los Angeles Times (9/23, Gilden, 918K) reports, "For a glimpse of airport security in the years to come, head to northern San Diego County. A sea of office parks houses a handful of high-tech companies that are developing technology to ease business travelers' journeys through airport security checkpoints and on to their destinations. Drug sniffers, bomb detectors, passenger screeners, shoe scanners, fingerprint matchers and other equipment are all under study or in initial development. … The TSA earmarked $72 million for emerging checkpoint technologies in 2006, up from $28 million in 2005. And Homeland Security already was evaluating 13 devices for

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detecting liquid explosives before the Aug. 10 London terrorist threat."

Schwarzenegger Vetoes Shipping Container Fee. The Los Angeles Times (9/23, Weikel, 918K) reports, "Siding with business and the shipping industry, Gov. Arnold Schwarzenegger vetoed a bill Friday that would have provided $500 million a year to improve security, expand rail networks and reduce air pollution at the ports of Los Angeles and Long Beach. The legislation by state Sen. Alan Lowenthal (D-Long Beach) called for a fee on shipping containers that pass through the ports. Had the bill been approved, owners of cargo, such as retailers and manufacturers, would have been assessed $60 for a typical 40-foot container."

Capitol Police Were Warned About Security Vulnerabilities. The Washington Post (9/23, A1, Horwitz, Sheridan, Leonnig, 748K) reports, "Capitol Police officers warned their superiors this summer that the U.S. Capitol needed tighter security because of construction work, but a door was left unguarded this week, allowing the worst breach in eight years, officials said yesterday. A drug-addled man easily drove a Chevrolet TrailBlazer through a partially blocked construction entrance to the Capitol grounds, according to officials and court testimony. … As days go by, the officials have grudgingly admitted further blunders in one of the biggest embarrassments for the law enforcement agency in years. No one was injured in the early morning drama, which ended in the man's arrest. But legislators are outraged that it could occur, given the $2 billion they have spent on police and equipment at the Capitol since" 9/11.

BWI Evacuated After Gun Found In Luggage. The Washington Post (9/23, B5, Wilgoren, De Vise, 748K) reports, "Two concourses were evacuated for an hour yesterday morning at Baltimore-Washington International Thurgood Marshall Airport after security screeners found a loaded gun inside a carry-on bag and could not detain its owner. The .25-caliber semiautomatic pistol was discovered at 6:40 a.m. … The passenger abandoned the bag containing the gun and disappeared into the concourses." The Post adds, "The man was not found."

NYT Claims Broad Definition Of "Material Support" Victimizes Refugees. The New York Times (9/23, 1.21M) editorializes, "Congressional authors of the Patriot Act and its sister Real ID provision tucked a clause into the immigration laws barring entry to anyone who has provided 'material support' to a terrorist organization. … But the Bush administration has chosen to interpret 'material support' to include people who act under duress — someone pressed at gunpoint to supply a glass of water, or forced to dig graves or pay ransom for a kidnapped child, or held hostage in her home (and thus provided shelter to terrorists). The result is to victimize these people twice." According to the Post, "As a result of the material-support clause, more than 11,000 refugees are being kept out of the country for allegedly supporting terror. Religious conservatives have urged that this problem be fixed, but the Departments of Homeland Security and Justice have rebuffed efforts by the State Department to narrow the law."

Pataki Urged To Forge Compromise On WTC Memorial Names. The New York Times (9/23, 1.21M) in an editorial writes that Gov. George Pataki "will have to bear the responsibility for the delays in redevelopment at ground zero over the last five years. But if he wants to improve the record of his stewardship before leaving office, one way would be to act now to help solve the emotional question of how to list the names at the planned memorial for the 2,979 victims of terrorism." The Times adds, "The governor should work with Mayor Michael Bloomberg to establish a small but representative committee. … Their task should be to quickly come up with a suitable compromise that eases family concerns and still maintains the highest design standards for this memorial."

FEMA Said To Have Provided Katrina Victims "Low-Ball" Repair Estimates. The AP (9/23, Roberts) reports, "Many initial estimates by the Federal Emergency Management Agency of the cost of repairing thousands of water-logged buildings, cracked pipes and crumbling streets in hurricane-staggered Louisiana were way too low — and some reconstruction projects are being held up because of it. Some local governments say they cannot legally or financially hire contractors and get on with the work, because they fear they will be saddled with repair costs that won't be reimbursed by Washington. The FEMA estimates were made as part of a federal program under which local governments make repairs at their own expense, then ask for reimbursement from the federal government. The low-ball estimates were done by sometimes-inexperienced estimators hurriedly hired and trained by FEMA in the aftermath of Hurricanes Katrina and Rita, which struck last summer and fall. Often, the estimates were based on the much-cheaper, pre-storm costs of labor and equipment."

Consultants Submit Plan For Rebuilding Lower 9th Ward. The Los Angeles Times (9/23, Simmons, 918K) reports, "A consulting firm hired by the New Orleans City Council to devise a plan for the city's most storm-damaged neighborhoods will recommend rebuilding the Lower 9th Ward…'from scratch.' Miami-based urban planner and housing consultant Paul Lambert, along with other urban planning groups, met with Lower 9th Ward residents and

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incorporated their ideas into a proposal to change the area's street pattern to create a new 'town center.' That idea is part of a report he is to present to residents today."

Katrina Evacuees In DC Region Lose Special Benefits. The Washington Post (9/23, B1, Salmon, 748K) reports, "Although many [hurricane Katrina] evacuees who landed in the Washington area have moved on, almost 10,000 households are still registered with the Federal Emergency Management Agency in the District, Virginia and Maryland. But the special services for them, funded by donors and local governments, are mostly gone."

Superdome To Host First Post-Katrina NFL Game. The Wall Street Journal (9/23, Brooks, 2.03M) reports, "The New Orleans Saints return to their home field at the Louisiana Superdome on Monday night for the first time since Hurricane Katrina. It's a potent symbol of the city's rebuilding effort since the Superdome, where thousands gathered after the storm and were stranded for days in increasingly miserable conditions, became a potent symbol of the bungled rescue effort."

WAR NEWS:

US Says More Iraqi Troops Needed In Baghdad.

The AP (9/22, Baldor) reports, "The U.S. needs 3,000 more Iraqi forces to join the battle in Baghdad, but requests have not been met because Iraqi soldiers are reluctant to leave their home regions, the commander of U.S. forces in Baghdad said Friday." Maj. Gen. James Thurman said that "only about 9,000 Iraqi soldiers" are in Baghdad, compared to 15,000 American troops. Thurman said it would "take a little time" to bring in more Iraqi troops; he expressed understanding "that there [were] competing security demands across the country." In continuing bloodshed, four people were killed by gunmen firing on Sunni mosques, while police found the bodies of "nine men from a Sunni tribe" who were kidnapped from a wedding dinner by "men dressed in ... army uniforms." An American soldier was killed by a roadside bomb on Thursday.

National Guard Is Strained By Iraqi Burden. NBC Nightly News (9/22, lead story, 2:30, Williams, 9.87M) reported the National Guard has "suffered heavy casualties and have held up under a tremendous burden as this nation has fought wars on two fronts. We learn today they are about to be asked to give even more. The problem is that most US army units are not ready for combat as we see here on this broadcast night after night. It is not as if the fight is going away. Now we have learned the Pentagon may send more Guard soldiers into battle." NBC (Miklaszewski) added, "Senior military officials tells NBC News that five years of war in Iraq and Afghanistan have stretched the army to a dangerous break point. For the Army the pace of combat has been relentless. Many are already on their third tour. Frequent deployments have cut training time at home in half. It's left two-thirds of all units not ready for combat." General Barry McCaffrey, military analyst: "It's the worst readiness condition the US army has faced since Vietnam." Miklaszewski: "Uprooting Guard soldiers from their jobs and families and sending them off to be can be politically explosive. Any decision probably won't happen until after the November elections."

Iraqis Are No Shows. The Los Angeles Times (9/23, Simon, Barnes, 918K) reports, "Only a quarter of the Iraqi army forces that had been designated more than a month ago to work on security improvements in the capital have arrived, a sign of continuing problems with the Iraqi government's ability to command and move its troops." The Times reports, "Iraqi army units have refused deployment orders before, sometimes complaining of the travel involved and sometimes expressing concern that they would be thrust into uncomfortable sectarian confrontations." General Thurman, though, "said he was confident the Defense Ministry would obtain the additional soldiers in the next few weeks. He suggested that the lack of Iraqi troops was complicating operations in two Baghdad neighborhoods, Baya and Dura."

Derrick Jackson Attacks Administration For Not Taking "Responsibility." In his column for the Boston Globe (9/23, 425K), columnist Derrick Z. Jackson writes, "The same White House that trashed generals and bean counters for saying it would take hundreds of thousands of more troops and billions more dollars to secure Iraq is now blaming the puppet government for not securing the country." After allegedly blaming Prime Minister Maliki for Iraq's problems in a "whisper campaign," the administration is playing a "shell game of responsibility" that Jackson calls "all but inevitable in a war launched both under false pretenses and with undermanned and underequipped forces."

More Commentary. The Washington Post (9/23, 748K) editorializes, "The president's steadfastness [in keeping troop levels unchanged in Iraq and Afghanistan] would be much more impressive if it seemed to be attached to a winning strategy. Sadly, the events of the past several weeks suggest otherwise, at least in Iraq. ... Unless [Lee Hamilton's warning to the Iraqi government] is heeded, the sacrifice involved in holding U.S. troop levels steady for another six months -- in lives, above all -- is likely to be wasted."

War Death Toll Now Equals 9/11's. There was little network coverage of the violence in Iraq or the fighting in Afghanistan, the exception being an NBC story on the demands placed on the National Guard. Most coverage focused on the Bush-Musharraf summit.

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The AP (9/22, Woodward) reports, "Now the death toll is 9/11 times two. U.S. military deaths from Iraq and Afghanistan now surpass those of the most devastating terrorist attack in America's history, the trigger for what came next. The latest milestone for a country at war came Friday without commemoration. It came without the precision of knowing who was the 2,974th to die in conflict." The AP states, "Not for the first time, war that was started to answer death has resulted in at least as much death for the country that was first attacked, quite apart from the higher numbers of enemy and civilians killed. Historians note that this grim accounting is not how the success or failure of warfare is measured." Earlier wars had higher death tolls, but historian Julian Zelizer argues that modern Americans "have lost firsthand knowledge of the costs of war that existed keenly up to the 1960s" and that numerical benchmarks become the subject "when something's gone wrong." About 180 sites carried this story.

Iraqi President Warns Of Spreading Violence. The AP (9/22, Gamel) reports, "Iraq's president said Friday that terrorist forces are using his country as 'a stepping stone' for spreading violence and that military action alone won't stop them. President Jalal Talabani also told the U.N. General Assembly that the government will not talk about a timetable for withdrawing U.S.-led forces until the Iraqi armed forces are capable of ending terrorism and maintaining security." He also asked "the Security Council to dissolve the U.N. weapons inspection agency known as UNMOVIC, saying it has been proven that Iraq is free of weapons of mass destruction." Talabani complained that UNMOVIC uses funds that the Iraqi people need "desperately."

Baghdad Blast Hits Mosque And Homes. The New York Times (9/23, Oppel, 1.21M) reports, "Attackers severely damaged a Sunni mosque in western Baghdad before noon on Friday, and the resulting blaze set fire to eight nearby homes and a bakery." Gunmen reportedly "attacked homes in the area before the blast, and then after the bombing fired on Iraqi Army troops who responded to calls for help."

At Least 32 Killed In Baghdad. The Boston Globe/AP (9/23) reports, "A bomb blew up a kerosene tanker truck in Baghdad's Sadr City neighborhood on Saturday, killing at least 32 people, police said. Another 38 people were wounded by the 10 a.m. blast in the sprawling Shiite slum. ... There were more people on hand than usual as families sought to stock up on fuel for the Muslim holy month of Ramadan."

Leader Of Terror Group Arrested. The AP (9/23) reports, "U.S. and Iraqi forces have captured a leader of Ansar al-Sunnah, the group behind the 2004 attack on a U.S. military mess hall that killed 22 people, the prime minister's office said Saturday. Muntasir Hamoud Ileiwi al-Jubouri and two of his aides were arrested in Al-Taeyh, about 50 miles northeast of Baghdad." The Sunni group "has claimed responsibility for numerous suicide attacks, the August 2004 execution of 12 Nepalese hostages and a December 2004 explosion at a U.S. military mess hall in Mosul that killed 22 people."

Baghdad Residents Doubt Efficacy Of Berms. Newsweek (9/23, Nordland, 3.12M) reports in a web exclusive on the plans to protect Baghdad with a possible trench, moat, or berm. Newsweek clarifies, "Actually ... it's a combination of trench digging, natural obstacles and berms, piles of dirt pushed in place by bulldozers, high enough to prevent vehicles from crossing." Baghdadis doubt the plan will work, with one politician saying, "But the violence isn't only from outside Baghdad, it's inside as well." Newsweek adds, "The Baghdad berm isn't likely to address the city's biggest problem: its rampaging death squads."

Detainees Wound Up Dead In Special Forces' Hands. The Los Angeles Times (9/23, Sack, Pyes, 918K) reports in a 4,686 word article (first of two parts) on the "Green Berets of ODA 2021," who came home "covered in glory" after serving in Afghanistan. However, "two detainees had died in the [10-man] team's custody ... during the unit's final month in Afghanistan." The two deaths differ from other "questionable deaths" because they "were successfully concealed" from the chain of command and legal authorities. The Times states that the linkage of a small Special Forces Unit to "two detainee deaths and two apparent cover-ups" reflects the "personality of the team, the unaccountability of its leadership, the evolution of U.S. policy on detentions, the failure of United Nations officials to report abuses, and the complicity of Afghan officials."

UN Report Catalogues Human Rights Wrongs In Iraq. McClatchy Newspapers (9/22) reports, "A new report on human rights violations in Iraq documents how devastatingly easy it is to die here - and how increasingly difficult it is to live." The UN Assistance Mission for Iraq reports danger for women (often killed for "honor crimes"), homosexuals, and "the Sabean-Mandean minority," among others. "Militias, death squads, organized crime and people who are 'taking the law into their own hands'" are terrorizing society.

AP CEO Demands Trial For Bilal Hussein. In an op-ed for the Washington Post (9/23, 748K), AP CEO Tom Curley writes, "Bilal Hussein ... is now in his sixth month in a U.S. Army prison in Iraq. He doesn't understand why he's there, and neither do his AP colleagues. ... We cannot dismiss Bilal's insistence that he is not an insurgent solely on the strength of the unexamined suspicions offered by the U.S. military. If Bilal has done something wrong, the Iraqi courts stand ready to try him."

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Corp Of Engineers "Faked Budget Entries." The Los Angeles Times (9/23, Miller, 918K) reports, "The Army Corps of Engineers improperly created fake entries in government ledgers to maintain control over hundreds of millions of dollars in spending for the reconstruction of Iraq, according to a federal audit released Friday." The officials "listed $362 million in potential contracts for a nonexistent contractor labeled 'Dummy Vendor'" rather than have it go back to the Treasury. Though the technique is called "improper," it is not illegal; a bill meant to ban the practice has yet to pass. The Times reports accounting improprieties for Special Operations Command in 2003 and a children's hospital in Iraq that First Lady Bush has backed.

Judge Throws Out Halliburton Suit. The Washington Post (9/23, Witte, 748K) reports on the front page of the business section, "A federal judge in Texas yesterday threw out a lawsuit against Halliburton Co. that had been brought by survivors and the families of those killed when a fuel convoy was assaulted by insurgents outside Baghdad in April 2004. ... U.S. District Judge Gray H. Miller ruled that the Army had played a key role in sending the convoy and that it was not his place to second-guess that decision." Halliburton "has been the target of frequent criticism by Democrats, who feel the company benefited unfairly from its connections to the Bush administration. Much of that criticism has focused on charges that the firm, which was once run by Vice President Cheney, has earned lucrative profits in Iraq at the expense of taxpayers and soldiers."

WSJournal Examines Afghan Progress 5 Years Later. The Wall Street Journal (9/23, 2.03M) reports on the successes and failures of Afghanistan five years after the overthrow of the Taliban. The Journal writes pessimistically of the security situation, "U.S. troops are actively engaged in battle against al Qaeda insurgents. NATO forces say they don't have enough troops to carry out their mission. The Taliban has been making a comeback, and suicide bombings, once anomalies, have increased. Some analysts say more police forces are needed to quell the growing lawlessness linked to drug mafias." However, it points to a few positives: "Since the fall of the Taliban, GDP has grown by about 16% a year. ... Public support for the Taliban appears low. Last year, 8% of Afghans said they had a favorable opinion of the Taliban."

Insurgents Kill 19 Laborers In Ambush. The Washington Post/AP (9/23) reports, "Insurgents ambushed a bus carrying construction workers in the country's volatile south Friday, killing 19 of the laborers, and Afghan and NATO forces said they killed 35 Taliban guerrillas in two firefights." The ambush "occurred in Shorabak district, a remote area of Kandahar province."

Karzai Appeals To Canadian Public. The Washington Post (9/23, Struck, 748K) reports, "Afghan President Hamid Karzai made a forceful argument Friday for keeping Canadian troops in his country, appealing to a Canadian public wavering over growing casualties and the rise in fighting there." The Post writes, "Thirty-six Canadian soldiers have been killed, and public support for Canada's role has dropped steadily. The public was stunned this week by the deaths of four soldiers." Opponents "say that the Canadian people had expected a peacekeeping role in Afghanistan for their troops."

Taliban Drives Girls' Schooling Back Into Shadows. The Washington Post (9/23, Constable, 748K) reports on the setback to efforts to educate girls in Afghanistan: "Now that positive tide has come to a halt in several provinces where Taliban insurgents are aggressively battling NATO and U.S. troops, and has slowed dramatically in many other parts of the country. President Hamid Karzai told audiences in New York this week that about 200,000 Afghan children had been forced out of school this year by threats and physical attacks."

More Commentary. The Wall Street Journal (9/23, 2.03M) editorializes, "In the war on terror, few battles are as clear and decisive as the one fought these last few weeks in southern Afghanistan. ... This is a success story." However, "[Taliban] attacks are intended to sour publics and force democratic politicians to bring the troops home. ... More than Afghanistan's future is on the line. So is the credibility of the world's oldest political-military bloc."

Rumsfeld Favors New Command For Africa. AFP (9/22) reports, "US Defense Secretary Donald Rumsfeld said he favors setting up a separate command to oversee US military operations and relations in Africa." The brief, five-paragraph article notes that the US "has given greater attention to Africa in recent years amid concerns that extremist groups are seeking to exploit areas outside governments' control." Policymakers have still not decided whether the new command would be on par with "other combatant commands for Europe, the Middle East, Asia Pacific, Latin America and North America."

VHA Reports Tenfold Increase In Reports Of Stress, Other Mental Disorders. The AP (9/23, Baldor) reports, "More than one-third of Iraq and Afghanistan veterans seeking medical treatment from the Veterans Health Administration report symptoms of stress or other mental disorders -- a tenfold increase in the last 18 months, according to an agency study." This jump "has triggered concern among some veterans groups that the agency may not be able to meet the demand." The AP adds, "Veterans and Defense Department officials said the increase in soldiers complaining of stress or mental disorder symptoms also may suggest that efforts to reduce the stigma of such

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problems are working and that commanders and medical personnel are more adept at recognizing symptoms." Dr. Michael Kussman, VA acting undersecretary for health: "We're not aware that people are having trouble getting services from us in any consistent way or pattern around the country."

Reservists Are Stunned By NYC Request For Military Pay. The New York Times (9/23, Newman, 1.21M) reports on "hundreds" of New York City employees who "were called up for military service" after 9/11. The "city offered them an option: it would keep paying their salaries and continue their benefits, but when they returned they would have to repay the city their city salary or their military pay, whichever was less." "Nearly all" the reservists took the deal, but now "the city is demanding that the veterans repay their gross salaries, even though they never saw about a third of the money, which went for taxes and other deductions." One VFW official complained about the need to change the system so that "you're not paying money for having gone to war for your country."

DOJ:

Taylor Tapped As Interim US Attorney For DC. The Washington Post (9/23, B5, Leonnig) reports, "The Justice Department yesterday appointed Jeffrey A. Taylor, the counselor to Attorney General Alberto R. Gonzales, to be U.S. attorney for the District of Columbia." The Post continues, "Taylor succeeds Kenneth L. Wainstein in running the largest U.S. attorney's office in the country. For now, Taylor will be interim U.S. attorney; President Bush can nominate him to take the job, subject to Senate confirmation. … Wainstein was confirmed by the Senate on Thursday to a new post in the Justice Department, assistant attorney general for national security, after his nomination had been held up for months by Sen. Carl M. Levin (D-Mich.). Levin had been seeking FBI documents relating to its agents' concerns about mistreatment of detainees at Guantanamo Bay while Wainstein was a top aide to FBI Director Robert S. Mueller III. … Taylor could begin his new job as early as next week." The Post adds, "Before working for Gonzales in the Justice Department, Taylor was counsel to the U.S. Senate Judiciary Committee from 1999 to 2002, working on such issues as criminal law, terrorism and national security. Previously, he was federal prosecutor in San Diego from 1995 to 1999. Several prosecutors in Washington said they looked forward to working with him because of his reputation and his line prosecutor experience. … 'Jeff is a dedicated public servant and a valued advisor,' Gonzales said in a statement released by the Justice Department. 'He will continue to be an asset to the Department of Justice in his new capacity as U.S. Attorney for the District of Columbia.'"

CORPORATE SCANDALS:

Hewlett-Packard Chairman Resigns Amid Widening Leak Probe Scandal. The Washington Post (9/23, A1, Nakashima, Noguchi) reports, "Hewlett-Packard Co. chairman Patricia C. Dunn resigned yesterday and was replaced by chief executive Mark V. Hurd, who apologized for what he called 'very disturbing' improprieties in an internal media leak probe that has prompted criminal and congressional investigations." The Post continues, 'In an eight-minute statement, Hurd for the first time tried to explain his role in the scandal while taking responsibility to 'set it right.' He offered few details of his personal knowledge of the internal investigation . … Hurd said nothing about the use of false pretenses to obtain personal phone records. He said he was aware of a bogus e-mail sent to a reporter, but did not recall approving the use of software to trace where that message was sent subsequently." The Post adds, "Hurd…acknowledged that a report summarizing the probe was addressed to him, but said he did not read it. … Hurd said he had hired a law firm to conduct 'a more comprehensive investigation' and report directly to him on what occurred in the HP probe that started in 2005 and focused on identifying who was leaking company secrets to the news media."

The Wall Street Journal (9/23, Waldman, Clark, Stecklow) reports, "In an admission remarkable in the annals of U.S business, Hewlett-Packard Co. Chief Executive Mark Hurd described how the respected Silicon Valley titan employed a series of tawdry tactics in its effort to trace leaks from its board." The Journal continues, "Making his first extensive public remarks since the H-P leak scandal broke more than two weeks ago, Mr. Hurd on Friday also said Chairman Patricia Dunn, who had launched and overseen the probe, had resigned and left the board. Mr. Hurd, who had planned to inherit her title in January, assumed the title. A person familiar with the matter said two other employees closely associated with the probe are leaving the company. … But Mr. Hurd, who took no questions during brief remarks to journalists at H-P's suburban-office-park headquarters, also left many issues unaddressed. While acknowledging that investigators used 'disturbing' tactics, he failed to explain how the company had let the probe veer so far off track."

The New York Times (9/23, Darlin, Richtel) reports, "It was the company's first public discussion of the revelations that have engulfed it for more than two weeks. Mr. Hurd took no questions, with the company saying he did not want to pre-empt his testimony next week to a House subcommittee looking into the Hewlett-Packard affair." The Times adds,

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"Some industry analysts had expected Hewlett-Packard to announce more directly who it felt was responsible, inside or outside the company. … The moves by Hewlett-Packard on Friday were an attempt to get ahead of the torrent of daily disclosures about the spying operation and an acknowledgment of the irresponsibility, if not illegality, of the methods. … State and federal prosecutors are exploring whether any laws were broken by anyone inside the company or those hired in an investigative chain extending to Boston, Florida and the Midwest. A central element was the use of pretexting, which involved impersonating someone to obtain that person's calling records from a phone company."

The AP (9/23, Robertson) reports that Hurd "was supposed to take over that job in January as part of changes announced two weeks ago. … But things have changed since then amid a wave of leaked documents revealing how deeply HP's investigators intruded into the personal lives of seven directors, nine journalists, two employees and family members of those targeted individuals. Dunn authorized the investigation and received regular updates, although she said she didn't realize HP's investigators were going to such extremes."

The San Jose Mercury News (9/23, Carey, Poletti) reports, "Dunn issued a statement saying she was resigning 'in the best interests' of HP and blaming the fiasco on the investigators the company used, saying she didn't select them. She said she ``followed the proper processes'' but that the investigators 'let me and the company down.' … Hurd said HP has appointed former federal prosecutor Bart M. Schwartz to perform an independent review of the company's investigative methods and make recommendations."

US Drops Charge Against Former NYSE Trader. The Wall Street Journal (9/23, Lucchetti, Davies) reports, "In the latest setback in the New York Stock Exchange trading-abuses case, prosecutors dropped a securities-fraud charge against a former NYSE floor trader who worked for a Bear Stearns Cos. unit." The Journal continues, "Kevin M. Fee, 38, was indicted in April 2005 and scheduled to go to trial next month. But the U.S. attorney in Manhattan, Michael Garcia, decided not to proceed with the case, 'based on a review of the evidence' and 'information pertaining to this defendant subsequent to the filing of the indictment,' according to a federal court filing Friday." The Journal adds, "The U.S. attorney's office has been prosecuting 15 former NYSE elite traders known as specialists. In the past two months, juries found two former specialists not guilty of securities fraud. Earlier, the government secured guilty pleas from two specialists and convinced juries to find two others guilty of a securities-fraud count."

Victims Of Enron Fraud Given Chance To Speak At Fastow Sentencing. The AP (9/23, Lozano) reports, "The court of public opinion will have one more chance to pass judgment on former Enron Corp. chief financial officer Andrew Fastow, whose complex schemes helped lead to the company's downfall." The AP continues, "Fastow was set to be sentenced on Tuesday to 10 years in prison, under an agreement he made with prosecutors leading up to his 2004 guilty plea. Fastow's cooperation and testimony helped pave the way for the convictions of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling." The AP adds, "The drama Tuesday is expected not to come from the handing down of Fastow's sentence but from ex-Enron workers and others hurt by the company's financial collapse who will be given the chance to speak at the court hearing. … Under a two-year-old federal law that enhances the rights of victims of federal crimes, Hoyt is allowing Enron's victims to speak about how the company's financial implosion hurt them. … Fastow was originally indicted on 98 counts of fraud, conspiracy, insider trading, money laundering and others. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. As part of the agreement, he surrendered nearly $30 million in cash and property."

CRIMINAL LAW:

Libby Plans To Testify In His Own Defense. The AP (9/23, Apuzzo) reports I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, "plans to take the stand at his upcoming trial to tell jurors that he never lied to investigators in the CIA leak case, defense attorneys said Friday." Libby "plans to testify about President Bush's daily terrorism briefings and other classified information to persuade jurors that he had more important things on his mind at the time and didn't remember his discussions with reporters, attorneys said in court papers filed Friday evening."

Rodriguez Sentenced To Death For Sjodin Murder. The AP (9/23, Kolpack) reports, "Jurors on Friday sentenced a convicted sex offender to death for kidnapping and killing University of North Dakota student Dru Sjodin, whose body was found in a Minnesota ravine nearly five months after she disappeared. … It was North Dakota's first death penalty case in more than a century. The state does not have the death penalty but it is allowed in federal cases." The AP continues, "Alfonso Rodriguez Jr., 53, of Crookston, Minnesota, looked straight ahead and showed no emotion as the sentence was announced. … The jury reached its decision after more than a day and a half of deliberations. The same federal jury convicted Rodriguez on Aug. 30 on a charge of kidnapping resulting in Sjodin's death."

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The St. Paul Pioneer-Press (9/23, Nicholson) reports, "The foreman of the jury that handed down North Dakota's first death sentence in nearly 100 years says it came down to three votes and a question of punishment for a horrific crime. … 'As a Christian person I didn't know if I could agree to the death penalty,' said Terry Heuer, 51, of Leonard, the foreman of the jury that sentenced Alfonso Rodriguez Jr. to death for killing University of North Dakota student Dru Sjodin. … 'But it came down to, "Was life in prison really a punishment for this particular case?"' Heuer said Sunday." The Pioneer-Press adds, "Rodriguez, 53, of Crookston, Minn., was found guilty late last month in federal court in Fargo of a charge of kidnapping resulting in the death of Sjodin, 22, of Pequot Lakes, Minn. She disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed. … Evidence including the knife Rodriguez used to cut Sjodin's throat and the rope that bound her arms were present in the jury room. Heuer, his voice wavering, said Sunday that those images and the memories of the trial - and the ultimate decision - will stay with him." The Pioneer-Press adds, "The death penalty sentence on Friday came after six weeks of testimony in three separate phases of the trial. The jury of seven women and five men had to determine whether Rodriguez was guilty, whether he was eligible for the death penalty, and whether he should get that punishment. They answered yes all three times."

Virginia Man Sentenced To 40 Years For 1994 Slaying. The Washington Post (9/23, B2, Jackman) reports, "A Fairfax County man who admitted stabbing another man 64 times, then tried to minimize his involvement before his sentencing, was given the maximum 40-year term yesterday for second-degree murder." The Post continues, "The slaying of Marvin Greenwell, 55, occurred in a Huntington area apartment in May 1994. For years, police had few leads in the case. But after a Fairfax cold case detective resubmitted DNA evidence from Greenwell's apartment, the state's DNA databank discovered a suspect last year: Leslie E. Carver, now 45, who had committed a series of armed robberies shortly after the Greenwell murder, in the same area." The Post adds, "While detectives were investigating Carver, he was picked up by Prince William County police in June last year on charges of drug possession. In several tape-recorded conversations from the Prince William jail, according to court records, Carver made some fairly explicit admissions. … 'I killed somebody in 1994,' he told his mother. 'I have to live with that every day of my life, Mom, every day, you know.'" The Post notes, "When Fairfax detectives went to talk to him, Carver denied killing Greenwell. But faced with the prospect of a first-degree murder trial, and the combination of the DNA evidence and phone transcripts, Carver pleaded guilty in July to second-degree murder. … After every felony guilty plea in Fairfax, an officer from the state probation and parole agency conducts an interview to get the defendant's personal history and version of the crime as part of a report to the judge before a sentencing hearing. Fairfax Assistant Commonwealth's Attorney Marc J. Birnbaum said Carver told the probation officer that 'he doesn't accept responsibility. He comes up with this other person involved who really killed' Greenwell."

Wisconsin Official Sentenced To 18 Months In Prison For Contract Fraud. The Milwaukee Journal Sentinel (9/23, Barton) reported, "In a case that has played a role in a combative campaign season, former state Department of Administration supervisor Georgia Thompson was sentenced Friday to 18 months in prison for steering a state travel contract to a company whose top executives made $20,000 in campaign donations to Gov. Jim Doyle. A jury found that Adelman Travel would not have won a $750,000 state contract if Georgia Thompson…had not manipulated the selection process." The Journal Sentinel noted, "During Thompson's sentencing hearing in federal court in Milwaukee, the judge and attorneys for both sides acknowledged the case's political overtones and lamented a recent surge in public corruption cases across the state. In the hours after the hearing, Democratic and Republican party operatives blasted each other in dueling news releases."

FBI Conducting Wide-Ranging Corruption Probe In Oakland. The Oakland Tribune (9/22, MacDonald) reported, "The arrest of a man with close ties to several city officials is just a small part of a wide-ranging investigation by federal authorities into public corruption at Oakland City Hall, FBI officials said Thursday. The probe is focusing on whether 'City Official A' — identified as Council President Ignacio De La Fuente — or other city officials granted contracts in return for favors, said FBI spokeswoman LaRae Quy. … 'We will go where the investigation takes us,' Quy said." The Tribune noted, "Several city officials interviewed by the FBI said the questions focused on 10 to 15 city contracts and appeared to be part of an intense investigation into De La Fuente," but "despite the wide range of topics brought up by the FBI, several people who were interviewed said the investigation felt focused on elected officials and not at all like a fishing expedition."

Citing FBI Backlog, DC Seeks $94 Million To Build Crime Lab. The Washington Times (9/23, Doolittle) reported that on Friday, "D.C. officials…asked for more than $94 million in federal funds over the next three years to establish a state-of-the-art crime laboratory in the

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District. … 'To support our crime-fighting efforts, the District needs its own dedicated crime laboratory,' Metropolitan Police Chief Charles H. Ramsey testified…before the House Committee on Government Reform." The Times noted, "The District has a backlog of DNA evidence waiting to be processed on more than 1,500 sexual assault cases and a violent crimes backlog expected to grow 100 to 200 cases per year, officials said. Evidence processing at the FBI lab is sluggish because federal cases are given priority. … 'Since September 11 the mission of the FBI Laboratory has focused primarily upon providing forensic services to support counter-terrorism,' said Joseph A. DiZinno, director of the FBI laboratory. 'The support to [Metropolitan Police Department] investigations can continue, but not at the priority level previously received.'"

WPost Promotes Shield Law For Journalists. The Washington Post (9/23, A18, 748K), in an editorial, notes that unless a federal appeals court "steps in, two reporters for the San Francisco Chronicle will head to jail for as long as 18 months. Lance Williams and Mark Fainaru-Wada broke an important story: the grand jury testimony of baseball superstars, including Barry Bonds, concerning the steroid-dealing BALCO lab and their use of its products. They have properly refused to identify their sources, despite a subpoena from federal authorities. And as has become distressingly common in investigations and lawsuits around the country, the journalists are facing jail time for doing their jobs. … Congress has legislation pending that would give journalists a limited privilege, but the Senate Judiciary Committee has yet to act on it." The Post concludes, "How many more reporters are going to get locked up before Congress passes this modest reform?"

CIVIL RIGHTS:

Texas Voting Fraud Law Faces Legal Challenge. The New York Times (9/23, Blumenthal) reports, "In the latest of the nation's skirmishes over voting rights, Texas Democrats have sued two top Republican state officials over an antifraud law that the suit says is being used to intimidate minority voters casting ballots by mail." The Times continues, "The action, filed Thursday in federal court in Marshall, challenges both the constitutionality of the law and the way it is being enforced. It contends that Attorney General Greg Abbott and Secretary of State Roger Williams are exaggerating the threat of election fraud and selectively applying the statute, enacted in 2003, so that they can 'suppress voting by disfavored groups' that generally support Democrats. … The law makes it a crime in certain cases to carry someone else's filled-out ballot to the mailbox, to possess another person's blank ballot or to provide absentee ballot assistance to anyone who has not asked for it." The Times adds, "One plaintiff, Gloria Meeks, a 69-year-old Fort Worth woman who said she was being investigated for helping elderly and disabled voters cast ballots, provided a sworn statement saying two state investigators "peeped into my bathroom window not once but twice while I was in my bathroom drying off from my bath." … A statement issued by Mr. Abbott's office did not address that accusation directly but said the investigators had acted professionally, and added, 'It is not uncommon for the target of a criminal investigation to make baseless allegations against law enforcement in order to deflect attention from the serious criminal allegations they face.'"

California Golf Club Sued For Gender Bias. The New York Times (9/23, Steinhauer) reports, "In truth, the naked women discharging cocktails at the famed Lakeside Golf Club (in Burbank, CA) were not what rankled Jennifer Merkel, though she certainly found them less than charming. … It was her tee time — chosen by the club and consistently at a far less convenient hour than her husband's — that got her steamed. There was also the accusation that the highest level of memberships was reserved for men, and that all the club's board members were male and that as a woman she could not enter the Grillroom or the Gin Room. … So Ms. Merkel sued, causing more than a small hoo-ha at Lakeside, the exclusive club here where Bob Hope, Bing Crosby, W. C. Fields, Gene Autry and John Wayne all hit the links, and drawing unwanted attention to the often exclusionary policies of private clubs." The Times adds, "The lawsuit, which Ms. Merkel filed with her husband, Reginald Lee, accuses the club of sex discrimination and of violating a host of state civil rights laws, including one that protects gay domestic partners because club rules allow family membership privileges only to people married to someone 'of the opposite sex.' … Ms. Merkel charges that as a woman she is not allowed to play at Lakeside on Saturdays or become a lifetime member of the club, and that she is relegated to "special membership" status, and thereby not allowed to serve on the club's board or hold equity in the club." The Times notes, "Discrimination complaints against golf clubs by women are not new — the most famous were those against the Augusta National Golf Club in Georgia, which is host to the Masters Tournament and which has no female members — but they rarely result in lawsuits, because private golf clubs generally have great latitude over who is allowed join and how memberships are structured. The National Council of Women's Organizations has led a protest against the Augusta club because it will not allow women to be members."

SSA, EEOC Caution DHS Regarding Citizenship Verification Rules. McClatchy (9/23, Taylor, Hall) reports DHS "isn't waiting for Congress to

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require employers to verify they're hiring legal immigrants. It's preparing new rules that would compel companies to take swift action when they receive notice that a worker may be using fake documents, even as another federal agency warns that the proposed rule would be an invitation to discrimination lawsuits." DHS "is moving ahead on regulations - expected by the end of the year - that would require employers to ascertain quickly an employee's immigration status if the Social Security Administration sends back a notice saying it found no match between an employee's name and his or her Social Security number. That directive comes despite the fact that Social Security's current 'no-match' letter warns employers that taking adverse action against their employees could 'violate state or federal law and subject you to legal consequences.' Last month, the federal Equal Employment Opportunity Commission (EEOC), which oversees workplace discrimination cases, wrote to Homeland Security warning that its proposed rule 'may create circumstances in which employers have incentives to take actions that violate…non-discriminatory provisions.'"

Norwood Offers Conditional Apology To Hispanic Group. The AP (9/23, Evans) reports Rep. Charlie Norwood "says he'll apologize to" the National Council of La Raza – "a national Latino advocacy group he accused of supporting racism and illegal immigration if the organization agrees to a list of conditions." Norwood called the group "radical," "anti-American" and said it "supports racist groups calling for the secession of the western United States as a Hispanic-only homeland." According to the AP, NCLR, which "regularly testifies before Congress and is a leading Hispanic advocacy organization, emphatically denies those characterizations. … In offering a conditional apology, Norwood asked NCLR to sever all ties with a leftist student group and its 'racist doctrines,' to repudiate all claims that any American territory belongs to Mexico, and to seek outside supervision to ensure that NCLR-sponsored programs do not discriminate."

ANTITRUST:

FCC Expected To Place Conditions On AT& T BellSouth Deal. The Wall Street Journal (9/23, Schatz, 2.03M) reports that the "Federal Communications Commission staff recommended approving AT&T Inc.'s $67 billion purchase of BellSouth Corp. with no conditions, agency sources said Friday." Although "the FCC staff and Chairman Kevin Martin are advocating no conditions, it is highly unlikely the deal will clear the commission without restrictions. The FCC's newest commissioner, Republican Robert McDowell, is not expected to vote on the matter because of his previous career as a lobbyist and telecom attorney for smaller phone companies, FCC officials said. Those companies are opposing the deal." If McDowel doesn't vote the "two Democrats, who are expected to press for conditions similar to those imposed last year when the commission approved the purchase of AT&T by SBC Communications Inc. and Verizon Communications Inc.'s purchase of MCI Inc. Those conditions involved treatment of Internet traffic." In addition, "to avoid imposing similar conditions this time that would affect only AT&T, the FCC is also set to open a formal inquiry into whether industrywide rules need to be written that would require Internet providers -- including phone companies -- to treat all Internet traffic equally, otherwise known as net neutrality."

Bloomberg (9/23, Peterson) reports, "Martin has asked other commissioners to approve the purchase without conditions, said the people, who asked not to be identified because the decision hasn't been made. Martin circulated a draft order last night and the FCC may vote Oct. 12, the people said today. … The draft is a starting point for talks and may not mean the deal will sail through without conditions. The newest FCC member, Republican Robert McDowell, a former lobbyist, may be barred from voting, leaving the panel split between Republicans and Democrats. In addition, Sprint Nextel Corp. and Global Crossing Ltd. want the agency to force AT&T, the largest U.S. phone company, to allow equal access to its high-speed networks." Bloomberg adds, "A U.S. judge is examining the Justice Department's October 2005 approval of SBC's $16 billion purchase of AT&T Corp., which formed AT&T Inc., and Verizon's $8.44 billion MCI acquisition. Terms of the approval, which required the companies to divest some fiber-optic lines to buildings serving large businesses, were subject to court review."

Concerns Raised About Proposed Smithfield-Premium Deal. The Virginian-Pilot (9/23, Mcwilliams) reports, "A coalition of farmers and Midwest senators is protesting Smithfield Foods Inc.'s bid to buy its top pork-producing rival, even as the U.S. Justice Department's antitrust division has begun investigating." The V-P continues, "Smithfield's planned $810 million acquisition of Premium Standard Farms Inc., the nation's sixth-largest pork processor, would further extend the Smithfield-based company's reach in the meat industry. … 'I cannot fathom how Smithfield, which is the largest and fastest growing integrator, can continue to be allowed to purchase hog operations across the country,' said Sen. Charles Grassley, R-Iowa, in a statement this week. 'Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming.'" The V-P adds, "A Justice Department spokeswoman said there was no timeline for completing the antitrust investigation. … The Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights will hold hearings on the deal in the near

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future, said its chairman, Sen. Mike DeWine, R-Ohio. … 'This merger takes place in an industry already witnessing the decline of independent family farmers, and rapid consolidation in meat production and packing,' DeWine said in a statement. 'If this merger goes through, farmers will have even fewer choices for selling their hogs, and consumers will certainly be affected.'"

Friction Over Wright Amendment Continues. The Dallas Morning News (9/23, Reddy) reports, "Supporters of the Wright agreement called them 'the four little words.' … Tucked into legislation to repeal the Wright amendment, the words – intended to exempt the deal from antitrust laws – nearly cratered the compromise to lift restrictions on long-haul flights at Dallas Love Field." The News continues, "The language was removed from legislation in the U.S. Senate this week, keeping the Wright fight alive as the clock ticks down on the congressional session. … But the battle is far from over. … Even if the legislation clears Congress next week, the Wright-repeal movement is expected to hit more rocky terrain in a court fight treading over many of the same issues." The News adds, "The debate over the antitrust language this summer came to represent almost every facet of the decades-long dispute – how to bring airline competition to North Texas, whether Congress should involve itself with the in-city airport, why the effort to repeal a contentious 1979 law needed even more contentious legislation. … Lawmakers from North Texas say their efforts, fighting some of their most powerful colleagues on Capitol Hill, were merely intended as protection to help ensure their Wright legislation survived once it passed. .. . The need for an antitrust exemption wasn't expressed in the June agreement among the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport. … The five parties designed their agreement for protection from one another, and penalties were devised if any of the signatories chose to renege on their commitments. … But when the deal moved to Washington in the form of legislation weeks later, the four-word antitrust protection was built in to help protect the five parties from outsiders: The bill deemed that the compromise complied with the U.S. transportation code 'and any competition laws.'"

Clear Competition Rules Urged. In an op-ed in the Wall Street Journal (9/23), Ron Cass, president of Cass & Associates PC, chairman of the Center for the Rule of Law, and dean emeritus of Boston University School of Law, writes, "Intel executives, coming up on a pre-trial conference in a case that could decide their company's fate, should be looking with envy and admiration at Tiger Woods, and wondering how to make their business more like his." Cass continues, "If golf followed the same path as other businesses, Tiger could expect to face a lawsuit contending that his dominance of professional golf is based on unfair competition. And in fact, a few years back Sergio Garcia whined that Tiger got better practice times, favorable treatment around the course, more protection against distracting fans -- little things that could, Mr. Garcia intimated, explain Tiger's edge. Sportswriters responded swiftly, deriding Mr. Garcia for looking to blame others for his being outcompeted. They understood that sports contests belong on the field, not in the media or the courts. .. . The same should be true of business. Market-based economies thrive on competition. The competitive economy doesn't yield an infinite number of equally successful firms producing indistinguishable products, but lets winners and losers emerge from marketplace competition. The (inevitably) temporary dominance of one product or one firm spurs others to compete harder. Today, however, many businesses -- especially American ones -- find it easier to restrain a dominant competitor through the courts than to beat it in the market." Cass concludes, "Clear, simple rules and predictable outcomes advance the rule of law; antitrust statutes focused on clear abuses facilitate competition. But vague rules limiting business practices of successful firms are as useful to market competition as having golf officials second-guess which clubs Tiger Woods can use for particular shots. Letting him compete as aggressively as he can is far better for the game."

NYTimes Opposes Pork Producers' Merger. The New York Times (9/23, 1.21M) editorializes, "Any American history of pork — the meat, that is — shows a steady concentration of more and more hogs in the hands of fewer and fewer producers. ... It's good for the bottom line of the big industrial players, but bad for farmers, hogs, the environment and, ultimately, consumers. That history took another step in the wrong direction when Smithfield Foods — the biggest pork packer — agreed to buy the second biggest pork packer, Premium Standard Farms. This is a deal that deserves to be closely examined by antitrust regulators. It would mean fewer markets for farmers and fewer choices for consumers."

ENVIRONMENT:

Interior Offers To Allow Further Review Of Alaska Oil Leases. The AP (9/23, Hebert) reports the Interior Department "is willing to temporarily abandon the sale of oil leases in an environmentally sensitive area surrounding Lake Teshekpuk on Alaska's North Slope. In papers filed in federal court in Anchorage, the department asks the court to give the go-ahead to a broader lease sale next week, while the contentious leases in the lake area undergo further environmental review. U.S. District Judge James Singleton

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on Sept. 7 blocked the proposed sale of leases in the northeast area of the National Petroleum Reserve Alaska, saying the Bureau of Land Management had not adequately assessed the cumulative environmental impact of the sales including those on about 400,000 acres north and east of Lake Teshekpuk."

Florida Concedes Federal Oversight Of Everglades Cleanup. The Palm Beach Post (FL) (9/23, King) reports, "Gov. Jeb Bush's administration is abandoning its efforts to end federal court oversight of the state's $1.1 billion Everglades cleanup, a legal maneuver that had drawn fierce criticism from environmental groups, the Miccosukee Indians and members of Congress." The Post continues, "In a letter made public Friday, the state Department of Environmental Protection said it is ending more than a year of talks with the U.S. Justice Department because of doubts that the federal government will pay its full share of a crucial water-restoration project near Everglades National Park. .. . But one critic said the state seems to be grasping for an excuse to drop a request that was unlikely to succeed anyway. … 'They're obviously just looking for a cover,' said tribal attorney Dexter Lehtinen, who learned of the state's about-face earlier this week. 'It's good news....It's better to win without having to fight the battle.'" The Post adds, "The cleanup grew out of a lawsuit the federal government filed in 1988. Much the cleanup is still covered by a 1992 court order overseen by U.S. District Judge Federico Moreno, who last year declared that the state has violated some of its promises. That ruling spurred the state to begin talks with federal agencies to change or end the court order, according to the DEP's letter. The negotiations have included meetings in Washington between the governor and appointees of his brother, President Bush, The Palm Beach Post reported in February."

Sen. Durbin Says E. Coli Outbreak Could Have Been Prevented. ABC World News (9/22, story 6, 2:35, Gibson) reported that the nationwide outbreak of E. Coli bacteria may be responsible for two more deaths." Senator Richard Durbin said today, "we can get this right. We did it with Homeland Security." ABC added that this has placed "the FDA in the position, now, of having to certify that all the growers are safe before they go back into production. And the growers are pressuring to do it quickly. The spinach scare is likely to end not with an answer to how it happened, but with assurances that it's over. And contaminated produce will not go to the market again."

The New York Times (9/23, Times, 1.21M) reports "the number of people who have become sick with E. coli after eating fresh spinach continued to increase yesterday as federal officials narrowed their investigation and reminded consumers that spinach grown outside three California counties was safe to eat.." According to "David Acheson, the chief medical officer at the Center for Food Safety and Applied Nutrition at the F.D.A., emphasized that spinach grown outside the three California counties linked to the outbreak was safe to eat, though he did not say when bags of fresh spinach would be back on grocery shelves." It is Acheson's belief that Spinach Grown outside the effected areas in California are safe for the public to consume. The Los Angeles Times (9/23, Covarrubias, Pierson, 918K) reports similar details.

Food Safety Advocate Blames Government Cuts For Unsafe Food. Food safety advocate Nancy Donnelly in an interview on CBS Evening News (9/22, story 9, 2:00, Couric, 7.66M) blamed Federal funding cuts for lack of food safety inspectors. Donnelly said, "The Centers for Disease Control and Prevention estimates that every year 5,000 people die, and 76 million become sick from contaminated food. Our children are particularly at risk. These statistics show the need for stronger regulations and better inspection to keep unsafe food off our tables. Unfortunately the opposite is happening. For years, Congress has cut funds that affect food safety. As a result, there are not nearly enough inspectors to cover all of the processing plants. So inspectors spend less and less time in each plant because they spend more and more time in their cars traveling between the plants."

3 Children In Maryland Sick From E. Coli From Tainted Spinach. The Washington Post (9/23, A1, Shin, Otto, 748K) reports that three Maryland victims of the E. Coli outbreak "are children, all of whom are recovering, Michelle A. Gourdine, an official of the Maryland Department of Health and Mental Hygiene, said yesterday. Gourdine would not identify the children or say where they live, citing confidentiality concerns. Virginia reported a second case of E. coli yesterday, but state health officials there declined to provide further details." As of today F.D.A teams "have collected have collected 188 samples of water, soil, spinach and bird droppings, and swabs from processing plants in their attempt to find the source of the contamination."

FBI/DEA/ATF/USMS:

Tabman Temporarily Reassigned Over Clash With Samit. The Minneapolis Star Tribune (9/23, Gordon, Chanen) reported, "The head of the Minneapolis FBI office, Michael Tabman, has been reassigned temporarily because of an accusation that he punished a star agent in the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui, a government source said Friday. Minneapolis FBI agent Harry Samit, who accused headquarters supervisors of 'criminal negligence' in their handling of the Moussaoui case, is

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charging that Tabman reassigned him because he pressed to speak at a public forum, the source said. The FBI, in a terse statement that made no mention of Samit, acknowledged Tabman's reassignment 'to avoid any appearance of a conflict of interest.'" The Star Tribune noted, "The source said that Samit and Tabman apparently argued about who would speak at a national security forum on the Moussaoui case at the William Mitchell College of Law on Sept. 12. … Shortly after the argument, the source said, Samit was reassigned from the counterterrorism unit.

The AP (9/23) noted, "Minneapolis FBI spokesman Paul McCabe wouldn't provide details of the investigation or who it involves. He said the FBI has sent an inspector to the Minneapolis office to determine the facts." McCabe said, "It is important to note that until the internal inquiry is complete, no conclusions can or should be made." The St. Paul Pioneer Press (9/23) also reported on Tabman's reassignment in "Briefing: Minneapolis."

Judge Sets Bail Terms For Two Boston Police Officers. The Boston Globe (9/23, Murphy) reported Boston police officers Carlos Pizarro and Nelson Carrasquillo, "charged with conspiring to traffic cocaine and heroin, in one of the department's biggest corruption cases," were granted bail on Friday, but will face severe restrictions. Their homes "will be searched for weapons before the two are released, on Monday at the earliest. Their home telephones will be monitored, and the officers will be fitted with electronic bracelets that will trigger an alarm if they stray outside. The court must approve all visitors before they come. 'I don't want any witness to run any risk,' said US District Judge William G. Young, who ordered the restrictions after prosecutors argued that Pizarro and Carrasquillo might try to recruit others -- possibly via the Internet or on disposable cellphones -- to intimidate or harm the government's key witness or his family."

Alleged Drug Cartel Figures Near Plea Deals. The AP (9/23, Anderson) reports, "The two brothers accused of running Colombia's Cali cocaine cartel are nearing an agreement with U.S. prosecutors to plead guilty in exchange for guarantees that some relatives won't face charges and will be allowed to keep some assets not linked to drug trafficking, The Associated Press has learned." The AP continues, "Gilberto and Miguel Rodriguez Orejuela would likely spend the rest of their lives in U.S. prison under the tentative deal, according to federal law enforcement officials and lawyers familiar with the negotiations. They spoke on condition of anonymity because the agreement was not finalized Friday. .. .The pleas would cap a massive 15-year U.S. investigation into the Cali cartel, which made more than $2 billion in profits by smuggling some 250 tons of cocaine into the United States since the 1970s. More than 100 other members of the cartel have been convicted since 1991 and the U.S. government has sought forfeiture of $2 billion in drug proceeds from the brothers." The AP adds, "The guilty pleas by the brothers and release of the final agreement could come as early as Tuesday, the officials and lawyers said. As of Friday afternoon, U.S. District Judge Federico Moreno had not scheduled a change of plea hearing, according to his office."

McClatchy Newspapers (9/23, Blum) reports, "The agreement, expected to be finalized as soon as next week, does not require the accused drug kingpins to cooperate with the government in other drug cases, he said. … But the settlement is no sweetheart deal for the brothers. The tentative agreement calls for a 30-year sentence, meaning the men are likely to spend the rest of their lives in prison. In addition, they would give up billions of dollars worth of assets, said individuals close to the case who wished to remain anonymous."

Report Faults FDA's Process For Approving New Drugs. ABC opened its broadcast last night with a report on the FDA's safety standards. NBC also aired an extensive report on the subject as its second segment, while CBS only briefly mentioned the topic. CBS Evening News (9/22, story 4, 0:20, Couric, 7.66M) reported, "Experts at the Institute of Medicine warn that federal regulators still don't have the money or manpower to track the safety of new drugs, especially after they have been approved. They say the FDA needs to review new drugs after five years, issue new warning labels and restrict advertising when drugs first come on the market." ABC World News (9/22, lead story, 3:10, Gibson) reported, "there are troubling questions about how well the FDA is doing its job. A scathing, new report a highly-respected group of scientists says the agency is rushing drugs to market. And then failing to follow up on their safety. Bottom line, they say the agency is dysfunctional and cannot ensure the safety of many new drugs." ABC added, "This report says the credibility of the FDA has become seriously diminished it recommends wholesale changes to be sure the agency can police new drugs once they are on the market. … The report found the FDA is 'severely underfunded' -- it needs more money and more authority, authority to force pharmaceutical companies to address any safety problems after a drug is approved." ABC noted other "key recommendations -- that new drugs carry a warning, such as a black triangle for two years. And that during that time, marketing to consumers be banned. And the FDA review a drug's risks and benefits five years of approval. That's something the agency has never done."

NBC Nightly News (9/22, story 2, 2:20, Williams, 9.87M) reported that Dr. Steven Golson, head of the FDA's Center for Drug Evaluation and Research "strongly

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disagrees." Dr. Steven Golson: "We have a very, very robust drug safety evaluation system. We are improving it and look forward to working with these recommendations to see how to continue to improve the system."

The New York Times (9/23, Harris, 1.21M), in a front-page story, reports, "The report by the Institute of Medicine, part of the National Academy of Sciences, is likely to intensify a debate about the safety of the nation's drug supply and the adequacy of the government's oversight. The debate heated up in September 2004 when Merck withdrew its popular arthritis drug Vioxx after studies showed that it doubled the risks of heart attacks. Several senators have already proposed significant changes, some of which the report seems to endorse. The report's conclusions are often damning. It describes the Food and Drug Administration as rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations." The Times notes that in a telephone conference with reporters "top F.D.A. officials struck an awkward balance between thanking the institute for its work and defending their own leadership. … 'While considerable work has been done over the past two years to improve our approach to drug safety, work still needs to be done,' said Dr. Andrew C. von Eschenbach, the acting commissioner of the agency and the nominee for commissioner."

Grassley Blasts FDA Officials' "Damage Control" Effort. The Washington Post (9/23, A1, Vedantam, 748K), which also runs a front-page story on the report, adds, "The committee also took aim at FDA management, citing a history of intra-agency squabbling and conflicts of interest on the expert advisory panels appointed by the agency to review the scientific data on proposed new drugs and devices. A substantial majority of advisory panel members should have no ties to industry, it said. … To reduce turnover and political interference, the institute said, the FDA commissioner should be appointed to a fixed six-year term." According to the Post, "Agency officials said they will take the report seriously but added that changes implemented over the past year meant that the report is somewhat out of date." Sen. Charles E. Grassley," who has led a number of investigations into the workings of the FDA in recent years, said the agency's reaction to a report it had commissioned speaks volumes. 'The FDA appears to be focused on damage control rather than addressing its core problems,' Grassley said in a statement."

The Wall Street Journal (9/23, Mathews, 2.03M) reports, "The findings could have a major impact on how the FDA handles drug safety. The legislation that gives the agency authority to collect user fees from the pharmaceutical industry must be renewed next year, and Congress is likely to use the opportunity to debate changes in the FDA system for ensuring the safety of medicines. The senators who lead the committee that oversees the FDA -- Sen. Michael Enzi, a Wyoming Republican, and Sen. Edward Kennedy, a Massachusetts Democrat -- already have introduced a drug-safety bill. So has…Grassley." The Financial Times (9/23, Bowe) also covers the FDA report.

Indiana Man Arrested For Bomb-Making Ingredients, But FBI Rules Out Terrorism. The Indianapolis Star (9/23, Ryckaert) reported Joseph Bagley of Indianapolis "has been arrested after officers found bomb-making ingredients, al-Qaida literature and gas masks in his apartment, police said Friday. Federal counterterrorism experts assisted in the investigation, FBI agent Wendy Osborne said, but the case was left to local authorities to investigate. 'We have no reason to believe that he is a terrorism threat,' Osborne said." The Star noted, "Managers at the Lakeside Pointe at Nora apartments tipped off police after a carpet-cleaning service person reported that Bagley's apartment 'looked like a terrorist cell,' according to the police report."

IMMIGRATION:

Michigan Man Faces Deportation After Lying About WWII Actions. The Detroit News (9/23, Egan) reports, "An 85-year-old Troy man who was an officer in a Nazi-sponsored police force in Ukraine during World War II admitted Friday he lied about what he did during the war when he applied to immigrate to the United States in 1949." The News continues, "The U.S. government wants to strip John (Ivan) Kalymon of his U.S. citizenship and deport him, alleging he shot at Jews the Ukrainian Auxiliary Police were rounding up in 1942, killing at least one person and wounding at least one other." The News adds, "Kalymon, a retired Chrysler worker, admits he was on the police force but denies rounding up Jewish people or firing a shot. … His son, Alexander, also of Troy, says John Kalymon has dementia and prostate cancer and no family in Ukraine. He and his family will be devastated if he has to leave his home of nearly 60 years, the son said. … John Kalymon's denaturalization hearing in Detroit before U.S. District Judge Marianne Battani is expected to wrap up next week."

McClatchy (9/23, Ashenfelter) reports, "During 3 1/2 hours of testimony in a trial in U.S. District Court in Detroit to strip him of his U.S. citizenship, John (Ivan) Kalymon, 85, of Troy admitted he was in the Ukrainian Auxiliary Police, a unit that a government witness testified was heavily involved in rounding up Jews in and around L'viv, where Kalymon was based in the early 1940s, for deportation to work camps and extermination centers. L'viv now is in Ukraine. … Kalymon insisted that he never participated in and wasn't aware of such activities. … But under questioning by William Kenety V of the Justice Department's Office of Special Investigations,

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Kalymon admitted that he failed to disclose his two-year involvement in the Ukrainian police when he came to the United States in 1949. He became a U.S. citizen in 1955."

TAX:

IRS Investigating 2004 Activities Of Left-Wing Church. ABC World News (9/22, story 8, 2:25, Gibson) reported, "Polls indicate that Americans overwhelmingly believe that clergy should never discuss political candidates or issues from the pulpit. Now, the IRS is engaged in a dispute with a church in California, that it feels may have crossed that line. But church officials contend that politics may be behind the IRS' crackdown on politics." According to ABC, "The church is refusing to cooperate with the IRS investigation into a speech delivered by a guest pastor two days before the last Presidential election. In the sermon, the pastor said -- tax law specifically outlaws says churches can use their tax-exempt status. If they are opposing or endorsing candidates. Pastor George Regas says he didn't cross that line." ABC added, "Many in the 3,500 member congregation smell political interference. … The IRS says it investigates more conservative churches than liberal ones. Conservative Christians from all around the country have been defending the All-Saints Episcopal Church."

The AP (9/23, Flaccus) reports, "The church's action sets up a high-profile confrontation between the church and the IRS, which now must decide whether to ask for a hearing before a judge, who would then decide on the validity of the agency's demands." The AP adds, "Religious leaders on the right and left have expressed fear that the dispute could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign."

CONGRESS-ADMINISTRATION:

"Reading First" Audit Finds Mismanagement, Conflicts Of Interest. NBC Nightly News (9/22, story 9, 0:40, Williams, 9.87M) reported, "Tonight a Bush Administration audit is finding fault with one of the Bush Administration's favorite programs, it's a review of a reading program for elementary school students. It comes to some scathing conclusions. The program known as Reading First is mismanaged, the auditors say and full of conflicts of interest -- review panels stacked with people who are too close or too quick to agree with the program's director, and big money contracts steered to favorite publishers."

Status Of Reading First's Director Disputed. The New York Times (9/23, Dillon, 1.21M) reports, "In a searing report that concludes the first in a series of investigations into complaints of political favoritism in…Reading First, the report said officials improperly selected the members of review panels that awarded large grants to states, often failing to detect conflicts of interest. The money was used to buy reading textbooks and curriculum for public schools nationwide. The Times cites an e-mail from the former director of Reading First, Chris Doherty, who "urged staff members to make clear to one company that it was not favored at the department. 'They are trying to crash our party and we need to beat the [expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags,' Mr. Doherty wrote." The Times notes Doherty "recently resigned from the department." However, The AP (9/23, Feller), in a story that appears on page A2 of the Washington Post, reports Doherty "is resigning, department spokeswoman Katherine McLane said. Asked whether his quitting was in response to the report, she said only that Doherty is returning to the private sector after five years at the agency. Doherty declined to comment."

New York Students' NCLB Test Scores Show Little Progress. The New York Times (9/23, Herszenhorn, 1.21M) reports, "The share of students in New York State who are reading and writing at grade level drops sharply between the fifth and sixth grades and keeps declining through middle school, according to the first results of a new state testing system adopted to comply with the federal No Child Left Behind law's requirements for tracking year-to-year progress. The scores for the 2005-6 school year, which were released yesterday by the state education commissioner, Richard P. Mills, also showed an increase in the proportion of students in the state performing at the lowest level."

Commerce Department Has Lost More Than 1000 Computers In The Last Five Years. ABC World News (9/22, story 5, 2:15, Thomas) reported, "Over the last 5 years, 1 out of every 30 commerce department laptop computers has vanished. More than 1,000 computers. Lost, stolen, missing." Michael Vatis, former FBI official: "I think the number is simply breathtaking. It shows the utter lack of regard for security at agencies." ABC goes on to report, "Hundreds of the missing laptops were from the census bureau with personal information on up to 6,000 households. Names, dates of birth, addresses and, in some cases, social security numbers may be lost. The Commerce Department says the missing personal information is protected by passwords, encryption and other electronic barriers." David Sampson, deputy Secretary of Commerce: "We are aware of no instance where the data has been breached or abused." ABC added, "But experts in computer forensics believe the losses could lead to large-scale identity theft. … Members of congress called the losses outrageous." Rep Tom Davis: "I

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think when you get something of this magnitude you have to fire people."

CBS Evening News (9/22, story 6, 2:00, Couric, 7.66M) reported, "Well, you may want to pick up some aspirin, because here comes what could be another big headache. More than 1,000 laptops are somehow M.I.A. from the Federal government. No one knows if they're carrying around confidential information about you." CBS News "obtained records that show one computer after another just walked out the door after employees quit or were fired. That's right. Employees left with U.S. government computers, and many Americans' personal information. … Commerce officials say most of their data was encrypted." Deputy Secretary of Commerce David Sampson: "The vulnerability that any data has been actually breached or misused is low."

The AP (9/23, Ohlemacher) reports, "The Commerce Department, which oversees the Census Bureau, this week became the latest federal agency to acknowledge losing laptop computers containing sensitive information. Overall, the department has lost or had stolen 1,137 laptops since 2001 — the largest number of computers that any agency has publicly acknowledged losing." The AP notes, "At least eight other federal agencies have reported computers with sensitive information lost, stolen or illegally accessed in recent months. The biggest case was at the Department of Veterans Affairs, which had a computer containing the personal information of 26.5 million veterans and military personnel stolen. The computer was eventually recovered with no data accessed." According to the AP, "There is no evidence that any personal information from the Census Bureau's computers has been accessed or misused, said Ruth Cymber, the agency's director of communications. … Census officials do not know how many people had their personal information on the lost or stolen computers, Cymber said."

McClellan Defends Paying Private Insurers For Fee-For-Service Plans. The New York Times (9/22, Freudenheim, 1.21M) reports, "For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. … But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card. And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it." According to the Times, "The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation. Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands. … But the Bush administration's Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend 'is definitely not a "push to privatization,"' but simply a way to give people with Medicare more choices."

Treasury Reportedly Now "Flexible" Regarding GSE's Holdings. The Financial Times (9/23, Mackenzie) reports, "The treasury department under Hank Paulson is softening its long-held stance that mortgage giants Fannie Mae and Freddie Mac should face strict limits on their holdings of mortgages and securities. … The GSEs have scaled backed their presence in the mortgage market in the wake of accounting scandals in recent years, but together they still hold a portfolio of $1,400bn mortgage assets. The size of these portfolios and use of derivatives has been a hot topic with regulators and Congress, with officials at the treasury and Federal Reserve expressing concern about systemic risk to the financial system." However, "treasury officials now say they are willing to be more flexible. Randal Quarles, treasury undersecretary for domestic finance, told the Financial Times: 'It's important people understand we are open to working and engaging in an alternative approach in regulating the size of the portfolios.'"

FAA Contracting Mismanaging Funds Loosing Millions. The Washington Post (9/23, D1, Wilber, 748K) reports that "a Federal Aviation Administration contracting program, initially hailed as a way to make the agency more efficient, was so poorly managed that it cost the government millions of dollars in overruns, according to a government investigative report and legislators who reviewed its conclusions. The FAA has disbanded the program." This "program was designed to allow the FAA to obtain services faster and cheaper by using 142 approved vendors." However, many problems arose soon "after the program's inception in 2002 because contracts were supervised poorly, many were not put out for competitive bids and officials did not set proper labor rates, according to a report to be released Monday by the Transportation Department inspector general's office." According to Senator Charles Grassley, "who requested the investigation, said the program's problems cost the government tens of millions of dollars. 'It's just outrageous how the FAA was not looking out for the taxpayers' dollars," Grassley said in an interview. 'Three words would sum this up: absolutely no accountability.'"

NYTimes Claims Splitting Ninth Circuit Would Cost $100 Million. The New York Times (9/23, 1.21M), in an editorial, writes, "The Senate held hearings this week on a proposal to split the San Francisco-based United States Court of Appeals for the Ninth Circuit in two. The idea is being

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promoted as a way to reduce the court workload. … Its real aim is not efficiency, but a conservative, anti-environmental agenda." The Times adds, "While the bill does not solve any problem, it would create new ones while requiring, by the court system's estimate, nearly $100 million in start-up costs."

OTHER NEWS:

Stock Market Down On Concerns Economy Slowing. NBC Nightly News (9/22, story 5, 0:15, Williams, 9.87M) reported, "On Wall Street the Dow was off over 25 points [to close at 11,508.10]. NASDAQ was down almost 19 [to close at 2,218.93]. For the week the Dow lost more than 52 points and NASDAQ was down more than 16."

Bloomberg (9/23) reports, "U.S. stocks capped a losing week with a second straight day of declines on renewed concern that the economy is weakening and earnings growth will slow." Bloomberg adds, "After closing within a point of a five-year high, the S&P 500 lost almost 1 percent in the week's final two days. A report showed factory activity shrank in the Philadelphia area for the first time in three years, suggesting that a housing slump is weighing on other areas of the economy."

The Wall Street Journal (9/23, McKay, 2.03M) reports, "Most investment pros maintain that a gradually weakening economy, for now, is a good thing because it will keep the Federal Reserve from raising its interest-rate targets." Yet "a vocal minority maintains that, with the Fed already on hold, having left interest rates steady for its past two policy meetings, the time for that benign scenario to play out has already passed. In the bears' eyes, slower economic growth will lead to weaker corporate profits and reduced consumer spending. Lower gasoline prices will help, but that could be offset by reduced household wealth because of the recent housing slowdown, the bears say."

Auto Industry Fails To Benefit From Falling Gas Prices. The New York Times (9/23, Bunkley, 1.21M) reports, "Now that gas prices have fallen almost 50 cents in the last month, moving below $2 a gallon in some markets, will car shoppers once again start thinking of buying the S.U.V.'s and other big vehicles that have been Detroit's bread and butter for the last decade?" That is "wishful thinking, according to many dealers and auto executives." The Times notes, "The problem is consumers may have decided that higher gas prices are more the rule, and any drops they might see in coming months or years are the exception."

Target Matches Wal-Mart's Discount On Generic Prescription Drugs. ABC followed-up its lead story on the FDA with a lengthy report on Wal-Mart and Target's announcements that they will begin selling prescription drugs at discounted prices. CBS and NBC covered the retailer's moves, but in briefer, less prominent segments. ABC World News (9/22, story 2, 2:30, Gibson) reported, "a prescription drug price war has begun between the two largest retailers in the nation. Yesterday, as we reported, Wal-Mart said it would drop the price on more than 100 prescription drugs to as low as $4 for a month's supply. Today, Target said it would match those prices. Prescription drugs for $1 a week? That gets your attention. … Most of the drugs sell for $10 to $30 a month. While Target today announced it will match Wal-Mart's price cut. Walgreen's and CVS say they will not." ABC noted, "If this experiment works, Wal-Mart may force down the price of drugs, the way it has forced down the price of other products."

NBC Nightly News (9/22, story 3, Williams, 9.87M) reported, "There are some drugs they will give at this price but it's a long list of drugs they will not fill. We have to remember they don't do brand name prescriptions and for some people it might be cheaper to get it through the insurance. It is a price break. Other chains will follow suit but it's not all it's cracked up to be." CBS Evening News (9/22, story 5, 0:10, Couric, 7.66M) also reported on the "price war."

Boeing Plant May Get Reprieve. The Los Angeles Times (9/23, Pae, 918K) reports, "A congressional plan to add $2.1 billion to the defense budget to buy 10 more C-17 transport planes could help extend the life of the aircraft's production line in Long Beach beyond 2010, Boeing Co.'s top defense executive said. The funding could provide Boeing with a much-needed reprieve from having to shut the line sooner." The Pentagon had cited a 2005 analysis to justify ceasing C-187 orders; however, "Boeing and members of Congress have been calling for the Pentagon to conduct the study after criticism that its 2005 analysis of the military's air transport requirements may have been flawed." The GAO has also criticized that analysis. About 5,500 people work at the plant.

California Democrats Concerned By Angelides' Lack Of Momentum. The Los Angeles Times (9/23, Finnegan, Morain, 918K) reports, "With just over six weeks left in the race for governor, the troubles facing Democrat Phil Angelides have intensified, and his political allies are expressing rising concern over his campaign's failure to gain momentum. Hindering his drive to oust Gov. Arnold Schwarzenegger are Angelides' slow pace in raising money, his tepid support from organized labor and his difficulty defining himself clearly for voters, Democratic strategists say. … Aggravating all that are what even critics of Schwarzenegger say are the discipline and efficiency of the Republican governor's reelection machine."

Patrick Has 21-Point Lead In Democrats' Massachusetts Gubernatorial Primary. The

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Boston Globe (9/17, Phillips) reports, "Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV. Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent."

Poll Shows Pawlenty And Hatch Tied At 42. The Minneapolis Star Tribune (9/17, Olson) reports Minnesota Gov. Tim Pawlenty and Attorney General Mike Hatch "are entering the fall campaign facing an electorate evenly divided on their candidacies for governor, according to the latest Star Tribune Minnesota Poll. Among the 820 likely voters surveyed statewide Wednesday through Friday, just after the state's primary election, DFLer Hatch and Republican Pawlenty are in a dead heat, each with 42 percent support. Independence Party candidate Peter Hutchinson has the support of 7 percent. With less than two months before the Nov. 7 general election, Hatch and Pawlenty appear to have locked down their partisan bases and are battling for a smaller pool of independent and undecided voters."

Rendell Well Ahead Of Swan Despite Unfulfilled Campaign Pledges. The Pittsburgh Post-Gazette (9/17, Barnes) reports, "In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate. So his bid for re-election has to be in trouble, right? Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll. 'I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently."

Taylor And Perdue Offer Dueling Tax Cut Proposals. The Atlanta Journal-Constitution (9/17, Galloway) reports, "Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners. Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house. 'There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts,' Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park. … Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65. Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people."

Kean Dismisses Allegations He's Distancing Himself From Bush. In a positive story on New Jersey state senator Tom Kean's Senate campaign the CBS Evening News (9/22, story 8, 3:15, Couric, 7.66M) contrasts his popularity in the state with the President's low approval rating in the state reporting "the latest polls have Kean ahead. The Republican party smells blood, and is helping him raise money. But when Karl Rove and Vice President Dick Cheney hosted fund-raisers for Kean, Jr. didn't show. Why? Because in blue New Jersey, this President is not popular, and Menendez knows it." Menendez campaign ad: "Tom Kean Jr. follows George Bush on Iraq." Couric: "You say you're planning to have your father campaign for you. What about President Bush?" Tom Kean Jr.: "The President's got an open invitation to come to this state." Couric: "Would you like him to come?" Tom Kean Jr.: "He has an open invitation." Couric: "Would you like him to come?" Tom Kean Jr.: "Of course. Of course." Couric: "So, if he called you today and said, Tom, I'm coming up tomorrow to campaign for you, you would say…" Tom Kean Jr.: "I'd say, of course." Couric: "The fact is, Tom Kean Jr. knows he needs his father's name more than he needs a photo op with the President of the United States to win this race."

Webb Campaigning Throughout Rural Virginia This Weekend. The Washington Post (9/23, B1, Craig, 748K) reports Virginia Senate candidate James Webb "is campaigning this weekend through parts of rural Virginia, a politically vital region where he could face a difficult challenge connecting with voters because of his positions on social issues. … This weekend, Webb will crisscross the tobacco fields south of Richmond, meet with supporters near the North Carolina border and attend a fish fry in coal-mining country in southwestern Virginia. At each stop, Webb will be asking voters to look past social issues that have drawn many rural voters to Republicans and instead make their decision based on economic issues and his background as a former Marine."

Allen's Reaction To Jewish Heritage Revelation Deemed "Strange." Newsweek's Lisa Miller (9/23) writes

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Sen. George Allen "announced that, yes, his mother was born Jewish. Here's what said: 'I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed.' Enough said. Except he couldn't stop talking. That same day, in an interview with a Richmond, Va., paper, Allen said his Jewish ancestry was 'just an interesting nuance to my background.' And then he added this: 'I still had a ham sandwich for lunch. And my mother made great pork chops.' Being an eater of ham sandwiches and pork chops may go along with Allen's Red State, cowboy-boot-wearing, Confederate-flag-waving image, but many observers were unnerved by the flippancy of these remarks, and pundits began to debate whether Allen's Jewishness—and his strange reaction to it—would help or hurt his re-election campaign."

Allen Demanded Correction From Columnist Who Referred To His "Jewish Roots." The Washington Post's Ruth Marcus (9/23) writes, "Charlottesville Daily Progress columnist Bob Gibson referred to the senator's Jewish roots in an October 2003 column -- and says that was the only time in 27 years of coverage that Allen demanded a correction. It wouldn't be much of a stretch to find offense in Allen's behavior."

Today's Hawaii Democratic Senate Primary Pits Akaka Against Case. The Wall Street Journal (9/23, Lovley, 2.03M) reports Sen. Daniel Akaka "has been put on the defensive in Saturday's primary by Rep. Ed Case, who is almost 30 years his junior. … Recent polls show Mr. Akaka pulling barely more than 50% of the likely vote, a weak showing for a longtime incumbent. Moreover, the polls show a large percentage of voters have yet to make up their minds. Undecided voters are often bad news for well-known officeholders, who can offer little that is new at the end of a campaign to persuade voters to back them. What's more, says Jennifer E. Duffy, editor of the Cook Political Report in Washington, Mr. Akaka's so-so poll showing may overstate the support behind him."

The AP (9/23, Niesse) reports Akaka "has largely ignored Case's calls for new leadership in Washington. Instead, he has highlighted his experience and his consistent votes against the Iraq war."

Pennsylvania Green Party Senate Candidate Fails To Qualify For Ballot. The AP (9/23) reports Carl Romanelli, the Pennsylvania Green Party's U.S. Senate candidate "fell about 9,000 signatures short of the number he needs to qualify for the Nov. 7 ballot as counting stopped Friday, according to his lawyers and those of state Democrats. A review of the signatures…was suspended Friday under a state judge's order issued earlier in the week." Romanelli "needed to gather 67,070 signatures to qualify for statewide office this year. His candidacy is expected to help Santorum's chances for re-election by drawing votes from Casey. … Santorum has openly supported Romanelli's candidacy and Republicans helped bankroll his signature-gathering effort."

Rendell Appearing In Casey Ads. The AP (9/23, Hefling) reports Pennsylvania Gov. Ed Rendell "is helping a fellow Democrat and former rival" — Casey. Rendell "stands up for Casey in a new ad, calling…Santorum's latest TV spot 'trash.' Rendell's chief fundraisers said Thursday they had raised a combined $250,000 for Casey. The effort represents Rendell's most public support yet for Casey in what has been a complicated relationship."

Wynn Maintains Lead Over Primary Opponent. The Washington Post (9/23, B1, Wiggins, 748K) reports, "Nearly 10 days after the polls closed, Prince George's County officials yesterday finished counting their votes from the Democratic primary election -- and delivered good news to veteran congressman Albert R. Wynn. The final Prince George's tally helped cushion Wynn's lead over challenger Donna Edwards in the 4th Congressional District. Edwards said late yesterday that she would not concede until Montgomery County officials finished counting a few thousand provisional paper ballots. In the congressional district that includes much of Prince George's and a slice of Montgomery, Wynn now leads by about 2,700 votes, officials said. As of late yesterday, 9,945 of the nearly 12,000 provisional ballots had been counted in Montgomery."

Northrup Uses Challenger's Own Columns To Attack Him. The Washington Post (9/23, A6, Vandehei, Cillizza, 748K) reports Rep. Anne M. Northup "looked pleasant and motherly in her honeydew-green blazer, her smile as sweet as iced tea. 'It's good to see all my friends here,' the Kentucky Republican said in greeting the handful of reporters. … Then it was down to business. Friday's business for Northup was the attempted disembowelment of Democratic challenger John Yarmuth. Her weapon was Yarmuth's own words, preserved in a stack of newspaper columns that Northup brandished at the podium. Voters, she warned, should know that the Democrat wanted to punish SUV owners, endorsed the legalization of marijuana and was all in favor of teenage drinking." The Post adds, "The GOP strategy in this competitive race is to shower Yarmuth's newspaper musings with a lot more attention in 2006 than they got when he penned them years ago. The Democrat is the founder of the Eccentric Observer, an alternative newspaper that may prove to be a tad too alternative for the Kentucky 3rd's conservative voters."

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Firm Bearing Shuler's Name Pays Delinquent Tax Bill. The AP (9/23, Whitmire) reports, "A real estate brokerage house associated with Democratic House candidate Heath Shuler belatedly paid over $69,000 in unpaid taxes Friday after The Associated Press raised questions with the campaign." Shuler "has a 20 percent stake in the Knoxville-based business, Heath Shuler Real Estate, which he founded with his brother, Benjie, in 1998. They sold it in 2003 to four men who formed HSRE and HSRE Properties but kept the football player's name."

White House Touts Bump In Bush Poll Numbers. NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) reported, "The White House put out a press release talking about the bump up and improvement in the President's approval rating. Last we knew this White House didn't pay attention to the polls. What gives?" NBC Washington bureau chief Tim Russert: "They wanted to make sure we paid attention to them. The interesting thing is the President has had a bump up. Some are larger than others. The one question the White House did not put out was the generic question, who are you going to vote for the in the midterm elections. In one of the five polls it got tight, the other four there is a considerable Democratic margin. The race is tightening and it is unpredictable as to who will win the elections in the next few weeks."

Clinton Global Initiative Seen As Staging Ground For 2008 Democratic Presidential Candidates. NBC Washington bureau chief Tim Russert on NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) said, "As to the Clinton global initiative I was over there. Brian it is a government in exile. All of the leading luminaries in the Clinton Administration are there and they are all talking about their agenda and vision and how it differs in many ways with that of the Bush Administration. These are people who are hungry for this next Presidential election to get underway. One of the people who joined the former President is the former first lady. Al Gore was also there. The Democrats believe 2008 is a chance to recapture the White House and they are preparing for it with these kind of seminars."

Bill Clinton Seen As Hillary's Top Strategist And Stand-In. Newsweek's Eleanor Clift (9/23) writes, "Suddenly Bill Clinton is everywhere, solving poverty, tackling AIDS, hosting Laura Bush, crafting the Democrats' message and deflecting questions about his wife's likely run for president. … He is her best strategist, with a fingertip feel for the electorate that is unrivaled. Thanks to the therapy he went through, says a friend, 'He more than anyone can be objective about himself.' Clinton has settled into his postpresidential life with gusto, and an approving public is rewarding his global good works with poll ratings that dwarf the current president's. He is in the public eye as Hillary's stand-in. But there will be times when he needs to get out of the way."

Dobson Speaks At Event Meant To Energize GOP Base. The Washington Times (9/23, Fagan, 88K) reports James Dobson, chairman and founder of Focus on the Family, "told more than 1,000 conservative 'values' voters yesterday that they shouldn't shy away from the fact that the country is in a war with Muslims who want to kill Americans. 'We're in a war and it's time that we recognized it,'" Dobson "told a crowd" at an event is sponsored by Family Research Council Action "aimed at invigorating the Republican base for November's elections." The Times notes that Dobson and Family Research Council President Tony Perkins "sought to rally the troops for the midterm elections by reminding them that Republicans helped get two new conservative justices on the Supreme Court and that Democrats are still blocking legislation and President Bush's judicial nominations." White House spokesman Tony Snow, "who spoke yesterday afternoon, drew loud applause when he described September 11 and then told the crowd, 'We should not for one moment feel that we have to apologize for doing the right things.'"

The Los Angeles Times (9/23, Wallsten, 918K) reports, "Worried that discontent among conservatives and the lack of a clear standard-bearer to follow President Bush might cost Republicans in November, top evangelical leaders pleaded with their followers Friday to put aside frustrations and turn out for GOP candidates. … Dobson's organization recently launched a major voter recruitment drive in eight battleground states that will include placing registration tables outside Sunday worship services at conservative churches." The Times goes on to report, "Friday's events showed that evangelicals intend to broaden their focus on issues that can motivate voters. … The mention of terrorism was the latest indication that conservative strategists are looking for additional motivators beyond the issue of gay marriage, which was credited with helping Bush secure reelection in 2004 thanks to a series of ballot initiatives that year in key states such as Ohio. Republican strategists have acknowledged that they intend to mobilize the conservative base by painting Democrats as soft on 'foreign threats,' as one internal GOP memo recently explained."

Criticism Of GOP Outweighed By Conservatives Antipathy For Democrats. The AP (9/23, Sidoti) reports, "Critical to the Republican base, conservatives expressed confidence Friday that their rank-and-file will vote Nov. 7 even though the GOP-controlled Congress hasn't delivered this year on their core issues. 'We're disgusted somewhat with some of the Republicans, but we'd be in a whole lot worse shape with the Democrats,' said the Rev. Don Wildmon of Tupelo, Miss., chairman of the conservative American Family

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Association. … With seven weeks left in the campaign, there's some concern among Republicans that conservatives — evangelicals included — could stay home on Election Day because of their unhappiness with Congress and President Bush."

McClatchy (9/23, Stearns) reports on "several obstacles facing Republicans in mobilizing Christian conservatives this year. Midterm elections excite fewer people anyway. A signature issue, such as a ban on same-sex marriage, is on the ballot in fewer states this year. And the federal government has promised to crack down on church-based partisan politicking after complaints about such behavior in 2004, which could suppress religious leaders' involvement and dampen turnout. Dobson and others are working hard to counter that possibility, even as they acknowledge their disappointment. 'Whether Republicans deserve the power they were given, the alternatives are downright frightening,' Dobson told more than 3,000 attendees at the Pittsburgh 'Stand for the Family' rally."

Professor Claims Bush Is Not Truly A Conservative. In an op-ed for the Los Angeles Times (9/23, 918K) Columbia professor Todd Gitlin writes, "In recent months, Republicans have begun to discover that their leader is not the paragon they once thought he was. Perhaps he is not a conservative at all but a deficit-mongering big-government advocate, a world-changing radical in disguise and a cultivator of global anti-Americanism. Perhaps, from Baghdad to Kabul to New Orleans, bungling is not the exception but the rule because he and his inner circle hold planning, the law, diplomacy and even reason in contempt."

Poll Shows Parties Splitting Rural Vote. Greenberg Quinlan Rosner Research released a poll conducted September 17-19 of 529 adults in battleground areas that shows "that Democrats and Republicans are splitting rural voters evenly." Almost "three-quarters of rural voters know someone serving or who has served in Iraq and a majority rural voters favor a plan to pull out of Iraq in the next year. They also, by a significant margin, believe the country economy is improving mainly for the wealthy. Democrats edge out Republicans among the voters most concerned about Iraq and economy." Meanwhile "Bush's approval ratings continue to be low among Americans as a whole, his standing among rural voters is somewhat better. Republicans are strongly advantaged among voters who are most concerned about the war on terrorism, one of the three dominant issues in rural areas. Just as rural voters shifted late in the election cycle towards Bush, away from Kerry, it is still possible that Republicans can regain their traditional advantage among rural voters."

Armey Claims GOP Risks Losing "Pocketbook Conservatives." In an op-ed for the Wall Street Journal (9/23, 2.03M) former House majority leader Dick Armey writes, "Suspicious of big government promises and irresponsible spending, pocketbook conservatives feel the real pain of taxes. They don't want bureaucrats to pick winners and losers in the market, and they resent the power of special interests seeking favors at the expense of everyone else. … Today, the pocketbook conservative is up for grabs once again. Since 2002, federal spending has increased by 47%, earmarking abuse is rampant, and the new Medicare prescription-drug benefit has created $18.2 trillion in new unfunded liabilities on future taxpayers. And while GDP growth has been good and unemployment remains low, there are a number of American households who have seen their real income remain flat for the past five years."

Emanuel Disputes Claim That Democrats Are "Silent" On Spending Reform. In a letter to the editor of the Wall Street Journal (9/23, 2.03M) Rep. Rahm Emanuel writes, "In his Sept. 18 editorial-page commentary 'Time for a Time Out?1' John H. Fund laments the proliferation of earmarks and new spending under the GOP Congress. He takes the Republicans to task for forgetting why they came to Washington and for refusing to curtail spending. He suggests that if they will not curtail spending, then perhaps they need a 'time out' from power. I agree. However, I take exception with Mr. Fund's claim that 'Democrats have been largely silent' on these issues. That's not true."

Dean Says Democrats Need To Do A Better Job Mobilizing Black Voters. The AP (9/23, Vample) reports, " The Democratic Party can no longer sit back and wait until three weeks before an election to ask minorities for their vote, Democratic National Committee Chairman Howard Dean said Friday. 'In many ways, the Democratic Party hasn't moved itself out of the '60s and '70s,' Dean said in remarks to the DNC's African-American Leadership Summit, which is aimed at mobilizing black voters and encouraging more minority candidates for state offices."

Democrats Work To Blunt GOP Edge On Homeland Security. In an "Analysis" piece for the AP (9/23) David Espo writes, "Six weeks before elections, the Democratic strategy for the war on terror is one part attack President Bush and one part agree with him. The goal is to court voters dissatisfied with the job the administration has done, yet avoid being tagged as soft on Osama bin Laden. … Democrats, primed by poll-tested advice, are projecting strength this time, determined not to let Bush and the Republicans outflank them once again.

Chavez Defends Attacks, Calls For Bush To Resign. The AP (9/23, Pearson) reports, "Venezuelan President Hugo Chavez launched yet another verbal assault against President Bush upon returning from a highly charged

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U.S. visit Friday, calling on the American leader to resign." In Venezuela Chavez said, "He should renounce the presidency if he has any dignity. The president of the United States has failed completely." He "appeared unfazed by the outcry" caused by his attacks on Bush and "accused the Bush administration of fueling terrorism, claimed that both the CIA and U.S. Drug Enforcement Administration were 'infiltrated' by drug traffickers, and urged people to divest their dollars because new bills were being 'fabricated.'"

Chavez in an interview with Time Magazine (9/23, Padgett) "defended his controversial rhetoric as a necessary part of his leftwing revolution's effort to counter what he calls Bush's 'global imperialism.'" Chavez said, "Bush has called me worse things -- tyrant, populist dictator, drug trafficker, to name a few. … I'm not attacking Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words -- with bombs. I think the bombs he's unleashed on Baghdad or Lebanon do a lot more harm than any words spoken in the United Nations."

Russert Applauds Democratic Criticism Of Chavez As Rare Sign Of Bipartisan Unity. NBC Nightly News (9/22, story 8, 2:05, Williams, 9.87M) reported, "We allow people like Chavez and Mahmoud Ahmadinejad to come into the united nations and slam our President and our country from the podium in New York, but also while this General Assembly meeting goes on former President Bill Clinton has been calling his annual gathering in New York of thinkers and doers and former government officials. What is going on here with these concurrent sessions?" NBC Washington bureau chief Tim Russert: "At the UN it was interesting to see the Democrats joining the Republicans in condemning that behavior. It's one of the few bipartisan acts we have seen.

Bush Policies Blamed For International Backlash. The New York Times (9/23, Cooper, 1.21M) reports, "American officials were quick to dismiss the speeches as chest thumping, noting that all three men were from countries with vast oil reserves and other resources, well able to thumb their noses at Washington but hardly representative of the poorer countries that rely on American aid." US Ambassador to the UN John Bolton said, "I think it's important frankly for people to hear this, because I do think it's a reflection of what some of these governments think." Yet "others here wondered whether they might be witnessing the birth of a new anti-American bloc, something that may eventually succeed the Nonaligned Movement, which originated in the cold war." The Administration's policies "have made the United States vulnerable to charges of racism, hypocrisy and imperialism, particularly in the non-Western world, diplomats here said."

Chavez Seeks Role As International Leader. The Washington Post (9/23, A10, Forero, 748K) reports, "Venezuelan President Hugo Chavez's blistering attack on President Bush at the United Nations this week marked a striking crescendo in a campaign to project Venezuela as a country with the global reach to counter American initiatives." He is "not just seeking the economic deals his internationalist government has always wanted, but also pressing for influence in affairs far from Latin America, political analysts say. His immediate goal is to obtain enough backing to secure a two-year spot on the 15-member U.N. Security Council. … But his long-term goal appears to be more far-reaching." Yet "pollsters in Caracas, the capital, say that while Venezuelans support the government's social programs, they do not back many of his international initiatives. More than 60 percent of Venezuelans reject the country's antagonistic relationship with the United States, according to the Datanalisis polling firm, while nearly 80 percent do not see Cuba as a model for Venezuela."

Chomsky Book In Demand After Chavez Remarks. CBS Evening News(9/22, story 11, 0:10, Couric, 7.66M) reported, "Venezuela's president, Hugo Chavez, could have a new career as a book agent. During his anti-bush rant at the U.N. this week, he urged Americans to read Noam Chomsky's three-year-old book, 'Hegemony or Survival.' The book which was at 20,664 on Amazon suddenly shot up to number one."

The New York Times (9/23, Rich, 1.21M) adds, "Demand for the book seemed to be spread across the country." Meanwhile, "Allen Ruff, a manager at Rainbow Books, said 'Hegemony' had not sold particularly well when it was first published three years ago, because many regulars were already familiar with Mr. Chomsky's other works. But Mr. Ruff said the recent news media attention has meant that 'people are now discovering him for the first time,' and the store has ordered a dozen more copies." The Los Angeles Times (9/23, Lee, 918K) reports similar details.

Chomsky Praises Chavez. The New York Times (9/23, Santora, 1.21M) reports that after Chavez declared Chomsky dead, he was "very much alive. In fact, he was struggling through '10,000 e-mails' he had received since the remarks by Mr. Chávez,." Commenting on Chavez, Chomsky "said that he would not choose to use the same harsh oratory, but added that the Venezuelan leader was simply expressing the views of many in the world. And he said Mr. Chávez's anger was understandable." Chomsky said, "I have been quite interested in" Chavez' "policies. … Personally, I think many of them are quite constructive."

Noonan Calls For Measured Response To Chavez. Peggy Noonan in her column in the Wall Street Journal (9/23, 2.03M) says the Administration should address Chavez remarks "it is so in the habit of asserting, defending and repeating, it barely remembers how to persuade and appeal. It speaks starkly and carries a big stick. It feels so beleaguered on a daily basis, and so snakebit, that even its mildest players have taken refuge in gritting their teeth and tunneling on. They take comfort in this: They think Chávez

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helps them. See what we're up against? But that's not a response, it's a way not to respond. It doesn't help, because it doesn't even try to cool things down. Which is no good, because the temperature of the world is very high."

Diplomats Meet To Consider Possible Sanctions For Iran. The AP (9/23, Lederer) reports that according to diplomats, "Key nations trying to curb Iran's nuclear ambitions are hoping Tehran will agree quickly to suspend uranium enrichment and return to negotiations, but they are planning for sanctions if it does not." U.S. Undersecretary of State Nicholas Burns said that senior diplomats from Russia, the United States, Britain, France, Germany and China "met Friday to discuss what sanctions should be imposed on Tehran if it refuses to suspend its enrichment program." U.S. Secretary of State Condoleezza Rice told reporters "she was confident that 'everybody is committed' to the provisions of the resolution."

Iran Deals With Arab Discontent At Home. The New York Times (9/22, Slackman, 1.21M) reports, "Iran wants to be a leader in the Islamic world, spreading its reach and influence among Arabs and Indonesians, Sunnis and Shiites," but it "has often had to labor to unify its own people under one national identity, restricting the expression of ethnic variations — like languages — that it views as undermining that unity. The problem is often most apparent with its Arabs." It "has recently faced strong protests from some ethnic groups…with several demanding greater autonomy and cultural freedom" The "Iranian authorities have tried, but not succeeded, in reconciling" the "frustration and lack of hope that stems from the poverty that" Arabs "say is forced on them by a majority that discriminates." While "Iranian officials insist that there is no discrimination against Arabs or, for that matter, any of Iran's ethnic minorities," many Iranians say there is a "broader need to address the social, political and cultural concerns of many ethnic groups, including Arabs."

Israeli Ambassador Denounces Invitation For Ahmadinejad To Speak. The AP (9/23, Schweid) reports, "Israeli Ambassador Daniel Ayalon criticized the Council on Foreign Relations on Friday for providing a forum for Iranian President Mahmoud Ahmadinejad and what he called abhorrent views. In a letter to Richard Haass, a former high-ranked State Department official who now heads the think tank, Ayalon called the decision to host the Iranian leader a 'terrible mistake,'" and "provided Ahmadinejad legitimacy." He added that is "was worse than if the council had met with Hitler," as "Hitler did not call openly for genocide in the 1930s."

Hass Argues For Opening Dialogue With Iran. Richard Haass, former State Department director of policy planning and president of the Council on Foreign Relations, writes in an op-ed in the Los Angeles Times (9/23, 918K) that the Council "decided to go ahead with the meeting," reflecting "the mission and nonpartisan tradition of the council. Exchange does not constitute endorsement." At it, Ahmadinejad said "that Iran is open to relations with the United States if Washington is prepared to take the initiative. The last statement in particular is worth considering," and, "In my view, they should. There is little evidence that the alternative policies have worked or show any promise of working," and "it may work." However, "dialogue also makes sense even if it fails. It is important to be able to demonstrate to American citizens and the world alike that the United States made a good-faith effort to resolve differences diplomatically before turning to sanctions or other policies. It is time to see dialogue and diplomacy as what they are: not as a favor to bestow but as a favor to ourselves. Diplomacy is not a moral judgment but a tool with the potential to advance U.S. interests. We should have the confidence to employ it; if we do, we are more likely to isolate others than ourselves, which too often is now the case."

Cohen Argues For Talking With Iran. Roger Cohen writes in his column is the New York Times (9/23, 1.21M), "At some point these past few years, diplomacy went out of fashion." Richard Haass, who ran policy planning at the State Department during President George W. Bush's first term, said, "The United States gets itself in trouble when it limits its options and approaches diplomacy as a value judgment," adding, "'it's not obvious to me, looking at the last 50 or 60 years, that we paid a price for talking to the Soviets. At the end of all the talking, we won the Cold War.' At a time when the Bush administration uses every opportunity to cast the current war against Islamic fanaticism as comparable in scope and possible duration with the fight against communism, that's an important point." The Cold War showed that "non-communication is dangerous" and "the enemy may be large but that doesn't mean it's monolithic." In fact, "It is the role of diplomacy to probe at fault lines in order to weaken the enemy and, over time, incline it to compromise." Now "it's time to swallow hard and start talking."

Top Pacific US Commander Says North Korea's Threat To South Is Declining. The AP (9/23, Burns) reports that Adm. William Fallon, commander of U.S. Pacific Command, said "North Korea's military has grown markedly less capable of a successful attack on South Korea, in part because the U.S. has been choking the North financially." He added that "The military mismatch between an economically powerful South Korea and a declining North Korea is widening year by year," although he "did not discount the importance of the nuclear problem." This "echoed in some ways an assessment of the military situation on the Korean peninsula offered by Defense Secretary Donald H. Rumsfeld"

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on Aug. 27, "that South Korea no longer needs to regard the North as an immediate military threat."

The Los Angeles Times (9/23, Spiegel, 918K) focuses on Fallon's estimate of North Korea's missiles, noting he "said Friday that he believes North Korea has no missile capable of reaching long distances and is unlikely to have one 'for a while.'" This "position varies in some respects from that of Defense Secretary Donald H. Rumsfeld, who has continued to warn of the threat of North Korea's Taepodong 2 long-range missile."

US Threatens To Send Fighters Out Of South Korea. AFP (9/23) reports, "The United States has threatened to move its jet fighters out of the Korean peninsula unless Seoul offers a new, exclusive firing range for US airmen within a month, reports said." The threat is considered an "ultimatum ... ahead of high-level security talks in Washington next month." Construction of a promised facility by South Korea "has been delayed due to protests over the move."

Rice Renews Call For UN Peacekeepers In Darfur. The Washington Post (9/23, A13, Lynch, 748K) reports that Secretary of State Condoleezza Rice, "at a gathering of representatives from 25 governments that she and her Danish counterpart, Per Stig Moller, convened to maintain international pressure on Sudan," repeated the "call for Sudan to halt a military offensive in Darfur and yield to international pressure to allow more than 20,000 U.N. peacekeepers to protect civilians there," declaring, "The violence in Darfur is not subsiding. It is getting worse." However, "senior U.N. officials and diplomats expressed increasing skepticism about the prospects of obtaining Sudan's approval for a U.N. peacekeeping force. U.N. officials turned their attention to providing reinforcements to a small African peacekeeping force of 7,000 troops that has been unable to stop the killing," and "U.N. officials said privately that there is little hope that Sudanese President Omar Hassan al-Bashir will invite the United Nations into Darfur without greater pressure from African and Arab leaders." Both "Rice and Moller pressed governments to ramp up their support for the African Union mission and urged countries with influence on Sudan to press it to accept U.N. peacekeepers."

The AP (9/23, Gearan) adds, "After the meeting, Rice hinted at stronger action if Sudan will not back down," saying, "There are other measures at the disposal of the international community should we not be able to get the agreement of Sudan." However, "The U.S. approach is hitting some resistance, especially from nations that argue that Sudan will respond best if it does not feel that its sovereignty or authority is being challenged." Arab League Secretary General Amr Moussa "alluded to the difference of opinion in remarks to reports," saying, "I really want to contribute to the creation of...a quiet atmosphere, a working atmosphere." The AFP (9/23, Milikon) notes that State Department spokesman Sean McCormack said that "The meeting notably discussed sending one or more delegations to Khartoum in an effort to convince President Omar al-Beshir to drop his opposition to deployment of the UN force."

The Washington Times (9/23, Kralev, 88K) leads, "Secretary of State Condoleezza Rice pressed Sudan to accept a United Nations force in Darfur yesterday, saying that Khartoum's consent would be welcome but is not necessary." The Los Angeles Times (9/23, Farley, 918K) leads that "the Security Council and regional leaders remained stymied Friday by that country's refusal to allow U.N. peacekeepers into the region." It agrees that "The meeting was aimed at winning support from Arab countries, especially those that have been silent or have backed Sudan's refusal."

US Reaching Out To Arabs For Pressure On Sudan. The AP (9/21, Gedda) reports that Andrew Natsios, the new U.S. special envoy for Sudan, said "the Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying" U.N. peacekeepers and police to Darfur. "The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries."

American University To Limit Sudan Investments. The Washington Post (9/23, B4, 748K) reports, "The American University Board of Trustees voted yesterday not to invest directly in companies doing business in the oil and gas sector in Sudan, to protest military attacks on the nation's Darfur region."

Gulf Between Jewish, Arab Israelis Widened Due To Lebanon War. McClatchy Newspapers (9/23, Nissenbaum) reports that there is "simmering anger that Israel's Arab citizens feel over how their country treats them." While "they are full citizens of Israel, Arab-Israelis face subtle and concrete discrimination in housing, jobs and society." Although "Arab-Israelis suffered more than their share of casualties from Hezbollah rocket attacks during the war," the "relatives of the Arab-Israeli victims didn't blame Hezbollah for their losses; they blamed their government." A number of "Jewish Israelis felt as though they'd been betrayed," and now there is "an anti-Arab backlash that's still unfolding." Already "conservative Israeli lawmaker Effi Eitam denounced Arab-Israelis as 'a band of traitors of the first degree' and a dangerous 'fifth column' that should be barred from participating in Israeli politics."

Hezbollah Leader Holds Rally. All three network news programs briefly noted Hezbollah leader Hassan Nasrallah's defiant appearance at a rally in Lebanon, and

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major newspapers covered the story. ABC World News (9/22, story 4, 0:20, Gibson) reported, "Overseas in Lebanon, a huge show of support for the militant group, Hezbollah, and its leader Hassan Nasrallah. He told hundreds of thousands of people that Hezbollah still has 20,000 rockets and will not disarm as required by the United Nations. He said no army in the world is strong enough to disarm us."

CBS Evening News (9/22, story 3, 0:15, Couric, 7.66M) noted, "It's the first time he has been seen by Hezbollah since July. The cease-fire calls for Nasrallah to resign. He says that won't happen unless Lebanon form as government that gives him more power." NBC Nightly News (9/22, story 7, 0:25, Williams, 9.87M) added that Nasrallah "told thousands of supporters today his guerrilla group is stronger than it was before that Israeli offensive and it still has 20,000 unclenched rockets and it will not disarm unless Lebanon gets a stronger government."

In a front page story, the Washington Post (9/23, A1, Shadid, 748K) reports that at "its largest show of force since a cease-fire went into effect," with "the mix of theater and pulpit that makes for a Hezbollah rally, the group's leader, Hasan Nasrallah" appeared for the first time since its war with Israel ended last month. "His message was defiant, with…bravado" that "Hezbollah was stronger than before the war, he said, and it still possessed more than 20,000 rockets. Only the creation of a strong Lebanese government, he added, would lead to its disarmament." The "call for the rally this week unleashed a wave of anxiety and anticipation in Beirut," but Nasrallah was "less strident than some had expected." Still, he "said he would seek a government that better represented his group and its allies, ridiculed the prime minister and scoffed at the attempts of 'any army in the world' to seize its weapons." Also, with "each mention of Secretary of State Condoleezza Rice, the United States or Israel, the audience erupted in catcalls." Now, "more pronounced than before the war, a cult of personality has grown up around Nasrallah," who is "perhaps the most skilled orator in Arabic today."

The New York Times (9/23, A7, Slackman, 1.21M) adds "The crowd was mammoth, packing every corner of the 37-acre square in the southern suburbs of Beirut." The rally was "a show of strength to those who would challenge him from abroad, and those who would challenge him at home," but "also highlighted some of the deep divisions among Lebanon's different factions, as the crowd at times chanted slogans calling the Druse leader, Walid Jumblatt, a 'worm' and 'Jew' and calling for the prime minister to leave office." It presented [Nasrallah] a chance to re-energize his supporters, to enhance his standing as a pan-Arab leader, and to try to buttress Hezbollah's domestic political position." His speech "aimed hard at Arab leaders, criticizing them for not being willing to fight Israel," and he "seemed to try to both embrace his benefactors in Syria and Iran and to distance himself from them."

The Financial Times (9/23, England) also characterizes the speech as "defiant." Nasrallah said Hezbollah's "focus would be now to push for a government of national unity – a direct challenge to the administration led by the prime minister," and "the huge display of support for the group was viewed by some as a deliberate attempt by Hizbollah leaders to intimidate the government with a show of strength following weeks of political bickering between the pro-western parliamentary majority that backs Mr Siniora and Hizbollah and its allies."

In contrast, the AP (9/23, Dakroub) adds," Despite his tough rhetoric, Nasrallah offered an olive branch, saying he did not want to bring down the government — only to hold discussions on including more factions." Still, "Former President Amin Gemayel said parts of Nasrallah's speech were 'dangerous,'" noting, "He is linking giving up Hezbollah's weapons to regime change." The Washington Times/AP (9/23, Dakroub) runs a shortened version of the AP article.

The Los Angeles Times (9/23, Rafei, 918K) adds that Nasrallah "mocked Arab leaders who recently urged the U.N. Security Council to give a new push to the Mideast peace process." Israeli officials, have used the fact hat "Nasrallah was forced to remain in hiding" as evidence that Israel won the war, "had been evasive about whether they would target Nasrallah if he chose to appear at the rally. They warned that he should consider his life in danger."

The McClatchy Newspapers (9/23, Allam) reports, "Nasrallah chose his words carefully in calling for a new Lebanese government," and "he was quick to defend the embattled Lebanese army, saying its relationship to the resistance is like 'two dear brothers.'" However, "Members of the Lebanese government expressed exasperation over Nasrallah's remarks, saying it wasn't plausible for the Saniora administration to remake itself." Still, the rally "cemented the militant Shiite leader's postwar status as one of the most powerful leaders in the region."

Hamas Won't Agree To Government Recognizing Israel. The New York Times (9/23, Myre, 1.21M) reports, "The Palestinian prime minister, Ismail Haniya, and other Hamas leaders said Friday that the group would not be part of a Palestinian government that recognizes Israel, a position that could complicate efforts to form a unity government and win renewed Western assistance. Just a day earlier at the United Nations, the president of the Palestinian Authority, Mahmoud Abbas, said that a new Palestinian government would recognize Israel and honor previous agreements with it." It remains unclear "that Hamas and Fatah can agree on the makeup and the platform of a new government." They "have tried to come up with a platform for the new Palestinian Authority government that allows for broad interpretation. The goal is for the

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Palestinian government to meet the conditions set by the West, while Hamas, as a party, would not have to explicitly embrace those positions." However, "the United States and Israel are skeptical about this approach. Israeli officials view the internal Palestinian negotiations as an attempt to gain renewed funding and international support without any substantive change on the part of Hamas." The Los Angeles Times (9/23, Ellingwood, 918K) adds, "Abbas is to resume talks with Hamas when he returns, and the back-and-forth declarations appeared to be part of that haggling."

Time (9/23, McGirk, 4.03M) notes, "At the U.N., Abbas perhaps should have been more cautious. But his words were directed toward the White House, say Palestinian advisers close to him. Prior to his speech, Abbas was warned by the Bush Administration — his only protector these days — that he would risk trouble with the U.S. if he drew too close to a Hamas that refuses to recognize Israel. So, to please the White House, Abbas made a promise at the U.N. he could not keep." Now "faced with the impossible gymnastics of trying to satisfy both Hamas and the Bush Administration, Abbas has few options," as "Only by bringing Hamas on board in a government that recognizes the State of Israel can Abbas persuade the Bush Administration and other international donors to resume the flow of funds and supplies to keep the Palestinian administration from collapsing."

Pope To Meet With Muslim Envoys. The AP (9/23, D'emilio) reports, "Pope Benedict XVI has invited Muslim envoys to meet with him at his summer residence Monday for what the Holy See says is urgently needed dialogue following the crisis ignited by his remarks on Islam and violence. Turkey and Iran immediately said their representatives would attend," and "Indonesia's ambassador, Bambang Prayitno, said "The invitation 'will help clear the field of misunderstandings.' The Vatican's "announcement made no mention of the uproar over Benedict's remarks during a Sept. 12 speech to professors at the University of Regensburg in Germany." While "thousands of Muslim worshippers staged marches against Benedict in Jerusalem, the West Bank, Gaza and the Sudanese capital," "much of the Middle East was quiet.

Reporter Says Benedict Was Speaking To West, Not Muslims, With Lecture. Christopher Caldwell, a senior editor at The Weekly Standard, writes in an op-ed in the Financial Times (9/23), "Benedict's lecture was a lesson to Christianity, not an attack on Islam." While "It is no secret that the Pope worries about Islam" and "has doubted publicly that it can be accommodated in a pluralistic society," the reference that caused this furor "allowed the Pope…quite elegantly…to present, on the one hand, a God without rationality and, on the other, a rationality without God" while "setting up Christianity as the happy medium." Benedict implies that "Secular westerners…have a lot in common with their religious fellows" and believes that "Secular intellectuals should be in sympathy with the church…even if they are not in communion with it. … Rather than convince secular-minded people to join the flock, he seems to be trying to convince them that they are in it already."

Paulson Ends China Trip With Dialogue, But No Progress. The New York Times (9/23, Weisman, 1.21M) reports, "Treasury Secretary Henry M. Paulson Jr., winding up a four-day visit to China, met Friday with President Hu Jintao and Prime Minister Wen Jiabao and said afterward that he was encouraged by their willingness to engage in a new effort to resolve economic disputes between the countries." Paulson's "aides said that 'this was a big deal,' as one put it, for the meetings to have taken place and for there to have been a considerable presence from the Chinese media," and "Paulson summarized his visit to China as successful but said the results would not be seen until later." It's "main accomplishment…was a new strategic economic dialogue between the United States and China. But officials acknowledge that the creation of a process does not equal achievement of results," and "hat the trip was ending with no signs of progress on issues like Chinese currency policy, restrictions on China's capital markets, trade disputes and the widespread piracy in China of software, movies and pharmaceuticals from the United States." Such issues have"some urgency for the administration, with critics of China in Congress preparing to introduce legislation to punish the nation because of its currency practices."

The Financial Times (9/23, Guha, McGregor) adds that the trip "exceeded the expectations of Hank Paulson," who "insisted the meetings were not formalities." Paulson's "comments could heighten market expectations that China will allow its currency to appreciate more rapidly in the months ahead," but "a senior administration official said Mr Paulson was 'fully cognisant that he will be judged on results.'"

Paulson Will Seek To Stop China-Tariff Bill. The Wall Street Journal (9/23, Phillips, Hitt, 2.03M) reports, "Treasury Secretary Henry Paulson turns this coming week from negotiating with Chinese leaders to pressing two persistent U.S. senators," Charles Schumer and Lindsey Graham, "to back off a bill that would levy tariffs on Chinese goods to punish Beijing for its currency policies." They "appear intent on forcing a vote this coming week on legislation to impose a 27.5% tariff on China-made goods -- if Beijing doesn't allow its currency, the yuan, to rise against the dollar." While thrice before they agreed to "step back after appeals from the Bush administration, which fears the bill could ignite a trade war," this time "the senators say they are running out of patience." Senate Finance Chairman Charles Grassley "says passage is likely if the bill is brought up, in

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part because 'China hasn't delivered on' on past promises." Also, "concerns about China and the economy are helping to stoke voter angst," and some business lobbyists "fear some senators see the vote as a chance to send a shot across China's bow, knowing President Bush can block the measure from becoming law."

USN Holds Drill With Chinese Navy. The New York Times (9/23, Gordon, 1.21M) reports, "The United States Navy reached a modest but noteworthy milestone this week when it conducted an exercise with a Chinese ship off the coast of southern California." The exercise "was the first time that ships from the two navies have worked directly with each other in a search and rescue training session." There is disagreement in Washington over the value of such joint exercises: "The heads of the United States Pacific Command have favored establishing a channel of communication with their Chinese counterparts," but "some Bush administration civilians and advisers have been far more skeptical, calculating that the principal Chinese interest is to glean what they can about American military technology and operations."

Britain Seeks To Trade Anti-Dumping Support For EU Maximum Working Hour Opt-Out. The Financial Times (9/23, Parker, Bounds) reports, "Britain has offered a secret deal to Italy under which it would back Rome's demand for punitive tariffs on cheap Chinese shoes in return for Italian support for the UK's long-hours work culture," and "The fact that Britain is prepared to put aside its free-trade principles in the shoe dispute is a sign of its fear that other member states could try to axe its 'opt-out' from Europe's maximum 48-hour working week when the issue is debated in November." Italy withdrew its support, and "the Financial Times has learnt from a number of sources that Britain is desperate to" regain it. However, "Italy has so far refused to give Britain the written assurances it wants on working hours" and "Emma Bonino, the Italian trade minister, hopes to assemble the necessary majority of EU countries to support duties on Chinese shoes without Britain."

Sen Clinton Draws Crowds At Husband's Conference On Global Challenges. The New York Times (9/23, Healy, 1.21M) reports, "Senator Hillary Rodham Clinton made a star turn yesterday at former President Bill Clinton's conference on global challenges, calling for a concerted attack on the 'feminization of poverty' to destroy political and economic barriers that trap women." She "drew a standing-room-only crowd of hundreds for a session called 'Women and the Power of Economic Opportunity.'" At the end of the conference, President Clinton announced "that participants had committed $7.3 billion to climate, health and antipoverty programs, and to efforts to foster ethnic and religious tolerance. A similar conference last year, Mr. Clinton's first, raised $2.5 billion in total commitments."

The Financial Times (9/23, Jack) adds, "Some have criticised the gathering for its glitzy 'photo ops' with world leaders and telethon-style pledges backed by certificates signed by Mr Clinton, as well as a sense that many of the commitments made were repackaged, publicity-seeking or would have happened in any case." However, "a number of participants argued that if this was what it took to recruit or sensitise even a few more powerful fence-sitting business groups to their cause, or push them into making commitments, it was a price worth paying."

EU Expected To Grant Membership To Romania, Bulgaria. The Wall Street Journal (9/23, Miller, 2.03M) reports, "The European Union looks set to give a green light Tuesday for Romania and Bulgaria to join the bloc in January…testing the willingness of 'old' Europeans to welcome ever-poorer cousins." According to diplomats, the Commission will recommend membership in January, but will condition the offer with fine print requiring crackdowns on corruption, illegal state aid and, in the case of Bulgaria, violent crime," and "Officials in Brussels say they'll disclose on Tuesday how they plan to punish Bulgaria and Romania if they don't comply." However, "some analysts are skeptical," as "Subsidies to build roads and bridges and fund farmers are locked in by legally binding treaties that are difficult to change" and "the EU has little choice but to let the two countries in," as, "At a summit last year, the 25 member states pledged to welcome Romania and Bulgaria before 2008. Going back now would require unanimous consent, which is highly unlikely."

Momentum Slowing On Turkey's Bid To Join EU. The Washington Times (9/23, Borowiec, 88K) reports, "The sputtering locomotive pulling Turkey toward Europe is losing steam amid signs of increasing problems in Turkey's talks to join," and, "In an effort to stave off a major crisis, the European Union has postponed by a month its much-awaited report on Turkey's accession progress" in order "to 'give diplomacy another chance' despite negative signals from Ankara and Brussels" over a "tangle of issues" including "what the European Union considers to be inadequate human rights progress in Turkey and its refusal to open its ports and airports to Greek Cypriot traffic despite a binding trade convention." However, "the apparent hardening of Turkey's attitude in the face of EU demands has caused a series of crisis forecasts and predictions of a 'train wreck' in Turkey's path toward Europe."

Last US Soldiers Leave Bosnia. The Los Angeles Times (9/23, 918K) reports in a five-sentence article, "The United States will pull its last 150 soldiers out of Bosnia-Herzegovina by December, a U.S. general said. The troops

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of Eagle Base near Tuzla are all that remains of the 38,000-member force that deployed as part of a NATO-led peace mission in late 1995."

US "Sharply Criticizes" Russia's Revocation Of Energy Project Permit. The Washington Times (9/23, Sands, 88K) reports, "The State Department yesterday sharply criticized a recent move by the Russian government to" revoke the environmental permits for a $20 billion liquefied natural gas project being developed by the Royal Dutch Shell Group and two Japanese investment houses on Sakhalin Island, "saying it put in doubt Moscow's willingness to honor major energy deals with foreign investors." State Department spokesman Tom Casey "said the Bush administration was 'very concerned'" and that "these actions cast doubt on Russia's willingness to uphold its recent commitments that were made by all the G-8 countries at the St. Petersburg summit." This "comes against a backdrop of alarm in the United States, Europe and Japan that Russia under President Vladimir Putin is increasingly ready to use its clout as a global energy superpower to further its commercial and diplomatic interests."

Panamanians Expected To Okay Canal Expansion. The Los Angeles Times (9/23, Kraul, 918K) reports, "Support is building among" Panama's "voters for expansion of the Panama Canal, a five-year, $5.2-billion project" that goes to a nationwide vote Oct. 22. "Recent polls show that support for the plan, which goes to a nationwide vote Oct. 22, is at nearly two-thirds of those intending to cast ballots. Approval has risen 6 percentage points in the last month, and some say the public has put aside initial fears that graft and indebtedness could swamp the nation's most important resource and symbol." The "government has touted the supposed benefits in jobs and revenue for social projects from expanding the 51-mile canal, while warning of the risks of doing nothing," which "include the possibility that Mexico or other Central American countries could build competing canals or port-highway complexes to move the accelerating flow of worldwide freight. Government officials in Chile and El Salvador have been quoted recently as saying a rejection of the canal expansion would lead to the development of alternative cargo routes."

India Expected To Face Shortage Of Quality Engineers. The Los Angeles Times (9/23, Chu, 918K) reports, "a shortage of talent is looming that could put a dent in India's reputation as the world's information-technology outsourcing champion." Executives and experts in:" engineering say the problem "is not quantity. It's quality," as many of the engineering graduates are not "employable by multinational companies." This "scarcity of engineers holds ramifications not just for the vaunted high-tech sector but also for issues of basic development." A "looming squeeze in the supply of qualified engineers in India is starkly at odds with widely quoted statistics in the U.S., which have assumed almost totemic status in the debate over the future of American dominance in the high-tech marketplace. According to these figures, India graduates 350,000 engineers a year, China 600,000 and the U.S. a mere 70,000." However, "the origin of the statistics is murky. And recent research suggests that they are, in fact, wrong."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Seeks To Boost Support For Moderate Muslim Leaders. In his weekly radio address President Bush praised both Pakistani president Pervez Musharraf and Afghan President Hamid Karzai for their cooperation in the war against terrorism. Bush's remarks were reported by the wire services. The AP (9/24, Loven) reports, "President Bush, playing middleman next week between sometimes-sparring neighbors Afghanistan and Pakistan, praised the U.S. allies Saturday for their work in defeating terrorism under difficult circumstances." The Administration "has two aims. One is placating the concerns of Pakistan, whose alliance with the U.S. in the war on terror causes domestic problems for Musharraf. The other is soothing the struggling democratic government in Afghanistan, which is suffering its heaviest insurgent threat since U.S.-led troops toppled the Taliban in late 2001." White House press secretary Tony Snow said, "So anything we can do to support them in their efforts to conduct as aggressively and effectively as possible the war on terror, we're going to do what we can to assist them."

Bloomberg (9/24, Murray) notes, "It was the sixth week in the past seven that Bush has made the war on terrorism the subject of his radio address." His "focus in the past month on national security and terrorism threats, centered on the fifth anniversary of the Sept. 11 attacks in the U.S., gave him a measurable boost in public support a month and a half before the congressional elections. On Iraq Bush said, "America will not abandon the Iraqi people in their struggle to defeat the terrorists and build a free society in the heart of the Middle East" and he "repeated his support for Palestinian Authority President Mahmoud Abbas."

Musharraf Reiterates Commitment To Capturing Bin Laden. The Dallas Morning News (9/24, Meyer, Ragland, 500K) reports that in an interview Musharraf "reiterated his commitment to hunt down Osama bin Laden, and said he could not confirm reports that the al-Qaeda leader died last month of typhoid in Pakistan." Asked about his visit to the US, Musharraf said, "The perception of Pakistan is to the better. … We explained our point of view effectively."

LAT Suggests Musharraf May Be Seeking To Deflect Pressure To Crack Down On Militants. The Los Angeles Times (9/24, 918K) in an editorial suggests Pakistani Prime Minister Musharraf's allegations the US threatened Pakistan after the 9/11 attacks could have been a diplomatic maneuver because he "is in a very difficult jam." Musharraf's "claims of a threatened bomb attack will make it politically difficult for Bush to exert any real pressure."

US, French Skeptical That Bin Laden Died. NBC Nightly News (9/23, lead story, 2:50, Seigenthaler, 9.87M) reported that speculation that bin Laden may be dead "raises more questions about how five years after it's attacks on America, Osama bin Laden seems to have vanished." NBC (Daniels): "U.S. intelligence officials reacted with skepticism and Pakistani officials called the information far-fetched and speculative. But exactly where bin Laden is remains a mystery. Despite five audio recordings of bin Laden released this year, none accompanied the fifth year anniversary of September 11." Cressey: "I think either for operational reasons, that is, bin Laden doesn't want to risk having a video taken of him or even for health reasons. He might not be in the type of shape where he wants to show himself in a video."

The Washington Post (9/24, A9, Anderson, 748K) reports, "French and U.S. officials discounted a report Saturday in a French newspaper indicating that Osama bin Laden had died of typhoid last month in a remote area of Pakistan." While a senior French official "acknowledged the existence of the" confidential document from the French secret service that the newspaper, L'Est Republicain, quoted "as saying that 'according to a reliable source, Saudi security services are now convinced that Osama bin Laden is dead,'" President Jacques Chirac "said at a news conference Saturday that there was no confirmation that the leader of the al-Qaeda terror network had died." Also, U.S. intelligence sources "cast serious doubt on the report, saying there was no information to support its claims."

The New York Times (9/24, A8, Bernard, 1.21M) adds that a senior French intelligence official "said the memorandum had been sent to the president, prime minister and some ministries as a regular report on terrorism-related intelligence traffic." An American intelligence official in Washington said, "I think it ought to be treated with a great deal of skepticism."

The Los Angeles Times (9/24, Rotella, Meyer, 918K) adds, "As in Paris, the response in Washington was skeptical and cautious. 'We don't have any confirmation of that report,' State Department spokesman Sean McCormack told reporters." The Times notes, "If the Saudi government had received hard information about Bin Laden's death or imminent death, it would have gone immediately to a U.S.-Saudi counter-terrorism center in Riyadh, the Saudi capital, officials said. From there, it would have been sent to Washington within hours, the officials said, adding that no such referrals have taken place."

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The Washington Times/AP (9/24, Ganley) reports, "Secretary of State Condoleezza Rice said she had 'no comment and no knowledge' about the report," and a U.S. intelligence official said that "If bin Laden were dead or dying, U.S. officials would expect to see telltale indicators that they are not seeing." Additionally, "a senior official in Afghanistan's Foreign Ministry said he was very skeptical of the document, noting past false reports of the death of bin Laden." While "there have been numerous reports over the years that bin Laden had been killed or that he was dangerously ill…the al-Qaida leader has periodically released audiotapes appealing to followers and commenting on current news events."

McClatchy Newspapers (9/24, Allam, Landay, Schofield) notes Duke University professor and terrorism language expert Bruce Lawrence "said it would be 'disastrous' for the Bush administration to focus on bin Laden's absence, only to have the al-Qaida leader issue a new tape to prove he's alive and still eluding a massive manhunt." And experts say "bin Laden's death is unlikely to dent the global jihadist movement he helped create. Through the years, al-Qaida has metastasized into a loose confederation of groups inspired -- but not directed -- by him and his second-in-command, the Egyptian-born Ayman al Zawahiri."

Clinton Accuses Administration For Not Focusing On Bin Laden. Previewing President Clinton's interview on Fox News Sunday morning the Washington Post (9/24, A9, Grunwald, 748K) describes Clinton as "angrily" defending his efforts to combat terrorism and accusing moderator Chris Wallace of having lured him into a "conservative hit job." In the interview "Clinton said he authorized the CIA to kill bin Laden, and even 'contracted with people to kill him. He also said he had a plan to attack Afghanistan, overthrow the Taliban and hunt for bin Laden after the attack on the USS Cole, but the CIA and FBI refused to certify that bin Laden was responsible, and Uzbekistan refused to allow the United States to set up a base. By contrast, Clinton said the Bush administration's neoconservatives 'had no meetings on bin Laden for nine months,' believing he had been 'too obsessed with bin Laden.'" Clinton also attacked "Bush for focusing on Iraq instead of Afghanistan, urging Americans to read Clarke's book and accusing Republicans of 'a serious disinformation campaign' to blame the Clinton administration for losing bin Laden."

Padilla Case Compared To Al Arian Prosecution. In a widely-distributed story, the AP (9/24, Anderson) reported, "The Bush administration's decision to drop the 'enemy combatant' label from alleged al-Qaida operative Jose Padilla and prosecute him on civilian terror charges has not gone smoothly, with even the judge in the case raising questions about sketchy evidence and a vague indictment." US District Judge Marcia Cooke has "pronounced the U.S. case 'weak on facts' and agreed with defense lawyers that prosecutors must provide more details about what crimes the trio may have actually committed instead of relying on sweeping allegations that they were involved in a violent Islamic jihad over a decade on several continents." The AP noted, "Some experts compared the Padilla case to that of former University of South Florida professor Sami al-Arian, who was cleared of terrorism charges after a five-month trial in 2005."

Bush Rhetoric In Defining War Against Terrorism Faulted. Sheryl Gayle Stolberg in a Week in Review article in the New York Times (9/24, 1.21M) examines President Bush's use of the term "Islamic fascists, or, Islamo-fascism" as he tries to frame the debate about the war against terrorism. Top Bush aide Dan Bartlett explained, "The debate that we wanted to launch was about an ideological struggle against an enemy that has very specific plans, ambitions and aspirations, much like movements of the past, like fascism and Nazism." Yet, "it seems unlikely Mr. Bush will use it again, given the outcry it provoked" as "Muslims, both here and in other countries, were deeply offended. Even Karen Hughes…pushed back, telling CNN's Wolf Blitzer that she typically does not 'use religious terms' for fear they will be misinterpreted around the world."

Detainees Controversy Seen As Evidence Of "Prudence Party's" Disdain For Bush. The Los Angeles Times' Ronald Brownstein (9/24) contends that President Bush is "facing increasing resistance from what might be called the 'prudence party.' The prudence party represents a particular corner of the U.S. establishment. Informal and amorphous, it is populated by top-level corporate and Wall Street executives, former diplomats, retired military officers and some veteran legislators on Capitol Hill. … It looks skeptically at radical change, especially when it is implemented 'with scarcely a second thought.'" Brownstein adds that it "wasn't particularly surprising to find" Sens. John McCain and Lindsey Graham leading "the resistance Bush faced in his effort to redefine U.S. obligations under the Geneva Convention," but "behind them stood Sen. John W. Warner…the virtual white-haired embodiment of the prudence party. And behind Warner stood an even more imposing phalanx of gray eminences." Brownstein adds, "The pillars of the prudence party don't like to publicly air their disagreements. The fact that so many did so in this dispute is probably a warning sign to the White House that it could face more resistance from some of the same voices if it pursues other avenues seen as flouting

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international norms or global opinion, such as unilateral military action against Iran."

CIA Unusually Vocal On Debate Over Torture. In a news analysis in The Los Angeles Times (9/24, 918K), Greg Miller writes, "For an agency that ordinarily steers clear of major policy debates, the CIA played an unusually prominent role in the showdown between the White House and dissident Republicans over the treatment of detainees. To many outsiders, the CIA's position was puzzling." According to Miller, "Why would an agency whose own overseas officers are vulnerable to capture — and torture — defend harsh interrogation methods? … The answers, according to current and former U.S. intelligence officials, reflect a cultural and operational fault line that separates the CIA from the other arms of the U.S. government that operate overseas — mainly the military and the State Department." According to Miller, "CIA leaders are typically closely aligned with State Department and Pentagon counterparts in their view of the world and their concern for overseas opinion of the United States. But on the detainee issue, the CIA is less swayed by concerns that other nations might retaliate against U.S. prisoners, and more inclined to consider any cost worth paying for the intelligence it generates."

Tortured Wisconsin Veterans Say Geneva Conventions Should Not Apply To Terror Suspects. The Milwaukee Journal Sentinel (9/24, Jones, 259K) reports, "The debate over the rules for the interrogation and trial of terrorist suspects is more than political rhetoric for Heiliger and other Wisconsin ex-prisoners of war, who spent days and weeks and years in captivity never knowing if they would survive their ordeal. Even as President Bush and key Republican senators such as John McCain reached an agreement last week over the issue, Heiliger's opinion was emphatic: The Geneva Conventions don't apply to terror suspects." According to the report, "Dan Doughty agrees. He, too, was shot down in Vietnam and spent almost seven years as a prisoner of war." According to the report, Doughty says that in the war on terror, "'there are no uniformed soldiers. They're not fighting for a country. They don't have a nation behind them.'"

Group Of Retired Flag Officers Behind Senate Opposition To Geneva Convention Changes. The Los Angeles Times (9/24, Kaiser, 918K) reports, "For one 83-year-old veteran of World War II, it was the searing memory of a Japanese prisoner who helped turn the tide on Iwo Jima. … For all 43 retired generals and admirals, it was a combination of moral outrage and deep disgust over President Bush's proposed legislation on interrogating terrorist suspects that propelled them into unfamiliar territory." According to the report, "The group of retired flag officers first came together in 2005, when a dozen of them signed a letter opposing the nomination of Alberto Gonzales as attorney general for his role in developing Bush's policies on torture in the war on terror. Late last year, they supported Sen. John McCain's (R-Ariz.) ban on cruel and inhumane treatment of detainees in U.S. custody anywhere in the world." The Times adds, "And last week, the Republican senators with whom the retired officers are allied in a fight against Bush's proposed legislation to weaken the spirit and the letter of the Geneva Convention won a compromise with the administration. According to the agreement, all forms of torture would be banned."

Former Army Interrogators At Odds With Harsh CIA Interrogation Tactics. In its op-ed pages the Washington Post (9/24, B5, 748K) reports, "President Bush's advocacy of 'alternative interrogation practices' in the fight against terrorism has moved beyond legality and morality — to focus on practicality. 'The information that the Central Intelligence Agency has obtained by questioning men like Khalid Sheik Mohammed has provided valuable information and has helped disrupt terrorist plots, including strikes within the United States,' Bush said in a Sept. 15 news conference." The report adds that according to Bush, "'By giving us information about terrorist plans we couldn't get anywhere else, this program has saved innocent lives. In other words, it is vital.' In a recent statement to the Senate Armed Services Committee, a group of former Army interrogators disagreed." According to the Post, the signers wrote, ""Prisoner/detainee abuse and torture are to be avoided at all costs, in part because they can degrade the intelligence collection effort by interfering with a skilled interrogator's efforts to establish rapport with the subject.'"

Use Of Torture Harshly Criticized. In an op/ed in The Washington Post (9/24, B1, 748K), author Edwidge Danticat writes, "A few years ago, as I worked on a documentary film about torture survivors in exile from my native Haiti, I met a young woman who under questioning by a military officer was slapped until she became deaf in one ear, was forced to chew and swallow a campaign poster, and was kicked so hard in the stomach by booted feet that she kept slipping in and out of consciousness in a pool of her own urine and blood. Another woman had an arm chopped off and her tongue sliced in two before she was dumped in a mass grave, miles from her home." Danticat adds that under dictatorial regimes, "Those women saw hell and came back. However, neither one told their torturers what they wanted to know." According to Danticat, "And now, when political leaders in the United States are asking us as a society to consider not only the legal and moral ramifications of torture but its effectiveness, we are brought closer to these regimes than we may think. If we are part of all that has touched us, as Alfred Tennyson wrote, then we are all endorsers of torture when it is done in our name."

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U.S. Urged Not To Torture. In an op/ed in The Washington Post (9/24, B1, 748K) Duke University's Ariel Dorfman writes, "It still haunts me, the first time — it was in Chile, in October of 1973 — that I met someone who had been tortured. To save my life, I had sought refuge in the Argentine Embassy some weeks after the coup that had toppled the democratically elected government of Salvador Allende, a government for which I had worked." Dorfman adds, "And then, suddenly, one afternoon, there he was. A large-boned man, gaunt and yet strangely flabby, with eyes like a child, eyes that could not stop blinking and a body that could not stop shivering." According to Dorfman, "It was his image, in fact, that swirled up from the past as I pondered the current political debate in the United States about the practicality of torture. … Can't the United States see that when we allow someone to be tortured by our agents, it is not only the victim and the perpetrator who are corrupted, not only the 'intelligence' that is contaminated, but also everyone who looked away and said they did not know, everyone who consented tacitly to that outrage so they could sleep a little safer at night, all the citizens who did not march in the streets by the millions to demand the resignation of whoever suggested, even whispered, that torture is inevitable in our day and age, that we must embrace its darkness?"

Newsday Columnist Blasts Bush And Cheney For Effort To Redraft Geneva Accords. In his column for Newsday (9/24), Les Payne denounces Vice President Cheney: "Dick Cheney has certified every jot and tittle of the U.S. invasion of Iraq - and been proved tragically wrong to the tune of $1 trillion and more than 2,600 American lives. ... Former military men such as Rep. Charles Rangel, or Sen. John McCain for that matter, seem to be roiled by the notion that Cheney [who never served] is the helmsman of U.S. military policy." Payne also calls President Bush a "casual-duty goldbrick in the Texas Air National Guard" and blames the President and Vice President for planning "to try the [14 Guantanamo] suspects without allowing them to hear secret evidence allegedly gathered against them. Some might even have been executed without ever knowing the full extent of what brought them to the gallows."

Senate Compromise With Bush Administration Criticized. The Los Angeles Times (9/24, 918K) writes in an editorial, "If it's good enough for John McCain, Lindsey Graham and John Warner, then it's good enough for everyone else. That, essentially, has been the argument for the compromise reached last week between the White House and the Senate concerning the Bush administration's treatment of suspected terrorists." The Times adds, "But it's not good enough — neither the compromise nor the argument. The three Republican senators admirably opposed the administration's attempt to undermine international law on the treatment of prisoners captured in the war against terrorists," however, "Congress should not accept their assurances without the sort of sustained scrutiny that will be impossible if there is a rush to enact the compromise into law before the midterm elections. Democrats, who until now have allowed McCain and Co. to serve as their stand-ins, especially should resist a stampede." According to the Times, "The compromise has a major flaw. It perpetuates a two-tier system in which the U.S. military is bound by a strict reading of Common Article 3 while the CIA is apparently free to use what President Bush described as 'alternative' interrogation methods."

Bush Administration Criticized For Moves To Strengthen Executive Powers. In a letter to the editor of The New York Times, (9/24) Wisconsin Sen. Russ Feingold (D) writes, "John Yoo, a former deputy assistant attorney general in the Bush administration, acknowledges that President Bush's unique approach to the law, which the president has insisted is necessary to fight terrorism, is motivated by the 'broader' goal of strengthening executive power (Op-Ed, Sept. 17). Mr. Yoo cites this goal as a reason the administration has fought a 'pre-emptive' war, 'data-mined communications in the United States to root out terrorism,' detained terrorists without 'formal' charges and conducted 'harsh' interrogations." According to Feingold, "These views are clearly offensive to our constitutional system. It is long past time for Congress to reassert its proper role in checking an executive branch that has so little respect for the principles that have sustained our democracy for more than 200 years."

U.S. Military Steps Up Guantanamo Security In Response To Spike In Inmate Violence. The AP (9/24, Selsky) reports that at Guantanamo Bay Naval Base in Cuba, "The military is toughening a new jailhouse for suspected al-Qaida and Taliban militants to protect guards after a spate of attacks and evidence that detainees have organized themselves into groups to mount uprisings, officials said. The hardening comes as U.N. human rights investigators are calling for closing the entire detention center on this remote U.S. base." According to the AP, "From July 2005 through August, the military recorded 432 assaults by detainees using 'cocktails' of bodily excretions thrown at guards, 227 physical assaults and 99 instances of inciting or participating in disturbances or riots. … Underscoring the military's toughening stance, a jailhouse in the final stages of construction on a cactus-studded plateau overlooking the Caribbean is being 'hardened' into a maximum-security facility." According to the report, "Camp 6 was to have opened in August as a medium-security lockup."

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HOMELAND RESPONSE:

Florida Mosque Hit By Gunfire. The AP (9/24) reports that in Melbourne, Fl, "A mosque was hit by gunfire as members inside celebrated the start of the Muslim holy month of Ramadan, authorities said Saturday. No injuries were reported and there were no arrests." According to the report, "Ibrahim Hooper, national spokesman for the Council on American-Islamic Relations, said that while no motive had been determined by police, the shooting fit a pattern of incidents at mosques this year. A bullet-riddled Quran was left outside a mosque in Chattanooga, Tenn., and an Indiana mosque was vandalized." According to the report, "There were other incidents at mosques in Maine, Arizona and Maryland."

Parents Of 9/11 Victim Establish Foundation To Aid Victims Of Terror, Violence Worldwide. The New York Times (9/24, Applebome, 1.21M) reports that in memory of their son Peter who was killed in New York on 9/11, Stephen and Elizabeth Alderman established a foundation dedicated to healing those even more traumatized than they were — victims of terrorism and mass violence in countries around the world — in Iraq and Uganda, Bosnia and Cambodia, Rwanda and Afghanistan, about 50 in all." The couple will spend the 10-day period between Rosh Hashana and Yom Kippur this year "at a conference center in Italy, where their foundation (www.petercaldermanfoundation.org) will hold a training session for 35 professors and health professionals from around the world. Those in attendance, as part of a three-year program, will then go out and treat the torn psyches of people at refugee camps and in mud huts and teach others to do the same thing." According to the report, "By the end of the year they will have trained more than 600 health professionals around the world, who will have treated more than 50,000 people."

One Year Later Texans Still Recovering From Hurricane Rita. The AP (9/24, Weber) reports hurricane Rita "landed in Sabine Pass on Sept. 24, 2005, packing 120 mph winds that flattened the coastal hamlet before splaying into East Texas and lashing western parts of Louisiana. At least nine were killed after the storm roared ashore, and thousands of homes in the mostly poor and densely wooded path of the storm were destroyed. But the destruction was a mere speck compared to that wrought a month earlier by Hurricane Katrina. Even one year later, Rita is best remembered for the chaotic evacuation of Houston, which was far more deadly, killing more than 100 people in accidents and exposure deaths. The Southeast Texas Regional Planning Commission estimates Rita residental damages at $2 billion — far less than the tens of billions in damages borne by Katrina, but still a hefty price tag to area officials."

Rita Destroyed Louisiana Beef Industry. The AP (9/24, Simpson) reports, "A year after Hurricane Rita…cattlemen say they're still struggling, hampered because the storm tore down hundreds of miles of fences essential to contain their cows, bulls and calves. Even if the fences and the farm structures Rita also destroyed get rebuilt, the storm has forever changed a sliver of southwest Louisiana culture. … Category 3 Rita struck here last Sept. 24, flattening Cameron and other towns, its salt water turning the lush grass to brown and killing roughly 30,000 cattle, according to the state agriculture department."

WAR NEWS:

US Intelligence Analysts Say Iraq War Creates More Terrorism Than It Solves. Details of information from the new National Intelligence Estimate asserting the war in Iraq was contributing to the spread of terrorism was covered on the front pages of major newspapers. The Los Angeles Times (9/24, Miller, 918K) reports, "President Bush and Vice President Dick Cheney repeatedly have described the war in Iraq as the central front in the war on terrorism and argue that Americans are safer as a result of the administration's policies." An "official said the estimate touches on a number of factors fueling the jihadist movement, but that 'the reference to Iraq was the main one.'" The Times reiterates, "Bush and Cheney frequently have dismissed suggestions that the U.S. presence in Iraq has inflamed anger toward the United States, arguing that U.S. forces were not in Baghdad on Sept. 11, 2001."

In a front page article, the Washington Post (9/24, A1, Young, 748K) reports that the National Intelligence Council, currently chaired by Thomas Fingar, the former head of the State Department's intelligence bureau and now deputy for analysis to Director of National Intelligence John D. Negroponte, in a National Intelligence Estimate, concluded that "The war in Iraq has become a primary recruitment vehicle for violent Islamic extremists, motivating a new generation of potential terrorists around the world whose numbers may be increasing faster than the United States and its allies can reduce the threat," and "Rather than contributing to eventual victory in the global counterterrorism struggle…the situation in Iraq has worsened the U.S. position." This "coincides with public statements by senior intelligence officials describing a different kind of conflict than the one outlined by President Bush in a series of recent speeches marking the fifth anniversary of the Sept. 11, 2001,

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attacks," that say "the battlefronts…are far more impenetrable and difficult, if not impossible, to combat with the standard tools of warfare."

Also in a front page article, the New York Times (9/24, A1, Mazzetti, 1.21M) leads, "A stark assessment of terrorism trends by American intelligence agencies has found that the American invasion and occupation of Iraq has helped spawn a new generation of Islamic radicalism." It "attributes a more direct role to the Iraq war in fueling radicalism than that presented either in recent White House documents or in a report released Wednesday by the House Intelligence Committee." For years "there has been tension between the Bush administration and American spy agencies over the violence in Iraq and the prospects for a stable democracy in the country. Some intelligence officials have said the White House has consistently presented a more optimistic picture of the situation in Iraq than justified by intelligence reports from the field." The report "asserts that Islamic radicalism, rather than being in retreat, has metastasized and spread across the globe." The Washington Times/UPI (9/24) summarizes the NYT article.

The AFP (9/24) argues, "The findings contained in the National Intelligence Estimate appear to be in stark contradiction with claims by President George W. Bush and other top administration officials, who insist that Iraq is and will remain the central front in the war on terror."

US Forces Faces Pressure As Iraqi Forces Unable To Impose Order. Time (9/24, Bennett, Donnelly, 4.03M) reports, "Though 12,000 U.S. and Iraqi troops have moved to the capital to try to defuse sectarian violence, the level of killing across the city remains as high as ever. That's because the U.S. doesn't have enough troops to maintain the peace in the areas they've secured, instead relying on Iraqi units who have yet to prove they can impose order. ... there is a palpable sense that things are getting worse in Iraq." Time attributes the troop shortage "to the earliest days of the occupation. Despite projections by former Army chief of staff General Eric Shinseki that 'several hundred thousand soldiers' would be needed to occupy Iraq after the overthrow of Saddam Hussein, Secretary of Defense Donald Rumsfeld and former U.S. Central Command (Centcom) chief General Tommy Franks chose to go with a much smaller force of 125,000."

Bomb Kills Sadr City Women. The New York Times (9/24, Oppel, Hussein, 1.21M) reports, "A horrific explosion on Saturday morning in the huge Sadr City district here killed at least 35 people, mostly women and children, when a bomb detonated next to a line of women waiting to receive cooking fuel from a tanker truck." Many victims were burned to death; the explosion "struck at the beginning of the holy month of Ramadan, in which more attacks were expected, given what has happened in past years." In other news, "elsewhere, four Americans were killed," including a State Department contractor and three soldiers. An anonymous American official said that US forces in Baghdad had "killed 25 death squad members and captured 215 more since the sweeps began." However, he asserted there were 23 separate militias in Baghdad.

The Washington Post (9/24, Paley, Dehema, 748K) reports graphically, "A fiery explosion tore through a line of people waiting to buy fuel on Saturday and killed at least 38 people, most of them women and children, continuing the wave of tit-for-tat sectarian killings. The horrific blast sent women engulfed in flames screaming through the streets." One injured Iraqi said, "We carry our death certificates with us now, waiting only to fill in the date of death." Like the New York Times, the Post reports that killers left 10 severed human heads (the Times says nine) on a street in Bajii; the heads apparently belonged to "either employees or contractors at the U.S. military base in Baiji."

The AP (9/24, Ahmed) reports also the deaths of three American soldiers: "A U.S. soldier was killed by a roadside bomb in northern Baghdad, and two other American soldiers were killed and three injured when a bomb exploded near their patrol outside Hawija, 150 miles north of the capital, the U.S. command said."

Of the bombing, it says, "A bomb claimed by a Sunni Arab extremist group killed at least 37 Shiites in Baghdad on Saturday as they stocked up on fuel for Ramadan, just days after the U.S. military warned that sectarian bloodshed could worsen during the Islamic holy month."

The Washington Times/AP (9/24) runs a slightly modified version of the AP article above, saying, "The Sunni extremist group Jamaat Jund al-Sahaba -- Soldiers of the Prophet's Companions -- claimed responsibility for the bomb attack in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shi'ite cleric Muqtada al-Sadr."

The Washington Times/UPI (9/24) summarizes the New York Times account.

The Los Angeles Times (9/24, Salman, Smith, 918K) reports that the bomb "exploded ... where women and children had gathered to collect fuel rations, peppering victims with ball bearings and engulfing them in an inferno that killed at least 35." The bombing was a "setback" for the US effort to secure Baghdad and a continuation of past trends: "Since the U.S.-led invasion in 2003, violence has flared each year during Ramadan." An unnamed bystander "argued that the increased presence of the U.S. military in Baghdad had weakened Shiite cleric Muqtada Sadr's Al Mahdi militia, which has provided security in Sadr City."

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State Department Contractor Is Killed. The AP (9/23) reports, "An American contractor working for the State Department was killed in a rocket attack in Basra, the U.S. Embassy said Saturday." The brief article quotes the embassy charge d'affaires' statement of condolence.

Terror Group Denies Capture Of Leader. The Minneapolis Star Tribune/AP (9/24, Youssef) reports, "An Internet statement posted Sunday said that the leader of an al-Qaida-linked terror group had not been captured, contradicting an Iraqi government report. Iraq's armed forces announced the arrest Friday of Muntasir Hamoud Ileiwi al-Jubouri, a senior leader of the Ansar al-Sunnah group, and two of his aides near Muqdadiyah." The Internet statement, while offering no evidence of the leader's freedom, said the government's claim illustrated its "weakness and bankruptcy." About 40 sites carried this story.

People Flee Sectarian Threats Throughout Iraq. In a New York Times Week in Review piece (9/24), reporter Edward Wong writes on the "de facto partitioning of Iraq, with extremist groups forcing people to segregate themselves by sect across the country and within Baghdad. They are moving from neighborhood to neighborhood or city to city, a tide of migration that is hardening the Sunni-Shiite divide." People receive threats in different ways: "a telephone call at night, a bomb placed by a car, a bullet left on a shop counter." The Times reports, "The Iraqi Ministry of Migration and Displacement estimated that as of Sept. 4, about 39,000 families had relocated, the vast majority since February. That number was 44 percent higher than in late July and 10 times the total in mid-March."

Zarqawi's Successor's Video Is Screened Again. The AP (9/23, Michael) reports, "The man purported to be the new leader of Al-Qaida in Iraq appeared in previously released video showing him execute a Turkish hostage, the terror group says in a statement posted on the Internet along with a repeat of the recording." The video "first appeared on Aug. 2, 2004" but if "described accurately, the images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi."

NBC Nightly News (9/23, story 2, 2:00, Colt, 9.87M) reported on the latest "vicious attack" in Iraq that killed at least 37 Iraqis. And new al Qaeda leader Abu Ayub al-Masri was "seen publicly for the first time in this execution video posted on the internet. Al-Masri harangues America and then later shoots his Turkish hostage. But there was progress reported today with Friday's capture north of Baghdad of the head of a murderous Sunni militant group." But his "capture doesn't necessarily weaken his group." Sajjan Gohel, terrorism analyst: "They're being replaced. The insurgency is continuing." Colt: "And more challenges lie ahead with fears militants will try and exploit Ramadan, converting it from a month of prayer, fasting and charity, to one of violence."

Other Video Reportedly Shows Burning Of American Troops' Remains. The AP (9/24, Sinan) reports, "An al-Qaida-linked group posted a Web video Saturday purporting to show the bodies of two American soldiers being dragged behind a truck, then set on fire in apparent retaliation for the alleged rape-slaying of a young Iraqi woman by U.S. troops from the same unit."

Father Strives To Clear Convicted Son's Name. In a 3,479-word front page article, the Washington Post (9/24, Hull, 748K) reports on the manslaughter conviction of Edward Richmond, Jr., for shooting "a civilian in Iraq." His father Eddie's "war rages on," as he asks "the Army why his son was prosecuted" when another soldier in the unit who killed civilians was not. The Post quotes former 1st ID commander and war critic Maj. Gen. John Batiste, who says, "If I were Dad, I would be focused on Donald Rumsfeld and his leadership, which took our great military to war without a strategy, with insufficient troops on the ground, which allowed chaos to reign in early 2004."

Women's Combat Deaths Become Increasingly Common. In a piece for the New York Times Week in Review (9/24), journalist Lizette Alvarez reports that West Point graduate Lt. Emily Perez became the "64th woman from the" US military to be killed in Iraq or Afghanistan. In comparison, eight women were killed in Vietnam. Losses are not surprising, given the high-risk tasks they now have: 'For the first time, women by the thousands are on the ground and engaging the enemy in a war that has no front line, and little in the way of safe havens." She quotes conservative pundit Elaine Donnelly, who "has no qualms about women, who make up 10 percent of the troops in Iraq and Afghanistan, doing the jobs they are assigned in dangerous circumstances. That is standard. But to send them out with combat troops is illegal, she said." The Pentagon has "argued that it could not sustain the mission without women in these jobs." Alvarez notes that many preconceptions about women dying in combat have not been borne out: "Men, it was said, would crumble at the sight of a bloodied female soldier, or put themselves at risk to protect her. The public would not stomach women coming back in body bags or suffering life-changing wounds."

NATO Kills 23 Taliban Insurgents. The AP (9/24) reports in a five-sentence article, "NATO aircraft have killed 23 suspected insurgents in southern Afghanistan, the military alliance said Sunday."

NY Daily News Reports Increased Threat To Coalition Forces After Pakistani Deal. The New York Daily

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News (9/24, Meek, 729K) reports, "Since Pakistan signed a pact meant to defang the Taliban on its side of the border with Afghanistan, U.S. forces have been hit with 'highly unusual' attacks there, the Daily News has learned." Army Lt. Col. and spokesman Paul Fitzpatrick called it "highly unusual" to have "a battery of rockets fired at us at our bases," which happened to US firebases in Gayan and Bermel. The Daily News writes, "The 82nd Airborne Division is set to return by year's end to take over from the Fort Drum, N.Y.-based 10th Mountain Division."

Royal Army Defends Self Against Officers' Criticism. The New York Times (9/24, Cowell, 1.21M) reports, "For the second time in two days, the [British] army defended itself on Saturday against charges by middle-ranking officers in Afghanistan that British ground troops had received inadequate air support and other backing in their fight against the Taliban." The defense minister and chief of defence staff are both quoted defending the British war effort. Experts speculate that troops' complaints may have become more open "out of fear that the British public is unaware of the ferocity of the war in Afghanistan." One major complained that "the scale of casualties has not been properly reported," while another major faulted the RAF for being "utterly useless" but praised the USAF as "fantastic."

Jim Hoagland Says Afghanistan Needs "More Time." In his column for the Washington Post (9/24, 748K), Jim Hoagland argues, "The biggest challenge that U.S. and NATO forces face [in Afghanistan] is not on the battlefield. It lies in building confidence in the country's rural tribes and sparse urban population that Western governments will stay deeply involved in Afghanistan for a decade or longer. If Afghans do not believe that, they are unlikely to take the risks of vast social and political change being demanded of them today." Therefore, "Washington and other NATO capitals should accept the idea that they are providing a long-term military presence and significant development funding to Afghanistan as a matter of routine and strategy, rather than as a temporary military emergency."

Heritage Foundation Scholar Argues US Has Fought Five Iraq Wars. In a commentary for the Washington Times (9/24, 88K), Heritage Foundation fellow James Carafano argues, "America has fought five wars in Iraq -- not merely one. And we've won or are winning four of them. Winning the last war, however, is all that counts." The first four wars were to oust Saddam, "combat chaos," "confront al Qaeda," and defeat the "Sunni insurgency." The fifth war is the "proxy war" against Iran. Carafano states, "What the United States needs to do is finish the job in Iraq -- and that means strengthening Iraq's security forces so they can handle the insurgency. At the same time, it needs to focus on the other threats to regional stability -- helping empower the Lebanese government to disarm and defang Hezbollah and marshalling the international community to isolate and punish Iran for its adventurism."

David Brooks Warns Iraq Is "Closing" Its National Mind. In the New York Times (9/24, 1.21M), columnist David Brooks writes, "In Iraq we now have a case study in human insecurity. The people of Iraq have endured decades of dictatorship, war, insurgency and civil strife, and the psychological costs have been ruinous. Iraq is the most xenophobic, sexist and reactionary society on earth," according to a survey of 2,300 adults. Brooks says pessimistically, "In essence, Iraqis are like turtles trying to pull into their shells, but the big tasks now require non-shell behavior."

Frank Rich Points To Baghdad Museum Looting As Start Of Iraqi "Disasters." In the New York Times (9/24, 1.21M), columnist Frank Rich writes, "Three and a half years later, have we learned anything? ... America is empowering the very Islamic radicals this war was supposed to smite. But even now we seem to be averting our eyes from reality on the ground in Baghdad." Rich argues that the Iraqi National Museum looting was a pivotal episode that cost America "most of its prestige and respect," a problem compounded by officials like Secretary Rumsfeld dismissing it as "a triviality." Now that the museum is directed by a Shiite associate of Moqtada al Sadr, Rich warns, "That America has stood helplessly by as Mr. Sadr folds the museum into his orbit of power is as ominous a predictor of what lies ahead in this war as was our callous reaction to the looting of 2003."

Frank Rich's Anti-Bush Book Is Praised. In the Washington Post Book World (9/24), reviewer and history professor David Greenberg praises *The Greatest Story Ever Sold*, calling it "a gripping, witty and devastating indictment of President Bush's reliance on public relations to market his Iraq and counterterrorism policies."

Professor Claims Thomas Jefferson Would Have Opposed Iraq War. In a commentary for the Philadelphia Inquirer (9/24, 399K), government professor emeritus R. K. Ramazani argues, "Thomas Jefferson would have opposed the imposition of democracy on any society by military action for several reasons. He believed that coercion is incompatible with liberty and that a society must undergo an evolutionary process before it will embrace democracy and the liberal values of justice, public education and a free press necessary for it to function. Jefferson would have faulted the Bush administration's launch of democratization in Iraq without regard to the realities of Iraqi society, in which most

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people still have higher loyalties to family, religion and tribe than to the nation-state."

Former Ambassador Pearson Opposes Dividing Iraq. In a commentary for the Los Angeles Times (9/24, 918K), former ambassador W. Robert Pearson argues that the plan to split Iraq into Shiite, Sunni, and Kurdish parts is "a destabilizing default strategy." Pearson foresees in that event a "loose federation plagued by conflict, with one or more parties trying to win full independence," "more mischief" by Iran, opposition to an independent Kurdish state by "all the countries in the region with sizable Kurdish populations" (including Turkey)," and Shiite and Sunni demands for a "share of the Kirkuk fields." Pearson suggests instead fostering a "central government in Baghdad capable of moving the country toward stability through negotiation among the contending parties."

Rally On Mall Supports GWOT. The Washington Times (9/24, Lively, 88K) reports, "Backers of the war on terrorism rallied on the Mall yesterday for the second annual Support the Troops and Their Mission Weekend in Washington. A crowd estimated at between 70 and 100 people waved U.S. and military flags as they listened to speeches." Several attendees, including fathers of servicemen killed in Iraq, are quoted

CORPORATE SCANDALS:

Hedge Fund's Implosion Tied To Legislation Championed By Enron. The New York Times' Gretchen Morgenson (9/24) reports that last week "a hedge fund called Amaranth Advisors lost $6 billion. Amaranth and its investors are still sorting out the fund's huge, wrong-way bet on natural gas prices that appears to have cost it two-thirds of its $9.25 billion in assets. In the meantime, where were commodities regulators as Amaranth amassed its positions that in the unwinding have had such an impact on energy prices? To answer that question, we must travel back to Dec. 15, 2000, the final day of the 106th Congress, when a last-minute provision was inserted into legislation removing regulatory oversight from energy commodities traded on over-the-counter electronic exchanges. The provision was an early Christmas gift to a company that had worked hard to persuade members of Congress that electronic energy exchanges and all the trades made on them should be exempt from regulators' prying eyes. The company was Enron."

More Regulation Of Hedge Funds Urged. The New York Times (9/24, 1.21M) writes in an editorial, "As debacles go, the one last week at the hedge fund Amaranth Advisors was orderly. The fund's star trader had bet big that natural gas prices would rise. They fell instead. On Monday, the fund admitted it had lost more than $3 billion, a sum later pegged at $6 billion." However, according to the Times, "And yet, as of Friday, the fund, though badly battered, had managed to avoid liquidation. … Hedge funds — largely unregulated investment pools for wealthy individuals and institutional investors — have infiltrated every corner of every market, taking big risks for big returns." The Times adds, "The S.E.C. should pursue a focused set of hedge-fund reforms and Congress should pass a law to prevent pension funds from investing in hedge funds that do not submit to federal regulation. Congress should also repeal a law from 2000 that limits regulators' ability to monitor over-the-counter derivative securities — financial instruments not listed on the exchanges."

CRIMINAL LAW:

Experts Say Election Makes Timing Of Jefferson Probe Tricky. The New Orleans Times-Picayune (9/24, Alpert) reports, "With the selection last week of a technology expert to copy documents from computer hard drives taken from Rep. William Jefferson's office, the Justice Department might soon have the material it says it needs to wrap up its 18-month investigation of the New Orleans Democrat." The T-P continues, "That could leave the agency with a dilemma: Should the department decide whether to seek an indictment of Jefferson before the Nov. 7 primary or wait until after the race is decided? … Jefferson, facing the first tough re-election challenge since his election to the House of Representatives in 1990, has attracted 12 opponents. … While the timing of elections is one of many factors that the Justice Department examines in deciding whether to indict an elected official, matters of law are the paramount concern, former and current federal prosecutors said. … 'The policy is that you should bring an indictment when you have the evidence and when you are ready to proceed without consideration for an election,' said Eric Holder, who headed the department's public integrity section during the Clinton administration." The T-P adds, "A current Justice Department official, who asked not to be identified because he feared his 'general remarks about process' might seem aimed at the Jefferson probe, said an election could be one of many factors considered. But he said it is a relatively minor one and is even less important in a case where the public is already aware that the elected official is the target of a probe. … Jefferson has all but said he expects to be indicted, proclaiming that he looks forward to vigorously proclaiming his innocence in the 'appropriate time and forum.' … Last week, U.S. Magistrate John Facciola ordered the

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computer forensics firm of Stroz Friedberg LLC to begin searching computer images seized from Jefferson's office, instructing the firm to deliver computer documents to him on a 'rolling basis' of no fewer than 1,500 pages, and not more than 1,700 pages. Some involved in the case expect that process to continue for two or three weeks."

Jury To Begin Deliberations In Marlinga Corruption Case. The Macomb (MI) Daily (9/24, Cook) reports, "Whatever anyone thinks about the strength of the federal criminal case against Carl Marlinga won't matter this week as a jury will begin deliberating the former prosecutor's fate." The Daily continues, "Predicting a jury verdict is difficult, especially in a circumstantial case such as this, according to experts. … 'This isn't an open and shut case,' said Lawrence Dubin, University of Detroit Mercy law professor. 'You never know what a jury will do in a case.'" The Daily adds, "Prominent Macomb County defense lawyer Stephen Rabaut said: 'You don't know because even if the evidence points your way, if it doesn't pass the "smell test," it could go the other way. If there is a strong personality on the jury who is not on your side, then you're in trouble.'" The Daily notes, "The 14-person jury, which will be whittled down to 12 for deliberations, will begin mulling Marlinga's fate late Monday or Tuesday in U.S. District Court in downtown Detroit, after Marlinga completes testifying in his defense. … Marlinga, 59, Macomb County prosecutor for 20 years until 2005, is charged with five counts in connection with supposedly exerting influence in two criminal cases his office handled in exchange for more than $30,000 in campaign contributions, as well as exceeding the limits of contributions. He faces a maximum penalty of 10 years in prison, if convicted. … Marlinga will continue testifying in his defense Monday morning under cross examination by U.S. Attorney Robert Cares, after beginning Wednesday (No trial took place Thursday and Friday). Attorneys for the U.S. Justice Department and Marlinga's defense will make their last-ditch arguments to jurors after Marlinga completes his testimony. Closing statements by both sides will take place on the same day."

US Presses For Death Penalty In Ohio Murder-For-Hire. The Pittsburgh Post-Gazette (9/24, Simonich) reports, "Bonnie Brown Heady kidnapped and murdered a 6-year-old boy. Ethel Rosenberg leaked atomic secrets to the Soviet Union. … The U.S. government executed them both in 1953. No woman has been put to death in a federal case since." The Post-Gazette continues, "Given that history, Donna Moonda and her attorney did not expect prosecutors to seek the death penalty against her. … 'I was surprised when they did,' Roger Synenberg, Mrs. Moonda's attorney, said of the government's decision this month to pursue a capital case. 'I didn't think this would happen.'" The Post-Gazette adds, "Mrs. Moonda, 47, of Hermitage in Mercer County (PA), is charged with hiring her 25-year-old lover to murder her husband. … She says she is innocent. Prosecutors say she is a cold, money-hungry killer who planned the murder of Dr. Gulam Moonda for six months. … Dr. Moonda 69, a urologist, died in front of his wife and mother-in-law on the Ohio Turnpike the evening of May 13, 2005. Damian Bradford, who was having an affair with Mrs. Moonda, shot the doctor dead. He says it was premeditated murder that was supposed to look like a highway robbery. … Mr. Bradford admits he killed because of greed, saying Donna Moonda promised him a seven-figure payoff. He said she expected to collect millions in inheritance and life insurance proceeds from her husband's death and told him he would receive half of the money. … The planning that went into the crime is one reason U.S. Attorney Gregory A. White, of the Northern District of Ohio, is seeking the death penalty against Mrs. Moonda. … Another factor is that Mrs. Moonda's mother, Dorothy Smouse, then 74 years old, was in the car with Dr. Moonda when Mr. Bradford shot him."

SCOTUS Faces Hard Questions In Light Of Blakely Ruling. In an op-ed in the Los Angeles Times (9/24), Robert Weisberg, a professor of law at Stanford University and director of the Stanford Criminal Justice Center, writes, "Virtually every American knows about Miranda, the famous U.S. Supreme Court decision requiring police officers to inform suspects of their rights. But not even many lawyers know about Blakely vs. Washington. Yet this Supreme Court ruling in 2004 took its place alongside Miranda and others — including Gideon vs. Wainwright (which required states to provide a lawyer to indigent felony defendants) and Terry vs. Ohio (which allowed police to stop and frisk subjects without probable cause) — as a precedent that would change the course of American criminal justice." Weisberg continues, "As the court enters its new session next week, it continues to face the consequences (perhaps unintended) of its watershed Blakely decision. … (One) big question still facing the court in the wake of the Blakely decision involves not where the ruling applies but when. In Burton vs. Waddington, the court is being asked to decide whether Lonnie Lee Burton, convicted on charges of raping a 15-year-old boy in Indiana in 1991, can have his case reopened under the Blakely ruling. … The question is about the retroactivity of judicial decisions, a very esoteric area of the law. In theory, judges never 'make' law but simply interpret or discern its meaning. So if the 6th Amendment means what the high court said in Blakely, it has always meant that, even if earlier judges didn't notice. … By that theory, all decisions ought to be applied retroactively. But if judges feared that refining or expanding laws would lead to

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the reopening of vast numbers of old cases, they might choose never to do so. So our legal system has created a strange compromise. Roughly put, a decision can be applied retroactively if it looks like a mere extension of an established rule — but not if it is the announcement of a new rule. It also can be applied retroactively if the rule seems absolutely fundamental to a fair trial, not a more technical rule. … So in deciding whether to apply Blakely retroactively, the court will tell us just how important or new it thinks its 2004 creation is after all. But this esoteric little piece of legal doctrine has already proved pretty powerful."

Two Illinois Restaurant Owners Sentenced For Bank Fraud. The DeKalb (IL) Daily Chronicle (9/24) reports, "The former owners of two DeKalb (IL) restaurants were sentenced Friday to time in a federal prison for bank fraud." The Chronicle continues, "According to a press release from the Department of Justice, George Broches, 43, of DeKalb was sentenced to eight years and one month in prison without parole, and must pay $271,997.62 in restitution. His former business partner, Dimitrios Brotsis, 47, of Creston, was sentenced to one year in prison and $97,309.78 in restitution. The men were the owners of the Spring Garden Restaurant and Arcade Dreams Bar and Grill in DeKalb." The Chronicle adds, "The men were indicted in April 2005 in a federal court in Rockford on charges of bank fraud. According to the Justice Department, Broches and Brotsis deposited bad checks into the bank accounts for the two businesses in January 2000, then withdrew money from the accounts before the bank realized the checks were worthless. They reportedly defrauded the bank out of more than $97,000 during the two-week period. … Broches also was convicted of making a false statement on a commercial loan application in 1999 and on a mortgage application in 2000, and of producing counterfeit credit cards and gift cards from 2002 to 2004 and using them to make purchases."

Utah Polygamists Defend Their Faith Under Growing Pressure. The Chicago Tribune (9/24, Scharnberg, Reporters) reports from Eagle Mountain, UT, "The neighborhood looks like any other in the upper-middle-class suburbs: sprawling homes with porch swings and manicured lawns strewn with discarded kids' bikes. … But beneath the all-American veneer, much is different in this upscale subdivision 40 miles south of Salt Lake City. … 'Pretty much everyone who lives here is polygamous,' said Mary--a woman who gave a recent tour of the area and is herself the second wife of a Utah man. She, like other polygamists interviewed for this story, asked to be identified only by her first name for fear of prosecution. 'There may be one or two houses that aren't, but virtually everyone else here is one of ours.'" The Tribune continues, "In the weeks since the arrest of Warren Jeffs, the fundamentalist Mormon leader who made the FBI's 10 Most Wanted list for allegations that he facilitated the rape and marriage of underage girls, there have been constant questions about the real pervasiveness and peril of polygamy in Utah. … Mainstream Mormons in the Church of Jesus Christ of Latter-day Saints, with 12 million members worldwide, have asserted that all polygamous denominations--including Jeffs' Fundamentalist Church of Jesus Christ of Latter-day Saints--are aberrations in a state where the influential Mormon Church suspended the practice of polygamy more than a century ago. But Utah's attorney general, pro-polygamy activists and other experts estimate there are 40,000 people living in polygamous families or communities like this one across the Western U.S.--with a large portion of them residing in suburban Utah." The Tribune adds, "Although it is rare that allegations of abuse are as systemic or egregious as those reported in the community led by Jeffs, virtually every other polygamous sect practicing in Utah today has been linked to financial, sexual or spiritual improprieties. Federal grand juries in Arizona and state investigators in Nevada are probing polygamist practices in those states, according to media reports. … Earlier this month, Senate Minority Leader Harry Reid (D-Nev.), himself a Mormon, asked U.S. Atty. Gen. Alberto Gonzales to create a federal task force to investigate polygamy sects in the Western U.S., particularly Jeffs' church, a group in which girls as young as 13 are being married and hundreds of boys have been excommunicated and cut off from their parents in an alleged effort to reduce the elders' competition for wives. Still, in his letter, Reid's comments made clear he was referring to Utah's polygamy subculture in general as much as to Jeffs' community along the Utah-Arizona border."

CIVIL LAW:

Movement Seeks Vermont's Secession From The U.S. The Los Angeles Times (9/24, Mehren, 918K) reports that businessman and Mississippi native Thomas Naylor has been behind an effort to declare Vermont independent of the U.S., and "though the movement for Vermont secession that Naylor helped launch nearly three years ago is little more than an intellectual exercise, it is entirely earnest." According to the report, "Its members argue that the U.S. government has lost its concern for individual citizens and small communities. They worry about global warming, the U.S. military presence in Iraq and Afghanistan, unfair trade practices, and the 'tyranny of multinational corporations.' According to the report, "The 150 or so members of the Second Vermont Republic envision a country much like Switzerland — neutral and economically independent. They argue their cause at public gatherings

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and private events." The report adds, "Naylor, 70, concedes that the notion of Vermont striking out on its own may seem outlandish. 'Part of why we are so optimistic is the absurdity of it all,' he said. 'What could be more absurd than tiny Vermont taking on the empire?'"

Health Care Firms Use Technology To Fight Fraud. The St. Paul Pioneer-Press (9/24, Forster) reports, "With insurers paying out billions of dollars in bogus claims each year, UnitedHealth figured there had to be a better way to identify medical fraud. So over a year ago, fraud investigators at Ingenix, a division of UnitedHealth Group, were told to do something bold." The Pioneer-Press continues, "The result: Ingenix took a page from the credit card industry, developing an analytical tool that helps predict fraud. Ingenix is hoping the technology — now in testing — will work so well that other insurers will be interested in buying it." The Pioneer-Press adds, "Ingenix has company in pursuing the better fraud trap. Fair Isaac, the Minneapolis-based firm well-known in the banking business for its credit card scoring model, has been pushing its own fraud-detection system for more than three years. Though each company says its technology is better than the other's, both agree that fraud is one driver of skyrocketing health care costs. … Estimates of the money lost to health care fraud range widely, from 3 percent of annual health care spending — or some $60 billion — to more than $170 billion. The U.S. General Accounting Office in a 1996 report on health care fraud, noted: 'The amount of fraud within the health care system is, by its nature, impossible to accurately detect.'"

CIVIL RIGHTS:

Task Force Seeks To Curb Human Trafficking In Kansas City. The Kansas City Star (9/24, Rizzo) reports, "Slavery. … It's a cruel reality for hundreds of thousands of men, women and children around the world. … And, as Kansas City learned last week, it's even here." The Star continues, "Eight young men from Russia were duped into driving ice cream trucks for up to 14 hours a day, seven days a week, for meager pay, federal prosecutors said. The case came three months after a Kansas City man was charged with forcing three teenage girls — two of them 13 — to work as prostitutes. … Those local cases involve the two most pervasive forms of modern slavery: Forced labor and sexual trafficking. … 'I think most people see it as a problem in the Third World,' said Bradley Schlozman, U.S. attorney for the Western District of Missouri. 'It's right here in our backyard.'" The Star adds, "Federal prosecutors earlier this summer established a local human trafficking task force similar to those operating in about two dozen other American cities, and it didn't take long for the streets of Kansas City to provide the first case. … 'How could it not be in Kansas City? I've seen it everywhere else,' Schlozman said. 'This is one of the most evil crimes imaginable, exploiting the most vulnerable members of society.' … Since Congress passed the Trafficking Victims Protection Act in 2000, it has been used to prosecute dozens of cases. About two-thirds have involved the sex industry. … Government officials estimate that 800,000 men, women and children are trafficked across international borders each year and forced to work in sweat shops, farm fields and brothels. As many as 17,500 people are trafficked into the United States annually, according to the Department of Justice. … Last year, the U.S. government declared 230 people from more than 30 countries as human trafficking victims eligible to receive benefits comparable to political refugees. About half of the victims have received special visas that allow them to remain in the United States."

Community Leaders Decry Minneapolis Police Shooting. The St. Paul Pioneer-Press (9/24, Kahn) reports, "Black community leaders and relatives of Dominic Aries Felder on Friday accused Minneapolis police of murdering the allegedly emotionally disturbed man and intending to 'whitewash' the probe of two officers involved in the incident. … 'The police department messed up,' the Rev. Devin Miller, pastor of Emmanuel Tabernacle Church in Minneapolis, said of Wednesday night's fatal skirmish. 'There was no reason for the shooting, and we firmly believe they intended to shoot him to death.'" The Pioneer-Press continues, "The leaders said they could not trust the department to objectively investigate the case and will ask U.S. Attorney General Alberto Gonzales on Monday to take control of the matter. … Minneapolis police on Friday continued to withhold all details of the incident, in which an officer's gun was fired seven times. The incident began with a report of a domestic dispute at Bloomington Avenue South near East 40th Street, in which the 27-year-old Felder was threatening to kill people, police said. … Two officers involved in the shooting were placed on administrative leave pending a review of the incident — standard procedure in such cases. The officers are Lawrence Loonsfoot and Jason King, both of whom joined the department in 1993."

Religious Groups Said To Be Split Over Wisconsin Gay Marriage Vote. The Milwaukee Journal Sentinel (9/24, Glauber, 259K) reports, "The battle over Wisconsin's marriage amendment isn't a simple political fight. It's a struggle over values, too, an issue that bubbled for years in the statehouse and houses of worship, on the airwaves and in church pews. It likely will come to a boil in the closing weeks before the Nov. 7 election. … Catholic bishops and evangelical Christian pastors are allied with some

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mainline Protestants who support passage of an amendment to the state constitution to recognize marriage as 'between one man and one woman.' On the other side are at least eight mainline Protestant denominational bodies, scores of clergy and many Jewish leaders who oppose the amendment."

Officials Express Concern Over New Electronic Voting Systems. The New York Times (9/24, Urbina, 1.21M) reports, "A growing number of state and local officials are getting cold feet about electronic voting technology, and many are making last-minute efforts to limit or reverse the rollout of new machines in the November elections. … Gov. Robert L. Ehrlich Jr. of Maryland this week became the most recent official to raise concerns publicly." Ehrlich "said he lacked confidence in the state's new $106 million electronic voting system and suggested a return to paper ballots." The Times goes on to report, "Paperless touch-screen machines have been the biggest source of consternation, and with about 40 percent of registered voters nationally expected to cast their ballots on these machines in the midterm elections, many local officials fear that the lack of a paper trail will leave no way to verify votes in case of fraud or computer failure. As a result, states are scrambling to make last-minute fixes before the technology has its biggest test in November, when voter turnout will be higher than in the primaries, many races will be close and the threat of litigation will be ever-present."

Diebold Machines' Numerous Weaknesses Described. The New York Times' Randall Stross (9/24) writes, "From 2003 to 2005, some $3 billion flew out of the federal purse for equipment purchases. Nothing said 'state of the art' like a paperless voting machine that electronically records and tallies votes with the tap of a touch screen. … One brand of machine leads in market share by a sizable margin: the AccuVote, made by Diebold Election Systems. Two weeks ago, however, Diebold suffered one of the worst kinds of public embarrassment for a company that began in 1859 by making safes and vaults. Edward W. Felten, a professor of computer science at Princeton, and his student collaborators conducted a demonstration with an AccuVote TS and noticed that the key to the machine's memory card slot appeared to be similar to one that a staff member had at home. When he brought the key into the office and tried it, the door protecting the AccuVote's memory card slot swung open obligingly. Upon examination, the key turned out to be a standard industrial part used in simple locks for office furniture, computer cases, jukeboxes — and hotel minibars."

Problems With Diebold Machines In Ohio Noted. In a New York Times op-ed which is one of a series from novelists on Senate campaigns, Dan Chaon (9/24) writes, "Nevertheless, the big news all summer long was the botched May 2 primary in Cuyahoga County, with lurid tales of incompetent poll workers, disappearing memory cards and incompatible optical scan equipment. On the TV news, my wife and I watched as an elderly poll worker fed ballot paper into a machine, which then began, ruminatively, to grind it to bits. By August, the county commissioners were gently suggesting that voters might want to use absentee ballots in November. Meanwhile, questions about the efficacy of Diebold touch-screen voting machines have slid from the realm of conspiracy theorists and into the mainstream press.

Prince George's Problems Attributed To "Minimally Trained" Election Workers. The Washington Post (9/24, A1, Rich, Helderman, 748K) reports, "The widely publicized failure in Prince George's County to electronically transmit results from many polls after the Sept. 12 primary was compounded by a host of other errors, including failure to swiftly collect the data cards on which some votes are recorded and to properly secure voting machines. … Despite the roiling debate over whether electronic voting machines might be hacked into and an election stolen, the experience of Prince George's suggests a more mundane and probably widespread challenge in voting's digital age: Armies of minimally trained, modestly paid election workers are increasingly confronted with an unfamiliar, complex business."

Atlanta Faces Up To Painful Memories Of 1906 Race Riot. The New York Times (9/24, Dewan) reports, "Two years ago, Saudia Muwwakkil, the director of communications for the Martin Luther King Jr. National Historic Site, invited community leaders to discuss how to mark the 100th anniversary of a 1906 race riot in which mobs of whites descended on (Atlanta's) black residents. … The racial strife shut down Atlanta for four days and ended with the bodies of black men hanging from trees and streetlights. But of those Ms. Muwwakkil called, almost none had heard of it." The Times continues, "The riot, so contrary to Atlanta's conception of itself as the progressive, racially harmonious capital of the New South, had been erased from the city's consciousness, left out of timelines and textbooks. … Ms. Muwwakkil said she was not surprised by the response. 'I'm an Atlanta native,' she said, 'and I had never learned anything about the riot. It wasn't taught.' … But in the months leading up to the 100th anniversary this weekend, there has been a concerted effort to correct the city's amnesia, with walking tours, public art, memorial services, numerous articles and three new books. Genealogists have found a few descendants of those involved and located the marked tombstone of one victim. Next year, the riot will become part of the state's social studies curriculum."

Though Immigration Current Hot Topic, High Court Cases Bring Affirmative Action Back To

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The Fore. In a news analysis in The New York Times Magazine (9/24), Jeffrey Rosen writes, "When it comes to America's always-sensitive politics of race and ethnicity, something of a tectonic shift has taken place. In just a few years, immigration has replaced affirmative action as the hot-button issue." According to Rosen, "If affirmative action is no longer the divisive matter it once was, some of the credit must go to the Supreme Court. In an important decision written by Justice Sandra Day O'Connor, the court held in 2003 that affirmative action in public-university admissions was constitutional because of the educational and social benefits of diverse classrooms." Rosen adds however, that "in its new term, which begins on Oct. 2, the court has agreed to hear two major cases regarding the constitutionality of racial preferences in public elementary and high schools. Now that O'Connor has been replaced by Justice Samuel Alito, some liberals worry (and conservatives hope) that the end of affirmative action may once again be imminent."

Michigan Anti-Affirmative Action Initiative Applauded. In a column in The Washington Post (9/24, B7, 748K) George Will writes, "A feisty 29-year-old white woman and a pugnacious 67-year-old black man are performing two services this autumn for Michigan and the nation. Their Michigan Civil Rights Initiative (MCRI) is promoting colorblind government. And they are provoking remnants of the civil rights movement, which now is just a defender of a racial spoils system, to demonstrate its decadence, even thuggishness." According to Will, "Anti-MCRI demonstrators chant, 'They say Jim Crow, we say hell, no.' So, the rancid residue of what once was the civil rights movement equates Jim Crow — the system of enforced legal inferiority for blacks — with opposition to treating blacks as wards of government, in need of infantilizing preferences, forever. To such Orwellian thinking, Gratz and Connerly — and soon, perhaps, Michigan — say: Hell, no."

ANTITRUST:

Corporations Flock To Texas Court For Patent Lawsuits. The New York Times (9/24, Creswell, 1.21M) reports that in a recent court case in Marshall, TX, "Hyperion Solutions, a software company based in Santa Clara, Calif., accused the OutlookSoft Corporation of Stamford, Conn., of infringing two of its patents, causing $50 million in damages. … What was remarkable about the trial was not the issue being tried or the arguments proffered by each side, but that these big companies — like dozens more from the East and West Coasts — wound up in the Federal District Court here in Marshall, the self-proclaimed Pottery Capital of the World and home to the annual Fire Ant Festival." According to the report, "More patent lawsuits will be filed here this year than in federal district courts in San Francisco, Chicago, New York and Washington."

ENVIRONMENT:

E Coli Outbreak Spreading. NBC Nightly News (9/23, story 4, :30, Seigenthaler, 9.87M) reported, "Federal health officials investigating the deadly e. Coli outbreak have eased the warnings about spinach. The Food and Drug Administration says it's safe to eat fresh and bagged spinach grown in most places in the U.S. but consumers should continue to avoid spinach from three California counties. Tainted spinach has now been found in 25 states. 166 people have become ill. One death has been linked to the outbreak."

The New York Times (9/24, Davey, 1.21M) reports that in Milwaukee, WI, "By this weekend, a national outbreak of E. coli linked to fresh spinach grown in California had sickened 170 people in 25 states and killed at least one here in Wisconsin, where more people have grown ill than in any other state. The authorities in Idaho and Maryland were investigating the deaths of two others, including a toddler whose parents said they gave him a fruit smoothie with spinach days earlier, trying to determine whether their deaths, too, were linked to the outbreak." According to the report, "But beyond the raw statistics were individual stories of a sudden, mysterious, life-threatening illness, one that struck most often in the homes of those who viewed themselves as more health conscious than many other Americans."

Government Actions Questioned In Maryland Case. The Washington Post (9/23, C1, Morse, 748K) reports that in Maryland, "The family of an elderly Hagerstown woman who died nearly two weeks ago after eating bagged spinach questioned Saturday whether government health officials had done enough to alert Maryland residents to the threat of E. coli contamination that has been linked to at least three people in the state. 'The story broke in the local newspaper Friday morning. Suddenly the [state] health department had a press conference on Friday afternoon,' said Warren Swartz, son-in-law of June E. Dunning, 86, who died of E. coli illness Sept. 13 at Washington County Hospital in Hagerstown." According to the report, "Dunning might be the second person killed in a nationwide E. coli outbreak, but state officials have been unable to conclusively link her case to the national outbreak because of problems completing a genetic test on the bacterium that infected her." The AP (9/24, Bridges) also reported on this story.

Government Blamed For Lapses In Food Safety Oversight. In an op/ed in The Washington Post (9/24, B7, 748K), environmental attorney Al Meyerhoff and former FDA

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deputy commissioner William B. Schultz write, "Federal agents are scurrying across the Salinas Valley — the nation's 'salad bowl' — in search of the source of the E. coli contaminating the spinach supply. They won't find it without a mirror, because the real culprit in this case is the U.S. government." According to Meyerhoff and Schultz, "A half-dozen federal agencies administer a patchwork quilt of outdated standards, inadequate inspections and porous statutes that allow pollution in the fields, filth in the packing houses and contaminated food on the supermarket shelves. Millions of Americans are sickened by food each year; some 9,000 die." According to Meyerhoff and Schultz, "Today American food is more manufactured than grown. … Today food processing plants are inspected on average once every 10 years. Imported food is almost never inspected. The USDA has about 6,000 employees who inspect meat and poultry plants, but use of the inspectors is 'not based on the food safety risk of particular products,' the GAO says." According to Meyerhoff and Schultz, "As a public policy matter, all food safety functions (setting standards, inspection, risk assessment, research) should be consolidated under a single, independent agency (either the Food and Drug Administration or a new federal agency)."

Many E. Coli Survivors Face Long Recovery. The Los Angeles Times (9/24, Engel, 918K) reports, "When she was 10 years old, Brianne Kiner became the public face of one of the country's worst outbreaks of food poisoning" after eating an undercooked Jack-in-the-Box hamburger contaminated by E. coli., "the same virulent strain that recently has been linked to California-grown spinach. Doctors called her survival a miracle. What most people outside her family didn't know then — and may not realize now — was that her recovery was just beginning." According to the report, "'She had to learn to walk again. Think again. Learn her colors,' said her mother, Suzanne Kiner. 'She had such total body atrophy that she could not chew.'" The report adds, "Brianne suffered from hemolytic uremic syndrome, or HUS, the most dreaded consequence of E. coli O157:H7 infection and the most common cause of kidney failure in children under 18." According to the report, "Of the 171 cases identified so far in the current spinach-related outbreak, 27 have been diagnosed with HUS. One person has died. Two other deaths are under investigation."

NTEU President Criticizes Board's Decision On Park Police Chief Firing. The Washington Times (9/24, Seper, 88K) reports President Colleen M. Kelley of the National Treasury Employees Union "says a decision by the Merit Systems Protection Board upholding the firing of U.S. Park Police Chief Teresa Chambers is 'dangerous to the public safety' because it cut protections afforded to federal whistleblowers." Kelley "said the board's 2-1 decision last week 'serves the public poorly and undermines the congressional intent evident in the Whistleblower Protection Act, particularly with respect to matters impacting public health and safety.'"

Biodiesel Boat Circumnavigation Projects Fails To Attract Sponsors. The New York Times (9/24, Mckinley, 1.21M) reports on a "record attempt" to "test and publicize" a boat fueled by ethanol "and raise money. 'I thought I'd have a sponsor give me $4 million and bankroll the whole thing,' said Mr. Bethune, 41. 'And I still believe that.'" However, the project is not attracting many sponsors, as "the project has only about $10,000 in the bank and is hundreds of thousands of dollars in debt. … While the lack of money has done little to dampen Mr. Bethune's ambitions, he says he understands why nautical sponsors can be hard to find. "The sight of a boat sinking with someone's name on the side can be disconcerting," he said."

FBI/DEA/ATF/USMS:

Two North Carolina Men Charged With Internet Drug Sales. The South Pines (NC) Pilot (9/24, Moriarty) reports, "Two Pinehurst (NC) men are among 11 people recently indicted and charged with selling prescription drugs over the Internet." The Pilot continues, "The U.S. Department of Justice also named an Atlanta-based company in the indictment. The company allegedly sold generic versions of prescription steroids, drugs such as Valium and Xanax and sexual performance drugs such as Viagra and Cialis. … The local men indicted are David Dalton Johnson, 37, and David Alan Brady, 40." The Pilot adds, "They are accused of selling unregulated drugs manufactured in Belize and marketed through 'spam' e-mails as low-price Canadian drugs. The e-mails would direct customers to one of several Web sites where they could order the drugs and they would be shipped from Belize. .. Moore County sheriff's deputies went with federal investigators to the homes of the two Pinehurst men on Sept. 14. … 'The indictment's allegations are disturbing,' U.S. Attorney David E. Nahmias said in a press release, 'because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize.' … All the defendants stand to lose numerous properties and automobiles and will have to forfeit the money in several bank accounts. The Justice Department is seeking a judgment of no less than $19.8 million."

Marijuana Growers Find Unique Ways To Skirt Law. NBC Nightly News (9/23, story 5, 2:30, Seigenthaler,

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9.87M) reported, "Another leafy green, marijuana, is getting some major attention from Federal authorities. And the concern that the illegal drug is making its way into some of the most unlikely locations, attracting entrepreneurs who are adding a new you twist to the idea of working at home." NBC (Potter): "Five months ago inside this house in Port St. Lucie Florida, police stumbled across an indoor growing operation that would open the door to a criminal scheme unlike anything they'd seen before. 35 people, many of them recent immigrants, now face drug charges and 50 homes in neighborhoods throughout this small area have since been revealed as marijuana grow houses."

IMMIGRATION:

Corrupt Officers Hinder Border Security Efforts. The AP (9/24, Arrillaga) reports, "A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world. How do you secure the homeland if some of those guarding the gates are dishonest? Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol. On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents — all assigned to the same highway checkpoint — who admitted taking money to let both drugs and migrants pass." The AP goes on to report, "More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement."

Deported Refugee Gets Second Chance At Asylum In US. The Chicago Tribune (9/24, Ahmed-ullah, Yates) reports, "Denied asylum and ordered out of the U.S., Nourain Niam spent three years running for his life in Africa. He was arrested and beaten, he said, uncertain whether he would ever find sanctuary. … But in an extraordinary turn of events, Niam returned to Chicago this month, living evidence of a widespread breakdown in America's immigration court system." The Tribune continues, "Niam, a member of a persecuted Sudanese opposition party, is the first in a wave of political refugees who are getting a second chance at asylum, after federal appeals courts found grievous errors in the way their cases were handled. .. . In one year alone, the Chicago-based 7th U.S. Circuit Court of Appeals remanded 40 percent of the 136 immigration cases it heard--rejecting rulings of the administrative judges in stern and often scathing language." The Tribune adds, "U.S. Appeals Judge Richard Posner, who led the charge, called the immigration judge's analysis in Niam's case 'so inadequate as to raise questions of adjudicative competence.' … Still, it was only with repeated interventions by the the appeals court--and a little luck--that Niam ended up on a plane headed to O'Hare International Airport, his eyes filled with tears as he caught sight of Chicago's skyline."

Gaining Asylum In U.S. Increasingly Difficult. In a Week In Review piece in The New York Times (9/24, 1.21M) Nina Bernstein writes, "When an immigration judge granted asylum last week to an orphaned Pakistani youth who grew up in Queens, one argument she considered was that he was so Americanized, 'he would stick out like a sore thumb' in his native land. … In the end, the judge used other grounds to halt the deportation of the young man, Mohammad Sarfaraz Hussain, 21, and to recognize him as a refugee from persecution." The report adds, "But the question is part of a growing debate over how to treat the Americanized children of foreign parents. … A broader answer is a measure known as the Dream Act, included in immigration bills now stalled in the Senate. It offers a path to citizenship to young people of good character who have lived in the United States for five years, been accepted to college, or earned a high school diploma."

TAX:

Huge Tax Error Found In Astor Battle. The New York Times (9/24, Kovaleski) reports, "Legal papers filed by J. P. Morgan Chase, the temporary guardian of Brooke Astor's assets, state that her son recently told the bank that he now realizes he made an error in his mother's 2002 tax return by overstating the original price of a Childe Hassam painting she had sold, resulting in a large underpayment of taxes three years ago. … As it turns out, the discrepancy was a matter not just of thousands of dollars, but of millions." The Times continues, "The so-called cost basis for the work of art, 'Flags, Fifth Avenue,' was listed in Mrs. Astor's federal income tax filing as $7.425 million, a copy of the document shows. But she paid $172,010 for the painting when she bought it in March 1970, according to the bill of sale. … Because of the inflated figure, Mrs. Astor apparently ended up paying far less in taxes than required on the capital gains she realized from the February 2002 sale of the painting by Hassam, a renowned American Impressionist. Mrs. Astor's son, Anthony D. Marshall, 82, who managed her finances at the time, sold the painting to an art gallery for $10 million and collected a $2

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million fee from his mother for handling the transaction." The Times adds, "The tax issue concerning the painting, also known as 'Up the Avenue From Thirty-Fourth Street, May 1917,' has arisen as a compelling side issue from the review of mounds of financial documents in the legal battle over the care and fortune of Mrs. Astor, the 104-year-old philanthropist and socialite. … In July, Mr. Marshall's son, Philip Marshall, filed a court petition claiming that his father had been grossly neglecting Mrs. Astor's well-being while enriching himself with her wealth. .. . Philip Marshall has asked the court to appoint permanent guardians for his grandmother; the bank is temporarily in control of her assets."

IRS Church Probe Questioned. In a column for the Los Angeles Times (9/24), Steve Lopez writes, "Pastor William Turner Jr. is a robust man with an unshakable set of beliefs, and he's never been shy about sharing them with the congregation of his New Revelation Missionary Baptist Church in Pasadena. … He has preached against same-sex marriage, stem cell research and abortion. And he has proudly boasted to President Bush about converting 80% of his congregation from Democrat to Republican. .. 'I salute and support you President Bush and will work untiringly for your reelection,' Turner wrote to the president in February 2004, telling him he had done the same for former California Gov. Pete Wilson. Turner also wrote to fellow African American clergymen in support of Bush in 2004, saying that 'any gay, homosexual, lesbian and/or immoral act is an abomination against God.'" Lopez continues, "Roughly two miles away from Turner's church is All Saints Episcopal Church, which has a radically different political bent. The same year Turner took up Bush's cause, the Rev. George Regas delivered a guest sermon at All Saints involving a mock debate between Bush, John Kerry and Jesus. In the debate, Jesus said that Bush's preemptive strike on Iraq 'has led to disaster.' … So which of these two churches is under investigation by the Internal Revenue Service for taking sides in political contests? … The latter. Your precious tax dollars are paying for an inquisition of All Saints by the Internal Revenue Service, which has demanded church records and ordered rector Ed Bacon to testify at a hearing next month." Lopez adds, "Look, All Saints' politics are pretty clear, and it's not hard to guess which presidential candidate Regas might have been more sympathetic to. But it's hard to believe that the IRS wouldn't have better things to do and bigger fish to fry. The tale of these two churches proves just how arbitrary, fickle and goofy the federal agency's actions can be."

CONGRESS-ADMINISTRATION:

Legal Service's Board Discussed Ousting IG. The AP (9/24, Margasak) reports, "Directors of the government's legal aid program for the poor secretly debated how to fire the auditor who exposed their expensive meals, use of limousine services and headquarters move to a ritzy neighborhood. Meeting transcripts obtained by The Associated Press show that Legal Services Corp. board members in 2005 and 2006 disparaged Inspector General Kirt West, whose job is to find fraud, waste and abuse. In private, the board derided West as abusive, a character assassin, a shoddy investigator with a delusional staff and someone with a 'fetish' for independence — even though independence is an inspector general's hallmark. Board members warned themselves to be careful in their actions toward the internal watchdog, fearful that retaliation would anger Congress and jeopardize their federal dollars."

Roberts Seen As Alternating Between Consensus-Building And Judicial Activism. The Los Angeles Times' David Savage (9/24) writes, "One year ago, John G. Roberts Jr., at the time President Bush's nominee to be the chief justice of the United States, told senators that he aspired to be like an umpire, enforcing the rules of the game, not making them. … And during much of his first year, he did just that. But in several cases, he behaved differently, joining Justice Antonin Scalia in dissents that would have rolled back a major environmental law and undercut states' traditional authority over the practice of medicine. Neither would have qualified as a modest act." Savage adds, "In a surprising number of cases, Roberts brought together his liberal and conservative colleagues for unanimous decisions last term. … But in two other high-profile cases, the chief justice seemed to do more than simply call balls and strikes." The case of Gonzales vs. Oregon "came before the Supreme Court in Roberts' first month as chief justice, and a 6-3 majority ruled for Oregon in January. But Roberts joined Scalia's dissent, as did Justice Clarence Thomas. The three said the use of legal drugs for ending a life was not a 'legitimate medical purpose' and could be banned by the attorney general. … In the other case, Roberts supported a sharp pullback in the Clean Water Act of 1972."

Supreme Court Chief Justice Urged To Pursue More Judicial Reforms. The New York Times (9/24, 1.21M) editorializes, "During his confirmation hearings a year ago, Chief Justice John Roberts pledged to study the serious ethics problem posed by the well-attended 'judicial education' programs staged at luxury resorts and financed by private interests hoping to influence judicial decision-making. Chief

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Justice Roberts followed through, but his chosen antidote is far too timid." According to the Times, "The new rules just put in place with the chief justice's backing by the policy-setting Judicial Conference of the United States mandate only expanded disclosure. … The improved transparency is a positive step." However, The Times adds, "But Chief Justice Roberts should have at least insisted that improved disclosure of judicial junkets be accompanied by other steps to cut back on the size of the travel gifts, like limiting reimbursement to judges to the cost of coach fare to get to the resort, and requiring judges to pay for their own room and board."

Rumsfeld's Competitive Nature Seen As Impacting Military Transformation. The New York Times (9/24, Cloud, 1.21M) reports, "For the last six years, Defense Secretary Donald H. Rumsfeld has slipped down to the Pentagon basement many afternoons, changed into a T-shirt, sweat pants and headband, and spent a heart-thumping hour playing squash." The Times quotes several opposing players who cite his intensity; "Pentagon officials and employees say Mr. Rumsfeld's play closely resembles the way he has run the Defense Department, where he has spent six years trying to break the accepted modes of operating." Rumsfeld "has suggested that his ideas about transforming the military into a smaller, more agile force, like the one he pushed for in invading Iraq, were influenced by his squash playing."

NASA Administrator Prepares For Visit To China. The New York Times (9/24, Leary, 1.21M) reports NASA Administrator Michael Griffin "arrives in China on Sunday for a tour of space agency sites, making him the most senior American space official to go to China to discuss possible cooperation between the countries' programs." Griffin "has repeatedly cautioned that the tour…will be an exploratory visit that will not result in any bilateral space agreements or formal partnerships." According to the Times, China "has been seeking more international cooperation in aerospace projects, but the United States has been reluctant. Much of China's program is run by the military, raising concerns about possible technology transfers or other national security issues for any such cooperation. Working with China in space has also been hampered by other issues under discussion by the two nations, like weapons proliferation, trade agreements, patent and trademark enforcement, and human rights, said a senior adviser at NASA, who spoke on condition that he not be identified.

Astronauts Often Called-On To Do ISS Construction Work. In a "Week in Review" piece for the New York Times (9/24, 1.21M) John Schwartz writes, "From now until the scheduled end of the shuttle program in 2010, however, every mission currently planned will focus on station construction, and astronauts will continue to wrestle with the occasional frozen bolt, malfunctioning gizmo or other glitch. So why does NASA send brainiacs — the two Atlantis spacewalkers had advanced degrees in physics and aeronautics — when the missions might profit from a couple of shade-tree mechanics and seasoned construction workers?"

OTHER NEWS:

O'Malley Maintains Six Point Lead Over Ehrlich. The Baltimore Sun (9/24, Green, 262K) reports Baltimore Mayor Martin O'Malley" is maintaining his lead over Gov. Robert L. Ehrlich Jr. in the race for Maryland governor, a new poll for The Sun shows, having countered a barrage of critical commercials expected to intensify over the six weeks until Election Day. Still, Ehrlich, a Republican seeking re-election, remains a popular figure in a state where Democrats outnumber the GOP by about 2-to-1. Voters give Ehrlich and O'Malley - both 40-something telegenic politicians - about equal marks on leadership and ability to move the state forward, suggesting that the contest could wind up very close. O'Malley, a Democrat, has a 6-percentage-point lead among likely voters, 50 percent to 44 percent, about the same margin he held over the Republican incumbent in July. But it is a much smaller advantage than the double-digit leads he held last year before Ehrlich began campaigning in earnest."

Crist Leads Davis 49-43 In Florida Gubernatorial Race. The South Florida Sun-Sentinel (9/24, Hollis, 265K) reports, "Republican Charlie Crist leads Democrat Jim Davis by 6 points in the latest South Florida Sun-Sentinel poll on the governor's race, but undecided voters who favor Davis on key issues could drive the contest even closer. With roughly six weeks remaining until the Nov. 7 election, only 7 percent of Florida's likely voters are undecided. Crist and running mate, Jeff Kottkamp, would get votes from 49 percent of those polled. Davis and his running mate, Daryl Jones, are favored by 43 percent, while other candidates in the race collectively get approval from 1 percent of those sampled."

Recent Polls Show Rendell Has Huge Lead Over Swann. The Pittsburgh Post-Gazette (9/24, Mauriello, 241K) reports, "Polls show that defeating Democratic Gov. Ed Rendell, an experienced politician with wide support, will be an uphill battle, steeper than the GOP anticipated during nominating season last winter. Six weeks before the election, Mr. Rendell has a double-digit lead, according to separate polls released Thursday. The Keystone Poll by Franklin & Marshall College puts Mr.

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Rendell's support at 54 percent to Mr. [Lynn] Swann's 34 percent. The IssuesPA/Pew poll put Mr. Rendell farther ahead, 58 percent to 30 percent."

Angelides Pledges To Remove Guard Troops From Iraq. The Los Angeles Times (9/24, Finnegan, 918K) reports, "In a move to bolster his appeal among Democrats, state Treasurer Phil Angelides said Saturday night that on his first day as governor, he would call on President Bush to withdraw California's National Guard troops from the war in Iraq. The Democratic nominee for governor said in a telephone interview that he would take court action against Bush if necessary to extract the state's National Guard members from Iraq. He said he would also urge other governors and members of Congress to join his effort."

Akaka Leading Among Absentee Voters 56-44. The AP (9/24, Niesse) reports Sen. Daniel Akaka "held an early lead Saturday night over upstart challenger Rep. Ed Case in the Democratic primary after absentee ballots and early votes were released. Akaka was leading 56.4 percent to 43.6 percent after 84,088 votes were counted. The figures do not include any votes cast Saturday."

DSCC Airing Ads Attacking Steele Earlier Than Planned. The Washington Times (9/24, Ward, 88K) reports Lt. Gov. Michael S. Steele's "assertive campaign for U.S. Senate since the Sept. 12 primary has prompted national Democrats to start running attack ads sooner than they had planned. The Democratic Senatorial Campaign Committee originally bought $1 million worth of TV time for the two weeks leading up to the Nov. 7 general election, then decided to start running ads Tuesday, according to the Steele campaign. … Phil Singer, a spokesman for the Democratic committee did not return phone calls, but has said he will not comment on strategic decisions in the campaign for Rep. Benjamin L. Cardin.'

Abramoff Referenced Repeatedly During Burns-Tester Debate. The AP (9/24, Gouras) reports Sen. Conrad Burns "accused his Democratic challenger Saturday of wanting to raise taxes and weaken the U.S. Patriot Act, but brushed off allegations of ties to convicted lobbyist Jack Abramoff. Jon Tester, locked in a tight race with the three-term incumbent, blasted Burns during their debate for running up the federal deficit and claimed he has lost touch with Montana." The AP notes Burns "didn't answer a question asking for details on his staff's relationship with Abramoff, saying the allegations are being trumped up by Democrats for political gain. … Tester has made ethics a campaign centerpiece, and invoked Abramoff's name several times during the debate."

Contentious Second Debate Described. As part of a series of novelists' New York Times op-eds regarding key Senate race, Deirdre McNamer(9/24) writes, "As the candidates jousted, the crowd booed Mr. Burns and someone shouted 'psycho' at him, and then a Burns supporter chastised the booers for rudeness. Mr. Burns, who received more money from the disgraced lobbyist Jack Abramoff than any other member of Congress, accused Mr. Tester of being an unaccountable 'lawbreaker' in his fund-raising practices. (He mentioned a $7,000 'slush fund' that Mr. Tester used for gas and meals on the campaign trail, and which the state's political practices' commissioner has said is legal.)"

Florida GOP Chairwoman Appears With Harris. The AP (9/24, Farrington) reports, "Days after President Bush flew into the state and complimented U.S. Rep. Katherine Harris, the congresswoman got some more love — this time from GOP activists at a rally Saturday. It was one of the bright spots for Harris, whom party leaders had previously tried to force out of the U.S. Senate race before she won the GOP primary. … State party Chair Carole Jean Jordan called Harris a hero, a term many Republicans used after Harris, as secretary of state in 2000, oversaw Bush's disputed 537-vote victory. 'Katherine has overcome tough times. She's a gutsy lady and we love her,' said Jordan, who tried to get Harris out of the race before the primary."

Rift Over Iraq War At Heart Of Talent-McCaskill Race. The Kansas City Star (9/24, Goldstein, 278K) reports, "Stay the course, or gradually start to pull back in Iraq? Republican Sen. Jim Talent favors the former. 'Complete the mission,' he says. Missouri Auditor Claire McCaskill, who hopes to unseat Talent on Nov. 7, says American troops should be withdrawn but not 'precipitously,' over two years, more or less. She says the American presence is a 'crutch' keeping Iraq from making decisions about its future, even as Afghanistan heats up and the region grows more dangerous. The war and what to do about it mark a deep divide between the candidates."

Ford's Recent Turnaround In The Polls Noted. In another of the New York Times op-eds from novelists on Senate campaigns, Robert Hicks (9/24) writes, "I left home — and my front-row seat for observing Representative Harold Ford's apparently quixotic effort to take the Senate seat being vacated by Bill Frist — two weeks ago. … I returned the other day to polls showing Mr. Ford in a statistical tie with his Republican opponent, Bob Corker. While anywhere else this might not seem like a big deal at this point, Tennessee isn't anywhere else. When I left, most folks I know, both old-time Southern Democrats and my new Republican neighbors in their McMansions, wouldn't have given the young black liberal

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from a family that seems always ready to stretch the bounds of propriety much of a chance in a statewide race. Particularly not against Mr. Corker, a very agreeable and successful former mayor of Chattanooga."

MN6 Race Seen As Indicative Of National Trends. In an op-ed for the New York Times (9/24, 1.21M) novelist Charles Baxter writes, "While my assignment was to write about Minnesota's important Senate race, I think there's more to be learned right now from the far closer contest in Minnesota's Sixth Congressional District. … The race, between Michele Bachmann, the Republican, and Patty Wetterling, the Democrat, has revealed a Bush-era national trend now visible locally. That is, we are facing a choice between a 'conservative' who wants to institute radical reforms and a 'progressive' who wishes largely to maintain the status quo. In Minnesota's Sixth District, liberalism is the new conservatism."

Rep. Johnson Highlights National Security Issues In Race To Retain House Seat. The New York Times (9/24, Hernandez, 1.21M) reports, "For much of this year, Representative Nancy L. Johnson, a moderate Republican from Connecticut, has run the kind of campaign she has run many times before in this swing district, focusing on domestic issues like health care and taxes, even as she distanced herself from her party's conservative leaders in Congress. But in recent days, Mrs. Johnson has taken her campaign down a sharply different path, shifting the battle with her Democratic opponent, Christopher S. Murphy, to a new front, national security." According to the report, "Democrats say her tactical shift shows that the race has tightened and that she is mounting a negative campaign out of desperation. But Mrs. Johnson's new focus on terrorism also shows that Republicans believe that national security is still a winning issue for them, even in a state where opposition to the war in Iraq is high, support for President Bush is low and their candidate is far better known for domestic policy.

Local Issues Still Major Driving Factor In Indiana Politics. The Washington Post (9/24, A4, Cillizza, Vandehei, 748K) report that in Indiana, while Democrat and former Seymour High School basketball star Baron Hill is "trying to unseat Rep. Michael E. Sodrel (R), he does not hesitate to invoke his basketball credentials to prove his down-home bona fides. Hill still holds the school record for most points scored (1,419) and was inducted into the Indiana Basketball Hall of Fame in 2000 alongside a 'hick from French Lick' named Larry Bird." According to the report, "Hill's heroics on the court have not always rebounded in his favor politically. In earlier races, he said, sports rivalries often cost him votes — in precincts where fans with long memories could not bring themselves to support a Seymour star." According to the report, "The Indiana 9th is a vivid reminder that control of the House will not turn solely on national debates over interrogation rules or the future of Iraq. Often, elections turn on voters' intuitive reactions about who better represents the values of a district."

Final Count Shows Wynn Won Primary Race By 2000 Votes. The Baltimore Sun (9/24, Brewington, 262K) reports Rep. Albert R. Wynn "appeared to have prevailed over challenger Donna Edwards in a fiercely contested 4th Congressional District Democratic primary after the last ballots were counted yesterday. Seven-term incumbent Wynn edged Edwards by more than 2,000 votes, according to unofficial results. … The results will not be verified until tomorrow, after State Board of Elections officials confer with Montgomery County's elections board."

The AP (9/24) reports that in Maryland, "The unofficial tally for the 4th District race gave Rep. Albert Wynn 39,482 votes, or 49 percent, and Donna Edwards 37,174 votes, or 47 percent. George McDermott was a distant third with 3,113 votes, or 4 percent." According to the report, "The winner faces Republican Michael Starkman in November. … It was the toughest challenge Wynn had faced after taking at least 80 percent of the vote in Democratic primaries and general elections in six previous campaigns."

Members Of Congress Ask Bush To Fully Fund VA. The Mid-Hudson News (9/24) reports that NY17 Rep. Eliot Engel (D) "has joined Democratic Leader Nancy Pelosi and Members of Congress to ask President Bush to fully fund veterans programs." The sent a letter to President Bush "asking that he provide the necessary funding for the Department of Veterans' Affairs health care system and related benefits programs."

Majority Of Bush Campaign Appearances Are Closed To The Media. The AP (9/24, Loven) reports, "Since President Bush's approval rating sank to the lowest level of his presidency in May, nearly six in 10 of his appearances helping Republican candidates have been closed to all media coverage. … Bush has yet to hold a single traditional campaign-style rally for one of his party's hopefuls this election cycle. Every one of his events for GOP gubernatorial, House and Senate candidates has been to raise money from faithful Republican donors — not to urge support among the broader voting public." The AP notes that "of six fundraisers Bush is headlining this week, all but one — for Alabama Gov. Bob Riley — are private, by agreement between the White House and the campaigns." According to the AP, Sen. Mike DeWine "is a case study in the sometimes tricky dynamics of a president's assistance. Bush is raising

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money for DeWine on Monday at a private home in Cincinnati. It is the third time the president will have helped the senator, to the tune of about a $1 million each time. No other candidate has rated as many appearances from Bush, and all have happened out of public view.

GOP Said To Have Momentum Heading Into Campaign's Last Month. The Washington Post (9/24, A1, Balz, 748K),, in a front-page story, reports, "After months of unrelenting bad news, President Bush and his Republican allies have begun to change the mood, if not the overall trajectory, of a midterm election campaign that has tilted against them for a year. A combination of good luck -- in the form of a sharp decline in gasoline prices -- and dogged persistence by the president's political team in trying to redefine the terms of the fall campaign has given a much-needed morale boost to beleaguered Republican candidates." The Post credits, "Bush's anti-terrorism initiative timed to the fifth anniversary of the attacks of Sept. 11, 2001, the end of hostilities in Lebanon, a rise in the stock market and last week's compromise…on the treatment of detainees."

Gallup Mock Ballot Poll Shows Both Parties At 48. The Washington Times (9/24, A1, Lambro, 88K) reports, "The Democrats' yearlong lead among likely voters has evaporated, strengthening Republican chances of holding majority control in the House, according to the Gallup Poll. Gallup's latest survey of voters who say they will go to the polls Nov. 7 showed the contest is a 'dead heat' between those who say they will vote Republican (48 percent) and those who say they intend to support Democrats (48 percent). The poll of 1,003 adults was conducted Sept. 15-17. Democrats continue to maintain an advantage among registered voters; however, pollsters consider likely voters to be a more accurate measurement of the electorate's preferences. The neck-and-neck estimates suggest the Republicans have the potential to offset the Democrats' lead 'with greater turnout,' Gallup said last week in an analysis of its findings."

GOP Candidates Benefit From Drop In Gas Prices. The New York Times (9/24, Hakim, 1.21M) reports, "The price for a gallon of regular gasoline now averages just under $2.50 nationwide, according to the Energy Information Administration. While that is not exactly cheap, it beats the $3-plus per gallon seen as recently as last month. … So what does this mean for the midterm elections? Democrats have been beating the oil drum for months, coupling rising gas prices with oil companies reaping record profits and big tax breaks." The Times adds, "Voters can expect this tack to continue, despite the falling prices. … Republicans, on the other hand, believe the sting of this argument is waning."

GOP Voter Targeting Efforts Could Provide Edge In Close Races. The Los Angeles Times (9/24, Hamburger, Wallsten, 918K) reports, "if control of Congress comes down to three or four dozen closely contested races, as now seems likely, then micro-targeting and the other technologies that Republicans are using in battleground states could make a difference. The GOP system — built around a database nicknamed Voter Vault — combines huge amounts of demographic, financial and other personal information on individual voters with the data-mining techniques used by direct-mail advertisers to deliver surgically targeted appeals to voters identified as likely to respond, including many who might be considered part of the Democratic base. In Michigan, for example, the GOP contacted snowmobilers by mail, telephone or other personal communication suggesting that Democrats' environmental views stood in the way of greater opportunities for snowmobiling."

GOP Said To Have Learned From Democrats' 1994 Debacle. In a "Week in Review" piece for the New York Times (9/24, 1.21M) Adam Nagourney writes, "This year, both parties are studying the climactic 1994 midterm Congressional elections. … Remembering how Democrats were caught unaware and fully understanding that these are difficult times for the party in power, Republicans have been preparing for over a year for an onslaught. Ken Mehlman, the Republican National Party chairman, has raised $175.8 million for his get-out-the-vote operation and television commercials — compared with $97 million raised by his Democratic counterpart, Howard Dean. … And Republicans pushed the panic button through the summer, loudly telling the world that they were in trouble. Those alarmist sentiments may well have been heartfelt, but there has been some political calculus here as well. Warning of a Democratic takeover gets contributors to write checks, encourages dispirited Republicans to vote and pushes candidates to campaign scared. It also has allowed Republican leaders to do what Democrats largely failed to do in 1994: Persuade incumbents who are not facing a serious challenge to give up some money to candidates who are."

This Year's Campaign Ads Ridiculed. The Washington Post's Peter Carlson 9/24, D1) writes, "we just pored over the transcripts of 122 TV and radio ads for this year's crop of candidates…from all across America. We were looking for trends and themes and insights into the state of American democracy. Unfortunately, by the time we finished, our brains were far too frazzled for rational thought. … Now, after enduring this hideous ordeal, we have taken pieces of these 122 ads and used them to create the ultimate political commercial for the ideal candidate."

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Mehlman Said To Have Failed To Realize Ambitious Goals As RNC Chairman. In a very long (5,000 word) piece for the New York Times Magazine (9/24) Adam Nagourney profiles RNC Chair Ken Mehlman, who, in 2005, "talked big and thought big about the Republican Party: about how he and his allies could fundamentally redraw the political architecture of America, change the way Americans conceptualize the two parties and establish Republicans as the dominant party in America long after George Bush returned to Texas. … These days, of course, talk of a Republican realignment has given way to talk of simple survival this November." According to Nagourney, "House Republicans sabotaged Bush's immigration plan, ignoring Mehlman's warnings about the damage that an enforcement-only immigration bill could do to the party's long-term growth among Hispanic voters. … He spent much of July trying to manage the fallout among black leaders after House conservatives delayed a routine extension of the Voting Rights Act. Earlier this year, at the American Jewish Committee's 100th annual meeting, Mehlman, the second Jewish chairman in the history of the Republican National Committee, heard scattered boos as he defended the Iraq war to a room fearful that the White House's Iraq policy had empowered Iran."

Mehlman Disputes Bush's Claim That Rove Was "Architect" Of 2004 Campaign. Near the very end of the profile, Nagourney writes that during the 2004 campaign Mehlman "was officially the campaign manager, and [Karl] Rove was Bush's chief White House adviser, but Mehlman was the subordinate in this relationship. 'Karl was far and away the senior leader,' says Newt Gingrich, the former House speaker, talking about the campaign. Bush famously called Rove the 'architect' of his victory. Mehlman lifted an eyebrow when I asked him about that. 'I don't know — I think a bunch of us were architects,' he told me. The relationship between Mehlman and Rove…has long been at once cooperative and competitive; Mehlman's friends voice private frustration at just how much credit Rove drew for the campaign of 2004, though Mehlman is far too disciplined and corporate to concede any such resentment. But Rove's star has dimmed because of the troubles of the second-term Bush White House and his own legal battles, and heading into the fall the two men appear to be equals in calling the shots on this midterm campaign."

GOP's Fundraising Lead Attributed To RNC Efforts. The Houston Chronicle (9/24, Roth, 535K) reports, "Financial reports released last week by party operations showed that at the end of August, Republicans had $94 million on hand, compared with $76 million for the Democrats. The GOP advantage is largely the result of fund-raising by the Republican National Committee, which had $39 million compared with the Democratic National Committee's $11 million. DNC Chairman Howard Dean has diverted much of his party's funds to building up party operations in 50 states, causing friction with House and Senate Democrats who wanted the money spent in competitive races."

Pelosi Works To Define Herself In The Face Of GOP Attacks. The AP (9/24, Benac) reports Rep. Nancy Pelosi is "Exhibit A as Republicans argue that Americans would be crazy to let Democrats take over the House. 'A disaster,' former GOP Speaker Newt Gingrich warns, calling the prospect of the San Francisco-area congresswoman standing third in the line of presidential succession truly frightening. 'A hyperpartisan obstructionist,' a GOP campaign tract pronounces." The AP notes that Pelosi defines herself as "an Italian Catholic mother of five, grandmother of five, going on six." The AP adds, "She has a voting record that consistently gets her laurels from liberal interest groups and raspberries from conservatives. She also is a pragmatist. … Pelosi presides over a Democratic caucus, united against President Bush, in which members voted with their party 88 percent of the time in 2005, one of the most cohesive records in decades."

Falwell Expresses Opposition To Giuliani's 2008 Candidacy. The Los Angeles Times (9/24, Wallsten, 918K) reports the Rev. Jerry Falwell said "Nothing will motivate conservative evangelical Christians to vote Republican in the 2008 presidential election more than a Democratic nominee named Hillary Rodham Clinton — not even a run by the devil himself. That was the sentiment expressed by" Falwell "during private remarks Friday to church pastors and activists as part of the Values Voter Summit hosted this weekend by the country's leading Christian conservatives. A recording of Falwell's comments was obtained by The Times, and his remarks were confirmed by eyewitnesses. 'I certainly hope that Hillary is the candidate,' Falwell said, according to the recording. 'She has $300 million so far. But I hope she's the candidate. Because nothing will energize my [constituency] like Hillary Clinton.' Cheers and laughter filled the room as Falwell continued: 'If Lucifer ran, he wouldn't.'" According to the Times, "Falwell's remarks about Clinton were part of a 40-minute address at a private breakfast that included assurances that "moderates such as former New York Mayor Rudolph W. Giuliani could not be allowed to win the GOP presidential nomination. … 'It can't be a Giuliani and it cannot be a [New York Gov. George E.] Pataki,' he said. 'It cannot be a pro-choice. It cannot be a person on the wrong side of the social issues. We've got to have somebody worth fighting for because we will be energized if Hillary is the standard-bearer.'"

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2008 GOP Presidential Prospects Court "Values Voters." The Washington Times (9/24, Fagan, 88K) reports, "Potential Republican presidential candidates spent the weekend revving up evangelical 'values voters' by pledging to keep up the fight against abortion and same-sex 'marriage,' and to protect religious freedom." Sens. George Allen, Sam Brownback, and Rick Santorum, as well as Gov. Mitt Romney and Gov. Mike Huckabee "participated in the Family Research Council's '2006 Values Voter Summit,' which drew about 1,800 conservative activists to the Omni Shoreham Hotel in Northwest. Former House Speaker Newt Gingrich was scheduled to address the crowd last night." Santorum "was among several who strongly advocated marriage as being only between one man and one woman. … For his part, Mr. Allen called for protecting religious freedom, private-property rights and traditional marriage and urged immigration reform.

Broder Sees 2008 As Opportunity For "Independent" Candidates. The Washington Post's David Broder (9/24) writes, "if this year's election strengthens the hands of the independent members of both parties -- those who are prepared to defy the dictates of their interest groups and clamorous extremes -- the next presidential race may be very different from recent cycles. Who could provide such a contest? On the Republican side, either of the two men atop the early polls," Sen. John McCain or Rudy Giuliani, as well as Gov. Mitt Romney. Among Democrats, Broder mentions Sen. Hillary Clinton, Gov. Tom Vilsack and former governor Mark Warner."

Bush Sending Rebuilding Delegation To Lebanon. The AP (9/24) reports, "President Bush announced Saturday that he is sending a delegation to Lebanon to meet with Lebanese Prime Minister Fuad Siniora and discuss ways to help rebuild his nation." It will be led by "Dina Habib Powell, an Egyptian-born former White House official who is now assistant secretary of state for promoting educational and cultural exchange," and include Jeffrey Feltman, U.S. ambassador to Lebanon; John Chambers, president and chief executive officer of Cisco Systems; Yousif Ghafari, chairman of GHAFARI Inc.; and Ray Irani, chairman, chief executive officer and president of Occidental Petroleum Corp. "The White House also announced that Chambers, Ghafari and Irani along with Craig Barrett, chairman of Intel Corp., are launching a nationwide effort to encourage private donations for reconstruction needed as a result of the conflict."

Shabaa Farms Sticking Point In Hezbollah Disarmament. The New York Times (9/24, Smith, 1.21M) reports that "the main stumbling block" to disarming Hezbollah, "at least according to Hezbollah's current position, is a 10-mile-square area of hilly land known as Shabaa Farms." While "Israel and the United Nations say the land belongs to Syria and is part of the Golan Heights that has been occupied by Israel since the 1967 war," Lebanon claims it "and Hezbollah says it will not lay down its weapons until Israel gives it back." While "Syria still agrees that the farms are Lebanese," it "is apparently happy to let the issue simmer, hoping it will lead to negotiations with Israel over the return of the larger territory seized by Israel in the 1967 war." While "there is no guarantee that Hezbollah will disarm if the Shabaa Farms area is transferred to Lebanon," the "Lebanese parties opposed to Hezbollah says that removing the Shabaa issue would, at the very least, give it more leverage in pressing Hezbollah to give up its arms." However, "Israel sees it the other way around. Prime Minister Ehud Olmert has said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting — including the disarming of Hezbollah — then Israel would be willing to discuss Shabaa Farms."

WPost Urges Distrust Of Syrian Assurances On Preventing Arms Flow To Hezbollah. The Washington Post (9/24, B6, 748K) editorializes, "the Middle East is haunted by the hubris of two self-declared winners." Not only is Iran "in a triumphalist mood," but so "is Hezbollah's other foreign sponsor, Syrian President Bashar al-Assad." While "Countries around the region are responding to what they see as the new strategic menace from Tehran," in fact "Syria is more likely to trigger a new round of armed conflict in the near future." This "stems from Mr. Assad's overt resistance to the U.N. Security Council resolution that ended the war." He "has denounced the deployment of European troops as part of the U.N. force" and "threatened that any deployment of the force along the Lebanese-Syrian border would be treated by Damascus as hostile." This "bluster has successfully deterred the Lebanese and Western governments from taking serious steps to stop the traffic of arms and explosives from Syria to Lebanon." While "Assad knows that if he attempts to supply Hezbollah with new weapons he will invite an attack by Israel," yet "he appears undeterred." Assad's "assurances are not only worthless but deliberately mendacious." Yet the UN forces "are essentially counting on" Assad's statements that he supports securing the boarder "-- rather than firm measures of their own -- to prevent a new crisis in which their own soldiers would be at risk. That's a lot to expect from a callow and corrupt dictator who believes he is on top of a 'new' Middle East."

Abbas Says Palestinian Coalition Formation "Back To Zero." The New York Times/AP (9/24) reports that Palestinian president Mahmoud Abbas said during a visit to Cairo to meet with President Hosni Mubarak that "Efforts to form a Palestinian government acceptable to the West have

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gone 'back to zero.'" He added "that 'backtracking took place' on the negotiations for a unity government with Hamas."

Ahmadinejad Says Administration Must Change, Create "Right Circumstances" To Talk. Iranian president Mahmoud Ahmadinejad, in an interview with the Washington Post (9/24, B1, Weymouth, 748K) said, "We are interested in having talks with everyone. We believe that talks are much better than threats and confrontation," but "the U.S. administration -- that is, a section of the U.S. administration -- does not create the right circumstances." Their "attitude and the approach of some American politicians that ruins things. They want to return Iran to what it was before the revolution, under the shah, when it was really a puppet for the United States." The Administration "believe that they own the entire world so they speak from that position, looking down at us." Instead, "a section within the U.S. administration must take a new look at the Middle East." He said that Saddam's removal "paved the way for the American government to improve their relations with the people in the region, but they lost the opportunity -- they decided to occupy Iraq in search of oil and their own interests." When asked if he was "really serious when you say that Israel should be wiped off the face of the Earth," Ahmadinejad said "We need to address and resolve the root problem" of violence in the Middle East, and "Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted."

Ignatius Says US, Iran "Need Each Other." David Ignatius writes in his column in the Washington Post (9/24, B7, 748K) that Iranian President Mahmoud Ahmadinejad, when asked if America would attack Iran, "quickly answered 'no,' with a slight cock of his head as if he regarded the very idea of war between the two countries as preposterous." This "confidence was the overriding theme of his visit. … I sensed the same certainty that was expressed by Ayatollah Ruhollah Khomeini back when this confrontation began in the late 1970s: 'America cannot do a damn thing.'" He is "is sitting back and enjoying the attention. He's not groping for anything; he's waiting for the world to come to him." The contrasts between him and President Bush "were striking: Bush is groping for answers to the Iran problem; you sense him struggling for a viable strategy." While both seem to seek a dialogue, for Ahmadinejad, "if the words of accommodation are there, the music is not. Instead of sending a message to the administration that he is serious about negotiations, Ahmadinejad spent the week playing to the gallery of Third World activists and Muslim revolutionaries with his comments about Israel and the Holocaust. This audience hears the defiant message between the lines: America cannot do a damn thing." Still, "Iran can't achieve its ambitions as a rising power without an accommodation with America. America can't achieve its interest in stabilizing the Middle East without help from Iran. The potential for war is there, but so is the bedrock of mutual self-interest. The simple fact is that these two countries need each other."

Rice Meets With Libyan Foreign Minister. The AP (9/24, Gearan) reports, "Top diplomats from the United States and Libya celebrated their newfound friendship Saturday, but disputes remain from more than two decades of hostility. Secretary of State Condoleezza Rice points to Libya as a model for other nations after its historic decision to renounce weapons of mass destruction and engage the world, but she has repeatedly put off a splashy trip to Tripoli to inaugurate a U.S. Embassy." One of the "major sticking points between Washington and Tripoli four months after the United States announced it would establish full diplomatic ties with Libya and remove it from the State Department's list of state terror sponsors" is Libya's treatment of five Bulgarian nurses and a Palestinian doctor accused of infecting Libyan children with the virus that causes AIDS," and "Rice is not expected to pay a visit until the case of the medics is resolved." Rice met with Libyan Foreign Minister Abdurahman Shalgam "on the sidelines of the U.N. opening session" and "discussed cooperation in fighting terrorism," although "it was not clear whether Rice and Shalgam aired the AIDS issue.

The AFP (9/24, Millikin) adds that Rice "pressed her Libyan counterpart to finalize compensation payments to US victims of Libyan terrorist attacks." Unlike the AP, the AFP says "Rice also urged Foreign Minister Abdurahman Shalgam to release 'on humanitarian grounds' five Bulgarian nurses and a Palestinian doctor convicted of injecting Libyan children with the AIDS virus." Rice also "brushed aside a reporter's question at the start of Saturday's meeting about whether she could visit Libya soon if the issue was resolved."

Rice Promotes Women's Empowerment. The Los Angeles Times (9/24, 918K) reports, "Secretary of State Condoleezza Rice gathered other influential female political leaders," including Liberian President Ellen Johnson-Sirleaf, Africa's first elected woman head of state, "to promote the empowerment of their gender." She said, "We have to promote and empower women," adding, "We are going to champion the empowerment of women because it is only right."

Islamists In Mogadishu Show Moderation. In a front page story, the New York Times (9/24, A1, Gettleman, 1.21M) reports, "The United States continues to assert that the Islamists" in Mogadishu "are sheltering Al Qaeda terrorists. The suicide attack against the United Nations-backed transitional government in Baidoa on Monday only

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reinforced that suspicion." However, "the darkest fears of a draconian Islam on Africa's east coast have not come true," and, "over the past three months, the Islamists in control here have defied international expectations — in many ways. Not only have they pacified one of the most dangerous cities in the world, they also seem to have moderated their message. Instead of acting like the Taliban and ruthlessly imposing a harsh religious orthodoxy, as many feared, the Islamists seem to be trying to increase public support by softening their views, at least officially, delivering social services and pushing for democratic elections." This may be "just smooth talk. Or premature signs that could prove misleading. Hard-core elements still operate here." However, "the Islamist leaders say they are rogue elements who will be punished … Whether they live up to those promises seems to hinge on whether they can, or even want to, rein in the militant groups that helped propel them to power.

Islamists Appear To Aim To Take Over Port. The AP (9/24, Nor) reports, "Hundreds of Islamic militiamen in heavily armed trucks headed Saturday to the strategic town of Kismayo in what appeared to be an imminent takeover attempt of one of the last seaports outside their control in Somalia," and "Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out." The official government of Somialia "controls just one town, Baidoa, 150 miles from the capital, but it has a strong ally in Kismayo."

Kurds Are Suspected In Turkish Blast. The AP (9/24, Hacaoglu) reports, "Suspected Kurdish guerrillas set off an explosive-laden minibus across from a police guest house in eastern Turkey Saturday, injuring 17 people ... The Ford minibus parked across from the police guest house, went off in [the] eastern city of Igdir on the Armenian border." The AP adds, "The rebels have recently intensified attacks across the country and have so far ignored a recent call by the pro-Kurdish Democratic Society Party to declare a unilateral cease-fire in the hopes of establishing dialogue with the state."

Venezuela Accuses US Of Illegally Detaining Foreign Minister. The AP (9/24, James) reports, "Venezuela's foreign minister said he was illegally detained for 90 minutes at a New York airport Saturday by U.S. authorities whom he accused of treating him abusively and attempting to frisk him. U.S. and U.N. officials called the incident regrettable but said Foreign Minister Nicolas Maduro had been identified for 'secondary screening.'" Maduro said, "We were the object of an illegal detention by the U.S. government," and, "We were detained during an hour and a half, threatened by police of being beaten." He added that "his government has been in touch with U.N. Secretary-General Kofi Annan about the incident and was gathering a team of lawyers to challenge a detention that he said violated international law." Homeland Security spokesman Russ Knocke "denied that Maduro was mistreated," saying that "Maduro was referred for further screening but never reached that section of the airport," as, "He began to articulate his frustration with secondary screening right after he went through the magnetometer," and, "'Port Authority officials confronted him when the situation became a ruckus.' Knocke did not elaborate." U.S. State Department spokesman Tom Casey said, "We can confirm that a regrettable incident occurred at John F. Kennedy airport for which the U.S. government has apologized to Foreign Minister Maduro and the government of Venezuela."

The AFP (9/24, Luna) leads that the incident lead to "an apology from the US government." Maduro said that when he identified himself to the security officiers as Venezuela's chief diplomat, "the situation got worse because they started insulting, yelling and brought a police officer ... and they started threatening us." A State Department official said, "We understand he was able to board the plane before it took off but he refused and returned to New York City."

Hoge Examines History Of Insulting Presidents At The UN. Warren Hoge, in a week in review piece in the New York Times (9/24, 1.21M), writes that when Hugo Chávez of Venezuela called President Bush a devil, he "was acting in an old, if not grand, tradition" that "harks back to speeches by Fidel Castro and Nikita Khrushchev during the chilliest days of the cold war." The UN "on more than a few occasions…has rung instead with barbs and insults. And American president…have been the favored targets." Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades, said "the General Assembly was a particularly alluring place for demagogues," but added, "I think in the end they all come off as rejectionists." Still, "while these rhetorical taunts don't necessarily influence the real course of world affairs, the threat of mobilized public opinion on a global scale against American policy can't be ignored and has at time spurred pointed responses.

WPost Says Chavez's Incompetence Is His Biggest Threat. The Washington Post (9/24, B6, 748K) editorializes that Chavez's "absurd talk may be less threatening than his equally absurd incompetence." His country "has mismanaged its oil so disastrously that production may have fallen by almost half," and that "ineptitude has contributed to high energy prices. It takes sustained determination to reduce output by that much, and Mr. Chavez has provided it." He "imagines that he can damage the United States by rerouting Venezuelan oil to other markets. He fails to understand that oil is fungible," and "also appears oblivious to the technical difficulties in sending oil halfway round the world rather than

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selling it in his own hemisphere." While, "To the extent that Mr. Chavez's wild talk stirs up anti-American feeling, he must be regarded as an irritant," but "it is not the United States but rather Mr. Chavez's own countrymen who should most fear his intentions," as he "is talking about a constitutional change that would allow him to remain in power indefinitely."

Both Sides In Thai Coup Pose Problems For Democracy. The Washington Post (9/24, A20, Faiola, 748K) reports that deposed Thai prime minister Thaksin Shinawatra "gained popular support by pushing through policies aimed at easing the plight of the poor while using handouts of food and even cash to ensure votes at election time. Experts say such populist-driven politics has exacerbated class divisions and created a significant hurdle to maintaining the rule of law for some developing countries." However, democracy advocates abroad "are viewing the case of Thailand -- an important regional ally of the United States and one of Southeast Asia's largest economies -- as particularly demoralizing," as it "had emerged as the region's model for democratic reform" and "analysts fear the Thai coup will…embolden existing military juntas." Already it "has brought swift international condemnation. The Bush administration is now in the process of reviewing military and other aid to Thailand and has said a pending free trade agreement with Bangkok cannot go forward without a restoration of democracy."

New Leaders May Follow New Approach In Dealing With Insurgency. The New York Times (9/24, Mydans, 1.21M) reports that former Prime Minster Thaksin Shinawatra's "ouster in a coup this week offers the chance for a new approach, though not a quick end, to an insurgency that has become nastier and more entrenched and that experts say may be receiving guidance and training from foreign Islamic insurgents." Experts say "a new escalation in" the separatist insurgency "has been aggravated" by his "militarized, give-no-quarter approach." The general who led the coup, Sonthi Boonyaratglin, just "days before the coup…proposed negotiations with the insurgents, only to be brushed off by Mr. Thaksin. But starting negotiations will not be easy. The only separatist group to respond to his offer has little control over insurgent activity, and General Sonthi himself conceded that 'right now, the military does not know who their real leader is.'" Also, the violence "appears to include not only the Muslim insurgency but also political and business rivalries, drug running, banditry and feuds involving the military and the police."

Thaksin Said To Have Eroded Democracy In Thailand. Joshua Kurlantzick, a visiting scholar at the Carnegie Endowment for International Peace and a special correspondent for the New Republic, writes in an op-ed in the Washington Post (9/24, B3, 748K) that "the decline of such a promising nation was not as rapid as it seems. Since he was first elected in 2001, Thaksin had slowly undermined Thailand's democratic institutions, and his economic policies, though initially successful, mortgaged Thailand's future." He "never seemed to understand that, unlike in a corporation, he could not simply order results in a democracy and stifle opposition." Thaksin used the government to punish and intimidate critics. "He refused to heed calls for reconciliation in southern Thailand, where anger had spiraled into widespread violence," followed by a "the government's crackdown" that "only made the problem worse." Finally, "when Thailand's revered monarch, King Bhumibol Adulyadej, obliquely criticized Thaksin in a speech last December, the prime minister did not listen. Thaksin should have bowed before the king, honored like a god in Thailand for steering the country through decades of political crises." Today, Thailand "stands on a precipice."

Putin Dismisses Concerns Over Russian Interest In EADS. The New York Times (9/24, Bernard, 1.21M) reports, "President Vladimir V. Putin of Russia dismissed concerns over his country's growing interest in the European Aeronautic Defense and Space Company at a meeting here Saturday with his French and German counterparts," saying, "it is not at all evidence of aggressive behavior." While "Russian officials indicated then that the government hoped to increase its stake," both "EADS and Thierry Breton, the French finance minister, subsequently rebuffed speculation that Russia might gain a position on the board of the European consortium."

Tensions Rise Between Georgia, Rebels. The Washington Times (9/24, Mainville, 88K) reports, "Under mounting pressure from Tbilisi, separatist leaders in Georgia's breakaway region of Abkhazia are warning that their armed forces, backed by Russia, are prepared to defend their territory." After his election, Georgian President Mikhail Saakashvili "stepped up efforts to reassert control over Abkhazia and Georgia's other separatist enclave, South Ossetia." He "has promised only 'peaceful means' will be used to restore Abkhazia to Georgian control, but Abkhazians fear otherwise." Recently "Tensions have soared in the region…particularly since Georgian forces in late July seized the contentious Kodori Gorge, the only part of Abkhazia not under separatist control, from a local warlord. Georgia is establishing a local government in the gorge made up of members of the Abkhazian 'government-in-exile,' which supports reunification." A "conflict in the region would stoke tensions between Washington, which has backed Mr. Saakashvili's drive to restore Georgia's territorial integrity, and Russia, which funds the separatist government and has provided passports to more than 90 percent of Abkhazians."

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Hungary Protests Continue. NBC Nightly News (9/23, story 9, 0:20, Siegenthaler, 9.87M) reported, "In Budapest, Hungary, a major demonstration today. Tens of thousands of protesters gathered in the square in front of Hungary's parliament, demanding that the prime minister resign. There have been mass protests in the country all week. Despite the pressure, the prime minister says he will not quit his post."

Koizumi's Reforms Said To Have Been Needed. Anthony Faiola, the Northeast Asia bureau chief for The Washington Post, writes in an op-ed in the Washington Post (9/24, B3, 748K), "Junichiro Koizumi messed with the wa" that "particular Japanese way of looking at the world; of harmony, of collectiveness with a do-not-rock-the-boat spirit." However, "perhaps the most surprising thing about the man who will exit the political stage next week as Japan's most important postwar prime minister is that when he messed with the wa , most Japanese discovered a shocking truth: Maybe the wa needed to be messed with." He reformed the pork-barrel spending and "turned to market forces -- delivering what is now on track to become Japan's longest period of economic growth since the end of World War II." His "most significant achievement was smashing the body politic itself. He took aim at his own ruling Liberal Democratic Party" and "cleared a path for change."

Skirmishes Erupt On India-Bangladesh Border. The Los Angeles Times (9/24, Choudhury, 918K) reports, "Skirmishes have erupted lately between India's Border Security Force and its counterpart across the divide, the Bangladesh Rifles. The two countries share a 2,500-mile border, parts of which are not properly demarcated or are marked by rivers that occasionally shift course, sparking territorial disputes." Both blame "the other of provoking the skirmishes." Tension "increased since India began fencing off the boundary to keep out what it describes as illegal immigrants and 'cross-border insurgents.' At the same time, some observers fear that political parties in Bangladesh may be fomenting border violence in hopes of capitalizing on anti-India sentiment in upcoming national elections, due by the end of January."

China Suffering From Lack Of Trust. The Los Angeles Times (9/24, Magnier, 918K) reports, "Even as China surges onto the world stage as if powered by rocket fuel, Earth's most populous country is beset by trust issues that would test anyone. Rules aren't clear and must be navigated on the fly. The food supply is full of life- and health-threatening fakes. … Power and connections far outweigh justice, and social tension is growing. Meanwhile, corrupt local officials pay lip service to Communist Party ideals as they line their pockets at the expense of the general population." Also, "Systemic problems and outdated or intentionally skewed laws and regulations encourage companies and individuals to cut corners." While "difficult to quantify, analysts say" the lack of trust "is taking an economic and psychological toll, and making governing more difficult." Several reasons for the lack of trust are cited. "Wrenching political campaigns in the first decades of communist rule" or a market economy in "a society without a well-developed legal or regulatory system."

Hong Kong Democracy Advocate Won't Run. The New York Times (9/24, Bradsher, 1.21M) reports, "The most popular and influential democracy advocate here, Anson Chan, announced Saturday that she would not run for chief executive this winter, clearing the way for the re-election of Beijing's favorite for the job and underlining the limits to popular representation nine years after Britain returned Hong Kong to China." This "leaves democracy advocates in disarray, with no clear candidate." Chan "criticized the restrictive rules that Beijing has chosen for the selection of chief executives," and said "she had tried and failed to find even one of the city's many influential business leaders who might be willing to join a new, seven-member group that will study ways to promote democracy here."

Argentine Officials Clash With Environmentalists. The Washington Post (9/24, A1, Reel, 748K) reports that many Argentine officials think that "wealthy foreigners who have bought enormous swaths of the Argentine and Chilean countryside are trying to wrest control of a continent under the guise of environmental preservation." Last month, Luis D'Elia, Argentina's undersecretary for land and social habitat, "declared war on such land purchases with one highly symbolic act: He marched onto" land owned by Douglas Tompkins, founder of the North Face and Esprit clothing lines, "cut down a fence and called for the expropriation of the property." Tompkins and his wife "identify properties in danger of ecologically damaging development, buy them, then create private parks that they eventually turn over to the local governments." Thus, "these battles…are drawing a bold line between two activist movements -- environmentalists and social justice advocates -- that are often grouped together under the same 'progressive' label." However, "Tompkins traces the beginnings of the discontent to…his efforts to hold his neighboring landowners to environmental standards."

Kristof Calls For Funding UN Population Fund. Nicholas Kristof writes in his column in the New York Times (9/24, 1.21M) that half a million poor, rural Africans "women die each year around the world in pregnancy. It's not biology

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that kills them so much as neglect." They have a 1-in-20 lifetime risk of dying in childbirth," and "There's no doubt that if men were dying at this rate, poor and rich countries alike would make the issue a priority, but the problem seems invisible, like the victims." President Bush cut U.S. funding for the U.N. Population Fund "— even for African programs — because of false allegations that it supports abortions in China. That's shameful. Two women have tried to recoup American honor by starting a group, 34 Million Friends of U.N.F.P.A., to make up the shortfall with private donations." The left and right have not "focused adequately on maternal health. And abortion politics have distracted all sides from what is really essential: a major aid campaign to improve midwifery, prenatal care and emergency obstetric services in poor countries."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Seeks To Boost Support For Moderate Muslim Leaders. In his weekly radio address President Bush praised both Pakistani president Pervez Musharraf and Afghan President Hamid Karzai for their cooperation in the war against terrorism. Bush's remarks were reported by the wire services. The AP (9/24, Loven) reports, "President Bush, playing middleman next week between sometimes-sparring neighbors Afghanistan and Pakistan, praised the U.S. allies Saturday for their work in defeating terrorism under difficult circumstances." The Administration "has two aims. One is placating the concerns of Pakistan, whose alliance with the U.S. in the war on terror causes domestic problems for Musharraf. The other is soothing the struggling democratic government in Afghanistan, which is suffering its heaviest insurgent threat since U.S.-led troops toppled the Taliban in late 2001." White House press secretary Tony Snow said, "So anything we can do to support them in their efforts to conduct as aggressively and effectively as possible the war on terror, we're going to do what we can to assist them."

Bloomberg (9/24, Murray) notes, "It was the sixth week in the past seven that Bush has made the war on terrorism the subject of his radio address." His "focus in the past month on national security and terrorism threats, centered on the fifth anniversary of the Sept. 11 attacks in the U.S., gave him a measurable boost in public support a month and a half before the congressional elections. On Iraq Bush said, "America will not abandon the Iraqi people in their struggle to defeat the terrorists and build a free society in the heart of the Middle East" and he "repeated his support for Palestinian Authority President Mahmoud Abbas."

Musharraf Reiterates Commitment To Capturing Bin Laden. The Dallas Morning News (9/24, Meyer, Ragland, 500K) reports that in an interview Musharraf "reiterated his commitment to hunt down Osama bin Laden, and said he could not confirm reports that the al-Qaeda leader died last month of typhoid in Pakistan." Asked about his visit to the US, Musharraf said, "The perception of Pakistan is to the better. … We explained our point of view effectively."

LAT Suggests Musharraf May Be Seeking To Deflect Pressure To Crack Down On Militants. The Los Angeles Times (9/24, 918K) in an editorial suggests Pakistani Prime Minister Musharraf's allegations the US threatened Pakistan after the 9/11 attacks could have been a diplomatic maneuver because he "is in a very difficult jam." Musharraf's "claims of a threatened bomb attack will make it politically difficult for Bush to exert any real pressure."

US, French Skeptical That Bin Laden Died. NBC Nightly News (9/23, lead story, 2:50, Seigenthaler, 9.87M) reported that speculation that bin Laden may be dead "raises more questions about how five years after it's attacks on America, Osama bin Laden seems to have vanished." NBC (Daniels): "U.S. intelligence officials reacted with skepticism and Pakistani officials called the information far-fetched and speculative. But exactly where bin Laden is remains a mystery. Despite five audio recordings of bin Laden released this year, none accompanied the fifth year anniversary of September 11." Cressey: "I think either for operational reasons, that is, bin Laden doesn't want to risk having a video taken of him or even for health reasons. He might not be in the type of shape where he wants to show himself in a video."

The Washington Post (9/24, A9, Anderson, 748K) reports, "French and U.S. officials discounted a report Saturday in a French newspaper indicating that Osama bin Laden had died of typhoid last month in a remote area of Pakistan." While a senior French official "acknowledged the existence of the" confidential document from the French secret service that the newspaper, L'Est Republicain, quoted "as saying that 'according to a reliable source, Saudi security services are now convinced that Osama bin Laden is dead,'" President Jacques Chirac "said at a news conference Saturday that there was no confirmation that the leader of the al-Qaeda terror network had died." Also, U.S. intelligence sources "cast serious doubt on the report, saying there was no information to support its claims."

The New York Times (9/24, A8, Bernard, 1.21M) adds that a senior French intelligence official "said the memorandum had been sent to the president, prime minister and some ministries as a regular report on terrorism-related intelligence traffic." An American intelligence official in Washington said, "I think it ought to be treated with a great deal of skepticism."

The Los Angeles Times (9/24, Rotella, Meyer, 918K) adds, "As in Paris, the response in Washington was skeptical and cautious. 'We don't have any confirmation of that report,' State Department spokesman Sean McCormack told reporters." The Times notes, "If the Saudi government had received hard information about Bin Laden's death or imminent death, it would have gone immediately to a U.S.-Saudi counter-terrorism center in Riyadh, the Saudi capital, officials said. From there, it would have been sent to Washington within hours, the officials said, adding that no such referrals have taken place."

The Washington Times/AP (9/24, Ganley) reports, "Secretary of State Condoleezza Rice said she had 'no comment and no knowledge' about the report," and a U.S. intelligence official said that "If bin Laden were dead or dying,

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U.S. officials would expect to see telltale indicators that they are not seeing." Additionally, "a senior official in Afghanistan's Foreign Ministry said he was very skeptical of the document, noting past false reports of the death of bin Laden." While "there have been numerous reports over the years that bin Laden had been killed or that he was dangerously ill…the al-Qaida leader has periodically released audiotapes appealing to followers and commenting on current news events."

McClatchy Newspapers (9/24, Allam, Landay, Schofield) notes Duke University professor and terrorism language expert Bruce Lawrence "said it would be 'disastrous' for the Bush administration to focus on bin Laden's absence, only to have the al-Qaida leader issue a new tape to prove he's alive and still eluding a massive manhunt." And experts say "bin Laden's death is unlikely to dent the global jihadist movement he helped create. Through the years, al-Qaida has metastasized into a loose confederation of groups inspired -- but not directed -- by him and his second-in-command, the Egyptian-born Ayman al Zawahiri."

Clinton Accuses Administration For Not Focusing On Bin Laden. Previewing President Clinton's interview on Fox News Sunday morning the Washington Post (9/24, A9, Grunwald, 748K) describes Clinton as "angrily" defending his efforts to combat terrorism and accusing moderator Chris Wallace of having lured him into a "conservative hit job." In the interview "Clinton said he authorized the CIA to kill bin Laden, and even 'contracted with people to kill him. He also said he had a plan to attack Afghanistan, overthrow the Taliban and hunt for bin Laden after the attack on the USS Cole, but the CIA and FBI refused to certify that bin Laden was responsible, and Uzbekistan refused to allow the United States to set up a base. By contrast, Clinton said the Bush administration's neoconservatives 'had no meetings on bin Laden for nine months,' believing he had been 'too obsessed with bin Laden.'" Clinton also attacked "Bush for focusing on Iraq instead of Afghanistan, urging Americans to read Clarke's book and accusing Republicans of 'a serious disinformation campaign' to blame the Clinton administration for losing bin Laden."

Padilla Case Compared To Al Arian Prosecution. In a widely-distributed story, the AP (9/24, Anderson) reported, "The Bush administration's decision to drop the 'enemy combatant' label from alleged al-Qaida operative Jose Padilla and prosecute him on civilian terror charges has not gone smoothly, with even the judge in the case raising questions about sketchy evidence and a vague indictment." US District Judge Marcia Cooke has "pronounced the U.S. case 'weak on facts' and agreed with defense lawyers that prosecutors must provide more details about what crimes the trio may have actually committed instead of relying on sweeping allegations that they were involved in a violent Islamic jihad over a decade on several continents." The AP noted, "Some experts compared the Padilla case to that of former University of South Florida professor Sami al-Arian, who was cleared of terrorism charges after a five-month trial in 2005."

Bush Rhetoric In Defining War Against Terrorism Faulted. Sheryl Gayle Stolberg in a Week in Review article in the New York Times (9/24, 1.21M) examines President Bush's use of the term "Islamic fascists, or, Islamo-fascism" as he tries to frame the debate about the war against terrorism. Top Bush aide Dan Bartlett explained, "The debate that we wanted to launch was about an ideological struggle against an enemy that has very specific plans, ambitions and aspirations, much like movements of the past, like fascism and Nazism." Yet, "it seems unlikely Mr. Bush will use it again, given the outcry it provoked" as "Muslims, both here and in other countries, were deeply offended. Even Karen Hughes…pushed back, telling CNN's Wolf Blitzer that she typically does not 'use religious terms' for fear they will be misinterpreted around the world."

Detainees Controversy Seen As Evidence Of "Prudence Party's" Disdain For Bush. The Los Angeles Times' Ronald Brownstein (9/24) contends that President Bush is "facing increasing resistance from what might be called the 'prudence party.' The prudence party represents a particular corner of the U.S. establishment. Informal and amorphous, it is populated by top-level corporate and Wall Street executives, former diplomats, retired military officers and some veteran legislators on Capitol Hill. … It looks skeptically at radical change, especially when it is implemented 'with scarcely a second thought.'" Brownstein adds that it "wasn't particularly surprising to find" Sens. John McCain and Lindsey Graham leading "the resistance Bush faced in his effort to redefine U.S. obligations under the Geneva Convention," but "behind them stood Sen. John W. Warner…the virtual white-haired embodiment of the prudence party. And behind Warner stood an even more imposing phalanx of gray eminences." Brownstein adds, "The pillars of the prudence party don't like to publicly air their disagreements. The fact that so many did so in this dispute is probably a warning sign to the White House that it could face more resistance from some of the same voices if it pursues other avenues seen as flouting international norms or global opinion, such as unilateral military action against Iran."

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CIA Unusually Vocal On Debate Over Torture. In a news analysis in The Los Angeles Times (9/24, 918K), Greg Miller writes, "For an agency that ordinarily steers clear of major policy debates, the CIA played an unusually prominent role in the showdown between the White House and dissident Republicans over the treatment of detainees. To many outsiders, the CIA's position was puzzling." According to Miller, "Why would an agency whose own overseas officers are vulnerable to capture — and torture — defend harsh interrogation methods? … The answers, according to current and former U.S. intelligence officials, reflect a cultural and operational fault line that separates the CIA from the other arms of the U.S. government that operate overseas — mainly the military and the State Department." According to Miller, "CIA leaders are typically closely aligned with State Department and Pentagon counterparts in their view of the world and their concern for overseas opinion of the United States. But on the detainee issue, the CIA is less swayed by concerns that other nations might retaliate against U.S. prisoners, and more inclined to consider any cost worth paying for the intelligence it generates."

Tortured Wisconsin Veterans Say Geneva Conventions Should Not Apply To Terror Suspects. The Milwaukee Journal Sentinel (9/24, Jones, 259K) reports, "The debate over the rules for the interrogation and trial of terrorist suspects is more than political rhetoric for Heiliger and other Wisconsin ex-prisoners of war, who spent days and weeks and years in captivity never knowing if they would survive their ordeal. Even as President Bush and key Republican senators such as John McCain reached an agreement last week over the issue, Heiliger's opinion was emphatic: The Geneva Conventions don't apply to terror suspects." According to the report, "Dan Doughty agrees. He, too, was shot down in Vietnam and spent almost seven years as a prisoner of war." According to the report, Doughty says that in the war on terror, "'there are no uniformed soldiers. They're not fighting for a country. They don't have a nation behind them.'"

Group Of Retired Flag Officers Behind Senate Opposition To Geneva Convention Changes. The Los Angeles Times (9/24, Kaiser, 918K) reports, "For one 83-year-old veteran of World War II, it was the searing memory of a Japanese prisoner who helped turn the tide on Iwo Jima. … For all 43 retired generals and admirals, it was a combination of moral outrage and deep disgust over President Bush's proposed legislation on interrogating terrorist suspects that propelled them into unfamiliar territory." According to the report, "The group of retired flag officers first came together in 2005, when a dozen of them signed a letter opposing the nomination of Alberto Gonzales as attorney general for his role in developing Bush's policies on torture in the war on terror. Late last year, they supported Sen. John McCain's (R-Ariz.) ban on cruel and inhumane treatment of detainees in U.S. custody anywhere in the world." The Times adds, "And last week, the Republican senators with whom the retired officers are allied in a fight against Bush's proposed legislation to weaken the spirit and the letter of the Geneva Convention won a compromise with the administration. According to the agreement, all forms of torture would be banned."

Former Army Interrogators At Odds With Harsh CIA Interrogation Tactics. In its op-ed pages the Washington Post (9/24, B5, 748K) reports, "President Bush's advocacy of 'alternative interrogation practices' in the fight against terrorism has moved beyond legality and morality — to focus on practicality. 'The information that the Central Intelligence Agency has obtained by questioning men like Khalid Sheik Mohammed has provided valuable information and has helped disrupt terrorist plots, including strikes within the United States,' Bush said in a Sept. 15 news conference." The report adds that according to Bush, "'By giving us information about terrorist plans we couldn't get anywhere else, this program has saved innocent lives. In other words, it is vital.' In a recent statement to the Senate Armed Services Committee, a group of former Army interrogators disagreed." According to the Post, the signers wrote, ""Prisoner/detainee abuse and torture are to be avoided at all costs, in part because they can degrade the intelligence collection effort by interfering with a skilled interrogator's efforts to establish rapport with the subject.'"

Use Of Torture Harshly Criticized. In an op/ed in The Washington Post (9/24, B1, 748K), author Edwidge Danticat writes, "A few years ago, as I worked on a documentary film about torture survivors in exile from my native Haiti, I met a young woman who under questioning by a military officer was slapped until she became deaf in one ear, was forced to chew and swallow a campaign poster, and was kicked so hard in the stomach by booted feet that she kept slipping in and out of consciousness in a pool of her own urine and blood. Another woman had an arm chopped off and her tongue sliced in two before she was dumped in a mass grave, miles from her home." Danticat adds that under dictatorial regimes, "Those women saw hell and came back. However, neither one told their torturers what they wanted to know." According to Danticat, "And now, when political leaders in the United States are asking us as a society to consider not only the legal and moral ramifications of torture but its effectiveness, we are brought closer to these regimes than we may think. If we are part of all that has touched us, as Alfred Tennyson wrote, then we are all endorsers of torture when it is done in our name."

U.S. Urged Not To Torture. In an op/ed in The Washington Post (9/24, B1, 748K) Duke University's Ariel Dorfman writes, "It still haunts me, the first time — it was in Chile, in October of 1973 — that I met someone who had been tortured. To save my life, I had sought refuge in the

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Argentine Embassy some weeks after the coup that had toppled the democratically elected government of Salvador Allende, a government for which I had worked." Dorfman adds, "And then, suddenly, one afternoon, there he was. A large-boned man, gaunt and yet strangely flabby, with eyes like a child, eyes that could not stop blinking and a body that could not stop shivering." According to Dorfman, "It was his image, in fact, that swirled up from the past as I pondered the current political debate in the United States about the practicality of torture. … Can't the United States see that when we allow someone to be tortured by our agents, it is not only the victim and the perpetrator who are corrupted, not only the 'intelligence' that is contaminated, but also everyone who looked away and said they did not know, everyone who consented tacitly to that outrage so they could sleep a little safer at night, all the citizens who did not march in the streets by the millions to demand the resignation of whoever suggested, even whispered, that torture is inevitable in our day and age, that we must embrace its darkness?"

Newsday Columnist Blasts Bush And Cheney For Effort To Redraft Geneva Accords. In his column for Newsday (9/24), Les Payne denounces Vice President Cheney: "Dick Cheney has certified every jot and tittle of the U.S. invasion of Iraq - and been proved tragically wrong to the tune of $1 trillion and more than 2,600 American lives. ... Former military men such as Rep. Charles Rangel, or Sen. John McCain for that matter, seem to be roiled by the notion that Cheney [who never served] is the helmsman of U.S. military policy." Payne also calls President Bush a "casual-duty goldbrick in the Texas Air National Guard" and blames the President and Vice President for planning "to try the [14 Guantanamo] suspects without allowing them to hear secret evidence allegedly gathered against them. Some might even have been executed without ever knowing the full extent of what brought them to the gallows."

Senate Compromise With Bush Administration Criticized. The Los Angeles Times (9/24, 918K) writes in an editorial, "If it's good enough for John McCain, Lindsey Graham and John Warner, then it's good enough for everyone else. That, essentially, has been the argument for the compromise reached last week between the White House and the Senate concerning the Bush administration's treatment of suspected terrorists." The Times adds, "But it's not good enough — neither the compromise nor the argument. The three Republican senators admirably opposed the administration's attempt to undermine international law on the treatment of prisoners captured in the war against terrorists," however, "Congress should not accept their assurances without the sort of sustained scrutiny that will be impossible if there is a rush to enact the compromise into law before the midterm elections. Democrats, who until now have allowed McCain and Co. to serve as their stand-ins, especially should resist a stampede." According to the Times, "The compromise has a major flaw. It perpetuates a two-tier system in which the U.S. military is bound by a strict reading of Common Article 3 while the CIA is apparently free to use what President Bush described as 'alternative' interrogation methods."

Bush Administration Criticized For Moves To Strengthen Executive Powers. In a letter to the editor of The New York Times, (9/24) Wisconsin Sen. Russ Feingold (D) writes, "John Yoo, a former deputy assistant attorney general in the Bush administration, acknowledges that President Bush's unique approach to the law, which the president has insisted is necessary to fight terrorism, is motivated by the 'broader' goal of strengthening executive power (Op-Ed, Sept. 17). Mr. Yoo cites this goal as a reason the administration has fought a 'pre-emptive' war, 'data-mined communications in the United States to root out terrorism,' detained terrorists without 'formal' charges and conducted 'harsh' interrogations." According to Feingold, "These views are clearly offensive to our constitutional system. It is long past time for Congress to reassert its proper role in checking an executive branch that has so little respect for the principles that have sustained our democracy for more than 200 years."

U.S. Military Steps Up Guantanamo Security In Response To Spike In Inmate Violence. The AP (9/24, Selsky) reports that at Guantanamo Bay Naval Base in Cuba, "The military is toughening a new jailhouse for suspected al-Qaida and Taliban militants to protect guards after a spate of attacks and evidence that detainees have organized themselves into groups to mount uprisings, officials said. The hardening comes as U.N. human rights investigators are calling for closing the entire detention center on this remote U.S. base." According to the AP, "From July 2005 through August, the military recorded 432 assaults by detainees using 'cocktails' of bodily excretions thrown at guards, 227 physical assaults and 99 instances of inciting or participating in disturbances or riots. … Underscoring the military's toughening stance, a jailhouse in the final stages of construction on a cactus-studded plateau overlooking the Caribbean is being 'hardened' into a maximum-security facility." According to the report, "Camp 6 was to have opened in August as a medium-security lockup."

HOMELAND RESPONSE:

Florida Mosque Hit By Gunfire. The AP (9/24) reports that in Melbourne, Fl, "A mosque was hit by gunfire as members inside celebrated the start of the Muslim holy month of Ramadan, authorities said Saturday. No injuries were reported and there were no arrests." According to the report, "Ibrahim Hooper, national spokesman for the Council on

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American-Islamic Relations, said that while no motive had been determined by police, the shooting fit a pattern of incidents at mosques this year. A bullet-riddled Quran was left outside a mosque in Chattanooga, Tenn., and an Indiana mosque was vandalized." According to the report, "There were other incidents at mosques in Maine, Arizona and Maryland."

Parents Of 9/11 Victim Establish Foundation To Aid Victims Of Terror, Violence Worldwide. The New York Times (9/24, Applebome, 1.21M) reports that in memory of their son Peter who was killed in New York on 9/11, Stephen and Elizabeth Alderman established a foundation dedicated to healing those even more traumatized than they were — victims of terrorism and mass violence in countries around the world — in Iraq and Uganda, Bosnia and Cambodia, Rwanda and Afghanistan, about 50 in all." The couple will spend the 10-day period between Rosh Hashana and Yom Kippur this year "at a conference center in Italy, where their foundation (www.petercaldermanfoundation.org) will hold a training session for 35 professors and health professionals from around the world. Those in attendance, as part of a three-year program, will then go out and treat the torn psyches of people at refugee camps and in mud huts and teach others to do the same thing." According to the report, "By the end of the year they will have trained more than 600 health professionals around the world, who will have treated more than 50,000 people."

One Year Later Texans Still Recovering From Hurricane Rita. The AP (9/24, Weber) reports hurricane Rita "landed in Sabine Pass on Sept. 24, 2005, packing 120 mph winds that flattened the coastal hamlet before splaying into East Texas and lashing western parts of Louisiana. At least nine were killed after the storm roared ashore, and thousands of homes in the mostly poor and densely wooded path of the storm were destroyed. But the destruction was a mere speck compared to that wrought a month earlier by Hurricane Katrina. Even one year later, Rita is best remembered for the chaotic evacuation of Houston, which was far more deadly, killing more than 100 people in accidents and exposure deaths. The Southeast Texas Regional Planning Commission estimates Rita residental damages at $2 billion — far less than the tens of billions in damages borne by Katrina, but still a hefty price tag to area officials."

Rita Destroyed Louisiana Beef Industry. The AP (9/24, Simpson) reports, "A year after Hurricane Rita…cattlemen say they're still struggling, hampered because the storm tore down hundreds of miles of fences essential to contain their cows, bulls and calves. Even if the fences and the farm structures Rita also destroyed get rebuilt, the storm has forever changed a sliver of southwest Louisiana culture. … Category 3 Rita struck here last Sept. 24, flattening Cameron and other towns, its salt water turning the lush grass to brown and killing roughly 30,000 cattle, according to the state agriculture department."

WAR NEWS:

US Intelligence Analysts Say Iraq War Creates More Terrorism Than It Solves. Details of information from the new National Intelligence Estimate asserting the war in Iraq was contributing to the spread of terrorism was covered on the front pages of major newspapers. The Los Angeles Times (9/24, Miller, 918K) reports, "President Bush and Vice President Dick Cheney repeatedly have described the war in Iraq as the central front in the war on terrorism and argue that Americans are safer as a result of the administration's policies." An "official said the estimate touches on a number of factors fueling the jihadist movement, but that 'the reference to Iraq was the main one.'" The Times reiterates, "Bush and Cheney frequently have dismissed suggestions that the U.S. presence in Iraq has inflamed anger toward the United States, arguing that U.S. forces were not in Baghdad on Sept. 11, 2001."

In a front page article, the Washington Post (9/24, A1, Young, 748K) reports that the National Intelligence Council, currently chaired by Thomas Fingar, the former head of the State Department's intelligence bureau and now deputy for analysis to Director of National Intelligence John D. Negroponte, in a National Intelligence Estimate, concluded that "The war in Iraq has become a primary recruitment vehicle for violent Islamic extremists, motivating a new generation of potential terrorists around the world whose numbers may be increasing faster than the United States and its allies can reduce the threat," and "Rather than contributing to eventual victory in the global counterterrorism struggle…the situation in Iraq has worsened the U.S. position." This "coincides with public statements by senior intelligence officials describing a different kind of conflict than the one outlined by President Bush in a series of recent speeches marking the fifth anniversary of the Sept. 11, 2001, attacks," that say "the battlefronts…are far more impenetrable and difficult, if not impossible, to combat with the standard tools of warfare."

Also in a front page article, the New York Times (9/24, A1, Mazzetti, 1.21M) leads, "A stark assessment of terrorism trends by American intelligence agencies has found that the American invasion and occupation of Iraq has helped spawn a new generation of Islamic radicalism." It "attributes a more direct role to the Iraq war in fueling radicalism than that presented either in recent White House documents or in a

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report released Wednesday by the House Intelligence Committee." For years "there has been tension between the Bush administration and American spy agencies over the violence in Iraq and the prospects for a stable democracy in the country. Some intelligence officials have said the White House has consistently presented a more optimistic picture of the situation in Iraq than justified by intelligence reports from the field." The report "asserts that Islamic radicalism, rather than being in retreat, has metastasized and spread across the globe." The Washington Times/UPI (9/24) summarizes the NYT article.

The AFP (9/24) argues, "The findings contained in the National Intelligence Estimate appear to be in stark contradiction with claims by President George W. Bush and other top administration officials, who insist that Iraq is and will remain the central front in the war on terror."

US Forces Faces Pressure As Iraqi Forces Unable To Impose Order. Time (9/24, Bennett, Donnelly, 4.03M) reports, "Though 12,000 U.S. and Iraqi troops have moved to the capital to try to defuse sectarian violence, the level of killing across the city remains as high as ever. That's because the U.S. doesn't have enough troops to maintain the peace in the areas they've secured, instead relying on Iraqi units who have yet to prove they can impose order. ... there is a palpable sense that things are getting worse in Iraq." Time attributes the troop shortage "to the earliest days of the occupation. Despite projections by former Army chief of staff General Eric Shinseki that 'several hundred thousand soldiers' would be needed to occupy Iraq after the overthrow of Saddam Hussein, Secretary of Defense Donald Rumsfeld and former U.S. Central Command (Centcom) chief General Tommy Franks chose to go with a much smaller force of 125,000."

Bomb Kills Sadr City Women. The New York Times (9/24, Oppel, Hussein, 1.21M) reports, "A horrific explosion on Saturday morning in the huge Sadr City district here killed at least 35 people, mostly women and children, when a bomb detonated next to a line of women waiting to receive cooking fuel from a tanker truck." Many victims were burned to death; the explosion "struck at the beginning of the holy month of Ramadan, in which more attacks were expected, given what has happened in past years." In other news, "elsewhere, four Americans were killed," including a State Department contractor and three soldiers. An anonymous American official said that US forces in Baghdad had "killed 25 death squad members and captured 215 more since the sweeps began." However, he asserted there were 23 separate militias in Baghdad.

The Washington Post (9/24, Paley, Dehema, 748K) reports graphically, "A fiery explosion tore through a line of people waiting to buy fuel on Saturday and killed at least 38 people, most of them women and children, continuing the wave of tit-for-tat sectarian killings. The horrific blast sent women engulfed in flames screaming through the streets." One injured Iraqi said, "We carry our death certificates with us now, waiting only to fill in the date of death." Like the New York Times, the Post reports that killers left 10 severed human heads (the Times says nine) on a street in Bajii; the heads apparently belonged to "either employees or contractors at the U.S. military base in Baiji."

The AP (9/24, Ahmed) reports also the deaths of three American soldiers: "A U.S. soldier was killed by a roadside bomb in northern Baghdad, and two other American soldiers were killed and three injured when a bomb exploded near their patrol outside Hawija, 150 miles north of the capital, the U.S. command said."

Of the bombing, it says, "A bomb claimed by a Sunni Arab extremist group killed at least 37 Shiites in Baghdad on Saturday as they stocked up on fuel for Ramadan, just days after the U.S. military warned that sectarian bloodshed could worsen during the Islamic holy month."

The Washington Times/AP (9/24) runs a slightly modified version of the AP article above, saying, "The Sunni extremist group Jamaat Jund al-Sahaba -- Soldiers of the Prophet's Companions -- claimed responsibility for the bomb attack in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shi'ite cleric Muqtada al-Sadr."

The Washington Times/UPI (9/24) summarizes the New York Times account.

The Los Angeles Times (9/24, Salman, Smith, 918K) reports that the bomb "exploded ... where women and children had gathered to collect fuel rations, peppering victims with ball bearings and engulfing them in an inferno that killed at least 35." The bombing was a "setback" for the US effort to secure Baghdad and a continuation of past trends: "Since the U.S.-led invasion in 2003, violence has flared each year during Ramadan." An unnamed bystander "argued that the increased presence of the U.S. military in Baghdad had weakened Shiite cleric Muqtada Sadr's Al Mahdi militia, which has provided security in Sadr City."

State Department Contractor Is Killed. The AP (9/23) reports, "An American contractor working for the State Department was killed in a rocket attack in Basra, the U.S. Embassy said Saturday." The brief article quotes the embassy charge d'affaires' statement of condolence.

Terror Group Denies Capture Of Leader. The Minneapolis Star Tribune/AP (9/24, Youssef) reports, "An Internet statement posted Sunday said that the leader of an al-Qaida-linked terror group had not been captured, contradicting an Iraqi government report. Iraq's armed forces announced the arrest Friday of Muntasir Hamoud Ileiwi al-Jubouri, a senior leader of the Ansar al-Sunnah group, and two of his aides near Muqdadiyah." The Internet statement,

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while offering no evidence of the leader's freedom, said the government's claim illustrated its "weakness and bankruptcy." About 40 sites carried this story.

People Flee Sectarian Threats Throughout Iraq. In a New York Times Week in Review piece (9/24), reporter Edward Wong writes on the "de facto partitioning of Iraq, with extremist groups forcing people to segregate themselves by sect across the country and within Baghdad. They are moving from neighborhood to neighborhood or city to city, a tide of migration that is hardening the Sunni-Shiite divide." People receive threats in different ways: "a telephone call at night, a bomb placed by a car, a bullet left on a shop counter." The Times reports, "The Iraqi Ministry of Migration and Displacement estimated that as of Sept. 4, about 39,000 families had relocated, the vast majority since February. That number was 44 percent higher than in late July and 10 times the total in mid-March."

Zarqawi's Successor's Video Is Screened Again. The AP (9/23, Michael) reports, "The man purported to be the new leader of Al-Qaida in Iraq appeared in previously released video showing him execute a Turkish hostage, the terror group says in a statement posted on the Internet along with a repeat of the recording." The video "first appeared on Aug. 2, 2004" but if "described accurately, the images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi."

NBC Nightly News (9/23, story 2, 2:00, Colt, 9.87M) reported on the latest "vicious attack" in Iraq that killed at least 37 Iraqis. And new al Qaeda leader Abu Ayub al-Masri was "seen publicly for the first time in this execution video posted on the internet. Al-Masri harangues America and then later shoots his Turkish hostage. But there was progress reported today with Friday's capture north of Baghdad of the head of a murderous Sunni militant group." But his "capture doesn't necessarily weaken his group." Sajjan Gohel, terrorism analyst: "They're being replaced. The insurgency is continuing." Colt: "And more challenges lie ahead with fears militants will try and exploit Ramadan, converting it from a month of prayer, fasting and charity, to one of violence."

Other Video Reportedly Shows Burning Of American Troops' Remains. The AP (9/24, Sinan) reports, "An al-Qaida-linked group posted a Web video Saturday purporting to show the bodies of two American soldiers being dragged behind a truck, then set on fire in apparent retaliation for the alleged rape-slaying of a young Iraqi woman by U.S. troops from the same unit."

Father Strives To Clear Convicted Son's Name. In a 3,479-word front page article, the Washington Post (9/24, Hull, 748K) reports on the manslaughter conviction of Edward Richmond, Jr., for shooting "a civilian in Iraq." His father Eddie's "war rages on," as he asks "the Army why his son was prosecuted" when another soldier in the unit who killed civilians was not. The Post quotes former 1st ID commander and war critic Maj. Gen. John Batiste, who says, "If I were Dad, I would be focused on Donald Rumsfeld and his leadership, which took our great military to war without a strategy, with insufficient troops on the ground, which allowed chaos to reign in early 2004."

Women's Combat Deaths Become Increasingly Common. In a piece for the New York Times Week in Review (9/24), journalist Lizette Alvarez reports that West Point graduate Lt. Emily Perez became the "64th woman from the" US military to be killed in Iraq or Afghanistan. In comparison, eight women were killed in Vietnam. Losses are not surprising, given the high-risk tasks they now have: 'For the first time, women by the thousands are on the ground and engaging the enemy in a war that has no front line, and little in the way of safe havens." She quotes conservative pundit Elaine Donnelly, who "has no qualms about women, who make up 10 percent of the troops in Iraq and Afghanistan, doing the jobs they are assigned in dangerous circumstances. That is standard. But to send them out with combat troops is illegal, she said." The Pentagon has "argued that it could not sustain the mission without women in these jobs." Alvarez notes that many preconceptions about women dying in combat have not been borne out: "Men, it was said, would crumble at the sight of a bloodied female soldier, or put themselves at risk to protect her. The public would not stomach women coming back in body bags or suffering life-changing wounds."

NATO Kills 23 Taliban Insurgents. The AP (9/24) reports in a five-sentence article, "NATO aircraft have killed 23 suspected insurgents in southern Afghanistan, the military alliance said Sunday."

NY Daily News Reports Increased Threat To Coalition Forces After Pakistani Deal. The New York Daily News (9/24, Meek, 729K) reports, "Since Pakistan signed a pact meant to defang the Taliban on its side of the border with Afghanistan, U.S. forces have been hit with 'highly unusual' attacks there, the Daily News has learned." Army Lt. Col. and spokesman Paul Fitzpatrick called it "highly unusual" to have "a battery of rockets fired at us at our bases," which happened to US firebases in Gayan and Bermel. The Daily News writes, "The 82nd Airborne Division is set to return by year's end to take over from the Fort Drum, N.Y.-based 10th Mountain Division."

Royal Army Defends Self Against Officers' Criticism. The New York Times (9/24, Cowell, 1.21M) reports, "For the second time in two days, the [British] army defended itself on Saturday against charges by middle-ranking officers in Afghanistan that British ground troops had

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received inadequate air support and other backing in their fight against the Taliban." The defense minister and chief of defence staff are both quoted defending the British war effort. Experts speculate that troops' complaints may have become more open "out of fear that the British public is unaware of the ferocity of the war in Afghanistan." One major complained that "the scale of casualties has not been properly reported," while another major faulted the RAF for being "utterly useless" but praised the USAF as "fantastic."

Jim Hoagland Says Afghanistan Needs "More Time." In his column for the Washington Post (9/24, 748K), Jim Hoagland argues, "The biggest challenge that U.S. and NATO forces face [in Afghanistan] is not on the battlefield. It lies in building confidence in the country's rural tribes and sparse urban population that Western governments will stay deeply involved in Afghanistan for a decade or longer. If Afghans do not believe that, they are unlikely to take the risks of vast social and political change being demanded of them today." Therefore, "Washington and other NATO capitals should accept the idea that they are providing a long-term military presence and significant development funding to Afghanistan as a matter of routine and strategy, rather than as a temporary military emergency."

Heritage Foundation Scholar Argues US Has Fought Five Iraq Wars. In a commentary for the Washington Times (9/24, 88K), Heritage Foundation fellow James Carafano argues, "America has fought five wars in Iraq -- not merely one. And we've won or are winning four of them. Winning the last war, however, is all that counts." The first four wars were to oust Saddam, "combat chaos," "confront al Qaeda," and defeat the "Sunni insurgency." The fifth war is the "proxy war" against Iran. Carafano states, "What the United States needs to do is finish the job in Iraq -- and that means strengthening Iraq's security forces so they can handle the insurgency. At the same time, it needs to focus on the other threats to regional stability -- helping empower the Lebanese government to disarm and defang Hezbollah and marshalling the international community to isolate and punish Iran for its adventurism."

David Brooks Warns Iraq Is "Closing" Its National Mind. In the New York Times (9/24, 1.21M), columnist David Brooks writes, "In Iraq we now have a case study in human insecurity. The people of Iraq have endured decades of dictatorship, war, insurgency and civil strife, and the psychological costs have been ruinous. Iraq is the most xenophobic, sexist and reactionary society on earth," according to a survey of 2,300 adults. Brooks says pessimistically, "In essence, Iraqis are like turtles trying to pull into their shells, but the big tasks now require non-shell behavior."

Frank Rich Points To Baghdad Museum Looting As Start Of Iraqi "Disasters." In the New York Times (9/24, 1.21M), columnist Frank Rich writes, "Three and a half years later, have we learned anything? ... America is empowering the very Islamic radicals this war was supposed to smite. But even now we seem to be averting our eyes from reality on the ground in Baghdad." Rich argues that the Iraqi National Museum looting was a pivotal episode that cost America "most of its prestige and respect," a problem compounded by officials like Secretary Rumsfeld dismissing it as "a triviality." Now that the museum is directed by a Shiite associate of Moqtada al Sadr, Rich warns, "That America has stood helplessly by as Mr. Sadr folds the museum into his orbit of power is as ominous a predictor of what lies ahead in this war as was our callous reaction to the looting of 2003."

Frank Rich's Anti-Bush Book Is Praised. In the Washington Post Book World (9/24), reviewer and history professor David Greenberg praises *The Greatest Story Ever Sold*, calling it "a gripping, witty and devastating indictment of President Bush's reliance on public relations to market his Iraq and counterterrorism policies."

Professor Claims Thomas Jefferson Would Have Opposed Iraq War. In a commentary for the Philadelphia Inquirer (9/24, 399K), government professor emeritus R. K. Ramazani argues, "Thomas Jefferson would have opposed the imposition of democracy on any society by military action for several reasons. He believed that coercion is incompatible with liberty and that a society must undergo an evolutionary process before it will embrace democracy and the liberal values of justice, public education and a free press necessary for it to function. Jefferson would have faulted the Bush administration's launch of democratization in Iraq without regard to the realities of Iraqi society, in which most people still have higher loyalties to family, religion and tribe than to the nation-state."

Former Ambassador Pearson Opposes Dividing Iraq. In a commentary for the Los Angeles Times (9/24, 918K), former ambassador W. Robert Pearson argues that the plan to split Iraq into Shiite, Sunni, and Kurdish parts is "a destabilizing default strategy." Pearson foresees in that event a "loose federation plagued by conflict, with one or more parties trying to win full independence," "more mischief" by Iran, opposition to an independent Kurdish state by "all the countries in the region with sizable Kurdish populations" (including Turkey)," and Shiite and Sunni demands for a "share of the Kirkuk fields." Pearson suggests

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instead fostering a "central government in Baghdad capable of moving the country toward stability through negotiation among the contending parties."

Rally On Mall Supports GWOT. The Washington Times (9/24, Lively, 88K) reports, "Backers of the war on terrorism rallied on the Mall yesterday for the second annual Support the Troops and Their Mission Weekend in Washington. A crowd estimated at between 70 and 100 people waved U.S. and military flags as they listened to speeches." Several attendees, including fathers of servicemen killed in Iraq, are quoted

CORPORATE SCANDALS:

Hedge Fund's Implosion Tied To Legislation Championed By Enron. The New York Times' Gretchen Morgenson (9/24) reports that last week "a hedge fund called Amaranth Advisors lost $6 billion. Amaranth and its investors are still sorting out the fund's huge, wrong-way bet on natural gas prices that appears to have cost it two-thirds of its $9.25 billion in assets. In the meantime, where were commodities regulators as Amaranth amassed its positions that in the unwinding have had such an impact on energy prices? To answer that question, we must travel back to Dec. 15, 2000, the final day of the 106th Congress, when a last-minute provision was inserted into legislation removing regulatory oversight from energy commodities traded on over-the-counter electronic exchanges. The provision was an early Christmas gift to a company that had worked hard to persuade members of Congress that electronic energy exchanges and all the trades made on them should be exempt from regulators' prying eyes. The company was Enron."

More Regulation Of Hedge Funds Urged. The New York Times (9/24, 1.21M) writes in an editorial, "As debacles go, the one last week at the hedge fund Amaranth Advisors was orderly. The fund's star trader had bet big that natural gas prices would rise. They fell instead. On Monday, the fund admitted it had lost more than $3 billion, a sum later pegged at $6 billion." However, according to the Times, "And yet, as of Friday, the fund, though badly battered, had managed to avoid liquidation. … Hedge funds — largely unregulated investment pools for wealthy individuals and institutional investors — have infiltrated every corner of every market, taking big risks for big returns." The Times adds, "The S.E.C. should pursue a focused set of hedge-fund reforms and Congress should pass a law to prevent pension funds from investing in hedge funds that do not submit to federal regulation. Congress should also repeal a law from 2000 that limits regulators' ability to monitor over-the-counter derivative securities — financial instruments not listed on the exchanges."

CRIMINAL LAW:

Experts Say Election Makes Timing Of Jefferson Probe Tricky. The New Orleans Times-Picayune (9/24, Alpert) reports, "With the selection last week of a technology expert to copy documents from computer hard drives taken from Rep. William Jefferson's office, the Justice Department might soon have the material it says it needs to wrap up its 18-month investigation of the New Orleans Democrat." The T-P continues, "That could leave the agency with a dilemma: Should the department decide whether to seek an indictment of Jefferson before the Nov. 7 primary or wait until after the race is decided? … Jefferson, facing the first tough re-election challenge since his election to the House of Representatives in 1990, has attracted 12 opponents. … While the timing of elections is one of many factors that the Justice Department examines in deciding whether to indict an elected official, matters of law are the paramount concern, former and current federal prosecutors said. … 'The policy is that you should bring an indictment when you have the evidence and when you are ready to proceed without consideration for an election,' said Eric Holder, who headed the department's public integrity section during the Clinton administration." The T-P adds, "A current Justice Department official, who asked not to be identified because he feared his 'general remarks about process' might seem aimed at the Jefferson probe, said an election could be one of many factors considered. But he said it is a relatively minor one and is even less important in a case where the public is already aware that the elected official is the target of a probe. … Jefferson has all but said he expects to be indicted, proclaiming that he looks forward to vigorously proclaiming his innocence in the 'appropriate time and forum.' … Last week, U.S. Magistrate John Facciola ordered the computer forensics firm of Stroz Friedberg LLC to begin searching computer images seized from Jefferson's office, instructing the firm to deliver computer documents to him on a 'rolling basis' of no fewer than 1,500 pages, and not more than 1,700 pages. Some involved in the case expect that process to continue for two or three weeks."

Jury To Begin Deliberations In Marlinga Corruption Case. The Macomb (MI) Daily (9/24, Cook) reports, "Whatever anyone thinks about the strength of the federal criminal case against Carl Marlinga won't matter this week as a jury will begin deliberating the former prosecutor's fate." The Daily continues, "Predicting a jury verdict is difficult, especially in a circumstantial case such as this, according to experts. … 'This isn't an open and shut case,' said Lawrence

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Dubin, University of Detroit Mercy law professor. 'You never know what a jury will do in a case.'" The Daily adds, "Prominent Macomb County defense lawyer Stephen Rabaut said: 'You don't know because even if the evidence points your way, if it doesn't pass the "smell test," it could go the other way. If there is a strong personality on the jury who is not on your side, then you're in trouble.'" The Daily notes, "The 14-person jury, which will be whittled down to 12 for deliberations, will begin mulling Marlinga's fate late Monday or Tuesday in U.S. District Court in downtown Detroit, after Marlinga completes testifying in his defense. … Marlinga, 59, Macomb County prosecutor for 20 years until 2005, is charged with five counts in connection with supposedly exerting influence in two criminal cases his office handled in exchange for more than $30,000 in campaign contributions, as well as exceeding the limits of contributions. He faces a maximum penalty of 10 years in prison, if convicted. … Marlinga will continue testifying in his defense Monday morning under cross examination by U.S. Attorney Robert Cares, after beginning Wednesday (No trial took place Thursday and Friday). Attorneys for the U.S. Justice Department and Marlinga's defense will make their last-ditch arguments to jurors after Marlinga completes his testimony. Closing statements by both sides will take place on the same day."

US Presses For Death Penalty In Ohio Murder-For-Hire. The Pittsburgh Post-Gazette (9/24, Simonich) reports, "Bonnie Brown Heady kidnapped and murdered a 6-year-old boy. Ethel Rosenberg leaked atomic secrets to the Soviet Union. … The U.S. government executed them both in 1953. No woman has been put to death in a federal case since." The Post-Gazette continues, "Given that history, Donna Moonda and her attorney did not expect prosecutors to seek the death penalty against her. … 'I was surprised when they did,' Roger Synenberg, Mrs. Moonda's attorney, said of the government's decision this month to pursue a capital case. 'I didn't think this would happen.'" The Post-Gazette adds, "Mrs. Moonda, 47, of Hermitage in Mercer County (PA), is charged with hiring her 25-year-old lover to murder her husband. … She says she is innocent. Prosecutors say she is a cold, money-hungry killer who planned the murder of Dr. Gulam Moonda for six months. … Dr. Moonda 69, a urologist, died in front of his wife and mother-in-law on the Ohio Turnpike the evening of May 13, 2005. Damian Bradford, who was having an affair with Mrs. Moonda, shot the doctor dead. He says it was premeditated murder that was supposed to look like a highway robbery. … Mr. Bradford admits he killed because of greed, saying Donna Moonda promised him a seven-figure payoff. He said she expected to collect millions in inheritance and life insurance proceeds from her husband's death and told him he would receive half of the money. … The planning that went into the crime is one reason U.S. Attorney Gregory A. White, of the Northern District of Ohio, is seeking the death penalty against Mrs. Moonda. … Another factor is that Mrs. Moonda's mother, Dorothy Smouse, then 74 years old, was in the car with Dr. Moonda when Mr. Bradford shot him."

SCOTUS Faces Hard Questions In Light Of Blakely Ruling. In an op-ed in the Los Angeles Times (9/24), Robert Weisberg, a professor of law at Stanford University and director of the Stanford Criminal Justice Center, writes, "Virtually every American knows about Miranda, the famous U.S. Supreme Court decision requiring police officers to inform suspects of their rights. But not even many lawyers know about Blakely vs. Washington. Yet this Supreme Court ruling in 2004 took its place alongside Miranda and others — including Gideon vs. Wainwright (which required states to provide a lawyer to indigent felony defendants) and Terry vs. Ohio (which allowed police to stop and frisk subjects without probable cause) — as a precedent that would change the course of American criminal justice." Weisberg continues, "As the court enters its new session next week, it continues to face the consequences (perhaps unintended) of its watershed Blakely decision. … (One) big question still facing the court in the wake of the Blakely decision involves not where the ruling applies but when. In Burton vs. Waddington, the court is being asked to decide whether Lonnie Lee Burton, convicted on charges of raping a 15-year-old boy in Indiana in 1991, can have his case reopened under the Blakely ruling. … The question is about the retroactivity of judicial decisions, a very esoteric area of the law. In theory, judges never 'make' law but simply interpret or discern its meaning. So if the 6th Amendment means what the high court said in Blakely, it has always meant that, even if earlier judges didn't notice. … By that theory, all decisions ought to be applied retroactively. But if judges feared that refining or expanding laws would lead to the reopening of vast numbers of old cases, they might choose never to do so. So our legal system has created a strange compromise. Roughly put, a decision can be applied retroactively if it looks like a mere extension of an established rule — but not if it is the announcement of a new rule. It also can be applied retroactively if the rule seems absolutely fundamental to a fair trial, not a more technical rule. … So in deciding whether to apply Blakely retroactively, the court will tell us just how important or new it thinks its 2004 creation is after all. But this esoteric little piece of legal doctrine has already proved pretty powerful."

Two Illinois Restaurant Owners Sentenced For Bank Fraud. The DeKalb (IL) Daily Chronicle (9/24) reports, "The former owners of two DeKalb (IL) restaurants

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were sentenced Friday to time in a federal prison for bank fraud." The Chronicle continues, "According to a press release from the Department of Justice, George Broches, 43, of DeKalb was sentenced to eight years and one month in prison without parole, and must pay $271,997.62 in restitution. His former business partner, Dimitrios Brotsis, 47, of Creston, was sentenced to one year in prison and $97,309.78 in restitution. The men were the owners of the Spring Garden Restaurant and Arcade Dreams Bar and Grill in DeKalb." The Chronicle adds, "The men were indicted in April 2005 in a federal court in Rockford on charges of bank fraud. According to the Justice Department, Broches and Brotsis deposited bad checks into the bank accounts for the two businesses in January 2000, then withdrew money from the accounts before the bank realized the checks were worthless. They reportedly defrauded the bank out of more than $97,000 during the two-week period. … Broches also was convicted of making a false statement on a commercial loan application in 1999 and on a mortgage application in 2000, and of producing counterfeit credit cards and gift cards from 2002 to 2004 and using them to make purchases."

Utah Polygamists Defend Their Faith Under Growing Pressure. The Chicago Tribune (9/24, Scharnberg, Reporters) reports from Eagle Mountain, UT, "The neighborhood looks like any other in the upper-middle-class suburbs: sprawling homes with porch swings and manicured lawns strewn with discarded kids' bikes. … But beneath the all-American veneer, much is different in this upscale subdivision 40 miles south of Salt Lake City. … 'Pretty much everyone who lives here is polygamous,' said Mary--a woman who gave a recent tour of the area and is herself the second wife of a Utah man. She, like other polygamists interviewed for this story, asked to be identified only by her first name for fear of prosecution. 'There may be one or two houses that aren't, but virtually everyone else here is one of ours.'" The Tribune continues, "In the weeks since the arrest of Warren Jeffs, the fundamentalist Mormon leader who made the FBI's 10 Most Wanted list for allegations that he facilitated the rape and marriage of underage girls, there have been constant questions about the real pervasiveness and peril of polygamy in Utah. … Mainstream Mormons in the Church of Jesus Christ of Latter-day Saints, with 12 million members worldwide, have asserted that all polygamous denominations--including Jeffs' Fundamentalist Church of Jesus Christ of Latter-day Saints--are aberrations in a state where the influential Mormon Church suspended the practice of polygamy more than a century ago. But Utah's attorney general, pro-polygamy activists and other experts estimate there are 40,000 people living in polygamous families or communities like this one across the Western U.S.--with a large portion of them residing in suburban Utah." The Tribune adds, "Although it is rare that allegations of abuse are as systemic or egregious as those reported in the community led by Jeffs, virtually every other polygamous sect practicing in Utah today has been linked to financial, sexual or spiritual improprieties. Federal grand juries in Arizona and state investigators in Nevada are probing polygamist practices in those states, according to media reports. … Earlier this month, Senate Minority Leader Harry Reid (D-Nev.), himself a Mormon, asked U.S. Atty. Gen. Alberto Gonzales to create a federal task force to investigate polygamy sects in the Western U.S., particularly Jeffs' church, a group in which girls as young as 13 are being married and hundreds of boys have been excommunicated and cut off from their parents in an alleged effort to reduce the elders' competition for wives. Still, in his letter, Reid's comments made clear he was referring to Utah's polygamy subculture in general as much as to Jeffs' community along the Utah-Arizona border."

CIVIL LAW:

Movement Seeks Vermont's Secession From The U.S. The Los Angeles Times (9/24, Mehren, 918K) reports that businessman and Mississippi native Thomas Naylor has been behind an effort to declare Vermont independent of the U.S., and "though the movement for Vermont secession that Naylor helped launch nearly three years ago is little more than an intellectual exercise, it is entirely earnest." According to the report, "Its members argue that the U.S. government has lost its concern for individual citizens and small communities. They worry about global warming, the U.S. military presence in Iraq and Afghanistan, unfair trade practices, and the 'tyranny of multinational corporations.' According to the report, "The 150 or so members of the Second Vermont Republic envision a country much like Switzerland — neutral and economically independent. They argue their cause at public gatherings and private events." The report adds, "Naylor, 70, concedes that the notion of Vermont striking out on its own may seem outlandish. 'Part of why we are so optimistic is the absurdity of it all,' he said. 'What could be more absurd than tiny Vermont taking on the empire?'"

Health Care Firms Use Technology To Fight Fraud. The St. Paul Pioneer-Press (9/24, Forster) reports, "With insurers paying out billions of dollars in bogus claims each year, UnitedHealth figured there had to be a better way to identify medical fraud. So over a year ago, fraud investigators at Ingenix, a division of UnitedHealth Group, were told to do something bold." The Pioneer-Press continues, "The result: Ingenix took a page from the credit card industry, developing an analytical tool that helps predict

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fraud. Ingenix is hoping the technology — now in testing — will work so well that other insurers will be interested in buying it." The Pioneer-Press adds, "Ingenix has company in pursuing the better fraud trap. Fair Isaac, the Minneapolis-based firm well-known in the banking business for its credit card scoring model, has been pushing its own fraud-detection system for more than three years. Though each company says its technology is better than the other's, both agree that fraud is one driver of skyrocketing health care costs. … Estimates of the money lost to health care fraud range widely, from 3 percent of annual health care spending — or some $60 billion — to more than $170 billion. The U.S. General Accounting Office in a 1996 report on health care fraud, noted: 'The amount of fraud within the health care system is, by its nature, impossible to accurately detect.'"

CIVIL RIGHTS:

Task Force Seeks To Curb Human Trafficking In Kansas City. The Kansas City Star (9/24, Rizzo) reports, "Slavery. … It's a cruel reality for hundreds of thousands of men, women and children around the world. … And, as Kansas City learned last week, it's even here." The Star continues, "Eight young men from Russia were duped into driving ice cream trucks for up to 14 hours a day, seven days a week, for meager pay, federal prosecutors said. The case came three months after a Kansas City man was charged with forcing three teenage girls — two of them 13 — to work as prostitutes. … Those local cases involve the two most pervasive forms of modern slavery: Forced labor and sexual trafficking. … 'I think most people see it as a problem in the Third World,' said Bradley Schlozman, U.S. attorney for the Western District of Missouri. 'It's right here in our backyard.'" The Star adds, "Federal prosecutors earlier this summer established a local human trafficking task force similar to those operating in about two dozen other American cities, and it didn't take long for the streets of Kansas City to provide the first case. … 'How could it not be in Kansas City? I've seen it everywhere else,' Schlozman said. 'This is one of the most evil crimes imaginable, exploiting the most vulnerable members of society.' … Since Congress passed the Trafficking Victims Protection Act in 2000, it has been used to prosecute dozens of cases. About two-thirds have involved the sex industry. … Government officials estimate that 800,000 men, women and children are trafficked across international borders each year and forced to work in sweat shops, farm fields and brothels. As many as 17,500 people are trafficked into the United States annually, according to the Department of Justice. … Last year, the U.S. government declared 230 people from more than 30 countries as human trafficking victims eligible to receive benefits comparable to political refugees. About half of the victims have received special visas that allow them to remain in the United States."

Community Leaders Decry Minneapolis Police Shooting. The St. Paul Pioneer-Press (9/24, Kahn) reports, "Black community leaders and relatives of Dominic Aries Felder on Friday accused Minneapolis police of murdering the allegedly emotionally disturbed man and intending to 'whitewash' the probe of two officers involved in the incident. … 'The police department messed up,' the Rev. Devin Miller, pastor of Emmanuel Tabernacle Church in Minneapolis, said of Wednesday night's fatal skirmish. 'There was no reason for the shooting, and we firmly believe they intended to shoot him to death.'" The Pioneer-Press continues, "The leaders said they could not trust the department to objectively investigate the case and will ask U.S. Attorney General Alberto Gonzales on Monday to take control of the matter. … Minneapolis police on Friday continued to withhold all details of the incident, in which an officer's gun was fired seven times. The incident began with a report of a domestic dispute at Bloomington Avenue South near East 40th Street, in which the 27-year-old Felder was threatening to kill people, police said. … Two officers involved in the shooting were placed on administrative leave pending a review of the incident — standard procedure in such cases. The officers are Lawrence Loonsfoot and Jason King, both of whom joined the department in 1993."

Religious Groups Said To Be Split Over Wisconsin Gay Marriage Vote. The Milwaukee Journal Sentinel (9/24, Glauber, 259K) reports, "The battle over Wisconsin's marriage amendment isn't a simple political fight. It's a struggle over values, too, an issue that bubbled for years in the statehouse and houses of worship, on the airwaves and in church pews. It likely will come to a boil in the closing weeks before the Nov. 7 election. … Catholic bishops and evangelical Christian pastors are allied with some mainline Protestants who support passage of an amendment to the state constitution to recognize marriage as 'between one man and one woman.' On the other side are at least eight mainline Protestant denominational bodies, scores of clergy and many Jewish leaders who oppose the amendment."

Officials Express Concern Over New Electronic Voting Systems. The New York Times (9/24, Urbina, 1.21M) reports, "A growing number of state and local officials are getting cold feet about electronic voting technology, and many are making last-minute efforts to limit or reverse the rollout of new machines in the November elections. … Gov. Robert L. Ehrlich Jr. of Maryland this week became the most recent official to raise concerns publicly." Ehrlich "said he

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lacked confidence in the state's new $106 million electronic voting system and suggested a return to paper ballots." The Times goes on to report, "Paperless touch-screen machines have been the biggest source of consternation, and with about 40 percent of registered voters nationally expected to cast their ballots on these machines in the midterm elections, many local officials fear that the lack of a paper trail will leave no way to verify votes in case of fraud or computer failure. As a result, states are scrambling to make last-minute fixes before the technology has its biggest test in November, when voter turnout will be higher than in the primaries, many races will be close and the threat of litigation will be ever-present."

Diebold Machines' Numerous Weaknesses Described. The New York Times' Randall Stross (9/24) writes, "From 2003 to 2005, some $3 billion flew out of the federal purse for equipment purchases. Nothing said 'state of the art' like a paperless voting machine that electronically records and tallies votes with the tap of a touch screen. … One brand of machine leads in market share by a sizable margin: the AccuVote, made by Diebold Election Systems. Two weeks ago, however, Diebold suffered one of the worst kinds of public embarrassment for a company that began in 1859 by making safes and vaults. Edward W. Felten, a professor of computer science at Princeton, and his student collaborators conducted a demonstration with an AccuVote TS and noticed that the key to the machine's memory card slot appeared to be similar to one that a staff member had at home. When he brought the key into the office and tried it, the door protecting the AccuVote's memory card slot swung open obligingly. Upon examination, the key turned out to be a standard industrial part used in simple locks for office furniture, computer cases, jukeboxes — and hotel minibars."

Problems With Diebold Machines In Ohio Noted. In a New York Times op-ed which is one of a series from novelists on Senate campaigns, Dan Chaon (9/24) writes, "Nevertheless, the big news all summer long was the botched May 2 primary in Cuyahoga County, with lurid tales of incompetent poll workers, disappearing memory cards and incompatible optical scan equipment. On the TV news, my wife and I watched as an elderly poll worker fed ballot paper into a machine, which then began, ruminatively, to grind it to bits. By August, the county commissioners were gently suggesting that voters might want to use absentee ballots in November. Meanwhile, questions about the efficacy of Diebold touch-screen voting machines have slid from the realm of conspiracy theorists and into the mainstream press.

Prince George's Problems Attributed To "Minimally Trained" Election Workers. The Washington Post (9/24, A1, Rich, Helderman, 748K) reports, "The widely publicized failure in Prince George's County to electronically transmit results from many polls after the Sept. 12 primary was compounded by a host of other errors, including failure to swiftly collect the data cards on which some votes are recorded and to properly secure voting machines. … Despite the roiling debate over whether electronic voting machines might be hacked into and an election stolen, the experience of Prince George's suggests a more mundane and probably widespread challenge in voting's digital age: Armies of minimally trained, modestly paid election workers are increasingly confronted with an unfamiliar, complex business."

Atlanta Faces Up To Painful Memories Of 1906 Race Riot. The New York Times (9/24, Dewan) reports, "Two years ago, Saudia Muwwakkil, the director of communications for the Martin Luther King Jr. National Historic Site, invited community leaders to discuss how to mark the 100th anniversary of a 1906 race riot in which mobs of whites descended on (Atlanta's) black residents. … The racial strife shut down Atlanta for four days and ended with the bodies of black men hanging from trees and streetlights. But of those Ms. Muwwakkil called, almost none had heard of it." The Times continues, "The riot, so contrary to Atlanta's conception of itself as the progressive, racially harmonious capital of the New South, had been erased from the city's consciousness, left out of timelines and textbooks. … Ms. Muwwakkil said she was not surprised by the response. 'I'm an Atlanta native,' she said, 'and I had never learned anything about the riot. It wasn't taught.' … But in the months leading up to the 100th anniversary this weekend, there has been a concerted effort to correct the city's amnesia, with walking tours, public art, memorial services, numerous articles and three new books. Genealogists have found a few descendants of those involved and located the marked tombstone of one victim. Next year, the riot will become part of the state's social studies curriculum."

Though Immigration Current Hot Topic, High Court Cases Bring Affirmative Action Back To The Fore. In a news analysis in The New York Times Magazine (9/24), Jeffrey Rosen writes, "When it comes to America's always-sensitive politics of race and ethnicity, something of a tectonic shift has taken place. In just a few years, immigration has replaced affirmative action as the hot-button issue." According to Rosen, "If affirmative action is no longer the divisive matter it once was, some of the credit must go to the Supreme Court. In an important decision written by Justice Sandra Day O'Connor, the court held in 2003 that affirmative action in public-university admissions was constitutional because of the educational and social benefits of diverse classrooms." Rosen adds however, that "in its new term, which begins on Oct. 2, the court has agreed to hear two major cases regarding the constitutionality of racial preferences in public elementary and high schools. Now that O'Connor has been replaced by Justice Samuel Alito, some

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liberals worry (and conservatives hope) that the end of affirmative action may once again be imminent."

Michigan Anti-Affirmative Action Initiative Applauded. In a column in The Washington Post (9/24, B7, 748K) George Will writes, "A feisty 29-year-old white woman and a pugnacious 67-year-old black man are performing two services this autumn for Michigan and the nation. Their Michigan Civil Rights Initiative (MCRI) is promoting colorblind government. And they are provoking remnants of the civil rights movement, which now is just a defender of a racial spoils system, to demonstrate its decadence, even thuggishness." According to Will, "Anti-MCRI demonstrators chant, 'They say Jim Crow, we say hell, no.' So, the rancid residue of what once was the civil rights movement equates Jim Crow — the system of enforced legal inferiority for blacks — with opposition to treating blacks as wards of government, in need of infantilizing preferences, forever. To such Orwellian thinking, Gratz and Connerly — and soon, perhaps, Michigan — say: Hell, no."

ANTITRUST:

Corporations Flock To Texas Court For Patent Lawsuits. The New York Times (9/24, Creswell, 1.21M) reports that in a recent court case in Marshall, TX, "Hyperion Solutions, a software company based in Santa Clara, Calif., accused the OutlookSoft Corporation of Stamford, Conn., of infringing two of its patents, causing $50 million in damages. … What was remarkable about the trial was not the issue being tried or the arguments proffered by each side, but that these big companies — like dozens more from the East and West Coasts — wound up in the Federal District Court here in Marshall, the self-proclaimed Pottery Capital of the World and home to the annual Fire Ant Festival." According to the report, "More patent lawsuits will be filed here this year than in federal district courts in San Francisco, Chicago, New York and Washington."

ENVIRONMENT:

E Coli Outbreak Spreading. NBC Nightly News (9/23, story 4, :30, Seigenthaler, 9.87M) reported, "Federal health officials investigating the deadly e. Coli outbreak have eased the warnings about spinach. The Food and Drug Administration says it's safe to eat fresh and bagged spinach grown in most places in the U.S. but consumers should continue to avoid spinach from three California counties. Tainted spinach has now been found in 25 states. 166 people have become ill. One death has been linked to the outbreak."

The New York Times (9/24, Davey, 1.21M) reports that in Milwaukee, WI, "By this weekend, a national outbreak of E. coli linked to fresh spinach grown in California had sickened 170 people in 25 states and killed at least one here in Wisconsin, where more people have grown ill than in any other state. The authorities in Idaho and Maryland were investigating the deaths of two others, including a toddler whose parents said they gave him a fruit smoothie with spinach days earlier, trying to determine whether their deaths, too, were linked to the outbreak." According to the report, "But beyond the raw statistics were individual stories of a sudden, mysterious, life-threatening illness, one that struck most often in the homes of those who viewed themselves as more health conscious than many other Americans."

Government Actions Questioned In Maryland Case. The Washington Post (9/23, C1, Morse, 748K) reports that in Maryland, "The family of an elderly Hagerstown woman who died nearly two weeks ago after eating bagged spinach questioned Saturday whether government health officials had done enough to alert Maryland residents to the threat of E. coli contamination that has been linked to at least three people in the state. 'The story broke in the local newspaper Friday morning. Suddenly the [state] health department had a press conference on Friday afternoon,' said Warren Swartz, son-in-law of June E. Dunning, 86, who died of E. coli illness Sept. 13 at Washington County Hospital in Hagerstown." According to the report, "Dunning might be the second person killed in a nationwide E. coli outbreak, but state officials have been unable to conclusively link her case to the national outbreak because of problems completing a genetic test on the bacterium that infected her." The AP (9/24, Bridges) also reported on this story.

Government Blamed For Lapses In Food Safety Oversight. In an op/ed in The Washington Post (9/24, B7, 748K), environmental attorney Al Meyerhoff and former FDA deputy commissioner William B. Schultz write, "Federal agents are scurrying across the Salinas Valley — the nation's 'salad bowl' — in search of the source of the E. coli contaminating the spinach supply. They won't find it without a mirror, because the real culprit in this case is the U.S. government." According to Meyerhoff and Schultz, "A half-dozen federal agencies administer a patchwork quilt of outdated standards, inadequate inspections and porous statutes that allow pollution in the fields, filth in the packing houses and contaminated food on the supermarket shelves. Millions of Americans are sickened by food each year; some 9,000 die." According to Meyerhoff and Schultz, "Today American food is more manufactured than grown. … Today food processing plants are inspected on average once every 10 years. Imported food is almost never inspected. The USDA has about 6,000 employees who inspect meat and poultry plants, but use of the inspectors is 'not based on the food safety risk of particular products,' the GAO says."

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According to Meyerhoff and Schultz, "As a public policy matter, all food safety functions (setting standards, inspection, risk assessment, research) should be consolidated under a single, independent agency (either the Food and Drug Administration or a new federal agency)."

Many E. Coli Survivors Face Long Recovery. The Los Angeles Times (9/24, Engel, 918K) reports, "When she was 10 years old, Brianne Kiner became the public face of one of the country's worst outbreaks of food poisoning" after eating an undercooked Jack-in-the-Box hamburger contaminated by E. coli., "the same virulent strain that recently has been linked to California-grown spinach. Doctors called her survival a miracle. What most people outside her family didn't know then — and may not realize now — was that her recovery was just beginning." According to the report, "'She had to learn to walk again. Think again. Learn her colors,' said her mother, Suzanne Kiner. 'She had such total body atrophy that she could not chew.'" The report adds, "Brianne suffered from hemolytic uremic syndrome, or HUS, the most dreaded consequence of E. coli O157:H7 infection and the most common cause of kidney failure in children under 18." According to the report, "Of the 171 cases identified so far in the current spinach-related outbreak, 27 have been diagnosed with HUS. One person has died. Two other deaths are under investigation."

NTEU President Criticizes Board's Decision On Park Police Chief Firing. The Washington Times (9/24, Seper, 88K) reports President Colleen M. Kelley of the National Treasury Employees Union "says a decision by the Merit Systems Protection Board upholding the firing of U.S. Park Police Chief Teresa Chambers is 'dangerous to the public safety' because it cut protections afforded to federal whistleblowers." Kelley "said the board's 2-1 decision last week 'serves the public poorly and undermines the congressional intent evident in the Whistleblower Protection Act, particularly with respect to matters impacting public health and safety.'"

Biodiesel Boat Circumnavigation Projects Fails To Attract Sponsors. The New York Times (9/24, Mckinley, 1.21M) reports on a "record attempt" to "test and publicize" a boat fueled by ethanol "and raise money. 'I thought I'd have a sponsor give me $4 million and bankroll the whole thing,' said Mr. Bethune, 41. 'And I still believe that.'" However, the project is not attracting many sponsors, as "the project has only about $10,000 in the bank and is hundreds of thousands of dollars in debt. … While the lack of money has done little to dampen Mr. Bethune's ambitions, he says he understands why nautical sponsors can be hard to find. "The sight of a boat sinking with someone's name on the side can be disconcerting," he said."

FBI/DEA/ATF/USMS:

Two North Carolina Men Charged With Internet Drug Sales. The South Pines (NC) Pilot (9/24, Moriarty) reports, "Two Pinehurst (NC) men are among 11 people recently indicted and charged with selling prescription drugs over the Internet." The Pilot continues, "The U.S. Department of Justice also named an Atlanta-based company in the indictment. The company allegedly sold generic versions of prescription steroids, drugs such as Valium and Xanax and sexual performance drugs such as Viagra and Cialis. … The local men indicted are David Dalton Johnson, 37, and David Alan Brady, 40." The Pilot adds, "They are accused of selling unregulated drugs manufactured in Belize and marketed through 'spam' e-mails as low-price Canadian drugs. The e-mails would direct customers to one of several Web sites where they could order the drugs and they would be shipped from Belize. .. Moore County sheriff's deputies went with federal investigators to the homes of the two Pinehurst men on Sept. 14. … 'The indictment's allegations are disturbing,' U.S. Attorney David E. Nahmias said in a press release, 'because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize.' … All the defendants stand to lose numerous properties and automobiles and will have to forfeit the money in several bank accounts. The Justice Department is seeking a judgment of no less than $19.8 million."

Marijuana Growers Find Unique Ways To Skirt Law. NBC Nightly News (9/23, story 5, 2:30, Seigenthaler, 9.87M) reported, "Another leafy green, marijuana, is getting some major attention from Federal authorities. And the concern that the illegal drug is making its way into some of the most unlikely locations, attracting entrepreneurs who are adding a new you twist to the idea of working at home." NBC (Potter): "Five months ago inside this house in Port St. Lucie Florida, police stumbled across an indoor growing operation that would open the door to a criminal scheme unlike anything they'd seen before. 35 people, many of them recent immigrants, now face drug charges and 50 homes in neighborhoods throughout this small area have since been revealed as marijuana grow houses."

IMMIGRATION:

Corrupt Officers Hinder Border Security Efforts. The AP (9/24, Arrillaga) reports, "A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and

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undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world. How do you secure the homeland if some of those guarding the gates are dishonest? Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol. On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents — all assigned to the same highway checkpoint — who admitted taking money to let both drugs and migrants pass." The AP goes on to report, "More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement."

Deported Refugee Gets Second Chance At Asylum In US. The Chicago Tribune (9/24, Ahmed-ullah, Yates) reports, "Denied asylum and ordered out of the U.S., Nourain Niam spent three years running for his life in Africa. He was arrested and beaten, he said, uncertain whether he would ever find sanctuary. … But in an extraordinary turn of events, Niam returned to Chicago this month, living evidence of a widespread breakdown in America's immigration court system." The Tribune continues, "Niam, a member of a persecuted Sudanese opposition party, is the first in a wave of political refugees who are getting a second chance at asylum, after federal appeals courts found grievous errors in the way their cases were handled. .. . In one year alone, the Chicago-based 7th U.S. Circuit Court of Appeals remanded 40 percent of the 136 immigration cases it heard--rejecting rulings of the administrative judges in stern and often scathing language." The Tribune adds, "U.S. Appeals Judge Richard Posner, who led the charge, called the immigration judge's analysis in Niam's case 'so inadequate as to raise questions of adjudicative competence.' … Still, it was only with repeated interventions by the the appeals court--and a little luck--that Niam ended up on a plane headed to O'Hare International Airport, his eyes filled with tears as he caught sight of Chicago's skyline."

Gaining Asylum In U.S. Increasingly Difficult. In a Week In Review piece in The New York Times (9/24, 1.21M) Nina Bernstein writes, "When an immigration judge granted asylum last week to an orphaned Pakistani youth who grew up in Queens, one argument she considered was that he was so Americanized, 'he would stick out like a sore thumb' in his native land. … In the end, the judge used other grounds to halt the deportation of the young man, Mohammad Sarfaraz Hussain, 21, and to recognize him as a refugee from persecution." The report adds, "But the question is part of a growing debate over how to treat the Americanized children of foreign parents. … A broader answer is a measure known as the Dream Act, included in immigration bills now stalled in the Senate. It offers a path to citizenship to young people of good character who have lived in the United States for five years, been accepted to college, or earned a high school diploma."

TAX:

Huge Tax Error Found In Astor Battle. The New York Times (9/24, Kovaleski) reports, "Legal papers filed by J. P. Morgan Chase, the temporary guardian of Brooke Astor's assets, state that her son recently told the bank that he now realizes he made an error in his mother's 2002 tax return by overstating the original price of a Childe Hassam painting she had sold, resulting in a large underpayment of taxes three years ago. … As it turns out, the discrepancy was a matter not just of thousands of dollars, but of millions." The Times continues, "The so-called cost basis for the work of art, 'Flags, Fifth Avenue,' was listed in Mrs. Astor's federal income tax filing as $7.425 million, a copy of the document shows. But she paid $172,010 for the painting when she bought it in March 1970, according to the bill of sale. … Because of the inflated figure, Mrs. Astor apparently ended up paying far less in taxes than required on the capital gains she realized from the February 2002 sale of the painting by Hassam, a renowned American Impressionist. Mrs. Astor's son, Anthony D. Marshall, 82, who managed her finances at the time, sold the painting to an art gallery for $10 million and collected a $2 million fee from his mother for handling the transaction." The Times adds, "The tax issue concerning the painting, also known as 'Up the Avenue From Thirty-Fourth Street, May 1917,' has arisen as a compelling side issue from the review of mounds of financial documents in the legal battle over the care and fortune of Mrs. Astor, the 104-year-old philanthropist and socialite. … In July, Mr. Marshall's son, Philip Marshall, filed a court petition claiming that his father had been grossly neglecting Mrs. Astor's well-being while enriching himself with her wealth. .. . Philip Marshall has asked the court to appoint permanent guardians for his grandmother; the bank is temporarily in control of her assets."

IRS Church Probe Questioned. In a column for the Los Angeles Times (9/24), Steve Lopez writes, "Pastor William Turner Jr. is a robust man with an unshakable set of beliefs, and he's never been shy about sharing them with the congregation of his New Revelation Missionary Baptist Church in Pasadena. … He has preached against same-sex marriage, stem cell research and abortion. And he has proudly boasted to President Bush about converting 80% of

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his congregation from Democrat to Republican. .. 'I salute and support you President Bush and will work untiringly for your reelection,' Turner wrote to the president in February 2004, telling him he had done the same for former California Gov. Pete Wilson. Turner also wrote to fellow African American clergymen in support of Bush in 2004, saying that 'any gay, homosexual, lesbian and/or immoral act is an abomination against God.'" Lopez continues, "Roughly two miles away from Turner's church is All Saints Episcopal Church, which has a radically different political bent. The same year Turner took up Bush's cause, the Rev. George Regas delivered a guest sermon at All Saints involving a mock debate between Bush, John Kerry and Jesus. In the debate, Jesus said that Bush's preemptive strike on Iraq 'has led to disaster.' … So which of these two churches is under investigation by the Internal Revenue Service for taking sides in political contests? … The latter. Your precious tax dollars are paying for an inquisition of All Saints by the Internal Revenue Service, which has demanded church records and ordered rector Ed Bacon to testify at a hearing next month." Lopez adds, "Look, All Saints' politics are pretty clear, and it's not hard to guess which presidential candidate Regas might have been more sympathetic to. But it's hard to believe that the IRS wouldn't have better things to do and bigger fish to fry. The tale of these two churches proves just how arbitrary, fickle and goofy the federal agency's actions can be."

CONGRESS-ADMINISTRATION:

Legal Service's Board Discussed Ousting IG. The AP (9/24, Margasak) reports, "Directors of the government's legal aid program for the poor secretly debated how to fire the auditor who exposed their expensive meals, use of limousine services and headquarters move to a ritzy neighborhood. Meeting transcripts obtained by The Associated Press show that Legal Services Corp. board members in 2005 and 2006 disparaged Inspector General Kirt West, whose job is to find fraud, waste and abuse. In private, the board derided West as abusive, a character assassin, a shoddy investigator with a delusional staff and someone with a 'fetish' for independence — even though independence is an inspector general's hallmark. Board members warned themselves to be careful in their actions toward the internal watchdog, fearful that retaliation would anger Congress and jeopardize their federal dollars."

Roberts Seen As Alternating Between Consensus-Building And Judicial Activism. The Los Angeles Times' David Savage (9/24) writes, "One year ago, John G. Roberts Jr., at the time President Bush's nominee to be the chief justice of the United States, told senators that he aspired to be like an umpire, enforcing the rules of the game, not making them. … And during much of his first year, he did just that. But in several cases, he behaved differently, joining Justice Antonin Scalia in dissents that would have rolled back a major environmental law and undercut states' traditional authority over the practice of medicine. Neither would have qualified as a modest act." Savage adds, "In a surprising number of cases, Roberts brought together his liberal and conservative colleagues for unanimous decisions last term. … But in two other high-profile cases, the chief justice seemed to do more than simply call balls and strikes." The case of Gonzales vs. Oregon "came before the Supreme Court in Roberts' first month as chief justice, and a 6-3 majority ruled for Oregon in January. But Roberts joined Scalia's dissent, as did Justice Clarence Thomas. The three said the use of legal drugs for ending a life was not a 'legitimate medical purpose' and could be banned by the attorney general. … In the other case, Roberts supported a sharp pullback in the Clean Water Act of 1972."

Supreme Court Chief Justice Urged To Pursue More Judicial Reforms. The New York Times (9/24, 1.21M) editorializes, "During his confirmation hearings a year ago, Chief Justice John Roberts pledged to study the serious ethics problem posed by the well-attended 'judicial education' programs staged at luxury resorts and financed by private interests hoping to influence judicial decision-making. Chief Justice Roberts followed through, but his chosen antidote is far too timid." According to the Times, "The new rules just put in place with the chief justice's backing by the policy-setting Judicial Conference of the United States mandate only expanded disclosure. … The improved transparency is a positive step." However, The Times adds, "But Chief Justice Roberts should have at least insisted that improved disclosure of judicial junkets be accompanied by other steps to cut back on the size of the travel gifts, like limiting reimbursement to judges to the cost of coach fare to get to the resort, and requiring judges to pay for their own room and board."

Rumsfeld's Competitive Nature Seen As Impacting Military Transformation. The New York Times (9/24, Cloud, 1.21M) reports, "For the last six years, Defense Secretary Donald H. Rumsfeld has slipped down to the Pentagon basement many afternoons, changed into a T-shirt, sweat pants and headband, and spent a heart-thumping hour playing squash." The Times quotes several opposing players who cite his intensity; "Pentagon officials and employees say Mr. Rumsfeld's play closely resembles the way he has run the Defense Department, where he has spent six years trying to break the accepted modes of operating." Rumsfeld "has suggested that his ideas about transforming the military into a smaller, more agile force, like the one he

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pushed for in invading Iraq, were influenced by his squash playing."

NASA Administrator Prepares For Visit To China. The New York Times (9/24, Leary, 1.21M) reports NASA Administrator Michael Griffin "arrives in China on Sunday for a tour of space agency sites, making him the most senior American space official to go to China to discuss possible cooperation between the countries' programs." Griffin "has repeatedly cautioned that the tour…will be an exploratory visit that will not result in any bilateral space agreements or formal partnerships." According to the Times, China "has been seeking more international cooperation in aerospace projects, but the United States has been reluctant. Much of China's program is run by the military, raising concerns about possible technology transfers or other national security issues for any such cooperation. Working with China in space has also been hampered by other issues under discussion by the two nations, like weapons proliferation, trade agreements, patent and trademark enforcement, and human rights, said a senior adviser at NASA, who spoke on condition that he not be identified.

Astronauts Often Called-On To Do ISS Construction Work. In a "Week in Review" piece for the New York Times (9/24, 1.21M) John Schwartz writes, "From now until the scheduled end of the shuttle program in 2010, however, every mission currently planned will focus on station construction, and astronauts will continue to wrestle with the occasional frozen bolt, malfunctioning gizmo or other glitch. So why does NASA send brainiacs — the two Atlantis spacewalkers had advanced degrees in physics and aeronautics — when the missions might profit from a couple of shade-tree mechanics and seasoned construction workers?"

OTHER NEWS:

O'Malley Maintains Six Point Lead Over Ehrlich. The Baltimore Sun (9/24, Green, 262K) reports Baltimore Mayor Martin O'Malley" is maintaining his lead over Gov. Robert L. Ehrlich Jr. in the race for Maryland governor, a new poll for The Sun shows, having countered a barrage of critical commercials expected to intensify over the six weeks until Election Day. Still, Ehrlich, a Republican seeking re-election, remains a popular figure in a state where Democrats outnumber the GOP by about 2-to-1. Voters give Ehrlich and O'Malley - both 40-something telegenic politicians - about equal marks on leadership and ability to move the state forward, suggesting that the contest could wind up very close. O'Malley, a Democrat, has a 6-percentage-point lead among likely voters, 50 percent to 44 percent, about the same margin he held over the Republican incumbent in July. But it is a much smaller advantage than the double-digit leads he held last year before Ehrlich began campaigning in earnest."

Crist Leads Davis 49-43 In Florida Gubernatorial Race. The South Florida Sun-Sentinel (9/24, Hollis, 265K) reports, "Republican Charlie Crist leads Democrat Jim Davis by 6 points in the latest South Florida Sun-Sentinel poll on the governor's race, but undecided voters who favor Davis on key issues could drive the contest even closer. With roughly six weeks remaining until the Nov. 7 election, only 7 percent of Florida's likely voters are undecided. Crist and running mate, Jeff Kottkamp, would get votes from 49 percent of those polled. Davis and his running mate, Daryl Jones, are favored by 43 percent, while other candidates in the race collectively get approval from 1 percent of those sampled."

Recent Polls Show Rendell Has Huge Lead Over Swann. The Pittsburgh Post-Gazette (9/24, Mauriello, 241K) reports, "Polls show that defeating Democratic Gov. Ed Rendell, an experienced politician with wide support, will be an uphill battle, steeper than the GOP anticipated during nominating season last winter. Six weeks before the election, Mr. Rendell has a double-digit lead, according to separate polls released Thursday. The Keystone Poll by Franklin & Marshall College puts Mr. Rendell's support at 54 percent to Mr. [Lynn] Swann's 34 percent. The IssuesPA/Pew poll put Mr. Rendell farther ahead, 58 percent to 30 percent."

Angelides Pledges To Remove Guard Troops From Iraq. The Los Angeles Times (9/24, Finnegan, 918K) reports, "In a move to bolster his appeal among Democrats, state Treasurer Phil Angelides said Saturday night that on his first day as governor, he would call on President Bush to withdraw California's National Guard troops from the war in Iraq. The Democratic nominee for governor said in a telephone interview that he would take court action against Bush if necessary to extract the state's National Guard members from Iraq. He said he would also urge other governors and members of Congress to join his effort."

Akaka Leading Among Absentee Voters 56-44. The AP (9/24, Niesse) reports Sen. Daniel Akaka "held an early lead Saturday night over upstart challenger Rep. Ed Case in the Democratic primary after absentee ballots and early votes were released. Akaka was leading 56.4 percent to 43.6 percent after 84,088 votes were counted. The figures do not include any votes cast Saturday."

DSCC Airing Ads Attacking Steele Earlier Than Planned. The Washington Times (9/24, Ward, 88K)

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reports Lt. Gov. Michael S. Steele's "assertive campaign for U.S. Senate since the Sept. 12 primary has prompted national Democrats to start running attack ads sooner than they had planned. The Democratic Senatorial Campaign Committee originally bought $1 million worth of TV time for the two weeks leading up to the Nov. 7 general election, then decided to start running ads Tuesday, according to the Steele campaign. … Phil Singer, a spokesman for the Democratic committee did not return phone calls, but has said he will not comment on strategic decisions in the campaign for Rep. Benjamin L. Cardin.'

Abramoff Referenced Repeatedly During Burns-Tester Debate. The AP (9/24, Gouras) reports Sen. Conrad Burns "accused his Democratic challenger Saturday of wanting to raise taxes and weaken the U.S. Patriot Act, but brushed off allegations of ties to convicted lobbyist Jack Abramoff. Jon Tester, locked in a tight race with the three-term incumbent, blasted Burns during their debate for running up the federal deficit and claimed he has lost touch with Montana." The AP notes Burns "didn't answer a question asking for details on his staff's relationship with Abramoff, saying the allegations are being trumped up by Democrats for political gain. … Tester has made ethics a campaign centerpiece, and invoked Abramoff's name several times during the debate."

Contentious Second Debate Described. As part of a series of novelists' New York Times op-eds regarding key Senate race, Deirdre McNamer(9/24) writes, "As the candidates jousted, the crowd booed Mr. Burns and someone shouted 'psycho' at him, and then a Burns supporter chastised the booers for rudeness. Mr. Burns, who received more money from the disgraced lobbyist Jack Abramoff than any other member of Congress, accused Mr. Tester of being an unaccountable 'lawbreaker' in his fund-raising practices. (He mentioned a $7,000 'slush fund' that Mr. Tester used for gas and meals on the campaign trail, and which the state's political practices' commissioner has said is legal.)"

Florida GOP Chairwoman Appears With Harris. The AP (9/24, Farrington) reports, "Days after President Bush flew into the state and complimented U.S. Rep. Katherine Harris, the congresswoman got some more love — this time from GOP activists at a rally Saturday. It was one of the bright spots for Harris, whom party leaders had previously tried to force out of the U.S. Senate race before she won the GOP primary. … State party Chair Carole Jean Jordan called Harris a hero, a term many Republicans used after Harris, as secretary of state in 2000, oversaw Bush's disputed 537-vote victory. 'Katherine has overcome tough times. She's a gutsy lady and we love her,' said Jordan, who tried to get Harris out of the race before the primary."

Rift Over Iraq War At Heart Of Talent-McCaskill Race. The Kansas City Star (9/24, Goldstein, 278K) reports, "Stay the course, or gradually start to pull back in Iraq? Republican Sen. Jim Talent favors the former. 'Complete the mission,' he says. Missouri Auditor Claire McCaskill, who hopes to unseat Talent on Nov. 7, says American troops should be withdrawn but not 'precipitously,' over two years, more or less. She says the American presence is a 'crutch' keeping Iraq from making decisions about its future, even as Afghanistan heats up and the region grows more dangerous. The war and what to do about it mark a deep divide between the candidates."

Ford's Recent Turnaround In The Polls Noted. In another of the New York Times op-eds from novelists on Senate campaigns, Robert Hicks (9/24) writes, "I left home — and my front-row seat for observing Representative Harold Ford's apparently quixotic effort to take the Senate seat being vacated by Bill Frist — two weeks ago. … I returned the other day to polls showing Mr. Ford in a statistical tie with his Republican opponent, Bob Corker. While anywhere else this might not seem like a big deal at this point, Tennessee isn't anywhere else. When I left, most folks I know, both old-time Southern Democrats and my new Republican neighbors in their McMansions, wouldn't have given the young black liberal from a family that seems always ready to stretch the bounds of propriety much of a chance in a statewide race. Particularly not against Mr. Corker, a very agreeable and successful former mayor of Chattanooga."

MN6 Race Seen As Indicative Of National Trends. In an op-ed for the New York Times (9/24, 1.21M) novelist Charles Baxter writes, "While my assignment was to write about Minnesota's important Senate race, I think there's more to be learned right now from the far closer contest in Minnesota's Sixth Congressional District. … The race, between Michele Bachmann, the Republican, and Patty Wetterling, the Democrat, has revealed a Bush-era national trend now visible locally. That is, we are facing a choice between a 'conservative' who wants to institute radical reforms and a 'progressive' who wishes largely to maintain the status quo. In Minnesota's Sixth District, liberalism is the new conservatism."

Rep. Johnson Highlights National Security Issues In Race To Retain House Seat. The New York Times (9/24, Hernandez, 1.21M) reports, "For much of this year, Representative Nancy L. Johnson, a moderate Republican from Connecticut, has run the kind of campaign she has run many times before in this swing district, focusing on domestic issues like health care and taxes, even as she distanced herself from her party's conservative leaders in

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Congress. But in recent days, Mrs. Johnson has taken her campaign down a sharply different path, shifting the battle with her Democratic opponent, Christopher S. Murphy, to a new front, national security." According to the report, "Democrats say her tactical shift shows that the race has tightened and that she is mounting a negative campaign out of desperation. But Mrs. Johnson's new focus on terrorism also shows that Republicans believe that national security is still a winning issue for them, even in a state where opposition to the war in Iraq is high, support for President Bush is low and their candidate is far better known for domestic policy.

Local Issues Still Major Driving Factor In Indiana Politics. The Washington Post (9/24, A4, Cillizza, Vandehei, 748K) report that in Indiana, while Democrat and former Seymour High School basketball star Baron Hill is "trying to unseat Rep. Michael E. Sodrel (R), he does not hesitate to invoke his basketball credentials to prove his down-home bona fides. Hill still holds the school record for most points scored (1,419) and was inducted into the Indiana Basketball Hall of Fame in 2000 alongside a 'hick from French Lick' named Larry Bird." According to the report, "Hill's heroics on the court have not always rebounded in his favor politically. In earlier races, he said, sports rivalries often cost him votes — in precincts where fans with long memories could not bring themselves to support a Seymour star." According to the report, "The Indiana 9th is a vivid reminder that control of the House will not turn solely on national debates over interrogation rules or the future of Iraq. Often, elections turn on voters' intuitive reactions about who better represents the values of a district."

Final Count Shows Wynn Won Primary Race By 2000 Votes. The Baltimore Sun (9/24, Brewington, 262K) reports Rep. Albert R. Wynn "appeared to have prevailed over challenger Donna Edwards in a fiercely contested 4th Congressional District Democratic primary after the last ballots were counted yesterday. Seven-term incumbent Wynn edged Edwards by more than 2,000 votes, according to unofficial results. … The results will not be verified until tomorrow, after State Board of Elections officials confer with Montgomery County's elections board."

The AP (9/24) reports that in Maryland, "The unofficial tally for the 4th District race gave Rep. Albert Wynn 39,482 votes, or 49 percent, and Donna Edwards 37,174 votes, or 47 percent. George McDermott was a distant third with 3,113 votes, or 4 percent." According to the report, "The winner faces Republican Michael Starkman in November. … It was the toughest challenge Wynn had faced after taking at least 80 percent of the vote in Democratic primaries and general elections in six previous campaigns."

Members Of Congress Ask Bush To Fully Fund VA. The Mid-Hudson News (9/24) reports that NY17 Rep. Eliot Engel (D) "has joined Democratic Leader Nancy Pelosi and Members of Congress to ask President Bush to fully fund veterans programs." The sent a letter to President Bush "asking that he provide the necessary funding for the Department of Veterans' Affairs health care system and related benefits programs."

Majority Of Bush Campaign Appearances Are Closed To The Media. The AP (9/24, Loven) reports, "Since President Bush's approval rating sank to the lowest level of his presidency in May, nearly six in 10 of his appearances helping Republican candidates have been closed to all media coverage. … Bush has yet to hold a single traditional campaign-style rally for one of his party's hopefuls this election cycle. Every one of his events for GOP gubernatorial, House and Senate candidates has been to raise money from faithful Republican donors — not to urge support among the broader voting public." The AP notes that "of six fundraisers Bush is headlining this week, all but one — for Alabama Gov. Bob Riley — are private, by agreement between the White House and the campaigns." According to the AP, Sen. Mike DeWine "is a case study in the sometimes tricky dynamics of a president's assistance. Bush is raising money for DeWine on Monday at a private home in Cincinnati. It is the third time the president will have helped the senator, to the tune of about a $1 million each time. No other candidate has rated as many appearances from Bush, and all have happened out of public view.

GOP Said To Have Momentum Heading Into Campaign's Last Month. The Washington Post (9/24, A1, Balz, 748K),, in a front-page story, reports, "After months of unrelenting bad news, President Bush and his Republican allies have begun to change the mood, if not the overall trajectory, of a midterm election campaign that has tilted against them for a year. A combination of good luck -- in the form of a sharp decline in gasoline prices -- and dogged persistence by the president's political team in trying to redefine the terms of the fall campaign has given a much-needed morale boost to beleaguered Republican candidates." The Post credits, "Bush's anti-terrorism initiative timed to the fifth anniversary of the attacks of Sept. 11, 2001, the end of hostilities in Lebanon, a rise in the stock market and last week's compromise…on the treatment of detainees."

Gallup Mock Ballot Poll Shows Both Parties At 48. The Washington Times (9/24, A1, Lambro, 88K) reports, "The Democrats' yearlong lead among likely voters has evaporated, strengthening Republican chances of holding majority control in the House, according to the Gallup Poll. Gallup's latest survey of voters who say they will go to the

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polls Nov. 7 showed the contest is a 'dead heat' between those who say they will vote Republican (48 percent) and those who say they intend to support Democrats (48 percent). The poll of 1,003 adults was conducted Sept. 15-17. Democrats continue to maintain an advantage among registered voters; however, pollsters consider likely voters to be a more accurate measurement of the electorate's preferences. The neck-and-neck estimates suggest the Republicans have the potential to offset the Democrats' lead 'with greater turnout,' Gallup said last week in an analysis of its findings."

GOP Candidates Benefit From Drop In Gas Prices. The New York Times (9/24, Hakim, 1.21M) reports, "The price for a gallon of regular gasoline now averages just under $2.50 nationwide, according to the Energy Information Administration. While that is not exactly cheap, it beats the $3-plus per gallon seen as recently as last month. … So what does this mean for the midterm elections? Democrats have been beating the oil drum for months, coupling rising gas prices with oil companies reaping record profits and big tax breaks." The Times adds, "Voters can expect this tack to continue, despite the falling prices. … Republicans, on the other hand, believe the sting of this argument is waning."

GOP Voter Targeting Efforts Could Provide Edge In Close Races. The Los Angeles Times (9/24, Hamburger, Wallsten, 918K) reports, "if control of Congress comes down to three or four dozen closely contested races, as now seems likely, then micro-targeting and the other technologies that Republicans are using in battleground states could make a difference. The GOP system — built around a database nicknamed Voter Vault — combines huge amounts of demographic, financial and other personal information on individual voters with the data-mining techniques used by direct-mail advertisers to deliver surgically targeted appeals to voters identified as likely to respond, including many who might be considered part of the Democratic base. In Michigan, for example, the GOP contacted snowmobilers by mail, telephone or other personal communication suggesting that Democrats' environmental views stood in the way of greater opportunities for snowmobiling."

GOP Said To Have Learned From Democrats' 1994 Debacle. In a "Week in Review" piece for the New York Times (9/24, 1.21M) Adam Nagourney writes, "This year, both parties are studying the climactic 1994 midterm Congressional elections. … Remembering how Democrats were caught unaware and fully understanding that these are difficult times for the party in power, Republicans have been preparing for over a year for an onslaught. Ken Mehlman, the Republican National Party chairman, has raised $175.8 million for his get-out-the-vote operation and television commercials — compared with $97 million raised by his Democratic counterpart, Howard Dean. … And Republicans pushed the panic button through the summer, loudly telling the world that they were in trouble. Those alarmist sentiments may well have been heartfelt, but there has been some political calculus here as well. Warning of a Democratic takeover gets contributors to write checks, encourages dispirited Republicans to vote and pushes candidates to campaign scared. It also has allowed Republican leaders to do what Democrats largely failed to do in 1994: Persuade incumbents who are not facing a serious challenge to give up some money to candidates who are."

This Year's Campaign Ads Ridiculed. The Washington Post's Peter Carlson 9/24, D1) writes, "we just pored over the transcripts of 122 TV and radio ads for this year's crop of candidates…from all across America. We were looking for trends and themes and insights into the state of American democracy. Unfortunately, by the time we finished, our brains were far too frazzled for rational thought. … Now, after enduring this hideous ordeal, we have taken pieces of these 122 ads and used them to create the ultimate political commercial for the ideal candidate."

Mehlman Said To Have Failed To Realize Ambitious Goals As RNC Chairman. In a very long (5,000 word) piece for the New York Times Magazine (9/24) Adam Nagourney profiles RNC Chair Ken Mehlman, who, in 2005, "talked big and thought big about the Republican Party: about how he and his allies could fundamentally redraw the political architecture of America, change the way Americans conceptualize the two parties and establish Republicans as the dominant party in America long after George Bush returned to Texas. … These days, of course, talk of a Republican realignment has given way to talk of simple survival this November." According to Nagourney, "House Republicans sabotaged Bush's immigration plan, ignoring Mehlman's warnings about the damage that an enforcement-only immigration bill could do to the party's long-term growth among Hispanic voters. … He spent much of July trying to manage the fallout among black leaders after House conservatives delayed a routine extension of the Voting Rights Act. Earlier this year, at the American Jewish Committee's 100th annual meeting, Mehlman, the second Jewish chairman in the history of the Republican National Committee, heard scattered boos as he defended the Iraq war to a room fearful that the White House's Iraq policy had empowered Iran."

Mehlman Disputes Bush's Claim That Rove Was "Architect" Of 2004 Campaign. Near the very end of the profile, Nagourney writes that during the 2004 campaign Mehlman "was officially the campaign manager, and [Karl] Rove was Bush's chief White House adviser, but Mehlman was the subordinate in this relationship. 'Karl was far and

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away the senior leader,' says Newt Gingrich, the former House speaker, talking about the campaign. Bush famously called Rove the 'architect' of his victory. Mehlman lifted an eyebrow when I asked him about that. 'I don't know — I think a bunch of us were architects,' he told me. The relationship between Mehlman and Rove…has long been at once cooperative and competitive; Mehlman's friends voice private frustration at just how much credit Rove drew for the campaign of 2004, though Mehlman is far too disciplined and corporate to concede any such resentment. But Rove's star has dimmed because of the troubles of the second-term Bush White House and his own legal battles, and heading into the fall the two men appear to be equals in calling the shots on this midterm campaign."

GOP's Fundraising Lead Attributed To RNC Efforts. The Houston Chronicle (9/24, Roth, 535K) reports, "Financial reports released last week by party operations showed that at the end of August, Republicans had $94 million on hand, compared with $76 million for the Democrats. The GOP advantage is largely the result of fund-raising by the Republican National Committee, which had $39 million compared with the Democratic National Committee's $11 million. DNC Chairman Howard Dean has diverted much of his party's funds to building up party operations in 50 states, causing friction with House and Senate Democrats who wanted the money spent in competitive races."

Pelosi Works To Define Herself In The Face Of GOP Attacks. The AP (9/24, Benac) reports Rep. Nancy Pelosi is "Exhibit A as Republicans argue that Americans would be crazy to let Democrats take over the House. 'A disaster,' former GOP Speaker Newt Gingrich warns, calling the prospect of the San Francisco-area congresswoman standing third in the line of presidential succession truly frightening. 'A hyperpartisan obstructionist,' a GOP campaign tract pronounces." The AP notes that Pelosi defines herself as "an Italian Catholic mother of five, grandmother of five, going on six." The AP adds, "She has a voting record that consistently gets her laurels from liberal interest groups and raspberries from conservatives. She also is a pragmatist. … Pelosi presides over a Democratic caucus, united against President Bush, in which members voted with their party 88 percent of the time in 2005, one of the most cohesive records in decades."

Falwell Expresses Opposition To Giuliani's 2008 Candidacy. The Los Angeles Times (9/24, Wallsten, 918K) reports the Rev. Jerry Falwell said "Nothing will motivate conservative evangelical Christians to vote Republican in the 2008 presidential election more than a Democratic nominee named Hillary Rodham Clinton — not even a run by the devil himself. That was the sentiment expressed by" Falwell "during private remarks Friday to church pastors and activists as part of the Values Voter Summit hosted this weekend by the country's leading Christian conservatives. A recording of Falwell's comments was obtained by The Times, and his remarks were confirmed by eyewitnesses. 'I certainly hope that Hillary is the candidate,' Falwell said, according to the recording. 'She has $300 million so far. But I hope she's the candidate. Because nothing will energize my [constituency] like Hillary Clinton.' Cheers and laughter filled the room as Falwell continued: 'If Lucifer ran, he wouldn't.'" According to the Times, "Falwell's remarks about Clinton were part of a 40-minute address at a private breakfast that included assurances that "moderates such as former New York Mayor Rudolph W. Giuliani could not be allowed to win the GOP presidential nomination. … 'It can't be a Giuliani and it cannot be a [New York Gov. George E.] Pataki,' he said. 'It cannot be a pro-choice. It cannot be a person on the wrong side of the social issues. We've got to have somebody worth fighting for because we will be energized if Hillary is the standard-bearer.'"

2008 GOP Presidential Prospects Court "Values Voters." The Washington Times (9/24, Fagan, 88K) reports, "Potential Republican presidential candidates spent the weekend revving up evangelical 'values voters' by pledging to keep up the fight against abortion and same-sex 'marriage,' and to protect religious freedom." Sens. George Allen, Sam Brownback, and Rick Santorum, as well as Gov. Mitt Romney and Gov. Mike Huckabee "participated in the Family Research Council's '2006 Values Voter Summit,' which drew about 1,800 conservative activists to the Omni Shoreham Hotel in Northwest. Former House Speaker Newt Gingrich was scheduled to address the crowd last night." Santorum "was among several who strongly advocated marriage as being only between one man and one woman. … For his part, Mr. Allen called for protecting religious freedom, private-property rights and traditional marriage and urged immigration reform.

Broder Sees 2008 As Opportunity For "Independent" Candidates. The Washington Post's David Broder (9/24) writes, "if this year's election strengthens the hands of the independent members of both parties -- those who are prepared to defy the dictates of their interest groups and clamorous extremes -- the next presidential race may be very different from recent cycles. Who could provide such a contest? On the Republican side, either of the two men atop the early polls," Sen. John McCain or Rudy Giuliani, as well as Gov. Mitt Romney. Among Democrats, Broder mentions Sen. Hillary Clinton, Gov. Tom Vilsack and former governor Mark Warner."

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Bush Sending Rebuilding Delegation To Lebanon. The AP (9/24) reports, "President Bush announced Saturday that he is sending a delegation to Lebanon to meet with Lebanese Prime Minister Fuad Siniora and discuss ways to help rebuild his nation." It will be led by "Dina Habib Powell, an Egyptian-born former White House official who is now assistant secretary of state for promoting educational and cultural exchange," and include Jeffrey Feltman, U.S. ambassador to Lebanon; John Chambers, president and chief executive officer of Cisco Systems; Yousif Ghafari, chairman of GHAFARI Inc.; and Ray Irani, chairman, chief executive officer and president of Occidental Petroleum Corp. "The White House also announced that Chambers, Ghafari and Irani along with Craig Barrett, chairman of Intel Corp., are launching a nationwide effort to encourage private donations for reconstruction needed as a result of the conflict."

Shabaa Farms Sticking Point In Hezbollah Disarmament. The New York Times (9/24, Smith, 1.21M) reports that "the main stumbling block" to disarming Hezbollah, "at least according to Hezbollah's current position, is a 10-mile-square area of hilly land known as Shabaa Farms." While "Israel and the United Nations say the land belongs to Syria and is part of the Golan Heights that has been occupied by Israel since the 1967 war," Lebanon claims it "and Hezbollah says it will not lay down its weapons until Israel gives it back." While "Syria still agrees that the farms are Lebanese," it "is apparently happy to let the issue simmer, hoping it will lead to negotiations with Israel over the return of the larger territory seized by Israel in the 1967 war." While "there is no guarantee that Hezbollah will disarm if the Shabaa Farms area is transferred to Lebanon," the "Lebanese parties opposed to Hezbollah says that removing the Shabaa issue would, at the very least, give it more leverage in pressing Hezbollah to give up its arms." However, "Israel sees it the other way around. Prime Minister Ehud Olmert has said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting — including the disarming of Hezbollah — then Israel would be willing to discuss Shabaa Farms."

WPost Urges Distrust Of Syrian Assurances On Preventing Arms Flow To Hezbollah. The Washington Post (9/24, B6, 748K) editorializes, "the Middle East is haunted by the hubris of two self-declared winners." Not only is Iran "in a triumphalist mood," but so "is Hezbollah's other foreign sponsor, Syrian President Bashar al-Assad." While "Countries around the region are responding to what they see as the new strategic menace from Tehran," in fact "Syria is more likely to trigger a new round of armed conflict in the near future." This "stems from Mr. Assad's overt resistance to the U.N. Security Council resolution that ended the war." He "has denounced the deployment of European troops as part of the U.N. force" and "threatened that any deployment of the force along the Lebanese-Syrian border would be treated by Damascus as hostile." This "bluster has successfully deterred the Lebanese and Western governments from taking serious steps to stop the traffic of arms and explosives from Syria to Lebanon." While "Assad knows that if he attempts to supply Hezbollah with new weapons he will invite an attack by Israel," yet "he appears undeterred." Assad's "assurances are not only worthless but deliberately mendacious." Yet the UN forces "are essentially counting on" Assad's statements that he supports securing the boarder "-- rather than firm measures of their own -- to prevent a new crisis in which their own soldiers would be at risk. That's a lot to expect from a callow and corrupt dictator who believes he is on top of a 'new' Middle East."

Abbas Says Palestinian Coalition Formation "Back To Zero." The New York Times/AP (9/24) reports that Palestinian president Mahmoud Abbas said during a visit to Cairo to meet with President Hosni Mubarak that "Efforts to form a Palestinian government acceptable to the West have gone 'back to zero.'" He added "that 'backtracking took place' on the negotiations for a unity government with Hamas."

Ahmadinejad Says Administration Must Change, Create "Right Circumstances" To Talk. Iranian president Mahmoud Ahmadinejad, in an interview with the Washington Post (9/24, B1, Weymouth, 748K) said, "We are interested in having talks with everyone. We believe that talks are much better than threats and confrontation," but "the U.S. administration -- that is, a section of the U.S. administration -- does not create the right circumstances." Their "attitude and the approach of some American politicians that ruins things. They want to return Iran to what it was before the revolution, under the shah, when it was really a puppet for the United States." The Administration "believe that they own the entire world so they speak from that position, looking down at us." Instead, "a section within the U.S. administration must take a new look at the Middle East." He said that Saddam's removal "paved the way for the American government to improve their relations with the people in the region, but they lost the opportunity -- they decided to occupy Iraq in search of oil and their own interests." When asked if he was "really serious when you say that Israel should be wiped off the face of the Earth," Ahmadinejad said "We need to address and resolve the root problem" of violence in the Middle East, and "Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted."

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Ignatius Says US, Iran "Need Each Other." David Ignatius writes in his column in the Washington Post (9/24, B7, 748K) that Iranian President Mahmoud Ahmadinejad, when asked if America would attack Iran, "quickly answered 'no,' with a slight cock of his head as if he regarded the very idea of war between the two countries as preposterous." This "confidence was the overriding theme of his visit. … I sensed the same certainty that was expressed by Ayatollah Ruhollah Khomeini back when this confrontation began in the late 1970s: 'America cannot do a damn thing.'" He is "is sitting back and enjoying the attention. He's not groping for anything; he's waiting for the world to come to him." The contrasts between him and President Bush "were striking: Bush is groping for answers to the Iran problem; you sense him struggling for a viable strategy." While both seem to seek a dialogue, for Ahmadinejad, "if the words of accommodation are there, the music is not. Instead of sending a message to the administration that he is serious about negotiations, Ahmadinejad spent the week playing to the gallery of Third World activists and Muslim revolutionaries with his comments about Israel and the Holocaust. This audience hears the defiant message between the lines: America cannot do a damn thing." Still, "Iran can't achieve its ambitions as a rising power without an accommodation with America. America can't achieve its interest in stabilizing the Middle East without help from Iran. The potential for war is there, but so is the bedrock of mutual self-interest. The simple fact is that these two countries need each other."

Rice Meets With Libyan Foreign Minister. The AP (9/24, Gearan) reports, "Top diplomats from the United States and Libya celebrated their newfound friendship Saturday, but disputes remain from more than two decades of hostility. Secretary of State Condoleezza Rice points to Libya as a model for other nations after its historic decision to renounce weapons of mass destruction and engage the world, but she has repeatedly put off a splashy trip to Tripoli to inaugurate a U.S. Embassy." One of the "major sticking points between Washington and Tripoli four months after the United States announced it would establish full diplomatic ties with Libya and remove it from the State Department's list of state terror sponsors" is Libya's treatment of five Bulgarian nurses and a Palestinian doctor accused of infecting Libyan children with the virus that causes AIDS," and "Rice is not expected to pay a visit until the case of the medics is resolved." Rice met with Libyan Foreign Minister Abdurahman Shalgam "on the sidelines of the U.N. opening session" and "discussed cooperation in fighting terrorism," although "it was not clear whether Rice and Shalgam aired the AIDS issue.

The AFP (9/24, Millikin) adds that Rice "pressed her Libyan counterpart to finalize compensation payments to US victims of Libyan terrorist attacks." Unlike the AP, the AFP says "Rice also urged Foreign Minister Abdurahman Shalgam to release 'on humanitarian grounds' five Bulgarian nurses and a Palestinian doctor convicted of injecting Libyan children with the AIDS virus." Rice also "brushed aside a reporter's question at the start of Saturday's meeting about whether she could visit Libya soon if the issue was resolved."

Rice Promotes Women's Empowerment. The Los Angeles Times (9/24, 918K) reports, "Secretary of State Condoleezza Rice gathered other influential female political leaders," including Liberian President Ellen Johnson-Sirleaf, Africa's first elected woman head of state, "to promote the empowerment of their gender." She said, "We have to promote and empower women," adding, "We are going to champion the empowerment of women because it is only right."

Islamists In Mogadishu Show Moderation. In a front page story, the New York Times (9/24, A1, Gettleman, 1.21M) reports, "The United States continues to assert that the Islamists" in Mogadishu "are sheltering Al Qaeda terrorists. The suicide attack against the United Nations-backed transitional government in Baidoa on Monday only reinforced that suspicion." However, "the darkest fears of a draconian Islam on Africa's east coast have not come true," and, "over the past three months, the Islamists in control here have defied international expectations — in many ways. Not only have they pacified one of the most dangerous cities in the world, they also seem to have moderated their message. Instead of acting like the Taliban and ruthlessly imposing a harsh religious orthodoxy, as many feared, the Islamists seem to be trying to increase public support by softening their views, at least officially, delivering social services and pushing for democratic elections." This may be "just smooth talk. Or premature signs that could prove misleading. Hard-core elements still operate here." However, "the Islamist leaders say they are rogue elements who will be punished … Whether they live up to those promises seems to hinge on whether they can, or even want to, rein in the militant groups that helped propel them to power.

Islamists Appear To Aim To Take Over Port. The AP (9/24, Nor) reports, "Hundreds of Islamic militiamen in heavily armed trucks headed Saturday to the strategic town of Kismayo in what appeared to be an imminent takeover attempt of one of the last seaports outside their control in Somalia," and "Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out." The official government of Somialia "controls just one town, Baidoa, 150 miles from the capital, but it has a strong ally in Kismayo."

Kurds Are Suspected In Turkish Blast. The AP (9/24, Hacaoglu) reports, "Suspected Kurdish guerrillas set

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off an explosive-laden minibus across from a police guest house in eastern Turkey Saturday, injuring 17 people ... The Ford minibus parked across from the police guest house, went off in [the] eastern city of Igdir on the Armenian border." The AP adds, "The rebels have recently intensified attacks across the country and have so far ignored a recent call by the pro-Kurdish Democratic Society Party to declare a unilateral cease-fire in the hopes of establishing dialogue with the state."

Venezuela Accuses US Of Illegally Detaining Foreign Minister. The AP (9/24, James) reports, "Venezuela's foreign minister said he was illegally detained for 90 minutes at a New York airport Saturday by U.S. authorities whom he accused of treating him abusively and attempting to frisk him. U.S. and U.N. officials called the incident regrettable but said Foreign Minister Nicolas Maduro had been identified for 'secondary screening.'" Maduro said, "We were the object of an illegal detention by the U.S. government," and, "We were detained during an hour and a half, threatened by police of being beaten." He added that "his government has been in touch with U.N. Secretary-General Kofi Annan about the incident and was gathering a team of lawyers to challenge a detention that he said violated international law." Homeland Security spokesman Russ Knocke "denied that Maduro was mistreated," saying that "Maduro was referred for further screening but never reached that section of the airport," as, "He began to articulate his frustration with secondary screening right after he went through the magnetometer," and, "'Port Authority officials confronted him when the situation became a ruckus.' Knocke did not elaborate." U.S. State Department spokesman Tom Casey said, "We can confirm that a regrettable incident occurred at John F. Kennedy airport for which the U.S. government has apologized to Foreign Minister Maduro and the government of Venezuela."

The AFP (9/24, Luna) leads that the incident lead to "an apology from the US government." Maduro said that when he identified himself to the security officiers as Venezuela's chief diplomat, "the situation got worse because they started insulting, yelling and brought a police officer ... and they started threatening us." A State Department official said, "We understand he was able to board the plane before it took off but he refused and returned to New York City."

Hoge Examines History Of Insulting Presidents At The UN. Warren Hoge, in a week in review piece in the New York Times (9/24, 1.21M), writes that when Hugo Chávez of Venezuela called President Bush a devil, he "was acting in an old, if not grand, tradition" that "harks back to speeches by Fidel Castro and Nikita Khrushchev during the chilliest days of the cold war." The UN "on more than a few occasions…has rung instead with barbs and insults. And American president…have been the favored targets." Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades, said "the General Assembly was a particularly alluring place for demagogues," but added, "I think in the end they all come off as rejectionists." Still, "while these rhetorical taunts don't necessarily influence the real course of world affairs, the threat of mobilized public opinion on a global scale against American policy can't be ignored and has at time spurred pointed responses.

WPost Says Chavez's Incompetence Is His Biggest Threat. The Washington Post (9/24, B6, 748K) editorializes that Chavez's "absurd talk may be less threatening than his equally absurd incompetence." His country "has mismanaged its oil so disastrously that production may have fallen by almost half," and that "ineptitude has contributed to high energy prices. It takes sustained determination to reduce output by that much, and Mr. Chavez has provided it." He "imagines that he can damage the United States by rerouting Venezuelan oil to other markets. He fails to understand that oil is fungible," and "also appears oblivious to the technical difficulties in sending oil halfway round the world rather than selling it in his own hemisphere." While, "To the extent that Mr. Chavez's wild talk stirs up anti-American feeling, he must be regarded as an irritant," but "it is not the United States but rather Mr. Chavez's own countrymen who should most fear his intentions," as he "is talking about a constitutional change that would allow him to remain in power indefinitely."

Both Sides In Thai Coup Pose Problems For Democracy. The Washington Post (9/24, A20, Faiola, 748K) reports that deposed Thai prime minister Thaksin Shinawatra "gained popular support by pushing through policies aimed at easing the plight of the poor while using handouts of food and even cash to ensure votes at election time. Experts say such populist-driven politics has exacerbated class divisions and created a significant hurdle to maintaining the rule of law for some developing countries." However, democracy advocates abroad "are viewing the case of Thailand -- an important regional ally of the United States and one of Southeast Asia's largest economies -- as particularly demoralizing," as it "had emerged as the region's model for democratic reform" and "analysts fear the Thai coup will…embolden existing military juntas." Already it "has brought swift international condemnation. The Bush administration is now in the process of reviewing military and other aid to Thailand and has said a pending free trade agreement with Bangkok cannot go forward without a restoration of democracy."

New Leaders May Follow New Approach In Dealing With Insurgency. The New York Times (9/24, Mydans, 1.21M) reports that former Prime Minster Thaksin

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Shinawatra's "ouster in a coup this week offers the chance for a new approach, though not a quick end, to an insurgency that has become nastier and more entrenched and that experts say may be receiving guidance and training from foreign Islamic insurgents." Experts say "a new escalation in" the separatist insurgency "has been aggravated" by his "militarized, give-no-quarter approach." The general who led the coup, Sonthi Boonyaratglin, just "days before the coup…proposed negotiations with the insurgents, only to be brushed off by Mr. Thaksin. But starting negotiations will not be easy. The only separatist group to respond to his offer has little control over insurgent activity, and General Sonthi himself conceded that 'right now, the military does not know who their real leader is.'" Also, the violence "appears to include not only the Muslim insurgency but also political and business rivalries, drug running, banditry and feuds involving the military and the police."

Thaksin Said To Have Eroded Democracy In Thailand. Joshua Kurlantzick, a visiting scholar at the Carnegie Endowment for International Peace and a special correspondent for the New Republic, writes in an op-ed in the Washington Post (9/24, B3, 748K) that "the decline of such a promising nation was not as rapid as it seems. Since he was first elected in 2001, Thaksin had slowly undermined Thailand's democratic institutions, and his economic policies, though initially successful, mortgaged Thailand's future." He "never seemed to understand that, unlike in a corporation, he could not simply order results in a democracy and stifle opposition." Thaksin used the government to punish and intimidate critics. "He refused to heed calls for reconciliation in southern Thailand, where anger had spiraled into widespread violence," followed by a "the government's crackdown" that "only made the problem worse." Finally, "when Thailand's revered monarch, King Bhumibol Adulyadej, obliquely criticized Thaksin in a speech last December, the prime minister did not listen. Thaksin should have bowed before the king, honored like a god in Thailand for steering the country through decades of political crises." Today, Thailand "stands on a precipice."

Putin Dismisses Concerns Over Russian Interest In EADS. The New York Times (9/24, Bernard, 1.21M) reports, "President Vladimir V. Putin of Russia dismissed concerns over his country's growing interest in the European Aeronautic Defense and Space Company at a meeting here Saturday with his French and German counterparts," saying, "it is not at all evidence of aggressive behavior." While "Russian officials indicated then that the government hoped to increase its stake," both "EADS and Thierry Breton, the French finance minister, subsequently rebuffed speculation that Russia might gain a position on the board of the European consortium."

Tensions Rise Between Georgia, Rebels. The Washington Times (9/24, Mainville, 88K) reports, "Under mounting pressure from Tbilisi, separatist leaders in Georgia's breakaway region of Abkhazia are warning that their armed forces, backed by Russia, are prepared to defend their territory." After his election, Georgian President Mikhail Saakashvili "stepped up efforts to reassert control over Abkhazia and Georgia's other separatist enclave, South Ossetia." He "has promised only 'peaceful means' will be used to restore Abkhazia to Georgian control, but Abkhazians fear otherwise." Recently "Tensions have soared in the region…particularly since Georgian forces in late July seized the contentious Kodori Gorge, the only part of Abkhazia not under separatist control, from a local warlord. Georgia is establishing a local government in the gorge made up of members of the Abkhazian 'government-in-exile,' which supports reunification." A "conflict in the region would stoke tensions between Washington, which has backed Mr. Saakashvili's drive to restore Georgia's territorial integrity, and Russia, which funds the separatist government and has provided passports to more than 90 percent of Abkhazians."

Hungary Protests Continue. NBC Nightly News (9/23, story 9, 0:20, Siegenthaler, 9.87M) reported, "In Budapest, Hungary, a major demonstration today. Tens of thousands of protesters gathered in the square in front of Hungary's parliament, demanding that the prime minister resign. There have been mass protests in the country all week. Despite the pressure, the prime minister says he will not quit his post."

Koizumi's Reforms Said To Have Been Needed. Anthony Faiola, the Northeast Asia bureau chief for The Washington Post, writes in an op-ed in the Washington Post (9/24, B3, 748K), "Junichiro Koizumi messed with the wa" that "particular Japanese way of looking at the world; of harmony, of collectiveness with a do-not-rock-the-boat spirit." However, "perhaps the most surprising thing about the man who will exit the political stage next week as Japan's most important postwar prime minister is that when he messed with the wa , most Japanese discovered a shocking truth: Maybe the wa needed to be messed with." He reformed the pork-barrel spending and "turned to market forces -- delivering what is now on track to become Japan's longest period of economic growth since the end of World War II." His "most significant achievement was smashing the body politic itself. He took aim at his own ruling Liberal Democratic Party" and "cleared a path for change."

Skirmishes Erupt On India-Bangladesh Border. The Los Angeles Times (9/24, Choudhury, 918K) reports, "Skirmishes have erupted lately between India's Border Security Force and its counterpart across the divide, the

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Bangladesh Rifles. The two countries share a 2,500-mile border, parts of which are not properly demarcated or are marked by rivers that occasionally shift course, sparking territorial disputes." Both blame "the other of provoking the skirmishes." Tension "increased since India began fencing off the boundary to keep out what it describes as illegal immigrants and 'cross-border insurgents.' At the same time, some observers fear that political parties in Bangladesh may be fomenting border violence in hopes of capitalizing on anti-India sentiment in upcoming national elections, due by the end of January."

China Suffering From Lack Of Trust. The Los Angeles Times (9/24, Magnier, 918K) reports, "Even as China surges onto the world stage as if powered by rocket fuel, Earth's most populous country is beset by trust issues that would test anyone. Rules aren't clear and must be navigated on the fly. The food supply is full of life- and health-threatening fakes. … Power and connections far outweigh justice, and social tension is growing. Meanwhile, corrupt local officials pay lip service to Communist Party ideals as they line their pockets at the expense of the general population." Also, "Systemic problems and outdated or intentionally skewed laws and regulations encourage companies and individuals to cut corners." While "difficult to quantify, analysts say" the lack of trust "is taking an economic and psychological toll, and making governing more difficult." Several reasons for the lack of trust are cited. "Wrenching political campaigns in the first decades of communist rule" or a market economy in "a society without a well-developed legal or regulatory system."

Hong Kong Democracy Advocate Won't Run. The New York Times (9/24, Bradsher, 1.21M) reports, "The most popular and influential democracy advocate here, Anson Chan, announced Saturday that she would not run for chief executive this winter, clearing the way for the re-election of Beijing's favorite for the job and underlining the limits to popular representation nine years after Britain returned Hong Kong to China." This "leaves democracy advocates in disarray, with no clear candidate." Chan "criticized the restrictive rules that Beijing has chosen for the selection of chief executives," and said "she had tried and failed to find even one of the city's many influential business leaders who might be willing to join a new, seven-member group that will study ways to promote democracy here."

Argentine Officials Clash With Environmentalists. The Washington Post (9/24, A1, Reel, 748K) reports that many Argentine officials think that "wealthy foreigners who have bought enormous swaths of the Argentine and Chilean countryside are trying to wrest control of a continent under the guise of environmental preservation." Last month, Luis D'Elia, Argentina's undersecretary for land and social habitat, "declared war on such land purchases with one highly symbolic act: He marched onto" land owned by Douglas Tompkins, founder of the North Face and Esprit clothing lines, "cut down a fence and called for the expropriation of the property." Tompkins and his wife "identify properties in danger of ecologically damaging development, buy them, then create private parks that they eventually turn over to the local governments." Thus, "these battles…are drawing a bold line between two activist movements -- environmentalists and social justice advocates -- that are often grouped together under the same 'progressive' label." However, "Tompkins traces the beginnings of the discontent to…his efforts to hold his neighboring landowners to environmental standards."

Kristof Calls For Funding UN Population Fund. Nicholas Kristof writes in his column in the New York Times (9/24, 1.21M) that half a million poor, rural Africans "women die each year around the world in pregnancy. It's not biology that kills them so much as neglect." They have a 1-in-20 lifetime risk of dying in childbirth," and "There's no doubt that if men were dying at this rate, poor and rich countries alike would make the issue a priority, but the problem seems invisible, like the victims." President Bush cut U.S. funding for the U.N. Population Fund "— even for African programs — because of false allegations that it supports abortions in China. That's shameful. Two women have tried to recoup American honor by starting a group, 34 Million Friends of U.N.F.P.A., to make up the shortfall with private donations." The left and right have not "focused adequately on maternal health. And abortion politics have distracted all sides from what is really essential: a major aid campaign to improve midwifery, prenatal care and emergency obstetric services in poor countries."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House Rejects Conclusions Of NIE On Iraq And Terrorism. The disclosure of the National Intelligence Estimate report on the war in Iraq and its impact on terrorism received heavy play on Sunday's network political morning talk shows and evening newscasts, and is getting prominent coverage in newspapers this morning. ABC World News (9/24, 2:40, Harris) led its program by reporting that "parts of what was supposed to be a classified report on global terrorism are now coming to light." The report, which "represents the views of the country's 16 intelligence agencies," has "very blunt findings about the war in Iraq and its consequences." It says the "threat of terrorism is greater now than it was before September 11th, because the Iraq war is creating new violent extremists." ABC (Morrell) said Democrats "quickly seized on the leaked report," but the White House said the "leaked portion of the intelligence estimate is not representative of the entire document."

NBC Nightly News (9/24, 2:30, Seiganthaler, 9.87M) also led with the report, saying it says the "Iraq war has actually increased the threat of terrorism and has helped al Qaeda recruit a new crop of Islamic extremists. This has prompted the White House to once again defend the war and its tracking down terrorists." NBC News terrorism analyst Michael Sheehan said, "The only thing surprising about this report is it took it three years to figure out that the Iraqi war was inflaming jihadis around the world." NBC (Jordan): "Today the White House wouldn't comment on the classified report, but say media accounts don't tell the complete story. In a statement, Director of National Intelligence John Negroponte criticized the media reports: 'The conclusions of the intelligence community are designed to be comprehensive and viewing them through the narrow prison am of a fraction of judgments distorts the broad framework they create.'"

The Los Angeles Times (9/25, Serrano, 918K) reports the White House "sharply disagreed" with the NIE, with spokesman Peter Watkins saying the Bush Administration's view is that "much of the radical fundamentalists' deep anger at the U.S. and Israel goes back generations and cannot be linked to the U.S. invasion and occupation of Iraq. 'Their hatred for freedom and liberty did not develop overnight,' Watkins said. 'Those seeds were planted decades ago.'" He also said the Administration "has sought in Iraq to root out hotbeds of terrorism before they grow."

The Washington Post (9/25, A4, 748K) reports Negroponte said the conclusion that the Iraq war has exacerbated terrorism "is only 'a fraction of judgments'" in the NIE. In a statement, he said, "While there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat. The conclusions of the intelligence community are designed to be comprehensive, and viewing them through the narrow prism of a fraction of judgments distorts the broad framework they create."

Democrats Seize On NIE. The New York Times (9/25, Shenon, Mazzetti, 1.21M) leads its coverage with the Democratic response, with lawmakers saying the NIE "demonstrated that the Bush administration needed to devise a new strategy for its handling of the war." Republican Congressional leaders "did not dispute the accuracy of the reports about the intelligence estimate, although they continued to defend the American presence in Iraq." USA Today/AP (9/25, Pickler) also focuses on the Democratic response, saying the party "hoped the report would undermine the GOP's image as the party more capable of handing terrorism as the campaign enters its final six-week stretch."

House Intelligence Committee Ranking Democrat Jane Harman said on CNN's Late Edition (9/24, King), "If it is believed -- and I think it is widely believed, not just this NIE, which remains a classified document -- that Iraq is making the world less safe…the President should not be saying we're turning the corner in Iraq."

AFP (9/24, Millikin) called the NIE "a political bombshell six weeks before national elections" in which Republicans may end up "possibly losing control of both houses of Congress." McClatchy (9/25, Hutcheson) also focuses on the political element, saying that the NIE, which "contradicts President Bush's claim that the war in Iraq has made America safer," also "casts doubt on the Republican campaign strategy for the November elections."

McCain Says US "Difficulties" In Iraq Have "Emboldened" Terrorists. Sen. John McCain, appearing on CBS' Face the Nation (9/24, Schieffer), asked what he knows about the NIE, said, "I know nothing about it. I'm not on the Intelligence Committee, so that kind of information isn't

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shared with me. I think that it's obvious that the difficulties we've experienced in Iraq have certainly emboldened -- lack of success always does that. … But I think I would argue that we need to prevail in Iraq and that, if we fail, then our problems will be much more complicated. But if it wasn't Iraq, it would be Afghanistan. If it wasn't Afghanistan, it would be others that they use would as a method of continuing their recruitment."

Frist Says He Has Not Been Given Access To NIE. Senate Majority Leader Bill Frist, on ABC's This Week (9/24, Stephanopoulos), said of the NIE, "It's a classified report and I haven't read it, and I did read the front page of the New York Times." Asked why he hadn't read it, Frist answered, "Because it's a classified report and it just hadn't been presented to us. …. It hasn't been given to me. … At some point, I guess it'll be presented to us."

Specter Calls Iraq "Focal Point" For Inspiring Radicalism. Appearing on CNN's Late Edition (9/24, King) Senate Judiciary Chairman Arlen Specter said, "I'm very concerned about the intelligence report that I read about in The New York Times this morning. And I'm even most concerned about the part which said that the Administration had intelligence briefings in early 2003 before the war in Iraq was started. And my feel is that the war in Iraq has intensified Islam fundamentalism and radicalism. And I think it is a bigger problem. … But I think there is a much more fundamental issue as to how we respond. And that is what we do with the Iraq war itself. That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to."

White House Blamed For Allowing Detainee Dispute To Linger. Roll Call (9/25, Stanton) reports, "While much of the attention on last week's intraparty Republican dispute over the interrogation of terror suspects focused on a standoff between the White House and moderate Senate Republicans, Congressional Republicans and Democrats say the Bush administration's continued misreading of Capitol Hill had at least as much to do with the scuffle. … In late July, sources said," Senate Majority Leader Bill Frist "pressed the White House to propose legislation before lawmakers left for the August recess, so that talks could begin during the break and allow the worst of the infighting to occur while the public wasn't focused on Congress. … 'Sending the bill up before the August recess would have likely locked in the three Senators who ultimately decided to head their own way,' a senior GOP aide said." According to Roll Call, a "White House spokeswoman said the timing of the bill was strictly a matter of the issue's complexity. 'This is something that's never been done before,' the spokeswoman said, adding that at the time of the August recess, the White House was still in the process of consulting with Members of Congress and other legal experts. 'At the beginning of August the cake hadn't been fully baked,' the spokeswoman said."

Bush Urged To Uphold Geneva Conventions. The New York Times (9/25, 1.21M) Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America, writes, "on the streets of Baghdad, I saw countless insurgents surrender when faced with the prospect of a hot meal, a pack of cigarettes and air-conditioning. America's moral integrity was the single most important weapon my platoon had on the streets of Iraq. It saved innumerable lives, encouraged cooperation with our allies and deterred Iraqis from joining the growing insurgency. But those days are over. America's moral standing has eroded, thanks to its flawed rationale for war and scandals like Abu Ghraib, Guantánamo and Haditha. The last thing we can afford now is to leave Article 3 of the Geneva Conventions open to reinterpretation, as President Bush proposed to do and can still do under the compromise bill that emerged last week."

In another op-ed for the New York Times (9/25, 1.21M) Arthur Hadley, former assistant executive editor at The New York Herald Tribune, writes, "I'm pleased that President Bush has said he will enforce the letter and spirit of the Geneva Conventions. I hope he stays true to his word. My great respect for the conventions developed not from afar, but from the ground, in the Second World War, at the dirty-boot level, where the bullet meets the soldier. … I've seen firsthand the power of Geneva Conventions, both to compel surrenders and to broadcast, for the world, our determination to live up to our highest ideals."

McCain Cites Interrogation Techniques Barred Under Compromise Legislation. The Washington Post (9/25, A5, Smith, 748K) reports Sen. John McCain, "said yesterday that he believes a compromise bill embraced by party leaders and the White House will bar some of the most extreme techniques said to have been used by the CIA." McCain "named three measures that he said would no longer be allowed under a provision barring techniques that cause serious mental or physical suffering by U.S. detainees: extreme sleep deprivation, forced hypothermia and

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'waterboarding,' which simulates drowning." According to the Post, "McCain's remarks were unusual because public officials involved in the lengthy public debate about U.S. interrogation practices have rarely made specific references to the CIA's actions. … 'It's clear we have to have the high moral ground,' said McCain…on CBS's 'Face the Nation.'"

McConnell Blasts Democrats For "Sitting On The Sidelines" During Detainees Debate. The Washington Times (9/25, Hurt, 88K) reports Senate Majority Whip Mitch McConnell "on Friday took issue with" Minority Leader Harry Reid "over his comments earlier in the week that Democrats were 'on the sidelines watching the catfights' among Republicans on terrorism legislation. 'The minority leader indicated that they were sitting on the sidelines during our internal discussion about how best to craft this proposal,' the Kentucky Republican told reporters gathered in his office. 'I don't think sitting on the sidelines in the war on terror is a good idea. We have to have as much bipartisan cooperation as possible.'"

Specter Opposes Habeas Corpus Provision. The AP (9/25, Pickler) reports Sen. Arlen Specter, chairman of the Senate Judiciary Committee, "said Sunday he has a problem with the Republican agreement on rules for the interrogation and trial of suspects in the war on terror." Specter "said Sunday he 'vigorously' disagrees with the habeas corpus provision of the bill. The provision would allow legal counsel and a day in court to only those detainees selected by the Pentagon for prosecution. Other terror suspects could be held indefinitely without a hearing." On CNN's Late Edition (9/24, King) Specter said, "the Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion."

The Washington Times (9/25, Waterman, 88K) notes, "In advance of hearings on the issue today, Mr. Specter pointed out that habeas petitions to the federal courts by detainees at the U.S. Naval Base Guantanamo Bay, Cuba, had been the basis of the U.S. Supreme Court cases that forced the administration to revise the rules for their treatment and their trial by military commission. Congress had punted on the issue, he said, calling the matter 'too hot to handle.' 'The federal courts just have to be open' to these cases, he said."

Extension Of Habeas Corpus Rights To Detainees Seen As "Dangerous." In an op-ed for the USA Today (9/25, 2.27M) James S. Robbins, senior fellow on national security affairs at the American Foreign Policy Council, writes, "We didn't try prisoners during WWII. Why should we start now? Extending the rights of habeas corpus to individuals detained during the war on terrorism would be an unnecessary and dangerous step. … Some have observed that the detainees potentially face lifetime detention if hostilities continue, but this is because their leaders refuse to end their jihad against the United States."

Officials Skeptical Of Report That Bin Laden Is Dead. The Financial Times (9/25, Arnold, Bokhari) reports, "A leaked French intelligence report claiming Saudi Arabia's secret services had confirmed the death of Osama bin Laden, the leader of the al-Qaeda terrorist network, met with widespread scepticism on Sunday. Saudi, Pakistani, US and western officials all said they were unable to confirm the death of the world's most wanted man." The "frantic speculation" was sparked by publication of "a leaked report from the DGSE (France's foreign intelligence agency) by the French regional newspaper L'Est Républicain on Saturday."

ABC World News (9/24, story 2, 0:30, Harris) reported, "A flurry of speculation about whether Osama bin Laden might be dead is quieting down. The French Foreign Minister says as long as he knows, bin Laden is still alive."

USA Today (9/25, 2.27M) quotes Secretary of State Condoleezza Rice saying, "No comment, no knowledge." British Prime Minister Tony Blair, asked in a BBC interview "whether he could shed light on the report," said, "No, I can't. I haven't heard anything that indicates that might be the case."

Karzai Says Bin Laden Hasn't Been In Afghanistan For Five Years. The AP (9/25, Klug) reports, "Afghan's president asserted on Sunday that Osama bin Laden has not been in his country since being chased out after the Sept. 11 attacks five years ago. But Hamid Karzai acknowledged that the al-Qaida leader's exact location is unknown." Karzai told CNN, "He has never been in our country after Sept. 11, after the strikes against him, after we chased his organization out of Afghanistan."

US Intelligence, Analysts Say Bin Laden, Al Qaeda Threat Diminished. The AP (9/25, Reid, Buzbee) reports, "The threats came in a blizzard around the anniversary of the Sept. 11 attacks -- a series of videos from al-Qaida's No. 2 warning of more strikes to come." But "US intelligence agencies and many private security analysts doubt al-Qaida or its elusive leader, Osama bin Laden, still maintain much if any operational control over far-flung terror cells." They "see

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no sign of a direct al-Qaida hand in a flurry of recent attacks, such as the assault on the US Embassy in Damascus, Syria, or the fatal shooting of a British tourist in Jordan. … All that means those frightening videos may have been just that -- designed to frighten the West and inspire followers -- with little real punch behind them."

Clinton Lashes Out At Fox's Wallace After Questioning On Bin Laden. In a widely discussed appearance on Fox News Sunday (9/24) former president Bill Clinton took issue with host Chris Wallace's question regarding his Administration's failure to "connect the dots" and put Osama bin Laden and al Qaeda "out of business" during the 1990s. Clinton responded, "I will answer all those things on the merits, but first I want to talk about the context in which this arises. I'm being asked this on the Fox network. … And I think it's very interesting that all the conservative Republicans, who now say I didn't do enough, claimed that I was too obsessed with bin Laden. All of President Bush's neo-cons thought I was too obsessed with bin Laden. They had no meetings on bin Laden for nine months after I left office." Clinton continued, "They ridiculed me for trying. They had eight months to try. They did not try. I tried. So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, Dick Clarke, who got demoted. So you did Fox's bidding on this show. You did your nice little conservative hit job on me." Later in the interview Clinton returned to the subject, saying: "I worked hard to try to kill him [bin Laden]. I authorized a finding for the CIA to kill him. We contracted with people to kill him. I got closer to killing him than anybody has gotten since. And if I were still president, we'd have more than 20,000 troops there trying to kill him. Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq. …. And you've got that little smirk on your face and you think you're so clever. But I had responsibility for trying to protect this country. I tried and I failed to get bin Laden. I regret it. But I did try. And I did everything I thought I responsibly could."

ABC World News (9/24, story 3, 0:45, Harris) reported Clinton "responded very angrily to questions about his Administration's failure to kill bin Laden." The Washington Post's Howard Kurtz (9/25, C1), in his "Reliable Source" column, reports Wallace "said that he was stunned when Bill Clinton accused him of a 'conservative hit job' after he challenged the former president on his record in fighting terrorism. 'I thought it was a fair, balanced and not especially inflammatory question,' Wallace said yesterday."

NBC Nightly News (9/24, story 3, 2:50, Taibbi, 9.87M) reported, "It's been a debate that picked up steam in recent weeks because on the fifth anniversary of 9/11, and Clinton said, because of the ABC movie about 9/11 that he said, used made-up scenes that suggested he let bin Laden get away." NBC consultant Roger Cressey "said Clinton came within hours of killing bin laden in 1998." Cressey: "This is popular myth now that there were multiple opportunities to kill bin Laden and somehow the Clinton Administration cowered in the corner and refused to take the shot. That's just garbage." NBC added, "But all many will remember is that a former President became so irked on a morning talk show."

USA Today/AP (9/25) reports Wallace "said Sunday that he was surprised by Clinton's 'conspiratorial view' of 'a very non-confrontational question.'"

The Washington Times (9/25, Pfeiffer, 88K) reports, "In the heated exchange, he also accused Mr. Wallace of shifting his questions away from a promised discussion of the former president's Clinton Global Initiative project. … Video excerpts of the interview first surfaced on the Internet on Friday. The Drudge Report Web site, www.drudgereport.com, provided readers a link to part of the interview, headlined, 'Purple Faced Rage.'"

Clinton Criticizes US Spending on Iraq War. On NBC's Meet the Press (9/24, Russert) Clinton was asked if the $300 Billion the US has spent on the Iraq War could have been spent more effectively elsewhere, Clinton replied, "I think there's no question that's true. I think it could have been spent more effectively in Iraq. I mean, we still don't know what happened to about $9 billion of it. … We could have had more troops in Afghanistan to secure a moderate Muslim, pro- American, pro-Western government. It could have kept the Taliban from coming back across the border. It could have intensified the hunt for Bin Laden. It could have paid for all the 9/11 recommendations on homeland security and it could have helped us build a world with more partners and fewer terrorists by investing in education in Pakistan, so the kids go to public schools instead of the madrasas, and a thousand other things we could do."

Clinton Says Rove Perpetrated A "Shell Game" With DHS Vote During 2002 Campaign. Former president Bill Clinton was asked on Fox News Sunday (9/24, Wallace) to clarify comments he made that were quoted in the New

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Yorker concerning campaign tactics advocated by White House advisor Karl Rove. Clinton said, "I don't blame Karl Rove. If you've got a deal that works, you just keep on doing it. … Every even-numbered year, right before an election, they come up with some security issue. In 2002, our party supported them in undertaking weapons inspections in Iraq and was 100 percent for what happened in Afghanistan, and they didn't have any way to make us look like we didn't care about terror. And so, they decided they would be for the homeland security bill that they had opposed. And they put a poison pill in it that we wouldn't pass, like taking the job rights away from 170,000 people, and then say that we were weak on terror if we weren't for it. They just ran that out. This year, I think they wanted to make the questions of prisoner treatment and intercepted communications the same sort of issues, until John Warner and John McCain and Lindsey Graham got in there." Clinton added, "We could be hurt by Karl Rove's new foray if we just don't make it clear that we, too, care about the security of the country. … But Rove is good. And I honor him. I mean, I will say that. I've always been amused about how good he is, in a way."

On NBC's Meet the Press (9/24, Russert) Clinton repeated his depiction and analysis of Rove's strategy in 2002, stating, "what they were able to do in 2002 was a great shell game. I mean, you've got to give Karl Rove political credit. I mean, they were against the homeland security bill for eight and a half months. Then they decided they were for it. … So they said 'we'll just take all the job rights away from a 170,000 federal employees and then when they don't support this bill, we'll say if you're not for this bill just the way we wrote it, you obviously don't want to protect America from terror.' And, you know, a lot of people bought it, but I think it's because we didn't effectively address it. In other words, Mr. Rove and the Republican leaders now and his predecessors to Mr. DeLay, all these guys, they are in business to beat us. They believe in what they are doing."

Canadians Told FBI That Suspect Deported To Syria Was Not Linked To Al Qaeda. The New York Times (9/25, Shane, 1.21M) reports, "When the United States sent Maher Arar to Syria, where he was tortured for months, the deportation order stated unequivocally that Mr. Arar…was a member of Al Qaeda. But a few days earlier, Canadian investigators had told the F.B.I. that they had not been able to link him to the terrorist group." The Times notes, "A close reading of the Arar Commission report offers a rare window on American actions in the case, describing seemingly flimsy evidence behind the American decision in 2002 to send Mr. Arar to a country notorious for torture; a deliberate attempt by American officials to deceive Canada about where Mr. Arar was; and lingering confusion among top American officials about the two countries' roles in the case." DOJ spokeswoman Tasia Scolinos said that "the United States government 'removed Mr. Arar in full compliance with the law and all applicable international treaties and conventions.'"

German Prosecutor Considers Filing Charges Over CIA Rendition. Newsweek (10/2, 3.12M) reports in its "Periscope" column, "As many as 20 CIA officials and contractors could face legal charges in Germany for their alleged role in the abduction of Khaled el-Masri, a German national once wrongly suspected of involvement with 9/11 conspirators, German officials say. Amid new disclosures last week by a German TV show, a Munich prosecutor confirmed to NEWSWEEK that he is conducting a probe into the people who carried out the abduction -- an inquiry that could soon lead to arrest warrants."

FBI Probe Slows Contributions To Michigan Muslim Charity. Describing the Michigan-based Islamic charity Life for Relief and Development as "an international Muslim humanitarian organization that is active in Iraq and Afghanistan and has partnered with the U.S. government," the AP (9/25, Karush) reports in a widely-distributed story, "Just as the holy month Ramadan…has many Muslims thinking about their religious obligation to give alms, the investigation of the prominent Islamic aid group has prompted fears that giving to charity could bring scrutiny from the government." The AP notes, "Daniel Roberts, special agent in charge of the FBI's Detroit field office, said he could not comment on the case because the matter is sealed. But he said agents were acutely aware of the approaching holy month and would have preferred to conduct the search earlier. 'I would just ask that you give the government the benefit of the doubt,' he said" at a Wednesday meeting with Dearborn Arab-Americans. "Roberts declined a request by some in attendance to issue a statement reassuring Muslims that they could still donate to the organization."

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HOMELAND RESPONSE:

Chemical Plant Security Compromise Expected To Win Approval. The Wall Street Journal (9/25, A2, Rogers, 2.03M) reports despite accusations from Democrats that Republicans engaged in "'backroom' pre-election deal favoring the majority's business contributors," a compromise on chemical plant security is expected to be approved by House-Senate negotiators Monday evening "as part of a $34.8 billion homeland security bill slated to go quickly to President Bush." The chemical bill "mirrors an agreement reached last week between Sen. Susan Collins (R., Maine), who chairs the Senate Homeland Security and Government Affairs Committee, and her House counterpart, Homeland Security Chairman Peter King (R., N.Y.). … However unhappy with elements of the deal, key Democrats look reluctant to kill what is still a first step toward their goal of addressing chemical-security hazards."

NYTimes Says Plants Will Not Be Safe Under Current Plan. Under the headline "Chemical Plants, Still Unprotected," the New York Times (9/25, 1.21M) editorializes that if the current compromise goes through, "national security will be the loser. The federal government is spending extraordinary amounts of money and time protecting air travel from terrorist attacks. But Congress has not yet passed a law to secure the nation's chemical plants, even though an attack on just one plant could kill or injure as many as 100,000 people. The sticking point has been the chemical industry, a heavy contributor to political campaigns, which does not want to pay the cost of reasonable safety measures." The Times states, "It is outrageous that something as important as chemical plant security is being decided in a back-room deal. It is regrettable that Susan Collins, Republican of Maine, the chairwoman of the committee that produced the Senate bill, does not carry enough influence with her own party's leadership to get a strong chemical plant security bill passed."

TSA To Reduce Registered Traveler Fee. USA Today (9/25, 3A, Frank, 2.27M) reports the TSA "is backing off its plan to require" a fee of "nearly $200 a year" to participate in the Registered Traveler program. "The move comes days after representatives of companies seeking contracts to manage special security lines made their case for lower fees to TSA chief Kip Hawley at his offices in Arlington, Va. The companies said a $200 annual charge could deter millions of people and some airports from signing up for the Registered Traveler program, which could begin in several airports this year." The agency "lowered to $30 from $100 the fee it plans to charge each person it approves to use Registered Traveler security lines. Travelers would pay an additional $80 or so a year to companies that enroll them, produce fingerprint-embedded ID cards and manage the lines at airports."

The Wall Street Journal (9/25, A7, Meckler, 2.03M) reports, "TSA spokeswoman Amy Kudwa said the change was made 'based on further analysis and public feedback.' That feedback included a meeting Wednesday between TSA chief Kip Hawley and the companies that want to provide the program at airports, who pressed TSA to roll back the fee, said Steven Brill, chief executive at Verified Identity Pass Inc., which has begun advanced registration of passengers in four airports."

FBI's Initial Theories Regarding 2001 Anthrax Attacks Proved Incorrect. The Washington Post (9/25, A1, Lengel, Warrick, 748K), in a front-page story, reports, "Five years after the anthrax attacks that killed five people, the FBI is now convinced that the lethal powder sent to the Senate was far less sophisticated than originally believed, widening the pool of possible suspects in a frustratingly slow investigation. The finding, which resulted from countless scientific tests at numerous laboratories, appears to undermine the widely held belief that the attack was carried out by a government scientist or someone with access to a U.S. biodefense lab." The FBI "has assigned fresh leadership to the case -- Special Agent Ed Montooth -- and retains a full-time investigative force of 17 agents and 10 postal inspectors." The post notes that "officials have publicly identified only one 'person of interest,' and that was more than four years ago. Steven J. Hatfill, a former Army scientist, has denied wrongdoing and has never been charged. He is suing the Justice Department, alleging that officials leaked false information about him that caused great harm."

Hard-Hit Areas Still Recovering One Year After Hurricane Rita. USA Today (9/25, 3A, Gomez, 2.27M) reports, "It was one year ago Sunday that Rita roared into the Texas-Louisiana border and devastated a swampy, brackish area dotted by wooden houses built long before hurricane building codes existed. About 100 people died either during the storm or trying to escape from it -- including 23 seniors who died in a bus blaze during the chaotic

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evacuation of Houston. Although Katrina cost more in lives and damage, Rita swamped a broad area" and "forced what could be the largest evacuation in US history." Meanwhile, in the areas hard-hit by Rita, people "believe the storm's timing -- hitting just four weeks after Katrina -- is a big reason why that recovery has taken so long."

WAR NEWS:

Bush Has Met Privately With 1,1149 Relatives Of Dead Service Members. The Washington Post (9/25, A1, Baker, 748K) reports that "more than five years after the attacks of Sept. 11, 2001," President Bush "has served as a wartime president longer than any occupant of the White House since Lyndon B. Johnson. He "has presided over more US military casualties than any since Richard M. Nixon. While he travels the country defending his policy and arguing to stay the course in Iraq, he also confronts the human burdens of wartime leadership." The Post adds, "The two sides of Bush as commander in chief can be hard to reconcile. His public persona gives little sense that he dwells on the costs of war. He does not seem to agonize as Johnson did, or even as his father, George H.W. Bush, did before the Persian Gulf War. While he pays tribute to those who have fallen, the president strives to show resolve and avoid displays that might be seen as weak or doubting. His refusal to attend military funerals, while taking long Texas vacations and extended bicycle rides, strikes some critics as callous indifference." However, "the private Bush comes across differently in the accounts of aides, friends, relatives and military family members who have met with him, including some who do not support him. … For those who have suffered losses in the wars he initiated, Bush prefers to offer comfort in private. He writes letters to families of those killed, visits soldiers at military hospitals and meets with relatives of the dead. Altogether, according to the White House, Bush has met with 1,149 relatives of 336 dead service members. These sessions generate little attention because the White House bars journalists, but some relatives have described them."

Two US Marines Killed; Sectarian Violence Continues In Iraq. NBC Nightly News (9/24, story 2, 0:25, Seiganthaler, 9.87M) reported, "In Iraq, military officials report the death of two US Marines in western Anbar Province. There was more violence across that country even as the prime minister urged Muslims to put aside their differences during the holy month of Ramadan. A bombing left six people dead. Another 14 were killed by car bombs and gunfire."

Army Considers More Combat Units For Iraq. The Washington Times (9/25, Scarborough, 88K) reports, "The Army is studying whether to add more combat units to the rotation plan for Iraq and is considering accelerating the deployments for some brigades to meet [Gen. Abizaid's] decision to keep more than 140,000 troops in the country through at least the spring of 2007, Pentagon officials say. Rather than planning for a big drawdown of 30,000 Army soldiers and Marines this year to a level of 100,000, as field commanders had expected, the two services are now trying to figure out how to keep the equivalent of two extra divisions, or 40,000 troops, in Iraq." The Army "is facing more demand for troops at a time when military analysts say it is nearly stressed to the breaking point." Secretary Rumsfeld "has rejected calls from Gen. [Barry] McCaffrey and other retired generals to increase what is referred to as the authorized end strength approved by Congress each year. Instead, he opted for authorizing the Army a temporary increase of 482,000 to 512,000 active-duty soldiers."

McCain Advocates Sending Additional 20,000 Or 30,000 Troops. On CBS' Face the Nation (9/24, Schieffer), Sen. John McCain commented, "I still think we need more troops over there [Iraq]. I noticed that, quote, 'maintaining troop levels' is basically a troop increase. I worry about neglecting Anbar Province, the real hotbed and base of a lot of terrorist activities." Asked how many additional US troops ought to be sent to Iraq, McCain said, "20,000 or 30,000. But they have to be the right kind of troops. But having said that, the fundamental problem…[is]…we've got to expand -- and should have five years ago, six years ago, -- expand the Army and the Marine Corps."

Talabani Says Iraqi Army Could Be Fully Trained In Two Years. The Washington Post (9/25, A21, 748K) prints a "Newsweek-Washington Post" interview of Iraqi President Jalal Talabani by Lally Weymouth. Asked "when should the US troops leave," Talabani said, "In seven provinces, the American army has withdrawn. The Iraqi army is replacing American forces in many cities. We hope that at the end of this year we will be able to control 12 provinces.

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We will remain in need of the American and coalition forces until we've trained our army and will be able to face terrorism and defeat it. … I think within two years we will be able to train our army and have the capacity to face terrorism. ... The presence of American forces -- even a symbolic one -- will frighten those who are trying to interfere in our affairs." He also said, "Iraq is not in chaos. There are many provinces that are calm -- where people live in prosperity."

US Soldiers Say Iraqi Troops A Hindrance To Security Efforts. The Washington Times/AP (9/25, Castaneda) reports, "Senior US commanders have hailed the performance of Iraqi troops in the crackdown on militias and insurgents in Baghdad. But some US soldiers say the Iraqis serving alongside them are among the worst they've ever seen -- seeming more loyal to militias than the government." That "raises doubts whether the Iraqis can maintain order once the security operation is over and the Americans have left. It also raises broader questions about the training, reliability and loyalty of Iraqi troops -- who must be competent, US officials say, before America can begin pulling out of Iraq."

Talabani Says Media Only Focuses On Negative Side Of Iraq. Newsweek (10/2, Weymouth, 3.12M) interviews Iraqi President Jalal Talabani. Asked about Americans' discouragement with the situation in Iraq, Talabani said, "The media focuses only on the negative side of Iraq. We have problems with security, but we have big achievements and victories. People are enjoying a new kind of democracy: they are enjoying freedom of expression, of organization, and of having their own television and radio. We have liberated the economy from the control of the state. Now the private sector is active everywhere. We have 18 provinces, and at least 12 of these are quiet and calm. All over Iraq, schools are open." Asked about the assessment of two leading US generals that there is a civil war going on in Iraq, Talabani said, "This is not civil war. This is terrorist activity concentrated on Iraq by Al Qaeda and other extremists."

Time Reporter Describes Losing His Hand In Iraq. In its cover package, Time (10/2, 4.03M) excerpts the book Blood Brothers by Time senior correspondent Michael Weisskopf, who lost a hand while covering the war in Iraq. In the book, Weisskopf "weaves his own tale of losing a hand in Iraq with the stories of three soldiers who also spent time at Amputee Alley, Ward 57 of Walter Reed Army Medical Center in Washington." Time also excerpts sections of Weisskopf's book in which he chronicles the recoveries of three amputees he met at Walter Reed.

Iraqi Factions Agree To Debate Federalism. The Washington Post (9/25, A18, Paley, 748K) reports, "Iraq's fractious political parties reached a deal Sunday meant to prevent the country from splintering into a federation of three autonomous zones until at least 2008. The agreement forestalled concerns that the debate over federalism, a vague concept enshrined in the constitution but defined differently by various political groups, could cause the country's fragile multi-sect government to collapse." A plan to rapidly consider partition was "adamantly" opposed by Sunni Arabs. This weekend's deal calls for Parliament to "form a 27-member committee [today] to review the constitution and then introduce the Shiite measure on creating federal regions" later this week. "The federalism law would not take effect for at least 18 months after it is enacted, the parliament members said," who "emphasized that the issue remains unresolved."

USA Today/AP (9/25, Abdul-Zahra) says Sunni Arabs "have fought the federalism bill, fearing it will splinter the country and deny them a share of Iraq's oil," however, Sunnis "agreed to a legislative debate after all parties accepted a Sunni demand that a parliamentary committee be set up to study amending the constitution." The compromise "opened the way for Iraq's communities to move ahead politically and solve an impasse that threatened to further sour relations between them. If left unresolved, the deadlock could have further shaken Iraq's fragile democracy and led to more sectarian violence." The New York Times (9/25, Oppel, Al-Saiedi, 1.21M) reports "the fight is at the heart of one of the most critical and divisive issues in Iraq: whether Shiites in the south will be able to form semi-independent regions, like Kurdistan in the north, that would control their own security as well as billions of barrels of oil." The Los Angeles Times (9/26, Smith, Rasheed, 918K) runs a similar report.

Iraqis Vent Anger Over Blackouts On "Generator Man." The New York Times (9/25, Semple, 1.21M) reports that Iraqis' grievances about power outages "will gather in a single cloud of fury and swoop down on one target: the generator man, probably the most vilified figure in Iraqi society after Saddam Hussein." The generator man is "owner and operator of the neighborhood power plant. Throughout Baghdad, for example, there is at least one

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generator every few blocks to help power nearby homes and businesses." Iraqis complain about unreliability and poor service, while generator men point to difficult operating conditions.

3rd ID Labors Under Strains Of Iraq. The New York Times (9/25, Cloud, 1.21M) reports in a deeply pessimistic article, "The pressures that the conflict in Iraq is putting on the Army are apparent amid the towering pine trees of southeast Georgia, where the Third Infantry Division is preparing for the likelihood that it will go back to Iraq for a third tour. Col. Tom James, who commands the division's Second Brigade, acknowledged that his unit's equipment levels had fallen so low that it now had no tanks or other armored vehicles to use in training and that his soldiers were rated as largely untrained in attack and defense." Schedules have been detrimentally compressed: "After coming from Iraq in 2003, the Third Infantry Division was sent back in 2005. Then, within weeks of returning home last January, it was told by the Army that one of its four brigades had to be ready to go back again, this time in only 11 months. The three other brigades would have to be ready by mid-2007, Army planners said."

UK Troops In Iraq Allegedly Traded Weapons For Cocaine. The Washington Post (9/25, A18, Jordan, 748K) reports, "A newspaper in Britain [Sunday Times] reported Sunday that British soldiers had smuggled stolen guns out of Iraq and exchanged them on the black market for cocaine. A spokesman for the Defense Ministry said Sunday that soldiers [of the 3rd Battalion, Yorkshire Regiment] had been investigated for the 'unlawful possession' of weapons and that prosecutors would decide whether there was enough evidence to file charges." The charges "come at a time of heightened focus on military misconduct, including reports of increasing drug use among troops in Afghanistan and Iraq."

Herbert Demands "Due Process" For Bilal Hussein. In the New York Times (9/25, 1.21M), columnist Bob Herbert says of detained AP photographer Bilal Hussein, "Mr. Hussein, an Iraqi hired by The A.P., was taken into custody by U.S. forces in Ramadi last April 12. As in many similar cases, U.S. officials have been saying — without disclosing evidence to back up their comments — that he had improper ties to the insurgents. But neither the Americans nor the Iraqis have officially charged Mr. Hussein with anything." Herbert warns, "It's one thing for tyrannical regimes like the old Soviet Union and Communist China to bulldoze the very idea of human rights and human decency by engaging in such atrocities as detention without trial, torture and other forms of state terror. It's something else completely when the United States, the greatest symbol of liberty that the world has ever known, begins to head down that hellish road."

Taliban Said To Be Surging In Afghanistan. Newsweek (10/2, Moreau, Yousafzai, Hirsh, 3.12M) reports on the resurgence of the Taliban in Afghanistan. Newsweek reports that "the religious zealots who harbored Osama bin Laden before 9/11 -- and who suffered devastating losses in the US invasion that began five years ago next week -- are surging back into the country's center." Taliban guerrillas "have filled a power vacuum that had been created by the relatively light NATO and US military footprint of some 40,000 soldiers, and by the weakness of Afghan President Hamid Karzai's administration." NATO officials "say the Taliban seems to be flush with cash, thanks to the guerrillas' alliance with prosperous opium traffickers." Newsweek adds that "the harsh truth is that five years after the U.S. invasion on Oct. 7, 2001, most of the good news is confined to Kabul, with its choking rush-hour traffic jams, a construction boom and a handful of air-conditioned shopping malls. Much of the rest of Afghanistan appears to be failing again."

NATO Describes Airstrikes In Afghanistan. The AP (9/25, Faiez) reports, "NATO forces killed more than 60 suspected insurgents the last several days in an increasingly volatile southern Afghan province while suffering no casualties, the military alliance said Sunday. Afghanistan's Ministry of Defense said 40 Taliban fighters were killed by NATO airstrikes that 'completely destroyed' a militant base in the district of Grishk on Saturday. ... A NATO helicopter, meanwhile, fired on about 20 insurgents attacking a NATO patrol in neighboring Naw Zad district Friday, killing 15 of the rebels."

Kerry Criticizes Bush's Policy In Afghanistan. In the Wall Street Journal (9/25, 2.03M), Sen. John Kerry writes, "We cannot allow Afghanistan to become a terrorist stronghold and a staging ground for attacks on America. If Washington seems to have forgotten Afghanistan, it is clear the Taliban and al Qaeda have not." Kerry faults the administration and prescribes changes: "Somehow, we ended up with seven times more troops in Iraq -- which even the administration now admits had nothing to do with 9/11 -- than in Afghanistan

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... we must change course -- starting with the immediate deployment of at least 5,000 additional U.S. troops. ... We must also redouble our reconstruction efforts. ... Finally, we must use economic leverage to ensure the Taliban no longer finds sanctuary and recruits in Pakistan. Last year we gave Pakistan only $300 million in economic support, about what we spend in a day in Iraq."

Gardez Killings, Involvement Of Special Troops Investigated. The Los Angeles Times (9/25, Pyes, Sack, 918K) reports in the 4,654-word part 2 of its investigative story on the unreported deaths of two Afghans who ran afoul of the ODA 2021 Green Berets. One was shot while another was allegedly tortured to death while detained. The unit's "missions and tactics became markedly more aggressive after [Chief Warrant Officer Kenneth C.] Waller took charge of the Special Forces detachment in February 2003, a month before the questionable deaths in Wazi and Gardez. He recently had been reassigned from another Special Forces unit, where some of his men complained that his gung-ho leadership style put them at unnecessary risk." Two superior officers said that "neither death was reported up the chain of command." The UN mission UNAMA did not report one detainee's allegedly torture-caused death "for at least 13 months," while US officials say UNAMA "never reported" it to them. The provincial governor "helped conceal the mistreatment" of the dead detainee. The Army's Criminal Investigation Command has been investigating the cases "for two years."

Issues Posed By Troops' "Catastrophic" Injuries Explored. USA Today (9/25, 2.27M), in a pair of articles discusses problems posed by troops surviving "catastrophic" injuries that would have killed their predecessors. In one article, USA Today (9/25, Zoroya, 2.27M) reports, "A growing number of troops are returning from Iraq and Afghanistan with severe brain damage, prompting the Army to examine whether living wills or other care directives from soldiers ought to be available to battlefield doctors. ... From January 2003 through July, the Pentagon identified at least 250 troops who returned from war with head wounds that left them — at least initially — comatose or unable to care for themselves or respond to people. Brain injuries, most from roadside bombs, are the signature wound of the Iraq war."

In a second article, USA Today (9/25, Zoroya, 2.27M) reports on the troops' families: "Families of these wrecked young men contend not only with the shock of seeing the physical destruction to their loved ones but also with how their own lives change dramatically. Parents and siblings give up careers, forsake wages and reconstruct homes to care for wounded relatives rather than consign them to a nursing home. ... Families say they also struggle with military and VA medical systems that were unprepared for these severely brain-damaged casualties. They say the rehabilitation of catastrophic cases has not kept pace with the advances in battlefield medicine that kept these servicemembers alive and brought them home safely. ... VA officials defend their programs and say they have made great strides in meeting these severe needs with their polytrauma facilities. By the end of this fiscal year, 21 new outpatient centers designed to monitor and continue treating rehab patients will be operating, officials say."

Chaplain Asks Clergy To Help Returning Troops. The Christian Science Monitor (9/25, Miller, 58K) reports on John Morris, a military chaplain: "Morris is on a mission. Since returning from the Middle East, the deputy state chaplain of the Minnesota Army National Guard has labored to convince members of Minnesota's religious community - many of whom oppose the war - to support the soldiers returning from Iraq and Afghanistan. More than that, he wants them to be frontline counselors and comforters." The Monitor reports, "Minnesota's program is unusual because - in addition to offering spiritual counseling - it requires Guard soldiers to report back to their barracks 30, 60, and 90 days after they're home. This is actually in violation of Pentagon policy, which insists that Guard members are 'on leave' and cannot be called back. But Morris calls this time the 'golden hour,' and feels it's critical to keep members connected and supported. ... In the year since Morris started his church outreach program called 'Beyond the Yellow Ribbon,' Minnesota hasn't lost a Guardsman to suicide."

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Senate Confirms Wainstein To New DOJ Post. The Legal Times (9/25, Schwartz, Smith) reports, "The senatorial stalemate over U.S. Attorney for the District of Columbia Kenneth Wainstein's nomination to head the new National Security Division in the Justice Department ended

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last week when Sen. Carl Levin (D-Mich.) backed down, clearing the way for Wainstein's unanimous confirmation." The Times continues, "Levin single-handedly blocked a confirmation vote on Wainstein for months because the Justice Department wouldn't release records Levin wanted concerning FBI agents' objections to Defense Department interrogation techniques used on terrorism detainees at Guantánamo Bay, Cuba. Wainstein served as FBI general counsel in 2003 and chief of staff for FBI Director Robert Mueller in 2004." The Times adds, "On the Senate floor Sept. 21, Levin said he was still 'troubled by the Department of Justice's stonewalling of my requests,' but he acknowledged Wainstein did not control the documents and had been forthcoming during his nomination. … 'It really hasn't been that trying,' Wainstein says of the delays. 'I've been doing the greatest job in the world — as U.S. attorney in D.C.' … Wainstein says the consolidation of Justice's national-security assets in one division will improve communication and accountability. 'There is no higher priority than counterterrorism these days,' he says. As U.S. attorney for the past two years, the 44-year-old Northern Virginia native created a stand-alone homicide unit and a program targeting gangs." The Times notes, "On Friday the Justice Department appointed Jeffrey Taylor, counselor to Attorney General Alberto Gonzales, to replace Wainstein. From 1995 to 1999, Taylor was a federal prosecutor in San Diego handling drug cases. He spent the next three years detailed to the Senate Judiciary Committee under Sen. Orrin Hatch (R-Utah), where he helped craft the USA Patriot Act. Taylor returned to San Diego before joining then-Attorney General John Ashcroft as counsel for criminal and national security matters."

CORPORATE SCANDALS:

HP CEO Confirms Knowledge Of Probe. USA Today (9/25, 10A, Hopkins, Swartz) reports that Hewlett-Packard CEO Mark Hurd "confirmed that he and former chairwoman Patricia Dunn were more deeply involved in some of the probe's unsavory tactics than Dunn and HP had previously acknowledged." Hurd said he "approved a plan to send an e-mail to a journalist containing false information to trick her into revealing her sources. He said he felt 'strongly' that the leaks had hurt HP's reputation but acknowledged he had not read a report on the probe's early findings addressed to him." Dunn defended herself in a statement, saying "she had 'followed the proper processes' and had not chosen the people who conducted the probe." She said, "The people HP relied upon to conduct this type of investigation let me and the company down." HP analysts, who have grown concerned with Hurd's possible role in the scandal, said they were relieved by his upfront comments." Hurd, Dunn and "other HP executives are scheduled to testify Thursday before the House Energy and Commerce Committee. California Attorney General Bill Lockyer and federal agencies are investigating whether HP and its executives broke laws."

The Wall Street Journal (9/25, B1, Clark, Waldman, Orwall) says HP's news conference "focused heavily on the conduct of Ms. Dunn, suggesting she had instigated and closely monitored the probe." But, Dunn lawyer Brosnahan says that it "makes 'no sense at all' to think that she would knowingly participate in anything she thought was criminal." Brosnahan adds, "The irony of Pattie's situation is that she's a great devotee of privacy, people's personal rights and so forth. She has been for good corporate governance." Lawyer Michael Holston from Morgan, Lewis & Bockius said Friday that Dunn "in early 2005 contacted Security Outsourcing Solutions Inc." He also said Dunn "had received 'regular updates,' on a second, broader phase of the leak investigation."

The New York Times (9/25, Darlin) reports that Hurd "is known as an operations expert who asks lot of questions." But, "At least twice when he had the opportunity — at meetings in July 2005 and in March 2006 — Mr. Hurd failed to ask critical questions about the methods in the leak investigation." Some people close to him "suggest — though they do not know for certain — that he failed to focus on the leak investigation partly because he was focused on getting the company fixed and partly because he regarded the search as the project of Patricia C. Dunn." The Times says, "To help repair the damage from the scandal, he has appointed Bart M. Schwartz, a former federal prosecutor, to examine the company's process for investigations." Hurd said, "We are working as hard as we can to get through this."

The Christian Science Monitor (9/25, Trumbull) reports that HP said its "leak-tracing efforts crossed a line into 'inappropriate' actions." Hurd "was apparently aware of the general stratagem, but not of the tracer code. He has volunteered to talk about the affair at a Capitol Hill hearing Thursday." CSC adds, "A number of cautionary lessons are emerging, say experts, on business ethics, management, and security. While some of the tactics HP used may be illegal,

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others have landed the company in hot water simply because they were improper."

Legal Issues Surface In Widening H-P Scandal. The California Recorder (9/25, Scheck) reports, "With the stock market in a lather over Hewlett-Packard's troubled leak investigations, HP CEO Mark Hurd tried on Friday to take control of the situation. But in doing so, he left unanswered key questions about legal representation in the festering matter." The Recorder continues, "In a brief press conference, Hurd addressed some investor concerns by announcing that Patricia Dunn, the former chairwoman who ordered an aggressive probe of boardroom leaks, would be leaving the board immediately, and that Hurd would be taking over as chairman." The Recorder adds, "Hurd and Morgan, Lewis & Bockius partner Michael Holston disclosed some details of what a company investigation has found, including the fact that Hurd himself was kept informed of certain parts of the leak probe. It's not clear, though, at what point Hurd knew that investigators 'pretexted' -- lied -- to gain access to board member, employee and journalist phone records. … Morgan Lewis was hired Sept. 8 to perform an independent investigation, and to represent the company in talks with federal and state prosecutors. … But one statement by Hurd raised questions for many lawyers: 'Morgan Lewis reports to me, not to the HP board,' he said. … Such a statement might have been a reassurance Sept. 19. Until then, the leak investigation seemed to be more a board problem than one pointing to Hurd. But by Friday, news reports -- and several remarks by Hurd and Holston at the press conference -- made it clear that Hurd's role in the probe is also being examined."

LATimes Criticizes HP Over Corporate Spying Scandal. The Los Angeles Times (9/25, 918K) says in an editorial, "As it turns out, Hewlett-Packard Chairwoman Patricia C. Dunn didn't have to order her minions to invent a disgruntled HP executive. She can now become one herself by adding 'former' to her title. That's because the HP board defenestrated her Friday in one of the more satisfying denouements to one of the more embarrassing corporate dramas in recent memory." The plan "to create a fictitious unhappy HP executive, which Dunn approved, was part of an effort to trick a reporter into revealing her sources at the company. The announcement of Dunn's ouster came after two weeks of revelations about the leak investigation, which started under former Chief Executive Carly Fiorina in early 2005 but intensified this year. According to the company, its security contractors obtained personal phone records under false pretenses; sent a kind of spyware to a reporter via e-mail; conducted surveillance on HP board members, relatives and at least one reporter; and even suggested planting spies at news organizations."

Federal Regulators To Investigate Amaranth. The Wall Street Journal (9/25, C3, Davis) reports, "Regulators are examining the circumstances surrounding the multibillion-dollar losses this month by Greenwich, Conn., hedge fund Amaranth Advisors." A person close to Amaranth said, "Amaranth voluntarily reached out to its various regulators early Monday to apprise them of the situation, to answer any questions they may have and to offer its full cooperation." A spokesman "for the CFTC said it couldn't comment on what it was or wasn't looking into. Officials at the other regulatory groups couldn't be reached for comment."

The Washington Post (9/25, D01, O'Hara) reports that Telos Corporation's preferred stock owners are "in revolt trying to collect more than $80 million they say is long overdue." Former Telos director Marshall Greenblatt, who owns preferred stock, said, "I'm just insisting on rights I have that are in writing. … A deal is a deal." Telos chief executive John Wood said the company's "problems have been stoked by hedge-fund shareholders who are being too hasty in demanding benefits from their preferred stock -- and hurting the company's chances to become more valuable in a possible future sale." Wood said, 'We have activist hedge funds who use the cloak of corporate governance to litigate their returns. … We as a company have a responsibility and a duty to protect the interest of all of our stakeholders, and not give a priority of one group over another group."

Lengthy Corporate Scandal Sentences Raise Fairness Questions. The Washington Post (9/25, A1, Johnson, Masters) reports, "In the category of longest prison sentence, WorldCom Inc. founder Bernard J. Ebbers recently bested the organizer of an armed robbery, the leaders of a Bronx drug gang and the acting boss of the Gambino crime family. … It was a contest Ebbers surely would have preferred to lose." The Post continues, "Tomorrow, the man who once swaggered through the halls of his telecommunications company as a cowboy-booted billionaire is scheduled to surrender to authorities and begin a 25-year sentence. Federal prison policies virtually ensure

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that Ebbers, who has a heart ailment, will spend the rest of his life in prison for his role in an $11 billion accounting fraud. … Ebbers, 65, is to report to prison on the same day that former Enron Corp. finance chief Andrew S. Fastow will be sentenced by a federal judge in Houston. Fastow, who secretly pocketed more than $45 million in a scheme to disguise mounting financial problems at the energy company, faces a maximum of 10 years in prison as part of his plea deal." The Post adds, "The length of Ebbers's sentence when compared with others touches on one of the most controversial parts of the American criminal justice system: How large a pound of flesh should society exact for serious white-collar crime? When the victims are diffuse, the crime complex and the injuries economic, what kind of punishment constitutes justice? … The drive to exact punishment even beyond the grave is a sign of vindictiveness in public officials and shareholders, defense lawyers contend. … But white-collar criminals are unusually sensitive to deterrence, according to prosecutors and securities regulators. The sight of colleagues in handcuffs, or signing away their homes and fortunes, sends a powerful message."

CRIMINAL LAW:

FBI Officials Concerned Rash Of Bank Robberies Indicate New Trend. USA Today (9/25, 5A, Leinwand, 2.27M) reports serial bank robbers like the Paparazzi Bandit, Goofy Hat Bandit and Hallmark Bandit "are behind what authorities say is an unusual surge in bank robberies during the last few months in Los Angeles," and "FBI officials say they are concerned that bank robberies…might be increasing again after declining nationwide since 2001. … It's unclear precisely why…but it appears to be part of a general increase in violent crimes nationwide, says Chip Burrus, the FBI's assistant director for criminal investigations. 'There's an awful lot of gang activity out there, and a certain percentage (of gang crimes) are going to be bank robberies,' he says." Los Angeles FBI spokeswoman Laura Eimiller "says the rise in robberies there comes even as increased security measures have made the risks for bank robbers greater, and the rewards less." Eimiller noted, "We've had a dramatic increase in 'takeover' robberies," and "we're seeing a large percentage associated with Los Angeles street gangs." USA adds, "Last year, Chicago had a record 240 bank robberies, including a 75% increase in 'takeover' robberies, says Special Agent Ross Rice of the FBI's Chicago field office. 'We're on pace to beat that' in 2006, Rice says," and "New York City also has seen a rash of robberies recently, including 32 in August, says Jim Margolin of the FBI's field office there."

US Seeks Death Penalty For DC Man In Gang Slayings. The Washington Times (9/25, Mcelhatton) reports, "Federal authorities are seeking the death penalty against a D.C. man charged in five killings, setting up the prospect of just the third capital murder trial in the city over the past 30 years." The Times continues, "Larry Gooch, described by law-enforcement officials as 'an enforcer' in the M Street Crew drug gang, is expected to go on trial in January on felony charges, including first-degree murder and armed robbery. … Though capital punishment is banned in the District, Gooch, 27, could get the death penalty if convicted because he has been charged in a federal case." The Times adds, "The Justice Department last year filed a notice of intent to seek the death penalty against Gooch, a decision requiring the approval of Attorney General Alberto R. Gonzales. … Gooch is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27. … He is also charged in the Sept. 13, 2002, shooting death of Miguel Miles, 34, and the Feb. 21, 2003, fatal shootings of Calvin Cooper, 40, and his girlfriend, Yolanda Miller, 32."

US Alleges MS-13 Gang Conspiracy In Maryland Suburbs. The Washington Post (9/25, B1, Castaneda) reports, "Law enforcement officials say the MS-13 street gang has wreaked violent havoc in parts of Prince George's and Montgomery counties, committing murders, assaults, rapes and robberies as part of a coldly calculated criminal conspiracy. … Starting this week in U.S. District Court in Greenbelt, federal prosecutors will get the chance to prove it." The Post continues, "Opening statements are scheduled to begin tomorrow morning as the first two alleged members of MS-13 charged with racketeering in Maryland go on trial. … Twenty-two alleged members were indicted on the federal racketeering charges, and three have pleaded guilty to related charges. Prosecutors have filed papers saying they are seeking the death penalty against nine of the remaining 19 defendants. … The sweeping indictment accuses the gang of six homicides and four attempted homicides between April 2003 and June 2005. Eight were in Prince George's and the others in Montgomery." The Post

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adds, "MS-13, also known as Mara Salvatrucha, is far more structured than typical neighborhood street gangs, federal prosecutors say. In a superseding indictment handed up last week, prosecutors allege that MS-13 operates in 10 states and in the District as well as in El Salvador, Honduras and Mexico and has 10,000 members. … In Prince George's and Montgomery, MS-13 members have conspired to commit rape, kidnapping, robbery and obstruction of justice by attacking or intimidating witnesses, the indictment alleges. … Prosecutors have not yet been explicit about the gang's hierarchy and how it operates. That will change during the trial when prosecutors present their evidence, Maryland U.S. Attorney Rod J. Rosenstein said."

Officials Warn Of Potential MySpace Dangers. Long Island Newsday (9/25, Barrios) reports, "It's a blog, a community, the online equivalent of an afterschool hangout. … But MySpace.com, the popular site where teens and others can create personal Web pages and hook up with new friends, is also reaching a wider audience of parents, school administrators and law enforcement officials, who increasingly monitor the site for stings and leads." Newsday continues, "Much of the time, nothing remarkable happens. Friends hook up with friends, details of teen life are debated and discussed. … But along with the photos of prom outfits and sports logos, some also post troubling messages -- like the MySpace user who earlier this month wrote of plans to bring a gun to Holy Trinity High School in Hicksville. In that case, a mother trolling the site noticed and alerted authorities. The plan wasn't carried out, and there have been no arrests." Newsday adds, "Police say they look for more than threats of violence. Pedophiles, too, use social sites to search for victims. … Hemanshu Nigam, chief security officer for MySpace and Fox Interactive Media, said he encourages parents and police alike to monitor the site. … Nigam, a former Justice Department prosecutor, was hired in April to be in charge of safety and law enforcement issues for the site, which has more than 100 million users. Today the company is launching a new online safety campaign."

States Eye Regulation Of Web Dating Industry. The National Law Journal (9/25, Baldas) reports, "Several states are cracking down on the online dating industry, proposing new laws that would, among other things, mandate criminal background checks on all those looking for love on the Internet." The Journal continues, "To date, New York is the only state that has a law regulating online dating sites, but six other states have introduced similar legislation mainly in the last year. They are California, Florida, Michigan, Ohio, Virginia and Texas." The Journal adds, "Lawmakers seeking to regulate the online dating scene claim that the industry isn't doing enough to police itself, and consequently, is putting vulnerable people at risk of meeting up with predators. … Proposed legislation has varied from state to state, with some states wanting to make criminal background checks mandatory, and others wanting online companies to alert surfers upfront that background checks on potential dates have not been done."

Brooklyn DA Says Federal Prosecutors Withholding Key Devecchio Information. The New York Daily News (9/23, Katz, 729K) reported, "Brooklyn District Attorney Charles Hynes' office has accused federal prosecutors of refusing to turn over key interviews from a past federal probe into a rogue FBI agent now indicted in four murders. In a sharp Sept. 20 letter to the U.S. attorney's office, prosecutor Noel Downey acknowledged his office received more than 2,000 pages of documents and access to witnesses in the 1994 federal probe into Lindley DeVecchio's relationship with his top Mafia informant, Gregory Scarpa." The Daily News noted, "Federal investigators ended their probe in 1996, saying they could not 'substantiate' corruption charges against DeVecchio. Among those interviewed was Deputy U.S. Attorney Ellen Corcella," and "Hynes' office received only a heavily redacted version of Corcella's interview."

New York Town And Village Courts Draw Scrutiny. The New York Times (9/25, Glaberson) reports that some of New York's town and village "courtrooms are not even courtrooms: tiny offices or basement rooms without a judge's bench or jury box. Sometimes the public is not admitted, witnesses are not sworn to tell the truth, and there is no word-for-word record of the proceedings." People "have been sent to jail without a guilty plea or a trial, or tossed from their homes without a proper proceeding." In violation of the law, "defendants have been refused lawyers, or sentenced to weeks in jail because they cannot pay a fine." Court officials "know little about the justices, and cannot reliably say how many cases they handle or how many are appealed. Even the State Commission on Judicial Conduct "is not equipped to fully police their vast numbers." Deputy chief administrative judge for all courts outside New York City Jan Plimadore said,

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"We have limited administrative control, and very, very limited financial control."

Credit Card Firms Push For Fraud Curbs. The Wall Street Journal (9/25, Sidel) reports, "MasterCard Inc. and Visa USA Inc. are clamping down on merchants that flout rules aimed at protecting card transactions from fraudsters." The Journal continues, "In recent weeks, MasterCard has imposed fines on merchants that haven't met its requirements to keep transactions secure. Starting Saturday, Visa will take aim at the nation's largest merchants with fines that start at $10,000 a month and can rise to $100,000 a month. … The fines are the latest effort by the credit- and debit-card industry to reduce financial exposure -- and bad publicity -- from a round of high-profile security breaches. Cardholders normally aren't responsible for unauthorized purchases, but merchants and banks involved with fraudulent transactions -- both at stores and online -- can find themselves on the hook." The Journal adds, "Visa and MasterCard don't fine the merchants directly. Instead, they levy fines against those that process the transactions on behalf of the merchants. Those entities commonly pass on the fines to their merchant customers. In addition to assessing penalties for failing to comply with the rules, Visa and MasterCard also issue separate fines if a noncompliant merchant has a security breach. … Neither Visa nor MasterCard would identify merchants that are violating the rules. But because Visa is honing in on the biggest merchants -- those that ring up more than six million transactions a year -- they likely include some household names. Visa counts 334 merchants in this category; as of Friday, 20 of them were in violation and could face fines if they don't comply by the end of the month, according to the card association. These big merchants represent nearly 50% of Visa's transactions each year."

Mishandling Of Personal Data Raises Concerns. The New York Times (9/25, Zeller) reports, "Less than two years into the great cultural awakening to the vulnerability of personal data, companies and institutions of every shape and size — like the data broker ChoicePoint, the credit card processor CardSystems Solutions, media companies like Time Warner and dozens of colleges and universities across the land — have collectively fumbled 93,754,333 private records. Or at least that's the rough figure the Privacy Rights Clearinghouse, a consumer advocacy organization in San Diego, has tallied thus far." The Times continues, "An entry from Sept. 7: Chase Card Services, a division of J. P. Morgan Chase, announced that it had begun notifying 2.6 million current and former Circuit City credit card account holders that computer tapes containing their personal information had been inadvertently tossed in the trash. … The bank said it believed the tapes were safely 'buried in a landfill' somewhere, but it was nonetheless offering affected consumers the now pro forma consolation prize: one year of free credit monitoring." The Times adds, "Last Thursday, another entry was logged. The Commerce Department announced that between 2001 and the present, 1,137 laptops — or about 4 percent of its total inventory — were lost, missing or had been stolen from its 15 operating units. The largest number, 672, had been in use at the Census Bureau, the department reported, and 246 of those contained 'some degree of personal data,' although it maintained that a combination of passwords and "complex data formats," among other things, would limit the risk that the information could be misused. …

Closing Arguments Made At Pellicano-Related Perjury Trial. The Los Angeles Times (9/23, Krikorian, 918K) reported, "Alleging a long pattern of deception, a federal prosecutor Friday urged a Los Angeles jury to convict a former SBC employee of perjury for repeatedly lying about her contacts with a key figure in the Anthony Pellicano wiretapping investigation. Without linking her directly to the larger case, Assistant U.S. Atty. Daniel Saunders charged that admitted misstatements by Joann Wiggan to a federal grand jury were intentional and clearly aimed at hiding some aspect of her relationship with co-worker Ray Turner. … The prosecutor also alleged that her lies began even before her grand jury testimony when she told the FBI in an October 2004 interview that she had not spoken to Turner in years." The Times added, "But Wiggan's attorney, David R. Reed, portrayed the heart of the government's case as its greatest vulnerability, arguing that the phone logs were meaningless without knowing who had made the calls or what the calls were about. … The government, Reed said, had been 'stumbling over' the element of intent ever since they charged Wiggan with perjury."

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CIVIL LAW:

Judge To Rule On "Light" Cigarettes Suit. The Financial Times (9/25, Foster) reports, "A US federal judge will on Monday rule on whether a tobacco lawsuit can proceed as a class action of tens of millions of smokers of 'light' cigarettes. If certified, it could be the largest-ever class action case." The Times continues, "The Schwab claim, filed in 2004 under the federal Racketeer Influenced Corrupt Organizations Act (Rico), alleges big cigarette makers defrauded smokers into believing 'light' cigarettes were safer than regular ones. Lawyers are seeking as much as $200bn in damages, which would automatically be tripled under Rico." The Times adds, "Tobacco investors are closely watching the suit as it is one of the industry's more important remaining legal risks. The ruling is key for Altria Group, parent of Philip Morris USA, as it is preparing to spin off its 88.1 per cent stake in Kraft Foods. … Monday's decision by District Judge Jack Weinstein will eliminate the legal uncertainty surrounding the case and provide Altria's board with clarity on the legal environment. … Some suspect it is waiting for the ruling before giving the spin-off the green light."

CIVIL RIGHTS:

GAO Disputes Belief That Hispanics Are Underrepresented In Federal Workforce. The Washington Post (9/25, D4, Barr, 748K) reports in its "Federal Diary" column, "Federal employment reports have consistently described Hispanics 'as underrepresented in the government compared to the civilian labor force.' … But a study by the Government Accountability Office, the congressional auditing agency, questions whether such a gap exists. The GAO constructed a statistical model, using 2000 census data, to determine whether citizenship and education help explain the disparity in Hispanic workforce representation. The GAO found that: After accounting for citizenship, Hispanics were nearly as likely as non-Hispanics to be employed in the federal workforce. When comparing citizens with similar levels of education, Hispanics were 16 percent more likely than non-Hispanics to be employed in the federal workforce as opposed to other sectors in the labor force."

Maryland Lawmakers Nix Minority Sewer Contracting Program. The Washington Post (9/25, D1, Kirkham) reports, "A controversial minority contracting program run by the Washington Suburban Sanitary Commission died over the summer after the Maryland General Assembly failed to renew it, potentially depriving minority- and women-owned businesses of more than $37 million worth of contracts." The Post continues, "The state Senate did not act because the Montgomery and Prince George's delegations could not agree on whether to strengthen oversight of the program, which critics said was fraught with patronage and unnecessary delays." The Post adds, "Minority- and women-owned businesses have received more than a quarter of the contracting money spent by the commission since the program began in 1979, for such work as construction projects and finding temporary employees. … The program has been at the center of years of upheaval at the Washington area's largest water and sewer utility. There have been charges that the program benefited white-owned companies who hired minority subcontractors, and controversy over delays caused when the contracting office held up projects until minority firms could be found to participate. … The head of the office was ousted last year, and three WSSC board members were asked to resign. … Companies that benefited from the minority contracting program said it was important to them. The program was designed to make up for years in which firms owned by minorities and women were excluded from the agency's business."

LATimes Opposes Proposition 85. The Los Angeles Times (9/25, 918K) opposes Proposition 85, noting that "a year after California voters rejected an almost identical proposal, they are being asked again to approve a ballot proposition to require that parents be notified before a minor can have an abortion. A particularly objectionable phrase from the old version has been stripped out, but that doesn't fix the main problem: Proposition 85 is an unnecessary measure that would do the state more harm than good."

ENVIRONMENT/INDIAN AFFAIRS:

No E. Coli-Terrorism Link; Investigators Concerned Food Supply Is Vulnerable. ABC World News (9/24, story 7, 2:45, Harris) reported that though investigators have found "no evidence linking" the recent E.

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coli outbreak to terrorism, they "are keenly aware that America's food supply is vulnerable to attack." ABC (Thomas) added, "From the time food is grown on the farm until it reaches your table, it is at risk to tampering. And the government believes terrorists may well try to use America's food supply as a weapon. … Since 9/11, the government has developed a national warning system for the farming industry." Vhid Majidi, former FBI assistant director, was shown saying, "We are working very closely with homeland security, FDA, USDA." Thomas: "The government is also spending millions of dollars on biological weapons research. And planning is under way for a new Bioterror Center."

FDA Still Investigating E Coli Outbreak. USA Today (9/25, 4A, Vergano) reports, "The Food and Drug Administration reported Sunday that the Utah Public Health Laboratory has identified a contaminated bag of spinach from the refrigerator of a patient who became ill after eating some of it. A lab in New Mexico made a similar finding last week." Food safety expert Douglas Powell says that because "the outbreak is nationwide, the bacteria very likely were introduced into the food chain early." Powell adds, "Once introduced into soil or seedlings, via irrigation water or compost, E. coli 0157:H7 can contaminate the soil and vegetables grown in it for months." Microbiologist Eric Triplett says that "a more speculative concern is over the possibility of the microbes migrating from the soil into the interior of plants as they grow." Mike Doyle of the University of Georgia Center for Food Safety, however, wrote, "We still have to confirm this occurs in the field, and if it does, would it occur at cell numbers that would be of public health significance?"

The New York Times (9/25, McKinley) reports, "For the last week, on farms up and down the Salinas Valley," federal and state health inspectors 'have been hunting the source of an outbreak of E. coli bacteria in tainted spinach." Monterey County agricultural commissioner Eric Lauritzen said, "Everybody is anxious for resolution. … And I'm sure the consuming public is as well." The Times says, "Some have complained about a lack of concrete information. The authorities have not said which farms they are looking at, though they say there are nine. They also say about 20 inspectors are on the job, but no federal laboratory findings have been released." Retired school worker Adele Skinner said, "I would like to see some data on what E. coli rates are for another two weeks of the year. … I think it's all been a little overblown." Lifelong resident of Gonzales and former ranch worker Joe Miranda said he "suspected that lapses in modern farming techniques, including using unclean irrigation water, had fouled the works." He said, "The way they farm nowadays…they might just have to start over."

The Wall Street Journal (9/25, A4, Zhang) reports, "Early in this month's E. coli outbreak, state and federal officials were able to single out spinach as the likely culprit thanks to a surveillance system set up after a 1993 outbreak at the Jack in the Box fast-food chain." The system "links public-health laboratories nationwide and allows state and federal epidemiologists to quickly compare the DNA 'fingerprints' of E. coli bacteria collected from sickened people." Wisconsin "first alerted the CDC to a cluster of E. coli cases Sept. 8 and posted a genetic pattern. But officials there didn't suspect fresh spinach until Oregon reported findings from six cases there Sept. 13." Deputy director of the CDC's Division of Bacterial and Mycotic Disease Robert Tauxe says, "We are finding the large outbreaks when they are still in a small stage and act on it."

Voters In Eleven States Will Decide On Anti-Eminent Domain Initiatives. USA Today (9/25, Kasindorf, 2.27M) reports, "Eleven states are giving voters their first chance this fall to override last year's Supreme Court ruling that allows local governments seeking more tax revenue to seize private property and give it to developers. Thirty state legislatures have passed laws or constitutional amendments since June 2005 to negate or limit the ruling's effect in their states. Voting 5-4, the high court said the Constitution permits state and local governments to condemn a home through eminent domain powers so developers can build hotels, offices or retail centers on the site. The decision, Kelo v. New London, Conn., raised a public outcry, led by libertarians and conservatives who advocate limited government power. The spate of ballot proposals is being bankrolled largely by libertarian organizations controlled by New York City real estate investor Howie Rich. The groups, Americans for Limited Government and the Fund for Democracy, have donated $4 million to ballot drives in eight states."

Wal-Mart Finds Cities Unreceptive To Its Expansion Plans. The Wall Street Journal (9/25, A1, Hudson, McWilliams, 2.03M) reports, "Cities like Boston might be the best hope for Wal-Mart Stores Inc. to grow in the U.S. For the retail giant, that's a problem. Last year, Wal-Mart's discussions about opening its first store here, in retail

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space that was soon to be vacated, spurred public outcry. The retailer eventually dropped its pursuit of the property. … For years, Wal-Mart, of Bentonville, Ark., thrived in rural and suburban America where land was cheap and local governments didn't interfere. Now Wal-Mart is trying to break into the last areas of the country where it isn't dominant, and the going is tough. Wal-Mart is used to opposition, but these antagonists are tougher and better organized than earlier breeds. In the Northeast and America's big urban centers, they've augmented a traditional anti-Wal-Mart message with something more potent: an appeal to urban cultural values. Here, Wal-Mart is a metaphor for the worst of middlebrow America."

Wal-Mart Promotes "Sustainability" Campaign. USA Today (9/25, Fetterman, 2.27M) reports Wal-Mart "has launched an aggressive program to encourage 'sustainability' of the world's fisheries, forests and farmlands, to slash energy use and reduce waste, to push its 60,000 suppliers to produce goods that don't harm the environment, and to urge consumers to buy green. Last Monday, for the first time, Wal-Mart reported on its carbon dioxide emissions — the 'greenhouse gases' that cause global warming. … Already, Wal-Mart has become the world's largest buyer of organic cotton. It introduced 'fair trade' coffee at its Sam's Clubs. It began selling some organic foods in the spring and will introduce others this fall. And it is pushing suppliers to use smaller packages to cut waste."

Texas Electricity Grid Operator Concerned With Demand Levels. The Wall Street Journal (9/25, Smith, 2.03M) reports, "Texas electricity customers are living large, and it is beginning to worry the state's grid operator. By next spring, the state's electricity reserves are expected to dip below safe levels, at times. Grid officials are seeking state permission to devise an emergency program that would prevent possible disruptions by offering customers incentives to cut electricity use quickly." The Journal says, "Texas is among several places in the U.S. faced with the prospect of declining power reserves amid increased electricity use by consumers. Backup power nationwide, while currently adequate, has been in decline after disruptions in energy markets that caused many companies to cancel new power-plant projects in recent years." This has "increased concerns that the electricity system in some parts of the U.S. is becoming more frail."

Progress Seen In Making Flu Vaccine Available. USA Today (9/25, Manning, 2.27M) reports in 2004 "Health experts blamed the [flu vaccine] shortage, and the resulting period of panic and prioritization of the remaining limited supply, on a shaky vaccine infrastructure that relied on too few manufacturers and 50-year-old technology." Now, two years later, the vaccine "is still produced by growing flu viruses in chicken eggs," the "stability of the flu vaccine supply…is still not certain," and the "vaccine delivery…is still sporadic throughout the season." Yet "the flu vaccine landscape has undergone significant reconstruction." USA Today adds several new companies have entered the sector and mergers have consolidated old companies. Julie Gerberding, director of the Centers for Disease Control and Prevention noted, "The big picture is that a great deal of progress has been made, but we're not done yet."

NYTimes Praises Judge's Ruling On Roadless Rule. The New York Times (9/25, 1.21M) says in an editorial, "You have to wonder when the Bush administration is going to stop ramming its head against the same wall on forest policy. The Forest Service has been trying for several years to get rid of the 'roadless rule' enacted near the end of the Clinton administration to protect millions of roadless acres of national forest from logging and other commercial intrusions." Last year, the "administration simply rescinded the old rule by regulatory fiat and replaced it with a less protective rule of its own." But "that strategy has been derailed, at least for now. Last week Elizabeth LaPorte, a federal district judge in San Francisco, overturned the Bush rule and largely reinstated the Clinton protections." It would "make more sense for the administration to abandon the fight altogether. The Bush plan's main claim to superiority is that it gives individual governors more say over the national forests within their boundaries than President Clinton's 'one size fits all' rule. Yet the states, for their part, seem greatly to prefer the old Clinton rule."

WSJournal Praises Branson's Approach To Fighting Global Warming . In an editorial, the Wall Street Journal (9/25, 2.03M) writes, "There are plenty of reasons to cock a skeptical eyebrow at Richard Branson's pledge, announced last week in New York in the company of Al Gore and Bill Clinton, that he will devote 10 years and about $3 billion of profits from his Virgin airline and railroad

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businesses to combat global warming." But "[a]t least he puts his money where his mouth is." The Journal says, "Unlike advocates of the Kyoto Protocol or similar top-down, tax-and-spend regimes to reduce global warming, at least Mr. Branson sees private-sector investment and technological innovation as the best way to improve the environment. That's strikingly similar to the plan the Bush Administration put forward earlier this year in Sydney through the Asia-Pacific Partnership on Clean Development and Climate, a collaborative effort between rich and poor countries and business and government, to develop cleaner energy sources." The "partnership was denounced by the usual environmentalist suspects as a conspiracy by big business and the Bush Administration. Now that Sir Richard has put his brand on it, everyone says it's cool. Well, fine. We wish him well, er, good."

FBI/DEA/ATF/USMS:

Drug Sweep In Michigan Follows Resident's Letter To Bush. The Detroit Free Press (9/23, Witsil, 346K) reports some Pontiac residents living in "drug-plagued" neighborhoods "expressed some relief Friday after a two-day drug sweep -- initiated by a letter to President George W. Bush -- netted dozens of suspected drug dealers. Authorities said the operation, which began Wednesday and ended Thursday with 69 warrants and about 30 arrests, was the culmination of three months of undercover detective work by local police and federal agents." Federal agents "got involved after a letter from a Pontiac resident eventually got forwarded from Bush to the Drug Enforcement Administration." DEA spokeswoman Carolyn Gibson "said the author wrote in the letter that he was concerned about drugs in the area and described it as a 24-hour 'candy store' for drug dealers and users."

The Washington Times/UPI (9/23) cites the Detroit Free Press story and reports that police officials "said the DEA's involvement helped them expand the undercover operation and resulted in the arrests of 64 people."

IMMIGRATION:

Frist Says Senate To Consider Border Security Measures. Senate Majority Leader Bill Frist was asked on ABC's This Week (9/24, Stephanopoulos) if comprehensive immigration reform is "completely off the table now," Frist said, "Any reasonable person knows that if you're going to address immigration reform, you have to first and foremost secure our borders. We can't have 2 million people coming to this country illegally this year. We've got to secure our borders. I believe strongly we have to have a strong temporary worker program, legal temporary worker program in this country. … What I've done, and hopefully what we'll be voting on the floor of the Senate this week, is take the common parts of the House bill and the common parts of the Senate bill, border security, UAVs, unmanned aerial vehicles, sensors, cameras along the border, a fence along the border, take that common thing that everybody agrees upon, and pass it now."

USA Today (9/25, 2.27M) reports Frist also "predicted Democrats would try to block passage." Jim Manley, a spokesman for Senate Democratic leader Harry Reid of Nevada, "said Frist's move is an attempt to cover up his failure to pass more comprehensive immigration legislation. 'The Senate spent almost a month debating and then passing tough and smart immigration reform that included border security, but Republican obstructionism has prevented us from completing that bill,' Manley said."

The Los Angeles Times (9/25, Gaouette, 918K) reports President Bush "said last week that he would sign fence legislation into law, but many observers doubt…Frist…has enough support to end debate on the bill and bring it to a vote."

DHS Battling Corruption Among Immigration Employees. In a widely-distributed story, the AP (9/24, Arrillaga) recounted the details of the arrest of Border Patrol agent Mike Gilliland, accused of abetting immigrant smugglers and added, "A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world. How do you secure the homeland if some of those guarding the gates are dishonest?" The AP noted, "More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement. … Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said," and "Gilliland's cut was

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alleged to be $1,500 a head. 'That adds up. Really, really quickly,' said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force." However, "In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate."

CONGRESS-ADMINISTRATION:

Spat Between Chambers Could Halt DOD Budget. The Washington Post (9/25, A6, Weisman, 748K) reports, "House Speaker J. Dennis Hastert (R-Ill.) -- in a showdown with Senate Republicans -- has vowed he will not bring a major defense policy bill to the chamber floor this week unless Senate negotiators add a federal court security bill and a controversial House anti-illegal-immigration measure, senior House leadership aides say." Hastert is thus clashing with Senate Armed Services chair John Warner, who "will not add extraneous measures to the annual defense authorization bill unless they can garner unanimous support from Democrats and Republicans alike." The immigration measure is called the root of the dispute because "It would allow the indefinite detention of some illegal immigrants who are protected from deportation by political asylum laws. ... Senate Democrats and the American Civil Liberties Union have said the measure would expand such definitions so broadly that it could hurt legal immigrants, who would be whisked out of the country with little recourse."

Budget Revolt Signaled By Gen. Schoomaker. The Los Angeles Times (9/25, Spiegel, 918K) reports, "The U.S. Army's top officer withheld a required 2008 budget plan from Pentagon leaders last month after protesting to Defense Secretary Donald H. Rumsfeld that the service could not maintain its current level of activity in Iraq plus its other global commitments without billions in additional funding. The decision by Gen. Peter J. Schoomaker, the Army's chief of staff, is believed to be unprecedented and signals a widespread belief within the Army that in the absence of significant troop withdrawals from Iraq, funding assumptions must be completely reworked, current and former Pentagon officials said." Schoomaker is reportedly "seeking $138.8 billion in 2008, or nearly $25 billion above budget limits originally set by Rumsfeld. The Army's budget this year is $98.2 billion, making Schoomaker's request a 41% increase over current levels."

GOP Divisions Seen A "Chief" Reason For Congressional Inaction. The New York Times (9/25, Hulse, 1.21M) reports, "A Congress derided as do-nothing has a week to do something, and the prospects are cloudy. Procrastination, power struggles and partisanship have left Congress with substantial work to finish before breaking for the elections. The fast-approaching recess and the Republican focus on national security legislation make it inevitable that much of the remainder will fall by the wayside." The Times adds, "At best, it appears that just 2 of the 11 required spending bills will pass, and not one has been approved so far, forcing a stopgap measure to keep the federal government open. No budget was enacted. A popular package of business and education tax credits is teetering. A lobbying overhaul, once a top priority in view of corruption scandals, is dead. The drive for broad immigration changes has derailed. An offshore oil drilling bill painted as an answer to high gas prices is stalled. Plans to cut the estate tax and raise the minimum wage have floundered, and an important nuclear pact with India sought by the White House is not on track to clear Congress. New problems surfaced over the weekend for the annual military authorization bill. And numerous other initiatives await a planned lame-duck session in mid-November or a future Congress." The Times adds, "While Republicans prefer to blame Democrats for the backlog, intramural fights and sharp differences between House and Senate Republicans have been chief impediments to major legislation. The recent fissures over terrorism detainees and how far to go in changing immigration law are just the latest and most public examples of serious policy differences among Republicans."

Hopes Low For Productive Lame Duck Session. Roll Call (9/25, Newmyer) reports, "K Streeters aren't ready yet to call any of their priorities dead, but they are tempering any optimism with the realization that in a bitter post-election season, both parties likely are going to resist compromise on long-stalled items. … Of course, the big question mark that's confounding estimates about the shape of the lame duck is the outcome of the midterm elections." Roll Call adds, "Observers predict that if Democrats can retake one or both chambers, they will block action on all but the must-pass spending bills. Other legislative business would be deferred to the next Congress, when Democrats would be able to flex their new power." But "even if the Republicans survive with a majority that's narrowed -- a very real possibility on both ends

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of the Capitol, K Streeters say -- Democrats could make life difficult for the GOP."

Rumsfeld Compared To McNamara. USA Today (9/25, Page, 2.27M) reports in a 2,072-word article, "Donald Rumsfeld is a man hitting milestones: Already the youngest and oldest person to be secretary of Defense, he is closing in on becoming the longest-serving." He will pass McNamara's record in December. Like fellow long-termers McNamara and Caspar Weinberger, he "finds himself increasingly enmeshed in controversy and battling critics." Brookings analyst Michael O'Hanlon calls him "McNamara II," "a brilliant guy who came in from corporate America with the slicked-back hair and did a lot of useful things on second- and third-tier issues he worked on, but botched the No. 1 challenge, when Americans were putting their lives on the line." USA Today compares Rumsfeld to McNamara, finding both similarities and differences. Both were Eagle Scouts who became "wealthy corporate chiefs" and brought corporate thinking to the Pentagon: "McNamara instituted a decision-making process known as systems analysis, consolidated programs to spur efficiency and reduce rivalries among the branches of the armed services and developed tools for long-range planning. Rumsfeld returned to the Pentagon for his second tour of duty determined to transform the U.S. military into a leaner, more agile and technologically sophisticated force. O'Hanlon...credits Rumsfeld with pushing resistant military leaders to adopt reforms, among them a more flexible deployment plan for U.S. troops based around the world." However, there are differences: author Paul Hendrickson says that McNamara "lost faith" in the Vietnam war, while Rumsfeld "seems to me a true believer."

McCain Urges Bolton's Confirmation. The AP (9/25) reports, "Sen. John McCain on Sunday urged quick confirmation for John Bolton as UN ambassador, saying the nominee is needed to talk back to "two-bit dictators" such as Venezuela's president." McCain also "joined lawmakers from both parties in condemning Hugo Chavez's speech last week at the United Nations in which the Venezuelan called President Bush 'the devil.'" Said the senator, "I would say that this is an argument to get John Bolton confirmed as our UN ambassador. … He's smart, he's tough, he will respond to these guys. And he could talk back to these two-bit dictators who have the airfare to New York."

Millions Of Seniors Confront Medicare "Doughnut Hole." The Washington Post (9/25, Lee, Levine, 748K) reports, "Millions of older Americans are confronting a temporary break in their Medicare drug coverage this month that will require them to pay the full cost of their prescriptions or face the painful prospect of going without. This is the 'doughnut hole' in the new Medicare drug benefit," and "advocates for seniors say there is nothing sweet about it." Proponents "saw the unusual setup as a way to provide some help to all beneficiaries…and yet not break the bank in a federal program." But, "nine months into the program, as more and more seniors reach the threshold that puts them in the gap, many see it as a headache -- or worse."

Refund Mix-Up Part Of Larger Systems Problem. The New York Times (9/25, Pear, 1.21M) reports, "When Medicare mistakenly sent premium refunds to 230,000 people…the Bush administration said the error had resulted from a rare 'computer glitch.' But government records…show it was the latest example of a strained, often dysfunctional relationship between two of the government's biggest programs." Social Security and Medicare programs "have struggled to mesh their computer systems so that Medicare premiums are correctly withheld from Social Security checks." Now, "lawmakers worry that similar problems will occur as millions of people sign up for new drug plans starting on Nov. 15."

Coalition Calls For Increased Funding For FDA. USA Today (9/25, Rubin, 2.27M) reports, "Industry, consumer and patient groups and the last three secretaries of the Health and Human Services department are joining forces to lobby for more money for the Food and Drug Administration." Former HHS secretary Tommy Thompson and Michael Jacobson, executive director of the Center for Science in the Public Interest, "are to announce the creation of the Coalition for a Stronger FDA at a news conference today." The FDA is part of HHS, and "former secretaries probably understand the problem better than anybody else," Thompson, HHS secretary in President Bush's first term, said Sunday. Donna Shalala, HHS secretary in the Clinton administration, "echoed Thompson. 'As former secretary, I know how swamped they are and how difficult it is for them to get their work done,' she said Sunday."

Advocates Advance Legislative Effort For Public Service Academy. The Washington Post

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(9/25, A19, Lee, 748K) reports, "Advocates of a federally funded public service university get an 'A' for effort, although results are incomplete." The proponents last week "scored a victory in their quest to create a U.S. Public Service Academy modeled after the nation's military service academies: They persuaded a bipartisan group of senators and House members to sponsor legislation to establish and fund the school." Proponents "envision the school offering an all-expenses-paid education to 5,000 undergraduates. Its liberal arts curriculum would emphasize leadership development, analytical thinking and service to others, with requirements for summer service internships and a year of study abroad. Graduates would be required to work five years in public service."

Deadline For Federal Employees To Complete Constitution Tutorial Approaches. The Washington Times (9/25, Hudson, 88K) reports training "for federal employees now includes a congressionally mandated tutorial on the Constitution that must be completed by this week." The "brainchild of Sen. Robert C. Byrd, West Virginia Democrat, the Internet class closely follows Constitution Day -- a commemorative also legislated by Mr. Byrd to celebrate Sept. 17, 1787, as the day when the nation's founding document was signed in Philadelphia." Unlike "most federal training, the 25-minute tutorial does not include a test at the end." A Department of Homeland Security employee said, "It's just more of Byrd's pork. How will my supervisor even know I completed the course when there is no test?"

Kennedy Vote Expected To Figure Prominently In Many Supreme Court Cases. U.S. News and World Report (10/2, Halloran, Schulte, 2.03M) reports that when the Supreme Court reconvenes next week after its summer break, "the most closely watched jurist won't be Chief Justice John G. Roberts or his fellow sophomore, Justice Samuel Alito, but Justice Anthony Kennedy, on whose vote these decisions will most likely turn. If one person will define this high court term after the past year's unprecedented upheaval (Chief Justice William Rehnquist's death, Justice Sandra Day O'Connor's retirement, and the first new justices in more than a decade), it will be Kennedy. With O'Connor gone, he is the lone swing justice, a moderate conservative whose vote is seen as up for grabs by both the liberal and conservative wings of the court." Kennedy's vote is expected to figure prominently in a number of cases including the court's consideration of the constitutionality of the Partial Birth Abortion Ban Act of 2003, as well as "a challenge to high school affirmative action programs that use race to assign students, and an effort by states, cities, and environmental groups to force the administration to address global warming."

Commerce Department Reports Losing More Than 1,000 Agency Computers. The Washington Post (9/25, A19, Kamen, 748K) reports in its "In the Loop" column that after a Department of Veterans Affairs laptop loaded with personal information of vets and active-duty military personnel was stolen, House Government Reform Committee Chairman Thomas M. Davis III and ranking Democrat Henry A. Waxman "wrote 17 Cabinet-level departments and agencies to ask whether they had experienced any similar incidents. Of the 14 that have responded so far, either in whole or in part, the Commerce Department looks far and away the worst, owning up to the loss of more than 1,000 agency computers." The three departments that have not yet responded to the lawmakers' request are Treasury, Defense, and Health and Human Services. The Post adds, "Oh, well -- none of them has sensitive information about Americans."

Bush Described As "A Total Maniac On The Bike." The Washington Times (9/25, McCaslin, 88K) reports in its "Inside The Beltway" column, "We had hoped that conservative commentator Laura Ingraham would be the one to finally provide a rare peek into President Bush's mountain-biking world, which for whatever reason rotates in secrecy." Bush "invited the popular syndicated Washington-based radio host along for this past Saturday's two-hour-plus bike ride atop the dusty trails of the Secret Service training facility in suburban Maryland -- although, as usual, there wasn't a single sighting of the presidential trekkers. 'Of course it was OTR,' Miss Ingraham told Inside the Beltway afterwards, feeding us the presidential code for 'off-the-record.'" Bush's "two additional biking partners that day included White House economic adviser Ed Lazear and White House photographer Paul Morse. So is everybody off-the-record? 'He is a total maniac on the bike. Unreal,' one of the cyclists (we are forbidden to say which one) told this column, referring to the commander in chief."

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WPost Says Federal Judiciary Needs to Strengthen Conduct Standards. The Washington Post (9/25, A20, 748K) says in an editorial, "The Federal judiciary took two steps last week to improve the public's perception of the standards of conduct for federal judges. First, a commission headed by Supreme Court Justice Stephen G. Breyer issued its report on the handling of misconduct allegations against judges. Separately, the Judicial Conference -- the administrative arm of the court system -- revised the rules governing educational junkets for jurists that get funded by private, sometimes ideologically tinged organizations. Both developments are positive. But the judiciary needs to do more."

NYTimes Praises Call For Routine Universal HIV Testing. The New York Times (9/25, 1.21M) says in an editorial, "Federal health officials took the right step last week when they recommended that all teenagers and all adults up to the age of 64 be tested for H.I.V. infection when they receive routine medical care. This welcome effort to remove barriers in the way of widespread testing offers the best hope to reduce the stubborn persistence of H.I.V. infections in the American population."

OTHER NEWS:

Job Market In Construction Sector Strong. USA Today (9/25, Kirchhoff, 2.27M) reports, "Though new home sales have plummeted 20% from a year ago, US construction employment is still up 3%. But the solid jobs news might not last. … More than 7.52 million U.S. workers were employed in construction in August on a seasonally adjusted basis, up from 7.31 million in August 2005 and 7.46 million in January, according to the Labor Department. Construction employment is a million above 1999." The job market "is being supported, in part, by a surge in commercial and public works projects. But residential construction hiring also rose in July and August."

Lower Natural Gas Prices Could Benefit Consumers, US Economy. The Christian Science Monitor (9/25, Scherer, 58K) reports, "Since last year at this time, the price of natural gas at the wellhead has plunged 47 percent, and the wholesale price of home heating oil is down 20 percent. If prices were to remain close to these levels - and if the winter is not overly cold - homeowners could save as much as $250 compared with last year, some energy analysts estimate." The Monitor says, "If consumers feel more comfortable with their energy bills, this could help retailers in the coming holiday period - already forecast to have only modest gains." However, "prices could snap back quickly if a hurricane hits the Gulf of Mexico or the winter turns out to be fierce, energy experts warn. The Energy Information Administration (EIA), for example, in making its forecasts, is assuming that January will not have the moderate temperatures of the winter of 2006." The Monitor also notes, "Users of home heating oil may not see the same savings as natural-gas users, because the price of oil has not fallen as far."

Democrats Hopeful They Can Attract "Values Voters" Away From The GOP. ABC World News (9/24, story 8, 2:35, Harris) reported, "This weekend, the Reverend Jerry Falwell said not even Lucifer can motivate Christian conservatives the way Hillary Clinton can. Even though Falwell says he is joking and many evangelicals say he does not speak for them, his words highlight how Republicans and increasingly Democrats, may be willing to go to attract religious voters." ABC noted that Falwell's "larger point about the Republican Party's need to energize religious conservatives is hardly a joke. In 2004, strong turnout by Christian voters inflamed over gay marriage helped push George W. Bush over the top in key states. This year, there are signs some of that enthusiasm is waning." According to ABC, "Democrats are making a concerted effort to close the God gap. … Democratic strategists say if they can get even a small number of religious voters to walk away from the Republican Party, it would be a significant step."

Falwell Clarifies "Lucifer" Comment On Clinton Candidacy. The AP (9/25, Potter) reports Falwell "acknowledged on Sunday saying that if Hillary Rodham Clinton were the Democrats' presidential nominee in 2008, it would motivate conservative evangelical Christians to oppose her more than if the devil himself were running. Falwell said in a telephone interview that his comments to several hundred pastors and religious activists at the 'Value Voter Summit' conference were 'totally tongue-in-cheek.'

Dobson Says GOP's Christian Conservative Base "Disillusioned." The New York Times (9/25, Kirkpatrick, 1.21M) reports, "Openly anxious about grass-roots disaffection from the Republican Party, conservative Christian organizers are reaching for ways to turn out voters this

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November, including arguing that recognizing same-sex marriage could also limit religious freedom. Just two years after many conservative Christians exulted that their voter turnout efforts had pushed President Bush to re-election, organizers say their constituents are disengaged. 'There is disillusionment out there with Republicans,' said James C. Dobson, founder of the conservative Christian broadcaster Focus on the Family and the most influential voice in the movement. 'That worries me greatly. … My first inclination was to sit this one out,' Dr. Dobson said in an interview, adding that he had changed his mind when he looked at who would become the leaders of Congressional committees if the Democrats took over."

IRS Investigations Unite Conservative And Liberal Religious Leaders. NBC Nightly News (9/24, story 7, 2:25, Seigenthaler, 9.87M) reported, "A showdown is shaping up that churches across the nation are watching in this country. It's a dispute about politics from the pulpit with one church now challenging the IRS to take it to court. … Right now in the US more than 100 churches and nonprofit organizations are under investigation by the IRS, government scrutiny not wanted by churches liberal and conservative alike."

GOP Candidates Under Attack Due To Support For Free Trade Policies. The Los Angeles Times 99/25, Hennessy-Fiske) reports, "With wages stagnating for many Americans, trade has become a significant campaign factor this fall in parts of New York, Pennsylvania, Georgia and other states. In Ohio, Michigan and North Carolina, where manufacturers continue to shutter plants and cut jobs, free trade has become a major issue of campaigns. In Michigan, Democratic Sen. Debbie Stabenow, who is seeking reelection, recently ran a TV ad highlighting her effort to create a 'trade prosecutor' to investigate unfair foreign competition. In Ohio, Republican Sen. Mike DeWine and his Democratic challenger, Rep. Sherrod Brown, have repeatedly sparred over trade, with Brown calling for 'fair-trade' policies that hold foreign companies to U.S. workplace standards. In North Carolina, Republican Rep. Robin Hayes, a textile heir, is under attack from his opponent, a former textile worker, for supporting the Central American Free Trade Agreement last year. Hayes cast the deciding vote."

Rothenberg Contests Claim That GOP Has Gained Momentum. Roll Call's Stuart Rothenberg (9/25) writes, "First, let's stipulate that recent polling has shown some improvement in Republican numbers, whether it's in the president's standing or the generic ballot. President Bush's job approval numbers bottomed out earlier this year and have been inching up for a couple of months. That's the good news for Republicans, and any good news is better than bad news. But if you look at presidential job approval and the generic ballot, it is awfully difficult — no, actually, it is impossible — to conclude a dramatic surge has occured or is under way." That "doesn't mean it won't happen, only that it hasn't occurred so far."

Akaka Defeats Case 55-45. The Washington Post/AP (9/25, A4) reports Sen. Daniel K. Akaka "beat back a challenge from Rep. Ed Case in Hawaii's Democratic primary. Case conceded the race just before 6 a.m. Eastern time Sunday, when returns showed that he trailed 55 percent to 45 percent with all but one precinct reporting. The GOP nomination went to former Vietnam prisoner of war Jerry Coffee, who pulled out of the race because of health reasons. Republicans have three days to name a replacement candidate."

Santorum Said To Be Relying On GOP's "Structural Advantages." The New York Times (9/25, Toner, 1.21M) reports, "An endangered Republican like Senator Rick Santorum of Pennsylvania could always comfort himself with this: The political winds may be blowing the Democrats' way this year, but the Republicans retain some formidable structural advantages. Like money: Mr. Santorum…has had a significant fund-raising advantage over his Democratic challenger, State Treasurer Bob Casey, which means more money for television advertising. Or the Republicans' near-legendary voter turnout operation: the 72-hour program, tested and proven (to the Democrats' despair) in the 2002 and 2004 elections, which moved coordinators into Pennsylvania more than a year ago to prepare for Nov. 7. Not to mention the bully pulpit of the White House: even a politically beleaguered president can shape the terms of political debate, as President Bush demonstrated anew with his focus on terrorism in recent weeks."

Lamont Expands His Pitch To Include Stances On Raft Of Domestic issues. The New York Times (9/25, Medina, 1.21M) reports Ned Lamont "spun through his regular stump speech, touching in about 10 minutes on his ambitions to legislate universal health care,

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cut back the federal deficit and limit the influence of lobbying in Washington. Halfway between his victory in the Democratic primary and his rematch with Senator Joseph I. Lieberman in the general election, Mr. Lamont is trying to articulate positions on a variety of domestic issues, from education to transportation to jobs. But in the end, Mr. Lamont, a former cable executive who has presented himself as a fiscal conservative, cannot help but return to the centerpiece of his campaign. 'I'm in this race because I think it's time we start investing in the United States of America again,' he told the Hamden crowd, alluding to the war in Iraq as a symbol of 'bad choices.'"

Conservatives Concerned Allen Is Running An Ineffective Campaign. The Washington Times (9/25, Bellantoni, 88K) reports Sen. George Allen, "his re-election campaign bruised from a month of gaffes and setbacks, is on the defensive and on the attack. Conservatives are frustrated with the Virginia Republican who once seemed an optimal choice for a 2008 White House bid and say he's given free publicity to his Democratic opponent James H. Webb Jr." The Times notes conservative blogger Dean Barnett "issued a scathing review of a recent 'Meet the Press' debate between Mr. Allen and Mr. Webb. 'For conservatives wishing for Allen to retain his seat, their best hope is that Virginians were otherwise occupied this morning or that the state's NBC outlets were having technical difficulties,' he wrote on the blog hughhewitt.townhall.com, calling the senator's performance 'dreadful.' Mr. Barnett called Mr. Webb a 'nimble and effective' debater and said he is baffled by Mr. Allen's choice to attack Mr. Webb for an article he wrote in 1979 questioning the role of women in the military."

Krauthammer Regards Allen's Jewish Heritage As Irrelevant. In his column for the Washington Post (9/25, A21, 748K) Charles Krauthammer writes Allen "has just been outed as a Jew. An odd turn of events, given that his having Jewish origins has nothing to do with anything in the campaign and that Allen himself was oblivious to the fact until his 83-year-old mother revealed to him last month the secret she had kept concealed for 60 years. Apart from its political irrelevance, it seems improbable in the extreme that the cowboy-boots-wearing football scion of Southern manner and speech should turn out to be, at least by origins, a son of Israel."

GOP "Cautious But Hopeful" About 2006 Races. Time (10/2, Allen, 4.03M) reports in its "Notebook" column that Democrats are hoping a "perfect storm" of voter discontent "will stir a giant wave to sweep the GOP out of the majority. In a recent presentation to top Democrats, pollster Cornell Belcher said the party has its best chance since the Reagan era to win slices of the electorate that have come to be identified with the GOP base, including churchgoers, young white men and Southern men. Frank Newport, editor in chief of the Gallup Poll, sees conditions ripe for an electoral tsunami but says it depends on 'whether Democrats can take advantage of it.'" Nonetheless, the GOP is "cautious but hopeful that it will be able to hang on to its majority. 'The challenges aren't less, but the environment is better,' says [RNC Chairman Ken] Mehlman. 'If you look at the overall picture, this environment is not consistent with a surge election.' In other words, the conditions aren't great, but maybe the Democrats' wave won't be quite big enough to let them surf into power."

Poll Finds Few Voters Paying Attention To GOP Agenda. U.S. News and World Report (10/2, Bedard, 2.03M) reports in its "Washington Whispers" column that new polling shows that the "few voters -- just 29 percent-who are paying attention to the GOP message hate it. A majority-53 percent-of those who've seen, read, or heard about Republican initiatives tell Fabrizio, McLaughlin & Associates that they are less likely to vote Republican. Even fewer Democrats are paying attention, but those who do are more likely to vote D. Tony Fabrizio has the answer for Republicans: Go home and stop bragging on GOP initiatives."

Rove Concerned GOP Congressional Campaigns Aren't Recruiting Enough Volunteers. Newsweek (10/2, Wolffe, 3.12M) reports that Rove is concerned "that some congressional campaigns aren't recruiting as many volunteers as they did last time around. 'You have to constantly replenish people. In some instances it has been done very successfully by some candidates,' he told NEWSWEEK. 'In other instances, it's not been done so well.'"

Democratic Congressional Candidates Suffer From Dearth Of 527 Funds. Roll Call (9/25, Kane) reports, "After pouring hundreds of millions of dollars into Democratic-leaning 527s in the 2004 cycle, wealthy liberal donors have provided only a small fraction of that amount to similar groups focused on the tug of war over the House and Senate in the 2006 cycle. … Only in recent

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weeks have billionaires such as George Soros and philanthropist Linda Pritzker cut checks to organizations expected to launch attacks on GOP House and Senate candidates in the runup to the Nov. 7 elections. And those donations — $120,000 from Soros, $100,000 from Pritzker, both to the liberal group Majority Action, which is targeting House GOP candidates — pale in comparison to the eight-figure sums that those wealthy liberals committed to 527s two years ago. Soros alone gave at least $27 million to 527s in the 2004 campaign, making him a huge part of a well-organized effort led by former Clinton White House deputy chief of staff Harold Ickes. According to most recent filings, Soros has given just $2.3 million this cycle to 527s, and most of that money went to groups that are not active in House and Senate races."

NYTimes Blasts FEC's Oversight Of 527s. The New York Times (9/25, 1.21M), in an editorial, writes, "The Federal Election Commission — the voters' supposed watchdog — continues to shirk its responsibility to rein in shadow party operatives who evade the law by raising unregulated amounts for negative war chests. … Complaints from 2004 about soft money abuses are still being studied 'case by case' by the F.E.C. Such studiousness has been pronounced a 'total failure' by a federal judge who is prodding the commission to write a firm regulation controlling the 527 evasions or explain why not. In ducking the issue, regulators are allowing soft money to ooze into the November elections. They seem determined to keep looking the other way through the next presidential campaign."

NRCC Pressuring Members To Contribute To Battleground Fund. Roll Call (9/25, Davis) reports House Republican leaders "will hold a final fundraising push on Wednesday at the Capitol Hill Club. While the 2006 Battleground program is on target to surpass the $17.5 million goal set by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), leaders are expected to increase pressure on the handful of Members who have yet to fulfill their money commitments through individual meetings, also to be held Wednesday, with Reynolds, Speaker Dennis Hastert (Ill.), and Chief Deputy Majority Whip Eric Cantor (Va.), who is chairing the program this year. … Two senior Members who have yet to meet their contribution targets are Appropriations Chairman Jerry Lewis (Calif.) and retiring Ways and Means Chairman Bill Thomas (Calif.), according to multiple House sources." Roll Call notes Thomas "had only $70,000 in cash on hand remaining in his campaign account at the end of June, while Lewis is sitting on nearly $1.5 million in cash. Both Members also have leadership political action committees, with Lewis' PAC reporting $289,000 as of Aug. 31, and Thomas' PAC reporting $583,000 as of June 30."

Nine Former Democratic House Members Seeking Return To Congress. The Washington Post (9/25, A6, VandeHei, Cillizza, 748K) reports, "Two years after leaving Congress -- at the time, he was certain it was for good –" former Rep. Ken Lucas "is back, asking some of Boone County's richest doctors, lawyers and businessmen to help finance a political resurrection." Lucas "is a courtly and conservative Southern Democrat seeking to oust Rep. Geoff Davis (R) in Kentucky's 4th Congressional District. Lucas, who held this seat from 1998 until his retirement in 2004, is also one of nine Democrats in key House races making another run at a Republican they challenged at least once before. They are the do-it-again Democrats, a key to their party's strategy of winning back the House. The Ohio River Valley is full of them. Across the river in Ohio, Democrat John Cranley is running in the 1st District against GOP Rep. Steve Chabot, who beat him six years ago. In neighboring Indiana's 9th District, former Democratic congressman Baron Hill is challenging Rep. Mike Sodrel, who beat him by about 1,400 votes in 2004. (That race was itself a rematch: Hill had defeated Sodrel in 2002.) Also in Indiana, Joe Donnelly is seeking a do-over in the 2nd District against GOP Rep. Chris Chocola, who defeated him in 2004."

Democrats Work To Retain Two Vulnerable Georgia Districts. USA Today (9/25, Stone, 2.27M) reports Democrats "are in the hunt for 15 seats to gain control of the House. Most of the focus has been on vulnerable GOP incumbents battered by President Bush's unpopularity, the Iraq war and voters in the mood for change. At the same time, Democrats also must protect their own. Of three dozen seats the National Republican Congressional Committee considers competitive, eight are held by Democrats. 'We're on the offense in pursuing those seats,' said Rep. Thomas Reynolds of New York, the House GOP campaign chairman. Democrats are pushing more money toward their 'front line' candidates, including" Rep. John Barrow. According to the USA Today, "The defensive line for Democrats cuts through Georgia, where two of the party's incumbents are in tough races. Barrow and fellow Georgia Democrat Jim Marshall,

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who faces ex-congressman Mac Collins in a neighboring district, are conservative 'Blue Dog' Democrats in a region of Republican red."

Likely First Muslim Congressman Profiled. The Christian Science Monitor (9/25, Paulson, 58K) reports, "When Keith Ellison arrives at the Karmel Square, one of Minneapolis's Somali malls, a rock star might as well be walking by the bustling stalls of bright fabrics, jewelry, phone cards, and videos. … Ellison is one of their own. After his victory in this month's Democratic primary in the Fifth District, he's likely to become the first Muslim elected to Congress. He would also be the first black congressman to come from Minnesota. The distinctions are ones Ellison tries to downplay, always directing conversation back to the issues, but national media and many Minnesotans want to talk of little else."

Rove "Protégés" Playing Major Role In This Year's Elections. Newsweek (10/2, Wolffe, 3.12M) profiles a series on political professionals who "learned from the master, and are applying the lessons in the hottest races ahead. Meet the architect's protégés." They are "a group of admakers, strategists and direct-mailers who learned the craft from" Karl Rove, "the architect of George W. Bush's White House -- and are now shaping some of the hottest races of 2006. Some are in Texas, making money as consultants; some are in Washington, toiling inside the administration or the party. Most of them will be in contact with Rove as Election Day draws near." Newsweek notes that as Rove's time in the White House to an end, he "leaves a legacy well beyond the White House -- in the next generation that he's nurtured, and the campaigning style they share." Former Rove "protégés" include Todd Olsen, who is "is refining Rove's microtargeting techniques for candidates across the country," Terry Nelson, a "senior adviser to Sen. John McCain's political-action committee, " RNC Chairman Ken Mehlman, White House political director Sara Taylor, Scott Howell, "who is running ad campaigns in such hot spots as Missouri, Michigan, Minnesota and Virginia this fall."

Pelosi Said To Be "Tougher Than Many Think." U.S. News and World Report (10/2, Bedard, 2.03M) reports in its "Washington Whispers" column that House Minority Leader Nancy Pelosi is "a lot tougher than many think. In fact a top Republican member tells us that he wishes Dennis Hastert, the likable speaker from Illinois, was as hard on GOP crooks and goof-ups as Pelosi has been on her misfits."

New Independent Political Groups Mobilizing For 2006. Time (10/2, Tumulty, 4.03M) reports that at a new generation of independent political organizations, known as 527s or 501(c)s, have mobilized in recent months. According to Time, "At least three groups -- two that tilt Democratic and one Republican -- are already generating controversy." Time provides a short description of the groups. The group VoteVets is run by Jon Soltz, who served in Iraq in 2003 and "counts among its directors former NATO Commander Wesley Clark and ex-Senator Bob Kerrey, who won the Congressional Medal of Honor in Vietnam, both Democrats." The group aims "to help elect Iraq and Afghanistan veterans to Congress and hold current members of Congress accountable for 'votes and positions that harm America and its troops and veterans.'" Former DNC Chairmen Joe Andrew and Don Fowler are behind the group Majority Action which plans to 'educate the American public about the disastrous record of the current Republican Congress.'" Bob Perry who was responsible for the group Swift Boat Veterans for Truth, is behind the Economic Freedom Fund, which seeks to "educate the public concerning issues related to the preservation of economic freedom, the promotion of economic growth and prosperity."

Elizabeth Edwards Says Husband "Seriously Considering" A Presidential Bid. Time (10/2, Sachs, 4.03M) interviews Elizabeth Edwards, wife of 2004 Democratic vice-presidential candidate John Edwards. Asked about the view that her husband could have beaten President Bush if he had been at the top of the ticket in 2004, Edwards said, "It would be hard for me to say that I didn't think that was true. John was exactly the counterpoint we needed because the President had portrayed himself as somebody in touch with the guy on the corner. What you needed to show the falsity of that was to have somebody who really was in touch with the guy on the corner, who really understood the lives of people who work in factories, people who struggle, people who live middle-class lives built around their children, Saturday or Sunday soccer, and Friday-night football." Edwards was also asked about the possibility of her husband seeking the presidency in 2008. Edwards said, "He's very seriously considering running. One [factor] is my health. He said that if the cancer recurred -- we actually had a scare this

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fall that turned out not to be anything -- he would do what he did before, and draw himself into making me better."

Buchanan Said To Be Spokesman For "Populist Nationalists." Steven Holmes, deputy national editor of the Washington Post (9/25, 748K) reviews Patrick J. Buchanan's new book "State Of Emergency: The Third World Invasion and Conquest of America." According to Holmes, "It's easy to quibble with Buchanan, but it would be a mistake to ignore him. New York Times columnist David Brooks posits that our political landscape is increasingly being defined as a fight between what he terms 'progressive globalists' and 'populist nationalists.' … The latter are distrustful of multinational corporations, conservative in social values, wary at intervening in other countries and angry at immigration and the outsourcing of jobs. Buchanan may be their most articulate spokesman. We would dismiss him and the anger embodied in 'State of Emergency' at our peril."

LATimes Urges Voters To Consider Ballot Initiatives Carefully. The Los Angeles Times (9/25, 918K) says in an editorial, "On Nov. 7, voters here will decide the shape of the state's finances and the health of its infrastructure for decades to come, and will set a course for leadership at a time of unprecedented growth and demographic change. Every election is touted as pivotal, but with an almost unfathomable $46 billion in bond measures on this ballot, and up to $3 billion annually in new taxes, it's hard to dismiss the coming vote as just another day at the ballot box." But "how is a voter to wade through 13 ballot measures, seven statewide races and a seat on the obscure state Board of Equalization without fear of unforeseen consequences? There is no good answer. Ballot propositions, in particular, have become so bloated and misleading that they often defy understanding."

Business Wades Into State Judiciary Races. In a Wall Street Journal op-ed (9/25), Kimberly Strassel of the WSJ editorial board says, "Call it business's revenge, or better yet, business's new political strategy -- one that may prove a rare bright point for conservatives in upcoming elections. Somewhere among the Spitzer campaigns, the endless trial-lawyer suits, and the adverse verdicts in state courts, the corporate world realized it needed to address root causes. Local chambers of commerce and tort-reform groups encouraged businesses to start putting some skin into state elections." This year, "that effort has given rise to a frontal assault aiming to reshape courts and law enforcement offices across the nation." If business coalitions "have their way, Michigan, Ohio, Wisconsin and New Mexico will not be the playgrounds of proto-Eliot Spitzers. N or will the courts of Georgia, Kentucky, Alabama, Michigan, Oregon, Ohio and Illinois make Stephen Breyer proud. The money underlines the commitment: In 2002, spending on state Supreme Court races was $29 million; by 2004 it had jumped to $42 million; this year it's expected to set records." If there's "a godfather of this movement it might be John Engler, who realized early in his 1990s career as Michigan governor that tort reform didn't count for much if state courts routinely struck down new laws."

Producer Sues Clintons Over Campaign Expenditures. The Washington Times (9/25, Seper, 88K) reports Peter F. Paul, a "Hollywood producer who sought to hire President Clinton as a 'rainmaker' has told a California court the former president and his wife, Sen. Hillary Rodham Clinton, cheated him out of a multimillion-dollar Internet venture and he wants his money back. In a complaint to be heard today in Superior Court in Los Angeles…Paul says the scheme was orchestrated by Mrs. Clinton, who convinced him to spend $1.9 million on campaign fundraisers prior to her November 2000 election to the Senate and then reneged on promises to help him on the Internet deal. The 43-page complaint, which also accuses Mr. Clinton and others involved in Mrs. Clinton's 'New York Senate 2000' campaign of taking part in the conspiracy, seeks $30 million in stock losses and $1.9 million in cash."

HSAs Change Consumers' Behavior, But Leave Employers Managing Care. The Wall Street Journal (9/25, A1, Rubenstein, 2.03M) reports on a business that "adopted" a consumer-driven health-insurance plan. The "experience suggests that although information about the price and quality of health care remains sketchy, the…push to make the health-care market more like the market for other services can change consumers' behavior. However, some managers have to turn themselves into instant experts both on health care and on the law." And this newfound knowledge means mangers "might be in for a lawsuit" if he or she "uses health information in firing or demoting an employee -- or is perceived to do so."

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Massive Power Failure In Pakistan Sparks Coup Rumors. The Washington Post (9/25, A16, Constable, 748K) reports, "Panicky rumors of a coup swept through Pakistan on Sunday after a power outage interrupted national television broadcasts and later plunged much of the country into darkness." Because President Pervez Musharraf is traveling in North America, "many Pakistanis speculated that he had been overthrown in absentia." The electricity administration said "that the outage was caused by technical problems and that no sabotage had been involved," and Islamabad "was quiet late into the night" with "no signs of military vehicles or troops in the streets." However, the Post says, "for hours, with power flickering on and off in Islamabad and half the country still without electricity by late evening, rumors continued to swirl of a possible coup against" the president. The Post adds that Musharraf "would be highly unlikely to fall to a military coup, although it has been reported that some of the senior army commanders, who operate as a consensual policy group within the armed forces, are conservative Muslims who disagree with his moderate religious policies."

Haniyeh Says Hamas Will Resume Unity Government Talks. The AP (9/25, Barzak) reports an announcement by Hamas that "it will resume talks on building a governing coalition with moderate President Mahmoud Abbas' Fatah movement, but [Hamas] gave no indication of any move toward compromise on recognizing Israel." Abbas is to meet tomorrow with Prime Minister Ismail Haniyeh "to try to rescue the coalition agreement." Haniyeh "said Sunday that Hamas is still interested in forming a broader government," but he did not "indicate whether Hamas would compromise. Only two days earlier, Haniyeh said he would never head a coalition that recognizes Israel." The AP notes, "Despite their differences, Hamas and Abbas appear to have little choice but to govern together," because "Hamas needs Fatah to win international recognition and restore foreign aid."

Since Lebanon War, Israeli Settler Movement Seeing Revival. The Washington Post (9/25, A1, Wilson, 748K) reports, "The movement to expand Jewish settlements in the West Bank, which only a few months ago appeared to be a divided, waning political force, is experiencing a revival after a summer of war that caused many Israelis to question the wisdom of abandoning more territory. … The settlers' change of fortune stems from Israel's conflicts in the Gaza Strip and southern Lebanon, regions the country had occupied and abandoned in the recent past. Islamic gunmen staged cross-border raids from those areas this summer, capturing three Israeli soldiers who are still being held." The Post adds, "Some Israelis are drawing lessons from the war that have helped vindicate the settlers, whose large financial claim on the national treasury and strident opposition to an independent state for the Palestinians in Gaza and the West Bank have angered many here over the years. Israel occupied those regions in the 1967 Middle East war."

Israeli Economy Remains Strong. The Wall Street Journal (9/25, Corkery, 2.03M) reports, "Overall, Israel's economy proved pretty resilient during the war, considering that rockets rained down on the country for several weeks. … To be sure, Israel's economic picture during the latest war may have been buoyed by the overall health of the global economy. Today, Israel's fortunes are tied much closer to those of the world economy, after having evolved into a leading exporter of high-tech products and services as well as an incubator of entrepreneurs. Many believe the groundwork for today's economy was laid by Benjamin Netanyahu who became finance minister in 2003 and imposed cuts in government spending and reduced the deficit." The Journal adds, "Business leaders say Israel's tech-dominated economy is flexible enough so that during times of conflict, both work and meetings can be shifted outside the country."

Clinton Says Israeli-Palestinian Peace Settlement Would Boost US Image. During his appearance on NBC's Meet the Press (9/24, Russert) former president Bill Clinton was asked, "As you travel around the world, what do people say about the image of the United States?" Clinton answered, "It's generally assumed, I think, in Washington that the problem the American image has is that a lot of people disagree with President Bush and it's basically about Iraq. I think it's a little more complicated. That is, I think it's true that in the Middle East and many places and many independent unaligned countries, they don't necessarily agree with our Iraq policy. But I think it's more the feeling that that's just the most severe example of a country that is more committed to doing what it wants, when it wants, and not listening to other people and working with them whenever possible. … I don't think America has any significant image problems that couldn't be turned around rather quickly with a different way of dealing with people. I also believe that in the Muslim world at least, if

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there were a resumption of serious Israeli-Palestinian peace talks, that would help a lot, because everybody knows that in the end, that situation can't be resolved, in all probability, unless we're involved in a supportive way and what happens after they sign the deal."

UN Troops Said To Be "Treading Lightly" In Lebanon. In a 1,579-word analysis piece titled "UN Force Is Treading Lightly On Lebanese Soil," the New York Times (9/25, Slackman, 1.21M) reports, "One month after a [UNSC] resolution ended [the Israel-Hezbollah war], members of the international force sent to help keep the peace say their mission is defined more by what they cannot do than by what they can. They say they cannot set up checkpoints, search cars, homes or businesses or detain suspects. If they see a truck transporting missiles, for example, they say they can not stop it. They cannot do any of this, they say, because under their interpretation of [UNSCR 1701], they must first be authorized to take such action by the Lebanese Army." The Times says UNSCR 1701's "diplomatic language skirted a fundamental question: what kind of policing power would be given to the international force? The resolution leaves open the possibility that the Lebanese Army would grant such policing power, but the force's commanders say that so far, at least, that has not happened." UNIFIL "is stepping gently as it tries to carve out a role in a country that is feeling its way through the postwar period. It is early in the United Nations mission, but officials say that their most difficult task, and one they are adamant about achieving, is not being drawn into any power struggles between the religious and political factions in Lebanon." The Times says Beirut and the UN "have a similar agenda in trying to win the trust of the Lebanese people and not have the force become a tool of political factions looking to incite domestic conflict. The goal is to be viewed as a peacekeeping force, not an occupier." The enlarged UNIFIL has "stepped into Lebanon at a particularly tense time, as Hezbollah and the American-supported government are jockeying for position and power. If the Lebanese government did decide to expand the responsibilities of the troops now, they would risk turning them into targets of attack. These forces are much better equipped than past forces, and that has people a bit nervous about their mission."

Lebanese Christians March Against Hezbollah. The AP (9/25, Dakroub) reports Samir Geagea, "an anti-Syrian Christian leader, dismissed Hezbollah's claims of victory in its war with Israel as tens of thousands of his supporters rallied Sunday in a show of strength that highlighted Lebanon's sharp divisions." The AP says "the two sides have been at sharp odds over the future of the Lebanese government since this summer's Israeli-Hezbollah war," and yesterday Geagea "scoffed at Hezbollah leader Sheik Hassan Nasrallah's declaration that his guerrillas achieved 'a victory' against Israel." He "rejected Nasrallah's vow to keep his weapons, saying the guerrilla group was blocking the establishment of 'a strong and capable (Lebanese) state' for which Nasrallah was calling," and he "implicitly accused [Hezbollah] of running 'a state within a state' in south Lebanon."

Ahmadinejad Says Regime Change Will Not Happen In Iran. U.S. News and World Report (10/2, Omestad, 2.03M) reports that Iranian President Mahmoud Ahmadinejad "used his visit to New York to try to put a resolute-but-unthreatening face on Iran's aims -- at an acutely delicate moment in the US-led drive to get the UN Security Council to impose sanctions on Iran. … Still, he grew steely-eyed in reply to a question from US News about the Bush administration's apparent preference for 'regime change' in Iran. Ahmadinejad had heard that 'on numerous occasions,' he said, but insisted that it would never happen. 'They are not able to do that,' he said." Ahmadinejad "also professed disappointment that President Bush didn't respond to his meandering, 21-page letter this spring or to his challenge to a debate at the United Nations." US News adds that Ahmadinejad "dismissed Bush's calls for Iranian democracy, insisting that Iran already enjoys one that 'is actually very sublime.'"

Ahmadinejad Says US Believes It Owns The World. Newsweek (10/2, Weymouth, 3.12M) interviews Ahmadinejad. Asked if his country would stop enriching and reprocessing activities, he said, "Why should we agree to that? There is no such provision in the NPT [Nuclear Non-Proliferation Treaty]." Asked if it would be in Iran's interest to move toward a normal relationship with the US, Ahmadinejad said, "We are interested in having talks with everyone...but the US administration -- that is, a section of the U.S. administration -- does not create the right circumstances. They believe that they own the entire world, so they speak from that position, looking down at us. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. [A country] that has actually produced and

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used nuclear bombs cannot claim that they now want to stop proliferation."

Intel Profile Says Ahmadinejad Sees World In Black And White. U.S. News and World Report (10/2, Omestad, 2.03M) reports, "Ahmadinejad remains a bit of a mystery to official Washington. A US intelligence profile, U.S. News has learned, depicts him as seeing the world 'in very black-and-white terms' yet also possessing the capacity to 'change quite quickly.'"

Iranian Clerics May Move To Expand Their Hold On Power. The New York Times (9/25, Fathi, 1.21M) reports, "Political jockeying by fundamentalist Iranian clerics for the coming election of the Assembly of Experts, the group charged with overseeing the country's supreme leader, is raising concerns that the government will move further toward authoritarianism. As in the last elections for the assembly eight years ago, the watchdog Guardian Council has barred reformist clerics." This year, "some clerics and some newspapers have been suggesting that a senior fundamentalist cleric who is President Mahmoud Ahmadinejad's mentor, Muhammad Taqi Mesbah Yazdi, may be trying to expand his already growing power by packing the assembly with loyalists trained at his education center in Qum. … Some analysts say the competition this year is likely to be between Mr. Mesbah Yazdi and Ali Akbar Hashemi Rafsanjani, a former president who packed the assembly elected in 1990 and 1998 with traditional clerics with whom he had influence."

Zakaria Urges Bush To Offer To Open Embassy In Teheran. Fareed Zakaria writes in the Washington Post (9/25, A21, 748K), "Watching Ahmadinejad at a private meeting last week, I was struck by how little he conformed to the picture of a madman. He was smug, even arrogant, sometimes offensive, but always calm and intelligent. If we're going to outsmart him, we need clever, compelling arguments of our own. Instead we have tended to threaten, bully and intimidate. No wonder he's winning the public diplomacy." Zakaria adds, "One way to change the game is to play to our strengths. Iran's hard-liners don't want good relations with the United States. Iranians have been taught for a generation now that Washington hates them, doesn't want relations with their country and tries to isolate them in the world. What if President Bush publicly offered to open an embassy in Tehran and begin student exchanges with young Iranians? In a country that is yearning for contact with the outside world, it might put the mullahs on the defensive."

ABC World News (9/24, story 9, 2:20, Harris) reported, "As you probably noticed, the gathering of world leaders last week at the united nations was marked by an avalanche of criticism of President Bush. The leader of this critical bloc was the President of Iran, who said his country will never bow to the will of the US. But what does the average Iranian think about the relationship between the two countries?" ABC (Sciutto) added, "Today, the Iranian voices heard most often around the world, sound like this -- the chants of 'Death to America,' in Tehran. Of defiance of President Ahmadinejad at the UN this week. But when we traveled to Iran recently, we found more common ground. … American culture is still popular here. And so are Americans themselves. But not President Bush."

Scholar Says Pyongyang Planning To Step Up Production Of Nuclear Weapons Fuel. The New York Times (9/25, Kahn, 1.21M) reports, "North Korea plans to step up production of fuel for nuclear weapons unless the United States drops financial sanctions and returns to negotiations over its nuclear program, an American scholar with ties to North Korean leaders said Sunday. The scholar, Selig S. Harrison, a longtime Korea specialist based in Washington, said top North Korean officials whom he met with last week told him they intended to unload fuel rods at their Yongbyong reactor and extract plutonium for nuclear bombs earlier than had been expected." Harrison "quoted Kim Kye-gwan, the vice foreign minister of North Korea, who is overseeing its participation in the stalled six-nation negotiations, as saying that the fuel rods would be unloaded this fall."

Broad Coalition Lobbying For Passage Of US-India Energy Agreement. The Wall Street Journal (9/25, Wonacott, 2.03M) reports with "the fate of a landmark nuclear pact between the U.S. and India hinging on an imminent Senate vote, Ron Somers isn't leaving its outcome to chance." Somers, "an American businessman whose career has tracked India's economic opening over the past 15 years, is spearheading a late-stage lobbying blitz to coax the deal across the finish line. After seeing one Indian energy venture after another, including two of his own, strangled by bureaucracy and political turf wars, Mr. Somers believes the nuclear-power pact represents the key to unlocking India's huge economic potential -- and the billions of dollars in business opportunities that would follow for U.S.

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companies." The US-India Business Council in Washington, "of which he is president, is working with a broad coalition of U.S. companies, academics and Indian-American groups to shepherd final congressional passage of a pact President Bush and Indian Prime Minister Manmohan Singh agreed to in March. The deal's proponents believe it will knit together two big democracies in a strategic bond and a rich economic relationship." As the "number of days dwindles before Congress breaks, Mr. Somers and a disparate group of allies have coordinated visits, letters and teleconferences to expedite the Senate vote. The House has approved its version of the bill."

Indian Affirmative Action System Reverses Castes. The Washington Times (9/25, Nelson, 88K) reports, "Years of affirmative action have upended India's caste system to the point where some upper-caste Brahmins are reduced to working as porters and pedaling rickshaws, while almost half the places in universities will soon be reserved for lower castes and tribal people." India's "version of affirmative action has gradually taken hold over the past 50 years, designed to bring justice to those who were long oppressed by the Hindu caste system. Now the government, using data from a caste census taken in 1931, is on its way to increasing the number of university admissions reserved for lower castes and tribal people to 49.5 percent from 22.5 percent." Demonstrators "say the quota system will squelch merit in India's most respected universities and further fracture Indian society. More protests are expected when Parliament reconvenes for the winter session."

Islamic Militia Seizes Seaport In Somalia. The AP (9/25, Farah) reports, "Hundreds of Islamic militiamen in heavily armed trucks took over the southern town of Kismayo, one of the last seaports that had been outside their control in Somalia, witnesses said Sunday. … The peaceful takeover was the latest blow to Somalia's virtually powerless government." The country's defense minister, Col. Barre "Hirale" Aden Shire, "had been a leading member of the Juba Valley Alliance that had been ruling Kismayo and was among those who fled."

Natsios Expects Difficult Mission As Darfur Envoy. USA Today (9/25, Slavin, 2.27M) reports the Bush Administration's "new envoy to Sudan said his mission to try to stop the genocide in Darfur will be a daunting assignment." Andrew Natsios, a former director of the US Agency for International Development, "said his new job will be 'one of the most difficult I've had.' In an interview Friday, he compared it to his work on Boston's 'Big Dig.'" Natsios was "chairman and chief executive officer of the Massachusetts Turnpike Authority for a year. In 2000, he was brought in to try to get the calamity-plagued bridge and tunnel project on track." Natsios said "his first task will be to convince the Sudanese government to stop bombarding rebel villages in Darfur and allow the deployment of United Nations peacekeepers in the western Sudanese region, which is the size of France."

NATO Seen As Possible Alternative To UN Peacekeeping Force In Sudan. In a Wall Street Journal op-ed (9/25), Kurt Bassuener and Eric A. Witte of the Democratization Policy Council say, "The Sudanese genocide in Darfur is on a faster track than the diplomacy hoping to stop it. True, the Aug. 31 United Nations Security Council resolution to replace the African Union's underpowered observer force in Darfur with a stronger U.N. mission of over 17,000 troops clearly worries the Sudanese regime. But its fear that the world may finally summon the will to intervene forcefully has led to Khartoum's initial decision to expel and now try to co-opt the AU's ineffectual force. The regime seems to bet that by wiping out rebels and accelerating the genocide this fall, it can preclude any intervention." The Security Council's "insistence on walking through an open door rather than displaying the will to kick it down gives Sudan an effective veto over any force deployment. China and Russia, for reasons of oil, arms, and precedent would no doubt veto Security Council authorization of a deployment unless Sudan consents." But "coercing the necessary Sudanese consent and convincing likely resisters on the Security Council to demur, as U.S. Secretary of State Condoleezza Rice hinted at Friday, is possible if the West moved outside the U.N. framework. NATO could rapidly alter the strategic and diplomatic equation by creating a no-fly zone and denying Sudanese control over Darfur's skies. It wouldn't be the first time for NATO to stop ethnic cleansing 'unilaterally.'"

State Department Apologizes For Treatment Of Venezuelan Official. ABC World News (9/24, story 10, 0:20, Harris) reported, "The Venezuelan foreign minister said he was illegally detained at New York's Kennedy airport. US officials have apologized but they said the ruckus started because the minister was late and had no ticket."

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NBC Nightly News (9/24, story 9, 0:35, Seiganthaler, 9.87M) reported, "Venezuela's Foreign Minister is blasting the US during an incident at New York's Kennedy airport. The diplomat, who accompanied Venezuelan president Hugo Chavez at the UN General Assembly last week, reportedly arrived late for a flight without a ticket. He was held 90 minutes for questioning. The Foreign Minister accused the US of illegally detaining him and treating him abusively."

The Washington Times/AP (9/25, James) reports US officials "called the Saturday evening incident regrettable and said they had apologized to Foreign Minister Nicolas Maduro. But Mr. Maduro said Venezuela would seek a legal challenge through the United Nations to what he called a 'flagrant violation of international law' and his diplomatic immunity." Department of Homeland Security spokesman Russ Knocke "denied that Mr. Maduro was mistreated at John F. Kennedy International Airport when he was selected for an extra security check."

Chavez Believes His Destiny Is To "Put The Brakes" On Bush. Time (10/2, Padgett, 4.03M) reports that Venezuelan President Hugo Chavez "believes it's his destiny to be the leftist David who puts the brakes on what he calls Bush's imperialist Goliath -- not just in Venezuela, which has the hemisphere's largest oil reserves, but in Latin America and the world." Chavez's "rhetorical excesses, like his antics at the UN, allow his critics to dismiss him as a buffoonish pretender. It was a sign of how badly his act played in New York City last week that even Democratic Representative Charles Rangel, a harsh critic of Bush's, went out of his way to tell Chávez that 'you don't come into my country, you don't come into my congressional district and...condemn my President.' Yet the problem for the Bush Administration is that while many Americans recoil, much of the rest of the world applauds."

Chavez Says Bush Wants To Be "Master Of The World." In a separate story, Time (10/2, Padgett, 4.03M) interviews Chavez. Asked why he attacks President Bush in such "jolting language," Chavez said, "I believe words have great weight, and I want people to know exactly what I mean. I'm not attacking President Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words -- with bombs. When I say these things I believe I'm speaking for many people, because they too believe this moment is our opportunity to stop the threat of a US empire that uses the UN to justify its aggression against half the world. In Bush's speech to the UN, he sounded as if he wants to be master of the world. I changed my original speech after reading his." Asked if his feelings about Bush reflect his feelings about America in general, Chavez said, "No. I revere America as the nation of Abraham Lincoln, Martin Luther King and Mark Twain -- who was a great anti-imperialist, who opposed US adventurism in the Spanish-American War."

Chavez Said To Use Oil Wealth Contrary To Nation's Interest. In a Wall Street Journal op-ed (9/25), Alvaro Vargas Llosa, director of the Center on Global Prosperity at the Independent Institute, says Chávez "buys influence through oil. It is a form of blackmail: At OPEC, Chávez fights for increasing prices, making life hard for poor countries that import oil, and then offers those very nations oil subsidies they have no choice but to accept. That is what happened with the 14 Caribbean countries that make up the Caricom group. He also sends 100,000 barrels of oil to Cuba daily; and 200,000 barrels to Bolivia every month in exchange for soy, poultry and political subservience. And he has bought $3 billion worth of Argentine bonds to entice President Kirchner's loyalty. Chávez is denying his nation its wealth from oil, somewhere between $40 billion and $50 billion a year. His annual 'aid' budget totals more than $2 billion. He sponsors 30 countries, including some in Africa, in order to buy their vote for a seat at the U.N. Security Council."

Despite Scandal And Missteps, Brazil's Silva Likely To Cruise To Reelection. The New York Times (9/25, Rohter, 1.21M) reports that a year ago, Brazilian President Luiz Inácio Lula da Silva "was on the ropes, his support and legitimacy sapped by the biggest corruption scandal in Brazil's modern history. But with Brazilians scheduled to vote Oct. 1, he now seems likely to cruise to a landslide re-election victory anyway." The turnaround "is a result of several factors, political analysts say, like generous patronage and social programs that have buoyed the president's standing. Simple voter weariness with hearing about corruption day after day has also clearly played a part." But at "least as important is the bedrock of support for Mr. da Silva, 60, the country's first elected left-wing president, among the nation's poor, like those here in the northeast." Recent polls "have showed Mr. da Silva hovering around the 50 percent of the vote he would need to avoid an Oct. 15 runoff. His closest challenger, Geraldo Alckmin of the Brazilian Social Democratic Party, has been trailing far behind, with fewer than 30 percent of voters questioned saying they will vote for him."

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Mugabe's Party Wants Two Year Delay For Presidential Elections. The New York Times (9/25, Wines, 1.21M) reports Zimbabwe's "governing political party wants to postpone national presidential elections to 2010 from 2008, potentially giving the nation's longtime leader, Robert G. Mugabe, an extra two years in office, the state-controlled news media reported Sunday." The proposal "quickly drew speculation that the government was seeking to buy time before the vote so it could try to resuscitate the economy, which is in a state of collapse, and settle an increasingly bitter struggle within the ruling party over who will succeed Mr. Mugabe once he retires or dies." Mugabe "has suggested but never confirmed that he would retire at the end of his current term as president. Several leaders are jockeying to succeed him within his governing party, the Zimbabwe African National Union-Patriotic Front, or ZANU-PF, but no clear favorite has emerged." Because ZANU-PF "dominates Parliament and is entrenched in the government, any proposal to delay elections is virtually certain to be approved."

Pope To Meet With Muslim Leaders. ABC World News (9/24, story 4, 2:20, Harris) reported, "Tomorrow, Pope Benedict will hold the first of a series of summit meetings with Muslim leaders. This is the first part of a public offensive, designed to quiet anger over the Pope's comments about Islam and violence." ABC (Wright) added, "Today, Pope Benedict paid tribute to an Italian nun who was recently shot to death in Somalia. It's not clear if the murder of Sister Leonella Sgorbati was a direct result of Islamic anger at the Pope. Today, Benedict said her sacrifice showed 'the victory of love over hate and evil,' a Christian virtue. But the Pope made no direct mention of the controversy still swirling in the Islamic world, or of tomorrow's summit." Over the "past week, the church has bent over backwards to appease Muslim anger. An unprecedented effort for an institution that took centuries to apologize for the Crusades. The Pope has said three times he regrets the offense his speech caused. And he has reiterated his deep respect for Islam." Tomorrow, "20 envoys from Muslim countries will attend a meeting at Castle Gandalfo, the Pope's summer residence."

NBC Nightly News (9/24, story 6, 2:15, Miller, 9.87M) reported, "Muslim ambassadors will meet with the Pope on Monday. They may call for him to retract his remarks in order to get relations back on track. And this meeting might be one of his last chances to heal the rift with Islam. Already some Islamic organizations have canceled all contact with the Vatican. A freeze on relations announced at a mosque in Cairo, the center of Sunni Islam. The boycott despite the Pope saying he was deeply sorry for offending Islam when he used a 14th century quote, accusing Mohammed of using the sword to spread the faith." But Muslim ambassadors "will hear the Pope express regrets but no retreat on his stance that violence in the name of God is unacceptable."

Lack Of Central Islamic Authority Noted. In a USA Today op-ed (9/25), Jonah Goldberg of National Review Online says, "What the Muslim world needs is a pope. Large, old institutions such as the Catholic Church have the 'worldliness' to value flexibility and tolerance, and the moral and theological authority to clamp down on those who see compromise as heresy."

Schumer, Graham Say China Needs To Address Currency Issue. In a Wall Street Journal op-ed (9/25), Sens. Charles Schumer and Lindsey Graham say, "Unfortunately, the Chinese government intervenes in the market to keep its currency, the yuan, artificially low, which allows China to artificially inflate its exports and reduce its imports. Their continued manipulation is a form of protectionism, and it throws the whole global trading system out of balance." Three years ago, "we grew frustrated with the pace of China's reforms, and we introduced a bill that would impose a temporary tariff of 27.5% on all Chinese imports unless China agreed to play by the rules. Our bill was carefully crafted to not impose tariffs immediately, giving the parties time to negotiate an alternative. In addition, the president would retain the right to delay the tariff for up to two years. Neither of us wants the tariff to become law; our goal all along has been to send a shot across China's bow and prod them to play fair." Senior Administration officials "concede that our bill has helped strengthen their hand in negotiations." The senators say that while they "appreciate that China's banking system is not yet ready for a fully floating currency, but we also agree with most mainstream trade economists that gradual currency appreciation is possible without disrupting their 'harmonious society.' We have been patient and reasonable, but the time for patience has run out." Unfortunately, the Chinese "appear to be content with the status quo. Their exports to the United States create millions of Chinese jobs and have allowed China to become the second-largest holder of U.S. government bonds in the world.

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They have no reason to change unless we send a very strong message that the status quo is not acceptable."

WSJournal Praises Wolfowitz Effort To Tie World Bank Aid To Transparency. The Wall Street Journal (9/25, 2.03M) says in an editorial, "You might think the biggest objections to a World Bank anticorruption push would come from, say, corrupt poor countries in danger of losing international aid. In fact, it's such donor nations as Britain, France and Germany -- and bureaucrats at international aid agencies -- that seem to be complaining the loudest. Welcome to the upside-down world of development aid, where a country's actual use (or misuse) of money is much less important than how much it receives. Paul Wolfowitz, who took over as head of the World Bank last year, wants to change this paradigm, which won't be easy. At an annual meeting of bank officials in Singapore last week, European elites let it be known that they much prefer a lending system that gives lip service to ending graft but in fact turns a blind eye to corrupt government officials on the receiving end of billions of dollars in foreign aid."

WPost Says Japanese Right Wing Too Willing To Ignore WWII Crimes. The Washington Post (9/25, A20, 748K) says in an editorial, "Postwar Japan has oscillated between two kinds of error. Its left wing has been honest about the past but irresponsible about the present: It has shown remorse for atrocities committed by Japanese troops in East Asia in the 1930s and 1940s but has been reluctant to see Japan emerge from its pacifist shell and contribute to international security. Meanwhile, the right has made the opposite mistake: It has pushed for Japan to take more responsibility for defense but has glossed over Japan's war guilt. Since becoming prime minister in 2001, Junichiro Koizumi has tended to make the right-wing mistake. His newly chosen successor, Shinzo Abe, threatens to do the same -- but more dramatically." Abe "needs to recognize that forthright policies in the present must be underpinned by forthright honesty about the past."

WSJournal Criticizes EU For Targeting New Microsoft Operating System. The Wall Street Journal (9/25, 2.03M) says in an editorial, "Europe was expected to try a new approach to monopoly cases when Neelie Kroes took over as EU antitrust chief two years ago. Finding creative ways for Brussels to assail Microsoft isn't what most people had in mind. The latest dust-up concerns the software giant's newest incarnation of the Windows operating system, dubbed Vista. Microsoft is now scrambling to decide whether it should ship the program to Europe along with the rest of the world later this year, or delay to avoid upsetting the European Commission. After the EU fined Microsoft half a billion euros in 2004 for alleged antitrust violations with Windows, and another €280.5 million ($356.8 million) earlier this year for failing to comply with its vague and ever-changing orders, Ms. Kroes has warned Microsoft not to cross the line with Vista. The problem is figuring out what that line is." The Commission "is all but certain to nail Microsoft once Vista comes out, based on some unknowable notion of what is and isn't permissible."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Two Deaths Were A 'Clue That Something's Wrong.'"
"ID Theft Infects Medical Records."
"Army Warns Rumsfeld It's Billions Short."
"The Comeback Game Of The Year."
"Dishing the Dirt In Jakarta."
"Under A Big Sky, They Turn RVs Into Dodges."

USA Today:

"Army Explores Issue Of Living Wills As More Return From War In Comas."
"Wal-Mart Grows 'Green' Strategies."
"Voters Get A Say On Land Rights."

New York Times:

"In Tiny Courts Of New York, Abuses Of Law And Power."
"Unit Makes Do As Army Strives To Plug Gaps."
"A Senator Bets on Party's Clout In Pennsylvania."
"U.N. Force Is Treading Lightly On Lebanese Soil."
"As Iraqi Lights Flicker, 'Generator Man' Feels Heat."
'Bouquet O Roses May Have Note: 'Made In China'."

Washington Post:

"Anthrax Analysis In 2001 Attacks Widens."
"War Turns the Tide For Israeli Settlers."
"For Bush, Emotions On War Kept Private For Bush."
"WWI Soldier Comes Home At Long Last."
"Cook the Books, Get Life In Prison."
"Bloodied But Unbowed."

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Washington Times:
"Army Considers More Combat Units For Iraq."
"Producer Accuses Clintons Of 'Looting'."
"Brunell's Record Response."
"Messages To Vanish In Virtual Vapors."
"Death Penalty Sought Against D.C. Man."
"Affirmative Action In India Flips caste Roles."

Detroit Free Press:
"Party Time!"
"Voters With A Free Spirit."
"French Question Worth Of Alliance."
"Michigander Joins O.J. Simpson Saga."

Houston Chronicle:
"Race Puts Spotlight On Mega-Donor Trend."
"A Timeout From The Aftermath."
"Advertisers Are Getting The Message Texting Is In."
"Time To Sound The All-Clear?"
"Fury Over Fastow's Role Seems To be Subsiding."

Story Lineup From Last Night's Network News:
ABC: Iraq War Report; Iraq-Sectarian Violence; FOX News Clinton Interview; Heavy Rains Bring Flooding; California Wildfires; Benidict Meets Muslim Leaders; Political Churches; Campus Fires; Venezuela Official Held-JFK; Lebanese Dogs; Saving A River.
CBS: Preempted By Football.
NBC: Iraq Report-Terrorism Increase; Bin Laden May Still Live; Fox News Clinton Interview; Benedict Meets Muslim Leaders; Heavy Rains Bring Flooding; California Wildfires; E. Coli Outbreak No Terrorist Links; Falwell Under Fire; Iranians View Of America; Venezuela Official Detained-JFK; Saints Return-New Orleans Super Dome.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq War-US Intel Report; East St. Louis-Three Children Found Dead; E-Coli Outbreak; Gas Prices.
CBS: Iraq War-US Intel Report; Schoomaker Withheld Army Budget; Gas Prices; TX-Hurricane Rita Aftermath; East St. Louis-Three Children Found Dead.
NPR: Iraq War-US Intel Report; Sri Lanka-Sea Battle With Separatists; Ecuador-Bus Accident; CA-Wildfire; TX-Hurricane Rita Aftermath; E-Coli Outbreak; Gas Prices.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with business leaders on Lebanon Private Sector Initiative; attends a Connecticut Republican Party Victory reception, Private residence, Riverside, Conn.; participates in a Tour of Meyer Tool, Inc., Meyer Tool, Inc. Cincinnati, Ohio; makes a Statement on the Economy, Meyer Tool, Inc. Cincinnati, Ohio.; attends a Mike DeWine for US Senate and Ohio Victory 2006 reception, private residence, Cincinnati.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Wisconsin Victory 2006, Pfister Hotel, Milwaukee; speaks at a rally for the Michigan National Guard; speaks at a reception for senatorial candidate Michael Bouchard and Michigan Victory 2006, Private residence, East Grand Rapids, Mich.

LAURA BUSH — Speaks at the President's Global Cultural Initiative Launch, East Room.

US Senate: FLOOR SCHEDULE _ 2 p.m. Meets for morning business. At 5:30 p.m., votes on confirmation of a Federal judge.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m. meets for legislative business.

Other: PAKISTANI PRESIDENT MUSHARRAF _ No public schedule.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 2 p.m. Speaks at the Wilson Internal Center for Scholars on Afghanistan 5 years after 9/11. 5:30 p.m. Speaks at Georgetown University and is presented with a Doctor of Laws degree. Gaston Hall, 3rd floor Healy Hall, on campus.

AIR FORCE EXPO _ Air Force Association holds Air & Space Conference 2006 and Technology Exposition. Highlights: 11 a.m. Northrup Grumman holds a media briefing on Global Hawk. Northrup Grumman conference room at the hotel. Event contact: Cynthia Curiel, 858-518-9722. 1 p.m. Address by Secretary of the Air Force Michael W. Wynne. 2 p.m. Professional Development Forums, with James Nicholson, Secretary of Veterans Affairs; others. Location: Marriott Wardman Park Hotel, Washington.

FIREPOWER 2006 _ Institute for Defense and Government Advancement holds Firepower 2006, focusing on the newest weapons and equipment, as well as the future of munitions. Highlights: Firepower Technology Day, highlighting Small Target Tracking Sensors, precision and schematics. Location: Hilton Washington/Silver Spring, 8727 Colesville Road, Silver Spring, Md.

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HEALTH INFORMATION TECHNOLOGY _ The eHealth Initiative and Bridges to Excellence co-sponsor the Third Annual (HIT) Health Information Technology Summit for national, regional and state healthcare decision makers, who will consider emerging policy changes related to both quality and HIT emerging from the Administration, Congress, the 50 states, and the private sector. Highlights: 9:15 a.m. Keynote Address by Mark McClellan, MD, Administrator, Centers for Medicare and Medicaid Services, Former Commissioner, Food and Drug Administration. Location: Renaissance Washington Hotel, 999 9th St. NW.

DEMOCRACY PROMOTION _ 9 a.m. - 6 p.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) will host a daylong conference, ``Defending the Gains? Transatlantic Responses When Democracy Is Under Threat. The conference is sponsored by the SAIS Center for Transatlantic Relations, the European Studies Centre at the University of Oxfords St. Antonys College and the University of Paris Ils Centre Thucydide. Location: Kenney Auditorium, first floor of the schools Nitze Building, 1740 Massachusetts Ave. NW.

NO CHILD LEFT BEHIND _ 9 a.m. The Commission on No Child Left Behind holds its final hearing on the top issues and concerns about NCLB. Witnesses include Deputy Education Secretary Raymond Simon, NEA President Reg Weaver, AFT President Edward McElroy, Michael Casserly of the Council of the Great City Schools, Edison Schools CEO Chris Whittle, others. Location: Morton Auditorium, 805 21st St. NW.

SUPREME COURT-TERM _ 9 a.m. - 11 a.m. Georgetown Law's Supreme Court Institute holds annual press briefing on cases coming before the high court this term. Prof. Susan Low Bloch will moderate. Location: Gewirz Student Center, 12th floor, 120 F St. NW.

FRIST-SUDAN _ 9:15 a.m. Senate Majority Leader Bill Frist meets with Special Envoy to Sudan Andrew Natsios. Location: Room S-230, Capitol.

HEALTH CARE _ 9:30 a.m. The Citizens Health Care Working Group (CHCWG) will issue a report demonstrating consensus among Americans for public policy that ensures all Americans, regardless of their financial resources or health status, have affordable health care coverage. Location: National Press Club, First Amendment Room.

WORKER CERTIFICATION _ 10 a.m. The National Association of Manufacturers holds a news conference to announce a certification program for skilled production employees. Location: National Press Club.

EMPLOYER HEALTH INSURANCE _ 11:30 a.m. Americas Health Insurance Plans (AHIP) will release the largest and most comprehensive survey undertaken of the small employer health insurance market. The survey of AHIP member companies offering coverage in the small-group health insurance market includes premium and benefit data from more than 650,000 small businesses (those with 50 or fewer employees), covering 4.0 million workers and 3.2 million dependents. Location: 601 Pennsylvania Ave. NW, Suite 500.

MILITARY COMMISSIONS _ 11:30 a.m. There will be a news briefing on military commissions legislation, with Major General John Batiste, USA (Ret.), commanded the First Infantry Division in Kosovo and Iraq; Peter Bauer served as an active-duty interrogator in the US Army 1986-97; Colonel Dwight H. Sullivan, USMCR, Chief Defense Counsel at the Office of Military Commissions; and Dr. Allen Keller, Associate Professor of Medicine at New York University School of Medicine and Director of the Bellevue/NYU Program for Survivors of Torture. Location: Room 2200, Rayburn House Office Building.

FDA FUNDING _ 12 p.m. A coalition of leading patient, consumer and industry groups announce the creation of a new advocacy group to support the mission and funding of the Food and Drug Administration. The coalition also will release the findings of a recent poll regarding consumer attitudes toward the FDA. Participants include Tommy G. Thompson, former HHS secretary; Michael Jacobsen, executive director, Center for Science in the Public Interest; and industry and patient advocacy group officials. Location: National Press Club.

SPECTER SPEECH _ 12:30 p.m. Sen. Arlen Specter addresses National Press Club luncheon. Location: National Press Club, 14th and F Sts. NW.

DEMOCRATS-IRAQ _ 1:30 p.m. The Senate Democratic Policy Committee holds an oversight hearing on planning and conduct of the War in Iraq. Organizers say witnesses will include retired high-ranking military officers who served in Iraq in key leadership positions.Among those scheduled to testify are Major General John R.S. Batiste, U.S. Army (Ret.); Major General Paul D. Eaton, U.S. Army (Ret.); and Colonel Thomas X. Hammes, USMC (Ret.). They will assess the policy decisions and military strategy that have

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characterized the war effort over the past three years. Location: Room 138, Dirksen Senate Office Building.

MEDIA OWNERSHIP _ 2 p.m. The Rainbow PUSH Public Policy Institute holds a forum on media ownership policy, content and Congress, with Rev. Jesse Jackson, FCC Commissioners Michael Copps and Jonathan Adelstein, others. Location: 727 15th St. NW. 8th floor.

UN-DEMOCRACY _ 3 p.m. The New America Foundation holds a discussion with Deputy Assistant Secretary of State Mark Lagon on the United Nations and democracy. Location: 7th floor, 1630 Connecticut Ave. NW.

CATO-CAPITALISM _ 4 p.m. Cato Institute forum on ``Divergent Paths in Post-Communist Transformation: Capitalism for All or Capitalism for the Few?" With Oleh Havrylyshyn, University of Toronto; Ambassdor Janusz Reiter, Embassy of Poland. Location: 1000 Massachusetts Ave. NW.

HOMELAND SECURITY _ 5 p.m. A Homeland security conference convenes. Location: Room H-140, Capitol.

KOREA-JAPAN-US _ 6:30 p.m. The School of Advanced International Studies holds a program with Michael Green of CSIS on the relationship of Korea and Japan affects U.S. policy in that region. Location: Room 806, 1619 Massachusetts Ave. NW.

PORTMAN-RETIRED CEOS _ 6:30 p.m. OMB Director Rob Portman delivers remarks to the Council of Retired Chief Executives. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

HELEN THOMAS-BOB SCHIEFFER _ 7 p.m. Journalists Bob Schieffer and Helen Thomas discuss Washington politics and power at Ford's Theatre event, held in conjunction with ongoing production of ``State of the Union." Location: Ford's Theatre.

MILITARY TRIBUNALS _ 7:30 p.m. Georgetown University Law School holds a forum, ``Guantanamo and the Rule of Law: Military Tribunals and the Geneva Conventions." Panelists are: Neal Katyal, Georgetown University Law Center and lead attorney, Hamdan v. Rumsfeld; Philip Zelikow, Counselor, Department of State; Deborah Pearlstein, director, U.S. Law and Security Program, Human Rights First; and Col. Lawrence J. Morris, Chief, Army Trial Defense Service. Location: Georgetown University Law Center, Hart Auditorium - McDonough Hall, 600 New Jersey Ave. NW.

NEGROPONTE _ 7:45 p.m. National Intelligence Director John Negroponte speaks at the Wilson Center's Board and Council dinner about the science and technology challenge of intelligence reform. Location: 6th floor dining room, Wilson Center, Reagan Trade Building.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 25, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

White House Rejects Conclusions Of NIE On Iraq And Terrorism. The disclosure of the National Intelligence Estimate report on the war in Iraq and its impact on terrorism received heavy play on Sunday's network political morning talk shows and evening newscasts, and is getting prominent coverage in newspapers this morning. ABC World News (9/24, 2:40, Harris) led its program by reporting that "parts of what was supposed to be a classified report on global terrorism are now coming to light." The report, which "represents the views of the country's 16 intelligence agencies," has "very blunt findings about the war in Iraq and its consequences." It says the "threat of terrorism is greater now than it was before September 11th, because the Iraq war is creating new violent extremists." ABC (Morrell) said Democrats "quickly seized on the leaked report," but the White House said the "leaked portion of the intelligence estimate is not representative of the entire document."

NBC Nightly News (9/24, 2:30, Seiganthaler, 9.87M) also led with the report, saying it says the "Iraq war has actually increased the threat of terrorism and has helped al Qaeda recruit a new crop of Islamic extremists. This has prompted the White House to once again defend the war and its tracking down terrorists." NBC News terrorism analyst Michael Sheehan said, "The only thing surprising about this report is it took it three years to figure out that the Iraqi war was inflaming jihadis around the world." NBC (Jordan): "Today the White House wouldn't comment on the classified report, but say media accounts don't tell the complete story. In a statement, Director of National Intelligence John Negroponte criticized the media reports: 'The conclusions of the intelligence community are designed to be comprehensive and viewing them through the narrow prison am of a fraction of judgments distorts the broad framework they create.'"

The Los Angeles Times (9/25, Serrano, 918K) reports the White House "sharply disagreed" with the NIE, with spokesman Peter Watkins saying the Bush Administration's view is that "much of the radical fundamentalists' deep anger at the U.S. and Israel goes back generations and cannot be linked to the U.S. invasion and occupation of Iraq. 'Their hatred for freedom and liberty did not develop overnight,' Watkins said. 'Those seeds were planted decades ago.'" He also said the Administration "has sought in Iraq to root out hotbeds of terrorism before they grow."

The Washington Post (9/25, A4, 748K) reports Negroponte said the conclusion that the Iraq war has exacerbated terrorism "is only 'a fraction of judgments'" in the NIE. In a statement, he said, "While there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat. The conclusions of the intelligence community are designed to be comprehensive, and viewing them through the narrow prism of a fraction of judgments distorts the broad framework they create."

Democrats Seize On NIE. The New York Times (9/25, Shenon, Mazzetti, 1.21M) leads its coverage with the Democratic response, with lawmakers saying the NIE "demonstrated that the Bush administration needed to devise a new strategy for its handling of the war." Republican Congressional leaders "did not dispute the accuracy of the reports about the intelligence estimate, although they continued to defend the American presence in Iraq." USA Today/AP (9/25, Pickler) also focuses on the Democratic response, saying the party "hoped the report would undermine the GOP's image as the party more capable of handing terrorism as the campaign enters its final six-week stretch."

House Intelligence Committee Ranking Democrat Jane Harman said on CNN's Late Edition (9/24, King), "If it is believed -- and I think it is widely believed, not just this NIE, which remains a classified document -- that Iraq is making the world less safe…the President should not be saying we're turning the corner in Iraq."

AFP (9/24, Millikin) called the NIE "a political bombshell six weeks before national elections" in which Republicans may end up "possibly losing control of both houses of Congress." McClatchy (9/25, Hutcheson) also focuses on the political element, saying that the NIE, which "contradicts President Bush's claim that the war in Iraq has made America safer," also "casts doubt on the Republican campaign strategy for the November elections."

McCain Says US "Difficulties" In Iraq Have "Emboldened" Terrorists. Sen. John McCain, appearing on CBS' Face the Nation (9/24, Schieffer), asked what he knows about the NIE, said, "I know nothing about it. I'm not on the Intelligence Committee, so that kind of information isn't shared with me. I think that it's obvious that the difficulties we've experienced in Iraq have certainly emboldened -- lack of success always does that. … But I think I would argue that we need to prevail in Iraq and that, if we fail, then our problems will be much more complicated. But if it wasn't Iraq, it would be Afghanistan. If it wasn't Afghanistan, it would be others that they use would as a method of continuing their recruitment."

Frist Says He Has Not Been Given Access To NIE. Senate Majority Leader Bill Frist, on ABC's This Week (9/24, Stephanopoulos), said of the NIE, "It's a classified report and

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I haven't read it, and I did read the front page of the New York Times." Asked why he hadn't read it, Frist answered, "Because it's a classified report and it just hadn't been presented to us. …. It hasn't been given to me. … At some point, I guess it'll be presented to us."

Specter Calls Iraq "Focal Point" For Inspiring Radicalism. Appearing on CNN's Late Edition (9/24, King) Senate Judiciary Chairman Arlen Specter said, "I'm very concerned about the intelligence report that I read about in The New York Times this morning. And I'm even most concerned about the part which said that the Administration had intelligence briefings in early 2003 before the war in Iraq was started. And my feel is that the war in Iraq has intensified Islam fundamentalism and radicalism. And I think it is a bigger problem. … But I think there is a much more fundamental issue as to how we respond. And that is what we do with the Iraq war itself. That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to."

White House Blamed For Allowing Detainee Dispute To Linger. Roll Call (9/25, Stanton) reports, "While much of the attention on last week's intraparty Republican dispute over the interrogation of terror suspects focused on a standoff between the White House and moderate Senate Republicans, Congressional Republicans and Democrats say the Bush administration's continued misreading of Capitol Hill had at least as much to do with the scuffle. … In late July, sources said," Senate Majority Leader Bill Frist "pressed the White House to propose legislation before lawmakers left for the August recess, so that talks could begin during the break and allow the worst of the infighting to occur while the public wasn't focused on Congress. … 'Sending the bill up before the August recess would have likely locked in the three Senators who ultimately decided to head their own way,' a senior GOP aide said." According to Roll Call, a "White House spokeswoman said the timing of the bill was strictly a matter of the issue's complexity. 'This is something that's never been done before,' the spokeswoman said, adding that at the time of the August recess, the White House was still in the process of consulting with Members of Congress and other legal experts. 'At the beginning of August the cake hadn't been fully baked,' the spokeswoman said."

Bush Urged To Uphold Geneva Conventions. The New York Times (9/25, 1.21M) Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America, writes, "on the streets of Baghdad, I saw countless insurgents surrender when faced with the prospect of a hot meal, a pack of cigarettes and air-conditioning. America's moral integrity was the single most important weapon my platoon had on the streets of Iraq. It saved innumerable lives, encouraged cooperation with our allies and deterred Iraqis from joining the growing insurgency. But those days are over. America's moral standing has eroded, thanks to its flawed rationale for war and scandals like Abu Ghraib, Guantánamo and Haditha. The last thing we can afford now is to leave Article 3 of the Geneva Conventions open to reinterpretation, as President Bush proposed to do and can still do under the compromise bill that emerged last week."

In another op-ed for the New York Times (9/25, 1.21M) Arthur Hadley, former assistant executive editor at The New York Herald Tribune, writes, "I'm pleased that President Bush has said he will enforce the letter and spirit of the Geneva Conventions. I hope he stays true to his word. My great respect for the conventions developed not from afar, but from the ground, in the Second World War, at the dirty-boot level, where the bullet meets the soldier. … I've seen firsthand the power of Geneva Conventions, both to compel surrenders and to broadcast, for the world, our determination to live up to our highest ideals."

McCain Cites Interrogation Techniques Barred Under Compromise Legislation. The Washington Post (9/25, A5, Smith, 748K) reports Sen. John McCain, "said yesterday that he believes a compromise bill embraced by party leaders and the White House will bar some of the most extreme techniques said to have been used by the CIA." McCain "named three measures that he said would no longer be allowed under a provision barring techniques that cause serious mental or physical suffering by U.S. detainees: extreme sleep deprivation, forced hypothermia and 'waterboarding,' which simulates drowning." According to the Post, "McCain's remarks were unusual because public officials involved in the lengthy public debate about U.S. interrogation practices have rarely made specific references to the CIA's actions. … 'It's clear we have to have the high moral ground,' said McCain…on CBS's 'Face the Nation.'"

McConnell Blasts Democrats For "Sitting On The Sidelines" During Detainees Debate. The Washington Times (9/25, Hurt, 88K) reports Senate Majority Whip Mitch McConnell "on Friday took issue with" Minority Leader Harry Reid "over his comments earlier in the week that Democrats were 'on the sidelines watching the catfights' among Republicans on terrorism legislation. 'The minority leader indicated that they were sitting on the sidelines during our internal discussion about how best to craft this proposal,' the Kentucky Republican told reporters gathered in his office. 'I don't think sitting on the sidelines in the war on terror is a good idea. We have to have as much bipartisan cooperation as possible.'"

Specter Opposes Habeas Corpus Provision. The AP (9/25, Pickler) reports Sen. Arlen Specter, chairman of the Senate Judiciary Committee, "said Sunday he has a problem with the Republican agreement on rules for the interrogation and trial of suspects in the war on terror." Specter "said

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Sunday he 'vigorously' disagrees with the habeas corpus provision of the bill. The provision would allow legal counsel and a day in court to only those detainees selected by the Pentagon for prosecution. Other terror suspects could be held indefinitely without a hearing." On CNN's Late Edition (9/24, King) Specter said, "the Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion."

The Washington Times (9/25, Waterman, 88K) notes, "In advance of hearings on the issue today, Mr. Specter pointed out that habeas petitions to the federal courts by detainees at the U.S. Naval Base Guantanamo Bay, Cuba, had been the basis of the U.S. Supreme Court cases that forced the administration to revise the rules for their treatment and their trial by military commission. Congress had punted on the issue, he said, calling the matter 'too hot to handle.' 'The federal courts just have to be open' to these cases, he said."

Extension Of Habeas Corpus Rights To Detainees Seen As "Dangerous." In an op-ed for the USA Today (9/25, 2.27M) James S. Robbins, senior fellow on national security affairs at the American Foreign Policy Council, writes, "We didn't try prisoners during WWII. Why should we start now? Extending the rights of habeas corpus to individuals detained during the war on terrorism would be an unnecessary and dangerous step. … Some have observed that the detainees potentially face lifetime detention if hostilities continue, but this is because their leaders refuse to end their jihad against the United States."

Officials Skeptical Of Report That Bin Laden Is Dead. The Financial Times (9/25, Arnold, Bokhari) reports, "A leaked French intelligence report claiming Saudi Arabia's secret services had confirmed the death of Osama bin Laden, the leader of the al-Qaeda terrorist network, met with widespread scepticism on Sunday. Saudi, Pakistani, US and western officials all said they were unable to confirm the death of the world's most wanted man." The "frantic speculation" was sparked by publication of "a leaked report from the DGSE (France's foreign intelligence agency) by the French regional newspaper L'Est Républicain on Saturday."

ABC World News (9/24, story 2, 0:30, Harris) reported, "A flurry of speculation about whether Osama bin Laden might be dead is quieting down. The French Foreign Minister says as long as he knows, bin Laden is still alive."

USA Today (9/25, 2.27M) quotes Secretary of State Condoleezza Rice saying, "No comment, no knowledge." British Prime Minister Tony Blair, asked in a BBC interview "whether he could shed light on the report," said, "No, I can't. I haven't heard anything that indicates that might be the case."

Karzai Says Bin Laden Hasn't Been In Afghanistan For Five Years. The AP (9/25, Klug) reports, "Afghan's president asserted on Sunday that Osama bin Laden has not been in his country since being chased out after the Sept. 11 attacks five years ago. But Hamid Karzai acknowledged that the al-Qaida leader's exact location is unknown." Karzai told CNN, "He has never been in our country after Sept. 11, after the strikes against him, after we chased his organization out of Afghanistan."

US Intelligence, Analysts Say Bin Laden, Al Qaeda Threat Diminished. The AP (9/25, Reid, Buzbee) reports, "The threats came in a blizzard around the anniversary of the Sept. 11 attacks -- a series of videos from al-Qaida's No. 2 warning of more strikes to come." But "US intelligence agencies and many private security analysts doubt al-Qaida or its elusive leader, Osama bin Laden, still maintain much if any operational control over far-flung terror cells." They "see no sign of a direct al-Qaida hand in a flurry of recent attacks, such as the assault on the US Embassy in Damascus, Syria, or the fatal shooting of a British tourist in Jordan. … All that means those frightening videos may have been just that -- designed to frighten the West and inspire followers -- with little real punch behind them."

Clinton Lashes Out At Fox's Wallace After Questioning On Bin Laden. In a widely discussed appearance on Fox News Sunday (9/24) former president Bill Clinton took issue with host Chris Wallace's question regarding his Administration's failure to "connect the dots" and put Osama bin Laden and al Qaeda "out of business" during the 1990s. Clinton responded, "I will answer all those things on the merits, but first I want to talk about the context in which this arises. I'm being asked this on the Fox network. … And I think it's very interesting that all the conservative Republicans, who now say I didn't do enough, claimed that I was too obsessed with bin Laden. All of President Bush's neo-cons thought I was too obsessed with bin Laden. They had no meetings on bin Laden for nine months after I left office." Clinton continued, "They ridiculed me for trying. They had eight months to try. They did not try. I tried. So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, Dick Clarke, who got demoted. So you did Fox's bidding on this show. You did your nice little conservative hit job on me." Later in the interview Clinton returned to the subject, saying: "I worked hard to try to kill him [bin Laden]. I authorized a finding for the CIA to kill him. We contracted with people to kill him. I got closer to killing him than anybody has gotten since. And if I were still president, we'd have more than 20,000 troops there trying to kill him. Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq. …. And you've got that little smirk on your

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face and you think you're so clever. But I had responsibility for trying to protect this country. I tried and I failed to get bin Laden. I regret it. But I did try. And I did everything I thought I responsibly could."

ABC World News (9/24, story 3, 0:45, Harris) reported Clinton "responded very angrily to questions about his Administration's failure to kill bin Laden." The Washington Post's Howard Kurtz (9/25, C1), in his "Reliable Source" column, reports Wallace "said that he was stunned when Bill Clinton accused him of a 'conservative hit job' after he challenged the former president on his record in fighting terrorism. 'I thought it was a fair, balanced and not especially inflammatory question,' Wallace said yesterday."

NBC Nightly News (9/24, story 3, 2:50, Taibbi, 9.87M) reported, "It's been a debate that picked up steam in recent weeks because on the fifth anniversary of 9/11, and Clinton said, because of the ABC movie about 9/11 that he said, used made-up scenes that suggested he let bin Laden get away." NBC consultant Roger Cressey "said Clinton came within hours of killing bin laden in 1998." Cressey: "This is popular myth now that there were multiple opportunities to kill bin Laden and somehow the Clinton Administration cowered in the corner and refused to take the shot. That's just garbage." NBC added, "But all many will remember is that a former President became so irked on a morning talk show."

USA Today/AP (9/25) reports Wallace "said Sunday that he was surprised by Clinton's 'conspiratorial view' of 'a very non-confrontational question.'"

The Washington Times (9/25, Pfeiffer, 88K) reports, "In the heated exchange, he also accused Mr. Wallace of shifting his questions away from a promised discussion of the former president's Clinton Global Initiative project. … Video excerpts of the interview first surfaced on the Internet on Friday. The Drudge Report Web site, www.drudgereport.com, provided readers a link to part of the interview, headlined, 'Purple Faced Rage.'"

Clinton Criticizes US Spending on Iraq War. On NBC's Meet the Press (9/24, Russert) Clinton was asked if the $300 Billion the US has spent on the Iraq War could have been spent more effectively elsewhere, Clinton replied, "I think there's no question that's true. I think it could have been spent more effectively in Iraq. I mean, we still don't know what happened to about $9 billion of it. … We could have had more troops in Afghanistan to secure a moderate Muslim, pro- American, pro-Western government. It could have kept the Taliban from coming back across the border. It could have intensified the hunt for Bin Laden. It could have paid for all the 9/11 recommendations on homeland security and it could have helped us build a world with more partners and fewer terrorists by investing in education in Pakistan, so the kids go to public schools instead of the madrasas, and a thousand other things we could do."

Clinton Says Rove Perpetrated A "Shell Game" With DHS Vote During 2002 Campaign. Former president Bill Clinton was asked on Fox News Sunday (9/24, Wallace) to clarify comments he made that were quoted in the New Yorker concerning campaign tactics advocated by White House advisor Karl Rove. Clinton said, "I don't blame Karl Rove. If you've got a deal that works, you just keep on doing it. … Every even-numbered year, right before an election, they come up with some security issue. In 2002, our party supported them in undertaking weapons inspections in Iraq and was 100 percent for what happened in Afghanistan, and they didn't have any way to make us look like we didn't care about terror. And so, they decided they would be for the homeland security bill that they had opposed. And they put a poison pill in it that we wouldn't pass, like taking the job rights away from 170,000 people, and then say that we were weak on terror if we weren't for it. They just ran that out. This year, I think they wanted to make the questions of prisoner treatment and intercepted communications the same sort of issues, until John Warner and John McCain and Lindsey Graham got in there." Clinton added, "We could be hurt by Karl Rove's new foray if we just don't make it clear that we, too, care about the security of the country. … But Rove is good. And I honor him. I mean, I will say that. I've always been amused about how good he is, in a way."

On NBC's Meet the Press (9/24, Russert) Clinton repeated his depiction and analysis of Rove's strategy in 2002, stating, "what they were able to do in 2002 was a great shell game. I mean, you've got to give Karl Rove political credit. I mean, they were against the homeland security bill for eight and a half months. Then they decided they were for it. … So they said 'we'll just take all the job rights away from a 170,000 federal employees and then when they don't support this bill, we'll say if you're not for this bill just the way we wrote it, you obviously don't want to protect America from terror.' And, you know, a lot of people bought it, but I think it's because we didn't effectively address it. In other words, Mr. Rove and the Republican leaders now and his predecessors to Mr. DeLay, all these guys, they are in business to beat us. They believe in what they are doing."

Canadians Told FBI That Suspect Deported To Syria Was Not Linked To Al Qaeda. The New York Times (9/25, Shane, 1.21M) reports, "When the United States sent Maher Arar to Syria, where he was tortured for months, the deportation order stated unequivocally that Mr. Arar…was a member of Al Qaeda. But a few days earlier, Canadian investigators had told the F.B.I. that they had not been able to link him to the terrorist group." The Times notes, "A close reading of the Arar Commission report offers a rare window on American actions in the case, describing seemingly flimsy evidence behind the American decision in 2002 to send Mr.

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Arar to a country notorious for torture; a deliberate attempt by American officials to deceive Canada about where Mr. Arar was; and lingering confusion among top American officials about the two countries' roles in the case." DOJ spokeswoman Tasia Scolinos said that "the United States government 'removed Mr. Arar in full compliance with the law and all applicable international treaties and conventions.'"

German Prosecutor Considers Filing Charges Over CIA Rendition. Newsweek (10/2, 3.12M) reports in its "Periscope" column, "As many as 20 CIA officials and contractors could face legal charges in Germany for their alleged role in the abduction of Khaled el-Masri, a German national once wrongly suspected of involvement with 9/11 conspirators, German officials say. Amid new disclosures last week by a German TV show, a Munich prosecutor confirmed to NEWSWEEK that he is conducting a probe into the people who carried out the abduction -- an inquiry that could soon lead to arrest warrants."

FBI Probe Slows Contributions To Michigan Muslim Charity. Describing the Michigan-based Islamic charity Life for Relief and Development as "an international Muslim humanitarian organization that is active in Iraq and Afghanistan and has partnered with the U.S. government," the AP (9/25, Karush) reports in a widely-distributed story, "Just as the holy month Ramadan…has many Muslims thinking about their religious obligation to give alms, the investigation of the prominent Islamic aid group has prompted fears that giving to charity could bring scrutiny from the government." The AP notes, "Daniel Roberts, special agent in charge of the FBI's Detroit field office, said he could not comment on the case because the matter is sealed. But he said agents were acutely aware of the approaching holy month and would have preferred to conduct the search earlier. 'I would just ask that you give the government the benefit of the doubt,' he said" at a Wednesday meeting with Dearborn Arab-Americans. "Roberts declined a request by some in attendance to issue a statement reassuring Muslims that they could still donate to the organization."

HOMELAND RESPONSE:

Chemical Plant Security Compromise Expected To Win Approval. The Wall Street Journal (9/25, A2, Rogers, 2.03M) reports despite accusations from Democrats that Republicans engaged in "'backroom' pre-election deal favoring the majority's business contributors," a compromise on chemical plant security is expected to be approved by House-Senate negotiators Monday evening "as part of a $34.8 billion homeland security bill slated to go quickly to President Bush." The chemical bill "mirrors an agreement reached last week between Sen. Susan Collins (R., Maine), who chairs the Senate Homeland Security and Government Affairs Committee, and her House counterpart, Homeland Security Chairman Peter King (R., N.Y.). … However unhappy with elements of the deal, key Democrats look reluctant to kill what is still a first step toward their goal of addressing chemical-security hazards."

NYTimes Says Plants Will Not Be Safe Under Current Plan. Under the headline "Chemical Plants, Still Unprotected," the New York Times (9/25, 1.21M) editorializes that if the current compromise goes through, "national security will be the loser. The federal government is spending extraordinary amounts of money and time protecting air travel from terrorist attacks. But Congress has not yet passed a law to secure the nation's chemical plants, even though an attack on just one plant could kill or injure as many as 100,000 people. The sticking point has been the chemical industry, a heavy contributor to political campaigns, which does not want to pay the cost of reasonable safety measures." The Times states, "It is outrageous that something as important as chemical plant security is being decided in a back-room deal. It is regrettable that Susan Collins, Republican of Maine, the chairwoman of the committee that produced the Senate bill, does not carry enough influence with her own party's leadership to get a strong chemical plant security bill passed."

TSA To Reduce Registered Traveler Fee. USA Today (9/25, 3A, Frank, 2.27M) reports the TSA "is backing off its plan to require" a fee of "nearly $200 a year" to participate in the Registered Traveler program. "The move comes days after representatives of companies seeking contracts to manage special security lines made their case for lower fees to TSA chief Kip Hawley at his offices in Arlington, Va. The companies said a $200 annual charge could deter millions of people and some airports from signing up for the Registered Traveler program, which could begin in several airports this year." The agency "lowered to $30 from $100 the fee it plans to charge each person it approves to use Registered Traveler security lines. Travelers would pay an additional $80 or so a year to companies that enroll them, produce fingerprint-embedded ID cards and manage the lines at airports."

The Wall Street Journal (9/25, A7, Meckler, 2.03M) reports, "TSA spokeswoman Amy Kudwa said the change was made 'based on further analysis and public feedback.' That feedback included a meeting Wednesday between TSA chief Kip Hawley and the companies that want to provide the program at airports, who pressed TSA to roll back the fee, said Steven Brill, chief executive at Verified Identity Pass Inc., which has begun advanced registration of passengers in four airports."

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FBI's Initial Theories Regarding 2001 Anthrax Attacks Proved Incorrect. The Washington Post (9/25, A1, Lengel, Warrick, 748K), in a front-page story, reports, "Five years after the anthrax attacks that killed five people, the FBI is now convinced that the lethal powder sent to the Senate was far less sophisticated than originally believed, widening the pool of possible suspects in a frustratingly slow investigation. The finding, which resulted from countless scientific tests at numerous laboratories, appears to undermine the widely held belief that the attack was carried out by a government scientist or someone with access to a U.S. biodefense lab." The FBI "has assigned fresh leadership to the case -- Special Agent Ed Montooth -- and retains a full-time investigative force of 17 agents and 10 postal inspectors." The post notes that "officials have publicly identified only one 'person of interest,' and that was more than four years ago. Steven J. Hatfill, a former Army scientist, has denied wrongdoing and has never been charged. He is suing the Justice Department, alleging that officials leaked false information about him that caused great harm."

Hard-Hit Areas Still Recovering One Year After Hurricane Rita. USA Today (9/25, 3A, Gomez, 2.27M) reports, "It was one year ago Sunday that Rita roared into the Texas-Louisiana border and devastated a swampy, brackish area dotted by wooden houses built long before hurricane building codes existed. About 100 people died either during the storm or trying to escape from it -- including 23 seniors who died in a bus blaze during the chaotic evacuation of Houston. Although Katrina cost more in lives and damage, Rita swamped a broad area" and "forced what could be the largest evacuation in US history." Meanwhile, in the areas hard-hit by Rita, people "believe the storm's timing -- hitting just four weeks after Katrina -- is a big reason why that recovery has taken so long."

WAR NEWS:

Bush Has Met Privately With 1,1149 Relatives Of Dead Service Members. The Washington Post (9/25, A1, Baker, 748K) reports that "more than five years after the attacks of Sept. 11, 2001," President Bush "has served as a wartime president longer than any occupant of the White House since Lyndon B. Johnson. He "has presided over more US military casualties than any since Richard M. Nixon. While he travels the country defending his policy and arguing to stay the course in Iraq, he also confronts the human burdens of wartime leadership." The Post adds, "The two sides of Bush as commander in chief can be hard to reconcile. His public persona gives little sense that he dwells on the costs of war. He does not seem to agonize as Johnson did, or even as his father, George H.W. Bush, did before the Persian Gulf War. While he pays tribute to those who have fallen, the president strives to show resolve and avoid displays that might be seen as weak or doubting. His refusal to attend military funerals, while taking long Texas vacations and extended bicycle rides, strikes some critics as callous indifference." However, "the private Bush comes across differently in the accounts of aides, friends, relatives and military family members who have met with him, including some who do not support him. … For those who have suffered losses in the wars he initiated, Bush prefers to offer comfort in private. He writes letters to families of those killed, visits soldiers at military hospitals and meets with relatives of the dead. Altogether, according to the White House, Bush has met with 1,149 relatives of 336 dead service members. These sessions generate little attention because the White House bars journalists, but some relatives have described them."

Two US Marines Killed; Sectarian Violence Continues In Iraq. NBC Nightly News (9/24, story 2, 0:25, Seiganthaler, 9.87M) reported, "In Iraq, military officials report the death of two US Marines in western Anbar Province. There was more violence across that country even as the prime minister urged Muslims to put aside their differences during the holy month of Ramadan. A bombing left six people dead. Another 14 were killed by car bombs and gunfire."

Army Considers More Combat Units For Iraq. The Washington Times (9/25, Scarborough, 88K) reports, "The Army is studying whether to add more combat units to the rotation plan for Iraq and is considering accelerating the deployments for some brigades to meet [Gen. Abizaid's] decision to keep more than 140,000 troops in the country through at least the spring of 2007, Pentagon officials say. Rather than planning for a big drawdown of 30,000 Army soldiers and Marines this year to a level of 100,000, as field commanders had expected, the two services are now trying to figure out how to keep the equivalent of two extra divisions, or 40,000 troops, in Iraq." The Army "is facing more demand for troops at a time when military analysts say it is nearly stressed to the breaking point." Secretary Rumsfeld "has rejected calls from Gen. [Barry] McCaffrey and other retired generals to increase what is referred to as the authorized end strength approved by Congress each year. Instead, he opted for authorizing the Army a temporary increase of 482,000 to 512,000 active-duty soldiers."

McCain Advocates Sending Additional 20,000 Or 30,000 Troops. On CBS' Face the Nation (9/24, Schieffer), Sen. John McCain commented, "I still think we need more troops over there [Iraq]. I noticed that, quote, 'maintaining

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troop levels' is basically a troop increase. I worry about neglecting Anbar Province, the real hotbed and base of a lot of terrorist activities." Asked how many additional US troops ought to be sent to Iraq, McCain said, "20,000 or 30,000. But they have to be the right kind of troops. But having said that, the fundamental problem…[is]…we've got to expand -- and should have five years ago, six years ago, -- expand the Army and the Marine Corps."

Talabani Says Iraqi Army Could Be Fully Trained In Two Years. The Washington Post (9/25, A21, 748K) prints a "Newsweek-Washington Post" interview of Iraqi President Jalal Talabani by Lally Weymouth. Asked "when should the US troops leave," Talabani said, "In seven provinces, the American army has withdrawn. The Iraqi army is replacing American forces in many cities. We hope that at the end of this year we will be able to control 12 provinces. We will remain in need of the American and coalition forces until we've trained our army and will be able to face terrorism and defeat it. … I think within two years we will be able to train our army and have the capacity to face terrorism. ... The presence of American forces -- even a symbolic one -- will frighten those who are trying to interfere in our affairs." He also said, "Iraq is not in chaos. There are many provinces that are calm -- where people live in prosperity."

US Soldiers Say Iraqi Troops A Hindrance To Security Efforts. The Washington Times/AP (9/25, Castaneda) reports, "Senior US commanders have hailed the performance of Iraqi troops in the crackdown on militias and insurgents in Baghdad. But some US soldiers say the Iraqis serving alongside them are among the worst they've ever seen -- seeming more loyal to militias than the government." That "raises doubts whether the Iraqis can maintain order once the security operation is over and the Americans have left. It also raises broader questions about the training, reliability and loyalty of Iraqi troops -- who must be competent, US officials say, before America can begin pulling out of Iraq."

Talabani Says Media Only Focuses On Negative Side Of Iraq. Newsweek (10/2, Weymouth, 3.12M) interviews Iraqi President Jalal Talabani. Asked about Americans' discouragement with the situation in Iraq, Talabani said, "The media focuses only on the negative side of Iraq. We have problems with security, but we have big achievements and victories. People are enjoying a new kind of democracy: they are enjoying freedom of expression, of organization, and of having their own television and radio. We have liberated the economy from the control of the state. Now the private sector is active everywhere. We have 18 provinces, and at least 12 of these are quiet and calm. All over Iraq, schools are open." Asked about the assessment of two leading US generals that there is a civil war going on in Iraq, Talabani said, "This is not civil war. This is terrorist activity concentrated on Iraq by Al Qaeda and other extremists."

Time Reporter Describes Losing His Hand In Iraq. In its cover package, Time (10/2, 4.03M) excerpts the book Blood Brothers by Time senior correspondent Michael Weisskopf, who lost a hand while covering the war in Iraq. In the book, Weisskopf "weaves his own tale of losing a hand in Iraq with the stories of three soldiers who also spent time at Amputee Alley, Ward 57 of Walter Reed Army Medical Center in Washington." Time also excerpts sections of Weisskopf's book in which he chronicles the recoveries of three amputees he met at Walter Reed.

Iraqi Factions Agree To Debate Federalism. The Washington Post (9/25, A18, Paley, 748K) reports, "Iraq's fractious political parties reached a deal Sunday meant to prevent the country from splintering into a federation of three autonomous zones until at least 2008. The agreement forestalled concerns that the debate over federalism, a vague concept enshrined in the constitution but defined differently by various political groups, could cause the country's fragile multi-sect government to collapse." A plan to rapidly consider partition was "adamantly" opposed by Sunni Arabs. This weekend's deal calls for Parliament to "form a 27-member committee [today] to review the constitution and then introduce the Shiite measure on creating federal regions" later this week. "The federalism law would not take effect for at least 18 months after it is enacted, the parliament members said," who "emphasized that the issue remains unresolved."

USA Today/AP (9/25, Abdul-Zahra) says Sunni Arabs "have fought the federalism bill, fearing it will splinter the country and deny them a share of Iraq's oil," however, Sunnis "agreed to a legislative debate after all parties accepted a Sunni demand that a parliamentary committee be set up to study amending the constitution." The compromise "opened the way for Iraq's communities to move ahead politically and solve an impasse that threatened to further sour relations between them. If left unresolved, the deadlock could have further shaken Iraq's fragile democracy and led to more sectarian violence." The New York Times (9/25, Oppel, Al-Saiedi, 1.21M) reports "the fight is at the heart of one of the most critical and divisive issues in Iraq: whether Shiites in the south will be able to form semi-independent regions, like Kurdistan in the north, that would control their own security as well as billions of barrels of oil." The Los Angeles Times (9/26, Smith, Rasheed, 918K) runs a similar report.

Iraqis Vent Anger Over Blackouts On "Generator Man." The New York Times (9/25, Semple, 1.21M) reports that Iraqis' grievances about power outages

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"will gather in a single cloud of fury and swoop down on one target: the generator man, probably the most vilified figure in Iraqi society after Saddam Hussein." The generator man is "owner and operator of the neighborhood power plant. Throughout Baghdad, for example, there is at least one generator every few blocks to help power nearby homes and businesses." Iraqis complain about unreliability and poor service, while generator men point to difficult operating conditions.

3rd ID Labors Under Strains Of Iraq. The New York Times (9/25, Cloud, 1.21M) reports in a deeply pessimistic article, "The pressures that the conflict in Iraq is putting on the Army are apparent amid the towering pine trees of southeast Georgia, where the Third Infantry Division is preparing for the likelihood that it will go back to Iraq for a third tour. Col. Tom James, who commands the division's Second Brigade, acknowledged that his unit's equipment levels had fallen so low that it now had no tanks or other armored vehicles to use in training and that his soldiers were rated as largely untrained in attack and defense." Schedules have been detrimentally compressed: "After coming from Iraq in 2003, the Third Infantry Division was sent back in 2005. Then, within weeks of returning home last January, it was told by the Army that one of its four brigades had to be ready to go back again, this time in only 11 months. The three other brigades would have to be ready by mid-2007, Army planners said."

UK Troops In Iraq Allegedly Traded Weapons For Cocaine. The Washington Post (9/25, A18, Jordan, 748K) reports, "A newspaper in Britain [Sunday Times] reported Sunday that British soldiers had smuggled stolen guns out of Iraq and exchanged them on the black market for cocaine. A spokesman for the Defense Ministry said Sunday that soldiers [of the 3rd Battalion, Yorkshire Regiment] had been investigated for the 'unlawful possession' of weapons and that prosecutors would decide whether there was enough evidence to file charges." The charges "come at a time of heightened focus on military misconduct, including reports of increasing drug use among troops in Afghanistan and Iraq."

Herbert Demands "Due Process" For Bilal Hussein. In the New York Times (9/25, 1.21M), columnist Bob Herbert says of detained AP photographer Bilal Hussein, "Mr. Hussein, an Iraqi hired by The A.P., was taken into custody by U.S. forces in Ramadi last April 12. As in many similar cases, U.S. officials have been saying — without disclosing evidence to back up their comments — that he had improper ties to the insurgents. But neither the Americans nor the Iraqis have officially charged Mr. Hussein with anything." Herbert warns, "It's one thing for tyrannical regimes like the old Soviet Union and Communist China to bulldoze the very idea of human rights and human decency by engaging in such atrocities as detention without trial, torture and other forms of state terror. It's something else completely when the United States, the greatest symbol of liberty that the world has ever known, begins to head down that hellish road."

Taliban Said To Be Surging In Afghanistan. Newsweek (10/2, Moreau, Yousafzai, Hirsh, 3.12M) reports on the resurgence of the Taliban in Afghanistan. Newsweek reports that "the religious zealots who harbored Osama bin Laden before 9/11 -- and who suffered devastating losses in the US invasion that began five years ago next week -- are surging back into the country's center." Taliban guerrillas "have filled a power vacuum that had been created by the relatively light NATO and US military footprint of some 40,000 soldiers, and by the weakness of Afghan President Hamid Karzai's administration." NATO officials "say the Taliban seems to be flush with cash, thanks to the guerrillas' alliance with prosperous opium traffickers." Newsweek adds that "the harsh truth is that five years after the U.S. invasion on Oct. 7, 2001, most of the good news is confined to Kabul, with its choking rush-hour traffic jams, a construction boom and a handful of air-conditioned shopping malls. Much of the rest of Afghanistan appears to be failing again."

NATO Describes Airstrikes In Afghanistan. The AP (9/25, Faiez) reports, "NATO forces killed more than 60 suspected insurgents the last several days in an increasingly volatile southern Afghan province while suffering no casualties, the military alliance said Sunday. Afghanistan's Ministry of Defense said 40 Taliban fighters were killed by NATO airstrikes that 'completely destroyed' a militant base in the district of Grishk on Saturday. ... A NATO helicopter, meanwhile, fired on about 20 insurgents attacking a NATO patrol in neighboring Naw Zad district Friday, killing 15 of the rebels."

Kerry Criticizes Bush's Policy In Afghanistan. In the Wall Street Journal (9/25, 2.03M), Sen. John Kerry writes, "We cannot allow Afghanistan to become a terrorist stronghold and a staging ground for attacks on America. If Washington seems to have forgotten Afghanistan, it is clear the Taliban and al Qaeda have not." Kerry faults the administration and prescribes changes: "Somehow, we ended up with seven times more troops in Iraq -- which even the administration now admits had nothing to do with 9/11 -- than in Afghanistan ... we must change course -- starting with the immediate deployment of at least 5,000 additional U.S. troops. ... We must also redouble our reconstruction efforts. ... Finally, we must use economic leverage to ensure the Taliban no longer finds sanctuary and recruits in Pakistan. Last year we gave Pakistan only $300 million in economic support, about what we spend in a day in Iraq."

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Gardez Killings, Involvement Of Special Troops Investigated. The Los Angeles Times (9/25, Pyes, Sack, 918K) reports in the 4,654-word part 2 of its investigative story on the unreported deaths of two Afghans who ran afoul of the ODA 2021 Green Berets. One was shot while another was allegedly tortured to death while detained. The unit's "missions and tactics became markedly more aggressive after [Chief Warrant Officer Kenneth C.] Waller took charge of the Special Forces detachment in February 2003, a month before the questionable deaths in Wazi and Gardez. He recently had been reassigned from another Special Forces unit, where some of his men complained that his gung-ho leadership style put them at unnecessary risk." Two superior officers said that "neither death was reported up the chain of command." The UN mission UNAMA did not report one detainee's allegedly torture-caused death "for at least 13 months," while US officials say UNAMA "never reported" it to them. The provincial governor "helped conceal the mistreatment" of the dead detainee. The Army's Criminal Investigation Command has been investigating the cases "for two years."

Issues Posed By Troops' "Catastrophic" Injuries Explored. USA Today (9/25, 2.27M), in a pair of articles discusses problems posed by troops surviving "catastrophic" injuries that would have killed their predecessors. In one article, USA Today (9/25, Zoroya, 2.27M) reports, "A growing number of troops are returning from Iraq and Afghanistan with severe brain damage, prompting the Army to examine whether living wills or other care directives from soldiers ought to be available to battlefield doctors. ... From January 2003 through July, the Pentagon identified at least 250 troops who returned from war with head wounds that left them — at least initially — comatose or unable to care for themselves or respond to people. Brain injuries, most from roadside bombs, are the signature wound of the Iraq war."

In a second article, USA Today (9/25, Zoroya, 2.27M) reports on the troops' families: "Families of these wrecked young men contend not only with the shock of seeing the physical destruction to their loved ones but also with how their own lives change dramatically. Parents and siblings give up careers, forsake wages and reconstruct homes to care for wounded relatives rather than consign them to a nursing home. ... Families say they also struggle with military and VA medical systems that were unprepared for these severely brain-damaged casualties. They say the rehabilitation of catastrophic cases has not kept pace with the advances in battlefield medicine that kept these servicemembers alive and brought them home safely. ... VA officials defend their programs and say they have made great strides in meeting these severe needs with their polytrauma facilities. By the end of this fiscal year, 21 new outpatient centers designed to monitor and continue treating rehab patients will be operating, officials say."

Chaplain Asks Clergy To Help Returning Troops. The Christian Science Monitor (9/25, Miller, 58K) reports on John Morris, a military chaplain: "Morris is on a mission. Since returning from the Middle East, the deputy state chaplain of the Minnesota Army National Guard has labored to convince members of Minnesota's religious community - many of whom oppose the war - to support the soldiers returning from Iraq and Afghanistan. More than that, he wants them to be frontline counselors and comforters." The Monitor reports, "Minnesota's program is unusual because - in addition to offering spiritual counseling - it requires Guard soldiers to report back to their barracks 30, 60, and 90 days after they're home. This is actually in violation of Pentagon policy, which insists that Guard members are 'on leave' and cannot be called back. But Morris calls this time the 'golden hour,' and feels it's critical to keep members connected and supported. ... In the year since Morris started his church outreach program called 'Beyond the Yellow Ribbon,' Minnesota hasn't lost a Guardsman to suicide."

DOJ:

Senate Confirms Wainstein To New DOJ Post. The Legal Times (9/25, Schwartz, Smith) reports, "The senatorial stalemate over U.S. Attorney for the District of Columbia Kenneth Wainstein's nomination to head the new National Security Division in the Justice Department ended last week when Sen. Carl Levin (D-Mich.) backed down, clearing the way for Wainstein's unanimous confirmation." The Times continues, "Levin single-handedly blocked a confirmation vote on Wainstein for months because the Justice Department wouldn't release records Levin wanted concerning FBI agents' objections to Defense Department interrogation techniques used on terrorism detainees at Guantánamo Bay, Cuba. Wainstein served as FBI general counsel in 2003 and chief of staff for FBI Director Robert Mueller in 2004." The Times adds, "On the Senate floor Sept. 21, Levin said he was still 'troubled by the Department of Justice's stonewalling of my requests,' but he acknowledged Wainstein did not control the documents and had been forthcoming during his nomination. … 'It really hasn't been that trying,' Wainstein says of the delays. 'I've been doing the greatest job in the world — as U.S. attorney in D.C.' … Wainstein says the consolidation of Justice's national-security assets in one division will improve communication and accountability. 'There is no higher priority than counterterrorism these days,' he says. As U.S. attorney for

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the past two years, the 44-year-old Northern Virginia native created a stand-alone homicide unit and a program targeting gangs." The Times notes, "On Friday the Justice Department appointed Jeffrey Taylor, counselor to Attorney General Alberto Gonzales, to replace Wainstein. From 1995 to 1999, Taylor was a federal prosecutor in San Diego handling drug cases. He spent the next three years detailed to the Senate Judiciary Committee under Sen. Orrin Hatch (R-Utah), where he helped craft the USA Patriot Act. Taylor returned to San Diego before joining then-Attorney General John Ashcroft as counsel for criminal and national security matters."

CORPORATE SCANDALS:

HP CEO Confirms Knowledge Of Probe. USA Today (9/25, 10A, Hopkins, Swartz) reports that Hewlett-Packard CEO Mark Hurd "confirmed that he and former chairwoman Patricia Dunn were more deeply involved in some of the probe's unsavory tactics than Dunn and HP had previously acknowledged." Hurd said he "approved a plan to send an e-mail to a journalist containing false information to trick her into revealing her sources. He said he felt 'strongly' that the leaks had hurt HP's reputation but acknowledged he had not read a report on the probe's early findings addressed to him." Dunn defended herself in a statement, saying "she had 'followed the proper processes' and had not chosen the people who conducted the probe." She said, "The people HP relied upon to conduct this type of investigation let me and the company down." HP analysts, who have grown concerned with Hurd's possible role in the scandal, said they were relieved by his upfront comments." Hurd, Dunn and "other HP executives are scheduled to testify Thursday before the House Energy and Commerce Committee. California Attorney General Bill Lockyer and federal agencies are investigating whether HP and its executives broke laws."

The Wall Street Journal (9/25, B1, Clark, Waldman, Orwall) says HP's news conference "focused heavily on the conduct of Ms. Dunn, suggesting she had instigated and closely monitored the probe." But, Dunn lawyer Brosnahan says that it "makes 'no sense at all' to think that she would knowingly participate in anything she thought was criminal." Brosnahan adds, "The irony of Pattie's situation is that she's a great devotee of privacy, people's personal rights and so forth. She has been for good corporate governance." Lawyer Michael Holston from Morgan, Lewis & Bockius said Friday that Dunn "in early 2005 contacted Security Outsourcing Solutions Inc." He also said Dunn "had received 'regular updates,' on a second, broader phase of the leak investigation."

The New York Times (9/25, Darlin) reports that Hurd "is known as an operations expert who asks lot of questions." But, "At least twice when he had the opportunity — at meetings in July 2005 and in March 2006 — Mr. Hurd failed to ask critical questions about the methods in the leak investigation." Some people close to him "suggest — though they do not know for certain — that he failed to focus on the leak investigation partly because he was focused on getting the company fixed and partly because he regarded the search as the project of Patricia C. Dunn." The Times says, "To help repair the damage from the scandal, he has appointed Bart M. Schwartz, a former federal prosecutor, to examine the company's process for investigations." Hurd said, "We are working as hard as we can to get through this."

The Christian Science Monitor (9/25, Trumbull) reports that HP said its "leak-tracing efforts crossed a line into 'inappropriate' actions." Hurd "was apparently aware of the general stratagem, but not of the tracer code. He has volunteered to talk about the affair at a Capitol Hill hearing Thursday." CSC adds, "A number of cautionary lessons are emerging, say experts, on business ethics, management, and security. While some of the tactics HP used may be illegal, others have landed the company in hot water simply because they were improper."

Legal Issues Surface In Widening H-P Scandal. The California Recorder (9/25, Scheck) reports, "With the stock market in a lather over Hewlett-Packard's troubled leak investigations, HP CEO Mark Hurd tried on Friday to take control of the situation. But in doing so, he left unanswered key questions about legal representation in the festering matter." The Recorder continues, "In a brief press conference, Hurd addressed some investor concerns by announcing that Patricia Dunn, the former chairwoman who ordered an aggressive probe of boardroom leaks, would be leaving the board immediately, and that Hurd would be taking over as chairman." The Recorder adds, "Hurd and Morgan, Lewis & Bockius partner Michael Holston disclosed some details of what a company investigation has found, including the fact that Hurd himself was kept informed of certain parts of the leak probe. It's not clear, though, at what point Hurd knew that investigators 'pretexted' -- lied -- to gain access to board member, employee and journalist phone records. … Morgan Lewis was hired Sept. 8 to perform an independent investigation, and to represent the company in talks with federal and state prosecutors. … But one statement by Hurd raised questions for many lawyers: 'Morgan Lewis reports to me, not to the HP board,' he said. … Such a statement might have been a reassurance Sept. 19. Until then, the leak investigation seemed to be more a board problem than one pointing to Hurd. But by Friday, news reports -- and several remarks by Hurd and Holston at the press conference -- made it clear that Hurd's role in the probe is also being examined."

LATimes Criticizes HP Over Corporate Spying Scandal. The Los Angeles Times (9/25, 918K) says in an editorial, "As it turns out, Hewlett-Packard Chairwoman

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Patricia C. Dunn didn't have to order her minions to invent a disgruntled HP executive. She can now become one herself by adding 'former' to her title. That's because the HP board defenestrated her Friday in one of the more satisfying denouements to one of the more embarrassing corporate dramas in recent memory." The plan "to create a fictitious unhappy HP executive, which Dunn approved, was part of an effort to trick a reporter into revealing her sources at the company. The announcement of Dunn's ouster came after two weeks of revelations about the leak investigation, which started under former Chief Executive Carly Fiorina in early 2005 but intensified this year. According to the company, its security contractors obtained personal phone records under false pretenses; sent a kind of spyware to a reporter via e-mail; conducted surveillance on HP board members, relatives and at least one reporter; and even suggested planting spies at news organizations."

Federal Regulators To Investigate Amaranth. The Wall Street Journal (9/25, C3, Davis) reports, "Regulators are examining the circumstances surrounding the multibillion-dollar losses this month by Greenwich, Conn., hedge fund Amaranth Advisors." A person close to Amaranth said, "Amaranth voluntarily reached out to its various regulators early Monday to apprise them of the situation, to answer any questions they may have and to offer its full cooperation." A spokesman "for the CFTC said it couldn't comment on what it was or wasn't looking into. Officials at the other regulatory groups couldn't be reached for comment."

The Washington Post (9/25, D01, O'Hara) reports that Telos Corporation's preferred stock owners are "in revolt trying to collect more than $80 million they say is long overdue." Former Telos director Marshall Greenblatt, who owns preferred stock, said, "I'm just insisting on rights I have that are in writing. … A deal is a deal." Telos chief executive John Wood said the company's "problems have been stoked by hedge-fund shareholders who are being too hasty in demanding benefits from their preferred stock -- and hurting the company's chances to become more valuable in a possible future sale." Wood said, 'We have activist hedge funds who use the cloak of corporate governance to litigate their returns. … We as a company have a responsibility and a duty to protect the interest of all of our stakeholders, and not give a priority of one group over another group."

Lengthy Corporate Scandal Sentences Raise Fairness Questions. The Washington Post (9/25, A1, Johnson, Masters) reports, "In the category of longest prison sentence, WorldCom Inc. founder Bernard J. Ebbers recently bested the organizer of an armed robbery, the leaders of a Bronx drug gang and the acting boss of the Gambino crime family. … It was a contest Ebbers surely would have preferred to lose." The Post continues, "Tomorrow, the man who once swaggered through the halls of his telecommunications company as a cowboy-booted billionaire is scheduled to surrender to authorities and begin a 25-year sentence. Federal prison policies virtually ensure that Ebbers, who has a heart ailment, will spend the rest of his life in prison for his role in an $11 billion accounting fraud. … Ebbers, 65, is to report to prison on the same day that former Enron Corp. finance chief Andrew S. Fastow will be sentenced by a federal judge in Houston. Fastow, who secretly pocketed more than $45 million in a scheme to disguise mounting financial problems at the energy company, faces a maximum of 10 years in prison as part of his plea deal." The Post adds, "The length of Ebbers's sentence when compared with others touches on one of the most controversial parts of the American criminal justice system: How large a pound of flesh should society exact for serious white-collar crime? When the victims are diffuse, the crime complex and the injuries economic, what kind of punishment constitutes justice? … The drive to exact punishment even beyond the grave is a sign of vindictiveness in public officials and shareholders, defense lawyers contend. … But white-collar criminals are unusually sensitive to deterrence, according to prosecutors and securities regulators. The sight of colleagues in handcuffs, or signing away their homes and fortunes, sends a powerful message."

CRIMINAL LAW:

FBI Officials Concerned Rash Of Bank Robberies Indicate New Trend. USA Today (9/25, 5A, Leinwand, 2.27M) reports serial bank robbers like the Paparazzi Bandit, Goofy Hat Bandit and Hallmark Bandit "are behind what authorities say is an unusual surge in bank robberies during the last few months in Los Angeles," and "FBI officials say they are concerned that bank robberies…might be increasing again after declining nationwide since 2001. … It's unclear precisely why…but it appears to be part of a general increase in violent crimes nationwide, says Chip Burrus, the FBI's assistant director for criminal investigations. 'There's an awful lot of gang activity out there, and a certain percentage (of gang crimes) are going to be bank robberies,' he says." Los Angeles FBI spokeswoman Laura Eimiller "says the rise in robberies there comes even as increased security measures have made the risks for bank robbers greater, and the rewards less." Eimiller noted, "We've had a dramatic increase in 'takeover' robberies," and "we're seeing a large percentage associated with Los Angeles street gangs." USA adds, "Last year, Chicago had a record 240 bank robberies, including a 75% increase in 'takeover' robberies, says Special Agent Ross Rice of the FBI's Chicago field office. 'We're on pace to beat

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that' in 2006, Rice says," and "New York City also has seen a rash of robberies recently, including 32 in August, says Jim Margolin of the FBI's field office there."

US Seeks Death Penalty For DC Man In Gang Slayings. The Washington Times (9/25, Mcelhatton) reports, "Federal authorities are seeking the death penalty against a D.C. man charged in five killings, setting up the prospect of just the third capital murder trial in the city over the past 30 years." The Times continues, "Larry Gooch, described by law-enforcement officials as 'an enforcer' in the M Street Crew drug gang, is expected to go on trial in January on felony charges, including first-degree murder and armed robbery. … Though capital punishment is banned in the District, Gooch, 27, could get the death penalty if convicted because he has been charged in a federal case." The Times adds, "The Justice Department last year filed a notice of intent to seek the death penalty against Gooch, a decision requiring the approval of Attorney General Alberto R. Gonzales. … Gooch is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27. … He is also charged in the Sept. 13, 2002, shooting death of Miguel Miles, 34, and the Feb. 21, 2003, fatal shootings of Calvin Cooper, 40, and his girlfriend, Yolanda Miller, 32."

US Alleges MS-13 Gang Conspiracy In Maryland Suburbs. The Washington Post (9/25, B1, Castaneda) reports, "Law enforcement officials say the MS-13 street gang has wreaked violent havoc in parts of Prince George's and Montgomery counties, committing murders, assaults, rapes and robberies as part of a coldly calculated criminal conspiracy. … Starting this week in U.S. District Court in Greenbelt, federal prosecutors will get the chance to prove it." The Post continues, "Opening statements are scheduled to begin tomorrow morning as the first two alleged members of MS-13 charged with racketeering in Maryland go on trial. … Twenty-two alleged members were indicted on the federal racketeering charges, and three have pleaded guilty to related charges. Prosecutors have filed papers saying they are seeking the death penalty against nine of the remaining 19 defendants. … The sweeping indictment accuses the gang of six homicides and four attempted homicides between April 2003 and June 2005. Eight were in Prince George's and the others in Montgomery." The Post adds, "MS-13, also known as Mara Salvatrucha, is far more structured than typical neighborhood street gangs, federal prosecutors say. In a superseding indictment handed up last week, prosecutors allege that MS-13 operates in 10 states and in the District as well as in El Salvador, Honduras and Mexico and has 10,000 members. … In Prince George's and Montgomery, MS-13 members have conspired to commit rape, kidnapping, robbery and obstruction of justice by attacking or intimidating witnesses, the indictment alleges. … Prosecutors have not yet been explicit about the gang's hierarchy and how it operates. That will change during the trial when prosecutors present their evidence, Maryland U.S. Attorney Rod J. Rosenstein said."

Officials Warn Of Potential MySpace Dangers. Long Island Newsday (9/25, Barrios) reports, "It's a blog, a community, the online equivalent of an afterschool hangout. … But MySpace.com, the popular site where teens and others can create personal Web pages and hook up with new friends, is also reaching a wider audience of parents, school administrators and law enforcement officials, who increasingly monitor the site for stings and leads." Newsday continues, "Much of the time, nothing remarkable happens. Friends hook up with friends, details of teen life are debated and discussed. … But along with the photos of prom outfits and sports logos, some also post troubling messages -- like the MySpace user who earlier this month wrote of plans to bring a gun to Holy Trinity High School in Hicksville. In that case, a mother trolling the site noticed and alerted authorities. The plan wasn't carried out, and there have been no arrests." Newsday adds, "Police say they look for more than threats of violence. Pedophiles, too, use social sites to search for victims. … Hemanshu Nigam, chief security officer for MySpace and Fox Interactive Media, said he encourages parents and police alike to monitor the site. … Nigam, a former Justice Department prosecutor, was hired in April to be in charge of safety and law enforcement issues for the site, which has more than 100 million users. Today the company is launching a new online safety campaign."

States Eye Regulation Of Web Dating Industry. The National Law Journal (9/25, Baldas) reports, "Several states are cracking down on the online dating industry, proposing new laws that would, among other things, mandate criminal background checks on all those looking for love on the Internet." The Journal continues, "To date, New York is the only state that has a law regulating online dating sites, but six other states have introduced similar legislation mainly in the last year. They are California, Florida, Michigan, Ohio, Virginia and Texas." The Journal adds, "Lawmakers seeking to regulate the online dating scene claim that the industry isn't doing enough to police itself, and consequently, is putting vulnerable people at risk of meeting up with predators. … Proposed legislation has varied from state to state, with some states wanting to make criminal background checks mandatory, and others wanting online companies to alert surfers upfront that background checks on potential dates have not been done."

Brooklyn DA Says Federal Prosecutors Withholding Key Devecchio Information. The

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New York Daily News (9/23, Katz, 729K) reported, "Brooklyn District Attorney Charles Hynes' office has accused federal prosecutors of refusing to turn over key interviews from a past federal probe into a rogue FBI agent now indicted in four murders. In a sharp Sept. 20 letter to the U.S. attorney's office, prosecutor Noel Downey acknowledged his office received more than 2,000 pages of documents and access to witnesses in the 1994 federal probe into Lindley DeVecchio's relationship with his top Mafia informant, Gregory Scarpa." The Daily News noted, "Federal investigators ended their probe in 1996, saying they could not 'substantiate' corruption charges against DeVecchio. Among those interviewed was Deputy U.S. Attorney Ellen Corcella," and "Hynes' office received only a heavily redacted version of Corcella's interview."

New York Town And Village Courts Draw Scrutiny. The New York Times (9/25, Glaberson) reports that some of New York's town and village "courtrooms are not even courtrooms: tiny offices or basement rooms without a judge's bench or jury box. Sometimes the public is not admitted, witnesses are not sworn to tell the truth, and there is no word-for-word record of the proceedings." People "have been sent to jail without a guilty plea or a trial, or tossed from their homes without a proper proceeding." In violation of the law, "defendants have been refused lawyers, or sentenced to weeks in jail because they cannot pay a fine." Court officials "know little about the justices, and cannot reliably say how many cases they handle or how many are appealed. Even the State Commission on Judicial Conduct "is not equipped to fully police their vast numbers." Deputy chief administrative judge for all courts outside New York City Jan Plimadore said, "We have limited administrative control, and very, very limited financial control."

Credit Card Firms Push For Fraud Curbs. The Wall Street Journal (9/25, Sidel) reports, "MasterCard Inc. and Visa USA Inc. are clamping down on merchants that flout rules aimed at protecting card transactions from fraudsters." The Journal continues, "In recent weeks, MasterCard has imposed fines on merchants that haven't met its requirements to keep transactions secure. Starting Saturday, Visa will take aim at the nation's largest merchants with fines that start at $10,000 a month and can rise to $100,000 a month. … The fines are the latest effort by the credit- and debit-card industry to reduce financial exposure -- and bad publicity -- from a round of high-profile security breaches. Cardholders normally aren't responsible for unauthorized purchases, but merchants and banks involved with fraudulent transactions -- both at stores and online -- can find themselves on the hook." The Journal adds, "Visa and MasterCard don't fine the merchants directly. Instead, they levy fines against those that process the transactions on behalf of the merchants. Those entities commonly pass on the fines to their merchant customers. In addition to assessing penalties for failing to comply with the rules, Visa and MasterCard also issue separate fines if a noncompliant merchant has a security breach. … Neither Visa nor MasterCard would identify merchants that are violating the rules. But because Visa is honing in on the biggest merchants -- those that ring up more than six million transactions a year -- they likely include some household names. Visa counts 334 merchants in this category; as of Friday, 20 of them were in violation and could face fines if they don't comply by the end of the month, according to the card association. These big merchants represent nearly 50% of Visa's transactions each year."

Mishandling Of Personal Data Raises Concerns. The New York Times (9/25, Zeller) reports, "Less than two years into the great cultural awakening to the vulnerability of personal data, companies and institutions of every shape and size — like the data broker ChoicePoint, the credit card processor CardSystems Solutions, media companies like Time Warner and dozens of colleges and universities across the land — have collectively fumbled 93,754,333 private records. Or at least that's the rough figure the Privacy Rights Clearinghouse, a consumer advocacy organization in San Diego, has tallied thus far." The Times continues, "An entry from Sept. 7: Chase Card Services, a division of J. P. Morgan Chase, announced that it had begun notifying 2.6 million current and former Circuit City credit card account holders that computer tapes containing their personal information had been inadvertently tossed in the trash. … The bank said it believed the tapes were safely 'buried in a landfill' somewhere, but it was nonetheless offering affected consumers the now pro forma consolation prize: one year of free credit monitoring." The Times adds, "Last Thursday, another entry was logged. The Commerce Department announced that between 2001 and the present, 1,137 laptops — or about 4 percent of its total inventory — were lost, missing or had been stolen from its 15 operating units. The largest number, 672, had been in use at the Census Bureau, the department reported, and 246 of those contained 'some degree of personal data,' although it maintained that a combination of passwords and "complex data formats," among other things, would limit the risk that the information could be misused. …

Closing Arguments Made At Pellicano-Related Perjury Trial. The Los Angeles Times (9/23, Krikorian, 918K) reported, "Alleging a long pattern of deception, a federal prosecutor Friday urged a Los Angeles jury to convict a former SBC employee of perjury for repeatedly lying about her contacts with a key figure in the Anthony Pellicano

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wiretapping investigation. Without linking her directly to the larger case, Assistant U.S. Atty. Daniel Saunders charged that admitted misstatements by Joann Wiggan to a federal grand jury were intentional and clearly aimed at hiding some aspect of her relationship with co-worker Ray Turner. … The prosecutor also alleged that her lies began even before her grand jury testimony when she told the FBI in an October 2004 interview that she had not spoken to Turner in years." The Times added, "But Wiggan's attorney, David R. Reed, portrayed the heart of the government's case as its greatest vulnerability, arguing that the phone logs were meaningless without knowing who had made the calls or what the calls were about. … The government, Reed said, had been 'stumbling over' the element of intent ever since they charged Wiggan with perjury."

CIVIL LAW:

Judge To Rule On "Light" Cigarettes Suit. The Financial Times (9/25, Foster) reports, "A US federal judge will on Monday rule on whether a tobacco lawsuit can proceed as a class action of tens of millions of smokers of 'light' cigarettes. If certified, it could be the largest-ever class action case." The Times continues, "The Schwab claim, filed in 2004 under the federal Racketeer Influenced Corrupt Organizations Act (Rico), alleges big cigarette makers defrauded smokers into believing 'light' cigarettes were safer than regular ones. Lawyers are seeking as much as $200bn in damages, which would automatically be tripled under Rico." The Times adds, "Tobacco investors are closely watching the suit as it is one of the industry's more important remaining legal risks. The ruling is key for Altria Group, parent of Philip Morris USA, as it is preparing to spin off its 88.1 per cent stake in Kraft Foods. … Monday's decision by District Judge Jack Weinstein will eliminate the legal uncertainty surrounding the case and provide Altria's board with clarity on the legal environment. … Some suspect it is waiting for the ruling before giving the spin-off the green light."

CIVIL RIGHTS:

GAO Disputes Belief That Hispanics Are Underrepresented In Federal Workforce. The Washington Post (9/25, D4, Barr, 748K) reports in its "Federal Diary" column, "Federal employment reports have consistently described Hispanics 'as underrepresented in the government compared to the civilian labor force.' … But a study by the Government Accountability Office, the congressional auditing agency, questions whether such a gap exists. The GAO constructed a statistical model, using 2000 census data, to determine whether citizenship and education help explain the disparity in Hispanic workforce representation. The GAO found that: After accounting for citizenship, Hispanics were nearly as likely as non-Hispanics to be employed in the federal workforce. When comparing citizens with similar levels of education, Hispanics were 16 percent more likely than non-Hispanics to be employed in the federal workforce as opposed to other sectors in the labor force."

Maryland Lawmakers Nix Minority Sewer Contracting Program. The Washington Post (9/25, D1, Kirkham) reports, "A controversial minority contracting program run by the Washington Suburban Sanitary Commission died over the summer after the Maryland General Assembly failed to renew it, potentially depriving minority- and women-owned businesses of more than $37 million worth of contracts." The Post continues, "The state Senate did not act because the Montgomery and Prince George's delegations could not agree on whether to strengthen oversight of the program, which critics said was fraught with patronage and unnecessary delays." The Post adds, "Minority- and women-owned businesses have received more than a quarter of the contracting money spent by the commission since the program began in 1979, for such work as construction projects and finding temporary employees. … The program has been at the center of years of upheaval at the Washington area's largest water and sewer utility. There have been charges that the program benefited white-owned companies who hired minority subcontractors, and controversy over delays caused when the contracting office held up projects until minority firms could be found to participate. … The head of the office was ousted last year, and three WSSC board members were asked to resign. … Companies that benefited from the minority contracting program said it was important to them. The program was designed to make up for years in which firms owned by minorities and women were excluded from the agency's business."

LATimes Opposes Proposition 85. The Los Angeles Times (9/25, 918K) opposes Proposition 85, noting that "a year after California voters rejected an almost identical proposal, they are being asked again to approve a ballot proposition to require that parents be notified before a minor can have an abortion. A particularly objectionable phrase from the old version has been stripped out, but that doesn't fix the main problem: Proposition 85 is an unnecessary measure that would do the state more harm than good."

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ENVIRONMENT/INDIAN AFFAIRS:

No E. Coli-Terrorism Link; Investigators Concerned Food Supply Is Vulnerable. ABC World News (9/24, story 7, 2:45, Harris) reported that though investigators have found "no evidence linking" the recent E. coli outbreak to terrorism, they "are keenly aware that America's food supply is vulnerable to attack." ABC (Thomas) added, "From the time food is grown on the farm until it reaches your table, it is at risk to tampering. And the government believes terrorists may well try to use America's food supply as a weapon. … Since 9/11, the government has developed a national warning system for the farming industry." Vhid Majidi, former FBI assistant director, was shown saying, "We are working very closely with homeland security, FDA, USDA." Thomas: "The government is also spending millions of dollars on biological weapons research. And planning is under way for a new Bioterror Center."

FDA Still Investigating E Coli Outbreak. USA Today (9/25, 4A, Vergano) reports, "The Food and Drug Administration reported Sunday that the Utah Public Health Laboratory has identified a contaminated bag of spinach from the refrigerator of a patient who became ill after eating some of it. A lab in New Mexico made a similar finding last week." Food safety expert Douglas Powell says that because "the outbreak is nationwide, the bacteria very likely were introduced into the food chain early." Powell adds, "Once introduced into soil or seedlings, via irrigation water or compost, E. coli 0157:H7 can contaminate the soil and vegetables grown in it for months." Microbiologist Eric Triplett says that "a more speculative concern is over the possibility of the microbes migrating from the soil into the interior of plants as they grow." Mike Doyle of the University of Georgia Center for Food Safety, however, wrote, "We still have to confirm this occurs in the field, and if it does, would it occur at cell numbers that would be of public health significance?"

The New York Times (9/25, McKinley) reports, "For the last week, on farms up and down the Salinas Valley," federal and state health inspectors 'have been hunting the source of an outbreak of E. coli bacteria in tainted spinach." Monterey County agricultural commissioner Eric Lauritzen said, "Everybody is anxious for resolution. … And I'm sure the consuming public is as well." The Times says, "Some have complained about a lack of concrete information. The authorities have not said which farms they are looking at, though they say there are nine. They also say about 20 inspectors are on the job, but no federal laboratory findings have been released." Retired school worker Adele Skinner said, "I would like to see some data on what E. coli rates are for another two weeks of the year. … I think it's all been a little overblown." Lifelong resident of Gonzales and former ranch worker Joe Miranda said he "suspected that lapses in modern farming techniques, including using unclean irrigation water, had fouled the works." He said, "The way they farm nowadays…they might just have to start over."

The Wall Street Journal (9/25, A4, Zhang) reports, "Early in this month's E. coli outbreak, state and federal officials were able to single out spinach as the likely culprit thanks to a surveillance system set up after a 1993 outbreak at the Jack in the Box fast-food chain." The system "links public-health laboratories nationwide and allows state and federal epidemiologists to quickly compare the DNA 'fingerprints' of E. coli bacteria collected from sickened people." Wisconsin "first alerted the CDC to a cluster of E. coli cases Sept. 8 and posted a genetic pattern. But officials there didn't suspect fresh spinach until Oregon reported findings from six cases there Sept. 13." Deputy director of the CDC's Division of Bacterial and Mycotic Disease Robert Tauxe says, "We are finding the large outbreaks when they are still in a small stage and act on it."

Voters In Eleven States Will Decide On Anti-Eminent Domain Initiatives. USA Today (9/25, Kasindorf, 2.27M) reports, "Eleven states are giving voters their first chance this fall to override last year's Supreme Court ruling that allows local governments seeking more tax revenue to seize private property and give it to developers. Thirty state legislatures have passed laws or constitutional amendments since June 2005 to negate or limit the ruling's effect in their states. Voting 5-4, the high court said the Constitution permits state and local governments to condemn a home through eminent domain powers so developers can build hotels, offices or retail centers on the site. The decision, Kelo v. New London, Conn., raised a public outcry, led by libertarians and conservatives who advocate limited government power. The spate of ballot proposals is being bankrolled largely by libertarian organizations controlled by New York City real estate investor Howie Rich. The groups, Americans for Limited Government and the Fund for Democracy, have donated $4 million to ballot drives in eight states."

Wal-Mart Finds Cities Unreceptive To Its Expansion Plans. The Wall Street Journal (9/25, A1, Hudson, McWilliams, 2.03M) reports, "Cities like Boston might be the best hope for Wal-Mart Stores Inc. to grow in the U.S. For the retail giant, that's a problem. Last year, Wal-Mart's discussions about opening its first store here, in retail space that was soon to be vacated, spurred public outcry. The retailer eventually dropped its pursuit of the property. … For years, Wal-Mart, of Bentonville, Ark., thrived in rural and suburban America where land was cheap and local governments didn't interfere. Now Wal-Mart is trying to break

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into the last areas of the country where it isn't dominant, and the going is tough. Wal-Mart is used to opposition, but these antagonists are tougher and better organized than earlier breeds. In the Northeast and America's big urban centers, they've augmented a traditional anti-Wal-Mart message with something more potent: an appeal to urban cultural values. Here, Wal-Mart is a metaphor for the worst of middlebrow America."

Wal-Mart Promotes "Sustainability" Campaign. USA Today (9/25, Fetterman, 2.27M) reports Wal-Mart "has launched an aggressive program to encourage 'sustainability' of the world's fisheries, forests and farmlands, to slash energy use and reduce waste, to push its 60,000 suppliers to produce goods that don't harm the environment, and to urge consumers to buy green. Last Monday, for the first time, Wal-Mart reported on its carbon dioxide emissions — the 'greenhouse gases' that cause global warming. … Already, Wal-Mart has become the world's largest buyer of organic cotton. It introduced 'fair trade' coffee at its Sam's Clubs. It began selling some organic foods in the spring and will introduce others this fall. And it is pushing suppliers to use smaller packages to cut waste."

Texas Electricity Grid Operator Concerned With Demand Levels. The Wall Street Journal (9/25, Smith, 2.03M) reports, "Texas electricity customers are living large, and it is beginning to worry the state's grid operator. By next spring, the state's electricity reserves are expected to dip below safe levels, at times. Grid officials are seeking state permission to devise an emergency program that would prevent possible disruptions by offering customers incentives to cut electricity use quickly." The Journal says, "Texas is among several places in the U.S. faced with the prospect of declining power reserves amid increased electricity use by consumers. Backup power nationwide, while currently adequate, has been in decline after disruptions in energy markets that caused many companies to cancel new power-plant projects in recent years." This has "increased concerns that the electricity system in some parts of the U.S. is becoming more frail."

Progress Seen In Making Flu Vaccine Available. USA Today (9/25, Manning, 2.27M) reports in 2004 "Health experts blamed the [flu vaccine] shortage, and the resulting period of panic and prioritization of the remaining limited supply, on a shaky vaccine infrastructure that relied on too few manufacturers and 50-year-old technology." Now, two years later, the vaccine "is still produced by growing flu viruses in chicken eggs," the "stability of the flu vaccine supply…is still not certain," and the "vaccine delivery…is still sporadic throughout the season." Yet "the flu vaccine landscape has undergone significant reconstruction." USA Today adds several new companies have entered the sector and mergers have consolidated old companies. Julie Gerberding, director of the Centers for Disease Control and Prevention noted, "The big picture is that a great deal of progress has been made, but we're not done yet."

NYTimes Praises Judge's Ruling On Roadless Rule. The New York Times (9/25, 1.21M) says in an editorial, "You have to wonder when the Bush administration is going to stop ramming its head against the same wall on forest policy. The Forest Service has been trying for several years to get rid of the 'roadless rule' enacted near the end of the Clinton administration to protect millions of roadless acres of national forest from logging and other commercial intrusions." Last year, the "administration simply rescinded the old rule by regulatory fiat and replaced it with a less protective rule of its own." But "that strategy has been derailed, at least for now. Last week Elizabeth LaPorte, a federal district judge in San Francisco, overturned the Bush rule and largely reinstated the Clinton protections." It would "make more sense for the administration to abandon the fight altogether. The Bush plan's main claim to superiority is that it gives individual governors more say over the national forests within their boundaries than President Clinton's 'one size fits all' rule. Yet the states, for their part, seem greatly to prefer the old Clinton rule."

WSJournal Praises Branson's Approach To Fighting Global Warming . In an editorial, the Wall Street Journal (9/25, 2.03M) writes, "There are plenty of reasons to cock a skeptical eyebrow at Richard Branson's pledge, announced last week in New York in the company of Al Gore and Bill Clinton, that he will devote 10 years and about $3 billion of profits from his Virgin airline and railroad businesses to combat global warming." But "[a]t least he puts his money where his mouth is." The Journal says, "Unlike advocates of the Kyoto Protocol or similar top-down, tax-and-spend regimes to reduce global warming, at least Mr. Branson sees private-sector investment and technological innovation as the best way to improve the environment. That's strikingly similar to the plan the Bush Administration put forward earlier this year in Sydney through the Asia-Pacific Partnership on Clean Development and Climate, a collaborative effort between rich and poor countries and business and government, to develop cleaner energy sources." The "partnership was denounced by the usual environmentalist suspects as a conspiracy by big business and the Bush Administration. Now that Sir Richard has put his brand on it, everyone says it's cool. Well, fine. We wish him well, er, good."

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FBI/DEA/ATF/USMS:

Drug Sweep In Michigan Follows Resident's Letter To Bush. The Detroit Free Press (9/23, Witsil, 346K) reports some Pontiac residents living in "drug-plagued" neighborhoods "expressed some relief Friday after a two-day drug sweep -- initiated by a letter to President George W. Bush -- netted dozens of suspected drug dealers. Authorities said the operation, which began Wednesday and ended Thursday with 69 warrants and about 30 arrests, was the culmination of three months of undercover detective work by local police and federal agents." Federal agents "got involved after a letter from a Pontiac resident eventually got forwarded from Bush to the Drug Enforcement Administration." DEA spokeswoman Carolyn Gibson "said the author wrote in the letter that he was concerned about drugs in the area and described it as a 24-hour 'candy store' for drug dealers and users."

The Washington Times/UPI (9/23) cites the Detroit Free Press story and reports that police officials "said the DEA's involvement helped them expand the undercover operation and resulted in the arrests of 64 people."

IMMIGRATION:

Frist Says Senate To Consider Border Security Measures. Senate Majority Leader Bill Frist was asked on ABC's This Week (9/24, Stephanopoulos) if comprehensive immigration reform is "completely off the table now," Frist said, "Any reasonable person knows that if you're going to address immigration reform, you have to first and foremost secure our borders. We can't have 2 million people coming to this country illegally this year. We've got to secure our borders. I believe strongly we have to have a strong temporary worker program, legal temporary worker program in this country. … What I've done, and hopefully what we'll be voting on the floor of the Senate this week, is take the common parts of the House bill and the common parts of the Senate bill, border security, UAVs, unmanned aerial vehicles, sensors, cameras along the border, a fence along the border, take that common thing that everybody agrees upon, and pass it now."

USA Today (9/25, 2.27M) reports Frist also "predicted Democrats would try to block passage." Jim Manley, a spokesman for Senate Democratic leader Harry Reid of Nevada, "said Frist's move is an attempt to cover up his failure to pass more comprehensive immigration legislation. 'The Senate spent almost a month debating and then passing tough and smart immigration reform that included border security, but Republican obstructionism has prevented us from completing that bill,' Manley said."

The Los Angeles Times (9/25, Gaouette, 918K) reports President Bush "said last week that he would sign fence legislation into law, but many observers doubt…Frist…has enough support to end debate on the bill and bring it to a vote."

DHS Battling Corruption Among Immigration Employees. In a widely-distributed story, the AP (9/24, Arrillaga) recounted the details of the arrest of Border Patrol agent Mike Gilliland, accused of abetting immigrant smugglers and added, "A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world. How do you secure the homeland if some of those guarding the gates are dishonest?" The AP noted, "More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement. … Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said," and "Gilliland's cut was alleged to be $1,500 a head. 'That adds up. Really, really quickly,' said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force." However, "In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate."

CONGRESS-ADMINISTRATION:

Spat Between Chambers Could Halt DOD Budget. The Washington Post (9/25, A6, Weisman, 748K) reports, "House Speaker J. Dennis Hastert (R-Ill.) -- in a showdown with Senate Republicans -- has vowed he will not bring a major defense policy bill to the chamber floor this week unless Senate negotiators add a federal court security bill and a controversial House anti-illegal-immigration measure, senior House leadership aides say." Hastert is thus clashing with Senate Armed Services chair John Warner, who "will not add extraneous measures to the annual defense authorization bill unless they can garner unanimous support from Democrats and Republicans alike." The immigration measure is called the root of the dispute because "It would allow the indefinite detention of some illegal immigrants who are protected from deportation by political asylum laws. ... Senate Democrats and the American Civil Liberties Union have said the measure would expand such definitions so

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broadly that it could hurt legal immigrants, who would be whisked out of the country with little recourse."

Budget Revolt Signaled By Gen. Schoomaker. The Los Angeles Times (9/25, Spiegel, 918K) reports, "The U.S. Army's top officer withheld a required 2008 budget plan from Pentagon leaders last month after protesting to Defense Secretary Donald H. Rumsfeld that the service could not maintain its current level of activity in Iraq plus its other global commitments without billions in additional funding. The decision by Gen. Peter J. Schoomaker, the Army's chief of staff, is believed to be unprecedented and signals a widespread belief within the Army that in the absence of significant troop withdrawals from Iraq, funding assumptions must be completely reworked, current and former Pentagon officials said." Schoomaker is reportedly "seeking $138.8 billion in 2008, or nearly $25 billion above budget limits originally set by Rumsfeld. The Army's budget this year is $98.2 billion, making Schoomaker's request a 41% increase over current levels."

GOP Divisions Seen A "Chief" Reason For Congressional Inaction. The New York Times (9/25, Hulse, 1.21M) reports, "A Congress derided as do-nothing has a week to do something, and the prospects are cloudy. Procrastination, power struggles and partisanship have left Congress with substantial work to finish before breaking for the elections. The fast-approaching recess and the Republican focus on national security legislation make it inevitable that much of the remainder will fall by the wayside." The Times adds, "At best, it appears that just 2 of the 11 required spending bills will pass, and not one has been approved so far, forcing a stopgap measure to keep the federal government open. No budget was enacted. A popular package of business and education tax credits is teetering. A lobbying overhaul, once a top priority in view of corruption scandals, is dead. The drive for broad immigration changes has derailed. An offshore oil drilling bill painted as an answer to high gas prices is stalled. Plans to cut the estate tax and raise the minimum wage have floundered, and an important nuclear pact with India sought by the White House is not on track to clear Congress. New problems surfaced over the weekend for the annual military authorization bill. And numerous other initiatives await a planned lame-duck session in mid-November or a future Congress." The Times adds, "While Republicans prefer to blame Democrats for the backlog, intramural fights and sharp differences between House and Senate Republicans have been chief impediments to major legislation. The recent fissures over terrorism detainees and how far to go in changing immigration law are just the latest and most public examples of serious policy differences among Republicans."

Hopes Low For Productive Lame Duck Session. Roll Call (9/25, Newmyer) reports, "K Streeters aren't ready yet to call any of their priorities dead, but they are tempering any optimism with the realization that in a bitter post-election season, both parties likely are going to resist compromise on long-stalled items. … Of course, the big question mark that's confounding estimates about the shape of the lame duck is the outcome of the midterm elections." Roll Call adds, "Observers predict that if Democrats can retake one or both chambers, they will block action on all but the must-pass spending bills. Other legislative business would be deferred to the next Congress, when Democrats would be able to flex their new power." But "even if the Republicans survive with a majority that's narrowed -- a very real possibility on both ends of the Capitol, K Streeters say -- Democrats could make life difficult for the GOP."

Rumsfeld Compared To McNamara. USA Today (9/25, Page, 2.27M) reports in a 2,072-word article, "Donald Rumsfeld is a man hitting milestones: Already the youngest and oldest person to be secretary of Defense, he is closing in on becoming the longest-serving." He will pass McNamara's record in December. Like fellow long-termers McNamara and Caspar Weinberger, he "finds himself increasingly enmeshed in controversy and battling critics." Brookings analyst Michael O'Hanlon calls him "McNamara II," "a brilliant guy who came in from corporate America with the slicked-back hair and did a lot of useful things on second- and third-tier issues he worked on, but botched the No. 1 challenge, when Americans were putting their lives on the line." USA Today compares Rumsfeld to McNamara, finding both similarities and differences. Both were Eagle Scouts who became "wealthy corporate chiefs" and brought corporate thinking to the Pentagon: "McNamara instituted a decision-making process known as systems analysis, consolidated programs to spur efficiency and reduce rivalries among the branches of the armed services and developed tools for long-range planning. Rumsfeld returned to the Pentagon for his second tour of duty determined to transform the U.S. military into a leaner, more agile and technologically sophisticated force. O'Hanlon...credits Rumsfeld with pushing resistant military leaders to adopt reforms, among them a more flexible deployment plan for U.S. troops based around the world." However, there are differences: author Paul Hendrickson says that McNamara "lost faith" in the Vietnam war, while Rumsfeld "seems to me a true believer."

McCain Urges Bolton's Confirmation. The AP (9/25) reports, "Sen. John McCain on Sunday urged quick confirmation for John Bolton as UN ambassador, saying the nominee is needed to talk back to "two-bit dictators" such as Venezuela's president." McCain also "joined lawmakers from both parties in condemning Hugo Chavez's speech last week

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at the United Nations in which the Venezuelan called President Bush 'the devil.'" Said the senator, "I would say that this is an argument to get John Bolton confirmed as our UN ambassador. … He's smart, he's tough, he will respond to these guys. And he could talk back to these two-bit dictators who have the airfare to New York."

Millions Of Seniors Confront Medicare "Doughnut Hole." The Washington Post (9/25, Lee, Levine, 748K) reports, "Millions of older Americans are confronting a temporary break in their Medicare drug coverage this month that will require them to pay the full cost of their prescriptions or face the painful prospect of going without. This is the 'doughnut hole' in the new Medicare drug benefit," and "advocates for seniors say there is nothing sweet about it." Proponents "saw the unusual setup as a way to provide some help to all beneficiaries…and yet not break the bank in a federal program." But, "nine months into the program, as more and more seniors reach the threshold that puts them in the gap, many see it as a headache -- or worse."

Refund Mix-Up Part Of Larger Systems Problem. The New York Times (9/25, Pear, 1.21M) reports, "When Medicare mistakenly sent premium refunds to 230,000 people…the Bush administration said the error had resulted from a rare 'computer glitch.' But government records…show it was the latest example of a strained, often dysfunctional relationship between two of the government's biggest programs." Social Security and Medicare programs "have struggled to mesh their computer systems so that Medicare premiums are correctly withheld from Social Security checks." Now, "lawmakers worry that similar problems will occur as millions of people sign up for new drug plans starting on Nov. 15."

Coalition Calls For Increased Funding For FDA. USA Today (9/25, Rubin, 2.27M) reports, "Industry, consumer and patient groups and the last three secretaries of the Health and Human Services department are joining forces to lobby for more money for the Food and Drug Administration." Former HHS secretary Tommy Thompson and Michael Jacobson, executive director of the Center for Science in the Public Interest, "are to announce the creation of the Coalition for a Stronger FDA at a news conference today." The FDA is part of HHS, and "former secretaries probably understand the problem better than anybody else," Thompson, HHS secretary in President Bush's first term, said Sunday. Donna Shalala, HHS secretary in the Clinton administration, "echoed Thompson. 'As former secretary, I know how swamped they are and how difficult it is for them to get their work done,' she said Sunday."

Advocates Advance Legislative Effort For Public Service Academy. The Washington Post (9/25, A19, Lee, 748K) reports, "Advocates of a federally funded public service university get an 'A' for effort, although results are incomplete." The proponents last week "scored a victory in their quest to create a U.S. Public Service Academy modeled after the nation's military service academies: They persuaded a bipartisan group of senators and House members to sponsor legislation to establish and fund the school." Proponents "envision the school offering an all-expenses-paid education to 5,000 undergraduates. Its liberal arts curriculum would emphasize leadership development, analytical thinking and service to others, with requirements for summer service internships and a year of study abroad. Graduates would be required to work five years in public service."

Deadline For Federal Employees To Complete Constitution Tutorial Approaches. The Washington Times (9/25, Hudson, 88K) reports training "for federal employees now includes a congressionally mandated tutorial on the Constitution that must be completed by this week." The "brainchild of Sen. Robert C. Byrd, West Virginia Democrat, the Internet class closely follows Constitution Day -- a commemorative also legislated by Mr. Byrd to celebrate Sept. 17, 1787, as the day when the nation's founding document was signed in Philadelphia." Unlike "most federal training, the 25-minute tutorial does not include a test at the end." A Department of Homeland Security employee said, "It's just more of Byrd's pork. How will my supervisor even know I completed the course when there is no test?"

Kennedy Vote Expected To Figure Prominently In Many Supreme Court Cases. U.S. News and World Report (10/2, Halloran, Schulte, 2.03M) reports that when the Supreme Court reconvenes next week after its summer break, "the most closely watched jurist won't be Chief Justice John G. Roberts or his fellow sophomore, Justice Samuel Alito, but Justice Anthony Kennedy, on whose vote these decisions will most likely turn. If one person will define this high court term after the past year's unprecedented upheaval (Chief Justice William Rehnquist's death, Justice Sandra Day O'Connor's retirement, and the first new justices in more than a decade), it will be Kennedy. With O'Connor gone, he is the lone swing justice, a moderate conservative whose vote is seen as up for grabs by both the liberal and conservative wings of the court." Kennedy's vote is expected to figure prominently in a number of cases including the court's consideration of the constitutionality of the Partial Birth Abortion Ban Act of 2003, as well as "a challenge to high school affirmative action programs that use race to assign students, and an effort by states, cities, and environmental groups to force the administration to address global warming."

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Commerce Department Reports Losing More Than 1,000 Agency Computers. The Washington Post (9/25, A19, Kamen, 748K) reports in its "In the Loop" column that after a Department of Veterans Affairs laptop loaded with personal information of vets and active-duty military personnel was stolen, House Government Reform Committee Chairman Thomas M. Davis III and ranking Democrat Henry A. Waxman "wrote 17 Cabinet-level departments and agencies to ask whether they had experienced any similar incidents. Of the 14 that have responded so far, either in whole or in part, the Commerce Department looks far and away the worst, owning up to the loss of more than 1,000 agency computers." The three departments that have not yet responded to the lawmakers' request are Treasury, Defense, and Health and Human Services. The Post adds, "Oh, well -- none of them has sensitive information about Americans."

Bush Described As "A Total Maniac On The Bike." The Washington Times (9/25, McCaslin, 88K) reports in its "Inside The Beltway" column, "We had hoped that conservative commentator Laura Ingraham would be the one to finally provide a rare peek into President Bush's mountain-biking world, which for whatever reason rotates in secrecy." Bush "invited the popular syndicated Washington-based radio host along for this past Saturday's two-hour-plus bike ride atop the dusty trails of the Secret Service training facility in suburban Maryland -- although, as usual, there wasn't a single sighting of the presidential trekkers. 'Of course it was OTR,' Miss Ingraham told Inside the Beltway afterwards, feeding us the presidential code for 'off-the-record.'" Bush's "two additional biking partners that day included White House economic adviser Ed Lazear and White House photographer Paul Morse. So is everybody off-the-record? 'He is a total maniac on the bike. Unreal,' one of the cyclists (we are forbidden to say which one) told this column, referring to the commander in chief."

WPost Says Federal Judiciary Needs to Strengthen Conduct Standards. The Washington Post (9/25, A20, 748K) says in an editorial, "The Federal judiciary took two steps last week to improve the public's perception of the standards of conduct for federal judges. First, a commission headed by Supreme Court Justice Stephen G. Breyer issued its report on the handling of misconduct allegations against judges. Separately, the Judicial Conference -- the administrative arm of the court system -- revised the rules governing educational junkets for jurists that get funded by private, sometimes ideologically tinged organizations. Both developments are positive. But the judiciary needs to do more."

NYTimes Praises Call For Routine Universal HIV Testing. The New York Times (9/25, 1.21M) says in an editorial, "Federal health officials took the right step last week when they recommended that all teenagers and all adults up to the age of 64 be tested for H.I.V. infection when they receive routine medical care. This welcome effort to remove barriers in the way of widespread testing offers the best hope to reduce the stubborn persistence of H.I.V. infections in the American population."

OTHER NEWS:

Job Market In Construction Sector Strong. USA Today (9/25, Kirchhoff, 2.27M) reports, "Though new home sales have plummeted 20% from a year ago, US construction employment is still up 3%. But the solid jobs news might not last. … More than 7.52 million U.S. workers were employed in construction in August on a seasonally adjusted basis, up from 7.31 million in August 2005 and 7.46 million in January, according to the Labor Department. Construction employment is a million above 1999." The job market "is being supported, in part, by a surge in commercial and public works projects. But residential construction hiring also rose in July and August."

Lower Natural Gas Prices Could Benefit Consumers, US Economy. The Christian Science Monitor (9/25, Scherer, 58K) reports, "Since last year at this time, the price of natural gas at the wellhead has plunged 47 percent, and the wholesale price of home heating oil is down 20 percent. If prices were to remain close to these levels - and if the winter is not overly cold - homeowners could save as much as $250 compared with last year, some energy analysts estimate." The Monitor says, "If consumers feel more comfortable with their energy bills, this could help retailers in the coming holiday period - already forecast to have only modest gains." However, "prices could snap back quickly if a hurricane hits the Gulf of Mexico or the winter turns out to be fierce, energy experts warn. The Energy Information Administration (EIA), for example, in making its forecasts, is assuming that January will not have the moderate temperatures of the winter of 2006." The Monitor also notes, "Users of home heating oil may not see the same savings as natural-gas users, because the price of oil has not fallen as far."

Democrats Hopeful They Can Attract "Values Voters" Away From The GOP. ABC World News (9/24, story 8, 2:35, Harris) reported, "This weekend, the Reverend Jerry Falwell said not even Lucifer can motivate Christian conservatives the way Hillary Clinton can. Even

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though Falwell says he is joking and many evangelicals say he does not speak for them, his words highlight how Republicans and increasingly Democrats, may be willing to go to attract religious voters." ABC noted that Falwell's "larger point about the Republican Party's need to energize religious conservatives is hardly a joke. In 2004, strong turnout by Christian voters inflamed over gay marriage helped push George W. Bush over the top in key states. This year, there are signs some of that enthusiasm is waning." According to ABC, "Democrats are making a concerted effort to close the God gap. … Democratic strategists say if they can get even a small number of religious voters to walk away from the Republican Party, it would be a significant step."

Falwell Clarifies "Lucifer" Comment On Clinton Candidacy. The AP (9/25, Potter) reports Falwell "acknowledged on Sunday saying that if Hillary Rodham Clinton were the Democrats' presidential nominee in 2008, it would motivate conservative evangelical Christians to oppose her more than if the devil himself were running. Falwell said in a telephone interview that his comments to several hundred pastors and religious activists at the 'Value Voter Summit' conference were 'totally tongue-in-cheek.'

Dobson Says GOP's Christian Conservative Base "Disillusioned." The New York Times (9/25, Kirkpatrick, 1.21M) reports, "Openly anxious about grass-roots disaffection from the Republican Party, conservative Christian organizers are reaching for ways to turn out voters this November, including arguing that recognizing same-sex marriage could also limit religious freedom. Just two years after many conservative Christians exulted that their voter turnout efforts had pushed President Bush to re-election, organizers say their constituents are disengaged. 'There is disillusionment out there with Republicans,' said James C. Dobson, founder of the conservative Christian broadcaster Focus on the Family and the most influential voice in the movement. 'That worries me greatly. … My first inclination was to sit this one out,' Dr. Dobson said in an interview, adding that he had changed his mind when he looked at who would become the leaders of Congressional committees if the Democrats took over."

IRS Investigations Unite Conservative And Liberal Religious Leaders. NBC Nightly News (9/24, story 7, 2:25, Seigenthaler, 9.87M) reported, "A showdown is shaping up that churches across the nation are watching in this country. It's a dispute about politics from the pulpit with one church now challenging the IRS to take it to court. … Right now in the US more than 100 churches and nonprofit organizations are under investigation by the IRS, government scrutiny not wanted by churches liberal and conservative alike."

GOP Candidates Under Attack Due To Support For Free Trade Policies. The Los Angeles Times 99/25, Hennessy-Fiske) reports, "With wages stagnating for many Americans, trade has become a significant campaign factor this fall in parts of New York, Pennsylvania, Georgia and other states. In Ohio, Michigan and North Carolina, where manufacturers continue to shutter plants and cut jobs, free trade has become a major issue of campaigns. In Michigan, Democratic Sen. Debbie Stabenow, who is seeking reelection, recently ran a TV ad highlighting her effort to create a 'trade prosecutor' to investigate unfair foreign competition. In Ohio, Republican Sen. Mike DeWine and his Democratic challenger, Rep. Sherrod Brown, have repeatedly sparred over trade, with Brown calling for 'fair-trade' policies that hold foreign companies to U.S. workplace standards. In North Carolina, Republican Rep. Robin Hayes, a textile heir, is under attack from his opponent, a former textile worker, for supporting the Central American Free Trade Agreement last year. Hayes cast the deciding vote."

Rothenberg Contests Claim That GOP Has Gained Momentum. Roll Call's Stuart Rothenberg (9/25) writes, "First, let's stipulate that recent polling has shown some improvement in Republican numbers, whether it's in the president's standing or the generic ballot. President Bush's job approval numbers bottomed out earlier this year and have been inching up for a couple of months. That's the good news for Republicans, and any good news is better than bad news. But if you look at presidential job approval and the generic ballot, it is awfully difficult — no, actually, it is impossible — to conclude a dramatic surge has occured or is under way." That "doesn't mean it won't happen, only that it hasn't occurred so far."

Akaka Defeats Case 55-45. The Washington Post/AP (9/25, A4) reports Sen. Daniel K. Akaka "beat back a challenge from Rep. Ed Case in Hawaii's Democratic primary. Case conceded the race just before 6 a.m. Eastern time Sunday, when returns showed that he trailed 55 percent to 45 percent with all but one precinct reporting. The GOP nomination went to former Vietnam prisoner of war Jerry Coffee, who pulled out of the race because of health reasons. Republicans have three days to name a replacement candidate."

Santorum Said To Be Relying On GOP's "Structural Advantages." The New York Times (9/25, Toner, 1.21M) reports, "An endangered Republican like Senator Rick Santorum of Pennsylvania could always comfort himself with this: The political winds may be blowing the Democrats' way this year, but the Republicans retain some formidable structural advantages. Like money: Mr. Santorum…has had a significant fund-raising advantage over his Democratic challenger, State Treasurer Bob Casey, which means more money for television advertising. Or the Republicans' near-legendary voter turnout operation: the 72-

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hour program, tested and proven (to the Democrats' despair) in the 2002 and 2004 elections, which moved coordinators into Pennsylvania more than a year ago to prepare for Nov. 7. Not to mention the bully pulpit of the White House: even a politically beleaguered president can shape the terms of political debate, as President Bush demonstrated anew with his focus on terrorism in recent weeks."

Lamont Expands His Pitch To Include Stances On Raft Of Domestic issues. The New York Times (9/25, Medina, 1.21M) reports Ned Lamont "spun through his regular stump speech, touching in about 10 minutes on his ambitions to legislate universal health care, cut back the federal deficit and limit the influence of lobbying in Washington. Halfway between his victory in the Democratic primary and his rematch with Senator Joseph I. Lieberman in the general election, Mr. Lamont is trying to articulate positions on a variety of domestic issues, from education to transportation to jobs. But in the end, Mr. Lamont, a former cable executive who has presented himself as a fiscal conservative, cannot help but return to the centerpiece of his campaign. 'I'm in this race because I think it's time we start investing in the United States of America again,' he told the Hamden crowd, alluding to the war in Iraq as a symbol of 'bad choices.'"

Conservatives Concerned Allen Is Running An Ineffective Campaign. The Washington Times (9/25, Bellantoni, 88K) reports Sen. George Allen, "his re-election campaign bruised from a month of gaffes and setbacks, is on the defensive and on the attack. Conservatives are frustrated with the Virginia Republican who once seemed an optimal choice for a 2008 White House bid and say he's given free publicity to his Democratic opponent James H. Webb Jr." The Times notes conservative blogger Dean Barnett "issued a scathing review of a recent 'Meet the Press' debate between Mr. Allen and Mr. Webb. 'For conservatives wishing for Allen to retain his seat, their best hope is that Virginians were otherwise occupied this morning or that the state's NBC outlets were having technical difficulties,' he wrote on the blog hughhewitt.townhall.com, calling the senator's performance 'dreadful.' Mr. Barnett called Mr. Webb a 'nimble and effective' debater and said he is baffled by Mr. Allen's choice to attack Mr. Webb for an article he wrote in 1979 questioning the role of women in the military."

Krauthammer Regards Allen's Jewish Heritage As Irrelevant. In his column for the Washington Post (9/25, A21, 748K) Charles Krauthammer writes Allen "has just been outed as a Jew. An odd turn of events, given that his having Jewish origins has nothing to do with anything in the campaign and that Allen himself was oblivious to the fact until his 83-year-old mother revealed to him last month the secret she had kept concealed for 60 years. Apart from its political irrelevance, it seems improbable in the extreme that the cowboy-boots-wearing football scion of Southern manner and speech should turn out to be, at least by origins, a son of Israel."

GOP "Cautious But Hopeful" About 2006 Races. Time (10/2, Allen, 4.03M) reports in its "Notebook" column that Democrats are hoping a "perfect storm" of voter discontent "will stir a giant wave to sweep the GOP out of the majority. In a recent presentation to top Democrats, pollster Cornell Belcher said the party has its best chance since the Reagan era to win slices of the electorate that have come to be identified with the GOP base, including churchgoers, young white men and Southern men. Frank Newport, editor in chief of the Gallup Poll, sees conditions ripe for an electoral tsunami but says it depends on 'whether Democrats can take advantage of it.'" Nonetheless, the GOP is "cautious but hopeful that it will be able to hang on to its majority. 'The challenges aren't less, but the environment is better,' says [RNC Chairman Ken] Mehlman. 'If you look at the overall picture, this environment is not consistent with a surge election.' In other words, the conditions aren't great, but maybe the Democrats' wave won't be quite big enough to let them surf into power."

Poll Finds Few Voters Paying Attention To GOP Agenda. U.S. News and World Report (10/2, Bedard, 2.03M) reports in its "Washington Whispers" column that new polling shows that the "few voters -- just 29 percent-who are paying attention to the GOP message hate it. A majority-53 percent-of those who've seen, read, or heard about Republican initiatives tell Fabrizio, McLaughlin & Associates that they are less likely to vote Republican. Even fewer Democrats are paying attention, but those who do are more likely to vote D. Tony Fabrizio has the answer for Republicans: Go home and stop bragging on GOP initiatives."

Rove Concerned GOP Congressional Campaigns Aren't Recruiting Enough Volunteers. Newsweek (10/2, Wolffe, 3.12M) reports that Rove is concerned "that some congressional campaigns aren't recruiting as many volunteers as they did last time around. 'You have to constantly replenish people. In some instances it has been done very successfully by some candidates,' he told NEWSWEEK. 'In other instances, it's not been done so well.'"

Democratic Congressional Candidates Suffer From Dearth Of 527 Funds. Roll Call (9/25, Kane) reports, "After pouring hundreds of millions of dollars into Democratic-leaning 527s in the 2004 cycle, wealthy liberal donors have provided only a small fraction of that amount to similar groups focused on the tug of war over the House and

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Senate in the 2006 cycle. … Only in recent weeks have billionaires such as George Soros and philanthropist Linda Pritzker cut checks to organizations expected to launch attacks on GOP House and Senate candidates in the runup to the Nov. 7 elections. And those donations — $120,000 from Soros, $100,000 from Pritzker, both to the liberal group Majority Action, which is targeting House GOP candidates — pale in comparison to the eight-figure sums that those wealthy liberals committed to 527s two years ago. Soros alone gave at least $27 million to 527s in the 2004 campaign, making him a huge part of a well-organized effort led by former Clinton White House deputy chief of staff Harold Ickes. According to most recent filings, Soros has given just $2.3 million this cycle to 527s, and most of that money went to groups that are not active in House and Senate races."

NYTimes Blasts FEC's Oversight Of 527s. The New York Times (9/25, 1.21M), in an editorial, writes, "The Federal Election Commission — the voters' supposed watchdog — continues to shirk its responsibility to rein in shadow party operatives who evade the law by raising unregulated amounts for negative war chests. … Complaints from 2004 about soft money abuses are still being studied 'case by case' by the F.E.C. Such studiousness has been pronounced a 'total failure' by a federal judge who is prodding the commission to write a firm regulation controlling the 527 evasions or explain why not. In ducking the issue, regulators are allowing soft money to ooze into the November elections. They seem determined to keep looking the other way through the next presidential campaign."

NRCC Pressuring Members To Contribute To Battleground Fund. Roll Call (9/25, Davis) reports House Republican leaders "will hold a final fundraising push on Wednesday at the Capitol Hill Club. While the 2006 Battleground program is on target to surpass the $17.5 million goal set by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), leaders are expected to increase pressure on the handful of Members who have yet to fulfill their money commitments through individual meetings, also to be held Wednesday, with Reynolds, Speaker Dennis Hastert (Ill.), and Chief Deputy Majority Whip Eric Cantor (Va.), who is chairing the program this year. … Two senior Members who have yet to meet their contribution targets are Appropriations Chairman Jerry Lewis (Calif.) and retiring Ways and Means Chairman Bill Thomas (Calif.), according to multiple House sources." Roll Call notes Thomas "had only $70,000 in cash on hand remaining in his campaign account at the end of June, while Lewis is sitting on nearly $1.5 million in cash. Both Members also have leadership political action committees, with Lewis' PAC reporting $289,000 as of Aug. 31, and Thomas' PAC reporting $583,000 as of June 30."

Nine Former Democratic House Members Seeking Return To Congress. The Washington Post (9/25, A6, VandeHei, Cillizza, 748K) reports, "Two years after leaving Congress -- at the time, he was certain it was for good –" former Rep. Ken Lucas "is back, asking some of Boone County's richest doctors, lawyers and businessmen to help finance a political resurrection." Lucas "is a courtly and conservative Southern Democrat seeking to oust Rep. Geoff Davis (R) in Kentucky's 4th Congressional District. Lucas, who held this seat from 1998 until his retirement in 2004, is also one of nine Democrats in key House races making another run at a Republican they challenged at least once before. They are the do-it-again Democrats, a key to their party's strategy of winning back the House. The Ohio River Valley is full of them. Across the river in Ohio, Democrat John Cranley is running in the 1st District against GOP Rep. Steve Chabot, who beat him six years ago. In neighboring Indiana's 9th District, former Democratic congressman Baron Hill is challenging Rep. Mike Sodrel, who beat him by about 1,400 votes in 2004. (That race was itself a rematch: Hill had defeated Sodrel in 2002.) Also in Indiana, Joe Donnelly is seeking a do-over in the 2nd District against GOP Rep. Chris Chocola, who defeated him in 2004."

Democrats Work To Retain Two Vulnerable Georgia Districts. USA Today (9/25, Stone, 2.27M) reports Democrats "are in the hunt for 15 seats to gain control of the House. Most of the focus has been on vulnerable GOP incumbents battered by President Bush's unpopularity, the Iraq war and voters in the mood for change. At the same time, Democrats also must protect their own. Of three dozen seats the National Republican Congressional Committee considers competitive, eight are held by Democrats. 'We're on the offense in pursuing those seats,' said Rep. Thomas Reynolds of New York, the House GOP campaign chairman. Democrats are pushing more money toward their 'front line' candidates, including" Rep. John Barrow. According to the USA Today, "The defensive line for Democrats cuts through Georgia, where two of the party's incumbents are in tough races. Barrow and fellow Georgia Democrat Jim Marshall, who faces ex-congressman Mac Collins in a neighboring district, are conservative 'Blue Dog' Democrats in a region of Republican red."

Likely First Muslim Congressman Profiled. The Christian Science Monitor (9/25, Paulson, 58K) reports, "When Keith Ellison arrives at the Karmel Square, one of Minneapolis's Somali malls, a rock star might as well be walking by the bustling stalls of bright fabrics, jewelry, phone cards, and videos. … Ellison is one of their own. After his victory in this month's Democratic primary in the Fifth District, he's likely to become the first Muslim elected to Congress.

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He would also be the first black congressman to come from Minnesota. The distinctions are ones Ellison tries to downplay, always directing conversation back to the issues, but national media and many Minnesotans want to talk of little else."

Rove "Protégés" Playing Major Role In This Year's Elections. Newsweek (10/2, Wolffe, 3.12M) profiles a series on political professionals who "learned from the master, and are applying the lessons in the hottest races ahead. Meet the architect's protégés." They are "a group of admakers, strategists and direct-mailers who learned the craft from" Karl Rove, "the architect of George W. Bush's White House -- and are now shaping some of the hottest races of 2006. Some are in Texas, making money as consultants; some are in Washington, toiling inside the administration or the party. Most of them will be in contact with Rove as Election Day draws near." Newsweek notes that as Rove's time in the White House to an end, he "leaves a legacy well beyond the White House -- in the next generation that he's nurtured, and the campaigning style they share." Former Rove "protégés" include Todd Olsen, who is "is refining Rove's microtargeting techniques for candidates across the country," Terry Nelson, a "senior adviser to Sen. John McCain's political-action committee, " RNC Chairman Ken Mehlman, White House political director Sara Taylor, Scott Howell, "who is running ad campaigns in such hot spots as Missouri, Michigan, Minnesota and Virginia this fall."

Pelosi Said To Be "Tougher Than Many Think." U.S. News and World Report (10/2, Bedard, 2.03M) reports in its "Washington Whispers" column that House Minority Leader Nancy Pelosi is "a lot tougher than many think. In fact a top Republican member tells us that he wishes Dennis Hastert, the likable speaker from Illinois, was as hard on GOP crooks and goof-ups as Pelosi has been on her misfits."

New Independent Political Groups Mobilizing For 2006. Time (10/2, Tumulty, 4.03M) reports that at a new generation of independent political organizations, known as 527s or 501(c)s, have mobilized in recent months. According to Time, "At least three groups -- two that tilt Democratic and one Republican -- are already generating controversy." Time provides a short description of the groups. The group VoteVets is run by Jon Soltz, who served in Iraq in 2003 and "counts among its directors former NATO Commander Wesley Clark and ex-Senator Bob Kerrey, who won the Congressional Medal of Honor in Vietnam, both Democrats." The group aims "to help elect Iraq and Afghanistan veterans to Congress and hold current members of Congress accountable for 'votes and positions that harm America and its troops and veterans.'" Former DNC Chairmen Joe Andrew and Don Fowler are behind the group Majority Action which plans to 'educate the American public about the disastrous record of the current Republican Congress.'" Bob Perry who was responsible for the group Swift Boat Veterans for Truth, is behind the Economic Freedom Fund, which seeks to "educate the public concerning issues related to the preservation of economic freedom, the promotion of economic growth and prosperity."

Elizabeth Edwards Says Husband "Seriously Considering" A Presidential Bid. Time (10/2, Sachs, 4.03M) interviews Elizabeth Edwards, wife of 2004 Democratic vice-presidential candidate John Edwards. Asked about the view that her husband could have beaten President Bush if he had been at the top of the ticket in 2004, Edwards said, "It would be hard for me to say that I didn't think that was true. John was exactly the counterpoint we needed because the President had portrayed himself as somebody in touch with the guy on the corner. What you needed to show the falsity of that was to have somebody who really was in touch with the guy on the corner, who really understood the lives of people who work in factories, people who struggle, people who live middle-class lives built around their children, Saturday or Sunday soccer, and Friday-night football." Edwards was also asked about the possibility of her husband seeking the presidency in 2008. Edwards said, "He's very seriously considering running. One [factor] is my health. He said that if the cancer recurred -- we actually had a scare this fall that turned out not to be anything -- he would do what he did before, and draw himself into making me better."

Buchanan Said To Be Spokesman For "Populist Nationalists." Steven Holmes, deputy national editor of the Washington Post (9/25, 748K) reviews Patrick J. Buchanan's new book "State Of Emergency: The Third World Invasion and Conquest of America." According to Holmes, "It's easy to quibble with Buchanan, but it would be a mistake to ignore him. New York Times columnist David Brooks posits that our political landscape is increasingly being defined as a fight between what he terms 'progressive globalists' and 'populist nationalists.' … The latter are distrustful of multinational corporations, conservative in social values, wary at intervening in other countries and angry at immigration and the outsourcing of jobs. Buchanan may be their most articulate spokesman. We would dismiss him and the anger embodied in 'State of Emergency' at our peril."

LATimes Urges Voters To Consider Ballot Initiatives Carefully. The Los Angeles Times (9/25, 918K) says in an editorial, "On Nov. 7, voters here will decide the shape of the state's finances and the health of its infrastructure for decades to come, and will set a course for

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leadership at a time of unprecedented growth and demographic change. Every election is touted as pivotal, but with an almost unfathomable $46 billion in bond measures on this ballot, and up to $3 billion annually in new taxes, it's hard to dismiss the coming vote as just another day at the ballot box." But "how is a voter to wade through 13 ballot measures, seven statewide races and a seat on the obscure state Board of Equalization without fear of unforeseen consequences? There is no good answer. Ballot propositions, in particular, have become so bloated and misleading that they often defy understanding."

Business Wades Into State Judiciary Races. In a Wall Street Journal op-ed (9/25), Kimberly Strassel of the WSJ editorial board says, "Call it business's revenge, or better yet, business's new political strategy -- one that may prove a rare bright point for conservatives in upcoming elections. Somewhere among the Spitzer campaigns, the endless trial-lawyer suits, and the adverse verdicts in state courts, the corporate world realized it needed to address root causes. Local chambers of commerce and tort-reform groups encouraged businesses to start putting some skin into state elections." This year, "that effort has given rise to a frontal assault aiming to reshape courts and law enforcement offices across the nation." If business coalitions "have their way, Michigan, Ohio, Wisconsin and New Mexico will not be the playgrounds of proto-Eliot Spitzers. N or will the courts of Georgia, Kentucky, Alabama, Michigan, Oregon, Ohio and Illinois make Stephen Breyer proud. The money underlines the commitment: In 2002, spending on state Supreme Court races was $29 million; by 2004 it had jumped to $42 million; this year it's expected to set records." If there's "a godfather of this movement it might be John Engler, who realized early in his 1990s career as Michigan governor that tort reform didn't count for much if state courts routinely struck down new laws."

Producer Sues Clintons Over Campaign Expenditures. The Washington Times (9/25, Seper, 88K) reports Peter F. Paul, a "Hollywood producer who sought to hire President Clinton as a 'rainmaker' has told a California court the former president and his wife, Sen. Hillary Rodham Clinton, cheated him out of a multimillion-dollar Internet venture and he wants his money back. In a complaint to be heard today in Superior Court in Los Angeles…Paul says the scheme was orchestrated by Mrs. Clinton, who convinced him to spend $1.9 million on campaign fundraisers prior to her November 2000 election to the Senate and then reneged on promises to help him on the Internet deal. The 43-page complaint, which also accuses Mr. Clinton and others involved in Mrs. Clinton's 'New York Senate 2000' campaign of taking part in the conspiracy, seeks $30 million in stock losses and $1.9 million in cash."

HSAs Change Consumers' Behavior, But Leave Employers Managing Care. The Wall Street Journal (9/25, A1, Rubenstein, 2.03M) reports on a business that "adopted" a consumer-driven health-insurance plan. The "experience suggests that although information about the price and quality of health care remains sketchy, the…push to make the health-care market more like the market for other services can change consumers' behavior. However, some managers have to turn themselves into instant experts both on health care and on the law." And this newfound knowledge means mangers "might be in for a lawsuit" if he or she "uses health information in firing or demoting an employee -- or is perceived to do so."

Massive Power Failure In Pakistan Sparks Coup Rumors. The Washington Post (9/25, A16, Constable, 748K) reports, "Panicky rumors of a coup swept through Pakistan on Sunday after a power outage interrupted national television broadcasts and later plunged much of the country into darkness." Because President Pervez Musharraf is traveling in North America, "many Pakistanis speculated that he had been overthrown in absentia." The electricity administration said "that the outage was caused by technical problems and that no sabotage had been involved," and Islamabad "was quiet late into the night" with "no signs of military vehicles or troops in the streets." However, the Post says, "for hours, with power flickering on and off in Islamabad and half the country still without electricity by late evening, rumors continued to swirl of a possible coup against" the president. The Post adds that Musharraf "would be highly unlikely to fall to a military coup, although it has been reported that some of the senior army commanders, who operate as a consensual policy group within the armed forces, are conservative Muslims who disagree with his moderate religious policies."

Haniyeh Says Hamas Will Resume Unity Government Talks. The AP (9/25, Barzak) reports an announcement by Hamas that "it will resume talks on building a governing coalition with moderate President Mahmoud Abbas' Fatah movement, but [Hamas] gave no indication of any move toward compromise on recognizing Israel." Abbas is to meet tomorrow with Prime Minister Ismail Haniyeh "to try to rescue the coalition agreement." Haniyeh "said Sunday that Hamas is still interested in forming a broader government," but he did not "indicate whether Hamas would compromise. Only two days earlier, Haniyeh said he would never head a coalition that recognizes Israel." The AP notes, "Despite their differences, Hamas and Abbas appear to have little choice but to govern together," because "Hamas needs Fatah to win international recognition and restore foreign aid."

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Since Lebanon War, Israeli Settler Movement Seeing Revival. The Washington Post (9/25, A1, Wilson, 748K) reports, "The movement to expand Jewish settlements in the West Bank, which only a few months ago appeared to be a divided, waning political force, is experiencing a revival after a summer of war that caused many Israelis to question the wisdom of abandoning more territory. … The settlers' change of fortune stems from Israel's conflicts in the Gaza Strip and southern Lebanon, regions the country had occupied and abandoned in the recent past. Islamic gunmen staged cross-border raids from those areas this summer, capturing three Israeli soldiers who are still being held." The Post adds, "Some Israelis are drawing lessons from the war that have helped vindicate the settlers, whose large financial claim on the national treasury and strident opposition to an independent state for the Palestinians in Gaza and the West Bank have angered many here over the years. Israel occupied those regions in the 1967 Middle East war."

Israeli Economy Remains Strong. The Wall Street Journal (9/25, Corkery, 2.03M) reports, "Overall, Israel's economy proved pretty resilient during the war, considering that rockets rained down on the country for several weeks. … To be sure, Israel's economic picture during the latest war may have been buoyed by the overall health of the global economy. Today, Israel's fortunes are tied much closer to those of the world economy, after having evolved into a leading exporter of high-tech products and services as well as an incubator of entrepreneurs. Many believe the groundwork for today's economy was laid by Benjamin Netanyahu who became finance minister in 2003 and imposed cuts in government spending and reduced the deficit." The Journal adds, "Business leaders say Israel's tech-dominated economy is flexible enough so that during times of conflict, both work and meetings can be shifted outside the country."

Clinton Says Israeli-Palestinian Peace Settlement Would Boost US Image. During his appearance on NBC's Meet the Press (9/24, Russert) former president Bill Clinton was asked, "As you travel around the world, what do people say about the image of the United States?" Clinton answered, "It's generally assumed, I think, in Washington that the problem the American image has is that a lot of people disagree with President Bush and it's basically about Iraq. I think it's a little more complicated. That is, I think it's true that in the Middle East and many places and many independent unaligned countries, they don't necessarily agree with our Iraq policy. But I think it's more the feeling that that's just the most severe example of a country that is more committed to doing what it wants, when it wants, and not listening to other people and working with them whenever possible. … I don't think America has any significant image problems that couldn't be turned around rather quickly with a different way of dealing with people. I also believe that in the Muslim world at least, if there were a resumption of serious Israeli-Palestinian peace talks, that would help a lot, because everybody knows that in the end, that situation can't be resolved, in all probability, unless we're involved in a supportive way and what happens after they sign the deal."

UN Troops Said To Be "Treading Lightly" In Lebanon. In a 1,579-word analysis piece titled "UN Force Is Treading Lightly On Lebanese Soil," the New York Times (9/25, Slackman, 1.21M) reports, "One month after a [UNSC] resolution ended [the Israel-Hezbollah war], members of the international force sent to help keep the peace say their mission is defined more by what they cannot do than by what they can. They say they cannot set up checkpoints, search cars, homes or businesses or detain suspects. If they see a truck transporting missiles, for example, they say they can not stop it. They cannot do any of this, they say, because under their interpretation of [UNSCR 1701], they must first be authorized to take such action by the Lebanese Army." The Times says UNSCR 1701's "diplomatic language skirted a fundamental question: what kind of policing power would be given to the international force? The resolution leaves open the possibility that the Lebanese Army would grant such policing power, but the force's commanders say that so far, at least, that has not happened." UNIFIL "is stepping gently as it tries to carve out a role in a country that is feeling its way through the postwar period. It is early in the United Nations mission, but officials say that their most difficult task, and one they are adamant about achieving, is not being drawn into any power struggles between the religious and political factions in Lebanon." The Times says Beirut and the UN "have a similar agenda in trying to win the trust of the Lebanese people and not have the force become a tool of political factions looking to incite domestic conflict. The goal is to be viewed as a peacekeeping force, not an occupier." The enlarged UNIFIL has "stepped into Lebanon at a particularly tense time, as Hezbollah and the American-supported government are jockeying for position and power. If the Lebanese government did decide to expand the responsibilities of the troops now, they would risk turning them into targets of attack. These forces are much better equipped than past forces, and that has people a bit nervous about their mission."

Lebanese Christians March Against Hezbollah. The AP (9/25, Dakroub) reports Samir Geagea, "an anti-Syrian Christian leader, dismissed Hezbollah's claims of victory in its war with Israel as tens of thousands of his supporters rallied Sunday in a show of strength that highlighted Lebanon's sharp divisions." The AP says "the two sides have been at sharp odds over the future of the Lebanese government since this summer's Israeli-Hezbollah war," and yesterday Geagea "scoffed at Hezbollah leader Sheik Hassan Nasrallah's

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declaration that his guerrillas achieved 'a victory' against Israel." He "rejected Nasrallah's vow to keep his weapons, saying the guerrilla group was blocking the establishment of 'a strong and capable (Lebanese) state' for which Nasrallah was calling," and he "implicitly accused [Hezbollah] of running 'a state within a state' in south Lebanon."

Ahmadinejad Says Regime Change Will Not Happen In Iran. U.S. News and World Report (10/2, Omestad, 2.03M) reports that Iranian President Mahmoud Ahmadinejad "used his visit to New York to try to put a resolute-but-unthreatening face on Iran's aims -- at an acutely delicate moment in the US-led drive to get the UN Security Council to impose sanctions on Iran. … Still, he grew steely-eyed in reply to a question from US News about the Bush administration's apparent preference for 'regime change' in Iran. Ahmadinejad had heard that 'on numerous occasions,' he said, but insisted that it would never happen. 'They are not able to do that,' he said." Ahmadinejad "also professed disappointment that President Bush didn't respond to his meandering, 21-page letter this spring or to his challenge to a debate at the United Nations." US News adds that Ahmadinejad "dismissed Bush's calls for Iranian democracy, insisting that Iran already enjoys one that 'is actually very sublime.'"

Ahmadinejad Says US Believes It Owns The World. Newsweek (10/2, Weymouth, 3.12M) interviews Ahmadinejad. Asked if his country would stop enriching and reprocessing activities, he said, "Why should we agree to that? There is no such provision in the NPT [Nuclear Non-Proliferation Treaty]." Asked if it would be in Iran's interest to move toward a normal relationship with the US, Ahmadinejad said, "We are interested in having talks with everyone...but the US administration -- that is, a section of the U.S. administration -- does not create the right circumstances. They believe that they own the entire world, so they speak from that position, looking down at us. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. [A country] that has actually produced and used nuclear bombs cannot claim that they now want to stop proliferation."

Intel Profile Says Ahmadinejad Sees World In Black And White. U.S. News and World Report (10/2, Omestad, 2.03M) reports, "Ahmadinejad remains a bit of a mystery to official Washington. A US intelligence profile, U.S. News has learned, depicts him as seeing the world 'in very black-and-white terms' yet also possessing the capacity to 'change quite quickly.'"

Iranian Clerics May Move To Expand Their Hold On Power. The New York Times (9/25, Fathi, 1.21M) reports, "Political jockeying by fundamentalist Iranian clerics for the coming election of the Assembly of Experts, the group charged with overseeing the country's supreme leader, is raising concerns that the government will move further toward authoritarianism. As in the last elections for the assembly eight years ago, the watchdog Guardian Council has barred reformist clerics." This year, "some clerics and some newspapers have been suggesting that a senior fundamentalist cleric who is President Mahmoud Ahmadinejad's mentor, Muhammad Taqi Mesbah Yazdi, may be trying to expand his already growing power by packing the assembly with loyalists trained at his education center in Qum. … Some analysts say the competition this year is likely to be between Mr. Mesbah Yazdi and Ali Akbar Hashemi Rafsanjani, a former president who packed the assembly elected in 1990 and 1998 with traditional clerics with whom he had influence."

Zakaria Urges Bush To Offer To Open Embassy In Teheran. Fareed Zakaria writes in the Washington Post (9/25, A21, 748K), "Watching Ahmadinejad at a private meeting last week, I was struck by how little he conformed to the picture of a madman. He was smug, even arrogant, sometimes offensive, but always calm and intelligent. If we're going to outsmart him, we need clever, compelling arguments of our own. Instead we have tended to threaten, bully and intimidate. No wonder he's winning the public diplomacy." Zakaria adds, "One way to change the game is to play to our strengths. Iran's hard-liners don't want good relations with the United States. Iranians have been taught for a generation now that Washington hates them, doesn't want relations with their country and tries to isolate them in the world. What if President Bush publicly offered to open an embassy in Tehran and begin student exchanges with young Iranians? In a country that is yearning for contact with the outside world, it might put the mullahs on the defensive."

ABC World News (9/24, story 9, 2:20, Harris) reported, "As you probably noticed, the gathering of world leaders last week at the united nations was marked by an avalanche of criticism of President Bush. The leader of this critical bloc was the President of Iran, who said his country will never bow to the will of the US. But what does the average Iranian think about the relationship between the two countries?" ABC (Sciutto) added, "Today, the Iranian voices heard most often around the world, sound like this -- the chants of 'Death to America,' in Tehran. Of defiance of President Ahmadinejad at the UN this week. But when we traveled to Iran recently, we found more common ground. … American culture is still popular here. And so are Americans themselves. But not President Bush."

Scholar Says Pyongyang Planning To Step Up Production Of Nuclear Weapons Fuel. The New York Times (9/25, Kahn, 1.21M) reports, "North Korea plans to step up production of fuel for nuclear weapons unless the United States drops financial sanctions and returns to

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negotiations over its nuclear program, an American scholar with ties to North Korean leaders said Sunday. The scholar, Selig S. Harrison, a longtime Korea specialist based in Washington, said top North Korean officials whom he met with last week told him they intended to unload fuel rods at their Yongbyong reactor and extract plutonium for nuclear bombs earlier than had been expected." Harrison "quoted Kim Kye-gwan, the vice foreign minister of North Korea, who is overseeing its participation in the stalled six-nation negotiations, as saying that the fuel rods would be unloaded this fall."

Broad Coalition Lobbying For Passage Of US-India Energy Agreement. The Wall Street Journal (9/25, Wonacott, 2.03M) reports with "the fate of a landmark nuclear pact between the U.S. and India hinging on an imminent Senate vote, Ron Somers isn't leaving its outcome to chance." Somers, "an American businessman whose career has tracked India's economic opening over the past 15 years, is spearheading a late-stage lobbying blitz to coax the deal across the finish line. After seeing one Indian energy venture after another, including two of his own, strangled by bureaucracy and political turf wars, Mr. Somers believes the nuclear-power pact represents the key to unlocking India's huge economic potential -- and the billions of dollars in business opportunities that would follow for U.S. companies." The US-India Business Council in Washington, "of which he is president, is working with a broad coalition of U.S. companies, academics and Indian-American groups to shepherd final congressional passage of a pact President Bush and Indian Prime Minister Manmohan Singh agreed to in March. The deal's proponents believe it will knit together two big democracies in a strategic bond and a rich economic relationship." As the "number of days dwindles before Congress breaks, Mr. Somers and a disparate group of allies have coordinated visits, letters and teleconferences to expedite the Senate vote. The House has approved its version of the bill."

Indian Affirmative Action System Reverses Castes. The Washington Times (9/25, Nelson, 88K) reports, "Years of affirmative action have upended India's caste system to the point where some upper-caste Brahmins are reduced to working as porters and pedaling rickshaws, while almost half the places in universities will soon be reserved for lower castes and tribal people." India's "version of affirmative action has gradually taken hold over the past 50 years, designed to bring justice to those who were long oppressed by the Hindu caste system. Now the government, using data from a caste census taken in 1931, is on its way to increasing the number of university admissions reserved for lower castes and tribal people to 49.5 percent from 22.5 percent." Demonstrators "say the quota system will squelch merit in India's most respected universities and further fracture Indian society. More protests are expected when Parliament reconvenes for the winter session."

Islamic Militia Seizes Seaport In Somalia. The AP (9/25, Farah) reports, "Hundreds of Islamic militiamen in heavily armed trucks took over the southern town of Kismayo, one of the last seaports that had been outside their control in Somalia, witnesses said Sunday. … The peaceful takeover was the latest blow to Somalia's virtually powerless government." The country's defense minister, Col. Barre "Hirale" Aden Shire, "had been a leading member of the Juba Valley Alliance that had been ruling Kismayo and was among those who fled."

Natsios Expects Difficult Mission As Darfur Envoy. USA Today (9/25, Slavin, 2.27M) reports the Bush Administration's "new envoy to Sudan said his mission to try to stop the genocide in Darfur will be a daunting assignment." Andrew Natsios, a former director of the US Agency for International Development, "said his new job will be 'one of the most difficult I've had.' In an interview Friday, he compared it to his work on Boston's 'Big Dig.'" Natsios was "chairman and chief executive officer of the Massachusetts Turnpike Authority for a year. In 2000, he was brought in to try to get the calamity-plagued bridge and tunnel project on track." Natsios said "his first task will be to convince the Sudanese government to stop bombarding rebel villages in Darfur and allow the deployment of United Nations peacekeepers in the western Sudanese region, which is the size of France."

NATO Seen As Possible Alternative To UN Peacekeeping Force In Sudan. In a Wall Street Journal op-ed (9/25), Kurt Bassuener and Eric A. Witte of the Democratization Policy Council say, "The Sudanese genocide in Darfur is on a faster track than the diplomacy hoping to stop it. True, the Aug. 31 United Nations Security Council resolution to replace the African Union's underpowered observer force in Darfur with a stronger U.N. mission of over 17,000 troops clearly worries the Sudanese regime. But its fear that the world may finally summon the will to intervene forcefully has led to Khartoum's initial decision to expel and now try to co-opt the AU's ineffectual force. The regime seems to bet that by wiping out rebels and accelerating the genocide this fall, it can preclude any intervention." The Security Council's "insistence on walking through an open door rather than displaying the will to kick it down gives Sudan an effective veto over any force deployment. China and Russia, for reasons of oil, arms, and precedent would no doubt veto Security Council authorization of a deployment unless Sudan consents." But "coercing the necessary Sudanese consent and convincing likely resisters on the Security Council to demur, as U.S. Secretary of State

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Condoleezza Rice hinted at Friday, is possible if the West moved outside the U.N. framework. NATO could rapidly alter the strategic and diplomatic equation by creating a no-fly zone and denying Sudanese control over Darfur's skies. It wouldn't be the first time for NATO to stop ethnic cleansing 'unilaterally.'"

State Department Apologizes For Treatment Of Venezuelan Official. ABC World News (9/24, story 10, 0:20, Harris) reported, "The Venezuelan foreign minister said he was illegally detained at New York's Kennedy airport. US officials have apologized but they said the ruckus started because the minister was late and had no ticket."

NBC Nightly News (9/24, story 9, 0:35, Seiganthaler, 9.87M) reported, "Venezuela's Foreign Minister is blasting the US during an incident at New York's Kennedy airport. The diplomat, who accompanied Venezuelan president Hugo Chavez at the UN General Assembly last week, reportedly arrived late for a flight without a ticket. He was held 90 minutes for questioning. The Foreign Minister accused the US of illegally detaining him and treating him abusively."

The Washington Times/AP (9/25, James) reports US officials "called the Saturday evening incident regrettable and said they had apologized to Foreign Minister Nicolas Maduro. But Mr. Maduro said Venezuela would seek a legal challenge through the United Nations to what he called a 'flagrant violation of international law' and his diplomatic immunity." Department of Homeland Security spokesman Russ Knocke "denied that Mr. Maduro was mistreated at John F. Kennedy International Airport when he was selected for an extra security check."

Chavez Believes His Destiny Is To "Put The Brakes" On Bush. Time (10/2, Padgett, 4.03M) reports that Venezuelan President Hugo Chavez "believes it's his destiny to be the leftist David who puts the brakes on what he calls Bush's imperialist Goliath -- not just in Venezuela, which has the hemisphere's largest oil reserves, but in Latin America and the world." Chavez's "rhetorical excesses, like his antics at the UN, allow his critics to dismiss him as a buffoonish pretender. It was a sign of how badly his act played in New York City last week that even Democratic Representative Charles Rangel, a harsh critic of Bush's, went out of his way to tell Chávez that 'you don't come into my country, you don't come into my congressional district and...condemn my President.' Yet the problem for the Bush Administration is that while many Americans recoil, much of the rest of the world applauds."

Chavez Says Bush Wants To Be "Master Of The World." In a separate story, Time (10/2, Padgett, 4.03M) interviews Chavez. Asked why he attacks President Bush in such "jolting language," Chavez said, "I believe words have great weight, and I want people to know exactly what I mean. I'm not attacking President Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words -- with bombs. When I say these things I believe I'm speaking for many people, because they too believe this moment is our opportunity to stop the threat of a US empire that uses the UN to justify its aggression against half the world. In Bush's speech to the UN, he sounded as if he wants to be master of the world. I changed my original speech after reading his." Asked if his feelings about Bush reflect his feelings about America in general, Chavez said, "No. I revere America as the nation of Abraham Lincoln, Martin Luther King and Mark Twain -- who was a great anti-imperialist, who opposed US adventurism in the Spanish-American War."

Chavez Said To Use Oil Wealth Contrary To Nation's Interest. In a Wall Street Journal op-ed (9/25), Alvaro Vargas Llosa, director of the Center on Global Prosperity at the Independent Institute, says Chávez "buys influence through oil. It is a form of blackmail: At OPEC, Chávez fights for increasing prices, making life hard for poor countries that import oil, and then offers those very nations oil subsidies they have no choice but to accept. That is what happened with the 14 Caribbean countries that make up the Caricom group. He also sends 100,000 barrels of oil to Cuba daily; and 200,000 barrels to Bolivia every month in exchange for soy, poultry and political subservience. And he has bought $3 billion worth of Argentine bonds to entice President Kirchner's loyalty. Chávez is denying his nation its wealth from oil, somewhere between $40 billion and $50 billion a year. His annual 'aid' budget totals more than $2 billion. He sponsors 30 countries, including some in Africa, in order to buy their vote for a seat at the U.N. Security Council."

Despite Scandal And Missteps, Brazil's Silva Likely To Cruise To Reelection. The New York Times (9/25, Rohter, 1.21M) reports that a year ago, Brazilian President Luiz Inácio Lula da Silva "was on the ropes, his support and legitimacy sapped by the biggest corruption scandal in Brazil's modern history. But with Brazilians scheduled to vote Oct. 1, he now seems likely to cruise to a landslide re-election victory anyway." The turnaround "is a result of several factors, political analysts say, like generous patronage and social programs that have buoyed the president's standing. Simple voter weariness with hearing about corruption day after day has also clearly played a part." But at "least as important is the bedrock of support for Mr. da Silva, 60, the country's first elected left-wing president, among the nation's poor, like those here in the northeast." Recent polls "have showed Mr. da Silva hovering around the 50 percent of the vote he would need to avoid an Oct. 15 runoff. His closest challenger, Geraldo Alckmin of the Brazilian Social Democratic Party, has been trailing far behind, with fewer than 30 percent of voters questioned saying they will vote for him."

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Mugabe's Party Wants Two Year Delay For Presidential Elections. The New York Times (9/25, Wines, 1.21M) reports Zimbabwe's "governing political party wants to postpone national presidential elections to 2010 from 2008, potentially giving the nation's longtime leader, Robert G. Mugabe, an extra two years in office, the state-controlled news media reported Sunday." The proposal "quickly drew speculation that the government was seeking to buy time before the vote so it could try to resuscitate the economy, which is in a state of collapse, and settle an increasingly bitter struggle within the ruling party over who will succeed Mr. Mugabe once he retires or dies." Mugabe "has suggested but never confirmed that he would retire at the end of his current term as president. Several leaders are jockeying to succeed him within his governing party, the Zimbabwe African National Union-Patriotic Front, or ZANU-PF, but no clear favorite has emerged." Because ZANU-PF "dominates Parliament and is entrenched in the government, any proposal to delay elections is virtually certain to be approved."

Pope To Meet With Muslim Leaders. ABC World News (9/24, story 4, 2:20, Harris) reported, "Tomorrow, Pope Benedict will hold the first of a series of summit meetings with Muslim leaders. This is the first part of a public offensive, designed to quiet anger over the Pope's comments about Islam and violence." ABC (Wright) added, "Today, Pope Benedict paid tribute to an Italian nun who was recently shot to death in Somalia. It's not clear if the murder of Sister Leonella Sgorbati was a direct result of Islamic anger at the Pope. Today, Benedict said her sacrifice showed 'the victory of love over hate and evil,' a Christian virtue. But the Pope made no direct mention of the controversy still swirling in the Islamic world, or of tomorrow's summit." Over the "past week, the church has bent over backwards to appease Muslim anger. An unprecedented effort for an institution that took centuries to apologize for the Crusades. The Pope has said three times he regrets the offense his speech caused. And he has reiterated his deep respect for Islam." Tomorrow, "20 envoys from Muslim countries will attend a meeting at Castle Gandalfo, the Pope's summer residence."

NBC Nightly News (9/24, story 6, 2:15, Miller, 9.87M) reported, "Muslim ambassadors will meet with the Pope on Monday. They may call for him to retract his remarks in order to get relations back on track. And this meeting might be one of his last chances to heal the rift with Islam. Already some Islamic organizations have canceled all contact with the Vatican. A freeze on relations announced at a mosque in Cairo, the center of Sunni Islam. The boycott despite the Pope saying he was deeply sorry for offending Islam when he used a 14th century quote, accusing Mohammed of using the sword to spread the faith." But Muslim ambassadors "will hear the Pope express regrets but no retreat on his stance that violence in the name of God is unacceptable."

Lack Of Central Islamic Authority Noted. In a USA Today op-ed (9/25), Jonah Goldberg of National Review Online says, "What the Muslim world needs is a pope. Large, old institutions such as the Catholic Church have the 'worldliness' to value flexibility and tolerance, and the moral and theological authority to clamp down on those who see compromise as heresy."

Schumer, Graham Say China Needs To Address Currency Issue. In a Wall Street Journal op-ed (9/25), Sens. Charles Schumer and Lindsey Graham say, "Unfortunately, the Chinese government intervenes in the market to keep its currency, the yuan, artificially low, which allows China to artificially inflate its exports and reduce its imports. Their continued manipulation is a form of protectionism, and it throws the whole global trading system out of balance." Three years ago, "we grew frustrated with the pace of China's reforms, and we introduced a bill that would impose a temporary tariff of 27.5% on all Chinese imports unless China agreed to play by the rules. Our bill was carefully crafted to not impose tariffs immediately, giving the parties time to negotiate an alternative. In addition, the president would retain the right to delay the tariff for up to two years. Neither of us wants the tariff to become law; our goal all along has been to send a shot across China's bow and prod them to play fair." Senior Administration officials "concede that our bill has helped strengthen their hand in negotiations." The senators say that while they "appreciate that China's banking system is not yet ready for a fully floating currency, but we also agree with most mainstream trade economists that gradual currency appreciation is possible without disrupting their 'harmonious society.' We have been patient and reasonable, but the time for patience has run out." Unfortunately, the Chinese "appear to be content with the status quo. Their exports to the United States create millions of Chinese jobs and have allowed China to become the second-largest holder of U.S. government bonds in the world. They have no reason to change unless we send a very strong message that the status quo is not acceptable."

WSJournal Praises Wolfowitz Effort To Tie World Bank Aid To Transparency. The Wall Street Journal (9/25, 2.03M) says in an editorial, "You might think the biggest objections to a World Bank anticorruption push would come from, say, corrupt poor countries in danger of losing international aid. In fact, it's such donor nations as Britain, France and Germany -- and bureaucrats at international aid agencies -- that seem to be complaining the loudest. Welcome to the upside-down world of development aid, where a country's actual use (or misuse) of money is

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much less important than how much it receives. Paul Wolfowitz, who took over as head of the World Bank last year, wants to change this paradigm, which won't be easy. At an annual meeting of bank officials in Singapore last week, European elites let it be known that they much prefer a lending system that gives lip service to ending graft but in fact turns a blind eye to corrupt government officials on the receiving end of billions of dollars in foreign aid."

WPost Says Japanese Right Wing Too Willing To Ignore WWII Crimes. The Washington Post (9/25, A20, 748K) says in an editorial, "Postwar Japan has oscillated between two kinds of error. Its left wing has been honest about the past but irresponsible about the present: It has shown remorse for atrocities committed by Japanese troops in East Asia in the 1930s and 1940s but has been reluctant to see Japan emerge from its pacifist shell and contribute to international security. Meanwhile, the right has made the opposite mistake: It has pushed for Japan to take more responsibility for defense but has glossed over Japan's war guilt. Since becoming prime minister in 2001, Junichiro Koizumi has tended to make the right-wing mistake. His newly chosen successor, Shinzo Abe, threatens to do the same -- but more dramatically." Abe "needs to recognize that forthright policies in the present must be underpinned by forthright honesty about the past."

WSJournal Criticizes EU For Targeting New Microsoft Operating System. The Wall Street Journal (9/25, 2.03M) says in an editorial, "Europe was expected to try a new approach to monopoly cases when Neelie Kroes took over as EU antitrust chief two years ago. Finding creative ways for Brussels to assail Microsoft isn't what most people had in mind. The latest dust-up concerns the software giant's newest incarnation of the Windows operating system, dubbed Vista. Microsoft is now scrambling to decide whether it should ship the program to Europe along with the rest of the world later this year, or delay to avoid upsetting the European Commission. After the EU fined Microsoft half a billion euros in 2004 for alleged antitrust violations with Windows, and another €280.5 million ($356.8 million) earlier this year for failing to comply with its vague and ever-changing orders, Ms. Kroes has warned Microsoft not to cross the line with Vista. The problem is figuring out what that line is." The Commission "is all but certain to nail Microsoft once Vista comes out, based on some unknowable notion of what is and isn't permissible."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Two Deaths Were A 'Clue That Something's Wrong.'"
"ID Theft Infects Medical Records."
"Army Warns Rumsfeld It's Billions Short."
"The Comeback Game Of The Year."
"Dishing the Dirt In Jakarta."
"Under A Big Sky, They Turn RVs Into Dodges."

USA Today:
"Army Explores Issue Of Living Wills As More Return From War In Comas."
"Wal-Mart Grows 'Green' Strategies."
"Voters Get A Say On Land Rights."

New York Times:
"In Tiny Courts Of New York, Abuses Of Law And Power."
"Unit Makes Do As Army Strives To Plug Gaps."
"A Senator Bets on Party's Clout In Pennsylvania."
"U.N. Force Is Treading Lightly On Lebanese Soil."
"As Iraqi Lights Flicker, 'Generator Man' Feels Heat."
'Bouquet O Roses May Have Note: 'Made In China'."

Washington Post:
"Anthrax Analysis In 2001 Attacks Widens."
"War Turns the Tide For Israeli Settlers."
"For Bush, Emotions On War Kept Private For Bush."
"WWI Soldier Comes Home At Long Last."
"Cook the Books, Get Life In Prison."
"Bloodied But Unbowed."

Washington Times:
"Army Considers More Combat Units For Iraq."
"Producer Accuses Clintons Of 'Looting'."
"Brunell's Record Response."
"Messages To Vanish In Virtual Vapors."
"Death Penalty Sought Against D.C. Man."
"Affirmative Action In India Flips caste Roles."

Detroit Free Press:
"Party Time!"
"Voters With A Free Spirit."
"French Question Worth Of Alliance."
"Michigander Joins O.J. Simpson Saga."

Houston Chronicle:
"Race Puts Spotlight On Mega-Donor Trend."
"A Timeout From The Aftermath."
"Advertisers Are Getting The Message Texting Is In."
"Time To Sound The All-Clear?"
"Fury Over Fastow's Role Seems To be Subsiding."

Story Lineup From Last Night's Network News:
ABC: Iraq War Report; Iraq-Sectarian Violence; FOX News Clinton Interview; Heavy Rains Bring Flooding; California Wildfires; Benidict Meets Muslim Leaders; Political Churches; Campus Fires; Venezuela Official Held-JFK; Lebanese Dogs; Saving A River.

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CBS: Preempted By Football.
NBC: Iraq Report-Terrorism Increase; Bin Laden May Still Live; Fox News Clinton Interview; Benedict Meets Muslim Leaders; Heavy Rains Bring Flooding; California Wildfires; E. Coli Outbreak No Terrorist Links; Falwell Under Fire; Iranians View Of America; Venezuela Official Detained-JFK; Saints Return-New Orleans Super Dome.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq War-US Intel Report; East St. Louis-Three Children Found Dead; E-Coli Outbreak; Gas Prices.
CBS: Iraq War-US Intel Report; Schoomaker Withheld Army Budget; Gas Prices; TX-Hurricane Rita Aftermath; East St. Louis-Three Children Found Dead.
NPR: Iraq War-US Intel Report; Sri Lanka-Sea Battle With Separatists; Ecuador-Bus Accident; CA-Wildfire; TX-Hurricane Rita Aftermath; E-Coli Outbreak; Gas Prices.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with business leaders on Lebanon Private Sector Initiative; attends a Connecticut Republican Party Victory reception, Private residence, Riverside, Conn.; participates in a Tour of Meyer Tool, Inc., Meyer Tool, Inc. Cincinnati, Ohio; makes a Statement on the Economy, Meyer Tool, Inc. Cincinnati, Ohio.; attends a Mike DeWine for US Senate and Ohio Victory 2006 reception, private residence, Cincinnati.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Wisconsin Victory 2006, Pfister Hotel, Milwaukee; speaks at a rally for the Michigan National Guard; speaks at a reception for senatorial candidate Michael Bouchard and Michigan Victory 2006, Private residence, East Grand Rapids, Mich.

LAURA BUSH — Speaks at the President's Global Cultural Initiative Launch, East Room.

US Senate: FLOOR SCHEDULE _ 2 p.m. Meets for morning business. At 5:30 p.m., votes on confirmation of a Federal judge.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m. meets for legislative business.

Other: PAKISTANI PRESIDENT MUSHARRAF _ No public schedule.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 2 p.m. Speaks at the Wilson Internal Center for Scholars on Afghanistan 5 years after 9/11. 5:30 p.m. Speaks at Georgetown University and is presented with a Doctor of Laws degree. Gaston Hall, 3rd floor Healy Hall, on campus.

AIR FORCE EXPO _ Air Force Association holds Air & Space Conference 2006 and Technology Exposition. Highlights: 11 a.m. Northrup Grumman holds a media briefing on Global Hawk. Northrup Grumman conference room at the hotel. Event contact: Cynthia Curiel, 858-518-9722. 1 p.m. Address by Secretary of the Air Force Michael W. Wynne. 2 p.m. Professional Development Forums, with James Nicholson, Secretary of Veterans Affairs; others. Location: Marriott Wardman Park Hotel, Washington.

FIREPOWER 2006 _ Institute for Defense and Government Advancement holds Firepower 2006, focusing on the newest weapons and equipment, as well as the future of munitions. Highlights: Firepower Technology Day, highlighting Small Target Tracking Sensors, precision and schematics. Location: Hilton Washington/Silver Spring, 8727 Colesville Road, Silver Spring, Md.

HEALTH INFORMATION TECHNOLOGY _ The eHealth Initiative and Bridges to Excellence co-sponsor the Third Annual (HIT) Health Information Technology Summit for national, regional and state healthcare decision makers, who will consider emerging policy changes related to both quality and HIT emerging from the Administration, Congress, the 50 states, and the private sector. Highlights: 9:15 a.m. Keynote Address by Mark McClellan, MD, Administrator, Centers for Medicare and Medicaid Services, Former Commissioner, Food and Drug Administration. Location: Renaissance Washington Hotel, 999 9th St. NW.

DEMOCRACY PROMOTION _ 9 a.m. - 6 p.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) will host a daylong conference, ``Defending the Gains? Transatlantic Responses When Democracy Is Under Threat. The conference is sponsored by the SAIS Center for Transatlantic Relations, the European Studies Centre at the University of Oxfords St. Antonys College and the University of Paris IIs Centre Thucydide. Location: Kenney Auditorium, first floor of the schools Nitze Building, 1740 Massachusetts Ave. NW.

NO CHILD LEFT BEHIND _ 9 a.m. The Commission on No Child Left Behind holds its final hearing on the top issues and concerns about NCLB. Witnesses include Deputy Education Secretary Raymond Simon, NEA President Reg Weaver, AFT President Edward McElroy, Michael Casserly of the Council of the Great City Schools, Edison Schools CEO Chris Whittle, others. Location: Morton Auditorium, 805 21st St. NW.

SUPREME COURT-TERM _ 9 a.m. - 11 a.m. Georgetown Law's Supreme Court Institute holds annual press briefing on cases coming before the high court this term. Prof. Susan Low Bloch will moderate. Location: Gewirz Student Center, 12th floor, 120 F St. NW.

FRIST-SUDAN _ 9:15 a.m. Senate Majority Leader Bill Frist meets with Special Envoy to Sudan Andrew Natsios. Location: Room S-230, Capitol.

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HEALTH CARE _ 9:30 a.m. The Citizens Health Care Working Group (CHCWG) will issue a report demonstrating consensus among Americans for public policy that ensures all Americans, regardless of their financial resources or health status, have affordable health care coverage. Location: National Press Club, First Amendment Room.

WORKER CERTIFICATION _ 10 a.m. The National Association of Manufacturers holds a news conference to announce a certification program for skilled production employees. Location: National Press Club.

EMPLOYER HEALTH INSURANCE _ 11:30 a.m. Americas Health Insurance Plans (AHIP) will release the largest and most comprehensive survey undertaken of the small employer health insurance market. The survey of AHIP member companies offering coverage in the small-group health insurance market includes premium and benefit data from more than 650,000 small businesses (those with 50 or fewer employees), covering 4.0 million workers and 3.2 million dependents. Location: 601 Pennsylvania Ave. NW, Suite 500.

MILITARY COMMISSIONS _ 11:30 a.m. There will be a news briefing on military commissions legislation, with Major General John Batiste, USA (Ret.), commanded the First Infantry Division in Kosovo and Iraq; Peter Bauer served as an active-duty interrogator in the US Army 1986-97; Colonel Dwight H. Sullivan, USMCR, Chief Defense Counsel at the Office of Military Commissions; and Dr. Allen Keller, Associate Professor of Medicine at New York University School of Medicine and Director of the Bellevue/NYU Program for Survivors of Torture. Location: Room 2200, Rayburn House Office Building.

FDA FUNDING _ 12 p.m. A coalition of leading patient, consumer and industry groups announce the creation of a new advocacy group to support the mission and funding of the Food and Drug Administration. The coalition also will release the findings of a recent poll regarding consumer attitudes toward the FDA. Participants include Tommy G. Thompson, former HHS secretary; Michael Jacobsen, executive director, Center for Science in the Public Interest; and industry and patient advocacy group officials. Location: National Press Club.

SPECTER SPEECH _ 12:30 p.m. Sen. Arlen Specter addresses National Press Club luncheon. Location: National Press Club, 14th and F Sts. NW.

DEMOCRATS-IRAQ _ 1:30 p.m. The Senate Democratic Policy Committee holds an oversight hearing on planning and conduct of the War in Iraq. Organizers say witnesses will include retired high-ranking military officers who served in Iraq in key leadership positions.Among those scheduled to testify are Major General John R.S. Batiste, U.S. Army (Ret.); Major General Paul D. Eaton, U.S. Army (Ret.); and Colonel Thomas X. Hammes, USMC (Ret.). They will assess the policy decisions and military strategy that have characterized the war effort over the past three years. Location: Room 138, Dirksen Senate Office Building.

MEDIA OWNERSHIP _ 2 p.m. The Rainbow PUSH Public Policy Institute holds a forum on media ownership policy, content and Congress, with Rev. Jesse Jackson, FCC Commissioners Michael Copps and Jonathan Adelstein, others. Location: 727 15th St. NW. 8th floor.

UN-DEMOCRACY _ 3 p.m. The New America Foundation holds a discussion with Deputy Assistant Secretary of State Mark Lagon on the United Nations and democracy. Location: 7th floor, 1630 Connecticut Ave. NW.

CATO-CAPITALISM _ 4 p.m. Cato Institute forum on ``Divergent Paths in Post-Communist Transformation: Capitalism for All or Capitalism for the Few?" With Oleh Havrylyshyn, University of Toronto; Ambassdor Janusz Reiter, Embassy of Poland. Location: 1000 Massachusetts Ave. NW.

HOMELAND SECURITY _ 5 p.m. A Homeland security conference convenes. Location: Room H-140, Capitol.

KOREA-JAPAN-US _ 6:30 p.m. The School of Advanced International Studies holds a program with Michael Green of CSIS on the relationship of Korea and Japan affects U.S. policy in that region. Location: Room 806, 1619 Massachusetts Ave. NW.

PORTMAN-RETIRED CEOS _ 6:30 p.m. OMB Director Rob Portman delivers remarks to the Council of Retired Chief Executives. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

HELEN THOMAS-BOB SCHIEFFER _ 7 p.m. Journalists Bob Schieffer and Helen Thomas discuss Washington politics and power at Ford's Theatre event, held in conjunction with ongoing production of ``State of the Union." Location: Ford's Theatre.

MILITARY TRIBUNALS _ 7:30 p.m. Georgetown University Law School holds a forum, ``Guantanamo and the Rule of Law: Military Tribunals and the Geneva Conventions." Panelists are: Neal Katyal, Georgetown University Law Center and lead attorney, Hamdan v. Rumsfeld; Philip Zelikow, Counselor, Department of State; Deborah Pearlstein, director, U.S. Law and Security Program, Human Rights First; and Col. Lawrence J. Morris, Chief, Army Trial Defense Service. Location: Georgetown University Law Center, Hart Auditorium - McDonough Hall, 600 New Jersey Ave. NW.

NEGROPONTE _ 7:45 p.m. National Intelligence Director John Negroponte speaks at the Wilson Center's Board and Council dinner about the science and technology challenge of intelligence reform. Location: 6th floor dining room, Wilson Center, Reagan Trade Building.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 23, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Seeks Increased Pakistani Cooperation (WP)

By Michael Abramowitz And Karen Deyoung

The Washington Post, September 23, 2006

President Bush yesterday launched a new round of personal diplomacy aimed at patching up the tense relations between Pakistan and Afghanistan, where a resurgent Taliban insurgency is posing new challenges for an administration already struggling to pacify Iraq.

Bush met at the White House with Pakistan's president, Gen. Pervez Musharraf, who assured the U.S. president of his desire to root out the Taliban and other extremists. The visit came amid controversy over Musharraf's claims in a forthcoming memoir that the Bush administration threatened to bomb Pakistan "to the Stone Age" if it failed to cooperate with the United States against al-Qaeda and the Taliban after the Sept. 11, 2001, attacks.

Bush is scheduled to meet Tuesday with Afghan President Hamid Karzai, who has complained repeatedly about Pakistan offering a haven to Taliban militants conducting armed attacks inside his country.

And in a twist from Bush's normal practice, the three leaders are then planning to dine together at the White House on Wednesday, part of what White House aides described yesterday as an effort to build a better long-term relationship between two key allies in the U.S. battle against al-Qaeda and other Islamic extremist groups.

Outside experts also saw the meetings as part of heightened administration concern over rising violence in Afghanistan and the increasing sway of the Taliban over swaths of the country only five years after they were rousted from power by a U.S.-led invasion. The number of U.S. troops there has swelled in recent years to 20,000, most of them stationed along Afghanistan's eastern border with Pakistan. An additional 20,000 NATO troops are battling the Taliban in the south.

White House aides said a chunk of yesterday's hour-long meeting was devoted to Musharraf explaining to Bush the recent pact he reached with Islamic militants in Pakistan's border region. The pact requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life, and it forbids imposing draconian religious edicts. But it has been greeted skeptically by many human rights activists and regional experts as a concession to Islamic extremists that will be impossible to enforce.

Appearing with Bush at an East Room news conference after their session, Musharraf said he assured the U.S. president that the pact was intended to rein in extremist violence. "There will be no al-Qaeda activity in our tribal [area] or across the border in Afghanistan," Musharraf said. "There will be no Taliban activity. . . . There will be no Talibanization."

Bush said he was satisfied with those assurances. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaeda, I believe him," he said.

Both presidents were asked about Musharraf's claim -- to be aired Sunday on CBS's "60 Minutes" -- that former deputy secretary of state Richard L. Armitage had issued a "Stone Age" bombing threat in the days after Sept. 11, 2001.

Bush said he was "taken aback by the harshness of the words" attributed to Armitage but had no knowledge of such a threat. He said the first he heard of it was in the newspaper Friday.

Armitage categorically denied it. "I've never made a threat in my life that I couldn't back up," he told CNN, "and since I wasn't authorized to say such a thing and hence couldn't back up that threat, I never said it." Asked separately to comment on the report, Armitage's then-boss, former secretary of state Colin L. Powell, said there was "no such bombing threat."

The CBS interview is part of Musharraf's own promotion for U.S. publication of his memoirs next week. Musharraf said at the news conference that he could reveal no more because he was "honor-bound" to his publisher, Simon & Schuster, to keep the book under wraps until next week -- an assertion that seemed to amuse President Bush.

As he shook hands with Musharraf after the news conference, Bush smiled and told reporters, "Buy the book."

In the "60 Minutes" interview, Musharraf said that Armitage made the threat to Lt. Gen. Mahmood Ahmed, Pakistan's intelligence chief, the day after the Sept. 11 attacks by al-Qaeda. Pakistan was one of only three nations that maintained

diplomatic relations with the Taliban government in Afghanistan, and al-Qaeda members were known to move freely in the mountainous border area between the two countries.

As was publicly reported shortly after their meeting, Armitage told Mahmood that Pakistan would have to choose sides between the Taliban and the United States, which wanted it to cut all ties with the Afghans and cooperate with planned retaliation for the attacks. Armitage described it yesterday as "a very straightforward conversation" held in his State Department office. "I told him that for Americans this was black or white, that Pakistan was either with us fully or not. It wasn't a matter of being able to negotiate it."

Musharraf's promise yesterday of greater cooperation in fighting the Taliban drew mixed reaction from outside experts on the region, who noted that militia commanders continue to operate in the Pakistani provincial capital Quetta -- with the tacit approval of the Pakistani government. "The problem is Musharraf is proving to be an incredibly grudging ally," said Robert Templer, director of the Asia program for the International Crisis Group, which closely monitors events in Pakistan and Afghanistan. "He has received a lot of U.S. aid, and he is simply not delivering on the really critical security issues."

But Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, said he thinks the administration is on the right track in prodding the two South Asian leaders. "Both Musharraf and Karzai need to recognize . . that they are on the same side of the battle and need to stop sniping at one another," he said. But he voiced concern that "we are in danger of losing Afghanistan a second time," urging greater U.S. and allied attention to the problems.

Musharraf Defends Deal With Tribal Leaders (NYT)

By David E. Sanger

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — President Pervez Musharraf of Pakistan tried to convince President Bush on Friday that a deal he approved with tribal leaders in one of the country's most lawless border areas would rid the areas of Qaeda and Taliban influence, rather than give the groups more freedom to operate.

Mr. Bush and his national security aides were clearly skeptical, according to administration officials, but at a news conference, Mr. Bush appeared to take General Musharraf's assurances at face value. General Musharraf knew that there were enough questions in the air about the accord that he felt compelled to explain that "this deal is not at all with the Taliban; as I said, this is against the Taliban, actually."

At the heart of the discussion in the Oval Office was a fear among American officials that General Musharraf, whose political hold over sections of his own country is tenuous at best, is only episodically engaged in the battle against Al Qaeda and the Taliban.

That has been an increasingly contentious issue between Afghanistan and Pakistan, with Afghan leaders complaining that many of the attacks launched against Afghan targets are originating from Pakistan's side of the border.

General Musharraf's visit marked the fifth anniversary of the radical change in Washington's relationship with Islamabad after the attacks of Sept. 11, 2001, but the uneasiness of the alliance created from those events was on full display today.

General Musharraf, who has a book coming out on Monday, told "60 Minutes," in an interview to be broadcast this weekend on CBS, that Richard L. Armitage, then the deputy secretary of state, had threatened Pakistan's intelligence chief in September 2001 that the consequences of failing to side with the United States would be huge. General Musharraf quoted the intelligence chief as recalling Mr. Armitage as saying: "Be prepared to be bombed. Be prepared to go back to the Stone Age."

But Mr. Armitage said Friday that he had never made such a threat, and that he was not authorized to make any threats during that meeting. "I never made a threat in my life that I couldn't back up," he said on CNN. "Since I wasn't authorized to say such a thing, hence, I couldn't back up that threat."

When asked about the issue at the East Room news conference, General Musharraf refused to answer the question — not on national security grounds, but on the grounds that it would violate his book contract. "I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," he said.

After laughter subsided, Mr. Bush said, "In other words, buy the book."

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But Mr. Bush also said that he "was taken aback by the harshness of the words" of the threat, and that he doubted that events unfolded that way. He said he recalled that General Musharraf was "one of the first leaders to step up and say that the stakes have changed."

Mr. Armitage did recall telling Pakistan's leaders that they had to make a choice between supporting the Taliban and supporting the United States, which was clearly headed into conflict with the Taliban leaders of Afghanistan. But five years later, the loyalties of the tribal leaders in North Waziristan are divided, with many of the tribesmen allied with the Taliban and Al Qaeda.

That subject took up much of the time between the leaders today. General Musharraf said the agreement had "three bottom lines." He said one was "no Al Qaeda activities in our tribal agencies or across the border in Afghanistan." The second was "no Taliban activity" in the same areas. And the third was "no Talibanization,'' which he described as "obscurantist thoughts or way of life."

It is unclear how General Musharraf can enforce such edicts, however, or even whether Pakistani government forces could go into the tribal areas to hunt down Osama bin Laden, the Qaeda leader. Tony Snow, President Bush's spokesman, said after the news conference that he did not believe that the discussion went into that level of detail, though the scope of Islamabad's authority to send forces into the area is a crucial point of concern at the White House.

"He made it clear he is serious about going after the Taliban," Mr. Snow said.

That is also a central concern of Hamid Karzai, the Afghan president, who is supposed to have dinner with General Musharraf and Mr. Bush at the White House next week.

In a meeting with reporters and editors of The New York Times on Thursday, Mr. Karzai said his government had provided Pakistan with "information on training grounds, on operations, people, their phone numbers, their GPS locations," in an effort to rout out Taliban forces.

"Our friends come back to us and say this information is old," he said. "Maybe. But it means they were there."

Mr. Bush and General Musharraf stepped around the question of whether American forces or intelligence agencies had the right to go into Pakistan to hunt down Mr. bin Laden. General Musharraf has bristled at the idea before, largely because of the unpopularity of giving American forces the right to operate inside Pakistan's borders.

On Friday, Mr. Bush fudged the issue by saying, "We're on the hunt together."

On Thursday, asked if he knew the whereabouts of Mr. bin Laden, Mr. Karzai smiled and said: "If I said he was in Pakistan, President Musharraf would be mad at me. And if I said he was in Afghanistan, it would not be true."

Bush Tries To Ease Strain In Pakistan Ties (LAT)

By Paul Richter

The Los Angeles Times, September 23, 2006

He backs away from a pledge to invade the Asian nation if needed to find Bin Laden.

WASHINGTON — President Bush, struggling with turbulence in the important U.S.-Pakistani relationship, eased back Friday from his vow to order U.S. troops to invade Pakistan, if necessary, to track down Osama bin Laden.

Bush, appearing at the White House with Pakistani President Pervez Musharraf, backed away from a pledge he made this week and signaled that he would prefer to keep ambiguous how he would handle a situation of such diplomatic sensitivity.

American and Pakistani officials are "on the hunt together" for the leader of the Al Qaeda terrorist network, Bush told reporters. "And we'll just let the tactics speak for themselves after it happens."

His comments followed a rare public collision between Bush and Musharraf on Wednesday, when Bush, in response to a question from CNN, insisted that he would "absolutely" order military action inside Pakistan if there were intelligence showing that Bin Laden or other terrorist leaders were hiding there.

The comment seemed likely to draw a sharp reaction from Pakistanis, who are highly sensitive about any suggestion of U.S. infringement on Pakistani sovereignty. Musharraf immediately contended that only Pakistani troops could handle such a situation.

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The exchange came at an especially difficult time for the relationship. U.S., Afghan and NATO officials are increasingly concerned that Al Qaeda and Taliban fighters are using Pakistani border areas for sanctuary. Meanwhile, Musharraf is trying to cope with domestic dissatisfaction over the extent of his cooperation with the controversial U.S.-declared war on terrorism.

Bush on Friday tried to smooth relations in his meeting with Musharraf, and next week will receive both Musharraf and Afghan President Hamid Karzai at the White House in an effort to end the public feuding between the leaders of the two Asian nations. Each has accused the other of doing too little to fight militants; Karzai suggested at the United Nations this week that the allied forces needed to strike terrorism at its roots by going inside Pakistan.

Bush also struggled to deal with a second provocative subject, the allegation by Musharraf that a senior State Department official had warned in 2001 that the United States would bomb Pakistan "back to the Stone Age" if it did not cooperate in the impending U.S. attack on Afghanistan.

Musharraf said in an interview taped for broadcast Sunday on CBS' "60 Minutes" that then-Deputy Secretary of State Richard L. Armitage made the comment to the head of Pakistani intelligence. Excerpts were made public Thursday.

"The first I heard of it was when I read it in the newspaper today," Bush said during his joint appearance with Musharraf on Friday. "I guess I was taken aback by the harshness of the words."

Musharraf, for his part, declined at the White House news conference to elaborate on his comments, saying he was "honor-bound" to do so under a contract with the publisher Simon & Schuster for a memoir to be released Monday.

Musharraf's demurral marked the first time in memory that a head of state had declined to give an answer to a national security question that could have interfered with sales of his book, analysts said.

Meanwhile, Armitage denied that he had made the remark. In an interview with CNN that was broadcast Friday, Armitage said he had no authority to make such a threat. But he said he had a stern conversation with the Pakistani intelligence chief, warning him that Pakistan would be "with us or against us."

Armitage's office said he was unavailable for further comment.

U.S. confidence in the Pakistani government has recently been shaken by Musharraf's decision to end his army's attempt to root out Taliban from the border territory of North Waziristan and to reach a peace deal with tribal leaders there. Many analysts have said the deal, which calls for release of accused militants held in prison, would increase the risks and burdens for U.S. and North Atlantic Treaty Organization forces struggling in an uphill fight in Afghanistan.

But Bush sought again and again to offer reassurance that Musharraf, a general who took power in a coup, is a loyal ally and an indispensable part of the fight against Islamic extremism.

"When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people … I believe him…. This is a person with whom I have had a close working relationship for 5 1/2 years," Bush said. He noted that Musharraf had survived assassination attempts, which he suggested was a sign of commitment to the fight against radicals.

Musharraf, whose security services are skeptical about U.S.-Pakistani cooperation, tried, in turn, to vouch for Bush.

"I have total confidence in him, that he desires well for Pakistan and for our region," Musharraf said.

The joint appearance shed some light on Bush's intentions on Arab-Israeli issues.

European and Islamic leaders have recently increased pressure on Bush to restart negotiations in the aftermath of the summer's deadly fighting in Lebanon. Musharraf praised Bush for his efforts to resolve the Palestinian dispute that he said was the "core issue" in terrorism.

And Bush said at the United Nations this week that he would be ordering a renewed effort in the region.

Yet Bush, circumscribing American responsibility, said Friday that in the Arab-Israeli issue, as in the dispute between India and Pakistan over Kashmir, the lead would be played by the participants, not by Washington. That approach is the strong preference of Israeli officials.

"Leadership is going to be required between Israel and Palestine. We, of course, can help and will help," Bush said. "But it's important for you to understand that we cannot impose peace."

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Bush And Musharraf: Friends Again (TIME)

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By Douglas Waller

Time, September 23, 2006

Heads of state are sometimes too candid for their own good. But rarely do two of them blurt out what they're really thinking almost simultaneously, as George Bush and Pervez Musharraf did this week — and on a topic as touchy as U.S.-Pakistani cooperation against terrorism. Asked by CNN on Wednesday if he'd order U.S. military operations inside Pakistan to capture Osama bin Laden if there was solid intelligence on his location, Bush said "absolutely." The next day CBS released portions of a 60 Minutes interview with Musharraf, to be aired Sunday, in which he claims that in the wake of the 9/11 attacks, then-Deputy Secretary of State Richard Armitage threatened Pakistan's military intelligence chief that the U.S. would bomb his country "back to the Stone Age" if Musharraf didn't cooperate in the war against Al Qaeda and the Taliban.

Bush's cowboy-like threat certainly played well with the conservative base that the Republicans desperately need to turn out for the congressional midterm elections less than two months away. And Musharraf, promoting his memoir to be published next week, has to placate even more dangerous political enemies at home who have tried several times to assassinate him. But both men's blunt remarks sent their diplomatic minders scrambling.

How far the U.S. military would go in chasing bin Laden or other al-Qaeda leaders inside Pakistan is a sensitive subject that American commanders would prefer not be given too much air time. Pakistan-U.S. relations are tense at the moment, particularly on the question of how deeply committed Musharraf is to rooting out Qaeda and Taliban extremists and capturing bin Laden, who's believed to be hiding in Pakistan's lawless tribal areas bordering Afghanistan. Afghan President Hamid Karzai, who has complained that Pakistan's tolerance of extremists operating from its territory has helped them gain a stronger foothold in his own country, is furious that Musharraf recently signed a truce with pro-Taliban Pakistani tribal leaders in the North West Frontier Province. That truce calls for Pakistani troops to end their military campaign against militants in exchange for their ending attacks on Pakistani forces and cross-border raids into Afghanistan. Karzai doesn't trust the militants to live up to their part of the bargain.

The precise nature of Armitage's message to the Pakistanis in 2001 is open to question. A barrel-chested Vietnam vet who still lifts weights, Armitage — who left the State Department last year — can be intimidating in meetings. But diplomats don't as a rule threaten military action unless they've been authorized to do so, and Armitage, a seasoned envoy, insists he "never said it" because that was not his instruction from Washington. But he does admit to delivering a strong message to Musharraf's aide that Pakistan was either with the U.S. or against it in the war on terror.

Bush and Musharraf finally got back on the same talking points Friday. After a White House huddle, they emerged to tell reporters they were still joined at the hip when it comes to fighting al-Qaeda and the Taliban. And, as his military commanders prefer, Bush danced around the question of whether he'd ask Musharraf's permission to send U.S. troops into Pakistan to grab bin Laden, insisting that both leaders are still "on the hunt together." Musharraf insisted the agreement he struck with the tribal leaders is not a deal with the Taliban. "This deal is against the Taliban," he claimed. And Bush said: "I believe him."

As for his claim that Armitage threatened to bomb his country, Musharraf now says his publisher has told him to keep mum on that tidbit until his memoir hits the stores — probably the first time a foreign president has delivered a teaser for his book at a White House press conference.

Bush, however, was delighted the two of them were back on their talking points. "Good job," he told Musharraf as they walked away from the press conference. But the tensions in the relationship remain. And the top U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said Thursday he plans no immediate cuts in the 20,000 American troops battling a growing Taliban threat. Nor will Friday's spin control reverse the worsening war there.

Musharraf Dodges 'bomb' Spat Question (FT)

By Caroline Daniel

Financial Times, September 23, 2006

Pervez Musharraf, Pakistan's president, on Friday transformed a White House news conference into a book promotion when he refused to answer a question about his claim that the US had threatened to bomb Pakistan "into the Stone Age".

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General Musharraf makes the claim in an interview with CBS, which is being broadcast on Saturday to coincide with the publication of his memoirs. In the interview, he says Richard Armitage, former US deputy secretary of state, warned Pakistan after the attacks of September 11 2001 of the consequences of refusing to help with the war in Afghanistan. “Be prepared to be bombed. Be prepared to go back to the Stone Age,” he recalls Mr Armitage as saying.

However, setting a new precedent for a non-answer on a question of international diplomacy at a White House press conference, Gen Musharraf, when asked about the claim on Friday, said: “I am launching my book on the 25th, and I am honour-bound to Simon & Schuster not to comment on the book before that day.”

This prompted George W. Bush, US president, to interject: “In other words, buy the book is what he’s saying.”

Mr Bush denied he had known of the threat and said he was “taken aback by the harshness of the words”.

He strongly defended the actions of Gen Musharraf after 9/11, noting that he was “one of the first leaders to step up and say that the stakes have changed”.

The exchange, however, underlined continued tensions in the US-Pakistan relationship strengthened by revived concerns about whether the US could strike at Osama bin Laden, al-Qaeda leader, in Pakistani territory and doubts about the peace agreement Gen Musharraf has struck with tribal leaders on the border of Afghanistan, an area allegedly used by Taliban forces.

John Abizaid, commander of the US forces in the region, has expressed scepticism about the agreement but Mr Bush emphasised his trust in his relationship with Gen Musharraf.

“When the president looks me in the eye and says the tribal deal is intended to reject the Talibanisation of the people and that there won’t be a Taliban and there won’t be al-Qaeda, I believe him,” he said.

Both leaders side-stepped concerns about targeting the al-Qaeda leader, with Gen Musharraf dismissing the debate as about “the semantics of the tactics . . . We are in the hunt together”.

Pakistan’s role in Afghanistan will dominate discussions on Wednesday, when Gen Musharraf returns to the White House for a joint meeting with Hamid Karzai, Afghanistan’s president.

Bush, Musharraf Duck 'US Bomb Threat' (AFP)

By Olivier Knox

AFP, September 23, 2006

US President George W. Bush and Pakistan's President Pervez Musharraf celebrated their close cooperation in the war on terrorism but did not deny that it began with a US threat to bomb Pakistan "back to the Stone Age."

In a joint appearance after talks at the White House, Musharraf assured Bush that a peace treaty with tribal elders near the Afghan border would not take pressure off Afghanistan's Islamist Taliban militia or their terrorist allies.

And Bush refused to say whether he would seek Pakistan's permission to strike inside its territory at Osama bin Laden and his Al-Qaeda network, which carried out the September 11, 2001 terrorist attacks on the United States.

Musharraf made White House history when he invoked a book deal with a major US publishing house to keep silent on his earlier charge, in an interview with CBS television, that a senior US official had threatened to bomb Pakistan in order to force Islamabad to meet US demands after the September 11 strikes.

"I am launching my book on the 25th, and I am honor-bound to Simon and Schuster not to comment on the book before that day," he said, sparking incredulous laughter among reporters and relieved chuckling from Bush.

"In other words, 'buy the book,' is what he's saying," joked the US leader, who said that he had just learned of the allegation on Friday in a newspaper and was "taken aback by the harshness of the words."

"I don't know of any conversation that was reported in the newspaper like that. I just don't know about it," said Bush.

The US official who supposedly made the remark, former deputy US secretary of state Richard Armitage, flatly denied saying any such thing, declaring in an interview with CNN: "Never did I threaten to use any military force."

"I was not authorized to," added Armitage, who did confirm he made a series of non-negotiable demands on Pakistan in a bid to secure its cooperation in the US assault on Afghanistan's then Taliban leaders.

Musharraf, who rattled the key anti-terrorism alliance this past week with several public critiques of Washington, defended the Pakistani government's agreement with tribal leaders in Waziristan along the Afghan border.

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"This treaty is not to deal with the Taliban. It is actually to fight the Taliban," he said in response to criticisms by some US politicians that it is really a deal with the resurgent Taliban militia.

General James Jones, supreme commander of allied forces Europe, said Thursday the pact -- which bars the presence of foreign fighters -- could work, if properly applied but it has been savaged by Bush's opponents.

Bush also praised Musharraf's anti-terror credentials, and pointed out that Al-Qaeda had tried to assassinate him several times.

"He has been a, strong, forceful leader he has become a target of those who can't stand the thought of moderation prevailing. I admire your leadership," Bush said.

The controversy over the purported US bomb threat was unleashed by Musharraf in an interview with the CBS show "60 Minutes" due to be broadcast Sunday.

He said Richard Armitage told Pakistan'ss intelligence director after the attacks. "Be prepared to be bombed. Be prepared to go back to the Stone Age" in a bid to coerce Pakistani cooperation in the new US-led 'war on terror.'

"I think it was a very rude remark," Musharraf said in the interview.

Earlier, White House spokesman Tony Snow also declined to say the exchange never took place, stressing instead that "US policy was not to issue bombing threats" and adding: "This could have been a classic failure to communicate."

Musharraf has been a key player in the fight ever since he ceded to US persuasion and renounced Pakistan's ties to the Taliban, which had harbored bin Laden.

But Pakistan's role has come under increasing scrutiny in recent weeks, partly fuelled by fresh suggestions bin Laden is hiding somewhere in the otherwise inhospitable mountains of the Pakistan-Afghan border.

There has also been concern about spats between Afghanistan and Pakistan over claims Taliban militants use Pakistani territory to launch attacks on NATO and Afghan troops.

In a sign of US concern at cross-border disagreements, Bush will welcome Musharraf back to the White House next week, for three-way talks with Afghan President Hamid Karzai.

Friday's visit was leant added spice when Bush and Musharraf disagreed publicly about the hunt for Laden earlier this week.

Bush has gone back and forth on whether he would seek Pakistani permission to strike bin Laden, and left the issue no clearer in the press conference. Musharraf dismissed the matter as "semantics of the tactics" to hunt bin Laden.

"We are working together and when the situation arises, we need to take the right decision to strike," said Musharraf.

Bush, Musharraf Vow To Get Bin Laden (WT)

By Joseph Curl

The Washington Times, September 23, 2006

President Bush and Pakistani President Pervez Musharraf said yesterday they are united in the effort to capture or kill al Qaeda leader Osama bin Laden, even though the Pakistani general has signed a treaty with tribes along the Afghanistan border thought to harbor members of the Taliban.

While Mr. Bush has said U.S. forces cannot simply walk into Pakistan in search of the mastermind of the September 11 terrorist attacks, Gen. Musharraf did not invite troops to scour the mountainous border region, where bin Laden is thought to be holed up.

But Mr. Bush also did not back off his pledge this week that if he had convincing U.S. intelligence that bin Laden was in Pakistan, he would send troops in to capture or kill him.

"When he says, if we find -- when we find Osama bin Laden, he will be brought to justice, I believe him," the president said after an Oval Office meeting with the Pakistani leader. "And we'll let the tactics speak for themselves after it happens. We're on the hunt together."

Gen. Musharraf, who has said Pakistan would handle such a situation itself, complained about criticism that he would not allow U.S. troops in his country.

DOJ_NMG_0067778

"Now, why are we bothering or how to -- the semantics of the tactics of how to deal with the situation? We will deal with it. We are on the hunt together. You want the person -- if at all we confront him, if at all we find out his location, we are quite clear what to do," Gen. Musharraf said.

"But let's not get involved in how it ought to be done, by whom it ought to be done," he said, noting that there is coordination between the two nations on intelligence, operations, strategy and tactics.

Gen. Musharraf said a peace treaty between his government and tribes along the Pakistan-Afghanistan border is not meant to support the Taliban, and that news reports had mischaracterized the deals.

"The deal is not at all with the Taliban. This deal is against the Taliban. This deal is with the tribal elders," Gen. Musharraf said.

Mr. Bush said: "I believe him."

Pakistan earlier this month signed a truce with tribal figures. Afghanistan has insisted that the tribes are linked to the Taliban, the militant Islamic group that once ruled Afghanistan until driven from power in 2001.

Pakistan's point man on the truce told The Washington Times Thursday that it is part of a broader strategy to keep terrorists out and will not undermine the fight against Islamic extremists.

"It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm," Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province said in a meeting with the paper's editors and reporters.

The president said Gen. Musharraf vowed that "the tribal deal is intended to reject the Talibanization of the people and that there won't be a Taliban and there won't be al Qaeda" in Pakistan.

Mr. Bush has praised Pakistan for arresting hundreds of al Qaeda operatives inside its borders, but he has also urged the nation to do more to stop militants from crossing from its tribal regions into Afghanistan.

The president plans talks Tuesday with Afghan President Hamid Karzai. Then, he will have a three-way sit-down with both Mr. Karzai and Gen. Musharraf at the White House on Wednesday.

Bush Unaware Of Musharraf's Contention (AP-Y)

By Deb Riechmann

AP, September 23, 2006

President Bush said Friday that if a U.S. official tried to strong-arm Pakistan into fighting the war on terror after the Sept. 11 attacks, he didn't know about it.

Standing beside Pakistani President Pervez Musharraf, Bush brushed off any idea of disagreement, praising Musharraf for pursuing terrorists, including Osama bin Laden.

"We're on the hunt together," Bush said after an Oval Office meeting with the general who is leader of the world's second-largest Islamic nation.

Musharraf has contended that after the Sept. 11 attacks, then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence director that the United States would bomb the country if it didn't become a partner in the war against terrorism.

"The intelligence director told me that (Armitage) said, "Be prepared to go back to the Stone Age,'" Musharraf told CBS' "60 Minutes" in a report to air on Sunday. "I thought it was a very rude remark."

The president said he first learned of the purported conversation from news reports. "I just don't know about it," he said. "I guess I was taken aback by the harshness of the words."

Musharraf declined to comment further, citing a book deal.

"Buy the book," Bush quipped.

Armitage said he never threatened a military strike but did tell Pakistan firmly that "you are either for us or against us."

Armitage, who met with Musharraf on Thursday, told Associated Press Radio concerning the bombing quote: "I was not authorized to say something like that. I did not say it."

In Pakistan, Ameer ul-Azeem, a spokesman for the hard-line opposition Islamic coalition Mutahida Majlis-e-Amal, said Musharraf's contention would anger Pakistani people who have long believed that they were forced "at gunpoint" into supporting the war on terror.

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Bush's meeting with Musharraf, following the president's U.N. speech on Tuesday, gave the White House a new chance to persuade voters that Republicans have better credentials than Democrats on national security. However, with the November congressional elections approaching, it also offered a reminder that bin Laden is still on the loose five years after the Sept. 11 attacks.

In a recent interview, Bush said he would order military action inside Pakistan if intelligence indicated that bin Laden or other top terror leaders were hiding there. Some Pakistani officials took issue with that, saying that Pakistan was a sovereign country.

"All I can tell you is, is that when Osama bin Laden is found, he will be brought to justice," Bush said.

Musharraf shrugged off the issue as an exercise in semantics.

"We will deal with it. We are on the hunt together," Musharraf said.

The Pakistani president later told students at The George Washington University that Pakistan "joined the war not so much for the world but for ourselves."

He described his government as moderate and progressive and said, "I am the greatest believer in democracy." Musharraf seized power in a 1999 coup.

Responding to a student's question, Musharraf acknowledged that "we are moving slowly" in reforming the Islamic madrassas, or extremist schools, in his country. But he said they accounted for only 5 percent of the country's schools.

The United States has urged Pakistan to do more to stop militants from crossing from its tribal regions into Afghanistan. Violence fanned by Taliban extremists has reached the deadliest level since the U.S.-led invasion that toppled the hard-line government in Afghanistan in 2001.

Pakistan, which has deployed 80,000 troops along the border, signed a truce this month with tribal figures in an area where bin Laden is believed to be hiding. Musharraf said the truce calls for no al-Qaida or Taliban activity.

Some Afghan officials have labeled the truce as a deal with the Taliban, but Musharraf strongly rejected that.

"This deal is not at all with the Taliban," he said. "As I said, this is against the Taliban, actually."

Bush said Musharraf briefed him on the details of the truce.

"When the president looks me in the eye and says, the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaida, I believe him, you know?" Bush said.

Bush is playing the role of middle man between Pakistan and Afghanistan — two U.S. allies in the war on terror who accuse each other of not doing enough to crack down on extremism. Bush will follow his meeting with Musharraf with one next Tuesday with Afghan President Hamid Karzai. Then the three will have a sit-down and working dinner at the White House on Wednesday.

Human rights activists are asking Bush to press Musharraf to restore civilian rule in Pakistan, end discrimination against women and stop using torture and arbitrary detention in counterterrorism operations.

Instead of giving up his military uniform in 2004 as promised, Musharraf changed the constitution so he could hold both his army post and the presidency until 2007.

Bush said that during their meeting, Musharraf renewed his commitment to holding elections in Pakistan next year.

Musharraf Tells Bush That Pakistan Is Cracking Down On Extremists (MCT)

By Ron Hutcheson And Jonathan S. Landay

McClatchy Newspapers, September 23, 2006

WASHINGTON - Pakistani President Pervez Musharraf sought to assure President Bush on Friday that he's fighting Islamic extremism, but Western diplomats, U.S. officials and independent analysts say secret Pakistani support for the Taliban aided the extremist group's resurgence in neighboring Afghanistan.

Bush said he accepted Musharraf's word, but he has little choice. The United States depends heavily on Pakistani cooperation in the fight against Osama bin Laden, and Bush risks jeopardizing the relationship by getting too tough with the Pakistani military ruler.

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The two leaders held a news conference after talks at the White House and sidestepped questions about Musharraf's charge that the Bush administration threatened to bomb Pakistan "back to the Stone Age" if it refused to join the anti-terror coalition after the Sept. 11, 2001, attacks.

In an interview with the CBS program "60 Minutes" scheduled for broadcast on Sunday, Musharraf said the threat was delivered to one of his intelligence chiefs by then-Deputy Secretary of State Richard Armitage. Armitage told McClatchy Newspapers that he never made such a threat, although he said he used "strong language" in telling the Pakistani that his country must decided whether it was with or against the United States.

"The first I heard of this was when I read it in the newspaper today," Bush said, adding that he was "taken aback by the harshness of the words."

Afghan President Hamid Karzai, who'll join Musharraf for a White House meeting with Bush on Wednesday, has repeatedly accused Pakistan of supporting the Taliban's resurgence.

Some 42,000 U.S. and NATO-led troops are tied down trying to contain the worst violence in Afghanistan since the U.S.-led intervention that ousted the Taliban in 2001. An estimated 1,500 Afghan security forces and civilians and foreign troops have died since January.

Speaking in New York on Thursday, Karzai complained that Musharraf failed to follow up when he gave the Pakistani leader the location of Taliban leader Mullah Omar in Quetta, Pakistan.

"We have even given him the GPS (global positioning system) number of Mullah Omar's house and the telephone numbers," Karzai said. Karzai will meet with Bush privately on Tuesday, before joining Musharraf for the three-way summit.

Musharraf assured Bush that he's working hard to cleanse Taliban and al-Qaida operatives from their havens in northwest Pakistan, a remote tribal region that's largely beyond Islamabad's control.

He insisted that a peace deal he recently struck in the region was with tribal elders, not extremist groups, and that it will help stop infiltration into Afghanistan by Taliban and foreign radicals.

"This treaty is not to deal with the Taliban. It is actually to fight the Taliban," Musharraf said. "There will be no al-Qaida activity in our tribal agency or across the border into Afghanistan. There will be no Taliban activity in our tribal agency or across in Afghanistan."

But Western diplomats, U.S. officials and other experts said the peace deal essentially ceded the area of Waziristan to Taliban allies, who seized control of it in a humiliating defeat for 80,000 Pakistani troops deployed there at the White House's behest in mid-2003.

Those with whom Pakistani officials negotiated the deal included Jalaluddin Haqqani, the commander of pro-Taliban forces in eastern Afghanistan who's a prime target of American forces, said a senior Western diplomat in Kabul who spoke on condition of anonymity because of the sensitivity of the issue.

Haqqani is closely linked to bin Laden and was a prime recipient of CIA aid during the war against the 1979-89 Soviet occupation.

U.S. and Western officials and other experts also say that Pakistan's powerful military intelligence agency, the Directorate for Inter-Services Intelligence, or ISI, is providing important support to the Taliban as part of a long-term policy of seeking a pro-Pakistan regime in Kabul.

The Taliban leadership councils, or shuras, are directing the insurgency from the Pakistani cities of Quetta and Peshawar, and ISI officers are supplying them with arms, money, intelligence and protection, they said.

Musharraf, who's facing tribal rebellions and growing disenchantment in his officer corps and among Pakistanis over his close cooperation with the United States, can't afford to reverse the policy, said U.S. intelligence officials, who requested anonymity because they weren't authorized to speak publicly.

The Pakistani leader seized power in a 1999 military coup and has refused to relinquish his post as army chief of staff. Bush said Musharraf renewed his commitment to hold "free and fair" elections next year.

Musharraf On Bomb Threat: Wait For The Book (LAT)

By Molly Hennessy-Fiske

DOJ_NMG_0067781

The Los Angeles Times, September 23, 2006

The Pakistani president dodges questions about claims of U.S. coercion after the 9/11 attacks.

WASHINGTON — Pakistani President Pervez Musharraf is a seasoned military officer who led troops to battle, trained commandos, seized control of his country and escaped three assassination attempts. But he said he was powerless to answer reporters' key question Friday during a visit to the White House — because he was at the mercy of his publisher.

Musharraf cited a book contract as he dodged a question about a purported Bush administration threat to bomb his country "back to the Stone Age" if it did not cooperate with the U.S. after the Sept. 11 attacks. He told a packed East Room audience that he was "honor bound" by his publisher not to answer until it releases the book, "In The Line of Fire: A Memoir" on Monday, he said.

"In other words," President Bush quipped, "buy the book is what he's saying."

Musharraf did not sign a confidentiality agreement with publisher Free Press, an imprint of Simon & Schuster, but he promised not to speak about its contents until Monday, spokeswoman Carisa Hays said.

The publisher arranged an exclusive interview for Musharraf with "60 Minutes," set to air Sunday night, in which he discusses threats made by a senior Bush administration official to bomb Pakistan if it did not cooperate after the terrorist attacks. Excerpts of the interview were made public Thursday.

The publisher's website said Musharraf also has interviews scheduled with NPR, NBC's "Today" show and "Meet the Press," and Comedy Central's "The Daily Show with Jon Stewart."

Musharraf's literary agent, Chris Calhoun, said the president was standing on principle.

"He's appreciative of the job the publisher has done. He's keeping his word," Calhoun said.

Publishing industry leaders disagreed.

Though it is common for high-profile authors, including world leaders such as former Prime Ministers Margaret Thatcher and Golda Meir, to reserve comment on books they write while in office, they rarely stay mum on issues of national security to protect their publicity, said Sara Nelson, editor of Publishers Weekly.

"If the responsibility of a leader is to inform his people about what's going on, and he says 'I can't because I have a book coming out,' that's weird," Nelson said.

"If George Bush said he couldn't comment on 9/11 because he had a contract with Simon & Schuster, all hell would break loose," she said.

Nelson said the episode probably would boost Musharraf's book sales next week, but would garner little lasting attention. As of Friday evening, Musharraf's 368-page memoir was ranked No. 122 in pre-release sales at Amazon.com.

Peter Osnos, founder and editor-at-large of PublicAffairs Books in New York, called Musharraf's book pitch "bizarre."

"What are we protecting here? The book has been written and shipped. He has already been interviewed. This is a curious gambit," Osnos said.

The honor code among authors is flexible, Osnos said, and Musharraf's "honor bound" comment was all showmanship, "for fun and profit rather than out of principle."

Publishers have speculated that Musharraf received a six-figure contract for the book in February 2005, and Nelson of Publishers Weekly said he probably was earning much more.

"They've orchestrated this very well," Nelson said. "It's going to get everybody — as we are now — talking about the ethics of it."

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Armitage Denies Threatening To Send Pakistan "Back To The Stone Age" (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 23, 2006

WASHINGTON - President Bush said Friday that he knew of no threat by the United States to attack Pakistan if it didn't ended its support for the Taliban and cooperate in the war on al Qaida following the Sept. 11, 2001, attacks.

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"The first I've heard of this is when I read it in the newspaper today," Bush told a news conference he held with Musharraf following talks between the two leaders at the White House.

Musharraf declined to comment, citing a confidentiality requirement of a deal on his soon-to-be published memoirs.

The Pakistani leader, who seized power in a 1999 coup, told the CBS program "60 Minutes" in an interview to be aired Sunday that former Deputy Secretary of State Richard Armitage threatened a U.S. attack on Pakistan unless it stopped supporting the Taliban and helped hunt down Osama bin Laden after the Sept. 11 strikes.

Pakistan backed the Taliban takeover of Afghanistan, and had resisted repeated U.S. requests for helping in tracking down bin Laden, who maintained bases and training camps around the country.

Musharraf told "60 Minutes" that Armitage delivered the warning to the then-director of Pakistan's powerful military intelligence agency, the Directorate for Inter-Services Intelligence.

"Be prepared to go back to the Stone Age," he quoted Armitage as warning Lt. Gen. Mahmood Ahmed, who was in Washington when the attacks in New York and Washington took place. Ahmed was purged shortly after returning to Islamabad.

Armitage denied ever making such a threat in a telephone interview on Thursday with McClatchy Newspapers. "I didn't command any airplanes," he said.

Armitage said he used "strong language" to convey to Ahmed demands for Pakistan's cooperation against al Qaida and the Taliban.

He recalled telling Ahmed that "history begins today" and "you're either with us or against us."

Bush 'taken Aback' About Alleged Threat To Pakistan (CNN)

CNN.com, September 22, 2006

WASHINGTON (CNN) -- President Bush on Friday said he was "taken aback" by a report that a U.S. official threatened the United States would attack Pakistan if it did not help immediately after 9/11.

Bush made the remarks at a White House news conference with Pakistani President Pervez Musharraf, thanking the U.S. ally for his role in the war on terror.

The Pakistan president has told CBS News that -- immediately following the September 11, 2001, attacks -- the Bush administration threatened to bomb his country "back to the Stone Age" if Pakistan did not help in the U.S. war on terrorism.

Bush said he first heard of the alleged threat "in the newspaper today." (Watch as Bush says he's unaware of any such conversation -- 1:56)

"I was taken aback by the harshness of the words," he said.

"All I can tell you is that shortly after 9/11, Secretary [of State] Colin Powell came in and said President Musharraf understands the stakes, and he wants to join and help root out an enemy that has come and killed 3,000 of our citizens."

Richard Armitage, then U.S. deputy secretary of state, is the official whom Musharraf identified in the CBS report. In an interview Friday with CNN, Armitage denied the allegation.

"Never did I threaten to use military force," he said. "I was not authorized to." (Watch as Armitage says he had a strong, straightforward talk with Pakistan -- 3:52)

Armitage acknowledged he was part of a group who met with Pakistan's intelligence chief to convey strong U.S. determination. He said the message was that "we absolutely need their help if we were going to prosecute the Taliban and al Qaeda in Afghanistan."

"We wanted to make sure they understood both the opportunities and the downside, but there was no threat," he said.

Musharraf was asked Friday about the CBS report, but he said he couldn't talk about it because of a legal agreement with his publisher before the release of his new memoir next week. "I am honor bound to Simon & Schuster not to comment on the book" before it's published, he said.

In the CBS report, Musharraf said, "The intelligence director told me that [Armitage] said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age.' "

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"I think it was a very rude remark," Musharraf told reporter Steve Kroft, the AP said. But Musharraf said he reacted in a responsible way. "One has to think and take actions in the interests of the nation and that is what I did," he said, according to the AP. Hunt for bin Laden

Friday's White House meeting occurred just days after Bush said he would send U.S. troops into Pakistan to capture Osama bin Laden if he received good intelligence on the al Qaeda leader's location.

Asked Friday by reporters if the U.S. needs permission to strike inside Pakistan if bin Laden is located there, Bush said, "All I can tell you is that when Osama bin Laden is found, he will be brought to justice. And that's what we've continually discussed. I think, as the president said, we are in the hunt together against these people."

Musharraf said he was puzzled that people seem concerned about "the semantics of the tactics of how to deal with the situation. We will deal with it. We are in the hunt together."

Bush told CNN's Wolf Blitzer on Wednesday that he would order U.S. forces to go after Osama bin Laden inside Pakistan if he received good information on the fugitive al Qaeda leader's location. "Absolutely," the president said.

Pakistani authorities recently signed a peace agreement with pro-Taliban tribal leaders in the country's restive northwest after two years of clashes with the traditionally autonomous tribes that left more than 600 Pakistani troops dead.

Musharraf said he and Bush discussed the pact, asserting that the treaty is against the Taliban, the former Afghan regime that harbored al Qaeda and that was ousted by U.S.-led forces after 9/11.

"It is actually to fight the Taliban," Musharraf said. "The misperception in the media, I did clarify to the president ... that this is a holistic approach that we are taking to fighting terrorism in Pakistan, in the tribal agencies of Pakistan."

He said the deal states "there will be no al Qaeda activity in our tribal agencies or across the border in Afghanistan."

Bush said he appreciated Musharraf's briefing. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people and that there won't be a Taliban and there won't be al Qaeda, I believe him," Bush said.

He also told Musharraf that "I admire your leadership. I admire your courage and I thank you very much for working on common strategies to protect our respective peoples."

Bush said Musharraf again promised to hold free elections in 2007.

"He understands that the best way to defeat radicalism and extremism is to give people a chance to participate in the political process of a nation," Bush said.

The Pakistani leader is scheduled to see Bush again next week in a three-way meeting with Afghan President Hamid Karzai.

Karzai's government is suffering its heaviest insurgent attacks since the Taliban's fall in 2001.

Pakistani President Dodges Alliance Query (WT)

By Stephen Dinan And Sharon Behn

The Washington Times, September 23, 2006

Pakistani President Pervez Musharraf yesterday stood next to President Bush and refused to answer a reporter's question about what persuaded him to oppose the Taliban after the September 11 attacks, saying his book contract prevents it.

Minutes later, when asked whether American troops would be allowed to strike at Osama bin Laden should he be found in Pakistan, neither president gave a yes-or-no answer, with Gen. Musharraf calling the issue "the semantics of the tactics of how to deal with the situation."

The man to whom Mr. Bush has hitched his wagon as a key U.S. ally in the war on terrorism in Central Asia is a complicated character -- an elected president who first ascended by bloodless military coup, and who still retains his role as army chief of staff.

Human rights advocates and some members of Congress have questioned the pace of progress in Pakistan, while military analysts wonder whether Gen. Musharraf could do more to root out al Qaeda and Taliban militants hiding in his country's remote regions.

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But for Mr. Bush, Gen. Musharraf is one of the Muslim leaders he is trying to promote as a moderate fighting extreme elements, along with Iraqi Prime Minister Nouri al-Maliki, Afghan President Hamid Karzai and Palestinian Authority President Mahmoud Abbas.

"This president is a strong defender of freedom and the people of Pakistan, and I appreciate your leadership," Mr. Bush said at a joint appearance after morning talks at the White House. "These extremists who can't stand the thought of a moderate leader leading an important country like Pakistan want to kill the president. That should say things to the people of Pakistan and the people of America."

Yesterday's hot topic was Gen. Musharraf's revelation to CBS News that in 2001, then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence chief to side with the United States against the Taliban or to, "'be prepared to be bombed. Be prepared to go back to the Stone Age.'"

Gen. Musharraf revealed this in an interview with "60 Minutes" to air tomorrow, in advance of the release of his memoirs, which is being published by Simon & Schuster. Both the news network and the book publisher are owned by CBS Corp.

Mr. Armitage denies having used those words, and Mr. Bush yesterday said he didn't know about the conversation, but said Gen. Musharraf signaled early on he would be an ally.

For his part, Gen. Musharraf brushed aside the question.

"I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," he said.

Speaking at George Washington University later in the day, Gen. Musharraf again was asked about the comment and said, "We joined the war on terror not really for the world as much as for ourselves.

"Pakistan is together to fight extremism in all its complexities, and maybe people could learn from us -- we are on board in the war against terrorism," he said.

Gen. Musharraf pointed out that since that time, Pakistan's economy has grown, the gross domestic product has increased, the per-capita income has doubled and foreign direct investment had leaped by 1,000 percent.

Danielle Pletka, vice president for foreign and defense policy studies at the American Enterprise Institute, said U.S.-Pakistan relations have always been complicated.

"Pakistan has, ever since the Cold War, made a choice to align itself with the United States, but it's always kept one leg hanging over the fence in defense of what it perceives as its own national security," she said.

"On balance, Musharraf is better with us than against us, but could he do more? I believe so," she said

How much more will be put to the test next week when he returns to the White House for a trilateral meeting with Mr. Bush and Mr. Karzai. The three will try to lessen tensions over a recent agreement Pakistan reached with tribal leaders on the Afghan border that some see as ceding control to al Qaeda and the Taliban.

Mrs. Pletka said Pakistan views Afghanistan as providing "strategic depth" should war with India ever break out, so "Pakistani meddling in Afghanistan is just a given." She said the problem arises when that support crosses the line to become support for Islamic extremists.

Mr. Bush has taken some grief for his support of Gen. Musharraf. He told the United Nations this week that the world should no longer trade away support for freedom and democracy in the hopes of getting stability.

And yet that is exactly what some critics -- including democracy advocates in Pakistan -- say Mr. Bush is doing with Gen. Musharraf. They point to the Pakistani leader's broken promise to step down in 2004 as head of the military and his pardon of Abdul Qadeer Khan, "father" of Pakistan's nuclear weapons, who aided North Korea's program, among others.

For Mr. Bush the balance sheet stacks up differently.

He points to Pakistan's help earlier this year in busting up the plot to blow up airplanes headed from Britain to the United States, and as a fair dealer in trying to reach agreement with India over the disputed Kashmir region.

Mr. Bush said Gen. Musharraf reassured him Pakistan will hold free and fair elections next year, adding that the Pakistani leader "understands that the best way to defeat radicalism and extremism is to give people a chance to participate in the political process of a nation."

DOJ_NMG_0067785

Axis Of Sketchy Allies (NYT)

By Maureen Dowd

The New York Times, September 23, 2006

WASHINGTON

It helps to plug your book at the White House.

At a news conference with President Bush, Pervez Musharraf was asked about his claim on "60 Minutes" that Richard Armitage had threatened to bomb Pakistan back to the Stone Age if it did not cooperate in routing the Taliban in Afghanistan. After coyly sidestepping the question, saying he had to save such juicy tidbits for his book's publication next week, he shot up over 1,000 spots on Amazon.com.

General Musharraf told Steve Kroft he found the Stone Age crack "very rude,'' and Mr. Armitage was on the defensive yesterday, explaining that he had been tough with Pakistan just after 9/11 but had not made any Flintstones threats.

The former deputy to Colin Powell needn't apologize. That was the last time our foreign policy was on track, when we were pursuing the real enemy. It's all been downhill from there.

The Pakistan president is a smooth operator, a military dictator cruising around the capital with his elegant wife and enormous security contingent, talking about how much he likes democracy, which he won't yet allow.

He may have more respect for checks and balances than Dick Cheney, but that's not saying much.

On the subject of Osama, he's so slippery you want to lock him in a room with the muscle-bound Mr. Armitage. General ... General, as W. called him in that famous campaign pop quiz, tried to persuade Mr. Bush that the shabby truce he recently made with tribal leaders, agreeing that the Pakistani Army would stay out of the wild border area next to Afghanistan — where Osama and other Al Qaeda and Taliban members are believed to be hiding — was really "against" the militants.

The Pakistan government has, in effect, simply turned over the North Waziristan area to the militants. ABC News quoted Maj. Gen. Shaukat Sultan Khan of Pakistan as saying that the deal was an implicit amnesty, and that Osama "would not be taken into custody" as long as he was "being like a peaceful citizen."

American officials are dubious about Mr. Musharraf's commitment to destroying Al Qaeda and the Taliban. But at the press conference, W., who no doubt thinks he has seen into General ... General's soul, acted as though he were willing to believe the Pakistani president when he says he is "on the hunt" for Osama and the Taliban at the same time he's setting up a safe haven for them — and getting huffy at the idea that American forces have the right to go into Pakistan to track Osama.

"Americans who are concerned about a recurrence of 9/11 are worried about the Axis of Evil when the real problem is the Axis of Allies — Saudi Arabia, Pakistan and Britain,'' the British historian Niall Ferguson says. "The terrorists are funded in Saudi Arabia, they're trained in Pakistan, and they organize their plots quite easily in London.''

Mr. Ferguson, who analyzes evildoers and despots in his new book, "The War of the World: Twentieth-Century Conflict and the Descent of the West,'' observes that Mr. Musharraf could not survive if he truly tried to break up the cozy relationship between militants, tribal leaders and some in his Army and intelligence service.

The Paks, as W. and Vice like to call them, are at the heart of the Faustian deal the Bush administration has made. The justification for invading Iraq was that they couldn't allow a dictator who might be harboring terrorists to stay in power. But their great ally in the war on terror is General Musharraf, a dictator who appears to be harboring terrorists, including the one we want most.

Hamid Karzai, the Afghan president, who will dine with W. and General ... General at the White House next week, expressed a sly skepticism about his neighbor's protestations that he is strategizing against militants. As David Sanger reported, Mr. Karzai told Times editors and reporters that he had tried to get Pakistan's help in repelling the resurgent Taliban by giving the Pakistanis "information on training ground, on operation, people, their phone numbers, their G.P.S. locations.''

"Our friends come back to us and say this information is old,'' Mr. Karzai continued. "Maybe. But it means they were there."

Asked where Osama was, he smiled and replied: "If I said he was in Pakistan, President Musharraf would be mad at me. And if I said he was in Afghanistan, it would not be true."

We may not have Osama, but at least W. helped General ...General with his Amazon ranking. "Buy the book," the president recommended as the two allies wrapped up.

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Detainee Deal Comes With Contradictions (NYT)

By Adam Liptak

The New York Times, September 23, 2006

The compromise reached on Thursday between Congressional Republicans and the White House on the interrogations and trials of terrorism suspects is, legal experts said yesterday, a series of interlocking paradoxes.

It would impose new legal standards that it forbids the courts to enforce.

It would guarantee terrorist masterminds charged with war crimes an array of procedural protections. But it would bar hundreds of minor figures and people who say they are innocent bystanders from access to the courts to challenge their potentially lifelong detentions.

And while there is substantial disagreement about just which harsh interrogation techniques the compromise would prohibit, there is no dispute that it would allow military prosecutors to use statements that had been obtained under harsh techniques that are now banned.

The complex, technical and often ambiguous language in the 94-page measure was a subject of debate, posturing and, perhaps, some wishful thinking yesterday. Each side in the hard-fought negotiations — the White House and the three opposing Republican senators — declared victory.

And human rights groups simultaneously insisted that the new bill should be read to forbid various tough antiterrorism tactics and cautioned that the Bush administration had been given too much power to make the rules.

Some longtime critics of the administration expressed satisfaction with aspects of the compromise. They hailed the three senators who negotiated it, Lindsey Graham of South Carolina, John McCain of Arizona and John W. Warner of Virginia, as leaders who placed principle over politics in stopping the effort to redefine a provision of the Geneva Conventions knows as Common Article 3.

That provision bars, among other practices, "outrages upon personal dignity, in particular, humiliating and degrading treatment."

"The McCain, Graham, Warner trio really fought back and prevented the administration from winning its effort to reinterpret Common Article 3," said Jennifer Daskal, the United States advocacy director for Human Rights Watch.

The proposed law, at least if it is interpreted honestly, Ms. Daskal said, would prohibit interrogation techniques like sleep deprivation, forced standing for long periods and extreme temperatures.

Others said that the negotiations were a sham and that an array of harsh techniques remained available.

"The only thing that was actually accomplished," said Eric M. Freedman, a law professor at Hofstra University and the author of a book on habeas corpus, "was that the politicians got to announce the existence of a compromise. But in fact, most of the critical issues were not resolved."

Martin S. Lederman, who teaches constitutional law at Georgetown, said the bill continued to allow the harsh treatment of detainees by the Central Intelligence Agency.

"They appear to have negotiated a statutory definition of cruel treatment that doesn't cover the C.I.A. techniques," Professor Lederman said. "And they purport to foreclose the ability of the courts to determine whether they satisfy the Geneva obligations."

The bill would allow, and perhaps require, the president to issue regulations concerning "the meaning and application of the Geneva Conventions," and it calls for them to be published in The Federal Register.

Legal experts differed about whether that bargain, trading power for transparency, was sound.

Changes to the procedures for the military commissions established to try terrorism suspects for war crimes also met with mixed responses. Revisions that would let defendants see the evidence against them were welcomed by military defense lawyers and human rights groups.

But some voiced concern that using statements obtained through coercion, even coercion forbidden by the McCain Amendment to Detainee Treatment Act of 2005, would still be allowed in many circumstances. So would be hearsay evidence, as well as a combination of the two.

"You create a situation," Ms. Daskal said, "in which someone could be convicted based on a second- or third-hand statement from a detainee during an abusive interrogation."

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The issue that most engaged administration critics was the new bill's aggressive and possibly constitutionally suspect efforts to keep the courts from hearing many detainees' challenges or claims based on the Geneva Conventions. Though people charged with war crimes would receive trials before military commissions that largely resemble courts-martial and criminal prosecutions, the administration has announced plans to use just a score of those.

About 430 people are being held at Guantánamo Bay, Cuba, and there is no guarantee that they will ever be tried. The legislation, unchanged by the compromise, would prohibit habeas corpus challenges to these indefinite detentions.

"You're creating a system," Ms. Daskal said, "where Khalid Shaikh Mohammed," called the mastermind of the Sept. 11, 2001, attacks, "will have more rights than the low-level detainee who was sold into U.S. custody by bounty hunters."

Indeed, the propriety of indefinite detentions at Guantánamo will continue to be decided by combatant status review tribunals, or C.S.R.T.'s. The revised rules for military commissions do nothing to alter the tribunals' unorthodox procedures.

"The C.S.R.T. is the first time in U.S. history in which the lawfulness of a person's detention is based on evidence secured by torture that's not shared with the prisoner, that he has the burden to rebut and without the assistance of counsel," said Joseph Margulies, author of "Guantánamo and the Abuse of Presidential Power" (Simon & Schuster, 2006).

A limited appeal from adverse determinations of these tribunals is permitted, but habeas corpus challenges are not. That means, Professor Freedman said, that "the feature of the bill that does the greatest amount of harm to the American legal system remains untouched."

The compromise adds a wrinkle, prohibiting the very invocation of the Geneva Conventions in civil cases and habeas proceedings and, depending on how one reads an ambiguous passage, perhaps criminal cases, too.

The Senate Judiciary Committee will hold hearings on Monday on limiting detainees' habeas challenges. If Congress does not act, Professor Freedman said, the courts may reject the habeas provisions in the law.

"An attempt to throw out of court many hundreds of pending cases that the Supreme Court has twice held have a right to be there," he said, "is not likely to be met with a favorable reaction in the Supreme Court."

Critics Say Bill On Detainee Interrogation Will Not Prevent Torture (MCT)

By Margaret Talev And Greg Gordon

McClatchy Newspapers, September 23, 2006

WASHINGTON - Several Democrats and civil rights advocates charged Friday that a Republican compromise over the treatment of terrorism suspects leaves the door open for torture and abuse, while stripping captives of a basic right to a court appeal.

"This is a bill that's essentially going to continue to allow coercive interrogations," said Michael Ratner, president of the Center for Constitutional Rights, which has represented about 500 detainees, many of them held for more than four years at Guantanamo Bay, Cuba. "I find it just shameful as a human rights lawyer who's spent my life suing every dictator in the world over this kind of stuff."

But leading Democrats stopped short of opposing the compromise plan announced Thursday between the White House and Senate Republicans. The top Democrat on the House Armed Services Committee, Rep. Ike Skelton of Missouri, called the compromise "promising."

The House of Representatives and Senate are expected to vote next week before the Congress recesses for elections.

Circling their wagons, Republicans all but dared Democrats to vote against the plan, suggesting that would turn off voters and kill the Democrats' efforts to take back control of either chamber of Congress in the November elections.

"I don't think sitting on the sidelines in the war on terrorism is a good idea," said Senate Majority Whip Mitch McConnell, R-Ky. "My advice to the Democrats would be to support us - that would be a great way to take that issue off the table."

Congress has been under pressure to pass a comprehensive detainee plan since the Supreme Court ruled 5-3 in June that the system President Bush created to handle terrorism cases violated U.S. law.

Bush previously took the position that the international Geneva Conventions of 1949, protecting prisoners of war, didn't cover so-called "enemy combatants" seized in the war on terrorism, enabling the CIA to use aggressive interrogation techniques that are widely considered tantamount to torture.

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The compromise bill seeks to immunize interrogators from prosecution for those tactics prior to the end of 2005, while limiting their use going forward. Sen. Carl Levin of Michigan, the top Democrat on the Senate Armed Services Committee, said that "would put our own troops at risk if other countries decide to apply a similar standard."

Critics of the compromise praised Republican Sens. John McCain of Arizona, Lindsey Graham of South Carolina and Armed Services Committee Chairman John Warner of Virginia for forcing the White House to rethink some of what it wanted from Congress, such as changing the wording of U.S. obligations under Common Article 3 of the Geneva Conventions and convicting detainees without letting them see key evidence against them.

Still, critics said the administration got too much.

The compromise defines nine "grave breaches" of the Geneva Conventions as felony war crimes and rules out techniques that could cause serious mental or physical pain. But it gives the president, not Congress, the authority to decide what gray-area techniques should be allowed and how violations should be punished.

The ACLU's Caroline Fredrickson called the compromise a "get-out-of jail-free card to the administration's top torture officials."

Critics also expressed doubts that a required executive order from the president will clearly define the new boundaries of interrogations.

"The key to this deal will be whether Congress exercises real oversight over the CIA interrogation program," said Rep. Jane Harman, D-Calif., the top Democrat on the House Intelligence Committee. She said the White House should agree to give the intelligence panels a description of the techniques it wants to authorize, legal justifications and evidence that the techniques are necessary and effective. "Congress cannot and must not rubber-stamp another executive-branch intelligence program without adequate oversight," she said.

Ratner said the bill appears to allow CIA interrogators to continue leaving scantily clad detainees in cold rooms, forcing them to stand in stressful positions or denying them sleep for prolonged periods - possibly all at once. "I would hope they will come out and say that's not allowed," he said. "Right now, this bill is full of holes."

The measure, he noted, does nothing to bar renditions, in which the CIA or another agency transfers custody of a detainee to a foreign government, where the detainee could be tortured outside U.S. jurisdiction.

Senators who negotiated the bill said they believe it would bar the use of simulated drowning, known as "water-boarding," a tactic reportedly used on Khalid Sheikh Mohammed, the self-proclaimed mastermind of the Sept. 11, 2001, attacks.

The compromise introduced into legislation on Friday would affect the handling of 469 detainees held at Guantanamo - including Sheikh Mohammed and 13 other "high-value" figures moved this month from secret CIA prisons overseas - and all future captives.

The legislation also limits detainees from appealing in federal court to challenge their detentions - a right that dates to the Magna Carta in the year 1215. Chairman Arlen Specter, R-Pa., of the Senate Judiciary Committee has voiced concerns and scheduled a hearing Monday to explore that issue.

On Rough Treatment, A Rough Accord (WP)

By R. Jeffrey Smith

The Washington Post, September 23, 2006

Draft legislation to create a new system of military courts for terrorism suspects would allow prosecutors to introduce at future trials confessions that were obtained through "cruel, unusual, or inhumane" interrogations by the CIA or the military before 2005, but not afterward.

The legislation would also allow defense attorneys to challenge the use of hearsay information obtained through coercive interrogations in distant countries only if they can prove it is unreliable, a daunting task if the information consists of written statements from people the lawyers have no right to confront in court.

These complex provisions reflect some of the last-minute changes to broad legislation drafted by the White House and Republican lawmakers to establish a unique set of rules for detaining, interrogating and trying foreigners believed to be involved in hostilities against the United States.

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The bill is designed to confer Congress's approval for the first extrajudicial U.S. trials of non-soldiers since World War II. Many of its provisions were put in to ensure that the rough detention and interrogation policies adopted by the Bush administration in 2001 and 2002 -- and ruled illegal in June by the Supreme Court -- may continue undisturbed.

The 94-page text is dotted with language crafted not only to support future rough interrogations by the CIA but also to improve the odds of obtaining criminal convictions of detainees and to immunize officials for previous violations of a federal law governing detainee abuse. The bill was introduced by Republican leaders in the Senate yesterday after brief discussions with their House counterparts.

Many human rights groups and legal experts who parsed the bill yesterday said the White House had achieved most of its objectives in negotiations with dissident GOP senators, including John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.).

They said the bill's provisions would violate detainees' legitimate rights, conflict with Supreme Court decisions, and come back to haunt Washington when Americans in foreign custody are subjected to the same harsh interrogations and military trials.

"It replaces the old broken" military trial system ruled illegal by the Supreme Court with "a new broken commission system," said Marine Corps Col. Dwight Sullivan, the chief defense counsel for the Defense Department's Office of Military Commissions. He said "it methodically strips rights" guaranteed by laws and treaties and appears to be unconstitutional.

Human Rights First and Human Rights Watch praised the compromise language as an improvement over the administration's initial proposals. But they felt it necessary to press McCain to spell out in a planned television appearance tomorrow his view that the legislation would bar at least three categories of abusive CIA interrogations: waterboarding, which simulates drowning; extreme sleep deprivation; and "stress positions" such as lengthy forced standing.

The bill is complex partly because negotiations were rushed, following a timetable set by President Bush. The White House wants Congress to pass the legislation before adjourning at the end of next week, expecting Democrats to withhold challenges to its most controversial provisions in the pre-election period for fear of being portrayed as soft on terrorism.

But the language is also opaque because its chief objective -- the legitimization of irregular interrogations by the CIA -- is a topic shrouded in official secrecy.

"As you know, specific techniques are classified," White House national security adviser Stephen J. Hadley said Thursday evening when he was asked which interrogation techniques the law sanctions. "This whole effort is to get a legal framework supported by the Congress" without letting terrorists know exactly what they will confront after capture, Hadley said. But he added that the draft language meets the CIA's needs.

From the outset, the challenge for the bill's Republican authors was to fit the government's desire for rough treatment and long detentions of terrorism suspects into a web of domestic and international rules and laws requiring fair trials and humane treatment for those held in captivity anywhere. These include the 10-year-old U.S. War Crimes Act, and the 50-year old Geneva Conventions.

Critics said yesterday that the bill's language abuses both of these, as well as the U.S. Constitution. For example, it would bar detainees from challenging the legality of their detention or treatment by the CIA or the U.S. military in any court. The administration has said this controversial "court-stripping" provision is needed so that dangerous detainees could be subjected to lengthy interrogations without hope of release before military trials and could not obstruct or delay trials.

But defense lawyers, a group of retired federal judges and the American Bar Association say the provision violates due-process guarantees and Supreme Court decisions.

"Eliminating habeas is tantamount to letting hundreds of Guantanamo prisoners rot in jail," said David H. Remes, a Covington & Burlington lawyer who has represented several Yemeni detainees. "If the government does not have a valid basis for holding someone in jail, that person should have some recourse."

The bill would also bar detainees from citing the Geneva Conventions -- which the United States ratified in 1949 -- "as a source of rights" in any U.S. court, including the military panels or "commissions" established by the new law. It further states that President Bush has the authority to interpret the meaning of a Geneva Conventions provision barring detainee abuses that fall below the threshold of "grave breaches."

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Although the law states that Bush "shall issue" his interpretations in published executive orders, White House spokesman Tony Snow said yesterday that administration lawyers told him that such publication -- which McCain and others have highlighted as a major White House concession -- might not be necessary.

Another provision would explicitly bar U.S. courts from considering any "foreign or international source of law" in deciding what U.S. interrogators can lawfully do under the War Crimes Act. Eugene R. Fidell, president of the nonprofit National Institute of Military Justice, said this appears to represent one facet of a broad administration effort to keep its treatment of terrorism suspects "hermetically sealed" from treaties and the traditional law of military justice.

"God forbid there should be any infection from foreign sources," Fidell said in a joking summary of the administration's strategy.

"Context is crucial here," said Diane Orentlicher, a professor of international law at American University who studies war crimes. "The administration has tenaciously fought for a legal space to undertake 'harsh' interrogation techniques that, it claims unpersuasively, are perfectly compatible with U.S. treaty obligations. By prohibiting victims of even the most severe war crimes from invoking the Geneva Conventions in habeas or civil actions," the agreed-upon version of the bill would undermine the included detainee protections, she said.

Staff writer Carol D. Leonnig contributed to this report.

GOP Upbeat On Terror-Trial Bill (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 23, 2006

House GOP leaders signaled yesterday that they are satisfied with the main elements of a bill on military trials negotiated Thursday by dissident Republican senators and White House officials, and they predicted that Congress will pass the measure before adjourning next week.

"We're going to get this thing across the finish line," Rep. Duncan Hunter (R-Calif.) told reporters, less than 24 hours after giving the measure a much cooler reception.

The House response all but settles an intraparty squabble and puts congressional Democrats in a difficult spot six weeks before elections in which they hope to wrest many House and Senate seats from the GOP. Some of the Democrats' liberal constituents dislike the bill, viewing it as a green light for President Bush to resume a CIA policy of interrogating foreign terrorism suspects with harsh techniques that some critics consider torture. But to oppose the compromise, which Sen. John McCain (R-Ariz.) has embraced, would subject them to charges of being soft on terrorism, several analysts said.

Many Democrats would undoubtedly like to change the bill, "but probably those in competitive races will just have to stay behind McCain," said political scientist Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. A House Democratic leadership aide, who spoke on the condition of anonymity to discuss political strategy, said: "We had really hoped the White House had caved, but it's looking more and more like the senators caved."

The compromise bill on rules for the trials, known as military "commissions," outlines the kinds of detainee mistreatment by CIA interrogators that would constitute crimes. It bars the administration from reinterpreting the Geneva Conventions but gives the president a dominant role in deciding which interrogation methods would be permitted.

Hunter, who chairs the House Armed Services Committee, raised concerns Thursday about the bill's prohibition against convicting defendants with classified information they are not allowed to see. Yesterday, Hunter said he was satisfied because the suspects would not learn the identity of undercover officers who gathered the crucial evidence.

With Congress planning to adjourn by Sept. 30, it is possible that last-minute snags could complicate or even prevent the bill's passage. But top Democrats in both houses indicated that they will not stand in the bill's path and risk being blamed for its demise.

"I will need to look at the final bill carefully, but elements of the compromise I have seen are promising," said Ike Skelton (Mo.), the Armed Services Committee's ranking Democrat.

Republicans, meanwhile, signaled plans to trumpet their newfound unity and attack Democrats even if only a handful oppose the bill. The office of House Majority Leader John A. Boehner (R-Ohio) released a statement saying that "while

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Democrats talk out of both sides of their mouth, Republicans are working together . . . to provide predictability and clear guidance to both our military and civilian personnel so they may continue to keep Americans safe."

Until the breakthrough was announced Thursday, Democrats had let Republicans fight among themselves as they backed McCain and Sens. Lindsey O. Graham (R-S.C.) and John W. Warner (R-Va.) in their struggle with the White House. Now that McCain and his fellow dissidents have joined hands with Bush, it will be difficult to attack the deal, Democrats acknowledged.

That is not sitting well with liberal activists, whose energy will be important to Democrats on Election Day. Caroline Fredrickson, director of the American Civil Liberties Union's Washington legislative office, called the legislation a "get out of jail free" card for the administration's "top torture officials." She said it would render the Geneva Conventions' protections "irrelevant and unenforceable."

Democratic political strategists at Greenberg Quinlan Rosner Research encouraged Democrats to challenge Republicans on national security issues. Jeremy Rosner, senior vice president, said polling suggests that Bush's focus on security matters in the past weeks may have helped his personal approval ratings, but it has harmed Republican lawmakers by elevating anxieties over Iraq.

"There is much more room than people have guessed for Democrats to engage on this issue, to get heard and even to win," he stressed.

A few liberal Democratic lawmakers attacked the bill yesterday, but none signaled all-out plans to try to kill it. "By using legal mumbo jumbo to obscure the fact that the CIA will continue to be allowed to use torture and will actually be insulated from legal liability for previous acts of torture, President Bush is proceeding ever further down the slippery slope that Colin Powell warned us will endanger American troops in the field by encouraging other countries to reinterpret the Geneva Conventions," said Rep. Edward J. Markey (D-Mass.).

White House aides are practically daring such Democrats to oppose the legislation. "Now the test is for the Democrats," a senior administration official said. "What are they going to do? . . . This does show that there's a consistent voice now on the subject coming out of our party."

But some conservatives remain angry with McCain and his allies. One Republican leader called them the "it's all about me" senators.

"At a time when we were supposed to be showing unity, we wasted a week on something that could have been worked out behind closed doors," one leadership aide said.

Staff writer Peter Baker contributed to this report.

Differences Settled In Deal Over Detainee Treatment (NYT)

By Kate Zernike And Sheryl Gay Stolberg

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — After weeks of internal wrangling over legislation to interrogate and prosecute terrorism suspects, Republicans on Friday put aside their differences, setting the House and Senate on a path to approve a compromise struck with the White House before lawmakers break to campaign for the midterm elections.

The House leader who on Thursday had been the only Republican to raise objections to the deal between Senate Republicans and the White House said Friday that he decided he liked the compromise legislation even better than the bill his committee had passed.

“The new provisions are excellent,” said the leader, Representative Duncan Hunter, the California Republican who is chairman of the Armed Services Committee. “I like them.”

Mr. Hunter, whose committee had endorsed a bill looking much like what the White House had initially proposed, said that although he was still reading the compromise, he believed that the House and the Senate could agree on a common bill, eliminating the need for a conference between the two, and making it possible to win final passage in the five days before Congress adjourns for the midterms.

Senator Mitch McConnell, the No. 2 Republican in the Senate, introduced the compromise bill on the floor Friday, but the leaders said they would not decide until early next week when to begin the debate that would lead to a vote.

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After weeks of embarrassing division on a signature issue, Republicans resumed their campaign to portray themselves as the party of strength on national security, with Mr. McConnell practically daring Democrats to get in the way.

"We think our record as a party on the war on terror is excellent and we intend to take that to the American people," he said. "My advice to the Democrats would be to support us. That would be a great way to take that issue off the table."

Democrats have allowed three Republican senators with strong military credentials — John W. Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina — to take the lead in resisting the president on the issue. Democratic leaders were largely positive about the agreement reached Thursday, signaling that they would continue to cooperate, rather than risk looking obstructionist heading into the midterms.

"A handful of principled Republican Senators have forced the White House to back down from the worst elements of its extreme proposal for new interrogation rules," said Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader.

The biggest outstanding question was how the White House would define what interrogation techniques are banned under the bill.

The proposed legislation outlaws under the War Crimes Act "grave breaches" of the Geneva Conventions, including specific crimes such as murder, torture and rape, but also broad descriptions that might encompass a variety of crimes: maiming, extreme physical pain, trying to cause physical harm, and serious mental harm.

But the law leaves to the White House to say by executive order whether any techniques that do not rise to the level of grave breaches, but are still objectionable, would also be prohibited.

The executive order is to be published in the Federal Register, where it would be subject to review by Congress. The White House had resisted this proposal, but Senate Republicans insisted on it.

The White House said Friday that it had not yet begun to talk about what techniques the order would include.

The White House had submitted to a demand from Senate Republicans that it take out language that would have redefined the nation's obligations under the Geneva Conventions, which President Bush said was crucial to provide "clarity" to C.I.A. officers regarding what interrogation techniques they can use.

Mr. McCain said on the "Today" show on Friday, "We got what we wanted."

But administration officials resisted the characterization that Mr. Bush had made significant concessions.

"The president had a single test, and the test was met," said Dana Perino, the deputy White House press secretary, referring to Mr. Bush's repeated assertion that he would accept only a bill that allowed a Central Intelligence Agency program to interrogate major terrorism suspects to continue. "We weren't wedded to the initial language."

The White House resisted saying whether the bill would permit that program to continue in the same form as it has operated in the past. "The program will still be the effective program that it has been," Ms. Perino said.

Some human rights lawyers said they felt the senators had achieved a significant victory in getting the president to drop his demand on the Geneva Conventions, and in securing a provision that protects a defendant's right to see the substance of any classified evidence shown the jury, without revealing sensitive information.

But some said they objected to a proposed provision on habeas corpus rights that denies detainees a right to argue in federal court that they are being improperly held. And some experts in military justice complained that Mr. Bush, through the executive order, would retain substantial authority to define acceptable interrogation techniques. They feared that the White House would push the limits on harsh techniques.

Senators Warner, McCain and Graham said repeatedly that they wanted the administration to have to define these techniques, so that it would have to take responsibility for them, and any public heat. Otherwise, they believed, the president or C.I.A. would justify any techniques that caused public outrage by saying, in effect, "Congress said we could."

By requiring the order to be published in the public record, they believe Congress will retain some oversight.

"You may have some check on the gray area," said John Radsan, who was assistant general counsel for the C.I.A. from 2002 to 2004. "The nongovernmental organizations can assess the standard. Congress can. The American public can."

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Representative Jane Harman of California, the senior Democrat on the House Intelligence Committee, said the key would be whether Congress exercised that oversight. To do so, Ms. Harman said, the Intelligence Committees must be told what techniques the president intends to use.

"If Congress does not demand this information, we will be giving the president another blank check to violate the law," she said.

Representative Ike Skelton of Missouri, the senior Democrat on the House Armed Services Committee, said the compromise was "promising," particularly the provisions on classified evidence.

And Senator Carl Levin of Michigan, the senior Democrat on the Senate Armed Services Committee, praised Senators Warner, McCain and Graham as "standing up to the administration" and producing a bill that, "while it has a number of problems, is a substantial improvement over the language proposed by the administration."

But Mr. Levin objected in particular to the rules on coerced evidence. The compromise would ban evidence obtained through "cruel, unusual or inhumane treatment" as defined by the Detainee Torture Act going back to when that act was passed, in December. "This approach, which was insisted upon by the administration, would put our own troops at risk if other countries decide to apply a similar standard, and is abhorrent to American values," Mr. Levin said.

He argued in favor of language originally proposed by the three senators and approved by the committee, which would exclude statements obtained as result of cruel, inhuman or degrading treatment, no matter when they were obtained.

Mr. Levin and Senator Arlen Specter of Pennsylvania, the Republican chairman of the Judiciary Committee, say they will try to amend the habeas provisions in the bill.

Mr. Specter plans to hold a hearing on the issue on Monday. But that is not expected to hold up the bill's proceeding to the floor.

Interrogations Deal Grants Bush Leeway (AP-Y)

By Anne Plummer Flaherty

AP, September 23, 2006

A Republican deal on terrorism trials and interrogations would give President Bush wide latitude to interpret standards for prisoner treatment, even though it doesn't include a provision he wanted on the Geneva Conventions.

The resulting legislation, if passed next week by Congress as Republicans hope, would revive the CIA's terrorist interrogation program because it would reduce the risk that agency workers could be found guilty of war crimes.

The deal also could open the door to aggressive techniques that test the bounds of international standards of prisoner treatment.

"The key to this deal will be whether Congress exercises real oversight over the CIA interrogation program," said California Rep. Jane Harman, who as the top Democrat on the House Intelligence Committee has been briefed on how the CIA handles terrorism suspects.

The GOP bill outlines specific war crimes such as torture and rape, but it also says the president can "interpret the meaning and application" of the Geneva Convention standards to less severe interrogation procedures. Such a provision is intended to allow him to authorize methods that might otherwise be seen as illegal by international courts.

Bush's national security adviser, Stephen Hadley, said the president plans to use this authority to "clarify" Geneva Convention obligations by executive order, which must be published in the Federal Register

Harman said Friday she wants the administration to give Congress a list of techniques approved by the president and legal justification for the methods.

"If Congress does not demand this information, we will be giving the president another blank check to violate the law," she said.

President Bush has been pushing legislation that would endorse the CIA program since June, when the Supreme Court ruled al-Qaida members must be protected under the Geneva Conventions, a 1949 treaty that sets international standards for the treatment of war prisoners .

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Before the court ruling, the legality of the interrogation program relied on Bush's assumption that the combatants were not protected under the treaty and, therefore, could be subjected to aggressive techniques.

U.S. officials say the Supreme Court ruling — which also determined the trials Bush established to prosecute the terrorists were illegal — threw cold water on the program because of fears interrogators could be prosecuted for war crimes.

The White House wanted to have Congress endorse the program with a law narrowly defining Geneva Convention standards, giving the president the latitude he wanted to continue the CIA program.

But when three GOP senators objected and were joined by growing numbers of allies — claiming such a move would be seen as an attempt to back out of the treaty — the White House relented. In a deal struck Thursday, the White House and Senate Republicans agreed to drop from the bill an abbreviated definition of Geneva Convention standards.

But enough legal parsing was added to the bill to achieve the president's desired effect anyway.

The Republican bill provides legal protection for the CIA program by precisely defining and enumerating atrocities widely accepted as war crimes — including torture, rape, biological experiments, and cruel and inhuman treatment.

For acts that do not rise to the level of a war crime but may test the bounds of the Geneva Conventions, the GOP bill allows the president to make the call.

The net effect is to raise the legal bar on war crime violations, making it tougher to prosecute a U.S. official unless the act meets those definitions.

"It sounds like the administration got a pretty good deal actually" because it would reinstate the president's prerogative, said John Yoo, a former Justice Department lawyer who helped write internal memos in 2002 designed to give the government more leeway in aggressive questioning of suspects.

Human rights lawyers disagree on whether this flexibility, along with the bill's definition of cruel treatment, would endorse such techniques as "waterboarding" — a method intended to simulate the sensation of drowning. Waterboarding and similar interrogation methods allegedly used by the CIA are not specifically identified as war crimes although some say these techniques could qualify as cruel and inhumane.

But, legal experts agree, in the end it will be up to the president to determine when most interrogation methods go too far. The bill bans detainees from protesting their detention and treatment in court.

"You always run into the potential ... that we're going to go back to secret prisons and bad things will happen," said John Hutson, a former Navy judge advocate general. "And there's really not a way in legislation to make sure that doesn't happen."

Hutson, who staunchly opposed the administration's initial legal proposal, said he believes the administration intends to "interpret the words in good faith."

Congress is expected to vote on the bill before lawmakers leave at the end of next week for midterm elections. While the bill has been agreed to by the Senate, House conservatives have said they were concerned with the provision that requires a defendant access to evidence if used in an attempt to convict him or her. This stipulation could expose sensitive or classified information, they said.

Rep. Duncan Hunter, chairman of the House Armed Services Committee, said Friday he would support the bill but was still reviewing the rules surrounding evidence.

But regarding the CIA program and "the protection of their people, this does the right thing and it does protect them," said Hunter, R-Calif.

Defense Lawyers Assail Legislation On Detainees (LAT)

By Richard Simon And Julian E. Barnes

The Los Angeles Times, September 23, 2006

The bill faces scrutiny for stripping habeas corpus. Rights groups worry over vagueness.

WASHINGTON — Military defense lawyers assailed compromise legislation for interrogating and prosecuting terrorism suspects, contending Friday that proposed rules would prevent them from learning whether evidence used against their clients was obtained through coercion or torture.

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At the same time, rights groups that initially endorsed the compromise between the Bush administration and key Senate Republicans expressed reservations, saying it appeared on closer reading to be vague and could give President Bush and future presidents too much latitude.

"It is worse than the system that was in place before," said Marine Maj. Michael Mori, a military defense lawyer. "It is not going to ensure there is a fair trial."

Congressional Republican leaders, nonetheless, plan to move the compromise military tribunal bill to a vote next week. They may tie the bill, which has support among a number of Democrats, to a more controversial measure authorizing Bush's once-secret warrantless surveillance program.

Legislation introduced by the Senate GOP leadership Friday would make it clear that the president, in some cases, has the authority under the Constitution to unilaterally order surveillance without a judge's approval.

Both the tribunal and surveillance measures are centerpieces of the security-focused agenda the GOP wants to highlight before the November election, which is expected to determine control of Congress.

Republicans, who were engaged in an intraparty fight over the tribunal legislation until the agreement was reached, appeared to be closing ranks.

But the measure faces additional scrutiny. Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) called a hearing for Monday on a provision in the bill that would deny detainees the right to challenge their detention in court, known as the right of habeas corpus.

"It may be the only way some people can have their situation resolved in court," said retired Rear Adm. John Hutson, a former top Navy judge advocate general and member of the board of Human Rights First.

Although the rights group supported the compromise, the group raised questions Friday.

Army Maj. Tom Fleener, an attorney who represents a Yemeni man imprisoned at Guantanamo, said that under the proposed rules, "there is no way for the defendant to determine how the evidence was obtained. There is no way to find out how the witness was interrogated because the techniques are going to be classified."

The compromise leaves it up to military judges to determine whether evidence had been coerced and can be admitted.

Human rights groups also expressed concern about how the Bush administration could interpret the compromise language.

"The main concern is the legislation is ambiguous," said Alexandra Arriaga, director of government relations for Amnesty International USA. "It has language that can be interpreted in many ways. We want to be certain practices that have long been considered torture or cruel, inhumane or degrading are still prohibited."

Allies of Sen. John McCain (R-Ariz.), who helped broker the compromise, said the deal does not give the administration any more leeway to interpret U.S. obligations under the Geneva Convention than it already had.

But Christopher Anders, ACLU legislative counsel, said he worried that the administration would use the language to claim approval of tough methods.

"If this administration had a better track record of following the rule of law … there wouldn't be so much worry," Anders said.

Surveillance legislation introduced Friday by Senate GOP leaders also drew criticism.

Civil liberties groups and privacy advocates said the legislation would unduly expand the government's power to monitor the e-mail and phone calls of American citizens and others in terrorism-related cases.

Critics also said it would mark a major departure from the 1978 Foreign Intelligence Surveillance Act that required U.S. officials to obtain court approval before launching secret domestic spying programs.

The bill includes a few new safeguards, including a requirement that the administration report to Congress every 180 days on surveillance activities. It also limits how long intercepted communications may be kept.

Specter "remains concerned about ensuring that there is judicial review of the terrorist surveillance program," said a Judiciary Committee aide who said the chairman was, nonetheless, "pleased the legislative process was moving forward."

As Army Adds Interrogators, It Outsources Training (WP)

By Walter Pincus

DOJ_NMG_0067796

The Washington Post, September 23, 2006

Since the Iraq war began, the U.S. Army has quadrupled the number of soldiers it trains each year to be detainee interrogators, according to Army officials involved in the program.

Next year, 1,200 interrogators are set to be trained at the Army Intelligence Center at Fort Huachuca, Ariz., up from about 300 in 2003. "The number being trained is based on the current need of interrogators in theater," said Angela Moncur, deputy public affairs officer at the intelligence center.

The greatest one-year expansion of the Army's interrogation program, from 500 to 1,000 trainees, took place in 2005, the year after public disclosure of the scandals involving questioning of prisoners by Army intelligence personnel at Iraq's Abu Ghraib prison. Today, with the Army introducing a new interrogation manual and Congress wrestling with legislation sought by the White House that would legalize the CIA's more aggressive questioning techniques, the number of people training to be interrogators is to rise again.

The Army is gearing up for the effort by hiring private companies to handle the training. Last month, the service awarded contracts that could grow to more than $50 million in the next five years to three private firms to provide additional instructors to the 18-week basic course in human-intelligence interrogation at Fort Huachuca.

"If you are qualified as interrogator, you now are either in Iraq or teaching others how to do it when they go there," said Pat Gromek, who spent 23 years as an Army intelligence officer and now handles business development for Integrated Systems Improvement Services Inc. in Sierra Vista, Ariz., the site of Fort Huachuca. ISIS is one of the firms selected to supply interrogation instructors.

The contracts call for the companies to provide outside instructors who would train "selected enlisted soldiers in the skills and knowledge required to perform . . . tactical human intelligence collection," said a government notice published earlier this month. Subjects to be covered include how to interrogate and debrief enemy personnel, potential threat forces, warrior skills, intelligence analysis, and military justice and intelligence law, according to a statement supplied by the center. "The laws of land warfare and the Geneva Convention" are specifically listed in an article on the course in Military Intelligence, an Army publication.

The Army, in the contracting process, estimated the annual cost for an outside instructor at $100,000, Moncur said. That is at least $20,000 above the average of what someone in the service would receive, according to an analysis of military pay vs. civilian pay on the Today's Military Web site.

Only $10 million of the overall amount will be spent next year for an additional 63 instructors to handle the increase in the number of trainees taking the interrogation course, according to Maj. Matthew Garner, the center's public affairs officer. In later years it could ramp up further, Garner said.

Moncur said future instructor levels would depend on the situation in Iraq. "The need may change if we bring some troops home," she said, adding that the intelligence center did not know whether the Army would continue to add instructors at the same or a greater rate.

The increase in the Army's capacity for human-intelligence interrogation reflects the overall expansion of Defense Department intelligence operations at home and abroad since the Sept. 11, 2001, attacks and the start of military operations in Afghanistan and Iraq. As Defense Secretary Donald H. Rumsfeld told the Senate Appropriations Committee in May, a significant upgrading and refocusing of U.S. intelligence is underway "that will take a good deal of time."

One little-publicized problem in Iraq has been the paucity of intelligence for tactical, or day-to-day, use by commanders on the ground, and the lack of trained Army personnel to do the job. CIA officials have said privately that they have been forced to strip stations in Europe and elsewhere to provide case officers for tours in Iraq. The agency's Baghdad operations office is its largest. The CIA officials want to see the military take up tactical intelligence so CIA officers and analysts can concentrate on broader, strategic targets.

Turning to outside contractors to teach interrogation reflects another trend of the Rumsfeld Pentagon: outsourcing programs to private companies that often are filled with retired military men and women who did similar work when they were in the service.

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In the case of the interrogation contract, the companies have had to gear up to handle the work. The day after ISIS received word it had been awarded a part of the contract, it had an advertisement on its Web site saying the company "has been awarded the contract for additional HUMINT Instructor positions. We are seeking HUMINT Instructors to fill numerous openings."

Gromek, the ISIS official, directed intelligence training for Army officers for four years while serving in the military. Before the Iraq war, he said, the interrogator career path was "moribund." ISIS won its share of the contract, he said, because it already had supplied interrogation instructors to Fort Huachuca and this time expects to place 15 to 25 of them. He was confident he could fill the slots with people returning from Iraq, including National Guard and reserve troops.

Another company that won a contract, MTC Technologies Inc. of Dayton, Ohio, has done work for the Air Force. Many of its top executives are retired Air Force colonels, and its board of directors includes retired Lt. Gen. Kenneth A. Minihan, who headed the National Security Agency and the Defense Intelligence Agency. Also on the board are retired Gen. Lester L. Lyles, former commander of the Air Force Materiel Command, and retired Gen. Lawrence A. Skantze, a former Air Force vice chief of staff and commander of the Air Force Systems Command.

MTC's news release announcing its contract made it clear that this first major deal at Fort Huachuca was something of a new direction, expanding "our foothold in the growing field of intelligence training and services." The release added: "This is an excellent complement to the training and services we provide to the other military services."

The third contract winner was Oak Grove Technologies Inc. of Raleigh, N.C. Its chief operating officer is retired Lt. Gen. Philip R. Kensinger Jr., the former commander of the U.S. Army Special Operations Command.

Change Of Heart (NSWK)

By Mark Hosenball

Newsweek, September 23, 2006

Three renegade Republican senators may be the biggest winners in Thursday's deal between the White House and Capitol Hill over the treatment of high-level terror detainees. The senators, John McCain, Lindsey Graham and John Warner, had led the opposition to the Bush administration's plans to redefine how the United States would apply the Geneva Conventions to terror detainees.

Two sources close to negotiations between the two sides tell NEWSWEEK that key elements of the deal were first floated by the senators as long as a week ago. (The sources familiar with the negotiations asked for anonymity because of the continuing political sensitivity of the issue.) At one point several days ago, says one of the sources, it looked like the two sides were getting close to an agreement. But the White House then backed away from the negotiations and took a hard line for several days—for reasons that remain unclear.

But by Thursday, the administration essentially agreed to the McCain-Graham-Warner proposal that it had previously rejected. What caused this change of heart? The sources say it was clear that the GOP renegades' position was supported by at least 51 senators. By the same token, an important element in the compromise, the sources say, was the recognition by Graham, McCain and Warner all along that neither they nor a majority of their Senate colleagues really wanted to put the CIA interrogation program completely out of business.

During a five-hour closed-door meeting Thursday on Capitol Hill, the rebel senators and their aides hammered out an agreement with White House representatives. Initially, administration officials, including President Bush, had indicated in public remarks that they believed the CIA interrogation and detention program could only go forward if Congress passed legislation clarifying an allegedly "vague" clause in the 60-year-old Geneva Conventions, an international treaty governing the treatment of prisoners. But Senators McCain, Graham and Warner maintained that international law does not permit the United States to reinterpret treaties ratified by Congress years after they went into force. If Congress did this, the senators argued, then foreign countries could reinterpret the Geneva Conventions in the event they capture American soldiers overseas and want to interrogate them using harsh methods.

The new agreement does not qualify or redefine the "vague" Geneva language on "outrages" or "humiliation and degradation"; the administration had sought such clarifications in order to give CIA interrogators legal protection against prosecution or civil lawsuits under the Geneva's terms as a result of harsh interrogation techniques. Instead, the agreement

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between the senators and the White House alters a section of the U.S. criminal code dealing with war crimes to more tightly define what kind of interrogation methods by American officials would be legal.

During the course of working out the agreement, the administration and the GOP senators reached an understanding—not explicitly laid out in the formal legal language agreed to by both sides—that the CIA would still be allowed, if it was deemed necessary, to use harsher methods than are employed by the U.S. military to question high-level terrorist detainees. However, the agreement also contains legalistic language that the sources close to the negotiations say effectively bans one of the most controversial interrogation techniques that the CIA allegedly used on at least a handful of high-level terrorists it detained in the wake of the 9/11 attacks, a practice known as "waterboarding."

As described in various media accounts, "waterboarding" involves strapping an interrogation subject to a board and then pouring water over his face until he begins to believe he is drowning. The CIA is believed to have used the tactic on at least one high-level Al Qaeda detainee—the 9/11 mastermind Khalid Shaikh Mohammed—and perhaps one or two others.

However, McCain's group believed that waterboarding was clearly illegal under the Geneva Conventions and probably U.S. anti-torture legislation, too. More than a week ago, the administration had signaled via its negotiators that it intended to stop the CIA from waterboarding, though it still wanted agency interrogators to be able, in extreme cases, to use other harsh techniques not available to U.S. military interrogators. (Though these remain classified, human-rights lawyers have claimed they include various forms of slapping and exposing interrogation subjects to stressful exercise and extreme temperatures).

The agreement reached by the White House with the three senators contains coded language which a source close to the negotiations say is intended to outlaw waterboarding. The language of the agreement, which for the moment is being kept confidential, alters the U.S. criminal code to ban "serious and non-transitory mental harm (which need not be prolonged)," according to a draft of the wording made available to NEWSWEEK. This, according to the source, was clearly meant by the agreement's authors to include waterboarding, though the agreement does not use that word.

In a potentially controversial twist, the agreement also says that the proposed new language banning "mental harm" also will only begin to apply after Congress passes the overall legislation containing the new language. A source close to the negotiations said human-rights activists are likely to criticize this detail as an attempt to declare legal, after the fact, any waterboarding episodes which might have occurred before the legislation was passed. However, the source said that U.S. interrogators who might have engaged in such practices could cite secret government orders or legal opinions as legal defenses should they ever face criminal or civil charges.

A source familiar with Thursday's marathon negotiating session which led up to the new agreement said that Senators Graham, Warner and McCain all personally participated in the talks. The administration's chief negotiators were national-security adviser Stephen Hadley and Steven Bradbury, a senior Justice Department official. According to the source, the talks took place in a Senate office suite reserved for the staff of Vice President Dick Cheney. The source noted, however, that neither Cheney nor his aides, usually amongst the hardest of administration hard-liners on antiterrorism practices and legislation, were either present or visible during the critical final negotiating round.

European Faults U.S. Official For Remarks On Geneva Rules (NYT)

By Ariane Bernard

The New York Times, September 23, 2006

PARIS, Sept. 22 — The European counterterrorism chief, Gijs de Vries, criticized a Bush administration official who suggested that the Geneva Conventions should not be considered sacrosanct, and that the legal framework for the treatment of terrorists should be amended.

The State Department's legal adviser, John B. Bellinger III, said in an interview published Thursday in The Financial Times that he questioned whether the Geneva Conventions should be "the immutable legal holy grail as to what the rules ought to be in the 21st century."

"Mr. Bellinger is suggesting that we should change the rules," Mr. de Vries, the European Union's counterterrorism coordinator, said Friday in a telephone interview. "The opinion of Europe's ministers is that respecting the rules, not bending them, is essential to our credibility and hence to our effectiveness in the fight against terrorism."

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The Bush administration, which has been trying to provide a legal framework for interrogations of terrorism suspects and protection of the C.I.A. officers conducting the interviews, agreed Thursday to drop its demand that Congress redefine the nation's obligations under the Geneva Conventions.

The move was a concession to a group of dissenting Republicans, among them Senator John McCain, of Arizona, who had expressed fears that other nations might redefine their obligations as well, and that the move could potentially endanger American troops abroad in case of capture.

In a telephone interview on Friday, Mr. Bellinger expressed "shock" that his comments had not been well received, and said he was "not suggesting that the old rules should be discarded or that they should not be followed. The U.S. is absolutely committed to our obligations under the Geneva Convention and under existing human rights treaties."

Mr. de Vries cautioned Western governments not to sacrifice their principles in the fight against terrorism.

"The purpose of terrorism is always to provoke governments, and in this case Western governments, into overreacting by undermining the rights we have pledged to uphold," Mr. de Vries said. That, he said, just creates grievances that encourage further radicalism.

"We must also prevent the recruitment of the next generation of terrorists," he said.

A Toturous Compromise (BOS)

The Boston Globe, September 23, 2006

JOHN MCCAIN and two other Republican senators rebelled last week against President Bush's bid to pass rules for interrogating and trying terrorism suspects that violate the Geneva Conventions, but the senators have now agreed to a compromise that leaves the conventions on life support at best. Under the deal struck Thursday, the Geneva rules on abusive interrogations are not formally rewritten. Yet Bush -- who undercut McCain's own 2005 anti torture law with a signing statement -- is granted the right, an aide said, to permit methods that he will not have to disclose.

One of the three senators, Lindsey Graham of South Carolina, says he thinks the compromise will forbid the use of ``waterboarding," or simulated drowning, but that's not certain. Unless Congress wants to set a precedent for other countries to use in mistreating US troops in future conflicts, it should insist that interrogations be conducted in accordance with the Army's field manual and that any special trial commissions use the military's court-martial procedures, which are sound.

The three senators did win one significant concession: The administration agreed not to use classified evidence that the suspects cannot see themselves. Declassified summaries of classified material would be shown both to jurors and the suspect. But even this provision might not survive negotiations with the House of Representatives, whose Republican leaders would allow the use of classified evidence a suspect cannot see.

Another point of dispute between the president and the three senators was the use in court of testimony provided under coercion. Thursday's agreement forbids evidence obtained by torture, but it would permit judges to let some coerced testimony into court.

Both the senators' bill and Bush's would deny suspects a centuries-old bulwark of due process: the right under habeas corpus to go to court to challenge continued detention.

Bush and the senators have sought to codify new procedures for detainees because the Supreme Court ruled in June that treatment of terrorism suspects must comply with US law and the Geneva Conventions. Under the conventions' Common Article 3, all detainees -- not just uniformed prisoners of war -- have the legal rights ``recognized as indispensable by civilized peoples." The compromise struck by Bush and the senators falls short of that standard on one count after another.

After delaying legal action against hundreds of detainees for almost five years, the administration should work with Congress to devise interrogation and trial rules that civilized peoples expect. Otherwise, there is every chance that the Supreme Court will again strike down the shortcuts favored by the election-minded leaders in the White House and Congress.

Hits And Misses (DMN)

The Dallas Morning News, September 23, 2006

Detainee compromise closer to the mark

That was quite a dogfight this week, with GOP senators John McCain, John Warner and Lindsey Graham tussling with President Bush over how the U.S. can try and treat detainees in the war on terror. The senators, fortunately, won on some key points, such as preventing detainees from being convicted on the basis of evidence they can't see. The White House gained some wiggle room to define in domestic law what's permissible and what's not when it comes to roughing up, er, handling detainees. But all in all, the compromise kept alive the tradition of openness in our democracy that we would like others to emulate. The House now needs to get on board.

Pragmatism on Aisle 2

Dallas officials are doing the right thing to want to commit more than $1 million in city and private contributions to keep the financially struggling Urban Market grocery open for the next two years. City Hall has worked long and hard to encourage downtown residential living and even longer and harder to attract a grocery. We applaud Economic Development Director Karl Zavitkovsky, Assistant City Manager Ryan Evans and other city officials for proposing a pragmatic, proactive plan to prevent the grocery store's financial problems from derailing the city's broader strategy for downtown.

Pavarotti of the plains

A great Texan and icon of traditional country music died this week. Don Walser, the guitar-picking Western swing virtuoso who won legions of young fans with his honey-rich tenor and heavenly yodeling, died at 72 after a long illness. Mr. Walser became a full-time musician after retiring from a National Guard career and was a mainstay at Austin's legendary Broken Spoke honky-tonk. Mr. Walser never abandoned his West Texas roots and was honored in Washington with a National Heritage Award in 2000.

Drug king no more

After Mexico handed over a major drug lord to the United States for the first time last weekend, President Vicente Fox made a welcome announcement: "We will extradite all of those who have pending matters with U.S. justice." Extraditions are crucial in our international war against the drug trade. For too long, Mexican officials argued that suspected drug lords should face justice at home and balked at extraditing anyone facing the death penalty, which Mexico vehemently opposes.

Airports aren't the only scary places

For reasons we still don't understand, Congress has never applied the same focus to keeping terrorists out of our seaports that it has to keeping them out of our skies. Fortunately, though, the Senate passed legislation that would help at-risk ports secure themselves – particularly in detecting "dirty bombs" in containers. And Texas Sen. Kay Bailey Hutchison got money allocated to increase the number of federal agents screening goods at ports. The House has passed a similar bill, so we'd like to think Congress could iron this one out quickly and get it to the president's desk by the October recess.

Hugo's fractured theology

So Venezuelan President Hugo Chávez wants international respect? Perhaps he could start by not using the United Nations for the most vile personal attack on another head of state that the international body has possibly ever witnessed. In referring to President Bush as "El Diablo" – the devil – and in all of his other despicable antics, Mr. Chávez revealed the sort of poor judgment that is likely to diminish his influence at the U.N. and – we hope – squash his bid to get Venezuela a seat on the Security Council.

Claytie Friedman?

Kinky Friedman may be a hoot and a holler, but his gubernatorial campaign might not survive his unguarded mouth. This week, the Internet was buzzing with a video clip of the entertainer from a cable interview last year. When asked what he'd do with sex offenders, the Kinkster quipped, "Throw them in prison and throw away the key and make them listen to a Negro talking to himself." Yes, Kinky's political incorrectness is a tonic at times, and we appreciate his disdain for condescending ethnic politicking ("tamales in the barrio, bagels with the Jews," as he once put it). But Kinky, who did not disavow the line, doesn't seem to get the line between political incorrectness and obnoxiousness. When will it stop?

So, what are you hiding?

For years, candidates for the U.S. House and the White House have filed campaign finance reports electronically. Senatorial candidates, however, insist on old-fashioned paper filings, a snail-mail approach that makes it exceedingly difficult for the public to decipher the source of special-interest money. We don't buy the argument that the Senate has a right to make its own rules when it is obvious that this foot-dragging is intended to keep the public in the dark for as long as possible.

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Detainee Bill Needs A Closer Look (5 Letters) (NYT)

The New York Times, September 23, 2006

To the Editor:

Re "Top Republicans Reach an Accord on Detainee Bill" (front page, Sept. 22):

There is no rush on the detainee bill even if the Republicans agree about the torture issue. There are many other matters that require careful and calm analysis.

Four years ago, President Bush rushed the Iraq war resolution through Congress with no hearings at all, and the result was a disaster.

Congress should now start hearings on the whole bill, giving the public and the legal community time to examine it and consider its implications before rushing to another judgment without careful consideration.

Congress should not repeat the mistake of 2002.

Alfred W. Blumrosen

New York, Sept. 22, 2006

The writer is emeritus professor at Rutgers Law School, Newark.

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To the Editor:

The president insists that he did not give in on the treatment and interrogation of prisoners bill. But of course!

Congress may pass whatever bill it chooses, and the president is free to make a "signing statement" giving his interpretation of that bill.

Whether he makes a signing statement or not, he is free to disregard the bill in practice, as he has done so often in the past: democracy in action under this administration.

Anne Barrows

Berkeley, Calif., Sept. 22, 2006

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To the Editor:

It is difficult to fathom why Senators Lindsey Graham, John W. Warner and John McCain made whatever pathetic stand they did when it came to torture yet support a bill that will strip detainees of habeas rights.

One would have thought that the same principle that animated their concerns on the Geneva Convention rules governing interrogations — how we would expect our combatants to be treated if the shoe were on the other foot — would also cry out for guaranteeing some access to the courts to challenge one's classification as eligible for indefinite incarceration.

Can you imagine the outcry if an American citizen were simply captured and imprisoned in a country that announced that there would be no review of the American's status because that country's nationals would not receive review if they were imprisoned in America?

We should all be ashamed of the wholesale evisceration of our principles in the name of national security.

Lawrence J. Fox

Medford, N.J., Sept. 22, 2006

The writer, an expert on lawyers' ethical obligations, has been retained by lawyers for detainees at Guantánamo.

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To the Editor:

President Bush continually claims that everything changed on Sept. 11. If that is the justification for radical changes to American law and values, then why does the Republican deal protecting the C.I.A. from prosecution for detainee abuse retroactively start at 1997, four years before Sept. 11, 2001?

Keith Loris

Concord, Mass., Sept. 22, 2006

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To the Editor:

The results of the actions taken by the administration over the last six years, culminating in this agreement on the military tribunals bill, conform with the Osama bin Laden-Al Qaeda playbook:

Seeing the United States get mired in an unwinnable war that destroys its military while creating a breeding ground for terrorists; a thoroughly fearful American populace; and greatly increased instability in the Middle East.

Perhaps most significant is the destruction of the United States' democracy through the relentless erosion of the principles and values that made our country great and a model around the world.

It's pretty obvious who is winning this war.

Ellen S. Hirsch

New York, Sept. 22, 2006

An Antiterror Victory (WSJ)

The Wall Street Journal, September 23, 2006

The details of this week's compromise on detainee treatment between the White House and a small group of Senators led by John McCain are complicated. But the upshot of the agreement is simple and welcome: Aggressive CIA interrogations of such high-level al Qaeda prisoners as Khalid Sheikh Mohammed will be able to continue.

The CIA program was thrown into legal limbo by the Supreme Court's June ruling in Hamdan v. Rumsfeld, which said that Common Article 3 of the Geneva Conventions applies to our conflict with al Qaeda. It was a bad ruling, since Article 3 is intended to apply to civil wars. But its vague prohibitions against "humiliating" and "degrading" treatment nonetheless became the law of the land, exposing CIA interrogators to potential legal jeopardy for conduct as benign as using women to question Muslim detainees.

So the White House went to Congress asking, among other things, for help in clarifying what terms like "humiliating" and "degrading" actually mean. Senator McCain and his allies objected that this would be tantamount to "rewriting" the Geneva Conventions. But their objection wasn't very convincing, since every country in the world already interprets Article 3 and somebody in the U.S. has to do so in real-world situations; legal clarity is better than leaving that job to activist judges and lawyers. In the end, the Senators came most of the way toward the White House position.

Congress will specify what it considers "grave" breaches of Geneva -- such as torture and cruel and inhuman treatment. But it will be up to the Executive Branch -- with Congress's advance blessing -- to go ahead and issue a public Executive Order defining "non-grave" breaches. This isn't exactly the full-throated Congressional endorsement that CIA interrogators ought to be able to expect. But it is still an unprecedented acknowledgement that some forms of aggressive interrogation are both necessary and permissible in the war on terror.

To be more specific, it's a fair bet that waterboarding -- or simulated drowning, the most controversial of the CIA's reported interrogation techniques -- will not be allowed under the new White House rules. But sleep deprivation and temperature variations, to name two other methods, will likely pass muster. This is not about "torture" or even "abuse," as some Administration critics dishonestly charge, but about being able to make life uncomfortable for al Qaeda prisoners who have been trained to resist milder forms of interrogation.

We're glad Mr. McCain came around to blessing a deal that will allow interrogations to continue. But we can't say his behavior in this affair has been a profile in political courage. Since the Abu Ghraib scandal he's been vaguely and irresponsibly suggesting that the CIA was engaging in unconscionable behavior. But when offered a chance to be specific about which interrogation techniques he really rejects, he punted the ball back to the White House.

Much the same can be said about many of Mr. McCain's colleagues, who have been demanding for decades that Congress be consulted on an ever-expanding range of defense and foreign-policy issues, only to run at the first hint of controversy. Their behavior shows once again why the Founders were right to vest the majority of war-fighting powers with the executive branch.

So it will soon be up to the White House to follow through and flesh out the legal details. This won't be a politically easy task, given the way such fine lawyers as Jay Bybee and John Yoo have been slimed as "pro-torture" for grappling with these issues in

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the past. The ACLU and media liberals are already attacking the deal and will look for ways to block it. But President Bush understands the need for legal clarity, and we trust he'll see that the job gets done.

This will be a service to the American public and to future Presidents of both parties -- perhaps even to Mr. McCain. No matter their rhetoric now, they will surely be glad to have aggressive interrogations as one antiterror tool.

Feds Seek To Block Oregon Spying Case (AP-Y)

By William Mccall

AP, September 23, 2006

U.S. Justice Department lawyers filed an appeal Friday aimed at blocking a lawsuit by a former Islamic charity that has challenged a Bush administration secret surveillance program.

U.S. District Judge Garr M. King ruled earlier this month that a lawsuit by the defunct Al-Haramain Islamic Foundation chapter in Ashland could go forward without damaging national security.

But government lawyers argue that state secrets would be revealed if the lawsuit is allowed to proceed.

The case hinges on a classified document that U.S. Treasury officials inadvertently turned over to Al-Haramain lawyers after the charity was declared a global terrorist organization.

The charity's attorneys say the document shows that two U.S. lawyers for Al-Haramain and at least one of its officials were under electronic surveillance in 2004.

Justice Department lawyers have argued the document falls under the "state secrets privilege," allowing a judge to dismiss a lawsuit if it could damage national security by revealing state secrets.

The appeal filed with the 9th U.S. Circuit Court of Appeals in San Francisco said "the district court is wrongly attempting to create some form of secret adversarial proceedings, and, in doing so, is raising a serious danger of disclosure of important national security information."

Steve Goldberg, a Portland attorney representing the charity, said the appeal could delay the case by a couple of years.

He also said Judge King has been careful in handling security concerns.

"The government keeps insisting that national security will be greatly threatened if we proceed," Goldberg said.

But the judge is "being very sensitive in how the case proceeds to protect the document, so again I think the government's concerns are not justified, given the way the case is being handled," Goldberg said.

Calls to the U.S. attorney's office were not returned.

The National Security Agency's warrantless eavesdropping program has been challenged in other federal courts since The New York Times revealed it last year.

Bond Denied Roswell Terror Suspect Prosecutors Cite E-mail Saying Man Wanted To Join Taliban (AJC)

By Moni Basu, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 23, 2006

A Roswell man accused of helping plot terrorist attacks wrote an e-mail in 2001 expressing a desire to join the Taliban in Afghanistan, prosecutors said in federal court Friday.

U.S. Magistrate Judge Gerrilyn Brill denied bond for Ehsanul Islam Sadequee, 20, who along with Syed Haris Ahmed, 21, a former Georgia Tech student, was indicted in July on charges of discussing plans for waging jihad, or holy war.

The two Atlantans are accused of traveling to Canada in 2005 to meet with two of 17 suspects arrested in a roundup earlier this year.

In making the case for keeping Sadequee behind bars, Assistant U.S. Attorney Robert McBurney read from an e-mail Sadequee sent on Dec. 5, 2001 that said: "I am writing to you because I need to go to Afghanistan to join the Taliban, inshallah [God willing]."

Sadequee identified himself as a 15-year-old Bangladeshi born and raised in America. He said in the e-mail that he attended Jamiah al-Uloom al-Islamiyah, a Islamic school on the outskirts of Torornto where he memorized the Quran.

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"I believe that this is a test from Allah; to see who will respond to His Invitation for Jihad...." Sadequee wrote.

McBurney said, "At the young age of 15, he's trying to join the Taliban. That's after the attacks of 9/11 and when the United States was at war with the Taliban."

McBurney described Sadequee, who appeared in court wearing a baggy, beige T-shirt and khaki pants, as a flight risk who posed a danger to society. Sadequee faces up to 60 years in jail if he is convicted.

Several members of his family, including his mother and two sisters, showed up at Friday's hearing. Sadequee displayed little emotion, looking back only once as he was handcuffed and led out of the courtroom after the hearing was over.

McBurney said Sadequee shot "casing videos" of several sites in the Washington D.C. area including the Capitol, the World Bank, a Masonic temple and a fuel tank farm. He then used a computer at the offices of Raksha, an Atlanta non-profit that offers social services to the South Asian community where one of Sadequee's sisters works, to send the video files to a British man named Younis Tsouli. Tsouli called himself "Irhabi (Arabic for terrorist) 007" and ran a Web site that taught terror tactics.

McBurney said Sadequee also provided contact information for a man named Abu Omar to his co-defendant Ahmed who went to Pakistan and met with Omar in an attempt to get into a terrorist training camp.

McBurney also said federal authorities had discovered a map of Washington and two CD roms with encrypted material.

Sadequee's defense attorneys tried to paint a picture of an "unsophisticated" and "immature" young man who has little ability to leave the country if granted bond.

Lawyer Stephanie Kearns argued that her client had no passport, not even a driver's license, and that the government had no substantial evidence against him.

She said Sadequee suffered from health problems as a child which prevented him from getting the education he would have liked. Instead, Sadequee earned a GED and was hoping to attend college one day, Kearns said.

"Mr. Sadequee is sitting right here in court so he didn't join the Taliban," Kearns said. "What the indictment does not allege...is that Mr. Sadequee himself is engaging in acts of violence."

Kearns described Sadequee's arrest as a "kidnapping." She said he was whisked away while on a shopping trip with his wife in Bangladesh in April.

Kearns said Sadequee made no secret of his trip to Bangladesh and had indicated he would stay there until his wife could obtain a visa for the United States.

Kearns likened the map that was found in Sadequee's luggage to one that any tourist might obtain at a visitor center. "It's not a map that a terrorist might use," she said.

Of the two CD roms authorities confiscated, Kearns said one contained pornography. Kearns suggested that the other might have been encrypted to shield Sadequee's mother and sisters from pronographic material.

Kearns said no guns, weapons, explosives or bomb-making manuals have been disovered in Sadequee's posessesion.

"The government said there is a secret side to him," Kearns said in presenting the court with letters written by Sadequee's friends and family describing him as a non-violent man who was very involved with family. "But this side that family sees cannot just be dismissed."

Defense lawyer Don Samuel said he would appeal the denial to grant bond. He said the new evidence presented by the government, including the e-mail about the Taliban, proved nothing.

"This reminds me of the 1950s witchhunts when actors were punished because they were sympathetic to Communism," Samuel said.

Man Pleads Guilty To Al-Qaida-linked Bomb-making Charge (AP)

AP, September 22, 2006

HOUSTON A man accused of offering to build and sell a bomb to an al-Qaida affiliate in Houston in exchange for help in getting custody of his children has pleaded guilty in federal court.

Authorities maintain that Ronald Allen Grecula, 70, was angry with the government over losing custody of his children in 2002, when they were 10 and 3. His indictment alleges he met a federal informant that year in Pennsylvania and discussed getting custody of the children from his estranged wife either by having her killed or setting her up on drug charges.

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Grecula pleaded guilty Thursday as part of a plea deal with federal prosecutors in which he faces up to 5 years in prison without parole. He is scheduled to be sentenced Dec. 15.

Grecula, a Pennsylvania native, was accused of telling the informant he would build bombs for anti-American groups such as al-Qaida in exchange for help in getting custody back from his wife, who is from Houston.

The government recorded several telephone conversations between Grecula and the confidential source. Grecula has been in custody since his arrest at a Houston hotel in May 2005.

Man, 70, Convicted In Terror Scheme (HC)

By Harvey Rice

Houston Chronicle, September 23, 2006

Pennsylvania engineer tried to sell bomb plans to undercover officers in 2005

Ronald Allen Grecula's ability to build a superbomb using a dubious theory of fusion remains in doubt, as does his mental health, but not his intention to sell his technology to al-Qaida.

The 70-year-old mechanical engineer from Bangor, Pa., pleaded guilty in a Houston federal court Thursday to accusations that he offered to provide the terrorist organization with an explosive device that he claimed was nearly as powerful as a nuclear bomb.

As it turned out, he was dealing with undercover FBI agents and Houston police officers posing as al-Qaida members.

Grecula also admitted to offering to teach a ground school for al-Qaida pilots and to telling an undercover agent that "he had a dislike for America."

Plea bargainIn return for his guilty plea to one count of providing material assistance to a terrorist organization, Grecula will receive a five-year prison sentence. The maximum penalty is 15 years and a $250,000 fine. He is to be sentenced Dec. 16.

Prosecutors also agreed to drop a charge of conspiracy to distribute drugs.

In court Thursday, after U.S. District Judge Keith Ellison asked about his welfare, Grecula replied: "I've lost some weight, but I feel great physically, working out every day."

Ellison then asked, "What did you think you were doing?"

"I was going through a difficult situation," Grecula replied. "I chose the wrong method to get out of it."

Grecula was arrested in May 2005 after meeting the undercover officers in a Houston hotel. They said he took them to a welding supply store to show how he could fabricate the bomb with easily purchased materials.

A second grand jury indicted him in August this year on the drug charge, accusing Grecula of trying to buy heroin to plant on his estranged wife, Monique Grecula, of The Woodlands.

Grecula had discussed hiring someone to kill his wife "in a mysterious way" to avoid the appearance of murder and regain custody of their two children, according to an affidavit.

Plans make no senseExplosives experts said the bomb plans Grecula outlined to the undercover agents were unworkable. His discussion of fusion "doesn't make any sense at all," one expert said.

Assistant U.S. Attorney Jeff Vaden said, however, that government experts determined that Grecula was capable of building a bomb, if not the superbomb he described.

Assistant U.S. Attorney Abran Martinez said two items found in Grecula's Pennsylvania workshop — a mercury switch and lithium nitrate, a chemical used in fireworks — could have been used to make a bomb.

Grecula's sanity became an issue early in the case because of his exaggerated claims. Undercover agents said he compared himself to Spartacus, a Thracian gladiator who led a slave revolt against Rome.

Feds Drop Count In Hamas Terrorism Trial (AP-Y)

By Mike Robinson

AP, September 23, 2006

Federal prosecutors Friday dropped a charge that an alleged fundraiser for the Palestinian militant group Hamas gave material support to terrorists — a move that stunned defense attorneys.

Prosecutors gave no explanation in court and declined to comment afterward.

Muhammad Salah, 53, who has been the focus of a high-profile terrorism investigation for nine years, remains charged with racketeering conspiracy and lying by denying membership in Hamas.

The dropped charge carries a 10-year maximum sentence; conspiracy carries a maximum of life, and obstruction by lying 10 years.

But the dropping of the charge was a victory for Salah, whose 2004 indictment was announced at the Justice Department by then-Attorney General John Ashcroft.

"This is astounding," Salah's attorney Michael E. Deutsch said.

The surprise came at a hearing after Deutsch asked U.S. District Judge Amy J. St. Eve to press prosecutors to turn over background material on a prospective government witness, Jack Mustafa.

Deutsch asked for information about how much the FBI had paid Mustafa and whether he had an arrest record. It was then that prosecutor Joseph M. Ferguson said quietly that the government wanted to drop the charge with prejudice, meaning it cannot be reinstated.

Prosecutors also said they were withdrawing Mustafa as a witness.

The War Of The Hacks (WP)

By Colbert I. King

The Washington Post, September 23, 2006

It's amazing what a few days away from this politics-obsessed town can do for one's perspective. Seen from afar, the congressional debate over the war and terrorism comes across as a Washington event designed to show that Democrats are wimps on national security and to boost Republicans as true defenders of the homeland. Or Republicans are portrayed as clueless warmongers hell-bent on sending other people's sons and daughters into battle.

In reality, the struggle on Capitol Hill is not about terrorism. It's about gaining and holding power in the fall election. And it is a disgusting sight to behold.

Only five years after a horrifying new reality crashed into America, the political parties have lost sight of the nation's interests. Now it's all about getting elected.

So what if we are doing battle with an enemy that operates without a government behind its name? So what if it's the kind of enemy that boards an airplane containing schoolchildren and their teachers, mothers holding toddlers by the hand and other innocent civilians minding their own business? So what if it sets out to kill because the intended victims have the bad grace to live in America?

Unless I'm mistaken, the Sept. 11 hijackers didn't ask the doomed passengers if they were Democrats or Republicans. They didn't care one bit if the people strapped in their seats for takeoff were liberals, conservatives or neocons.

They made no politically correct announcements allowing women, children and people of color to leave the aircraft before the flight attendants closed the doors.

The fanatics who took the innocent to their deaths set their eyes on those three 11-year-old D.C. public school students, Rodney Dickens, Bernard Brown and Asia Cottom, and on 3-year-old Dana Falkenberg and 8-year-old Zoe Falkenberg, as they boarded American Airlines Flight 77 at Dulles.

They couldn't have missed seeing 3-year-old David Brandhorst, 2-year-old Christine Hanson and 4-year-old Juliana Valentine McCourt, who boarded United Airlines Flight 175 with their families in Boston. The enemy that day couldn't have cared less about the innocent passengers on the planes that slammed into the World Trade Center, the Pentagon and the ground in Pennsylvania.

Self-regarding members of Congress, intent on keeping their jobs, have forgotten all about enemies who are so convinced of America's evil and their own righteousness that they can justify making everything in this country -- its national treasures and its people -- targets for destruction.

Listen closely to the huffing and puffing on Capitol Hill. It's all about criticizing each other on the war. They work themselves into a lather arguing about which party can best represent Americans in the hallowed halls of Washington. Watch as they strut and brag about how their party is, because of a surfeit of patriotic zeal, best able to hold terrorist-harboring countries accountable.

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Each party treats the other like a malignancy on the body politic when the real cancer is the terrorists whose malignant objective is to kill and maim, to show us how vulnerable we are, to instill fear and to bring this country to its knees.

So, while members of Congress slip, slide, peep and hide in their quest for cheap political advantage, somewhere, somehow, a group not unlike those who got to us five years ago is plotting against crowded suburban shopping malls, downtown cultural centers, subway stations, football stadiums and sources of drinking water.

Their targets of opportunity are endless. So are their potential victims. That is what makes the Osama bin Ladens of this world true global menaces whom Congress and the White House ought to be joining forces to combat.

Five years after Sept. 11, the focus of Republicans and Democrats has shifted from the enemy to each other. But the forces that killed nearly 3,000 people in America still consider their enemy to be those of us who call America home. And the enemy targets this nation in the true spirit of equal opportunity -- without regard to race, creed, age, national origin, gender, sexual orientation or religion.

Congress and the White House ought to be focusing on defeating that enemy -- not each other. The puerile political nonsense on display on both sides of the Capitol dome must end.

Al-Qaeda, as has been written in this space, bleeds, too. The terrorist ilk that attacked on Sept. 11 must be broken -- not chased, harassed or condemned from a U.N. podium, but broken. That means: Take them down here, there or anywhere they're found.

Bring them before the bar of justice if possible, but by all means, and for as long as it takes, hunt them down. To do any less is to invite more strikes, more body bags, more shattered American lives.

I was looking forward to the day when I could tell my four grandsons and my granddaughter about wars that never came to our shores.

Now they have something to tell me, and not out of their young imaginations. As I noted in a column shortly after Sept. 11, the mother of one of my grandsons' classmates worked at the World Trade Center. Another playmate's father was among the second wave of firefighters to enter the towers.

My grandchildren understand war in a way that I never did at their ages.

Members of Congress, absorbed during a time of war in saving their own political skins, should be ashamed of themselves.

HOMELAND RESPONSE:

Bush's Cybersecurity Chief Quits (AP-Y)

By Ted Bridis

AP, September 23, 2006

The Bush administration's cybersecurity chief, who worked under an unusual agreement with a private university that does extensive business with the office he manages, is leaving his job.

Donald "Andy" Purdy Jr. will step down as acting director of the National Cyber Security Division, part of the Department of Homeland Security. A government spokesman, Jarrod Agen, declined to comment on Purdy's plans, but colleagues circulated an invitation to his farewell party next week.

Purdy worked at Homeland Security under a two-year contract with Carnegie Mellon University that expires Oct. 3. Under the contract, the government paid Purdy $245,481 in salary and benefits each year, not including travel reimbursements; Carnegie Mellon paid him an additional $43,320 a year.

His contract drew congressional scrutiny after The Associated Press reported in June that Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth the unit's total budget.

Purdy, who controlled a budget of about $107 million and as many as 44 full-time federal employees, said at the time he was not involved in discussions over his own office's business deals with the school.

Agen said Purdy's job was being converted to a full-time federal position — which would pay an annual salary of about $130,000 — but Agen could not say whether Purdy was a candidate for that job. He said the government was in the final stages of hiring Purdy's replacement.

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Earlier this week, the government announced it has selected trade industry executive Greg Garcia as the department's new assistant secretary for cybersecurity and telecommunications. He will oversee the division and the hiring of Purdy's successor. Garcia did not respond to telephone messages from the AP.

Hoekstra Warns Of European Terrorists (WT)

By Hsin-hsien Sheena Wong

The Washington Times, September 23, 2006

The chairman of the House Permanent Select Committee on Intelligence is warning that "self-radicalized" terrorists from Europe, with no criminal records and no formal links to al Qaeda, are quietly infiltrating the United States to proselytize, raise money and possibly plan attacks.

Rep. Peter Hoekstra, Minnesota Republican, said that the United States has to quickly adapt to the ever-changing threat if it is going to win the global war against Islamic extremism.

Terrorists coming to the United States from Western Europe "are difficult to identify because they are self-radicalized," Mr. Hoekstra told the American Enterprise Institute (AEI) at a breakfast meeting with reporters Wednesday.

"They may have no formal association with al Qaeda, no criminal record. There's nothing in their past to draw the attention of law-enforcement officials to the individuals," he said.

He released a committee report titled, "Al Qaeda: The Many Faces of an Islamist Extremist Threat," which described how the nature of the threat has changed against the United States since the September 11 terrorist attacks.

The war is now one against entities inspired by al Qaeda, including homegrown terrorist cells composed of second- and third-generation radicalized Muslims in the United States, the report says.

"Radical Islam has changed the way that it operates," Mr. Hoekstra said. "Al Qaeda has moved into a decentralized entrepreneurial organization."

He said that by setting out a clear vision, objectives and providing resources, al Qaeda has empowered its appendages "to carry out actions independent of centralized control and then get out of the way."

"They develop a very simple message [that] is appealing to the young generation of Muslims," Mr. Hoekstra said. "They keep their message simple and they keep it consistent."

The intelligence committee chairman insisted that the United States has to overhaul its approach on the war against Islamic terrorists and learn to be as nimble and adaptable as its enemies.

AEI foreign policy analyst Michael Ledeen argued that al Qaeda is not as all-powerful as Mr. Hoekstra suggested.

"They are not 10-feet tall, and they are not that terrific," Mr. Ledeen said.

Race Is On For Security Gear (LAT)

By James Gilden, Special To The Times

The Los Angeles Times, September 23, 2006

For a glimpse of airport security in the years to come, head to northern San Diego County.

A sea of office parks houses a handful of high-tech companies that are developing technology to ease business travelers' journeys through airport security checkpoints and on to their destinations.

Drug sniffers, bomb detectors, passenger screeners, shoe scanners, fingerprint matchers and other equipment are all under study or in initial development.

In the end, it will be the Department of Homeland Security and its Transportation Security Administration that will determine which devices will be acquired or rejected.

The TSA earmarked $72 million for emerging checkpoint technologies in 2006, up from $28 million in 2005. And Homeland Security already was evaluating 13 devices for detecting liquid explosives before the Aug. 10 London terrorist threat.

Many of those ideas come from Southern California. On a recent Friday afternoon, I drove to northern San Diego County and toured three companies that are developing this technology.

The area gets a lot of tech start-ups because it is relatively inexpensive to do business in its many industrial parks.

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"There is a lot of room to grow and rents are still very reasonable up there," said Suzanne Finch, spokeswoman for the Center for Commercialization of Advanced Technology, Southern California. The center is an academic, industry and government partnership funded by the Pentagon and administered by San Diego State University and Cal State San Bernardino.

The center provides grants that help fast-track new technologies from small entrepreneurs, academic researchers and government lab scientists that have military, law enforcement and security uses, including those for airports.

It provided funding to the three companies visited.

My first stop was at Daylight Solutions, a molecular detection company tucked away in Poway. It has developed a battery-operated, hand-held laser device that, by measuring the reaction of molecules to laser light, can detect "molecules of interest" to security personnel, said Paul Larson, Daylight Solutions' president. Essentially, he is saying the device can detect molecules contained in explosives, poisonous gases and illegal drugs.

The device could be waved over and around a traveler like a wand and can even detect "molecules of interest" hidden in water bottles, Larson said, adding that eventually you might be able to point it at a box from a distance to determine whether the contents were dangerous.

If all goes according to plan, the wands could be deployed at airports by 2008, Larson said.

Tim Day, Daylight Solutions' chief executive, said that demand could be as many as 10,000 units per year, which would help keep the final cost down to about $1,000 per unit.

Down the road about five miles is the lab for GE Infrastructure Security (formerly Quantum Magnetics), a division of General Electric Co. It is here that a kiosk developed for the TSA's oft-delayed Registered Traveler program was built.

Registered Traveler is a privately run program sponsored by the TSA that allows participants to use an expedited security lane if they pay a fee, submit their fingerprints and a scan of their iris and undergo a background check in advance.

It is currently operational only at Orlando (Fla.) International Airport, where the kiosk is being tested.

As I entered the lab, two men were assembling another one of the kiosks. It looks something like a treadmill, only without anything moving under your feet.

The kiosk is an assemblage of various technologies, some from the GE lab and others from off-the-shelf sources.

The components developed here include a shoe scanner that uses magnetic resonance to detect explosives or metallic weapons hidden in shoes while the traveler is wearing them, and the Itemiser FX, a device that can detect explosive residue on the fingertips of someone who has handled them.

Like the one in Orlando, this kiosk, which costs less than $200,000, not only checks passengers for potential threats but also verifies their identity by electronically scanning fingerprints and irises. Although the whole process takes less than a minute, it is not yet considered a viable solution to quickly screening large numbers of passengers.

Meanwhile, the shoe scanner component of the kiosk has been integrated into a separate walk-through device.

A passenger would step up to a clear plastic gate, have their shoes checked for trouble and, if all is well, the gate will open automatically about 10 seconds later allowing the traveler to pass.

The free-standing shoe scanner is a fully operational demonstration model. If ordered, it could be brought to commercial reality quickly, said Geoffrey Barrall, technology leader for GE Infrastructure Security.

My final stop was in Carlsbad at Seacoast Science Inc., where they have developed a hand-held "volatile organic chemical detector."

It can detect a range of chemicals, including mustard gas, sarin and acetone, one of the components in the bombs used in last summer's London subway bombings.

"Our biggest competition is a dog's nose," said Todd Milsna, Seacoast Science's president. "That's what we're trying to replicate."

The problems with many technologies that have been evaluated thus far have been with their performances outside the lab, said Christopher Kelly, spokesman for Homeland Security's science and technology division.

"The current technology is not operationally viable," he said. "There are shortfalls in processing speed, reliability and false alarms that need to be evaluated."

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After the London terror scare Aug. 10, the department sought proposals "from nontraditional vendors to provide us with information on technology that may be out there to help with this, and received 60 submittals," Kelly said.

It may take months — and in some cases years — to properly evaluate and perhaps implement new security systems. In the meantime, we will be checking our bags and removing our shoes at security.

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Schwarzenegger Vetoes Fee On Cargo Containers (LAT)

By Dan Weikel

The Los Angeles Times, September 23, 2006

Siding with business and the shipping industry, Gov. Arnold Schwarzenegger vetoed a bill Friday that would have provided $500 million a year to improve security, expand rail networks and reduce air pollution at the ports of Los Angeles and Long Beach.

The legislation by state Sen. Alan Lowenthal (D-Long Beach) called for a fee on shipping containers that pass through the ports. Had the bill been approved, owners of cargo, such as retailers and manufacturers, would have been assessed $60 for a typical 40-foot container.

Environmentalists, state regulators and local government officials viewed the measure as an effective way to fund much-needed security, transportation and air-quality improvements for the fifth-largest harbor complex in the world. Revenue from the export and import of containerized cargo would have been divided equally among the three areas.

Shipping companies and businesses that rely on marine transportation opposed the bill, contending that it was unconstitutional, difficult to implement and a tax that would discourage companies from sending their cargo through the state's ports. The California Chamber of Commerce included the legislation on its list of "job killer" bills.

Schwarzenegger said he vetoed the container fee because it could have hurt U.S. exports by raising shipping costs and did not provide for public-private partnerships that could boost funding for port and transportation projects.

"It is very important," the governor said, "that any measure to increase fees that impact exporters not have the unintended consequence of negatively impacting the sale and delivery of goods grown and manufactured in California."

Schwarzenegger said he was committed to improving the state's ports and the transportation system through an infrastructure bond issue his office had developed for the November election.

The ballot measure calls for $100 million for port security; $1 billion for improving air quality in California, which could benefit local harbors; $1 billion to solve port environmental problems; and $2.1 billion for trade infrastructure such as harbors, roads and railways.

Shipping industry groups and trade associations representing some of the nation's largest retailers praised the governor's veto Friday. More than 50 business organizations, shipping companies, marine terminal operators and retailers opposed the container fee.

Opponents said companies already paid billions of dollars in customs duties a year on goods imported through the maritime transportation system.

"Mandating additional cargo fees for the ports of Los Angeles and Long Beach could have resulted in cargo being directed to other West Coast ports or even outside the U.S. altogether, damaging local communities surrounding the ports that depend on the jobs and tax revenue that the ports generate," said Sandy Kennedy, president of the Retail Industry Leaders Assn.

Lowenthal and container-fee supporters said the measure was necessary to help raise the billions of dollars needed to protect the ports, reduce air pollution in the harbor and relieve growing railway congestion throughout Southern California.

"The veto does nothing to help us," said Long Beach Mayor Bob Foster. "We still have all the problems we had before: three times the state rate of asthma, more heart disease and more respiratory disease. My constituents are paying with their health. Our kids are getting asthma so someone in Nebraska can get a cheaper TV."

Supporters of the cargo fee had said the charge was so small that it would add only pennies to the price of goods shipped by container through Los Angeles and Long Beach. Officials for the Los Angeles County Economic Development Corp. had said the diversion of cargo to other ports would be insignificant.

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Lowenthal said other funding sources, such as container fees, would be required because Schwarzenegger's bond measure would not provide enough money. He said it could also fail at the polls.

State studies indicate that California's major ports — Los Angeles, Long Beach and Oakland — will need at least $20 billion in improvements in the decades ahead.

"The bond money is just a down payment," said Lowenthal, who vowed to reintroduce the container fee next year. "This is not the end of the fight…. The governor is protecting foreign factory owners at the expense of California residents."

However, Barry Sedlik, undersecretary of the state Business, Transportation and Housing Agency, said the governor was addressing long-term funding needs for goods-movement projects, including an action plan that would go before the California Transportation Commission by the end of the year.

"We are trying to come up with an overall funding plan for goods movement statewide," Sedlik said.

"We need a comprehensive solution, not a piecemeal approach that involves only two ports. We don't want to create any competitive disadvantages."

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Capitol Police Were Warned Of Holes In Security (WP)

By Sari Horwitz, Mary Beth Sheridan And Carol D. Leonnig

The Washington Post, September 23, 2006

Capitol Police officers warned their superiors this summer that the U.S. Capitol needed tighter security because of construction work, but a door was left unguarded this week, allowing the worst breach in eight years, officials said yesterday.

A drug-addled man easily drove a Chevrolet TrailBlazer through a partially blocked construction entrance to the Capitol grounds, according to officials and court testimony. The man then outran two dozen police officers into the building and went from floor to floor until a civilian employee lifted him up and literally handed him to police. The officers found a loaded pistol in the intruder's waistband.

New revelations emerged as authorities continued to investigate Monday's incident. As days go by, the officials have grudgingly admitted further blunders in one of the biggest embarrassments for the law enforcement agency in years.

No one was injured in the early morning drama, which ended in the man's arrest. But legislators are outraged that it could occur, given the $2 billion they have spent on police and equipment at the Capitol since the Sept. 11, 2001, terrorist attacks.

"We have provided the [Capitol] police everything they've ever asked us for . . . from equipment to personnel. At times around here, this place looks like an armed camp," said Rep. Ray LaHood (R-Ill.), a member of the House Appropriations Committee. "For somebody to be able to breach this kind of security is ridiculous."

The security mistakes were as basic as failing to block a construction entrance at First Street and Maryland Avenue NE, officials said. Capitol Police officers who were at that site incorrectly parked their sport-utility vehicle so it was perpendicular to the street, not blocking traffic from getting through the opening, according to police officials and testimony at a hearing for the intruder yesterday in U.S. District Court.

That allowed Carlos Greene, 20, of Silver Spring, who has a record of gun offenses, to drive through the entrance, swiping the passenger's side of the officers' SUV along the way, the officials said.

Acting Capitol Police Chief Christopher M. McGaffin said in an interview that he had learned only yesterday afternoon that a group of officers recently expressed concern about security at the construction site for the Capitol Visitor Center, on the east side of the building -- and then only after a query from a Washington Post reporter.

He said that several lieutenants had put together an e-mail memo on Aug. 4 with "very solid, substantive identifications of security concerns within the Capitol building," particularly in the area where there is construction.

As construction has progressed in recent weeks, authorities have dismantled wooden fences that had blocked the Capitol steps, leaving the area more open, according to law enforcement sources.

McGaffin said the lieutenants sent their concerns to the commander of the Capitol Police Security Services Bureau, which is in charge of physical security. On Aug. 9, that bureau inspected the identified areas, the chief said.

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"Corrective action" was taken in every area, "with one or two exceptions," McGaffin said. He said a report detailing the problems and solutions was provided to Assistant Chief Larry Thompson on Aug. 14 but did not go any higher until yesterday. The report also indicates that additional foot patrols would be added to help guard the area -- but it was unclear whether they materialized, McGaffin said.

No one was guarding a door at the top of the Capitol steps that the gunman ran through shortly before 8 a.m. Monday -- an entrance that was being used mostly by construction personnel. McGaffin said an officer had been at that post early in the morning but had left to assist on the Capitol periphery, apparently because of a construction delivery.

Other law enforcement officials, however, said the post had not been staffed for days, or perhaps weeks.

"Someone made a judgment call that that was a post not needed," said one source, speaking on condition of anonymity because he was not authorized to discuss results of an ongoing internal investigation.

McGaffin said he wasn't sure whether the post was continuously staffed and added that he assigned his inspector general to get to the bottom of that and other problems exposed by Monday's incident.

"This is part of the exercise we're going through with this internal investigation, to just find out: Was that decision made? Was the decision made to move a post, or move an officer, and if so, what was the basis of the decision?" he said yesterday evening, adding that he did not yet have the answers.

It was the worst security breach since July 24, 1998, when a former mental patient stormed past a magnetometer and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson. The patient, Russell Eugene Weston Jr., was arrested after he was shot during gunfire with police.

The Capitol Police has about as many officers as does the city of Cleveland -- roughly 1,600. Including civilians, the department has about 2,300 personnel, an increase of about 50 percent in five years.

Its annual budget has roughly tripled during that period, reaching $257 million in 2006. In addition, hundreds of millions of dollars have been spent on facilities and equipment to increase security at the Capitol, from underground bunkers to a sophisticated hazmat unit.

As the force has grown rapidly, it has dealt with an increasing range of threats that go far beyond the 200-square-block area in and around the Capitol. The Sept. 11, 2001, al-Qaeda strike and the subsequent anthrax attacks put Capitol Police on the front lines of the anti-terror fight.

Terrance W. Gainer, the former Capitol Police chief who resigned last spring, said the demands have increased so much that "we have not gotten ahead."

Still, Monday's incident showed not just potential problems with staffing levels, but also with oversight of personnel, he said. In June and July, as fences were dismantled on the East front of the Capitol to permit construction work, "there should have been a lot of dialogue about how many people you have out there and who is responsible for those folks," Gainer said.

Some officers have complained of drift in the department since Gainer left.

"We have an acting chief, an acting assistant chief. No one is willing to make a decision," said one officer, who spoke on condition of anonymity because of the sensitivity of the issue.

McGaffin is scheduled to retire this fall. He has blamed the security breach on human error.

Private security experts said Capitol Police should have been well prepared for an intruder charging an entrance -- a common tactic that terrorists and other would-be assailants have used for decades. In 1974, 1981 and 1984, drivers rammed gates on the White House grounds in unsuccessful efforts to reach the president's residence.

Testimony yesterday by Capitol Police Detective Nettie Watts gave the most complete account yet of how many officers and checkpoints Greene was able to evade. After the hearing, Greene was ordered to remain jailed on a weapons charge stemming from the intrusion.

He was first spotted by a Capitol Police officer about 7:40 a.m. at a security barricade at First and C streets SE, Watts told the court. Greene nearly slammed into the barricade but hit the brakes just short of doing so, nearly hitting a pedestrian, Watts testified.

Greene then backed up and sped east on C Street -- nearly striking the same pedestrian, she said. The officer at that checkpoint called in a "Priority 1" alert on Capitol Police radio warning about the fast-moving driver of a silver SUV.

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Less than two minutes later, Greene got past the officer who was supposed to be guarding the entrance to the construction site, at First Street and Maryland Avenue NE. She was parked in such way that he easily could evade her and zoom onto the grounds. A pop-up barrier was not in use because of the flow of construction vehicles.

On Monday, McGaffin said Greene hit the officer's vehicle, and charging documents say he "rammed" into it, suggesting that she was blocking the entrance. But under questioning from Magistrate Judge John M. Facciola, Watts said Greene merely swiped the passenger side as he flew past.

After hitting a concrete wall around a skylight on the grounds, Greene bailed out of the SUV and ran up the Capitol steps and through the open door. Soon, he was within steps of Senate offices.

Greene continued running until he reached a basement office used to supply citizens with flags that have flown over the Capitol. He grabbed a female employee by the arm, Watts said, quoting him as saying, "I need a place to hide."

A man from the same office saw his colleague in distress and scuffled with Greene, according to Watts's testimony. But then Greene broke free and entered the flag office.

That's when a third employee emerged from a room inside that office. Greene dashed toward the man, and the ensuing fight knocked plaques and a fire extinguisher off the walls.

According to Watts, a flag room employee said Capitol Police arrived within "minutes." But Capitol Police have said they were there in seconds. As officers opened the door, the employee inside physically lifted Greene and handed him to the police.

"So he pushes him, effectively, into the officers' hands?" Facciola asked.

"Yes," Watts said.

Staff writer Spencer H. Hsu contributed to this report.

Loaded Gun In Carry-On Brings Long Lines At BWI (WP)

By Debbi Wilgoren And Daniel De Vise

The Washington Post, September 23, 2006

Two concourses were evacuated for an hour yesterday morning at Baltimore-Washington International Thurgood Marshall Airport after security screeners found a loaded gun inside a carry-on bag and could not detain its owner.

The .25-caliber semiautomatic pistol was discovered at 6:40 a.m. at the security checkpoint serving concourses A and B, a spokesman for the Transportation Security Administration said. It was in one of two bags carried by a male passenger; the other bag had already been screened and cleared, spokesman Christopher White said.

The passenger abandoned the bag containing the gun and disappeared into the concourses, which exclusively serve Southwest Airlines, White said. Security officials evacuated the concourses at 7:11 a.m. and used police dogs to search the area.

The man was not found. The gun -- a loaded Raven Arms MP-25 pistol, according to Cpl. Jonathan Green, a Maryland Transportation Authority Police spokesman -- was turned over to police, along with other items that would be tested for fingerprints.

"It did not make it into the sterile area," said Kerry Harmon, a spokeswoman for the agency. "But the passenger had left the checkpoint, so out of an abundance of caution, we swept the terminal."

Authorities said the man likely left the airport. "He didn't fly anywhere," said Jonathan Dean, airport spokesman, as all outbound aircraft were emptied during the alert.

Security cameras captured video footage of the man. Officials did not release a description.

Both concourses reopened at 8:11 a.m. Several thousand passengers had to go through security checkpoints again. It was unclear how many missed their flights. A number of flights were held until passengers could get through the additional screening.

Lines yesterday morning stretched across the inside of the terminal building and along the sidewalk outside. The crowd included families traveling to be with relatives for Rosh Hashanah, the Jewish New Year, which began at sundown.

Gregory and Michelle Heelan, of LeDroit Park in Washington, were relaxed as they approached a screening table while going through security for their flight to Newport, R.I.

"We did the two-hour-early thing, like we were told," Gregory Heelan said. "We accept it all as part of the new way."

Punishing Refugees Twice (NYT)

The New York Times, September 23, 2006

America's excellent record of giving refuge to the persecuted is flagging — and one of the biggest barriers seems to have arisen inadvertently.

In their haste, Congressional authors of the Patriot Act and its sister Real ID provision tucked a clause into the immigration laws barring entry to anyone who has provided "material support" to a terrorist organization. Who could argue with barring people who have aided terrorists?

But the Bush administration has chosen to interpret "material support" to include people who act under duress — someone pressed at gunpoint to supply a glass of water, or forced to dig graves or pay ransom for a kidnapped child, or held hostage in her home (and thus provided shelter to terrorists). The result is to victimize these people twice.

The law's definition of a terrorist group — two or more people who take up arms against a state — also makes no allowance for motive. Members of the Vietnamese Montagnards and Cuban Alzados — groups created by the United States that remain staunch supporters — are now blocked from entry.

As a result of the material-support clause, more than 11,000 refugees are being kept out of the country for allegedly supporting terror. Religious conservatives have urged that this problem be fixed, but the Departments of Homeland Security and Justice have rebuffed efforts by the State Department to narrow the law. The administration did grant waivers to groups of Karen refugees who oppose the Myanmar government, and administration officials argue that waivers are the solution. They are not: they are too slow and cumbersome, and there are many groups that waivers legally cannot help — the duress cases, for example.

The law needs reform, and not just to make more groups eligible for waivers. Representative Joe Pitts, a conservative Republican, is sensibly proposing to shut out only members and supporters of groups that the secretary of state determines are terrorists. Mr. Pitts would also let in those coerced into helping terror groups.

The bill has bipartisan backing, but many lawmakers are frightened of being labeled soft on terrorism. To have a real chance of passage, it will need the administration's support.

Names On The Memorial (NYT)

The New York Times, September 23, 2006

Gov. George Pataki will have to bear the responsibility for the delays in redevelopment at ground zero over the last five years. But if he wants to improve the record of his stewardship before leaving office, one way would be to act now to help solve the emotional question of how to list the names at the planned memorial for the 2,979 victims of terrorism.

This listing of victims around the pools marking the site of the twin towers has turned into an intensely emotional impasse that threatens the entire memorial project. Michael Arad, the memorial's designer, planned to list the names randomly, with victims' stories told in detail at the museum and visitors center. Some victims' family members and former co-workers have demanded that they be grouped by job or family, or in some other way that would better define who they were and where they died.

We continue to believe that the best and fairest solution for all the victims is Mr. Arad's. But because this issue is delaying the fund-raising and building of the memorial — that centerpiece of the restoration at the site — it is time to figure out another way to move forward, and search for a compromise. Grouping the victims could easily leave people out or make one group of victims appear more important than others. A better idea might be for the names alone to be listed alphabetically — the same way that they have been read aloud so movingly at the site each Sept. 11 morning since 2001.

The governor should work with Mayor Michael Bloomberg to establish a small but representative committee, including Mr. Arad and a representative of the families and co-workers. Their task should be to quickly come up with a suitable compromise that eases family concerns and still maintains the highest design standards for this memorial.

FEMA Underestimated Katrina Repair Costs (AP-Y)

By Michelle Roberts

AP, September 23, 2006

DOJ_NMG_0067815

Many initial estimates by the Federal Emergency Management Agency of the cost of repairing thousands of water-logged buildings, cracked pipes and crumbling streets in hurricane-staggered Louisiana were way too low — and some reconstruction projects are being held up because of it.

Some local governments say they cannot legally or financially hire contractors and get on with the work, because they fear they will be saddled with repair costs that won't be reimbursed by Washington.

The FEMA estimates were made as part of a federal program under which local governments make repairs at their own expense, then ask for reimbursement from the federal government.

The low-ball estimates were done by sometimes-inexperienced estimators hurriedly hired and trained by FEMA in the aftermath of Hurricanes Katrina and Rita, which struck last summer and fall. Often, the estimates were based on the much-cheaper, pre-storm costs of labor and equipment.

"We want our fair share," said Cary Grant, New Orleans' assistant chief administrative officer for budget. "We're grossly underfunded."

Statewide, local and state officials have identified 17,000 projects that could be eligible for federal reimbursement. State officials said many of the initial estimates on those projects are way off.

In many cases, the disparities are staggering. At one recreation center in New Orleans, for example, FEMA estimated repairs would cost $312,000; the city says it actually will cost more like $1.4 million.

The few bids St. Bernard Parish have received for repair work have come back two or three times higher than FEMA's estimates, said Chris Merkl, the parish's public works director.

FEMA officials acknowledge some estimates may be too low, but do not believe the problem is widespread, said FEMA spokesman James McIntyre. Cities, parishes, sewer boards and other government entities can appeal to FEMA for higher reimbursement.

"If we need to look at 17,000 appeals, we'll look at 17,000 appeals," he said, though he maintained that will not be necessary. FEMA officials plan to meet with state and local leaders to discuss the issue in coming days, McIntyre said.

Grant and other New Orleans officials said that in smaller disasters or with estimates closer to reality, the city could afford to hire workers and sort out the differences with FEMA later. But the sheer number of projects and the steep differences make that impossible for all but a few high-priority projects.

"The citizens of New Orleans don't understand the process. They're like, `The lights should be fixed at the park. Why is the city not fixing this and that?'" said New Orleans interim recreation director Larry Barabino Jr. "They want everything yesterday. They don't want to hear no excuses."

Grant said most of the city's 860 pending projects should be re-examined by FEMA, even though such a review could cost considerable time and money. In a few cases, he said, FEMA may be able to look at the paperwork and re-estimate based on updated labor and material costs without doing site inspections. But Grant said many new inspections will probably have to be done.

"That's what my great fear is: the actual man-hours it would take to crawl on your knees and go floor by floor," Grants said.

Most of the low-ball estimates by FEMA workers and contractors resulted from dramatic increases in labor and material costs in a region where the demand for construction workers to do such things as gut buildings, replace roofs and lay tile outstrips supply, according to local officials.

But other low estimates resulted when inexperienced FEMA contractors included, for example, only the cost of fixing a hole in a roof and not the damage done when a temporary tarp was installed to cover the hole, said Grant and other New Orleans officials.

FEMA engineers working in the region are trying to take rising costs for supplies and labor into account, McIntyre said.

"I'm not trying to downplay it," McIntyre said of the complaints. But "we are bound by law to ensure that we are using taxpayers' dollars properly."

Lower 9th Plan: Start 'From Scratch' (LAT)

By Ann M. Simmons

DOJ_NMG_0067816

The Los Angeles Times, September 23, 2006

Residents of the New Orleans neighborhood will hear results of a consultant's study today. But it's not the only proposal in town.

NEW ORLEANS — A consulting firm hired by the New Orleans City Council to devise a plan for the city's most storm-damaged neighborhoods will recommend rebuilding the Lower 9th Ward — considered by many "ground zero" of the destruction wrought by Hurricane Katrina — "from scratch."

Miami-based urban planner and housing consultant Paul Lambert, along with other urban planning groups, met with Lower 9th Ward residents and incorporated their ideas into a proposal to change the area's street pattern to create a new "town center." That idea is part of a report he is to present to residents today.

In some 300 community meetings and workshops over the last five months, residents of most New Orleans neighborhoods have told a variety of urban design and planning sub-consulting firms that they want their old neighborhoods rebuilt as they were. "But that's different in the Lower 9th Ward … because of the destruction," said Lambert, whose firm is co-managing the neighborhood planning process. "It was so decimated that you're really rebuilding the entire neighborhood from scratch."

Lower 9th Ward residents were adamant that their neighborhood not be razed and left fallow or taken over by developers.

"The idea is that [the area] will come back in its entirety," Lambert said.

The city is expected to receive the official report by October.

Across 49 neighborhoods, wish lists include repair of streets and sidewalks; school reconstruction; revitalization of parks, community centers and libraries; and the reopening of shops. "Every neighborhood just wants the grocery store back, just wants the pharmacy back, just wants a sit-down restaurant," Lambert said. "Retail consistently shows up in terms of what people want."

The report is part of the city's broader neighborhood rebuilding process.

Meanwhile, another initiative — the Unified New Orleans Neighborhood Plan, which encompasses all neighborhoods, not just those damaged by Katrina — is financed in large part by the Rockefeller Foundation and is managed by a nonprofit created for the purpose. And the Unified plan has strong support from the Louisiana Recovery Authority, which is charged with directing billions of dollars in federal Katrina aid.

The plan for the most damaged neighborhoods has no funding source. It may be folded into the Unified plan.

But some people have grown impatient. Lambert has publicly criticized the pace of the Unified process, saying the plan has delayed release of federal recovery aid to the city.

The head of Concordia, the New Orleans firm coordinating the Unified planning process, said orientation sessions had been held and the first public meeting would be Oct. 14, with final recommendations — incorporating many ideas from Lambert's plan — expected by the end of the year.

"We are all anxious to get to the finish," Concordia President Steven B. Bingler said. "We just know that the finish is not partial plans. It's a unified plan for the whole city." And, he added, that's what the Louisiana Recovery Authority requires.

New Orleans Councilwoman Cynthia Willard-Lewis, whose constituency includes the Lower 9th Ward, called for "a sense of urgency" to move beyond planning to implementation.

"We cannot be stuck in a malaise of planning," she said.

Residents are also frustrated, and confused.

"There are too many hands in the pot," said Cory Turner, a fair-housing and criminal-justice activist. "There are too many planning groups. The Unified plan was meant to unify, but it's not doing that. Six months from now, we're going to be in the very same spot, arguing about what plan to use — that's my fear."

Bywater neighborhood resident Elizabeth Cook said she doubted some proposals would ever be implemented because they were unrealistic and too grandiose.

"This is pie in the sky," she said. "They're stringing people along. A lot of it is fluff … to give the illusion of reconstruction."

Other residents, however, said they welcomed such recommendations as more bike lanes, parks and beaches, because they were fed up with the devastation and needed to be able to dream of better days ahead.

For the Lambert-managed plan, neighborhoods such as suburban New Orleans East have asked for a reduction in the density of low- to-moderate income rental housing, and for the lakefront beach and entertainment district to be restored.

In upscale Lakeview, residents' priority is maintaining property values, Lambert said, and homeowners are keen to have first dibs on a neighboring property where the owner has decided to sell.

"This gives them the opportunity to expand their home, or rebuild for another family member," Lambert said. "This is a way of keeping the wealth in the community" and ensuring properties comply with the area's codes and zoning regulations.

Lambert acknowledged that much work remained to finalize a vision for certain neighborhoods but said the recommendations are "an important step into the future of this city."

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Evacuees Must Say Goodbye To Katrina Aid (WP)

By Jacqueline L. Salmon

The Washington Post, September 23, 2006

The crisis lines have shut down. The furniture donations, free apartments and gift cards have dwindled. The Red Cross has moved on.

And, now, so will Robin Gilmore.

For nearly 12 months, the Fairfax County social worker has helped 176 evacuees from Hurricane Katrina who came to the county after last year's storm.

But late last month, she told them that the program for evacuees, funded by the county and local charities, would close at the end of September.

"After September 30, my job ends," she told 30 evacuees gathered for a potluck dinner to commemorate the first anniversary of the epic hurricane that upended their lives.

Although many evacuees who landed in the Washington area have moved on, almost 10,000 households are still registered with the Federal Emergency Management Agency in the District, Virginia and Maryland.

But the special services for them, funded by donors and local governments, are mostly gone.

"They're not getting any special treatment anymore," said Katie Miller-Holland, manager of Lutheran Social Services' Katrina Family Advocate Program. The program will operate until next October but has room for only 400 households. "For many of these folks, it's 'get in line with everyone else.' "

Catholic Community Services ended its program in June. The local Salvation Army's $311,000 in Katrina aid is gone and so is the Jewish Federation's $1 million fund. The Archdiocese of Arlington's Partners in New Hope program closed Aug. 29. The Prince George's Hurricane Katrina Relief Fund is down to its last $5,000. And $345,000 raised by the Community Foundation for the National Capital Region and disbursed to 10 nonprofit groups has mostly been spent.

At United Community Ministries last month, Gilmore coated her news with reassurance. She is moving to a new job at the agency, but a part-time intern will be available for the evacuees.

"We will continue as long as we can and then you can come through the doors as a UCM client," she told evacuees as they finished up plates of jambalaya and fried chicken as a boom box spilled tinny Cajun music. "We are here."

But for the evacuees in southern Fairfax, it is Gilmore who has been their anchor during a stormy year.

Dozens started showing up at United Community Ministries' offices in mid-September last year, asking for help.

When it became clear that more than 1,000 Katrina evacuees would arrive in Fairfax, county agencies, businesses and nonprofit groups formed Fairfax Families Care and raised nearly $90,000. The county kicked in $276,000 to hire social workers to work with the families and hired UCM and two other Fairfax County nonprofit groups, Northern Virginia Family Service and Reston Interfaith. Those groups in turn received thousands in additional charitable donations for the evacuees.

Gilmore was named case manager for UCM's Katrina effort and found herself pitched into the disaster that she had watched on TV.

Since then, she has spent hundreds of hours pestering agencies for housing vouchers, landlords for apartments and government offices for missing documents. She has called dentists to replace false teeth that had been abandoned on bedside tables when the floodwaters approached. At night, she coached clients through phone calls with FEMA.

From her sparse office, she handed out toothpaste, Bibles and tissues. Everybody cried, including Gilmore.

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"I still get choked up when I remember those early months," said Gilmore. Her throaty voice grew huskier. "That vicarious trauma. You hear it, you hear it, and you experience it as well."

At home, the divorced mother of four gathered crucial family documents -- copies of children's birth certificates, her social worker's license, bank statements -- in a file to grab if disaster strikes and her own family has to escape.

"I've seen how difficult it is to start over," she said, "when you have to prove who you say you are."

For many, starting over is a monumental challenge, but the help they have received was never meant to last indefinitely. The goal is for them to become self-sufficient.

Some have achieved it.

"I am one of the blessed ones," said Marie McCoy, 54. She, her husband and her teenage daughter have settled into an apartment in the Fair Oaks area after fleeing their New Orleans home. McCoy and her husband, Gerald, are working again.

Still, it has been an enormous struggle, Marie McCoy said.

"When I first came here, I could not believe the prices when I went to the grocery store," she said. "And the apartment [rents] up here? Somebody must be stealing .' " But for others, the climb back to normalcy is even steeper.

Those with few skills who could make it in a minimum-wage job in New Orleans are finding that such work barely dents the high cost of life in Fairfax County.

"Here, people have to get help that they never needed before," said Meredith McKeen, manager of group services and outreach for Northern Virginia Family Services. It has enough private donations to continue Katrina assistance until December. Then its program, too, shuts down.

Barbara and Gerald Warren, whose home in Metairie, La., was flooded, now live in a subsidized apartment in the Alexandria section of Fairfax County that Gilmore helped them secure. A church helps them cover their utility bills, and UCM has paid for medication and other essentials.

Without Gilmore, the couple couldn't have made it, Barbara Warren, 54, said. "She helped us a whole lot," she said. "She is so good."

After the dinner last weekend, Gilmore wrapped her arms around Maggie Viteri, 72. Viteri and husband Telmo, 77, are worried about the cost of their $2,000-a-month apartment. It had been underwritten by area charities, but now the couple must pay for it out of their dwindling resources.

Gilmore reassured Viteri that she could continue to call her. She promised to keep looking for help for the couple.

"I know how hard you've worked and how far you've come," she told them all.

New Orleans A Celebration At Superdome (WSJ)

By Rick Brooks

The Wall Street Journal, September 23, 2006

The New Orleans Saints return to their home field at the Louisiana Superdome on Monday night for the first time since Hurricane Katrina. It's a potent symbol of the city's rebuilding effort since the Superdome, where thousands gathered after the storm and were stranded for days in increasingly miserable conditions, became a potent symbol of the bungled rescue effort.

A massive celebration rivaling all six of the Super Bowls that have been played at the stadium is planned. The night will kick off with pregame performances by the Goo Goo Dolls, Green Day and U2. The national anthem will be sung by Irma Thomas and Allen Toussaint, two icons of the New Orleans soul and rhythm-and-blues scene whose houses were swamped by Katrina when it struck in August 2005.

Impressively, the refurbished 72,000-seat Superdome is sold out for the season -- a first in Saints history. Asking prices for tickets for Monday's game against the Atlanta Falcons had soared to $3,450 as of midafternoon Friday on a ticket-resale Web site used by the Saints.

Even the doormat football team, with just seven winning seasons since 1967, has been playing along with the tragedy-to-triumph story line. For the first time, the Saints started their season by winning two away games -- though they are listed as about a three-point underdog to the Falcons, which also are undefeated.

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For many local residents, though, the celebratory event will be tinged with pain. Blackie Campo, 88 years old, had missed just one home game in Saints history before his house and hugely popular marina in St. Bernard Parish were wrecked by the storm. On Monday night, he will be sitting on the 50-yard line as usual, but with three seats instead of eight because he couldn't locate some of his friends before the season-ticket deadline passed.

"They got scattered all over the country, and they didn't know where I was and I didn't know where they were," says Mr. Campo, now living in a Federal Emergency Management Agency trailer. "The only things we had were fishing and football."

And while the Superdome's comeback, broadcast on prime-time television, will send a message about the city's resilience, the everyday slog of post-Katrina life continues, with its jarring juxtapositions of recovery and ruin. For example, the Hyatt Regency New Orleans hotel -- within sight of the Superdome -- hasn't yet reopened. Enough storm and structural debris remains in the city to fill the Superdome roughly seven times, city officials estimated in late August.

More than 800 devastated homes remain on a list seeking free gutting from Operation Nehemiah, a volunteer effort run by Carrollton Avenue Church of Christ, which had $12,000 in the bank and no flood insurance when Katrina hit. Though it could take a year to finish the job, organizer Fred Franke says he has no thoughts of giving up. "We've got a strong group of people that want the city to come back," he says.

Restoring the Superdome cost about $130 million in federal and state funds, which were used to replace the 9.7-acre roof, artificial-turf field, 500,000 square feet of ceiling tile and nearly everything else trashed by the storm. Snazzier scoreboards and other improvements, some unfinished, will push the total cost to $185 million. The stadium wasn't expected to reopen until at least November, but Louisiana Gov. Kathleen Blanco suspended some contract requirements, accelerating construction. Outside roof work was interrupted by only five days of bad weather.

"This was Ground Zero for New Orleans. It's what the nation saw ... and now we have an opportunity to change all that," says Doug Thornton, regional vice president of SMG, the Philadelphia company that manages the Superdome. He oversaw the project even though he was unable to move back into his flooded house until April.

As soon as the game ends, the Superdome will start getting ready for another homecoming. Next Saturday, Tulane University's football team will play there, too, ending its streak of 14 straight road games in 12 different stadiums.

WAR NEWS:

U.S.: More Iraq Troops Needed In Baghdad (AP-Y)

By Lolita C. Baldor, Associated Press Writer

AP, September 23, 2006

The U.S. needs 3,000 more Iraqi forces to join the battle in Baghdad, but requests have not been met because Iraqi soldiers are reluctant to leave their home regions, the commander of U.S. forces in Baghdad said Friday.

Maj. Gen. James Thurman said that while the U.S. has 15,000 troops in Baghdad — which military leaders say is the priority battlefront in Iraq — only about 9,000 Iraqi soldiers are there. That is just a fraction of the 128,000 Iraqi Army troops that the U.S. says are now trained and equipped.

His comments came as the sectarian violence in Baghdad continued unabated. Gunmen opened fire on Sunni mosques and homes in the religiously mixed neighborhood of Hurriya, killing four people in an attack that drew the condemnation of Sunni leaders across the city.

In east Baghdad, meanwhile, police found the blindfolded and bound bodies of nine men from a Sunni tribe who had been dragged out of a wedding dinner the night before by men dressed in Iraqi army uniforms, police Maj. Mahir Hamad Mussa said. Four other bound and blindfolded bodies were found in other parts of the capital.

The U.S. military said an American soldier was killed when his vehicle was hit by a roadside bomb late Thursday.

Getting more Iraqi troops involved in the operation has been hampered by the fact that Iraqi soldiers generally join battalions in their geographic regions. And Thurman said that "due to the distance, (they) did not want to travel into Baghdad." He said the Iraqi minister of defense is working on the problem.

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"I'm confident that they're going to meet that requirement here within the next few weeks, but it's going to take a little time," he said.

Thurman said he asked for the additional Iraqi forces — a total of six battalions — early on in the Baghdad campaign, which began in June. He added, "I don't think putting more coalition (troops) in here is the right answer."

As an example, Thurman said that he has one U.S. battalion working with Iraqi Army and police in Baghdad's predominantly Shiite al-Baya neighborhood and the mixed southern neighborhood of Dora.

But, he said, "I felt like we needed more Iraqi Army in there to work side-by-side with the police and the national police, because those have been bad areas. And we're clearing the enemy out of there and we don't want them to come back."

There are a total of 302,000 Iraqi security forces, which include the army, national and local police. About 12,000 national police and 22,000 local police are serving in Baghdad, Thurman said.

Asked if he is disappointed by the Iraqis' failure to send the additional troops, Thurman said no, because he has seen the security forces improve and he understands that there are competing security demands across the country.

He said U.S. trainers are working with the Iraqi forces to make them more mobile. He added, "I think the government is trying to come to grips with the security needs, and we have a determined enemy out there that's trying to disrupt this government."

U.S. military leaders have repeatedly stressed that Baghdad is the top priority in Iraq right now, as forces try to stabilize the capital city so the government can progress.

Attacks against the security forces have increased since the Baghdad operation began, from about 36 attacks a day to about 42 attacks a day, said Thurman. He said about six of those daily attacks result in injuries to U.S. troops or damage to equipment.

Overall, Thurman said attacks against Iraqi civilians have decreased, and that sectarian violence has dropped in the neighborhoods where the military has focused its efforts.

As he visits those areas, he said, "I find more people trying to get on with their lives. I see more shops opening and more people in the streets. ... As we clean up the streets, we find a city capable of starting to function properly."

In other developments in Iraq on Friday, 3,000 people demonstrated outside a mosque in Saddam Hussein's hometown of Tikrit, demanding the return of the former dictator to power, organizers said. Saddam is on trial in Baghdad on genocide charges.

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Associated Press writer Sameer N. Yacoub in Baghdad contributed to this report

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On the Net:

Defense Department: http://www.defenselink.mil

Many Iraqi Troops Are No-Shows In Baghdad (LAT)

By Solomon Moore And Julian E. Barnes

The Los Angeles Times, September 23, 2006

The U.S. asked for an extra 4,000 soldiers to shore up security. Only 1,000 reported, and the violence continues in and around the capital.

BAGHDAD — Only a quarter of the Iraqi army forces that had been designated more than a month ago to work on security improvements in the capital have arrived, a sign of continuing problems with the Iraqi government's ability to command and move its troops.

U.S. Army Maj. Gen. James Thurman, who is in charge of military forces in Baghdad, said Friday that he had requested 4,000 additional Iraqi troops to help secure Baghdad and had received only 1,000 of them.

"Some of these battalions, when they were formed, were formed regionally," Thurman said in a video news conference with reporters at the Pentagon. "And some of the soldiers, due to the distance, did not want to travel into Baghdad."

Thurman's comments came on a day of continued violence in the country, including the execution-style slayings of nine Sunni Arabs dragged from a wedding dinner east of Baghdad by armed men who reportedly were wearing Iraqi uniforms.

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"Three civilian cars and one minibus came to our house with armed men wearing Iraqi army uniforms," the groom's father, Mohammed Dulaimi, 61, told police. "They raided the house and asked to take some of the guests for routine investigations."

Police later found the bodies of nine wedding guests on Baghdad's outskirts. Each had been shot several times.

In all, at least 27 bodies were discovered in Baghdad on Friday. At least 15 other people, including a U.S. soldier who was killed by a roadside bomb in the capital, were slain in Iraq.

Even as the killings continued, Iraq's president, Jalal Talabani, addressed the U.N. General Assembly in New York, saying that a continued U.S. troop presence in Iraq is "essential" while the nation builds its armed forces.

While in the U.S., Talabani met with Secretary of State Condoleezza Rice and other foreign ministers to urge them to make good on billions of dollars in reconstruction aid pledges.

"We are hopeful that the international community fulfills its obligations by providing the required resources to deal with the key priorities," he said.

After the establishment of Iraq's permanent government in May, Prime Minister Nouri Maliki announced a security plan aimed at controlling the sectarian violence that has destabilized Baghdad.

In July, U.S. officials said that despite the new measures, violence had worsened in the capital.

In August, U.S. and Iraqi officials announced a new plan to secure the city, saying they would bring in 4,000 Iraqi soldiers and 4,000 additional Americans. The U.S. contingent was beefed up in a move that proved controversial for the Pentagon: Officials extended the deployment of the 172nd Stryker Brigade and moved it from Mosul to Baghdad. The extension drew complaints from relatives of members of the Alaska-based unit.

But Thurman made it clear Friday that bringing in the Iraqi soldiers had proved even more difficult. Soldiers with the 1st Brigade of the 9th Division of the Iraqi army had been moved from Taji within 72 hours, Thurman said. But deploying the remainder of the force has been more challenging, with soldiers refusing orders to relocate to Baghdad.

Iraqi army units have refused deployment orders before, sometimes complaining of the travel involved and sometimes expressing concern that they would be thrust into uncomfortable sectarian confrontations.

In August, 100 soldiers in southern Maysan province refused to go to Baghdad. U.S. officials explained at the time that the unit's Shiite leaders said the troops were needed in Maysan. They also objected to being sent to the capital, where they believed they would have to fight Shiite militias.

U.S. officials also said Kurdish units had refused to be deployed from northern Iraq to Ramadi, in violent Al Anbar province.

But the problems may go beyond mere regional or sectarian loyalty and could reflect readiness problems.

The Iraqi army is not considered highly mobile; it lacks the armored transport vehicles or planes that would allow officials to quickly deploy large numbers of troops around the country.

Thurman said he was confident the Defense Ministry would obtain the additional soldiers in the next few weeks. He suggested that the lack of Iraqi troops was complicating operations in two Baghdad neighborhoods, Baya and Dura. Thurman said he wanted to put more Iraqi soldiers in those areas to work with the American battalion there.

"I felt like we needed more Iraqi security forces in those areas, and that's what I have told my superior commanders that I felt like we needed," he said.

There are 15,000 U.S. troops and 9,000 Iraqi troops in Baghdad, as well as 12,000 members of the Iraqi national police and 22,000 local police, Thurman said.

Asked how the Iraqi military could take control of the nation's security needs if it was unable to move troops around the country, Thurman said some of the units were able to quickly deploy — including the 1st Brigade of the 9th Division — while others were still being developed and trained.

"I wouldn't say it's not going well," Thurman said. "What I would tell you is I think the government is trying to come to grips with the security needs, and we have a determined enemy out there that's trying to disrupt this government, a democratic form of government. And we're here assisting them to work through these tough security issues."

Thurman said attacks had increased in the last week, and that they were mostly against U.S. and Iraqi military and police forces.

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The wedding attack occurred at a party being held by the Dulaimi tribe, a large and powerful Sunni clan that probably will seek reprisals, police said. All of the kidnapped guests were men, including three brothers, who farmed and raised cattle in the agricultural areas ringing the capital.

A police source, who said the father reported the kidnappings at a local station, said officers were unlikely to investigate, because they fear that Sunni insurgents operate in the area.

In west Baghdad, Shiite militiamen set fire to two buildings occupied by two prominent Sunni political parties and ordered all Sunnis out of the neighborhood.

Responding firetrucks were turned away by militiamen who fired assault rifles in the air. The Associated Press reported that four people were killed in the confrontation.

"Today we are living under exceptional circumstances. Today we live in violence of all kinds," Sheik Mahmoud Sumaidaie said in his Friday sermon at Umm Qura, a leading Sunni mosque in Baghdad.

"There are people who are destroying, people who are forcing others to leave their houses, there are [Shiite clerics] keeping silent, some decent people are keeping silent. The state is keeping silent."

In ousted President Saddam Hussein's hometown of Tikrit, north of Baghdad, a local association of Sunni clerics organized at least 1,000 protesters to carry posters of Hussein and demand he be restored to power. The protesters demanded the release of 20,000 detainees, an end to military raids on Sunni neighborhoods and denounced Pope Benedict XVI's recent statements about Islam.

A ruptured pipeline struck by insurgents Thursday continued to burn southwest of Samarra, also north of Baghdad. A spokesman for the U.S. Army Corps of Engineers said he was unaware of the breach.

Friday prayers and exhortations for peace during the coming Ramadan period of fasting gave way to stormy political speeches at some mosques. While Sunni clerics called on the government to protect them from Shiite militias and U.S. assaults, Shiite holy men called for harsher measures against insurgents.

In Najaf, Shiite cleric Sadruddin Qubanchi swept aside the United Nations' recent expression of concern over the prospect of civil war in Iraq.

U.N. Secretary-General Kofi Annan "said that Iraq is on the brink of a civil war," Qubanchi said.

"But we have another reading for the situation. We believe that Iraqis are heading toward the elimination of terrorism rather than civil war."

The cleric said that the Iraqi government was being too soft on the insurgents and that the violence persisted because of "the absence of punishment." He demanded that Hussein receive the death penalty.

"Execution! Execution!" hundreds of worshipers chanted.

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Moore reported from Baghdad and Barnes from Washington. Times correspondents in Baghdad, Kirkuk, Tikrit and Najaf contributed to this report.

Playing Shell Games On Responsibility With Iraq (BOS)

The Boston Globe, September 23, 2006

THE SAME White House that trashed generals and bean counters for saying it would take hundreds of thousands of more troops and billions more dollars to secure Iraq is now blaming the puppet government for not securing the country.

The blame is arriving through one of those ``senior-administration-official-speaking-on-background" whisper campaigns. One such official told The New York Times that President Bush is peeved at Prime Minister Nouri al-Maliki of Iraq. ``The thing you hear the most is that he never makes any decisions," the official said. ``And that drives Bush crazy. He doesn't take well to anyone who talks about getting something accomplished and then refuses to take the first step."

In the Los Angeles Times, a Bush official said that the White House is getting ``frustrated. . . . There is a little bit of impatience." Another official said Maliki's get-tough-on-violence ``rhetoric has to be matched by concrete action . . . acting on the ground on its own behalf."

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While his minions cut the knees out from under Maliki, Bush himself acts like the general manager of a sports team who declares he has full confidence in the coach during a losing season. Bush said on CNN, ``I'm impressed by President Maliki. I've talked to him. I've seen the decision-making process that he's put in place." White House press secretary Tony Snow continues to declare that reports of Bush losing faith in Maliki are ``absolutely false."

This shell game of responsibility was all but inevitable in a war launched both under false pretenses and with undermanned and underequipped forces. It was inevitable in an occupation where the White House brags about a duly elected government while it still has 138,000 troops there.

This week, General John Abizaid, the US Central Command chief, ended any illusions of major troop withdraw anytime soon. He said troop levels must be ``sustained through the spring" because ``the secular tensions, if left unchecked, could be fatal to Iraq." In a cryptic response to a reporter's question as to whether the United States is winning the war and occupation, Abizaid said, ``Given unlimited time and unlimited support, we're winning the war."

Abizaid said the occupation is so murky that ``Baghdad is not going to clarify itself in my mind militarily for a couple months." To punctuate that point, the United Nations issued a report this week that at least 6,600 people were killed and 4,300 people were wounded in Iraq in July and August, far more than previously estimated.

But while Abizaid is talking about needing unlimited time and unlimited resources, a bipartisan study group headed by former secretary of state James Baker and former US representative Lee Hamilton declared that ``the next three months are critical" for the government of Iraq ``to show its own citizens soon and the citizens of the United States that it is deserving of continued support."

So the US military deserves unlimited time but Maliki deserves just three months?

That sure begs the question of whose country it is. The mixed messages smell of how the United States alternately propped up, manipulated, ignored, and ultimately abandoned South Vietnam's president, Nguyen Van Thieu. Thieu was elected in 1967 and reelected in 1971 under questionable, US-backed circumstances. He was widely acknowledged to be corrupt, but US meddling did not help.

By many accounts, he became a pawn between the lame-duck Johnson administration and the Nixon presidential campaign on whether to halt the bombing of North Vietnam. He was essentially ignored by Nixon over the 1973 ``peace accords" that left North Vietnamese soldiers in position to overrun South Vietnam. That eventually happened and Thieu fled the country.

Thieu eventually died in obscurity in Boston in 2001. Upon his death, Vietnam historian Stanley Karnow told National Public Radio, ``The short answer is that he was not terribly effective, but it's doubtful anybody would have been effective. Thieu came into office amid a lot of political turmoil in Saigon. . . . The situation began to get so hopeless in a way that finally President Johnson put in American combat troops in the summer of 1965 as about the only way to bolster up the government in Saigon."

Karnow added, ``and so what you had in Vietnam was a kind of facade of a client government, an allied government, which in fact didn't amount to very much."

Four decades later, there is a new facade of a client government. Bush officials whisper that it is not amounting to very much. That is to cover up the fact that the US invasion and occupation has amounted to even less.

The Troops Stay On (WP)

The Washington Post, September 23, 2006

AT THE BEGINNING of this year it was an open secret that the Bush administration hoped to substantially reduce the number of U.S. troops in both Iraq and Afghanistan by this fall. Reports said it was aiming for 100,000 troops in Iraq, compared with 165,000 at the end of 2005. In Afghanistan, the force level was to drop below 15,000 as more NATO forces were deployed. In part, the plans reflected the administration's optimistic assumptions about the progress that would be made in both countries. But it was hard to ignore the fact that the reductions were to come just in time for November's midterm election.

As the good news failed to materialize in either theater, we, among others, worried that Mr. Bush would pressure his military commanders to go ahead with the drawdowns. That didn't happen. This week several senior military commanders, including Gen. John P. Abizaid, the commander of all U.S. forces in the Middle East, stated publicly that the troop levels would remain

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where they are well into next year. The force level in Iraq, 145,000, is higher than it was this summer, while the number of U.S. troops in Afghanistan, at about 20,000, is well above the 16,500 reported at the end of last year.

Mr. Bush deserves some credit for being true to his word: He said that in deciding on troop reductions, he would be guided by conditions in the two countries and his commanders' recommendations rather than by the political calendar -- and he has been. The administration put this news out weeks before the election, even though the failure to bring troops home will add to the negative pull Iraq already exerts on Republicans in many congressional races.

The president's steadfastness would be much more impressive if it seemed to be attached to a winning strategy. Sadly, the events of the past several weeks suggest otherwise, at least in Iraq. Gen. Abizaid candidly described the progress of a U.S. military campaign in Baghdad, where additional American forces have been concentrated in the hope of stopping rampant sectarian bloodshed, as slight. Asked by reporters if the war could be won, he replied, "Given unlimited time and unlimited support, we're winning the war."

The problem, as both Gen. Abizaid and Mr. Bush well know, is that neither time nor resources are unlimited. Reports in several newspapers yesterday said the continuing heavy deployments in Iraq and Afghanistan had prompted commanders to discuss whether to call up more National Guard units at the expense of breaking rules about how often they are deployed.

The same day Gen. Abizaid spoke, the chairmen of a bipartisan Iraq study group set up by Congress delivered a blunt message to the four-month-old Iraqi coalition government, which has been slow to take desperately needed steps toward national reconciliation. "The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continuing support," said former representative Lee H. Hamilton, who chairs the group along with former secretary of state James A. Baker III.

Unless that message is heeded, the sacrifice involved in holding U.S. troop levels steady for another six months -- in lives, above all -- is likely to be wasted.

War Price On U.S. Lives Equal To 9/11 (AP)

By Calvin Woodward

AP, September 23, 2006

Now the death toll is 9/11 times two. U.S. military deaths from Iraq and Afghanistan now surpass those of the most devastating terrorist attack in America's history, the trigger for what came next.

The latest milestone for a country at war came Friday without commemoration. It came without the precision of knowing who was the 2,974th to die in conflict. The terrorist attacks killed 2,973 victims in New York, Washington and Pennsylvania.

An Associated Press count of the U.S. death toll in Iraq rose to 2,696. Combined with 278 U.S. deaths in and around Afghanistan, the 9/11 toll was reached, then topped, the same day. The Pentagon reported Friday the latest death from Iraq, an as-yet unidentified soldier killed a day earlier after his vehicle was hit by a roadside bombing in eastern Baghdad.

Not for the first time, war that was started to answer death has resulted in at least as much death for the country that was first attacked, quite apart from the higher numbers of enemy and civilians killed.

Historians note that this grim accounting is not how the success or failure of warfare is measured, and that the reasons for conflict are broader than what served as the spark.

The body count from World War II was far higher for Allied troops than for the crushed Axis. Americans lost more men in each of a succession of Pacific battles than the 2,390 people who died at Pearl Harbor in the attack that made the U.S. declare war on Japan. The U.S. lost 405,399 in the theaters of World War II.

Despite a death toll that pales next to that of the great wars, one casualty milestone after another has been observed and reflected upon this time, especially in Iraq.

There was the benchmark of seeing more U.S. troops die in the occupation than in the swift and successful invasion. And the benchmarks of 1,000 dead, 2,000, 2,500.

Now this.

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"There's never a good war but if the war's going well and the overall mission remains powerful, these numbers are not what people are focusing on," said Julian Zelizer, a political historian at Boston University. "If this becomes the subject, then something's gone wrong."

Beyond the tribulations of the moment and the now-rampant doubts about the justification and course of the Iraq war, Zelizer said Americans have lost firsthand knowledge of the costs of war that existed keenly up to the 1960s, when people remembered two world wars and Korea, and faced Vietnam.

"A kind of numbness comes from that," he said. "We're not that country anymore — more bothered, more nervous. This isn't a country that's used to ground wars anymore."

Almost 10 times more Americans have died in Iraq than in Afghanistan, where U.S. casualties have been remarkably light by any historical standard, although climbing in recent months in the face of a resurgent Taliban.

The Pentagon reports 56 military deaths and one civilian Defense Department death in other parts of the world from Operation Enduring Freedom, the anti-terrorism war distinct from Iraq.

Altogether, 3,031 have died abroad since Sept. 11, 2001.

The toll among Iraqi civilians hit a record high in the summer, with 6,599 violent deaths reported in July and August alone, the United Nations said this week.

Among the latest U.S. deaths identified by the armed forces:

_Army 2nd Lt. Emily J.T. Perez, 23, Fort Washington, Md., who died Sept. 12 in Kifl, Iraq, from an explosive device detonated near her vehicle. A former high school sprinter who sang in her West Point gospel choir, she was assigned to the 204th Support Battalion, 2nd Brigade, 4th Infantry Division, Fort Hood, Texas.

_Marine Sgt. Christopher M. Zimmerman, 28, Stephenville, Texas, killed Wednesday in Anbar province, Iraq. He was assigned to 2nd Reconnaissance Battalion, 2nd Marine Division, II Marine Expeditionary Force, Camp Lejeune, N.C.

A new study on the war dead and where they come from suggests that the notion of "rich man's war, poor man's fight" has become a little truer over time.

Among the Americans killed in the Iraq war, 34 percent have come from communities reporting the lowest levels of family income. Half come from middle income communities and only 17 percent from the highest income level.

That's a change from World War II, when all income groups were represented about equally. In Korea, Vietnam and Iraq, the poor have made up a progressively larger share of casualties, by this analysis.

Eye-for-an-eye vengeance was not the sole motivator for what happened after the 2001 attacks any more than Pearl Harbor alone was responsible for all that followed. But Pearl Harbor caught the U.S. in the middle of mobilization, debate, rising tensions with looming enemies and a European war already in progress. Historians doubt anyone paid much attention to sad milestones once America threw itself into the fight.

In contrast, the United States had no imminent war intentions against anyone on Sept. 10, 2001. One bloody day later, it did.

Iraq Leader Warns Of Spreading Violence (AP-Y)

By Kim Gamel, Associated Press Writer

AP, September 23, 2006

Iraq's president said Friday that terrorist forces are using his country as "a stepping stone" for spreading violence and that military action alone won't stop them.

President Jalal Talabani also told the U.N. General Assembly that the government will not talk about a timetable for withdrawing U.S.-led forces until the Iraqi armed forces are capable of ending terrorism and maintaining security.

He said the government is committed to a national reconciliation plan that hopefully will provide the protection and conditions needed to ensure security for the Iraqi people. At the same time, he said, efforts to build the Iraqi armed forces are making progress, but U.S.-led coalition troops are still needed.

"They are essential for us in the present circumstances while accomplishing the mission of building our armed forces that are capable of ending terrorism and maintaining stability and security," Talabani said. "Only then will it be possible to talk about a timetable for the withdrawal of the multinational force from Iraq."

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Addressing another conflict, China's Foreign Minister Li Zhaoxing called for patience on restarting stalled international talks aimed at ridding North Korea of its nuclear weapons.

Li said the only way to resume the six-nation talks, which the North has boycotted since November, is for the participants to "meet each other halfway and work together."

"We hope the parties involved will be cool-headed and more flexible," Li said in a speech at the General Assembly.

The talks involve China, the Korea, the United States, Japan and Russia. But China, which is the North's major ally and a key economic lifeline, is viewed as crucial to getting the North to return.

Talabani said that as Iraqi forces are able to meet the necessary requirements to take over, they will gradually replace coalition forces.

But he warned that the rampant violence in Iraq was a threat to regional stability.

"We must emphasize that the forces of extremism, those who oppose democracy and humanitarian values are intent on making Iraq a stepping stone for reaching other goals, for even more destruction," Talabani said. "They are composed of regional and Arab elements that export their crises ... and fight their battles on Iraq's territory and among the people of my country."

Speaking to reporters after the speech, U.S. Ambassador to Iraq Zalmay Khalilzad also urged other countries to offer support.

"I believe that Iraq will succeed," he said. "But Iraq does need assistance from not only the coalition but from its neighbors and from the international community as a whole."

Talabani also called on the Security Council to dissolve the U.N. weapons inspection agency known as UNMOVIC, saying it has been proven that Iraq is free of weapons of mass destruction.

"The status of this commission in its current form and its financing, using Iraqi accounts, squanders Iraq's money," he said. "Our people are in desperate need of these funds."

The U.N. has been using money from the defunct oil-for-food program to fund the activities of the U.N. Monitoring, Verification and Inspection Commission.

U.N. inspectors left Iraq just before the U.S.-led war started in March 2003 and the United States has barred them from returning. They have continued to work, compiling a detailed database and using commercial satellite photos to keep track of equipment with dual civilian and military uses, which they had been monitoring on the ground.

Talabani's address came four days after foreign ministers from several countries, including Secretary of State Condoleezza Rice, met on the eve of the General Assembly to discuss the implementation of the Compact for Iraq, a five-year plan to ensure Iraq's government has funds to survive and enact key political and economic reforms.

"We are hopeful that the international community fulfills its obligations by providing the required resources to deal with the key priorities," he said.

He also thanked President Bush "for his leadership of the campaign to liberate Iraq from tyranny and opening the doors for a new, democratic, pluralistic and federal Iraq that is at peace with itself and the world."

"This historic mission has served the people of Iraq and peace and security in the region," Talabani said.

The praise was a change in tone, as Bush has faced fiery words of criticism in speeches by Iranian leader Mahmoud Ahmadinejad and Venezuelan President Hugo Chavez.

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Associated Press writer Foster Klug at the United Nations contributed to this story.

Blasts In Western Baghdad Damage Mosque And Homes (NYT)

By Richard A. Oppel Jr.

The New York Times, September 23, 2006

BAGHDAD, Sept. 22 — Attackers severely damaged a Sunni mosque in western Baghdad before noon on Friday, and the resulting blaze set fire to eight nearby homes and a bakery, a United States military official said.

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The explosion struck the Bakara al-Rahman mosque in a mixed Sunni-Shiite neighborhood, the official said. It apparently occurred before the start of Friday Prayer, but details were sketchy. Gunmen attacked homes in the area before the blast, and then after the bombing fired on Iraqi Army troops who responded to calls for help, the official added.

Another military official, Lt. Col. Barry Johnson, a spokesman in Baghdad, said that there was "one mosque that appears to have been destroyed" in western Baghdad, but he said he did not have any details.

The commander of United States forces in Baghdad said Friday that he needs 3,000 more Iraqi troops to patrol the city, but that he is having trouble getting them because they do not want to leave their home regions.

"What I still need in here in terms of battalions from the Iraqi Army that I would like to see is approximately six battalions, and the government is working to do that," Maj. Gen. James Thurman, the commander of the Fourth Infantry Division, told reporters in a briefing in Baghdad.

"Some of these battalions, when they were formed, were formed regionally," he said. "And some of the soldiers, due to the distance, did not want to travel into Baghdad."

The military says American and Iraqi forces are working jointly in a large operation that has drawn United States troops from other parts of the country to sweep through Baghdad neighborhoods in an effort to bring down the capital's soaring murder and execution rate.

An Iraqi battalion has roughly 500 soldiers, General Thurman said. Currently, he said, there are 15,000 American and coalition troops in the capital, 9,000 Iraqi combat troops, 12,000 national police officers and 22,000 local police officers.

General Thurman said attacks have risen in Baghdad in the past week, most of them against American and Iraqi troops. Earlier this week, United Nations human rights officials reported that 2,222 people in Baghdad were killed violently last month, a 23 percent decline from July.

The United Nations said the decline, which followed what it described as "unprecedented" violence in July, may be the result of the increased American and Iraqi military operations. Yet it also said the trend in the number of killings appeared to be increasing toward the end of August.

Underscoring the limitations of the Iraqi military, the president of Iraq, Jalal Talabani, said in a speech at the United Nations on Friday that it is too early to even talk about setting a timetable for the eventual withdrawal of American and British forces.

American troops are essential until Iraqi security forces "are capable of putting an end to terrorism and maintaining stability and security," Mr. Talabani said. "Only then will it be possible to talk about a timetable for the withdrawal of the multinational forces from Iraq."

The military said a soldier was killed late Thursday night in eastern Baghdad when his vehicle struck a roadside bomb.

The mosque bombing and related attacks on Friday happened near Hurriya, west of the Shiite enclave of Khadamiya. They were likely the work of roving militiamen, said Abdul Karim al-Samarraie, a Sunni member of Parliament. He said the attackers used rocket-propelled grenades and machine guns against several mosques in Hurriya, and that 15 homes were also set on fire.

Iraqi soldiers in the Hurriya area are sympathetic to the militias and not eager to put a stop to militia attacks, he said, adding, "The government is not serious enough about solving this problem."

The Associated Press quoted a police lieutenant, Maithem Abdel-Razzaq, as saying that about 20 gunmen attacked several houses and set two on fire, and then opened fire on two mosques, damaging buildings but not causing casualties. The news agency reported that at least four people were killed in the attacks.

Iraqi officials say that insurgents and militia fighters have been employing new tactics in their attacks. According to the Defense Ministry, there have been cases recently of gunmen kidnapping drivers, loading their cars with hidden explosives unknown to the driver, then releasing the driver only to detonate their vehicles by remote control when they reach a checkpoint.

Explosion Kills At Least 32 In Baghdad (BOS/AP)

The Boston Globe/AP, September 23, 2006

BAGHDAD, Iraq --A bomb blew up a kerosene tanker truck in Baghdad's Sadr City neighborhood on Saturday, killing at least 32 people, police said.

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Another 38 people were wounded by the 10 a.m. blast in the sprawling Shiite slum. People frantically carried survivors from the narrow muddy street to ambulances, and hauled away bodies in blankets.

The bomb was hidden in a barrel near the tanker truck, where scores of people were waiting to buy fuel, said police Col. Saad Abdul-Sada.

There were more people on hand than usual as families sought to stock up on fuel for the Muslim holy month of Ramadan, he said.

Seventeen women were among the dead, Abdul-Sada said, adding that casualties were expected to rise.

Sadr City is home to more than two million people and a stronghold of the Mahdi army -- a Shiite militia loyal to radical cleric Muqtada al-Sadr.

Leader Of Terror Group Arrested In Iraq (AP)

AP, September 23, 2006

U.S. and Iraqi forces have captured a leader of Ansar al-Sunnah, the group behind the 2004 attack on a U.S. military mess hall that killed 22 people, the prime minister's office said Saturday.

Muntasir Hamoud Ileiwi al-Jubouri and two of his aides were arrested in Al-Taeyh, about 50 miles northeast of Baghdad, said Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces — the prime minister's military office. He did not say when the arrest was made.

The Sunni militant group has claimed responsibility for numerous suicide attacks, the August 2004 execution of 12 Nepalese hostages and a December 2004 explosion at a U.S. military mess hall in Mosul that killed 22 people. It is believed to be an offshoot of another group, Ansar Al-Islam.

That group is made up mostly of Kurds with close links to al-Qaida in Iraq. It has been blamed for a number of attacks, including assassination attempts against Kurdish officials.

Ansar al-Sunna is part of the Mujahedeen Shura Council, an umbrella organization of insurgent groups — including al-Qaida in Iraq — that was co-founded by the late Jordanian-born terrorist Abu Musab al-Zarqawi.

Berming Baghdad (NSWK)

By Rod Nordland

Newsweek, September 23, 2006

At first blush it sounded like a resort to medieval siege warfare. An Iraqi Interior Ministry official announced that the government was going to build trenches around Baghdad, a circumference of 60 miles embracing a metropolis of 5 million people. Other officials here quickly denied there was such a plan, but then at a press conference in Washington, President Bush announced that U.S. and Iraqi officials had a plan to put a barricade around the city. "The enemy is changing tactics," the president said, "and we're adapting. So they're building a berm around the city to make it harder for people to come in with explosive devices, for example." Now that the cat's out of the bag, the Iraqi government is expected to announce it officially tomorrow, national-security adviser Mowaffaq al-Rubaie confirmed here in an interview today.

Officials were somewhat defensive about how to describe the measure. When the new Interior Ministry spokesman, Gen. Abdul Karim al-Kinani, called it a trench, there were inevitable comparisons to a moat. (Then he was peremptorily yanked from his first press conference by higher-ups, sparking speculation he had said too much.) Rubaie rejected descriptions of it as a wall or a berm—a centuries-old method of dirt-walling a city—instead describing it as "a physical barrier of water and soil combined with a restricted number of entries to Baghdad." Other officials, however, have described it informally as "the berming of Baghdad." Actually, U.S. and Iraqi officials say, it's a combination of trench digging, natural obstacles and berms, piles of dirt pushed in place by bulldozers, high enough to prevent vehicles from crossing. The barriers, in whatever form, will leave only 28 entrances to the city, all of which will have Iraqi police and army checkpoints to control who gets in and out.

"It certainly is happening," said U.S. military spokesman Lt. Col. Barry Johnson, in Baghdad. "We're working with the Iraqi government to make it happen, mostly using terrain features, irrigation canals and so forth, tying them in with berms and trenches and other features." The purpose, he said, was "to help stem the flow both into and out of the city in order to help control movement of illegal weapons, IED materials and anybody such as kidnapping victims who might be taken out of the city." It's not

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the first time the method has been tried in the Iraq war; several smaller communities have been bermed, and even neighborhoods in Baghdad have been blockaded to force residents through single checkpoints. After the U.S. Marines invaded Fallujah, that small city was surrounded by an extensive network of berms, particularly on minor roads.

The plan reflects a growing concern by officials at the rise in violence in the capital despite two months of the Baghdad Security Plan, which involved a large increase in U.S. and Iraqi troops and police in the city. Last month, the Americans deployed an additional 5,000 troops, most from the Stryker Brigade, to the city to cope with rising sectarian violence. U.S. troop levels in Iraq are now at the highest level, 147,000, since 2003, and are not expected to come down until next February at the earliest, Gen. John Abizaid, head of the U.S. Army's Central Command, said Tuesday. Iraqi officials want the berming to be in place in time for Ramadan, which is about to begin. Since 2003, the Muslim holy month of fasting has traditionally seen a spike in violence in Iraq.

Sectarian strife has become so severe that on Wednesday, the top U.S. military spokesman here, Maj. Gen. William Caldwell said that "most Baghdad residents do not feel safe traveling outside of their neighborhoods because of the current security situation." In addition, there has been a marked increase in attacks against American soldiers, with combat deaths averaging 2.5 a day in the first three weeks of September—compared to 1.5 a day in July, according to U.S. Department of Defense figures. Military officials are concerned that this may be related to an edict issued Sept. 7 by the leader of Al Qaeda in Iraq, Abu Hamza al-Muhajir. He called for all Sunnis "to kill at least one American within the next 15 days by sniper, or bomb or suicidal operation as the battlefield requires." After a decline in recent months, there's been a serious increase in the terrorists' most effective weapon, suicide car bombings, especially in Baghdad. Rubaie said the greatest utility of the barrier will be "controlling the cars and material coming in to make the entry of these VBIEDs difficult." VBIED stands for Vehicle-Borne Improvised Explosive Device, the U.S. military's acronym for car bombs. "We believe most of the VBIEDs have been manufactured in the suburbs of Baghdad."

Reports of the barrier have been greeted skeptically in Baghdad, partly because of the government's initial denials. “They’re trying to change Baghdad into a big Green Zone,” said Saleh Matleq, the head of the moderate Sunni-dominated National Consensus Front. “But the violence isn’t only from outside Baghdad, it’s inside as well.” And Muslim Scholars spokesman Abdul Salam al-Qubeisi, a hard-line Sunni, scoffed that "it may turn out to be a prison for the government troops, and a good benefit for the resistance. Meantime, it's just a big operation to steal Iraqi money."

Whether it helps the government control the Sunni-based insurgency and affiliated terrorist groups like Al Qaeda, the Baghdad berm isn't likely to address the city's biggest problem: its rampaging death squads. While recent figures are hard to get due to controversies around their release, murders in Baghdad were averaging 60 a day as of last month, and most observers believe the trend has continued or worsened this month. "This past week," Caldwell said Wednesday, "there was a spike in execution-style murders in Baghdad ... We believe death squads and other illegal armed groups are responsible for this type of violence." Most of the victims are found bound and shot execution style, often after torture. While there are both Sunnis and Shia death squads, the Shia ones are far more numerous, and often operate without interference from the Shia-dominated police—or even sometimes in concert with them. For the most part, death squads operate in city neighborhoods, so are unlikely to be affected by a citywide barrier.

The idea of a barrier around Baghdad, nonetheless, is a venerable one, Rubaie said. Much of the construction for it had in fact already been completed long before Iraqi officials came up with the idea. "It was there in the old regime, it was used by Saddam," he said. "We've never used it until now." Pictures of the project aren’t readily available because photographers risk being shot if they take pictures near Baghdad defense-construction crews. But there were signs Friday that parts of it were already in place, with huge checkpoints set up and searching every car on highways leading into the city from the southern outskirts of Yusufiyah and Mahmudiya, insurgent troublespots. The result was monumental traffic jams—something neither Saddam, nor his medieval counterparts, had to worry about.

Secrets In The Mountains Of Afghanistan (LAT)

By Kevin Sack And Craig Pyes

The Los Angeles Times, September 23, 2006

DOJ_NMG_0067830

The concealed deaths of two detainees at Gardez paints a troubling picture of abuse by U.S. Special Forc es units there.

First of two parts

GARDEZ, Afghanistan — After completing their deployment to this remote firebase, the Green Berets of ODA 2021 left for home covered in glory.

The 10-member Special Forces team, part of the Alabama National Guard, returned to their families in the spring of 2003 with tales to tell of frenzied firefights and narrow escapes.

Its commander had nominated each of his men — as well as himself — for medals for valor. The team's performance was heralded as evidence that the Guard could play as equals with the regular Army in the war on terrorism.

But the team also had come home with secrets.

Apparently unknown to Army officials, two detainees had died in the team's custody in separate incidents during the unit's final month in eastern Afghanistan. Several other detainees allege that they were badly beaten or tortured while held at the base in Gardez.

One victim, an unarmed peasant, was shot to death while being held for questioning after a fierce firefight. The other, an 18-year-old Afghan army recruit, died after being interrogated at the firebase. Descriptions of his injuries were consistent with severe beatings and other abuse.

A member of the Special Forces team told The Times his unit held a meeting after the teen's death to coordinate their stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, insisting on anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange.... Nobody wants to get anybody in trouble. Just sit back, and hope it will go away."

What distinguishes these two fatalities from scores of other questionable deaths in U.S. custody is that they were successfully concealed — not just from the American public but from the military's chain of command and legal authorities.

The deaths came to light only after an investigation by The Times and a nonprofit educational organization, the Crimes of War Project, led the Army to open criminal inquiries on the incidents. Two years later, the cases remain under investigation and no charges have been filed.

The Times has since reviewed thousands of pages of internal military records showing that prisoner abuse by Special Forces units was more common in Afghanistan than previously acknowledged.

More than a year before the Abu Ghraib prison abuse scandal broke in Iraq, top officers worried that harsh treatment and excessive detentions could lead to criminal prosecutions.

In one November 2002 correspondence, a high-ranking Special Operations official said military police were detecting "an extremely high level of physical abuse" of detainees transferred from Special Forces field bases to a prison in Bagram.

An operations officer with the Combined Joint Special Operations Task Force, the command supervising Special Forces teams in Afghanistan, complained in a memo that prisoners were being held for so long without charges that it "may be implied as kidnapping, a federal crime."

Early in 2003, the chief Special Forces intelligence officer in Afghanistan warned in a note to the task force commander, Col. James G. "Greg" Champion, and his top aides: "As you are all aware, alleged assaults and kidnapping [have] been occurrin g for quite some time. Again, I want to emphasize, this is not isolated."

The same officer reported another improper detention less than two weeks later, notifying Champion's staff in a memo that reflected his exasperation. "Today is Day 5 of this hostage crisis," wrote the intelligence officer, Maj. David Davis. He sai d that such unauthorized detentions amounted to "criminal conduct in my book."

There also were early warnings from outside sources about prisoner mistreatment.

In a series of meetings that began in late 2002, officials with the International Committee of the Red Cross told top U.S. commanders in Afghanistan that they had fielded a rash of detainee abuse reports involving at least five Special Forces fireb ases, according to previously undisclosed military documents.

The Red Cross representatives protested that the bases had, in effect, become short-term detention centers, without adequately trained personnel or effective monitoring, said several U.S. officials with knowledge of the meetings.

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Most of the bases singled out by the agency were under the control of National Guardsmen with the Alabama-based 20th Special Forces Group. The compound at Gardez, then occupied by ODA 2021, was portrayed as one of the worst. Detainees there alleged they were beaten, kicked, doused with cold water and deprived of sleep for days at a time.

The Army declined to comment on the cases involving ODA 2021 or more generally on allegations of detainee abuse.

Special Forces firebases in Afghanistan — often the first stop in a detainee's journey to a holding facility and possibly on to the prison at Guantanamo Bay — operated largely beyond the reach of human rights monitors, journalists and, at times, the military chain of command.

Because of their clandestine nature, Special Forces operations have been a concern to some in Congress and the State Department who worry that human rights violations could be occurring under a cloak of secrecy.

The handling of detainees in Afghanistan became a murky area after President Bush declared early in the war, launched in October 2001, that the Geneva Convention would not be applied to Al Qaeda, and Taliban captives would not be treated as prisoners of war. Instead, detainees were to be treated "humanely," according to a February 2002 White House directive.

The internal military records show that although senior U.S. commanders in Afghanistan issued warnings and distributed rules consistent with the Army field manual and Geneva Convention, those procedures were routinely ignored.

"You have so much freedom and authority over there," one member of ODA 2021 said. "It kind of makes you feel like God when you're out there in cowboy and Indian country."

The documents also show that in 2003 the leadership of ODA 2021 was repeatedly criticized by its superiors. One 20th Group officer said the Gardez ODA (for Operational Detachment Alpha) was "the most troubled" field team among nearly a dozen in Afghanistan. Another senior officer expressed concern in a note that the team was gaining a reputation as "a rogue unit."

That a small Special Forces detachment could be tied to two detainee deaths and two apparent cover-ups in less than two weeks reflected an almost perfect confluence of circumstances. They included the personality of the team, the unaccountability of its leadership, the evolution of U.S. policy on detentions, the failure of United Nations officials to report abuses, and the complicity of Afghan officials.

The story of the team's deployment, like the five-year American campaign in Afghanistan itself, is a tale of high-stakes but often conflicting goals. For the men of ODA 2021, it would be a place and time in which questionable deaths and unquestionable daring were all part of the same mission.

Hotel Gardez

The shooting war was supposedly over when about 300 National Guardsmen of the 20th Group's 1st Battalion arrived in Afghanistan nine months after U.S.-led coalition forces' December 2001 ouster of the Taliban regime. Nonetheless, it was a dangerous and chaotic time.

Al Qaeda and the Taliban were in flight, but not vanquished. The new government was trying to stand up, but it was still wobbly. And, much like today, the U.S. military struggled to balance the sometimes incompatible missions of combat and reconstruction.

As this latest rotation of U.S. Special Forces hit the ground, much of the countryside remained beyond the control of the newly installed government of interim President Hamid Karzai.

It would fall to Special Forces teams such as ODA 2021 to root out Al Qaeda and Taliban stragglers and unearth caches of weapons. In Paktia, the province that includes Gardez, the task was complicated by byzantine local politics.

Tribal warlords and bandits had skirmished for centuries over the inhospitable terrain along the porous border with Pakistan. They had only been emboldened by the power vacuums and shifting alliances created after the U.S.-led invasion.

As in centuries past, power and wealth in the region flowed to those who controlled the trade routes. In 2002, that meant controlling 17 longtime checkpoints along about 50 miles of dusty mountain road between the provincial capitals of Khowst and Gardez. Both of the detainee deaths linked to ODA 2021 came as a consequence of efforts to pacify that perilous route.

For the Americans, securing the checkpoints would help them detect militants' movements and ensure the free passage of troops and supplies. For the warlords, who were regularly accused of extorting cash or produce from truck drivers, the checkpoints afforded a means to pay and feed their militias.

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The Green Berets were prepared to remove illegally operated checkpoints by force, but Pentagon planners regarded the problem as a local political dispute that should be handled by the Afghans. Besides, the U.S. military was under pressure to move from combat operations to a reconstruction phase aimed at winning hearts and minds.

The stakes could not have been higher for Col. Champion, commander of the 20th Special Forces Group. Not only was the Army counting on his National Guard troops to perform like active-duty professionals, but Champion also had been placed in charge of the Combined Joint Special Operations Task Force.

It was the first time since the Korean War that a National Guard unit held command over all U.S. Special Forces in wartime. If Champion succeeded, a general's star awaited his lapel.

The 20th, with about 1,600 members, is one of the Army's seven active Special Forces groups, and one of only two consisting of National Guard troops. ODA 2021 belonged to the 1st Battalion, based in Huntsville, Ala., and its 10 members came from five Southern states.

Some were longtime friends and neighbors, like Sgt. 1st Class Dan L. Smith, a world-class judo competitor who ran a gym outside Nashville, and Sgt. 1st Class Scott Barkalow, a locomotive engineer. Though many of the Guardsmen had drilled together for years, most would be seeing their first combat.

The team leader, Capt. Michael M. May, 35, was a decorated Kentucky state trooper who had a cop's respect for procedure and the chain of command. A father of two, he was cautious and regarded the Special Forces as ambassadors who were helping the Afghans reclaim their country. Though some of his men were eager to round up bad guys, May focused on the team's broader mission of training Afghan troops.

"I'm going to be the one to write the letter to your kids if you get hurt or killed," he would tell his teammates.

Some clearly felt May was too passive, especially as conditions in the area deteriorated. They "wanted [us] to grab our guns and drive out the door and go do it," one team member recalled.

In Gardez, the dusty provincial capital nearly a mile and a half above sea level, the ODA settled into an adobe fort the size of a football field. They called it Hotel Gardez. It was surrounded by 25-foot mud walls and had an elevated latrine accessible only by ladder.

The region was endlessly brown, parched by drought. Being stationed there, one U.S. soldier said, was like "living in a gravel pit."

The fortress came under regular attack, most often by Taliban loyalists lobbing missiles from a pair of nearby hilltops. One day, a shell exploded in a cemetery behind the fort and the soldiers watched dogs fight over the bones of unearthed remains.

Army regulations at the base were relaxed. The Guardsmen wore bushy beards and civilian clothing, a look intended to ease their approach to locals. They also adorned the grill of a red Toyota truck with a James Brown doll, thrilling local children when, at the press of a button, it sang out: "Whoa! I feel good!"

The Warlord

From their earliest days in Gardez, the members of ODA 2021 bristled at being kept on a short leash. They were particularly eager to mount an offensive against their primary nemesis, a renegade warlord named Pacha Khan Zadran.

In an assessment sent to headquarters shortly after its arrival, the team's leaders labeled the warlord "a thug" and asked permission "to take a much stronger stance" against him.

Pacha Khan was an imposing figure. With heavy eyebrows, a thick dyed mustache and trademark bandolier, he resembled a Pashtun Pancho Villa.

As the leader of the Zadran tribe, he commanded 300 to 600 armed men and, with American backing, had helped fight the Taliban. He also controlled various checkpoints along the Khowst road.

CIA and Special Forces operatives who dealt with Pacha Khan (or PKZ, as they called him), described him as brutish, mercurial and unstable. "I thought he was a windbag and a bully and just out for the money," said one U.S. intelligence analyst.

But Pacha Khan's stature grew when he became one of the signatories to the December 2001 Bonn agreement that formed the transitional Afghan government. Karzai rewarded his support by naming him governor of Paktia, then rescinded the decision after Afghan military commanders in Gardez refused to cede power to the warlord.

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Pacha Khan responded by furiously bombarding Gardez in the spring of 2002. American forces were caught in the middle of the rocket attacks and the policy confusion over how to deal with the warlord.

CIA operatives and Special Forces tacticians hatched a number of plans to capture and imprison him, but senior officials in Washington always resisted. The havoc he wrought was exactly the kind of intra-Afghan dispute that the Defense Department insisted should be dealt with by the Karzai government.

Denied its preferred option, the CIA tried intimidation. As Pacha Khan was leaving a confrontational meeting at the Gardez firebase, intelligence officials arranged for three jets to buzz the compound in a display of American might. The low-level flyover sent the warlord diving beneath his car, toppling his turban, according to a witness.

Then U.S. officials embraced a plan by Gen. Atiqullah Lodin, an Afghan military commander, to pay Pacha Khan's checkpoint commanders to defect to the government. Lodin said in an interview that the CIA put up the cash. Military correspondence shows that the agency contributed at least $100,000.

One who defected for dollars was the commander of the strategic Sato Kandaw checkpoint, Ahmad Naseer, who told The Times the CIA gave him $3,000 and a pickup truck. He said an agent photographed him accepting the payoff.

By November, however, ODA 2021 had begun receiving reports that the checkpoint shakedowns had resumed.

The team's patience was already wearing thin when, on the morning of Nov. 27, 2002, a unit convoy was ambushed while passing through a steep draw on the Khowst road. The soldiers had just picked up the 1st Battalion commander, Lt. Col. Steven W. Duff, who was headed to Gardez for a Thanksgiving visit despite warnings about security along the road.

"We told him if he wants to come see us, take a helicopter — don't come down the Khowst road," a team member recalled. But Duff insisted. As his red Toyota sped through the kill zone, a sniper round slammed through Duff's left thigh.

Dan Smith and Sgt. 1st Class Jason Howard ran off the snipers, and Duff was evacuated by helicopter. Indebted to the team, he recommended Smith and Howard, the team's senior medic, for the Bronze Star.

The team took it personally that its battalion commander had been wounded while in its care. After Pacha Khan quickly emerged as the prime suspect, the ODA redoubled its efforts to have him listed as a high-value target.

But the warlord was considered "a pseudo political figure" -- untouchable unless they could tie him to the Taliban or Al Qaeda, according to an official of the Special Operations task force. If they could, he wrote, "the ballgame changes completely."

He concluded: "We do not want to get in the middle of Afghan politics, even if he is a shithead who deserves to spend a decade or two at Gitmo."

'Smear Campaign'

Five days after Duff was shot, a commando task force made an unexpected visit to the Gardez firebase in pursuit of a top-tier target believed to be in the area.

The complex mission called for ODA 2021 to join the operation, but no one had bothered to inform the team. The team's commander, Capt. May, refused to go along because of inadequate planning, according to several 20th Group officials and documents reviewed by The Times.

May's refusal infuriated the Delta Force officer in charge of the commando task force, the officials said. A month later, on his way out of the country, the officer delivered a four-page memo to Special Operations officials, in effect accusing May of cowardice and dereliction of duty.

At Champion's request, Duff looked into the accusations. Though he ultimately dismissed them as unfounded and "a smear campaign," he learned that many on May's team considered him a tentative leader, more focused on bringing his men home alive than on attacking the enemy. Duff reassigned May to the battalion's operations center in neighboring Uzbekistan.

Though Duff insisted that the transfer was unrelated to the criticism, May saw the reassignment as "a career-ending thing," said one 20th Group colleague. "Mike was stressed about this," the colleague said. He "was devastated."

In an interview, Duff said he had intended to transfer May anyway to season him for promotion. May, who referred requests for an interview to the 20th Group public affairs office, was in fact promoted to major and given a company command after returning to the U.S.

May's removal heartened those on the team who wanted to conduct more "posse operations" in the manner of the Army's Delta Force and the Navy's SEALs.

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"This was an aggressive, door-kicking bunch," said one 20th Group official, "and Mike May was the control rod."

Bamian Mutiny

More than 100 miles to the northwest, in Bamian, another Green Beret team was having its own leadership problems. For many in ODA 2015, Chief Warrant Officer Kenneth C. Waller, their team commander, was too hungry for a fight and had a habit of planning risky missions without their input.

Waller was not a weekend warrior but a full-time National Guardsman. He worked at 20th Group headquarters in Birmingham and was perceived by many to be Col. Champion's "golden child." He declined to be interviewed for this article.

Late in November 2002, Waller's team discovered a large cache of weapons in the nearby Kahmard Valley. They linked it to a warlord suspected of supporting Al Qaeda leader Osama Bin Laden.

Waller carried the news directly to Champion's command, bypassing his 1st Battalion superiors. He argued for a full assault on the area, peppering his entreaties with reminders of 9/11 and imploring commanders to "think war."

His end runs, and his flamboyant prose, incensed Waller's superiors at headquarters. They were so annoyed by his tendency to act on his own that they marked his periodic sightings on a wall map, calling the exercise "Where's Waller?"

The team leader had trouble within his own ranks as well. The Bamian unit's senior noncommissioned officer, Master Sgt. Pasquale "Jim" Russo, sent a defiant note to battalion officials in December openly challenging Waller's proposal to raid an area that was thick with enemy fighters. "I can't think of many more principles of combat that we have not violated," Russo said of the plan.

The operation was temporarily scrubbed, redesigned and its planning assigned to a different team.

Not long after Russo's complaint, a sizable contingent of the 2015 team let battalion leaders know they preferred not to serve under Waller, several members said. It was an almost unthinkable act of mutiny.

After Maj. Tony Wheeler, a top 1st Battalion official, arrived in Bamian in early January to head the provincial reconstruction team there, he reported to Duff that the trust between Waller and his men had deteriorated beyond repair. "The team seems to see Ken as a loose canon [sic] who might get them killed for no reason," he wrote.

Duff relieved Waller of his command in Bamian and ordered him to Gardez as Capt. May's replacement. Champion signed off on the transfer. However, Duff acknowledged making the decision over the warnings of his own staff. His aides cautioned that Waller would be even less controllable in Gardez and that inserting him into the conflict with Pacha Khan might make things combustible.

"It was like throwing a match into gasoline," one Special Forces official said.

Chaotic Mission

Back in Gardez, ODA 2021 was between commanders on the night of Feb. 6, 2003, when the team set out on a "snatch mission." The plan was to swoop into the nearby village of Neknam and seize two men suspected of having ties to the Taliban.

The first was taken without incident. But before team members could grab the second, they came under intense fire that left two soldiers pinned against a wall. The team responded with small arms and hand grenades.

Because the leaderless team had failed to file proper operational plans, headquarters had no idea who was in command on the ground. To those monitoring radio communications from the scene, it appeared that U.S. forces might be attacking one another in the dark. That also made it unsafe to call in airstrikes to help end the battle.

Both suspects were finally captured, but almost immediately the team was blistered with high-level criticism.

"As you can imagine, this makes everyone in this unit look like amateurs and incompetent as well," Lt. Col. Robert E. Biller, a top Special Operations task force official, wrote to 20th Group counterparts. Biller characterized the chaotic mission as a "goatscrew."

Col. Champion promptly confined the team to its base. Then he and his staff set out to control the damage. Champion personally briefed Lt. Gen. Dan McNeill, commander of U.S.-led forces in Afghanistan. Champion's aides later reported he had succeeded in stressing the intelligence value of the captured detainees rather than the team's blunders.

"Things have died down," Maj. Jeff Pounding, a Special Operations task force official, wrote to subordinates in the 1st Battalion the following day. "We turned the emphasis of operation of a 'rogue team' to a 'time-sensitive PUC operation.' " PUC, or "person under U.S. control," was shorthand for detainee.

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But the missteps continued. Two days after the raid, the team in Gardez transferred two detainees to the Bagram Collection Point, a U.S. holding facility. The detainees arrived "bagged," their mouths taped and hoods secured around their necks, according to military documents.

"As you well know," Pounding wrote to battalion officials, "this is a significant violation of the PUC handling procedures. Bagram detention facility may be doing an investigation."

Red Cross Warnings

There should have been little confusion over detainee policy among members of the 20th Special Forces Group. Champion had distributed the Army's guidelines when the 20th deployed to Afghanistan, and they had been reissued when reports of abuse first made their way to headquarters.

Only detainees found to meet Pentagon criteria for prolonged imprisonment, such as those with clear ties to Al Qaeda or the Taliban, were to be transferred to Bagram. Fearing that innocents might wind up at Guantanamo, Gen. McNeill had stressed to subordinates that he wanted terrorists, not truck drivers and farmers, said a civilian military advisor.

But it wasn't always easy for soldiers to tell the difference. Given the constant threat of ambush, their instinct often was to detain first and ask questions later. The Pentagon criteria provided plenty of latitude, allowing the detention of any suspects "who pose a threat" or "who may have intelligence value."

There was supposed to be a 96-hour limit on battlefield detentions. Sometimes prisoner transfers to Bagram were delayed because helicopters weren't available. But at other times, one 20th Group official said, Special Forces teams extended their prisoners' stays in hopes of extracting better intelligence.

State Department officials in Afghanistan said the teams seemed not to care that their door-kicking roundups and prolonged detentions might stoke local resentment even as the Army was trying to build bridges.

"They felt ... there was carte blanche to carry out actions and there would be little repercussion if they made tactical mistakes," said a State Department official who asked not to be named.

By the end of 2002, the Red Cross had relayed early complaints of prisoner mistreatment to top U.S. military officials in Afghanistan. On Jan. 10, 2003, officials of the organization met with Gen. McNeill's staff, describing the 20th Group's firebases as some of the worst offenders.

Two weeks after the Red Cross meeting in Afghanistan, Defense Secretary Donald H. Rumsfeld convened a working group in Washington to recommend whether the list of approved anti-terrorism interrogation methods should be expanded. McNeill asked his various intelligence-gathering units to assess the techniques that were in use in Afghanistan.

Despite the Red Cross allegations, the 1st Battalion's chief intelligence officer reported back that there were no problems. "I have not witnessed any abuse or maltreatment of PUCs," Capt. Steven D. Perry wrote. "When they detain a person, I have faith that it is for a very good reason."

On Jan. 24, 2003, McNeill's command reported on its interrogation techniques in a memo to the Pentagon. The list conformed to the Army field manual's approved battlefield methods, but the memo also requested approval of "more aggressive, creative and flexible techniques."

The wish list included food deprivation for up to 24 hours, sensory overload through loud music and extreme temperature changes and the use of muzzled dogs to create "controlled fear." Some of the requested procedures might need to be assessed for compliance with Pentagon rules for humane treatment, the memo acknowledged.

However, according to the Red Cross, many of the more coercive techniques were already being used at some of the firebases.

Blood and Grudge

ODA 2021's new commander took charge in Gardez on Feb. 7 as recriminations were still flying from the "time-sensitive PUC operation" in Neknam. For a team chafing at the second-guessing of its missions, Ken Waller's arrival was a welcome relief.

"He wanted to be aggressive," said one team member. "We knew he had problems with his other team, but he fit right in with us."

Another team member said Waller quickly won respect. "He seemed very competent and certainly wasn't afraid in combat," he said. In mid-February, only 12 days after he had taken command, Waller and his team were returning from patrol along a road

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blanketed with 5 inches of snow. The red Toyota — the same truck Duff had been shot in — rumbled along in the middle of a five-vehicle convoy.

Staff Sgt. Mark "Marco" Deliz, a team engineer from Oneonta, Ala., tried to steer precisely through the tread marks carved by the two vehicles ahead. But his front right tire strayed a few inches and hit a land mine.

The explosion blew the truck 6 feet into the air, military reports said. Watching in horror from the vehicle behind, Waller could not imagine that anyone had survived.

With blood streaming down his face, Deliz stumbled out the driver's door, brushing the remains of a foot from his lap. It belonged to his teammate and passenger, Scott Barkalow, the 40-year-old intelligence sergeant from Burns, Tenn.

Deliz determined that Barkalow was still alive and gestured for someone to radio for a helicopter. Staff Sgt. Philip S. Abdow, a junior medic who had joined the team six weeks earlier, wrapped what remained of Barkalow's right leg.

After the unnerving incident, the medic accompanied Barkalow on his helicopter evacuation. Abdow reportedly acted so frantically during the flight, barking orders and cursing, that the copter crew later complained to Special Operations officials.

He was recalled to battalion headquarters for evaluation before being cleared to return to the field, according to a 20th Group officer familiar with the incident. Abdow did not respond to requests for an interview.

By several accounts, the attack had a profoundly sobering effect on the team. Before the explosion, members had merely been frustrated by political constraints on their activities. Now they shared Barkalow's loss — and some nursed an abiding grudge.

"You get mad when you see your buddies blown up," one team member said. "You stay pissed off about it."

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Next: Detained, then dead.

About this series

"Firebase Gardez" examines the deployment to Afghanistan of a decorated Alabama National Guard unit. It is the result of a yearlong investigation in the U.S. and Afghanistan by Times staff writer Kevin Sack and freelance investigative journalist Craig Pyes. It was written by Sack.

Pyes, a two-time Pulitzer Prize winner and frequent contributor to the newspaper, reported from Afghanistan jointly for The Times and the Crimes of War Project, a Washington-based nonprofit that describes itself as "a collaboration of journalists, lawyers and scholars dedicated to raising public awareness of the laws of war." In 2004, the group provided The Times with the first evidence of an unreported Afghan death in U.S. custody and joined with the newspaper to investigate further. That led to a military inquiry by the Army's Criminal Investigation Command that continues today.

The Times reviewed thousands of pages of internal military documents that include the period when a 10-member Special Forces combat team called ODA 2021 (for Operational Detachment Alpha) was assigned to the firebase at Gardez.

Every member of the team was contacted. Most declined to be interviewed or referred reporters to public affairs officers. The Army and all of its subordinate commands — the U.S. Central Command, U.S. Special Operations Command, Army Special Forces Command, 20th Special Forces Group and the Alabama National Guard — declined to comment.

Times researchers Nona Yates and Janet Lundblad contributed to these reports.

UN Report Details Human Rights Violations In Iraq (MCT)

By Mark Brunswick

McClatchy Newspapers, September 23, 2006

BAGHDAD, Iraq - A new report on human rights violations in Iraq documents how devastatingly easy it is to die here - and how increasingly difficult it is to live.

The report, prepared by the United Nations Assistance Mission for Iraq, said a breakdown of law and order threatens the fabric of life. Militias, death squads, organized crime and people who are "taking the law into their own hands" are filling the vacuum left by a central government incapable of providing stability.

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The report documented how perilous everyday life is in Iraq for lawyers, journalists, police recruits, travelers and street vendors.

Women are particularly vulnerable. Strict Islamic groups limit women's freedom of movement outside their homes and restrict their access to health care and education. In addition, there are reports of women facing threats and death when they're accused of damaging the honor of their families by having sex outside marriage or leaving home without permission.

In northern Iraq, for instance, "burning" was listed as the cause of death for half of the 112 women killed in Irbil and two-thirds of the 163 killed in Sulaimaniyah in the first six months of 2006. Several women's rights activists have told the United Nations that "fire accidents" often cover up "honor" crimes committed by the family.

During July and August, a record-high 6,599 people were killed in Iraq, including 5,106 in Baghdad, according to the report. Bodies showing up at the Baghdad morgue were missing teeth, skin and eyes and had burns from acid.

In an earlier report, at least 12 men were reported killed this year for being homosexuals. Extremist groups reportedly have said they would begin killing family members unless the men are turned over to them or killed.

Members of the Sabean-Mandean minority, whose religion combines Babylonian, pre-Islamic, Persian and Christian beliefs, are in danger of extinction in Iraq, where their history goes back thousands of years, because so many have been killed or forced to emigrate, the latest U.N. report said.

People taken hostage by gangs wearing police or Special Forces uniforms are being sold to other gangs. There are unconfirmed reports that many of those who have disappeared are being kept in illegal detention centers.

Many residents have reported receiving letters telling them to evacuate their homes, with instructions not to sell or rent the properties they'll leave behind. One man reported that he'd been beaten by members of a Sunni Muslim extremist group using electrical cables and iron bars to force him to tell his religious affiliation.

"The inability of state institutions to bring perpetrators of human rights violations to justice, and the resulting recourse of ordinary citizens to seek private retributive justice, risk polarizing Iraqi society to a previously unknown degree," the report said.

U.S. forces have made a crackdown on sectarian violence in Baghdad their priority in an operation with Iraqi forces called Operation Together Forward.

The U.S. general in charge of coalition forces in the city, Maj. Gen. James Thurman, said Friday that when the operation began in June, he asked the Iraqi Defense Ministry for a brigade, or about 3,000 troops. It so far has provided two battalions, or about 1,000 troops.

Thurman said the ministry was working on the problem and he expected he would get the additional troops within the next few weeks.

There are 15,000 U.S. troops in Baghdad and 54,000 Iraqi troops.

McClatchy correspondent Drew Brown contributed to this report from Washington.

In Iraq, A Journalist In Limbo (WP)

By Tom Curley

The Washington Post, September 23, 2006

Bilal Hussein, an Iraqi photographer who helped the Associated Press win a Pulitzer Prize last year, is now in his sixth month in a U.S. Army prison in Iraq. He doesn't understand why he's there, and neither do his AP colleagues.

The Army says it thinks Bilal has too many contacts among insurgents. He has taken pictures the Army thinks could have been made only with the connivance of insurgents. So Bilal himself must be one, too, or at least a sympathizer.

It is a measure of just how dangerous and disorienting Iraq has become that suspicions such as these are considered adequate grounds for locking up a man and throwing away the key.

After more than five months of trying to bring Bilal's case into the daylight, AP is now convinced the Army doesn't care whether Bilal is or isn't an insurgent. The Army doesn't have to care. Bilal is off the street, and the military says it doesn't consider itself accountable to any judicial authority that could question his guilt.

But Bilal's incarceration delivers a further bonus. He is no longer free to circulate in his native Fallujah or in Ramadi, taking photographs that coalition commanders would prefer not to see published.

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Anbar province is a hot zone in a hot country. Violence and lawlessness there have been a special problem for U.S. forces nearly since they arrived in Iraq, which means the flow of breaking news has been continuous, much of it bad.

U.S. journalists are severely limited in their ability to move safely, make themselves understood and develop sources in such areas. AP has learned to overcome those limitations, using techniques honed over decades of covering sectarian confrontation and bloodshed in the Middle East.

It has long been AP practice to hire and train local people in the agency's permanent international bureaus. Many become highly skilled career journalists who remain with the Associated Press for decades. Several are second-generation staffers. Their work has never been more important to the Associated Press and the global audience that relies on our reporting.

Without their access and insight into what is happening in their countries and communities, our understanding of the history being made there every day would be shallow and one-dimensional. It would also be far more vulnerable to control and spin by "official" sources.

Both official and unofficial parties on every side of a conflict try to discredit or silence news they don't like. That is certainly the case in Iraq, where journalists are routinely harassed, defamed, beaten and kidnapped. At last count, 80 had been killed.

Bilal Hussein is part of the latest generation of Associated Press hires in the Middle East. He was a shopkeeper in Fallujah, selling mobile phones and computers. Although he had a degree from the Baghdad Institute of Technology, it was the best opportunity available in the fractured Iraqi economy.

AP first hired him as a translator and driver. He proved smart and trustworthy, and was already comfortable with the phones, laptops and cameras that are tools of the journalist's trade. Within months, he was taking professional-quality pictures, including one of insurgents engaged with coalition forces that was part of AP's Pulitzer Prize-winning photography entry last year.

Bilal has shared the hardships of all Iraqis in disputed areas -- hardships that are worse for journalists, whose job is to get as close as they can to places where guns and bombs are being used. His home has been riddled with gunfire. His family has fled. At least once he had to ditch his camera equipment to run for his life.

He faces what may be greater dangers now. From prison, he has told his attorneys that he fears he is a marked man among the detainees, who now know he is a journalist working for a Western news service. Meanwhile, agents of the most powerful country on Earth have labeled him an enemy. They say they have evidence to satisfy themselves, and don't need to prove it to anyone else.

As the organization that handed Bilal the camera that helped put him where he is today, the Associated Press cannot turn its back on him. We cannot dismiss Bilal's insistence that he is not an insurgent solely on the strength of the unexamined suspicions offered by the U.S. military.

If Bilal has done something wrong, the Iraqi courts stand ready to try him. Iraqi authorities have asked more than once that he and other Iraqi citizens in prolonged U.S. military custody be turned over to them for due process. We ask the same.

The writer is president and chief executive of the Associated Press.

Army Corps Faked Budget Entries (LAT)

By T. Christian Miller

The Los Angeles Times, September 23, 2006

Funds for Iraq work, set to expire, were stashed. It's called improper, but not criminal.

WASHINGTON — The Army Corps of Engineers improperly created fake entries in government ledgers to maintain control over hundreds of millions of dollars in spending for the reconstruction of Iraq, according to a federal audit released Friday.

Corps officials listed $362 million in potential contracts for a nonexistent contractor labeled "Dummy Vendor" in a government database, an accounting trick to preserve funds due to expire at the end of this fiscal year, the audit said.

"They took this money and parked it to use later," said one senior U.S. official who requested anonymity because he was not authorized to elaborate on the audit.

"It's improper. It's wrong. This is not the way you do government business."

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Corps officials acknowledged Friday that the technique was improper but said that there was no intent to deceive. They said that the entries were designed to ensure that the government had enough money on hand to pay contractors already at work in Iraq.

After being confronted with the audit's findings, corps officials changed the entries in the database to reflect that the money was being used to close down existing contracts in Iraq, the agency said.

"It wasn't the proper bookkeeping way to do this," said Suzanne Fournier, the corps' chief spokeswoman. "Apparently someone didn't understand that."

The audit by the Special Inspector General for the Reconstruction of Iraq is the latest to raise questions about accounting for the multibillion-dollar program, which has been plagued by accusations of waste, fraud and corruption.

At issue is $18 billion in funding approved by Congress in November 2003 to build new schools, power stations and sewage treatment plants in Iraq. At the time, Congress ordered that the funds be spent by Sept. 30.

Iraq's violence and continually shifting government priorities bogged down the pace of the rebuilding effort, leaving the corps with nearly $1 billion still to spend.

To prevent the money from reverting back to the Treasury, Corps officials in Iraq listed the "Dummy Vendor" as receiving 96 different contracts to build infrastructure for oil, electricity and other sectors, the audit said.

Such accounting trickery is not confined to Iraq.

The U.S. Special Operations Command, based in Tampa, Fla., was accused of "parking" $20 million in 2003, leading to language in this year's Defense Department budget to criminalize the practice.

That bill has yet to pass, and the inspector general for Iraq, Stuart Bowen, found no criminal wrongdoing involved in the corps' use of the dummy vendor. "We do not believe … there was any attempt to mislead on the true status" of the contracting process, the audit said. Bowen was in Iraq and unavailable for comment.

The audit marks the second time in recent months that a government agency has been charged with accounting improprieties.

The U.S. Agency for International Development was accused in June of resorting to accounting tricks in an effort to hide the spiraling costs of a children's hospital in Iraq, a project that received special backing from First Lady Laura Bush.

San Francisco-based Bechtel, the chief contractor, was removed from the project after the inspector general determined that the cost to finish the hospital had soared from $50 million to almost $170 million.

U.S. officials now hope to have an Iraqi company finish the work.

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Judge Dismisses Halliburton Suit (WP)

By Griff Witte

The Washington Post, September 23, 2006

A federal judge in Texas yesterday threw out a lawsuit against Halliburton Co. that had been brought by survivors and the families of those killed when a fuel convoy was assaulted by insurgents outside Baghdad in April 2004.

The suit had claimed Halliburton bore responsibility because the company knew the proposed route was the scene of a pitched battle but decided to send the drivers anyway. U.S. District Judge Gray H. Miller ruled that the Army had played a key role in sending the convoy and that it was not his place to second-guess that decision.

"The contracts show that the Army, not the defendants, was responsible for the security of the convoys," he wrote.

Miller, appointed by President Bush, added that the court "cannot try a case set on a battlefield during war-time without an impermissible intrusion into powers expressly granted to the Executive by the Constitution."

T. Scott Allen Jr., who represented the plaintiffs in the case, said that logic gives Halliburton carte blanche in Iraq, where it has been the United States' largest contractor.

"We disagree with the court's decision and intend to appeal," Allen said. "The way I read this decision, anything Halliburton does in Iraq is not subject to oversight or review."

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Sen. Byron L. Dorgan (D-N.D.), who held a Democratic Policy Committee hearing on the truck drivers' claims on Monday, said he had similar concerns. "This appears to give very broad immunity to the contractor," Dorgan said. "That's an unfortunate result from the standpoint of the rights you would expect an American citizen to have. It's very troubling."

Halliburton denied wrongdoing in the case, and it had argued it could not be sued because it was operating under orders from the Army. The company issued a statement yesterday pointing to language in the ruling saying that the court could not hear the case because it "would have to substitute its judgment for that of the Army."

Since the war began, Halliburton has been the target of frequent criticism by Democrats, who feel the company benefited unfairly from its connections to the Bush administration. Much of that criticism has focused on charges that the firm, which was once run by Vice President Cheney, has earned lucrative profits in Iraq at the expense of taxpayers and soldiers.

The truck drivers' case was among the first to raise the question of whether Halliburton and its subsidiary KBR Inc. are doing enough to protect employees. KBR and its subcontractors have lost 91 employees to violence in Iraq, Afghanistan and Kuwait.

This case revolved around an incident on April 9, 2004, when insurgents attacked a KBR fuel convoy, killing seven civilians and injuring at least seven more. Drivers who survived the attack, as well as other former Halliburton employees, later said the company should have known the convoy would face extreme danger because of intense fighting along the convoy route over the previous two days. Sean A. Larvenz, who was in a different Halliburton convoy that day, said he had warned his bosses about the fighting but that they sent the doomed convoy anyway.

"As long as trucks rolled," he told senators this week, "they got paid."

Afghanistan: Successes And Setbacks 5 Years Later (WSJ)

The Wall Street Journal, September 23, 2006

The Taliban: From 2002 to 2005, Taliban activity was relatively low. But in recent months Taliban and other insurgents have stepped up attacks, targeting U.S. and NATO troops and deploying new tactics. Last year, there were about 15 suicide attacks, compared with four in 2004, according to the State Department.

Public support for the Taliban appears low. Last year, 8% of Afghans said they had a favorable opinion of the Taliban, down from 13% the year before, according to Charney Research, New York.

Opium: Since the fall of the Taliban, annual opium production has reached record levels. This year more than 400,000 acres of Afghan land have been cultivated for opium poppy, up from 20,000 acres in 2001, according to the U.N.

While the government recognizes poppy production as a problem, it has been unwilling to unleash a campaign to eradicate the fields lest it go to war with the estimated 2.9 million people -- 12.6% of the population -- involved in opium cultivation.

--Lauren Ette

* * *

FACTS

About 5.2 million Afghan children -- half the total number -- attend school, up from 800,000 in 2001. Of those, about 525,000 are girls, up from nearly zero in 2001.

Opium sales are expected to generate about $3 billion this year -- equivalent to about 35% of Afghanistan's GDP. This year a record 6,100 tons of opium have been produced -- 92% of world supply. That's up from 4,100 last year.

Afghanistan is one of the world's most heavily mined countries. It has as many as seven million mines. In 2004, there were 878 deaths from land mines, second behind Cambodia, according to Landmine Monitor.

Al Qaeda and Taliban in Afghanistan have been known to hide in a network of caves -- some up to 100 feet deep. Most were dug during the Soviet invasion in the 1980s.

More than 3,400 Iranian law-enforcement officers have died in clashes with armed drug traffickers along the Afghanistan-Iran border over the past 20 years, according to the U.S. State Department. Iran spends as much as $800 million every year on drug interdiction.

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Afghanistan's military expenditures amount to about 12% of its GDP, according to the World Bank. Pakistan and the U.S. both spend about 4% of their GDP on the military. There are about 33,000 soldiers in the Afghan National Army, compared with about 619,000 in the Pakistan army.

* * *

POINTS OF VIEW

"Over the past year, our efforts to build Afghanistan into a stable, prosperous and democratic polity have encountered setbacks. We have seen terrorism rebounding as terrorists have infiltrated our borders to step up their murderous campaign against our people."

-- Afghan President Hamid Karzai, addressing the U.N.

"If Afghanistan does not complete its democratic evolution and become a stable state, it's going to come back to haunt us."

--Secretary of State Condoleezza Rice

"It is clear that some of the terrorists, the spoilers think they can win in the south. They are wrong. Because they cannot win, they will not win."

--NATO Secretary General Jaap de Hoop Scheffer

"I don't see a danger of NATO or the U.S. losing control entirely, but it's clear we're in for a prolonged struggle against the Taliban. If we're not ready for that, it's going to be a problem."

--David Bosco, the Carnegie Endowment for International Peace

* * *

BY THE NUMBERS

19 Laborers Killed In Border Area (WP/AP)

The Washington Post, September 23, 2006

KABUL, Afghanistan, Sept. 22 -- Insurgents ambushed a bus carrying construction workers in the country's volatile south Friday, killing 19 of the laborers, and Afghan and NATO forces said they killed 35 Taliban guerrillas in two firefights.

The attack on the bus in Kandahar province began when a roadside bomb exploded near the vehicle, said Zemeri Bashary, the Interior Ministry spokesman. Some laborers may have been killed by the bomb, while others were shot by gunmen who subsequently opened fire, he said.

The attack occurred in Shorabak district, a remote area of Kandahar province that borders Pakistan about 110 miles south of Kandahar city. Southern Afghanistan has experienced a surge of violence this year, fueled by a resurgent Taliban and a growing drug trade.

In neighboring Uruzgan province, police officers killed 25 Taliban fighters in a battle in Chorah district, about 200 miles southwest of Kabul, according to the provincial police chief, Gen. Kasam Khan. One policeman was killed.

NATO forces and Afghan police officers also fought Taliban insurgents in nearby Helmand province, killing 10 of them, NATO said. One Afghan policeman was killed, said Ghulam Rasool, the Garmser district police chief.

Karzai Makes Appeal To Canadian Public (WP)

By Doug Struck

The Washington Post, September 23, 2006

TORONTO, Sept. 22 -- Afghan President Hamid Karzai made a forceful argument Friday for keeping Canadian troops in his country, appealing to a Canadian public wavering over growing casualties and the rise in fighting there.

Speaking to a joint session of Parliament in Ottawa, Karzai repeated his call to take the fight to the border areas of Pakistan, where he said Taliban leaders have received money, assistance and shelter since being ousted from power in Afghanistan after the attacks of Sept. 11, 2001.

"Unless we go to the roots of terrorism, to where they are trained, where they are equipped, where they get inspiration, the world will not be a safer place for all of us, Afghanistan nor any other country," he said.

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Canada's 2,200 troops have taken the lead among NATO forces fighting the Taliban in southern Afghanistan. Thirty-six Canadian soldiers have been killed, and public support for Canada's role has dropped steadily. The public was stunned this week by the deaths of four soldiers targeted by a suicide bomber as they gave candy to children.

"There's a real, growing sense of futility and hopelessness that our best efforts in Afghanistan may not produce a positive result," said Frank Graves, president of EKOS Research in Ottawa. "Canadians are very gloomy about the mission."

More Canadians now oppose their country's military involvement there than support it, according to a poll conducted by EKOS for the Toronto Star. Five years ago, 62 percent of Canadians supported the mission. By last week, that figure had dropped to 38 percent in favor and 49 percent opposed, according to EKOS.

Karzai met on Friday with families of soldiers, and he repeatedly thanked Canadians for their help.

"They have sacrificed so we in Afghanistan may have security, and they have sacrificed to ensure the continued safety of their fellow Canadians from terrorism," he said of the fallen soldiers.

"The tragedy of September 11 showed in a terrible way the flaws of the argument against helping Afghanistan," he said. "It showed that the cost of ignoring Afghanistan was far higher than the cost of helping it."

Opponents of the military mission say that the Canadian people had expected a peacekeeping role in Afghanistan for their troops, who now find themselves in direct warfare for the first time since the Korean War.

"Something is fundamentally wrong with this mission," Jack Layton, head of the opposition New Democratic Party, said in an interview from Ottawa. "The path we are on right now does not seem to be working and does not seem to have any particular end in sight."

Layton's party has called for a withdrawal of Canadian troops by the end of February. Other opposition parties in Canada have demanded that the minority government of Prime Minister Stephen Harper devote less effort to the war and more to rebuilding Afghanistan.

Harper is not backing down. He said Friday that Canadian troops must honor a commitment to stay until at least 2009, and perhaps longer. "We never will leave until the work is done," Harper told a rally of supporters on Parliament Hill. He spent much of his maiden speech to the U.N. General Assembly on Thursday appealing for more help in the fight against the Afghan insurgents.

"The success of this mission is vital to the health and future of this organization," he said in New York. "This is the United Nations' strongest mission and therefore our greatest test. Our collective will and credibility are being judged."

Despite appeals by the United Nations and top NATO commanders for additional forces, other NATO countries have been slow to pledge help for the effort.

Afghan Girls, Back In The Shadows (WP)

By Pamela Constable

The Washington Post, September 23, 2006

SHEIKHABAD, Afghanistan -- In a small, sunlit parlor last week, 20 little girls seated on rush mats sketched a flower drawn on the blackboard. In a darker interior room, 15 slightly older girls memorized passages from the Koran, reciting aloud. Upstairs was a class of teenage girls, hidden from public view.

The location of the mud-walled home school is semi-secret. Its students include five girls who once attended another home school nearby that was torched three months ago. The very existence of home-based classes is a direct challenge to anti-government insurgents who have attacked dozens of schools across Afghanistan in the past year, especially those that teach girls.

"We are scared. All the home schools are scared. If I even hear a dog bark, I don't open the gate. I go up on the roof to see who is there," said Mohammed Sulieman, 49, who operates home schools for girls in several villages in the Sheikhabad district of Wardak province.

Children's education was once touted as an exceptional success in this struggling new democracy. Within two years of the 2001 overthrow of the Taliban, an extremist Islamic movement that banned girls' education and emphasized Islamic studies for boys, officials boasted that 5.1 million children of both sexes were enrolled in public schools. These included hundreds of village tent-schools erected by UNICEF.

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Now that positive tide has come to a halt in several provinces where Taliban insurgents are aggressively battling NATO and U.S. troops, and has slowed dramatically in many other parts of the country. President Hamid Karzai told audiences in New York this week that about 200,000 Afghan children had been forced out of school this year by threats and physical attacks.

According to UNICEF, 106 attacks or threats against schools occurred from January to August, with incidents in 31 Afghan provinces. They included one missile attack, 11 explosions, 50 burnings and 37 threats. In the four southern provinces under serious assault by Taliban forces, UNICEF said, nearly half of the 748 schools have stopped operating.

"With all that the children of Afghanistan have gone through, to expose them to this kind of violence is appalling," Bernt Aasen, the UNICEF representative here, said in a recent statement. He warned that the country's progress in education could be reversed, adding that the attacks "undermine the very fabric of the future of Afghan society."

In the southern province of Kandahar, all schools are now closed in five districts. Attackers have thrown hand grenades through school windows and threatened to throw acid on girls who attend school. In neighboring Helmand province, a high school principal was beheaded, a teacher was killed by gunmen on motorbikes, and half a dozen schools were burned by arsonists. Three districts in the province have closed all their schools.

During the 1990s, a decade of civil conflict and religious repression, education stagnated across Afghanistan. Many teachers fled the country, and many middle-class families educated their children abroad. For those who remained behind, especially in rural areas, public education became virtually inaccessible, especially for girls. In some areas, female literacy fell to less than 1 percent.

Today, most Afghans appear eager to make up for lost time. Their thirst for knowledge is strong, although public education remains controversial for girls in many rural areas, especially once they reach puberty and are barred by custom from mixing socially with boys. In northern provinces, where the Taliban threat is minimal and tribal customs tend to be more modern, many communities have welcomed foreign offers to build schools for girls.

One such community is the tiny village of Mollai in Parwan province, a lush but impoverished region of rushing streams and green, terraced fields. This summer, the U.S. Army built an eight-room elementary school for 300 girls in Mollai -- the first ever in the area. During a recent visit by a reporter to the third-grade class, every student in the room said she was the first girl in her family to attend public school.

"There are still a few parents who don't want their daughters to come, but we keep talking to them until we satisfy them," said the teacher, Mahmad Agul, 25. "We lack everything here -- paved roads, electrical power, deep wells, clinics. But this school was our highest priority."

Gul Khanum, 11, said her parents were farmers who could not read, but that she hoped one day to become a doctor. Nazia, 10, stood to recite in Pashto a poem about nature, speaking nervously but without a hitch. Afterward, she said she had learned to read at home but had not attended school before.

"Before, we were just sitting in the dust," she said. "Now we have desks and chairs and a roof. This is much better."

In the remote and rugged northwest provinces, the international nonprofit agency Save the Children has been working closely with education officials to promote schooling for girls. Its field workers sponsor mobile lending libraries and meet with parents to talk about the benefits of having girls stay in school, delay marriage and produce fewer children.

"Every kid in Afghanistan has been affected by conflict, but you still have to try and educate them. It can't just stop," said Leslie Wilson, who directs the Afghan office of Save the Children. In Sar-e Pol province, she said, there are three times more girls in school than there were three years ago. "It's still a drop in the bucket, but it's progress," she said.

Where public schools are either too distant or too dangerous for girls to attend, hundreds of communities have turned to private home schools, many of them sponsored by the nonprofit Swedish Committee for Afghanistan. During the Taliban era, the committee operated inconspicuous home schools in many provinces. With the revival of the Taliban threat, they are again becoming an important alternative.

In the central province of Wardak, the main highway was crowded last week with boys on bicycles traveling back and forth to a large high school. But school officials said not even they were safe from attack now. In one village hidden among the brown, rocky hills, the only boys' school was heavily damaged by a bomb six months ago, and teachers said some students had stopped attending.

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"It happened at three in the morning," said Syed Hassan, 46, a math teacher. "When we came running, the windows were all shattered and the pages of books were scattered on the ground, even our holy Korans.

"If our people do not get educated, it will be a disaster for our country," he added. "We see how far ahead other countries are getting, and we are just falling farther behind."

To keep girls in class, many villages in Wardak have opened home schools, but despite security precautions, some of them have come under attack. Sulieman, who is also the headmaster of a boys' high school, took a journalist to visit several home schools where girls were studying Pashto, Islamic subjects, art and math.

In one village, a three-room home school was crammed with students, but another had recently closed after being attacked by arsonists. Officials said five girls had switched to the first school but the others had stopped attending altogether.

Sulieman said the arson was not necessarily the work of insurgents, noting that there are intense rivalries for contracts to run home schools now and that sometimes "personal enmities" lead to violence.

But he said the Taliban threat also existed and that he had used various strategies to keep his home school safe.

"Once I was walking late in my village, when three Taliban came along and warned me to stop educating girls," he said. "I told them the Koran says girls should be educated as well as boys, and that my school was teaching young girls to memorize the Koran and pray five times a day. They seemed convinced, and went on their way."

Operation Medusa (WSJ)

The Wall Street Journal, September 23, 2006

In the war on terror, few battles are as clear and decisive as the one fought these last few weeks in southern Afghanistan. Six thousand Canadian, British, American and other NATO troops trounced resurgent Taliban fighters who dared to fight in the open. "Operation Medusa" dislodged insurgents from trenches and tunnels near Kandahar, killing a thousand or more.

The intensity of the fighting surprised some NATO allies, who this summer took over the lead in southern Afghanistan from the U.S. More tests are to come. The insurgents will surely regroup, shun direct engagements with Western troops and resort to the ad hoc terrorism perfected in Iraq. To adapt NATO's nomenclature, the Medusa was injured but the snakes are very much alive.

The battle in the south is not a sign, as some would have it, that Afghanistan has been lost. With U.S. forces tracking al Qaeda along the border with Pakistan and the Kabul government slow to assert itself, a security and political vacuum emerged in that region. In stepped drug lords, former Taliban fighters and tribal chiefs who have little in common except a large stake in continued instability.

Narcotics money and lax Pakistani border control let the Taliban rearm and recruit new fighters. Some schools for girls, a great achievement in post-Taliban Afghanistan, were forced to close. Local chiefs backed the Taliban, while a population who had high expectations for the future turned against Kabul and the West.

In response, NATO this summer doubled the number of troops in country -- to 20,000 -- and moved in. Their first task was to reclaim the ground. In tribal societies, local people want to know who's going to win before choosing sides. Many Afghans questioned NATO's stomach for the fight. The conclusion of Medusa goes a way to ease those doubts.

Afghanistan will take patience and commitment, neither of which is abundant in Western capitals. Yet one feels compelled to counter prevailing fatalism and state the obvious: This is a success story. After 30 years of war that sent Afghanistan back to the Middle Ages, most of the country is now at peace. President Hamid Karzai is widely popular and the government democratically elected. More than four million people forced from their homes by war are back since the U.S. toppled the Taliban in late 2001. The economy grew 14% in 2005. Six million children are in school and 50 independent parties are registered.

These achievements are real, but not irreversible. The troubles in the south highlight the threat to the authority of the central government from rising narco-terrorism. Local mob bosses and warlords want to control chunks of the country, seeing Pakistan's unruly tribal regions as a model. In league with the drug mafia, which wants Kabul out of their way, a small number of people with money can buy a lot of trouble. Marine General James Jones, NATO's supreme allied commander, estimates the number of core Taliban fighters at up to 4,000. But many of those killed in the last weeks were bodies for hire.

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The booming drug trade, notes General Jones, is "at the core of everything that can go wrong in Afghanistan." It's hard to argue with his analysis. Half the country's national wealth is estimated to come from drugs; nine-tenths, and rising, of the world's illegal opium supply originates in Afghanistan. Any sensible response would begin with better-paid police deployed in higher numbers in the hinterlands, backed up by less-corrupt local government directly answerable to Kabul. Past experience in Latin America suggests that any crackdown, aided by foreign troops in country, is better focused on drug kingpins rather than poor subsistence farmers.

Changes come slowly in a country this big and backward. "The situation is not lost by any means," Ashraf Ghani, former finance minister and a candidate to become U.N. Secretary-General, told us yesterday. "But it requires a commitment of five to 15 years" -- which seems like an eternity to Western politicians focused on the next election. Bear in mind that the nation-building project in Bosnia is about to enter its 12th year. The world spends $679 a year per Bosnian, versus $57 in Afghanistan -- a bargain.

* * *

This month's southern campaign was the first extended ground battle in NATO's 57 years. The 1999 Kosovo war was limited to the air; even then the alliance barely held together. Afghanistan is sure to be harder. Canada has already lost 28 soldiers this year. As Internet and TV consumers, al Qaeda and the Taliban know our weak spots: Their attacks are intended to sour publics and force democratic politicians to bring the troops home.

The Canadians, Danes and British aren't budging, but some others are spooked. With the battle raging in the south, Germany and France refused to allow their troops stationed elsewhere in Afghanistan to lend a hand. In response, General Jones made a remarkable plea for 2,500 reinforcements and equipment.

More troops are on the way, thanks to contributions from recent NATO members Poland and Romania. Skimpy European defense budgets make it harder to find the 18 helicopters and three C-130 transport planes the general wants. Afghans of all stripes will be watching next week's NATO defense ministers' meeting in Slovenia, which will formally take up this request, for signs of the Alliance's staying power. More than Afghanistan's future is on the line. So is the credibility of the world's oldest political-military bloc.

Rumsfeld Favors A New Africa Command (AFP)

AFP, September 23, 2006

US Defense Secretary Donald Rumsfeld said he favors setting up a separate command to oversee US military operations and relations in Africa.

"Pete and I are for it," Rumsfeld said, referring to General Peter Pace, the chairman of the Joint Chiefs of Staff.

"We've been pushing and pushing for six months and trying to get the system to come up with the details as to how it would be done," he said.

One key decision that is yet to be made is whether the command would be on par with other combatant commands for Europe, the Middle East, Asia Pacific, Latin America and North America.

Pace, who joined Rumsfeld at a meeting with Pentagon employees, said another alternative was to set it up under the US European Command, which currently has responsibility for most of Africa as well as Europe.

The US military has given greater attention to Africa in recent years amid concerns that extremist groups are seeking to exploit areas outside governments' control.

More War Veterans Suffering From Stress (AP)

By Lolita C. Baldor, Associated Press

AP, September 23, 2006

WASHINGTON -- More than one-third of Iraq and Afghanistan veterans seeking medical treatment from the Veterans Health Administration report symptoms of stress or other mental disorders -- a tenfold increase in the last 18 months, according to an agency study.

The dramatic jump in cases -- coming as more troops face multiple tours in Iraq and Afghanistan -- has triggered concern among some veterans groups that the agency may not be able to meet the demand. They say veterans have had to deal with long

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waits for doctor appointments, staffing shortages and lack of equipment at medical centers run by the Veterans Affairs Department.

Contributing to the higher levels of stress are the long and often repeated tours in Iraq and Afghanistan. In Iraq, troops also face unpredictable daily attacks and roadside bombings as they battle the stubborn insurgency.

Veterans and Defense Department officials said the increase in soldiers complaining of stress or mental disorder symptoms also may suggest that efforts to reduce the stigma of such problems are working and that commanders and medical personnel are more adept at recognizing symptoms.

"It's definitely better than it was in past generations," said Paul Rieckhoff, executive director of the Iraq and Afghanistan Veterans of America.

Veterans Affairs officials say they have increased funding for mental health services, have hired at least 100 more counselors and are not overwhelmed by the rising demands.

"We're not aware that people are having trouble getting services from us in any consistent way or pattern around the country," said Dr. Michael Kussman, acting undersecretary for health and top doctor at the VA.

Nearly 64,000 of the more than 184,000 Iraq and Afghanistan war veterans who have sought VA health care were diagnosed with potential symptoms of post-traumatic stress, drug abuse or other mental disorders as of the end of June, according to the latest report by the Veterans Health Administration.

Of those, close to 30,000 had possible post-traumatic stress disorder, said the report.

The Government Accountability Office reported in February 2005 that just 6,400 Iraq and Afghanistan veterans had been treated for stress disorders. The office is an investigative agency of Congress.

Kussman said the numbers of people reporting symptoms of stress probably represent a "gross overestimation" of those actually suffering from a mental health disorder. Most of the troops who return from Iraq have "normal reactions to abnormal situations," such as flashbacks or trouble sleeping, Kussman said.

He said the returning Iraq and Afghanistan veterans represent just 3.5 percent of the more than 5 million people seen by the VA each year.

The VA, he said, has targeted $300 million for post-traumatic stress disorders for 2005-06, and is seeking another $300 million for 2007.

VA facilities largely serve veterans who have ended their military service, but some National Guard and Reserve members returning from the war are using VA facilities because they are closer to their homes.

While veterans groups don't have data on the number of veterans encountering problems with the VA, they said veterans are reporting long delays for appointments at the agency's medical centers.

"If they're going to keep recruiting anywhere near where they need to be, they'd better take care of the young vets, because everyone is watching," Rieckhoff said.

One soldier in Virginia Beach, Va., said he was having a hard time sleeping after he returned from Iraq, and was told he'd have to wait two-and-a-half months for an appointment at the VA facility, said Rieckhoff.

Rieckhoff said the Buffalo, N.Y., veterans medical center gave his organization a "wish list" of needed supplies and other expenses, including wheelchairs, rehabilitation equipment and medical monitors.

"If the VA is going to see 30 percent of the 1.5 million U.S. service members who have deployed to the wars in Iraq and Afghanistan, the VA may expect a total of 450,000 veteran patients from these two wars," said Paul Sullivan, director of programs for the Vietnam Veterans of America Foundation. "This is a very ominous trend, indicating a tidal wave of new patients coming in, and the numbers could go up."

The Defense Department has made mental health assessments and education programs mandatory for active-duty service members returning from the war. There are several dozen combat stress teams working with military units to prevent and identify stress or other mental health issues.

The department has also put a self-assessment screening on the Internet so military members can evaluate their symptoms.

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Dr. Joyce Adkins, the Pentagon's director of stress management programs, said there has been a slight increase in the number of service members reporting mental health problems or symptoms.

"We've done a lot of education for service members at multiple times, to help them understand ... the common problems associated with deployment, the symptoms they might experience and what that might mean," she said.

On the Net:

Defense Department: http://www.defenselink.mil

Military Mental Health Self Assessment Program: https://http://www.militarymentalhealth.org/

New York City's Reservists Are Asked To Return Iraq Pay (NYT)

By Andy Newman

The New York Times, September 23, 2006

When they were called up for military service in the wake of 9/11, hundreds of uniformed city workers in the Reserves faced the suspension of their city health and pension benefits. The city offered them an option: it would keep paying their salaries and continue their benefits, but when they returned they would have to repay the city their city salary or their military pay, whichever was less.

On its face, the offer made sense. And many reservists had only a few days to get their affairs together before shipping out — hardly enough time to consult accountants. Nearly all took the deal. As the war dragged on, more than 1,600 city employees, mostly police officers, signed up for the benefits program.

Now the bills from the city are coming due, for far more than many veterans imagined they would have to pay — as much as $200,000 — and often for more money than they ever received.

The city is demanding that the veterans repay their gross salaries, even though they never saw about a third of the money, which went for taxes and other deductions. The commissioner of administrative services, Martha K. Hirst, said veterans should be able to get back the difference between gross and take-home pay by amending their tax returns. But several tax accountants said the city had created an accounting quagmire.

David Gitel, a tax accountant in Manhattan, said that if the employees paid the money back over several years — which many will have to do — rather than in a lump sum, they could lose thousands of dollars in income-tax and social security payments.

"It's an interesting experience," Mr. Gitel said.

For now, the Police Department, which waited as much as four years to begin asking for the money back in the spring, is stepping up its collection efforts. On Thursday, hundreds of officers received letters in their pay envelopes threatening legal action if they did not make repayment arrangements within 15 days.

A city official, who was unwilling to be identified lest he incur his colleagues' anger, gave an explanation for the delay. "People have been talking about it here for some time, about getting around to doing it," he said. "It's probably the hero thing. Why make a top priority of telling somebody to give back money when they just went off to war?"

Under the terms of the deal, nontaxable military housing and food allowances also count as military pay. Those allowances can nearly double military pay, in some cases making it more than city pay. Many veterans who did not read the fine print said they thought they would have to repay only their modest military take-home base salary.

On Monday, the City Council will consider a resolution to ask Mayor Michael R. Bloomberg to stop counting military allowances as income.

Assistant Police Chief Michael Collins said that after the letters went out on Thursday, many officers contacted the department to begin repayment. The department hopes to recover more than $15 million, he said.

Other officers said the system needed to be overhauled. "We have to change it," Detective David Goodman, treasurer of the Police Department post of the Veterans of Foreign Wars, said at a gathering on Tuesday of about 50 officers at the Army base at Fort Hamilton in Brooklyn, "so that when you come back you're not paying money for having gone to war for your country."

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Detective Goodman added that since the war effort relies increasingly on reservists, it behooved the city to make enlistment attractive.

Ms. Hirst said the city was "looking at" the possibility of not counting military stipends as income, but she thought that in any case the benefits program was an excellent one.

"The city works out very, very friendly repayment agreements," she said.

Many officers said the four-year delay had reinforced their impression that the city did not intend to come after them for the money at all.

Officer Jake Marino, a five-year police veteran who was in the Military Police in Iraq in 2004, recalled that while he was preparing to go, his contact in the department's military-leave office told him, "As far as paying back the money, I don't think you have anything to worry about."

Many officers put one of their two salaries right in the bank, and some used it to make up for the loss of overtime pay. Others who started out saving the excess began to spend it when they did not hear from the city as time went by.

"Like most middle-class Americans," said Michael Donohue, a police sergeant, "you get a windfall, you fix the roof and the sidewalk and pay off credit-card debt." Sergeant Donohue, a command sergeant major in the Army Reserves who spent much of last year at Abu Ghraib, estimated that he owed the city $100,000.

The benefits plan was intended to let employees keep the larger of the two salaries. An officer paid $80,000 by the city and $60,000 by the military would owe the city $60,000 upon his return. And an employee paid $80,000 by the military and $60,000 by the city would also owe the city $60,000.

Administrative Services officials said that employees who pay the money back in a lump sum get an amended federal W2 tax form for the year they drew two salaries and would be able to get a full refund of the excess taxes they paid.

Employees who pay the money back by payroll deduction, though, could deduct the money from their income only in the year in which they pay it back, officials said.

This causes two problems, said Mr. Gitel, the tax accountant. One is that an employee would probably be in a higher tax bracket during the year she drew two salaries than when she paid the money back. The other problem, Mr. Gitel said, was that there was no way for the employee to get back the extra Medicare and Social Security contributions she made while drawing two salaries. These shortfalls could easily total $10,000, he said.

An Administrative Services official said last night that the city had just obtained commitments from accounting firms to provide free advice to veterans.

The city could have set its plan up differently. The state has a similar plan for its employees, but it pays them the difference, if any, between their military and state salaries, so they do not have to pay anything back. The state employees' contributions to their pension accounts are not made while they are on leave, but the much larger state contribution is still made.

Laurence A. Levy, deputy counsel to Mayor Rudolph W. Giuliani in 2001, said the city's method seemed a better way to protect the employees' benefits. "In Operation Desert Storm, many of the families didn't get health benefits, and it caused tremendous financial hardship," he said. "We wanted to keep them whole."

Sergeant Donohue said he appreciated the city's good intentions. "We're not asking for a pity party or a handout," he said. "But maybe there's a little more reasonable way for them to be approaching this."

DOJ:

Aide To Attorney General Is Interim U.S. Attorney (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, September 23, 2006

The Justice Department yesterday appointed Jeffrey A. Taylor, the counselor to Attorney General Alberto R. Gonzales, to be U.S. attorney for the District of Columbia.

Taylor succeeds Kenneth L. Wainstein in running the largest U.S. attorney's office in the country. For now, Taylor will be interim U.S. attorney; President Bush can nominate him to take the job, subject to Senate confirmation.

Wainstein was confirmed by the Senate on Thursday to a new post in the Justice Department, assistant attorney general for national security, after his nomination had been held up for months by Sen. Carl M. Levin (D-Mich.). Levin had been seeking FBI documents relating to its agents' concerns about mistreatment of detainees at Guantanamo Bay while Wainstein was a top aide to FBI Director Robert S. Mueller III.

Taylor could begin his new job as early as next week.

Before working for Gonzales in the Justice Department, Taylor was counsel to the U.S. Senate Judiciary Committee from 1999 to 2002, working on such issues as criminal law, terrorism and national security. Previously, he was federal prosecutor in San Diego from 1995 to 1999. Several prosecutors in Washington said they looked forward to working with him because of his reputation and his line prosecutor experience.

"Jeff is a dedicated public servant and a valued advisor," Gonzales said in a statement released by the Justice Department. "He will continue to be an asset to the Department of Justice in his new capacity as U.S. Attorney for the District of Columbia."

In an internal memo to the staff at the U.S. attorney's office, Wainstein yesterday hailed Taylor as "the real deal -- a proven and strong prosecutor."

Taylor was a law clerk for Chief Justice John C. Mowbray of the Supreme Court of Nevada from 1991 to 1992 and then worked for three years in private practice. He graduated from Harvard Law School and received a bachelor's degree from Stanford University.

CORPORATE SCANDALS:

Chairman Out At HP; CEO Takes Position (WP)

By Ellen Nakashima And Yuki Noguchi, Washington Post Staff Writers

The Washington Post, September 23, 2006

Hewlett-Packard Co. chairman Patricia C. Dunn resigned yesterday and was replaced by chief executive Mark V. Hurd, who apologized for what he called "very disturbing" improprieties in an internal media leak probe that has prompted criminal and congressional investigations.

In an eight-minute statement, Hurd for the first time tried to explain his role in the scandal while taking responsibility to "set it right." He offered few details of his personal knowledge of the internal investigation .

Hurd said nothing about the use of false pretenses to obtain personal phone records. He said he was aware of a bogus e-mail sent to a reporter, but did not recall approving the use of software to trace where that message was sent subsequently.

Hurd, whose voice cracked several times, acknowledged that a report summarizing the probe was addressed to him, but said he did not read it. "I could have, and I should have," he said at a news conference at HP's Palo Alto, Calif., headquarters.

Hurd said he had hired a law firm to conduct "a more comprehensive investigation" and report directly to him on what occurred in the HP probe that started in 2005 and focused on identifying who was leaking company secrets to the news media.

Hurd, who took no questions, said he would voluntarily join Dunn in testifying about the leak probe before the House Energy and Commerce investigative subcommittee on Thursday. The panel is looking into HP's investigative tactics, which documents have shown included plans to plant spies in newsrooms, trail reporters and board members, and obtain personal phone records using the Social Security numbers of journalists and directors. Company e-mails obtained by The Washington Post this week showed that Hurd was aware of and approved elements of a plan to give phony information to a reporter to try to identify her anonymous source for articles about HP.

The revelations have tarnished the Silicon Valley computer company's reputation and worried analysts who monitor its business prospects. California's attorney general has said he has enough evidence to file criminal complaints on people inside and outside Hewlett-Packard. The FBI also is investigating the case.

Dunn said earlier this month that she would resign as chairman in January and would remain on the board of directors. But yesterday she was forced out and left the board entirely. "I continue to have the best interests of HP at heart and thus I have accepted the board's request to resign," Dunn said in a written statement.

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Analysts said Hurd's challenge in the face of the widening scandal was to reassure the business community that he could remain an effective leader even as the company cooperates with two criminal investigations and a congressional probe. Analysts were divided on whether he pulled it off at the news conference.

"The overall tenor of the discussion was, 'I am in charge,' " said Tim Bajarin, president of Creative Strategies Inc. Hurd will likely face stiff questioning next week by the congressional subcommittee, which is eager to learn how much Hurd knew of the leak probe and when he knew it, analysts said.

Hurd said he "understood there was an investigation into leaks from the board" and that in July 2005, he attended "a brief portion of a meeting" at which results from the first phase of the leak probe were discussed. In January 2006, Hurd said Dunn asked "to use HP resources to investigate the leaks."

"In, I believe, February 2006, I was informed by the investigation team that they intended to send an e-mail containing false information in an effort to identify the source of the leaks," he said. "I was asked to, and did approve the naming convention that was used in the content of that e-mail."

He continued: "I do not recall seeing, nor do I recall approving, the use of tracer technology," he said, referring to the plan by HP's investigators to embed tracing technology in the e-mail to track where the reporter subsequently sent the message.

A lawyer retained by HP to review the leak probe also mentioned the e-mail tracer. "The concept of sending the misinformation to the reporter and the content of the misinformation to be contained in the message . . . was approved by Mark Hurd," said Michael J. Holston of the San Francisco law firm Morgan, Lewis & Bockius LLP, who also attended the news conference. "We have found no evidence that he was asked to approve the use of the tracer."

Computer crime law has not caught up with technology, legal experts said, and it is unclear whether embedding tracer technology in an e-mail message is a crime.

"As of today, we still do not have all the facts," Hurd said. "I also cannot guarantee that we will ever be able to obtain all of the information . . . due to its complexity and number of people involved."

He said that the probe in 2005 yielded no results. HP started another leak investigation in January.

"While many of the right processes were in place, they unfortunately broke down and no one in the management chain, including me, caught them," Hurd said.

Hurd, 49, was brought on in April 2005 after another HP imbroglio involving then-chairman Carly Fiorina, who clashed with the board after HP's tumultuous merger with Compaq Computer Corp., resulting in her ouster. Hurd, the former chief executive at NCR Corp., moved quickly to establish himself as a leader, slashing expenses and eliminating more than 15,000 jobs.

On Sept. 8, Hurd hired Morgan, Lewis & Bockius to review the HP leak probe. Morgan Lewis lawyer Holston said yesterday that he has collected more than 1 million pages of documents.

Holston said those involved in HP's leak probe had "provided assurances" to HP senior investigators early this year that the investigative techniques being used were legal. He said those providing assurances included Kevin Hunsaker, HP's senior counsel and ethics director, and a Boston firm hired by HP.

He said in February, outside investigators "may have conducted a search of individuals' trash." But at this time, he said, "we do not know who the targets of these efforts were."

Dawn Kawamoto, the CNet.com reporter who was sent the e-mail with tracer technology, expressed anger at the firm. "At first I was stunned," she said, when she was alerted by California investigators that her phone records may have been obtained by subterfuge. "When it was confirmed, I was furious."

"It's like the golden rule," she said. "Had we journalists in general done the same thing to the executives, the directors of HP, I'm sure they would have gone ballistic."

At the news conference, Hurd addressed all the targets of HP's surveillance. "On behalf of HP, I extend my sincere apologies to those journalists who were investigated and everyone who was impacted."

Special correspondent Catherine Ho in Palo Alto, Calif. contributed to this report.

Leak Proof H-P's Hurd Admits 'Disturbing' Tactics Were Used In Probe (WSJ)

By Peter Waldman, Don Clark And Steve Stecklow

The Wall Street Journal, September 23, 2006

CEO Says He Is Accountable, But Big Questions Remain; Chairman Dunn Resigns Two Employees to Leave Firm

See Corrections & Amplifications item below.

PALO ALTO, Calif. -- In an admission remarkable in the annals of U.S business, Hewlett-Packard Co. Chief Executive Mark Hurd described how the respected Silicon Valley titan employed a series of tawdry tactics in its effort to trace leaks from its board.

Making his first extensive public remarks since the H-P leak scandal broke more than two weeks ago, Mr. Hurd on Friday also said Chairman Patricia Dunn, who had launched and overseen the probe, had resigned and left the board. Mr. Hurd, who had planned to inherit her title in January, assumed the title. A person familiar with the matter said two other employees closely associated with the probe are leaving the company.

But Mr. Hurd, who took no questions during brief remarks to journalists at H-P's suburban-office-park headquarters, also left many issues unaddressed. While acknowledging that investigators used "disturbing" tactics, he failed to explain how the company had let the probe veer so far off track.

1 SEPT. 22 STATEMENTS

• Press releases: The resignation of Chairman Dunn and elevation of CEO Hurd2

• Mark Hurd: Read a transcript3 of CEO Mark Hurd's comments at Friday's press conference, where he apologized for the company's tactics and discussed his role in the media-leak probe -- or listen to an audio recording of his presentation. (RealPlayer4 / Windows Media5)

• Mike Holston: Read a transcript6 of the presentation by Morgan Lewis lawyer Mike Holston, who was hired by Mr. Hurd to conduct an independent investigation of H-P's actions -- or listen to an audio recording (RealPlayer7 / Windows Media8).

TRACKING THE SCANDAL

• See a graphical timeline9 and key documents in the H-P scandal. Plus, read profiles10 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. (Complete coverage.11)

He offered apologies to H-P board members, journalists and others for violating their privacy, but confirmed only a few details about the tactics employed and when he knew them. The investigation to plug the leaks used a range of extraordinary tactics, including obtaining private phone records using false pretenses and tailing both a director and a reporter for The Wall Street Journal. Another reporter, for CNET News.com, was sent a doctored email by H-P investigators that could provide the sender information about where it was sent.

While taking responsibility for the matter, Mr. Hurd also depicted himself as playing a limited role in a probe run by Ms. Dunn and the board. He admitted to attending only a brief portion of a July 2005 meeting on the probe and said he was aware of a plan to plant a phony news tip in an email to a reporter in 2006, though he said he did not approve the use of email "tracer" technology that could show if the document was forwarded to a source.

He said that in March 2006 he received a verbal and written summary of the probe. But, he said, "I did not read it. I could have, and I should have."

Mr. Hurd's appearance was partly aimed at getting ahead of a hearing Thursday before the House Energy and Commerce committee, which is investigating the H-P probe. He, Ms. Dunn and others are scheduled to testify, and are likely to face intense questioning on the many unanswered questions.

Mr. Hurd also reiterated a point he has made all along: that board leaks are harmful, and that it was Ms. Dunn's job to expose them. "The intent of the investigation was absolutely proper and appropriate," he said. But the "tactics do not reflect the values of H-P." H-P's code of conduct, he said, "unfortunately broke down, and no one in the management chain, including me, caught it."

"What began with an investigation with the best intentions," he said, "has ended up turning in a direction we could not have possibly anticipated."

After Mr. Hurd spoke, Michael J. Holston, of the law firm Morgan, Lewis & Bockius LLP, provided new details of the prominent role played in the leak investigation by H-P subcontractors. But while identifying some of the employees who were involved -- including general counsel Ann Baskins -- he left their involvement and fates unclear.

Mr. Hurd said Morgan Lewis was hired on Sept. 8 to conduct an independent review of its leak probe. By hiring the firm -- which Mr. Hurd stressed reported to him, not H-P's board of directors -- the H-P CEO seemed to be distancing himself from the board and from the company's longtime outside counsel, Larry Sonsini, with the firm of Wilson Sonsini Goodrich & Rosati. H-P had said in an earlier public filing that its board retained Wilson Sonsini to investigate the leak probe. A spokeswoman said Mr. Sonsini was unavailable for comment.

The revelations -- and Ms. Dunn's resignation -- capped a week in which it increasingly became clear that H-P had lost control of its crisis management. Its shares, which have risen sharply under Mr. Hurd's tenure and had been unaffected throug h much of the crisis, fell more than 5% Thursday as investors fretted that H-P's CEO could be dragged deeper into the scandal.

In 4 p.m. New York Stock Exchange trading Friday, shares were up 24 cents at $35.11. In after-hours trading, H-P shares rose 32 cents, to $35.43. Mr. Hurd spoke after markets closed.

While praising Ms. Dunn, Mr. Hurd made it clear he viewed her resignation as necessary given facts about the investigation that are coming to light. Mr. Holston, in one new development, said Ms. Dunn for the first month or so of the probe worked directly with an outside private investigator, without involving H-P's security or legal departments.

In a statement, Ms. Dunn said she followed "proper processes" by seeking the assistance of H-P security personnel. "I did not select the people who conducted the investigation, which was undertaken after consultation with board members," she said.

She said she did not propose the specific methods of the investigation, noting she was a subject of the probe and had her own phone records examined. "Unfortunately, the people H-P relied upon to conduct this type of investigation let me and the company down," she said.

Her attorney, Jim Brosnahan, said Ms. Dunn had earlier "said that, if at any time the board felt that she should resign, she would do it....There came a time when the board thought she should step down." He said her resignation didn't indicate she did anything wrong.

H-P had hoped to resolve the mounting crisis on Sept. 12 by mollifying two directors aggrieved by the snooping: longtime H-P director George Keyworth and Thomas Perkins, the prominent venture capitalist who quit the board in May in protest over the leak investigation. In a complex agreement brokered in marathon meetings, Mr. Keyworth resigned from the board, while Ms. Dunn agreed to give up the chairmanship to Mr. Hurd in January but remain a director.

WALL STREET JOURNAL VIDEO

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California Attorney General Bill Lockyer discusses13 the ongoing H-P probe, saying there is no evidence yet that links CEO Mark Hurd to the alleged crimes but the investigation continues.

But the air didn't clear as the media provided further information about H-P's leak investigation. The company said little. Media reports suggested H-P executives were more involved in the leak probe than H-P indicated and that H-P employees had warned that the probe's methods might be illegal. This past week, more focus was given to the role of Mr. Hurd, who had large ly appeared above the fray, as internal emails revealed that he played an active role in the investigation.

Mr. Hurd's role stirred concern among investors because he is widely credited with leading a turnaround in H-P's fortunes. "I can't tell you I feel any more confident that he will or won't be [implicated]," said one of those investors, Peter Goldman, portfolio manager with Chicago Asset Management Co., on Friday. Mr. Goldman said that he was encouraged that company owned up to its actions, but he felt as if H-P said all the things investors already knew. "I think it's sad, because it's a good story," he said. "I hope Mark stays."

Late Friday, Mr. Perkins, the former director, issued a statement saying, "I would like to thank Pattie Dunn for stepping aside, allowing Mark Hurd to lead and HP to move on."

According to Messrs. Hurd and Holston, H-P began investigating suspected leaks by directors after a January 2005 article in the Journal that disclosed the board was unhappy with then-CEO Carly Fiorina. The board ousted her in February, naming Ms. Dunn chairman.

Ms. Dunn, Mr. Holston said Friday, contacted an outside contractor near Boston, a security firm named Security Outsourcing Solutions Inc. run by Ronald R. DeLia, with which H-P had a longstanding contractual relationship. Ms. Dunn dealt

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directly with Mr. Delia, Mr. Holston said, to seek the source of leaks to the Journal, Business Week and The New York Times. H-P's own security officials two months later joined the probe, which was inconclusive, Mr. Holston said.

The now-controversial tactics have been documented most clearly in 2006 with a new phase of the investigation. Security Outsourcing began gathering private phone records of directors and reporters through false pretenses, called "pretexting," said Mr. Holston. The pretexting was the subject of a Sept. 6 story in the Journal, after which H-P came under criminal investigation by federal and California authorities.

Mr. Holston said Security Outsourcing was responsible for conducting surveillance on an unnamed H-P board member and journalist, as well as arranging to acquire phone call and fax records for two current H-P employees, seven current or former board members or their family members and nine journalists.

The phone records were obtained through pretexting, he said. To obtain the phone record information, Mr. Holston said SOS acquired social-security numbers of H-P employees. But he didn't explain who obtained those numbers. He also said he found no evidence any H-P employee authorized pretexting.

SOS gave the social security numbers to another firm, Action Research Group, in Melbourne, Fla., Mr. Holston said. Mr. DeLia didn't return a telephone call seeking comment. Joseph DePante, owner of Action Research, said this past week his attorney had instructed him not to speak to the news media.

According to Mr. Holston, SOS arranged to have investigators in January tail a board member to see if the person met up with a journalist. Investigators later followed the board member to Boulder, Colo., in early 2006, and conducted surveillance on the board member's family back in California.

Investigators also conducted "feasibility studies" of placing undercover operatives in the San Francisco offices of the Journal and CNET to gather information, Mr. Holston said. But H-P said there is no indication the plan was carried out.

Mr. Hurd and Mr. Holston's presentation made no mention of what would happen to the people who carried out the probe. That probe, internally code-named KONA, involved H-P employees Tony Gentilucci, manager of its global security investigation unit; Kevin Hunsaker, H-P's ethics lawyer; Jim Fairbaugh, H-P's director of global security; Vincent Nye, a member of the global-security unit; and Ms. Baskins.

A person familiar with the matter said Mr. Gentilucci and Mr. Hunsaker "are in the process of leaving the company." Ms. Baskins relied on the legal opinions provided her by Mr. Hunsaker, a lawyer, this person said. Mr. Gentilucci did not return calls seeking comment. Mr. Hunsaker could not be reached.

Mr. Hurd said H-P has appointed Bart M. Schwartz, a former U.S. prosecutor, as counsel to perform an independent review of investigative methods and to make future recommendations for implementing best practices. He will report to Mr. Hurd and to Bob Wayman, H-P's chief financial officer. As part of the changes, H-P said director Richard Hackborn will immediately become independent lead director, accelerating a move that was to have taken place in January.

The pretexting activities have left H-P and some employees and contractors open to possible criminal and civil actions under federal and state laws, said attorneys and other legal experts. California Attorney General Bill Lockyer has said that his agency's investigation of pretexting at H-P has turned up enough evidence to charge individuals inside and outside of the company with crimes. No one has yet been charged.

--John R. Emshwiller, Jim Carlton, Christopher Lawton and Erin White contributed to this article.

Write to Peter Waldman at peter.waldman@wsj.com14, Don Clark at don.clark@wsj.com15 and Steve Stecklow at steve.stecklow@wsj.com16

Corrections & Amplifications

James Brosnahan is the attorney for former Hewlett-Packard Co. Chairman Patricia Dunn. An earlier version of the story incorrectly gave his last name as Bronahan.

Chairwoman Leaves Hewlett In Spying Furor (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 23, 2006

PALO ALTO, Calif., Sept. 22 — The furor over Hewlett-Packard's spying operation claimed its highest-ranking victim on Friday with the immediate resignation of its chairwoman, Patricia C. Dunn.

The move was announced by Mark V. Hurd, the chief executive, who will now succeed her. But even as he offered an account of an investigation gone awry, and offered apologies to those whose privacy was invaded, he made it clear that many questions had yet to be answered.

His voice shaking, Mr. Hurd said a review of the means used to trace leaks from the company's board had produced "very disturbing" findings. He also conceded that "I could have, and I should have," read a report prepared for him while the operation was under way.

The investigators' zeal led them into a shadowy world of surveillance, and in the end the giant computer company was embarrassed by its own use of technology.

Two executives who supervised the effort were also reported to be leaving.

In addition to direct surveillance, the operation entailed the use of possibly illegal methods to obtain phone records of board members, journalists and others; an attempt to place software on a reporter's computer to track e-mail; and a study of the use of clerical workers and cleaners to infiltrate two news organizations.

At a news conference at Hewlett-Packard's headquarters here, Mr. Hurd said it had been proper and necessary for Ms. Dunn to try to stem leaks of confidential information. But he added, "While many of the right processes were in place, they unfortunately broke down, and no one in the management chain, including me, caught them."

It was the company's first public discussion of the revelations that have engulfed it for more than two weeks. Mr. Hurd took no questions, with the company saying he did not want to pre-empt his testimony next week to a House subcommittee looking into the Hewlett-Packard affair.

In a statement provided by Hewlett-Packard, Ms. Dunn said she had resigned at the request of the board. But she said that while she had the responsibility to identify the source of leaks, "I did not propose the specific methods," and those who performed the investigation "let me and the company down."

According to people briefed on Mr. Hurd's plans, Kevin T. Hunsaker, its senior counsel and director of ethics, and Anthony R. Gentilucci, its Boston-based manager of global investigations, will leave the company. Mr. Hurd did not speak to this issue, and the company declined to comment.

Some industry analysts had expected Hewlett-Packard to announce more directly who it felt was responsible, inside or outside the company.

"A lot of us thought there was going to be a lot more," said Jeffrey Sonnenfeld, senior associate dean of the Yale School of Management. But he added that Mr. Hurd apparently felt he needed more time to understand all that occurred.

The initial reaction of investors appeared favorable. In after-hours trading, Hewlett-Packard's stock was up more than 1 percent.

The effort to find the source of the boardroom leak began in early 2005, around the time of Carleton S. Fiorina's dismissal as chairwoman and chief executive, and yielded inconclusive results that year. A second phase began in January 2006, as an account of a senior management meeting was being prepared by the online technology news service CNET.

By May, the investigative efforts had identified one board member, George A. Keyworth II, as a source of unauthorized disclosures. He refused an initial request to resign, but another director, Thomas J. Perkins, quit over the investigation. It was Mr. Perkins's attempt to get the company to acknowledge the reasons for his resignation that brought the entire operation — and deep animosities within the board — into public view early this month.

On Sept. 12, a week after the initial disclosures, Ms. Dunn said she would step down as chairwoman effective in January, to be succeeded by Mr. Hurd. Mr. Keyworth, her antagonist, then agreed to resign.

The moves by Hewlett-Packard on Friday were an attempt to get ahead of the torrent of daily disclosures about the spying operation and an acknowledgment of the irresponsibility, if not illegality, of the methods.

State and federal prosecutors are exploring whether any laws were broken by anyone inside the company or those hired in an investigative chain extending to Boston, Florida and the Midwest. A central element was the use of pretexting, which involved impersonating someone to obtain that person's calling records from a phone company.

Mr. Hunsaker, the lawyer and ethics officer, directed the 2006 phase of the investigation. Mr. Gentilucci, the Boston-based investigations officer, was involved in both the 2005 and 2006 phases of the investigation.

Mr. Hurd said that on Sept. 8 he retained a law firm, Morgan Lewis, which has concluded that the investigation team led by Mr. Hunsaker provided regular updates to Ms. Dunn, and to a lesser extent to the general counsel, Ann O. Baskins.

"Some of the findings that Morgan Lewis has uncovered are very disturbing to me," Mr. Hurd said.

Michael J. Holston, a partner in the firm, laid out some evidence to reporters Friday after Mr. Hurd's comments. While noting that the firm's review was not complete, he said Ms. Dunn had personally contacted and engaged Security Outsourcing Solutions, a tiny Boston-area investigative firm operated by Ronald R. DeLia, in the 2005 phase.

"For the first month or so of the investigation, Ms. Dunn worked directly with Ron DeLia from S.O.S.," Mr. Holston said, and it was only two months later that the company's own detectives were brought in.

In an interview two weeks ago, Ms. Dunn said she had turned to the head of security to handle that investigation. Ms. Dunn's lawyer, James J. Brosnahan, reiterated that claim Friday. "She went to the right people, and she was assured that what they were doing was legal," he said.

Mr. Hurd was briefed on the first phase of the investigation, called Kona I, on July 22, 2005, Mr. Holston said. But he said Mr. Hurd attended only a portion of that meeting, which included Ms. Dunn, Ms. Baskins, Mr. DeLia, Mr. Gentilucci and Jim Fairbaugh, the head of global security. The participants were told the investigation was inconclusive, and by late summer it was inactive.

Kona II, the phase that began in January of this year, was far more energetic. "Over the next three months, regular updates were provided by members of the investigation team to Ms. Dunn and, to a lesser extent, to Ms. Baskins," Mr. Holston said.

A crucial document was a March 2006 report prepared by the company's investigators and Mr. DeLia under the supervision of Mr. Hunsaker, a senior company lawyer. Mr. Hurd was given a copy of that report, but he said he did not read it. "I could have, and I should have," he said.

The report identified the source of the leaks and outlined techniques used to get that information, including pretexting. It was also sent to the company's outside counsel, the powerful Silicon Valley firm of Wilson Sonsini Goodrich & Rosati, for review and comment, Mr. Holston said.

Mr. Holston noted that the Kona II report claimed that the techniques were legal. But as e-mail messages disclosed this week have shown, Mr. Hunsaker suspected early this year that the techniques might not be above-board. When he asked Mr. Gentilucci about the legality, he was told that it was "on the edge," and Mr. Hunsaker replied: "I shouldn't have asked."

Despite those assurances, Mr. Hunsaker never obtained a written legal opinion, according to people briefed on the company's review of its investigation.

Mr. Holston also discussed other aspects of the operation, including the use of surveillance software surreptitiously sent to the computer of a CNET reporter.

Mr. Holston said the program had been designed to determine whether the reporter would forward a misleading e-mail message, purporting to offer inside information about the company, to her source on the Hewlett-Packard board for confirmation.

The scheme did not work, Mr. Holston said, noting that the investigation team never received an indication that the misleading message had been forwarded.

Mr. Hurd affirmed that he had been informed of the plan to send a bogus message and had approved of the "naming convention" that was used. But he said he did not recall knowing or approving of the tracking technology. Neither Mr. Hurd nor Mr. Holston indicated why the chief executive did not raise questions about the way the scheme was to be carried out.

HP Chair Resigns Amid Probe Fallout (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, September 23, 2006

(AP) - PALO ALTO, Calif.-Hewlett-Packard Co. shoved Chairwoman Patricia Dunn off its board Friday, severing its ties to a leader whose efforts to plug a media leak morphed into a spying scandal that has spawned criminal and congressional investigations.

The Palo Alto, Calif.-based company will turn the chairmanship over to its chief executive, Mark Hurd, who was supposed to take over that job in January as part of changes announced two weeks ago.

But things have changed since then amid a wave of leaked documents revealing how deeply HP's investigators intruded into the personal lives of seven directors, nine journalists, two employees and family members of those targeted individuals. Dunn authorized the investigation and received regular updates, although she said she didn't realize HP's investigators were going to such extremes.

"Now that we know the depth of what has transpired, I take full accountability to drive the actions to set it right," Hurd said at a Friday news conference to announce Dunn's departure as well as review what the company has learned about its spying program.

Dunn had previously planned to remain an HP director after relinquishing the chairmanship in January, but now she is leaving the board entirely.

"I continue to have the best interests of HP at heart and thus I have accepted the board's request to resign," Dunn said in a Friday statement.

Dunn, 53, continued to defend her decision to initiate the probe to identify the boardroom leak and reiterated her intention to appear Thursday before a congressional panel looking into HP's spying spree.

Determined to protect confidential board discussions, Dunn hired investigators who impersonated board members, employees and journalists to obtain their phone records. The detectives also surveilled an HP director and concocted an e-mail sting to dupe a reporter for CNet Networks Inc.'s News.com, an online technology site.

Hurd on Friday acknowledged authorizing the bogus e-mail, but said he didn't recall approving the use of software to trace the reporter's computer.

California Attorney General Bill Lockyer and several federal agencies are investigating whether HP and its executives broke any laws in their crusade.

Hurd so far isn't among the group of HP insiders that Lockyer expects to charge, spokesman Tom Dresslar said Friday. But the attorney general is still examining Hurd's role in the scandal. "We are not ruling anybody out in terms of criminal culpability, Dresslar said.

Hurd also said Friday he plans to appear at the hearing being held by the House Energy and Commerce Committee. Dunn and General Counsel Ann Baskins, who also played a central role in the spying program, previously accepted the panel's invitation to appear.

AP Business Writer Michael Liedtke contributed to this report from San Francisco.

DUNN GONE (SJMN)

By Pete Carey And Therese Poletti

San Jose Mercury News, September 23, 2006

Hewlett-Packard CEO Mark Hurd announced the immediate resignation of board Chairwoman Patricia Dunn on Friday at a crowded press conference at HP's Palo Alto headquarters in which he said he would lead the charge to correct problems arising from a boardroom-leak investigation gone wrong.

The company's investigation, which spied on board members, employees and reporters to determine who was leaking boardroom information, has drawn two criminal investigations and a congressional probe.

Hurd takes over immediately as chairman of HP's troubled board, while retaining his post as chief executive. He promised to ``get to the bottom'' of the leak fiasco and take corrective action.

``What began with best intentions has ended up turning in a direction we could not have possibly anticipated,'' Hurd said. ``The people of HP don't deserve this nor do any of the people who were impacted. I take full accountability to drive the actions to get this right.''

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Dunn issued a statement saying she was resigning ``in the best interests'' of HP and blaming the fiasco on the investigators the company used, saying she didn't select them. She said she ``followed the proper processes'' but that the investigators ``let me and the company down.''

The company announced on Sept. 12 that Dunn would step down as chairwoman in January but remain on the board, with Hurd taking over as chairman. Friday's announcment moves up that date and removes Dunn from the board altogether.

Hurd, in his first public meeting with the news media since HP's controversial leak investigation became front-page news across the country, portrayed the investigation as an appropriate anti-leak measure gone terribly astray.

Hurd said HP has appointed former federal prosecutor Bart M. Schwartz to perform an independent review of the company's investigative methods and make recommendations.

The press conference was the first sign that HP has finally decided to get out in front of the scandal, but reporters were not permitted to ask questions and no television cameras were allowed. HP has been silent for weeks as reports of schemes and plots hatched by its anti-leak squad leaked out in the media.

``I think they are just hemorrhaging everywhere with this story,'' said James Post, a Boston University School of Management professor and expert on corporate governance and business ethics.

`Emotional' meeting

Dunn's resignation came after the HP board met Thursday. An attorney representing her, James Brosnahan, said the meeting was described to him as ``emotional'' but that other board members showed Dunn ``respect and admiration'' and even affection after she agreed to step down. The board members did not think Dunn did anything illegal, Brosnahan said.

Apart from Dunn's resignation, two other HP employees are apparently leaving their jobs. Kevin Hunsaker, HP's lawyer who helped handle the probe into boardroom leaks, and Anthony Gentilucci, HP's security manager on the investigation, are still at HP, but a source familiar with the situation said Friday, ``They are likely on their way out.''

HP had one ray of good news from California Attorney General Bill Lockyer, who said there is no evidence yet that Hurd himself committed any crimes. But Lockyer's spokesman Tom Dresslar added, ``We're not ruling anybody out. We'll go where the evidence leads.''

At the news conference, Hurd offered his version of a question that has been increasingly asked in the past few days: What did he know and when did he know it?

He said he ``briefly'' attended a meeting in the summer of 2005 at which the results of HP's first boardroom-leak investigation were presented by HP security and a Boston area private investigator.

What he OK'd, didn't OK

He acknowledged approving a plot earlier this year to trick a CNet reporter into revealing her sources by having an investigator e-mail her, posing as a disgruntled HP employee. But he said he didn't recall approving another gambit: e-mailing the reporter a purported HP document containing hidden spyware to trace her sources.

And he admitted he was given a report in March detailing the methods used by investigators, as well as the results. ``I understand there is also a written report of the investigation addressed to me and others, but I did not read it. I could have, and I should have,'' he said.

The Mercury News disclosed Thursday that the report outlined the use of spyware on the CNet reporter, surveillance of board members and journalists, and the obtaining of third-party private phone records of reporters, HP employees and board members.

Hurd said the ``trigger for me'' that something was wrong came in the form of an e-mail he received after a May board meeting. At that point, he retained the law firm Morgan, Lewis & Bockius to do ``a more comprehensive investigation,'' he said.

A Morgan Lewis lawyer followed up Hurd's comments at the news conference with a summary of the law firm's investigation of the HP leak investigations. Those two internal leak probes, in 2005 and 2006, have now spawned a half-dozen other investigations, including ones by the House Energy and Commerce Committee, the Justice Department, the Federal Communications Commission, the Federal Trade Commission and the California attorney general, who says crimes were committed.

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The House committee is investigating the use of ``pretexting" by private contractors and investigators to obtain personal phone records of other people through deception.

Hearing next week

Hurd will testify before the House committee's investigations subcommittee Thursday. Testimony has also been invited from Dunn, HP General Counsel Ann O. Baskins, Hunsaker and two HP security managers including Gentilucci. Ronald DeLia, president of a small private investigative firm near Boston called Security Outsourcing Solutions, and a Florida private investigator whom DeLia used have also been called as witnesses.

Mike Holston, a Morgan Lewis lawyer, said that in 2005 Dunn contacted DeLia's company and worked directly with him for ``the first month or so" of the investigation. Two months into the investigation, HP's global security department was brought in.

The second phase in January 2006 was done by Security Outsourcing Solutions and HP security. There were updates to Dunn, and ``to a lesser extent," General Counsel Baskins.

Although Hurd approved the concept of a phony disgruntled employee contacting CNet via e-mail, Holston said, the law firm has found no evidence he was asked to approve the use of the e-mail tracer. There is no evidence keystrokes were recorded by any spyware, he said.

Gentilucci provided one HP employee's Social Security number to Security Outsourcing Solutions, which also gathered other numbers and forwarded them to Action Research Group, a data and investigation company in Melbourne, Fla.

Using impostors

And finally, Holston said, so far there's no information that one of the most bizarre of the investigators' schemes was ever implemented -- planting undercover operatives, posing as clerks or cleaning people, in the San Francisco newsrooms of CNet and the Wall Street Journal.

U.S. Prosecutors Drop Charge Against An Ex-NYSE Trader (WSJ)

By Aaron Lucchetti And Paul Davies

The Wall Street Journal, September 23, 2006

In the latest setback in the New York Stock Exchange trading-abuses case, prosecutors dropped a securities-fraud charge against a former NYSE floor trader who worked for a Bear Stearns Cos. unit.

Kevin M. Fee, 38, was indicted in April 2005 and scheduled to go to trial next month. But the U.S. attorney in Manhattan, Michael Garcia, decided not to proceed with the case, "based on a review of the evidence" and "information pertaining to this defendant subsequent to the filing of the indictment," according to a federal court filing Friday.

The U.S. attorney's office has been prosecuting 15 former NYSE elite traders known as specialists. In the past two months, juries found two former specialists not guilty of securities fraud. Earlier, the government secured guilty pleas from two specialists and convinced juries to find two others guilty of a securities-fraud count.

"Kevin was a great specialist and an innocent man," said Lawrence Robbins, Mr. Fee's attorney. "We're gratified the government agrees."

Specialists at the Big Board, now part of NYSE Group Inc., oversee trading in individual stocks, putting buyers and sellers together and keeping prices orderly in return for the privilege of being able to trade on the floor.

Mr. Fee joined Bear Wagner Specialists LLC, majority-owned by Bear Stearns, in 1996. He traded companies including Texas Instruments Inc. and became a managing director of the firm and one of four "super captains" overseeing other traders.

The government alleged Mr. Fee, from 2000 to 2003, interfered with or traded ahead of customers more than 2,400 times, resulting in more than $900,000 in improper profit or customer harm. Bear Wagner and the other specialist firms didn't face criminal charges but settled Securities and Exchange Commission civil charges.

Recent cases show the difficulty of proving specialists were intentionally harming customers. Testimony from other floor officials hasn't been as strong as some expected. And Mr. Fee's trades represented only 0.1% of his overall volume, according to Mr. Robbins. The next specialist case, against former Fleet Specialist Inc. trader David Finnerty, is scheduled to go to trial Oct. 10.

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Enron Victims Given Chance To Speak At Fastow Sentencing (AP)

By JUAN A. LOZANO, Associated Press

AP, September 23, 2006

The court of public opinion will have one more chance to pass judgment on former Enron Corp. chief financial officer Andrew Fastow, whose complex schemes helped lead to the company's downfall.

Fastow was set to be sentenced on Tuesday to 10 years in prison, under an agreement he made with prosecutors leading up to his 2004 guilty plea. Fastow's cooperation and testimony helped pave the way for the convictions of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling.

The drama Tuesday is expected not to come from the handing down of Fastow's sentence but from ex-Enron workers and others hurt by the company's financial collapse who will be given the chance to speak at the court hearing.

Under a two-year-old federal law that enhances the rights of victims of federal crimes, Hoyt is allowing Enron's victims to speak about how the company's financial implosion hurt them.

"I really think you will hear some gut wrenching stories from people who are going to say that this ruined their lives, their savings, their retirement," said Steve Cron, a criminal defense attorney in Santa Monica, Calif.

Fastow was originally indicted on 98 counts of fraud, conspiracy, insider trading, money laundering and others. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. As part of the agreement, he surrendered nearly $30 million in cash and property.

Charles Prestwood, 68, a former pipeline operator who retired from Enron in 2000 and then lost $1.3 million in retirement savings a year later, said he is grateful Hoyt is allowing victims to face Fastow one last time.

"It's good that we can be heard because normally that don't happen," he said. "It gets a load off of (victims') shoulders."

Prestwood, who has heart problems, said he'll skip Fastow's hearing so he can save his strength and speak out at Skilling's Oct. 23 sentencing.

Skilling and Lay were convicted in May of conspiracy and fraud. Lay's attorneys are working to erase his convictions since his July 5 death from heart disease.

During four days of brutal testimony and cross examination, Fastow, 44, testified Lay and Skilling knew he and his staff engineered fraudulent financial structures. Fastow also shed tears when he recounted how he roped his wife, Lea, into helping him hide ill-gotten gains from his schemes.

Lea Fastow pleaded guilty in 2004 to a misdemeanor tax crime and served a year in prison.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make flailing ventures appear profitable. The collapse wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

Eric Eden, 38, who lost his job running Enron's computer-drafting department, said he has no interest in speaking at the sentencing hearing of Fastow or any other Enron defendant.

"It's probably not worth the time and effort for something that is so much water under the bridge to some degree," said Eden, who with his brother now runs a Houston-area sprinkler company called Watering Made Easy.

Eden said speaking at the sentencing could help some Enron victims move on with their lives.

"If that is what it takes, good for them. But I would have hoped they could have done it without this," he said.

Justice Department spokesman Bryan Sierra said he couldn't predict how many Enron victims would speak at Fastow's sentencing.

Cron said he doesn't think the sentencing will be a pleasant experience for Fastow.

"There will be some angry people there. He should sit tight, say nothing and tell the judge at the end he is sorry for what he did," he said.

Attorneys for Fastow did not return telephone calls seeking comment.

Fastow's sentencing is set for 9 a.m. Tuesday. People will be able to sign up to speak between 8 a.m. and 10 a.m.

Hoyt has said people will be "allocated appropriate time" to speak.

Since Fastow's plea agreement has all but assured his sentence, any victims' statements won't have much affect on the proceedings, said Kirby Behre, a former federal prosecutor in Washington who wrote the government's white-collar sentencing guide.

"In a case like this, the judge knows full well what damage the misconduct did," he said.

CRIMINAL LAW:

Libby Plans To Testify In CIA Leak Trial (AP-Y)

By Matt Apuzzo

AP, September 23, 2006

Vice President Dick Cheney's former chief of staff plans to take the stand at his upcoming trial to tell jurors that he never lied to investigators in the CIA leak case, defense attorneys said Friday.

I. Lewis "Scooter" Libby is charged with perjury, obstruction and lying to the FBI about his conversations in 2003 with reporters regarding Valerie Plame's CIA job.

Libby plans to testify about President Bush's daily terrorism briefings and other classified information to persuade jurors that he had more important things on his mind at the time and didn't remember his discussions with reporters, attorneys said in court papers filed Friday evening.

"Mr. Libby must be able to discuss classified information to give the jury an accurate picture of his state of mind during the relevant time period and to show the jury that any errors he made in his statements and testimony were the product of confusion, mistake and faulty memory rather than deliberate misrepresentations," defense attorneys wrote.

The documents were filed as part of Libby's bid to use classified information at his trial in January. Defense attorneys plan to use a digital slide show to present material to jurors, according to court papers.

Prosecutors oppose the use of many documents, saying Libby is trying to torpedo the case by demanding information that is too sensitive to be released at trial. The tactic they described, known as "graymail," is used to get a case dismissed.

Among the documents Libby wants to use at trial, attorneys said Friday, are records related to former Ambassador Joseph Wilson's trip to Niger. Wilson, Plame's husband, discounted reports that Saddam Hussein's regime had an agreement with the African country to buy uranium for a nuclear weapons program — a claim that Bush later included in his State of the Union address.

Plame believes White House aides revealed her CIA status as retribution for her husband's accusation that the Bush administration twisted prewar intelligence to exaggerate the Iraqi threat.

Special Prosecutor Patrick Fitzgerald investigated that for three years and did not charge anyone with violating the law that makes it a crime to disclose the identity of a covert CIA agent.

Former Deputy Secretary of State Richard Armitage acknowledged recently that he revealed Plame's job to syndicated columnist Robert Novak and Washington Post reporter Bob Woodward but said it was inadvertent. Armitage is expected to be a witness in the case.

Jurors Sentence Convicted Sex Offender To Death In North Dakota Student's Slaying (FINDLAW/AP)

By Dave Kolpack, Associated Press Writer

AP, September 23, 2006

(AP) - FARGO, North Dakota-Jurors on Friday sentenced a convicted sex offender to death for kidnapping and killing University of North Dakota student Dru Sjodin, whose body was found in a Minnesota ravine nearly five months after she disappeared.

It was North Dakota's first death penalty case in more than a century. The state does not have the death penalty but it is allowed in federal cases.

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Alfonso Rodriguez Jr., 53, of Crookston, Minnesota, looked straight ahead and showed no emotion as the sentence was announced.

The jury reached its decision after more than a day and a half of deliberations. The same federal jury convicted Rodriguez on Aug. 30 on a charge of kidnapping resulting in Sjodin's death.

Rodriguez's mother, Dolores, and sister, Ileanna Noyes, cried as the verdict was announced, as did a number of the jurors. Members of Sjodin's family looked somber and stared straight ahead. They shared hugs outside the courtroom.

Sjodin, 22, of Pequot Lakes, Minnesota, disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed.

Rodriguez, who got out of prison about six months before the killing, was charged under federal law because Sjodin was taken across state lines.

U.S. Attorney Drew Wrigley, in his statements to jurors, said the death penalty would be the "right thing, in the right case." He stood near her portrait and asked for justice.

Rodriguez's attorney, Richard Ney, asked the jury for mercy after calling psychologists and Rodriguez's family to talk about his childhood of poverty, abuse and exposure to farm chemicals. Ney also said Rodriguez had been anxious about being released from prison after serving more than 20 years for assaults on three women in 1975 and 1980.

Rodriguez Jurors Say Death Seemed Proper Punishment (STPPP)

By Blake Nicholson

The St. Paul Pioneer-Press, September 23, 2006

BISMARCK, N.D. - The foreman of the jury that handed down North Dakota's first death sentence in nearly 100 years says it came down to three votes and a question of punishment for a horrific crime.

"As a Christian person I didn't know if I could agree to the death penalty," said Terry Heuer, 51, of Leonard, the foreman of the jury that sentenced Alfonso Rodriguez Jr. to death for killing University of North Dakota student Dru Sjodin.

"But it came down to, 'Was life in prison really a punishment for this particular case?'" Heuer said Sunday.

Rodriguez, 53, of Crookston, Minn., was found guilty late last month in federal court in Fargo of a charge of kidnapping resulting in the death of Sjodin, 22, of Pequot Lakes, Minn. She disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed.

Evidence including the knife Rodriguez used to cut Sjodin's throat and the rope that bound her arms were present in the jury room. Heuer, his voice wavering, said Sunday that those images and the memories of the trial - and the ultimate decision - will stay with him.

"I don't know that I have an opinion one way or the other on the death penalty," he said. "I made this decision personally just on this case. It comes down to - we end up having to deal with that for the rest of our lives."

The death penalty sentence on Friday came after six weeks of testimony in three separate phases of the trial. The jury of seven women and five men had to determine whether Rodriguez was guilty, whether he was eligible for the death penalty, and whether he should get that punishment. They answered yes all three times.

The final time, it took three votes to reach a unanimous decision, said Heuer and Arlys Carter, 71, of Lisbon, another jury member. Each of the first two votes came back 11-1 for death, with the one holdout juror finally deciding to change his mind, they said.

Heuer said the final juror, whom he did not name, was not pressured.

"Everybody had to make up their own mind on this," he said. "It's a traumatic thing to go through."

After the first 11-1 vote on Thursday afternoon, jurors left for the day early because "everybody just needed to come back fresh," Heuer said.

A vote early Friday again was 11-1, but the unanimous decision was reached after a little more discussion, he said.

"We were a very conscientious bunch of people," Heuer said. "We were very, very careful with each" of the 30 factors offered by defense attorneys to support life in prison instead of death.

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In the end, those factors, including a childhood of poverty, sexual abuse and possible brain damage from exposure to farm chemicals, were not enough to warrant mercy, Carter said.

"He didn't show (Sjodin) mercy, and neither did he show any remorse that we could see," Carter said. "He was very expressionless through the whole procedure. He did smile when his niece and nephew came into the courtroom. I have no doubt he was fond of his family, and they of him, and that didn't make our decision any easier.

"I think we all felt that the evidence was so overwhelming to one side," Carter said. "There was very little defense for his side. It was just not enough to hold on to."

Carter said the four alternate jurors said they also would have voted for death, "which made us feel good."

Heuer said jurors "looked and looked and looked" for remorse and did not find it. Neither did they believe that Rodriguez was accepting responsibility for Sjodin's death, as his attorneys claimed, when he offered in March to plead guilty in return for a life sentence.

"I have very strong faith," Carter said, "and I think (Rodriguez) still has his chance for mercy like all the rest of us do."

Carter and Heuer said the jurors did not believe prison was a fitting punishment for Rodriguez.

"From all we heard he adjusted very well to prison life, that he behaved very well, and did not seem unhappy there," Carter said.

Rodriguez had gotten out of prison about six months before Sjodin's killing, after serving 23 years for earlier assaults against women.

North Dakota's last execution was in 1905 and the last person sentenced to death in the state was spared 10 years later. The state eventually abolished its death penalty law. Rodriguez was prosecuted in federal court, where a death sentence is allowed.

Carter said she hopes the issue does not arise for another 100 years, though she felt honored and privileged to serve in this case.

"I would never want to do it again, but I would not have wanted to miss the opportunity to do it once," she said.

Man Gets 40 Years For 1994 Slaying Solved With DNA (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, September 23, 2006

A Fairfax County man who admitted stabbing another man 64 times, then tried to minimize his involvement before his sentencing, was given the maximum 40-year term yesterday for second-degree murder.

The slaying of Marvin Greenwell, 55, occurred in a Huntington area apartment in May 1994. For years, police had few leads in the case. But after a Fairfax cold case detective resubmitted DNA evidence from Greenwell's apartment, the state's DNA databank discovered a suspect last year: Leslie E. Carver, now 45, who had committed a series of armed robberies shortly after the Greenwell murder, in the same area.

While detectives were investigating Carver, he was picked up by Prince William County police in June last year on charges of drug possession. In several tape-recorded conversations from the Prince William jail, according to court records, Carver made some fairly explicit admissions.

"I killed somebody in 1994," he told his mother. "I have to live with that every day of my life, Mom, every day, you know."

When Fairfax detectives went to talk to him, Carver denied killing Greenwell. But faced with the prospect of a first-degree murder trial, and the combination of the DNA evidence and phone transcripts, Carver pleaded guilty in July to second-degree murder.

After every felony guilty plea in Fairfax, an officer from the state probation and parole agency conducts an interview to get the defendant's personal history and version of the crime as part of a report to the judge before a sentencing hearing. Fairfax Assistant Commonwealth's Attorney Marc J. Birnbaum said Carver told the probation officer that "he doesn't accept responsibility. He comes up with this other person involved who really killed" Greenwell.

Birnbaum noted that Carver's criminal record stretched 27 years, featured nine incarcerations and moved from property crimes to drugs to violence. "Any way one looks at this case," Birnbaum said, "it is a cruel, violent and vicious crime."

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Deputy Fairfax Public Defender Dawn Butorac, one of Carver's attorneys, said Carver did accept responsibility for the murder by admitting that he was in the room when Greenwell was killed, which would provide the legal culpability for a murder conviction.

State sentencing guidelines in effect in 1994 suggested a possible prison term of 13 to 27 years, Butorac said. Because Carver has had previous probations and paroles revoked for at least the next 14 years, Butorac suggested that Fairfax Circuit Court Judge Randy I. Bellows sentence Carver to 13 years, the low end of the sentencing guidelines.

Carver stood and said, "I just wanted to say that I'm sorry to the Greenwell family." Turning to the judge, he said: "I don't know. I'd ask if you could give me a little time in there, so I might be able to get out one day."

Bellows reminded Carver that at his guilty plea in July, "you told me that you killed Mr. Greenwell. And I don't have any reservations that is exactly what you did." After reading Carver's claim that he didn't actually stab Greenwell, the judge said he went back and listened to the taped conversations from the jail.

The judge also reviewed the crime scene photos. In 30 years as a public defender, prosecutor and judge, Bellows said, "this is among the worst I've ever seen."

Bellows said: "I feel that the [sentencing guidelines] are completely inappropriate in this case. The maximum sentence is 40 years, and that is what I impose."

Greenwell's widow and three grown children began applauding loudly.

Carver's daughter Melanie, 21, stood up, weeping, and shouted, "I love you, Dad."

Carver yelled over his shoulder, "I love you, too," as he was led out of the courtroom.

18-month Sentence In Travel Scandal (MJS)

By Gina Barton Gbarton@journalsentinel.com

Milwaukee Journal Sentinel, September 23, 2006

Thompson gets prison time for steering state contract

In a case that has played a role in a combative campaign season, former state Department of Administration supervisor Georgia Thompson was sentenced Friday to 18 months in prison for steering a state travel contract to a company whose top executives made $20,000 in campaign donations to Gov. Jim Doyle.

During Thompson's sentencing hearing in federal court in Milwaukee, the judge and attorneys for both sides acknowledged the case's political overtones and lamented a recent surge in public corruption cases across the state. In the hours after the hearing, Democratic and Republican party operatives blasted each other in dueling news releases.

Thompson, 56, was convicted by a federal jury in June of misapplying government funds and of defrauding the state of its right to honest services. Thompson, of Waunakee, was on a team of evaluators that reviewed proposals for a three-year, $750,000 "travel partner" contract to handle travel arrangements for state employees. It ultimately was awarded to Adelman Travel. The jury found that Adelman would not have won if Thompson had not manipulated the process.

The indictment said Thompson steered the contract to Adelman to cause political advantage for her supervisors and to bolster her job security. It did not allege that the contract was awarded in exchange for donations of $10,000 each from Adelman's chief executive and a board member. Doyle has since canceled the contract.

"People are deserving of good and honest government," U.S. District Judge Rudolph T. Randa said at the hearing. "There has been too much of this recently; people tend to lose confidence."

Randa said he would decide in about two weeks whether to grant Thompson's request to remain free pending her appeal. If he denies the request, Thompson will be required to report to federal prison on Nov. 27.

In addition to the prison term, Thompson must pay a $4,000 fine and serve three years of supervised release.

Her attorneys argued for probation while Assistant U.S. Attorney Scott Campbell urged Randa to send Thompson to prison for 21 months.

Letters from Thompson's friends, relatives and co-workers characterized her as a good listener and a dedicated public servant. Two members of the travel committee that awarded the contracts wrote letters supporting Thompson. A former

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supervisor, Jane Pawasarat, noted that Thompson had taken the time to write thank-you notes to those who have supported her throughout the prosecution.

Thompson declined to speak at her sentencing hearing. In a written statement, she described growing up one of 10 children in Madison. Her father was a painter for the University of Wisconsin and her mother was a janitor for the Department of Administration.

"I take pride in doing the right thing," she wrote. "I take pride in being a good friend. I believe in defending everyone's voice and their right to have a voice. I've always tackled my work with great energy and high expectations."

Her attorney, Stephen P. Hurley, argued that Thompson has been punished enough.

"She resigned from her position, was publicly humiliated by the Governor and has been forced to sell her home to make ends meet (including paying her legal bills). As an intensely private person, her 15 minutes of fame (and it has been much more than that) have borne a large toll on her," Hurley wrote in an earlier court filing.

Because the case has been used in political campaigns, the public already knows that the offense was serious, Hurley said in court. He argued that a sentence of probation would not detract from that.

Campbell disagreed.

"The very reason that this case has gotten attention is the very reason why a just sentence, a deterring sentence, is needed in this case," he argued. "A lenient sentence - a sentence of probation - will send the message that the federal courts in Wisconsin don't take corruption like this seriously."

There was no indication Friday that the sentencing marked the end of Thompson's time in the political spotlight.

Mark Green, the Republican candidate for governor, called her sentencing a "sad day" and insisted that, if he is elected governor Nov. 7, he will take steps to make sure no similar events occur.

As governor, Green said, his administration would make sure no companies are solicited for campaign donations, or make any, while they are in the process of bidding for a state contract. He also said he is "open" to the idea of not raising campaign money while a budget for state government, which spends $26 billion every two years, is being considered.

Green said his campaign ads and his speeches would make no new references to Thompson over the next six weeks.

But other pro-Green groups, including the Republican Party of Wisconsin, have run TV ads that tie Doyle to Thompson.

"Jim Doyle has rigged contracts for cash, he's rigged votes to make political attacks and by failing to protect our electoral process, this election is ripe for fraud once again," party executive director Rick Wiley said in a statement.

Democratic Party Chair Joe Wineke shot back: "For months, Republicans have been trying to use the Georgia Thompson case for their own political advantage and to smear Governor Doyle. . . . These dishonest, hypocritical attacks are just another pathetic attempt by Republicans to distract voters from the fact that Congressman Mark Green has violated Wisconsin law, and is asking a judge to rule that he can keep more than a million dollars in illegal special interest cash."

Doyle was not available for comment Friday, aides said.

Department of Administration Secretary Stephen Bablitch pointed out that Thompson was hired during a Republican administration and said she acted alone.

Dan Bach, the top aide to Attorney General Peg Lautenschlager, said this week that a joint state and federal investigation into the travel contract continues. Investigators also are looking into the role played by former state Administration Secretary Marc Marotta in a bid to build student housing at the University of Wisconsin-Milwaukee.

An inquiry into the state Public Service Commission's approval of the sale of the Kewaunee nuclear power plant also continues, Bach said Thursday.

Marotta left his job as administration secretary in the fall; he now heads Doyle's re-election campaign.

Steven Walters and Patrick Marley of the Journal Sentinel staff contributed to this report.From the Sept. 23, 2006 editions of the Milwaukee Journal Sentinel

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Oakland City Hall Probe Wide-ranging (OAKTRIB)

By Heather MacDonald, STAFF WRITER

Oakland Tribune, September 22, 2006

FBI's questions have centered on 10 to 15 city contracts, officials say

OAKLAND — The arrest of a man with close ties to several city officials is just a small part of a wide-ranging investigation by federal authorities into public corruption at Oakland City Hall, FBI officials said Thursday.

The probe is focusing on whether "City Official A" — identified as Council President Ignacio De La Fuente — or other city officials granted contracts in return for favors, said FBI spokeswoman LaRae Quy.

FBI agents have interviewed dozens of people at City Hall during the past week, including several department heads, City Council aides and City Administrator Deborah Edgerly.

"We will go where the investigation takes us," Quy said.

De La Fuente vigorously denies any wrongdoing.

Several city officials interviewed by the FBI said the questions focused on 10 to 15 city contracts and appeared to be part of an intense investigation into De La Fuente, who unsuccessfully ran for mayor in June. The officials spoke on condition of anonymity because the FBI asked them not to speak to the news media.

The deals under scrutiny include the city's contract with Swinerton Builders to retrofit the Police Administration Building after the 1989 Loma Prieta earthquake, sources said. It was approved unanimously by the Oakland City Council in July 2004.

In addition, agents asked about the effort to rezone the area between Tidewater Avenue and the Oakland Estuary. Earlier this week, De La Fuente voted to allow housing to be built in the now-industrial area. Last month, Carlos Plazola, De La Fuente's longtime aide, resigned to concentrate on Plazola's real estate development business, which owns property in the area, sources said.

Also being examined is a proposal made to the Port of Oakland to provide limousine service at Oakland Airport, sources said.

FBI agents also asked about council members interfering with city employees, a violation of the City Charter, which requires them to go throughEdgerly rather than contacting staff directly. A majority of the council members routinely go around Edgerly to get pet projects moving or to gather information, officials said.

Despite the wide range of topics brought up by the FBI, several people who were interviewed said the investigation felt focused on elected officials and not at all like a fishing expedition.

Assistant U.S. Attorney Stephen Corrigan told a federal magistrate Thursday he expects Maurice Himy, the former owner of a clothing store on Oakland City Hall Plaza, to be indicted on extortion and public corruption charges next week.

After the court hearing, Himy declined to comment, but his attorney, William L. Osterhoudt, told reporters he expects his client to be cleared.

"He is a fine person and a credit to the community," Osterhoudt said. He declined to discuss the specific allegations against his client.

Himy, 59, is due back in court Sept. 29. The San Rafael man is accused of telling an Oakland businessman, who wanted a contract to auction the city's surplus vehicles and other property, that he could get him the deal in return for cash because of his connection to De La Fuente and other city officials.

According to an FBI affidavit, Himy referred to Oakland as "Moneytown" and told Cooper that unless he was paid he would "kill the contract." At first, Himy demanded a percentage of the contract's revenue, but later asked for $65,000 total to be paid in monthly installments.

De La Fuente said he contacted Bill Noland, director of the city's Finance and Management Agency, about Cooper's bid for the $30,000 auctioneering contract in an effort to ensure that city contracts went to local companies as often as possible.

Councilmember Larry Reid (Elmhurst-East Oakland) also contacted Noland on Cooper's behalf, but was told the businessman submitted his bid for the contract four minutes too late.

Cooper won

Advertisement

the contract after bid specifications were changed to require the cars and equipment to be auctioned in Oakland, ensuring the city would reap the sales tax revenue generated by the sales. He submitted the lowest bid.

However, the only auction Cooper held — to resell about 30 vehicles and other equipment — was plagued with trouble from the beginning, and had to be postponed after Cooper initially failed to adequately notice the auction.

Afterward, Cooper reported that one car and six street sweepers sold for prices lower than those recorded by city officials and the purchasers, Noland said. The discrepancy, which has not been resolved, totaled $21,725, he added.

The contract was terminated after city officials discovered Cooper did not have a valid state license to resell cars, Noland said.

Cooper, the former executive director of the sister city association between Oakland and Santiago de Cuba, contributed $600 to De La Fuente's mayoral bid and volunteered for the campaign.

Cooper referred questions to his attorney, John Burris, who called him a victim of extortion.

In 1995, Cooper was convicted of making false statements to the government while applying for reimbursement for property damage caused by the Loma Prieta earthquake and sentenced to 41 months in prison, officials said.

Quy praised Cooper for coming forward, calling him brave, and said Cooper had been completely forthcoming about his background.

According to the FBI, Cooper was not the first person Himy demanded money from to make a deal happen. In November 2003, an unidentified developer was weighing whether to buy a 120,000-square-foot office building, and wanted to know whether the Oakland Police Department was interested in renting the building.

After approaching an unidentified aide to a former Oakland mayor, the developer met with an unidentified Oakland police officer and Himy about the building, according to the FBI. A few days later, Himy asked the developer for a $150,000 fee, saying "this is how things are done in town."

The developer declined to pay Himy, and never purchased the building.

Jacques Barzaghi, Mayor Jerry Brown's longtime confidant and senior aide, was heavily involved in the search for a new police headquarters, prompted by the seismic risk to the Police Administration Building, officials said. Barzaghi, who was fired by Brown in June 2004, and Himy are close friends.

At the same time the FBI contends Himy was extorting Cooper, he was having a hard time paying the rent for his store, Spaccio. A temporary rent reduction kept the store open for about a year, but city officials evicted Himy and his partner this March after business did not improve, said Frank Fanelli, manager of the city's real estate services division.

Himy owes the city $165,000 in back rent and $16,500 in penalties, Noland said. The debt has been sent to a collection agency, officials said.

In March, FBI agents interviewed several council members as part of the agency's investigation into state Senate President Pro Tem Don Perata, focusing on whether he ever pressured them to steer contracts to his friends and business associates. Perata and De La Fuente are close allies. Perata denies any wrongdoing.

Anyone with information about corruption at Oakland City Hall is asked to call the FBI hot line at (800) 376-5991.

Officials Seek Funds To Build Crime Lab (WT)

By Amy Doolittle, The Washington Times

The Washington Times, September 23, 2006

D.C. officials yesterday asked for more than $94 million in federal funds over the next three years to establish a state-of-the-art crime laboratory in the District.

The District does not have its own crime lab. Forensic evidence from the city is sent for processing to the FBI's crime lab, which is on the grounds of the Marine Corps Base in Quantico, Va.

"To support our crime-fighting efforts, the District needs its own dedicated crime laboratory," Metropolitan Police Chief Charles H. Ramsey testified yesterday before the House Committee on Government Reform. "We need a laboratory that is capable of taking full advantage of the latest in DNA and other forensic technologies."

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The hearing was led by Rep. Thomas M. Davis III, Virginia Republican and chairman of the Committee on Government Reform.

The District has a backlog of DNA evidence waiting to be processed on more than 1,500 sexual assault cases and a violent crimes backlog expected to grow 100 to 200 cases per year, officials said.

Evidence processing at the FBI lab is sluggish because federal cases are given priority.

The District is allowed to use the FBI's lab and supplies for free but is required to provide its own personnel.

FBI officials estimated that about 30 percent of the cases the Quantico lab processes each year are from the District. They said their increased caseload since September 11 has made it difficult to move District evidence through quickly.

"Since September 11 the mission of the FBI Laboratory has focused primarily upon providing forensic services to support counter-terrorism," said Joseph A. DiZinno, director of the FBI laboratory. "The support to [Metropolitan Police Department] investigations can continue, but not at the priority level previously received."

The new lab would cost about $253 million, said Edward D. Reiskin, D.C. deputy mayor for public safety and justice and the interim city administrator.

It would include forensic and DNA testing functions, the city morgue, the D.C. Department of Health and a bio-safety laboratory for homeland security threats.

Because the District does not have its own crime lab, it cannot enter DNA evidence into a national or city database, which cross-references samples and can help catch repeat offenders.

"A forensics lab of one's own for a city with a chronically high crime rate is a no-brainer," said D.C. Delegate Eleanor Holmes Norton, a Democrat. "The forensics lab may be the key to further reduction in violent crime in the District."

Chief Ramsey said eliminating the forensic case backlog could be key in lowering the city's crime rate.

"If we can clear up this backlog maybe we can put some people away and close some of these cases," he said.

The D.C. Council has so far dedicated about $10 million for the project and $13 million in federal funding.

D.C. Mayor Anthony A. Williams also has proposed $75 million in the fiscal year 2008 and 2009 budgets. The remaining city dollars likely would come from a series of bonds.

The lab is scheduled to be completed by late 2009.

Mr. Davis and Mrs. Norton said yesterday they are not aware of any opposition to the federal government giving the District money for a crime lab. However, Mr. Davis cautioned that there might be objections in the future.

"It's money; people always object," he said. "We're going to do the best we can to push this through as fast as we can."

More Journalists Facing Jail (WP)

The Washington Post, September 23, 2006

UNLESS A federal appeals court steps in, two reporters for the San Francisco Chronicle will head to jail for as long as 18 months. Lance Williams and Mark Fainaru-Wada broke an important story: the grand jury testimony of baseball superstars, including Barry Bonds, concerning the steroid-dealing BALCO lab and their use of its products. They have properly refused to identify their sources, despite a subpoena from federal authorities. And as has become distressingly common in investigations and lawsuits around the country, the journalists are facing jail time for doing their jobs.

Any reasonable balancing of the interests that clash when law enforcement needs to know a reporter's sources would, in this case, favor letting Mr. Williams and Mr. Fainaru-Wada honor their commitments of confidentiality. The public service they did by exposing steroid use among top athletes was significant. As Mr. Fainaru-Wada put it in court this week: "A fraud was being perpetrated on sports fans -- with athletes using illegal performance-enhancing drugs to manufacture records and achievements that were, at best, deceitful, and, at worst, an illusion." It's hard to see how the public's interest in getting to the bottom of a routine leak outweighs its interest in access to such stories.

Yet federal law, unlike the law in nearly every state, does not give a reporter any protection against compelled disclosure of confidential sources in criminal investigations. And the judge in this case, Jeffrey S. White, specifically declined to balance any harm the leak caused against the value of the information to the public.

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Congress has legislation pending that would give journalists a limited privilege, but the Senate Judiciary Committee has yet to act on it. Under its terms, a judge might still order a journalist to give up a source or face jail, but the judge would first have at least to take "into account both the public interest in newsgathering and maintaining a free flow of information to citizens." (Disclosure: The Washington Post Co., along with other media organizations, filed a friend-of-the-court brief on behalf of the reporters, and Post executives are lobbying for the shield bill.) How many more reporters are going to get locked up before Congress passes this modest reform?

CIVIL RIGHTS:

Texas Democrats File Suit Against Voting Fraud Law (NYT)

By Ralph Blumenthal

The New York Times, September 23, 2006

HOUSTON, Sept. 22 — In the latest of the nation's skirmishes over voting rights, Texas Democrats have sued two top Republican state officials over an antifraud law that the suit says is being used to intimidate minority voters casting ballots by mail.

The action, filed Thursday in federal court in Marshall, challenges both the constitutionality of the law and the way it is being enforced. It contends that Attorney General Greg Abbott and Secretary of State Roger Williams are exaggerating the threat of election fraud and selectively applying the statute, enacted in 2003, so that they can "suppress voting by disfavored groups" that generally support Democrats.

The law makes it a crime in certain cases to carry someone else's filled-out ballot to the mailbox, to possess another person's blank ballot or to provide absentee ballot assistance to anyone who has not asked for it.

One plaintiff, Gloria Meeks, a 69-year-old Fort Worth woman who said she was being investigated for helping elderly and disabled voters cast ballots, provided a sworn statement saying two state investigators "peeped into my bathroom window not once but twice while I was in my bathroom drying off from my bath."

A statement issued by Mr. Abbott's office did not address that accusation directly but said the investigators had acted professionally, and added, "It is not uncommon for the target of a criminal investigation to make baseless allegations against law enforcement in order to deflect attention from the serious criminal allegations they face."

Responding to the suit in another statement, the state's solicitor general, Ted Cruz, dismissed it as baseless and called the plaintiffs "a combination of political operatives and individual criminals who have already pleaded guilty to voter fraud."

"There are open investigations against members of both parties," Mr. Cruz said in an interview, "but the vast majority of complaints that have come in have concerned alleged criminal conduct in the Democratic primary and party elections."

Mr. Cruz also noted that the law had been sponsored by a Democratic member of the Texas House.

In an era of exceptionally partisan politics, the question of who gets to vote has become a most contentious one, especially now as the midterm elections approach. This week, the United States House of Representatives passed a bill that beginning in 2010 would deny the vote to the millions of people who lack a birth certificate, a passport or proof of naturalization. Last year, Georgia was barred from requiring voters to produce a government-issued photo identification card. And in 2004 Florida had to discard a list, intended to keep felons from voting, because it had neglected to include Hispanics.

The new suit was filed in the name of the Texas Democratic Party and six voters by J. Gerald Hebert, a Virginia lawyer and former Justice Department prosecutor specializing in voting rights. The plaintiffs include two Texarkana women, Willie Ray, a member of the City Council, and Jamillah Johnson, who have both pleaded guilty and been sentenced to probation for violating the 2003 law by handling other people's votes.

Another plaintiff, Parthenia McDonald, 78, of Fort Worth said she had joined the suit because she used a wheelchair and needed help to vote. "I can't even get out of my front door, so I couldn't go to my mailbox," Ms. McDonald said.

Under the statute, assisting voters with mail-in ballots is legal if done by a member of the family or household or someone the voter voluntarily designates in writing on the envelope. The suit says these guidelines are often too vague to interpret properly. It says the restrictions and the way the state has enforced them disenfranchise the poor, people who speak no English and others overwhelmingly likely to vote Democratic.

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But the former Democratic lawmaker who sponsored the legislation, Steven D. Wolens of Dallas, took sharp issue with the suit's claim that the "plain intent" of the measure was to suppress the minority vote "and to squelch completely legitimate, nonfraudulent activities of civic organizations, including political parties."

"That was not my intent," Mr. Wolens said in an interview. "My purpose was to eliminate vote fraud in absentee balloting."

He said he and his wife, Mayor Laura Miller of Dallas, had both been victimized as political candidates by "rigged elections with people harvesting votes."

Mr. Wolens, a lawyer who is no longer in the Legislature, said he had not examined the suit and could not say whether his statute was now being used to suppress minority or Democratic voting.

Attorney General Abbott, a former Texas judge running for re-election this year, has long highlighted his efforts against voter fraud, calling it "an epidemic" and likening it to the infamous ballot-box stuffing in South Texas that won the 1948 Democratic senatorial primary for Lyndon B. Johnson.

But the suit said he had prosecuted only about eight people under the new law, all affiliated with the Democrats and all but one African-American or Hispanic.

Mr. Cruz, the solicitor general, said that other cases involving both parties were under investigation and that in any case the attorney general did not initiate voting fraud cases but received them from local authorities.

In the case of Ms. Meeks, the woman who said investigators had peeped into her bathroom, Angela Hale, a spokeswoman for Mr. Abbott, called her "the subject of an ongoing criminal investigation that stems from a complaint referred to the office of attorney general by a citizen in Tarrant County."

"The investigation of Ms. Meeks has been conducted professionally and properly, to the full extent allowed by law," Ms. Hale said in a statement.

Ms. Hale also defended Mr. Abbott's use, in a PowerPoint presentation on voter fraud, of a postage stamp about sickle cell anemia, an ailment found chiefly among African-Americans, to show how possibly fraudulent mail ballots were examined for suspicious similarities. But she said another exhibit in the presentation, a "clip art" illustration of black voters in line at a polling booth, had been removed.

An Unwelcome Light On A Club Where Legends Teed Off (NYT)

By Jennifer Steinhauer

The New York Times, September 23, 2006

BURBANK, Calif., Sept. 22 — In truth, the naked women discharging cocktails at the famed Lakeside Golf Club were not what rankled Jennifer Merkel, though she certainly found them less than charming.

It was her tee time — chosen by the club and consistently at a far less convenient hour than her husband's — that got her steamed. There was also the accusation that the highest level of memberships was reserved for men, and that all the club's board members were male and that as a woman she could not enter the Grillroom or the Gin Room.

So Ms. Merkel sued, causing more than a small hoo-ha at Lakeside, the exclusive club here where Bob Hope, Bing Crosby, W. C. Fields, Gene Autry and John Wayne all hit the links, and drawing unwanted attention to the often exclusionary policies of private clubs.

"I think it is too bad when people get so upset that it ends up in a lawsuit," said Bob Thomas, a spokesman for the Southern California Golf Association.

The lawsuit, which Ms. Merkel filed with her husband, Reginald Lee, accuses the club of sex discrimination and of violating a host of state civil rights laws, including one that protects gay domestic partners because club rules allow family membership privileges only to people married to someone "of the opposite sex."

Ms. Merkel charges that as a woman she is not allowed to play at Lakeside on Saturdays or become a lifetime member of the club, and that she is relegated to "special membership" status, and thereby not allowed to serve on the club's board or hold equity in the club.

Before filing her suit, she complained to the National Organization for Women, which sent a letter to the club seeking an explanation.

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Discrimination complaints against golf clubs by women are not new — the most famous were those against the Augusta National Golf Club in Georgia, which is host to the Masters Tournament and which has no female members — but they rarely result in lawsuits, because private golf clubs generally have great latitude over who is allowed join and how memberships are structured. The National Council of Women's Organizations has led a protest against the Augusta club because it will not allow women to be members.

"These are private organizations," said Alfred P. Carlton Jr., former president of the American Bar Association and an expert in country club law. "And unless they take a public subsidy or have special tax status, there is no public law of discrimination that would apply."

But one component of Ms. Merkel's suit, supported by colorful and off-colorful pictures, is a complaint about the annual Kelly Cup tournament, in which "completely naked women, a k a strippers and prostitutes, are allowed on the golf course and drink with members and guests." That has raised eyebrows even among the most seasoned golf experts.

"I wouldn't call this common at all," Mr. Carlton said. "Most country clubs are rather sedate organizations."

The club's general manager, Lance Sabella, did not deny that the tournament existed, nor did the one board member who took a reporter's call on the matter before promptly slamming down the phone. Mr. Sabella contended that the real reason Ms. Merkel and her husband had sued was because the club was moving to terminate Mr. Lee's membership.

"This lawsuit by Mr. Lee is a most unfortunate attempt to deflect attention from his own public conduct," said Mr. Sabella, reading a statement. The board's decision to oust him "comes after three years of discussions, notices and warnings concerning his disruptive, ungentlemanly and unacceptable conduct."

Mr. Sabella said via e-mail on Friday that Mr. Lee "physically threatened another member and verbally accosted him, using abusive language" on volleyball night in 2003, and that there were seven other "documented incidents of inappropriate behavior/actions by Mr. Lee." He added that the Grill Room was not accessible to women because it was part of the men's locker room, and that the club's bylaws were "gender neutral." There is a woman, he said, in the highest level of membership.

The lawyer for Mr. Lee and Ms. Merkel, Leo Terrell, said that at a termination hearing this week, the club accused Mr. Lee of writing down an inaccurate score and of starting his game at the wrong tee time, which Mr. Terrell said were common among golfers, and of getting into an argument on the course three years ago.

"This is just a kangaroo court," said Mr. Terrell, who added that he planned to place some female protesters outside the club this weekend. Or maybe next, depending on when he decides to go golfing there with Mr. Lee.

He could have esteemed company. The club, which Mr. Terrell said costs roughly $100,000 to join, has a host of celebrities he would not name. "But just think 'Rocky,' 'Wall Street,' 'Dancing With Wolves,' and you get the picture," he said.

Mr. Terrell conceded there was little case law for him here but said he thought California civil rights codes offered his clients some protection.

After a discrimination flap in 1990 at Shoal Creek, an all-white club in Birmingham, Ala., the Professional Golfers Association drafted policies for sites that were host to tournaments, contractually obligating them to not discriminate. Many courses dropped out rather than change their ways. (P.G.A. tournaments are not played at Lakewood.)

"They are hanging this lawsuit on the issues of equal access," Mr. Johnson said. "And there are some California laws that deal with that issue, but they don't apply to truly private clubs. Lakeside is a truly private club."

Homeland Security Seeks Verification Of Employee Citizenship Status (MCT)

By Marisa Taylor And Kevin G. Hall

McClatchy Newspapers, September 23, 2006

WASHINGTON - The Department of Homeland Security isn't waiting for Congress to require employers to verify they're hiring legal immigrants. It's preparing new rules that would compel companies to take swift action when they receive notice that a worker may be using fake documents, even as another federal agency warns that the proposed rule would be an invitation to discrimination lawsuits.

Congress is stymied over immigration reform, particularly legislation that would require employers to check workers' Social Security information.

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So DHS is moving ahead on regulations - expected by the end of the year - that would require employers to ascertain quickly an employee's immigration status if the Social Security Administration sends back a notice saying it found no match between an employee's name and his or her Social Security number.

That directive comes despite the fact that Social Security's current "no-match" letter warns employers that taking adverse action against their employees could "violate state or federal law and subject you to legal consequences."

Last month, the federal Equal Employment Opportunity Commission (EEOC), which oversees workplace discrimination cases, wrote to Homeland Security warning that its proposed rule "may create circumstances in which employers have incentives to take actions that violate . . . non-discriminatory provisions."

Social Security Administration officials confirmed that they're discussing similar concerns about discrimination with DHS.

Currently, when Social Security receives a W-2 earnings statement from an employer in which an employee's name and Social Security number don't match, a "no-match" letter is sent to the employer.

About 128,000 such letters were sent out this year for the 2005 tax year, roughly the same number sent for the 2004 tax year. The letters spell out what employers and employees must do to rectify the discrepancy but doesn't hold employers liable for workers who turn out to be illegal immigrants.

The new DHS rule would require the employer to check within 14 days to see if the mismatch was a clerical error and would give the employee 60 days to prove his or her status.

Currently, there's no time limit for resolving a "no-match" discrepancy. The EEOC wants any new rule to give workers 90 days instead of 60 to resolve paperwork problems.

Employers that can't resolve any discrepancies either internally or by checking with federal agencies would be required to fire the workers or face federal prosecution or fines for hiring illegal immigrants.

Business groups complain that this leaves them vulnerable to enforcement actions if they don't comply and costly lawsuits if they do.

"Legally speaking, an employer has to very careful," said Scott Vinson, vice president of government relations for the National Council of Chain Restaurants. "If you terminate an employee without any other evidence, you could open up yourself to liability for civil rights violations."

Dean Boyd, a spokesman for the Bureau of Immigration and Customs Enforcement, part of Homeland Security, disagreed.

"I don't think any company wants a bunch of employees with fraudulent Social Security numbers, or the Social Security numbers of children under the age of 5, or of dead people," Boyd said.

Employers who show that they tried to verify workers' identities and didn't know the workers were illegal would be in the clear.

"Knowing is the operative word," Boyd said. "If we go to a company and we find 50 illegal aliens, and the company says they looked at all the documents, they didn't know they were illegal, and the paperwork supports that, then they're in compliance."

The change would help agents go after companies that routinely seek out illegal immigrants or ignore signs like "no-match" letters.

"We have seen numerous cases where companies have hundreds of people on their payroll with bogus Social Security Numbers," Boyd said.

Employer groups, however, question why DHS is moving ahead with the rule when Congress is still narrowing differences between competing immigration bills that require mandatory verification of an employee's citizenship status.

"We thought it would be a smart thing for DHS to pause for a moment to wait and see . . . because this may ultimately have to be changed," said Vinson, who represents the chain restaurants. "From what I'm hearing, DHS does plan to proceed with this . . . and it's being fast-tracked."

Before the Sept. 11 terror attacks, immigration authorities rarely fined or prosecuted employers for hiring illegal immigrants, and the illegal workforce grew to an estimated 11 million people over the past decade. After the attacks, authorities accelerated immigrant-worker sweeps and increased prosecutions of employers.

Now, a small but growing number of companies has decided to verify their workers' identities more aggressively by joining the voluntary DHS program Basic Pilot, which allows companies to verify Social Security numbers over the Internet.

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More than 11,200 employers are signed up for the program this year, twice last year's numbers. It's a big jump for a program in place since 1996, but a small fraction of the estimated 7 to 8 million employers nationwide.

Dunkin' Brands Inc., corporate parent of Dunkin' Donuts and Baskin-Robbins, joined in June. Chief Legal Officer Stephen Horn, in a statement to McClatchy Newspapers, said, "We see it as a way to help our franchisees comply with the laws when the authenticity of their new hires' credentials are difficult to discern."

But the program has accuracy problems and is far from foolproof, said Basic Pilot participants. It can't recognize employees who are using others' identification and Social Security numbers. That would require more sharing of tax records among the IRS, Homeland Security and Social Security Administration.

Advocates of a guest-worker program, such as the one proposed by President Bush, charge that the proposed DHS rule and Basic Pilot only drive workers toward employers who pay them off the books.

In the Maryland city of Upper Marlboro, undocumented workers gathered after dawn and awaited jobs as day laborers.

One recently arrived young man from Mexico's southernmost state of Chiapas, leaning against a contractor's truck and wearing a company-issued shirt embroidered with the name Lupe, underscored the verification challenge.

Lupe confirmed that he's without legal working papers and shrugged when asked if his employer verified his status.

"It hasn't been a problem," Lupe said.

Ga. Lawmaker May Apologize To Latinos (AP-Y)

By Ben Evans, Associated Press Writer

AP, September 23, 2006

A Georgia Republican says he'll apologize to a national Latino advocacy group he accused of supporting racism and illegal immigration if the organization agrees to a list of conditions.

In a press release this week, Rep. Charlie Norwood called the National Council of La Raza a "radical," "anti-American" organization that "supports racist groups calling for the secession of the western United States as a Hispanic-only homeland."

The Washington-based group, which regularly testifies before Congress and is a leading Hispanic advocacy organization, emphatically denies those characterizations.

"His accusations in his press release were patently false," said Cecilia Munoz, vice president of NCLR. "We've attempted to clarify the record multiple times and we've offered to meet with him, and he continues to insist on a bizarre interpretation of our work."

In offering a conditional apology, Norwood asked NCLR to sever all ties with a leftist student group and its "racist doctrines," to repudiate all claims that any American territory belongs to Mexico, and to seek outside supervision to ensure that NCLR-sponsored programs do not discriminate.

Norwood, a six-term congressman, acknowledges that the group itself does not promote racist or separatist policies. But he cites its association with a leftist student group called MEChA that has branches at colleges across the country, some of which advocate retaking U.S. land that once belonged to Mexico. He points to a $2,500 grant the council gave in 2003 to the Georgetown University MEChA branch, which calls for the political liberation of Latinos from repressive foreigners.

The donation represents a tiny portion of the millions of dollars in grants that NCLR gave to health clinics, housing organizations, community centers and local advocacy groups that year.

John Stone, a spokesman for Norwood, said it is significant and drew an analogy with a conservative think tank: "If the Heritage Foundation gave one small donation to the Aryan Brotherhood, I think that would cause quite a stir."

ANTITRUST:

FCC Is Likely To Put Conditions On AT&T Deal (WSJ)

By Amy Schatz

The Wall Street Journal, September 23, 2006

DOJ_NMG_0067873

WASHINGTON -- Federal Communications Commission staff recommended approving AT&T Inc.'s $67 billion purchase of BellSouth Corp. with no conditions, agency sources said Friday.

Although the FCC staff and Chairman Kevin Martin are advocating no conditions, it is highly unlikely the deal will clear the commission without restrictions. The FCC's newest commissioner, Republican Robert McDowell, is not expected to vote on the matter because of his previous career as a lobbyist and telecom attorney for smaller phone companies, FCC officials said. Those companies are opposing the deal.

FURTHER READING

• Judge Vows Telecom-Merger Review1

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If Mr. McDowell is recused from voting, Mr. Martin will have to reach a compromise with the commission's two Democrats, who are expected to press for conditions similar to those imposed last year when the commission approved the purchase of AT&T by SBC Communications Inc. and Verizon Communications Inc.'s purchase of MCI Inc. Those conditions involved treatment of Internet traffic.

In a possible bid to avoid imposing similar conditions this time that would affect only AT&T, the FCC is also set to open a formal inquiry into whether industrywide rules need to be written that would require Internet providers -- including phone companies -- to treat all Internet traffic equally, otherwise known as net neutrality. High-tech companies and consumer advocates have complained phone and cable companies may try to discriminate against some Internet traffic and want rules to prevent that. The FCC's two Democrats successfully got conditions to prohibit AT&T and Verizon from doing that in the deals last year and are expected to try again.

The FCC is set to vote on the deal at its Oct. 12 meeting and the Justice Department's review of the deal may also be done before then. The antitrust review does not appear to have been slowed by a federal court review of the department's approval of the AT&T and Verizon deals. Those conditions mostly involved short-term price caps and limited divestitures in 19 cities where the department found some antitrust issues involving high-volume data lines for business customers.

The FCC has moved relatively quickly to approve the AT&T-BellSouth deal, possibly because of the coming elections in November. Some congressional Democrats have expressed unhappiness about the deal, which essentially puts Ma Bell back together 22 years after the government broke it up, and if the House came under Democratic control, it could prompt more pressure on the FCC to impose conditions.

AT&T's BellSouth Buy May Win FCC Approval, People Say (Update4) (BLOOM)

By Molly Peterson

Bloomberg, September 23, 2006

Sept. 22 (Bloomberg) -- AT&T Inc.'s $67 billion purchase of BellSouth Corp. is likely to be approved by the U.S. Federal Communications Commission, said people familiar with the agency's plans.

FCC Chairman Kevin Martin has asked other commissioners to approve the purchase without conditions, said the people, who asked not to be identified because the decision hasn't been made. Martin circulated a draft order last night and the FCC may vote Oct. 12, the people said today.

The draft is a starting point for talks and may not mean the deal will sail through without conditions. The newest FCC member, Republican Robert McDowell, a former lobbyist, may be barred from voting, leaving the panel split between Republicans and Democrats. In addition, Sprint Nextel Corp. and Global Crossing Ltd. want the agency to force AT&T, the largest U.S. phone company, to allow equal access to its high-speed networks.

``It would surprise me if there aren't commissioners agitating for some tough net neutrality conditions,'' said Paul Glenchur, an analyst at Stanford Washington Research Group.

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Glenchur noted that Martin last year initially proposed approving two telephone-company mergers without conditions.

``Then discussions among the commissioners led to the development of FCC conditions, and I think that's probably what will happen here too," Glenchur said.

`Guidepost'

Conditions on last year's mergers probably will be a ``guidepost" for commissioners' negotiations on the BellSouth deal, Jessica Zufolo, an analyst with Medley Global Advisors in Washington, wrote today in an investor note. ``For some, it will be the starting point for more rigorous negotiations," she said.

Shares of San Antonio-based AT&T rose 62 cents to $32.90 at 4 p.m. in New York Stock Exchange composite trading. Atlanta- based BellSouth, the third-largest U.S. local phone company, rose 80 cents to $43.23.

The FCC had a vacant Republican seat for more than a year prior to McDowell, a former lobbyist for Comptel, which represents carriers that compete with AT&T and BellSouth. With an even split, Martin agreed last year to Democrat-backed conditions on SBC Communications Inc.'s purchase of AT&T Corp. and Verizon Communications Inc.'s acquisition of MCI Inc.

They barred the combined companies from raising rates on certain services for two years. The commission also made the companies comply with network-neutrality principles, such as ensuring that high-speed Internet subscribers can access any legal content they choose.

Neutrality Study

The commission also may start a separate net neutrality inquiry next month, people familiar with the matter said today. Martin circulated a notice last night seeking public comment on the FCC's existing neutrality principles, the people said.

The inquiry ``could be a way for the commissioners to take net neutrality out of the merger discussion and into an industry-wide proceeding," Glenchur said.

Internet companies such as Google Inc. are pressing for tougher neutrality rules that would bar phone companies from charging content providers for priority access to new, high- speed networks under construction. Phone companies plan to use those fiber-optic networks to offer television service in competition with cable companies.

Shareholders approved the BellSouth purchase in July. The deal will give AT&T Chief Executive Officer Ed Whitacre control of the companies' shared mobile-phone business, Cingular Wireless LLC, the largest in the U.S. It will also widen AT&T's lead as the dominant local, long-distance and wireless provider, and help it fend off cable-television companies offering phone service.

Share Gains

Once approved by federal regulators, BellSouth investors will get 1.325 AT&T shares for each they now own, representing an 18 percent premium based on the companies' stock prices on March 3, the last trading day before the deal was announced.

The deal was worth $37.09 a share to BellSouth investors when it was announced. Since then, AT&T shares have risen almost 18 percent.

In addition to full ownership of Cingular, BellSouth will give AT&T local-phone and Internet customers in nine states, expanding the company's reach from California to Florida.

The BellSouth acquisition is ``strongly in the public interest, as 18 states have now determined," AT&T spokesman Michael Balmoris said today in an e-mailed statement. ``We look forward to bringing the benefits of increased innovation and competition to consumers once the merger is approved."

Opponents

A coalition of rival carriers and consumer groups said the sale would lead to ``irreversible marketplace harms" unless the FCC imposes tough conditions.

``It would be precipitous and unprecedented for the commission to take action on this merger while the Department of Justice is under federal judicial scrutiny for its approval of the SBC-AT&T and Verizon-MCI mergers," said Andrew Schwartzman, president of the Washington-based Media Access Project and a member of the Competition Coalition.

A U.S. judge is examining the Justice Department's October 2005 approval of SBC's $16 billion purchase of AT&T Corp., which formed AT&T Inc., and Verizon's $8.44 billion MCI acquisition. Terms of the approval, which required the companies to divest some fiber-optic lines to buildings serving large businesses, were subject to court review.

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That court proceeding ``relates primarily to the Justice Department'' and ``doesn't really have an impact'' on the FCC's review of the BellSouth deal, Martin told reporters last week.

To contact the reporter on this story: Molly Peterson in Washington at mpeterson9@bloomberg.net .

Smithfield's Plan To Buy Rival Spurs Complaints (VAPILOT)

By Jeremiah Mcwilliams, The Virginian-Pilot

Virginian-Pilot, September 23, 2006

A coalition of farmers and Midwest senators is protesting Smithfield Foods Inc.'s bid to buy its top pork-producing rival, even as the U.S. Justice Department's antitrust division has begun investigating.

Smithfield's planned $810 million acquisition of Premium Standard Farms Inc., the nation's sixth-largest pork processor, would further extend the Smithfield-based company's reach in the meat industry.

"I cannot fathom how Smithfield, which is the largest and fastest growing integrator, can continue to be allowed to purchase hog operations across the country," said Sen. Charles Grassley, R-Iowa, in a statement this week. "Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming."

A Justice Department spokeswoman said there was no timeline for completing the antitrust investigation.

The Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights will hold hearings on the deal in the near future, said its chairman, Sen. Mike DeWine, R-Ohio.

"This merger takes place in an industry already witnessing the decline of independent family farmers, and rapid consolidation in meat production and packing," DeWine said in a statement. "If this merger goes through, farmers will have even fewer choices for selling their hogs, and consumers will certainly be affected."

After the deal, Smithfield would have about 28 percent of U.S. hog-slaughtering capacity and less than 20 percent of the nation's hogs, said Smithfield Chairman Joseph W. Luter III this week.

Smithfield - already the world's largest hog farmer and pork processor - is confident the deal will win approval.

The controversy is "politics as usual," said company spokesman Jerry Hostetter. "We expect the Justice Department to review the deal. We expect to work with them and resolve it."

Midwesterners "don't really like other companies coming into their turf - they don't like big agricultural companies," Hostetter said, noting that Grassley and Sen. Tom Harkin, D-Iowa, also opposed Smithfield's $367 million acquisition of pork processor Farmland Foods in 2003. "They always react this way," he said.

Smithfield is contractually bound to pay $100 million to Premium Standard if the deal is terminated because it fails to clear antitrust barriers.

"We were willing to establish that breakup fee because we expect to be able to close the deal," Hostetter said.

Kansas City-based Premium Standard, meanwhile, must pay Smithfield about $27.4 million if the smaller company's board changes its mind and goes against the deal.

Jim Mintert, a professor of agricultural economics at Kansas State University, said that, in order to reject the Smithfield deal, antitrust regulators would have to impose a different standard than is used in other industries.

Smithfield's market share "is large in the food industry, but they're not large by traditional antitrust standards," Mintert said. "If this was any industry but the food industry, and more specifically meat production and packing, this wouldn't even be on the radar screen. Not even close."

Opponents of the deal say small farmers are being squeezed out by consolidation in the meatpacking and hog-growing industries. As vertically integrated conglomerates take control of production from hog farms to ham plants, opponents say independent farms are subjected to tough pricing in a shrinking spot market for hogs.

Nationwide, the number of hog farms shrank from 300,000 in 1989 to 98,000 in 1999 as larger farms took bigger shares of the market, according to University of Arkansas' National Agricultural Law Center.

"The U.S. livestock industry is already heavily concentrated and lacks open and fair competition," said Tom Buis, president of the National Farmers Union, in a statement.

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"Allowing the two largest hog businesses to join together would only exacerbate an already unacceptable level of concentration," said Buis, whose group represents about 250,000 farm and ranch families.

C. Larry Pope, president and chief executive of Smithfield Foods, said on a conference call this week that the company would honor Premium Standard's current hog production contracts. In a nod to smaller hog raisers, Pope also said the company is committed to buying a significant number of hogs on the open market.

Wright Friction Expected To Persist (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 23, 2006

WASHINGTON – Supporters of the Wright agreement called them "the four little words."

Tucked into legislation to repeal the Wright amendment, the words – intended to exempt the deal from antitrust laws – nearly cratered the compromise to lift restrictions on long-haul flights at Dallas Love Field.

The language was removed from legislation in the U.S. Senate this week, keeping the Wright fight alive as the clock ticks down on the congressional session.

But the battle is far from over.

Even if the legislation clears Congress next week, the Wright-repeal movement is expected to hit more rocky terrain in a court fight treading over many of the same issues.

The debate over the antitrust language this summer came to represent almost every facet of the decades-long dispute – how to bring airline competition to North Texas, whether Congress should involve itself with the in-city airport, why the effort to repeal a contentious 1979 law needed even more contentious legislation.

Lawmakers from North Texas say their efforts, fighting some of their most powerful colleagues on Capitol Hill, were merely intended as protection to help ensure their Wright legislation survived once it passed.

The deal "was always going to be subject, in my view, to litigation," said Rep. Kenny Marchant, R-Coppell.

But some legislative language about how to treat the agreement could be added protection in front of a trial judge, he said.

The need for an antitrust exemption wasn't expressed in the June agreement among the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

The five parties designed their agreement for protection from one another, and penalties were devised if any of the signatories chose to renege on their commitments.

But when the deal moved to Washington in the form of legislation weeks later, the four-word antitrust protection was built in to help protect the five parties from outsiders: The bill deemed that the compromise complied with the U.S. transportation code "and any competition laws."

North Texas lawmakers thought they had widespread support for their legislation.

But that immunity clause, once it was highlighted for congressional committees that oversee antitrust laws, drew a bitter fight – and more questions.

Couldn't the deal stand on its own? Why wouldn't the legislation survive in court if it really was good for consumers?

Wasn't the Wright repeal movement about creating more competition?

Critics of the antitrust exemption intervened, creating hurdles to the legislation that still haven't been cleared completely.

Proponents of the agreement maintain that the deal is good for consumers – or at least that it's better than the current situation, in which Love Field flights are limited to a nine-state region.

Even before the agreement for new language was reached this week, Dallas Mayor Laura Miller said she was not afraid the North Texas compromise would lose a court challenge.

The antitrust immunity, she said, was necessary to protect Dallas from getting tied up in court over the next eight years – a tight timeline for the condemnation of gates and planned improvements to the airport.

The antitrust protection "has nothing to do with our ability to win in court and everything to do with our ability to implement our plan," she said.

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The proposal would lift Love flight restrictions in 2014 and immediately allow for one-stop flights beyond the Wright perimeter.

In perhaps the most controversial piece of the deal, the number of available gates at Love would be cut to 20 from 32. Nineteen are now operational. The gate reduction would lead to the demolition of the unused six-gate terminal owned by Love Terminal Partners LP.

That group sued the mayor and the parties and launched a lobbying effort that brought the antitrust exemption before key lawmakers.

The lead attorney for the terminal group, Bill Brewer of Dallas, said the five parties involved in the deal engaged in "collusive activity" that would harm consumers to the tune of hundreds of millions of dollars a year.

Lawmakers said they expected the terminal group to mount further challenges in court – one reason the bill needed protection from antitrust suits.

Mr. Brewer said, "We are going to press this debate in every way that we can for as long as we can, because we believe that the bill is not proper."

But the legal threat to the parties would be much greater than any challenge by Love Terminal Partners, he said.

"They care about the class-action consumer antitrust actions that will be filed, if this agreement was to take effect and there is no immunity," he said. "There are lawyers lined up outside the courthouse within minutes to file that case."

A House version of the Wright legislation, which North Texas lawmakers plan to push next week, retains the immunity clause but could be substituted with the Senate language if members wanted.

The Senate version removes the antitrust exemption and offers other protective language to show that Congress is ordering the gates at Love to be torn down.

Sen. Kay Bailey Hutchison, R-Texas, who has been pushing the issue through Congress, said outside parties could still make claims in court, but "we will pass a bill that protects our parties."

"I never felt there was an antitrust issue," she said. "People can sue and cities can make agreements."

Lawmakers from North Texas have been quick to acknowledge that they'll do what the five parties need to get the deal done.

The key, they said, is to explain to their colleagues in Congress the history behind the Wright legislation and why the divisive issue needs to be resolved.

"This problem is largely of Congress' making to begin with," said Rep. Michael Burgess, R-Flower Mound. "I hope people can understand why it is important to us in the D/FW metroplex to have this 35-year-old burr pulled out from under our saddle."

Staff writer Emily Ramshaw in Dallas contributed to this report.

Tigers By The Tail (WSJ)

By Ron Cass

The Wall Street Journal, September 23, 2006

Intel executives, coming up on a pre-trial conference in a case that could decide their company's fate, should be looking with envy and admiration at Tiger Woods, and wondering how to make their business more like his.

If golf followed the same path as other businesses, Tiger could expect to face a lawsuit contending that his dominance of professional golf is based on unfair competition. And in fact, a few years back Sergio Garcia whined that Tiger got better practice times, favorable treatment around the course, more protection against distracting fans -- little things that could, Mr. Garcia intimated, explain Tiger's edge. Sportswriters responded swiftly, deriding Mr. Garcia for looking to blame others for his being outcompeted. They understood that sports contests belong on the field, not in the media or the courts.

The same should be true of business. Market-based economies thrive on competition. The competitive economy doesn't yield an infinite number of equally successful firms producing indistinguishable products, but lets winners and losers emerge from marketplace competition. The (inevitably) temporary dominance of one product or one firm spurs others to compete harder. Today, however, many businesses -- especially American ones -- find it easier to restrain a dominant competitor through the courts than to beat it in the market.

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Take the case of Advanced Micro Devices and Intel, the dominant chipmaker for PCs and servers. AMD for years played the role of Phil Mickelson to Intel Corporation's Tiger Woods -- the talented rival who keeps coming up short in head-to-head competition. Last year, it decided to model Mr. Garcia rather than Mr. Mickelson, filing an antitrust action against Intel, charging it with a variety of unlawful actions. On Sept. 27, U.S. district court judge Joseph Farnan will determine what day, probably in 2008, this potentially multibillion dollar suit will go to trial.

Lawsuits are not invariably bad things. Intellectual property rights, for example, support investment in innovation, and litigation at times is essential to preserve those rights. Antitrust litigation can also usefully police conspiracies to restrain competition through collusive price-fixing or bid-rigging agreements among supposed adversaries. Unfortunately, the more likely use of antitrust law is to handicap a dominant firm that has been successful in the market. That's the goal of Microsoft competitors, and it seems to be AMD's goal as well.

AMD finds fault in Intel's continued market dominance: Because Intel has had 80% or more of the x86 chip processor market for many years it must be doing something illegal to keep rivals out. Yet, George Stigler, among others, long ago debunked the significance of market share as a measure of competition. Duopoly markets, like the market for large commercial aircraft, can be fiercely competitive. Ask anyone working at Boeing or Airbus.

Moreover, markets can change rapidly, especially high-tech markets, often in ways unanticipated by antitrust suits. Witness the changes in computing that caused the government's antitrust case against IBM to implode.

AMD's share of the server-chip market has risen dramatically over the past two years, from negligible to more than 25%, and its share of the x86 PC-chip market has also passed the 20% AMD's complaint used as a benchmark. That was before recent deals were announced with IBM and Dell that will further increase AMD's market share, and before any activity in the lawsuit (or the EU decision to pursue an investigation based on AMD's complaint). The potential for such dramatic shifts explains why firms like Intel and Microsoft go to great lengths to stay on top of the markets they currently rule.

AMD objects to Intel's pricing and rebate policy. Intel offers computer makers like Dell and IBM rebates if they purchase certain volumes of its chips. The rebates, AMD argues, are illegal because they apply across the board (rather than only to chips purchased above a given volume) and drive prices so low that AMD cannot compete. And because, once the target volume is reached, the rebate operates to reduce the prices of a buyer's entire chip purchase, AMD says Intel is selling the last increment of chips below its cost of production -- i.e., predatory pricing.

Forcing Intel to raise its prices would stifle competition, stand antitrust law on its head, and require Intel (or other dominant firms) to have information about competitors' costs almost certainly beyond its reach. Similarly, as long as the price of the goods to which the rebate applies covers the seller's costs, as AMD apparently concedes, the rebate trigger point shouldn't matter. As an economic and legal matter, whether AMD can compete with Intel's prices is irrelevant.

Still, some theorists and some judges, concerned that rebates could be structured in ways that make competition by rivals more difficult, conclude that courts should police them. To second-guess a firm's prices and rebates, as the AMD-Intel litigation requires, the firm sued must gather, reproduce, disclose and justify sensitive business decisions. Judges are not especially competent to set prices or determine the right way to structure business dealings, and the problems of price-setting where there are high economies of scale are notorious.

The risk of overstepping judicial bounds could be lowered by rules giving strong presumptions of legality to pricing and bundling decisions. Instead, some theories now contemplated by the antimonopoly strand of antitrust law allow for a broad range of ordinary business practices and prices to be deemed illegal. The cost, intrusion and risk associated with judicial intervention are enough to discourage aggressive competition by many highly successful firms -- but that is exactly what the antitrust laws should encourage, not deter.

Clear, simple rules and predictable outcomes advance the rule of law; antitrust statutes focused on clear abuses facilitate competition. But vague rules limiting business practices of successful firms are as useful to market competition as having golf officials second-guess which clubs Tiger Woods can use for particular shots. Letting him compete as aggressively as he can is far better for the game.

Mr. Cass is president of Cass & Associates PC, chairman of the Center for the Rule of Law, and dean emeritus of Boston University School of Law.

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The Ultimate Agricultural Efficiency (NYT)

The New York Times, September 23, 2006

Any American history of pork — the meat, that is — shows a steady concentration of more and more hogs in the hands of fewer and fewer producers. That is what modern agricultural "efficiency" looks like. It's good for the bottom line of the big industrial players, but bad for farmers, hogs, the environment and, ultimately, consumers. That history took another step in the wrong direction when Smithfield Foods — the biggest pork packer — agreed to buy the second biggest pork packer, Premium Standard Farms.

This is a deal that deserves to be closely examined by antitrust regulators. It would mean fewer markets for farmers and fewer choices for consumers. Already, packing giants like Smithfield and Premium Standard Farms use their market power, when buying hogs, in ways that violate the spirit of the 1921 Packers and Stockyards Act, which prohibits undue price discrimination. Their power in the marketplace allows them to negotiate price premiums that smaller packers can't offer.

The public should also understand what the deal would mean for the future of American farming. It would push farmers still farther down the road to becoming nothing but contract laborers.

There is little or no role for the independent farmer in this landscape. The logic is simple: Why bother to buy pigs from farmers when you can own them yourself? If this deal closes, more than half the pigs Smithfield kills would be pigs it already owns, a percentage that is sure to increase. The hog farmers' job would no longer be farming. They would be janitors in confinement barns across rural America where the packers' huge herds of pigs are crammed in stalls to live out their short lives.

And that would be the ultimate efficiency of American agriculture — doing away with the farmer by doing away with competitive markets.

ENVIRONMENT:

Feds Halt Oil Lease Sale On Alaska Slope (AP-Y)

By H.josef Hebert

AP, September 23, 2006

The Interior Department is willing to temporarily abandon the sale of oil leases in an environmentally sensitive area surrounding Lake Teshekpuk on Alaska's North Slope.

In papers filed in federal court in Anchorage, the department asks the court to give the go-ahead to a broader lease sale next week, while the contentious leases in the lake area undergo further environmental review.

U.S. District Judge James Singleton on Sept. 7 blocked the proposed sale of leases in the northeast area of the National Petroleum Reserve Alaska, saying the Bureau of Land Management had not adequately assessed the cumulative environmental impact of the sales including those on about 400,000 acres north and east of Lake Teshekpuk.

The government, in papers filed with the Anchorage court and obtained by the AP on Friday, said it still strongly disagrees with Singleton's conclusion, but asks that the court decision be limited to the leases near the lake so the rest of the sale can proceed.

"BLM ... believes that the ability to go forward with some leasing in the northeast NPRA is in the public interest," the government argued, saying leasing on tracts near the lake could be put off "until further analysis has been completed" to resolve the environmental issues the court raised.

Lawyers for environmental groups, which had filed suit to block the lease sales, said in separate filings they are not opposed to narrowing the order as long as the lake area remains off limits.

"We're not opposed to all leases in NPRA We are opposed to oil leases going near Lake Teshekpuk," said Tony Iallonardo, spokesman for the National Audubon Society, one of the groups that filed the suit.

Deirdre McDonnell, an attorney for Earth Justice in Juneau, cautioned against making too much of the government's filing. "It's not a change of position at all. They're continuing to argue that their decision (to lease the lake area) is legal. I don't see them voluntarily doing anything."

It's not known when Singleton will act in response to the latest court filings.

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The Interior Department announced in August it was making available 696 tracts on 8 million acres in the northeast and northwest planning areas of the NPRA, a vast area set aside in 1923 for its oil resource.

The government and some oil companies argue that while the legal issue focuses on leasing in the northeastern NPRA, the judge's decision jeopardizes leases to be sold on a total of 8 million acres including leases in the northwestern portion of the reserve.

Bids on the latest leases were scheduled to be opened Sept. 27.

The leases included nearly 400,000 acres north and east of Lake Teshekpuk, a lagoon-pocked region that environmentalists argue should be free of development to protect caribou and migratory birds.

But the lake area also is believed to have 2 billion barrels of oil and has been eyed by oil companies because of its relatively close proximity to existing development in the Prudhoe Bay area to the east. Most of the other leases in the NPRA are much farther away and less desirable to oil companies.

The BLM, in its filing Thursday, continues to argue that restrictions written into those leases — limiting surface disturbance and requiring corridors for caribou migration — "provide the maximum protection to environmental resources." And, the agency said, additional protections can be imposed if needed.

But it asked the court to revise its order and limit any injunction to the new leases near Lake Teshekpuk that have been the focus of the environmentalists' outrage.

State Concedes On Glades Cleanup (PALMBEACHP)

By Robert P. King, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 23, 2006

Gov. Jeb Bush's administration is abandoning its efforts to end federal court oversight of the state's $1.1 billion Everglades cleanup, a legal maneuver that had drawn fierce criticism from environmental groups, the Miccosukee Indians and members of Congress.

In a letter made public Friday, the state Department of Environmental Protection said it is ending more than a year of talks with the U.S. Justice Department because of doubts that the federal government will pay its full share of a crucial water-restoration project near Everglades National Park.

But one critic said the state seems to be grasping for an excuse to drop a request that was unlikely to succeed anyway.

"They're obviously just looking for a cover," said tribal attorney Dexter Lehtinen, who learned of the state's about-face earlier this week. "It's good news....It's better to win without having to fight the battle."

Audubon of Florida lobbyist Charles Lee added: "If a bad deal is dead, we're obviously happy."

The cleanup grew out of a lawsuit the federal government filed in 1988. Much the cleanup is still covered by a 1992 court order overseen by U.S. District Judge Federico Moreno, who last year declared that the state has violated some of its promises. That ruling spurred the state to begin talks with federal agencies to change or end the court order, according to the DEP's letter. The negotiations have included meetings in Washington between the governor and appointees of his brother, President Bush, The Palm Beach Post reported in February.

State leaders have said a state-run cleanup under strict federal permits - not endless court hearings - would be the best way to keep the progress going. But opponents said they feared the permits would contain too much wiggle room.

Spinach Illnesses Rise As Inquiry Narrows (NYT)

By The New York Times

The New York Times, September 23, 2006

The number of people who have become sick with E. coli after eating fresh spinach continued to increase yesterday as federal officials narrowed their investigation and reminded consumers that spinach grown outside three California counties was safe to eat.

The federal Centers for Disease Control and Prevention reported yesterday that 166 people in 25 states had been infected with the E. coli strain traced to spinach grown in California. Although no new bags of contaminated spinach were reported, a Food and Drug Administration official said he considered the outbreak “ongoing.”

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Federal investigators in California continue to visit spinach fields and processing plants to examine sanitation practices and look for evidence of standing water, animals, pests or other unusual activity, said Mark Roh, acting regional director of the food agency's Pacific regional office.

David Acheson, the chief medical officer at the Center for Food Safety and Applied Nutrition at the F.D.A., emphasized that spinach grown outside the three California counties linked to the outbreak was safe to eat, though he did not say when bags of fresh spinach would be back on grocery shelves.

"Spinach grown in other parts of the U.S. have not been implicated," Mr. Acheson said, "and the public can be confident that spinach grown there can be consumed."

A Revised Warning On Spinach (LAT)

By Amanda Covarrubias And David Pierson

The Los Angeles Times, September 23, 2006

FDA officials say tainted produce that sickened 166 people nationwide came from facilities and farms in three California counties.

Federal officials Friday lifted their blanket warning against eating fresh spinach, narrowing it to spinach from three California counties linked to an E. coli outbreak that has spread to 25 states.

Food and Drug Administration officials changed their recommendation after determining that tainted spinach that has sickened 166 people nationwide and caused at least one death came from processing plants and farms in San Benito, Santa Clara and Monterey counties.

"At this stage of the investigation, we know spinach grown in the rest of the U.S. and in California is not implicated in the current outbreak, therefore the public can be confident that spinach grown in non-implicated areas can be consumed," said Dr. David Acheson, chief medical officer for the U.S. Food and Drug Administration's Center for Food Safety and Applied Nutrition.

He said in a news conference Friday that state and federal investigators were working to further narrow the area from which the contaminated spinach came.

California growers produce about three-quarters of the nation's spinach, and about 60% of it comes from the three-county region that has been implicated in the outbreak. Other spinach-producing counties are Ventura, Imperial and Riverside.

Outside the state, Arizona, Texas and New Jersey have sizable spinach farms, said Tim Chelling, spokesman for the Western Growers Assn.

He said the FDA's announcement was welcome news to the beleaguered spinach industry. He noted that winter crops would soon be harvested in Imperial County and Yuma, Ariz.

"We want to act responsibly and err on the side of caution, but a blanket warning is extreme," Chelling said.

Many grocery store customers, however, said Friday that they were going to wait awhile before buying spinach again.

Cristina Ward was loading her car with groceries from a Ralphs in Glendale. Not included in her bags was spinach — not for another few weeks, she said.

"I'm going to wait at least two more weeks," said the 31-year-old Glendale resident. "I stopped buying as soon as I heard about the outbreak. I like spinach salads."

Randy Ray, not a fan of spinach to begin with, said the E. coli outbreak just gave him another reason not to like the leafy green.

"I'll have it once in a while, but I'll be much more cautious," the 34-year-old Los Angeles resident said. "I wouldn't buy it Monday."

Roger and Amelia Otway and their 4-year-old son went shopping for a spinach substitute to make salad. The couple said they didn't feel safe eating spinach so soon after the outbreak. "He always called me to remind me not to buy spinach," Amelia Otway said about her husband. "We're going to wait at least two full weeks."

Because it can take up to three weeks for a bacterial infection to be reported to federal authorities, Acheson said officials could expect to see reports of new cases of E. coli through the first week in October.

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Mark Roh, acting director for the FDA's Pacific Region, said Friday that a team of 20 investigators had inspected 10 fields and three processing plants in the three counties since Sept. 14, when the outbreak was first reported.

He declined to say what they had found so far. He said they were looking at sanitation practices, housekeeping methods, the cleanliness of equipment, what raw materials were being used, evidence of animal activity or pests, and many other factors.

No specific source of contamination has been identified, but many of those who got sick had eaten bagged spinach produced by Natural Selection Foods of San Juan Bautista. At least one bag processed by Natural Selection, from New Mexico, contained the strain of E. coli linked with the outbreak. That company and two others recalled 42 brands of fresh bagged spinach or mixed greens.

The FDA's announcement came as the spinach-related outbreak had widened to half the states in the country.

Of those infected, 88 people have been hospitalized, including a Wisconsin woman who died.

Health officials also were investigating whether the deaths of a Maryland woman in her 80s and a 2-year-old boy in Idaho were caused by the E. coli O157:H7 bacteria found in tainted spinach.

As officials grappled with the outbreak, the California Department of Food and Agriculture pulled whole and raw milk products produced by a Fresno County dairy from shelves after four Southern California children were sickened by E. coli.

The raw milk produced by Organic Pastures sent children in San Bernardino, Riverside and San Diego counties to hospitals, where two were in intensive care, state officials said.

The strain of E. coli O157:H7 found in the dairy products was different from the strain found in fresh spinach, they said.

In the two deaths under investigation in Maryland and Idaho, both victims had reportedly eaten spinach before they became ill, but a conclusive link had not been made.

"We still think it's probably the spinach," said Russ Mason, a spokesman for the Idaho Department of Health.

Kyle Allgood, 2, of Chubbuck, Idaho, died Wednesday at a Salt Lake City hospital from hemolytic-uremic syndrome, a condition associated with E. coli that can lead to kidney failure.

The Maryland woman, who was described as in her 80s, died Sept. 13.

E. coli O157:H7 causes diarrhea, often bloody. Most healthy adults can recover completely within a week, but some people — usually young children and the elderly — can developed hemolytic-uremic syndrome.

States reporting cases were Maryland (3), Tennessee (1), Arizona (4), California (1), Colorado (1), Connecticut (3), Idaho (4), Illinois (1), Indiana (8), Kentucky (8), Maine (3), Michigan (4), Minnesota (2), Nebraska (8), Nevada (1), New Mexico (5), New York (11), Ohio (20), Oregon (5), Pennsylvania (8), Utah (17), Virginia (2), Washington (3), Wisconsin (42) and Wyoming (1).

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3 Children In Md. Sick With E. Coli From Spinach (WP)

By Annys Shin And Mary Otto

The Washington Post, September 23, 2006

Maryland state health officials have attributed three cases of E. coli illness to a spinach-borne outbreak of the deadly bacterium and are investigating the death of an 86-year old Hagerstown woman who became ill with E. coli after eating bagged spinach.

The three confirmed victims are children, all of whom are recovering, Michelle A. Gourdine, an official of the Maryland Department of Health and Mental Hygiene, said yesterday. Gourdine would not identify the children or say where they live, citing confidentiality concerns. Virginia reported a second case of E. coli yesterday, but state health officials there declined to provide further details.

The outbreak of E. coli O157:H7, which has sickened 166 people in 25 states, has been traced to three counties in and around the Salinas Valley in California. Yesterday, the Food and Drug Administration said spinach from the rest of the country was safe to eat and that it was working on getting it back on store shelves.

"Spinach grown in other parts of the United States has not been implicated," said David W. Acheson, a food-safety official with the Food and Drug Administration.

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For now, the FDA continues to warn people not to eat any fresh spinach until the agency and the industry figure out how to label spinach so that it is clear that it is not from the three California counties.

June E. Dunning, 86, of Hagerstown died last week of E. coli after eating bagged fresh spinach. But state health officials have not been able to conclusively connect her death with the national outbreak because of problems with completing a genetic test on the bacterium she was infected with.

"That DNA fingerprint is unavailable . . . It may not be possible to get more information on that elderly resident," Gourdine said. "That case may never be confirmed."

In the Salinas Valley, federal and state health officials continued their hunt for the source of the outbreak, which has been narrowed to a few growers identified through supplier and distribution records provided by Natural Selection Foods LLC, a produce processor. Natural Selection and two other companies recalled products containing fresh spinach.

Mark Roh, acting FDA director for the Pacific region, said five teams of four inspectors each have been to 10 California fields representing at least six growers, and to three processing plants.

They have collected 188 samples of water, soil, spinach and bird droppings, and swabs from processing plants in their attempt to find the source of the contamination.

Every year, Escherichia coli is responsible for about 75,000 cases of illness, and about 50 deaths, according to the U.S. Centers for Disease Control. In Maryland, 20 to 30 E. coli cases are reported each year, the state health department said. So far this year, 23 cases have been confirmed in the state.

In the past 10 years, there have been 20 outbreaks of E. coli associated with fresh produce. The current outbreak, the second linked to spinach, is far more extensive than earlier ones. Of the 166 people with reported illnesses, 27 have developed complications that can lead to kidney failure, 88 have been hospitalized and one death has been confirmed.

Maryland health officials have identified a total of 10 cases of E. coli 0157 since Aug. 1. Investigators believe the spinach implicated in the outbreak was eaten from Aug. 2 and Sept. 9.

Of those, three reported cases were linked to the nationwide outbreak through DNA tests. Three other cases were found to be genetically unrelated to the outbreak.

Four more cases, including Dunning's, remain under investigation.

"There is no evidence to conclusively link the remaining four, one of which involves a death, to spinach," the state health department said in a written statement. It will continue to study those cases to see if links can be established, the department said.

Outside Dunning's home last night, her son-in-law Warren Swartz declined to comment.

Earlier, he confirmed an account in the Hagerstown Herald-Mail that Dunning fell ill Sept. 1. She developed bloody diarrhea, a common symptom of E. coli O157:H7 infection, after eating bagged spinach that day and the day before.

On Sept. 2, Dunning was hospitalized. Three days later, doctors removed part of her colon. On Sept. 7, E. coli illness was diagnosed. By then, she had fallen into a coma. She died on Sept 13.

FBI/DEA/ATF/USMS:

Head Of Minneapolis FBI Office Reassigned For 30 Days (MINNST)

By Greg Gordon And David Chanen, Star Tribune Staff Writers

Minneapolis Star Tribune, September 23, 2006

The move apparently came after he reassigned a star agent after they argued.

The head of the Minneapolis FBI office, Michael Tabman, has been reassigned temporarily because of an accusation that he punished a star agent in the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui, a government source said Friday.

Minneapolis FBI agent Harry Samit, who accused headquarters supervisors of "criminal negligence" in their handling of the Moussaoui case, is charging that Tabman reassigned him because he pressed to speak at a public forum, the source said.

The FBI, in a terse statement that made no mention of Samit, acknowledged Tabman's reassignment "to avoid any appearance of a conflict of interest."This is an internal administrative matter, and it would be inappropriate for the FBI to

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comment on the specifics of the situation," the statement said. "The FBI has sent an inspector to the Minneapolis field office to determine the facts. It is important to note that until the internal inquiry is complete, no conclusions can or should be made."

The source said that Samit and Tabman apparently argued about who would speak at a national security forum on the Moussaoui case at the William Mitchell College of Law on Sept. 12. John Radsan, a William Mitchell law professor who organized the forum, initially circulated fliers stating that Samit would appear, along with chief prosecutor Robert Spencer and lead defense lawyer Edward MacMahon.

But sometime in August, Radsan substituted Tabman's name for Samit's. Tabman had no involvement in the investigation and arrived in Minneapolis in 2005, long after Moussaoui's arrest while learning to fly a 747 jumbo jet at an Eagan flight school.

Shortly after the argument, the source said, Samit was reassigned from the counterterrorism unit, where he has spent most of his seven years as a FBI special agent. Samit then complained to FBI headquarters, which apparently led to Tabman's 30-day removal from his position, the source said.

Reached at his office, Samit declined to comment on Friday.

Samit, a former naval intelligence officer, has drawn wide praise for his tenacious investigative work on the Moussaoui case in the weeks before the Sept. 11 attacks. He was the lead FBI agent in Moussaoui's Aug. 16, 2001, arrest, after the now-convicted Al-Qaida operative aroused suspicions while at the flight school.

Samit was a key witness for both sides at Moussaoui's death-penalty trial last spring --the only U.S. prosecution stemming from the Sept. 11 attacks. During his testimony, Samit described how he quickly became convinced that Moussaoui was a terrorist and sent more than 70 communications to Washington in pursuit of a warrant to search Moussaoui's belongings -- a request that was never granted. A search after the attacks turned up clues to the terror plot.

In his testimony, Samit acknowledged making scathing remarks about headquarters supervisors' handling of the case.

Tabman, a native New Yorker who joined the FBI in 1983, has been special agent in charge in Minneapolis since January 2005. Two months later, he oversaw the bureau's investigation at the Red Lake Indian Reservation, where a high school student fatally shot nine people before killing himself. Before coming to Minneapolis, Tabman spent two years as an inspector for the FBI.

Tabman has been temporarily replaced in Minneapolis by the FBI's special agent in charge from San Antonio.

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Minneapolis FBI Chief Shipped Back To Washington (DULNT)

The Duluth News Tribune, September 23, 2006

MINNEAPOLIS - The head of the Minneapolis FBI office, Michael Tabman, has been temporarily sent back to Washington as the bureau conducts an internal inquiry into "an ongoing internal administrative matter," a spokesman said Friday.

Minneapolis FBI spokesman Paul McCabe wouldn't provide details of the investigation or who it involves. He said the FBI has sent an inspector to the Minneapolis office to determine the facts.

"The special agent in charge of the Minneapolis field office has been temporarily assigned to FBI headquarters to avoid any appearance of a conflict of interest," McCabe said. "It is important to note that until the internal inquiry is complete, no conclusions can or should be made."

KMSP-TV, citing unidentified sources, reported Thursday night that the inquiry involves a claim by Minneapolis agent Harry Samit of workplace retaliation for his criticism of superiors.

McCabe wouldn't confirm that, and a phone number for Samit wasn't immediately available. The FBI's press office in Washington referred calls to McCabe.

Samit was one of two agents who arrested convicted terrorist Zacarias Moussaoui at a flight school in Eagan 3 1/2 weeks before the Sept. 11, 2001, attacks and tried in vain to get a search warrant for Moussaoui's computer before 9/11.

Testifying in Moussaoui's trial in March, he accused his superiors of "criminal negligence" in rejecting 70 entreaties he made during August and early September 2001 to get a search warrant for Moussaoui's computer and start a full criminal investigation.

He also testified that FBI headquarters' refusal to follow up on his warnings "prevented a serious opportunity to stop the 9/11 attacks" that killed nearly 3,000 people.

Head Of FBI Office Is Reassigned In Probe (STPPP)

The St. Paul Pioneer-Press, September 23, 2006

BRIEFING: MINNEAPOLIS

The head of the Minneapolis FBI office has been ordered back to Washington, D.C., while an investigation is conducted into an internal administrative matter, an agency spokesman confirmed Friday.

Michael Tabman, special agent in charge of the Minneapolis field office, has been temporarily reassigned to "avoid any appearance of a conflict of interest" during the investigation by an agency inspector, according to a statement.

The reason for the investigation was not disclosed, and Tabman's reassignment was described as temporary.

KMSP-TV, citing unidentified sources, reported Thursday that the inquiry involves a claim by Minneapolis agent Harry Samit of workplace retaliation following his criticism of superiors. Samit was one of two agents who arrested convicted terrorist Zacarias Moussaoui at a flight school in Eagan about a month before the Sept. 11, 2001, attacks.

Testifying at Moussaoui's trial in March, Samit accused his superiors of criminal negligence in rejecting his entreaties to obtain a search warrant for Moussaoui's computer during August and in early September 2001.

Tabman has headed the Minneapolis office since January 2005. FBI spokesman Paul McCabe declined to comment on the television report.

"It is important to note that until the internal inquiry is complete, no conclusions can or should be made," McCabe said.

— Staff and wire reports

Hampton Inn looks at Midway site

Take out one hotel in the Midway and put in … another hotel?

A year after the closing of the FourPoints Sheraton hotel, a familiar name in the hospitality industry is hoping to develop a Hampton Inn on a nearby parcel.

Bill Morrissey, whose St. Paul-based firm Morrissey Hospitality Cos. manages the St. Paul Hotel, said Friday he's pursuing discussions with property owner Target. His company is interested in building and managing a 125-room hotel on the southwest corner of University Avenue and Syndicate Street.

Target purchased and shut down the Sheraton last year to make room for a new SuperTarget, which is beginning to take shape along Interstate 94. Morrissey said he would be interested in sharing parking with the store.

The Sheraton enjoyed decent occupancy rates but was hampered by the higher costs associated with running a full-service hotel, Morrissey said. His Hampton Inn would have a better shot at succeeding financially as a limited-service hotel, he said.

Target did not return phone calls Friday afternoon.

— Laura Yuen

Indoor toilets back in use at Ramsey

After a week of using portable toilets lined up outside their school, students and staff at Ramsey Junior High got their bathrooms back Friday.

Crews at the St. Paul school, 1700 Summit Ave., have been working since Sept. 12 to clear a blockage that caused sewage to back up, forcing classes to be canceled one day last week.

A break was found in the sewer line underneath the school, said Patrick Quinn, the district's executive director of operations. That had not been fixed by Friday, but a temporary bypass system had been installed that allowed the restrooms to reopen.

Quinn said the district staff is considering ways to permanently fix the problem without having to tear up the school's floor.

Two classrooms remain closed. The school's kitchen has been usable because it has a separate sewer connection, Quinn said.

— Doug Belden

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Service centers get major award

New immigrants who learned English through St. Paul's Neighborhood House include one graduate who started his own drywall company. Another found a career in teaching math to newcomers and preparing them for high-school equivalency testing.

Now, the English-language-learning offerings at the West Side institution have received national attention for those success stories.

The United Neighborhood Centers of America and the Annie E. Casey Foundation honored the West Side institution with a $20,000 national award for its English-language-learning instruction.

The Minneapolis-based Family and Children's Service received the same award, which recognizes creative programs that help families advance economically by connecting them with community resources.

Both nonprofits will be expected to share their "best practices" with other organizations across the country.

— Laura Yuen

2 In Police Corruption Case Are Granted Bail (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 23, 2006

Strict limits set for pair by judge

No cellphones. No computers. No visitors, including their children's playmates, unless they're on an approved list. And absolutely no leaving the house, unless they're strapped to a stretcher and heading to the hospital for emergency care.

Those were just some of the restrictions a federal judge set yesterday while granting bail for two Boston police officers who are charged with conspiring to traffic cocaine and heroin, in one of the department's biggest corruption cases.

The homes of Carlos A. Pizarro, 36, and Nelson Carrasquillo, 35, both in Dorchester, will be searched for weapons before the two are released, on Monday at the earliest.

Their home telephones will be monitored, and the officers will be fitted with electronic bracelets that will trigger an alarm if they stray outside.

The court must approve all visitors before they come.

``I don't want any witness to run any risk," said US District Judge William G. Young, who ordered the restrictions after prosecutors argued that Pizarro and Carrasquillo might try to recruit others -- possibly via the Internet or on disposable cellphones -- to intimidate or harm the government's key witness or his family.

When Pizarro's lawyer, R. Bradford Bailey, asked if the names of children coming to the home for play dates with Pizarro's 9-year-old daughter and 5-year-old son also had to be approved by the court, Young said, ``Yes! This is going to interfere with people's living."

Both Pizarro's wife, Michele, and Carrasquillo's wife, Sharon, told the judge that they understood the strain the conditions would put on their families, but were willing to abide by them and report any violations in order to have their husbands home.

The government urged Young to overrule a magistrate judge who had ordered Pizarro, a 10-year veteran of the department, and Carrasquillo, a seven-year veteran, released on bail.

The alleged ringleader in the case, Officer Roberto Pulido, 41, of Hyde Park, a 10-year veteran assigned to the motorcycle unit, has been ordered jailed without bail until the case is resolved.

The three officers were arrested July 20 in Miami on charges that they protected 100 kilograms of cocaine while it was being trucked to Boston in June by undercover FBI agents posing as drug dealers.

Carrasquillo and Pulido were also charged with protecting an earlier shipment of 40 kilograms of cocaine.

An FBI affidavit filed in court alleges that Pulido was involved in a wide array of crimes, including identity theft, steroid trafficking, and protecting illegal after-hours parties where uniformed officers mingled with drug dealers and prostitutes.

Yesterday, Assistant US Attorney John T. McNeil argued that Pizarro and Carrasquillo might flee if released and would pose a danger.

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He cited FBI tapes played during earlier court proceedings in which Pulido boasts that those who helped him protect drug shipments knew that ``if something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives."

But lawyers for Pizarro and Carrasquillo argued that Pulido's statements about killing children were false bravado and that their clients had no history of violence.

Young said he believed the strict conditions would protect witnesses, while allowing the officers to remain free until their trial. Both officers must also post $50,000 in cash and $200,000 in real estate.

After the hearing, Stephen Neyman, Carrasquillo's lawyer, called the judge's bail conditions fair and said Carrasquillo, a father of three, was grateful for the opportunity to be free after spending 24 hours a day locked in a cell.

Pizarro's lawyer said the family's willingness to abide by such strict restrictions to have him home was ``a real testament of their support" for the officer.

``His kids are willing to give up the Internet," Bailey said.

Accused Cartel Bosses Nearing Guilty Plea Deals (AP)

By Curt Anderson, The Associated Press

AP, September 23, 2006

Agreement may save some relatives of brothers suspected of running Cali ring.

MIAMI -- The two brothers accused of running Colombia's Cali cocaine cartel are nearing an agreement with U.S. prosecutors to plead guilty in exchange for guarantees that some relatives won't face charges and will be allowed to keep some assets not linked to drug trafficking, The Associated Press has learned.

Gilberto and Miguel Rodriguez Orejuela would likely spend the rest of their lives in U.S. prison under the tentative deal, according to federal law enforcement officials and lawyers familiar with the negotiations. They spoke on condition of anonymity because the agreement was not finalized Friday.

The pleas would cap a massive 15-year U.S. investigation into the Cali cartel, which made more than $2 billion in profits by smuggling some 250 tons of cocaine into the United States since the 1970s. More than 100 other members of the cartel have been convicted since 1991 and the U.S. government has sought forfeiture of $2 billion in drug proceeds from the brothers.

The guilty pleas by the brothers and release of the final agreement could come as early as Tuesday, the officials and lawyers said. As of Friday afternoon, U.S. District Judge Federico Moreno had not scheduled a change of plea hearing, according to his office.

If the deal is completed, six of 28 family members in Colombia would receive guarantees that they would not be prosecuted on specific obstruction of justice and money laundering charges, the law enforcement officials said. The family members would not be given blanket immunity from extradition to the United States and prosecution for any other possible crimes.

All 28 family members could eventually be removed from a U.S. Treasury Department list that freezes assets of suspected drug traffickers and bars them from doing business in the United States. First, however, they would have to show they have forfeited an unspecified amount of assets linked to drug money.

The family members also would be permitted to keep houses and other assets in Colombia under the deal that involves agreements with the government in Bogota, according to the officials. But they also would have to show that those were not "directly or indirectly" traceable to drug proceeds, according to language in the agreement cited by one U.S. official.

The U.S. Justice Department in Washington declined comment. Lawyers for the Rodriguez Orejuela brothers and their family members confirmed that an agreement resolving the case was imminent but had not yet been signed by the defendants.

"The parties have worked feverishly to reach a resolution in this case that benefits everybody," said Roy Kahn, who represents Miguel Rodriguez Orejuela, 62. "I expect that a final resolution will come to light shortly."

David Oscar Markus, lawyer for Gilberto Rodriguez Orejuela, 67, used a sports analogy to describe the status of the talks. "We are at the 1-yard line and anticipate resolving this matter shortly," he said.

"We are moving forward and hopeful to have an agreement among all parties," added Marc Seitles, the Miami lawyer for the Colombian family members.

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Claudia Rodriguez Mondragon, daughter of Gilberto Rodriguez Orejuela, told The Associated Press in Bogota that there was nothing definitive yet but that the "family was waiting for lawyers and judicial authorities to finish their work so that next week (her father and uncle) could decide whether or not to sign" a plea agreement.

The tentative deal is the product of months of intense negotiations between the U.S. Justice, Treasury, State and Homeland Security departments, defense lawyers and those of the family members, and government officials in Colombia.

The brothers were convicted of drug charges in Colombia in 1995 and sent to prison there but were extradited to the United States to face a federal indictment alleging they continued to run their empire from prison. Colombia and the United States signed a new extradition treaty in 1997 that has led to more than 300 drug traffickers facing U.S. justice.

Federal prosecutors had been seeking forfeiture of $2.1 billion in assets linked to the brothers.

Miguel Rodriguez Orejuela's son, William Rodriguez Abadia, pleaded guilty in March to taking over much of the cartel's operations after the 1995 arrests of his father and uncle. Rodriguez Abadia agreed in his plea deal to testify for the government and to forfeit some $300 million in assets linked to drug profits, including his interest in the Drogas La Rebaja pharmacy chain, which has 350 stores in Colombia.

Rodriguez Abadia, 40, was sentenced to over 21 years in U.S. prison, an agreement that granted his wife, two children and mother-in-law permanent legal residency in the United States.

Alleged Leaders Of Cali Cartel Draw Closer To Negotiating Plea Deal (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 23, 2006

FORT LAUDERDALE, Fla. - The two brothers accused of running Colombia's notorious Cali cocaine cartel are close to pleading guilty in a deal with federal prosecutors that would give benefits to their family members, defense lawyers for Gilberto and Miguel Rodriguez-Orejuela said Friday.

The men "are trying to do the honorable thing and save their family," said David O. Markus, attorney for Gilberto Rodriguez-Orejuela.

The agreement, expected to be finalized as soon as next week, does not require the accused drug kingpins to cooperate with the government in other drug cases, he said.

But the settlement is no sweetheart deal for the brothers. The tentative agreement calls for a 30-year sentence, meaning the men are likely to spend the rest of their lives in prison. In addition, they would give up billions of dollars worth of assets, said individuals close to the case who wished to remain anonymous.

"We're just about there," said Roy Kahn, who represents younger brother Miguel Rodriguez-Orejuela. "A lot of things have been agreed to in principle."

Gilberto Rodriguez-Orejuela, 67, known as "the Chess Player," and Miguel Rodriguez-Orejuela, 62, known as "El Senor" have been held in the maximum security wing of Miami's Federal Detention Center since their extradition to the United States in 2004 on drug conspiracy charges.

The deal caps off a massive government investigation into the Cali cartel - a family-run drug trafficking syndicate that once supplied 80 percent of the world's cocaine.

According to a half-dozen individuals close to the case: The agreement would grant immunity from prosecution to six of the men's grown children in Colombia and prevent the U.S. government in some circumstances from seizing family members' homes and other financial assets. The Treasury Department would remove 28 relatives from a list of suspected drug traffickers subject to economic sanctions.

The negotiations involved months of discussions with the U.S. treasury and justice departments, federal prosecutors in Miami and New York, and Colombian authorities, the individuals said.

According to a senior law enforcement official, the relatives given immunity in the deal were under investigation for obstruction of justice, not drug trafficking.

U.S. District Judge Federico Moreno is expected to hold a change of plea hearing Sept. 26.

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Miami attorney Mark Schnapp, former chief of the criminal division at the U.S. Attorney's Office, said the case shows international drug dealers are not beyond the reach of U.S. law.

"Any time prosecutors can reach out and bring to justice leaders of a foreign drug organization it's a huge accomplishment," he said.

Colombian authorities arrested Gilberto and Miguel Rodriguez-Orejuela in Cali in 1995. Both were serving sentences in a Bogota prison when a federal grand jury in Miami indicted them in 2003.

The U.S. indictment alleged conspiracies to import and distribute cocaine, launder money and obstruct justice through bribes and murder.

Federal authorities said the cartel found creative ways to bring cocaine into the United States, including hiding the drugs in concrete posts, frozen vegetables, lumber, ceramic tile, coffee, and chlorine cylinders.

According to prosecutors, Gilberto and Miguel Rodriguez-Orejuela continued to run the family business from prison, turning over day-to-day operations to Miguel's eldest son, William Rodriguez-Abadia.

The case took a turn in March, when Rodriguez-Abadia, 40, pleaded guilty and agreed to testify for the government against his father and uncle. As part of his plea deal, the government agreed to give Rodriguez-Abadia's wife, mother-in-law, and two children residency in the United States.

Study Condemns F.D.A.'s Handling Of Drug Safety (NYT)

By Gardiner Harris

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — The nation's system for ensuring the safety of medicines needs major changes, advertising of new drugs should be restricted, and consumers should be wary of drugs that have only recently been approved, according to a long-anticipated study of drug safety.

The report by the Institute of Medicine, part of the National Academy of Sciences, is likely to intensify a debate about the safety of the nation's drug supply and the adequacy of the government's oversight. The debate heated up in September 2004 when Merck withdrew its popular arthritis drug Vioxx after studies showed that it doubled the risks of heart attacks.

Several senators have already proposed significant changes, some of which the report seems to endorse.

The report's conclusions are often damning. It describes the Food and Drug Administration as rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations.

"Every organization has its share of dysfunctions, unhappy staff members and internal disputes," the report said. But panel members said that they were deeply concerned about the agency's "organizational health" and its ability to ensure the safety of the nation's drug supply.

The report made these recommendations, most of which would require Congressional authorization:

¶Newly approved drugs should display a black triangle on their labels for two years to warn consumers that their safety is more uncertain than that of older drugs.

¶Drug advertisements should be restricted during this initial period.

¶The F.D.A. should be given the authority to issue fines, injunctions and withdrawals when drug makers fail — as they often do — to complete required safety studies.

¶The F.D.A. should thoroughly review the safety of drugs at least once every five years.

¶The F.D.A. commissioner should be appointed to a six-year term.

¶Drug makers should be required to post publicly the results of nearly all human drug trials.

In a telephone conference with reporters on Friday, top F.D.A. officials struck an awkward balance between thanking the institute for its work and defending their own leadership. They said they needed to study the report before deciding which of its recommendations to endorse.

"While considerable work has been done over the past two years to improve our approach to drug safety, work still needs to be done," said Dr. Andrew C. von Eschenbach, the acting commissioner of the agency and the nominee for commissioner.

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An internal e-mail message sent Friday to agency staff members by Dr. Sandra L. Kweder, deputy director of the Office of New Drugs, was blunter, bemoaning the report's criticism of what it described as the agency's dysfunctional culture.

"It is a long, inflammatory section of the report that will certainly generate the most public attention and hit our people hard," Dr. Kweder wrote, according to a copy provided to The New York Times.

Agency critics were elated.

"The new report validates what the watchdog community has been saying for the last two years," said Senator Charles E. Grassley, Republican of Iowa, who as chairman of the Senate Finance Committee has overseen investigations into drug safety problems. "Problems are systemic, and solutions must reflect a new mind-set by the agency leadership."

The drug industry, through its trade organization, reacted warily. "Though there is always room for improvements, it would be a mistake to accept the notion that the F.D.A. drug safety system is seriously flawed," said Caroline Loew, senior vice president of the Pharmaceutical Research and Manufacturers of America.

The Institute of Medicine is a nonprofit organization created by Congress to advise the federal government on health issues. The report was issued by the Committee on the Assessment of the United States Drug Safety System, led by Sheila P. Burke, deputy secretary and chief operating officer of the Smithsonian Institution.

The report described fierce disagreements between those who approve drugs and those who study their effects after approval, disputes that repeated F.D.A. efforts have not resolved. Indeed, managers' failure to address such disagreements competently "has played an important role in damaging the credibility" of the agency, it said.

Critics of the food and drug agency have long been divided into two warring camps. Some say the agency fails to approve life-saving medicines quickly enough, while others say that it is so intent on rapid approvals that it fails to ensure the safety of the drugs.

The institute's report champions the latter view by calling for greater caution. It suggests that one of the agency's biggest problems is a deal struck in 1992 between Congress and the drug industry in which drug makers agreed to pay millions in fees to speed reviews. This deal has increased pressures on drug reviewers to act quickly, and it has limited "the ability of reviewers to examine safety signals as thoroughly as they might like," the report said.

"Some also have serious concerns that the regulator has been 'captured' by industry it regulates, that the agency is less willing to use the regulatory authority at its disposal," the report said, criticizing the agency's regulatory tools as "all-or-nothing."

"The agency needs a more nuanced set of tools to signal uncertainties, to reduce advertising that drives rapid uptake of new drugs, or to compel additional studies in the actual patient populations who take the drug after its approval," it said.

The pharmaceutical industry is likely to fight at least some of the proposals, said Charlie Cook, a Washington political analyst.

"One should never underestimate the influence of the drug industry," Mr. Cook said. "But I would think that at least the outlines of many of these recommendations would have a decent chance of getting through Congress."

Senators Michael B. Enzi, Republican of Wyoming and chairman of the Health, Education, Labor and Pensions Committee, and Edward M. Kennedy of Massachusetts, the ranking Democrat on the committee, have jointly proposed a bill that would undertake at least some of the changes advocated by the report.

Another bill, sponsored by Senator Grassley and Senator Christopher J. Dodd, Democrat of Connecticut, offers similar proposals.

There is little chance that Congress will act on any of these proposals before next year, when it must reauthorize the 1992 financing deal with the drug industry. Negotiations between the drug industry and agency about the parameters of that deal are already under way.

Despite its fierce criticisms, the report may bolster the confirmation prospects of Dr. von Eschenbach. A Senate committee approved his nomination on Wednesday, but two Republican senators have vowed to block it.

Over the past 10 years, no commissioner has served more than two years, though the term is open-ended. The report deplored this "lack of stable leadership."

"Without stable leadership strongly and visibly committed to drug safety, all other efforts to improve the effectiveness of the agency or position it effectively for the future will be seriously, if not fatally, compromised," the report states.

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It recommends that the commissioner be nominated for a six-year term, but such a change may not solve the problem of early exits. President Bush has nominated two past commissioners. The first left for another job within the administration; the second left amid accusations of financial improprieties.

The report recommends that Michael O. Leavitt, the secretary of health and human services, appoint an independent board to advise the commissioner "to implement and sustain the changes necessary to transform" the agency's culture.

It rejects suggestions by Mr. Grassley and others that the F.D.A. create a center for drug safety to monitor drugs after approval.

"Achieving a balanced approach to the assessment of risks and benefits would be greatly complicated, or even compromised, if two separate organizations were working in isolation from one another," the report concludes.

The F.D.A. asked the Institute of Medicine to review its drug safety system shortly after the Vioxx withdrawal in 2004, and the agency has agreed to pay $3 million for the study.

FDA Told U.S. Drug System Is Broken (WP)

By Shankar Vedantam

The Washington Post, September 23, 2006

The federal system for approving and regulating drugs is in serious disrepair, and a host of dramatic changes are needed to fix the problem, a blue-ribbon panel of government advisers concluded yesterday in a long-awaited report.

The analysis by the Institute of Medicine shined an unsparing spotlight on the erosion of public confidence in the Food and Drug Administration, an agency that holds sway over a quarter of the U.S. economy. The report, requested by the FDA itself, found that Congress, agency officials and the pharmaceutical industry share responsibility for the problems -- and bear the burden for implementing solutions.

The report represents a watershed moment after two years of controversy over the safety of such widely used drugs as pain relievers and antidepressants. The Institute of Medicine is part of the National Academies, chartered by Congress to advise the government on scientific and health policy issues. Its recommendations traditionally carry great weight.

The 15 experts drawn from academic and professional organizations were unanimous in endorsing the recommendations, which called for several major policy changes. Several of these have long been urged by drug safety advocates but have been resisted by the industry, Congress and the FDA itself. A number of them would require congressional approval.

The panel called for a moratorium on consumer advertising of newly approved classes of drugs until they have been on the market long enough for unrecognized side effects and risks to emerge. Packaging for new types of medications should also carry a special symbol, such as the black triangle required in Britain, to alert patients that the drug's safety profile would not be fully known until it had been more widely studied, the report said.

The FDA should reevaluate safety and effectiveness data of such new drugs within five years after initial approval, the panel added, and the agency needs new powers to impose fines and requirements on drugmakers. In addition, the report called for the agency to have authority to place a wider range of restrictions on drugs it deems risky.

Manufacturers should also be required to register all clinical trials they sponsor in a government-run database to allow patients and physicians to see the outcome of all studies, not just those published in medical journals, the report said. Studies that show positive results for a drug are more likely to be published by journals than negative ones.

The committee also took aim at FDA management, citing a history of intra-agency squabbling and conflicts of interest on the expert advisory panels appointed by the agency to review the scientific data on proposed new drugs and devices. A substantial majority of advisory panel members should have no ties to industry, it said.

"FDA's credibility is its most crucial asset, and recent concerns about the independence of advisory committee members . . . have cast a shadow on the trustworthiness of the scientific advice received by the agency," the report said.

To reduce turnover and political interference, the institute said, the FDA commissioner should be appointed to a fixed six-year term. Currently, the commissioner serves at the pleasure of the president.

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Agency officials said they will take the report seriously but added that changes implemented over the past year meant that the report is somewhat out of date. Acting FDA Commissioner Andrew C. von Eschenbach said the agency is especially focused on improving its scientific, technological and communication methods.

The pharmaceutical industry echoed the agency's response.

"Though there is always room for improvements, it would be a mistake to accept the notion that the FDA drug safety system is seriously flawed," the Pharmaceutical Research and Manufacturers of America said in a statement. "After all, fewer than three percent of approved prescription drugs have been withdrawn from the American market for safety reasons over the last 20 years."

But Sen. Charles E. Grassley (R-Iowa), who has led a number of investigations into the workings of the FDA in recent years, said the agency's reaction to a report it had commissioned speaks volumes.

"The FDA appears to be focused on damage control rather than addressing its core problems," Grassley said in a statement. "As a science-based agency, the FDA is remarkable for its lack of introspection, second-guessing, and failure to assess its own performance and capabilities in a systematic way."

Much of the institute's report focused on a central gap in drug regulation: While the FDA demands strict data on efficacy and safety from clinical trials before approving a new drug, less attention is paid after the drug reaches the market.

A safety problem that occurs once in every thousand patients, for example, would be unlikely to show up in clinical studies of a few hundred people, but it could result in thousands of serious side effects once the drug is approved and being taken by millions. The current system for monitoring adverse effects is nowhere near as systematic as the evidence collected before approval, the report said.

Besides, said R. Alta Charo, a panel member and bioethicist at the University of Wisconsin at Madison, patients who participate in drug trials are carefully selected, and hardly typical of patients in the real world who usually suffer from more complex problems.

"A drug tested in a few hundred or thousand people is very different when used by millions, especially over long periods of time and in conjunction with other supplements," she said.

While the agency can negotiate with companies to conduct long-term, post-approval studies, there are glaring gaps in such information, the report said. This is partly why the report also recommended limits on advertising new drugs. The report's authors acknowledged, however, that limits on advertising could run afoul of constitutional free-speech guarantees.

Charo also cited "a lack of collaboration among divisions, tensions [and] inappropriate management" at the FDA, saying officials who focus on safety issues are chronically underfunded compared with those who handle new-drug approvals.

Part of the problem, the report said, is that the money paid by industry to help fund FDA's regulators, under a 1992 law designed to speed up new drug reviews, cannot under the law be diverted to FDA's safety division, which suffers from chronic underfunding.

"What the report does not do very well is explain that the vast majority of interactions at the center are successful," countered Steven Galson, who directs the FDA division that evaluates new drugs. Still, he added, "I accept the recommendation and see it as an opportunity to improve."

Scott Lassman, senior assistant general counsel for the drug industry group, said it would study the report carefully. He said that the industry is open to suggestions for greater transparency but that the FDA already has enough authority to act after drugs are approved.

The trade group also opposes mandatory registration of clinical trials because that would force companies to reveal trade secrets to competitors, Lassman said. Manufacturers also oppose restrictions on advertising, he said, adding that advertisements help educate patients about problems and treatments.

FDA Is Criticized Over Its Handling Of Drug Safety (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, September 23, 2006

DOJ_NMG_0067893

A closely watched report from the Institute of Medicine criticized the Food and Drug Administration's handling of drug safety and called for major changes, including increased resources and new power to impose restrictions on the marketing and distribution of medicines.

The report, which the FDA itself requested after a series of controversies over medicines, including the withdrawn painkiller Vioxx, concluded that the agency's drug-safety system is hurt by a shortage of money, serious cultural and structural problems, and "unclear and insufficient regulatory authorities." The report also said that neither the FDA nor the drug industry "consistently demonstrate[s] accountability and transparency" in disclosing safety concerns.

The findings could have a major impact on how the FDA handles drug safety. The legislation that gives the agency authority to collect user fees from the pharmaceutical industry must be renewed next year, and Congress is likely to use the opportunity to debate changes in the FDA system for ensuring the safety of medicines.

The senators who lead the committee that oversees the FDA -- Sen. Michael Enzi, a Wyoming Republican, and Sen. Edward Kennedy, a Massachusetts Democrat -- already have introduced a drug-safety bill. So has Iowa Republican Charles Grassley, who chairs the Senate Finance Committee and has investigated the FDA on several safety matters.

The FDA cited a number of moves it said were already under way "systematically addressing" several of the report's points, including improving the agency's system for tracking drug side effects and working on cultural issues. Andrew von Eschenbach, the agency's acting commissioner, said "work still needs to be done" and the report "will help illuminate and help us to focus some of those efforts." Dr. von Eschenbach said he hasn't in the past believed the FDA needs new authority but that the agency will continue to examine the question as part of its review of the report.

The report called for the FDA's enforcement authority to be "clarified and strengthened." It said the user-fee legislation should include specific safety goals and that the FDA needs new power to impose tough safety measures, such as limiting distribution of a drug to certain specially trained doctors, with violations punished by fines. The report also warned that the agency faces "chronic underfunding" and needs substantial new resources.

Echoing previous criticism, the report pointed to significant cultural problems and "organizational dysfunction" at the FDA's drug center, including sharp staff divisions and lower status for the drug-safety office. The report called for more-stable FDA leadership. The FDA said it had started regular meetings between drug reviewers and safety staffers.

For the first two years drugs are on the market, the report called for restrictions on consumer advertising and a special symbol on the labels indicating they are new. The report said the FDA should do a substantial review of any new information about drugs within five years of their entry onto the market and include a drug-safety staffer on each team that reviews a drug before it is approved. It also endorsed an expanded role for the FDA's outside advisory committees, which the report says should examine all innovative new drugs before or soon after they go on the market.

An official with the Pharmaceutical Research and Manufacturers of America said the industry reveals safety concerns when they are confirmed and the group will "take a long, hard look" at the institute's report. The Institute of Medicine is part of the National Academies, an independent research organization that advises the federal government.

Report Slams US Drug Safety Regime (FT)

By Christopher Bowe In New York

Financial Times, September 23, 2006

The US drug safety system is feeble compared with drug approval efforts, and suffers from “organisational and cultural problems”, said a much-anticipated independent federal report.

The Institute of Medicine (IOM) report echoed the harshest critics of the Food and Drug Administration’s safety regime. The scathing conclusions found “a lack of clear regulatory authority, chronic underfunding, organisational problems and scarcity of post-approval data about drugs’ risks” in the FDA safety regulation.

The IOM report recommended a number of remedies, which ranged from direct FDA changes to congressional intervention for funding and legal changes. Its recommendations included limits on advertising for new drugs, increased power for the FDA’s drug safety division, more funding, and clearer legal authority and enforcement tools.

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Although it is unclear how many of the recommendations could be implemented, the report's findings will add to pressure on the pharmaceutical industry.

Sheila Burke, chair of the report committee, consisting of respected US health experts, said: "We found an imbalance in the regulatory attention and resources available before and after approval. . . Regulatory authority that is well-defined and robust before approval diminishes after a drug is introduced to the market."

Dr Andrew von Eschenbach, acting FDA chief, said the report acknowledged the agency had implemented changes over the last two years, but added: "Work still remains to be done."

The IOM report also serves as another milestone highlighting how the controversy over Vioxx, a painkiller withdrawn by the US drugmaker Merck, has changed the drug industry.

The FDA commissioned the IOM report after Merck suddenly withdrew Vioxx from the market two years ago. A company study found that Vioxx increased the risk of heart attack and stroke.

Merck had vigorously defended its safety against critics warning of potential heart risks, while also marketing Vioxx to a wide population. Its sales peaked at $2.5bn (£1.3bn) annually.

Man Facing Charges Over Bomb Kit (INDYSTAR)

By Vic Ryckaert

The Indianapolis Star, September 23, 2006

Al-Qaida literature, gas masks also found in his Far-Northside home, police say

A 26-year-old Far-Northside man has been arrested after officers found bomb-making ingredients, al-Qaida literature and gas masks in his apartment, police said Friday.

Federal counterterrorism experts assisted in the investigation, FBI agent Wendy Osborne said, but the case was left to local authorities to investigate.

"We have no reason to believe that he is a terrorism threat," Osborne said.

The Marion County Sheriff's Department arrested Joseph Bagley on an initial charge of criminal recklessness. He was being held in the Marion County Jail on $15,000 bond.

Deputies found gas masks, batteries, chemicals, electronic devices and components used to make bombs in Bagley's apartment in the 700 block of Lake Nora South Court, according to a police report.

Bagley admitted to mixing the chemicals "for experimental reasons," Sheriff's Department spokesman Capt. Phil Burton said.

"It disturbs us, based on the things we found in his apartment," Burton said.

Officers also seized books on Muslim names and understanding United States government documents, and literature on al-Qaida and former Iraqi leader Saddam Hussein's bomb maker, according to the report.

While police had not found evidence that links Bagley to a terrorist group, Burton said detectives seized computer equipment and compact discs from Bagley's home that would be scrutinized.

"We'll know more after our cybercrime unit is able to examine the computer," Burton said.

Managers at the Lakeside Pointe at Nora apartments tipped off police after a carpet- cleaning service person reported that Bagley's apartment "looked like a terrorist cell," according to the police report.

Diane Bloomquist, regional manager of the apartment complex, said the investigating officers were quick and thorough.

"I think they did a great job in handling the situation," Bloomquist said. "We were concerned for the safety of the other residents in the building."

Call Star reporter Vic Ryckaert at (317) 444-2761.

IMMIGRATION:

Man Faces Deportation After WWII Lie (DEN)

By Paul Egan

DOJ_NMG_0067895

Detroit News, September 23, 2006

Troy retiree and U.S. citizen since 1955 says he fibbed about role to flee Ukraine 'to save my life.'

An 85-year-old Troy man who was an officer in a Nazi-sponsored police force in Ukraine during World War II admitted Friday he lied about what he did during the war when he applied to immigrate to the United States in 1949.

The U.S. government wants to strip John (Ivan) Kalymon of his U.S. citizenship and deport him, alleging he shot at Jews the Ukrainian Auxiliary Police were rounding up in 1942, killing at least one person and wounding at least one other.

Kalymon, a retired Chrysler worker, admits he was on the police force but denies rounding up Jewish people or firing a shot.

His son, Alexander, also of Troy, says John Kalymon has dementia and prostate cancer and no family in Ukraine. He and his family will be devastated if he has to leave his home of nearly 60 years, the son said.

John Kalymon's denaturalization hearing in Detroit before U.S. District Judge Marianne Battani is expected to wrap up next week.

On Friday, a senior trial attorney with the U.S. Justice Department in Washington, D.C., confronted John Kalymon with captured wartime records documenting pistol shots fired by a Ukrainian Auxiliary Police officer with his name during a roundup in the L'viv Jewish ghetto in 1942.

"Did you know Jews were being taken away?" William Kenety asked.

John Kalymon said he did not remember. "I know there was taking but I was not in the particular area," he said.

John Kalymon admitted he lied by omitting any mention of his police service and changing details about where he lived during the war when he applied to immigrate to the United States. He testified he lied because the Soviets chased out the Germans and he was afraid of what might happen if he was sent back to Ukraine and the Soviets learned of his war record.

"In my opinion, I didn't lie, but I tried to save my life," John Kalymon testified.

He said he was not a Nazi and did not support or participate in Adolf Hitler's plan to eliminate Jews.

On Monday, John Kalymon's wife of 62 years is expected to testify. John Kalymon has one son and one granddaughter. He is represented by Birmingham lawyer David Domina.

John Kalymon, who was a Polish citizen before he became an American in 1955, would likely be deported to Ukraine, said his son.

"You saw him on the (witness) stand," Alexander Kalymon, 57, said of his father. "He has no one over there. He's incapable of being able to manage day-to-day life."

But Abraham Cooper, associate dean of the Simon Wiesenthal Center, an international Jewish human rights organization based in Los Angeles, said since the U.S. government does not prosecute Nazi war criminals, John Kalymon should be deported.

"We are talking about participating in the crime of genocide and in this case someone who was not a bystander but an active participant," Cooper said.

Last year, the government stripped the citizenship of another Chrysler retiree, Iwan Mandycz, who was a guard in 1943 at the SS camp Poniatowa near Lublin, Poland. A federal appeals court recently upheld that decision and his deportation is pending.

Michigan Man Denies He Participated In Nazi Persecution (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy News, September 23, 2006

DETROIT - A retired Chrysler factory worker admitted Friday that he served in a Nazi-controlled police force in Poland during World War II but denied killing, wounding or persecuting Jewish prisoners.

During 3 1/2 hours of testimony in a trial in U.S. District Court in Detroit to strip him of his U.S. citizenship, John (Ivan) Kalymon, 85, of Troy admitted he was in the Ukrainian Auxiliary Police, a unit that a government witness testified was heavily involved in rounding up Jews in and around L'viv, where Kalymon was based in the early 1940s, for deportation to work camps and extermination centers. L'viv now is in Ukraine.

Kalymon insisted that he never participated in and wasn't aware of such activities.

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But under questioning by William Kenety V of the Justice Department's Office of Special Investigations, Kalymon admitted that he failed to disclose his two-year involvement in the Ukrainian police when he came to the United States in 1949. He became a U.S. citizen in 1955.

Kalymon was the third witness to testify in a six-day bench trial before U.S. District Judge Marianne Battani . Kenety and Justice Department lawyer Jeffrey Menkin want her to revoke Kalymon's citizenship so he can be deported.

In his testimony, Kalymon denied signing a police report that said he and another man shot at Jewish prisoners during a roundup of 2,128 Jews on Aug. 14, 1942, killing one and wounding another.

He also denied firing shots during two other roundups that month in which other Jews were killed.

The government had called two expert witnesses, including a historian who testified about the events in and around L'viv during the war.

The government plans to submit deposition testimony Monday from three other witnesses, including a now-deceased Army officer who interviewed Kalymon before he entered the United States.

Kalymon's lawyer, David Domina, plans to call two witnesses, including Kalymon's wife of 62 years, Lubow Kalymon, to testify next week. Domina also plans to submit deposition testimony from a California man who served in the Ukrainian Auxiliary Police and said he never was asked to take part in any action against Jews.

TAX:

Church To Fight IRS Demand For Documents (AP-Y)

By Gillian Flaccus

AP, September 23, 2006

A liberal church that has been threatened with the loss of its tax-exempt status over an anti-war sermon delivered just days before the 2004 presidential election said Thursday it will fight an IRS order to turn over documents on the matter.

"We're going to put it in their court and in a court of law so that we can get an adjudication to some very fundamental issue here that we see as an intolerable infringement of rights," Bob Long, senior warden of All Saints Church, told The Associated Press.

He said the church's 26-member vestry voted unanimously to resist IRS demands for documents and an interview with the congregation's rector by the end of the month.

The church's action sets up a high-profile confrontation between the church and the IRS, which now must decide whether to ask for a hearing before a judge, who would then decide on the validity of the agency's demands.

IRS spokesman Terry Lemons would not comment specifically on the dispute but noted in a statement that the agency could take a church to court.

"We recognize the constitutional rights of freedom of speech and religion," Lemons said. "But there is no constitutional right to be exempt from federal taxation."

Religious leaders on the right and left have expressed fear that the dispute could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign.

At a news conference Thursday, church officials were flanked by about 40 representatives of mosques, synagogues and other churches.

"We smell intimidation, it smells rotten, and we should not allow any aspect of intimidation to be directed to any member of our great country," said Maher Hathout, senior adviser of the Muslim Public Affairs Council.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status, they cannot endorse candidates or parties.

The dispute at the 3,500-member Episcopal church centers on a sermon titled "If Jesus Debated Senator Kerry and President Bush," delivered by a guest pastor. Though he did not endorse a candidate, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

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According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was a church near Binghamton, N.Y., that ran full-page newspaper ads against President Clinton during the 1992 election season.

CONGRESS-ADMINISTRATION:

Report Says Education Officials Violated Rules (NYT)

By Sam Dillon

The New York Times, September 23, 2006

Department of Education officials violated conflict of interest rules when awarding grants to states under President Bush's billion-dollar reading initiative, and steered contracts to favored textbook publishers, the department's inspector general said yesterday.

In a searing report that concludes the first in a series of investigations into complaints of political favoritism in the reading initiative, known as Reading First, the report said officials improperly selected the members of review panels that awarded large grants to states, often failing to detect conflicts of interest. The money was used to buy reading textbooks and curriculum for public schools nationwide.

States have received more than $4.8 billion in Reading First grants during the Bush administration, and a recent survey by an independent group, the Center on Education Policy, reported that many state officials consider the initiative to be highly effective in raising reading achievement. But the report describes a tangled process in which some states had to apply for grants as many as six times before receiving approval, with department officials scheming to stack panels with experts tied to favored publishers.

In one e-mail message cited in the report, from which the inspector general deleted some vulgarities, the director of Reading First, Chris Doherty, urged staff members to make clear to one company that it was not favored at the department.

"They are trying to crash our party and we need to beat the [expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," Mr. Doherty wrote.

Mr. Doherty recently resigned from the department to "return to the private sector," Katherine McLane, a department spokeswoman said.

Officials relayed reporters' requests for comment to Mr. Doherty, and he declined to be interviewed, an official said.

The abuses described in the report occurred during 2002 and 2003, when Rod Paige was education secretary. John Grimaldi, spokesman for the Chartwell Education Group where Mr. Paige is chairman, said he had not read the report but would seek Mr. Paige's reaction to it.

"Some of the actions taken by department officials and described in the inspector general's report reflect individual mistakes," Secretary Margaret Spellings said in a statement. "Although these events occurred before I became secretary of education, I am concerned about these actions and committed to addressing and resolving them."

Officials will review by the end of the year all Reading First applications that the department approved, to determine that they met all applicable requirements, Ms. McLane said.

The report recounts how during the formation of a review panel in 2002 a journalist asked the department whether federal officials were trying to stack the panel so that some reading programs would not be treated fairly.

The report cited the Reading First director's response to the department employee who relayed the journalist's question: "Stack the panel? ... I have never heard of such a thing ....<harumph, harumph>" the director replied.

"The response," the report concluded, "suggests that he may indeed have intended to 'stack' the expert review panel."

The report mentions Reid Lyon, the former chief of a branch of the National Institutes of Health, who was a research adviser to President Bush and an architect of Reading First. He exerted immense influence at the department when Mr. Paige was there.

In 2002, Dr. Lyon told the Reading First director and other department officials that a woman whom the department had already selected to be on a review panel had been "actively working to undermine" a reading initiative he favored, the report said.

"Chances are that other reviewers can trump any bias on her part," Dr. Lyon told the officials.

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"We can't uninvite her," a senior adviser to Mr. Paige wrote in response, the report said. "Just make sure she is on a panel with one of our barracuda types."

The incident demonstrated "the intention of the former senior adviser to the secretary to control another panelist," the report said.

In an interview yesterday, Dr. Lyon said that in the 2002 incident he sought to neutralize bias.

"If we detected bias, we had to make sure that the review panel was put together so that that bias would be neutralized," he said.

Dr. Lyon left the national institutes in August 2005 and is now an executive vice president for Higher Ed Holdings, a company based in Dallas that is working to found a college of education.

"Oh man, I'm mortified," Dr. Lyon said of the report. "To see the facts that were presented today was very disappointing, because it's an outstanding program."

The investigation was opened last year after the inspector general received accusations of mismanagement and other abuses at the department from publishers of several reading programs, including Robert E. Slavin, a director of a research center at the Johns Hopkins University who is chairman of Success for All, a nonprofit foundation that produces reading materials.

"The department has said at least 10,000 times that they had no favored reading programs, and this report provides clear evidence that they were very aggressively pressing districts to use certain programs and not use others," Dr. Slavin said.

Audit Finds Ethical Lapses In U.S. Reading Program (WP)

By Ben Feller

The Washington Post, September 23, 2006

A scorching internal review of the Bush administration's billion-dollar-a-year reading program says the Education Department ignored the law and ethical standards to steer money how it wanted.

The government audit is unsparing in its view that the Reading First program has been beset by conflicts of interest and willful mismanagement. It suggests that the department broke the law by trying to dictate which curriculum schools must use. It also says that program review panels were stacked with people who shared the director's views and that only favored publishers of reading curricula could get money.

In one e-mail, director Chris Doherty told a staff member to come down hard on a company he didn't support, according to the report released yesterday by the department's inspector general. "They are trying to crash our party, and we need to beat the [expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," Doherty wrote, the report says.

Doherty is resigning, department spokeswoman Katherine McLane said. Asked whether his quitting was in response to the report, she said only that Doherty is returning to the private sector after five years at the agency. Doherty declined to comment.

Education Secretary Margaret Spellings pledged to swiftly adopt all the audit's recommendations. She also pledged a review of every Reading First grant her agency has approved. About 1,500 school districts have received $4.8 billion in Reading First grants.

Reading First aims to help young children read through scientifically proven programs, and the department considers it a jewel of No Child Left Behind, Bush's education law. Just this week, a separate review found that the effort is helping schools raise achievement.

But from the start, the program has been dogged by accusations of impropriety, leading to several ongoing audits. The new report from the Office of Inspector General -- an independent arm of the Education Department -- calls into question the program's credibility.

The ranking Democrat on the House education committee was furious. "They should fire everyone who was involved in this," said Rep. George Miller (Calif.). ". . . This was an intentional effort to corrupt the process."

Spellings said the problems happened in the early days of the program, which began in 2002, before she was secretary. She said those responsible have left the agency or been reassigned.

The audit found that the department:

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· Botched the way it picked a panel to review grant applications, raising questions about whether grants were approved as the law requires.

· Screened grant reviewers for conflicts of interest but then failed to identify six who had a clear conflict based on their industry connections.

· Did not let states see the comments of experts who reviewed their applications.

· Required states to meet conditions that weren't part of the law.

· Tried to play down elements of the law it didn't like when working with states.

The report does not name Doherty, referring to him as the Reading First director. It says he repeatedly used his influence to steer money toward states that used a reading approach he favored called Direct Instruction (DI). In one case, the report says, he was told that a review panel was stacked with people who backed that program.

"That's the funniest part -- yes!" he responded in an e-mail in 2002. "You know the line from Casablanca, 'I am SHOCKED that there is gambling going on in this establishment!' Well, 'I am SHOCKED that there are pro-DI people on this panel!' "

Spellings took issue with the use of such e-mails in the audit. The IG said the e-mails were written by Doherty in his role as director, and it said there is no evidence that they were inaccurate or pulled out of context.

The audit also faults other officials who had a big hand in Reading First, including Susan B. Neuman, the former assistant secretary of elementary and secondary education.

Spellings, who became secretary in 2005, said she is not aware of any effort to favor certain reading programs. "I'm doing everything I can at this point," she said. "I can't undo what's been done."

N.Y. English Scores Drop Sharply In 6th Grade (NYT)

By David M. Herszenhorn

The New York Times, September 23, 2006

The share of students in New York State who are reading and writing at grade level drops sharply between the fifth and sixth grades and keeps declining through middle school, according to the first results of a new state testing system adopted to comply with the federal No Child Left Behind law's requirements for tracking year-to-year progress.

The scores for the 2005-6 school year, which were released yesterday by the state education commissioner, Richard P. Mills, also showed an increase in the proportion of students in the state performing at the lowest level.

"The overall pattern is disturbing," Mr. Mills said at a news conference in Albany. "Literacy is the problem. This pattern is not inevitable. This pattern has to change. All youngsters have to emerge from middle school ready for high school. We still have a lot of work to do." He added: "We have to do something different. We have to change our tactics, our curriculum, our approach."

The steady erosion of student achievement through eighth grade offers a particularly bleak outlook on New York State's chances of meeting the goal of No Child Left Behind, which seeks 100 percent proficiency in reading and math among all categories of students by 2014 and imposes sanctions on schools and districts for failing to make annual progress.

Since the state began testing in the fourth and eighth grades in 1999, the middle school results have lagged behind.

Yesterday's results, for the first time, allowed state officials to pinpoint exactly where student achievement begins to drop off sharply. The big change comes between the fifth and sixth grades, the year when many students move into middle school. More than 1.2 million students took the exam last January.

The scores offered a sobering portrait for virtually all types of school districts in the state. Although wealthy suburban districts continued to far outperform poor urban ones, the decline in performance from the fifth through eighth grades was equally apparent in the richer locales, with the trend holding across Westchester and Nassau Counties as surely as in the Bronx or Buffalo and rural counties like Allegany.

Statewide, yesterday's results showed 69 percent of third graders meeting reading and writing standards, compared with 68.6 percent of fourth graders, 67.1 percent of fifth graders, 60.4 percent of sixth graders, 56.4 percent of seventh graders, and 49.3 percent of eighth graders. Across all grades, 61.5 percent of students met the standards.

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Still, there was relatively positive news for New York City. Even though the adoption of a new set of tests makes direct comparisons to prior years statistically unreliable, the test found 61.5 percent of the city's third graders to be on or above grade level in English. That was 8 points higher than a city test found the prior year.

The proportion of fourth graders who met the standards was virtually unchanged at 58.9 percent. Statewide, the share of fourth graders at or above grade level declined 3.8 points, to 68.6 percent.

Schools Chancellor Joel I. Klein said that since 2002, New York City had outperformed other urban districts and made better progress than the state as a whole. And though he said much work had to be done, he was thrilled with the results. "I think that the work we are doing is powerful," he said at a news conference.

New York State's other big cities — Yonkers, Buffalo, Rochester and Syracuse — all showed more substantial declines in fourth grade performance. New York City also showed a solid increase in the percentage of eighth graders meeting the state standards, outpacing a slight increase statewide.

In one disappointment for Mayor Michael R. Bloomberg, the state results cast doubt on extraordinary gains by the city's fifth graders last year. The state results showed 56.7 percent of the city's fifth graders on or above grade level, a decline of about 10 percentage points from the previous city test.

The pattern in New York State can be found in Michigan and Florida and is showing up around the country as states expand their testing systems. Some researchers say the problem is not in middle schools, where the scores are weak, but in earlier grades.

E. D. Hirsch Jr., the author of a recent book, "The Knowledge Deficit," said students do not learn enough vocabulary and content knowledge at younger ages.

Daniel P. Keating, director of the Center for Human Growth and Development at the University of Michigan, said schools should prepare students earlier for the more abstract and sophisticated reasoning required in middle school.

"Perhaps the early preparation is not anticipating that shift to having those higher demands," he said, adding that tests for younger children do not measure those skills. "All of a sudden we're looking for the kinds of skills that just haven't been assessed earlier."

The scores in New York State were released in the fall this year, rather than in the spring, because of technical work required by the new exams, angering parents and educators. The timing also led New York City to promote hundreds of students in the third, fifth and seventh grades who, it turned out, had not met Mr. Bloomberg's criteria for moving on.

Officials said those students would not be pulled back a grade, but would be given extra help.

The mayor's rules require any student scoring at the lowest possible level on the test to be held back, and in the city that number was 11.4 percent in grades three through eight.

The city was not alone in having an increase in students performing at the lowest possible level — known as Level 1 — showing they have serious academic deficiencies.

Last year, state officials boasted that they had reduced those numbers to their lowest levels since testing began in the 1998-99 school year. But this year, 9 percent of fourth graders scored at the lowest level, up from 5.4 last year, while 9.5 percent of eighth graders similarly scored at the lowest level, up from 6.6 percent.

Overall, 8.1 percent of students in all grades scored at Level 1, which in eighth grade becomes an almost-certain prescription for failure in high school. "Students at Level 1 are going to have great difficulty passing their courses," Mr. Mills said.

In previous years, state officials had repeatedly stressed the greater complexity of skills that students were required to demonstrate on the eighth grade exam to explain the relatively good performance on fourth grade tests and lackluster results in eighth grade.

But armed yesterday with the data across all grades, Mr. Mills said he believed there was a widespread and dangerous slacking off in literacy instruction beginning in the fifth grade at many schools, and he called on educators to raise their vigilance.

"They certainly are not learning to read in a powerful way; they certainly are not learning to write as they should," Mr. Mills said. "Adult literacy scores are too low, but this is where it begins. It begins with a decision to just let it go, to just let it go when a child doesn't learn to read at the very beginning."

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Mr. Mills said the state's Board of Regents had long been concerned about the transition from elementary to middle school and those concerns were bound to be heightened. "There has to be a hand-off not only of the students, but also of what they know and what's expected," he said.

Will Public Lose Confidence In Census? (AP-Y)

By Stephen Ohlemacher

AP, September 23, 2006

When Elizabeth Mazur found a census taker's business card stuck inside her door last fall, she dutifully called the number and agreed to take part in a monthly survey on income and poverty.

Some questions were personal: Who did she live with? How much money did she make? Where were her parents born?

Mazur, a 29-year-old lawyer in Chicago, said she was happy to answer. But after hearing that Census Bureau workers have lost 672 laptop computers since 2001, including 246 that contained personal data, she's not sure she'd do it again.

"You hear stories about people, schemers pretending to be a bank employee," Mazur said. "Knowing there have been problems (at the Census Bureau), I would be less willing to do it if somebody I didn't know called me."

The Commerce Department, which oversees the Census Bureau, this week became the latest federal agency to acknowledge losing laptop computers containing sensitive information. Overall, the department has lost or had stolen 1,137 laptops since 2001 — the largest number of computers that any agency has publicly acknowledged losing.

All the computers containing personal information were protected by passwords or encryption technology. Still, the disclosure raises questions about the government's ability to protect sensitive information, said Rep. Tom Davis, R-Va.

At least eight other federal agencies have reported computers with sensitive information lost, stolen or illegally accessed in recent months. The biggest case was at the Department of Veterans Affairs, which had a computer containing the personal information of 26.5 million veterans and military personnel stolen. The computer was eventually recovered with no data accessed.

"The reality is, we are incapable of storing, moving and accessing information," said Davis, who vowed to pursue legislation to improve security. "The American people deserve better from their government." Davis chairs the House Government Reform Committee, which has requested information about lost or stolen computers from all Cabinet agencies. He hopes to compile a report by next week.

Rep. Michael R. Turner, R-Ohio, chairman of the House subcommittee on the census, said he plans to hold hearings on how the computers were lost and how to prevent losses in the future.

There is no evidence that any personal information from the Census Bureau's computers has been accessed or misused, said Ruth Cymber, the agency's director of communications. Publicly disclosing personal information from census surveys is a crime punishable by up to five years in prison and a $250,000 fine.

Census officials do not know how many people had their personal information on the lost or stolen computers, Cymber said. On average, a computer would contain information from 20 to 30 households at any given time.

Most personal information from census surveys would be insufficient to steal a person's identity, according to security experts. However, 81 of the lost computers may have contained Social Security numbers.

Among the Census Bureau computers containing personal information, 104 were stolen and 113 were not returned by former employees. The rest were lost or misplaced. Cymber said the bureau is working with state and local police to try to retrieve computers from former workers.

When possible, the Census Bureau has withheld pay from workers who did not return computers, Cymber said. Most of them were temporary hourly workers paid to gather data door to door.

Security analysts said it would take a computer expert to access a laptop protected by a password. One protected by encryption technology would be even more difficult to access.

"The casual thief likely won't know how to break them," said Peter Swire, a law professor at Ohio State University and the chief privacy counselor for the Clinton administration.

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In the meantime, census officials are concerned about losing the public's confidence. The Census Bureau conducts about 120 surveys a year, questioning more than 3 million households about everything from their race and ethnicity to their employment status and how many bathrooms they have in their homes. Most of the questions are mandated by law. The information is used by economists, government planners, marketing companies and academic researchers.

"We cannot do our work without public confidence," Cymber said.

Americans are required by law to answer questions from census takers. But census officials had to go back to 1962 to find a case of someone being prosecuted.

Gary Gordon, a Utica College professor and an expert on identity fraud, said the Census Bureau will have to repair its reputation if it wants Americans to continue answering questions voluntarily.

"People are learning that they need to protect their personal identifiers and trust is big issue," Gordon said.

For her part, Mazur was philosophical about the possibility that some computer thief might learn how much money she made last year.

"I feel like there's so many ways that we're vulnerable, what's one more laptop being lost by the government?" she said.

Luring Customers From Medicare (NYT)

By Milt Freudenheim

The New York Times, September 22, 2006

For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million.

But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card.

And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it.

Since the government substantially increased the subsidies two years ago for these most basic private industry plans — known as private fee-for-service — enrollment in the plans has grown tenfold to 820,000. About 18,000 people signed up in August alone, Medicare said yesterday in its latest update. And some analysts expect enrollments to double or even triple by 2009.

The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation.

Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands.

It is a “back-door way of trying to privatize Medicare,” said Dr. Jack Lewin, the chief executive of the California Medical Association, a physicians’ group. But the Bush administration’s Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend “is definitely not a ‘push to privatization,’ ” but simply a way to give people with Medicare more choices. “The original Medicare program is and remains an option for those who prefer it,” said Dr. McClellan, who plans to step down next month.

Private insurers can offer more choices and cost breaks to patients, he said, while providing overall better health care that will end up saving the government money.

The 11 percent calculation comes from the Medicare Payment Advisory Commission, an independent federal research body that advises Congress. And some insurance executives say the figure is an exaggeration. But there is little dispute that federal subsidies are encouraging the insurance industry to recruit members for the plans.

And while the current industry coverage can be a good deal for some patients, critics worry that Medicare patients reliant on private insurers could be left stranded if the federal money is eventually cut.

“We are very concerned that Congress is going to pull back on the funding,” Dr. Lewin said, “and we will be left with a private system that offers fewer benefits and is going to be influenced by Wall Street.”

Critics say the growing transfer of the nation’s $342 billion Medicare program to private industry has already been playing out through other means, like the new Medicare Part D drug program and various Medicare-linked managed care plans and H.M.O’s offered by private insurers.

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Providing Medicare coverage in all its guises has become a $60 billion-a-year business and one of the few profitable growth areas for insurers. Medicare enrollees look especially attractive to insurers, as the industry's other main clientele — corporate America — struggles to meet the growing cost of providing health benefits to working people.

The fee-for-service plans, the focus of the current controversy, are in many ways similar to the government's own Medicare. Under the industry version, patients have the right to choose their own doctors and hospitals — as they have long been able to do with their federally issued Medicare cards.

And as with the federal program, enrollees in the private fee-for-service plans typically pay a monthly $88.50 premium to the government.

Under the industry plans, moreover, the hospitals and doctors receive the same rates as when they are paid through the basic federal Medicare program.

Experts say that because the administrative costs of providing the private policies are minimal, they represent easy income for the insurance companies, with profit margins of 4 percent or so.

But many see the private fee-for-service Medicare plans as mainly a feeder program in which insurance companies hope to gradually convert members into even more complex, more profitable private Medicare offerings that the government also subsidizes.

The more lucrative plans, like Medicare health maintenance organizations or doctor-network managed care programs, which have been available longer, can yield profits in the 10 percent range, analysts say.

The more basic private fee-for-service plans, around for less than a decade, were authorized through an amendment to the 1997 balanced budget act as a way to ensure that elderly people could obtain adequate health insurance. Now the plans are envisioned as primarily for rural Americans who typically have few medical choices.

The insurance industry largely ignored the fee-for-service plans until the insurers' subsidies were increased by $14 billion over 10 years by the 2003 Medicare overhaul legislation. Insurance lobbyists had argued that expanding private Medicare programs would eventually lower the government's costs.

But insurers "are not really being asked to do anything for additional subsidies,'' said Marilyn Moon, a longtime Medicare researcher who served as a public trustee of the program — a watchdog role — during the Clinton years. She is now at the American Institutes for Research, a nonpartisan research center in Washington.

Insurers, though, say they provide benefits that basic Medicare does not cover.

The leader by far in private Medicare fee-for-service, with more than half the total members, is Humana. UnitedHealth and WellPoint are also big players.

John M. Bertko, a Humana vice president, says benefits included having nurses stay in touch with discharged hospital patients with chronic diseases to make sure they were following doctors' orders.

Other selling points for the private insurance plans include predictable out-of-pocket co-payments — typically $5 to $20 for doctor visits. That compares with the uncertainties patients face under traditional federal Medicare, in which they are responsible for 20 percent of whatever the doctor charges.

Martin Smith and his wife, Donna, of Bristol, Ind., chose a fee-for-service plan from UnitedHealth's Secure Horizons Medicare unit earlier this year.

The monthly premiums of $12.50 each for Mr. Smith, 68, and Mrs. Smith, 70, are in addition to their government Medicare premiums of $88.50 each. But the Smiths say the private plan is paying off.

Mrs. Smith recently had heart bypass surgery. And though the bill has not yet arrived, she knows that the hospital deductible for her Secure Horizons plan is $600, compared with the $952 she would be responsible for under traditional Medicare.

And instead of 20 percent of the approved doctors' fees in traditional Medicare, the Smiths pay only $10 to a primary care doctor and $20 for specialists. Secure Horizons pays the rest out of its subsidies from Medicare — which are $692.29 a month, on average, for each fee-for-service member in that part of the country.

The Smiths chose to sign up for Medicare Part D drug coverage from a separate insurer, Humana.

Like the Smiths, more than half of the private fee-for-service enrollees so far have also chosen drug coverage, and many are choosing a plan that combines both.

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One is Cathy Watts, 58, of Decatur, Ill., a former nurse who says she had to retire four years ago because of Parkinson's disease and partial paralysis. Last January she signed up for a fee-for-service offering from Humana that included Part D drug coverage.

Other than the government's $88.50 Medicare premium that is deducted from her monthly Social Security check, Ms. Watts pays no premium to Humana.

She says the drug coverage was the main lure for her because her drug bill last year was $6,000.

"I will probably pay $3,600 this year'' for drugs, she said. "So that will be better.'' And she can still see the doctors of her choice.

While insurers do run a risk of losing money on a patient if he or she has unexpectedly large health costs, the companies can consult county-by-county Medicare cost data and decide where to offer coverage and which high-cost areas to avoid.

In southern Illinois, where Mrs. Watts lives, the average monthly rate the government is paying an insurer to provide Medicare fee-for-service is $692.29 — the same as in Mr. Martin's town in Indiana.

Under Medicare's complicated rules, though, the amount actually paid to a company for a patient can vary. Around the nation, depending on local medical costs and the health profile of Medicare-eligible residents, the monthly federal subsidy to the insurance company can range from $400 to $2,500, said Dr. Scott Latimer, a Humana executive based in Tampa, Fla.

Enrollments in the fee-for-service plans are still primarily, though not exclusively, concentrated in rural and small cities. Before the Medicare subsidies were increased in 2003, insurers had little incentive to focus on such places. With few doctors and sometimes only one or two hospitals in such areas, insurers typically have little bargaining power. And the health care providers have often balked at accepting the lower fees and second-guessing often associated with managed care insurance networks. But when enough patients in a local area have been enrolled in the private fee-for-service plans, the companies say local health care providers may have little choice but to join the insurers' Medicare networks.

Rick Jelinek, the chief executive of UnitedHealth's Secure Horizons Medicare business, acknowledged that the company's strategy was "in the longer term, to build networks around our programs."

With such networks in place, he said, the company could help manage patients' health — and the insurer's costs — through techniques like having nurses provide telephone health counseling aimed at helping keep patients with heart disease and diabetes avoid hospitalization.

Dan Mendelson, a former Clinton administration health official who is now the president of Avalere Health, a Washington research and consulting firm that advises insurance companies, said the private fee-for-service trend "should save money for Medicare by improving patient care."

But Ms. Moon, the Medicare researcher, said she was "unconvinced by the logic that says, 'If we are overpaying the health plans now, they will save us money later.' "

Treasury Softens Line On Home Loan Giants (FT)

By Michael Mackenzie In New York

Financial Times, September 23, 2006

The treasury department under Hank Paulson is softening its long-held stance that mortgage giants Fannie Mae and Freddie Mac should face strict limits on their holdings of mortgages and securities.

Congress is sparring over how strictly a proposed new regulator will define the portfolio limits for the two government-sponsored enterprises, which both buy mortgages and package them as securities, and act as traders in the secondary market for mortgage-backed bonds.

The GSEs have scaled backed their presence in the mortgage market in the wake of accounting scandals in recent years, but together they still hold a portfolio of $1,400bn mortgage assets.

The size of these portfolios and use of derivatives has been a hot topic with regulators and Congress, with officials at the treasury and Federal Reserve expressing concern about systemic risk to the financial system.

Last year the House of Representatives and Senate banking committee passed bills governing Fannie and Freddie, with the Senate adopting a tougher stance that would cap portfolio assets.

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But treasury officials now say they are willing to be more flexible. Randal Quarles, treasury undersecretary for domestic finance, told the Financial Times: “It’s important people understand we are open to working and engaging in an alternative approach in regulating the size of the portfolios.’’

As the window for a compromise among lawmakers closes, Mr Quarles said the treasury department was hopeful about Congress reaching agreement.

“There is scope before the recess and certainly scope after that.

“We are a couple of yards away from the goal line,’’ he said.

With concerns growing about falling housing prices, the proposed flexibility over portfolio limits has also not escaped the notice of the bond market.

Richard Gilhooly, senior fixed- income strategist at BNP Paribas in New York, said: “When you have a risk scenario and housing increasingly faces the prospect of a hard landing, you do not want to handcuff yourself from dealing with the situation.’’

Gerald Lucas, senior investment adviser at Deutsche Bank in New York, said: ‘‘When you get a new treasury secretary it’s a chance for a fresh approach. The market will be happy with a regulator that has teeth and still allows the GSEs to participate.’’

Probe Of FAA Contracting Finds Waste (WP)

By Del Quentin Wilber

The Washington Post, September 23, 2006

A Federal Aviation Administration contracting program, initially hailed as a way to make the agency more efficient, was so poorly managed that it cost the government millions of dollars in overruns, according to a government investigative report and legislators who reviewed its conclusions. The FAA has disbanded the program.

The program was designed to allow the FAA to obtain services faster and cheaper by using 142 approved vendors.

But the FAA ran into major problems shortly after the program's inception in 2002 because contracts were supervised poorly, many were not put out for competitive bids and officials did not set proper labor rates, according to a report to be released Monday by the Transportation Department inspector general's office.

The report does not say precisely how much the FAA was overcharged by contractors but describes a variety of problems, including the hiring of former FAA employees by contractors.

Sen. Charles E. Grassley (R-Iowa), who requested the investigation, said the program's problems cost the government tens of millions of dollars.

"It's just outrageous how the FAA was not looking out for the taxpayers' dollars," Grassley said in an interview. "Three words would sum this up: absolutely no accountability."

FAA officials said they disbanded the program months ago and did what was necessary to resolve leftover problems.

The inspector general's report says the FAA never set standard labor rates for the program's contractors, forcing officials to negotiate them with each new contract. That caused officials to take twice as long as usual to award contracts.

The FAA also did not set labor qualifications for contractors, the report says. One contractor charged the FAA $35 an hour for the work of an administrative assistant. Four weeks later, it called the worker an analyst and raised her hourly rate to $71 without providing proof of her qualifications, the report says.

The inspector general estimated that labor costs alone could have created overruns of $24 million to $44 million if the program and the contracts been allowed to continue.

More than half the contracts were not put up for bids, the report says. The FAA is allowed to award sole-source contracts, but of eight such contracts reviewed by investigators, only one was found to have had "adequate justification."

The report says companies were eager to hire former FAA employees. One offered a finder's fee for such workers, and 21 percent of its employees had worked for the agency.

"While this practice does not violate any government regulations, it creates significant risks to FAA's ability to maintain arms-length relationships with its contractors when negotiating contract terms or overseeing contractor performance," the report says.

Sen. Tom Coburn (R-Okla.), who also pushed for the inspector general's investigation, said the hiring of former FAA employees by contractors troubled him.

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"There is nothing wrong with hiring experienced people, but there is plenty wrong with hiring people and giving them a job they are not qualified to do," he said.

FAA officials said they took steps more than a year ago to address issues raised by the inspector general. They began requiring the agency's deputy administrator to review all no-bid contracts worth more than $1 million, and the chief financial officer began approving all contracts worth more than $10 million.

By March, the FAA had disbanded the program. The agency has put all but five of the remaining contracts up for bids. It also has set guidelines on how to deal with former FAA employees and relatives of current workers, officials said.

"We have dissolved this entire program," said Laura Brown, an FAA spokeswoman. "We have already taken many of the steps that the IG recommended, and as the IG noted, we have agreed to most of the recommendations and we are taking further actions in response" to the report.

The report does not identify the companies or the FAA officials involved in the contracts. A spokesman for the inspector general's office declined to provide such information, referring questions to the FAA.

The investigation began last year when Debra Srite, an FAA contracting officer, and an unidentified colleague approached auditors and Grassley to raise questions about a contract with Crown Consulting Inc., a District firm with 180 employees.

A government audit last year found that Crown overbilled the FAA by $56,317 over four months. The audit attributed much of the overbilling to Crown's exaggerating the qualifications of its employees.

The audit report said at least two Crown employees were not qualified to do the work for which Crown was billing the FAA. Crown officials could not be reached for comment last night.

Srite, who left the FAA a month ago because she said she felt pressure on the job after pointing out problems with Crown's contract, said she was pleased by the inspector general's report.

"They hit most of everything," Srite said in a telephone interview. She said she still wanted investigators to look into "a lot of property that is not accounted for."

A Bad Court-Splitting Plan (NYT)

The New York Times, September 23, 2006

The Senate held hearings this week on a proposal to split the San Francisco-based United States Court of Appeals for the Ninth Circuit in two. The idea is being promoted as a way to reduce the court workload. The Ninth Circuit is very large and busy, but the proposal would actually do little to solve the overload problem. Its real aim is not efficiency, but a conservative, anti-environmental agenda.

The Ninth Circuit, which covers nine Western states plus Guam and the Northern Mariana Islands, is the largest of the nation's federal judicial circuits. The reason is simple: California. With the state's enormous growth, the number of cases presented to the Ninth Circuit has also grown rapidly, although there is no evidence that the court has been unable to handle its work.

If Congress wanted to help, it would divide California into two different circuits. But instead, it is considering a bill that would put California and Hawaii into a "new" Ninth Circuit, which would have more than 70 percent of the court's current caseload, while putting the remaining states in a newly created 12th Circuit. To make matters worse, the new Ninth Circuit would get less than 60 percent of the allotment of permanent judges.

While the bill does not solve any problem, it would create new ones while requiring, by the court system's estimate, nearly $100 million in start-up costs. The overwhelming majority of Ninth Circuit judges, appointed by both Republican and Democratic presidents, oppose dividing the court.

The split is a pet idea of conservative interest groups and companies that are unhappy with some pro-environmental rulings. They would like to put the open lands in states like Montana and Idaho out of the reach of judges in California who have a record of taking environmental law seriously.

There are steps Congress could take to ease the burden on the Ninth Circuit, including providing more money to improve administration, and fixing the immigration system, which is a source of much of the court's workload. The one thing it should not do is allow ideologues to tamper with the federal courts under a false mantle of reform.

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OTHER NEWS:

U.S. Stocks Fall For Second Day On Economy; Caterpillar Slides (BLOOM)

By Allen Wan

Bloomberg, September 22, 2006

Sept. 22 (Bloomberg) -- U.S. stocks capped a losing week with a second straight day of declines on renewed concern that the economy is weakening and earnings growth will slow.

Caterpillar Inc., the world's largest maker of earthmoving equipment, dropped on the threat that demand for machinery will slacken. Boston Scientific Corp. led health-care shares lower after the medical-device maker failed to meet analysts' sales and earnings estimates.

``I don't think the stock market has faced up to the fact that a slowing of the economy will hurt profits," said Nick Sargen, who helps manage $30 billion as chief investment officer at Fort Washington Investment Advisors Inc. in Cincinnati.

The Standard & Poor's 500 Index lost 3.25, or 0.3 percent, to 1314.78. The Dow Jones Industrial Average dropped 25.13, or 0.2 percent, to 11,508.10. The Nasdaq Composite Index slid 18.82, or 0.8 percent, to 2218.93.

After closing within a point of a five-year high, the S&P 500 lost almost 1 percent in the week's final two days. A report showed factory activity shrank in the Philadelphia area for the first time in three years, suggesting that a housing slump is weighing on other areas of the economy.

``This fall-off we're seeing in housing is for real, it's serious," said Dirk van Dijk, director of research at Zacks Investment Research in Chicago. ``Housing has been a major driver for consumer spending."

Earnings Forecast

Earnings growth at S&P 500 companies will slow through the rest of the year, climbing 14.2 percent this quarter and 12.6 percent in the final three months of 2006, according to a Thomson Financial survey of analysts published today. Profits rose 16.3 percent in the second quarter.

For the week, the Dow average fell 0.5 percent, the S&P 500 lost 0.4 percent and the Nasdaq slumped 0.8 percent.

Caterpillar lost $1.77, or 2.7 percent, to $62.77 for the Dow's steepest decline.

Boston Scientific tumbled $1.51, or 9.2 percent, to $14.85 for the biggest retreat in the S&P 500. The maker of drug-coated heart stents said third-quarter sales will total as much as $2.04 billion, less than the average analyst estimate of $2.17 billion compiled by Thomson.

UBS AG cut its rating on the shares to ``neutral" from ``buy" and slashed its price forecast by 44 percent to $18.

An S&P 500 measure of health-care shares retreated 0.6 percent for the second-biggest drop among 10 industry groups.

General Motors

General Motors Corp. dropped 31 cents to $30.62 as the prospects for a link with Renault SA and Nissan Motor Co. faded, people familiar with matter said. Renault and Nissan may start talks with Ford Motor Co., two people with knowledge of the discussions said. Ford gained 24 cents to $8.

Spokesmen for GM, Renault and Nissan yesterday said negotiations continue and no decisions have been made. Ford spokesman Oscar Suris declined to comment.

Cablevision Systems Co. slid 40 cents to $22.59. The fifth- largest U.S. cable-television provider awarded stock options to an executive after his death in 1999, then backdated them to give the illusion they were granted when he was alive, according to a regulatory filing.

AT&T Inc. jumped 62 cents to $32.90, while BellSouth Corp. climbed 80 cents $43.23. AT&T's $67 billion purchase of the company is likely to be approved by the Federal Communications Commission, said people familiar with the agency's plans.

New York Times

New York Times Co. declined $1.04 to $21.79. The company forecast third-quarter profit, including some costs, of up to 10 cents a share, less than the 18 cents expected by analysts.

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About 12 stocks fell for every five that rose on the New York Stock Exchange. Some 1.44 billion shares changed hands on the Big Board, 5.9 percent less than the three-month daily average.

Hewlett-Packard Co. rose 24 cents to $35.11. After the market closed, Chairwoman Patricia Dunn resigned, taking responsibility for the investigation into media leaks. Chief Executive Officer Mark Hurd will replace her. Former U.S. prosecutor Bart Schwartz was also named to conduct a review.

Tribune Co. gained $1.94, or 6.1 percent, to $33.99 for the biggest advance in the S&P 500. The publisher of the Chicago Tribune agreed to consider a sale of the company or some assets, according to a person familiar with the discussions. Tribune spokesman Gary Weitman declined to comment.

Nike, Palm

Nike Inc. climbed $3.90 to $86.36. The largest athletic- shoe maker reported first-quarter sales of $4.19 billion, exceeding the average estimate of $4.16 billion.

Palm Inc. rose 59 cents to $15.09. The maker of the Treo e- mail phone said it will buy back $250 million in stock.

S&P 500 shares, called Spiders, fell 40 cents to $131.47. Nasdaq-100 tracking shares, known by their QQQQ symbol, slipped 31 cents to $39.87.

S&P 500 futures expiring in December lost 4.40 to 1325.90 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures retreated 13.75 to 1641.

The Russell 2000 Index, a benchmark for companies with a median market value of $611 million, declined 1.2 percent to 718.63. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, decreased 0.4 percent to 13,118.54. Based on its drop, the value of stocks slid by $59.5 billion.

Investors Confront Dark Side Of Slow Growth (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 23, 2006

Here is a question investors are pondering heading into the final week of this year's third quarter: Is a slowing economy good news or bad news?

Most investment pros maintain that a gradually weakening economy, for now, is a good thing because it will keep the Federal Reserve from raising its interest-rate targets.

But a vocal minority maintains that, with the Fed already on hold, having left interest rates steady for its past two policy meetings, the time for that benign scenario to play out has already passed. In the bears' eyes, slower economic growth will lead to weaker corporate profits and reduced consumer spending. Lower gasoline prices will help, but that could be offset by reduced household wealth because of the recent housing slowdown, the bears say.

The stock market's seesaw trading Friday -- and throughout the past week -- reflected that split in thinking.

In the middle of the week, the Dow Jones Industrial Average was closing in on its record of 11722.98, reached in January 2000. A two-day selloff at the end of the week raised doubts about whether it would soon clear that hurdle. Former Fed Chairman Alan Greenspan's utterances moved the bond market, and oil prices fell.

The Dow Jones Industrial Average was down nearly 60 points at one point Friday, but a late round of buying trimmed its losses. The blue-chip average finished down 25.13 points, or 0.2%, at 11508.10, off 0.5% on the week, and is now about 215 points from its all-time high.

"It's too early yet to say it won't make it back to the record," said Jim Bianco, president of Bianco Research, a market-research firm in Chicago. "If it pulls all the way back to 11000, then I'd say OK. But this move doesn't have enough conviction to it."

Mr. Bianco noted that, for the first time in about three years, financial bets in the futures market Friday reflected a small chance that the Fed could cut rates at the policy makers' next meeting in October.

"That doesn't mean a cut is going to happen, by any stretch," said Mr. Bianco, citing the 4% odds. "But it's just an interesting fact that people are even beginning to entertain the idea seriously enough to put money into it." Lower interest rates are considered good for stocks because they reduce the cost of corporate debt, thus helping profits, and encourage consumer spending.

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Strategist Bob Hoye of the Vancouver research firm Institutional Advisors believes such sentiment is misplaced. "The thing is, by the time the Fed eases, it's usually too late," said Mr. Hoye, who believes stocks will continue to pull back.

Another selloff in crude oil helped to keep stocks' losses in check Friday. Hurt by strong supply trends, oil futures for November delivery fell $1.04, or 1.7%, to $60.55 a barrel, off 5.4% on the week at the New York Mercantile Exchange.

The Nasdaq Composite Index fell 0.8%, or 18.82 points, to 2218.93, off 0.7% on the week. And the broad Standard & Poor's 500-stock index fell 0.3%, or 3.25, to 1314.78, off 0.4% on the week.

Treasurys rallied, helped by reports that Mr. Greenspan, in remarks at an event sponsored by investment-management firm Drake Management LLC, cited weak housing prices as a factor that might lead the current Fed governors to adopt a looser monetary policy, which some interpreted as a hint that a rate cut might be in the works.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, slipped 0.58%, or 1.27 points, to 217.39.

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks on the New York Stock Exchange was 2.21 billion shares, as 1,240 issues rose and 2,046 fell.

Bond prices rose.2 The 10-year Treasury note gained 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.601%. The 30-year bond rose 18/32 to yield 4.744%.

The dollar strengthened.3 Against the Japanese currency, the dollar rose to 116.52 yen, from 116.31 yen Thursday. The euro eased to $1.2788 from 1.2792.

Decline In Gas Prices Isn't Buoying Detroit (NYT)

By Nick Bunkley

The New York Times, September 23, 2006

DETROIT, Sept. 22 — Just when $3-a-gallon gasoline looked as if it were here to stay, it left.

But it was around long enough to devastate Detroit's automakers by convincing many car shoppers that smaller is better.

Now that gas prices have fallen almost 50 cents in the last month, moving below $2 a gallon in some markets, will car shoppers once again start thinking of buying the S.U.V.'s and other big vehicles that have been Detroit's bread and butter for the last decade?

For now, that may be wishful thinking, according to many dealers and auto executives.

"I'm surprised. I thought when the gas prices came down around $2 that my business would pick up," said Vic Bailey, 80, who owns a Ford dealership in Spartanburg, S.C., where a handful of gas stations were charging around $1.96 Friday afternoon.

"September has been very disappointing since the first of the month," when Ford offered no-interest financing, Mr. Bailey said.

Simple economics would suggest that as gas prices fall, car shoppers would place less emphasis on mileage. But few, if any, people in the automotive industry are betting that this latest drop will undo some of the damage to Detroit.

"They'd have to keep falling and the decline would have to last for at least three or four months before it would have much of an impact on anything," said Sean McAlinden, chief economist at the Center for Automotive Research in Ann Arbor, Mich.

"It would take a real fall to the $1.50 level to start changing expectations," he explained. "And there's a better chance of $4 than $1.50 in the long run."

The problem is consumers may have decided that higher gas prices are more the rule, and any drops they might see in coming months or years are the exception.

Detroit car companies continue to rely on big vehicles as the most important part of their lineups. Those products were planned years ago, when $3-a-gallon-gas still seemed unthinkable.

In August, a survey by Consumer Reports magazine found that fuel economy had become the top consideration for car shoppers, ahead of reliability, price and safety. Many of the people who feel that way have turned to Japanese manufacturers, namely Toyota and Honda, which spent decades honing their reputations for producing high-quality fuel-efficient vehicles.

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In 2002, the year S.U.V. sales peaked, only 22.7 percent of likely buyers said fuel economy was important in considering which car to buy, according to CNW Marketing Research, a firm in Bandon, Ore., that studies buying habits.

By 2005, 61.3 percent of buyers rated fuel economy as important. And in the first quarter of this year, after Hurricane Katrina but before gas prices spiked again, that figured climbed to 64 percent, CNW research showed.

Sales of S.U.V.'s, a market long dominated by Detroit, have plunged 18 percent this year through August, after a 15 percent drop last year, industry statistics show. That compares with single-digit declines in 2003 and 2004, when gas cost less than $2.

None of the 15 top-selling vehicles in August were traditional S.U.V.'s. Sales of the Ford Explorer, the most popular S.U.V. for years, are about one-third lower than last year.

Last year was the first time drivers in most of the country paid $3 a gallon, after Katrina, although drivers in California have seen prices rise above $3 a gallon routinely this decade.

But this year prices surged again, with no hurricane to blame, and Detroit realized its days of raking in handsome profits on sales of S.U.V.'s alone were not coming back.

"There's a new reality," said Ford Motor Company's chief sales analyst, George Pipas, acknowledging that the company no longer expects a rebound in the S.U.V. market. At this point, Mr. Pipas said, he can only hope that gas prices stay low enough for long enough to stop light truck sales from dropping too quickly.

"If gas prices were to stabilize at today's levels, I think we might see a return to the slower declines that we experienced in '03 and '04," he said. "We still see this category declining further, regardless of what happens to energy prices. We happen to think that demographics are the primary driver of this shift, as baby boomers downsize, but that gas prices speeded it up."

As of Friday, a gallon of regular unleaded gas cost an average of $2.44 nationwide, according to the AAA motor club. That is 47 cents less than a month ago — yet still high by historical standards.

The respite comes as General Motors prepares to begin selling its new line of full-size pickups, a vehicle seen as key to returning the company to profitability. G.M. also redesigned its large S.U.V.'s earlier this year and needs to continue selling them at a steady pace to keep its turnaround plans on track.

Ford is bringing out fresh versions of the Ford Explorer and Lincoln Navigator, once so popular Ford could not keep them in stock. But their sales have plummeted this year. Ford is putting its emphasis this fall, however, on its new crossover, the Edge.

The Chrysler Group, which is more dependent on truck sales than any of its competitors, has experienced a sudden sales slump and expects to lose $1.5 billion this quarter, more than double its original projections. Chrysler has a bevy of upcoming new vehicles, but it has struggled to unload excess inventories of 2006 models that are clogging dealer lots.

Neither company is counting on falling gas prices to provide much of a boost. If anything, consumer confidence may increase slightly, which all industries would welcome. But economists do not expect many people to put money saved on fuel toward a new vehicle, if they were not already shopping for one.

"I don't think anybody's paid a whole lot of attention to it," said a G.M. spokesman, John M. McDonald.

"It's way too early to tell," said Kevin McCormick, a Chrysler spokesman. "We don't know how long these lower prices are going to sustain."

Chrysler's chief executive, Thomas W. LaSorda, last month said the company was planning for gas prices to remain in the $3 to $4 range for the rest of this decade. On a conference call this week, Mr. LaSorda said there had been no uptick in sales as a result of reduced gas prices.

Mr. McAlinden said the automakers are wise to dismiss the recent drop-off and focus on improving their offerings of smaller cars with higher gas mileage.

"The executives in Detroit — finally — don't trust this decline in gasoline at all," he said. "Any foreign event could put us back at $3 a gallon, and I think the public senses that."

Boeing C-17 Plant May Get Reprieve (LAT)

By Peter Pae

The Los Angeles Times, September 23, 2006

DOJ_NMG_0067911

A congressional plan to add $2.1 billion to the defense budget to buy 10 more C-17 transport planes could help extend the life of the aircraft's production line in Long Beach beyond 2010, Boeing Co.'s top defense executive said.

The funding could provide Boeing with a much-needed reprieve from having to shut the line sooner, James Albaugh, president of Boeing's Integrated Defense Systems unit, said in an interview Friday. About 5,500 people are employed at the large Long Beach factory where the planes are assembled.

"If you're down in Long Beach, you'll see a lot of happy faces," Albaugh said.

The additional funding was approved by a conference committee late Thursday and is scheduled for a vote by the full House and Senate next week.

Approval would enable Boeing to maintain the production line until the Defense Department completes a new assessment of military airlift needs, Albaugh said. The Chicago-based company hopes the study will call for procurement of more than 40 C-17s, which would keep the line open until at least 2013.

Boeing and members of Congress have been calling for the Pentagon to conduct the study after criticism that its 2005 analysis of the military's air transport requirements may have been flawed. The so-called mobility capabilities study concluded that plans to purchase 180 C-17s were adequate and disputed previous Air Force projections that a fleet of 222 of the four-engine jets was needed.

The Pentagon has used the mobility study to justify not buying additional C17s beyond those already delivered or on order. Boeing has completed 154 C-17s.

The Government Accountability Office on Wednesday issued a rebuke of the Pentagon study that analysts said further undermined the rationale for limiting C-17 purchases.

Congress, led by the delegations from California and Missouri, where about 1,800 jobs are tied to the C-17 program, has been pushing the Pentagon to buy more of the aircraft. With Defense Department planners unmoved, key legislators included the additional C-17 funds in a $70-billion supplemental appropriations bill that would pay for military operations in Iraq and Afghanistan.

The C-17, used in the Iraq and Afghanistan conflicts to transport troops, casualties, cargo and humanitarian aid, has enjoyed wide support in Congress. The Pentagon originally had requested funding for 12 C-17s in the fiscal 2007 budget. The new congressional funding plan would raise that total to 22 aircraft.

Angelides Inspires Growing Concern (LAT)

By Michael Finnegan And Dan Morain

The Los Angeles Times, September 23, 2006

As the candidate fights to clarify his message, donations fall short. Unions may decide to spend their campaign money elsewhere.

With just over six weeks left in the race for governor, the troubles facing Democrat Phil Angelides have intensified, and his political allies are expressing rising concern over his campaign's failure to gain momentum.

Hindering his drive to oust Gov. Arnold Schwarzenegger are Angelides' slow pace in raising money, his tepid support from organized labor and his difficulty defining himself clearly for voters, Democratic strategists say.

Missteps have also hobbled Angelides. Some black members of the clergy say the state treasurer has made only lackluster efforts to appeal to African Americans, his party's most loyal constituency. And his campaign manager's admission this month that two Angelides aides bungled the release of audio recordings of private Schwarzenegger conversations has stirred grumbling among Democratic leaders about his staff's competence.

Aggravating all that are what even critics of Schwarzenegger say are the discipline and efficiency of the Republican governor's reelection machine.

So with Schwarzenegger holding a wide lead barely two weeks before voting by mail starts, one question on the minds of many Angelides supporters is whether there is enough time to right his campaign. Another is whether his trouble sparking voter enthusiasm risks harming other Democrats on the Nov. 7 ballot or sinking propositions that the party supports.

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Chris Lehane, a Democratic strategist who is not working on the campaign, said Angelides had fallen into a perilous cycle, in which low poll ratings deter donors, making it harder to afford the TV ads needed to drive a recovery. To escape the rut is "not impossible, but it's certainly a hard thing to do, given the time that's left in the race," he said.

Angelides has overcome long odds before. In the spring Democratic primary, he was trailing rival Steve Westly by 13 points in a Times Poll just six weeks before he defeated the state controller. But Westly was largely unknown and, thus, much easier to knock out than a governor long familiar to Californians.

"Would he prefer to be ahead? Yes, that would be nifty," said Gale Kaufman, a campaign consultant who works closely with unions that back Angelides. "Does it mean he's out of the race? No, not at all."

But money is a major problem. Angelides has raised about $14.4 million this year, compared with the governor's $27.6 million. In the first 20 days of September, Angelides gathered slightly over $1 million, while Schwarzenegger collected $2.6 million.

"It is not a pretty picture when it comes to fundraising, when you don't have an incumbent governor," state Democratic Chairman Art Torres said.

Given the state's caps on donations to candidates, a prime source of hope for Angelides is independent spending on his campaign by supporters. Sacramento real estate tycoon Angelo Tsakopoulos, who with his family spent more than $8 million on TV ads for Angelides in the primary, could try to ride to the rescue again.

But since the June primary, neither Tsakopoulos nor organized labor, another longtime source of big money for Angelides, has invested heavily in his push to unseat Schwarzenegger.

Last year, unions spent nearly $100 million to defeat Schwarzenegger's ballot measures in the November special election. But they have spent just $4 million on Angelides this year, and half of that was for the primary. In addition to qualms over whether Angelides can win, some unions face pressure now to steer money elsewhere, to propositions or to the national battle to win Democratic control of Congress.

"Resources are stretched very thin, let nobody kid you," said Willie Pelote Sr., California political director for the American Federation of State, County and Municipal Employees., which supports Angelides.

The California Correctional Peace Officers Assn., another union that supports Angelides, has reserved $5 million worth of TV ad time in October. But Ray McNally, a consultant to the union, said its leaders were still evaluating the gubernatorial contest before deciding what kind of ads to run and whether to spend millions more.

"There is a good chance that you could see some very serious independent expenditure campaigns — when and if the race starts to tighten," said McNally, a Republican who produced anti-Schwarzenegger ads for the union last year.

As for Schwarzenegger, who was spared the sort of primary that left Angelides bruised and nearly broke, he has already spent millions on ads that spotlight his challenger's support for higher taxes.

"If Phil had his way, it could make it harder to own a home or even afford a car," an announcer says in a Schwarzenegger spot that went on the air Friday.

Angelides, whose ads during the primary highlighted his vow to raise taxes on corporations and the wealthy, has only recently resumed substantial TV advertising, running a Democratic Party spot slamming Schwarzenegger for backing President Bush's reelection in 2004.

"We made a very disciplined, realistic — and I think ultimately it will prove very correct — decision not to compete with them over the summer, because we didn't have the money to do it," said Angelides media strategist Bill Carrick.

In the end, "we're not going to have dollar-for-dollar what they have, but we'll be competitive," said Carrick, who described the Bush ad as part of a push to maximize gains from a national voter climate that favors Democrats.

But some labor and Democratic strategists fault Angelides — many privately and a few publicly — for not running ads that flesh out his biography for voters who know little more about him than the caricatures in Schwarzenegger and Westly spots. They also say Angelides, who added tax cuts to his campaign agenda last month, fumbled the crucial issue of taxes.

Angelides "let himself be defined as a big tax-and-spend guy," said political consultant John Hein, former government-relations director of the California Teachers Assn.

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When tax questions came up in the candidate's first mock debate last week with a Schwarzenegger stand-in, the topic tied Angelides in rhetorical knots, according to a person who attended.

More broadly, Angelides is still struggling to clarify his core message. In the primary, he cast himself as the lone Democrat who had the courage to stand up to Schwarzenegger budget cuts at the peak of the governor's popularity. One of the few remnants of that theme is a banner he still displays at campaign stops: "Angelides: A Governor We Can Count On."

Aides say his main message now is that Angelides fights for the middle class while Schwarzenegger protects special interests. But even many Democratic leaders still cannot explain what the message is. "Well, let's see, I'm sure I could go to the Angelides website and pull that right up," said San Diego County Democratic Chairman Jess Durfee.

Basic political work has also proved a challenge for Angelides, a former state Democratic chairman, particularly in his appeals to African Americans. By the time Schwarzenegger one-upped him last month by speaking at First African Methodist Episcopal Church, a must-stop for Democrats in South Los Angeles, Angelides had yet to make a courtesy call to its politically influential pastor, the Rev. John Hunter.

"It was certainly an oversight," said Kerman Maddox, who handles political matters for the church.

The Rev. Frederick O. Murph, pastor of Brookins AME Church in South Los Angeles, said he was concerned that Angelides had failed so far to make any "big thrust, in terms of the African American vote."

"I don't think Phil Angelides has really directed enough energy in that area," said Murph, who nonetheless described the treasurer as "a great guy" who would make a fine governor.

Angelides has won the support of just two African American ministers in California. Last week, he lost the support of a third, the Rev. J. Alfred Smith of Allen Temple Baptist Church in Oakland.

Smith has added his name to a list of eight other black ministers supporting Schwarzenegger, who plans to visit an African American church and business fair on Sunday in Los Angeles.

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Patrick Outpaces Two Rivals In New Poll (BOS)

By Frank Phillips

The Boston Globe, September 16, 2006

Democrat surges to a 21-point lead as vote nears

Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV.

Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent.

The survey found voters shifted to Patrick in the last few weeks, despite the millions of dollars that Gabrieli and Reilly have spent on television advertising since late August. A Globe poll, taken Aug. 18-23, showed that the three were in a virtual dead heat, with Patrick at 31 percent, Gabrieli 30 percent, and Reilly 27 percent. In March, a similar poll gave Reilly a strong lead in the race.

Patrick took support from both of his rivals in the intervening weeks, though Reilly seems to have suffered the greatest, according to Andrew E. Smith, the director of the University of New Hampshire's Survey Center, which conducted the poll.

Smith said that Patrick has succeeded in building his support beyond his base of liberal, upper income, well-educated voters that made up the initial core of his coalition. Patrick, who began the race 18 months ago as a political novice who was virtually unknown to voters, now leads in almost all the categories of the primary electorate, the survey shows.

``Patrick has broadened his support across the board," Smith said.

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He said Reilly, the state's two-term attorney general, and Gabrieli, a wealthy venture capitalist, lost ground partly because some of the moderate and conservative voters -- a group Smith says are less politically involved and less motivated to vote in a Democratic primary -- have decided not to participate in the election. Support for Reilly and Gabrieli is rooted among moderates and conservative Democrats and independents.

In contrast to the contest for the gubernatorial nomination, the three-way primary race for lieutenant governor appears to be wide open. Deborah Goldberg, the former chairwoman of the Brookline Board of Selectmen, received 26 percent support in the survey; Tim Murray, the mayor of Worcester, 20 percent; and business consultant Andrea Silbert, 18 percent. Twenty-seven percent are undecided.

But among those who say they will definitely vote, the race tightens. Goldberg and Murray both get 27 percent, and Silbert gets 16 percent. The margin of error for those 300 likely voters in the sample is about 5.5 percent.

In the only other Democratic contest, Secretary of State William F. Galvin, seeking his fourth term, is far out in front of his challenger, voting rights lawyer John Bonifaz, getting 45 percent support from the respondents. Bonifaz received only 7 percent, while 38 percent are undecided.

In the race for governor, voters seem to be making their decisions because they generally like the candidates or their overall philosophies, rather than basing the decision on the candidates' stances on specific policies. While all three candidates have different views on rolling back the income tax rate from 5.3 percent to 5 percent -- the most hotly debated issue in the race -- only 11 percent cited the issue as the reason for supporting their candidate.

The current survey found 70 percent of the Democratic primary view Patrick favorably, 9 percent unfavorably. The poll three weeks ago found Patrick with a 51 percent favorable, 10 percent unfavorable rating.

The voters' view of Reilly has dropped dramatically in the last weeks. Forty-two percent of those surveyed viewed Reilly favorably, down from 52 percent in the Globe's August poll. His unfavorable rating jumped from 24 percent to 38 percent. Most analysts, including his closest advisers, attribute Reilly's free-fall to his poor debate performance on Sept. 7, when he went on the attack against both Gabrieli and Patrick.

But the second televised debate, held Wednesday, in the middle of the four-day survey, did not seem to hurt Patrick, even though he was seen as defensive under questioning by Reilly and Gabrieli.

The poll also found that Reilly's strategy of drawing on union support does not appear to have worked. In a small sample of 88 respondents, Patrick holds a 3-to-1 margin over Reilly among those identifying themselves as living in union households. Reilly, who has portrayed himself as a champion of working middle class voters running against two multimillionaires, receives his strongest support from older voters, those with lower levels of income and lower levels of education, according to the survey.

Patrick gets his strongest support from liberals and those with incomes of $100,000 a year or more, those with postgraduate educations, and those with no religious preference. He is especially strong among respondents who say they are most interested in the race and those who say they will definitely vote on Tuesday.

But Patrick's broader appeal is evident in the views of Sonja Bryant of Waltham, a 51-year-old hospital worker and a registered Democrat. She said that Patrick's positions on issues such as housing, crime, education, and affirmative action appeal to her. ``He will be do something about the causes that affect my family, some of his causes are my causes," said Bryant, a survey respondent who agreed to be interviewed after the poll.

Bryant, an African-American woman who describes herself as a liberal, said she was impressed with Patrick's ability to rise from a poor childhood to jobs as a top Clinton administration official and later a corporate executive. ``If you're able to do that with from where you came from, you can do something for the state," she said.

Gabrieli, despite spending over $2 million in ads in the last three weeks, has actually dropped slightly since the August poll. The recent survey gives him a 59 percent favorable rating, up four percentage points from August, but his unfavorable rating rose from 14 percent to 17 percent. He drew slightly more support from those who identify themselves as conservatives, but trailed Patrick among moderates, a targeted group that Gabrieli was hoping to use as a base for victory. Gabrieli also is trailing Patrick by a significant margin among independents, another primary voting bloc that he is counting on to carry.

Gabrieli has portrayed himself as bipartisan and results oriented. ``I don't think he is one of the insiders," said Joe Rosseau, a survey respondent and partially retired state worker from Methuen, explaining why he is supporting Gabrieli.

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Rosseau, a 63-year-old registered independent who describes himself as a conservative, said he considered Patrick ``seriously'' but worries that he would not get state spending under control. He rejected Reilly because he felt had not done enough to investigate the Big Dig problems.

Rosseau says he is more concerned about the state controlling spending that an immediate income tax cut. Indeed, only 15 percent of those surveyed favor Reilly's position for an immediate rollback, while 48 percent support Gabrieli's plan for a phased in cutback. Patrick's position of keeping the tax at 5.3 percent gets support from 30 percent of the respondents.

Gabrieli's hope for overtaking Patrick may lie with those who say they are most likely to change their minds, the survey findings show. Greg Gullotti of Waltham, self-employed antiques dealer, said he has been divided over whether to vote for Patrick or Gabrieli, but is moving toward Gabrieli.

``I'm leaning in his direction, because he appears to have the sense of self-convictions and has a personality that he would not be swayed by the stress and potential political ramifications of any given situation,'' said Gullotti, a registered independent who said he generally votes for Democrats. ``He strikes me as a fair and even keeled administrator.''

But Gullotti, 37, said he is also drawn to Patrick, but finds off-putting what many say is his strength as a candidate. ``He is a fresh face, with a fairly good track record,'' he said. ``And he is certainly charismatic and energetic, but that is finally what is turning me against him,'' Gullotti said. ``The more support Deval Patrick gets, the more he is talking like a politician.''

Patrick was considered by the likely primary voters to be the strongest candidate for the Democrats to run against the Republicans' choice, Lieutenant Governor Kerry Healey. Some 40 percent in the survey say he has the best chance of winning in November, while 22 percent name Gabrieli, and 19 percent, Reilly.

The August survey found that 37 percent of voters believed Reilly would be the strongest Democrat, with Patrick and Reilly trailing.

Also running in the general election are independent Christy Mihos and Green Rainbow Party candidate Grace Ross.

Asked which of the candidates cares most about ``people like you,'' 38 percent of those questioned chose Patrick, 23 percent said Reilly, and 20 percent said Gabrieli. Asked which candidate had the best television ads, 36 percent chose Gabrieli, 26 percent said Patrick and 12 percent said Reilly.

'Teflon Ed' Rendell Unbruised Despite Tough Year (PPG)

By Tom Barnes, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / GOVERNOR

HARRISBURG -- In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate.

So his bid for re-election has to be in trouble, right?

Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll.

"I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently.

"Rendell is the consummate politician," added Mr. Richards. "He can neutralize defeats and even use them to his advantage. He came into office promising property tax relief and he hasn't really delivered on it, but he's able to put the blame for that on the Legislature.

"Even though he signed the pay raise, he hasn't paid any political price for that, while many of the legislators who voted for it have been defeated."

Perhaps the highest-profile issue of Mr. Rendell's first term was the advent of 14 casinos in Pennsylvania, with as many as 61,000 one-armed bandits. The first ones could open early in 2007.

Politically, slots have been a two-edged sword. Gamblers are happy because they won't have to trek to Atlantic City casinos or racetracks in West Virginia or Delaware to get their slots kick. And the state's horse-racing industry is pleased because some of

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the revenue generated at casinos will go to boost prize money for thoroughbred and harness races and help the horse-breeding and agricultural industry.

But religious conservatives and others think easier access to slots will just increase gambling addiction and generate huge social costs.

There also have been complaints that the promise of $1 billion in slots revenue to lower property taxes has been too slow in coming and won't be fully realized until 2009 at the earliest. Even then, critics say, it won't help average homeowners that much, trimming most annual property tax burdens by only $200 to $250.

Mr. Rendell, 62, took office in January 2003 and spent his first 18 months pushing for Act 71, the slots law. It was finally enacted on July 4, 2004, and he signed it one day later.

In Western Pennsylvania, it authorized one slots parlor in Pittsburgh and another at The Meadows racetrack in Washington County, each with up to 5,000 slots. There also will be smaller casinos (with 500 slots each) at two resorts, Nemacolin Woodlands and Seven Springs.

While some skeptics claim Mr. Rendell is overestimating the $1 billion he expects to get from slots, he say he's sticking with his forecast once all 14 casinos are fully up and running.

In his television commercials, Mr. Rendell boasts that 200,000 low-income seniors already have had their property taxes eliminated as a result of the anticipated slots revenue, and more modest reductions for the bulk of the state's seniors already have been enacted.

High-energy booster

One reason for Mr. Rendell's steady lead in the polls is his high level of energy and savvy use of the power of incumbency. Not bad for a guy who's 62 and fighting his weight. Last week he checked in at a hefty 257 pounds.

He has been tireless in flying around the commonwealth, handing out checks for local economic development projects.

Asked once what's the best perk about being governor, he quipped, "The plane."

Sometimes he even crisscrosses the entire state in one day -- hitting a breakfast in Pittsburgh and a dinner in Philadelphia, for example.

Much of what he doles out comes from the $650 million state capital fund, something all governors have used. But he also persuaded the Republican-controlled Legislature two years ago to approve a $1.3 billion economic stimulus package, another source of bond funds (i.e., borrowed money) to pay for projects.

The list of booster projects is seemingly endless: a new museum in downtown Hershey about the life of chocolate king Milton Hershey; the expansion of a museum dedicated to author James Michener near Philadelphia; Civil War trails near Gettysburg; a photographic equipment plant in Allentown; a music academy in Lancaster; a Dupont plant in Bradford County; a biomedical plant in Montgomery County, and many more.

In the Pittsburgh area, Mr. Rendell developed "Plan B" for ensuring the financing of a new $290 million multi-purpose arena for hockey and other events. He also agreed to advance the city and county $26.5 million to do site preparation work for a new arena.

At a recent Allegheny County Democratic picnic, Mr. Rendell had to correct County Chief Executive Dan Onorato when he thanked the governor for giving the county "about $1 billion."

"It's $1.1 billion," Mr. Rendell said, adding the Allegheny County share is the highest of any county.

That comment was aimed at deflecting criticism from Republicans who are fond of jibing that Mr. Rendell is "the governor of Philadelphia."

They cite items such as Mr. Rendell having state troopers patrol state roads in Philadelphia and help the city reduce costs; advancing planning funds for a major expansion of the city's 13-year-old convention center; and the $42 million from the state for a new Comcast skyscraper being built in Philadelphia.

Republicans claim Mr. Rendell has a conflict of interest on the latter item because he earns $20,000 a year as a Comcast football commentator on Sundays after Philadelphia Eagles games. Mr. Rendell said he donates the money to charity and said he saved several thousand Comcast jobs from going to New Jersey. Pointing out that state troopers patrol state roads in Pittsburgh and all other cities, the governor said he was merely putting Philadelphia on the same footing.

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Working the crowd

One reason Mr. Rendell is a successful politician is that he genuinely seems at home in a crowd of people, even those he hardly knows.

At public events like the Harrisburg Farm Show each January, he wolfs down sausages and milk shakes as he shakes the hands of hundreds of show-goers. It's the same gregariousness he's displayed throughout his 30-year political career, which included eight years as Philadelphia district attorney and two terms as mayor of the city, a time when he garnered national attention for turning the economy of the city around. His success as mayor, and as a fund-raiser, led to Mr. Rendell serving as Democratic national committee chairman in 2000-01.

He showed the same affability in late August, when he went to two African-American churches in East Liberty to deliver a short secular sermon.

The pastor of Pentecostal Temple Church of God in Christ, the Rev. Loran Mann, a former television reporter, gave the governor a warm introduction, calling him "my friend" and thanking him for "naming me last year to the commission that sets policy for public television in the state."

A few blocks away, Mr. Rendell walked up to the pulpit of the St. James AME Church to the sound of hands clapping, tambourines banging and voices raised in shouts of "Amen" and "Praise Jesus."

"My core belief is that government can and should do things that make a difference in people's lives and take care of our vulnerable citizens, older people, poor people and young people," he said.

He listed what he considers his proudest achievements as governor: increasing state funding for public schools, for tutoring in math, pre-kindergarten education and all-day kindergarten; funds to put laptop computers in all high school classrooms within four years; for not cutting anyone off welfare rolls despite decreased federal funding; raising more money through Lottery sales to increase drug coverage for senior citizens; trying to reduce gun violence by limiting handgun sales to one per month.

He said Republicans are always "yelling about Democrats spending money. Well, we're not just spending money. We're spending money to improve education and that is investing in our future."

Mr. Rendell might have been expected to be at a political disadvantage in Pittsburgh's black neighborhoods, since Mr. Swann is black, lives in Allegheny County and remains popular among sports fans from his starring days as a receiver with the Steelers' Super Bowl teams of the 1970s.

But St. James choir member Genie Beckom said that even though she and Mr. Swann are black, it was Mr. Swann's political party that she had a problem with.

"I personally wouldn't put any Republican in the governor's office," she said. "It's not to the advantage of my race. Republicans are about cutting back on things we need, such as health care, welfare and education."

Sylvia Allen, another St. James member, also likes Mr. Rendell, saying of Mr. Swann, "I'm not getting the feeling he's tuned in to us [African Americans] or connected to our problems. He's of a different status."

Obviously Mr. Rendell is pleased about his continuing lead in the polls, but when talking to supporters he downplays it, noting that in 2002, he trailed his Democratic primary opponent, then-Auditor General Robert P. Casey Jr., but came back to win the Democratic nomination for governor.

"No poll three months before an election means a thing," he told an Allegheny County Democratic picnic three weeks ago. "Don't get complacent. Work like heck. This is our year if we don't get overconfident."

Taylor, Perdue Talk The Talk Of Tax Cuts (AJC)

By Jim Galloway, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 17, 2006

Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners.

Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house.

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"There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts," Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park.

Local government and school taxes make up the largest part of property taxes on Georgia homes. Campaign spokesman Rick Dent admitted that eliminating the state's share wouldn't have a huge impact on most taxpayers' household budgets.

"We won't say that it's a lot, but it's more than they've gotten from Sonny Perdue in four years. And it doesn't mean that's where [Taylor] is going to stop," Dent said.

Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65.

Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people.

Derrick Dickey, a spokesman for Perdue, belittled Taylor's property tax proposal — pointing out that the Democrat was also promising increases in state spending on health insurance for children and education.

"He will no doubt promise every Georgian a Porsche and a shiny new toaster by Election Day," Dickey said on Saturday.

Neither Taylor nor Perdue offered budget cuts to offset their proposed reductions in state income. However, after three years of tight budgets, a strengthening economy and increased tax collections have resulted in a significant surplus.

The one-day gathering of Democrats was a chance for party activists to see the statewide and congressional candidates they had nominated in sometimes fierce primary battles over the summer.

Trying to broaden support base

As each candidate spoke, a common theme was the need for Democrats — ousted from power in the state Capitol in 2002 and 2004 — to broaden their base of support.

"Even if we turn out every Democratic vote, that will not be enough. We have to reach out to every independent, every Libertarian. Democrats have to move away from their comfort zone," said state Labor Commissioner Michael Thurmond, who faces Republican Brent Brown in November.

A platform passed by the convention backed positions staked out by Taylor, including a call to help local governments build more jail space in order to keep more violent offenders off the street.

The party platform took several shots at Perdue, with references to news reports of 2005 legislation sponsored by a business associate and state legislator that gave the governor a $100,000 tax deferral on a land sale.

"Public officials should not use their office for private

enrichment," the platform reads, adding that future governors should be required to place their holdings in a blind trust.

Perdue also was a major foil for Taylor — on the issue of tax cuts.

"Sonny Perdue gave Georgia corporations a billion-dollar tax cut. But you didn't get a tax cut.

"He could find the money for corporations, but he couldn't find the money for you. How did Sonny pay for his corporate giveaway? He

cut your local schools by over $1 billion," Taylor said.

A spokesman for Perdue pointed out that the Republican governor had permanently extended the homestead exemption on property taxes, worth $434 million in the state's 2007 budget.

Taylor noted that Perdue had tried unsuccessfully to eliminate that exemption, which would have resulted in an increase in property taxes, when he first became governor in 2003.

Webb Treks To Region That Allen Knows Well (WP)

By Tim Craig

The Washington Post, September 23, 2006

U.S. Senate candidate James Webb is campaigning this weekend through parts of rural Virginia, a politically vital region where he could face a difficult challenge connecting with voters because of his positions on social issues.

About a third of Virginia voters live in rural areas, a sizable voting bloc important to the Democrat, who is locked in a close contest with Sen. George Allen (R). Southern voters have largely abandoned Democrats in elections for federal offices.

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This weekend, Webb will crisscross the tobacco fields south of Richmond, meet with supporters near the North Carolina border and attend a fish fry in coal-mining country in southwestern Virginia.

At each stop, Webb will be asking voters to look past social issues that have drawn many rural voters to Republicans and instead make their decision based on economic issues and his background as a former Marine.

"These are natural voters for us once they know where we stand on the issues," Webb said. His ancestors hail from southwestern Virginia, Webb kicked off his campaign in Gate City and he wrote about the region in his book "Born Fighting."

Even so, Webb, who opposes a proposed state constitutional amendment to ban gay marriage and supports abortion rights, acknowledges, "There are a couple of issues people will have a problem with" in rural regions.

Political analysts say Webb, who was secretary of the Navy in the Reagan administration, doesn't have to win many of the areas he will visit this weekend. But he can't be trounced there, either. Webb strategists say they hope for a large turnout in Northern Virginia, where Democrats have done well recently. The strategy won't work unless they keep Allen's margins in check in the rest of the state.

Webb "can't rely on the core Democratic base to be elected," said Mark J. Rozell, a professor of public policy at George Mason University.

Republicans say Webb faces an uphill quest, despite his military background, because he has neither the advertising budget nor the conservative credentials needed to convince rural voters he's one of them.

"He's been all over the map on social issues, and I think it looks pretty contrived," said U.S. Rep. Robert W. Goodlatte, a Republican who represents the Shenandoah Valley. "This is a pretty solidly conservative area, and George Allen is very well known here."

Allen, a former governor, has built his political career around appealing to rural voters. He tours the state every year in an RV, has acquired a Southern drawl and rides on horseback in many community parades. On the campaign trail, Allen talks about preserving traditional values, keeping taxes low and investing in a strong national defense.

Allen "has consistently fought on their behalf on the issues they care about," said Dick Wadhams, Allen's campaign manager, adding that Webb is "out of touch."

Yesterday, Allen appeared before hundreds of voters at a summit sponsored by the Family Research Council, which promotes traditional values. Allen spoke about stopping "activist judges," protecting "freedom from radical, maniacal terrorist organizations" and securing the U.S. border with Mexico.

"Count on me, as I have done in the past, to be a teammate, an ally, part of your extended family, as we work for our foundational values," Allen said.

Allen used similar arguments in 2000, when he unseated incumbent Charles S. Robb (D) by winning nearly two-thirds of the vote in rural Virginia.

During the spring, Democratic leaders in Washington endorsed Webb because they believed the former Republican would connect with rural voters, who tend to be white, culturally conservative, pro-military and less well educated than voters in Northern Virginia.

During two debates this week, Webb espoused a message of economic populism, arguing that the rich are getting richer while the middle class has struggled under President Bush's policies. On the campaign trail, Webb notes that he began working at age 12. He also rails against excessive corporate profits and calls for a hard line against what he calls unfair trade policies.

Yesterday, Allen said he's the only candidate who has a record of bringing jobs and better educational opportunities to poorer parts of the state.

"His record simply doesn't match up," Allen said of Webb.

Webb has also tried to stake a middle position on affirmative action. He says he wants to restrict affirmative action programs to African Americans, instead of all ethnic minorities, saying the current system amounts to "state-sponsored racism" toward whites. If the system isn't changed, he wants the programs opened up to poor whites.

Webb is also trying to stave off a charge that he is, as Bush and Allen say, "a cut and run" Democrat. Although he was drawn into the race over his opposition to the war, he has not called for an immediate troop pullout. But he wants U.S. forces to be repositioned gradually to other friendly Arab nations to get them out of harm's way.

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Webb has sought to one-up Allen over the issue of guns as well. During a debate Monday, Allen defended a bill he sponsored to make it easier for gun owners to carry concealed weapons across state lines. Webb endorsed the proposal and then volunteered that he has a permit to carry a concealed weapon.

"I've had guns since I was 8 years old. I was raised in a family where we hunted, so I think anyone who so chooses has the right to defend themselves with a firearm," Webb said.

U.S. Rep. Rick Boucher, a Democrat who represents southwestern Virginia, said Webb is doing exactly what a Democrat needs to do to win over voters in his part of the state.

"As a very distinguished war hero and secretary of the Navy, he has good credentials from a cultural perspective," Boucher said. "But I think those can be burnished by a clear stance [that] he does not favor gun control."

Democrats point to former governor Mark R. Warner (D), who in 2001 was elected in part after he won 100,000 more votes in southwestern Virginia than Robb did the year before. Besides stressing economic issues and his opposition to gun control, Warner sponsored a NASCAR team and made a country music song his campaign theme to bolster his appeal.

Warner says he sees no reason why Webb can't replicate his success in rural Virginia.

"This is a guy who not only talks the talk but walks the walk," said Warner, noting that Webb has a 24-year-old son serving in the military in Iraq.

Republicans say Democrats face a tougher task in federal elections. They point to Robb and Sen. John F. Kerry, the Democratic presidential candidate in 2004. Both were veterans but still did poorly in rural Virginia.

Webb also faces the risky task of appealing to rural voters while not alienating liberals in Northern Virginia and African Americans, whom Democrats need to turn out to vote in large numbers.

Larry J. Sabato, a political science professor at the University of Virginia, said Webb faces long odds in balancing the views of the state's competing regions.

"On paper, he's got a formula to do it, but it's a long way from paper to the ballot box," Sabato said.

An Awkward Outing (NSWK)

By Lisa Miller

Newsweek, September 23, 2006

In the days leading up to the High Holidays, the holiest time of the year in Judaism, a senator running for re-election and a potential Republican candidate for president, announced that, yes, his mother was born Jewish. Here's what Sen. George Allen said: "I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed."

Enough said. Except he couldn't stop talking. That same day, in an interview with a Richmond, Va., paper, Allen said his Jewish ancestry was "just an interesting nuance to my background." And then he added this: "I still had a ham sandwich for lunch. And my mother made great pork chops." Being an eater of ham sandwiches and pork chops may go along with Allen's Red State, cowboy-boot-wearing, Confederate-flag-waving image, but many observers were unnerved by the flippancy of these remarks, and pundits began to debate whether Allen's Jewishness—and his strange reaction to it—would help or hurt his re-election campaign. (Latest poll numbers have Allen and his Democratic opponent Jim Webb nearly neck and neck, 46 percent to 42 percent.)

"I think his national political future is over," says Kati Marton, author of the forthcoming "Nine Jews Who Fled Hitler and Changed the World," who has written extensively about her own discovery, as an adult, that her parents were Jewish and that her grandparents died at Auschwitz. "Because he doesn't seem to know how to deal with some of the most sensitive issues that speak to his fundamental character … Allen obviously hasn't assimilated too many of history's lessons and the lessons of American politics, which is that you can't hide anything—you have to embrace it, you have to own it." Sixty years since the Holocaust, with politicians from Gen. Wesley Clark to Sen. John Kerry "owning" their Jewish roots in public, she adds, a revelation of Jewishness should be anything but shameful.

But as the case of Madeleine Albright shows, coming to grips with hidden Jewish ancestry isn't always easy. Abraham H. Foxman, national director of the Anti-Defamation League, offered to be Allen's counselor in his new search for identity. Foxman,

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who was born Jewish in Poland but was raised Roman Catholic by a nanny who protected him during World War II, suggests that Allen has yet to make peace with his own Jewish roots. "He needs to work it out within himself, and he needs to sit down with me [or the media] and share the depths of his anger, confusion and embarrassment."

For his part, Allen has said that he knew his maternal grandfather had been in a concentration camp, but he thought he had been imprisoned because he sympathized with the Allied cause. When the senator did recently ask his mother about their background, she confirmed that they were born Jewish but swore her son to secrecy out of fear for the family's well-being; she released him from his bond when the story blew up in the press. "This is so personal," he told CNN's Wolf Blitzer earlier this week. "To think that a person … is still having that pain in her, it's still paining her; she still lives in fear of that intimidation, that bigotry, that prejudice, that anti-Semitism."

The idea that Allen might be Jewish was first made public in an August issue of The Forward, a Jewish newspaper—a torturous connecting of the dots between Allen's mother's Tunisian background and an insult, "macaca," that Allen flung at an Indian-American campaign worker for the opposition. Questions from reporters followed and Allen handled them badly. On Monday, when a reporter asked for clarity on the Jewish issue, Allen dodged it, saying his mother was raised Christian; when the reporter persisted, the senator became dismissive, saying "Oh, that's just all. That's just all."

Then came the public confirmation—and the ham sandwich remark. Just hours before sundown on the eve of Rosh Hashana, Ric Arenstein, past president of the Jewish Community Federation of Richmond, was more amused than aghast at Allen's remarks. They don't rise to the level of anti-Semitism, he said, just bad timing. In the days to come, there will be "more Jews together than any weekend this year. That's especially bad the month before an election." Foxman is more sympathetic: "It's not easy" to be in Allen's spot, but as the New Year begins, he offers some free advice: decide who you are, and embrace it.

Etty Allen's Unease (WP)

By Ruth Marcus

The Washington Post, September 23, 2006

You may have heard the term "gaydar," the ability claimed by some gay people to detect other gays. My mother has a similar skill -- call it "Jewdar" -- the knack for identifying fellow members of the tribe.

When I was growing up in northern New Jersey, my mother would demonstrate this talent when we went to restaurants, methodically shifting her gaze from table to table. "Jew, Jew, Christian, intermarried," she would pronounce, with the certitude of the preternaturally gifted.

I've got to admit, though: Virginia Sen. George Allen would have stumped Judy Marcus. Madeleine Albright -- not a surprise. Take off that gaudy eagle pin, take her out of the Council on Foreign Relations and she looks like everyone's Jewish grandma.

But George Allen Jewish? This is like finding out Joe Lieberman is a closet Presbyterian. George Allen makes Montana's Conrad Burns look like a yeshiva boy.

First, there's Allen's football shtick: the coach father, the incessant gridiron metaphors, the -- pardon the phrase -- pigskin he likes to toss into the audience at campaign events. Add the chewing tobacco, the cowboy boots, the Confederate flags, and Allen is the ultimate un-Jew, his goyish bona fides beyond question.

Was that part of the point, consciously or not? In fact, it turns out, the Jewish Question wasn't entirely new to Allen: Charlottesville Daily Progress columnist Bob Gibson referred to the senator's Jewish roots in an October 2003 column -- and says that was the only time in 27 years of coverage that Allen demanded a correction.

It wouldn't be much of a stretch to find offense in Allen's behavior. His hostile response to the debate question -- okay, the reporter's phrasing was odd, but Allen's bristling was out of proportion. His revealing remark that it was wrong to be "making aspersions about people because of their religious beliefs." His misleading restatement of his mother's background. Yes, she asked him -- begged him, he said later -- not to tell, but, as any politician knows, there are lots more elegant ways to duck a question.

But I can understand Allen's discomfiture. For many of us, as a matter of culture as much as of spirituality, our religious roots form part of the basic architecture of our self-image. No wonder Allen reached for the nearest ham sandwich and lovingly recalled his mother's prowess with pork chops.

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Rather than feeling affronted, though, I prefer to see the pathos in the Allen family story. I imagine Mrs. Allen, turning the pork chops, putting the angel on top of the Christmas tree, all the while feeling the impostor, the outsider with a Terrible Secret. How did she feel when her husband-to-be asked that she keep her background hidden from his mother?

Indeed, the Allen story captures in microcosm an important, if not particularly attractive, aspect of the Jewish experience. How much easier to hide your Judaism, change your name, not to stick out so much in the majority culture. Some Jews responded to the Holocaust with "Never Again" resolve not to play history's perpetual victim. Others learned the lesson of determined assimilation.

"What they put my father through, I always was fearful," Henrietta "Etty" Allen told The Post's Michael D. Shear, referring to her father's imprisonment by the Nazis during the German occupation of Tunis. "I didn't want my children to have to go through that fear all the time."

This week, as the Allen story broke, I've been reading my friend Jeffrey Goldberg's new book, "Prisoners," about his journey from becoming a teenage Zionist on Long Island's South Shore to serving as a prison guard in the Israeli army to covering the intifada for the New Yorker.

Goldberg describes the immutable alienation of Jews, even in America, even now. "We felt something, I think, that many Jews in this country still feel: a kind of involuntary apartness, an unease, rooted in an incontrovertible truth about America -- that no matter what the Constitution says, it is a Christian country," he writes. "It could be argued that no country in the Diaspora has so successfully inoculated itself against Jew-hatred as has America. But the fear of anti-Semitism is the forge on which many American Jews build their identities."

Etty Allen understood this fear and unease. So, I suspect, does her son, from a different, more entitled, vantage point. And that may go some way toward explaining this whole meshugeneh episode.

Hawaii's Akaka Could Become Next Primary Victim (WSJ)

By Erika Lovley

The Wall Street Journal, September 23, 2006

In a year when primary voters have already proven willing to dump status-quo candidates, one of Hawaii's veteran senators could become the next casualty in a season of political discontent.

Sen. Daniel Akaka, an 82-year-old Democrat and 30-year veteran of Capitol Hill, has been put on the defensive in Saturday's primary by Rep. Ed Case, who is almost 30 years his junior. The outcome will likely determine the November winner, since Republican competition is weak.

Recent polls show Mr. Akaka pulling barely more than 50% of the likely vote, a weak showing for a longtime incumbent. Moreover, the polls show a large percentage of voters have yet to make up their minds. Undecided voters are often bad news for well-known officeholders, who can offer little that is new at the end of a campaign to persuade voters to back them.

What's more, says Jennifer E. Duffy, editor of the Cook Political Report in Washington, Mr. Akaka's so-so poll showing may overstate the support behind him. "I think it's going to be one of those races where no outcome would truly surprise us," she adds.

With Congress's approval rating on the slide -- down to 20% in the latest Wall Street Journal/NBC poll -- a number of incumbents already have been ousted. In Connecticut, newcomer Ned Lamont beat three-term Democratic Sen. Joe Lieberman, who is now running as an independent. Gov. Frank Murkowski lost Alaska's Republican primary to former Wasilla Mayor Sarah Palin. In Michigan, Republican Rep. Joe Schwarz fell to former state lawmaker Tim Walberg. And in Georgia, Democratic Rep. Cynthia McKinney lost to Hank Johnson.

In Hawaii, the candidates' ages have been a focal point. Mr. Case has been urging Hawaiians to "catch a new wave" and protect the state's seniority in the Senate. That's an issue, he says, because Hawaii's other senator, Daniel K. Inouye, is also 82. Both senators appear to be in good health, but if that were to change, and Hawaii ended up with newcomers holding both seats, the state would lose the clout seniority brings.

"Hawaii is going to face disaster if it doesn't begin this transition," Mr. Case says. "We are focused on the need for new blood and looking toward the future. It takes some forward thinking."

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Mr. Case cites what occurred in Oregon, when long-serving senators retired in 1995 and 1996, and left the state with little juice in the Senate.

In turn, Mr. Akaka's campaign accentuates the positives of him being 82 and having worked 16 years in the Senate and 14 years in the House. The senator also highlights his opposition to the Iraq war. "Age is something that is revered, something that is much esteemed for," Mr. Akaka said in August during his only televised debate with Mr. Case. "When I think of those who are up in age in the U.S. Senate, those men are considered to be the deans of the Senate. Other senators go to them for advice, and they are the ones that keep the Senate stable."

In a recent Hawaii Poll of likely voters, 18% said Mr. Case's theme of leadership transition is the most important issue when picking a candidate, while 14% said it was Mr. Akaka's theme of seniority. A far greater number -- 43% -- said the candidate's stance on issues is most important.

The poll of 601 likely voters showed Mr. Akaka with a wide lead, 51% to Mr. Case's 38%, but the 11% of voters who said they were undecided could swing the outcome. The poll by Ward Research Inc. was conducted between Sept. 6 and Sept. 12, and has a four-percentage-point margin of error.

Another poll taken Sept. 8 through Sept. 12 just on the island of Hawaii -- which doesn't include the big city of Honolulu -- by SMS Research and Marketing Services found Mr. Akaka ahead of Mr. Case 42% to 28% -- but with a huge 30% of voters undecided. The poll of 401 voters has a 5.2-percentage-point error margin.

Two factors might prove to be decisive: turnout and crossover voting, though neither is a given for the challenger. "Case's challenge is that he needs a big turnout. That's not easy to do in this state," says Neal Milner, professor of political science at the University of Hawaii at Manoa. In the past two presidential elections, Hawaii had the lowest voter turnout in the nation. As for support from Republican and independent voters, Mr. Milner says that is tricky. Republicans might favor someone less liberal than Mr. Akaka but "don't need to elect a candidate who is vigorous, moderate and not a Republican," he says.

Mr. Milner's colleague, political-science Prof. Jim Dator, says Mr. Akaka faces a tough race because he has so little to show for three decades in Washington. "No one can say he's done bad or poorly," Mr. Dator says. "He just hasn't done anything." In April, Time magazine named Mr. Akaka one of the five least-effective senators.

"Akaka describes himself as a workhorse, not a showhorse," says spokeswoman Elisa Yadao. "He hasn't been as active with legislation that has his name on it, but he's been a part of actual funding results."

Says Mr. Case: "Voters who are not decided for Akaka are just thinking through the last stages of supporting me."

Hawaii Voters Head To Polls For Primary (AP-Y)

By Mark Niesse, Associated Press Writer

AP, September 23, 2006

Sen. Daniel Akaka faces a challenge in Saturday's Democratic primary from a congressman who wants voters to dump the 82-year-old lawmaker in favor of younger blood.

Rep. Ed Case, 53, has used images of Hawaiian surf in his ad campaign, telling voters to "catch a new wave" by electing a younger senator before Akaka and Sen. Daniel Inouye, also 82, leave office and rob the state of the clout that came with their seniority.

Akaka, who has served 30 years in Congress, has largely ignored Case's calls for new leadership in Washington. Instead, he has highlighted his experience and his consistent votes against the Iraq war.

Two recent polls showed Akaka with a substantial lead among likely Democratic voters, but many people were undecided, and Case could benefit from Republicans and independents who take a Democratic ballot in the open primary.

"Because this is the hot race, you're going to see a lot of crossing over," said University of Hawaii political science professor Ira Rohter. "A lot of them are going to vote for Ed Case because they want to get someone who's less liberal in there."

Akaka held more than a 2-to-1 advantage in fundraising, collecting more than $2 million to Case's $817,000 early this month.

Hawaii has the lowest voter turnout in the nation, with even less participation in primaries. Only 40 percent of 626,000 registered voters cast ballots in the 2004 primary.

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Native Hawaiians, who make up about one-eighth of registered voters, were getting an extra push to the polls, with an election-eve rally in front of the Hawaiian royalty's Iolani Palace.

Akaka, a Native Hawaiian himself, planned to personally drum up voters in heavily Hawaiian communities on Election Day. Case is white but had strong multi-ethnic support to win two congressional terms.

The winner faces no serious GOP opposition in the general election, although Republican Gov. Linda Lingle asked voters to nominate motivational speaker Jerry Coffee, who pulled out of the race because of illness. That would enable the party to pick a new candidate for November.

The race for Case's congressional seat developed into a free-for-all, with a dozen experienced candidates seeking the nomination. The primary winner is favored to win the general election, keeping Hawaii's congressional delegation all-Democratic.

Two little-known Democrats are competing to take on Lingle in November, but she is expected to easily win a second term regardless of her challenger. Political newcomer William Aila, a harbormaster, is hoping to upset former state Sen. Randy Iwase.

Election officials planned to use a new form of electronic voting that will leave a paper trail to help verify votes. New touch-screen voting machines are equipped with printers that will display a paper ballot behind a glass window. If there are errors, voters may make changes before casting their ballots.

Pa. Candidate Falls Short Of Signatures (AP-Y)

AP, September 23, 2006

The Green Party's U.S. Senate candidate fell about 9,000 signatures short of the number he needs to qualify for the Nov. 7 ballot as counting stopped Friday, according to his lawyers and those of state Democrats.

A review of the signatures Carl Romanelli gathered in his bid to compete against Republican Sen. Rick Santorum and Democratic state Treasurer Bob Casey was suspended Friday under a state judge's order issued earlier in the week.

Romanelli, a railroad industry consultant, needed to gather 67,070 signatures to qualify for statewide office this year. His candidacy is expected to help Santorum's chances for re-election by drawing votes from Casey.

State Democrats are suing to have him thrown off the ballot. Casey's campaign and the state Democratic Party have accused Santorum of engineering Romanelli's candidacy.

Santorum has openly supported Romanelli's candidacy and Republicans helped bankroll his signature-gathering effort.

Lawrence M. Otter, a lawyer for Romanelli, said Friday he hopes to persuade Judge James R. Kelley to allow Romanelli to remain on the ballot when a hearing on his nominating petitions resumes Monday.

Pennsylvania law requires minor-party and independent candidates to collect a number of signatures equal to 2 percent of the ballots cast for the largest vote-getter in the last statewide election. This year's threshold was based on Casey's record vote count in winning the treasurer's office in 2004.

Gov. Rendell Helping Senate Candidate (AP-Y)

By Kimberly Hefling

AP, September 23, 2006

Pennsylvania Gov. Ed Rendell is helping a fellow Democrat and former rival — Senate candidate Bob Casey.

Rendell stands up for Casey in a new ad, calling Republican Sen. Rick Santorum's latest TV spot "trash." Rendell's chief fundraisers said Thursday they had raised a combined $250,000 for Casey.

The effort represents Rendell's most public support yet for Casey in what has been a complicated relationship.

Rendell, the former Philadelphia mayor, beat Casey in the 2002 Democratic gubernatorial primary after an especially nasty campaign. Sixteen years earlier, Casey's father, the late Gov. Robert P. Casey, handed Rendell a bitter defeat in the same primary.

Last year, Rendell helped clear the field as national party leaders recruited Casey to run in the Senate race against Santorum, the No. 3 Senate Republican. But Rendell made headlines this summer when he praised Santorum as an effective senator.

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That all ended recently when Santorum launched an attack ad implying that Casey's campaign team is comprised of men who are under investigation. The Santorum ad features actors portraying four donors to Casey's campaign gathered inside a smoke-filled jail cell.

The senator's campaign later conceded that none of the men had given money to Casey's Senate campaign and that two had actually contributed to Santorum's campaign, which was later donated to charity.

The new Casey ad talks about those two donations to Santorum and features a news clip of Rendell saying, "To somewhat insinuate that there are crooks or criminals behind his campaign, that sort of stuff is trash."

Virginia Davis, a Santorum campaign spokeswoman, said the campaign stands behind its ad.

Rendell's support could help Casey garner votes in the Philadelphia area. Rendell is widely crediting with orchestrating the city's renaissance. In the general election, Rendell faces Republican Lynn Swann, but the governor is well ahead in polls. Casey is also head of Santorum in polls.

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ST. PAUL, Minn. (AP) — Democrat Amy Klobuchar can blame a blogger for a sudden bump in what had been a smooth run for Minnesota's open Senate seat.

Klobuchar held a comfortable lead over Republican Rep. Mark Kennedy in three polls this week, but was forced to fire her top spokeswoman for viewing Kennedy's not-yet-aired ad. A liberal blogger sent the spot to Tara McGuinness after pulling it from a media consultant's Web site.

Klobuchar campaign manager Ben Goldfarb said he found out about the ad Saturday but not the full scope of the problem until Monday, when McGuinness was fired. The campaign alerted the FBI, and announced McGuinness's firing Wednesday, saying they waited until a report to the FBI was complete.

Goldfarb said neither he nor Klobuchar viewed the ad, and the campaign wouldn't be changing strategies because of it.

Whether the incident damages Klobuchar's campaign is uncertain. Prior to the episode, Democrats had marveled at the discipline of her campaign operation.

"She's made a lot of the right moves up until now, and certainly you wish something like this hadn't happened," said Mark Andrew, a former state DFL chairman.

Republicans quickly criticized her.

"This is an extraordinarily sad day for all Minnesotans who value fair play in public life," GOP Chairman Ron Carey said Thursday at a news conference.

Pr. George's Ballots Keep Wynn In Lead (WP)

By Ovetta Wiggins

The Washington Post, September 23, 2006

Nearly 10 days after the polls closed, Prince George's County officials yesterday finished counting their votes from the Democratic primary election -- and delivered good news to veteran congressman Albert R. Wynn.

The final Prince George's tally helped cushion Wynn's lead over challenger Donna Edwards in the 4th Congressional District. Edwards said late yesterday that she would not concede until Montgomery County officials finished counting a few thousand provisional paper ballots.

In the congressional district that includes much of Prince George's and a slice of Montgomery, Wynn now leads by about 2,700 votes, officials said.

As of late yesterday, 9,945 of the nearly 12,000 provisional ballots had been counted in Montgomery. That appears to make it mathematically impossible for Edwards to win.

Still, Wynn was not ready to declare victory until all provisional votes were counted. "I don't want to make premature comments," he said. "It's a thing where people are sensitive right now."

Last week, Edwards threatened to file a lawsuit over voting irregularities in Prince George's. Yesterday she said she was waiting to get more information from the county's Board of Elections before deciding what legal step, if any, to take.

"I said from the beginning that I'll make my decision or statement after all the votes are counted," Edwards said.

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Win or lose, her spirited campaign gave Wynn the scare of his political career. Since his election in 1992, Wynn has been returned to Congress with no less than 80 percent of the vote in primary and general elections.

During the five-month campaign, Edwards took Wynn to task for his vote to authorize the use of force in Iraq and labeled him as a Democrat who had betrayed his base by voting with Republicans on certain issues.

Wynn would not address questions about the campaign or the results.

"I definitely will have some comments, but I don't think I should weigh in until all the votes are counted," he said.

Criticized in the past for delving too deeply into local issues and not paying enough attention to Congress, Wynn said yesterday that he was busy with his work on Capitol Hill.

"We did the Ryan White funding, there are immigration bills that are being talked about," Wynn said. "That's what I've been kind of focused on."

The provisional vote count in Montgomery resumes today and could stretch into tomorrow, said Margaret Jurgensen, the county election director.

Officials said some of the ballots were particularly difficult to verify because of the human errors and technical glitches that made the Sept. 12 primary one of the most chaotic in years.

"We're trying our best, but we're far more interested in accuracy than speed," Jurgensen said.

The Montgomery Board of Elections is scheduled to certify the results of its local races on Monday, she said.

A Day Of Thrust And Parry (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 23, 2006

LOUISVILLE, Sept. 22 -- Rep. Anne M. Northup looked pleasant and motherly in her honeydew-green blazer, her smile as sweet as iced tea. "It's good to see all my friends here," the Kentucky Republican said in greeting the handful of reporters who braved strong wind and rain for an early-morning news conference.

Dead silence.

Then it was down to business. Friday's business for Northup was the attempted disembowelment of Democratic challenger John Yarmuth. Her weapon was Yarmuth's own words, preserved in a stack of newspaper columns that Northup brandished at the podium.

Voters, she warned, should know that the Democrat wanted to punish SUV owners, endorsed the legalization of marijuana and was all in favor of teenage drinking. "Parents should be concerned," she said, and so should everyone else. "He has a lot of goofy ideas."

Northup perhaps did not provide the most fair-minded interpretation of what Yarmuth had written as a columnist for the Louisville Eccentric Observer. But nor were her descriptions necessarily so far afield. The Democrat did once back taxes on gas-guzzling vehicles, some of which are manufactured in the district. He wrote a column about prison crowding that praised Canada for decriminalizing pot, and he suggested that lowering the drinking age to 18 is "something we should consider."

The GOP strategy in this competitive race is to shower Yarmuth's newspaper musings with a lot more attention in 2006 than they got when he penned them years ago. The Democrat is the founder of the Eccentric Observer, an alternative newspaper that may prove to be a tad too alternative for the Kentucky 3rd's conservative voters.

The day offered a vivid -- and at times bizarre -- window into the not-so-subtle art of the political attack. Northup and her campaign team have been sitting on the columns since early in the summer, savoring their possibilities and waiting for the right moment to drop them for maximum impact.

That moment came 46 days before Election Day. The first blow was the news conference at Northup headquarters, which is sandwiched between a laser-tag playground and a comic-book store. This was followed by the biggest television-advertising buy of her campaign. Northup plans to make the columns the centerpiece of her campaign from now to Nov. 7.

The strategy's launch made for an emotional day. As the news conference continued, Northup took on an agitated, apparently angry demeanor. Her voice rose as she recited her charges and parried skeptical questions from reporters. She looked through her stack of columns, looking for the one in which Yarmuth said voters like to be "misled or spat on."

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The House campaign here has only recently resumed. Northup's 30-year-old son died this summer from a heart problem, and both candidates suspended most campaign activities until a few weeks ago. At the news conference, Northup's eyes looked heavy and tired.

Usually, politicians drop their most damaging "opposition research" without fingerprints, leaking it to a reporter or airing it through a third party. Northup, by contrast, hurled her charge like an anvil through glass.

The purpose is to make Yarmuth, an antiwar liberal who disagrees with her on virtually every issue, an unacceptable alternative -- even to many Democrats. They outnumber Republicans almost 2 to 1 here, which has made Northup a prime target since her first victory in 1996.

Northup's aides were proud of their handiwork. Campaign manager Patrick Neely encouraged Washington Post reporters to make a detour on a nine-day tour of the region to be present for the news conference, where, he promised, there would be a spectacle too good to miss.

There was a 27-inch TV to play a new attack ad and a flat-screen monitor showing the new Web site that will walk voters through controversial things Yarmuth has written and said.

The event lacked one key ingredient for a classic political knockout hit: the element of surprise.

Yarmuth, of course, knew he had written the columns. He said he had spent six weeks mulling the consequences of his columns before deciding to run for the seat.

And he also knew that Northup wanted to use them. In July, the representative staged a news conference outside the Eccentric Observer. She demanded access to the only existing copies of Yarmuth's writings in 800 editions of the paper. In a symbolic gesture, she handed over her voting record, copies of which sit on a chair in the editor's office to this day. The paper's editors agreed to allow the Northup campaign to copy the columns, in the presence of a security guard paid for by the GOP campaign. Yarmuth no longer has day-to-day involvement with the paper, and the editor said he saw no reason not to comply. Neely spent the next two months reading thousands of pages of what Yarmuth had written and published.

Yarmuth also had an inkling that Northup was about to unveil the fruits of her research. The night before Northup's news conference, a Yarmuth spokesman warned reporters that things could "blow up."

The episode offered Yarmuth a chance to show his skill at one of the least-appreciated moves in politics: self-defense. This requires candidates to identify their weak spots before their opponents do. Some candidates hire people to examine their pasts for any potential vulnerability, be it a messy divorce, controversial votes in local government or, as in this case, columns written at a time when a political career was not an immediate concern.

Yarmuth and campaign manager Jason Burke spent lots of time preparing their defense.

Coincidentally, one of the controversial columns Northup cited included advice for politicians in a similar pickle. In January 2004, he said the first principle of damage control is, "Under no circumstance, admit you were wrong."

By lunchtime, a few hours after the Northup broadside, Yarmuth was heeding his own advice. It was Burke -- not the candidate -- who headlined a hastily arranged news conference inside the Democratic candidate's office. Yarmuth was sequestered nearby.

Burke took to a makeshift lectern facing the same group of reporters who had attended the Northup attack. He said he did not want to dignify most of the charges with a response, even though "no one wants to smack around people as much as I do." He then spent most of the conference bashing Northup and ignoring the specifics of her accusations.

Did the candidate advocate legalizing pot? "Ridiculous," he said. What about lowering the drinking age? "Silliest thing I have ever heard." He resorted to a form of political jujitsu popular among politicians under siege: Attack the attacker. He said Northup backs President Bush 91 percent of the time. He implored reporters to ask her: "What are you proud of?"

Burke said the candidate would not stoop to answering Northup's charges himself, but the campaign manager did not seem entirely confident in this strategy: "This might backfire, and people might think he is ducking," he said. "But this is not your grandfather's campaign."

AP: Shuler-linked Firm Pays Back Taxes (AP-Y)

By Tim Whitmire

DOJ_NMG_0067928

AP, September 23, 2006

A real estate brokerage house associated with Democratic House candidate Heath Shuler belatedly paid over $69,000 in unpaid taxes Friday after The Associated Press raised questions with the campaign.

Shuler, a former star quarterback at the University of Tennessee, has a 20 percent stake in the Knoxville-based business, Heath Shuler Real Estate, which he founded with his brother, Benjie, in 1998. They sold it in 2003 to four men who formed HSRE and HSRE Properties but kept the football player's name.

A recent AP review of tax records in Knoxville and surrounding Knox County found the businesses had been chronically delinquent in paying their local taxes. The AP presented the information to the Shuler campaign this week.

Jason Rudd, a lawyer for Shuler in Jackson, Tenn., said he threatened the three principal owners — Robert Browder, Charlie Hicks and Jack Cornett — with legal action on Shuler's behalf if they did not pay the delinquent taxes immediately. Late Friday, Shuler's attorneys filed a lawsuit asking a judge to stop HSRE and HSRE Properties from using the name "Heath Shuler."

The complaint said the defendants have operated the business in a way that "brings into question the reputation, ethics and/or morals of" Shuler. Rudd said Friday he expects Shuler will give up his minority ownership stake, but needs to remain involved to ensure enforcement of a contract provision allowing him to remove his name.

Fred Sisk, chief deputy trustee for Knox County, confirmed Friday that HSRE and HSRE Properties had paid their county tax bills. A city spokesman, Randy Kenner, said just over $1,400 of the money owed the city was paid Thursday, but the later payment likely wouldn't show up until Monday.

Shuler is running for the House in western North Carolina's 11th Congressional District, seeking to unseat eight-term Republican Rep. Charles Taylor. The race is among those Democrats have high hopes of winning as they push to regain control of the House.

Rudd said Shuler, a former NFL quarterback, has not been involved in day-to-day management of the brokerage since 2003. But his name is prominently tied to the business throughout Knoxville, where Shuler played football in the early 1990s. The Heath Shuler Real Estate logo, seen throughout town on billboards and signs, features the distinctive orange-and-white checkerboard painted in the end zones of Tennessee's Neyland Stadium.

"I have been assured twice in the last six months that these past due taxes would be paid," Rudd wrote in an e-mail Thursday to Browder. "HSREs ongoing refusal to operate its business in accordance with the law is causing extreme embarrassment to Heath."

In an initial e-mail response to Rudd, Browder said the company did not have the money to pay its 2005 tax bills. However, he told Rudd late Friday morning that all overdue bills had been paid.

The AP review found:

• HSRE Properties had owed the City of Knoxville $38,896.89 in overdue property taxes and penalties for the 2004 and 2005 tax years for the company's 1.84-acre headquarters site in Knoxville. That debt was listed on a roster of delinquent tax payments issued earlier this month by the city.

• The city had been owed an additional $8,122.72 in tangible personal property taxes and penalties for tax years 2004 and 2005 on a pair of Heath Shuler Real Estate offices. Such taxes cover office equipment and other property owned by a business.

• HSRE Properties had owed the county $17,183.14 in unpaid 2005 property taxes, as well as $5,048.12 on overdue taxes on tangible personal property.

"Ninety-six percent of Knox County taxpayers paid their taxes on time last year," said Sisk, the Knox County tax official, before the taxes were paid. "Some people just don't have the money to pay. For those people, you feel sorry. These people can pay, they just choose not to pay."

In June, Rudd wrote to Browder and expressed Shuler's concerns "about the business, and about the continued use of his name having an adverse affect on his reputation in the community." In that letter, a copy of which Rudd provided to the AP, Rudd said Shuler wanted to exercise his right to remove his name from the business.

But after receiving assurances that the problems were being dealt with and that the taxes would be paid, Rudd said, "we kind of backed off to give them a chance" to straighten things out.

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The AP's review also uncovered two unresolved tax liens held by the state of Tennessee on now-dissolved Shuler-owned companies, Heath Shuler Real Estate Commercial and Heath Shuler Auctioning. Shuler created both companies in the late 1990s with the intention of using them for spin-offs from the main real estate business, but never did anything with them, Rudd said. They were administratively dissolved by the state of Tennessee after the companies failed to file annual reports.

However, because the state never received a 1999 corporate franchise and excise tax payment for the two companies, it eventually filed liens seeking the money in 2002, Rudd said. The liens total $883.65 each. Rudd said Shuler authorized him Thursday to pay those bills after the AP contacted the campaign.

Team Clinton (NSWK)

By Eleanor Clift

Newsweek, September 23, 2006

Suddenly Bill Clinton is everywhere, solving poverty, tackling AIDS, hosting Laura Bush, crafting the Democrats' message and deflecting questions about his wife's likely run for president. He doesn't know if he wants her to run, or if she'll run, and if she runs, he doesn't know that she'll win. “A million things can happen,” he said. But he does know one thing, that if she got elected, “she would be a magnificent president,” he told CNN’s Larry King this week.

Clinton is a force of nature, the shade tree for Hillary as she ventures out of the senatorial cocoon to vie for the presidency. Shade is mostly a good thing, but not always, and the yin-yang role of the former president in his wife's political life is understood by both of them. Unlike Al Gore, Hillary is at ease with her husband’s idiosyncrasies and has learned over a long marriage how to mitigate the damages.

As for Bill, he is her best strategist, with a fingertip feel for the electorate that is unrivaled. Thanks to the therapy he went through, says a friend, "He more than anyone can be objective about himself." Clinton has settled into his postpresidential life with gusto, and an approving public is rewarding his global good works with poll ratings that dwarf the current president’s. He is in the public eye as Hillary’s stand-in. But there will be times when he needs to get out of the way. Can she win? That’s what people want to know, and Clinton is pleasingly humble about his wife’s prospects. “If she did decide to run, I have no idea if she would win,” he told King.

Can a woman do it? There’s no history to draw on. A big chunk of the Democratic Party doesn’t trust her, doesn’t know what she stands for. Another chunk loves her but doesn’t think she can win. And then there’s the black hole of her marriage, which will once again prove endlessly fascinating if not to the general public then to the media. Attitudes toward Hillary are pretty hardened, both positive and negative. There’s not a lot of fluidity in how people feel about her. She has changed minds in upstate New York, which is dominantly Republican, by focusing on economic concerns. If she can do that in Ohio, a state a Democrat should win in ’08, while holding the Blue States John Kerry and Al Gore won, that would put her in the White House. She’d be polarizing, but then it’s hard to imagine any Democrat that wouldn’t be given the stakes and the tenor of modern campaigns.

Hillary already has a bad case of front-runneritis, measuring every public utterance and seeming way too cautious and calculating—especially for party activists. Excess caution comes with the territory for anybody running for president, says Matt Bennett with the Democratic centrist group Third Way. “You cannot be a viable presidential candidate without being vague,” he says. Bennett was Wesley Clark’s campaign manager in ’04, a race that ran aground in New Hampshire primarily over Clark’s unease as a newly registered Democrat with domestic issues in general and the abortion issue in particular. “The loyalists are always aggravated,” Bennett adds. Not offending party regulars while courting independents is the key to winning, a balancing act requiring more skill than conviction.

What could derail Hillary? She could lose Iowa, the first contest, to John Edwards, who is banking on a reservoir of good will toward him from ’04. The ghosts of Gore past and future hover over the race, and if Hillary falters, he could enter the race late, drawing on the MoveOn.org apparatus. A Democratic dream ticket that would upend the Washington establishment—Gore and Barack Obama, the charismatic freshman senator from Illinois who everybody agrees is destined for greater things. Who better to help Gore reclaim the presidency?

Hillary could survive a setback in Iowa, and maybe she can brush off Gore’s lingering hunger for the presidency. She will win the nomination if she wants it. She’s tough-minded; she has the money, and former Democratic Party chairman Terry

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McAuliffe got caught by The Hill newspaper telling friends he'll chair her presidential campaign. She's headed for a big re-election win in New York, and according to Clinton on Larry King, she'll re-evaluate her role in the Senate after the election. She's already a player on the Armed Services Committee. If the Democrats are smart and recognize her as their likely nominee, they'll look for ways to showcase her.

If she doesn't run, or runs and loses, she is the natural heir to take over the legacy of Ted Kennedy, the liberal lion of the Senate. Untethered by presidential ambition, she could travel the world and do the Sunday shows, freed from parsing her words, confident she could keep her seat as long as she wants it. "It's the deal or no deal—do you gamble on $6 million or walk away with $1 million," says Bennett. From her sinecure in the Senate, Hillary can take the gamble. Can Democrats?

'Values Voters' Told To Know The Enemy (WT)

By Amy Fagan

The Washington Times, September 23, 2006

A prominent evangelical leader told more than 1,000 conservative "values" voters yesterday that they shouldn't shy away from the fact that the country is in a war with Muslims who want to kill Americans.

"We're in a war and it's time that we recognized it," James C. Dobson told a crowd gathered at the Omni Shoreham Hotel in the District. The event is sponsored by Family Research Council Action and aimed at invigorating the Republican base for November's elections.

Mr. Dobson, chairman and founder of Focus on the Family, made it clear that he doesn't think all Muslims want to kill Americans. But he said there is a percentage -- even if it's only 4 percent, or close to 50 million people -- who do.

Several Republican presidential hopefuls made stops at the weekend event to rally their own support from the conservative base, touching on topics from traditional marriage to religious freedom.

Among them was Sen. George Allen of Virginia, who told crowd members to "count on me" in the fight for conservative values, such as stopping judges from "legislating from the bench."

Later yesterday, reporters focused on Mr. Allen's heritage. The Republican senator told the public for the first time this week that he has Jewish ancestry. Mr. Allen, who is in a competitive re-election race, has fought off criticism that he was embarrassed by his heritage.

Mr. Allen told reporters that his mother concealed her Jewish heritage for years and recently swore him to secrecy about it because she was "seared" by the pain of the Holocaust and thought "that anti-Semitism, that persecution" would harm her children.

He told the reporters that he is a Christian, but, "I'm learning more and more about Jewish law."

Meanwhile, Mr. Dobson and Family Research Council President Tony Perkins sought to rally the troops for the midterm elections by reminding them that Republicans helped get two new conservative justices on the Supreme Court and that Democrats are still blocking legislation and President Bush's judicial nominations.

Mr. Dobson evoked applause and cheers when he reminded the crowd that "we do have two new very, very exciting Supreme Court justices," referring to Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

The crowd was urged not to be convinced of reports that Republicans will lose control of Congress.

"Don't believe everything you're hearing out there," Mr. Dobson said.

"I feel much better about the outcome this fall than I did three months ago," Mr. Perkins said, citing falling gas prices and votes in Congress on key pieces of legislation sought by the conservative base.

Mr. Perkins noted that senators approved a parental-notification bill for out-of-state abortions, but said Democrats are blocking the legislation from getting to Mr. Bush's desk.

White House spokesman Tony Snow, who spoke yesterday afternoon, drew loud applause when he described September 11 and then told the crowd, "We should not for one moment feel that we have to apologize for doing the right things."

The "2006 Values Voters Summit" ends tomorrow with a church service and has drawn more than 1,600 evangelical Christians and conservative activists from across the country to strategize about the upcoming elections and hear speeches from

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a who's who of conservative voices, including Liberty University founder the Rev. Jerry Falwell, Alliance Defense Fund Chief Executive Officer Alan Sears, evangelical leader Gary Bauer and conservative talk-show hosts such as Sean Hannity.

Tactic Uses Pulpits To Power The GOP (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, September 23, 2006

Evangelical leaders, on the first day of a rally, ask pastors to advocate for a social conservative agenda despite recent IRS investigations.

WASHINGTON — Worried that discontent among conservatives and the lack of a clear standard-bearer to follow President Bush might cost Republicans in November, top evangelical leaders pleaded with their followers Friday to put aside frustrations and turn out for GOP candidates.

The appeals, coming on the opening day of a weekend-long rally and strategy conference, included entreaties to pastors to use their pulpits on behalf of the social conservative agenda.

"There is no choice, because the alternative is terrible," said James C. Dobson, founder of the influential group Focus on the Family, referring to the potential for a Democratic takeover of the House and Senate in November.

Dobson's organization recently launched a major voter recruitment drive in eight battleground states that will include placing registration tables outside Sunday worship services at conservative churches.

The Values Voter Summit — which will include appearances by several potential GOP presidential hopefuls — underscores evangelicals' growing power in national politics. The agenda serves as a road map of their tactics for energizing voters, including sessions on fighting gay marriage, attacking Hollywood liberalism and denouncing embryonic stem-cell research.

Kicking off the conference Friday, Dobson joined other evangelical chieftains in lobbying pastors to feel more free to advocate for conservative causes from the pulpit despite recent investigations by the Internal Revenue Service into alleged partisan activities by churches. One such investigation has ensnared the liberal All Saints Church in Pasadena, over a sermon denouncing the Iraq war shortly before the 2004 election.

One session today is to focus on the "role of churches in political issues." On Friday, Dobson and a representative from an evangelical-backed legal group told the crowd that churches were free to distribute fliers and other materials promoting stands on issues.

"You still can't endorse candidates, but you can do voter guides," Dobson said. "You can do all kinds of things."

Critics say Dobson and his allies are crossing the line and giving bad advice to churches. The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, mailed letters this week to 117,000 churches in 11 states warning them not to go along with voter registration drives and other activities.

"They are talking about a systematic effort to get churches involved in political activity," said Lynn, who attended the conference and met privately backstage with Dobson to debate the question. "They say this isn't partisan, but then they turn around and make it clear that their goal is to keep Republicans in power."

Friday's events showed that evangelicals intend to broaden their focus on issues that can motivate voters. Leaders framed the GOP's signature issue of terrorism as a matter of "protecting the family" and winning a war between Judeo-Christian traditions and Islamic extremism.

Dobson, whose radio show is heard by millions, said protecting the country from terrorism was a "family issue."

"If we don't have security for ourselves and for our children and future generations, we don't have a future for the family," he said.

The mention of terrorism was the latest indication that conservative strategists are looking for additional motivators beyond the issue of gay marriage, which was credited with helping Bush secure reelection in 2004 thanks to a series of ballot initiatives that year in key states such as Ohio. Republican strategists have acknowledged that they intend to mobilize the conservative base by painting Democrats as soft on "foreign threats," as one internal GOP memo recently explained.

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Other speakers on Friday focused on illegal immigration and called for a border crackdown, invoking an issue that has divided the GOP's conservative core from the White House and from Capitol Hill moderates.

But Friday's events showed that gay marriage remained a central rallying cry, with Dobson and others promoting initiatives this year in eight states.

"We see America on this collision course between religious freedoms and the homosexual agenda," said Tony Perkins, president of the conservative Family Research Council.

Three possible presidential candidates, along with White House Press Secretary Tony Snow, were applauded when they raised the issue.

Massachusetts Gov. Mitt Romney, a likely White House contender who is viewed skeptically by many evangelical leaders because he is a Mormon and is viewed as a moderate, said the country "desperately" needed a federal gay marriage ban. He won cheers as he spoke of his opposition to a ruling by his home state's highest court upholding same-sex marriage.

Similar themes were sounded by three other presidential possibilities: Sens. George Allen of Virginia and Sam Brownback of Kansas and Arkansas Gov. Mike Huckabee.

Allen — whose race for reelection this year has tightened after his use of the word "macaca," a racial slur in some countries, and his reaction to revelations that he has Jewish heritage — was boisterously applauded when he asked the conference activists to come to Virginia and assist with that state's initiative this year to ban gay marriage.

But though some potential Bush successors were eager to score points with the crowd, two of the party's front-runners were noticeably absent. Neither Sen. John McCain of Arizona nor former New York Mayor Rudolph W. Giuliani are scheduled to speak — a reminder that even as the GOP seeks to mobilize its base to maintain power, the future of the party's leadership remains much in doubt.

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Conservatives Confident Base Will Vote (AP-Y)

By Liz Sidoti

AP, September 23, 2006

Better the devil they know than the Democrats.

Critical to the Republican base, conservatives expressed confidence Friday that their rank-and-file will vote Nov. 7 even though the GOP-controlled Congress hasn't delivered this year on their core issues.

"We're disgusted somewhat with some of the Republicans, but we'd be in a whole lot worse shape with the Democrats," said the Rev. Don Wildmon of Tupelo, Miss., chairman of the conservative American Family Association. "So, if you can't get the whole loaf, take a half a loaf."

Together, fiscal and social conservatives make up a significant segment of the GOP faithful, and the Republican Party always needs them to vote in droves. That's especially important this year because turnout typically is low in a midterm election cycle and polls show the public favoring Democrats to control Congress.

"If they don't come to the polls, we're in trouble," said Bishop Harry Jackson of College Park, Md., an evangelical Christian who leads the High-Impact Leadership Coalition, which promotes "moral issues" in urban communities.

With seven weeks left in the campaign, there's some concern among Republicans that conservatives — evangelicals included — could stay home on Election Day because of their unhappiness with Congress and President Bush.

A recent Associated Press-Ipsos poll found that 42 percent of white evangelicals disapprove of the job Bush has done as president. In 2004, exit polls showed 78 percent of white evangelicals voted for him.

"Republican voters are very soft, and I have no idea what this November holds," said Phil Burress, president of Citizens for Community Values in Cincinnati, a proponent of state and federal constitutional bans on gay marriage.

The fear of low turnout has led prominent conservative groups to initiate voter mobilization and outreach efforts. In that vein, hundreds of people attended a four-day "Values Voter Summit" sponsored by the country's leading conservatives and featuring several Republicans contemplating running for president in 2008.

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Massachusetts Gov. Mitt Romney, Arkansas Gov. Mike Huckabee, Sen. Sam Brownback of Kansas and Sen. George Allen of Virginia addressed the conference Friday, and Sen. Rick Santorum of Pennsylvania and former House Speaker Newt Gingrich were on tap Saturday.

Absent from the agenda were, among others, Sen. John McCain, the Arizona Republican whose maverick style and votes on gay marriage and embryonic stem-cell research have irked conservatives, and Senate Majority Leader Bill Frist of Tennessee, who also has drawn the ire of that constituency.

After speaking to the conference, Rep. Mike Pence, R-Ind., said in an interview that he's confident conservatives will overlook Congress' lack of final action on their main issues.

"Conservative Americans are beginning to awaken to the perils of a Democratic Congress," he said.

The House and Senate hope to adjourn next week so lawmakers can spend the final few weeks before the election campaigning. That leaves little or no time for the House and Senate to vote on passionate issues for conservatives.

Congress still hasn't sent Bush an immigration reform or border security bill. Efforts to rein in federal spending this year have been piecemeal. And, the Senate has made only marginal progress in getting the president's judicial nominees confirmed.

Divisions among Republicans in which moderates have clashed with conservatives have stalled some of the legislation.

Meanwhile, a proposed constitutional amendment to ban gay marriage is dead for the year and Congress hasn't finished a bill aimed at preventing girls from crossing state lines to get an abortion without parental notification.

To make matters worse in the eyes of conservatives, Congress also sent the president a bill expanding the scope of federal involvement in embryonic stem cell research. Bush promptly vetoed it, his first.

Said Robert Bradley of Wellesley, Mass., the founder of the Massachusetts Family Institute: "Ultimately the conservatives, as annoyed as they are, will understand how awful the alternatives are in this case."

Christian Conservatives Mobilize To Rev Up `values Voters' (MCT)

By Matt Stearns

McClatchy Newspapers, September 23, 2006

PITTSBURGH - To the daunting challenges facing Republicans in the 2006 midterm elections, add another: angry "values voters" who feel used and abandoned.

"We put these people in power in 2004," said Sue Means, a home-school activist from suburban Pittsburgh. "I really expected more. I'm disappointed."

The failed federal marriage amendment, waffling on stem cell research, no new limits on abortion - Means sees little but broken promises from the Republican Congress. And she's far from alone among like-minded people whom many credited in 2004 with helping pass same-sex marriage bans in 11 states and being key to President Bush's re-election.

"There are a lot of people that are somewhat disillusioned and have a feeling of betrayal for having worked so hard and have Republicans be so unresponsive," Dr. James Dobson, chairman of Focus on the Family, said after speaking at a rally here this week. "How that will play out, I really don't know."

Such discouragement is just one of several obstacles facing Republicans in mobilizing Christian conservatives this year.

Midterm elections excite fewer people anyway. A signature issue, such as a ban on same-sex marriage, is on the ballot in fewer states this year. And the federal government has promised to crack down on church-based partisan politicking after complaints about such behavior in 2004, which could suppress religious leaders' involvement and dampen turnout.

Dobson and others are working hard to counter that possibility, even as they acknowledge their disappointment.

"Whether Republicans deserve the power they were given, the alternatives are downright frightening," Dobson told more than 3,000 attendees at the Pittsburgh "Stand for the Family" rally.

The event was the first of three designed to energize Christian conservative voters. All three are in states with hotly contested Senate races: Pennsylvania, Minnesota and Tennessee.

The Pittsburgh event was part political rally, part church revival. Held at a downtown hockey arena, it featured entertainment by the Christian pop group The Sounds of Liberty. An enormous American flag hung behind the speakers, who included Dobson,

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Tony Perkins of the Family Research Council and Gary Bauer of American Values. All warned of threats to religious liberty, to marriage and, as Perkins put it, of "our children being indoctrinated with homosexuality in our public schools."

All the speakers stressed that they wouldn't tell people how to vote.

But if a politician shares his principles on issues from judges to marriage "and is committed to the God of the universe, and from my perspective, Jesus Christ his only begotten son ... it would be a sin not to go to the polls and vote for him or her," Dobson said.

Attendees munched on hot dogs and fries (the arena's beer coolers sat unplugged and empty) as they cheered the speakers and swayed to the music. Many attended with church groups and studied Bibles as they waited for the program. They were encouraged to "pray, prepare and participate" by, among other things, taking bulk packages of voter guides prepared by the conservative Pennsylvania Family Institute to distribute at their churches and asking pastors to hold voter registration drives.

"We can stand for the Lord Jesus Christ!" the Rev. Ken Hutcherson, pastor of Antioch Bible Church in Kirkland, Wash., roared to thunderous applause.

It appeared to have its intended effect. Means said she was "definitely energized." Becky Schran, who came with about 20 others from Walnut Grove Assemblies of God Church outside Pittsburgh, said she hoped the rally "gets more information out to people and gets them attuned to what's going on."

Similar efforts are under way across the country. In Missouri, home of another tight Senate race, a ballot initiative on stem cell research has energized social conservative voters. There, Texas evangelist Rick Scarborough has led five church rallies, with two more scheduled, to rev up voters to oppose the initiative. In Washington this week, the Family Research Council's Values Voter Summit included a training session on "Getting Church Voters to the Polls."

And gay marriage bans are on the ballot in eight states this year, including three with close Senate races: Arizona, Virginia and Tennessee.

"When you have a marriage amendment on the ballot, it makes it that much easier" to motivate conservative Christian voters, said John Green, a senior fellow at the Pew Forum on Religion and Public Life. "And on balance, they'll vote for the Republican candidates in those states."

Some say such efforts go too far. Americans United for Separation of Church and State sent 117,000 letters to pastors of churches in 11 states targeted for action by conservative Christian leaders. The letter reminded pastors that IRS regulations prohibit churches from endorsing or opposing specific candidates and from intervening directly in partisan campaigns. Doing so could jeopardize a church's tax-exempt status and lead to fines, the group warned. Even seemingly benign voter guides can be a thinly veiled partisan effort, the letter said.

Earlier this year, the IRS reported that in the 2004 cycle, it investigated 47 allegations of improper church politicking; 37 were given warnings or fined, and a few cases remain outstanding.

"Houses of worship must not become cogs in someone's political machine," said the Rev. Barry Lynn, the group's executive director, accusing Dobson and others of trying "to build a kind of religious Tammany Hall."

"I don't set the Senate races and I don't set the referenda," Scarborough responded. "If that has an impact on Senate races, so be it. I hope and pray that pro-life senators get elected. That's no secret. But I don't think I'd even recognize Jim Talent," the Republican incumbent in the Missouri U.S. Senate race.

Allen Hertzke, a professor at the University of Oklahoma who studies evangelical Christians, said the IRS focus could suppress voter turnout.

Given the array of obstacles, it wouldn't be surprising if Christian conservatives show less clout in 2006, Green said.

"But we shouldn't underestimate their ability to reach their constituencies," Green added. "A lot of this happens through church networks. Unless you happen to be in the network, you wouldn't notice it."

Renouncing Bush's Failures Is A Start (LAT)

By Todd Gitlin, Todd Gitlin Is A Professor Of Journalism And Sociology At Columbia University And The Author, Most R

The Los Angeles Times, September 23, 2006

The president's onetime lapdogs should also rethink the extremist ideology that got us here.

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IN RECENT MONTHS, Republicans have begun to discover that their leader is not the paragon they once thought he was.

Perhaps he is not a conservative at all but a deficit-mongering big-government advocate, a world-changing radical in disguise and a cultivator of global anti-Americanism. Perhaps, from Baghdad to Kabul to New Orleans, bungling is not the exception but the rule because he and his inner circle hold planning, the law, diplomacy and even reason in contempt.

Suddenly, Republicans as well as Democrats are urging the defenestration of Defense Secretary Donald H. Rumsfeld — the Titanic chair-shifter's way of acknowledging a fiasco in Iraq. George Will savaged President Bush for a "triumph of unrealism." Embattled Connecticut Republican Rep. Christopher Shays lurched from "stay the course" to "phased withdrawal."

Just last month, conservative talk-show host Joe Scarborough asked, "Is Bush an Idiot?" In May, the popular right-wing KABC-AM (790) talk-show host Doug McIntyre declared: "I was wrong to have voted for George W. Bush…. I have been shocked repeatedly by a consistent litany of excuses, alibis, doubletalk, inaccuracies, bogus predictions and flat-out lies…. After five years of carefully watching George W. Bush, I've reached the conclusion he's either grossly incompetent or a hand-puppet for a gaggle of detached theorists with their own private view of how the world works. Or both."

Such reconsiderations are all to the good, and not only for the practical purpose of evacuating a sinking ship. The recantation mood is a sign of maturity.

But apologies, while worthy, are never enough. To help make right what has gone badly wrong, they also must lead to rethinking.

Because 1930s analogies are back in vogue, consider that it was incumbent upon conservatives who were dismayed by Neville Chamberlain at Munich in 1938 to inquire into the worldview that led him to appease Adolf Hitler. Likewise, as conservatives never cease to remind those on the left, it was perfectly reasonable to tell the Soviet Union's fellow travelers to examine the fantastical credulity with which they persuaded themselves to overlook the depredations of Lenin and Stalin. To learn from our greatest misconceptions is, of course, a prime reason we study history.

So what lessons should Bush's partisans take from his decline? Where did they go wrong when they were cheering Bush, excoriating his adversaries and devoutly assuring the rest of us that he was, as former presidential speechwriter David Frum put it in an unabashed double entendre, "the right man"?

They're obliged to have to figure it out on their own. But let me offer this for their consideration: The core of the Bush problem is an extremist worldview. Bush's aggressive go-it-alone attitude kicked in long before 9/11. "You're either with us or you're with the terrorists" was just an extension of Bush's rejection of the Kyoto Protocol (the international global warming agreement) and the International Criminal Court.

Under Bush, reality had to be bulldozed into submission. Whatever went wrong in Iraq or Afghanistan, questioning Bush's narrow understanding of the Islamist danger amounted to appeasement, cutting and running, pining for defeat. Whatever the economic conditions, the remedies were privatization, deregulation and tax cuts for plutocrats. On every front, foreign and domestic, liberals were to blame.

This attitude didn't stop with Bush alone, and it persists unaltered. Just recently, in this spirit, an e-mail from Republican National Committee Chairman Ken Mehlman warned that Democratic victories in the midterm elections would mean "government by the far left," "weaken[ing] America" thus: "Impeachment. Cutting and running from the war on terror. Key defense systems dismantled. Tax cuts repealed. Speaker Pelosi."

The logic of this paranoid worldview is a deep and awful thing to confront. But confronting it is a matter of intellectual honesty.

Today, it's morally mandatory, a matter of intellectual decency, that Bush's erstwhile partisans rethink both their credulity and their ideology and ask how they could for so long have overlooked what now strikes them as obvious. "Whoops, sorry about that" and "mistakes were made" — love that passive voice — won't do.

'The Pocketbook Conservative Is Up For Grabs' (WSJ)

By Dick Armey

The Wall Street Journal, September 23, 2006

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The practice of politics is a peculiar form of juvenile delinquency. As this election season heats up, there is plenty of evidence to support this assertion. Juvenile delinquents in the liberal blogosphere are credited with taking out Joe Lieberman in his primary last month. Senate Republicans pander to the so-called "conservative base" with hollow political gestures like the recent failed votes to constitutionally ban gay marriage and flag burning. And inexplicably, one of the few recent legislative actions in the House of Representatives produced new restrictions on the slaughter of horses for human consumption.

Such silly political posturing will no doubt leave cows and chickens feeling left out of the legislative debate. The same is certainly true for the vast majority of the American electorate -- potential voters who face the very real economic challenges of earning a living, paying the mortgage and raising their children to be productive members of society. I call this neglected and abused constituency "pocketbook conservatives."

Suspicious of big government promises and irresponsible spending, pocketbook conservatives feel the real pain of taxes. They don't want bureaucrats to pick winners and losers in the market, and they resent the power of special interests seeking favors at the expense of everyone else. Pocketbook conservatives are concerned with their family's personal finances and about the health of the American economy as a whole. They value thrift, hard work, ownership and individual responsibility -- both in their personal lives and in their elected officials. They expect the same from their neighbors, and generally respect the work ethic and economic contributions of new immigrants.

Ronald Reagan was the first Republican of my generation to effectively reach out to pocketbook conservatives -- Republicans, Democrats and independents alike -- who instinctively believed that little good could come from Washington. He energized voters who wanted government to leave people alone to work, worship and provide for their families as they saw fit. In 1980, Reagan won the White House in part because he had a positive, serious economic agenda that reflected these values, believing that "all great change in America begins at the dinner table."

George H.W. Bush lost the pocketbook conservatives when he broke his promise and raised taxes. Higher taxes and new spending delayed the economic recovery, further ballooned the deficit and created a political window for Ross Perot.

In 1994, one of the major factors in the Republican's dramatic takeover of Congress, for the first time in 40 years, was the willingness to commit to a serious economic agenda. The Contract with America directly connected with pocketbook conservatives. It was a clear vision promoting economic liberty, personal freedom and a commitment to reducing the size of a bloated government. Republicans realigned with the Reagan legacy, and stood in stark contrast to the Clinton administration's agenda of higher taxes and government health-care schemes. In that election, a record nine million new voters turned up for Republicans.

Today, the pocketbook conservative is up for grabs once again. Since 2002, federal spending has increased by 47%, earmarking abuse is rampant, and the new Medicare prescription-drug benefit has created $18.2 trillion in new unfunded liabilities on future taxpayers. And while GDP growth has been good and unemployment remains low, there are a number of American households who have seen their real income remain flat for the past five years. These families feel the brunt of the softening housing market, higher energy prices and rising health-care costs. They feel less secure about their retirement, knowing that they can no longer depend on empty government promises.

This anxiety presents a real political opportunity, but Republicans, lacking credibility on fiscal reforms, seem more intent on pandering to the extreme fringes of their base. The national representatives of the social conservative movement used to be sophisticated and tolerant. Today, they are sophomoric and angry. It's an embarrassing spectacle seeing leaders bullied around by the likes of James Dobson, or watching the Christian Coalition team up with MoveOn.org in support of bigger government.

Even more embarrassing is Tom Tancredo and his hot, hateful rhetoric against immigrants. Such demagoguery feeds the worst instincts of nativists and blocks a serious solution to our nation's border security problems. Reagan, conversely, understood that America is a country of immigrants, and he famously demanded that big government's walls be torn down.

Perhaps the only thing more embarrassing than being a loyal Republican in this election season is being a loyal Democrat. Although the party has offered no proposal to fix Social Security, the aspiring House speaker, Nancy Pelosi, and the Senate majority leader hopeful, Harry Reid, held yet another press conference recently denouncing the secret Republican plan to "privatize" the failing entitlement. While Democrat pollsters are no doubt telling their candidates that the P-word will effectively

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scare seniors and other swing constituencies to the polls, this strategy has consistently failed in past election cycles. This year, however, some Republicans may accommodate these efforts by failing to define their own position.

The only solution to collapsing pension and health-insurance programs consistent with individual dignity and real financial security is a system based on personal retirement accounts, but it looks unlikely that voters will hear much about real solutions to the retirement security crisis this fall. The same is true on the other important fiscal and economic issues facing the nation. All candidates for public office should be debating the need for new spending discipline to balance the federal budget, reforms to simplify the Byzantine tax code and boost economic savings and investment, and regulatory changes that would unleash new innovation. Instead, we have been treated to political theater.

There is still some time left in this Congress, and Republicans would benefit by completing unfinished legislative work. To their credit, the House Republicans, under John Boehner's leadership, have taken a good step in instituting earmark reforms. But extending tax relief, enacting the Pence/Hutchinson border security legislation based on a robust, free market guest worker program, and overhauling telecommunications rules to break up outdated cable monopolies are all substantive economic reforms that could appeal to pocketbook conservatives.

Win or lose, if Republicans hope to maintain the political support of a voting majority in the future, they will need to rediscover their fiscally conservative roots, and govern accordingly.

Mr. Armey, House majority leader between 1995 and 2002, is chairman of FreedomWorks, a national grassroots advocacy organization.

On Earmarks, Democrats Have Protested Loudly (WSJ)

The Wall Street Journal, September 23, 2006

In his Sept. 18 editorial-page commentary "Time for a Time Out?1" John H. Fund laments the proliferation of earmarks and new spending under the GOP Congress. He takes the Republicans to task for forgetting why they came to Washington and for refusing to curtail spending. He suggests that if they will not curtail spending, then perhaps they need a "time out" from power. I agree. However, I take exception with Mr. Fund's claim that "Democrats have been largely silent" on these issues. That's not true.

In May, Rep. Martin T. Meehan and I introduced the first lobbying and ethics reform legislation of the 109th Congress, the Special Interest Lobbying and Ethics Accountability Act of 2005 (H.R. 2412) to clean up the abuses that led to the Jack Abramoff and Duke Cunningham scandals. This legislation was endorsed by congressional scholars Norman Ornstein and Thomas Mann and editorial boards across the country. Democratic Leader Nancy Pelosi also introduced a broad reform bill, yet the Republicans refused to allow a vote on either of these comprehensive solutions.

During the "earmark reform" debate last week, Reps. Van Hollen, Bean, Barrow, Doggett, Delahunt and I offered legislation that would have ended the "business as usual" process that has turned earmarking into a bonanza for members, their families and business associates. Our legislation prohibited earmarks that personally benefit members, their spouses and immediate family members; banned earmarks that benefit lobbyists who chair a member's Leadership Political Action Committees; prohibited earmarks to any entity or lobbying firm employing the spouse, family member or former staffer of the earmark sponsor; eliminated "sweetheart" tax provisions for a single individual or corporation; and ended the practice of adding new earmarks into conference reports in the dead of night. Again, the Republican leadership refused to allow a vote on this legislation.

Rep. Rahm Emanuel (D., Ill.)

Washington

Dean Expedites Courting Of Black Vote (AP-Y)

By Ron Vample, Associated Press Writer

AP, September 23, 2006

The Democratic Party can no longer sit back and wait until three weeks before an election to ask minorities for their vote, Democratic National Committee Chairman Howard Dean said Friday.

"In many ways, the Democratic Party hasn't moved itself out of the '60s and '70s," Dean said in remarks to the DNC's African-American Leadership Summit, which is aimed at mobilizing black voters and encouraging more minority candidates for state offices.

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"If we don't get smart about having folks on the ticket that look like the people whose votes were asking for, in meaningful positions of authority, then we're not going to win. And the party that gets to do that first is the party that's going to win," Dean said.

Annie Mae Holt, a 59-year-old Detroit teacher who attended the gathering, said Democrats must be careful not to allow Republicans to create a divide.

"We need to make sure that people who look like the diversity that is evolving in the United States is represented on our Democratic ticket," Holt said in an interview.

Black voters could be crucial to Michigan Gov. Jennifer Granholm's effort to overcome a stiff challenge from GOP challenger Dick DeVos. Detroit Mayor Kwame Kilpatrick recently promised to energize city voters for Granholm and avoid a repeat of the low 1990 turnout that contributed to Republican John Engler narrowly winning the governorship.

"In order for this party to win, we have to include more people," Kilpatrick said. "The numbers say that we need to move the African-American (and) Latino vote inside urban America. Unless we go get it, we won't win."

Analysis: Democrats Vow To Get Tough (AP-Y)

By David Espo, Ap Special Correspondent

AP, September 23, 2006

Six weeks before elections, the Democratic strategy for the war on terror is one part attack President Bush and one part agree with him. The goal is to court voters dissatisfied with the job the administration has done, yet avoid being tagged as soft on Osama bin Laden.

"Democrats are united behind the need to work on a bipartisan basis to bring terrorists to justice, and to do it in a manner consistent with our laws, our values and our national security," Senate Democratic Leader Harry Reid said a few hours after Bush and rebellious Republicans ended a week-long dispute and compromised on a plan for interrogating and trying terror suspects.

He didn't quite say so, but it seems likely the deal announced Thursday — and blessed by Sen. John McCain of Arizona as well as Bush — will draw significant Democratic support when it reaches the Senate floor.

Beyond the tribute to the importance of American values and Geneva Conventions protections for wartime prisoners, Democrats, particularly in the Senate, are applying painfully learned lessons of past campaigns.

"This is a Max Cleland moment," said Sen. Dick Durbin, D-Ill., referring to the Georgia Democrat defeated for re-election in 2002. Republicans are "trying to produce a vote that provides a 30-second ad like the one that defeated Cleland," he added.

Cleland, a triple amputee Vietnam War veteran, lost four years ago after being attacked in a campaign commercial that included cameo appearances by bin Laden and Saddam Hussein. The ad accused the Georgian of voting against Bush's proposal for a Department of Homeland Security 11 times. In fact, he favored creation of the agency before the president did, and differed with the administration principally on issues relating to civil service rules for employees.

That was four years ago, when the country was still reeling from the attacks of 9-11, and Bush was winning strong support for the job he was doing as commander in chief in the war on terror.

Two years later, Democratic Sen. John Kerry ran for president and observed he had voted for $87 billion to pay for the war in Iraq and Afghanistan before voting against it. It turned out the electorate was less conflicted than that. Bush and the Republicans won again.

Now, the national mood has shifted. Much of the advantage Bush and the Republicans enjoyed on the issue of combatting terror has eroded, although the president has labored strenuously in recent weeks, with some success, to restore it.

The polls show deep public dissatisfaction with the war in Iraq, even if voters are split down the middle on what the next step should be.

Democrats, primed by poll-tested advice, are projecting strength this time, determined not to let Bush and the Republicans outflank them once again.

"Welcome the national security debate and engage in it," several top strategists advised in a recent memo. Another recommendation: "stress the seriousness of the threat and Democrats' determination to address it using statements such as: "We need stronger tools to monitor, hunt down and kill terrorists."

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Third, Democrats were advised to accuse Bush of mismanaging the war in Iraq. Not coincidentally, they intend to hold a public forum on Monday and say former top-ranking military officers who served in Iraq will testify about mismanagement in the conflict.

Finally, the memo from Democracy Corps says "stress that Democrats offer a 'better way to fight terrorism.'" Example: call for the inspection of all cargo containers entering the country.

Given the central role of the war on terror in the campaign, the same clash is unfolding across the Capitol.

There, as in the Senate, Republicans hope for an opening to outmaneuver House Democrats on an issue the GOP has long called its own.

They thought they had an opening recently when Rep. Nancy Pelosi, the Democratic leader, said of bin Laden: "He has done more damage the longer he has been out there. But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer."

Rep. John Boehner, R-Ohio, the House majority leader, bluntly questioned whether Democrats are "are more interested in protecting the terrorists than protecting the American people."

Chavez: Bush Should Resign As President (AP)

By Natalie Obiko Pearson

AP, September 23, 2006

Venezuelan President Hugo Chavez launched yet another verbal assault against President Bush upon returning from a highly charged U.S. visit Friday, calling on the American leader to resign.

Chavez also suggested that New York city police were behind a electrical disruption during his speech Thursday in Harlem, but police denied the allegation.

"He should renounce the presidency if he has any dignity. The president of the United States has failed completely," Chavez said at the inauguration of a natural gas project in northwestern Venezuela.

It was Chavez's first appearance since returning from the United States, where he called Bush "the devil" at the United Nations' General Assembly and later criticized him in a speech to supporters at a church in Harlem.

The comments coming near U.S. legislative elections have drawn condemnation even from some of Bush's critics.

Bush's political foes and fans alike condemned the remarks, U.S. newspapers criticized the Venezuelan leader, and one governor said his state is no longer interested in buying discounted heating oil from Venezuela-owned Citgo this winter.

In Boston, a city councilor said he wants to take down a landmark Citgo sign near the city's famed baseball park and replace it with an American flag.

"Given the hatred of the United States displayed by dictator Hugo Chavez, it would be more fitting to see an American flag when you drive through Kenmore Square," councilor Jerry McDermott told The Boston Herald, saying the sign — prominently visible over the left-field wall at Fenway Park — had to go.

On Friday, The New York Daily News' front page headline told Chavez to "ZIP IT!" and the New York Post called him a "jerk" and the "Caracas crackpot."

"I wanted President Chavez to please understand that even though many people in the United States are critical of our president that we resent the fact that he would come to the United States and criticize President Bush," Rep. Charles Rangel, D-NY., said Thursday.

Chavez appeared unfazed by the outcry.

"The imperialist government of the United States says we have failed but they are the ones that have failed in everything you see," he said Friday.

He accused the Bush administration of fueling terrorism, claimed that both the CIA and U.S. Drug Enforcement Administration were "infiltrated" by drug traffickers, and urged people to divest their dollars because new bills were being "fabricated."

In an interview broadcast Friday Chavez kept up his attack.

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"I think it was a rather humorous speech," Chavez told TV and radio host Tavis Smiley in a PBS broadcast. "People were smiling."

But then added, "(Bush) considers himself a god. And that is a terrible manipulation, since this is obeying interests that are against God. And since he considers himself like God, when you call him the devil, it is just to strike a balance."

During his comments in Venezuuela, Chavez also accused the New York city police of deliberately cutting off the power supply to disrupt his speech at Harlem's Mount Olivet Baptist Church, when a live transmission of the event by Venezuela's state TV station was interrupted for a few minutes.

"Contrary to his assertions, the New York Police Department did not in any way interfere with efforts to transmit information from New York," Deputy Commissioner Paul J. Browne said in a statement distributed by the U.S. Embassy in Venezuela.

Venezuelan Information Minister Willian Lara had initially accused the CIA of being behind the disruption, but Venezuelan Ambassador Bernardo Alvarez later said New York police officers were responsible.

Insults have increasingly flown between Caracas and Washington since 2002, when the U.S. swiftly recognized leaders who briefly ousted Chavez in a coup, before Chavez returned to power amid massive street protests.

U.S. officials regularly call the Venezuelan leader a destabilizing force, and Bush has said he sees Chavez as a threat to democracy. Chavez has called Bush a "devil" in the past.

Chavez: "Bush Has Called Me Worse Things" (TIME)

By Tim Padgett

Time, September 23, 2006

Venezuela's President Hugo Chavez caused a stir this week during his visit to New York City, denouncing President Bush as "the devil" in a speech at the U.N. General Assembly and, during a visit to Harlem the following day, calling him an "alcoholic." In an exclusive interview with TIME's Tim Padgett, Chavez defended his controversial rhetoric as a necessary part of his leftwing revolution's effort to counter what he calls Bush's "global imperialism."

"Bush has called me worse things — tyrant, populist dictator, drug trafficker, to name a few," Chavez said. "I'm not attacking Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words — with bombs. I think the bombs he's unleashed on Baghdad or Lebanon do a lot more harm than any words spoken in the United Nations."

On the growing support in Latin America for his brand of "21st-century socialism," Chavez said: "After seeing the failure of Washington-backed capitalist reforms in Latin America, I no longer think a third way between capitalism and socialism is possible. Capitalism is the way of the devil and exploitation. If you really want to look at things through the eyes of Jesus Christ — who I think was the first socialist — only socialism can really create a genuine society."

Chavez expressed confidence that the U.N. will vote to give Venezuela a non-permanent seat in the Security Council next month. "It's because of the moment we're living right now, the need to block the cannons of the U.S. empire," he said. "The U.N.'s members believe we can have the most impact on that debate. The U.S. fears Venezuela's presence on the Council because it knows we'll be an independent vote for the Third World."

Chavez also had some pointed comments on his country's role as the hemisphere's largest oil producer. "Bush wanted Iraq's oil and I believe he wants Venezuela's oil," Chavez said. "But the blame for high oil prices lies in the consumer model of the U.S. Its reckless oil consumption is a form of suicide."

For more of TIME's interview with Chavez, see next week's magazine.

Voices Of Discontent: Anti-U.S. Leaders Seek Allies (NYT)

By Helene Cooper

The New York Times, September 23, 2006

UNITED NATIONS, Sept. 22 — The podium of the General Assembly has long been a platform for the world's strongmen to prove their anti-American credentials.

Fidel Castro did it in 1960, as did Idi Amin in 1975. And this week Hugo Chávez, Mahmoud Ahmadinejad and Omar Hassan al-Bashir — of Venezuela, Iran and Sudan, respectively — took up the mantle left by their predecessors, presenting themselves as Davids of the third world seeking to slay the American Goliath.

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American officials were quick to dismiss the speeches as chest thumping, noting that all three men were from countries with vast oil reserves and other resources, well able to thumb their noses at Washington but hardly representative of the poorer countries that rely on American aid.

"I think it's important frankly for people to hear this, because I do think it's a reflection of what some of these governments think," said John Bolton, the American ambassador to the United Nations.

But others here wondered whether they might be witnessing the birth of a new anti-American bloc, something that may eventually succeed the Nonaligned Movement, which originated in the cold war.

The aggressive steps the Bush administration has taken on national security, as well as more general resentment against the world's strongest power, have made the United States vulnerable to charges of racism, hypocrisy and imperialism, particularly in the non-Western world, diplomats here said.

"Wherever he looks, he sees extremists," Mr. Chávez said Tuesday about President Bush to a roomful of General Assembly delegates, most of them from Africa, Latin America and Asia. "And you, my brother — he looks at your color, and he says, 'Oh, there's an extremist.' Evo Morales, the worthy president of Bolivia, looks like an extremist to him."

When Mr. Chávez says Washington sees imagined enemies in darkskinned people, he is capitalizing on international anger over issues like secret C.I.A. prisons and the Bush administration's attempts to reinterpret the Geneva Conventions.

"Things like Guantánamo make people question whether we believe our own values, and whether what the president says about protecting civil liberties is actually true," said Edward Luck, head of the Center on International Organization at Columbia University. "That gives people like Chávez an opening that they can exploit."

Sarah Stephens, director of the Center for Democracy in the Americas, says that when Mr. Bush and American officials talk about " 'the axis of evil,' saying, 'You're with us or against us,' that rubs people the wrong way, and Chávez knows how to capitalize on that."

A survey by Latinobarómetro, a Chilean opinion research firm, found that the percentage of people in Latin America with a positive image of the United States fell to 61 percent in 2005 from 68 percent in 2000.

"Although good opinions gained ground between 2000 and 2001, due to the Sept. 11 attacks and sympathy for the people of the United States, the region's general opinion worsened again in 2003 and has since remained at around 60 percent," the survey found. From 1,000 to 1,200 people took part in the poll in each of 18 countries, with a margin of sampling error of about three percentage points.

So while there was official outrage over Mr. Chávez calling Mr. Bush "the devil," there was also a lot of applause and giggling, from dignitaries including the president of the General Assembly herself, Haya Rashed al-Khalifa of Bahrain, who was caught chuckling from her seat on the dais behind Mr. Chávez.

"Most unseemly," one United Nations official said with mock seriousness, then started laughing himself.

Officially, most diplomats here were quick to frown on the Venezuelan leader's remarks. But in quieter moments officials and diplomats said they feared that he was reaching a receptive audience of poor countries that felt exploited and bullied by the United States.

The Nonaligned Movement emerged during the cold war among countries that were trying to escape the orbits of the Soviet Union and the United States. But rather than build on that, Mr. Chávez and Mr. Ahmadinejad seem to be going in another direction: to build a coalition of countries aligned against Washington.

Some of that was on display last week in Havana at a meeting of leaders and diplomats from 118 countries in the Nonaligned Movement. The Times of London joked: "America might well call it the Axis of Evil summit."

The host of the Havana meeting was Mr. Castro — who was too sick to attend the actual meetings — and among those attending were Mr. Ahmadinejad, Mr. Chávez and officials from North Korea, Belarus and Syria. Raúl Castro, who took over from his brother as acting president of the movement, criticized what he called Washington's "irrational pretensions for world dominance."

The question now, though, is whether the Castros, Chávezes and Ahmadinejads of the world will succeed in wooing more countries to their camp. United Nations officials said member countries were becoming increasingly frustrated that the five

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permanent members of the Security Council — Britain, China, France, Russia and the United States — call all the shots, a point that Mr. Chávez and Mr. Ahmadinejad made repeatedly.

A movement to increase the number of permanent seats on the Council seemed to have died last year amid wrangling over who supported whom, but officials say the issue may now be resurrected. “It’s very interesting that after everyone declared Security Council reform over, it’s one of the top issues raised by heads of state this year,” a senior United Nations official said.

A secret ballot next month to fill the 10 nonpermanent seats on the Council may provide an early indicator of the influence of the anti-American bloc. Five seats are up for change every year, and Venezuela is in a battle with Guatemala for the Latin American one. Needless to say, the United States is backing Guatemala.

Venezuela has received the backing of Brazil, Paraguay, Argentina and several other countries, while Guatemala can count on the United States, Mexico and Colombia, among others. If the Latin American countries cannot reach a consensus — and they have not yet — the General Assembly will hold a secret ballot among its 192 members.

A win by Mr. Chávez, United Nations officials said, would not only mean livelier debate in the Security Council. It might also signal potential trouble for many Americansponsored issues before the Council, from putting a peacekeeping force into Darfur to efforts to reining in Iran’s nuclear ambitions.

Fiery Chavez Aims For A Global Role (WP)

By Juan Forero

The Washington Post, September 23, 2006

BOGOTA, Colombia, Sept. 22 -- Venezuelan President Hugo ChÃ¡vez's blistering attack on President Bush at the United Nations this week marked a striking crescendo in a campaign to project Venezuela as a country with the global reach to counter American initiatives.

Swimming in wealth from an oil bonanza, Venezuela has bestowed billions of dollars in aid and preferential deals across Latin America, burnishing ChÃ¡vez's image as heir apparent to President Fidel Castro of Cuba, his mentor and close friend.

But in recent months, ChÃ¡vez has been traveling the world -- not just seeking the economic deals his internationalist government has always wanted, but also pressing for influence in affairs far from Latin America, political analysts say. His immediate goal is to obtain enough backing to secure a two-year spot on the 15-member U.N. Security Council, a campaign the Bush administration is vigorously opposing by backing tiny Guatemala for the seat. But his long-term goal appears to be more far-reaching.

"Venezuela was too small for him; now I think Latin America is too small for him," said Michael Shifter, an analyst at the Inter-American Dialogue, a Washington policy group. "He wants to be a global leader who can shape the international agenda. This is sort of a shift to being involved in decision-making on very sensitive international and political affairs."

In one of the most derisive and caustic speeches in U.N. history, the Venezuelan leader on Wednesday labeled Bush "the devil" and "dear world dictator," leading to sustained applause at the General Assembly. On Thursday, speaking to the congregants of a church in Harlem, he called Bush an alcoholic and a sick man, "but very dangerous because he has lots of power."

Since July, ChÃ¡vez's feverish travel schedule has taken him to Iran, Syria, Russia, China, Vietnam, Belarus and other nations whose governments are often on less than favorable terms with the United States.

He has come away with support for his bid to gain the Security Council seat next month -- among his backers are Russia and China, who hold permanent council seats -- and solidified alliances against the Bush administration. ChÃ¡vez has railed against American efforts to neutralize Iran's nuclear efforts and the administration's support of Israel in its invasion of Lebanon.

Obtaining a Security Council seat would only further empower ChÃ¡vez. "This is why he's putting on the full-court press for the Security Council," said Riordan Roett, director of Latin American studies at Johns Hopkins University. "He sees this as a launching pad for Venezuela on the U.N. stage, which is a global stage. And there's no question that he would use the U.N. as a personal hobbyhorse to harass the White House."

Venezuelan officials cast ChÃ¡vez's diplomatic efforts as a high-minded necessity in the face of American imperialism. And they predicted that the General Assembly would approve Venezuela's entry into the Security Council.

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"The president's discourse and metaphors can leave people surprised, but they also generate a lot of solidarity, too, which will be put to the test in the Security Council vote," Francisco Arias CÃ¡rdenas, the Venezuelan ambassador to the United Nations, said by telephone from New York. "Saying these truths do not do damage."

Yet the Venezuelan leader's foreign policy has had mixed results.

In Latin America, he has mined widespread aversion to the Bush administration and capitalized on American blunders, such as the White House's decision to give tacit support to the opposition leaders who briefly overthrew ChÃ¡vez in 2002.

American financial backing of the opposition has also strengthened ChÃ¡vez, since he rarely misses an opportunity to portray his foes as lap dogs of the Bush administration. Foreign governments from Argentina to tiny Dominica have also benefited from Venezuelan largess.

But ChÃ¡vez's meddling in Peru's presidential election earlier this year doomed the candidacy of Ollanta Humala, a leftist whom Venezuela openly supported. AndrÃ©s Manuel LÃ³pez Obrador, the Mexican populist, saw his popularity fall ahead of July's election after his opponent, Felipe CalderÃ³n, portrayed him as the second coming of ChÃ¡vez. CalderÃ³n won a close election.

Two more presidential elections in which leftists close to ChÃ¡vez are running could also serve as a barometer of his appeal. In Ecuador, Rafael Correa, an economist, has a slight lead going into the Oct. 15 vote. And in Nicaragua, Daniel Ortega, the fierce Cold War opponent of the United States, has also led in polls as the country prepares for a Nov. 5 election.

"If he gives the impression of openly interfering or intervening in the elections in Ecuador and Nicaragua, it will backfire," said Wayne Smith, a former U.S. diplomat in Latin America who tracks ChÃ¡vez. "Maybe he will learn from his mistakes."

In Venezuela, ChÃ¡vez's railings against Bush have played well among his most fervent backers.

But pollsters in Caracas, the capital, say that while Venezuelans support the government's social programs, they do not back many of his international initiatives. More than 60 percent of Venezuelans reject the country's antagonistic relationship with the United States, according to the Datanalisis polling firm, while nearly 80 percent do not see Cuba as a model for Venezuela.

"Despite his popularity, he has some weaknesses, and Venezuelans complain that he is too aggressive verbally, and they frankly find it unpresidential," said Mark Feierstein, a former State Department official who works for Greenberg Quinlan Rosner, a Washington polling and political consulting firm that has operated in Venezuela.

ChÃ¡vez, first elected in 1998, is running for another term in December's election. He enjoys a sizable advantage over the main opposition challenger, Manuel Rosales, the governor of oil-rich Zulia state. But Rosales has chipped away at the president's lead by highlighting crime, corruption and social decay.

Opposition leaders predict that ChÃ¡vez's speech at the United Nations will only solidify support for Rosales. "This type of discourse just makes Venezuelans more and more worried about the future of our country," Antonio Ledezma, an opposition leader, said by phone from Caracas. "The president wants to be a world leader, and he sees little in Venezuela to occupy him."

Yet Luis Vicente Leon of Datanalisis said that focusing on international affairs is a tactical move designed to keep Rosales from effectively engaging ChÃ¡vez on domestic issues. "When he attacks, he attacks Bush, not Rosales," Leon said. "He ignores Rosales completely."

U.S. Best Seller, Thanks To Rave By Latin Leftist (NYT)

By Motoko Rich

The New York Times, September 23, 2006

All the authors currently clamoring for a seat on Oprah Winfrey's couch might do well to send copies of their books to the latest publishing tastemaker: Venezuela's president, Hugo Chávez.

Ever since Mr. Chávez held up a copy of a 301-page book by Noam Chomsky, the linguist and left-wing political commentator, during a speech at the United Nations on Wednesday, sales of the book have climbed best-seller lists at Amazon.com and BN.com, the online site for the book retailer Barnes & Noble, and booksellers around the country have noted a spike in sales.

The paperback edition of "Hegemony or Survival: America's Quest for Global Dominance," a detailed critique of American foreign policy that Mr. Chomsky published two years ago, hit No. 1 on Amazon's best-seller list yesterday, and the hardcover

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edition, published in 2003, climbed as high as No. 6. At both Borders Group and Barnes & Noble, sales of the title jumped ten fold in the last two days.

"It doesn't normally happen that you get someone of the stature of Mr. Chávez holding up a book at a speech at the U.N.," said Jay Hyde, a manager at Borders Group in Ann Arbor, Mich.

In his speech, in which Mr. Chávez excoriated President George W. Bush as the "devil," he held up a copy of "Hegemony" and urged his audience "very respectfully, to those who have not read this book, to read it."

Calling it an "excellent book to help us understand what has been happening in the world throughout the 20th century," Mr. Chávez added, "I think that the first people who should read this book are our brothers and sisters in the United States, because their threat is right in their own house."

Julia Versau, 50, a real estate writer in Valparaiso, Ind., said she saw Mr. Chávez holding up the book during a newscast on CNN. Although she had read Mr. Chomsky's work on propaganda at least a decade ago, she said, Mr. Chávez's speech reminded her to try the book.

"I saw the title and I went darn, I haven't read that one," Ms. Versau said in a telephone interview. "If he's reading that I better go check it out." She said that she had previously found Mr. Chomsky's work "a little dense," but said that "our democracy could use more people telling the truth and more people taking the time to read and get themselves educated."

Mr. Chomsky, who has retired from teaching full time at the Massachusetts Institute of Technology, did not return calls or an e-mail message yesterday seeking comment. In an interview with The New York Times on Thursday, he said he would be happy to meet Mr. Chávez.

Demand for the book seemed to be spread across the country. In Florida, Mitchell Kaplan, owner of Books & Books, an independent bookseller with locations in Miami Beach, Coral Gables and Bal Harbour, said he had already ordered 50 more copies of "Hegemony," while he usually keeps only about 3 per store. In Denver, Andrea Phillips, a manager at the Colfax Avenue branch of the bookseller the Tattered Cover, said "Hegemony" had sold three times as many copies this week as it normally would in a month.

On the University of Wisconsin campus in Madison, Rainbow Books, a workers' collective that specializes in leftist topics and carries many of Mr. Chomsky's works, the last copy of "Hegemony" was sold on Thursday.

Allen Ruff, a manager at Rainbow Books, said "Hegemony" had not sold particularly well when it was first published three years ago, because many regulars were already familiar with Mr. Chomsky's other works. But Mr. Ruff said the recent news media attention has meant that "people are now discovering him for the first time," and the store has ordered a dozen more copies.

Mr. Chomsky's publisher, Metropolitan Books, a unit of Henry Holt & Company, is printing an additional 25,000 copies of "Hegemony," of which it said there are currently 250,000 in print in hardcover and paperback. A Holt spokeswoman said that print run could go higher after consultation with booksellers.

Up until now, the book, which Samantha Power, writing in The New York Times Book Review in 2004, called "a raging and often meandering assault on United States foreign policy," has been a steady seller but never hit the best-seller lists. To date it has sold about 66,000 copies in hardcover and nearly 55,000 in paperback, according to Nielsen BookScan, which tracks bookstores and other outlets that usually account for 60 to 70 percent of a title's sales.

Mr. Chomsky, 77, is hardly an obscure writer. Many people have heard of the outspoken professor, who is a darling of the left, even if they have not yet read his work. "I think Chávez speaking to it renewed interest and made people say, 'I know that author and I'm going to check it out,' " said Bob Wietrak, vice president of merchandising at Barnes & Noble.

But Alan M. Dershowitz, the lawyer and Harvard Law School professor, said he doubted whether many of the current buyers would ever actually read the book.

"I don't know anybody who's ever read a Chomsky book," said Mr. Dershowitz, who said he first met Mr. Chomsky in 1948 at a Hebrew-speaking Zionist camp in the Pocono Mountains where Mr. Dershowitz was a camper and Mr. Chomsky was a counselor.

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"You buy them, you put them in your pockets, you put them out on your coffee table," said Mr. Dershowitz, a longtime critic of Mr. Chomsky. The people who are buying "Hegemony" now, he added, "I promise you they are not going to get to the end of the book."

He continued: "He does not write page turners, he writes page stoppers. There are a lot of bent pages in Noam Chomsky's books, and they are usually at about Page 16."

Regardless, most authors would be happy for a plug like Mr. Chávez's. "All world leaders should be enlisted in book publicity," said David Rosenthal, publisher of Simon & Schuster.

As a matter of fact, it is a growing trend. At a press conference in the East Room of the White House yesterday, Pervez Musharraf, the president of Pakistan, dodged a few questions by joking that Simon & Schuster, which is publishing his memoirs on Sept. 25, had barred him from commenting until his book is out. President Bush played along: "In other words, 'Buy the book' is what he's saying," Mr. Bush said.

Chomsky Book Sales Skyrocket (LAT)

By Chris Lee

The Los Angeles Times, September 23, 2006

Noam Chomsky's 2003 book, "Hegemony or Survival: America's Quest for Global Dominance," shot to No. 1 on the Amazon.com bestseller list Friday, two days after Venezuelan President Hugo Chavez held it up during a vitriolic speech to the United Nations.

At the start of his talk Wednesday, Chavez recommended that anyone wishing to understand "what has been happening in the world through the 20th century" should read Chomsky's book.

"Hegemony or Survival" posits that American foreign policy over the last half-century has pursued a strategy to control the world, and that by its own definition of terrorism, the U.S. has been a terrorist state.

The book rocketed from the 20,664th place on the website's list, past preorders for the perennially popular John Grisham's "The Innocent Man," to achieve the top position. As of Friday evening, the 2004 paperback edition of "Hegemony or Survival" was No. 1 and the hardcover edition was No. 10 at Amazon. On the Barnes & Noble bestseller list, the paperback was No. 3 and the hardback No. 30.

As an aside to the General Assembly address in which Chavez pronounced the U.N. "worthless" and referred to President Bush as "the devil," the Venezuelan president mentioned his regret at never having met Chomsky before he died.

An icon of the American left, Chomsky is, in fact, alive and well and living in Lexington, Mass. "I continue to work and write," Chomsky told the New York Times on Thursday.

His wife, Carol, declined to put Chomsky on the phone when a reporter called Friday, explaining that he had been "flooded" with interview requests.

Chomsky, 77, is often called the father of modern linguistics. In his political writings, he has been a frequent and fierce critic of American establishment politics. His many books include the bestseller "9-11," a collection of interviews conducted soon after the tragedy, and this spring's "Failed States: The Abuse of Power and the Assault on Democracy."

A Scholar Is Alive, Actually, And Hungry For Debate (NYT)

By Marc Santora

The New York Times, September 23, 2006

At a news conference after his spirited address to the United Nations on Wednesday, President Hugo Chávez of Venezuela expressed one regret: not having met that icon of the American left, the linguist Noam Chomsky, before his death.

Yesterday, a call to Mr. Chomsky's house found him very much alive. In fact, he was struggling through "10,000 e-mails" he had received since the remarks by Mr. Chávez, who urged Americans to read one of Mr. Chomsky's books instead of watching Superman and Batman movies, which he said "make people stupid."

At 77, Mr. Chomsky has joined the exclusive club of luminaries, like the actor Abe Vigoda and Mark Twain, who were reported dead before their time, only to contradict the reports by continuing to breathe.

"I continue to work and write," he said, speaking from his house in Lexington, Mass.

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Mr. Chávez, while addressing world leaders at the United Nations, flagged "Hegemony or Survival: America's Quest for Global Dominance," which Mr. Chomsky published in 2003, as a must-read. Mr. Chomsky said he was glad that Mr. Chávez liked his book, but he would not describe himself as flattered.

"We should look at ourselves through our own eyes and not other people's eyes," he said.

Mr. Chomsky said he had taken no offense at Mr. Chávez's remarks about his being dead. In fact, Mr. Chávez's promotion of the book propelled it yesterday into Amazon's top 10 best sellers.

While retired from teaching full time, Mr. Chomsky still goes to his office at the Massachusetts Institute of Technology, occasionally lecturing and also working on a new book.

At the United Nations, the remarks by Mr. Chávez on Wednesday set off a firestorm that almost overshadowed the visit by Iran's president, Mahmoud Ahmadinejad, whose country has been under intense global scrutiny for its nuclear ambitions. From the podium of the General Assembly, the Venezuelan leader said he smelled lingering sulfur, left by President Bush, who had spoken there the day before and whom he branded "the devil."

Mr. Chávez continued mocking Mr. Bush yesterday in Harlem, where he announced the expansion of a program to send cheap Venezuelan oil to poor families in New York. He told a group gathered on the street that the president was an "ex-alcoholic" who had "a lot of hang-ups" and tried to walk "like John Wayne."

Mr. Chomsky said that he would not choose to use the same harsh oratory, but added that the Venezuelan leader was simply expressing the views of many in the world. And he said Mr. Chávez's anger was understandable.

"The Bush administration backed a coup to overthrow his government," he said. "Suppose Venezuela supported a military coup that overthrew the government of the United States? Would we think it was a joke?"

Proving that he was still up for a lively debate, Mr. Chomsky then went on to talk about income inequality in Latin America, the history of the United Nations, Iraq, Iran, Fidel Castro and, finally, the man who so fervently admires him, Mr. Chávez.

"I have been quite interested in his policies," Mr. Chomsky said. "Personally, I think many of them are quite constructive." Most important, he said, Mr. Chávez seems to have the overwhelming support of the people in his country. "He has gone through six closely supervised elections," he said.

So would Mr. Chomsky oblige Mr. Chávez's wish for a meeting, helping ensure that the South American leader will not have that regret to live with anymore?

"I would be happy to meet him," Mr. Chomsky said.

But that encounter may have to wait: Mr. Chávez was to return to Venezuela as soon as today.

The World Is As Hot As The Devil (WSJ)

By Peggy Noonan

The Wall Street Journal, September 23, 2006

This is what I was thinking as I walked this week along the siren-filled streets of New York: The temperature of the world is very high.

We have a global warming problem, and maybe it's due to an increase in the output of heated words. And they too can, in the end, melt icecaps.

"The Pope must die." "The Holocaust is a lie." "I can still smell the sulfur."

The last of course from the democratically elected president of the republic of Venezuela, population 26 million, which helps keep America going economically by selling it, at significant profit, oil.

His remarks were startling. No one wants to dignify them with a response. But that's a mistake. Because the world heard them.

U.N. speeches are, by history and tradition, boring. You daydream to them. This is not all accident, not only the result of the fact that a nation's diplomats don't usually come from the more scintillating parts of its elites. (They rose to the U.N. in the first place because they didn't fatally offend anyone back home.) Their speeches are dull because they know divisions can be dodged or blunted by a heartening vagueness. And so their words are blankets, not bullets; meant to envelop, not pierce.

But here was Hugo Chávez Wednesday to the General Assembly:

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The "pretensions" of "the American empire" threaten "the survival" of mankind. The world must "halt this threat." The American president talks "as if he owned the world" and leads a "world dictatorship" that must not be allowed to "be consolidated." Bush will spend "the rest of [his] days as a nightmare." The U.S. government is "imperialist, fascist, assassin, genocidal," a "hypocritical" empire that only pretends to mourn the deaths of innocents. But not only the Mideast will rise. "People of the South," "oppressed" by America, must "strengthen ourselves, our will to do battle."

That's not vague. It's a call to arms.

The administration quickly moved to dismiss it: More bilge from the buffoon, more opera bouffe. We won't comment or dignify.

The right doesn't want to take him seriously (we don't need more problems), and the left doesn't want to see him clearly (we gave birth to that?). But Chávez's speech achieved a great deal, and it is foolish to pretend otherwise.

He raised his own standing. He got the world to look at him. He emerged in the speech as heir to the dying Fidel Castro, who he was careful to note is still alive and kicking. Chávez doesn't want to be the current Fidel, the old man in soft fatigues, but the Fidel of 1960, who when he went to the U.N. pointedly camped in a hotel in Harlem, and electrified the masses. Chávez even followed his speech with the announcement he was giving heating oil to the needy of the Bronx. You know what they said in the Bronx? Thanks! It went over big on local TV.

He broke through the clutter. Everyone this weekend will be discussing what he said -- exactly what he said, and how he said it.

He shook things up. His speech was, essentially if implicitly, a call to resistance, by any means, to the government of the United States.

He broadened his claimed base. Chávez made the argument that it is not America versus Saddam or America versus terrorists but the American Empire versus all the yearning people of the world. He claimed as his constituency everyone unhappy with the unipolar world.

He acknowledged a particular reality by putting distance between the current administration and the American people. This is not so much new as shrewd, and telling. It is an unacknowledged fact known to every diplomat in the world that the people of the world like Americans. Old Europe and new, Africa, people on the ground all over, have some acquaintance with the particular American character of openness and generosity. We turn our faith, and guilt at good fortune, into do-gooding. We send money, bring bandages and overtip. The world has met us. (This by the way is our biggest foreign-policy strength.) Those who attack America are forced to speak highly of Americans, and Chávez did, which allows him to reach potential new allies here. People don't mind being told they are very fine but their government is very wicked. He gave new cover to critics of America. Jacques Chirac to Condoleezza Rice the next time he throws a snare: "You think I'm bad? Chávez would kill you!"

America has seen this before, seen Khrushchev bang his shoe on the table and say "We will bury you." We grew up watching our flag being burned on TV. So it's tempting to think this is part of a meaningless continuum.

But the temperature of the world is very high, and maybe we're not stuck in a continuum but barreling down a dark corridor. The problem with heated words now is that it's not the old world anymore. In the old world, incompetent governments dragged cannons through the mud to set up a ragged front. Now every nut and nation wants, has or is trying to develop nukes.

Harsh words inspire the unstable.

Coolants are needed. Here is an idea. Don't try to ignore Chávez, answer him. With the humility that comes with deep confidence, with facts, and with some humor, too.

There is an opportunity for the Democratic Party. Some Democrats responded with spirited indignation the day after Chávez spoke, and it was rousing. But Chávez's charges were grave, and he claimed America's abuses could be tracked back a century. If the Democrats seek to speak for America, why not start with a serious and textured response, one that isn't a political blast-back but a high-minded putting forward of facts? This would take guts, and farsightedness. Rebutting a wild-eyed man who says you can find redemption reading Noam Chomsky is a little too much like rebutting a part of your base.

As for the administration, it is so in the habit of asserting, defending and repeating, it barely remembers how to persuade and appeal. It speaks starkly and carries a big stick. It feels so beleaguered on a daily basis, and so snakebit, that even its mildest players have taken refuge in gritting their teeth and tunneling on. They take comfort in this: They think Chávez helps them. See

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what we're up against? But that's not a response, it's a way not to respond. It doesn't help, because it doesn't even try to cool things down. Which is no good, because the temperature of the world is very high.

Sanction Talks Underway If Iran Balks (AP-Y)

By Edith M. Lederer

AP, September 23, 2006

Key nations trying to curb Iran's nuclear ambitions are hoping Tehran will agree quickly to suspend uranium enrichment and return to negotiations, but they are planning for sanctions if it does not, diplomats said Friday.

Russia, the United States, Britain, France, Germany and China are pressing for a meeting next week of top negotiators from both sides and hoping for an answer from Iran. Senior diplomats from the six nations met Friday to discuss what sanctions should be imposed on Tehran if it refuses to suspend its enrichment program, U.S. Undersecretary of State Nicholas Burns said.

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity and insists its program is peaceful. Enrichment can also create material for atomic bombs, however, and the United States and other nations suspect that is Tehran's real goal.

The U.N. Security Council set an Aug. 31 deadline for Iran to suspend enrichment or face mild initial sanctions. It urged the Iranian government to respond positively to a package of incentives put forward in June by the six parties. Iran responded in a lengthy document that raised many questions.

U.S. Secretary of State Condoleezza Rice told reporters in New York that she was confident that "everybody is committed" to the provisions of the resolution.

"If Iran is not willing to suspend ... its enrichment and reprocessing activities and enter negotiations, then we will have Security Council action under Article 41 Chapter 7," she said, referring to the article for sanctions. "I am absolutely certain of that and we will do so. We want to give diplomacy its best chance but I can assure you the time is not endless."

French Foreign Minister Philippe Douste-Blazy said the six parties let the deadline slip after the European Union's foreign policy chief Javier Solana described his initial meeting with Iran's top negotiator Ali Larijani as "constructive."

The parties had expected Solana and Larijani to meet this week on the sidelines of the U.N. General Assembly's ministerial meeting, but the Iranian negotiator never made it to New York. Douste-Blazy said no specific date was set for a Solana-Larijani meeting, but "we do hope for next week, and I hope the beginning of next week."

U.S. Ambassador John Bolton said Solana "is looking to find out where Larijani is, and then see if they can agree on a mutually convenient great city of Europe where they can meet."

Douste-Blazy opened his meeting with reporters, noting that Iran's President Mahmoud Ahmadinejad said for the first time at a press conference Thursday that Iran is prepared to negotiate the suspension of its enrichment activities — if there are fair conditions.

Ahmadinejad told reporters "our position on suspension is very clear."

"In the package given to the Europeans, we've discussed that. We have said that under fair conditions and just conditions, we will negotiate about it — under fair and just conditions, I repeat," the Iranian president said.

French President Jacques Chirac has proposed that at the start of negotiations, Iran could suspend uranium enrichment and the Security Council could suspend its push for sanctions.

"I believe that it is important to see rather fast whether the Iranians do wish or not to suspend enrichment," Douste-Blazy said.

If the Iranians are not open to the package of incentives, he said, then the Security Council should move ahead with sanctions.

Burns said he did not expect the foreign ministry political directors to make a decision Friday on what sanctions should be included in the first round, should that be necessary.

"We're very much hoping Iran will do the right thing," he said. "Rather than rely on words, we're going to look at deeds. That would be full suspension."

At Home, Tehran Deals With A Restive Arab Minority (NYT)

DOJ_NMG_0067949

By Michael Slackman

The New York Times, September 22, 2006

TEHRAN — "Help my young child — please help me," cried Yabrra Banitamim, 65, in a conference room in the north of this city crowded with a dozen relatives of two men found guilty of participating in a string of deadly bombings in Iran.

The men, Malek Banitamim, 30, and Ghasem Sallamat, 42, are from Khuzestan Province, in the country's southwest. They are Arabs in a country that is predominantly Persian and that is accused by segments of its Arab population of treating them like second-class citizens, thereby creating a separatist backlash.

Iran wants to be a leader in the Islamic world, spreading its reach and influence among Arabs and Indonesians, Sunnis and Shiites. And with its support for Hezbollah in Lebanon and its defiance of the West, it has made some progress.

But at home, Iran has often had to labor to unify its own people under one national identity, restricting the expression of ethnic variations — like languages — that it views as undermining that unity. The problem is often most apparent with its Arabs.

"There is a contradiction in Iran's behavior toward Arab countries and toward the Arabs in the south of Iran," said Mustafa el-Labbad, an expert in Iranian affairs who is based in Cairo.

Iran is a multiethnic nation. More than half of its 70 million people are Persian, and about 3 percent are Arabs. Other groups include the Azeris, Kurds, Turkmen, Baluchis and Lurs. Iran has recently faced strong protests from some ethnic groups, like the Azeris, with several demanding greater autonomy and cultural freedom.

In the Arab region, the authorities say, separatist groups became violent last year, setting off a string of terrorist bombs that killed or wounded many people. Mr. Banitamim and Mr. Sallamat were convicted and ordered hanged for their involvement in those attacks.

But to relatives of these men it is impossible to talk only about the crimes they were charged with. Their families see the acts of terrorism as intimately linked with the frustration and lack of hope that stems from the poverty that they say is forced on them by a majority that discriminates. This is a reality that the Iranian authorities have tried, but not succeeded, in reconciling.

"The Islamic Republic is dealing with its own terrorism problem the same way the U.S. is dealing with Al Qaeda," said Emad Baghi, a former cleric who now heads the Tehran-based Organization for the Defense of Prisoners' Rights.

What he meant, he said, was that both governments were using force rather than understanding.

Mr. Banitamim and Mr. Sallamat were arrested on March 11, along with 15 other men and two women. Six of that group remain under investigation, while the rest have been convicted and sentenced to death, the relatives said.

Fearful and frustrated, more than 150 family members and friends of the convicted came to Tehran to urge the authorities to lift the death sentences. Their first stop was to visit Mr. Baghi.

"The prisoners are sentenced to death because of their confessions," said Mr. Banitamim's older brother Yaghoub, as he opened the conversation with Mr. Baghi. "Their confessions were made under torture. They didn't do anything."

Mr. Baghi, who spends his days listening to the sorrows of prisoners' families, gently asked if, indeed, the men were part of the organization that had been connected to bombings in Ahvaz, the capital of Khuzestan. "We don't know," the brother said, his gaze cast down.

Then, perhaps aware that Mr. Baghi already knew the answer, that the men were members of the group, he said: "They can sentence him to life in prison. We just want to stop the execution."

Iranian officials insist that there is no discrimination against Arabs or, for that matter, any of Iran's ethnic minorities. They note, for example, that classical Arabic is taught in schools. They point out that the country's supreme leader, Ayatollah Ali Khamenei, is of Azeri descent.

And they accuse Western governments of financing and helping to incite groups responsible for the violence in Ahvaz. That charge may sound self-serving, but a European diplomat in Tehran said intelligence reports from the diplomat's home capital confirmed that there was Western support for at least one of the separatist groups.

But that has not diminished what many Iranians say is the broader need to address the social, political and cultural concerns of many ethnic groups, including Arabs. "I believe," Mr. Baghi said, "that instead of labeling people terrorists, we should also try to understand the reason why."

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Khuzestan is a place that illustrates the contradictions that can breed anger. The region sits atop most of the country's oil wealth, yet its Arab residents are mostly poor. At the same time, many Arabs complain that they see their country's wealth helping to rebuild Lebanon.

The London-based pan-Arab newspaper Al Sharq al Awsat recently reported that in Khuzestan, "residents launched slogans condemning Hezbollah and the government and asked for the rebuilding of their own destroyed homes instead of interference in the internal affairs of Lebanon."

Similar grievances could be heard from the relatives of the condemned men. "We suffered a lot because of the war with Iraq," said Mr. Sallamat's wife, Samira, referring to Khuzestan's proximity to the border with Iraq. "This is not fair. We have done nothing wrong. God knows we've done nothing wrong."

Mr. Baghi could do no more than advise her on a strategy. But he represented an authority figure, a bridge from the deprivation of Ahvaz to the power of Tehran. Her anger exploded. "Our problems are not only economic, they are cultural," she complained. "They even find fault with the way we dress." The "they" she was referring to were her Persian neighbors.

The complaints, the crying, the charges of discrimination went on around the room. A child's eyes filled with tears every time someone mentioned that his father was to be hanged, or that his relatives could not find work because, the charge went, they were Arab.

When the relatives left, Mr. Baghi cautioned against sympathy. He said that the terrorists had taken a video of the explosions and that it had fallen into the hands of the authorities.

But it is also often much easier to make friends with strangers than to settle differences with people living under the same roof. Mr. Labbad of Egypt said that was exactly the case with Iran. When Iran addresses Arabs outside its borders, he said, it can focus on common enemies in the United States and Israel. It has no obligation beyond giving voice to feelings that already exist.

But when it comes to its own Arab population, its first responsibility is to provide life's essentials — food, work and shelter. And that is what the families of the two condemned men tried to say, why the grievance over the sentence had become a catalyst for venting their frustrations.

"I have nine brothers and sisters, and out of all of us one brother — the brother who was arrested — was working," said Yaghoub Banitamim. "What is the reason? Only because we are Arabs."

Israeli Calls Ahmadinejad Invite Wrong (AP)

By Barry Schweid

AP, September 23, 2006

Israeli Ambassador Daniel Ayalon criticized the Council on Foreign Relations on Friday for providing a forum for Iranian President Mahmoud Ahmadinejad and what he called abhorrent views.

In a letter to Richard Haass, a former high-ranked State Department official who now heads the think tank, Ayalon called the decision to host the Iranian leader a "terrible mistake," even though Ayalon said he was sure neither Haass nor any member of the council endorsed Ahmadinejad's views.

"Rather than make clear that his abhorrent views are unworthy of so much as a hearing, the very fact that an organization like the council convened to listen to his ranting provided Ahmadinejad legitimacy," the ambassador wrote.

In New York mostly to address the special session of the U.N. General Assembly, the Iranian leader met with 19 council members Wednesday. He also gave several media interviews.

Haass said afterward, "I am not sure we learned anything new." But Haass said in a statement that the Iranian leader may have learned about American attitudes from those with whom he sparred.

The chairman of the conference, Peter G. Peterson, said Wednesday he had told Ahmadinejad that a majority of Americans were "horrified" by his assertions.

In the past, these have included calling the Holocaust, in which 6 million Jews perished, a myth and calling for Israel to be wiped off the map.

Ayalon said meeting with Ahmadinejad was worse than if the council had met with Hitler, the leader of Nazi Germany. Hitler did not call openly for genocide in the 1930s, the ambassador said.

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"Appeasing fanatics like Hitler and granting them legitimacy leads to genocide and war," Ayalon wrote.

A copy of the letter was obtained by The Associated Press.

Coffee With The Enemy (LAT)

By Richard N. Haass, Richard N. Haass, Former State Department Director Of Policy Planning, Is President Of The Council O

The Los Angeles Times, September 23, 2006

Council on Foreign Relations chief explains why his organization hosted a discussion with Iran's president.

THE COUNCIL on Foreign Relations has hosted literally tens of thousands of meetings in its 85-year history, but few have generated as much interest or controversy as the session held Wednesday night in New York with Iranian President Mahmoud Ahmadinejad.

Critics said the meeting was immoral because it bestowed a degree of legitimacy on a man who does not deserve any, given his refusal to accept the reality of the Holocaust and his rejection of Israel. Others predicted that any time spent with Ahmadinejad would be a waste; that the statements of those there would have no effect on him and that we would learn nothing in return.

Nevertheless, we decided to go ahead with the meeting. This reflects the mission and nonpartisan tradition of the council. Exchange does not constitute endorsement. We have a long history of meeting with controversial leaders, including Fidel Castro, with whom many of our more than 4,000 members — and many Americans — disagree.

The reason is simple: Face-to-face meetings are often valuable. In my experience as a government official, I learned that leaders too often become isolated. Meeting with them ensures that they and those around them get to hear what you have to say, unfiltered. Equally important, meeting with someone provides you with a better understanding of their substance and style. Rarely do you leave an encounter exactly as you came in.

I believe the decision to host the meeting this week was justified by what, in fact, happened. For nearly two hours, about two dozen members of the council challenged Ahmadinejad on his denial of the Holocaust, his refusal to recognize Israel, human rights abuses inside Iran, Iran's nuclear ambitions and its activities in Iraq.

Ahmadinejad, for his part, gave as good as he got, challenging Americans on everything from our own nuclear program to U.S. policy in Iraq to American democracy.

Did we learn anything? I heard three things of considerable interest. Ahmadinejad said that Iran was open to cooperating to stabilize Iraq; that Iran believed it had a right to enrich uranium but that, for religious reasons, it was prohibited from having nuclear weapons; and that Iran is open to relations with the United States if Washington is prepared to take the initiative.

The last statement in particular is worth considering. It is one thing for a private, independent group of individuals not associated with the U.S. government to meet with Iran's president; it is something else for U.S. officials to meet with various representatives of Iran's government.

In my view, they should. There is little evidence that the alternative policies have worked or show any promise of working. The Iranian regime is entrenched despite years of American hopes for change. Using military force might not succeed in destroying Iran's nuclear installations, but it would lead Iran to reconstruct them in a more difficult-to-attack fashion, trigger terrorism and likely lead to far higher prices for oil and a global economic crisis.

Direct dialogue is also worth exploring because of Ahmadinejad himself. Effective leaders have both the will and the ability to make deals. Ahmadinejad, more than any of his predecessors, has the ability. The question here is one of political desire. The best way to gauge this is through dialogue.

For one thing, it may work. The two countries may be able to agree on a formula that places a mutually acceptable ceiling on Iran's nuclear activities and on ways to stabilize both Afghanistan and Iraq.

But dialogue also makes sense even if it fails. It is important to be able to demonstrate to American citizens and the world alike that the United States made a good-faith effort to resolve differences diplomatically before turning to sanctions or other policies.

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It is time to see dialogue and diplomacy as what they are: not as a favor to bestow but as a favor to ourselves. Diplomacy is not a moral judgment but a tool with the potential to advance U.S. interests. We should have the confidence to employ it; if we do, we are more likely to isolate others than ourselves, which too often is now the case.

Iranian Rhetoric Aside, It May Be Time To Talk (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 23, 2006

NEW YORK At some point these past few years, diplomacy went out of fashion. I'm not sure precisely when, but all the signs are that it's time for a rethink. The world needs a bout of bridge-building.

A little incident this week illustrated the current confrontational climate. Richard Haass, who ran policy planning at the State Department during President George W. Bush's first term, got himself into a tight spot by inviting President Mahmoud Ahmadinejad of Iran to the Council on Foreign Relations.

Condoleezza Rice, the secretary of state, disapproved. An outrage, said Jewish groups that boycotted the meeting. Glib the-next-Hitler rhetoric did the rounds. Ahmadinejad rambled on for almost two hours, giving vent to some odious blather and leaving open the fundamental question: is he all talk or is his menace for real?

Haass, the president of the council, is unrepentant. "I don't see diplomacy or talking as a favor or an endorsement or a gift," he said. "To me, it's a tool, and I'm confident that if used right, it can advance our interests."

He continued: "The United States gets itself in trouble when it limits its options and approaches diplomacy as a value judgment. It's not obvious to me, looking at the last 50 or 60 years, that we paid a price for talking to the Soviets. At the end of all the talking, we won the Cold War."

At a time when the Bush administration uses every opportunity to cast the current war against Islamic fanaticism as comparable in scope and possible duration with the fight against communism, that's an important point. If we are really in a Cold War rerun of some sort - a disputed idea - let's at least deploy some of the lessons we learned.

The first is that non-communication is dangerous. The long-term upshot of the Cuban missile crisis of 1962, which almost brought nuclear Armageddon, was the notion that engagement can be useful.

In their various ways, cycles of U.S.- Soviet arms control talks, the Helsinki Accords of 1975 and the concept of peaceful coexistence enshrined in the policies of détente all brought the world back from the brink.

Sure, Helsinki comforted a totalitarian regime by declaring the inviolability of borders, but it also provided an avenue for the Western monitoring of human and civil rights issues, and so chipped away at the communist empire. Sometimes little things produce big results over time.

The second lesson is that the enemy may be large but that doesn't mean it's monolithic. Richard Nixon understood in 1972 that the United States could divide its enemy by reaching out to part of it, and so he headed for China.

Just like communism, Islamic fascism, to use the Bush administration's current favored term for a motley band of anti-Western jihadists, is by no means one bloc or movement. It's several.

"Until we accept that we're not facing one enemy, we'll just be banging our head against the problem," Philip Gordon of the Brookings Institution said. "Bush likes moral clarity, and of course it's easier to talk of good guys and bad guys. But sometimes you have to deal with the bad guys to get at the worse guys, and Bush doesn't want to admit that, or the fact that some of his enemies are killing each other."

They certainly are. Insurgent Sunnis and radical Shiites are heavily into the mutual slaughter business in Iraq. Along the same Sunni-Shiite divide, Al Qaeda eyes Hezbollah with suspicion. All the shared slogans - eternal Palestine, ephemeral Israel, evil America - elide but do not erase these fault lines.

It is the role of diplomacy to probe at fault lines in order to weaken the enemy and, over time, incline it to compromise. The braggadocio of with-us-or-against-us rhetoric has a ring to it and may win elections, but it ends up creating a mass of people who make the choice: They're against us. That's costly and potentially dangerous. The world's drift since 2001 is anything but comforting.

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Neoconservatives have a foreign policy hero: Ronald Reagan. He's the man who won the Cold War by standing up to the enemy. He called a spade a spade: the communist empire was "evil." He deployed Pershing II medium-range missiles in Europe, starting in 1983, to focus the Soviet mind. And he embarked on a far-fetched program to shoot down Soviet missiles in space.

But Reagan also went to Reykjavik and embraced Mikhail Gorbachev and accepted the so-called "double- zero option" that involved removing those Pershing missiles. In short, he engaged. He talked.

Perhaps the Bush administration, chastened by Iraq, feels it is following a similar arc. A softening of Bush's tone was discernible at the United Nations this week. Under Secretary of State Nicholas Burns said talks with Iran had gone into "extra innings." He added, "We are seeking a diplomatic solution."

For that, the West may have to drop its insistence that Iran end all nuclear enrichment activities before negotiations begin. "I would simply suggest that we not worry so much about preconditions," Haass said. "Who cares about the entry costs? It's the exit results that matter."

Burns knows about effective carrot- and-stick diplomacy. He was a central member of the team led by Richard Holbrooke that a decade ago cudgeled the warring parties in Bosnia into a compromise that has held. That exercise involved sitting down with mass murderers. Up to now, Ahmadinejad has only talked the talk.

Let's think about this. Any chance of controlling the mayhem in Iraq without Iranian cooperation? Nope. Any chance of a peace between Israel and Palestine without Iran putting a brake on its surrogates? Nope. Any more promising potential partner on the other side of the widening abyss between the West and radical Islam? Nope.

In the Bush-led quest to transform the Middle East, a stick has been applied in Iraq. Its corollary almost certainly has to be a carrot deployed in Iran. It's time to swallow hard and start talking.

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Monday: Albert R. Hunt on former President Bill Clinton.

U.S. Sees Diminishing North Korea Threat (AP)

By Robert Burns

AP, September 23, 2006

North Korea's military has grown markedly less capable of a successful attack on South Korea, in part because the U.S. has been choking the North financially, says the top U.S. commander in the Pacific.

The military mismatch between an economically powerful South Korea and a declining North Korea is widening year by year, Adm. William Fallon, commander of U.S. Pacific Command, told a group of defense writers Friday.

"I'm not going to discount this threat," he said of the North Korean military. "But their ability to sustain major combat for a lengthy period of time I believe is much less than it was in the past, particularly given the growth in South Korean capabilities."

His comments echoed in some ways an assessment of the military situation on the Korean peninsula offered by Defense Secretary Donald H. Rumsfeld. Rumsfeld said Aug. 27 that South Korea no longer needs to regard the North as an immediate military threat. While the North is a threat to spread ballistic missiles and other dangerous technologies, its conventional military strength is eroding as its economy crumbles, he said.

Fallon cited two reasons behind the North's decline as a conventional military threat. First, its economy is starved.

"As I look at their people, just the physical appearance of them, they appear year by year to be physically diminished," he said. "There's also a major financial problem. We've been choking them financially from the outside. So their ability to get resources has been diminished. The trend lines are pretty obviously going in different directions" in the North and South.

Much of the public focus on North Korea in recent years has been its nuclear weapons program. Fallon did not discount the importance of the nuclear problem, but said it is unclear whether the North actually has nuclear weapons that it could place atop a missile capable of reaching American territory.

Fallon said he saw no reason to believe the North would invade the South. The fear of an invasion has been the main reason the United States has kept thousands of troops in the South since the Korean War ended in July 1953.

As the South has grown stronger, its reliance on U.S. forces has lessened in some respects.

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"It's very clear — and we've known this — that the (Koreans) want to put on the table" the issue of when they would regain full command of their own troops during wartime, Fallon said.

Under the current arrangement, the South Koreans have full control during peacetime but in time of war they would place their forces under Combined Forces Command, a headquarters controlled by the top U.S. commander in Seoul, Army Gen. B.B. Bell.

Prior to 1994, the U.S. commander also had authority over South Korean forces even in peacetime. The arrangement has evolved from the Korean War, which began when North Korea invaded the South in June 1950.

The Bush administration wants the command change to occur as early as 2009, but the Seoul government favors a later date. The issue was discussed Thursday when President Bush met with South Korean President Roh Moo-hyun, who has said regaining full Korean control is a matter of national sovereignty.

There are now about 29,500 U.S. troops in South Korea. That is set to decline to 25,000 by 2008.

Whether the transfer of wartime control to the South Koreans leads to a further reduction of U.S. forces "is something you deal with after the fact," Fallon said.

North Korea's Strike Range Cast In Doubt (LAT)

By Peter Spiegel

The Los Angeles Times, September 23, 2006

The U.S.'s top Pacific commander says Pyongyang's missiles can't reach the States.

WASHINGTON — The admiral in charge of American forces in Asia said Friday that he believes North Korea has no missile capable of reaching long distances and is unlikely to have one "for a while."

Navy Adm. William J. Fallon, the military's top officer in the Pacific, said that although the U.S. has limited intelligence on North Korea's missile program and even less on the secretive government's intentions, the failure of Pyongyang's test of a long-range missile in July was a sign that such technologies remain out of the regime's grasp.

"The fact that it failed, and the fact that apparently the last time they did this, which was eight years ago, it was also a failure, indicates some problems," Fallon told a group of military writers. "Before we could credibly give them a capability, or assign a capability, they'd have to demonstrate an ability to actually get a missile off the pad and have it fly at long range."

Fallon's position varies in some respects from that of Defense Secretary Donald H. Rumsfeld, who has continued to warn of the threat of North Korea's Taepodong 2 long-range missile even after the recent test firing in which the rocket blew up less than a minute after liftoff.

"The Taepodong 2 is estimated to have the range that conceivably could reach the United States," Rumsfeld said shortly after the launch. "And the fact that it failed is a fact, but it does not change the nature of the launch."

North Korea's ability to launch long-range missiles has become highly politicized, with Bush administration critics saying Rumsfeld has overstated the threat to gain funding for the Pentagon's multibillion-dollar missile defense system.

Fallon said the July launch may have been meant primarily as a provocation rather than a genuine test of capabilities. He added that the U.S. military was taken by surprise by the multiple firings of several different missiles during the Taepodong 2 test. A total of seven missiles were fired over the course of several hours on July 4.

The Pacific commander also cast doubt on North Korea's ability to launch a successful invasion of the South, saying Pyongyang's ground forces have gradually degraded in recent years, thanks in part to international economic sanctions.

Since taking over Pacific Command 18 months ago, Fallon has traveled to China three times and has emerged as a leading proponent of more active engagement with Beijing, particularly between the two militaries.

Pentagon planning documents issued in February describe China as the country with the greatest potential to become America's military adversary in the future, but Fallon said the U.S. should be working to increase the number of visits and exchanges with the Chinese military. He acknowledged, however, that his view was not shared by others in the U.S. government.

Though he did not mention specific policymakers, Fallon said "institutions of our government" still tended to treat China as they once treated the Soviet Union, an approach he disagreed with. "It isn't a clone of the Soviet Union," Fallon said. "If you are basing most of your relationship on assumptions, you have a high probability of being incorrect, just on the law of averages."

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This week, two Chinese naval ships docked in San Diego, a port visit that was followed by one of the first joint military exercises between the two countries in years. Fallon said China would reciprocate with a more complex joint exercise off its coast this year.

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US Threatens To Send Fighter Jets Out Of South Korea (AFP)

AFP, September 23, 2006

The United States has threatened to move its jet fighters out of the Korean peninsula unless Seoul offers a new, exclusive firing range for US airmen within a month, reports said.

The warning from Lieutenant General Garry Trexler, deputy head of US troops here, was construed as an ultimatum to South Korea ahead of high-level security talks in Washington next month.

South Korean newspapers quoted Trexler as saying in a forum Friday that US pilots in South Korea have gone abroad to conduct firing exercises since their firing range closed in August last year.

"I think we are very close in coming to closure on this issue but if it's not done within the next 30 days, we'll be forced to send aircraft which are critical to the deterrence of this peninsula off this peninsula," he was quoted as saying.

South Korea promised to build an electronic weapons scoring system for US bombing exercises on Jikdo, 70 kilometers (42 miles) off the southwestern port of Kunsan, but construction has been delayed due to protests over the move.

Under a mutual defense pact, South Korea has provided training facilities for some 29,500 US soldiers stationed here to help South Korean troops face up to North Korea's 1.2 million-strong army.

"If a nation has a military, that nation has a sacred obligation to ensure that they provide adequate training areas for that military training. That is true for the Republic of Korea military," the US air force commander said.

South Korea is in talks with the United States to regain wartime operational control over South Korean troops by 2012, a major change in their alliance which dates back to the 1950-1953 Korean War.

South Korea would currently put its troops under the US-led Combined Forces Command if war broke out on the peninsula.

The issue has split society between supporters of Roh, who say the transfer is a matter of national pride, and conservative opponents who fear it will weaken defences against North Korea, a self-proclaimed nuclear-armed state.

Rice, Others Press Sudan To Open Darfur To U.N. Force (WP)

By Colum Lynch

The Washington Post, September 23, 2006

UNITED NATIONS, Sept. 22 -- Secretary of State Condoleezza Rice on Friday renewed her call for Sudan to halt a military offensive in Darfur and yield to international pressure to allow more than 20,000 U.N. peacekeepers to protect civilians there.

Rice spoke at a gathering of representatives from 25 governments that she and her Danish counterpart, Per Stig Moller, convened to maintain international pressure on Sudan. Khartoum has defied repeated U.S. and U.N. appeals over the past nine months to allow U.N. peacekeepers into the Darfur region to help halt an outbreak of violence that has left hundreds of thousands of civilians dead.

"It is now time for the Sudanese government to accept the will of the United Nations," Rice told participants at the meeting, which was held at the Waldorf-Astoria hotel. "Time is running out. The violence in Darfur is not subsiding. It is getting worse."

The remarks came as senior U.N. officials and diplomats expressed increasing skepticism about the prospects of obtaining Sudan's approval for a U.N. peacekeeping force. U.N. officials turned their attention to providing reinforcements to a small African peacekeeping force of 7,000 troops that has been unable to stop the killing. The African Union has authorized the force -- whose mandate had been set to expire this month -- to remain in Darfur at least through the end of the year.

The United Nations will send nearly 200 civilian, police and military advisers, primarily recruited from Africa, to help the African peacekeepers monitor atrocities in a region as large as France. It will also supply the force with logistics, communications and other equipment, including 36 Global Positioning System devices, 360 night-vision goggles and 37 armored vehicles.

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"We continue to try very hard to convince the Sudanese government to accept an eventual transfer to a U.N. peacekeeping force," said Stephane Dujarric, the chief U.N. spokesman. "At the same time, our practical focus is on beefing up the capacity and strength of the African Union mission."

At Friday's meeting, Rice and Moller pressed governments to ramp up their support for the African Union mission and urged countries with influence on Sudan to press it to accept U.N. peacekeepers, a European diplomat said. The group is planning a ministerial-level meeting within a month to gauge progress, the diplomat said.

U.N. officials said privately that there is little hope that Sudanese President Omar Hassan al-Bashir will invite the United Nations into Darfur without greater pressure from African and Arab leaders. "We don't have the muscle to make him move, and I doubt if the Americans do," said one senior U.N. official, who spoke on the condition of anonymity. "The message has to come from the Arab League and the African Union."

Jan Egeland, the United Nations' chief emergency relief official, said he is appealing to Asian, African and Muslim leaders to persuade Sudan to accept a U.N. force. "I'm telling non-Western powers to help us or else see that we collectively fail," Egeland said. "They have to fight for us."

Egeland said the African force, though vital, is not strong enough to protect civilians and ensure the safe distribution of relief.

Fighting in Darfur began in February 2003, when two rebel groups took up arms against the Islamic government, claiming mistreatment of the region's primarily black tribes. The Sudanese government, backed by Arab militia, launched a bloody counterinsurgency campaign that the Bush administration has called genocide.

As many as 450,000 people have died since 2003 from violence and disease in Darfur, and more than 2 million have been forced to flee their homes.

This week, U.N. officials warned that a new Sudanese military campaign is fueling the worst outbreak of violence since the conflict began. U.N. human rights monitors reported on Friday that Sudanese planes were indiscriminately bombing villages.

President Bush reiterated his call for Sudan to allow the United Nations into Darfur in a speech on Tuesday, and he appointed a special envoy to press for peace. But Sudan has dismissed Bush's pleas.

"You do need a go-ahead from the Sudan government. How can you do otherwise?" French Foreign Minister Philippe Douste-Blazy said in an interview on Thursday.

Rice: Violence Getting Worse In Darfur (AP)

By Anne Gearan

AP, September 23, 2006

Violence is getting worse in Darfur despite international peace efforts, and Sudan's central government can no longer resist the world's will to send in peace forces, Secretary of State Condoleezza Rice said Friday.

"Time is running out," the top U.S. diplomat told participants in an emergency international meeting on the three-year-old conflict in the African nation.

Rice called the meeting of about two dozen nations and international organizations on the sidelines of the United Nations opening session to push for a stronger international peace force despite objections from Sudan's government.

The U.N. Security Council passed a resolution last month that would expand the mission from 7,000 to more than 20,000 troops and give it new authority to protect civilians.

But Sudan's government vehemently opposes the introduction of U.N. forces in Darfur, where fighting between rebels and government-backed militias has killed more than 200,000 people and displaced 2.5 million since 2003. The U.N. has called it the world's worst humanitarian disaster, and the United States has labeled the attacks genocide.

"The violence in Darfur is not subsiding, it is getting worse," Rice told the gathering. "If the notion of our responsibility to protect the weakest and most powerless among us is ever to be more than an empty promise, then we must take action to save lives."

After the meeting, Rice hinted at stronger action if Sudan will not back down.

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"There are other measures at the disposal of the international community should we not be able to get the agreement of Sudan," Rice told reporters.

A group of Darfur-born exiles called Rice's efforts a good first step, but it also criticized the United States and other world powers for doing too little too late to stop a daily tide of killings and rapes in Darfur's ravaged villages and teeming refugee camps.

"Our call today is to the entire world ... to extend their hands to save these people," said Yahya Osman. "What is happening in Darfur is a silent genocide."

Other refugees at a press conference in Rice's Manhattan hotel described the deaths of cousins, uncles and other relatives at the hands of Sudanese government forces or the mounted Arab militiamen known as Janjaweed that they support.

The conflict in the remote Darfur region began in 2003, when ethnic African tribes revolted against the Arab-led Khartoum government. Militias, sometimes backed by helicopter gunships, have leveled villages and burned fields.

President Bush repeated the charge of genocide in one of the most pointed portions of his address to world leaders at the United Nations earlier this week. He named a special U.S. envoy to bring added pressure on the Khartoum government of President Omar al-Bashir.

The U.S. approach is hitting some resistance, especially from nations that argue that Sudan will respond best if it does not feel that its sovereignty or authority is being challenged.

Arab League Secretary General Amr Moussa alluded to the difference of opinion in remarks to reporters Friday.

"I really want to contribute to the creation of ... a quiet atmosphere, a working atmosphere," Moussa said.

"We have suffered at certain stages of this problem of either exaggeration or misinformation," he added. "We have a major problem in Darfur, but not all what you hear, not all the information circulated, are really accurate."

Rice said no one is coddling Khartoum.

"No one intends to appease anyone," she told reporters. "We intend to have the government of Sudan act."

Al-Bashir denies there is a major humanitarian disaster in Darfur and said Tuesday that death rates there were no worse than anywhere else in Sudan. He said he would not allow U.N. peacekeepers into Darfur under any circumstances.

In a compromise reached this week, an African Union peacekeeping force will remain in Darfur through the end of the year. Human rights groups said the agreement didn't go nearly far enough to stop the suffering.

The African Union had hoped to turn over control for peacekeeping in Darfur to the United Nations when the mission's current mandate expires Sept. 30.

Chad's foreign minister, Ahmad Allam-mi, said in a speech Friday night at the U.N. that the Darfur crisis threatened not just the security of his country but that of the entire sub-region of Central Africa. He said Chad had suffered a lack of security, economic loss, environmental destruction and Janjaweed incursions.

"We can only welcome the extension until the end of December 2006 of the African Union mission in Darfur," he said. "It's better than nothing."

In urging the U.N. to take over from the African Union pursuant to the Security Council resolution, Allam-mi said such action "is simply dictated by common sense, in order to bring assistance to the innocent victims of the war. And also because more than anyone, we have every interest in restoring peace in Darfur, if only to enable the hundreds of thousands of Sudanese refugees located on our territory to return to their country and thereby put an end to the sacrifices to the Chadian hosts."

US Rallies Nations To Back Drive For UN Force In Darfur (AFP)

By David Millikin

AFP, September 23, 2006

Warning that "time is running out" to halt a resurgence of violence in Darfur, US Secretary of State Condoleezza Rice sought to build international pressure on Sudan to let UN peacekeepers into the war-torn region.

"The violence in Darfur must end, and it must end now," Rice told a special ministerial meeting of two dozen nations plus the European Union and the United Nations on the sidelines of the UN General Assembly.

The meeting notably discussed sending one or more delegations to Khartoum in an effort to convince President Omar al-Beshir to drop his opposition to deployment of the UN force, State Department spokesman Sean McCormack said.

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"There was a discussion in the ministerial meeting about the desire to have a delegation to go to Khartoum to press upon them the importance of working together with the international community," he said.

French Foreign Minister Philippe Douste-Blazy said a separate meeting of US and European Union foreign ministers also discussed sending a high-level delegation to Khartoum.

The ministers "considered how to organize a ministerial mission with several participants" to Khartoum, he said, without elaborating on who would take part in the trip.

The Security Council adopted a resolution last month demanding the deployment of some 20,000 peacekeepers to end more than three years of violence sparked by a revolt among Darfur's mostly black African population.

Much of the violence has been carried out by Arab militia, known as the Janjaweed, which are armed and funded by the Khartoum government.

Beshir reaffirmed at the UN this week his refusal to authorise the UN deployment, which would replace an under-funded African Union force of 7,000 that has failed to halt the violence.

Rice said Friday that government forces had recently launched a new offensive against rebels in Darfur and that the fighting had cut humanitarian aid to hundreds of thousands of displaced persons.

"Time is running out," Rice told the meeting. "The violence in Darfur is not subsiding, it is getting worse."

Rice reiterated a statement made Tuesday by President George W. Bush that if Sudan does not quickly approve the deployment of the peacekeeping force, "the United Nations must find a way to act" without Sudan's consent.

She said several representatives at Friday's meeting acknowledged the possible use of measures to take if Sudan refuses to budge.

"There was a very clear indication by several speakers today that there are other measures at the disposal of the international community should we not be able to get the agreement of Sudan," she said.

But other US officials said the deployment of peacekeepers without Sudan's consent -- a possibility repeatedly raised by the United States -- was not discussed on Friday and the emphasis was rather on incentives that could draw Beshir's government into the process.

"We are considering a diplomatic solution and if that does not work, we will take another approach," said Andrew Natsios, a former head of the US Agency for International Development who was appointed by Bush on Tuesday to be the US special envoy for Darfur.

A defiant Beshir argued this week at the United Nations that the AU force now in Darfur was sufficient to deal with the violence and accused the international community of backing a "Zionist" plot "to dismember Sudan" and plunder its abundant resources, particularly its oil reserves.

But Natsios said that despite such public statements, "we're getting signals" in private of possible flexibility from Khartoum.

The African Union this week agreed to extend the mandate for its mission in Darfur to the end of the year and Friday's meeting discussed ways to strengthen the force with logistical and other support pending an eventual UN deployment,Natsios said.

The United States is at the same time planning to organize a series of informal meetings of potential troop contributors to the UN mission, to be held in parallel with diplomatic efforts to gain Khartoum's consent for the force, he said.

Rice Seeks Sudan's Consent (WT)

By Nicholas Kralev

The Washington Times, September 23, 2006

NEW YORK -- Secretary of State Condoleezza Rice pressed Sudan to accept a United Nations force in Darfur yesterday, saying that Khartoum's consent would be welcome but is not necessary.

"It is now time for the Sudanese government to accept the will of the United Nations, to work with us fully in implementing Resolution 1706," Miss Rice told reporters after a meeting of European Union foreign ministers and others.

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She was referring to the U.N. Security Council resolution authorizing a U.N. peacekeeping mission of up to 20,000 to halt what the United States and other nations have called a "genocide." The new force would replace about 7,000 African Union peacekeepers, whose mission was extended this week until the end of the year.

Miss Rice said there are "other measures available to the international community" to send the troops into Darfur, should the Sudanese government continue to refuse.

The meeting on the sidelines of the U.N. General Assembly session in New York took place amid new charges by U.N. human rights officials that Sudan's army continues to bomb villages in north Darfur.

The latest campaign, U.N. officials said, targets parts of the vast region in western Sudan that are not covered by a May peace agreement between the government and one rebel faction.

"Our intention, I want to underscore, is not to impinge upon Sudan's sovereignty. But let there be no doubt about our resolve," Miss Rice said.

Hours before the ministers met at the Waldorf-Astoria hotel, 10 Darfur refugees wearing blue berets held a press conference in the same building to appeal for U.N. troops to save family members who are still alive.

"Words and meetings won't help," said Rahama Deffallah, president of Darfur People's Association of New York. "Please Secretary Rice, you can help save millions of lives."

Hundreds of thousands of civilians have already been killed in the conflict, which has forced millions into squalid refugee camps protected by the small AU force.

NATO Secretary-General Jaap de Hoop Scheffer said the AU had asked the alliance to give more support to the AU peacekeepers.

Mr. de Hoop Scheffer said NATO should "answer positively and favorably" to the request from Republic of Congo President Denis Sassou-Nguesso. He is also the current head of the AU.

"I promise the president of the African Union that I, as secretary-general, will do everything I can with the allies to see that NATO can respond positively to these kinds of requests," Mr. de Hoop Scheffer said.

In Geneva, U.N. human rights spokesman Jose Luis Diaz told reporters that survivors told U.N. monitors of bombings near Tabarat in north Darfur earlier this month, which drove some 400 people into a refugee camp.

"People talk about this white plane and bombs being dropped out of the back of the plane. This is a recurrent feature of reports of attacks on villages," he said. "All indications are this kind of attack is continuing."

U.N. monitors also reported that sexual violence, which has been a permanent feature of the conflict, continues in south Darfur, particularly near the town of Gereida.

"This has become almost a cliche: women go outside of [refugee] camps to collect firewood or engage in commerce, and they become vulnerable to attacks by what are said to be military personnel or militia," Mr. Diaz said.

•This article is based in part on wire service reports.

As World Talks, More Violence Racks Darfur (LAT)

By Maggie Farley

The Los Angeles Times, September 23, 2006

With new reports of killings, U.N. officials and regional leaders debate how to intervene.

UNITED NATIONS — Amid attacks on civilians in the Darfur region of western Sudan, the Security Council and regional leaders remained stymied Friday by that country's refusal to allow U.N. peacekeepers into the region to protect villagers caught in the conflict.

The U.S. and Denmark gathered senior officials from 20 "concerned countries," the African Union and the United Nations to discuss possible next steps, such as sanctions, a no-fly zone over Darfur or a forcible intervention.

"Time is running out. The violence in Darfur is not subsiding, it is getting worse," Secretary of State Condoleezza Rice told the officials at the emergency session.

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The meeting was aimed at winning support from Arab countries, especially those that have been silent or have backed Sudan's refusal to accept more than 20,000 peacekeepers by January. Egyptian President Hosni Mubarak told Sudanese President Omar Hassan Ahmed Bashir this week that he sided with Sudan.

A statement by the U.S. and Danish co-chairs said: "The killings, violence and atrocities must end. The intolerable suffering of the people of Darfur must stop."

But the meeting broke up without agreement on how best to persuade Sudan's government to halt attacks on the people in Darfur, or at least allow U.N. troops to protect them and aid groups to help them.

Amr Moussa, head of the Arab League, made it clear that there was no support in the region for an armed intervention, even if it were under a U.N. mandate. He said any solution must come with the consent of Sudan's leaders in Khartoum, and public threats would only increase Bashir's intransigence.

That leaves the question of what should happen next.

Rice said Bashir's government should recognize that the world is trying to help Sudan, not occupy it.

"The Sudanese government needs to understand that no one is trying to impinge on Sudanese sovereignty. That is not the issue here," she said. "But there is a responsibility to protect the weakest and Sudan has not done that, and so there will have to be a U.N. force."

As the diplomats debated this week, U.N. human rights monitors reported that Sudan's army was bombing areas in northern Darfur, causing civilian casualties and driving hundreds of people out of their villages. The rights monitors also reported that sexual violence continued in southern Darfur, particularly near camps for displaced people near the town of Gereida, and that African Union forces were not able to stop it.

Bashir said this week that U.N. troops were not welcome under any circumstances, but he would allow more African Union troops in Darfur.

There are about 7,200 African Union troops there now, but they are too underfunded and ill-equipped to effectively protect people scattered throughout a barren region the size of France. More than 200,000 people have been killed in the three-year conflict between government-aligned militias and rebel groups, and about 2.5 million have been displaced.

A peace agreement between one of the rebel groups and the government is all but dead, say U.N. officials, and the government is massing its military in the region to put down other anti-government factions.

Sudan's government has accepted a separate contingent of U.N. peacekeepers to stabilize southern Sudan, which is slowly rebuilding after two decades of civil war.

On Friday, the Security Council extended the peacekeeping troops' presence there just until Oct. 8 in an attempt to keep pressure on Khartoum. The council may extend it after that, depending on Khartoum's cooperation in Darfur.

The new October deadline "would give us more time, I think, to build up momentum and pressure on the government of Khartoum to accept the inevitability that there is going to be a U.N. peacekeeping force," said U.S. Ambassador to the U.N. John R. Bolton.

The U.N. announced Friday that it would send 100 additional personnel to help the African Union force with communications and logistics. The Arab League promised new funding, though earlier pledges fell through and caused unpaid African Union forces to essentially stop working last spring.

Rice said that the international community was determined to stop the violence in Darfur, with incentives, or with sanctions. "Clearly, no one intends to appease anyone," she said after the meeting at the Waldorf Astoria hotel in New York. "We intend to have the government of Sudan act."

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U.S. Urges Arab Help On Darfur (AP)

By George Gedda

AP, September 21, 2006

The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new U.S. special envoy for Sudan said Wednesday

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In a telephone interview with The Associated Press, Andrew Natsios said U.S. contacts with Arab countries have begun. He declined to identify the countries.

"We are engaging and we are going to continue to engage with them," Natsios said. The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries.

The U.N. Security Council approved a resolution three weeks ago for the deployment a U.N. force, but the Sudanese government has rejected the plan.

Natsios expressed disappointment that China, a permanent member of the Security Council, has shown little willingness to lobby Sudan to accept peacekeepers. The two countries have close economic and political ties.

"The role of China cannot be overstated," said Natsios. "They are the country with the most influence with the Sudanese government."

With the humanitarian situation in Darfur worsening by the day, President Bush appointed Natsios as special envoy this week. Natsios was deeply involved in Darfur policy as administrator of the U.S. Agency for International Development, a post he held from 2001 until early this year.

The African Union agreed Wednesday to extend the mandate of its underequipped peacekeeping forces in Darfur through the end of 2006.

The United Nations and many human rights groups say that since 2003, fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million.

DISTRICT BRIEFING (WP)

By Susan Kinzie

The Washington Post, September 23, 2006

education

In Protest, AU to Limit Investments in Sudan

The American University Board of Trustees voted yesterday not to invest directly in companies doing business in the oil and gas sector in Sudan, to protest military attacks on the nation's Darfur region.

The board also named the 15 members of the committee that will search for a successor to Benjamin Ladner, the president who was ousted last year after an audit.

The search committee -- which includes trustees, professors, alumni and students -- will hold its first meeting Monday.

War With Hezbollah Has Left Jewish, Arab Israelis More Divided Than Ever (MCT)

By Dion Nissenbaum

McClatchy Newspapers, September 23, 2006

JERUSALEM - For two years, author Sayed Kashua, an Arab-Israeli, has been writing a popular weekly newspaper column for one of Israel's largest Hebrew-language newspapers, Haaretz. The column often takes a lighthearted look at discrimination, racism and the challenges facing the Arab minority in this largely Jewish nation.

But a few weeks ago, as Israel's summer war with Hezbollah in Lebanon wound down, Kashua made what was for his Jewish readers a startling confession. He confessed he'd been hoping Israel would lose.

"My hands tremble as I write, but in this war I was against Israel - make no mistake - my country," he wrote. "You can say it's treason, you can say what you want, but I am still unable to understand how I can be happy when I hear that another IDF (Israel Defense Forces) tank has been hit and, at the same time, be afraid that I have friends inside it."

The piece generated scores of angry e-mails, letters and phone calls. It also exposed the simmering anger that Israel's Arab citizens feel over how their country treats them and became one more provocation for an anti-Arab backlash that's still unfolding.

Conservative Israeli lawmaker Effi Eitam denounced Arab-Israelis as "a band of traitors of the first degree" and a dangerous "fifth column" that should be barred from participating in Israeli politics.

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The Israeli parliament's ethics committee last week suspended two Arab-Israeli lawmakers, one for a day, the other for three days, after one called the defense minister a "child-murderer" and the other denounced opposition politician Benjamin Netanyahu as an "angel of death."

Israel's attorney general has launched an investigation into a group of Arab-Israeli lawmakers who took a postwar solidarity trip to Syria, a journey that may have violated the country's ban on visits to "enemy nations."

And in Haifa, a city that touts its long history of Arab-Jewish co-existence, the city council ousted its Arab-Israeli deputy mayor after he repeatedly went on television during the war to criticize Israel.

"Jews and Arabs did not come out of this war more united," said Elie Rekhess, director of the Adenauer Program for Jewish-Arab Cooperation at the Dayan Center of Tel Aviv University. "Instead, the mistrust between Jews and Arabs has deepened."

Arab-Israelis suffered more than their share of casualties from Hezbollah rocket attacks during the war. Arabs make up about 1 in 5 of Israel's population. But more than 1 in 4 of those killed by Hezbollah rockets - at least 14 of the 54 Israeli dead - were Arabs.

Even so, relatives of the Arab-Israeli victims didn't blame Hezbollah for their losses; they blamed their government. Arab-Israeli politicians criticized Prime Minister Ehud Olmert for unleashing an overpowering military response after Hezbollah kidnapped two Israeli soldiers in the July 12 cross-border ambush.

Many Jewish Israelis felt as though they'd been betrayed.

Kashua said they shouldn't have been surprised.

"You have to be a really, really very stupid Israeli to think that Arabs like you," Kashua said at his home outside Jerusalem . "I think the Israelis did all their best to make Arabs hate this country."

Although they are full citizens of Israel, Arab-Israelis face subtle and concrete discrimination in housing, jobs and society. Arab-Israeli towns within range of Hezbollah rockets were never equipped with the bomb shelters and well-run early warning systems that were commonplace in other communities.

The sense of estrangement became especially clear six years ago when violent confrontations between police and Israeli-Arabs left 13 people dead during the opening days of the Palestinian uprising.

A special committee set up to investigate the clashes sharply criticized Israel's treatment of its Arab minority as "primarily neglectful and discriminatory." The report urged the government to do more to ensure Arab-Israelis weren't treated as second-class citizens. But critics say the country has done virtually nothing to address the problems.

"The six years that passed from October 2000 until now could have been used in order to include them in a civic state hug, but the state of Israel did not manage to do this," said Shuli Dichter, co-director of Sikkuy, an Israeli nonprofit that promotes Arab-Jewish cooperation. "And now they have very little reason, if at all, to feel affiliated with the state of Israel."

Both Dichter and his co-director, Ali Haider, said the war had brought the years of neglect back to the surface, and they urged their country to take steps quickly to prevent a recurrence of the 2000 clashes.

"I see this as a rather painful turning point that can help us redefine the relations between Jews and Arabs in Israel and put us on a more solid basis," Dichter said.

Kashua, for one, is skeptical that the war will do much to change things in a nation ever struggling to reconcile its often-competing identities as a Jewish and democratic country.

"For me, at least, there is nothing secure about being a citizen of Israel," Kashua said. "If it's not going to change as a Jewish country, I don't see how we can fit."

The father of two young children went through a very public soul-searching process during the war. At first, the author of two novels used his self-effacing style to make a plea for peace.

"I'd be the state's first defeatist chief of staff," he wrote two weeks into the 34-day conflict. "I'm one of those people who's ready to do anything so as not to see one mother cry."

Two weeks later, Kashua bemoaned his status as an Israeli-Arab during a war in which his fellow citizens were questioning his loyalty.

"When it comes to the Israeli media, the best thing an Arab can do in wartime is shut up," he wrote.

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A week later, as the cease-fire took effect, Kashua wrote his contentious column opposing the war.

"I really am glad that Israel now looks a bit less frightening," he wrote. "I truly believe that the less monstrous Israel appears, the better the prospects of it being treated as human. I know very well that if Israel had won in a knockout the hatred for the country would have spiraled and the desire to arm and plan for the next attack on it would be far stronger."

Kashua has continued to write his column, with his editors' encouragement, and has tried to gently defuse the anger with humor.

In a recent column, he blamed his denunciation of Israel on a gang of "genuine Arabs" who'd taken his children hostage, compelling him to submit the offensive articles under his name.

"I swear to you, you can even ask my wife: I was totally in favor of the war - that is, for Israel in a war against the Axis of Evil," he wrote. "I admit: I made a mistake and should not have yielded to temptation and written about that accursed war."

Hezbollah Chief Defiant At Huge Rally (WP)

By Anthony Shadid

The Washington Post, September 23, 2006

BEIRUT, Sept. 22 -- In the mix of theater and pulpit that makes for a Hezbollah rally, the group's leader, Hasan Nasrallah, appeared Friday before hundreds of thousands of supporters for the first time since its war with Israel ended last month.

His message was defiant, with the bravado the crowd expected: Hezbollah was stronger than before the war, he said, and it still possessed more than 20,000 rockets. Only the creation of a strong Lebanese government, he added, would lead to its disarmament, as demanded by the United Nations.

Kamal Ribai, a shy, soft-spoken businessman in the crowd with his son and two daughters, thrust his fist into the air.

"At your command, Nasrallah!" he shouted, as six balloons floated above him carrying Lebanese and Hezbollah flags.

In an anxious and unsettled time in Lebanon, the Shiite Muslim group organized its largest show of force since a cease-fire went into effect Aug. 14. The spectacle filled a 37-acre lot, about a mile from the group's war-wrecked headquarters in a Beirut suburb, with flag-waving, boisterous supporters.

For the movement and the rest of the country, the rally signaled Hezbollah's direction after a battle it has proclaimed a "divine victory." Sounding less strident than some had expected, Nasrallah said he would seek a government that better represented his group and its allies, ridiculed the prime minister and scoffed at the attempts of "any army in the world" to seize its weapons.

But the country's future was perhaps better suggested by the scenes that unfolded among people in the crowd, some of whom had trekked two days on foot from southern Lebanon to join what Hezbollah called a festival of victory. In moments sometimes quiet, sometimes shrill, Lebanon's fault lines were exposed: Here was a country perched between a culture of resistance to Israel and a desire to reach an accommodation with it. Chants and iconography reflected the cult of personality around Nasrallah and confidence in the power of the long-downtrodden Shiite community in a country whose various sects -- Christian, Sunni and Druze -- often see one's strength as the other's weakness.

"This is all of Lebanon you see around you," Ribai said confidently, waving his hand. "It's all of Lebanon. Look at it."

"The real majority," he said, referring to Hezbollah and its allies. "As long as they stay united, nothing will go wrong."

Hezbollah's call for the rally this week unleashed a wave of anxiety and anticipation in Beirut. Some saw Nasrallah's appearance as a way to reinforce the notion of victory to his supporters, who bore the brunt of a 33-day conflict. Others saw it, more darkly, as a first step toward delivering the state to Hezbollah.

"What will Nasrallah say at the festival of victory?" read the banner headline in Friday editions of as-Safir, a leading Beirut daily.

"It's a big moment," Ribai said. "It's a big moment for all of Lebanon."

The mood has shifted in Lebanon in the weeks since the war ended. Most politicians tried to maintain a facade of unity while the battle raged, but it evaporated within days of the cease-fire. With little more than the rubble cleared and makeshift bridges built, the extent of the damage has sunk in. The mood has sobered: While Israel may not have won, to many here the notion of victory is more ambiguous.

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In subtle ways, Hezbollah's message has changed, too. At the rally Friday, the group's slogan about a coming victory -- "The Truthful Pledge" -- had become "Our Truthful Pledge." One of its professionally produced posters read, "America and its tools have been defeated." In a country used to reading between the lines, "tools" could mean allies both abroad and at home.

"If Hezbollah wanted to fight, in one hour it would take all of Lebanon," said Mahmoud Birjawi, a 35-year-old Lebanese expatriate who flew from Venezuela two days ago, in part to attend the rally. He scoffed at the idea of strife inside the country, memories of its 1975-90 war still vivid. But he added that "the future is for the resistance," the name Hezbollah uses for its militia.

As Birjawi waited with the crowd in the sun-drenched lot, supporters cheered and waved Hezbollah's yellow flags each time a taped recording of Nasrallah's speech was played. "This is our country," he said. "We defended this country."

A Hezbollah rally is many things: a show of force, of discipline, of empowerment and of the loyalty of its following. The group's followers have a mantra -- What Nasrallah says, he does -- and that credibility was on display even on the posters overhead. Four depicted battle scenes, reading, in order: "Our water," "Our air," "Our earth," "With fire, we defended." In the top left corner of two, "reconstruction" was written, acknowledging that pictures of a helicopter and ship exploding did not depict actual events.

To a degree unmatched in the Arab world, Hezbollah can mobilize supporters, who answer its call with almost martial precision.

"Every drop in the ocean counts," Ribai said.

Ribai and his family are from Tibnin, a southern village scarred by the fighting this summer. As with many Shiites from the poorer south, the 50-year-old emigrated to Liberia and Sierra Leone to earn money, then returned to Lebanon. He now lives in Beirut. At the rally, he was earnest, even retiring, doting on his three children -- ages 20, 19 and 9 -- who accompanied him.

"When Sayyid Hasan called everyone, I decided to come," he said, using an honorific. "I didn't think twice about it."

More pronounced than before the war, a cult of personality has grown up around Nasrallah. T-shirts in the crowd with his picture read, "Hero of the resistance." Some people wore miniature portraits of him as necklaces. As with many, Ribai talked of Nasrallah with a certain awe. Nasrallah's son, Ribai pointed out, had been killed fighting Israeli troops occupying southern Lebanon in 1997.

"Somebody who sacrificed his own son's life? He did everything he could for this country. He asks you to come celebrate this victory. Why would I think twice about it?" he said.

His daughter Zeinab, 20, leaned into the conversation. "He's one of us," she said.

At the first words uttered by Nasrallah, perhaps the most skilled orator in Arabic today, the crowd erupted, the cries drowning him out. Speakers broadcast his words at each end of the field, awash in a sea of fluttering yellow, interspersed with the flags of allies. Some people flashed V-for-victory signs. Others joined chants. "O God, O God, protect Nasrallah!"

"No army in the world will be able to make us drop the weapons from our hands!" Nasrallah shouted.

In a black turban, with a slight lisp, Nasrallah has an almost innate sense of a crowd. He builds an argument with highly formal Arabic vocabulary, then delivers a point in almost conversational slang. His most emotional refrains are delivered bluntly, in a stentorian staccato. Then he mixes in jokes, a few words in a softer voice, and sometimes a quick aside.

In his speech Friday, he said he had debated whether to attend the rally until a half-hour before it began.

"But my heart, mind and soul did not allow me to address you from afar," he said.

Hezbollah's opponents in Lebanon feared a harsher speech. Although Nasrallah ridiculed Lebanese Prime Minister Fouad Siniora for crying in public during the war -- "Tears don't protect anyone" -- he tempered his strongest statements.

"When we build a strong and just state that is capable of protecting the nation and its citizens, we will easily find an honorable solution to the issue of the resistance and its weapons," he said.

He demanded the resignation of the government, saying it "was incapable of protecting Lebanon, rebuilding it or uniting it." But there was no threat that Hezbollah's two ministers would resign, nor any warning that the movement would engage in street protests.

Every so often, he played to the crowd, which followed his words as if at a lecture. At each mention of Secretary of State Condoleezza Rice, the United States or Israel, the audience erupted in catcalls. At the mention of Venezuelan President Hugo ChÃ¡vez, a critic of America, cheers went up, repeated when Nasrallah defended Hezbollah's alliance with Iran and Syria.

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Toward the end of his speech, he called the resistance more powerful than before the war.

"The resistance, pay attention," he said, "has more than 20,000 missiles."

At that, fists went into the air, and some clambered onto chairs. Ribai turned to his younger daughter and kissed her head. Zeinab waved Nasrallah's portrait overhead.

"It's the majority that counts," Ribai said. "The real majority, I'm talking about the people who are here."

"I hope that everyone can stay like this," Zeinab added. "One hand joined together."

The speech ended in an hour. Within minutes, the group's workers were stacking tens of thousands of chairs. Honking cars soon lurched away, blaring Nasrallah's older speeches and flying flags. Some people on balconies threw rice on the crowd, as firecrackers and celebratory gunfire went off along the street. Overhead, as the crowd left, only three balloons of the original six were left.

All of them carried Hezbollah flags.

Vast Lebanon Throng Hails Hezbollah Chief, Who Calls The Militia Stronger (NYT)

By Michael Slackman

The New York Times, September 23, 2006

BEIRUT, Lebanon, Sept. 22 — Hundreds of thousands of people stood Friday and chanted "God, God, protect Nasrallah." It was the moment they had waited for: Hezbollah's leader, Hassan Nasrallah, in person, declaring that his militia was stronger than ever and that no army in the world could force it to disarm.

This was Sheik Nasrallah's first public appearance since the war with Israel started in July, and it was steeped in defiance: at Israel, the United States, Arab heads of state and those political forces in Lebanon aiming to clip Hezbollah's political and military power.

If there was any thought the war weakened Hezbollah, Sheik Nasrallah had a different message: "It is stronger." Even after Israel's 34-day bombardment of Lebanon, Hezbollah, he said, still has more than 20,000 missiles. "Not a single army in the world will be able to dismantle our resistance," Sheik Nasrallah said, as he stood beneath a big banner that read "The Victory Rally." "No army in the world will be able to make us drop the weapons from our hands."

The crowd was mammoth, packing every corner of the 37-acre square in the southern suburbs of Beirut. There was a plastic chair for nearly everyone, and a baseball cap for protection from the sun. Hezbollah's martial choir belted out chest thumping music. The crowds waved flags, wildly cheering for Sheik Nasrallah, who has become a folk hero to many here and throughout the Arab world. The audience came on foot, by car and by bus from the south and the north, and in every case, people said they came because Sheik Nasrallah asked them to.

"Whatever Sayid Hassan wants Sayid Hassan gets," said Hossain Zebara, 29, using a title reserved for descendants of the prophet Muhammad. Mr. Zebara said it took him 24 hours to walk from his home in the southern part of Lebanon to be at the rally. "We came to show the American administration, the British administration, the French administration, that the resistance population is increasing, not decreasing."

That was exactly Sheik Nasrallah's point — a show of strength to those who would challenge him from abroad, and those who would challenge him at home. In a country of about four million, turning out hundreds of thousands of people in a disciplined, highly orchestrated event, is a sign of strength.

But the rally also highlighted some of the deep divisions among Lebanon's different factions, as the crowd at times chanted slogans calling the Druse leader, Walid Jumblatt, a "worm" and "Jew" and calling for the prime minister to leave office.

Sheik Nasrallah sought to overcome some of that by calling for unity in a speech that tried to define him as leader who is not just a local force, but a regional force as well. He gave voice to one of the primary feelings that has fueled anger throughout the Muslim world: a sense that Muslims are being victimized in places like Iraq and Gaza, and the world does not care. "How long will it go on that the world keeps quiet?" he asked.

And he aimed hard at Arab leaders, criticizing them for not being willing to fight Israel. "These Arab leaders prefer to protect their thrones as opposed to protecting Palestine," he said, taking a shot at the traditional power brokers, like the Egyptian president, Hosni Mubarak.

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In Israel, Sheik Nasrallah's speech was condemned as defying the international community by refusing to disarm.

Sheik Nasrallah had multiple messages to deliver: He said that Hezbollah would not disarm because the state was too weak to protect the people against Israel. He warned the international force deploying along the border with Israel not to spy on the "resistance." He castigated Arab heads of state who recently asked the United Nations Security Council to help restart the peace process with Israel. He cautioned the Lebanese people about allowing political differences among sectarian leaders to become sectarian differences that might tear the country apart. And he repeatedly criticized the American-backed government of Prime Minister Fouad Siniora, saying it needed to be replaced by a national unity government, which would in turn give Hezbollah even more power.

No one knew if Sheik Nasrallah would appear. People here talk about his assassination by Israel as though it is not just a matter of if, but when. The rally, billed as a celebration of the "divine victory," presented him a chance to re-energize his supporters, to enhance his standing as a pan-Arab leader, and to try to buttress Hezbollah's domestic political position. When he entered, he stood on a platform and appeared almost regal in finely tailored religious robes and a black turban. He was taken to the stage where he was protected by a wall of blastproof glass. He said that up until 30 minutes before the rally there were still discussions going on over whether he would attend.

"I couldn't talk to you from afar," he said. "I insisted to be with you."

Israel began the war after Hezbollah crossed the border and captured two Israeli soldiers. The Israeli onslaught caused heavy damage to the mostly Shiite areas in the south and the north, and cost more than 1,000 lives, mostly civilians. But Hezbollah's fighters never stopped, shooting hundreds of rockets into Israel, destroying Israeli tanks, an Israeli naval vessel and killing many Israeli troops.

Judging from the size of the rally, and the remarks of the participants, Hezbollah's base did not blame Hezbollah for the death and destruction. They blamed Israel and the United States. "This is good, good," said Fatima Saad, 50, whose son, Kasem, was killed. There was no hint of sadness in her bearing. "I am very proud," she said as she patted a picture of her son pinned to her chest. He was 20 when he was blown up.

Ahmed Hussein, 78, made the trip to Beirut from his southern village of Kafr Kila. He said his house and most of his neighbors' homes were destroyed, but that Hezbollah gave them tents and water tanks to help them get by. "All of us whose houses were destroyed we came here for Nasrallah, to tell him what we lost is nothing," Mr. Hussein said.

While Hezbollah and Sheik Nasrallah have been hailed as heroes throughout the Arab world, the group's position in Lebanese politics is more complex. They have been attacked by opponents who fear that an empowered Hezbollah would exert even more influence over the country. Some of Sheik Nasrallah's opponents said they thought the rally might help undermine his chance of reaching out beyond his Shiite base because he said he was comfortable being aligned with Syria and Iran. For his part, Sheik Nasrallah seemed to try to both embrace his benefactors in Syria and Iran and to distance himself from them. He said it made him angry when his detractors charged that the battle with Israel was a proxy war for Iran, or Syria. "We are with the Iranians, we are with the Syrians, but this was our war," he said, as he thrust his right hand into the air, and the crowd cheered.

Hizbollah Leader Delivers Defiant Speech (FT)

By Andrew England

Financial Times, September 23, 2006

Sayyed Hassan Nasrallah, the leader of Hizbollah, delivered a defiant speech in front of hundreds of thousands of supporters on Friday, passionately reiterating that the group would not disarm and claiming it still had 20,000 rockets.

In his first public appearance since the Shia militant group's 34-day war with Israel, Mr Nasrallah said the movement had recovered all its organisational and military capabilities, and added that its focus would be now to push for a government of national unity – a direct challenge to the administration led by the prime minister, Fouad Siniora.

"It is stronger than it was before July 12 [the day the conflict began]," he said, gesturing with his right arm towards crowds of people in a sea of yellow Hizbollah flags. "The resistance will never bow down to conditions. Any words about giving [up] the arms of the resistance in the present state would mean Lebanon will be exposed in front of Israel."

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The huge display of support for the group was viewed by some as a deliberate attempt by Hizbollah leaders to intimidate the government with a show of strength following weeks of political bickering between the pro-western parliamentary majority that backs Mr Siniora and Hizbollah and its allies.

"The current government is unable to protect Lebanon, or to reconstruct Lebanon or to unify Lebanon," he said.

Earlier, as the crowd waited for the Hizbollah leader, chants of "Siniora get out" rang around the square.

Mr Nasrallah also warned against rising sectarian tensions. Some Sunni and Christians blame Hizbollah for triggering the war, but Mr Nasrallah said anybody talking about divisions was "playing into the hands of Israel".

"Please do not let anybody make the disunity that is politics become sectarian," he said.

Hizbollah and its allied Christian leader General Michel Aoun have been calling for a unity government since the war ended as they seek to turn the conflict to their political advantage.

Lebanese officials and diplomats say the move is designed to give the group a blocking minority in the cabinet that would enable it to gain greater leverage and reduce the influence of the bloc that backs Mr Siniora. At present Hizbollah has two ministers in the 24-member cabinet. Amal, another Shia group also has two, while the foreign minister is a Shia approved by Hizbollah. Gen Aoun's party is outside the government.

A Lebanese official said that while Hizbollah had not been specific, "the indications are that they want to do it, implying they need change in the government that will give them a blocking minority".

The official said the group could also still be hedging its bets, saying Mr Nasrallah's main concern was to stem the government's insistence that Hizbollah's disarmament stay on the agenda.

The government says it will not try to disarm Hizbollah forcibly, but deems disarmament, as well as the Lebanese army asserting its authority in the south, as essential to future security.

Mr Siniora has insisted there will be no change of government. The danger is that the tensions could push the country into a political crisis with an administration unable to function effectively.

Nasrallah: No Army Can Disarm Hezbollah (AP)

By Hussein Dakroub

AP, September 23, 2006

Hezbollah leader Sheik Hassan Nasrallah defied the international community in his first major appearance since the war with Israel, telling hundreds of thousands of supporters at a "victory" rally Friday that no army could disarm his militia.

Nasrallah said his guerrillas have replenished their arsenal and have more than 20,000 rockets which they will never give up unless a stronger Lebanese government takes over.

The Iranian-backed leader's tough stance was aimed at demonstrating that Hezbollah was not weakened by U.N. peacekeepers and Lebanese troops deploying across southern Lebanon with a mandate to rein in the Shiite guerrillas.

The gathering that sprawled over a swath of bombed-out south Beirut was a defiant show of Hezbollah strength and a challenge to the government of Prime Minister Fuad Saniora.

Police officials estimated 800,000 people — mostly Shiites but including some Christians — filled the 37-acre lot to hear Nasrallah, forming a sea of waving yellow Hezbollah banners, mixed with a smaller number of Lebanese flags.

In his first public appearance since Israel launched its offensive against Hezbollah on July 12, Nasrallah called for formation of a new government. He repeatedly attacked Saniora's administration, saying it was weak and unable to protect Lebanon from Israel.

"Tears don't protect anyone," the black-turbaned cleric said in a jab at Saniora, who wept several times in speeches during the Israeli assault as he pleaded for international support.

Nasrallah said his group would keep its arms until Lebanon has a stronger government. Giving up weapons now "under this government ... means leaving Lebanon exposed before Israel to kill and detain and bomb whomever they want, and clearly we will not accept that," he said.

Hezbollah's push for a larger presence in government could deepen tensions in a country already sharply divided over the war that killed hundreds of Lebanese.

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The guerrillas' tough fight with Israel sent their support soaring among Shiites. But a large sector — particularly among Christians and Sunni Muslims — opposes Hezbollah and resent it for starting the fight by capturing two Israeli soldiers.

A stronger Hezbollah political role would also snub efforts by the United States and Israel to weaken the group and decrease the influence of its ally Syria.

Former President Amin Gemayel said parts of Nasrallah's speech were "dangerous."

"He is linking giving up Hezbollah's weapons to regime change in Lebanon and ... to drastic changes on the level of the Lebanese government," Gemayel said. "This is very surprising and dangerous, and leads us to ask, what kind of government does (Nasrallah) want for what kind of Lebanon?"

Faris Soueid, a Christian politician close to Saniora, insisted the government would not bend to Hezbollah. "I believe it will not scare the government of Fuad Saniora," he said on Al-Arabiya television. "It will not fall, not in the street and not because of political speeches."

Despite his tough rhetoric, Nasrallah offered an olive branch, saying he did not want to bring down the government — only to hold discussions on including more factions.

Saniora has repeatedly rejected a new government. A terse statement from his office said Nasrallah's focus "on dialogue in his speech is a good and constructive thing and opens future horizons."

Although Nasrallah said in an interview that he would not have authorized the Israeli soldiers' capture if he had known it would trigger such a response, the Hezbollah leader proclaimed that his forces now are not weaker.

"No army in the world will be able to make us drop the weapons from our hands," Nasrallah told the crowd, which cheered and waved hundreds of Hezbollah flags.

He boasted that his fighters would not be affected by the U.N. and Lebanese troops monitoring the borders and airport and patrolling the coast with warships to prevent Hezbollah from rearming.

"I say to all those who want to close the seas, skies and the deserts and the border and the enemy, the resistance today possesses more — I underline that — more than 20,000 rockets," Nasrallah said.

"The resistance ... has regained all its military, organizational and weapons capabilities. The resistance today is stronger than it was on the eve of July 12," he said.

The 20,000 figure was even higher than the number of rockets Hezbollah claimed to have before the fighting — between 10,000 and 12,000 — and Nasrallah suggested he had hidden the true size of the arsenal. The guerrillas fired nearly 4,000 rockets into Israel during the fighting.

Israel lashed back after the speech, saying Nasrallah was issuing a challenge to the Lebanese government and the international community.

"The international community can't afford to have this Iranian-funded extremist spit in the face of the organized community of nations," Foreign Ministry spokesman Mark Regev said in Jerusalem.

Of Nasrallah's claim to 20,000 rockets, Regev said that under the cease-fire, Hezbollah "shouldn't have any rockets."

The U.N.-brokered cease-fire that ended the war Aug. 14 calls for Hezbollah to eventually disarm. U.N. peacekeepers and Lebanese troops say they won't hunt out and confiscate hidden Hezbollah arsenals. But they do intend to take weapons they encounter and stop new ones from coming in.

Hezbollah has been demanding formation of a national unity government that would presumably add more Hezbollah members and bring in its allies, including a Christian faction led by Michel Aoun.

That would relieve pressure on Hezbollah to surrender its weapons and likely lead to an administration friendlier to Syria.

Israel threatened to assassinate Nasrallah during the offensive. The Hezbollah leader went into hiding during the month of fighting, though he issued videotaped speeches and gave interviews to Lebanese television.

The rally filled a vast lot in Beirut's southern suburbs, a Hezbollah stronghold where entire blocks were leveled by Israel during the war.

"We are with him (Nasrallah). I am here to say no to disarming Hezbollah," said a 42-year-old Shiite, Mira Ali, waving a Hezbollah flag.

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"We came to participate in the victory for all of Lebanon. We came to show we are the majority," said Roy Abi Khalil, a 21-year-old Aoun supporter.

Sheik Claims 20,000 Rockets (WT/AP)

By Hussein Dakroub

The Washington Times, September 23, 2006

BEIRUT -- Hezbollah leader Sheik Hassan Nasrallah told hundreds of thousands of supporters at a "victory" rally yesterday that his guerrillas have 20,000 rockets left after the war with Israel and will not surrender their arsenal unless a stronger Lebanese government is in place.

The gathering that sprawled over a swath of bombed-out south Beirut was a defiant show of Hezbollah strength and a challenge to the government of Prime Minister Fuad Siniora.

It also aimed to demonstrate that Hezbollah was not weakened by U.N. peacekeepers and Lebanese troops deploying across southern Lebanon with a mandate to rein in the Shi'ite guerrillas.

Police estimated 800,000 people -- mostly Shi'ites but including some Christians -- filled the 37-acre lot to hear Sheik Nasrallah, forming a sea of waving yellow Hezbollah banners, mixed with a smaller number of Lebanese flags.

In his first public appearance since Israel launched its offensive against Hezbollah on July 12, Sheik Nasrallah called for the formation of a new government. He repeatedly attacked Mr. Siniora's administration, saying it was weak and unable to protect Lebanon from Israel.

"Tears don't protect anyone," the black-turbaned cleric said in a jab at Mr. Siniora, who wept several times in speeches during the Israeli assault as he pleaded for international support.

Sheik Nasrallah said his group would keep its arms until Lebanon has a stronger government. Giving up weapons now "under this government ... means leaving Lebanon exposed before Israel to kill and detain and bomb whomever they want, and clearly we will not accept that," he said.

Hezbollah's push for a larger presence in government could deepen tensions in a country already sharply divided over the war that killed hundreds of Lebanese.

A stronger Hezbollah political role would also blunt efforts by the United States and Israel to weaken the group and decrease the influence of its ally, Syria.

Former President Amin Gemayel said parts of Sheik Nasrallah's speech were "dangerous."

"He is linking giving up Hezbollah's weapons to regime change in Lebanon and ... to drastic changes on the level of the Lebanese government," Mr. Gemayel said.

Although Sheik Nasrallah said in an interview that he would not have authorized the capture of two Israeli soldiers, which precipitated Israel's attack on Hezbollah, if he had known it would trigger such a response, the Hezbollah leader proclaimed that his forces now are not weaker.

"No army in the world will be able to make us drop the weapons from our hands," Sheik Nasrallah told the crowd, which cheered and waved hundreds of Hezbollah flags.

He boasted that his fighters would not be affected by the U.N. and Lebanese troops monitoring the borders and airport and patrolling the coast with warships to prevent Hezbollah from rearming.

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"The resistance ... has regained all its military, organizational and weapons capabilities. The resistance today is stronger than it was on the eve of July 12," he said.

The 20,000 figure was even higher than the number of rockets Hezbollah claimed to possess before the fighting -- between 10,000 and 12,000 -- and Sheik Nasrallah suggested he had hidden the true size of the arsenal. The guerrillas fired nearly 4,000 rockets into Israel during the fighting.

Israel lashed back after the speech, saying Sheik Nasrallah was issuing a challenge to the Lebanese government and the international community.

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"The international community can't afford to have this Iranian-funded extremist spit in the face of the organized community of nations," Foreign Ministry spokesman Mark Regev said in Jerusalem.

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The U.N.-brokered cease-fire that ended the war Aug. 14 calls for Hezbollah to eventually disarm. U.N. peacekeepers and Lebanese troops say they won't seek out and confiscate hidden Hezbollah arsenals, but they do intend to take weapons they encounter and stop new ones from arriving.

Hezbollah Leader Affirms Strength Of His Militia At Mass Rally (MCT)

By Hannah Allam

McClatchy Newspapers, September 23, 2006

BEIRUT, Lebanon - Hezbollah leader Hassan Nasrallah on Friday rejected calls to disarm and told a massive rally in the bomb-ravaged suburbs of Beirut that his militia still has more than 20,000 rockets after its 34-day war with Israel.

Nasrallah's first public appearance since the end of the conflict drew hundreds of thousands of supporters to a confetti-sprinkled celebration of the Shiite Muslim militant group's "divine victory." In an emotional speech that ran long past an hour, Nasrallah refused to disarm his guerrillas under the weak government led by Western-backed Prime Minister Fuad Saniora and warned international peacekeepers to keep their distance.

"They want to dissolve Hezbollah, but we've seen that no army in the world can do that. No army in the world will be able to remove the weapons from our grip, as long as we have the loyalty of the people," Nasrallah said, as the crowd broke into deafening cheers and whistles.

The immense turnout at the rally, broadcast live on satellite channels throughout the Middle East, cemented the militant Shiite leader's postwar status as one of the most powerful leaders in the region. He chided Sunni Arab regimes for failing to defend Lebanon and expressed gratitude to Shiite Iran for supporting Hezbollah.

Iran is a major supporter of Sunni and Shiite militants who oppose Western intervention in the Islamic world, Israel's occupation of the West Bank and Gaza, and in some cases Israel's very existence. Many Arab leaders, mostly Sunnis already bitter over the rise of Shiite Islam in Iraq, view Hezbollah as an Iranian proxy that's helping to spread Persian influence throughout the Middle East.

"How can you ask for equality when you won't fight for Gaza or Jerusalem?" Nasrallah asked of fellow Arabs. "The Lebanese resistance left no excuse for Arab armies. The Arab armies, combined, are able to liberate the West Bank and Gaza and Jerusalem."

Nasrallah stressed in his speech that Hezbollah is a homegrown Lebanese movement, but he defended the group's close ties to the Shiite theocracy in Tehran.

"Delegates from all over the world come and tell us this was an Iranian war," Nasrallah said. "We are proud of our relationship with the Islamic Republic of Iran. We support them in leadership and people, and our history shows this."

Mention of Iran elicited a smattering of boos among the cheers. Several Hezbollah supporters at the rally said they weren't thrilled over Iran's donations of cash, weapons and training to the Lebanese group, and said the relationship was born only out of necessity.

"We respect the people of Iran and the country of Iran for always supporting us," said Abu Yusuf Imad, 45, whose young son carried a large Iranian flag at the rally. "The others can think about this what they want, but we are the owners of the territory. It was our buildings destroyed, our land occupied and there is no government here to defend against anything."

"These words of Hassan Nasrallah show us this was an Iranian-American war," said Khalil Basha, 30, a merchant. "It was a proxy war. Nasrallah thinks differently from the Iranians, but if he doesn't work with Iran for financial and military support, then who can he work with?"

Nasrallah chose his words carefully in calling for a new Lebanese government. He said the Saniora administration is unable to protect, rebuild or unify Lebanon and said a more representative alternative must be found. Yet he was quick to defend the embattled Lebanese army, saying its relationship to the resistance is like "two dear brothers."

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"Our weapons are not for the inside and they'll never be used for the inside," Nasrallah said, addressing fears among Lebanon's often-quarreling Sunni, Christian and Druze communities over the Shiite show of force. "These are Lebanese arms. These are the arms of the Muslims and the Christians, here to protect Lebanon."

Members of the Lebanese government expressed exasperation over Nasrallah's remarks, saying it wasn't plausible for the Saniora administration to remake itself.

"How can we form a national unity government when we already have an established presence with important tasks at hand: the task of guarding the border and reconstruction," Elias Zogby, a pro-government Christian politician, told al Jazeera television after the rally. "Are we to stop and form a new government, a process that would take at least three months, while the country's in a transitional period?"

Nasrallah assumed a variety of roles before the crowd. He spoke as a nationalist, promising Lebanon's fractious sects that his victory was theirs. He spoke as an Arab, urging support for Palestinians and Iraqis. He spoke as an international player, lavishing praise on Venezuela's leftist president, Hugo Chavez, and condemning U.S. Secretary of State Condoleezza Rice.

But Nasrallah's most heartfelt words were reserved for the Shiites, who bore the brunt of the devastating Israeli bombing campaign provoked by Hezbollah's abduction of two Israeli soldiers on July 12. Israeli air strikes ripped through villages along the border with the Jewish state, flattened Beirut's southern suburbs and destroyed airport runways, bridges and other infrastructure.

More than 1,000 Lebanese, most of them civilians, died in the bombings. Hezbollah fired nearly 4,000 rockets into northern Israel during the war and killed 157 Israelis, most of them soldiers. Fighting displaced nearly 1 million Lebanese and wiped out thousands of homes and businesses.

"Bless your martyrs and the families of your martyrs. Bless your orphans, your broken homes, your lost fortunes," Nasrallah said. "Today, we celebrate a divine victory, a strategic and historic victory. Nobody would imagine that a few thousand of your people, your resistance, stood up for days in front of the strongest army in the region."

The words resonated with Shiite families, many of whom walked or hitched rides from southern villages to attend the rally. Thousands waved the yellow banners of Hezbollah or hoisted placards that read, "Here we are, Nasrallah." Celebratory gunfire crackled throughout the suburbs.

"He represents our views as if he's speaking from our own hearts. We feel he's one of us, somebody we know," said Ferial Faqih, a secular Shiite in a midriff-baring top.

Faten Mansour, a 25-year-old Shiite mother who'd draped a Hezbollah flag over her black chador, said she brought her three young children to see Nasrallah and to teach them "to defend our country and to walk in the footsteps of the resistance."

Mahdi Allam, 23, a pizza chef whose uncle and best friend were Hezbollah guerrillas who died in battle, waved a gigantic yellow flag long after the crowd had left the rally.

"The most important thing is what he didn't say: Go give your lives for the lands that still aren't free. I was waiting for it, ready, and so were all my friends," Allam said. "But he showed us he's a grounded man who does things slowly and with reason."

The rally had been timed to coincide with the withdrawal of the last Israeli troops from southern Lebanon, but Israeli officials said earlier this week that the pullout would take longer than expected.

Hamas Rebuffs Palestinian President Over Israel (NYT)

By Greg Myre

The New York Times, September 23, 2006

JERUSALEM, Sept. 22 — The Palestinian prime minister, Ismail Haniya, and other Hamas leaders said Friday that the group would not be part of a Palestinian government that recognizes Israel, a position that could complicate efforts to form a unity government and win renewed Western assistance.

Just a day earlier at the United Nations, the president of the Palestinian Authority, Mahmoud Abbas, said that a new Palestinian government would recognize Israel and honor previous agreements with it.

Mr. Abbas spent most of the past week in New York and received support from world leaders, including President Bush, for his efforts to establish the new government. But Friday's developments pointed to fundamental differences that remain between Hamas, the radical Islamic movement that currently leads the government, and Fatah, the rival party led by Mr. Abbas.

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Despite months of on-again, off-again talks, it is still not clear that Hamas and Fatah can agree on the makeup and the platform of a new government, and whether it will be acceptable to Western countries, which have set three basic conditions for restoring aid: recognizing Israel, renouncing violence and accepting previous Israeli-Palestinian agreements.

"We have accepted the establishment of a Palestinian state on the 1967 borders and the return of refugees, and the condition will be a truce, not the recognition of Israel," Mr. Haniya said, restating a long-held Hamas position following midday prayers at a Gaza City mosque.

Mahmoud Zahar, the Palestinian foreign minister, was even more explicit in remarks Friday evening. "We will not participate in a 'recognition' government," he said.

Hamas and Fatah have tried to come up with a platform for the new Palestinian Authority government that allows for broad interpretation. The goal is for the Palestinian government to meet the conditions set by the West, while Hamas, as a party, would not have to explicitly embrace those positions. There is still no agreement on how the senior positions will be allotted in the new government, though Mr. Haniya is expected to remain as prime minister, with Hamas getting the largest share of the cabinet posts.

Previous Palestinian negotiations with Israel were handled by the Palestine Liberation Organization, and this would continue to be the case. Fatah is the main component of the P.L.O., which includes numerous smaller factions.

Hamas, which has always rejected negotiations with Israel, would not have to take part in any talks.

The United States and Israel are skeptical about this approach. Israeli officials view the internal Palestinian negotiations as an attempt to gain renewed funding and international support without any substantive change on the part of Hamas, which is classified as a terrorist group by Israel, the United States and the European Union.

Israel collects more than $50 million a month in taxes and customs revenue for the Palestinians based on previous agreements, but began withholding the money after Hamas won the Palestinian elections in January.

The European Union also contributed sizable sums to the Palestinian Authority before Hamas came to power. The United States, meanwhile, was directing its assistance through agencies such as the United Nations and the World Bank.

Fatah officials have said they do not expect Hamas to explicitly recognize Israel. But Hamas would have to allow Mr. Abbas and others in the new government to act on the basis of existing agreements with Israel.

Mr. Abbas, widely known as Abu Mazen, held talks with Mr. Haniya in Gaza earlier this month, and Fatah officials came away believing Hamas had made such a commitment.

"Hamas agreed with Abu Mazen before he traveled" to the United States, said Maher Miqdad, a Fatah spokesman in Gaza. "While he has been away, Hamas has been making different statements to the media."

A draft platform for the new Palestinian government published this week makes no mention of Israel. The draft does not specifically renounce violence, saying that the Palestinians seek a state in all the territories captured by Israel in the 1967 war, "using all legitimate means and methods."

The program says that the new Palestinian government will "respect" previous agreements "in a manner that protects and safeguards the higher interests and the rights of the Palestinian people."

This appears to give Hamas leeway to accept agreements, or parts of agreements that it likes, while rejecting parts it opposes.

If a new Palestinian government is established, a crucial test will be winning acceptance from the quartet of Middle East peace brokers, which consists of the United States, the European Union, the United Nations and Russia.

The quartet met in New York on Wednesday and expressed support for Palestinian efforts to form the unity government "in the hope that the platform of such a government would reflect quartet principles and allow for early engagement."

In another development Friday, the border crossing between Gaza and Egypt, which has been closed for most of the past three months, reopened. Large numbers of Palestinians passed in both directions.

The Palestinians assumed control of the Rafah crossing last November, but Israel has kept it closed most days since its soldiers entered southern Gaza at the end of June, in response to the seizure of an Israeli soldier by Palestinian militants.

Hamas Backs Away From Unity Coalition (LAT)

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By Ken Ellingwood

The Los Angeles Times, September 23, 2006

Ruling Palestinian party says it won't participate in a government that would recognize Israel.

JERUSALEM — The ruling Hamas party said Friday that the radical Islamist group would not take part in a Palestinian unity government whose platform recognized Israel.

The comments, by Palestinian Authority Prime Minister Ismail Haniyeh and other Hamas officials, came after Palestinian Authority President Mahmoud Abbas had declared in a United Nations speech that the proposed coalition with his Fatah movement would recognize Israel.

The exchange highlighted the lingering differences between the two parties despite a tentative agreement to join forces in an effort to end the West's months-long aid embargo against the Hamas-led government.

"We will not participate in any government that would recognize Israel. I can confirm that Hamas will never be part of the 'recognition government,' " Mahmoud Zahar, the foreign minister and a member of Hamas, said in Gaza City.

Haniyeh said Hamas was prepared to observe a long-term truce but not recognize Israel's right to exist. Hamas would accept a Palestinian state along the borders that preceded the 1967 Middle East War — meaning one having control of the West Bank, Gaza Strip and East Jerusalem — he said. The latter position at times has been read to mean an implicit recognition of Israel; but Hamas leaders repeatedly have said that is not their organization's intention.

The remarks came a day after Abbas, who favors peace talks with the Israelis, had told the U.N. General Assembly that a unity government would abide by earlier agreements with Israel that call for mutual recognition and an end to violence.

Abbas said any peace talks would be left in the hands of the Palestine Liberation Organization, which he heads, and ratified by a PLO assembly or put to a vote among Palestinians.

An accord, he said, would be based on the outlines of a 2002 Arab League initiative that envisioned a two-state solution along the 1967 borders and normal ties between Israel and Arab nations.

"What we have achieved so far should be adequate to lift the oppressive siege imposed on our people and which has caused major and grave damage to our society, its standard of living and its means of growth and progress," Abbas said in the speech.

He and Haniyeh announced last week that they had agreed to form a unity government, though not on the details of its platform. The quartet of Middle East peace intermediaries — the United States, European Union, United Nations and Russia — has said international aid would be renewed when the Palestinian government recognized Israel, swore off violence and agreed to honor past agreements.

The quartet said this week that it supports efforts to create a unity government and hopes the new Palestinian platform will "reflect" the three conditions.

Abbas is to resume talks with Hamas when he returns, and the back-and-forth declarations appeared to be part of that haggling. The two factions face a difficult chore: to come up with a formulation on Israel that is vague enough for Hamas but satisfactory to the international community and Israel.

The proposed platform refers to the right to a Palestinian state along the 1967 borders and to the Arab initiative — wording that could be read as tacit recognition of Israel. But the draft does not address Israel explicitly.

Haniyeh praised the 2002 initiative's call for Israel's withdrawal from territories occupied after the 1967 war and for a negotiated agreement on Palestinian refugees. But he said a truce was as far as Hamas would go for now.

"All that is nice, but not in return for recognition — in return for a truce," Haniyeh said.

Hamas' charter calls for Israel's destruction, and its leaders have consistently refused to recognize the Jewish state. The United States and European Union cut off aid after Hamas won parliamentary elections in January because they classify it as a terrorist group.

The aid cutoff has left the Palestinian treasury empty and prompted strikes by thousands of unpaid public employees. Rising public discontent has placed intense pressure on Abbas and Hamas' leaders to act soon to solve the deadlock.

The financial crisis has been aggravated by Israel's decision to withhold about $50 million in tax and customs revenues that it collects monthly on behalf of the Palestinian Authority under a 1994 agreement.

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Zahar warned Abbas against dissolving the government, saying such a step could lead to civil war.

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Special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Abbas's Mission Impossible (TIME)

By Tim Mcgirk

Time, September 23, 2006

Palestinian President Mahmoud Abbas found out the hard way that applause and accolades for being "a man of peace" at the United Nations don't automatically win him friends back home. Just hours after Abbas raised hopes for restarting the Middle East peace process by vowing on Thursday at the U.N. General Assembly that a new Palestinian government would recognize Israel, his future coalition partners, the Islamist militants of Hamas, killed the deal.

A Hamas senior advisor, Ahmed Yousef, bluntly said: "There won't be a national unity government (with Abbas) if Hamas is asked to recognize Israel." Hamas now leads the Palestinian government; it won the majority of votes in last January's elections, and the beleaguered president cannot get a new cabinet approved by the legislature without the support of the militants.

At the U.N., Abbas perhaps should have been more cautious. But his words were directed toward the White House, say Palestinian advisers close to him. Prior to his speech, Abbas was warned by the Bush Administration — his only protector these days — that he would risk trouble with the U.S. if he drew too close to a Hamas that refuses to recognize Israel. So, to please the White House, Abbas made a promise at the U.N. he could not keep.

And Palestinian public opinion may be behind Hamas on this issue: one of the most respected Palestinian polling organizations released findings last week showing that although 54% of Palestinians are dissatisfied with Hamas's performance in government and its share of the popular vote remains steady at 38%, a majority of 67% believe that Hamas should refuse Western demands that it recognize Israel.

Faced with the impossible gymnastics of trying to satisfy both Hamas and the Bush Administration, Abbas has few options. If he invokes his presidential powers to dissolve the current Hamas government, it could lead to anarchy and perhaps civil war among dozens of armed militias, according to worried Palestinians in Gaza and in the West Bank. Meanwhile, an economic blockade on the Palestinian territories, imposed by the international community after Hamas took office in March, has squeezed off all but a trickle of aid to millions of desperate Palestinians. Only by bringing Hamas on board in a government that recognizes the State of Israel can Abbas persuade the Bush Administration and other international donors to resume the flow of funds and supplies to keep the Palestinian administration from collapsing.

Hamas militants are willing to bend, slightly. Prime Minister Ismael Haniyeh said that while Hamas would never openly recognize Israel (the militants' credo, in fact, vows to destroy the Jewish state), Hamas would be willing to sign a truce with Israel lasting up to 10 years and honor past peace accords that Palestinians signed with Israel. While prospects for changing Hamas's position as a movement are slim, Abbas is hoping to persuade it to make a de facto gesture of recognition by joining a government that accepts previous Palestinian agreements with the Jewish state. The U.S. and Europe have made the renunciation of violence and recognition of Israel preconditions for lifting their punishing sanctions on the Palestinian territories.

Meanwhile, the situation in those territories continues to deteriorate for people like Abed, a Gaza housewife who says her husband has been without his government salary for five months. "At first we borrowed money from our relatives for food," she says. "But now they have no money. So I sold my wedding jewelry and the TV. Now, we're selling the furniture. Next, our clothes." For Abed and a million other Palestinians, the question of whether or not they should co-exist with Israel has been reduced to something far more elemental: finding a shekel or two so they can feed their family a plate of beans. -With reporting by Jamil Hamad/Bethlehem

Pope Invites Muslim Envoys For Meeting (AP)

By Frances D'emilio

AP, September 23, 2006

Pope Benedict XVI has invited Muslim envoys to meet with him at his summer residence Monday for what the Holy See says is urgently needed dialogue following the crisis ignited by his remarks on Islam and violence.

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Turkey and Iran immediately said their representatives would attend.

Benedict's attempt to talk through the controversy comes as Christian-Muslim tensions rose in Indonesia over the executions of three Roman Catholic militants. Benedict had appealed to the mostly Muslim nation to spare the men.

Thousands of Muslim worshippers staged marches against Benedict in Jerusalem, the West Bank, Gaza and the Sudanese capital on Friday. The Palestinian protesters waved green Hamas banners and denounced the pontiff as a "coward" and an "agent of the Americans." But much of the Middle East was quiet.

In the West Bank city of Nablus, Palestinian police guarding a Roman Catholic church exchanged fire for 20 minutes with would-be assailants and chased them away, residents said. There were no immediate reports of injuries or damage to the shrine.

The Vatican announced the pope's invitations Friday, saying they were extended to ambassadors to the Holy See from largely Muslim countries for a meeting at the papal palace at Castel Gandolfo, near Rome.

Leaders of the Muslim community in Italy, who have advised the Italian government on politically delicate issues of Muslim integration in the largely Catholic country, also were invited.

Benedict's chief aide on inter-religious dialogue, French Cardinal Paul Poupard, also will participate.

Because of the Muslim holy day Friday, many diplomatic officials could not immediately be reached for comment. Turkey said its ambassador would attend, and Iran said its charge d'affaires would participate.

The invitation "will help clear the field of misunderstandings," Indonesia's ambassador, Bambang Prayitno, told the Apcom news agency.

Vatican Radio described the meeting as an "appointment totally dedicated to the urgency for dialogue today, between the cultures and religions of all the world, as Benedict XVI has repeatedly reiterated."

The brief Vatican announcement made no mention of the uproar over Benedict's remarks during a Sept. 12 speech to professors at the University of Regensburg in Germany, where he used to teach theology.

During the speech, which explored the relationship between faith and reason, Benedict cited a Byzantine emperor who characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith."

The pope told faithful at Castel Gandolfo on Sunday that he was "deeply sorry" that Muslims were offended by the words, which he said did not reflect his own opinions. Later in the week, he told pilgrims his comments were open to misinterpretation and that he had "deep respect" for Islam.

Monday's meeting with the pontiff "is an invitation that we sought," said Hamza Roberto Piccardo, who is secretary of the Union of Islamic Communities in Italy, an umbrella group for Italy's Muslims that has a reputation for radicalism.

"From the beginning we have kept a reasonable profile, we have spoken of misunderstanding, of the fact that there was no ill will by the pope toward Muslims," Piccardo told The Associated Press by telephone.

After initial efforts by the papal spokesman and then his secretary of state to make clear Benedict's regret over the interpretation of his remarks, the pope has been speaking directly about the tensions in his public appearances.

Earlier in the week, papal envoys stationed in countries with large Muslim populations met with leaders to try to placate anger.

Mario Scialoja, president of the Muslim World League in Italy, predicted Monday's encounter would help end the controversy. "The reactions have gone beyond reasonable for a phrase that was taken out of context."

While Benedict is determined to repair the damage, he is also intent on working for religious freedom for tiny Catholic communities in Muslim countries, including Saudi Arabia where Christians worship with difficulty.

"The creation of stable channels of communication between the Holy See and countries with Muslim majorities along with greater esteem can work to favor protection for Christian minorities," said Mario Marazziti, a spokesman for Sant'Egidio Community, a Catholic organization in Rome that works for inter-religious dialogue.

In largely Muslim Indonesia, Christians angered by the execution of three Catholic militants went on a rampage Friday, torching government buildings and looting Muslim-owned shops. The men were convicted of leading a Christian militia that launched attacks in 2000 that left at least 70 people dead.

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Faith In Power Of Reason (FT)

By Christopher Caldwell

Financial Times, September 23, 2006

After another wave of protests on Friday, it is fair to ask what Pope Benedict XVI hoped to achieve with his lecture on "Faith, Reason and the University", delivered in Regensburg last week. It outraged the Muslim world in a way that resembles the Danish cartoon controversy of last winter. Morocco recalled its ambassador to the Vatican, six churches were burnt in Palestine and an Italian nun was shot dead in Somalia. Equally striking, though, was that the reaction of the west did not run along expected lines. The former archbishop of Canterbury, Lord Carey, a champion of inter-religious dialogue, praised Benedict's "extraordinarily effective and lucid" lecture; and even José Luis Rodríguez Zapatero, the generally anti-clerical Spanish premier, offered his "full understanding and support".

Benedict cited a 14th-century dialogue in which the Byzantine emperor Manuel II Palaeologos inquired of a learned Persian what was new in Islam besides the commandment to spread faith by the sword. Manuel II's argument against conversion through violence, according to the Pope, is: "Not to act rationally is against the nature of God." Things are different in Islam, says Benedict, in which "God is absolutely transcendent. His will is not bound to any other category, not even to rationality." The Pope was not gloating. The choice of illustration may have been mischievous, but it was not smug. Benedict's lecture was a lesson to Christianity, not an attack on Islam.

It is no secret that the Pope worries about Islam. He has doubted publicly that it can be accommodated in a pluralistic society. He has demoted one of John Paul II's leading advisers on the Islamic world and tempered his support for a programme of inter-religious dialogue run by Franciscan monks at Assisi. He has embraced the view of Italian moderates and conservatives that the guiding principle of inter-religious dialogue must be reciprocità. That is, he finds it naive to permit the building of a Saudi-funded mosque, Europe's largest, in Rome, while Muslim countries forbid the construction of churches and missions. But Benedict is not among those who sees Islam's resurgence as a function simply of all the money Saudis are throwing around. For him, Islam's strength comes mainly from "people's conviction that Islam can provide a valid spiritual foundation to their lives".

By contrast, in Without Roots, a book he wrote with Marcello Pera, the Italian politician, he points up two problems for Christianity in Europe. First, "its model for life is apparently unconvincing". Second, "it seems to have been surpassed by 'science' and to be out-of-step with the rationalism of the modern era". This scientific thinking, he warns, is often intolerant. You could say that western thinkers look on the metaphysical concerns that antedate the scientific revolution much as Islamists view the world before the time of Mohammed – as barbarous. Within Catholicism, Marxist "liberation theologists" sought not long ago to claim the church for "scientific" socialism. What the Byzantine anecdote allowed the Pope to do, quite elegantly, was to present, on the one hand, a God without rationality and, on the other, a rationality without God. Although he was setting up Christianity as the happy medium, he was not claiming it was the Christianity we have just now.

Benedict's predecessor, John Paul II, looked at the essential cleavage in the world as being between religion and unbelief. Devout Christians, Muslims and Buddhists had more in common with each other than with atheists. John Paul sought dialogue with leaders of other faiths, visited mosques and apologised for the Crusades. Benedict does not agree. He thinks that, within societies, believers and unbelievers exist in symbiosis. Secular westerners, he implies, have a lot in common with their religious fellows. The Pope refers to the mutual incomprehension between western cattolici (or believers) and laici (or secularists) as a schism – a schism "whose gravity we are only now grasping". It seems to be Benedict's top priority to heal it. If rationalism is at the root of Christianity, hyper-rationalism (secularism) is a problem specific to Christianity. It may even be a form of Christianity – one that over-emphasises what we render unto Caesar and under-emphasises what we render unto God.

The Pope has been criticised for ignoring the way Muslims live their religion as an identity, not a doctrine. But that gets things the wrong way round. Benedict seeks to strengthen, not weaken, the identitarian conception of religion. "In the times of Jesus," he writes in Without Roots, "the Jewish Diaspora was filled with 'God-fearers' who reported in varying degrees to the synagogue and who, in different ways, lived the spiritual treasure of the faith of Israel. Only a few of them wished to enter fully into the community of Israel, through circumcision, but for them it was a reference point that indicated the way to life." When Benedict argued at Regensburg for "the profound harmony between what is Greek in the best sense of the word and the Biblical understanding of faith in God," he was inviting the non-religious to avail themselves of Rome's inheritance.

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It is not by accident that secular ideologies such as human rights and democratic socialism bear a resemblance to Christian ethics. They have their roots in Christian ethics, after all. Secular intellectuals should be in sympathy with the church, Benedict's thinking goes, even if they are not in communion with it. That is why he has spent so much time in public dialogue with such secular philosophers as the Italian Paolo Flores d'Arcais and the German Jürgen Habermas. That was what the Regensburg talk was about. Rather than convince secular-minded people to join the flock, he seems to be trying to convince them that they are in it already.

Paulson Ends China Visit With Little Progress But Gratified To Be Talking (NYT)

By Steven R. Weisman

The New York Times, September 23, 2006

BEIJING, Sept. 22 — Treasury Secretary Henry M. Paulson Jr., winding up a four-day visit to China, met Friday with President Hu Jintao and Prime Minister Wen Jiabao and said afterward that he was encouraged by their willingness to engage in a new effort to resolve economic disputes between the countries.

Mr. Paulson and his aides, many with long experience in China, said his 50-minute session with Mr. Hu and 55-minute session with Mr. Wen were highly unusual for a Treasury secretary. Mr. Paulson's predecessor, John W. Snow, met with Mr. Hu for only a couple of minutes when he was Treasury secretary.

But United States officials continued to acknowledge that the trip was ending with no signs of progress on issues like Chinese currency policy, restrictions on China's capital markets, trade disputes and the widespread piracy in China of software, movies and pharmaceuticals from the United States.

"I enjoy meetings when they are not scripted, when there is a give and take and when they are substantive," Mr. Paulson told reporters after the sessions, soon before leaving for Washington. "These two leaders knew their stuff, and there was a real discussion."

He was careful to provide few details of his talks, but his aides said that "this was a big deal," as one put it, for the meetings to have taken place and for there to have been a considerable presence from the Chinese media.

The main accomplishment of Mr. Paulson's visit, which began Tuesday, was a new strategic economic dialogue between the United States and China. But officials acknowledge that the creation of a process does not equal achievement of results.

Mr. Hu welcomed establishment of the dialogue, according to remarks reported by the official Xinhua news agency. Mr. Hu said the dialogue would serve the purpose of "making suggestions and supplying advice for high-level policy making by the two nations," Xinhua said.

Mr. Paulson summarized his visit to China as successful but said the results would not be seen until later. However, the issue has some urgency for the administration, with critics of China in Congress preparing to introduce legislation to punish the nation because of its currency practices.

The main focus of the legislative action is a bill sponsored by Senators Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, that would raise tariffs on Chinese imports by nearly 30 percent if China does not allow its currency to appreciate against the dollar. Such a shift would make exports from China more expensive and imports to China cheaper.

Tony Fratto, the Treasury Department's chief spokesman, said Mr. Paulson would speak to Mr. Schumer and Mr. Graham next week to try to persuade them to pull back their bill. Both have vowed to proceed with it if Mr. Paulson did not achieve progress.

The bill is expected to be approved in the Senate but not the House. President Bush has vowed to veto it.

Mr. Paulson argues that even Senate passage would be counterproductive, making the Chinese less likely to accommodate United States interests because they might be seen as yielding to pressure.

Paulson Hails 'real Discussion' With China (FT)

By Krishna Guha In Beijing And Richard Mcgregor In Beijing

Financial Times, September 23, 2006

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Meetings with Hu Jintao, China's president, and Wen Jiabao, prime minister, exceeded the expectations of Hank Paulson, US Treasury secretary, who said on Friday they had engaged in a "real discussion" on substantive issues.

Mr Paulson did discuss the issue of China's currency valuation directly with Mr Hu, alongside other issues including intellectual property and financial sector liberalisation.

Mr Paulson's position is that greater currency flexibility would be in China's national interest and would facilitate a long-term strategic relationship bet-ween China and the US.

He said he was "encouraged" by the meeting with Mr Hu and a separate discussion with Mr Wen in Beijing. "For me, because I think I had realistic expectations, this broke to the high side," he said.

He refused to say whether he thought China's leaders had changed their position as a result of his trip, but insisted the meetings were not formalities.

"We have all seen pre-arranged minuets," he said. "These two leaders knew their stuff and there was a real discussion."

Mr Paulson's goal for his visit – his first since leaving his post as head of Goldman Sachs, the investment bank, for the US Treasury – was to set up a process that would allow the two countries to tackle issues arising from China's growing strength as a world power, rather than to come home with a specific political or economic policy win. His chosen method was a semi-annual dialogue held between top-level officials to discuss long-term concerns.

While Mr Paulson has repeatedly warned against expecting immediate results from the talks this week, his comments could heighten market expectations that China will allow its currency to appreciate more rapidly in the months ahead. The Treasury secretary said the meetings were "substantive, unscripted and spontaneous".

The Chinese account of the meeting made no mention of the currency, which has edged up to record highs every day this week since Tuesday.

A senior administration official said Mr Paulson was "fully cognisant that he will be judged on results" and in particular on whether the new strategic economic dialogue with China he announced on Wednesday helped the two sides work through their differences.

"This is going to take a little bit of time," the official said. "But as he [Paulson] said at his press conference on Wednesday, he is not someone who is famous for being patient."

The official said the Treasury secretary would try to explain his strategy to Congress on his return home.

"We have a challenge of educating people about this," he said, adding "we are all aware there will be criticism" of Mr Paulson for returning without any specific policy commitments from the Chinese.

Mr Paulson said there were few, if any, issues on which the two sides disagreed in principle. "Where there is discussion is on the timing," he said. The US wants China to move faster towards currency flexibility and to accelerate its broader reform programme.

No previous US Treasury secretary has had a full meeting with China's president, and other meetings between Mr Hu and US leaders have tended to focus on geopolitical issues.

Clark Randt, the US ambassador, said Mr Hu was now "directly involved" in the US-China economic dialogue.

Mr Hu, who was quoted on Xinhua, China's official news agency, praised Mr Paulson for his "positive contributions to exchanges and co-operation between our two countries in the economic and financial field."

"China will make joint efforts with the United States to expand common interests, respect and address each other's concerns to push forward the China-US constructive partnership," Mr Hu added.

Paulson To Push Senators To Drop China-Tariff Bid (WSJ)

By Michael M. Phillips And Greg Hitt

The Wall Street Journal, September 23, 2006

Treasury Secretary Henry Paulson turns this coming week from negotiating with Chinese leaders to pressing two persistent U.S. senators to back off a bill that would levy tariffs on Chinese goods to punish Beijing for its currency policies.

Senators Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.) appear intent on forcing a vote this coming week on legislation to impose a 27.5% tariff on China-made goods -- if Beijing doesn't allow its currency, the yuan, to rise against the

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dollar. On three previous occasions, the senators have been on the brink of bringing the issue to a vote, only to step back after appeals from the Bush administration, which fears the bill could ignite a trade war.

Mr. Paulson's mission now is to convince the senators they should give the newly announced U.S.-China economic dialogue time to work. Senate Majority Leader Bill Frist (R., Tenn.) sees a possible compromise: kicking the bill into a lame-duck session after the Nov. 7 elections.

But the senators say they are running out of patience. Unlike the previous three episodes, this time they have made a written request to Mr. Frist for a vote next week. "We've had dialogues for years and years, and we've had no movement," Sen. Schumer said. "A dialogue is not good enough." A spokesman for Mr. Graham says he, too, is committed to pressing forward. The two lawmakers are to confer with Mr. Paulson early in the coming week.

Treasury officials say Mr. Paulson is getting unprecedented access to Chinese decision makers and needs time to make those connections work. On Friday, the secretary held talks in Beijing with top leaders -- including a session in which he and President Hu Jintao spontaneously dismissed their staffs after 30 minutes of conversation and conferred in private for 20 more.

Mr. Paulson described the Hu meeting, as well as an earlier session with Premier Wen Jiabao, as "substantive" and "unscripted." U.S. officials said the conversations touched sensitive issues ranging from China's lack of enforcement of intellectual-property rights to concerns that Beijing is keeping the value of the yuan low to give Chinese exporters an edge.

"I find it quite encouraging that there are very few issues -- I can't think of any -- where there were differences on the principles," Mr. Paulson said. "Where there are differences is on timing."

Early in his trip, Mr. Paulson suggested he might not have to persuade Congress to get on board. "I know there's a short-term mentality in the world today, but I don't think many people are going to judge me by what comes out of one visit," he said. "And if they do, heaven help this country." By the time he headed home, though, the secretary had changed his tune. "It's my job to communicate with people up on the Hill," he said. "They're clients."

A senior administration official traveling with Mr. Paulson was more blunt about the political challenge. "Any time we do anything related to China, we know that there are those groups and individuals out there who want nothing short of us coming here and taking out the baseball bat on the Chinese," the official said.

Alarmed at the prospect of a Senate vote, the U.S. Chamber of Commerce, the National Association of Manufacturers and the Business Roundtable are rallying opposition. Senate Finance Chairman Charles Grassley (R., Iowa) says passage is likely if the bill is brought up, in part because "China hasn't delivered on" on past promises.

With the elections looming, concerns about China and the economy are helping to stoke voter angst. As a result, said Business Roundtable President John J. Castellani, the tariff bill is "attractive politically" to some lawmakers. "The problem is that not always does good politics make good policy," he said.

Business lobbyists also fear some senators see the vote as a chance to send a shot across China's bow, knowing President Bush can block the measure from becoming law -- if it gets through the House, where the outlook is uncertain.

To Build Trust, U.S. Navy Holds A Drill With China (NYT)

By Michael R. Gordon

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — The United States Navy reached a modest but noteworthy milestone this week when it conducted an exercise with a Chinese ship off the coast of southern California, the top American commander for the Pacific region said Friday.

The exercise, conducted Wednesday, was the first time that ships from the two navies have worked directly with each other in a search and rescue training session. In the operation, the crews of an American ship and a Chinese ship practiced how to save a third ship from fire and flooding while evacuating casualties.

The regional commander, Adm. William J. Fallon, cast the exercise as a step toward a deeper relationship he hopes to foster between the militaries. The admiral has visited China three times and said he achieved a minor breakthrough in May when the Chinese allowed him to sit in the cockpit of China's advanced FB-7 warplane.

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"Frankly, from the military side we have not been very engaged with these folks in the last five years," he told a group of reporters. "We are attempting to build a new relationship to try to establish a foundation and hopefully at some level of trust."

But the American government has never been of one mind on the value of military exchanges with Beijing. The heads of the United States Pacific Command have favored establishing a channel of communication with their Chinese counterparts, figuring it would enable them to dispel misperceptions about American intentions and defuse the sort of crisis that erupted in 2001 when a Chinese fighter and an American reconnaissance plane collided off the coast of China.

But some Bush administration civilians and advisers have been far more skeptical, calculating that the principal Chinese interest is to glean what they can about American military technology and operations while withholding useful information about their own activities and budgets.

Admiral Fallon alluded to those differences.

"It isn't a clone of the Soviet Union," he said, referring to China. "However, there are institutions of our government that seem to act in a manner that has just transferred whatever we thought the Soviet Union was, and we have moved it into China and we kind of do things in the same manner, which I think is incorrect."

The exercise off the coast of California is to be followed by a more complex search and rescue exercise off the coast of China, Admiral Fallon said. But there is a long way to go to build stronger ties.

American and Chinese officials have never drafted procedures on avoiding military incidents like the 2001 episode with the reconnaissance plane.

Congress has also imposed restrictions on the scope of military exchanges, forbidding contacts that would enhance the Chinese military's combat, logistical or surveillance capabilities. Exercises involving search and rescue and humanitarian operations are exempt from the ban, and Admiral Fallon indicated that he would favor relaxing the restrictions if the Chinese demonstrated that they would be more transparent about their armed forces.

Admiral Fallon encountered the limits of the relationship in July when he tried to call his Chinese counterpart this past summer to encourage Beijing to warn North Korea not to test its long-range missiles.

"I tried to get hold of their senior leadership back in July," he said. "It was 'We will get back to you.' " The Chinese eventually responded by arranging for a statement to be read to an American official in Beijing expressing appreciation for Admiral Fallon's interest in the matter.

James Mulvenon, an expert on the Chinese military, said there was value in meeting with the Chinese to try to dispel notions that the United States was engaged in dark conspiracies against China. But he argued that establishing a high-level channel for crisis management was not possible.

"The Chinese value strategic dialogue, but we can't hope that these connections can be used in crisis," Mr. Mulvenon said. "Their system is structured differently. The counterpart of Admiral Fallon would not feel comfortable having independent communication with Pacific Command."

In the Wednesday exercise, the crew of the American destroyer Shoup worked with the crew of the Chinese destroyer Qingdao. The Swamp Fox, a torpedo recovery vessel, played the role of the ship in distress. The Qingdao and the Hongzehu, a Chinese oiler, visited San Diego as part of the exchange.

UK In Secret Deal With Italy On China Trade (FT)

By George Parker And Andrew Bounds

Financial Times, September 23, 2006

Britain has offered a secret deal to Italy under which it would back Rome's demand for punitive tariffs on cheap Chinese shoes in return for Italian support for the UK's long-hours work culture.

The classic example of European Union horse-trading has dismayed retailers, who claim a deal with Italy could force Britain to support Rome in future trade disputes with China over imports of low-price furniture and ceramics.

The fact that Britain is prepared to put aside its free-trade principles in the shoe dispute is a sign of its fear that other member states could try to axe its "opt-out" from Europe's maximum 48-hour working week when the issue is debated in November.

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Britain has just enough EU member states ready to support its exemption from the working time directive – seen as a vital part of Britain's flexible labour market – but the coalition is flaky.

Romano Prodi's new centre-left government told the UK this year that Italy was withdrawing its support, leaving Tony Blair's government relying on Germany and the unstable Polish coalition as its main backers.

The Financial Times has learnt from a number of sources that Britain is desperate to bring Mr Prodi back on board, offering to back a protectionist bloc of EU countries – led by Italy – that wants anti-dumping duties on Chinese and Vietnamese shoes.

But the proposed deal has hit a hitch: Italy has so far refused to give Britain the written assurances it wants on working hours. Communists and socialists in Mr Prodi's coalition believe the UK's working time "opt out" exploits workers and gives Britain an unfair advantage over countries where the 48-hour limit applies.

Meanwhile, Emma Bonino, the Italian trade minister, hopes to assemble the necessary majority of EU countries to support duties on Chinese shoes without Britain; yesterday Italy and other southern European countries applied pressure on Cyprus to defect from the free-trade camp.

Cyprus would make the difference.

A proposal for anti-dumping duties from Peter Mandelson, EU trade commissioner, has left governments deadlocked, with 12 countries in favour and 13 against his plan to impose five-year duties of 16.5 per cent for leather shoes from China and 10 per cent for Vietnam.

EU ambassadors will learn next Wednesday if Italy, Spain and other shoe producers have secured a majority with or without Britain. A new agreement is needed before interim shoe duties expire on October 6.

A British spokesman declined to confirm or deny the talks with Italy. We don't comment on confidential discussions," he said.

The Footwear Association of Importers and Retail Chains said: "This case should be decided on its merits, not on desperate horse-trading, which makes the EU look ridiculous."

Hillary Clinton Stars At Husband's Meeting On World's Ills (NYT)

By Patrick Healy

The New York Times, September 23, 2006

Senator Hillary Rodham Clinton made a star turn yesterday at former President Bill Clinton's conference on global challenges, calling for a concerted attack on the "feminization of poverty" to destroy political and economic barriers that trap women.

President Clinton also marked the conclusion of the three-day conference by announcing that participants had committed $7.3 billion to climate, health and antipoverty programs, and to efforts to foster ethnic and religious tolerance.

A similar conference last year, Mr. Clinton's first, raised $2.5 billion in total commitments.

While the day included remarks by former Secretary of State Colin L. Powell and the media baron Rupert Murdoch, it was Mrs. Clinton who drew a standing-room-only crowd of hundreds for a session called "Women and the Power of Economic Opportunity."

That theme led to a discussion of political opportunity as well, and audience members applauded when Mrs. Clinton, a possible presidential candidate in 2008, suggested that the time would come for more women to assume high office.

(She did not mention when, however.)

In her opening remarks, the senator set the tone for the panel by lamenting that women in many countries cannot vote, run for office, or secure credit or capital to start business ventures.

"Far too many women are stuck in a cycle of poverty from which there is no escape," she said. "How do we help overcome that condition of poverty and dependence?"

Panel members said the goals and solutions for empowering women and fighting poverty were fairly obvious: With greater economic strength, women gain greater power to improve conditions for themselves and their families and to press for political reforms — in part by seeking elective office, where they can spur new laws and programs in areas like education and health.

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But getting there has been a stubborn problem, Mrs. Clinton and the panel members agreed.

"Women do 66 percent of the work in the world, produce 50 percent of the food, but earn 5 percent of income and 1 percent of the property," said Ann M. Veneman, the former secretary of agriculture in President Bush's administration, who is now executive director of Unicef. "We need to convince not only governments, but major multinational corporations who do business in these countries, to help be a partner in changing conditions."

The theme of politically empowered women led to the only moment in the session when Mrs. Clinton's own political future seemed to stir the room — that is, if you ignored all the photographers snapping photos of Mrs. Clinton.

Helene Gayle, the president of CARE, the international poverty-fighting organization, echoed comments by others when she said that nations needed "more women in government to start with."

Ms. Gayle paused as Mrs. Clinton was nodding affirmatively, and several audience members laughed and applauded.

"While we're waiting for that ...," Mrs. Clinton said by way of a winking transition, and Ms. Gayle resumed.

Clinton Initiative Wins $7.3bn Pledges (FT)

By Andrew Jack

Financial Times, September 23, 2006

Former US President Bill Clinton's global initiative conference wound up in New York on Friday with 215 commitments from companies, governments and non-profit groups totalling $7.3bn, nearly three times its inaugural 2005 level.

The pledges mostly concentrated on the four themes of the fight against global warming, disease, poverty and religious conflict. They varied from Rupert Murdoch and the singer Barbra Streisand jointly backing an effort to reduce greenhouse gas emissions to a planned future summit between African women to Sir Richard Branson's $3bn promise over a decade to reinvest proceeds from his transport groups into alternative fuels.

Many of the 1,000 in attendance, including nearly 50 former and current international leaders or heads of state, were drawn from Mr Clinton's circle of acquaintances from his White House years and his more recent activities through his Clinton Foundation.

The event tried to be bipartisan, but remained political. Laura Bush, US first lady, spoke on the first day, and Mr Clinton's wife Hillary, a possible Democrat presidential contender, on the last.

Some have criticised the gathering for its glitzy "photo ops" with world leaders and telethon-style pledges backed by certificates signed by Mr Clinton, as well as a sense that many of the commitments made were repackaged, publicity-seeking or would have happened in any case.

Despite efforts to make this year's pledges more original and measurable, many remained vague. But a number of participants argued that if this was what it took to recruit or sensitise even a few more powerful fence-sitting business groups to their cause, or push them into making commitments, it was a price worth paying.

"Cynics will say we are latterday Don Quixotes," said Mr Clinton in his closing address. "But if you build me another windmill, I will tilt it."

CGI's intimate scale and public policy focus makes it arguably a more useful forum for networking, as long as it draws from beyond the circle of those already converted on the issues. Its increasing use of the internet to draw others into its "eBay of philanthropy" model could boost its potential in the future.

However, for all the policy discussions and individual initiatives, the Clinton Global Initiative has its limits. Speakers including the heads of state of Pakistan and Colombia argued that the single greatest help they could receive to fight poverty and disease and reduce tensions was highly political: market access for their goods to the US and the EU. <i/>

The Financial Times is the media sponsor of the Clinton Global Initiative

Europe New Memberships To Test EU Resolve (WSJ)

By John W. Miller

The Wall Street Journal, September 23, 2006

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The European Union looks set to give a green light Tuesday for Romania and Bulgaria to join the bloc in January, adding 30 million more people to the union's 450 million and testing the willingness of "old" Europeans to welcome ever-poorer cousins from the East.

Reflecting public concerns over further expansion, the European Commission in May gave the two Balkan nations until this month to show progress in fighting corruption and other areas, or be kept waiting for another year. Diplomats say the Commission will recommend membership in January, but will condition the offer with fine print requiring crackdowns on corruption, illegal state aid and, in the case of Bulgaria, violent crime.

Roughly the size of Britain and with a population of 22 million, Romania is weighed down by rural poverty. Bulgaria's population of around eight million is less of a burden, but Sofia has its own set of problems, starting with recent gangland-style killings and heavy corruption. The top official for expanding the EU, Olli Rehn, has issued repeated warnings to the socialist government that took power last year that it must do better in imposing the rule of law.

Officials in Brussels say they'll disclose on Tuesday how they plan to punish Bulgaria and Romania if they don't comply with the Commission's fine print. Some analysts are skeptical, though. Subsidies to build roads and bridges and fund farmers are locked in by legally binding treaties that are difficult to change, says Michael Emerson of the Brussels-based Centre for European Policy Studies. Moreover, Hungary's economic woes and political violence during the week showed that joining the EU doesn't guarantee an end to turmoil.

The expansions also will play on sore feelings in Western Europe, where some people feel competitive heat from their new Eastern neighbors. In a recent EU poll, 55% of French citizens said they believe enlargement will "lower our standard of living."

Even the United Kingdom, one of the few countries to open up its borders to workers from the 10 countries that joined the EU in 2004, is mulling whether to use its right to block workers from Romania and Bulgaria for as long as seven years. About half a million citizens from countries brought in by the EU's last expansion, in May 2004, have since registered to work in the U.K.

Acknowledging the concerns, Romania's labor minister promised that Romanians wouldn't invade Western Europe seeking jobs in a bid to reassure voters in the big EU countries.

The EU has little choice but to let the two countries in, however. At a summit last year, the 25 member states pledged to welcome Romania and Bulgaria before 2008. Going back now would require unanimous consent, which is highly unlikely. If, as expected, the Commission recommends the two countries join in January, no further vote is needed.

Other aspirants to EU membership such as Turkey, Croatia and Serbia have no such assurances and will be watching Tuesday's Commission report closely for any signs of how hard Europe's enlargement fatigue is biting.

Effort To Join EU Loses Inertia (WT)

By Andrew Borowiec

The Washington Times, September 23, 2006

NICOSIA, Cyprus -- The sputtering locomotive pulling Turkey toward Europe is losing steam amid signs of increasing problems in Turkey's talks to join the 25-nation European Union.

In an effort to stave off a major crisis, the European Union has postponed by a month its much-awaited report on Turkey's accession progress. The idea, according to diplomats, is to "give diplomacy another chance" despite negative signals from Ankara and Brussels.

The tangle of issues involves what the European Union considers to be inadequate human rights progress in Turkey and its refusal to open its ports and airports to Greek Cypriot traffic despite a binding trade convention.

The apparent hardening of Turkey's attitude in the face of EU demands has caused a series of crisis forecasts and predictions of a "train wreck" in Turkey's path toward Europe.

While compromise on some of Turkey's laws dealing with women and minority rights still appears possible, diplomats say there is little hope that Turkey will recognize the Greek Cypriot government without concessions to the Turkish Republic of Northern Cyprus, an entity recognized only by Turkey.

"Nobody should expect Ankara to open its airports and harbors to the Greek Cypriots unless the isolation of the Turkish Cypriots is ended," Turkish Prime Minister Recep Tayyip Erdogan said recently.

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Turkey's refusal to compromise on the Cyprus issue has revived Greek Cypriot calls to veto its EU application, although at present the Cypriot government considers such a gesture as extreme.

Cyprus joined the European Union two years ago but without the Turkish Cypriot part of the island. Some EU member countries asserted at the time that the "European Club" should not have admitted a fractured country with an unsolved problem likely to weigh heavily upon Europe.

Turkey says the overwhelming Turkish Cypriot approval of a United Nations plan to unite Cyprus in a referendum was a major concession. The plan was rejected by the Greek Cypriots.

A special EU negotiating team is to visit Turkey in October to discuss its admission credentials a year after accession talks started.

There is growing concern in Europe that the bloc may encounter serious problems in digesting, economically and politically, the number of countries anxious to join it. Turkey has complained that its application has been subjected to inordinately demanding scrutiny compared with that of other recently admitted countries.

Remaining U.S. Soldiers To Vacate Tuzla Area (LAT)

From Times Wire Reports

The Los Angeles Times, September 23, 2006

The United States will pull its last 150 soldiers out of Bosnia-Herzegovina by December, a U.S. general said.

The troops of Eagle Base near Tuzla are all that remains of the 38,000-member force that deployed as part of a NATO-led peace mission in late 1995. A European Union force of about 6,000 assumed peacekeeping duties two years ago.

The United States has about 1,600 troops stationed close by in Serbia's U.N.-run province of Kosovo. About 100 mostly U.S. intelligence officers will remain in Bosnia attached to NATO headquarters in Sarajevo, the capital.

U.S. Doubts Moscow On Energy (WT)

By David R. Sands

The Washington Times, September 23, 2006

The State Department yesterday sharply criticized a recent move by the Russian government to curb a major Western oil-and-gas-investment project in Siberia, saying it put in doubt Moscow's willingness to honor major energy deals with foreign investors.

Spokesman Tom Casey said the Bush administration was "very concerned" by a Russian government move earlier this week to revoke the environmental permits for a $20 billion liquefied natural gas project being developed by the Royal Dutch Shell Group and two Japanese investment houses on Sakhalin Island.

Analysts fear revoking the environmental permit could be tantamount to killing the deal or forcing the international partners to sell out.

"Frankly, these actions cast doubt on Russia's willingness to uphold its recent commitments that were made by all the G-8 countries at the St. Petersburg summit," Mr. Casey said.

Those commitments, he added, included a pledge to develop "transparent and efficient global energy markets," as well as "specific obligations to uphold contracts."

Officials at the Russian natural resources ministry yesterday raised fresh questions about a second Sakhalin project being developed by U.S.-based Exxon Mobil Corp., complaining the rising company estimates of the cost of the project were cutting into Moscow's promised share of the returns.

Mr. Casey said the U.S. government was not aware of any action against the Exxon Mobil project, but that the actions taken against the Dutch-led project, the largest single foreign investment in Russia, were worrisome.

The commercial dispute comes against a backdrop of alarm in the United States, Europe and Japan that Russia under President Vladimir Putin is increasingly ready to use its clout as a global energy superpower to further its commercial and diplomatic interests.

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Western European countries faced a brief supply scare at the beginning of the year when Russia's state-controlled oil company cut off supplies of natural gas to neighboring Ukraine in a bitter pricing dispute. Many suspect that Gazprom is angling to control the network of pipelines supplying natural gas to Europe.

Exxon Mobil, Royal Dutch Shell and the French energy company Total SA won contracts to develop three huge oil and natural gas fields in the Russian Far East in the 1990s, before the Kremlin under Mr. Putin began a concerted effort to reassert state control of the country's vast energy resources.

Mr. Casey's remarks followed similar criticism this week of the Russian action against the Shell project from the European Union and the governments of Britain, Japan and the Netherlands.

Mr. Putin is in Paris today for a summit with French President Jacques Chirac and German Chancellor Angela Merkel. The meeting will include talks on Russia's energy policy toward Europe and Russian hopes to expand its investment in EADS, the European aerospace consortium.

Panamanians Likely To OK Canal's Expansion Project (LAT)

By Chris Kraul

The Los Angeles Times, September 23, 2006

Polls show growing support for a 5-year government plan facing voters next month. The upgrades could ease traffic at L.A.-area ports.

PANAMA CITY — Support is building among voters for expansion of the Panama Canal, a five-year, $5.2-billion project that could ease overcrowding at the Los Angeles-Long Beach port complex.

Recent polls show that support for the plan, which goes to a nationwide vote Oct. 22, is at nearly two-thirds of those intending to cast ballots. Approval has risen 6 percentage points in the last month, and some say the public has put aside initial fears that graft and indebtedness could swamp the nation's most important resource and symbol.

"It's our Statue of Liberty and Golden Gate Bridge all in one," said pollster Leopoldo Neira. His firm published an opinion survey in the local La Prensa newspaper Sunday that showed yes votes among probable voters outnumbered noes 63% to 33%.

The wild card is the generally negative results of past Panamanian plebiscites, Neira said, a reflection of ingrained public distrust of the government. Still, he believes only a major scandal tainting the government of President Martin Torrijos could scuttle prospective passage of the measure.

"The expansion is not for our benefit but for that of our children and our children's children," said Panama City taxi driver Mauricio Reyes, who said he expected business to improve with the expansion.

The quasi-independent Panama Canal Authority, which runs the waterway and would manage the expansion, said Thursday that the canal was on track to generate about $1.4 billion in revenue this year, 15% more than last year, a reflection of increasing global trade. One of the fastest-growing segments of this commerce is cargo going between Asia and the U.S. East Coast, some of which uses the Panama Canal.

The expansion would ostensibly slow the traffic growth at the Los Angeles-Long Beach port complex. There, much Chinese and other Asian cargo headed for the U.S. East Coast is offloaded or transferred to other ships, because many of the Asian cargo boats cannot fit through the Panama Canal.

The Torrijos government has touted the supposed benefits in jobs and revenue for social projects from expanding the 51-mile canal, while warning of the risks of doing nothing.

Those risks include the possibility that Mexico or other Central American countries could build competing canals or port-highway complexes to move the accelerating flow of worldwide freight. Government officials in Chile and El Salvador have been quoted recently as saying a rejection of the canal expansion would lead to the development of alternative cargo routes.

Neira said three-quarters of Panama's population believes the government is corrupt, and a significant portion expects expansion costs to outstrip the projected amount, possibly piling up debt that would spoil the nation's healthy finances.

In response, the Torrijos government has promised transparency in the bidding process, with contracts of $10,000 or more subject to a public bid. As for cost overruns, officials say the $5.2-billion figure includes a possible $1-billion overrun plus 10%

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annual inflation. The administration is promising Panamanians they are not at risk, that canal customers would shoulder the expansion cost with their tolls.

The expansion as proposed would include a new locks to accommodate so-called post-Panamax container ships capable of carrying up to 8,000 metal freight containers, twice the canal's current per-ship capacity.

Ruben Carles, a former controller general and one of several onetime government officials who have expressed concerns over the transparency of the project's finances, said in a telephone interview Thursday that he was confident that the government would "render accounts" as the expansion proceeds and that he supported the expansion.

Former Vice President Ricardo Arias Calderon said in an interview, "It will be historical suicide to not widen the canal."

Even those still opposed concede that the yes votes are likely to win by a comfortable margin.

"Yes could win 2 to 1," said one attorney close to the opposition, who asked not to be named.

Confident of victory, the government is going ahead with plans for a $50-million network of 35 technical schools to train skilled workers needed for the expansion. Although the canal construction would employ no more than 7,000 workers, Torrijos is promising an enormous "multiplier effect" of indirect jobs from the project and expanded canal.

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India's Looming Talent Shortage (LAT)

By Henry Chu, Times Staff Writer

The Los Angeles Times, September 23, 2006

The country may be churning out engineers by the hundreds of thousands each year, but their qualifications are in question.

CHENNAI, India — From his perch atop one of India's most successful software companies, Lakshmi Narayanan sees a potential storm brewing.

His firm and others like it have had little trouble finding first-rate engineering graduates for entry-level jobs, capable young men and women lured by the glamour of cutting-edge work and generous salaries.

But a shortage of talent is looming that could put a dent in India's reputation as the world's information-technology outsourcing champion. Three or four years from now, Narayanan and others forecast, qualified engineers in India are going to be at a premium as companies like his vie for their services to sustain the industry's remarkable growth.

"Clearly there's going to be a challenge," said Narayanan, the president and chief executive of Cognizant Technology Solutions Corp., which produces business system software for such clients as Wells Fargo & Co., Aetna Inc. and ACNielsen.

The imminent dearth of talent may come as a surprise to observers in the West, where India is popularly perceived as an engineer factory, churning out every year hundreds of thousands of well-trained, highly motivated, low-cost professionals who are ready to join the country's growing army of technology workers.

To hear many American officials, academics and business leaders tell it, the huge number of engineers produced by Asia's developing giants, India and China, poses a major threat to American competitiveness at home and abroad.

But talk to executives here, as well as experts in the field, and a different story emerges. The problem, they say, is not quantity. It's quality.

At high-tech firms across India, hiring managers must comb through mounds of applications to find suitable candidates. A report by the McKinsey Global Institute last year estimated that only 25% of Indian engineering graduates were employable by multinational companies. Some executives here are even more critical, putting the figure at 10%.

For China, only 1 out of 10 graduates had the skills necessary to join an international firm, the study said. "You need to be technically skilled. You need to speak good English. You need to understand cross-cultures. The expectations are growing," Narayanan said. "It's no longer good enough just to be a good engineer."

Established players like Cognizant enjoy some advantage in that they can pick the cream of the crop; jobs at the big firms are highly coveted.

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But Cognizant and other industry leaders such as IBM Corp. have had to invest heavily in training in India, building entire campuses devoted to molding recruits and filling in the gaps in their education, particularly with regard to so-called soft skills and managerial know-how.

Infosys Technologies Ltd., for example, recently announced that it was investing $176 million in its Global Education Center at the company's complex in Mysore to triple the number of trainees the center could accommodate in a single sitting, to 13,500 from 4,500.

"These are very bright kids — the basic intelligence is available," Narayanan said in an interview in his office here in Chennai, the southern Indian city formerly known as Madras. "The only question is shaping them into what the industry requires."

The looming squeeze in the supply of qualified engineers in India is starkly at odds with widely quoted statistics in the U.S., which have assumed almost totemic status in the debate over the future of American dominance in the high-tech marketplace.

According to these figures, India graduates 350,000 engineers a year, China 600,000 and the U.S. a mere 70,000.

Officials such as U.S. Commerce Secretary Carlos M. Gutierrez, influential media outlets such as Fortune magazine and the National Academies' Committee on Science, Engineering and Public Policy have all cited those numbers to warn of a gathering threat to American scientific and technological preeminence.

But the origin of the statistics is murky. And recent research suggests that they are, in fact, wrong.

In December, Duke University researchers found that when comparing the number of students earning degrees from accredited four-year programs in engineering, computer science and information technology, the U.S. remained in a strong position, with about 137,000 in 2004. India had 112,000.

China graduated about 352,000, but that figure, based on less directly comparable data, could well include "the equivalent of motor mechanics and industrial technicians," the study said.

For India, the problem is twofold, experts say. Access to higher education has historically been restricted to a tiny fraction of the population. And while trying to widen that bottleneck, many of the start-up institutions offering engineering courses are of dubious quality.

"The country that's in the deepest trouble now as far as education goes is India. China has gotten its act together; the U.S. has already had its act together. It's India that's going to be facing severe challenges," said Vivek Wadhwa, a coauthor of the Duke study. "The number of graduates that they're churning out is not keeping up with economic growth. If the country wants to grow at 7% to 8%, they simply don't have the number of graduates to sustain that."

When spread over their respective populations, the pool of engineers stretches extremely thin in India and China, which together account for one-third of all humankind.

The scarcity of engineers holds ramifications not just for the vaunted high-tech sector but also for issues of basic development. In New Delhi, for instance, municipal officials have warned of a massive shortage of engineers to oversee public works in a country whose infrastructure is notoriously bad.

Though China and India are working hard to increase their share of top-notch engineers, that should not be the focus in the U.S., despite widespread hand-wringing by some officials and educators, Wadhwa said.

"Because India and China have greater numbers, we think we have to have greater numbers too. But we'll never match them in numbers. We can't compete on their turf, which is quantity," Wadhwa said. "We need to make them compete on our turf, which is quality. Yes, they have more numbers. Of course they do. Between them they have 2 1/2 billion people. Yes, they graduate more engineers. They graduate more dentists, and they have more shopkeepers too."

In some ways, India is a victim of its own success over the last decade in the IT world.

Stories of Indian entrepreneurs made good in Silicon Valley, of the meteoric rise of homegrown companies such as Wipro Ltd., have made engineering jobs more attractive than ever and encouraged more young people to pursue engineering degrees.

Graduates from the seven prestigious IITs, Indian Institutes of Technology, hold their own against those from Caltech or the Massachusetts Institute of Technology. But they represent only a small portion — about 3,000 graduates a year — of the talent pool. From there, the drop in quality is steep, experts say. Many of the private engineering colleges and other programs that have proliferated in recent years do not reach anywhere close to the standard of the IITs.

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Prasad Krishna, head of quality assurance at the All India Council for Technical Education, which oversees engineering programs, said his staff had found it difficult to keep up with all the new schools. Currently, India boasts 1,475 approved engineering programs.

"There are many institutions running programs not approved by the council," Krishna said. "Some of these fly-by-night operators should be checked."

Industry insiders express grave concern about the quality of teaching in India's engineering schools. Many of India's best and brightest opt for the private sector, where they earn far larger salaries than they would as professors.

To ease those deficiencies, and to help guarantee their own survival in a competitive labor market, companies are increasingly joining up with colleges and universities to strengthen faculties and to sharpen students' communication and leadership skills. A number of "finishing schools" have also sprung up to equip graduates to enter the workforce.

"Today we have to not only [improve] quantity substantially; we also need to improve quality substantially. And there is a problem in doing both together," said Sam Pitroda, a member of India's Knowledge Commission, a body appointed by the prime minister.

Narayanan of Cognizant is hopeful that the impending shortage of qualified engineers will be temporary, lasting several years at the most, until some of the initiatives to increase supply start bearing fruit.

"People have recognized the problem early enough," he said, "and everyone is talking about it."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Seeks Increased Pakistani Cooperation (WP)

By Michael Abramowitz And Karen Deyoung
The Washington Post, September 23, 2006

President Bush yesterday launched a new round of personal diplomacy aimed at patching up the tense relations between Pakistan and Afghanistan, where a resurgent Taliban insurgency is posing new challenges for an administration already struggling to pacify Iraq.

Bush met at the White House with Pakistan's president, Gen. Pervez Musharraf, who assured the U.S. president of his desire to root out the Taliban and other extremists. The visit came amid controversy over Musharraf's claims in a forthcoming memoir that the Bush administration threatened to bomb Pakistan "to the Stone Age" if it failed to cooperate with the United States against al-Qaeda and the Taliban after the Sept. 11, 2001, attacks.

Bush is scheduled to meet Tuesday with Afghan President Hamid Karzai, who has complained repeatedly about Pakistan offering a haven to Taliban militants conducting armed attacks inside his country.

And in a twist from Bush's normal practice, the three leaders are then planning to dine together at the White House on Wednesday, part of what White House aides described yesterday as an effort to build a better long-term relationship between two key allies in the U.S. battle against al-Qaeda and other Islamic extremist groups.

Outside experts also saw the meetings as part of heightened administration concern over rising violence in Afghanistan and the increasing sway of the Taliban over swaths of the country only five years after they were rousted from power by a U.S.-led invasion. The number of U.S. troops there has swelled in recent years to 20,000, most of them stationed along Afghanistan's eastern border with Pakistan. An additional 20,000 NATO troops are battling the Taliban in the south.

White House aides said a chunk of yesterday's hour-long meeting was devoted to Musharraf explaining to Bush the recent pact he reached with Islamic militants in Pakistan's border region. The pact requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life, and it forbids imposing draconian religious edicts. But it has been greeted skeptically by many human rights activists and regional experts as a concession to Islamic extremists that will be impossible to enforce.

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Appearing with Bush at an East Room news conference after their session, Musharraf said he assured the U.S. president that the pact was intended to rein in extremist violence. "There will be no al-Qaeda activity in our tribal [area] or across the border in Afghanistan," Musharraf said. "There will be no Taliban activity. . . . There will be no Talibanization."

Bush said he was satisfied with those assurances. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaeda, I believe him," he said.

Both presidents were asked about Musharraf's claim -- to be aired Sunday on CBS's "60 Minutes" -- that former deputy secretary of state Richard L. Armitage had issued a "Stone Age" bombing threat in the days after Sept. 11, 2001.

Bush said he was "taken aback by the harshness of the words" attributed to Armitage but had no knowledge of such a threat. He said the first he heard of it was in the newspaper Friday.

Armitage categorically denied it. "I've never made a threat in my life that I couldn't back up," he told CNN, "and since I wasn't authorized to say such a thing and hence couldn't back up that threat, I never said it." Asked separately to comment on the report, Armitage's then-boss, former secretary of state Colin L. Powell, said there was "no such bombing threat."

The CBS interview is part of Musharraf's own promotion for U.S. publication of his memoirs next week. Musharraf said at the news conference that he could reveal no more because he was "honor-bound" to his publisher, Simon & Schuster, to keep the book under wraps until next week -- an assertion that seemed to amuse President Bush.

As he shook hands with Musharraf after the news conference, Bush smiled and told reporters, "Buy the book."

In the "60 Minutes" interview, Musharraf said that Armitage made the threat to Lt. Gen. Mahmood Ahmed, Pakistan's intelligence chief, the day after the Sept. 11 attacks by al-Qaeda. Pakistan was one of only three nations that maintained diplomatic relations with the Taliban government in Afghanistan, and al-Qaeda members were known to move freely in the mountainous border area between the two countries.

As was publicly reported shortly after their meeting, Armitage told Mahmood that Pakistan would have to choose sides between the Taliban and the United States, which wanted it to cut all ties with the Afghans and cooperate with planned retaliation for the attacks. Armitage described it yesterday as "a very straightforward conversation" held in his State Department office. "I told him that for Americans this was black or white, that Pakistan was either with us fully or not. It wasn't a matter of being able to negotiate it."

Musharraf's promise yesterday of greater cooperation in fighting the Taliban drew mixed reaction from outside experts on the region, who noted that militia commanders continue to operate in the Pakistani provincial capital Quetta -- with the tacit approval of the Pakistani government. "The problem is Musharraf is proving to be an incredibly grudging ally," said Robert Templer, director of the Asia program for the International Crisis Group, which closely monitors events in Pakistan and Afghanistan. "He has received a lot of U.S. aid, and he is simply not delivering on the really critical security issues."

But Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, said he thinks the administration is on the right track in prodding the two South Asian leaders. "Both Musharraf and Karzai need to recognize . . that they are on the same side of the battle and need to stop sniping at one another," he said. But he voiced concern that "we are in danger of losing Afghanistan a second time," urging greater U.S. and allied attention to the problems.

Musharraf Defends Deal With Tribal Leaders (NYT)

By David E. Sanger

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — President Pervez Musharraf of Pakistan tried to convince President Bush on Friday that a deal he approved with tribal leaders in one of the country's most lawless border areas would rid the areas of Qaeda and Taliban influence, rather than give the groups more freedom to operate.

Mr. Bush and his national security aides were clearly skeptical, according to administration officials, but at a news conference, Mr. Bush appeared to take General Musharraf's assurances at face value. General Musharraf knew that there were enough questions in the air about the accord that he felt compelled to explain that "this deal is not at all with the Taliban; as I said, this is against the Taliban, actually."

At the heart of the discussion in the Oval Office was a fear among American officials that General Musharraf, whose political hold over sections of his own country is tenuous at best, is only episodically engaged in the battle against Al Qaeda and the Taliban.

That has been an increasingly contentious issue between Afghanistan and Pakistan, with Afghan leaders complaining that many of the attacks launched against Afghan targets are originating from Pakistan's side of the border.

General Musharraf's visit marked the fifth anniversary of the radical change in Washington's relationship with Islamabad after the attacks of Sept. 11, 2001, but the uneasiness of the alliance created from those events was on full display today.

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General Musharraf, who has a book coming out on Monday, told "60 Minutes," in an interview to be broadcast this weekend on CBS, that Richard L. Armitage, then the deputy secretary of state, had threatened Pakistan's intelligence chief in September 2001 that the consequences of failing to side with the United States would be huge. General Musharraf quoted the intelligence chief as recalling Mr. Armitage as saying: "Be prepared to be bombed. Be prepared to go back to the Stone Age."

But Mr. Armitage said Friday that he had never made such a threat, and that he was not authorized to make any threats during that meeting. "I never made a threat in my life that I couldn't back up," he said on CNN. "Since I wasn't authorized to say such a thing, hence, I couldn't back up that threat."

When asked about the issue at the East Room news conference, General Musharraf refused to answer the question — not on national security grounds, but on the grounds that it would violate his book contract. "I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," he said.

After laughter subsided, Mr. Bush said, "In other words, buy the book."

But Mr. Bush also said that he "was taken aback by the harshness of the words" of the threat, and that he doubted that events unfolded that way. He said he recalled that General Musharraf was "one of the first leaders to step up and say that the stakes have changed."

Mr. Armitage did recall telling Pakistan's leaders that they had to make a choice between supporting the Taliban and supporting the United States, which was clearly headed into conflict with the Taliban leaders of Afghanistan. But five years later, the loyalties of the tribal leaders in North Waziristan are divided, with many of the tribesmen allied with the Taliban and Al Qaeda.

That subject took up much of the time between the leaders today. General Musharraf said the agreement had "three bottom lines." He said one was "no Al Qaeda activities in our tribal agencies or across the border in Afghanistan." The second was "no Taliban activity" in the same areas. And the third was "no Talibanization,'' which he described as "obscurantist thoughts or way of life."

It is unclear how General Musharraf can enforce such edicts, however, or even whether Pakistani government forces could go into the tribal areas to hunt down Osama bin Laden, the Qaeda leader. Tony Snow, President Bush's spokesman, said after the news conference that he did not believe that the discussion went into that level of detail, though the scope of Islamabad's authority to send forces into the area is a crucial point of concern at the White House.

"He made it clear he is serious about going after the Taliban," Mr. Snow said.

That is also a central concern of Hamid Karzai, the Afghan president, who is supposed to have dinner with General Musharraf and Mr. Bush at the White House next week.

In a meeting with reporters and editors of The New York Times on Thursday, Mr. Karzai said his government had provided Pakistan with "information on training grounds, on operations, people, their phone numbers, their GPS locations," in an effort to rout out Taliban forces.

"Our friends come back to us and say this information is old," he said. "Maybe. But it means they were there."

Mr. Bush and General Musharraf stepped around the question of whether American forces or intelligence agencies had the right to go into Pakistan to hunt down Mr. bin Laden. General Musharraf has bristled at the idea before, largely because of the unpopularity of giving American forces the right to operate inside Pakistan's borders.

On Friday, Mr. Bush fudged the issue by saying, "We're on the hunt together."

On Thursday, asked if he knew the whereabouts of Mr. bin Laden, Mr. Karzai smiled and said: "If I said he was in Pakistan, President Musharraf would be mad at me. And if I said he was in Afghanistan, it would not be true."

Bush Tries To Ease Strain In Pakistan Ties (LAT)

By Paul Richter

The Los Angeles Times, September 23, 2006

He backs away from a pledge to invade the Asian nation if needed to find Bin Laden.

WASHINGTON — President Bush, struggling with turbulence in the important U.S.-Pakistani relationship, eased back Friday from his vow to order U.S. troops to invade Pakistan, if necessary, to track down Osama bin Laden.

Bush, appearing at the White House with Pakistani President Pervez Musharraf, backed away from a pledge he made this week and signaled that he would prefer to keep ambiguous how he would handle a situation of such diplomatic sensitivity.

American and Pakistani officials are "on the hunt together" for the leader of the Al Qaeda terrorist network, Bush told reporters. "And we'll just let the tactics speak for themselves after it happens."

His comments followed a rare public collision between Bush and Musharraf on Wednesday, when Bush, in response to a question from CNN, insisted that he would "absolutely" order military action inside Pakistan if there were intelligence showing that Bin Laden or other terrorist leaders were hiding there.

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The comment seemed likely to draw a sharp reaction from Pakistanis, who are highly sensitive about any suggestion of U.S. infringement on Pakistani sovereignty. Musharraf immediately contended that only Pakistani troops could handle such a situation.

The exchange came at an especially difficult time for the relationship. U.S., Afghan and NATO officials are increasingly concerned that Al Qaeda and Taliban fighters are using Pakistani border areas for sanctuary. Meanwhile, Musharraf is trying to cope with domestic dissatisfaction over the extent of his cooperation with the controversial U.S.-declared war on terrorism.

Bush on Friday tried to smooth relations in his meeting with Musharraf, and next week will receive both Musharraf and Afghan President Hamid Karzai at the White House in an effort to end the public feuding between the leaders of the two Asian nations. Each has accused the other of doing too little to fight militants; Karzai suggested at the United Nations this week that the allied forces needed to strike terrorism at its roots by going inside Pakistan.

Bush also struggled to deal with a second provocative subject, the allegation by Musharraf that a senior State Department official had warned in 2001 that the United States would bomb Pakistan "back to the Stone Age" if it did not cooperate in the impending U.S. attack on Afghanistan.

Musharraf said in an interview taped for broadcast Sunday on CBS' "60 Minutes" that then-Deputy Secretary of State Richard L. Armitage made the comment to the head of Pakistani intelligence. Excerpts were made public Thursday.

"The first I heard of it was when I read it in the newspaper today," Bush said during his joint appearance with Musharraf on Friday. "I guess I was taken aback by the harshness of the words."

Musharraf, for his part, declined at the White House news conference to elaborate on his comments, saying he was "honor-bound" to do so under a contract with the publisher Simon & Schuster for a memoir to be released Monday.

Musharraf's demurral marked the first time in memory that a head of state had declined to give an answer to a national security question that could have interfered with sales of his book, analysts said.

Meanwhile, Armitage denied that he had made the remark. In an interview with CNN that was broadcast Friday, Armitage said he had no authority to make such a threat. But he said he had a stern conversation with the Pakistani intelligence chief, warning him that Pakistan would be "with us or against us."

Armitage's office said he was unavailable for further comment.

U.S. confidence in the Pakistani government has recently been shaken by Musharraf's decision to end his army's attempt to root out Taliban from the border territory of North Waziristan and to reach a peace deal with tribal leaders there. Many analysts have said the deal, which calls for release of accused militants held in prison, would increase the risks and burdens for U.S. and North Atlantic Treaty Organization forces struggling in an uphill fight in Afghanistan.

But Bush sought again and again to offer reassurance that Musharraf, a general who took power in a coup, is a loyal ally and an indispensable part of the fight against Islamic extremism.

"When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people … I believe him…. This is a person with whom I have had a close working relationship for 5 1/2 years," Bush said. He noted that Musharraf had survived assassination attempts, which he suggested was a sign of commitment to the fight against radicals.

Musharraf, whose security services are skeptical about U.S.-Pakistani cooperation, tried, in turn, to vouch for Bush.

"I have total confidence in him, that he desires well for Pakistan and for our region," Musharraf said.

The joint appearance shed some light on Bush's intentions on Arab-Israeli issues.

European and Islamic leaders have recently increased pressure on Bush to restart negotiations in the aftermath of the summer's deadly fighting in Lebanon. Musharraf praised Bush for his efforts to resolve the Palestinian dispute that he said was the "core issue" in terrorism.

And Bush said at the United Nations this week that he would be ordering a renewed effort in the region.

Yet Bush, circumscribing American responsibility, said Friday that in the Arab-Israeli issue, as in the dispute between India and Pakistan over Kashmir, the lead would be played by the participants, not by Washington. That approach is the strong preference of Israeli officials.

"Leadership is going to be required between Israel and Palestine. We, of course, can help and will help," Bush said. "But it's important for you to understand that we cannot impose peace."

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Bush And Musharraf: Friends Again (TIME)

By Douglas Waller

Time, September 23, 2006

Heads of state are sometimes too candid for their own good. But rarely do two of them blurt out what they're really thinking almost simultaneously, as George Bush and Pervez Musharraf did this week — and on a topic as touchy as U.S.-Pakistani

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cooperation against terrorism. Asked by CNN on Wednesday if he'd order U.S. military operations inside Pakistan to capture Osama bin Laden if there was solid intelligence on his location, Bush said "absolutely." The next day CBS released portions of a 60 Minutes interview with Musharraf, to be aired Sunday, in which he claims that in the wake of the 9/11 attacks, then-Deputy Secretary of State Richard Armitage threatened Pakistan's military intelligence chief that the U.S. would bomb his country "back to the Stone Age" if Musharraf didn't cooperate in the war against Al Qaeda and the Taliban.

Bush's cowboy-like threat certainly played well with the conservative base that the Republicans desperately need to turn out for the congressional midterm elections less than two months away. And Musharraf, promoting his memoir to be published next week, has to placate even more dangerous political enemies at home who have tried several times to assassinate him. But both men's blunt remarks sent their diplomatic minders scrambling.

How far the U.S. military would go in chasing bin Laden or other al-Qaeda leaders inside Pakistan is a sensitive subject that American commanders would prefer not be given too much air time. Pakistan-U.S. relations are tense at the moment, particularly on the question of how deeply committed Musharraf is to rooting out Qaeda and Taliban extremists and capturing bin Laden, who's believed to be hiding in Pakistan's lawless tribal areas bordering Afghanistan. Afghan President Hamid Karzai, who has complained that Pakistan's tolerance of extremists operating from its territory has helped them gain a stronger foothold in his own country, is furious that Musharraf recently signed a truce with pro-Taliban Pakistani tribal leaders in the North West Frontier Province. That truce calls for Pakistani troops to end their military campaign against militants in exchange for their ending attacks on Pakistani forces and cross-border raids into Afghanistan. Karzai doesn't trust the militants to live up to their part of the bargain.

The precise nature of Armitage's message to the Pakistanis in 2001 is open to question. A barrel-chested Vietnam vet who still lifts weights, Armitage — who left the State Department last year — can be intimidating in meetings. But diplomats don't as a rule threaten military action unless they've been authorized to do so, and Armitage, a seasoned envoy, insists he "never said it" because that was not his instruction from Washington. But he does admit to delivering a strong message to Musharraf's aide that Pakistan was either with the U.S. or against it in the war on terror.

Bush and Musharraf finally got back on the same talking points Friday. After a White House huddle, they emerged to tell reporters they were still joined at the hip when it comes to fighting al-Qaeda and the Taliban. And, as his military commanders prefer, Bush danced around the question of whether he'd ask Musharraf's permission to send U.S. troops into Pakistan to grab bin Laden, insisting that both leaders are still "on the hunt together." Musharraf insisted the agreement he struck with the tribal leaders is not a deal with the Taliban. "This deal is against the Taliban," he claimed. And Bush said: "I believe him."

As for his claim that Armitage threatened to bomb his country, Musharraf now says his publisher has told him to keep mum on that tidbit until his memoir hits the stores — probably the first time a foreign president has delivered a teaser for his book at a White House press conference.

Bush, however, was delighted the two of them were back on their talking points. "Good job," he told Musharraf as they walked away from the press conference. But the tensions in the relationship remain. And the top U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said Thursday he plans no immediate cuts in the 20,000 American troops battling a growing Taliban threat. Nor will Friday's spin control reverse the worsening war there.

Musharraf Dodges 'bomb' Spat Question (FT)

By Caroline Daniel

Financial Times, September 23, 2006

Pervez Musharraf, Pakistan's president, on Friday transformed a White House news conference into a book promotion when he refused to answer a question about his claim that the US had threatened to bomb Pakistan "into the Stone Age".

General Musharraf makes the claim in an interview with CBS, which is being broadcast on Saturday to coincide with the publication of his memoirs. In the interview, he says Richard Armitage, former US deputy secretary of state, warned Pakistan after the attacks of September 11 2001 of the consequences of refusing to help with the war in Afghanistan. "Be prepared to be bombed. Be prepared to go back to the Stone Age," he recalls Mr Armitage as saying.

However, setting a new precedent for a non-answer on a question of international diplomacy at a White House press conference, Gen Musharraf, when asked about the claim on Friday, said: "I am launching my book on the 25th, and I am honour-bound to Simon & Schuster not to comment on the book before that day."

This prompted George W. Bush, US president, to interject: "In other words, buy the book is what he's saying."

Mr Bush denied he had known of the threat and said he was "taken aback by the harshness of the words".

He strongly defended the actions of Gen Musharraf after 9/11, noting that he was "one of the first leaders to step up and say that the stakes have changed".

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The exchange, however, underlined continued tensions in the US-Pakistan relationship strengthened by revived concerns about whether the US could strike at Osama bin Laden, al-Qaeda leader, in Pakistani territory and doubts about the peace agreement Gen Musharraf has struck with tribal leaders on the border of Afghanistan, an area allegedly used by Taliban forces.

John Abizaid, commander of the US forces in the region, has expressed scepticism about the agreement but Mr Bush emphasised his trust in his relationship with Gen Musharraf.

“When the president looks me in the eye and says the tribal deal is intended to reject the Talibanisation of the people and that there won’t be a Taliban and there won’t be al-Qaeda, I believe him,” he said.

Both leaders side-stepped concerns about targeting the al-Qaeda leader, with Gen Musharraf dismissing the debate as about “the semantics of the tactics . . . We are in the hunt together”.

Pakistan’s role in Afghanistan will dominate discussions on Wednesday, when Gen Musharraf returns to the White House for a joint meeting with Hamid Karzai, Afghanistan’s president.

Bush, Musharraf Duck 'US Bomb Threat' (AFP)

By Olivier Knox

AFP, September 23, 2006

US President George W. Bush and Pakistan's President Pervez Musharraf celebrated their close cooperation in the war on terrorism but did not deny that it began with a US threat to bomb Pakistan "back to the Stone Age."

In a joint appearance after talks at the White House, Musharraf assured Bush that a peace treaty with tribal elders near the Afghan border would not take pressure off Afghanistan's Islamist Taliban militia or their terrorist allies.

And Bush refused to say whether he would seek Pakistan's permission to strike inside its territory at Osama bin Laden and his Al-Qaeda network, which carried out the September 11, 2001 terrorist attacks on the United States.

Musharraf made White House history when he invoked a book deal with a major US publishing house to keep silent on his earlier charge, in an interview with CBS television, that a senior US official had threatened to bomb Pakistan in order to force Islamabad to meet US demands after the September 11 strikes.

"I am launching my book on the 25th, and I am honor-bound to Simon and Schuster not to comment on the book before that day," he said, sparking incredulous laughter among reporters and relieved chuckling from Bush.

"In other words, 'buy the book,' is what he's saying," joked the US leader, who said that he had just learned of the allegation on Friday in a newspaper and was "taken aback by the harshness of the words."

"I don't know of any conversation that was reported in the newspaper like that. I just don't know about it," said Bush.

The US official who supposedly made the remark, former deputy US secretary of state Richard Armitage, flatly denied saying any such thing, declaring in an interview with CNN: "Never did I threaten to use any military force."

"I was not authorized to," added Armitage, who did confirm he made a series of non-negotiable demands on Pakistan in a bid to secure its cooperation in the US assault on Afghanistan's then Taliban leaders.

Musharraf, who rattled the key anti-terrorism alliance this past week with several public critiques of Washington, defended the Pakistani government's agreement with tribal leaders in Waziristan along the Afghan border.

"This treaty is not to deal with the Taliban. It is actually to fight the Taliban," he said in response to criticisms by some US politicians that it is really a deal with the resurgent Taliban militia.

General James Jones, supreme commander of allied forces Europe, said Thursday the pact -- which bars the presence of foreign fighters -- could work, if properly applied but it has been savaged by Bush's opponents.

Bush also praised Musharraf's anti-terror credentials, and pointed out that Al-Qaeda had tried to assassinate him several times.

"He has been a, strong, forceful leader he has become a target of those who can't stand the thought of moderation prevailing. I admire your leadership," Bush said.

The controversy over the purported US bomb threat was unleashed by Musharraf in an interview with the CBS show "60 Minutes" due to be broadcast Sunday.

He said Richard Armitage told Pakistan'ss intelligence director after the attacks. "Be prepared to be bombed. Be prepared to go back to the Stone Age" in a bid to coerce Pakistani cooperation in the new US-led 'war on terror.'

"I think it was a very rude remark," Musharraf said in the interview.

Earlier, White House spokesman Tony Snow also declined to say the exchange never took place, stressing instead that "US policy was not to issue bombing threats" and adding: "This could have been a classic failure to communicate."

Musharraf has been a key player in the fight ever since he ceded to US persuasion and renounced Pakistan's ties to the Taliban, which had harbored bin Laden.

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But Pakistan's role has come under increasing scrutiny in recent weeks, partly fuelled by fresh suggestions bin Laden is hiding somewhere in the otherwise inhospitable mountains of the Pakistan-Afghan border.

There has also been concern about spats between Afghanistan and Pakistan over claims Taliban militants use Pakistani territory to launch attacks on NATO and Afghan troops.

In a sign of US concern at cross-border disagreements, Bush will welcome Musharraf back to the White House next week, for three-way talks with Afghan President Hamid Karzai.

Friday's visit was leant added spice when Bush and Musharraf disagreed publicly about the hunt for Laden earlier this week.

Bush has gone back and forth on whether he would seek Pakistani permission to strike bin Laden, and left the issue no clearer in the press conference. Musharraf dismissed the matter as "semantics of the tactics" to hunt bin Laden.

"We are working together and when the situation arises, we need to take the right decision to strike," said Musharraf.

Bush, Musharraf Vow To Get Bin Laden (WT)

By Joseph Curl

The Washington Times, September 23, 2006

President Bush and Pakistani President Pervez Musharraf said yesterday they are united in the effort to capture or kill al Qaeda leader Osama bin Laden, even though the Pakistani general has signed a treaty with tribes along the Afghanistan border thought to harbor members of the Taliban.

While Mr. Bush has said U.S. forces cannot simply walk into Pakistan in search of the mastermind of the September 11 terrorist attacks, Gen. Musharraf did not invite troops to scour the mountainous border region, where bin Laden is thought to be holed up.

But Mr. Bush also did not back off his pledge this week that if he had convincing U.S. intelligence that bin Laden was in Pakistan, he would send troops in to capture or kill him.

"When he says, if we find -- when we find Osama bin Laden, he will be brought to justice, I believe him," the president said after an Oval Office meeting with the Pakistani leader. "And we'll let the tactics speak for themselves after it happens. We're on the hunt together."

Gen. Musharraf, who has said Pakistan would handle such a situation itself, complained about criticism that he would not allow U.S. troops in his country.

"Now, why are we bothering or how to -- the semantics of the tactics of how to deal with the situation? We will deal with it. We are on the hunt together. You want the person -- if at all we confront him, if at all we find out his location, we are quite clear what to do," Gen. Musharraf said.

"But let's not get involved in how it ought to be done, by whom it ought to be done," he said, noting that there is coordination between the two nations on intelligence, operations, strategy and tactics.

Gen. Musharraf said a peace treaty between his government and tribes along the Pakistan-Afghanistan border is not meant to support the Taliban, and that news reports had mischaracterized the deals.

"The deal is not at all with the Taliban. This deal is against the Taliban. This deal is with the tribal elders," Gen. Musharraf said.

Mr. Bush said: "I believe him."

Pakistan earlier this month signed a truce with tribal figures. Afghanistan has insisted that the tribes are linked to the Taliban, the militant Islamic group that once ruled Afghanistan until driven from power in 2001.

Pakistan's point man on the truce told The Washington Times Thursday that it is part of a broader strategy to keep terrorists out and will not undermine the fight against Islamic extremists.

"It's not just a peace agreement. It is a larger strategy with a military arm, a political arm and a reconstruction arm," Gov. Ali Muhammad Jan Aurakzai of North West Frontier Province said in a meeting with the paper's editors and reporters.

The president said Gen. Musharraf vowed that "the tribal deal is intended to reject the Talibanization of the people and that there won't be a Taliban and there won't be al Qaeda" in Pakistan.

Mr. Bush has praised Pakistan for arresting hundreds of al Qaeda operatives inside its borders, but he has also urged the nation to do more to stop militants from crossing from its tribal regions into Afghanistan.

The president plans talks Tuesday with Afghan President Hamid Karzai. Then, he will have a three-way sit-down with both Mr. Karzai and Gen. Musharraf at the White House on Wednesday.

Bush Unaware Of Musharraf's Contention (AP-Y)

By Deb Riechmann

DOJ_NMG_0067998

AP, September 23, 2006

President Bush said Friday that if a U.S. official tried to strong-arm Pakistan into fighting the war on terror after the Sept. 11 attacks, he didn't know about it.

Standing beside Pakistani President Pervez Musharraf, Bush brushed off any idea of disagreement, praising Musharraf for pursuing terrorists, including Osama bin Laden.

"We're on the hunt together," Bush said after an Oval Office meeting with the general who is leader of the world's second-largest Islamic nation.

Musharraf has contended that after the Sept. 11 attacks, then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence director that the United States would bomb the country if it didn't become a partner in the war against terrorism.

"The intelligence director told me that (Armitage) said, "Be prepared to go back to the Stone Age,'" Musharraf told CBS' "60 Minutes" in a report to air on Sunday. "I thought it was a very rude remark."

The president said he first learned of the purported conversation from news reports. "I just don't know about it," he said. "I guess I was taken aback by the harshness of the words."

Musharraf declined to comment further, citing a book deal.

"Buy the book," Bush quipped.

Armitage said he never threatened a military strike but did tell Pakistan firmly that "you are either for us or against us."

Armitage, who met with Musharraf on Thursday, told Associated Press Radio concerning the bombing quote: "I was not authorized to say something like that. I did not say it."

In Pakistan, Ameer ul-Azeem, a spokesman for the hard-line opposition Islamic coalition Mutahida Majlis-e-Amal, said Musharraf's contention would anger Pakistani people who have long believed that they were forced "at gunpoint" into supporting the war on terror.

Bush's meeting with Musharraf, following the president's U.N. speech on Tuesday, gave the White House a new chance to persuade voters that Republicans have better credentials than Democrats on national security. However, with the November congressional elections approaching, it also offered a reminder that bin Laden is still on the loose five years after the Sept. 11 attacks.

In a recent interview, Bush said he would order military action inside Pakistan if intelligence indicated that bin Laden or other top terror leaders were hiding there. Some Pakistani officials took issue with that, saying that Pakistan was a sovereign country.

"All I can tell you is, is that when Osama bin Laden is found, he will be brought to justice," Bush said.

Musharraf shrugged off the issue as an exercise in semantics.

"We will deal with it. We are on the hunt together," Musharraf said.

The Pakistani president later told students at The George Washington University that Pakistan "joined the war not so much for the world but for ourselves."

He described his government as moderate and progressive and said, "I am the greatest believer in democracy." Musharraf seized power in a 1999 coup.

Responding to a student's question, Musharraf acknowledged that "we are moving slowly" in reforming the Islamic madrassas, or extremist schools, in his country. But he said they accounted for only 5 percent of the country's schools.

The United States has urged Pakistan to do more to stop militants from crossing from its tribal regions into Afghanistan. Violence fanned by Taliban extremists has reached the deadliest level since the U.S.-led invasion that toppled the hard-line government in Afghanistan in 2001.

Pakistan, which has deployed 80,000 troops along the border, signed a truce this month with tribal figures in an area where bin Laden is believed to be hiding. Musharraf said the truce calls for no al-Qaida or Taliban activity.

Some Afghan officials have labeled the truce as a deal with the Taliban, but Musharraf strongly rejected that.

"This deal is not at all with the Taliban," he said. "As I said, this is against the Taliban, actually."

Bush said Musharraf briefed him on the details of the truce.

"When the president looks me in the eye and says, the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaida, I believe him, you know?" Bush said.

Bush is playing the role of middle man between Pakistan and Afghanistan — two U.S. allies in the war on terror who accuse each other of not doing enough to crack down on extremism. Bush will follow his meeting with Musharraf with one next Tuesday with Afghan President Hamid Karzai. Then the three will have a sit-down and working dinner at the White House on Wednesday.

Human rights activists are asking Bush to press Musharraf to restore civilian rule in Pakistan, end discrimination against women and stop using torture and arbitrary detention in counterterrorism operations.

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Instead of giving up his military uniform in 2004 as promised, Musharraf changed the constitution so he could hold both his army post and the presidency until 2007.

Bush said that during their meeting, Musharraf renewed his commitment to holding elections in Pakistan next year.

Musharraf Tells Bush That Pakistan Is Cracking Down On Extremists (MCT)

By Ron Hutcheson And Jonathan S. Landay

McClatchy Newspapers, September 23, 2006

WASHINGTON - Pakistani President Pervez Musharraf sought to assure President Bush on Friday that he's fighting Islamic extremism, but Western diplomats, U.S. officials and independent analysts say secret Pakistani support for the Taliban aided the extremist group's resurgence in neighboring Afghanistan.

Bush said he accepted Musharraf's word, but he has little choice. The United States depends heavily on Pakistani cooperation in the fight against Osama bin Laden, and Bush risks jeopardizing the relationship by getting too tough with the Pakistani military ruler.

The two leaders held a news conference after talks at the White House and sidestepped questions about Musharraf's charge that the Bush administration threatened to bomb Pakistan "back to the Stone Age" if it refused to join the anti-terror coalition after the Sept. 11, 2001, attacks.

In an interview with the CBS program "60 Minutes" scheduled for broadcast on Sunday, Musharraf said the threat was delivered to one of his intelligence chiefs by then-Deputy Secretary of State Richard Armitage. Armitage told McClatchy Newspapers that he never made such a threat, although he said he used "strong language" in telling the Pakistani that his country must decided whether it was with or against the United States.

"The first I heard of this was when I read it in the newspaper today," Bush said, adding that he was "taken aback by the harshness of the words."

Afghan President Hamid Karzai, who'll join Musharraf for a White House meeting with Bush on Wednesday, has repeatedly accused Pakistan of supporting the Taliban's resurgence.

Some 42,000 U.S. and NATO-led troops are tied down trying to contain the worst violence in Afghanistan since the U.S.-led intervention that ousted the Taliban in 2001. An estimated 1,500 Afghan security forces and civilians and foreign troops have died since January.

Speaking in New York on Thursday, Karzai complained that Musharraf failed to follow up when he gave the Pakistani leader the location of Taliban leader Mullah Omar in Quetta, Pakistan.

"We have even given him the GPS (global positioning system) number of Mullah Omar's house and the telephone numbers," Karzai said. Karzai will meet with Bush privately on Tuesday, before joining Musharraf for the three-way summit.

Musharraf assured Bush that he's working hard to cleanse Taliban and al-Qaida operatives from their havens in northwest Pakistan, a remote tribal region that's largely beyond Islamabad's control.

He insisted that a peace deal he recently struck in the region was with tribal elders, not extremist groups, and that it will help stop infiltration into Afghanistan by Taliban and foreign radicals.

"This treaty is not to deal with the Taliban. It is actually to fight the Taliban," Musharraf said. "There will be no al-Qaida activity in our tribal agency or across the border into Afghanistan. There will be no Taliban activity in our tribal agency or across in Afghanistan."

But Western diplomats, U.S. officials and other experts said the peace deal essentially ceded the area of Waziristan to Taliban allies, who seized control of it in a humiliating defeat for 80,000 Pakistani troops deployed there at the White House's behest in mid-2003.

Those with whom Pakistani officials negotiated the deal included Jalaluddin Haqqani, the commander of pro-Taliban forces in eastern Afghanistan who's a prime target of American forces, said a senior Western diplomat in Kabul who spoke on condition of anonymity because of the sensitivity of the issue.

Haqqani is closely linked to bin Laden and was a prime recipient of CIA aid during the war against the 1979-89 Soviet occupation.

U.S. and Western officials and other experts also say that Pakistan's powerful military intelligence agency, the Directorate for Inter-Services Intelligence, or ISI, is providing important support to the Taliban as part of a long-term policy of seeking a pro-Pakistan regime in Kabul.

The Taliban leadership councils, or shuras, are directing the insurgency from the Pakistani cities of Quetta and Peshawar, and ISI officers are supplying them with arms, money, intelligence and protection, they said.

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Musharraf, who's facing tribal rebellions and growing disenchantment in his officer corps and among Pakistanis over his close cooperation with the United States, can't afford to reverse the policy, said U.S. intelligence officials, who requested anonymity because they weren't authorized to speak publicly.

The Pakistani leader seized power in a 1999 military coup and has refused to relinquish his post as army chief of staff. Bush said Musharraf renewed his commitment to hold "free and fair" elections next year.

Musharraf On Bomb Threat: Wait For The Book (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, September 23, 2006

The Pakistani president dodges questions about claims of U.S. coercion after the 9/11 attacks.

WASHINGTON — Pakistani President Pervez Musharraf is a seasoned military officer who led troops to battle, trained commandos, seized control of his country and escaped three assassination attempts. But he said he was powerless to answer reporters' key question Friday during a visit to the White House — because he was at the mercy of his publisher.

Musharraf cited a book contract as he dodged a question about a purported Bush administration threat to bomb his country "back to the Stone Age" if it did not cooperate with the U.S. after the Sept. 11 attacks. He told a packed East Room audience that he was "honor bound" by his publisher not to answer until it releases the book, "In The Line of Fire: A Memoir" on Monday, he said.

"In other words," President Bush quipped, "buy the book is what he's saying."

Musharraf did not sign a confidentiality agreement with publisher Free Press, an imprint of Simon & Schuster, but he promised not to speak about its contents until Monday, spokeswoman Carisa Hays said.

The publisher arranged an exclusive interview for Musharraf with "60 Minutes," set to air Sunday night, in which he discusses threats made by a senior Bush administration official to bomb Pakistan if it did not cooperate after the terrorist attacks. Excerpts of the interview were made public Thursday.

The publisher's website said Musharraf also has interviews scheduled with NPR, NBC's "Today" show and "Meet the Press," and Comedy Central's "The Daily Show with Jon Stewart."

Musharraf's literary agent, Chris Calhoun, said the president was standing on principle.

"He's appreciative of the job the publisher has done. He's keeping his word," Calhoun said.

Publishing industry leaders disagreed.

Though it is common for high-profile authors, including world leaders such as former Prime Ministers Margaret Thatcher and Golda Meir, to reserve comment on books they write while in office, they rarely stay mum on issues of national security to protect their publicity, said Sara Nelson, editor of Publishers Weekly.

"If the responsibility of a leader is to inform his people about what's going on, and he says 'I can't because I have a book coming out,' that's weird," Nelson said.

"If George Bush said he couldn't comment on 9/11 because he had a contract with Simon & Schuster, all hell would break loose," she said.

Nelson said the episode probably would boost Musharraf's book sales next week, but would garner little lasting attention. As of Friday evening, Musharraf's 368-page memoir was ranked No. 122 in pre-release sales at Amazon.com.

Peter Osnos, founder and editor-at-large of PublicAffairs Books in New York, called Musharraf's book pitch "bizarre."

"What are we protecting here? The book has been written and shipped. He has already been interviewed. This is a curious gambit," Osnos said.

The honor code among authors is flexible, Osnos said, and Musharraf's "honor bound" comment was all showmanship, "for fun and profit rather than out of principle."

Publishers have speculated that Musharraf received a six-figure contract for the book in February 2005, and Nelson of Publishers Weekly said he probably was earning much more.

"They've orchestrated this very well," Nelson said. "It's going to get everybody — as we are now — talking about the ethics of it."

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Armitage Denies Threatening To Send Pakistan "Back To The Stone Age" (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 23, 2006

WASHINGTON - President Bush said Friday that he knew of no threat by the United States to attack Pakistan if it didn't ended its support for the Taliban and cooperate in the war on al Qaida following the Sept. 11, 2001, attacks.

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"The first I've heard of this is when I read it in the newspaper today," Bush told a news conference he held with Musharraf following talks between the two leaders at the White House.

Musharraf declined to comment, citing a confidentiality requirement of a deal on his soon-to-be published memoirs.

The Pakistani leader, who seized power in a 1999 coup, told the CBS program "60 Minutes" in an interview to be aired Sunday that former Deputy Secretary of State Richard Armitage threatened a U.S. attack on Pakistan unless it stopped supporting the Taliban and helped hunt down Osama bin Laden after the Sept. 11 strikes.

Pakistan backed the Taliban takeover of Afghanistan, and had resisted repeated U.S. requests for helping in tracking down bin Laden, who maintained bases and training camps around the country.

Musharraf told "60 Minutes" that Armitage delivered the warning to the then-director of Pakistan's powerful military intelligence agency, the Directorate for Inter-Services Intelligence.

"Be prepared to go back to the Stone Age," he quoted Armitage as warning Lt. Gen. Mahmood Ahmed, who was in Washington when the attacks in New York and Washington took place. Ahmed was purged shortly after returning to Islamabad.

Armitage denied ever making such a threat in a telephone interview on Thursday with McClatchy Newspapers. "I didn't command any airplanes," he said.

Armitage said he used "strong language" to convey to Ahmed demands for Pakistan's cooperation against al Qaida and the Taliban.

He recalled telling Ahmed that "history begins today" and "you're either with us or against us."

Bush 'taken Aback' About Alleged Threat To Pakistan (CNN)

CNN.com, September 22, 2006

WASHINGTON (CNN) -- President Bush on Friday said he was "taken aback" by a report that a U.S. official threatened the United States would attack Pakistan if it did not help immediately after 9/11.

Bush made the remarks at a White House news conference with Pakistani President Pervez Musharraf, thanking the U.S. ally for his role in the war on terror.

The Pakistan president has told CBS News that -- immediately following the September 11, 2001, attacks -- the Bush administration threatened to bomb his country "back to the Stone Age" if Pakistan did not help in the U.S. war on terrorism.

Bush said he first heard of the alleged threat "in the newspaper today." (Watch as Bush says he's unaware of any such conversation -- 1:56)

"I was taken aback by the harshness of the words," he said.

"All I can tell you is that shortly after 9/11, Secretary [of State] Colin Powell came in and said President Musharraf understands the stakes, and he wants to join and help root out an enemy that has come and killed 3,000 of our citizens."

Richard Armitage, then U.S. deputy secretary of state, is the official whom Musharraf identified in the CBS report. In an interview Friday with CNN, Armitage denied the allegation.

"Never did I threaten to use military force," he said. "I was not authorized to." (Watch as Armitage says he had a strong, straightforward talk with Pakistan -- 3:52)

Armitage acknowledged he was part of a group who met with Pakistan's intelligence chief to convey strong U.S. determination. He said the message was that "we absolutely need their help if we were going to prosecute the Taliban and al Qaeda in Afghanistan."

"We wanted to make sure they understood both the opportunities and the downside, but there was no threat," he said.

Musharraf was asked Friday about the CBS report, but he said he couldn't talk about it because of a legal agreement with his publisher before the release of his new memoir next week. "I am honor bound to Simon & Schuster not to comment on the book" before it's published, he said.

In the CBS report, Musharraf said, "The intelligence director told me that [Armitage] said, 'Be prepared to be bombed. Be prepared to go back to the Stone Age.' "

"I think it was a very rude remark," Musharraf told reporter Steve Kroft, the AP said. But Musharraf said he reacted in a responsible way. "One has to think and take actions in the interests of the nation and that is what I did," he said, according to the AP. Hunt for bin Laden

Friday's White House meeting occurred just days after Bush said he would send U.S. troops into Pakistan to capture Osama bin Laden if he received good intelligence on the al Qaeda leader's location.

Asked Friday by reporters if the U.S. needs permission to strike inside Pakistan if bin Laden is located there, Bush said, "All I can tell you is that when Osama bin Laden is found, he will be brought to justice. And that's what we've continually discussed. I think, as the president said, we are in the hunt together against these people."

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Musharraf said he was puzzled that people seem concerned about "the semantics of the tactics of how to deal with the situation. We will deal with it. We are in the hunt together."

Bush told CNN's Wolf Blitzer on Wednesday that he would order U.S. forces to go after Osama bin Laden inside Pakistan if he received good information on the fugitive al Qaeda leader's location. "Absolutely," the president said.

Pakistani authorities recently signed a peace agreement with pro-Taliban tribal leaders in the country's restive northwest after two years of clashes with the traditionally autonomous tribes that left more than 600 Pakistani troops dead.

Musharraf said he and Bush discussed the pact, asserting that the treaty is against the Taliban, the former Afghan regime that harbored al Qaeda and that was ousted by U.S.-led forces after 9/11.

"It is actually to fight the Taliban," Musharraf said. "The misperception in the media, I did clarify to the president ... that this is a holistic approach that we are taking to fighting terrorism in Pakistan, in the tribal agencies of Pakistan."

He said the deal states "there will be no al Qaeda activity in our tribal agencies or across the border in Afghanistan."

Bush said he appreciated Musharraf's briefing. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people and that there won't be a Taliban and there won't be al Qaeda, I believe him," Bush said.

He also told Musharraf that "I admire your leadership. I admire your courage and I thank you very much for working on common strategies to protect our respective peoples."

Bush said Musharraf again promised to hold free elections in 2007.

"He understands that the best way to defeat radicalism and extremism is to give people a chance to participate in the political process of a nation," Bush said.

The Pakistani leader is scheduled to see Bush again next week in a three-way meeting with Afghan President Hamid Karzai.

Karzai's government is suffering its heaviest insurgent attacks since the Taliban's fall in 2001.

Pakistani President Dodges Alliance Query (WT)

By Stephen Dinan And Sharon Behn

The Washington Times, September 23, 2006

Pakistani President Pervez Musharraf yesterday stood next to President Bush and refused to answer a reporter's question about what persuaded him to oppose the Taliban after the September 11 attacks, saying his book contract prevents it.

Minutes later, when asked whether American troops would be allowed to strike at Osama bin Laden should he be found in Pakistan, neither president gave a yes-or-no answer, with Gen. Musharraf calling the issue "the semantics of the tactics of how to deal with the situation."

The man to whom Mr. Bush has hitched his wagon as a key U.S. ally in the war on terrorism in Central Asia is a complicated character -- an elected president who first ascended by bloodless military coup, and who still retains his role as army chief of staff.

Human rights advocates and some members of Congress have questioned the pace of progress in Pakistan, while military analysts wonder whether Gen. Musharraf could do more to root out al Qaeda and Taliban militants hiding in his country's remote regions.

But for Mr. Bush, Gen. Musharraf is one of the Muslim leaders he is trying to promote as a moderate fighting extreme elements, along with Iraqi Prime Minister Nouri al-Maliki, Afghan President Hamid Karzai and Palestinian Authority President Mahmoud Abbas.

"This president is a strong defender of freedom and the people of Pakistan, and I appreciate your leadership," Mr. Bush said at a joint appearance after morning talks at the White House. "These extremists who can't stand the thought of a moderate leader leading an important country like Pakistan want to kill the president. That should say things to the people of Pakistan and the people of America."

Yesterday's hot topic was Gen. Musharraf's revelation to CBS News that in 2001, then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence chief to side with the United States against the Taliban or to, "'be prepared to be bombed. Be prepared to go back to the Stone Age.'"

Gen. Musharraf revealed this in an interview with "60 Minutes" to air tomorrow, in advance of the release of his memoirs, which is being published by Simon & Schuster. Both the news network and the book publisher are owned by CBS Corp.

Mr. Armitage denies having used those words, and Mr. Bush yesterday said he didn't know about the conversation, but said Gen. Musharraf signaled early on he would be an ally.

For his part, Gen. Musharraf brushed aside the question.

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"I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," he said.

Speaking at George Washington University later in the day, Gen. Musharraf again was asked about the comment and said, "We joined the war on terror not really for the world as much as for ourselves.

"Pakistan is together to fight extremism in all its complexities, and maybe people could learn from us -- we are on board in the war against terrorism," he said.

Gen. Musharraf pointed out that since that time, Pakistan's economy has grown, the gross domestic product has increased, the per-capita income has doubled and foreign direct investment had leaped by 1,000 percent.

Danielle Pletka, vice president for foreign and defense policy studies at the American Enterprise Institute, said U.S.-Pakistan relations have always been complicated.

"Pakistan has, ever since the Cold War, made a choice to align itself with the United States, but it's always kept one leg hanging over the fence in defense of what it perceives as its own national security," she said.

"On balance, Musharraf is better with us than against us, but could he do more? I believe so," she said

How much more will be put to the test next week when he returns to the White House for a trilateral meeting with Mr. Bush and Mr. Karzai. The three will try to lessen tensions over a recent agreement Pakistan reached with tribal leaders on the Afghan border that some see as ceding control to al Qaeda and the Taliban.

Mrs. Pletka said Pakistan views Afghanistan as providing "strategic depth" should war with India ever break out, so "Pakistani meddling in Afghanistan is just a given." She said the problem arises when that support crosses the line to become support for Islamic extremists.

Mr. Bush has taken some grief for his support of Gen. Musharraf. He told the United Nations this week that the world should no longer trade away support for freedom and democracy in the hopes of getting stability.

And yet that is exactly what some critics -- including democracy advocates in Pakistan -- say Mr. Bush is doing with Gen. Musharraf. They point to the Pakistani leader's broken promise to step down in 2004 as head of the military and his pardon of Abdul Qadeer Khan, "father" of Pakistan's nuclear weapons, who aided North Korea's program, among others.

For Mr. Bush the balance sheet stacks up differently.

He points to Pakistan's help earlier this year in busting up the plot to blow up airplanes headed from Britain to the United States, and as a fair dealer in trying to reach agreement with India over the disputed Kashmir region.

Mr. Bush said Gen. Musharraf reassured him Pakistan will hold free and fair elections next year, adding that the Pakistani leader "understands that the best way to defeat radicalism and extremism is to give people a chance to participate in the political process of a nation."

Axis Of Sketchy Allies (NYT)

By Maureen Dowd

The New York Times, September 23, 2006

WASHINGTON

It helps to plug your book at the White House.

At a news conference with President Bush, Pervez Musharraf was asked about his claim on “60 Minutes” that Richard Armitage had threatened to bomb Pakistan back to the Stone Age if it did not cooperate in routing the Taliban in Afghanistan. After coyly sidestepping the question, saying he had to save such juicy tidbits for his book’s publication next week, he shot up over 1,000 spots on Amazon.com.

General Musharraf told Steve Kroft he found the Stone Age crack “very rude,’’ and Mr. Armitage was on the defensive yesterday, explaining that he had been tough with Pakistan just after 9/11 but had not made any Flintstones threats.

The former deputy to Colin Powell needn’t apologize. That was the last time our foreign policy was on track, when we were pursuing the real enemy. It’s all been downhill from there.

The Pakistan president is a smooth operator, a military dictator cruising around the capital with his elegant wife and enormous security contingent, talking about how much he likes democracy, which he won’t yet allow.

He may have more respect for checks and balances than Dick Cheney, but that’s not saying much.

On the subject of Osama, he’s so slippery you want to lock him in a room with the muscle-bound Mr. Armitage. General ... General, as W. called him in that famous campaign pop quiz, tried to persuade Mr. Bush that the shabby truce he recently made with tribal leaders, agreeing that the Pakistani Army would stay out of the wild border area next to Afghanistan — where Osama and other Al Qaeda and Taliban members are believed to be hiding — was really “against” the militants.

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The Pakistan government has, in effect, simply turned over the North Waziristan area to the militants. ABC News quoted Maj. Gen. Shaukat Sultan Khan of Pakistan as saying that the deal was an implicit amnesty, and that Osama "would not be taken into custody" as long as he was "being like a peaceful citizen."

American officials are dubious about Mr. Musharraf's commitment to destroying Al Qaeda and the Taliban. But at the press conference, W., who no doubt thinks he has seen into General ... General's soul, acted as though he were willing to believe the Pakistani president when he says he is "on the hunt" for Osama and the Taliban at the same time he's setting up a safe haven for them — and getting huffy at the idea that American forces have the right to go into Pakistan to track Osama.

"Americans who are concerned about a recurrence of 9/11 are worried about the Axis of Evil when the real problem is the Axis of Allies — Saudi Arabia, Pakistan and Britain,'' the British historian Niall Ferguson says. "The terrorists are funded in Saudi Arabia, they're trained in Pakistan, and they organize their plots quite easily in London.''

Mr. Ferguson, who analyzes evildoers and despots in his new book, "The War of the World: Twentieth-Century Conflict and the Descent of the West,'' observes that Mr. Musharraf could not survive if he truly tried to break up the cozy relationship between militants, tribal leaders and some in his Army and intelligence service.

The Paks, as W. and Vice like to call them, are at the heart of the Faustian deal the Bush administration has made. The justification for invading Iraq was that they couldn't allow a dictator who might be harboring terrorists to stay in power. But their great ally in the war on terror is General Musharraf, a dictator who appears to be harboring terrorists, including the one we want most.

Hamid Karzai, the Afghan president, who will dine with W. and General ... General at the White House next week, expressed a sly skepticism about his neighbor's protestations that he is strategizing against militants. As David Sanger reported, Mr. Karzai told Times editors and reporters that he had tried to get Pakistan's help in repelling the resurgent Taliban by giving the Pakistanis "information on training ground, on operation, people, their phone numbers, their G.P.S. locations.''

"Our friends come back to us and say this information is old,'' Mr. Karzai continued. "Maybe. But it means they were there."

Asked where Osama was, he smiled and replied: "If I said he was in Pakistan, President Musharraf would be mad at me. And if I said he was in Afghanistan, it would not be true."

We may not have Osama, but at least W. helped General ...General with his Amazon ranking. "Buy the book," the president recommended as the two allies wrapped up.

Detainee Deal Comes With Contradictions (NYT)

By Adam Liptak

The New York Times, September 23, 2006

The compromise reached on Thursday between Congressional Republicans and the White House on the interrogations and trials of terrorism suspects is, legal experts said yesterday, a series of interlocking paradoxes.

It would impose new legal standards that it forbids the courts to enforce.

It would guarantee terrorist masterminds charged with war crimes an array of procedural protections. But it would bar hundreds of minor figures and people who say they are innocent bystanders from access to the courts to challenge their potentially lifelong detentions.

And while there is substantial disagreement about just which harsh interrogation techniques the compromise would prohibit, there is no dispute that it would allow military prosecutors to use statements that had been obtained under harsh techniques that are now banned.

The complex, technical and often ambiguous language in the 94-page measure was a subject of debate, posturing and, perhaps, some wishful thinking yesterday. Each side in the hard-fought negotiations — the White House and the three opposing Republican senators — declared victory.

And human rights groups simultaneously insisted that the new bill should be read to forbid various tough antiterrorism tactics and cautioned that the Bush administration had been given too much power to make the rules.

Some longtime critics of the administration expressed satisfaction with aspects of the compromise. They hailed the three senators who negotiated it, Lindsey Graham of South Carolina, John McCain of Arizona and John W. Warner of Virginia, as leaders who placed principle over politics in stopping the effort to redefine a provision of the Geneva Conventions knows as Common Article 3.

That provision bars, among other practices, "outrages upon personal dignity, in particular, humiliating and degrading treatment."

"The McCain, Graham, Warner trio really fought back and prevented the administration from winning its effort to reinterpret Common Article 3," said Jennifer Daskal, the United States advocacy director for Human Rights Watch.

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The proposed law, at least if it is interpreted honestly, Ms. Daskal said, would prohibit interrogation techniques like sleep deprivation, forced standing for long periods and extreme temperatures.

Others said that the negotiations were a sham and that an array of harsh techniques remained available.

"The only thing that was actually accomplished," said Eric M. Freedman, a law professor at Hofstra University and the author of a book on habeas corpus, "was that the politicians got to announce the existence of a compromise. But in fact, most of the critical issues were not resolved."

Martin S. Lederman, who teaches constitutional law at Georgetown, said the bill continued to allow the harsh treatment of detainees by the Central Intelligence Agency.

"They appear to have negotiated a statutory definition of cruel treatment that doesn't cover the C.I.A. techniques," Professor Lederman said. "And they purport to foreclose the ability of the courts to determine whether they satisfy the Geneva obligations."

The bill would allow, and perhaps require, the president to issue regulations concerning "the meaning and application of the Geneva Conventions," and it calls for them to be published in The Federal Register.

Legal experts differed about whether that bargain, trading power for transparency, was sound.

Changes to the procedures for the military commissions established to try terrorism suspects for war crimes also met with mixed responses. Revisions that would let defendants see the evidence against them were welcomed by military defense lawyers and human rights groups.

But some voiced concern that using statements obtained through coercion, even coercion forbidden by the McCain Amendment to Detainee Treatment Act of 2005, would still be allowed in many circumstances. So would be hearsay evidence, as well as a combination of the two.

"You create a situation," Ms. Daskal said, "in which someone could be convicted based on a second- or third-hand statement from a detainee during an abusive interrogation."

The issue that most engaged administration critics was the new bill's aggressive and possibly constitutionally suspect efforts to keep the courts from hearing many detainees' challenges or claims based on the Geneva Conventions. Though people charged with war crimes would receive trials before military commissions that largely resemble courts-martial and criminal prosecutions, the administration has announced plans to use just a score of those.

About 430 people are being held at Guantánamo Bay, Cuba, and there is no guarantee that they will ever be tried. The legislation, unchanged by the compromise, would prohibit habeas corpus challenges to these indefinite detentions.

"You're creating a system," Ms. Daskal said, "where Khalid Shaikh Mohammed," called the mastermind of the Sept. 11, 2001, attacks, "will have more rights than the low-level detainee who was sold into U.S. custody by bounty hunters."

Indeed, the propriety of indefinite detentions at Guantánamo will continue to be decided by combatant status review tribunals, or C.S.R.T.'s. The revised rules for military commissions do nothing to alter the tribunals' unorthodox procedures.

"The C.S.R.T. is the first time in U.S. history in which the lawfulness of a person's detention is based on evidence secured by torture that's not shared with the prisoner, that he has the burden to rebut and without the assistance of counsel," said Joseph Margulies, author of "Guantánamo and the Abuse of Presidential Power" (Simon & Schuster, 2006).

A limited appeal from adverse determinations of these tribunals is permitted, but habeas corpus challenges are not. That means, Professor Freedman said, that "the feature of the bill that does the greatest amount of harm to the American legal system remains untouched."

The compromise adds a wrinkle, prohibiting the very invocation of the Geneva Conventions in civil cases and habeas proceedings and, depending on how one reads an ambiguous passage, perhaps criminal cases, too.

The Senate Judiciary Committee will hold hearings on Monday on limiting detainees' habeas challenges. If Congress does not act, Professor Freedman said, the courts may reject the habeas provisions in the law.

"An attempt to throw out of court many hundreds of pending cases that the Supreme Court has twice held have a right to be there," he said, "is not likely to be met with a favorable reaction in the Supreme Court."

Critics Say Bill On Detainee Interrogation Will Not Prevent Torture (MCT)

By Margaret Talev And Greg Gordon

McClatchy Newspapers, September 23, 2006

WASHINGTON - Several Democrats and civil rights advocates charged Friday that a Republican compromise over the treatment of terrorism suspects leaves the door open for torture and abuse, while stripping captives of a basic right to a court appeal.

"This is a bill that's essentially going to continue to allow coercive interrogations," said Michael Ratner, president of the Center for Constitutional Rights, which has represented about 500 detainees, many of them held for more than four years at

Guantanamo Bay, Cuba. "I find it just shameful as a human rights lawyer who's spent my life suing every dictator in the world over this kind of stuff."

But leading Democrats stopped short of opposing the compromise plan announced Thursday between the White House and Senate Republicans. The top Democrat on the House Armed Services Committee, Rep. Ike Skelton of Missouri, called the compromise "promising."

The House of Representatives and Senate are expected to vote next week before the Congress recesses for elections.

Circling their wagons, Republicans all but dared Democrats to vote against the plan, suggesting that would turn off voters and kill the Democrats' efforts to take back control of either chamber of Congress in the November elections.

"I don't think sitting on the sidelines in the war on terrorism is a good idea," said Senate Majority Whip Mitch McConnell, R-Ky. "My advice to the Democrats would be to support us - that would be a great way to take that issue off the table."

Congress has been under pressure to pass a comprehensive detainee plan since the Supreme Court ruled 5-3 in June that the system President Bush created to handle terrorism cases violated U.S. law.

Bush previously took the position that the international Geneva Conventions of 1949, protecting prisoners of war, didn't cover so-called "enemy combatants" seized in the war on terrorism, enabling the CIA to use aggressive interrogation techniques that are widely considered tantamount to torture.

The compromise bill seeks to immunize interrogators from prosecution for those tactics prior to the end of 2005, while limiting their use going forward. Sen. Carl Levin of Michigan, the top Democrat on the Senate Armed Services Committee, said that "would put our own troops at risk if other countries decide to apply a similar standard."

Critics of the compromise praised Republican Sens. John McCain of Arizona, Lindsey Graham of South Carolina and Armed Services Committee Chairman John Warner of Virginia for forcing the White House to rethink some of what it wanted from Congress, such as changing the wording of U.S. obligations under Common Article 3 of the Geneva Conventions and convicting detainees without letting them see key evidence against them.

Still, critics said the administration got too much.

The compromise defines nine "grave breaches" of the Geneva Conventions as felony war crimes and rules out techniques that could cause serious mental or physical pain. But it gives the president, not Congress, the authority to decide what gray-area techniques should be allowed and how violations should be punished.

The ACLU's Caroline Fredrickson called the compromise a "get-out-of jail-free card to the administration's top torture officials."

Critics also expressed doubts that a required executive order from the president will clearly define the new boundaries of interrogations.

"The key to this deal will be whether Congress exercises real oversight over the CIA interrogation program," said Rep. Jane Harman, D-Calif., the top Democrat on the House Intelligence Committee. She said the White House should agree to give the intelligence panels a description of the techniques it wants to authorize, legal justifications and evidence that the techniques are necessary and effective. "Congress cannot and must not rubber-stamp another executive-branch intelligence program without adequate oversight," she said.

Ratner said the bill appears to allow CIA interrogators to continue leaving scantily clad detainees in cold rooms, forcing them to stand in stressful positions or denying them sleep for prolonged periods - possibly all at once. "I would hope they will come out and say that's not allowed," he said. "Right now, this bill is full of holes."

The measure, he noted, does nothing to bar renditions, in which the CIA or another agency transfers custody of a detainee to a foreign government, where the detainee could be tortured outside U.S. jurisdiction.

Senators who negotiated the bill said they believe it would bar the use of simulated drowning, known as "water-boarding," a tactic reportedly used on Khalid Sheikh Mohammed, the self-proclaimed mastermind of the Sept. 11, 2001, attacks.

The compromise introduced into legislation on Friday would affect the handling of 469 detainees held at Guantanamo - including Sheikh Mohammed and 13 other "high-value" figures moved this month from secret CIA prisons overseas - and all future captives.

The legislation also limits detainees from appealing in federal court to challenge their detentions - a right that dates to the Magna Carta in the year 1215. Chairman Arlen Specter, R-Pa., of the Senate Judiciary Committee has voiced concerns and scheduled a hearing Monday to explore that issue.

On Rough Treatment, A Rough Accord (WP)

By R. Jeffrey Smith

The Washington Post, September 23, 2006

DOJ_NMG_0068007

Draft legislation to create a new system of military courts for terrorism suspects would allow prosecutors to introduce at future trials confessions that were obtained through "cruel, unusual, or inhumane" interrogations by the CIA or the military before 2005, but not afterward.

The legislation would also allow defense attorneys to challenge the use of hearsay information obtained through coercive interrogations in distant countries only if they can prove it is unreliable, a daunting task if the information consists of written statements from people the lawyers have no right to confront in court.

These complex provisions reflect some of the last-minute changes to broad legislation drafted by the White House and Republican lawmakers to establish a unique set of rules for detaining, interrogating and trying foreigners believed to be involved in hostilities against the United States.

The bill is designed to confer Congress's approval for the first extrajudicial U.S. trials of non-soldiers since World War II. Many of its provisions were put in to ensure that the rough detention and interrogation policies adopted by the Bush administration in 2001 and 2002 -- and ruled illegal in June by the Supreme Court -- may continue undisturbed.

The 94-page text is dotted with language crafted not only to support future rough interrogations by the CIA but also to improve the odds of obtaining criminal convictions of detainees and to immunize officials for previous violations of a federal law governing detainee abuse. The bill was introduced by Republican leaders in the Senate yesterday after brief discussions with their House counterparts.

Many human rights groups and legal experts who parsed the bill yesterday said the White House had achieved most of its objectives in negotiations with dissident GOP senators, including John McCain (Ariz.), Lindsey O. Graham (S.C.) and John W. Warner (Va.).

They said the bill's provisions would violate detainees' legitimate rights, conflict with Supreme Court decisions, and come back to haunt Washington when Americans in foreign custody are subjected to the same harsh interrogations and military trials.

"It replaces the old broken" military trial system ruled illegal by the Supreme Court with "a new broken commission system," said Marine Corps Col. Dwight Sullivan, the chief defense counsel for the Defense Department's Office of Military Commissions. He said "it methodically strips rights" guaranteed by laws and treaties and appears to be unconstitutional.

Human Rights First and Human Rights Watch praised the compromise language as an improvement over the administration's initial proposals. But they felt it necessary to press McCain to spell out in a planned television appearance tomorrow his view that the legislation would bar at least three categories of abusive CIA interrogations: waterboarding, which simulates drowning; extreme sleep deprivation; and "stress positions" such as lengthy forced standing.

The bill is complex partly because negotiations were rushed, following a timetable set by President Bush. The White House wants Congress to pass the legislation before adjourning at the end of next week, expecting Democrats to withhold challenges to its most controversial provisions in the pre-election period for fear of being portrayed as soft on terrorism.

But the language is also opaque because its chief objective -- the legitimization of irregular interrogations by the CIA -- is a topic shrouded in official secrecy.

"As you know, specific techniques are classified," White House national security adviser Stephen J. Hadley said Thursday evening when he was asked which interrogation techniques the law sanctions. "This whole effort is to get a legal framework supported by the Congress" without letting terrorists know exactly what they will confront after capture, Hadley said. But he added that the draft language meets the CIA's needs.

From the outset, the challenge for the bill's Republican authors was to fit the government's desire for rough treatment and long detentions of terrorism suspects into a web of domestic and international rules and laws requiring fair trials and humane treatment for those held in captivity anywhere. These include the 10-year-old U.S. War Crimes Act, and the 50-year old Geneva Conventions.

Critics said yesterday that the bill's language abuses both of these, as well as the U.S. Constitution. For example, it would bar detainees from challenging the legality of their detention or treatment by the CIA or the U.S. military in any court. The administration has said this controversial "court-stripping" provision is needed so that dangerous detainees could be subjected to lengthy interrogations without hope of release before military trials and could not obstruct or delay trials.

But defense lawyers, a group of retired federal judges and the American Bar Association say the provision violates due-process guarantees and Supreme Court decisions.

"Eliminating habeas is tantamount to letting hundreds of Guantanamo prisoners rot in jail," said David H. Remes, a Covington & Burlington lawyer who has represented several Yemeni detainees. "If the government does not have a valid basis for holding someone in jail, that person should have some recourse."

The bill would also bar detainees from citing the Geneva Conventions -- which the United States ratified in 1949 -- "as a source of rights" in any U.S. court, including the military panels or "commissions" established by the new law. It further states that

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President Bush has the authority to interpret the meaning of a Geneva Conventions provision barring detainee abuses that fall below the threshold of "grave breaches."

Although the law states that Bush "shall issue" his interpretations in published executive orders, White House spokesman Tony Snow said yesterday that administration lawyers told him that such publication -- which McCain and others have highlighted as a major White House concession -- might not be necessary.

Another provision would explicitly bar U.S. courts from considering any "foreign or international source of law" in deciding what U.S. interrogators can lawfully do under the War Crimes Act. Eugene R. Fidell, president of the nonprofit National Institute of Military Justice, said this appears to represent one facet of a broad administration effort to keep its treatment of terrorism suspects "hermetically sealed" from treaties and the traditional law of military justice.

"God forbid there should be any infection from foreign sources," Fidell said in a joking summary of the administration's strategy.

"Context is crucial here," said Diane Orentlicher, a professor of international law at American University who studies war crimes. "The administration has tenaciously fought for a legal space to undertake 'harsh' interrogation techniques that, it claims unpersuasively, are perfectly compatible with U.S. treaty obligations. By prohibiting victims of even the most severe war crimes from invoking the Geneva Conventions in habeas or civil actions," the agreed-upon version of the bill would undermine the included detainee protections, she said.

Staff writer Carol D. Leonnig contributed to this report.

GOP Upbeat On Terror-Trial Bill (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 23, 2006

House GOP leaders signaled yesterday that they are satisfied with the main elements of a bill on military trials negotiated Thursday by dissident Republican senators and White House officials, and they predicted that Congress will pass the measure before adjourning next week.

"We're going to get this thing across the finish line," Rep. Duncan Hunter (R-Calif.) told reporters, less than 24 hours after giving the measure a much cooler reception.

The House response all but settles an intraparty squabble and puts congressional Democrats in a difficult spot six weeks before elections in which they hope to wrest many House and Senate seats from the GOP. Some of the Democrats' liberal constituents dislike the bill, viewing it as a green light for President Bush to resume a CIA policy of interrogating foreign terrorism suspects with harsh techniques that some critics consider torture. But to oppose the compromise, which Sen. John McCain (R-Ariz.) has embraced, would subject them to charges of being soft on terrorism, several analysts said.

Many Democrats would undoubtedly like to change the bill, "but probably those in competitive races will just have to stay behind McCain," said political scientist Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. A House Democratic leadership aide, who spoke on the condition of anonymity to discuss political strategy, said: "We had really hoped the White House had caved, but it's looking more and more like the senators caved."

The compromise bill on rules for the trials, known as military "commissions," outlines the kinds of detainee mistreatment by CIA interrogators that would constitute crimes. It bars the administration from reinterpreting the Geneva Conventions but gives the president a dominant role in deciding which interrogation methods would be permitted.

Hunter, who chairs the House Armed Services Committee, raised concerns Thursday about the bill's prohibition against convicting defendants with classified information they are not allowed to see. Yesterday, Hunter said he was satisfied because the suspects would not learn the identity of undercover officers who gathered the crucial evidence.

With Congress planning to adjourn by Sept. 30, it is possible that last-minute snags could complicate or even prevent the bill's passage. But top Democrats in both houses indicated that they will not stand in the bill's path and risk being blamed for its demise.

"I will need to look at the final bill carefully, but elements of the compromise I have seen are promising," said Ike Skelton (Mo.), the Armed Services Committee's ranking Democrat.

Republicans, meanwhile, signaled plans to trumpet their newfound unity and attack Democrats even if only a handful oppose the bill. The office of House Majority Leader John A. Boehner (R-Ohio) released a statement saying that "while Democrats talk out of both sides of their mouth, Republicans are working together . . . to provide predictability and clear guidance to both our military and civilian personnel so they may continue to keep Americans safe."

Until the breakthrough was announced Thursday, Democrats had let Republicans fight among themselves as they backed McCain and Sens. Lindsey O. Graham (R-S.C.) and John W. Warner (R-Va.) in their struggle with the White House. Now that McCain and his fellow dissidents have joined hands with Bush, it will be difficult to attack the deal, Democrats acknowledged.

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That is not sitting well with liberal activists, whose energy will be important to Democrats on Election Day. Caroline Fredrickson, director of the American Civil Liberties Union's Washington legislative office, called the legislation a "get out of jail free" card for the administration's "top torture officials." She said it would render the Geneva Conventions' protections "irrelevant and unenforceable."

Democratic political strategists at Greenberg Quinlan Rosner Research encouraged Democrats to challenge Republicans on national security issues. Jeremy Rosner, senior vice president, said polling suggests that Bush's focus on security matters in the past weeks may have helped his personal approval ratings, but it has harmed Republican lawmakers by elevating anxieties over Iraq.

"There is much more room than people have guessed for Democrats to engage on this issue, to get heard and even to win," he stressed.

A few liberal Democratic lawmakers attacked the bill yesterday, but none signaled all-out plans to try to kill it. "By using legal mumbo jumbo to obscure the fact that the CIA will continue to be allowed to use torture and will actually be insulated from legal liability for previous acts of torture, President Bush is proceeding ever further down the slippery slope that Colin Powell warned us will endanger American troops in the field by encouraging other countries to reinterpret the Geneva Conventions," said Rep. Edward J. Markey (D-Mass.).

White House aides are practically daring such Democrats to oppose the legislation. "Now the test is for the Democrats," a senior administration official said. "What are they going to do? . . . This does show that there's a consistent voice now on the subject coming out of our party."

But some conservatives remain angry with McCain and his allies. One Republican leader called them the "it's all about me" senators.

"At a time when we were supposed to be showing unity, we wasted a week on something that could have been worked out behind closed doors," one leadership aide said.

Staff writer Peter Baker contributed to this report.

Differences Settled In Deal Over Detainee Treatment (NYT)

By Kate Zernike And Sheryl Gay Stolberg

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — After weeks of internal wrangling over legislation to interrogate and prosecute terrorism suspects, Republicans on Friday put aside their differences, setting the House and Senate on a path to approve a compromise struck with the White House before lawmakers break to campaign for the midterm elections.

The House leader who on Thursday had been the only Republican to raise objections to the deal between Senate Republicans and the White House said Friday that he decided he liked the compromise legislation even better than the bill his committee had passed.

“The new provisions are excellent,” said the leader, Representative Duncan Hunter, the California Republican who is chairman of the Armed Services Committee. “I like them.”

Mr. Hunter, whose committee had endorsed a bill looking much like what the White House had initially proposed, said that although he was still reading the compromise, he believed that the House and the Senate could agree on a common bill, eliminating the need for a conference between the two, and making it possible to win final passage in the five days before Congress adjourns for the midterms.

Senator Mitch McConnell, the No. 2 Republican in the Senate, introduced the compromise bill on the floor Friday, but the leaders said they would not decide until early next week when to begin the debate that would lead to a vote.

After weeks of embarrassing division on a signature issue, Republicans resumed their campaign to portray themselves as the party of strength on national security, with Mr. McConnell practically daring Democrats to get in the way.

“We think our record as a party on the war on terror is excellent and we intend to take that to the American people,” he said. “My advice to the Democrats would be to support us. That would be a great way to take that issue off the table.”

Democrats have allowed three Republican senators with strong military credentials — John W. Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina — to take the lead in resisting the president on the issue. Democratic leaders were largely positive about the agreement reached Thursday, signaling that they would continue to cooperate, rather than risk looking obstructionist heading into the midterms.

“A handful of principled Republican Senators have forced the White House to back down from the worst elements of its extreme proposal for new interrogation rules,” said Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader.

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The biggest outstanding question was how the White House would define what interrogation techniques are banned under the bill.

The proposed legislation outlaws under the War Crimes Act "grave breaches" of the Geneva Conventions, including specific crimes such as murder, torture and rape, but also broad descriptions that might encompass a variety of crimes: maiming, extreme physical pain, trying to cause physical harm, and serious mental harm.

But the law leaves to the White House to say by executive order whether any techniques that do not rise to the level of grave breaches, but are still objectionable, would also be prohibited.

The executive order is to be published in the Federal Register, where it would be subject to review by Congress. The White House had resisted this proposal, but Senate Republicans insisted on it.

The White House said Friday that it had not yet begun to talk about what techniques the order would include.

The White House had submitted to a demand from Senate Republicans that it take out language that would have redefined the nation's obligations under the Geneva Conventions, which President Bush said was crucial to provide "clarity" to C.I.A. officers regarding what interrogation techniques they can use.

Mr. McCain said on the "Today" show on Friday, "We got what we wanted."

But administration officials resisted the characterization that Mr. Bush had made significant concessions.

"The president had a single test, and the test was met," said Dana Perino, the deputy White House press secretary, referring to Mr. Bush's repeated assertion that he would accept only a bill that allowed a Central Intelligence Agency program to interrogate major terrorism suspects to continue. "We weren't wedded to the initial language."

The White House resisted saying whether the bill would permit that program to continue in the same form as it has operated in the past. "The program will still be the effective program that it has been," Ms. Perino said.

Some human rights lawyers said they felt the senators had achieved a significant victory in getting the president to drop his demand on the Geneva Conventions, and in securing a provision that protects a defendant's right to see the substance of any classified evidence shown the jury, without revealing sensitive information.

But some said they objected to a proposed provision on habeas corpus rights that denies detainees a right to argue in federal court that they are being improperly held. And some experts in military justice complained that Mr. Bush, through the executive order, would retain substantial authority to define acceptable interrogation techniques. They feared that the White House would push the limits on harsh techniques.

Senators Warner, McCain and Graham said repeatedly that they wanted the administration to have to define these techniques, so that it would have to take responsibility for them, and any public heat. Otherwise, they believed, the president or C.I.A. would justify any techniques that caused public outrage by saying, in effect, "Congress said we could."

By requiring the order to be published in the public record, they believe Congress will retain some oversight.

"You may have some check on the gray area," said John Radsan, who was assistant general counsel for the C.I.A. from 2002 to 2004. "The nongovernmental organizations can assess the standard. Congress can. The American public can."

Representative Jane Harman of California, the senior Democrat on the House Intelligence Committee, said the key would be whether Congress exercised that oversight. To do so, Ms. Harman said, the Intelligence Committees must be told what techniques the president intends to use.

"If Congress does not demand this information, we will be giving the president another blank check to violate the law," she said.

Representative Ike Skelton of Missouri, the senior Democrat on the House Armed Services Committee, said the compromise was "promising," particularly the provisions on classified evidence.

And Senator Carl Levin of Michigan, the senior Democrat on the Senate Armed Services Committee, praised Senators Warner, McCain and Graham as "standing up to the administration" and producing a bill that, "while it has a number of problems, is a substantial improvement over the language proposed by the administration."

But Mr. Levin objected in particular to the rules on coerced evidence. The compromise would ban evidence obtained through "cruel, unusual or inhumane treatment" as defined by the Detainee Torture Act going back to when that act was passed, in December. "This approach, which was insisted upon by the administration, would put our own troops at risk if other countries decide to apply a similar standard, and is abhorrent to American values," Mr. Levin said.

He argued in favor of language originally proposed by the three senators and approved by the committee, which would exclude statements obtained as result of cruel, inhuman or degrading treatment, no matter when they were obtained.

Mr. Levin and Senator Arlen Specter of Pennsylvania, the Republican chairman of the Judiciary Committee, say they will try to amend the habeas provisions in the bill.

Mr. Specter plans to hold a hearing on the issue on Monday. But that is not expected to hold up the bill's proceeding to the floor.

Interrogations Deal Grants Bush Leeway (AP-Y)

By Anne Plummer Flaherty

AP, September 23, 2006

A Republican deal on terrorism trials and interrogations would give President Bush wide latitude to interpret standards for prisoner treatment, even though it doesn't include a provision he wanted on the Geneva Conventions.

The resulting legislation, if passed next week by Congress as Republicans hope, would revive the CIA's terrorist interrogation program because it would reduce the risk that agency workers could be found guilty of war crimes.

The deal also could open the door to aggressive techniques that test the bounds of international standards of prisoner treatment.

"The key to this deal will be whether Congress exercises real oversight over the CIA interrogation program," said California Rep. Jane Harman, who as the top Democrat on the House Intelligence Committee has been briefed on how the CIA handles terrorism suspects.

The GOP bill outlines specific war crimes such as torture and rape, but it also says the president can "interpret the meaning and application" of the Geneva Convention standards to less severe interrogation procedures. Such a provision is intended to allow him to authorize methods that might otherwise be seen as illegal by international courts.

Bush's national security adviser, Stephen Hadley, said the president plans to use this authority to "clarify" Geneva Convention obligations by executive order, which must be published in the Federal Register

Harman said Friday she wants the administration to give Congress a list of techniques approved by the president and legal justification for the methods.

"If Congress does not demand this information, we will be giving the president another blank check to violate the law," she said.

President Bush has been pushing legislation that would endorse the CIA program since June, when the Supreme Court ruled al-Qaida members must be protected under the Geneva Conventions, a 1949 treaty that sets international standards for the treatment of war prisoners .

Before the court ruling, the legality of the interrogation program relied on Bush's assumption that the combatants were not protected under the treaty and, therefore, could be subjected to aggressive techniques.

U.S. officials say the Supreme Court ruling — which also determined the trials Bush established to prosecute the terrorists were illegal — threw cold water on the program because of fears interrogators could be prosecuted for war crimes.

The White House wanted to have Congress endorse the program with a law narrowly defining Geneva Convention standards, giving the president the latitude he wanted to continue the CIA program.

But when three GOP senators objected and were joined by growing numbers of allies — claiming such a move would be seen as an attempt to back out of the treaty — the White House relented. In a deal struck Thursday, the White House and Senate Republicans agreed to drop from the bill an abbreviated definition of Geneva Convention standards.

But enough legal parsing was added to the bill to achieve the president's desired effect anyway.

The Republican bill provides legal protection for the CIA program by precisely defining and enumerating atrocities widely accepted as war crimes — including torture, rape, biological experiments, and cruel and inhuman treatment.

For acts that do not rise to the level of a war crime but may test the bounds of the Geneva Conventions, the GOP bill allows the president to make the call.

The net effect is to raise the legal bar on war crime violations, making it tougher to prosecute a U.S. official unless the act meets those definitions.

"It sounds like the administration got a pretty good deal actually" because it would reinstate the president's prerogative, said John Yoo, a former Justice Department lawyer who helped write internal memos in 2002 designed to give the government more leeway in aggressive questioning of suspects.

Human rights lawyers disagree on whether this flexibility, along with the bill's definition of cruel treatment, would endorse such techniques as "waterboarding" — a method intended to simulate the sensation of drowning. Waterboarding and similar interrogation methods allegedly used by the CIA are not specifically identified as war crimes although some say these techniques could qualify as cruel and inhumane.

But, legal experts agree, in the end it will be up to the president to determine when most interrogation methods go too far. The bill bans detainees from protesting their detention and treatment in court.

"You always run into the potential ... that we're going to go back to secret prisons and bad things will happen," said John Hutson, a former Navy judge advocate general. "And there's really not a way in legislation to make sure that doesn't happen."

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Hutson, who staunchly opposed the administration's initial legal proposal, said he believes the administration intends to "interpret the words in good faith."

Congress is expected to vote on the bill before lawmakers leave at the end of next week for midterm elections. While the bill has been agreed to by the Senate, House conservatives have said they were concerned with the provision that requires a defendant access to evidence if used in an attempt to convict him or her. This stipulation could expose sensitive or classified information, they said.

Rep. Duncan Hunter, chairman of the House Armed Services Committee, said Friday he would support the bill but was still reviewing the rules surrounding evidence.

But regarding the CIA program and "the protection of their people, this does the right thing and it does protect them," said Hunter, R-Calif.

Defense Lawyers Assail Legislation On Detainees (LAT)

By Richard Simon And Julian E. Barnes

The Los Angeles Times, September 23, 2006

The bill faces scrutiny for stripping habeas corpus. Rights groups worry over vagueness.

WASHINGTON — Military defense lawyers assailed compromise legislation for interrogating and prosecuting terrorism suspects, contending Friday that proposed rules would prevent them from learning whether evidence used against their clients was obtained through coercion or torture.

At the same time, rights groups that initially endorsed the compromise between the Bush administration and key Senate Republicans expressed reservations, saying it appeared on closer reading to be vague and could give President Bush and future presidents too much latitude.

"It is worse than the system that was in place before," said Marine Maj. Michael Mori, a military defense lawyer. "It is not going to ensure there is a fair trial."

Congressional Republican leaders, nonetheless, plan to move the compromise military tribunal bill to a vote next week. They may tie the bill, which has support among a number of Democrats, to a more controversial measure authorizing Bush's once-secret warrantless surveillance program.

Legislation introduced by the Senate GOP leadership Friday would make it clear that the president, in some cases, has the authority under the Constitution to unilaterally order surveillance without a judge's approval.

Both the tribunal and surveillance measures are centerpieces of the security-focused agenda the GOP wants to highlight before the November election, which is expected to determine control of Congress.

Republicans, who were engaged in an intraparty fight over the tribunal legislation until the agreement was reached, appeared to be closing ranks.

But the measure faces additional scrutiny. Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) called a hearing for Monday on a provision in the bill that would deny detainees the right to challenge their detention in court, known as the right of habeas corpus.

"It may be the only way some people can have their situation resolved in court," said retired Rear Adm. John Hutson, a former top Navy judge advocate general and member of the board of Human Rights First.

Although the rights group supported the compromise, the group raised questions Friday.

Army Maj. Tom Fleener, an attorney who represents a Yemeni man imprisoned at Guantanamo, said that under the proposed rules, "there is no way for the defendant to determine how the evidence was obtained. There is no way to find out how the witness was interrogated because the techniques are going to be classified."

The compromise leaves it up to military judges to determine whether evidence had been coerced and can be admitted.

Human rights groups also expressed concern about how the Bush administration could interpret the compromise language.

"The main concern is the legislation is ambiguous," said Alexandra Arriaga, director of government relations for Amnesty International USA. "It has language that can be interpreted in many ways. We want to be certain practices that have long been considered torture or cruel, inhumane or degrading are still prohibited."

Allies of Sen. John McCain (R-Ariz.), who helped broker the compromise, said the deal does not give the administration any more leeway to interpret U.S. obligations under the Geneva Convention than it already had.

But Christopher Anders, ACLU legislative counsel, said he worried that the administration would use the language to claim approval of tough methods.

"If this administration had a better track record of following the rule of law … there wouldn't be so much worry," Anders said.

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Surveillance legislation introduced Friday by Senate GOP leaders also drew criticism.

Civil liberties groups and privacy advocates said the legislation would unduly expand the government's power to monitor the e-mail and phone calls of American citizens and others in terrorism-related cases.

Critics also said it would mark a major departure from the 1978 Foreign Intelligence Surveillance Act that required U.S. officials to obtain court approval before launching secret domestic spying programs.

The bill includes a few new safeguards, including a requirement that the administration report to Congress every 180 days on surveillance activities. It also limits how long intercepted communications may be kept.

Specter "remains concerned about ensuring that there is judicial review of the terrorist surveillance program," said a Judiciary Committee aide who said the chairman was, nonetheless, "pleased the legislative process was moving forward."

As Army Adds Interrogators, It Outsources Training (WP)

By Walter Pincus

The Washington Post, September 23, 2006

Since the Iraq war began, the U.S. Army has quadrupled the number of soldiers it trains each year to be detainee interrogators, according to Army officials involved in the program.

Next year, 1,200 interrogators are set to be trained at the Army Intelligence Center at Fort Huachuca, Ariz., up from about 300 in 2003. "The number being trained is based on the current need of interrogators in theater," said Angela Moncur, deputy public affairs officer at the intelligence center.

The greatest one-year expansion of the Army's interrogation program, from 500 to 1,000 trainees, took place in 2005, the year after public disclosure of the scandals involving questioning of prisoners by Army intelligence personnel at Iraq's Abu Ghraib prison. Today, with the Army introducing a new interrogation manual and Congress wrestling with legislation sought by the White House that would legalize the CIA's more aggressive questioning techniques, the number of people training to be interrogators is to rise again.

The Army is gearing up for the effort by hiring private companies to handle the training. Last month, the service awarded contracts that could grow to more than $50 million in the next five years to three private firms to provide additional instructors to the 18-week basic course in human-intelligence interrogation at Fort Huachuca.

"If you are qualified as interrogator, you now are either in Iraq or teaching others how to do it when they go there," said Pat Gromek, who spent 23 years as an Army intelligence officer and now handles business development for Integrated Systems Improvement Services Inc. in Sierra Vista, Ariz., the site of Fort Huachuca. ISIS is one of the firms selected to supply interrogation instructors.

The contracts call for the companies to provide outside instructors who would train "selected enlisted soldiers in the skills and knowledge required to perform . . . tactical human intelligence collection," said a government notice published earlier this month. Subjects to be covered include how to interrogate and debrief enemy personnel, potential threat forces, warrior skills, intelligence analysis, and military justice and intelligence law, according to a statement supplied by the center. "The laws of land warfare and the Geneva Convention" are specifically listed in an article on the course in Military Intelligence, an Army publication.

The Army, in the contracting process, estimated the annual cost for an outside instructor at $100,000, Moncur said. That is at least $20,000 above the average of what someone in the service would receive, according to an analysis of military pay vs. civilian pay on the Today's Military Web site.

Only $10 million of the overall amount will be spent next year for an additional 63 instructors to handle the increase in the number of trainees taking the interrogation course, according to Maj. Matthew Garner, the center's public affairs officer. In later years it could ramp up further, Garner said.

Moncur said future instructor levels would depend on the situation in Iraq. "The need may change if we bring some troops home," she said, adding that the intelligence center did not know whether the Army would continue to add instructors at the same or a greater rate.

The increase in the Army's capacity for human-intelligence interrogation reflects the overall expansion of Defense Department intelligence operations at home and abroad since the Sept. 11, 2001, attacks and the start of military operations in Afghanistan and Iraq. As Defense Secretary Donald H. Rumsfeld told the Senate Appropriations Committee in May, a significant upgrading and refocusing of U.S. intelligence is underway "that will take a good deal of time."

One little-publicized problem in Iraq has been the paucity of intelligence for tactical, or day-to-day, use by commanders on the ground, and the lack of trained Army personnel to do the job. CIA officials have said privately that they have been forced to strip stations in Europe and elsewhere to provide case officers for tours in Iraq. The agency's Baghdad operations office is its largest. The CIA officials want to see the military take up tactical intelligence so CIA officers and analysts can concentrate on broader, strategic targets.

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Turning to outside contractors to teach interrogation reflects another trend of the Rumsfeld Pentagon: outsourcing programs to private companies that often are filled with retired military men and women who did similar work when they were in the service.

In the case of the interrogation contract, the companies have had to gear up to handle the work. The day after ISIS received word it had been awarded a part of the contract, it had an advertisement on its Web site saying the company "has been awarded the contract for additional HUMINT Instructor positions. We are seeking HUMINT Instructors to fill numerous openings."

Gromek, the ISIS official, directed intelligence training for Army officers for four years while serving in the military. Before the Iraq war, he said, the interrogator career path was "moribund." ISIS won its share of the contract, he said, because it already had supplied interrogation instructors to Fort Huachuca and this time expects to place 15 to 25 of them. He was confident he could fill the slots with people returning from Iraq, including National Guard and reserve troops.

Another company that won a contract, MTC Technologies Inc. of Dayton, Ohio, has done work for the Air Force. Many of its top executives are retired Air Force colonels, and its board of directors includes retired Lt. Gen. Kenneth A. Minihan, who headed the National Security Agency and the Defense Intelligence Agency. Also on the board are retired Gen. Lester L. Lyles, former commander of the Air Force Materiel Command, and retired Gen. Lawrence A. Skantze, a former Air Force vice chief of staff and commander of the Air Force Systems Command.

MTC's news release announcing its contract made it clear that this first major deal at Fort Huachuca was something of a new direction, expanding "our foothold in the growing field of intelligence training and services." The release added: "This is an excellent complement to the training and services we provide to the other military services."

The third contract winner was Oak Grove Technologies Inc. of Raleigh, N.C. Its chief operating officer is retired Lt. Gen. Philip R. Kensinger Jr., the former commander of the U.S. Army Special Operations Command.

Change Of Heart (NSWK)

By Mark Hosenball

Newsweek, September 23, 2006

Three renegade Republican senators may be the biggest winners in Thursday's deal between the White House and Capitol Hill over the treatment of high-level terror detainees. The senators, John McCain, Lindsey Graham and John Warner, had led the opposition to the Bush administration's plans to redefine how the United States would apply the Geneva Conventions to terror detainees.

Two sources close to negotiations between the two sides tell NEWSWEEK that key elements of the deal were first floated by the senators as long as a week ago. (The sources familiar with the negotiations asked for anonymity because of the continuing political sensitivity of the issue.) At one point several days ago, says one of the sources, it looked like the two sides were getting close to an agreement. But the White House then backed away from the negotiations and took a hard line for several days—for reasons that remain unclear.

But by Thursday, the administration essentially agreed to the McCain-Graham-Warner proposal that it had previously rejected. What caused this change of heart? The sources say it was clear that the GOP renegades' position was supported by at least 51 senators. By the same token, an important element in the compromise, the sources say, was the recognition by Graham, McCain and Warner all along that neither they nor a majority of their Senate colleagues really wanted to put the CIA interrogation program completely out of business.

During a five-hour closed-door meeting Thursday on Capitol Hill, the rebel senators and their aides hammered out an agreement with White House representatives. Initially, administration officials, including President Bush, had indicated in public remarks that they believed the CIA interrogation and detention program could only go forward if Congress passed legislation clarifying an allegedly "vague" clause in the 60-year-old Geneva Conventions, an international treaty governing the treatment of prisoners. But Senators McCain, Graham and Warner maintained that international law does not permit the United States to reinterpret treaties ratified by Congress years after they went into force. If Congress did this, the senators argued, then foreign countries could reinterpret the Geneva Conventions in the event they capture American soldiers overseas and want to interrogate them using harsh methods.

The new agreement does not qualify or redefine the "vague" Geneva language on "outrages" or "humiliation and degradation"; the administration had sought such clarifications in order to give CIA interrogators legal protection against prosecution or civil lawsuits under the Geneva's terms as a result of harsh interrogation techniques. Instead, the agreement between the senators and the White House alters a section of the U.S. criminal code dealing with war crimes to more tightly define what kind of interrogation methods by American officials would be legal.

During the course of working out the agreement, the administration and the GOP senators reached an understanding—not explicitly laid out in the formal legal language agreed to by both sides—that the CIA would still be allowed, if it was deemed

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necessary, to use harsher methods than are employed by the U.S. military to question high-level terrorist detainees. However, the agreement also contains legalistic language that the sources close to the negotiations say effectively bans one of the most controversial interrogation techniques that the CIA allegedly used on at least a handful of high-level terrorists it detained in the wake of the 9/11 attacks, a practice known as "waterboarding."

As described in various media accounts, "waterboarding" involves strapping an interrogation subject to a board and then pouring water over his face until he begins to believe he is drowning. The CIA is believed to have used the tactic on at least one high-level Al Qaeda detainee—the 9/11 mastermind Khalid Shaikh Mohammed—and perhaps one or two others.

However, McCain's group believed that waterboarding was clearly illegal under the Geneva Conventions and probably U.S. anti-torture legislation, too. More than a week ago, the administration had signaled via its negotiators that it intended to stop the CIA from waterboarding, though it still wanted agency interrogators to be able, in extreme cases, to use other harsh techniques not available to U.S. military interrogators. (Though these remain classified, human-rights lawyers have claimed they include various forms of slapping and exposing interrogation subjects to stressful exercise and extreme temperatures).

The agreement reached by the White House with the three senators contains coded language which a source close to the negotiations say is intended to outlaw waterboarding. The language of the agreement, which for the moment is being kept confidential, alters the U.S. criminal code to ban "serious and non-transitory mental harm (which need not be prolonged)," according to a draft of the wording made available to NEWSWEEK. This, according to the source, was clearly meant by the agreement's authors to include waterboarding, though the agreement does not use that word.

In a potentially controversial twist, the agreement also says that the proposed new language banning "mental harm" also will only begin to apply after Congress passes the overall legislation containing the new language. A source close to the negotiations said human-rights activists are likely to criticize this detail as an attempt to declare legal, after the fact, any waterboarding episodes which might have occurred before the legislation was passed. However, the source said that U.S. interrogators who might have engaged in such practices could cite secret government orders or legal opinions as legal defenses should they ever face criminal or civil charges.

A source familiar with Thursday's marathon negotiating session which led up to the new agreement said that Senators Graham, Warner and McCain all personally participated in the talks. The administration's chief negotiators were national-security adviser Stephen Hadley and Steven Bradbury, a senior Justice Department official. According to the source, the talks took place in a Senate office suite reserved for the staff of Vice President Dick Cheney. The source noted, however, that neither Cheney nor his aides, usually amongst the hardest of administration hard-liners on antiterrorism practices and legislation, were either present or visible during the critical final negotiating round.

European Faults U.S. Official For Remarks On Geneva Rules (NYT)

By Ariane Bernard

The New York Times, September 23, 2006

PARIS, Sept. 22 — The European counterterrorism chief, Gijs de Vries, criticized a Bush administration official who suggested that the Geneva Conventions should not be considered sacrosanct, and that the legal framework for the treatment of terrorists should be amended.

The State Department's legal adviser, John B. Bellinger III, said in an interview published Thursday in The Financial Times that he questioned whether the Geneva Conventions should be "the immutable legal holy grail as to what the rules ought to be in the 21st century."

"Mr. Bellinger is suggesting that we should change the rules," Mr. de Vries, the European Union's counterterrorism coordinator, said Friday in a telephone interview. "The opinion of Europe's ministers is that respecting the rules, not bending them, is essential to our credibility and hence to our effectiveness in the fight against terrorism."

The Bush administration, which has been trying to provide a legal framework for interrogations of terrorism suspects and protection of the C.I.A. officers conducting the interviews, agreed Thursday to drop its demand that Congress redefine the nation's obligations under the Geneva Conventions.

The move was a concession to a group of dissenting Republicans, among them Senator John McCain, of Arizona, who had expressed fears that other nations might redefine their obligations as well, and that the move could potentially endanger American troops abroad in case of capture.

In a telephone interview on Friday, Mr. Bellinger expressed "shock" that his comments had not been well received, and said he was "not suggesting that the old rules should be discarded or that they should not be followed. The U.S. is absolutely committed to our obligations under the Geneva Convention and under existing human rights treaties."

Mr. de Vries cautioned Western governments not to sacrifice their principles in the fight against terrorism.

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"The purpose of terrorism is always to provoke governments, and in this case Western governments, into overreacting by undermining the rights we have pledged to uphold," Mr. de Vries said. That, he said, just creates grievances that encourage further radicalism.

"We must also prevent the recruitment of the next generation of terrorists," he said.

A Toturous Compromise (BOS)

The Boston Globe, September 23, 2006

JOHN MCCAIN and two other Republican senators rebelled last week against President Bush's bid to pass rules for interrogating and trying terrorism suspects that violate the Geneva Conventions, but the senators have now agreed to a compromise that leaves the conventions on life support at best. Under the deal struck Thursday, the Geneva rules on abusive interrogations are not formally rewritten. Yet Bush -- who undercut McCain's own 2005 anti torture law with a signing statement -- is granted the right, an aide said, to permit methods that he will not have to disclose.

One of the three senators, Lindsey Graham of South Carolina, says he thinks the compromise will forbid the use of ``waterboarding," or simulated drowning, but that's not certain. Unless Congress wants to set a precedent for other countries to use in mistreating US troops in future conflicts, it should insist that interrogations be conducted in accordance with the Army's field manual and that any special trial commissions use the military's court-martial procedures, which are sound.

The three senators did win one significant concession: The administration agreed not to use classified evidence that the suspects cannot see themselves. Declassified summaries of classified material would be shown both to jurors and the suspect. But even this provision might not survive negotiations with the House of Representatives, whose Republican leaders would allow the use of classified evidence a suspect cannot see.

Another point of dispute between the president and the three senators was the use in court of testimony provided under coercion. Thursday's agreement forbids evidence obtained by torture, but it would permit judges to let some coerced testimony into court.

Both the senators' bill and Bush's would deny suspects a centuries-old bulwark of due process: the right under habeas corpus to go to court to challenge continued detention.

Bush and the senators have sought to codify new procedures for detainees because the Supreme Court ruled in June that treatment of terrorism suspects must comply with US law and the Geneva Conventions. Under the conventions' Common Article 3, all detainees -- not just uniformed prisoners of war -- have the legal rights ``recognized as indispensable by civilized peoples." The compromise struck by Bush and the senators falls short of that standard on one count after another.

After delaying legal action against hundreds of detainees for almost five years, the administration should work with Congress to devise interrogation and trial rules that civilized peoples expect. Otherwise, there is every chance that the Supreme Court will again strike down the shortcuts favored by the election-minded leaders in the White House and Congress.

Hits And Misses (DMN)

The Dallas Morning News, September 23, 2006

Detainee compromise closer to the mark

That was quite a dogfight this week, with GOP senators John McCain, John Warner and Lindsey Graham tussling with President Bush over how the U.S. can try and treat detainees in the war on terror. The senators, fortunately, won on some key points, such as preventing detainees from being convicted on the basis of evidence they can't see. The White House gained some wiggle room to define in domestic law what's permissible and what's not when it comes to roughing up, er, handling detainees. But all in all, the compromise kept alive the tradition of openness in our democracy that we would like others to emulate. The House now needs to get on board.

Pragmatism on Aisle 2

Dallas officials are doing the right thing to want to commit more than $1 million in city and private contributions to keep the financially struggling Urban Market grocery open for the next two years. City Hall has worked long and hard to encourage downtown residential living and even longer and harder to attract a grocery. We applaud Economic Development Director Karl Zavitkovsky, Assistant City Manager Ryan Evans and other city officials for proposing a pragmatic, proactive plan to prevent the grocery store's financial problems from derailing the city's broader strategy for downtown.

Pavarotti of the plains

A great Texan and icon of traditional country music died this week. Don Walser, the guitar-picking Western swing virtuoso who won legions of young fans with his honey-rich tenor and heavenly yodeling, died at 72 after a long illness. Mr. Walser became a full-time musician after retiring from a National Guard career and was a mainstay at Austin's legendary Broken Spoke

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honky-tonk. Mr. Walser never abandoned his West Texas roots and was honored in Washington with a National Heritage Award in 2000.

Drug king no more

After Mexico handed over a major drug lord to the United States for the first time last weekend, President Vicente Fox made a welcome announcement: "We will extradite all of those who have pending matters with U.S. justice." Extraditions are crucial in our international war against the drug trade. For too long, Mexican officials argued that suspected drug lords should face justice at home and balked at extraditing anyone facing the death penalty, which Mexico vehemently opposes.

Airports aren't the only scary places

For reasons we still don't understand, Congress has never applied the same focus to keeping terrorists out of our seaports that it has to keeping them out of our skies. Fortunately, though, the Senate passed legislation that would help at-risk ports secure themselves – particularly in detecting "dirty bombs" in containers. And Texas Sen. Kay Bailey Hutchison got money allocated to increase the number of federal agents screening goods at ports. The House has passed a similar bill, so we'd like to think Congress could iron this one out quickly and get it to the president's desk by the October recess.

Hugo's fractured theology

So Venezuelan President Hugo Chávez wants international respect? Perhaps he could start by not using the United Nations for the most vile personal attack on another head of state that the international body has possibly ever witnessed. In referring to President Bush as "El Diablo" – the devil – and in all of his other despicable antics, Mr. Chávez revealed the sort of poor judgment that is likely to diminish his influence at the U.N. and – we hope – squash his bid to get Venezuela a seat on the Security Council.

Claytie Friedman?

Kinky Friedman may be a hoot and a holler, but his gubernatorial campaign might not survive his unguarded mouth. This week, the Internet was buzzing with a video clip of the entertainer from a cable interview last year. When asked what he'd do with sex offenders, the Kinkster quipped, "Throw them in prison and throw away the key and make them listen to a Negro talking to himself." Yes, Kinky's political incorrectness is a tonic at times, and we appreciate his disdain for condescending ethnic politicking ("tamales in the barrio, bagels with the Jews," as he once put it). But Kinky, who did not disavow the line, doesn't seem to get the line between political incorrectness and obnoxiousness. When will it stop?

So, what are you hiding?

For years, candidates for the U.S. House and the White House have filed campaign finance reports electronically. Senatorial candidates, however, insist on old-fashioned paper filings, a snail-mail approach that makes it exceedingly difficult for the public to decipher the source of special-interest money. We don't buy the argument that the Senate has a right to make its own rules when it is obvious that this foot-dragging is intended to keep the public in the dark for as long as possible.

Detainee Bill Needs A Closer Look (5 Letters) (NYT)

The New York Times, September 23, 2006

To the Editor:

Re “Top Republicans Reach an Accord on Detainee Bill” (front page, Sept. 22):

There is no rush on the detainee bill even if the Republicans agree about the torture issue. There are many other matters that require careful and calm analysis.

Four years ago, President Bush rushed the Iraq war resolution through Congress with no hearings at all, and the result was a disaster.

Congress should now start hearings on the whole bill, giving the public and the legal community time to examine it and consider its implications before rushing to another judgment without careful consideration.

Congress should not repeat the mistake of 2002.

Alfred W. Blumrosen

New York, Sept. 22, 2006

The writer is emeritus professor at Rutgers Law School, Newark.

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To the Editor:

The president insists that he did not give in on the treatment and interrogation of prisoners bill. But of course!

Congress may pass whatever bill it chooses, and the president is free to make a “signing statement” giving his interpretation of that bill.

Whether he makes a signing statement or not, he is free to disregard the bill in practice, as he has done so often in the past: democracy in action under this administration.

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Anne Barrows
Berkeley, Calif., Sept. 22, 2006
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To the Editor:
It is difficult to fathom why Senators Lindsey Graham, John W. Warner and John McCain made whatever pathetic stand they did when it came to torture yet support a bill that will strip detainees of habeas rights.
One would have thought that the same principle that animated their concerns on the Geneva Convention rules governing interrogations — how we would expect our combatants to be treated if the shoe were on the other foot — would also cry out for guaranteeing some access to the courts to challenge one's classification as eligible for indefinite incarceration.
Can you imagine the outcry if an American citizen were simply captured and imprisoned in a country that announced that there would be no review of the American's status because that country's nationals would not receive review if they were imprisoned in America?
We should all be ashamed of the wholesale evisceration of our principles in the name of national security.
Lawrence J. Fox
Medford, N.J., Sept. 22, 2006
The writer, an expert on lawyers' ethical obligations, has been retained by lawyers for detainees at Guantánamo.
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To the Editor:
President Bush continually claims that everything changed on Sept. 11. If that is the justification for radical changes to American law and values, then why does the Republican deal protecting the C.I.A. from prosecution for detainee abuse retroactively start at 1997, four years before Sept. 11, 2001?
Keith Loris
Concord, Mass., Sept. 22, 2006
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To the Editor:
The results of the actions taken by the administration over the last six years, culminating in this agreement on the military tribunals bill, conform with the Osama bin Laden-Al Qaeda playbook:
Seeing the United States get mired in an unwinnable war that destroys its military while creating a breeding ground for terrorists; a thoroughly fearful American populace; and greatly increased instability in the Middle East.
Perhaps most significant is the destruction of the United States' democracy through the relentless erosion of the principles and values that made our country great and a model around the world.
It's pretty obvious who is winning this war.
Ellen S. Hirsch
New York, Sept. 22, 2006

An Antiterror Victory (WSJ)

The Wall Street Journal, September 23, 2006
The details of this week's compromise on detainee treatment between the White House and a small group of Senators led by John McCain are complicated. But the upshot of the agreement is simple and welcome: Aggressive CIA interrogations of such high-level al Qaeda prisoners as Khalid Sheikh Mohammed will be able to continue.
The CIA program was thrown into legal limbo by the Supreme Court's June ruling in Hamdan v. Rumsfeld, which said that Common Article 3 of the Geneva Conventions applies to our conflict with al Qaeda. It was a bad ruling, since Article 3 is intended to apply to civil wars. But its vague prohibitions against "humiliating" and "degrading" treatment nonetheless became the law of the land, exposing CIA interrogators to potential legal jeopardy for conduct as benign as using women to question Muslim detainees.
So the White House went to Congress asking, among other things, for help in clarifying what terms like "humiliating" and "degrading" actually mean. Senator McCain and his allies objected that this would be tantamount to "rewriting" the Geneva Conventions. But their objection wasn't very convincing, since every country in the world already interprets Article 3 and somebody in the U.S. has to do so in real-world situations; legal clarity is better than leaving that job to activist judges and lawyers. In the end, the Senators came most of the way toward the White House position.
Congress will specify what it considers "grave" breaches of Geneva -- such as torture and cruel and inhuman treatment. But it will be up to the Executive Branch -- with Congress's advance blessing -- to go ahead and issue a public Executive Order defining "non-grave" breaches. This isn't exactly the full-throated Congressional endorsement that CIA interrogators ought to be

able to expect. But it is still an unprecedented acknowledgement that some forms of aggressive interrogation are both necessary and permissible in the war on terror.

To be more specific, it's a fair bet that waterboarding -- or simulated drowning, the most controversial of the CIA's reported interrogation techniques -- will not be allowed under the new White House rules. But sleep deprivation and temperature variations, to name two other methods, will likely pass muster. This is not about "torture" or even "abuse," as some Administration critics dishonestly charge, but about being able to make life uncomfortable for al Qaeda prisoners who have been trained to resist milder forms of interrogation.

We're glad Mr. McCain came around to blessing a deal that will allow interrogations to continue. But we can't say his behavior in this affair has been a profile in political courage. Since the Abu Ghraib scandal he's been vaguely and irresponsibly suggesting that the CIA was engaging in unconscionable behavior. But when offered a chance to be specific about which interrogation techniques he really rejects, he punted the ball back to the White House.

Much the same can be said about many of Mr. McCain's colleagues, who have been demanding for decades that Congress be consulted on an ever-expanding range of defense and foreign-policy issues, only to run at the first hint of controversy. Their behavior shows once again why the Founders were right to vest the majority of war-fighting powers with the executive branch.

So it will soon be up to the White House to follow through and flesh out the legal details. This won't be a politically easy task, given the way such fine lawyers as Jay Bybee and John Yoo have been slimed as "pro-torture" for grappling with these issues in the past. The ACLU and media liberals are already attacking the deal and will look for ways to block it. But President Bush understands the need for legal clarity, and we trust he'll see that the job gets done.

This will be a service to the American public and to future Presidents of both parties -- perhaps even to Mr. McCain. No matter their rhetoric now, they will surely be glad to have aggressive interrogations as one antiterror tool.

Feds Seek To Block Oregon Spying Case (AP-Y)

By William Mccall

AP, September 23, 2006

U.S. Justice Department lawyers filed an appeal Friday aimed at blocking a lawsuit by a former Islamic charity that has challenged a Bush administration secret surveillance program.

U.S. District Judge Garr M. King ruled earlier this month that a lawsuit by the defunct Al-Haramain Islamic Foundation chapter in Ashland could go forward without damaging national security.

But government lawyers argue that state secrets would be revealed if the lawsuit is allowed to proceed.

The case hinges on a classified document that U.S. Treasury officials inadvertently turned over to Al-Haramain lawyers after the charity was declared a global terrorist organization.

The charity's attorneys say the document shows that two U.S. lawyers for Al-Haramain and at least one of its officials were under electronic surveillance in 2004.

Justice Department lawyers have argued the document falls under the "state secrets privilege," allowing a judge to dismiss a lawsuit if it could damage national security by revealing state secrets.

The appeal filed with the 9th U.S. Circuit Court of Appeals in San Francisco said "the district court is wrongly attempting to create some form of secret adversarial proceedings, and, in doing so, is raising a serious danger of disclosure of important national security information."

Steve Goldberg, a Portland attorney representing the charity, said the appeal could delay the case by a couple of years.

He also said Judge King has been careful in handling security concerns.

"The government keeps insisting that national security will be greatly threatened if we proceed," Goldberg said.

But the judge is "being very sensitive in how the case proceeds to protect the document, so again I think the government's concerns are not justified, given the way the case is being handled," Goldberg said.

Calls to the U.S. attorney's office were not returned.

The National Security Agency's warrantless eavesdropping program has been challenged in other federal courts since The New York Times revealed it last year.

Bond Denied Roswell Terror Suspect Prosecutors Cite E-mail Saying Man Wanted To Join Taliban (AJC)

By Moni Basu, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 23, 2006

A Roswell man accused of helping plot terrorist attacks wrote an e-mail in 2001 expressing a desire to join the Taliban in Afghanistan, prosecutors said in federal court Friday.

U.S. Magistrate Judge Gerrilyn Brill denied bond for Ehsanul Islam Sadequee, 20, who along with Syed Haris Ahmed, 21, a former Georgia Tech student, was indicted in July on charges of discussing plans for waging jihad, or holy war.

The two Atlantans are accused of traveling to Canada in 2005 to meet with two of 17 suspects arrested in a roundup earlier this year.

In making the case for keeping Sadequee behind bars, Assistant U.S. Attorney Robert McBurney read from an e-mail Sadequee sent on Dec. 5, 2001 that said: "I am writing to you because I need to go to Afghanistan to join the Taliban, inshallah [God willing]."

Sadequee identified himself as a 15-year-old Bangladeshi born and raised in America. He said in the e-mail that he attended Jamiah al-Uloom al-Islamiyah, a Islamic school on the outskirts of Torornto where he memorized the Quran.

"I believe that this is a test from Allah; to see who will respond to His Invitation for Jihad...." Sadequee wrote.

McBurney said, "At the young age of 15, he's trying to join the Taliban. That's after the attacks of 9/11 and when the United States was at war with the Taliban."

McBurney described Sadequee, who appeared in court wearing a baggy, beige T-shirt and khaki pants, as a flight risk who posed a danger to society. Sadequee faces up to 60 years in jail if he is convicted.

Several members of his family, including his mother and two sisters, showed up at Friday's hearing. Sadequee displayed little emotion, looking back only once as he was handcuffed and led out of the courtroom after the hearing was over.

McBurney said Sadequee shot "casing videos" of several sites in the Washington D.C. area including the Capitol, the World Bank, a Masonic temple and a fuel tank farm. He then used a computer at the offices of Raksha, an Atlanta non-profit that offers social services to the South Asian community where one of Sadequee's sisters works, to send the video files to a British man named Younis Tsouli. Tsouli called himself "Irhabi (Arabic for terrorist) 007" and ran a Web site that taught terror tactics.

McBurney said Sadequee also provided contact information for a man named Abu Omar to his co-defendant Ahmed who went to Pakistan and met with Omar in an attempt to get into a terrorist training camp.

McBurney also said federal authorities had discovered a map of Washington and two CD roms with encrypted material.

Sadequee's defense attorneys tried to paint a picture of an "unsophisticated" and "immature" young man who has little ability to leave the country if granted bond.

Lawyer Stephanie Kearns argued that her client had no passport, not even a driver's license, and that the government had no substantial evidence against him.

She said Sadequee suffered from health problems as a child which prevented him from getting the education he would have liked. Instead, Sadequee earned a GED and was hoping to attend college one day, Kearns said.

"Mr. Sadequee is sitting right here in court so he didn't join the Taliban," Kearns said. "What the indictment does not allege...is that Mr. Sadequee himself is engaging in acts of violence."

Kearns described Sadequee's arrest as a "kidnapping." She said he was whisked away while on a shopping trip with his wife in Bangladesh in April.

Kearns said Sadequee made no secret of his trip to Bangladesh and had indicated he would stay there until his wife could obtain a visa for the United States.

Kearns likened the map that was found in Sadequee's luggage to one that any tourist might obtain at a visitor center. "It's not a map that a terrorist might use," she said.

Of the two CD roms authorities confiscated, Kearns said one contained pornography. Kearns suggested that the other might have been encrypted to shield Sadequee's mother and sisters from pronographic material.

Kearns said no guns, weapons, explosives or bomb-making manuals have been disovered in Sadequee's posessesion.

"The government said there is a secret side to him," Kearns said in presenting the court with letters written by Sadequee's friends and family describing him as a non-violent man who was very involved with family. "But this side that family sees cannot just be dismissed."

Defense lawyer Don Samuel said he would appeal the denial to grant bond. He said the new evidence presented by the government, including the e-mail about the Taliban, proved nothing.

"This reminds me of the 1950s witchhunts when actors were punished because they were sympathetic to Communism," Samuel said.

Man Pleads Guilty To Al-Qaida-linked Bomb-making Charge (AP)

AP, September 22, 2006

DOJ_NMG_0068021

HOUSTON A man accused of offering to build and sell a bomb to an al-Qaida affiliate in Houston in exchange for help in getting custody of his children has pleaded guilty in federal court.

Authorities maintain that Ronald Allen Grecula, 70, was angry with the government over losing custody of his children in 2002, when they were 10 and 3. His indictment alleges he met a federal informant that year in Pennsylvania and discussed getting custody of the children from his estranged wife either by having her killed or setting her up on drug charges.

Grecula pleaded guilty Thursday as part of a plea deal with federal prosecutors in which he faces up to 5 years in prison without parole. He is scheduled to be sentenced Dec. 15.

Grecula, a Pennsylvania native, was accused of telling the informant he would build bombs for anti-American groups such as al-Qaida in exchange for help in getting custody back from his wife, who is from Houston.

The government recorded several telephone conversations between Grecula and the confidential source. Grecula has been in custody since his arrest at a Houston hotel in May 2005.

Man, 70, Convicted In Terror Scheme (HC)

By Harvey Rice

Houston Chronicle, September 23, 2006

Pennsylvania engineer tried to sell bomb plans to undercover officers in 2005

Ronald Allen Grecula's ability to build a superbomb using a dubious theory of fusion remains in doubt, as does his mental health, but not his intention to sell his technology to al-Qaida.

The 70-year-old mechanical engineer from Bangor, Pa., pleaded guilty in a Houston federal court Thursday to accusations that he offered to provide the terrorist organization with an explosive device that he claimed was nearly as powerful as a nuclear bomb.

As it turned out, he was dealing with undercover FBI agents and Houston police officers posing as al-Qaida members.

Grecula also admitted to offering to teach a ground school for al-Qaida pilots and to telling an undercover agent that "he had a dislike for America."

Plea bargainIn return for his guilty plea to one count of providing material assistance to a terrorist organization, Grecula will receive a five-year prison sentence. The maximum penalty is 15 years and a $250,000 fine. He is to be sentenced Dec. 16.

Prosecutors also agreed to drop a charge of conspiracy to distribute drugs.

In court Thursday, after U.S. District Judge Keith Ellison asked about his welfare, Grecula replied: "I've lost some weight, but I feel great physically, working out every day."

Ellison then asked, "What did you think you were doing?"

"I was going through a difficult situation," Grecula replied. "I chose the wrong method to get out of it."

Grecula was arrested in May 2005 after meeting the undercover officers in a Houston hotel. They said he took them to a welding supply store to show how he could fabricate the bomb with easily purchased materials.

A second grand jury indicted him in August this year on the drug charge, accusing Grecula of trying to buy heroin to plant on his estranged wife, Monique Grecula, of The Woodlands.

Grecula had discussed hiring someone to kill his wife "in a mysterious way" to avoid the appearance of murder and regain custody of their two children, according to an affidavit.

Plans make no senseExplosives experts said the bomb plans Grecula outlined to the undercover agents were unworkable. His discussion of fusion "doesn't make any sense at all," one expert said.

Assistant U.S. Attorney Jeff Vaden said, however, that government experts determined that Grecula was capable of building a bomb, if not the superbomb he described.

Assistant U.S. Attorney Abran Martinez said two items found in Grecula's Pennsylvania workshop — a mercury switch and lithium nitrate, a chemical used in fireworks — could have been used to make a bomb.

Grecula's sanity became an issue early in the case because of his exaggerated claims. Undercover agents said he compared himself to Spartacus, a Thracian gladiator who led a slave revolt against Rome.

Feds Drop Count In Hamas Terrorism Trial (AP-Y)

By Mike Robinson

AP, September 23, 2006

Federal prosecutors Friday dropped a charge that an alleged fundraiser for the Palestinian militant group Hamas gave material support to terrorists — a move that stunned defense attorneys.

Prosecutors gave no explanation in court and declined to comment afterward.

DOJ_NMG_0068022

Muhammad Salah, 53, who has been the focus of a high-profile terrorism investigation for nine years, remains charged with racketeering conspiracy and lying by denying membership in Hamas.

The dropped charge carries a 10-year maximum sentence; conspiracy carries a maximum of life, and obstruction by lying 10 years.

But the dropping of the charge was a victory for Salah, whose 2004 indictment was announced at the Justice Department by then-Attorney General John Ashcroft.

"This is astounding," Salah's attorney Michael E. Deutsch said.

The surprise came at a hearing after Deutsch asked U.S. District Judge Amy J. St. Eve to press prosecutors to turn over background material on a prospective government witness, Jack Mustafa.

Deutsch asked for information about how much the FBI had paid Mustafa and whether he had an arrest record. It was then that prosecutor Joseph M. Ferguson said quietly that the government wanted to drop the charge with prejudice, meaning it cannot be reinstated.

Prosecutors also said they were withdrawing Mustafa as a witness.

The War Of The Hacks (WP)

By Colbert I. King

The Washington Post, September 23, 2006

It's amazing what a few days away from this politics-obsessed town can do for one's perspective. Seen from afar, the congressional debate over the war and terrorism comes across as a Washington event designed to show that Democrats are wimps on national security and to boost Republicans as true defenders of the homeland. Or Republicans are portrayed as clueless warmongers hell-bent on sending other people's sons and daughters into battle.

In reality, the struggle on Capitol Hill is not about terrorism. It's about gaining and holding power in the fall election. And it is a disgusting sight to behold.

Only five years after a horrifying new reality crashed into America, the political parties have lost sight of the nation's interests. Now it's all about getting elected.

So what if we are doing battle with an enemy that operates without a government behind its name? So what if it's the kind of enemy that boards an airplane containing schoolchildren and their teachers, mothers holding toddlers by the hand and other innocent civilians minding their own business? So what if it sets out to kill because the intended victims have the bad grace to live in America?

Unless I'm mistaken, the Sept. 11 hijackers didn't ask the doomed passengers if they were Democrats or Republicans. They didn't care one bit if the people strapped in their seats for takeoff were liberals, conservatives or neocons.

They made no politically correct announcements allowing women, children and people of color to leave the aircraft before the flight attendants closed the doors.

The fanatics who took the innocent to their deaths set their eyes on those three 11-year-old D.C. public school students, Rodney Dickens, Bernard Brown and Asia Cottom, and on 3-year-old Dana Falkenberg and 8-year-old Zoe Falkenberg, as they boarded American Airlines Flight 77 at Dulles.

They couldn't have missed seeing 3-year-old David Brandhorst, 2-year-old Christine Hanson and 4-year-old Juliana Valentine McCourt, who boarded United Airlines Flight 175 with their families in Boston. The enemy that day couldn't have cared less about the innocent passengers on the planes that slammed into the World Trade Center, the Pentagon and the ground in Pennsylvania.

Self-regarding members of Congress, intent on keeping their jobs, have forgotten all about enemies who are so convinced of America's evil and their own righteousness that they can justify making everything in this country -- its national treasures and its people -- targets for destruction.

Listen closely to the huffing and puffing on Capitol Hill. It's all about criticizing each other on the war. They work themselves into a lather arguing about which party can best represent Americans in the hallowed halls of Washington. Watch as they strut and brag about how their party is, because of a surfeit of patriotic zeal, best able to hold terrorist-harboring countries accountable.

Each party treats the other like a malignancy on the body politic when the real cancer is the terrorists whose malignant objective is to kill and maim, to show us how vulnerable we are, to instill fear and to bring this country to its knees.

So, while members of Congress slip, slide, peep and hide in their quest for cheap political advantage, somewhere, somehow, a group not unlike those who got to us five years ago is plotting against crowded suburban shopping malls, downtown cultural centers, subway stations, football stadiums and sources of drinking water.

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Their targets of opportunity are endless. So are their potential victims. That is what makes the Osama bin Ladens of this world true global menaces whom Congress and the White House ought to be joining forces to combat.

Five years after Sept. 11, the focus of Republicans and Democrats has shifted from the enemy to each other. But the forces that killed nearly 3,000 people in America still consider their enemy to be those of us who call America home. And the enemy targets this nation in the true spirit of equal opportunity -- without regard to race, creed, age, national origin, gender, sexual orientation or religion.

Congress and the White House ought to be focusing on defeating that enemy -- not each other. The puerile political nonsense on display on both sides of the Capitol dome must end.

Al-Qaeda, as has been written in this space, bleeds, too. The terrorist ilk that attacked on Sept. 11 must be broken -- not chased, harassed or condemned from a U.N. podium, but broken. That means: Take them down here, there or anywhere they're found.

Bring them before the bar of justice if possible, but by all means, and for as long as it takes, hunt them down. To do any less is to invite more strikes, more body bags, more shattered American lives.

I was looking forward to the day when I could tell my four grandsons and my granddaughter about wars that never came to our shores.

Now they have something to tell me, and not out of their young imaginations. As I noted in a column shortly after Sept. 11, the mother of one of my grandsons' classmates worked at the World Trade Center. Another playmate's father was among the second wave of firefighters to enter the towers.

My grandchildren understand war in a way that I never did at their ages.

Members of Congress, absorbed during a time of war in saving their own political skins, should be ashamed of themselves.

HOMELAND RESPONSE:

Bush's Cybersecurity Chief Quits (AP-Y)

By Ted Bridis

AP, September 23, 2006

The Bush administration's cybersecurity chief, who worked under an unusual agreement with a private university that does extensive business with the office he manages, is leaving his job.

Donald "Andy" Purdy Jr. will step down as acting director of the National Cyber Security Division, part of the Department of Homeland Security. A government spokesman, Jarrod Agen, declined to comment on Purdy's plans, but colleagues circulated an invitation to his farewell party next week.

Purdy worked at Homeland Security under a two-year contract with Carnegie Mellon University that expires Oct. 3. Under the contract, the government paid Purdy $245,481 in salary and benefits each year, not including travel reimbursements; Carnegie Mellon paid him an additional $43,320 a year.

His contract drew congressional scrutiny after The Associated Press reported in June that Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth the unit's total budget.

Purdy, who controlled a budget of about $107 million and as many as 44 full-time federal employees, said at the time he was not involved in discussions over his own office's business deals with the school.

Agen said Purdy's job was being converted to a full-time federal position — which would pay an annual salary of about $130,000 — but Agen could not say whether Purdy was a candidate for that job. He said the government was in the final stages of hiring Purdy's replacement.

Earlier this week, the government announced it has selected trade industry executive Greg Garcia as the department's new assistant secretary for cybersecurity and telecommunications. He will oversee the division and the hiring of Purdy's successor. Garcia did not respond to telephone messages from the AP.

Hoekstra Warns Of European Terrorists (WT)

By Hsin-hsien Sheena Wong

The Washington Times, September 23, 2006

The chairman of the House Permanent Select Committee on Intelligence is warning that "self-radicalized" terrorists from Europe, with no criminal records and no formal links to al Qaeda, are quietly infiltrating the United States to proselytize, raise money and possibly plan attacks.

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Rep. Peter Hoekstra, Minnesota Republican, said that the United States has to quickly adapt to the ever-changing threat if it is going to win the global war against Islamic extremism.

Terrorists coming to the United States from Western Europe "are difficult to identify because they are self-radicalized," Mr. Hoekstra told the American Enterprise Institute (AEI) at a breakfast meeting with reporters Wednesday.

"They may have no formal association with al Qaeda, no criminal record. There's nothing in their past to draw the attention of law-enforcement officials to the individuals," he said.

He released a committee report titled, "Al Qaeda: The Many Faces of an Islamist Extremist Threat," which described how the nature of the threat has changed against the United States since the September 11 terrorist attacks.

The war is now one against entities inspired by al Qaeda, including homegrown terrorist cells composed of second- and third-generation radicalized Muslims in the United States, the report says.

"Radical Islam has changed the way that it operates," Mr. Hoekstra said. "Al Qaeda has moved into a decentralized entrepreneurial organization."

He said that by setting out a clear vision, objectives and providing resources, al Qaeda has empowered its appendages "to carry out actions independent of centralized control and then get out of the way."

"They develop a very simple message [that] is appealing to the young generation of Muslims," Mr. Hoekstra said. "They keep their message simple and they keep it consistent."

The intelligence committee chairman insisted that the United States has to overhaul its approach on the war against Islamic terrorists and learn to be as nimble and adaptable as its enemies.

AEI foreign policy analyst Michael Ledeen argued that al Qaeda is not as all-powerful as Mr. Hoekstra suggested.

"They are not 10-feet tall, and they are not that terrific," Mr. Ledeen said.

Race Is On For Security Gear (LAT)

By James Gilden, Special To The Times

The Los Angeles Times, September 23, 2006

For a glimpse of airport security in the years to come, head to northern San Diego County.

A sea of office parks houses a handful of high-tech companies that are developing technology to ease business travelers' journeys through airport security checkpoints and on to their destinations.

Drug sniffers, bomb detectors, passenger screeners, shoe scanners, fingerprint matchers and other equipment are all under study or in initial development.

In the end, it will be the Department of Homeland Security and its Transportation Security Administration that will determine which devices will be acquired or rejected.

The TSA earmarked $72 million for emerging checkpoint technologies in 2006, up from $28 million in 2005. And Homeland Security already was evaluating 13 devices for detecting liquid explosives before the Aug. 10 London terrorist threat.

Many of those ideas come from Southern California. On a recent Friday afternoon, I drove to northern San Diego County and toured three companies that are developing this technology.

The area gets a lot of tech start-ups because it is relatively inexpensive to do business in its many industrial parks.

"There is a lot of room to grow and rents are still very reasonable up there," said Suzanne Finch, spokeswoman for the Center for Commercialization of Advanced Technology, Southern California. The center is an academic, industry and government partnership funded by the Pentagon and administered by San Diego State University and Cal State San Bernardino.

The center provides grants that help fast-track new technologies from small entrepreneurs, academic researchers and government lab scientists that have military, law enforcement and security uses, including those for airports.

It provided funding to the three companies visited.

My first stop was at Daylight Solutions, a molecular detection company tucked away in Poway. It has developed a battery-operated, hand-held laser device that, by measuring the reaction of molecules to laser light, can detect "molecules of interest" to security personnel, said Paul Larson, Daylight Solutions' president. Essentially, he is saying the device can detect molecules contained in explosives, poisonous gases and illegal drugs.

The device could be waved over and around a traveler like a wand and can even detect "molecules of interest" hidden in water bottles, Larson said, adding that eventually you might be able to point it at a box from a distance to determine whether the contents were dangerous.

If all goes according to plan, the wands could be deployed at airports by 2008, Larson said.

Tim Day, Daylight Solutions' chief executive, said that demand could be as many as 10,000 units per year, which would help keep the final cost down to about $1,000 per unit.

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Down the road about five miles is the lab for GE Infrastructure Security (formerly Quantum Magnetics), a division of General Electric Co. It is here that a kiosk developed for the TSA's oft-delayed Registered Traveler program was built.

Registered Traveler is a privately run program sponsored by the TSA that allows participants to use an expedited security lane if they pay a fee, submit their fingerprints and a scan of their iris and undergo a background check in advance.

It is currently operational only at Orlando (Fla.) International Airport, where the kiosk is being tested.

As I entered the lab, two men were assembling another one of the kiosks. It looks something like a treadmill, only without anything moving under your feet.

The kiosk is an assemblage of various technologies, some from the GE lab and others from off-the-shelf sources.

The components developed here include a shoe scanner that uses magnetic resonance to detect explosives or metallic weapons hidden in shoes while the traveler is wearing them, and the Itemiser FX, a device that can detect explosive residue on the fingertips of someone who has handled them.

Like the one in Orlando, this kiosk, which costs less than $200,000, not only checks passengers for potential threats but also verifies their identity by electronically scanning fingerprints and irises. Although the whole process takes less than a minute, it is not yet considered a viable solution to quickly screening large numbers of passengers.

Meanwhile, the shoe scanner component of the kiosk has been integrated into a separate walk-through device.

A passenger would step up to a clear plastic gate, have their shoes checked for trouble and, if all is well, the gate will open automatically about 10 seconds later allowing the traveler to pass.

The free-standing shoe scanner is a fully operational demonstration model. If ordered, it could be brought to commercial reality quickly, said Geoffrey Barrall, technology leader for GE Infrastructure Security.

My final stop was in Carlsbad at Seacoast Science Inc., where they have developed a hand-held "volatile organic chemical detector."

It can detect a range of chemicals, including mustard gas, sarin and acetone, one of the components in the bombs used in last summer's London subway bombings.

"Our biggest competition is a dog's nose," said Todd Milsna, Seacoast Science's president. "That's what we're trying to replicate."

The problems with many technologies that have been evaluated thus far have been with their performances outside the lab, said Christopher Kelly, spokesman for Homeland Security's science and technology division.

"The current technology is not operationally viable," he said. "There are shortfalls in processing speed, reliability and false alarms that need to be evaluated."

After the London terror scare Aug. 10, the department sought proposals "from nontraditional vendors to provide us with information on technology that may be out there to help with this, and received 60 submittals," Kelly said.

It may take months — and in some cases years — to properly evaluate and perhaps implement new security systems. In the meantime, we will be checking our bags and removing our shoes at security.

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Schwarzenegger Vetoes Fee On Cargo Containers (LAT)

By Dan Weikel

The Los Angeles Times, September 23, 2006

Siding with business and the shipping industry, Gov. Arnold Schwarzenegger vetoed a bill Friday that would have provided $500 million a year to improve security, expand rail networks and reduce air pollution at the ports of Los Angeles and Long Beach.

The legislation by state Sen. Alan Lowenthal (D-Long Beach) called for a fee on shipping containers that pass through the ports. Had the bill been approved, owners of cargo, such as retailers and manufacturers, would have been assessed $60 for a typical 40-foot container.

Environmentalists, state regulators and local government officials viewed the measure as an effective way to fund much-needed security, transportation and air-quality improvements for the fifth-largest harbor complex in the world. Revenue from the export and import of containerized cargo would have been divided equally among the three areas.

Shipping companies and businesses that rely on marine transportation opposed the bill, contending that it was unconstitutional, difficult to implement and a tax that would discourage companies from sending their cargo through the state's ports. The California Chamber of Commerce included the legislation on its list of "job killer" bills.

Schwarzenegger said he vetoed the container fee because it could have hurt U.S. exports by raising shipping costs and did not provide for public-private partnerships that could boost funding for port and transportation projects.

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"It is very important," the governor said, "that any measure to increase fees that impact exporters not have the unintended consequence of negatively impacting the sale and delivery of goods grown and manufactured in California."

Schwarzenegger said he was committed to improving the state's ports and the transportation system through an infrastructure bond issue his office had developed for the November election.

The ballot measure calls for $100 million for port security; $1 billion for improving air quality in California, which could benefit local harbors; $1 billion to solve port environmental problems; and $2.1 billion for trade infrastructure such as harbors, roads and railways.

Shipping industry groups and trade associations representing some of the nation's largest retailers praised the governor's veto Friday. More than 50 business organizations, shipping companies, marine terminal operators and retailers opposed the container fee.

Opponents said companies already paid billions of dollars in customs duties a year on goods imported through the maritime transportation system.

"Mandating additional cargo fees for the ports of Los Angeles and Long Beach could have resulted in cargo being directed to other West Coast ports or even outside the U.S. altogether, damaging local communities surrounding the ports that depend on the jobs and tax revenue that the ports generate," said Sandy Kennedy, president of the Retail Industry Leaders Assn.

Lowenthal and container-fee supporters said the measure was necessary to help raise the billions of dollars needed to protect the ports, reduce air pollution in the harbor and relieve growing railway congestion throughout Southern California.

"The veto does nothing to help us," said Long Beach Mayor Bob Foster. "We still have all the problems we had before: three times the state rate of asthma, more heart disease and more respiratory disease. My constituents are paying with their health. Our kids are getting asthma so someone in Nebraska can get a cheaper TV."

Supporters of the cargo fee had said the charge was so small that it would add only pennies to the price of goods shipped by container through Los Angeles and Long Beach. Officials for the Los Angeles County Economic Development Corp. had said the diversion of cargo to other ports would be insignificant.

Lowenthal said other funding sources, such as container fees, would be required because Schwarzenegger's bond measure would not provide enough money. He said it could also fail at the polls.

State studies indicate that California's major ports — Los Angeles, Long Beach and Oakland — will need at least $20 billion in improvements in the decades ahead.

"The bond money is just a down payment," said Lowenthal, who vowed to reintroduce the container fee next year. "This is not the end of the fight…. The governor is protecting foreign factory owners at the expense of California residents."

However, Barry Sedlik, undersecretary of the state Business, Transportation and Housing Agency, said the governor was addressing long-term funding needs for goods-movement projects, including an action plan that would go before the California Transportation Commission by the end of the year.

"We are trying to come up with an overall funding plan for goods movement statewide," Sedlik said.

"We need a comprehensive solution, not a piecemeal approach that involves only two ports. We don't want to create any competitive disadvantages."

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Capitol Police Were Warned Of Holes In Security (WP)

By Sari Horwitz, Mary Beth Sheridan And Carol D. Leonnig

The Washington Post, September 23, 2006

Capitol Police officers warned their superiors this summer that the U.S. Capitol needed tighter security because of construction work, but a door was left unguarded this week, allowing the worst breach in eight years, officials said yesterday.

A drug-addled man easily drove a Chevrolet TrailBlazer through a partially blocked construction entrance to the Capitol grounds, according to officials and court testimony. The man then outran two dozen police officers into the building and went from floor to floor until a civilian employee lifted him up and literally handed him to police. The officers found a loaded pistol in the intruder's waistband.

New revelations emerged as authorities continued to investigate Monday's incident. As days go by, the officials have grudgingly admitted further blunders in one of the biggest embarrassments for the law enforcement agency in years.

No one was injured in the early morning drama, which ended in the man's arrest. But legislators are outraged that it could occur, given the $2 billion they have spent on police and equipment at the Capitol since the Sept. 11, 2001, terrorist attacks.

"We have provided the [Capitol] police everything they've ever asked us for . . . from equipment to personnel. At times around here, this place looks like an armed camp," said Rep. Ray LaHood (R-Ill.), a member of the House Appropriations Committee. "For somebody to be able to breach this kind of security is ridiculous."

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The security mistakes were as basic as failing to block a construction entrance at First Street and Maryland Avenue NE, officials said. Capitol Police officers who were at that site incorrectly parked their sport-utility vehicle so it was perpendicular to the street, not blocking traffic from getting through the opening, according to police officials and testimony at a hearing for the intruder yesterday in U.S. District Court.

That allowed Carlos Greene, 20, of Silver Spring, who has a record of gun offenses, to drive through the entrance, swiping the passenger's side of the officers' SUV along the way, the officials said.

Acting Capitol Police Chief Christopher M. McGaffin said in an interview that he had learned only yesterday afternoon that a group of officers recently expressed concern about security at the construction site for the Capitol Visitor Center, on the east side of the building -- and then only after a query from a Washington Post reporter.

He said that several lieutenants had put together an e-mail memo on Aug. 4 with "very solid, substantive identifications of security concerns within the Capitol building," particularly in the area where there is construction.

As construction has progressed in recent weeks, authorities have dismantled wooden fences that had blocked the Capitol steps, leaving the area more open, according to law enforcement sources.

McGaffin said the lieutenants sent their concerns to the commander of the Capitol Police Security Services Bureau, which is in charge of physical security. On Aug. 9, that bureau inspected the identified areas, the chief said.

"Corrective action" was taken in every area, "with one or two exceptions," McGaffin said. He said a report detailing the problems and solutions was provided to Assistant Chief Larry Thompson on Aug. 14 but did not go any higher until yesterday. The report also indicates that additional foot patrols would be added to help guard the area -- but it was unclear whether they materialized, McGaffin said.

No one was guarding a door at the top of the Capitol steps that the gunman ran through shortly before 8 a.m. Monday -- an entrance that was being used mostly by construction personnel. McGaffin said an officer had been at that post early in the morning but had left to assist on the Capitol periphery, apparently because of a construction delivery.

Other law enforcement officials, however, said the post had not been staffed for days, or perhaps weeks.

"Someone made a judgment call that that was a post not needed," said one source, speaking on condition of anonymity because he was not authorized to discuss results of an ongoing internal investigation.

McGaffin said he wasn't sure whether the post was continuously staffed and added that he assigned his inspector general to get to the bottom of that and other problems exposed by Monday's incident.

"This is part of the exercise we're going through with this internal investigation, to just find out: Was that decision made? Was the decision made to move a post, or move an officer, and if so, what was the basis of the decision?" he said yesterday evening, adding that he did not yet have the answers.

It was the worst security breach since July 24, 1998, when a former mental patient stormed past a magnetometer and killed Capitol Police officers Jacob J. Chestnut and John M. Gibson. The patient, Russell Eugene Weston Jr., was arrested after he was shot during gunfire with police.

The Capitol Police has about as many officers as does the city of Cleveland -- roughly 1,600. Including civilians, the department has about 2,300 personnel, an increase of about 50 percent in five years.

Its annual budget has roughly tripled during that period, reaching $257 million in 2006. In addition, hundreds of millions of dollars have been spent on facilities and equipment to increase security at the Capitol, from underground bunkers to a sophisticated hazmat unit.

As the force has grown rapidly, it has dealt with an increasing range of threats that go far beyond the 200-square-block area in and around the Capitol. The Sept. 11, 2001, al-Qaeda strike and the subsequent anthrax attacks put Capitol Police on the front lines of the anti-terror fight.

Terrance W. Gainer, the former Capitol Police chief who resigned last spring, said the demands have increased so much that "we have not gotten ahead."

Still, Monday's incident showed not just potential problems with staffing levels, but also with oversight of personnel, he said. In June and July, as fences were dismantled on the East front of the Capitol to permit construction work, "there should have been a lot of dialogue about how many people you have out there and who is responsible for those folks," Gainer said.

Some officers have complained of drift in the department since Gainer left.

"We have an acting chief, an acting assistant chief. No one is willing to make a decision," said one officer, who spoke on condition of anonymity because of the sensitivity of the issue.

McGaffin is scheduled to retire this fall. He has blamed the security breach on human error.

Private security experts said Capitol Police should have been well prepared for an intruder charging an entrance -- a common tactic that terrorists and other would-be assailants have used for decades. In 1974, 1981 and 1984, drivers rammed gates on the White House grounds in unsuccessful efforts to reach the president's residence.

Testimony yesterday by Capitol Police Detective Nettie Watts gave the most complete account yet of how many officers and checkpoints Greene was able to evade. After the hearing, Greene was ordered to remain jailed on a weapons charge stemming from the intrusion.

He was first spotted by a Capitol Police officer about 7:40 a.m. at a security barricade at First and C streets SE, Watts told the court. Greene nearly slammed into the barricade but hit the brakes just short of doing so, nearly hitting a pedestrian, Watts testified.

Greene then backed up and sped east on C Street -- nearly striking the same pedestrian, she said. The officer at that checkpoint called in a "Priority 1" alert on Capitol Police radio warning about the fast-moving driver of a silver SUV.

Less than two minutes later, Greene got past the officer who was supposed to be guarding the entrance to the construction site, at First Street and Maryland Avenue NE. She was parked in such way that he easily could evade her and zoom onto the grounds. A pop-up barrier was not in use because of the flow of construction vehicles.

On Monday, McGaffin said Greene hit the officer's vehicle, and charging documents say he "rammed" into it, suggesting that she was blocking the entrance. But under questioning from Magistrate Judge John M. Facciola, Watts said Greene merely swiped the passenger side as he flew past.

After hitting a concrete wall around a skylight on the grounds, Greene bailed out of the SUV and ran up the Capitol steps and through the open door. Soon, he was within steps of Senate offices.

Greene continued running until he reached a basement office used to supply citizens with flags that have flown over the Capitol. He grabbed a female employee by the arm, Watts said, quoting him as saying, "I need a place to hide."

A man from the same office saw his colleague in distress and scuffled with Greene, according to Watts's testimony. But then Greene broke free and entered the flag office.

That's when a third employee emerged from a room inside that office. Greene dashed toward the man, and the ensuing fight knocked plaques and a fire extinguisher off the walls.

According to Watts, a flag room employee said Capitol Police arrived within "minutes." But Capitol Police have said they were there in seconds. As officers opened the door, the employee inside physically lifted Greene and handed him to the police.

"So he pushes him, effectively, into the officers' hands?" Facciola asked.

"Yes," Watts said.

Staff writer Spencer H. Hsu contributed to this report.

Loaded Gun In Carry-On Brings Long Lines At BWI (WP)

By Debbi Wilgoren And Daniel De Vise

The Washington Post, September 23, 2006

Two concourses were evacuated for an hour yesterday morning at Baltimore-Washington International Thurgood Marshall Airport after security screeners found a loaded gun inside a carry-on bag and could not detain its owner.

The .25-caliber semiautomatic pistol was discovered at 6:40 a.m. at the security checkpoint serving concourses A and B, a spokesman for the Transportation Security Administration said. It was in one of two bags carried by a male passenger; the other bag had already been screened and cleared, spokesman Christopher White said.

The passenger abandoned the bag containing the gun and disappeared into the concourses, which exclusively serve Southwest Airlines, White said. Security officials evacuated the concourses at 7:11 a.m. and used police dogs to search the area.

The man was not found. The gun -- a loaded Raven Arms MP-25 pistol, according to Cpl. Jonathan Green, a Maryland Transportation Authority Police spokesman -- was turned over to police, along with other items that would be tested for fingerprints.

"It did not make it into the sterile area," said Kerry Harmon, a spokeswoman for the agency. "But the passenger had left the checkpoint, so out of an abundance of caution, we swept the terminal."

Authorities said the man likely left the airport. "He didn't fly anywhere," said Jonathan Dean, airport spokesman, as all outbound aircraft were emptied during the alert.

Security cameras captured video footage of the man. Officials did not release a description.

Both concourses reopened at 8:11 a.m. Several thousand passengers had to go through security checkpoints again. It was unclear how many missed their flights. A number of flights were held until passengers could get through the additional screening.

Lines yesterday morning stretched across the inside of the terminal building and along the sidewalk outside. The crowd included families traveling to be with relatives for Rosh Hashanah, the Jewish New Year, which began at sundown.

Gregory and Michelle Heelan, of LeDroit Park in Washington, were relaxed as they approached a screening table while going through security for their flight to Newport, R.I.

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"We did the two-hour-early thing, like we were told," Gregory Heelan said. "We accept it all as part of the new way."

Punishing Refugees Twice (NYT)

The New York Times, September 23, 2006

America's excellent record of giving refuge to the persecuted is flagging — and one of the biggest barriers seems to have arisen inadvertently.

In their haste, Congressional authors of the Patriot Act and its sister Real ID provision tucked a clause into the immigration laws barring entry to anyone who has provided "material support" to a terrorist organization. Who could argue with barring people who have aided terrorists?

But the Bush administration has chosen to interpret "material support" to include people who act under duress — someone pressed at gunpoint to supply a glass of water, or forced to dig graves or pay ransom for a kidnapped child, or held hostage in her home (and thus provided shelter to terrorists). The result is to victimize these people twice.

The law's definition of a terrorist group — two or more people who take up arms against a state — also makes no allowance for motive. Members of the Vietnamese Montagnards and Cuban Alzados — groups created by the United States that remain staunch supporters — are now blocked from entry.

As a result of the material-support clause, more than 11,000 refugees are being kept out of the country for allegedly supporting terror. Religious conservatives have urged that this problem be fixed, but the Departments of Homeland Security and Justice have rebuffed efforts by the State Department to narrow the law. The administration did grant waivers to groups of Karen refugees who oppose the Myanmar government, and administration officials argue that waivers are the solution. They are not: they are too slow and cumbersome, and there are many groups that waivers legally cannot help — the duress cases, for example.

The law needs reform, and not just to make more groups eligible for waivers. Representative Joe Pitts, a conservative Republican, is sensibly proposing to shut out only members and supporters of groups that the secretary of state determines are terrorists. Mr. Pitts would also let in those coerced into helping terror groups.

The bill has bipartisan backing, but many lawmakers are frightened of being labeled soft on terrorism. To have a real chance of passage, it will need the administration's support.

Names On The Memorial (NYT)

The New York Times, September 23, 2006

Gov. George Pataki will have to bear the responsibility for the delays in redevelopment at ground zero over the last five years. But if he wants to improve the record of his stewardship before leaving office, one way would be to act now to help solve the emotional question of how to list the names at the planned memorial for the 2,979 victims of terrorism.

This listing of victims around the pools marking the site of the twin towers has turned into an intensely emotional impasse that threatens the entire memorial project. Michael Arad, the memorial's designer, planned to list the names randomly, with victims' stories told in detail at the museum and visitors center. Some victims' family members and former co-workers have demanded that they be grouped by job or family, or in some other way that would better define who they were and where they died.

We continue to believe that the best and fairest solution for all the victims is Mr. Arad's. But because this issue is delaying the fund-raising and building of the memorial — that centerpiece of the restoration at the site — it is time to figure out another way to move forward, and search for a compromise. Grouping the victims could easily leave people out or make one group of victims appear more important than others. A better idea might be for the names alone to be listed alphabetically — the same way that they have been read aloud so movingly at the site each Sept. 11 morning since 2001.

The governor should work with Mayor Michael Bloomberg to establish a small but representative committee, including Mr. Arad and a representative of the families and co-workers. Their task should be to quickly come up with a suitable compromise that eases family concerns and still maintains the highest design standards for this memorial.

FEMA Underestimated Katrina Repair Costs (AP-Y)

By Michelle Roberts

AP, September 23, 2006

Many initial estimates by the Federal Emergency Management Agency of the cost of repairing thousands of water-logged buildings, cracked pipes and crumbling streets in hurricane-staggered Louisiana were way too low — and some reconstruction projects are being held up because of it.

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Some local governments say they cannot legally or financially hire contractors and get on with the work, because they fear they will be saddled with repair costs that won't be reimbursed by Washington.

The FEMA estimates were made as part of a federal program under which local governments make repairs at their own expense, then ask for reimbursement from the federal government.

The low-ball estimates were done by sometimes-inexperienced estimators hurriedly hired and trained by FEMA in the aftermath of Hurricanes Katrina and Rita, which struck last summer and fall. Often, the estimates were based on the much-cheaper, pre-storm costs of labor and equipment.

"We want our fair share," said Cary Grant, New Orleans' assistant chief administrative officer for budget. "We're grossly underfunded."

Statewide, local and state officials have identified 17,000 projects that could be eligible for federal reimbursement. State officials said many of the initial estimates on those projects are way off.

In many cases, the disparities are staggering. At one recreation center in New Orleans, for example, FEMA estimated repairs would cost $312,000; the city says it actually will cost more like $1.4 million.

The few bids St. Bernard Parish have received for repair work have come back two or three times higher than FEMA's estimates, said Chris Merkl, the parish's public works director.

FEMA officials acknowledge some estimates may be too low, but do not believe the problem is widespread, said FEMA spokesman James McIntyre. Cities, parishes, sewer boards and other government entities can appeal to FEMA for higher reimbursement.

"If we need to look at 17,000 appeals, we'll look at 17,000 appeals," he said, though he maintained that will not be necessary. FEMA officials plan to meet with state and local leaders to discuss the issue in coming days, McIntyre said.

Grant and other New Orleans officials said that in smaller disasters or with estimates closer to reality, the city could afford to hire workers and sort out the differences with FEMA later. But the sheer number of projects and the steep differences make that impossible for all but a few high-priority projects.

"The citizens of New Orleans don't understand the process. They're like, `The lights should be fixed at the park. Why is the city not fixing this and that?'" said New Orleans interim recreation director Larry Barabino Jr. "They want everything yesterday. They don't want to hear no excuses."

Grant said most of the city's 860 pending projects should be re-examined by FEMA, even though such a review could cost considerable time and money. In a few cases, he said, FEMA may be able to look at the paperwork and re-estimate based on updated labor and material costs without doing site inspections. But Grant said many new inspections will probably have to be done.

"That's what my great fear is: the actual man-hours it would take to crawl on your knees and go floor by floor," Grants said.

Most of the low-ball estimates by FEMA workers and contractors resulted from dramatic increases in labor and material costs in a region where the demand for construction workers to do such things as gut buildings, replace roofs and lay tile outstrips supply, according to local officials.

But other low estimates resulted when inexperienced FEMA contractors included, for example, only the cost of fixing a hole in a roof and not the damage done when a temporary tarp was installed to cover the hole, said Grant and other New Orleans officials.

FEMA engineers working in the region are trying to take rising costs for supplies and labor into account, McIntyre said.

"I'm not trying to downplay it," McIntyre said of the complaints. But "we are bound by law to ensure that we are using taxpayers' dollars properly."

Lower 9th Plan: Start 'From Scratch' (LAT)

By Ann M. Simmons

The Los Angeles Times, September 23, 2006

Residents of the New Orleans neighborhood will hear results of a consultant's study today. But it's not the only proposal in town.

NEW ORLEANS — A consulting firm hired by the New Orleans City Council to devise a plan for the city's most storm-damaged neighborhoods will recommend rebuilding the Lower 9th Ward — considered by many "ground zero" of the destruction wrought by Hurricane Katrina — "from scratch."

Miami-based urban planner and housing consultant Paul Lambert, along with other urban planning groups, met with Lower 9th Ward residents and incorporated their ideas into a proposal to change the area's street pattern to create a new "town center." That idea is part of a report he is to present to residents today.

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In some 300 community meetings and workshops over the last five months, residents of most New Orleans neighborhoods have told a variety of urban design and planning sub-consulting firms that they want their old neighborhoods rebuilt as they were. "But that's different in the Lower 9th Ward … because of the destruction," said Lambert, whose firm is co-managing the neighborhood planning process. "It was so decimated that you're really rebuilding the entire neighborhood from scratch."

Lower 9th Ward residents were adamant that their neighborhood not be razed and left fallow or taken over by developers.

"The idea is that [the area] will come back in its entirety," Lambert said.

The city is expected to receive the official report by October.

Across 49 neighborhoods, wish lists include repair of streets and sidewalks; school reconstruction; revitalization of parks, community centers and libraries; and the reopening of shops. "Every neighborhood just wants the grocery store back, just wants the pharmacy back, just wants a sit-down restaurant," Lambert said. "Retail consistently shows up in terms of what people want."

The report is part of the city's broader neighborhood rebuilding process.

Meanwhile, another initiative — the Unified New Orleans Neighborhood Plan, which encompasses all neighborhoods, not just those damaged by Katrina — is financed in large part by the Rockefeller Foundation and is managed by a nonprofit created for the purpose. And the Unified plan has strong support from the Louisiana Recovery Authority, which is charged with directing billions of dollars in federal Katrina aid.

The plan for the most damaged neighborhoods has no funding source. It may be folded into the Unified plan.

But some people have grown impatient. Lambert has publicly criticized the pace of the Unified process, saying the plan has delayed release of federal recovery aid to the city.

The head of Concordia, the New Orleans firm coordinating the Unified planning process, said orientation sessions had been held and the first public meeting would be Oct. 14, with final recommendations — incorporating many ideas from Lambert's plan — expected by the end of the year.

"We are all anxious to get to the finish," Concordia President Steven B. Bingler said. "We just know that the finish is not partial plans. It's a unified plan for the whole city." And, he added, that's what the Louisiana Recovery Authority requires.

New Orleans Councilwoman Cynthia Willard-Lewis, whose constituency includes the Lower 9th Ward, called for "a sense of urgency" to move beyond planning to implementation.

"We cannot be stuck in a malaise of planning," she said.

Residents are also frustrated, and confused.

"There are too many hands in the pot," said Cory Turner, a fair-housing and criminal-justice activist. "There are too many planning groups. The Unified plan was meant to unify, but it's not doing that. Six months from now, we're going to be in the very same spot, arguing about what plan to use — that's my fear."

Bywater neighborhood resident Elizabeth Cook said she doubted some proposals would ever be implemented because they were unrealistic and too grandiose.

"This is pie in the sky," she said. "They're stringing people along. A lot of it is fluff … to give the illusion of reconstruction."

Other residents, however, said they welcomed such recommendations as more bike lanes, parks and beaches, because they were fed up with the devastation and needed to be able to dream of better days ahead.

For the Lambert-managed plan, neighborhoods such as suburban New Orleans East have asked for a reduction in the density of low- to-moderate income rental housing, and for the lakefront beach and entertainment district to be restored.

In upscale Lakeview, residents' priority is maintaining property values, Lambert said, and homeowners are keen to have first dibs on a neighboring property where the owner has decided to sell.

"This gives them the opportunity to expand their home, or rebuild for another family member," Lambert said. "This is a way of keeping the wealth in the community" and ensuring properties comply with the area's codes and zoning regulations.

Lambert acknowledged that much work remained to finalize a vision for certain neighborhoods but said the recommendations are "an important step into the future of this city."

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Evacuees Must Say Goodbye To Katrina Aid (WP)

By Jacqueline L. Salmon

The Washington Post, September 23, 2006

The crisis lines have shut down. The furniture donations, free apartments and gift cards have dwindled. The Red Cross has moved on.

And, now, so will Robin Gilmore.

For nearly 12 months, the Fairfax County social worker has helped 176 evacuees from Hurricane Katrina who came to the county after last year's storm.

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But late last month, she told them that the program for evacuees, funded by the county and local charities, would close at the end of September.

"After September 30, my job ends," she told 30 evacuees gathered for a potluck dinner to commemorate the first anniversary of the epic hurricane that upended their lives.

Although many evacuees who landed in the Washington area have moved on, almost 10,000 households are still registered with the Federal Emergency Management Agency in the District, Virginia and Maryland.

But the special services for them, funded by donors and local governments, are mostly gone.

"They're not getting any special treatment anymore," said Katie Miller-Holland, manager of Lutheran Social Services' Katrina Family Advocate Program. The program will operate until next October but has room for only 400 households. "For many of these folks, it's 'get in line with everyone else.' "

Catholic Community Services ended its program in June. The local Salvation Army's $311,000 in Katrina aid is gone and so is the Jewish Federation's $1 million fund. The Archdiocese of Arlington's Partners in New Hope program closed Aug. 29. The Prince George's Hurricane Katrina Relief Fund is down to its last $5,000. And $345,000 raised by the Community Foundation for the National Capital Region and disbursed to 10 nonprofit groups has mostly been spent.

At United Community Ministries last month, Gilmore coated her news with reassurance. She is moving to a new job at the agency, but a part-time intern will be available for the evacuees.

"We will continue as long as we can and then you can come through the doors as a UCM client," she told evacuees as they finished up plates of jambalaya and fried chicken as a boom box spilled tinny Cajun music. "We are here."

But for the evacuees in southern Fairfax, it is Gilmore who has been their anchor during a stormy year.

Dozens started showing up at United Community Ministries' offices in mid-September last year, asking for help.

When it became clear that more than 1,000 Katrina evacuees would arrive in Fairfax, county agencies, businesses and nonprofit groups formed Fairfax Families Care and raised nearly $90,000. The county kicked in $276,000 to hire social workers to work with the families and hired UCM and two other Fairfax County nonprofit groups, Northern Virginia Family Service and Reston Interfaith. Those groups in turn received thousands in additional charitable donations for the evacuees.

Gilmore was named case manager for UCM's Katrina effort and found herself pitched into the disaster that she had watched on TV.

Since then, she has spent hundreds of hours pestering agencies for housing vouchers, landlords for apartments and government offices for missing documents. She has called dentists to replace false teeth that had been abandoned on bedside tables when the floodwaters approached. At night, she coached clients through phone calls with FEMA.

From her sparse office, she handed out toothpaste, Bibles and tissues. Everybody cried, including Gilmore.

"I still get choked up when I remember those early months," said Gilmore. Her throaty voice grew huskier. "That vicarious trauma. You hear it, you hear it, and you experience it as well."

At home, the divorced mother of four gathered crucial family documents -- copies of children's birth certificates, her social worker's license, bank statements -- in a file to grab if disaster strikes and her own family has to escape.

"I've seen how difficult it is to start over," she said, "when you have to prove who you say you are."

For many, starting over is a monumental challenge, but the help they have received was never meant to last indefinitely. The goal is for them to become self-sufficient.

Some have achieved it.

"I am one of the blessed ones," said Marie McCoy, 54. She, her husband and her teenage daughter have settled into an apartment in the Fair Oaks area after fleeing their New Orleans home. McCoy and her husband, Gerald, are working again.

Still, it has been an enormous struggle, Marie McCoy said.

"When I first came here, I could not believe the prices when I went to the grocery store," she said. "And the apartment [rents] up here? Somebody must be stealing .' " But for others, the climb back to normalcy is even steeper.

Those with few skills who could make it in a minimum-wage job in New Orleans are finding that such work barely dents the high cost of life in Fairfax County.

"Here, people have to get help that they never needed before," said Meredith McKeen, manager of group services and outreach for Northern Virginia Family Services. It has enough private donations to continue Katrina assistance until December. Then its program, too, shuts down.

Barbara and Gerald Warren, whose home in Metairie, La., was flooded, now live in a subsidized apartment in the Alexandria section of Fairfax County that Gilmore helped them secure. A church helps them cover their utility bills, and UCM has paid for medication and other essentials.

Without Gilmore, the couple couldn't have made it, Barbara Warren, 54, said. "She helped us a whole lot," she said. "She is so good."

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After the dinner last weekend, Gilmore wrapped her arms around Maggie Viteri, 72. Viteri and husband Telmo, 77, are worried about the cost of their $2,000-a-month apartment. It had been underwritten by area charities, but now the couple must pay for it out of their dwindling resources.

Gilmore reassured Viteri that she could continue to call her. She promised to keep looking for help for the couple.

"I know how hard you've worked and how far you've come," she told them all.

New Orleans A Celebration At Superdome (WSJ)

By Rick Brooks

The Wall Street Journal, September 23, 2006

The New Orleans Saints return to their home field at the Louisiana Superdome on Monday night for the first time since Hurricane Katrina. It's a potent symbol of the city's rebuilding effort since the Superdome, where thousands gathered after the storm and were stranded for days in increasingly miserable conditions, became a potent symbol of the bungled rescue effort.

A massive celebration rivaling all six of the Super Bowls that have been played at the stadium is planned. The night will kick off with pregame performances by the Goo Goo Dolls, Green Day and U2. The national anthem will be sung by Irma Thomas and Allen Toussaint, two icons of the New Orleans soul and rhythm-and-blues scene whose houses were swamped by Katrina when it struck in August 2005.

Impressively, the refurbished 72,000-seat Superdome is sold out for the season -- a first in Saints history. Asking prices for tickets for Monday's game against the Atlanta Falcons had soared to $3,450 as of midafternoon Friday on a ticket-resale Web site used by the Saints.

Even the doormat football team, with just seven winning seasons since 1967, has been playing along with the tragedy-to-triumph story line. For the first time, the Saints started their season by winning two away games -- though they are listed as about a three-point underdog to the Falcons, which also are undefeated.

For many local residents, though, the celebratory event will be tinged with pain. Blackie Campo, 88 years old, had missed just one home game in Saints history before his house and hugely popular marina in St. Bernard Parish were wrecked by the storm. On Monday night, he will be sitting on the 50-yard line as usual, but with three seats instead of eight because he couldn't locate some of his friends before the season-ticket deadline passed.

"They got scattered all over the country, and they didn't know where I was and I didn't know where they were," says Mr. Campo, now living in a Federal Emergency Management Agency trailer. "The only things we had were fishing and football."

And while the Superdome's comeback, broadcast on prime-time television, will send a message about the city's resilience, the everyday slog of post-Katrina life continues, with its jarring juxtapositions of recovery and ruin. For example, the Hyatt Regency New Orleans hotel -- within sight of the Superdome -- hasn't yet reopened. Enough storm and structural debris remains in the city to fill the Superdome roughly seven times, city officials estimated in late August.

More than 800 devastated homes remain on a list seeking free gutting from Operation Nehemiah, a volunteer effort run by Carrollton Avenue Church of Christ, which had $12,000 in the bank and no flood insurance when Katrina hit. Though it could take a year to finish the job, organizer Fred Franke says he has no thoughts of giving up. "We've got a strong group of people that want the city to come back," he says.

Restoring the Superdome cost about $130 million in federal and state funds, which were used to replace the 9.7-acre roof, artificial-turf field, 500,000 square feet of ceiling tile and nearly everything else trashed by the storm. Snazzier scoreboards and other improvements, some unfinished, will push the total cost to $185 million. The stadium wasn't expected to reopen until at least November, but Louisiana Gov. Kathleen Blanco suspended some contract requirements, accelerating construction. Outside roof work was interrupted by only five days of bad weather.

"This was Ground Zero for New Orleans. It's what the nation saw ... and now we have an opportunity to change all that," says Doug Thornton, regional vice president of SMG, the Philadelphia company that manages the Superdome. He oversaw the project even though he was unable to move back into his flooded house until April.

As soon as the game ends, the Superdome will start getting ready for another homecoming. Next Saturday, Tulane University's football team will play there, too, ending its streak of 14 straight road games in 12 different stadiums.

WAR NEWS:

U.S.: More Iraq Troops Needed In Baghdad (AP-Y)

By Lolita C. Baldor, Associated Press Writer

AP, September 23, 2006

DOJ_NMG_0068034

The U.S. needs 3,000 more Iraqi forces to join the battle in Baghdad, but requests have not been met because Iraqi soldiers are reluctant to leave their home regions, the commander of U.S. forces in Baghdad said Friday.

Maj. Gen. James Thurman said that while the U.S. has 15,000 troops in Baghdad — which military leaders say is the priority battlefront in Iraq — only about 9,000 Iraqi soldiers are there. That is just a fraction of the 128,000 Iraqi Army troops that the U.S. says are now trained and equipped.

His comments came as the sectarian violence in Baghdad continued unabated. Gunmen opened fire on Sunni mosques and homes in the religiously mixed neighborhood of Hurriya, killing four people in an attack that drew the condemnation of Sunni leaders across the city.

In east Baghdad, meanwhile, police found the blindfolded and bound bodies of nine men from a Sunni tribe who had been dragged out of a wedding dinner the night before by men dressed in Iraqi army uniforms, police Maj. Mahir Hamad Mussa said. Four other bound and blindfolded bodies were found in other parts of the capital.

The U.S. military said an American soldier was killed when his vehicle was hit by a roadside bomb late Thursday.

Getting more Iraqi troops involved in the operation has been hampered by the fact that Iraqi soldiers generally join battalions in their geographic regions. And Thurman said that "due to the distance, (they) did not want to travel into Baghdad." He said the Iraqi minister of defense is working on the problem.

"I'm confident that they're going to meet that requirement here within the next few weeks, but it's going to take a little time," he said.

Thurman said he asked for the additional Iraqi forces — a total of six battalions — early on in the Baghdad campaign, which began in June. He added, "I don't think putting more coalition (troops) in here is the right answer."

As an example, Thurman said that he has one U.S. battalion working with Iraqi Army and police in Baghdad's predominantly Shiite al-Baya neighborhood and the mixed southern neighborhood of Dora.

But, he said, "I felt like we needed more Iraqi Army in there to work side-by-side with the police and the national police, because those have been bad areas. And we're clearing the enemy out of there and we don't want them to come back."

There are a total of 302,000 Iraqi security forces, which include the army, national and local police. About 12,000 national police and 22,000 local police are serving in Baghdad, Thurman said.

Asked if he is disappointed by the Iraqis' failure to send the additional troops, Thurman said no, because he has seen the security forces improve and he understands that there are competing security demands across the country.

He said U.S. trainers are working with the Iraqi forces to make them more mobile. He added, "I think the government is trying to come to grips with the security needs, and we have a determined enemy out there that's trying to disrupt this government."

U.S. military leaders have repeatedly stressed that Baghdad is the top priority in Iraq right now, as forces try to stabilize the capital city so the government can progress.

Attacks against the security forces have increased since the Baghdad operation began, from about 36 attacks a day to about 42 attacks a day, said Thurman. He said about six of those daily attacks result in injuries to U.S. troops or damage to equipment.

Overall, Thurman said attacks against Iraqi civilians have decreased, and that sectarian violence has dropped in the neighborhoods where the military has focused its efforts.

As he visits those areas, he said, "I find more people trying to get on with their lives. I see more shops opening and more people in the streets. ... As we clean up the streets, we find a city capable of starting to function properly."

In other developments in Iraq on Friday, 3,000 people demonstrated outside a mosque in Saddam Hussein's hometown of Tikrit, demanding the return of the former dictator to power, organizers said. Saddam is on trial in Baghdad on genocide charges.

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Associated Press writer Sameer N. Yacoub in Baghdad contributed to this report

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On the Net:

Defense Department: http://www.defenselink.mil

Many Iraqi Troops Are No-Shows In Baghdad (LAT)

By Solomon Moore And Julian E. Barnes

The Los Angeles Times, September 23, 2006

The U.S. asked for an extra 4,000 soldiers to shore up security. Only 1,000 reported, and the violence continues in and around the capital.

DOJ_NMG_0068035

BAGHDAD — Only a quarter of the Iraqi army forces that had been designated more than a month ago to work on security improvements in the capital have arrived, a sign of continuing problems with the Iraqi government's ability to command and move its troops.

U.S. Army Maj. Gen. James Thurman, who is in charge of military forces in Baghdad, said Friday that he had requested 4,000 additional Iraqi troops to help secure Baghdad and had received only 1,000 of them.

"Some of these battalions, when they were formed, were formed regionally," Thurman said in a video news conference with reporters at the Pentagon. "And some of the soldiers, due to the distance, did not want to travel into Baghdad."

Thurman's comments came on a day of continued violence in the country, including the execution-style slayings of nine Sunni Arabs dragged from a wedding dinner east of Baghdad by armed men who reportedly were wearing Iraqi uniforms.

"Three civilian cars and one minibus came to our house with armed men wearing Iraqi army uniforms," the groom's father, Mohammed Dulaimi, 61, told police. "They raided the house and asked to take some of the guests for routine investigations."

Police later found the bodies of nine wedding guests on Baghdad's outskirts. Each had been shot several times.

In all, at least 27 bodies were discovered in Baghdad on Friday. At least 15 other people, including a U.S. soldier who was killed by a roadside bomb in the capital, were slain in Iraq.

Even as the killings continued, Iraq's president, Jalal Talabani, addressed the U.N. General Assembly in New York, saying that a continued U.S. troop presence in Iraq is "essential" while the nation builds its armed forces.

While in the U.S., Talabani met with Secretary of State Condoleezza Rice and other foreign ministers to urge them to make good on billions of dollars in reconstruction aid pledges.

"We are hopeful that the international community fulfills its obligations by providing the required resources to deal with the key priorities," he said.

After the establishment of Iraq's permanent government in May, Prime Minister Nouri Maliki announced a security plan aimed at controlling the sectarian violence that has destabilized Baghdad.

In July, U.S. officials said that despite the new measures, violence had worsened in the capital.

In August, U.S. and Iraqi officials announced a new plan to secure the city, saying they would bring in 4,000 Iraqi soldiers and 4,000 additional Americans. The U.S. contingent was beefed up in a move that proved controversial for the Pentagon: Officials extended the deployment of the 172nd Stryker Brigade and moved it from Mosul to Baghdad. The extension drew complaints from relatives of members of the Alaska-based unit.

But Thurman made it clear Friday that bringing in the Iraqi soldiers had proved even more difficult. Soldiers with the 1st Brigade of the 9th Division of the Iraqi army had been moved from Taji within 72 hours, Thurman said. But deploying the remainder of the force has been more challenging, with soldiers refusing orders to relocate to Baghdad.

Iraqi army units have refused deployment orders before, sometimes complaining of the travel involved and sometimes expressing concern that they would be thrust into uncomfortable sectarian confrontations.

In August, 100 soldiers in southern Maysan province refused to go to Baghdad. U.S. officials explained at the time that the unit's Shiite leaders said the troops were needed in Maysan. They also objected to being sent to the capital, where they believed they would have to fight Shiite militias.

U.S. officials also said Kurdish units had refused to be deployed from northern Iraq to Ramadi, in violent Al Anbar province.

But the problems may go beyond mere regional or sectarian loyalty and could reflect readiness problems.

The Iraqi army is not considered highly mobile; it lacks the armored transport vehicles or planes that would allow officials to quickly deploy large numbers of troops around the country.

Thurman said he was confident the Defense Ministry would obtain the additional soldiers in the next few weeks. He suggested that the lack of Iraqi troops was complicating operations in two Baghdad neighborhoods, Baya and Dura. Thurman said he wanted to put more Iraqi soldiers in those areas to work with the American battalion there.

"I felt like we needed more Iraqi security forces in those areas, and that's what I have told my superior commanders that I felt like we needed," he said.

There are 15,000 U.S. troops and 9,000 Iraqi troops in Baghdad, as well as 12,000 members of the Iraqi national police and 22,000 local police, Thurman said.

Asked how the Iraqi military could take control of the nation's security needs if it was unable to move troops around the country, Thurman said some of the units were able to quickly deploy — including the 1st Brigade of the 9th Division — while others were still being developed and trained.

"I wouldn't say it's not going well," Thurman said. "What I would tell you is I think the government is trying to come to grips with the security needs, and we have a determined enemy out there that's trying to disrupt this government, a democratic form of government. And we're here assisting them to work through these tough security issues."

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Thurman said attacks had increased in the last week, and that they were mostly against U.S. and Iraqi military and police forces.

The wedding attack occurred at a party being held by the Dulaimi tribe, a large and powerful Sunni clan that probably will seek reprisals, police said. All of the kidnapped guests were men, including three brothers, who farmed and raised cattle in the agricultural areas ringing the capital.

A police source, who said the father reported the kidnappings at a local station, said officers were unlikely to investigate, because they fear that Sunni insurgents operate in the area.

In west Baghdad, Shiite militiamen set fire to two buildings occupied by two prominent Sunni political parties and ordered all Sunnis out of the neighborhood.

Responding firetrucks were turned away by militiamen who fired assault rifles in the air. The Associated Press reported that four people were killed in the confrontation.

"Today we are living under exceptional circumstances. Today we live in violence of all kinds," Sheik Mahmoud Sumaidaie said in his Friday sermon at Umm Qura, a leading Sunni mosque in Baghdad.

"There are people who are destroying, people who are forcing others to leave their houses, there are [Shiite clerics] keeping silent, some decent people are keeping silent. The state is keeping silent."

In ousted President Saddam Hussein's hometown of Tikrit, north of Baghdad, a local association of Sunni clerics organized at least 1,000 protesters to carry posters of Hussein and demand he be restored to power. The protesters demanded the release of 20,000 detainees, an end to military raids on Sunni neighborhoods and denounced Pope Benedict XVI's recent statements about Islam.

A ruptured pipeline struck by insurgents Thursday continued to burn southwest of Samarra, also north of Baghdad. A spokesman for the U.S. Army Corps of Engineers said he was unaware of the breach.

Friday prayers and exhortations for peace during the coming Ramadan period of fasting gave way to stormy political speeches at some mosques. While Sunni clerics called on the government to protect them from Shiite militias and U.S. assaults, Shiite holy men called for harsher measures against insurgents.

In Najaf, Shiite cleric Sadruddin Qubanchi swept aside the United Nations' recent expression of concern over the prospect of civil war in Iraq.

U.N. Secretary-General Kofi Annan "said that Iraq is on the brink of a civil war," Qubanchi said.

"But we have another reading for the situation. We believe that Iraqis are heading toward the elimination of terrorism rather than civil war."

The cleric said that the Iraqi government was being too soft on the insurgents and that the violence persisted because of "the absence of punishment." He demanded that Hussein receive the death penalty.

"Execution! Execution!" hundreds of worshipers chanted.

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Moore reported from Baghdad and Barnes from Washington. Times correspondents in Baghdad, Kirkuk, Tikrit and Najaf contributed to this report.

Playing Shell Games On Responsibility With Iraq (BOS)

The Boston Globe, September 23, 2006

THE SAME White House that trashed generals and bean counters for saying it would take hundreds of thousands of more troops and billions more dollars to secure Iraq is now blaming the puppet government for not securing the country.

The blame is arriving through one of those ``senior-administration-official-speaking-on-background" whisper campaigns. One such official told The New York Times that President Bush is peeved at Prime Minister Nouri al-Maliki of Iraq. ``The thing you hear the most is that he never makes any decisions," the official said. ``And that drives Bush crazy. He doesn't take well to anyone who talks about getting something accomplished and then refuses to take the first step."

In the Los Angeles Times, a Bush official said that the White House is getting ``frustrated. . . . There is a little bit of impatience." Another official said Maliki's get-tough-on-violence ``rhetoric has to be matched by concrete action . . . acting on the ground on its own behalf."

While his minions cut the knees out from under Maliki, Bush himself acts like the general manager of a sports team who declares he has full confidence in the coach during a losing season. Bush said on CNN, ``I'm impressed by President Maliki. I've talked to him. I've seen the decision-making process that he's put in place." White House press secretary Tony Snow continues to declare that reports of Bush losing faith in Maliki are ``absolutely false."

This shell game of responsibility was all but inevitable in a war launched both under false pretenses and with undermanned and underequipped forces. It was inevitable in an occupation where the White House brags about a duly elected government while it still has 138,000 troops there.

This week, General John Abizaid, the US Central Command chief, ended any illusions of major troop withdraw anytime soon. He said troop levels must be ``sustained through the spring" because ``the secular tensions, if left unchecked, could be fatal to Iraq." In a cryptic response to a reporter's question as to whether the United States is winning the war and occupation, Abizaid said, ``Given unlimited time and unlimited support, we're winning the war."

Abizaid said the occupation is so murky that ``Baghdad is not going to clarify itself in my mind militarily for a couple months." To punctuate that point, the United Nations issued a report this week that at least 6,600 people were killed and 4,300 people were wounded in Iraq in July and August, far more than previously estimated.

But while Abizaid is talking about needing unlimited time and unlimited resources, a bipartisan study group headed by former secretary of state James Baker and former US representative Lee Hamilton declared that ``the next three months are critical" for the government of Iraq ``to show its own citizens soon and the citizens of the United States that it is deserving of continued support."

So the US military deserves unlimited time but Maliki deserves just three months?

That sure begs the question of whose country it is. The mixed messages smell of how the United States alternately propped up, manipulated, ignored, and ultimately abandoned South Vietnam's president, Nguyen Van Thieu. Thieu was elected in 1967 and reelected in 1971 under questionable, US-backed circumstances. He was widely acknowledged to be corrupt, but US meddling did not help.

By many accounts, he became a pawn between the lame-duck Johnson administration and the Nixon presidential campaign on whether to halt the bombing of North Vietnam. He was essentially ignored by Nixon over the 1973 ``peace accords" that left North Vietnamese soldiers in position to overrun South Vietnam. That eventually happened and Thieu fled the country.

Thieu eventually died in obscurity in Boston in 2001. Upon his death, Vietnam historian Stanley Karnow told National Public Radio, ``The short answer is that he was not terribly effective, but it's doubtful anybody would have been effective. Thieu came into office amid a lot of political turmoil in Saigon. . . . The situation began to get so hopeless in a way that finally President Johnson put in American combat troops in the summer of 1965 as about the only way to bolster up the government in Saigon."

Karnow added, ``and so what you had in Vietnam was a kind of facade of a client government, an allied government, which in fact didn't amount to very much."

Four decades later, there is a new facade of a client government. Bush officials whisper that it is not amounting to very much. That is to cover up the fact that the US invasion and occupation has amounted to even less.

The Troops Stay On (WP)

The Washington Post, September 23, 2006

AT THE BEGINNING of this year it was an open secret that the Bush administration hoped to substantially reduce the number of U.S. troops in both Iraq and Afghanistan by this fall. Reports said it was aiming for 100,000 troops in Iraq, compared with 165,000 at the end of 2005. In Afghanistan, the force level was to drop below 15,000 as more NATO forces were deployed. In part, the plans reflected the administration's optimistic assumptions about the progress that would be made in both countries. But it was hard to ignore the fact that the reductions were to come just in time for November's midterm election.

As the good news failed to materialize in either theater, we, among others, worried that Mr. Bush would pressure his military commanders to go ahead with the drawdowns. That didn't happen. This week several senior military commanders, including Gen. John P. Abizaid, the commander of all U.S. forces in the Middle East, stated publicly that the troop levels would remain where they are well into next year. The force level in Iraq, 145,000, is higher than it was this summer, while the number of U.S. troops in Afghanistan, at about 20,000, is well above the 16,500 reported at the end of last year.

Mr. Bush deserves some credit for being true to his word: He said that in deciding on troop reductions, he would be guided by conditions in the two countries and his commanders' recommendations rather than by the political calendar -- and he has been. The administration put this news out weeks before the election, even though the failure to bring troops home will add to the negative pull Iraq already exerts on Republicans in many congressional races.

The president's steadfastness would be much more impressive if it seemed to be attached to a winning strategy. Sadly, the events of the past several weeks suggest otherwise, at least in Iraq. Gen. Abizaid candidly described the progress of a U.S. military campaign in Baghdad, where additional American forces have been concentrated in the hope of stopping rampant sectarian bloodshed, as slight. Asked by reporters if the war could be won, he replied, "Given unlimited time and unlimited support, we're winning the war."

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The problem, as both Gen. Abizaid and Mr. Bush well know, is that neither time nor resources are unlimited. Reports in several newspapers yesterday said the continuing heavy deployments in Iraq and Afghanistan had prompted commanders to discuss whether to call up more National Guard units at the expense of breaking rules about how often they are deployed.

The same day Gen. Abizaid spoke, the chairmen of a bipartisan Iraq study group set up by Congress delivered a blunt message to the four-month-old Iraqi coalition government, which has been slow to take desperately needed steps toward national reconciliation. "The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continuing support," said former representative Lee H. Hamilton, who chairs the group along with former secretary of state James A. Baker III.

Unless that message is heeded, the sacrifice involved in holding U.S. troop levels steady for another six months -- in lives, above all -- is likely to be wasted.

War Price On U.S. Lives Equal To 9/11 (AP)

By Calvin Woodward

AP, September 23, 2006

Now the death toll is 9/11 times two. U.S. military deaths from Iraq and Afghanistan now surpass those of the most devastating terrorist attack in America's history, the trigger for what came next.

The latest milestone for a country at war came Friday without commemoration. It came without the precision of knowing who was the 2,974th to die in conflict. The terrorist attacks killed 2,973 victims in New York, Washington and Pennsylvania.

An Associated Press count of the U.S. death toll in Iraq rose to 2,696. Combined with 278 U.S. deaths in and around Afghanistan, the 9/11 toll was reached, then topped, the same day. The Pentagon reported Friday the latest death from Iraq, an as-yet unidentified soldier killed a day earlier after his vehicle was hit by a roadside bombing in eastern Baghdad.

Not for the first time, war that was started to answer death has resulted in at least as much death for the country that was first attacked, quite apart from the higher numbers of enemy and civilians killed.

Historians note that this grim accounting is not how the success or failure of warfare is measured, and that the reasons for conflict are broader than what served as the spark.

The body count from World War II was far higher for Allied troops than for the crushed Axis. Americans lost more men in each of a succession of Pacific battles than the 2,390 people who died at Pearl Harbor in the attack that made the U.S. declare war on Japan. The U.S. lost 405,399 in the theaters of World War II.

Despite a death toll that pales next to that of the great wars, one casualty milestone after another has been observed and reflected upon this time, especially in Iraq.

There was the benchmark of seeing more U.S. troops die in the occupation than in the swift and successful invasion. And the benchmarks of 1,000 dead, 2,000, 2,500.

Now this.

"There's never a good war but if the war's going well and the overall mission remains powerful, these numbers are not what people are focusing on," said Julian Zelizer, a political historian at Boston University. "If this becomes the subject, then something's gone wrong."

Beyond the tribulations of the moment and the now-rampant doubts about the justification and course of the Iraq war, Zelizer said Americans have lost firsthand knowledge of the costs of war that existed keenly up to the 1960s, when people remembered two world wars and Korea, and faced Vietnam.

"A kind of numbness comes from that," he said. "We're not that country anymore — more bothered, more nervous. This isn't a country that's used to ground wars anymore."

Almost 10 times more Americans have died in Iraq than in Afghanistan, where U.S. casualties have been remarkably light by any historical standard, although climbing in recent months in the face of a resurgent Taliban.

The Pentagon reports 56 military deaths and one civilian Defense Department death in other parts of the world from Operation Enduring Freedom, the anti-terrorism war distinct from Iraq.

Altogether, 3,031 have died abroad since Sept. 11, 2001.

The toll among Iraqi civilians hit a record high in the summer, with 6,599 violent deaths reported in July and August alone, the United Nations said this week.

Among the latest U.S. deaths identified by the armed forces:

_Army 2nd Lt. Emily J.T. Perez, 23, Fort Washington, Md., who died Sept. 12 in Kifl, Iraq, from an explosive device detonated near her vehicle. A former high school sprinter who sang in her West Point gospel choir, she was assigned to the 204th Support Battalion, 2nd Brigade, 4th Infantry Division, Fort Hood, Texas.

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_Marine Sgt. Christopher M. Zimmerman, 28, Stephenville, Texas, killed Wednesday in Anbar province, Iraq. He was assigned to 2nd Reconnaissance Battalion, 2nd Marine Division, II Marine Expeditionary Force, Camp Lejeune, N.C.

A new study on the war dead and where they come from suggests that the notion of "rich man's war, poor man's fight" has become a little truer over time.

Among the Americans killed in the Iraq war, 34 percent have come from communities reporting the lowest levels of family income. Half come from middle income communities and only 17 percent from the highest income level.

That's a change from World War II, when all income groups were represented about equally. In Korea, Vietnam and Iraq, the poor have made up a progressively larger share of casualties, by this analysis.

Eye-for-an-eye vengeance was not the sole motivator for what happened after the 2001 attacks any more than Pearl Harbor alone was responsible for all that followed. But Pearl Harbor caught the U.S. in the middle of mobilization, debate, rising tensions with looming enemies and a European war already in progress. Historians doubt anyone paid much attention to sad milestones once America threw itself into the fight.

In contrast, the United States had no imminent war intentions against anyone on Sept. 10, 2001. One bloody day later, it did.

Iraq Leader Warns Of Spreading Violence (AP-Y)

By Kim Gamel, Associated Press Writer

AP, September 23, 2006

Iraq's president said Friday that terrorist forces are using his country as "a stepping stone" for spreading violence and that military action alone won't stop them.

President Jalal Talabani also told the U.N. General Assembly that the government will not talk about a timetable for withdrawing U.S.-led forces until the Iraqi armed forces are capable of ending terrorism and maintaining security.

He said the government is committed to a national reconciliation plan that hopefully will provide the protection and conditions needed to ensure security for the Iraqi people. At the same time, he said, efforts to build the Iraqi armed forces are making progress, but U.S.-led coalition troops are still needed.

"They are essential for us in the present circumstances while accomplishing the mission of building our armed forces that are capable of ending terrorism and maintaining stability and security," Talabani said. "Only then will it be possible to talk about a timetable for the withdrawal of the multinational force from Iraq."

Addressing another conflict, China's Foreign Minister Li Zhaoxing called for patience on restarting stalled international talks aimed at ridding North Korea of its nuclear weapons.

Li said the only way to resume the six-nation talks, which the North has boycotted since November, is for the participants to "meet each other halfway and work together."

"We hope the parties involved will be cool-headed and more flexible," Li said in a speech at the General Assembly.

The talks involve China, the Korea, the United States, Japan and Russia. But China, which is the North's major ally and a key economic lifeline, is viewed as crucial to getting the North to return.

Talabani said that as Iraqi forces are able to meet the necessary requirements to take over, they will gradually replace coalition forces.

But he warned that the rampant violence in Iraq was a threat to regional stability.

"We must emphasize that the forces of extremism, those who oppose democracy and humanitarian values are intent on making Iraq a stepping stone for reaching other goals, for even more destruction," Talabani said. "They are composed of regional and Arab elements that export their crises ... and fight their battles on Iraq's territory and among the people of my country."

Speaking to reporters after the speech, U.S. Ambassador to Iraq Zalmay Khalilzad also urged other countries to offer support.

"I believe that Iraq will succeed," he said. "But Iraq does need assistance from not only the coalition but from its neighbors and from the international community as a whole."

Talabani also called on the Security Council to dissolve the U.N. weapons inspection agency known as UNMOVIC, saying it has been proven that Iraq is free of weapons of mass destruction.

"The status of this commission in its current form and its financing, using Iraqi accounts, squanders Iraq's money," he said. "Our people are in desperate need of these funds."

The U.N. has been using money from the defunct oil-for-food program to fund the activities of the U.N. Monitoring, Verification and Inspection Commission.

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U.N. inspectors left Iraq just before the U.S.-led war started in March 2003 and the United States has barred them from returning. They have continued to work, compiling a detailed database and using commercial satellite photos to keep track of equipment with dual civilian and military uses, which they had been monitoring on the ground.

Talabani's address came four days after foreign ministers from several countries, including Secretary of State Condoleezza Rice, met on the eve of the General Assembly to discuss the implementation of the Compact for Iraq, a five-year plan to ensure Iraq's government has funds to survive and enact key political and economic reforms.

"We are hopeful that the international community fulfills its obligations by providing the required resources to deal with the key priorities," he said.

He also thanked President Bush "for his leadership of the campaign to liberate Iraq from tyranny and opening the doors for a new, democratic, pluralistic and federal Iraq that is at peace with itself and the world."

"This historic mission has served the people of Iraq and peace and security in the region," Talabani said.

The praise was a change in tone, as Bush has faced fiery words of criticism in speeches by Iranian leader Mahmoud Ahmadinejad and Venezuelan President Hugo Chavez.

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Associated Press writer Foster Klug at the United Nations contributed to this story.

Blasts In Western Baghdad Damage Mosque And Homes (NYT)

By Richard A. Oppel Jr.

The New York Times, September 23, 2006

BAGHDAD, Sept. 22 — Attackers severely damaged a Sunni mosque in western Baghdad before noon on Friday, and the resulting blaze set fire to eight nearby homes and a bakery, a United States military official said.

The explosion struck the Bakara al-Rahman mosque in a mixed Sunni-Shiite neighborhood, the official said. It apparently occurred before the start of Friday Prayer, but details were sketchy. Gunmen attacked homes in the area before the blast, and then after the bombing fired on Iraqi Army troops who responded to calls for help, the official added.

Another military official, Lt. Col. Barry Johnson, a spokesman in Baghdad, said that there was “one mosque that appears to have been destroyed” in western Baghdad, but he said he did not have any details.

The commander of United States forces in Baghdad said Friday that he needs 3,000 more Iraqi troops to patrol the city, but that he is having trouble getting them because they do not want to leave their home regions.

“What I still need in here in terms of battalions from the Iraqi Army that I would like to see is approximately six battalions, and the government is working to do that,” Maj. Gen. James Thurman, the commander of the Fourth Infantry Division, told reporters in a briefing in Baghdad.

“Some of these battalions, when they were formed, were formed regionally,” he said. “And some of the soldiers, due to the distance, did not want to travel into Baghdad.”

The military says American and Iraqi forces are working jointly in a large operation that has drawn United States troops from other parts of the country to sweep through Baghdad neighborhoods in an effort to bring down the capital’s soaring murder and execution rate.

An Iraqi battalion has roughly 500 soldiers, General Thurman said. Currently, he said, there are 15,000 American and coalition troops in the capital, 9,000 Iraqi combat troops, 12,000 national police officers and 22,000 local police officers.

General Thurman said attacks have risen in Baghdad in the past week, most of them against American and Iraqi troops. Earlier this week, United Nations human rights officials reported that 2,222 people in Baghdad were killed violently last month, a 23 percent decline from July.

The United Nations said the decline, which followed what it described as “unprecedented” violence in July, may be the result of the increased American and Iraqi military operations. Yet it also said the trend in the number of killings appeared to be increasing toward the end of August.

Underscoring the limitations of the Iraqi military, the president of Iraq, Jalal Talabani, said in a speech at the United Nations on Friday that it is too early to even talk about setting a timetable for the eventual withdrawal of American and British forces.

American troops are essential until Iraqi security forces “are capable of putting an end to terrorism and maintaining stability and security,” Mr. Talabani said. “Only then will it be possible to talk about a timetable for the withdrawal of the multinational forces from Iraq.”

The military said a soldier was killed late Thursday night in eastern Baghdad when his vehicle struck a roadside bomb.

The mosque bombing and related attacks on Friday happened near Hurriya, west of the Shiite enclave of Khadamiya. They were likely the work of roving militiamen, said Abdul Karim al-Samarraie, a Sunni member of Parliament. He said the

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attackers used rocket-propelled grenades and machine guns against several mosques in Hurriya, and that 15 homes were also set on fire.

Iraqi soldiers in the Hurriya area are sympathetic to the militias and not eager to put a stop to militia attacks, he said, adding, "The government is not serious enough about solving this problem."

The Associated Press quoted a police lieutenant, Maithem Abdel-Razzaq, as saying that about 20 gunmen attacked several houses and set two on fire, and then opened fire on two mosques, damaging buildings but not causing casualties. The news agency reported that at least four people were killed in the attacks.

Iraqi officials say that insurgents and militia fighters have been employing new tactics in their attacks. According to the Defense Ministry, there have been cases recently of gunmen kidnapping drivers, loading their cars with hidden explosives unknown to the driver, then releasing the driver only to detonate their vehicles by remote control when they reach a checkpoint.

Explosion Kills At Least 32 In Baghdad (BOS/AP)

The Boston Globe/AP, September 23, 2006

BAGHDAD, Iraq --A bomb blew up a kerosene tanker truck in Baghdad's Sadr City neighborhood on Saturday, killing at least 32 people, police said.

Another 38 people were wounded by the 10 a.m. blast in the sprawling Shiite slum. People frantically carried survivors from the narrow muddy street to ambulances, and hauled away bodies in blankets.

The bomb was hidden in a barrel near the tanker truck, where scores of people were waiting to buy fuel, said police Col. Saad Abdul-Sada.

There were more people on hand than usual as families sought to stock up on fuel for the Muslim holy month of Ramadan, he said.

Seventeen women were among the dead, Abdul-Sada said, adding that casualties were expected to rise.

Sadr City is home to more than two million people and a stronghold of the Mahdi army -- a Shiite militia loyal to radical cleric Muqtada al-Sadr.

Leader Of Terror Group Arrested In Iraq (AP)

AP, September 23, 2006

U.S. and Iraqi forces have captured a leader of Ansar al-Sunnah, the group behind the 2004 attack on a U.S. military mess hall that killed 22 people, the prime minister's office said Saturday.

Muntasir Hamoud Ileiwi al-Jubouri and two of his aides were arrested in Al-Taeyh, about 50 miles northeast of Baghdad, said Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces — the prime minister's military office. He did not say when the arrest was made.

The Sunni militant group has claimed responsibility for numerous suicide attacks, the August 2004 execution of 12 Nepalese hostages and a December 2004 explosion at a U.S. military mess hall in Mosul that killed 22 people. It is believed to be an offshoot of another group, Ansar Al-Islam.

That group is made up mostly of Kurds with close links to al-Qaida in Iraq. It has been blamed for a number of attacks, including assassination attempts against Kurdish officials.

Ansar al-Sunna is part of the Mujahedeen Shura Council, an umbrella organization of insurgent groups — including al-Qaida in Iraq — that was co-founded by the late Jordanian-born terrorist Abu Musab al-Zarqawi.

Berming Baghdad (NSWK)

By Rod Nordland

Newsweek, September 23, 2006

At first blush it sounded like a resort to medieval siege warfare. An Iraqi Interior Ministry official announced that the government was going to build trenches around Baghdad, a circumference of 60 miles embracing a metropolis of 5 million people. Other officials here quickly denied there was such a plan, but then at a press conference in Washington, President Bush announced that U.S. and Iraqi officials had a plan to put a barricade around the city. "The enemy is changing tactics," the president said, "and we're adapting. So they're building a berm around the city to make it harder for people to come in with explosive devices, for example." Now that the cat's out of the bag, the Iraqi government is expected to announce it officially tomorrow, national-security adviser Mowaffaq al-Rubaie confirmed here in an interview today.

Officials were somewhat defensive about how to describe the measure. When the new Interior Ministry spokesman, Gen. Abdul Karim al-Kinani, called it a trench, there were inevitable comparisons to a moat. (Then he was peremptorily yanked from his first press conference by higher-ups, sparking speculation he had said too much.) Rubaie rejected descriptions of it as a wall

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or a berm—a centuries-old method of dirt-walling a city—instead describing it as "a physical barrier of water and soil combined with a restricted number of entries to Baghdad." Other officials, however, have described it informally as "the berming of Baghdad." Actually, U.S. and Iraqi officials say, it's a combination of trench digging, natural obstacles and berms, piles of dirt pushed in place by bulldozers, high enough to prevent vehicles from crossing. The barriers, in whatever form, will leave only 28 entrances to the city, all of which will have Iraqi police and army checkpoints to control who gets in and out.

"It certainly is happening," said U.S. military spokesman Lt. Col. Barry Johnson, in Baghdad. "We're working with the Iraqi government to make it happen, mostly using terrain features, irrigation canals and so forth, tying them in with berms and trenches and other features." The purpose, he said, was "to help stem the flow both into and out of the city in order to help control movement of illegal weapons, IED materials and anybody such as kidnapping victims who might be taken out of the city." It's not the first time the method has been tried in the Iraq war; several smaller communities have been bermed, and even neighborhoods in Baghdad have been blockaded to force residents through single checkpoints. After the U.S. Marines invaded Fallujah, that small city was surrounded by an extensive network of berms, particularly on minor roads.

The plan reflects a growing concern by officials at the rise in violence in the capital despite two months of the Baghdad Security Plan, which involved a large increase in U.S. and Iraqi troops and police in the city. Last month, the Americans deployed an additional 5,000 troops, most from the Stryker Brigade, to the city to cope with rising sectarian violence. U.S. troop levels in Iraq are now at the highest level, 147,000, since 2003, and are not expected to come down until next February at the earliest, Gen. John Abizaid, head of the U.S. Army's Central Command, said Tuesday. Iraqi officials want the berming to be in place in time for Ramadan, which is about to begin. Since 2003, the Muslim holy month of fasting has traditionally seen a spike in violence in Iraq.

Sectarian strife has become so severe that on Wednesday, the top U.S. military spokesman here, Maj. Gen. William Caldwell said that "most Baghdad residents do not feel safe traveling outside of their neighborhoods because of the current security situation." In addition, there has been a marked increase in attacks against American soldiers, with combat deaths averaging 2.5 a day in the first three weeks of September—compared to 1.5 a day in July, according to U.S. Department of Defense figures. Military officials are concerned that this may be related to an edict issued Sept. 7 by the leader of Al Qaeda in Iraq, Abu Hamza al-Muhajir. He called for all Sunnis "to kill at least one American within the next 15 days by sniper, or bomb or suicidal operation as the battlefield requires." After a decline in recent months, there's been a serious increase in the terrorists' most effective weapon, suicide car bombings, especially in Baghdad. Rubaie said the greatest utility of the barrier will be "controlling the cars and material coming in to make the entry of these VBIEDs difficult." VBIED stands for Vehicle-Borne Improvised Explosive Device, the U.S. military's acronym for car bombs. "We believe most of the VBIEDs have been manufactured in the suburbs of Baghdad."

Reports of the barrier have been greeted skeptically in Baghdad, partly because of the government's initial denials. “They’re trying to change Baghdad into a big Green Zone,” said Saleh Matleq, the head of the moderate Sunni-dominated National Consensus Front. “But the violence isn’t only from outside Baghdad, it’s inside as well.” And Muslim Scholars spokesman Abdul Salam al-Qubeisi, a hard-line Sunni, scoffed that "it may turn out to be a prison for the government troops, and a good benefit for the resistance. Meantime, it's just a big operation to steal Iraqi money."

Whether it helps the government control the Sunni-based insurgency and affiliated terrorist groups like Al Qaeda, the Baghdad berm isn't likely to address the city's biggest problem: its rampaging death squads. While recent figures are hard to get due to controversies around their release, murders in Baghdad were averaging 60 a day as of last month, and most observers believe the trend has continued or worsened this month. "This past week," Caldwell said Wednesday, "there was a spike in execution-style murders in Baghdad ... We believe death squads and other illegal armed groups are responsible for this type of violence." Most of the victims are found bound and shot execution style, often after torture. While there are both Sunnis and Shia death squads, the Shia ones are far more numerous, and often operate without interference from the Shia-dominated police—or even sometimes in concert with them. For the most part, death squads operate in city neighborhoods, so are unlikely to be affected by a citywide barrier.

The idea of a barrier around Baghdad, nonetheless, is a venerable one, Rubaie said. Much of the construction for it had in fact already been completed long before Iraqi officials came up with the idea. "It was there in the old regime, it was used by Saddam," he said. "We've never used it until now." Pictures of the project aren’t readily available because photographers risk being shot if they take pictures near Baghdad defense-construction crews. But there were signs Friday that parts of it were already in place, with huge checkpoints set up and searching every car on highways leading into the city from the southern outskirts of Yusufiyah and Mahmudiya, insurgent troublespots. The result was monumental traffic jams—something neither Saddam, nor his medieval counterparts, had to worry about.

Secrets In The Mountains Of Afghanistan (LAT)

DOJ_NMG_0068043

By Kevin Sack And Craig Pyes

The Los Angeles Times, September 23, 2006

The concealed deaths of two detainees at Gardez paints a troubling picture of abuse by U.S. Special Forces units there.

First of two parts

GARDEZ, Afghanistan — After completing their deployment to this remote firebase, the Green Berets of ODA 2021 left for home covered in glory.

The 10-member Special Forces team, part of the Alabama National Guard, returned to their families in the spring of 2003 with tales to tell of frenzied firefights and narrow escapes.

Its commander had nominated each of his men — as well as himself — for medals for valor. The team's performance was heralded as evidence that the Guard could play as equals with the regular Army in the war on terrorism.

But the team also had come home with secrets.

Apparently unknown to Army officials, two detainees had died in the team's custody in separate incidents during the unit's final month in eastern Afghanistan. Several other detainees allege that they were badly beaten or tortured while held at the base in Gardez.

One victim, an unarmed peasant, was shot to death while being held for questioning after a fierce firefight. The other, an 18-year-old Afghan army recruit, died after being interrogated at the firebase. Descriptions of his injuries were consistent with severe beatings and other abuse.

A member of the Special Forces team told The Times his unit held a meeting after the teen's death to coordinate their stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, insisting on anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange.... Nobody wants to get anybody in trouble. Just sit back, and hope it will go away."

What distinguishes these two fatalities from scores of other questionable deaths in U.S. custody is that they were successfully concealed — not just from the American public but from the military's chain of command and legal authorities.

The deaths came to light only after an investigation by The Times and a nonprofit educational organization, the Crimes of War Project, led the Army to open criminal inquiries on the incidents. Two years later, the cases remain under investigation and no charges have been filed.

The Times has since reviewed thousands of pages of internal military records showing that prisoner abuse by Special Forces units was more common in Afghanistan than previously acknowledged.

More than a year before the Abu Ghraib prison abuse scandal broke in Iraq, top officers worried that harsh treatment and excessive detentions could lead to criminal prosecutions.

In one November 2002 correspondence, a high-ranking Special Operations official said military police were detecting "an extremely high level of physical abuse" of detainees transferred from Special Forces field bases to a prison in Bagram.

An operations officer with the Combined Joint Special Operations Task Force, the command supervising Special Forces teams in Afghanistan, complained in a memo that prisoners were being held for so long without charges that it "may be implied as kidnapping, a federal crime."

Early in 2003, the chief Special Forces intelligence officer in Afghanistan warned in a note to the task force commander, Col. James G. "Greg" Champion, and his top aides: "As you are all aware, alleged assaults and kidnapping [have] been occurring for quite some time. Again, I want to emphasize, this is not isolated."

The same officer reported another improper detention less than two weeks later, notifying Champion's staff in a memo that reflected his exasperation. "Today is Day 5 of this hostage crisis," wrote the intelligence officer, Maj. David Davis. He said that such unauthorized detentions amounted to "criminal conduct in my book."

There also were early warnings from outside sources about prisoner mistreatment.

In a series of meetings that began in late 2002, officials with the International Committee of the Red Cross told top U.S. commanders in Afghanistan that they had fielded a rash of detainee abuse reports involving at least five Special Forces firebases, according to previously undisclosed military documents.

The Red Cross representatives protested that the bases had, in effect, become short-term detention centers, without adequately trained personnel or effective monitoring, said several U.S. officials with knowledge of the meetings.

Most of the bases singled out by the agency were under the control of National Guardsmen with the Alabama-based 20th Special Forces Group. The compound at Gardez, then occupied by ODA 2021, was portrayed as one of the worst. Detainees there alleged they were beaten, kicked, doused with cold water and deprived of sleep for days at a time.

The Army declined to comment on the cases involving ODA 2021 or more generally on allegations of detainee abuse.

Special Forces firebases in Afghanistan — often the first stop in a detainee's journey to a holding facility and possibly on to the prison at Guantanamo Bay — operated largely beyond the reach of human rights monitors, journalists and, at times, the military chain of command.

Because of their clandestine nature, Special Forces operations have been a concern to some in Congress and the State Department who worry that human rights violations could be occurring under a cloak of secrecy.

The handling of detainees in Afghanistan became a murky area after President Bush declared early in the war, launched in October 2001, that the Geneva Convention would not be applied to Al Qaeda, and Taliban captives would not be treated as prisoners of war. Instead, detainees were to be treated "humanely," according to a February 2002 White House directive.

The internal military records show that although senior U.S. commanders in Afghanistan issued warnings and distributed rules consistent with the Army field manual and Geneva Convention, those procedures were routinely ignored.

"You have so much freedom and authority over there," one member of ODA 2021 said. "It kind of makes you feel like God when you're out there in cowboy and Indian country."

The documents also show that in 2003 the leadership of ODA 2021 was repeatedly criticized by its superiors. One 20th Group officer said the Gardez ODA (for Operational Detachment Alpha) was "the most troubled" field team among nearly a dozen in Afghanistan. Another senior officer expressed concern in a note that the team was gaining a reputation as "a rogue unit."

That a small Special Forces detachment could be tied to two detainee deaths and two apparent cover-ups in less than two weeks reflected an almost perfect confluence of circumstances. They included the personality of the team, the unaccountability of its leadership, the evolution of U.S. policy on detentions, the failure of United Nations officials to report abuses, and the complicity of Afghan officials.

The story of the team's deployment, like the five-year American campaign in Afghanistan itself, is a tale of high-stakes but often conflicting goals. For the men of ODA 2021, it would be a place and time in which questionable deaths and unquestionable daring were all part of the same mission.

Hotel Gardez

The shooting war was supposedly over when about 300 National Guardsmen of the 20th Group's 1st Battalion arrived in Afghanistan nine months after U.S.-led coalition forces' December 2001 ouster of the Taliban regime. Nonetheless, it was a dangerous and chaotic time.

Al Qaeda and the Taliban were in flight, but not vanquished. The new government was trying to stand up, but it was still wobbly. And, much like today, the U.S. military struggled to balance the sometimes incompatible missions of combat and reconstruction.

As this latest rotation of U.S. Special Forces hit the ground, much of the countryside remained beyond the control of the newly installed government of interim President Hamid Karzai.

It would fall to Special Forces teams such as ODA 2021 to root out Al Qaeda and Taliban stragglers and unearth caches of weapons. In Paktia, the province that includes Gardez, the task was complicated by byzantine local politics.

Tribal warlords and bandits had skirmished for centuries over the inhospitable terrain along the porous border with Pakistan. They had only been emboldened by the power vacuums and shifting alliances created after the U.S.-led invasion.

As in centuries past, power and wealth in the region flowed to those who controlled the trade routes. In 2002, that meant controlling 17 longtime checkpoints along about 50 miles of dusty mountain road between the provincial capitals of Khowst and Gardez. Both of the detainee deaths linked to ODA 2021 came as a consequence of efforts to pacify that perilous route.

For the Americans, securing the checkpoints would help them detect militants' movements and ensure the free passage of troops and supplies. For the warlords, who were regularly accused of extorting cash or produce from truck drivers, the checkpoints afforded a means to pay and feed their militias.

The Green Berets were prepared to remove illegally operated checkpoints by force, but Pentagon planners regarded the problem as a local political dispute that should be handled by the Afghans. Besides, the U.S. military was under pressure to move from combat operations to a reconstruction phase aimed at winning hearts and minds.

The stakes could not have been higher for Col. Champion, commander of the 20th Special Forces Group. Not only was the Army counting on his National Guard troops to perform like active-duty professionals, but Champion also had been placed in charge of the Combined Joint Special Operations Task Force.

It was the first time since the Korean War that a National Guard unit held command over all U.S. Special Forces in wartime. If Champion succeeded, a general's star awaited his lapel.

The 20th, with about 1,600 members, is one of the Army's seven active Special Forces groups, and one of only two consisting of National Guard troops. ODA 2021 belonged to the 1st Battalion, based in Huntsville, Ala., and its 10 members came from five Southern states.

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Some were longtime friends and neighbors, like Sgt. 1st Class Dan L. Smith, a world-class judo competitor who ran a gym outside Nashville, and Sgt. 1st Class Scott Barkalow, a locomotive engineer. Though many of the Guardsmen had drilled together for years, most would be seeing their first combat.

The team leader, Capt. Michael M. May, 35, was a decorated Kentucky state trooper who had a cop's respect for procedure and the chain of command. A father of two, he was cautious and regarded the Special Forces as ambassadors who were helping the Afghans reclaim their country. Though some of his men were eager to round up bad guys, May focused on the team's broader mission of training Afghan troops.

"I'm going to be the one to write the letter to your kids if you get hurt or killed," he would tell his teammates.

Some clearly felt May was too passive, especially as conditions in the area deteriorated. They "wanted [us] to grab our guns and drive out the door and go do it," one team member recalled.

In Gardez, the dusty provincial capital nearly a mile and a half above sea level, the ODA settled into an adobe fort the size of a football field. They called it Hotel Gardez. It was surrounded by 25-foot mud walls and had an elevated latrine accessible only by ladder.

The region was endlessly brown, parched by drought. Being stationed there, one U.S. soldier said, was like "living in a gravel pit."

The fortress came under regular attack, most often by Taliban loyalists lobbing missiles from a pair of nearby hilltops. One day, a shell exploded in a cemetery behind the fort and the soldiers watched dogs fight over the bones of unearthed remains.

Army regulations at the base were relaxed. The Guardsmen wore bushy beards and civilian clothing, a look intended to ease their approach to locals. They also adorned the grill of a red Toyota truck with a James Brown doll, thrilling local children when, at the press of a button, it sang out: "Whoa! I feel good!"

The Warlord

From their earliest days in Gardez, the members of ODA 2021 bristled at being kept on a short leash. They were particularly eager to mount an offensive against their primary nemesis, a renegade warlord named Pacha Khan Zadran.

In an assessment sent to headquarters shortly after its arrival, the team's leaders labeled the warlord "a thug" and asked permission "to take a much stronger stance" against him.

Pacha Khan was an imposing figure. With heavy eyebrows, a thick dyed mustache and trademark bandolier, he resembled a Pashtun Pancho Villa.

As the leader of the Zadran tribe, he commanded 300 to 600 armed men and, with American backing, had helped fight the Taliban. He also controlled various checkpoints along the Khowst road.

CIA and Special Forces operatives who dealt with Pacha Khan (or PKZ, as they called him), described him as brutish, mercurial and unstable. "I thought he was a windbag and a bully and just out for the money," said one U.S. intelligence analyst.

But Pacha Khan's stature grew when he became one of the signatories to the December 2001 Bonn agreement that formed the transitional Afghan government. Karzai rewarded his support by naming him governor of Paktia, then rescinded the decision after Afghan military commanders in Gardez refused to cede power to the warlord.

Pacha Khan responded by furiously bombarding Gardez in the spring of 2002. American forces were caught in the middle of the rocket attacks and the policy confusion over how to deal with the warlord.

CIA operatives and Special Forces tacticians hatched a number of plans to capture and imprison him, but senior officials in Washington always resisted. The havoc he wrought was exactly the kind of intra-Afghan dispute that the Defense Department insisted should be dealt with by the Karzai government.

Denied its preferred option, the CIA tried intimidation. As Pacha Khan was leaving a confrontational meeting at the Gardez firebase, intelligence officials arranged for three jets to buzz the compound in a display of American might. The low-level flyover sent the warlord diving beneath his car, toppling his turban, according to a witness.

Then U.S. officials embraced a plan by Gen. Atiqullah Lodin, an Afghan military commander, to pay Pacha Khan's checkpoint commanders to defect to the government. Lodin said in an interview that the CIA put up the cash. Military correspondence shows that the agency contributed at least $100,000.

One who defected for dollars was the commander of the strategic Sato Kandaw checkpoint, Ahmad Naseer, who told The Times the CIA gave him $3,000 and a pickup truck. He said an agent photographed him accepting the payoff.

By November, however, ODA 2021 had begun receiving reports that the checkpoint shakedowns had resumed.

The team's patience was already wearing thin when, on the morning of Nov. 27, 2002, a unit convoy was ambushed while passing through a steep draw on the Khowst road. The soldiers had just picked up the 1st Battalion commander, Lt. Col. Steven W. Duff, who was headed to Gardez for a Thanksgiving visit despite warnings about security along the road.

"We told him if he wants to come see us, take a helicopter — don't come down the Khowst road," a team member recalled. But Duff insisted. As his red Toyota sped through the kill zone, a sniper round slammed through Duff's left thigh.

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Dan Smith and Sgt. 1st Class Jason Howard ran off the snipers, and Duff was evacuated by helicopter. Indebted to the team, he recommended Smith and Howard, the team's senior medic, for the Bronze Star.

The team took it personally that its battalion commander had been wounded while in its care. After Pacha Khan quickly emerged as the prime suspect, the ODA redoubled its efforts to have him listed as a high-value target.

But the warlord was considered "a pseudo political figure" -- untouchable unless they could tie him to the Taliban or Al Qaeda, according to an official of the Special Operations task force. If they could, he wrote, "the ballgame changes completely."

He concluded: "We do not want to get in the middle of Afghan politics, even if he is a shithead who deserves to spend a decade or two at Gitmo."

'Smear Campaign'

Five days after Duff was shot, a commando task force made an unexpected visit to the Gardez firebase in pursuit of a top-tier target believed to be in the area.

The complex mission called for ODA 2021 to join the operation, but no one had bothered to inform the team. The team's commander, Capt. May, refused to go along because of inadequate planning, according to several 20th Group officials and documents reviewed by The Times.

May's refusal infuriated the Delta Force officer in charge of the commando task force, the officials said. A month later, on his way out of the country, the officer delivered a four-page memo to Special Operations officials, in effect accusing May of cowardice and dereliction of duty.

At Champion's request, Duff looked into the accusations. Though he ultimately dismissed them as unfounded and "a smear campaign," he learned that many on May's team considered him a tentative leader, more focused on bringing his men home alive than on attacking the enemy. Duff reassigned May to the battalion's operations center in neighboring Uzbekistan.

Though Duff insisted that the transfer was unrelated to the criticism, May saw the reassignment as "a career-ending thing," said one 20th Group colleague. "Mike was stressed about this," the colleague said. He "was devastated."

In an interview, Duff said he had intended to transfer May anyway to season him for promotion. May, who referred requests for an interview to the 20th Group public affairs office, was in fact promoted to major and given a company command after returning to the U.S.

May's removal heartened those on the team who wanted to conduct more "posse operations" in the manner of the Army's Delta Force and the Navy's SEALs.

"This was an aggressive, door-kicking bunch," said one 20th Group official, "and Mike May was the control rod."

Bamian Mutiny

More than 100 miles to the northwest, in Bamian, another Green Beret team was having its own leadership problems. For many in ODA 2015, Chief Warrant Officer Kenneth C. Waller, their team commander, was too hungry for a fight and had a habit of planning risky missions without their input.

Waller was not a weekend warrior but a full-time National Guardsman. He worked at 20th Group headquarters in Birmingham and was perceived by many to be Col. Champion's "golden child." He declined to be interviewed for this article.

Late in November 2002, Waller's team discovered a large cache of weapons in the nearby Kahmard Valley. They linked it to a warlord suspected of supporting Al Qaeda leader Osama Bin Laden.

Waller carried the news directly to Champion's command, bypassing his 1st Battalion superiors. He argued for a full assault on the area, peppering his entreaties with reminders of 9/11 and imploring commanders to "think war."

His end runs, and his flamboyant prose, incensed Waller's superiors at headquarters. They were so annoyed by his tendency to act on his own that they marked his periodic sightings on a wall map, calling the exercise "Where's Waller?"

The team leader had trouble within his own ranks as well. The Bamian unit's senior noncommissioned officer, Master Sgt. Pasquale "Jim" Russo, sent a defiant note to battalion officials in December openly challenging Waller's proposal to raid an area that was thick with enemy fighters. "I can't think of many more principles of combat that we have not violated," Russo said of the plan.

The operation was temporarily scrubbed, redesigned and its planning assigned to a different team.

Not long after Russo's complaint, a sizable contingent of the 2015 team let battalion leaders know they preferred not to serve under Waller, several members said. It was an almost unthinkable act of mutiny.

After Maj. Tony Wheeler, a top 1st Battalion official, arrived in Bamian in early January to head the provincial reconstruction team there, he reported to Duff that the trust between Waller and his men had deteriorated beyond repair. "The team seems to see Ken as a loose canon [sic] who might get them killed for no reason," he wrote.

Duff relieved Waller of his command in Bamian and ordered him to Gardez as Capt. May's replacement. Champion signed off on the transfer. However, Duff acknowledged making the decision over the warnings of his own staff. His aides cautioned that

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Waller would be even less controllable in Gardez and that inserting him into the conflict with Pacha Khan might make things combustible.

"It was like throwing a match into gasoline," one Special Forces official said.

Chaotic Mission

Back in Gardez, ODA 2021 was between commanders on the night of Feb. 6, 2003, when the team set out on a "snatch mission." The plan was to swoop into the nearby village of Neknam and seize two men suspected of having ties to the Taliban.

The first was taken without incident. But before team members could grab the second, they came under intense fire that left two soldiers pinned against a wall. The team responded with small arms and hand grenades.

Because the leaderless team had failed to file proper operational plans, headquarters had no idea who was in command on the ground. To those monitoring radio communications from the scene, it appeared that U.S. forces might be attacking one another in the dark. That also made it unsafe to call in airstrikes to help end the battle.

Both suspects were finally captured, but almost immediately the team was blistered with high-level criticism.

"As you can imagine, this makes everyone in this unit look like amateurs and incompetent as well," Lt. Col. Robert E. Biller, a top Special Operations task force official, wrote to 20th Group counterparts. Biller characterized the chaotic mission as a "goatscrew."

Col. Champion promptly confined the team to its base. Then he and his staff set out to control the damage. Champion personally briefed Lt. Gen. Dan McNeill, commander of U.S.-led forces in Afghanistan. Champion's aides later reported he had succeeded in stressing the intelligence value of the captured detainees rather than the team's blunders.

"Things have died down," Maj. Jeff Pounding, a Special Operations task force official, wrote to subordinates in the 1st Battalion the following day. "We turned the emphasis of operation of a 'rogue team' to a 'time-sensitive PUC operation.' " PUC, or "person under U.S. control," was shorthand for detainee.

But the missteps continued. Two days after the raid, the team in Gardez transferred two detainees to the Bagram Collection Point, a U.S. holding facility. The detainees arrived "bagged," their mouths taped and hoods secured around their necks, according to military documents.

"As you well know," Pounding wrote to battalion officials, "this is a significant violation of the PUC handling procedures. Bagram detention facility may be doing an investigation."

Red Cross Warnings

There should have been little confusion over detainee policy among members of the 20th Special Forces Group. Champion had distributed the Army's guidelines when the 20th deployed to Afghanistan, and they had been reissued when reports of abuse first made their way to headquarters.

Only detainees found to meet Pentagon criteria for prolonged imprisonment, such as those with clear ties to Al Qaeda or the Taliban, were to be transferred to Bagram. Fearing that innocents might wind up at Guantanamo, Gen. McNeill had stressed to subordinates that he wanted terrorists, not truck drivers and farmers, said a civilian military advisor.

But it wasn't always easy for soldiers to tell the difference. Given the constant threat of ambush, their instinct often was to detain first and ask questions later. The Pentagon criteria provided plenty of latitude, allowing the detention of any suspects "who pose a threat" or "who may have intelligence value."

There was supposed to be a 96-hour limit on battlefield detentions. Sometimes prisoner transfers to Bagram were delayed because helicopters weren't available. But at other times, one 20th Group official said, Special Forces teams extended their prisoners' stays in hopes of extracting better intelligence.

State Department officials in Afghanistan said the teams seemed not to care that their door-kicking roundups and prolonged detentions might stoke local resentment even as the Army was trying to build bridges.

"They felt ... there was carte blanche to carry out actions and there would be little repercussion if they made tactical mistakes," said a State Department official who asked not to be named.

By the end of 2002, the Red Cross had relayed early complaints of prisoner mistreatment to top U.S. military officials in Afghanistan. On Jan. 10, 2003, officials of the organization met with Gen. McNeill's staff, describing the 20th Group's firebases as some of the worst offenders.

Two weeks after the Red Cross meeting in Afghanistan, Defense Secretary Donald H. Rumsfeld convened a working group in Washington to recommend whether the list of approved anti-terrorism interrogation methods should be expanded. McNeill asked his various intelligence-gathering units to assess the techniques that were in use in Afghanistan.

Despite the Red Cross allegations, the 1st Battalion's chief intelligence officer reported back that there were no problems. "I have not witnessed any abuse or maltreatment of PUCs," Capt. Steven D. Perry wrote. "When they detain a person, I have faith that it is for a very good reason."

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On Jan. 24, 2003, McNeill's command reported on its interrogation techniques in a memo to the Pentagon. The list conformed to the Army field manual's approved battlefield methods, but the memo also requested approval of "more aggressive, creative and flexible techniques."

The wish list included food deprivation for up to 24 hours, sensory overload through loud music and extreme temperature changes and the use of muzzled dogs to create "controlled fear." Some of the requested procedures might need to be assessed for compliance with Pentagon rules for humane treatment, the memo acknowledged.

However, according to the Red Cross, many of the more coercive techniques were already being used at some of the firebases.

Blood and Grudge

ODA 2021's new commander took charge in Gardez on Feb. 7 as recriminations were still flying from the "time-sensitive PUC operation" in Neknam. For a team chafing at the second-guessing of its missions, Ken Waller's arrival was a welcome relief.

"He wanted to be aggressive," said one team member. "We knew he had problems with his other team, but he fit right in with us."

Another team member said Waller quickly won respect. "He seemed very competent and certainly wasn't afraid in combat," he said. In mid-February, only 12 days after he had taken command, Waller and his team were returning from patrol along a road blanketed with 5 inches of snow. The red Toyota — the same truck Duff had been shot in — rumbled along in the middle of a five-vehicle convoy.

Staff Sgt. Mark "Marco" Deliz, a team engineer from Oneonta, Ala., tried to steer precisely through the tread marks carved by the two vehicles ahead. But his front right tire strayed a few inches and hit a land mine.

The explosion blew the truck 6 feet into the air, military reports said. Watching in horror from the vehicle behind, Waller could not imagine that anyone had survived.

With blood streaming down his face, Deliz stumbled out the driver's door, brushing the remains of a foot from his lap. It belonged to his teammate and passenger, Scott Barkalow, the 40-year-old intelligence sergeant from Burns, Tenn.

Deliz determined that Barkalow was still alive and gestured for someone to radio for a helicopter. Staff Sgt. Philip S. Abdow, a junior medic who had joined the team six weeks earlier, wrapped what remained of Barkalow's right leg.

After the unnerving incident, the medic accompanied Barkalow on his helicopter evacuation. Abdow reportedly acted so frantically during the flight, barking orders and cursing, that the copter crew later complained to Special Operations officials.

He was recalled to battalion headquarters for evaluation before being cleared to return to the field, according to a 20th Group officer familiar with the incident. Abdow did not respond to requests for an interview.

By several accounts, the attack had a profoundly sobering effect on the team. Before the explosion, members had merely been frustrated by political constraints on their activities. Now they shared Barkalow's loss — and some nursed an abiding grudge.

"You get mad when you see your buddies blown up," one team member said. "You stay pissed off about it."

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Next: Detained, then dead.

About this series

"Firebase Gardez" examines the deployment to Afghanistan of a decorated Alabama National Guard unit. It is the result of a yearlong investigation in the U.S. and Afghanistan by Times staff writer Kevin Sack and freelance investigative journalist Craig Pyes. It was written by Sack.

Pyes, a two-time Pulitzer Prize winner and frequent contributor to the newspaper, reported from Afghanistan jointly for The Times and the Crimes of War Project, a Washington-based nonprofit that describes itself as "a collaboration of journalists, lawyers and scholars dedicated to raising public awareness of the laws of war." In 2004, the group provided The Times with the first evidence of an unreported Afghan death in U.S. custody and joined with the newspaper to investigate further. That led to a military inquiry by the Army's Criminal Investigation Command that continues today.

The Times reviewed thousands of pages of internal military documents that include the period when a 10-member Special Forces combat team called ODA 2021 (for Operational Detachment Alpha) was assigned to the firebase at Gardez.

Every member of the team was contacted. Most declined to be interviewed or referred reporters to public affairs officers. The Army and all of its subordinate commands — the U.S. Central Command, U.S. Special Operations Command, Army Special Forces Command, 20th Special Forces Group and the Alabama National Guard — declined to comment.

Times researchers Nona Yates and Janet Lundblad contributed to these reports.

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UN Report Details Human Rights Violations In Iraq (MCT)

By Mark Brunswick

McClatchy Newspapers, September 23, 2006

BAGHDAD, Iraq - A new report on human rights violations in Iraq documents how devastatingly easy it is to die here - and how increasingly difficult it is to live.

The report, prepared by the United Nations Assistance Mission for Iraq, said a breakdown of law and order threatens the fabric of life. Militias, death squads, organized crime and people who are "taking the law into their own hands" are filling the vacuum left by a central government incapable of providing stability.

The report documented how perilous everyday life is in Iraq for lawyers, journalists, police recruits, travelers and street vendors.

Women are particularly vulnerable. Strict Islamic groups limit women's freedom of movement outside their homes and restrict their access to health care and education. In addition, there are reports of women facing threats and death when they're accused of damaging the honor of their families by having sex outside marriage or leaving home without permission.

In northern Iraq, for instance, "burning" was listed as the cause of death for half of the 112 women killed in Irbil and two-thirds of the 163 killed in Sulaimaniyah in the first six months of 2006. Several women's rights activists have told the United Nations that "fire accidents" often cover up "honor" crimes committed by the family.

During July and August, a record-high 6,599 people were killed in Iraq, including 5,106 in Baghdad, according to the report. Bodies showing up at the Baghdad morgue were missing teeth, skin and eyes and had burns from acid.

In an earlier report, at least 12 men were reported killed this year for being homosexuals. Extremist groups reportedly have said they would begin killing family members unless the men are turned over to them or killed.

Members of the Sabean-Mandean minority, whose religion combines Babylonian, pre-Islamic, Persian and Christian beliefs, are in danger of extinction in Iraq, where their history goes back thousands of years, because so many have been killed or forced to emigrate, the latest U.N. report said.

People taken hostage by gangs wearing police or Special Forces uniforms are being sold to other gangs. There are unconfirmed reports that many of those who have disappeared are being kept in illegal detention centers.

Many residents have reported receiving letters telling them to evacuate their homes, with instructions not to sell or rent the properties they'll leave behind. One man reported that he'd been beaten by members of a Sunni Muslim extremist group using electrical cables and iron bars to force him to tell his religious affiliation.

"The inability of state institutions to bring perpetrators of human rights violations to justice, and the resulting recourse of ordinary citizens to seek private retributive justice, risk polarizing Iraqi society to a previously unknown degree," the report said.

U.S. forces have made a crackdown on sectarian violence in Baghdad their priority in an operation with Iraqi forces called Operation Together Forward.

The U.S. general in charge of coalition forces in the city, Maj. Gen. James Thurman, said Friday that when the operation began in June, he asked the Iraqi Defense Ministry for a brigade, or about 3,000 troops. It so far has provided two battalions, or about 1,000 troops.

Thurman said the ministry was working on the problem and he expected he would get the additional troops within the next few weeks.

There are 15,000 U.S. troops in Baghdad and 54,000 Iraqi troops.

McClatchy correspondent Drew Brown contributed to this report from Washington.

In Iraq, A Journalist In Limbo (WP)

By Tom Curley

The Washington Post, September 23, 2006

Bilal Hussein, an Iraqi photographer who helped the Associated Press win a Pulitzer Prize last year, is now in his sixth month in a U.S. Army prison in Iraq. He doesn't understand why he's there, and neither do his AP colleagues.

The Army says it thinks Bilal has too many contacts among insurgents. He has taken pictures the Army thinks could have been made only with the connivance of insurgents. So Bilal himself must be one, too, or at least a sympathizer.

It is a measure of just how dangerous and disorienting Iraq has become that suspicions such as these are considered adequate grounds for locking up a man and throwing away the key.

After more than five months of trying to bring Bilal's case into the daylight, AP is now convinced the Army doesn't care whether Bilal is or isn't an insurgent. The Army doesn't have to care. Bilal is off the street, and the military says it doesn't consider itself accountable to any judicial authority that could question his guilt.

DOJ_NMG_0068050

But Bilal's incarceration delivers a further bonus. He is no longer free to circulate in his native Fallujah or in Ramadi, taking photographs that coalition commanders would prefer not to see published.

Anbar province is a hot zone in a hot country. Violence and lawlessness there have been a special problem for U.S. forces nearly since they arrived in Iraq, which means the flow of breaking news has been continuous, much of it bad.

U.S. journalists are severely limited in their ability to move safely, make themselves understood and develop sources in such areas. AP has learned to overcome those limitations, using techniques honed over decades of covering sectarian confrontation and bloodshed in the Middle East.

It has long been AP practice to hire and train local people in the agency's permanent international bureaus. Many become highly skilled career journalists who remain with the Associated Press for decades. Several are second-generation staffers. Their work has never been more important to the Associated Press and the global audience that relies on our reporting.

Without their access and insight into what is happening in their countries and communities, our understanding of the history being made there every day would be shallow and one-dimensional. It would also be far more vulnerable to control and spin by "official" sources.

Both official and unofficial parties on every side of a conflict try to discredit or silence news they don't like. That is certainly the case in Iraq, where journalists are routinely harassed, defamed, beaten and kidnapped. At last count, 80 had been killed.

Bilal Hussein is part of the latest generation of Associated Press hires in the Middle East. He was a shopkeeper in Fallujah, selling mobile phones and computers. Although he had a degree from the Baghdad Institute of Technology, it was the best opportunity available in the fractured Iraqi economy.

AP first hired him as a translator and driver. He proved smart and trustworthy, and was already comfortable with the phones, laptops and cameras that are tools of the journalist's trade. Within months, he was taking professional-quality pictures, including one of insurgents engaged with coalition forces that was part of AP's Pulitzer Prize-winning photography entry last year.

Bilal has shared the hardships of all Iraqis in disputed areas -- hardships that are worse for journalists, whose job is to get as close as they can to places where guns and bombs are being used. His home has been riddled with gunfire. His family has fled. At least once he had to ditch his camera equipment to run for his life.

He faces what may be greater dangers now. From prison, he has told his attorneys that he fears he is a marked man among the detainees, who now know he is a journalist working for a Western news service. Meanwhile, agents of the most powerful country on Earth have labeled him an enemy. They say they have evidence to satisfy themselves, and don't need to prove it to anyone else.

As the organization that handed Bilal the camera that helped put him where he is today, the Associated Press cannot turn its back on him. We cannot dismiss Bilal's insistence that he is not an insurgent solely on the strength of the unexamined suspicions offered by the U.S. military.

If Bilal has done something wrong, the Iraqi courts stand ready to try him. Iraqi authorities have asked more than once that he and other Iraqi citizens in prolonged U.S. military custody be turned over to them for due process. We ask the same.

The writer is president and chief executive of the Associated Press.

Army Corps Faked Budget Entries (LAT)

By T. Christian Miller

The Los Angeles Times, September 23, 2006

Funds for Iraq work, set to expire, were stashed. It's called improper, but not criminal.

WASHINGTON — The Army Corps of Engineers improperly created fake entries in government ledgers to maintain control over hundreds of millions of dollars in spending for the reconstruction of Iraq, according to a federal audit released Friday.

Corps officials listed $362 million in potential contracts for a nonexistent contractor labeled "Dummy Vendor" in a government database, an accounting trick to preserve funds due to expire at the end of this fiscal year, the audit said.

"They took this money and parked it to use later," said one senior U.S. official who requested anonymity because he was not authorized to elaborate on the audit.

"It's improper. It's wrong. This is not the way you do government business."

Corps officials acknowledged Friday that the technique was improper but said that there was no intent to deceive. They said that the entries were designed to ensure that the government had enough money on hand to pay contractors already at work in Iraq.

After being confronted with the audit's findings, corps officials changed the entries in the database to reflect that the money was being used to close down existing contracts in Iraq, the agency said.

"It wasn't the proper bookkeeping way to do this," said Suzanne Fournier, the corps' chief spokeswoman. "Apparently someone didn't understand that."

The audit by the Special Inspector General for the Reconstruction of Iraq is the latest to raise questions about accounting for the multibillion-dollar program, which has been plagued by accusations of waste, fraud and corruption.

At issue is $18 billion in funding approved by Congress in November 2003 to build new schools, power stations and sewage treatment plants in Iraq. At the time, Congress ordered that the funds be spent by Sept. 30.

Iraq's violence and continually shifting government priorities bogged down the pace of the rebuilding effort, leaving the corps with nearly $1 billion still to spend.

To prevent the money from reverting back to the Treasury, Corps officials in Iraq listed the "Dummy Vendor" as receiving 96 different contracts to build infrastructure for oil, electricity and other sectors, the audit said.

Such accounting trickery is not confined to Iraq.

The U.S. Special Operations Command, based in Tampa, Fla., was accused of "parking" $20 million in 2003, leading to language in this year's Defense Department budget to criminalize the practice.

That bill has yet to pass, and the inspector general for Iraq, Stuart Bowen, found no criminal wrongdoing involved in the corps' use of the dummy vendor. "We do not believe … there was any attempt to mislead on the true status" of the contracting process, the audit said. Bowen was in Iraq and unavailable for comment.

The audit marks the second time in recent months that a government agency has been charged with accounting improprieties.

The U.S. Agency for International Development was accused in June of resorting to accounting tricks in an effort to hide the spiraling costs of a children's hospital in Iraq, a project that received special backing from First Lady Laura Bush.

San Francisco-based Bechtel, the chief contractor, was removed from the project after the inspector general determined that the cost to finish the hospital had soared from $50 million to almost $170 million.

U.S. officials now hope to have an Iraqi company finish the work.

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Judge Dismisses Halliburton Suit (WP)

By Griff Witte

The Washington Post, September 23, 2006

A federal judge in Texas yesterday threw out a lawsuit against Halliburton Co. that had been brought by survivors and the families of those killed when a fuel convoy was assaulted by insurgents outside Baghdad in April 2004.

The suit had claimed Halliburton bore responsibility because the company knew the proposed route was the scene of a pitched battle but decided to send the drivers anyway. U.S. District Judge Gray H. Miller ruled that the Army had played a key role in sending the convoy and that it was not his place to second-guess that decision.

"The contracts show that the Army, not the defendants, was responsible for the security of the convoys," he wrote.

Miller, appointed by President Bush, added that the court "cannot try a case set on a battlefield during war-time without an impermissible intrusion into powers expressly granted to the Executive by the Constitution."

T. Scott Allen Jr., who represented the plaintiffs in the case, said that logic gives Halliburton carte blanche in Iraq, where it has been the United States' largest contractor.

"We disagree with the court's decision and intend to appeal," Allen said. "The way I read this decision, anything Halliburton does in Iraq is not subject to oversight or review."

Sen. Byron L. Dorgan (D-N.D.), who held a Democratic Policy Committee hearing on the truck drivers' claims on Monday, said he had similar concerns. "This appears to give very broad immunity to the contractor," Dorgan said. "That's an unfortunate result from the standpoint of the rights you would expect an American citizen to have. It's very troubling."

Halliburton denied wrongdoing in the case, and it had argued it could not be sued because it was operating under orders from the Army. The company issued a statement yesterday pointing to language in the ruling saying that the court could not hear the case because it "would have to substitute its judgment for that of the Army."

Since the war began, Halliburton has been the target of frequent criticism by Democrats, who feel the company benefited unfairly from its connections to the Bush administration. Much of that criticism has focused on charges that the firm, which was once run by Vice President Cheney, has earned lucrative profits in Iraq at the expense of taxpayers and soldiers.

The truck drivers' case was among the first to raise the question of whether Halliburton and its subsidiary KBR Inc. are doing enough to protect employees. KBR and its subcontractors have lost 91 employees to violence in Iraq, Afghanistan and Kuwait.

This case revolved around an incident on April 9, 2004, when insurgents attacked a KBR fuel convoy, killing seven civilians and injuring at least seven more. Drivers who survived the attack, as well as other former Halliburton employees, later said the company should have known the convoy would face extreme danger because of intense fighting along the convoy route over the

previous two days. Sean A. Larvenz, who was in a different Halliburton convoy that day, said he had warned his bosses about the fighting but that they sent the doomed convoy anyway.

"As long as trucks rolled," he told senators this week, "they got paid."

Afghanistan: Successes And Setbacks 5 Years Later (WSJ)

The Wall Street Journal, September 23, 2006

The Taliban: From 2002 to 2005, Taliban activity was relatively low. But in recent months Taliban and other insurgents have stepped up attacks, targeting U.S. and NATO troops and deploying new tactics. Last year, there were about 15 suicide attacks, compared with four in 2004, according to the State Department.

Public support for the Taliban appears low. Last year, 8% of Afghans said they had a favorable opinion of the Taliban, down from 13% the year before, according to Charney Research, New York.

Opium: Since the fall of the Taliban, annual opium production has reached record levels. This year more than 400,000 acres of Afghan land have been cultivated for opium poppy, up from 20,000 acres in 2001, according to the U.N.

While the government recognizes poppy production as a problem, it has been unwilling to unleash a campaign to eradicate the fields lest it go to war with the estimated 2.9 million people -- 12.6% of the population -- involved in opium cultivation.

--Lauren Ette

* * *

FACTS

About 5.2 million Afghan children -- half the total number -- attend school, up from 800,000 in 2001. Of those, about 525,000 are girls, up from nearly zero in 2001.

Opium sales are expected to generate about $3 billion this year -- equivalent to about 35% of Afghanistan's GDP. This year a record 6,100 tons of opium have been produced -- 92% of world supply. That's up from 4,100 last year.

Afghanistan is one of the world's most heavily mined countries. It has as many as seven million mines. In 2004, there were 878 deaths from land mines, second behind Cambodia, according to Landmine Monitor.

Al Qaeda and Taliban in Afghanistan have been known to hide in a network of caves -- some up to 100 feet deep. Most were dug during the Soviet invasion in the 1980s.

More than 3,400 Iranian law-enforcement officers have died in clashes with armed drug traffickers along the Afghanistan-Iran border over the past 20 years, according to the U.S. State Department. Iran spends as much as $800 million every year on drug interdiction.

Afghanistan's military expenditures amount to about 12% of its GDP, according to the World Bank. Pakistan and the U.S. both spend about 4% of their GDP on the military. There are about 33,000 soldiers in the Afghan National Army, compared with about 619,000 in the Pakistan army.

* * *

POINTS OF VIEW

"Over the past year, our efforts to build Afghanistan into a stable, prosperous and democratic polity have encountered setbacks. We have seen terrorism rebounding as terrorists have infiltrated our borders to step up their murderous campaign against our people."

-- Afghan President Hamid Karzai, addressing the U.N.

"If Afghanistan does not complete its democratic evolution and become a stable state, it's going to come back to haunt us."

--Secretary of State Condoleezza Rice

"It is clear that some of the terrorists, the spoilers think they can win in the south. They are wrong. Because they cannot win, they will not win."

--NATO Secretary General Jaap de Hoop Scheffer

"I don't see a danger of NATO or the U.S. losing control entirely, but it's clear we're in for a prolonged struggle against the Taliban. If we're not ready for that, it's going to be a problem."

--David Bosco, the Carnegie Endowment for International Peace

* * *

BY THE NUMBERS

19 Laborers Killed In Border Area (WP/AP)

The Washington Post, September 23, 2006

KABUL, Afghanistan, Sept. 22 -- Insurgents ambushed a bus carrying construction workers in the country's volatile south Friday, killing 19 of the laborers, and Afghan and NATO forces said they killed 35 Taliban guerrillas in two firefights.

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The attack on the bus in Kandahar province began when a roadside bomb exploded near the vehicle, said Zemeri Bashary, the Interior Ministry spokesman. Some laborers may have been killed by the bomb, while others were shot by gunmen who subsequently opened fire, he said.

The attack occurred in Shorabak district, a remote area of Kandahar province that borders Pakistan about 110 miles south of Kandahar city. Southern Afghanistan has experienced a surge of violence this year, fueled by a resurgent Taliban and a growing drug trade.

In neighboring Uruzgan province, police officers killed 25 Taliban fighters in a battle in Chorah district, about 200 miles southwest of Kabul, according to the provincial police chief, Gen. Kasam Khan. One policeman was killed.

NATO forces and Afghan police officers also fought Taliban insurgents in nearby Helmand province, killing 10 of them, NATO said. One Afghan policeman was killed, said Ghulam Rasool, the Garmser district police chief.

Karzai Makes Appeal To Canadian Public (WP)

By Doug Struck

The Washington Post, September 23, 2006

TORONTO, Sept. 22 -- Afghan President Hamid Karzai made a forceful argument Friday for keeping Canadian troops in his country, appealing to a Canadian public wavering over growing casualties and the rise in fighting there.

Speaking to a joint session of Parliament in Ottawa, Karzai repeated his call to take the fight to the border areas of Pakistan, where he said Taliban leaders have received money, assistance and shelter since being ousted from power in Afghanistan after the attacks of Sept. 11, 2001.

"Unless we go to the roots of terrorism, to where they are trained, where they are equipped, where they get inspiration, the world will not be a safer place for all of us, Afghanistan nor any other country," he said.

Canada's 2,200 troops have taken the lead among NATO forces fighting the Taliban in southern Afghanistan. Thirty-six Canadian soldiers have been killed, and public support for Canada's role has dropped steadily. The public was stunned this week by the deaths of four soldiers targeted by a suicide bomber as they gave candy to children.

"There's a real, growing sense of futility and hopelessness that our best efforts in Afghanistan may not produce a positive result," said Frank Graves, president of EKOS Research in Ottawa. "Canadians are very gloomy about the mission."

More Canadians now oppose their country's military involvement there than support it, according to a poll conducted by EKOS for the Toronto Star. Five years ago, 62 percent of Canadians supported the mission. By last week, that figure had dropped to 38 percent in favor and 49 percent opposed, according to EKOS.

Karzai met on Friday with families of soldiers, and he repeatedly thanked Canadians for their help.

"They have sacrificed so we in Afghanistan may have security, and they have sacrificed to ensure the continued safety of their fellow Canadians from terrorism," he said of the fallen soldiers.

"The tragedy of September 11 showed in a terrible way the flaws of the argument against helping Afghanistan," he said. "It showed that the cost of ignoring Afghanistan was far higher than the cost of helping it."

Opponents of the military mission say that the Canadian people had expected a peacekeeping role in Afghanistan for their troops, who now find themselves in direct warfare for the first time since the Korean War.

"Something is fundamentally wrong with this mission," Jack Layton, head of the opposition New Democratic Party, said in an interview from Ottawa. "The path we are on right now does not seem to be working and does not seem to have any particular end in sight."

Layton's party has called for a withdrawal of Canadian troops by the end of February. Other opposition parties in Canada have demanded that the minority government of Prime Minister Stephen Harper devote less effort to the war and more to rebuilding Afghanistan.

Harper is not backing down. He said Friday that Canadian troops must honor a commitment to stay until at least 2009, and perhaps longer. "We never will leave until the work is done," Harper told a rally of supporters on Parliament Hill. He spent much of his maiden speech to the U.N. General Assembly on Thursday appealing for more help in the fight against the Afghan insurgents.

"The success of this mission is vital to the health and future of this organization," he said in New York. "This is the United Nations' strongest mission and therefore our greatest test. Our collective will and credibility are being judged."

Despite appeals by the United Nations and top NATO commanders for additional forces, other NATO countries have been slow to pledge help for the effort.

Afghan Girls, Back In The Shadows (WP)

By Pamela Constable

DOJ_NMG_0068054

The Washington Post, September 23, 2006

SHEIKHABAD, Afghanistan -- In a small, sunlit parlor last week, 20 little girls seated on rush mats sketched a flower drawn on the blackboard. In a darker interior room, 15 slightly older girls memorized passages from the Koran, reciting aloud. Upstairs was a class of teenage girls, hidden from public view.

The location of the mud-walled home school is semi-secret. Its students include five girls who once attended another home school nearby that was torched three months ago. The very existence of home-based classes is a direct challenge to anti-government insurgents who have attacked dozens of schools across Afghanistan in the past year, especially those that teach girls.

"We are scared. All the home schools are scared. If I even hear a dog bark, I don't open the gate. I go up on the roof to see who is there," said Mohammed Sulieman, 49, who operates home schools for girls in several villages in the Sheikhabad district of Wardak province.

Children's education was once touted as an exceptional success in this struggling new democracy. Within two years of the 2001 overthrow of the Taliban, an extremist Islamic movement that banned girls' education and emphasized Islamic studies for boys, officials boasted that 5.1 million children of both sexes were enrolled in public schools. These included hundreds of village tent-schools erected by UNICEF.

Now that positive tide has come to a halt in several provinces where Taliban insurgents are aggressively battling NATO and U.S. troops, and has slowed dramatically in many other parts of the country. President Hamid Karzai told audiences in New York this week that about 200,000 Afghan children had been forced out of school this year by threats and physical attacks.

According to UNICEF, 106 attacks or threats against schools occurred from January to August, with incidents in 31 Afghan provinces. They included one missile attack, 11 explosions, 50 burnings and 37 threats. In the four southern provinces under serious assault by Taliban forces, UNICEF said, nearly half of the 748 schools have stopped operating.

"With all that the children of Afghanistan have gone through, to expose them to this kind of violence is appalling," Bernt Aasen, the UNICEF representative here, said in a recent statement. He warned that the country's progress in education could be reversed, adding that the attacks "undermine the very fabric of the future of Afghan society."

In the southern province of Kandahar, all schools are now closed in five districts. Attackers have thrown hand grenades through school windows and threatened to throw acid on girls who attend school. In neighboring Helmand province, a high school principal was beheaded, a teacher was killed by gunmen on motorbikes, and half a dozen schools were burned by arsonists. Three districts in the province have closed all their schools.

During the 1990s, a decade of civil conflict and religious repression, education stagnated across Afghanistan. Many teachers fled the country, and many middle-class families educated their children abroad. For those who remained behind, especially in rural areas, public education became virtually inaccessible, especially for girls. In some areas, female literacy fell to less than 1 percent.

Today, most Afghans appear eager to make up for lost time. Their thirst for knowledge is strong, although public education remains controversial for girls in many rural areas, especially once they reach puberty and are barred by custom from mixing socially with boys. In northern provinces, where the Taliban threat is minimal and tribal customs tend to be more modern, many communities have welcomed foreign offers to build schools for girls.

One such community is the tiny village of Mollai in Parwan province, a lush but impoverished region of rushing streams and green, terraced fields. This summer, the U.S. Army built an eight-room elementary school for 300 girls in Mollai -- the first ever in the area. During a recent visit by a reporter to the third-grade class, every student in the room said she was the first girl in her family to attend public school.

"There are still a few parents who don't want their daughters to come, but we keep talking to them until we satisfy them," said the teacher, Mahmad Agul, 25. "We lack everything here -- paved roads, electrical power, deep wells, clinics. But this school was our highest priority."

Gul Khanum, 11, said her parents were farmers who could not read, but that she hoped one day to become a doctor. Nazia, 10, stood to recite in Pashto a poem about nature, speaking nervously but without a hitch. Afterward, she said she had learned to read at home but had not attended school before.

"Before, we were just sitting in the dust," she said. "Now we have desks and chairs and a roof. This is much better."

In the remote and rugged northwest provinces, the international nonprofit agency Save the Children has been working closely with education officials to promote schooling for girls. Its field workers sponsor mobile lending libraries and meet with parents to talk about the benefits of having girls stay in school, delay marriage and produce fewer children.

"Every kid in Afghanistan has been affected by conflict, but you still have to try and educate them. It can't just stop," said Leslie Wilson, who directs the Afghan office of Save the Children. In Sar-e Pol province, she said, there are three times more girls in school than there were three years ago. "It's still a drop in the bucket, but it's progress," she said.

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Where public schools are either too distant or too dangerous for girls to attend, hundreds of communities have turned to private home schools, many of them sponsored by the nonprofit Swedish Committee for Afghanistan. During the Taliban era, the committee operated inconspicuous home schools in many provinces. With the revival of the Taliban threat, they are again becoming an important alternative.

In the central province of Wardak, the main highway was crowded last week with boys on bicycles traveling back and forth to a large high school. But school officials said not even they were safe from attack now. In one village hidden among the brown, rocky hills, the only boys' school was heavily damaged by a bomb six months ago, and teachers said some students had stopped attending.

"It happened at three in the morning," said Syed Hassan, 46, a math teacher. "When we came running, the windows were all shattered and the pages of books were scattered on the ground, even our holy Korans.

"If our people do not get educated, it will be a disaster for our country," he added. "We see how far ahead other countries are getting, and we are just falling farther behind."

To keep girls in class, many villages in Wardak have opened home schools, but despite security precautions, some of them have come under attack. Sulieman, who is also the headmaster of a boys' high school, took a journalist to visit several home schools where girls were studying Pashto, Islamic subjects, art and math.

In one village, a three-room home school was crammed with students, but another had recently closed after being attacked by arsonists. Officials said five girls had switched to the first school but the others had stopped attending altogether.

Sulieman said the arson was not necessarily the work of insurgents, noting that there are intense rivalries for contracts to run home schools now and that sometimes "personal enmities" lead to violence.

But he said the Taliban threat also existed and that he had used various strategies to keep his home school safe.

"Once I was walking late in my village, when three Taliban came along and warned me to stop educating girls," he said. "I told them the Koran says girls should be educated as well as boys, and that my school was teaching young girls to memorize the Koran and pray five times a day. They seemed convinced, and went on their way."

Operation Medusa (WSJ)

The Wall Street Journal, September 23, 2006

In the war on terror, few battles are as clear and decisive as the one fought these last few weeks in southern Afghanistan. Six thousand Canadian, British, American and other NATO troops trounced resurgent Taliban fighters who dared to fight in the open. "Operation Medusa" dislodged insurgents from trenches and tunnels near Kandahar, killing a thousand or more.

The intensity of the fighting surprised some NATO allies, who this summer took over the lead in southern Afghanistan from the U.S. More tests are to come. The insurgents will surely regroup, shun direct engagements with Western troops and resort to the ad hoc terrorism perfected in Iraq. To adapt NATO's nomenclature, the Medusa was injured but the snakes are very much alive.

The battle in the south is not a sign, as some would have it, that Afghanistan has been lost. With U.S. forces tracking al Qaeda along the border with Pakistan and the Kabul government slow to assert itself, a security and political vacuum emerged in that region. In stepped drug lords, former Taliban fighters and tribal chiefs who have little in common except a large stake in continued instability.

Narcotics money and lax Pakistani border control let the Taliban rearm and recruit new fighters. Some schools for girls, a great achievement in post-Taliban Afghanistan, were forced to close. Local chiefs backed the Taliban, while a population who had high expectations for the future turned against Kabul and the West.

In response, NATO this summer doubled the number of troops in country -- to 20,000 -- and moved in. Their first task was to reclaim the ground. In tribal societies, local people want to know who's going to win before choosing sides. Many Afghans questioned NATO's stomach for the fight. The conclusion of Medusa goes a way to ease those doubts.

Afghanistan will take patience and commitment, neither of which is abundant in Western capitals. Yet one feels compelled to counter prevailing fatalism and state the obvious: This is a success story. After 30 years of war that sent Afghanistan back to the Middle Ages, most of the country is now at peace. President Hamid Karzai is widely popular and the government democratically elected. More than four million people forced from their homes by war are back since the U.S. toppled the Taliban in late 2001. The economy grew 14% in 2005. Six million children are in school and 50 independent parties are registered.

These achievements are real, but not irreversible. The troubles in the south highlight the threat to the authority of the central government from rising narco-terrorism. Local mob bosses and warlords want to control chunks of the country, seeing Pakistan's unruly tribal regions as a model. In league with the drug mafia, which wants Kabul out of their way, a small number of people with money can buy a lot of trouble. Marine General James Jones, NATO's supreme allied commander, estimates the number of core Taliban fighters at up to 4,000. But many of those killed in the last weeks were bodies for hire.

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The booming drug trade, notes General Jones, is "at the core of everything that can go wrong in Afghanistan." It's hard to argue with his analysis. Half the country's national wealth is estimated to come from drugs; nine-tenths, and rising, of the world's illegal opium supply originates in Afghanistan. Any sensible response would begin with better-paid police deployed in higher numbers in the hinterlands, backed up by less-corrupt local government directly answerable to Kabul. Past experience in Latin America suggests that any crackdown, aided by foreign troops in country, is better focused on drug kingpins rather than poor subsistence farmers.

Changes come slowly in a country this big and backward. "The situation is not lost by any means," Ashraf Ghani, former finance minister and a candidate to become U.N. Secretary-General, told us yesterday. "But it requires a commitment of five to 15 years" -- which seems like an eternity to Western politicians focused on the next election. Bear in mind that the nation-building project in Bosnia is about to enter its 12th year. The world spends $679 a year per Bosnian, versus $57 in Afghanistan -- a bargain.

* * *

This month's southern campaign was the first extended ground battle in NATO's 57 years. The 1999 Kosovo war was limited to the air; even then the alliance barely held together. Afghanistan is sure to be harder. Canada has already lost 28 soldiers this year. As Internet and TV consumers, al Qaeda and the Taliban know our weak spots: Their attacks are intended to sour publics and force democratic politicians to bring the troops home.

The Canadians, Danes and British aren't budging, but some others are spooked. With the battle raging in the south, Germany and France refused to allow their troops stationed elsewhere in Afghanistan to lend a hand. In response, General Jones made a remarkable plea for 2,500 reinforcements and equipment.

More troops are on the way, thanks to contributions from recent NATO members Poland and Romania. Skimpy European defense budgets make it harder to find the 18 helicopters and three C-130 transport planes the general wants. Afghans of all stripes will be watching next week's NATO defense ministers' meeting in Slovenia, which will formally take up this request, for signs of the Alliance's staying power. More than Afghanistan's future is on the line. So is the credibility of the world's oldest political-military bloc.

Rumsfeld Favors A New Africa Command (AFP)

AFP, September 23, 2006

US Defense Secretary Donald Rumsfeld said he favors setting up a separate command to oversee US military operations and relations in Africa.

"Pete and I are for it," Rumsfeld said, referring to General Peter Pace, the chairman of the Joint Chiefs of Staff.

"We've been pushing and pushing for six months and trying to get the system to come up with the details as to how it would be done," he said.

One key decision that is yet to be made is whether the command would be on par with other combatant commands for Europe, the Middle East, Asia Pacific, Latin America and North America.

Pace, who joined Rumsfeld at a meeting with Pentagon employees, said another alternative was to set it up under the US European Command, which currently has responsibility for most of Africa as well as Europe.

The US military has given greater attention to Africa in recent years amid concerns that extremist groups are seeking to exploit areas outside governments' control.

More War Veterans Suffering From Stress (AP)

By Lolita C. Baldor, Associated Press

AP, September 23, 2006

WASHINGTON -- More than one-third of Iraq and Afghanistan veterans seeking medical treatment from the Veterans Health Administration report symptoms of stress or other mental disorders -- a tenfold increase in the last 18 months, according to an agency study.

The dramatic jump in cases -- coming as more troops face multiple tours in Iraq and Afghanistan -- has triggered concern among some veterans groups that the agency may not be able to meet the demand. They say veterans have had to deal with long waits for doctor appointments, staffing shortages and lack of equipment at medical centers run by the Veterans Affairs Department.

Contributing to the higher levels of stress are the long and often repeated tours in Iraq and Afghanistan. In Iraq, troops also face unpredictable daily attacks and roadside bombings as they battle the stubborn insurgency.

DOJ_NMG_0068057

Veterans and Defense Department officials said the increase in soldiers complaining of stress or mental disorder symptoms also may suggest that efforts to reduce the stigma of such problems are working and that commanders and medical personnel are more adept at recognizing symptoms.

"It's definitely better than it was in past generations," said Paul Rieckhoff, executive director of the Iraq and Afghanistan Veterans of America.

Veterans Affairs officials say they have increased funding for mental health services, have hired at least 100 more counselors and are not overwhelmed by the rising demands.

"We're not aware that people are having trouble getting services from us in any consistent way or pattern around the country," said Dr. Michael Kussman, acting undersecretary for health and top doctor at the VA.

Nearly 64,000 of the more than 184,000 Iraq and Afghanistan war veterans who have sought VA health care were diagnosed with potential symptoms of post-traumatic stress, drug abuse or other mental disorders as of the end of June, according to the latest report by the Veterans Health Administration.

Of those, close to 30,000 had possible post-traumatic stress disorder, said the report.

The Government Accountability Office reported in February 2005 that just 6,400 Iraq and Afghanistan veterans had been treated for stress disorders. The office is an investigative agency of Congress.

Kussman said the numbers of people reporting symptoms of stress probably represent a "gross overestimation" of those actually suffering from a mental health disorder. Most of the troops who return from Iraq have "normal reactions to abnormal situations," such as flashbacks or trouble sleeping, Kussman said.

He said the returning Iraq and Afghanistan veterans represent just 3.5 percent of the more than 5 million people seen by the VA each year.

The VA, he said, has targeted $300 million for post-traumatic stress disorders for 2005-06, and is seeking another $300 million for 2007.

VA facilities largely serve veterans who have ended their military service, but some National Guard and Reserve members returning from the war are using VA facilities because they are closer to their homes.

While veterans groups don't have data on the number of veterans encountering problems with the VA, they said veterans are reporting long delays for appointments at the agency's medical centers.

"If they're going to keep recruiting anywhere near where they need to be, they'd better take care of the young vets, because everyone is watching," Rieckhoff said.

One soldier in Virginia Beach, Va., said he was having a hard time sleeping after he returned from Iraq, and was told he'd have to wait two-and-a-half months for an appointment at the VA facility, said Rieckhoff.

Rieckhoff said the Buffalo, N.Y., veterans medical center gave his organization a "wish list" of needed supplies and other expenses, including wheelchairs, rehabilitation equipment and medical monitors.

"If the VA is going to see 30 percent of the 1.5 million U.S. service members who have deployed to the wars in Iraq and Afghanistan, the VA may expect a total of 450,000 veteran patients from these two wars," said Paul Sullivan, director of programs for the Vietnam Veterans of America Foundation. "This is a very ominous trend, indicating a tidal wave of new patients coming in, and the numbers could go up."

The Defense Department has made mental health assessments and education programs mandatory for active-duty service members returning from the war. There are several dozen combat stress teams working with military units to prevent and identify stress or other mental health issues.

The department has also put a self-assessment screening on the Internet so military members can evaluate their symptoms.

Dr. Joyce Adkins, the Pentagon's director of stress management programs, said there has been a slight increase in the number of service members reporting mental health problems or symptoms.

"We've done a lot of education for service members at multiple times, to help them understand ... the common problems associated with deployment, the symptoms they might experience and what that might mean," she said.

On the Net:

Defense Department: http://www.defenselink.mil

Military Mental Health Self Assessment Program: https://http://www.militarymentalhealth.org/

New York City's Reservists Are Asked To Return Iraq Pay (NYT)

By Andy Newman

The New York Times, September 23, 2006

When they were called up for military service in the wake of 9/11, hundreds of uniformed city workers in the Reserves faced the suspension of their city health and pension benefits. The city offered them an option: it would keep paying their salaries and continue their benefits, but when they returned they would have to repay the city their city salary or their military pay, whichever was less.

On its face, the offer made sense. And many reservists had only a few days to get their affairs together before shipping out — hardly enough time to consult accountants. Nearly all took the deal. As the war dragged on, more than 1,600 city employees, mostly police officers, signed up for the benefits program.

Now the bills from the city are coming due, for far more than many veterans imagined they would have to pay — as much as $200,000 — and often for more money than they ever received.

The city is demanding that the veterans repay their gross salaries, even though they never saw about a third of the money, which went for taxes and other deductions. The commissioner of administrative services, Martha K. Hirst, said veterans should be able to get back the difference between gross and take-home pay by amending their tax returns. But several tax accountants said the city had created an accounting quagmire.

David Gitel, a tax accountant in Manhattan, said that if the employees paid the money back over several years — which many will have to do — rather than in a lump sum, they could lose thousands of dollars in income-tax and social security payments.

"It's an interesting experience," Mr. Gitel said.

For now, the Police Department, which waited as much as four years to begin asking for the money back in the spring, is stepping up its collection efforts. On Thursday, hundreds of officers received letters in their pay envelopes threatening legal action if they did not make repayment arrangements within 15 days.

A city official, who was unwilling to be identified lest he incur his colleagues' anger, gave an explanation for the delay. "People have been talking about it here for some time, about getting around to doing it," he said. "It's probably the hero thing. Why make a top priority of telling somebody to give back money when they just went off to war?"

Under the terms of the deal, nontaxable military housing and food allowances also count as military pay. Those allowances can nearly double military pay, in some cases making it more than city pay. Many veterans who did not read the fine print said they thought they would have to repay only their modest military take-home base salary.

On Monday, the City Council will consider a resolution to ask Mayor Michael R. Bloomberg to stop counting military allowances as income.

Assistant Police Chief Michael Collins said that after the letters went out on Thursday, many officers contacted the department to begin repayment. The department hopes to recover more than $15 million, he said.

Other officers said the system needed to be overhauled. "We have to change it," Detective David Goodman, treasurer of the Police Department post of the Veterans of Foreign Wars, said at a gathering on Tuesday of about 50 officers at the Army base at Fort Hamilton in Brooklyn, "so that when you come back you're not paying money for having gone to war for your country."

Detective Goodman added that since the war effort relies increasingly on reservists, it behooved the city to make enlistment attractive.

Ms. Hirst said the city was "looking at" the possibility of not counting military stipends as income, but she thought that in any case the benefits program was an excellent one.

"The city works out very, very friendly repayment agreements," she said.

Many officers said the four-year delay had reinforced their impression that the city did not intend to come after them for the money at all.

Officer Jake Marino, a five-year police veteran who was in the Military Police in Iraq in 2004, recalled that while he was preparing to go, his contact in the department's military-leave office told him, "As far as paying back the money, I don't think you have anything to worry about."

Many officers put one of their two salaries right in the bank, and some used it to make up for the loss of overtime pay. Others who started out saving the excess began to spend it when they did not hear from the city as time went by.

"Like most middle-class Americans," said Michael Donohue, a police sergeant, "you get a windfall, you fix the roof and the sidewalk and pay off credit-card debt." Sergeant Donohue, a command sergeant major in the Army Reserves who spent much of last year at Abu Ghraib, estimated that he owed the city $100,000.

The benefits plan was intended to let employees keep the larger of the two salaries. An officer paid $80,000 by the city and $60,000 by the military would owe the city $60,000 upon his return. And an employee paid $80,000 by the military and $60,000 by the city would also owe the city $60,000.

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Administrative Services officials said that employees who pay the money back in a lump sum get an amended federal W2 tax form for the year they drew two salaries and would be able to get a full refund of the excess taxes they paid.

Employees who pay the money back by payroll deduction, though, could deduct the money from their income only in the year in which they pay it back, officials said.

This causes two problems, said Mr. Gitel, the tax accountant. One is that an employee would probably be in a higher tax bracket during the year she drew two salaries than when she paid the money back. The other problem, Mr. Gitel said, was that there was no way for the employee to get back the extra Medicare and Social Security contributions she made while drawing two salaries. These shortfalls could easily total $10,000, he said.

An Administrative Services official said last night that the city had just obtained commitments from accounting firms to provide free advice to veterans.

The city could have set its plan up differently. The state has a similar plan for its employees, but it pays them the difference, if any, between their military and state salaries, so they do not have to pay anything back. The state employees' contributions to their pension accounts are not made while they are on leave, but the much larger state contribution is still made.

Laurence A. Levy, deputy counsel to Mayor Rudolph W. Giuliani in 2001, said the city's method seemed a better way to protect the employees' benefits. "In Operation Desert Storm, many of the families didn't get health benefits, and it caused tremendous financial hardship," he said. "We wanted to keep them whole."

Sergeant Donohue said he appreciated the city's good intentions. "We're not asking for a pity party or a handout," he said. "But maybe there's a little more reasonable way for them to be approaching this."

DOJ:

Aide To Attorney General Is Interim U.S. Attorney (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, September 23, 2006

The Justice Department yesterday appointed Jeffrey A. Taylor, the counselor to Attorney General Alberto R. Gonzales, to be U.S. attorney for the District of Columbia.

Taylor succeeds Kenneth L. Wainstein in running the largest U.S. attorney's office in the country. For now, Taylor will be interim U.S. attorney; President Bush can nominate him to take the job, subject to Senate confirmation.

Wainstein was confirmed by the Senate on Thursday to a new post in the Justice Department, assistant attorney general for national security, after his nomination had been held up for months by Sen. Carl M. Levin (D-Mich.). Levin had been seeking FBI documents relating to its agents' concerns about mistreatment of detainees at Guantanamo Bay while Wainstein was a top aide to FBI Director Robert S. Mueller III.

Taylor could begin his new job as early as next week.

Before working for Gonzales in the Justice Department, Taylor was counsel to the U.S. Senate Judiciary Committee from 1999 to 2002, working on such issues as criminal law, terrorism and national security. Previously, he was federal prosecutor in San Diego from 1995 to 1999. Several prosecutors in Washington said they looked forward to working with him because of his reputation and his line prosecutor experience.

"Jeff is a dedicated public servant and a valued advisor," Gonzales said in a statement released by the Justice Department. "He will continue to be an asset to the Department of Justice in his new capacity as U.S. Attorney for the District of Columbia."

In an internal memo to the staff at the U.S. attorney's office, Wainstein yesterday hailed Taylor as "the real deal -- a proven and strong prosecutor."

Taylor was a law clerk for Chief Justice John C. Mowbray of the Supreme Court of Nevada from 1991 to 1992 and then worked for three years in private practice. He graduated from Harvard Law School and received a bachelor's degree from Stanford University.

CORPORATE SCANDALS:

Chairman Out At HP; CEO Takes Position (WP)

By Ellen Nakashima And Yuki Noguchi, Washington Post Staff Writers

The Washington Post, September 23, 2006

DOJ_NMG_0068060

Hewlett-Packard Co. chairman Patricia C. Dunn resigned yesterday and was replaced by chief executive Mark V. Hurd, who apologized for what he called "very disturbing" improprieties in an internal media leak probe that has prompted criminal and congressional investigations.

In an eight-minute statement, Hurd for the first time tried to explain his role in the scandal while taking responsibility to "set it right." He offered few details of his personal knowledge of the internal investigation .

Hurd said nothing about the use of false pretenses to obtain personal phone records. He said he was aware of a bogus e-mail sent to a reporter, but did not recall approving the use of software to trace where that message was sent subsequently.

Hurd, whose voice cracked several times, acknowledged that a report summarizing the probe was addressed to him, but said he did not read it. "I could have, and I should have," he said at a news conference at HP's Palo Alto, Calif., headquarters.

Hurd said he had hired a law firm to conduct "a more comprehensive investigation" and report directly to him on what occurred in the HP probe that started in 2005 and focused on identifying who was leaking company secrets to the news media.

Hurd, who took no questions, said he would voluntarily join Dunn in testifying about the leak probe before the House Energy and Commerce investigative subcommittee on Thursday. The panel is looking into HP's investigative tactics, which documents have shown included plans to plant spies in newsrooms, trail reporters and board members, and obtain personal phone records using the Social Security numbers of journalists and directors. Company e-mails obtained by The Washington Post this week showed that Hurd was aware of and approved elements of a plan to give phony information to a reporter to try to identify her anonymous source for articles about HP.

The revelations have tarnished the Silicon Valley computer company's reputation and worried analysts who monitor its business prospects. California's attorney general has said he has enough evidence to file criminal complaints on people inside and outside Hewlett-Packard. The FBI also is investigating the case.

Dunn said earlier this month that she would resign as chairman in January and would remain on the board of directors. But yesterday she was forced out and left the board entirely. "I continue to have the best interests of HP at heart and thus I have accepted the board's request to resign," Dunn said in a written statement.

Analysts said Hurd's challenge in the face of the widening scandal was to reassure the business community that he could remain an effective leader even as the company cooperates with two criminal investigations and a congressional probe. Analysts were divided on whether he pulled it off at the news conference.

"The overall tenor of the discussion was, 'I am in charge,' " said Tim Bajarin, president of Creative Strategies Inc. Hurd will likely face stiff questioning next week by the congressional subcommittee, which is eager to learn how much Hurd knew of the leak probe and when he knew it, analysts said.

Hurd said he "understood there was an investigation into leaks from the board" and that in July 2005, he attended "a brief portion of a meeting" at which results from the first phase of the leak probe were discussed. In January 2006, Hurd said Dunn asked "to use HP resources to investigate the leaks."

"In, I believe, February 2006, I was informed by the investigation team that they intended to send an e-mail containing false information in an effort to identify the source of the leaks," he said. "I was asked to, and did approve the naming convention that was used in the content of that e-mail."

He continued: "I do not recall seeing, nor do I recall approving, the use of tracer technology," he said, referring to the plan by HP's investigators to embed tracing technology in the e-mail to track where the reporter subsequently sent the message.

A lawyer retained by HP to review the leak probe also mentioned the e-mail tracer. "The concept of sending the misinformation to the reporter and the content of the misinformation to be contained in the message . . . was approved by Mark Hurd," said Michael J. Holston of the San Francisco law firm Morgan, Lewis & Bockius LLP, who also attended the news conference. "We have found no evidence that he was asked to approve the use of the tracer."

Computer crime law has not caught up with technology, legal experts said, and it is unclear whether embedding tracer technology in an e-mail message is a crime.

"As of today, we still do not have all the facts," Hurd said. "I also cannot guarantee that we will ever be able to obtain all of the information . . . due to its complexity and number of people involved."

He said that the probe in 2005 yielded no results. HP started another leak investigation in January.

"While many of the right processes were in place, they unfortunately broke down and no one in the management chain, including me, caught them," Hurd said.

Hurd, 49, was brought on in April 2005 after another HP imbroglio involving then-chairman Carly Fiorina, who clashed with the board after HP's tumultuous merger with Compaq Computer Corp., resulting in her ouster. Hurd, the former chief executive at NCR Corp., moved quickly to establish himself as a leader, slashing expenses and eliminating more than 15,000 jobs.

On Sept. 8, Hurd hired Morgan, Lewis & Bockius to review the HP leak probe. Morgan Lewis lawyer Holston said yesterday that he has collected more than 1 million pages of documents.

Holston said those involved in HP's leak probe had "provided assurances" to HP senior investigators early this year that the investigative techniques being used were legal. He said those providing assurances included Kevin Hunsaker, HP's senior counsel and ethics director, and a Boston firm hired by HP.

He said in February, outside investigators "may have conducted a search of individuals' trash." But at this time, he said, "we do not know who the targets of these efforts were."

Dawn Kawamoto, the CNet.com reporter who was sent the e-mail with tracer technology, expressed anger at the firm. "At first I was stunned," she said, when she was alerted by California investigators that her phone records may have been obtained by subterfuge. "When it was confirmed, I was furious."

"It's like the golden rule," she said. "Had we journalists in general done the same thing to the executives, the directors of HP, I'm sure they would have gone ballistic."

At the news conference, Hurd addressed all the targets of HP's surveillance. "On behalf of HP, I extend my sincere apologies to those journalists who were investigated and everyone who was impacted."

Special correspondent Catherine Ho in Palo Alto, Calif. contributed to this report.

Leak Proof H-P's Hurd Admits 'Disturbing' Tactics Were Used In Probe (WSJ)

By Peter Waldman, Don Clark And Steve Stecklow

The Wall Street Journal, September 23, 2006

CEO Says He Is Accountable, But Big Questions Remain; Chairman Dunn Resigns Two Employees to Leave Firm

See Corrections & Amplifications item below.

PALO ALTO, Calif. -- In an admission remarkable in the annals of U.S business, Hewlett-Packard Co. Chief Executive Mark Hurd described how the respected Silicon Valley titan employed a series of tawdry tactics in its effort to trace leaks from its board.

Making his first extensive public remarks since the H-P leak scandal broke more than two weeks ago, Mr. Hurd on Friday also said Chairman Patricia Dunn, who had launched and overseen the probe, had resigned and left the board. Mr. Hurd, who had planned to inherit her title in January, assumed the title. A person familiar with the matter said two other employees closely associated with the probe are leaving the company.

But Mr. Hurd, who took no questions during brief remarks to journalists at H-P's suburban-office-park headquarters, also left many issues unaddressed. While acknowledging that investigators used "disturbing" tactics, he failed to explain how the company had let the probe veer so far off track.

1 SEPT. 22 STATEMENTS

· Press releases: The resignation of Chairman Dunn and elevation of CEO Hurd2

· Mark Hurd: Read a transcript3 of CEO Mark Hurd's comments at Friday's press conference, where he apologized for the company's tactics and discussed his role in the media-leak probe -- or listen to an audio recording of his presentation. (RealPlayer4 / Windows Media5)

· Mike Holston: Read a transcript6 of the presentation by Morgan Lewis lawyer Mike Holston, who was hired by Mr. Hurd to conduct an independent investigation of H-P's actions -- or listen to an audio recording (RealPlayer7 / Windows Media8).

TRACKING THE SCANDAL

· See a graphical timeline9 and key documents in the H-P scandal. Plus, read profiles10 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. (Complete coverage.11)

He offered apologies to H-P board members, journalists and others for violating their privacy, but confirmed only a few details about the tactics employed and when he knew them. The investigation to plug the leaks used a range of extraordinary tactics, including obtaining private phone records using false pretenses and tailing both a director and a reporter for The Wall Street Journal. Another reporter, for CNET News.com, was sent a doctored email by H-P investigators that could provide the sender information about where it was sent.

While taking responsibility for the matter, Mr. Hurd also depicted himself as playing a limited role in a probe run by Ms. Dunn and the board. He admitted to attending only a brief portion of a July 2005 meeting on the probe and said he was aware of a plan to plant a phony news tip in an email to a reporter in 2006, though he said he did not approve the use of email "tracer" technology that could show if the document was forwarded to a source.

He said that in March 2006 he received a verbal and written summary of the probe. But, he said, "I did not read it. I could have, and I should have."

Mr. Hurd's appearance was partly aimed at getting ahead of a hearing Thursday before the House Energy and Commerce committee, which is investigating the H-P probe. He, Ms. Dunn and others are scheduled to testify, and are likely to face intense questioning on the many unanswered questions.

Mr. Hurd also reiterated a point he has made all along: that board leaks are harmful, and that it was Ms. Dunn's job to expose them. "The intent of the investigation was absolutely proper and appropriate," he said. But the "tactics do not reflect the values of H-P." H-P's code of conduct, he said, "unfortunately broke down, and no one in the management chain, including me, caught it."

"What began with an investigation with the best intentions," he said, "has ended up turning in a direction we could not have possibly anticipated."

After Mr. Hurd spoke, Michael J. Holston, of the law firm Morgan, Lewis & Bockius LLP, provided new details of the prominent role played in the leak investigation by H-P subcontractors. But while identifying some of the employees who were involved -- including general counsel Ann Baskins -- he left their involvement and fates unclear.

Mr. Hurd said Morgan Lewis was hired on Sept. 8 to conduct an independent review of its leak probe. By hiring the firm -- which Mr. Hurd stressed reported to him, not H-P's board of directors -- the H-P CEO seemed to be distancing himself from the board and from the company's longtime outside counsel, Larry Sonsini, with the firm of Wilson Sonsini Goodrich & Rosati. H-P had said in an earlier public filing that its board retained Wilson Sonsini to investigate the leak probe. A spokeswoman said Mr. Sonsini was unavailable for comment.

The revelations -- and Ms. Dunn's resignation -- capped a week in which it increasingly became clear that H-P had lost control of its crisis management. Its shares, which have risen sharply under Mr. Hurd's tenure and had been unaffected through much of the crisis, fell more than 5% Thursday as investors fretted that H-P's CEO could be dragged deeper into the scandal.

In 4 p.m. New York Stock Exchange trading Friday, shares were up 24 cents at $35.11. In after-hours trading, H-P shares rose 32 cents, to $35.43. Mr. Hurd spoke after markets closed.

While praising Ms. Dunn, Mr. Hurd made it clear he viewed her resignation as necessary given facts about the investigation that are coming to light. Mr. Holston, in one new development, said Ms. Dunn for the first month or so of the probe worked directly with an outside private investigator, without involving H-P's security or legal departments.

In a statement, Ms. Dunn said she followed "proper processes" by seeking the assistance of H-P security personnel. "I did not select the people who conducted the investigation, which was undertaken after consultation with board members," she said.

She said she did not propose the specific methods of the investigation, noting she was a subject of the probe and had her own phone records examined. "Unfortunately, the people H-P relied upon to conduct this type of investigation let me and the company down," she said.

Her attorney, Jim Brosnahan, said Ms. Dunn had earlier "said that, if at any time the board felt that she should resign, she would do it....There came a time when the board thought she should step down." He said her resignation didn't indicate she did anything wrong.

H-P had hoped to resolve the mounting crisis on Sept. 12 by mollifying two directors aggrieved by the snooping: longtime H-P director George Keyworth and Thomas Perkins, the prominent venture capitalist who quit the board in May in protest over the leak investigation. In a complex agreement brokered in marathon meetings, Mr. Keyworth resigned from the board, while Ms. Dunn agreed to give up the chairmanship to Mr. Hurd in January but remain a director.

WALL STREET JOURNAL VIDEO

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California Attorney General Bill Lockyer discusses13 the ongoing H-P probe, saying there is no evidence yet that links CEO Mark Hurd to the alleged crimes but the investigation continues.

But the air didn't clear as the media provided further information about H-P's leak investigation. The company said little. Media reports suggested H-P executives were more involved in the leak probe than H-P indicated and that H-P employees had warned that the probe's methods might be illegal. This past week, more focus was given to the role of Mr. Hurd, who had largely appeared above the fray, as internal emails revealed that he played an active role in the investigation.

Mr. Hurd's role stirred concern among investors because he is widely credited with leading a turnaround in H-P's fortunes. "I can't tell you I feel any more confident that he will or won't be [implicated]," said one of those investors, Peter Goldman, portfolio manager with Chicago Asset Management Co., on Friday. Mr. Goldman said that he was encouraged that company owned up to its actions, but he felt as if H-P said all the things investors already knew. "I think it's sad, because it's a good story," he said. "I hope Mark stays."

Late Friday, Mr. Perkins, the former director, issued a statement saying, "I would like to thank Pattie Dunn for stepping aside, allowing Mark Hurd to lead and HP to move on."

According to Messrs. Hurd and Holston, H-P began investigating suspected leaks by directors after a January 2005 article in the Journal that disclosed the board was unhappy with then-CEO Carly Fiorina. The board ousted her in February, naming Ms. Dunn chairman.

DOJ_NMG_0068063

Ms. Dunn, Mr. Holston said Friday, contacted an outside contractor near Boston, a security firm named Security Outsourcing Solutions Inc. run by Ronald R. DeLia, with which H-P had a longstanding contractual relationship. Ms. Dunn dealt directly with Mr. Delia, Mr. Holston said, to seek the source of leaks to the Journal, Business Week and The New York Times. H-P's own security officials two months later joined the probe, which was inconclusive, Mr. Holston said.

The now-controversial tactics have been documented most clearly in 2006 with a new phase of the investigation. Security Outsourcing began gathering private phone records of directors and reporters through false pretenses, called "pretexting," said Mr. Holston. The pretexting was the subject of a Sept. 6 story in the Journal, after which H-P came under criminal investigation by federal and California authorities.

Mr. Holston said Security Outsourcing was responsible for conducting surveillance on an unnamed H-P board member and journalist, as well as arranging to acquire phone call and fax records for two current H-P employees, seven current or former board members or their family members and nine journalists.

The phone records were obtained through pretexting, he said. To obtain the phone record information, Mr. Holston said SOS acquired social-security numbers of H-P employees. But he didn't explain who obtained those numbers. He also said he found no evidence any H-P employee authorized pretexting.

SOS gave the social security numbers to another firm, Action Research Group, in Melbourne, Fla., Mr. Holston said. Mr. DeLia didn't return a telephone call seeking comment. Joseph DePante, owner of Action Research, said this past week his attorney had instructed him not to speak to the news media.

According to Mr. Holston, SOS arranged to have investigators in January tail a board member to see if the person met up with a journalist. Investigators later followed the board member to Boulder, Colo., in early 2006, and conducted surveillance on the board member's family back in California.

Investigators also conducted "feasibility studies" of placing undercover operatives in the San Francisco offices of the Journal and CNET to gather information, Mr. Holston said. But H-P said there is no indication the plan was carried out.

Mr. Hurd and Mr. Holston's presentation made no mention of what would happen to the people who carried out the probe. That probe, internally code-named KONA, involved H-P employees Tony Gentilucci, manager of its global security investigation unit; Kevin Hunsaker, H-P's ethics lawyer; Jim Fairbaugh, H-P's director of global security; Vincent Nye, a member of the global-security unit; and Ms. Baskins.

A person familiar with the matter said Mr. Gentilucci and Mr. Hunsaker "are in the process of leaving the company." Ms. Baskins relied on the legal opinions provided her by Mr. Hunsaker, a lawyer, this person said. Mr. Gentilucci did not return calls seeking comment. Mr. Hunsaker could not be reached.

Mr. Hurd said H-P has appointed Bart M. Schwartz, a former U.S. prosecutor, as counsel to perform an independent review of investigative methods and to make future recommendations for implementing best practices. He will report to Mr. Hurd and to Bob Wayman, H-P's chief financial officer. As part of the changes, H-P said director Richard Hackborn will immediately become independent lead director, accelerating a move that was to have taken place in January.

The pretexting activities have left H-P and some employees and contractors open to possible criminal and civil actions under federal and state laws, said attorneys and other legal experts. California Attorney General Bill Lockyer has said that his agency's investigation of pretexting at H-P has turned up enough evidence to charge individuals inside and outside of the company with crimes. No one has yet been charged.

--John R. Emshwiller, Jim Carlton, Christopher Lawton and Erin White contributed to this article.

Write to Peter Waldman at peter.waldman@wsj.com14, Don Clark at don.clark@wsj.com15 and Steve Stecklow at steve.stecklow@wsj.com16

Corrections & Amplifications

James Brosnahan is the attorney for former Hewlett-Packard Co. Chairman Patricia Dunn. An earlier version of the story incorrectly gave his last name as Bronahan.

Chairwoman Leaves Hewlett In Spying Furor (NYT)

By Damon Darlin And Matt Richtel

The New York Times, September 23, 2006

PALO ALTO, Calif., Sept. 22 — The furor over Hewlett-Packard's spying operation claimed its highest-ranking victim on Friday with the immediate resignation of its chairwoman, Patricia C. Dunn.

The move was announced by Mark V. Hurd, the chief executive, who will now succeed her. But even as he offered an account of an investigation gone awry, and offered apologies to those whose privacy was invaded, he made it clear that many questions had yet to be answered.

His voice shaking, Mr. Hurd said a review of the means used to trace leaks from the company's board had produced "very disturbing" findings. He also conceded that "I could have, and I should have," read a report prepared for him while the operation was under way.

The investigators' zeal led them into a shadowy world of surveillance, and in the end the giant computer company was embarrassed by its own use of technology.

Two executives who supervised the effort were also reported to be leaving.

In addition to direct surveillance, the operation entailed the use of possibly illegal methods to obtain phone records of board members, journalists and others; an attempt to place software on a reporter's computer to track e-mail; and a study of the use of clerical workers and cleaners to infiltrate two news organizations.

At a news conference at Hewlett-Packard's headquarters here, Mr. Hurd said it had been proper and necessary for Ms. Dunn to try to stem leaks of confidential information. But he added, "While many of the right processes were in place, they unfortunately broke down, and no one in the management chain, including me, caught them."

It was the company's first public discussion of the revelations that have engulfed it for more than two weeks. Mr. Hurd took no questions, with the company saying he did not want to pre-empt his testimony next week to a House subcommittee looking into the Hewlett-Packard affair.

In a statement provided by Hewlett-Packard, Ms. Dunn said she had resigned at the request of the board. But she said that while she had the responsibility to identify the source of leaks, "I did not propose the specific methods," and those who performed the investigation "let me and the company down."

According to people briefed on Mr. Hurd's plans, Kevin T. Hunsaker, its senior counsel and director of ethics, and Anthony R. Gentilucci, its Boston-based manager of global investigations, will leave the company. Mr. Hurd did not speak to this issue, and the company declined to comment.

Some industry analysts had expected Hewlett-Packard to announce more directly who it felt was responsible, inside or outside the company.

"A lot of us thought there was going to be a lot more," said Jeffrey Sonnenfeld, senior associate dean of the Yale School of Management. But he added that Mr. Hurd apparently felt he needed more time to understand all that occurred.

The initial reaction of investors appeared favorable. In after-hours trading, Hewlett-Packard's stock was up more than 1 percent.

The effort to find the source of the boardroom leak began in early 2005, around the time of Carleton S. Fiorina's dismissal as chairwoman and chief executive, and yielded inconclusive results that year. A second phase began in January 2006, as an account of a senior management meeting was being prepared by the online technology news service CNET.

By May, the investigative efforts had identified one board member, George A. Keyworth II, as a source of unauthorized disclosures. He refused an initial request to resign, but another director, Thomas J. Perkins, quit over the investigation. It was Mr. Perkins's attempt to get the company to acknowledge the reasons for his resignation that brought the entire operation — and deep animosities within the board — into public view early this month.

On Sept. 12, a week after the initial disclosures, Ms. Dunn said she would step down as chairwoman effective in January, to be succeeded by Mr. Hurd. Mr. Keyworth, her antagonist, then agreed to resign.

The moves by Hewlett-Packard on Friday were an attempt to get ahead of the torrent of daily disclosures about the spying operation and an acknowledgment of the irresponsibility, if not illegality, of the methods.

State and federal prosecutors are exploring whether any laws were broken by anyone inside the company or those hired in an investigative chain extending to Boston, Florida and the Midwest. A central element was the use of pretexting, which involved impersonating someone to obtain that person's calling records from a phone company.

Mr. Hunsaker, the lawyer and ethics officer, directed the 2006 phase of the investigation. Mr. Gentilucci, the Boston-based investigations officer, was involved in both the 2005 and 2006 phases of the investigation.

Mr. Hurd said that on Sept. 8 he retained a law firm, Morgan Lewis, which has concluded that the investigation team led by Mr. Hunsaker provided regular updates to Ms. Dunn, and to a lesser extent to the general counsel, Ann O. Baskins.

"Some of the findings that Morgan Lewis has uncovered are very disturbing to me," Mr. Hurd said.

Michael J. Holston, a partner in the firm, laid out some evidence to reporters Friday after Mr. Hurd's comments. While noting that the firm's review was not complete, he said Ms. Dunn had personally contacted and engaged Security Outsourcing Solutions, a tiny Boston-area investigative firm operated by Ronald R. DeLia, in the 2005 phase.

"For the first month or so of the investigation, Ms. Dunn worked directly with Ron DeLia from S.O.S.," Mr. Holston said, and it was only two months later that the company's own detectives were brought in.

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In an interview two weeks ago, Ms. Dunn said she had turned to the head of security to handle that investigation. Ms. Dunn's lawyer, James J. Brosnahan, reiterated that claim Friday. "She went to the right people, and she was assured that what they were doing was legal," he said.

Mr. Hurd was briefed on the first phase of the investigation, called Kona I, on July 22, 2005, Mr. Holston said. But he said Mr. Hurd attended only a portion of that meeting, which included Ms. Dunn, Ms. Baskins, Mr. DeLia, Mr. Gentilucci and Jim Fairbaugh, the head of global security. The participants were told the investigation was inconclusive, and by late summer it was inactive.

Kona II, the phase that began in January of this year, was far more energetic. "Over the next three months, regular updates were provided by members of the investigation team to Ms. Dunn and, to a lesser extent, to Ms. Baskins," Mr. Holston said.

A crucial document was a March 2006 report prepared by the company's investigators and Mr. DeLia under the supervision of Mr. Hunsaker, a senior company lawyer. Mr. Hurd was given a copy of that report, but he said he did not read it. "I could have, and I should have," he said.

The report identified the source of the leaks and outlined techniques used to get that information, including pretexting. It was also sent to the company's outside counsel, the powerful Silicon Valley firm of Wilson Sonsini Goodrich & Rosati, for review and comment, Mr. Holston said.

Mr. Holston noted that the Kona II report claimed that the techniques were legal. But as e-mail messages disclosed this week have shown, Mr. Hunsaker suspected early this year that the techniques might not be above-board. When he asked Mr. Gentilucci about the legality, he was told that it was "on the edge," and Mr. Hunsaker replied: "I shouldn't have asked."

Despite those assurances, Mr. Hunsaker never obtained a written legal opinion, according to people briefed on the company's review of its investigation.

Mr. Holston also discussed other aspects of the operation, including the use of surveillance software surreptitiously sent to the computer of a CNET reporter.

Mr. Holston said the program had been designed to determine whether the reporter would forward a misleading e-mail message, purporting to offer inside information about the company, to her source on the Hewlett-Packard board for confirmation.

The scheme did not work, Mr. Holston said, noting that the investigation team never received an indication that the misleading message had been forwarded.

Mr. Hurd affirmed that he had been informed of the plan to send a bogus message and had approved of the "naming convention" that was used. But he said he did not recall knowing or approving of the tracking technology. Neither Mr. Hurd nor Mr. Holston indicated why the chief executive did not raise questions about the way the scheme was to be carried out.

HP Chair Resigns Amid Probe Fallout (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, September 23, 2006

(AP) - PALO ALTO, Calif.-Hewlett-Packard Co. shoved Chairwoman Patricia Dunn off its board Friday, severing its ties to a leader whose efforts to plug a media leak morphed into a spying scandal that has spawned criminal and congressional investigations.

The Palo Alto, Calif.-based company will turn the chairmanship over to its chief executive, Mark Hurd, who was supposed to take over that job in January as part of changes announced two weeks ago.

But things have changed since then amid a wave of leaked documents revealing how deeply HP's investigators intruded into the personal lives of seven directors, nine journalists, two employees and family members of those targeted individuals. Dunn authorized the investigation and received regular updates, although she said she didn't realize HP's investigators were going to such extremes.

"Now that we know the depth of what has transpired, I take full accountability to drive the actions to set it right," Hurd said at a Friday news conference to announce Dunn's departure as well as review what the company has learned about its spying program.

Dunn had previously planned to remain an HP director after relinquishing the chairmanship in January, but now she is leaving the board entirely.

"I continue to have the best interests of HP at heart and thus I have accepted the board's request to resign," Dunn said in a Friday statement.

Dunn, 53, continued to defend her decision to initiate the probe to identify the boardroom leak and reiterated her intention to appear Thursday before a congressional panel looking into HP's spying spree.

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Determined to protect confidential board discussions, Dunn hired investigators who impersonated board members, employees and journalists to obtain their phone records. The detectives also surveilled an HP director and concocted an e-mail sting to dupe a reporter for CNet Networks Inc.'s News.com, an online technology site.

Hurd on Friday acknowledged authorizing the bogus e-mail, but said he didn't recall approving the use of software to trace the reporter's computer.

California Attorney General Bill Lockyer and several federal agencies are investigating whether HP and its executives broke any laws in their crusade.

Hurd so far isn't among the group of HP insiders that Lockyer expects to charge, spokesman Tom Dresslar said Friday. But the attorney general is still examining Hurd's role in the scandal. "We are not ruling anybody out in terms of criminal culpability, Dresslar said.

Hurd also said Friday he plans to appear at the hearing being held by the House Energy and Commerce Committee. Dunn and General Counsel Ann Baskins, who also played a central role in the spying program, previously accepted the panel's invitation to appear.

AP Business Writer Michael Liedtke contributed to this report from San Francisco.

DUNN GONE (SJMN)

By Pete Carey And Therese Poletti

San Jose Mercury News, September 23, 2006

Hewlett-Packard CEO Mark Hurd announced the immediate resignation of board Chairwoman Patricia Dunn on Friday at a crowded press conference at HP's Palo Alto headquarters in which he said he would lead the charge to correct problems arising from a boardroom-leak investigation gone wrong.

The company's investigation, which spied on board members, employees and reporters to determine who was leaking boardroom information, has drawn two criminal investigations and a congressional probe.

Hurd takes over immediately as chairman of HP's troubled board, while retaining his post as chief executive. He promised to ``get to the bottom'' of the leak fiasco and take corrective action.

``What began with best intentions has ended up turning in a direction we could not have possibly anticipated,'' Hurd said. ``The people of HP don't deserve this nor do any of the people who were impacted. I take full accountability to drive the actions to get this right.''

Dunn issued a statement saying she was resigning ``in the best interests'' of HP and blaming the fiasco on the investigators the company used, saying she didn't select them. She said she ``followed the proper processes'' but that the investigators ``let me and the company down.''

The company announced on Sept. 12 that Dunn would step down as chairwoman in January but remain on the board, with Hurd taking over as chairman. Friday's announcment moves up that date and removes Dunn from the board altogether.

Hurd, in his first public meeting with the news media since HP's controversial leak investigation became front-page news across the country, portrayed the investigation as an appropriate anti-leak measure gone terribly astray.

Hurd said HP has appointed former federal prosecutor Bart M. Schwartz to perform an independent review of the company's investigative methods and make recommendations.

The press conference was the first sign that HP has finally decided to get out in front of the scandal, but reporters were not permitted to ask questions and no television cameras were allowed. HP has been silent for weeks as reports of schemes and plots hatched by its anti-leak squad leaked out in the media.

``I think they are just hemorrhaging everywhere with this story,'' said James Post, a Boston University School of Management professor and expert on corporate governance and business ethics.

`Emotional' meeting

Dunn's resignation came after the HP board met Thursday. An attorney representing her, James Brosnahan, said the meeting was described to him as ``emotional'' but that other board members showed Dunn ``respect and admiration'' and even affection after she agreed to step down. The board members did not think Dunn did anything illegal, Brosnahan said.

Apart from Dunn's resignation, two other HP employees are apparently leaving their jobs. Kevin Hunsaker, HP's lawyer who helped handle the probe into boardroom leaks, and Anthony Gentilucci, HP's security manager on the investigation, are still at HP, but a source familiar with the situation said Friday, ``They are likely on their way out.''

HP had one ray of good news from California Attorney General Bill Lockyer, who said there is no evidence yet that Hurd himself committed any crimes. But Lockyer's spokesman Tom Dresslar added, ``We're not ruling anybody out. We'll go where the evidence leads.''

At the news conference, Hurd offered his version of a question that has been increasingly asked in the past few days: What did he know and when did he know it?

He said he ``briefly'' attended a meeting in the summer of 2005 at which the results of HP's first boardroom-leak investigation were presented by HP security and a Boston area private investigator.

What he OK'd, didn't OK

He acknowledged approving a plot earlier this year to trick a CNet reporter into revealing her sources by having an investigator e-mail her, posing as a disgruntled HP employee. But he said he didn't recall approving another gambit: e-mailing the reporter a purported HP document containing hidden spyware to trace her sources.

And he admitted he was given a report in March detailing the methods used by investigators, as well as the results. ``I understand there is also a written report of the investigation addressed to me and others, but I did not read it. I could have, and I should have,'' he said.

The Mercury News disclosed Thursday that the report outlined the use of spyware on the CNet reporter, surveillance of board members and journalists, and the obtaining of third-party private phone records of reporters, HP employees and board members.

Hurd said the ``trigger for me'' that something was wrong came in the form of an e-mail he received after a May board meeting. At that point, he retained the law firm Morgan, Lewis & Bockius to do ``a more comprehensive investigation,'' he said.

A Morgan Lewis lawyer followed up Hurd's comments at the news conference with a summary of the law firm's investigation of the HP leak investigations. Those two internal leak probes, in 2005 and 2006, have now spawned a half-dozen other investigations, including ones by the House Energy and Commerce Committee, the Justice Department, the Federal Communications Commission, the Federal Trade Commission and the California attorney general, who says crimes were committed.

The House committee is investigating the use of ``pretexting'' by private contractors and investigators to obtain personal phone records of other people through deception.

Hearing next week

Hurd will testify before the House committee's investigations subcommittee Thursday. Testimony has also been invited from Dunn, HP General Counsel Ann O. Baskins, Hunsaker and two HP security managers including Gentilucci. Ronald DeLia, president of a small private investigative firm near Boston called Security Outsourcing Solutions, and a Florida private investigator whom DeLia used have also been called as witnesses.

Mike Holston, a Morgan Lewis lawyer, said that in 2005 Dunn contacted DeLia's company and worked directly with him for ``the first month or so'' of the investigation. Two months into the investigation, HP's global security department was brought in.

The second phase in January 2006 was done by Security Outsourcing Solutions and HP security. There were updates to Dunn, and ``to a lesser extent,'' General Counsel Baskins.

Although Hurd approved the concept of a phony disgruntled employee contacting CNet via e-mail, Holston said, the law firm has found no evidence he was asked to approve the use of the e-mail tracer. There is no evidence keystrokes were recorded by any spyware, he said.

Gentilucci provided one HP employee's Social Security number to Security Outsourcing Solutions, which also gathered other numbers and forwarded them to Action Research Group, a data and investigation company in Melbourne, Fla.

Using impostors

And finally, Holston said, so far there's no information that one of the most bizarre of the investigators' schemes was ever implemented -- planting undercover operatives, posing as clerks or cleaning people, in the San Francisco newsrooms of CNet and the Wall Street Journal.

U.S. Prosecutors Drop Charge Against An Ex-NYSE Trader (WSJ)

By Aaron Lucchetti And Paul Davies

The Wall Street Journal, September 23, 2006

In the latest setback in the New York Stock Exchange trading-abuses case, prosecutors dropped a securities-fraud charge against a former NYSE floor trader who worked for a Bear Stearns Cos. unit.

Kevin M. Fee, 38, was indicted in April 2005 and scheduled to go to trial next month. But the U.S. attorney in Manhattan, Michael Garcia, decided not to proceed with the case, "based on a review of the evidence" and "information pertaining to this defendant subsequent to the filing of the indictment," according to a federal court filing Friday.

The U.S. attorney's office has been prosecuting 15 former NYSE elite traders known as specialists. In the past two months, juries found two former specialists not guilty of securities fraud. Earlier, the government secured guilty pleas from two specialists and convinced juries to find two others guilty of a securities-fraud count.

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"Kevin was a great specialist and an innocent man," said Lawrence Robbins, Mr. Fee's attorney. "We're gratified the government agrees."

Specialists at the Big Board, now part of NYSE Group Inc., oversee trading in individual stocks, putting buyers and sellers together and keeping prices orderly in return for the privilege of being able to trade on the floor.

Mr. Fee joined Bear Wagner Specialists LLC, majority-owned by Bear Stearns, in 1996. He traded companies including Texas Instruments Inc. and became a managing director of the firm and one of four "super captains" overseeing other traders.

The government alleged Mr. Fee, from 2000 to 2003, interfered with or traded ahead of customers more than 2,400 times, resulting in more than $900,000 in improper profit or customer harm. Bear Wagner and the other specialist firms didn't face criminal charges but settled Securities and Exchange Commission civil charges.

Recent cases show the difficulty of proving specialists were intentionally harming customers. Testimony from other floor officials hasn't been as strong as some expected. And Mr. Fee's trades represented only 0.1% of his overall volume, according to Mr. Robbins. The next specialist case, against former Fleet Specialist Inc. trader David Finnerty, is scheduled to go to trial Oct. 10.

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Enron Victims Given Chance To Speak At Fastow Sentencing (AP)

By JUAN A. LOZANO, Associated Press

AP, September 23, 2006

The court of public opinion will have one more chance to pass judgment on former Enron Corp. chief financial officer Andrew Fastow, whose complex schemes helped lead to the company's downfall.

Fastow was set to be sentenced on Tuesday to 10 years in prison, under an agreement he made with prosecutors leading up to his 2004 guilty plea. Fastow's cooperation and testimony helped pave the way for the convictions of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling.

The drama Tuesday is expected not to come from the handing down of Fastow's sentence but from ex-Enron workers and others hurt by the company's financial collapse who will be given the chance to speak at the court hearing.

Under a two-year-old federal law that enhances the rights of victims of federal crimes, Hoyt is allowing Enron's victims to speak about how the company's financial implosion hurt them.

"I really think you will hear some gut wrenching stories from people who are going to say that this ruined their lives, their savings, their retirement," said Steve Cron, a criminal defense attorney in Santa Monica, Calif.

Fastow was originally indicted on 98 counts of fraud, conspiracy, insider trading, money laundering and others. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. As part of the agreement, he surrendered nearly $30 million in cash and property.

Charles Prestwood, 68, a former pipeline operator who retired from Enron in 2000 and then lost $1.3 million in retirement savings a year later, said he is grateful Hoyt is allowing victims to face Fastow one last time.

"It's good that we can be heard because normally that don't happen," he said. "It gets a load off of (victims') shoulders."

Prestwood, who has heart problems, said he'll skip Fastow's hearing so he can save his strength and speak out at Skilling's Oct. 23 sentencing.

Skilling and Lay were convicted in May of conspiracy and fraud. Lay's attorneys are working to erase his convictions since his July 5 death from heart disease.

During four days of brutal testimony and cross examination, Fastow, 44, testified Lay and Skilling knew he and his staff engineered fraudulent financial structures. Fastow also shed tears when he recounted how he roped his wife, Lea, into helping him hide ill-gotten gains from his schemes.

Lea Fastow pleaded guilty in 2004 to a misdemeanor tax crime and served a year in prison.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make flailing ventures appear profitable. The collapse wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

Eric Eden, 38, who lost his job running Enron's computer-drafting department, said he has no interest in speaking at the sentencing hearing of Fastow or any other Enron defendant.

"It's probably not worth the time and effort for something that is so much water under the bridge to some degree," said Eden, who with his brother now runs a Houston-area sprinkler company called Watering Made Easy.

Eden said speaking at the sentencing could help some Enron victims move on with their lives.

"If that is what it takes, good for them. But I would have hoped they could have done it without this," he said.

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Justice Department spokesman Bryan Sierra said he couldn't predict how many Enron victims would speak at Fastow's sentencing.

Cron said he doesn't think the sentencing will be a pleasant experience for Fastow.

"There will be some angry people there. He should sit tight, say nothing and tell the judge at the end he is sorry for what he did," he said.

Attorneys for Fastow did not return telephone calls seeking comment.

Fastow's sentencing is set for 9 a.m. Tuesday. People will be able to sign up to speak between 8 a.m. and 10 a.m.

Hoyt has said people will be "allocated appropriate time" to speak.

Since Fastow's plea agreement has all but assured his sentence, any victims' statements won't have much affect on the proceedings, said Kirby Behre, a former federal prosecutor in Washington who wrote the government's white-collar sentencing guide.

"In a case like this, the judge knows full well what damage the misconduct did," he said.

CRIMINAL LAW:

Libby Plans To Testify In CIA Leak Trial (AP-Y)

By Matt Apuzzo

AP, September 23, 2006

Vice President Dick Cheney's former chief of staff plans to take the stand at his upcoming trial to tell jurors that he never lied to investigators in the CIA leak case, defense attorneys said Friday.

I. Lewis "Scooter" Libby is charged with perjury, obstruction and lying to the FBI about his conversations in 2003 with reporters regarding Valerie Plame's CIA job.

Libby plans to testify about President Bush's daily terrorism briefings and other classified information to persuade jurors that he had more important things on his mind at the time and didn't remember his discussions with reporters, attorneys said in court papers filed Friday evening.

"Mr. Libby must be able to discuss classified information to give the jury an accurate picture of his state of mind during the relevant time period and to show the jury that any errors he made in his statements and testimony were the product of confusion, mistake and faulty memory rather than deliberate misrepresentations," defense attorneys wrote.

The documents were filed as part of Libby's bid to use classified information at his trial in January. Defense attorneys plan to use a digital slide show to present material to jurors, according to court papers.

Prosecutors oppose the use of many documents, saying Libby is trying to torpedo the case by demanding information that is too sensitive to be released at trial. The tactic they described, known as "graymail," is used to get a case dismissed.

Among the documents Libby wants to use at trial, attorneys said Friday, are records related to former Ambassador Joseph Wilson's trip to Niger. Wilson, Plame's husband, discounted reports that Saddam Hussein's regime had an agreement with the African country to buy uranium for a nuclear weapons program — a claim that Bush later included in his State of the Union address.

Plame believes White House aides revealed her CIA status as retribution for her husband's accusation that the Bush administration twisted prewar intelligence to exaggerate the Iraqi threat.

Special Prosecutor Patrick Fitzgerald investigated that for three years and did not charge anyone with violating the law that makes it a crime to disclose the identity of a covert CIA agent.

Former Deputy Secretary of State Richard Armitage acknowledged recently that he revealed Plame's job to syndicated columnist Robert Novak and Washington Post reporter Bob Woodward but said it was inadvertent. Armitage is expected to be a witness in the case.

Jurors Sentence Convicted Sex Offender To Death In North Dakota Student's Slaying (FINDLAW/AP)

By Dave Kolpack, Associated Press Writer

AP, September 23, 2006

(AP) - FARGO, North Dakota-Jurors on Friday sentenced a convicted sex offender to death for kidnapping and killing University of North Dakota student Dru Sjodin, whose body was found in a Minnesota ravine nearly five months after she disappeared.

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It was North Dakota's first death penalty case in more than a century. The state does not have the death penalty but it is allowed in federal cases.

Alfonso Rodriguez Jr., 53, of Crookston, Minnesota, looked straight ahead and showed no emotion as the sentence was announced.

The jury reached its decision after more than a day and a half of deliberations. The same federal jury convicted Rodriguez on Aug. 30 on a charge of kidnapping resulting in Sjodin's death.

Rodriguez's mother, Dolores, and sister, Ileanna Noyes, cried as the verdict was announced, as did a number of the jurors. Members of Sjodin's family looked somber and stared straight ahead. They shared hugs outside the courtroom.

Sjodin, 22, of Pequot Lakes, Minnesota, disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed.

Rodriguez, who got out of prison about six months before the killing, was charged under federal law because Sjodin was taken across state lines.

U.S. Attorney Drew Wrigley, in his statements to jurors, said the death penalty would be the "right thing, in the right case." He stood near her portrait and asked for justice.

Rodriguez's attorney, Richard Ney, asked the jury for mercy after calling psychologists and Rodriguez's family to talk about his childhood of poverty, abuse and exposure to farm chemicals. Ney also said Rodriguez had been anxious about being released from prison after serving more than 20 years for assaults on three women in 1975 and 1980.

Rodriguez Jurors Say Death Seemed Proper Punishment (STPPP)

By Blake Nicholson

The St. Paul Pioneer-Press, September 23, 2006

BISMARCK, N.D. - The foreman of the jury that handed down North Dakota's first death sentence in nearly 100 years says it came down to three votes and a question of punishment for a horrific crime.

"As a Christian person I didn't know if I could agree to the death penalty," said Terry Heuer, 51, of Leonard, the foreman of the jury that sentenced Alfonso Rodriguez Jr. to death for killing University of North Dakota student Dru Sjodin.

"But it came down to, 'Was life in prison really a punishment for this particular case?'" Heuer said Sunday.

Rodriguez, 53, of Crookston, Minn., was found guilty late last month in federal court in Fargo of a charge of kidnapping resulting in the death of Sjodin, 22, of Pequot Lakes, Minn. She disappeared from a Grand Forks shopping mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston. Authorities said she was beaten, raped and stabbed.

Evidence including the knife Rodriguez used to cut Sjodin's throat and the rope that bound her arms were present in the jury room. Heuer, his voice wavering, said Sunday that those images and the memories of the trial - and the ultimate decision - will stay with him.

"I don't know that I have an opinion one way or the other on the death penalty," he said. "I made this decision personally just on this case. It comes down to - we end up having to deal with that for the rest of our lives."

The death penalty sentence on Friday came after six weeks of testimony in three separate phases of the trial. The jury of seven women and five men had to determine whether Rodriguez was guilty, whether he was eligible for the death penalty, and whether he should get that punishment. They answered yes all three times.

The final time, it took three votes to reach a unanimous decision, said Heuer and Arlys Carter, 71, of Lisbon, another jury member. Each of the first two votes came back 11-1 for death, with the one holdout juror finally deciding to change his mind, they said.

Heuer said the final juror, whom he did not name, was not pressured.

"Everybody had to make up their own mind on this," he said. "It's a traumatic thing to go through."

After the first 11-1 vote on Thursday afternoon, jurors left for the day early because "everybody just needed to come back fresh," Heuer said.

A vote early Friday again was 11-1, but the unanimous decision was reached after a little more discussion, he said.

"We were a very conscientious bunch of people," Heuer said. "We were very, very careful with each" of the 30 factors offered by defense attorneys to support life in prison instead of death.

In the end, those factors, including a childhood of poverty, sexual abuse and possible brain damage from exposure to farm chemicals, were not enough to warrant mercy, Carter said.

"He didn't show (Sjodin) mercy, and neither did he show any remorse that we could see," Carter said. "He was very expressionless through the whole procedure. He did smile when his niece and nephew came into the courtroom. I have no doubt he was fond of his family, and they of him, and that didn't make our decision any easier.

"I think we all felt that the evidence was so overwhelming to one side," Carter said. "There was very little defense for his side. It was just not enough to hold on to."

Carter said the four alternate jurors said they also would have voted for death, "which made us feel good."

Heuer said jurors "looked and looked and looked" for remorse and did not find it. Neither did they believe that Rodriguez was accepting responsibility for Sjodin's death, as his attorneys claimed, when he offered in March to plead guilty in return for a life sentence.

"I have very strong faith," Carter said, "and I think (Rodriguez) still has his chance for mercy like all the rest of us do."

Carter and Heuer said the jurors did not believe prison was a fitting punishment for Rodriguez.

"From all we heard he adjusted very well to prison life, that he behaved very well, and did not seem unhappy there," Carter said.

Rodriguez had gotten out of prison about six months before Sjodin's killing, after serving 23 years for earlier assaults against women.

North Dakota's last execution was in 1905 and the last person sentenced to death in the state was spared 10 years later. The state eventually abolished its death penalty law. Rodriguez was prosecuted in federal court, where a death sentence is allowed.

Carter said she hopes the issue does not arise for another 100 years, though she felt honored and privileged to serve in this case.

"I would never want to do it again, but I would not have wanted to miss the opportunity to do it once," she said.

Man Gets 40 Years For 1994 Slaying Solved With DNA (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, September 23, 2006

A Fairfax County man who admitted stabbing another man 64 times, then tried to minimize his involvement before his sentencing, was given the maximum 40-year term yesterday for second-degree murder.

The slaying of Marvin Greenwell, 55, occurred in a Huntington area apartment in May 1994. For years, police had few leads in the case. But after a Fairfax cold case detective resubmitted DNA evidence from Greenwell's apartment, the state's DNA databank discovered a suspect last year: Leslie E. Carver, now 45, who had committed a series of armed robberies shortly after the Greenwell murder, in the same area.

While detectives were investigating Carver, he was picked up by Prince William County police in June last year on charges of drug possession. In several tape-recorded conversations from the Prince William jail, according to court records, Carver made some fairly explicit admissions.

"I killed somebody in 1994," he told his mother. "I have to live with that every day of my life, Mom, every day, you know."

When Fairfax detectives went to talk to him, Carver denied killing Greenwell. But faced with the prospect of a first-degree murder trial, and the combination of the DNA evidence and phone transcripts, Carver pleaded guilty in July to second-degree murder.

After every felony guilty plea in Fairfax, an officer from the state probation and parole agency conducts an interview to get the defendant's personal history and version of the crime as part of a report to the judge before a sentencing hearing. Fairfax Assistant Commonwealth's Attorney Marc J. Birnbaum said Carver told the probation officer that "he doesn't accept responsibility. He comes up with this other person involved who really killed" Greenwell.

Birnbaum noted that Carver's criminal record stretched 27 years, featured nine incarcerations and moved from property crimes to drugs to violence. "Any way one looks at this case," Birnbaum said, "it is a cruel, violent and vicious crime."

Deputy Fairfax Public Defender Dawn Butorac, one of Carver's attorneys, said Carver did accept responsibility for the murder by admitting that he was in the room when Greenwell was killed, which would provide the legal culpability for a murder conviction.

State sentencing guidelines in effect in 1994 suggested a possible prison term of 13 to 27 years, Butorac said. Because Carver has had previous probations and paroles revoked for at least the next 14 years, Butorac suggested that Fairfax Circuit Court Judge Randy I. Bellows sentence Carver to 13 years, the low end of the sentencing guidelines.

Carver stood and said, "I just wanted to say that I'm sorry to the Greenwell family." Turning to the judge, he said: "I don't know. I'd ask if you could give me a little time in there, so I might be able to get out one day."

Bellows reminded Carver that at his guilty plea in July, "you told me that you killed Mr. Greenwell. And I don't have any reservations that is exactly what you did." After reading Carver's claim that he didn't actually stab Greenwell, the judge said he went back and listened to the taped conversations from the jail.

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The judge also reviewed the crime scene photos. In 30 years as a public defender, prosecutor and judge, Bellows said, "this is among the worst I've ever seen."

Bellows said: "I feel that the [sentencing guidelines] are completely inappropriate in this case. The maximum sentence is 40 years, and that is what I impose."

Greenwell's widow and three grown children began applauding loudly.

Carver's daughter Melanie, 21, stood up, weeping, and shouted, "I love you, Dad."

Carver yelled over his shoulder, "I love you, too," as he was led out of the courtroom.

18-month Sentence In Travel Scandal (MJS)

By Gina Barton Gbarton@journalsentinel.com

Milwaukee Journal Sentinel, September 23, 2006

Thompson gets prison time for steering state contract

In a case that has played a role in a combative campaign season, former state Department of Administration supervisor Georgia Thompson was sentenced Friday to 18 months in prison for steering a state travel contract to a company whose top executives made $20,000 in campaign donations to Gov. Jim Doyle.

During Thompson's sentencing hearing in federal court in Milwaukee, the judge and attorneys for both sides acknowledged the case's political overtones and lamented a recent surge in public corruption cases across the state. In the hours after the hearing, Democratic and Republican party operatives blasted each other in dueling news releases.

Thompson, 56, was convicted by a federal jury in June of misapplying government funds and of defrauding the state of its right to honest services. Thompson, of Waunakee, was on a team of evaluators that reviewed proposals for a three-year, $750,000 "travel partner" contract to handle travel arrangements for state employees. It ultimately was awarded to Adelman Travel. The jury found that Adelman would not have won if Thompson had not manipulated the process.

The indictment said Thompson steered the contract to Adelman to cause political advantage for her supervisors and to bolster her job security. It did not allege that the contract was awarded in exchange for donations of $10,000 each from Adelman's chief executive and a board member. Doyle has since canceled the contract.

"People are deserving of good and honest government," U.S. District Judge Rudolph T. Randa said at the hearing. "There has been too much of this recently; people tend to lose confidence."

Randa said he would decide in about two weeks whether to grant Thompson's request to remain free pending her appeal. If he denies the request, Thompson will be required to report to federal prison on Nov. 27.

In addition to the prison term, Thompson must pay a $4,000 fine and serve three years of supervised release.

Her attorneys argued for probation while Assistant U.S. Attorney Scott Campbell urged Randa to send Thompson to prison for 21 months.

Letters from Thompson's friends, relatives and co-workers characterized her as a good listener and a dedicated public servant. Two members of the travel committee that awarded the contracts wrote letters supporting Thompson. A former supervisor, Jane Pawasarat, noted that Thompson had taken the time to write thank-you notes to those who have supported her throughout the prosecution.

Thompson declined to speak at her sentencing hearing. In a written statement, she described growing up one of 10 children in Madison. Her father was a painter for the University of Wisconsin and her mother was a janitor for the Department of Administration.

"I take pride in doing the right thing," she wrote. "I take pride in being a good friend. I believe in defending everyone's voice and their right to have a voice. I've always tackled my work with great energy and high expectations."

Her attorney, Stephen P. Hurley, argued that Thompson has been punished enough.

"She resigned from her position, was publicly humiliated by the Governor and has been forced to sell her home to make ends meet (including paying her legal bills). As an intensely private person, her 15 minutes of fame (and it has been much more than that) have borne a large toll on her," Hurley wrote in an earlier court filing.

Because the case has been used in political campaigns, the public already knows that the offense was serious, Hurley said in court. He argued that a sentence of probation would not detract from that.

Campbell disagreed.

"The very reason that this case has gotten attention is the very reason why a just sentence, a deterring sentence, is needed in this case," he argued. "A lenient sentence - a sentence of probation - will send the message that the federal courts in Wisconsin don't take corruption like this seriously."

There was no indication Friday that the sentencing marked the end of Thompson's time in the political spotlight.

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Mark Green, the Republican candidate for governor, called her sentencing a "sad day" and insisted that, if he is elected governor Nov. 7, he will take steps to make sure no similar events occur.

As governor, Green said, his administration would make sure no companies are solicited for campaign donations, or make any, while they are in the process of bidding for a state contract. He also said he is "open" to the idea of not raising campaign money while a budget for state government, which spends $26 billion every two years, is being considered.

Green said his campaign ads and his speeches would make no new references to Thompson over the next six weeks.

But other pro-Green groups, including the Republican Party of Wisconsin, have run TV ads that tie Doyle to Thompson.

"Jim Doyle has rigged contracts for cash, he's rigged votes to make political attacks and by failing to protect our electoral process, this election is ripe for fraud once again," party executive director Rick Wiley said in a statement.

Democratic Party Chair Joe Wineke shot back: "For months, Republicans have been trying to use the Georgia Thompson case for their own political advantage and to smear Governor Doyle. . . . These dishonest, hypocritical attacks are just another pathetic attempt by Republicans to distract voters from the fact that Congressman Mark Green has violated Wisconsin law, and is asking a judge to rule that he can keep more than a million dollars in illegal special interest cash."

Doyle was not available for comment Friday, aides said.

Department of Administration Secretary Stephen Bablitch pointed out that Thompson was hired during a Republican administration and said she acted alone.

Dan Bach, the top aide to Attorney General Peg Lautenschlager, said this week that a joint state and federal investigation into the travel contract continues. Investigators also are looking into the role played by former state Administration Secretary Marc Marotta in a bid to build student housing at the University of Wisconsin-Milwaukee.

An inquiry into the state Public Service Commission's approval of the sale of the Kewaunee nuclear power plant also continues, Bach said Thursday.

Marotta left his job as administration secretary in the fall; he now heads Doyle's re-election campaign.

Steven Walters and Patrick Marley of the Journal Sentinel staff contributed to this report.From the Sept. 23, 2006 editions of the Milwaukee Journal Sentinel

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Oakland City Hall Probe Wide-ranging (OAKTRIB)

By Heather MacDonald, STAFF WRITER

Oakland Tribune, September 22, 2006

FBI's questions have centered on 10 to 15 city contracts, officials say

OAKLAND — The arrest of a man with close ties to several city officials is just a small part of a wide-ranging investigation by federal authorities into public corruption at Oakland City Hall, FBI officials said Thursday.

The probe is focusing on whether "City Official A" — identified as Council President Ignacio De La Fuente — or other city officials granted contracts in return for favors, said FBI spokeswoman LaRae Quy.

FBI agents have interviewed dozens of people at City Hall during the past week, including several department heads, City Council aides and City Administrator Deborah Edgerly.

"We will go where the investigation takes us," Quy said.

De La Fuente vigorously denies any wrongdoing.

Several city officials interviewed by the FBI said the questions focused on 10 to 15 city contracts and appeared to be part of an intense investigation into De La Fuente, who unsuccessfully ran for mayor in June. The officials spoke on condition of anonymity because the FBI asked them not to speak to the news media.

The deals under scrutiny include the city's contract with Swinerton Builders to retrofit the Police Administration Building after the 1989 Loma Prieta earthquake, sources said. It was approved unanimously by the Oakland City Council in July 2004.

In addition, agents asked about the effort to rezone the area between Tidewater Avenue and the Oakland Estuary. Earlier this week, De La Fuente voted to allow housing to be built in the now-industrial area. Last month, Carlos Plazola, De La Fuente's longtime aide, resigned to concentrate on Plazola's real estate development business, which owns property in the area, sources said.

Also being examined is a proposal made to the Port of Oakland to provide limousine service at Oakland Airport, sources said.

FBI agents also asked about council members interfering with city employees, a violation of the City Charter, which requires them to go throughEdgerly rather than contacting staff directly. A majority of the council members routinely go around Edgerly to get pet projects moving or to gather information, officials said.

Despite the wide range of topics brought up by the FBI, several people who were interviewed said the investigation felt focused on elected officials and not at all like a fishing expedition.

Assistant U.S. Attorney Stephen Corrigan told a federal magistrate Thursday he expects Maurice Himy, the former owner of a clothing store on Oakland City Hall Plaza, to be indicted on extortion and public corruption charges next week.

After the court hearing, Himy declined to comment, but his attorney, William L. Osterhoudt, told reporters he expects his client to be cleared.

"He is a fine person and a credit to the community," Osterhoudt said. He declined to discuss the specific allegations against his client.

Himy, 59, is due back in court Sept. 29. The San Rafael man is accused of telling an Oakland businessman, who wanted a contract to auction the city's surplus vehicles and other property, that he could get him the deal in return for cash because of his connection to De La Fuente and other city officials.

According to an FBI affidavit, Himy referred to Oakland as "Moneytown" and told Cooper that unless he was paid he would "kill the contract." At first, Himy demanded a percentage of the contract's revenue, but later asked for $65,000 total to be paid in monthly installments.

De La Fuente said he contacted Bill Noland, director of the city's Finance and Management Agency, about Cooper's bid for the $30,000 auctioneering contract in an effort to ensure that city contracts went to local companies as often as possible.

Councilmember Larry Reid (Elmhurst-East Oakland) also contacted Noland on Cooper's behalf, but was told the businessman submitted his bid for the contract four minutes too late.

Cooper won

Advertisement

the contract after bid specifications were changed to require the cars and equipment to be auctioned in Oakland, ensuring the city would reap the sales tax revenue generated by the sales. He submitted the lowest bid.

However, the only auction Cooper held — to resell about 30 vehicles and other equipment — was plagued with trouble from the beginning, and had to be postponed after Cooper initially failed to adequately notice the auction.

Afterward, Cooper reported that one car and six street sweepers sold for prices lower than those recorded by city officials and the purchasers, Noland said. The discrepancy, which has not been resolved, totaled $21,725, he added.

The contract was terminated after city officials discovered Cooper did not have a valid state license to resell cars, Noland said.

Cooper, the former executive director of the sister city association between Oakland and Santiago de Cuba, contributed $600 to De La Fuente's mayoral bid and volunteered for the campaign.

Cooper referred questions to his attorney, John Burris, who called him a victim of extortion.

In 1995, Cooper was convicted of making false statements to the government while applying for reimbursement for property damage caused by the Loma Prieta earthquake and sentenced to 41 months in prison, officials said.

Quy praised Cooper for coming forward, calling him brave, and said Cooper had been completely forthcoming about his background.

According to the FBI, Cooper was not the first person Himy demanded money from to make a deal happen. In November 2003, an unidentified developer was weighing whether to buy a 120,000-square-foot office building, and wanted to know whether the Oakland Police Department was interested in renting the building.

After approaching an unidentified aide to a former Oakland mayor, the developer met with an unidentified Oakland police officer and Himy about the building, according to the FBI. A few days later, Himy asked the developer for a $150,000 fee, saying "this is how things are done in town."

The developer declined to pay Himy, and never purchased the building.

Jacques Barzaghi, Mayor Jerry Brown's longtime confidant and senior aide, was heavily involved in the search for a new police headquarters, prompted by the seismic risk to the Police Administration Building, officials said. Barzaghi, who was fired by Brown in June 2004, and Himy are close friends.

At the same time the FBI contends Himy was extorting Cooper, he was having a hard time paying the rent for his store, Spaccio. A temporary rent reduction kept the store open for about a year, but city officials evicted Himy and his partner this March after business did not improve, said Frank Fanelli, manager of the city's real estate services division.

Himy owes the city $165,000 in back rent and $16,500 in penalties, Noland said. The debt has been sent to a collection agency, officials said.

In March, FBI agents interviewed several council members as part of the agency's investigation into state Senate President Pro Tem Don Perata, focusing on whether he ever pressured them to steer contracts to his friends and business associates. Perata and De La Fuente are close allies. Perata denies any wrongdoing.

Anyone with information about corruption at Oakland City Hall is asked to call the FBI hot line at (800) 376-5991.

Officials Seek Funds To Build Crime Lab (WT)

By Amy Doolittle, The Washington Times

The Washington Times, September 23, 2006

D.C. officials yesterday asked for more than $94 million in federal funds over the next three years to establish a state-of-the-art crime laboratory in the District.

The District does not have its own crime lab. Forensic evidence from the city is sent for processing to the FBI's crime lab, which is on the grounds of the Marine Corps Base in Quantico, Va.

"To support our crime-fighting efforts, the District needs its own dedicated crime laboratory," Metropolitan Police Chief Charles H. Ramsey testified yesterday before the House Committee on Government Reform. "We need a laboratory that is capable of taking full advantage of the latest in DNA and other forensic technologies."

The hearing was led by Rep. Thomas M. Davis III, Virginia Republican and chairman of the Committee on Government Reform.

The District has a backlog of DNA evidence waiting to be processed on more than 1,500 sexual assault cases and a violent crimes backlog expected to grow 100 to 200 cases per year, officials said.

Evidence processing at the FBI lab is sluggish because federal cases are given priority.

The District is allowed to use the FBI's lab and supplies for free but is required to provide its own personnel.

FBI officials estimated that about 30 percent of the cases the Quantico lab processes each year are from the District. They said their increased caseload since September 11 has made it difficult to move District evidence through quickly.

"Since September 11 the mission of the FBI Laboratory has focused primarily upon providing forensic services to support counter-terrorism," said Joseph A. DiZinno, director of the FBI laboratory. "The support to [Metropolitan Police Department] investigations can continue, but not at the priority level previously received."

The new lab would cost about $253 million, said Edward D. Reiskin, D.C. deputy mayor for public safety and justice and the interim city administrator.

It would include forensic and DNA testing functions, the city morgue, the D.C. Department of Health and a bio-safety laboratory for homeland security threats.

Because the District does not have its own crime lab, it cannot enter DNA evidence into a national or city database, which cross-references samples and can help catch repeat offenders.

"A forensics lab of one's own for a city with a chronically high crime rate is a no-brainer," said D.C. Delegate Eleanor Holmes Norton, a Democrat. "The forensics lab may be the key to further reduction in violent crime in the District."

Chief Ramsey said eliminating the forensic case backlog could be key in lowering the city's crime rate.

"If we can clear up this backlog maybe we can put some people away and close some of these cases," he said.

The D.C. Council has so far dedicated about $10 million for the project and $13 million in federal funding.

D.C. Mayor Anthony A. Williams also has proposed $75 million in the fiscal year 2008 and 2009 budgets. The remaining city dollars likely would come from a series of bonds.

The lab is scheduled to be completed by late 2009.

Mr. Davis and Mrs. Norton said yesterday they are not aware of any opposition to the federal government giving the District money for a crime lab. However, Mr. Davis cautioned that there might be objections in the future.

"It's money; people always object," he said. "We're going to do the best we can to push this through as fast as we can."

More Journalists Facing Jail (WP)

The Washington Post, September 23, 2006

UNLESS A federal appeals court steps in, two reporters for the San Francisco Chronicle will head to jail for as long as 18 months. Lance Williams and Mark Fainaru-Wada broke an important story: the grand jury testimony of baseball superstars, including Barry Bonds, concerning the steroid-dealing BALCO lab and their use of its products. They have properly refused to identify their sources, despite a subpoena from federal authorities. And as has become distressingly common in investigations and lawsuits around the country, the journalists are facing jail time for doing their jobs.

Any reasonable balancing of the interests that clash when law enforcement needs to know a reporter's sources would, in this case, favor letting Mr. Williams and Mr. Fainaru-Wada honor their commitments of confidentiality. The public service they did by exposing steroid use among top athletes was significant. As Mr. Fainaru-Wada put it in court this week: "A fraud was being perpetrated on sports fans -- with athletes using illegal performance-enhancing drugs to manufacture records and achievements

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that were, at best, deceitful, and, at worst, an illusion." It's hard to see how the public's interest in getting to the bottom of a routine leak outweighs its interest in access to such stories.

Yet federal law, unlike the law in nearly every state, does not give a reporter any protection against compelled disclosure of confidential sources in criminal investigations. And the judge in this case, Jeffrey S. White, specifically declined to balance any harm the leak caused against the value of the information to the public.

Congress has legislation pending that would give journalists a limited privilege, but the Senate Judiciary Committee has yet to act on it. Under its terms, a judge might still order a journalist to give up a source or face jail, but the judge would first have at least to take "into account both the public interest in newsgathering and maintaining a free flow of information to citizens." (Disclosure: The Washington Post Co., along with other media organizations, filed a friend-of-the-court brief on behalf of the reporters, and Post executives are lobbying for the shield bill.) How many more reporters are going to get locked up before Congress passes this modest reform?

CIVIL RIGHTS:

Texas Democrats File Suit Against Voting Fraud Law (NYT)

By Ralph Blumenthal

The New York Times, September 23, 2006

HOUSTON, Sept. 22 — In the latest of the nation's skirmishes over voting rights, Texas Democrats have sued two top Republican state officials over an antifraud law that the suit says is being used to intimidate minority voters casting ballots by mail.

The action, filed Thursday in federal court in Marshall, challenges both the constitutionality of the law and the way it is being enforced. It contends that Attorney General Greg Abbott and Secretary of State Roger Williams are exaggerating the threat of election fraud and selectively applying the statute, enacted in 2003, so that they can "suppress voting by disfavored groups" that generally support Democrats.

The law makes it a crime in certain cases to carry someone else's filled-out ballot to the mailbox, to possess another person's blank ballot or to provide absentee ballot assistance to anyone who has not asked for it.

One plaintiff, Gloria Meeks, a 69-year-old Fort Worth woman who said she was being investigated for helping elderly and disabled voters cast ballots, provided a sworn statement saying two state investigators "peeped into my bathroom window not once but twice while I was in my bathroom drying off from my bath."

A statement issued by Mr. Abbott's office did not address that accusation directly but said the investigators had acted professionally, and added, "It is not uncommon for the target of a criminal investigation to make baseless allegations against law enforcement in order to deflect attention from the serious criminal allegations they face."

Responding to the suit in another statement, the state's solicitor general, Ted Cruz, dismissed it as baseless and called the plaintiffs "a combination of political operatives and individual criminals who have already pleaded guilty to voter fraud."

"There are open investigations against members of both parties," Mr. Cruz said in an interview, "but the vast majority of complaints that have come in have concerned alleged criminal conduct in the Democratic primary and party elections."

Mr. Cruz also noted that the law had been sponsored by a Democratic member of the Texas House.

In an era of exceptionally partisan politics, the question of who gets to vote has become a most contentious one, especially now as the midterm elections approach. This week, the United States House of Representatives passed a bill that beginning in 2010 would deny the vote to the millions of people who lack a birth certificate, a passport or proof of naturalization. Last year, Georgia was barred from requiring voters to produce a government-issued photo identification card. And in 2004 Florida had to discard a list, intended to keep felons from voting, because it had neglected to include Hispanics.

The new suit was filed in the name of the Texas Democratic Party and six voters by J. Gerald Hebert, a Virginia lawyer and former Justice Department prosecutor specializing in voting rights. The plaintiffs include two Texarkana women, Willie Ray, a member of the City Council, and Jamillah Johnson, who have both pleaded guilty and been sentenced to probation for violating the 2003 law by handling other people's votes.

Another plaintiff, Parthenia McDonald, 78, of Fort Worth said she had joined the suit because she used a wheelchair and needed help to vote. "I can't even get out of my front door, so I couldn't go to my mailbox," Ms. McDonald said.

Under the statute, assisting voters with mail-in ballots is legal if done by a member of the family or household or someone the voter voluntarily designates in writing on the envelope. The suit says these guidelines are often too vague to interpret properly. It says the restrictions and the way the state has enforced them disenfranchise the poor, people who speak no English and others overwhelmingly likely to vote Democratic.

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But the former Democratic lawmaker who sponsored the legislation, Steven D. Wolens of Dallas, took sharp issue with the suit's claim that the "plain intent" of the measure was to suppress the minority vote "and to squelch completely legitimate, nonfraudulent activities of civic organizations, including political parties."

"That was not my intent," Mr. Wolens said in an interview. "My purpose was to eliminate vote fraud in absentee balloting."

He said he and his wife, Mayor Laura Miller of Dallas, had both been victimized as political candidates by "rigged elections with people harvesting votes."

Mr. Wolens, a lawyer who is no longer in the Legislature, said he had not examined the suit and could not say whether his statute was now being used to suppress minority or Democratic voting.

Attorney General Abbott, a former Texas judge running for re-election this year, has long highlighted his efforts against voter fraud, calling it "an epidemic" and likening it to the infamous ballot-box stuffing in South Texas that won the 1948 Democratic senatorial primary for Lyndon B. Johnson.

But the suit said he had prosecuted only about eight people under the new law, all affiliated with the Democrats and all but one African-American or Hispanic.

Mr. Cruz, the solicitor general, said that other cases involving both parties were under investigation and that in any case the attorney general did not initiate voting fraud cases but received them from local authorities.

In the case of Ms. Meeks, the woman who said investigators had peeped into her bathroom, Angela Hale, a spokeswoman for Mr. Abbott, called her "the subject of an ongoing criminal investigation that stems from a complaint referred to the office of attorney general by a citizen in Tarrant County."

"The investigation of Ms. Meeks has been conducted professionally and properly, to the full extent allowed by law," Ms. Hale said in a statement.

Ms. Hale also defended Mr. Abbott's use, in a PowerPoint presentation on voter fraud, of a postage stamp about sickle cell anemia, an ailment found chiefly among African-Americans, to show how possibly fraudulent mail ballots were examined for suspicious similarities. But she said another exhibit in the presentation, a "clip art" illustration of black voters in line at a polling booth, had been removed.

An Unwelcome Light On A Club Where Legends Teed Off (NYT)

By Jennifer Steinhauer

The New York Times, September 23, 2006

BURBANK, Calif., Sept. 22 — In truth, the naked women discharging cocktails at the famed Lakeside Golf Club were not what rankled Jennifer Merkel, though she certainly found them less than charming.

It was her tee time — chosen by the club and consistently at a far less convenient hour than her husband's — that got her steamed. There was also the accusation that the highest level of memberships was reserved for men, and that all the club's board members were male and that as a woman she could not enter the Grillroom or the Gin Room.

So Ms. Merkel sued, causing more than a small hoo-ha at Lakeside, the exclusive club here where Bob Hope, Bing Crosby, W. C. Fields, Gene Autry and John Wayne all hit the links, and drawing unwanted attention to the often exclusionary policies of private clubs.

"I think it is too bad when people get so upset that it ends up in a lawsuit," said Bob Thomas, a spokesman for the Southern California Golf Association.

The lawsuit, which Ms. Merkel filed with her husband, Reginald Lee, accuses the club of sex discrimination and of violating a host of state civil rights laws, including one that protects gay domestic partners because club rules allow family membership privileges only to people married to someone "of the opposite sex."

Ms. Merkel charges that as a woman she is not allowed to play at Lakeside on Saturdays or become a lifetime member of the club, and that she is relegated to "special membership" status, and thereby not allowed to serve on the club's board or hold equity in the club.

Before filing her suit, she complained to the National Organization for Women, which sent a letter to the club seeking an explanation.

Discrimination complaints against golf clubs by women are not new — the most famous were those against the Augusta National Golf Club in Georgia, which is host to the Masters Tournament and which has no female members — but they rarely result in lawsuits, because private golf clubs generally have great latitude over who is allowed join and how memberships are structured. The National Council of Women's Organizations has led a protest against the Augusta club because it will not allow women to be members.

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"These are private organizations," said Alfred P. Carlton Jr., former president of the American Bar Association and an expert in country club law. "And unless they take a public subsidy or have special tax status, there is no public law of discrimination that would apply."

But one component of Ms. Merkel's suit, supported by colorful and off-colorful pictures, is a complaint about the annual Kelly Cup tournament, in which "completely naked women, a k a strippers and prostitutes, are allowed on the golf course and drink with members and guests." That has raised eyebrows even among the most seasoned golf experts.

"I wouldn't call this common at all," Mr. Carlton said. "Most country clubs are rather sedate organizations."

The club's general manager, Lance Sabella, did not deny that the tournament existed, nor did the one board member who took a reporter's call on the matter before promptly slamming down the phone. Mr. Sabella contended that the real reason Ms. Merkel and her husband had sued was because the club was moving to terminate Mr. Lee's membership.

"This lawsuit by Mr. Lee is a most unfortunate attempt to deflect attention from his own public conduct," said Mr. Sabella, reading a statement. The board's decision to oust him "comes after three years of discussions, notices and warnings concerning his disruptive, ungentlemanly and unacceptable conduct."

Mr. Sabella said via e-mail on Friday that Mr. Lee "physically threatened another member and verbally accosted him, using abusive language" on volleyball night in 2003, and that there were seven other "documented incidents of inappropriate behavior/actions by Mr. Lee." He added that the Grill Room was not accessible to women because it was part of the men's locker room, and that the club's bylaws were "gender neutral." There is a woman, he said, in the highest level of membership.

The lawyer for Mr. Lee and Ms. Merkel, Leo Terrell, said that at a termination hearing this week, the club accused Mr. Lee of writing down an inaccurate score and of starting his game at the wrong tee time, which Mr. Terrell said were common among golfers, and of getting into an argument on the course three years ago.

"This is just a kangaroo court," said Mr. Terrell, who added that he planned to place some female protesters outside the club this weekend. Or maybe next, depending on when he decides to go golfing there with Mr. Lee.

He could have esteemed company. The club, which Mr. Terrell said costs roughly $100,000 to join, has a host of celebrities he would not name. "But just think 'Rocky,' 'Wall Street,' 'Dancing With Wolves,' and you get the picture," he said.

Mr. Terrell conceded there was little case law for him here but said he thought California civil rights codes offered his clients some protection.

After a discrimination flap in 1990 at Shoal Creek, an all-white club in Birmingham, Ala., the Professional Golfers Association drafted policies for sites that were host to tournaments, contractually obligating them to not discriminate. Many courses dropped out rather than change their ways. (P.G.A. tournaments are not played at Lakewood.)

"They are hanging this lawsuit on the issues of equal access," Mr. Johnson said. "And there are some California laws that deal with that issue, but they don't apply to truly private clubs. Lakeside is a truly private club."

Homeland Security Seeks Verification Of Employee Citizenship Status (MCT)

By Marisa Taylor And Kevin G. Hall

McClatchy Newspapers, September 23, 2006

WASHINGTON - The Department of Homeland Security isn't waiting for Congress to require employers to verify they're hiring legal immigrants. It's preparing new rules that would compel companies to take swift action when they receive notice that a worker may be using fake documents, even as another federal agency warns that the proposed rule would be an invitation to discrimination lawsuits.

Congress is stymied over immigration reform, particularly legislation that would require employers to check workers' Social Security information.

So DHS is moving ahead on regulations - expected by the end of the year - that would require employers to ascertain quickly an employee's immigration status if the Social Security Administration sends back a notice saying it found no match between an employee's name and his or her Social Security number.

That directive comes despite the fact that Social Security's current "no-match" letter warns employers that taking adverse action against their employees could "violate state or federal law and subject you to legal consequences."

Last month, the federal Equal Employment Opportunity Commission (EEOC), which oversees workplace discrimination cases, wrote to Homeland Security warning that its proposed rule "may create circumstances in which employers have incentives to take actions that violate . . . non-discriminatory provisions."

Social Security Administration officials confirmed that they're discussing similar concerns about discrimination with DHS.

Currently, when Social Security receives a W-2 earnings statement from an employer in which an employee's name and Social Security number don't match, a "no-match" letter is sent to the employer.

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About 128,000 such letters were sent out this year for the 2005 tax year, roughly the same number sent for the 2004 tax year. The letters spell out what employers and employees must do to rectify the discrepancy but doesn't hold employers liable for workers who turn out to be illegal immigrants.

The new DHS rule would require the employer to check within 14 days to see if the mismatch was a clerical error and would give the employee 60 days to prove his or her status.

Currently, there's no time limit for resolving a "no-match" discrepancy. The EEOC wants any new rule to give workers 90 days instead of 60 to resolve paperwork problems.

Employers that can't resolve any discrepancies either internally or by checking with federal agencies would be required to fire the workers or face federal prosecution or fines for hiring illegal immigrants.

Business groups complain that this leaves them vulnerable to enforcement actions if they don't comply and costly lawsuits if they do.

"Legally speaking, an employer has to very careful," said Scott Vinson, vice president of government relations for the National Council of Chain Restaurants. "If you terminate an employee without any other evidence, you could open up yourself to liability for civil rights violations."

Dean Boyd, a spokesman for the Bureau of Immigration and Customs Enforcement, part of Homeland Security, disagreed.

"I don't think any company wants a bunch of employees with fraudulent Social Security numbers, or the Social Security numbers of children under the age of 5, or of dead people," Boyd said.

Employers who show that they tried to verify workers' identities and didn't know the workers were illegal would be in the clear.

"Knowing is the operative word," Boyd said. "If we go to a company and we find 50 illegal aliens, and the company says they looked at all the documents, they didn't know they were illegal, and the paperwork supports that, then they're in compliance."

The change would help agents go after companies that routinely seek out illegal immigrants or ignore signs like "no-match" letters.

"We have seen numerous cases where companies have hundreds of people on their payroll with bogus Social Security Numbers," Boyd said.

Employer groups, however, question why DHS is moving ahead with the rule when Congress is still narrowing differences between competing immigration bills that require mandatory verification of an employee's citizenship status.

"We thought it would be a smart thing for DHS to pause for a moment to wait and see . . . because this may ultimately have to be changed," said Vinson, who represents the chain restaurants. "From what I'm hearing, DHS does plan to proceed with this . . . and it's being fast-tracked."

Before the Sept. 11 terror attacks, immigration authorities rarely fined or prosecuted employers for hiring illegal immigrants, and the illegal workforce grew to an estimated 11 million people over the past decade. After the attacks, authorities accelerated immigrant-worker sweeps and increased prosecutions of employers.

Now, a small but growing number of companies has decided to verify their workers' identities more aggressively by joining the voluntary DHS program Basic Pilot, which allows companies to verify Social Security numbers over the Internet.

More than 11,200 employers are signed up for the program this year, twice last year's numbers. It's a big jump for a program in place since 1996, but a small fraction of the estimated 7 to 8 million employers nationwide.

Dunkin' Brands Inc., corporate parent of Dunkin' Donuts and Baskin-Robbins, joined in June. Chief Legal Officer Stephen Horn, in a statement to McClatchy Newspapers, said, "We see it as a way to help our franchisees comply with the laws when the authenticity of their new hires' credentials are difficult to discern."

But the program has accuracy problems and is far from foolproof, said Basic Pilot participants. It can't recognize employees who are using others' identification and Social Security numbers. That would require more sharing of tax records among the IRS, Homeland Security and Social Security Administration.

Advocates of a guest-worker program, such as the one proposed by President Bush, charge that the proposed DHS rule and Basic Pilot only drive workers toward employers who pay them off the books.

In the Maryland city of Upper Marlboro, undocumented workers gathered after dawn and awaited jobs as day laborers.

One recently arrived young man from Mexico's southernmost state of Chiapas, leaning against a contractor's truck and wearing a company-issued shirt embroidered with the name Lupe, underscored the verification challenge.

Lupe confirmed that he's without legal working papers and shrugged when asked if his employer verified his status.

"It hasn't been a problem," Lupe said.

Ga. Lawmaker May Apologize To Latinos (AP-Y)

By Ben Evans, Associated Press Writer

AP, September 23, 2006

A Georgia Republican says he'll apologize to a national Latino advocacy group he accused of supporting racism and illegal immigration if the organization agrees to a list of conditions.

In a press release this week, Rep. Charlie Norwood called the National Council of La Raza a "radical," "anti-American" organization that "supports racist groups calling for the secession of the western United States as a Hispanic-only homeland."

The Washington-based group, which regularly testifies before Congress and is a leading Hispanic advocacy organization, emphatically denies those characterizations.

"His accusations in his press release were patently false," said Cecilia Munoz, vice president of NCLR. "We've attempted to clarify the record multiple times and we've offered to meet with him, and he continues to insist on a bizarre interpretation of our work."

In offering a conditional apology, Norwood asked NCLR to sever all ties with a leftist student group and its "racist doctrines," to repudiate all claims that any American territory belongs to Mexico, and to seek outside supervision to ensure that NCLR-sponsored programs do not discriminate.

Norwood, a six-term congressman, acknowledges that the group itself does not promote racist or separatist policies. But he cites its association with a leftist student group called MEChA that has branches at colleges across the country, some of which advocate retaking U.S. land that once belonged to Mexico. He points to a $2,500 grant the council gave in 2003 to the Georgetown University MEChA branch, which calls for the political liberation of Latinos from repressive foreigners.

The donation represents a tiny portion of the millions of dollars in grants that NCLR gave to health clinics, housing organizations, community centers and local advocacy groups that year.

John Stone, a spokesman for Norwood, said it is significant and drew an analogy with a conservative think tank: "If the Heritage Foundation gave one small donation to the Aryan Brotherhood, I think that would cause quite a stir."

ANTITRUST:

FCC Is Likely To Put Conditions On AT&T Deal (WSJ)

By Amy Schatz

The Wall Street Journal, September 23, 2006

WASHINGTON -- Federal Communications Commission staff recommended approving AT&T Inc.'s $67 billion purchase of BellSouth Corp. with no conditions, agency sources said Friday.

Although the FCC staff and Chairman Kevin Martin are advocating no conditions, it is highly unlikely the deal will clear the commission without restrictions. The FCC's newest commissioner, Republican Robert McDowell, is not expected to vote on the matter because of his previous career as a lobbyist and telecom attorney for smaller phone companies, FCC officials said. Those companies are opposing the deal.

FURTHER READING

· Judge Vows Telecom-Merger Review1

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· A Reborn AT&T to Buy BellSouth3

3/6/06

If Mr. McDowell is recused from voting, Mr. Martin will have to reach a compromise with the commission's two Democrats, who are expected to press for conditions similar to those imposed last year when the commission approved the purchase of AT&T by SBC Communications Inc. and Verizon Communications Inc.'s purchase of MCI Inc. Those conditions involved treatment of Internet traffic.

In a possible bid to avoid imposing similar conditions this time that would affect only AT&T, the FCC is also set to open a formal inquiry into whether industrywide rules need to be written that would require Internet providers -- including phone companies -- to treat all Internet traffic equally, otherwise known as net neutrality. High-tech companies and consumer advocates have complained phone and cable companies may try to discriminate against some Internet traffic and want rules to prevent that. The FCC's two Democrats successfully got conditions to prohibit AT&T and Verizon from doing that in the deals last year and are expected to try again.

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The FCC is set to vote on the deal at its Oct. 12 meeting and the Justice Department's review of the deal may also be done before then. The antitrust review does not appear to have been slowed by a federal court review of the department's approval of the AT&T and Verizon deals. Those conditions mostly involved short-term price caps and limited divestitures in 19 cities where the department found some antitrust issues involving high-volume data lines for business customers.

The FCC has moved relatively quickly to approve the AT&T-BellSouth deal, possibly because of the coming elections in November. Some congressional Democrats have expressed unhappiness about the deal, which essentially puts Ma Bell back together 22 years after the government broke it up, and if the House came under Democratic control, it could prompt more pressure on the FCC to impose conditions.

AT&T's BellSouth Buy May Win FCC Approval, People Say (Update4) (BLOOM)

By Molly Peterson

Bloomberg, September 23, 2006

Sept. 22 (Bloomberg) -- AT&T Inc.'s $67 billion purchase of BellSouth Corp. is likely to be approved by the U.S. Federal Communications Commission, said people familiar with the agency's plans.

FCC Chairman Kevin Martin has asked other commissioners to approve the purchase without conditions, said the people, who asked not to be identified because the decision hasn't been made. Martin circulated a draft order last night and the FCC may vote Oct. 12, the people said today.

The draft is a starting point for talks and may not mean the deal will sail through without conditions. The newest FCC member, Republican Robert McDowell, a former lobbyist, may be barred from voting, leaving the panel split between Republicans and Democrats. In addition, Sprint Nextel Corp. and Global Crossing Ltd. want the agency to force AT&T, the largest U.S. phone company, to allow equal access to its high-speed networks.

``It would surprise me if there aren't commissioners agitating for some tough net neutrality conditions,'' said Paul Glenchur, an analyst at Stanford Washington Research Group.

Glenchur noted that Martin last year initially proposed approving two telephone-company mergers without conditions.

``Then discussions among the commissioners led to the development of FCC conditions, and I think that's probably what will happen here too,'' Glenchur said.

`Guidepost'

Conditions on last year's mergers probably will be a ``guidepost'' for commissioners' negotiations on the BellSouth deal, Jessica Zufolo, an analyst with Medley Global Advisors in Washington, wrote today in an investor note. ``For some, it will be the starting point for more rigorous negotiations,'' she said.

Shares of San Antonio-based AT&T rose 62 cents to $32.90 at 4 p.m. in New York Stock Exchange composite trading. Atlanta- based BellSouth, the third-largest U.S. local phone company, rose 80 cents to $43.23.

The FCC had a vacant Republican seat for more than a year prior to McDowell, a former lobbyist for Comptel, which represents carriers that compete with AT&T and BellSouth. With an even split, Martin agreed last year to Democrat-backed conditions on SBC Communications Inc.'s purchase of AT&T Corp. and Verizon Communications Inc.'s acquisition of MCI Inc.

They barred the combined companies from raising rates on certain services for two years. The commission also made the companies comply with network-neutrality principles, such as ensuring that high-speed Internet subscribers can access any legal content they choose.

Neutrality Study

The commission also may start a separate net neutrality inquiry next month, people familiar with the matter said today. Martin circulated a notice last night seeking public comment on the FCC's existing neutrality principles, the people said.

The inquiry ``could be a way for the commissioners to take net neutrality out of the merger discussion and into an industry-wide proceeding,'' Glenchur said.

Internet companies such as Google Inc. are pressing for tougher neutrality rules that would bar phone companies from charging content providers for priority access to new, high- speed networks under construction. Phone companies plan to use those fiber-optic networks to offer television service in competition with cable companies.

Shareholders approved the BellSouth purchase in July. The deal will give AT&T Chief Executive Officer Ed Whitacre control of the companies' shared mobile-phone business, Cingular Wireless LLC, the largest in the U.S. It will also widen AT&T's lead as the dominant local, long-distance and wireless provider, and help it fend off cable-television companies offering phone service.

Share Gains

Once approved by federal regulators, BellSouth investors will get 1.325 AT&T shares for each they now own, representing an 18 percent premium based on the companies' stock prices on March 3, the last trading day before the deal was announced.

The deal was worth $37.09 a share to BellSouth investors when it was announced. Since then, AT&T shares have risen almost 18 percent.

In addition to full ownership of Cingular, BellSouth will give AT&T local-phone and Internet customers in nine states, expanding the company's reach from California to Florida.

The BellSouth acquisition is ``strongly in the public interest, as 18 states have now determined," AT&T spokesman Michael Balmoris said today in an e-mailed statement. ``We look forward to bringing the benefits of increased innovation and competition to consumers once the merger is approved."

Opponents

A coalition of rival carriers and consumer groups said the sale would lead to ``irreversible marketplace harms" unless the FCC imposes tough conditions.

``It would be precipitous and unprecedented for the commission to take action on this merger while the Department of Justice is under federal judicial scrutiny for its approval of the SBC-AT&T and Verizon-MCI mergers," said Andrew Schwartzman, president of the Washington-based Media Access Project and a member of the Competition Coalition.

A U.S. judge is examining the Justice Department's October 2005 approval of SBC's $16 billion purchase of AT&T Corp., which formed AT&T Inc., and Verizon's $8.44 billion MCI acquisition. Terms of the approval, which required the companies to divest some fiber-optic lines to buildings serving large businesses, were subject to court review.

That court proceeding ``relates primarily to the Justice Department" and ``doesn't really have an impact" on the FCC's review of the BellSouth deal, Martin told reporters last week.

To contact the reporter on this story: Molly Peterson in Washington at mpeterson9@bloomberg.net .

Smithfield's Plan To Buy Rival Spurs Complaints (VAPILOT)

By Jeremiah Mcwilliams, The Virginian-Pilot

Virginian-Pilot, September 23, 2006

A coalition of farmers and Midwest senators is protesting Smithfield Foods Inc.'s bid to buy its top pork-producing rival, even as the U.S. Justice Department's antitrust division has begun investigating.

Smithfield's planned $810 million acquisition of Premium Standard Farms Inc., the nation's sixth-largest pork processor, would further extend the Smithfield-based company's reach in the meat industry.

"I cannot fathom how Smithfield, which is the largest and fastest growing integrator, can continue to be allowed to purchase hog operations across the country," said Sen. Charles Grassley, R-Iowa, in a statement this week. "Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming."

A Justice Department spokeswoman said there was no timeline for completing the antitrust investigation.

The Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights will hold hearings on the deal in the near future, said its chairman, Sen. Mike DeWine, R-Ohio.

"This merger takes place in an industry already witnessing the decline of independent family farmers, and rapid consolidation in meat production and packing," DeWine said in a statement. "If this merger goes through, farmers will have even fewer choices for selling their hogs, and consumers will certainly be affected."

After the deal, Smithfield would have about 28 percent of U.S. hog-slaughtering capacity and less than 20 percent of the nation's hogs, said Smithfield Chairman Joseph W. Luter III this week.

Smithfield - already the world's largest hog farmer and pork processor - is confident the deal will win approval.

The controversy is "politics as usual," said company spokesman Jerry Hostetter. "We expect the Justice Department to review the deal. We expect to work with them and resolve it."

Midwesterners "don't really like other companies coming into their turf - they don't like big agricultural companies," Hostetter said, noting that Grassley and Sen. Tom Harkin, D-Iowa, also opposed Smithfield's $367 million acquisition of pork processor Farmland Foods in 2003. "They always react this way," he said.

Smithfield is contractually bound to pay $100 million to Premium Standard if the deal is terminated because it fails to clear antitrust barriers.

"We were willing to establish that breakup fee because we expect to be able to close the deal," Hostetter said.

Kansas City-based Premium Standard, meanwhile, must pay Smithfield about $27.4 million if the smaller company's board changes its mind and goes against the deal.

Jim Mintert, a professor of agricultural economics at Kansas State University, said that, in order to reject the Smithfield deal, antitrust regulators would have to impose a different standard than is used in other industries.

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Smithfield's market share "is large in the food industry, but they're not large by traditional antitrust standards," Mintert said. "If this was any industry but the food industry, and more specifically meat production and packing, this wouldn't even be on the radar screen. Not even close."

Opponents of the deal say small farmers are being squeezed out by consolidation in the meatpacking and hog-growing industries. As vertically integrated conglomerates take control of production from hog farms to ham plants, opponents say independent farms are subjected to tough pricing in a shrinking spot market for hogs.

Nationwide, the number of hog farms shrank from 300,000 in 1989 to 98,000 in 1999 as larger farms took bigger shares of the market, according to University of Arkansas' National Agricultural Law Center.

"The U.S. livestock industry is already heavily concentrated and lacks open and fair competition," said Tom Buis, president of the National Farmers Union, in a statement.

"Allowing the two largest hog businesses to join together would only exacerbate an already unacceptable level of concentration," said Buis, whose group represents about 250,000 farm and ranch families.

C. Larry Pope, president and chief executive of Smithfield Foods, said on a conference call this week that the company would honor Premium Standard's current hog production contracts. In a nod to smaller hog raisers, Pope also said the company is committed to buying a significant number of hogs on the open market.

Wright Friction Expected To Persist (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 23, 2006

WASHINGTON – Supporters of the Wright agreement called them "the four little words."

Tucked into legislation to repeal the Wright amendment, the words – intended to exempt the deal from antitrust laws – nearly cratered the compromise to lift restrictions on long-haul flights at Dallas Love Field.

The language was removed from legislation in the U.S. Senate this week, keeping the Wright fight alive as the clock ticks down on the congressional session.

But the battle is far from over.

Even if the legislation clears Congress next week, the Wright-repeal movement is expected to hit more rocky terrain in a court fight treading over many of the same issues.

The debate over the antitrust language this summer came to represent almost every facet of the decades-long dispute – how to bring airline competition to North Texas, whether Congress should involve itself with the in-city airport, why the effort to repeal a contentious 1979 law needed even more contentious legislation.

Lawmakers from North Texas say their efforts, fighting some of their most powerful colleagues on Capitol Hill, were merely intended as protection to help ensure their Wright legislation survived once it passed.

The deal "was always going to be subject, in my view, to litigation," said Rep. Kenny Marchant, R-Coppell.

But some legislative language about how to treat the agreement could be added protection in front of a trial judge, he said.

The need for an antitrust exemption wasn't expressed in the June agreement among the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

The five parties designed their agreement for protection from one another, and penalties were devised if any of the signatories chose to renege on their commitments.

But when the deal moved to Washington in the form of legislation weeks later, the four-word antitrust protection was built in to help protect the five parties from outsiders: The bill deemed that the compromise complied with the U.S. transportation code "and any competition laws."

North Texas lawmakers thought they had widespread support for their legislation.

But that immunity clause, once it was highlighted for congressional committees that oversee antitrust laws, drew a bitter fight – and more questions.

Couldn't the deal stand on its own? Why wouldn't the legislation survive in court if it really was good for consumers?

Wasn't the Wright repeal movement about creating more competition?

Critics of the antitrust exemption intervened, creating hurdles to the legislation that still haven't been cleared completely.

Proponents of the agreement maintain that the deal is good for consumers – or at least that it's better than the current situation, in which Love Field flights are limited to a nine-state region.

Even before the agreement for new language was reached this week, Dallas Mayor Laura Miller said she was not afraid the North Texas compromise would lose a court challenge.

The antitrust immunity, she said, was necessary to protect Dallas from getting tied up in court over the next eight years – a tight timeline for the condemnation of gates and planned improvements to the airport.

The antitrust protection "has nothing to do with our ability to win in court and everything to do with our ability to implement our plan," she said.

The proposal would lift Love flight restrictions in 2014 and immediately allow for one-stop flights beyond the Wright perimeter.

In perhaps the most controversial piece of the deal, the number of available gates at Love would be cut to 20 from 32. Nineteen are now operational. The gate reduction would lead to the demolition of the unused six-gate terminal owned by Love Terminal Partners LP.

That group sued the mayor and the parties and launched a lobbying effort that brought the antitrust exemption before key lawmakers.

The lead attorney for the terminal group, Bill Brewer of Dallas, said the five parties involved in the deal engaged in "collusive activity" that would harm consumers to the tune of hundreds of millions of dollars a year.

Lawmakers said they expected the terminal group to mount further challenges in court – one reason the bill needed protection from antitrust suits.

Mr. Brewer said, "We are going to press this debate in every way that we can for as long as we can, because we believe that the bill is not proper."

But the legal threat to the parties would be much greater than any challenge by Love Terminal Partners, he said.

"They care about the class-action consumer antitrust actions that will be filed, if this agreement was to take effect and there is no immunity," he said. "There are lawyers lined up outside the courthouse within minutes to file that case."

A House version of the Wright legislation, which North Texas lawmakers plan to push next week, retains the immunity clause but could be substituted with the Senate language if members wanted.

The Senate version removes the antitrust exemption and offers other protective language to show that Congress is ordering the gates at Love to be torn down.

Sen. Kay Bailey Hutchison, R-Texas, who has been pushing the issue through Congress, said outside parties could still make claims in court, but "we will pass a bill that protects our parties."

"I never felt there was an antitrust issue," she said. "People can sue and cities can make agreements."

Lawmakers from North Texas have been quick to acknowledge that they'll do what the five parties need to get the deal done.

The key, they said, is to explain to their colleagues in Congress the history behind the Wright legislation and why the divisive issue needs to be resolved.

"This problem is largely of Congress' making to begin with," said Rep. Michael Burgess, R-Flower Mound. "I hope people can understand why it is important to us in the D/FW metroplex to have this 35-year-old burr pulled out from under our saddle."

Staff writer Emily Ramshaw in Dallas contributed to this report.

Tigers By The Tail (WSJ)

By Ron Cass

The Wall Street Journal, September 23, 2006

Intel executives, coming up on a pre-trial conference in a case that could decide their company's fate, should be looking with envy and admiration at Tiger Woods, and wondering how to make their business more like his.

If golf followed the same path as other businesses, Tiger could expect to face a lawsuit contending that his dominance of professional golf is based on unfair competition. And in fact, a few years back Sergio Garcia whined that Tiger got better practice times, favorable treatment around the course, more protection against distracting fans -- little things that could, Mr. Garcia intimated, explain Tiger's edge. Sportswriters responded swiftly, deriding Mr. Garcia for looking to blame others for his being outcompeted. They understood that sports contests belong on the field, not in the media or the courts.

The same should be true of business. Market-based economies thrive on competition. The competitive economy doesn't yield an infinite number of equally successful firms producing indistinguishable products, but lets winners and losers emerge from marketplace competition. The (inevitably) temporary dominance of one product or one firm spurs others to compete harder. Today, however, many businesses -- especially American ones -- find it easier to restrain a dominant competitor through the courts than to beat it in the market.

Take the case of Advanced Micro Devices and Intel, the dominant chipmaker for PCs and servers. AMD for years played the role of Phil Mickelson to Intel Corporation's Tiger Woods -- the talented rival who keeps coming up short in head-to-head competition. Last year, it decided to model Mr. Garcia rather than Mr. Mickelson, filing an antitrust action against Intel, charging it with a variety of unlawful actions. On Sept. 27, U.S. district court judge Joseph Farnan will determine what day, probably in 2008, this potentially multibillion dollar suit will go to trial.

Lawsuits are not invariably bad things. Intellectual property rights, for example, support investment in innovation, and litigation at times is essential to preserve those rights. Antitrust litigation can also usefully police conspiracies to restrain competition through collusive price-fixing or bid-rigging agreements among supposed adversaries. Unfortunately, the more likely use of antitrust law is to handicap a dominant firm that has been successful in the market. That's the goal of Microsoft competitors, and it seems to be AMD's goal as well.

AMD finds fault in Intel's continued market dominance: Because Intel has had 80% or more of the x86 chip processor market for many years it must be doing something illegal to keep rivals out. Yet, George Stigler, among others, long ago debunked the significance of market share as a measure of competition. Duopoly markets, like the market for large commercial aircraft, can be fiercely competitive. Ask anyone working at Boeing or Airbus.

Moreover, markets can change rapidly, especially high-tech markets, often in ways unanticipated by antitrust suits. Witness the changes in computing that caused the government's antitrust case against IBM to implode.

AMD's share of the server-chip market has risen dramatically over the past two years, from negligible to more than 25%, and its share of the x86 PC-chip market has also passed the 20% AMD's complaint used as a benchmark. That was before recent deals were announced with IBM and Dell that will further increase AMD's market share, and before any activity in the lawsuit (or the EU decision to pursue an investigation based on AMD's complaint). The potential for such dramatic shifts explains why firms like Intel and Microsoft go to great lengths to stay on top of the markets they currently rule.

AMD objects to Intel's pricing and rebate policy. Intel offers computer makers like Dell and IBM rebates if they purchase certain volumes of its chips. The rebates, AMD argues, are illegal because they apply across the board (rather than only to chips purchased above a given volume) and drive prices so low that AMD cannot compete. And because, once the target volume is reached, the rebate operates to reduce the prices of a buyer's entire chip purchase, AMD says Intel is selling the last increment of chips below its cost of production -- i.e., predatory pricing.

Forcing Intel to raise its prices would stifle competition, stand antitrust law on its head, and require Intel (or other dominant firms) to have information about competitors' costs almost certainly beyond its reach. Similarly, as long as the price of the goods to which the rebate applies covers the seller's costs, as AMD apparently concedes, the rebate trigger point shouldn't matter. As an economic and legal matter, whether AMD can compete with Intel's prices is irrelevant.

Still, some theorists and some judges, concerned that rebates could be structured in ways that make competition by rivals more difficult, conclude that courts should police them. To second-guess a firm's prices and rebates, as the AMD-Intel litigation requires, the firm sued must gather, reproduce, disclose and justify sensitive business decisions. Judges are not especially competent to set prices or determine the right way to structure business dealings, and the problems of price-setting where there are high economies of scale are notorious.

The risk of overstepping judicial bounds could be lowered by rules giving strong presumptions of legality to pricing and bundling decisions. Instead, some theories now contemplated by the antimonopoly strand of antitrust law allow for a broad range of ordinary business practices and prices to be deemed illegal. The cost, intrusion and risk associated with judicial intervention are enough to discourage aggressive competition by many highly successful firms -- but that is exactly what the antitrust laws should encourage, not deter.

Clear, simple rules and predictable outcomes advance the rule of law; antitrust statutes focused on clear abuses facilitate competition. But vague rules limiting business practices of successful firms are as useful to market competition as having golf officials second-guess which clubs Tiger Woods can use for particular shots. Letting him compete as aggressively as he can is far better for the game.

Mr. Cass is president of Cass & Associates PC, chairman of the Center for the Rule of Law, and dean emeritus of Boston University School of Law.

The Ultimate Agricultural Efficiency (NYT)

The New York Times, September 23, 2006

Any American history of pork — the meat, that is — shows a steady concentration of more and more hogs in the hands of fewer and fewer producers. That is what modern agricultural “efficiency” looks like. It’s good for the bottom line of the big industrial players, but bad for farmers, hogs, the environment and, ultimately, consumers. That history took another step in the wrong direction when Smithfield Foods — the biggest pork packer — agreed to buy the second biggest pork packer, Premium Standard Farms.

This is a deal that deserves to be closely examined by antitrust regulators. It would mean fewer markets for farmers and fewer choices for consumers. Already, packing giants like Smithfield and Premium Standard Farms use their market power, when buying hogs, in ways that violate the spirit of the 1921 Packers and Stockyards Act, which prohibits undue price discrimination. Their power in the marketplace allows them to negotiate price premiums that smaller packers can’t offer.

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The public should also understand what the deal would mean for the future of American farming. It would push farmers still farther down the road to becoming nothing but contract laborers.

There is little or no role for the independent farmer in this landscape. The logic is simple: Why bother to buy pigs from farmers when you can own them yourself? If this deal closes, more than half the pigs Smithfield kills would be pigs it already owns, a percentage that is sure to increase. The hog farmers' job would no longer be farming. They would be janitors in confinement barns across rural America where the packers' huge herds of pigs are crammed in stalls to live out their short lives.

And that would be the ultimate efficiency of American agriculture — doing away with the farmer by doing away with competitive markets.

ENVIRONMENT:

Feds Halt Oil Lease Sale On Alaska Slope (AP-Y)

By H.josef Hebert

AP, September 23, 2006

The Interior Department is willing to temporarily abandon the sale of oil leases in an environmentally sensitive area surrounding Lake Teshekpuk on Alaska's North Slope.

In papers filed in federal court in Anchorage, the department asks the court to give the go-ahead to a broader lease sale next week, while the contentious leases in the lake area undergo further environmental review.

U.S. District Judge James Singleton on Sept. 7 blocked the proposed sale of leases in the northeast area of the National Petroleum Reserve Alaska, saying the Bureau of Land Management had not adequately assessed the cumulative environmental impact of the sales including those on about 400,000 acres north and east of Lake Teshekpuk.

The government, in papers filed with the Anchorage court and obtained by the AP on Friday, said it still strongly disagrees with Singleton's conclusion, but asks that the court decision be limited to the leases near the lake so the rest of the sale can proceed.

"BLM ... believes that the ability to go forward with some leasing in the northeast NPRA is in the public interest," the government argued, saying leasing on tracts near the lake could be put off "until further analysis has been completed" to resolve the environmental issues the court raised.

Lawyers for environmental groups, which had filed suit to block the lease sales, said in separate filings they are not opposed to narrowing the order as long as the lake area remains off limits.

"We're not opposed to all leases in NPRA We are opposed to oil leases going near Lake Teshekpuk," said Tony Iallonardo, spokesman for the National Audubon Society, one of the groups that filed the suit.

Deirdre McDonnell, an attorney for Earth Justice in Juneau, cautioned against making too much of the government's filing. "It's not a change of position at all. They're continuing to argue that their decision (to lease the lake area) is legal. I don't see them voluntarily doing anything."

It's not known when Singleton will act in response to the latest court filings.

The Interior Department announced in August it was making available 696 tracts on 8 million acres in the northeast and northwest planning areas of the NPRA, a vast area set aside in 1923 for its oil resource.

The government and some oil companies argue that while the legal issue focuses on leasing in the northeastern NPRA, the judge's decision jeopardizes leases to be sold on a total of 8 million acres including leases in the northwestern portion of the reserve.

Bids on the latest leases were scheduled to be opened Sept. 27.

The leases included nearly 400,000 acres north and east of Lake Teshekpuk, a lagoon-pocked region that environmentalists argue should be free of development to protect caribou and migratory birds.

But the lake area also is believed to have 2 billion barrels of oil and has been eyed by oil companies because of its relatively close proximity to existing development in the Prudhoe Bay area to the east. Most of the other leases in the NPRA are much farther away and less desirable to oil companies.

The BLM, in its filing Thursday, continues to argue that restrictions written into those leases — limiting surface disturbance and requiring corridors for caribou migration — "provide the maximum protection to environmental resources." And, the agency said, additional protections can be imposed if needed.

But it asked the court to revise its order and limit any injunction to the new leases near Lake Teshekpuk that have been the focus of the environmentalists' outrage.

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State Concedes On Glades Cleanup (PALMBEACHP)

By Robert P. King, Palm Beach Post Staff Writer

Palm Beach Post (FL), September 23, 2006

Gov. Jeb Bush's administration is abandoning its efforts to end federal court oversight of the state's $1.1 billion Everglades cleanup, a legal maneuver that had drawn fierce criticism from environmental groups, the Miccosukee Indians and members of Congress.

In a letter made public Friday, the state Department of Environmental Protection said it is ending more than a year of talks with the U.S. Justice Department because of doubts that the federal government will pay its full share of a crucial water-restoration project near Everglades National Park.

But one critic said the state seems to be grasping for an excuse to drop a request that was unlikely to succeed anyway.

"They're obviously just looking for a cover," said tribal attorney Dexter Lehtinen, who learned of the state's about-face earlier this week. "It's good news....It's better to win without having to fight the battle."

Audubon of Florida lobbyist Charles Lee added: "If a bad deal is dead, we're obviously happy."

The cleanup grew out of a lawsuit the federal government filed in 1988. Much the cleanup is still covered by a 1992 court order overseen by U.S. District Judge Federico Moreno, who last year declared that the state has violated some of its promises. That ruling spurred the state to begin talks with federal agencies to change or end the court order, according to the DEP's letter. The negotiations have included meetings in Washington between the governor and appointees of his brother, President Bush, The Palm Beach Post reported in February.

State leaders have said a state-run cleanup under strict federal permits - not endless court hearings - would be the best way to keep the progress going. But opponents said they feared the permits would contain too much wiggle room.

Spinach Illnesses Rise As Inquiry Narrows (NYT)

By The New York Times

The New York Times, September 23, 2006

The number of people who have become sick with E. coli after eating fresh spinach continued to increase yesterday as federal officials narrowed their investigation and reminded consumers that spinach grown outside three California counties was safe to eat.

The federal Centers for Disease Control and Prevention reported yesterday that 166 people in 25 states had been infected with the E. coli strain traced to spinach grown in California. Although no new bags of contaminated spinach were reported, a Food and Drug Administration official said he considered the outbreak “ongoing.”

Federal investigators in California continue to visit spinach fields and processing plants to examine sanitation practices and look for evidence of standing water, animals, pests or other unusual activity, said Mark Roh, acting regional director of the food agency’s Pacific regional office.

David Acheson, the chief medical officer at the Center for Food Safety and Applied Nutrition at the F.D.A., emphasized that spinach grown outside the three California counties linked to the outbreak was safe to eat, though he did not say when bags of fresh spinach would be back on grocery shelves.

“Spinach grown in other parts of the U.S. have not been implicated,” Mr. Acheson said, “and the public can be confident that spinach grown there can be consumed.”

A Revised Warning On Spinach (LAT)

By Amanda Covarrubias And David Pierson

The Los Angeles Times, September 23, 2006

FDA officials say tainted produce that sickened 166 people nationwide came from facilities and farms in three California counties.

Federal officials Friday lifted their blanket warning against eating fresh spinach, narrowing it to spinach from three California counties linked to an E. coli outbreak that has spread to 25 states.

Food and Drug Administration officials changed their recommendation after determining that tainted spinach that has sickened 166 people nationwide and caused at least one death came from processing plants and farms in San Benito, Santa Clara and Monterey counties.

"At this stage of the investigation, we know spinach grown in the rest of the U.S. and in California is not implicated in the current outbreak, therefore the public can be confident that spinach grown in non-implicated areas can be consumed," said Dr. David Acheson, chief medical officer for the U.S. Food and Drug Administration's Center for Food Safety and Applied Nutrition.

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He said in a news conference Friday that state and federal investigators were working to further narrow the area from which the contaminated spinach came.

California growers produce about three-quarters of the nation's spinach, and about 60% of it comes from the three-county region that has been implicated in the outbreak. Other spinach-producing counties are Ventura, Imperial and Riverside.

Outside the state, Arizona, Texas and New Jersey have sizable spinach farms, said Tim Chelling, spokesman for the Western Growers Assn.

He said the FDA's announcement was welcome news to the beleaguered spinach industry. He noted that winter crops would soon be harvested in Imperial County and Yuma, Ariz.

"We want to act responsibly and err on the side of caution, but a blanket warning is extreme," Chelling said.

Many grocery store customers, however, said Friday that they were going to wait awhile before buying spinach again.

Cristina Ward was loading her car with groceries from a Ralphs in Glendale. Not included in her bags was spinach — not for another few weeks, she said.

"I'm going to wait at least two more weeks," said the 31-year-old Glendale resident. "I stopped buying as soon as I heard about the outbreak. I like spinach salads."

Randy Ray, not a fan of spinach to begin with, said the E. coli outbreak just gave him another reason not to like the leafy green.

"I'll have it once in a while, but I'll be much more cautious," the 34-year-old Los Angeles resident said. "I wouldn't buy it Monday."

Roger and Amelia Otway and their 4-year-old son went shopping for a spinach substitute to make salad. The couple said they didn't feel safe eating spinach so soon after the outbreak. "He always called me to remind me not to buy spinach," Amelia Otway said about her husband. "We're going to wait at least two full weeks."

Because it can take up to three weeks for a bacterial infection to be reported to federal authorities, Acheson said officials could expect to see reports of new cases of E. coli through the first week in October.

Mark Roh, acting director for the FDA's Pacific Region, said Friday that a team of 20 investigators had inspected 10 fields and three processing plants in the three counties since Sept. 14, when the outbreak was first reported.

He declined to say what they had found so far. He said they were looking at sanitation practices, housekeeping methods, the cleanliness of equipment, what raw materials were being used, evidence of animal activity or pests, and many other factors.

No specific source of contamination has been identified, but many of those who got sick had eaten bagged spinach produced by Natural Selection Foods of San Juan Bautista. At least one bag processed by Natural Selection, from New Mexico, contained the strain of E. coli linked with the outbreak. That company and two others recalled 42 brands of fresh bagged spinach or mixed greens.

The FDA's announcement came as the spinach-related outbreak had widened to half the states in the country.

Of those infected, 88 people have been hospitalized, including a Wisconsin woman who died.

Health officials also were investigating whether the deaths of a Maryland woman in her 80s and a 2-year-old boy in Idaho were caused by the E. coli O157:H7 bacteria found in tainted spinach.

As officials grappled with the outbreak, the California Department of Food and Agriculture pulled whole and raw milk products produced by a Fresno County dairy from shelves after four Southern California children were sickened by E. coli.

The raw milk produced by Organic Pastures sent children in San Bernardino, Riverside and San Diego counties to hospitals, where two were in intensive care, state officials said.

The strain of E. coli O157:H7 found in the dairy products was different from the strain found in fresh spinach, they said.

In the two deaths under investigation in Maryland and Idaho, both victims had reportedly eaten spinach before they became ill, but a conclusive link had not been made.

"We still think it's probably the spinach," said Russ Mason, a spokesman for the Idaho Department of Health.

Kyle Allgood, 2, of Chubbuck, Idaho, died Wednesday at a Salt Lake City hospital from hemolytic-uremic syndrome, a condition associated with E. coli that can lead to kidney failure.

The Maryland woman, who was described as in her 80s, died Sept. 13.

E. coli O157:H7 causes diarrhea, often bloody. Most healthy adults can recover completely within a week, but some people — usually young children and the elderly — can developed hemolytic-uremic syndrome.

States reporting cases were Maryland (3), Tennessee (1), Arizona (4), California (1), Colorado (1), Connecticut (3), Idaho (4), Illinois (1), Indiana (8), Kentucky (8), Maine (3), Michigan (4), Minnesota (2), Nebraska (8), Nevada (1), New Mexico (5), New York (11), Ohio (20), Oregon (5), Pennsylvania (8), Utah (17), Virginia (2), Washington (3), Wisconsin (42) and Wyoming (1).

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3 Children In Md. Sick With E. Coli From Spinach (WP)

By Annys Shin And Mary Otto

The Washington Post, September 23, 2006

Maryland state health officials have attributed three cases of E. coli illness to a spinach-borne outbreak of the deadly bacterium and are investigating the death of an 86-year old Hagerstown woman who became ill with E. coli after eating bagged spinach.

The three confirmed victims are children, all of whom are recovering, Michelle A. Gourdine, an official of the Maryland Department of Health and Mental Hygiene, said yesterday. Gourdine would not identify the children or say where they live, citing confidentiality concerns. Virginia reported a second case of E. coli yesterday, but state health officials there declined to provide further details.

The outbreak of E. coli O157:H7, which has sickened 166 people in 25 states, has been traced to three counties in and around the Salinas Valley in California. Yesterday, the Food and Drug Administration said spinach from the rest of the country was safe to eat and that it was working on getting it back on store shelves.

"Spinach grown in other parts of the United States has not been implicated," said David W. Acheson, a food-safety official with the Food and Drug Administration.

For now, the FDA continues to warn people not to eat any fresh spinach until the agency and the industry figure out how to label spinach so that it is clear that it is not from the three California counties.

June E. Dunning, 86, of Hagerstown died last week of E. coli after eating bagged fresh spinach. But state health officials have not been able to conclusively connect her death with the national outbreak because of problems with completing a genetic test on the bacterium she was infected with.

"That DNA fingerprint is unavailable . . . It may not be possible to get more information on that elderly resident," Gourdine said. "That case may never be confirmed."

In the Salinas Valley, federal and state health officials continued their hunt for the source of the outbreak, which has been narrowed to a few growers identified through supplier and distribution records provided by Natural Selection Foods LLC, a produce processor. Natural Selection and two other companies recalled products containing fresh spinach.

Mark Roh, acting FDA director for the Pacific region, said five teams of four inspectors each have been to 10 California fields representing at least six growers, and to three processing plants.

They have collected 188 samples of water, soil, spinach and bird droppings, and swabs from processing plants in their attempt to find the source of the contamination.

Every year, Escherichia coli is responsible for about 75,000 cases of illness, and about 50 deaths, according to the U.S. Centers for Disease Control. In Maryland, 20 to 30 E. coli cases are reported each year, the state health department said. So far this year, 23 cases have been confirmed in the state.

In the past 10 years, there have been 20 outbreaks of E. coli associated with fresh produce. The current outbreak, the second linked to spinach, is far more extensive than earlier ones. Of the 166 people with reported illnesses, 27 have developed complications that can lead to kidney failure, 88 have been hospitalized and one death has been confirmed.

Maryland health officials have identified a total of 10 cases of E. coli 0157 since Aug. 1. Investigators believe the spinach implicated in the outbreak was eaten from Aug. 2 and Sept. 9.

Of those, three reported cases were linked to the nationwide outbreak through DNA tests. Three other cases were found to be genetically unrelated to the outbreak.

Four more cases, including Dunning's, remain under investigation.

"There is no evidence to conclusively link the remaining four, one of which involves a death, to spinach," the state health department said in a written statement. It will continue to study those cases to see if links can be established, the department said.

Outside Dunning's home last night, her son-in-law Warren Swartz declined to comment.

Earlier, he confirmed an account in the Hagerstown Herald-Mail that Dunning fell ill Sept. 1. She developed bloody diarrhea, a common symptom of E. coli O157:H7 infection, after eating bagged spinach that day and the day before.

On Sept. 2, Dunning was hospitalized. Three days later, doctors removed part of her colon. On Sept. 7, E. coli illness was diagnosed. By then, she had fallen into a coma. She died on Sept 13.

FBI/DEA/ATF/USMS:

Head Of Minneapolis FBI Office Reassigned For 30 Days (MINNST)

By Greg Gordon And David Chanen, Star Tribune Staff Writers

Minneapolis Star Tribune, September 23, 2006

The move apparently came after he reassigned a star agent after they argued.

The head of the Minneapolis FBI office, Michael Tabman, has been reassigned temporarily because of an accusation that he punished a star agent in the pre-Sept. 11, 2001, investigation of Zacarias Moussaoui, a government source said Friday.

Minneapolis FBI agent Harry Samit, who accused headquarters supervisors of "criminal negligence" in their handling of the Moussaoui case, is charging that Tabman reassigned him because he pressed to speak at a public forum, the source said.

The FBI, in a terse statement that made no mention of Samit, acknowledged Tabman's reassignment "to avoid any appearance of a conflict of interest."This is an internal administrative matter, and it would be inappropriate for the FBI to comment on the specifics of the situation," the statement said. "The FBI has sent an inspector to the Minneapolis field office to determine the facts. It is important to note that until the internal inquiry is complete, no conclusions can or should be made."

The source said that Samit and Tabman apparently argued about who would speak at a national security forum on the Moussaoui case at the William Mitchell College of Law on Sept. 12. John Radsan, a William Mitchell law professor who organized the forum, initially circulated fliers stating that Samit would appear, along with chief prosecutor Robert Spencer and lead defense lawyer Edward MacMahon.

But sometime in August, Radsan substituted Tabman's name for Samit's. Tabman had no involvement in the investigation and arrived in Minneapolis in 2005, long after Moussaoui's arrest while learning to fly a 747 jumbo jet at an Eagan flight school.

Shortly after the argument, the source said, Samit was reassigned from the counterterrorism unit, where he has spent most of his seven years as a FBI special agent. Samit then complained to FBI headquarters, which apparently led to Tabman's 30-day removal from his position, the source said.

Reached at his office, Samit declined to comment on Friday.

Samit, a former naval intelligence officer, has drawn wide praise for his tenacious investigative work on the Moussaoui case in the weeks before the Sept. 11 attacks. He was the lead FBI agent in Moussaoui's Aug. 16, 2001, arrest, after the now-convicted Al-Qaida operative aroused suspicions while at the flight school.

Samit was a key witness for both sides at Moussaoui's death-penalty trial last spring --the only U.S. prosecution stemming from the Sept. 11 attacks. During his testimony, Samit described how he quickly became convinced that Moussaoui was a terrorist and sent more than 70 communications to Washington in pursuit of a warrant to search Moussaoui's belongings -- a request that was never granted. A search after the attacks turned up clues to the terror plot.

In his testimony, Samit acknowledged making scathing remarks about headquarters supervisors' handling of the case.

Tabman, a native New Yorker who joined the FBI in 1983, has been special agent in charge in Minneapolis since January 2005. Two months later, he oversaw the bureau's investigation at the Red Lake Indian Reservation, where a high school student fatally shot nine people before killing himself. Before coming to Minneapolis, Tabman spent two years as an inspector for the FBI.

Tabman has been temporarily replaced in Minneapolis by the FBI's special agent in charge from San Antonio.

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Minneapolis FBI Chief Shipped Back To Washington (DULNT)

The Duluth News Tribune, September 23, 2006

MINNEAPOLIS - The head of the Minneapolis FBI office, Michael Tabman, has been temporarily sent back to Washington as the bureau conducts an internal inquiry into "an ongoing internal administrative matter," a spokesman said Friday.

Minneapolis FBI spokesman Paul McCabe wouldn't provide details of the investigation or who it involves. He said the FBI has sent an inspector to the Minneapolis office to determine the facts.

"The special agent in charge of the Minneapolis field office has been temporarily assigned to FBI headquarters to avoid any appearance of a conflict of interest," McCabe said. "It is important to note that until the internal inquiry is complete, no conclusions can or should be made."

KMSP-TV, citing unidentified sources, reported Thursday night that the inquiry involves a claim by Minneapolis agent Harry Samit of workplace retaliation for his criticism of superiors.

McCabe wouldn't confirm that, and a phone number for Samit wasn't immediately available. The FBI's press office in Washington referred calls to McCabe.

Samit was one of two agents who arrested convicted terrorist Zacarias Moussaoui at a flight school in Eagan 3 1/2 weeks before the Sept. 11, 2001, attacks and tried in vain to get a search warrant for Moussaoui's computer before 9/11.

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Testifying in Moussaoui's trial in March, he accused his superiors of "criminal negligence" in rejecting 70 entreaties he made during August and early September 2001 to get a search warrant for Moussaoui's computer and start a full criminal investigation.

He also testified that FBI headquarters' refusal to follow up on his warnings "prevented a serious opportunity to stop the 9/11 attacks" that killed nearly 3,000 people.

Head Of FBI Office Is Reassigned In Probe (STPPP)

The St. Paul Pioneer-Press, September 23, 2006

BRIEFING: MINNEAPOLIS

The head of the Minneapolis FBI office has been ordered back to Washington, D.C., while an investigation is conducted into an internal administrative matter, an agency spokesman confirmed Friday.

Michael Tabman, special agent in charge of the Minneapolis field office, has been temporarily reassigned to "avoid any appearance of a conflict of interest" during the investigation by an agency inspector, according to a statement.

The reason for the investigation was not disclosed, and Tabman's reassignment was described as temporary.

KMSP-TV, citing unidentified sources, reported Thursday that the inquiry involves a claim by Minneapolis agent Harry Samit of workplace retaliation following his criticism of superiors. Samit was one of two agents who arrested convicted terrorist Zacarias Moussaoui at a flight school in Eagan about a month before the Sept. 11, 2001, attacks.

Testifying at Moussaoui's trial in March, Samit accused his superiors of criminal negligence in rejecting his entreaties to obtain a search warrant for Moussaoui's computer during August and in early September 2001.

Tabman has headed the Minneapolis office since January 2005. FBI spokesman Paul McCabe declined to comment on the television report.

"It is important to note that until the internal inquiry is complete, no conclusions can or should be made," McCabe said.

— Staff and wire reports

Hampton Inn looks at Midway site

Take out one hotel in the Midway and put in … another hotel?

A year after the closing of the FourPoints Sheraton hotel, a familiar name in the hospitality industry is hoping to develop a Hampton Inn on a nearby parcel.

Bill Morrissey, whose St. Paul-based firm Morrissey Hospitality Cos. manages the St. Paul Hotel, said Friday he's pursuing discussions with property owner Target. His company is interested in building and managing a 125-room hotel on the southwest corner of University Avenue and Syndicate Street.

Target purchased and shut down the Sheraton last year to make room for a new SuperTarget, which is beginning to take shape along Interstate 94. Morrissey said he would be interested in sharing parking with the store.

The Sheraton enjoyed decent occupancy rates but was hampered by the higher costs associated with running a full-service hotel, Morrissey said. His Hampton Inn would have a better shot at succeeding financially as a limited-service hotel, he said.

Target did not return phone calls Friday afternoon.

— Laura Yuen

Indoor toilets back in use at Ramsey

After a week of using portable toilets lined up outside their school, students and staff at Ramsey Junior High got their bathrooms back Friday.

Crews at the St. Paul school, 1700 Summit Ave., have been working since Sept. 12 to clear a blockage that caused sewage to back up, forcing classes to be canceled one day last week.

A break was found in the sewer line underneath the school, said Patrick Quinn, the district's executive director of operations. That had not been fixed by Friday, but a temporary bypass system had been installed that allowed the restrooms to reopen.

Quinn said the district staff is considering ways to permanently fix the problem without having to tear up the school's floor.

Two classrooms remain closed. The school's kitchen has been usable because it has a separate sewer connection, Quinn said.

— Doug Belden

Service centers get major award

New immigrants who learned English through St. Paul's Neighborhood House include one graduate who started his own drywall company. Another found a career in teaching math to newcomers and preparing them for high-school equivalency testing.

Now, the English-language-learning offerings at the West Side institution have received national attention for those success stories.

The United Neighborhood Centers of America and the Annie E. Casey Foundation honored the West Side institution with a $20,000 national award for its English-language-learning instruction.

The Minneapolis-based Family and Children's Service received the same award, which recognizes creative programs that help families advance economically by connecting them with community resources.

Both nonprofits will be expected to share their "best practices" with other organizations across the country.

— Laura Yuen

2 In Police Corruption Case Are Granted Bail (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 23, 2006

Strict limits set for pair by judge

No cellphones. No computers. No visitors, including their children's playmates, unless they're on an approved list. And absolutely no leaving the house, unless they're strapped to a stretcher and heading to the hospital for emergency care.

Those were just some of the restrictions a federal judge set yesterday while granting bail for two Boston police officers who are charged with conspiring to traffic cocaine and heroin, in one of the department's biggest corruption cases.

The homes of Carlos A. Pizarro, 36, and Nelson Carrasquillo, 35, both in Dorchester, will be searched for weapons before the two are released, on Monday at the earliest.

Their home telephones will be monitored, and the officers will be fitted with electronic bracelets that will trigger an alarm if they stray outside.

The court must approve all visitors before they come.

``I don't want any witness to run any risk," said US District Judge William G. Young, who ordered the restrictions after prosecutors argued that Pizarro and Carrasquillo might try to recruit others -- possibly via the Internet or on disposable cellphones -- to intimidate or harm the government's key witness or his family.

When Pizarro's lawyer, R. Bradford Bailey, asked if the names of children coming to the home for play dates with Pizarro's 9-year-old daughter and 5-year-old son also had to be approved by the court, Young said, ``Yes! This is going to interfere with people's living."

Both Pizarro's wife, Michele, and Carrasquillo's wife, Sharon, told the judge that they understood the strain the conditions would put on their families, but were willing to abide by them and report any violations in order to have their husbands home.

The government urged Young to overrule a magistrate judge who had ordered Pizarro, a 10-year veteran of the department, and Carrasquillo, a seven-year veteran, released on bail.

The alleged ringleader in the case, Officer Roberto Pulido, 41, of Hyde Park, a 10-year veteran assigned to the motorcycle unit, has been ordered jailed without bail until the case is resolved.

The three officers were arrested July 20 in Miami on charges that they protected 100 kilograms of cocaine while it was being trucked to Boston in June by undercover FBI agents posing as drug dealers.

Carrasquillo and Pulido were also charged with protecting an earlier shipment of 40 kilograms of cocaine.

An FBI affidavit filed in court alleges that Pulido was involved in a wide array of crimes, including identity theft, steroid trafficking, and protecting illegal after-hours parties where uniformed officers mingled with drug dealers and prostitutes.

Yesterday, Assistant US Attorney John T. McNeil argued that Pizarro and Carrasquillo might flee if released and would pose a danger.

He cited FBI tapes played during earlier court proceedings in which Pulido boasts that those who helped him protect drug shipments knew that ``if something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives."

But lawyers for Pizarro and Carrasquillo argued that Pulido's statements about killing children were false bravado and that their clients had no history of violence.

Young said he believed the strict conditions would protect witnesses, while allowing the officers to remain free until their trial. Both officers must also post $50,000 in cash and $200,000 in real estate.

After the hearing, Stephen Neyman, Carrasquillo's lawyer, called the judge's bail conditions fair and said Carrasquillo, a father of three, was grateful for the opportunity to be free after spending 24 hours a day locked in a cell.

Pizarro's lawyer said the family's willingness to abide by such strict restrictions to have him home was ``a real testament of their support" for the officer.

``His kids are willing to give up the Internet," Bailey said.

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Accused Cartel Bosses Nearing Guilty Plea Deals (AP)

By Curt Anderson, The Associated Press

AP, September 23, 2006

Agreement may save some relatives of brothers suspected of running Cali ring.

MIAMI -- The two brothers accused of running Colombia's Cali cocaine cartel are nearing an agreement with U.S. prosecutors to plead guilty in exchange for guarantees that some relatives won't face charges and will be allowed to keep some assets not linked to drug trafficking, The Associated Press has learned.

Gilberto and Miguel Rodriguez Orejuela would likely spend the rest of their lives in U.S. prison under the tentative deal, according to federal law enforcement officials and lawyers familiar with the negotiations. They spoke on condition of anonymity because the agreement was not finalized Friday.

The pleas would cap a massive 15-year U.S. investigation into the Cali cartel, which made more than $2 billion in profits by smuggling some 250 tons of cocaine into the United States since the 1970s. More than 100 other members of the cartel have been convicted since 1991 and the U.S. government has sought forfeiture of $2 billion in drug proceeds from the brothers.

The guilty pleas by the brothers and release of the final agreement could come as early as Tuesday, the officials and lawyers said. As of Friday afternoon, U.S. District Judge Federico Moreno had not scheduled a change of plea hearing, according to his office.

If the deal is completed, six of 28 family members in Colombia would receive guarantees that they would not be prosecuted on specific obstruction of justice and money laundering charges, the law enforcement officials said. The family members would not be given blanket immunity from extradition to the United States and prosecution for any other possible crimes.

All 28 family members could eventually be removed from a U.S. Treasury Department list that freezes assets of suspected drug traffickers and bars them from doing business in the United States. First, however, they would have to show they have forfeited an unspecified amount of assets linked to drug money.

The family members also would be permitted to keep houses and other assets in Colombia under the deal that involves agreements with the government in Bogota, according to the officials. But they also would have to show that those were not "directly or indirectly" traceable to drug proceeds, according to language in the agreement cited by one U.S. official.

The U.S. Justice Department in Washington declined comment. Lawyers for the Rodriguez Orejuela brothers and their family members confirmed that an agreement resolving the case was imminent but had not yet been signed by the defendants.

"The parties have worked feverishly to reach a resolution in this case that benefits everybody," said Roy Kahn, who represents Miguel Rodriguez Orejuela, 62. "I expect that a final resolution will come to light shortly."

David Oscar Markus, lawyer for Gilberto Rodriguez Orejuela, 67, used a sports analogy to describe the status of the talks. "We are at the 1-yard line and anticipate resolving this matter shortly," he said.

"We are moving forward and hopeful to have an agreement among all parties," added Marc Seitles, the Miami lawyer for the Colombian family members.

Claudia Rodriguez Mondragon, daughter of Gilberto Rodriguez Orejuela, told The Associated Press in Bogota that there was nothing definitive yet but that the "family was waiting for lawyers and judicial authorities to finish their work so that next week (her father and uncle) could decide whether or not to sign" a plea agreement.

The tentative deal is the product of months of intense negotiations between the U.S. Justice, Treasury, State and Homeland Security departments, defense lawyers and those of the family members, and government officials in Colombia.

The brothers were convicted of drug charges in Colombia in 1995 and sent to prison there but were extradited to the United States to face a federal indictment alleging they continued to run their empire from prison. Colombia and the United States signed a new extradition treaty in 1997 that has led to more than 300 drug traffickers facing U.S. justice.

Federal prosecutors had been seeking forfeiture of $2.1 billion in assets linked to the brothers.

Miguel Rodriguez Orejuela's son, William Rodriguez Abadia, pleaded guilty in March to taking over much of the cartel's operations after the 1995 arrests of his father and uncle. Rodriguez Abadia agreed in his plea deal to testify for the government and to forfeit some $300 million in assets linked to drug profits, including his interest in the Drogas La Rebaja pharmacy chain, which has 350 stores in Colombia.

Rodriguez Abadia, 40, was sentenced to over 21 years in U.S. prison, an agreement that granted his wife, two children and mother-in-law permanent legal residency in the United States.

Alleged Leaders Of Cali Cartel Draw Closer To Negotiating Plea Deal (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 23, 2006

DOJ_NMG_0068094

FORT LAUDERDALE, Fla. - The two brothers accused of running Colombia's notorious Cali cocaine cartel are close to pleading guilty in a deal with federal prosecutors that would give benefits to their family members, defense lawyers for Gilberto and Miguel Rodriguez-Orejuela said Friday.

The men "are trying to do the honorable thing and save their family," said David O. Markus, attorney for Gilberto Rodriguez-Orejuela.

The agreement, expected to be finalized as soon as next week, does not require the accused drug kingpins to cooperate with the government in other drug cases, he said.

But the settlement is no sweetheart deal for the brothers. The tentative agreement calls for a 30-year sentence, meaning the men are likely to spend the rest of their lives in prison. In addition, they would give up billions of dollars worth of assets, said individuals close to the case who wished to remain anonymous.

"We're just about there," said Roy Kahn, who represents younger brother Miguel Rodriguez-Orejuela. "A lot of things have been agreed to in principle."

Gilberto Rodriguez-Orejuela, 67, known as "the Chess Player," and Miguel Rodriguez-Orejuela, 62, known as "El Senor" have been held in the maximum security wing of Miami's Federal Detention Center since their extradition to the United States in 2004 on drug conspiracy charges.

The deal caps off a massive government investigation into the Cali cartel - a family-run drug trafficking syndicate that once supplied 80 percent of the world's cocaine.

According to a half-dozen individuals close to the case: The agreement would grant immunity from prosecution to six of the men's grown children in Colombia and prevent the U.S. government in some circumstances from seizing family members' homes and other financial assets. The Treasury Department would remove 28 relatives from a list of suspected drug traffickers subject to economic sanctions.

The negotiations involved months of discussions with the U.S. treasury and justice departments, federal prosecutors in Miami and New York, and Colombian authorities, the individuals said.

According to a senior law enforcement official, the relatives given immunity in the deal were under investigation for obstruction of justice, not drug trafficking.

U.S. District Judge Federico Moreno is expected to hold a change of plea hearing Sept. 26.

Miami attorney Mark Schnapp, former chief of the criminal division at the U.S. Attorney's Office, said the case shows international drug dealers are not beyond the reach of U.S. law.

"Any time prosecutors can reach out and bring to justice leaders of a foreign drug organization it's a huge accomplishment," he said.

Colombian authorities arrested Gilberto and Miguel Rodriguez-Orejuela in Cali in 1995. Both were serving sentences in a Bogota prison when a federal grand jury in Miami indicted them in 2003.

The U.S. indictment alleged conspiracies to import and distribute cocaine, launder money and obstruct justice through bribes and murder.

Federal authorities said the cartel found creative ways to bring cocaine into the United States, including hiding the drugs in concrete posts, frozen vegetables, lumber, ceramic tile, coffee, and chlorine cylinders.

According to prosecutors, Gilberto and Miguel Rodriguez-Orejuela continued to run the family business from prison, turning over day-to-day operations to Miguel's eldest son, William Rodriguez-Abadia.

The case took a turn in March, when Rodriguez-Abadia, 40, pleaded guilty and agreed to testify for the government against his father and uncle. As part of his plea deal, the government agreed to give Rodriguez-Abadia's wife, mother-in-law, and two children residency in the United States.

Study Condemns F.D.A.'s Handling Of Drug Safety (NYT)

By Gardiner Harris

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — The nation's system for ensuring the safety of medicines needs major changes, advertising of new drugs should be restricted, and consumers should be wary of drugs that have only recently been approved, according to a long-anticipated study of drug safety.

The report by the Institute of Medicine, part of the National Academy of Sciences, is likely to intensify a debate about the safety of the nation's drug supply and the adequacy of the government's oversight. The debate heated up in September 2004 when Merck withdrew its popular arthritis drug Vioxx after studies showed that it doubled the risks of heart attacks.

Several senators have already proposed significant changes, some of which the report seems to endorse.

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The report's conclusions are often damning. It describes the Food and Drug Administration as rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations.

"Every organization has its share of dysfunctions, unhappy staff members and internal disputes," the report said. But panel members said that they were deeply concerned about the agency's "organizational health" and its ability to ensure the safety of the nation's drug supply.

The report made these recommendations, most of which would require Congressional authorization:

¶Newly approved drugs should display a black triangle on their labels for two years to warn consumers that their safety is more uncertain than that of older drugs.

¶Drug advertisements should be restricted during this initial period.

¶The F.D.A. should be given the authority to issue fines, injunctions and withdrawals when drug makers fail — as they often do — to complete required safety studies.

¶The F.D.A. should thoroughly review the safety of drugs at least once every five years.

¶The F.D.A. commissioner should be appointed to a six-year term.

¶Drug makers should be required to post publicly the results of nearly all human drug trials.

In a telephone conference with reporters on Friday, top F.D.A. officials struck an awkward balance between thanking the institute for its work and defending their own leadership. They said they needed to study the report before deciding which of its recommendations to endorse.

"While considerable work has been done over the past two years to improve our approach to drug safety, work still needs to be done," said Dr. Andrew C. von Eschenbach, the acting commissioner of the agency and the nominee for commissioner.

An internal e-mail message sent Friday to agency staff members by Dr. Sandra L. Kweder, deputy director of the Office of New Drugs, was blunter, bemoaning the report's criticism of what it described as the agency's dysfunctional culture.

"It is a long, inflammatory section of the report that will certainly generate the most public attention and hit our people hard," Dr. Kweder wrote, according to a copy provided to The New York Times.

Agency critics were elated.

"The new report validates what the watchdog community has been saying for the last two years," said Senator Charles E. Grassley, Republican of Iowa, who as chairman of the Senate Finance Committee has overseen investigations into drug safety problems. "Problems are systemic, and solutions must reflect a new mind-set by the agency leadership."

The drug industry, through its trade organization, reacted warily. "Though there is always room for improvements, it would be a mistake to accept the notion that the F.D.A. drug safety system is seriously flawed," said Caroline Loew, senior vice president of the Pharmaceutical Research and Manufacturers of America.

The Institute of Medicine is a nonprofit organization created by Congress to advise the federal government on health issues. The report was issued by the Committee on the Assessment of the United States Drug Safety System, led by Sheila P. Burke, deputy secretary and chief operating officer of the Smithsonian Institution.

The report described fierce disagreements between those who approve drugs and those who study their effects after approval, disputes that repeated F.D.A. efforts have not resolved. Indeed, managers' failure to address such disagreements competently "has played an important role in damaging the credibility" of the agency, it said.

Critics of the food and drug agency have long been divided into two warring camps. Some say the agency fails to approve life-saving medicines quickly enough, while others say that it is so intent on rapid approvals that it fails to ensure the safety of the drugs.

The institute's report champions the latter view by calling for greater caution. It suggests that one of the agency's biggest problems is a deal struck in 1992 between Congress and the drug industry in which drug makers agreed to pay millions in fees to speed reviews. This deal has increased pressures on drug reviewers to act quickly, and it has limited "the ability of reviewers to examine safety signals as thoroughly as they might like," the report said.

"Some also have serious concerns that the regulator has been 'captured' by industry it regulates, that the agency is less willing to use the regulatory authority at its disposal," the report said, criticizing the agency's regulatory tools as "all-or-nothing."

"The agency needs a more nuanced set of tools to signal uncertainties, to reduce advertising that drives rapid uptake of new drugs, or to compel additional studies in the actual patient populations who take the drug after its approval," it said.

The pharmaceutical industry is likely to fight at least some of the proposals, said Charlie Cook, a Washington political analyst.

"One should never underestimate the influence of the drug industry," Mr. Cook said. "But I would think that at least the outlines of many of these recommendations would have a decent chance of getting through Congress."

DOJ_NMG_0068096

Senators Michael B. Enzi, Republican of Wyoming and chairman of the Health, Education, Labor and Pensions Committee, and Edward M. Kennedy of Massachusetts, the ranking Democrat on the committee, have jointly proposed a bill that would undertake at least some of the changes advocated by the report.

Another bill, sponsored by Senator Grassley and Senator Christopher J. Dodd, Democrat of Connecticut, offers similar proposals.

There is little chance that Congress will act on any of these proposals before next year, when it must reauthorize the 1992 financing deal with the drug industry. Negotiations between the drug industry and agency about the parameters of that deal are already under way.

Despite its fierce criticisms, the report may bolster the confirmation prospects of Dr. von Eschenbach. A Senate committee approved his nomination on Wednesday, but two Republican senators have vowed to block it.

Over the past 10 years, no commissioner has served more than two years, though the term is open-ended. The report deplored this "lack of stable leadership."

"Without stable leadership strongly and visibly committed to drug safety, all other efforts to improve the effectiveness of the agency or position it effectively for the future will be seriously, if not fatally, compromised," the report states.

It recommends that the commissioner be nominated for a six-year term, but such a change may not solve the problem of early exits. President Bush has nominated two past commissioners. The first left for another job within the administration; the second left amid accusations of financial improprieties.

The report recommends that Michael O. Leavitt, the secretary of health and human services, appoint an independent board to advise the commissioner "to implement and sustain the changes necessary to transform" the agency's culture.

It rejects suggestions by Mr. Grassley and others that the F.D.A. create a center for drug safety to monitor drugs after approval.

"Achieving a balanced approach to the assessment of risks and benefits would be greatly complicated, or even compromised, if two separate organizations were working in isolation from one another," the report concludes.

The F.D.A. asked the Institute of Medicine to review its drug safety system shortly after the Vioxx withdrawal in 2004, and the agency has agreed to pay $3 million for the study.

FDA Told U.S. Drug System Is Broken (WP)

By Shankar Vedantam

The Washington Post, September 23, 2006

The federal system for approving and regulating drugs is in serious disrepair, and a host of dramatic changes are needed to fix the problem, a blue-ribbon panel of government advisers concluded yesterday in a long-awaited report.

The analysis by the Institute of Medicine shined an unsparing spotlight on the erosion of public confidence in the Food and Drug Administration, an agency that holds sway over a quarter of the U.S. economy. The report, requested by the FDA itself, found that Congress, agency officials and the pharmaceutical industry share responsibility for the problems -- and bear the burden for implementing solutions.

The report represents a watershed moment after two years of controversy over the safety of such widely used drugs as pain relievers and antidepressants. The Institute of Medicine is part of the National Academies, chartered by Congress to advise the government on scientific and health policy issues. Its recommendations traditionally carry great weight.

The 15 experts drawn from academic and professional organizations were unanimous in endorsing the recommendations, which called for several major policy changes. Several of these have long been urged by drug safety advocates but have been resisted by the industry, Congress and the FDA itself. A number of them would require congressional approval.

The panel called for a moratorium on consumer advertising of newly approved classes of drugs until they have been on the market long enough for unrecognized side effects and risks to emerge. Packaging for new types of medications should also carry a special symbol, such as the black triangle required in Britain, to alert patients that the drug's safety profile would not be fully known until it had been more widely studied, the report said.

The FDA should reevaluate safety and effectiveness data of such new drugs within five years after initial approval, the panel added, and the agency needs new powers to impose fines and requirements on drugmakers. In addition, the report called for the agency to have authority to place a wider range of restrictions on drugs it deems risky.

Manufacturers should also be required to register all clinical trials they sponsor in a government-run database to allow patients and physicians to see the outcome of all studies, not just those published in medical journals, the report said. Studies that show positive results for a drug are more likely to be published by journals than negative ones.

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The committee also took aim at FDA management, citing a history of intra-agency squabbling and conflicts of interest on the expert advisory panels appointed by the agency to review the scientific data on proposed new drugs and devices. A substantial majority of advisory panel members should have no ties to industry, it said.

"FDA's credibility is its most crucial asset, and recent concerns about the independence of advisory committee members . . . have cast a shadow on the trustworthiness of the scientific advice received by the agency," the report said.

To reduce turnover and political interference, the institute said, the FDA commissioner should be appointed to a fixed six-year term. Currently, the commissioner serves at the pleasure of the president.

Agency officials said they will take the report seriously but added that changes implemented over the past year meant that the report is somewhat out of date. Acting FDA Commissioner Andrew C. von Eschenbach said the agency is especially focused on improving its scientific, technological and communication methods.

The pharmaceutical industry echoed the agency's response.

"Though there is always room for improvements, it would be a mistake to accept the notion that the FDA drug safety system is seriously flawed," the Pharmaceutical Research and Manufacturers of America said in a statement. "After all, fewer than three percent of approved prescription drugs have been withdrawn from the American market for safety reasons over the last 20 years."

But Sen. Charles E. Grassley (R-Iowa), who has led a number of investigations into the workings of the FDA in recent years, said the agency's reaction to a report it had commissioned speaks volumes.

"The FDA appears to be focused on damage control rather than addressing its core problems," Grassley said in a statement. "As a science-based agency, the FDA is remarkable for its lack of introspection, second-guessing, and failure to assess its own performance and capabilities in a systematic way."

Much of the institute's report focused on a central gap in drug regulation: While the FDA demands strict data on efficacy and safety from clinical trials before approving a new drug, less attention is paid after the drug reaches the market.

A safety problem that occurs once in every thousand patients, for example, would be unlikely to show up in clinical studies of a few hundred people, but it could result in thousands of serious side effects once the drug is approved and being taken by millions. The current system for monitoring adverse effects is nowhere near as systematic as the evidence collected before approval, the report said.

Besides, said R. Alta Charo, a panel member and bioethicist at the University of Wisconsin at Madison, patients who participate in drug trials are carefully selected, and hardly typical of patients in the real world who usually suffer from more complex problems.

"A drug tested in a few hundred or thousand people is very different when used by millions, especially over long periods of time and in conjunction with other supplements," she said.

While the agency can negotiate with companies to conduct long-term, post-approval studies, there are glaring gaps in such information, the report said. This is partly why the report also recommended limits on advertising new drugs. The report's authors acknowledged, however, that limits on advertising could run afoul of constitutional free-speech guarantees.

Charo also cited "a lack of collaboration among divisions, tensions [and] inappropriate management" at the FDA, saying officials who focus on safety issues are chronically underfunded compared with those who handle new-drug approvals.

Part of the problem, the report said, is that the money paid by industry to help fund FDA's regulators, under a 1992 law designed to speed up new drug reviews, cannot under the law be diverted to FDA's safety division, which suffers from chronic underfunding.

"What the report does not do very well is explain that the vast majority of interactions at the center are successful," countered Steven Galson, who directs the FDA division that evaluates new drugs. Still, he added, "I accept the recommendation and see it as an opportunity to improve."

Scott Lassman, senior assistant general counsel for the drug industry group, said it would study the report carefully. He said that the industry is open to suggestions for greater transparency but that the FDA already has enough authority to act after drugs are approved.

The trade group also opposes mandatory registration of clinical trials because that would force companies to reveal trade secrets to competitors, Lassman said. Manufacturers also oppose restrictions on advertising, he said, adding that advertisements help educate patients about problems and treatments.

FDA Is Criticized Over Its Handling Of Drug Safety (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, September 23, 2006

DOJ_NMG_0068098

A closely watched report from the Institute of Medicine criticized the Food and Drug Administration's handling of drug safety and called for major changes, including increased resources and new power to impose restrictions on the marketing and distribution of medicines.

The report, which the FDA itself requested after a series of controversies over medicines, including the withdrawn painkiller Vioxx, concluded that the agency's drug-safety system is hurt by a shortage of money, serious cultural and structural problems, and "unclear and insufficient regulatory authorities." The report also said that neither the FDA nor the drug industry "consistently demonstrate[s] accountability and transparency" in disclosing safety concerns.

The findings could have a major impact on how the FDA handles drug safety. The legislation that gives the agency authority to collect user fees from the pharmaceutical industry must be renewed next year, and Congress is likely to use the opportunity to debate changes in the FDA system for ensuring the safety of medicines.

The senators who lead the committee that oversees the FDA -- Sen. Michael Enzi, a Wyoming Republican, and Sen. Edward Kennedy, a Massachusetts Democrat -- already have introduced a drug-safety bill. So has Iowa Republican Charles Grassley, who chairs the Senate Finance Committee and has investigated the FDA on several safety matters.

The FDA cited a number of moves it said were already under way "systematically addressing" several of the report's points, including improving the agency's system for tracking drug side effects and working on cultural issues. Andrew von Eschenbach, the agency's acting commissioner, said "work still needs to be done" and the report "will help illuminate and help us to focus some of those efforts." Dr. von Eschenbach said he hasn't in the past believed the FDA needs new authority but that the agency will continue to examine the question as part of its review of the report.

The report called for the FDA's enforcement authority to be "clarified and strengthened." It said the user-fee legislation should include specific safety goals and that the FDA needs new power to impose tough safety measures, such as limiting distribution of a drug to certain specially trained doctors, with violations punished by fines. The report also warned that the agency faces "chronic underfunding" and needs substantial new resources.

Echoing previous criticism, the report pointed to significant cultural problems and "organizational dysfunction" at the FDA's drug center, including sharp staff divisions and lower status for the drug-safety office. The report called for more-stable FDA leadership. The FDA said it had started regular meetings between drug reviewers and safety staffers.

For the first two years drugs are on the market, the report called for restrictions on consumer advertising and a special symbol on the labels indicating they are new. The report said the FDA should do a substantial review of any new information about drugs within five years of their entry onto the market and include a drug-safety staffer on each team that reviews a drug before it is approved. It also endorsed an expanded role for the FDA's outside advisory committees, which the report says should examine all innovative new drugs before or soon after they go on the market.

An official with the Pharmaceutical Research and Manufacturers of America said the industry reveals safety concerns when they are confirmed and the group will "take a long, hard look" at the institute's report. The Institute of Medicine is part of the National Academies, an independent research organization that advises the federal government.

Report Slams US Drug Safety Regime (FT)

By Christopher Bowe In New York

Financial Times, September 23, 2006

The US drug safety system is feeble compared with drug approval efforts, and suffers from “organisational and cultural problems”, said a much-anticipated independent federal report.

The Institute of Medicine (IOM) report echoed the harshest critics of the Food and Drug Administration’s safety regime. The scathing conclusions found “a lack of clear regulatory authority, chronic underfunding, organisational problems and scarcity of post-approval data about drugs’ risks” in the FDA safety regulation.

The IOM report recommended a number of remedies, which ranged from direct FDA changes to congressional intervention for funding and legal changes. Its recommendations includ- ed limits on advertising for new drugs, increased power for the FDA’s drug safety division, more funding, and clearer legal authority and enforcement tools.

Although it is unclear how many of the recommendations could be implemented, the report’s findings will add to pressure on the pharmaceutical industry.

Sheila Burke, chair of the report committee, consisting of respected US health experts, said: “We found an imbalance in the regulatory attention and resources available before and after approval. . . Regulatory authority that is well-defined and robust before approval diminishes after a drug is introduced to the market.”

Dr Andrew von Eschenbach, acting FDA chief, said the report acknowledged the agency had implemented changes over the last two years, but added: “Work still remains to be done.”

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The IOM report also serves as another milestone highlighting how the controversy over Vioxx, a painkiller withdrawn by the US drugmaker Merck, has changed the drug industry.

The FDA commissioned the IOM report after Merck suddenly withdrew Vioxx from the market two years ago. A company study found that Vioxx increased the risk of heart attack and stroke.

Merck had vigorously defended its safety against critics warning of potential heart risks, while also marketing Vioxx to a wide population. Its sales peaked at $2.5bn (£1.3bn) annually.

Man Facing Charges Over Bomb Kit (INDYSTAR)

By Vic Ryckaert

The Indianapolis Star, September 23, 2006

Al-Qaida literature, gas masks also found in his Far-Northside home, police say

A 26-year-old Far-Northside man has been arrested after officers found bomb-making ingredients, al-Qaida literature and gas masks in his apartment, police said Friday.

Federal counterterrorism experts assisted in the investigation, FBI agent Wendy Osborne said, but the case was left to local authorities to investigate.

"We have no reason to believe that he is a terrorism threat," Osborne said.

The Marion County Sheriff's Department arrested Joseph Bagley on an initial charge of criminal recklessness. He was being held in the Marion County Jail on $15,000 bond.

Deputies found gas masks, batteries, chemicals, electronic devices and components used to make bombs in Bagley's apartment in the 700 block of Lake Nora South Court, according to a police report.

Bagley admitted to mixing the chemicals "for experimental reasons," Sheriff's Department spokesman Capt. Phil Burton said.

"It disturbs us, based on the things we found in his apartment," Burton said.

Officers also seized books on Muslim names and understanding United States government documents, and literature on al-Qaida and former Iraqi leader Saddam Hussein's bomb maker, according to the report.

While police had not found evidence that links Bagley to a terrorist group, Burton said detectives seized computer equipment and compact discs from Bagley's home that would be scrutinized.

"We'll know more after our cybercrime unit is able to examine the computer," Burton said.

Managers at the Lakeside Pointe at Nora apartments tipped off police after a carpet- cleaning service person reported that Bagley's apartment "looked like a terrorist cell," according to the police report.

Diane Bloomquist, regional manager of the apartment complex, said the investigating officers were quick and thorough.

"I think they did a great job in handling the situation," Bloomquist said. "We were concerned for the safety of the other residents in the building."

Call Star reporter Vic Ryckaert at (317) 444-2761.

IMMIGRATION:

Man Faces Deportation After WWII Lie (DEN)

By Paul Egan

Detroit News, September 23, 2006

Troy retiree and U.S. citizen since 1955 says he fibbed about role to flee Ukraine 'to save my life.'

An 85-year-old Troy man who was an officer in a Nazi-sponsored police force in Ukraine during World War II admitted Friday he lied about what he did during the war when he applied to immigrate to the United States in 1949.

The U.S. government wants to strip John (Ivan) Kalymon of his U.S. citizenship and deport him, alleging he shot at Jews the Ukrainian Auxiliary Police were rounding up in 1942, killing at least one person and wounding at least one other.

Kalymon, a retired Chrysler worker, admits he was on the police force but denies rounding up Jewish people or firing a shot.

His son, Alexander, also of Troy, says John Kalymon has dementia and prostate cancer and no family in Ukraine. He and his family will be devastated if he has to leave his home of nearly 60 years, the son said.

John Kalymon's denaturalization hearing in Detroit before U.S. District Judge Marianne Battani is expected to wrap up next week.

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On Friday, a senior trial attorney with the U.S. Justice Department in Washington, D.C., confronted John Kalymon with captured wartime records documenting pistol shots fired by a Ukrainian Auxiliary Police officer with his name during a roundup in the L'viv Jewish ghetto in 1942.

"Did you know Jews were being taken away?" William Kenety asked.

John Kalymon said he did not remember. "I know there was taking but I was not in the particular area," he said.

John Kalymon admitted he lied by omitting any mention of his police service and changing details about where he lived during the war when he applied to immigrate to the United States. He testified he lied because the Soviets chased out the Germans and he was afraid of what might happen if he was sent back to Ukraine and the Soviets learned of his war record.

"In my opinion, I didn't lie, but I tried to save my life," John Kalymon testified.

He said he was not a Nazi and did not support or participate in Adolf Hitler's plan to eliminate Jews.

On Monday, John Kalymon's wife of 62 years is expected to testify. John Kalymon has one son and one granddaughter. He is represented by Birmingham lawyer David Domina.

John Kalymon, who was a Polish citizen before he became an American in 1955, would likely be deported to Ukraine, said his son.

"You saw him on the (witness) stand," Alexander Kalymon, 57, said of his father. "He has no one over there. He's incapable of being able to manage day-to-day life."

But Abraham Cooper, associate dean of the Simon Wiesenthal Center, an international Jewish human rights organization based in Los Angeles, said since the U.S. government does not prosecute Nazi war criminals, John Kalymon should be deported.

"We are talking about participating in the crime of genocide and in this case someone who was not a bystander but an active participant," Cooper said.

Last year, the government stripped the citizenship of another Chrysler retiree, Iwan Mandycz, who was a guard in 1943 at the SS camp Poniatowa near Lublin, Poland. A federal appeals court recently upheld that decision and his deportation is pending.

Michigan Man Denies He Participated In Nazi Persecution (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy News, September 23, 2006

DETROIT - A retired Chrysler factory worker admitted Friday that he served in a Nazi-controlled police force in Poland during World War II but denied killing, wounding or persecuting Jewish prisoners.

During 3 1/2 hours of testimony in a trial in U.S. District Court in Detroit to strip him of his U.S. citizenship, John (Ivan) Kalymon, 85, of Troy admitted he was in the Ukrainian Auxiliary Police, a unit that a government witness testified was heavily involved in rounding up Jews in and around L'viv, where Kalymon was based in the early 1940s, for deportation to work camps and extermination centers. L'viv now is in Ukraine.

Kalymon insisted that he never participated in and wasn't aware of such activities.

But under questioning by William Kenety V of the Justice Department's Office of Special Investigations, Kalymon admitted that he failed to disclose his two-year involvement in the Ukrainian police when he came to the United States in 1949. He became a U.S. citizen in 1955.

Kalymon was the third witness to testify in a six-day bench trial before U.S. District Judge Marianne Battani . Kenety and Justice Department lawyer Jeffrey Menkin want her to revoke Kalymon's citizenship so he can be deported.

In his testimony, Kalymon denied signing a police report that said he and another man shot at Jewish prisoners during a roundup of 2,128 Jews on Aug. 14, 1942, killing one and wounding another.

He also denied firing shots during two other roundups that month in which other Jews were killed.

The government had called two expert witnesses, including a historian who testified about the events in and around L'viv during the war.

The government plans to submit deposition testimony Monday from three other witnesses, including a now-deceased Army officer who interviewed Kalymon before he entered the United States.

Kalymon's lawyer, David Domina, plans to call two witnesses, including Kalymon's wife of 62 years, Lubow Kalymon, to testify next week. Domina also plans to submit deposition testimony from a California man who served in the Ukrainian Auxiliary Police and said he never was asked to take part in any action against Jews.

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TAX:

Church To Fight IRS Demand For Documents (AP-Y)

By Gillian Flaccus

AP, September 23, 2006

A liberal church that has been threatened with the loss of its tax-exempt status over an anti-war sermon delivered just days before the 2004 presidential election said Thursday it will fight an IRS order to turn over documents on the matter.

"We're going to put it in their court and in a court of law so that we can get an adjudication to some very fundamental issue here that we see as an intolerable infringement of rights," Bob Long, senior warden of All Saints Church, told The Associated Press.

He said the church's 26-member vestry voted unanimously to resist IRS demands for documents and an interview with the congregation's rector by the end of the month.

The church's action sets up a high-profile confrontation between the church and the IRS, which now must decide whether to ask for a hearing before a judge, who would then decide on the validity of the agency's demands.

IRS spokesman Terry Lemons would not comment specifically on the dispute but noted in a statement that the agency could take a church to court.

"We recognize the constitutional rights of freedom of speech and religion," Lemons said. "But there is no constitutional right to be exempt from federal taxation."

Religious leaders on the right and left have expressed fear that the dispute could make it more difficult for them to speak out on moral issues such as gay marriage and abortion during the midterm election campaign.

At a news conference Thursday, church officials were flanked by about 40 representatives of mosques, synagogues and other churches.

"We smell intimidation, it smells rotten, and we should not allow any aspect of intimidation to be directed to any member of our great country," said Maher Hathout, senior adviser of the Muslim Public Affairs Council.

Under federal tax law, church officials can legally discuss politics, but to retain tax-exempt status, they cannot endorse candidates or parties.

The dispute at the 3,500-member Episcopal church centers on a sermon titled "If Jesus Debated Senator Kerry and President Bush," delivered by a guest pastor. Though he did not endorse a candidate, he said Jesus would condemn the Iraq war and Bush's doctrine of pre-emptive war.

According to the IRS, the only church ever to be stripped of its tax-exempt status for partisan politicking was a church near Binghamton, N.Y., that ran full-page newspaper ads against President Clinton during the 1992 election season.

CONGRESS-ADMINISTRATION:

Report Says Education Officials Violated Rules (NYT)

By Sam Dillon

The New York Times, September 23, 2006

Department of Education officials violated conflict of interest rules when awarding grants to states under President Bush's billion-dollar reading initiative, and steered contracts to favored textbook publishers, the department's inspector general said yesterday.

In a searing report that concludes the first in a series of investigations into complaints of political favoritism in the reading initiative, known as Reading First, the report said officials improperly selected the members of review panels that awarded large grants to states, often failing to detect conflicts of interest. The money was used to buy reading textbooks and curriculum for public schools nationwide.

States have received more than $4.8 billion in Reading First grants during the Bush administration, and a recent survey by an independent group, the Center on Education Policy, reported that many state officials consider the initiative to be highly effective in raising reading achievement. But the report describes a tangled process in which some states had to apply for grants as many as six times before receiving approval, with department officials scheming to stack panels with experts tied to favored publishers.

In one e-mail message cited in the report, from which the inspector general deleted some vulgarities, the director of Reading First, Chris Doherty, urged staff members to make clear to one company that it was not favored at the department.

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"They are trying to crash our party and we need to beat the [expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," Mr. Doherty wrote.

Mr. Doherty recently resigned from the department to "return to the private sector," Katherine McLane, a department spokeswoman said.

Officials relayed reporters' requests for comment to Mr. Doherty, and he declined to be interviewed, an official said.

The abuses described in the report occurred during 2002 and 2003, when Rod Paige was education secretary. John Grimaldi, spokesman for the Chartwell Education Group where Mr. Paige is chairman, said he had not read the report but would seek Mr. Paige's reaction to it.

"Some of the actions taken by department officials and described in the inspector general's report reflect individual mistakes," Secretary Margaret Spellings said in a statement. "Although these events occurred before I became secretary of education, I am concerned about these actions and committed to addressing and resolving them."

Officials will review by the end of the year all Reading First applications that the department approved, to determine that they met all applicable requirements, Ms. McLane said.

The report recounts how during the formation of a review panel in 2002 a journalist asked the department whether federal officials were trying to stack the panel so that some reading programs would not be treated fairly.

The report cited the Reading First director's response to the department employee who relayed the journalist's question: "Stack the panel? ... I have never heard of such a thing ....<harumph, harumph>" the director replied.

"The response," the report concluded, "suggests that he may indeed have intended to 'stack' the expert review panel."

The report mentions Reid Lyon, the former chief of a branch of the National Institutes of Health, who was a research adviser to President Bush and an architect of Reading First. He exerted immense influence at the department when Mr. Paige was there.

In 2002, Dr. Lyon told the Reading First director and other department officials that a woman whom the department had already selected to be on a review panel had been "actively working to undermine" a reading initiative he favored, the report said.

"Chances are that other reviewers can trump any bias on her part," Dr. Lyon told the officials.

"We can't uninvite her," a senior adviser to Mr. Paige wrote in response, the report said. "Just make sure she is on a panel with one of our barracuda types."

The incident demonstrated "the intention of the former senior adviser to the secretary to control another panelist," the report said.

In an interview yesterday, Dr. Lyon said that in the 2002 incident he sought to neutralize bias.

"If we detected bias, we had to make sure that the review panel was put together so that that bias would be neutralized," he said.

Dr. Lyon left the national institutes in August 2005 and is now an executive vice president for Higher Ed Holdings, a company based in Dallas that is working to found a college of education.

"Oh man, I'm mortified," Dr. Lyon said of the report. "To see the facts that were presented today was very disappointing, because it's an outstanding program."

The investigation was opened last year after the inspector general received accusations of mismanagement and other abuses at the department from publishers of several reading programs, including Robert E. Slavin, a director of a research center at the Johns Hopkins University who is chairman of Success for All, a nonprofit foundation that produces reading materials.

"The department has said at least 10,000 times that they had no favored reading programs, and this report provides clear evidence that they were very aggressively pressing districts to use certain programs and not use others," Dr. Slavin said.

Audit Finds Ethical Lapses In U.S. Reading Program (WP)

By Ben Feller

The Washington Post, September 23, 2006

A scorching internal review of the Bush administration's billion-dollar-a-year reading program says the Education Department ignored the law and ethical standards to steer money how it wanted.

The government audit is unsparing in its view that the Reading First program has been beset by conflicts of interest and willful mismanagement. It suggests that the department broke the law by trying to dictate which curriculum schools must use. It also says that program review panels were stacked with people who shared the director's views and that only favored publishers of reading curricula could get money.

In one e-mail, director Chris Doherty told a staff member to come down hard on a company he didn't support, according to the report released yesterday by the department's inspector general. "They are trying to crash our party, and we need to beat the

[expletive deleted] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," Doherty wrote, the report says.

Doherty is resigning, department spokeswoman Katherine McLane said. Asked whether his quitting was in response to the report, she said only that Doherty is returning to the private sector after five years at the agency. Doherty declined to comment.

Education Secretary Margaret Spellings pledged to swiftly adopt all the audit's recommendations. She also pledged a review of every Reading First grant her agency has approved. About 1,500 school districts have received $4.8 billion in Reading First grants.

Reading First aims to help young children read through scientifically proven programs, and the department considers it a jewel of No Child Left Behind, Bush's education law. Just this week, a separate review found that the effort is helping schools raise achievement.

But from the start, the program has been dogged by accusations of impropriety, leading to several ongoing audits. The new report from the Office of Inspector General -- an independent arm of the Education Department -- calls into question the program's credibility.

The ranking Democrat on the House education committee was furious. "They should fire everyone who was involved in this," said Rep. George Miller (Calif.). ". . . This was an intentional effort to corrupt the process."

Spellings said the problems happened in the early days of the program, which began in 2002, before she was secretary. She said those responsible have left the agency or been reassigned.

The audit found that the department:

· Botched the way it picked a panel to review grant applications, raising questions about whether grants were approved as the law requires.

· Screened grant reviewers for conflicts of interest but then failed to identify six who had a clear conflict based on their industry connections.

· Did not let states see the comments of experts who reviewed their applications.

· Required states to meet conditions that weren't part of the law.

· Tried to play down elements of the law it didn't like when working with states.

The report does not name Doherty, referring to him as the Reading First director. It says he repeatedly used his influence to steer money toward states that used a reading approach he favored called Direct Instruction (DI). In one case, the report says, he was told that a review panel was stacked with people who backed that program.

"That's the funniest part -- yes!" he responded in an e-mail in 2002. "You know the line from Casablanca, 'I am SHOCKED that there is gambling going on in this establishment!' Well, 'I am SHOCKED that there are pro-DI people on this panel!' "

Spellings took issue with the use of such e-mails in the audit. The IG said the e-mails were written by Doherty in his role as director, and it said there is no evidence that they were inaccurate or pulled out of context.

The audit also faults other officials who had a big hand in Reading First, including Susan B. Neuman, the former assistant secretary of elementary and secondary education.

Spellings, who became secretary in 2005, said she is not aware of any effort to favor certain reading programs. "I'm doing everything I can at this point," she said. "I can't undo what's been done."

N.Y. English Scores Drop Sharply In 6th Grade (NYT)

By David M. Herszenhorn

The New York Times, September 23, 2006

The share of students in New York State who are reading and writing at grade level drops sharply between the fifth and sixth grades and keeps declining through middle school, according to the first results of a new state testing system adopted to comply with the federal No Child Left Behind law's requirements for tracking year-to-year progress.

The scores for the 2005-6 school year, which were released yesterday by the state education commissioner, Richard P. Mills, also showed an increase in the proportion of students in the state performing at the lowest level.

"The overall pattern is disturbing," Mr. Mills said at a news conference in Albany. "Literacy is the problem. This pattern is not inevitable. This pattern has to change. All youngsters have to emerge from middle school ready for high school. We still have a lot of work to do." He added: "We have to do something different. We have to change our tactics, our curriculum, our approach."

The steady erosion of student achievement through eighth grade offers a particularly bleak outlook on New York State's chances of meeting the goal of No Child Left Behind, which seeks 100 percent proficiency in reading and math among all categories of students by 2014 and imposes sanctions on schools and districts for failing to make annual progress.

Since the state began testing in the fourth and eighth grades in 1999, the middle school results have lagged behind.

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Yesterday's results, for the first time, allowed state officials to pinpoint exactly where student achievement begins to drop off sharply. The big change comes between the fifth and sixth grades, the year when many students move into middle school. More than 1.2 million students took the exam last January.

The scores offered a sobering portrait for virtually all types of school districts in the state. Although wealthy suburban districts continued to far outperform poor urban ones, the decline in performance from the fifth through eighth grades was equally apparent in the richer locales, with the trend holding across Westchester and Nassau Counties as surely as in the Bronx or Buffalo and rural counties like Allegany.

Statewide, yesterday's results showed 69 percent of third graders meeting reading and writing standards, compared with 68.6 percent of fourth graders, 67.1 percent of fifth graders, 60.4 percent of sixth graders, 56.4 percent of seventh graders, and 49.3 percent of eighth graders. Across all grades, 61.5 percent of students met the standards.

Still, there was relatively positive news for New York City. Even though the adoption of a new set of tests makes direct comparisons to prior years statistically unreliable, the test found 61.5 percent of the city's third graders to be on or above grade level in English. That was 8 points higher than a city test found the prior year.

The proportion of fourth graders who met the standards was virtually unchanged at 58.9 percent. Statewide, the share of fourth graders at or above grade level declined 3.8 points, to 68.6 percent.

Schools Chancellor Joel I. Klein said that since 2002, New York City had outperformed other urban districts and made better progress than the state as a whole. And though he said much work had to be done, he was thrilled with the results. "I think that the work we are doing is powerful," he said at a news conference.

New York State's other big cities — Yonkers, Buffalo, Rochester and Syracuse — all showed more substantial declines in fourth grade performance. New York City also showed a solid increase in the percentage of eighth graders meeting the state standards, outpacing a slight increase statewide.

In one disappointment for Mayor Michael R. Bloomberg, the state results cast doubt on extraordinary gains by the city's fifth graders last year. The state results showed 56.7 percent of the city's fifth graders on or above grade level, a decline of about 10 percentage points from the previous city test.

The pattern in New York State can be found in Michigan and Florida and is showing up around the country as states expand their testing systems. Some researchers say the problem is not in middle schools, where the scores are weak, but in earlier grades.

E. D. Hirsch Jr., the author of a recent book, "The Knowledge Deficit," said students do not learn enough vocabulary and content knowledge at younger ages.

Daniel P. Keating, director of the Center for Human Growth and Development at the University of Michigan, said schools should prepare students earlier for the more abstract and sophisticated reasoning required in middle school.

"Perhaps the early preparation is not anticipating that shift to having those higher demands," he said, adding that tests for younger children do not measure those skills. "All of a sudden we're looking for the kinds of skills that just haven't been assessed earlier."

The scores in New York State were released in the fall this year, rather than in the spring, because of technical work required by the new exams, angering parents and educators. The timing also led New York City to promote hundreds of students in the third, fifth and seventh grades who, it turned out, had not met Mr. Bloomberg's criteria for moving on.

Officials said those students would not be pulled back a grade, but would be given extra help.

The mayor's rules require any student scoring at the lowest possible level on the test to be held back, and in the city that number was 11.4 percent in grades three through eight.

The city was not alone in having an increase in students performing at the lowest possible level — known as Level 1 — showing they have serious academic deficiencies.

Last year, state officials boasted that they had reduced those numbers to their lowest levels since testing began in the 1998-99 school year. But this year, 9 percent of fourth graders scored at the lowest level, up from 5.4 last year, while 9.5 percent of eighth graders similarly scored at the lowest level, up from 6.6 percent.

Overall, 8.1 percent of students in all grades scored at Level 1, which in eighth grade becomes an almost-certain prescription for failure in high school. "Students at Level 1 are going to have great difficulty passing their courses," Mr. Mills said.

In previous years, state officials had repeatedly stressed the greater complexity of skills that students were required to demonstrate on the eighth grade exam to explain the relatively good performance on fourth grade tests and lackluster results in eighth grade.

But armed yesterday with the data across all grades, Mr. Mills said he believed there was a widespread and dangerous slacking off in literacy instruction beginning in the fifth grade at many schools, and he called on educators to raise their vigilance.

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"They certainly are not learning to read in a powerful way; they certainly are not learning to write as they should," Mr. Mills said. "Adult literacy scores are too low, but this is where it begins. It begins with a decision to just let it go, to just let it go when a child doesn't learn to read at the very beginning."

Mr. Mills said the state's Board of Regents had long been concerned about the transition from elementary to middle school and those concerns were bound to be heightened. "There has to be a hand-off not only of the students, but also of what they know and what's expected," he said.

Will Public Lose Confidence In Census? (AP-Y)

By Stephen Ohlemacher

AP, September 23, 2006

When Elizabeth Mazur found a census taker's business card stuck inside her door last fall, she dutifully called the number and agreed to take part in a monthly survey on income and poverty.

Some questions were personal: Who did she live with? How much money did she make? Where were her parents born?

Mazur, a 29-year-old lawyer in Chicago, said she was happy to answer. But after hearing that Census Bureau workers have lost 672 laptop computers since 2001, including 246 that contained personal data, she's not sure she'd do it again.

"You hear stories about people, schemers pretending to be a bank employee," Mazur said. "Knowing there have been problems (at the Census Bureau), I would be less willing to do it if somebody I didn't know called me."

The Commerce Department, which oversees the Census Bureau, this week became the latest federal agency to acknowledge losing laptop computers containing sensitive information. Overall, the department has lost or had stolen 1,137 laptops since 2001 — the largest number of computers that any agency has publicly acknowledged losing.

All the computers containing personal information were protected by passwords or encryption technology. Still, the disclosure raises questions about the government's ability to protect sensitive information, said Rep. Tom Davis, R-Va.

At least eight other federal agencies have reported computers with sensitive information lost, stolen or illegally accessed in recent months. The biggest case was at the Department of Veterans Affairs, which had a computer containing the personal information of 26.5 million veterans and military personnel stolen. The computer was eventually recovered with no data accessed.

"The reality is, we are incapable of storing, moving and accessing information," said Davis, who vowed to pursue legislation to improve security. "The American people deserve better from their government." Davis chairs the House Government Reform Committee, which has requested information about lost or stolen computers from all Cabinet agencies. He hopes to compile a report by next week.

Rep. Michael R. Turner, R-Ohio, chairman of the House subcommittee on the census, said he plans to hold hearings on how the computers were lost and how to prevent losses in the future.

There is no evidence that any personal information from the Census Bureau's computers has been accessed or misused, said Ruth Cymber, the agency's director of communications. Publicly disclosing personal information from census surveys is a crime punishable by up to five years in prison and a $250,000 fine.

Census officials do not know how many people had their personal information on the lost or stolen computers, Cymber said. On average, a computer would contain information from 20 to 30 households at any given time.

Most personal information from census surveys would be insufficient to steal a person's identity, according to security experts. However, 81 of the lost computers may have contained Social Security numbers.

Among the Census Bureau computers containing personal information, 104 were stolen and 113 were not returned by former employees. The rest were lost or misplaced. Cymber said the bureau is working with state and local police to try to retrieve computers from former workers.

When possible, the Census Bureau has withheld pay from workers who did not return computers, Cymber said. Most of them were temporary hourly workers paid to gather data door to door.

Security analysts said it would take a computer expert to access a laptop protected by a password. One protected by encryption technology would be even more difficult to access.

"The casual thief likely won't know how to break them," said Peter Swire, a law professor at Ohio State University and the chief privacy counselor for the Clinton administration.

In the meantime, census officials are concerned about losing the public's confidence. The Census Bureau conducts about 120 surveys a year, questioning more than 3 million households about everything from their race and ethnicity to their employment status and how many bathrooms they have in their homes. Most of the questions are mandated by law. The information is used by economists, government planners, marketing companies and academic researchers.

"We cannot do our work without public confidence," Cymber said.

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Americans are required by law to answer questions from census takers. But census officials had to go back to 1962 to find a case of someone being prosecuted.

Gary Gordon, a Utica College professor and an expert on identity fraud, said the Census Bureau will have to repair its reputation if it wants Americans to continue answering questions voluntarily.

"People are learning that they need to protect their personal identifiers and trust is big issue," Gordon said.

For her part, Mazur was philosophical about the possibility that some computer thief might learn how much money she made last year.

"I feel like there's so many ways that we're vulnerable, what's one more laptop being lost by the government?" she said.

Luring Customers From Medicare (NYT)

By Milt Freudenheim

The New York Times, September 22, 2006

For years, private insurers have offered alternatives to the federal Medicare program that are meant to give patients lower-cost options than the government coverage provides. More than 7 million people now subscribe to such plans, out of a total Medicare population of 42.5 million.

But suddenly a type of private insurance plan is gaining ground that looks very similar to the basic coverage long available to anyone with a federally issued Medicare card.

And the government is paying the private insurance industry a subsidy of 11 percent per patient, on average, to provide it.

Since the government substantially increased the subsidies two years ago for these most basic private industry plans — known as private fee-for-service — enrollment in the plans has grown tenfold to 820,000. About 18,000 people signed up in August alone, Medicare said yesterday in its latest update. And some analysts expect enrollments to double or even triple by 2009.

The $7 billion that Medicare will pay private industry this year to provide this fee-for-service coverage is at least $770 million higher than the government would spend covering those patients itself, based on the 11 percent calculation.

Critics see the trend as further evidence that the government is paying private industry to take Medicare off its hands.

It is a “back-door way of trying to privatize Medicare,” said Dr. Jack Lewin, the chief executive of the California Medical Association, a physicians’ group. But the Bush administration’s Medicare chief, Dr. Mark B. McClellan, insisted yesterday that the trend “is definitely not a ‘push to privatization,’ ” but simply a way to give people with Medicare more choices. “The original Medicare program is and remains an option for those who prefer it,’’ said Dr. McClellan, who plans to step down next month.

Private insurers can offer more choices and cost breaks to patients, he said, while providing overall better health care that will end up saving the government money.

The 11 percent calculation comes from the Medicare Payment Advisory Commission, an independent federal research body that advises Congress. And some insurance executives say the figure is an exaggeration. But there is little dispute that federal subsidies are encouraging the insurance industry to recruit members for the plans.

And while the current industry coverage can be a good deal for some patients, critics worry that Medicare patients reliant on private insurers could be left stranded if the federal money is eventually cut.

“We are very concerned that Congress is going to pull back on the funding,’’ Dr. Lewin said, “and we will be left with a private system that offers fewer benefits and is going to be influenced by Wall Street.’’

Critics say the growing transfer of the nation’s $342 billion Medicare program to private industry has already been playing out through other means, like the new Medicare Part D drug program and various Medicare-linked managed care plans and H.M.O’s offered by private insurers.

Providing Medicare coverage in all its guises has become a $60 billion-a-year business and one of the few profitable growth areas for insurers. Medicare enrollees look especially attractive to insurers, as the industry’s other main clientele — corporate America — struggles to meet the growing cost of providing health benefits to working people.

The fee-for-service plans, the focus of the current controversy, are in many ways similar to the government’s own Medicare. Under the industry version, patients have the right to choose their own doctors and hospitals — as they have long been able to do with their federally issued Medicare cards.

And as with the federal program, enrollees in the private fee-for-service plans typically pay a monthly $88.50 premium to the government.

Under the industry plans, moreover, the hospitals and doctors receive the same rates as when they are paid through the basic federal Medicare program.

Experts say that because the administrative costs of providing the private policies are minimal, they represent easy income for the insurance companies, with profit margins of 4 percent or so.

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But many see the private fee-for-service Medicare plans as mainly a feeder program in which insurance companies hope to gradually convert members into even more complex, more profitable private Medicare offerings that the government also subsidizes.

The more lucrative plans, like Medicare health maintenance organizations or doctor-network managed care programs, which have been available longer, can yield profits in the 10 percent range, analysts say.

The more basic private fee-for-service plans, around for less than a decade, were authorized through an amendment to the 1997 balanced budget act as a way to ensure that elderly people could obtain adequate health insurance. Now the plans are envisioned as primarily for rural Americans who typically have few medical choices.

The insurance industry largely ignored the fee-for-service plans until the insurers' subsidies were increased by $14 billion over 10 years by the 2003 Medicare overhaul legislation. Insurance lobbyists had argued that expanding private Medicare programs would eventually lower the government's costs.

But insurers "are not really being asked to do anything for additional subsidies," said Marilyn Moon, a longtime Medicare researcher who served as a public trustee of the program — a watchdog role — during the Clinton years. She is now at the American Institutes for Research, a nonpartisan research center in Washington.

Insurers, though, say they provide benefits that basic Medicare does not cover.

The leader by far in private Medicare fee-for-service, with more than half the total members, is Humana. UnitedHealth and WellPoint are also big players.

John M. Bertko, a Humana vice president, says benefits included having nurses stay in touch with discharged hospital patients with chronic diseases to make sure they were following doctors' orders.

Other selling points for the private insurance plans include predictable out-of-pocket co-payments — typically $5 to $20 for doctor visits. That compares with the uncertainties patients face under traditional federal Medicare, in which they are responsible for 20 percent of whatever the doctor charges.

Martin Smith and his wife, Donna, of Bristol, Ind., chose a fee-for-service plan from UnitedHealth's Secure Horizons Medicare unit earlier this year.

The monthly premiums of $12.50 each for Mr. Smith, 68, and Mrs. Smith, 70, are in addition to their government Medicare premiums of $88.50 each. But the Smiths say the private plan is paying off.

Mrs. Smith recently had heart bypass surgery. And though the bill has not yet arrived, she knows that the hospital deductible for her Secure Horizons plan is $600, compared with the $952 she would be responsible for under traditional Medicare.

And instead of 20 percent of the approved doctors' fees in traditional Medicare, the Smiths pay only $10 to a primary care doctor and $20 for specialists. Secure Horizons pays the rest out of its subsidies from Medicare — which are $692.29 a month, on average, for each fee-for-service member in that part of the country.

The Smiths chose to sign up for Medicare Part D drug coverage from a separate insurer, Humana.

Like the Smiths, more than half of the private fee-for-service enrollees so far have also chosen drug coverage, and many are choosing a plan that combines both.

One is Cathy Watts, 58, of Decatur, Ill., a former nurse who says she had to retire four years ago because of Parkinson's disease and partial paralysis. Last January she signed up for a fee-for-service offering from Humana that included Part D drug coverage.

Other than the government's $88.50 Medicare premium that is deducted from her monthly Social Security check, Ms. Watts pays no premium to Humana.

She says the drug coverage was the main lure for her because her drug bill last year was $6,000.

"I will probably pay $3,600 this year" for drugs, she said. "So that will be better." And she can still see the doctors of her choice.

While insurers do run a risk of losing money on a patient if he or she has unexpectedly large health costs, the companies can consult county-by-county Medicare cost data and decide where to offer coverage and which high-cost areas to avoid.

In southern Illinois, where Mrs. Watts lives, the average monthly rate the government is paying an insurer to provide Medicare fee-for-service is $692.29 — the same as in Mr. Martin's town in Indiana.

Under Medicare's complicated rules, though, the amount actually paid to a company for a patient can vary. Around the nation, depending on local medical costs and the health profile of Medicare-eligible residents, the monthly federal subsidy to the insurance company can range from $400 to $2,500, said Dr. Scott Latimer, a Humana executive based in Tampa, Fla.

Enrollments in the fee-for-service plans are still primarily, though not exclusively, concentrated in rural and small cities. Before the Medicare subsidies were increased in 2003, insurers had little incentive to focus on such places. With few doctors and sometimes only one or two hospitals in such areas, insurers typically have little bargaining power. And the health care providers

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have often balked at accepting the lower fees and second-guessing often associated with managed care insurance networks. But when enough patients in a local area have been enrolled in the private fee-for-service plans, the companies say local health care providers may have little choice but to join the insurers' Medicare networks.

Rick Jelinek, the chief executive of UnitedHealth's Secure Horizons Medicare business, acknowledged that the company's strategy was "in the longer term, to build networks around our programs."

With such networks in place, he said, the company could help manage patients' health — and the insurer's costs — through techniques like having nurses provide telephone health counseling aimed at helping keep patients with heart disease and diabetes avoid hospitalization.

Dan Mendelson, a former Clinton administration health official who is now the president of Avalere Health, a Washington research and consulting firm that advises insurance companies, said the private fee-for-service trend "should save money for Medicare by improving patient care."

But Ms. Moon, the Medicare researcher, said she was "unconvinced by the logic that says, 'If we are overpaying the health plans now, they will save us money later.' "

Treasury Softens Line On Home Loan Giants (FT)

By Michael Mackenzie In New York

Financial Times, September 23, 2006

The treasury department under Hank Paulson is softening its long-held stance that mortgage giants Fannie Mae and Freddie Mac should face strict limits on their holdings of mortgages and securities.

Congress is sparring over how strictly a proposed new regulator will define the portfolio limits for the two government-sponsored enterprises, which both buy mortgages and package them as securities, and act as traders in the secondary market for mortgage-backed bonds.

The GSEs have scaled backed their presence in the mortgage market in the wake of accounting scandals in recent years, but together they still hold a portfolio of $1,400bn mortgage assets.

The size of these portfolios and use of derivatives has been a hot topic with regulators and Congress, with officials at the treasury and Federal Reserve expressing concern about systemic risk to the financial system.

Last year the House of Representatives and Senate banking committee passed bills governing Fannie and Freddie, with the Senate adopting a tougher stance that would cap portfolio assets.

But treasury officials now say they are willing to be more flexible. Randal Quarles, treasury undersecretary for domestic finance, told the Financial Times: "It's important people understand we are open to working and engaging in an alternative approach in regulating the size of the portfolios.''

As the window for a compromise among lawmakers closes, Mr Quarles said the treasury department was hopeful about Congress reaching agreement.

"There is scope before the recess and certainly scope after that.

"We are a couple of yards away from the goal line,'' he said.

With concerns growing about falling housing prices, the proposed flexibility over portfolio limits has also not escaped the notice of the bond market.

Richard Gilhooly, senior fixed- income strategist at BNP Paribas in New York, said: "When you have a risk scenario and housing increasingly faces the prospect of a hard landing, you do not want to handcuff yourself from dealing with the situation.''

Gerald Lucas, senior investment adviser at Deutsche Bank in New York, said: ''When you get a new treasury secretary it's a chance for a fresh approach. The market will be happy with a regulator that has teeth and still allows the GSEs to participate.''

Probe Of FAA Contracting Finds Waste (WP)

By Del Quentin Wilber

The Washington Post, September 23, 2006

A Federal Aviation Administration contracting program, initially hailed as a way to make the agency more efficient, was so poorly managed that it cost the government millions of dollars in overruns, according to a government investigative report and legislators who reviewed its conclusions. The FAA has disbanded the program.

The program was designed to allow the FAA to obtain services faster and cheaper by using 142 approved vendors.

But the FAA ran into major problems shortly after the program's inception in 2002 because contracts were supervised poorly, many were not put out for competitive bids and officials did not set proper labor rates, according to a report to be released Monday by the Transportation Department inspector general's office.

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The report does not say precisely how much the FAA was overcharged by contractors but describes a variety of problems, including the hiring of former FAA employees by contractors.

Sen. Charles E. Grassley (R-Iowa), who requested the investigation, said the program's problems cost the government tens of millions of dollars.

"It's just outrageous how the FAA was not looking out for the taxpayers' dollars," Grassley said in an interview. "Three words would sum this up: absolutely no accountability."

FAA officials said they disbanded the program months ago and did what was necessary to resolve leftover problems.

The inspector general's report says the FAA never set standard labor rates for the program's contractors, forcing officials to negotiate them with each new contract. That caused officials to take twice as long as usual to award contracts.

The FAA also did not set labor qualifications for contractors, the report says. One contractor charged the FAA $35 an hour for the work of an administrative assistant. Four weeks later, it called the worker an analyst and raised her hourly rate to $71 without providing proof of her qualifications, the report says.

The inspector general estimated that labor costs alone could have created overruns of $24 million to $44 million if the program and the contracts been allowed to continue.

More than half the contracts were not put up for bids, the report says. The FAA is allowed to award sole-source contracts, but of eight such contracts reviewed by investigators, only one was found to have had "adequate justification."

The report says companies were eager to hire former FAA employees. One offered a finder's fee for such workers, and 21 percent of its employees had worked for the agency.

"While this practice does not violate any government regulations, it creates significant risks to FAA's ability to maintain arms-length relationships with its contractors when negotiating contract terms or overseeing contractor performance," the report says.

Sen. Tom Coburn (R-Okla.), who also pushed for the inspector general's investigation, said the hiring of former FAA employees by contractors troubled him.

"There is nothing wrong with hiring experienced people, but there is plenty wrong with hiring people and giving them a job they are not qualified to do," he said.

FAA officials said they took steps more than a year ago to address issues raised by the inspector general. They began requiring the agency's deputy administrator to review all no-bid contracts worth more than $1 million, and the chief financial officer began approving all contracts worth more than $10 million.

By March, the FAA had disbanded the program. The agency has put all but five of the remaining contracts up for bids. It also has set guidelines on how to deal with former FAA employees and relatives of current workers, officials said.

"We have dissolved this entire program," said Laura Brown, an FAA spokeswoman. "We have already taken many of the steps that the IG recommended, and as the IG noted, we have agreed to most of the recommendations and we are taking further actions in response" to the report.

The report does not identify the companies or the FAA officials involved in the contracts. A spokesman for the inspector general's office declined to provide such information, referring questions to the FAA.

The investigation began last year when Debra Srite, an FAA contracting officer, and an unidentified colleague approached auditors and Grassley to raise questions about a contract with Crown Consulting Inc., a District firm with 180 employees.

A government audit last year found that Crown overbilled the FAA by $56,317 over four months. The audit attributed much of the overbilling to Crown's exaggerating the qualifications of its employees.

The audit report said at least two Crown employees were not qualified to do the work for which Crown was billing the FAA. Crown officials could not be reached for comment last night.

Srite, who left the FAA a month ago because she said she felt pressure on the job after pointing out problems with Crown's contract, said she was pleased by the inspector general's report.

"They hit most of everything," Srite said in a telephone interview. She said she still wanted investigators to look into "a lot of property that is not accounted for."

A Bad Court-Splitting Plan (NYT)

The New York Times, September 23, 2006

The Senate held hearings this week on a proposal to split the San Francisco-based United States Court of Appeals for the Ninth Circuit in two. The idea is being promoted as a way to reduce the court workload. The Ninth Circuit is very large and busy, but the proposal would actually do little to solve the overload problem. Its real aim is not efficiency, but a conservative, anti-environmental agenda.

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The Ninth Circuit, which covers nine Western states plus Guam and the Northern Mariana Islands, is the largest of the nation's federal judicial circuits. The reason is simple: California. With the state's enormous growth, the number of cases presented to the Ninth Circuit has also grown rapidly, although there is no evidence that the court has been unable to handle its work.

If Congress wanted to help, it would divide California into two different circuits. But instead, it is considering a bill that would put California and Hawaii into a "new" Ninth Circuit, which would have more than 70 percent of the court's current caseload, while putting the remaining states in a newly created 12th Circuit. To make matters worse, the new Ninth Circuit would get less than 60 percent of the allotment of permanent judges.

While the bill does not solve any problem, it would create new ones while requiring, by the court system's estimate, nearly $100 million in start-up costs. The overwhelming majority of Ninth Circuit judges, appointed by both Republican and Democratic presidents, oppose dividing the court.

The split is a pet idea of conservative interest groups and companies that are unhappy with some pro-environmental rulings. They would like to put the open lands in states like Montana and Idaho out of the reach of judges in California who have a record of taking environmental law seriously.

There are steps Congress could take to ease the burden on the Ninth Circuit, including providing more money to improve administration, and fixing the immigration system, which is a source of much of the court's workload. The one thing it should not do is allow ideologues to tamper with the federal courts under a false mantle of reform.

OTHER NEWS:

U.S. Stocks Fall For Second Day On Economy; Caterpillar Slides (BLOOM)

By Allen Wan

Bloomberg, September 22, 2006

Sept. 22 (Bloomberg) -- U.S. stocks capped a losing week with a second straight day of declines on renewed concern that the economy is weakening and earnings growth will slow.

Caterpillar Inc., the world's largest maker of earthmoving equipment, dropped on the threat that demand for machinery will slacken. Boston Scientific Corp. led health-care shares lower after the medical-device maker failed to meet analysts' sales and earnings estimates.

``I don't think the stock market has faced up to the fact that a slowing of the economy will hurt profits," said Nick Sargen, who helps manage $30 billion as chief investment officer at Fort Washington Investment Advisors Inc. in Cincinnati.

The Standard & Poor's 500 Index lost 3.25, or 0.3 percent, to 1314.78. The Dow Jones Industrial Average dropped 25.13, or 0.2 percent, to 11,508.10. The Nasdaq Composite Index slid 18.82, or 0.8 percent, to 2218.93.

After closing within a point of a five-year high, the S&P 500 lost almost 1 percent in the week's final two days. A report showed factory activity shrank in the Philadelphia area for the first time in three years, suggesting that a housing slump is weighing on other areas of the economy.

``This fall-off we're seeing in housing is for real, it's serious," said Dirk van Dijk, director of research at Zacks Investment Research in Chicago. ``Housing has been a major driver for consumer spending."

Earnings Forecast

Earnings growth at S&P 500 companies will slow through the rest of the year, climbing 14.2 percent this quarter and 12.6 percent in the final three months of 2006, according to a Thomson Financial survey of analysts published today. Profits rose 16.3 percent in the second quarter.

For the week, the Dow average fell 0.5 percent, the S&P 500 lost 0.4 percent and the Nasdaq slumped 0.8 percent.

Caterpillar lost $1.77, or 2.7 percent, to $62.77 for the Dow's steepest decline.

Boston Scientific tumbled $1.51, or 9.2 percent, to $14.85 for the biggest retreat in the S&P 500. The maker of drug-coated heart stents said third-quarter sales will total as much as $2.04 billion, less than the average analyst estimate of $2.17 billion compiled by Thomson.

UBS AG cut its rating on the shares to ``neutral" from ``buy" and slashed its price forecast by 44 percent to $18.

An S&P 500 measure of health-care shares retreated 0.6 percent for the second-biggest drop among 10 industry groups.

General Motors

General Motors Corp. dropped 31 cents to $30.62 as the prospects for a link with Renault SA and Nissan Motor Co. faded, people familiar with matter said. Renault and Nissan may start talks with Ford Motor Co., two people with knowledge of the discussions said. Ford gained 24 cents to $8.

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Spokesmen for GM, Renault and Nissan yesterday said negotiations continue and no decisions have been made. Ford spokesman Oscar Suris declined to comment.

Cablevision Systems Co. slid 40 cents to $22.59. The fifth- largest U.S. cable-television provider awarded stock options to an executive after his death in 1999, then backdated them to give the illusion they were granted when he was alive, according to a regulatory filing.

AT&T Inc. jumped 62 cents to $32.90, while BellSouth Corp. climbed 80 cents $43.23. AT&T's $67 billion purchase of the company is likely to be approved by the Federal Communications Commission, said people familiar with the agency's plans.

New York Times

New York Times Co. declined $1.04 to $21.79. The company forecast third-quarter profit, including some costs, of up to 10 cents a share, less than the 18 cents expected by analysts.

About 12 stocks fell for every five that rose on the New York Stock Exchange. Some 1.44 billion shares changed hands on the Big Board, 5.9 percent less than the three-month daily average.

Hewlett-Packard Co. rose 24 cents to $35.11. After the market closed, Chairwoman Patricia Dunn resigned, taking responsibility for the investigation into media leaks. Chief Executive Officer Mark Hurd will replace her. Former U.S. prosecutor Bart Schwartz was also named to conduct a review.

Tribune Co. gained $1.94, or 6.1 percent, to $33.99 for the biggest advance in the S&P 500. The publisher of the Chicago Tribune agreed to consider a sale of the company or some assets, according to a person familiar with the discussions. Tribune spokesman Gary Weitman declined to comment.

Nike, Palm

Nike Inc. climbed $3.90 to $86.36. The largest athletic- shoe maker reported first-quarter sales of $4.19 billion, exceeding the average estimate of $4.16 billion.

Palm Inc. rose 59 cents to $15.09. The maker of the Treo e- mail phone said it will buy back $250 million in stock.

S&P 500 shares, called Spiders, fell 40 cents to $131.47. Nasdaq-100 tracking shares, known by their QQQQ symbol, slipped 31 cents to $39.87.

S&P 500 futures expiring in December lost 4.40 to 1325.90 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures retreated 13.75 to 1641.

The Russell 2000 Index, a benchmark for companies with a median market value of $611 million, declined 1.2 percent to 718.63. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, decreased 0.4 percent to 13,118.54. Based on its drop, the value of stocks slid by $59.5 billion.

Investors Confront Dark Side Of Slow Growth (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 23, 2006

Here is a question investors are pondering heading into the final week of this year's third quarter: Is a slowing economy good news or bad news?

Most investment pros maintain that a gradually weakening economy, for now, is a good thing because it will keep the Federal Reserve from raising its interest-rate targets.

But a vocal minority maintains that, with the Fed already on hold, having left interest rates steady for its past two policy meetings, the time for that benign scenario to play out has already passed. In the bears' eyes, slower economic growth will lead to weaker corporate profits and reduced consumer spending. Lower gasoline prices will help, but that could be offset by reduced household wealth because of the recent housing slowdown, the bears say.

The stock market's seesaw trading Friday -- and throughout the past week -- reflected that split in thinking.

In the middle of the week, the Dow Jones Industrial Average was closing in on its record of 11722.98, reached in January 2000. A two-day selloff at the end of the week raised doubts about whether it would soon clear that hurdle. Former Fed Chairman Alan Greenspan's utterances moved the bond market, and oil prices fell.

The Dow Jones Industrial Average was down nearly 60 points at one point Friday, but a late round of buying trimmed its losses. The blue-chip average finished down 25.13 points, or 0.2%, at 11508.10, off 0.5% on the week, and is now about 215 points from its all-time high.

"It's too early yet to say it won't make it back to the record," said Jim Bianco, president of Bianco Research, a market-research firm in Chicago. "If it pulls all the way back to 11000, then I'd say OK. But this move doesn't have enough conviction to it."

Mr. Bianco noted that, for the first time in about three years, financial bets in the futures market Friday reflected a small chance that the Fed could cut rates at the policy makers' next meeting in October.

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"That doesn't mean a cut is going to happen, by any stretch," said Mr. Bianco, citing the 4% odds. "But it's just an interesting fact that people are even beginning to entertain the idea seriously enough to put money into it." Lower interest rates are considered good for stocks because they reduce the cost of corporate debt, thus helping profits, and encourage consumer spending.

Strategist Bob Hoye of the Vancouver research firm Institutional Advisors believes such sentiment is misplaced. "The thing is, by the time the Fed eases, it's usually too late," said Mr. Hoye, who believes stocks will continue to pull back.

Another selloff in crude oil helped to keep stocks' losses in check Friday. Hurt by strong supply trends, oil futures for November delivery fell $1.04, or 1.7%, to $60.55 a barrel, off 5.4% on the week at the New York Mercantile Exchange.

The Nasdaq Composite Index fell 0.8%, or 18.82 points, to 2218.93, off 0.7% on the week. And the broad Standard & Poor's 500-stock index fell 0.3%, or 3.25, to 1314.78, off 0.4% on the week.

Treasurys rallied, helped by reports that Mr. Greenspan, in remarks at an event sponsored by investment-management firm Drake Management LLC, cited weak housing prices as a factor that might lead the current Fed governors to adopt a looser monetary policy, which some interpreted as a hint that a rate cut might be in the works.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, slipped 0.58%, or 1.27 points, to 217.39.

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks on the New York Stock Exchange was 2.21 billion shares, as 1,240 issues rose and 2,046 fell.

Bond prices rose.2 The 10-year Treasury note gained 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.601%. The 30-year bond rose 18/32 to yield 4.744%.

The dollar strengthened.3 Against the Japanese currency, the dollar rose to 116.52 yen, from 116.31 yen Thursday. The euro eased to $1.2788 from 1.2792.

Decline In Gas Prices Isn't Buoying Detroit (NYT)

By Nick Bunkley

The New York Times, September 23, 2006

DETROIT, Sept. 22 — Just when $3-a-gallon gasoline looked as if it were here to stay, it left.

But it was around long enough to devastate Detroit's automakers by convincing many car shoppers that smaller is better.

Now that gas prices have fallen almost 50 cents in the last month, moving below $2 a gallon in some markets, will car shoppers once again start thinking of buying the S.U.V.'s and other big vehicles that have been Detroit's bread and butter for the last decade?

For now, that may be wishful thinking, according to many dealers and auto executives.

"I'm surprised. I thought when the gas prices came down around $2 that my business would pick up," said Vic Bailey, 80, who owns a Ford dealership in Spartanburg, S.C., where a handful of gas stations were charging around $1.96 Friday afternoon.

"September has been very disappointing since the first of the month," when Ford offered no-interest financing, Mr. Bailey said.

Simple economics would suggest that as gas prices fall, car shoppers would place less emphasis on mileage. But few, if any, people in the automotive industry are betting that this latest drop will undo some of the damage to Detroit.

"They'd have to keep falling and the decline would have to last for at least three or four months before it would have much of an impact on anything," said Sean McAlinden, chief economist at the Center for Automotive Research in Ann Arbor, Mich.

"It would take a real fall to the $1.50 level to start changing expectations," he explained. "And there's a better chance of $4 than $1.50 in the long run."

The problem is consumers may have decided that higher gas prices are more the rule, and any drops they might see in coming months or years are the exception.

Detroit car companies continue to rely on big vehicles as the most important part of their lineups. Those products were planned years ago, when $3-a-gallon-gas still seemed unthinkable.

In August, a survey by Consumer Reports magazine found that fuel economy had become the top consideration for car shoppers, ahead of reliability, price and safety. Many of the people who feel that way have turned to Japanese manufacturers, namely Toyota and Honda, which spent decades honing their reputations for producing high-quality fuel-efficient vehicles.

In 2002, the year S.U.V. sales peaked, only 22.7 percent of likely buyers said fuel economy was important in considering which car to buy, according to CNW Marketing Research, a firm in Bandon, Ore., that studies buying habits.

By 2005, 61.3 percent of buyers rated fuel economy as important. And in the first quarter of this year, after Hurricane Katrina but before gas prices spiked again, that figured climbed to 64 percent, CNW research showed.

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Sales of S.U.V.'s, a market long dominated by Detroit, have plunged 18 percent this year through August, after a 15 percent drop last year, industry statistics show. That compares with single-digit declines in 2003 and 2004, when gas cost less than $2.

None of the 15 top-selling vehicles in August were traditional S.U.V.'s. Sales of the Ford Explorer, the most popular S.U.V. for years, are about one-third lower than last year.

Last year was the first time drivers in most of the country paid $3 a gallon, after Katrina, although drivers in California have seen prices rise above $3 a gallon routinely this decade.

But this year prices surged again, with no hurricane to blame, and Detroit realized its days of raking in handsome profits on sales of S.U.V.'s alone were not coming back.

"There's a new reality," said Ford Motor Company's chief sales analyst, George Pipas, acknowledging that the company no longer expects a rebound in the S.U.V. market. At this point, Mr. Pipas said, he can only hope that gas prices stay low enough for long enough to stop light truck sales from dropping too quickly.

"If gas prices were to stabilize at today's levels, I think we might see a return to the slower declines that we experienced in '03 and '04," he said. "We still see this category declining further, regardless of what happens to energy prices. We happen to think that demographics are the primary driver of this shift, as baby boomers downsize, but that gas prices speeded it up."

As of Friday, a gallon of regular unleaded gas cost an average of $2.44 nationwide, according to the AAA motor club. That is 47 cents less than a month ago — yet still high by historical standards.

The respite comes as General Motors prepares to begin selling its new line of full-size pickups, a vehicle seen as key to returning the company to profitability. G.M. also redesigned its large S.U.V.'s earlier this year and needs to continue selling them at a steady pace to keep its turnaround plans on track.

Ford is bringing out fresh versions of the Ford Explorer and Lincoln Navigator, once so popular Ford could not keep them in stock. But their sales have plummeted this year. Ford is putting its emphasis this fall, however, on its new crossover, the Edge.

The Chrysler Group, which is more dependent on truck sales than any of its competitors, has experienced a sudden sales slump and expects to lose $1.5 billion this quarter, more than double its original projections. Chrysler has a bevy of upcoming new vehicles, but it has struggled to unload excess inventories of 2006 models that are clogging dealer lots.

Neither company is counting on falling gas prices to provide much of a boost. If anything, consumer confidence may increase slightly, which all industries would welcome. But economists do not expect many people to put money saved on fuel toward a new vehicle, if they were not already shopping for one.

"I don't think anybody's paid a whole lot of attention to it," said a G.M. spokesman, John M. McDonald.

"It's way too early to tell," said Kevin McCormick, a Chrysler spokesman. "We don't know how long these lower prices are going to sustain."

Chrysler's chief executive, Thomas W. LaSorda, last month said the company was planning for gas prices to remain in the $3 to $4 range for the rest of this decade. On a conference call this week, Mr. LaSorda said there had been no uptick in sales as a result of reduced gas prices.

Mr. McAlinden said the automakers are wise to dismiss the recent drop-off and focus on improving their offerings of smaller cars with higher gas mileage.

"The executives in Detroit — finally — don't trust this decline in gasoline at all," he said. "Any foreign event could put us back at $3 a gallon, and I think the public senses that."

Boeing C-17 Plant May Get Reprieve (LAT)

By Peter Pae

The Los Angeles Times, September 23, 2006

A congressional plan to add $2.1 billion to the defense budget to buy 10 more C-17 transport planes could help extend the life of the aircraft's production line in Long Beach beyond 2010, Boeing Co.'s top defense executive said.

The funding could provide Boeing with a much-needed reprieve from having to shut the line sooner, James Albaugh, president of Boeing's Integrated Defense Systems unit, said in an interview Friday. About 5,500 people are employed at the large Long Beach factory where the planes are assembled.

"If you're down in Long Beach, you'll see a lot of happy faces," Albaugh said.

The additional funding was approved by a conference committee late Thursday and is scheduled for a vote by the full House and Senate next week.

Approval would enable Boeing to maintain the production line until the Defense Department completes a new assessment of military airlift needs, Albaugh said. The Chicago-based company hopes the study will call for procurement of more than 40 C-17s, which would keep the line open until at least 2013.

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Boeing and members of Congress have been calling for the Pentagon to conduct the study after criticism that its 2005 analysis of the military's air transport requirements may have been flawed. The so-called mobility capabilities study concluded that plans to purchase 180 C-17s were adequate and disputed previous Air Force projections that a fleet of 222 of the four-engine jets was needed.

The Pentagon has used the mobility study to justify not buying additional C17s beyond those already delivered or on order. Boeing has completed 154 C-17s.

The Government Accountability Office on Wednesday issued a rebuke of the Pentagon study that analysts said further undermined the rationale for limiting C-17 purchases.

Congress, led by the delegations from California and Missouri, where about 1,800 jobs are tied to the C-17 program, has been pushing the Pentagon to buy more of the aircraft. With Defense Department planners unmoved, key legislators included the additional C-17 funds in a $70-billion supplemental appropriations bill that would pay for military operations in Iraq and Afghanistan.

The C-17, used in the Iraq and Afghanistan conflicts to transport troops, casualties, cargo and humanitarian aid, has enjoyed wide support in Congress. The Pentagon originally had requested funding for 12 C-17s in the fiscal 2007 budget. The new congressional funding plan would raise that total to 22 aircraft.

Angelides Inspires Growing Concern (LAT)

By Michael Finnegan And Dan Morain

The Los Angeles Times, September 23, 2006

As the candidate fights to clarify his message, donations fall short. Unions may decide to spend their campaign money elsewhere.

With just over six weeks left in the race for governor, the troubles facing Democrat Phil Angelides have intensified, and his political allies are expressing rising concern over his campaign's failure to gain momentum.

Hindering his drive to oust Gov. Arnold Schwarzenegger are Angelides' slow pace in raising money, his tepid support from organized labor and his difficulty defining himself clearly for voters, Democratic strategists say.

Missteps have also hobbled Angelides. Some black members of the clergy say the state treasurer has made only lackluster efforts to appeal to African Americans, his party's most loyal constituency. And his campaign manager's admission this month that two Angelides aides bungled the release of audio recordings of private Schwarzenegger conversations has stirred grumbling among Democratic leaders about his staff's competence.

Aggravating all that are what even critics of Schwarzenegger say are the discipline and efficiency of the Republican governor's reelection machine.

So with Schwarzenegger holding a wide lead barely two weeks before voting by mail starts, one question on the minds of many Angelides supporters is whether there is enough time to right his campaign. Another is whether his trouble sparking voter enthusiasm risks harming other Democrats on the Nov. 7 ballot or sinking propositions that the party supports.

Chris Lehane, a Democratic strategist who is not working on the campaign, said Angelides had fallen into a perilous cycle, in which low poll ratings deter donors, making it harder to afford the TV ads needed to drive a recovery. To escape the rut is "not impossible, but it's certainly a hard thing to do, given the time that's left in the race," he said.

Angelides has overcome long odds before. In the spring Democratic primary, he was trailing rival Steve Westly by 13 points in a Times Poll just six weeks before he defeated the state controller. But Westly was largely unknown and, thus, much easier to knock out than a governor long familiar to Californians.

"Would he prefer to be ahead? Yes, that would be nifty," said Gale Kaufman, a campaign consultant who works closely with unions that back Angelides. "Does it mean he's out of the race? No, not at all."

But money is a major problem. Angelides has raised about $14.4 million this year, compared with the governor's $27.6 million. In the first 20 days of September, Angelides gathered slightly over $1 million, while Schwarzenegger collected $2.6 million.

"It is not a pretty picture when it comes to fundraising, when you don't have an incumbent governor," state Democratic Chairman Art Torres said.

Given the state's caps on donations to candidates, a prime source of hope for Angelides is independent spending on his campaign by supporters. Sacramento real estate tycoon Angelo Tsakopoulos, who with his family spent more than $8 million on TV ads for Angelides in the primary, could try to ride to the rescue again.

But since the June primary, neither Tsakopoulos nor organized labor, another longtime source of big money for Angelides, has invested heavily in his push to unseat Schwarzenegger.

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Last year, unions spent nearly $100 million to defeat Schwarzenegger's ballot measures in the November special election. But they have spent just $4 million on Angelides this year, and half of that was for the primary. In addition to qualms over whether Angelides can win, some unions face pressure now to steer money elsewhere, to propositions or to the national battle to win Democratic control of Congress.

"Resources are stretched very thin, let nobody kid you," said Willie Pelote Sr., California political director for the American Federation of State, County and Municipal Employees., which supports Angelides.

The California Correctional Peace Officers Assn., another union that supports Angelides, has reserved $5 million worth of TV ad time in October. But Ray McNally, a consultant to the union, said its leaders were still evaluating the gubernatorial contest before deciding what kind of ads to run and whether to spend millions more.

"There is a good chance that you could see some very serious independent expenditure campaigns — when and if the race starts to tighten," said McNally, a Republican who produced anti-Schwarzenegger ads for the union last year.

As for Schwarzenegger, who was spared the sort of primary that left Angelides bruised and nearly broke, he has already spent millions on ads that spotlight his challenger's support for higher taxes.

"If Phil had his way, it could make it harder to own a home or even afford a car," an announcer says in a Schwarzenegger spot that went on the air Friday.

Angelides, whose ads during the primary highlighted his vow to raise taxes on corporations and the wealthy, has only recently resumed substantial TV advertising, running a Democratic Party spot slamming Schwarzenegger for backing President Bush's reelection in 2004.

"We made a very disciplined, realistic — and I think ultimately it will prove very correct — decision not to compete with them over the summer, because we didn't have the money to do it," said Angelides media strategist Bill Carrick.

In the end, "we're not going to have dollar-for-dollar what they have, but we'll be competitive," said Carrick, who described the Bush ad as part of a push to maximize gains from a national voter climate that favors Democrats.

But some labor and Democratic strategists fault Angelides — many privately and a few publicly — for not running ads that flesh out his biography for voters who know little more about him than the caricatures in Schwarzenegger and Westly spots. They also say Angelides, who added tax cuts to his campaign agenda last month, fumbled the crucial issue of taxes.

Angelides "let himself be defined as a big tax-and-spend guy," said political consultant John Hein, former government-relations director of the California Teachers Assn.

When tax questions came up in the candidate's first mock debate last week with a Schwarzenegger stand-in, the topic tied Angelides in rhetorical knots, according to a person who attended.

More broadly, Angelides is still struggling to clarify his core message. In the primary, he cast himself as the lone Democrat who had the courage to stand up to Schwarzenegger budget cuts at the peak of the governor's popularity. One of the few remnants of that theme is a banner he still displays at campaign stops: "Angelides: A Governor We Can Count On."

Aides say his main message now is that Angelides fights for the middle class while Schwarzenegger protects special interests. But even many Democratic leaders still cannot explain what the message is. "Well, let's see, I'm sure I could go to the Angelides website and pull that right up," said San Diego County Democratic Chairman Jess Durfee.

Basic political work has also proved a challenge for Angelides, a former state Democratic chairman, particularly in his appeals to African Americans. By the time Schwarzenegger one-upped him last month by speaking at First African Methodist Episcopal Church, a must-stop for Democrats in South Los Angeles, Angelides had yet to make a courtesy call to its politically influential pastor, the Rev. John Hunter.

"It was certainly an oversight," said Kerman Maddox, who handles political matters for the church.

The Rev. Frederick O. Murph, pastor of Brookins AME Church in South Los Angeles, said he was concerned that Angelides had failed so far to make any "big thrust, in terms of the African American vote."

"I don't think Phil Angelides has really directed enough energy in that area," said Murph, who nonetheless described the treasurer as "a great guy" who would make a fine governor.

Angelides has won the support of just two African American ministers in California. Last week, he lost the support of a third, the Rev. J. Alfred Smith of Allen Temple Baptist Church in Oakland.

Smith has added his name to a list of eight other black ministers supporting Schwarzenegger, who plans to visit an African American church and business fair on Sunday in Los Angeles.

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Patrick Outpaces Two Rivals In New Poll (BOS)

By Frank Phillips

The Boston Globe, September 16, 2006

Democrat surges to a 21-point lead as vote nears

Heading into the final days of the campaign, Deval Patrick has opened up a commanding lead in the Democratic race for governor, far outpacing his closest challenger, Christopher Gabrieli, and leaving Thomas F. Reilly a distant third, according to a new poll conducted for The Boston Globe and CBS4-TV.

Forty-six percent of those surveyed supported Patrick, 25 percent backed Gabrieli, and 18 percent were for Reilly in the poll of 523 likely voters in Tuesday's primary election. Only 6 percent said they were undecided, while 4 percent expressed support for other candidates in next Tuesday's election. The survey was taken Sept. 12-15 and has a margin of error of plus or minus 4.4 percent.

The survey found voters shifted to Patrick in the last few weeks, despite the millions of dollars that Gabrieli and Reilly have spent on television advertising since late August. A Globe poll, taken Aug. 18-23, showed that the three were in a virtual dead heat, with Patrick at 31 percent, Gabrieli 30 percent, and Reilly 27 percent. In March, a similar poll gave Reilly a strong lead in the race.

Patrick took support from both of his rivals in the intervening weeks, though Reilly seems to have suffered the greatest, according to Andrew E. Smith, the director of the University of New Hampshire's Survey Center, which conducted the poll.

Smith said that Patrick has succeeded in building his support beyond his base of liberal, upper income, well-educated voters that made up the initial core of his coalition. Patrick, who began the race 18 months ago as a political novice who was virtually unknown to voters, now leads in almost all the categories of the primary electorate, the survey shows.

``Patrick has broadened his support across the board," Smith said.

He said Reilly, the state's two-term attorney general, and Gabrieli, a wealthy venture capitalist, lost ground partly because some of the moderate and conservative voters -- a group Smith says are less politically involved and less motivated to vote in a Democratic primary -- have decided not to participate in the election. Support for Reilly and Gabrieli is rooted among moderates and conservative Democrats and independents.

In contrast to the contest for the gubernatorial nomination, the three-way primary race for lieutenant governor appears to be wide open. Deborah Goldberg, the former chairwoman of the Brookline Board of Selectmen, received 26 percent support in the survey; Tim Murray, the mayor of Worcester, 20 percent; and business consultant Andrea Silbert, 18 percent. Twenty-seven percent are undecided.

But among those who say they will definitely vote, the race tightens. Goldberg and Murray both get 27 percent, and Silbert gets 16 percent. The margin of error for those 300 likely voters in the sample is about 5.5 percent.

In the only other Democratic contest, Secretary of State William F. Galvin, seeking his fourth term, is far out in front of his challenger, voting rights lawyer John Bonifaz, getting 45 percent support from the respondents. Bonifaz received only 7 percent, while 38 percent are undecided.

In the race for governor, voters seem to be making their decisions because they generally like the candidates or their overall philosophies, rather than basing the decision on the candidates' stances on specific policies. While all three candidates have different views on rolling back the income tax rate from 5.3 percent to 5 percent -- the most hotly debated issue in the race -- only 11 percent cited the issue as the reason for supporting their candidate.

The current survey found 70 percent of the Democratic primary view Patrick favorably, 9 percent unfavorably. The poll three weeks ago found Patrick with a 51 percent favorable, 10 percent unfavorable rating.

The voters' view of Reilly has dropped dramatically in the last weeks. Forty-two percent of those surveyed viewed Reilly favorably, down from 52 percent in the Globe's August poll. His unfavorable rating jumped from 24 percent to 38 percent. Most analysts, including his closest advisers, attribute Reilly's free-fall to his poor debate performance on Sept. 7, when he went on the attack against both Gabrieli and Patrick.

But the second televised debate, held Wednesday, in the middle of the four-day survey, did not seem to hurt Patrick, even though he was seen as defensive under questioning by Reilly and Gabrieli.

The poll also found that Reilly's strategy of drawing on union support does not appear to have worked. In a small sample of 88 respondents, Patrick holds a 3-to-1 margin over Reilly among those identifying themselves as living in union households. Reilly, who has portrayed himself as a champion of working middle class voters running against two multimillionaires, receives his strongest support from older voters, those with lower levels of income and lower levels of education, according to the survey.

Patrick gets his strongest support from liberals and those with incomes of $100,000 a year or more, those with postgraduate educations, and those with no religious preference. He is especially strong among respondents who say they are most interested in the race and those who say they will definitely vote on Tuesday.

But Patrick's broader appeal is evident in the views of Sonja Bryant of Waltham, a 51-year-old hospital worker and a registered Democrat. She said that Patrick's positions on issues such as housing, crime, education, and affirmative action appeal

to her. ``He will be do something about the causes that affect my family, some of his causes are my causes," said Bryant, a survey respondent who agreed to be interviewed after the poll.

Bryant, an African-American woman who describes herself as a liberal, said she was impressed with Patrick's ability to rise from a poor childhood to jobs as a top Clinton administration official and later a corporate executive. ``If you're able to do that with from where you came from, you can do something for the state," she said.

Gabrieli, despite spending over $2 million in ads in the last three weeks, has actually dropped slightly since the August poll. The recent survey gives him a 59 percent favorable rating, up four percentage points from August, but his unfavorable rating rose from 14 percent to 17 percent. He drew slightly more support from those who identify themselves as conservatives, but trailed Patrick among moderates, a targeted group that Gabrieli was hoping to use as a base for victory. Gabrieli also is trailing Patrick by a significant margin among independents, another primary voting bloc that he is counting on to carry.

Gabrieli has portrayed himself as bi partisan and results oriented. ``I don't think he is one of the insiders," said Joe Rosseau, a survey respondent and partially retired state worker from Methuen, explaining why he is supporting Gabrieli.

Rosseau, a 63-year-old registered independent who describes himself as a conservative, said he considered Patrick ``seriously" but worries that he would not get state spending under control. He rejected Reilly because he felt had not done enough to investigate the Big Dig problems.

Rosseau says he is more concerned about the state controlling spending that an immediate income tax cut. Indeed, only 15 percent of those surveyed favor Reilly's position for an immediate rollback, while 48 percent support Gabrieli's plan for a phased in cutback. Patrick's position of keeping the tax at 5.3 percent gets support from 30 percent of the respondents.

Gabrieli's hope for overtaking Patrick may lie with those who say they are most likely to change their minds, the survey findings show. Greg Gullotti of Waltham, self-employed antiques dealer, said he has been divided over whether to vote for Patrick or Gabrieli, but is moving toward Gabrieli.

``I'm leaning in his direction, because he appears to have the sense of self-convictions and has a personality that he would not be swayed by the stress and potential political ramifications of any given situation," said Gullotti, a registered independent who said he generally votes for Democrats. ``He strikes me as a fair and even keeled administrator."

But Gullotti, 37, said he is also drawn to Patrick, but finds off-putting what many say is his strength as a candidate. ``He is a fresh face, with a fairly good track record," he said. ``And he is certainly charismatic and energetic, but that is finally what is turning me against him," Gullotti said. ``The more support Deval Patrick gets, the more he is talking like a politician."

Patrick was considered by the likely primary voters to be the strongest candidate for the Democrats to run against the Republican s' choice, Lieutenant Governor Kerry Healey. Some 40 percent in the survey say he has the best chance of winning in November, while 22 percent name Gabrieli, and 19 percent, Reilly.

The August survey found that 37 percent of voters believed Reilly would be the strongest Democrat, with Patrick and Reilly trailing.

Also running in the general election are independent Christy Mihos and Green Rainbow Party candidate Grace Ross.

Asked which of the candidates cares most about ``people like you," 38 percent of those questioned chose Patrick, 23 percent said Reilly, and 20 percent said Gabrieli. Asked which candidate had the best television ads, 36 percent chose Gabrieli, 26 percent said Patrick and 12 percent said Reilly.

'Teflon Ed' Rendell Unbruised Despite Tough Year (PPG)

By Tom Barnes, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 17, 2006

CAMPAIGN 2006 / GOVERNOR

HARRISBURG -- In his first four years in office, Gov. Ed Rendell pushed hard to increase the state income tax, signed the infamous legislative pay raise, failed to enact middle-class property tax relief and oversaw state budgets that regularly exceeded the inflation rate.

So his bid for re-election has to be in trouble, right?

Well, no. For months, the Democratic incumbent, who was mayor of Philadelphia in the 1990s, has led his Republican challenger, former Steeler Lynn Swann, by double digits in every poll.

"I call him 'Teflon Ed' because nothing bad seems to stick to him," said Clay Richards, director of the Quinnipiac Poll, which put Mr. Rendell up by 19 points recently.

"Rendell is the consummate politician," added Mr. Richards. "He can neutralize defeats and even use them to his advantage. He came into office promising property tax relief and he hasn't really delivered on it, but he's able to put the blame for that on the Legislature.

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"Even though he signed the pay raise, he hasn't paid any political price for that, while many of the legislators who voted for it have been defeated."

Perhaps the highest-profile issue of Mr. Rendell's first term was the advent of 14 casinos in Pennsylvania, with as many as 61,000 one-armed bandits. The first ones could open early in 2007.

Politically, slots have been a two-edged sword. Gamblers are happy because they won't have to trek to Atlantic City casinos or racetracks in West Virginia or Delaware to get their slots kick. And the state's horse-racing industry is pleased because some of the revenue generated at casinos will go to boost prize money for thoroughbred and harness races and help the horse-breeding and agricultural industry.

But religious conservatives and others think easier access to slots will just increase gambling addiction and generate huge social costs.

There also have been complaints that the promise of $1 billion in slots revenue to lower property taxes has been too slow in coming and won't be fully realized until 2009 at the earliest. Even then, critics say, it won't help average homeowners that much, trimming most annual property tax burdens by only $200 to $250.

Mr. Rendell, 62, took office in January 2003 and spent his first 18 months pushing for Act 71, the slots law. It was finally enacted on July 4, 2004, and he signed it one day later.

In Western Pennsylvania, it authorized one slots parlor in Pittsburgh and another at The Meadows racetrack in Washington County, each with up to 5,000 slots. There also will be smaller casinos (with 500 slots each) at two resorts, Nemacolin Woodlands and Seven Springs.

While some skeptics claim Mr. Rendell is overestimating the $1 billion he expects to get from slots, he say he's sticking with his forecast once all 14 casinos are fully up and running.

In his television commercials, Mr. Rendell boasts that 200,000 low-income seniors already have had their property taxes eliminated as a result of the anticipated slots revenue, and more modest reductions for the bulk of the state's seniors already have been enacted.

High-energy booster

One reason for Mr. Rendell's steady lead in the polls is his high level of energy and savvy use of the power of incumbency. Not bad for a guy who's 62 and fighting his weight. Last week he checked in at a hefty 257 pounds.

He has been tireless in flying around the commonwealth, handing out checks for local economic development projects.

Asked once what's the best perk about being governor, he quipped, "The plane."

Sometimes he even crisscrosses the entire state in one day -- hitting a breakfast in Pittsburgh and a dinner in Philadelphia, for example.

Much of what he doles out comes from the $650 million state capital fund, something all governors have used. But he also persuaded the Republican-controlled Legislature two years ago to approve a $1.3 billion economic stimulus package, another source of bond funds (i.e., borrowed money) to pay for projects.

The list of booster projects is seemingly endless: a new museum in downtown Hershey about the life of chocolate king Milton Hershey; the expansion of a museum dedicated to author James Michener near Philadelphia; Civil War trails near Gettysburg; a photographic equipment plant in Allentown; a music academy in Lancaster; a Dupont plant in Bradford County; a biomedical plant in Montgomery County, and many more.

In the Pittsburgh area, Mr. Rendell developed "Plan B" for ensuring the financing of a new $290 million multi-purpose arena for hockey and other events. He also agreed to advance the city and county $26.5 million to do site preparation work for a new arena.

At a recent Allegheny County Democratic picnic, Mr. Rendell had to correct County Chief Executive Dan Onorato when he thanked the governor for giving the county "about $1 billion."

"It's $1.1 billion," Mr. Rendell said, adding the Allegheny County share is the highest of any county.

That comment was aimed at deflecting criticism from Republicans who are fond of jibing that Mr. Rendell is "the governor of Philadelphia."

They cite items such as Mr. Rendell having state troopers patrol state roads in Philadelphia and help the city reduce costs; advancing planning funds for a major expansion of the city's 13-year-old convention center; and the $42 million from the state for a new Comcast skyscraper being built in Philadelphia.

Republicans claim Mr. Rendell has a conflict of interest on the latter item because he earns $20,000 a year as a Comcast football commentator on Sundays after Philadelphia Eagles games. Mr. Rendell said he donates the money to charity and said he saved several thousand Comcast jobs from going to New Jersey. Pointing out that state troopers patrol state roads in Pittsburgh and all other cities, the governor said he was merely putting Philadelphia on the same footing.

Working the crowd

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One reason Mr. Rendell is a successful politician is that he genuinely seems at home in a crowd of people, even those he hardly knows.

At public events like the Harrisburg Farm Show each January, he wolfs down sausages and milk shakes as he shakes the hands of hundreds of show-goers. It's the same gregariousness he's displayed throughout his 30-year political career, which included eight years as Philadelphia district attorney and two terms as mayor of the city, a time when he garnered national attention for turning the economy of the city around. His success as mayor, and as a fund-raiser, led to Mr. Rendell serving as Democratic national committee chairman in 2000-01.

He showed the same affability in late August, when he went to two African-American churches in East Liberty to deliver a short secular sermon.

The pastor of Pentecostal Temple Church of God in Christ, the Rev. Loran Mann, a former television reporter, gave the governor a warm introduction, calling him "my friend" and thanking him for "naming me last year to the commission that sets policy for public television in the state."

A few blocks away, Mr. Rendell walked up to the pulpit of the St. James AME Church to the sound of hands clapping, tambourines banging and voices raised in shouts of "Amen" and "Praise Jesus."

"My core belief is that government can and should do things that make a difference in people's lives and take care of our vulnerable citizens, older people, poor people and young people," he said.

He listed what he considers his proudest achievements as governor: increasing state funding for public schools, for tutoring in math, pre-kindergarten education and all-day kindergarten; funds to put laptop computers in all high school classrooms within four years; for not cutting anyone off welfare rolls despite decreased federal funding; raising more money through Lottery sales to increase drug coverage for senior citizens; trying to reduce gun violence by limiting handgun sales to one per month.

He said Republicans are always "yelling about Democrats spending money. Well, we're not just spending money. We're spending money to improve education and that is investing in our future."

Mr. Rendell might have been expected to be at a political disadvantage in Pittsburgh's black neighborhoods, since Mr. Swann is black, lives in Allegheny County and remains popular among sports fans from his starring days as a receiver with the Steelers' Super Bowl teams of the 1970s.

But St. James choir member Genie Beckom said that even though she and Mr. Swann are black, it was Mr. Swann's political party that she had a problem with.

"I personally wouldn't put any Republican in the governor's office," she said. "It's not to the advantage of my race. Republicans are about cutting back on things we need, such as health care, welfare and education."

Sylvia Allen, another St. James member, also likes Mr. Rendell, saying of Mr. Swann, "I'm not getting the feeling he's tuned in to us [African Americans] or connected to our problems. He's of a different status."

Obviously Mr. Rendell is pleased about his continuing lead in the polls, but when talking to supporters he downplays it, noting that in 2002, he trailed his Democratic primary opponent, then-Auditor General Robert P. Casey Jr., but came back to win the Democratic nomination for governor.

"No poll three months before an election means a thing," he told an Allegheny County Democratic picnic three weeks ago. "Don't get complacent. Work like heck. This is our year if we don't get overconfident."

Taylor, Perdue Talk The Talk Of Tax Cuts (AJC)

By Jim Galloway, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 17, 2006

Tax cuts became the language of the race for governor on Saturday, as Democratic nominee Mark Taylor vowed to eliminate the state property tax on more than 2.5 million Georgia homeowners.

Lifting the .25 mills now assessed by the state would force a $76 million cut in the state's annual budget, and would average $30 a year per homeowner — the amount varying according to the value of each house.

"There's one tax-cutter running for governor, and you're looking at him. The big guy likes big tax cuts," Taylor told several hundred screaming delegates attending the annual state Democratic Party convention in College Park.

Local government and school taxes make up the largest part of property taxes on Georgia homes. Campaign spokesman Rick Dent admitted that eliminating the state's share wouldn't have a huge impact on most taxpayers' household budgets.

"We won't say that it's a lot, but it's more than they've gotten from Sonny Perdue in four years. And it doesn't mean that's where [Taylor] is going to stop," Dent said.

Only days earlier, Republican incumbent Sonny Perdue, before a similar gathering of his own partisans, promised to eliminate the state income tax on retirement income — from pension funds and investments — for Georgians older than 65.

Perdue's cut would cost the state $142 million a year, and apply to between 250,000 and 400,000 people.

Derrick Dickey, a spokesman for Perdue, belittled Taylor's property tax proposal — pointing out that the Democrat was also promising increases in state spending on health insurance for children and education.

"He will no doubt promise every Georgian a Porsche and a shiny new toaster by Election Day," Dickey said on Saturday.

Neither Taylor nor Perdue offered budget cuts to offset their proposed reductions in state income. However, after three years of tight budgets, a strengthening economy and increased tax collections have resulted in a significant surplus.

The one-day gathering of Democrats was a chance for party activists to see the statewide and congressional candidates they had nominated in sometimes fierce primary battles over the summer.

Trying to broaden support base

As each candidate spoke, a common theme was the need for Democrats — ousted from power in the state Capitol in 2002 and 2004 — to broaden their base of support.

"Even if we turn out every Democratic vote, that will not be enough. We have to reach out to every independent, every Libertarian. Democrats have to move away from their comfort zone," said state Labor Commissioner Michael Thurmond, who faces Republican Brent Brown in November.

A platform passed by the convention backed positions staked out by Taylor, including a call to help local governments build more jail space in order to keep more violent offenders off the street.

The party platform took several shots at Perdue, with references to news reports of 2005 legislation sponsored by a business associate and state legislator that gave the governor a $100,000 tax deferral on a land sale.

"Public officials should not use their office for private

enrichment," the platform reads, adding that future governors should be required to place their holdings in a blind trust.

Perdue also was a major foil for Taylor — on the issue of tax cuts.

"Sonny Perdue gave Georgia corporations a billion-dollar tax cut. But you didn't get a tax cut.

"He could find the money for corporations, but he couldn't find the money for you. How did Sonny pay for his corporate giveaway? He

cut your local schools by over $1 billion," Taylor said.

A spokesman for Perdue pointed out that the Republican governor had permanently extended the homestead exemption on property taxes, worth $434 million in the state's 2007 budget.

Taylor noted that Perdue had tried unsuccessfully to eliminate that exemption, which would have resulted in an increase in property taxes, when he first became governor in 2003.

Webb Treks To Region That Allen Knows Well (WP)

By Tim Craig

The Washington Post, September 23, 2006

U.S. Senate candidate James Webb is campaigning this weekend through parts of rural Virginia, a politically vital region where he could face a difficult challenge connecting with voters because of his positions on social issues.

About a third of Virginia voters live in rural areas, a sizable voting bloc important to the Democrat, who is locked in a close contest with Sen. George Allen (R). Southern voters have largely abandoned Democrats in elections for federal offices.

This weekend, Webb will crisscross the tobacco fields south of Richmond, meet with supporters near the North Carolina border and attend a fish fry in coal-mining country in southwestern Virginia.

At each stop, Webb will be asking voters to look past social issues that have drawn many rural voters to Republicans and instead make their decision based on economic issues and his background as a former Marine.

"These are natural voters for us once they know where we stand on the issues," Webb said. His ancestors hail from southwestern Virginia, Webb kicked off his campaign in Gate City and he wrote about the region in his book "Born Fighting."

Even so, Webb, who opposes a proposed state constitutional amendment to ban gay marriage and supports abortion rights, acknowledges, "There are a couple of issues people will have a problem with" in rural regions.

Political analysts say Webb, who was secretary of the Navy in the Reagan administration, doesn't have to win many of the areas he will visit this weekend. But he can't be trounced there, either. Webb strategists say they hope for a large turnout in Northern Virginia, where Democrats have done well recently. The strategy won't work unless they keep Allen's margins in check in the rest of the state.

Webb "can't rely on the core Democratic base to be elected," said Mark J. Rozell, a professor of public policy at George Mason University.

Republicans say Webb faces an uphill quest, despite his military background, because he has neither the advertising budget nor the conservative credentials needed to convince rural voters he's one of them.

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"He's been all over the map on social issues, and I think it looks pretty contrived," said U.S. Rep. Robert W. Goodlatte, a Republican who represents the Shenandoah Valley. "This is a pretty solidly conservative area, and George Allen is very well known here."

Allen, a former governor, has built his political career around appealing to rural voters. He tours the state every year in an RV, has acquired a Southern drawl and rides on horseback in many community parades. On the campaign trail, Allen talks about preserving traditional values, keeping taxes low and investing in a strong national defense.

Allen "has consistently fought on their behalf on the issues they care about," said Dick Wadhams, Allen's campaign manager, adding that Webb is "out of touch."

Yesterday, Allen appeared before hundreds of voters at a summit sponsored by the Family Research Council, which promotes traditional values. Allen spoke about stopping "activist judges," protecting "freedom from radical, maniacal terrorist organizations" and securing the U.S. border with Mexico.

"Count on me, as I have done in the past, to be a teammate, an ally, part of your extended family, as we work for our foundational values," Allen said.

Allen used similar arguments in 2000, when he unseated incumbent Charles S. Robb (D) by winning nearly two-thirds of the vote in rural Virginia.

During the spring, Democratic leaders in Washington endorsed Webb because they believed the former Republican would connect with rural voters, who tend to be white, culturally conservative, pro-military and less well educated than voters in Northern Virginia.

During two debates this week, Webb espoused a message of economic populism, arguing that the rich are getting richer while the middle class has struggled under President Bush's policies. On the campaign trail, Webb notes that he began working at age 12. He also rails against excessive corporate profits and calls for a hard line against what he calls unfair trade policies.

Yesterday, Allen said he's the only candidate who has a record of bringing jobs and better educational opportunities to poorer parts of the state.

"His record simply doesn't match up," Allen said of Webb.

Webb has also tried to stake a middle position on affirmative action. He says he wants to restrict affirmative action programs to African Americans, instead of all ethnic minorities, saying the current system amounts to "state-sponsored racism" toward whites. If the system isn't changed, he wants the programs opened up to poor whites.

Webb is also trying to stave off a charge that he is, as Bush and Allen say, "a cut and run" Democrat. Although he was drawn into the race over his opposition to the war, he has not called for an immediate troop pullout. But he wants U.S. forces to be repositioned gradually to other friendly Arab nations to get them out of harm's way.

Webb has sought to one-up Allen over the issue of guns as well. During a debate Monday, Allen defended a bill he sponsored to make it easier for gun owners to carry concealed weapons across state lines. Webb endorsed the proposal and then volunteered that he has a permit to carry a concealed weapon.

"I've had guns since I was 8 years old. I was raised in a family where we hunted, so I think anyone who so chooses has the right to defend themselves with a firearm," Webb said.

U.S. Rep. Rick Boucher, a Democrat who represents southwestern Virginia, said Webb is doing exactly what a Democrat needs to do to win over voters in his part of the state.

"As a very distinguished war hero and secretary of the Navy, he has good credentials from a cultural perspective," Boucher said. "But I think those can be burnished by a clear stance [that] he does not favor gun control."

Democrats point to former governor Mark R. Warner (D), who in 2001 was elected in part after he won 100,000 more votes in southwestern Virginia than Robb did the year before. Besides stressing economic issues and his opposition to gun control, Warner sponsored a NASCAR team and made a country music song his campaign theme to bolster his appeal.

Warner says he sees no reason why Webb can't replicate his success in rural Virginia.

"This is a guy who not only talks the talk but walks the walk," said Warner, noting that Webb has a 24-year-old son serving in the military in Iraq.

Republicans say Democrats face a tougher task in federal elections. They point to Robb and Sen. John F. Kerry, the Democratic presidential candidate in 2004. Both were veterans but still did poorly in rural Virginia.

Webb also faces the risky task of appealing to rural voters while not alienating liberals in Northern Virginia and African Americans, whom Democrats need to turn out to vote in large numbers.

Larry J. Sabato, a political science professor at the University of Virginia, said Webb faces long odds in balancing the views of the state's competing regions.

"On paper, he's got a formula to do it, but it's a long way from paper to the ballot box," Sabato said.

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An Awkward Outing (NSWK)

By Lisa Miller

Newsweek, September 23, 2006

In the days leading up to the High Holidays, the holiest time of the year in Judaism, a senator running for re-election and a potential Republican candidate for president, announced that, yes, his mother was born Jewish. Here's what Sen. George Allen said: "I embrace and take great pride in every aspect of my diverse heritage, including my Lumbroso family line's Jewish heritage, which I learned about from a recent magazine article and my mother confirmed."

Enough said. Except he couldn't stop talking. That same day, in an interview with a Richmond, Va., paper, Allen said his Jewish ancestry was "just an interesting nuance to my background." And then he added this: "I still had a ham sandwich for lunch. And my mother made great pork chops." Being an eater of ham sandwiches and pork chops may go along with Allen's Red State, cowboy-boot-wearing, Confederate-flag-waving image, but many observers were unnerved by the flippancy of these remarks, and pundits began to debate whether Allen's Jewishness—and his strange reaction to it—would help or hurt his re-election campaign. (Latest poll numbers have Allen and his Democratic opponent Jim Webb nearly neck and neck, 46 percent to 42 percent.)

"I think his national political future is over," says Kati Marton, author of the forthcoming "Nine Jews Who Fled Hitler and Changed the World," who has written extensively about her own discovery, as an adult, that her parents were Jewish and that her grandparents died at Auschwitz. "Because he doesn't seem to know how to deal with some of the most sensitive issues that speak to his fundamental character … Allen obviously hasn't assimilated too many of history's lessons and the lessons of American politics, which is that you can't hide anything—you have to embrace it, you have to own it." Sixty years since the Holocaust, with politicians from Gen. Wesley Clark to Sen. John Kerry "owning" their Jewish roots in public, she adds, a revelation of Jewishness should be anything but shameful.

But as the case of Madeleine Albright shows, coming to grips with hidden Jewish ancestry isn't always easy. Abraham H. Foxman, national director of the Anti-Defamation League, offered to be Allen's counselor in his new search for identity. Foxman, who was born Jewish in Poland but was raised Roman Catholic by a nanny who protected him during World War II, suggests that Allen has yet to make peace with his own Jewish roots. "He needs to work it out within himself, and he needs to sit down with me [or the media] and share the depths of his anger, confusion and embarrassment."

For his part, Allen has said that he knew his maternal grandfather had been in a concentration camp, but he thought he had been imprisoned because he sympathized with the Allied cause. When the senator did recently ask his mother about their background, she confirmed that they were born Jewish but swore her son to secrecy out of fear for the family's well-being; she released him from his bond when the story blew up in the press. "This is so personal," he told CNN's Wolf Blitzer earlier this week. "To think that a person … is still having that pain in her, it's still paining her; she still lives in fear of that intimidation, that bigotry, that prejudice, that anti-Semitism."

The idea that Allen might be Jewish was first made public in an August issue of The Forward, a Jewish newspaper—a torturous connecting of the dots between Allen's mother's Tunisian background and an insult, "macaca," that Allen flung at an Indian-American campaign worker for the opposition. Questions from reporters followed and Allen handled them badly. On Monday, when a reporter asked for clarity on the Jewish issue, Allen dodged it, saying his mother was raised Christian; when the reporter persisted, the senator became dismissive, saying "Oh, that's just all. That's just all."

Then came the public confirmation—and the ham sandwich remark. Just hours before sundown on the eve of Rosh Hashana, Ric Arenstein, past president of the Jewish Community Federation of Richmond, was more amused than aghast at Allen's remarks. They don't rise to the level of anti-Semitism, he said, just bad timing. In the days to come, there will be "more Jews together than any weekend this year. That's especially bad the month before an election." Foxman is more sympathetic: "It's not easy" to be in Allen's spot, but as the New Year begins, he offers some free advice: decide who you are, and embrace it.

Etty Allen's Unease (WP)

By Ruth Marcus

The Washington Post, September 23, 2006

You may have heard the term "gaydar," the ability claimed by some gay people to detect other gays. My mother has a similar skill -- call it "Jewdar" -- the knack for identifying fellow members of the tribe.

When I was growing up in northern New Jersey, my mother would demonstrate this talent when we went to restaurants, methodically shifting her gaze from table to table. "Jew, Jew, Christian, intermarried," she would pronounce, with the certitude of the preternaturally gifted.

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I've got to admit, though: Virginia Sen. George Allen would have stumped Judy Marcus. Madeleine Albright -- not a surprise. Take off that gaudy eagle pin, take her out of the Council on Foreign Relations and she looks like everyone's Jewish grandma.

But George Allen Jewish? This is like finding out Joe Lieberman is a closet Presbyterian. George Allen makes Montana's Conrad Burns look like a yeshiva boy.

First, there's Allen's football shtick: the coach father, the incessant gridiron metaphors, the -- pardon the phrase -- pigskin he likes to toss into the audience at campaign events. Add the chewing tobacco, the cowboy boots, the Confederate flags, and Allen is the ultimate un-Jew, his goyish bona fides beyond question.

Was that part of the point, consciously or not? In fact, it turns out, the Jewish Question wasn't entirely new to Allen: Charlottesville Daily Progress columnist Bob Gibson referred to the senator's Jewish roots in an October 2003 column -- and says that was the only time in 27 years of coverage that Allen demanded a correction.

It wouldn't be much of a stretch to find offense in Allen's behavior. His hostile response to the debate question -- okay, the reporter's phrasing was odd, but Allen's bristling was out of proportion. His revealing remark that it was wrong to be "making aspersions about people because of their religious beliefs." His misleading restatement of his mother's background. Yes, she asked him -- begged him, he said later -- not to tell, but, as any politician knows, there are lots more elegant ways to duck a question.

But I can understand Allen's discomfiture. For many of us, as a matter of culture as much as of spirituality, our religious roots form part of the basic architecture of our self-image. No wonder Allen reached for the nearest ham sandwich and lovingly recalled his mother's prowess with pork chops.

Rather than feeling affronted, though, I prefer to see the pathos in the Allen family story. I imagine Mrs. Allen, turning the pork chops, putting the angel on top of the Christmas tree, all the while feeling the impostor, the outsider with a Terrible Secret. How did she feel when her husband-to-be asked that she keep her background hidden from his mother?

Indeed, the Allen story captures in microcosm an important, if not particularly attractive, aspect of the Jewish experience. How much easier to hide your Judaism, change your name, not to stick out so much in the majority culture. Some Jews responded to the Holocaust with "Never Again" resolve not to play history's perpetual victim. Others learned the lesson of determined assimilation.

"What they put my father through, I always was fearful," Henrietta "Etty" Allen told The Post's Michael D. Shear, referring to her father's imprisonment by the Nazis during the German occupation of Tunis. "I didn't want my children to have to go through that fear all the time."

This week, as the Allen story broke, I've been reading my friend Jeffrey Goldberg's new book, "Prisoners," about his journey from becoming a teenage Zionist on Long Island's South Shore to serving as a prison guard in the Israeli army to covering the intifada for the New Yorker.

Goldberg describes the immutable alienation of Jews, even in America, even now. "We felt something, I think, that many Jews in this country still feel: a kind of involuntary apartness, an unease, rooted in an incontrovertible truth about America -- that no matter what the Constitution says, it is a Christian country," he writes. "It could be argued that no country in the Diaspora has so successfully inoculated itself against Jew-hatred as has America. But the fear of anti-Semitism is the forge on which many American Jews build their identities."

Etty Allen understood this fear and unease. So, I suspect, does her son, from a different, more entitled, vantage point. And that may go some way toward explaining this whole meshugeneh episode.

Hawaii's Akaka Could Become Next Primary Victim (WSJ)

By Erika Lovley

The Wall Street Journal, September 23, 2006

In a year when primary voters have already proven willing to dump status-quo candidates, one of Hawaii's veteran senators could become the next casualty in a season of political discontent.

Sen. Daniel Akaka, an 82-year-old Democrat and 30-year veteran of Capitol Hill, has been put on the defensive in Saturday's primary by Rep. Ed Case, who is almost 30 years his junior. The outcome will likely determine the November winner, since Republican competition is weak.

Recent polls show Mr. Akaka pulling barely more than 50% of the likely vote, a weak showing for a longtime incumbent. Moreover, the polls show a large percentage of voters have yet to make up their minds. Undecided voters are often bad news for well-known officeholders, who can offer little that is new at the end of a campaign to persuade voters to back them.

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What's more, says Jennifer E. Duffy, editor of the Cook Political Report in Washington, Mr. Akaka's so-so poll showing may overstate the support behind him. "I think it's going to be one of those races where no outcome would truly surprise us," she adds.

With Congress's approval rating on the slide -- down to 20% in the latest Wall Street Journal/NBC poll -- a number of incumbents already have been ousted. In Connecticut, newcomer Ned Lamont beat three-term Democratic Sen. Joe Lieberman, who is now running as an independent. Gov. Frank Murkowski lost Alaska's Republican primary to former Wasilla Mayor Sarah Palin. In Michigan, Republican Rep. Joe Schwarz fell to former state lawmaker Tim Walberg. And in Georgia, Democratic Rep. Cynthia McKinney lost to Hank Johnson.

In Hawaii, the candidates' ages have been a focal point. Mr. Case has been urging Hawaiians to "catch a new wave" and protect the state's seniority in the Senate. That's an issue, he says, because Hawaii's other senator, Daniel K. Inouye, is also 82. Both senators appear to be in good health, but if that were to change, and Hawaii ended up with newcomers holding both seats, the state would lose the clout seniority brings.

"Hawaii is going to face disaster if it doesn't begin this transition," Mr. Case says. "We are focused on the need for new blood and looking toward the future. It takes some forward thinking."

Mr. Case cites what occurred in Oregon, when long-serving senators retired in 1995 and 1996, and left the state with little juice in the Senate.

In turn, Mr. Akaka's campaign accentuates the positives of him being 82 and having worked 16 years in the Senate and 14 years in the House. The senator also highlights his opposition to the Iraq war. "Age is something that is revered, something that is much esteemed for," Mr. Akaka said in August during his only televised debate with Mr. Case. "When I think of those who are up in age in the U.S. Senate, those men are considered to be the deans of the Senate. Other senators go to them for advice, and they are the ones that keep the Senate stable."

In a recent Hawaii Poll of likely voters, 18% said Mr. Case's theme of leadership transition is the most important issue when picking a candidate, while 14% said it was Mr. Akaka's theme of seniority. A far greater number -- 43% -- said the candidate's stance on issues is most important.

The poll of 601 likely voters showed Mr. Akaka with a wide lead, 51% to Mr. Case's 38%, but the 11% of voters who said they were undecided could swing the outcome. The poll by Ward Research Inc. was conducted between Sept. 6 and Sept. 12, and has a four-percentage-point margin of error.

Another poll taken Sept. 8 through Sept. 12 just on the island of Hawaii -- which doesn't include the big city of Honolulu -- by SMS Research and Marketing Services found Mr. Akaka ahead of Mr. Case 42% to 28% -- but with a huge 30% of voters undecided. The poll of 401 voters has a 5.2-percentage-point error margin.

Two factors might prove to be decisive: turnout and crossover voting, though neither is a given for the challenger. "Case's challenge is that he needs a big turnout. That's not easy to do in this state," says Neal Milner, professor of political science at the University of Hawaii at Manoa. In the past two presidential elections, Hawaii had the lowest voter turnout in the nation. As for support from Republican and independent voters, Mr. Milner says that is tricky. Republicans might favor someone less liberal than Mr. Akaka but "don't need to elect a candidate who is vigorous, moderate and not a Republican," he says.

Mr. Milner's colleague, political-science Prof. Jim Dator, says Mr. Akaka faces a tough race because he has so little to show for three decades in Washington. "No one can say he's done bad or poorly," Mr. Dator says. "He just hasn't done anything." In April, Time magazine named Mr. Akaka one of the five least-effective senators.

"Akaka describes himself as a workhorse, not a showhorse," says spokeswoman Elisa Yadao. "He hasn't been as active with legislation that has his name on it, but he's been a part of actual funding results."

Says Mr. Case: "Voters who are not decided for Akaka are just thinking through the last stages of supporting me."

Hawaii Voters Head To Polls For Primary (AP-Y)

By Mark Niesse, Associated Press Writer

AP, September 23, 2006

Sen. Daniel Akaka faces a challenge in Saturday's Democratic primary from a congressman who wants voters to dump the 82-year-old lawmaker in favor of younger blood.

Rep. Ed Case, 53, has used images of Hawaiian surf in his ad campaign, telling voters to "catch a new wave" by electing a younger senator before Akaka and Sen. Daniel Inouye, also 82, leave office and rob the state of the clout that came with their seniority.

Akaka, who has served 30 years in Congress, has largely ignored Case's calls for new leadership in Washington. Instead, he has highlighted his experience and his consistent votes against the Iraq war.

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Two recent polls showed Akaka with a substantial lead among likely Democratic voters, but many people were undecided, and Case could benefit from Republicans and independents who take a Democratic ballot in the open primary.

"Because this is the hot race, you're going to see a lot of crossing over," said University of Hawaii political science professor Ira Rohter. "A lot of them are going to vote for Ed Case because they want to get someone who's less liberal in there."

Akaka held more than a 2-to-1 advantage in fundraising, collecting more than $2 million to Case's $817,000 early this month.

Hawaii has the lowest voter turnout in the nation, with even less participation in primaries. Only 40 percent of 626,000 registered voters cast ballots in the 2004 primary.

Native Hawaiians, who make up about one-eighth of registered voters, were getting an extra push to the polls, with an election-eve rally in front of the Hawaiian royalty's Iolani Palace.

Akaka, a Native Hawaiian himself, planned to personally drum up voters in heavily Hawaiian communities on Election Day. Case is white but had strong multi-ethnic support to win two congressional terms.

The winner faces no serious GOP opposition in the general election, although Republican Gov. Linda Lingle asked voters to nominate motivational speaker Jerry Coffee, who pulled out of the race because of illness. That would enable the party to pick a new candidate for November.

The race for Case's congressional seat developed into a free-for-all, with a dozen experienced candidates seeking the nomination. The primary winner is favored to win the general election, keeping Hawaii's congressional delegation all-Democratic.

Two little-known Democrats are competing to take on Lingle in November, but she is expected to easily win a second term regardless of her challenger. Political newcomer William Aila, a harbormaster, is hoping to upset former state Sen. Randy Iwase.

Election officials planned to use a new form of electronic voting that will leave a paper trail to help verify votes. New touch-screen voting machines are equipped with printers that will display a paper ballot behind a glass window. If there are errors, voters may make changes before casting their ballots.

Pa. Candidate Falls Short Of Signatures (AP-Y)

AP, September 23, 2006

The Green Party's U.S. Senate candidate fell about 9,000 signatures short of the number he needs to qualify for the Nov. 7 ballot as counting stopped Friday, according to his lawyers and those of state Democrats.

A review of the signatures Carl Romanelli gathered in his bid to compete against Republican Sen. Rick Santorum and Democratic state Treasurer Bob Casey was suspended Friday under a state judge's order issued earlier in the week.

Romanelli, a railroad industry consultant, needed to gather 67,070 signatures to qualify for statewide office this year. His candidacy is expected to help Santorum's chances for re-election by drawing votes from Casey.

State Democrats are suing to have him thrown off the ballot. Casey's campaign and the state Democratic Party have accused Santorum of engineering Romanelli's candidacy.

Santorum has openly supported Romanelli's candidacy and Republicans helped bankroll his signature-gathering effort.

Lawrence M. Otter, a lawyer for Romanelli, said Friday he hopes to persuade Judge James R. Kelley to allow Romanelli to remain on the ballot when a hearing on his nominating petitions resumes Monday.

Pennsylvania law requires minor-party and independent candidates to collect a number of signatures equal to 2 percent of the ballots cast for the largest vote-getter in the last statewide election. This year's threshold was based on Casey's record vote count in winning the treasurer's office in 2004.

Gov. Rendell Helping Senate Candidate (AP-Y)

By Kimberly Hefling

AP, September 23, 2006

Pennsylvania Gov. Ed Rendell is helping a fellow Democrat and former rival — Senate candidate Bob Casey.

Rendell stands up for Casey in a new ad, calling Republican Sen. Rick Santorum's latest TV spot "trash." Rendell's chief fundraisers said Thursday they had raised a combined $250,000 for Casey.

The effort represents Rendell's most public support yet for Casey in what has been a complicated relationship.

Rendell, the former Philadelphia mayor, beat Casey in the 2002 Democratic gubernatorial primary after an especially nasty campaign. Sixteen years earlier, Casey's father, the late Gov. Robert P. Casey, handed Rendell a bitter defeat in the same primary.

Last year, Rendell helped clear the field as national party leaders recruited Casey to run in the Senate race against Santorum, the No. 3 Senate Republican. But Rendell made headlines this summer when he praised Santorum as an effective senator.

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That all ended recently when Santorum launched an attack ad implying that Casey's campaign team is comprised of men who are under investigation. The Santorum ad features actors portraying four donors to Casey's campaign gathered inside a smoke-filled jail cell.

The senator's campaign later conceded that none of the men had given money to Casey's Senate campaign and that two had actually contributed to Santorum's campaign, which was later donated to charity.

The new Casey ad talks about those two donations to Santorum and features a news clip of Rendell saying, "To somewhat insinuate that there are crooks or criminals behind his campaign, that sort of stuff is trash."

Virginia Davis, a Santorum campaign spokeswoman, said the campaign stands behind its ad.

Rendell's support could help Casey garner votes in the Philadelphia area. Rendell is widely crediting with orchestrating the city's renaissance. In the general election, Rendell faces Republican Lynn Swann, but the governor is well ahead in polls. Casey is also head of Santorum in polls.

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ST. PAUL, Minn. (AP) — Democrat Amy Klobuchar can blame a blogger for a sudden bump in what had been a smooth run for Minnesota's open Senate seat.

Klobuchar held a comfortable lead over Republican Rep. Mark Kennedy in three polls this week, but was forced to fire her top spokeswoman for viewing Kennedy's not-yet-aired ad. A liberal blogger sent the spot to Tara McGuinness after pulling it from a media consultant's Web site.

Klobuchar campaign manager Ben Goldfarb said he found out about the ad Saturday but not the full scope of the problem until Monday, when McGuinness was fired. The campaign alerted the FBI, and announced McGuinness's firing Wednesday, saying they waited until a report to the FBI was complete.

Goldfarb said neither he nor Klobuchar viewed the ad, and the campaign wouldn't be changing strategies because of it.

Whether the incident damages Klobuchar's campaign is uncertain. Prior to the episode, Democrats had marveled at the discipline of her campaign operation.

"She's made a lot of the right moves up until now, and certainly you wish something like this hadn't happened," said Mark Andrew, a former state DFL chairman.

Republicans quickly criticized her.

"This is an extraordinarily sad day for all Minnesotans who value fair play in public life," GOP Chairman Ron Carey said Thursday at a news conference.

Pr. George's Ballots Keep Wynn In Lead (WP)

By Ovetta Wiggins

The Washington Post, September 23, 2006

Nearly 10 days after the polls closed, Prince George's County officials yesterday finished counting their votes from the Democratic primary election -- and delivered good news to veteran congressman Albert R. Wynn.

The final Prince George's tally helped cushion Wynn's lead over challenger Donna Edwards in the 4th Congressional District. Edwards said late yesterday that she would not concede until Montgomery County officials finished counting a few thousand provisional paper ballots.

In the congressional district that includes much of Prince George's and a slice of Montgomery, Wynn now leads by about 2,700 votes, officials said.

As of late yesterday, 9,945 of the nearly 12,000 provisional ballots had been counted in Montgomery. That appears to make it mathematically impossible for Edwards to win.

Still, Wynn was not ready to declare victory until all provisional votes were counted. "I don't want to make premature comments," he said. "It's a thing where people are sensitive right now."

Last week, Edwards threatened to file a lawsuit over voting irregularities in Prince George's. Yesterday she said she was waiting to get more information from the county's Board of Elections before deciding what legal step, if any, to take.

"I said from the beginning that I'll make my decision or statement after all the votes are counted," Edwards said.

Win or lose, her spirited campaign gave Wynn the scare of his political career. Since his election in 1992, Wynn has been returned to Congress with no less than 80 percent of the vote in primary and general elections.

During the five-month campaign, Edwards took Wynn to task for his vote to authorize the use of force in Iraq and labeled him as a Democrat who had betrayed his base by voting with Republicans on certain issues.

Wynn would not address questions about the campaign or the results.

"I definitely will have some comments, but I don't think I should weigh in until all the votes are counted," he said.

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Criticized in the past for delving too deeply into local issues and not paying enough attention to Congress, Wynn said yesterday that he was busy with his work on Capitol Hill.

"We did the Ryan White funding, there are immigration bills that are being talked about," Wynn said. "That's what I've been kind of focused on."

The provisional vote count in Montgomery resumes today and could stretch into tomorrow, said Margaret Jurgensen, the county election director.

Officials said some of the ballots were particularly difficult to verify because of the human errors and technical glitches that made the Sept. 12 primary one of the most chaotic in years.

"We're trying our best, but we're far more interested in accuracy than speed," Jurgensen said.

The Montgomery Board of Elections is scheduled to certify the results of its local races on Monday, she said.

A Day Of Thrust And Parry (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 23, 2006

LOUISVILLE, Sept. 22 -- Rep. Anne M. Northup looked pleasant and motherly in her honeydew-green blazer, her smile as sweet as iced tea. "It's good to see all my friends here," the Kentucky Republican said in greeting the handful of reporters who braved strong wind and rain for an early-morning news conference.

Dead silence.

Then it was down to business. Friday's business for Northup was the attempted disembowelment of Democratic challenger John Yarmuth. Her weapon was Yarmuth's own words, preserved in a stack of newspaper columns that Northup brandished at the podium.

Voters, she warned, should know that the Democrat wanted to punish SUV owners, endorsed the legalization of marijuana and was all in favor of teenage drinking. "Parents should be concerned," she said, and so should everyone else. "He has a lot of goofy ideas."

Northup perhaps did not provide the most fair-minded interpretation of what Yarmuth had written as a columnist for the Louisville Eccentric Observer. But nor were her descriptions necessarily so far afield. The Democrat did once back taxes on gas-guzzling vehicles, some of which are manufactured in the district. He wrote a column about prison crowding that praised Canada for decriminalizing pot, and he suggested that lowering the drinking age to 18 is "something we should consider."

The GOP strategy in this competitive race is to shower Yarmuth's newspaper musings with a lot more attention in 2006 than they got when he penned them years ago. The Democrat is the founder of the Eccentric Observer, an alternative newspaper that may prove to be a tad too alternative for the Kentucky 3rd's conservative voters.

The day offered a vivid -- and at times bizarre -- window into the not-so-subtle art of the political attack. Northup and her campaign team have been sitting on the columns since early in the summer, savoring their possibilities and waiting for the right moment to drop them for maximum impact.

That moment came 46 days before Election Day. The first blow was the news conference at Northup headquarters, which is sandwiched between a laser-tag playground and a comic-book store. This was followed by the biggest television-advertising buy of her campaign. Northup plans to make the columns the centerpiece of her campaign from now to Nov. 7.

The strategy's launch made for an emotional day. As the news conference continued, Northup took on an agitated, apparently angry demeanor. Her voice rose as she recited her charges and parried skeptical questions from reporters. She looked through her stack of columns, looking for the one in which Yarmuth said voters like to be "misled or spat on."

The House campaign here has only recently resumed. Northup's 30-year-old son died this summer from a heart problem, and both candidates suspended most campaign activities until a few weeks ago. At the news conference, Northup's eyes looked heavy and tired.

Usually, politicians drop their most damaging "opposition research" without fingerprints, leaking it to a reporter or airing it through a third party. Northup, by contrast, hurled her charge like an anvil through glass.

The purpose is to make Yarmuth, an antiwar liberal who disagrees with her on virtually every issue, an unacceptable alternative -- even to many Democrats. They outnumber Republicans almost 2 to 1 here, which has made Northup a prime target since her first victory in 1996.

Northup's aides were proud of their handiwork. Campaign manager Patrick Neely encouraged Washington Post reporters to make a detour on a nine-day tour of the region to be present for the news conference, where, he promised, there would be a spectacle too good to miss.

There was a 27-inch TV to play a new attack ad and a flat-screen monitor showing the new Web site that will walk voters through controversial things Yarmuth has written and said.

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The event lacked one key ingredient for a classic political knockout hit: the element of surprise.

Yarmuth, of course, knew he had written the columns. He said he had spent six weeks mulling the consequences of his columns before deciding to run for the seat.

And he also knew that Northup wanted to use them. In July, the representative staged a news conference outside the Eccentric Observer. She demanded access to the only existing copies of Yarmuth's writings in 800 editions of the paper. In a symbolic gesture, she handed over her voting record, copies of which sit on a chair in the editor's office to this day. The paper's editors agreed to allow the Northup campaign to copy the columns, in the presence of a security guard paid for by the GOP campaign. Yarmuth no longer has day-to-day involvement with the paper, and the editor said he saw no reason not to comply. Neely spent the next two months reading thousands of pages of what Yarmuth had written and published.

Yarmuth also had an inkling that Northup was about to unveil the fruits of her research. The night before Northup's news conference, a Yarmuth spokesman warned reporters that things could "blow up."

The episode offered Yarmuth a chance to show his skill at one of the least-appreciated moves in politics: self-defense. This requires candidates to identify their weak spots before their opponents do. Some candidates hire people to examine their pasts for any potential vulnerability, be it a messy divorce, controversial votes in local government or, as in this case, columns written at a time when a political career was not an immediate concern.

Yarmuth and campaign manager Jason Burke spent lots of time preparing their defense.

Coincidentally, one of the controversial columns Northup cited included advice for politicians in a similar pickle. In January 2004, he said the first principle of damage control is, "Under no circumstance, admit you were wrong."

By lunchtime, a few hours after the Northup broadside, Yarmuth was heeding his own advice. It was Burke -- not the candidate -- who headlined a hastily arranged news conference inside the Democratic candidate's office. Yarmuth was sequestered nearby.

Burke took to a makeshift lectern facing the same group of reporters who had attended the Northup attack. He said he did not want to dignify most of the charges with a response, even though "no one wants to smack around people as much as I do." He then spent most of the conference bashing Northup and ignoring the specifics of her accusations.

Did the candidate advocate legalizing pot? "Ridiculous," he said. What about lowering the drinking age? "Silliest thing I have ever heard." He resorted to a form of political jujitsu popular among politicians under siege: Attack the attacker. He said Northup backs President Bush 91 percent of the time. He implored reporters to ask her: "What are you proud of?"

Burke said the candidate would not stoop to answering Northup's charges himself, but the campaign manager did not seem entirely confident in this strategy: "This might backfire, and people might think he is ducking," he said. "But this is not your grandfather's campaign."

AP: Shuler-linked Firm Pays Back Taxes (AP-Y)

By Tim Whitmire

AP, September 23, 2006

A real estate brokerage house associated with Democratic House candidate Heath Shuler belatedly paid over $69,000 in unpaid taxes Friday after The Associated Press raised questions with the campaign.

Shuler, a former star quarterback at the University of Tennessee, has a 20 percent stake in the Knoxville-based business, Heath Shuler Real Estate, which he founded with his brother, Benjie, in 1998. They sold it in 2003 to four men who formed HSRE and HSRE Properties but kept the football player's name.

A recent AP review of tax records in Knoxville and surrounding Knox County found the businesses had been chronically delinquent in paying their local taxes. The AP presented the information to the Shuler campaign this week.

Jason Rudd, a lawyer for Shuler in Jackson, Tenn., said he threatened the three principal owners — Robert Browder, Charlie Hicks and Jack Cornett — with legal action on Shuler's behalf if they did not pay the delinquent taxes immediately. Late Friday, Shuler's attorneys filed a lawsuit asking a judge to stop HSRE and HSRE Properties from using the name "Heath Shuler."

The complaint said the defendants have operated the business in a way that "brings into question the reputation, ethics and/or morals of" Shuler. Rudd said Friday he expects Shuler will give up his minority ownership stake, but needs to remain involved to ensure enforcement of a contract provision allowing him to remove his name.

Fred Sisk, chief deputy trustee for Knox County, confirmed Friday that HSRE and HSRE Properties had paid their county tax bills. A city spokesman, Randy Kenner, said just over $1,400 of the money owed the city was paid Thursday, but the later payment likely wouldn't show up until Monday.

Shuler is running for the House in western North Carolina's 11th Congressional District, seeking to unseat eight-term Republican Rep. Charles Taylor. The race is among those Democrats have high hopes of winning as they push to regain control of the House.

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Rudd said Shuler, a former NFL quarterback, has not been involved in day-to-day management of the brokerage since 2003. But his name is prominently tied to the business throughout Knoxville, where Shuler played football in the early 1990s. The Heath Shuler Real Estate logo, seen throughout town on billboards and signs, features the distinctive orange-and-white checkerboard painted in the end zones of Tennessee's Neyland Stadium.

"I have been assured twice in the last six months that these past due taxes would be paid," Rudd wrote in an e-mail Thursday to Browder. "HSREs ongoing refusal to operate its business in accordance with the law is causing extreme embarrassment to Heath."

In an initial e-mail response to Rudd, Browder said the company did not have the money to pay its 2005 tax bills. However, he told Rudd late Friday morning that all overdue bills had been paid.

The AP review found:

· HSRE Properties had owed the City of Knoxville $38,896.89 in overdue property taxes and penalties for the 2004 and 2005 tax years for the company's 1.84-acre headquarters site in Knoxville. That debt was listed on a roster of delinquent tax payments issued earlier this month by the city.

· The city had been owed an additional $8,122.72 in tangible personal property taxes and penalties for tax years 2004 and 2005 on a pair of Heath Shuler Real Estate offices. Such taxes cover office equipment and other property owned by a business.

· HSRE Properties had owed the county $17,183.14 in unpaid 2005 property taxes, as well as $5,048.12 on overdue taxes on tangible personal property.

"Ninety-six percent of Knox County taxpayers paid their taxes on time last year," said Sisk, the Knox County tax official, before the taxes were paid. "Some people just don't have the money to pay. For those people, you feel sorry. These people can pay, they just choose not to pay."

In June, Rudd wrote to Browder and expressed Shuler's concerns "about the business, and about the continued use of his name having an adverse affect on his reputation in the community." In that letter, a copy of which Rudd provided to the AP, Rudd said Shuler wanted to exercise his right to remove his name from the business.

But after receiving assurances that the problems were being dealt with and that the taxes would be paid, Rudd said, "we kind of backed off to give them a chance" to straighten things out.

The AP's review also uncovered two unresolved tax liens held by the state of Tennessee on now-dissolved Shuler-owned companies, Heath Shuler Real Estate Commercial and Heath Shuler Auctioning. Shuler created both companies in the late 1990s with the intention of using them for spin-offs from the main real estate business, but never did anything with them, Rudd said. They were administratively dissolved by the state of Tennessee after the companies failed to file annual reports.

However, because the state never received a 1999 corporate franchise and excise tax payment for the two companies, it eventually filed liens seeking the money in 2002, Rudd said. The liens total $883.65 each. Rudd said Shuler authorized him Thursday to pay those bills after the AP contacted the campaign.

Team Clinton (NSWK)

By Eleanor Clift

Newsweek, September 23, 2006

Suddenly Bill Clinton is everywhere, solving poverty, tackling AIDS, hosting Laura Bush, crafting the Democrats' message and deflecting questions about his wife's likely run for president. He doesn't know if he wants her to run, or if she'll run, and if she runs, he doesn't know that she'll win. “A million things can happen,” he said. But he does know one thing, that if she got elected, “she would be a magnificent president,” he told CNN’s Larry King this week.

Clinton is a force of nature, the shade tree for Hillary as she ventures out of the senatorial cocoon to vie for the presidency. Shade is mostly a good thing, but not always, and the yin-yang role of the former president in his wife's political life is understood by both of them. Unlike Al Gore, Hillary is at ease with her husband’s idiosyncrasies and has learned over a long marriage how to mitigate the damages.

As for Bill, he is her best strategist, with a fingertip feel for the electorate that is unrivaled. Thanks to the therapy he went through, says a friend, "He more than anyone can be objective about himself." Clinton has settled into his postpresidential life with gusto, and an approving public is rewarding his global good works with poll ratings that dwarf the current president’s. He is in the public eye as Hillary’s stand-in. But there will be times when he needs to get out of the way. Can she win? That’s what people want to know, and Clinton is pleasingly humble about his wife’s prospects. “If she did decide to run, I have no idea if she would win,” he told King.

Can a woman do it? There’s no history to draw on. A big chunk of the Democratic Party doesn’t trust her, doesn’t know what she stands for. Another chunk loves her but doesn’t think she can win. And then there’s the black hole of her marriage, which will once again prove endlessly fascinating if not to the general public then to the media. Attitudes toward Hillary are pretty

hardened, both positive and negative. There's not a lot of fluidity in how people feel about her. She has changed minds in upstate New York, which is dominantly Republican, by focusing on economic concerns. If she can do that in Ohio, a state a Democrat should win in '08, while holding the Blue States John Kerry and Al Gore won, that would put her in the White House. She'd be polarizing, but then it's hard to imagine any Democrat that wouldn't be given the stakes and the tenor of modern campaigns.

Hillary already has a bad case of front-runneritis, measuring every public utterance and seeming way too cautious and calculating—especially for party activists. Excess caution comes with the territory for anybody running for president, says Matt Bennett with the Democratic centrist group Third Way. "You cannot be a viable presidential candidate without being vague," he says. Bennett was Wesley Clark's campaign manager in '04, a race that ran aground in New Hampshire primarily over Clark's unease as a newly registered Democrat with domestic issues in general and the abortion issue in particular. "The loyalists are always aggravated," Bennett adds. Not offending party regulars while courting independents is the key to winning, a balancing act requiring more skill than conviction.

What could derail Hillary? She could lose Iowa, the first contest, to John Edwards, who is banking on a reservoir of good will toward him from '04. The ghosts of Gore past and future hover over the race, and if Hillary falters, he could enter the race late, drawing on the MoveOn.org apparatus. A Democratic dream ticket that would upend the Washington establishment—Gore and Barack Obama, the charismatic freshman senator from Illinois who everybody agrees is destined for greater things. Who better to help Gore reclaim the presidency?

Hillary could survive a setback in Iowa, and maybe she can brush off Gore's lingering hunger for the presidency. She will win the nomination if she wants it. She's tough-minded; she has the money, and former Democratic Party chairman Terry McAuliffe got caught by The Hill newspaper telling friends he'll chair her presidential campaign. She's headed for a big re-election win in New York, and according to Clinton on Larry King, she'll re-evaluate her role in the Senate after the election. She's already a player on the Armed Services Committee. If the Democrats are smart and recognize her as their likely nominee, they'll look for ways to showcase her.

If she doesn't run, or runs and loses, she is the natural heir to take over the legacy of Ted Kennedy, the liberal lion of the Senate. Untethered by presidential ambition, she could travel the world and do the Sunday shows, freed from parsing her words, confident she could keep her seat as long as she wants it. "It's the deal or no deal—do you gamble on $6 million or walk away with $1 million," says Bennett. From her sinecure in the Senate, Hillary can take the gamble. Can Democrats?

'Values Voters' Told To Know The Enemy (WT)

By Amy Fagan

The Washington Times, September 23, 2006

A prominent evangelical leader told more than 1,000 conservative "values" voters yesterday that they shouldn't shy away from the fact that the country is in a war with Muslims who want to kill Americans.

"We're in a war and it's time that we recognized it," James C. Dobson told a crowd gathered at the Omni Shoreham Hotel in the District. The event is sponsored by Family Research Council Action and aimed at invigorating the Republican base for November's elections.

Mr. Dobson, chairman and founder of Focus on the Family, made it clear that he doesn't think all Muslims want to kill Americans. But he said there is a percentage -- even if it's only 4 percent, or close to 50 million people -- who do.

Several Republican presidential hopefuls made stops at the weekend event to rally their own support from the conservative base, touching on topics from traditional marriage to religious freedom.

Among them was Sen. George Allen of Virginia, who told crowd members to "count on me" in the fight for conservative values, such as stopping judges from "legislating from the bench."

Later yesterday, reporters focused on Mr. Allen's heritage. The Republican senator told the public for the first time this week that he has Jewish ancestry. Mr. Allen, who is in a competitive re-election race, has fought off criticism that he was embarrassed by his heritage.

Mr. Allen told reporters that his mother concealed her Jewish heritage for years and recently swore him to secrecy about it because she was "seared" by the pain of the Holocaust and thought "that anti-Semitism, that persecution" would harm her children.

He told the reporters that he is a Christian, but, "I'm learning more and more about Jewish law."

Meanwhile, Mr. Dobson and Family Research Council President Tony Perkins sought to rally the troops for the midterm elections by reminding them that Republicans helped get two new conservative justices on the Supreme Court and that Democrats are still blocking legislation and President Bush's judicial nominations.

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Mr. Dobson evoked applause and cheers when he reminded the crowd that "we do have two new very, very exciting Supreme Court justices," referring to Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

The crowd was urged not to be convinced of reports that Republicans will lose control of Congress.

"Don't believe everything you're hearing out there," Mr. Dobson said.

"I feel much better about the outcome this fall than I did three months ago," Mr. Perkins said, citing falling gas prices and votes in Congress on key pieces of legislation sought by the conservative base.

Mr. Perkins noted that senators approved a parental-notification bill for out-of-state abortions, but said Democrats are blocking the legislation from getting to Mr. Bush's desk.

White House spokesman Tony Snow, who spoke yesterday afternoon, drew loud applause when he described September 11 and then told the crowd, "We should not for one moment feel that we have to apologize for doing the right things."

The "2006 Values Voters Summit" ends tomorrow with a church service and has drawn more than 1,600 evangelical Christians and conservative activists from across the country to strategize about the upcoming elections and hear speeches from a who's who of conservative voices, including Liberty University founder the Rev. Jerry Falwell, Alliance Defense Fund Chief Executive Officer Alan Sears, evangelical leader Gary Bauer and conservative talk-show hosts such as Sean Hannity.

Tactic Uses Pulpits To Power The GOP (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, September 23, 2006

Evangelical leaders, on the first day of a rally, ask pastors to advocate for a social conservative agenda despite recent IRS investigations.

WASHINGTON — Worried that discontent among conservatives and the lack of a clear standard-bearer to follow President Bush might cost Republicans in November, top evangelical leaders pleaded with their followers Friday to put aside frustrations and turn out for GOP candidates.

The appeals, coming on the opening day of a weekend-long rally and strategy conference, included entreaties to pastors to use their pulpits on behalf of the social conservative agenda.

"There is no choice, because the alternative is terrible," said James C. Dobson, founder of the influential group Focus on the Family, referring to the potential for a Democratic takeover of the House and Senate in November.

Dobson's organization recently launched a major voter recruitment drive in eight battleground states that will include placing registration tables outside Sunday worship services at conservative churches.

The Values Voter Summit — which will include appearances by several potential GOP presidential hopefuls — underscores evangelicals' growing power in national politics. The agenda serves as a road map of their tactics for energizing voters, including sessions on fighting gay marriage, attacking Hollywood liberalism and denouncing embryonic stem-cell research.

Kicking off the conference Friday, Dobson joined other evangelical chieftains in lobbying pastors to feel more free to advocate for conservative causes from the pulpit despite recent investigations by the Internal Revenue Service into alleged partisan activities by churches. One such investigation has ensnared the liberal All Saints Church in Pasadena, over a sermon denouncing the Iraq war shortly before the 2004 election.

One session today is to focus on the "role of churches in political issues." On Friday, Dobson and a representative from an evangelical-backed legal group told the crowd that churches were free to distribute fliers and other materials promoting stands on issues.

"You still can't endorse candidates, but you can do voter guides," Dobson said. "You can do all kinds of things."

Critics say Dobson and his allies are crossing the line and giving bad advice to churches. The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, mailed letters this week to 117,000 churches in 11 states warning them not to go along with voter registration drives and other activities.

"They are talking about a systematic effort to get churches involved in political activity," said Lynn, who attended the conference and met privately backstage with Dobson to debate the question. "They say this isn't partisan, but then they turn around and make it clear that their goal is to keep Republicans in power."

Friday's events showed that evangelicals intend to broaden their focus on issues that can motivate voters. Leaders framed the GOP's signature issue of terrorism as a matter of "protecting the family" and winning a war between Judeo-Christian traditions and Islamic extremism.

Dobson, whose radio show is heard by millions, said protecting the country from terrorism was a "family issue."

"If we don't have security for ourselves and for our children and future generations, we don't have a future for the family," he said.

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The mention of terrorism was the latest indication that conservative strategists are looking for additional motivators beyond the issue of gay marriage, which was credited with helping Bush secure reelection in 2004 thanks to a series of ballot initiatives that year in key states such as Ohio. Republican strategists have acknowledged that they intend to mobilize the conservative base by painting Democrats as soft on "foreign threats," as one internal GOP memo recently explained.

Other speakers on Friday focused on illegal immigration and called for a border crackdown, invoking an issue that has divided the GOP's conservative core from the White House and from Capitol Hill moderates.

But Friday's events showed that gay marriage remained a central rallying cry, with Dobson and others promoting initiatives this year in eight states.

"We see America on this collision course between religious freedoms and the homosexual agenda," said Tony Perkins, president of the conservative Family Research Council.

Three possible presidential candidates, along with White House Press Secretary Tony Snow, were applauded when they raised the issue.

Massachusetts Gov. Mitt Romney, a likely White House contender who is viewed skeptically by many evangelical leaders because he is a Mormon and is viewed as a moderate, said the country "desperately" needed a federal gay marriage ban. He won cheers as he spoke of his opposition to a ruling by his home state's highest court upholding same-sex marriage.

Similar themes were sounded by three other presidential possibilities: Sens. George Allen of Virginia and Sam Brownback of Kansas and Arkansas Gov. Mike Huckabee.

Allen — whose race for reelection this year has tightened after his use of the word "macaca," a racial slur in some countries, and his reaction to revelations that he has Jewish heritage — was boisterously applauded when he asked the conference activists to come to Virginia and assist with that state's initiative this year to ban gay marriage.

But though some potential Bush successors were eager to score points with the crowd, two of the party's front-runners were noticeably absent. Neither Sen. John McCain of Arizona nor former New York Mayor Rudolph W. Giuliani are scheduled to speak — a reminder that even as the GOP seeks to mobilize its base to maintain power, the future of the party's leadership remains much in doubt.

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Conservatives Confident Base Will Vote (AP-Y)

By Liz Sidoti

AP, September 23, 2006

Better the devil they know than the Democrats.

Critical to the Republican base, conservatives expressed confidence Friday that their rank-and-file will vote Nov. 7 even though the GOP-controlled Congress hasn't delivered this year on their core issues.

"We're disgusted somewhat with some of the Republicans, but we'd be in a whole lot worse shape with the Democrats," said the Rev. Don Wildmon of Tupelo, Miss., chairman of the conservative American Family Association. "So, if you can't get the whole loaf, take a half a loaf."

Together, fiscal and social conservatives make up a significant segment of the GOP faithful, and the Republican Party always needs them to vote in droves. That's especially important this year because turnout typically is low in a midterm election cycle and polls show the public favoring Democrats to control Congress.

"If they don't come to the polls, we're in trouble," said Bishop Harry Jackson of College Park, Md., an evangelical Christian who leads the High-Impact Leadership Coalition, which promotes "moral issues" in urban communities.

With seven weeks left in the campaign, there's some concern among Republicans that conservatives — evangelicals included — could stay home on Election Day because of their unhappiness with Congress and President Bush.

A recent Associated Press-Ipsos poll found that 42 percent of white evangelicals disapprove of the job Bush has done as president. In 2004, exit polls showed 78 percent of white evangelicals voted for him.

"Republican voters are very soft, and I have no idea what this November holds," said Phil Burress, president of Citizens for Community Values in Cincinnati, a proponent of state and federal constitutional bans on gay marriage.

The fear of low turnout has led prominent conservative groups to initiate voter mobilization and outreach efforts. In that vein, hundreds of people attended a four-day "Values Voter Summit" sponsored by the country's leading conservatives and featuring several Republicans contemplating running for president in 2008.

Massachusetts Gov. Mitt Romney, Arkansas Gov. Mike Huckabee, Sen. Sam Brownback of Kansas and Sen. George Allen of Virginia addressed the conference Friday, and Sen. Rick Santorum of Pennsylvania and former House Speaker Newt Gingrich were on tap Saturday.

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Absent from the agenda were, among others, Sen. John McCain, the Arizona Republican whose maverick style and votes on gay marriage and embryonic stem-cell research have irked conservatives, and Senate Majority Leader Bill Frist of Tennessee, who also has drawn the ire of that constituency.

After speaking to the conference, Rep. Mike Pence, R-Ind., said in an interview that he's confident conservatives will overlook Congress' lack of final action on their main issues.

"Conservative Americans are beginning to awaken to the perils of a Democratic Congress," he said.

The House and Senate hope to adjourn next week so lawmakers can spend the final few weeks before the election campaigning. That leaves little or no time for the House and Senate to vote on passionate issues for conservatives.

Congress still hasn't sent Bush an immigration reform or border security bill. Efforts to rein in federal spending this year have been piecemeal. And, the Senate has made only marginal progress in getting the president's judicial nominees confirmed.

Divisions among Republicans in which moderates have clashed with conservatives have stalled some of the legislation.

Meanwhile, a proposed constitutional amendment to ban gay marriage is dead for the year and Congress hasn't finished a bill aimed at preventing girls from crossing state lines to get an abortion without parental notification.

To make matters worse in the eyes of conservatives, Congress also sent the president a bill expanding the scope of federal involvement in embryonic stem cell research. Bush promptly vetoed it, his first.

Said Robert Bradley of Wellesley, Mass., the founder of the Massachusetts Family Institute: "Ultimately the conservatives, as annoyed as they are, will understand how awful the alternatives are in this case."

Christian Conservatives Mobilize To Rev Up `values Voters' (MCT)

By Matt Stearns

McClatchy Newspapers, September 23, 2006

PITTSBURGH - To the daunting challenges facing Republicans in the 2006 midterm elections, add another: angry "values voters" who feel used and abandoned.

"We put these people in power in 2004," said Sue Means, a home-school activist from suburban Pittsburgh. "I really expected more. I'm disappointed."

The failed federal marriage amendment, waffling on stem cell research, no new limits on abortion - Means sees little but broken promises from the Republican Congress. And she's far from alone among like-minded people whom many credited in 2004 with helping pass same-sex marriage bans in 11 states and being key to President Bush's re-election.

"There are a lot of people that are somewhat disillusioned and have a feeling of betrayal for having worked so hard and have Republicans be so unresponsive," Dr. James Dobson, chairman of Focus on the Family, said after speaking at a rally here this week. "How that will play out, I really don't know."

Such discouragement is just one of several obstacles facing Republicans in mobilizing Christian conservatives this year.

Midterm elections excite fewer people anyway. A signature issue, such as a ban on same-sex marriage, is on the ballot in fewer states this year. And the federal government has promised to crack down on church-based partisan politicking after complaints about such behavior in 2004, which could suppress religious leaders' involvement and dampen turnout.

Dobson and others are working hard to counter that possibility, even as they acknowledge their disappointment.

"Whether Republicans deserve the power they were given, the alternatives are downright frightening," Dobson told more than 3,000 attendees at the Pittsburgh "Stand for the Family" rally.

The event was the first of three designed to energize Christian conservative voters. All three are in states with hotly contested Senate races: Pennsylvania, Minnesota and Tennessee.

The Pittsburgh event was part political rally, part church revival. Held at a downtown hockey arena, it featured entertainment by the Christian pop group The Sounds of Liberty. An enormous American flag hung behind the speakers, who included Dobson, Tony Perkins of the Family Research Council and Gary Bauer of American Values. All warned of threats to religious liberty, to marriage and, as Perkins put it, of "our children being indoctrinated with homosexuality in our public schools."

All the speakers stressed that they wouldn't tell people how to vote.

But if a politician shares his principles on issues from judges to marriage "and is committed to the God of the universe, and from my perspective, Jesus Christ his only begotten son ... it would be a sin not to go to the polls and vote for him or her," Dobson said.

Attendees munched on hot dogs and fries (the arena's beer coolers sat unplugged and empty) as they cheered the speakers and swayed to the music. Many attended with church groups and studied Bibles as they waited for the program. They were encouraged to "pray, prepare and participate" by, among other things, taking bulk packages of voter guides prepared by the conservative Pennsylvania Family Institute to distribute at their churches and asking pastors to hold voter registration drives.

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"We can stand for the Lord Jesus Christ!" the Rev. Ken Hutcherson, pastor of Antioch Bible Church in Kirkland, Wash., roared to thunderous applause.

It appeared to have its intended effect. Means said she was "definitely energized." Becky Schran, who came with about 20 others from Walnut Grove Assemblies of God Church outside Pittsburgh, said she hoped the rally "gets more information out to people and gets them attuned to what's going on."

Similar efforts are under way across the country. In Missouri, home of another tight Senate race, a ballot initiative on stem cell research has energized social conservative voters. There, Texas evangelist Rick Scarborough has led five church rallies, with two more scheduled, to rev up voters to oppose the initiative. In Washington this week, the Family Research Council's Values Voter Summit included a training session on "Getting Church Voters to the Polls."

And gay marriage bans are on the ballot in eight states this year, including three with close Senate races: Arizona, Virginia and Tennessee.

"When you have a marriage amendment on the ballot, it makes it that much easier" to motivate conservative Christian voters, said John Green, a senior fellow at the Pew Forum on Religion and Public Life. "And on balance, they'll vote for the Republican candidates in those states."

Some say such efforts go too far. Americans United for Separation of Church and State sent 117,000 letters to pastors of churches in 11 states targeted for action by conservative Christian leaders. The letter reminded pastors that IRS regulations prohibit churches from endorsing or opposing specific candidates and from intervening directly in partisan campaigns. Doing so could jeopardize a church's tax-exempt status and lead to fines, the group warned. Even seemingly benign voter guides can be a thinly veiled partisan effort, the letter said.

Earlier this year, the IRS reported that in the 2004 cycle, it investigated 47 allegations of improper church politicking; 37 were given warnings or fined, and a few cases remain outstanding.

"Houses of worship must not become cogs in someone's political machine," said the Rev. Barry Lynn, the group's executive director, accusing Dobson and others of trying "to build a kind of religious Tammany Hall."

"I don't set the Senate races and I don't set the referenda," Scarborough responded. "If that has an impact on Senate races, so be it. I hope and pray that pro-life senators get elected. That's no secret. But I don't think I'd even recognize Jim Talent," the Republican incumbent in the Missouri U.S. Senate race.

Allen Hertzke, a professor at the University of Oklahoma who studies evangelical Christians, said the IRS focus could suppress voter turnout.

Given the array of obstacles, it wouldn't be surprising if Christian conservatives show less clout in 2006, Green said.

"But we shouldn't underestimate their ability to reach their constituencies," Green added. "A lot of this happens through church networks. Unless you happen to be in the network, you wouldn't notice it."

Renouncing Bush's Failures Is A Start (LAT)

By Todd Gitlin, Todd Gitlin Is A Professor Of Journalism And Sociology At Columbia University And The Author, Most R

The Los Angeles Times, September 23, 2006

The president's onetime lapdogs should also rethink the extremist ideology that got us here.

IN RECENT MONTHS, Republicans have begun to discover that their leader is not the paragon they once thought he was.

Perhaps he is not a conservative at all but a deficit-mongering big-government advocate, a world-changing radical in disguise and a cultivator of global anti-Americanism. Perhaps, from Baghdad to Kabul to New Orleans, bungling is not the exception but the rule because he and his inner circle hold planning, the law, diplomacy and even reason in contempt.

Suddenly, Republicans as well as Democrats are urging the defenestration of Defense Secretary Donald H. Rumsfeld — the Titanic chair-shifter's way of acknowledging a fiasco in Iraq. George Will savaged President Bush for a "triumph of unrealism." Embattled Connecticut Republican Rep. Christopher Shays lurched from "stay the course" to "phased withdrawal."

Just last month, conservative talk-show host Joe Scarborough asked, "Is Bush an Idiot?" In May, the popular right-wing KABC-AM (790) talk-show host Doug McIntyre declared: "I was wrong to have voted for George W. Bush…. I have been shocked repeatedly by a consistent litany of excuses, alibis, doubletalk, inaccuracies, bogus predictions and flat-out lies…. After five years of carefully watching George W. Bush, I've reached the conclusion he's either grossly incompetent or a hand-puppet for a gaggle of detached theorists with their own private view of how the world works. Or both."

Such reconsiderations are all to the good, and not only for the practical purpose of evacuating a sinking ship. The recantation mood is a sign of maturity.

But apologies, while worthy, are never enough. To help make right what has gone badly wrong, they also must lead to rethinking.

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Because 1930s analogies are back in vogue, consider that it was incumbent upon conservatives who were dismayed by Neville Chamberlain at Munich in 1938 to inquire into the worldview that led him to appease Adolf Hitler. Likewise, as conservatives never cease to remind those on the left, it was perfectly reasonable to tell the Soviet Union's fellow travelers to examine the fantastical credulity with which they persuaded themselves to overlook the depredations of Lenin and Stalin. To learn from our greatest misconceptions is, of course, a prime reason we study history.

So what lessons should Bush's partisans take from his decline? Where did they go wrong when they were cheering Bush, excoriating his adversaries and devoutly assuring the rest of us that he was, as former presidential speechwriter David Frum put it in an unabashed double entendre, "the right man"?

They're obliged to have to figure it out on their own. But let me offer this for their consideration: The core of the Bush problem is an extremist worldview. Bush's aggressive go-it-alone attitude kicked in long before 9/11. "You're either with us or you're with the terrorists" was just an extension of Bush's rejection of the Kyoto Protocol (the international global warming agreement) and the International Criminal Court.

Under Bush, reality had to be bulldozed into submission. Whatever went wrong in Iraq or Afghanistan, questioning Bush's narrow understanding of the Islamist danger amounted to appeasement, cutting and running, pining for defeat. Whatever the economic conditions, the remedies were privatization, deregulation and tax cuts for plutocrats. On every front, foreign and domestic, liberals were to blame.

This attitude didn't stop with Bush alone, and it persists unaltered. Just recently, in this spirit, an e-mail from Republican National Committee Chairman Ken Mehlman warned that Democratic victories in the midterm elections would mean "government by the far left," "weaken[ing] America" thus: "Impeachment. Cutting and running from the war on terror. Key defense systems dismantled. Tax cuts repealed. Speaker Pelosi."

The logic of this paranoid worldview is a deep and awful thing to confront. But confronting it is a matter of intellectual honesty.

Today, it's morally mandatory, a matter of intellectual decency, that Bush's erstwhile partisans rethink both their credulity and their ideology and ask how they could for so long have overlooked what now strikes them as obvious. "Whoops, sorry about that" and "mistakes were made" — love that passive voice — won't do.

'The Pocketbook Conservative Is Up For Grabs' (WSJ)

By Dick Armey

The Wall Street Journal, September 23, 2006

The practice of politics is a peculiar form of juvenile delinquency. As this election season heats up, there is plenty of evidence to support this assertion. Juvenile delinquents in the liberal blogosphere are credited with taking out Joe Lieberman in his primary last month. Senate Republicans pander to the so-called "conservative base" with hollow political gestures like the recent failed votes to constitutionally ban gay marriage and flag burning. And inexplicably, one of the few recent legislative actions in the House of Representatives produced new restrictions on the slaughter of horses for human consumption.

Such silly political posturing will no doubt leave cows and chickens feeling left out of the legislative debate. The same is certainly true for the vast majority of the American electorate -- potential voters who face the very real economic challenges of earning a living, paying the mortgage and raising their children to be productive members of society. I call this neglected and abused constituency "pocketbook conservatives."

Suspicious of big government promises and irresponsible spending, pocketbook conservatives feel the real pain of taxes. They don't want bureaucrats to pick winners and losers in the market, and they resent the power of special interests seeking favors at the expense of everyone else. Pocketbook conservatives are concerned with their family's personal finances and about the health of the American economy as a whole. They value thrift, hard work, ownership and individual responsibility -- both in their personal lives and in their elected officials. They expect the same from their neighbors, and generally respect the work ethic and economic contributions of new immigrants.

Ronald Reagan was the first Republican of my generation to effectively reach out to pocketbook conservatives -- Republicans, Democrats and independents alike -- who instinctively believed that little good could come from Washington. He energized voters who wanted government to leave people alone to work, worship and provide for their families as they saw fit. In 1980, Reagan won the White House in part because he had a positive, serious economic agenda that reflected these values, believing that "all great change in America begins at the dinner table."

George H.W. Bush lost the pocketbook conservatives when he broke his promise and raised taxes. Higher taxes and new spending delayed the economic recovery, further ballooned the deficit and created a political window for Ross Perot.

In 1994, one of the major factors in the Republican's dramatic takeover of Congress, for the first time in 40 years, was the willingness to commit to a serious economic agenda. The Contract with America directly connected with pocketbook

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conservatives. It was a clear vision promoting economic liberty, personal freedom and a commitment to reducing the size of a bloated government. Republicans realigned with the Reagan legacy, and stood in stark contrast to the Clinton administration's agenda of higher taxes and government health-care schemes. In that election, a record nine million new voters turned up for Republicans.

Today, the pocketbook conservative is up for grabs once again. Since 2002, federal spending has increased by 47%, earmarking abuse is rampant, and the new Medicare prescription-drug benefit has created $18.2 trillion in new unfunded liabilities on future taxpayers. And while GDP growth has been good and unemployment remains low, there are a number of American households who have seen their real income remain flat for the past five years. These families feel the brunt of the softening housing market, higher energy prices and rising health-care costs. They feel less secure about their retirement, knowing that they can no longer depend on empty government promises.

This anxiety presents a real political opportunity, but Republicans, lacking credibility on fiscal reforms, seem more intent on pandering to the extreme fringes of their base. The national representatives of the social conservative movement used to be sophisticated and tolerant. Today, they are sophomoric and angry. It's an embarrassing spectacle seeing leaders bullied around by the likes of James Dobson, or watching the Christian Coalition team up with MoveOn.org in support of bigger government.

Even more embarrassing is Tom Tancredo and his hot, hateful rhetoric against immigrants. Such demagoguery feeds the worst instincts of nativists and blocks a serious solution to our nation's border security problems. Reagan, conversely, understood that America is a country of immigrants, and he famously demanded that big government's walls be torn down.

Perhaps the only thing more embarrassing than being a loyal Republican in this election season is being a loyal Democrat. Although the party has offered no proposal to fix Social Security, the aspiring House speaker, Nancy Pelosi, and the Senate majority leader hopeful, Harry Reid, held yet another press conference recently denouncing the secret Republican plan to "privatize" the failing entitlement. While Democrat pollsters are no doubt telling their candidates that the P-word will effectively scare seniors and other swing constituencies to the polls, this strategy has consistently failed in past election cycles. This year, however, some Republicans may accommodate these efforts by failing to define their own position.

The only solution to collapsing pension and health-insurance programs consistent with individual dignity and real financial security is a system based on personal retirement accounts, but it looks unlikely that voters will hear much about real solutions to the retirement security crisis this fall. The same is true on the other important fiscal and economic issues facing the nation. All candidates for public office should be debating the need for new spending discipline to balance the federal budget, reforms to simplify the Byzantine tax code and boost economic savings and investment, and regulatory changes that would unleash new innovation. Instead, we have been treated to political theater.

There is still some time left in this Congress, and Republicans would benefit by completing unfinished legislative work. To their credit, the House Republicans, under John Boehner's leadership, have taken a good step in instituting earmark reforms. But extending tax relief, enacting the Pence/Hutchinson border security legislation based on a robust, free market guest worker program, and overhauling telecommunications rules to break up outdated cable monopolies are all substantive economic reforms that could appeal to pocketbook conservatives.

Win or lose, if Republicans hope to maintain the political support of a voting majority in the future, they will need to rediscover their fiscally conservative roots, and govern accordingly.

Mr. Armey, House majority leader between 1995 and 2002, is chairman of FreedomWorks, a national grassroots advocacy organization.

On Earmarks, Democrats Have Protested Loudly (WSJ)

The Wall Street Journal, September 23, 2006

In his Sept. 18 editorial-page commentary "Time for a Time Out?1" John H. Fund laments the proliferation of earmarks and new spending under the GOP Congress. He takes the Republicans to task for forgetting why they came to Washington and for refusing to curtail spending. He suggests that if they will not curtail spending, then perhaps they need a "time out" from power. I agree. However, I take exception with Mr. Fund's claim that "Democrats have been largely silent" on these issues. That's not true.

In May, Rep. Martin T. Meehan and I introduced the first lobbying and ethics reform legislation of the 109th Congress, the Special Interest Lobbying and Ethics Accountability Act of 2005 (H.R. 2412) to clean up the abuses that led to the Jack Abramoff and Duke Cunningham scandals. This legislation was endorsed by congressional scholars Norman Ornstein and Thomas Mann and editorial boards across the country. Democratic Leader Nancy Pelosi also introduced a broad reform bill, yet the Republicans refused to allow a vote on either of these comprehensive solutions.

During the "earmark reform" debate last week, Reps. Van Hollen, Bean, Barrow, Doggett, Delahunt and I offered legislation that would have ended the "business as usual" process that has turned earmarking into a bonanza for members, their families

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and business associates. Our legislation prohibited earmarks that personally benefit members, their spouses and immediate family members; banned earmarks that benefit lobbyists who chair a member's Leadership Political Action Committees; prohibited earmarks to any entity or lobbying firm employing the spouse, family member or former staffer of the earmark sponsor; eliminated "sweetheart" tax provisions for a single individual or corporation; and ended the practice of adding new earmarks into conference reports in the dead of night. Again, the Republican leadership refused to allow a vote on this legislation.

Rep. Rahm Emanuel (D., Ill.)

Washington

Dean Expedites Courting Of Black Vote (AP-Y)

By Ron Vample, Associated Press Writer

AP, September 23, 2006

The Democratic Party can no longer sit back and wait until three weeks before an election to ask minorities for their vote, Democratic National Committee Chairman Howard Dean said Friday.

"In many ways, the Democratic Party hasn't moved itself out of the '60s and '70s," Dean said in remarks to the DNC's African-American Leadership Summit, which is aimed at mobilizing black voters and encouraging more minority candidates for state offices.

"If we don't get smart about having folks on the ticket that look like the people whose votes were asking for, in meaningful positions of authority, then we're not going to win. And the party that gets to do that first is the party that's going to win," Dean said.

Annie Mae Holt, a 59-year-old Detroit teacher who attended the gathering, said Democrats must be careful not to allow Republicans to create a divide.

"We need to make sure that people who look like the diversity that is evolving in the United States is represented on our Democratic ticket," Holt said in an interview.

Black voters could be crucial to Michigan Gov. Jennifer Granholm's effort to overcome a stiff challenge from GOP challenger Dick DeVos. Detroit Mayor Kwame Kilpatrick recently promised to energize city voters for Granholm and avoid a repeat of the low 1990 turnout that contributed to Republican John Engler narrowly winning the governorship.

"In order for this party to win, we have to include more people," Kilpatrick said. "The numbers say that we need to move the African-American (and) Latino vote inside urban America. Unless we go get it, we won't win."

Analysis: Democrats Vow To Get Tough (AP-Y)

By David Espo, Ap Special Correspondent

AP, September 23, 2006

Six weeks before elections, the Democratic strategy for the war on terror is one part attack President Bush and one part agree with him. The goal is to court voters dissatisfied with the job the administration has done, yet avoid being tagged as soft on Osama bin Laden.

"Democrats are united behind the need to work on a bipartisan basis to bring terrorists to justice, and to do it in a manner consistent with our laws, our values and our national security," Senate Democratic Leader Harry Reid said a few hours after Bush and rebellious Republicans ended a week-long dispute and compromised on a plan for interrogating and trying terror suspects.

He didn't quite say so, but it seems likely the deal announced Thursday — and blessed by Sen. John McCain of Arizona as well as Bush — will draw significant Democratic support when it reaches the Senate floor.

Beyond the tribute to the importance of American values and Geneva Conventions protections for wartime prisoners, Democrats, particularly in the Senate, are applying painfully learned lessons of past campaigns.

"This is a Max Cleland moment," said Sen. Dick Durbin, D-Ill., referring to the Georgia Democrat defeated for re-election in 2002. Republicans are "trying to produce a vote that provides a 30-second ad like the one that defeated Cleland," he added.

Cleland, a triple amputee Vietnam War veteran, lost four years ago after being attacked in a campaign commercial that included cameo appearances by bin Laden and Saddam Hussein. The ad accused the Georgian of voting against Bush's proposal for a Department of Homeland Security 11 times. In fact, he favored creation of the agency before the president did, and differed with the administration principally on issues relating to civil service rules for employees.

That was four years ago, when the country was still reeling from the attacks of 9-11, and Bush was winning strong support for the job he was doing as commander in chief in the war on terror.

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Two years later, Democratic Sen. John Kerry ran for president and observed he had voted for $87 billion to pay for the war in Iraq and Afghanistan before voting against it. It turned out the electorate was less conflicted than that. Bush and the Republicans won again.

Now, the national mood has shifted. Much of the advantage Bush and the Republicans enjoyed on the issue of combatting terror has eroded, although the president has labored strenuously in recent weeks, with some success, to restore it.

The polls show deep public dissatisfaction with the war in Iraq, even if voters are split down the middle on what the next step should be.

Democrats, primed by poll-tested advice, are projecting strength this time, determined not to let Bush and the Republicans outflank them once again.

"Welcome the national security debate and engage in it," several top strategists advised in a recent memo. Another recommendation: "stress the seriousness of the threat and Democrats' determination to address it using statements such as: "We need stronger tools to monitor, hunt down and kill terrorists."

Third, Democrats were advised to accuse Bush of mismanaging the war in Iraq. Not coincidentally, they intend to hold a public forum on Monday and say former top-ranking military officers who served in Iraq will testify about mismanagement in the conflict.

Finally, the memo from Democracy Corps says "stress that Democrats offer a 'better way to fight terrorism.'" Example: call for the inspection of all cargo containers entering the country.

Given the central role of the war on terror in the campaign, the same clash is unfolding across the Capitol.

There, as in the Senate, Republicans hope for an opening to outmaneuver House Democrats on an issue the GOP has long called its own.

They thought they had an opening recently when Rep. Nancy Pelosi, the Democratic leader, said of bin Laden: "He has done more damage the longer he has been out there. But, in fact, the damage that he has done is done. And even to capture him now I don't think makes us any safer."

Rep. John Boehner, R-Ohio, the House majority leader, bluntly questioned whether Democrats are "are more interested in protecting the terrorists than protecting the American people."

Chavez: Bush Should Resign As President (AP)

By Natalie Obiko Pearson

AP, September 23, 2006

Venezuelan President Hugo Chavez launched yet another verbal assault against President Bush upon returning from a highly charged U.S. visit Friday, calling on the American leader to resign.

Chavez also suggested that New York city police were behind a electrical disruption during his speech Thursday in Harlem, but police denied the allegation.

"He should renounce the presidency if he has any dignity. The president of the United States has failed completely," Chavez said at the inauguration of a natural gas project in northwestern Venezuela.

It was Chavez's first appearance since returning from the United States, where he called Bush "the devil" at the United Nations' General Assembly and later criticized him in a speech to supporters at a church in Harlem.

The comments coming near U.S. legislative elections have drawn condemnation even from some of Bush's critics.

Bush's political foes and fans alike condemned the remarks, U.S. newspapers criticized the Venezuelan leader, and one governor said his state is no longer interested in buying discounted heating oil from Venezuela-owned Citgo this winter.

In Boston, a city councilor said he wants to take down a landmark Citgo sign near the city's famed baseball park and replace it with an American flag.

"Given the hatred of the United States displayed by dictator Hugo Chavez, it would be more fitting to see an American flag when you drive through Kenmore Square," councilor Jerry McDermott told The Boston Herald, saying the sign — prominently visible over the left-field wall at Fenway Park — had to go.

On Friday, The New York Daily News' front page headline told Chavez to "ZIP IT!" and the New York Post called him a "jerk" and the "Caracas crackpot."

"I wanted President Chavez to please understand that even though many people in the United States are critical of our president that we resent the fact that he would come to the United States and criticize President Bush," Rep. Charles Rangel, D-NY., said Thursday.

Chavez appeared unfazed by the outcry.

"The imperialist government of the United States says we have failed but they are the ones that have failed in everything you see," he said Friday.

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He accused the Bush administration of fueling terrorism, claimed that both the CIA and U.S. Drug Enforcement Administration were "infiltrated" by drug traffickers, and urged people to divest their dollars because new bills were being "fabricated."

In an interview broadcast Friday Chavez kept up his attack.

"I think it was a rather humorous speech," Chavez told TV and radio host Tavis Smiley in a PBS broadcast. "People were smiling."

But then added, "(Bush) considers himself a god. And that is a terrible manipulation, since this is obeying interests that are against God. And since he considers himself like God, when you call him the devil, it is just to strike a balance."

During his comments in Venezuuela, Chavez also accused the New York city police of deliberately cutting off the power supply to disrupt his speech at Harlem's Mount Olivet Baptist Church, when a live transmission of the event by Venezuela's state TV station was interrupted for a few minutes.

"Contrary to his assertions, the New York Police Department did not in any way interfere with efforts to transmit information from New York," Deputy Commissioner Paul J. Browne said in a statement distributed by the U.S. Embassy in Venezuela.

Venezuelan Information Minister Willian Lara had initially accused the CIA of being behind the disruption, but Venezuelan Ambassador Bernardo Alvarez later said New York police officers were responsible.

Insults have increasingly flown between Caracas and Washington since 2002, when the U.S. swiftly recognized leaders who briefly ousted Chavez in a coup, before Chavez returned to power amid massive street protests.

U.S. officials regularly call the Venezuelan leader a destabilizing force, and Bush has said he sees Chavez as a threat to democracy. Chavez has called Bush a "devil" in the past.

Chavez: "Bush Has Called Me Worse Things" (TIME)

By Tim Padgett

Time, September 23, 2006

Venezuela's President Hugo Chavez caused a stir this week during his visit to New York City, denouncing President Bush as "the devil" in a speech at the U.N. General Assembly and, during a visit to Harlem the following day, calling him an "alcoholic." In an exclusive interview with TIME's Tim Padgett, Chavez defended his controversial rhetoric as a necessary part of his leftwing revolution's effort to counter what he calls Bush's "global imperialism."

"Bush has called me worse things — tyrant, populist dictator, drug trafficker, to name a few," Chavez said. "I'm not attacking Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words — with bombs. I think the bombs he's unleashed on Baghdad or Lebanon do a lot more harm than any words spoken in the United Nations."

On the growing support in Latin America for his brand of "21st-century socialism," Chavez said: "After seeing the failure of Washington-backed capitalist reforms in Latin America, I no longer think a third way between capitalism and socialism is possible. Capitalism is the way of the devil and exploitation. If you really want to look at things through the eyes of Jesus Christ — who I think was the first socialist — only socialism can really create a genuine society."

Chavez expressed confidence that the U.N. will vote to give Venezuela a non-permanent seat in the Security Council next month. "It's because of the moment we're living right now, the need to block the cannons of the U.S. empire," he said. "The U.N.'s members believe we can have the most impact on that debate. The U.S. fears Venezuela's presence on the Council because it knows we'll be an independent vote for the Third World."

Chavez also had some pointed comments on his country's role as the hemisphere's largest oil producer. "Bush wanted Iraq's oil and I believe he wants Venezuela's oil," Chavez said. "But the blame for high oil prices lies in the consumer model of the U.S. Its reckless oil consumption is a form of suicide."

For more of TIME's interview with Chavez, see next week's magazine.

Voices Of Discontent: Anti-U.S. Leaders Seek Allies (NYT)

By Helene Cooper

The New York Times, September 23, 2006

UNITED NATIONS, Sept. 22 — The podium of the General Assembly has long been a platform for the world's strongmen to prove their anti-American credentials.

Fidel Castro did it in 1960, as did Idi Amin in 1975. And this week Hugo Chávez, Mahmoud Ahmadinejad and Omar Hassan al-Bashir — of Venezuela, Iran and Sudan, respectively — took up the mantle left by their predecessors, presenting themselves as Davids of the third world seeking to slay the American Goliath.

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American officials were quick to dismiss the speeches as chest thumping, noting that all three men were from countries with vast oil reserves and other resources, well able to thumb their noses at Washington but hardly representative of the poorer countries that rely on American aid.

"I think it's important frankly for people to hear this, because I do think it's a reflection of what some of these governments think," said John Bolton, the American ambassador to the United Nations.

But others here wondered whether they might be witnessing the birth of a new anti-American bloc, something that may eventually succeed the Nonaligned Movement, which originated in the cold war.

The aggressive steps the Bush administration has taken on national security, as well as more general resentment against the world's strongest power, have made the United States vulnerable to charges of racism, hypocrisy and imperialism, particularly in the non-Western world, diplomats here said.

"Wherever he looks, he sees extremists," Mr. Chávez said Tuesday about President Bush to a roomful of General Assembly delegates, most of them from Africa, Latin America and Asia. "And you, my brother — he looks at your color, and he says, 'Oh, there's an extremist.' Evo Morales, the worthy president of Bolivia, looks like an extremist to him."

When Mr. Chávez says Washington sees imagined enemies in darkskinned people, he is capitalizing on international anger over issues like secret C.I.A. prisons and the Bush administration's attempts to reinterpret the Geneva Conventions.

"Things like Guantánamo make people question whether we believe our own values, and whether what the president says about protecting civil liberties is actually true," said Edward Luck, head of the Center on International Organization at Columbia University. "That gives people like Chávez an opening that they can exploit."

Sarah Stephens, director of the Center for Democracy in the Americas, says that when Mr. Bush and American officials talk about " 'the axis of evil,' saying, 'You're with us or against us,' that rubs people the wrong way, and Chávez knows how to capitalize on that."

A survey by Latinobarómetro, a Chilean opinion research firm, found that the percentage of people in Latin America with a positive image of the United States fell to 61 percent in 2005 from 68 percent in 2000.

"Although good opinions gained ground between 2000 and 2001, due to the Sept. 11 attacks and sympathy for the people of the United States, the region's general opinion worsened again in 2003 and has since remained at around 60 percent," the survey found. From 1,000 to 1,200 people took part in the poll in each of 18 countries, with a margin of sampling error of about three percentage points.

So while there was official outrage over Mr. Chávez calling Mr. Bush "the devil," there was also a lot of applause and giggling, from dignitaries including the president of the General Assembly herself, Haya Rashed al-Khalifa of Bahrain, who was caught chuckling from her seat on the dais behind Mr. Chávez.

"Most unseemly," one United Nations official said with mock seriousness, then started laughing himself.

Officially, most diplomats here were quick to frown on the Venezuelan leader's remarks. But in quieter moments officials and diplomats said they feared that he was reaching a receptive audience of poor countries that felt exploited and bullied by the United States.

The Nonaligned Movement emerged during the cold war among countries that were trying to escape the orbits of the Soviet Union and the United States. But rather than build on that, Mr. Chávez and Mr. Ahmadinejad seem to be going in another direction: to build a coalition of countries aligned against Washington.

Some of that was on display last week in Havana at a meeting of leaders and diplomats from 118 countries in the Nonaligned Movement. The Times of London joked: "America might well call it the Axis of Evil summit."

The host of the Havana meeting was Mr. Castro — who was too sick to attend the actual meetings — and among those attending were Mr. Ahmadinejad, Mr. Chávez and officials from North Korea, Belarus and Syria. Raúl Castro, who took over from his brother as acting president of the movement, criticized what he called Washington's "irrational pretensions for world dominance."

The question now, though, is whether the Castros, Chávezes and Ahmadinejads of the world will succeed in wooing more countries to their camp. United Nations officials said member countries were becoming increasingly frustrated that the five permanent members of the Security Council — Britain, China, France, Russia and the United States — call all the shots, a point that Mr. Chávez and Mr. Ahmadinejad made repeatedly.

A movement to increase the number of permanent seats on the Council seemed to have died last year amid wrangling over who supported whom, but officials say the issue may now be resurrected. "It's very interesting that after everyone declared Security Council reform over, it's one of the top issues raised by heads of state this year," a senior United Nations official said.

A secret ballot next month to fill the 10 nonpermanent seats on the Council may provide an early indicator of the influence of the anti-American bloc. Five seats are up for change every year, and Venezuela is in a battle with Guatemala for the Latin American one. Needless to say, the United States is backing Guatemala.

Venezuela has received the backing of Brazil, Paraguay, Argentina and several other countries, while Guatemala can count on the United States, Mexico and Colombia, among others. If the Latin American countries cannot reach a consensus — and they have not yet — the General Assembly will hold a secret ballot among its 192 members.

A win by Mr. Chávez, United Nations officials said, would not only mean livelier debate in the Security Council. It might also signal potential trouble for many Americansponsored issues before the Council, from putting a peacekeeping force into Darfur to efforts to reining in Iran's nuclear ambitions.

Fiery Chavez Aims For A Global Role (WP)

By Juan Forero

The Washington Post, September 23, 2006

BOGOTA, Colombia, Sept. 22 -- Venezuelan President Hugo ChÃ¡vez's blistering attack on President Bush at the United Nations this week marked a striking crescendo in a campaign to project Venezuela as a country with the global reach to counter American initiatives.

Swimming in wealth from an oil bonanza, Venezuela has bestowed billions of dollars in aid and preferential deals across Latin America, burnishing ChÃ¡vez's image as heir apparent to President Fidel Castro of Cuba, his mentor and close friend.

But in recent months, ChÃ¡vez has been traveling the world -- not just seeking the economic deals his internationalist government has always wanted, but also pressing for influence in affairs far from Latin America, political analysts say. His immediate goal is to obtain enough backing to secure a two-year spot on the 15-member U.N. Security Council, a campaign the Bush administration is vigorously opposing by backing tiny Guatemala for the seat. But his long-term goal appears to be more far-reaching.

"Venezuela was too small for him; now I think Latin America is too small for him," said Michael Shifter, an analyst at the Inter-American Dialogue, a Washington policy group. "He wants to be a global leader who can shape the international agenda. This is sort of a shift to being involved in decision-making on very sensitive international and political affairs."

In one of the most derisive and caustic speeches in U.N. history, the Venezuelan leader on Wednesday labeled Bush "the devil" and "dear world dictator," leading to sustained applause at the General Assembly. On Thursday, speaking to the congregants of a church in Harlem, he called Bush an alcoholic and a sick man, "but very dangerous because he has lots of power."

Since July, ChÃ¡vez's feverish travel schedule has taken him to Iran, Syria, Russia, China, Vietnam, Belarus and other nations whose governments are often on less than favorable terms with the United States.

He has come away with support for his bid to gain the Security Council seat next month -- among his backers are Russia and China, who hold permanent council seats -- and solidified alliances against the Bush administration. ChÃ¡vez has railed against American efforts to neutralize Iran's nuclear efforts and the administration's support of Israel in its invasion of Lebanon.

Obtaining a Security Council seat would only further empower ChÃ¡vez. "This is why he's putting on the full-court press for the Security Council," said Riordan Roett, director of Latin American studies at Johns Hopkins University. "He sees this as a launching pad for Venezuela on the U.N. stage, which is a global stage. And there's no question that he would use the U.N. as a personal hobbyhorse to harass the White House."

Venezuelan officials cast ChÃ¡vez's diplomatic efforts as a high-minded necessity in the face of American imperialism. And they predicted that the General Assembly would approve Venezuela's entry into the Security Council.

"The president's discourse and metaphors can leave people surprised, but they also generate a lot of solidarity, too, which will be put to the test in the Security Council vote," Francisco Arias CÃ¡rdenas, the Venezuelan ambassador to the United Nations, said by telephone from New York. "Saying these truths do not do damage."

Yet the Venezuelan leader's foreign policy has had mixed results.

In Latin America, he has mined widespread aversion to the Bush administration and capitalized on American blunders, such as the White House's decision to give tacit support to the opposition leaders who briefly overthrew ChÃ¡vez in 2002.

American financial backing of the opposition has also strengthened ChÃ¡vez, since he rarely misses an opportunity to portray his foes as lap dogs of the Bush administration. Foreign governments from Argentina to tiny Dominica have also benefited from Venezuelan largess.

But ChÃ¡vez's meddling in Peru's presidential election earlier this year doomed the candidacy of Ollanta Humala, a leftist whom Venezuela openly supported. AndrÃ©s Manuel LÃ³pez Obrador, the Mexican populist, saw his popularity fall ahead of July's election after his opponent, Felipe CalderÃ³n, portrayed him as the second coming of ChÃ¡vez. CalderÃ³n won a close election.

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Two more presidential elections in which leftists close to ChÃ¡vez are running could also serve as a barometer of his appeal. In Ecuador, Rafael Correa, an economist, has a slight lead going into the Oct. 15 vote. And in Nicaragua, Daniel Ortega, the fierce Cold War opponent of the United States, has also led in polls as the country prepares for a Nov. 5 election.

"If he gives the impression of openly interfering or intervening in the elections in Ecuador and Nicaragua, it will backfire," said Wayne Smith, a former U.S. diplomat in Latin America who tracks ChÃ¡vez. "Maybe he will learn from his mistakes."

In Venezuela, ChÃ¡vez's railings against Bush have played well among his most fervent backers.

But pollsters in Caracas, the capital, say that while Venezuelans support the government's social programs, they do not back many of his international initiatives. More than 60 percent of Venezuelans reject the country's antagonistic relationship with the United States, according to the Datanalisis polling firm, while nearly 80 percent do not see Cuba as a model for Venezuela.

"Despite his popularity, he has some weaknesses, and Venezuelans complain that he is too aggressive verbally, and they frankly find it unpresidential," said Mark Feierstein, a former State Department official who works for Greenberg Quinlan Rosner, a Washington polling and political consulting firm that has operated in Venezuela.

ChÃ¡vez, first elected in 1998, is running for another term in December's election. He enjoys a sizable advantage over the main opposition challenger, Manuel Rosales, the governor of oil-rich Zulia state. But Rosales has chipped away at the president's lead by highlighting crime, corruption and social decay.

Opposition leaders predict that ChÃ¡vez's speech at the United Nations will only solidify support for Rosales. "This type of discourse just makes Venezuelans more and more worried about the future of our country," Antonio Ledezma, an opposition leader, said by phone from Caracas. "The president wants to be a world leader, and he sees little in Venezuela to occupy him."

Yet Luis Vicente Leon of Datanalisis said that focusing on international affairs is a tactical move designed to keep Rosales from effectively engaging ChÃ¡vez on domestic issues. "When he attacks, he attacks Bush, not Rosales," Leon said. "He ignores Rosales completely."

U.S. Best Seller, Thanks To Rave By Latin Leftist (NYT)

By Motoko Rich

The New York Times, September 23, 2006

All the authors currently clamoring for a seat on Oprah Winfrey's couch might do well to send copies of their books to the latest publishing tastemaker: Venezuela's president, Hugo Chávez.

Ever since Mr. Chávez held up a copy of a 301-page book by Noam Chomsky, the linguist and left-wing political commentator, during a speech at the United Nations on Wednesday, sales of the book have climbed best-seller lists at Amazon.com and BN.com, the online site for the book retailer Barnes & Noble, and booksellers around the country have noted a spike in sales.

The paperback edition of "Hegemony or Survival: America's Quest for Global Dominance," a detailed critique of American foreign policy that Mr. Chomsky published two years ago, hit No. 1 on Amazon's best-seller list yesterday, and the hardcover edition, published in 2003, climbed as high as No. 6. At both Borders Group and Barnes & Noble, sales of the title jumped tenfold in the last two days.

"It doesn't normally happen that you get someone of the stature of Mr. Chávez holding up a book at a speech at the U.N.," said Jay Hyde, a manager at Borders Group in Ann Arbor, Mich.

In his speech, in which Mr. Chávez excoriated President George W. Bush as the "devil," he held up a copy of "Hegemony" and urged his audience "very respectfully, to those who have not read this book, to read it."

Calling it an "excellent book to help us understand what has been happening in the world throughout the 20th century," Mr. Chávez added, "I think that the first people who should read this book are our brothers and sisters in the United States, because their threat is right in their own house."

Julia Versau, 50, a real estate writer in Valparaiso, Ind., said she saw Mr. Chávez holding up the book during a newscast on CNN. Although she had read Mr. Chomsky's work on propaganda at least a decade ago, she said, Mr. Chávez's speech reminded her to try the book.

"I saw the title and I went darn, I haven't read that one," Ms. Versau said in a telephone interview. "If he's reading that I better go check it out." She said that she had previously found Mr. Chomsky's work "a little dense," but said that "our democracy could use more people telling the truth and more people taking the time to read and get themselves educated."

Mr. Chomsky, who has retired from teaching full time at the Massachusetts Institute of Technology, did not return calls or an e-mail message yesterday seeking comment. In an interview with The New York Times on Thursday, he said he would be happy to meet Mr. Chávez.

Demand for the book seemed to be spread across the country. In Florida, Mitchell Kaplan, owner of Books & Books, an independent bookseller with locations in Miami Beach, Coral Gables and Bal Harbour, said he had already ordered 50 more

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copies of "Hegemony," while he usually keeps only about 3 per store. In Denver, Andrea Phillips, a manager at the Colfax Avenue branch of the bookseller the Tattered Cover, said "Hegemony" had sold three times as many copies this week as it normally would in a month.

On the University of Wisconsin campus in Madison, Rainbow Books, a workers' collective that specializes in leftist topics and carries many of Mr. Chomsky's works, the last copy of "Hegemony" was sold on Thursday.

Allen Ruff, a manager at Rainbow Books, said "Hegemony" had not sold particularly well when it was first published three years ago, because many regulars were already familiar with Mr. Chomsky's other works. But Mr. Ruff said the recent news media attention has meant that "people are now discovering him for the first time," and the store has ordered a dozen more copies.

Mr. Chomsky's publisher, Metropolitan Books, a unit of Henry Holt & Company, is printing an additional 25,000 copies of "Hegemony," of which it said there are currently 250,000 in print in hardcover and paperback. A Holt spokeswoman said that print run could go higher after consultation with booksellers.

Up until now, the book, which Samantha Power, writing in The New York Times Book Review in 2004, called "a raging and often meandering assault on United States foreign policy," has been a steady seller but never hit the best-seller lists. To date it has sold about 66,000 copies in hardcover and nearly 55,000 in paperback, according to Nielsen BookScan, which tracks bookstores and other outlets that usually account for 60 to 70 percent of a title's sales.

Mr. Chomsky, 77, is hardly an obscure writer. Many people have heard of the outspoken professor, who is a darling of the left, even if they have not yet read his work. "I think Chávez speaking to it renewed interest and made people say, 'I know that author and I'm going to check it out,' " said Bob Wietrak, vice president of merchandising at Barnes & Noble.

But Alan M. Dershowitz, the lawyer and Harvard Law School professor, said he doubted whether many of the current buyers would ever actually read the book.

"I don't know anybody who's ever read a Chomsky book," said Mr. Dershowitz, who said he first met Mr. Chomsky in 1948 at a Hebrew-speaking Zionist camp in the Pocono Mountains where Mr. Dershowitz was a camper and Mr. Chomsky was a counselor.

"You buy them, you put them in your pockets, you put them out on your coffee table," said Mr. Dershowitz, a longtime critic of Mr. Chomsky. The people who are buying "Hegemony" now, he added, "I promise you they are not going to get to the end of the book."

He continued: "He does not write page turners, he writes page stoppers. There are a lot of bent pages in Noam Chomsky's books, and they are usually at about Page 16."

Regardless, most authors would be happy for a plug like Mr. Chávez's. "All world leaders should be enlisted in book publicity," said David Rosenthal, publisher of Simon & Schuster.

As a matter of fact, it is a growing trend. At a press conference in the East Room of the White House yesterday, Pervez Musharraf, the president of Pakistan, dodged a few questions by joking that Simon & Schuster, which is publishing his memoirs on Sept. 25, had barred him from commenting until his book is out. President Bush played along: "In other words, 'Buy the book' is what he's saying," Mr. Bush said.

Chomsky Book Sales Skyrocket (LAT)

By Chris Lee

The Los Angeles Times, September 23, 2006

Noam Chomsky's 2003 book, "Hegemony or Survival: America's Quest for Global Dominance," shot to No. 1 on the Amazon.com bestseller list Friday, two days after Venezuelan President Hugo Chavez held it up during a vitriolic speech to the United Nations.

At the start of his talk Wednesday, Chavez recommended that anyone wishing to understand "what has been happening in the world through the 20th century" should read Chomsky's book.

"Hegemony or Survival" posits that American foreign policy over the last half-century has pursued a strategy to control the world, and that by its own definition of terrorism, the U.S. has been a terrorist state.

The book rocketed from the 20,664th place on the website's list, past preorders for the perennially popular John Grisham's "The Innocent Man," to achieve the top position. As of Friday evening, the 2004 paperback edition of "Hegemony or Survival" was No. 1 and the hardcover edition was No. 10 at Amazon. On the Barnes & Noble bestseller list, the paperback was No. 3 and the hardback No. 30.

As an aside to the General Assembly address in which Chavez pronounced the U.N. "worthless" and referred to President Bush as "the devil," the Venezuelan president mentioned his regret at never having met Chomsky before he died.

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An icon of the American left, Chomsky is, in fact, alive and well and living in Lexington, Mass. "I continue to work and write," Chomsky told the New York Times on Thursday.

His wife, Carol, declined to put Chomsky on the phone when a reporter called Friday, explaining that he had been "flooded" with interview requests.

Chomsky, 77, is often called the father of modern linguistics. In his political writings, he has been a frequent and fierce critic of American establishment politics. His many books include the bestseller "9-11," a collection of interviews conducted soon after the tragedy, and this spring's "Failed States: The Abuse of Power and the Assault on Democracy."

A Scholar Is Alive, Actually, And Hungry For Debate (NYT)

By Marc Santora

The New York Times, September 23, 2006

At a news conference after his spirited address to the United Nations on Wednesday, President Hugo Chávez of Venezuela expressed one regret: not having met that icon of the American left, the linguist Noam Chomsky, before his death.

Yesterday, a call to Mr. Chomsky's house found him very much alive. In fact, he was struggling through "10,000 e-mails" he had received since the remarks by Mr. Chávez, who urged Americans to read one of Mr. Chomsky's books instead of watching Superman and Batman movies, which he said "make people stupid."

At 77, Mr. Chomsky has joined the exclusive club of luminaries, like the actor Abe Vigoda and Mark Twain, who were reported dead before their time, only to contradict the reports by continuing to breathe.

"I continue to work and write," he said, speaking from his house in Lexington, Mass.

Mr. Chávez, while addressing world leaders at the United Nations, flagged "Hegemony or Survival: America's Quest for Global Dominance," which Mr. Chomsky published in 2003, as a must-read. Mr. Chomsky said he was glad that Mr. Chávez liked his book, but he would not describe himself as flattered.

"We should look at ourselves through our own eyes and not other people's eyes," he said.

Mr. Chomsky said he had taken no offense at Mr. Chávez's remarks about his being dead. In fact, Mr. Chávez's promotion of the book propelled it yesterday into Amazon's top 10 best sellers.

While retired from teaching full time, Mr. Chomsky still goes to his office at the Massachusetts Institute of Technology, occasionally lecturing and also working on a new book.

At the United Nations, the remarks by Mr. Chávez on Wednesday set off a firestorm that almost overshadowed the visit by Iran's president, Mahmoud Ahmadinejad, whose country has been under intense global scrutiny for its nuclear ambitions. From the podium of the General Assembly, the Venezuelan leader said he smelled lingering sulfur, left by President Bush, who had spoken there the day before and whom he branded "the devil."

Mr. Chávez continued mocking Mr. Bush yesterday in Harlem, where he announced the expansion of a program to send cheap Venezuelan oil to poor families in New York. He told a group gathered on the street that the president was an "ex-alcoholic" who had "a lot of hang-ups" and tried to walk "like John Wayne."

Mr. Chomsky said that he would not choose to use the same harsh oratory, but added that the Venezuelan leader was simply expressing the views of many in the world. And he said Mr. Chávez's anger was understandable.

"The Bush administration backed a coup to overthrow his government," he said. "Suppose Venezuela supported a military coup that overthrew the government of the United States? Would we think it was a joke?"

Proving that he was still up for a lively debate, Mr. Chomsky then went on to talk about income inequality in Latin America, the history of the United Nations, Iraq, Iran, Fidel Castro and, finally, the man who so fervently admires him, Mr. Chávez.

"I have been quite interested in his policies," Mr. Chomsky said. "Personally, I think many of them are quite constructive." Most important, he said, Mr. Chávez seems to have the overwhelming support of the people in his country. "He has gone through six closely supervised elections," he said.

So would Mr. Chomsky oblige Mr. Chávez's wish for a meeting, helping ensure that the South American leader will not have that regret to live with anymore?

"I would be happy to meet him," Mr. Chomsky said.

But that encounter may have to wait: Mr. Chávez was to return to Venezuela as soon as today.

The World Is As Hot As The Devil (WSJ)

By Peggy Noonan

The Wall Street Journal, September 23, 2006

This is what I was thinking as I walked this week along the siren-filled streets of New York: The temperature of the world is very high.

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We have a global warming problem, and maybe it's due to an increase in the output of heated words. And they too can, in the end, melt icecaps.

"The Pope must die." "The Holocaust is a lie." "I can still smell the sulfur."

The last of course from the democratically elected president of the republic of Venezuela, population 26 million, which helps keep America going economically by selling it, at significant profit, oil.

His remarks were startling. No one wants to dignify them with a response. But that's a mistake. Because the world heard them.

U.N. speeches are, by history and tradition, boring. You daydream to them. This is not all accident, not only the result of the fact that a nation's diplomats don't usually come from the more scintillating parts of its elites. (They rose to the U.N. in the first place because they didn't fatally offend anyone back home.) Their speeches are dull because they know divisions can be dodged or blunted by a heartening vagueness. And so their words are blankets, not bullets; meant to envelop, not pierce.

But here was Hugo Chávez Wednesday to the General Assembly:

The "pretensions" of "the American empire" threaten "the survival" of mankind. The world must "halt this threat." The American president talks "as if he owned the world" and leads a "world dictatorship" that must not be allowed to "be consolidated." Bush will spend "the rest of [his] days as a nightmare." The U.S. government is "imperialist, fascist, assassin, genocidal," a "hypocritical" empire that only pretends to mourn the deaths of innocents. But not only the Mideast will rise. "People of the South," "oppressed" by America, must "strengthen ourselves, our will to do battle."

That's not vague. It's a call to arms.

The administration quickly moved to dismiss it: More bilge from the buffoon, more opera bouffe. We won't comment or dignify.

The right doesn't want to take him seriously (we don't need more problems), and the left doesn't want to see him clearly (we gave birth to that?). But Chávez's speech achieved a great deal, and it is foolish to pretend otherwise.

He raised his own standing. He got the world to look at him. He emerged in the speech as heir to the dying Fidel Castro, who he was careful to note is still alive and kicking. Chávez doesn't want to be the current Fidel, the old man in soft fatigues, but the Fidel of 1960, who when he went to the U.N. pointedly camped in a hotel in Harlem, and electrified the masses. Chávez even followed his speech with the announcement he was giving heating oil to the needy of the Bronx. You know what they said in the Bronx? Thanks! It went over big on local TV.

He broke through the clutter. Everyone this weekend will be discussing what he said -- exactly what he said, and how he said it.

He shook things up. His speech was, essentially if implicitly, a call to resistance, by any means, to the government of the United States.

He broadened his claimed base. Chávez made the argument that it is not America versus Saddam or America versus terrorists but the American Empire versus all the yearning people of the world. He claimed as his constituency everyone unhappy with the unipolar world.

He acknowledged a particular reality by putting distance between the current administration and the American people. This is not so much new as shrewd, and telling. It is an unacknowledged fact known to every diplomat in the world that the people of the world like Americans. Old Europe and new, Africa, people on the ground all over, have some acquaintance with the particular American character of openness and generosity. We turn our faith, and guilt at good fortune, into do-gooding. We send money, bring bandages and overtip. The world has met us. (This by the way is our biggest foreign-policy strength.) Those who attack America are forced to speak highly of Americans, and Chávez did, which allows him to reach potential new allies here. People don't mind being told they are very fine but their government is very wicked. He gave new cover to critics of America. Jacques Chirac to Condoleezza Rice the next time he throws a snare: "You think I'm bad? Chávez would kill you!"

America has seen this before, seen Khrushchev bang his shoe on the table and say "We will bury you." We grew up watching our flag being burned on TV. So it's tempting to think this is part of a meaningless continuum.

But the temperature of the world is very high, and maybe we're not stuck in a continuum but barreling down a dark corridor. The problem with heated words now is that it's not the old world anymore. In the old world, incompetent governments dragged cannons through the mud to set up a ragged front. Now every nut and nation wants, has or is trying to develop nukes.

Harsh words inspire the unstable.

Coolants are needed. Here is an idea. Don't try to ignore Chávez, answer him. With the humility that comes with deep confidence, with facts, and with some humor, too.

There is an opportunity for the Democratic Party. Some Democrats responded with spirited indignation the day after Chávez spoke, and it was rousing. But Chávez's charges were grave, and he claimed America's abuses could be tracked back a century. If the Democrats seek to speak for America, why not start with a serious and textured response, one that isn't a political

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blast-back but a high-minded putting forward of facts? This would take guts, and farsightedness. Rebutting a wild-eyed man who says you can find redemption reading Noam Chomsky is a little too much like rebutting a part of your base.

As for the administration, it is so in the habit of asserting, defending and repeating, it barely remembers how to persuade and appeal. It speaks starkly and carries a big stick. It feels so beleaguered on a daily basis, and so snakebit, that even its mildest players have taken refuge in gritting their teeth and tunneling on. They take comfort in this: They think Chávez helps them. See what we're up against? But that's not a response, it's a way not to respond. It doesn't help, because it doesn't even try to cool things down. Which is no good, because the temperature of the world is very high.

Sanction Talks Underway If Iran Balks (AP-Y)

By Edith M. Lederer

AP, September 23, 2006

Key nations trying to curb Iran's nuclear ambitions are hoping Tehran will agree quickly to suspend uranium enrichment and return to negotiations, but they are planning for sanctions if it does not, diplomats said Friday.

Russia, the United States, Britain, France, Germany and China are pressing for a meeting next week of top negotiators from both sides and hoping for an answer from Iran. Senior diplomats from the six nations met Friday to discuss what sanctions should be imposed on Tehran if it refuses to suspend its enrichment program, U.S. Undersecretary of State Nicholas Burns said.

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity and insists its program is peaceful. Enrichment can also create material for atomic bombs, however, and the United States and other nations suspect that is Tehran's real goal.

The U.N. Security Council set an Aug. 31 deadline for Iran to suspend enrichment or face mild initial sanctions. It urged the Iranian government to respond positively to a package of incentives put forward in June by the six parties. Iran responded in a lengthy document that raised many questions.

U.S. Secretary of State Condoleezza Rice told reporters in New York that she was confident that "everybody is committed" to the provisions of the resolution.

"If Iran is not willing to suspend ... its enrichment and reprocessing activities and enter negotiations, then we will have Security Council action under Article 41 Chapter 7," she said, referring to the article for sanctions. "I am absolutely certain of that and we will do so. We want to give diplomacy its best chance but I can assure you the time is not endless."

French Foreign Minister Philippe Douste-Blazy said the six parties let the deadline slip after the European Union's foreign policy chief Javier Solana described his initial meeting with Iran's top negotiator Ali Larijani as "constructive."

The parties had expected Solana and Larijani to meet this week on the sidelines of the U.N. General Assembly's ministerial meeting, but the Iranian negotiator never made it to New York. Douste-Blazy said no specific date was set for a Solana-Larijani meeting, but "we do hope for next week, and I hope the beginning of next week."

U.S. Ambassador John Bolton said Solana "is looking to find out where Larijani is, and then see if they can agree on a mutually convenient great city of Europe where they can meet."

Douste-Blazy opened his meeting with reporters, noting that Iran's President Mahmoud Ahmadinejad said for the first time at a press conference Thursday that Iran is prepared to negotiate the suspension of its enrichment activities — if there are fair conditions.

Ahmadinejad told reporters "our position on suspension is very clear."

"In the package given to the Europeans, we've discussed that. We have said that under fair conditions and just conditions, we will negotiate about it — under fair and just conditions, I repeat," the Iranian president said.

French President Jacques Chirac has proposed that at the start of negotiations, Iran could suspend uranium enrichment and the Security Council could suspend its push for sanctions.

"I believe that it is important to see rather fast whether the Iranians do wish or not to suspend enrichment," Douste-Blazy said.

If the Iranians are not open to the package of incentives, he said, then the Security Council should move ahead with sanctions.

Burns said he did not expect the foreign ministry political directors to make a decision Friday on what sanctions should be included in the first round, should that be necessary.

"We're very much hoping Iran will do the right thing," he said. "Rather than rely on words, we're going to look at deeds. That would be full suspension."

At Home, Tehran Deals With A Restive Arab Minority (NYT)

By Michael Slackman

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The New York Times, September 22, 2006

TEHRAN — "Help my young child — please help me," cried Yabrra Banitamim, 65, in a conference room in the north of this city crowded with a dozen relatives of two men found guilty of participating in a string of deadly bombings in Iran.

The men, Malek Banitamim, 30, and Ghasem Sallamat, 42, are from Khuzestan Province, in the country's southwest. They are Arabs in a country that is predominantly Persian and that is accused by segments of its Arab population of treating them like second-class citizens, thereby creating a separatist backlash.

Iran wants to be a leader in the Islamic world, spreading its reach and influence among Arabs and Indonesians, Sunnis and Shiites. And with its support for Hezbollah in Lebanon and its defiance of the West, it has made some progress.

But at home, Iran has often had to labor to unify its own people under one national identity, restricting the expression of ethnic variations — like languages — that it views as undermining that unity. The problem is often most apparent with its Arabs.

"There is a contradiction in Iran's behavior toward Arab countries and toward the Arabs in the south of Iran," said Mustafa el-Labbad, an expert in Iranian affairs who is based in Cairo.

Iran is a multiethnic nation. More than half of its 70 million people are Persian, and about 3 percent are Arabs. Other groups include the Azeris, Kurds, Turkmen, Baluchis and Lurs. Iran has recently faced strong protests from some ethnic groups, like the Azeris, with several demanding greater autonomy and cultural freedom.

In the Arab region, the authorities say, separatist groups became violent last year, setting off a string of terrorist bombs that killed or wounded many people. Mr. Banitamim and Mr. Sallamat were convicted and ordered hanged for their involvement in those attacks.

But to relatives of these men it is impossible to talk only about the crimes they were charged with. Their families see the acts of terrorism as intimately linked with the frustration and lack of hope that stems from the poverty that they say is forced on them by a majority that discriminates. This is a reality that the Iranian authorities have tried, but not succeeded, in reconciling.

"The Islamic Republic is dealing with its own terrorism problem the same way the U.S. is dealing with Al Qaeda," said Emad Baghi, a former cleric who now heads the Tehran-based Organization for the Defense of Prisoners' Rights.

What he meant, he said, was that both governments were using force rather than understanding.

Mr. Banitamim and Mr. Sallamat were arrested on March 11, along with 15 other men and two women. Six of that group remain under investigation, while the rest have been convicted and sentenced to death, the relatives said.

Fearful and frustrated, more than 150 family members and friends of the convicted came to Tehran to urge the authorities to lift the death sentences. Their first stop was to visit Mr. Baghi.

"The prisoners are sentenced to death because of their confessions," said Mr. Banitamim's older brother Yaghoub, as he opened the conversation with Mr. Baghi. "Their confessions were made under torture. They didn't do anything."

Mr. Baghi, who spends his days listening to the sorrows of prisoners' families, gently asked if, indeed, the men were part of the organization that had been connected to bombings in Ahvaz, the capital of Khuzestan. "We don't know," the brother said, his gaze cast down.

Then, perhaps aware that Mr. Baghi already knew the answer, that the men were members of the group, he said: "They can sentence him to life in prison. We just want to stop the execution."

Iranian officials insist that there is no discrimination against Arabs or, for that matter, any of Iran's ethnic minorities. They note, for example, that classical Arabic is taught in schools. They point out that the country's supreme leader, Ayatollah Ali Khamenei, is of Azeri descent.

And they accuse Western governments of financing and helping to incite groups responsible for the violence in Ahvaz. That charge may sound self-serving, but a European diplomat in Tehran said intelligence reports from the diplomat's home capital confirmed that there was Western support for at least one of the separatist groups.

But that has not diminished what many Iranians say is the broader need to address the social, political and cultural concerns of many ethnic groups, including Arabs. "I believe," Mr. Baghi said, "that instead of labeling people terrorists, we should also try to understand the reason why."

Khuzestan is a place that illustrates the contradictions that can breed anger. The region sits atop most of the country's oil wealth, yet its Arab residents are mostly poor. At the same time, many Arabs complain that they see their country's wealth helping to rebuild Lebanon.

The London-based pan-Arab newspaper Al Sharq al Awsat recently reported that in Khuzestan, "residents launched slogans condemning Hezbollah and the government and asked for the rebuilding of their own destroyed homes instead of interference in the internal affairs of Lebanon."

Similar grievances could be heard from the relatives of the condemned men. "We suffered a lot because of the war with Iraq," said Mr. Sallamat's wife, Samira, referring to Khuzestan's proximity to the border with Iraq. "This is not fair. We have done nothing wrong. God knows we've done nothing wrong."

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Mr. Baghi could do no more than advise her on a strategy. But he represented an authority figure, a bridge from the deprivation of Ahvaz to the power of Tehran. Her anger exploded. “Our problems are not only economic, they are cultural,” she complained. “They even find fault with the way we dress.” The “they” she was referring to were her Persian neighbors.

The complaints, the crying, the charges of discrimination went on around the room. A child’s eyes filled with tears every time someone mentioned that his father was to be hanged, or that his relatives could not find work because, the charge went, they were Arab.

When the relatives left, Mr. Baghi cautioned against sympathy. He said that the terrorists had taken a video of the explosions and that it had fallen into the hands of the authorities.

But it is also often much easier to make friends with strangers than to settle differences with people living under the same roof. Mr. Labbad of Egypt said that was exactly the case with Iran. When Iran addresses Arabs outside its borders, he said, it can focus on common enemies in the United States and Israel. It has no obligation beyond giving voice to feelings that already exist.

But when it comes to its own Arab population, its first responsibility is to provide life’s essentials — food, work and shelter. And that is what the families of the two condemned men tried to say, why the grievance over the sentence had become a catalyst for venting their frustrations.

“I have nine brothers and sisters, and out of all of us one brother — the brother who was arrested — was working,” said Yaghoub Banitamim. “What is the reason? Only because we are Arabs.”

Israeli Calls Ahmadinejad Invite Wrong (AP)

By Barry Schweid

AP, September 23, 2006

Israeli Ambassador Daniel Ayalon criticized the Council on Foreign Relations on Friday for providing a forum for Iranian President Mahmoud Ahmadinejad and what he called abhorrent views.

In a letter to Richard Haass, a former high-ranked State Department official who now heads the think tank, Ayalon called the decision to host the Iranian leader a "terrible mistake," even though Ayalon said he was sure neither Haass nor any member of the council endorsed Ahmadinejad's views.

"Rather than make clear that his abhorrent views are unworthy of so much as a hearing, the very fact that an organization like the council convened to listen to his ranting provided Ahmadinejad legitimacy," the ambassador wrote.

In New York mostly to address the special session of the U.N. General Assembly, the Iranian leader met with 19 council members Wednesday. He also gave several media interviews.

Haass said afterward, "I am not sure we learned anything new." But Haass said in a statement that the Iranian leader may have learned about American attitudes from those with whom he sparred.

The chairman of the conference, Peter G. Peterson, said Wednesday he had told Ahmadinejad that a majority of Americans were "horrified" by his assertions.

In the past, these have included calling the Holocaust, in which 6 million Jews perished, a myth and calling for Israel to be wiped off the map.

Ayalon said meeting with Ahmadinejad was worse than if the council had met with Hitler, the leader of Nazi Germany. Hitler did not call openly for genocide in the 1930s, the ambassador said.

"Appeasing fanatics like Hitler and granting them legitimacy leads to genocide and war," Ayalon wrote.

A copy of the letter was obtained by The Associated Press.

Coffee With The Enemy (LAT)

By Richard N. Haass, Richard N. Haass, Former State Department Director Of Policy Planning, Is President Of The Council O

The Los Angeles Times, September 23, 2006

Council on Foreign Relations chief explains why his organization hosted a discussion with Iran's president.

THE COUNCIL on Foreign Relations has hosted literally tens of thousands of meetings in its 85-year history, but few have generated as much interest or controversy as the session held Wednesday night in New York with Iranian President Mahmoud Ahmadinejad.

Critics said the meeting was immoral because it bestowed a degree of legitimacy on a man who does not deserve any, given his refusal to accept the reality of the Holocaust and his rejection of Israel. Others predicted that any time spent with Ahmadinejad would be a waste; that the statements of those there would have no effect on him and that we would learn nothing in return.

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Nevertheless, we decided to go ahead with the meeting. This reflects the mission and nonpartisan tradition of the council. Exchange does not constitute endorsement. We have a long history of meeting with controversial leaders, including Fidel Castro, with whom many of our more than 4,000 members — and many Americans — disagree.

The reason is simple: Face-to-face meetings are often valuable. In my experience as a government official, I learned that leaders too often become isolated. Meeting with them ensures that they and those around them get to hear what you have to say, unfiltered. Equally important, meeting with someone provides you with a better understanding of their substance and style. Rarely do you leave an encounter exactly as you came in.

I believe the decision to host the meeting this week was justified by what, in fact, happened. For nearly two hours, about two dozen members of the council challenged Ahmadinejad on his denial of the Holocaust, his refusal to recognize Israel, human rights abuses inside Iran, Iran's nuclear ambitions and its activities in Iraq.

Ahmadinejad, for his part, gave as good as he got, challenging Americans on everything from our own nuclear program to U.S. policy in Iraq to American democracy.

Did we learn anything? I heard three things of considerable interest. Ahmadinejad said that Iran was open to cooperating to stabilize Iraq; that Iran believed it had a right to enrich uranium but that, for religious reasons, it was prohibited from having nuclear weapons; and that Iran is open to relations with the United States if Washington is prepared to take the initiative.

The last statement in particular is worth considering. It is one thing for a private, independent group of individuals not associated with the U.S. government to meet with Iran's president; it is something else for U.S. officials to meet with various representatives of Iran's government.

In my view, they should. There is little evidence that the alternative policies have worked or show any promise of working. The Iranian regime is entrenched despite years of American hopes for change. Using military force might not succeed in destroying Iran's nuclear installations, but it would lead Iran to reconstruct them in a more difficult-to-attack fashion, trigger terrorism and likely lead to far higher prices for oil and a global economic crisis.

Direct dialogue is also worth exploring because of Ahmadinejad himself. Effective leaders have both the will and the ability to make deals. Ahmadinejad, more than any of his predecessors, has the ability. The question here is one of political desire. The best way to gauge this is through dialogue.

For one thing, it may work. The two countries may be able to agree on a formula that places a mutually acceptable ceiling on Iran's nuclear activities and on ways to stabilize both Afghanistan and Iraq.

But dialogue also makes sense even if it fails. It is important to be able to demonstrate to American citizens and the world alike that the United States made a good-faith effort to resolve differences diplomatically before turning to sanctions or other policies.

It is time to see dialogue and diplomacy as what they are: not as a favor to bestow but as a favor to ourselves. Diplomacy is not a moral judgment but a tool with the potential to advance U.S. interests. We should have the confidence to employ it; if we do, we are more likely to isolate others than ourselves, which too often is now the case.

Iranian Rhetoric Aside, It May Be Time To Talk (NYT)

By Roger Cohen International Herald Tribune

The New York Times, September 23, 2006

NEW YORK At some point these past few years, diplomacy went out of fashion. I'm not sure precisely when, but all the signs are that it's time for a rethink. The world needs a bout of bridge-building.

A little incident this week illustrated the current confrontational climate. Richard Haass, who ran policy planning at the State Department during President George W. Bush's first term, got himself into a tight spot by inviting President Mahmoud Ahmadinejad of Iran to the Council on Foreign Relations.

Condoleezza Rice, the secretary of state, disapproved. An outrage, said Jewish groups that boycotted the meeting. Glib the-next-Hitler rhetoric did the rounds. Ahmadinejad rambled on for almost two hours, giving vent to some odious blather and leaving open the fundamental question: is he all talk or is his menace for real?

Haass, the president of the council, is unrepentant. "I don't see diplomacy or talking as a favor or an endorsement or a gift," he said. "To me, it's a tool, and I'm confident that if used right, it can advance our interests."

He continued: "The United States gets itself in trouble when it limits its options and approaches diplomacy as a value judgment. It's not obvious to me, looking at the last 50 or 60 years, that we paid a price for talking to the Soviets. At the end of all the talking, we won the Cold War."

At a time when the Bush administration uses every opportunity to cast the current war against Islamic fanaticism as comparable in scope and possible duration with the fight against communism, that's an important point. If we are really in a Cold War rerun of some sort - a disputed idea - let's at least deploy some of the lessons we learned.

The first is that non-communication is dangerous. The long-term upshot of the Cuban missile crisis of 1962, which almost brought nuclear Armageddon, was the notion that engagement can be useful.

In their various ways, cycles of U.S.- Soviet arms control talks, the Helsinki Accords of 1975 and the concept of peaceful coexistence enshrined in the policies of détente all brought the world back from the brink.

Sure, Helsinki comforted a totalitarian regime by declaring the inviolability of borders, but it also provided an avenue for the Western monitoring of human and civil rights issues, and so chipped away at the communist empire. Sometimes little things produce big results over time.

The second lesson is that the enemy may be large but that doesn't mean it's monolithic. Richard Nixon understood in 1972 that the United States could divide its enemy by reaching out to part of it, and so he headed for China.

Just like communism, Islamic fascism, to use the Bush administration's current favored term for a motley band of anti-Western jihadists, is by no means one bloc or movement. It's several.

"Until we accept that we're not facing one enemy, we'll just be banging our head against the problem," Philip Gordon of the Brookings Institution said. "Bush likes moral clarity, and of course it's easier to talk of good guys and bad guys. But sometimes you have to deal with the bad guys to get at the worse guys, and Bush doesn't want to admit that, or the fact that some of his enemies are killing each other."

They certainly are. Insurgent Sunnis and radical Shiites are heavily into the mutual slaughter business in Iraq. Along the same Sunni-Shiite divide, Al Qaeda eyes Hezbollah with suspicion. All the shared slogans - eternal Palestine, ephemeral Israel, evil America - elide but do not erase these fault lines.

It is the role of diplomacy to probe at fault lines in order to weaken the enemy and, over time, incline it to compromise. The braggadocio of with-us-or-against-us rhetoric has a ring to it and may win elections, but it ends up creating a mass of people who make the choice: They're against us. That's costly and potentially dangerous. The world's drift since 2001 is anything but comforting.

Neoconservatives have a foreign policy hero: Ronald Reagan. He's the man who won the Cold War by standing up to the enemy. He called a spade a spade: the communist empire was "evil." He deployed Pershing II medium-range missiles in Europe, starting in 1983, to focus the Soviet mind. And he embarked on a far-fetched program to shoot down Soviet missiles in space.

But Reagan also went to Reykjavik and embraced Mikhail Gorbachev and accepted the so-called "double- zero option" that involved removing those Pershing missiles. In short, he engaged. He talked.

Perhaps the Bush administration, chastened by Iraq, feels it is following a similar arc. A softening of Bush's tone was discernible at the United Nations this week. Under Secretary of State Nicholas Burns said talks with Iran had gone into "extra innings." He added, "We are seeking a diplomatic solution."

For that, the West may have to drop its insistence that Iran end all nuclear enrichment activities before negotiations begin. "I would simply suggest that we not worry so much about preconditions," Haass said. "Who cares about the entry costs? It's the exit results that matter."

Burns knows about effective carrot- and-stick diplomacy. He was a central member of the team led by Richard Holbrooke that a decade ago cudgeled the warring parties in Bosnia into a compromise that has held. That exercise involved sitting down with mass murderers. Up to now, Ahmadinejad has only talked the talk.

Let's think about this. Any chance of controlling the mayhem in Iraq without Iranian cooperation? Nope. Any chance of a peace between Israel and Palestine without Iran putting a brake on its surrogates? Nope. Any more promising potential partner on the other side of the widening abyss between the West and radical Islam? Nope.

In the Bush-led quest to transform the Middle East, a stick has been applied in Iraq. Its corollary almost certainly has to be a carrot deployed in Iran. It's time to swallow hard and start talking.

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Monday: Albert R. Hunt on former President Bill Clinton.

U.S. Sees Diminishing North Korea Threat (AP)

By Robert Burns

AP, September 23, 2006

North Korea's military has grown markedly less capable of a successful attack on South Korea, in part because the U.S. has been choking the North financially, says the top U.S. commander in the Pacific.

The military mismatch between an economically powerful South Korea and a declining North Korea is widening year by year, Adm. William Fallon, commander of U.S. Pacific Command, told a group of defense writers Friday.

"I'm not going to discount this threat," he said of the North Korean military. "But their ability to sustain major combat for a lengthy period of time I believe is much less than it was in the past, particularly given the growth in South Korean capabilities."

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His comments echoed in some ways an assessment of the military situation on the Korean peninsula offered by Defense Secretary Donald H. Rumsfeld. Rumsfeld said Aug. 27 that South Korea no longer needs to regard the North as an immediate military threat. While the North is a threat to spread ballistic missiles and other dangerous technologies, its conventional military strength is eroding as its economy crumbles, he said.

Fallon cited two reasons behind the North's decline as a conventional military threat. First, its economy is starved.

"As I look at their people, just the physical appearance of them, they appear year by year to be physically diminished," he said. "There's also a major financial problem. We've been choking them financially from the outside. So their ability to get resources has been diminished. The trend lines are pretty obviously going in different directions" in the North and South.

Much of the public focus on North Korea in recent years has been its nuclear weapons program. Fallon did not discount the importance of the nuclear problem, but said it is unclear whether the North actually has nuclear weapons that it could place atop a missile capable of reaching American territory.

Fallon said he saw no reason to believe the North would invade the South. The fear of an invasion has been the main reason the United States has kept thousands of troops in the South since the Korean War ended in July 1953.

As the South has grown stronger, its reliance on U.S. forces has lessened in some respects.

"It's very clear — and we've known this — that the (Koreans) want to put on the table" the issue of when they would regain full command of their own troops during wartime, Fallon said.

Under the current arrangement, the South Koreans have full control during peacetime but in time of war they would place their forces under Combined Forces Command, a headquarters controlled by the top U.S. commander in Seoul, Army Gen. B.B. Bell.

Prior to 1994, the U.S. commander also had authority over South Korean forces even in peacetime. The arrangement has evolved from the Korean War, which began when North Korea invaded the South in June 1950.

The Bush administration wants the command change to occur as early as 2009, but the Seoul government favors a later date. The issue was discussed Thursday when President Bush met with South Korean President Roh Moo-hyun, who has said regaining full Korean control is a matter of national sovereignty.

There are now about 29,500 U.S. troops in South Korea. That is set to decline to 25,000 by 2008.

Whether the transfer of wartime control to the South Koreans leads to a further reduction of U.S. forces "is something you deal with after the fact," Fallon said.

North Korea's Strike Range Cast In Doubt (LAT)

By Peter Spiegel

The Los Angeles Times, September 23, 2006

The U.S.'s top Pacific commander says Pyongyang's missiles can't reach the States.

WASHINGTON — The admiral in charge of American forces in Asia said Friday that he believes North Korea has no missile capable of reaching long distances and is unlikely to have one "for a while."

Navy Adm. William J. Fallon, the military's top officer in the Pacific, said that although the U.S. has limited intelligence on North Korea's missile program and even less on the secretive government's intentions, the failure of Pyongyang's test of a long-range missile in July was a sign that such technologies remain out of the regime's grasp.

"The fact that it failed, and the fact that apparently the last time they did this, which was eight years ago, it was also a failure, indicates some problems," Fallon told a group of military writers. "Before we could credibly give them a capability, or assign a capability, they'd have to demonstrate an ability to actually get a missile off the pad and have it fly at long range."

Fallon's position varies in some respects from that of Defense Secretary Donald H. Rumsfeld, who has continued to warn of the threat of North Korea's Taepodong 2 long-range missile even after the recent test firing in which the rocket blew up less than a minute after liftoff.

"The Taepodong 2 is estimated to have the range that conceivably could reach the United States," Rumsfeld said shortly after the launch. "And the fact that it failed is a fact, but it does not change the nature of the launch."

North Korea's ability to launch long-range missiles has become highly politicized, with Bush administration critics saying Rumsfeld has overstated the threat to gain funding for the Pentagon's multibillion-dollar missile defense system.

Fallon said the July launch may have been meant primarily as a provocation rather than a genuine test of capabilities. He added that the U.S. military was taken by surprise by the multiple firings of several different missiles during the Taepodong 2 test. A total of seven missiles were fired over the course of several hours on July 4.

The Pacific commander also cast doubt on North Korea's ability to launch a successful invasion of the South, saying Pyongyang's ground forces have gradually degraded in recent years, thanks in part to international economic sanctions.

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Since taking over Pacific Command 18 months ago, Fallon has traveled to China three times and has emerged as a leading proponent of more active engagement with Beijing, particularly between the two militaries.

Pentagon planning documents issued in February describe China as the country with the greatest potential to become America's military adversary in the future, but Fallon said the U.S. should be working to increase the number of visits and exchanges with the Chinese military. He acknowledged, however, that his view was not shared by others in the U.S. government.

Though he did not mention specific policymakers, Fallon said "institutions of our government" still tended to treat China as they once treated the Soviet Union, an approach he disagreed with. "It isn't a clone of the Soviet Union," Fallon said. "If you are basing most of your relationship on assumptions, you have a high probability of being incorrect, just on the law of averages."

This week, two Chinese naval ships docked in San Diego, a port visit that was followed by one of the first joint military exercises between the two countries in years. Fallon said China would reciprocate with a more complex joint exercise off its coast this year.

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US Threatens To Send Fighter Jets Out Of South Korea (AFP)

AFP, September 23, 2006

The United States has threatened to move its jet fighters out of the Korean peninsula unless Seoul offers a new, exclusive firing range for US airmen within a month, reports said.

The warning from Lieutenant General Garry Trexler, deputy head of US troops here, was construed as an ultimatum to South Korea ahead of high-level security talks in Washington next month.

South Korean newspapers quoted Trexler as saying in a forum Friday that US pilots in South Korea have gone abroad to conduct firing exercises since their firing range closed in August last year.

"I think we are very close in coming to closure on this issue but if it's not done within the next 30 days, we'll be forced to send aircraft which are critical to the deterrence of this peninsula off this peninsula," he was quoted as saying.

South Korea promised to build an electronic weapons scoring system for US bombing exercises on Jikdo, 70 kilometers (42 miles) off the southwestern port of Kunsan, but construction has been delayed due to protests over the move.

Under a mutual defense pact, South Korea has provided training facilities for some 29,500 US soldiers stationed here to help South Korean troops face up to North Korea's 1.2 million-strong army.

"If a nation has a military, that nation has a sacred obligation to ensure that they provide adequate training areas for that military training. That is true for the Republic of Korea military," the US air force commander said.

South Korea is in talks with the United States to regain wartime operational control over South Korean troops by 2012, a major change in their alliance which dates back to the 1950-1953 Korean War.

South Korea would currently put its troops under the US-led Combined Forces Command if war broke out on the peninsula.

The issue has split society between supporters of Roh, who say the transfer is a matter of national pride, and conservative opponents who fear it will weaken defences against North Korea, a self-proclaimed nuclear-armed state.

Rice, Others Press Sudan To Open Darfur To U.N. Force (WP)

By Colum Lynch

The Washington Post, September 23, 2006

UNITED NATIONS, Sept. 22 -- Secretary of State Condoleezza Rice on Friday renewed her call for Sudan to halt a military offensive in Darfur and yield to international pressure to allow more than 20,000 U.N. peacekeepers to protect civilians there.

Rice spoke at a gathering of representatives from 25 governments that she and her Danish counterpart, Per Stig Moller, convened to maintain international pressure on Sudan. Khartoum has defied repeated U.S. and U.N. appeals over the past nine months to allow U.N. peacekeepers into the Darfur region to help halt an outbreak of violence that has left hundreds of thousands of civilians dead.

"It is now time for the Sudanese government to accept the will of the United Nations," Rice told participants at the meeting, which was held at the Waldorf-Astoria hotel. "Time is running out. The violence in Darfur is not subsiding. It is getting worse."

The remarks came as senior U.N. officials and diplomats expressed increasing skepticism about the prospects of obtaining Sudan's approval for a U.N. peacekeeping force. U.N. officials turned their attention to providing reinforcements to a small African peacekeeping force of 7,000 troops that has been unable to stop the killing. The African Union has authorized the force -- whose mandate had been set to expire this month -- to remain in Darfur at least through the end of the year.

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The United Nations will send nearly 200 civilian, police and military advisers, primarily recruited from Africa, to help the African peacekeepers monitor atrocities in a region as large as France. It will also supply the force with logistics, communications and other equipment, including 36 Global Positioning System devices, 360 night-vision goggles and 37 armored vehicles.

"We continue to try very hard to convince the Sudanese government to accept an eventual transfer to a U.N. peacekeeping force," said Stephane Dujarric, the chief U.N. spokesman. "At the same time, our practical focus is on beefing up the capacity and strength of the African Union mission."

At Friday's meeting, Rice and Moller pressed governments to ramp up their support for the African Union mission and urged countries with influence on Sudan to press it to accept U.N. peacekeepers, a European diplomat said. The group is planning a ministerial-level meeting within a month to gauge progress, the diplomat said.

U.N. officials said privately that there is little hope that Sudanese President Omar Hassan al-Bashir will invite the United Nations into Darfur without greater pressure from African and Arab leaders. "We don't have the muscle to make him move, and I doubt if the Americans do," said one senior U.N. official, who spoke on the condition of anonymity. "The message has to come from the Arab League and the African Union."

Jan Egeland, the United Nations' chief emergency relief official, said he is appealing to Asian, African and Muslim leaders to persuade Sudan to accept a U.N. force. "I'm telling non-Western powers to help us or else see that we collectively fail," Egeland said. "They have to fight for us."

Egeland said the African force, though vital, is not strong enough to protect civilians and ensure the safe distribution of relief.

Fighting in Darfur began in February 2003, when two rebel groups took up arms against the Islamic government, claiming mistreatment of the region's primarily black tribes. The Sudanese government, backed by Arab militia, launched a bloody counterinsurgency campaign that the Bush administration has called genocide.

As many as 450,000 people have died since 2003 from violence and disease in Darfur, and more than 2 million have been forced to flee their homes.

This week, U.N. officials warned that a new Sudanese military campaign is fueling the worst outbreak of violence since the conflict began. U.N. human rights monitors reported on Friday that Sudanese planes were indiscriminately bombing villages.

President Bush reiterated his call for Sudan to allow the United Nations into Darfur in a speech on Tuesday, and he appointed a special envoy to press for peace. But Sudan has dismissed Bush's pleas.

"You do need a go-ahead from the Sudan government. How can you do otherwise?" French Foreign Minister Philippe Douste-Blazy said in an interview on Thursday.

Rice: Violence Getting Worse In Darfur (AP)

By Anne Gearan

AP, September 23, 2006

Violence is getting worse in Darfur despite international peace efforts, and Sudan's central government can no longer resist the world's will to send in peace forces, Secretary of State Condoleezza Rice said Friday.

"Time is running out," the top U.S. diplomat told participants in an emergency international meeting on the three-year-old conflict in the African nation.

Rice called the meeting of about two dozen nations and international organizations on the sidelines of the United Nations opening session to push for a stronger international peace force despite objections from Sudan's government.

The U.N. Security Council passed a resolution last month that would expand the mission from 7,000 to more than 20,000 troops and give it new authority to protect civilians.

But Sudan's government vehemently opposes the introduction of U.N. forces in Darfur, where fighting between rebels and government-backed militias has killed more than 200,000 people and displaced 2.5 million since 2003. The U.N. has called it the world's worst humanitarian disaster, and the United States has labeled the attacks genocide.

"The violence in Darfur is not subsiding, it is getting worse," Rice told the gathering. "If the notion of our responsibility to protect the weakest and most powerless among us is ever to be more than an empty promise, then we must take action to save lives."

After the meeting, Rice hinted at stronger action if Sudan will not back down.

"There are other measures at the disposal of the international community should we not be able to get the agreement of Sudan," Rice told reporters.

A group of Darfur-born exiles called Rice's efforts a good first step, but it also criticized the United States and other world powers for doing too little too late to stop a daily tide of killings and rapes in Darfur's ravaged villages and teeming refugee camps.

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"Our call today is to the entire world ... to extend their hands to save these people," said Yahya Osman. "What is happening in Darfur is a silent genocide."

Other refugees at a press conference in Rice's Manhattan hotel described the deaths of cousins, uncles and other relatives at the hands of Sudanese government forces or the mounted Arab militiamen known as Janjaweed that they support.

The conflict in the remote Darfur region began in 2003, when ethnic African tribes revolted against the Arab-led Khartoum government. Militias, sometimes backed by helicopter gunships, have leveled villages and burned fields.

President Bush repeated the charge of genocide in one of the most pointed portions of his address to world leaders at the United Nations earlier this week. He named a special U.S. envoy to bring added pressure on the Khartoum government of President Omar al-Bashir.

The U.S. approach is hitting some resistance, especially from nations that argue that Sudan will respond best if it does not feel that its sovereignty or authority is being challenged.

Arab League Secretary General Amr Moussa alluded to the difference of opinion in remarks to reporters Friday.

"I really want to contribute to the creation of ... a quiet atmosphere, a working atmosphere," Moussa said.

"We have suffered at certain stages of this problem of either exaggeration or misinformation," he added. "We have a major problem in Darfur, but not all what you hear, not all the information circulated, are really accurate."

Rice said no one is coddling Khartoum.

"No one intends to appease anyone," she told reporters. "We intend to have the government of Sudan act."

Al-Bashir denies there is a major humanitarian disaster in Darfur and said Tuesday that death rates there were no worse than anywhere else in Sudan. He said he would not allow U.N. peacekeepers into Darfur under any circumstances.

In a compromise reached this week, an African Union peacekeeping force will remain in Darfur through the end of the year. Human rights groups said the agreement didn't go nearly far enough to stop the suffering.

The African Union had hoped to turn over control for peacekeeping in Darfur to the United Nations when the mission's current mandate expires Sept. 30.

Chad's foreign minister, Ahmad Allam-mi, said in a speech Friday night at the U.N. that the Darfur crisis threatened not just the security of his country but that of the entire sub-region of Central Africa. He said Chad had suffered a lack of security, economic loss, environmental destruction and Janjaweed incursions.

"We can only welcome the extension until the end of December 2006 of the African Union mission in Darfur," he said. "It's better than nothing."

In urging the U.N. to take over from the African Union pursuant to the Security Council resolution, Allam-mi said such action "is simply dictated by common sense, in order to bring assistance to the innocent victims of the war. And also because more than anyone, we have every interest in restoring peace in Darfur, if only to enable the hundreds of thousands of Sudanese refugees located on our territory to return to their country and thereby put an end to the sacrifices to the Chadian hosts."

US Rallies Nations To Back Drive For UN Force In Darfur (AFP)

By David Millikin

AFP, September 23, 2006

Warning that "time is running out" to halt a resurgence of violence in Darfur, US Secretary of State Condoleezza Rice sought to build international pressure on Sudan to let UN peacekeepers into the war-torn region.

"The violence in Darfur must end, and it must end now," Rice told a special ministerial meeting of two dozen nations plus the European Union and the United Nations on the sidelines of the UN General Assembly.

The meeting notably discussed sending one or more delegations to Khartoum in an effort to convince President Omar al-Beshir to drop his opposition to deployment of the UN force, State Department spokesman Sean McCormack said.

"There was a discussion in the ministerial meeting about the desire to have a delegation to go to Khartoum to press upon them the importance of working together with the international community," he said.

French Foreign Minister Philippe Douste-Blazy said a separate meeting of US and European Union foreign ministers also discussed sending a high-level delegation to Khartoum.

The ministers "considered how to organize a ministerial mission with several participants" to Khartoum, he said, without elaborating on who would take part in the trip.

The Security Council adopted a resolution last month demanding the deployment of some 20,000 peacekeepers to end more than three years of violence sparked by a revolt among Darfur's mostly black African population.

Much of the violence has been carried out by Arab militia, known as the Janjaweed, which are armed and funded by the Khartoum government.

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Beshir reaffirmed at the UN this week his refusal to authorise the UN deployment, which would replace an under-funded African Union force of 7,000 that has failed to halt the violence.

Rice said Friday that government forces had recently launched a new offensive against rebels in Darfur and that the fighting had cut humanitarian aid to hundreds of thousands of displaced persons.

"Time is running out," Rice told the meeting. "The violence in Darfur is not subsiding, it is getting worse."

Rice reiterated a statement made Tuesday by President George W. Bush that if Sudan does not quickly approve the deployment of the peacekeeping force, "the United Nations must find a way to act" without Sudan's consent.

She said several representatives at Friday's meeting acknowledged the possible use of measures to take if Sudan refuses to budge.

"There was a very clear indication by several speakers today that there are other measures at the disposal of the international community should we not be able to get the agreement of Sudan," she said.

But other US officials said the deployment of peacekeepers without Sudan's consent -- a possibility repeatedly raised by the United States -- was not discussed on Friday and the emphasis was rather on incentives that could draw Beshir's government into the process.

"We are considering a diplomatic solution and if that does not work, we will take another approach," said Andrew Natsios, a former head of the US Agency for International Development who was appointed by Bush on Tuesday to be the US special envoy for Darfur.

A defiant Beshir argued this week at the United Nations that the AU force now in Darfur was sufficient to deal with the violence and accused the international community of backing a "Zionist" plot "to dismember Sudan" and plunder its abundant resources, particularly its oil reserves.

But Natsios said that despite such public statements, "we're getting signals" in private of possible flexibility from Khartoum.

The African Union this week agreed to extend the mandate for its mission in Darfur to the end of the year and Friday's meeting discussed ways to strengthen the force with logistical and other support pending an eventual UN deployment,Natsios said.

The United States is at the same time planning to organize a series of informal meetings of potential troop contributors to the UN mission, to be held in parallel with diplomatic efforts to gain Khartoum's consent for the force, he said.

Rice Seeks Sudan's Consent (WT)

By Nicholas Kralev

The Washington Times, September 23, 2006

NEW YORK -- Secretary of State Condoleezza Rice pressed Sudan to accept a United Nations force in Darfur yesterday, saying that Khartoum's consent would be welcome but is not necessary.

"It is now time for the Sudanese government to accept the will of the United Nations, to work with us fully in implementing Resolution 1706," Miss Rice told reporters after a meeting of European Union foreign ministers and others.

She was referring to the U.N. Security Council resolution authorizing a U.N. peacekeeping mission of up to 20,000 to halt what the United States and other nations have called a "genocide." The new force would replace about 7,000 African Union peacekeepers, whose mission was extended this week until the end of the year.

Miss Rice said there are "other measures available to the international community" to send the troops into Darfur, should the Sudanese government continue to refuse.

The meeting on the sidelines of the U.N. General Assembly session in New York took place amid new charges by U.N. human rights officials that Sudan's army continues to bomb villages in north Darfur.

The latest campaign, U.N. officials said, targets parts of the vast region in western Sudan that are not covered by a May peace agreement between the government and one rebel faction.

"Our intention, I want to underscore, is not to impinge upon Sudan's sovereignty. But let there be no doubt about our resolve," Miss Rice said.

Hours before the ministers met at the Waldorf-Astoria hotel, 10 Darfur refugees wearing blue berets held a press conference in the same building to appeal for U.N. troops to save family members who are still alive.

"Words and meetings won't help," said Rahama Deffallah, president of Darfur People's Association of New York. "Please Secretary Rice, you can help save millions of lives."

Hundreds of thousands of civilians have already been killed in the conflict, which has forced millions into squalid refugee camps protected by the small AU force.

NATO Secretary-General Jaap de Hoop Scheffer said the AU had asked the alliance to give more support to the AU peacekeepers.

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Mr. de Hoop Scheffer said NATO should "answer positively and favorably" to the request from Republic of Congo President Denis Sassou-Nguesso. He is also the current head of the AU.

"I promise the president of the African Union that I, as secretary-general, will do everything I can with the allies to see that NATO can respond positively to these kinds of requests," Mr. de Hoop Scheffer said.

In Geneva, U.N. human rights spokesman Jose Luis Diaz told reporters that survivors told U.N. monitors of bombings near Tabarat in north Darfur earlier this month, which drove some 400 people into a refugee camp.

"People talk about this white plane and bombs being dropped out of the back of the plane. This is a recurrent feature of reports of attacks on villages," he said. "All indications are this kind of attack is continuing."

U.N. monitors also reported that sexual violence, which has been a permanent feature of the conflict, continues in south Darfur, particularly near the town of Gereida.

"This has become almost a cliche: women go outside of [refugee] camps to collect firewood or engage in commerce, and they become vulnerable to attacks by what are said to be military personnel or militia," Mr. Diaz said.

·This article is based in part on wire service reports.

As World Talks, More Violence Racks Darfur (LAT)

By Maggie Farley

The Los Angeles Times, September 23, 2006

With new reports of killings, U.N. officials and regional leaders debate how to intervene.

UNITED NATIONS — Amid attacks on civilians in the Darfur region of western Sudan, the Security Council and regional leaders remained stymied Friday by that country's refusal to allow U.N. peacekeepers into the region to protect villagers caught in the conflict.

The U.S. and Denmark gathered senior officials from 20 "concerned countries," the African Union and the United Nations to discuss possible next steps, such as sanctions, a no-fly zone over Darfur or a forcible intervention.

"Time is running out. The violence in Darfur is not subsiding, it is getting worse," Secretary of State Condoleezza Rice told the officials at the emergency session.

The meeting was aimed at winning support from Arab countries, especially those that have been silent or have backed Sudan's refusal to accept more than 20,000 peacekeepers by January. Egyptian President Hosni Mubarak told Sudanese President Omar Hassan Ahmed Bashir this week that he sided with Sudan.

A statement by the U.S. and Danish co-chairs said: "The killings, violence and atrocities must end. The intolerable suffering of the people of Darfur must stop."

But the meeting broke up without agreement on how best to persuade Sudan's government to halt attacks on the people in Darfur, or at least allow U.N. troops to protect them and aid groups to help them.

Amr Moussa, head of the Arab League, made it clear that there was no support in the region for an armed intervention, even if it were under a U.N. mandate. He said any solution must come with the consent of Sudan's leaders in Khartoum, and public threats would only increase Bashir's intransigence.

That leaves the question of what should happen next.

Rice said Bashir's government should recognize that the world is trying to help Sudan, not occupy it.

"The Sudanese government needs to understand that no one is trying to impinge on Sudanese sovereignty. That is not the issue here," she said. "But there is a responsibility to protect the weakest and Sudan has not done that, and so there will have to be a U.N. force."

As the diplomats debated this week, U.N. human rights monitors reported that Sudan's army was bombing areas in northern Darfur, causing civilian casualties and driving hundreds of people out of their villages. The rights monitors also reported that sexual violence continued in southern Darfur, particularly near camps for displaced people near the town of Gereida, and that African Union forces were not able to stop it.

Bashir said this week that U.N. troops were not welcome under any circumstances, but he would allow more African Union troops in Darfur.

There are about 7,200 African Union troops there now, but they are too underfunded and ill-equipped to effectively protect people scattered throughout a barren region the size of France. More than 200,000 people have been killed in the three-year conflict between government-aligned militias and rebel groups, and about 2.5 million have been displaced.

A peace agreement between one of the rebel groups and the government is all but dead, say U.N. officials, and the government is massing its military in the region to put down other anti-government factions.

Sudan's government has accepted a separate contingent of U.N. peacekeepers to stabilize southern Sudan, which is slowly rebuilding after two decades of civil war.

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On Friday, the Security Council extended the peacekeeping troops' presence there just until Oct. 8 in an attempt to keep pressure on Khartoum. The council may extend it after that, depending on Khartoum's cooperation in Darfur.

The new October deadline "would give us more time, I think, to build up momentum and pressure on the government of Khartoum to accept the inevitability that there is going to be a U.N. peacekeeping force," said U.S. Ambassador to the U.N. John R. Bolton.

The U.N. announced Friday that it would send 100 additional personnel to help the African Union force with communications and logistics. The Arab League promised new funding, though earlier pledges fell through and caused unpaid African Union forces to essentially stop working last spring.

Rice said that the international community was determined to stop the violence in Darfur, with incentives, or with sanctions. "Clearly, no one intends to appease anyone," she said after the meeting at the Waldorf Astoria hotel in New York. "We intend to have the government of Sudan act."

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U.S. Urges Arab Help On Darfur (AP)

By George Gedda

AP, September 21, 2006

The Bush administration has begun quietly urging Arab countries to help overcome Sudan's resistance to deploying 20,000 U.N. peacekeepers and police to the troubled Darfur region, the new U.S. special envoy for Sudan said Wednesday

In a telephone interview with The Associated Press, Andrew Natsios said U.S. contacts with Arab countries have begun. He declined to identify the countries.

"We are engaging and we are going to continue to engage with them," Natsios said. The initiative is based on the premise that as the humanitarian crisis in Darfur deepens, the Islamic government in Khartoum will be more receptive to pressure from fellow Arab countries than from non-Muslim countries.

The U.N. Security Council approved a resolution three weeks ago for the deployment a U.N. force, but the Sudanese government has rejected the plan.

Natsios expressed disappointment that China, a permanent member of the Security Council, has shown little willingness to lobby Sudan to accept peacekeepers. The two countries have close economic and political ties.

"The role of China cannot be overstated," said Natsios. "They are the country with the most influence with the Sudanese government."

With the humanitarian situation in Darfur worsening by the day, President Bush appointed Natsios as special envoy this week. Natsios was deeply involved in Darfur policy as administrator of the U.S. Agency for International Development, a post he held from 2001 until early this year.

The African Union agreed Wednesday to extend the mandate of its underequipped peacekeeping forces in Darfur through the end of 2006.

The United Nations and many human rights groups say that since 2003, fighting between rebels and government-backed militias in Darfur has killed more than 200,000 people and displaced 2.5 million.

DISTRICT BRIEFING (WP)

By Susan Kinzie

The Washington Post, September 23, 2006

education

In Protest, AU to Limit Investments in Sudan

The American University Board of Trustees voted yesterday not to invest directly in companies doing business in the oil and gas sector in Sudan, to protest military attacks on the nation's Darfur region.

The board also named the 15 members of the committee that will search for a successor to Benjamin Ladner, the president who was ousted last year after an audit.

The search committee -- which includes trustees, professors, alumni and students -- will hold its first meeting Monday.

War With Hezbollah Has Left Jewish, Arab Israelis More Divided Than Ever (MCT)

By Dion Nissenbaum

McClatchy Newspapers, September 23, 2006

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JERUSALEM - For two years, author Sayed Kashua, an Arab-Israeli, has been writing a popular weekly newspaper column for one of Israel's largest Hebrew-language newspapers, Haaretz. The column often takes a lighthearted look at discrimination, racism and the challenges facing the Arab minority in this largely Jewish nation.

But a few weeks ago, as Israel's summer war with Hezbollah in Lebanon wound down, Kashua made what was for his Jewish readers a startling confession. He confessed he'd been hoping Israel would lose.

"My hands tremble as I write, but in this war I was against Israel - make no mistake - my country," he wrote. "You can say it's treason, you can say what you want, but I am still unable to understand how I can be happy when I hear that another IDF (Israel Defense Forces) tank has been hit and, at the same time, be afraid that I have friends inside it."

The piece generated scores of angry e-mails, letters and phone calls. It also exposed the simmering anger that Israel's Arab citizens feel over how their country treats them and became one more provocation for an anti-Arab backlash that's still unfolding.

Conservative Israeli lawmaker Effi Eitam denounced Arab-Israelis as "a band of traitors of the first degree" and a dangerous "fifth column" that should be barred from participating in Israeli politics.

The Israeli parliament's ethics committee last week suspended two Arab-Israeli lawmakers, one for a day, the other for three days, after one called the defense minister a "child-murderer" and the other denounced opposition politician Benjamin Netanyahu as an "angel of death."

Israel's attorney general has launched an investigation into a group of Arab-Israeli lawmakers who took a postwar solidarity trip to Syria, a journey that may have violated the country's ban on visits to "enemy nations."

And in Haifa, a city that touts its long history of Arab-Jewish co-existence, the city council ousted its Arab-Israeli deputy mayor after he repeatedly went on television during the war to criticize Israel.

"Jews and Arabs did not come out of this war more united," said Elie Rekhess, director of the Adenauer Program for Jewish-Arab Cooperation at the Dayan Center of Tel Aviv University. "Instead, the mistrust between Jews and Arabs has deepened."

Arab-Israelis suffered more than their share of casualties from Hezbollah rocket attacks during the war. Arabs make up about 1 in 5 of Israel's population. But more than 1 in 4 of those killed by Hezbollah rockets - at least 14 of the 54 Israeli dead - were Arabs.

Even so, relatives of the Arab-Israeli victims didn't blame Hezbollah for their losses; they blamed their government. Arab-Israeli politicians criticized Prime Minister Ehud Olmert for unleashing an overpowering military response after Hezbollah kidnapped two Israeli soldiers in the July 12 cross-border ambush.

Many Jewish Israelis felt as though they'd been betrayed.

Kashua said they shouldn't have been surprised.

"You have to be a really, really very stupid Israeli to think that Arabs like you," Kashua said at his home outside Jerusalem. "I think the Israelis did all their best to make Arabs hate this country."

Although they are full citizens of Israel, Arab-Israelis face subtle and concrete discrimination in housing, jobs and society. Arab-Israeli towns within range of Hezbollah rockets were never equipped with the bomb shelters and well-run early warning systems that were commonplace in other communities.

The sense of estrangement became especially clear six years ago when violent confrontations between police and Israeli-Arabs left 13 people dead during the opening days of the Palestinian uprising.

A special committee set up to investigate the clashes sharply criticized Israel's treatment of its Arab minority as "primarily neglectful and discriminatory." The report urged the government to do more to ensure Arab-Israelis weren't treated as second-class citizens. But critics say the country has done virtually nothing to address the problems.

"The six years that passed from October 2000 until now could have been used in order to include them in a civic state hug, but the state of Israel did not manage to do this," said Shuli Dichter, co-director of Sikkuy, an Israeli nonprofit that promotes Arab-Jewish cooperation. "And now they have very little reason, if at all, to feel affiliated with the state of Israel."

Both Dichter and his co-director, Ali Haider, said the war had brought the years of neglect back to the surface, and they urged their country to take steps quickly to prevent a recurrence of the 2000 clashes.

"I see this as a rather painful turning point that can help us redefine the relations between Jews and Arabs in Israel and put us on a more solid basis," Dichter said.

Kashua, for one, is skeptical that the war will do much to change things in a nation ever struggling to reconcile its often-competing identities as a Jewish and democratic country.

"For me, at least, there is nothing secure about being a citizen of Israel," Kashua said. "If it's not going to change as a Jewish country, I don't see how we can fit."

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The father of two young children went through a very public soul-searching process during the war. At first, the author of two novels used his self-effacing style to make a plea for peace.

"I'd be the state's first defeatist chief of staff," he wrote two weeks into the 34-day conflict. "I'm one of those people who's ready to do anything so as not to see one mother cry."

Two weeks later, Kashua bemoaned his status as an Israeli-Arab during a war in which his fellow citizens were questioning his loyalty.

"When it comes to the Israeli media, the best thing an Arab can do in wartime is shut up," he wrote.

A week later, as the cease-fire took effect, Kashua wrote his contentious column opposing the war.

"I really am glad that Israel now looks a bit less frightening," he wrote. "I truly believe that the less monstrous Israel appears, the better the prospects of it being treated as human. I know very well that if Israel had won in a knockout the hatred for the country would have spiraled and the desire to arm and plan for the next attack on it would be far stronger."

Kashua has continued to write his column, with his editors' encouragement, and has tried to gently defuse the anger with humor.

In a recent column, he blamed his denunciation of Israel on a gang of "genuine Arabs" who'd taken his children hostage, compelling him to submit the offensive articles under his name.

"I swear to you, you can even ask my wife: I was totally in favor of the war - that is, for Israel in a war against the Axis of Evil," he wrote. "I admit: I made a mistake and should not have yielded to temptation and written about that accursed war."

Hezbollah Chief Defiant At Huge Rally (WP)

By Anthony Shadid

The Washington Post, September 23, 2006

BEIRUT, Sept. 22 -- In the mix of theater and pulpit that makes for a Hezbollah rally, the group's leader, Hasan Nasrallah, appeared Friday before hundreds of thousands of supporters for the first time since its war with Israel ended last month.

His message was defiant, with the bravado the crowd expected: Hezbollah was stronger than before the war, he said, and it still possessed more than 20,000 rockets. Only the creation of a strong Lebanese government, he added, would lead to its disarmament, as demanded by the United Nations.

Kamal Ribai, a shy, soft-spoken businessman in the crowd with his son and two daughters, thrust his fist into the air.

"At your command, Nasrallah!" he shouted, as six balloons floated above him carrying Lebanese and Hezbollah flags.

In an anxious and unsettled time in Lebanon, the Shiite Muslim group organized its largest show of force since a cease-fire went into effect Aug. 14. The spectacle filled a 37-acre lot, about a mile from the group's war-wrecked headquarters in a Beirut suburb, with flag-waving, boisterous supporters.

For the movement and the rest of the country, the rally signaled Hezbollah's direction after a battle it has proclaimed a "divine victory." Sounding less strident than some had expected, Nasrallah said he would seek a government that better represented his group and its allies, ridiculed the prime minister and scoffed at the attempts of "any army in the world" to seize its weapons.

But the country's future was perhaps better suggested by the scenes that unfolded among people in the crowd, some of whom had trekked two days on foot from southern Lebanon to join what Hezbollah called a festival of victory. In moments sometimes quiet, sometimes shrill, Lebanon's fault lines were exposed: Here was a country perched between a culture of resistance to Israel and a desire to reach an accommodation with it. Chants and iconography reflected the cult of personality around Nasrallah and confidence in the power of the long-downtrodden Shiite community in a country whose various sects -- Christian, Sunni and Druze -- often see one's strength as the other's weakness.

"This is all of Lebanon you see around you," Ribai said confidently, waving his hand. "It's all of Lebanon. Look at it."

"The real majority," he said, referring to Hezbollah and its allies. "As long as they stay united, nothing will go wrong."

Hezbollah's call for the rally this week unleashed a wave of anxiety and anticipation in Beirut. Some saw Nasrallah's appearance as a way to reinforce the notion of victory to his supporters, who bore the brunt of a 33-day conflict. Others saw it, more darkly, as a first step toward delivering the state to Hezbollah.

"What will Nasrallah say at the festival of victory?" read the banner headline in Friday editions of as-Safir, a leading Beirut daily.

"It's a big moment," Ribai said. "It's a big moment for all of Lebanon."

The mood has shifted in Lebanon in the weeks since the war ended. Most politicians tried to maintain a facade of unity while the battle raged, but it evaporated within days of the cease-fire. With little more than the rubble cleared and makeshift bridges built, the extent of the damage has sunk in. The mood has sobered: While Israel may not have won, to many here the notion of victory is more ambiguous.

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In subtle ways, Hezbollah's message has changed, too. At the rally Friday, the group's slogan about a coming victory -- "The Truthful Pledge" -- had become "Our Truthful Pledge." One of its professionally produced posters read, "America and its tools have been defeated." In a country used to reading between the lines, "tools" could mean allies both abroad and at home.

"If Hezbollah wanted to fight, in one hour it would take all of Lebanon," said Mahmoud Birjawi, a 35-year-old Lebanese expatriate who flew from Venezuela two days ago, in part to attend the rally. He scoffed at the idea of strife inside the country, memories of its 1975-90 war still vivid. But he added that "the future is for the resistance," the name Hezbollah uses for its militia.

As Birjawi waited with the crowd in the sun-drenched lot, supporters cheered and waved Hezbollah's yellow flags each time a taped recording of Nasrallah's speech was played. "This is our country," he said. "We defended this country."

A Hezbollah rally is many things: a show of force, of discipline, of empowerment and of the loyalty of its following. The group's followers have a mantra -- What Nasrallah says, he does -- and that credibility was on display even on the posters overhead. Four depicted battle scenes, reading, in order: "Our water," "Our air," "Our earth," "With fire, we defended." In the top left corner of two, "reconstruction" was written, acknowledging that pictures of a helicopter and ship exploding did not depict actual events.

To a degree unmatched in the Arab world, Hezbollah can mobilize supporters, who answer its call with almost martial precision.

"Every drop in the ocean counts," Ribai said.

Ribai and his family are from Tibnin, a southern village scarred by the fighting this summer. As with many Shiites from the poorer south, the 50-year-old emigrated to Liberia and Sierra Leone to earn money, then returned to Lebanon. He now lives in Beirut. At the rally, he was earnest, even retiring, doting on his three children -- ages 20, 19 and 9 -- who accompanied him.

"When Sayyid Hasan called everyone, I decided to come," he said, using an honorific. "I didn't think twice about it."

More pronounced than before the war, a cult of personality has grown up around Nasrallah. T-shirts in the crowd with his picture read, "Hero of the resistance." Some people wore miniature portraits of him as necklaces. As with many, Ribai talked of Nasrallah with a certain awe. Nasrallah's son, Ribai pointed out, had been killed fighting Israeli troops occupying southern Lebanon in 1997.

"Somebody who sacrificed his own son's life? He did everything he could for this country. He asks you to come celebrate this victory. Why would I think twice about it?" he said.

His daughter Zeinab, 20, leaned into the conversation. "He's one of us," she said.

At the first words uttered by Nasrallah, perhaps the most skilled orator in Arabic today, the crowd erupted, the cries drowning him out. Speakers broadcast his words at each end of the field, awash in a sea of fluttering yellow, interspersed with the flags of allies. Some people flashed V-for-victory signs. Others joined chants. "O God, O God, protect Nasrallah!"

"No army in the world will be able to make us drop the weapons from our hands!" Nasrallah shouted.

In a black turban, with a slight lisp, Nasrallah has an almost innate sense of a crowd. He builds an argument with highly formal Arabic vocabulary, then delivers a point in almost conversational slang. His most emotional refrains are delivered bluntly, in a stentorian staccato. Then he mixes in jokes, a few words in a softer voice, and sometimes a quick aside.

In his speech Friday, he said he had debated whether to attend the rally until a half-hour before it began.

"But my heart, mind and soul did not allow me to address you from afar," he said.

Hezbollah's opponents in Lebanon feared a harsher speech. Although Nasrallah ridiculed Lebanese Prime Minister Fouad Siniora for crying in public during the war -- "Tears don't protect anyone" -- he tempered his strongest statements.

"When we build a strong and just state that is capable of protecting the nation and its citizens, we will easily find an honorable solution to the issue of the resistance and its weapons," he said.

He demanded the resignation of the government, saying it "was incapable of protecting Lebanon, rebuilding it or uniting it." But there was no threat that Hezbollah's two ministers would resign, nor any warning that the movement would engage in street protests.

Every so often, he played to the crowd, which followed his words as if at a lecture. At each mention of Secretary of State Condoleezza Rice, the United States or Israel, the audience erupted in catcalls. At the mention of Venezuelan President Hugo ChÃ¡vez, a critic of America, cheers went up, repeated when Nasrallah defended Hezbollah's alliance with Iran and Syria.

Toward the end of his speech, he called the resistance more powerful than before the war.

"The resistance, pay attention," he said, "has more than 20,000 missiles."

At that, fists went into the air, and some clambered onto chairs. Ribai turned to his younger daughter and kissed her head. Zeinab waved Nasrallah's portrait overhead.

"It's the majority that counts," Ribai said. "The real majority, I'm talking about the people who are here."

"I hope that everyone can stay like this," Zeinab added. "One hand joined together."

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The speech ended in an hour. Within minutes, the group's workers were stacking tens of thousands of chairs. Honking cars soon lurched away, blaring Nasrallah's older speeches and flying flags. Some people on balconies threw rice on the crowd, as firecrackers and celebratory gunfire went off along the street. Overhead, as the crowd left, only three balloons of the original six were left.

All of them carried Hezbollah flags.

Vast Lebanon Throng Hails Hezbollah Chief, Who Calls The Militia Stronger (NYT)

By Michael Slackman

The New York Times, September 23, 2006

BEIRUT, Lebanon, Sept. 22 — Hundreds of thousands of people stood Friday and chanted "God, God, protect Nasrallah." It was the moment they had waited for: Hezbollah's leader, Hassan Nasrallah, in person, declaring that his militia was stronger than ever and that no army in the world could force it to disarm.

This was Sheik Nasrallah's first public appearance since the war with Israel started in July, and it was steeped in defiance: at Israel, the United States, Arab heads of state and those political forces in Lebanon aiming to clip Hezbollah's political and military power.

If there was any thought the war weakened Hezbollah, Sheik Nasrallah had a different message: "It is stronger." Even after Israel's 34-day bombardment of Lebanon, Hezbollah, he said, still has more than 20,000 missiles. "Not a single army in the world will be able to dismantle our resistance," Sheik Nasrallah said, as he stood beneath a big banner that read "The Victory Rally." "No army in the world will be able to make us drop the weapons from our hands."

The crowd was mammoth, packing every corner of the 37-acre square in the southern suburbs of Beirut. There was a plastic chair for nearly everyone, and a baseball cap for protection from the sun. Hezbollah's martial choir belted out chest thumping music. The crowds waved flags, wildly cheering for Sheik Nasrallah, who has become a folk hero to many here and throughout the Arab world. The audience came on foot, by car and by bus from the south and the north, and in every case, people said they came because Sheik Nasrallah asked them to.

"Whatever Sayid Hassan wants Sayid Hassan gets," said Hossain Zebara, 29, using a title reserved for descendants of the prophet Muhammad. Mr. Zebara said it took him 24 hours to walk from his home in the southern part of Lebanon to be at the rally. "We came to show the American administration, the British administration, the French administration, that the resistance population is increasing, not decreasing."

That was exactly Sheik Nasrallah's point — a show of strength to those who would challenge him from abroad, and those who would challenge him at home. In a country of about four million, turning out hundreds of thousands of people in a disciplined, highly orchestrated event, is a sign of strength.

But the rally also highlighted some of the deep divisions among Lebanon's different factions, as the crowd at times chanted slogans calling the Druse leader, Walid Jumblatt, a "worm" and "Jew" and calling for the prime minister to leave office.

Sheik Nasrallah sought to overcome some of that by calling for unity in a speech that tried to define him as leader who is not just a local force, but a regional force as well. He gave voice to one of the primary feelings that has fueled anger throughout the Muslim world: a sense that Muslims are being victimized in places like Iraq and Gaza, and the world does not care. "How long will it go on that the world keeps quiet?" he asked.

And he aimed hard at Arab leaders, criticizing them for not being willing to fight Israel. "These Arab leaders prefer to protect their thrones as opposed to protecting Palestine," he said, taking a shot at the traditional power brokers, like the Egyptian president, Hosni Mubarak.

In Israel, Sheik Nasrallah's speech was condemned as defying the international community by refusing to disarm.

Sheik Nasrallah had multiple messages to deliver: He said that Hezbollah would not disarm because the state was too weak to protect the people against Israel. He warned the international force deploying along the border with Israel not to spy on the "resistance." He castigated Arab heads of state who recently asked the United Nations Security Council to help restart the peace process with Israel. He cautioned the Lebanese people about allowing political differences among sectarian leaders to become sectarian differences that might tear the country apart. And he repeatedly criticized the American-backed government of Prime Minister Fouad Siniora, saying it needed to be replaced by a national unity government, which would in turn give Hezbollah even more power.

No one knew if Sheik Nasrallah would appear. People here talk about his assassination by Israel as though it is not just a matter of if, but when. The rally, billed as a celebration of the "divine victory," presented him a chance to re-energize his supporters, to enhance his standing as a pan-Arab leader, and to try to buttress Hezbollah's domestic political position. When he entered, he stood on a platform and appeared almost regal in finely tailored religious robes and a black turban. He was taken to

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the stage where he was protected by a wall of blastproof glass. He said that up until 30 minutes before the rally there were still discussions going on over whether he would attend.

"I couldn't talk to you from afar," he said. "I insisted to be with you."

Israel began the war after Hezbollah crossed the border and captured two Israeli soldiers. The Israeli onslaught caused heavy damage to the mostly Shiite areas in the south and the north, and cost more than 1,000 lives, mostly civilians. But Hezbollah's fighters never stopped, shooting hundreds of rockets into Israel, destroying Israeli tanks, an Israeli naval vessel and killing many Israeli troops.

Judging from the size of the rally, and the remarks of the participants, Hezbollah's base did not blame Hezbollah for the death and destruction. They blamed Israel and the United States. "This is good, good," said Fatima Saad, 50, whose son, Kasem, was killed. There was no hint of sadness in her bearing. "I am very proud," she said as she patted a picture of her son pinned to her chest. He was 20 when he was blown up.

Ahmed Hussein, 78, made the trip to Beirut from his southern village of Kafr Kila. He said his house and most of his neighbors' homes were destroyed, but that Hezbollah gave them tents and water tanks to help them get by. "All of us whose houses were destroyed we came here for Nasrallah, to tell him what we lost is nothing," Mr. Hussein said.

While Hezbollah and Sheik Nasrallah have been hailed as heroes throughout the Arab world, the group's position in Lebanese politics is more complex. They have been attacked by opponents who fear that an empowered Hezbollah would exert even more influence over the country. Some of Sheik Nasrallah's opponents said they thought the rally might help undermine his chance of reaching out beyond his Shiite base because he said he was comfortable being aligned with Syria and Iran. For his part, Sheik Nasrallah seemed to try to both embrace his benefactors in Syria and Iran and to distance himself from them. He said it made him angry when his detractors charged that the battle with Israel was a proxy war for Iran, or Syria. "We are with the Iranians, we are with the Syrians, but this was our war," he said, as he thrust his right hand into the air, and the crowd cheered.

Hizbollah Leader Delivers Defiant Speech (FT)

By Andrew England

Financial Times, September 23, 2006

Sayyed Hassan Nasrallah, the leader of Hizbollah, delivered a defiant speech in front of hundreds of thousands of supporters on Friday , passionately reiterating that the group would not disarm and claiming it still had 20,000 rockets.

In his first public appearance since the Shia militant group's 34-day war with Israel, Mr Nasrallah said the movement had recovered all its organisational and military capabilities, and added that its focus would be now to push for a government of national unity – a direct challenge to the administration led by the prime minister, Fouad Siniora.

"It is stronger than it was before July 12 [the day the conflict began]," he said, gesturing with his right arm towards crowds of people in a sea of yellow Hizbollah flags. "The resistance will never bow down to conditions. Any words about giving [up] the arms of the resistance in the present state would mean Lebanon will be exposed in front of Israel."

The huge display of support for the group was viewed by some as a deliberate attempt by Hizbollah leaders to intimidate the government with a show of strength following weeks of political bickering between the pro-western parliamentary majority that backs Mr Siniora and Hizbollah and its allies.

"The current government is unable to protect Lebanon, or to reconstruct Lebanon or to unify Lebanon," he said.

Earlier, as the crowd waited for the Hizbollah leader, chants of "Siniora get out" rang around the square.

Mr Nasrallah also warned against rising sectarian tensions. Some Sunni and Christians blame Hizbollah for triggering the war, but Mr Nasrallah said anybody talking about divisions was "playing into the hands of Israel".

"Please do not let anybody make the disunity that is politics become sectarian," he said.

Hizbollah and its allied Christian leader General Michel Aoun have been calling for a unity government since the war ended as they seek to turn the conflict to their political advantage.

Lebanese officials and diplomats say the move is designed to give the group a blocking minority in the cabinet that would enable it to gain greater leverage and reduce the influence of the bloc that backs Mr Siniora. At present Hizbollah has two ministers in the 24-member cabinet. Amal, another Shia group also has two, while the foreign minister is a Shia approved by Hizbollah. Gen Aoun's party is outside the government.

A Lebanese official said that while Hizbollah had not been specific, "the indications are that they want to do it, implying they need change in the government that will give them a blocking minority".

The official said the group could also still be hedging its bets, saying Mr Nasrallah's main concern was to stem the government's insistence that Hizbollah's disarmament stay on the agenda.

The government says it will not try to disarm Hizbollah forcibly, but deems disarmament, as well as the Lebanese army asserting its authority in the south, as essential to future security.

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Mr Siniora has insisted there will be no change of government. The danger is that the tensions could push the country into a political crisis with an administration unable to function effectively.

Nasrallah: No Army Can Disarm Hezbollah (AP)

By Hussein Dakroub

AP, September 23, 2006

Hezbollah leader Sheik Hassan Nasrallah defied the international community in his first major appearance since the war with Israel, telling hundreds of thousands of supporters at a "victory" rally Friday that no army could disarm his militia.

Nasrallah said his guerrillas have replenished their arsenal and have more than 20,000 rockets which they will never give up unless a stronger Lebanese government takes over.

The Iranian-backed leader's tough stance was aimed at demonstrating that Hezbollah was not weakened by U.N. peacekeepers and Lebanese troops deploying across southern Lebanon with a mandate to rein in the Shiite guerrillas.

The gathering that sprawled over a swath of bombed-out south Beirut was a defiant show of Hezbollah strength and a challenge to the government of Prime Minister Fuad Saniora.

Police officials estimated 800,000 people — mostly Shiites but including some Christians — filled the 37-acre lot to hear Nasrallah, forming a sea of waving yellow Hezbollah banners, mixed with a smaller number of Lebanese flags.

In his first public appearance since Israel launched its offensive against Hezbollah on July 12, Nasrallah called for formation of a new government. He repeatedly attacked Saniora's administration, saying it was weak and unable to protect Lebanon from Israel.

"Tears don't protect anyone," the black-turbaned cleric said in a jab at Saniora, who wept several times in speeches during the Israeli assault as he pleaded for international support.

Nasrallah said his group would keep its arms until Lebanon has a stronger government. Giving up weapons now "under this government ... means leaving Lebanon exposed before Israel to kill and detain and bomb whomever they want, and clearly we will not accept that," he said.

Hezbollah's push for a larger presence in government could deepen tensions in a country already sharply divided over the war that killed hundreds of Lebanese.

The guerrillas' tough fight with Israel sent their support soaring among Shiites. But a large sector — particularly among Christians and Sunni Muslims — opposes Hezbollah and resent it for starting the fight by capturing two Israeli soldiers.

A stronger Hezbollah political role would also snub efforts by the United States and Israel to weaken the group and decrease the influence of its ally Syria.

Former President Amin Gemayel said parts of Nasrallah's speech were "dangerous."

"He is linking giving up Hezbollah's weapons to regime change in Lebanon and ... to drastic changes on the level of the Lebanese government," Gemayel said. "This is very surprising and dangerous, and leads us to ask, what kind of government does (Nasrallah) want for what kind of Lebanon?"

Faris Soueid, a Christian politician close to Saniora, insisted the government would not bend to Hezbollah. "I believe it will not scare the government of Fuad Saniora," he said on Al-Arabiya television. "It will not fall, not in the street and not because of political speeches."

Despite his tough rhetoric, Nasrallah offered an olive branch, saying he did not want to bring down the government — only to hold discussions on including more factions.

Saniora has repeatedly rejected a new government. A terse statement from his office said Nasrallah's focus "on dialogue in his speech is a good and constructive thing and opens future horizons."

Although Nasrallah said in an interview that he would not have authorized the Israeli soldiers' capture if he had known it would trigger such a response, the Hezbollah leader proclaimed that his forces now are not weaker.

"No army in the world will be able to make us drop the weapons from our hands," Nasrallah told the crowd, which cheered and waved hundreds of Hezbollah flags.

He boasted that his fighters would not be affected by the U.N. and Lebanese troops monitoring the borders and airport and patrolling the coast with warships to prevent Hezbollah from rearming.

"I say to all those who want to close the seas, skies and the deserts and the border and the enemy, the resistance today possesses more — I underline that — more than 20,000 rockets," Nasrallah said.

"The resistance ... has regained all its military, organizational and weapons capabilities. The resistance today is stronger than it was on the eve of July 12," he said.

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The 20,000 figure was even higher than the number of rockets Hezbollah claimed to have before the fighting — between 10,000 and 12,000 — and Nasrallah suggested he had hidden the true size of the arsenal. The guerrillas fired nearly 4,000 rockets into Israel during the fighting.

Israel lashed back after the speech, saying Nasrallah was issuing a challenge to the Lebanese government and the international community.

"The international community can't afford to have this Iranian-funded extremist spit in the face of the organized community of nations," Foreign Ministry spokesman Mark Regev said in Jerusalem.

Of Nasrallah's claim to 20,000 rockets, Regev said that under the cease-fire, Hezbollah "shouldn't have any rockets."

The U.N.-brokered cease-fire that ended the war Aug. 14 calls for Hezbollah to eventually disarm. U.N. peacekeepers and Lebanese troops say they won't hunt out and confiscate hidden Hezbollah arsenals. But they do intend to take weapons they encounter and stop new ones from coming in.

Hezbollah has been demanding formation of a national unity government that would presumably add more Hezbollah members and bring in its allies, including a Christian faction led by Michel Aoun.

That would relieve pressure on Hezbollah to surrender its weapons and likely lead to an administration friendlier to Syria.

Israel threatened to assassinate Nasrallah during the offensive. The Hezbollah leader went into hiding during the month of fighting, though he issued videotaped speeches and gave interviews to Lebanese television.

The rally filled a vast lot in Beirut's southern suburbs, a Hezbollah stronghold where entire blocks were leveled by Israel during the war.

"We are with him (Nasrallah). I am here to say no to disarming Hezbollah," said a 42-year-old Shiite, Mira Ali, waving a Hezbollah flag.

"We came to participate in the victory for all of Lebanon. We came to show we are the majority," said Roy Abi Khalil, a 21-year-old Aoun supporter.

Sheik Claims 20,000 Rockets (WT/AP)

By Hussein Dakroub

The Washington Times, September 23, 2006

BEIRUT -- Hezbollah leader Sheik Hassan Nasrallah told hundreds of thousands of supporters at a "victory" rally yesterday that his guerrillas have 20,000 rockets left after the war with Israel and will not surrender their arsenal unless a stronger Lebanese government is in place.

The gathering that sprawled over a swath of bombed-out south Beirut was a defiant show of Hezbollah strength and a challenge to the government of Prime Minister Fuad Siniora.

It also aimed to demonstrate that Hezbollah was not weakened by U.N. peacekeepers and Lebanese troops deploying across southern Lebanon with a mandate to rein in the Shi'ite guerrillas.

Police estimated 800,000 people -- mostly Shi'ites but including some Christians -- filled the 37-acre lot to hear Sheik Nasrallah, forming a sea of waving yellow Hezbollah banners, mixed with a smaller number of Lebanese flags.

In his first public appearance since Israel launched its offensive against Hezbollah on July 12, Sheik Nasrallah called for the formation of a new government. He repeatedly attacked Mr. Siniora's administration, saying it was weak and unable to protect Lebanon from Israel.

"Tears don't protect anyone," the black-turbaned cleric said in a jab at Mr. Siniora, who wept several times in speeches during the Israeli assault as he pleaded for international support.

Sheik Nasrallah said his group would keep its arms until Lebanon has a stronger government. Giving up weapons now "under this government ... means leaving Lebanon exposed before Israel to kill and detain and bomb whomever they want, and clearly we will not accept that," he said.

Hezbollah's push for a larger presence in government could deepen tensions in a country already sharply divided over the war that killed hundreds of Lebanese.

A stronger Hezbollah political role would also blunt efforts by the United States and Israel to weaken the group and decrease the influence of its ally, Syria.

Former President Amin Gemayel said parts of Sheik Nasrallah's speech were "dangerous."

"He is linking giving up Hezbollah's weapons to regime change in Lebanon and ... to drastic changes on the level of the Lebanese government," Mr. Gemayel said.

Although Sheik Nasrallah said in an interview that he would not have authorized the capture of two Israeli soldiers, which precipitated Israel's attack on Hezbollah, if he had known it would trigger such a response, the Hezbollah leader proclaimed that his forces now are not weaker.

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"No army in the world will be able to make us drop the weapons from our hands," Sheik Nasrallah told the crowd, which cheered and waved hundreds of Hezbollah flags.

He boasted that his fighters would not be affected by the U.N. and Lebanese troops monitoring the borders and airport and patrolling the coast with warships to prevent Hezbollah from rearming.

"I say to all those who want to close the seas, skies and the deserts and the border and the enemy, the resistance today possesses more -- I underline that -- more than 20,000 rockets," Sheik Nasrallah said.

"The resistance ... has regained all its military, organizational and weapons capabilities. The resistance today is stronger than it was on the eve of July 12," he said.

The 20,000 figure was even higher than the number of rockets Hezbollah claimed to possess before the fighting -- between 10,000 and 12,000 -- and Sheik Nasrallah suggested he had hidden the true size of the arsenal. The guerrillas fired nearly 4,000 rockets into Israel during the fighting.

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Hezbollah Leader Affirms Strength Of His Militia At Mass Rally (MCT)

By Hannah Allam

McClatchy Newspapers, September 23, 2006

BEIRUT, Lebanon - Hezbollah leader Hassan Nasrallah on Friday rejected calls to disarm and told a massive rally in the bomb-ravaged suburbs of Beirut that his militia still has more than 20,000 rockets after its 34-day war with Israel.

Nasrallah's first public appearance since the end of the conflict drew hundreds of thousands of supporters to a confetti-sprinkled celebration of the Shiite Muslim militant group's "divine victory." In an emotional speech that ran long past an hour, Nasrallah refused to disarm his guerrillas under the weak government led by Western-backed Prime Minister Fuad Saniora and warned international peacekeepers to keep their distance.

"They want to dissolve Hezbollah, but we've seen that no army in the world can do that. No army in the world will be able to remove the weapons from our grip, as long as we have the loyalty of the people," Nasrallah said, as the crowd broke into deafening cheers and whistles.

The immense turnout at the rally, broadcast live on satellite channels throughout the Middle East, cemented the militant Shiite leader's postwar status as one of the most powerful leaders in the region. He chided Sunni Arab regimes for failing to defend Lebanon and expressed gratitude to Shiite Iran for supporting Hezbollah.

Iran is a major supporter of Sunni and Shiite militants who oppose Western intervention in the Islamic world, Israel's occupation of the West Bank and Gaza, and in some cases Israel's very existence. Many Arab leaders, mostly Sunnis already bitter over the rise of Shiite Islam in Iraq, view Hezbollah as an Iranian proxy that's helping to spread Persian influence throughout the Middle East.

"How can you ask for equality when you won't fight for Gaza or Jerusalem?" Nasrallah asked of fellow Arabs. "The Lebanese resistance left no excuse for Arab armies. The Arab armies, combined, are able to liberate the West Bank and Gaza and Jerusalem."

Nasrallah stressed in his speech that Hezbollah is a homegrown Lebanese movement, but he defended the group's close ties to the Shiite theocracy in Tehran.

"Delegates from all over the world come and tell us this was an Iranian war," Nasrallah said. "We are proud of our relationship with the Islamic Republic of Iran. We support them in leadership and people, and our history shows this."

Mention of Iran elicited a smattering of boos among the cheers. Several Hezbollah supporters at the rally said they weren't thrilled over Iran's donations of cash, weapons and training to the Lebanese group, and said the relationship was born only out of necessity.

"We respect the people of Iran and the country of Iran for always supporting us," said Abu Yusuf Imad, 45, whose young son carried a large Iranian flag at the rally. "The others can think about this what they want, but we are the owners of the territory. It was our buildings destroyed, our land occupied and there is no government here to defend against anything."

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"These words of Hassan Nasrallah show us this was an Iranian-American war," said Khalil Basha, 30, a merchant. "It was a proxy war. Nasrallah thinks differently from the Iranians, but if he doesn't work with Iran for financial and military support, then who can he work with?"

Nasrallah chose his words carefully in calling for a new Lebanese government. He said the Saniora administration is unable to protect, rebuild or unify Lebanon and said a more representative alternative must be found. Yet he was quick to defend the embattled Lebanese army, saying its relationship to the resistance is like "two dear brothers."

"Our weapons are not for the inside and they'll never be used for the inside," Nasrallah said, addressing fears among Lebanon's often-quarreling Sunni, Christian and Druze communities over the Shiite show of force. "These are Lebanese arms. These are the arms of the Muslims and the Christians, here to protect Lebanon."

Members of the Lebanese government expressed exasperation over Nasrallah's remarks, saying it wasn't plausible for the Saniora administration to remake itself.

"How can we form a national unity government when we already have an established presence with important tasks at hand: the task of guarding the border and reconstruction," Elias Zogby, a pro-government Christian politician, told al Jazeera television after the rally. "Are we to stop and form a new government, a process that would take at least three months, while the country's in a transitional period?"

Nasrallah assumed a variety of roles before the crowd. He spoke as a nationalist, promising Lebanon's fractious sects that his victory was theirs. He spoke as an Arab, urging support for Palestinians and Iraqis. He spoke as an international player, lavishing praise on Venezuela's leftist president, Hugo Chavez, and condemning U.S. Secretary of State Condoleezza Rice.

But Nasrallah's most heartfelt words were reserved for the Shiites, who bore the brunt of the devastating Israeli bombing campaign provoked by Hezbollah's abduction of two Israeli soldiers on July 12. Israeli air strikes ripped through villages along the border with the Jewish state, flattened Beirut's southern suburbs and destroyed airport runways, bridges and other infrastructure.

More than 1,000 Lebanese, most of them civilians, died in the bombings. Hezbollah fired nearly 4,000 rockets into northern Israel during the war and killed 157 Israelis, most of them soldiers. Fighting displaced nearly 1 million Lebanese and wiped out thousands of homes and businesses.

"Bless your martyrs and the families of your martyrs. Bless your orphans, your broken homes, your lost fortunes," Nasrallah said. "Today, we celebrate a divine victory, a strategic and historic victory. Nobody would imagine that a few thousand of your people, your resistance, stood up for days in front of the strongest army in the region."

The words resonated with Shiite families, many of whom walked or hitched rides from southern villages to attend the rally. Thousands waved the yellow banners of Hezbollah or hoisted placards that read, "Here we are, Nasrallah." Celebratory gunfire crackled throughout the suburbs.

"He represents our views as if he's speaking from our own hearts. We feel he's one of us, somebody we know," said Ferial Faqih, a secular Shiite in a midriff-baring top.

Faten Mansour, a 25-year-old Shiite mother who'd draped a Hezbollah flag over her black chador, said she brought her three young children to see Nasrallah and to teach them "to defend our country and to walk in the footsteps of the resistance."

Mahdi Allam, 23, a pizza chef whose uncle and best friend were Hezbollah guerrillas who died in battle, waved a gigantic yellow flag long after the crowd had left the rally.

"The most important thing is what he didn't say: Go give your lives for the lands that still aren't free. I was waiting for it, ready, and so were all my friends," Allam said. "But he showed us he's a grounded man who does things slowly and with reason."

The rally had been timed to coincide with the withdrawal of the last Israeli troops from southern Lebanon, but Israeli officials said earlier this week that the pullout would take longer than expected.

Hamas Rebuffs Palestinian President Over Israel (NYT)

By Greg Myre

The New York Times, September 23, 2006

JERUSALEM, Sept. 22 — The Palestinian prime minister, Ismail Haniya, and other Hamas leaders said Friday that the group would not be part of a Palestinian government that recognizes Israel, a position that could complicate efforts to form a unity government and win renewed Western assistance.

Just a day earlier at the United Nations, the president of the Palestinian Authority, Mahmoud Abbas, said that a new Palestinian government would recognize Israel and honor previous agreements with it.

Mr. Abbas spent most of the past week in New York and received support from world leaders, including President Bush, for his efforts to establish the new government. But Friday's developments pointed to fundamental differences that remain between Hamas, the radical Islamic movement that currently leads the government, and Fatah, the rival party led by Mr. Abbas.

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Despite months of on-again, off-again talks, it is still not clear that Hamas and Fatah can agree on the makeup and the platform of a new government, and whether it will be acceptable to Western countries, which have set three basic conditions for restoring aid: recognizing Israel, renouncing violence and accepting previous Israeli-Palestinian agreements.

"We have accepted the establishment of a Palestinian state on the 1967 borders and the return of refugees, and the condition will be a truce, not the recognition of Israel," Mr. Haniya said, restating a long-held Hamas position following midday prayers at a Gaza City mosque.

Mahmoud Zahar, the Palestinian foreign minister, was even more explicit in remarks Friday evening. "We will not participate in a 'recognition' government," he said.

Hamas and Fatah have tried to come up with a platform for the new Palestinian Authority government that allows for broad interpretation. The goal is for the Palestinian government to meet the conditions set by the West, while Hamas, as a party, would not have to explicitly embrace those positions. There is still no agreement on how the senior positions will be allotted in the new government, though Mr. Haniya is expected to remain as prime minister, with Hamas getting the largest share of the cabinet posts.

Previous Palestinian negotiations with Israel were handled by the Palestine Liberation Organization, and this would continue to be the case. Fatah is the main component of the P.L.O., which includes numerous smaller factions.

Hamas, which has always rejected negotiations with Israel, would not have to take part in any talks.

The United States and Israel are skeptical about this approach. Israeli officials view the internal Palestinian negotiations as an attempt to gain renewed funding and international support without any substantive change on the part of Hamas, which is classified as a terrorist group by Israel, the United States and the European Union.

Israel collects more than $50 million a month in taxes and customs revenue for the Palestinians based on previous agreements, but began withholding the money after Hamas won the Palestinian elections in January.

The European Union also contributed sizable sums to the Palestinian Authority before Hamas came to power. The United States, meanwhile, was directing its assistance through agencies such as the United Nations and the World Bank.

Fatah officials have said they do not expect Hamas to explicitly recognize Israel. But Hamas would have to allow Mr. Abbas and others in the new government to act on the basis of existing agreements with Israel.

Mr. Abbas, widely known as Abu Mazen, held talks with Mr. Haniya in Gaza earlier this month, and Fatah officials came away believing Hamas had made such a commitment.

"Hamas agreed with Abu Mazen before he traveled" to the United States, said Maher Miqdad, a Fatah spokesman in Gaza. "While he has been away, Hamas has been making different statements to the media."

A draft platform for the new Palestinian government published this week makes no mention of Israel. The draft does not specifically renounce violence, saying that the Palestinians seek a state in all the territories captured by Israel in the 1967 war, "using all legitimate means and methods."

The program says that the new Palestinian government will "respect" previous agreements "in a manner that protects and safeguards the higher interests and the rights of the Palestinian people."

This appears to give Hamas leeway to accept agreements, or parts of agreements that it likes, while rejecting parts it opposes.

If a new Palestinian government is established, a crucial test will be winning acceptance from the quartet of Middle East peace brokers, which consists of the United States, the European Union, the United Nations and Russia.

The quartet met in New York on Wednesday and expressed support for Palestinian efforts to form the unity government "in the hope that the platform of such a government would reflect quartet principles and allow for early engagement."

In another development Friday, the border crossing between Gaza and Egypt, which has been closed for most of the past three months, reopened. Large numbers of Palestinians passed in both directions.

The Palestinians assumed control of the Rafah crossing last November, but Israel has kept it closed most days since its soldiers entered southern Gaza at the end of June, in response to the seizure of an Israeli soldier by Palestinian militants.

Hamas Backs Away From Unity Coalition (LAT)

By Ken Ellingwood

The Los Angeles Times, September 23, 2006

Ruling Palestinian party says it won't participate in a government that would recognize Israel.

JERUSALEM — The ruling Hamas party said Friday that the radical Islamist group would not take part in a Palestinian unity government whose platform recognized Israel.

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The comments, by Palestinian Authority Prime Minister Ismail Haniyeh and other Hamas officials, came after Palestinian Authority President Mahmoud Abbas had declared in a United Nations speech that the proposed coalition with his Fatah movement would recognize Israel.

The exchange highlighted the lingering differences between the two parties despite a tentative agreement to join forces in an effort to end the West's months-long aid embargo against the Hamas-led government.

"We will not participate in any government that would recognize Israel. I can confirm that Hamas will never be part of the 'recognition government,' " Mahmoud Zahar, the foreign minister and a member of Hamas, said in Gaza City.

Haniyeh said Hamas was prepared to observe a long-term truce but not recognize Israel's right to exist. Hamas would accept a Palestinian state along the borders that preceded the 1967 Middle East War — meaning one having control of the West Bank, Gaza Strip and East Jerusalem — he said. The latter position at times has been read to mean an implicit recognition of Israel; but Hamas leaders repeatedly have said that is not their organization's intention.

The remarks came a day after Abbas, who favors peace talks with the Israelis, had told the U.N. General Assembly that a unity government would abide by earlier agreements with Israel that call for mutual recognition and an end to violence.

Abbas said any peace talks would be left in the hands of the Palestine Liberation Organization, which he heads, and ratified by a PLO assembly or put to a vote among Palestinians.

An accord, he said, would be based on the outlines of a 2002 Arab League initiative that envisioned a two-state solution along the 1967 borders and normal ties between Israel and Arab nations.

"What we have achieved so far should be adequate to lift the oppressive siege imposed on our people and which has caused major and grave damage to our society, its standard of living and its means of growth and progress," Abbas said in the speech.

He and Haniyeh announced last week that they had agreed to form a unity government, though not on the details of its platform. The quartet of Middle East peace intermediaries — the United States, European Union, United Nations and Russia — has said international aid would be renewed when the Palestinian government recognized Israel, swore off violence and agreed to honor past agreements.

The quartet said this week that it supports efforts to create a unity government and hopes the new Palestinian platform will "reflect" the three conditions.

Abbas is to resume talks with Hamas when he returns, and the back-and-forth declarations appeared to be part of that haggling. The two factions face a difficult chore: to come up with a formulation on Israel that is vague enough for Hamas but satisfactory to the international community and Israel.

The proposed platform refers to the right to a Palestinian state along the 1967 borders and to the Arab initiative — wording that could be read as tacit recognition of Israel. But the draft does not address Israel explicitly.

Haniyeh praised the 2002 initiative's call for Israel's withdrawal from territories occupied after the 1967 war and for a negotiated agreement on Palestinian refugees. But he said a truce was as far as Hamas would go for now.

"All that is nice, but not in return for recognition — in return for a truce," Haniyeh said.

Hamas' charter calls for Israel's destruction, and its leaders have consistently refused to recognize the Jewish state. The United States and European Union cut off aid after Hamas won parliamentary elections in January because they classify it as a terrorist group.

The aid cutoff has left the Palestinian treasury empty and prompted strikes by thousands of unpaid public employees. Rising public discontent has placed intense pressure on Abbas and Hamas' leaders to act soon to solve the deadlock.

The financial crisis has been aggravated by Israel's decision to withhold about $50 million in tax and customs revenues that it collects monthly on behalf of the Palestinian Authority under a 1994 agreement.

Zahar warned Abbas against dissolving the government, saying such a step could lead to civil war.

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Special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Abbas's Mission Impossible (TIME)

By Tim Mcgirk

Time, September 23, 2006

Palestinian President Mahmoud Abbas found out the hard way that applause and accolades for being "a man of peace" at the United Nations don't automatically win him friends back home. Just hours after Abbas raised hopes for restarting the Middle East peace process by vowing on Thursday at the U.N. General Assembly that a new Palestinian government would recognize Israel, his future coalition partners, the Islamist militants of Hamas, killed the deal.

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A Hamas senior advisor, Ahmed Yousef, bluntly said: "There won't be a national unity government (with Abbas) if Hamas is asked to recognize Israel." Hamas now leads the Palestinian government; it won the majority of votes in last January's elections, and the beleaguered president cannot get a new cabinet approved by the legislature without the support of the militants.

At the U.N., Abbas perhaps should have been more cautious. But his words were directed toward the White House, say Palestinian advisers close to him. Prior to his speech, Abbas was warned by the Bush Administration — his only protector these days — that he would risk trouble with the U.S. if he drew too close to a Hamas that refuses to recognize Israel. So, to please the White House, Abbas made a promise at the U.N. he could not keep.

And Palestinian public opinion may be behind Hamas on this issue: one of the most respected Palestinian polling organizations released findings last week showing that although 54% of Palestinians are dissatisfied with Hamas's performance in government and its share of the popular vote remains steady at 38%, a majority of 67% believe that Hamas should refuse Western demands that it recognize Israel.

Faced with the impossible gymnastics of trying to satisfy both Hamas and the Bush Administration, Abbas has few options. If he invokes his presidential powers to dissolve the current Hamas government, it could lead to anarchy and perhaps civil war among dozens of armed militias, according to worried Palestinians in Gaza and in the West Bank. Meanwhile, an economic blockade on the Palestinian territories, imposed by the international community after Hamas took office in March, has squeezed off all but a trickle of aid to millions of desperate Palestinians. Only by bringing Hamas on board in a government that recognizes the State of Israel can Abbas persuade the Bush Administration and other international donors to resume the flow of funds and supplies to keep the Palestinian administration from collapsing.

Hamas militants are willing to bend, slightly. Prime Minister Ismael Haniyeh said that while Hamas would never openly recognize Israel (the militants' credo, in fact, vows to destroy the Jewish state), Hamas would be willing to sign a truce with Israel lasting up to 10 years and honor past peace accords that Palestinians signed with Israel. While prospects for changing Hamas's position as a movement are slim, Abbas is hoping to persuade it to make a de facto gesture of recognition by joining a government that accepts previous Palestinian agreements with the Jewish state. The U.S. and Europe have made the renunciation of violence and recognition of Israel preconditions for lifting their punishing sanctions on the Palestinian territories.

Meanwhile, the situation in those territories continues to deteriorate for people like Abed, a Gaza housewife who says her husband has been without his government salary for five months. "At first we borrowed money from our relatives for food," she says. "But now they have no money. So I sold my wedding jewelry and the TV. Now, we're selling the furniture. Next, our clothes." For Abed and a million other Palestinians, the question of whether or not they should co-exist with Israel has been reduced to something far more elemental: finding a shekel or two so they can feed their family a plate of beans. -With reporting by Jamil Hamad/Bethlehem

Pope Invites Muslim Envoys For Meeting (AP)

By Frances D'emilio

AP, September 23, 2006

Pope Benedict XVI has invited Muslim envoys to meet with him at his summer residence Monday for what the Holy See says is urgently needed dialogue following the crisis ignited by his remarks on Islam and violence.

Turkey and Iran immediately said their representatives would attend.

Benedict's attempt to talk through the controversy comes as Christian-Muslim tensions rose in Indonesia over the executions of three Roman Catholic militants. Benedict had appealed to the mostly Muslim nation to spare the men.

Thousands of Muslim worshippers staged marches against Benedict in Jerusalem, the West Bank, Gaza and the Sudanese capital on Friday. The Palestinian protesters waved green Hamas banners and denounced the pontiff as a "coward" and an "agent of the Americans." But much of the Middle East was quiet.

In the West Bank city of Nablus, Palestinian police guarding a Roman Catholic church exchanged fire for 20 minutes with would-be assailants and chased them away, residents said. There were no immediate reports of injuries or damage to the shrine.

The Vatican announced the pope's invitations Friday, saying they were extended to ambassadors to the Holy See from largely Muslim countries for a meeting at the papal palace at Castel Gandolfo, near Rome.

Leaders of the Muslim community in Italy, who have advised the Italian government on politically delicate issues of Muslim integration in the largely Catholic country, also were invited.

Benedict's chief aide on inter-religious dialogue, French Cardinal Paul Poupard, also will participate.

Because of the Muslim holy day Friday, many diplomatic officials could not immediately be reached for comment. Turkey said its ambassador would attend, and Iran said its charge d'affaires would participate.

The invitation "will help clear the field of misunderstandings," Indonesia's ambassador, Bambang Prayitno, told the Apcom news agency.

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Vatican Radio described the meeting as an "appointment totally dedicated to the urgency for dialogue today, between the cultures and religions of all the world, as Benedict XVI has repeatedly reiterated."

The brief Vatican announcement made no mention of the uproar over Benedict's remarks during a Sept. 12 speech to professors at the University of Regensburg in Germany, where he used to teach theology.

During the speech, which explored the relationship between faith and reason, Benedict cited a Byzantine emperor who characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith."

The pope told faithful at Castel Gandolfo on Sunday that he was "deeply sorry" that Muslims were offended by the words, which he said did not reflect his own opinions. Later in the week, he told pilgrims his comments were open to misinterpretation and that he had "deep respect" for Islam.

Monday's meeting with the pontiff "is an invitation that we sought," said Hamza Roberto Piccardo, who is secretary of the Union of Islamic Communities in Italy, an umbrella group for Italy's Muslims that has a reputation for radicalism.

"From the beginning we have kept a reasonable profile, we have spoken of misunderstanding, of the fact that there was no ill will by the pope toward Muslims," Piccardo told The Associated Press by telephone.

After initial efforts by the papal spokesman and then his secretary of state to make clear Benedict's regret over the interpretation of his remarks, the pope has been speaking directly about the tensions in his public appearances.

Earlier in the week, papal envoys stationed in countries with large Muslim populations met with leaders to try to placate anger.

Mario Scialoja, president of the Muslim World League in Italy, predicted Monday's encounter would help end the controversy. "The reactions have gone beyond reasonable for a phrase that was taken out of context."

While Benedict is determined to repair the damage, he is also intent on working for religious freedom for tiny Catholic communities in Muslim countries, including Saudi Arabia where Christians worship with difficulty.

"The creation of stable channels of communication between the Holy See and countries with Muslim majorities along with greater esteem can work to favor protection for Christian minorities," said Mario Marazziti, a spokesman for Sant'Egidio Community, a Catholic organization in Rome that works for inter-religious dialogue.

In largely Muslim Indonesia, Christians angered by the execution of three Catholic militants went on a rampage Friday, torching government buildings and looting Muslim-owned shops. The men were convicted of leading a Christian militia that launched attacks in 2000 that left at least 70 people dead.

Faith In Power Of Reason (FT)

By Christopher Caldwell

Financial Times, September 23, 2006

After another wave of protests on Friday, it is fair to ask what Pope Benedict XVI hoped to achieve with his lecture on “Faith, Reason and the University”, delivered in Regensburg last week. It outraged the Muslim world in a way that resembles the Danish cartoon controversy of last winter. Morocco recalled its ambassador to the Vatican, six churches were burnt in Palestine and an Italian nun was shot dead in Somalia. Equally striking, though, was that the reaction of the west did not run along expected lines. The former archbishop of Canterbury, Lord Carey, a champion of inter-religious dialogue, praised Benedict’s “extraordinarily effective and lucid” lecture; and even José Luis Rodríguez Zapatero, the generally anti-clerical Spanish premier, offered his “full understanding and support”.

Benedict cited a 14th-century dialogue in which the Byzantine emperor Manuel II Palaeologos inquired of a learned Persian what was new in Islam besides the commandment to spread faith by the sword. Manuel II’s argument against conversion through violence, according to the Pope, is: “Not to act rationally is against the nature of God.” Things are different in Islam, says Benedict, in which “God is absolutely transcendent. His will is not bound to any other category, not even to rationality.” The Pope was not gloating. The choice of illustration may have been mischievous, but it was not smug. Benedict’s lecture was a lesson to Christianity, not an attack on Islam.

It is no secret that the Pope worries about Islam. He has doubted publicly that it can be accommodated in a pluralistic society. He has demoted one of John Paul II’s leading advisers on the Islamic world and tempered his support for a programme of inter-religious dialogue run by Franciscan monks at Assisi. He has embraced the view of Italian moderates and conservatives that the guiding principle of inter-religious dialogue must be reciprocità. That is, he finds it naive to permit the building of a Saudi-funded mosque, Europe’s largest, in Rome, while Muslim countries forbid the construction of churches and missions. But Benedict is not among those who sees Islam’s resurgence as a function simply of all the money Saudis are throwing around. For him, Islam’s strength comes mainly from “people’s conviction that Islam can provide a valid spiritual foundation to their lives”.

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By contrast, in Without Roots, a book he wrote with Marcello Pera, the Italian politician, he points up two problems for Christianity in Europe. First, "its model for life is apparently unconvincing". Second, "it seems to have been surpassed by 'science' and to be out-of-step with the rationalism of the modern era". This scientific thinking, he warns, is often intolerant. You could say that western thinkers look on the metaphysical concerns that antedate the scientific revolution much as Islamists view the world before the time of Mohammed – as barbarous. Within Catholicism, Marxist "liberation theologists" sought not long ago to claim the church for "scientific" socialism. What the Byzantine anecdote allowed the Pope to do, quite elegantly, was to present, on the one hand, a God without rationality and, on the other, a rationality without God. Although he was setting up Christianity as the happy medium, he was not claiming it was the Christianity we have just now.

Benedict's predecessor, John Paul II, looked at the essential cleavage in the world as being between religion and unbelief. Devout Christians, Muslims and Buddhists had more in common with each other than with atheists. John Paul sought dialogue with leaders of other faiths, visited mosques and apologised for the Crusades. Benedict does not agree. He thinks that, within societies, believers and unbelievers exist in symbiosis. Secular westerners, he implies, have a lot in common with their religious fellows. The Pope refers to the mutual incomprehension between western cattolici (or believers) and laici (or secularists) as a schism – a schism "whose gravity we are only now grasping". It seems to be Benedict's top priority to heal it. If rationalism is at the root of Christianity, hyper-rationalism (secularism) is a problem specific to Christianity. It may even be a form of Christianity – one that over-emphasises what we render unto Caesar and under-emphasises what we render unto God.

The Pope has been criticised for ignoring the way Muslims live their religion as an identity, not a doctrine. But that gets things the wrong way round. Benedict seeks to strengthen, not weaken, the identitarian conception of religion. "In the times of Jesus," he writes in Without Roots, "the Jewish Diaspora was filled with 'God-fearers' who reported in varying degrees to the synagogue and who, in different ways, lived the spiritual treasure of the faith of Israel. Only a few of them wished to enter fully into the community of Israel, through circumcision, but for them it was a reference point that indicated the way to life." When Benedict argued at Regensburg for "the profound harmony between what is Greek in the best sense of the word and the Biblical understanding of faith in God," he was inviting the non-religious to avail themselves of Rome's inheritance.

It is not by accident that secular ideologies such as human rights and democratic socialism bear a resemblance to Christian ethics. They have their roots in Christian ethics, after all. Secular intellectuals should be in sympathy with the church, Benedict's thinking goes, even if they are not in communion with it. That is why he has spent so much time in public dialogue with such secular philosophers as the Italian Paolo Flores d'Arcais and the German Jürgen Habermas. That was what the Regensburg talk was about. Rather than convince secular-minded people to join the flock, he seems to be trying to convince them that they are in it already.

Paulson Ends China Visit With Little Progress But Gratified To Be Talking (NYT)

By Steven R. Weisman

The New York Times, September 23, 2006

BEIJING, Sept. 22 — Treasury Secretary Henry M. Paulson Jr., winding up a four-day visit to China, met Friday with President Hu Jintao and Prime Minister Wen Jiabao and said afterward that he was encouraged by their willingness to engage in a new effort to resolve economic disputes between the countries.

Mr. Paulson and his aides, many with long experience in China, said his 50-minute session with Mr. Hu and 55-minute session with Mr. Wen were highly unusual for a Treasury secretary. Mr. Paulson's predecessor, John W. Snow, met with Mr. Hu for only a couple of minutes when he was Treasury secretary.

But United States officials continued to acknowledge that the trip was ending with no signs of progress on issues like Chinese currency policy, restrictions on China's capital markets, trade disputes and the widespread piracy in China of software, movies and pharmaceuticals from the United States.

"I enjoy meetings when they are not scripted, when there is a give and take and when they are substantive," Mr. Paulson told reporters after the sessions, soon before leaving for Washington. "These two leaders knew their stuff, and there was a real discussion."

He was careful to provide few details of his talks, but his aides said that "this was a big deal," as one put it, for the meetings to have taken place and for there to have been a considerable presence from the Chinese media.

The main accomplishment of Mr. Paulson's visit, which began Tuesday, was a new strategic economic dialogue between the United States and China. But officials acknowledge that the creation of a process does not equal achievement of results.

Mr. Hu welcomed establishment of the dialogue, according to remarks reported by the official Xinhua news agency. Mr. Hu said the dialogue would serve the purpose of "making suggestions and supplying advice for high-level policy making by the two nations," Xinhua said.

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Mr. Paulson summarized his visit to China as successful but said the results would not be seen until later. However, the issue has some urgency for the administration, with critics of China in Congress preparing to introduce legislation to punish the nation because of its currency practices.

The main focus of the legislative action is a bill sponsored by Senators Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, that would raise tariffs on Chinese imports by nearly 30 percent if China does not allow its currency to appreciate against the dollar. Such a shift would make exports from China more expensive and imports to China cheaper.

Tony Fratto, the Treasury Department's chief spokesman, said Mr. Paulson would speak to Mr. Schumer and Mr. Graham next week to try to persuade them to pull back their bill. Both have vowed to proceed with it if Mr. Paulson did not achieve progress.

The bill is expected to be approved in the Senate but not the House. President Bush has vowed to veto it.

Mr. Paulson argues that even Senate passage would be counterproductive, making the Chinese less likely to accommodate United States interests because they might be seen as yielding to pressure.

Paulson Hails 'real Discussion' With China (FT)

By Krishna Guha In Beijing And Richard Mcgregor In Beijing

Financial Times, September 23, 2006

Meetings with Hu Jintao, China's president, and Wen Jiabao, prime minister, exceeded the expectations of Hank Paulson, US Treasury secretary, who said on Friday they had engaged in a "real discussion" on substantive issues.

Mr Paulson did discuss the issue of China's currency valuation directly with Mr Hu, alongside other issues including intellectual property and financial sector liberalisation.

Mr Paulson's position is that greater currency flexibility would be in China's national interest and would facilitate a long-term strategic relationship bet-ween China and the US.

He said he was "encouraged" by the meeting with Mr Hu and a separate discussion with Mr Wen in Beijing. "For me, because I think I had realistic expectations, this broke to the high side," he said.

He refused to say whether he thought China's leaders had changed their position as a result of his trip, but insisted the meetings were not formalities.

"We have all seen pre-arranged minuets," he said. "These two leaders knew their stuff and there was a real discussion."

Mr Paulson's goal for his visit – his first since leaving his post as head of Goldman Sachs, the investment bank, for the US Treasury – was to set up a process that would allow the two countries to tackle issues arising from China's growing strength as a world power, rather than to come home with a specific political or economic policy win. His chosen method was a semi-annual dialogue held between top-level officials to discuss long-term concerns.

While Mr Paulson has repeatedly warned against expecting immediate results from the talks this week, his comments could heighten market expectations that China will allow its currency to appreciate more rapidly in the months ahead. The Treasury secretary said the meetings were "substantive, unscripted and spontaneous".

The Chinese account of the meeting made no mention of the currency, which has edged up to record highs every day this week since Tuesday.

A senior administration official said Mr Paulson was "fully cognisant that he will be judged on results" and in particular on whether the new strategic economic dialogue with China he announced on Wednesday helped the two sides work through their differences.

"This is going to take a little bit of time," the official said. "But as he [Paulson] said at his press conference on Wednesday, he is not someone who is famous for being patient."

The official said the Treasury secretary would try to explain his strategy to Congress on his return home.

"We have a challenge of educating people about this," he said, adding "we are all aware there will be criticism" of Mr Paulson for returning without any specific policy commitments from the Chinese.

Mr Paulson said there were few, if any, issues on which the two sides disagreed in principle. "Where there is discussion is on the timing," he said. The US wants China to move faster towards currency flexibility and to accelerate its broader reform programme.

No previous US Treasury secretary has had a full meeting with China's president, and other meetings between Mr Hu and US leaders have tended to focus on geopolitical issues.

Clark Randt, the US ambassador, said Mr Hu was now "directly involved" in the US-China economic dialogue.

Mr Hu, who was quoted on Xinhua, China's official news agency, praised Mr Paulson for his "positive contributions to exchanges and co-operation between our two countries in the economic and financial field."

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"China will make joint efforts with the United States to expand common interests, respect and address each other's concerns to push forward the China-US constructive partnership," Mr Hu added.

Paulson To Push Senators To Drop China-Tariff Bid (WSJ)

By Michael M. Phillips And Greg Hitt

The Wall Street Journal, September 23, 2006

Treasury Secretary Henry Paulson turns this coming week from negotiating with Chinese leaders to pressing two persistent U.S. senators to back off a bill that would levy tariffs on Chinese goods to punish Beijing for its currency policies.

Senators Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.) appear intent on forcing a vote this coming week on legislation to impose a 27.5% tariff on China-made goods -- if Beijing doesn't allow its currency, the yuan, to rise against the dollar. On three previous occasions, the senators have been on the brink of bringing the issue to a vote, only to step back after appeals from the Bush administration, which fears the bill could ignite a trade war.

Mr. Paulson's mission now is to convince the senators they should give the newly announced U.S.-China economic dialogue time to work. Senate Majority Leader Bill Frist (R., Tenn.) sees a possible compromise: kicking the bill into a lame-duck session after the Nov. 7 elections.

But the senators say they are running out of patience. Unlike the previous three episodes, this time they have made a written request to Mr. Frist for a vote next week. "We've had dialogues for years and years, and we've had no movement," Sen. Schumer said. "A dialogue is not good enough." A spokesman for Mr. Graham says he, too, is committed to pressing forward. The two lawmakers are to confer with Mr. Paulson early in the coming week.

Treasury officials say Mr. Paulson is getting unprecedented access to Chinese decision makers and needs time to make those connections work. On Friday, the secretary held talks in Beijing with top leaders -- including a session in which he and President Hu Jintao spontaneously dismissed their staffs after 30 minutes of conversation and conferred in private for 20 more.

Mr. Paulson described the Hu meeting, as well as an earlier session with Premier Wen Jiabao, as "substantive" and "unscripted." U.S. officials said the conversations touched sensitive issues ranging from China's lack of enforcement of intellectual-property rights to concerns that Beijing is keeping the value of the yuan low to give Chinese exporters an edge.

"I find it quite encouraging that there are very few issues -- I can't think of any -- where there were differences on the principles," Mr. Paulson said. "Where there are differences is on timing."

Early in his trip, Mr. Paulson suggested he might not have to persuade Congress to get on board. "I know there's a short-term mentality in the world today, but I don't think many people are going to judge me by what comes out of one visit," he said. "And if they do, heaven help this country." By the time he headed home, though, the secretary had changed his tune. "It's my job to communicate with people up on the Hill," he said. "They're clients."

A senior administration official traveling with Mr. Paulson was more blunt about the political challenge. "Any time we do anything related to China, we know that there are those groups and individuals out there who want nothing short of us coming here and taking out the baseball bat on the Chinese," the official said.

Alarmed at the prospect of a Senate vote, the U.S. Chamber of Commerce, the National Association of Manufacturers and the Business Roundtable are rallying opposition. Senate Finance Chairman Charles Grassley (R., Iowa) says passage is likely if the bill is brought up, in part because "China hasn't delivered on" on past promises.

With the elections looming, concerns about China and the economy are helping to stoke voter angst. As a result, said Business Roundtable President John J. Castellani, the tariff bill is "attractive politically" to some lawmakers. "The problem is that not always does good politics make good policy," he said.

Business lobbyists also fear some senators see the vote as a chance to send a shot across China's bow, knowing President Bush can block the measure from becoming law -- if it gets through the House, where the outlook is uncertain.

To Build Trust, U.S. Navy Holds A Drill With China (NYT)

By Michael R. Gordon

The New York Times, September 23, 2006

WASHINGTON, Sept. 22 — The United States Navy reached a modest but noteworthy milestone this week when it conducted an exercise with a Chinese ship off the coast of southern California, the top American commander for the Pacific region said Friday.

The exercise, conducted Wednesday, was the first time that ships from the two navies have worked directly with each other in a search and rescue training session. In the operation, the crews of an American ship and a Chinese ship practiced how to save a third ship from fire and flooding while evacuating casualties.

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The regional commander, Adm. William J. Fallon, cast the exercise as a step toward a deeper relationship he hopes to foster between the militaries. The admiral has visited China three times and said he achieved a minor breakthrough in May when the Chinese allowed him to sit in the cockpit of China's advanced FB-7 warplane.

"Frankly, from the military side we have not been very engaged with these folks in the last five years," he told a group of reporters. "We are attempting to build a new relationship to try to establish a foundation and hopefully at some level of trust."

But the American government has never been of one mind on the value of military exchanges with Beijing. The heads of the United States Pacific Command have favored establishing a channel of communication with their Chinese counterparts, figuring it would enable them to dispel misperceptions about American intentions and defuse the sort of crisis that erupted in 2001 when a Chinese fighter and an American reconnaissance plane collided off the coast of China.

But some Bush administration civilians and advisers have been far more skeptical, calculating that the principal Chinese interest is to glean what they can about American military technology and operations while withholding useful information about their own activities and budgets.

Admiral Fallon alluded to those differences.

"It isn't a clone of the Soviet Union," he said, referring to China. "However, there are institutions of our government that seem to act in a manner that has just transferred whatever we thought the Soviet Union was, and we have moved it into China and we kind of do things in the same manner, which I think is incorrect."

The exercise off the coast of California is to be followed by a more complex search and rescue exercise off the coast of China, Admiral Fallon said. But there is a long way to go to build stronger ties.

American and Chinese officials have never drafted procedures on avoiding military incidents like the 2001 episode with the reconnaissance plane.

Congress has also imposed restrictions on the scope of military exchanges, forbidding contacts that would enhance the Chinese military's combat, logistical or surveillance capabilities. Exercises involving search and rescue and humanitarian operations are exempt from the ban, and Admiral Fallon indicated that he would favor relaxing the restrictions if the Chinese demonstrated that they would be more transparent about their armed forces.

Admiral Fallon encountered the limits of the relationship in July when he tried to call his Chinese counterpart this past summer to encourage Beijing to warn North Korea not to test its long-range missiles.

"I tried to get hold of their senior leadership back in July," he said. "It was 'We will get back to you.' " The Chinese eventually responded by arranging for a statement to be read to an American official in Beijing expressing appreciation for Admiral Fallon's interest in the matter.

James Mulvenon, an expert on the Chinese military, said there was value in meeting with the Chinese to try to dispel notions that the United States was engaged in dark conspiracies against China. But he argued that establishing a high-level channel for crisis management was not possible.

"The Chinese value strategic dialogue, but we can't hope that these connections can be used in crisis," Mr. Mulvenon said. "Their system is structured differently. The counterpart of Admiral Fallon would not feel comfortable having independent communication with Pacific Command."

In the Wednesday exercise, the crew of the American destroyer Shoup worked with the crew of the Chinese destroyer Qingdao. The Swamp Fox, a torpedo recovery vessel, played the role of the ship in distress. The Qingdao and the Hongzehu, a Chinese oiler, visited San Diego as part of the exchange.

UK In Secret Deal With Italy On China Trade (FT)

By George Parker And Andrew Bounds

Financial Times, September 23, 2006

Britain has offered a secret deal to Italy under which it would back Rome's demand for punitive tariffs on cheap Chinese shoes in return for Italian support for the UK's long-hours work culture.

The classic example of European Union horse-trading has dismayed retailers, who claim a deal with Italy could force Britain to support Rome in future trade disputes with China over imports of low-price furniture and ceramics.

The fact that Britain is prepared to put aside its free-trade principles in the shoe dispute is a sign of its fear that other member states could try to axe its "opt-out" from Europe's maximum 48-hour working week when the issue is debated in November.

Britain has just enough EU member states ready to support its exemption from the working time directive – seen as a vital part of Britain's flexible labour market – but the coalition is flaky.

Romano Prodi's new centre-left government told the UK this year that Italy was withdrawing its support, leaving Tony Blair's government relying on Germany and the unstable Polish coalition as its main backers.

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The Financial Times has learnt from a number of sources that Britain is desperate to bring Mr Prodi back on board, offering to back a protectionist bloc of EU countries – led by Italy – that wants anti-dumping duties on Chinese and Vietnamese shoes.

But the proposed deal has hit a hitch: Italy has so far refused to give Britain the written assurances it wants on working hours. Communists and socialists in Mr Prodi's coalition believe the UK's working time "opt out" exploits workers and gives Britain an unfair advantage over countries where the 48-hour limit applies.

Meanwhile, Emma Bonino, the Italian trade minister, hopes to assemble the necessary majority of EU countries to support duties on Chinese shoes without Britain; yesterday Italy and other southern European countries applied pressure on Cyprus to defect from the free-trade camp.

Cyprus would make the difference.

A proposal for anti-dumping duties from Peter Mandelson, EU trade commissioner, has left governments deadlocked, with 12 countries in favour and 13 against his plan to impose five-year duties of 16.5 per cent for leather shoes from China and 10 per cent for Vietnam.

EU ambassadors will learn next Wednesday if Italy, Spain and other shoe producers have secured a majority with or without Britain. A new agreement is needed before interim shoe duties expire on October 6.

A British spokesman declined to confirm or deny the talks with Italy. We don't comment on confidential discussions," he said.

The Footwear Association of Importers and Retail Chains said: "This case should be decided on its merits, not on desperate horse-trading, which makes the EU look ridiculous."

Hillary Clinton Stars At Husband's Meeting On World's Ills (NYT)

By Patrick Healy

The New York Times, September 23, 2006

Senator Hillary Rodham Clinton made a star turn yesterday at former President Bill Clinton's conference on global challenges, calling for a concerted attack on the "feminization of poverty" to destroy political and economic barriers that trap women.

President Clinton also marked the conclusion of the three-day conference by announcing that participants had committed $7.3 billion to climate, health and antipoverty programs, and to efforts to foster ethnic and religious tolerance.

A similar conference last year, Mr. Clinton's first, raised $2.5 billion in total commitments.

While the day included remarks by former Secretary of State Colin L. Powell and the media baron Rupert Murdoch, it was Mrs. Clinton who drew a standing-room-only crowd of hundreds for a session called "Women and the Power of Economic Opportunity."

That theme led to a discussion of political opportunity as well, and audience members applauded when Mrs. Clinton, a possible presidential candidate in 2008, suggested that the time would come for more women to assume high office.

(She did not mention when, however.)

In her opening remarks, the senator set the tone for the panel by lamenting that women in many countries cannot vote, run for office, or secure credit or capital to start business ventures.

"Far too many women are stuck in a cycle of poverty from which there is no escape," she said. "How do we help overcome that condition of poverty and dependence?"

Panel members said the goals and solutions for empowering women and fighting poverty were fairly obvious: With greater economic strength, women gain greater power to improve conditions for themselves and their families and to press for political reforms — in part by seeking elective office, where they can spur new laws and programs in areas like education and health.

But getting there has been a stubborn problem, Mrs. Clinton and the panel members agreed.

"Women do 66 percent of the work in the world, produce 50 percent of the food, but earn 5 percent of income and 1 percent of the property," said Ann M. Veneman, the former secretary of agriculture in President Bush's administration, who is now executive director of Unicef. "We need to convince not only governments, but major multinational corporations who do business in these countries, to help be a partner in changing conditions."

The theme of politically empowered women led to the only moment in the session when Mrs. Clinton's own political future seemed to stir the room — that is, if you ignored all the photographers snapping photos of Mrs. Clinton.

Helene Gayle, the president of CARE, the international poverty-fighting organization, echoed comments by others when she said that nations needed "more women in government to start with."

Ms. Gayle paused as Mrs. Clinton was nodding affirmatively, and several audience members laughed and applauded.

"While we're waiting for that ...," Mrs. Clinton said by way of a winking transition, and Ms. Gayle resumed.

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Clinton Initiative Wins $7.3bn Pledges (FT)

By Andrew Jack

Financial Times, September 23, 2006

Former US President Bill Clinton's global initiative conference wound up in New York on Friday with 215 commitments from companies, governments and non-profit groups totalling $7.3bn, nearly three times its inaugural 2005 level.

The pledges mostly concentrated on the four themes of the fight against global warming, disease, poverty and religious conflict. They varied from Rupert Murdoch and the singer Barbra Streisand jointly backing an effort to reduce greenhouse gas emissions to a planned future summit between African women to Sir Richard Branson's $3bn promise over a decade to reinvest proceeds from his transport groups into alternative fuels.

Many of the 1,000 in attendance, including nearly 50 former and current international leaders or heads of state, were drawn from Mr Clinton's circle of acquaintances from his White House years and his more recent activities through his Clinton Foundation.

The event tried to be bipartisan, but remained political. Laura Bush, US first lady, spoke on the first day, and Mr Clinton's wife Hillary, a possible Democrat presidential contender, on the last.

Some have criticised the gathering for its glitzy "photo ops" with world leaders and telethon-style pledges backed by certificates signed by Mr Clinton, as well as a sense that many of the commitments made were repackaged, publicity-seeking or would have happened in any case.

Despite efforts to make this year's pledges more original and measurable, many remained vague. But a number of participants argued that if this was what it took to recruit or sensitise even a few more powerful fence-sitting business groups to their cause, or push them into making commitments, it was a price worth paying.

"Cynics will say we are latterday Don Quixotes," said Mr Clinton in his closing address. "But if you build me another windmill, I will tilt it."

CGI's intimate scale and public policy focus makes it arguably a more useful forum for networking, as long as it draws from beyond the circle of those already converted on the issues. Its increasing use of the internet to draw others into its "eBay of philanthropy" model could boost its potential in the future.

However, for all the policy discussions and individual initiatives, the Clinton Global Initiative has its limits. Speakers including the heads of state of Pakistan and Colombia argued that the single greatest help they could receive to fight poverty and disease and reduce tensions was highly political: market access for their goods to the US and the EU. <i/>

The Financial Times is the media sponsor of the Clinton Global Initiative

Europe New Memberships To Test EU Resolve (WSJ)

By John W. Miller

The Wall Street Journal, September 23, 2006

The European Union looks set to give a green light Tuesday for Romania and Bulgaria to join the bloc in January, adding 30 million more people to the union's 450 million and testing the willingness of "old" Europeans to welcome ever-poorer cousins from the East.

Reflecting public concerns over further expansion, the European Commission in May gave the two Balkan nations until this month to show progress in fighting corruption and other areas, or be kept waiting for another year. Diplomats say the Commission will recommend membership in January, but will condition the offer with fine print requiring crackdowns on corruption, illegal state aid and, in the case of Bulgaria, violent crime.

Roughly the size of Britain and with a population of 22 million, Romania is weighed down by rural poverty. Bulgaria's population of around eight million is less of a burden, but Sofia has its own set of problems, starting with recent gangland-style killings and heavy corruption. The top official for expanding the EU, Olli Rehn, has issued repeated warnings to the socialist government that took power last year that it must do better in imposing the rule of law.

Officials in Brussels say they'll disclose on Tuesday how they plan to punish Bulgaria and Romania if they don't comply with the Commission's fine print. Some analysts are skeptical, though. Subsidies to build roads and bridges and fund farmers are locked in by legally binding treaties that are difficult to change, says Michael Emerson of the Brussels-based Centre for European Policy Studies. Moreover, Hungary's economic woes and political violence during the week showed that joining the EU doesn't guarantee an end to turmoil.

The expansions also will play on sore feelings in Western Europe, where some people feel competitive heat from their new Eastern neighbors. In a recent EU poll, 55% of French citizens said they believe enlargement will "lower our standard of living."

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Even the United Kingdom, one of the few countries to open up its borders to workers from the 10 countries that joined the EU in 2004, is mulling whether to use its right to block workers from Romania and Bulgaria for as long as seven years. About half a million citizens from countries brought in by the EU's last expansion, in May 2004, have since registered to work in the U.K.

Acknowledging the concerns, Romania's labor minister promised that Romanians wouldn't invade Western Europe seeking jobs in a bid to reassure voters in the big EU countries.

The EU has little choice but to let the two countries in, however. At a summit last year, the 25 member states pledged to welcome Romania and Bulgaria before 2008. Going back now would require unanimous consent, which is highly unlikely. If, as expected, the Commission recommends the two countries join in January, no further vote is needed.

Other aspirants to EU membership such as Turkey, Croatia and Serbia have no such assurances and will be watching Tuesday's Commission report closely for any signs of how hard Europe's enlargement fatigue is biting.

Effort To Join EU Loses Inertia (WT)

By Andrew Borowiec

The Washington Times, September 23, 2006

NICOSIA, Cyprus -- The sputtering locomotive pulling Turkey toward Europe is losing steam amid signs of increasing problems in Turkey's talks to join the 25-nation European Union.

In an effort to stave off a major crisis, the European Union has postponed by a month its much-awaited report on Turkey's accession progress. The idea, according to diplomats, is to "give diplomacy another chance" despite negative signals from Ankara and Brussels.

The tangle of issues involves what the European Union considers to be inadequate human rights progress in Turkey and its refusal to open its ports and airports to Greek Cypriot traffic despite a binding trade convention.

The apparent hardening of Turkey's attitude in the face of EU demands has caused a series of crisis forecasts and predictions of a "train wreck" in Turkey's path toward Europe.

While compromise on some of Turkey's laws dealing with women and minority rights still appears possible, diplomats say there is little hope that Turkey will recognize the Greek Cypriot government without concessions to the Turkish Republic of Northern Cyprus, an entity recognized only by Turkey.

"Nobody should expect Ankara to open its airports and harbors to the Greek Cypriots unless the isolation of the Turkish Cypriots is ended," Turkish Prime Minister Recep Tayyip Erdogan said recently.

Turkey's refusal to compromise on the Cyprus issue has revived Greek Cypriot calls to veto its EU application, although at present the Cypriot government considers such a gesture as extreme.

Cyprus joined the European Union two years ago but without the Turkish Cypriot part of the island. Some EU member countries asserted at the time that the "European Club" should not have admitted a fractured country with an unsolved problem likely to weigh heavily upon Europe.

Turkey says the overwhelming Turkish Cypriot approval of a United Nations plan to unite Cyprus in a referendum was a major concession. The plan was rejected by the Greek Cypriots.

A special EU negotiating team is to visit Turkey in October to discuss its admission credentials a year after accession talks started.

There is growing concern in Europe that the bloc may encounter serious problems in digesting, economically and politically, the number of countries anxious to join it. Turkey has complained that its application has been subjected to inordinately demanding scrutiny compared with that of other recently admitted countries.

Remaining U.S. Soldiers To Vacate Tuzla Area (LAT)

From Times Wire Reports

The Los Angeles Times, September 23, 2006

The United States will pull its last 150 soldiers out of Bosnia-Herzegovina by December, a U.S. general said.

The troops of Eagle Base near Tuzla are all that remains of the 38,000-member force that deployed as part of a NATO-led peace mission in late 1995. A European Union force of about 6,000 assumed peacekeeping duties two years ago.

The United States has about 1,600 troops stationed close by in Serbia's U.N.-run province of Kosovo. About 100 mostly U.S. intelligence officers will remain in Bosnia attached to NATO headquarters in Sarajevo, the capital.

U.S. Doubts Moscow On Energy (WT)

By David R. Sands

The Washington Times, September 23, 2006

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The State Department yesterday sharply criticized a recent move by the Russian government to curb a major Western oil-and-gas-investment project in Siberia, saying it put in doubt Moscow's willingness to honor major energy deals with foreign investors.

Spokesman Tom Casey said the Bush administration was "very concerned" by a Russian government move earlier this week to revoke the environmental permits for a $20 billion liquefied natural gas project being developed by the Royal Dutch Shell Group and two Japanese investment houses on Sakhalin Island.

Analysts fear revoking the environmental permit could be tantamount to killing the deal or forcing the international partners to sell out.

"Frankly, these actions cast doubt on Russia's willingness to uphold its recent commitments that were made by all the G-8 countries at the St. Petersburg summit," Mr. Casey said.

Those commitments, he added, included a pledge to develop "transparent and efficient global energy markets," as well as "specific obligations to uphold contracts."

Officials at the Russian natural resources ministry yesterday raised fresh questions about a second Sakhalin project being developed by U.S.-based Exxon Mobil Corp., complaining the rising company estimates of the cost of the project were cutting into Moscow's promised share of the returns.

Mr. Casey said the U.S. government was not aware of any action against the Exxon Mobil project, but that the actions taken against the Dutch-led project, the largest single foreign investment in Russia, were worrisome.

The commercial dispute comes against a backdrop of alarm in the United States, Europe and Japan that Russia under President Vladimir Putin is increasingly ready to use its clout as a global energy superpower to further its commercial and diplomatic interests.

Western European countries faced a brief supply scare at the beginning of the year when Russia's state-controlled oil company cut off supplies of natural gas to neighboring Ukraine in a bitter pricing dispute. Many suspect that Gazprom is angling to control the network of pipelines supplying natural gas to Europe.

Exxon Mobil, Royal Dutch Shell and the French energy company Total SA won contracts to develop three huge oil and natural gas fields in the Russian Far East in the 1990s, before the Kremlin under Mr. Putin began a concerted effort to reassert state control of the country's vast energy resources.

Mr. Casey's remarks followed similar criticism this week of the Russian action against the Shell project from the European Union and the governments of Britain, Japan and the Netherlands.

Mr. Putin is in Paris today for a summit with French President Jacques Chirac and German Chancellor Angela Merkel. The meeting will include talks on Russia's energy policy toward Europe and Russian hopes to expand its investment in EADS, the European aerospace consortium.

Panamanians Likely To OK Canal's Expansion Project (LAT)

By Chris Kraul

The Los Angeles Times, September 23, 2006

Polls show growing support for a 5-year government plan facing voters next month. The upgrades could ease traffic at L.A.-area ports.

PANAMA CITY — Support is building among voters for expansion of the Panama Canal, a five-year, $5.2-billion project that could ease overcrowding at the Los Angeles-Long Beach port complex.

Recent polls show that support for the plan, which goes to a nationwide vote Oct. 22, is at nearly two-thirds of those intending to cast ballots. Approval has risen 6 percentage points in the last month, and some say the public has put aside initial fears that graft and indebtedness could swamp the nation's most important resource and symbol.

"It's our Statue of Liberty and Golden Gate Bridge all in one," said pollster Leopoldo Neira. His firm published an opinion survey in the local La Prensa newspaper Sunday that showed yes votes among probable voters outnumbered noes 63% to 33%.

The wild card is the generally negative results of past Panamanian plebiscites, Neira said, a reflection of ingrained public distrust of the government. Still, he believes only a major scandal tainting the government of President Martin Torrijos could scuttle prospective passage of the measure.

"The expansion is not for our benefit but for that of our children and our children's children," said Panama City taxi driver Mauricio Reyes, who said he expected business to improve with the expansion.

The quasi-independent Panama Canal Authority, which runs the waterway and would manage the expansion, said Thursday that the canal was on track to generate about $1.4 billion in revenue this year, 15% more than last year, a reflection of increasing global trade. One of the fastest-growing segments of this commerce is cargo going between Asia and the U.S. East Coast, some of which uses the Panama Canal.

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The expansion would ostensibly slow the traffic growth at the Los Angeles-Long Beach port complex. There, much Chinese and other Asian cargo headed for the U.S. East Coast is offloaded or transferred to other ships, because many of the Asian cargo boats cannot fit through the Panama Canal.

The Torrijos government has touted the supposed benefits in jobs and revenue for social projects from expanding the 51-mile canal, while warning of the risks of doing nothing.

Those risks include the possibility that Mexico or other Central American countries could build competing canals or port-highway complexes to move the accelerating flow of worldwide freight. Government officials in Chile and El Salvador have been quoted recently as saying a rejection of the canal expansion would lead to the development of alternative cargo routes.

Neira said three-quarters of Panama's population believes the government is corrupt, and a significant portion expects expansion costs to outstrip the projected amount, possibly piling up debt that would spoil the nation's healthy finances.

In response, the Torrijos government has promised transparency in the bidding process, with contracts of $10,000 or more subject to a public bid. As for cost overruns, officials say the $5.2-billion figure includes a possible $1-billion overrun plus 10% annual inflation. The administration is promising Panamanians they are not at risk, that canal customers would shoulder the expansion cost with their tolls.

The expansion as proposed would include a new locks to accommodate so-called post-Panamax container ships capable of carrying up to 8,000 metal freight containers, twice the canal's current per-ship capacity.

Ruben Carles, a former controller general and one of several onetime government officials who have expressed concerns over the transparency of the project's finances, said in a telephone interview Thursday that he was confident that the government would "render accounts" as the expansion proceeds and that he supported the expansion.

Former Vice President Ricardo Arias Calderon said in an interview, "It will be historical suicide to not widen the canal."

Even those still opposed concede that the yes votes are likely to win by a comfortable margin.

"Yes could win 2 to 1," said one attorney close to the opposition, who asked not to be named.

Confident of victory, the government is going ahead with plans for a $50-million network of 35 technical schools to train skilled workers needed for the expansion. Although the canal construction would employ no more than 7,000 workers, Torrijos is promising an enormous "multiplier effect" of indirect jobs from the project and expanded canal.

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India's Looming Talent Shortage (LAT)

By Henry Chu, Times Staff Writer

The Los Angeles Times, September 23, 2006

The country may be churning out engineers by the hundreds of thousands each year, but their qualifications are in question.

CHENNAI, India — From his perch atop one of India's most successful software companies, Lakshmi Narayanan sees a potential storm brewing.

His firm and others like it have had little trouble finding first-rate engineering graduates for entry-level jobs, capable young men and women lured by the glamour of cutting-edge work and generous salaries.

But a shortage of talent is looming that could put a dent in India's reputation as the world's information-technology outsourcing champion. Three or four years from now, Narayanan and others forecast, qualified engineers in India are going to be at a premium as companies like his vie for their services to sustain the industry's remarkable growth.

"Clearly there's going to be a challenge," said Narayanan, the president and chief executive of Cognizant Technology Solutions Corp., which produces business system software for such clients as Wells Fargo & Co., Aetna Inc. and ACNielsen.

The imminent dearth of talent may come as a surprise to observers in the West, where India is popularly perceived as an engineer factory, churning out every year hundreds of thousands of well-trained, highly motivated, low-cost professionals who are ready to join the country's growing army of technology workers.

To hear many American officials, academics and business leaders tell it, the huge number of engineers produced by Asia's developing giants, India and China, poses a major threat to American competitiveness at home and abroad.

But talk to executives here, as well as experts in the field, and a different story emerges. The problem, they say, is not quantity. It's quality.

At high-tech firms across India, hiring managers must comb through mounds of applications to find suitable candidates. A report by the McKinsey Global Institute last year estimated that only 25% of Indian engineering graduates were employable by multinational companies. Some executives here are even more critical, putting the figure at 10%.

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For China, only 1 out of 10 graduates had the skills necessary to join an international firm, the study said. "You need to be technically skilled. You need to speak good English. You need to understand cross-cultures. The expectations are growing," Narayanan said. "It's no longer good enough just to be a good engineer."

Established players like Cognizant enjoy some advantage in that they can pick the cream of the crop; jobs at the big firms are highly coveted.

But Cognizant and other industry leaders such as IBM Corp. have had to invest heavily in training in India, building entire campuses devoted to molding recruits and filling in the gaps in their education, particularly with regard to so-called soft skills and managerial know-how.

Infosys Technologies Ltd., for example, recently announced that it was investing $176 million in its Global Education Center at the company's complex in Mysore to triple the number of trainees the center could accommodate in a single sitting, to 13,500 from 4,500.

"These are very bright kids — the basic intelligence is available," Narayanan said in an interview in his office here in Chennai, the southern Indian city formerly known as Madras. "The only question is shaping them into what the industry requires."

The looming squeeze in the supply of qualified engineers in India is starkly at odds with widely quoted statistics in the U.S., which have assumed almost totemic status in the debate over the future of American dominance in the high-tech marketplace.

According to these figures, India graduates 350,000 engineers a year, China 600,000 and the U.S. a mere 70,000.

Officials such as U.S. Commerce Secretary Carlos M. Gutierrez, influential media outlets such as Fortune magazine and the National Academies' Committee on Science, Engineering and Public Policy have all cited those numbers to warn of a gathering threat to American scientific and technological preeminence.

But the origin of the statistics is murky. And recent research suggests that they are, in fact, wrong.

In December, Duke University researchers found that when comparing the number of students earning degrees from accredited four-year programs in engineering, computer science and information technology, the U.S. remained in a strong position, with about 137,000 in 2004. India had 112,000.

China graduated about 352,000, but that figure, based on less directly comparable data, could well include "the equivalent of motor mechanics and industrial technicians," the study said.

For India, the problem is twofold, experts say. Access to higher education has historically been restricted to a tiny fraction of the population. And while trying to widen that bottleneck, many of the start-up institutions offering engineering courses are of dubious quality.

"The country that's in the deepest trouble now as far as education goes is India. China has gotten its act together; the U.S. has already had its act together. It's India that's going to be facing severe challenges," said Vivek Wadhwa, a coauthor of the Duke study. "The number of graduates that they're churning out is not keeping up with economic growth. If the country wants to grow at 7% to 8%, they simply don't have the number of graduates to sustain that."

When spread over their respective populations, the pool of engineers stretches extremely thin in India and China, which together account for one-third of all humankind.

The scarcity of engineers holds ramifications not just for the vaunted high-tech sector but also for issues of basic development. In New Delhi, for instance, municipal officials have warned of a massive shortage of engineers to oversee public works in a country whose infrastructure is notoriously bad.

Though China and India are working hard to increase their share of top-notch engineers, that should not be the focus in the U.S., despite widespread hand-wringing by some officials and educators, Wadhwa said.

"Because India and China have greater numbers, we think we have to have greater numbers too. But we'll never match them in numbers. We can't compete on their turf, which is quantity," Wadhwa said. "We need to make them compete on our turf, which is quality. Yes, they have more numbers. Of course they do. Between them they have 2 1/2 billion people. Yes, they graduate more engineers. They graduate more dentists, and they have more shopkeepers too."

In some ways, India is a victim of its own success over the last decade in the IT world.

Stories of Indian entrepreneurs made good in Silicon Valley, of the meteoric rise of homegrown companies such as Wipro Ltd., have made engineering jobs more attractive than ever and encouraged more young people to pursue engineering degrees.

Graduates from the seven prestigious IITs, Indian Institutes of Technology, hold their own against those from Caltech or the Massachusetts Institute of Technology. But they represent only a small portion — about 3,000 graduates a year — of the talent pool. From there, the drop in quality is steep, experts say. Many of the private engineering colleges and other programs that have proliferated in recent years do not reach anywhere close to the standard of the IITs.

Prasad Krishna, head of quality assurance at the All India Council for Technical Education, which oversees engineering programs, said his staff had found it difficult to keep up with all the new schools. Currently, India boasts 1,475 approved engineering programs.

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"There are many institutions running programs not approved by the council," Krishna said. "Some of these fly-by-night operators should be checked."

Industry insiders express grave concern about the quality of teaching in India's engineering schools. Many of India's best and brightest opt for the private sector, where they earn far larger salaries than they would as professors.

To ease those deficiencies, and to help guarantee their own survival in a competitive labor market, companies are increasingly joining up with colleges and universities to strengthen faculties and to sharpen students' communication and leadership skills. A number of "finishing schools" have also sprung up to equip graduates to enter the workforce.

"Today we have to not only [improve] quantity substantially; we also need to improve quality substantially. And there is a problem in doing both together," said Sam Pitroda, a member of India's Knowledge Commission, a body appointed by the prime minister.

Narayanan of Cognizant is hopeful that the impending shortage of qualified engineers will be temporary, lasting several years at the most, until some of the initiatives to increase supply start bearing fruit.

"People have recognized the problem early enough," he said, "and everyone is talking about it."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Praises Afghan, Pakistani Allies (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, September 24, 2006

President Bush, playing middleman next week between sometimes-sparring neighbors Afghanistan and Pakistan, praised the U.S. allies Saturday for their work in defeating terrorism under difficult circumstances.

Bush met with Pakistani President Pervez Musharraf at the White House on Friday and has talks with Afghan President Hamid Karzai scheduled for Tuesday. The next day, Bush hosts a meeting in the Oval Office with both presidents, followed by a working dinner.

The unusual set of meetings has two aims. One is placating the concerns of Pakistan, whose alliance with the U.S. in the war on terror causes domestic problems for Musharraf. The other is soothing the struggling democratic government in Afghanistan, which is suffering its heaviest insurgent threat since U.S.-led troops toppled the Taliban in late 2001.

"This will mark the second time in a few weeks that President Karzai and President Musharraf have also met together, and that's an important thing," White House press secretary Tony Snow said. "So anything we can do to support them in their efforts to conduct as aggressively and effectively as possible the war on terror, we're going to do what we can to assist them."

In his weekly radio address, Bush complimented Musharraf for "siding with the forces of freedom and moderation and helping to defend the civilized world." As for Afghanistan, Bush said on the radio that Karzai is continuing "the work of building a safer and brighter future for his nation."

Musharraf and Karzai met in Kabul earlier this month and pledged to jointly fight militants.

With Pakistan, the United States has urged Musharraf to do more to stop militants from crossing from Pakistan's tribal regions into Afghanistan and fanning the violence by Taliban extremists. Afghan leaders say remnants of the Taliban have established hideouts in Pakistan along the mountainous border, while Pakistan rejects the charges.

Pakistan has deployed 80,000 troops along the border and signed a truce this month with tribal figures in an area where bin Laden is believed to be hiding. Musharraf said the truce calls for no al-Qaida or Taliban activity.

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Some Afghan officials have labeled the truce as a deal with the Taliban. Musharraf strongly rejected that at Bush's side in the East Room after their meeting Friday. "This is against the Taliban, actually," Musharraf said.

Bush said he takes Musharraf at his word. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaida, I believe him," he said.

There was some dispute around the Bush-Musharraf meeting as to how Pakistan's decision to join the war on terror was made.

Musharraf told CBS' "60 Minutes" that then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence director right after the Sept. 11 attacks that the United States would bomb the country if it didn't become a partner in the war against terrorism. Bush said Friday he first learned of the purported conversation from news reports.

"I just don't know about it," he said. "I guess I was taken aback by the harshness of the words."

Musharraf declined to comment further, citing a book deal. Armitage said he never threatened a military strike but did tell Pakistan firmly that "you are either for us or against us."

Bush Lauds Cooperation Of Karzai, Musharraf In War On Terrorism (BLOOM)

By Brendan Murray

Bloomberg, September 24, 2006

Sept. 23 (Bloomberg) -- President George W. Bush said talks next week with the ``courageous" leaders of Pakistan and Afghanistan will show support for two key allies in the effort to marginalize extremists and fight terrorism.

Bush, who met yesterday at the White House with Pakistani President Pervez Musharraf, is scheduled to meet with Musharraf and Afghan President Hamid Karzai Sept. 27 in Washington. Bush is seeking assurances that the two leaders won't let militant Islamic Taliban and al-Qaeda forces regroup or hide in the mountainous border region that divides the two countries.

``Under President Musharraf, Pakistan is siding with the forces of freedom and moderation and helping to defend the civilized world," Bush said in his weekly radio broadcast. ``It is in America's interest to help him succeed."

Working with Karzai, ``we will defeat the enemies of a free Afghanistan and help the Afghan people build a nation that will never again oppress them or be a safe haven for terrorists," Bush said.

It was the sixth week in the past seven that Bush has made the war on terrorism the subject of his radio address, which capped a week of meetings at the United Nations and with Musharraf in Washington. Yesterday, Musharraf appeared with Bush at the White House, seeking to reassure the U.S. he is doing everything possible to fight terrorism and saying a recent treaty with Pakistani tribal leaders will deny refuge to Taliban fighters.

Pakistani Border

Musharraf has deployed about 90,000 troops along Pakistan's mountainous 1,500-mile border. The U.S. has 21,000 troops in Afghanistan, most of them in bases along the border and operating separately from a North Atlantic Treaty Organization force of about 20,0000 that is seeking to restore order within the country.

Taliban fighters have increased attacks in Afghanistan after Afghan and international forces expanded operations to the south and east. UN Secretary General Kofi Annan said two days ago that the violence in recent months poses the gravest threat to achieving peace in Afghanistan since the Taliban regime was ousted by U.S.-led forces in 2001.

November Elections

Bush's focus in the past month on national security and terrorism threats, centered on the fifth anniversary of the Sept. 11 attacks in the U.S., gave him a measurable boost in public support a month and a half before the congressional elections. The president's job approval rating rose to 45 percent in a Bloomberg/Los Angeles Times poll, a jump of 5 percentage points since July, according to the survey of 1,517 adults Sept. 16-19.

Support for Bush's handling of the war in Iraq rose 2 percentage points, to 40 percent, from the last poll. Most Americans, 56 percent, said they don't believe Bush when he says the U.S. military is making a lot of progress in turning Iraq into a safe, democratic country.

Almost 6,600 Iraqi civilians died in sectarian violence and insurgent attacks in July and August, according to a UN report earlier this week that blamed Prime Minister Nuri al-Maliki's government and U.S. training of Iraqi security forces.

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In the radio speech, Bush said, ``America will not abandon the Iraqi people in their struggle to defeat the terrorists and build a free society in the heart of the Middle East."

He also repeated his support for Palestinian Authority President Mahmoud Abbas.

``By supporting moderate leaders such as President Abbas, the United States can help Israelis and Palestinians build a more hopeful future and achieve the peace we all want in the Holy Land," Bush said. ``We can support the moderates and reformers working for change across the broader Middle East, or we can yield the future to the terrorists and extremists."

To contact the reporters on this story: Brendan Murray in New York at brmurray@bloomberg.net ;

Musharraf Visits N. Texas (DMN)

By Paul Meyer And James Ragland, The Dallas Morning News

The Dallas Morning News, September 23, 2006

Drive to Highland Park follows medical check-up in Paris

After a volatile week of high-level meetings in New York and Washington, Pakistan's President Pervez Musharraf said Saturday in Highland Park that his trip has helped "clear certain misperceptions" about Pakistan's role in the war on terror.

Speaking in an exclusive interview with The Dallas Morning News, Gen. Musharraf reiterated his commitment to hunt down Osama bin Laden, and said he could not confirm reports that the al-Qaeda leader died last month of typhoid in Pakistan.

The general said he was aware of a French intelligence report of Mr. bin Laden's death, but could not comment on its details.

Gen. Musharraf spoke by phone during an unannounced trip to Texas on Saturday to undergo routine medical tests and visit with a personal physician.

He arrived at Paris (Texas) Regional Medical Center in the late morning for a checkup with cardiologist Arjumand Hashmi. Hospital officials said Gen. Musharraf was "found to be in excellent health."

After the president had his checkup, he attended a lunch in Paris before departing for Dallas. Later, he visited the doctor's Highland Park home.

"This is a beautiful place you have here," he said of his first visit to Texas.

Dr. Hashmi said he was simply "meeting an old friend" when asked about the high-profile patient on Friday.

"It's a private visit," he said "There's nothing to it."

The trip came on the eve of the broadcast of a CBS 60 Minutes interview in which Gen. Musharraf contends that the U.S. threatened to bomb the country "back to the Stone Age" if it refused to cooperate in the war on terror after the 9/11 attacks.

The Pakistani leader said he planned to watch the interview tonight in New York.

"The perception of Pakistan is to the better," he said of his trip to America. "We explained our point of view effectively."

In both Paris and Highland Park, the cloak-and-dagger visit generated a buzz in two normally sedate small towns.

A motorcade of more than two dozen cars, including state trooper vehicles, Secret Service cars and a Paris hospital ambulance made the trip from Dallas to Paris mid-morning.

Phillip Hamilton, managing editor of The Paris News, said that about 20 people, including at least one other Paris physician, were at the house and dined with Gen. Musharraf.

He said the Pakistani president stood up to say goodbye shortly before 3 p.m..

"I asked him how his visit went yesterday [with President Bush], and he said it was extremely positive," Mr. Hamilton said. "And I asked him about the Stone Age comment, and he said he can't comment on that" because the general promised his book publishers not to do so before the release of his memoir on Monday.

Dr. Hashmi's family is leasing their Highland Park home from Dallas author Jane Wolfe, who recently relocated to France.

Reached at her home in Paris, France, Ms. Wolfe said, "I never envisioned the house being used for a state visit but I am certainly delighted. I got a frantic phone call on Friday that the water heater had broken. Dr. Hashmi was so nice, he said, 'I am having guests for the weekend, but we can get by without hot water.' "

The water heater was promptly repaired.

Staff Writer Alan Peppard contributed to this report.

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Ambassador To Simon & Schuster (LAT)

The Los Angeles Times, September 24, 2006

The Pakistani president's refusal to discuss an allegation in his upcoming autobiography spells trouble for diplomacy?

NEWS FLASH: PAKISTANI PRESIDENT Pervez Musharraf accuses a senior Bush administration official of threatening to bomb his country back to the Stone Age! We'll get on with this potentially serious diplomatic incident in a moment — but first, a word from our sponsor, Simon & Schuster.

That was the gist of an odd commercial break in Friday's news conference by Musharraf and President Bush. The somewhat embarrassing love fest between the two leaders was moving along smoothly when a reporter asked about the explosive allegation scheduled to be broadcast tonight on CBS' "60 Minutes": In the wake of 9/11, Musharraf claims, former Deputy Secretary of State Richard L. Armitage threatened that the U.S. would bomb Pakistan unless it cooperated in the war on terror.

"I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," Musharraf replied.

"In other words, buy the book, is what he's saying," Bush helpfully translated.

International diplomacy has always been dependent on external factors, but it has seldom hinged on the terms of a book contract. At a time when the developing world is protesting what it sees as U.S. unilateralism and bullying — as evidenced by the stark anti-American speeches (and their friendly reception) at last week's annual United Nations General Assembly session — Musharraf's claim threw gasoline on the bonfire. Yet rather than discuss and help resolve the matter during his U.S. visit, Musharraf decided instead simply to plug his upcoming autobiography.

Of course, there might be more behind Musharraf's reticence than a shameless ploy to sell books. Pakistan's president is in a very difficult jam.

Bush, Musharraf and Afghan President Hamid Karzai are slated to dine together Wednesday, and security issues will doubtless dominate the agenda. The fighting in Afghanistan has grown more intense than any time since the fall of the Taliban in 2001, largely because militants trained and armed in Pakistan are freely crossing the border. Rather than crack down, Musharraf in early September signed a truce that essentially guaranteed free rein for the extremists. Karzai is rightfully angry, and Bush has ample reason to side with him. Not only is the Afghan violence harming U.S. troops, but key Al Qaeda figures, including Osama bin Laden, are believed to be hiding out in Pakistan. Yet Musharraf's soon-to-be-released claims of a threatened bomb attack will make it politically difficult for Bush to exert any real pressure.

So maybe diplomacy and book publishing aren't that different after all. In both, timing is everything.

Officials Doubt Report Of Bin Laden's Death (WP)

By John Ward Anderson

The Washington Post, September 24, 2006

French Paper Cites Intelligence Document

PARIS, Sept. 23 -- French and U.S. officials discounted a report Saturday in a French newspaper indicating that Osama bin Laden had died of typhoid last month in a remote area of Pakistan.

The newspaper, L'Est Republicain, quoted a confidential document from the French secret service as saying that "according to a reliable source, Saudi security services are now convinced that Osama bin Laden is dead."

The newspaper reported that intelligence officials had given the document, dated Sept. 21, to President Jacques Chirac, Prime Minister Dominique de Villepin and the interior and defense ministers.

A senior French official acknowledged the existence of the document, but Chirac said at a news conference Saturday that there was no confirmation that the leader of the al-Qaeda terror network had died.

"This information is in no way whatsoever confirmed," Chirac told reporters, declining to comment further.

U.S. intelligence sources also cast serious doubt on the report, saying there was no information to support its claims.

Saudi Arabia's Interior Ministry offered no details. "I've heard the reports, but I have no information at all. I have no idea," a spokesman, Lt. Gen. Mansour al-Turki, told the Associated Press.

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Senior government officials in Pakistan and U.S. diplomats there and in Afghanistan said they were not aware of any Saudi intelligence reports indicating that bin Laden may have died, news services reported.

The French defense minister, Michele Alliot-Marie, has ordered an investigation into the leak of the document.

"The report cited this morning by the newspaper L'Est Republicain related to the supposed death of Osama bin Laden cannot be confirmed," the Defense Ministry said in a statement. "The minister of defense has ordered an investigation to determine the origin of this leak, which is likely to constitute an offense subject to penal sanctions."

According to L'Est Republicain, the French intelligence report said: "Information gathered by the Saudis indicates that the head of al-Qaeda was a victim while he was in Pakistan on Aug. 23, 2006, of a very serious case of typhoid, which led to a partial paralysis of his internal organs."

Typhoid is a bacterial disease that can be spread in food or drink handled by a carrier or through contaminated sewage.

The newspaper said that, according to the document, the remoteness of the area where the alleged illness occurred would have made any medical treatment impossible. The report said Saudi officials were awaiting further confirmation, particularly the exact place of bin Laden's burial, before announcing his death.

Bin Laden, born in Saudi Arabia, is believed to be hiding in the remote areas along the Pakistan-Afghanistan border, where he has used the rugged terrain and sympathetic locals to evade capture.

U.S. and Pakistani officials have said recently that they had not received a credible lead on his whereabouts in more than two years.

Correspondent Molly Moore in Paris and staff writer Dafna Linzer in Washington contributed to this report.

No Confirmation On An Article Announcing Bin Laden's Death (NYT)

By Ariane Bernard

The New York Times, September 24, 2006

PARIS, Sept. 23 — French officials said Saturday that the government could not confirm intelligence information published in a French newspaper that the terrorist leader Osama bin Laden died in Pakistan last month.

On Saturday, the newspaper, L'Est Républicain, quoted an internal memorandum from France's foreign intelligence service, the D.G.S.E., as saying, "Saudi intelligence services seem to be sure that Osama bin Laden is dead. The elements gathered by the Saudis indicate that the head of Al Qaeda was the victim, while he was in Pakistan on Aug. 23, 2006, of a strong case of typhoid fever that led to a partial paralysis of his lower limbs."

A senior French intelligence official confirmed that the document was authentic but said the information was "absolutely, absolutely not verified." The official said the memorandum had been sent to the president, prime minister and some ministries as a regular report on terrorism-related intelligence traffic.

President Jacques Chirac responded to questions from reporters by saying, "This information is in no way confirmed, in no way whatsoever, and I have no comment to make about it." The defense ministry, which oversees the D.G.S.E., said it would investigate how the memorandum had been leaked.

In Washington, an American intelligence official expressed strong doubt about the report, which he noted was not the first rumor of Mr. bin Laden's death. "We can't confirm this," said the official, who discussed the matter only on condition of anonymity. "I think it ought to be treated with a great deal of skepticism."

Tony Snow, the White House spokesman, said he could not confirm news reports of Mr. bin Laden's death.

According to the report, the French memorandum said the Saudis first heard Sept. 4 that Mr. bin Laden had died, but were awaiting further details, including the location of the body, to announce the news. The information was passed from Saudi Arabia by a non-Saudi who had proved reliable in the past, said the French intelligence official, who spoke on condition of anonymity.

The Saudi Interior Ministry was not available for comment on Saturday, the first day of Ramadan.

Pierre Taribo, the editor in chief of L'Est Républicain, a regional daily, defended his newspaper's decision to publish the unconfirmed memorandum. "It's a note that exists, and from this point on we consider that we did our job, which is to inform," he said in a telephone interview.

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Several reports of Mr. bin Laden's death have surfaced since he went into hiding in 2001. His last confirmed videotaped message was released in late 2004; several audio tapes attributed to him have been released this year.

Officials Skeptical About Report Bin Laden Is Dead (LAT)

By Sebastian Rotella And Josh Meyer

The Los Angeles Times, September 24, 2006

PARIS — A leaked French intelligence memo reporting that Osama bin Laden had died of illness last month caused a flurry of speculation Saturday, but skeptical French, U.S. and Arab officials said they had no information confirming the report.

French President Jacques Chirac told journalists the intelligence report had "by no means been confirmed, not whatsoever." And a French security official cautioned that the memo was based on uncorroborated intelligence from a single source.

"We are not confirming whatever has been said in this report because we consider it a source among other sources," said the French security official, who spoke on condition of anonymity. "Our services, like others around the world, don't use just one source for reaching such a conclusion, they need multiple sources. We don't think this is a reliable report at this stage."

The latest rumblings about the elusive Al Qaeda leader came from an unlikely source: a small regional newspaper. L'Est Republicain, based in the eastern city of Nancy, published an article Saturday along with a copy of a confidential Sept. 21 memo from France's foreign intelligence agency, which is overseen by the Defense Ministry and known by the initials DGSE.

The memo informed the president's office and the defense minister that Saudi intelligence had "become convinced" that Bin Laden was dead, according to the newspaper.

"The data gathered by the Saudis indicates that the chief of Al Qaeda would have been a victim, while in Pakistan on August 23, 2006, of a very strong attack of typhoid," the intelligence memo said, according to the paper. "His geographic isolation, caused by his permanent fugitive status, made any medical care impossible. On Sept. 4, the Saudi security services obtained the first intelligence about his death."

As in Paris, the response in Washington was skeptical and cautious. "We don't have any confirmation of that report," State Department spokesman Sean McCormack told reporters.

Two U.S. intelligence officials and a senior official of an Arab country also tracking Bin Laden said much the same thing.

The officials were slightly less skeptical about the possibility that Bin Laden was gravely ill. For years, Bin Laden has been rumored to be suffering from a debilitating kidney disease, perhaps requiring dialysis.

"We've been down this road many times before, and there is no reason to think that this one has any more credence than the others," the U.S. intelligence official said.

Bin Laden was last seen in a videotape released in 2004. His voice was last heard in an audiotape released June 29, in which he mourned the slaying by U.S. forces of Abu Musab Zarqawi, Al Qaeda's kingpin in Iraq.

Spy agencies have not detected any "chatter" among Al Qaeda operatives or other traditional indicators of a momentous event such as Bin Laden's death, officials said.

Despite the reservations about its contents, French officials did not question the authenticity of the memo. Chirac said he had ordered an internal investigation of the leak.

French officials said DGSE has good sources in the Arab world, and the Saudis know a lot about Bin Laden, a Saudi native.

But U.S. and Pakistani intelligence services probably would have better information because they are leading the hunt for Bin Laden, a top French anti-terrorism official said. He said he was not aware of any increased talk among international counter-terrorism officials.

"The Pakistanis and the Americans would be more likely to have confirmed it by now," the official said.

The Arab official was equally skeptical. "If he died a month ago you couldn't keep it a secret for two days," the official said. "You'd have to bury the body quickly, and there would be a buzz all over the place, on the Internet and everywhere else."

If the Saudi government had received hard information about Bin Laden's death or imminent death, it would have gone immediately to a U.S.-Saudi counter-terrorism center in Riyadh, the Saudi capital, officials said. From there, it would have been sent to Washington within hours, the officials said, adding that no such referrals have taken place.

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Intelligence officials are trying to monitor Al Qaeda operatives in Pakistan and Afghanistan that compose the network's brain trust, as well as associates worldwide with whom they are most likely to communicate such news about Bin Laden.

"What effect would his death or impending death have on the movement? Will there be a race to see who picks up his mantle? Does [second-in-command] Ayman Zawahiri step into his shoes, or someone else? Would the organization be more fragmented, or less, as his senior associates consolidate? Will recruiting spike, or decline?" said a second U.S. intelligence official, an Al Qaeda expert.

Bin Laden's death by a serious illness such as typhoid probably would make him as much a martyr in the eyes of Al Qaeda members as being killed in battle, the second official said.

"They would say that Allah has brought this great leader to his reward," the official said. "That he died a natural death after escaping the biggest manhunt in the world, and without suffering the indignities of being killed or injured by the infidels."

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Rotella reported from Paris and Meyer from Washington.

Bin Laden Death Report Doubted (WT/AP)

By Elaine Ganley, Associated Press

The Washington Times, September 24, 2006

PARIS -- A leaked French intelligence document raises the possibility Osama bin Laden died of typhoid, but President Jacques Chirac said yesterday the report was "in no way whatsoever confirmed" and officials from Kabul to Washington expressed skepticism about its accuracy.

There have been numerous reports over the years that bin Laden had been killed or that he was dangerously ill, but the al Qaeda leader has periodically released audiotapes appealing to followers and commenting on current news events.

The regional French newspaper L'Est Republicain printed what it described as a copy of a confidential document from the DGSE intelligence service citing an uncorroborated report from a "usually reliable source" who said Saudi secret services were convinced that bin Laden had died.

The document, dated Thursday, was sent to Mr. Chirac and other top French officials, the newspaper said.

"This information is in no way whatsoever confirmed," Mr. Chirac said when asked about the document. "I have no comment."

Last night, the Saudi Embassy in Washington issued a statement saying, "The Kingdom of Saudi Arabia has no evidence to support recent media reports that Osama bin Laden is dead," according to Agence France-Presse. "Information that has been reported otherwise is purely speculative and cannot be independently verified."

Secretary of State Condoleezza Rice said she had "no comment and no knowledge" about the report, while presidential spokesman Blair Jones said the White House could not confirm the report's accuracy.

But two U.S. intelligence officials, who spoke on the condition of anonymity, said U.S. agencies had no information to suggest bin Laden was dead or dying.

A senior official in Afghanistan's Foreign Ministry said he was very skeptical of the document, noting past false reports of the death of bin Laden. He declined to let his name be used because he was not authorized to discuss the issue publicly.

Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, called the information "speculative," saying her government had no information on bin Laden.

Many people suspect bin Laden and other al Qaeda leaders are hiding in the mountains in Pakistan along the border with Afghanistan.

Among previous reports, Pakistani President Pervez Musharraf said during the U.S.-led offensive that toppled Afghanistan's Taliban regime in late 2001 that he was "reasonably sure" bin Laden had been killed by U.S. bombing raids on the Tora Bora caves.

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The Washington-based IntelCenter, which monitors terrorism communications, said it was not aware of reports on the Internet speculating about bin Laden and a life-threatening illness.

"We've seen nothing from any al Qaeda messaging or other indicators that would point to the death of Osama bin Laden," IntelCenter director Ben N. Venzke told AP.

Officials Investigate Unconfirmed Report Of Bin Laden's Death (MCT)

By Hannah Allam, Jonathan Landay And Matt Schofield

McClatchy Newspapers, September 24, 2006

CAIRO, Egypt - A French intelligence report that says Osama bin Laden may have died of typhoid in Pakistan last month is causing a stir among al-Qaida trackers who'd already raised concerns about why it's been two years since bin Laden has appeared in a video.

President Jacques Chirac confirmed the existence of the report but stressed that the information in it is "in no way whatsoever confirmed." The United States and several allied governments also cast doubt on the authenticity of the claims, which have been made before and proven erroneous.

News of the al-Qaida chief's possible death surfaced Saturday with a French newspaper's publication of a confidential document from the French foreign intelligence service DGSE that relayed the unconfirmed findings of Saudi agents. The report said Saudi security first received word Sept 4 of bin Laden's alleged death. It was said to have occurred on Aug. 23.

"According to a usually reliable source, Saudi security services are now convinced that Osama bin Laden is dead," said the report published Saturday in the regional newspaper l'Est Republicain.

An American intelligence official, who requested anonymity because the issue is highly classified, said U.S. intelligence analysts consider the report bogus. He said there's "no evidence to support or reason to believe" that bin Laden is dead. He added that U.S. officials were aware of the unconfirmed report before it was made public by the newspaper.

Vincent Cannistraro, a former chief of the CIA's Counter-Terrorism Center, said he was deeply skeptical of the French report.

"There's no confirmation of the report" from U.S. officials Cannistraro said, adding that the sourcing "appears to be very soft."

He said that if bin Laden had died, U.S. intelligence agencies would have picked up "indicators," such as condolence messages from grieving relatives.

"If someone had really died, there are public grievances by relatives and there is no such thing here," he said. "You can hide things among your followers, but not among your relatives."

Yet even before the French report emerged, speculation was mounting among al-Qaida analysts over why it's been two years since the terror chief has appeared in a video message.

While 2006 was a record year for al-Qaida communiques - with more than three times the number of videos from any previous year - none of the tapes showed bin Laden. Several audiotapes purportedly by bin Laden have aired, and the CIA has confirmed their authenticity, but some scholars who closely monitor bin Laden suspect they're old recordings spliced to sound as if they're related to current events.

"I'm not convinced any of the tapes we heard in 2006 are new," said Bruce Lawrence, a Duke University professor and author of the book, "Messages to the World: The Statements of Osama bin Laden."

Lawrence, who's been described as one of the world's leading al-Qaida archivists, added that "there's something staged and strange" about the wording and style of some of the recently released tapes.

Bin Laden's last video appearance was in October 2004, when the al Jazeera satellite TV channel aired footage of him appealing directly to Americans just before the presidential election.

Lawrence said rumors abounded that bin Laden suffered from kidney trouble and other ailments, but noted that reliable information was scarce.

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"He's been living a very rugged life for 15 years, and it's probably taken a toll on him," Lawrence said. "(But) if you're an intelligence person and your target is al-Qaida and bin Laden is one of the most important people you track, the question now becomes: Why haven't we seen bin Laden in two years?"

Lawrence said it would be "disastrous" for the Bush administration to focus on bin Laden's absence, only to have the al-Qaida leader issue a new tape to prove he's alive and still eluding a massive manhunt.

"It doesn't serve the government to say bin Laden is dead unless someone can take credit for killing him," Lawrence said. "Suppose all this speculation is wrong and bin Laden is just on sabbatical?"

Even if the reports are true, U.S. and foreign analysts say, bin Laden's death is unlikely to dent the global jihadist movement he helped create. Through the years, al-Qaida has metastasized into a loose confederation of groups inspired - but not directed - by him and his second-in-command, the Egyptian-born Ayman al Zawahiri.

Al Zawahiri has emerged as the most visible al-Qaida leader in the past two years, but even he hasn't been directing attacks such as those in Bali, Madrid and London, according to two senior U.S. counterterrorism officials.

Two American officials, speaking on condition of anonymity because the matter involves classified information, said bin Laden's death, if true, would do U.S. interests little good.

"The sorry truth is that if bin Laden is dead, he's now a very large martyr in what a lot of Muslims have come to believe is a war against Islam," one of the officials said.

Chirac announced a probe to find out how the document was leaked to l'Est Republicain, a regional newspaper known for its investigative reports on security matters.

The DGSE, or Direction Generale des Services Exterieurs, sent the document to Chirac and other top French intelligence officials, according to the published account. The claim of bin Laden's death came from a single source, the DSGE document indicated. It said that Saudi agents were pursuing more detailed information, including the location of bin Laden's alleged burial site,

"The chief of al-Qaida was a victim of a severe typhoid crisis while in Pakistan on August 23, 2006," the newspaper quoted the intelligence document as stating. His remote location made medical assistance impossible, the French report said, adding that his lower limbs were partially paralyzed.

A Combative Clinton Defends Record On Fighting Terrorism (WP)

By Michael Grunwald

The Washington Post, September 24, 2006

Former President Faults Neocons for Inaction on Bin Laden

Former president Bill Clinton angrily defended his administration's counterterrorism record during a Fox News interview to be aired today, while accusing "President Bush's neocons" and other Republicans of ignoring Osama bin Laden until the attacks of Sept. 11, 2001.

Clinton had planned to discuss his climate change initiative during his appearance on "Fox News Sunday," but he turned combative after host Chris Wallace asked why he hadn't "put bin Laden and al-Qaeda out of business." Clinton shot back that "all the conservative Republicans" who now criticize him for inattention to bin Laden used to criticize him for over-attention to bin Laden.

Clinton said he authorized the CIA to kill bin Laden, and even "contracted with people to kill him." He also said he had a plan to attack Afghanistan, overthrow the Taliban and hunt for bin Laden after the attack on the USS Cole, but the CIA and FBI refused to certify that bin Laden was responsible, and Uzbekistan refused to allow the United States to set up a base. By contrast, Clinton said the Bush administration's neoconservatives "had no meetings on bin Laden for nine months," believing he had been "too obsessed with bin Laden."

"At least I tried," Clinton said. "That's the difference [between] me and some, including all of the right-wingers who are attacking me now. They ridiculed me for trying. They had eight months to try. They did not try. I tried. So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, [Richard] Clarke, who got demoted."

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Clinton seemed particularly irked by Wallace's reference to his decision in 1993 to pull troops out of Somalia, a move bin Laden later described as a sign of American weakness. Clinton argued that even though many Republicans demanded a withdrawal from Somalia the day after the downing of a Black Hawk helicopter, he kept a U.S. presence there for another six months to ensure an orderly transition to United Nations forces.

That's when the interview got testy, as a Fox transcript reflects:

Clinton : There is not a living soul in the world who thought Osama bin Laden had anything to do with Black Hawk down or was paying any attention to it, or even knew al-Qaeda was a going concern in October '93.

Wallace : I understand.

Clinton : No, no, wait. Don't tell me that -- you asked why didn't I do more to bin Laden, there was not a living soul, all the people who now criticize me wanted to leave the next day. You brought this up, so you get an answer. But you -- secondly,

Wallace : -- Bin Laden says, but it showed the weakness of the United States.

Clinton : Bin Laden may have said it -- but it would have shown the weakness if we left right away. But he wasn't involved in that, that's just a bunch of bull. That was about Mohamed Aideed, a Muslim warlord, murdering 22 Pakistani Muslim troops. We were all there on a humanitarian mission; we had no mission, none, to establish a certain kind of Somali government or keep anybody out. He was not a religious fanatic --

Wallace : Mr. President --

Clinton : -- there was no al-Qaeda --

Wallace : With respect, if I may, instead of going through '93 and --

Clinton : No, no -- you asked it. You brought it up.

Wallace, a 30-year broadcast veteran who worked at NBC and ABC before Fox, is not usually considered part of the network's conservative commentariat, but Clinton accused him of doing "Fox's bidding" by preparing a "conservative hit job."

He attacked Wallace for failing to ask Bush administration officials why Clarke was demoted from his counterterrorism job: "Tell the truth, Chris. Tell the truth, Chris. Did you ever ask that?" He also complained that Wallace had lured him to the interview "under false pretences," but when Wallace offered to discuss his climate change project, he replied: "No, I want to finish this now."

And so he did, attacking President Bush for focusing on Iraq instead of Afghanistan, urging Americans to read Clarke's book and accusing Republicans of "a serious disinformation campaign" to blame the Clinton administration for losing bin Laden.

"I got closer to killing him than anybody's gotten since," Clinton said. "And if I were still president, we'd have more than 20,000 troops there trying to kill him. . . . You got that little smirk on your face and you think you're so clever, but I had responsibility for trying to protect this country. I tried and I failed to get bin Laden. I regret it, but I did try and I did everything I thought I responsibly could."

U.S. Prosecution Of Padilla No Slam Dunk So Far (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, September 24, 2006

MIAMI -- The Bush administration's decision to drop the "enemy combatant" label from alleged al-Qaida operative Jose Padilla and prosecute him on civilian terror charges has not gone smoothly, with even the judge in the case raising questions about sketchy evidence and a vague indictment.

Trial for Padilla - an American once accused of planning to detonate a radioactive bomb - and two co-defendants was initially scheduled for early September. But it's now off until January and may be delayed further into 2007 if prosecutors file their expected appeal of U.S. District Judge Marcia Cooke's dismissal of a crucial charge.

Cooke has also pronounced the U.S. case "weak on facts" and agreed with defense lawyers that prosecutors must provide more details about what crimes the trio may have actually committed instead of relying on sweeping allegations that they were involved in a violent Islamic jihad over a decade on several continents.

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In response to one question about identities of any alleged victims, prosecutors listed armed confrontations against the Russian military in Chechnya and Tajikistan, opposing Muslim factions in Afghanistan and Serbian and Croat forces in Bosnia. They also cited violent acts against more moderate Muslim governments around the world.

Many legal experts say that kind of broad evidence won't be good enough for a jury, which must be satisfied beyond a reasonable doubt that Padilla and the others committed crimes. And to prove that, prosecutors must have specific violent acts and specific victims, experts say.

"You've got to mount a sufficient body of evidence to support the charges, and that's what's lacking," said Scott Silliman, law professor and executive director of the Center on Law, Ethics and National Security at Duke University. "If he is acquitted, it will be in my judgment a severely embarrassing moment for the government."

The difficulty prosecutors have in defining exactly what Padilla and the others allegedly did is a recurrent issue in terrorism cases where charges are brought before a violent act takes place, said Jeffrey F. Addicott, director of the Center for Terrorism Law at St. Mary's University School of Law.

"Law enforcement often faces the problem of stopping the terrorist before they strike, which means the overt act never happens," Addicott said. "It makes prosecution more difficult, but not impossible."

U.S. Attorney R. Alexander Acosta declined comment on the status of the case, but has in the past expressed confidence in the strength of the government's evidence.

Padilla, a 35-year-old former member of the Latin Disciples gang in Chicago, was arrested by the FBI in May 2002 at Chicago's O'Hare International Airport and designated a month later as an "enemy combatant" by President Bush.

He was held by the U.S. military and interrogated without charge or real access to a lawyer for 3 1/2 years, with former Attorney General John Ashcroft famously claiming on television that Padilla was arrested while on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major city.

With Bush's authority to hold an American like Padilla indefinitely without charge under legal challenge before the U.S. Supreme Court, the administration sidestepped the question last November by dropping the "enemy combatant" label and adding him to an existing Miami case charging alleged members of a North American terrorism support cell. No "dirty bomb" is mentioned in that indictment.

"There is a bit of a pattern in these cases of the government overstating what it can actually prove," said Carl Tobias, a University of Richmond law professor.

Padilla couldn't be transferred to the U.S. terrorist detention camp in Guantanamo Bay, Cuba, and possibly tried before a military commission there because he is a U.S. citizen. So even if Congress succeeds in rewriting the rules for those commissions, Padilla will get his day in federal court.

The indictment essentially contends that Padilla, who had relocated in the 1990s to South Florida and converted to Islam, was recruited to al-Qaida by Adham Amin Hassoun, a Sunrise computer programmer allegedly active in the jihadist worldwide network. A third defendant, Kifah Wael Jayyousi, is accused of funneling support to terror groups in part through his "Islam Report" newsletter.

In a setback for the government's case, Cooke ruled in August that count one of the indictment, alleging a conspiracy to "murder, kidnap and maim persons in a foreign country," must be dismissed because it duplicates other charges. Prosecutors are likely to appeal that ruling, which tosses out the only charge carrying a possible life sentence.

Other potential weaknesses in the case against include:

-Padilla's voice is heard on only eight of some 50,000 FBI wiretap recordings and his name is mentioned on about 20 others. His lawyers say violence or jihad is not discussed on any of those recordings, and some of them are between Padilla's mother and Hassoun. Most involve subjects such as Padilla's whereabouts, his marriage and his children, his lawyers say.

-A key piece of physical evidence is a "mujahideen" application Padilla allegedly completed to attend an al-Qaida training camp in Afghanistan. Prosecutors say his fingerprints are on it. They have refused to produce a list of anyone who may have been at the camp at the same time or whose forms were found along with that application. They intend to call as a witness Yahya Goba, a convicted 28-year-old member of the so-called "Lackawanna Six" terror cell in upstate New York, who will tell jurors he filled out a similar form but at a later date. Goba could get a reduced prison sentence in return for his cooperation.

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-Over government objections, Cooke ordered the Bush administration to turn over medical records from Padilla's long stretch in military custody. Defense lawyers say they will look for instances of possible misconduct during interrogations or use of drugs that might have impaired Padilla in some way.

-A magistrate judge found that Jayyousi's publication of the "Islam Report" may be protected by the First Amendment because it "merely advocated terrorism in general, or jihad at some indefinite time" rather than providing specific instructions or signals for a crime to be committed. Jayyousi is the only defendant to win pretrial release on bail.

Some experts compared the Padilla case to that of former University of South Florida professor Sami al-Arian, who was cleared of terrorism charges after a five-month trial in 2005. That case also involved thousands of telephone and wiretap intercepts but little direct links between al-Arian and particular acts of Palestinian violence overseas.

"If it's not a problem as a matter of law that they are getting people on talk rather than action, it certainly is a problem with juries," said Michael Greenberger, law professor at the University of Maryland. "If all they produce is telephone conversations, they run the risk that they are not going to convince a jury to convict."

Curt Anderson has covered legal issues in Miami and Washington since 2002.

'Islamo-Fascism' Had Its Moment (NYT)

By Sheryl Gay Stolberg

The New York Times, September 24, 2006

WASHINGTON

SHORTLY after terrorists attacked the United States on Sept. 11, 2001, President Bush's speechwriters began grappling with a linguistic puzzle: What to call the enemy? In the five years since, Mr. Bush has road-tested an array of terms: evildoers, jihadists, Islamic extremists, even "Al Qaeda suiciders."

But no phrase has crashed and burned as fast as the president's most recent entry into the foreign policy lexicon: Islamic fascists, or, Islamo-fascism.

This latest iteration, which has percolated in neoconservative circles for several years, turned up in one of the president's speeches last year, and resurfaced in August when British authorities foiled a plot to blow up airliners headed for the United States. It was, Mr. Bush said then, "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom."

By Labor Day, Islamic fascists and Islamo-fascism were the hot new conservative buzzwords.

And then, just as suddenly, they were gone — at least from the president's lips.

"The debate that we wanted to launch was about an ideological struggle against an enemy that has very specific plans, ambitions and aspirations, much like movements of the past, like fascism and Nazism," said Dan Bartlett, counselor to the president. Addressing the term Islamic fascists, Mr. Bartlett said, "I'm sure he'll use it again."

But it seems unlikely Mr. Bush will use it again, given the outcry it provoked.

Muslims, both here and in other countries, were deeply offended. Even Karen Hughes, the former counselor to Mr. Bush who now runs the public diplomacy arm of the State Department, pushed back, telling CNN's Wolf Blitzer that she typically does not "use religious terms" for fear they will be misinterpreted around the world.

"The problem with the phrase is that it confuses more than it clarifies," says David Gergen, a former speechwriter for Richard Nixon. "It's important to find a phrase that's meaningful in the Arabic world, and Islamic fascism has no meaning."

The precise etymology of "Islamo-fascism" is unclear. Some say that the writer Christopher Hitchens introduced it into post-9/11 discourse. But Stephen Schwartz, executive director of the Center for Islamic Pluralism, which promotes moderate Muslim views, also takes credit, describing the phrase in a recent article as one that "refers to the use of the faith of Islam as a cover for totalitarian ideology."

If "Islamic fascists" and "Islamo-fascism" have disappeared from Mr. Bush's oratory — they were nowhere to be found in his 9/11 anniversary speeches, for instance — questions about the phrases have not. The president was forced to grapple with such inquiries twice last week alone. On Friday, in response to a Pakistani journalist, Mr. Bush invoked a far more general term: "these extremists."

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All of which leaves the central problem — what to call the enemy — unresolved.

"I'd prefer to call them Islamists," said Frederick W. Kagan, a military historian and neoconservative thinker at the American Enterprise Institute in Washington. Fascists, Mr. Kagan said, idealize a strong man, like Hitler or Mussolini. "Bin Laden's stated aim is for Allah to be venerated, so I think it's a very different thing."

David Frum, a former speechwriter for Mr. Bush, said the president turned to "evildoers" right after Sept. 11, 2001, in part because it translated well in Arabic and in part because it appeared in Psalm 27, which Mr. Frum says is one of the president's favorite psalms. ("When evildoers came upon me to devour my flesh.")

But evildoers has a kind of comic-book sound, and in any event, Mr. Frum says, it isn't specific enough. He suggests Mr. Bush find an Arabic phrase to popularize — so long as it does not involve the word jihad, a term with a negative connotation in the United States, but positive overtones in the Muslim world.

Peter Beinart, the editor at large of The New Republic, has his own solution: "jihadi salafi," which he loosely translates as "someone who would use violence, and ultimately state violence, to bring about a utopian vision of Islam." So what if no one knows what it means.

"If Bush had been using it all these years," Mr. Beinart said, "people would know it like the back of their hand."

Maybe he should have stuck with Al Qaeda suiciders.

The 'Prudence Party' Takes On An Insurgent (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 24, 2006

To President Bush's supporters, nothing is more exhilarating than his willingness, even eagerness, to challenge long-established assumptions and policies, especially in foreign policy. "As an insurgent, with few ties in Washington," conservative journalist Fred Barnes wrote admiringly in his recent book, "Rebel-in-Chief," "Bush has found it easy to overturn major policies with scarcely a second thought."

To Bush's critics, that's exactly the problem.

As his second term proceeds, he's facing increasing resistance from what might be called the "prudence party." The prudence party represents a particular corner of the U.S. establishment. Informal and amorphous, it is populated by top-level corporate and Wall Street executives, former diplomats, retired military officers and some veteran legislators on Capitol Hill.

As a group, the prudence party is more Republican than Democratic. In modern political terms, it is more centrist than conservative, though it is profoundly conservative in the word's traditional meaning: it looks skeptically at radical change, especially when it is implemented "with scarcely a second thought." The prudence party generally believes that assumptions and procedures that have lasted for decades are usually so entrenched for a good reason. It has a healthy respect for the law of unintended consequences.

During Bush's first term, the prudence party gnashed its teeth over his movement to downplay America's reliance on our traditional allies, a tendency that culminated in the decision to invade Iraq without explicit authorization from the United Nations. But mostly those in this group bit their tongues.

Signs of the unease emerged in the 2004 presidential campaign. One came when several retired generals prominently endorsed the Democratic candidate, Sen. John F. Kerry of Massachusetts. Another was a statement issued during the campaign from a separate group of retired diplomats and military officials criticizing Bush's foreign policy.

But both of those groups tilted toward names identified more with the Democratic side of the foreign policy establishment. In Bush's second term, a broader spectrum of voices from the prudence party have dissented. The demands from retired military officers for the resignation of Defense Secretary Donald H. Rumsfeld earlier this year offered one indication of the discontent in these circles.

Even more telling was the resistance Bush faced in his effort to redefine U.S. obligations under the Geneva Convention toward detainees in the war on terrorism.

It wasn't particularly surprising to find Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina leading that opposition; both are iconoclasts who have opposed Bush on other national security choices.

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But behind them stood Sen. John W. Warner (R-Va.), the 79-year-old chairman of the Senate Armed Services Committee, former Secretary of the Navy and the virtual white-haired embodiment of the prudence party.

And behind Warner stood an even more imposing phalanx of gray eminences — retired Gen. John Vessey, the chairman of the Joint Chiefs of Staff under President Reagan; George P. Shultz, Reagan's Secretary of State; and, above all, Colin L. Powell, the chairman of the Joint Chiefs for George H.W. Bush and the first-term Secretary of State for George W. Bush. All three, as well as another group of more than two dozen former military and State Department officials, played a more visible role than any congressional Democrat in blocking Bush's proposal.

Powell's resistance attracted the most attention. But Vessey captured the thinking of the prudence party most eloquently in his letter opposing any reinterpretation of the Geneva Convention.

In essence, Vessey rejected the core Bush argument that Islamic terrorism has created a threat so transcendent as to demand the abandonment of America's traditional approaches to ensuring its security. "I continue to read and hear that we are facing a 'different enemy' in the war on terror; no matter how true that may be, inhumanity and cruelty are not new to warfare nor to enemies we have faced in the past," Vessey wrote. "Through those years, we held to our own values. We should continue to do so."

Debate will continue for weeks over whether Warner, Graham and McCain sufficiently upheld those values in the deal they struck with the administration on the treatment of detainees. What's clear is that the dispute represented a kind of tipping point for many of the establishment figures who supported those senators — a moment when Bush's inclination to jettison established approaches collided too directly with their respect for the ways America has conducted itself since World War II.

Retired Col. Lawrence B. Wilkerson, Powell's chief of staff at the State Department, believes the disagreement became a flashpoint for growing concern that the administration, in its responses to the terrorism threat, "has made a radical departure from traditional political and cultural values as well as what heretofore was a rather consistent strain in foreign policy."

Others might not criticize the administration so pointedly. But it doesn't take much reading between the lines to see in the statements from Powell and others the fear that Bush has too casually alienated world opinion in his pursuit of greater security for America.

The pillars of the prudence party don't like to publicly air their disagreements. The fact that so many did so in this dispute is probably a warning sign to the White House that it could face more resistance from some of the same voices if it pursues other avenues seen as flouting international norms or global opinion, such as unilateral military action against Iran. Through 2008, Bush's disputes with these voices of restraint may shape America's national security decisions more than his arguments with the Democrats.

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CIA Values Show In Stand On Detainees (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 24, 2006

WASHINGTON — For an agency that ordinarily steers clear of major policy debates, the CIA played an unusually prominent role in the showdown between the White House and dissident Republicans over the treatment of detainees.

To many outsiders, the CIA's position was puzzling.

Why would an agency whose own overseas officers are vulnerable to capture — and torture — defend harsh interrogation methods? And how did an organization often criticized for its caution end up pushing the legal envelope, even while the Pentagon was advocating tight new restrictions?

The answers, according to current and former U.S. intelligence officials, reflect a cultural and operational fault line that separates the CIA from the other arms of the U.S. government that operate overseas — mainly the military and the State Department.

The detainee issue has tapped into "a cultural difference," said Mark Lowenthal, former assistant director of the CIA.

"This whole debate has no meaning for a CIA officer as he understands the world and the nature of the deal he made with the government and the nature of the risks he is willing to accept," Lowenthal said.

CIA leaders are typically closely aligned with State Department and Pentagon counterparts in their view of the world and their concern for overseas opinion of the United States. But on the detainee issue, the CIA is less swayed by concerns that other nations might retaliate against U.S. prisoners, and more inclined to consider any cost worth paying for the intelligence it generates.

President Bush wanted to reestablish a secret CIA detention and interrogation program and insulate CIA officers from legal peril in pushing this month for new security legislation. Bush's proposal was opposed by Republican senators, retired military commanders and onetime administration officials such as former Secretary of State Colin L. Powell, who warned the harsh approaches favored by Bush would further soil the U.S. image.

Leading up to a key compromise on Thursday, CIA officials, including the agency director, Gen. Michael V. Hayden, publicly took Bush's side in the fight, voicing concerns evidently felt by many CIA officers worldwide.

"There are smart, sensitive people who work in that agency who are bothered by the same sorts of issues as private citizens are," said Paul Pillar, former deputy director of the CIA counterterrorism center.

But Pillar and others noted that spies, unlike soldiers, are not afforded the protections of the Geneva Convention. Therefore, agency officials are less preoccupied with the concern over reciprocity articulated by Powell and others.

The convention spells out elaborate protections for captured soldiers, and sets minimum standards for others who are captured who are not in uniform.

But spies fall into a separate category. Those engaged in espionage "shall not have the right to the status of prisoner of war," according to the convention, which also says that an occupying government "may impose the death penalty" in cases when a prisoner is guilty of espionage.

The Supreme Court ruled in June that the Geneva Convention applies even to terrorism suspects under U.S. law. But "if a CIA operative is picked up by terrorists, he is unlikely to benefit under any circumstances from Geneva protections," said Robert Grenier, who retired earlier this year as head of the CIA's counterterrorism center.

Indeed, the history of the agency includes gruesome examples. In 1984, William Buckley, the CIA station chief in Beirut, was captured, tortured, and ultimately killed by operatives from the Hezbollah terrorist organization.

Some veterans said the agency's experience fighting terrorists, and the stakes of the interrogations they conduct when suspects are captured, also help explain its more aggressive mindset. While the military has held hundreds of relatively low-level prisoners at Guantanamo Bay and other facilities, the CIA has been responsible for detaining a relative handful of high-ranking Al Qaeda operatives.

"The agency is not recommending that these techniques be applied to everybody," said a former senior CIA official who spoke on condition of anonymity. "We're talking about those very rare cases when you've got somebody who you know was the mastermind behind Sept. 11, who gleefully slit the throat of Danny Pearl."

The former official was referring to Khalid Shaikh Mohammed, the alleged mastermind of the Sept. 11 attacks who is also believed to have executed Wall Street Journal reporter Pearl after he was kidnapped in Pakistan in 2002.

The CIA is said to have used an array of harsh techniques against Mohammed, including "water boarding," in which a prisoner is strapped to a board and made to believe he is going to drown. Water boarding presumably no longer would be allowed under the new rules under consideration in the Senate. But CIA officials said they believe they will still have access to other methods that have proven effective.

"Overall, you have to characterize them as tough and aggressive," said a former senior CIA official involved in the program. "Certainly beyond what one would legitimately expect to encounter in a police precinct."

The CIA view of interrogation policy may also be colored by the fact that it is a principal user of the intelligence it gets from Al Qaeda prisoners — in contrast to other areas of intelligence where the CIA is a more passive conduit of information to policymakers and the Pentagon.

"If they get information on what the Chinese military is doing, that goes to the Pentagon," said another former CIA official. "If they get information on China's likely stance at the United Nations, that goes to the State Department."

But information from interrogations of high-value detainees has fueled dozens of counterterrorism operations mounted by the CIA, netting what officials have described as important captures.

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Ex-POWs Defend Tough Interrogation Of Terrorism Suspects (MJS)

By Meg Jones

Milwaukee Journal Sentinel, September 23, 2006

Survivors of torture offer views of Geneva Convention

The Geneva Convention meant nothing to Don Heiliger's captors.

To the men who used ropes and handcuffs to twist Heiliger's arms behind him until his shoulder blades touched and his arms went numb, the rules regarding humane treatment of prisoners of war were a joke.

Shot down over Vietnam on May 15, 1967, the Navy pilot who later became a Dane County supervisor was tortured and told he was a criminal who had no protection under the Geneva Convention.

The debate over the rules for the interrogation and trial of terrorist suspects is more than political rhetoric for Heiliger and other Wisconsin ex-prisoners of war, who spent days and weeks and years in captivity never knowing if they would survive their ordeal. Even as President Bush and key Republican senators such as John McCain reached an agreement last week over the issue, Heiliger's opinion was emphatic: The Geneva Conventions don't apply to terror suspects.

"To try terrorists doesn't bother me at all, because I don't think they're soldiers," said Heiliger, 69, of Stoughton.

Dan Doughty agrees. He, too, was shot down in Vietnam and spent almost seven years as a prisoner of war. He, too, was tortured and forced to write letters saying he was treated well.

In the war on terror, "there are no uniformed soldiers. They're not fighting for a country. They don't have a nation behind them," said Doughty, 73, who grew up in Ladysmith and now lives in Eau Claire. "I'd sure hate to see several thousand people die (in a terror attack) because we couldn't ask a question for fear we were mistreating" terror suspects.

When he was first captured, he told his captors his name, rank, serial number and date of birth - the only information military members are obligated to provide under the Geneva Conventions.

It didn't do any good and only infuriated Doughty's captors. It took two decades for the numbness in Doughty's hands and arms to go away.

Doughty saw the Abu Ghraib prison scandal photos and read about the convictions of American soldiers working as guards at the Baghdad prison. In Doughty's opinion, the Abu Ghraib prisoners were mistreated, not tortured. And the Bush administration's attempt to clarify some of the language in the Geneva Conventions probably won't matter in future wars, he said.

"I don't think anybody we'd have a future war with is going to be different than Vietnam," Doughty said. "Look at what happened to our soldiers that have been captured (in Iraq this year). They've been tortured and cut up and put in the street. That's what we're dealing with."

The Geneva Conventions are a series of international agreements signed in the Swiss capital in the 1800s and 1900s. The rules regarding the humane treatment of prisoners of war came out of the third Geneva Convention, held in 1929.

Mark Pink was a prisoner of war in a country that observed those rules. After the 85-year-old Union Grove man had the misfortune of getting shot down in his B-26 Marauder over France on April 24, 1944, he had the good fortune of ending up being treated humanely in prison camps operated by the German Air Force. Later, he found out Americans captured by the Japanese spent World War II in far different conditions.

"I thank my lucky stars that I ended up" in Germany, Pink said.

When Joseph Small III's OV-10 Bronco reconnaissance plane was shot down by the Iraqis over Kuwait during the first Gulf War, the Geneva Conventions had no meaning for his captors. Held for nine days, Small was beaten and whipped. When he regained consciousness from the beatings, he was whipped again. His rotator cuff was torn when his captors wrenched his shoulder.

Small said his treatment was different from that of terror suspects by the U.S.

"They're being treated roughly, but they're not undergoing torture that me or John McCain or any other Americans went through," said Small, 55, adding that he's not comparing his experience to that of McCain or other Vietnam ex-POWs.

Small isn't advocating torture of terror suspects. But he said interrogators should be allowed to reach suspects at a level that's not clearly defined in the Geneva Conventions.

"This is a different situation we've never had before, one that has degenerated into a political discussion. We're not fighting a country, we're fighting an ideology and an enemy that's dedicated to our destruction," said Small, a Midwest Airlines pilot who lives in Racine. "It takes new thinking and new definitions of what we need to do to stop attacks on innocent civilians."

According to Heiliger, Small is the only Gulf War ex-POW living in Wisconsin, and only three ex-POWs from Vietnam live full time in the state.

Like Heiliger and Doughty, Gerald Gerndt spent years in the so-called "Hanoi Hilton" and other camps where he was tortured. After an escape attempt by other prisoners in 1968, Gerndt remembers he and his cellmates were punished by being put in leg irons and kept in a stifling room without open windows throughout the hot, muggy summer.

Gerndt, whose F-4C fighter jet was shot down on Aug. 23, 1967, has conflicted feelings about the debate over handling terror detainees.

"If you're going to murder innocent civilians for the sake of shock value, I'm not so certain the Geneva Convention should apply to those people," said Gerndt, 64, a financial adviser who lives in Genesee.

However, Gerndt added that while he despises terrorists, "we're a country of laws, and everyone has a certain right to those laws in this country."

Why Retired Military Brass Don't Want Torture (LAT)

By Charles Kaiser, Charles Kaiser, Author Of "1968 In America" And "The Gay Metropolis," Is Completing "The Cost Of Cou

The Los Angeles Times, September 24, 2006

Firsthand combat experiences compel old guard to attack Bush's 'alternative interrogation.'

FOR ONE 83-year-old veteran of World War II, it was the searing memory of a Japanese prisoner who helped turn the tide on Iwo Jima. For a 40-year veteran of Army intelligence, it was a trip to the battlefield at Gettysburg. For all 43 retired generals and admirals, it was a combination of moral outrage and deep disgust over President Bush's proposed legislation on interrogating terrorist suspects that propelled them into unfamiliar territory.

"None of us feels comfortable speaking out publicly," said retired Rear Adm. John D. Hutson, who served as the Navy's judge advocate general from 1997 to 2000 and presided over the JAG corps' 1,600 members. "That's not the nature of what military officers do…. [But we] care very, very much about the country and the military — and that's why [we] are speaking out."

The group of retired flag officers first came together in 2005, when a dozen of them signed a letter opposing the nomination of Alberto Gonzales as attorney general for his role in developing Bush's policies on torture in the war on terror. Late last year, they supported Sen. John McCain's (R-Ariz.) ban on cruel and inhumane treatment of detainees in U.S. custody anywhere in the world.

And last week, the Republican senators with whom the retired officers are allied in a fight against Bush's proposed legislation to weaken the spirit and the letter of the Geneva Convention won a compromise with the administration. According to the agreement, all forms of torture would be banned, including waterboarding, which White House officials had insisted wasn't real torture, although it was one of the Gestapo's favorite techniques.

The retired officers believe that the negative consequences of the president's anti-terror policies could have been avoided if the administration had followed traditional military practices. Retired Marine Maj. Gen. Fred E. Haynes, 83, is a veteran of World War II and the Korean and Vietnam wars. In 1945, he was a captain in the regiment that seized Mt. Suribachi on Iwo Jima and raised the U.S. flag there. In March of that year, his unit found two U.S. soldiers dead, apparently victims of torture. On March 17, about 10 days before the battle ended, a Japanese soldier, wearing nothing but his boots and a cotton jock strap, stepped out of a cave with his hands up. He had read one of the leaflets Americans were distributing in artillery shells that promised that anyone who gave up would get his wounds treated and his stomach filled.

The soldier surrendered to a lieutenant who spoke no Japanese. The lieutenant called his company commander to ask what to do with the prisoner.

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"As he was talking," Haynes recalled hearing from soldiers in his unit, "a Japanese sniper apparently got a good aim on him and the bullet penetrated his helmet at an angle, scooted around inside the helmet and dropped out the back." Miraculously, the lieutenant was uninjured.

"In good conscience, he could have shot the Japanese [prisoner] dead," said the general, because the soldier could reasonably have concluded that he had been set up. "But he didn't."

Instead, the lieutenant waited for the company commander to join them. He subsequently discovered that French was a language he shared with the prisoner. Speaking French, the Japanese man offered to help clear out caves nearby.

When the prisoner was interrogated by two Marine interpreters fluent in Japanese, they quickly determined that he was the chief code clerk for the Japanese commander on Iwo Jima, an extraordinarily valuable catch.

"He not only knew the situation on Iwo, but he had good insight into the situation on Okinawa, which we were to invade on April 1 and did. He even knew a fair amount about the [Japanese army's] situation with respect to China," Haynes recalled.

The prisoner was immediately sent to the headquarters of Adm. Chester W. Nimitz, and from there to Washington.

"The moral of the story," said the general, "is we Americans have been so thoroughly imbued with the idea that you have to treat prisoners humanely — and this [story] is an example of why. It is an illustration of how by treating an individual decently you are much more likely to get any information you might want — and it's more likely to be correct."

Retired Army Brig. Gen. David R. Irvine spent 40 years in the Reserve as an intelligence officer, spending much of that time teaching the rules of interrogation to soldiers, Marines and airmen. He remembers a visit to Gettysburg, where he lined up with 125 other officers in front of a statue of Confederate Gen. Robert E. Lee, from which they retraced Pickett's Charge.

"Everything there is completely flat," Irvine said. "By the time you get 50 yards out … [you're] right in artillery range of the Union line. And you've got a mile and half to go on foot [to reach the Union soldiers]. As stragglers who survived found their way back to Seminary Ridge, Lee was riding his horse on that line and apologizing: 'It's all my fault.' He sent a letter of resignation to [Confederate President] Jefferson Davis, who refused to accept it. And the point of that whole exercise was command responsibility. That's a powerful lesson."

It's a lesson these retired officers think the administration doesn't get because no higher-ups were prosecuted for the abuses uncovered at Abu Ghraib and elsewhere. "Tailhook was a very painful time for the Navy," Hutson said, referring to the 1991 sexual misconduct scandal. "The Navy was not treating women with the respect and dignity that they deserved and had earned. But speaking of accountability, we had a chief of naval operations who resigned; we had a secretary of the Navy who resigned."

Retired Brig. Gen. James P. Cullen was chief judge of the U.S. Army Court of Criminal Appeals. "I grew up in an Army where the rules were very clear and where serviceman and women had no question about what their obligations and responsibilities were under both the Geneva Convention and our domestic law," he said. "When you have a winking-and-nodding policy [as was the case at Abu Ghraib], that just brings about the consequences that we came to view at [the prison]."

What further fuels the officers' outrage is that the policies they believe have undermined the military were mostly formulated by men, like Bush, who have not seen combat.

"[Vice President Dick] Cheney made mention in the days after 9/11 that he wanted to operate sort of on the dark side," Cullen said. "Here was a guy who never served, and now something terrible had happened, and he wanted to show that he was a tough guy…. So he's going to operate outside the rules of law. Bad message."

the Torture Debate (WP)

The Washington Post, September 24, 2006

President Bush's advocacy of "alternative interrogation practices" in the fight against terrorism has moved beyond legality and morality -- to focus on practicality. "The information that the Central Intelligence Agency has obtained by questioning men like Khalid Sheik Mohammed has provided valuable information and has helped disrupt terrorist plots, including strikes within the United States," Bush said in a Sept. 15 news conference. "By giving us information about terrorist plans we couldn't get anywhere else, this program has saved innocent lives. In other words, it is vital."

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In a recent statement to the Senate Armed Services Committee, a group of former Army interrogators disagreed. "Prisoner/detainee abuse and torture are to be avoided at all costs, in part because they can degrade the intelligence collection effort by interfering with a skilled interrogator's efforts to establish rapport with the subject," they wrote.

We spoke with three of the signers about their experience as interrogators and why they signed.

-- Rachel Dry

Peter Bauer, Army interrogator, 1986-1997

I conducted interrogation operations and training, and served as an interrogator near the front lines during Operation Desert Storm. When prisoners of high intelligence value were captured, they were brought to me immediately. I often just glared at them and in a stern voice asked their name, their rank, their unit affiliation, and then questions related to the intelligence collection mission. Direct questioning is usually effective.

With the [Iraqi] Republican Guard officers, I had to use some of the approaches from the field manual. I used "love of comrades" a couple of times: I would tell somebody, "You know that if you can help us end this war sooner, fewer of your own people will die." When I saw them, they were still reeling from the shock of battle and capture. You should never underestimate the power of one's own imagination to create danger. If you ask, "Do you know what can happen to you under the Geneva Conventions if you don't tell me your name?" the answer is "nothing." But that question put to somebody who's not familiar with the Conventions just opens up doors in their mind. Most terrorists should be no more difficult to interrogate than other fanatics we've dealt with -- including Viet Cong, Soviet spies and Iraqi Republican Guard officers.

I know the techniques in the field manual work, and I know torture isn't as effective. I was stationed in Europe almost all of my career and I did resistance-to-interrogation training for NATO forces. We simulated the sort of abuse they could expect should they fall into the hands of the Warsaw Pact. This treatment is quite similar to the sort of techniques described as the CIA's "alternative interrogation procedures." We invariably obtained more reliable information using our own techniques than we did using the abusive procedures. I cannot name one instance in which abuse was successful after standard interrogation techniques failed. When you abuse or degrade somebody, the reaction of the source is: "You're putting ladies' underwear on my head. [Expletive] you." In the hands of a skilled and trained interrogator, you wouldn't have to torture. Not a single military interrogator with whom I have communicated expressed anything but contempt for the idea that torture could be more effective than standard interrogation techniques.

Chief Warrant Officer Marney Mason (retired)

I've been doing the interrogation thing since the early 1970s. I was a Cold War interrogator in Europe in the 1970s and '80s, and I've trained interrogators at Fort Hood, Tex., and Fort Bragg, N.C. -- teaching them how to conduct interrogations and how to resist them. In some training sessions, I've even administered mild forms of torture. And I think anyone who believes torture is a useful means of extracting information has been watching too many Sly Stallone movies.

A good interrogation is like a seduction. You sit down. You ask the person questions. You try to develop a very intense personal relationship with another human being so they'll part with information they'd rather not part with. You wheedle, cajole, trick, lie. The point is to collect usable, actionable information. Sure, if you start pulling a guy's fingernails out, he'll start talking -- it may not be the truth, but he's going to tell you exactly what you want to hear.

In a training environment (a mock prisoner-of-war camp), my students would be subjected to hostile forms of interrogations: loud noises, fake burials, 15- to 20-volt electric shocks. And I got people to confess to things that they absolutely did not do. The information you receive is worthless.

Travis W. Hall, former Army interrogator and captain in the Army's Judge Advocate General's Corps

Over my 14 years of military experience, both as an interrogator and as a JAG, I observed a degradation in the respect of service members for the laws of war since 9/11. When I attended interrogation school in 1992, all the attendees had 40 hours of classroom time on the Geneva Conventions followed by a written exam on all the rights and obligations of the military personnel under the Conventions.

What I saw firsthand as an interrogator and, later, as a JAG in Iraq in 2003 working on detainee issues, has left me with a strong belief that torture is counterproductive. What has proven effective in interrogation, time and again, regardless of what culture the detainee is from, is building a positive relationship with an individual. Americans really want their soldiers to not only

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come home, but come home with honor. I would challenge the current administration to come up with one example where torture in interrogation has produced actionable intelligence that saved American lives in the United States.

Does It Work? (WP)

By Edwidge Danticat

The Washington Post, September 24, 2006

President Bush says harsh interrogation tactics are a key tool in the War on Terror. Two authors consider the painful dilemma posed by his claim:

MIAMI Afew years ago, as I worked on a documentary film about torture survivors in exile from my native Haiti, I met a young woman who under questioning by a military officer was slapped until she became deaf in one ear, was forced to chew and swallow a campaign poster, and was kicked so hard in the stomach by booted feet that she kept slipping in and out of consciousness in a pool of her own urine and blood. Another woman had an arm chopped off and her tongue sliced in two before she was dumped in a mass grave, miles from her home.

When I met these women, some time had passed since their ordeals. But they could still feel the hammering of the blows and hear the menacing voices, threatening to drown them, dismember them and set them on fire. The younger woman, Marie Carmel, remembers thinking about her mother. Manman will surely die if I'm killed, she thought. I have to stay alive for her. Alerte, whose arm and tongue were severed, kept thinking about her children as she climbed out of the corpse-filled pit and crawled to the side of the road where she found help. Both had no idea how much pain they could endure until then. They wanted to live, they remembered, to defy their torturers, to tell their stories.

"There is no need for torture," wrote Jean-Paul Sartre. "Hell is the other." Those women saw hell and came back. However, neither one told their torturers what they wanted to know. Marie Carmel did not reveal the names of her fellow pro-democracy activists. Alerte did not divulge the whereabouts of her husband, who was the real object of her captors' search.

For many who remember -- just as these women do, and my own parents do -- what it means to live under a dictatorial regime, a regime in which citizens must leave work or school to witness public executions, torture is not just an individual affliction but a communal one. And now, when political leaders in the United States are asking us as a society to consider not only the legal and moral ramifications of torture but its effectiveness, we are brought closer to these regimes than we may think. If we are part of all that has touched us, as Alfred Tennyson wrote, then we are all endorsers of torture when it is done in our name.

Torture aims for a single goal -- obtaining information -- but it achieves a slew of others. For one thing, it martyrizes the tortured. Think of the old Christlike images of Che Guevara's corpse in Bolivia -- or even of Christ himself.

While working on the documentary and researching the novel it eventually inspired, I interviewed torturers as well as their victims. I realized that torture diminishes us all by numbing us to human distress; the level of callousness in the society rises, with once unimaginable acts suddenly charted and rationalized.

"This is why we have this proverb," one repentant torturer told me, " bay kou bliye pote mak sonje ." The one who strikes the blow might easily forget, but the one who wears the scars must remember.

When seemingly noble ideals -- after all, what can be nobler than wanting to save lives? -- lead us to torture, the path to the torture chamber can find its way to our front door, just as it did for Marie Carmel, Alerte and countless others before them.

"The people who kill and torture and tell lies in the name of their sacred causes . . . " wrote Aldous Huxley, "these are never the publicans and the sinners. No, they're the virtuous, respectable men, who have the finest feelings, the best brains, the noblest ideals."

As a child growing up in a dictatorial state, I always dreaded the pounding I heard at some of my neighbors' doors at night, when many were yanked from their beds never to be seen again. The lucky ones returned from a pit that was as much a physical place as a darkness that would always surround them. They were missing an eye or some teeth; they showed swelling that would take weeks to go down or shaking that worsened over time. These markers of torment first drew me to people such as Marie Carmel and Alerte, women who could have been my mother or myself.

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When I first encounter men and women who've been tortured, I notice their dramatic and disfiguring scars. But eventually I recognize their hardened core and, more often than not, their reinforced defiance and renewed commitment to that for which they were abused.

When I meet former torturers, they don't proudly stand up and say, "Here I am, a torturer." Unless they're infamous, they have sought to compartmentalize their lives. At a lively game of dominoes or across a family dinner table, they can distance themselves from their past in a way that their victims can never even attempt. Occasionally, though, they are unwittingly exposed by a child who might say, "Papa was in the military and worked in such-and-such prison at such-and-such time." The torturers squirm and change the subject, knowing they've been unmasked.

Rare is the opportunity, as we seem to have now, for the torturer to plot out methods in advance and in public. Should a person be strapped to a board and have water poured down his nose? Should she be forced to stand for long periods of time in the cold without being allowed to sleep? Should he be slapped in the chest, face or belly? These are almost novelistic questions with no more rational answers than some haywire plot or dark verse.

After first reading it as a young girl newly escaped from Jean-Claude Duvalier's dictatorship in Haiti, I recently rediscovered a poem called "The Colonel" by Carolyn ForchÃ©. The narrator describes dining with a dictator who, after the luxurious meal, empties a bag full of human ears on the table.

"I am tired of fooling around," he tells his visitor. "As for the rights of anyone, tell your people they can go [expletive] themselves."

He lifts his glass of wine, and with one sweep of his arm, brushes the ears to the floor.

When the ears hit the ground -- like those of all my disappeared neighbors, I imagine -- the narrator notices that some of them are pressed to the floor while others are catching "this scrap of his voice." My fear is that when it is most needed, none of our ears will bother to catch any voices at all. Then will the tortured see any reason to live on? And if they live, whom will they tell?

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Are We Really So Fearful? (WP)

By Ariel Dorfman

The Washington Post, September 24, 2006

DURHAM, N.C.

It still haunts me, the first time -- it was in Chile, in October of 1973 -- that I met someone who had been tortured. To save my life, I had sought refuge in the Argentine Embassy some weeks after the coup that had toppled the democratically elected government of Salvador Allende, a government for which I had worked. And then, suddenly, one afternoon, there he was. A large-boned man, gaunt and yet strangely flabby, with eyes like a child, eyes that could not stop blinking and a body that could not stop shivering.

That is what stays with me -- that he was cold under the balmy afternoon sun of Santiago de Chile, trembling as though he would never be warm again, as though the electric current was still coursing through him. Still possessed, somehow still inhabited by his captors, still imprisoned in that cell in the National Stadium, his hands disobeying the orders from his brain to quell the shuddering, his body unable to forget what had been done to it just as, nearly 33 years later, I, too, cannot banish that devastated life from my memory.

It was his image, in fact, that swirled up from the past as I pondered the current political debate in the United States about the practicality of torture. Something in me must have needed to resurrect that victim, force my fellow citizens here to spend a few minutes with the eternal iciness that had settled into that man's heart and flesh, and demand that they take a good hard look at him before anyone dare maintain that, to save lives, it might be necessary to inflict unbearable pain on a fellow human being. Perhaps the optimist in me hoped that this damaged Argentine man could, all these decades later, help shatter the perverse innocence of contemporary Americans, just as he had burst the bubble of ignorance protecting the young Chilean I used to be, someone who back then had encountered torture mainly through books and movies and newspaper reports.

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That is not, however, the only lesson that today's ruthless world can learn from that distant man condemned to shiver forever.

All those years ago, that torture victim kept moving his lips, trying to articulate an explanation, muttering the same words over and over. "It was a mistake," he repeated, and in the next few days I pieced together his sad and foolish tale. He was an Argentine revolutionary who had fled his homeland and, as soon as he had crossed the mountains into Chile, had begun to boast about what he would do to the military there if it staged a coup, about his expertise with arms of every sort, about his colossal stash of weapons. Bluster and braggadocio -- and every word of it false.

But how could he convince those men who were beating him, hooking his penis to electric wires and waterboarding him? How could he prove to them that he had been lying, prancing in front of his Chilean comrades, just trying to impress the ladies with his fraudulent insurgent persona?

Of course, he couldn't. He confessed to anything and everything they wanted to drag from his hoarse, howling throat; he invented accomplices and addresses and culprits; and then, when it became apparent that all this was imaginary, he was subjected to further ordeals.

There was no escape.

That is the hideous predicament of the torture victim. It was always the same story, what I discovered in the ensuing years, as I became an unwilling expert on all manner of torments and degradations, my life and my writing overflowing with grief from every continent. Each of those mutilated spines and fractured lives -- Chinese, Guatemalan, Egyptian, Indonesian, Iranian, Uzbek, need I go on? -- all of them, men and women alike, surrendered the same story of essential asymmetry, where one man has all the power in the world and the other has nothing but pain, where one man can decree death at the flick of a wrist and the other can only pray that the wrist will be flicked soon.

It is a story that our species has listened to with mounting revulsion, a horror that has led almost every nation to sign treaties over the past decades declaring these abominations as crimes against humanity, transgressions interdicted all across the earth. That is the wisdom, national and international, that has taken us thousands of years of tribulation and shame to achieve. That is the wisdom we are being asked to throw away when we formulate the question -- Does torture work? -- when we allow ourselves to ask whether we can afford to outlaw torture if we want to defeat terrorism.

I will leave others to claim that torture, in fact, does not work, that confessions obtained under duress -- such as that extracted from the heaving body of that poor Argentine braggart in some Santiago cesspool in 1973 -- are useless. Or to contend that the United States had better not do that to anyone in our custody lest someday another nation or entity or group decides to treat our prisoners the same way.

I find these arguments -- and there are many more -- to be irrefutable. But I cannot bring myself to use them, for fear of honoring the debate by participating in it.

Can't the United States see that when we allow someone to be tortured by our agents, it is not only the victim and the perpetrator who are corrupted, not only the "intelligence" that is contaminated, but also everyone who looked away and said they did not know, everyone who consented tacitly to that outrage so they could sleep a little safer at night, all the citizens who did not march in the streets by the millions to demand the resignation of whoever suggested, even whispered, that torture is inevitable in our day and age, that we must embrace its darkness?

Are we so morally sick, so deaf and dumb and blind, that we do not understand this? Are we so fearful, so in love with our own security and steeped in our own pain, that we are really willing to let people be tortured in the name of America? Have we so lost our bearings that we do not realize that each of us could be that hapless Argentine who sat under the Santiago sun, so possessed by the evil done to him that he could not stop shivering?

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CIA Deal Reveals Shirker And Cipher (NSDY)

By Les Payne

Long Island Newsday, September 24, 2006

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The White House compromise over legislation for the treatment of terror suspects was hardly worth the ink that scribbled the deal on Thursday. More ironic still was the venue for this military pact: the vice president's office in the Senate Office Building.

Dick Cheney has certified every jot and tittle of the U.S. invasion of Iraq - and been proved tragically wrong to the tune of $1 trillion and more than 2,600 American lives. The war policies of this most powerful of all vice presidents have been as inaccurate as his shotgun aim. Cheney said Saddam Hussein had weapons of mass destruction. Wrong. The United States would cakewalk over Baghdad. Wrong. The Iranians would greet GIs as liberators. Ditto. The war is winding down. Ditto, double damned.

Undiplomatic as Hugo Chávez's UN attack on a sitting U.S. president might have been, it is unfortunate that the Venezuelan leader did not include Cheney in his remarks. Not even Rep. Charles Rangel, who rushed to defend his president against Chávez, could have denied the sulfuric fumes to be whiffed in the wake of the former Halliburton chairman.

While viewing President George W. Bush as an amiable cipher, Rangel has publicly denounced Cheney as a troubled force. In an interview with NY 1 last year, the Harlem Democrat said, "Sometimes I don't think Cheney is awake enough to know what's going on. He's a sick man. He's got heart disease, but the disease is not restricted to that part of his body. He grunts a lot, so you never know what he's thinking." In a follow-up interview, he said: "I would like to believe he's sick rather than just mean and evil."

Former military men such as Rangel, or Sen. John McCain for that matter, seem to be roiled by the notion that Cheney is the helmsman of U.S. military policy. When able-bodied men were subject to the military draft, Dick Cheney maneuvered himself five deferments to avoid meeting this obligation. If not a flat-out coward, he possibly is a mere shirker and, at 64, a chicken hawk void of military sense or caution.

The vice president's office was the site of the high-powered, super-intense confrontation to decide how the Bush administration will proceed with the trial of the 14 suspected terrorists being held at Guantanamo Bay in Cuba.

The compromise was necessitated by the U.S. government's push to avoid further scandal on the eve of the trial. Military and intelligence interrogators petitioned the White House and Congress for clear instructions to protect against charges of unauthorized torture and possible war crimes. Already, the Supreme Court had ruled that methods in play violated existing laws.

No stranger to tough talk, the Bush White House planned to try the suspects without allowing them to hear secret evidence allegedly gathered against them. Some might even have been executed without ever knowing the full extent of what brought them to the gallows. Additionally, Bush took the CIA's bait for clear interrogation directives and pressed for rewriting Common Article 3 of the Geneva Conventions, which deals with humane treatment of prisoners of war.

So reckless was the president's move to redraft the Geneva accords that even former Secretary of State Colin Powell rose in opposition. He was joined by McCain, who persuaded two other GOP senators to sustain Article 3 as protection, as well as reassurance, for U.S. soldiers who may be captured and held as prisoners of war. Having been held by the North Vietnamese as a POW for about five years, McCain knows about torture.

As a casual-duty goldbrick in the Texas Air National Guard, Bush knows nothing of war, honor or duty. Like so much of his balderdash and war swagger, Bush's toughness on torture seems more a son's determined attempt to escape the shadow of his father's executive reputation as a "wimp." It is most unfortunate that America's honor and resources are being drained away at the expense of this sick play staged by a member of one of the elite ruling-class families on his last legs.

Somehow, the republic must rise up and save itself from this spoiled cipher.

Two-Tiered Torture Standards (LAT)

The Los Angeles Times, September 24, 2006

By allowing the CIA leeway in interrogations, the Senate gave up too much in its compromise with Bush.

IF IT'S GOOD ENOUGH FOR John McCain, Lindsey Graham and John Warner, then it's good enough for everyone else. That, essentially, has been the argument for the compromise reached last week between the White House and the Senate concerning the Bush administration's treatment of suspected terrorists.

But it's not good enough — neither the compromise nor the argument. The three Republican senators admirably opposed the administration's attempt to undermine international law on the treatment of prisoners captured in the war against terrorists. Yet Congress should not accept their assurances without the sort of sustained scrutiny that will be impossible if there is a rush to

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enact the compromise into law before the midterm elections. Democrats, who until now have allowed McCain and Co. to serve as their stand-ins, especially should resist a stampede.

To their credit, McCain of Arizona, Graham of South Carolina and Warner of Virginia (with an assist from former Army general and Secretary of State Colin L. Powell), forced the administration to back down from its proposal to redefine Common Article 3 of the Geneva Convention, which prohibits "cruel" and "degrading" treatment. That is good news for U.S. service members who might need to avail themselves of the protections of the convention in the future.

But the compromise has a major flaw. It perpetuates a two-tier system in which the U.S. military is bound by a strict reading of Common Article 3 while the CIA is apparently free to use what President Bush described as "alternative" interrogation methods.

And what exactly are those methods? Earlier this month, in describing how CIA questioning had loosened the tongues of 14 high-profile suspects captured after 9/11 and imprisoned abroad, Bush insisted that they weren't tortured. Yet in the same speech, he worried that U.S. interrogators "could now be at risk of prosecution under the War Crimes Act — simply for doing their jobs in a thorough and professional way."

The implication was that the CIA might have engaged in activities that violate provisions of Article 3. The devil will be in the details — which will be spelled out in an executive order that will define rules for interrogation. Before writing Bush a blank check, Congress should insist on a convincing explanation of what the CIA would be allowed to do that would be forbidden for interrogators in the military — and why.

Thursday's compromise addressed another point of contention between the White House and the McCain group: whether military commissions the president has asked Congress to create could convict suspected terrorists on the basis of evidence not shared with the defendant. The administration and the senators agreed that defendants would have access to evidence made available to a jury, though some sensitive sources would be removed.

McCain and the White House didn't need to mend their differences on another issue — whether suspected terrorists can use the ancient writ of habeas corpus to challenge their confinement — because that avenue of appeal is choked off in both the Bush and Senate proposals. It should not be, and the Senate Judiciary Committee should make that clear when it considers that question Monday.

With habeas corpus, as with interrogation techniques and the conduct of military commissions, Congress needs to keep in mind not only American traditions of justice but the fact, noted by Powell in opposing a redefinition of the Geneva Convention, that "the world is beginning to doubt the moral basis of our fight against terrorism." Assuaging such doubts is also a matter of national security.

The President And The Law (1 Letter) (NYT)

The New York Times, September 24, 2006

To the Editor:

John Yoo, a former deputy assistant attorney general in the Bush administration, acknowledges that President Bush's unique approach to the law, which the president has insisted is necessary to fight terrorism, is motivated by the "broader'' goal of strengthening executive power (Op-Ed, Sept. 17).

Mr. Yoo cites this goal as a reason the administration has fought a "pre-emptive'' war, "data-mined communications in the United States to root out terrorism,'' detained terrorists without "formal'' charges and conducted "harsh'' interrogations.

The agenda includes the reclassification of government information and the withholding of information from Congress and the courts, and has been buttressed by the president's "signing statements,'' which Mr. Yoo asserts claim the president's right not to enforce "unconstitutional'' laws.

In our system of government, it is the courts that determine the constitutionality of laws, not the president.

But Mr. Yoo takes his argument further, asserting that the president can ignore laws like the Foreign Intelligence Surveillance Act because they have produced "dysfunction.'' Indeed, according to Mr. Yoo, the president can ignore both laws and judicial decisions that he deems "wrongheaded'' or "obsolete.''

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These views are clearly offensive to our constitutional system. It is long past time for Congress to reassert its proper role in checking an executive branch that has so little respect for the principles that have sustained our democracy for more than 200 years.

Russ Feingold
U.S. Senator from Wisconsin
Washington, Sept. 19, 2006

Attacks Spark Tougher Guantanamo Jail (AP)

By Andrew Selsky
AP, September 24, 2006

The military is toughening a new jailhouse for suspected al-Qaida and Taliban militants to protect guards after a spate of attacks and evidence that detainees have organized themselves into groups to mount uprisings, officials said.

The hardening comes as U.N. human rights investigators are calling for closing the entire detention center on this remote U.S. base. But with the war against terror groups dragging on, commanders say they have no choice in dealing with men deemed enemy combatants.

Events in recent months have made Guantanamo officials extremely wary:

• Detainees lured guards into a cell in the prison's Camp 4 by staging a suicide attempt in May, then attacked with fan blades and broken pieces of fluorescent light fixtures, the military says. Defense attorneys say the clash was sparked when guards tried to search prisoners' Qurans.

• On June 10, three detainees in Camp 1 committed suicide. Navy Rear Adm. Harry Harris, commander of the jail, described it as a coordinated protest action — "not an act of desperation but an act of asymmetric warfare against us."

• Guards recently discovered detainees in Camp 1 were dismantling faucets on sinks, removing long, sharp springs and reinforcing them into stabbing weapons, Army Lt. Col. Mike Nicolucci said. Camp 1 has been emptied of detainees while new faucets are installed, with inaccessible springs.

From July 2005 through August, the military recorded 432 assaults by detainees using "cocktails" of bodily excretions thrown at guards, 227 physical assaults and 99 instances of inciting or participating in disturbances or riots.

"What we have come to assess is these detainees — these terrorists — are still fighting a battle," said Army Brig. Gen. Edward A. Leacock, deputy commander of the detention operation. "They're not on the battlefield but ... they're still continuing to fight to this day."

Leacock said hard-core al-Qaida and Taliban detainees have established a hierarchy of "military guys, religious guys ... the muscle guys, and they all have a role inside the camps."

The goal is to coordinate attacks on guards or organize disturbances, Leacock said in an interview with journalists from The Associated Press and three foreign news organizations Wednesday.

"There are people in the camps — we have identified them — that continue to try to foment problems within the camp," Leacock said. "Our effort is trying to preclude them from developing the plans that will cause ... any kind of uprising."

Leacock did not identify the leaders but insisted extra security measures were called for, even before 14 top detainees, including alleged Sept. 11 plotter Khalid Sheikh Mohammed, were recently transferred to Guantanamo.

Human rights attorneys contend detainees are treated harshly, including enduring solitary confinement for months. The lawyers also say that among the roughly 460 Guantanamo detainees are men who were swept up by U.S. forces in Afghanistan and elsewhere who never intended to do the United States harm.

Underscoring the military's toughening stance, a jailhouse in the final stages of construction on a cactus-studded plateau overlooking the Caribbean is being "hardened" into a maximum-security facility. Camp 6 was to have opened in August as a medium-security lockup.

The modifications have pushed back the completion date of the $37.8 million jailhouse, which has a capacity for 220 inmates, to Sept. 30. It will take its first detainees in mid-October, Army Capt. Dan Byer said.

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As a medium-security jail, inmates would have had common areas where they could talk and share meals. The eight common areas, with gleaming metal tables and stools, still exist, but will be off limits to detainees under maximum security.

"Anti-jump fencing" is being added to second floor tiers, and a high-tech control room will allow guards to monitor the facility while sitting at computers.

Shower doors have been specially made for the modification. Inmates will be escorted to showers, shut in and escorted back to their cells when they are finished washing. As a medium-security jail, inmates would have been able to walk unescorted across the common area to the showers.

Camp 6 underscores the prison's increasing permanence, standing in stark contrast to the cages that housed detainees when they began arriving in January 2002. Vines now entwine the cages at the abandoned Camp X-ray, standing in knee-deep weeds and grass.

The United States has determined that about 130 of the current detainees are eligible for release or transfer, but the timing will depend on negotiations with their home countries.

"I think what we have here is an orange. What we're doing is squeezing out the juice and what we're left with at the end of the day is pulp that will just stay here," said Navy Capt. Phil Waddingham, lead officer here for the Office for the Administrative Review of the Detention of Enemy Combatants.

"We have dangerous men here who should not be allowed back to the battlefield," he said.

Last year, Guantanamo's former warden held talks with "the council," an ad hoc group composed of six detainees aimed at easing prison conditions and conflicts. One of the things they agreed on was having traffic cones placed in hallways during Muslim prayer time, so guards would know not to interrupt praying detainees.

The council has been disbanded amid suspicions it was coordinating resistance efforts. Defense attorneys say some council members have been in solitary confinement for months. Guantanamo officials refuse to discuss individual detainees, but say no one is denied all human contact.

Leacock said that while the prayer cones are still used, the experiment of allowing a detainee negotiating group is definitely over.

"The council of six is no longer in session," he said.

HOMELAND RESPONSE:

Shots Fired At Mosque As Ramadan Begins (AP-Y)

AP, September 24, 2006

A mosque was hit by gunfire as members inside celebrated the start of the Muslim holy month of Ramadan, authorities said Saturday.

No injuries were reported and there were no arrests.

A member of the Islamic Society of Brevard County stepped outside the mosque Friday night to use his cell phone when he heard several gun shots, police said.

The man, who was not immediately identified, took cover behind a wall as several rounds struck the building, police said. He then ran inside and told mosque members, who called police.

Authorities searched the surrounding area for suspects but found none. Police were not releasing many details of the shooting because the investigation was ongoing, spokeswoman Jill Frederiksen said Saturday. Detectives were working to determine a reason for the shooting.

Police will begin extra patrols around the mosque in Melbourne, about 50 miles east-southeast of Orlando.

Ibrahim Hooper, national spokesman for the Council on American-Islamic Relations, said that while no motive had been determined by police, the shooting fit a pattern of incidents at mosques this year.

A bullet-riddled Quran was left outside a mosque in Chattanooga, Tenn., and an Indiana mosque was vandalized. There were other incidents at mosques in Maine, Arizona and Maryland.

"Worshippers of the mosque would obviously be disturbed if (religion) was the motive for the attack," Hooper said Saturday.

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To Honor A Son Lost On 9/11, Parents Help Others Torn By Violence (NYT)

By Peter Applebome

The New York Times, September 24, 2006

Bedford, N.Y.

When he was a child, there was something about the 10-day period starting with Rosh Hashana and ending with Yom Kippur that filled Stephen Alderman with a sense of wonder and of dread.

The holidays are called the Days of Awe. During that period, Jews are required to take stock of their life, to account for what they have done to merit inclusion in the Book of Life — their worthiness to live through another year. That seemed a thing of awful majesty and scary weight. It filled him with awe.

Dr. Alderman, a retired radiology oncologist, and his wife, Elizabeth, both 65, did not attend services this Rosh Hashana or observe the holiday in any way. They weren't very observant before Sept. 11, 2001, when their youngest son, Peter, attended a morning conference on the 106th floor of the north tower of the World Trade Center. They are no more so now.

Still, there can't be too many lives more in keeping with that sense of awe at life's responsibilities than theirs have been since their son, who was 25, died that terrible day. So, if they bear witness at the foundation they have established in their son's memory rather than in a synagogue, it's hard to argue with them. Because of all the redemptive tales that have followed 9/11, not many can surpass what the Aldermans have brought to life as a result of their son's death.

Victims of a trauma almost too much to bear, the Aldermans a year after 9/11 established a foundation dedicated to healing those even more traumatized than they were — victims of terrorism and mass violence in countries around the world — in Iraq and Uganda, Bosnia and Cambodia, Rwanda and Afghanistan, about 50 in all.

So they will spend their Days of Awe this year at a conference center in Italy, where their foundation (www.petercaldermanfoundation.org) will hold a training session for 35 professors and health professionals from around the world. Those in attendance, as part of a three-year program, will then go out and treat the torn psyches of people at refugee camps and in mud huts and teach others to do the same thing.

By the end of the year they will have trained more than 600 health professionals around the world, who will have treated more than 50,000 people.

"This is not about keeping Pete's memory alive," Mrs. Alderman said. "Only people who knew Pete, who knew his smile, will have any memory of him. You can't keep a memory alive, but you can do work he would have been proud of, work that really matters."

Battered and numb after 9/11, they soon began to look for ways to honor Peter's life. They had vague thoughts: a vest-pocket park, an endowed chair. And then the next June on "Nightline," Mrs. Alderman saw a show on the walking wounded of mass violence around the world, people with invisible wounds like theirs, only worse. These were the victims of war and ethnic cleansing and terrorism who didn't have a big house in Bedford, enough money to get counseling, any way to rejoin the living, to get out of their bleak shell of shock and pain.

And then it seemed so obvious. They couldn't do anything for Peter. But they could so something for tens of thousands of people — maybe more — around the world. It could help save people with scars like theirs. It could help save them as well.

So they contacted Dr. Richard Mollica, of the Harvard Program in Refugee Trauma, a leading expert in the field, and told him what they wanted to do. His ideas helped them create their foundation. It teaches local caregivers how to treat the depression and pain of people with wounds like theirs, using Western medical therapies combined with local healing traditions. They took the $1.4 million they had received as part of the 9/11 settlement, plowed the money into the foundation and set about raising more.

Now, there's a master class series, like the one going on now, dedicated to training caregivers who can both treat people and teach others how to do it. There are clinics operating in Cambodia and Uganda, with plans for more. There is the Peter C. Alderman International Society, one of the foundation's programs, to share research. There will be more.

As for them, the work has given them two things. The first is a link to something spiritual beyond their own lives, meaningful work, a sense of altruism. The second is a way for their son to live on, to be inscribed, if not in the Book of Life, at least in any

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accounting of those whose lives, however short, made a difference. “Peter died too soon to make his mark on this earth,” his mother said. “What we’re doing will leave a profound and indelible mark that Peter existed.”

Some Texans Still Cleaning Up After Rita (AP-Y)

By Paul J. Weber, Associated Press Writer

AP, September 24, 2006

Sam Henry swept dead pigs off Highway 87 two days after Hurricane Rita tossed them there. Then his job turned really unpleasant.

He pulled double shifts for the Texas Department of Transportation, hauling trash and patching roads cleaved by uprooted trees. The long days worsened Henry's ailing knees but hastened the repair of vital infrastructure.

In some parts along the Texas-Louisiana border, it seems as if there never was a Category 3 hurricane that pummeled the region one year ago Sunday.

The story on Henry's street is different.

In his neighborhood, a cluster of families working jobs like construction and maintenance, rebuilding the rural swath of southeast Texas has come at the expense of their own homes. Many are among the few still living in FEMA trailers that flank their tarp-covered houses, which remain neglected following long workdays.

"You can't work seven days a week forever," said home renovator Sheila LeLeaux, who lives near Henry and has a monthlong backlog of clients waiting for her to gut their houses. "Some days I want to come home and kick a dog."

Rita landed in Sabine Pass on Sept. 24, 2005, packing 120 mph winds that flattened the coastal hamlet before splaying into East Texas and lashing western parts of Louisiana. At least nine were killed after the storm roared ashore, and thousands of homes in the mostly poor and densely wooded path of the storm were destroyed.

But the destruction was a mere speck compared to that wrought a month earlier by Hurricane Katrina. Even one year later, Rita is best remembered for the chaotic evacuation of Houston, which was far more deadly, killing more than 100 people in accidents and exposure deaths.

The Southeast Texas Regional Planning Commission estimates Rita residental damages at $2 billion — far less than the tens of billions in damages borne by Katrina, but still a hefty price tag to area officials.

Already this year, LeLeaux and her husband have six times the number of home renovation jobs the couple contracts in a normal year.

"And it's only September," she said.

LeLeaux, 41, hangs drywall and rips out floors for about 10 hours, seven days a week. Her toenails are freshly painted bright pink but she's embarrassed that she has no time to touch up the gray roots in her hair. Nor does she have a spare hour to clean her house or wash the pile of laundry on her kitchen floor — she now pays her mother $50 to do that.

The placard pressed into her front yard plugs "LeLeaux's Drywall and Painting," but her house serves as no advertisement. Half the roof on her garage is peeled off, and the other half is held up by slats precariously wedged between the floor and the remaining beams. The neighboring lot, which she also owns, holds a concrete slab with two standing walls and a pile of rubble where the living room would have been.

Neighbor Lonnie Prejean, 49, still hasn't touched his flattened garage that buried a truck and a boat.

"You try cutting trees all day and then come home to work on that," said Prejean, who spends 12 hours a day clearing acres of hurricane-toppled trees for Rogers Lumber Co.

Nearby, Henry's FEMA trailer is parked next to a simple square house rendered uninhabitable since Rita buckled the walls and pushed the frame from the slab.

"Everyone around here is at each other's throats a little more," said Nichol Bishop, Henry's girlfriend. "People are more stressed. Look around. The only people whose homes are fixed are retired. No one else has the time or energy at the end of the day."

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Orange County Judge Carl Thibodeaux, who's still waiting for his county's slice of the $74.5 million in federal aid awarded to the state in December, paints a brighter picture. To be sure, the county has come a long way since spending the first month without power and policing gas station lines that formed three hours before pumps were turned on.

The county still sorely lacks hourly wage workers because most low-rent apartment complexes remain uninhabitable. But repaired homes in West Orange outnumber the damaged ones, and Thibodeaux believes the county needs only about another year before the last blue tarp is peeled from a roof.

Thibodeaux, a former West Orange mayor, believes that some whose homes still require dramatic overhauls are the same residents who failed to keep up their properties before Rita.

"The storm has just magnified this," he said.

LeLeaux pays no attention. She said she'll eventually clear the wind-shorn trees and crumbled brick still piled high on her lot. She said she'll cook a meal again for her family, quit drinking the beer she sometimes opens before bed and cut back to just one pack of Marlboro Reds a day.

She just doesn't know when.

"Know how I relax? Relieve stress? I get a paint roller and paint a few rooms," LeLeaux said. "That's the easiest thing I've got going."

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On the Net:

http://www.cityofwestorange.com/

La. Cattlemen Struggle 1 Year After Rita (AP-Y)

By Doug Simpson, Associated Press Writer

AP, September 24, 2006

Summer rains have brought back the coast's usual lush green grazing land. Life for Louisiana's cattlemen, however, is far from normal.

A year after Hurricane Rita, the cattlemen say they're still struggling, hampered because the storm tore down hundreds of miles of fences essential to contain their cows, bulls and calves. Even if the fences and the farm structures Rita also destroyed get rebuilt, the storm has forever changed a sliver of southwest Louisiana culture.

"It's not going to be like it was, ever again," said Mike Montie, 41, a second-generation cattleman who evacuated his family's cattle north before the storm.

Category 3 Rita struck here last Sept. 24, flattening Cameron and other towns, its salt water turning the lush grass to brown and killing roughly 30,000 cattle, according to the state agriculture department. The region's cattle farmers produce a tiny fraction of the national industry; the animals killed in Rita had little effect on beef prices.

But along with catching shrimp and drilling for oil, the cowboy life is a generations-old facet of southwest Louisiana's mishmash culture. Cowboys who live in and around Cameron used to run into each other at the feed store, tip their cowboy hats back, kick the dirt with their boots, and swap tips and tales about their cows.

With few of their houses still standing, the cattlemen have moved themselves and their remaining animals north.

"Everybody's so scattered out now. That's the thing you miss: seeing people, the gossip at the post office," said Bobby Montie, 67, Mike Montie's father and a lifelong cattleman from the tiny town of Creole.

Some have begun receiving checks from a federal agricultural program that reimburses them for 75 percent of the value of each animal, up to a total of $80,000. Many cattlemen lost far more; the relief money is not nearly enough to restore their herd. The National Cattleman's Beef Association and other groups have also been donating hay, feed and farm supplies.

But until they can restore their barbed-wire fences, the Monties will keep their cattle on leased land, about 25 miles north, they said.

On Saturday, Gov. Kathleen Blanco, the state's two U.S. senators and other officials gathered in coastal Cameron for a concert, party and a staged cattle drive to commemorate Rita's one-year-anniversary and to honor the cattlemen's recovery effort.

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The cowboys mostly ignored the politicians' speeches, munching on hamburgers and focusing instead on reconnecting with the friends they don't see much anymore. Several said they expected to continue putting up new fences, but won't move their animals back to the coast anytime soon.

Donnie Rogers, who lost about 100 cattle in Johnson Bayou in the storm, said: "Nobody's really got big plans to start up again until next year."

WAR NEWS:

Spy Agencies Say Iraq War Fuels Terror (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 24, 2006

The conflict spreads extremism and serves as a laboratory for deadly tactics, says a bleak analysis by 16 U.S. intelligence units.

WASHINGTON — The war in Iraq has made global terrorism worse by fanning Islamic radicalism and providing a training ground for lethal methods that are increasingly being exported to other countries, according to a sweeping assessment by U.S. intelligence agencies.

The classified document, which represents a consensus view of all 16 U.S. intelligence agencies, paints a considerably bleaker picture of the impact of the Iraq war than Bush administration or U.S. intelligence officials have acknowledged publicly, according to officials familiar with the assessment.

"They conclude that the Iraq war has made it worse," said a government official familiar with the document who spoke on condition of anonymity because of its classified nature.

President Bush and Vice President Dick Cheney repeatedly have described the war in Iraq as the central front in the war on terrorism and argue that Americans are safer as a result of the administration's policies.

The report, titled "Trends in Global Terrorism: Implications for the United States," was completed and described to U.S. government officials in April but not made public. The document is what is known as a National Intelligence Estimate, or NIE, which is designed to represent the U.S. intelligence community's most comprehensive treatment of a subject.

The 30-page report documents an array of disturbing trends in the war on terrorism and focuses on forces that are contributing to the evolution of Islamic terrorist networks from centralized structures to an increasingly fragmented ideological movement.

"It paints a fairly stark picture of what we all know, and that this is a movement that is spreading and gaining momentum around the world," said the official familiar with the document. "Things like the Iraq war have given the terrorists recruiting tools and places to ply their trade and a training ground."

The official said the estimate touches on a number of factors fueling the jihadist movement, but that "the reference to Iraq was the main one."

A U.S. intelligence official who has seen the document said that many of the report's findings were outlined in a speech in San Antonio in April by Gen. Michael V. Hayden, the former principal deputy director of national intelligence. Hayden has since become director of the CIA.

Hayden did not single out the Iraq war in the speech as a particularly powerful force shaping terrorist networks. But he did acknowledge "the centrality of Iraq" and said the conflict there and how it is portrayed in Islamic media continue to cultivate support for the global jihadist movement.

In that speech, Hayden said that the global jihadist movement "is spreading and adjusting to our counterterrorism efforts, and it is also exploiting the communications revolution, the Internet."

While describing the Al Qaeda terrorist network as still the most dangerous threat to the United States, Hayden said that Islamic activists were increasingly identifying themselves as jihadists, and that they were "increasing in both their number and in their geographic dispersion."

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Hayden went on to say how factors fueling the spread of the movement, including "entrenched grievances — corruption, historic injustice, even fear of Western domination — leave many in parts of the Islamic world with feelings of anger and a sense of powerlessness."

The Bush administration has made the case that a democratic government in the Middle East would serve as a beacon to other nations, providing new hope to populations of disaffected Muslims.

"The world is safer because Saddam Hussein is no longer in power," Bush said in his speech to the nation on the fifth anniversary of the Sept. 11 terrorist attacks. "The safety of America depends on the outcome of the battle in the streets of Baghdad." He also said that Americans were "safer, but we are not yet safe" from terrorism.

Bush and Cheney frequently have dismissed suggestions that the U.S. presence in Iraq has inflamed anger toward the United States, arguing that U.S. forces were not in Baghdad on Sept. 11, 2001.

In the run-up to November midterm elections, Republicans in Congress have sought to emphasize their credentials on national security and fighting terrorism, uncoupling those issues from the war in Iraq, which is unpopular with voters.

In public testimony and unclassified documents, U.S. intelligence officials have for several years been pointing to the more troubling consequences of the drawn-out conflict in Iraq. In particular, officials have highlighted the anger that Muslim extremists feel about the U.S. presence in the region — which has also been one of Osama bin Laden's rallying cries.

Intelligence officials have also pointed to the flow of Muslims from other countries, including Europe, to Iraq to join the insurgency. Those who survive the fighting often leave and return to their home countries with dangerous new experience in urban fighting, bomb-making and — perhaps most important — credibility with other potential Muslim recruits.

Last week, the House Intelligence Committee warned in a report that the danger from terrorists faced by the U.S. was "more alarming than the threat that existed" before Sept. 11. The document also warned that Iraq had become a breeding ground for terrorists who might target other countries.

The April intelligence estimate was produced under the direction of David B. Low, the national intelligence officer for transnational threats. Its conclusions were first reported by the New York Times on its website on Saturday.

National Intelligence Estimates are produced by the National Intelligence Council, a group of high-level analysts from government and academic institutions. The council was previously based at the CIA. But following intelligence overhauls passed in the wake of the Sept. 11 attacks, the council was restructured to report to Director of National Intelligence John D. Negroponte.

Spy Agencies Say Iraq War Hurting U.S. Terror Fight (WP)

By Karen Deyoung

The Washington Post, September 24, 2006

The war in Iraq has become a primary recruitment vehicle for violent Islamic extremists, motivating a new generation of potential terrorists around the world whose numbers may be increasing faster than the United States and its allies can reduce the threat, U.S. intelligence analysts have concluded.

A 30-page National Intelligence Estimate completed in April cites the "centrality" of the U.S. invasion of Iraq, and the insurgency that has followed, as the leading inspiration for new Islamic extremist networks and cells that are united by little more than an anti-Western agenda. Rather than contributing to eventual victory in the global counterterrorism struggle, it concludes that the situation in Iraq has worsened the U.S. position, according to officials familiar with the classified document.

"It's a very candid assessment," one intelligence official said yesterday of the estimate, the first formal examination of global terrorist trends written by the National Intelligence Council since the March 2003 invasion. "It's stating the obvious."

The NIE, whose contents were first reported by the New York Times, coincides with public statements by senior intelligence officials describing a different kind of conflict than the one outlined by President Bush in a series of recent speeches marking the fifth anniversary of the Sept. 11, 2001, attacks.

"Together with our coalition partners," Bush said in an address earlier this month to the Military Officers Association of America, "we've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in America and other nations, and stopped new attacks before they're carried out. We're on the offense against the terrorists on every battlefront, and we'll accept nothing less than complete victory."

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But the battlefronts intelligence analysts depict are far more impenetrable and difficult, if not impossible, to combat with the standard tools of warfare.

Although intelligence officials agree that the United States has seriously damaged the leadership of al-Qaeda and disrupted its ability to plan and direct major operations, radical Islamic networks have spread and decentralized.

Many of the new cells, the NIE concludes, have no connection to any central structure and arose independently. The members of the cells communicate only among themselves and derive their inspiration, ideology and tactics from the more than 5,000 radical Islamic Web sites. They spread the message that the Iraq war is a Western attempt to conquer Islam by first occupying Iraq and establishing a permanent presence in the Middle East.

The April NIE, titled "Trends in Global Terrorism: Implications for the United States," does not offer policy prescriptions.

"What these guys at NIC are supposed to do is to lay it out in very clear, understandable terms," said the intelligence official. "It's not the role of the NIC to offer recommendations." Rather, it "basically states the conditions" as the intelligence community sees them, he said.

This official and others would only discuss intelligence analyses on the condition of anonymity.

The National Intelligence Council is tasked with providing long-term assessments of strategic issues for the president and senior policymakers in the form of National Intelligence Estimates. Composed of current and former senior intelligence and national security officials, it is currently chaired by Thomas Fingar, the former head of the State Department's intelligence bureau and now deputy for analysis to Director of National Intelligence John D. Negroponte.

An NIE drawn up in the fall of 2002 concluded that Iraq had "continued its weapons of mass destruction [WMD] programs," possessed stockpiles of biological and chemical weapons and "probably will have a nuclear weapon during this decade." All of those judgments, which provided the political and national security underpinnings for the Iraq invasion, turned out to be false.

As part of the intelligence reforms enacted in 2004, control of the NIC was transferred from the CIA director to Negroponte's newly created office, with a mandate to cast a wider net for information throughout the 16-agency intelligence community and among nongovernmental experts.

Negroponte announced last month that the council would begin drafting a new NIE on Iraq in response to a request from the Senate intelligence committee. That estimate is still in the early planning stages, intelligence officials said yesterday. But though the April NIE does not deal specifically with conditions in Iraq, many of its judgments emphasize the influence of the Iraq war on the spread of global terrorism.

According to officials familiar with the document, it describes the situation in Iraq as promoting the spread of radical Islam by providing a focal point, with constant reinforcement of an anti-American message for disaffected Muslims. The Web sites provide a narrative of a war with frequent victories for the insurgents, and describe an occupation that they say regularly targets Islam and its adherents. They also distribute increasingly frequent and sophisticated messages from al-Qaeda leader Osama bin Laden and his deputy, Ayman al-Zawahiri, urging Muslims wherever they are to take up arms against the "Crusaders" on behalf of Iraq.

Both Bush and bin Laden now regularly describe the Iraq war as the "central front" of the global war, and both are depending on victory there to set the direction of future struggles far afield. Although intelligence officials believe bin Laden's ability to direct major terrorist operations has been greatly diminished, his status as the ideological leader of a global movement that appeals to disaffected Muslims has vastly increased.

The conclusions and tone of the NIE have been reflected in a number of public statements by senior intelligence officials this year. In a February speech at Georgetown University, Negroponte said: "My colleagues and I still view the global jihadist terrorist movement, which emerged from the Afghan-Soviet conflict in the 1980s but is today inspired and led by al Qaeda, as the preeminent threat to our citizens, homeland interests and friends."

In a sober and comprehensive address to an armed forces group in Texas in April, Gen. Michael V. Hayden, then-deputy to Negroponte and now CIA director, drew heavily from the NIE judgments. If current trends continued, Hayden said, "threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide."

Before delivering the speech, an intelligence official said, Hayden spoke directly to the NIE authors, saying, "I want to make these points" to a public audience.

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A series of intelligence assessments on Iraq since the faulty 2002 estimate have portrayed increasingly bleak prospects for democracy-building and stability there.

Even before the invasion, the NIC warned in January 2003 that the aftermath of regime change could include long-term internal conflict. A July 2004 NIE outlined a range of possible outcomes to the increasingly difficult security situation there, with the best prospect a government with only tenuous control and the worst a civil war.

National Intelligence Estimates have often sparked controversy, both for what they have said and what they have omitted. A 1997 estimate, the last on global terrorism before the 2001 al-Qaeda attacks, mentioned bin Laden in only three sentences, describing him only as a "terrorist financier" and making no reference at all to al-Qaeda.

The latest terrorism assessment paints a portrait of a global war in which Iraq is less the central front of actual combat than a unifying battle cry for disparate extremist groups and even individuals. "It is just those kinetic actions that lead to the radicalization of others," a senior counterterrorism official said earlier this summer. "Surgical strikes? Nothing is surgical about military operations. They tend to have impacts, affects."

That description contrasts with Bush's emphasis this month on offensive military action military battles in Iraq and elsewhere as the United States' principal road to victory in the global war.

"Many Americans . . . ask the same question five years after 9/11," he said in an speech in Atlanta earlier this month. "The answer is yes. America is safer. We are safer because we have taken action to protect the homeland. We are safer because we are on the offensive against our enemies overseas. We're safer because of the skill and sacrifice of the brave Americans who defend our people."

But "a really big hole" in the U.S. strategy, a second counterterrorism official said, "is that we focus on the terrorists and very little on how they are created. If you looked at all the resources of the U.S. government, we spent 85, 90 percent on current terrorists, not on how people are radicalized."

Staff writers Dafna Linzer and Thomas E. Ricks and staff researcher Magda Jean-Louis contributed to this report.

Spy Agencies Say Iraq War Worsens Terror Threat (NYT)

By Mark Mazzetti

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — A stark assessment of terrorism trends by American intelligence agencies has found that the American invasion and occupation of Iraq has helped spawn a new generation of Islamic radicalism and that the overall terrorist threat has grown since the Sept. 11 attacks.

The classified National Intelligence Estimate attributes a more direct role to the Iraq war in fueling radicalism than that presented either in recent White House documents or in a report released Wednesday by the House Intelligence Committee, according to several officials in Washington involved in preparing the assessment or who have read the final document.

The intelligence estimate, completed in April, is the first formal appraisal of global terrorism by United States intelligence agencies since the Iraq war began, and represents a consensus view of the 16 disparate spy services inside government. Titled "Trends in Global Terrorism: Implications for the United States,'' it asserts that Islamic radicalism, rather than being in retreat, has metastasized and spread across the globe.

An opening section of the report, "Indicators of the Spread of the Global Jihadist Movement," cites the Iraq war as a reason for the diffusion of jihad ideology.

The report "says that the Iraq war has made the overall terrorism problem worse," said one American intelligence official.

More than a dozen United States government officials and outside experts were interviewed for this article, and all spoke only on condition of anonymity because they were discussing a classified intelligence document. The officials included employees of several government agencies, and both supporters and critics of the Bush administration. All of those interviewed had either seen the final version of the document or participated in the creation of earlier drafts. These officials discussed some of the document's general conclusions but not details, which remain highly classified.

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Officials with knowledge of the intelligence estimate said it avoided specific judgments about the likelihood that terrorists would once again strike on United States soil. The relationship between the Iraq war and terrorism, and the question of whether the United States is safer, have been subjects of persistent debate since the war began in 2003.

National Intelligence Estimates are the most authoritative documents that the intelligence community produces on a specific national security issue, and are approved by John D. Negroponte, director of national intelligence. Their conclusions are based on analysis of raw intelligence collected by all of the spy agencies.

Analysts began working on the estimate in 2004, but it was not finalized until this year. Part of the reason was that some government officials were unhappy with the structure and focus of earlier versions of the document, according to officials involved in the discussion.

Previous drafts described actions by the United States government that were determined to have stoked the jihad movement, like the indefinite detention of prisoners at Guantánamo Bay and the Abu Ghraib prison abuse scandal, and some policy makers argued that the intelligence estimate should be more focused on specific steps to mitigate the terror threat. It is unclear whether the final draft of the intelligence estimate criticizes individual policies of the United States, but intelligence officials involved in preparing the document said its conclusions were not softened or massaged for political purposes.

Frederick Jones, a White House spokesman, said the White House "played no role in drafting or reviewing the judgments expressed in the National Intelligence Estimate on terrorism." The estimate's judgments confirm some predictions of a National Intelligence Council report completed in January 2003, two months before the Iraq invasion. That report stated that the approaching war had the potential to increase support for political Islam worldwide and could increase support for some terrorist objectives.

Documents released by the White House timed to coincide with the fifth anniversary of the Sept. 11 attacks emphasized the successes that the United States had made in dismantling the top tier of Al Qaeda.

"Since the Sept. 11 attacks, America and its allies are safer, but we are not yet safe," concludes one, a report titled "9/11 Five Years Later: Success and Challenges." "We have done much to degrade Al Qaeda and its affiliates and to undercut the perceived legitimacy of terrorism."

That document makes only passing mention of the impact the Iraq war has had on the global jihad movement. "The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry," it states.

The report mentions the possibility that Islamic militants who fought in Iraq could return to their home countries, "exacerbating domestic conflicts or fomenting radical ideologies."

On Wednesday, the Republican-controlled House Intelligence Committee released a more ominous report about the terrorist threat. That assessment, based entirely on unclassified documents, details a growing jihad movement and says, "Al Qaeda leaders wait patiently for the right opportunity to attack."

The new National Intelligence Estimate was overseen by David B. Low, the national intelligence officer for transnational threats, who commissioned it in 2004 after he took up his post at the National Intelligence Council. Mr. Low declined to be interviewed for this article.

The estimate concludes that the radical Islamic movement has expanded from a core of Qaeda operatives and affiliated groups to include a new class of "self-generating" cells inspired by Al Qaeda's leadership but without any direct connection to Osama bin Laden or his top lieutenants.

It also examines how the Internet has helped spread jihadist ideology, and how cyberspace has become a haven for terrorist operatives who no longer have geographical refuges in countries like Afghanistan.

In early 2005, the National Intelligence Council released a study concluding that Iraq had become the primary training ground for the next generation of terrorists, and that veterans of the Iraq war might ultimately overtake Al Qaeda's current leadership in the constellation of the global jihad leadership.

But the new intelligence estimate is the first report since the war began to present a comprehensive picture about the trends in global terrorism.

In recent months, some senior American intelligence officials have offered glimpses into the estimate's conclusions in public speeches.

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"New jihadist networks and cells, sometimes united by little more than their anti-Western agendas, are increasingly likely to emerge," said Gen. Michael V. Hayden, during a speech in San Antonio in April, the month that the new estimate was completed. "If this trend continues, threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide," said the general, who was then Mr. Negroponte's top deputy and is now director of the Central Intelligence Agency.

For more than two years, there has been tension between the Bush administration and American spy agencies over the violence in Iraq and the prospects for a stable democracy in the country. Some intelligence officials have said the White House has consistently presented a more optimistic picture of the situation in Iraq than justified by intelligence reports from the field.

Spy agencies usually produce several national intelligence estimates each year on a variety of subjects. The most controversial of these in recent years was an October 2002 document assessing Iraq's illicit weapons programs. Several government investigations have discredited that report, and the intelligence community is overhauling how it analyzes data, largely as a result of those investigations.

The broad judgments of the new intelligence estimate are consistent with assessments of global terrorist threats by American allies and independent terrorism experts.

The panel investigating the London terrorist bombings of July 2005 reported in May that the leaders of Britain's domestic and international intelligence services, MI5 and MI6, "emphasized to the committee the growing scale of the Islamist terrorist threat."

More recently, the Council on Global Terrorism, an independent research group of respected terrorism experts, assigned a grade of "D+" to United States efforts over the past five years to combat Islamic extremism. The council concluded that "there is every sign that radicalization in the Muslim world is spreading rather than shrinking."

Report: Iraq Invasion Spurred Terrorism (WT/UPI)

The Washington Times/UPI, September 24, 2006

A classified report prepared by U.S. intelligence agencies says the Iraq invasion has made the world less safe from terrorism, The New York Times reports.

The Times story was based on interviews with government officials and outside experts, all of them speaking on condition their names would not be used. The National Intelligence Estimate, "Trends in Global Terrorism: Implications for the United States," describes Iraq as a spawning ground for Islamic revolutionaries.

The report reaches different conclusions than those contained in documents released by the Bush administration that focused on the dismantling of al-Qaida.

The Internet has also become a haven for terrorists, the report said, taking the place of the secure base al-Qaida once had in Afghanistan.

However, the report concludes that al-Qaida has become less important with the rise of "self-generating" small groups that use al-Qaida as a model.

New US Intelligence Report Says Terror Spreads Because Of Iraq: Report (AFP)

AFP, September 24, 2006

A new classified US intelligence report has concluded that the war in Iraq has helped spawn a new generation of Islamic radicalism and that the overall terrorist threat has grown since the September 11, 2001, attacks, The New York Times reported on its website.

The findings contained in the National Intelligence Estimate appear to be in stark contradiction with claims by President George W. Bush and other top administration officials, who insist that Iraq is and will remain the central front in the war on terror.

Citing unnamed officials who have read the final document, the newspaper said that the intelligence estimate, completed in April, is the first formal appraisal of global terrorism by United States intelligence agencies since the Iraq war began and represents a consensus view of the 16 different spy services inside government.

The report "says that the Iraq war has made the overall terrorism problem worse," the paper quotes one of the officials as saying.

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Analysts began working on the estimate in 2004, but it was not finalized until this year, The Times said.

Part of the reason was that some government officials were unhappy with the structure and focus of earlier versions of the document, according to the report.

The paper said that previous drafts described actions by the US government that were determined to have stoked the jihadist movement, like the indefinite detention of prisoners at Guantanamo Bay, Cuba, and the Abu Ghraib prison abuse scandal.

It is unclear whether the final draft of the intelligence estimate criticizes individual policies of the United States, The Times pointed out, but intelligence officials involved in preparing the document said its conclusions were not softened or massaged for political purposes.

Why We Don't Have Enough Troops In Iraq (TIME)

By Brian Bennett And Sally B. Donnelly

Time, September 24, 2006

As the Pentagon weighs whether to put more boots on the ground, TIME examines the reasons behind the U.S.'s chronic manpower shortage

The scenes almost seem lifted from a different war: On a scorching afternoon in Ur, a neighborhood in northeast Baghdad, members of the Army's 172nd Stryker Brigade are on a charm offensive. The soldiers spent 12 months in the restive city of Mosul, before having their tour in Iraq extended to help in the U.S.'s campaign to pacify Baghdad. The unit's experience shows. They are alert but relaxed, carrying themselves with a gentle posture, weapons down, waving to the locals, talking with them. Kids hold hands with the Americans; an Iraqi mother hands a soldier her baby to hold. Locals invite U.S. officers in to sit and have glasses upon glasses of tea, orange Fanta, Pepsi and Arabic coffee. They don't go into a house without a few Iraqi soldiers who can better gauge if someone looks suspicious. Walking out of one Iraqi home, Lieut. Colonel John Norris, commander of the Stryker 4th Battalion, 23rd Infantry Regiment Tomahawks, enjoys a moment of guarded optimism. "Days like this you think, wow, they can really do it. If they can just stop the killing."

It's the glimmers of hope that make the realities in Iraq so heartbreaking. Residents of Ur say that with the Strykers around, sectarian murders have all but disappeared. Neighbors emerge from their homes to chat and allow their sons and daughters to play in the street. But the Iraqis and Americans know that such sanity won't last. Though 12,000 U.S. and Iraqi troops have moved to the capital to try to defuse sectarian violence, the level of killing across the city remains as high as ever. That's because the U.S. doesn't have enough troops to maintain the peace in the areas they've secured, instead relying on Iraqi units who have yet to prove they can impose order. In Ghazaliyah, a west Baghdad neighborhood the 172nd Strykers cleared weeks earlier, violence has already gone back up to previous levels. For all the progress made in Ur, the troops know the cycle is bound to repeat itself there too. "We leave," says Sergeant First Class Joshua Brown, as his Stryker pulls out of Ur city, "and it turns into f------ Somalia."

Despite isolated success stories, there is a palpable sense that things are getting worse in Iraq. A U.N. report says a record 6,600 Iraqis were killed in the past two months amid the lawlessness. Major General William Caldwell told reporters last week that six weeks into the battle for Baghdad there was an upward "spike in execution-style murders" in the city. The two major challenges facing the U.S. — quelling Sunni-Shi'ite conflict in Baghdad while subduing the jihadist insurgency in western Iraq — have raised questions among officers in Iraq about whether the U.S. has enough troops to keep the country from falling apart, let alone achieve anything resembling stability. That perception was bolstered this month by a classified Marine intelligence report that estimated the U.S. needed an additional 10,000 to 15,000 troops to defeat al-Qaeda-led rebels in Anbar province. In an acknowledgement of the problem, General John Abizaid last week reversed hints of a drawdown by the end of the year, saying U.S. troops will stay around the current 140,000 in Iraq until next spring.

Will that be enough?

The experience of sending the Strykers to Baghdad indicates that more troops could help in the short term. A growing number of analysts in Washington, including some conservative supporters of the Bush Administration, have called for a substantial increase in U.S. troop levels to stop Iraq's slide into civil war. But expanding the total U.S. force in Iraq remains unlikely — military officials interviewed by TIME say that the U.S. command remains reluctant to make a major manpower boost. To

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some, that reluctance is indicative of the leadership's broader failure to heed complaints about U.S. troop strength that have been voiced by officers in Iraq for more then three years. "I know I could have used more forces," says a Lieut. Colonel who served in Iraq. "We could have held more territory... I asked, but I'm not sure the request ever made it."

The roots of the U.S.'s current troop shortage stretch back to the earliest days of the occupation. Despite projections by former Army chief of staff General Eric Shinseki that "several hundred thousand soldiers" would be needed to occupy Iraq after the overthrow of Saddam Hussein, Secretary of Defense Donald Rumsfeld and former U.S. Central Command (Centcom) chief General Tommy Franks chose to go with a much smaller force of 125,000. As the insurgency intensified in 2003 and 2004, government and military sources say Abizaid did not ask the Bush Administration to send reinforcements. The sources say that in at least two White House meetings in 2004, Abizaid told Bush he "had everything he needed." That may have been at odds with what he was being told by officers on the ground. "I wouldn't say [the commanders] lied," says a colonel who served on the Centcom staff during the first year of the war, "but there was some intellectual dishonesty."

Once the force levels were set, the military's complex schedule for mobilizing troops and moving them in and out of the war zone made it difficult to make big increases rapidly. "It was the failure to adapt after the fall of Baghdad that set the Army on [this] course," says one retired officer. "Once you start the process of sustaining a force of 130,000 it is hard to shift."

But that doesn't entirely explain why the shortfalls persist. Military sources say they don't know of specific instances in which Abizaid and Gen. George Casey, the commander of ground troops in Iraq, failed to forward requests for more troops. Still, a senior Army officer says the nature of the Army's command naturally quashes sobering assessments. "One of the big reasons you don't tend to ask for more troops is the culture. If a superior asks how's it going, you say, 'Going great, sir' " says the officer. "It's a can-do culture."

The commanders' tendency to portray the situation in Iraq in a positive light has been compounded by disagreements about whether more U.S. troops, at this point, would intimidate the insurgency or just give them more targets to shoot at. And though the U.S. has enough active-duty troops to accommodate a troop increase, doing so would cause even more pain for the families of Army and Marine grunts, more than a third of whom have already done a tour in Iraq. "No one knows where the red line is that will break the Army," says Washington-based military analyst Andrew Krepinevich, "But Army leaders want to make sure they do everything they can to avoid crossing it."

So what options does the U.S. have left?

The military's focus is on pushing Iraqi forces forward to make up for the shortage in U.S. boots on the ground. "The U.S. needs to find out if the Iraqi Army will fight," says Krepinevich. And yet after two years, a good portion of the 300,000 U.S.-trained Iraqi troops on the front lines can't handle the security challenges in Baghdad; in many cases, their willingness to fight is compromised by their sectarian loyalties. During a recent patrol, members of the 172nd ventured to the edge of Sadr City, the stronghold of radical Shi'ite cleric Muqtada al-Sadr. Kids threw bricks at the soldiers and one smashed a fake Molotov cocktail filled with cooking oil against the eight-wheeled armored Stryker vehicle. A military intelligence officer determined the kids were part of a plan by al-Sadr's militia to provoke an attack on civilians that would inflame the population. The next morning, a battalion of the Stryker Brigade organized a rendezvous with Iraqi troops, but the Iraqis never showed. "They failed," says a U.S. company commander. "It's the biggest operation in Baghdad and they failed. That's why they're here."

The question is whether the Iraqis can prove their mettle and win the trust of citizens before the violence spills out of control. For now, the best that troops like the 172nd can hope to do is prevent things from getting worse. At current troop levels, commanders acknowledge the coalition can only clear three neighborhoods in Baghdad at a time. Some military officials have floated the possibility of a "surge" force of fresh troops to try to contain the violence. But that's still a short-term fix for a chronic problem — one that has already exhausted the patience of many Americans. "You can do a surge of 30,000 to 50,000 once or twice, but in an insurgency it's virtually impossible to guarantee that one surge will mean victory," says the retired Army officer. "This is a slow-grind war." And it's becoming harder to know just what it will take to win it.

Bomb Near Group Of Iraqi Women Kills At Least 35 (NYT)

By Richard A. Oppel Jr. And Hosham Hussein

The New York Times, September 24, 2006

DOJ_NMG_0068222

BAGHDAD, Sept. 23 — A horrific explosion on Saturday morning in the huge Sadr City district here killed at least 35 people, mostly women and children, when a bomb detonated next to a line of women waiting to receive cooking fuel from a tanker truck, according to residents and officials at nearby hospitals.

Many of the victims were burned to death. Two dozen of the dead were women or girls, as were 26 of the 36 wounded, the hospital officials said. The blast struck at the beginning of the holy month of Ramadan, in which more attacks were expected, given what has happened in past years, according to American and Iraqi officials.

Elsewhere, four Americans were killed. One soldier died after his vehicle was struck by a roadside bomb in northern Baghdad on Saturday. Two other soldiers died and three were wounded when a roadside bomb struck their patrol near Kirkuk. An American working as a State Department contractor was killed Friday during a rocket attack in the southern city of Basra, and a Danish soldier was reported killed by a roadside bomb in Basra.

A senior military official in Baghdad said some death squad members captured since United States forces began sweeps through the capital last month also worked for or had affiliation with the Ministry of Interior or other government agencies.

American troops have killed 25 death squad members and captured 215 more since the sweeps began, the official said, adding that most have not had governmental affiliations. There are now 23 militias in Baghdad, said the official.

"There's a political piece to this to see if they deal with these guys, said the official, who spoke on the condition of anonymity because of the delicate nature of the issue. "There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government."

After the Sadr City blast, a Sunni insurgent group issued an Internet statement claiming credit, and saying the bombing was retaliation for Shiite militia attacks on Sunnis.

Some residents of Sadr City, a huge Shiite slum in northern Baghdad, said the attackers appeared to have exploited the fact that Saturday was the designated day for women to receive long-delayed allotments of kerosene in the Dakhil neighborhood. Men were scheduled to line up for fuel on Sunday, but attacking on Saturday would be easier, they said, because women are often not searched before they join the line.

Some reports quoted the police as saying that the bomb was hidden in a barrel, or in a car parked near the tanker.

Yet Bassim Mohammed, a 40-year-old worker, said one woman pretended she had shown up to receive kerosene but instead carried a bomb hidden inside an empty fuel can. The bomb was apparently detonated by remote control after the woman left, he said.

"It was like an oven," said Mr. Mohammed, who was fighting back tears as he recounted the blast. "Bodies were burned everywhere. I saw seven bodies of small boys. They are just boys! They did nothing. Why do they attack us?"

The casualty toll was worsened, he said, because concrete barriers near the line made it hard for people to flee the blast and the resulting fire.

In another grisly attack, gunmen riding in BMW's discarded nine severed heads in a square in downtown Bayji, north of Baghdad. The gunmen clashed with the police before escaping, according to a Salahaddin provincial spokesman. One of the victims was an interpreter for American forces and the others were army recruits, he said.

A group linked to Al Qaeda posted a Web video on Saturday purporting to show the bodies of two American soldiers being dragged behind a truck and then set on fire, The Associated Press reported. The act was apparently in retaliation for the alleged rape and killing of a young Iraqi woman by American troops from the same unit, the 101st Airborne Division.

The Mujahedeen Shura Council — an organization of insurgent groups, including Al Qaeda in Mesopotamia — posted a previous video in June showing the soldiers' mutilated bodies, and claiming that it killed them. It was not clear whether video posted Saturday was a continuation of that footage, or why it was released.

In Baghdad, the Iraqi military said American and Iraqi troops captured a leader of one of the most vicious Sunni terrorist groups, Ansar al-Sunna, during a raid early Saturday morning in the restive town of Miqdadiya, northeast of Baghdad. The raid captured Muntasir Hammoudi Alaiwi and two other insurgents, said Brigadier Qassim al-Mussawi. The group took credit for the December 2004 bombing of an Army mess tent in Mosul that killed 18 Americans and four others.

Fiery Blast In Baghdad Kills 38 (WP)

DOJ_NMG_0068223

By Amit R. Paley And Salih Dehema

The Washington Post, September 24, 2006

Most Victims Are Women, Children

BAGHDAD, Sept. 23 -- A fiery explosion tore through a line of people waiting to buy fuel on Saturday and killed at least 38 people, most of them women and children, continuing the wave of tit-for-tat sectarian killings.

The horrific blast sent women engulfed in flames screaming through the streets. Two preteen girls embraced each other as they burned to death, witnesses said. Later, wailing mourners thronged the scene of the blast, which was strewn with the shoes of victims and a woman's bloodied cloak, and voiced doubt that the reprisal violence would ever end.

"We carry our death certificates with us now, waiting only to fill in the date of death," said Bayan Jasem al-Kaaby, 40, a minibus driver, after he was burned by the explosion that rocked the Shiite Muslim slum of Sadr City at about 10 a.m.

A Sunni Arab insurgent group, Jamaat Jund al-Sahaaba, or Soldiers of the Prophet's Companions, asserted responsibility for the bombing. The group said in an Internet statement that the attack was retribution for assaults on Sunnis in the Hurriyah district of Baghdad, where police said two mosques were attacked and five people were killed Friday.

"We tell the malicious Shiites that our swords are able to reach the depths of your areas, so stop the killing" of the Sunni people, the statement said, according to a translation by the Washington-based SITE Institute.

It was not immediately clear what caused the explosion. Jamaat Jund al-Sahaaba asserted that it had detonated a booby-trapped car, but witnesses said they saw a female suicide bomber, wearing a black veil that left only her eyes exposed, detonate explosives as she tried to cut into a line of women waiting for kerosene. The bomber pushed a cart carrying a metal barrel filled with ball bearings, witnesses said.

An Interior Ministry spokesman, Brig. Gen. Mohammed Salman, said at least 31 people were wounded.

By midafternoon, the street where the explosion took place was still littered with abandoned yellow, red and blue jerrycans. Bits of flesh flecked the muddy ground, and blood pooled in front of Um Ali's home, left by a woman who clutched her infant child as she bled from a wound in her neck.

"She mumbled some words incoherently," said Um Ali, 44. "Then she fell at my doorstep and died."

Local residents blamed the blast on Sunnis. "This is the work of the infidels who want to kill the Shiites with the help of the American forces and even this government," said a Shiite militiaman who identified himself as Sheik Mohammed.

Outside a hospital in Sadr City, a woman pummeled her face with her hands and shrieked the name of her dead younger sister Eman, the mother of three children.

"What am I going to say to your children and your husband? What shall I say? That I killed you when I sent you to that gas station?" wailed the woman, who refused to give her name. "I took her along to buy kerosene without her husband's permission. As we stood in line, I told her I had forgotten something and would be back soon. As I reached the end of the alley, the explosion happened and I was thrown on the ground.

"I got up and ran but could not find Eman. She was gone, nothing left of her," the woman cried. "What shall I tell my mother, or her husband, or her children?"

Violence also flared elsewhere across Iraq on Saturday. At about 5:30 p.m. in Baiji, north of Baghdad, six hooded men stepped out of their cars in the middle of the city, removed two large boxes from their trunks and then left the cartons behind, according to police 1st Lt. Musttafa Thabit.

The contents: 10 human heads.

Thabit said the victims appeared to have been either employees or contractors at the U.S. military base in Baiji. "This is the destiny of the traitors," read a note left in each box.

The U.S. military on Saturday announced the deaths of three soldiers. Two of them, assigned to Task Force Lightning, were killed when a bomb exploded while they were on patrol near Kirkuk. Another was killed after his vehicle was struck by a bomb in northern Baghdad.

In Basra, a State Department contractor was killed Friday by a rocket attack, the U.S. Embassy said. No details were released.

Special correspondents K.I. Ibrahim and Saad al-Izzi contributed to this report.

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Bomb Kills 37 In Iraq; 3 U.S. Troops Die (AP)

By Hamid Ahmed

AP, September 24, 2006

A bomb claimed by a Sunni Arab extremist group killed at least 37 Shiites in Baghdad on Saturday as they stocked up on fuel for Ramadan, just days after the U.S. military warned that sectarian bloodshed could worsen during the Islamic holy month.

The group said it carried out the bombing to avenge a Friday attack by a suspected Shiite death squad on Sunni Arab homes and mosques that killed four people in a mixed Baghdad neighborhood.

Iraq's armed forces said they struck a blow against groups affiliated with al-Qaida in Iraq, announcing the arrest of a senior leader of Ansar al-Sunnah, a radical Sunni group responsible for attacks on U.S. forces, kidnappings and beheadings.

Al-Qaida in Iraq, meanwhile, put a previously released video on the Internet showing what it said was the group's new leader killing a Turkish hostage two years ago. The statement identifying the masked killer as Abu Ayyub al-Masri couldn't be independently confirmed.

The tape's release was seen as a possible signal by Al-Masri, who was named the group's leader after a U.S. air raid killed Abu Musab al-Zarqawi in June and earlier this month called on Sunnis to step up attacks on American troops.

A U.S. soldier was killed by a roadside bomb in northern Baghdad, and two other American soldiers were killed and three injured when a bomb exploded near their patrol outside Hawija, 150 miles north of the capital, the U.S. command said.

A Danish soldier was also reported killed and eight wounded in a roadside bombing in southern Iraq. He was the fourth Danish soldier to die in Iraq since the U.S.-led invasion ousted Saddam Hussein's regime more than three years ago.

The Sunni extremist group Jamaat Jund al-Sahaba — Soldiers of the Prophet's Companions — claimed responsibility for the bomb attack on Shiites in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shiite cleric Muqtada al-Sadr.

Police said the bomb went off as people crowded behind a kerosene truck to buy fuel for Ramadan, during which people gather just after sunset for a communal meal to break a daylong abstention from food and water.

Dhiyaa Ali, a 24-year-old college student, said he heard the explosion from his nearby home and ran to the street to help people. He said bodies and blood were everywhere.

"I went into the flames just to get anyone left out of the fire," he told The Associated Press. "I saw a mother holding her child, both of them burned and dead."

Jamaat Jund al-Sahaba blamed al-Sadr's Mahdi Army militia for the Friday attack that killed four people in the Hurryah neighborhood, where a Shiite militia last week openly threatened members of the Sunni minority.

"This operation comes in retaliation for the crimes perpetrated by the Mahdi Army against our Sunni people in Baghdad," the group said, warning of more attacks. The authenticity of the statement could not be independently verified.

The killings came on the first day of Ramadan for Sunni Arabs. Shiites, along with the Shiite-led Iraqi government, were expected to declare Sunday as the first day of the holy month, a tangible sign of the differences separating the two Islamic sects.

Maj. Gen. William B. Caldwell, spokesman for the U.S.-led military coalition, warned earlier of the danger of Iraq's already severe sectarian violence escalating during Ramadan.

In Kut, a city 100 miles southeast of Baghdad, eight apparent victims of sectarian death squads were turned in at the morgue. Their bodies had been dumped in the Tigris River.

One person was killed and six civilians injured in Saturday evening in a northern Baghdad district when a motorcycle rigged with a bomb exploded, police said.

Caldwell also said a spike in attacks by al-Qaida in Iraq could be coming after the threat issued Sept. 7 by al-Masri.

The video posted on a Web site often used by Islamic extremists was the first purported appearance of al-Masri since he was announced as the leader of al-Qaida in Iraq this summer.

In a statement accompanying the video, the group said the masked man shown shooting a blindfolded Turkish hostage three times in the head was al-Masri. The video was originally released Aug. 2, 2004, but none of the three militants on it were identified at the time.

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Another al-Qaida-linked group posted a Web video purporting to show the bodies of two U.S. soldiers being dragged behind a truck in June, then set on fire in apparent retaliation for the alleged rape-slaying of an Iraqi woman by U.S. troops.

The Mujahedeen Shura Council, an umbrella organization of insurgent groups, including al-Qaida, posted another video in June showing the two soldiers' mutilated bodies and claiming it killed them. It was not clear whether the video posted Saturday was a continuation of that footage.

Iraqi officials claimed a success against the al-Qaida-linked Ansar al-Sunnah group with the arrest of a top leader.

Muntasir Hamoud Ileiwi al-Jubouri and two aides were captured late Friday near Muqdadiyah, 56 miles northeast of Baghdad, Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces, told The Associated Press.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages and a December 2004 bombing that killed 22 people at a U.S. military mess hall in the northern city of Mosul.

Insurgent violence continued. In the northern city of Beiji, gunmen threw the decapitated heads of 10 Iraqi army soldiers into a popular open-air market, police said.

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Associated Press writers Patrick Quinn, David Rising, Sameer N. Yacoub and Qais al-Bashir contributed to this report.

Iraq Bombing Bloodies Start Of Ramadan (WT/AP)

The Washington Times/AP, September 24, 2006

BAGHDAD -- Sunni terrorists opened the Muslim holy month of Ramadan yesterday with a bomb attack in a Shi'ite neighborhood that killed at least 37 women and children who were purchasing kerosene to cook celebratory evening meals to break each daylong fast.

The Sunni extremist group Jamaat Jund al-Sahaba -- Soldiers of the Prophet's Companions -- claimed responsibility for the bomb attack in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shi'ite cleric Muqtada al-Sadr.

Dhiyaa Ali, a 24-year-old college student, said he heard the explosion from his nearby home and ran to the street to help people. He said bodies and blood were everywhere.

"I went into the flames just to get anyone left out of the fire," he told the Associated Press. "I saw a mother holding her child, both of them burned and dead."

The Sunni group said it carried out the bombing to avenge a Friday attack by a suspected Shi'ite death squad on Sunni Arab homes and mosques that killed four persons in a mixed Baghdad neighborhood.

The Sadr City bombing occurred on the first day of Ramadan for Sunni Arabs. Shi'ites were expected to declare today the first day of the holy month, a tangible sign of the differences separating the two Islamic sects.

In Kut, a city 100 miles southeast of Baghdad, eight victims of sectarian death squads were turned in at the morgue. Their bodies had been dumped in the Tigris River.

U.S. officials had warned of the danger of Iraq's already severe sectarian violence could escalate during Ramadan, when Muslims fast from dawn to dusk.

Meanwhile, a roadside bomb killed a U.S. soldier in northern Baghdad, the U.S. command said without releasing any details.

A Danish soldier also was reported killed, along with eight wounded, in a roadside bombing in southern Iraq. He was the fourth Danish soldier to die in Iraq since the U.S.-led invasion ousted Saddam Hussein's regime more than three years ago.

Al Qaeda in Iraq, meanwhile, put a previously released video on the Internet showing what it said was the group's new leader killing a Turkish hostage two years ago. The statement identifying the masked killer as Abu Ayyub al-Masri couldn't be confirmed.

The tape's release was seen as a possible signal by al-Masri, who was named the group's leader after a U.S. air raid killed Abu Musab Zarqawi in June and who earlier this month called on Sunnis to step up attacks on American troops.

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Maj. Gen. William B. Caldwell, spokesman for the U.S.-led military coalition, also said a spike in attacks by al Qaeda in Iraq could be coming after the threat issued Sept. 7 by al-Masri.

The video posted on a Web site often used by Islamic extremists was the first purported appearance of al-Masri since he was announced as the leader of al Qaeda in Iraq this summer.

In a statement accompanying the video, the group said the masked man shown shooting a blindfolded Turkish hostage three times in the head was al-Masri.

In a separate development, Iraq's armed forces said they struck a blow against groups affiliated with al Qaeda in Iraq, announcing the arrest of a senior leader of Ansar al-Sunnah, a radical Sunni group responsible for attacks on U.S. forces, kidnappings and beheadings.

Muntasir Hamoud Ileiwi al-Jubouri and two aides were captured late Friday near Muqdadiyah, 56 miles northeast of Baghdad, Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces, told the Associated Press.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages and a December 2004 bombing that killed 22 persons at a U.S. military mess hall in the northern city of Mosul.

Woman May Have Set Baghdad Bomb (WT/UPI)

The Washington Times/UPI, September 24, 2006

The holy month of Ramadan opened Saturday in Iraq with a bomb that killed at least 37 people, mostly women lined up for kerosene in Sadr City.

Investigators say the bomb, which set off a massive blast when a tanker truck exploded, may have been placed by a woman, The New York Times reported. Men, who were scheduled to pick up kerosene Sunday, would have been searched.

More than half of those killed or injured were women and girls.

A Sunni group issued a statement claiming responsibility for the bombing and saying it was a response to killings by the Mahdi Army, a Shiite group loyal to Moqtada al-Sadr, The Observer reported.

Bassim Mohammed, an eyewitness to the bombing, told the Times that concrete security barriers may have increased the number of casualties by preventing victims from escaping.

Iraqi defense officials said Saturday the leader of one of the most militant Sunni groups, Ansar al-Sunna, had been arrested about 50 miles north of Baghdad.

U.S. military officials did not immediately confirm the arrest of Sheikh Muntasser Hmoud E'laiwi El-Jbouri, whose group has been tied to al-Qaida.

The group, whose name means Protectors of Faith, fought the U.S.-led occupation and continues to fight the new ruling government.

At least two coalition soldiers were killed by roadside bombs Saturday, military officials said. A U.S. soldier died in northern Baghdad and a Danish soldier was killed in Basra.

Baghdad Blast Kills 35 Waiting For Fuel (LAT)

By Raheem Salman And Doug Smith, Times Staff Writers

The Los Angeles Times, September 24, 2006

The dead include 22 women and eight children waiting in an alley to collect rations in the Shiite neighborhood of Sadr City.

BAGHDAD — A bomb exploded Saturday in an alleyway of a vast Shiite neighborhood where women and children had gathered to collect fuel rations, peppering victims with ball bearings and engulfing them in an inferno that killed at least 35.

Rescuers entering the alley wrapped themselves in wet blankets as they attempted to reach victims whose clothes were on fire.

"We were choosing those who we thought were still alive to carry them out," said Hassan Moosawi, 26, one of the rescuers. "Their flesh was scalded by the fire."

Police and hospital officials said 22 of the dead were women and eight were children. At least 36 people were injured.

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The attack in Sadr City, a poor, predominantly Shiite neighborhood of 2 million people, was a setback for U.S. efforts to pacify the capital, which has been ravaged by sectarian carnage and paramilitary killings since the February bombing of the Shiite shrine of the Golden Mosque in Samarra.

The alley blast took place as the holy month of Ramadan began for Sunnis and neared for Shiites.

U.S. and Iraqi officials had predicted an increase in violence during Ramadan, when Muslims fast during daylight hours. Since the U.S.-led invasion in 2003, violence has flared each year during Ramadan.

A buildup of U.S. and Iraqi forces in August briefly slowed the pace of killings in Baghdad, which topped 1,800 in July, but the rate has been increasing. On Friday, a U.S. commander said that although 4,000 additional U.S. troops were patrolling the city's streets, only a fourth of the 4,000 expected Iraqi troops had shown up.

While the rescue of blast victims was still in progress Saturday, onlookers vented their wrath at the Iraqi government and the United States.

One man, who declined to identify himself, argued that the increased presence of the U.S. military in Baghdad had weakened Shiite cleric Muqtada Sadr's Al Mahdi militia, which has provided security in Sadr City.

"Before, our youths used to search and protect the people gathering here, but the Americans started to detain them," the man said. "This is the result."

Sadr City is a major center of support for Sadr, who controls more than 30 seats in the Iraqi parliament. His militia has been linked to Shiite death squads and has clashed repeatedly with the U.S. military.

Another Sadr City resident, Hussein Radhi Khafaji, suggested that the neighborhood close itself off from the rest of Baghdad.

"We have the capability not to allow the Americans to enter our city! Neither the government nor the Americans will stay here," he said.

U.S. Army officials said Saturday that they had begun patrols in Sadr City, but out of political considerations had avoided a full-scale operation.

Observance of Ramadan follows a lunar calendar. Sunni Muslims began their fasting Saturday. Based on a different interpretation of when the new moon appears, Shiites will start Monday.

A shadowy group calling itself the Sahaba Soldiers said in an Internet posting that it was responsible for the bombing, and that the blast was a reprisal for attacks on Sunnis, including "forced displacements, burning of mosques, kidnappings and assassinations" by Sadr's militia.

The claim could not be verified. The group said it had used a car bomb, but the evidence at the scene did not support that claim.

Although authorities had not determined the nature of the bomb, some witnesses said they believed that it was detonated by a woman who mixed with the crowd.

Sadiq Abbas, 36, said survivors told him that a woman wearing a veil put a jerrycan near the entrance and beckoned others to come closer. "Then the explosion happened," Abbas said.

The bomb went off next to a door in one of the walls. The victims had carried jerrycans to the door, where attendants from an adjacent gas station dispensed gasoline for home generators and kerosene, which was being stockpiled for the coming winter.

The fuel erupted into a fireball.

"A teenager was burning," said Khafaji, 32. "He climbed this wall to fall on the other side."

An abaya, the black robe worn by many Iraqi women, was snagged at the top of the wall. Adil Rauf Miftin, 27, said it belonged to his neighbor, Bahiya Sultan, 55, a mother of seven who died, possibly as she was trying to scale the wall. A crumpled bicycle nearby belonged to a 9-year-old boy who also died, he said.

Hundreds of ball bearings from the bomb lay scattered around the alley, where the victims were trapped between two walls a few feet apart.

A prominent Shiite leader said the attack highlighted the desperation of the attackers.

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"Only women were there to receive the kerosene," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of Iraq's largest Shiite paramilitary groups. "Attacking poor innocents who have no power is their strategy now."

In another attack in Sadr City, a booby-trapped motorbike exploded near a U.S. military convoy, killing a civilian and wounding six.

Meanwhile, the U.S. Army reported the deaths Saturday of three U.S. soldiers. One was killed by a roadside bomb in north Baghdad, and two were killed and three were injured by a roadside bomb in Hawija, in the northern province of Al Tamim. Their names were withheld.

The State Department also reported that an American contractor for the consulate in the southern city of Basra had been killed in a rocket attack Friday. It did not disclose his name.

Also in Basra, the Associated Press reported that a Danish soldier was killed and eight were wounded by a roadside bomb.

A grisly scene unfolded in Baiji, 120 miles north of Baghdad, when armed men in a car tossed a plastic bag containing nine severed heads into a marketplace. Identity cards in the bag named the victims as members of the Iraqi army.

In Tikrit, the predominantly Sunni Arab hometown of former President Saddam Hussein, Police Brig. Gen. Ismael Ijhian was assassinated by a group of men as he left the house of a friend.

In another development Saturday, Iraqi authorities announced the capture of a man they described as a terrorist leader whose group had claimed responsibility for several attacks in the north. U.S. officials had no comment on the report.

Maj. Gen. Qasim Almusawi, a spokesman for the Iraqi Defense Ministry, said a joint U.S. and Iraqi force had arrested Muntasar Hmoud Ilawi Aljiboori, head of Ansar al Sunna, and two subordinates in an area of orchards about 30 miles west of Baqubah. The same group said in an Internet message Saturday that it recently had ambushed 10 Indian and Pakistani pilgrims on the highway to Syria. It claimed they were agents for Shiite militias, and said the 10 had been killed.

The successor to slain Al Qaeda in Iraq leader Abu Musab Zarqawi resurfaced Saturday in an Internet video.

In the video, three masked men are seen standing behind a kneeling man who is described as a Turkish hostage. Later in the video, a hand with a pistol appears and fires three shots into the man's head. The shooter is identified as Abu Ayyub Masri, named to lead the group after Zarqawi was killed in a U.S. airstrike in June.

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U.S. Contractor Killed By Rocket In Iraq (AP)

AP, September 24, 2006

An American contractor working for the State Department was killed in a rocket attack in Basra, the U.S. Embassy said Saturday.

The contractor was killed in an attack on the city, 340 miles southeast of Baghdad on Friday, the embassy said in a statement.

"As a member of our embassy community, this American citizen worked toward assisting the people of Iraq build a stable, democratic, and prosperous country," said Daniel Speckhard, the U.S. Embassy's charge d'affaires. "On behalf of the U.S. Embassy and the entire American community in Iraq, I would like to extend our deepest sympathies to the family and friends of our colleague."

No further details were released.

Terror Group Denies Leader's Capture (MST/AP)

By Maamoun Youssef

Minneapolis Star Tribune/AP, September 24, 2006

An Internet statement posted Sunday said that the leader of an al-Qaida-linked terror group had not been captured, contradicting an Iraqi government report.

Iraq's armed forces announced the arrest Friday of Muntasir Hamoud Ileiwi al-Jubouri, a senior leader of the Ansar al-Sunnah group, and two of his aides near Muqdadiyah, 55 miles northeast of Baghdad.

"At the time we deny this report," said the statement posted on a Web site used by Islamist militants and attributed to Ansar al-Sunnah. It charged that the announcement of the arrests "indicates clearly the weakness and bankruptcy of this government."

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The statement whose authenticity could not be verified, said "our jihad continues as well as our operations."

Ansar al-Sunnah's statement contained no information demonstrating that al-Jubouri or his aides remain at large.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages, and a December 2004 bombing that killed 22 people at a U.S. military mess hall in the northern city of Mosul.

It's Moving Day, All Over Iraq (NYT)

By Edward Wong

The New York Times, September 24, 2006

BAGHDAD

THE threats come in different ways: a telephone call at night, a bomb placed by a car, a bullet left on a shop counter.

For the family of one 23-year-old Sunni Arab, who insisted on being identified as Abu Ahmed rather than his full name, the threat came in a note delivered last December to the doorstep of the family's home in Shuala, a Shiite neighborhood in northern Baghdad controlled by the militia of the radical cleric Moktada al-Sadr.

Abu Ahmed said his mother picked it up and began crying. "Leave the house and go away; otherwise we will slaughter you," the note read, he recalled. It had his father's name on it. The family fled to Ghazaliya, a Sunni-dominated neighborhood in western Baghdad.

So goes de facto partitioning of Iraq, with extremist groups forcing people to segregate themselves by sect across the country and within Baghdad. They are moving from neighborhood to neighborhood or city to city, a tide of migration that is hardening the Sunni-Shiite divide. The movements began in large numbers after the February bombing of a revered Shiite shrine in Samarra and accelerated over the summer.

The Iraqi Ministry of Migration and Displacement estimated that as of Sept. 4, about 39,000 families had relocated, the vast majority since February. That number was 44 percent higher than in late July and 10 times the total in mid-March. Many go to places where they can live with relatives. A few live in small camps until they can find housing.

The areas that receive the most migrants are either overwhelmingly Sunni or Shiite and thus less prone to sectarian violence.

Najaf and Karbala, two Shiite holy cities in the south, are popular destinations for Shiite families, particularly ones from Baghdad, which is plagued by insurgents, militiamen and criminal gangs. Many Sunni-Arab families flee to Falluja, a former Sunni insurgent stronghold 35 miles west of the capital.

That was where Turki Abdullah, 56, brought his family recently after execution-style killings began to rise in their western Baghdad neighborhood of Jihad. In one incident there last July, Shiite gunmen killed up to 50 people during the day after dragging them from their cars and homes and checking their ID cards to see whether they had Sunni or Shiite names.

Mr. Abdullah said he knew at least a dozen Sunni-Arab friends who had moved their families from Baghdad.

Friends who have stayed in the capital "tell us that the militias and interior ministry commandos carry out patrols at night and call through loudspeakers for the Sunnis to leave," Mr. Abdullah said in a low voice, as he stood in the hallway of a relative's home in Falluja. "They threaten the Sunnis by saying the families will regret staying in the neighborhood."

In recent weeks, tribal sheiks have been urging families not to relocate, and some Iraqis who had fled their homes are now returning.

But, "there is a huge amount of distrust," Mr. Abdullah said. "This is the start, and the end will be bigger than this."

Al-Zarqawi Successor's Video Shown Again (AP)

By Maggie Michael

AP, September 24, 2006

The man purported to be the new leader of Al-Qaida in Iraq appeared in previously released video showing him execute a Turkish hostage, the terror group says in a statement posted on the Internet along with a repeat of the recording.

If described accurately, the images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi, who was killed by a U.S. air strike in Iraq on June 7.

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The posting appeared Friday night on a Web site frequently used by Islamic militants just as Sunni Arabs in Iraq began Ramadan, the Islamic holy month. U.S. officials have warned that attacks could intensify during Ramadan, and the video could be a signal from al-Masri to his followers.

The video, which the statement described only as "old," first appeared on Aug. 2, 2004.

In the video, three masked men stand behind a hostage seated on the ground wearing a tan shirt. The militant in the middle, identified in the latest Web posting as al-Masri, reads a statement in Arabic, then the hostage, Murad Yucer from Ankara, reads a statement in Turkish.

After Yucer finishes, the militant in the middle shoots the now-blindfolded hostage three times in the head.

The scarves make it impossible to identify the three militants. However, the statement says the execution was performed by Abu Hamza al-Muhajer, al-Masri's militant name.

Al-Masri, a Sunni Muslim, has been relatively silent since taking over control of al-Qaida in Iraq — a sharp contrast with al-Zarqawi, who frequently issued audiotapes and even a videotape that showed his face a few weeks before he was killed.

A statement appeared in al-Masri's name shortly after al-Zarqawi's death and earlier this month an audio recording attributed to him was posted on the Internet.

Yucer was an employee of a Turkish company that subcontracted for a Jordanian company providing services to U.S. military bases.

Several Turks have been kidnapped and killed in Iraq and at least seven Turkish companies have announced their withdrawal from Iraq to secure the release of kidnapped staff.

Video Purportedly Shows Americans Burned (AP)

By Omar Sinan

AP, September 24, 2006

An al-Qaida-linked group posted a Web video Saturday purporting to show the bodies of two American soldiers being dragged behind a truck, then set on fire in apparent retaliation for the alleged rape-slaying of a young Iraqi woman by U.S. troops from the same unit.

The Mujahedeen Shura Council — an umbrella organization of insurgent groups, including al-Qaida in Iraq — posted a previous video in June showing the soldiers' mutilated bodies, and claiming it killed them. It was not clear whether Saturday's video was a continuation of that footage, or why it was released.

The new footage came hours after the posting of another al-Qaida video, an apparent re-release of a tape showing the execution of a Turkish hostage — by the man purported to be the new leader of Al-Qaida in Iraq.

The images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi, who was killed by a U.S. airstrike in Iraq on June 7.

Both videos appeared just as Sunni Arabs in Iraq began Ramadan, the Islamic holy month. U.S. officials have warned that attacks could intensify during Ramadan.

It was impossible to identify the bodies in the second video, but it was believed to show Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25, who went missing after being attacked by insurgents on June 16 at a checkpoint south of Baghdad. Their remains were found three days later, and the U.S. military said they had been mutilated.

The video showed masked men dragging the corpses and later setting them on fire. Below the graphic footage is a subtitle: "The two soldiers belong to the same brigade of the soldier who raped our sister in Mahmoudiya."

The U.S military has charged four soldiers of the 101st Airborne Division — Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard — in the March 12 alleged rape and murder of 14-year-old Abeer Qassim al-Janabi in Mahmoudiya, about 20 miles south of Baghdad. Sgt. Anthony W. Yribe is accused of failing to report the attack but is not alleged to have been a direct participant.

A fifth suspect, Pfc. Steven D. Green, was discharged from the army because of a "personality disorder" before the allegations became known. He has pleaded not guilty to rape and murder charges and is being held in a civilian court in the United States.

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Mahmoudiya is an extremely violent region in Iraq in an area known as the "triangle of death" for the numerous attacks by insurgents.

The two slain soldiers also were from the 101st Airborne Division.

The video of the Turkish hostage first appeared on Aug. 2, 2004. It shows what has since then become an iconic scene of violence in Iraq — three masked men standing behind a hostage seated on the ground.

The militant in the middle, identified in the latest Web posting as al-Masri, reads a statement in Arabic, and then the hostage, Murad Yucer from Ankara, reads a statement in Turkish. After Yucer finishes, al-Masri shoots him three times in the head.

The scarves make it impossible to identify the three militants. However, a statement posted alongside the video says the execution was performed by Abu Hamza al-Muhajer, al-Masri's militant name.

Al-Masri, a Sunni Muslim, has been relatively silent since taking over control of al-Qaida in Iraq — a sharp contrast with al-Zarqawi, who frequently issued audiotapes and even a videotape that showed his face a few weeks before he was killed.

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Associated Press Writer Maggie Michael contributed to this story from Cairo.

The Army Vs. Spec. Richmond (WP)

By Anne Hull

The Washington Post, September 24, 2006

Edward Richmond Jr. says he was doing his duty when he shot a civilian in Iraq, but the Army convicted him of manslaughter. His father's mission is to clear his name.

GONZALES, La. E ddie Richmond's son got back from the war in June. He wanted nothing in the way of a homecoming, no yellow ribbons tied around trees, none of the piles of boiled crawfish that sent him off.

While other sons came home from Iraq with duffel bags that spilled sand from the desert, 22-year-old Edward Richmond Jr. carried release papers from an Army jail.

Edward had been among the first soldiers to be sent to prison for killing a civilian in the Iraq war, and among the first to walk out of prison. What waited for him was a parole officer in heat-struck Louisiana.

Ascension Parish was the same -- green and mossy lowlands afloat with Whataburgers, Starcuts, daiquiri drive-throughs and gas stations that sell hot shrimp by the pound -- but Edward was different.

He didn't like anyone standing too close. He slept on the floor instead of the bed. When he went through a box the Army had sent home, he found his uniform, infantry badges and ribbons. The vestments of a soldier's life. Edward put all of it in the trash.

His release coincided with a wave of investigations into U.S. soldiers killing civilians in Iraq. After an incident at Haditha, more than a dozen Marines are being questioned in the deaths of as many as two dozen civilians. Some blamed the fog of war or the stress of combat. Others said they only did what they were trained to do.

"War is not a pretty thing," Edward's father often said. "Things happen in a war zone."

The Army had trained his son to kill. Then Edward went to Iraq, and the Army decided he had killed someone the wrong way.

For two years now, his father has asked the Army why his son was prosecuted.

Even after Edward's release from prison, the 52-year-old Richmond's war rages on. He owns an air conditioning and heating business, and as he changed out compressors in the mosquito-rife back yards around Baton Rouge, sweating and heaving, Iraq was with him. He cited page numbers and footnotes from his son's case, like a record needle dropping down mid-song: "In Captain Morgan's statement on the 28th . . . "

Edward was a casualty of something, and so was his father.

In Gonzales, a large American flag hangs outside the Richmond house on two shaded acres. If the family feels any shame or anger, they keep it to themselves.

Eddie Richmond strolled into a coffee shop one afternoon and proudly told the owner, "Edward's home, he's healthy as a mule, he's just getting settled."

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But many in Gonzales know about the father's crusade against the Army. It is an awkward fight for someone who drives a truck with a decal that says, "Home of the Free, Because of the Brave." Eddie gets his news from Fox and his accent from the rural hills of north Louisiana. His own father was a decorated Marine disabled in the Korean War. He served three years in the Air Force.

What fueled his frustration was a cache of confidential Army documents he had gotten his hands on that described how another soldier in Edward's brigade with the 1st Battalion, 27th Infantry Regiment, had shot and killed unarmed civilians. But Edward was the one who went to prison.

There seemed little left to fight for. Edward had served his time, been dishonorably discharged, lost his right to vote or carry a firearm, and couldn't leave the state without permission from his parole officer.

The general who commanded the 1st Infantry Division in Iraq and convened Edward's court-martial, retired Maj. Gen. John Batiste, said he has faith in the military justice system. "If I were Dad, I would be focused on Donald Rumsfeld and his leadership, which took our great military to war without a strategy, with insufficient troops on the ground, which allowed chaos to rein in early 2004," Batiste said.

So Iraq was a mess and Edward was folded into the mess. This was unacceptable to Eddie Richmond.

Father and son shared the same name, but it was the elder Richmond who went by "Eddie" and his son the more formal "Edward." The son was always the guarded one in life, and he came home from prison burning with mistrust. At Fort Sill, Edward spent much of his time in a segregated cell for discipline violations. "You gotta understand, he didn't believe he belonged there," said Charles W. Gittins, a civilian lawyer handling his appeal.

It is impossible to know whether Edward wanted his name cleared as much as his father. He refused to be interviewed for this story.

His second week back, Edward got a job at a foundry outside Gonzales. He woke at 4 each morning and spent the next 10 hours near a furnace so hot that his boots smoked. One day his boss called him "jarhead." People knew his story.

While Louisiana sweltered and beer signs blinked in the windows of the bars where the Blind River Outlaws played "brain-busting, spine-tingling Southern metal," all Edward did was work.

His schoolteachers had always imagined that the exceptionally bright boy would be a mathematician or an engineer. His parents liked to say he joined the Army after 9/11, but Edward was less a twin towers avenger than an 18-year-old who needed a fresh start.

As a boy, he preferred playing computer games to hunting squirrels with his dad. He took medication for attention deficit hyperactivity disorder. He competed on the math team and was described as a "genius" by two former teachers.

But Edward refused to follow instructions if he thought they were pointless. His father made many trips to meet with administrators at East Ascension High School, including assistant principal Gwynne Pecue, who found him overprotective but struggling to understand his son. At the start of 11th grade, Edward announced that high school had nothing more to teach him, and he dropped out.

He was involved in an altercation with some local boys the next year, and he was charged with resisting arrest and disturbing the peace. His next run-in was more serious. A few months shy of his 18th birthday, Edward was arrested with crack cocaine and marijuana in an undercover drug sting. After deputies swooped in, he punched an officer in the chest and tried to run. He was charged with possession of cocaine with intent to distribute, possession of marijuana, battery of a police officer and resisting arrest.

Edward did a 30-day stint in rehab, passed his GED and enrolled at Louisiana State University, but he still faced felony drug charges. The military was his answer.

"There was the understanding that if you don't do this, the DA will prosecute you," said his attorney, Carl E. Babin of Baton Rouge. A soldier was born. The prosecutor did not seek a conviction.

A recruiter who worked in the Gonzales office at the time said Edward scored high on his tests and said he wanted to serve his country. "He had some problems, but it wasn't anything that we couldn't put him in the Army for," said the recruiter, who was not supposed to discuss Edward and asked that his name not be used.

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From basic training, Edward shipped to Schofield Barracks in Hawaii, home of the 1st Batallion/27th Infantry Regiment of the 25th Infantry Division. He broke his jaw in a bar fight and joined the headquarters company mortar platoon. In "Lightning Thrust Warrior" training exercises, Edward was chosen as best gunner and "hero of the battle."

His father counseled him about challenging his superiors. "Regardless of whether they are right or not, they are wearing stripes," he said.

"Daddy," Edward answered, "dumb people are hard to deal with."

For a kid from the middle-class suburbs, he could trash-talk like a thug, "but when he put on those glasses and buried his nose in a book, his whole attitude changed," said Sgt. Shaun Mittler, Edward's squad leader in Hawaii.

Sometimes he came off as a know-it-all. By the time his mortar platoon got its orders for Iraq, "everybody turned on him," said his buddy, Pfc. Frederick Sidney. "He would speak out. Everybody else was trying to suck up."

Spec. Richmond went home to Gonzales before deploying. Yellow ribbons were tied around the oaks in his yard. A photograph shows Edward at a picnic table giving his little sister a playful headlock. In another shot he is shirtless and handsome, with deep-set eyes and vacation stubble, staring steadily into the camera.

"I'm ready," he told his mother.'Frightening and Chaotic'

Iraq was cold and rainy when the mortar platoon got there in February of 2004. The mud was frozen around Forward Operating Base McHenry, a primitive outpost south of Kirkuk. To fend off sniper attacks, a 10-foot mound of dirt, topped with triple-stand razor wire, surrounded the base. Beyond the wire were outlying roads littered with bombs, especially on the way to Hawija.

"We didn't know anything about the people or their land," said Mittler, the sergeant. "We all had our finger on the trigger. It was frightening and chaotic."

Late one night, according to Army court documents, Edward's squad was briefed on a mission. Word came that high-level insurgents were hiding in the village of Taal Al Jal, possibly with weapons. The plan was for Alpha Company to perform the raid while Edward and the mortar guys set up a security checkpoint outside the mud wall of the village. Sgt. Jeffrey Waruch relayed their orders: Shoot any males fleeing the village, but check with him if possible before firing.

The raid started at daybreak. Edward could hear screaming in Arabic and English, and shotguns blowing the locks from doors. After the sun was up, cow and sheep herders from the village made their way into the fields with their animals.

A call came over the radio to detain all males leaving the village. Edward saw a cow herder in a field about 200 yards away. Waruch would later testify that Edward asked if he could shoot the man; Edward said he asked if he was supposed to shoot the man.

Waruch said no and set out for the cow herder, telling Edward to come along.

The man wore sweat pants, a baggy top and a head scarf. As the two soldiers approached with rifles and plastic flex-cuffs, the Iraqi became angry and began pointing back to the village.

Waruch pantomimed for the man to put his hands in the air. As the soldiers came within three yards of the Iraqi, Waruch told Edward to stand guard with his rifle while he handcuffed the man. Waruch did a quick upper-body search. As he tried to pull the man's wrists down to handcuff him, he resisted, and Waruch ordered Edward to raise his weapon to "high ready."

Edward would later say that Waruch told him to "shoot him if he moves," a statement Waruch would deny making.

Edward was at close range, but he flipped his rifle scope up, training its red dot on the cow herder's head.

The man stopped resisting as Waruch cuffed him, and the sergeant turned to lead him back to the road. As they walked on the uneven field, the man lost his balance and stumbled into Waruch.

A single shot from Edward's M4 rang out. The Iraqi dropped. Waruch squatted down, covering his ears.

Edward was pale and holding his rifle with one hand. He said the Iraqi had jumped at the sergeant.

Brain matter was seeping from the man's eyes. His cows were wandering away in the field.

Another soldier came up. Seeing the dead man's bound hands, he said to Edward with profane prescience, "You are f - - - - - ."

Edward had been in Iraq less than three weeks.A Soldier's Trial

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Eddie Richmond bought a $1,700 ticket from New Orleans to Kuwait, then caught military transports the rest of the way in. A hot, sandy wind swirled through the Black Hawk helicopter that carried him to the 1st First Infantry Division's headquarters in Tikrit. Edward's battalion, normally with the 25th Infantry Division, fell under the command of the 1st Infantry Division in Iraq.

As the months had passed, Eddie felt sure that the Army would drop its case against Edward. "I know my son, and he would not just shoot someone," he said. "How many of our kids over there hesitate and die?"

But the Army charged Edward with unpremeditated murder and scheduled his general court-martial in Tikrit in August. He faced life in prison.

The trial was held in one of Saddam Hussein's former palaces near the Tigris River. At night, father and son slept in a room with some special operations soldiers. Eddie found it surreal: The same Army that was his gracious host was prosecuting his son.

He sat behind Edward in the makeshift courtroom. When the prosecution showed photos of the dead cow herder on a projection screen, Eddie felt a knot in his stomach. The man's name was Muhamad Husain Kadir. Part of his head was missing.

The key witness against Edward was Waruch. The sergeant testified that after he handcuffed Kadir, he patted him on the shoulder and said to Edward, "He's good, let's go." Waruch said he even saw Edward lower his rifle. Then came the blast.

Edward took the stand, wearing his desert camouflage and glasses. His accent dripped like the river parish he came from.

Edward testified that Waruch ordered him to shoot Kadir if he moved, so he raised his rifle and aimed at the man's head. Looking through his scope, he was unable to see Waruch put the handcuffs on. When he saw what looked like Kadir lunging at Waruch, he believed that his sergeant's life was in danger.

The defense tried to keep out a statement Edward gave a month after the incident, admitting that he was pumped on adrenaline and "had to know" that Kadir was cuffed "before I shot him but it just did not register in my mind at that time." Edward signed the statement after an agent with the Army Criminal Investigation Command (CID) told him he flunked a polygraph; he really hadn't.

Prosecutors goaded him. Hadn't it been obvious that a herder walking in a field with cows was not fleeing the village?

"You don't look at everybody as Saddam Hussein himself, sir, but until it is clarified otherwise, you have to be suspicious," Edward answered. "I mean, people are dying every day, so you have be suspicious of everyone, sir."

"Answer the question," the prosecutor said. "Did you or did you not assume that Mr. Kadir had escaped from the village?"

"I knew he had come from the village, sir," Edward said. "I didn't know. I hadn't formed an opinion based off that."

Two of Edward's fellow soldiers testified that he often talked about wanting to kill an Iraqi. But under cross-examination, they said most soldiers did. Edward's sergeant said he was one of the better soldiers in his platoon.

Waruch's credibility was also on trial. Staff Sgt. Marcus Warner testified that Waruch was a "compulsive liar." His nickname was "Shady Jay."

Eddie Richmond watched his son, admiring his confidence. Edward never second-guessed himself. "Daddy, I've done my job, and I did what I thought was right," he said. He believed he would be acquitted.

He was only partly right. The jury found him not guilty of unpremeditated murder but guilty of voluntary manslaughter. The prosecution was recommending eight years in prison and a dishonorable discharge.

Edward had one chance to address the court before sentencing. Instead of asking for mercy, he expressed a vague regret.

"If I had known everything then that I know now, it wouldn't have happened, and I am sorry that it had to come to this," he said.

The jury gave him three years, a demotion in rank and a dishonorable discharge. He was shipped to the Fort Sill Regional Correctional Facility, an Army prison in the hills of Oklahoma, where he was diagnosed with post-traumatic stress disorder.Sadness Turns To Anger

His father went home to Gonzales.

"You could see the mourning," said his friend Marvin "Bud" Ragland, a retired rice farmer. "His son -- his oldest child -- went to war for his country and was branded by that country as a murderer."

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But Eddie received something in the mail that would shift him to outrage. Inside an envelope with no return address were confidential Army documents. One page was stamped "Serious Incident Report." It was part of an Army investigative file, known as a 15-6. The subject was Sgt. Jeffrey Waruch.

Eddie sat in his kitchen and began to read. Waruch had shot three female civilians, one of whom died. Eddie vaguely remembered the sergeant being asked about it at Edward's trial, but the judge had limited the questions. Edward never mentioned it to him. The documents Eddie held in his hand -- sworn statements by Waruch and several other soldiers -- laid out what happened in detail.

Ten days before Edward shot the cow herder, the mortar platoon was riding in a convoy to Al-Abassi when a roadside bomb exploded. Soldiers began firing from the sides of their vehicles. No one was seriously hurt by the bomb, but orders went out to stop any Iraqis fleeing the area.

Waruch began running across farmland after a group of several Iraqis in the distance. After crossing a muddy stream in pursuit, he fired warning shots in the air and screamed for them to stop.

According to his written statement, Waruch said he was 200 yards away when one of the Iraqis knelt down with what looked like a tube-like object, possibly a rocket-propelled grenade. Waruch fired about five times, knocking down two bodies. This subdued the group, but as he moved closer, two other Iraqis suddenly started to run toward him, with one reaching into her clothes. He fired five more rounds.

Arriving at the group in the field, he saw that a girl was shot in the head and her pulse was gone. Another female was hit in the thigh and going into shock. Another was shot in the knee.

Waruch had fired on a mother and her two daughters, killing a 14-year-old. The survivors would later tell a reporter that they had been weeding a bean field and had started to run as the Americans ran toward them.

Waruch was initially cleared of any wrongdoing, but a second review found that he had violated the rules of engagement. The girl had been trying to surrender when she was shot. No weapons were found.

As a result of the shootings, the battalion commander ordered that the soldiers be retrained: no spraying of bullets, aimed shots only, and only when under hostile intent.

Eddie felt his eyes burning with tears. Whoever sent him the file wanted him to see that the prosecution's key witness against his son was under investigation for his own civilian casualties. As he studied the documents, he saw that one soldier had escaped punishment and that another was needed to pay for the platoon's mistakes.

Eddie wrote to members of Congress and the Army CID. When a reporter from the Dayton Daily News in Ohio called, researching a story on civilian deaths in Iraq, Eddie shared his documents and pushed the Army for more. Eddie wanted the same spotlight that burned on his son to burn on Waruch.

In May 2005, more than a year after the incident, the CID opened an investigation into the shooting of the three female civilians. Waruch left the Army early this year. The investigation remains open. Attempts to reach Waruch for comment for this story were unsuccessful.

Edward turned 22 in prison. He subscribed to the Wall Street Journal, gorged on science fiction novels and built muscle. He refused to bend to the will of Fort Sill, spending much of his time in a segregation cell for discipline violations.

"It's a mental war," he wrote his parents. "I'll be fine."

Eddie contacted Defend the Defenders, an organization that raises funds for the legal defense of soldiers and Marines accused of crimes in combat. It was founded by Merry Pantano, whose son, Marine 2nd Lt. Ilario Pantano, was charged with murdering two Iraqis but was acquitted last year by the Marine Corps. Pantano agreed to fund Edward's appeal.

Eddie slapped his truck with "Defend the Defenders" stickers and wore the group's T-shirt that said, "Who's Got Their Backs?" The war in Iraq roiled on, but for Eddie it was frozen on two days, 10 days apart, in February 2004.

Then came a break. In April, the Army's clemency board granted Edward parole.

When he was released in June, he had served nearly two years of a three-year sentence. He called from the airport in Lawton, Okla., and told his parents, "I'm a free man." They picked him up in Baton Rouge. He was pale but rock-hard from exercise, and still had a grunt's haircut.

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He soon received a congratulatory call from Ilario Pantano, the Marine acquitted of murder. In a sense they both belonged to the same fraternity of the misunderstood.

Edward told his father he didn't want anyone feeling sorry for him. He wanted to start over. But his father could not let go so easily. After Edward put his Army uniform and ribbons in the trash, Eddie retrieved them and took them to the charity bins behind the grocery store in town.

In Iraq, the Army has tried to make up for the tragedies.

The family of Muhamad Husain Kadir was paid $1,000 for his death.

The Army paid more than $4,000 to the family of the girl killed by Waruch, among them her wounded sister and mother, whose leg was amputated. The 1st Battalion commander wrote a sympathy letter to the family. "I ask for your continued support as we attempt to provide a safe and secure environment," wrote Lt. Col. C. Scott Leith. He closed by quoting the Koran: "We belong to Allah and to him we shall return."

The former 1st Infantry Division commander in Iraq, Batiste, is now the president of a steel company.

Edward is earning $10 an hour at the foundry.

The chapter was closing, but not for Eddie Richmond.

"I just want the truth to come out," he said. As summer turns to fall, he wears his Defend the Defenders T-shirt, waiting for word on his son's appeal.

Staff researcher Julie Tate contributed to this report.

Jane, We Hardly Knew Ye Died (NYT)

By Lizette Alvarez

The New York Times, September 24, 2006

LT. EMILY J. T. PEREZ, 23, a West Point graduate who outran many men, directed a gospel choir and read the Bible every day, was at the head of a weekly convoy as it rolled down roads pocked with bombs and bullets near Najaf. As platoon leader, she insisted on leading her troops from the front.

Two weeks ago, one of those bombs tripped her up, detonating near her Humvee in Kifl, south of Baghdad. She died Sept. 12, the 64th woman from the United States military to be killed in Iraq or Afghanistan. Eight died in Vietnam.

Despite longstanding predictions that America would shudder to see its women coming home in coffins, Lieutenant Perez's death, and those of the other women, the majority of whom died from hostile fire (the 65th died in a Baghdad car bombing a day later), have stirred no less — and no more — reaction at home than the nearly 2,900 male dead. The same can be said of the hundreds of wounded women.

There is no shortage of guesses as to why: Americans are no longer especially shocked by the idea of a woman's violent death. Most don't know how many women have fallen, or under what circumstances. Photographs of body bags and coffins are rarely seen. And nobody wants to kick up a fuss and risk insulting grieving families.

"The public doesn't seem concerned they are dying," said Charles Moskos, a military sociologist at Northwestern University who has closely studied national service. "They would rather have someone's else daughter die than their son."

What's more, no one in the strained military is eager to engage in a debate about women and the risks they are taking in Iraq because, quite simply, the women are sorely needed in this modern-day insurgent conflict. As has happened many times in war, circumstances have outpaced arguments. They are sure to be taken up again at some point, only this time, the military will have real-life data on the performance of women in the field to supplant the hypotheticals.

Like most soldiers on the job, Lieutenant Perez, who will be buried at West Point on Tuesday, was focused on her mission, not on her groundbreaking role in a war that seems to have dispelled a litany of notions about women warriors.

For the first time, women by the thousands are on the ground and engaging the enemy in a war that has no front line, and little in the way of safe havens. In this 360-degree war, they are in the thick of it, hauling heavy equipment and expected to shoot and defend themselves and others from an enemy that is all around them. They are driving huge rigs down treacherous roads, frisking Iraqi women at dangerous checkpoints, handling gun turrets personnel carriers and providing cover for other soldiers.

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It is not so much the job titles that have changed — the policy shift that allowed women to serve in combat support units close to the front lines occurred in 1994. Rather it is the job conditions.

"We are asking far more of our female soldiers than ever before in history," said Elaine Donnelly, director of the Center for Military Readiness, a conservative think tank.

But a line in the Iraqi sand exists. Under the 1994 Pentagon policy, women were still barred from serving in ground combat forces — infantry, armor, field artillery — but are allowed to serve as fighter pilots and on warships. In Iraq, women were not involved in the initial invasion; they did not clear insurgents from Falluja; they don't drive tanks or, in most cases, kick down doors in house searches.

They are also barred, technically, from "co-located units" that support combat troops. A woman can serve as a medic, for example, but not as a medic in a unit that "co-locates and remains" or accompanies a unit on the front line, like an infantry unit.

In reality, though, this so-called co-location is taking place, analysts say, although it is unclear how widespread it is. The Pentagon has stretched the language of the policy, mostly because there are not enough troops, men or women. It has done so because the language is fuzzy. An effort by some House Republican leaders last year to challenge the practice was beaten back by the Pentagon, which argued that it could not sustain the mission without women in these jobs.

"It says you can have female medics, but they can't see combat," said Capt. Megan O'Connor, who served in Iraq for a year and a half in the New Jersey Army National Guard as a medical operations and plans officer. "It's all combat in Ramadi. It's so gray. They put the rules down on paper. It looks good. It reads good. But for a commander to implement, it's impossible."

"The women were itching for it," she added, and accumulating commendations and medals for bravery along the way.

Ms. Donnelly said the Pentagon was openly flouting current policy and sending women out directly with combat troops, with no debate, no hearings in Congress and, so far, no consequences. She has no qualms about women, who make up 10 percent of the troops in Iraq and Afghanistan, doing the jobs they are assigned in dangerous circumstances. That is standard. But to send them out with combat troops is illegal, she said.

"I have enormous respect for these women," said Ms. Donnelly, who opposes allowing women into ground combat forces. "My criticism is not of the women in the military. They are fulfilling their responsibility to the greatest degree, and that, too, is unprecedented. The policymakers should not be ordering them into areas that are not gender integrated."

But the fact that the Army is successfully using women in this way is likely to lead policymakers to revisit the rule, some analysts say. "It's that policy that when this war is over is going to have to change, even if we have to keep women out of the infantry per se," said Lory Manning, a retired Navy captain who is the director for the women-in-the-military project at the Women's Research and Education Institute, a nonprofit public policy group. "The next door to open is ground combat. That's the last frontier. A lot of the social conservatives have powerful feelings about training mothers to kill."

Conventional wisdom has long dictated that women were not suited to the battlefield — too frail, emotionally and physically, to survive combat pressure. Men, it was said, would crumble at the sight of a bloodied female soldier, or put themselves at risk to protect her. The public would not stomach women coming back in body bags or suffering life-changing wounds. And mixing men and women — with all the sexual and emotional pitfalls — would strain the unit dynamic, which can lead to deadly mistakes.

Those sorts of arguments were revived last week when the former Navy secretary James Webb, running for Senate in Virginia, was reminded of his assertions 30 years ago that women could not, and should not, fight, assertions he has distanced himself from.

None of this, so far, has come to pass. "They are pulling their own weight and performing as well as men," Ms. Manning said. "And the American public is not any more upset about women coming home in body bags than men."

Mady Wechsler Segal, a professor of sociology at the University of Maryland and the associate director for the Center for Research on Military Organization, said succinctly, "If they weren't doing a good job, we would be hearing about it."

Certainly, women in Iraq and Afghanistan face different challenges, both at war and at home. Incidents of sexual harassment on military bases are common enough, and fending that off without offending peers and superiors is tricky. Sexual assault, while less common, only intensifies combat stress, leading to greater vulnerability. It also leads to new complications. What if your attacker is also the person you must defend, or must defend you?

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A whole crop of veterans are suffering from post-traumatic stress and lost limbs, circumstances that sometimes prove more difficult for women who often fill the role of nurturers to their families.

And there are practical considerations. Women on smaller bases in Iraq often share sleeping quarters with men. Equipment in women's sizes can sometimes be harder to come by. Some women use newer forms of birth control to make their periods less frequent. Even urinating can become a problem. The military has disbursed portable contraptions the women affectionately call a weenus, for use on long truck drives.

Women also face resistance among some male commanders, who are not keen to put women at risk, some women who have served in Iraq say. But many commanders, they added, treated them no differently.

Capt. Tammy Spicer, who commanded a transportation company for the Missouri National Guard, said women were often being watched to see if they are up to the job. Driving trucks is dangerous work in Iraq, and her company drove a million and a half miles with no enemy-related casualties.

If anything was taxing, she said, it was in 2003 in Kuwait, when she and four other women shared a tent with 45 men. The women shared showers with men, on rotation, and always got the worst hours, she said. "Their bickering, their cursing, their body noises," she said, laughing. "They would leave their food out and we would have rats. There was no relief from men."

NATO Kills 23 Insurgents In Afghanistan (AP)

AP, September 24, 2006

NATO aircraft have killed 23 suspected insurgents in southern Afghanistan, the military alliance said Sunday.

A helicopter attacked 20 insurgents who shot at a NATO patrol in Helmand province on Friday, killing 15 of the suspected insurgents, the alliance said.

An attack helicopter fired on another group of insurgents who shot at a support helicopter in the same province on Thursday, killing eight of the militants, the statement said. There were no NATO casualties in the attacks.

In recent months southern Afghanistan has seen some of the fiercest fighting since the U.S.-led invasion toppled the Taliban regime in 2001.

Rockets Rain After Taliban Deal (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 24, 2006

WASHINGTON - Since Pakistan signed a pact meant to defang the Taliban on its side of the border with Afghanistan, U.S. forces have been hit with "highly unusual" attacks there, the Daily News has learned.

Although stressing it's too early to gauge whether the Pakistani government's Sept. 5 deal with tribal leaders in the Waziristan area will thwart border-hopping insurgents, a military spokesman said the fighting has continued.

"Just in the last two days along the Paktika province border, we've had two series of a large number of rockets fired at a couple of our bases along the border," Army Lt. Col. Paul Fitzpatrick, spokesman for the U.S.-led coalition in Afghanistan, told The News on Friday.

Fitzpatrick said 78 Katyusha rockets were fired "from just inside the border of Pakistan" in two attacks last week on U.S. firebases in Gayan and Bermel.

Neither attack caused casualties, but he added, "To have a battery of rockets fired at us at our bases is highly unusual."

"We've been in quite a few firefights, particularly in the border region," Army 1st Lt. Shawn Parnell, a platoon leader in Bermel, said in a coalition statement.

The same statement quoted other commanders calling the Bermel district "a major infiltration route," where "engaging in firefights is almost daily life."

Since the Waziristan truce - which calls on tribal elders to ensure that foreign fighters live peacefully - the Taliban also has issued two statements making claims of 17 attacks along the border.

Some Afghan officials have called the truce a deal with the Taliban.

Asked about the deal last week, President Bush said Pakistani President Pervez Musharraf assured him it was a good idea, adding, "I believe him."

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But counterterrorism officers who have fought Al Qaeda in border combat have expressed skepticism to The News.

The 82nd Airborne Division is set to return by year's end to take over from the Fort Drum, N.Y.-based 10th Mountain Division. They will join 20,000 U.S. troops who have turned east to fight Al Qaeda at the border with Pakistan as NATO takes over patrolling southern Afghanistan, Fitzpatrick said.

Despite the Pakistani truce, military coordination has never been better with Musharraf's army, Fitzpatrick said.

Last year, red tape often frustrated U.S. commanders in Afghanistan from chasing ambushers as they fled into Pakistan. But a half-dozen times this year, Pakistani forces have nabbed or killed fleeing insurgents upon request, he said.

"The border is not a sanctuary anymore," Fitzpatrick said.

British Army Defends Itself Against Criticism From Officers (NYT)

By Alan Cowell

The New York Times, September 24, 2006

LONDON, Sept. 23 — For the second time in two days, the army defended itself on Saturday against charges by middle-ranking officers in Afghanistan that British ground troops had received inadequate air support and other backing in their fight against the Taliban.

British officers in the field have traditionally tended to keep their complaints within the military. But with many soldiers using e-mail messages and video technology, it is easier for complaints to spread, possibly beyond where the officers intended.

The army's statements came in response to critical e-mail messages from officers that were leaked to the news media. Military specialists have said soldiers may be voicing their concerns more openly out of fear that the British public is unaware of the ferocity of the war in Afghanistan. This month, television news aired video recorded on a soldier's digital camera or cellphone showing troops in desert camouflage fatigues and full battle-dress in a furious firefight with Taliban insurgents.

With around 5,000 troops in the restive Helmand Province in the south, Britain is part of a NATO force trying to subdue insurgents to permit reconstruction.

But as Defense Minister Des Browne acknowledged in an address this week to the Royal United Services Institute, a security research organization, "we do have to accept that it's been even harder than we expected: the Taliban's tenacity in the face of massive losses has been a surprise, absorbing more of our effort than we predicted it would.''

During his speech, he rejected suggestions that British forces were poorly supported, describing conditions in Helmand as "hard, dirty and beyond the experience of most of us to understand.'' Like other NATO officials, he said the alliance was making inroads into Taliban resistance.

But in two sets of e-mail messages leaked to British news organizations later in the week, mid-ranking officers voiced serious complaints. On Thursday, Maj. Jon Swift said in a message from Afghanistan, "The scale of casualties has not been properly reported and shows no sign of reducing.'' His comments were posted on a regimental Web site, but were quickly withdrawn, the domestic Press Association news agency reported.

On Friday, several British broadcasters quoted from an e-mail message written by Maj. James Loden. "The R.A.F. have been utterly, utterly useless,'' Maj. Loden was quoted as saying, referring to two instances involving Harrier warplanes during close ground combat.

"A female Harrier pilot 'couldn't identify the target,' fired two phosphorous rockets that just missed our own compound so that we thought they were incoming RPG's, and then strafed our perimeter, missing the enemy by 200 meters,'' he wrote, according to British news reports. RPG stands for rocket-propelled grenade.

In contrast to Britain's Royal Air Force, Maj. Loden said, the United States Air Force had been "fantastic.''

Publication of the remarks represented an acute embarrassment for the military leadership, prompting a string of rebuttals by high-ranking officers.

Sir Richard Dannatt, the Chief of General Staff, said in a written statement, "The way the R.A.F. has performed in support of our operations in Afghanistan has been exceptional. Irresponsible comments, based on a snapshot, are regrettable.''

The Ministry of Defense in London said of Maj. Loden's remarks: "It must be remembered that this is the opinion of only one man. The general view is very different.''

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In a television interview, Sir Richard also denied that the British authorities were seeking to underplay casualty figures. "We have got nothing to hide as far as that is concerned," he said. "The truth is what matters."

The officers' complaints reflect concern in the British military and elsewhere that, with 7,000 troops in southern Iraq, the army is overstretched.

On BBC radio, Sir Richard said Saturday that while the army was "coping'' in Afghanistan, it could not take on further deployments.

The debate over British troops in Afghanistan coincided with fresh displays of public opposition to the war in Iraq. Tens of thousands of protesters gathered in the northern city of Manchester Saturday, the eve of the annual conference of the governing Labor Party there, to demand that Prime Minister Tony Blair withdraw British troops from Iraq, then quit.

The police said some 20,000 people joined the protest, but organizers put the figure at 60,000.

The Key To Afghanistan: More Time (WP)

By Jim Hoagland

The Washington Post, September 24, 2006

American commanders worry that Afghanistan is "the forgotten war" as it recedes into the shadow of the bloodier, more divisive conflict in Iraq. But they take some comfort from their relative obscurity: They need time, and they will take it any way they can get it.

The biggest challenge that U.S. and NATO forces face is not on the battlefield. It lies in building confidence in the country's rural tribes and sparse urban population that Western governments will stay deeply involved in Afghanistan for a decade or longer. If Afghans do not believe that, they are unlikely to take the risks of vast social and political change being demanded of them today.

In government-speak, this is called "pushing out the timelines." It means that Washington and other NATO capitals should accept the idea that they are providing a long-term military presence and significant development funding to Afghanistan as a matter of routine and strategy, rather than as a temporary military emergency.

Being "forgotten" in that sense is better than being at the center of the kind of urgent and partisan debate that Iraq has sparked. Whether the White House is willing to admit it or not, Iraq's particularities have eclipsed or altered the Bush administration's strategies of pushing democracy forward in the Middle East and of fighting the war on terrorism abroad rather than on American soil. The conflict there has become a war with Iraqi characteristics rather than an abstract struggle about greater goals and principles.

Afghanistan, on the other hand, still illustrates in fairly clear form the consequences and dynamics of fighting jihadist terrorist networks and their supporters in a failed Islamic state. Making a long-term commitment to Afghanistan as a matter of routine would require Congress to overhaul obsolete budgeting priorities that starve U.S. reconstruction and development projects. Europeans would have to fund expeditionary forces that are today ill equipped and ill trained for distant counterinsurgency operations. Both changes are desperately needed.

"Show me where the roads end, and I will show you where the Taliban begins," Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says often to his staff. But while the United States spends about $10 billion a year to field about 20,000 troops there, Congress frequently rejects or blocks creative approaches to development and peacekeeping that would cost much less.

Recent NATO decisions to take greater command responsibilities and to put several thousand more soldiers into the country's most active war zones are seen by U.S. officials as promising signs of shifting attitudes in Europe. NATO currently has 20,000 troops in Afghanistan operating under a British general.

"As new commanders come in, they see the need to be building bridges and schools to buy space for development and to keep the Taliban out," says one U.S. senior officer. "That should generate requests back to their capitals."

Even so, managing expectations and hopes has become a major task for the United States, Canada, the European nations of NATO and the beleaguered government of President Hamid Karzai. The greatest Afghan challenge may lie in the fact that the very progress brought by five years of Western involvement stirs fierce resistance in a tradition-bound, poverty-stricken Islamic society.

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The number of girls in elementary and secondary schools has gone from zero to 2 million in those five years. That is a stunning accomplishment -- and no doubt a great recruiting tool for the Taliban as it seeks to reestablish the savagely misogynistic version of Islam that helped tie it to al-Qaeda.

That is why "pushing out the timelines" is vital: Only when it becomes clear to Afghans that the changes brought by the toppling of the Taliban are durable and will shape their options a decade from now will they commit to building a more tolerant society. That is broadly true throughout the Middle East and Central Asia.

Afghanistan turned out not to be a model for waging the war on terrorism. The quick success that U.S. forces scored in the autumn of 2001 misled commanders and their civilian chiefs about what would happen in Iraq. The 2001 lightning campaign was not even a doctrinal model for what would come in Afghanistan: The United States has more troops there now than at any time in the conflict.

But how the long-term counterinsurgency is waged in Afghanistan will foreshadow the outcome of the broader struggle against jihadist extremism. The struggle there needs resources, it needs time -- and it needs never to be forgotten.

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Our Five Iraq Wars (WT)

By James Jay Carafano, The Washington Times

The Washington Times, September 24, 2006

America has fought five wars in Iraq -- not merely one. And we've won or are winning four of them. Winning the last war, however, is all that counts. To cut and run now would leave America less safe than when we started.

War 1: Battling Saddam. The United States waged war in Iraq for one reason -- to remove Saddam from power. This was really a continuation of Desert Storm. After all, we halted the first Gulf war based on a host of promises Saddam made but never kept. Few doubt the United States, the peoples of the Middle East, and especially the Iraqis are better off with the Butcher of Baghdad out of power.

War 2: Combating chaos. Despite the scenes of rioting when the regime collapsed, America and its coalition partners managed to quickly avert a wide-scale humanitarian crisis. Although Iraq was (and is) hardly a danger-free zone, there was no mass starvation, floods of refuges, or disease outbreaks that usually accompany the aftermath of conflict.

War Three: Confronting al Qaeda. In the wake of the war, lacking any real success elsewhere in the world, transnational terrorists leaped into the vacuum in Iraq. In the first years following the regime's collapse, they accounted for the lion's share of murdering -- killing primarily innocent Iraqis. Even insurgent groups within Iraq that initially cooperated with al Qaeda in Iraq soured on the indiscriminate slaughter. Indeed, Ayman al-Zawahri (Osama bin Laden's deputy) warned that the terrorism in Iraq was alienating Muslims both inside and outside the country from the cause of al Qaeda.

Arguably, al Qaeda has lost in Iraq. Its most senior leadership has been killed or captured. Its popularity is low. And it no longer commands a significant following among the Iraqi insurgents.

War 4: The Sunni insurgency. The Sunni minority in Iraq largely abstained from the political process established to form a legitimate government. Democracy went on without them. Led by the other major groups, the Shi'ites and the Kurds, the Iraqis wrote a constitution, held a series of successful elections and seated an interim government. A Sunni insurgency first rose up to forestall the march of democracy. That failed. The insurgents then tried to force more compromises on the government. Over the last year, it appeared key Sunni leaders were giving up on the insurgency and were increasingly interested in negotiating a more equitable seat at the table and resolving key power-sharing issues.

War 5: Fighting the proxy war. Unfortunately for the United States, the wavering of the Sunni insurgency coincided with a decided increase in attacks by Shi'ite militias. These provocations have resulted in an increasingly cycle of retaliatory sectarian strikes between Sunnis and Shi'ites, as well as concerted efforts to kill more American soldiers using more deadly and accurate improvised explosive devices. This latest war may be the toughest to win because its principle authors are probably not inside Iraq. They are in Iran.

The most recent uptick in violence in Iraq parallels closely U.N. efforts to pressure Iran to give up its nuclear programs. Instability serves Iran's purposes. It diverts attention from the issue and undermines U.S. interests in the region.

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There is a good deal of evidence to make this case. Weapons and funds to fuel the Shi'ite insurgency come across the border from Iran. In addition, Hezbollah, Iran's stooge in Lebanon, initiated a violent confrontation with Israel that also has shifted the focus away from what Iran's mullahs are up to.

Cutting and running in the face of this latest threat would yield only one result: It would empower Iran and make its radical government more aggressive, more reckless and more dangerous. That's obviously not in America's interest.

What the United States needs to do is finish the job in Iraq -- and that means strengthening Iraq's security forces so they can handle the insurgency. At the same time, it needs to focus on the other threats to regional stability -- helping empower the Lebanese government to disarm and defang Hezbollah and marshalling the international community to isolate and punish Iran for its adventurism.

That way, we can ensure that War 5 ends the same way the first four did.

James Jay Carafano is senior research fellow for national security and homeland security at the Heritage Foundation and author of "G.I. Ingenuity."

Closing Of A Nation (NYT)

By David Brooks

The New York Times, September 24, 2006

It's an elementary principle of child psychology: safety leads to exploration. The child who feels securely loved at home will venture out and try new things. The child who is insecure will be more passive and cling to what is known.

What's true of children is true of adults, and in Iraq we now have a case study in human insecurity. The people of Iraq have endured decades of dictatorship, war, insurgency and civil strife, and the psychological costs have been ruinous. Iraq is the most xenophobic, sexist and reactionary society on earth.

Researchers from the invaluable World Values Survey have interviewed over 2,300 adults from all over Iraq. The results have just been published by Ronald Inglehart, Mansoor Moaddel and Mark Tessler in the journal Perspectives on Politics.

Inglehart, Moaddel and Tessler describe a people who, buffeted by violence, have withdrawn into mere survival mode. They are suspicious of outsiders and intolerant toward weak groups, and they cling fiercely to what is familiar and traditional.

The researchers asked the Iraqis if they would mind living next door to foreigners. In most societies, there is a small minority who say they would mind. Nine percent of Americans say they would mind, and in the median country internationally about 16 percent say they would mind. Ninety percent of the Iraqi Arab respondents rejected foreigners as neighbors.

As Inglehart, Moaddel and Tessler write, Iraqis "reject foreigners to a degree that is virtually unknown in other societies throughout the world, including more than a dozen predominantly Islamic countries."

Iraqi Arabs almost universally reject Americans, Britons and the French, and roughly 60 percent reject Iranians, Kuwaitis and Jordanians, the groups they are least hostile to.

Iraqis also viscerally resist social reform and deviation from the traditional ways of doing things. For example, 93 percent of Arab Iraqis said men made better leaders than women, the highest proportion of any group in the world.

Iraqi Arabs were asked which values they would like to instill in their children. They emphasized "obedience" and "religious faith" more than any of the 80 other societies that have been studied. They were less likely to try to instill "independence" in their children than people in 74 of the study's 80 societies.

Meanwhile, Iraqis cling fiercely to their primal identities. Roughly 86 percent of the Arab Iraqis said they were very proud to be Iraqi, and the Shiites, Sunnis and Kurds were very likely to trust members of their own community. Such in-group solidarity is almost without precedent.

Iraqi Kurds stood apart from the world in all these various measures, but Iraqi Arabs stood apart even more. This suggests that Saddam's tyranny had already had a corrosive effect on Iraqi society by 1991, when the Kurds were effectively liberated, but over the past 15 years, things have become much worse. It's impossible to tell how much of the trauma has been caused since the American invasion.

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We do know, however, that American policy makers were surprised to learn how religious Iraqi society had become during the 1990's. (Iraqi exiles had not prepared them for this.) And we also know this climate of opinion works against the Iraqi leaders as they try to create a functioning nation.

In essence, Iraqis are like turtles trying to pull into their shells, but the big tasks now require non-shell behavior. They require getting Shiites and Sunnis to trust each other enough to negotiate a settlement on sharing oil revenue. They require getting Shiite policemen to crack down on their own, and on Moktada al-Sadr's Shiite militia.

The larger lesson, as we think about future efforts to reform the Middle East and combat extremism, is that the Chinese model probably works best. That is, it's best to champion economic reform before political reform.

We know from a wealth of historical experience that when people see their standard of living rise, they reject the reactionary survival mentality and they become more open to others and to change. If people already see their lives improving materially, they will be more likely to keep their cool as their political institutions are reinvented.

In the age of terror, statesmanship means knowing how to create a sense of security so you can lead people on a voyage of reform. Most of all, it means that if you're going to do nation-building, you have to understand the values of the people you're going to build a nation with.

Stuff Happens Again In Baghdad (NYT)

By Frank Rich

The New York Times, September 24, 2006

IT'S not just about torture. Even if there had never been an Abu Ghraib, a Guantánamo or an American president determined to rewrite the Geneva Conventions, America would still be losing the war for hearts and minds in the Arab world. Our first major defeat in that war happened at the dawn of the Iraq occupation, before "detainee abuse" entered our language: the "Stuff happens!" moment at the National Museum in Baghdad.

Three and a half years later, have we learned anything? You have to wonder. As the looting of the museum was the first clear warning of disasters soon to come, so the stuff that's happening at the museum today is a grim indicator of where we're headed in Iraq: America is empowering the very Islamic radicals this war was supposed to smite. But even now we seem to be averting our eyes from reality on the ground in Baghdad.

Our blindness back in April 2003 seems ludicrous in retrospect. As the looting flared, an oblivious President Bush told the Iraqi people in a televised address that they were "the heirs of a great civilization that contributes to all humanity." Our actions — or, more accurately, our inaction as the artifacts of that great civilization were carted away — spoke louder than those pretty words. As Fred Ikle, the Reagan administration Pentagon policy chief, puts it in Thomas Ricks's "Fiasco," "America lost most of its prestige and respect in that episode."

That disaster might have been mitigated if our leaders had not dismissed the whole episode as a triviality. But Donald Rumsfeld likened the chaos to the aftermath of a soccer game and joked that television was exaggerating the story by recycling video of a single looter with a vase. Gen. Richard Myers defended our failure to intervene as "a matter of priorities" (we had protected the oil ministry). Lt. Gen. William Wallace, countering a wildly inflated early claim by a former museum employee that 170,000 artifacts had been destroyed, put the number of objects still unaccounted for at "as few as 17." (The actual number was closer to 14,000.)

The war's many cheerleaders in the press fell into line. In keeping with the mood of the time, administration enforcers like Charles Krauthammer and Andrew Sullivan damned Mr. Rumsfeld's critics as fatuous aesthetes exploiting a passing incident to denigrate the liberation of Iraq. In a column in Salon titled "Idiocy of the Week" (that idiot would be me), Mr. Sullivan asked rhetorically who was right about "the alleged ransacking" of the museum, Mr. Rumsfeld or his critics? "Rummy, of course. He almost always is."

Of course, dear old Rummy's what-me-worry take on the museum was the tip-off to how he would be wrong about everything that would follow: he reacted with exactly the same disdain and indifference to the insurgency happening under his own nose and to Abu Ghraib. There would be a hasty corrective to the looting, at least: a heroic Marine Reserve colonel, Matthew Bogdanos, commanded a team that ultimately tracked down a bit more than a third of the vanished objects. (It was too

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late to rescue tens of thousands of additional treasures in Iraq's National Library and National Archives, both also looted and torched.) But Mr. Rumsfeld's "Stuff happens!" proved indelible because it so resonantly set forth an enduring theme of the occupation: that the Americans in charge of Iraq were contemptuous of the local populace to whom they were so grandly bequeathing democracy and other fruits of civilization.

The cavalier American reaction to the museum looting was mimicked in the $22 billion reconstruction effort, an orgy of corruption and waste that still hasn't brought Iraqis reliable electricity. In a new account of the civilian nation-builders in the Green Zone, "Imperial Life in the Emerald City," Rajiv Chandrasekaran of The Washington Post details how L. Paul Bremer III and his underlings enlisted cronies and apparatchiks rather than those who might actually know anything about the country's people or their needs. Thus we saddled Iraq with Bernie Kerik, G.O.P. fund-raisers and politically connected young ideologues chosen over more qualified job applicants who knew Arabic. They saw Iraq as a guinea pig for irrelevant (and doomed) experiments, including an antismoking campaign and an elaborate American-style stock exchange. Mr. Chandrasekaran's book, while nonfiction, is as chilling an indictment of America's tragic cultural myopia as Graham Greene's prescient 1955 novel of the American debacle in Indochina, "The Quiet American."

Our public diplomacy efforts were equally tone-deaf to Iraqis and their neighbors. In the early going, the State Department hired a Madison Avenue whiz who made sunny TV testimonials about America's love of Muslims. These ads won no hearts or minds, but wasted tons of money and even more valuable time. Now this job belongs to Karen Hughes, the presidential flack, whose patronizing photo-op tour of the region last year earned mostly ridicule.

Our broadcasting outreach there is supervised by a longtime Karl Rove pal, Kenneth Tomlinson, who last month was found by State Department investigators to be using his office — literally — to run a "horse-racing operation." One of Mr. Tomlinson's thoroughbreds is named Karzai, in supposed honor of the Afghan president. If that's his idea of lifting America's image in the Muslim world, he might as well be on Al Jazeera's payroll. On Wednesday, ABC News reported the bottom line of such P.R. misfires: a confidential Pentagon survey found that 75 percent of Iraq's Sunni Muslims support the insurgency, up from 14 percent in 2003.

Speaking before the United Nations last week in what may be the run-up to our new war, Mr. Bush was still on his battle-for-civilization kick, flattering Iranians much as he has the Iraqis. "We admire your rich history, your vibrant culture, and your many contributions to civilization," he said. All Iranians have to do is look to the Baghdad museum today to see that such words are worth no more now than they were in 2003.

It's symbolic of the anarchy throughout Iraq's capital that the museum's entrances are now sealed with concrete to keep out new hordes of killers and thieves. But the violence, which seems to spiral with each declaration of a new security crackdown, is old news. More revealing is the other half of the museum's current plight: it is now in the hands of Iraq's version of the Taliban. That sad denouement is another symbol, standing for our defeat in the larger war of ideas.

The museum changed hands in August, when Donny George, its longtime administrator and the chairman of Iraq's official antiquities board, fled the country fearing for his life and for the treasures in his care, both at the museum and the country's many archaeological sites. Mr. George is a Christian and had good reason to fear. The new government minister placed in charge of the museum, a dentist, is an acolyte of the radical Shiite cleric Moktada al-Sadr, whose goal is to make Iraq a fundamentalist theocracy. To Mr. Sadr and his followers, the museum's legendary pre-Islam antiquities, harking back to the ancient civilizations of Mesopotamia, are infidels' idols to be sacked.

You might think, given Mr. Sadr's radicalism, that he is a fugitive terrorist on the lam as, say, Abu Musab al-Zarqawi was. After all, Mr. Sadr's militia, the Mahdi Army, is a font of death squads at the heart of the sectarian warfare; he's an enthusiastic ally of Hezbollah besides. But he is instead a major player in the "democracy" we have installed in Iraq, controlling at least 30 of 275 seats in the Parliament and six government ministries, including the power centers of transportation and health.

Back in 2004, the Americans made plans to take down Mr. Sadr, but as Larry Diamond, a senior adviser to the coalition authority in Baghdad, writes in his book "Squandered Victory," those plans were shelved for "various reasons, including political calculations in Washington." American forces arrested some Sadr aides last week, but such periodic skirmishes notwithstanding, his influence continues to grow. He is a crucial ally of the prime minister, Nuri al-Maliki, who would not be in office without his

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support. In the past few days, both Tony Snow and Condi Rice have been reaffirming that the administration has what the secretary of state called "enormous confidence" in Mr. Maliki, despite Washington chatter to the contrary.

One of the first Westerners to warn strongly of the dangers of someone like Mr. Sadr was Gertrude Bell (1868-1926), the legendary archaeologist, explorer, author and British political officer who masterminded the unlikely cobbling together of the modern Iraq state after World War I. She warned that a Shiite theocracy in the new country would be "the very devil." As it happened, it was also Bell who created the Iraqi National Museum in 1923.

The fortunes of her museum, once considered the finest in the Middle East, have been synonymous with the fate of Iraq ever since. That's because, like any such national institution, it is not merely some building that houses art but a repository of a country's heart and soul. That America has stood helplessly by as Mr. Sadr folds the museum into his orbit of power is as ominous a predictor of what lies ahead in this war as was our callous reaction to the looting of 2003. For all of America's talk of stamping out a "murderous ideology" and promoting civilization and democracy in Iraq, we are now handing the very devil the keys.

Spin Doctors (WP)

The Washington Post, September 24, 2006

A columnist accuses the Bush administration of replacing facts with public relations gambits.

THE GREATEST STORY EVER SOLD

The Decline and Fall of Truth from 9/11 to Katrina

By Frank Rich

Penguin Press. 341 pp. $25.95

Throughout George W. Bush's presidency, no columnist has been more perceptive than Frank Rich of the New York Times. A longtime film and drama critic, Rich, for the past decade, has used his insights into performance and stagecraft to explain a political culture increasingly dominated by simulation and spectacle.

Exploring the news each week through the lens of pop culture -- the film "United 93" or the TV show "24," for example -- Rich teases out implications that escape straight-news pundits. The technique allows him to illuminate not only the submerged political currents of mass entertainment but also the theatricality of Washington politics today.

Now Rich has written The Greatest Story Ever Sold , a gripping, witty and devastating indictment of President Bush's reliance on public relations to market his Iraq and counterterrorism policies. Future historians will turn to other works -- by James Bamford, Thomas E. Ricks, James Risen, Ron Suskind and Bob Woodward -- to understand White House and Pentagon decision-making after 9/11. But Rich's overview will be indispensable for grasping how Americans experienced the events of these years.

For those who have largely opposed Bush's policies, reading Rich's book summons up familiar feelings of outrage and helplessness. Those readers who have tipped from being Bush supporters to critics may gain some wisdom into why they were originally led astray. And even die-hard Bushies may appreciate this volume as a shrewd study in the history of political PR -- if, that is, they can get past Rich's wry, withering tone.

As in his columns, Rich uses cultural touchstones such as Philip Roth's novel The Plot Against America and the movie "Chicago" to help us see how populist demagoguery works or how a huckster can con a press pack. But the book's core is a survey of the White House spins and shams since 9/11, including then-national security adviser Condoleezza Rice's "mushroom cloud" scare tactics, Colin Powell's Adlai Stevenson impersonation at the United Nations and, of course, Bush's May 2003 "Mission Accomplished" declaration on the flight deck. Rich deftly arranges these and other public moments alongside cases of secret government propaganda -- the payola to working journalists, the fake "video news releases" slipped into local TV news shows -- to construct a persuasive picture of an administration bent on creating "our own reality," as one Bush aide famously put it.

Rich does let a few people off the hook. He's too easy on Special Counsel Patrick Fitzgerald, who, while fashioning himself as the second coming of Watergate prosecutor Archibald Cox, has abetted the president's anti-press campaign by jailing one reporter for not playing ball and threatening others.

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In my view, Rich lays too much blame for the free hand that Bush has enjoyed at the door of the Fourth Estate. Rich doesn't go as far as some other recent books that lambaste reporters as lapdogs, but he laments that "there was only sporadic digging into the war-ennobled administration by mainstream journalists" and that TV news "barely raised any questions at all."

Obviously, individual outlets, including the New York Times for which Rich writes, erred badly in overplaying claims about the menace Saddam Hussein posed. Some Washington correspondents went native, identifying too closely with insider sources. The tabloid tenor of most broadcast news -- about which Rich has written brilliantly -- fanned Americans' crudest urges.

But Rich's well-researched narrative testifies to the dogged, independent-minded reporting that -- despite this oppressive climate -- revealed official mistakes, lies and violations of law. In recounting the long trail of administration deceptions and blunders, Rich credits the reporters at The Washington Post, the New York Times, the Los Angeles Times and the Wall Street Journal who discovered them. He cites scoops from outlets as diverse as Roll Call, the National Journal, the Smoking Gun, Vanity Fair and the New Yorker. Even the generally abysmal TV news shows did some worthy investigation, he tells us: CBS News exposed the abuses at Abu Ghraib, and anchors such as Diane Sawyer, Tom Brokaw and Ted Koppel grilled Bush and other evasive heavies at key moments.

What The Greatest Story Ever Sold illustrates is that most Americans did not back the Iraq invasion because they were credulous, though many were, or even because the administration was dishonest, though it was -- reprehensibly so. In the end, notwithstanding the hype, the truth wasn't all that hard to see; even Bush's misleading claims that Saddam Hussein was about to acquire nukes were debunked on the front pages, as Rich points out, before the invasion began. Yet most citizens, despite access to evidence, chose to follow the president anyway. Rich doesn't get into why they did so, but I think the reasons boil down to a widespread popular desire to exorcise post-9/11 feelings of shame and vulnerability with the nationalistic pride achieved through the exercise of military might.

Many people who might have supported the Iraq war under different circumstances remained intractably opposed because they believed Bush hadn't proven that Baghdad was making nuclear weapons or working with al-Qaeda. They held this view because, among other reasons, in the months and years after 9/11, they were reading the smart, critical and blessedly spin-proof writings of Frank Rich. Â·

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What Would Jefferson Say About Iraq? (PHI)

By R.K. Ramazani

The Philadelphia Inquirer, September 24, 2006

In the next few days - and only a few days are left of this term of Congress - both houses are expected to embrace the compromise between leading Republicans and the White House on the treatment of prisoners of war. When they strike this agreement, they will do more than protect American troops captured abroad; they also will uphold the Founding Fathers' principle of humane treatment of prisoners of war.

Since President Bush has made the Middle East region the centerpiece of his foreign policy, the American public should expect that the founding principles of the American republic would apply to the invasion of Iraq and the promotion of democracy there, as the model for the broader Middle East. American treatment of prisoners of war should be nothing less than a model as well.

In contrast to Bush, Thomas Jefferson, the intellectual father of America, decried what today are called "wars of choice." He clearly considered the one war for which he was U.S. commander in chief, the war against the Barbary Pirates, a defensive war. He said he banished "the legitimacy of war to dark ages" and in 1797 said, "I abhor war and view it as the greatest scourge of mankind." While Jefferson would have seen U.S. military operations in Afghanistan as justified after 9/11, he would not have advocated a so-called preventive attack on Iraq.

What would Jefferson have thought about the Bush administration's approach to promoting democracy in Iraq, the broader Middle East, and the world? Jefferson wrote: "I hope and firmly believe that the whole world will sooner than later feel benefit from the issue of our assertion of the right of man." For Jefferson, this was an aspiration, not a foreign-policy goal.

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Jefferson would have opposed the imposition of democracy on any society by military action for several reasons. He believed that coercion is incompatible with liberty and that a society must undergo an evolutionary process before it will embrace democracy and the liberal values of justice, public education and a free press necessary for it to function. Jefferson would have faulted the Bush administration's launch of democratization in Iraq without regard to the realities of Iraqi society, in which most people still have higher loyalties to family, religion and tribe than to the nation-state. The U.S. Department of State produced such an assessment of the Iraqi situation in its 2002-03 "Future of Iraq" project, but the Pentagon rejected the findings of the study, and the invasion of Iraq proceeded.

Instead, if asked how best to spread democracy, Jefferson would have suggested three alternative and peaceful methods. First among these would be America's own example of liberal democratic practices. In 1801, he wrote: "A just and solid republican government here will be a standing monument and example for the aim and imitation of people of other countries."

Second would be effective use of what we now call public diplomacy. That includes widespread sharing of information and a fair degree of transparency in our dealings with other countries. He wrote in 1810: "No one more sincerely wishes the spread of information among mankind than I do, and none has greater confidence in its supporting free and good government."

Third, and most important, Jefferson would have stressed support for the American system of higher education. In today's parlance, he would have advocated expanding American educational initiatives, such as the Fulbright exchange program. Jefferson firmly believed that public education was a vital weapon in uprooting authoritarian rulers and promoting the creation of democratic governments. In his memorable words: "Enlighten the people generally, and tyranny and oppression of body and mind will vanish like evil spirits at the dawn of day."

And regarding the treatment of prisoners of war, Jefferson would have insisted on upholding the principles of international law in general, and the Geneva Conventions in particular. There are echoes of the Jeffersonian precepts of 1781 in Article 3 of the Conventions - which has been the focus of so much negotiation between the president and Senate Republicans - and in the Supreme Court's decision in Hamdan v. Rumsfeld. Both Article 3 and Hamdan bar inhumane treatment of war prisoners. More than 200 years ago, Jefferson urged that Americans should endeavor "as far as possible to alleviate the inevitable miseries of war by treating captives as humanity and national honor requires."

Strong presidential power is important in times of war. Even so, the checks and balances embodied in Congress and the courts are vital to the democratic process. Congress was created to check "the dog of war," as Jefferson put it. Regarding prisoners of war, he would have called for their just treatment to show the United States as a beacon of liberty and justice throughout the world.

Jefferson would have been appalled by Bush's misguided policy in the Middle East as tactically shortsighted, strategically ineffective, and above all, dishonorable. He would have applauded the Supreme Court's ruling in June against the Bush administration's position on allowing military tribunals to withhold evidence from prisoners of war, as depriving the accused of due process guaranteed in the Bill of Rights. And he would have endorsed the efforts of Sen. John McCain (R., Ariz.) and other congressional leaders to put the brakes on Bush's foreign policy and redirect the country, even in these difficult times, to a path that preserves the morals of our founders: duty, justice and national honor.

Otherwise, what are we defending?

Dividing Iraq Would Just Mean More Threats (LAT)

By W. Robert Pearson, W. Robert Pearson Was U.s. Ambassador To Turkey From 2000 To 2003.

The Los Angeles Times, September 24, 2006

Separate Sunni, Shiite and Kurd states are a seductive solution, but a single central government is Iraq's best chance for stability.

PROMINENT EXPERTS have begun to argue that dividing Iraq into three parts — Sunni, Shiite and Kurd — is more viable than trying to build a single, central Iraqi state. They reason that the only solution to sectarian violence is for Sunnis and Shiites to live apart. The Kurds, they argue, have demonstrated their ability to live autonomously since 1990. Nothing else has worked, so why not let the pieces fall where they may? But this is not a plan; it is a destabilizing default strategy.

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Thoughtful observers, such as Sen. Joseph R. Biden Jr. (D-Del.) and Leslie Gelb, former president of the Council on Foreign Relations, have argued for a federated Iraqi with near-statehood status for the three regions and an agreement on dividing the oil money. If such a deal could be struck, and if the breakup could be halted there, Iraq might see greater stability. But the more likely outcome is a loose federation plagued by conflict, with one or more parties trying to win full independence. Confederation could prove a Pandora's box for the U.S. and the region.

Dividing Iraq would invite Tehran to make even more mischief within the Iraqi Shiite community, especially to further exploit the rivalry between the two major clerics, Grand Ayatollah Ali Sistani and Muqtada Sadr. If the Shiite areas in southern and eastern Iraq fell under Iranian influence, would Tehran not be tempted to turn its attention to the Sunnis in the west and the Kurds in the north? How would the global energy situation be affected if Iran were to gain influence over a rump Shiite state as its protector? How would neighboring Sunni states — Jordan and Saudi Arabia — react? Would Hezbollah, Iran's proxy against Israel, not feel strengthened in Lebanon?

All the countries in the region with sizable Kurdish populations would oppose the creation of an independent Kurdish state, fearing territorial claims and divided loyalties among their ethnic Kurds. Turkey worries most of all. U.S. acquiescence in an independent Kurdistan would confirm the Turks' worst fears about American engagement in Iraq. Turkey has the largest Kurdish population in the Middle East — four to five times greater than that in northern Iraq. The Turks fear that an independent Kurdistan on former Iraqi territory would agitate to include Turkish Kurds. It was just in 1999 that Turkey brought to a close a 20-year battle with its Kurdish insurgency in which more than 30,000 people died. And since the beginning of the Iraq war, Turkey has watched the same insurgency renew a guerrilla campaign. Meanwhile, its decision not to allow the U.S. to launch a northern front to invade Iraq via Turkey cost Ankara both its influence in northern Iraq and any chance to cooperate with the U.S. in shaping postwar Iraq.

Although many Americans rightly praise Iraqi Kurds as allies who helped us in the 2003 war, the U.S. should think twice about giving security guarantees to an independent Kurdistan. The Iraqi province of Kurdistan has no access to the sea and is wholly dependent on its neighbors for the export and import of goods, including the oil it wants to control. Is the U.S. willing to have a permanent military presence in an independent Kurdistan, putting our troops at risk for no strategic benefit?

Finally, Kurds might ask themselves whether they really want full independence. With no powerful protector in the region, they would have to stand alone among unfriendly neighbors. In addition, the Kurds' current unity masks deep rivalries between two major factions, each possessing independent armies. And they aren't alone in the northern province. The Turkmens will continue to look to Ankara for support. Disputes continue with the Iraqi Arabs, who for years were sent north by Saddam Hussein to displace local Kurds. Add the struggle for control of Kirkuk's oil fields to the mix and the ethnic and political tensions rise further. Civil wars have erupted over less. Shiites and Sunnis won't support an independent Kurdish state unless it shares the Kirkuk fields. Would Kirkuk then be internationalized? The history of internationalized cities is not a happy one.

An Iraqi split might seem seductive, but those who are tempted might recall Horace Greeley's advice in 1861 to deal with the South by letting the "erring sisters depart in peace." Greeley later changed his mind and urged the North to fight to preserve the Union.

As hard as it is to imagine, the consequences of a divided Iraq could be even worse than the woes of today. The United States should use whatever influence it has in Iraq, and in the region, to foster a central government in Baghdad capable of moving the country toward stability through negotiation among the contending parties — whatever we may think of their arrangements. That would be the best protection — under the circumstances — for all Iraqis.

Rally On Mall Supports Troops (WT)

By Tarron Lively

The Washington Times, September 24, 2006

Backers of the war on terrorism rallied on the Mall yesterday for the second annual Support the Troops and Their Mission Weekend in Washington.

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A crowd estimated at between 70 and 100 people waved U.S. and military flags as they listened to speeches by family members of soldiers and representatives of groups such as FreeRepublic.com, the sponsor of the rally; Project 21; and Military Families Voice of Victory.

Kristinn Taylor, co-founder and spokesman for the D.C. chapter of Free Republic, moderated the event, which honored Gold Star and Blue Star families.

"The myth is that we've all come together after 9/11, which isn't entirely true," he said. "The left [wing] is the left. It will always attack America first, will always blame America first, will always work with our enemies to bring down America.

"So, we made a vow that we would not allow the anti-American left to do to this country and this generation of our military what they did to them during Vietnam, and we've kept that vow for five years now," he said.

Mychal Massie, a member of Project 21, a network of black conservatives, agreed.

U.S. troops "place service to America before service to themselves, realizing that service to America is indeed service to us all," Mr. Massie said. "They need to know that we support their families, their friends and, most of all, their children. ... Tomorrow's freedom rests on their [children's] shoulders."

Richard August of North Kingstown, R.I., whose son, Matthew, was an Army captain killed in Iraq two weeks before his 29th birthday in 2004, said he doesn't regard his son's death as a tragedy.

"My son died in the service of his country," he said. "He and eight other soldiers of his company died during their deployment because, in my son's words, they were in Iraq trying to help the majority of Iraqi people overcome the brutal effects of a dictator's rule over 30 years.

"Theirs were not tragic deaths. Theirs were noble deaths," he said.

Richard Linn of Chesterfield, Va., said his son, Lance Cpl. Karl R. Linn, 20, was killed with three others from his unit in January 2005 in an ambush in Iraq's Anbar province.

"One thing Karl and I agreed on was, despite whatever reasons we've got [for being] over there, that the only thing to do was to finish the job correctly," he said. "And to that end, I support our efforts, and I support our troops to this day."

Leo Flood of Fort Hood, Texas, who has a son in the Navy, said he opens his home and his wallet to all military members whom his son brings home to visit.

"We shouldn't even have to be here," he said of the rally. "It should be an automatic assumption that we support our troops and their mission in any way, shape, form or fashion."

Evan Sayet, a comedian and political commentator, said he was a liberal until he witnessed their reaction to September 11, which he said ultimately showed their disloyalty to the country when they railed against the war.

"The left rejects fact, reason and logic as an act of bigotry," he said. "How do they think they're making a better world by siding wholly with evil over good, wrong over right, and the behaviors that lead to failure over those that lead to success?"

CORPORATE SCANDALS:

Dangers Of A World Without Rules (NYT)

The New York Times, September 24, 2006

IT was just another ho-hum week on Wall Street: the Federal Reserve held rates steady, stocks were about flat — and a hedge fund called Amaranth Advisors lost $6 billion.

Amaranth and its investors are still sorting out the fund's huge, wrong-way bet on natural gas prices that appears to have cost it two-thirds of its $9.25 billion in assets. In the meantime, where were commodities regulators as Amaranth amassed its positions that in the unwinding have had such an impact on energy prices?

To answer that question, we must travel back to Dec. 15, 2000, the final day of the 106th Congress, when a last-minute provision was inserted into legislation removing regulatory oversight from energy commodities traded on over-the-counter electronic exchanges.

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The provision was an early Christmas gift to a company that had worked hard to persuade members of Congress that electronic energy exchanges and all the trades made on them should be exempt from regulators' prying eyes. The company was Enron.

With one swift kick, the Commodity Futures Modernization Act, as the legislation was called, booted commodity cops off a now-large segment of the energy trading beat. While the New York Mercantile Exchange requires its participants to file so-called large trader reports with the Commodity Futures Trading Commission to help it spot manipulation, over-the-counter electronic exchanges do not make such filings. Instead, the electronic energy markets are left to pretty much regulate themselves.

Many of Amaranth's monster trades in the natural gas markets were conducted on over-the-counter markets or with so-called voice brokers and so were not on regulators' radar screens.

It is too soon to tell what role Amaranth's gamble had on natural gas prices. But speculators played a significant role in the astonishing rise in energy prices in recent years.

Such is the conclusion of a compelling Congressional report produced in June by the Senate's Permanent Subcommittee on Investigations of the Committee on Homeland Security and Governmental Affairs. The 49-page report detailed the explosion in energy speculation on unregulated trading markets and recommended eliminating the so-called Enron loophole that put electronic energy trading off the regulatory reservation.

The Oil and Gas Traders Oversight Act of 2006 would close the loophole. Until last week the bill was languishing. With any luck, the Amaranth debacle may change that.

The bill is sponsored by four senators: three Democrats — Dianne Feinstein of California, Carl Levin of Michigan and Maria E. Cantwell of Washington — and a Republican, Olympia J. Snowe of Maine.

"We didn't need more evidence that there is a big Enron loophole that's gaping in our regulation of these energy traders, but we sure got it" with Amaranth, Mr. Levin said. "This is proof that you've got to have oversight."

Mr. Levin said that a similar amendment was narrowly defeated several years ago. "We've got a unanimous consent agreement to bring the bill up, but the Republican leader is not going to schedule it," he said, referring to Senator Bill Frist of Tennessee, "which probably reflects the power of the oil and gas industry around here."

Speculators have been a force in the rise in energy prices in recent years. Supply has not been a problem — the amount of natural gas in storage since mid-2004, for example, has exceeded the previous five-year average, except for a Katrina-related shock.

Even so, prices of natural gas have also exceeded their five-year average. This highly unusual situation has occurred as investors, disappointed with middling returns elsewhere, have poured money into commodities.

Philip K. Verleger Jr., an economist who runs his own firm in Aspen, Colo., estimates that in the past two years, $130 billion has flowed into commodities index funds. An additional $150 billion has gone directly into energy commodities, he said.

"Commodities as an alternative asset class has always been a great idea," Mr. Verleger said. "But like all investment ideas, everything is good in moderation and nothing ever happens in moderation."

Hedge fund traders have been among the biggest beneficiaries of this boom, booking billions in profits — and pay — in recent years.

But another big winner has been the IntercontinentalExchange, the leading electronic exchange for energy trading. Known as ICE, the exchange was formed in 2000 by seven investment banks and oil companies, including Goldman Sachs, Morgan Stanley, BP Amoco and the Royal Dutch/Shell Group. Based in Atlanta, it has been a public company for almost a year; not surprisingly, its stock has doubled so far this year.

Traders have flocked to ICE. In 2003, 13.7 million natural gas contracts traded there, with a notional value of $186 billion. Last year, 55.5 million such contracts traded, with a notional value of $1.3 trillion.

In regulatory terms, ICE operates its over-the-counter markets as an exempt commercial market, meaning it is subject to the Commodity Exchange Act's bans on fraud and manipulation but not subject to the C.F.T.C.'s regulatory oversight.

"The history of the commodities markets demonstrates it is unrealistic to rely on the self-interest of a few large traders as a substitute for dedicated, independent oversight to protect the public interest," the Congressional report noted dryly.

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Johnathan H. Short, ICE's general counsel, said: "If anybody is doing anything inappropriate they would stand to be liable if it were proven that they manipulated a market. We have thousands of people looking at our screens; if somebody sees something unusual we have an obligation to report into the C.F.T.C. so it can take appropriate investigative action."

Many of those screen-watchers are hedge funds — the fastest-growing constituency at ICE. While hedge funds and other proprietary trading outfits accounted for 4.6 percent of total commissions in 2003, they accounted for 28 percent in the second quarter this year. The percentage of commissions generated by commercial companies and financial institutions has fallen during this time.

Government filings indicate that ICE would prefer to keep the regulatory setup precisely as it is. Noting in its annual report that members of Congress had introduced legislation in the past that would bring the exchange's business under direct regulation by the C.F.T.C., the company said: "If adopted, this legislation could require us and our participants to operate under heightened regulatory burdens and incur additional costs." Such a bill, it added, could also "deter some participants from trading on our O.T.C. platform."

WHAT does the C.F.T.C. think of the Amaranth situation? So far, "it appears that the system is working the way it is supposed to, in terms of the market discipline of creditors, brokers and clearinghouses," said James A. Overdahl, chief economist at the C.F.T.C. He is confident, he said, that the commission can spot manipulation on over-the-counter markets, even if it does not regulate them, because the prices of O.T.C. contracts are set by trades on the Nymex, which is under its jurisdiction.

But the propane manipulation case brought against traders at BP earlier this year suggests otherwise. The C.F.T.C. did not detect the manipulation, which involved over-the-counter trades — it learned of the problem from a whistleblower. One former trader pleaded guilty to participating in a conspiracy to manipulate and corner the propane market. BP has denied wrongdoing and is cooperating with the inquiry.

The energy markets are too important to the economy and the American consumer to be left to bet-the-ranch hedge fund traders. Isn't it interesting: Enron has been dead for almost five years. But as last week's implosion of Amaranth shows, its troubling legacy lives on.

Regulating Hedge Funds (NYT)

The New York Times, September 24, 2006

As debacles go, the one last week at the hedge fund Amaranth Advisors was orderly. The fund's star trader had bet big that natural gas prices would rise. They fell instead. On Monday, the fund admitted it had lost more than $3 billion, a sum later pegged at $6 billion. And yet, as of Friday, the fund, though badly battered, had managed to avoid liquidation.

It could have been much worse — and not just for the investors who were burned.

Hedge funds — largely unregulated investment pools for wealthy individuals and institutional investors — have infiltrated every corner of every market, taking big risks for big returns. Market players know that big risks can also mean big losses. But in the days after Amaranth's meltdown they were unnerved by what they did not know, such as how much of Amaranth's bet had been made with borrowed money. If questions about the fund's ability to make good on its obligations had persisted — or if a default had ensued — markets would have been vulnerable to a debilitating chain reaction in which financial entities like banks and brokerages slam the brakes on deal making, hoping to avoid the accident unfolding in front of them.

That didn't happen this time. But Amaranth is only one of 9,000 hedge funds that collectively manage an estimated $1.2 trillion in assets — a size and scope undreamed of a decade ago. Not all hedge funds throw borrowed money at hot-handed traders to make outsized bets. But it would be naïve to think there aren't more shocks in store.

With that in mind, regulators need to act now to translate their various calls for hedge-fund oversight into enforceable rules and, in some instances, into concrete proposals for Congress to enact.

A week before the Amaranth debacle, the president of the Federal Reserve Bank of New York, Timothy Geithner, said in a speech that the growth in hedge funds would eventually force regulators to think about ways to better protect the financial system. Eventually is now. Two years ago, the Securities and Exchange Commission passed a rule to register hedge funds, with the goal of greater oversight of pension investments in hedge funds. The rule was flawed, and was overturned in court. But the aim was a

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good one. The S.E.C. should pursue a focused set of hedge-fund reforms and Congress should pass a law to prevent pension funds from investing in hedge funds that do not submit to federal regulation.

Congress should also repeal a law from 2000 that limits regulators' ability to monitor over-the-counter derivative securities — financial instruments not listed on the exchanges. That market has grown markedly in recent years and contributes greatly to hedge funds' wheeling and dealing.

Policy makers know hedge funds cannot adequately police themselves. What are they waiting for?

CRIMINAL LAW:

Timing In Case Against Jefferson Tricky (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, September 24, 2006

Election may affect when feds tip hand

WASHINGTON -- With the selection last week of a technology expert to copy documents from computer hard drives taken from Rep. William Jefferson's office, the Justice Department might soon have the material it says it needs to wrap up its 18-month investigation of the New Orleans Democrat.

That could leave the agency with a dilemma: Should the department decide whether to seek an indictment of Jefferson before the Nov. 7 primary or wait until after the race is decided?

Jefferson, facing the first tough re-election challenge since his election to the House of Representatives in 1990, has attracted 12 opponents.

While the timing of elections is one of many factors that the Justice Department examines in deciding whether to indict an elected official, matters of law are the paramount concern, former and current federal prosecutors said.

"The policy is that you should bring an indictment when you have the evidence and when you are ready to proceed without consideration for an election," said Eric Holder, who headed the department's public integrity section during the Clinton administration.

A current Justice Department official, who asked not to be identified because he feared his "general remarks about process" might seem aimed at the Jefferson probe, said an election could be one of many factors considered. But he said it is a relatively minor one and is even less important in a case where the public is already aware that the elected official is the target of a probe.

Jefferson has all but said he expects to be indicted, proclaiming that he looks forward to vigorously proclaiming his innocence in the "appropriate time and forum."

No good choice

The investigation, in which a cooperating witness secretly recorded conversations with Jefferson, has netted two guilty pleas from former associates who say the congressman demanded and accepted bribes through businesses operated by his family in return for pushing technology projects in Africa.

In the past, the Justice Department has indicted elected officials right before and right after elections. Either way, the timing has generated criticism. Indictments just after an election have been criticized for not giving voters information they needed to evaluate the candidate up for re-election. Indictments just prior to an election have been attacked as attempts to snuff out the official's re-election chances.

"Either way you decide to do things -- whether to bring charges before an election or after an election -- can be considered political," said Binny Miller, a law professor at American University's Washington College of Law. "If you indict before an election, let's face it, some people consider being charged with the crime the same as being found guilty by a jury, ignoring the long-held belief by many that a prosecutor could get a grand jury to indict a ham sandwich."

Stanley Brand, a former counsel to the House of Representatives, said it's not as if investigations of House members can occur at convenient intervals.

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"House members run every two years," Brand said, "so there really isn't any good time to indict if you don't want to influence elections."

In Jefferson's case, it's unclear how an indictment before the November election would affect his chances. Significant information about the case has already come out, including the discovery of $90,000 in $100 bills packed inside the freezer of his Washington, D.C., home. So it's possible that voters already think they know the worst and have already decided whether they believe Jefferson's declarations of innocence.

An indictment might even boost Jefferson's claim that the Justice Department, which subjected him to the first-ever raid of a congressional office, was unfairly targeting him.

Often seen as guilty verdict

On the other hand, as Miller, the American University law professor, says, some voters see an indictment as almost tantamount to being found guilty, regardless of the presumption of innocence guaranteed defendants.

Among the examples of government indictments that generated controversy was the 1988 decision to prosecute Rep. Robert Garcia, D-N.Y., on bribery-extortion charges, announced two weeks after he was elected to a sixth term. Asked why the indictment wasn't brought before the election so voters could weigh the charges, the federal prosecutor, Rudolph Giuliani, later mayor of New York, responded that the timing was based entirely on legal, not political, considerations.

In 1978, Rep. Joshua Eilberg, D-Pa., was indicted two weeks before the general election on charges of receiving illegal compensation to help a hospital get a federal grant. Eilberg, who died in 2004, lost the election.

Asked why the indictment was brought so close to the election, then-U.S. Attorney Peter Vaira said: "We have one rule: Whenever an investigation is finished, we bring an indictment. To do otherwise would be unfair."

Last week, U.S. Magistrate John Facciola ordered the computer forensics firm of Stroz Friedberg LLC to begin searching computer images seized from Jefferson's office, instructing the firm to deliver computer documents to him on a "rolling basis" of no fewer than 1,500 pages, and not more than 1,700 pages. Some involved in the case expect that process to continue for two or three weeks.

Under a process established by a three-judge appellate court, Jefferson's attorneys would have 48 hours after getting all the material seized from his office to argue what documents they think should be denied to federal prosecutors.

If Chief District Court Judge Thomas Hogan rejects Jefferson's request, his ruling would likely set up another appellate hearing, although it's not certain it would hold up distribution of the documents federal prosecutors say they need to wrap up their investigation.

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Marlinga May Learn His Fate This Week (MACOMBD)

By Jameson Cook, Macomb Daily Staff Writer

Macomb (MI) Daily, September 24, 2006

Outcome of federal corruption trial hard to predict due to circumstantial nature

Whatever anyone thinks about the strength of the federal criminal case against Carl Marlinga won't matter this week as a jury will begin deliberating the former prosecutor's fate.

Advertisement

Predicting a jury verdict is difficult, especially in a circumstantial case such as this, according to experts.

"This isn't an open and shut case," said Lawrence Dubin, University of Detroit Mercy law professor. "You never know what a jury will do in a case."

Prominent Macomb County defense lawyer Stephen Rabaut said: "You don't know because even if the evidence points your way, if it doesn't pass the 'smell test,' it could go the other way. If there is a strong personality on the jury who is not on your side, then you're in trouble."

The 14-person jury, which will be whittled down to 12 for deliberations, will begin mulling Marlinga's fate late Monday or Tuesday in U.S. District Court in downtown Detroit, after Marlinga completes testifying in his defense.

Marlinga, 59, Macomb County prosecutor for 20 years until 2005, is charged with five counts in connection with supposedly exerting influence in two criminal cases his office handled in exchange for more than $30,000 in campaign contributions, as well as exceeding the limits of contributions. He faces a maximum penalty of 10 years in prison, if convicted.

Marlinga will continue testifying in his defense Monday morning under cross examination by U.S. Attorney Robert Cares, after beginning Wednesday (No trial took place Thursday and Friday). Attorneys for the U.S. Justice Department and Marlinga's defense will make their last-ditch arguments to jurors after Marlinga completes his testimony. Closing statements by both sides will take place on the same day.

Following instructions by Judge Victoria Roberts, the case will be out of the attorneys' hands and into the hands of the jury, which now consists of 10 women and four men.

During Wednesday's testimony, Marlinga staunchly defended his actions, saying that campaign contributions from people involved with criminal defendants in two cases for his failed bid for Congress in 2002 didn't influence his legal opinions. In one case, he said he didn't even provide enough influence to matter.

"Money would not make a difference. Money could not make a difference. Money would never make a difference," Marlinga said defiantly.

He insisted his fund-raising activities were legal, and any potentially illegal maneuvers designed to skirt campaigning finance laws were committed by others and unknown by him.

Dubin and Rabaut said Marlinga taking the stand in the trial should help him with the jury, although they agreed he should not have testified to the grand jury investigating the case in 2004 and 2005.

"A lot depends on his ability to explain what he did was within his ethical duty as a prosecutor," Dubin said.

Rabaut called his decision to go in front of the grand jury "ridiculous."

"All you can do is hurt yourself and open yourself up to contradiction," he said.

In fact, U.S. attorneys Cares and Jonathan Tukel during the trial have pointed out many passages of Marlinga's two grand jury appearances, displaying some long paragraphs on a large screen in the courtroom. They have pointed to some slight differences in his testimony.

"It's hard for any human being to be 100 percent consistent," Rabaut said. "You can be honest and not be 100 percent consistent."

Part of the case involves Marlinga providing favorable comments to the state Supreme Court for Jeffrey Moldowan of Warren, who was convicted in 1991 of rape, attempted murder and kidnapping for a 1990 incident that began in Warren. The high court ordered a new trial in 2002, and, in 2003, Moldowan, now 36, was acquitted by a Macomb County Circuit Court jury.

Marlinga received $4,000 in campaign contributions from Moldowan-advocate Ralph Roberts and his wife in 2001 and 2002 about the same time he drafted a legal brief that conceded Moldowan suffered "actual prejudice" in his original trial due to evidentiary problems.

Rabaut said that while the jury may be instructed not to consider the outcome of the Moldowan trial, it may do so, and it could cut either way. The jury may believe Marlinga's legal instincts in the end were justified and morally correct by the not guilty verdict, or the jury could conclude that Moldowan should not have been found not guilty.

Judge Roberts has said from the bench "I am not trying the Moldowan case" in this federal trial, but much of the case has been rehashed in detail by attorneys on both sides.

Marlinga also received more than $20,000 in contributions from criminal defendant James Hulet of St. Clair Shores, who was charged in 2001 with rape, drug delivery and gun possession, through his defense attorneys Dennis Johnston and Robert Leithauser and their family members. The government says Marlinga influenced the outcome of Hulet's case. He pleaded guilty to a lesser sexual contact charge and lesser drug charge, and was sentenced in January 2004 to two years in prison on the original gun charge, and is serving three additional years of probation.

As part of the more than $20,000 supplied by Hulet, Johnston donated $10,000 to the Michigan Democratic Party. In addition, Johnston gave $4,000 to state Sen. James Barcia, and Barcia's federal campaign committee and political action committee in turn gave $4,000 to Marlinga's campaign.

Marlinga is accused with one count of bribery in connection with the Moldowan case. Marlinga additionally is charged with bribery, lying to investigators, mail fraud and exceeding campaign contributions in connection with the Hulet case as well as the alleged "conduit" scheme with Barcia's campaign.

The alleged campaign contribution violation is a misdemeanor while the other offenses are felonies.

Roberts and Barcia originally also were indicted for their roles, but those charges were dropped.

Marlinga, a Democrat who raised $988,000 in his bid to beat Republican U.S. Rep. Candice Miller, who raised $1.6 million, lost the race in November 2002.

After leaving the prosecutor post, Marlinga, who lives with his wife, Barbara, in Sterling Heights, opened a law practice in a building on Elizabeth Road in Clinton Township, across the street from the Macomb County Sheriff's Office and Jail in Mount Clemens.

Pursuit Of Death Penalty In Moonda Case Surprises Attorney (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 24, 2006

Prosecutors in Donna Moonda case say killing of her husband was greedy, premeditated crime

Bonnie Brown Heady kidnapped and murdered a 6-year-old boy. Ethel Rosenberg leaked atomic secrets to the Soviet Union.

The U.S. government executed them both in 1953. No woman has been put to death in a federal case since.

Given that history, Donna Moonda and her attorney did not expect prosecutors to seek the death penalty against her.

"I was surprised when they did," Roger Synenberg, Mrs. Moonda's attorney, said of the government's decision this month to pursue a capital case. "I didn't think this would happen."

Mrs. Moonda, 47, of Hermitage in Mercer County, is charged with hiring her 25-year-old lover to murder her husband.

She says she is innocent. Prosecutors say she is a cold, money-hungry killer who planned the murder of Dr. Gulam Moonda for six months.

Dr. Moonda 69, a urologist, died in front of his wife and mother-in-law on the Ohio Turnpike the evening of May 13, 2005. Damian Bradford, who was having an affair with Mrs. Moonda, shot the doctor dead. He says it was premeditated murder that was supposed to look like a highway robbery.

Mr. Bradford admits he killed because of greed, saying Donna Moonda promised him a seven-figure payoff. He said she expected to collect millions in inheritance and life insurance proceeds from her husband's death and told him he would receive half of the money.

The planning that went into the crime is one reason U.S. Attorney Gregory A. White, of the Northern District of Ohio, is seeking the death penalty against Mrs. Moonda.

Another factor is that Mrs. Moonda's mother, Dorothy Smouse, then 74 years old, was in the car with Dr. Moonda when Mr. Bradford shot him.

"She made her own mother a witness to murder, and placed her in the line of fire when she planned that her husband would be shot to death," Assistant U.S. Attorney Linda Barr said in a brief filed in the summer, when Mrs. Moonda was trying for bail.

Mr. Synenberg said he did not expect a capital case because the government reached a "sweetheart" plea bargain with Mr. Bradford. He could receive as little as 171/2 years in prison in return for his testimony against Mrs. Moonda.

"One issue that is supposed to be considered in death-penalty decisions is disparity of sentences," Mr. Synenberg said. "They gave the person who pulled the trigger 17 years and they want to put my client to death."

Mr. White declined to be interviewed, but he and his trial staff consider Mrs. Moonda the instigator of the plot. They believe Mr. Bradford, a small-time drug dealer in Beaver County before the murder, had no inclination to kill the doctor until she set the plan into motion.

Mr. Synenberg, though, has begun arguing that Mr. Bradford killed on his own, without any help from Donna Moonda.

"Bradford saw a sugar daddy," Mr. Synenberg said. "By killing him, he thought, he could get his hands on a lot of money."

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Mr. Bradford and Mrs. Moonda met in 2004 in a Beaver County drug-rehabilitation center. He said he was addicted to cocaine. She had stolen the painkiller fentanyl from hospitals where she worked as a nurse anesthetist. The second drug case led to her firing and a criminal prosecution.

He said she told him she was 31 years old and married to a doctor in his 50s. In December 2004, Mr. Bradford said, she decided she wanted her husband dead.

By that time, he said, Mrs. Moonda was in the habit of giving him money and gifts. She smuggled him steroids from her husband's medical office to indulge Mr. Bradford's nascent interest in bodybuilding, he said.

Though Mr. White recommended a death-penalty prosecution against Mrs. Moonda, the final decision was made by U.S. Attorney General Alberto Gonzales. He must authorize every capital case in the federal system.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C., said federal prosecutors had a record of diligence in capital cases.

"Money is spent to do these cases right," said Mr. Dieter, whose organization takes no moral stand on the death penalty, but monitors the fairness of state and federal prosecutions.

Today, 45 federal prisoners are on death row. One, Angela J. Johnson, is a woman.

She was sentenced in December for the 1993 murders of five people in Mason City, Iowa. The victims included two girls, ages 6 and 10.

Iowa is one of 12 states that have no death penalty, but Ms. Johnson and her boyfriend, Dustin Honken, were prosecuted by the U.S. government.

A methamphetamine dealer, Mr. Honken also has been sentenced to death for the murders. Ms. Johnson, 41, says she had no knowledge of her boyfriend's plan to kill anyone. She has years of appeals ahead to press that claim.

That was not the case with the first woman executed by the federal government.

She was Mary Surratt, who was hanged July 7, 1865, for conspiring in the assassination of President Abraham Lincoln. Her execution came 83 days after the president's death.

Execution was even swifter for Bonnie Brown Heady. An alcoholic and a prostitute, she was smooth enough to escort 6-year-old Bobby Greenlease from his Kansas City, Mo., elementary school in September 1953 by falsely claiming to be his aunt.

Bobby's father was one of the wealthiest auto dealers in America. Ms. Heady and her boyfriend, Carl A. Hall, had been watching the Greenleases for months, intent on extorting money from them.

They shot Bobby in an Overland Park, Kan., field less than an hour after abducting him, then demanded a $600,000 ransom from his family, who assured the boy was alive.

Because Ms. Heady and Mr. Hall had crossed state lines in the crime, they were prosecuted by the federal government. They were executed Dec. 18, 1953, 81 days after Bobby's death.

Ms. Heady, 41 when she went to the gas chamber, died six months after Ethel Rosenberg. Mrs. Rosenberg, 37, and her husband, Julius, 35, were electrocuted after being convicted of espionage.

Theirs was perhaps the most publicized federal death-penalty case until Timothy McVeigh's. He was executed for killing 168 people in the Oklahoma City bombing of 1995.

A Quiet Bombshell In The Legal World (LAT)

By Robert Weisberg, Robert Weisberg Is A Professor Of Law At Stanford University And Director Of The Stanford Criminal J

The Los Angeles Times, September 24, 2006

A single high court decision puts mandatory sentencing laws in limbo.

VIRTUALLY every American knows about Miranda, the famous U.S. Supreme Court decision requiring police officers to inform suspects of their rights. But not even many lawyers know about Blakely vs. Washington. Yet this Supreme Court ruling in 2004 took its place alongside Miranda and others — including Gideon vs. Wainwright (which required states to provide a lawyer to indigent felony defendants) and Terry vs. Ohio (which allowed police to stop and frisk subjects without probable cause) — as a precedent that would change the course of American criminal justice.

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Although the decision had its roots in a dry and abstract legal question, the case itself centered on a horrific crime. Ralph Blakely Jr., a rancher from the state of Washington, had kidnapped his estranged wife at knifepoint, bound her with duct tape and stuffed her into a box in his pickup truck. At sentencing, the trial judge concluded that Blakely had acted with "deliberate cruelty" — an "aggravating factor" expressly legislated under Washington's sentencing statute — and, as a result, sentenced Blakely to 90 months in prison instead of the standard 53 months.

But the U.S. Supreme Court struck down the sentence, saying that the 6th Amendment right to a jury trial prohibited judges from increasing criminal sentences on the basis of facts that had not been decided by a jury or confessed to by the defendant. Because a jury had not determined beyond a reasonable doubt that Blakely acted with "deliberate cruelty," the judge could not rely on that fact to increase the sentence. That may not sound like an enormous decision, but it proved revolutionary. Overnight, sentencing rules across the country were thrown into turmoil. Dozens of sentences — maybe hundreds — were called into question. If the decision were applied retroactively, how many felons might challenge their sentences?

As many predicted when the Blakely ruling was handed down, the next shoe to drop involved the federal sentencing guidelines for criminal trials — a massively complex and controversial structure created in the 1980s. Last year, the Supreme Court ruled that this vast system of rules also violated the decision in Blakely. The result, for the last two years, has been a state of suspended animation for federal sentencing. Although the justices didn't wipe the federal sentencing guidelines off the books, they ruled that, henceforth, the guidelines must be considered "advisory" rather than mandatory.

As the court enters its new session next week, it continues to face the consequences (perhaps unintended) of its watershed Blakely decision.

For instance, in Cunningham vs. California, which is to be argued Oct. 11, the court is being asked to decide whether California's sentencing laws violate Blakely. The case involves John Cunningham of Contra Costa County, who was convicted on charges of sexually abusing his son. Under California's sentencing rules, the judge was allowed to sentence him to a "lower," "medium" or "maximum" sentence. Because the judge thought that the "aggravating" factors outweighed the "mitigating" factors, he sentenced Cunningham to the maximum: 16 years. But because five out of six of those factors had not been determined by a jury, Cunningham has challenged the sentence, saying the California "triad" structure too closely resembles the unconstitutional Washington scheme. At stake is the California sentencing system.

The other big question still facing the court in the wake of the Blakely decision involves not where the ruling applies but when. In Burton vs. Waddington, the court is being asked to decide whether Lonnie Lee Burton, convicted on charges of raping a 15-year-old boy in Indiana in 1991, can have his case reopened under the Blakely ruling.

The question is about the retroactivity of judicial decisions, a very esoteric area of the law. In theory, judges never "make" law but simply interpret or discern its meaning. So if the 6th Amendment means what the high court said in Blakely, it has always meant that, even if earlier judges didn't notice.

By that theory, all decisions ought to be applied retroactively. But if judges feared that refining or expanding laws would lead to the reopening of vast numbers of old cases, they might choose never to do so. So our legal system has created a strange compromise. Roughly put, a decision can be applied retroactively if it looks like a mere extension of an established rule — but not if it is the announcement of a new rule. It also can be applied retroactively if the rule seems absolutely fundamental to a fair trial, not a more technical rule.

So in deciding whether to apply Blakely retroactively, the court will tell us just how important or new it thinks its 2004 creation is after all. But this esoteric little piece of legal doctrine has already proved pretty powerful.

Two Former Restaurant Owners Sentenced To Jail For Bank Fraud (DEKDC)

DeKalb (IL) Daily Chronicle, September 24, 2006

ROCKFORD - The former owners of two DeKalb restaurants were sentenced Friday to time in a federal prison for bank fraud.

According to a press release from the Department of Justice, George Broches, 43, of DeKalb was sentenced to eight years and one month in prison without parole, and must pay $271,997.62 in restitution. His former business partner, Dimitrios Brotsis,

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47, of Creston, was sentenced to one year in prison and $97,309.78 in restitution. The men were the owners of the Spring Garden Restaurant and Arcade Dreams Bar and Grill in DeKalb.

The men were indicted in April 2005 in a federal court in Rockford on charges of bank fraud. According to the Justice Department, Broches and Brotsis deposited bad checks into the bank accounts for the two businesses in January 2000, then withdrew money from the accounts before the bank realized the checks were worthless. They reportedly defrauded the bank out of more than $97,000 during the two-week period.

Broches also was convicted of making a false statement on a commercial loan application in 1999 and on a mortgage application in 2000, and of producing counterfeit credit cards and gift cards from 2002 to 2004 and using them to make purchases.

In a related case, Betty Broches, 38, of Sycamore pled guilty to making a false statement on a loan application and was sentenced to four years of probation, four years of electronic home monitoring and $45,000 in restitution. Her relationship to George Broches is not clear.

Brotsis and Betty Broches pled guilty to the charges on May 25, 2006, and George Broches pled guilty June 2.

The case was investigated by the Rockford division of the FBI and the Chicago division of the U.S. Secret Service, with help from DeKalb Police and the Ogle County Sheriff's Office.

Polygamy. (CHIT)

By Kirsten Scharnberg And Manya A. Brachear, Tribune Staff Reporters

Chicago Tribune, September 24, 2006

(Utah's open little secret)

EAGLE MOUNTAIN, Utah -- The neighborhood looks like any other in the upper-middle-class suburbs: sprawling homes with porch swings and manicured lawns strewn with discarded kids' bikes.

But beneath the all-American veneer, much is different in this upscale subdivision 40 miles south of Salt Lake City.

"Pretty much everyone who lives here is polygamous," said Mary--a woman who gave a recent tour of the area and is herself the second wife of a Utah man. She, like other polygamists interviewed for this story, asked to be identified only by her first name for fear of prosecution. "There may be one or two houses that aren't, but virtually everyone else here is one of ours."

In the weeks since the arrest of Warren Jeffs, the fundamentalist Mormon leader who made the FBI's 10 Most Wanted list for allegations that he facilitated the rape and marriage of underage girls, there have been constant questions about the real pervasiveness and peril of polygamy in Utah.

Mainstream Mormons in the Church of Jesus Christ of Latter-day Saints, with 12 million members worldwide, have asserted that all polygamous denominations--including Jeffs' Fundamentalist Church of Jesus Christ of Latter-day Saints--are aberrations in a state where the influential Mormon Church suspended the practice of polygamy more than a century ago. But Utah's attorney general, pro-polygamy activists and other experts estimate there are 40,000 people living in polygamous families or communities like this one across the Western U.S.--with a large portion of them residing in suburban Utah.

Although it is rare that allegations of abuse are as systemic or egregious as those reported in the community led by Jeffs, virtually every other polygamous sect practicing in Utah today has been linked to financial, sexual or spiritual improprieties. Federal grand juries in Arizona and state investigators in Nevada are probing polygamist practices in those states, according to media reports.

Earlier this month, Senate Minority Leader Harry Reid (D-Nev.), himself a Mormon, asked U.S. Atty. Gen. Alberto Gonzales to create a federal task force to investigate polygamy sects in the Western U.S., particularly Jeffs' church, a group in which girls as young as 13 are being married and hundreds of boys have been excommunicated and cut off from their parents in an alleged effort to reduce the elders' competition for wives. Still, in his letter, Reid's comments made clear he was referring to Utah's polygamy subculture in general as much as to Jeffs' community along the Utah-Arizona border.

"For too long, this outrageous activity has been disguised in the mask of religious freedom," he wrote. "But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated."

Defending their faith

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In the wake of such comments, Utah polygamists have come forward in unprecedented force to defend their faith, values and lifestyle. They say plural marriage fulfills the mission of all Mormons to be fruitful and multiply and to ascend to the highest reaches of heaven. They say it breaks their hearts that the mainstream church in 1890 abandoned polygamy--or what one expert called "the process of polishing the soul"--to appease the federal government and ensure Utah would earn statehood. They point to such communities as Eagle Mountain and Rocky Ridge, where polygamous families appear to be happy and prosperous, often with multiple wives of one husband living in palatial homes with adjoining yards.

"We're really sickeningly boring," said Jane, another wife to the same husband as Mary. "There is no high drama. We are the people next door--it's just that there are more of us."

During the 2004 campaign for Utah attorney general, polygamy was called the state's "dirty little secret," and candidates for the top law-enforcement position debated how best to deal with it. Mark Shurtleff won and has since implemented a policy to essentially leave polygamists alone unless they are committing other crimes simultaneously. Although the act of having more than one spouse is a felony punishable by up to 5 years in prison in Utah, authorities long ago stopped actively going after polygamists.

"We don't have the resources, nor do I think that we should use our resources, to convict every polygamist in Utah, put them in jail and put 20,000 kids into foster care," Shurtleff told a Canadian reporter recently when asked the state's approach to cracking down on polygamy. "What we're focusing on are crimes against women and children and tax fraud and other crimes involving misuse of public money."

Indeed, long before Jeffs was arrested on a highway outside Las Vegas, those crimes have been evident. For example:

The True and Living Church of Jesus Christ of Saints of the Last Days was the subject of much criticism when a young woman fled the community and went to authorities alleging she had been coerced into marrying her stepfather after years of being told she would burn in hell otherwise, according to a book detailing the case. Utah's attorney general chose not to prosecute the man, a charismatic preacher who has claimed to be the reincarnated Mormon prophet Joseph Smith, because the woman was 20 years old and deemed a consenting adult.

The Apostolic United Brethren, a polygamous community in Utah with 7,500 members, a beautiful suburban complex with athletic fields, an outdoor dance pavilion and a private school, was found in court to have bilked a wealthy member out of more than $1.5 million, and a judge ruled the sect and its leaders had to return it.

In the Davis County Cooperative Society, a polygamous community north of Salt Lake City, the leading family, the Kingstons, has been said by state prosecutors to have assets worth well over $150 million. Yet court testimony in a recent child-abuse and custody case revealed that one of the community's patriarchs argued he could not pay the monthly child support ordered by a judge for the children of one of his several wives. Another of the family's leaders was convicted in 1999 of felony incest for taking his 16-year-old niece as his 15th wife.

Yet even the most vocal critics are careful not to allege that every polygamist is guilty of such abuses.

"Listen," said John Llewellyn, one of the leading polygamy critics in Utah today. "I'm a former law-enforcement officer, a former polygamist and now someone who's working against polygamy. I've seen this from every side. And the bottom line is that there are a lot of polygamists out there who are good, honest people. There are, unfortunately, that many--or more--who are out there perpetuating every kind of horrible abuse you can't even imagine."

The Apostolic United Brethren community, whose members are scattered throughout Salt Lake City suburbs such as Eagle Mountain, is largely considered by authorities and even several polygamy critics like Llewellyn to be a group in which abuse is neither rampant nor tolerated.

`The highest heaven'

Charles, 41, a computer programmer with three wives and 14 children, lives in central Utah and says he simply wants to carry out God's plan. He and his first wife joined the Apostolic United Brethren, or AUB, and later he took second and third wives, Jeni and Alorah.

"We believe the purpose of plural marriage is to bring spirits here waiting to be born into good families that will teach them the gospel," he said. "A lot of people around here want to live plural marriage so they make it to the highest heaven. When I see what the savior has done for me, you just want to pay him back and do what he says."

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But it's not for every fundamentalist Mormon. Charles' third wife, Alorah, said her mother was the third of four wives and still her decision to enter into plural marriage required intense prayer.

"There's a saying that is kind of common among the girls in this group, that if you can have 10 percent of a 100 percent man, instead of 100 percent of a 10 percent man, then what would you choose?"

Over the decades, polygamous communities have burgeoned statewide--and continue to do so because polygamists have such large families.

Mary and Jane are both married to one AUB community member, a middle-age man who is something of a real-life equivalent of Bill Henrickson, the character in HBO's series "Big Love" who lives in the Salt Lake City suburbs with his three wives, seven kids and ever-mounting bills.

Over dinner at a suburban seafood restaurant, Jane and Mary jointly make fun of their husband while he good-naturedly laughs at their quips. The women brush off questions about jealousy between them by saying he isn't worth fighting over, but they later expound on the Mormon principle of building large families on Earth that later can be replicated in heaven.

The family explains the mechanics of their lives: The two wives have houses next door to one another. (Jane jokingly complains that Mary has the better lawn.) The husband, who asked not to be identified, spends three nights each week with each wife and family; they rotate every other week on who gets the fourth night.

The family grows somber when they discuss allegations that abuses are inexorably linked to polygamy. They go to pains to say their community strongly discourages marrying before the age of 18. Mary is visibly proud when she tells that one of her sons discovered a man in the community was abusing an underage girl and went to police with the information.

"Bottom line," she says, "if you wake up a 13-year-old girl in the middle of the night and marry her off to a man 20 years older than her, that's abuse. Absolutely."

It's families like these that polygamy advocates hold up when they make their most frequent argument: decriminalization. They say that if the fear of prosecution is removed, polygamous groups could stop living in seclusion and secrecy, the very conditions that often enable many of the alleged abuses. Even more, they would then feel less fear about going to authorities to turn in abusers within their ranks.

"It would be all about going after the crimes, not the culture," said Anne Wilde, a former plural wife who now is widowed and the co-director of Principle Voices, a pro-polygamy group.

Yet anti-polygamy activists are equally adamant that the culture invariably leads to problems. At minimum, they say, women are marginalized by a religious doctrine that turns them into a modern harem for their husbands. They tell of marriages in which the husband had more children than he could ever hope to support, thus leaving wives to scrape by as best they could on welfare. But worse, they say, is that the culture has a long tradition of physical abuse, rape, incest and underage marriage that endures.

"I've lived that life," said Vicky Prunty, a co-director of Tapestry Against Polygamy, the state's most vocal anti-polygamy group. "Anyone who tells you women are not being hurt there--forced into allowing their husbands to take on other wives in the name of religion, getting married too young to men much older, being hit or worse--[is] not being truthful."

Elaine Tyler, a volunteer at The HOPE Organization, a group geared toward helping those who have left polygamous communities, has seen firsthand the effects a polygamous lifestyle has on some of its members.

Tyler has met dozens of women, many of whom were forcibly married to much older men long before their 16th birthday, the legal age for marriage in Utah. Many also said they were abused by family members in the Jeffs communities of Colorado City, Ariz., and Hildale, Utah, where incest has become so widespread that the group has what are believed to be the world's highest rates of fumarase deficiency, a rare genetic disease that causes profound mental retardation.

"The abuses are shocking," Tyler said. "Most of the women to emerge from these communities have no idea how unacceptable what has happened to them is. If all they've ever seen is their sister in bed next to them getting molested, then when it starts happening to them they don't think, `Hey, this is wrong.' They think, `Now it's my turn.'"

Reluctant witnesses

In fact, getting witnesses to testify to abuses is always the hardest part of polygamy prosecutions. Llewellyn, a former lieutenant in the Salt Lake County Sheriff's Office who secretly took three wives himself before becoming an outspoken polygamy

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author and critic, said one of the key reasons he disavowed the lifestyle was seeing how polygamous communities routinely refused to testify against those within their fold who were committing crimes.

"I guess what I hope now is that I can pay back for some of the things I've done and been a part of," said Llewellyn, who wrote "Polygamy's Rape of Rachel Strong," a book that chronicled the life of a young woman who left a heavy-handed polygamous community, but only after being pressured into marrying her middle-age stepfather. Llewellyn argues in the book that Strong's stepfather, well-known Utah polygamist James Harmston, forced her into marriage and sex through a campaign of spiritual coercion as "effective as putting a gun to her head." Harmston has called Strong mentally ill and denied having forced her into the marriage.

On a recent Friday evening, as the fall chill began to creep into the mountain air, teenagers from a polygamous community on the outskirts of Salt Lake City gathered for a barn dance.

Erin Thompson, 15, typified the youth of the community who were there: bright, polite, optimistic. She spoke of her plans to attend college, perhaps become a dentist. Looking further ahead, she spoke of marriage and children, and, without hesitation, said she hoped to be a plural wife. She said she felt a religious calling to do so and believed that having to share a husband would teach her about sacrifice and prevent her from making him the center of her universe.

"Bad things happen in every community, whether they are polygamous or not," she said. "I know that. But I believe that this lifestyle can bring more blessings than you can imagine if it is lived correctly, and I understand that if it is lived wrongly it can bring that same amount of pain."

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CIVIL LAW:

To Build A Better Fraud Trap (STPPP)

By Julie Forster

The St. Paul Pioneer-Press, September 24, 2006

With insurers paying out billions of dollars in bogus claims each year, UnitedHealth figured there had to be a better way to identify medical fraud. So over a year ago, fraud investigators at Ingenix, a division of UnitedHealth Group, were told to do something bold.

The result: Ingenix took a page from the credit card industry, developing an analytical tool that helps predict fraud. Ingenix is hoping the technology — now in testing — will work so well that other insurers will be interested in buying it.

Ingenix has company in pursuing the better fraud trap. Fair Isaac, the Minneapolis-based firm well-known in the banking business for its credit card scoring model, has been pushing its own fraud-detection system for more than three years. Though each company says its technology is better than the other's, both agree that fraud is one driver of skyrocketing health care costs.

Estimates of the money lost to health care fraud range widely, from 3 percent of annual health care spending — or some $60 billion — to more than $170 billion. The U.S. General Accounting Office in a 1996 report on health care fraud, noted: "The amount of fraud within the health care system is, by its nature, impossible to accurately detect."

"No one really knows how much fraud is out there," acknowledged Christopher Dorn, director of anti-fraud and recovery solutions for Eden Prairie-based Ingenix. Even so, based on the 3 percent estimate, Dorn claims that Ingenix can identify and save an insurer about half of that.

Squeezing fraud out of the system has taken on new urgency in an era when insurers are having a tougher time increasing premiums. For UnitedHealth Group, that includes its insurance business unit, which is called UnitedHealthcare.

Companies like Ingenix are using computers to sift through massive amounts of data and spot subtle aberrant patterns. Using sophisticated software, the company's real-life experience and its millions of medical histories and records, Ingenix contends that it can tabulate a health care fraud "score." "Cases with a high score are an indication for us to start an investigation," Dorn said.

While this fraud score is derived from potentially thousands of variables, common ones include the distance between a patient's home and where services were allegedly rendered or the incidence of patients being treated after-hours and on holidays.

Most insurers have some capacity to identify billing errors, fraud and abuse. The problem is, most fraud is detected after the claim has been paid. At that point, it's difficult and costly to recover the money. If any money is recovered, it's typically dimes on the dollar. Industry officials agree: a "prevent-and-save versus a pay-and-chase approach" is more effective.

The technology is basically a computer model that acts like a human brain in learning to spot fraud. It's not easy. The billing system physicians use to get reimbursed from insurers requires thousands of codes.

Interpreting those codes is complex. While that leaves opportunity for manipulation, it also leaves a lot of room for innocent billing errors or just differences in interpretation between two groups of people with different goals — the insurers, which are often public companies, and the physicians.

"It's really pretty gray and that grayness creates tension around the relationship between providers and payers," said Roy Sailor, Ingenix's senior vice president, payer solutions.

While doctors are as quick as anybody to criticize fraud, they also have concerns about the new brand of fraud-fighting software. "We think a big distinction needs to be made between intentional acts to defraud from inadvertent billing errors or legitimate differences in medical interpretation," said Dr. Edward Hill, a Tupelo, Miss., physician and past president of the American Medical Association. "This is a very complex area where opinions even among physicians will differ a great many times. Doctors feel intimidated by health insurers that use this kind of mechanism to almost be accusing of doctors of committing a fraud."

At Ingenix headquarters in Eden Prairie, 220 doctors, nurses, mathematicians, lawyers, former law-enforcement officers and others work to detect scams and abuse. The company is working with ID Analytics, an identify-fraud company based in San Diego, to develop the technology.

It is testing the technology on four clients. The millions of claims they generate are assessed and given a score, much like a so-called FICO score that is used to judge a person's creditworthiness. (Fair Isaac developed the FICO score years ago.)

Health care fraud is widespread because the opportunities for profit are great. Brokers, health-plan employees, hospitals, doctors and health-plan members all have the ability to commit wrongdoing. In fact, two years ago UnitedHealthcare agreed to pay the government $3.5 million to settle allegations that the company defrauded the Medicare program, according to the U.S. Justice Department. The company did not admit wrongdoing.

Increasingly, these schemes are being pulled off by organized crime groups, according to the FBI, the primary investigative agency against health care fraud in both public and private health insurance programs.

The big challenge is accurately determining which claims should have a harder look, said Louis Saccoccio, executive director of the National Health Care Anti-Fraud Association in Washington D.C.

Many states have laws requiring insurers to pay providers speedily after the claim is filed. Unless there is evidence of fraud — and that exception is tightly defined — Saccoccio says, claims must be paid promptly. "You cannot hold back large numbers of claims simply because you suspect fraud."

That's important, particularly given the wide and ever-evolving number of schemes. Fraud can run the gamut from physicians filing a claim for service not provided to multimillion-dollar scams.

One scam, involving scores of patients at a Southern California outpatient surgery centers, generated more than $1 billion in claims nationally. The patients were recruited to undergo unnecessary medical services in return for cash or cosmetic surgery. Close to $500 million in claims were reportedly paid. UnitedHealth was one of the first insurers to notice a strange pattern in the claims it processed and notified the FBI.

In some of those cases, recruiters who worked in factories were paid to recruit their co-workers to earn money in exchange for a medical procedure. Patients from across the country — including Minnesota — were flown to Southern California to have needless endoscopies and colonoscopies; procedures that normally are billed at about $5,000. UnitedHealthcare was charged $50,000 and $70,000 per procedure, according to Ingenix.

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The scam continually morphed into new forms of fraud. One involved groups of minorities — including hundreds of Hmong in St. Paul — who were targeted for sweaty palm surgery. Recruiters would talk low-income workers into a weekend trip to California for surgery in exchange for a kickback in the hundreds of dollars, Ingenix investigators said.

Ferreting out intentional crime from a legitimate mistake or simply a difference in opinion between a doctor and insurer is not always black and white. Robin Mathias, a health care fraud consultant based in Santa Rosa, Calif., noted that while it is cutting edge, the technology is not as clear-cut when used to find health care fraud as it is in finding fraud in the credit card industry.

For one thing, it may be very limited in the type of fraud it can detect. "Predictive modeling is a great advance but it is still limited in the context of health care fraud detection," Mathias said.

Fair Isaac started using a tool similar to what Ingenix is developing with ID Analytics more than three years ago.

Fair Isaac, the king of the FICO score, is definitely the "gold standard" said Bryan Boda, director of health care solutions for Fair Isaac. He said whether Ingenix's product will be viable competition is hard to say. "Based on what I've heard, it sounds like they are trying to tap into a market that Fair Isaac has made," he said. "If they are successful at developing a product, than they would be trying to compete for that business."

Fair Isaac is busy signing up insurance companies to use its product. Boda declined to specify how many clients it has using the new technology or the amount of revenue generated by the product.

The challenge in developing the tool is to create something that is accurately detecting fraud against huge volume. At least until Ingenix actually rolls out its product, Boda says Fair Isaac is alone in its niche.

"No one else," Boda said, "has proven ability to solve that problem."

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CIVIL RIGHTS:

KC Grapples With Peril Of Slavery (KCS)

By Tony Rizzo

The Kansas City Star, September 24, 2006

Slavery.

It's a cruel reality for hundreds of thousands of men, women and children around the world.

And, as Kansas City learned last week, it's even here.

Eight young men from Russia were duped into driving ice cream trucks for up to 14 hours a day, seven days a week, for meager pay, federal prosecutors said. The case came three months after a Kansas City man was charged with forcing three teenage girls — two of them 13 — to work as prostitutes.

Those local cases involve the two most pervasive forms of modern slavery: Forced labor and sexual trafficking.

"I think most people see it as a problem in the Third World," said Bradley Schlozman, U.S. attorney for the Western District of Missouri. "It's right here in our backyard."

Federal prosecutors earlier this summer established a local human trafficking task force similar to those operating in about two dozen other American cities, and it didn't take long for the streets of Kansas City to provide the first case.

"How could it not be in Kansas City? I've seen it everywhere else," Schlozman said. "This is one of the most evil crimes imaginable, exploiting the most vulnerable members of society."

Since Congress passed the Trafficking Victims Protection Act in 2000, it has been used to prosecute dozens of cases. About two-thirds have involved the sex industry.

A photograph from one of those cases haunted Schlozman. It showed the place in Florida where traffickers from Mexico kept a girl in virtual bondage.

She was 14 and far away from home, childhood a long-ago memory. She lived and worked in a space the size of a bathroom stall. Her job was to sexually service as many as 30 men a day. When her work was done she slept on the same bed.

On a small table next to the bed was a roll of paper towels and the girl's only possession — a teddy bear.

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"It absolutely breaks your heart," Schlozman said.

Government officials estimate that 800,000 men, women and children are trafficked across international borders each year and forced to work in sweat shops, farm fields and brothels. As many as 17,500 people are trafficked into the United States annually, according to the Department of Justice.

"They might not have shackles, but slavery is the only way to describe their treatment," said Mark Taylor of the U.S. State Department's Office to Monitor and Combat Trafficking in Persons.

Last year, the U.S. government declared 230 people from more than 30 countries as human trafficking victims eligible to receive benefits comparable to political refugees. About half of the victims have received special visas that allow them to remain in the United States.

Forced labor

That process is now ongoing for the eight Russians in the ice cream case. Prosecutors are working with private social-service agencies to care for the college-age men, and citizens have contacted Schlozman's office to offer help.

Five people were indicted by a federal grand jury last week for allegedly using threats and coercion to force the Russian students to work in Kansas City this summer.

Despite the unique aspects of the case involving ice cream trucks and Russians brought to the Midwest, Taylor from the State Department said the allegations shared common denominators with typical trafficking cases.

According to the indictment, the students were recruited in their home country and were lied to about the work they would be doing and the amount of money they would earn. They each paid $2,500 for the program, which allowed them to enter the United States on legal work visas.

Once here, their passports and other documents were confiscated. They were isolated and prevented from contacting their families and warned that if they contacted authorities they would be arrested, deported and forbidden from ever returning to the United States.

Schlozman said he could not discuss the specifics of the case but said traffickers typically preyed on unsophisticated individuals who were unfamiliar with American laws and customs.

Often they come from countries where law enforcement corruption is pervasive and they distrust the police.

"The victims suffer extraordinary psychological abuse, emotional trauma and they often feel like they don't have anywhere to turn," Schlozman said.

The trauma is exacerbated in many of the sex trafficking cases because the victims are often minors.

"That is where we need to have the spotlight," said Kristy Childs, founder of Veronica's Voice, a Kansas City group that helps the victims of prostitution. "We have American girls that are being trafficked."

Most of the woman Childs tries to help are adults, but most said they were minors when they were introduced into prostitution. Under the federal law, prostituting minors is considered to be trafficking even if no coercion is involved.

Harsh life

A prostitute's lifestyle can be brutal, especially for a teenager.

Drugs, robberies, sexually transmitted diseases, car thefts and assaults are common baggage of the prostitution business, said Sgt. Brad Dumit of the Kansas City Police Department's vice section.

"These girls are abused emotionally, physically and spiritually," Dumit said. "It's a scary, scary lifestyle."

Take the case of J.G. She was 15 when she was recruited into the "stable" of a Kansas City man now jailed on multiple charges of promoting prostitution. He was charged in Jackson County Circuit Court before the federal trafficking task force was established.

According to court documents, he kept all the money she earned. In exchange she got a place to sleep, clothes, food and all the crack cocaine she could smoke. Once she tried to secretly keep some of her money. When he found out he punched her in the face and tore out her eyebrow ring.

Kansas City's first human trafficking case involved three area sisters who ran away from home. The twins were 13 and their older sibling was 15.

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Federal prosecutors said Don L. Elbert II, who pleaded not guilty and faces trial later this year, took it from there when he spotted them outside a liquor store.

According to prosecutors:

Elbert fed them, dressed them and gave them a place to stay. He also employed them.

Seven nights a week for about a month he dropped them off on a busy corner where they had unprotected sex with strangers for money, all of which they turned over to Elbert.

The scheme unraveled when one of the girls was arrested June 21 after making a deal with an undercover police officer to provide oral sex for $20.

Schlozman likens human traffickers to an “evil employment agency.”

“They are unscrupulous individuals who treat their workers like chattel,” he said. “It’s all about making a profit, and whoever suffers is no concern whatsoever.”

Despite the increased attention to the problem, Taylor said the true scope was not known.

“By its very nature it’s hidden,” he said. “Traffickers are extremely innovative at luring people into a trap for their economic gain.”

The Kansas City cases show that the problem can crop up anywhere and take any form.

“The true outer limits have yet to be defined,” he said.

Finding help

The Justice Department operates a toll-free hot line to report suspicions of human trafficking or for victims seeking help: 1-(888) 428-7581

Shooting By Police Called 'Murder' (STPPP)

By Aron Kahn

The St. Paul Pioneer-Press, September 24, 2006

Black community leaders and relatives of Dominic Aries Felder on Friday accused Minneapolis police of murdering the allegedly emotionally disturbed man and intending to "whitewash" the probe of two officers involved in the incident.

"The police department messed up," the Rev. Devin Miller, pastor of Emmanuel Tabernacle Church in Minneapolis, said of Wednesday night's fatal skirmish. "There was no reason for the shooting, and we firmly believe they intended to shoot him to death."

The leaders said they could not trust the department to objectively investigate the case and will ask U.S. Attorney General Alberto Gonzales on Monday to take control of the matter.

"Let this not be just another shooting," said Miller, a St. Paul resident and member of the God Squad, a group of ministers and laymen who try to bridge the gap between the police and citizens in St. Paul. "This is the fork in the road."

Minneapolis police on Friday continued to withhold all details of the incident, in which an officer's gun was fired seven times. The incident began with a report of a domestic dispute at Bloomington Avenue South near East 40th Street, in which the 27-year-old Felder was threatening to kill people, police said.

Two officers involved in the shooting were placed on administrative leave pending a review of the incident — standard procedure in such cases. The officers are Lawrence Loonsfoot and Jason King, both of whom joined the department in 1993.

No other gun was found at the shooting scene, leading relatives and community leaders to believe police acted with unnecessary force in killing Felder.

"We recognize that this is a very painful time for Dominic Felder's family," interim Police Chief Tim Dolan said in a statement Friday. "We recognize that it may be difficult for the family to wait for the completion of the investigation before they have all of the answers, but it is important that we are confident that any information we release is completely accurate."

But surrounded by two dozen of Felder's relatives and friends, Miller and community leaders Ron Edwards and Spike Moss said at a news conference that police totally mishandled the matter, which began with a 911 call.

Edwards, a member of the city's Police Community Relations Council, said police should have sent members of a critical incident team because the 911 caller had told them Felder had severe emotional problems.

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Miller, who is the grandfather of one of Felder's children, said in an interview that Felder was suffering from undiagnosed, untreated depression and that he felt pressured by financial and family circumstances.

Felder lived in Minneapolis with Tiana Williams and their 5-year-old daughter, but that night he had difficulty reaching his other child, an 8-year-old girl who lived with her mother in St. Paul, Miller said.

"So he snapped," he said.

According to the police account Thursday, officers were told Felder was in an animated dispute with a resident, had threatened to kill neighbors and had smashed their front window with a 60-pound piece of concrete.

When the two officers arrived, Felder allegedly fled on foot, with the officers chasing him. A struggle ensued and one of the officer's guns fired seven rounds, police said.

Miller said there was no need to kill Felder, a small man who could be overpowered easily, and that the officers should be charged with "first-degree murder."

Relatives repeated that Felder had never been arrested, but the Pioneer Press reported Friday that he was convicted of fifth-degree misdemeanor assault last year in Apple Valley after being arrested on suspicion of "body-slamming" and then kicking a 21-year-old woman with whom he was living.

Edwards said the latest fatal shooting by police, the 15th in six years, should cause the City Council to delay approval of Dolan as chief, at least until the Felder matter is reconciled.

Mayor R.T. Rybak has recommended Dolan to replace Chief William McManus, who took the top police job in San Antonio in March. Dolan was assistant chief before then.

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Faithful Take Turn In Political Pulpit (MJS)

By Bill Glauber

Milwaukee Journal Sentinel, September 24, 2006

State marriage amendment divides religious

The battle over Wisconsin's marriage amendment isn't a simple political fight.

It's a struggle over values, too, an issue that bubbled for years in the statehouse and houses of worship, on the airwaves and in church pews. It likely will come to a boil in the closing weeks before the Nov. 7 election.

From sermons to lectures, DVDs and church bulletins, religious organizations and clergy are taking stands, a not-so-subtle intersection of religion and politics at the ballot box that in many ways is unprecedented in modern Wisconsin history.

Catholic bishops and evangelical Christian pastors are allied with some mainline Protestants who support passage of an amendment to the state constitution to recognize marriage as "between one man and one woman."

On the other side are at least eight mainline Protestant denominational bodies, scores of clergy and many Jewish leaders who oppose the amendment in part because the referendum also would prohibit "a legal status identical or substantially similar to that of marriage for unmarried individuals."

The stakes couldn't be greater as the state debates same-sex marriage and civil unions.

In Wisconsin, both sides organized for months and, in some cases several years, to garner support in churches and synagogues. Although religious leaders might be divided over the amendment, they appear more united in opposition to another Nov. 7 ballot initiative, the advisory referendum to restore the death penalty.

"This is a culture war, that's what it is," said Julaine Appling, executive director of the Family Research Institute of Wisconsin, a pro-amendment group.

"How many churches have gone down the path of jettisoning the authority of Scripture?" she said. "The churches that still accept the authority of God's word accept marriage is only between a man and a woman."

The main group that opposes the marriage amendment, Fair Wisconsin, also is making a push in the religious community.

"It's important for us to mobilize clergy on our side, who say, 'We are Christian, we love our neighbors,' " said Joshua Freker, the Fair Wisconsin spokesman.

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"Christian and Jews compelled to oppose the amendment because of their faith" presents a powerful message, Freker said.

In the "faith campaign," religious leaders and organizations representing 5,000 churches and 2 million congregants support the amendment, Appling said. Organizations representing 500,000 congregants have passed resolutions against the amendment, according to Fair Wisconsin.

Religion and politics have long mixed in America.

But throwing a religious organization's full weight behind a candidate, at least in modern times, is unusual because of one simple item - the tax code. Tax-exempt organizations, such as religious groups, can't endorse candidates. But they can engage in lobbying activities, which include referendums and constitutional amendments.

Of course, tax laws don't keep clergy from endorsing candidates. But they have to be clear they're speaking on their own behalf. Religious groups have taken stands on the issues of the day, from the abolition of slavery to civil rights, abortion to matters of war and peace. Multifaceted issue

Defining marriage, and weighing whether to extend rights to same-sex relationships involving gays and lesbians, is an issue that crosses political, religious and social lines.

It's also part of a decades-long conversation conducted in places of worship, sometimes uniting congregations, sometimes dividing them. At the outset, clergy and parishioners struggled with the issue of how welcoming congregations should be with gays and lesbians. The conversation then extended to the debate over the ordination of gay and lesbian ministers and rabbis.

Religious organizations and clergy entered the political fray that erupted after a 2003 Massachusetts court ruling to legalize same-sex marriage. Twenty states have adopted marriage amendments.

It shouldn't be a surprise to see a marriage amendment campaign target churches.

According to a recent national survey by the Pew Research Center for the People and the Press, 78% of white evangelical Protestants, 74% of black Protestants, 58% of white Catholics and 47% of white mainline Protestants oppose gay marriage. Among those who were identified as seculars, 63% supported gay marriage.

Civil unions were opposed by majorities of white evangelicals, black Protestants and those who attend church but favored among majorities of white mainline Protestants, Catholics and seculars, the poll found.

The bottom line: "People know where they stand on the issue," said Kimberly Conger, an Iowa State University political science professor who has published extensively on Christian conservatives. "It's a matter of getting supporters to the polls." Taking fight to the pews

Appling's group has distributed more than 5,000 copies of a DVD called "The Battle for Marriage in Wisconsin" to churches.

Amendment opponents also have gone through churches to gain support, often gathering at sanctuaries before door-knocking campaigns or informational meetings.

Religious leaders have not shied from the debate. In fact, many have welcomed the opportunity to speak out.

The state's Catholic bishops weighed this summer when they issued a letter of support for the amendment while also stating "support for this amendment does not imply or justify animosity toward any individual or group."

"We're teachers," Milwaukee Archbishop Timothy Dolan said in an interview. "We're best when we encourage, educate and exhort."

Parishioners don't want bishops "to tell them how to vote, and woe to us if we did," Dolan said.

Dolan and the state's four other bishops began a letter during the winter on the marriage amendment, as well as the referendum on the death penalty, which they oppose, he said.

The bishops support the marriage amendment because "we feel as pastors we need to do anything we can to support and strengthen the pivotal institution of marriage," Dolan said.

He admitted that "we bishops find ourselves attacked by both sides."

"I don't mind that at all. We have people who are anti-gay, who say, 'You bishops are too soft on homosexuals, you keep telling us they need to be treated with dignity and respect and let's just say this is an abomination.' We say, 'Absolutely not.' A person's dignity is not dependent on their sexual orientation."

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Dolan admitted the bishops also face criticism from those who oppose the amendment.

"I guess what we're saying, marriage is not a human right. It's a responsibility and a gift," he said.

Bishop Paul Stumme-Diers, leader of the Greater Milwaukee Synod of the Evangelical Lutheran Church in America, also views the marriage amendment as a defining issue.

Only, he's opposed.

In 2005, the synod passed a resolution in opposition to the legislation. At this year's synod assembly, the group decided to have a conversation about the amendment, a symbolic and substantive move to discuss an important issue of the day that Stumme-Diers hopes is continued at individual churches.

"I hear great concern about the marriage amendment both in terms of the tenor that it takes and the climate it creates in our state," he said. "People are saying the church needs to speak to this so we will have a more healthy and tolerant spirit. I hear from people that they are disturbed that civil rights are potentially going to be curtailed through such a referendum."

Stumme-Diers said the teachings of Jesus show the need to be "attentive to those who are often left on the outside."

"We need to be especially mindful of those who are vulnerable and ostracized by society. Jesus is all about honoring relationships and trying to find honest and safe relationships. For some people, their orientation leads them in ways that makes us heterosexuals uncomfortable.

"My opposition to the marriage amendment is also about strengthening traditional marriage. I'm a strong advocate of monogamy and of people being committed to another person."

Officials Wary Of Electronic Voting Machines (NYT)

By Ian Urbina

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — A growing number of state and local officials are getting cold feet about electronic voting technology, and many are making last-minute efforts to limit or reverse the rollout of new machines in the November elections.

Less than two months before voters head to the polls, Gov. Robert L. Ehrlich Jr. of Maryland this week became the most recent official to raise concerns publicly. Mr. Ehrlich, a Republican, said he lacked confidence in the state's new $106 million electronic voting system and suggested a return to paper ballots.

Dozens of states have adopted electronic voting technology to comply with federal legislation in 2002 intended to phase out old-fashioned lever and punch-card machines after the "hanging chads" confusion of the 2000 presidential election.

But some election officials and voting experts say they fear that the new technology may have only swapped old problems for newer, more complicated ones. Their concerns became more urgent after widespread problems with the new technology were reported this year in primaries in Ohio, Arkansas, Illinois, Maryland and elsewhere.

This year, about one-third of all precincts nationwide are using the electronic voting technology for the first time, raising the chance of problems at the polls as workers struggle to adjust to the new system.

"I think there is good reason for concern headed into the midterm elections," said Richard F. Celeste, a Democrat and former Ohio governor who was co-chairman of a study of new machines for the National Research Council with Richard L. Thornburgh, a Republican and former governor of Pennsylvania.

"You have to train the poll workers," Mr. Celeste said, "especially since many of them are of a generation for whom this technology is a particular challenge. You need to have plans in place to relocate voters to another precinct if machines don't work, and I just don't know whether these steps have been taken."

Paperless touch-screen machines have been the biggest source of consternation, and with about 40 percent of registered voters nationally expected to cast their ballots on these machines in the midterm elections, many local officials fear that the lack of a paper trail will leave no way to verify votes in case of fraud or computer failure.

As a result, states are scrambling to make last-minute fixes before the technology has its biggest test in November, when voter turnout will be higher than in the primaries, many races will be close and the threat of litigation will be ever-present.

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"We have the real chance of recounts in the coming elections, and if you have differences between the paper trail and the electronic record, which number prevails?" said Richard L. Hasen, a professor at Loyola Law School in Los Angeles and the author of the Election Law blog, www.electionlawblog.org.

Professor Hasen found that election challenges filed in court grew to 361 in 2004, up from 197 in 2000. "What you have coming up is the intersection of new technology and an unclear legal regime," he said.

Like Mr. Ehrlich, other state officials have decided on a late-hour change of course. In January, Gov. Bill Richardson of New Mexico decided to reverse plans to use the touch-screen machines, opting instead to return to paper ballots with optical scanners. Last month, the Connecticut secretary of state, Susan Bysiewicz, decided to do the same.

"I didn't want my state to continue being an embarrassment like Ohio and Florida every four years," said Mr. Richardson, a Democrat, adding, "I also thought we needed to restore voter confidence, and that wasn't going to happen with the touch-screen machines."

In Pennsylvania, a state senator introduced a bill last week that would require every precinct to provide voters with the option to use paper ballots, which would involve printing extra absentee ballots and having them on site. A similar measure is being considered on the federal level.

In the last year or so, at least 27 states have adopted measures requiring a paper trail, which has often involved replacing paperless touch-screen machines with ones that have a printer attached.

But even the systems backed up by paper have problems. In a study released this month, the nonpartisan Election Science Institute found that about 10 percent of the paper ballots sampled from the May primary in Cuyahoga County, Ohio, were uncountable because printers had jammed and poll workers had loaded the paper in backward.

Lawsuits have been filed in Colorado, Arizona, California, Pennsylvania and Georgia seeking to prohibit the use of touch-screen machines.

Deborah L. Markowitz, the Vermont secretary of state and the president of the National Association of Secretaries of State, said that while there might be some problems in November, she expected them to be limited and isolated.

"The real story of the recent primary races was how few problems there were, considering how new this technology is," said Ms. Markowitz, a Democrat. "The failures we did see, like in Maryland, Ohio and Missouri, were small and most often from poll workers not being prepared."

Many states have installed the machines in the past year because of a federal deadline. If states wanted to take advantage of federal incentives offered by the Help America Vote Act, they had to upgrade their voting machines by 2006.

In the primary last week in Maryland, several counties reported machine-related problems, including computers that misidentified the party affiliations of voters, electronic voter registration lists that froze and voting-machine memory cards whose contents could not be electronically transmitted. In Montgomery County, election workers did not receive access cards to voting machines for the county's 238 precincts on time, forcing as many as 12,000 voters to use provisional paper ballots until they ran out.

"We had a bad experience in the primary that led to very long lines, which means people get discouraged and leave the polls without voting," said Governor Ehrlich, who is in a tight re-election race and has been accused by his critics of trying to use the voting issue to motivate his base. "We have hot races coming up in November and turnout will be high, so we can expect lines to be two or three times longer. If even a couple of these machines break down, we could be in serious trouble."

Problems during primaries elsewhere have been equally severe.

In the Illinois primary in March, Cook County officials delayed the results of the county board elections for a week because of human and mechanical problems at hundreds of sites with new voting machines made by Sequoia Voting Systems.

In the April primary in Tarrant County, Tex., machines made by Hart InterCivic counted some ballots as many as six times, recording 100,000 more votes than were cast. The problem was attributed to programming errors, not hacking.

In the past year, the Government Accountability Office, the Brennan Center for Justice at New York University and the Congressional Research Service have released reports raising concerns about the security of electronic machines.

Advocates of the new technology dispute the conclusions.

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"Many of these are exaggerated accusations by a handful of vocal activists," said Mark Radke, director of marketing for Diebold Election Systems, one of the largest sellers of touch-screen machines. "But if you want to talk about fraud and tabulation error, the newer technology is far more accurate."

Mr. Radke cited a study from the California Institute of Technology that found that between the 2000 election, when touch-screen machines were not used, and the 2004 election, when they were, there was a 40 percent reduction in voter error in Maryland, making the vote there the most accurate in the country.

"There is always the potential for human error," Mr. Radke said, "but that is easily correctible."

But critics say bugs and hackers could corrupt the machines.

A Princeton University study released this month on one of Diebold's machines — a model that Diebold says it no longer uses — found that hackers could easily tamper with electronic voting machines by installing a virus to disable the machines and change the vote totals.

Mr. Radke dismissed the concerns about hackers and bugs as most often based on unrealistic scenarios.

"We don't leave these machines sitting on a street corner," he said. "But in one of these cases, they gave the hackers complete and unfettered access to the machines."

Warren Stewart, legislative director for VoteTrustUSA, an advocacy group that has criticized electronic voting, said that after poll workers are trained to use the machines in the days before an election, many counties send the machines home with the workers. "That seems like pretty unfettered access to me," Mr. Stewart said.

The Big Gamble On Electronic Voting (NYT)

By Randall Stross

The New York Times, September 24, 2006

HANGING chads made it difficult to read voter intentions in 2000. Hotel minibar keys may do the same for the elections in November.

The mechanics of voting have undergone a major change since the imbroglio that engulfed presidential balloting in 2000. Embarrassed by an election that had to be settled by the Supreme Court, Congress passed the Help America Vote Act of 2002, which provided funds to improve voting equipment.

From 2003 to 2005, some $3 billion flew out of the federal purse for equipment purchases. Nothing said "state of the art" like a paperless voting machine that electronically records and tallies votes with the tap of a touch screen. Election Data Services, a political consulting firm that specializes in redistricting, estimates that about 40 percent of registered voters will use an electronic machine in the coming elections.

One brand of machine leads in market share by a sizable margin: the AccuVote, made by Diebold Election Systems. Two weeks ago, however, Diebold suffered one of the worst kinds of public embarrassment for a company that began in 1859 by making safes and vaults.

Edward W. Felten, a professor of computer science at Princeton, and his student collaborators conducted a demonstration with an AccuVote TS and noticed that the key to the machine's memory card slot appeared to be similar to one that a staff member had at home.

When he brought the key into the office and tried it, the door protecting the AccuVote's memory card slot swung open obligingly. Upon examination, the key turned out to be a standard industrial part used in simple locks for office furniture, computer cases, jukeboxes — and hotel minibars.

Once the memory card slot was accessible, how difficult would it be to introduce malicious software that could manipulate vote tallies? That is one of the questions that Professor Felten and two of his students, Ariel J. Feldman and J. Alex Haldeman, have been investigating. In the face of Diebold's refusal to let scientists test the AccuVote, the Princeton team got its hands on a machine only with the help of a third party.

Even before the researchers had made the serendipitous discovery about the minibar key, they had released a devastating critique of the AccuVote's security. For computer scientists, they supplied a technical paper; for the general public, they prepared

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an accompanying video. Their short answer to the question of the practicality of vote theft with the AccuVote: easily accomplished.

The researchers demonstrated the machine's vulnerability to an attack by means of code that can be introduced with a memory card. The program they devised does not tamper with the voting process. The machine records each vote as it should, and makes a backup copy, too.

Every 15 seconds or so, however, the rogue program checks the internal vote tallies, then adds and subtracts votes, as needed, to reach programmed targets; it also makes identical changes in the backup file. The alterations cannot be detected later because the total number of votes perfectly matches the total number of voters. At the end of the election day, the rogue program erases itself, leaving no trace.

On Sept. 13, when Princeton's Center for Information Technology Policy posted its findings, Diebold issued a press release that shrugged off the demonstration and analysis. It said Princeton's AccuVote machine was "two generations old" and "not used anywhere in the country."

I spoke last week with Professor Felten, who said he could not imagine how a newer version of the AccuVote's software could protect itself against this kind of attack. But he also said he would welcome the opportunity to test it. I called Diebold to see if it would lend Princeton a machine.

Mark G. Radke, director for marketing at Diebold, said that the AccuVote machines were certified by state election officials and that no academic researcher would be permitted to test an AccuVote supplied by the company. "This is analogous to launching a nuclear missile," he said enigmatically, adding that Diebold had to restrict "access to the buttons."

I persisted. Suppose, I asked, that a test machine were placed in the custodial care of the United States Election Assistance Commission, a government agency. Mr. Radke demurred again, saying the company's critics were so focused on software that they "have no appreciation of physical security" that protects the machines from intrusion.

This same point was featured prominently in the company's press release that criticized the Princeton study, saying it "all but ignores physical security and election procedures." It is a criticism that collides with the facts on Page 5 of the Princeton study, where the authors provide step-by-step details of how to install the malicious software in the AccuVote.

Even before the minibar lineage of the AccuVote key had been discovered, the researchers had learned that the lock was easily circumvented: one of them could consistently pick it in less than 10 seconds.

If skeptics cannot believe what they read about the ease of manipulating an election, they can watch the 10-minute online video: the AccuVote lock is picked, a memory card is inserted and the malicious software is loaded; the machine is rebooted, and within 60 seconds the machine is ready to throw the election in favor of any specified candidate.

Computer scientists with expertise in security issues have been sounding alarms for years. David L. Dill at Stanford and Douglas W. Jones at the University of Iowa were among the first to alert the public to potential problems. But the possibility of vote theft by electronic means remained nothing more than a hypothesis — until the summer of 2003, when the code for the AccuVote's operating system was discovered on a Diebold server that was publicly accessible.

The code quickly made its way into researchers' hands. Suspected vulnerabilities were confirmed, and never-contemplated sloppiness was added to the list of concerns. At a computer security conference, the AccuVote's anatomy was analyzed closely by a team: Aviel D. Rubin, a computer science professor at Johns Hopkins; two junior associates, Tadayoshi Kohno and Adam Stubblefield; and Dan S. Wallach, an associate professor in computer science at Rice. They described how the AccuVote software design rendered the machine vulnerable to manipulation by smart cards. They found that the standard protections to prevent alteration of the internal code were missing; they characterized the system as "far below even the most minimal security standards."

Professor Rubin has just published a nontechnical memoir, "Brave New Ballot: The Battle to Safeguard Democracy in the Age of Electronic Voting" (Morgan Road Books), that describes how his quiet life was upended after he and his colleagues published their paper. He recalls in his book that Diebold's lawyers sent each of the paper's authors a letter threatening the possibility of legal action, warning them to "exercise caution" in interviews with the press lest they make a statement that would "appear designed to improperly impair and impede Diebold's existing and future business." Johns Hopkins rallied to his side, however, and the university's president, William R. Brody, commended him for being on the case.

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Recently, there have been signs that states are having second thoughts about trusting their AccuVote equipment. Officials in California, Florida and Pennsylvania have been outspoken about their concerns. In Maryland earlier this year, the state House of Delegates voted 137 to 0 in favor of a bill to prohibit the use of its AccuVote machines because they were not equipped to generate a paper audit trail. (The state Senate did not take up the measure and it died.)

Professor Rubin favors the use of touch screens only for "ballot marking" — capturing a voter's intended choice — then printing out a paper ballot with only the voter's chosen candidates that the voter can visually check. Election officials can then use the slip to tally votes with an optical scanner made by a different manufacturer.

Manual audits of the tallies in at least 1 percent of all precincts, as is now required in California, would provide a transparent method of checking for integrity. Should a full recount be necessary, the paper ballots, containing only the selected names, provide unambiguous records of original intent.

"Let computers do what they do best," Professor Rubin said, "and let paper do what it does best."

Ohio's Forgotten Men (NYT)

By Dan Chaon

The New York Times, September 24, 2006

Cleveland

OHIO is not a third-world country, but we're working on it. Last month the Census Bureau declared that Cleveland had finally achieved the status of poorest big city in America. Add in all the voting problems we've been having recently — who knows what we'll end up with in November? "I mean really," says my friend Tom from California. "If the U.N. can supervise elections in Kosovo, why can't they go to Cleveland?" He's joking, I think.

Nevertheless, the big news all summer long was the botched May 2 primary in Cuyahoga County, with lurid tales of incompetent poll workers, disappearing memory cards and incompatible optical scan equipment. On the TV news, my wife and I watched as an elderly poll worker fed ballot paper into a machine, which then began, ruminatively, to grind it to bits.

By August, the county commissioners were gently suggesting that voters might want to use absentee ballots in November. Meanwhile, questions about the efficacy of Diebold touch-screen voting machines have slid from the realm of conspiracy theorists and into the mainstream press.

Still, the democratic process marches on, or at least hobbles forward. A lot of attention here in Ohio has focused on the governor's race, where the Democrat, the mild-mannered former minister Ted Strickland, is facing off against a love-him-or-loathe-him Republican, Ken Blackwell, our secretary of state.

Well-liked among religious conservatives, Mr. Blackwell has drawn criticism from Democrats for his dual role in the 2004 election as both the state's chief elections officer and the co-chairman of the Committee to Re-Elect George Bush in Ohio. More recently, he was challenged about his role in purchasing those Diebold touch-screen voting machines, particularly since it was discovered that he owned stock in Diebold at the time his office negotiated the deal. You have to admit, the man gives us a lot to talk about.

And so, it seems, there has been very little oxygen left in the room for the Senate race between Representative Sherrod Brown and the Republican incumbent, Mike DeWine. Though the race is tight, the campaign continues to move below the radar.

It was striking to me that everyone I talked to, from our kind-hearted Republican neighbors, Clyde and Dolly, to liberal college professors, to people waiting to catch a bus, had similar reactions. "I just don't hear people talking about it," said Jim Lentine, the proprietor of A Cut Above, a barbershop in University Heights. "People talk a lot about politics here, but that's not one of the subjects."

Mr. DeWine has been a senator for 12 years now, and Mr. Brown has been in Congress since 1993, but even with fewer than 60 days to go before the election, their names don't elicit a strong response. "To tell you the honest truth," says one well-dressed woman at Chuck's Diner in Cleveland Heights, "I don't know that much about them." However, a stern elderly man at the Sheetz gas station in North Ridgeville disagrees, telling me that the men are simply too familiar to Ohioans: "I can't imagine that anybody could be on the fence about either one of them."

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The candidates haven't done much to raise their profiles. They apparently had a debate in early August, but the event wasn't open to the public — reporters only — and tapes of the encounter have not yet been released. So, down the stretch, Messrs. Brown and DeWine continue to politic in their modest fashions, touring around the state. Representative Brown speaks to workers at Denman Tire in Youngstown; Senator DeWine holds an ice cream social at his house in Cedarville. Mr. Brown addresses veterans at the Cincinnati Public Library; Mr. DeWine visits the Slovak Festival in Parma.

The candidates and their families go from town to town, smiling with babies, waving at crowds, sending out mass mailings and distributing bumper stickers. Still waiting, it seems, to make a distinct impression.

Pr. George's Voting Glitches Highlight Training Problems (WP)

By Eric Rich And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, September 24, 2006

Errors in Primary Reflect Challenges of Technology

The widely publicized failure in Prince George's County to electronically transmit results from many polls after the Sept. 12 primary was compounded by a host of other errors, including failure to swiftly collect the data cards on which some votes are recorded and to properly secure voting machines.

The last of the cards were not retrieved and counted until nine days after the balloting -- several from inside electronic voting machines from a Landover precinct where Robert J. McGinley, the county elections board's attorney, said security procedures were "just blatantly not followed."

In some instances, machines containing cards were found in storage cases that lacked a required security seal. In others, tamper tape was missing from a locked door on the machine. In still others, data cards were found in machines on which doors were not locked.

Despite the roiling debate over whether electronic voting machines might be hacked into and an election stolen, the experience of Prince George's suggests a more mundane and probably widespread challenge in voting's digital age: Armies of minimally trained, modestly paid election workers are increasingly confronted with an unfamiliar, complex business.

Although the voting process was less dramatically flawed in Prince George's than in neighboring Montgomery County, the nearly two weeks since have seethed with suspicion and recrimination.

The elections board disqualified none of the cards, but the lapses undercut assurances that officials offered after the primary. Robert J. Antonetti Sr., interim Prince George's election administrator, had said 47 uncounted cards would remain safe because of the multiple security measures.

Antonetti's predecessor, Robin Downs Colbert, who resigned in June because of frustration over the rapid changes in technology, said she and her colleagues in several other counties "knew this was where it was headed."

"We warned everyone," she said Friday. "We warned the county we didn't have enough resources. We warned the legislature that it was too much too fast. . . . People have to be trained to use technology, and we need enough time to do that."

Antonetti said that working the polls was once "a second job for tobacco farmers" but that today "we need more skilled people."

But skilled people can be hard to find when the pay for the day for even chief election judges is $200.

Other counties also tallied provisional and absentee ballots in the past week, but Prince George's was alone in having to find and upload so many data cards. Montgomery, for example, had collected the last of its data cards less than six hours after the polls closed, said Marjorie Roher, spokeswoman for that county's elections board.

"If we don't have a memory card from a precinct, then we utilize the Montgomery County police, and we go out and find that card," she said. "We don't close shop for the night until every memory card is in hand."

In Prince George's, questions swirled about the security of the missing cards. Hundreds of ballots -- perhaps more -- were not immediately counted because nearly two of every three precincts failed to transmit their results electronically the night of the primary.

Antonetti said the transmission problems may have stemmed from dialing errors or from using digital phone lines instead of the compatible analog lines -- mistakes he intends to address in training sessions before November.

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Gertrude Neff, 72, the chief judge at the C. Elizabeth Rieg Special Center in Bowie, said workers realized soon after the polls closed that their transmission cable was too short to reach a phone jack that she said was at least eight feet up a gymnasium wall. Oliver Smith, a chief election judge in a Cheverly precinct, said that after a frustrating day with the electronic equipment, he ordered the cards delivered to the office without trying to transmit data electronically.

If two attempts to transmit were unsuccessful, election workers were under orders to carry the data cards to Upper Marlboro, where they could be uploaded directly.

Yet some memory cards were not delivered until the next day; others were left in voting machines, where they remained until the machines were returned days later.

Donna Edwards, who trailed Rep. Albert R. Wynn in the 4th District Democratic primary, highlighted the data cards as a problem when she announced that she was contemplating legal action. Defeated county executive challenger Rushern L. Baker III (D) has requested an investigation.

The slow count magnified other problems -- some shared by other counties -- that hampered voting Sept. 12 and have fueled suspicion since.

At the troubled Landover precinct, in Matthew Henson Elementary School, voting machines that had been improperly connected to power sources went dark for nearly an hour once their batteries were drained. There and elsewhere, newly acquired electronic poll books, which were used to check in voters, crashed repeatedly. At least 15 precincts opened late because technicians failed to show up.

Some of those technicians had been assigned to ferry the electronic registries to voting locations, but judges at those precincts arrived on election morning to find them missing. That is what happened at Buck Lodge Middle School in Adelphi, where chief judge Bashir Khan said the electronic registries had not arrived when voting was to begin at 7 a.m.

"Obviously, we were panicked," said Khan, 67. "People were lining up."

The equipment was not delivered until nearly 11 a.m., he said.

To plug the gaps in the technical staff, several workers on a county government technology help desk were dispatched to polling locations, said Dale Young, 44, one such worker. They had received no training on the voting machines and had not been instructed in the elaborate security procedures, he said.

Between 2 and 3 a.m. after the vote, with data cards from one-third of the precincts uploaded, election officials stopped compiling results, saying they were too tired to continue. Roher said Montgomery officials stayed until nearly 5 a.m., working until all were uploaded.

In the days that followed, a beleaguered Antonetti provided conflicting accounts on key points such as the location of the data cards and the number that had not been counted. Although Antonetti and board members said they were doing their best to inform the public, the varying accounts deepened concerns.

Still, elections board President S. John di Stefano defended Antonetti in an interview Thursday, saying that his long experience in the field -- including 30 years in Prince George's -- made him indispensable.

Antonetti, 70, retired from Prince George's in 2000 and took a similar job in Howard County. He retired from that position before the Prince George's board brought him back to replace Colbert when she left.

Di Stefano said the board was in a bind when Colbert quit but said he was pleased Antonetti returned. The board, he said, retains confidence in Antonetti. Di Stefano, 79, said he was not troubled by the fact that Antonetti was once fined $7,500 for giving his wife and four children, including two ages 9 and 11, temporary jobs, because it was not relevant to Antonetti's professional expertise.

"I would not, under any condition, want to go into an election without Mr. Antonetti," di Stefano said.

Di Stefano and Antonetti said their office has been chronically understaffed and underfunded even as the state has increased requirements and allowed less time to complete them.

Antonetti said three employees have quit in the past two months, leaving Prince George's eight full-time staffers to handle the crunch in the state's second-largest jurisdiction. Montgomery, by contrast, employs 25.

Both counties pledged to hire and retrain technicians and judges before the general election Nov. 7 -- and to fire those who performed poorly Sept. 12.

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"Human error is going to be a factor in every election," said McGinley, the attorney for the Prince George's board. "Was this one we're proud of? No."

Staff writer Cheryl W. Thompson and staff researcher Meg Smith contributed to this report.

100 Years Later, A Painful Episode Is Observed At Last (NYT)

By Shaila Dewan

The New York Times, September 24, 2006

ATLANTA, Sept. 23 — Two years ago, Saudia Muwwakkil, the director of communications for the Martin Luther King Jr. National Historic Site, invited community leaders to discuss how to mark the 100th anniversary of a 1906 race riot in which mobs of whites descended on the city's black residents.

The racial strife shut down Atlanta for four days and ended with the bodies of black men hanging from trees and streetlights. But of those Ms. Muwwakkil called, almost none had heard of it.

The riot, so contrary to Atlanta's conception of itself as the progressive, racially harmonious capital of the New South, had been erased from the city's consciousness, left out of timelines and textbooks.

Ms. Muwwakkil said she was not surprised by the response. "I'm an Atlanta native," she said, "and I had never learned anything about the riot. It wasn't taught."

But in the months leading up to the 100th anniversary this weekend, there has been a concerted effort to correct the city's amnesia, with walking tours, public art, memorial services, numerous articles and three new books. Genealogists have found a few descendants of those involved and located the marked tombstone of one victim. Next year, the riot will become part of the state's social studies curriculum.

The rioting began on Saturday, Sept. 22, 1906, with a surge of white hysteria fomented by segregationist politicians and, more immediately, wildly exaggerated newspaper articles of attacks on white women by black men. By the time the violence ended, at least two dozen blacks had been killed and scores more injured, some taken from their homes or pulled off streetcars.

Later accounts attributed the deaths of two whites to the rioting, one of them a pregnant woman who died of a heart attack when she saw two black men torn apart by bullets.

The violence made international headlines. But in Atlanta, newspapers played down the events, reassuring readers that the "Negroes" had been "disarmed and dispersed."

In recent years, the country has grappled with the racial episodes of its past in myriad ways, including front-page apologies by newspapers, truth commissions and criminal trials. If Atlanta is late in coming to the table, it is at least partly because of the way the city sees itself: as a place that has always offered an economic salve for racial tensions.

But the auditorium was full on Friday when Carole Merritt, a historian, stood and said, "The story of the riot has been too shameful to tell."

Ms. Merritt was participating in a symposium at Georgia State University, just blocks from the Five Points intersection downtown where the mob had first gathered. She has written a book about the Herndon family, whose patriarch, Alonzo Herndon, became Atlanta's first black millionaire. His Peachtree Street barber shop, elegantly appointed in mahogany and marble, was one of the rioters' first targets.

The city's self-image was under construction well before the riot. The black educator Booker T. Washington had offered his "Atlanta compromise," promising that blacks and whites could work together without social integration. The white newspaperman Henry W. Grady persuaded Northerners to invest in a tolerant, industrial New South.

But in 1906, the city teemed with uneasy change, full of new residents who fit into unfamiliar categories: successful black business owners, college-educated blacks, the first generation of young black men not born into slavery. During the riot, three black corpses were tossed at the base of a statue of Mr. Grady.

Though the episode is commonly called the Atlanta Race Riot, some say the name is itself a whitewash, because the word riot implies unrest by a minority group.

"It's not a riot," said June Dobbs Butts, 78. "No, it was a massacre." Ms. Butts's father, John Wesley Dobbs, a civil rights leader, referred to the episode as "the Horror."

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That first night, whites shot, beat or stabbed to death any black man they could catch. One victim was a lame bootblack, another a Western Union messenger. On Sunday, with most blacks huddled inside their homes, groups of whites went into black neighborhoods in search of more victims. Some blacks defended themselves with guns, driving away their attackers. On Monday, a white party entered Brownsville, a middle-class black neighborhood, and a shootout ensued, resulting in the death of a white county police officer named James Heard.

If the violence contradicted the city's self-image, the response was pure Atlanta. By Tuesday, white city officials had met with a hand-picked group of black leaders in an effort to restore order, beginning a tradition of interracial dialogue that became known as "the Atlanta way."

The process of forgetting began almost immediately. "Atlanta is herself again, business is restored, and the riot is forgotten," one newspaper headline declared two days later.

But the riot shaped the city in powerful ways. Scores of middle-class blacks left the city, and segregation grew more entrenched.

"Interracial cooperation was not equal," said Clarissa Myrick-Harris, a historian and member of the Coalition to Remember the 1906 Atlanta Race Riot, which planned this weekend's events. "It was another way of maintaining and asserting power over blacks."

"The white elite chose who they were going to meet with in the black community," Dr. Myrick-Harris said, and a class divide emerged. Whites blamed the lower classes, both black and white, for the violence, and some black leaders characterized blacks who fought back as threats.

The riot also weighed heavily against assimilationists like Booker T. Washington in favor of more radical black thinkers like W. E. B. DuBois, who thought federal intervention was needed to protect blacks.

"It disproved Washington's belief that if blacks worked hard, saved money and became respectable, then whites would recognize their interest in protecting them," said David Fort Godshalk, the author of a recent book about the riot.

The riot helped spur the formation of the National Association for the Advancement of Colored People and was cited as a life-changing experience for people as diverse as Walter White, who became the head of that organization, and Margaret Mitchell, the author of "Gone With the Wind."

And its remembrance has brought a measure of pride to people like Pat Walker Bearden, who knew that her grandfather, Alexander Walker, had been in prison but only recently learned that it was because he had fired as Officer Heard approached his house. Mr. Walker had two small children and a pregnant wife. He was convicted in the officer's death.

Ms. Bearden said that while she was working on her family genealogy, she began to learn more about Mr. Walker from her father: "Dad would always start out saying, 'Papa didn't take no mess.' "

School Colors (NYT)

By Jeffrey Rosen

The New York Times, September 24, 2006

When it comes to America's always-sensitive politics of race and ethnicity, something of a tectonic shift has taken place. In just a few years, immigration has replaced affirmative action as the hot-button issue. With this fall's midterm election approaching, it's hard to imagine that race-baiting politicians will play to the fears of angry white males as Jesse Helms did in 1990, when he ran an ad showing the hands of a white man crumpling up a rejection letter after learning that a job was given to a "minority because of a racial quota." Instead, in a sign of the times, Vernon Robinson, a North Carolina Republican who is running for Congress and calls himself a "black Jesse Helms," recently ran an ad showing the hands of a black woman crumpling up a rejection letter after a job was given to an "illegal alien so they could pay him under the table."

If affirmative action is no longer the divisive matter it once was, some of the credit must go to the Supreme Court. In an important decision written by Justice Sandra Day O'Connor, the court held in 2003 that affirmative action in public-university admissions was constitutional because of the educational and social benefits of diverse classrooms. Meanwhile, the politics of affirmative action has changed. On the left, some influential African-Americans have been losing faith in the integrationist ideal

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and are becoming more interested in educational results — and school vouchers — than in racial head-counting. Meanwhile, on the right, some conservatives are recognizing that not all departures from colorblindness cause tangible harms.

And yet the recent cease-fire and calm may be short-lived. In its new term, which begins on Oct. 2, the court has agreed to hear two major cases regarding the constitutionality of racial preferences in public elementary and high schools. Now that O'Connor has been replaced by Justice Samuel Alito, some liberals worry (and conservatives hope) that the end of affirmative action may once again be imminent.

The two Supreme Court cases arise out of Seattle and Jefferson County, Ky., where public elementary- and high-school students can choose, to different degrees, which school to attend. But to ensure that the schools reflect the racial balance of the school districts as a whole, administrators have used race to determine admission to the most popular schools. In both cases, parents sued when their children made an oversubscribed school their first choice and were turned down because of their race.

In its brief, the Bush administration urged the justices to draw an inflexible line: "race-conscious measures" designed to address "racial imbalance in communities or student bodies" are just as unconstitutional as the segregation struck down in Brown v. Board of Education. This extreme colorblind position, if the court adopted it, could affect as many as 1,000 districts in the country that have concluded that some racial balancing in admissions is the only way to maintain meaningful racial integration.

Although the Bush administration stops short of calling for the Supreme Court to overturn the 2003 decision allowing affirmative action in public universities, several other prominent conservatives — most notably the president's brother, Jeb Bush — have filed briefs begging the court to deliver the coup de grâce. In his brief, Governor Bush complains that the court's decision to recognize educational diversity as a constitutionally compelling goal has emboldened lower courts to uphold a host of racial-balancing programs. And especially at the K-12 level, Governor Bush and other conservatives argue, there is no clear evidence of a connection between racial diversity and educational achievement.

Not all Republicans see the harm of racial balancing in public schools in the same stark terms. Two highly respected Republican appellate judges, Alex Kozinski and Michael Boudin, voted to uphold racial-balancing plans in Seattle and Massachusetts. In separate opinions, Boudin and Kozinski claimed that unlike affirmative action in selective public universities, racial balancing in public schools doesn't seek to give one racial group an edge over another and doesn't stigmatize some students as less qualified than others. Moreover, as Kozinski suggested, there's something unseemly (and not very conservative) about unelected judges second-guessing locally elected officials on matters of educational policy.

Chief Justice John Roberts may be personally sympathetic to the Bush administration's colorblind argument: in a voting rights case last June, he tartly observed, "It's a sordid business, this divvying us up by race." Nevertheless, Roberts declared last spring that he would encourage his colleagues to decide cases on the narrowest possible grounds, in order to promote greater consensus on the court. If Roberts is serious about avoiding sweeping holdings, he might persuade his colleagues to converge around Kozinski's narrow position, which leaves open the possibility that racial balancing might be inappropriate in other contexts.

Of course, liberal and conservative activists who believe the court should resolve the most contested issues of American life would be disappointed by such a modest result. But the most politically effective Supreme Court decisions aim to calm partisan disagreements rather than inflame them. If Roberts succeeds in preventing the court from fracturing this term into antagonistic blocs, he will have achieved something truly impressive. And if he fails, the country as a whole may become even more polarized.

A Fight To Define Equality (WP)

By George F. Will

The Washington Post, September 24, 2006

DETROIT -- A feisty 29-year-old white woman and a pugnacious 67-year-old black man are performing two services this autumn for Michigan and the nation. Their Michigan Civil Rights Initiative (MCRI) is promoting colorblind government. And they are provoking remnants of the civil rights movement, which now is just a defender of a racial spoils system, to demonstrate its decadence, even thuggishness.

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In November Michiganders will vote on this ballot initiative: "A proposal to amend the state constitution to ban affirmative action programs that give preferential treatment to groups or individuals based on their race, gender, color, ethnicity or national origin for public employment, education or contracting purposes." Almost identical measures were passed by referendums in California in 1996 and Washington state in 1998, in similar conditions to those here: They were opposed by both parties, all so-called civil rights organizations, most newspapers and many business leaders. What is different in Michigan is the involvement of a particularly nasty organization and an egregiously political judge.

At age 19, Jennifer Gratz, denied admission to the University of Michigan, fought the university all the way to the U.S. Supreme Court. It endorsed her argument that it was an unconstitutional denial of equal protection of the law for the university to add 20 points to the scores of black, Hispanic and Native American applicants. (The maximum score was 150; a perfect 1600 SAT earned just 12 points.)

Ward Connerly is a California businessman and former member of the University of California Board of Regents. He propelled to victory the measures mandating colorblind government in California and Washington state.

With Gratz as its executive director and Connerly lending hard-earned expertise, MCRI collected 508,000 signatures, more than ever have been gathered for a Michigan initiative. In response, some opponents of MCRI have adopted four tactics, none of which involves arguing the merits of racial preferences and all of which attempt -- in the name of "civil rights," of course -- to prevent Michiganders from being allowed to vote on MCRI. The tactics have included:

Â· Pressuring signers of MCRI petitions to say they did not understand what they were signing. Some talk radio stations have broadcast the names of signers, and opponents of MCRI have gone to signers saying, "Did you know you signed a petition against equal opportunity?" Two who recanted their signatures, saying they had signed without reading the measure, are federal judges.

Â· Violently intimidating the state Board of Canvassers, which certifies that initiatives have qualified for the ballot. The Coalition to Defend Affirmative Action by Any Means Necessary (BAMN) disrupted the board's deliberations, shouting and overturning a table. Video of this can be seen at http://www.michigancivilrights.org .

Â· Asking a court to rule that MCRI committed "fraud" because many who signed the petition supposedly were confused -- the signers were presumably not competent to read and understand the initiative, the full text of which was printed at the top of each petition. A federal judge -- Arthur Tarnow, a Bill Clinton appointee -- sadly said he could not rule that way because, although he thinks MCRI is a fraud, whites as well as blacks were confused about it, and even if all signatures gathered in majority-black cities were invalidated, there still were enough signatures to qualify it for the ballot. So Tarnow contented himself with an extrajudicial smear of Gratz, charging that her "deception" had confused all Michigan voters, regardless of race.

Â· Michigan ballots are printed by counties, so BAMN says it is asking local officials to assert an extralegal "moral authority" to leave MCRI off the ballot.

Because the plain language of MCRI is appealing, some opponents argue that MCRI would have terrible "unintended consequences." It might, they say, eliminate single-sex public schools (Michigan has none; eight of 3,748 schools have a few voluntary single-sex classes) and breast-cancer screening or might stop a Department of Natural Resources program aimed at helping Michigan women become hunters (the initiative concerns only hiring, contracting and public schools).

Given the caliber of opposition arguments, it is no wonder a Detroit News poll published Sept. 15 shows MCRI with an 11-point lead. Gratz says that if her group is outspent "only" five to one -- Connerly was outspent that heavily while winning in Washington state -- MCRI will become Michigan law.

Anti-MCRI demonstrators chant, "They say Jim Crow, we say hell, no." So, the rancid residue of what once was the civil rights movement equates Jim Crow -- the system of enforced legal inferiority for blacks -- with opposition to treating blacks as wards of government, in need of infantilizing preferences, forever. To such Orwellian thinking, Gratz and Connerly -- and soon, perhaps, Michigan -- say: Hell, no.

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ANTITRUST:

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So Small A Town, So Many Patent Suits (NYT)

By Julie Creswell

The New York Times, September 24, 2006

MARSHALL, TEX.

ON a crisp Monday morning earlier this month, about 20 lawyers from some of the country's top law firms shuffled their way into a brightly lit, wood-paneled federal courtroom in this small city in eastern Texas.

Wearing white shirts and dark suits, the lawyers congregated in small groups, leaning into one another with their arms crossed and speaking in hushed tones.

At precisely 8:30 a.m., a series of knocks on the right side of the courtroom signaled the entrance of Judge T. John Ward, a blur of black robe and white hair, who quickly took his seat and, with little preamble, began the proceedings.

Over the next few minutes, a 10-person jury listened raptly as lawyers for both sides laid out the case. Hyperion Solutions, a software company based in Santa Clara, Calif., accused the OutlookSoft Corporation of Stamford, Conn., of infringing two of its patents, causing $50 million in damages. A lawyer for OutlookSoft said the company did not steal any patented technology, adding that Hyperion's patents were not even valid.

What was remarkable about the trial was not the issue being tried or the arguments proffered by each side, but that these big companies — like dozens more from the East and West Coasts — wound up in the Federal District Court here in Marshall, the self-proclaimed Pottery Capital of the World and home to the annual Fire Ant Festival (sponsored by Terminix, the pest-control company).

More patent lawsuits will be filed here this year than in federal district courts in San Francisco, Chicago, New York and Washington. Only the Central District of California, in Los Angeles, will handle more patent infringement cases.

On the surface, there is little to recommend Marshall as a locus for global corporations looking to duke it out over who owns the rights to important technology patents. Some 150 miles east of Dallas, and just minutes from the Louisiana border, Marshall and its 25,000 residents are fairly typical of most small cities in Texas. Marshall is a place where friendships last a lifetime and rivalries even longer, where residents still talk about the Civil War, debate on street corners about decades-old high school football games, and conduct midday business meetings over plates of meatloaf, mashed potatoes and banana pudding.

What sets Marshall apart from its neighbors is a red-hot patent docket. Four years ago, 32 patent lawsuits were filed in the Federal Eastern District of Texas, which includes Tyler, Texarkana and Marshall. This year, an estimated 234 cases will be filed in the district, a majority of them in Marshall.

What's behind the rush to file patent lawsuits here? A combination of quick trials and plaintiff-friendly juries, many lawyers say. Patent cases are heard faster in Marshall than in many other courts. And while only a small number of cases make it to trial — roughly 5 percent — patent holders win 78 percent of the time, compared with an average of 59 percent nationwide, according to LegalMetric, a company that tracks patent litigation.

Those odds are daunting enough to encourage many corporate defendants to settle before setting foot in Marshall. Add to that the fact that jurors here have a history of handing out Texas-sized verdicts to winners. In April, for instance, a Marshall jury returned a $73 million verdict against Communications">EchoStar Communications for infringing the patents of TiVo.

MARSHALL was once one of the most prominent and wealthy cities in Texas, but much of the city's industry and many of its downtown shops disappeared in recent decades. Now, thanks to an influx of out-of-town lawyers and the increased investment in real estate by a handful of local leaders, Marshall is in the early stages of a revival.

The sounds of hammers and electric saws echo across the brick-paved streets that line its picturesque downtown square as buildings that stood empty for years are being transformed into office space for rent.

Restaurants that depended on tourists drawn to town by the Fire Ant Festival, the Stagecoach Days Festival and the winter Wonderland of Lights display now do a brisk business catering lunches and dinners for visiting lawyers. Some hotel chains along Interstate 20, south of downtown, are running at 95 percent occupancy rates during the week.

"During the TiVo-EchoStar trial, 90 percent of my revenue for one month came from one of the law firms in the case," said Phillip W. Gurganus, manager of the local 68-room Hampton Inn, where rates run $77 a night.

His mother, a former Texas tort reform lobbyist, helps to serve breakfast at the hotel. "I loved getting that check and taking it to the bank," he added.

How far the dollars from visiting lawyers trickle through Marshall's economy remains unclear and is the subject of discussion among local leaders.

For much of its history, Marshall has been a community divided by wealth and race. People whose grandparents or great-grandparents made fortunes from oil, natural gas or railroads live in gated mansions and rarely mix with those who frequent the local Wal-Mart or many downtown finance shops that make $300 loans. The median family income in Marshall is $30,000.

"The majority of Marshallites don't even know the patent docket exists," said Johnny B. Taylor, a native of Marshall who returned and started an office rental business after spending 31 years as a police officer in Arlington, Tex. "There's one way the docket affects them: they can't find parking."

Cranking up the air-conditioner of her father-in-law's 1990 red Cadillac DeVille with a matching red leather interior, Geraldine Mauthe, the city's bubbly and silver-haired convention-and-visitors director, begins the tour of town.

Turning away from the pale yellow century-old Harrison County Courthouse, which is being renovated and updated to handle Marshall's rapidly expanding patent docket, Ms. Mauthe often stops the Cadillac in the middle of the street — eliciting sharp honks from cars behind her — to point out local sights.

This much can be said about Marshall: It is not lacking in churches (50 Baptist, 35 of other Protestant denominations and 1 Roman Catholic), historic homes (many built in the 1850's) and, oddly, funeral homes. "We have seven. Four for blacks and three for whites," Ms. Mauthe said, matter-of-factly.

When she drove past a hair salon that offered haircuts, tanning and the services of a notary public, Ms. Mauthe rubbed her fingers together and said: "You got to make money somehow."

Oh yes, Ms. Mauthe added, Marshall and its robust legal community go back a long way. In the late 1800's, she said, Marshall was a bustling city, a transportation gateway to the North, linking local cotton farmers and the Texas and Pacific Railway.

As the railroad was built, personal-injury lawyers came to town to represent injured workers. In more recent decades, Scott Baldwin, Franklin Jones and other Marshall-based plaintiffs' lawyers generated tens of millions of dollars in fees — and grabbed the national spotlight — by pursuing class-action lawsuits against companies that used asbestos and silica, and against the pharmaceutical and tobacco industries.

By the late 1990's, though, it looked as if the good times were ending for Marshall's lawyers. Broad tort reform in the state had limited punitive damages and later capped damages on medical malpractice lawsuits, effectively limiting the fees that lawyers could make.

In Marshall, an oft-told joke is that the passage of tort reform was when many local lawyers made the trip from P.I. to I.P. — that is, they moved out of personal injury and into intellectual property.

That was the road traveled by Samuel F. Baxter, a former state district court judge who had become a personal-injury lawyer, after he received a call from a lawyer in Dallas in 1996, asking him to help out in a patent lawsuit in Marshall. "I told him, 'No, I don't know anything about patents,' " Mr. Baxter recalled as he reclined far back in his chair in his Marshall office, which included an autographed Cy Young baseball and aging maps of the United States depicting an outsized Republic of Texas.

Mr. Baxter was eventually persuaded to take the case and was the lead trial lawyer defending Samsung in a patent lawsuit filed by Texas Instruments, which eventually settled. Since then, Mr. Baxter, who is a principal at McKool Smith, a Dallas-based law firm with a full-time office in Marshall, has been involved in a number of patent cases; in one, he helped represent TiVo in its patent fight with EchoStar.

Charmingly loquacious about his two adopted sons and local Civil War history, Mr. Baxter turns economical with his words when asked why the federal court in Marshall handles more patent lawsuits than federal courts in much larger cities.

"One, speed kills," he said. "If you're the plaintiff, you can go fast and get a resolution faster here than you can a lot of other places.

"Second, there's a dearth of good lawsuits these days for lawyers to handle," he added. "You know lawyers: they go where the money is."

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THE testing of Marshall as a patent battleground began nearly two decades ago, when Texas Instruments, which has its headquarters in Dallas, embarked on an aggressive strategy to make rivals license its patents. If a company would not capitulate or at least negotiate, a Texas Instruments team of lawyers would drag it to court — increasingly, down the road to the uncluttered courtrooms of Marshall.

In September 1999, Mr. Ward, a malpractice and product-liability lawyer with a practice nearby, in Longview, was sworn in to the East Texas federal bench.

A no-nonsense judge who charms people with his folksy demeanor but who also has a reputation for a fiery temper in the courtroom, Judge Ward began hearing patent cases. As a private lawyer, he had argued a few such cases; as a judge, however, he quickly grew frustrated at the slow pace, paperwork, and delays and motions that were part of a patent docket.

That's when he adopted what he calls "the Rules." As any lawyer who has shown up in Judge Ward's courtroom will testify, the Rules put patent lawsuits on a strict timetable, laying out when key documents must be handed over and setting firm trial dates.

No 100-page motions or lawyer soliloquies are tolerated in Judge Ward's courtroom. He puts page limits on documents and uses a chess clock to time opening and closing arguments, brusquely interrupting lawyers when it is time for them to wind it up.

The changes turned Marshall's federal court into a "rocket docket" — a place where the time between filing and trying a lawsuit became significantly shorter than in other districts.

"I really shot myself in the foot when I adopted the Rules," Judge Ward said with a laugh, sitting in a leather chair in his quiet, wood-paneled chambers during a lunch recess in the Hyperion-OutlookSoft trial. The reason, he added, was that the district was soon deluged by patent suits filed by companies seeking a quick resolution to their conflicts. While judges in nearby cities also began to hear patent cases, most of them remain before Judge Ward.

The expedited process pleases clients, though it is sometimes hard on the lawyers who break the Rules.

"When he's mad, first his face gets red," said Michael C. Smith, a lawyer with the Roth Law Firm in Marshall. "Then his neck gets red and he starts tucking his chin down into his chest. If he tears off his glasses, I don't care what side you're on, you had better drop to the floor and get under that table fast."

Judge Ward said that he did not often lose his temper. "If I tell a lawyer to stop leading the witness and he continues, well, we're going to have a problem," he said.

SPEED is not the only feature bringing patent holders to Marshall. So, too, is the fact that they usually win. Three-fourths of the cases that come to trial in Marshall are decided in favor of the plaintiffs, compared with less than half in New York.

The success rate for patent holders in Marshall is a great incentive for defendants to settle matters quickly and privately. Since 1991, the Federal District Court in Marshall has held less than half the number of full patent trials as courts in Los Angeles, New York, Chicago and San Francisco.

"I would say that this is, historically anyway, a plaintiffs-oriented district," Judge Ward said, noting that he lost a large patent suit there himself when he was practicing. He was part of the team representing Hyundai Electronics in 1999 when it lost a $25.2 million verdict in a lawsuit filed by Texas Instruments.

Others point to a different reason why plaintiffs may win more often than defendants: plaintiffs, they say, typically hire local Marshall lawyers. Hiring local in Marshall means that you will get a lawyer who not only knows the jurors, but who also probably knows their friends and even personal details like how often they go to church, local lawyers say.

"We had a Fourth of July party and we circulated the jury lists to people there on the boat dock," said Joy Berry, a local lawyer who advises out-of-town law firms in jury selections. "By the time the party was over, we knew quite a bit about nearly everyone" on a list of potential jurors for coming trials, she said.

Mr. Smith of the Roth Law Firm said it could be difficult for outside lawyers to blend in and noted that some even tried to curry favor with jurors by taking on a drawl or wearing cowboy boots. "I call them T.B.L.'s, or 'tall building lawyers,' " he said. "They don't take their coats off no matter how hot it is down here."

Indeed, local lawyers love to swap stories about visiting colleagues and their clients from bigger cities or from abroad.

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One of Mr. Baxter's favorites is about an out-of-town lawyer, a vegan, who wanted a late-night meal. "She walked over to Wendy's and tried to order a salad through the drive-in window," he recalled. "She was told she needed to be in a car to order through the drive-in window so she walked back over to the hotel, woke up one of the firm's partners and had him take her through the drive-in window." He laughed uproariously at the memory.

M. Craig Tyler, a lawyer in the Austin, Tex., office of Wilson Sonsini Goodrich & Rosati, the big Silicon Valley law firm, is fond of recounting how visitors react to Texas hospitality. "We've had many meals with clients from the Pacific Rim who take out their cellphones and send pictures back home when they see the portions of the meals in Marshall," he said. "They thought it was family style, that one plate would feed many people."

And then there are the tight-knit relationships that visiting lawyers encounter when they work in Marshall. In one patent case that eventually was settled, the plaintiffs hired an accountant whose clients included Judge Ward.

Patent litigation is a growing business across the country; Marshall is just the most visible example. Among the weightier issues behind the mushrooming of its patent docket is whether the elements that have made it expand — hungry plaintiffs' lawyers, speedy judges and plaintiff-friendly juries — are encouraging an excess of expensive litigation that is actually stifling innovation.

Some say yes. "A lot of the cases being filed in Marshall are by patent holding companies, or patent trolls, as they're called, whose primary and only assets are patents," Mr. Tyler said.

Companies spent 32 percent more on outside counsel for intellectual property litigation in 2003 than in the previous year, Chuck Fish, the chief patent counsel for Time Warner, told the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property earlier this year. Spending for all other litigation rose a mere 1 percent during that time, Mr. Fish said.

Defending Marshall's role, many residents note that not only is it cheaper to hold a trial in Marshall, but that it is neutral territory for virtually all corporations that find themselves in court here.

"It's not as if you have a situation here where Microsoft is hated or Cisco is spit upon," Mr. Baxter said. "Whether it happens in Marshall, Tex., or Des Moines, Iowa, these lawsuits are going to happen. They might as well happen here."

And many in Marshall are looking for ways to profit from the patent gusher.

THE paint is peeling and the wallpaper in the bathroom is nothing short of hideous, but all Johnny Taylor sees as he walks through the former doctor's office he just bought in town is space for as many as 16 lawyers.

"Furnished office space is renting for $1 to $1.50 a square foot per week. So, a 2,000-square-foot office can get $2,000 per week," said Mr. Taylor, who has already wired the building for high-speed Internet access and created marshallofficespace.com to highlight offices for rent and offer advertising to local businesses.

One of the first challenges for visiting lawyers arriving in Marshall is cramped quarters. They often roll into town with semitrailer trucks that have traveled from San Francisco or New York containing everything that could be needed to try a case, including volumes of documents, copying machines, desks, video and audio equipment and even cappuccino machines.

Some people in Marshall are trying to save them the trouble by providing fully equipped office space on short-term leases.

"We're going to have a 6,000-square-foot space for a war room that we can rent out for $7,500 to $10,000 a week," said Leslie D. Ware, a patent lawyer in Dallas, who bought a former furniture building next door to the federal courthouse. "A firm could basically walk in, plug in their laptops, work and unplug and go home," he said.

Others are trying to lure patent dollars through different tacks. Fairfield Inn, which bought a subscription to Pacer, the electronic docket, routinely calls law firms to offer rooms for their lawyers with cases scheduled for trial.

"I'm thinking of coming up with a T-shirt for the lawyers," said Jennie A. Kelehan, a former financial adviser who moved here from Houston three years ago and is now the co-owner of a wine and specialty store called Under the Texas Sun. She estimated that lawyers in town for the patent docket were responsible for about a sixth of her sales.

"The patent lawyers were not in our plans at all," she said, "but they are definitely a huge asset for us and we will start using that as we start planning for the future."

Others, though, seem more skeptical about the long-term effect of the patent docket on Marshall's economy. They said they would like to bring in new industries and increase tourism.

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"For the most part, the rocket docket and the lawyers are 'today dollars,' " said Alan Grantham, a member of the Marshall Economic Development Corporation and a senior vice president at Bancorp South. "They spend the night at a hotel, rent cars and eat at restaurants." But, he added that the patent docket was not the only factor driving the local economy.

Others, like Jerry Cargill, who runs a wholesale beverage distributing company in Dallas and has a family farm outside Marshall, said they hoped that increased tourism would play a bigger role in Marshall's comeback.

In the last three years, Mr. Cargill has bought nine buildings downtown, as well as a $500,000 stake in the historic Hotel Marshall. The City of Marshall put in $1 million and others raised $527,000 to restore the building to its original Italian Renaissance design.

"I didn't even hear about the rocket docket until a year ago," Mr. Cargill said. "By then, we were well into the various projects."

This fall, a tourism marketing firm is coming to town to create a branding plan and to offer ideas to alter Marshall's infrastructure for tourism. "It's a unique community," Mr. Cargill said. "It just needs some marketing."

Marshall's patent docket may not be able to sustain its current pace of growth. Its reputation for speed is starting to attract so many cases that a certain sluggishness may be setting in. Four years ago, lawsuits took less than two years to go to trial. Now the average time between when a suit is filed and when it goes to court is more than 27 months.

There is legislative movement afoot as well. This spring, two senators, Patrick J. Leahy, Democrat of Vermont, and Orrin G. Hatch, Republican of Utah, introduced a patent reform bill. Among its many provisions is one to limit damages in patent lawsuits and another to require a more substantial connection between a business and the court where it brings a patent lawsuit.

WE think the bill will restore more balance in the patent system and remove incentives for plaintiffs to run to one jurisdiction and try to hit the jackpot," said Mark W. Isakowitz, a lobbyist with the Coalition for Patent Fairness, which advocates patent reform on behalf of corporations. Any reform would likely happen next year at the earliest, lawyers say.

But the biggest change in Marshall's status could come if plaintiffs start losing more cases.

A jury in Judge Ward's courtroom in July stunned observers when it returned a verdict that said WG Security Products had not infringed any of the patents of Sensormatic.

The jury in the Hyperion-OutlookSoft case went even further a little over a week ago. After a five-day trial, it deliberated for less than three hours before deciding that OutlookSoft had not infringed the Hyperion patents and that those patents were invalid.

After the verdict was read, OutlookSoft's legal team returned to the local law office it had been working out of and opened some Champagne, said the company's chief executive, W. Phillip Wilmington, who attended every day of the trial in Marshall.

"As we were going through our victory discussion, a big truck pulls up and there goes the copier and fax machines out the door," Mr. Wilmington said. "It disappeared just as quickly as it was set up. I'm sure the week following, there was someone coming in to do it all over again."

ENVIRONMENT:

As Children Suffer, Parents Agonize Over Spinach (NYT)

By Monica Davey

The New York Times, September 24, 2006

MILWAUKEE, Sept. 22 — The hardest moment came when Elaine and Dennis Krause's 9-year-son, who had stoically undergone kidney dialysis, blood transfusions and drug treatments that made him hallucinate that spiders were all around him, quietly asked his parents whether he was going to die.

"What do you say when your child asks you, am I going to die?" asked Elaine Krause, who has spent nearly all of this month beside her son's bed at a hospital here, watching his skinny, lanky body do battle with E. coli. "I told him, 'These people are trying to help you, and you are getting good care.' But the truth is, I couldn't answer him directly. We didn't know."

By this weekend, a national outbreak of E. coli linked to fresh spinach grown in California had sickened 170 people in 25 states and killed at least one here in Wisconsin, where more people have grown ill than in any other state. The authorities in

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Idaho and Maryland were investigating the deaths of two others, including a toddler whose parents said they gave him a fruit smoothie with spinach days earlier, trying to determine whether their deaths, too, were linked to the outbreak.

But beyond the raw statistics were individual stories of a sudden, mysterious, life-threatening illness, one that struck most often in the homes of those who viewed themselves as more health conscious than many other Americans.

In many cases, it crept up with frightening force after what had seemed a harmless, even healthful meal — a spinach salad with walnuts, a sandwich layered with spinach or, as for the Krause family, a baked, boneless, skinless piece of chicken on a small bed of spinach. Then what had seemed a simple bout of diarrhea in the morning often led to a harrowing, bloody race to the emergency room by midnight.

And around the country, some families still wait by bedsides, wondering which foods they could ever again feel safe giving their children, what the government or the spinach industry could have done to protect them, and, most of all, whether their loved ones will ever fully recover.

"Here you think you're feeding your child a great, healthy meal," Dennis Krause said sadly. "But here I was, poisoning him."

Not all E. coli is harmful to humans, but certain strains produce toxins that kill cells in the gut and in the blood vessels, leading to abdominal cramps and watery to bloody diarrhea, said Dr. John Flaherty, associate chief of the division of infectious disease at the Feinberg School of Medicine at Northwestern University.

One area where the toxins can wreak particular havoc is in the kidneys; when it happens, Dr. Flaherty said, the inflamed cells lining the blood vessels get "roughed up," causing red blood cells to break open as they pass by and jam blood flow to the kidneys.

"In the course of one week, he went from this healthy, lively little boy to a boy in a hospital bed fighting for his life," said Anne Grintjes, of Brookfield, Wis., whose 7-year-old son developed a dangerous form of kidney failure linked to E. coli, called hemolytic uremic syndrome. "He turned yellow and gray, literally. It was shocking and terrifying and unbelievable to watch."

Of the 171 cases that have been confirmed as part of the spinach outbreak, more than half required hospitalization, and about 16 percent developed the dangerous hemolytic uremic syndrome.

Doctors say they cannot be certain what long-term effects the syndrome may have; it varies from person to person. Many patients recover entirely, they say, while others may suffer from chronic kidney problems and other health risks.

Although the youngest children and the oldest adults are considered most vulnerable to getting sick from the bacteria and to struggling to recover from its effects, more than 70 percent of those who grew ill in this outbreak were somewhere in between: older than 4 and younger than 65.

At 27, Gwyn Wellborn of Salem, Ore., described a sudden onslaught of slicing, stabbing abdominal pain and bloody diarrhea in late August, days after eating baby spinach at work, thinking she was being especially virtuous. At first, doctors sent her home, Ms. Wellborn said, with a painkiller and a diagnosis of food poisoning. Hours later, though, the pain became so excruciating and the bleeding so constant, she said, that her husband rushed her back to a hospital.

From there, she quickly deteriorated. Her kidneys began failing. "At one point, the doctors told my family there was nothing they could do, that that was it," she recalled. But after three transfusions and several weeks in a hospital, Ms. Wellborn went home.

Hers is one of at least four lawsuits filed in courts around the country by William D. Marler, a Seattle lawyer, in connection with the outbreak. Ms. Wellborn said she would not consider eating spinach anytime soon. "Not in a million years," she said.

Marion Graff, 77, a former bank clerk and widow from Manitowoc, Wis., is the nation's only confirmed fatality in the outbreak, but deaths in Maryland and Idaho are also considered "suspect" cases, federal authorities said on Friday.

Kyle Allgood, 2, of Chubbuck, Idaho, died at a Utah hospital from cardiac arrest after contracting hemolytic uremic syndrome, his family said, a case Idaho authorities said was "probably connected" to the tainted spinach, although laboratory tests have been inconclusive. Kyle's mother, Robyn Allgood, said she had mixed vegetables into blended fruit and juice smoothies, as a way to get Kyle and her two daughters to eat vegetables, and had given him such a drink on Sept. 12.

Three days later, she said, Kyle had flu-like symptoms, including severe diarrhea.

On Wednesday, despite specialized treatment at a hospital in Salt Lake City, Kyle died, hours after his father, Jeff, said he had urged the boy "to fight for me."

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Relatives tearfully recalled Kyle as generous and good-natured though mischievous — a boy known as the "stuntman" for his antics, which inspired fear and awe in adults.

He liked to twirl his hair into knots, dance wildly to the music of Jack Johnson and give lingering kisses to his aunts, the family said. He was also impish; at Primary Children's Medical Center in Salt Lake City, Kyle was pinching his nurses and ripping at his IV's until near his final moments, they said.

In Maryland, an elderly woman died of E. coli on Sept. 13 after eating fresh spinach, state health officials confirmed, but because of a lack of DNA specimens from the victim, officials have yet to determine whether it was the same strain of E. coli that infected others who ate spinach. Family members identified the woman as June E. Dunning, 86, of Hagerstown.

Warren Swartz, Ms. Dunning's son-in-law, said she had eaten steamed spinach from a package on Aug. 30 and Sept. 1 and baby spinach from a bag on Aug. 30. She had signs of E. coli, including rectal bleeding and bloody diarrhea, on Sept. 1 and went to the hospital the next day.

For the Krause family, of McFarland, Wis., the illness began a few days after a family dinner on Aug. 24. First, their 15-year-old daughter grew ill. Then their 9-year-old, who was healthy enough that he had a perfect attendance record last year in third grade, grew even more ill, and has suffered debilitating effects, including acute renal failure, fluid buildup near the heart, raised blood pressure, soaring blood sugar.

In a hospital cafeteria here, miles from their home, the Krauses at first could only bring themselves to eat peanut butter and jelly sandwiches. Everything else — lunch meats, salads, everything — scared them.

"For me, there's anger and paranoia and fear for others — for the safety of food we get that's supposed to be monitored," Ms. Krause, 47, said. "I don't know what to trust. Should we grow it all ourselves?"

On Friday, their strawberry-blond boy lay weakly in his hospital bed, surrounded by balloons and cards from the school where he says he fears falling behind his class. He had physical therapy, then occupational therapy to begin rebuilding his body. He told his father he only wanted to be well, to somehow rewind to the day before the spinach.

A few days ago, his body seemed to turn a corner and doctors removed him from the dialysis machine, a crucial step toward recovery. His parents have not asked when he might be well enough to go home; they said it was too early to look ahead.

"I keep thinking we will at some point go home and it'll all be like it was," said Mr. Krause, 52. "But we don't know yet what the long-term effects are. He will be monitored probably for the rest of his life. It'll never be the same."

E. Coli Alert's Timing Questioned (WP)

By Dan Morse, Washington Post Staff Writer

The Washington Post, September 24, 2006

Md. Family Suggests State Acted Only After Death Was Publicized

HAGERSTOWN, Md., Sept. 23 -- The family of an elderly Hagerstown woman who died nearly two weeks ago after eating bagged spinach questioned Saturday whether government health officials had done enough to alert Maryland residents to the threat of E. coli contamination that has been linked to at least three people in the state.

"The story broke in the local newspaper Friday morning. Suddenly the [state] health department had a press conference on Friday afternoon," said Warren Swartz, son-in-law of June E. Dunning, 86, who died of E. coli illness Sept. 13 at Washington County Hospital in Hagerstown.

Dunning might be the second person killed in a nationwide E. coli outbreak, but state officials have been unable to conclusively link her case to the national outbreak because of problems completing a genetic test on the bacterium that infected her.

Swartz and his wife, Corinne, spoke Saturday to more than a dozen journalists crammed into their living room. The Swartzes appeared uncomfortable with the attention as they spoke of Dunning, a native of Britain and bingo enthusiast who could work up to 21 cards at once.

Although Warren Swartz raised questions about when information had been disseminated, he stopped short of criticizing government officials directly.

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Also at issue are other cases in Maryland, including those of three children whose sickness was attributed to tainted spinach. The children are recovering, officials have said.

Dunning, who lived with the Swartzes and was an avid spinach eater, ate bagged spinach Aug. 28 and 30 and Sept. 1 -- steamed or as part of a salad -- becoming intensely sick shortly thereafter and being hospitalized. Her death occurred about the time news of the outbreak was spreading across the country. Swartz said he was able to retrieve some of the spinach from the family's refrigerator and give it to health investigators.

On Thursday, Swartz said, he contacted the Hagerstown Herald-Mail because he wanted residents to know about the possible threat. The newspaper's article was published Friday.

John Hammond, a spokesman for the Maryland Department of Health and Mental Hygiene, said the agency was not withholding any information. He said Friday's news conference addressed a wider number of E. coli cases that officials are investigating.

Hammond would not say when state investigators found links to the other cases. He said he was told about them Friday morning.

He also said state officials called the news conference Friday primarily to announce the link to spinach of three E. coli cases in Maryland. At the same time, he said, the news conference allowed officials to address a deluge of phone calls they were receiving from reporters after the news report in Hagerstown.

Hammond declined to answer specific questions about Dunning. "It is inappropriate for us to comment on a specific case," he said. "We can't, and we won't."

In a Friday news release, Michelle A. Gourdine, the health department's deputy secretary for public health services, said: "The discovery of these cases shows our surveillance protocols are working exactly as they should. The minute we learned about the issue, we began researching any possible links to cases in Maryland."

The outbreak of E. coli O157:H7, which has sickened at least 166 people in 25 states, has been traced to three counties in and around the Salinas Valley in California. On Saturday, Pacific Coast Fruit Co. of Portland, Ore., announced a recall of its salad products.

Maryland officials have talked about 10 cases. In three, children with E. coli illnesses had eaten spinach. Three other cases were not linked to the outbreak. At least four other cases in Maryland, including Dunning's, are under investigation.

In Hagerstown, the Washington County Health Department referred questions Friday to state officials. Washington County officials were unavailable to comment Saturday.

Dunning's daughter and son-in-law recalled her as a spunky 86-year-old who had not been in the hospital since she gave birth.

Dunning lived with the couple in her own section of their house and enjoyed spending time in a sunroom tending to plants.

In the hospital, Dunning fell into a coma. She woke briefly, smiled and blew a kiss to her daughter.

On Sept. 13, while at their house, Dunning's daughter and son-in-law noticed an azalea blooming, the only one on a bush outside their door.

In the hospital, Warren Swartz tried to tell his mother-in-law about the flower. "I saw the little note you sent us," he told her.

5 More E. Coli Cases Blamed On Spinach (AP-Y)

By Andrew Bridges, Associated Press Writer

AP, September 24, 2006

The outbreak of E. coli linked to fresh spinach was blamed for another five cases of illness Saturday, raising the number of people sickened to 171, the Centers for Disease Control and Prevention reported.

The number of states affected held steady at 25. So far, 92 people have been hospitalized, including a Wisconsin woman who died. Two other deaths have been reported in suspected cases — a child in Idaho and an elderly woman in Maryland — but those cases are still being investigated.

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For more than a week, the Food and Drug Administration has recommended people not eat fresh, raw spinach. State and federal investigators since have traced the contaminated spinach back to three counties in California's Salinas Valley, and already farm inspections there are turning up possible problems.

On Friday, officials said spinach grown anywhere outside that area is safe to eat — but industry needs to figure out how to let consumers know the origin of what they're buying before the green can return to sale, said Dr. David Acheson of the FDA's Center for Food Safety and Applied Nutrition.

Last week, Natural Selection Foods LLC of San Juan Bautista, Calif., recalled all its spinach and spinach-containing products. Many people reported eating the company's spinach, sold under multiple brands, before falling sick. And a package of Dole baby spinach, one of those brands, taken from a victim's refrigerator tested positive for E. coli.

Other companies that have recalled products because they may contain contaminated spinach include Pacific Coast Fruit Co. of Portland, Ore., S.T. Produce of Seattle, River Ranch Fresh Foods of Salinas, Calif., and RLB Food Distributors of West Caldwell, N.J.

Pacific Coast said its products were distributed in Alaska, Oregon, Washington and Idaho. S.T. Produce said its salads were distributed to stores and delis in Washington, Oregon, Idaho and Montana.

The states that have reported infections are Arizona, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Minnesota, Nebraska, Nevada, New Mexico, New York, Ohio, Oregon, Pennsylvania, Tennessee, Utah, Virginia, Washington, Wisconsin and Wyoming.

Something's Rotten In Food Oversight (WP)

By Al Meyerhoff And William B. Schultz

The Washington Post, September 24, 2006

Federal agents are scurrying across the Salinas Valley -- the nation's "salad bowl" -- in search of the source of the E. coli contaminating the spinach supply. They won't find it without a mirror, because the real culprit in this case is the U.S. government. A half-dozen federal agencies administer a patchwork quilt of outdated standards, inadequate inspections and porous statutes that allow pollution in the fields, filth in the packing houses and contaminated food on the supermarket shelves. Millions of Americans are sickened by food each year; some 9,000 die.

Today American food is more manufactured than grown. Following a scorched-earth approach, workers wearing "spacesuits" inject nerve agents into the soil before planting, leaving nothing alive. Hogs grow enclosed in facilities several stories high. Tomatoes are picked green, gassed and then canned. Writing almost 70 years ago, journalist Carey McWilliams was prescient in his classic work: We now truly do have "factories in the fields." And factories, whether manufacturing steel or frozen peas, generate waste -- in agriculture some 1.4 billion tons per year, 10,000 pounds for each American.

Some of these wastes have a nasty habit of returning in our food. The E. coli in spinach most likely came from the Salinas River or its tributaries, a system of virtual sewers from agricultural runoff and flooding. Since 1995 there have been 20 other E. coli poisonings of spinach and lettuce, eight of them in the Salinas Valley, where nearly every waterway violates national clean-water requirements.

Pathogens, animal waste, agrichemicals and fertilizers routinely enter our food supply, either from environmental pollution, as with E. coli, or intentionally, as in the case of pesticides. Infected animals confined in feed lots are dosed with antibiotics; the lots themselves produce "lagoons" of runoff, contaminating the land, water and the food itself.

Three agencies within the Agriculture Department and two within the Department of Health and Human Services, plus the Environmental Protection Agency, have overlapping jurisdiction over the food supply. None has overarching authority or responsibility for the quality of food. The Government Accountability Office said recently that "it is at times difficult to determine which agency is even responsible for a particular food product," and "arbitrary jurisdictional lines can make the current system difficult to assess and, more importantly, unresponsive to the needs of the public."

Contaminants are not even subject to a single standard. Instead, from the field to the table, different rules apply, reflecting differing regulatory philosophies. Most are many decades old and showing their age. "Tolerances" for pesticides, some from the

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1950s, were originally set to address immediate, "acute" health effects. Only now, following a 1996 amendment to the law, are the standards being slowly reassessed to address cancer and other long-term, chronic health effects.

Rules for other food contaminants are even less exacting. There are the "unavoidable environmental contaminants" that get into food indirectly from the soil, surface or irrigation water. These include everything from insect fragments and fly eggs to mercury and lead. They are typically subject only to "action levels": informal, discretionary limits that lack the clout of regulations and are set without sufficient scientific data.

In the late 1990s, in adopting a modest $43 million Food Safety Initiative, the Clinton administration accurately described the problem and made a plea for help. "Our understanding of many pathogens and how they contaminate food is limited," a White House statement said. "For some . . . we do not know how much must be present in food for there to be a risk of illness; for others, we do not have the ability to detect their presence in foods . . . . Resource constraints increasingly limit the ability of state and federal agencies to inspect food processing facilities."

With the federal food safety system so inadequate, it's particularly troubling that earlier this year the House of Representatives passed legislation to override state laws establishing food quality requirements that are more stringent than the federal standards.

Unlike prescription drugs, food does not go through an approval process. The integrity of the system depends heavily on the agency's inspection force in the food production system. Yet the Food and Drug Administration, with responsibility for all processed food products except meat and poultry, has 1,962 inspectors for more than 100,000 facilities -- a decrease of more than 250 inspectors since 2003. Today food processing plants are inspected on average once every 10 years. Imported food is almost never inspected. The USDA has about 6,000 employees who inspect meat and poultry plants, but use of the inspectors is "not based on the food safety risk of particular products," the GAO says.

As a public policy matter, all food safety functions (setting standards, inspection, risk assessment, research) should be consolidated under a single, independent agency (either the Food and Drug Administration or a new federal agency). This approach is supported by scientists and consumer advocates and has been included in legislation introduced by Sen. Dick Durbin (D-Ill.) and Rep. Rosa DeLauro (D-Conn.). In the past, however, similar recommendations have been consistently blocked by agency turf wars and agribusiness clout. But don't despair. September is National Food Safety Education Month.

Al Meyerhoff, an environmental attorney, is a past director of the Natural Resources Defense Council public health program. William B. Schultz was an FDA deputy commissioner from 1994 to 1998.

E. Coli Effects Can Last A Lifetime (LAT)

By Mary Engel, Times Staff Writer

The Los Angeles Times, September 24, 2006

For some who survive infections such as the one recently linked to spinach, lingering ailments include kidney damage and diabetes.

When she was 10 years old, Brianne Kiner became the public face of one of the country's worst outbreaks of food poisoning.

Television cameras zoomed in as she left Seattle's Children's Hospital in June 1993, six months after eating an undercooked Jack-in-the-Box hamburger contaminated by E. coli. It was the same virulent strain that recently has been linked to California-grown spinach.

Doctors called her survival a miracle. What most people outside her family didn't know then — and may not realize now — was that her recovery was just beginning.

"She had to learn to walk again. Think again. Learn her colors," said her mother, Suzanne Kiner. "She had such total body atrophy that she could not chew."

Brianne suffered from hemolytic uremic syndrome, or HUS, the most dreaded consequence of E. coli O157:H7 infection and the most common cause of kidney failure in children under 18. Of the 171 cases identified so far in the current spinach-related outbreak, 27 have been diagnosed with HUS. One person has died. Two other deaths are under investigation.

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Not everyone who ingests this strain of E. coli falls ill, and not everyone who becomes ill develops the bloody diarrhea described by doctors and patients as worse than kidney stones, more painful than childbirth. But about 10% of those who do — the proportion is slightly higher for children and the elderly — come down with HUS.

As the Kiners' experience shows, the consequences can be devastating, lingering far longer than most people's memories of the original outbreak.

The death rate from HUS is 3% to 5%, doctors say. Ten percent of patients survive but have long-term kidney damage and may eventually require dialysis or a transplant. The vast majority recover complete kidney function, but experts say even they should be tested regularly for abnormalities that may not be obvious but could cause high blood pressure or diabetes.

Brianne's case was so severe that just about everyone expected her to die. She was the last to leave the hospital among those stricken in the Jack-in-the Box outbreak that sickened hundreds and killed four.

During the months she was laid up, the toxin produced by the bacteria attacked her brain, kidneys and liver, putting her in a coma for 40 days. She suffered strokes and seizures. Her infected pancreas lost the ability to produce insulin, and she developed diabetes. Doctors removed part of her inflamed intestine.

Brianne doesn't remember being rushed to the hospital. She does recall awakening in the intensive care unit and spending months in bed. She remembers all too well the rounds of doctor appointments after her release and the years of physical, occupational and speech therapy that extended into high school. She was left with damaged lungs and learning disabilities.

"I had to relearn how to read," she said. "And this is embarrassing, but I had to be potty trained all over again."

The $15.6-million settlement the Kiners won in 1995 from Jack-in-the-Box provides for Brianne's support. She now lives on her own and takes community college classes part time — routine milestones for a 23-year-old, but they represent hard-won autonomy for someone stricken as severely as she was. Every three months, she visits her endocrinologist to check her diabetes, but she pronounces her health — and life — "Good."

"I have a house and I'm loving it," she said.

Her mother takes pride in Brianne's progress, calling her "blessed."

But letting go leaves Suzanne Kiner with time she hasn't had in years. Time to watch the spinach outbreak unfold and to think, "Oh, no. Not again."

E. coli is commonly found in cow manure and passed to people though contaminated food. Most strains are ubiquitous and relatively harmless.

But somewhere along the way, E. coli O157:H7 evolved the ability to produce lethal toxins that can cross the intestinal wall and enter the bloodstream.

The toxins flock to receptors in the kidneys, where they kill small blood vessels and clog waste filters. They can also harm the pancreas, liver and heart. Death is often a result of toxins infecting the brain and causing strokes or swelling.

"I lost one child to heart disease," said Dr. Richard Siegler, professor emeritus of pediatrics and kidney disease at the University of Utah School of Medicine and a widely published expert in the E. coli-caused syndrome. "The autopsy found clots in the small blood vessels of the heart. One little girl came into the ER and couldn't breathe. She had damage in her lungs from the toxin. I had a child who developed blindness. The toxin attacked small blood vessels in the retina of the eyes."

Sometimes, the damage reveals itself years later.

Each kidney has about a million filters. On average, most people lose about 20% of these filters by the time they're 80, just through wear and tear.

"Any child that's had this disease has lost some of those filters," said Dr. Sharon P. Andreoli, a pediatric nephrologist at Indiana University. "If they have lost 20% of their filters, they have the kidneys of an 80-year-old when they're 5 years old. So their kidneys have to work harder. And when they have to work harder, they wear out faster."

What saves the vast majority of children who fall ill from HUS is the resilience of the human body. Virtually nothing can be done to fight the infection once it is underway. Treatment consists of supporting the patient — from something as simple as hydration, all the way to dialysis — while the body fights off the toxins.

"Kidneys have an amazing capacity to keep you going with very little left," said Dr. David Acheson, chief medical officer for the FDA's food safety division and an expert on the kidney syndrome. "Many folks can manage all their lives with just one."

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Dr. Phillip Tarr, another expert on HUS and a professor of pediatric gastroenterology at Washington University in St. Louis, agreed.

"It is an absolute horrible experience to go through during the acute stage," he said. "But many people, if not most, get through it and do fine in the future."

Michael Beverly may be one of the lucky ones.

He was just 2 1/2 years old when he fell ill in 1996 after drinking unpasteurized juice made by Odwalla Inc. In that well-publicized outbreak, one child was killed and 60 were sickened.

Michael's kidneys stopped functioning, and he went on dialysis for eight days.

Today, Michael, like most 12-year-olds, thinks he's immortal. He doesn't fret.

His mother does.

Kelley Beverly remembers that Michael was in so much pain that he couldn't bear to have the lights on in his room at Seattle's Children's Hospital.

Now he visits a clinic every other year to have his kidneys and other organs tested. So far, the results have been normal. But his mother knows that complications often accompany the growth spurt of the teenage years.

"Maybe when he's through adolescence, I can stop worrying," she said.

Amber Brister of Minneapolis is also 12. She is not quite a year from the first anniversary of the illness brought on by the 2005 Dole lettuce outbreak, one of nine E. coli outbreaks traced to lettuce or spinach grown in the greater Salinas Valley since 1995.

Amber entered the hospital Sept. 28 and was discharged on Halloween. Her kidneys failed, and she spent 18 of those 34 days hooked up to a dialysis machine. Her pancreas became infected. She couldn't eat for three weeks.

"No one knows what it's like until it happens to you, until you're the one sitting in the hospital, watching your child fight for her life," said her mother, Lori Olson. "What people don't understand about this is they think that you just get sick, and you get better, and that's it."

The single mom lost her job as a bartender to stay with her daughter in the hospital. Olson agonized over leaving a second daughter, then 15, home alone every night for a month. She too had been sickened in the outbreak but not as severely.

Now, almost a year later, there are the questions, the ones Olson has to ask and the ones she has to fret about.

"Every day you have to ask questions that, as a preteen, she's not very comfortable with, and she'd like to forget the whole thing," Olson said about Amber. "Every little thing you have to monitor. When she has a cold, you just worry and worry and worry."

Immediately after her discharge, Amber went to a clinic twice a week to check renal and blood levels. She missed day after day of school.

"We all remember our first year in junior high," Olson said. "If you can just imagine coming back three months after everybody else and being that kid who was in hospital."

Amber herself doesn't want to talk about her illness. She doesn't want the attention, her mother said. She just wants to live a normal life.

Brianne Kiner understands — and sympathizes with anyone who's suffering through the latest outbreak linked to California spinach.

"It's going to get better," she said. "It's tough right now, but it's going to get better."

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Union Hits Board For Upholding Firing (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 24, 2006

The leader of the nation's largest independent union of federal workers says a decision by the Merit Systems Protection Board upholding the firing of U.S. Park Police Chief Teresa Chambers is "dangerous to the public safety" because it cut protections afforded to federal whistleblowers.

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President Colleen M. Kelley of the National Treasury Employees Union said the board's 2-1 decision last week "serves the public poorly and undermines the congressional intent evident in the Whistleblower Protection Act, particularly with respect to matters impacting public health and safety."

The union filed a brief in support of Mrs. Chambers, who had asked the board to overturn her firing. Mrs. Chambers, who had served for six years as chief, was fired in July 2004 by the Interior Department after The Washington Post published an article in which she criticized inadequate funding and staffing levels for Park Police.

Republican board members Neil A.G. McPhie and Mary M. Rose ruled that an employee's disclosure that an agency policy raises risks to the public health and safety is protected by the whistleblower act "only if the legitimacy of a particular policy choice is not debatable among reasonable people."

However, Democrat Barbara Sapin said, "policy decisions underlie virtually all matters at issue in disclosures related to public safety dangers, and even the most extensive and thorough consideration cannot preclude any possibility of substantial and specific dangers to the public health and safety."

In her lengthy dissent, Mrs. Sapin echoed many of the arguments the union made in its amicus brief, adding that the additional requirement imposed by the majority would "discourage employees from making the disclosures Congress sought to encourage them to make."

The board's ruling allows Mrs. Chambers to take her legal challenge to federal court.

Richard Condit, general counsel for Public Employees for Environmental Responsibility (PEER), said the organization will "immediately and vigorously pursue" an appeal of what he called an "extremely questionable ruling."

Ms. Kelley argued that employees should not be required to prove that a policy will endanger the public safety before protecting their rights to speak out on those dangers.

The union represents about 150,000 employees in 30 agencies and departments.

Mrs. Chambers first raised warnings in December 2003 about inadequate funding and staffing. She was suspended and later fired for telling reporters the agency had neither enough officers nor resources to provide adequate security in a post-September 11 world.

PEER noted in a recent report that the National Park Service told Congress in April 2000 that Park Police needed 806 officers. At the time, the agency had 638 officers. Today it has 621.

A Boat Racing On Biodiesel, But Running Low On Money (NYT)

By Jesse Mckinley

The New York Times, September 24, 2006

SAN FRANCISCO, Sept. 23 — In early July, Pete Bethune, an amateur sailor from New Zealand and a recent convert to environmentalism, stepped aboard his new $2.4 million speedboat, filled up the tank with a fuel made from animal fat and headed east from Auckland.

His goal was simple: to complete the fastest circumnavigation of the globe in a motorboat while using nothing but biodiesel, renewable fuel that can be made with salvaged French fry grease, refined soybean oil and other organic and recycled oils. The record attempt is due to start in March, from Barbados, after a North American tour this fall meant to test and publicize the boat — called the Earthrace — and raise money.

“I thought I’d have a sponsor give me $4 million and bankroll the whole thing,” said Mr. Bethune, 41. “And I still believe that.”

But somewhere between Hawaii (where the boat refueled on biodiesel made from the drippings of cruise liners’ deep fryers) and Vancouver (where it loaded up with fuel made from tallow, drawn from the hard fat of sheep and cattle), the Earthrace almost ran out of gas — at least financially.

For the last month, Mr. Bethune, a former oil exploration engineer, has been bobbing up and down the California coast, asking for contributions, from $5 donations to tour the boat to $50,000 to plaster a corporate logo on the side.

“My wife sent an e-mail saying they’re going to turn the lights out” at home, said Mr. Bethune, who has two children. “When you’re stressing your partner out like this, it’s hard.”

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The project has only about $10,000 in the bank and is hundreds of thousands of dollars in debt. Mr. Bethune says he has put $650,000 of his own money into the boat and spent another $650,000 borrowed from banks, friends and family. He sold a business he founded, sold his part in a forest plantation and mortgaged his home — three times.

"I thought it would just fall into place," he said. "But we're just keeping our heads above water."

John Allen, the project's one-man ground crew, has also been trying to find money. "There's lots of irons in the fire but no one with a checkbook and pen poised," said Mr. Allen, who, like Mr. Bethune, is an affable New Zealander. "But with a negligible budget, it's been difficult to go full bore with this."

Hotel rooms and fuel have been donated along the way, but things like rental cars have become a luxury. "I've been wearing the same shorts for three months," Mr. Allen said. "It might be nice to get a new set."

While the lack of money has done little to dampen Mr. Bethune's ambitions, he says he understands why nautical sponsors can be hard to find. "The sight of a boat sinking with someone's name on the side can be disconcerting," he said.

Mr. Bethune said he first became interested in biodiesel several years ago while writing a paper on renewable fuels during studies for a master's degree in Australia. He had had a passing knowledge of biodiesel while working on oil rigs in the North Sea and Libya, but as he learned more, he said, he "became a real convert."

Around the same time, Mr. Bethune also happened across a little-known fact: the world record for circumnavigation of the globe by a powerboat is 75 days, set in 1998 by a British boat called the Cable & Wireless Adventurer. Mr. Bethune figured he could do it faster and, at the same time, raise awareness for his newfound cause.

His passion won over some early sponsors, including Cummins MerCruiser Diesel, which donated the engines; ZF Marine, which donated the boat's gearboxes, propellers and engine controls; and Biodiesel Oils NZ, which gave Earthrace 15,000 gallons of fuel (about five tanks' worth) and $30,000. Panasonic donated $150,000 worth of video equipment, and Caliber Boats built the boat at cost, fusing it together using Kevlar and carbon.

The Earthrace project has also relied heavily on the kindness of strangers, including a rotating, all-volunteer crew. Because Mr. Bethune had never taken a boat out of the sight of land, the Earthrace has two experienced sailors helping with the open-ocean sailing, where waves the size of houses can challenge the most able mariner.

With three hulls and a pair of state-of-the-art engines, the Earthrace, which looks a bit like a large metallic swan, is designed to cut through waves up to 50 feet high without slowing and can reach speeds of 40 knots, which boating experts say could help in its record attempt.

"The fact that it's a wave cutter and a tri-hull, you're talking about high speeds here," said Stuart Reininger, a writer for Motor Boating magazine and an expert on power boats. "I'm sure they could do it."

But running on biodiesel, which is harder to find, would complicate things, Mr. Reininger said. "You're talking about a fuel that doesn't have supply stations everywhere," he said.

The Earthrace is 78 feet long, but the living space is cramped, just a closet-size room with four bunks. The galley is similarly basic, with only a kettle, a microwave and a toaster. There is no shower, a fact that Mr. Bethune said added a certain musk to the journey.

"You kind of lose your sense of smell," he said. "But then when you get off, people are like, 'Oy, mate, this boat stinks.' "

Then there are the curious smells that follow biodiesel vehicles in general, often reflecting the fuel's origins. "You may smell doughnuts, you may smell French fries," said Josh Tickell, of the advocacy group Biodiesel America. "People say they smell fried catfish, but that might be a stretch."

Biodiesel gives off fewer emissions than regular oil-based diesel. It is also nontoxic and biodegradable, making it an ideal fuel for boats, Mr. Tickell said. "It biodegrades in water as fast as sugar," he said.

In Santa Cruz, where the Earthrace arrived during a Friday afternoon happy hour, the reaction was typical: a mix of awe and confusion. Children scrambled for a look, while adults scratched their heads.

"That is the weirdest thing I've ever seen," said Bruce McClymont, 48, of San Jose. But when told the Earthrace's mission, Mr. McClymont chuckled.

"It's a boat going around the world? So what?" he said. "People have been doing that for 500 years."

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Mr. Bethune remains optimistic and says he sees positive signs everywhere. The project's Web site, www.earthrace.net, has been getting about 20,000 hits a day, he said, compared with about 2,000 a day before the boat left New Zealand. And on a good day, the Earthrace has reaped up to $4,000 from curious onlookers.

Mr. Bethune estimates he needs $500,000 to achieve his circumnavigation, a goal he says he intends to meet.

"We're getting there, mate," he said. "It's been a long, hard journey, and it continues to be a long, hard journey. But we're making it happen the best we can."

FBI/DEA/ATF/USMS:

Two Charged In Internet Drug Case (SPP)

By Matthew Moriarty, STAFF WRITER

South Pines (NC) Pilot, September 24, 2006

Two Pinehurst men are among 11 people recently indicted and charged with selling prescription drugs over the Internet.

The U.S. Department of Justice also named an Atlanta-based company in the indictment. The company allegedly sold generic versions of prescription steroids, drugs such as Valium and Xanax and sexual performance drugs such as Viagra and Cialis.

The local men indicted are David Dalton Johnson, 37, and David Alan Brady, 40.

Story continues belowadvertisement

They are accused of selling unregulated drugs manufactured in Belize and marketed through "spam" e-mails as low-price Canadian drugs. The e-mails would direct customers to one of several Web sites where they could order the drugs and they would be shipped from Belize.

Moore County sheriff's deputies went with federal investigators to the homes of the two Pinehurst men on Sept. 14.

"The indictment's allegations are disturbing," U.S. Attorney David E. Nahmias said in a press release, "because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize."

All the defendants stand to lose numerous properties and automobiles and will have to forfeit the money in several bank accounts. The Justice Department is seeking a judgment of no less than $19.8 million.

The government is calling for Brady to forfeit his home on Laurel Road in Pinehurst. It's also seeking three lots off Doubs Chapel Road.

The lead defendant is Jared Robert Wheat, 34, of Alpharetta, Ga., the owner of Hi-Tech Pharmaceuticals, the company that was indicted. The indictment claims that on March 21, 2002, Wheat sent an e-mail "stating that he was making fake Viagra in Belize."

Others charged are Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43, of Duluth, Ga.; Sergio Ronaldo Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; Michelle Young, 38, of Belize; and Guillermo Pech, 28, of Belize.

All the defendants face charg-es of conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs.

Johnson and Brady also face other charges including mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs.

According to the indictment, they were employed by Hi-Tech. Their tasks included marketing, sales and distribution of drugs and controlled substances, the indictment claims.

The indictment claims that Johnson sent several e-mails in October 2003 to other defendants, teaching them how to encrypt documents prior to exchanging them.

The indictment says that in November 2003, Brady told customer service employees to send an e-mail to customers using a fictitious.

Wheat faces the additional charge of engaging in a continuing criminal enterprise.

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The Drug Enforcement Agency (DEA) and the Food and Drug Administration (FDA) conducted the investigation along with help from several other agencies.

According to the Justice Department release, the defendants helped Wheat open a drug manufacturing facility in Belize in 2002. The release said the defendants are accused of using funds from Hi-Tech and Wheat's personal money to cover the costs and would fly to Belize to manufacture the drugs.

They are accused of making 24 different generic versions of drugs including steroids Oxymethelone and Stanazolol, versions of behavior-regulating drugs Ambien, Valium and Xanax, versions of sexual performance-enhancing drugs Viagra and Cialis, a version of the cholesterol pill Lipitor and the arthritis treatment Vioxx.

The Justice Department believes that the defendants ordered enough ingredients to produce millions of pills.

Internet prescription drug fraud has been an area of concentration for the DEA.

"One of the fastest-growing drug abuse concerns is prescription drugs," DEA Special Agent Sherri Strange said. "The selling and purchasing of drugs have been facilitated by the wide use of the Internet, the anonymity it provides and the ease and relative secrecy of the mail and private delivery companies.

"As our children sit down at the family computer to do their schoolwork, research projects and converse with friends, criminal organizations like the one alleged today, slither into their lives. Every one of us has received spam e-mails directing us to visit Web sites to order supposed generic prescription drugs and controlled substances. Buyers beware."

FDA Special Agent David Bourne of the criminal investigations department said that these types of drugs pose a health risk to the public. "We are committed to investigating and preventing those who use trickery and deceit to illegally and unscrupulously sell medications over the Internet at the expense of the public health," he said.

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IMMIGRATION:

Immigration Work Force Fights Corruption (AP-Y)

By Pauline Arrillaga, Ap National Writer

AP, September 24, 2006

Under the glare of the port lights, federal agents watched as the GMC Yukon approached the immigration booth. Two years of legwork — interviewing sources, listening to wiretaps and watching just as they were watching now — had led to this. Aurora Torres, the suspected smuggler, was behind the wheel.

Weeks earlier, agents had heard her on the telephone with her contact.

"Are you going to invite me to the movies tonight?" she asked. "It's going to be four tickets."

"Right at 12," a man responded. "If I can't make it, I'll send you a 9-1-1."

He hadn't made it on that particular day, but tonight everything was going as planned.

Just after 4 a.m., the Yukon eased to a stop at inspection Lane 8 at the Otay Mesa Port of Entry, a byway for travelers heading from Mexico into California. An immigration officer approached. After a brief exchange, the Yukon was admitted into the United States.

Nothing unusual — but for the 11 illegal immigrants sitting inside in plain view.

Torres was arrested. Then agents moved in to take their final suspect into custody.

"Tickets," investigators had concluded, was code for vehicles loaded with undocumented migrants. "Right at 12" was a reference to a work schedule, the midnight to 8 a.m. shift. The clues, they believed, pointed to the secret of Torres' success.

The inspector from Lane 8 was on break when a half-dozen agents approached. "Are you Mike Gilliland?"

He was an ex-Marine with 16 years under his belt at U.S. Customs, but Torres allegedly knew him as something else. Her contact. The one she referred to as "una cosa segura." Translation: A sure thing.

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A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world.

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How do you secure the homeland if some of those guarding the gates are dishonest?

Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol.

On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents — all assigned to the same highway checkpoint — who admitted taking money to let both drugs and migrants pass.

The numbers are a snapshot, but the picture is clear. There's no shortage of "sure things" among U.S. immigration workers.

More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement.

Complaints range from smuggling, bribery, extortion and fraud to sexual misconduct, assault and theft of government property. The accused, past and present, manned border crossings, highway checkpoints, airports. Others sat behind desks in places like Orange County, Calif., and Fairfax, Va., charged with taking bribes to provide naturalization papers or work permits to ineligible applicants.

Though the cases involve only a fraction of the overall immigration work force, some question whether the government is doing enough to root out corruption in the ranks.

"After the next attack, when they find out that an employee was bribed by a terrorist or bribed by a spy, it's going to be too late," said Michael Maxwell, an ex-police chief who headed internal affairs at U.S. Citizenship and Immigration Services (USCIS), the agency that adjudicates visa, naturalization and asylum applications. "In fact, I think it is too late."

In February, Maxwell resigned as director of the USCIS Office of Security and Investigations and sought whistleblower protection after he began complaining to Congress about what he describes as rampant corruption that's going unprobed.

After Maxwell's office was established in 2004, he asked the Department of Homeland Security's inspector general and the Office of Professional Responsibility at Immigration and Customs Enforcement to forward pending inquiries involving USCIS workers.

He wound up with a backlog of 2,771 complaints. One-fifth were criminal allegations, he said, including more than 100 accusations of bribery.

"It's outrageous, absolutely outrageous, how little attention is being focused on this issue when you look at the ramifications on national security," said Maxwell, who informed Congress that complaints included some allegations of employees providing material support to known terrorists or being influenced by foreign intelligence services. While declining to publicly provide details, he cites as one example the case of an Iraqi-born U.S. citizen whose background indicated he'd been trained by "multiple foreign intelligence agencies" but nevertheless was hired by USCIS to review asylum applications. The employee has since resigned.

"Remember, one officer can grant citizenship at the time of his choosing at the place of his choosing to the person of his choosing — with impunity. So if he wants to give Osama bin Laden U.S. citizenship, he can," Maxwell said. "I can't tell you how many times I heard senior management say ... `Every allegation will be investigated.' Well, guess what, it's not being investigated."

Although the agency disputes that claim, some cases suggest laxness.

Take the case of Robert Schofield, a USCIS district office supervisor in Fairfax, Va., and a federal immigration officer for 30 years. Schofield was arrested in June, accused of illegally granting residency and issuing naturalization certificates to more than 100 unqualified immigrants. A Chinese citizen also was charged for allegedly brokering deals between Schofield and Asian immigrants.

However, over the last 10 years, "numerous" allegations of bribery involving Schofield and immigration applicants have been reported, an agent with the inspector general's office said in a court affidavit. The agent didn't provide specifics, but said Schofield was once demoted for "conduct unbecoming a government employee" and also accused of making $36,000 in unauthorized purchases on his government-issued credit card.

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Schofield has been placed on indefinite suspension without pay, said USCIS spokesman Chris Bentley, who declined further comment on Schofield's employment history because of the pending criminal case. Schofield's lawyer did not return Associated Press messages seeking comment.

Then there's Lizandro Martinez, a Customs officer who admitted that for 2 1/2 years he took bribes to allow vehicles crammed with marijuana through his inspection lane at the Progreso International Bridge in Texas. Martinez, who owned a half-million-dollar home outfitted with a movie theater, was paid $10,000 per vehicle. He faces up to life in prison at his scheduled October sentencing.

Martinez had a host of disciplinary problems during his 14-year career, including threatening to retaliate against a police officer who stopped him for speeding, an official with the Office of Professional Responsibility testified during the case. In 1998, inspectors found 1,300 pounds of cocaine in a truck that crossed through Martinez's lane; the driver stated he had been told to use that particular lane.

Investigations brought disciplinary actions: counseling, an oral reprimand, a 14-day suspension. At one point, according to testimony, Martinez was fired but then reinstated after the union stepped in on his behalf. Still another proposed removal was mitigated to a 30-day suspension.

Jim Tomsheck, newly appointed as assistant commissioner for internal affairs at Customs and Border Protection, declined to discuss the Martinez case, although he said legal battles can hinder the dismissal of problem employees who, for whatever reason, were not charged criminally.

He added that managers are examining ways to ensure that those officers are dealt with administratively, and "are removed from the front line ... and can't continue to contaminate the work force."

Part of the problem is a lack of resources.

The Department of Homeland Security's Office of Inspector General and the Office of Professional Responsibility at Immigration and Customs Enforcement share responsibility for investigating criminal misconduct among a total of 72,000 immigration employees — with 309 investigators.

"Their plates are constantly full," DHS Inspector General Richard Skinner said of his agents, adding that an average of 15,000 allegations against government employees and contractors pour into the office each year. "No, it is not enough people. ... We have cases that we opened three years ago that we're still pursuing."

Others question whether the investigative structure makes sense. It's not clear, for example, whether Customs and Border Protection has the authority to conduct criminal probes of its own employees, who include Border Patrol agents and front-line Customs officers. The majority of criminal investigations of immigration employees involve CBP workers.

Tomsheck said his agency was in the process of building a small corps of investigators "so that we can stay actively involved in policing our own work force." However, Traci Lembke, acting director of the Office of Professional Responsibility, said those investigators are authorized only to handle administrative — not criminal — issues.

In response, CBP issued the following statement: "We are working with ICE on all of these issues. We all agree how critical this is to the mission of DHS."

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It's noon. A muggy day at the Otay Mesa port of entry just outside of San Diego. Eleven lanes are clogged as far as the eye can see with cars, motorcycles, SUVs and vans ferrying folks from Tijuana to schools, jobs and stores in California.

Weaving in and out of the smog jam is a Customs officer, holding a shepherd mix by the leash to sniff out contraband. As cars creep toward the inspection booths, automated scanners register license plates in a computer. Then other Customs officers ask for identification, pop trunks, inspect spare-tire compartments, peer down air vents. If anything seems out of place, vehicles are sent to secondary inspection for a more thorough examination.

This is what port director James Hynes calls "layered screening," every step intended to catch smugglers but also make it more difficult for a corrupt officer to operate under the radar. Other measures include bans on personal cell phones and pagers, which have been used to alert smugglers what inspection lane an officer is working, and unscheduled lane rotations.

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"We want lots of eyes and ears out here to layer our capability and be random, flexible and unpredictable. That's our success in the war on drugs. That's our success in alien apprehensions. And that's also our success in maintaining integrity," Hynes said, standing not far from Lane 8, the one Mike Gilliland was working the morning he was arrested.

Hynes and other immigration brass insist corruption is a priority — but combating it is a challenge, because smugglers are aggressive about targeting and luring in officers. They'll post lookouts just across the border and, using binoculars, zero in on inspectors with perceived vulnerabilities.

Are they tired? Lazy? Flirtatious with women?

Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said, adding that smugglers use the guarantee of a "sure thing" to demand higher rates. Gilliland's cut was alleged to be $1,500 a head.

"That adds up. Really, really quickly," said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force.

In Gilliland's case, with as many as four vehicles coming through a night, each one sometimes packed with 10 people or more, it could have added up to a $60,000 profit in a single shift — about the equivalent of an entire year's salary as an inspector with Customs and Border Protection.

There are other, more complex, reasons seemingly good agents go bad. In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate.

"We don't do anything, just clear the way, and we get 300 (dollars) per head," ex-Border Patrol agent Eric Balderas said in a wiretapped phone call last year. He's awaiting sentencing in a California corruption case.

Balderas admitted conspiring with fellow agent Oscar Ortiz to allow illegal immigrants into the country. Ortiz was sentenced in July to five years in prison for smuggling at least 100 immigrants, at times transporting them in his Border Patrol truck.

A Mexican citizen, Ortiz used a fake U.S. birth certificate to get hired by the Border Patrol, prompting the agency to re-examine its employees' backgrounds. His attorney, Stephen White, said Ortiz was disenchanted with a job akin to "putting a Band-Aid on an open wound."

"A lot of times there's nothing that they can do," White said. "People just come and they can't stop it."

At sentencing, Ortiz told the judge: "I was blind."

Port director Hynes finds such explanations difficult to swallow. What separates a good agent from a bad one is "what integrity you carry when you get up in the morning," he said. "A guy like Gilliland or others? They sold their integrity, and over time we'll get them."

Most border agents "are honest, hardworking and do a fine job," added FBI agent Black. "However, the ones that are corrupt are really in a position to do this country a lot of harm. They don't know who's going through, and they don't know what's going through. That's the danger."

A convicted felon was among those smuggled through Gilliland's lane the day he was arrested, court documents said.

With the case pending, FBI agents and prosecutors declined to go on record with theories of why Gilliland supposedly turned. Court records allege he worked with Torres and one other female smuggler.

Gilliland, meanwhile, maintains his innocence.

"I've got nothing to hide," he told The Associated Press from his home in Chula Vista as his wife, also a Customs and Border Protection employee, stood by his side.

For now, Gilliland is under house arrest, an electronic monitor clasped to his ankle. The government uniform and badge are gone, and what ultimately becomes of his career and reputation will be decided in a courtroom.

Judges Fumble Asylum Cases (CHIT)

By Noreen S. Ahmed-ullah And Jon Yates, Tribune Staff Reporters

Chicago Tribune, September 24, 2006

Refugee was sent back to Sudan to face jail, beatings

DOJ_NMG_0068298

Denied asylum and ordered out of the U.S., Nourain Niam spent three years running for his life in Africa. He was arrested and beaten, he said, uncertain whether he would ever find sanctuary.

But in an extraordinary turn of events, Niam returned to Chicago this month, living evidence of a widespread breakdown in America's immigration court system.

Niam, a member of a persecuted Sudanese opposition party, is the first in a wave of political refugees who are getting a second chance at asylum, after federal appeals courts found grievous errors in the way their cases were handled.

In one year alone, the Chicago-based 7th U.S. Circuit Court of Appeals remanded 40 percent of the 136 immigration cases it heard--rejecting rulings of the administrative judges in stern and often scathing language.

U.S. Appeals Judge Richard Posner, who led the charge, called the immigration judge's analysis in Niam's case "so inadequate as to raise questions of adjudicative competence."

Still, it was only with repeated interventions by the the appeals court--and a little luck--that Niam ended up on a plane headed to O'Hare International Airport, his eyes filled with tears as he caught sight of Chicago's skyline.

"I thought of the last three years in Africa," the father of two quietly recalled, his deep and steady voice giving little indication of his emotions. "I felt my life was in danger. I could be killed or arrested at any time."

In fact, he said, men he believes to be Sudanese agents operating in Chad did seize him in 2005. He said he was pistol-whipped and kicked, then left unconscious for three days in a worm-infested jail. He was eventually released through the efforts of a friend.

That, he said, puts his struggle here in perspective.

"The United States, whatever it is, you will not see a better place in terms of freedom, in terms of human rights," he said.

His troubles are not over, though. His wife, son and a gravely ill U.S.-born daughter were not allowed to return with him. They remain in Africa while Niam fights for asylum and a reunion.

"My dream is to see my daughter, my wife and my son beside me," he said.

In the wake of the Sept. 11, 2001, terrorist attacks, the U.S. government created new immigration guidelines that officials said would help secure the country's borders.

Among them was a measure by former Atty. Gen. John Ashcroft designed to clear a stockpile of cases clogging immigration courts, an arm of the Justice Department. Ashcroft's idea was to overhaul the system's primary review panel, the Board of Immigration Appeals.

In doing so, he greatly expanded the types and number of immigration appeals that could be reviewed by a single judge, instead of a three-judge panel, and could be decided with a one-sentence opinion. He called the directives "streamlining." Critics called it rubber-stamping.

The effect was almost immediate. Immigrants, feeling their claims were not properly reviewed, flooded the federal appeals courts with their cases.

Federal judges reacted too.

Posner wrote some of the harshest opinions, questioning whether asylum seekers were being denied fundamental rights. In one ruling, Posner asked whether immigration judges were properly trained. In another, he called an immigration judge's opinion "hopelessly incomplete" and part of a "systemic failure."

"The 7th Circuit [of federal appeals court] took the lead," said Crystal Williams, deputy director of the American Immigration Lawyers Association. "But other circuits like the 3rd and the 1st began to weigh in."

The Washington D.C.-based organization estimated there have been more than 100 remands across the country since Posner and the federal courts began to identify a pattern of errors.

Denise Slavin, president of the National Association of Immigration Judges, said immigration judges are short-staffed, overworked and under pressure to resolve cases quickly. She said the system needs changes that will relieve immigration judges and give them more time and help to review cases.

The government, to an extent, agreed. Last month, after a Department of Justice review, Atty. Gen. Alberto Gonzales announced periodic evaluations of immigration court judges and plans to beef up staffing.

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Immigration experts applauded the changes. Many, however, such as Eleanor Acer, refugee program director for New York City-based Human Rights First, were disappointed in the government's decision to keep the "streamlining" single-judge reviews.

Niam's odyssey through U.S. immigration courts began in 1998, but his story began decades before, in the provincial capital of El Fasher in the Darfur region of Sudan.

According to his 2001 testimony, Niam was a student when he joined the Umma Party. After a coalition government was elected in 1986, he became a mid-level government official in El Fasher.

But after a 1989 coup by Omar al-Bashir, Sudan's current ruler, Umma fell from favor and Niam lost his job. At one point, Niam testified, he was taken into custody and jailed for 3 1/2 weeks. During that time, he said, he was threatened and beaten.

Niam believes he was targeted not just for his political views, but because he is a member of the Zaghawa tribe, an ethnic group persecuted by government-backed militias in the Darfur region, where hundreds of thousands of people have been killed. President Bush and other U.S. officials have called those attacks genocide.

Niam said he eventually escaped to Chad and then to Nigeria. He believes Sudanese authorities were never far behind.

Came to U.S. in 1996

In 1996, he came to the U.S. on a student visa and settled in Ft. Wayne, Ind. He lived in a community with 10 other Sudanese and Chadian families.

Though he has no documents to prove it, he claims he filed for asylum twice in his first year here. It wasn't until an attorney filed a third application, however, that immigration officials responded, he said.

In a 2001 hearing, Immigration Judge James Fujimoto ruled Niam had missed the one-year deadline to apply for asylum. Fujimoto said there was no record of his first two applications.

The judge also ruled him ineligible for "withholding of removal"--essentially a stay of deportation--saying there was no evidence Niam would be tortured if returned to Sudan.

"Despite Sudan's apparently poor human rights record, a lack of respect for human rights does not signify that members of the disrespected group face a probability of torture," Fujimoto said in his decision.

In another passage, Fujimoto misidentified the government in power when Niam was last arrested, and he concluded from that there was no clear evidence Niam remained in danger.

Niam's attorneys appealed to the Board of Immigration Appeals. In a two-paragraph decision, the board acknowledged the immigration judge had "incorrectly identified the regime in power during [Niam's] 1990 arrest" but declared the error "harmless."

The immigration board then affirmed Fujimoto's decision denying both asylum and withholding.

Ordered back to Sudan

In March 2003, almost two years after Fujimoto denied asylum, Niam opened his mail to find a letter from the U.S. Bureau of Citizenship and Immigration Services. The letter said Niam had exhausted all possibilities for administrative relief.

"Arrangements have been made for your departure to Sudan on Tuesday, April 8, 2003," the letter read.

In an interview this month, Niam said going back to Sudan as the immigration court had ordered would have been a death sentence. Sudanese authorities knew his younger brother was a high-ranking member of a key opposition group, he said.

"I thought for sure they would kill me," Niam said. "Or I would disappear."

To avoid deportation, Niam fled. He and his family boarded a flight for Chad on April 7, 2003.

Unlike many asylum seekers, Niam was lucky in that he had legal representation, Acer, of Human Rights First, said. Refugees without an attorney often don't know they can appeal to the federal courts. Some can't afford that, but Niam's attorneys worked for free.

His lawyers already had appealed his case to the federal appeals court, but it was not until after Niam left the country--unbeknownst to his lawyers--that U.S. Appeals Judges Posner, Kenneth Ripple and Ann Claire Williams ruled in Niam's favor, in January 2004.

Among other criticisms, Posner focused on the error that the Board of Immigration Appeals had found harmless: the mistake about who was in power when Niam was arrested.

Niam's attorneys mailed the opinion to Niam's old address in Ft. Wayne. It came back, unopened.

"A case like Niam's is disheartening," said Godfrey Muwonge, one of Niam's attorneys. "You've won but lost."

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His other attorney, Larry Hagen, eventually connected with Niam by e-mail, while he was in Chad.

Niam was surprised at the news but remained despondent. In an e-mail to Hagen, Niam wrote: "Since my arrival, up to date, I never had a home to live, moving from house to house, from [one] village to another.

"I have been arrested several times and scared to death, but paid money to escape and cross the border into Cameroon or Nigeria."

'04 bid for visa denied

In July 2004, Niam tried to get a visa from the U.S. Embassy in Chad to return to Chicago for his immigration hearing. Records show he was denied. He said embassy officials told him he didn't need to be present at the hearing because his attorneys could represent him.

A hemisphere away, the immigration judge disagreed. Because Niam did not show up, the judge rejected his case again.

While his attorneys kept fighting, Niam's situation in Chad grew more dangerous.

Men he believed to be Sudanese secret agents arrested him last year while they were looking for his brother, Niam said. They took him to a high-walled building, then beat him with the butt of a pistol, cutting his chin and opening a gash on his forehead, he said.

Others hit and kicked him until he fell unconscious and was thrown in a dank, bug-ridden cell, he said.

"I never imagined I could be alive again," Niam said. "In Africa, it's easy to get killed, and nobody will ask why you have been killed or who killed you, particularly if the government is a part of it."

Niam said he was in the jail for three days until a friend in the Chadian government secured his release. He left his wife and daughter and fled Chad.

He traveled west across the continent, crossing through Cameroon, Nigeria, Benin and Burkina Faso before stopping in Mali. He figured Mali was far enough from Sudan to be safe.

He wrote to Hagen that he was depressed and "psychologically damaged" about leaving his family.

Encouraging words

Still, encouraging words from his attorney brought him hope.

"I have no word to express my feeling towards your efforts and always when I reach to the point that my soul [is] about to separate [from] my body, you bring me hope of life again," Niam wrote.

Hagen and Muwonge filed another motion to reopen Niam's case. The motion made it back to the 7th U.S. Circuit Court of Appeals. In January, the court ruled Niam had the right to appear in person at his immigration hearings.

Even as the political situation deteriorated in Sudan and Chad, the U.S. government resisted Niam's return. Muwonge told officials if they did not act soon, he would go back to the appeals court again. The government relented, giving Niam special permission to return.

He arrived at O'Hare on Sept. 12, looking gaunt and tired. Muwonge greeted him in a low-key reunion, and Niam thanked him repeatedly. Later, he sobbed as he embraced Muwonge again.

His next immigration hearing is in April. In the meantime, his attorneys hope to seek humanitarian parole to bring his wife and children to the U.S.

Niam's son is 8 months old, but it is his 3-year-old daughter, ill with an undiagnosed disease, who worries him most. He dreams of a reunion with her in America, where he can raise her in freedom and without fear.

"She is my life itself," he said. "She is my heart."

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When A Foreigner Turns American (NYT)

By Nina Bernstein

The New York Times, September 24, 2006

When an immigration judge granted asylum last week to an orphaned Pakistani youth who grew up in Queens, one argument she considered was that he was so Americanized, "he would stick out like a sore thumb" in his native land.

Can you be too Americanized to be deported?

In the end, the judge used other grounds to halt the deportation of the young man, Mohammad Sarfaraz Hussain, 21, and to recognize him as a refugee from persecution. But the question is part of a growing debate over how to treat the Americanized children of foreign parents.

It makes sense that the concept has now turned up in an asylum hearing, said Stephen Knight, deputy director of the Center for Gender and Refugee Studies at Hastings College of Law in San Francisco. At a time of simmering conflict between the United States and Muslims in other countries, Americanized young people may very well become targets of persecution overseas.

At the same time, he added, no one is suggesting asylum as an answer for more than a handful. Among Pakistanis of all ages, for example, fewer than 2,000 cases of asylum were granted nationwide in a decade, and in New York, only 77 Pakistanis received asylum in 2004.

"It's a very difficult, strenuous avenue to pursue, to try to gain asylum in the United States," Mr. Knight said. "Judges are skeptical, the standard of proof is high, Congress is making it harder to apply and easier to deny."

A broader answer is a measure known as the Dream Act, included in immigration bills now stalled in the Senate. It offers a path to citizenship to young people of good character who have lived in the United States for five years, been accepted to college, or earned a high school diploma.

Opponents say the measure will encourage illegal immigration and subsidize immigrants' education at the expense of American children and their taxpaying parents. Supporters contend it is unfair to punish young people for parental decisions, and unwise to leave a generation of strivers in a dead end — let alone to deport them to lands where anger at America is boiling over.

"Like many first generation immigrants, they're very loyal to the country that took them in," said Cris Toffolo, director of the Justice and Peace Studies program at St. Thomas University in St. Paul, who testified as an expert in Mr. Hussain's asylum hearing. "But then if we deport them or deny them citizenship, they're like a jilted lover. Why should they be loyal?"

TAX:

Major Error Is Reported In Tax Paid By Mrs. Astor On Sale Of Painting (NYT)

By Serge F. Kovaleski

The New York Times, September 24, 2006

Legal papers filed by J. P. Morgan Chase, the temporary guardian of Brooke Astor's assets, state that her son recently told the bank that he now realizes he made an error in his mother's 2002 tax return by overstating the original price of a Childe Hassam painting she had sold, resulting in a large underpayment of taxes three years ago.

As it turns out, the discrepancy was a matter not just of thousands of dollars, but of millions.

The so-called cost basis for the work of art, "Flags, Fifth Avenue," was listed in Mrs. Astor's federal income tax filing as $7.425 million, a copy of the document shows. But she paid $172,010 for the painting when she bought it in March 1970, according to the bill of sale.

Because of the inflated figure, Mrs. Astor apparently ended up paying far less in taxes than required on the capital gains she realized from the February 2002 sale of the painting by Hassam, a renowned American Impressionist. Mrs. Astor's son, Anthony D. Marshall, 82, who managed her finances at the time, sold the painting to an art gallery for $10 million and collected a $2 million fee from his mother for handling the transaction.

The tax issue concerning the painting, also known as "Up the Avenue From Thirty-Fourth Street, May 1917," has arisen as a compelling side issue from the review of mounds of financial documents in the legal battle over the care and fortune of Mrs. Astor, the 104-year-old philanthropist and socialite.

In July, Mr. Marshall's son, Philip Marshall, filed a court petition claiming that his father had been grossly neglecting Mrs. Astor's well-being while enriching himself with her wealth.

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Philip Marshall has asked the court to appoint permanent guardians for his grandmother; the bank is temporarily in control of her assets.

The case against Anthony Marshall has hinged on a string of changes to Mrs. Astor's will that took place in late 2003 and early 2004, after she had experienced a marked decline in her health. The changes redirect millions of dollars to her son upon her death.

Mr. Marshall has vigorously denied accusations that he neglected his mother, insisting that he has been an honest and loving steward of her personal affairs for more than 25 years. His lawyers have cast him as an astute and attentive financial manager for Mrs. Astor, and they contend that her investments have flourished as a result of his keen involvement.

One of Anthony Marshall's lawyers has asked J. P. Morgan Chase to file amended tax returns on behalf of Mrs. Astor that reflect the true capital gains stemming from the sale of the painting.

J. P. Morgan Chase says it is reviewing the documents as part of its fiduciary responsibilities. But in a court filing, the bank describes the request as "ironic," noting that Mr. Marshall has also objected to its efforts to learn more about the deal.

"The 'error' evidently relates to a substantial overstatement of the cost basis of the Hassam painting (and a resultant significant underpayment of the tax)," Les Fagen, a lawyer for J. P. Morgan Chase, wrote. He added, "This is the same painting transaction which he contends in his opposition papers is not now worthy of further inquiry, as the bank has requested."

Sanford J. Schlesinger, a tax lawyer and founding partner at Schlesinger Gannon & Lazetera in New York, who is not involved in the case, said that the $2 million commission would be deducted from the total gain on the sale of the painting, bringing the figure to just over $7.8 million, which was subject to a 28 percent federal tax rate in 2002, as well as additional state and city taxes. Mrs. Astor could also face sizable penalties and interest for underpaying the tax, he said.

As her return stands now, she would have been taxed only on capital gains of $2.575 million relating to the work of art.

"It looks like it is $5 million in unreported income. That's a considerable difference in gain that was not taxed," Mr. Schlesinger said. He noted that it was difficult to determine precisely what Mrs. Astor would owe because of variables like the alternative minimum tax and offsetting capital losses that could affect such calculations.

Mr. Marshall's lawyers provided few details about how the capital gains from the sale of the Hassam painting came to be substantially under-reported in Mrs. Astor's 2002 tax return. One of his lawyers, Kenneth E. Warner, would only briefly address the matter via e-mail.

Mr. Warner said that Mr. Marshall "does not know how the mistake got made." Mr. Warner said that as part of the court case concerning Mrs. Astor, Mr. Marshall saw the document for the first time since it had been submitted to the Internal Revenue Service in 2003.

As soon as Mr. Marshall noticed it, "he immediately gave us instructions to notify Chase so that it could be corrected without delay."

Mr. Warner would not say whether Mr. Marshall, who was granted power of attorney by his mother in November 1978 and held that authority in 2003, had signed the tax return.

Mr. Fagen, the lawyer for J. P. Morgan Chase, would say only that the bank was reviewing Mrs. Astor's financial records and that "one goal is to assure that she is in compliance with her legal obligations."

Alan M. Pollack, a lawyer for the Long Island accounting firm that prepared the return, Samuel Cohen & Company, which he noted had done work for Mrs. Astor for about 25 years, said the firm had not committed any errors when it filled out the schedule concerning the sale of the painting.

"Samuel Cohen & Company fulfilled its professional obligations to its client, did not make unilateral decisions about Mrs. Astor's taxes and was provided the information about the painting by one of Mrs. Astor's representatives," Mr. Pollack said.

He added that he did not feel it was appropriate to identify that person because of the continuing court proceedings in the Astor case.

Robert Marvin, a spokesman for the I.R.S., said federal law prevented him from answering any specific questions about Mrs. Astor's tax return. But asked about how the agency decides to pursue a case for prosecution, he said that as a general rule, a referral is made to the Department of Justice when the I.R.S. has evidence that an omission from a tax return was "willful."

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"A financial analysis or investigation often determines whether the omission is unintended or a willful attempt to evade payment of taxes," Mr. Marvin said.

In court papers filed last week by Mr. Marshall's lawyers, new details were provided about the sale of Mrs. Astor's Hassam piece to the Gerald Peters Gallery. Mr. Marshall said that in the fall of 2001, he and his mother had the painting shown at the Adelson Galleries Inc. on the Upper East Side. During that time, Mr. Marshall and his mother talked about selling the painting if it generated any interest, according to the filing.

"Not long after the Adelson exhibition ended, a potential buyer approached me about purchasing the painting," Mr. Marshall said in the filing. "When I told my mother how much was being offered, she decided to sell it, and to share some of the profit with me by paying me a 'commission' for arranging the purchase."

Those who know Mrs. Astor have questioned whether she would have wanted to sell the Hassam painting.

Although her 1993 will stipulated that the work of art was to be sold after her death, two of her wills after that, in 1997 and 2001, stated that the painting was to be bequeathed to the Metropolitan Museum of Art, provided the museum displayed the piece as part of its permanent collection. Otherwise, the painting was to go to a New York City institution that would agree to permanently display it.

Mrs. Astor's most recent will, dated Jan. 30, 2002, shortly before Mr. Marshall sold the painting, does not mention it by name.

But one of Mr. Marshall's lawyers said the 2002 will says that any works of art that are not specifically bequeathed are to be sold.

The IRS Works In Mysterious Ways (LAT)

Steve Lopez Points West

The Los Angeles Times, September 24, 2006

Pastor William Turner Jr. is a robust man with an unshakable set of beliefs, and he's never been shy about sharing them with the congregation of his New Revelation Missionary Baptist Church in Pasadena.

He has preached against same-sex marriage, stem cell research and abortion. And he has proudly boasted to President Bush about converting 80% of his congregation from Democrat to Republican.

"I salute and support you President Bush and will work untiringly for your reelection," Turner wrote to the president in February 2004, telling him he had done the same for former California Gov. Pete Wilson. Turner also wrote to fellow African American clergymen in support of Bush in 2004, saying that "any gay, homosexual, lesbian and/or immoral act is an abomination against God."

Roughly two miles away from Turner's church is All Saints Episcopal Church, which has a radically different political bent. The same year Turner took up Bush's cause, the Rev. George Regas delivered a guest sermon at All Saints involving a mock debate between Bush, John Kerry and Jesus. In the debate, Jesus said that Bush's preemptive strike on Iraq "has led to disaster."

So which of these two churches is under investigation by the Internal Revenue Service for taking sides in political contests?

The latter. Your precious tax dollars are paying for an inquisition of All Saints by the Internal Revenue Service, which has demanded church records and ordered rector Ed Bacon to testify at a hearing next month.

Look, All Saints' politics are pretty clear, and it's not hard to guess which presidential candidate Regas might have been more sympathetic to. But it's hard to believe that the IRS wouldn't have better things to do and bigger fish to fry. The tale of these two churches proves just how arbitrary, fickle and goofy the federal agency's actions can be.

"This is completely ridiculous, what the IRS is doing" to All Saints, says USC Law School Dean Ed McCaffery, a specialist in tax law. He said the IRS has every right to make sure nonprofits abide by the rules, but he doesn't believe the sermon in question comes anywhere near the legal definition of picking sides.

So is this investigation politically motivated?

The IRS makes it impossible to find out. Conservative and liberal churches have both been targeted, but the tax agency won't say which churches it's investigating or why.

The only reason we know All Saints is being investigated is that the church went public.

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After a portion of the 2004 sermon was quoted in The Times, the IRS sent All Saints a letter describing Regas' words as a "searing indictment of the Bush administration's policies in Iraq." The letter also raised an issue with the reverend's calling tax cuts for the wealthy "inimical to the values of Jesus."

It's possible that All Saints' politics got the attention of someone up the ladder in the IRS, said McCaffery. He said he wouldn't be surprised if senior officials in the U.S. Treasury Department or the White House had given the green light to continue pressing the case against All Saints.

All Saints, which could not possibly have bought better publicity, pondered its next move last week while supporters rallied to its cause. On Thursday, Bacon announced to cheers that the church would defy the IRS.

He cited an obligation to Episcopal faith, which "calls us to speak to the issues of war and poverty, bigotry, torture and all forms of terrorism … always stopping short of supporting or opposing political parties or candidates for political office." It was imperative, he said, to "defend the freedom of pulpits in faith communities throughout the land."

Given the church's liberal politics, Bacon has an unlikely ally.

"I don't know why the IRS is singling them out," said Pastor Turner, who told me he was praying for his brothers at All Saints.

He said he thought the use of Jesus in a mock debate bordered on mockery, but he said he doesn't have a problem beyond that.

If the IRS is going after All Saints, I told Turner, shouldn't they be knocking down his door?

Turner said he's never promoted a candidate directly from the pulpit, and he thought the distinction put him in the clear. It's a notion that McCaffery later discounted outright, saying the law recognizes no such distinction between what is said from the pulpit versus the desk of the pastor.

I told Turner that I believe he ought to have a right to tell his flock whatever he wants to, and I feel the same way about Regas and Bacon. I'm just not sure I want to pay for them to have that privilege, but that's essentially what we're all doing given their tax-exempt status.

That's a fair question for debate, McCaffery said, but it presents a problem: If religious institutions didn't enjoy tax-exempt status, people would get no deduction for their charitable contributions. It could mean that some religious institutions would go under, and we'd lose all the social services they provide.

As an agnostic, I'm happy to have the debate. Especially since religious fervor cuts both ways and has done a world of harm as well as a world of good.

I'd also like to have someone explain why a church can support a ballot initiative but not a candidate, and why the federal government thinks it's OK for one minister to call homosexuality an abomination but unacceptable for another to ask if Jesus would be pro-war.

Turner argued that on social issues, he speaks not for any political cause, but for Jesus and the Bible.

Wasn't Regas doing the same?

McCaffery guessed that if the IRS dropped in on 10 churches, it would find nine that are politicking one way or another. What Congress ought to do, he said, is revisit the subject and clarify exactly what tax-exempt institutions can and can't say or do.

Until then, the IRS' finest should forget about the Prince of Peace sermon, roll up their sleeves and go after tax dodgers, deadbeats and cheats.

Reach the columnist at steve.lopez@latimes.com and read previous columns at latimes.com/lopez

CONGRESS-ADMINISTRATION:

Legal Aid Program Tried To Oust Auditor (AP-Y)

By Larry Margasak, Associated Press Writer

AP, September 24, 2006

Directors of the government's legal aid program for the poor secretly debated how to fire the auditor who exposed their expensive meals, use of limousine services and headquarters move to a ritzy neighborhood.

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Meeting transcripts obtained by The Associated Press show that Legal Services Corp. board members in 2005 and 2006 disparaged Inspector General Kirt West, whose job is to find fraud, waste and abuse.

In private, the board derided West as abusive, a character assassin, a shoddy investigator with a delusional staff and someone with a "fetish" for independence — even though independence is an inspector general's hallmark.

Board members warned themselves to be careful in their actions toward the internal watchdog, fearful that retaliation would anger Congress and jeopardize their federal dollars.

While board members complained among themselves about how much time they spent discussing their watchdog, the corporation said in a public report that the program for free legal help turned away half the applicants for lack of resources.

Some board members expressed their fears of angering Congress, the source of their funding, by leaving the perception they were retaliating against the inspector general who investigated their actions.

Those fears proved accurate when the board was ready to discuss West's status at a meeting in St. Louis last April. Two senators and a House member, who learned the directors had secretly debated firing West in secret meetings, were convinced that the board would take action in the April session.

Just as the directors were ready to convene after lunch, a congressional aide hand-delivered a letter to the board chairman, Atlanta lawyer Frank Strickland.

Sens. Charles Grassley, R-Iowa, and Michael Enzi, R-Wyo., and Rep. Christopher Cannon, R-Utah, warned Strickland that any attempt to fire West "would be an egregious action in light of the fact that Mr. West is investigating you, the LSC board, as well as your president."

West still has his job.

He conducted an expansive review of spending by board members, who are part-time, and top full-time program executives. According to an Associated Press account in August, some of the questionable spending that West brought to light included:

_$14 "death-by-chocolate" desserts.

_$400 for a car and driver to take Strickland and other officials to attend meetings and functions within cab distance of the Legal Services headquarters.

_$200 taxi rides in Ireland by the Legal Services president, Helaine Barnett, who was attending a conference.

West also reported the corporation was overpaying by as much as $1.8 million on its 10-year lease in its new headquarters in the upscale Georgetown section of Washington. He also found that the corporation could be overpaying by $7 million for unneeded space.

The board's vice chairman, University of Virginia law professor Lillian BeVier, headed the committee that was evaluating the inspector general. According to a transcript of the board's January 2006 meeting, BeVier summed up comments by a board colleague, Baltimore attorney Herbert Garten:

"I mean I understood Herb to say we should basically say 'You're fired,'" said BeVier.

"Yes, that's my opinion," replied Garten, a Baltimore lawyer. But Garten said he agreed with the board chairman on the need for a formal review to establish a record of the watchdog's performance.

BeVier also addressed board member Thomas Meites, a Chicago lawyer.

"You're just willing to ... take the steps to get him removed, as opposed to a probationary period or you've got six months or something," she said. Meites said he, too, agreed with the chairman that "basic fairness" required a formal review that would give the watchdog a chance to defend himself.

BeVier said, "He should know that he's got ... to shape up or we will ship him out." Then Meites said, "I can't tell you how little I want to spend any time with this guy."

West declined comment on the board discussions, as did Strickland, the board chairman. Both are scheduled to testify Tuesday before a House Judiciary subcommittee led by Rep. Cannon.

Garten declined comment. Messages left with Meites were not returned.

BeVier said in an interview the board had not decided whether to fire West and would not have done so at the April meeting.

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"What we were trying to do was find a way to make a decision and find out whether impressions some members had were correct" about West's performance, she said.

Cannon has introduced a bill that would require votes of nine of the 11 Legal Services board members to fire the inspector general; a majority is required now.

The Utah Republican said in an interview that any attempt to fire the inspector general was "unseemly," and "the effect will be much harsher scrutiny by Congress on their activities."

"Instead of scapegoating this guy they should be looking at themselves and solving problems," Cannon said.

Added Sen. Grassley: "It looks like the Legal Services Corporation is busy looking for ways to shoot the messenger."

The nonprofit corporation is financed with a $330.8 million congressional appropriation. Most of the money is distributed to 138 nonprofit legal aid organizations across the country that provide free lawyers in certain types of civil cases — including housing, domestic abuse, worker exploitation, divorce, and Social Security benefits.

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On the Net:

Legal Services Corp.: http://www.lsc.gov/

Is The Chief Justice Really A Judicial Activist? (LAT)

By David G. Savage, David G. Savage Covers The Supreme Court For The Times.

The Los Angeles Times, September 24, 2006

John Roberts, who likened his role to a passive 'umpire,' may want to do more than just enforce the rules.

ONE YEAR AGO, John G. Roberts Jr., at the time President Bush's nominee to be the chief justice of the United States, told senators that he aspired to be like an umpire, enforcing the rules of the game, not making them.

"My job is to call the balls and strikes, and not to pitch or bat," he said. "It is a limited role…. Nobody ever went to a ballgame to see the umpire."

Roberts suggested that modesty, humility and stability in the law were the goals of his umpire credo. Not to make law, like the activist judges he disdained, but merely to interpret existing laws fairly, mindful of legislative intent and the requirements of the Constitution. And during much of his first year, he did just that.

But in several cases, he behaved differently, joining Justice Antonin Scalia in dissents that would have rolled back a major environmental law and undercut states' traditional authority over the practice of medicine. Neither would have qualified as a modest act.

On the eve of the court's new term in October, the question that was hanging in the air during his confirmation hearing remains: Will the new chief justice seek the right result, or the right's result?

In a surprising number of cases, Roberts brought together his liberal and conservative colleagues for unanimous decisions last term. In two important cases, he won the entire court's agreement for rulings that upheld laws passed by state lawmakers or by Congress, an act consistent with his judge-as-umpire philosophy.

In Ayotte vs. Planned Parenthood, the New Hampshire Legislature had passed a law requiring doctors to notify parents of girls under 18 who were seeking an abortion. Doctors were to wait 48 hours before proceeding. The only exception was to save the life of the mother.

The American Civil Liberties Union and Planned Parenthood sued on behalf of several doctors, contending that the law was unconstitutional because it did not include a "health" exception. In the past, the high court had said states may not regulate abortion in a way that jeopardizes the health of women. A federal judge and the U.S. Court of Appeals struck down the entire law for that reason.

New Hampshire appealed, arguing that the law allowed girls to go before a judge and seek a waiver in special situations. The ACLU lawyers said that was insufficient. If a girl is facing a medical emergency, she should go to a hospital, not a court, they said.

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Roberts led the way in fashioning a compromise. There is nothing wrong with the law in principle, he said. States can require doctors to inform parents before performing surgery on a minor. Parental-notice laws had been upheld. And most young girls seeking abortions do not face a health emergency.

But the chief justice also said the doctors could seek a court order that would make an exception for true medical emergencies. On this basis, the Supreme Court revived the state law but sent the case back to New Hampshire so a judge or lawmakers could craft a narrow exception for medical emergencies.

Roberts also spoke for a unanimous court in upholding a congressional law, known as the Solomon Amendment, in Rumsfeld vs. FAIR. Several law schools and professors, citing the free-speech clause of the Ist Amendment, had challenged the amendment, which required colleges and universities receiving federal funds to welcome military recruiters on the same basis as other employers.

But in two other high-profile cases, the chief justice seemed to do more than simply call balls and strikes.

In 1994 and again in 1997, Oregon's voters approved the Death with Dignity Act, which allowed terminally ill people to obtain a dose of lethal medication from a doctor to hasten death. Two physicians had to certify that a person's illness was incurable and that they had, at most, several months to live.

The Supreme Court in 1997 rejected the claim of a constitutional "right to die." Justices unanimously said that "end-of-life" issues should be debated and decided by the states, not federal judges. That year, Oregon became the first and only state to authorize a limited but legal right to die.

In Washington, several conservatives in Congress, among them then-Missouri Sen. John Ashcroft, asked Atty. Gen. Janet Reno to intervene. They contended that the Oregon law violated federal drug laws because medications were being used to end a life. She refused, saying the Controlled Substances Act of 1970, which gives the federal government control over dangerous drugs and narcotics, did not take away the states' traditional authority over the practice of medicine and the licensing of doctors.

But when Bush made Ashcroft his attorney general in 2001, Ashcroft issued an order saying that doctors in Oregon could lose their licenses to prescribe medication if they gave dying patients lethal drugs. Oregon's governor, doctors and some patients sued, and a federal judge and the U.S. Court of Appeals blocked Ashcroft's order.

The case of Gonzales vs. Oregon came before the Supreme Court in Roberts' first month as chief justice, and a 6-3 majority ruled for Oregon in January. But Roberts joined Scalia's dissent, as did Justice Clarence Thomas. The three said the use of legal drugs for ending a life was not a "legitimate medical purpose" and could be banned by the attorney general.

If Roberts' side had been in the majority, it would have voided the voice of Oregon's voters, taken away the state's traditional power to regulate the practice of medicine and upheld a single federal officer's new interpretation of a long-standing federal statute that had not been endorsed by Congress.

In the other case, Roberts supported a sharp pullback in the Clean Water Act of 1972, which makes it illegal to discharge pollutants into the "navigable waters of the United States" without a permit. Because water flows downhill, the Environmental Protection Agency since the 1970s has said it has authority over all rivers, streams, channels, marshes and wetlands that may send water — and pollutants — to major lakes, rivers and bays.

But in Rapanos vs. U.S., Roberts joined Scalia, Thomas and Samuel Alito in calling for a new, sharp limit on the EPA's authority. Federal authority, they said, only applied to permanent and "continuous flowing" bodies of water, such as rivers and their main tributaries. This would have eliminated federal protection for most streams and wetlands in the interior of the nation and nearly all those in the West and Southwest because their stream beds are dry for part of the year.

For more than three decades, these federal regulations on wetlands and streams had stood, through Republican and Democratic administrations and through GOP- and Democratic-controlled Congresses. Yet, with one extra vote, the Roberts court would have rewritten the scope of the Clean Water Act in its first term — not the act of a modest Supreme Court.

In this term, which opens Oct. 2, the court will take up at least two cases that will test Roberts' umpire approach to judging. One involves the federal Partial-Birth Abortion Ban Act of 2003, which makes it a crime for doctors to remove a fetus largely intact during a second-trimester abortion. Six years ago, in a 5-4 ruling, the court struck down a nearly identical state law and ruled that there was "substantial medical authority" to say this method was sometimes the safest and best method of performing a legal abortion.

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But Congress held hearings and said this procedure was "never medically indicated." Most lawyers who follow the court expect the new law will be upheld on a 5-4 decision, thanks to the addition of Alito, who replaced retired Justice Sandra Day O'Connor. Such an outcome would, after all, uphold an act of Congress.

The most intriguing test may come in the area of school integration. Most conservatives, Roberts among them, say the government has no business treating people in a different way because of their race. But many school districts use racial guidelines to limit enrollment in some schools. This is the only way to maintain racial integration in cities where housing tends to be segregated, school officials say.

The justices agreed to hear challenges from white parents who say these guidelines amount to unconstitutional racial discrimination. If the high court agrees with them, it would be a big win for the principle of "colorblind" government, and it could change the rules for school systems across the nation. But it may not signal the dawn of a newly modest Supreme Court.

Half A Reform For Judges (NYT)

The New York Times, September 24, 2006

During his confirmation hearings a year ago, Chief Justice John Roberts pledged to study the serious ethics problem posed by the well-attended "judicial education" programs staged at luxury resorts and financed by private interests hoping to influence judicial decision-making. Chief Justice Roberts followed through, but his chosen antidote is far too timid.

Rather than requiring judges to forgo the privately financed education-vacations, the new rules just put in place with the chief justice's backing by the policy-setting Judicial Conference of the United States mandate only expanded disclosure: the sponsor must file a public disclosure statement setting forth the content of the program and its financing. Judges will need to report their attendance within 30 days, and that information, along with the seminars' reports, will be posted on judicial Web sites. Another overdue change will require judges below the Supreme Court level to install "conflict checking" software on their computers to avoid participating in cases in which they have a financial interest.

The improved transparency is a positive step. But Chief Justice Roberts should have at least insisted that improved disclosure of judicial junkets be accompanied by other steps to cut back on the size of the travel gifts, like limiting reimbursement to judges to the cost of coach fare to get to the resort, and requiring judges to pay for their own room and board.

Rumsfeld Also Plays Hardball On Squash Courts (NYT)

By David S. Cloud

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — For the last six years, Defense Secretary Donald H. Rumsfeld has slipped down to the Pentagon basement many afternoons, changed into a T-shirt, sweat pants and headband, and spent a heart-thumping hour playing squash.

There, no matter how the war in Iraq was going or how many Democrats were calling for his head, Mr. Rumsfeld could uncork his deadly drop shot, leaving his foe helpless and himself triumphant, at least for a moment.

In some ways, squash offers a window into Mr. Rumsfeld's complicated psyche, revealing much about his stubborn competitiveness and seemingly limitless stamina. Pentagon officials and employees say Mr. Rumsfeld's play closely resembles the way he has run the Defense Department, where he has spent six years trying to break the accepted modes of operating.

"He hits the ball well, but he doesn't play by the rules," says Chris Zimmerman, a devoted squash player who works in the Pentagon's office of program analysis and evaluation and is sometimes in the Pentagon athletic complex when Mr. Rumsfeld is on the court.

Mr. Zimmerman has never actually played his boss. But he says he has noticed that Mr. Rumsfeld, 74, often wins points because, after hitting a shot, he does not get out of the way so his opponent has a chance to return the ball, a practice known in squash as "clearing."

The almost-daily matches, Mr. Rumsfeld, a former Princeton wrestler, acknowledged last year, have helped preserve his "sanity'' in a period in which he and the administration have come under increasing political attack.

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Yet even the squash court is no longer the refuge it once was. This summer, two of the aides he played with most left his office for other jobs. Last month, Mr. Rumsfeld started to break in a new partner, Lt. Gen. Victor E. Renuart Jr. of the Air Force, a tennis player who agreed to take up squash after not playing for 30 years so the boss would have a partner.

Mr. Rumsfeld packed his squash racket for an August trip to Alaska but never played a game, even though aides reserved courts at two stops. On the last day of the trip, he delivered his most cantankerous speech in months, likening criticism of the Iraq war to appeasement of the Nazis before World War II.

This month, Mr. Rumsfeld had surgery on his left shoulder, repairing a longstanding injury unrelated to squash. He has not played since, though aides say he is eager to get back on the court after he heals.

Mr. Rumsfeld took up squash more than 20 years ago when he was a business executive. Rather than tricky bank shots off the walls, a move that better-skilled players favor, Mr. Rumsfeld plays with power, hitting the ball hard and ending points quickly. And he relentlessly attacks his opponent's confidence.

"When you try a shot and miss, he'll say, 'You don't have that shot,' " said Lawrence Di Rita, a close aide who played against Mr. Rumsfeld regularly until leaving his job at the Pentagon this summer.

Mr. Di Rita is a former Naval Academy varsity player more than 25 years younger than Mr. Rumsfeld. He says he lost his share of games and never went easy on his boss. By tradition, the loser posted the score on Mr. Rumsfeld's office door, so his staff would know when he had beaten Mr. Di Rita or his other main partner, his military assistant, Vice Adm. James G. Stavridis, who was also on the academy squash team. Mr. Di Rita concedes that Mr. Rumsfeld rarely offers or asks for "lets," a replay point when one player feels aggrieved.

On the court, "he is very aggressive and he is very intense,'' Mr. Di Rita said. "He is very good at getting inside your head. He's everything you would expect Donald Rumsfeld to be."

Mr. Rumsfeld has declined invitations to play against reporters, as well as to describe his game for this article.

Mr. Rumsfeld himself has suggested that his ideas about transforming the military into a smaller, more agile force, like the one he pushed for in invading Iraq, were influenced by his squash playing.

In an interview with the military writer Thomas P. M. Barnett last year, Mr. Rumsfeld said, "I play squash with him," gesturing at Mr. Di Rita. "When I pass him in a shot and it's a well-played hard shot, I saw speed kills. And it does. If you can do something very fast you can get your job done and save a lot of lives."

Many politicians have relaxed by competing, and Mr. Rumsfeld is not the first to have earned a reputation for zeal. As governor of New York, Mario M. Cuomo was known for his sharp elbows and tongue on the basketball court; as president, Bill Clinton exasperated his golf partners by taking mulligans, or do-overs, after bad shots.

In squash, Mr. Rumsfeld's main advantage over more capable and fitter players is that he refuses to play anything but "hardball," a variation of the game that was once common in the United States but has largely died out over the last decade. Most competitors now play the international game, which uses a softer ball and a wider court, requiring more running and allowing more creative shot-making. The harder ball favored by Mr. Rumsfeld tends to come back to the center of the court, so players do not have to move as much to return it.

The Pentagon gym had eight hardball courts when it was built in the 1940's. When a new facility was built in 2002, one hardball court was kept for Mr. Rumsfeld and the handful of other Pentagon employees who still play that version of the game.

But some who know him say Mr. Rumsfeld refuses to concede that the game may have passed him by.

"One time I saw Rumsfeld and I referred to hardball as an old man's game, and he just stared at me," says David Bass, a public relations executive who sometimes plays on the Pentagon courts. "It's become a running joke with us."

Nor does Mr. Rumsfeld lack for bravado. Mohamed Awad, a former champion player who was once ranked as high as ninth in the world, spent a half hour hitting with him last February at a racquet club in Munich, where Mr. Rumsfeld was attending a military conference.

Mr. Rumsfeld plays well for a man his age, Mr. Awad said. Afterward, he said, Mr. Rumsfeld suggested that he could outplay another septuagenarian politician still known for his prowess in squash, the 78-year-old Egyptian president, Hosni Mubarak.

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"I told him, 'That can't be right because I have played with Mubarak, and he is much better than you are,' " said Mr. Awad, an Egyptian who now lives in Germany.

Mr. Rumsfeld, he said, just laughed. Pentagon aides say that they do not recall Mr. Rumsfeld boasting about being better than Mr. Mubarak.

NASA Chief Heads To China To Discuss Space Cooperation (NYT)

By Warren Leary

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — The leader of NASA arrives in China on Sunday for a tour of space agency sites, making him the most senior American space official to go to China to discuss possible cooperation between the countries' programs.

Michael D. Griffin, the administrator of the National Aeronautics and Space Administration, has repeatedly cautioned that the tour, which will include Beijing, Shanghai and a desert launching site in Gansu Province, will be an exploratory visit that will not result in any bilateral space agreements or formal partnerships.

"This is a get-acquainted visit that has no preconditions to it," he said recently. "We are going to see things and meet people, and see where that takes us."

China is the third country, after the United States and Russia, to have sent humans into space. It has been seeking more international cooperation in aerospace projects, but the United States has been reluctant. Much of China's program is run by the military, raising concerns about possible technology transfers or other national security issues for any such cooperation.

Working with China in space has also been hampered by other issues under discussion by the two nations, like weapons proliferation, trade agreements, patent and trademark enforcement, and human rights, said a senior adviser at NASA, who spoke on condition that he not be identified.

Recently, though, the American position has begun to shift. When Chinese space officials invited the previous NASA administrator, Sean O'Keefe, to visit their operations two years ago, nothing came of the overture. However, when President Hu Jintao of China visited the United States in April and made the same request of Mr. Griffin, President Bush accepted the invitation.

"There has been a policy decision by the Bush White House to do this," said John Logsdon, the director of the Space Policy Institute at George Washington University. "It's part of an effort to engage China, to open a dialogue that may influence their policies in other areas. But it's starting slowly and deliberately."

Accompanying Mr. Griffin on the trip is William Gerstenmaier, the associate administrator for space operations, Michael F. O'Brien, the assistant administrator for external relations, and Shannon Lucid, a veteran astronaut. Ms. Lucid, who is the daughter of Baptist missionaries, was born in Shanghai and is returning to China for the first time since her childhood.

The group will meet Sun Laiyan, the administrator of the China National Space Administration in Beijing and tour aerospace operations and science centers there before going to Shanghai to visit space manufacturing plants there.

Also scheduled on the five-day trip is a visit to the Jiuquan Satellite Launch Center, an extensive rocket-launching complex from which the Chinese prepare and fly their manned spacecraft.

The Chinese launched their first manned spacecraft, Shenzhou, in October 2003, sending one astronaut into orbit for a day. In 2005, a Shenzhou with a two-person crew spent five days in orbit. Chinese authorities said their third mission, set for fall 2007, will send up three astronauts and will include spacewalks.

This year, Chinese officials visiting the United States outlined their plans for an extensive program of manned and unmanned programs, including orbiting a small, staffed space station by 2015 and establishing a moon program that includes sending a robotic orbiter next year, a lunar rover in 2012 and a lander that would return a moon sample to Earth in 2017. While there are no immediate plans to do so, Chinese officials also have expressed interest in sending humans to the moon.

Vincent G. Sabathier, a senior fellow on space issues at the Center for Strategic and International Studies in Washington, said that in the past, the United States had tried to contain Chinese ambitions in space but that this was no longer possible. China has major space agreements with Russia, Europe and most other nations with space programs, and is clearly striving to have a major role in the area, he said.

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"The Chinese are going their way and have a strategy in place," Mr. Sabathier said. "They want to work with the United States and be accepted as a major player, and the U.S. is obviously now seeing some potential in working with them, which explains Mr. Griffin's trip."

Mr. Sabathier and other experts said the composition of Mr. Griffin's team, including the head of NASA's human space flight program and Ms. Lucid, whose five trips to space included a long stay aboard the Russian Mir space station, suggests that some type of cooperation in space may be under consideration.

Forget The Right Stuff. Can He Handle A Monkey Wrench? (NYT)

By John Schwartz

The New York Times, September 24, 2006

DURING the just-completed mission of the shuttle Atlantis to the International Space Station, viewers of NASA TV were treated to the sight of two highly educated spacewalkers straining against a balky bolt with a wrench and a cheater pipe. They worked with the grunts and wheezes — but not the curses — familiar to anyone who has ever had to change a tire or hook up a bathroom sink.

Then, after Atlantis headed back toward Earth, astronauts on the station had to take emergency measures when a finicky machine, the Elektron oxygen generator, overheated and melted a rubber seal, sending a stench and small amount of smoke into the closed environment of the station.

Ad astra per aspera, sure, but bolts and plumbing? The venerable Latin epigram, which means "to the stars, with difficulty," probably wasn't supposed to be about such mundane matters.

From now until the scheduled end of the shuttle program in 2010, however, every mission currently planned will focus on station construction, and astronauts will continue to wrestle with the occasional frozen bolt, malfunctioning gizmo or other glitch. So why does NASA send brainiacs — the two Atlantis spacewalkers had advanced degrees in physics and aeronautics — when the missions might profit from a couple of shade-tree mechanics and seasoned construction workers?

"It's obviously a legitimate question," said Robert Mirelson, a spokesman at NASA headquarters. "Do you need to be a rocket scientist to be an astronaut?"

"With all the space tourists," he joked, "there are probably some plumbers out there who could afford to go to the space station."

Mr. Mirelson argued that because they go to space in small teams, astronauts must have a broad range of skills. But they can't know everything, he said, so NASA's mission controllers have experts on call at all hours to advise them, especially when something goes wrong.

Mike Mullane, an astronaut who came to space by way of the Air Force, said he was the "Forrest Gump of astronauts" because he felt underpowered in the brains department compared with some of his credentials-heavy colleagues. He said he knew the importance of mechanical ingenuity: on a family trip, his father once nursed an overheated car across the deserted mountains of southern New Mexico by having the Mullane boys urinate into the radiator.

But, he said, that outside-of-the-box thinking might not be the best approach in orbit, where a mistake could bring on disaster. "You're never going to say, 'Oh, something's broken — I'm going to get the toolbox and rip into this,' " he said.

So astronauts work under the close supervision of mission control, an arrangement that hardly calls for mechanical genius, Mr. Mullane said. The work can be done by "anybody with a basic understanding of a screwdriver and a wrench," he said, "and even most Ph.D.'s have that."

Tom Jones, a former astronaut who has a doctorate in planetary science, said NASA's rigorous training instilled the ability to handle every task. "By the time you get up there, you're not bad as a person who can follow directions and deal with this equipment," he said. "We get by."

These days, Mr. Jones added, he feels confident tackling home and automotive repair work that he never did before his astronaut training. "What a wonderful gift from the taxpayer," he said.

Some astronauts are accomplished handymen. Don Pettit has stripped and rebuilt a jet engine in his home workshop. During his stay aboard the station in 2002-03, he cobbled together a camera mount that, with a power drill as its driver, could

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precisely track the relative motion of the Earth and station to produce spectacular long-exposure photographs. And, he said, he is far from unique. "You've got a lot of tinkerers" among the astronaut corps, he said.

Historically, Mr. Pettit said, NASA engineers on the ground have resisted the idea of astronauts fixing things in space, and have tried to make systems redundant so repairs won't be necessary. When he was on the space station, he recalled, he overcame engineers' doubts by repairing his wristwatch. "All of a sudden, they let me fix things" that were not originally intended to be repaired in space, like a broken freezer that was used for science experiments, he said.

Dr. Jeffrey A. Hoffman, a former astronaut who has a doctorate in astrophysics and teaches aerospace engineering at the Massachusetts Institute of Technology, was in on the selection of several astronaut classes before leaving the space agency in 1997. As the science component of missions grew, they brought in more Ph.D.'s; later, as station construction loomed large, they selected more engineers and people with operational experience.

Any construction worker hired to go into orbit would be hard pressed to meet the other demands of the job and the complexity of the equipment, he said. "You can't just give somebody a space suit and tell him, 'Go build a space station,' " he said.

In any case, he said, it's too late for that. With the shuttle program set to be wound down by 2010 and the next generation of space vehicles years away, he said, "I think it will be a while before we select any new astronauts."

OTHER NEWS:

Governor's Race Tight (BSUN)

By Andrew A. Green, Sun Reporter

The Baltimore Sun, September 24, 2006

Poll shows O'Malley holding a slight lead over Ehrlich

Baltimore Mayor Martin O'Malley is maintaining his lead over Gov. Robert L. Ehrlich Jr. in the race for Maryland governor, a new poll for The Sun shows, having countered a barrage of critical commercials expected to intensify over the six weeks until Election Day.

Still, Ehrlich, a Republican seeking re-election, remains a popular figure in a state where Democrats outnumber the GOP by about 2-to-1. Voters give Ehrlich and O'Malley - both 40-something telegenic politicians - about equal marks on leadership and ability to move the state forward, suggesting that the contest could wind up very close.

O'Malley, a Democrat, has a 6-percentage-point lead among likely voters, 50 percent to 44 percent, about the same margin he held over the Republican incumbent in July. But it is a much smaller advantage than the double-digit leads he held last year before Ehrlich began campaigning in earnest.

"This campaign should be neck-and-neck in November," said Keith Haller, the president of Potomac Inc., which conducted the Sun poll.

The statewide survey of 815 likely voters was conducted Sept. 15 through Sept. 18, and has a margin of error of 3.5 percentage points. The survey reveals underlying trends and perceptions that offer signs of encouragement for both campaigns.

Four years ago, Democrats lost the governorship for the first time in 36 years, when Ehrlich defeated former Lt. Gov. Kathleen Kennedy Townsend. But voters say they have more confidence in Democrats to handle state problems than they did when Ehrlich took office - a positive sign for O'Malley.

In a Sun survey in January 2003, state voters said Republicans were better able than Democrat to handle state issues by 41 percent to 39 percent. But since then, support for Ehrlich's party has steadily slipped, and support for O'Malley's has steadily gained.

Now 49 percent of voters think Democrats are well-equipped to handle problems, compared with 35 percent for Republicans, a 16-point swing in four years.

Richard Crane, a 57-year-old O'Malley supporter from Essex, said he sees the mayor trying to tackle the problems important to the middle class, and calls Ehrlich fixated about legalizing slot machines.

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"Yeah, there are some retirees who take their quarters once a month and go to Dover Downs, but how much money is going out of state because people are moving because of high taxes, crime and poor schools?" said Crane, who voted for Townsend in 2002. "Those are the problems that Ehrlich should be addressing, and he's not, and those are the problems that I see O'Malley addressing."

But despite the surge for Democrats, the poll shows that Ehrlich remains largely untouched by the problems his party faces.

The Bush effect Although President Bush has seen some improvement in his standing nationally, he remains profoundly unpopular in Maryland, with 34 percent of voters approving of his performance and 59 percent disapproving.

That hasn't rubbed off on Ehrlich, despite O'Malley's nearly constant attempts to link the governor with the president.

Ehrlich's job approval rating isn't as good as it was early in his term, and it has slipped by 6 points since July, largely because of an erosion of support among Democrats. But now, as throughout his entire term, a majority of voters - 51 percent - think Ehrlich is doing a good job. The poll found that 38 percent disapprove.

Allan Hess, a 58-year-old Democrat from Cockeysville, said he disapproves of Bush because of the Iraq war but said that has nothing to do with Ehrlich.

Hess, who works at the Johns Hopkins medical campus in East Baltimore, said he's not impressed with O'Malley's performance in the city, especially on crime and schools, and thinks Ehrlich is a more solid leader.

"He's a really good speaker, and he's addressed some of the issues, maybe not to my full liking, but at least there's a plan there that's solid," said Hess, who voted for Ehrlich in 2002. "Martin O'Malley has a plan to do this and this, but how are you going to pay for it? It reminds me of the Richard Nixon-era 'I have a plan to get out of Vietnam' but no specifics."

O'Malley has the solid support of his party's base. Liberals back him overwhelmingly - 81 percent to 11 percent - and Democrats back him by a 70 percent to 19 percent margin.

Moderate support But he also retains a 15 percentage point lead among moderate voters, the sort who abandoned the Democratic Party to support Ehrlich in 2002.

Another positive sign for the mayor is that he holds a 17 percentage point lead among frequent voters, the ones most likely to come to the polls if turnout is low, as it was in this month's primary.

Lester Sussman, 80, a poll respondent from Mount Washington, said he voted for Ehrlich in 2002 but plans to vote for O'Malley this year.

"He had an unenviable task in the city," Sussman said. "I don't think anyone could overcome something like that."

"It's more that I dislike Ehrlich. ... I don't like the way he stuffed the [Public Service Commission,]" Sussman said, referring to discontent over how the governor's appointees handled this year's BGE rate increase.

Ehrlich has solid support from his base, too. Even after pitching himself as a centrist and emphasizing in his campaign moderate- and liberal-friendly policies such as support for stem cell research and tighter air pollution rules, the governor retains the strong support of Republicans and conservatives. Likely voters who identify themselves as conservatives back Ehrlich 73 percent to 19 percent, and Republicans support him by an 81 percent to 12 percent spread.

Timothy Lang, 49, a construction company owner from Glen Burnie, rates Ehrlich's job performance as "not perfect, but not bad." The conservative Republican said deciding to vote for the governor is a no-brainer.

"He's a Republican, a conservative," Lang said, whereas O'Malley "toots a horn that don't deserve to be tooted."

The gubernatorial match-up results stand in contrast to the increasing confidence Ehrlich and his aides have displayed in recent days. They have repeatedly insisted that the governor is now leading in his internal polls and have even claimed that O'Malley's private surveys show the same thing. The mayor's campaign has said that's not true.

Echoes of 2002 On the campaign trail, Ehrlich has sought to frame this election as a repeat of the 2002 contest. Although he's the incumbent, he pitches himself as an insurgent campaigner, a change agent to break up the "Democratic monopoly" in Annapolis. On the stump, he tells supporters that the race is breaking for him, just as the 2002 campaign did.

"What you feel is actually happening," Ehrlich told the crowd that surrounded him at the Frederick County Fair last week. "We have the opportunity to win this race not close. We have the opportunity to have this race called at 8:01 p.m. on election night. That's where all the trend lines are going."

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But the Sun poll shows signs that this race is not unfolding for Ehrlich as the last one did. In 2002, Ehrlich was a relatively unknown congressman whose candidacy caught fire as doubts about Townsend began to take root. Within a few months, Ehrlich had erased a 27-percentage point deficit and brought the race to a dead heat by this point in the election cycle.

Closing the gap This time, the gap is closing more slowly.

In part, that's because his base in the Baltimore suburbs, the crucial swing area in the 2002 race, isn't as strong as it was then. His approval ratings show he remains popular in the suburbs, but so far that isn't translating into the kind of advantage over O'Malley he enjoyed over Townsend.

Rep. C.A. Dutch Ruppersberger, the former Baltimore County executive and a strong O'Malley supporter, said before the poll was taken that the one key indicator of this race is how the candidates are doing in Baltimore County, Ehrlich's home jurisdiction, where he won almost his entire margin of victory in 2002.

Last time, Ruppersberger said, Ehrlich won the county by more than 20 percentage points. If he wins by only 10 this time, Ruppersberger said, he will lose the race.

Ehrlich said at a recent campaign stop that his goal for the county is 60 percent - "The first lady says 65," he joked. But the Sun poll shows he's now leading there by just 5 percentage points, 46 percent to 41 percent. At this point in 2002, the Sun poll found he was leading in the county 58 percent to 31 percent.

The new poll shows Ehrlich and O'Malley are in a statistical tie in the Baltimore region, which includes Baltimore, Anne Arundel, Howard, Carroll and Harford counties - as well as the city. Apart from Baltimore City, Ehrlich carried each of those jurisdictions by wide margins in 2002.

Voters gave a strong indication of how close the election could be when presented with a series of head-to-head comparisons about the skills and ideas Ehrlich and O'Malley bring to the race. On every one, the two were within a few points of each other or in a tie.

Leadership Ehrlich got a narrow edge on which candidate is a leader, 44 percent to 41 percent, and he tied O'Malley - 40 percent to 40 percent - on a question of who would best be able to improve public schools.

Voters usually give Democrats higher marks on education, but this figure suggests that questions about the city school system, which have been a centerpiece of the Ehrlich campaign, give the Republican an unusual opening on the issue. However, the numbers also show that the governor's focus on city schools in speeches and television ads in the last two months has done little to sway voters' perceptions; in July, O'Malley led in this measure by 5 points.

The mayor has a slight lead on the question of which candidate is more innovative or has better ideas, 44 percent to 39 percent, and on which candidate shares the voter's values, 43 percent to 39 percent.

On the question of which one is better able to move the state forward - which both campaigns have spent their time trying to answer for voters - they are essentially tied: O'Malley 44, Ehrlich 43.

James Elliot, 84, a retiree from Lutherville who voted for Ehrlich in 2002, said his decision this year is going to be a tough call.

"I think he's a good man," Elliot said of O'Malley.

And what about Ehrlich?

"I think he's a pretty good man, too," Elliot said.

Crist Has Slim Edge Over Davis In Poll (FLSUNSEN)

By Mark Hollis, Tallahassee Bureau

South Florida Sun-Sentinel, September 24, 2006

TALLAHASSEE · Republican Charlie Crist leads Democrat Jim Davis by 6 points in the latest South Florida Sun-Sentinel poll on the governor's race, but undecided voters who favor Davis on key issues could drive the contest even closer.

With roughly six weeks remaining until the Nov. 7 election, only 7 percent of Florida's likely voters are undecided. Crist and running mate, Jeff Kottkamp, would get votes from 49 percent of those polled. Davis and his running mate, Daryl Jones, are favored by 43 percent, while other candidates in the race collectively get approval from 1 percent of those sampled.

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Davis, a Tampa congressman, could make up ground on Crist, the state's attorney general, by stressing education themes to appeal to undecided "independents," blacks and women, the poll shows. Many of those voters are leaning toward Davis' stance on public school policies.

And many black voters, the poll reveals, are energized by Davis' selection of a lieutenant governor running mate who is black.

"There's no question that this race can tighten, and it probably will tighten," said pollster Del Ali. "The real silver lining for Davis" is that voters still don't know much about him. Davis' name recognition is low, with 59 percent of voters overall saying they don't even have an opinion about him.

"Davis has a lot more room to grow for people to view him favorably," Ali said. "Once they view him favorably, they can turn into his votes."

Those potential votes could come from people like poll respondent Marcia Suarez, 44, a Boca Raton Republican who is undecided. "I like Crist. I tend to vote Republican, because they are usually tougher. But I'd consider a Democrat."

The statewide telephone survey of 600 likely voters was conducted Sept. 18-20 for the Sun-Sentinel and Florida Times Union by Maryland-based Research 2000. The poll has a margin of error of plus or minus 4 percent.

Crist is favored heavily by Republicans and slightly by independents, who will be key in the final weeks of the race. Independents comprise one-fifth of the likely turnout, and 10 percent of them are undecided. The rest favor Crist by 6 points.

Black voters, who traditionally align with Democratic candidates, comprise about 12 percent of the electorate. Twenty-two percent of blacks surveyed are undecided in the governor's race. And women are favoring Davis by 3 percentage points, with 8 percent of them still unsure.

The poll confirms that Davis has already helped himself draw support from blacks by selecting Jones as his running mate. Jones would become the first black lieutenant governor in state history.

Most voters say the running mate selection doesn't make a difference as to whom they'll pick for governor. But for blacks this year, it seems to matter. Without being told by pollsters that Jones is black, 56 percent of blacks surveyed said they are more likely to back Davis for having selected Jones. By comparison, 63 percent of all voters say the running mate selection doesn't affect their decision.

Even more important for Davis, independents, blacks and women all are indicating they are more compatible with Democrats when it comes to education policies, which voters overwhelmingly say is their top concern for the state.

More than a third of the independents agree with Davis in saying that Florida isn't spending enough on public schools. And by a 2-to-1 margin, they reject the state's FCAT, the importance of which Davis says he would downgrade. Crist says he would continue to depend on the Florida Comprehensive Assessment Test for grading schools, and student and teacher performance.

"[Davis] has an easier time [appealing] to independents based on where the candidates stand on the issues, such as education, more so than Crist," said Ali.

Anti-incumbency sentiments and opposition to President Bush are high nationwide and could pose a challenge for Crist, Ali said, if voters begin to link him too closely to national Republican leadership. But so far, Ali said, the poll shows Florida voters largely approve of the president's younger brother, Republican Gov. Jeb Bush, giving Crist insulation from this year's anti-incumbent, anti-George Bush surge.

Three other state offices -- attorney general, chief financial officer and agriculture commissioner -- are too close to call at this stage. The possibility remains, though, according to the poll, that the Florida Cabinet this year could switch from all-Republican to all-Democratic, which could have enormous implications for various state policies dealing with matters ranging from insurance regulation to environmental land purchases.

The attorney general's race featuring Democrat Walter "Skip" Campbell, a state senator from Broward County, and Republican Bill McCollum, a former congressman from Orlando, shows signs of being very tight on election night. Nineteen percent of voters are undecided in that race, with McCollum holding a 42-39 percent lead.

The chief financial officer battle includes a woman, Democrat Alex Sink of Tampa, against Republican Tom Lee, the current president of the Florida Senate. Lee is leading by a 10-point margin over Sink, with 16 percent of the voters undecided. So far, the poll doesn't indicate a gender gap, the pollster said, with Lee leading likely because of his better name recognition.

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Incumbent Republican Agriculture Commissioner Charles Bronson hadn't been expected to face much of a challenge. But in the poll, he leads Democrat Eric Copeland by only a slight margin, with a fifth of the voters undecided.

Swann Has Trouble Catching On (PPG)

By Tracie Mauriello, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 24, 2006

CAMPAIGN 2006 / Governor's Race

HARRISBURG -- You already know him as a football star and sportscaster.

Now there's another role Lynn Swann wants to play: governor.

It's a job subject to more Monday-morning quarterbacking, less celebrity and lower pay than Mr. Swann had in the NFL, but he's willing to take it on just the same.

Mr. Swann is a football Hall of Famer whose name appears on eight Trivial Pursuit game cards. And he commands more than $30,000 an event for his work as a motivational speaker.

The quest to take over the governor's office isn't about fame or money, he says. It's about reforming a state where, Mr. Swann says, taxes are too high, access to decision-makers is too limited and public money is spent too freely.

Mr. Swann says his interest in running for office was sparked by the 2001 terrorist attacks.

"Sept. 11 created in me more of a drive to find ways to serve at a new level," Mr. Swann said. His interest was reinforced a year later when he became chairman of the President's Council of Physical Fitness and Sports and in 2004 when he served as a campaign volunteer for President Bush's re-election campaign.

"Add to that a strong feeling that our state is moving in the wrong direction," Mr. Swann said. "That's what made me think about whether I wanted to seek the office of the governor of Pennsylvania."

He began discussing his ambitions with high-ranking Republicans such as Senate President Pro Tempore Robert Jubelirer, R-Altoona, who helped him secure the party nomination at a time when the GOP needed a visible, credible candidate to face a popular incumbent.

Polls show that defeating Democratic Gov. Ed Rendell, an experienced politician with wide support, will be an uphill battle, steeper than the GOP anticipated during nominating season last winter.

Six weeks before the election, Mr. Rendell has a double-digit lead, according to separate polls released Thursday.

The Keystone Poll by Franklin & Marshall College puts Mr. Rendell's support at 54 percent to Mr. Swann's 34 percent. The IssuesPA/Pew poll put Mr. Rendell farther ahead, 58 percent to 30 percent.

"In the early part of the year, the party saw the potential for Swann to really energize voters with his celebrity and his personable characteristics, and that he would be someone much more competitive at this point," said Christopher Borick, professor of political science at Muhlenberg College

Matthew Woessner, assistant professor of public policy at Penn State Harrisburg, agreed.

"Frankly, I thought Swann was going to be a formidable candidate and I'm very surprised that he hasn't caught on. My best sense is that there is no substitute for an experienced, thoughtful, seasoned politician like Rendell," he said. "As charismatic and intelligent and substantive as Swann is, he is going up against a master politician."

Mr. Swann says he isn't discouraged. A series of television commercials launched this month, relatively late in the campaign season, ought to help, he said.

He's counting on a decline in Mr. Rendell's poll numbers, spurred by renewed voter anger over the now-repealed pay-raise law, which the governor supported. The issue came back into the spotlight recently after the state Supreme Court ruled that the pay-raise repeal did not apply to judges.

With six weeks before Election Day, Mr. Swann needs whatever help he can get, whether by spikes in his own popularity or declines in Mr. Rendell's.

Win or lose Nov. 7, Mr. Swann's candidacy alone helps the GOP, Dr. Woesser and Dr. Borick said.

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"I'm sure there are people in the party that do not have real optimism that he's going to be able to unseat Rendell, and they're not looking at him in terms of what effect he's going to have on the rest of the ticket," Dr. Borick said. "If he can energize the Republican base, who are more likely to vote straight ticket, other candidates might get a little bit of a push from that."

Celebrity's two sides

Mr. Swann has the kind of name recognition that no amount of campaign dollars can buy, yet he is hampered by the difficulty some have in seeing him as anything other than a jock.

Even people who idolize Mr. Swann for his athletic prowess aren't necessarily aware of his political ambition.

Longtime fan Jeff Kaliner, of Wilkes-Barre, for example, walked past four or five Swann campaign signs at La Festa, Scranton's Labor Day weekend Italian festival, and still didn't realize that the "Swann" written on the signs referred to the football giant.

"I kept seeing these signs, but I didn't even think about it. I didn't realize they meant him," said Mr. Kaliner, who felt faint after shaking Mr. Swann's hand at the festival.

"Somebody hold me up. I'm in shock. This is the best thing ever," he said.

Observers say Mr. Swann's celebrity is both an asset and a hindrance as he runs his campaign.

"A lot of people see him as their football hero," Dr. Borick said. "It draws people to him and gets him attention, but it also creates a wall he has to get over to say, 'Thank you for remembering me as a football star but, in the end, I'm running on my ability to lead as a political figure.' "

That's tough for fans to grasp, even when Mr. Swann is accompanied by an entourage carrying campaign signs.

For a moment at La Festa, it looked as if Mr. Swann had gained ground when a worker at Kay's Pizza booth wished him luck.

"I'm hoping to turn it in a different direction now," Mr. Swann said.

"Yeah, I know," the pizza maker replied. "I'm hoping it'll be against the Cowboys this year."

Mr. Swann nodded and kept walking. As campaign season has progressed, Mr. Swann has limited his time with sports fans to give it more freely to people who stop him to ask about his politics.

"His celebrity got him into the race and helped clear the field for him, but it isn't enough," Dr. Borick said.

That's fine with Mr. Swann's supporters, who say he's got plenty more than football fame going for him.

"Everyone focuses on his celebrity. What they don't focus on is what it took to achieve that," former Lt. Gov. Bill Scranton said.

"He started from very humble beginnings. You don't achieve what he has without a lot of grit and determination," said Mr. Scranton, who sought the Republican gubernatorial nomination last year but backed out after Mr. Swann emerged in February as the party favorite.

"It wasn't a personal contest. It was about who could best deliver the message, and he won that contest. I completely support Lynn Swann," Mr. Scranton said. "He and I want the same things."

Pushing tax reductions

Those things include fiscally responsible government, lower taxes, fewer government regulations on farmers and an end to the state's tax on inherited property.

One major part of the platform is a plan to create a system of taxing property by tying payments to a home's purchase price instead of its assessed value. He also wants to prohibit tax increases exceeding the rate of inflation.

"We want a system that's fair and equitable, where you can predict your taxes 10 years from now," Mr. Swann said. "The predictability is as much a sense of relief as anything."

Tax reductions would be offset by budget surpluses, gambling revenue and savings from requiring school employees to enroll in a consolidated statewide benefits program. If that isn't enough to cover, Mr. Swann would dip into the general fund.

Critics from the Rendell camp say the plan is unworkable.

There isn't enough money to cover the reductions promised by Mr. Swann, at least $150 per homeowner in the first year, said Mr. Rendell's campaign spokesman, Dan Fee.

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"Where is the money coming from if there isn't a surplus? There's not a big percentage of the budget you can whack because a lot of it is linked to federal mandates," Mr. Fee said. "Their plan doesn't work."

Someone with no political experience, Mr. Fee said, is not a good choice for governor of a large state with a $26 billion budget.

"He's simply unqualified," he said. "Being governor isn't just about making speeches. It's about making progress."

Even some of Mr. Swann's former teammates lack confidence in his abilities to govern.

"He's very bright, he's very articulate and he is hardworking ... but he is a novice to the political government arena," said former Steeler Dwight White, a lifelong Democrat who supports Mr. Rendell.

"There are some things you can only learn through experience and time. There are exceptions to that rule, but I don't know if I'm willing to toss the dice," Mr. White said. "It's not a personal thing. I like Lynn Swann."

Mr. Swann's supporters say his lack of political experience is an asset because he is not beholden to legislators and lobbyists.

"He's not politically connected and he has no agenda. His freshness and newness are huge assets," said longtime friend Gary Brown, a Mt. Lebanon businessman.

"It's not like he's totally unaware of what would happen when he arrives in Harrisburg. He knows the issues and his fresh approach would be welcomed," said Mr. Brown, who met Mr. Swann shortly after the Steelers drafted the wide receiver in 1974.

Since then, Mr. Swann has gotten married, played on four Super Bowl-winning teams, had two children, been a spokesman for a company that makes fibers for sleeping bags, hosted the game show "To Tell the Truth," danced on stage with Gene Kelly and, to the amusement of friends like Mr. Brown, who know of his aversion to cold weather, covered the Iditarod Dog Sled Race in Alaska.

"Just because you're a success at one career doesn't mean you can't transfer those skills and do something else. Being an athlete and having a career in sports doesn't disqualify you from having success in other fields," Mr. Swann said. "I'm not just an athlete."

True.

He also is a TV actor, appearing on episodes of "Family Matters" and "The Paper Chase;" a motivational speaker; a businessman; a former national spokesman for Big Brothers Big Sisters of America; and a board member for H.J. Heinz Co. and Hershey Entertainment and Resorts.

Mr. Swann said his work and volunteer experience helped him hone skills that will transfer easily to the governor's office.

During about 25 years volunteering as national spokesman of Philadelphia-based Big Brothers Big Sisters, he learned about the plight of poor children in Pennsylvania and elsewhere, said Judy Vredenburgh, the organization's chief operating officer.

"With that insight and with his understanding of what people's needs and motivations are, his policies will make a huge difference for kids," Ms. Vredenburgh said.

Early life lessons

At age 12, young Lynn defied his mother, Mildred, who did not want her youngest boy to play a rough-and-tumble sport like football. He sneaked out, anyway, and joined his older brother at tryouts for Pop Warner football. Both made the team.

"My mother let me play, but she said, 'If you're going to play, you can't quit,' " Mr. Swann said. "Now, we had a Marine-drill-sergeant type coach who made us do pushups with weighted vests and run laps."

There were times, he said, that he thought about quitting, but that wasn't an option in the Swann family.

"My mom felt that if I was going to be doing something, I needed to be out there doing it fully. My mom always said, 'Don't give up,' " he said.

He didn't give up then, and he won't now, despite being down in the polls and in fund raising, he says.

"I'm trying to get the job done and I will push as hard as I can," said Swann, who has crisscrossed the state, making campaign appearances at a seemingly exhausting pace.

"I don't think about whether it's hard or easy. I just do what has to be done," he said.

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Angelides Puts Iraq On Table (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, September 24, 2006

The gubernatorial candidate says he would immediately seek the Guard's withdrawal.

In a move to bolster his appeal among Democrats, state Treasurer Phil Angelides said Saturday night that on his first day as governor, he would call on President Bush to withdraw California's National Guard troops from the war in Iraq.

The Democratic nominee for governor said in a telephone interview that he would take court action against Bush if necessary to extract the state's National Guard members from Iraq. He said he would also urge other governors and members of Congress to join his effort.

"I will do everything in my power as governor of the state of California to bring our National Guard troops home," Angelides said.

At a Democratic primary debate in May, Angelides said governors lack the power to force the Pentagon to send a state's National Guard troops home from the war. But in the interview Saturday night, he said there might be some legal leeway on the matter.

Angelides said roughly 1,700 California National Guard troops are stationed in Iraq, but the number could not be verified on Saturday night. He also said he would not call for the withdrawal of several hundred California National Guard troops deployed in Afghanistan.

Earlier this year, Angelides opposed Bush's request to put other National Guard troops on the border with Mexico. Schwarzenegger agreed to send 1,300 Guard members there but refused a later Bush administration request for more border troops. The governor has maintained control over troops requested for border missions but not those sent to Iraq.

The treasurer, who is trailing Schwarzenegger in the polls with little more than six weeks left before the election, plans to lay out his views on California's National Guard deployment in Iraq in speeches in San Francisco and Burbank on Tuesday and then in Sacramento on Thursday, aides said. The Angelides offensive on Iraq is part of his effort to remind voters of Gov. Arnold Schwarzenegger's Republican roots and his support for Bush's reelection.

"Schwarzenegger has let our troops down by not speaking out against the war," Angelides said in the interview.

On NBC's "Meet the Press" in February, Schwarzenegger defended Bush's decision to invade Iraq.

"I think that we had to go in," he said. "There was a threat of terrorism. I think that it was the right thing to do."

The United States, he added, needed "to get out as quickly as possible, but also in a sensible way."

As for the state's National Guard troops, Schwarzenegger said he was not concerned that the Iraq deployment would leave California with too few to deal with an earthquake, flood or other natural disaster.

In response to Angelides' remarks on Saturday, Schwarzenegger campaign spokesman Matt David suggested voters would see the move as a campaign ploy. "California voters know the difference between a governor and a president," David said. "If Angelides wants to run for president, he should be spending more time at the Iowa state fair and less time in California union halls."

The move comes at a time of major difficulties for Angelides. He has trailed Schwarzenegger in raising money, and his main benefactor, organized labor, has yet to spend heavily on his campaign. Schwarzenegger, meanwhile, has made inroads among Democrats and independents.

Angelides faces a tough challenge in making the war in Iraq a decisive topic in the gubernatorial campaign. Public opinion surveys have found that California voters rate education, immigration and other matters as more important issues for the state to address.

But the war is a central focus of the national battle for control of Congress in the Nov. 7 midterm election. It is also one of the main reasons that the national political climate has soured for Republicans. With low turnout widely projected in the California election, Angelides is counting on that national environment to drive more Democrats to the polls, along with the independents who often side with them.

Angelides is also banking on a low turnout among Schwarzenegger's political base of conservatives, some of whom have been irked by his deals with Democratic lawmakers on vast public works bonds and other matters.

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"It's going to be who has the most energized base at the end of the day, and that's where we're going to concentrate our efforts," Angelides media strategist Bill Carrick said in an interview last week.

In July, a Field Poll survey found 58% of Californians want the U.S. to withdraw all or some of its troops from Iraq. The poll also found that 67% disapprove of Bush's handling of the war and 61% disapprove of his overall job performance.

The most recent wave of Angelides television advertising is a Democratic Party spot that shows Schwarzenegger campaigning for Bush in Ohio, a crucial 2004 swing state, and mentions the troops in Iraq.

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Akaka Takes Early Lead In Hawaii Primary (AP-Y)

By Mark Niesse, Associated Press Writer

AP, September 24, 2006

Liberal incumbent Sen. Daniel Akaka held an early lead Saturday night over upstart challenger Rep. Ed Case in the Democratic primary after absentee ballots and early votes were released.

Akaka was leading 56.4 percent to 43.6 percent after 84,088 votes were counted. The figures do not include any votes cast Saturday.

Akaka had 47,446 votes compared to Case's 36,642.

Akaka, 82, has served in Congress for 30 years and drew on his experience to boost his candidacy.

Case, 53, tried to convince voters that Hawaii needs to elect a younger, more moderate senator.

Democrats Set To Air Ads In Bid To Derail Steele (WT)

By Jon Ward, The Washington Times

The Washington Times, September 24, 2006

Maryland Lt. Gov. Michael S. Steele's assertive campaign for U.S. Senate since the Sept. 12 primary has prompted national Democrats to start running attack ads sooner than they had planned.

The Democratic Senatorial Campaign Committee originally bought $1 million worth of TV time for the two weeks leading up to the Nov. 7 general election, then decided to start running ads Tuesday, according to the Steele campaign.

"This is a clear indication of the national Democratic Party bosses' scramble to maintain control over Maryland," said Michael Leavitt, campaign manager for Mr. Steele, a Republican.

Phil Singer, a spokesman for the Democratic committee did not return phone calls, but has said he will not comment on strategic decisions in the campaign for Rep. Benjamin L. Cardin, who defeated Kweisi Mfume in the Democratic primary.

Mr. Steele, the first black person elected to statewide office in Maryland, says the Democrats' strategy against him was revealed as early as last spring when an internal party memo was leaked to the press.

The memo called Mr. Steele, 47, a "unique threat" to black voters' loyalty to Democrats and advised Maryland Democrats to begin a "persuasion campaign ... as soon as possible to discredit Steele as a viable candidate for the community."

"Connecting Steele to national Republicans ... can turn Steele into a typical Republican in the eyes of voters, as opposed to an African American candidate," the memo stated.

Mr. Steele also points to the illegal theft of his credit report by a Democratic committee staffer a year ago, before he had declared his candidacy. The staffer pleaded guilty to a misdemeanor in federal court and was sentenced to community service.

"The fact that they had to steal it speaks to the fear that they have of my campaign," Mr. Steele said recently. "Quite frankly, the only way they think they can beat me is to, as they said in their own memo, denigrate and demonize me."

Mr. Cardin, 62, rarely attacked Mr. Mfume, past president of the National Association for the Advancement of Colored People, whom he defeated by three percentage points.

But the congressman from Baltimore has been following the Democratic memo's advice by attacking Mr. Steele for supporting President Bush's policies.

"We can't allow this seat just to be another vote for President Bush," Mr. Cardin said in a speech in Catonsville last week.

The state Democratic Party has set up a Web site called "The Real Steele" that has multiple pictures of Mr. Steele on stage with Mr. Bush at a fundraiser last year.

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The latest Steele TV ad, in which Mr. Steele warns voters that critics will go as far as accusing him of not liking puppies is intended to blunt the effect of such criticisms and images.

"Soon your TV will be jammed with negative ads from the Washington crowd -- grainy pictures and spooky music saying 'Steele hates puppies' and worse," Mr. Steele says in the ad. He then pauses and says playfully, "For the record, I love puppies."

The ad was created by Brad Todd at On Message Inc., in Alexandria, after a conversation with Mr. Steele, who came up with the puppy idea. Mr. Todd is partners with Alex Castellanos, a longtime media consultant to the Republican Party.

Mr. Steele also has held several campaign events aimed at cutting into Mr. Cardin's built-in support among black voters in Baltimore.

The day after the primary, Mr. Steele stopped for a haircut in the primarily black section of Baltimore's Park Heights neighborhood.

Mr. Cardin, who is white and Jewish, has represented the neighborhood, which includes a section to the north that is heavily Jewish, for 20 years.

Mr. Steele told the crowd outside the barbershop, "When I go to the United States Senate, I will represent both sides of Park Heights. You're going with me to Washington."

Mr. Mfume's son, Christopher, attended a rally in Baltimore last week for Mr. Steele, and endorsed his candidacy.

The Steele campaign has also criticized Mr. Cardin after a staffer was discovered Sept. 15 to have posted racist and anti-Semitic comments on an online blog. The unidentified staffer has since been fired.

Sen. Burns, Tester Debate In Montana (AP-Y)

By Matt Gouras, Associated Press Writer

AP, September 24, 2006

U.S. Sen. Conrad Burns accused his Democratic challenger Saturday of wanting to raise taxes and weaken the U.S. Patriot Act, but brushed off allegations of ties to convicted lobbyist Jack Abramoff.

Jon Tester, locked in a tight race with the three-term incumbent, blasted Burns during their debate for running up the federal deficit and claimed he has lost touch with Montana.

Burns didn't answer a question asking for details on his staff's relationship with Abramoff, saying the allegations are being trumped up by Democrats for political gain.

"There we go again — baseless allegations drummed up in a negative campaign that started almost a year and a half ago. We have answered those questions," Burns said. "What does that do for jobs in Butte, Montana? What does it do for jobs in any part of the state of Montana?"

Tester has made ethics a campaign centerpiece, and invoked Abramoff's name several times during the debate.

"You have to have honest leadership, someone who will go to Washington and fight for you," Tester said. "I won't sell Montana down the road by cutting deals with lobbyists like Jack Abramoff."

They also disagreed sharply on the U.S. Patriot Act. Burns said it is needed to intercept calls placed to known terrorist phone numbers and gives law enforcement the same tools they use to fight organized crime.

"I don't think Mr. Tester understands this enemy," Burns said. "We cannot afford another 9/11. I can tell you that right now. He wants to weaken the Patriot Act."

Tester said the Patriot Act is eroding the very freedoms the terrorists are trying to take from Americans.

"Let me be clear. I don't want to weaken the Patriot Act. I want to get rid of it," Tester said.

During a Sept. 10 debate, a raucous crowd heckled and jeered Burns, forcing him to cut short his statements. This time ushers at Butte's Mother Lode Theater were on hand to keep the crowd under control and applause was banned until the end.

Fueling The Fire (NYT)

By Deirdre Mcnamer

The New York Times, September 24, 2006

Missoula, Mont.

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THIS state, in recent years, has gained a new season, and it's not one we like very much. High summer and early autumn as Montanans used to know them — bright, clean-edged and wild-yonder-blue — have given way to the sooty skies, red moons and general unease of fire season.

Runaway fire makes anyone edgy, even when you're not in its path or even very near by. And if you're in a neck-and-neck race for the United States Senate, you're not the soul of serenity to begin with.

Witness the Republican incumbent, Conrad Burns, toward the beginning of fire season in late July, when he gave an impromptu tongue-lashing to a team of firefighters at the Billings airport who were on their way back home to Virginia after a week on a 92,000-acre fire in southern Montana. Senator Burns told them they had done a rotten job and later said that the crew "didn't do a goddamned thing" and that they just "sit around."

Not the most politic remarks he could have made as he began to defend himself in earnest against a stiff challenge for his seat from a Democrat, Jon Tester, whose mantra is that Mr. Burns has lost touch with "Montana values," like defending the ordinary guy who's doing a hard, hot job.

Senator Burns apologized for his maladroit remarks and said he should have gone to higher-ups with any beefs he or some of his rancher constituency had with the way the fire had been managed. And he later sponsored an amendment to a military spending bill that bolstered federal firefighting dollars.

But the race heated up, and the incendiary remarks continued to fly. Mr. Burns lost the Montana cab-driver vote when he remarked that the country is up against a "faceless" enemy, terrorists who "drive taxicabs in the daytime and kill at night."

Nor has Mr. Tester kept foot out of mouth; in telling a reporter about the faith he has in his staff, he said, "Nobody has done anything to make me think they're trying to tomahawk me," a verb that delighted the state Republican Party spokesman, who said it denigrated American Indians, the state's largest minority group.

By the time the candidates convened for their second debate two weeks ago, even the audience seemed atypically fired-up for a Montana crowd that wasn't watching a sporting event in the strict sense of the term. The debate was held in Hamilton, in the Bitterroot Valley near the Idaho border, where forest fires had periodically been sending smoke hither and yon. As the candidates jousted, the crowd booed Mr. Burns and someone shouted "psycho" at him, and then a Burns supporter chastised the booers for rudeness.

Mr. Burns, who received more money from the disgraced lobbyist Jack Abramoff than any other member of Congress, accused Mr. Tester of being an unaccountable "lawbreaker" in his fund-raising practices. (He mentioned a $7,000 "slush fund" that Mr. Tester used for gas and meals on the campaign trail, and which the state's political practices' commissioner has said is legal.) The senator also accused Mr. Tester of failing to "report" a trade-mission trip he took to Taiwan as president of the State Senate.

In turn, Mr. Tester reeled off a longish list of Senator Burns's trips, including 10 to Las Vegas, as well as the names of the multinational corporations from which the senator has taken money. And so on, and so forth.

A good time was sort of had by some.

After the debate Mr. Tester drove up to Missoula for a block party I also attended. The suggested donation was $35, which didn't do a lot to erase Mr. Tester's financial disadvantage. (Senator Burns had raised $7 million to the Tester campaign's $1.5 million as of June 30.) It's a margin that's going to play out on the airwaves. "You're going to hear a lot of things that aren't true," he said with a weary grin. "Of course, all our ads will be the truth."

The crowd cheered. Smoke had cleared from the skies the day before, and September looked the way it was supposed to look if it wasn't fire season. But it still was. And everyone in both camps knew it was going to get a lot hotter, and a lot smokier, before it was over.

Fla. GOP Activists Show Harris Some Love (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, September 24, 2006

Days after President Bush flew into the state and complimented U.S. Rep. Katherine Harris, the congresswoman got some more love — this time from GOP activists at a rally Saturday.

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It was one of the bright spots for Harris, whom party leaders had previously tried to force out of the U.S. Senate race before she won the GOP primary. She will face Democrat incumbent Bill Nelson in the November election.

State party Chair Carole Jean Jordan called Harris a hero, a term many Republicans used after Harris, as secretary of state in 2000, oversaw Bush's disputed 537-vote victory.

"Katherine has overcome tough times. She's a gutsy lady and we love her," said Jordan, who tried to get Harris out of the race before the primary.

The women hugged before Harris spoke.

"You have honored me. This race is not about me, it's about you," Harris said. "It's about each and every one of you and the citizens of Florida who deserve far more representation than what Bill Nelson has done. He's squandered these last six years in the United States Senate."

Nelson campaign spokesman Bryan Gulley said Harris was making "unfounded and wild charges."

"The fact is Bill Nelson is one of the most accomplished and successful freshman senators — with some 40 pieces of legislation to his credit," he said. "And he's been instrumental in keeping the oil companies away from the state's coast."

Before Harris won the primary with less than half the vote in a four-way race, Republican leaders in Tallahassee and Washington tried to find a candidate who could defeat her. Gov. Jeb Bush openly said she couldn't win the November general election, and Jordan wrote to her saying the same.

Harris is trailing Nelson by more than 30 points in the polls and by millions of dollars in campaign contributions. She has been tied to a corrupt defense contractor, given embarrassing television interviews and seen top members of her staff quit in frustration.

Also at the rally, Charlie Crist, Florida's Attorney General, took a couple of light shots at his opponent in the closely watched governor's race. Crist drew laughs as he poked fun at Democrat Rep. Jim Davis for having the second-to-worst attendance record for votes in the House while running for governor.

"I'm going to work as hard as I can. I love to work, unlike my opponent," Crist said. "I love to show up for work."

Davis spokesman Josh Earnest said Davis "will work to make things better for Florida families."

"Who's he been working for? He hasn't worked to lower property taxes," he said of Crist. "He hasn't worked to improve schools. He hasn't worked to address the property insurance crisis."

Battle Lines Sharply Drawn Over Iraq War (KCS)

By David Goldstein

The Kansas City Star, September 24, 2006

WASHINGTON | Stay the course, or gradually start to pull back in Iraq?

Republican Sen. Jim Talent favors the former. “Complete the mission,” he says.

Missouri Auditor Claire McCaskill, who hopes to unseat Talent on Nov. 7, says American troops should be withdrawn but not “precipitously,” over two years, more or less. She says the American presence is a “crutch” keeping Iraq from making decisions about its future, even as Afghanistan heats up and the region grows more dangerous.

The war and what to do about it mark a deep divide between the candidates. Since fighting began in March 2003, nearly 2,700 U.S. troops have been killed, including nearly 50 from Missouri. Yet the violence has increased in much of Iraq, and earlier hopes that many troops could start to return home have faded.

Voters think the war is the country’s biggest problem, according to recent polls. It has hurt President Bush’s popularity and become a factor in many House and Senate races.

The Kansas City Star spoke to Talent and McCaskill separately about Iraq. | Excerpts from the interviews, A21

My Return To Balance (NYT)

By Robert Hicks

The New York Times, September 24, 2006

Franklin, Tenn.

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I LEFT home — and my front-row seat for observing Representative Harold Ford's apparently quixotic effort to take the Senate seat being vacated by Bill Frist — two weeks ago to spend six days crossing the Atlantic by boat and a week using Jefferson's notes to retrace his tour of villages, gardens and great houses of southern England. What a difference a couple of weeks can make.

I returned the other day to polls showing Mr. Ford in a statistical tie with his Republican opponent, Bob Corker. While anywhere else this might not seem like a big deal at this point, Tennessee isn't anywhere else.

When I left, most folks I know, both old-time Southern Democrats and my new Republican neighbors in their McMansions, wouldn't have given the young black liberal from a family that seems always ready to stretch the bounds of propriety much of a chance in a statewide race. Particularly not against Mr. Corker, a very agreeable and successful former mayor of Chattanooga who easily K.O.'ed his more conservative Republican opponents in the primary.

In talking with my neighbors, however, I get the picture that several things are keeping the Ford campaign alive and thriving. Interestingly, most of them are to Mr. Ford's credit, and not the result of missteps by Mr. Corker. Truth is, Mr. Corker is working hard to bring political moderation to his campaign, and is doing a good job.

That said, Harold Ford may just be doing what folks down here thought he could never do. He is emerging as an electable Senate candidate in a state that has been moving deeper and deeper into the Republican ranks. In this, he seems to be emerging as part of that new class of sensible Southern Democrats, along with our Democratic governor, Phil Bredesen, who is coasting to re-election.

The governor has built his base as a fiscal conservative who believes in smaller government. That plays well with both old-line Southern Democrats and new-money Republicans in the Volunteer State. Similarly, Mr. Ford votes a bit like a card-carrying conservative on a few issues. He supported President Bush's No Child Left Behind reforms and optional school prayer. He has also voted to limit the amounts that trial lawyers can walk away with in class-action lawsuits. He is against same-sex marriage and late-term abortions.

On other issues, he has found a way to balance liberal and conservative ideas. On national security, he favors federalizing rules on drivers' licenses as a check on terrorists, although he opposed unwarranted wiretaps. And while in the past he supported most gun-control bills brought before him, Mr. Ford, like most of his fellow Tennesseans, is now a calling himself a "fan of the Second Amendment." All this smacks of balance and reason to a lot of folks. As Rick Warwick, my neighbor down the road and our county historian, told me recently, "You know, Harold Ford is looking more and more like one of us."

After the primaries, everyone assumed that at this point, Mr. Corker would be way ahead in the polls, with the race maybe tightening toward the end. Yet, if Harold Ford can continue to present himself as a "Bredesen Democrat" who believes that less government is often the best government, maybe, just maybe, we will have a real horse race of an election come November.

Tennesseans have a long tradition — going back to Andrew Jackson — of loving a good horse race.

A Campaign In Crisis Mode (NYT)

By Charles Baxter

The New York Times, September 24, 2006

Minneapolis

WHILE my assignment was to write about Minnesota's important Senate race, I think there's more to be learned right now from the far closer contest in Minnesota's Sixth Congressional District, which borders Minneapolis-St. Paul to the east, north and west. The race, between Michele Bachmann, the Republican, and Patty Wetterling, the Democrat, has revealed a Bush-era national trend now visible locally.

That is, we are facing a choice between a "conservative" who wants to institute radical reforms and a "progressive" who wishes largely to maintain the status quo. In Minnesota's Sixth District, liberalism is the new conservatism.

Ms. Bachmann, who was born and raised in Anoka, Garrison Keillor's hometown, is technically a daughter of Lake Wobegon, but there the resemblance ends. She holds a law degree from Oral Roberts University. As a Minnesota state legislator, she spoke out against the minimum wage, arguing that eliminating it would result in universal employment. She became well known for her tireless attempts to add a gay-marriage ban to the state Constitution. She has stated that evolution has a "cult"

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following. Concerning Iran, she has said, "We should not remove the nuclear response ... from the table." Her favorite topics are not local, but national, global and cosmic.

Somewhat predictably, she draws her support largely from evangelicals. The centrist Republicans I know — those few who are still around — tend to regard her as superficial. President Bush visited Wayzata, Minneapolis's most affluent suburb (though not in the Sixth District) to speak on her behalf. The two are quite in sync.

Having allied herself firmly with the president's policies on Iraq and privatizing Social Security, she also advocates eliminating the estate tax. For supporting these radical reforms she is called an "archconservative," though what she is trying to conserve, other than large family fortunes, is never scrupulously clear.

Compared to Ms. Bachmann, a suburban radical of an increasingly familiar sort, Patty Wetterling seems rather tame and pleasant and sensible — conservative, that is. In the view of Ms. Wetterling (who came into local prominence when her son was abducted at gunpoint and disappeared in 1989) we are not in the end times but in a stable world shaped by well-financed public education, Social Security, benefits for veterans, a decent respect for the opinions of others, a reluctance to engage in foreign adventures, and balanced budgets.

As a former public-school math teacher, Ms. Wetterling has an aura of kindliness and good sense, as if she believed in a general social welfare that depends upon all citizens "joining hands," as a former Republican governor of Minnesota, Elmer L. Andersen, once put it.

But citizens don't join hands much anymore in Minnesota, nor are they encouraged to. The problem faced by politicians who wish to preserve the social programs enacted by their grandparents is that President Bush has been wildly successful at creating an air of constant crisis, both foreign and domestic. Crisis rhetoric, which is inherently radical rather than conservative, dissolves social stability.

In this sense, terrorism has infected every subject and every discussion, even locally. Alarmism has become so ubiquitous in discussions of Iraq, the decline of the family and financing for Social Security and education that polarization is assured. Extremity, after all, is more newsworthy than good sense.

This outlook has the effect of trivializing most local issues — who cares about farm-price supports when radical Muslims want to make Stillwater part of the caliphate? And it ensures that the volume will always be turned up to 11 — at least until everybody begins to suffer crisis fatigue and tries to calm down.

In House Race, Focus Shifts To Security (NYT)

By Raymond Hernandez

The New York Times, September 24, 2006

For much of this year, Representative Nancy L. Johnson, a moderate Republican from Connecticut, has run the kind of campaign she has run many times before in this swing district, focusing on domestic issues like health care and taxes, even as she distanced herself from her party's conservative leaders in Congress.

But in recent days, Mrs. Johnson has taken her campaign down a sharply different path, shifting the battle with her Democratic opponent, Christopher S. Murphy, to a new front, national security.

The day after the fifth anniversary of the 9/11 attacks, Mrs. Johnson began showing a television commercial assailing Mr. Murphy, a state senator, as weak on defense because he has criticized the Bush administration's program of warrantless surveillance.

Then, on Monday, Mrs. Johnson stood alongside Senator John McCain, a prisoner of war in Vietnam and a strong supporter of the war in Iraq, during an appearance in Danbury, Conn., before military veterans.

"The security of our people is my No. 1 priority," she told reporters before the event with Mr. McCain, a Republican of Arizona.

Her campaign has also begun referring to Mr. Murphy as a "Ned Lamont liberal," a pointed reference to the antiwar candidate who defeated Senator Joseph I. Lieberman, a vocal supporter of the Iraq war, in the Democratic primary last month. Mr. Lamont won her district with 52 percent of the vote.

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It has not always been this way for Mrs. Johnson, who in her 12 terms in Congress — the longest tenure in the state's history — has earned a reputation as a serious policy thinker on health care and social programs.

Democrats say her tactical shift shows that the race has tightened and that she is mounting a negative campaign out of desperation.

But Mrs. Johnson's new focus on terrorism also shows that Republicans believe that national security is still a winning issue for them, even in a state where opposition to the war in Iraq is high, support for President Bush is low and their candidate is far better known for domestic policy.

Polls show that voters, despite qualms about the president and the war, still give Republicans an edge in dealing with terrorism.

Mrs. Johnson's moves coincide with an effort by Mr. Bush to make the case that tough defense policies have made America safer since the 9/11 attacks, but that the threats against the nation remain.

Though Mrs. Johnson has kept her distance from Mr. Bush on other issues, she has begun to echo that message with gusto.

Her district is one of about 40 around the country that are deemed to be in play as the Democrats try to reclaim control of the House this fall.

Underscoring the importance of the race, the National Republican Congressional Committee plans to spend $1.2 million on television advertisements supporting Mrs. Johnson during the final weeks of the race, while the Democratic Congressional Campaign Committee plans to spend $1.8 million to try to defeat her.

The new thrust of the Johnson campaign follows a bruising summer in which Mr. Murphy and at least one prominent liberal group, MoveOn.org Political Action, spent thousands of dollars seeking to portray her as an entrenched member of a Congress with ties to special interest lobbyists.

The Johnson campaign asserts that she has often defied her party's leadership, on issues including drilling for oil in the Alaska National Wildlife Reserve and stem cell research.

It also cites endorsements from organizations like the League of Conservation Voters as evidence of her independence.

Now, though, Republicans say that Mr. Murphy's criticism of the surveillance program has provided a golden opportunity to make the election a choice between two candidates with distinct views on national security and on other issues, instead of a referendum on the currently unpopular Republican-controlled Congress.

There is, of course, some risk for Mrs. Johnson in aligning herself more closely with the president, who in a poll last month by Quinnipiac University received an approval rating below 30 percent in Connecticut. The poll was conducted before the president began his public push on national security.

In an interview, Mrs. Johnson would not discuss the politics driving her decision to put national security at the forefront of her campaign. But again and again, in simple and stark language, she argued that her opponent failed to grasp the gravity of the threat.

"He doesn't understand the need for a tough policy," she said. "I want my constituents to know that the threat is real."

Under the surveillance program, the government, without warrants, has monitored the international communications of people in the United States.

The Johnson campaign has asserted that Mr. Murphy would force the government to go through the time-consuming process of getting a court order before wiretapping communications involving suspected terrorists.

Mr. Murphy has responded that the Johnson campaign is trying to distort his position, which he said would not cause delays in monitoring suspected terrorists. The Bush administration, he said, was violating the law by circumventing existing procedures, which allow the attorney general to authorize the emergency use of electronic surveillance provided that he subsequently seeks court authorization within 72 hours.

The campaign debate is so fierce that only an hour after Mrs. Johnson's event with Mr. McCain, Mr. Murphy accused her of "playing politics" with national security.

"I think it's pretty disgusting that Nancy Johnson has decided to politicize the 9/11 attacks," Mr. Murphy told reporters.

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So far, Mrs. Johnson has pumped much more money into the race than Mr. Murphy, spending about $1 million compared with roughly $181,000 by him, according to their latest campaign finance reports. Both campaigns have large reserves of cash as they approach the final weeks of the race: $2.6 million for Mrs. Johnson and about $1 million for Mr. Murphy.

The Iraq war has not played as central a role in the contest as it has elsewhere in the state, where antiwar activists have put Mr. Lieberman and another strong supporter of the war, Representative Christopher Shays, a Republican, on the defensive.

The Murphy campaign has raised the issue, criticizing Mrs. Johnson for voting to authorize the military invasion of Iraq.

But while Mr. Lieberman and Mr. Shays have been outspoken in their support of the war, Mrs. Johnson has not talked all that much about her position, which is to support the president.

Beyond that, Mrs. Johnson's views about what to do in Iraq do not appear to differ significantly from Mr. Murphy's. Both are against an open-ended American military presence in that country, and both argue that Iraqis need to play a greater role in their own defense so that the United States can begin reducing the number of troops there.

Mrs. Johnson is opposed to a timetable for withdrawing troops. Mr. Murphy says that Washington should advance a schedule for withdrawing troops, to prod the Iraqis into taking greater control of their own security, but that the specifics of removing troops should be left to American military leaders.

Mrs. Johnson stuck to her strategy through the week, talking about national security again on Friday during an appearance in Waterbury to accept an endorsement from a political action committee representing veterans.

In the meantime, the Murphy campaign says it still intends to make Mrs. Johnson an emblem of the excesses of one-party control in Washington and what it describes as a Republican penchant for bestowing favors on big campaign contributors.

In particular, the campaign has cited the acceptance by Mrs. Johnson, one of the top fund-raisers in Congress, of tens of thousands of dollars in campaign contributions from the insurance and pharmaceutical industries in 2003, around the time she helped write legislation adding prescription drug benefits to Medicare. Democrats have complained that the new drug program would enrich insurance and drug companies at the expense of the elderly.

But Mrs. Johnson has been aggressively promoting the prescription program and her work on it.

In an interview, Mr. Murphy said that Mrs. Johnson's attacks concerning national security would not resonate with voters because the Republicans have failed to address other security issues, including ports, and because the war in Iraq has made the nation less safe.

"It's familiar ground for them," he said of the Republicans' attempts to portray him and other Democrats as weak on national security. "But it's much more dangerous."

Basketball Legend's Campaign Gets An Assist From His Fame (WP)

By Chris Cillizza And Jim Vandehei, Washington Post Staff Writers

The Washington Post, September 24, 2006

But Sports Rivalry Could Rebound GOP Incumbent

MADISON, Ind., Sept. 23 -- From beauty shops to bars, Baron Hill says, he is besieged by people wanting to talk basketball.

Hill is not a coach. He is a Democratic candidate for Congress.

But that is not how he is known best in these parts, where a basketball goal stands in nearly every driveway. Hill is still the guy who was an all-star guard for Seymour High School -- 35 years ago.

Trying to unseat Rep. Michael E. Sodrel (R), he does not hesitate to invoke his basketball credentials to prove his down-home bona fides. Hill still holds the school record for most points scored (1,419) and was inducted into the Indiana Basketball Hall of Fame in 2000 alongside a "hick from French Lick" named Larry Bird.

Hill, who still exudes an athletic air, sat for an interview in a coffee shop in Madison (population 12,000), whose Main Street could have been the set for "Pleasantville." Of basketball, he said, "When it comes up, I take advantage of it."

But Hill's heroics on the court have not always rebounded in his favor politically. In earlier races, he said, sports rivalries often cost him votes -- in precincts where fans with long memories could not bring themselves to support a Seymour star.

The Indiana 9th is a vivid reminder that control of the House will not turn solely on national debates over interrogation rules or the future of Iraq. Often, elections turn on voters' intuitive reactions about who better represents the values of a district.

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Hill learned that lesson the hard way. After serving three terms in Congress, he lost to Sodrel by 1,400 votes in 2004 -- a defeat he is "still trying to figure out." One reason for the loss, he says, is that national Republicans were able to portray him as a liberal whose views were out of step with average voters.

Hill said he got the message: "I have to sharpen my image as it relates to values, even though I have my basketball credentials."

Those credentials are gold in a state whose basketball-as-civic-religion tradition was immortalized in the 1986 film "Hoosiers." (The movie is said to have been based on a 1950s high school in the 9th District.)

On Friday, Hill said, 20 people in Floyd County stopped him to chat about the latest Indiana basketball news.

In a district that includes Bloomington and its famed Indiana Hoosiers basketball team, it is no surprise that Hill is regularly recognized as the lithe point guard who carved up opposing defenses.

Hill recalls people packed cheek to jowl at every home game -- no small feat given that Seymour's gym holds more than 8,000 people and the town's population is about 18,000. "Back in those days, basketball was everything," said Hill, who graduated in 1971 and is 53 years old.

Although hoops is not so all-encompassing these days, Hill is hoping his athletic rÃ©sumÃ© establishes him as a credible messenger on the values so important to the district.

Hill's first two television commercials of the race are called "Values" and "Minister." The first focuses on his "Hoosier values," and the second attacks Sodrel for breaking a vow to a minister to run a clean campaign.

Not surprisingly, Sodrel is doing his darnedest to shatter that image. An ad paid for by his campaign alleges that Hill "just doesn't share our values."

Sodrel said basketball was a political asset for Hill -- before the Democrat went to Congress for six years. Sodrel said his opponent's votes against bans on same-sex marriage and flag burning are far more important to voters. "Basketball can't overcome that," he said. "He is out of sync with voters." Still, Sodrel said polls showing him slightly behind at this point are probably accurate.

A recent survey conducted for a news station in Indianapolis shows the Democrat with a 46 percent to 40 percent edge, and Hill confidently proclaims: "I am up. There's no question."

At this time in 2004, Sodrel trailed badly in surveys. But his popularity surged -- and voters in the state resoundingly supported President Bush and Gov. Mitchell E. Daniels Jr. (R). Sodrel is on his own this time; neither Bush nor Daniels is popular in the district or the state -- as evidenced by the fact that three of the Democrats' best chances of defeating incumbents are here in the Hoosier State.

Observers on both sides believe this race will once again be decided by the narrowest of margins, meaning that a few hundred voters who remember Hill -- fondly or otherwise -- from his playing days could make a crucial difference.

Danny Brown, who played for Jefferson County High -- Seymour's rival -- still remembers Hill as a "very quick and very fast guard." Brown, a Republican, says he is leaning against supporting Hill but warns reporters not to underestimate the emotional tug basketball exerts on voters in this area.

Bill Harmon, a district resident who played against Hill as a freshman in 1971, has moved on -- sort of. He said losing to Seymour hurt bad -- but not bad enough to affect his vote. "That was 30 years ago, and you have got to let stuff like that go."

Political researcher Zachary A. Goldfarb contributed to this report.

Unofficial Results Give Victory To Wynn In 4th (BSUN)

By Kelly Brewington, Sun Reporter

The Baltimore Sun, September 24, 2006

Veteran Rep. Albert R. Wynn appeared to have prevailed over challenger Donna Edwards in a fiercely contested 4th Congressional District Democratic primary after the last ballots were counted yesterday.

Seven-term incumbent Wynn edged Edwards by more than 2,000 votes, according to unofficial results.

Montgomery County elections officials were the last to record their tally of provisional ballots yesterday, 11 days after a primary election fraught with glitches.

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Those results showed Edwards winning in Montgomery County, with 15,851 votes to Wynn's 9,129. But along with Prince George's County's results from a day earlier, Wynn was the unofficial winner with a total of 40,766 votes, compared with 38,091 for Edwards.

Neither candidate returned calls for comment yesterday.

The results will not be verified until tomorrow, after State Board of Elections officials confer with Montgomery County's elections board.

Edwards, a civic activist and former foundation executive, has threatened to sue over alleged voting irregularities in Prince George's County, where Wynn lives.

Incumbent Seen Winning Md. House Primary (AP-Y)

AP, September 24, 2006

A six-term incumbent congressman emerged Saturday as the apparent winner of a hotly contested primary after officials finished counting more than 11,000 provisional ballots.

The unofficial tally for the 4th District race gave Rep. Albert Wynn 39,482 votes, or 49 percent, and Donna Edwards 37,174 votes, or 47 percent. George McDermott was a distant third with 3,113 votes, or 4 percent.

The winner faces Republican Michael Starkman in November.

Edwards ran strongly in Montgomery County, where the provisional votes were counted, but could not overcome the incumbent's advantage in neighboring Prince George's County.

It was the toughest challenge Wynn had faced after taking at least 80 percent of the vote in Democratic primaries and general elections in six previous campaigns.

Edwards, a Prince George's County community activist, had attacked Wynn on the Iraq war, taxes and bankruptcy.

Wynn said he was campaigning on his record of delivering services and federal money for his district and called Edwards a "professional critic from the sidelines."

Neither candidate had an immediate comment on the results announced Saturday.

In Montgomery County, voters had to use provisional ballots when cards needed for electronic voting machines weren't delivered to polling places.

In the confusion that followed, many precincts ran out of provisional ballots. In some cases, voters made their choices on photocopied ballots or scraps of paper.

Edwards has threatened to file a lawsuit over alleged voting irregularities in Prince George's County, where voters were listed with the wrong party at polling places, polls opened late and there were problems transmitting data from precincts to the county election board.

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On the Net:

Maryland State Board of Elections: http://www.elections.state.md.us

Engel Calls For Funding Of Veterans' Health Care And Benefits (MIDHUD)

Mid-Hudson News, September 24, 2006

Washington – Congressman Eliot Engel of Westchester and Rockland counties has joined Democratic Leader Nancy Pelosi and Members of Congress to ask President Bush to fully fund veterans programs.

The lawmakers sent a letter to the President asking that he provide the necessary funding for the Department of Veterans' Affairs health care system and related benefits programs. "Mr. President, the time is right for your administration to change course and fully fund the VA, cease efforts to shift the costs of health care onto the backs of veterans, and finally recognize and implement the concept of 'shared sacrifice' with respect to the federal budget," the letter states.

"I know that the Veterans in New York have done a great service for our country, and it is the Federal Government's job to see that they are given proper health care and have their benefits fully funded," said the Democratic Engel. "I am tired of the Bush Administration turning a blind eye to the needs of America's veterans when they return home."

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Engel said theirs is a “simple request” to the President that he provide funding in the 2008 budget “so that our men and women returning from Iraq and Afghanistan receive the care and benefits they have earned and deserve.”

The Montrose and Castle Point VA hospitals are located within the Hudson Valley – Montrose in Westchester County and Castle Point in Dutchess County.

HEAR today's news on MidHudsonRadio.com, the Hudson Valley's only Internet radio news report.

Many Hopefuls Keep Bush Ties Under Wraps (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, September 24, 2006

Since President Bush's approval rating sank to the lowest level of his presidency in May, nearly six in 10 of his appearances helping Republican candidates have been closed to all media coverage.

Unlike his barnstorming leading up to the 2002 congressional elections, when he was more popular and the divisive Iraq war had not begun, Bush has yet to hold a single traditional campaign-style rally for one of his party's hopefuls this election cycle.

Every one of his events for GOP gubernatorial, House and Senate candidates has been to raise money from faithful Republican donors — not to urge support among the broader voting public.

The GOP's control of Congress is in danger. The tendency of many Republican candidates to keep their president under wraps is represented starkly in Bush's schedule in the week ahead.

Republicans hardly have abandoned their enthusiasm for having the president exercise his talent at raising money for their campaigns. But of six fundraisers Bush is headlining this week, all but one — for Alabama Gov. Bob Riley — are private, by agreement between the White House and the campaigns.

GOP Sen. Mike DeWine of Ohio, one of the more vulnerable Republicans, is a case study in the sometimes tricky dynamics of a president's assistance.

Bush is raising money for DeWine on Monday at a private home in Cincinnati. It is the third time the president will have helped the senator, to the tune of about a $1 million each time. No other candidate has rated as many appearances from Bush, and all have happened out of public view.

Earlier in the year, there was so much discussion of why DeWine was snubbing the president whenever he traveled to Ohio that the senator eschewed his family's baseball seats to take in the Cincinnati Reds' home opener at Bush's side.

A photo of the two, taken at the airport in June when Bush last traveled to Ohio for a closed DeWine fundraiser, is the primary image of an anti-DeWine ad by the Senate Democrats' campaign committee. Above the picture of the two, smiling with arms around each others' shoulders, the ad says: "Mike DeWine likes working together ... with George Bush."

DeWine's campaign stresses that all the senator's fundraisers are closed and that there is no attempt to shun the president. "Not at all," said spokesman Brian Seitchik, who added that DeWine plans to appear with Bush during a tour, open to reporters, of a business earlier Monday.

Still, DeWine's ads have emphasized his independence and ability to work with Democrats.

Ohio Rep. Deborah Pryce, the fourth-ranking House Republican, once cozy with Bush. Now she stresses her independent side as she struggles to hold onto her seat in an evenly split district. Bush is returning to Ohio on Thursday to raise money for her; this reception also is closed.

The president appears to be itching to join the battle. Highly competitive and a political junkie, he becomes invigorated in front of large and supportive crowds.

"I'm looking forward to the campaign. I'm looking forward to reminding the American people there are significant differences in between what our party believes and what the other party believes," the president said Thursday at the first of two open fundraisers in Florida. He pounded his lectern and shouted so loudly that donors sometimes had to cover their ears.

That event in Tampa, to collect cash for state Rep. Gus Bilirakis' bid to succeed his father in Congress, was in a safely Republican district.

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The White House says more fundraisers will be opened to coverage as Nov. 7 gets closer, that Bush will start speaking before larger crowds in bigger venues and that he will hold some rallies. But White House press secretary Tony Snow acknowledged that the president's role through the end of the campaign will remain largely fundraiser in chief.

Republican Party and White House officials say Bush is in such great demand by candidates that he cannot fill all the requests and that he is appearing at political events at the same rate as he did in 2002.

But the nature of the events this time around is different.

In 2002, between July and the end of September, nearly all of Bush's political appearances — most fundraisers — were open. From the end of August to this time in 2002, Bush also appeared in a half-dozen areas with tough races at "welcome" events, thinly veiled attempts to marshal presidential power to boost the struggling Republican candidates smiling at his side.

But this year, in the same time period between July and the end of September, nearly two-thirds of Bush's political events are scheduled to be closed, held in private homes where the White House says media coverage would damage the intimacy and intrude on hosts' privacy.

Overall, from the first political event Bush headlined in March 2005 through the end of September, 47 percent of Bush's 68 political events — for candidates, the national GOP, several state counterparts and the campaign arms of House and Senate Republicans — will have been private. Before May's approval-rating slide, the percentage of closed events was 34 percent; since, it is 59 percent.

Of the candidates Bush will have helped by the end of this week, 16 have chosen to have him in private and 23 have elected public appearances. Two have had public and private events — Sen. Jim Talent of Missouri, in a tough re-election race, and Bob Corker, hoping to beat Democratic Rep. Harold Ford to succeed Senate Majority Leader Bill Frist in Tennessee.

Most who choose public displays, such as Bilirakis, are running in Republican-leaning districts.

Most preferring a private Bush appearance are competing in some of the toughest races. Among them are Pennsylvania Sen. Rick Santorum, whom Bush has helped twice; Reps. Clay Shaw of Florida and Dave Riechert of Washington, and Rick O'Donnell, running for an open House seat in Colorado.

Still, several Republicans in close races have not shunned Bush, including Arizona Sen. Jon Kyl, Montana Sen. Conrad Burns, and Reps. Heather Wilson of New Mexico and Jim Gerlach and Mike Fitzpatrick of Pennsylvania.

As Bilirakis put it Thursday in Florida, for some people nothing beats having the president of the United States at your side.

"Today we have the honor and the privilege of hearing from a man of great character and strong conviction: President George W. Bush. I'm proud to stand on this stage with the president," he gushed.

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Associated Press Writer David Hammer contributed to this report.

Both Parties Sensing Tighter House Races (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, September 24, 2006

After months of unrelenting bad news, President Bush and his Republican allies have begun to change the mood, if not the overall trajectory, of a midterm election campaign that has tilted against them for a year.

A combination of good luck -- in the form of a sharp decline in gasoline prices -- and dogged persistence by the president's political team in trying to redefine the terms of the fall campaign has given a much-needed morale boost to beleaguered Republican candidates. The ebullience many Democrats exhibited throughout the summer has given way to more cautious assessments of how difficult the final six weeks may be.

Republicans remain very much on the defensive, anticipating losses in the Senate and possible loss of control in the House. Surveys show that voters strongly disapprove of the performance of this Congress and continue to express far greater willingness to vote for Democrats over Republicans in House races in November.

But top strategists on both sides believe the battle for the House will be hard-fought to the end. Democrats need to win 15 seats to take control of the House and six seats to recapture the Senate.

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Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said conditions continue to favor his party, but many Democrats in Washington have been "out over the tips of the skis" with unduly optimistic predictions of a November takeover of the House. "Anybody associated with this process the past 19 months has been nothing but pragmatic" about prospects for winning a majority, he said.

Rep. Thomas M. Reynolds (N.Y.), chairman of the National Republican Congressional Committee, reiterated to reporters last week his belief that Republicans will still control the House in January. His predecessor, Rep. Thomas M. Davis III (R-Va.), said in an interview that while Republicans are still running uphill, the Democrats' "forward march has been halted" since Labor Day.

"Voters early on decided they didn't want Republicans, but they haven't decided they want Democrats," Davis said. "So the House is very much in play."

Bush's anti-terrorism initiative timed to the fifth anniversary of the attacks of Sept. 11, 2001, the end of hostilities in Lebanon, a rise in the stock market and last week's compromise between the White House and three powerful but rebellious GOP senators on the treatment of detainees have all helped give Republicans a sense of forward momentum for the first time in months.

Some of that may prove illusory. Iraq has not disappeared as a burden for Bush and Republican candidates, and despite the recent drop in gasoline prices, economic worries persist, polls show.

Republican hopes on Nov. 7 -- 45 days away -- now hinge on whether the president can sustain the modest gains of the past few weeks and whether that translates into a rise in approval for congressional Republicans.

Bush's approval ratings remain low by historical standards but are markedly higher than they were at their lowest point in the spring, when they dipped below 35 percent. Most of the polls taken after Bush's nationally televised Oval Office address Sept. 11 put the president's approval rating above 40 percent, with two polls -- USA Today-Gallup and Los Angeles Times-Bloomberg -- pegging his approval at 44 percent. A New York Times-CBS News poll put his approval at 37 percent.

The president's support among Republicans has risen, and once-balky GOP voters apparently have begun to coalesce around vulnerable House incumbents, operatives on both sides believe. "Republicans seem to be awakening and coming back to their partisan senses," said a Democratic strategist, who would discuss private data only on the condition of anonymity.

Democrats see independent voters, who continue to register disapproval of Bush and Congress, as the key to victory. Republicans, citing low turnout in many primaries this year, believe many of those independents will not vote in November and are focused on mobilizing their own base.

A sustained rise in the president's approval rating could translate directly into fewer lost seats in the House, according to two political scientists who have built models forecasting House elections.

Alan Abramowitz, a professor at Emory University in Atlanta, previously projected Democratic gains of about 25 seats in the House, but based on the latest Gallup Poll, he said the gains might be closer to 15 seats.

If Bush's approval is at 40 percent, that will translate to Democratic gains of 13 to 16 seats, projected James Campbell, who is on the faculty at the State University of New York at Buffalo. He said that could drop to 10 to 14 seats if the president's approval stands at 45 percent.

What continues to encourage Democrats is their advantage in what operatives call "generic ballot" polls. That is when surveys ask voters which party they intend to vote for in the election -- with no names of candidates attached. This measurement often appears more optimistic for the Democrats than the actual election results, but Republicans have been about 10 percentage points behind the Democrats through much of this year, including in the latest polls that showed Bush's approval rising.

The decline in gas prices has diminished the significance of an issue that has the power to move voters to the Democrats. In May, when average gasoline prices were $2.95 a gallon, 15 percent of Americans in a Washington Post-ABC News survey cited the issue as the single most important in determining their vote. An ABC News poll in early September, when the average price of a gallon was $2.73, showed that just 5 percent of those surveyed cited it as their most important issue. Gasoline prices have fallen even further since then.

Bush's speeches on terrorism, culminating with his nationally televised Oval Office speech on the night of Sept. 11, were designed to shift focus away from the unpopular war in Iraq to the broader issue that aided Republicans in 2002 and 2004.

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Whether Bush has succeeded in doing so is not yet clear, although there are signs that Republicans have gained ground against the Democrats in the public's evaluation of which party is better equipped to confront the threat of global terrorism.

"It's probably their best issue because they've won with it in 2002 and 2004," said Rhodes Cook, an independent analyst. "It's like in football. If a play is successful, you keep running it until your opponents stop you, and the Democrats haven't stopped them."

In a new memo from the liberal Democracy Corps, Democratic strategists Stanley Greenberg, Jeremy Rosner, Amy Gershkoff and James Carville argue that Democrats can contest the national security issue successfully, if they engage robustly with the Republicans and continue to press economic issues. "The president's strategy is backfiring because it is driving independents to the Democrats," they wrote.

How all this is affecting House races is what preoccupies strategists in the two parties. Democrats say they see no significant shift, while GOP strategists say they have seen some improvements in their candidates' standing. But they caution that the overall climate remains negative. A survey in targeted House districts by the Republican firm Fabrizio, McLaughlin & Associates comparing voters' attitudes today versus four years ago found that, "in every measure tested, GOP fortunes have eroded significantly."

The impact in individual districts appears uneven, based on interviews with strategists tracking the races. In the Northeast, where Democrats must pick up a number of seats to regain the majority, Republicans say their prospects have improved. They point to recent GOP polls that show embattled Pennsylvania Reps. Jim Gerlach and Curt Weldon and Connecticut Rep. Nancy Johnson leading their challengers as evidence of progress. Republicans also say they are more confident about holding several potentially vulnerable districts in New York.

But Republican incumbents in Indiana and Kentucky remain in deep trouble and Ohio's environment has kept Republicans on the defensive. Democratic prospects in several districts where Republican incumbents are retiring have brightened in recent weeks. Republicans, for example, see little chance of holding the seat in Arizona's 8th District after conservative Randy Graf won the primary. Late last week, the NRCC canceled October television time it had reserved in that district. Open seats in Iowa and Colorado now held by the Republicans also could easily tip to the Democrats, as could the Texas seat left vacant by former House majority leader Tom DeLay.

Not all the movement is related to the GOP political offensive. In Connecticut, the nasty Senate race between insurgent Democratic nominee Ned Lamont against Sen. Joseph I. Lieberman, who is now running as an independent after losing the primary, appears to have spilled over on the three critically important House races in the state.

Lieberman has been leading Lamont in the polls, thanks to Republican and independent support, and key Democrats say they are increasingly worried about the party's prospects of carrying the GOP districts held by Reps. Johnson, Chris Shays and Rob Simmons.

These races, like many others this fall, are expected to remain close until Election Day.

Polling director Jon Cohen contributed to this report.

Democrats' Edge Erased In New Poll (WT)

By Donald Lambro, The Washington Times

The Washington Times, September 24, 2006

The Democrats' yearlong lead among likely voters has evaporated, strengthening Republican chances of holding majority control in the House, according to the Gallup Poll.

Gallup's latest survey of voters who say they will go to the polls Nov. 7 showed the contest is a "dead heat" between those who say they will vote Republican (48 percent) and those who say they intend to support Democrats (48 percent). The poll of 1,003 adults was conducted Sept. 15-17.

Democrats continue to maintain an advantage among registered voters; however, pollsters consider likely voters to be a more accurate measurement of the electorate's preferences. The neck-and-neck estimates suggest the Republicans have the potential to offset the Democrats' lead "with greater turnout," Gallup said last week in an analysis of its findings.

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"Should that result persist until Election Day, it suggests Republicans would be able to maintain their majority-party status in the House," Gallup said.

Democratic strategists dismiss Gallup's survey and other polls showing a similar tightening of the election, but some acknowledge that Republicans' numbers were helped by President Bush's higher job-approval scores -- now at 44 percent -- and his recent speeches highlighting the war on terrorism and its connection to the ongoing conflict in Iraq.

"Nobody believes those numbers. I don't think anybody in the country believes the generic party preference is even right now," said Simon Rosenberg, president of the New Democrat Network.

Still, Mr. Rosenberg said, Mr. Bush's efforts to elevate the terrorism issue in the campaign "has been marginally effective."

"The Republicans got a bounce out of his 9/11 speech. The president does have the ability to change the debate in the country. The problem is, it is not sustainable," he said.

However, additional polling data released by Gallup within the past week suggest that not only is the president changing voter attitudes about the war in Iraq, but that the Democrats' inability to shape a strong message about dealing with terrorism and Iraq may be hurting them among their own base.

"Americans are more positive about the war on terror, and voters are more likely to vote for a candidate who supports Bush on terrorism, rather than one who opposes him," Gallup said in a separate analysis. "By a slight margin, Americans tend to think that the country will be safer from terrorism if the GOP retains control of the House, rather than if the Democrats take control."

While a majority of Americans still disapprove of Mr. Bush's handling of the war in Iraq, only one in four now "believe the Democrats have a clear plan on Iraq -- fewer than those who say this about the Bush administration," Gallup said.

"Also, Americans are about equally likely to say they would vote for a candidate who supports President Bush on Iraq as to vote for a candidate who opposes Bush," the pollsters said.

What should worry Democratic campaign officials "is the fact that only 14 percent say the Democrats have a clear plan, but Bush does not, while a greater percentage (23 percent) says Bush has a clear plan, but the Democrats do not," Gallup said.

Gallup's findings on these and related issues mirror those from several other polls that show a similar movement in the Republican Party's favor. One poll conducted last week for the Los Angeles Times and Bloomberg found "the GOP may be gaining momentum before November's battle for control of Congress."

While that survey of 1,347 registered voters showed Democrats leading 49 percent to 39 percent in the party preference question, the Times said "that advantage may rest of softening ground: On virtually every comparison between the parties measured in the survey, Republicans have improved their position since early summer.

"In particular, Republicans have nearly doubled their advantage when voters are asked which party they trust most to protect the nation against terrorism -- the thrust of Bush's public relations blitz in recent weeks," the newspaper reported.

With Prices Falling, Gas May Lose Its Electoral Punch (NYT)

By Danny Hakim

The New York Times, September 24, 2006

AMERICA, the cost of filling up your Hummer just got $16 cheaper.

The price for a gallon of regular gasoline now averages just under $2.50 nationwide, according to the Energy Information Administration. While that is not exactly cheap, it beats the $3-plus per gallon seen as recently as last month. (For those keeping score at home, the Hummer H2 has a 32-gallon tank.)

So what does this mean for the midterm elections?

Democrats have been beating the oil drum for months, coupling rising gas prices with oil companies reaping record profits and big tax breaks. In commercials from the Democratic Senate Campaign Committee, Representative Sherrod Brown, a Democrat running for Senate from Ohio, is described as having “fought for tax cuts for the middle class, not for oil companies,” while a different ad criticizes Senator Jon Kyl, an Arizona Republican, saying he “voted oil companies billions in special tax breaks.” Yet another ad from the committee, for the Senate race in Missouri, asserts that the Republican incumbent, Jim Talent, “has voted to give the oil and gas companies billions,” while his Democratic opponent, Claire McCaskill, would instead invest more federal money in alternative fuels.

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Voters can expect this tack to continue, despite the falling prices.

"We still see it as a strong issue for two reasons," said Charles Schumer, the New York Democrat who runs the Senate campaign committee. "First, just about everybody believes they're going to go back up again, and second, it's an example, one of many, of the administration and the Republican Senate not having a policy that makes people's lives better."

Republicans, on the other hand, believe the sting of this argument is waning.

"Virtually every newspaper in America is reporting on their front page that gas prices are plummeting," said Ed Patru, a spokesman for the National Republican Campaign Committee. "That denies Democrats another issue that they're trying to use to nationalize the election."

Poll numbers show that high gas prices are receding as an issue. Back in May, 14 percent of those surveyed by the Pew Research Center said energy prices were the nation's most important problem, ahead of terrorism and Iraq, up from 5 percent in March. This month, only 7 percent gave energy prices top billing. Gallup has had similar findings.

"It's certainly good for the Republicans," said Andrew Kohut, director of the Pew Research Center. On the other hand, he added, prices have been high for a long time, "and they've taken a toll on people's pocketbooks and people's sense of well-being."

Frank Newport, editor in chief of the Gallup Poll, said "it's common sense that if the price of gas continues to go down, it's more favorable to the party in power."

"There aren't many other economic measures that are so readily available," he said, adding, "you see those big numerals as you drive down the street."

But recent Gallup numbers have also shown that the decrease in gas prices has not translated into general optimism about the economy. And there is no shortage of skeptics who doubt that only market forces are at work. A USA Today/Gallup poll conducted last weekend found that 42 percent of the roughly 1,000 adults surveyed nationwide said they believed the Bush administration had "deliberately manipulated the price of gasoline so that it would decrease before this fall's elections."

Tangible reasons cited for the dip in prices include the end of the Israeli-Hezbollah war, which had raised tensions across the Middle East. Also, forecasts of a severe hurricane season that could disrupt oil supplies from the Gulf of Mexico have not, so far, panned out.

Even with the summer's increases, gas prices still have not topped their inflation-adjusted peaks from the early 1980's. And the long gas lines of the 1973 oil embargo left more of a mark on the national psyche. But the recent high prices have lined the pockets of nations like Iran and helped undercut what's left of the domestic auto industry, which built much of its business around inexpensive gasoline.

How long will prices keep falling? At least for a few more weeks, predicted Michael Burdette, the Energy Information Administration's senior oil analyst, because crude prices are dropping and retail prices have not fully caught up.

"We probably have another 20 to 25 cents in retail declines we would expect to see over the next few weeks," he said. "On the flip side, there are some people out there calling for retail prices way under $2 a gallon. We just don't expect to see that."

How about a forecast for Election Day?

"No," he said, "I'm not going to go there."

GOP Mines Data For Every Tiny Bloc (LAT)

By Tom Hamburger And Peter Wallsten, Times Staff Writers

The Los Angeles Times, September 24, 2006

AMERICA VOTES

The Battle for Control

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WASHINGTON — As Democrats drive to extend their power in Congress, holding on to Debbie Stabenow's Senate seat is a must. And the Michigan incumbent is currently ahead in the polls.

But Republican strategists are working hard to upset Stabenow, in part through a low-profile appeal to a group that most politicians rarely think of as a voting bloc — snowmobilers.

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And the stealth campaign to woo the thousands of working-class, historically Democratic Michiganders whose cold-weather passion is snowmobiles is just one small example of a technique known as "micro-targeting" that GOP strategists are using across the country as they try to pull off another election day victory against the odds.

By most measures, the November elections offer Democrats their best chance in years. If anti-Republican sentiment turns out to be a tidal wave, strategic and tactical brilliance may not be enough to protect the GOP majorities in Congress.

But if control of Congress comes down to three or four dozen closely contested races, as now seems likely, then micro-targeting and the other technologies that Republicans are using in battleground states could make a difference.

The GOP system — built around a database nicknamed Voter Vault — combines huge amounts of demographic, financial and other personal information on individual voters with the data-mining techniques used by direct-mail advertisers to deliver surgically targeted appeals to voters identified as likely to respond, including many who might be considered part of the Democratic base.

In Michigan, for example, the GOP contacted snowmobilers by mail, telephone or other personal communication suggesting that Democrats' environmental views stood in the way of greater opportunities for snowmobiling.

Though details of the GOP system are secret, snowmobilers and other categories of voters are identified from such diverse sources as credit card transactions, product warranty files, magazine subscription lists, consumer surveys, vehicle registrations and other public records.

Going back at least to the 2002 elections, the Republicans' use of technology, coupled with elaborate computer profiles that make educated guesses about individuals' political inclinations, has demonstrated its power in close races.

In the recent Rhode Island Senate primary, the GOP assessed reams of data — from prior voting histories to signatures on petitions — to identify Democrats and independents whose profiles suggested they might support beleaguered Republican incumbent Lincoln Chafee; his victory improved GOP chances of holding the seat in November. In June, the same technology helped the GOP retain the House seat vacated by convicted felon Randall "Duke" Cunningham of Rancho Santa Fe.

Democratic strategists understand the power of the new technology and techniques, and they have scrambled to develop their own micro-targeting capabilities. The Democratic National Committee is deploying a new system in six states, and another system will be available in 20 or so others.

With the November elections only seven weeks away, however, many Democrats concede they are far behind — their efforts hamstrung by a late start, arguments over tactics, personal feuds and divisions inside the party's leadership.

The GOP system was developed by the Republican National Committee with the encouragement of White House political strategist Karl Rove.

In addition to locating potentially sympathetic voters, it proved more effective than traditional get-out-the-vote schemes in 2002 and 2004 in making sure they got to the polls.

In their search for voters, Republican strategists can quickly pull up information not only about voting histories, age, address and marital status, but also consumer habits, vehicle ownership, magazine subscriptions, church membership, hobbies, major purchases — even whether a household prefers bourbon over gin. (Bourbon drinkers tend to be Republican; gin is more often a Democrat's drink).

The data and the profiles, held in a centralized system to maintain quality control and help strategists monitor overall trends, are continually updated and massaged on the basis of contacts with voters.

In Michigan alone, Republican workers are making 20,000 telephone contacts with voters per day; Democrats also have telephone banks, but they are not integrated into a system as advanced as that of the Republicans.

Because both parties shroud their efforts in secrecy, it can be difficult to compare their programs, especially in individual races. Still, the evidence suggests the Democrats are substantially behind in micro-targeting and related technologies.

The Democratic National Committee will have a test version of its micro-targeting models available in only half a dozen states; the basic GOP system has been in place nationwide since the campaigns began.

"We are not where we need to be," says Maren Hesla, who handles voter outreach for Emily's List, a liberal group that is part of a coalition helping Democrats develop more sophisticated grass-roots operations, including micro-targeting, in about two dozen states.

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Hesla insists that her party "will have enough going on in enough key states to surprise people about what we are able to accomplish."

The question is whether it will be enough to help Democrats achieve a breakthrough victory.

So serious do some Democratic leaders consider the technology gap that they have begun devising their own separate systems, especially for House and Senate races.

"It's every man for himself," said Donna Brazile, a longtime party strategist who managed Al Gore's 2000 presidential campaign and is now working to unite party leaders behind a strategy for translating favorable opinion polls into victories.

Brazile, like Hesla, says she sees positive developments for Democrats, but she also worries that the party is behind.

Although micro-targeting may seem like inside baseball, activists in both parties say that the methods and technology Rove and others pioneered may revolutionize campaigns. They predict the new techniques will become as crucial in future campaigns as opinion polling — virtually unheard of in congressional races four decades ago — is today.

"The revolutionary change here is that Republicans … are going after voters as individuals, as opposed to a census tract or a media market," says Harold Ickes, a Democratic Party strategist.

Campaigns traditionally relied on geography or other broad indicators to target voters. Democrats, for example, would blanket predominantly African American neighborhoods because those populations had historically supported Democrats. Republicans would focus on suburbs, which were historically Republican.

Such targeting was far from precise. And many of the old targeting assumptions are less true now. Some suburbs have become more liberal as jobs spread beyond the central city. And enough African American voters peeled away from Democrat John F. Kerry in 2004 for Bush to retain the presidency.

Now, Republicans nationwide can identify approachable voters inside what had previously been seen as Democratic territory, then deliver appeals to them on issues that cut across party lines.

The system's real power develops when complex algorithms are used to rate how likely individuals are to vote for particular Republican candidates.

Bruised by the power of the GOP system in 2004, Ickes commissioned a study in early 2005 that concluded: "The Republicans are light-years ahead of us. This is not rocket science, and we Democrats will get our clocks cleaned if we don't catch up."

A year later, Ickes launched his own effort to develop such resources with a new coalition of labor and activist groups. His $9-million project, active in two dozen states, is taking a leading role in making micro-targeting and other advanced technology available to Democrats.

Even combining this effort with that of the DNC, Democratic strategists lament that their party remains behind the GOP.

Looking at the technology available to Democrats in Michigan, where the party is at its most advanced, a Democratic coalition strategist said ruefully, "We can't do snowmobilers."

The snowmobiler appeal was developed by state GOP Chairman Saul Anuzis. Michigan has a higher proportion of snowmobilers than any other state. Anuzis says the "extreme environmental views" of Stabenow and incumbent Democratic Gov. Jennifer Granholm have hindered development and use of snowmobile trails.

Anuzis says that created an opening to reach out to snowmobile users — many of whom belong to demographic groups often considered Democratic.

Similarly, Michigan Republicans have sent messages to African American households in predominantly Democratic inner-city Detroit extolling education plans that give parents more choice.

In the hottest congressional race in Minnesota, where the DNC and the Ickes group have developed micro-targeting capabilities, Democratic candidate Patty Wetterling has not yet begun using the technology but expects to start soon.

The campaign manager for Republican Michele Bachmann says the GOP system has proved to be "a critical asset." Using Voter Vault's ability to track voter preferences on hot issues, Bachmann's campaign even identified households where one family member opposed abortion and the others did not. The campaign tailored different messages to different members of those households.

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In GOP-dominant Tennessee, where Democrat Harold E. Ford Jr. is running even with the Republican candidate to succeed retiring Senate Majority Leader Bill Frist, Ford's campaign obtained voter data files months ago from the DNC.

But the campaign had to hire its own consultants to develop the computer models necessary to use that data, while the Republican candidate enjoyed access to the full Voter Vault system that has been massaged and updated for years — a potentially crucial difference in a race that is expected to be decided by the ground operations in the final days.

Surveying the Democrats' effort to close the technology gap, veteran strategist Brazile insists her party is making gains. "Unfortunately," she said, "it's late and last-minute. We're still perfecting drive-by campaigning."

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1994, The Election To Embrace (and Avoid) (NYT)

By Adam Nagourney

The New York Times, September 24, 2006

WASHINGTON

IF it's a truism that the military always fights the last war, it's also true that political parties fight the last big campaign. This year, both parties are studying the climactic 1994 midterm Congressional elections, when Republicans, led by Newt Gingrich, swept Democrats out of power for the first time in 40 years.

That campaign matched relentless Republican discipline against complacent Democrats unaccustomed to political combat. And the environment was very much like the one the parties find themselves in this fall: the voters were unhappy with the president, deeply dissatisfied with Congress and worried about the government's direction. This time, Democrats are the challengers, and Republicans are the incumbents, and politics has changed greatly over the past 12 years. But both parties, for better and worse, are putting many of 1994's lessons to use this fall.

Here, a look at the new old thinking.

Prepare for the Worst

"There were lots of Democratic incumbents who went down in 1994 who thought they were in safe seats," said Philip A. Klinkner, a professor of government at Hamilton College in New York, who edited a book on the 1994 elections.

Remembering how Democrats were caught unaware and fully understanding that these are difficult times for the party in power, Republicans have been preparing for over a year for an onslaught.

Ken Mehlman, the Republican National Party chairman, has raised $175.8 million for his get-out-the-vote operation and television commercials — compared with $97 million raised by his Democratic counterpart, Howard Dean.

Republican workers have scrutinized the records of potential Democratic challengers, coming up with potentially damaging information that can be seen in the advertisements now pelting viewers across the country.

And Republicans pushed the panic button through the summer, loudly telling the world that they were in trouble. Those alarmist sentiments may well have been heartfelt, but there has been some political calculus here as well. Warning of a Democratic takeover gets contributors to write checks, encourages dispirited Republicans to vote and pushes candidates to campaign scared.

It also has allowed Republican leaders to do what Democrats largely failed to do in 1994: Persuade incumbents who are not facing a serious challenge to give up some money to candidates who are. Representative Thomas M. Reynolds of New York, the head of the Republican Congressional campaign effort, has made clear to incumbents who seem certain of re-election that he expects them to divert their campaign funds to help Republicans in trouble.

Put It In Writing

One of the few things that Mr. Gingrich and Mr. Dean agree on, it seems, is that Republicans won in 1994 in no small part because they laid out an agenda, the Contract With America.

"The contract really mattered for a wide range of reasons," said Mr. Gingrich, who was the Republican leader in the House at the time. "It said to every Republican candidate, you can be confident, you can be positive. If we had run a negative campaign, if we had run a hate-Clinton campaign, we would not have gotten control of the House."

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Joe Gaylord, a Republican consultant who was Mr. Gingrich's political lieutenant in engineering the takeover, said he and Mr. Gingrich determined that the first priority in an insurgent campaign was to spell out "what we do when we get in power."

"If people are going to vote for change, they need to know what kind of change they are voting for," Mr. Gaylord said. There were less obvious benefits as well: An agenda worked out in Washington gave weaker candidates "a lifeline to hang on to and explain what they would do if they got elected."

Some Democrats argue that this year, the party would be better off standing aside, to keep the focus on a faltering White House. After all, why put out ideas that give Republicans a target in the days ahead? And some political analysts argue that the Contract With America's impact on the election was overstated: most voters didn't even know about it. But by now, most Democrats agree that part of the 1994 strategy was what the party needs in in 2006: Mr. Dean said he was convinced Republicans took over because "they were clear that they were unified and they wanted a new direction."

Democrats have released their own six-point agenda — "Six for '06" — but it doesn't seem to have made much of a splash yet. In a New York Times/CBS News Poll released last week, just 38 percent of those surveyed said Democrats had offered a clear idea of what they would do if they won the White House.

That may be because the 2006 Democrats have not been able to match the unity of the 1994 Republicans. For example, Mr. Dean and Representative Rahm Emanuel, the head of the Democratic Congressional Campaign committee, are not talking, in a feud over money.

Attack First

Mr. Gaylord, the Republican consultant, said he learned one thing from Democrats in 1994: that the old rule of politics — ignore your challenger — was wrong. He said that a party in power had to slap back threats early and harshly. The party in power must discredit them — political professionals prefer the word "define" — before they have a chance to make themselves known.

Which is precisely what Republicans are now doing. In North Carolina on Friday, Republicans launched a fierce television commercial attacking Heath Shuler, a Democrat challenging Representative Charles Taylor, for paying his taxes late. Republicans said they expect to spend the vast majority of their advertising budget on negative ads.

Democrats have learned the same lesson, and have fought back with attacks of their own. And they have also moved to seize the advantage by doing what Mr. Gingrich did in 1994: Transform the election into a referendum on the party in power and an unpopular president.

For example, Mr. Emanuel said that his committee has borrowed from a 1994 Republican radio advertisement, in which a voice that sounded like President Bill Clinton left a message on an answering machine of a Democratic congressman, thanking him for voting with the White House. This year, a Democratic advertisement features a voice that sounds a lot like Mr. Bush leaving a similar message for Representative Chris Chocola, an embattled Republican from Indiana.

Control the Electoral Map

Finally, in 1994, the number of seats in play was large: 100 or so compared with just 40 now. That gave Republicans plenty of targets to shoot at, making their victory — in retrospect — seem almost easy. That lesson has not been lost on either party this year.

Democrats have made a concerted effort to expand the number of competitive races, to the evident anxiety of Republicans.

Republicans have countered by investing early and heavily in races that appear on the brink of being competitive — for instance, in upstate New York and in Florida — to try to lock them down immediately.

Clearly, both the challengers and the incumbents have drawn what they consider to be the right lessons of 1994. But with all due respect to Mr. Gingrich and Mr. Gaylord, at the rate this campaign is going, it seems a pretty good bet that the next time there is a pivotal midterm election, it will be the Campaign of 2006 — and not the Campaign of 1994 — that Democrats and Republicans will be studying.

They All Approve This Message (WP)

By Peter Carlson, Washington Post Staff Writer

The Washington Post, September 24, 2006

Not Too Red and Not Too Blue, a Perfectly Bland Sound Bite Stew. Serves 300 Million.

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Tired of political commercials?

So are we. In fact, we're even more tired than you are, because we just pored over the transcripts of 122 TV and radio ads for this year's crop of candidates for senator and governor from all across America. We were looking for trends and themes and insights into the state of American democracy. Unfortunately, by the time we finished, our brains were far too frazzled for rational thought.

But we did learn some things: We learned that America is in crisis. We learned that Americans want change. We learned that Americans value values, particularly Ohio values, Colorado values and Nebraska values. We learned that almost every pol has new ideas but that almost none of them reveals what those ideas are. And we learned that the guy who paid for the ad is a man of vision and values but his opponent is a gutless, crooked hack. And vice versa.

Now, after enduring this hideous ordeal, we have taken pieces of these 122 ads and used them to create the ultimate political commercial for the ideal candidate.

Every phrase, indeed every word, comes from a real political commercial aired this year. Here goes:

* * *

ANNOUNCER: It's the big squeeze. Taxes go up every year. Gas prices through the roof. The cost of living is skyrocketing. The legislature wastes more and more. Every week brings new scandals. People are leaving our state. Criminals are coming across the border, victimizing American citizens.

Are you tired of politics as usual? Do you ever feel like no one's representing your interests? Isn't it time for a fresh start?

CANDIDATE: We need to make a change. We need real change. It's time to change the way things are done in Washington. If you want a change, I'm your guy.

ANNOUNCER: Grandson of a farmer. Son of a police officer. Raised by a single mother. Born in a rural small town. His values were shaped in rural Arkansas, a half-mile down a dirt road. A paper route earned a new bike.

He worked his way up from poverty to Harvard Law. He volunteered and saw combat in Vietnam. He built an investment company from the ground up. With his wife, Debby, he founded Kids Reading Network in honor of his mother.

He was elected mayor. Cut taxes. Created jobs. Balanced the budget. Cut waste, fraud and abuse. Abolished 71 obsolete boards, commissions and task forces. Turned the city around.

CANDIDATE: I want to set the record straight. I'm opposed to illegal immigration and methamphetamine. I believe in the wonders of science. I believe you deserve better. I believe our state needs government that works -- servant leadership. Our children deserve a senator who wants the job. That's why I'm running for governor.

ANNOUNCER: The choice? A successful businessman and mayor -- or an ineffective congressman.

She's a liberal, supports gun control, abortion on demand, mandatory gay rights. He voted against strengthening criminal laws against terrorist attacks. He voted against the Patriot Act, which gives law enforcement the tools to fight terrorism. Weakening America's security. Out of touch with Ohio values.

CANDIDATE: The choice in this race is simple. If you're satisfied with the way things are, I'm not your candidate. I believe change starts with ideas. You deserve good ideas. But more importantly, you deserve a governor who gets the job done for you.

I'll stand up for the little guy. It's that simple. It's that fair. It's that important. And I'm not just talking about these issues. I've done something about them.

ANNOUNCER: Protecting the California dream. Changing Maryland for the better. Ready to lead Massachusetts. Turn around Ohio. Make Wisconsin great again.

Colorado values. Nebraska values. Nebraska common sense. Real Montana.

CANDIDATE: This grandma wants to shake Austin up. Bring some passion back to Albany. We need a senator who will stand up for New Jersey. I'll fight for Florida. I'll fight for Iowa's future. That's the Colorado promise -- and mine, too.

ANNOUNCER: Courageous, determined, a fighter for our issues. Challenging politics as usual with honest ideas to lift our state. Hard work. Results.

CANDIDATE: I approved this message about conservative change. I approved this message because working together is the only way to solve our problems. I approved this message because I won't play politics with our security. I approved this message because we've got a great future here in Michigan and I'm fighting for it every day.

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ANNOUNCER: It's time to have a governor on our side.

CANDIDATE: I approved this message because it's time for a new politics of unity and purpose. I approved this message because when good ideas cross party lines, we should, too. I approved this message because we really need to know how our representatives vote.

ANNOUNCER: Smart solutions that work.

CANDIDATE: I sponsored this ad because we need someone on our side. I sponsored this ad because we need to protect our borders. I sponsored this ad because you can't change Washington unless you change the people you send there.

ANNOUNCER: Together we can.

CANDIDATE: Why the hell not?

Lost Horizons (NYT)

By Adam Nagourney

The New York Times, September 24, 2006

It should have been an easy morning for Ken Mehlman, chairman of the Republican National Committee. He had settled in for a radio interview with a friendly questioner, Frank Beckmann, broadcasting live on WJR from the first floor of the Renaissance Center, home to General Motors in Detroit. As the traffic report hummed over the studio monitors, Mehlman and Beckmann bantered about the liberal media and the war on terrorism and all the problems with the Democrats. But something changed when the microphone went live. Beckmann did not turn hostile, but he was nothing like the cheerleader-interviewer Mehlman tends to find on the other side of the table. Why has Bush been so slow to make a case — "He waited too long, didn't he?" — for Iraq? Was Bush's unpopularity dragging Republicans down in places like Michigan, one of the few states where Republicans actually had a chance to topple a Democratic governor and senator? And why was Bush, sounding just like a Democrat, pressing an immigration plan that could help illegal immigrants become citizens? "Why should anybody support what the president puts out there on this, Ken?" Beckmann asked.

It is hard to fathom how much Mehlman's life has changed since he took the chairman's desk at the Republican National Committee headquarters on Capitol Hill in January 2005, the reward for managing, together with Karl Rove at the White House, what was widely praised as one of the most sophisticated and groundbreaking presidential campaigns in a generation. "It was an election where they knew more than we did," Joe Lockhart, a senior strategist for

John Kerry, the Democratic presidential candidate, told me. For the next year, Chairman Mehlman talked big and thought big about the Republican Party: about how he and his allies could fundamentally redraw the political architecture of America, change the way Americans conceptualize the two parties and establish Republicans as the dominant party in America long after George Bush returned to Texas. That meant putting a lock on the White House and Congress, and it meant winning statehouses and governorships, which draw the redistricting maps that are the cement of long-term political realignments. This was nothing short of a campaign to marginalize the Democratic Party and everything that Mehlman, reflecting Bush and Rove, said it stood for: big government, high taxes, liberal judges, a timorous foreign policy.

In meticulous detail and with a cool mastery of his subject, he preached about the revolution in marketing and data technologies and the new world of advertising and communications that had transformed politics since he first arrived at the George Bush for President campaign in Austin seven years earlier. It is a political paradigm that Republicans — particularly Rove, Mehlman and the Bush campaign's senior strategist, Matthew Dowd — grasped before Democrats did, and nearly as much as anything else, it accounted for Republican successes in 2002 and 2004. After he was named chairman, Mehlman began filling his days with appearances before African-American audiences across the country, where he apologized for past Republican slights to black Americans, portrayed Republicans as the "party of Lincoln" and pledged to challenge Democrats for black, as well as Hispanic, support. Quixotic? Perhaps. But it reflected just how bullish the second-term Bush Republican Party, with its eye to history and legacy and lasting power, had become.

There was time for such indulgences in the days before a hurricane roared through New Orleans and the country turned against the war Bush had launched in Iraq. These days, of course, talk of a Republican realignment has given way to talk of simple survival this November. Now the lofty ideals and bold ambitions of Mehlman and Rove often seem in direct conflict with

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the short-term survival instincts of Republicans who want nothing more than to get past the next election. House Republicans sabotaged Bush's immigration plan, ignoring Mehlman's warnings about the damage that an enforcement-only immigration bill could do to the party's long-term growth among Hispanic voters, a critical part of the party realignment that the White House had envisioned. He spent much of July trying to manage the fallout among black leaders after House conservatives delayed a routine extension of the Voting Rights Act. Earlier this year, at the American Jewish Committee's 100th annual meeting, Mehlman, the second Jewish chairman in the history of the Republican National Committee, heard scattered boos as he defended the Iraq war to a room fearful that the White House's Iraq policy had empowered Iran, whose new president had expressed a desire to destroy Israel. It was dispiriting for Mehlman, especially since Jewish voters are another group that Republicans are trying to peel off the Democratic base.

Mehlman finds himself this fall atop a Republican Party as divided as at any time since George W. Bush came to Washington. He is confronted, day after day, with Republican candidates who criticize the president and his policies or who execute a high-profile skedaddle when Bush comes to town — both of which Mehlman reacts to with a peculiar combination of empathy and disapproval. "My goal for them is to win elections," he said last month, sitting in a wing chair in his office, under a photo that showed him and Rove talking as they walked out of the West Wing behind Bush. "But if you don't want this election to be a referendum on Bush, don't make it a referendum on Bush. If they run against Bush — rather than running as an independent Republican — it can't help them; it can only hurt them."

While Mehlman blames Iraq for most of the administration's problems — a conflict that he argues was noble and one that, he says, will in the end make the world safer — he acknowledges the damage his party suffered because of Katrina. Mehlman is renowned in Washington for his organizational skills, for assembling lean and efficient operations filled with loyal and largely happy people who rarely make mistakes, so it is understandably vexing for him that many Americans have come to see the administration as managerially incompetent and politically inept. Late this past spring, Mehlman began warning Republicans that the party could lose the House, something that seemed unthinkable a year earlier. Over dinner this summer, he told me he was fairly certain that Republicans would hold on in November, yet the bouncy confidence he once displayed seemed gone. When asked if he worried that Republican voters, demoralized by this tough year for the Bush White House, would stay home in November, Mehlman responded with a one-word answer — <object.title class="Movie" idsrc="nyt_ttl" value="173185;154756;313721">"Yes" — that was striking to anyone who has spent time with this always-on-message chairman.</object.title>

Mehlman still travels tirelessly on behalf of his party (270,000 miles to 43 states and Puerto Rico since becoming chairman) and is still raising money at a breakneck pace ($184 million from the beginning of 2005 through the end of August). He is still fast to the draw in an argument on any subject, no matter how technical or arcane, and never without a defense for an administration that certainly seems to need one these days. "The president is dealing with big and hard things," Mehlman patiently told a Republican volunteer in a Detroit suburb who could not understand why Bill Clinton — Bill Clinton! — was more popular than George Bush. But there are dark bags under Mehlman's eyes now, and the wear of this past year was etched on his face when he turned 40 in August. A man who never seemed to take pleasure in the kind of sledgehammer attack that Rove so clearly savors — who seemed much happier talking about the legacy of

Ronald Reagan or microtargeting as a tool for turning out voters — could be heard in recent weeks issuing searing partisan attacks, reverting to the familiar stance of a party leader who does not like what he sees on the horizon.

"I'm not flipping out," he told me recently, looking straight ahead. "There are absolutely days when you are — you know — when this is very challenging. Absolutely."

Ken Mehlman jumped into the front seat of the S.U.V. squiring him through a three-day rush of fund-raisers and pep talks to Republican activists, his spirits lifted on this wet June day by what he had just seen in a squat and messy sprawl of an office in the battleground suburbs of Detroit. It was the Macomb County "victory center," a jumble of tables and folding chairs and boxes of cold pizza where dozens of volunteers clutched Republican Party-issued cellphones against their ears — the days of banks of telephones plugged into a wall are over — and read from scripts. At the end of each interview, they blackened a circle on a bubble sheet (think No. 2 pencils and the SAT test), signifying whether this was a voter the party would circle back to — once, twice or more — to make certain he or she would be at the polls on Nov. 7. It was still nearly five months before Election Day, but

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the 72-hour plan, the Republicans' voter-turnout program that ambushed the Democrats in 2002 and 2004, was already humming along. Mehlman was delighted as he watched what he said was his party's latest technological adaptation. The bubble sheets could be scanned by a computer, he said proudly, saving time and money as the results are incorporated into the Republicans' formidable database. "It is a relatively nice day at the end of June, and in the building we just left, they just made 10,000 ID calls," Mehlman said. "That is really good for the party."

If there is a defining characteristic to Mehlman and his tenure as Republican national chairman, it is his fascination with the communications and technological revolution that is sweeping American politics. This has produced once-unimaginable new ways to track down potential voters, by predicting voting habits based on where Americans live and the cars they drive and the magazines they read, and delivering tailored messages to different segments of an overly saturated electorate. Mehlman's chairmanship has become an argument for the notion that the garrulous and instinctual political boss may be all but obsolete in this age of supersophisticated polling, data mining, niche marketing and microtargeting. In an arena that seems to value instinct, bravado, gall and undisciplined excess, Mehlman is empirical and deliberative. Why should a campaign manager direct resources based on a hunch when there is consumer data that can flush out Republicans living deep in Democratic enclaves? Why guess when you can measure what words will be most persuasive to the middle-class exurbanite voter marching on the StairMaster (watching, no doubt, the Republican ad that the Bush campaign placed on the closed-circuit gym channel after realizing that its voters were no longer at home watching the network news)?

When Mehlman talks about politics, he doesn't talk about Machiavelli; he talks about "Moneyball," Michael Lewis's book about how the Oakland A's employed statistical modeling to assemble a powerhouse baseball team, sending to pasture the old-line scouts with their years of calling it from their guts. "We are the party of 'Moneyball!'" Mehlman proclaimed, practically shouting and bouncing on the balls of his feet, talking to a room of slightly bewildered Republicans in California last year. "They measured everything. We are doing the same thing in politics."

Mehlman, the son of a certified public account, seems as happy talking about the latest employee-relations techniques as he is talking about the inspiration he said he found watching Reagan stand up to the Soviet Union. "Gut alone is crazy," Mehlman told me. "Why do gut when you can go with objective information? Hope is not a strategy. And gut instincts are always less effective than objective analysis." Mehlman's endless talk of metrics and management techniques is viewed as a quirky if fundamental part of his chemistry. His White House colleagues and friends poke fun at his obsession with order and measurement, at his daily spreadsheet of to-do lists. "He's anal-retentive, man!" Karl Rove says.

Back when Mehlman took the job of party chairman, Republican command of the technologies of winning elections seemed the icing on the cake. Now it seems more like the cake itself. If there is one defining question in this campaign, it is whether the two big Republican Party weapons in this age of Bush — voter turnout and national security in the post-9/11 era — can be wheeled out again to overcome a political environment that has curdled for the Republican Party. As in 2002 and 2004, the White House has been hitting Democrats on national security and terror in a choreographed way, with a rollout that began, predictably, around Labor Day. But Democrats are pushing back this time, arguing that Bush's policies have if anything made the world a less safe place, an argument reinforced by the continued images of turmoil from Iraq. Polls show that the Republican advantage on the issue is not what it once was, and even some Republicans worry about how many times the White House can credibly go back to this same well.

By contrast, the intricate political machine that Mehlman has built to identify and turn out Republicans is growing, and if the election in November is close, it could provide the Republican Party with the fire wall it needs. Democrats have, if belatedly, learned lessons from what the Republican Party has done and are adopting many of the same techniques. Still, no one thinks the Democrats have caught up on get-out-the-vote, or even can catch up before Election Day. Harold Ickes, a long-term national Democratic leader and one of the smartest strategists in either party, didn't hesitate when asked if he thought the Republican Party had lapped the Democrats in the area of targeting and turnout. "Yes — there's no question about it," he said. Ickes's response was revealing because he has embarked on a private effort to build a national database of registered voters, an implicit rebuke of the slower pace of Howard Dean, the Democratic Party leader, in this area. And Ickes was warm in his appraisal of Mehlman. "The general view is, he's very good," Ickes said. "They have good systems and he's a good system person."

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Mehlman has for this election taken what the Republican Party assembled in Ohio in 2004 — a database of every voting-age resident that includes voting history, party registration, demographic data and consumer history — and expanded it, he said, to include every voting-age American in the country. "In Ohio, in '04, we got the tip of the iceberg," Mehlman said. "What we did over the last two years is we got the entire iceberg." With that kind of data, Republican campaign workers in every state in the country can identify potential Republicans who may never have voted before and bring them to the polls. To help neighborhood organizers plot their door-to-door visits — and to make what might be a dreary exercise at least interesting — the Republican Party uses satellite pictures from Google Earth to chart the routes for house-to-house canvassing.

There have been two early tests of this machine already in this election cycle, and both were encouraging for Mehlman. The most recent was in Rhode Island earlier this month, where Republicans dispatched 72-hour teams to help Senator Lincoln Chafee beat back what had seemed to be a very threatening conservative challenge by Steve Laffey, the mayor of Cranston. (Mehlman and other top Republicans concluded that they had no chance of keeping the seat in this Democratic state if Laffey won.) Turnout shattered the Republican primary record for the state, set in 1994: 62,099 people voted, a 38 percent increase. Republicans said their 86 get-out-the-vote volunteers made 198,921 contacts with prospective voters in the final 11 days of the campaign. As Chafee declared victory, Democrats could not help taking note of these numbers. And earlier, on June 6 in California's 50th Congressional District, in San Diego, in a special election to replace

Duke Cunningham, the Republican congressman from San Diego who quit in scandal, the Republican Party put the full press of a 72-hour plan to work. The Republican, Brian Bilbray, squeaked out a victory with 49 percent of the vote over the Democrat, Francine Busby. That was a race, Mehlman said, in which turnout was able to overcome a very challenging environment.

Still, this is a district where Republicans should not be crowing about a 49 percent victory. For one thing, it has a substantial Republican edge; Cunningham beat Busby 58 percent to 36 percent in 2004. Bilbray campaigned for tough immigration controls in this district snug on the Mexican border, and Busby threw him a lifeline in the final weekend of the campaign when she appeared to be encouraging illegal aliens to vote for her. The 72-hour plan helped pull the Republicans through that Tuesday. But will it be able to manage such extensive operations nationwide if, say, 50 districts are really in contention come Election Day? And what if the White House's campaign-season drumbeat on terrorism doesn't work this time? As Mehlman himself says, turnout operations help — but only so much. "Historically, turnout matters at the margin," he said. "If you are losing an election because of an issue or the environment or the candidate, you are not going to win it on turnout."

"Just left the Urban League," Mehlman wrote in a BlackBerry message to Donna Brazile, reporting on his attendance at a reception with black leaders. "Got nice acknowledgment and applause." This was in the spring of last year. Back then, Mehlman kept up a regular e-mail correspondence with Brazile, a prominent African-American Democratic leader who was, in 2000, the manager of Al Gore's presidential campaign. (She later shared the e-mail messages with me.) Mehlman made a habit of letting Brazile know about each of his appearances before black audiences, where he invariably described Republicans as "the party of Lincoln and Frederick Douglass." He told her of his efforts to recruit black candidates for statewide offices around the country, a roster that today includes candidates for governor in Ohio and Pennsylvania and for Senate in Maryland (in the person of Michael Steele, whom Mehlman warmly describes as a "good friend"). "Am always going to try to bring candidate or local elected official with me to African-American newspaper ed boards so they build relationships that will go beyond my leadership," Mehlman wrote Brazile in another e-mail message. Mehlman gave a speech to the N.A.A.C.P. saying that some Republicans had been "trying to benefit politically from racial polarization" and that "we were wrong." Brazile was impressed. She told me at the time that she was accustomed to Republicans making high-flying but short-lived appeals to blacks but said she thought that Mehlman seemed to be on a different kind of mission.

A year later, a small group of Washington reporters attended a luncheon in a private dining room at Charlie Palmer, a glistening modern steakhouse within walking distance of the Capitol. In attendance was a Republican running for the United States Senate. The rules of the lunch stipulated that the candidate could be quoted but identified only as a Republican candidate for Senate. The "Republican candidate for Senate" spent a good part of the lunch offering harsh criticism of the White House; indeed, at times he sounded like a Democrat. Dana Milbank, a Washington Post columnist who was there, wrote it all up — precisely following the rules of the lunch, identifying the speaker only as a Republican Senate candidate — to devastating effect.

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Mehlman was highly distressed upon reading the Post article, one associate said, and flabbergasted after learning that the candidate was his friend Michael Steele. This was four days after Bush finally spoke before the N.A.A.C.P., after refusing its invitations for the first five years of his presidency. (His aides had cited harsh attacks on him by the organization's leaders.) Bush went, in part, in response to pleadings by Mehlman, and he went a few weeks after the Voting Rights Act was tabled in the House by conservatives. The reception Bush got was tepid.

Democrats like Brazile no longer view this Republican appeal for African-Americans with much concern, or even interest, and she did not need the platform of a not-for-attribution lunch with reporters to make that view known. Mehlman, Brazile said, was on a roll in 2005. "But Katrina washed away any illusions that Republicans had something to offer African-Americans," she told me. "I know he's out there every day. I just don't know if his sales pitch has any potency at the moment."

The problems that Mehlman has encountered in his effort to make the Republican Party the party of Lincoln suggest a recurring frustration of his chairmanship. Mehlman argues that the "opportunity" initiatives that Bush has put forward, albeit with limited legislative success — giving Americans more control over their health-care insurance, setting up private accounts for retirement, school choice — are the core of the Republican appeal for black support. Mehlman wants Republicans to compete with Democrats for black votes not on so-called racial issues, like affirmative action, but on basic issues of economics and the role of government. He talks about the high-level black appointments Bush has made to his cabinet. He points to the three black statewide Republican candidates running under his watch. He suggests that Democrats have taken the black vote for granted all these years. Less obviously, the White House push on such issues as a ban on gay marriage is aimed in part at socially conservative blacks.

But is that enough?

Bruce S. Gordon, president of the N.A.A.C.P., says that Mehlman called him after the Voting Rights Act faltered. "He didn't seem too satisfied with the behavior of some members of his party," Gordon told me, recounting their conversation. "He said he doesn't have much control over them. But he's the chairperson of the Republican Party: he's got some clout." And it's not just the Voting Rights Act. Or Katrina. The war in Iraq is also highly unpopular among blacks. So are the cuts in social programs; and the nomination of judges who oppose affirmative action; and the problems with financing No Child Left Behind, the education-reform bill that Mehlman often cites as the kind of measure African-American parents should embrace.

There is certainly a degree of calculation to Mehlman's outreach campaign: it is designed, at least in part, to make the party more appealing to moderate white voters who might be scared off from supporting a party identified with racial intolerance. As demonstrated in Ohio in 2004, it takes only a few percentage points to affect the outcome of an election: with such a polarized electorate, small shifts can produce large gains. But the political calculations go only so far in trying to account for Mehlman's dedication — "his maniacal focus," as Brazile put it, admiringly — to attract African-American votes.

The black leaders and elected officials I spoke with said they had no doubt about the sincerity of Mehlman's motivations — that he really was uncomfortable heading a party that is so white and is considered with suspicion by so many black Americans. "I think Ken is sincere in wanting to see greater diversity in the Republican Party, in the same way that George Bush wants to see greater diversity in the Republican Party and in his cabinet," says Senator Barack Obama, the Illinois Democrat, who attended Harvard Law School with Mehlman. "But what they are not willing to do is fundamentally change a set of priorities, or reorient their party, in a way that is actually going to help the African-American community get ahead."

J.C. Watts, a Republican former congressman from Oklahoma, who has been critical of the White House in its handling of racial issues, says that Mehlman's efforts as chairman "are probably unprecedented in the time I've been a Republican. This is his passion; I think it's in his DNA to do what he is doing."

Mehlman was raised in a Jewish family in Baltimore, his mother a Democrat who voted for Jerry Brown (yes, that Jerry Brown) for president. Mehlman counts the civil rights movement as one of the seminal political events in American history and lists two Democrats (and no Bushes) among his three most influential presidents of the past century: Reagan, F.D.R. and Johnson. "What he did on civil rights makes him one of the great presidents of the 20th century," Mehlman says of Johnson. Mehlman, according to his office, has appeared before 50 black audiences since becoming party leader. When members of the Republican National Committee gathered in Pittsburgh in August 2005 for their annual summer meeting, the banner across the stage read: "Give us a chance, We'll give you a choice — Strengthening Lincoln's legacy."

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Three weeks later, Katrina ripped through New Orleans. Mehlman was on the Greek island of Mykonos that week, attending the wedding of Nicolle Devenish, who was then the White House communications director, and Mark Wallace, a deputy director of Bush's 2004 campaign. Mehlman said he followed what was happening, a little helplessly, from his hotel in Greece. "I certainly recognized watching CNN that it was not good," he said. "And it required a large infusion of ouzo. Which I had every night. My answer to Hurricane Katrina was Hurricane Ouzo."

When Bush ran for re-election in 2004, he drew 11 percent of the African-American vote. That counted as progress; in 2000, Bush drew the support of 8 percent of the black electorate. But in a New York Times/CBS News poll conducted last month, just 6 percent of black respondents said they approved of the job the president was doing. And in a separate New York Times/CBS News poll in July, only 9 percent of blacks said they had a favorable opinion of the Republican Party, a year and a half into Mehlman's outreach campaign.

Earlier this month, Mehlman and I had dinner at a restaurant he goes to frequently — Georgia Brown's, a spot not far from the White House that has a large African-American clientele. Mehlman was upset with an article of mine The Times published that described his effort with black voters as faltering, and as he dived into a salad with knife and fork, he argued vigorously that it was wrong to use public-opinion polling as the measure of progress for what he had always said would be a long climb. "If you had told me in the beginning of 2005 that 100 days before the election we would have African-Americans all in striking distance for governor of Ohio, governor of Pennsylvania and senator in Maryland, I would have told you that is incredible," he said.

Ken Mehlman and Karl Rove started every day of the 2004 presidential campaign with a 7 a.m. telephone call, during which they discussed what happened over the past 24 hours and what they wanted to happen over the next 24. It would be the first of what would be — by the account of both men — dozens of daily telephone calls and e-mail messages between the two, going into the night, over the course of nearly two years. Mehlman, who was the White House political director for the first two years of the Bush administration, was officially the campaign manager, and Rove was Bush's chief White House adviser, but Mehlman was the subordinate in this relationship. "Karl was far and away the senior leader," says Newt Gingrich, the former House speaker, talking about the campaign. Bush famously called Rove the "architect" of his victory. Mehlman lifted an eyebrow when I asked him about that. "I don't know — I think a bunch of us were architects," he told me.

The relationship between Mehlman and Rove — two men of similar fascinations, skills and ideologies — has long been at once cooperative and competitive; Mehlman's friends voice private frustration at just how much credit Rove drew for the campaign of 2004, though Mehlman is far too disciplined and corporate to concede any such resentment. But Rove's star has dimmed because of the troubles of the second-term Bush White House and his own legal battles, and heading into the fall the two men appear to be equals in calling the shots on this midterm campaign. And it is Mehlman who is out front — along with the White House's political director, Sara Taylor — immersed in dealing with candidates, contributors and consultants, riding campaign managers, overseeing the latest voter-turnout innovation, determining where money and resources will be spent. Mehlman is the public face of this campaign, giving speeches at events, appearing on television, talking to reporters; Rove has largely kept out of public view. And it is Mehlman, rather than Rove, who seems positioned to take much of the blame if November delivers the first big defeat of the Bush political machine since it took the White House six years ago.

Mehlman's friends say they doubt that he will seek another term as party chairman at the end of the year, no matter the outcome of the election, and that he is interested in entering the private sector, perhaps as a consultant. If anything, this has made him even more intent on maintaining Republican control of Congress; he does not want to be identified with a Republican loss. Still, there is a good argument to be made that the problems darkening the Republican Party this fall have much more to do with what has happened in the building where Rove works than with what has taken place at the headquarters of the Republican National Committee. A Democratic victory in November would add another paragraph to the rather glum second term of the Bush presidency. But it may not say much about the new Republican Party. The G.O.P. under Mehlman has changed the way elections are run and won in this country. That is what Mehlman understood when he told Republican workers in the victory center in Michigan to soldier on, ignore the bad news, flip open their cellphones and call another Republican voter.

Polls Give Both Parties Things To Hang Onto (HC)

By Bennett Roth

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Houston Chronicle, September 24, 2006

GOP touts Bush approval ratings; Dems cite voters' level of discontent

Several polls released last week gave both parties ammunition as they plot strategy with about six weeks until the congressional elections.

Republicans touted a USA Today/Gallup poll that found President Bush's public relations offensive on terrorism may have paid off. His public approval rating rose to 44 percent, from a low in May of 33 percent. The survey also showed that likely voters were evenly split over whether Republicans and Democrats should be elected to Congress. Other polls have given Democrats an advantage on that question, although most surveys included registered voters rather than the smaller sample of likely voters.

Meanwhile, a New York Times/CBS poll bolstered the Democrats' argument that they will benefit from a sour public mood toward Washington. The survey found that Congress's approval had dipped to 25 percent, the lowest level for lawmakers since 1994, when Republicans ousted Democrats from control of Capitol Hill.

Only 39 percent in the Times poll said their representatives had done good enough jobs in Congress to deserve reelection; 48 percent said it was time to give someone new a chance.

Experts warned about reading too much into changes registered in any one survey. Karlyn Bowman, a polling expert at the conservative American Enterprise Institute, noted the "extraordinary continuity" in polling data over the past year, with pessimism pervading public attitudes.

Whether Democrats can win the 15 House seats and six Senate seats needed to take back control of the chambers may depend on whether they can counter a well-funded voter turnout effort by the GOP.

Financial reports released last week by party operations showed that at the end of August, Republicans had $94 million on hand, compared with $76 million for the Democrats. The GOP advantage is largely the result of fund-raising by the Republican National Committee, which had $39 million compared with the Democratic National Committee's $11 million.

DNC Chairman Howard Dean has diverted much of his party's funds to building up party operations in 50 states, causing friction with House and Senate Democrats who wanted the money spent in competitive races.

Retirement boosts Democrat's chances

One of the best chances for a Democratic pickup in the House this year is a border district in Arizona that has been represented by Rep. Jim Kolbe, a moderate Republican and one of three openly gay House members.

Kolbe's retirement set off a fight among local Republicans, with Randy Graf, who stressed his hard-line stands on immigration, winning the GOP primary this month. Graf, however, was opposed by national Republicans, who feared he is too conservative to win a district that includes the university town of Tucson.

Kolbe has refused to endorse Graf against former Democratic state Sen. Gabrielle Gifford. The independent Cook Political Report last week changed its assessment of the seat from a toss-up to leaning Democrat.

Incumbents locked in tight Senate races

Senate incumbents in Ohio and New Jersey are fighting for their political lives, according to polls released last week.

In New Jersey, Democratic Sen. Robert Menendez trailed his Republican opponent, state Sen. Thomas Kean Jr., by 3 percentage points, according to the Quinnipiac University poll.

Even though New Jersey is a Democratic leaning state, Menendez has been dogged by ethical questions regarding a property he rented to a charity for which he helped secure federal funding.

In Ohio, Republican Sen. Mike DeWine is trailing his Democratic challenger, U.S. Rep. Sherrod Brown, by 4 percentage points, according to the Ohio Poll by the University of Cincinnati.

DeWine may be suffering from voter disgust over ethical problems hanging over other state Republicans.

Pelosi Takes Barbs In Pursuit Of Gavel (AP-Y)

By Nancy Benac, Associated Press Writer

AP, September 24, 2006

Rep. Nancy Pelosi stuffs cotton in her ears when she takes her grandkids to a rock concert. She's so petite that a policeman once lifted her out of her shoes during an evacuation of the Capitol. She's a chocoholic with a great giggle.

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And she's Exhibit A as Republicans argue that Americans would be crazy to let Democrats take over the House.

"A disaster," former GOP Speaker Newt Gingrich warns, calling the prospect of the San Francisco-area congresswoman standing third in the line of presidential succession truly frightening. "A hyperpartisan obstructionist," a GOP campaign tract pronounces.

Pelosi, leader of the House Democrats, has twice presented Republican Dennis Hastert with the speaker's gavel as the GOP extended its control of the House for two more years. "This is getting tiresome, Mr. Speaker," Pelosi joked last time.

Now, heading into the November elections in which Democrats have their best chance yet of retaking the House after 12 years in the minority, all sides are taking the measure of the woman who would become the first "Madam Speaker" if her party succeeds.

"It's the battle of definitions," said Jack Pitney, a political scientist at Claremont McKenna College in California who has written extensively about Congress. "If the Republicans have their way, she's a wacko San Francisco liberal; if Democrats have their way she's an Italian-American grandmother."

Or, as Pelosi described herself this week: "An Italian Catholic mother of five, grandmother of five, going on six."

In truth, Pelosi, born Nancy D'Alesandro, is an energetic, street-smart politician from Baltimore, a liberal who knows that the key to leading the fractious House Democrats is to accommodate the broad spectrum of views in the party when possible and come down hard to enforce unity when necessary.

Pelosi, the daughter and sister of Baltimore mayors, moved west in her 20s because her investment banker husband wanted to return to his roots. She managed to work herself into California's Democratic political structure while raising five children who were born over six years. She was first elected to Congress when her youngest daughter reached high school.

The 66-year-old Pelosi represents one of the country's most liberal congressional districts, taking in much of San Francisco. She has a voting record that consistently gets her laurels from liberal interest groups and raspberries from conservatives.

She also is a pragmatist.

"She's good at counting noses, which means that she'll do everything she can to represent the whole caucus," says Bruce Reed, president of the centrist Democratic Leadership Council. "She'll have to."

California Rep. Dennis Cardoza, one the Blue Dog Democrats who advocate fiscal restraint, is quick to point out that Pelosi has promised to make an early push for reinstating "pay-as-you-go" budgeting rules. These require that any tax cuts or increases in entitlement spending be paid for by raising taxes or cutting spending elsewhere.

"You wear members out if you ask them to go to the well on every single vote," said Rep. Anna Eshoo, a California Democrat who has known Pelosi for three decades.

But, Eshoo adds, "When it comes to the votes that really define Democratic Party principles, she, in her very strengthful and convincing way, sits down with one member after another to present that case."

Pelosi presides over a Democratic caucus, united against President Bush, in which members voted with their party 88 percent of the time in 2005, one of the most cohesive records in decades, according to an analysis by Congressional Quarterly.

That is not to suggest the party lacks fissures, though, or that Pelosi operates only through gentle persuasion.

Black members, for example, were irked earlier this year when Pelosi successfully pushed to strip Louisiana Rep. William Jefferson, a member of the Congressional Black Caucus, of his seat on the House Ways and Means Committee while an FBI bribery investigation is still under way.

In 2002, Pelosi raised eyebrows by giving a political contribution to one of two House Democrats who were being thrown into the same, newly redrawn congressional district in Michigan. It was no coincidence that Pelosi backed Rep. Lynn Rivers, who had supported Pelosi's bid to become Democratic whip, over Rep. John Dingell, who had been allied with Pelosi's competition. Dingell won.

Pelosi helps instill loyalty with cold cash: Her political action committee, PAC to the Future, has given nearly $450,000 to federal candidates this election cycle, which ranks 15th among all leadership PACs and is exceeded by only two other Democrats, according to the private Center for Responsive Politics.

"No one is working harder to bring us out of the desert," says Eshoo. "This woman is a human tornado."

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Rutgers political science professor Ross Baker said that as a leader of the Democratic minority, Pelosi has been tireless at "conducting a guerrilla warfare against a vastly superior force." Her weaknesses, he said, include the Democrats' failure to offer a clear message to counter the Republicans and her sometimes halting television presence. "She needs some work in the green room," he said.

"My hunch is that there is some uneasiness in the House about her as speaker," Baker said, saying that such reservations are tied partly to her representation of such a liberal district.

Pelosi demurs when asked to talk about a potential Speaker Pelosi's agenda, saying she is focused for now on Nov. 7, when Democrats need to pick up 15 House seats to take control of the House. But she has promised to put in reforms to make the House operate with more civility, fairness and fiscal accountability.

Early policy actions probably would include a push to:

_increase the minimum wage.

_revise the Medicare prescription drug program to provide more help to the elderly.

_put in place recommendations of the commission that investigated the Sept. 11 attacks.

_overhaul immigration policy.

_make it easier to get student loans.

_reduce subsidies for oil companies.

With Pelosi leading the House, Democrats could be expected to let most of Bush's tax cuts expire and block any new effort to privatize parts of Social Security.

Pitney, the California political scientist, predicts that Pelosi's talk of treating Republicans more fairly than they have dealt with Democrats "would be the first casualty of a Pelosi speakership. ... With a narrow majority and a lot of passionate partisans on her side, she is going to have to play very, very tough with procedure."

The president merely snapped, "That's not going to happen," when The Wall Street Journal asked him what Pelosi might be like as speaker.

But other Republicans are happy to expound on the likely hallmarks of a Pelosi-led House, using them as a GOP rallying cry.

In a recent eight-page release, "America Weakly," the Republican National Committee cast Pelosi as a tax-raising, soft-on-terrorim, extreme-on-abortion, questionable-on-ethics liberal who wants the nation to "cut-and-run" from Iraq and would focus on "launching bitter partisan investigations" of the Bush administration, including possible impeachment hearings.

Eager to douse any speculation about impeachment, Pelosi's office earlier this year put out word that she privately had advised the Democratic caucus that impeachment was off the table.

"It speaks volumes that she felt it necessary to deny it," says Republican pollster Whit Ayres.

Falwell Says Faithful Fear Clinton More Than Devil (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, September 24, 2006

The evangelical leader tells a conference that the New York senator will mobilize his base like no one else if she runs for president.

WASHINGTON — Nothing will motivate conservative evangelical Christians to vote Republican in the 2008 presidential election more than a Democratic nominee named Hillary Rodham Clinton — not even a run by the devil himself.

That was the sentiment expressed by the Rev. Jerry Falwell, the longtime evangelical icon and founder of the once-powerful Moral Majority, during private remarks Friday to church pastors and activists as part of the Values Voter Summit hosted this weekend by the country's leading Christian conservatives.

A recording of Falwell's comments was obtained by The Times, and his remarks were confirmed by eyewitnesses.

"I certainly hope that Hillary is the candidate," Falwell said, according to the recording. "She has $300 million so far. But I hope she's the candidate. Because nothing will energize my [constituency] like Hillary Clinton."

Cheers and laughter filled the room as Falwell continued: "If Lucifer ran, he wouldn't."

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At that moment in the recording, Falwell's voice is drowned out by hoots of approval. But two in attendance, including a Falwell staff member, confirmed that Falwell said that even Lucifer, the fallen angel synonymous with Satan in Christian theology, would not mobilize his followers as much as the New York senator and former first lady would.

One critic who has been observing the conference said Saturday that Falwell's words offered a rare glimpse into how religious conservative leaders were planning to inflame opposition to the Democrats with below-the-radar messages that are often more scorching than the ones showing up in public.

"He was calling Hillary Clinton a demonic figure and openly arguing that God is a Republican," said the Rev. Barry W. Lynn, executive director of the advocacy group Americans United for Separation of Church and State. "It's hard to know whether people thought he was joking or serious, but once you start using religious imagery and invoking a politician in this way, it's not funny. A lot of people who listen to him do think that she's a dark force of evil in America."

Such controversy is nothing new for Falwell, who once described Islam's prophet Muhammad as a terrorist and said that abortion providers, feminists, gays and lesbians were to blame for the 9/11 attacks.

An aide to Falwell said Saturday that the Lucifer reference was an "off the cuff" comment and that Falwell "had no intentions of demonizing her."

Falwell's remarks about Clinton were part of a 40-minute address at a private breakfast that included assurances that God would preserve a Republican majority in Congress and that moderates such as former New York Mayor Rudolph W. Giuliani could not be allowed to win the GOP presidential nomination.

Falwell's estimation of Clinton's campaign war chest appeared to be hyperbole; she has raised about $47 million for her Senate account this cycle, according the Center for Responsive Politics. But she has raised millions more for other candidates, and many strategists believe that if she decides to run, Clinton will amass record-level contributions.

Falwell wasn't the only public figure to invoke Satan in reference to a political adversary last week. Venezuelan President Hugo Chavez referred to President Bush as the devil before the United Nations General Assembly, speaking the day after Bush had stood at the same rostrum.

About two hours after Falwell's speech at the Values Voter Summit, James Dobson, founder of the influential group Focus on the Family, spoke publicly at the same conference. Dobson denounced what he said was a limp response by both political parties to Chavez's comment. Dobson, whose group was a sponsor of the weekend gathering, told the nearly 2,000 activists crammed into a hotel ballroom near downtown Washington that Chavez had "attacked our president viciously."

"And there has hardly been a statement of defense out of members of Congress about that," Dobson said. "There's been [only] a few pantywaist comments."

Neither Falwell nor Dobson responded to interview requests.

One conference official, Family Research Council President Tony Perkins, said Saturday that he believed Falwell intended his comment to be a "humorous remark."

Asked if he was comfortable with the connotation, Perkins deferred questions to Falwell.

"I can only be responsible for what I say," Perkins said, adding that he disagreed with Falwell that a Clinton candidacy would be good for conservatives. "I think it would be a little too risky. Anything could happen, and that's just one step closer to her actually being elected."

Falwell's remarks about Clinton were not the only indication this weekend that the evangelical movement was focused on the senator from New York.

One meeting on the agenda featured three analysts from the conservative Heritage Foundation for a discussion of health policy titled "The Future of Health Care: HillaryCare or Values-Driven Health Care?" The title was referring to Clinton's 1993 efforts to draft a national health plan that conservatives continue to deride as a form of big-government socialism.

But Falwell's speech captured the spirit of much of the weekend, which was devoted to rewing up the GOP base for November and beyond, and included appearances from several prospective Republican presidential candidates — Massachusetts Gov. Mitt Romney, Arkansas Gov. Mike Huckabee and Sens. George Allen of Virginia and Sam Brownback of Kansas.

At the breakfast, Falwell made it clear that he thought the 2008 nominee must be a true conservative.

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"It can't be a Giuliani and it cannot be a [New York Gov. George E.] Pataki," he said. "It cannot be a pro-choice. It cannot be a person on the wrong side of the social issues. We've got to have somebody worth fighting for because we will be energized if Hillary is the standard-bearer."

Falwell predicted that this year's midterm elections would go in the GOP's favor, despite polls showing Democrats in position to make gains.

"I think we're going to keep the House and the Senate," he said. "I think the Lord will take care of that."

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GOP Hopefuls Audition At 'Values Voters' Summit (WT)

By Amy Fagan, The Washington Times

The Washington Times, September 24, 2006

Potential Republican presidential candidates spent the weekend rewing up evangelical "values voters" by pledging to keep up the fight against abortion and same-sex "marriage," and to protect religious freedom.

Sens. George Allen of Virginia, Sam Brownback of Kansas, and Rick Santorum of Pennsylvania, as well as Massachusetts Gov. Mitt Romney and Arkansas Gov. Mike Huckabee participated in the Family Research Council's "2006 Values Voter Summit," which drew about 1,800 conservative activists to the Omni Shoreham Hotel in Northwest. Former House Speaker Newt Gingrich was scheduled to address the crowd last night.

Mr. Santorum, who is in a bruising re-election battle, was among several who strongly advocated marriage as being only between one man and one woman.

"I believe the family is the central unit of our society and marriage is the glue that holds it together," he said yesterday in a recorded speech. Mr. Santorum had planned to attend the summit, but his visit was canceled because of a family obligation.

The two-term senator, who is trailing his Democratic opponent in polls, said that like others in the crowd, he has "paid a price" for taking a strong stand against abortion and same-sex "marriage" but will continue the fight. The audience applauded when he said life begins at conception.

Mr. Santorum's comments echoed those made Friday by Mr. Huckabee, who said, "Marriage has been between a man and a woman for all time, in all civilizations."

For his part, Mr. Allen called for protecting religious freedom, private-property rights and traditional marriage and urged immigration reform.

"We shouldn't reward illegal behavior with amnesty," he said Friday to loud cheers.

There did not appear to be a strong consensus among the attendees on which Republican leads the field of possible White House contenders for 2008.

"I'm impressed with all of them, because they're speaking my language," said Janis Christensen of North Ogden, Utah.

"I think George has got a shot at being the next president," said Doug Hesse of Eatonton, Ga., who heard Mr. Allen speak for the first time on Friday. "He was articulate; I was impressed."

"I like Mitt Romney," said Judy Boteler of Roanoke, adding that it was the first time she had "zeroed in on him."

Her husband, Bruce, said he liked all the potential Republican presidential candidates but didn't see any of them "running above the crowd" yet.

"We don't see any Ronald Reagans," he said. He quickly added of the Democratic field: "I don't see any Harry Trumans, either."

"We were impressed with all of them," said Margaret Blackwood of Hartselle, Ala. When asked who she would vote for, she said, "I think it would be Mitt Romney, but I could change my mind."

Several other possible presidential contenders were invited to the conference but didn't attend. They were Democratic Sens. Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Joe Lieberman of Connecticut, as well as Republican Sens. Bill Frist of Tennessee and John McCain of Arizona.

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Outside the event yesterday, a small group of protesters held signs with slogans, such as "Hate is not a family value" and "Focus on your own Darn Family." The latter referred to Focus on the Family, the conservative group led by evangelical icon James Dobson, who was a frequent speaker at the conference.

• This article is based in part on wire reports.

The Tide's In For Independents (WP)

By David S. Broder

The Washington Post, September 24, 2006

The independence being demonstrated all over the political spectrum these days -- by Democratic Sen. Joe Lieberman and Republican Sen. Lincoln Chafee, both in tough reelection battles, and by Republican Sens. John McCain and John Warner -- has its roots in American history. When they ran for the presidential nomination, Ronald Reagan and John Kennedy defied the preferences of their parties' power brokers. And earlier, Teddy Roosevelt and Abe Lincoln did the same thing.

The American people often have been equally ready to discard conventional wisdom by rewarding independence and those candidates who, in the words of the Declaration of Independence, show "a decent respect to the opinions of mankind." In my view, and that of many others, had Colin Powell chosen to run for president in 2000, in either party or in none, he could have been elected -- his character and reputation overcoming any partisan ties and any lingering racial prejudice.

Instead, we had George W. Bush, a president who has governed on party-line votes and who, after taking the country to war in Iraq, repeatedly has used the war on terrorism as a partisan weapon against Democrats.

Powell will not run in 2008, but if this year's election strengthens the hands of the independent members of both parties -- those who are prepared to defy the dictates of their interest groups and clamorous extremes -- the next presidential race may be very different from recent cycles.

Who could provide such a contest? On the Republican side, either of the two men atop the early polls, McCain or former New York mayor Rudy Giuliani. Giuliani has flourished in Democratic New York by defying his party's rigid doctrine on social issues. McCain has challenged everything from the first of President Bush's deep tax cuts to Bush's recent demand for a free hand in questioning and trying alleged terrorists.

I also would guess that Massachusetts Gov. Mitt Romney would be such a candidate. Like Giuliani, he has governed in Democratic territory, and he managed with an overwhelmingly Democratic legislature to pass a major step toward universal health care coverage.

On the Democratic side, Sen. Hillary Clinton would, if she runs, provide a crucial test case for the independence movement. Though tied to some of the party's most important constituencies, she has, like her husband before her, carved her own path in policymaking. Friends say that she has learned in her Senate service to value some of the members of the opposite party she previously distrusted, and she has followed the example of Sen. Ted Kennedy in seeking Republican co-sponsorship of her bills.

Clinton is not alone among possible Democratic aspirants in showing her independence. Others, such as Iowa Gov. Tom Vilsack and former Virginia governor Mark Warner, have demonstrated their ability to conciliate differences without abandoning principles. And the field of potential candidates who are moderate is a large one. A race involving any of these people would provide more substantive debate than cheap shots and demagoguery.

And looking beyond 2008, think about a future contest involving Democratic Sen. Barack Obama of Illinois and Republican Sen. Lindsey Graham of South Carolina -- or any of many other pairs of younger talents, with similarly inclusive and expansive views of the national interest. What a boon for the country.

But is this rosy scenario likely? Look at the powerful forces working against it. Congress is rigged to promote partisanship and extremism. Most congressional districts are drawn to favor one party or the other, and contests take place only in primaries, where low turnouts favor candidates who appeal to the motivated extremes. The flow of special-interest money into congressional races adds to this tilt, and now the bloggers are pummeling anyone who deviates from their definition of ideological purity.

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The sequencing of presidential primaries, it is said, has the same effect on the race for the White House. Democratic aspirants have to satisfy the lefties to win Iowa, just as Republicans must placate the religious right to have a chance in South Carolina.

All that may be true. But still the forces of the independent center are gaining. The public disgust with the breakdown of Congress as a functioning institution has liberated more House and Senate candidates to challenge the status quo. They may be the same people, but they're not behaving the same way.

And the political environment is changing. More and more traditional conservatives are complaining that the Bush administration is wrecking their heritage, with its reckless military, foreign and fiscal policies and its disregard for the law. I hear this regularly and have reported it. David Brooks has been making that same point in his influential New York Times columns.

The tide is turning against dogmatism -- and toward political independence.

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Bush Sending Delegation To Lebanon (AP)

AP, September 24, 2006

President Bush announced Saturday that he is sending a delegation to Lebanon to meet with Lebanese Prime Minister Fuad Siniora and discuss ways to help rebuild his nation left in ruins after this summer's 34 days of fighting between Israel and Hezbollah.

Dina Habib Powell, an Egyptian-born former White House official who is now assistant secretary of state for promoting educational and cultural exchange, will lead the five-member delegation.

The other four delegation members are: Jeffrey Feltman, U.S. ambassador to Lebanon; John Chambers, president and chief executive officer of Cisco Systems; Yousif Ghafari, chairman of GHAFARI Inc.; and Ray Irani, chairman, chief executive officer and president of Occidental Petroleum Corp.

In a statement, the White House also announced that Chambers, Ghafari and Irani along with Craig Barrett, chairman of Intel Corp., are launching a nationwide effort to encourage private donations for reconstruction needed as a result of the conflict. In coming days, the group will ask Americans to donate money to a fund set up to help the Lebanese people, the White House said.

Lebanon's Three-Sided Postwar Game: Who Gets Shabaa Farms? (NYT)

By Craig S. Smith

The New York Times, September 24, 2006

SHABAA, Lebanon — Disarming Hezbollah, the militant Lebanese Shiite group that fought Israel last month, is a major goal in Washington, Jerusalem and even among the political elite in Beirut. But the main stumbling block, at least according to Hezbollah's current position, is a 10-mile-square area of hilly land known as Shabaa Farms.

Israel and the United Nations say the land belongs to Syria and is part of the Golan Heights that has been occupied by Israel since the 1967 war. But the Lebanese insist it is theirs, and Hezbollah says it will not lay down its weapons until Israel gives it back.

"As long as we have evidence that we own that land, Hezbollah must fight," said Qassem Saab, 52, reiterating Hezbollah's position. Mr. Saab, a Sunni Muslim, was born in his family's mud-brick house on the now-occupied land.

When the long and bloody civil war ended in 1990, all of Lebanon's warring militias agreed to give up their arms — except Hezbollah, which argued that it needed to keep its weapons to fight Israel, then occupying southern Lebanon.

Israel and many other observers say the Lebanese claim on Shabaa Farms gained traction only when Israel withdrew from southern Lebanon in 2000.

According to that view, Hezbollah, backed by Syria, has seized on the farms as a way of legitimizing what it describes as continued resistance against Israeli occupation. Whether or not that claim is legitimate, it is one of the central issues in bringing a sustainable peace to the region.

"Shabaa is the key," said Patrick Renaud, the European Union's representative in Lebanon.

Of course, there is no guarantee that Hezbollah will disarm if the Shabaa Farms area is transferred to Lebanon.

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[The leader of Hezbollah, Hassan Nasrallah, told a crowd in the Beirut suburbs on Sept. 22 that no army could force the militia to disarm. He said that even after the 34-day war with Israel, Hezbollah was stronger, and that it had more than 20,000 missiles.]

"Shabaa is important," a Hezbollah Politburo member, Ahmad Malli, said during an interview last week. "But maintaining the sovereignty of Lebanon is more important. We will keep our weapons as long as there is a real threat from Israel."

Even so, the coalition of Lebanese parties opposed to Hezbollah says that removing the Shabaa issue would, at the very least, give it more leverage in pressing Hezbollah to give up its arms.

Israel sees it the other way around. Prime Minister Ehud Olmert has said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting — including the disarming of Hezbollah — then Israel would be willing to discuss Shabaa Farms.

For as long as anyone here can remember, the people of Shabaa say they have farmed the southwestern slope of the Mount Hermon foothills, overlooking the Hula Valley of what is now northern Israel.

After France split Lebanon from Syria in the 1920's, most maps showed the border running between the town of Shabaa and the farms. It is one of many pockets of land that were separated from their historic administrative jurisdictions when the Great Powers carved up the Levant, as the region was known, after World War I.

But the maps were moot as far as people on the ground were concerned. Though the French-drawn border put the Shabaa Farms in Syria, the people who owned the farms continued to pay taxes to the government of Beirut and continued to register births, deaths and other events in Lebanon.

The Lebanese say a study commissioned by President Adib al-Shishakli of Syria in 1951 and finally published in 1964 found that the farms were part of Lebanon and that the maps showing them in Syria were wrong. Even Syria still agrees that the farms are Lebanese.

The original 14 farms were divided and passed down through the generations to eventually become 14 hamlets of 20 or 30 houses each. By the time Israel took over the territory, about 200 families shared the land. Sitting in his parlor here, Mohamed Ibrahim Atui, 80, unfolded a stained handwritten deed from 1952 recording his purchase "of 32 olive trees."

"My father sold the land to Mohammad Mahdi in the 1940's, and I bought it from him," Mr. Atui said. He keeps the deed hidden in his house for safekeeping.

Besides olive trees, Mr. Atui said he raised grapes, corn, tomatoes and chickpeas on the land. But he has not seen his land since 1970. "The Palestinians were firing rockets at Israel from the area and so Israel began occupying the land, farm by farm, until they pushed us here," Mr. Atui said.

While protection from such attacks is the primary reason Israel occupied the farms, many Lebanese say that water is the reason Israel is reluctant to let the territory go. Springs and streams fed by the melting snow from Mount Hermon irrigate northern Israel and form the principal tributaries of the Jordan River.

"It's not security, it's water," said the Druse leader, Walid Jumblat.

Shabaa is a Sunni Muslim town, and Mr. Atui, like most of the townspeople, is a staunch supporter of the late Sunni prime minister, Rafik Hariri. Many people in Lebanon contend he was assassinated at the behest of Syria, which backs Hezbollah.

The assassination has driven a wedge between Sunni Hariri supporters and Shiite Hezbollah supporters elsewhere in the country. But the Sunnis of Shabaa support Hezbollah nonetheless.

Hezbollah's persistent attacks are widely credited here with forcing Israel to withdraw that year.

Mr. Atui says he believes that Hezbollah is the only reason Israel would ever give back the farms, because the Lebanese Army and government are so passive on the issue.

The problem for Lebanon is that the United Nations certified that the 2000 Israeli withdrawal from southern Lebanon was complete. Until the United Nations recognizes Shabaa as Lebanese territory, Israel has no reason to leave unless it withdraws from all of the Golan Heights. The United Nations wants Lebanon and Syria to decide where the border lies before it takes any action.

But Syria — even though it publicly supports Lebanon's claim to the land — is apparently happy to let the issue simmer, hoping it will lead to negotiations with Israel over the return of the larger territory seized by Israel in the 1967 war.

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"Shabaa Farms, from the Syrian point of view, won't be delineated as long as the Golan is occupied," said a political analyst in Damascus who is close to the Syrian government, who spoke only on condition of anonymity. "When you delineate one side you delineate the other, but what is the other, Syria or Israel? Delineating the border would be legitimizing the Israeli occupation."

Like many Lebanese, Mr. Atui contends that once the landowners have recovered their land, Hezbollah will no longer need a militia.

"Hezbollah should continue until the farms are liberated and the prisoners are free, but after that they should put all of their forces under the Lebanese Army," he said. "God willing, they'll do it."

Mr. Saab said, "It's Nasrallah's last reason to fight Israel."

U.S. Delegation for Lebanon

By The New York Times

WASHINGTON, Sept. 23 — A delegation of business leaders will head an effort to encourage Americans to donate money to assist the people of Lebanon in the aftermath of the recent war between Hezbollah and Israel, President Bush said Saturday.

Delegation members also will meet with Prime Minister Fouad Siniora and local business leaders in Beirut, the White House said.

The effort will be headed by Craig R. Barrett, the chairman of Intel; John T. Chambers, the chief executive of Cisco Systems; Yousif Ghafari, the chairman of Ghafari; and Ray R. Irani, the chief executive of Occidential Petroleum.

Delusion In Damascus (WP)

The Washington Post, September 24, 2006

Bashar Assad believes that Syria won the Lebanese war.

IN THE aftermath of the summer war in Lebanon, the Middle East is haunted by the hubris of two self-declared winners. Israel and Hezbollah, which did the actual fighting, are both licking their wounds. But Iran is in a triumphalist mood, as the rhetoric of President Mahmoud Ahmadinejad at the United Nations last week confirmed. And so, it seems, is Hezbollah's other foreign sponsor, Syrian President Bashar al-Assad. Countries around the region are responding to what they see as the new strategic menace from Tehran; witness Egypt's announcement that it would soon propose its own nuclear program. But Syria is more likely to trigger a new round of armed conflict in the near future.

The threat stems from Mr. Assad's overt resistance to the U.N. Security Council resolution that ended the war. Among other provisions, the resolution mandated the expansion of a U.N. peacekeeping force along the Lebanese-Israeli border and prohibited any state from helping Hezbollah to rearm. Mr. Assad has denounced the deployment of European troops as part of the U.N. force; last week he described it as a Western plot to divide the Arab world. More significantly, he has threatened that any deployment of the force along the Lebanese-Syrian border would be treated by Damascus as hostile.

Mr. Assad's bluster has successfully deterred the Lebanese and Western governments from taking serious steps to stop the traffic of arms and explosives from Syria to Lebanon. The scores of roads and tracks crossing the border have been the principal routes for missiles and other arms supplies to Hezbollah. They also carry the bombs that Syria's agents have used in a continuing assassination campaign against Lebanese politicians who favor the country's independence from Damascus.

Mr. Assad knows that if he attempts to supply Hezbollah with new weapons he will invite an attack by Israel, which has vowed to prevent any resupply. The Syrian president even referred to that possibility in an interview published last week. But he appears undeterred. In a speech last month he declared that Hezbollah's "victory" in the war had ushered in "a new Middle East," one in which the "enemy" Israel would inevitably be defeated by force of arms. When U.N. Secretary General Kofi Annan arrived two weeks later to ask for Syria's cooperation in implementing the resolution, Mr. Assad treated him to "a diatribe . . . depicting the Western powers as bankrupt and powerless," according to a report by Warren Hoge of the New York Times.

Remarkably, Mr. Annan emerged from that meeting to tell the world that Mr. Assad had assured him that Syria would take steps to secure the border. The many statesmen who have tried to do business with the Syrian president in the past -- such as former secretary of state Colin L. Powell or Egypt's Hosni Mubarak -- have discovered that such assurances are not only worthless but deliberately mendacious. Yet Mr. Annan and the European governments deploying troops to Lebanon are

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essentially counting on those words -- rather than firm measures of their own -- to prevent a new crisis in which their own soldiers would be at risk. That's a lot to expect from a callow and corrupt dictator who believes he is on top of a "new" Middle East.

Setback On Forming Palestinian Coalition (NYT/AP)

By The Associated Press

The New York Times, September 24, 2006

CAIRO, Sept. 23 (AP) — Efforts to form a Palestinian government acceptable to the West have gone "back to zero," the Palestinian president, Mahmoud Abbas, said Saturday, a day after the militant faction Hamas said a coalition that recognized Israel would be unacceptable.

Hamas won elections in January, but agreed this month to share power with Mr. Abbas's Fatah in hopes of ending a crippling international aid boycott of the Palestinian Authority.

The Hamas-Fatah coalition deal sidestepped recognition, saying the government would seek a Palestinian state alongside Israel, which implies recognition. However, the United States and Israel demanded a clear Hamas commitment, and Mr. Abbas was forced to revisit the issue.

At the United Nations on Thursday, Mr. Abbas indicated that a unity government would recognize Israel. But the Hamas prime minister, Ismail Haniya, said the next day that he would not lead a coalition that recognizes Israel.

Mr. Abbas said Saturday during a visit to Cairo to meet with President Hosni Mubarak that "backtracking took place" on the negotiations for a unity government with Hamas. "Sadly, we are back to zero," he said.

A CONVERSATION WITH MAHMOUD AHMADINEJAD (WP)

Lally Weymouth

The Washington Post, September 24, 2006

Do you think it would be in Iran's best interest to move toward a normal relationship with the United States?

We are interested in having talks with everyone. We believe that talks are much better than threats and confrontation. We are currently holding talks with many countries. I have said before that the United States is no exception, but the U.S. administration -- that is, a section of the U.S. administration -- does not create the right circumstances. It destroys chances for constructive talks.

Because a part of the administration wants to overthrow your regime?

It is the behavior I am talking about; the attitude is inappropriate. They believe that they own the entire world so they speak from that position, looking down at us -- even when they meet us. If they change their behavior, it is possible to talk about everything. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. One that has actually produced and used nuclear bombs cannot claim that they now want to stop proliferation.

Why don't you let the IAEA inspectors back in, as the U.N. Security Council demanded last summer?

The Security Council's involvement is, in fact, illegal. We are working under the framework of the IAEA, and the cameras are on our sites. Could you please show me at least one report by the IAEA on the United States' nuclear facilities?

Are you really serious when you say that Israel should be wiped off the face of the Earth?

We need to look at the scene in the Middle East -- 60 years of war, 60 years of displacement, 60 years of conflict, not even a day of peace. Look at the war in Lebanon, the war in Gaza -- what are the reasons for these conditions? We need to address and resolve the root problem.

Your suggestion is to wipe Israel off the face of the Earth?

Our suggestion is very clear: . . . Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted. . . . The people with no roots there are now ruling the land.

You've been quoted as saying that Israel should be wiped off the face of the Earth. Is that your belief?

What I have said has made my position clear. If we look at a map of the Middle East from 70 years ago . . .

So, the answer is yes, you do believe that it should be wiped off the face of the Earth?

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Are you asking me yes or no? Is this a test? Do you respect the right to self-determination for the Palestinian nation? Yes or no? Is Palestine, as a nation, considered a nation with the right to live under humane conditions or not? Let's allow those rights to be enforced for these 5 million displaced people.

If the Palestinian people decided that they wanted a two-state solution, would you support that decision?

The politicians in the United States should allow the Palestinians to vote, and then we'll all respect the results. They won't even accept a small Palestinian state. That's why we think the root cause of the crisis must be addressed. Jews, like other individuals, will have to be respected. It's not necessary to occupy the land of others, to displace them, to imprison their young people and to destroy their homes and agricultural fields and to attack neighboring countries.

What is your analysis of Hezbollah in Lebanon today? What has been the impact of the war?

Everybody has said that the attacks of the Israeli government against Lebanon were pre-planned. The question is: The planes that leveled Lebanon, the laser bombs, where did they come from? Who provided the Zionists with the armaments? Who prevented a cease-fire in the beginning?

I think a section within the U.S. administration must take a new look at the Middle East. They should not assume that they can fix the problems of the Middle East through war.

In your meeting with the Iraqi prime minister last week, did any ideas emerge as to how to stabilize the situation in Iraq?

Saddam was a detested individual, no doubt, and although he was supported by a group of American politicians during the eight-year war with Iran, we nonetheless were happy when he left. This paved the way for the American government to improve their relations with the people in the region, but they lost the opportunity -- they decided to occupy Iraq in search of oil and their own interests. . . . The Iraqi nation has deep roots -- an ancient, civilized culture -- it cannot accept to remain under occupation. It cannot accept that its authorities are told on a daily basis what to do by American authorities. In the past years, hundreds of thousands of Iraqi civilians have been killed. Even worse than what it was under Saddam.

Everybody in Iraq is unhappy. Iraq has a government now that has risen as a result of the vote of the people and it has a constitution and a parliament. Let them run and administer the country. Our policy is to support the government of Iraq, to create security for the country.

It seems as if a Shiite majority has emerged with the bulk of power in Iraq. Is this good from Iran's point of view?

We are friends with the entire nation of Iraq. Our nation is like an extended family of the Iraqi nation. . . . We are not like American politicians who divide people and fracture.

[Prime Minister Nouri al-]Maliki has said that the most important job for him is to control the militias, many of which have close contact with Iran and some of which receive money from Iran. Will you help Prime Minister Maliki control the militias?

This is your mistake again. Mr. Maliki is a friend of ours. Our nations are very close. The country that is hurt most by the insecurity in Iraq is our country.

Everyone in the region says Iran is now the most powerful country -- that the result of the U.S. invasion is that Iran is more powerful than it has ever been.

Do you think there is a problem with Iran being a powerful country? Are you implying that the Americans went there to strengthen Iran?

No, but don't you think that is the end result?

Iran is a powerful country. A powerful Iran will benefit the region because Iran is a country with a deep culture and has always been a peaceful country. If the Americans had not imposed the shah, Iran could have been a far more powerful country.

Are you going to continue backing terror groups -- Hamas, Palestinian Islamic Jihad?

Are you here on a mission or are you a journalist? A journalist does not judge. You say that Hamas is a terror group. Hamas is working in its own territory, in its own country. Why do you call them terrorists? If someone occupied the United States and the American people rose to defend their home, would you call the American people terrorists?

I would say they were terrorists if they started killing civilians.

The Palestinian people have the right to live. Gaza is being bombarded. Homes are being destroyed. Why? Because some politicians in the United States insist on supporting the Zionists at the cost of destroying the Palestinians and buying the hatred of all the nations in the region.

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This will work against the American government because anti-American sentiment and hatred is increasing by the day. One day it could turn into a storm.

You've made statements about the Holocaust, saying maybe it was exaggerated. Is that your opinion?

It's not the numbers that are important here. It's a very fundamental question: When we allow all researchers to do research freely, why don't researchers have the right to research this history as well? Let's remember that 60 million people were killed as a result of World War II. So let's put everything in context and let's research it further. . . . We know this was a historical event that has happened. But why is it that people who question it, even in the smallest sense, are persecuted and attacked?

Are you willing to take any steps to suspend uranium enrichment?

We think that the American politicians should change their attitudes. If they think that by threatening Iran they'll have results, they are wrong. I'll ask you: Who cut ties with Iran? It was the U.S. government. Who imposed the war with Saddam on us? So who is the one who has to give the positive signal, us or the U.S. government?

What do you want the United States to do for you and what are you willing to do in turn for the U.S.?

I sent a very detailed and caring letter [to President Bush]; I truly mean it when I say that I hope Mr. Bush will change his behavior and attitude. It doesn't make us happy that sentiments against him rise on a daily basis around the world. This can be reversed. It's the attitude and the approach of some American politicians that ruins things. They want to return Iran to what it was before the revolution, under the shah, when it was really a puppet for the United States. That's history. It will never come back. The Iranian nation is a free and independent nation with an elected government, a parliament and a constitution.

How can you come to this country and tell our president to change his behavior?

We're just defending our honor.

Ahmadinejad's Gauntlet (WP)

By David Ignatius

The Washington Post, September 24, 2006

The U.S. and Iran Need Each Other Too Much Not to Find Accommodation

NEW YORK -- The most telling moment in a conversation here last week with Iranian President Mahmoud Ahmadinejad came when he was asked if America would attack Iran. He quickly answered "no," with a slight cock of his head as if he regarded the very idea of war between the two countries as preposterous.

Ahmadinejad's confidence was the overriding theme of his visit. He was like a picador, deftly sticking darts into a wounded bull. As he moved from event to event -- TV and print interviews, a chat with the august Council on Foreign Relations, his lecture to the U.N. General Assembly -- he displayed the same flinty composure. It sometimes seemed as if he owned New York, dispensing his radical bromides like a tidy, compact version of Fidel Castro. I sensed the same certainty that was expressed by Ayatollah Ruhollah Khomeini back when this confrontation began in the late 1970s: "America cannot do a damn thing."

Over the course of a week's time, I had an unusual chance to sit with both President Bush and President Ahmadinejad and hear their thoughts about Iran. The contrasts were striking: Bush is groping for answers to the Iran problem; you sense him struggling for a viable strategy. When I asked what message he wanted to send the Iranian people, Bush seemed eager for more contact: He spoke of Iran's importance, of its great history and culture, of its legitimate rights. He made similar comments in his speech Tuesday to the U.N. General Assembly.

Ahmadinejad, meanwhile, is sitting back and enjoying the attention. He's not groping for anything; he's waiting for the world to come to him. When you boil down his comments, the message is similar to Bush's: Iran wants a diplomatic solution to the nuclear impasse; Iran wants dialogue; Iran wants more cultural exchanges. At one point, Ahmadinejad even said that "under fair conditions," he would favor a resumption of diplomatic relations with the United States.

But if the words of accommodation are there, the music is not. Instead of sending a message to the administration that he is serious about negotiations, Ahmadinejad spent the week playing to the gallery of Third World activists and Muslim revolutionaries with his comments about Israel and the Holocaust. This audience hears the defiant message between the lines: America cannot do a damn thing.

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Ahmadinejad is the calmest revolutionary I've ever seen. Sitting in a plush easy chair in his suite at the InterContinental hotel, he barely moves a muscle as he makes the most radical statements. His feet don't jiggle, his hands don't make gestures, his facial expression barely changes. His eyes are the most expressive part of his body -- sparkling one moment, glowering the next, focusing down to dark points when he is angry.

An interview with Ahmadinejad is an intellectual ping-pong match. He bounces back each question with one of his own: Ask about Hezbollah's attacks, and he asks about Israel's attacks. Question his defiance of the United Nations, and he shifts to America's defiance of the world body. In more than an hour of conversation with me and Lally Weymouth of Newsweek, he didn't deviate from his script. Indeed, some of his comments in the interview were repeated almost word for word when he addressed the General Assembly a few hours later. This is a man adept at message control.

The common strand I take away from this week of Iranian-American conversation is that the two countries agree on one central fact: Iran is a powerful nation that should play an important role in the international system. Bush put it to me this way: "I would say to the Iranian people: We respect your history. We respect your culture. . . . I recognize the importance of your sovereignty." Here was Ahmadinejad's formulation, when I asked how Iran could help stabilize Iraq: "A powerful Iran will benefit the region because Iran is a country with a deep culture and has always been a peaceful country."

That's the challenge: Can America and Iran find a formula that will meet each side's security interests, and thereby allow Iran to return fully to the community of nations after 27 years? Iran can't achieve its ambitions as a rising power without an accommodation with America. America can't achieve its interest in stabilizing the Middle East without help from Iran. The potential for war is there, but so is the bedrock of mutual self-interest. The simple fact is that these two countries need each other.

David Ignatius co-hosts with Fareed Zakaria of Newsweek an ongoing discussion of international issues called PostGlobal, athttp://www.washingtonpost.com. David Ignatius can be reached atdavidignatius@washpost.com.

U.S., Libyan Diplomats Celebrate Ties (AP)

By Anne Gearan

AP, September 24, 2006

Top diplomats from the United States and Libya celebrated their newfound friendship Saturday, but disputes remain from more than two decades of hostility.

Secretary of State Condoleezza Rice points to Libya as a model for other nations after its historic decision to renounce weapons of mass destruction and engage the world, but she has repeatedly put off a splashy trip to Tripoli to inaugurate a U.S. Embassy. The United States quietly upgraded its small diplomatic office in Tripoli to an embassy this summer, but has held no formal ceremony to mark the occasion.

Rice saw her Libyan counterpart here instead, on the sidelines of the U.N. opening session.

Rice and Libyan Foreign Minister Abdurahman Shalgam discussed cooperation in fighting terrorism, a turnabout for the North African nation that the United States long called a terror sponsor.

A U.S. official, speaking on condition of anonymity because the meeting was private, said Rice also emphasized what the United States sees as a need to resolve outstanding legal issues related to the 1988 bombing of Pam Am flight 103.

The Pan Am issue is one of two major sticking points between Washington and Tripoli four months after the United States announced it would establish full diplomatic ties with Libya and remove it from the State Department's list of state terror sponsors.

It was not clear whether Rice and Shalgam aired the other outstanding issue: Libya's treatment of five Bulgarian nurses and a Palestinian doctor accused of infecting Libyan children with the virus that causes AIDS.

Libyan leader Moammar Gadhafi surprised the world in late 2003 when he swore off terrorism and announced plans to dismantle his country's weapons of mass destruction programs. Libya was eager to end the international isolation and economic hardships from United Nations and U.S. sanctions in the Pan Am case, and Gadhafi concluded the weapons programs were best used as a bargaining chip.

The diplomatic thaw began almost immediately, with the opening of a small U.S. diplomatic office in Libya in 2004.

The U.S. had not had formal diplomatic relations with Libya since 1980.

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Although Gadhafi is apparently eager to demonstrate his new status as a U.S. friend, Rice is not expected to pay a visit until the case of the medics is resolved.

The United States says the six should be freed and allowed to go home; Libya says they remain under charge.

The Bush administration went ahead with plans to establish normal diplomatic relations with Libya despite pressure to slow the process from families of Americans killed in the Pan Am bombing.

Libya was held responsible for the airliner bombing, which claimed 270 lives, most of them American.

Families of victims say they are still owed $2 million apiece as part of a settlement that Libya made with the United States. The families have already received $8 million each.

Rice Presses Libyan FM On Terror Compensation (AFP)

By David Millikin

AFP, September 24, 2006

US Secretary of State Condoleezza Rice pressed her Libyan counterpart to finalize compensation payments to US victims of Libyan terrorist attacks, one of the last remaining disputes between the former enemy states, a senior US official said.

Rice also urged Foreign Minister Abdurahman Shalgam to release "on humanitarian grounds" five Bulgarian nurses and a Palestinian doctor convicted of injecting Libyan children with the AIDS virus, the official said.

Their meeting, on the sidelines of the UN General Assembly, was the first between Rice and Shalgam since the United States and Libya established full diplomatic relations in May following a 25-year rupture.

US-Libyan relations have warmed dramatically since the regime of Moamer Kadhafi renounced terrorism and abandoned efforts to develop weapons of mass destruction in late 2003.

A key to the rapprochement was Libyan acknowledgement of responsibility for two terrorist attacks that took US lives: the 1986 bombing of the La Belle disco in Berlin, where two US servicemen were among the victims, and the 1988 destruction of Pan Am Flight 103 over Lockerbie, Scotland, that killed 270.

Libya agreed to pay 10 million US dollars in compensation to the families of each of the Lockerbie victims, but has so far only paid out eight million dollars each.

While Tripoli also reached a compensation agreement for non-US victims of the La Belle bombing, a similar demand by the US victims is still in federal courts.

During Saturday's meeting with Shalgam, Rice "emphasized the need to resolve the outstanding issues related to Pan Am 103 and the La Belle claims," the senior official said on condition of anonymity.

She also "urged a rapid resolution on humanitarian grounds" of the case involving the six foreign medical workers, the official said.

The six have been jailed since 1999 and were sentenced to death by firing squad in May 2004 for "knowingly" injecting over 400 Libyan children with AIDS-tainted blood in a Benghazi hospital. Some 50 of the children have died.

The Libyan Supreme Court quashed the conviction, but a retrial is currently underway in Tripoli and prosecutors have again demanded the death penalty.

Foreign health experts have testified in defense of the six that the AIDS infections were caused by poor hygiene at the hospital long before the arrival of the foreign personnel.

The US State Department has called repeatedly for the release of the six, as well as progress on a number of human rights issues in Libya.

Since the reestablishment of diplomatic relations, which were cut in 1981, a number of senior State Department diplomats have visited Tripoli.

But Rice herself has yet to seal the renewal of ties with a visit of her own, conditioning the trip on the release of the foreign medical workers.

She brushed aside a reporter's question at the start of Saturday's meeting about whether she could visit Libya soon if the issue was resolved.

"We'll let you know our travel plans when we have them," she said.

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The senior official said Rice and Shalgam also discussed counter-terrorism cooperation and efforts to convince the government in neighboring Sudan to accept the deployment of UN peacekeepers to halt violence in its Darfur region.

'Empower Women,' Rice Tells Female Politicians (LAT)

From Times Wire Reports

The Los Angeles Times, September 24, 2006

Secretary of State Condoleezza Rice gathered other influential female political leaders to promote the empowerment of their gender.

"We all have experiences we would like to share," she told about 20 female political figures, including Liberian President Ellen Johnson-Sirleaf, Africa's first elected woman head of state. "We have to promote and empower women," Rice added. "We are going to champion the empowerment of women because it is only right."

Islamists Calm Somali Capital With Restraint (NYT)

By Jeffrey Gettleman

The New York Times, September 24, 2006

MOGADISHU, Somalia, Sept. 23 — As the sun begins to sink over this broken city, work crews swing their axes over their shoulders and head home.

Young couples take to the waterfront, mingling openly in the salty breeze. Thousands of children flock to soccer fields in the city center, with a backdrop of beautifully crumbled ruins from battles now over.

It is hard to imagine that this is Mogadishu, the same Mogadishu of "Black Hawk Down," and clan against clan and 15 years of anarchy. But over the past three months, the Islamists in control here have defied international expectations — in many ways. Not only have they pacified one of the most dangerous cities in the world, they also seem to have moderated their message.

Instead of acting like the Taliban and ruthlessly imposing a harsh religious orthodoxy, as many feared, the Islamists seem to be trying to increase public support by softening their views, at least officially, delivering social services and pushing for democratic elections.

Islamic leaders are operating almost in campaign mode, organizing street cleanups, visiting hospitals, overseeing a mini building boom and recruiting elderly policemen to don faded uniforms they have not worn for years and return to work. Beyond that, they sent a letter this week to the United Nations Security Council pledging to support democratic rule.

Maybe this is just smooth talk. Or premature signs that could prove misleading. Hard-core elements still operate here, including militiamen who drive around with black scarves and black flags and shoot people for watching Hollywood movies. Young men like them were believed to have killed an Italian nun at a Mogadishu hospital last Sunday, apparently in retaliation for Pope Benedict XVI's remarks on Islam.

But the Islamist leaders say they are rogue elements who will be punished, and they have reopened some movie theaters and issued decrees emphasizing tolerance. Whether they live up to those promises seems to hinge on whether they can, or even want to, rein in the militant groups that helped propel them to power.

"The world was so quick to label us," said Ibrahim Hassan Addou, the foreign minister for the Islamic administration in Mogadishu. "All we are asking is to be judged on our deeds."

The United States continues to assert that the Islamists are sheltering Al Qaeda terrorists. The suicide attack against the United Nations-backed transitional government in Baidoa on Monday only reinforced that suspicion, though the Islamists deny any involvement.

But the darkest fears of a draconian Islam on Africa's east coast have not come true, at least not yet. Boys are allowed to play soccer, and girls are allowed to go to school, despite rumors to the contrary. And businesses are not forced to close during prayer time, as has been widely reported outside of Mogadishu.

In fact, people were selling bread, biscuits and watermelon right in front of the Islamic forces' headquarters during the noon prayer earlier this week. The teenage militia members standing guard regressed to the boys that they were, giggling over giant slices of watermelon and spitting seeds at each other, the juice running down their chins and dripping onto their guns.

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"Nobody knows where we're headed," said Ahmed Mohammed Ali, chairman of a Mogadishu human rights organization. But, he added, the Islamists "pacified this place and brought the clans together."

"Whatever you think about them," he said, "you can't overlook that."

There is a famous story that says much about Somalia. It sounds like a fable, but according to several Somali businessmen, it is sad but true.

There were two close friends who owned a fishery north of Mogadishu. They were like brothers and vowed that if anything ever happened to either of them, the other would take care of the his family. They were from the same clan but from different branches of it, the Saad and the Saleeban. One day the Saad man was caught in a cross-fire and killed accidentally by a Saleeban militia. Within hours, the Saad took their revenge and without consulting the dead man's family shot to death his best friend.

"Anarchy is bad, man," said Adam Daley, a Somali-American businessman living in Mogadishu. "Can you imagine New York City without any police? Or light?"

This is how Mogadishu, the capital of Somalia, was since 1991, when clan-based warlords brought down the central government. United States marines and United Nations peacekeepers tried to restore order, but the people rallied behind the warlords and helped drive the foreigners out.

The fighting razed the city's famed Italian architecture and left a leadership vacuum. Gradually, clan elders set up small courts to resolve disputes, using Islamic law to guide them.

Before the war, that might have seemed strange. Somalia used to be a secular place, where women wore skirts and men drank beer.

But in the period of anarchy, the culture changed. After Western aid organizations pulled out, Arab charities rushed in, bringing Koranic schools and more religion.

Militant Islamic groups opened camps in Somalia's deserts. According to terrorism analysts, American intelligence officers began hiring warlords to kidnap terrorism suspects and take them to bases outside Somalia. Often the suspects were innocent imams or businessmen who were soon set free.

By 2004, the Islamist groups teamed up with clan courts and businessmen to protect themselves from the warlords, calling their alliance the Union for Islamic Courts.

Last winter, the warlords announced that they, too, had formed an alliance, the Alliance for the Restoration of Peace and Counterterrorism. It was a well-known fact, buttressed by the annoying aerial drone that buzzed over Mogadishu at night, that they had American support.

That played straight into the hands of the Islamists, who quickly built an army called the Shabab, or youth, made up of young, devout fighters, to overthrow the warlords. The Shabab wore green skull caps and little beards. They did not smoke cigarettes or chew qat, the popular narcotic leaf that had spurred so much of Mogadishu's madness.

People were impressed.

"Every day at noon women were driving to the front lines to bring these guys food," recalled Ali Iman Sharmarke, one of the founders of the HornAfrik television and radio station.

The warlords were steadily pushed back and soon could not trust anyone, including phone operators, whom they suspected of tapping their calls.

"We had no communication or leadership," said Col. Ali Warsame, whose warlord commander ended up fleeing Mogadishu on the back of a donkey and wearing a veil. By the first week of June, all the warlords had been defeated.

The courts' first move was a thank you to their patrons. Within weeks, Mogadishu's port and airport, which had been essentially closed for more than a decade, were open for business.

The courts then took many of the warlords' militiamen to an old army base outside the city.

There, under a searing sun, 700 young men march in circles, chanting, "God is great!" and doing a funny elbow-swinging goose step.

"It's Russian," Col. Muhidin Haji, the camp commander, explained.

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The courts are now focusing on civil administration, with committees on sanitation, reconstruction, education and justice. Investment money is already flowing back in. The streets around Mogadishu's main market are clogged with trucks hauling logs and cement. To oversee all this, the Islamists have appointed university professors, including many educated abroad, to crucial posts.

The Islamists are meeting with leaders from the transitional government based in Baidoa, 150 miles inland, to discuss sharing power. Despite being recognized by the United Nations, the transitional government has very little support among Somalis.

Under a United Nations-backed framework, Somalia is supposed to have elections by 2009. The Islamists say the sooner the better. They know they are the most popular force in the country.

One morning this week, hundreds of men volunteered for an Islamist-organized clean up. With the clap of his hands, the work leader sent them plunging into overgrown thickets to clear brush. "It's an exchange," said Abdul Aziz Issah, one of the workers. "They brought us peace, we give them work."

There is so much of it to do. Huge swaths of the capital have been reduced to ruins, with an arch left here, half a crumbling wall left there. In many places, Mogadishu looks like an ancient city that has been deserted for centuries, just riddled with holes.

Somalian Militia Looks To Take Over Port (AP)

By Mohamed Sheikh Nor

AP, September 24, 2006

Hundreds of Islamic militiamen in heavily armed trucks headed Saturday to the strategic town of Kismayo in what appeared to be an imminent takeover attempt of one of the last seaports outside their control in Somalia, witnesses said.

Key leaders of the Islamic militia — which controls the capital, Mogadishu, along with much of southern Somalia — have been in Kismayo for several days in direct challenge to the warlords who are in control there.

Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out.

"I saw 50 trucks from the Islamic courts and more than 300 militiamen who were heading to Kismayo," Quasim Munye told The Associated Press from the coastal town of Brava, which is on the only road that leads to Kismayo. "The trucks were huge and the militias well-prepared."

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, throwing the country into anarchy.

An official government was formed in 2004 with U.N. help in hopes of restoring order after years of lawlessness. But the Islamic movement seized Mogadishu in June and now controls much of the country's south.

The government controls just one town, Baidoa, 150 miles from the capital, but it has a strong ally in Kismayo. The government's defense minister, Col. Barre "Hirale" Aden Shire, is a member of the Juba Valley Alliance that rules the town.

The United States has accused the Islamic group of sheltering suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania. Al-Qaida chief Osama bin Laden has portrayed Somalia as a battleground in his war on the U.S.

The group's strict and often severe interpretation of Islam raises memories of Afghanistan's Taliban, which was ousted by a U.S.-led campaign for harboring bin Laden and al-Qaida fighters. Still, many residents credit the courts with bringing a semblance of order.

Also this week, Islamic leaders in the capital banned the sale of a leafy stimulant called qat, which is wildly popular among Somalis, during daytime in the Muslim holy month of Ramadan, which begins this weekend. Islamic officials in Balad, about 18 miles from the capital, banned qat altogether during Ramadan.

Islamists consider qat un-Islamic but have generally tolerated it since they came to power. Users chew qat like loose tobacco and experience a mild buzz that lasts for anywhere between 90 minutes to a few hours. It can also cause an elevated heart rate and create a feeling of euphoria.

Kurdish Rebels Suspected In Turkey Blast (AP)

By Selcan Hacaoglu

DOJ_NMG_0068364

AP, September 24, 2006

Suspected Kurdish guerrillas set off an explosive-laden minibus across from a police guest house in eastern Turkey Saturday, injuring 17 people, the governor's office said.

The Ford minibus parked across from the police guest house, went off in eastern city of Igdir on the Armenian border. The blast shattered the windows of the police guest house and other buildings in the area.

Two of the injured were in serious condition, the governor's office said. The injured included five police officers and officials of a small soccer club who traveled from Ankara to Igdir for a match, private Dogan news agency said.

The explosion coincided with complaints by imprisoned rebel chief Abdullah Ocalan about his prison conditions, which were relayed by his lawyers, the pro-Kurdish news agency Firat reported on its Web site on Saturday.

The attack also comes after recent declaration of cooperation between Turkey, the United States and Iraq in fighting the guerrillas, who are based in northern Iraq.

The conflict has claimed the lives of more than 37,000 people since the guerrillas took up arms for autonomy in 1984.

The rebels have recently intensified attacks across the country and have so far ignored a recent call by the pro-Kurdish Democratic Society Party to declare a unilateral cease-fire in the hopes of establishing dialogue with the state.

Earlier Saturday, autonomy-seeking Kurdish rebels detonated a remote-controlled bomb, derailing a freight train in southeastern Turkey, officials said. No injuries were reported in that attack which occurred in the province of Elazig.

In late August, the rebels have also carried out bomb attack in Mediterranean resorts, killing at least three people and wounding dozens, including 10 Britons in a minibus bombing in the popular resort town of Marmaris.

Ocalan has been in prison on the prison island of Imrali, off Istanbul, since his capture on Feb. 15, 1999 in Kenya. His guerrilla group has long demanded that Ocalan be moved out of solitary confinement and expressed concern about his health.

A delegation from the Council of Europe's committee for the prevention of torture, which visited Ocalan on the island in 1999, said the rebel leader's cell was well lit and suitably equipped.

Turkey also maintains that doctors closely monitor Ocalan's health.

Venezuela: U.S. Held Foreign Minister (AP)

By Ian James

AP, September 24, 2006

Venezuela's foreign minister said he was illegally detained for 90 minutes at a New York airport Saturday by U.S. authorities whom he accused of treating him abusively and attempting to frisk him.

U.S. and U.N. officials called the incident regrettable but said Foreign Minister Nicolas Maduro had been identified for "secondary screening" — an added security check that can kick in for a variety of reasons.

"We were the object of an illegal detention by the U.S. government," Maduro told reporters at Venezuela's mission to the U.N. "We were detained during an hour and a half, threatened by police of being beaten."

Maduro said the authorities at John F. Kennedy International Airport at one point ordered him and other officials to spread their arms and legs and be frisked, but he said they forcefully refused.

He said his passport and ticket were retained for a time, and finally given back to him. But he said the incident prevented him from traveling home Saturday.

Homeland Security spokesman Russ Knocke denied that Maduro was mistreated. "There's no evidence to substantiate any sort of abnormality in the screening process."

The incident comes as tensions between the two countries — strained for several years — took a particularly confrontational turn. Both Maduro and Venezuelan President Hugo Chavez were in New York the past week attending the yearly U.N. General Assembly, where Chavez called President Bush "the devil" during his speech and criticized him during a stop in Harlem.

Knocke said in Washington that Maduro was referred for further screening but never reached that section of the airport.

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"He began to articulate his frustration with secondary screening right after he went through the magnetometer," he said, referring to the walk-through metal detector. "Port Authority officials confronted him when the situation became a ruckus." Knocke did not elaborate.

Airlines check passengers names against watch lists and apply certain criteria — such as paying for a ticket with cash — to direct passengers to a more intensive, or "secondary," screening process.

A U.N. diplomat, who spoke on condition of anonymity because he was not authorized to speak publicly, said that Maduro's trip was delayed because he had showed up late without a ticket, prompting the screening.

"We can confirm that a regrettable incident occurred at John F. Kennedy airport for which the U.S. government has apologized to Foreign Minister Maduro and the government of Venezuela," U.S. State Department spokesman Tom Casey said.

Maduro told the reporters that his government has been in touch with U.N. Secretary-General Kofi Annan about the incident and was gathering a team of lawyers to challenge a detention that he said violated international law.

Earlier, Chavez said on Venezuelan television that U.S. officials had detained Maduro after linking him to a failed coup that Chavez led in Venezuela in 1992.

"They have held him accusing him of participating in terrorist acts here," Chavez said in Venezuela. "He didn't even participate in that patriotic rebellion," he said, referring to the uprising he led while still an army officer.

Chavez has previously called Bush a "devil," "donkey" and "madman." While two countries are tied by oil — Venezuela is among the top five suppliers of crude to the U.S. — relations soured sharply in 2002 after the Bush administration swiftly recognized leaders who briefly ousted Chavez in a coup, before the Venezuelan returned to power amid street protests.

Bush's political foes and friends alike have condemned the remarks, newspapers have sharply criticized the Venezuelan leader, while a call has emerged for businesses to boycott Venezuela-owned Citgo Petroleum Corp. One U.S. governor said his state is no longer interested in buying discounted heating oil from Venezuela this winter.

Earlier Saturday, Chavez said Bush may be seeking to kill him for calling him "the devil" at the United Nations.

"Some worried friends over there have called me (to say) that because I called him the devil they have condemned me to death," Chavez said without elaborating further on his sources.

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AP U.N. correspondent Edith M. Lederer contributed to this report.

US Apologizes After Venezuelan FM Detained At Airport (AFP)

By Alfons Luna

AFP, September 24, 2006

Venezuelan Foreign Minister Nicolas Maduro said he was temporarily detained, threatened and stripped of his travel documents at a New York airport, prompting an apology from the US government.

"I was detained in a room ... for an an hour and 40 minutes" at John F. Kennedy International Airport, Maduro told CNN television in remarks broadcast on Venezuelan television. "Then they handed me to a delegation headed by our UN ambassador (Francisco Arias Cardenas)."

"I denounce before the world the US government. I ask UN Secretary General Kofi Annan that he speak about this case, that investigations be opened. I demand that the US government respect international rights."

Maduro, who attended the United Nations General Assembly in New York this week, said "the situation got worse" when he identified himself to the security officiers as Venezuela's chief diplomat.

"I told the on-duty officials that I was the foreign minister, and the situation got worse because they started insulting, yelling and brought a police officer ... and they started threatening us," Maduro said.

"Now I have no documents and cannot travel," he said.

At a later news conference, Maduro said: "We were threatened with being beaten."

"They took my passport and plane ticket and only gave them back to me at the end, after I had made a public denouncement" of the incident.

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He said he received a phone call from Thomas Shannon, the US top diplomat for Latin America, who expressed surprise at the incident.

When US State Department officials arrived on the scene, and Maduro said he thought the situation would be resolved, "we were told to spread our feet and stretch out our arms so the police could search us."

Maduro said UN chief Annan "had designated a team of lawyers that will immediately start work on the case."

He called the incident "a complex, shameful situation and an attack against international law," and linked it to a speech by Venezuelan President Hugo Chavez at the UN General Assembly this week in which the anti-US leader called his American counterpart George W. Bush the "devil."

The US Homeland Security Department denied Maduro's claims.

"There's no evidence to support any of this," US Homeland Security Department spokesman Russ Knocke told AFP by telephone.

"There's no evidence to support the claim that his travel documents were taken away, there's no evidence to support the claim that he was assaulted, there's no evidence to support the claim that he was somehow arrested or taken into custody," he said.

Knocke said Maduro was simply asked to go through a routine, secondary security screening.

The US State Department later confirmed the incident and apologized.

"The State Department can confirm there was an incident with Venezuelan Foreign Minister Nicolas Maduro at JFK airport in New York," department spokesman Gonzalo Gallegos said.

"The State Department regrets this incident. The United States government apologized to Foreign Minister Maduro and the Venezuelan government."

According to a State Department official, the airport security services "questioned" the foreign minister and asked the State Department to confirm his diplomatic identity.

"Diplomatic security was sent out to the airport. We understand he was able to board the plane before it took off but he refused and returned to New York City," the official said on condition of anonymity.

Earlier, Chavez accused Bush of ordering his assassination for his "devil" remark Wednesday at the UN General Assembly.

"The devil appears very sulphurous, and a few people say that he has given the order to kill me," Chavez said during a speech before scientists in western Venezuela.

"Many concerned friends have called me, (saying) that because I said 'devil' over there (at the UN), they have sentenced me to die. They will not kill me, I have much faith in life," Chavez added.

Chavez said Maduro had been detained for allegedly taking part in a failed coup attempt in Venezuela on February 4, 1992, that Chavez had led against then-president Carlos Andres Perez.

"Apparently he is on a list for February 4," Chavez said on Venezuelan television. "But he was not in the rebellion."

A Speech That Khrushchev Or Arafat Or Che Would Admire (NYT)

By Warren Hoge

The New York Times, September 24, 2006

UNITED NATIONS

WHEN President Hugo Chávez of Venezuela used his General Assembly appearance to call President Bush a devil who had left a telltale scent of sulfur on the speaker's podium, he was acting in an old, if not grand, tradition.The General Assembly hall with its green marble rostrum and giant golden screen bearing the United Nations seal was meant to sound with high-minded calls for international understanding. But on more than a few occasions, the cathedral-like space has rung instead with barbs and insults. And American presidents — from Harry Truman to Bill Clinton to George H.W. Bush — have been the favored targets.

In 1950, Wu Xiuquan, a Chinese representative, denounced the Truman administration effort to promote Taiwan, saying, "This is a preposterous farce, unworthy of refutation, in which Truman makes a mockery of Truman himself."

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President Reagan came in for a Hollywood-specific scolding in 1987 from Daniel Ortega, the president of Nicaragua. Denouncing Mr. Reagan's decision to continue financing contras fighting his Sandinista regime, Mr. Ortega said, "Rambo only exists in the movies."

Cuban foreign minister Roberto Robaina in 1996 took after President Clinton, saying, "We are facing a King Kong escaped from its cage, destroying and smashing without orientation or control."

Why has the United States come in for such tongue lashings?

Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades, said the General Assembly was a particularly alluring place for demagogues.

"If you want your 15 minutes of fame, what better place to get it than the rostrum of the General Assembly?" he said. "I think very often they are playing for the domestic audience and trying to build up their persona as a tough guy not afraid to take on the Yankee superpower."

But what might work at home doesn't necessarily play well on the world stage. "I think in the end they all come off as rejectionists," he said. "They're good at saying what they don't like, but they don't have any positive thoughts."

In that sense, the Chávez rant with its claim that "the U.S. is the greatest threat looking over the planet" harks back to speeches by Fidel Castro and Nikita Khrushchev during the chilliest days of the cold war. That's when the true art of America-bashing reached its pinnacle, even as it tended to follow a boilerplate script of "isms" — colonialism, imperialism, racism.

Che Guevara told the General Assembly in 1964 that "the United States is not the champion of freedom, but rather the perpetuator of exploitation and oppression against the peoples of the world and against a large part of its own population."

Castro, in 1960 managed to insult two future American presidents at the same time. He described John F. Kennedy as "a millionaire, illiterate and ignorant" and warned delegates against construing the comment as favoring Richard M. Nixon. "As far as we're concerned," he said, "the two of them lack, should I say, political brains."

While these rhetorical taunts don't necessarily influence the real course of world affairs, the threat of mobilized public opinion on a global scale against American policy can't be ignored and has at time spurred pointed responses.

In 1975, after a particularly harsh run-in with African countries, Daniel Patrick Moynihan, then the American UN ambassador, said: "For too long, we have been given private assurances that public obscenities were not meant. That currency is no longer acceptable."

President Ronald Reagan took the strongest stance against the Washington-baiting when he appointed Jeane J. Kirkpatrick, an outspoken conservative, as ambassador to the United Nations. She said that countries attacking the United States covered up their own misdeeds by using the "Big Lie" — accusing the United States of committing crimes that they in fact had perpetrated.

Finally, in 1987, when Daniel Ortega, the Marxist leader of Nicaragua, compared Reagan to Rambo, Vernon Walters, the American envoy, called the speech "typical revolutionary babble." And he and the rest of the American delegation walked out.

But perhaps the most effective retort was the less demonstrative one delivered by the British. In 1960 Nikita S. Khrushchev, the Soviet premier, had interrupted a General Assembly address by the prime minister, Harold Macmillan, by waving his arms in the air and shouting in Russian. In response, Mr. Macmillan stopped speaking and imperturbably sipped a glass of water. He murmured over his shoulder to Frederick H. Boland of Ireland, the assembly president, that if Mr. Khrushchev wished to continue, he would insist on a translation.

The Soviet leader went silent.

Hurricane ChÃ¡vez (WP)

The Washington Post, September 24, 2006

What's worse for energy security: a natural disaster or a petro-bully?

HUGO CHAVEZ got the attention that he craves by comparing President Bush to Satan last week. But the Venezuelan leader's absurd talk may be less threatening than his equally absurd incompetence. Since Mr. ChÃ¡vez took power seven years ago, Venezuela has mismanaged its oil so disastrously that production may have fallen by almost half, according to the estimates

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of outsiders, reducing global oil supply by a bit more than 1 percent. Along with natural disasters and Nigerian rebels, Mr. ChÃ¡vez's ineptitude has contributed to high energy prices.

It takes sustained determination to reduce output by that much, and Mr. ChÃ¡vez has provided it. He inherited a competent national oil company that produced three times more per worker than its Mexican counterpart. He immediately starved it of investment capital and dispatched ignorant political cronies to oversee it. When this abuse provoked a strike, Mr. ChÃ¡vez fired the staff en masse, getting rid of two-thirds of the skilled employees and managers.

Mr. ChÃ¡vez imagines that he can damage the United States by rerouting Venezuelan oil to other markets. He fails to understand that oil is fungible: If Venezuela's crude is sold to the Chinese, the Chinese will buy less of it elsewhere, freeing up supplies for U.S. consumers. But Mr. ChÃ¡vez also appears oblivious to the technical difficulties in sending oil halfway round the world rather than selling it in his own hemisphere. Oil tankers do not come cheap, and China will have to build special refineries to process the heavy brand of crude that Venezuela produces. Despite Mr. ChÃ¡vez's bluster about tripling exports to China in three years, Venezuela will depend on Yanqui consumers for the foreseeable future.

To the extent that Mr. ChÃ¡vez's wild talk stirs up anti-American feeling, he must be regarded as an irritant. If he secures a temporary seat on the U.N. Security Council, as he hopes to do next month, he will doubtless render U.N. diplomacy even more challenging than it is already. Yet it is not the United States but rather Mr. ChÃ¡vez's own countrymen who should most fear his intentions. Venezuela's courts, media organizations and civil society groups have been bullied into submission, and Mr. ChÃ¡vez is talking about a constitutional change that would allow him to remain in power indefinitely. "The people should not be stripped of their right if they wish to reelect a compatriot whoever it may be three, four, five, six times," he said recently.

Thai Coup Highlights Struggles Over Democracy (WP)

By Anthony Faiola

The Washington Post, September 24, 2006

BANGKOK -- Inside the teeming Khlong Toei slum in the shadow of this city's modern skyscrapers, 60-year-old street vendor Chalaem Tiensiri is still proudly displaying campaign stickers from deposed prime minister Thaksin Shinawatra's party on the walls of her shack. Asked about the bloodless military coup last week that abruptly ousted Thaksin from power, she looked down at her empty hands and quietly cried.

Echoing the feelings of many on the warren-like streets of Khlong Toei, Chalaem said the poor in Thailand were largely ignored before Thaksin was elected in a landslide in 2001. A billionaire tycoon who became the hero of the underclass, Thaksin ushered in universal health care that allowed Chalaem's cancer-stricken daughter to receive chemotherapy for less than $1 per treatment. His war on drugs, she said, drove the methamphetamine dealers from the neighborhood's tough streets. Local leaders from Thaksin's party provided free milk for her young grandson and brought the struggling widow gifts of rice several times a year.

"I don't care what they say about Thaksin, he was the first one who ever cared about us," she said, kneeling next to her ill daughter who rested languidly on a cot. "He gave me a chance to keep my daughter alive. He gave us food when we were in need. Now that he's been chased out, the poor have lost their closest friend."

Chalaem's lingering respect for Thaksin -- still widely shared among the urban poor and rural farmers across the country's north and northeast -- underscores the core problems confronting Thailand and a host of other emerging nations as they try, and sometimes fail, to cultivate healthy democracies.

Thaksin followed the path of other democratically elected leaders, like Venezuela's Hugo ChÃ¡vez, who are accused of using their posts to enhance their power at the expense of democratic institutions. Thaksin, following that pattern, gained popular support by pushing through policies aimed at easing the plight of the poor while using handouts of food and even cash to ensure votes at election time.

Experts say such populist-driven politics has exacerbated class divisions and created a significant hurdle to maintaining the rule of law for some developing countries. Well-educated middle- or upper-class Thais have generally embraced the coup as a regrettable but necessary step toward ending Thaksin's grip on power and ushering in a new constitution. The provisional military government, headed by the soft-spoken Royal Thai Army chief, Gen. Sonthi Boonyaratkalin, has promised to name a civilian as caretaker prime minister in the coming days and hold elections within one year.

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Foreign advocates for democracy and some domestic observers in Thailand have seen a clear conflict in such support for the coup. While the ousted prime minister infuriated his opponents by clinging to power, he simultaneously enjoyed unparalleled popularity among the nation's largest block of voters -- the poor. Some anti-Thaksin forces have even indirectly blamed the unquestioning support by poor Thais of the ousted prime minister for Thailand's current crisis.

"We understand that to some extent we have failed to address the problems of the poor, and we need to do a better job," said Surin Pitsuwan, a former foreign minister and leading member of the opposition Democrat Party. "The problem is that in Thailand, Thaksin created a class of people dependent on state handouts. We need to teach these people that there are no such things as free gifts in a real democracy and that it does them more harm than good to live off the largess of corrupt leaders."

Democracy advocates abroad, meanwhile, are viewing the case of Thailand -- an important regional ally of the United States and one of Southeast Asia's largest economies -- as particularly demoralizing.

In the 15 years since the last military takeover here, Thailand had emerged as the region's model for democratic reform. Already, the jailed leaders of a February coup attempt against Philippine President Gloria Macapagal Arroyo have made comments to the foreign press hailing the successful military men of Bangkok as exemplary patriots.

Analysts fear the Thai coup will also embolden existing military juntas, such as the one in neighboring Burma, to resist mounting international pressure to enact democratic reforms.

"The comeback from other nations in the region when they are told to make democratic reforms will be, 'Hey, look at Thailand. They couldn't make it work and the military had to take charge again,' " said Panitan Wattanayagorn, a political analyst at Bangkok's Chulalongkorn University. "Their argument will be that the people are just not eager for democracy and that the military men still know best."

The coup has brought swift international condemnation. The Bush administration is now in the process of reviewing military and other aid to Thailand and has said a pending free trade agreement with Bangkok cannot go forward without a restoration of democracy.

Thaksin, who was in New York preparing to address the United Nations at the time of the coup, is now in London, where he told reporters he was taking a "holiday" for the time being. In a statement, Thaksin appeared resigned to his ouster, saying he would remain in Europe for the time being to promote Thai unity.

But foreign investors remained jittery, with the Thai currency, the baht, and the stock market going on wild rides as rumors of a counter-move by officers still loyal to Thaksin have raged through Bangkok. So far, there have been no serious indications of violent resistance to the provisional military authority.

Anti-Thaksin forces here insist the coup is being misrepresented outside Thailand. They describe it as the result of Thaksin's attempt to usurp the constitution and set himself up as a "democratic dictator" in a nation where King Bhumibol Adulyadej remains the beloved head of state. Public protests against Thaksin, they said, had grown in the aftermath of a corruption scandal in which his family sold its controlling stake in a major telecommunications company to a Singapore state investment firm for $1.9 billion without paying a cent of taxes. But those protest rallies were confined to Bangkok.

Still, the spark that finally ignited the coup appeared to be Thaksin's recent interference in the military promotion system to elevate his allies to top positions.

In a signal that the royal household had effectively endorsed the coup, the king officially named Sonthi the head of an interim council.

On Friday, Sonthi again promised to swiftly name a civilian caretaker, with foreign observers calling for the appointment of a well-known and respected figure to prevent the impression of a puppet government. Attention has focused on former World Trade Organization chief Supachai Panitchpakdi and Thailand's central bank head, Pridiyathorn Devakula. But on Friday, speculation also turned to a less renowned figure, Ackaratorn Chularat, president of Thailand's Supreme Administrative Court.

Analysts note that Thaksin's adversaries had yet to exhaust all legal means of opposing him, and they said the checks and balances of Thailand's constitutional monarchy had recently begun to function.

With a nod from the king, Thaksin loyalists on an election commission were purged by the still largely independent Supreme Court -- opening the way for a more level playing field in elections that were set to be held in the coming months. Thaksin's critics say his party was already gearing up for a cash-for-votes campaign that would have kept him in power.

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Instead, with the military now in charge, Thailand has reverted to martial law. At least four of Thaksin's top aides have been detained by military authorities, who have also outlawed political meetings of five or more people. TV and radio stations have been warned to prevent criticism of the new military government, with armed soldiers stationed inside or near major domestic networks as a reminder. The military authority on Friday also named an official body to probe allegations of corruption under Thaksin.

Resistance to military control has already begun to fester. A group of about 100 university students staged an ingenious protest on Friday near an upscale shopping mall. To avoid violating the new military rules against political gatherings, they clustered themselves in groups of twos or threes across a broad public area.

"This coup is not what we wanted," said a 19-year-old university protester who declined to give his name, but held a sign saying: "No to Thaksin, No to the Coup."

"Thailand needs real democracy," he said, "and we don't feel this was the right way to achieve it."

Coup May Allow Thais To Take New Tack On Insurgency (NYT)

By Seth Mydans, International Herald Tribune

The New York Times, September 24, 2006

By SETH MYDANS

BANGKOK, Sept. 23 — Jesse Lee Daniel had just called for mustard for his chicken burger when the first bomb went off with a thud strong enough to shake the Swan Bar, where he was sitting in the southern city of Hat Yai.

After the second bomb last Saturday evening, 100 yards away at the Odeon department store, he hurried out with other foreign teachers who had been eating at the bar to take a look.

He was standing in front of the New Cherry Ancient Massage parlor, in a crowd of onlookers and masseuses, when the third bomb exploded on a motorbike parked at the curb beside them.

Mr. Daniel, a Canadian, died instantly, apparently the first Western victim of the almost daily violence that has taken more than 1,700 lives since the start of 2004 in Thailand's largely Muslim south.

The attack that killed him and five others was part of a new escalation in a separatist insurgency that has been aggravated, according to experts, by the militarized, give-no-quarter approach of former Prime Minster Thaksin Shinawatra.

Mr. Thaksin's ouster in a coup this week offers the chance for a new approach, though not a quick end, to an insurgency that has become nastier and more entrenched and that experts say may be receiving guidance and training from foreign Islamic insurgents.

"We are seeing that the insurgency is escalating at a very significant pace and very likely we will soon see an attack in Bangkok," said Rohan Gunaratna, a Singapore-based expert on terrorism. "They have created a movement."

The general who led the coup, Sonthi Boonyaratglin, is a Muslim who had clashed with Mr. Thaksin over the government's southern policy. Days before the coup, General Sonthi proposed negotiations with the insurgents, only to be brushed off by Mr. Thaksin.

But starting negotiations will not be easy. The only separatist group to respond to his offer has little control over insurgent activity, and General Sonthi himself conceded that "right now, the military does not know who their real leader is."

Another limit to negotiations is the complicated nature of the violence, which appears to include not only the Muslim insurgency but also political and business rivalries, drug running, banditry and feuds involving the military and the police.

But experts expect General Sonthi at least to begin to carry out the recommendations of a National Reconciliation Committee, led by the former prime minister, Anand Panyarachun. It proposed in May the creation of a regional administrative body to mediate.

Although the committee was created by Mr. Thaksin, he ignored its recommendations and proceeded with a policy of confrontation.

"If implemented, all those alone would go a long way to improving the trust of the local community," said Zachary Abuza, an expert on terrorism who is studying the violence in southern Thailand.

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The recommendations amount to a turnaround in dismissive and discriminatory attitudes of the central government in this largely Buddhist nation toward the Muslims who make up 5 percent of the population of 64 million people.

They would start with the lifting of a martial law decree that the commission found had aroused fear and resentment in the three Muslim-dominated southern provinces — Yala, Narathiwat and Pattani.

They also urge greater attention to local conditions and culture, including public school education in the local Malay language, and an end to a culture of impunity that has allowed hundreds of killings and kidnappings by security forces.

In addition, Mr. Abuza said, Mr. Thaksin's ouster is likely to end a constant, destabilizing rotation of military commanders in the region.

But for now, the momentum seems to be with the insurgents, who carry out killings and kidnappings, the assassination of local government officials and teachers and the burning of schoolhouses, as well as attacks on the military and local volunteers.

The latest bombings have frightened residents of Bangkok as they have seen the violence spreading from the core of the Muslim south into the capital of a neighboring province, Songkhla. Muslims here make up a smaller proportion of the population and most of them speak Thai rather than Malay.

"People here are afraid," said Thaveesak Khaotemdee, 29, a truck driver who lives in Hat Yai. "Wherever we go, we hurry out and hurry back. Nobody goes out at night. Just dead silence. Even at a restaurant we look at each other's faces. We never thought it would happen here in Hat Yai."

A year ago a bomb was planted at the Hat Yai airport. But the latest bombings — six altogether, within minutes of one another — brought the violence into the heart of the city.

It seems clear that the attacks were aimed at foreigners in the entertainment district of Hat Yai, which depends on tourism for much of its income, said Chaiwat Satta-anan, a professor at Chulalongkorn University who was a member of the reconciliation commission.

"There is no record of foreigners or tourists as victims in the southern violence," he said. "So the meaning of this particular incident is that another taboo of violence in the south as been broken."

Previous escalations included the killings of Buddhist monks, attacks in Buddhist temples and the killing of a Muslim preacher, he said.

The attack in Hat Yai occurred three weeks after the bombings of 22 banks simultaneously nearby in Yala Province in which one person was killed and 29 wounded. Experts said these bombings showed the degree of coordination of a movement whose leadership, General Sonthi said, remained unknown.

The bombings in Hat Yai killed five people in front of the massage parlor, including three of the young women who were standing near Mr. Daniel and a man on a motorbike.

Officials said 14 foreigners were among the 72 people who were wounded that evening, including 6 Malaysians, 3 Singaporeans, 3 Britons, an Indian and an American.

The next morning, when Boonmi Ngoeichai, 27, returned to the Swan Bar, where she works as a waitress, she discovered that the manager had saved Mr. Daniel's chicken burger, still unsure why he had not returned to eat it.

When he learned that Mr. Daniel had been killed, the manager threw it away. But he immediately regretted what he had done, she said.

"Oh, I wish I hadn't done that," the manager said. "I wish I'd saved it, and I could have taken it out to feed his spirit."

Tanks Roll In Thailand (WP)

By Joshua Kurlantzick

The Washington Post, September 24, 2006

When I arrived in Thailand in the summer of 2003, Prime Minister Thaksin Shinawatra seemed to be presiding over a bona fide success story. Thailand's economy, battered by the Asian financial crisis in the late 1990s, was roaring back to life, with foreign investors returning to the country, the stock market blossoming and consumer spending soaring. At the chic restaurants along Bangkok's Sukhumvit Road, upper-middle class Thais in slick suits tossed back plates of expensive tapas and bottles of

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wine. Boasting the region's fastest growth rates, Thaksin had proudly toured Southeast Asia, promoting his "Thaksinomics" brand of economic stimulus as an example for other countries.

Thailand's politics also seemed to be operating on cruise control. With nearly 15 years of civilian rule, the country had built a vibrant democracy, and in 1997 created a reform-minded constitution hailed as one of the most progressive in the region.

It didn't last. By earlier this year, thousands of Thais had gathered in the streets to call for Thaksin's head, Thailand's political system had broken down, a rumbling insurgency in the country's south had exploded into open warfare and the economy had begun to nosedive. The situation came to a head last week, with a decidedly retro action: a military coup, not seen in Thailand since the early 1990s. Indeed, the sight of armed troops in camouflage patrolling the streets of Bangkok seemed jarring -- a sight more appropriate for Mauritania or Burma than a city full of malls lined with Chanel and Louis Vuitton boutiques.

But the decline of such a promising nation was not as rapid as it seems. Since he was first elected in 2001, Thaksin had slowly undermined Thailand's democratic institutions, and his economic policies, though initially successful, mortgaged Thailand's future. As a result, when Thaksin needed to rally support from the country's democrats last week, he found few still standing in his corner.

Entering politics as the head of one of Thailand's biggest telecommunications companies, Thaksin had promoted himself as a CEO-type leader, a man who made quick, firm decisions. This image of Thailand's richest man proved appealing, especially in a country accustomed to fragmented, slow-moving political coalitions, and along with massive, populist handouts of state money to rural areas, it helped him win large majorities in the 2001 and 2005 elections.

But Thaksin never seemed to understand that, unlike in a corporation, he could not simply order results in a democracy and stifle opposition. In the deep south, home to a Muslim minority with longstanding grievances against majority-Buddhist Thailand, Thaksin eliminated an institution designed to hear residents' complaints and then amassed near-total control over the situation.

In Bangkok, Thaksin's family company bought up Thailand's most independent television station, fired critical journalists and then used the government's Anti-Money Laundering Office to intimidate other reporters. The prime minister also cashiered civil servants who questioned his policies, including the governor of the Bank of Thailand and the reform-minded head of the armed forces. He helped install people close to him in key positions at the supposedly independent government watchdog agencies created by the 1997 constitution. He launched sedition charges against critics, and he openly undermined the authority of Thailand's judges.

The prime minister's economic policies, meanwhile, often seemed designed more to benefit his telecommunications empire. Though the Thaksinomics fiscal stimulus jump-started the economy, it left Thailand saddled with deep debts, and it failed to produce high-value industries that could compete with China and other Asian economies. In January, his family sold shares in its telecommunications company to a Singaporean firm, netting $1.9 billion without paying any taxes. A 2003 study by Vanderbilt University found that eight of the 10 largest conglomerates in Thailand had people in Thaksin's cabinet linked to their company.

As he amassed more power, Thaksin's attacks on his perceived enemies increased. He lashed out at the few independent media organizations still remaining. He refused to heed calls for reconciliation in southern Thailand, where anger had spiraled into widespread violence. Instead, he may have tacitly allowed death squads to rampage in the south, "disappearing" human rights advocates. More than 1,200 people have died in the region, at the hands of militants and the authorities, in the past two years alone.

But the government's crackdown there only made the problem worse. On most evenings, Thailand's deep south feels more like Iraq than a part of a modern democracy. At major intersections some troops manning heavy machine guns sit surrounded by sandbags, while others stop vehicles and search passengers. On back roads, insurgents gun down police and fire-bomb government buildings.

Eventually Thaksin went too far. Army officials and political elites chafed at his perceived corruption, and complained to me that the military was sacrificing soldiers in southern Thailand with no plan. Worse, when Thailand's revered monarch, King Bhumibol Adulyadej, obliquely criticized Thaksin in a speech last December, the prime minister did not listen.

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Thaksin should have bowed before the king, honored like a god in Thailand for steering the country through decades of political crises. But he seemed not to heed the monarch, and though the poor still loved Thaksin, street protests erupted in February and March. These were not violent affairs. At one demonstration, thousands of urbane Bangkokians gathered on a central green to swap T-shirts mocking Thaksin, groove to anti-Thaksin funk music, chant slogans -- and snack on reams of Thai sweets.

Still, the street protests may have given the military the confidence to intervene, especially after Thaksin won another disputed election in April; the coup was led by Gen. Sonthi Boonyaratglin, army commander in chief and an ally of the royal palace. The coup-makers wore the monarchy's traditional colors, and the king later endorsed Sonthi's transitional government.

After the coup, the response from many of Thailand's leading liberals was decidedly lukewarm, though Thaksin had won three elections and international organizations such as Human Rights Watch condemned Sonthi's actions. Former prime minister Chuan Leekpai announced, "As politicians, we do not support any kind of coup but . . . Thaksin has caused the crisis."

Thailand now stands on a precipice. The military government has promised to appoint a civilian caretaker as prime minister and outline a path to elections next year, but it also has declared martial law and arrested activists who tried to protest the coup. By removing Thaksin, the military may have taken out a leader with anti-democratic tendencies, but it also shredded Thailand's 1997 constitution, which was supposed to offer a bulwark against the army playing a role in politics. "Political troubles should be solved by politicians," Sonthi himself had said last year.

And if Thailand holds another election, Thaksin, who remains popular among the poor, could legitimately win again, setting the stage for the kind of ongoing political turmoil that has doomed Southeast Asian nations such as the Philippines. For a country full of promise, that would be the saddest fate of all.

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Putin Rejects Europe's Fears On Company (NYT)

By Ariane Bernard

The New York Times, September 24, 2006

COMPIÈGNE, France, Sept. 23 — President Vladimir V. Putin of Russia dismissed concerns over his country's growing interest in the European Aeronautic Defense and Space Company at a meeting here Saturday with his French and German counterparts.

"As far as the acquisition of a 5 percent stake is concerned, it is not at all evidence of aggressive behavior on the part of the Russian side," Mr. Putin told reporters after discussions with President Jacques Chirac of France and Chancellor Angela Merkel of Germany at Compiègne, north of Paris, that ranged from Russia's handling of its energy resources to such diplomatic issues as Lebanon and Iran. "We will not use this stake to change in any way the institutional situation of EADS."

This month, a Russian state-controlled bank bought a 5.02 percent stake in EADS, the parent company of Airbus, and Russian officials indicated then that the government hoped to increase its stake. But EADS and Thierry Breton, the French finance minister, subsequently rebuffed speculation that Russia might gain a position on the board of the European consortium.

Mr. Putin also said that Russia was ready to send "a small deployment of Russian military engineers" to Lebanon, as part of a bilateral agreement outside the United Nations-backed force. Mr. Putin said Russia wanted to be sure its contribution was welcome by all Lebanese parties before proceeding.

The three leaders said they had discussed energy, and Mr. Putin tried to reassure Western countries that Russia was a reliable partner that appreciated the mutual dependence of producers and consumers.

President Putin also announced he signed on Friday two memorandums of understanding for potential contracts representing more than $10 billion in transactions. One, between the Russian transportation ministry and the French construction giant Vinci, concerns plans for a highway between Moscow and St. Petersburg. The other, between the Russian and French Transportation Ministries, provides for possible cooperation on transportation and infrastructure in Russia.

Rebels Ready To Defend Breakaway Enclave (WT)

By Michael Mainville, The Washington Times

The Washington Times, September 24, 2006

SUKHUMI, Georgia -- Under mounting pressure from Tbilisi, separatist leaders in Georgia's breakaway region of Abkhazia are warning that their armed forces, backed by Russia, are prepared to defend their territory.

"We are ready to fight them, even if they have the support of the Americans," Abkhazia's de facto president, Sergei Bagapsh, said in an interview in the capital, Sukhumi. "We have enough weapons, enough soldiers and enough friends to defend our nation."

Abkhazia, a sliver of land nestled between the Black Sea and the Caucasus Mountains, broke away from Georgia amid fierce fighting in 1992 and now has de facto independence.

Since coming to power after the 2003 "Rose Revolution," Georgian President Mikhail Saakashvili has stepped up efforts to reassert control over Abkhazia and Georgia's other separatist enclave, South Ossetia.

Mr. Bagapsh spoke with The Washington Times before the U.N. General Assembly, where Mr. Saakashvili accused Russia of waging a "gangster occupation" with its peacekeeping troops.

Tensions have soared in the region in recent months and particularly since Georgian forces in late July seized the contentious Kodori Gorge, the only part of Abkhazia not under separatist control, from a local warlord.

Georgia is establishing a local government in the gorge made up of members of the Abkhazian "government-in-exile," which supports reunification.

Mr. Saakashvili has promised only "peaceful means" will be used to restore Abkhazia to Georgian control, but Abkhazians fear otherwise.

"We fear that the operation in Kodori was only designed to establish a bridgehead for a wider invasion," said Sergei Shamba, Abkhazia's de facto foreign minister.

Renewed conflict in the region would stoke tensions between Washington, which has backed Mr. Saakashvili's drive to restore Georgia's territorial integrity, and Russia, which funds the separatist government and has provided passports to more than 90 percent of Abkhazians.

The United States has deployed a small contingent of troops in Georgia to provide military training, and Russia has hundreds of soldiers in Abkhazia as peacekeepers.

Analysts expect tensions could reach critical levels later this year if U.N.-led negotiations on the status of Kosovo result in some form of independence for the Serbian province.

The United States and some other Western governments support autonomy for Kosovo, which has been a U.N. protectorate since mid-1999.

"If the international community recognizes Kosovo, it must do the same for Abkhazia," Mr. Shamba said. "There are stronger grounds for granting us independence. We fought for our statehood, have survived through sanctions and created democratic state institutions."

A sun-drenched paradise of palm trees, mandarin groves and sweeping beaches, Abkhazia once drew thousands ofvacationers from across the Soviet Union, but today is largely in ruins.

Along the waterfront in Sukhumi, its once-exclusive hotels lie derelict as the occasional Russian tourists who still venture here sunbathe beside the rusted hulk of a marooned ferry. In the countryside, whole villages have been abandoned.

"In a way, our problem is that we live in such a beautiful place," Mr. Bagapsh said. "That is why there are those who want to take it away from us."

Exit Koizumi, Japan's Relentless Jedi Knight (WP)

By Anthony Faiola

The Washington Post, September 24, 2006

TOKYO

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In Japan, the wa surrounds you. You can feel it in the priciest sushi bars and lowliest noodle parlors. Call it the particular Japanese way of looking at the world; of harmony, of collectiveness with a do-not-rock-the-boat spirit. In the mythology of "Star Wars" movies, the wa is like the Force. To mess with the wa is a cardinal sin.

Junichiro Koizumi messed with the wa .

But perhaps the most surprising thing about the man who will exit the political stage next week as Japan's most important postwar prime minister is that when he messed with the wa , most Japanese discovered a shocking truth: Maybe the wa needed to be messed with.

In his 5 1/2 years in office, Japan's modern samurai took his light saber to practically every national taboo. He cut through the country's notorious bureaucratic fat, forcing passage of legislation to reduce government payrolls and curb the wasteful spending that had left post-bubble Japan saddled with bridges to nowhere and highways dead-ending in unpopulated grasslands. Where his predecessors had used pork-barrel spending in vain attempts to drag the nation out of its decade-long recession, Koizumi instead turned to market forces -- delivering what is now on track to become Japan's longest period of economic growth since the end of World War II.

When China's looming emergence as a superpower began to cast a long shadow over Japan -- a country many Asia experts dismissed a few years ago as rising only in its irrelevance -- Koizumi charted a new course for a bolder nation. He dispatched non-combat troops to Iraq in Japan's largest military-related operation in six decades, launched Tokyo's first independent spy satellites and fortified the U.S.-Japan alliance to counter Beijing's spreading influence.

He did so with a flair that the Japanese had never before seen in a politician. Yukio Okamoto, Koizumi's former senior adviser on the Middle East, recalled the prime minister's 2003 address to the nation announcing what was then an unpopular decision to dispatch Japan's Self Defense Forces to Iraq. Foreign Ministry bureaucrats had prepared a defensive, almost apologetic speech for Koizumi. But the prime minister tossed it aside and went on live with an impromptu, highly personal discourse of his own.

"Those of us standing around Mr. Koizumi just smiled; it wasn't his words as much as his self-assured body language that convinced the Japanese public," Okamoto told me. "In that sense, Koizumi was able to do more than past prime ministers who just followed public opinion. He influenced it. In other words, he was a leader."

In a country long governed by consensus politics and glacial change, Koizumi's most significant achievement was smashing the body politic itself. He took aim at his own ruling Liberal Democratic Party -- a misnomer for a group of conservative dinosaurs who have ruled Japan for most of the past six decades through backroom agreements and a yakuza-like devotion to a few party bosses. Though Koizumi, 64, sometimes looked like a goof on the world stage -- especially while serenading President Bush with Elvis songs and traipsing around Graceland like a wide-eyed groupie -- he was a ruthless political strategist at home. He slew the reform-resistant LDP bosses like so many Darth Vaders by unceremoniously ejecting them from the party. In the process, he cleared a path for change.

"Koizumi was almost cruel in his political style," said Ichita Yamamoto, part of a new generation of younger LDP legislators. "But that's what we needed -- an unyielding leader beholden to no one."

But mixed in with the new sense of optimism Koizumi brought to the country was a precarious reinvention of Japanese nationalism. He flirted with the Dark Side of the wa , creating a new Japan unfettered by war guilt. His administration backed the new history textbooks' whitewashing of imperial atrocities, and repeatedly did not condemn political statements casting past aggressions in the light of national self-preservation. Koizumi's annual visits to Tokyo's Yasukuni Shrine honoring military dead -- including World War II criminals -- sparked outcries in the countries that suffered most from Japan's wartime actions. The repeat visits created a schism in Tokyo's diplomatic ties with Beijing and Seoul that has left Japan largely friendless in its own neighborhood.

For years, the Chinese, North Koreans and, more recently, South Korean President Roh Moo Hyun, have unabashedly used anti-Japanese rhetoric for political gain, to stoke their own flames of domestic nationalism and to distract from their own failings. But Koizumi's actions gave Japan's critics a credibility they had long lacked.

He tried to cloak his worship of military spirits, including Gen. Hideki Tojo, as a mystical rite of Shinto -- the main Japanese religion -- that foreigners could never hope to understand. He sought to separate his visits to the shrine from Yasukuni's shocking

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war museum -- which still defines Pearl Harbor as an act of self defense and blames the 1937 Rape of Nanking on the "cowardice" of Chinese rulers who fled the city. Yet those arguments have seemed artificial, arrogant and even dangerous.

Koizumi's handpicked successor -- Shinzo Abe, who is set to take over the prime minister's post next week -- is viewed as even more hawkish. Abe has vowed to rewrite Japan's pacifist constitution, drafted by the conquering Americans after World War II, within five years. That Japan deserves global clout commensurate with its wealth and a military capable of deterring new threats such as a nuclear-armed North Korea is not in doubt. But to move toward that new future with stubborn indignation will doubtlessly create more problems than it solves for Japan.

"I see Koizumi's actions today, his disrespect for the countries in Asia touched by the war, and I wonder if he is the same man I once knew," said Takayoshi Miyagawa, the prime minister's political consultant during his first parliamentary campaigns in the 1970s. "Both Koizumi and Abe have appealed to the people through nationalism, and that is a tactic that I had hoped Japan had grown out of."

On the domestic front, the pivotal question for Japan is whether Koizumi's reforms will be continued by Abe, who holds a far deeper respect for the old guard and has hinted at a more traditional approach toward public spending that could easily undo Koizumi's work. More important, Abe lacks the charisma of Koizumi, whose celebrity style of politics somehow managed to blunt even his worse offenses. For Americans, Koizumi became the first Japanese leader they could pick out of a lineup. Abe, on the other hand, is likely to fade into the background of G-8 photo ops in the same way that staid, dark-suited Japanese prime ministers have for a generation.

If Koizumi's mark on politics is to fade quickly, it will be Japan's loss. A self-described "weirdo" in a world of well-scripted politicians, Koizumi remained popular at home precisely because he broke the rules. In a nation where a famous saying lectures "The nail that sticks out gets hammered," he defied public conventions from the beginning, eschewing the cookie-cutter image of past PMs by rising to power on the back of pop-star good looks, blunt talk and grass-roots support for bold reform. The biggest surprise for Japan was that Koizumi -- the scion of a political family whose father's deathbed wish to him was "Junichiro Koizumi, be victorious" -- did more than win elections. Though the scope of his reforms never quite reached his own grandiose vision, he delivered on far more of his promises than almost anyone -- except Koizumi himself -- had ever expected.

He began almost immediately, beginning a debate within a year to revamp Japan's overfed entity in charge of building highways and roads; a notorious fount of political graft and excessive spending that LDP bigwigs tried desperately to preserve. Koizumi's battle with his own party would dramatically escalate in the following years, coming to a head in the last 18 months of his premiership. The one constant was his uncanny popularity.

Many of Koizumi's peers saw in him a reckless disregard for consensus -- the coda by which virtually all Japanese prime ministers have survived in the decades after World War II. They cited his display of kamikaze politics last September after reform-resistant LDP legislators rebelled against his plan to privatize Japan's gargantuan postal service. Fulfilling his pledge either to change the LDP or destroy it, he shocked the party hierarchy by ejecting the stonewallers from the party, calling snap elections and offering his own head if the people's will did not vindicate his reform crusade at the ballot box.

As the sun was setting on the outskirts of Tokyo last September, Yuriko Saito, a 57-year-old white-gloved wife of an accountant, joined a throng of thousands who braved sheets of rain to watch a hoarse Koizumi take his argument directly to the people. Convinced voters such as Saito went on to deliver Koizumi one of the biggest landslide victories in democratic-era Japan.

Why? Because Koizumi fought with the wa -- and the wa lost.

"Koizumi is the only prime minister we have ever had who has actually done something," Saito said that day. "Frankly, he surprised me."

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New Clashes In An Old Border Feud (LAT)

By Shankhadeep Choudhury, Times Staff Writer

The Los Angeles Times, September 24, 2006

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Since India began fencing off parts of its ill-defined frontier with Bangladesh, skirmishes have killed scores of villagers, officials say.

HARINAGAR, India — The last time Lokesh Chandra Dey heard bullets whizzing past and mortar fire pounding his neighborhood was 35 years ago, when India and archrival Pakistan fought a war that witnessed the creation of Bangladesh.

But on Aug. 9, Dey's village in the Indian border state of Assam found itself caught in the crossfire again, under a deadly barrage from across the frontier.

"The mortar shells came flying through the ceiling," Dey said, pointing to the gaping hole in the tin roof of his house, now covered by a black tarp. "Seven people were holed up in that room…. Pieces of brick were strewn all around…. Everything was damaged."

The attack killed Dey's daughter-in-law and niece. Three family members were injured.

Skirmishes have erupted lately between India's Border Security Force and its counterpart across the divide, the Bangladesh Rifles. The two countries share a 2,500-mile border, parts of which are not properly demarcated or are marked by rivers that occasionally shift course, sparking territorial disputes.

Although relations generally have been stable in recent years, tensions along the border have increased since India began fencing off the boundary to keep out what it describes as illegal immigrants and "cross-border insurgents."

At the same time, some observers fear that political parties in Bangladesh may be fomenting border violence in hopes of capitalizing on anti-India sentiment in upcoming national elections, due by the end of January.

Each country accuses the other of provoking the skirmishes.

Shivajee Singh, inspector general of India's Border Security Force, said that from Jan. 1, 2005, through last month, more than 30 incidents of "unprovoked firing" by the Bangladesh Rifles led to seven deaths on the Indian side, five of them civilians.

New Delhi alleges that the confrontations are part of an attempt at "infiltration and encroachment" by Bangladesh. The government in Dhaka dismisses the charge, instead blaming "trigger-happy" Indian security forces for outbreaks of violence that it says killed more than 50 Bangladeshi civilians from November to May.

On the Indian side, the remote districts of Cachar and Karimganj in Assam, a poor state that shares a 170-mile land border and about 56 miles of river with Bangladesh, have been hit hard. Local officials say 60 villages and a population of more than 60,000 have been affected.

In the Aug. 9 skirmish, which continued into early the next morning, Indian officials allege that more than 70 Bangladeshi shells were fired at Indian posts, but many of them landed in Harinagar. They also say that the Bangladesh Rifles opened fire with machine guns. Bangladesh contends that its men returned fire only after Indian forces launched about 50 mortar shells at their side.

The shell that hit Dey's home filled the concrete-and-mud structure with smoke. Dey was not home. By the time he arrived, his daughter-in-law, Sabita, was dead. His 20-year-old niece, Shanta, died minutes later.

Harinagar, a village of about 1,000 people, is scarred by about two dozen craters, some in paddy fields, others in the courtyards of homes. Fear and panic have gripped many residents.

"Many people, especially womenfolk, have moved out of the village and are staying with relatives elsewhere," said Ranjana Dey, 23, who, like many villagers, has the same last name as Lokesh Chandra but is not related. "Inside most houses, trenches have been dug for shelter."

At least 1,500 people from Harinagar and three nearby hamlets have abandoned their homes for makeshift relief camps set up by the Assam government. More shooting broke out two days this month, but no casualties were reported.

"Why are they doing this?" asked Benimadhab Dey, a worker in a local cooperative. "Just to grab our land? I don't buy that…. There must be a deeper conspiracy."

Indian border police say the skirmishes are partly attempts by local Bangladeshi officials to encroach on vacant land for growing crops and grazing cattle.

But beyond that, they allege that local Bangladeshi politicians are encouraging hostilities in a bid to increase support for the central government, led by the Bangladesh Nationalist Party. The ruling coalition in Dhaka is wary of New Delhi, which it suspects of covertly supporting opposition parties.

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Indian border officials are worried that outbreaks of violence will persist until Bangladesh goes to the polls.

Singh, of the Indian border force, expressed hope that the tension could be eased through regular meetings with his Bangladeshi counterparts. Senior commanders from both forces met for four days last month in the Indian city of Shillong to discuss how to restore calm.

As they were meeting, however, a brief gun battle erupted near Harinagar.

In spite of the violence, many villagers say they have no plans of leaving their homes.

"We have inhabited this village for over 200 years now," Lokesh Chandra Dey said, "so there is no question of us vacating this place and moving elsewhere."

A Crisis Of Trust Takes A Toll On Chinese Society (LAT)

By Mark Magnier

The Los Angeles Times, September 24, 2006

Officials steal from the people, friends lie to friends and uncles bilk nephews in a land where many are forced to cheat to survive, analysts say.

BEIJING — Talk about swimming with sharks.

Zhang Xingshui, an attorney with the Beijing Kingdom law firm, knows that like people everywhere else in the world, the Chinese don't always trust lawyers, who often promise things they can't deliver. But in China, he says, lawyers don't trust their clients, who like to skip out without paying. And neither trusts judges, who routinely disregard the law in favor of politics when rendering decisions.

"Living in such a society is tiring for everyone," Zhang said. "You're forced to be vigilant so you don't fall into pits, which are everywhere. Everybody is a victim and at the same time an offender."

Even as China surges onto the world stage as if powered by rocket fuel, Earth's most populous country is beset by trust issues that would test anyone.

Rules aren't clear and must be navigated on the fly. The food supply is full of life- and health-threatening fakes. Factories spew chemicals into the air and water at alarming rates. Power and connections far outweigh justice, and social tension is growing.

Meanwhile, corrupt local officials pay lip service to Communist Party ideals as they line their pockets at the expense of the general population. Land that farmers have tilled for generations can be seized on a moment's notice in a system that doesn't recognize private property. Friends cheat friends and uncles bilk nephews for short-term gain.

Though the widespread insecurity is difficult to quantify, analysts say it is taking an economic and psychological toll, and making governing more difficult.

"China is in a very serious trust crisis," said Zheng Yefu, a sociologist at Peking University and author of the book "On Trust." "I'd say we're looking at a minimum of a generation, maybe 20 or 30 years, to recover, but it could take two or three times that long."

Experts cite several reasons for the dearth of trust. Some point to the 1966-76 Cultural Revolution and other wrenching political campaigns in the first decades of communist rule that ended centuries-old traditions and forced family members and friends to denounce one another, severing basic human bonds.

"Mutual trust among people because of various political movements has deteriorated to the lowest level that any society can possibly hit," said Hung Huang, chief executive of China Interactive Media Group and star of the recent film "Perpetual Motion," about a woman out to determine which of her friends is having an affair with her husband. "There's also a very different starting point: In America, you're innocent until proven guilty. In China, you're guilty until proven innocent."

Others cite the influence of a market economy on a society without a well-developed legal or regulatory system. Some say a lack of religion or meaningful belief system under communism leaves people morally adrift.

The government has tried to address the problem with a recent morality campaign — "Eight Virtues and Eight Shames," a list of do's and don'ts, including "Be honest and trusting" and "Avoid being immoral for personal profit" — but some question Beijing's commitment.

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"Right now they're more concerned with building hardware, big buildings and dams than with morality and other software," said Zheng of Peking University. "And anyway, the government shares much of the blame for the present trust crisis."

Zhou Xiaozheng, a sociologist at People's University in Beijing, agreed, citing the example of wildly inaccurate government statistics released for political purposes, a general lack of accountability and systemic corruption in the party ranks.

"If the beam above is crooked, the beam below won't be straight, either," Zhou said. "Officials cheat the common people and the common people cheat those above them. It's a vicious cycle."

Systemic problems and outdated or intentionally skewed laws and regulations encourage companies and individuals to cut corners.

For example, a driver who kills a pedestrian faces a maximum liability of about $4,100 in rural Shaanxi province but upward of $37,000 in Shanghai. But when pedestrians are merely injured, there's in effect no cap on liability.

This can create some twisted incentives. When driver Ma Yinghao hit a pedestrian in December, he deliberately backed over the injured person in an attempt to kill him, hoping to avoid high hospital and compensatory fees.

Rather than fixing a flawed system, the state often responds by trying to prevent similar abuses through intimidation, which the Intermediate People's Court in Shijiazhuang did by sentencing Ma to death.

The problems affect some of China's most visible professions, including medicine, the media, education, accounting and manufacturing.

The advertising industry, for instance, which is a font of fake claims, is regulated by the Advertising Industry Assn. and a unit of China's State Administration of Industry and Commerce. Both are government-run, have their own agendas and, insiders say, don't even make a pretense of keeping up with industry practices, a function of an unresponsive one-party state that doesn't face political opposition or citizens who vote.

A flawed structure all but forces advertising account representatives to take kickbacks, given wage levels that won't support them, said Zhang Li, general manager of Beijing's Mid-South SeaSky Advertising Co.

"Mistrust in China is less a problem of individual morality than the system," which often makes it difficult to do the right thing, Zhang said. "Even someone so moral they'd jump into the water to save a drowning person might still cheat to survive."

In other parts of the economy, a relentless drive to make easy money has led to a spate of pyramid and other get-rich-quick schemes, with government regulators often uninterested in preventing abuse unless it becomes a political problem that jeopardizes their own careers, analysts say.

Distrust can roil marriages as well. The rapid spread of affairs has shocked many in China, especially in light of the not-too-distant past when employers approved all marriages, divorces, births, travel and job changes, putting a chill on most infidelity.

Chinese society's obsession with marital distrust was epitomized in the 2004 hit "Cellphone," in which a husband spends much of the movie giving excuses over his phone to hide his affairs. His most famous excuse, "Wo zai kaihui," or "I'm in a meeting," became a running joke.

"If you look at the news, watch television, go on the Internet, all you see is a lack of trust," said Wang Huifen, 39, a government worker. "Even within marriage there's no trust."

Does she trust her husband? "I don't want to talk about it," she said. "That's personal."

Cheating on your spouse and cheating the public are closely related, according to the state-run New China News Agency, which reported last year that 95% of Chinese officials convicted of corruption had mistresses.

In the marketplace, unscrupulous hucksters take advantage of the most basic of human needs and insecurities — from food, housing and medical care to welfare and education for treasured only children — to cheat their customers.

In Daoxianghu, an area of lakes, fields and "pay as you catch" fishing operations on the outskirts of Beijing, Shi Yingzhao fingers his bean and cucumber plants. A year ago, fed up with city life and tired of worrying about the poisons and additives in his food supply, the book editor moved into a courtyard home where he grows his own organic vegetables.

"I try not to eat anything from the market," he said. "You just don't know what you're eating. I don't use any chemicals or synthetic fertilizers. Of course you can't ever be 100% sure, because the bigger environment is already polluted."

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It's no wonder he's worried. Purveyors of fake baby formula continue to victimize the poorest and least educated people more than a year after a 2004 scandal left 12 infants dead and hundreds of children malnourished or brain-damaged after they were fed white powder with no nutritional value.

There are scandals involving carcinogenic noodles, poisoned melon seeds, waste-filled pancakes, substandard wine and water-injected pork, among others.

According to the New China News Agency, 500 people suffer from sickening or deadly food poisoning a day, and a study released in June by the Chinese Academy of Preventive Medical Sciences found that one-third of foods labeled "nutritious for children" were completely lacking in nutritional value.

Often at the root of the problem are retailers with an extremely short-term outlook, limited accountability and little downside if they fleece their customers. Steven Qiu, 23, said he recently called a computer company in Beijing to make sure it had a particular Sony model he wanted. When he arrived, the company had no Sony products, let alone the item he wanted.

"They lied just to get me to come," he said. "I was furious — it cost me a lot of time and money. And in typical fashion, their attitude was terrible. They weren't in the least bit concerned who I complained to."

Shenanigans in the job market have given rise to a new profession: specialists hired to check the credentials of newly recruited staff. One government crackdown a few years ago revealed that 15,000 civil servant party members had used fake university degrees and other bogus certificates to get their jobs.

The very basis of trade, China's currency, is frequently counterfeited, and even the smallest retail outlets are equipped with special machines to check the authenticity of bills.

Yet Chinese have a high tolerance for uncertainty, some say, allowing them to cope with and even thrive under these conditions, as uncomfortable as they may be.

"After a while, it becomes quite normal," said Shi, the book editor. "While life for ordinary people is very hard, it also makes them strong and determined to survive."

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Yin Lijin in The Times' Beijing Bureau contributed to this report.

Top Democrat In Hong Kong Will Not Run (NYT)

By Keith Bradsher

The New York Times, September 24, 2006

HONG KONG, Sept. 23 — The most popular and influential democracy advocate here, Anson Chan, announced Saturday that she would not run for chief executive this winter, clearing the way for the re-election of Beijing's favorite for the job and underlining the limits to popular representation nine years after Britain returned Hong Kong to China.

Mrs. Chan, who had been Hong Kong's chief secretary and second-highest official before and after the return to Chinese rule, criticized the restrictive rules that Beijing has chosen for the selection of chief executives in this semiautonomous territory. "The present rules of the game really discourage eligible people from running," she said.

Under the Basic Law, the constitution that Beijing drafted in the late 1980's and early 1990's with some consultation here, an election committee of 800 prominent citizens chooses the chief executive. Many of those prominent citizens have substantial investments on the mainland or other ties to Beijing, and stay in close touch with China's leaders.

Beijing officials have put considerable pressure on election committee members to support another term for Donald Tsang, who has run the territory since the resignation of Tung Chee-hwa as chief executive in March 2005. Tsang Yok-sing, the vice chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong, a pro-Beijing party that has more seats in the legislature than any other political party, said he planned to support Donald Tsang, who is not related, "because Beijing supports him."

Mrs. Chan, 66, has scrupulously avoided visiting Taiwan and taken other steps since retiring from the government in 2001 in the hope of preserving some political credibility with Beijing. But she said Saturday that she had tried and failed to find even

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one of the city's many influential business leaders who might be willing to join a new, seven-member group that will study ways to promote democracy here.

Mrs. Chan's decision not to run leaves democracy advocates in disarray, with no clear candidate. Election rules here require a candidate to be nominated by at least 100 members of the election committee.

Argentine Land Fight Divides Environmentalists, Rights Advocates (WP)

By Monte Reel

The Washington Post, September 24, 2006

CONCEPCIÃ"N, Argentina -- From a flat patch of tree-studded savannah, the gaze stretches for miles: across a small pond where a marsh deer stops to drink, and over swampy wetlands where herons gingerly high-step.

Above it all, a small airplane drones. At the controls is Douglas Tompkins, an American who owns everything underneath him, paid for from the millions he earned as the founder of the North Face and Esprit clothing lines.

"It's an amazing piece of land," Tompkins said shortly after landing. "Extremely rich with biological diversity."

Now, many Argentine officials and social activists want to confiscate the property he says he bought to create an ecological preserve. They think that he and other wealthy foreigners who have bought enormous swaths of the Argentine and Chilean countryside are trying to wrest control of a continent under the guise of environmental preservation.

"We believe this is a new way of trying to dominate the South American countries," said Araceli Mendez, a congresswoman who represents this region and sponsored legislation last month that would expropriate Tompkins's land. "It is dangerous for the defense of our national security to have the concentration of so much land in the hands of foreigners."

Since the 1990s, the relatively cheap and expansive acreage of Argentina has attracted millionaires in search of unspoiled estates, including household names such as Ted Turner and Sylvester Stallone. But last month, Argentina's undersecretary for land and social habitat declared war on such land purchases with one highly symbolic act: He marched onto Tompkins's land, cut down a fence and called for the expropriation of the property.

Days later, he stood alongside the ambassadors of Venezuela and Bolivia -- two countries that recently have implemented measures to redistribute land from wealthy estate owners to the poor -- and made his intentions even clearer.

"We want to tell everyone: We're going to continue cutting down fences," said Luis D'Elia, the government secretary. "What is more important, the private property of a few, or the sovereignty of everyone?"

D'Elia, a former protest leader who recently joined President Nestor Kirchner's government, this month identified another target he plans to go after: Italy's Luciano Benetton, a clothing magnate who owns more Argentine land than any other single private landowner and who also espouses strict environmental stewardship.

Not only do these battles pit South American nationalism against foreign investors, they are drawing a bold line between two activist movements -- environmentalists and social justice advocates -- that are often grouped together under the same "progressive" label.

When Mendez presented to the National Congress the legislation to expropriate Tompkins's land, she was backed by some of the country's best-known human rights advocates, including the Mothers of the Plaza de Mayo and other groups that famously fought against Argentina's dictatorship in the 1970s and 1980s.

The Catholic Church joined the chorus this month, issuing a 128-page document that warned against the "foreign-ization" of Argentine territory. Environmental groups, such as the Argentina Wildlife Foundation, have generally backed Tompkins.

"The social justice movements have been extremely poor at understanding ecological effects of their actions -- they're not green movements," said Tompkins, 67. "Concern about things like topsoil, which is the most valuable part of the land and often suffers under agrarian reform, is not being heard through the din of the need for the social redistribution of land. But that redistribution, for those who are not capable of handling it, will be a terrible blow to the future."

Since 1990, Tompkins and his wife -- Kristine McDivitt, the former chief executive of the Patagonia outdoor clothing company -- have bought about 4.7 million acres in Chile and Argentina. Their strategy is to identify properties in danger of ecologically damaging development, buy them, then create private parks that they eventually turn over to the local governments.

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In Chile, they bought a large swath of land on the southern coast, creating a private park that they eventually turned over to the Chilean government to create the Parque Pumalin, which is roughly the size of Yosemite National Park. They did the same thing with the Monte Leon National Park on Argentina's side of Patagonia. Last year, they donated about 210,000 acres to Chile to form part of the Corcovado National Park.

Tompkins said he eventually hopes to do the same thing with his 741,000 acres in this species-rich wetland region. So when he hears D'Elia and others calling for his land, he sees an irony so thick that it appears nonsensical to him.

"They're shooting at the guy -- the only guy, practically, from the private sector -- who is buying land and then nationalizing it!" said a fired-up Tompkins, eating a bowl of granola for breakfast in the living room of the ranch house he keeps on the property.

Argentines, he said, don't understand his style of philanthropy. When he talks about eventually donating the land to the government, they suspect a catch. D'Elia has publicly hinted that he believes Tompkins is an agent of the U.S. government. That his property sits near the GuaranÃ- aquifer -- the third largest source of fresh water in the world -- has raised suspicions that he is trying to gain control of South America's water supply. Some say that a U.S. military base about 450 miles away in Paraguay is indirect evidence that Tompkins and the U.S. government might be working together.

The Benetton expropriation effort, meanwhile, centers on two families of Mapuche Indians who say that parts of his vast land holdings are ancestral property that belongs to them. Though Benetton offered to donate a portion of land to the Mapuche groups, the offer was rejected.

"The Benettons can't donate land that isn't theirs," Rosa Chiquichano, a representative of the Chubut province government, told ClarÃ-n newspaper.

A spokeswoman for the Benetton family, which owns 2.2 million acres in various provinces of Argentina, said a judge had previously ruled that the Mapuche groups have no legal rights to the land.

Such hectoring points to cultural differences that separate the American and European landowners from the residents who have lived in the region for centuries and want to hold on to traditional practices -- not legal rulings and fine print.

Tompkins traces the beginnings of the discontent to an American style of land management that is resented here -- specifically, his efforts to hold his neighboring landowners to environmental standards.

He recently financed a legal case against a local forestry company trying to build a dike through wetlands. It was the kind of environmental complaint that is made every day in the United States, but not in a region of Argentina where private ranch owners -- or estancieros -- have held most of the political power for centuries.

"Suddenly they see someone come in and say, 'Hey, what about the rules?' " Tompkins said. "That sort of galvanized people into action against me."

Kirchner's position on the issue remains cloudy. Though Mendez is the local representative of Kirchner's wing of the Peronist party and D'Elia is a longtime ally, Kirchner and other high-level government officials have tried to distance themselves from the controversy.

They label it a local dispute requiring a local solution. Kirchner hasn't publicly supported D'Elia's actions, but he hasn't condemned them, either. Last week, Kirchner was in New York for the U.N. General Assembly, where he was trying to woo foreign investment; on Wednesday, he rang the opening bell at the New York Stock Exchange.

Tompkins, meanwhile, continued working on his property, overseeing projects such as the clearing of eucalyptus trees -- a non-native species that he is trying to replace with vegetation naturally found in the area.

"The Argentine government should look very carefully not at what passport someone carries," Tompkins said, "but at how they behave economically and ecologically."

Prudence's Struggle Ends (NYT)

By Nicholas D. Kristof

The New York Times, September 24, 2006

YOKADOUMA, Cameroon

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As Prudence Lemokouno lay on a hospital bed here, spitting blood, her breath coming in terrible rattles, it was obvious that what was killing her wasn't so much complications in pregnancy as the casual disregard for women like her across much of the developing world.

Neither Western donor countries like the U.S. nor poor recipients like Cameroon care much about Africans who are poor, rural and female, and so half a million such women die each year around the world in pregnancy. It's not biology that kills them so much as neglect.

I began Prudence's story in my column last Sunday, and for a while I thought I would have a happy ending.

Prudence, 24, was from a small village and already had three small children. As she was in labor to deliver her fourth, an untrained midwife didn't realize she had a cervical blockage and sat on Prudence's stomach to force the baby out — but instead her uterus ruptured and the fetus died.

Prudence's family carried her to the hospital on a motorcycle, but once she was there the doctor, Pascal Pipi, demanded $100 for a Caesarian to remove the fetus. The fetus was decomposing inside her, and an infection was raging in her abdomen — but her family had total savings of only $20, so she lay down in the maternity ward and began to die.

I arrived the next day, interviewed Dr. Pipi about maternal mortality — and found Prudence fading away in the next room. Dr. Pipi said she needed a blood transfusion before the operation could begin, so a Times colleague, Naka Nathaniel, and I donated blood (yes, the needles were sterile) and cash.

The transfusion helped Prudence, and she grew strong enough to reach out her hand and respond to people around her. Dr. Pipi said the operation would begin promptly, and Prudence's family was ecstatic. But as we waited in the hospital lobby, Dr. Pipi sneaked out the back door of the hospital and went home for the night.

It wasn't just the doctor who failed Prudence, but the entire system. He did operate the next morning, but by then the infection had spread further — and the hospital had no powerful antibiotics. Prudence's breathing grew strained, as her stomach ballooned with the infection and the bag of urine from her catheter overflowed. The nurses couldn't be bothered with a poor villager like her.

That night she began vomiting and spitting blood. She slipped into a coma, and a towel beside her head grew soggy with blood and vomit. On Tuesday afternoon, she finally passed away.

Intellectually, I knew that women in Africa had a 1-in-20 lifetime risk of dying in childbirth. But it was wrenching to see this young mother of three fade and die so needlessly.

There's no doubt that if men were dying at this rate, poor and rich countries alike would make the issue a priority, but the problem seems invisible, like the victims.

The U.N. Population Fund has a maternal health program in some Cameroon hospitals that might have saved Prudence's life, but it doesn't operate in this region. And it's difficult to expand, because President Bush has cut U.S. funding for the population fund — even for African programs — because of false allegations that it supports abortions in China.

That's shameful. Two women have tried to recoup American honor by starting a group, 34 Million Friends of U.N.F.P.A., to make up the shortfall with private donations.

(I discuss some of the groups active in this area at nytimes.com/ontheground, and I'll also have a link to video of Prudence.)

Neither left nor right has focused adequately on maternal health. And abortion politics have distracted all sides from what is really essential: a major aid campaign to improve midwifery, prenatal care and emergency obstetric services in poor countries. We know exactly how to save the lives of women like Prudence, partly because a few countries like Sri Lanka and Honduras have led the way in slashing maternal mortality.

Lynn Freedman, head of the Averting Maternal Death and Disability program at the Mailman School of Public Health at Columbia University (www.amdd.hs.columbia.edu), notes that we could provide all effective interventions for maternal and newborn health to 95 percent of the world's population for an additional $9 billion per year.

Sure, that's a lot. But think of Prudence and women like her dying in childbirth at a rate of one a minute — and after all, the world spends $40 billion a year on pet food.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 24, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Praises Afghan, Pakistani Allies (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, September 24, 2006

President Bush, playing middleman next week between sometimes-sparring neighbors Afghanistan and Pakistan, praised the U.S. allies Saturday for their work in defeating terrorism under difficult circumstances.

Bush met with Pakistani President Pervez Musharraf at the White House on Friday and has talks with Afghan President Hamid Karzai scheduled for Tuesday. The next day, Bush hosts a meeting in the Oval Office with both presidents, followed by a working dinner.

The unusual set of meetings has two aims. One is placating the concerns of Pakistan, whose alliance with the U.S. in the war on terror causes domestic problems for Musharraf. The other is soothing the struggling democratic government in Afghanistan, which is suffering its heaviest insurgent threat since U.S.-led troops toppled the Taliban in late 2001.

"This will mark the second time in a few weeks that President Karzai and President Musharraf have also met together, and that's an important thing," White House press secretary Tony Snow said. "So anything we can do to support them in their efforts to conduct as aggressively and effectively as possible the war on terror, we're going to do what we can to assist them."

In his weekly radio address, Bush complimented Musharraf for "siding with the forces of freedom and moderation and helping to defend the civilized world." As for Afghanistan, Bush said on the radio that Karzai is continuing "the work of building a safer and brighter future for his nation."

Musharraf and Karzai met in Kabul earlier this month and pledged to jointly fight militants.

With Pakistan, the United States has urged Musharraf to do more to stop militants from crossing from Pakistan's tribal regions into Afghanistan and fanning the violence by Taliban extremists. Afghan leaders say remnants of the Taliban have established hideouts in Pakistan along the mountainous border, while Pakistan rejects the charges.

Pakistan has deployed 80,000 troops along the border and signed a truce this month with tribal figures in an area where bin Laden is believed to be hiding. Musharraf said the truce calls for no al-Qaida or Taliban activity.

Some Afghan officials have labeled the truce as a deal with the Taliban. Musharraf strongly rejected that at Bush's side in the East Room after their meeting Friday. "This is against the Taliban, actually," Musharraf said.

Bush said he takes Musharraf at his word. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaida, I believe him," he said.

There was some dispute around the Bush-Musharraf meeting as to how Pakistan's decision to join the war on terror was made.

Musharraf told CBS' "60 Minutes" that then-Deputy Secretary of State Richard Armitage told Pakistan's intelligence director right after the Sept. 11 attacks that the United States would bomb the country if it didn't become a partner in the war against terrorism. Bush said Friday he first learned of the purported conversation from news reports.

"I just don't know about it," he said. "I guess I was taken aback by the harshness of the words."

Musharraf declined to comment further, citing a book deal. Armitage said he never threatened a military strike but did tell Pakistan firmly that "you are either for us or against us."

Bush Lauds Cooperation Of Karzai, Musharraf In War On Terrorism (BLOOM)

By Brendan Murray

Bloomberg, September 24, 2006

Sept. 23 (Bloomberg) -- President George W. Bush said talks next week with the ``courageous'' leaders of Pakistan and Afghanistan will show support for two key allies in the effort to marginalize extremists and fight terrorism.

Bush, who met yesterday at the White House with Pakistani President Pervez Musharraf, is scheduled to meet with Musharraf and Afghan President Hamid Karzai Sept. 27 in Washington. Bush is seeking assurances that the two leaders won't let militant Islamic Taliban and al-Qaeda forces regroup or hide in the mountainous border region that divides the two countries.

``Under President Musharraf, Pakistan is siding with the forces of freedom and moderation and helping to defend the civilized world,'' Bush said in his weekly radio broadcast. ``It is in America's interest to help him succeed.''

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Working with Karzai, ``we will defeat the enemies of a free Afghanistan and help the Afghan people build a nation that will never again oppress them or be a safe haven for terrorists," Bush said.

It was the sixth week in the past seven that Bush has made the war on terrorism the subject of his radio address, which capped a week of meetings at the United Nations and with Musharraf in Washington. Yesterday, Musharraf appeared with Bush at the White House, seeking to reassure the U.S. he is doing everything possible to fight terrorism and saying a recent treaty with Pakistani tribal leaders will deny refuge to Taliban fighters.

Pakistani Border

Musharraf has deployed about 90,000 troops along Pakistan's mountainous 1,500-mile border. The U.S. has 21,000 troops in Afghanistan, most of them in bases along the border and operating separately from a North Atlantic Treaty Organization force of about 20,0000 that is seeking to restore order within the country.

Taliban fighters have increased attacks in Afghanistan after Afghan and international forces expanded operations to the south and east. UN Secretary General Kofi Annan said two days ago that the violence in recent months poses the gravest threat to achieving peace in Afghanistan since the Taliban regime was ousted by U.S.-led forces in 2001.

November Elections

Bush's focus in the past month on national security and terrorism threats, centered on the fifth anniversary of the Sept. 11 attacks in the U.S., gave him a measurable boost in public support a month and a half before the congressional elections. The president's job approval rating rose to 45 percent in a Bloomberg/Los Angeles Times poll, a jump of 5 percentage points since July, according to the survey of 1,517 adults Sept. 16-19.

Support for Bush's handling of the war in Iraq rose 2 percentage points, to 40 percent, from the last poll. Most Americans, 56 percent, said they don't believe Bush when he says the U.S. military is making a lot of progress in turning Iraq into a safe, democratic country.

Almost 6,600 Iraqi civilians died in sectarian violence and insurgent attacks in July and August, according to a UN report earlier this week that blamed Prime Minister Nuri al-Maliki's government and U.S. training of Iraqi security forces.

In the radio speech, Bush said, ``America will not abandon the Iraqi people in their struggle to defeat the terrorists and build a free society in the heart of the Middle East."

He also repeated his support for Palestinian Authority President Mahmoud Abbas.

``By supporting moderate leaders such as President Abbas, the United States can help Israelis and Palestinians build a more hopeful future and achieve the peace we all want in the Holy Land," Bush said. ``We can support the moderates and reformers working for change across the broader Middle East, or we can yield the future to the terrorists and extremists."

To contact the reporters on this story: Brendan Murray in New York at brmurray@bloomberg.net ;

Musharraf Visits N. Texas (DMN)

By Paul Meyer And James Ragland, The Dallas Morning News

The Dallas Morning News, September 23, 2006

Drive to Highland Park follows medical check-up in Paris

After a volatile week of high-level meetings in New York and Washington, Pakistan's President Pervez Musharraf said Saturday in Highland Park that his trip has helped "clear certain misperceptions" about Pakistan's role in the war on terror.

Speaking in an exclusive interview with The Dallas Morning News, Gen. Musharraf reiterated his commitment to hunt down Osama bin Laden, and said he could not confirm reports that the al-Qaeda leader died last month of typhoid in Pakistan.

The general said he was aware of a French intelligence report of Mr. bin Laden's death, but could not comment on its details.

Gen. Musharraf spoke by phone during an unannounced trip to Texas on Saturday to undergo routine medical tests and visit with a personal physician.

He arrived at Paris (Texas) Regional Medical Center in the late morning for a checkup with cardiologist Arjumand Hashmi. Hospital officials said Gen. Musharraf was "found to be in excellent health."

After the president had his checkup, he attended a lunch in Paris before departing for Dallas. Later, he visited the doctor's Highland Park home.

"This is a beautiful place you have here," he said of his first visit to Texas.

Dr. Hashmi said he was simply "meeting an old friend" when asked about the high-profile patient on Friday.

"It's a private visit," he said "There's nothing to it."

The trip came on the eve of the broadcast of a CBS 60 Minutes interview in which Gen. Musharraf contends that the U.S. threatened to bomb the country "back to the Stone Age" if it refused to cooperate in the war on terror after the 9/11 attacks.

The Pakistani leader said he planned to watch the interview tonight in New York.

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"The perception of Pakistan is to the better," he said of his trip to America. "We explained our point of view effectively."

In both Paris and Highland Park, the cloak-and-dagger visit generated a buzz in two normally sedate small towns.

A motorcade of more than two dozen cars, including state trooper vehicles, Secret Service cars and a Paris hospital ambulance made the trip from Dallas to Paris mid-morning.

Phillip Hamilton, managing editor of The Paris News, said that about 20 people, including at least one other Paris physician, were at the house and dined with Gen. Musharraf.

He said the Pakistani president stood up to say goodbye shortly before 3 p.m..

"I asked him how his visit went yesterday [with President Bush], and he said it was extremely positive," Mr. Hamilton said. "And I asked him about the Stone Age comment, and he said he can't comment on that" because the general promised his book publishers not to do so before the release of his memoir on Monday.

Dr. Hashmi's family is leasing their Highland Park home from Dallas author Jane Wolfe, who recently relocated to France.

Reached at her home in Paris, France, Ms. Wolfe said, "I never envisioned the house being used for a state visit but I am certainly delighted. I got a frantic phone call on Friday that the water heater had broken. Dr. Hashmi was so nice, he said, 'I am having guests for the weekend, but we can get by without hot water.' "

The water heater was promptly repaired.

Staff Writer Alan Peppard contributed to this report.

Ambassador To Simon & Schuster (LAT)

The Los Angeles Times, September 24, 2006

The Pakistani president's refusal to discuss an allegation in his upcoming autobiography spells trouble for diplomacy?

NEWS FLASH: PAKISTANI PRESIDENT Pervez Musharraf accuses a senior Bush administration official of threatening to bomb his country back to the Stone Age! We'll get on with this potentially serious diplomatic incident in a moment — but first, a word from our sponsor, Simon & Schuster.

That was the gist of an odd commercial break in Friday's news conference by Musharraf and President Bush. The somewhat embarrassing love fest between the two leaders was moving along smoothly when a reporter asked about the explosive allegation scheduled to be broadcast tonight on CBS' "60 Minutes": In the wake of 9/11, Musharraf claims, former Deputy Secretary of State Richard L. Armitage threatened that the U.S. would bomb Pakistan unless it cooperated in the war on terror.

"I am launching my book on the 25th, and I am honor-bound to Simon & Schuster not to comment on the book before that day," Musharraf replied.

"In other words, buy the book, is what he's saying," Bush helpfully translated.

International diplomacy has always been dependent on external factors, but it has seldom hinged on the terms of a book contract. At a time when the developing world is protesting what it sees as U.S. unilateralism and bullying — as evidenced by the stark anti-American speeches (and their friendly reception) at last week's annual United Nations General Assembly session — Musharraf's claim threw gasoline on the bonfire. Yet rather than discuss and help resolve the matter during his U.S. visit, Musharraf decided instead simply to plug his upcoming autobiography.

Of course, there might be more behind Musharraf's reticence than a shameless ploy to sell books. Pakistan's president is in a very difficult jam.

Bush, Musharraf and Afghan President Hamid Karzai are slated to dine together Wednesday, and security issues will doubtless dominate the agenda. The fighting in Afghanistan has grown more intense than any time since the fall of the Taliban in 2001, largely because militants trained and armed in Pakistan are freely crossing the border. Rather than crack down, Musharraf in early September signed a truce that essentially guaranteed free rein for the extremists. Karzai is rightfully angry, and Bush has ample reason to side with him. Not only is the Afghan violence harming U.S. troops, but key Al Qaeda figures, including Osama bin Laden, are believed to be hiding out in Pakistan. Yet Musharraf's soon-to-be-released claims of a threatened bomb attack will make it politically difficult for Bush to exert any real pressure.

So maybe diplomacy and book publishing aren't that different after all. In both, timing is everything.

Officials Doubt Report Of Bin Laden's Death (WP)

By John Ward Anderson

The Washington Post, September 24, 2006

French Paper Cites Intelligence Document

PARIS, Sept. 23 -- French and U.S. officials discounted a report Saturday in a French newspaper indicating that Osama bin Laden had died of typhoid last month in a remote area of Pakistan.

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The newspaper, L'Est Republicain, quoted a confidential document from the French secret service as saying that "according to a reliable source, Saudi security services are now convinced that Osama bin Laden is dead."

The newspaper reported that intelligence officials had given the document, dated Sept. 21, to President Jacques Chirac, Prime Minister Dominique de Villepin and the interior and defense ministers.

A senior French official acknowledged the existence of the document, but Chirac said at a news conference Saturday that there was no confirmation that the leader of the al-Qaeda terror network had died.

"This information is in no way whatsoever confirmed," Chirac told reporters, declining to comment further.

U.S. intelligence sources also cast serious doubt on the report, saying there was no information to support its claims.

Saudi Arabia's Interior Ministry offered no details. "I've heard the reports, but I have no information at all. I have no idea," a spokesman, Lt. Gen. Mansour al-Turki, told the Associated Press.

Senior government officials in Pakistan and U.S. diplomats there and in Afghanistan said they were not aware of any Saudi intelligence reports indicating that bin Laden may have died, news services reported.

The French defense minister, Michele Alliot-Marie, has ordered an investigation into the leak of the document.

"The report cited this morning by the newspaper L'Est Republicain related to the supposed death of Osama bin Laden cannot be confirmed," the Defense Ministry said in a statement. "The minister of defense has ordered an investigation to determine the origin of this leak, which is likely to constitute an offense subject to penal sanctions."

According to L'Est Republicain, the French intelligence report said: "Information gathered by the Saudis indicates that the head of al-Qaeda was a victim while he was in Pakistan on Aug. 23, 2006, of a very serious case of typhoid, which led to a partial paralysis of his internal organs."

Typhoid is a bacterial disease that can be spread in food or drink handled by a carrier or through contaminated sewage.

The newspaper said that, according to the document, the remoteness of the area where the alleged illness occurred would have made any medical treatment impossible. The report said Saudi officials were awaiting further confirmation, particularly the exact place of bin Laden's burial, before announcing his death.

Bin Laden, born in Saudi Arabia, is believed to be hiding in the remote areas along the Pakistan-Afghanistan border, where he has used the rugged terrain and sympathetic locals to evade capture.

U.S. and Pakistani officials have said recently that they had not received a credible lead on his whereabouts in more than two years.

Correspondent Molly Moore in Paris and staff writer Dafna Linzer in Washington contributed to this report.

No Confirmation On An Article Announcing Bin Laden's Death (NYT)

By Ariane Bernard

The New York Times, September 24, 2006

PARIS, Sept. 23 — French officials said Saturday that the government could not confirm intelligence information published in a French newspaper that the terrorist leader Osama bin Laden died in Pakistan last month.

On Saturday, the newspaper, L'Est Républicain, quoted an internal memorandum from France's foreign intelligence service, the D.G.S.E., as saying, "Saudi intelligence services seem to be sure that Osama bin Laden is dead. The elements gathered by the Saudis indicate that the head of Al Qaeda was the victim, while he was in Pakistan on Aug. 23, 2006, of a strong case of typhoid fever that led to a partial paralysis of his lower limbs."

A senior French intelligence official confirmed that the document was authentic but said the information was "absolutely, absolutely not verified." The official said the memorandum had been sent to the president, prime minister and some ministries as a regular report on terrorism-related intelligence traffic.

President Jacques Chirac responded to questions from reporters by saying, "This information is in no way confirmed, in no way whatsoever, and I have no comment to make about it." The defense ministry, which oversees the D.G.S.E., said it would investigate how the memorandum had been leaked.

In Washington, an American intelligence official expressed strong doubt about the report, which he noted was not the first rumor of Mr. bin Laden's death. "We can't confirm this," said the official, who discussed the matter only on condition of anonymity. "I think it ought to be treated with a great deal of skepticism."

Tony Snow, the White House spokesman, said he could not confirm news reports of Mr. bin Laden's death.

According to the report, the French memorandum said the Saudis first heard Sept. 4 that Mr. bin Laden had died, but were awaiting further details, including the location of the body, to announce the news. The information was passed from Saudi Arabia by a non-Saudi who had proved reliable in the past, said the French intelligence official, who spoke on condition of anonymity.

The Saudi Interior Ministry was not available for comment on Saturday, the first day of Ramadan.

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Pierre Taribo, the editor in chief of L'Est Républicain, a regional daily, defended his newspaper's decision to publish the unconfirmed memorandum. "It's a note that exists, and from this point on we consider that we did our job, which is to inform," he said in a telephone interview.

Several reports of Mr. bin Laden's death have surfaced since he went into hiding in 2001. His last confirmed videotaped message was released in late 2004; several audio tapes attributed to him have been released this year.

Officials Skeptical About Report Bin Laden Is Dead (LAT)

By Sebastian Rotella And Josh Meyer

The Los Angeles Times, September 24, 2006

PARIS — A leaked French intelligence memo reporting that Osama bin Laden had died of illness last month caused a flurry of speculation Saturday, but skeptical French, U.S. and Arab officials said they had no information confirming the report.

French President Jacques Chirac told journalists the intelligence report had "by no means been confirmed, not whatsoever." And a French security official cautioned that the memo was based on uncorroborated intelligence from a single source.

"We are not confirming whatever has been said in this report because we consider it a source among other sources," said the French security official, who spoke on condition of anonymity. "Our services, like others around the world, don't use just one source for reaching such a conclusion, they need multiple sources. We don't think this is a reliable report at this stage."

The latest rumblings about the elusive Al Qaeda leader came from an unlikely source: a small regional newspaper. L'Est Republicain, based in the eastern city of Nancy, published an article Saturday along with a copy of a confidential Sept. 21 memo from France's foreign intelligence agency, which is overseen by the Defense Ministry and known by the initials DGSE.

The memo informed the president's office and the defense minister that Saudi intelligence had "become convinced" that Bin Laden was dead, according to the newspaper.

"The data gathered by the Saudis indicates that the chief of Al Qaeda would have been a victim, while in Pakistan on August 23, 2006, of a very strong attack of typhoid," the intelligence memo said, according to the paper. "His geographic isolation, caused by his permanent fugitive status, made any medical care impossible. On Sept. 4, the Saudi security services obtained the first intelligence about his death."

As in Paris, the response in Washington was skeptical and cautious. "We don't have any confirmation of that report," State Department spokesman Sean McCormack told reporters.

Two U.S. intelligence officials and a senior official of an Arab country also tracking Bin Laden said much the same thing.

The officials were slightly less skeptical about the possibility that Bin Laden was gravely ill. For years, Bin Laden has been rumored to be suffering from a debilitating kidney disease, perhaps requiring dialysis.

"We've been down this road many times before, and there is no reason to think that this one has any more credence than the others," the U.S. intelligence official said.

Bin Laden was last seen in a videotape released in 2004. His voice was last heard in an audiotape released June 29, in which he mourned the slaying by U.S. forces of Abu Musab Zarqawi, Al Qaeda's kingpin in Iraq.

Spy agencies have not detected any "chatter" among Al Qaeda operatives or other traditional indicators of a momentous event such as Bin Laden's death, officials said.

Despite the reservations about its contents, French officials did not question the authenticity of the memo. Chirac said he had ordered an internal investigation of the leak.

French officials said DGSE has good sources in the Arab world, and the Saudis know a lot about Bin Laden, a Saudi native.

But U.S. and Pakistani intelligence services probably would have better information because they are leading the hunt for Bin Laden, a top French anti-terrorism official said. He said he was not aware of any increased talk among international counter-terrorism officials.

"The Pakistanis and the Americans would be more likely to have confirmed it by now," the official said.

The Arab official was equally skeptical. "If he died a month ago you couldn't keep it a secret for two days," the official said. "You'd have to bury the body quickly, and there would be a buzz all over the place, on the Internet and everywhere else."

If the Saudi government had received hard information about Bin Laden's death or imminent death, it would have gone immediately to a U.S.-Saudi counter-terrorism center in Riyadh, the Saudi capital, officials said. From there, it would have been sent to Washington within hours, the officials said, adding that no such referrals have taken place.

Intelligence officials are trying to monitor Al Qaeda operatives in Pakistan and Afghanistan that compose the network's brain trust, as well as associates worldwide with whom they are most likely to communicate such news about Bin Laden.

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"What effect would his death or impending death have on the movement? Will there be a race to see who picks up his mantle? Does [second-in-command] Ayman Zawahiri step into his shoes, or someone else? Would the organization be more fragmented, or less, as his senior associates consolidate? Will recruiting spike, or decline?" said a second U.S. intelligence official, an Al Qaeda expert.

Bin Laden's death by a serious illness such as typhoid probably would make him as much a martyr in the eyes of Al Qaeda members as being killed in battle, the second official said.

"They would say that Allah has brought this great leader to his reward," the official said. "That he died a natural death after escaping the biggest manhunt in the world, and without suffering the indignities of being killed or injured by the infidels."

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Bin Laden Death Report Doubted (WT/AP)

By Elaine Ganley, Associated Press

The Washington Times, September 24, 2006

PARIS -- A leaked French intelligence document raises the possibility Osama bin Laden died of typhoid, but President Jacques Chirac said yesterday the report was "in no way whatsoever confirmed" and officials from Kabul to Washington expressed skepticism about its accuracy.

There have been numerous reports over the years that bin Laden had been killed or that he was dangerously ill, but the al Qaeda leader has periodically released audiotapes appealing to followers and commenting on current news events.

The regional French newspaper L'Est Republicain printed what it described as a copy of a confidential document from the DGSE intelligence service citing an uncorroborated report from a "usually reliable source" who said Saudi secret services were convinced that bin Laden had died.

The document, dated Thursday, was sent to Mr. Chirac and other top French officials, the newspaper said.

"This information is in no way whatsoever confirmed," Mr. Chirac said when asked about the document. "I have no comment."

Last night, the Saudi Embassy in Washington issued a statement saying, "The Kingdom of Saudi Arabia has no evidence to support recent media reports that Osama bin Laden is dead," according to Agence France-Presse. "Information that has been reported otherwise is purely speculative and cannot be independently verified."

Secretary of State Condoleezza Rice said she had "no comment and no knowledge" about the report, while presidential spokesman Blair Jones said the White House could not confirm the report's accuracy.

But two U.S. intelligence officials, who spoke on the condition of anonymity, said U.S. agencies had no information to suggest bin Laden was dead or dying.

A senior official in Afghanistan's Foreign Ministry said he was very skeptical of the document, noting past false reports of the death of bin Laden. He declined to let his name be used because he was not authorized to discuss the issue publicly.

Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, called the information "speculative," saying her government had no information on bin Laden.

Many people suspect bin Laden and other al Qaeda leaders are hiding in the mountains in Pakistan along the border with Afghanistan.

Among previous reports, Pakistani President Pervez Musharraf said during the U.S.-led offensive that toppled Afghanistan's Taliban regime in late 2001 that he was "reasonably sure" bin Laden had been killed by U.S. bombing raids on the Tora Bora caves.

The Washington-based IntelCenter, which monitors terrorism communications, said it was not aware of reports on the Internet speculating about bin Laden and a life-threatening illness.

"We've seen nothing from any al Qaeda messaging or other indicators that would point to the death of Osama bin Laden," IntelCenter director Ben N. Venzke told AP.

Officials Investigate Unconfirmed Report Of Bin Laden's Death (MCT)

By Hannah Allam, Jonathan Landay And Matt Schofield

McClatchy Newspapers, September 24, 2006

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CAIRO, Egypt - A French intelligence report that says Osama bin Laden may have died of typhoid in Pakistan last month is causing a stir among al-Qaida trackers who'd already raised concerns about why it's been two years since bin Laden has appeared in a video.

President Jacques Chirac confirmed the existence of the report but stressed that the information in it is "in no way whatsoever confirmed." The United States and several allied governments also cast doubt on the authenticity of the claims, which have been made before and proven erroneous.

News of the al-Qaida chief's possible death surfaced Saturday with a French newspaper's publication of a confidential document from the French foreign intelligence service DGSE that relayed the unconfirmed findings of Saudi agents. The report said Saudi security first received word Sept 4 of bin Laden's alleged death. It was said to have occurred on Aug. 23.

"According to a usually reliable source, Saudi security services are now convinced that Osama bin Laden is dead," said the report published Saturday in the regional newspaper l'Est Republicain.

An American intelligence official, who requested anonymity because the issue is highly classified, said U.S. intelligence analysts consider the report bogus. He said there's "no evidence to support or reason to believe" that bin Laden is dead. He added that U.S. officials were aware of the unconfirmed report before it was made public by the newspaper.

Vincent Cannistraro, a former chief of the CIA's Counter-Terrorism Center, said he was deeply skeptical of the French report.

"There's no confirmation of the report" from U.S. officials Cannistraro said, adding that the sourcing "appears to be very soft."

He said that if bin Laden had died, U.S. intelligence agencies would have picked up "indicators," such as condolence messages from grieving relatives.

"If someone had really died, there are public grievances by relatives and there is no such thing here," he said. "You can hide things among your followers, but not among your relatives."

Yet even before the French report emerged, speculation was mounting among al-Qaida analysts over why it's been two years since the terror chief has appeared in a video message.

While 2006 was a record year for al-Qaida communiques - with more than three times the number of videos from any previous year - none of the tapes showed bin Laden. Several audiotapes purportedly by bin Laden have aired, and the CIA has confirmed their authenticity, but some scholars who closely monitor bin Laden suspect they're old recordings spliced to sound as if they're related to current events.

"I'm not convinced any of the tapes we heard in 2006 are new," said Bruce Lawrence, a Duke University professor and author of the book, "Messages to the World: The Statements of Osama bin Laden."

Lawrence, who's been described as one of the world's leading al-Qaida archivists, added that "there's something staged and strange" about the wording and style of some of the recently released tapes.

Bin Laden's last video appearance was in October 2004, when the al Jazeera satellite TV channel aired footage of him appealing directly to Americans just before the presidential election.

Lawrence said rumors abounded that bin Laden suffered from kidney trouble and other ailments, but noted that reliable information was scarce.

"He's been living a very rugged life for 15 years, and it's probably taken a toll on him," Lawrence said. "(But) if you're an intelligence person and your target is al-Qaida and bin Laden is one of the most important people you track, the question now becomes: Why haven't we seen bin Laden in two years?"

Lawrence said it would be "disastrous" for the Bush administration to focus on bin Laden's absence, only to have the al-Qaida leader issue a new tape to prove he's alive and still eluding a massive manhunt.

"It doesn't serve the government to say bin Laden is dead unless someone can take credit for killing him," Lawrence said. "Suppose all this speculation is wrong and bin Laden is just on sabbatical?"

Even if the reports are true, U.S. and foreign analysts say, bin Laden's death is unlikely to dent the global jihadist movement he helped create. Through the years, al-Qaida has metastasized into a loose confederation of groups inspired - but not directed - by him and his second-in-command, the Egyptian-born Ayman al Zawahiri.

Al Zawahiri has emerged as the most visible al-Qaida leader in the past two years, but even he hasn't been directing attacks such as those in Bali, Madrid and London, according to two senior U.S. counterterrorism officials.

Two American officials, speaking on condition of anonymity because the matter involves classified information, said bin Laden's death, if true, would do U.S. interests little good.

"The sorry truth is that if bin Laden is dead, he's now a very large martyr in what a lot of Muslims have come to believe is a war against Islam," one of the officials said.

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Chirac announced a probe to find out how the document was leaked to l'Est Republicain, a regional newspaper known for its investigative reports on security matters.

The DGSE, or Direction Generale des Services Exterieurs, sent the document to Chirac and other top French intelligence officials, according to the published account. The claim of bin Laden's death came from a single source, the DSGE document indicated. It said that Saudi agents were pursuing more detailed information, including the location of bin Laden's alleged burial site,

"The chief of al-Qaida was a victim of a severe typhoid crisis while in Pakistan on August 23, 2006," the newspaper quoted the intelligence document as stating. His remote location made medical assistance impossible, the French report said, adding that his lower limbs were partially paralyzed.

A Combative Clinton Defends Record On Fighting Terrorism (WP)

By Michael Grunwald

The Washington Post, September 24, 2006

Former President Faults Neocons for Inaction on Bin Laden

Former president Bill Clinton angrily defended his administration's counterterrorism record during a Fox News interview to be aired today, while accusing "President Bush's neocons" and other Republicans of ignoring Osama bin Laden until the attacks of Sept. 11, 2001.

Clinton had planned to discuss his climate change initiative during his appearance on "Fox News Sunday," but he turned combative after host Chris Wallace asked why he hadn't "put bin Laden and al-Qaeda out of business." Clinton shot back that "all the conservative Republicans" who now criticize him for inattention to bin Laden used to criticize him for over-attention to bin Laden.

Clinton said he authorized the CIA to kill bin Laden, and even "contracted with people to kill him." He also said he had a plan to attack Afghanistan, overthrow the Taliban and hunt for bin Laden after the attack on the USS Cole, but the CIA and FBI refused to certify that bin Laden was responsible, and Uzbekistan refused to allow the United States to set up a base. By contrast, Clinton said the Bush administration's neoconservatives "had no meetings on bin Laden for nine months," believing he had been "too obsessed with bin Laden."

"At least I tried," Clinton said. "That's the difference [between] me and some, including all of the right-wingers who are attacking me now. They ridiculed me for trying. They had eight months to try. They did not try. I tried. So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, [Richard] Clarke, who got demoted."

Clinton seemed particularly irked by Wallace's reference to his decision in 1993 to pull troops out of Somalia, a move bin Laden later described as a sign of American weakness. Clinton argued that even though many Republicans demanded a withdrawal from Somalia the day after the downing of a Black Hawk helicopter, he kept a U.S. presence there for another six months to ensure an orderly transition to United Nations forces.

That's when the interview got testy, as a Fox transcript reflects:

Clinton : There is not a living soul in the world who thought Osama bin Laden had anything to do with Black Hawk down or was paying any attention to it, or even knew al-Qaeda was a going concern in October '93.

Wallace : I understand.

Clinton : No, no, wait. Don't tell me that -- you asked why didn't I do more to bin Laden, there was not a living soul, all the people who now criticize me wanted to leave the next day. You brought this up, so you get an answer. But you -- secondly,

Wallace : -- Bin Laden says, but it showed the weakness of the United States.

Clinton : Bin Laden may have said it -- but it would have shown the weakness if we left right away. But he wasn't involved in that, that's just a bunch of bull. That was about Mohamed Aideed, a Muslim warlord, murdering 22 Pakistani Muslim troops. We were all there on a humanitarian mission; we had no mission, none, to establish a certain kind of Somali government or keep anybody out. He was not a religious fanatic --

Wallace : Mr. President --

Clinton : -- there was no al-Qaeda --

Wallace : With respect, if I may, instead of going through '93 and --

Clinton : No, no -- you asked it. You brought it up.

Wallace, a 30-year broadcast veteran who worked at NBC and ABC before Fox, is not usually considered part of the network's conservative commentariat, but Clinton accused him of doing "Fox's bidding" by preparing a "conservative hit job."

He attacked Wallace for failing to ask Bush administration officials why Clarke was demoted from his counterterrorism job: "Tell the truth, Chris. Tell the truth, Chris. Did you ever ask that?" He also complained that Wallace had lured him to the interview

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"under false pretences," but when Wallace offered to discuss his climate change project, he replied: "No, I want to finish this now."

And so he did, attacking President Bush for focusing on Iraq instead of Afghanistan, urging Americans to read Clarke's book and accusing Republicans of "a serious disinformation campaign" to blame the Clinton administration for losing bin Laden.

"I got closer to killing him than anybody's gotten since," Clinton said. "And if I were still president, we'd have more than 20,000 troops there trying to kill him. . . . You got that little smirk on your face and you think you're so clever, but I had responsibility for trying to protect this country. I tried and I failed to get bin Laden. I regret it, but I did try and I did everything I thought I responsibly could."

U.S. Prosecution Of Padilla No Slam Dunk So Far (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, September 24, 2006

MIAMI -- The Bush administration's decision to drop the "enemy combatant" label from alleged al-Qaida operative Jose Padilla and prosecute him on civilian terror charges has not gone smoothly, with even the judge in the case raising questions about sketchy evidence and a vague indictment.

Trial for Padilla - an American once accused of planning to detonate a radioactive bomb - and two co-defendants was initially scheduled for early September. But it's now off until January and may be delayed further into 2007 if prosecutors file their expected appeal of U.S. District Judge Marcia Cooke's dismissal of a crucial charge.

Cooke has also pronounced the U.S. case "weak on facts" and agreed with defense lawyers that prosecutors must provide more details about what crimes the trio may have actually committed instead of relying on sweeping allegations that they were involved in a violent Islamic jihad over a decade on several continents.

In response to one question about identities of any alleged victims, prosecutors listed armed confrontations against the Russian military in Chechnya and Tajikistan, opposing Muslim factions in Afghanistan and Serbian and Croat forces in Bosnia. They also cited violent acts against more moderate Muslim governments around the world.

Many legal experts say that kind of broad evidence won't be good enough for a jury, which must be satisfied beyond a reasonable doubt that Padilla and the others committed crimes. And to prove that, prosecutors must have specific violent acts and specific victims, experts say.

"You've got to mount a sufficient body of evidence to support the charges, and that's what's lacking," said Scott Silliman, law professor and executive director of the Center on Law, Ethics and National Security at Duke University. "If he is acquitted, it will be in my judgment a severely embarrassing moment for the government."

The difficulty prosecutors have in defining exactly what Padilla and the others allegedly did is a recurrent issue in terrorism cases where charges are brought before a violent act takes place, said Jeffrey F. Addicott, director of the Center for Terrorism Law at St. Mary's University School of Law.

"Law enforcement often faces the problem of stopping the terrorist before they strike, which means the overt act never happens," Addicott said. "It makes prosecution more difficult, but not impossible."

U.S. Attorney R. Alexander Acosta declined comment on the status of the case, but has in the past expressed confidence in the strength of the government's evidence.

Padilla, a 35-year-old former member of the Latin Disciples gang in Chicago, was arrested by the FBI in May 2002 at Chicago's O'Hare International Airport and designated a month later as an "enemy combatant" by President Bush.

He was held by the U.S. military and interrogated without charge or real access to a lawyer for 3 1/2 years, with former Attorney General John Ashcroft famously claiming on television that Padilla was arrested while on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major city.

With Bush's authority to hold an American like Padilla indefinitely without charge under legal challenge before the U.S. Supreme Court, the administration sidestepped the question last November by dropping the "enemy combatant" label and adding him to an existing Miami case charging alleged members of a North American terrorism support cell. No "dirty bomb" is mentioned in that indictment.

"There is a bit of a pattern in these cases of the government overstating what it can actually prove," said Carl Tobias, a University of Richmond law professor.

Padilla couldn't be transferred to the U.S. terrorist detention camp in Guantanamo Bay, Cuba, and possibly tried before a military commission there because he is a U.S. citizen. So even if Congress succeeds in rewriting the rules for those commissions, Padilla will get his day in federal court.

The indictment essentially contends that Padilla, who had relocated in the 1990s to South Florida and converted to Islam, was recruited to al-Qaida by Adham Amin Hassoun, a Sunrise computer programmer allegedly active in the jihadist worldwide

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network. A third defendant, Kifah Wael Jayyousi, is accused of funneling support to terror groups in part through his "Islam Report" newsletter.

In a setback for the government's case, Cooke ruled in August that count one of the indictment, alleging a conspiracy to "murder, kidnap and maim persons in a foreign country," must be dismissed because it duplicates other charges. Prosecutors are likely to appeal that ruling, which tosses out the only charge carrying a possible life sentence.

Other potential weaknesses in the case against include:

-Padilla's voice is heard on only eight of some 50,000 FBI wiretap recordings and his name is mentioned on about 20 others. His lawyers say violence or jihad is not discussed on any of those recordings, and some of them are between Padilla's mother and Hassoun. Most involve subjects such as Padilla's whereabouts, his marriage and his children, his lawyers say.

-A key piece of physical evidence is a "mujahideen" application Padilla allegedly completed to attend an al-Qaida training camp in Afghanistan. Prosecutors say his fingerprints are on it. They have refused to produce a list of anyone who may have been at the camp at the same time or whose forms were found along with that application. They intend to call as a witness Yahya Goba, a convicted 28-year-old member of the so-called "Lackawanna Six" terror cell in upstate New York, who will tell jurors he filled out a similar form but at a later date. Goba could get a reduced prison sentence in return for his cooperation.

-Over government objections, Cooke ordered the Bush administration to turn over medical records from Padilla's long stretch in military custody. Defense lawyers say they will look for instances of possible misconduct during interrogations or use of drugs that might have impaired Padilla in some way.

-A magistrate judge found that Jayyousi's publication of the "Islam Report" may be protected by the First Amendment because it "merely advocated terrorism in general, or jihad at some indefinite time" rather than providing specific instructions or signals for a crime to be committed. Jayyousi is the only defendant to win pretrial release on bail.

Some experts compared the Padilla case to that of former University of South Florida professor Sami al-Arian, who was cleared of terrorism charges after a five-month trial in 2005. That case also involved thousands of telephone and wiretap intercepts but little direct links between al-Arian and particular acts of Palestinian violence overseas.

"If it's not a problem as a matter of law that they are getting people on talk rather than action, it certainly is a problem with juries," said Michael Greenberger, law professor at the University of Maryland. "If all they produce is telephone conversations, they run the risk that they are not going to convince a jury to convict."

Curt Anderson has covered legal issues in Miami and Washington since 2002.

'Islamo-Fascism' Had Its Moment (NYT)

By Sheryl Gay Stolberg

The New York Times, September 24, 2006

WASHINGTON

SHORTLY after terrorists attacked the United States on Sept. 11, 2001, President Bush's speechwriters began grappling with a linguistic puzzle: What to call the enemy? In the five years since, Mr. Bush has road-tested an array of terms: evildoers, jihadists, Islamic extremists, even "Al Qaeda suiciders."

But no phrase has crashed and burned as fast as the president's most recent entry into the foreign policy lexicon: Islamic fascists, or, Islamo-fascism.

This latest iteration, which has percolated in neoconservative circles for several years, turned up in one of the president's speeches last year, and resurfaced in August when British authorities foiled a plot to blow up airliners headed for the United States. It was, Mr. Bush said then, "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom."

By Labor Day, Islamic fascists and Islamo-fascism were the hot new conservative buzzwords.

And then, just as suddenly, they were gone — at least from the president's lips.

"The debate that we wanted to launch was about an ideological struggle against an enemy that has very specific plans, ambitions and aspirations, much like movements of the past, like fascism and Nazism," said Dan Bartlett, counselor to the president. Addressing the term Islamic fascists, Mr. Bartlett said, "I'm sure he'll use it again."

But it seems unlikely Mr. Bush will use it again, given the outcry it provoked.

Muslims, both here and in other countries, were deeply offended. Even Karen Hughes, the former counselor to Mr. Bush who now runs the public diplomacy arm of the State Department, pushed back, telling CNN's Wolf Blitzer that she typically does not "use religious terms" for fear they will be misinterpreted around the world.

"The problem with the phrase is that it confuses more than it clarifies," says David Gergen, a former speechwriter for Richard Nixon. "It's important to find a phrase that's meaningful in the Arabic world, and Islamic fascism has no meaning."

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The precise etymology of “Islamo-fascism” is unclear. Some say that the writer Christopher Hitchens introduced it into post-9/11 discourse. But Stephen Schwartz, executive director of the Center for Islamic Pluralism, which promotes moderate Muslim views, also takes credit, describing the phrase in a recent article as one that “refers to the use of the faith of Islam as a cover for totalitarian ideology.”

If “Islamic fascists” and “Islamo-fascism” have disappeared from Mr. Bush’s oratory — they were nowhere to be found in his 9/11 anniversary speeches, for instance — questions about the phrases have not. The president was forced to grapple with such inquiries twice last week alone. On Friday, in response to a Pakistani journalist, Mr. Bush invoked a far more general term: “these extremists.”

All of which leaves the central problem — what to call the enemy — unresolved.

“I’d prefer to call them Islamists,” said Frederick W. Kagan, a military historian and neoconservative thinker at the American Enterprise Institute in Washington. Fascists, Mr. Kagan said, idealize a strong man, like Hitler or Mussolini. “Bin Laden’s stated aim is for Allah to be venerated, so I think it’s a very different thing.”

David Frum, a former speechwriter for Mr. Bush, said the president turned to “evildoers” right after Sept. 11, 2001, in part because it translated well in Arabic and in part because it appeared in Psalm 27, which Mr. Frum says is one of the president’s favorite psalms. (“When evildoers came upon me to devour my flesh.”)

But evildoers has a kind of comic-book sound, and in any event, Mr. Frum says, it isn’t specific enough. He suggests Mr. Bush find an Arabic phrase to popularize — so long as it does not involve the word jihad, a term with a negative connotation in the United States, but positive overtones in the Muslim world.

Peter Beinart, the editor at large of The New Republic, has his own solution: “jihadi salafi,” which he loosely translates as “someone who would use violence, and ultimately state violence, to bring about a utopian vision of Islam.” So what if no one knows what it means.

“If Bush had been using it all these years,” Mr. Beinart said, “people would know it like the back of their hand.”

Maybe he should have stuck with Al Qaeda suiciders.

The 'Prudence Party' Takes On An Insurgent (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, September 24, 2006

To President Bush's supporters, nothing is more exhilarating than his willingness, even eagerness, to challenge long-established assumptions and policies, especially in foreign policy. "As an insurgent, with few ties in Washington," conservative journalist Fred Barnes wrote admiringly in his recent book, "Rebel-in-Chief," "Bush has found it easy to overturn major policies with scarcely a second thought."

To Bush's critics, that's exactly the problem.

As his second term proceeds, he's facing increasing resistance from what might be called the "prudence party." The prudence party represents a particular corner of the U.S. establishment. Informal and amorphous, it is populated by top-level corporate and Wall Street executives, former diplomats, retired military officers and some veteran legislators on Capitol Hill.

As a group, the prudence party is more Republican than Democratic. In modern political terms, it is more centrist than conservative, though it is profoundly conservative in the word's traditional meaning: it looks skeptically at radical change, especially when it is implemented "with scarcely a second thought." The prudence party generally believes that assumptions and procedures that have lasted for decades are usually so entrenched for a good reason. It has a healthy respect for the law of unintended consequences.

During Bush's first term, the prudence party gnashed its teeth over his movement to downplay America's reliance on our traditional allies, a tendency that culminated in the decision to invade Iraq without explicit authorization from the United Nations. But mostly those in this group bit their tongues.

Signs of the unease emerged in the 2004 presidential campaign. One came when several retired generals prominently endorsed the Democratic candidate, Sen. John F. Kerry of Massachusetts. Another was a statement issued during the campaign from a separate group of retired diplomats and military officials criticizing Bush's foreign policy.

But both of those groups tilted toward names identified more with the Democratic side of the foreign policy establishment. In Bush's second term, a broader spectrum of voices from the prudence party have dissented. The demands from retired military officers for the resignation of Defense Secretary Donald H. Rumsfeld earlier this year offered one indication of the discontent in these circles.

Even more telling was the resistance Bush faced in his effort to redefine U.S. obligations under the Geneva Convention toward detainees in the war on terrorism.

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It wasn't particularly surprising to find Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina leading that opposition; both are iconoclasts who have opposed Bush on other national security choices.

But behind them stood Sen. John W. Warner (R-Va.), the 79-year-old chairman of the Senate Armed Services Committee, former Secretary of the Navy and the virtual white-haired embodiment of the prudence party.

And behind Warner stood an even more imposing phalanx of gray eminences — retired Gen. John Vessey, the chairman of the Joint Chiefs of Staff under President Reagan; George P. Shultz, Reagan's Secretary of State; and, above all, Colin L. Powell, the chairman of the Joint Chiefs for George H.W. Bush and the first-term Secretary of State for George W. Bush. All three, as well as another group of more than two dozen former military and State Department officials, played a more visible role than any congressional Democrat in blocking Bush's proposal.

Powell's resistance attracted the most attention. But Vessey captured the thinking of the prudence party most eloquently in his letter opposing any reinterpretation of the Geneva Convention.

In essence, Vessey rejected the core Bush argument that Islamic terrorism has created a threat so transcendent as to demand the abandonment of America's traditional approaches to ensuring its security. "I continue to read and hear that we are facing a 'different enemy' in the war on terror; no matter how true that may be, inhumanity and cruelty are not new to warfare nor to enemies we have faced in the past," Vessey wrote. "Through those years, we held to our own values. We should continue to do so."

Debate will continue for weeks over whether Warner, Graham and McCain sufficiently upheld those values in the deal they struck with the administration on the treatment of detainees. What's clear is that the dispute represented a kind of tipping point for many of the establishment figures who supported those senators — a moment when Bush's inclination to jettison established approaches collided too directly with their respect for the ways America has conducted itself since World War II.

Retired Col. Lawrence B. Wilkerson, Powell's chief of staff at the State Department, believes the disagreement became a flashpoint for growing concern that the administration, in its responses to the terrorism threat, "has made a radical departure from traditional political and cultural values as well as what heretofore was a rather consistent strain in foreign policy."

Others might not criticize the administration so pointedly. But it doesn't take much reading between the lines to see in the statements from Powell and others the fear that Bush has too casually alienated world opinion in his pursuit of greater security for America.

The pillars of the prudence party don't like to publicly air their disagreements. The fact that so many did so in this dispute is probably a warning sign to the White House that it could face more resistance from some of the same voices if it pursues other avenues seen as flouting international norms or global opinion, such as unilateral military action against Iran. Through 2008, Bush's disputes with these voices of restraint may shape America's national security decisions more than his arguments with the Democrats.

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CIA Values Show In Stand On Detainees (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 24, 2006

WASHINGTON — For an agency that ordinarily steers clear of major policy debates, the CIA played an unusually prominent role in the showdown between the White House and dissident Republicans over the treatment of detainees.

To many outsiders, the CIA's position was puzzling.

Why would an agency whose own overseas officers are vulnerable to capture — and torture — defend harsh interrogation methods? And how did an organization often criticized for its caution end up pushing the legal envelope, even while the Pentagon was advocating tight new restrictions?

The answers, according to current and former U.S. intelligence officials, reflect a cultural and operational fault line that separates the CIA from the other arms of the U.S. government that operate overseas — mainly the military and the State Department.

The detainee issue has tapped into "a cultural difference," said Mark Lowenthal, former assistant director of the CIA.

"This whole debate has no meaning for a CIA officer as he understands the world and the nature of the deal he made with the government and the nature of the risks he is willing to accept," Lowenthal said.

CIA leaders are typically closely aligned with State Department and Pentagon counterparts in their view of the world and their concern for overseas opinion of the United States. But on the detainee issue, the CIA is less swayed by concerns that other nations might retaliate against U.S. prisoners, and more inclined to consider any cost worth paying for the intelligence it generates.

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President Bush wanted to reestablish a secret CIA detention and interrogation program and insulate CIA officers from legal peril in pushing this month for new security legislation. Bush's proposal was opposed by Republican senators, retired military commanders and onetime administration officials such as former Secretary of State Colin L. Powell, who warned the harsh approaches favored by Bush would further soil the U.S. image.

Leading up to a key compromise on Thursday, CIA officials, including the agency director, Gen. Michael V. Hayden, publicly took Bush's side in the fight, voicing concerns evidently felt by many CIA officers worldwide.

"There are smart, sensitive people who work in that agency who are bothered by the same sorts of issues as private citizens are," said Paul Pillar, former deputy director of the CIA counterterrorism center.

But Pillar and others noted that spies, unlike soldiers, are not afforded the protections of the Geneva Convention. Therefore, agency officials are less preoccupied with the concern over reciprocity articulated by Powell and others.

The convention spells out elaborate protections for captured soldiers, and sets minimum standards for others who are captured who are not in uniform.

But spies fall into a separate category. Those engaged in espionage "shall not have the right to the status of prisoner of war," according to the convention, which also says that an occupying government "may impose the death penalty" in cases when a prisoner is guilty of espionage.

The Supreme Court ruled in June that the Geneva Convention applies even to terrorism suspects under U.S. law. But "if a CIA operative is picked up by terrorists, he is unlikely to benefit under any circumstances from Geneva protections," said Robert Grenier, who retired earlier this year as head of the CIA's counterterrorism center.

Indeed, the history of the agency includes gruesome examples. In 1984, William Buckley, the CIA station chief in Beirut, was captured, tortured, and ultimately killed by operatives from the Hezbollah terrorist organization.

Some veterans said the agency's experience fighting terrorists, and the stakes of the interrogations they conduct when suspects are captured, also help explain its more aggressive mindset. While the military has held hundreds of relatively low-level prisoners at Guantanamo Bay and other facilities, the CIA has been responsible for detaining a relative handful of high-ranking Al Qaeda operatives.

"The agency is not recommending that these techniques be applied to everybody," said a former senior CIA official who spoke on condition of anonymity. "We're talking about those very rare cases when you've got somebody who you know was the mastermind behind Sept. 11, who gleefully slit the throat of Danny Pearl."

The former official was referring to Khalid Shaikh Mohammed, the alleged mastermind of the Sept. 11 attacks who is also believed to have executed Wall Street Journal reporter Pearl after he was kidnapped in Pakistan in 2002.

The CIA is said to have used an array of harsh techniques against Mohammed, including "water boarding," in which a prisoner is strapped to a board and made to believe he is going to drown. Water boarding presumably no longer would be allowed under the new rules under consideration in the Senate. But CIA officials said they believe they will still have access to other methods that have proven effective.

"Overall, you have to characterize them as tough and aggressive," said a former senior CIA official involved in the program. "Certainly beyond what one would legitimately expect to encounter in a police precinct."

The CIA view of interrogation policy may also be colored by the fact that it is a principal user of the intelligence it gets from Al Qaeda prisoners — in contrast to other areas of intelligence where the CIA is a more passive conduit of information to policymakers and the Pentagon.

"If they get information on what the Chinese military is doing, that goes to the Pentagon," said another former CIA official. "If they get information on China's likely stance at the United Nations, that goes to the State Department."

But information from interrogations of high-value detainees has fueled dozens of counterterrorism operations mounted by the CIA, netting what officials have described as important captures.

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Ex-POWs Defend Tough Interrogation Of Terrorism Suspects (MJS)

By Meg Jones

Milwaukee Journal Sentinel, September 23, 2006

Survivors of torture offer views of Geneva Convention

The Geneva Convention meant nothing to Don Heiliger's captors.

To the men who used ropes and handcuffs to twist Heiliger's arms behind him until his shoulder blades touched and his arms went numb, the rules regarding humane treatment of prisoners of war were a joke.

Shot down over Vietnam on May 15, 1967, the Navy pilot who later became a Dane County supervisor was tortured and told he was a criminal who had no protection under the Geneva Convention.

The debate over the rules for the interrogation and trial of terrorist suspects is more than political rhetoric for Heiliger and other Wisconsin ex-prisoners of war, who spent days and weeks and years in captivity never knowing if they would survive their ordeal. Even as President Bush and key Republican senators such as John McCain reached an agreement last week over the issue, Heiliger's opinion was emphatic: The Geneva Conventions don't apply to terror suspects.

"To try terrorists doesn't bother me at all, because I don't think they're soldiers," said Heiliger, 69, of Stoughton.

Dan Doughty agrees. He, too, was shot down in Vietnam and spent almost seven years as a prisoner of war. He, too, was tortured and forced to write letters saying he was treated well.

In the war on terror, "there are no uniformed soldiers. They're not fighting for a country. They don't have a nation behind them," said Doughty, 73, who grew up in Ladysmith and now lives in Eau Claire. "I'd sure hate to see several thousand people die (in a terror attack) because we couldn't ask a question for fear we were mistreating" terror suspects.

When he was first captured, he told his captors his name, rank, serial number and date of birth - the only information military members are obligated to provide under the Geneva Conventions.

It didn't do any good and only infuriated Doughty's captors. It took two decades for the numbness in Doughty's hands and arms to go away.

Doughty saw the Abu Ghraib prison scandal photos and read about the convictions of American soldiers working as guards at the Baghdad prison. In Doughty's opinion, the Abu Ghraib prisoners were mistreated, not tortured. And the Bush administration's attempt to clarify some of the language in the Geneva Conventions probably won't matter in future wars, he said.

"I don't think anybody we'd have a future war with is going to be different than Vietnam," Doughty said. "Look at what happened to our soldiers that have been captured (in Iraq this year). They've been tortured and cut up and put in the street. That's what we're dealing with."

The Geneva Conventions are a series of international agreements signed in the Swiss capital in the 1800s and 1900s. The rules regarding the humane treatment of prisoners of war came out of the third Geneva Convention, held in 1929.

Mark Pink was a prisoner of war in a country that observed those rules. After the 85-year-old Union Grove man had the misfortune of getting shot down in his B-26 Marauder over France on April 24, 1944, he had the good fortune of ending up being treated humanely in prison camps operated by the German Air Force. Later, he found out Americans captured by the Japanese spent World War II in far different conditions.

"I thank my lucky stars that I ended up" in Germany, Pink said.

When Joseph Small III's OV-10 Bronco reconnaissance plane was shot down by the Iraqis over Kuwait during the first Gulf War, the Geneva Conventions had no meaning for his captors. Held for nine days, Small was beaten and whipped. When he regained consciousness from the beatings, he was whipped again. His rotator cuff was torn when his captors wrenched his shoulder.

Small said his treatment was different from that of terror suspects by the U.S.

"They're being treated roughly, but they're not undergoing torture that me or John McCain or any other Americans went through," said Small, 55, adding that he's not comparing his experience to that of McCain or other Vietnam ex-POWs.

Small isn't advocating torture of terror suspects. But he said interrogators should be allowed to reach suspects at a level that's not clearly defined in the Geneva Conventions.

"This is a different situation we've never had before, one that has degenerated into a political discussion. We're not fighting a country, we're fighting an ideology and an enemy that's dedicated to our destruction," said Small, a Midwest Airlines pilot who lives in Racine. "It takes new thinking and new definitions of what we need to do to stop attacks on innocent civilians."

According to Heiliger, Small is the only Gulf War ex-POW living in Wisconsin, and only three ex-POWs from Vietnam live full time in the state.

Like Heiliger and Doughty, Gerald Gerndt spent years in the so-called "Hanoi Hilton" and other camps where he was tortured. After an escape attempt by other prisoners in 1968, Gerndt remembers he and his cellmates were punished by being put in leg irons and kept in a stifling room without open windows throughout the hot, muggy summer.

Gerndt, whose F-4C fighter jet was shot down on Aug. 23, 1967, has conflicted feelings about the debate over handling terror detainees.

"If you're going to murder innocent civilians for the sake of shock value, I'm not so certain the Geneva Convention should apply to those people," said Gerndt, 64, a financial adviser who lives in Genesee.

However, Gerndt added that while he despises terrorists, "we're a country of laws, and everyone has a certain right to those laws in this country."

Why Retired Military Brass Don't Want Torture (LAT)

By Charles Kaiser, Charles Kaiser, Author Of "1968 In America" And "The Gay Metropolis," Is Completing "The Cost Of Cou

The Los Angeles Times, September 24, 2006

Firsthand combat experiences compel old guard to attack Bush's 'alternative interrogation.'

FOR ONE 83-year-old veteran of World War II, it was the searing memory of a Japanese prisoner who helped turn the tide on Iwo Jima. For a 40-year veteran of Army intelligence, it was a trip to the battlefield at Gettysburg. For all 43 retired generals and admirals, it was a combination of moral outrage and deep disgust over President Bush's proposed legislation on interrogating terrorist suspects that propelled them into unfamiliar territory.

"None of us feels comfortable speaking out publicly," said retired Rear Adm. John D. Hutson, who served as the Navy's judge advocate general from 1997 to 2000 and presided over the JAG corps' 1,600 members. "That's not the nature of what military officers do…. [But we] care very, very much about the country and the military — and that's why [we] are speaking out."

The group of retired flag officers first came together in 2005, when a dozen of them signed a letter opposing the nomination of Alberto Gonzales as attorney general for his role in developing Bush's policies on torture in the war on terror. Late last year, they supported Sen. John McCain's (R-Ariz.) ban on cruel and inhumane treatment of detainees in U.S. custody anywhere in the world.

And last week, the Republican senators with whom the retired officers are allied in a fight against Bush's proposed legislation to weaken the spirit and the letter of the Geneva Convention won a compromise with the administration. According to the agreement, all forms of torture would be banned, including waterboarding, which White House officials had insisted wasn't real torture, although it was one of the Gestapo's favorite techniques.

The retired officers believe that the negative consequences of the president's anti-terror policies could have been avoided if the administration had followed traditional military practices. Retired Marine Maj. Gen. Fred E. Haynes, 83, is a veteran of World War II and the Korean and Vietnam wars. In 1945, he was a captain in the regiment that seized Mt. Suribachi on Iwo Jima and raised the U.S. flag there. In March of that year, his unit found two U.S. soldiers dead, apparently victims of torture. On March 17, about 10 days before the battle ended, a Japanese soldier, wearing nothing but his boots and a cotton jock strap, stepped out of a cave with his hands up. He had read one of the leaflets Americans were distributing in artillery shells that promised that anyone who gave up would get his wounds treated and his stomach filled.

The soldier surrendered to a lieutenant who spoke no Japanese. The lieutenant called his company commander to ask what to do with the prisoner.

"As he was talking," Haynes recalled hearing from soldiers in his unit, "a Japanese sniper apparently got a good aim on him and the bullet penetrated his helmet at an angle, scooted around inside the helmet and dropped out the back." Miraculously, the lieutenant was uninjured.

"In good conscience, he could have shot the Japanese [prisoner] dead," said the general, because the soldier could reasonably have concluded that he had been set up. "But he didn't."

Instead, the lieutenant waited for the company commander to join them. He subsequently discovered that French was a language he shared with the prisoner. Speaking French, the Japanese man offered to help clear out caves nearby.

When the prisoner was interrogated by two Marine interpreters fluent in Japanese, they quickly determined that he was the chief code clerk for the Japanese commander on Iwo Jima, an extraordinarily valuable catch.

"He not only knew the situation on Iwo, but he had good insight into the situation on Okinawa, which we were to invade on April 1 and did. He even knew a fair amount about the [Japanese army's] situation with respect to China," Haynes recalled.

The prisoner was immediately sent to the headquarters of Adm. Chester W. Nimitz, and from there to Washington.

"The moral of the story," said the general, "is we Americans have been so thoroughly imbued with the idea that you have to treat prisoners humanely — and this [story] is an example of why. It is an illustration of how by treating an individual decently you are much more likely to get any information you might want — and it's more likely to be correct."

Retired Army Brig. Gen. David R. Irvine spent 40 years in the Reserve as an intelligence officer, spending much of that time teaching the rules of interrogation to soldiers, Marines and airmen. He remembers a visit to Gettysburg, where he lined up with 125 other officers in front of a statue of Confederate Gen. Robert E. Lee, from which they retraced Pickett's Charge.

"Everything there is completely flat," Irvine said. "By the time you get 50 yards out … [you're] right in artillery range of the Union line. And you've got a mile and half to go on foot [to reach the Union soldiers]. As stragglers who survived found their way back to Seminary Ridge, Lee was riding his horse on that line and apologizing: 'It's all my fault.' He sent a letter of resignation to [Confederate President] Jefferson Davis, who refused to accept it. And the point of that whole exercise was command responsibility. That's a powerful lesson."

It's a lesson these retired officers think the administration doesn't get because no higher-ups were prosecuted for the abuses uncovered at Abu Ghraib and elsewhere. "Tailhook was a very painful time for the Navy," Hutson said, referring to the

1991 sexual misconduct scandal. "The Navy was not treating women with the respect and dignity that they deserved and had earned. But speaking of accountability, we had a chief of naval operations who resigned; we had a secretary of the Navy who resigned."

Retired Brig. Gen. James P. Cullen was chief judge of the U.S. Army Court of Criminal Appeals. "I grew up in an Army where the rules were very clear and where serviceman and women had no question about what their obligations and responsibilities were under both the Geneva Convention and our domestic law," he said. "When you have a winking-and-nodding policy [as was the case at Abu Ghraib], that just brings about the consequences that we came to view at [the prison]."

What further fuels the officers' outrage is that the policies they believe have undermined the military were mostly formulated by men, like Bush, who have not seen combat.

"[Vice President Dick] Cheney made mention in the days after 9/11 that he wanted to operate sort of on the dark side," Cullen said. "Here was a guy who never served, and now something terrible had happened, and he wanted to show that he was a tough guy…. So he's going to operate outside the rules of law. Bad message."

the Torture Debate (WP)

The Washington Post, September 24, 2006

President Bush's advocacy of "alternative interrogation practices" in the fight against terrorism has moved beyond legality and morality -- to focus on practicality. "The information that the Central Intelligence Agency has obtained by questioning men like Khalid Sheik Mohammed has provided valuable information and has helped disrupt terrorist plots, including strikes within the United States," Bush said in a Sept. 15 news conference. "By giving us information about terrorist plans we couldn't get anywhere else, this program has saved innocent lives. In other words, it is vital."

In a recent statement to the Senate Armed Services Committee, a group of former Army interrogators disagreed. "Prisoner/detainee abuse and torture are to be avoided at all costs, in part because they can degrade the intelligence collection effort by interfering with a skilled interrogator's efforts to establish rapport with the subject," they wrote.

We spoke with three of the signers about their experience as interrogators and why they signed.

-- Rachel Dry

Peter Bauer, Army interrogator, 1986-1997

I conducted interrogation operations and training, and served as an interrogator near the front lines during Operation Desert Storm. When prisoners of high intelligence value were captured, they were brought to me immediately. I often just glared at them and in a stern voice asked their name, their rank, their unit affiliation, and then questions related to the intelligence collection mission. Direct questioning is usually effective.

With the [Iraqi] Republican Guard officers, I had to use some of the approaches from the field manual. I used "love of comrades" a couple of times: I would tell somebody, "You know that if you can help us end this war sooner, fewer of your own people will die." When I saw them, they were still reeling from the shock of battle and capture. You should never underestimate the power of one's own imagination to create danger. If you ask, "Do you know what can happen to you under the Geneva Conventions if you don't tell me your name?" the answer is "nothing." But that question put to somebody who's not familiar with the Conventions just opens up doors in their mind. Most terrorists should be no more difficult to interrogate than other fanatics we've dealt with -- including Viet Cong, Soviet spies and Iraqi Republican Guard officers.

I know the techniques in the field manual work, and I know torture isn't as effective. I was stationed in Europe almost all of my career and I did resistance-to-interrogation training for NATO forces. We simulated the sort of abuse they could expect should they fall into the hands of the Warsaw Pact. This treatment is quite similar to the sort of techniques described as the CIA's "alternative interrogation procedures." We invariably obtained more reliable information using our own techniques than we did using the abusive procedures. I cannot name one instance in which abuse was successful after standard interrogation techniques failed. When you abuse or degrade somebody, the reaction of the source is: "You're putting ladies' underwear on my head. [Expletive] you." In the hands of a skilled and trained interrogator, you wouldn't have to torture. Not a single military interrogator with whom I have communicated expressed anything but contempt for the idea that torture could be more effective than standard interrogation techniques.

Chief Warrant Officer Marney Mason (retired)

I've been doing the interrogation thing since the early 1970s. I was a Cold War interrogator in Europe in the 1970s and '80s, and I've trained interrogators at Fort Hood, Tex., and Fort Bragg, N.C. -- teaching them how to conduct interrogations and how to resist them. In some training sessions, I've even administered mild forms of torture. And I think anyone who believes torture is a useful means of extracting information has been watching too many Sly Stallone movies.

A good interrogation is like a seduction. You sit down. You ask the person questions. You try to develop a very intense personal relationship with another human being so they'll part with information they'd rather not part with. You wheedle, cajole,

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trick, lie. The point is to collect usable, actionable information. Sure, if you start pulling a guy's fingernails out, he'll start talking -- it may not be the truth, but he's going to tell you exactly what you want to hear.

In a training environment (a mock prisoner-of-war camp), my students would be subjected to hostile forms of interrogations: loud noises, fake burials, 15- to 20-volt electric shocks. And I got people to confess to things that they absolutely did not do. The information you receive is worthless.

Travis W. Hall, former Army interrogator and captain in the Army's Judge Advocate General's Corps

Over my 14 years of military experience, both as an interrogator and as a JAG, I observed a degradation in the respect of service members for the laws of war since 9/11. When I attended interrogation school in 1992, all the attendees had 40 hours of classroom time on the Geneva Conventions followed by a written exam on all the rights and obligations of the military personnel under the Conventions.

What I saw firsthand as an interrogator and, later, as a JAG in Iraq in 2003 working on detainee issues, has left me with a strong belief that torture is counterproductive. What has proven effective in interrogation, time and again, regardless of what culture the detainee is from, is building a positive relationship with an individual. Americans really want their soldiers to not only come home, but come home with honor. I would challenge the current administration to come up with one example where torture in interrogation has produced actionable intelligence that saved American lives in the United States.

Does It Work? (WP)

By Edwidge Danticat

The Washington Post, September 24, 2006

President Bush says harsh interrogation tactics are a key tool in the War on Terror. Two authors consider the painful dilemma posed by his claim:

MIAMI Afew years ago, as I worked on a documentary film about torture survivors in exile from my native Haiti, I met a young woman who under questioning by a military officer was slapped until she became deaf in one ear, was forced to chew and swallow a campaign poster, and was kicked so hard in the stomach by booted feet that she kept slipping in and out of consciousness in a pool of her own urine and blood. Another woman had an arm chopped off and her tongue sliced in two before she was dumped in a mass grave, miles from her home.

When I met these women, some time had passed since their ordeals. But they could still feel the hammering of the blows and hear the menacing voices, threatening to drown them, dismember them and set them on fire. The younger woman, Marie Carmel, remembers thinking about her mother. Manman will surely die if I'm killed, she thought. I have to stay alive for her. Alerte, whose arm and tongue were severed, kept thinking about her children as she climbed out of the corpse-filled pit and crawled to the side of the road where she found help. Both had no idea how much pain they could endure until then. They wanted to live, they remembered, to defy their torturers, to tell their stories.

"There is no need for torture," wrote Jean-Paul Sartre. "Hell is the other." Those women saw hell and came back. However, neither one told their torturers what they wanted to know. Marie Carmel did not reveal the names of her fellow pro-democracy activists. Alerte did not divulge the whereabouts of her husband, who was the real object of her captors' search.

For many who remember -- just as these women do, and my own parents do -- what it means to live under a dictatorial regime, a regime in which citizens must leave work or school to witness public executions, torture is not just an individual affliction but a communal one. And now, when political leaders in the United States are asking us as a society to consider not only the legal and moral ramifications of torture but its effectiveness, we are brought closer to these regimes than we may think. If we are part of all that has touched us, as Alfred Tennyson wrote, then we are all endorsers of torture when it is done in our name.

Torture aims for a single goal -- obtaining information -- but it achieves a slew of others. For one thing, it martyrizes the tortured. Think of the old Christlike images of Che Guevara's corpse in Bolivia -- or even of Christ himself.

While working on the documentary and researching the novel it eventually inspired, I interviewed torturers as well as their victims. I realized that torture diminishes us all by numbing us to human distress; the level of callousness in the society rises, with once unimaginable acts suddenly charted and rationalized.

"This is why we have this proverb," one repentant torturer told me, " bay kou bliye pote mak sonje ." The one who strikes the blow might easily forget, but the one who wears the scars must remember.

When seemingly noble ideals -- after all, what can be nobler than wanting to save lives? -- lead us to torture, the path to the torture chamber can find its way to our front door, just as it did for Marie Carmel, Alerte and countless others before them.

"The people who kill and torture and tell lies in the name of their sacred causes . . . " wrote Aldous Huxley, "these are never the publicans and the sinners. No, they're the virtuous, respectable men, who have the finest feelings, the best brains, the noblest ideals."

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As a child growing up in a dictatorial state, I always dreaded the pounding I heard at some of my neighbors' doors at night, when many were yanked from their beds never to be seen again. The lucky ones returned from a pit that was as much a physical place as a darkness that would always surround them. They were missing an eye or some teeth; they showed swelling that would take weeks to go down or shaking that worsened over time. These markers of torment first drew me to people such as Marie Carmel and Alerte, women who could have been my mother or myself.

When I first encounter men and women who've been tortured, I notice their dramatic and disfiguring scars. But eventually I recognize their hardened core and, more often than not, their reinforced defiance and renewed commitment to that for which they were abused.

When I meet former torturers, they don't proudly stand up and say, "Here I am, a torturer." Unless they're infamous, they have sought to compartmentalize their lives. At a lively game of dominoes or across a family dinner table, they can distance themselves from their past in a way that their victims can never even attempt. Occasionally, though, they are unwittingly exposed by a child who might say, "Papa was in the military and worked in such-and-such prison at such-and-such time." The torturers squirm and change the subject, knowing they've been unmasked.

Rare is the opportunity, as we seem to have now, for the torturer to plot out methods in advance and in public. Should a person be strapped to a board and have water poured down his nose? Should she be forced to stand for long periods of time in the cold without being allowed to sleep? Should he be slapped in the chest, face or belly? These are almost novelistic questions with no more rational answers than some haywire plot or dark verse.

After first reading it as a young girl newly escaped from Jean-Claude Duvalier's dictatorship in Haiti, I recently rediscovered a poem called "The Colonel" by Carolyn ForchÃ©. The narrator describes dining with a dictator who, after the luxurious meal, empties a bag full of human ears on the table.

"I am tired of fooling around," he tells his visitor. "As for the rights of anyone, tell your people they can go [expletive] themselves."

He lifts his glass of wine, and with one sweep of his arm, brushes the ears to the floor.

When the ears hit the ground -- like those of all my disappeared neighbors, I imagine -- the narrator notices that some of them are pressed to the floor while others are catching "this scrap of his voice." My fear is that when it is most needed, none of our ears will bother to catch any voices at all. Then will the tortured see any reason to live on? And if they live, whom will they tell?

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Edwidge Danticat, a Haitian American writer, is the author of "The Dew Breaker" (Knopf).

Are We Really So Fearful? (WP)

By Ariel Dorfman

The Washington Post, September 24, 2006

DURHAM, N.C.

It still haunts me, the first time -- it was in Chile, in October of 1973 -- that I met someone who had been tortured. To save my life, I had sought refuge in the Argentine Embassy some weeks after the coup that had toppled the democratically elected government of Salvador Allende, a government for which I had worked. And then, suddenly, one afternoon, there he was. A large-boned man, gaunt and yet strangely flabby, with eyes like a child, eyes that could not stop blinking and a body that could not stop shivering.

That is what stays with me -- that he was cold under the balmy afternoon sun of Santiago de Chile, trembling as though he would never be warm again, as though the electric current was still coursing through him. Still possessed, somehow still inhabited by his captors, still imprisoned in that cell in the National Stadium, his hands disobeying the orders from his brain to quell the shuddering, his body unable to forget what had been done to it just as, nearly 33 years later, I, too, cannot banish that devastated life from my memory.

It was his image, in fact, that swirled up from the past as I pondered the current political debate in the United States about the practicality of torture. Something in me must have needed to resurrect that victim, force my fellow citizens here to spend a few minutes with the eternal iciness that had settled into that man's heart and flesh, and demand that they take a good hard look at him before anyone dare maintain that, to save lives, it might be necessary to inflict unbearable pain on a fellow human being. Perhaps the optimist in me hoped that this damaged Argentine man could, all these decades later, help shatter the perverse innocence of contemporary Americans, just as he had burst the bubble of ignorance protecting the young Chilean I used to be, someone who back then had encountered torture mainly through books and movies and newspaper reports.

That is not, however, the only lesson that today's ruthless world can learn from that distant man condemned to shiver forever.

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All those years ago, that torture victim kept moving his lips, trying to articulate an explanation, muttering the same words over and over. "It was a mistake," he repeated, and in the next few days I pieced together his sad and foolish tale. He was an Argentine revolutionary who had fled his homeland and, as soon as he had crossed the mountains into Chile, had begun to boast about what he would do to the military there if it staged a coup, about his expertise with arms of every sort, about his colossal stash of weapons. Bluster and braggadocio -- and every word of it false.

But how could he convince those men who were beating him, hooking his penis to electric wires and waterboarding him? How could he prove to them that he had been lying, prancing in front of his Chilean comrades, just trying to impress the ladies with his fraudulent insurgent persona?

Of course, he couldn't. He confessed to anything and everything they wanted to drag from his hoarse, howling throat; he invented accomplices and addresses and culprits; and then, when it became apparent that all this was imaginary, he was subjected to further ordeals.

There was no escape.

That is the hideous predicament of the torture victim. It was always the same story, what I discovered in the ensuing years, as I became an unwilling expert on all manner of torments and degradations, my life and my writing overflowing with grief from every continent. Each of those mutilated spines and fractured lives -- Chinese, Guatemalan, Egyptian, Indonesian, Iranian, Uzbek, need I go on? -- all of them, men and women alike, surrendered the same story of essential asymmetry, where one man has all the power in the world and the other has nothing but pain, where one man can decree death at the flick of a wrist and the other can only pray that the wrist will be flicked soon.

It is a story that our species has listened to with mounting revulsion, a horror that has led almost every nation to sign treaties over the past decades declaring these abominations as crimes against humanity, transgressions interdicted all across the earth. That is the wisdom, national and international, that has taken us thousands of years of tribulation and shame to achieve. That is the wisdom we are being asked to throw away when we formulate the question -- Does torture work? -- when we allow ourselves to ask whether we can afford to outlaw torture if we want to defeat terrorism.

I will leave others to claim that torture, in fact, does not work, that confessions obtained under duress -- such as that extracted from the heaving body of that poor Argentine braggart in some Santiago cesspool in 1973 -- are useless. Or to contend that the United States had better not do that to anyone in our custody lest someday another nation or entity or group decides to treat our prisoners the same way.

I find these arguments -- and there are many more -- to be irrefutable. But I cannot bring myself to use them, for fear of honoring the debate by participating in it.

Can't the United States see that when we allow someone to be tortured by our agents, it is not only the victim and the perpetrator who are corrupted, not only the "intelligence" that is contaminated, but also everyone who looked away and said they did not know, everyone who consented tacitly to that outrage so they could sleep a little safer at night, all the citizens who did not march in the streets by the millions to demand the resignation of whoever suggested, even whispered, that torture is inevitable in our day and age, that we must embrace its darkness?

Are we so morally sick, so deaf and dumb and blind, that we do not understand this? Are we so fearful, so in love with our own security and steeped in our own pain, that we are really willing to let people be tortured in the name of America? Have we so lost our bearings that we do not realize that each of us could be that hapless Argentine who sat under the Santiago sun, so possessed by the evil done to him that he could not stop shivering?

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Ariel Dorfman, a Chilean American writer and professor at Duke University, is author of "Death and the Maiden."

CIA Deal Reveals Shirker And Cipher (NSDY)

By Les Payne

Long Island Newsday, September 24, 2006

The White House compromise over legislation for the treatment of terror suspects was hardly worth the ink that scribbled the deal on Thursday. More ironic still was the venue for this military pact: the vice president's office in the Senate Office Building.

Dick Cheney has certified every jot and tittle of the U.S. invasion of Iraq - and been proved tragically wrong to the tune of $1 trillion and more than 2,600 American lives. The war policies of this most powerful of all vice presidents have been as inaccurate as his shotgun aim. Cheney said Saddam Hussein had weapons of mass destruction. Wrong. The United States would cakewalk over Baghdad. Wrong. The Iranians would greet GIs as liberators. Ditto. The war is winding down. Ditto, double damned.

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Undiplomatic as Hugo Chávez's UN attack on a sitting U.S. president might have been, it is unfortunate that the Venezuelan leader did not include Cheney in his remarks. Not even Rep. Charles Rangel, who rushed to defend his president against Chávez, could have denied the sulfuric fumes to be whiffed in the wake of the former Halliburton chairman.

While viewing President George W. Bush as an amiable cipher, Rangel has publicly denounced Cheney as a troubled force. In an interview with NY 1 last year, the Harlem Democrat said, "Sometimes I don't think Cheney is awake enough to know what's going on. He's a sick man. He's got heart disease, but the disease is not restricted to that part of his body. He grunts a lot, so you never know what he's thinking." In a follow-up interview, he said: "I would like to believe he's sick rather than just mean and evil."

Former military men such as Rangel, or Sen. John McCain for that matter, seem to be roiled by the notion that Cheney is the helmsman of U.S. military policy. When able-bodied men were subject to the military draft, Dick Cheney maneuvered himself five deferments to avoid meeting this obligation. If not a flat-out coward, he possibly is a mere shirker and, at 64, a chicken hawk void of military sense or caution.

The vice president's office was the site of the high-powered, super-intense confrontation to decide how the Bush administration will proceed with the trial of the 14 suspected terrorists being held at Guantanamo Bay in Cuba.

The compromise was necessitated by the U.S. government's push to avoid further scandal on the eve of the trial. Military and intelligence interrogators petitioned the White House and Congress for clear instructions to protect against charges of unauthorized torture and possible war crimes. Already, the Supreme Court had ruled that methods in play violated existing laws.

No stranger to tough talk, the Bush White House planned to try the suspects without allowing them to hear secret evidence allegedly gathered against them. Some might even have been executed without ever knowing the full extent of what brought them to the gallows. Additionally, Bush took the CIA's bait for clear interrogation directives and pressed for rewriting Common Article 3 of the Geneva Conventions, which deals with humane treatment of prisoners of war.

So reckless was the president's move to redraft the Geneva accords that even former Secretary of State Colin Powell rose in opposition. He was joined by McCain, who persuaded two other GOP senators to sustain Article 3 as protection, as well as reassurance, for U.S. soldiers who may be captured and held as prisoners of war. Having been held by the North Vietnamese as a POW for about five years, McCain knows about torture.

As a casual-duty goldbrick in the Texas Air National Guard, Bush knows nothing of war, honor or duty. Like so much of his balderdash and war swagger, Bush's toughness on torture seems more a son's determined attempt to escape the shadow of his father's executive reputation as a "wimp." It is most unfortunate that America's honor and resources are being drained away at the expense of this sick play staged by a member of one of the elite ruling-class families on his last legs.

Somehow, the republic must rise up and save itself from this spoiled cipher.

Two-Tiered Torture Standards (LAT)

The Los Angeles Times, September 24, 2006

By allowing the CIA leeway in interrogations, the Senate gave up too much in its compromise with Bush.

IF IT'S GOOD ENOUGH FOR John McCain, Lindsey Graham and John Warner, then it's good enough for everyone else. That, essentially, has been the argument for the compromise reached last week between the White House and the Senate concerning the Bush administration's treatment of suspected terrorists.

But it's not good enough — neither the compromise nor the argument. The three Republican senators admirably opposed the administration's attempt to undermine international law on the treatment of prisoners captured in the war against terrorists. Yet Congress should not accept their assurances without the sort of sustained scrutiny that will be impossible if there is a rush to enact the compromise into law before the midterm elections. Democrats, who until now have allowed McCain and Co. to serve as their stand-ins, especially should resist a stampede.

To their credit, McCain of Arizona, Graham of South Carolina and Warner of Virginia (with an assist from former Army general and Secretary of State Colin L. Powell), forced the administration to back down from its proposal to redefine Common Article 3 of the Geneva Convention, which prohibits "cruel" and "degrading" treatment. That is good news for U.S. service members who might need to avail themselves of the protections of the convention in the future.

But the compromise has a major flaw. It perpetuates a two-tier system in which the U.S. military is bound by a strict reading of Common Article 3 while the CIA is apparently free to use what President Bush described as "alternative" interrogation methods.

And what exactly are those methods? Earlier this month, in describing how CIA questioning had loosened the tongues of 14 high-profile suspects captured after 9/11 and imprisoned abroad, Bush insisted that they weren't tortured. Yet in the same speech, he worried that U.S. interrogators "could now be at risk of prosecution under the War Crimes Act — simply for doing their jobs in a thorough and professional way."

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The implication was that the CIA might have engaged in activities that violate provisions of Article 3. The devil will be in the details — which will be spelled out in an executive order that will define rules for interrogation. Before writing Bush a blank check, Congress should insist on a convincing explanation of what the CIA would be allowed to do that would be forbidden for interrogators in the military — and why.

Thursday's compromise addressed another point of contention between the White House and the McCain group: whether military commissions the president has asked Congress to create could convict suspected terrorists on the basis of evidence not shared with the defendant. The administration and the senators agreed that defendants would have access to evidence made available to a jury, though some sensitive sources would be removed.

McCain and the White House didn't need to mend their differences on another issue — whether suspected terrorists can use the ancient writ of habeas corpus to challenge their confinement — because that avenue of appeal is choked off in both the Bush and Senate proposals. It should not be, and the Senate Judiciary Committee should make that clear when it considers that question Monday.

With habeas corpus, as with interrogation techniques and the conduct of military commissions, Congress needs to keep in mind not only American traditions of justice but the fact, noted by Powell in opposing a redefinition of the Geneva Convention, that "the world is beginning to doubt the moral basis of our fight against terrorism." Assuaging such doubts is also a matter of national security.

The President And The Law (1 Letter) (NYT)

The New York Times, September 24, 2006

To the Editor:

John Yoo, a former deputy assistant attorney general in the Bush administration, acknowledges that President Bush's unique approach to the law, which the president has insisted is necessary to fight terrorism, is motivated by the "broader'' goal of strengthening executive power (Op-Ed, Sept. 17).

Mr. Yoo cites this goal as a reason the administration has fought a "pre-emptive'' war, "data-mined communications in the United States to root out terrorism,'' detained terrorists without "formal'' charges and conducted "harsh'' interrogations.

The agenda includes the reclassification of government information and the withholding of information from Congress and the courts, and has been buttressed by the president's "signing statements,'' which Mr. Yoo asserts claim the president's right not to enforce "unconstitutional'' laws.

In our system of government, it is the courts that determine the constitutionality of laws, not the president.

But Mr. Yoo takes his argument further, asserting that the president can ignore laws like the Foreign Intelligence Surveillance Act because they have produced "dysfunction.'' Indeed, according to Mr. Yoo, the president can ignore both laws and judicial decisions that he deems "wrongheaded'' or "obsolete.''

These views are clearly offensive to our constitutional system. It is long past time for Congress to reassert its proper role in checking an executive branch that has so little respect for the principles that have sustained our democracy for more than 200 years.

Russ Feingold
U.S. Senator from Wisconsin
Washington, Sept. 19, 2006

Attacks Spark Tougher Guantanamo Jail (AP)

By Andrew Selsky

AP, September 24, 2006

The military is toughening a new jailhouse for suspected al-Qaida and Taliban militants to protect guards after a spate of attacks and evidence that detainees have organized themselves into groups to mount uprisings, officials said.

The hardening comes as U.N. human rights investigators are calling for closing the entire detention center on this remote U.S. base. But with the war against terror groups dragging on, commanders say they have no choice in dealing with men deemed enemy combatants.

Events in recent months have made Guantanamo officials extremely wary:

· Detainees lured guards into a cell in the prison's Camp 4 by staging a suicide attempt in May, then attacked with fan blades and broken pieces of fluorescent light fixtures, the military says. Defense attorneys say the clash was sparked when guards tried to search prisoners' Qurans.

· On June 10, three detainees in Camp 1 committed suicide. Navy Rear Adm. Harry Harris, commander of the jail, described it as a coordinated protest action — "not an act of desperation but an act of asymmetric warfare against us."

· Guards recently discovered detainees in Camp 1 were dismantling faucets on sinks, removing long, sharp springs and reinforcing them into stabbing weapons, Army Lt. Col. Mike Nicolucci said. Camp 1 has been emptied of detainees while new faucets are installed, with inaccessible springs.

From July 2005 through August, the military recorded 432 assaults by detainees using "cocktails" of bodily excretions thrown at guards, 227 physical assaults and 99 instances of inciting or participating in disturbances or riots.

"What we have come to assess is these detainees — these terrorists — are still fighting a battle," said Army Brig. Gen. Edward A. Leacock, deputy commander of the detention operation. "They're not on the battlefield but ... they're still continuing to fight to this day."

Leacock said hard-core al-Qaida and Taliban detainees have established a hierarchy of "military guys, religious guys ... the muscle guys, and they all have a role inside the camps."

The goal is to coordinate attacks on guards or organize disturbances, Leacock said in an interview with journalists from The Associated Press and three foreign news organizations Wednesday.

"There are people in the camps — we have identified them — that continue to try to foment problems within the camp," Leacock said. "Our effort is trying to preclude them from developing the plans that will cause ... any kind of uprising."

Leacock did not identify the leaders but insisted extra security measures were called for, even before 14 top detainees, including alleged Sept. 11 plotter Khalid Sheikh Mohammed, were recently transferred to Guantanamo.

Human rights attorneys contend detainees are treated harshly, including enduring solitary confinement for months. The lawyers also say that among the roughly 460 Guantanamo detainees are men who were swept up by U.S. forces in Afghanistan and elsewhere who never intended to do the United States harm.

Underscoring the military's toughening stance, a jailhouse in the final stages of construction on a cactus-studded plateau overlooking the Caribbean is being "hardened" into a maximum-security facility. Camp 6 was to have opened in August as a medium-security lockup.

The modifications have pushed back the completion date of the $37.8 million jailhouse, which has a capacity for 220 inmates, to Sept. 30. It will take its first detainees in mid-October, Army Capt. Dan Byer said.

As a medium-security jail, inmates would have had common areas where they could talk and share meals. The eight common areas, with gleaming metal tables and stools, still exist, but will be off limits to detainees under maximum security.

"Anti-jump fencing" is being added to second floor tiers, and a high-tech control room will allow guards to monitor the facility while sitting at computers.

Shower doors have been specially made for the modification. Inmates will be escorted to showers, shut in and escorted back to their cells when they are finished washing. As a medium-security jail, inmates would have been able to walk unescorted across the common area to the showers.

Camp 6 underscores the prison's increasing permanence, standing in stark contrast to the cages that housed detainees when they began arriving in January 2002. Vines now entwine the cages at the abandoned Camp X-ray, standing in knee-deep weeds and grass.

The United States has determined that about 130 of the current detainees are eligible for release or transfer, but the timing will depend on negotiations with their home countries.

"I think what we have here is an orange. What we're doing is squeezing out the juice and what we're left with at the end of the day is pulp that will just stay here," said Navy Capt. Phil Waddingham, lead officer here for the Office for the Administrative Review of the Detention of Enemy Combatants.

"We have dangerous men here who should not be allowed back to the battlefield," he said.

Last year, Guantanamo's former warden held talks with "the council," an ad hoc group composed of six detainees aimed at easing prison conditions and conflicts. One of the things they agreed on was having traffic cones placed in hallways during Muslim prayer time, so guards would know not to interrupt praying detainees.

The council has been disbanded amid suspicions it was coordinating resistance efforts. Defense attorneys say some council members have been in solitary confinement for months. Guantanamo officials refuse to discuss individual detainees, but say no one is denied all human contact.

Leacock said that while the prayer cones are still used, the experiment of allowing a detainee negotiating group is definitely over.

"The council of six is no longer in session," he said.

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HOMELAND RESPONSE:

Shots Fired At Mosque As Ramadan Begins (AP-Y)

AP, September 24, 2006

A mosque was hit by gunfire as members inside celebrated the start of the Muslim holy month of Ramadan, authorities said Saturday.

No injuries were reported and there were no arrests.

A member of the Islamic Society of Brevard County stepped outside the mosque Friday night to use his cell phone when he heard several gun shots, police said.

The man, who was not immediately identified, took cover behind a wall as several rounds struck the building, police said. He then ran inside and told mosque members, who called police.

Authorities searched the surrounding area for suspects but found none. Police were not releasing many details of the shooting because the investigation was ongoing, spokeswoman Jill Frederiksen said Saturday. Detectives were working to determine a reason for the shooting.

Police will begin extra patrols around the mosque in Melbourne, about 50 miles east-southeast of Orlando.

Ibrahim Hooper, national spokesman for the Council on American-Islamic Relations, said that while no motive had been determined by police, the shooting fit a pattern of incidents at mosques this year.

A bullet-riddled Quran was left outside a mosque in Chattanooga, Tenn., and an Indiana mosque was vandalized. There were other incidents at mosques in Maine, Arizona and Maryland.

"Worshippers of the mosque would obviously be disturbed if (religion) was the motive for the attack," Hooper said Saturday.

To Honor A Son Lost On 9/11, Parents Help Others Torn By Violence (NYT)

By Peter Applebome

The New York Times, September 24, 2006

Bedford, N.Y.

When he was a child, there was something about the 10-day period starting with Rosh Hashana and ending with Yom Kippur that filled Stephen Alderman with a sense of wonder and of dread.

The holidays are called the Days of Awe. During that period, Jews are required to take stock of their life, to account for what they have done to merit inclusion in the Book of Life — their worthiness to live through another year. That seemed a thing of awful majesty and scary weight. It filled him with awe.

Dr. Alderman, a retired radiology oncologist, and his wife, Elizabeth, both 65, did not attend services this Rosh Hashana or observe the holiday in any way. They weren't very observant before Sept. 11, 2001, when their youngest son, Peter, attended a morning conference on the 106th floor of the north tower of the World Trade Center. They are no more so now.

Still, there can't be too many lives more in keeping with that sense of awe at life's responsibilities than theirs have been since their son, who was 25, died that terrible day. So, if they bear witness at the foundation they have established in their son's memory rather than in a synagogue, it's hard to argue with them. Because of all the redemptive tales that have followed 9/11, not many can surpass what the Aldermans have brought to life as a result of their son's death.

Victims of a trauma almost too much to bear, the Aldermans a year after 9/11 established a foundation dedicated to healing those even more traumatized than they were — victims of terrorism and mass violence in countries around the world — in Iraq and Uganda, Bosnia and Cambodia, Rwanda and Afghanistan, about 50 in all.

So they will spend their Days of Awe this year at a conference center in Italy, where their foundation (www.petercaldermanfoundation.org) will hold a training session for 35 professors and health professionals from around the world. Those in attendance, as part of a three-year program, will then go out and treat the torn psyches of people at refugee camps and in mud huts and teach others to do the same thing.

By the end of the year they will have trained more than 600 health professionals around the world, who will have treated more than 50,000 people.

"This is not about keeping Pete's memory alive," Mrs. Alderman said. "Only people who knew Pete, who knew his smile, will have any memory of him. You can't keep a memory alive, but you can do work he would have been proud of, work that really matters."

Battered and numb after 9/11, they soon began to look for ways to honor Peter's life. They had vague thoughts: a vest-pocket park, an endowed chair. And then the next June on "Nightline," Mrs. Alderman saw a show on the walking wounded of

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mass violence around the world, people with invisible wounds like theirs, only worse. These were the victims of war and ethnic cleansing and terrorism who didn't have a big house in Bedford, enough money to get counseling, any way to rejoin the living, to get out of their bleak shell of shock and pain.

And then it seemed so obvious. They couldn't do anything for Peter. But they could so something for tens of thousands of people — maybe more — around the world. It could help save people with scars like theirs. It could help save them as well.

So they contacted Dr. Richard Mollica, of the Harvard Program in Refugee Trauma, a leading expert in the field, and told him what they wanted to do. His ideas helped them create their foundation. It teaches local caregivers how to treat the depression and pain of people with wounds like theirs, using Western medical therapies combined with local healing traditions. They took the $1.4 million they had received as part of the 9/11 settlement, plowed the money into the foundation and set about raising more.

Now, there's a master class series, like the one going on now, dedicated to training caregivers who can both treat people and teach others how to do it. There are clinics operating in Cambodia and Uganda, with plans for more. There is the Peter C. Alderman International Society, one of the foundation's programs, to share research. There will be more.

As for them, the work has given them two things. The first is a link to something spiritual beyond their own lives, meaningful work, a sense of altruism. The second is a way for their son to live on, to be inscribed, if not in the Book of Life, at least in any accounting of those whose lives, however short, made a difference. "Peter died too soon to make his mark on this earth," his mother said. "What we're doing will leave a profound and indelible mark that Peter existed."

Some Texans Still Cleaning Up After Rita (AP-Y)

By Paul J. Weber, Associated Press Writer

AP, September 24, 2006

Sam Henry swept dead pigs off Highway 87 two days after Hurricane Rita tossed them there. Then his job turned really unpleasant.

He pulled double shifts for the Texas Department of Transportation, hauling trash and patching roads cleaved by uprooted trees. The long days worsened Henry's ailing knees but hastened the repair of vital infrastructure.

In some parts along the Texas-Louisiana border, it seems as if there never was a Category 3 hurricane that pummeled the region one year ago Sunday.

The story on Henry's street is different.

In his neighborhood, a cluster of families working jobs like construction and maintenance, rebuilding the rural swath of southeast Texas has come at the expense of their own homes. Many are among the few still living in FEMA trailers that flank their tarp-covered houses, which remain neglected following long workdays.

"You can't work seven days a week forever," said home renovator Sheila LeLeaux, who lives near Henry and has a monthlong backlog of clients waiting for her to gut their houses. "Some days I want to come home and kick a dog."

Rita landed in Sabine Pass on Sept. 24, 2005, packing 120 mph winds that flattened the coastal hamlet before splaying into East Texas and lashing western parts of Louisiana. At least nine were killed after the storm roared ashore, and thousands of homes in the mostly poor and densely wooded path of the storm were destroyed.

But the destruction was a mere speck compared to that wrought a month earlier by Hurricane Katrina. Even one year later, Rita is best remembered for the chaotic evacuation of Houston, which was far more deadly, killing more than 100 people in accidents and exposure deaths.

The Southeast Texas Regional Planning Commission estimates Rita residental damages at $2 billion — far less than the tens of billions in damages borne by Katrina, but still a hefty price tag to area officials.

Already this year, LeLeaux and her husband have six times the number of home renovation jobs the couple contracts in a normal year.

"And it's only September," she said.

LeLeaux, 41, hangs drywall and rips out floors for about 10 hours, seven days a week. Her toenails are freshly painted bright pink but she's embarrassed that she has no time to touch up the gray roots in her hair. Nor does she have a spare hour to clean her house or wash the pile of laundry on her kitchen floor — she now pays her mother $50 to do that.

The placard pressed into her front yard plugs "LeLeaux's Drywall and Painting," but her house serves as no advertisement. Half the roof on her garage is peeled off, and the other half is held up by slats precariously wedged between the floor and the remaining beams. The neighboring lot, which she also owns, holds a concrete slab with two standing walls and a pile of rubble where the living room would have been.

Neighbor Lonnie Prejean, 49, still hasn't touched his flattened garage that buried a truck and a boat.

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"You try cutting trees all day and then come home to work on that," said Prejean, who spends 12 hours a day clearing acres of hurricane-toppled trees for Rogers Lumber Co.

Nearby, Henry's FEMA trailer is parked next to a simple square house rendered uninhabitable since Rita buckled the walls and pushed the frame from the slab.

"Everyone around here is at each other's throats a little more," said Nichol Bishop, Henry's girlfriend. "People are more stressed. Look around. The only people whose homes are fixed are retired. No one else has the time or energy at the end of the day."

Orange County Judge Carl Thibodeaux, who's still waiting for his county's slice of the $74.5 million in federal aid awarded to the state in December, paints a brighter picture. To be sure, the county has come a long way since spending the first month without power and policing gas station lines that formed three hours before pumps were turned on.

The county still sorely lacks hourly wage workers because most low-rent apartment complexes remain uninhabitable. But repaired homes in West Orange outnumber the damaged ones, and Thibodeaux believes the county needs only about another year before the last blue tarp is peeled from a roof.

Thibodeaux, a former West Orange mayor, believes that some whose homes still require dramatic overhauls are the same residents who failed to keep up their properties before Rita.

"The storm has just magnified this," he said.

LeLeaux pays no attention. She said she'll eventually clear the wind-shorn trees and crumbled brick still piled high on her lot. She said she'll cook a meal again for her family, quit drinking the beer she sometimes opens before bed and cut back to just one pack of Marlboro Reds a day.

She just doesn't know when.

"Know how I relax? Relieve stress? I get a paint roller and paint a few rooms," LeLeaux said. "That's the easiest thing I've got going."

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On the Net:

http://www.cityofwestorange.com/

La. Cattlemen Struggle 1 Year After Rita (AP-Y)

By Doug Simpson, Associated Press Writer

AP, September 24, 2006

Summer rains have brought back the coast's usual lush green grazing land. Life for Louisiana's cattlemen, however, is far from normal.

A year after Hurricane Rita, the cattlemen say they're still struggling, hampered because the storm tore down hundreds of miles of fences essential to contain their cows, bulls and calves. Even if the fences and the farm structures Rita also destroyed get rebuilt, the storm has forever changed a sliver of southwest Louisiana culture.

"It's not going to be like it was, ever again," said Mike Montie, 41, a second-generation cattleman who evacuated his family's cattle north before the storm.

Category 3 Rita struck here last Sept. 24, flattening Cameron and other towns, its salt water turning the lush grass to brown and killing roughly 30,000 cattle, according to the state agriculture department. The region's cattle farmers produce a tiny fraction of the national industry; the animals killed in Rita had little effect on beef prices.

But along with catching shrimp and drilling for oil, the cowboy life is a generations-old facet of southwest Louisiana's mishmash culture. Cowboys who live in and around Cameron used to run into each other at the feed store, tip their cowboy hats back, kick the dirt with their boots, and swap tips and tales about their cows.

With few of their houses still standing, the cattlemen have moved themselves and their remaining animals north.

"Everybody's so scattered out now. That's the thing you miss: seeing people, the gossip at the post office," said Bobby Montie, 67, Mike Montie's father and a lifelong cattleman from the tiny town of Creole.

Some have begun receiving checks from a federal agricultural program that reimburses them for 75 percent of the value of each animal, up to a total of $80,000. Many cattlemen lost far more; the relief money is not nearly enough to restore their herd. The National Cattleman's Beef Association and other groups have also been donating hay, feed and farm supplies.

But until they can restore their barbed-wire fences, the Monties will keep their cattle on leased land, about 25 miles north, they said.

On Saturday, Gov. Kathleen Blanco, the state's two U.S. senators and other officials gathered in coastal Cameron for a concert, party and a staged cattle drive to commemorate Rita's one-year-anniversary and to honor the cattlemen's recovery effort.

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The cowboys mostly ignored the politicians' speeches, munching on hamburgers and focusing instead on reconnecting with the friends they don't see much anymore. Several said they expected to continue putting up new fences, but won't move their animals back to the coast anytime soon.

Donnie Rogers, who lost about 100 cattle in Johnson Bayou in the storm, said: "Nobody's really got big plans to start up again until next year."

WAR NEWS:

Spy Agencies Say Iraq War Fuels Terror (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 24, 2006

The conflict spreads extremism and serves as a laboratory for deadly tactics, says a bleak analysis by 16 U.S. intelligence units.

WASHINGTON — The war in Iraq has made global terrorism worse by fanning Islamic radicalism and providing a training ground for lethal methods that are increasingly being exported to other countries, according to a sweeping assessment by U.S. intelligence agencies.

The classified document, which represents a consensus view of all 16 U.S. intelligence agencies, paints a considerably bleaker picture of the impact of the Iraq war than Bush administration or U.S. intelligence officials have acknowledged publicly, according to officials familiar with the assessment.

"They conclude that the Iraq war has made it worse," said a government official familiar with the document who spoke on condition of anonymity because of its classified nature.

President Bush and Vice President Dick Cheney repeatedly have described the war in Iraq as the central front in the war on terrorism and argue that Americans are safer as a result of the administration's policies.

The report, titled "Trends in Global Terrorism: Implications for the United States," was completed and described to U.S. government officials in April but not made public. The document is what is known as a National Intelligence Estimate, or NIE, which is designed to represent the U.S. intelligence community's most comprehensive treatment of a subject.

The 30-page report documents an array of disturbing trends in the war on terrorism and focuses on forces that are contributing to the evolution of Islamic terrorist networks from centralized structures to an increasingly fragmented ideological movement.

"It paints a fairly stark picture of what we all know, and that this is a movement that is spreading and gaining momentum around the world," said the official familiar with the document. "Things like the Iraq war have given the terrorists recruiting tools and places to ply their trade and a training ground."

The official said the estimate touches on a number of factors fueling the jihadist movement, but that "the reference to Iraq was the main one."

A U.S. intelligence official who has seen the document said that many of the report's findings were outlined in a speech in San Antonio in April by Gen. Michael V. Hayden, the former principal deputy director of national intelligence. Hayden has since become director of the CIA.

Hayden did not single out the Iraq war in the speech as a particularly powerful force shaping terrorist networks. But he did acknowledge "the centrality of Iraq" and said the conflict there and how it is portrayed in Islamic media continue to cultivate support for the global jihadist movement.

In that speech, Hayden said that the global jihadist movement "is spreading and adjusting to our counterterrorism efforts, and it is also exploiting the communications revolution, the Internet."

While describing the Al Qaeda terrorist network as still the most dangerous threat to the United States, Hayden said that Islamic activists were increasingly identifying themselves as jihadists, and that they were "increasing in both their number and in their geographic dispersion."

Hayden went on to say how factors fueling the spread of the movement, including "entrenched grievances — corruption, historic injustice, even fear of Western domination — leave many in parts of the Islamic world with feelings of anger and a sense of powerlessness."

The Bush administration has made the case that a democratic government in the Middle East would serve as a beacon to other nations, providing new hope to populations of disaffected Muslims.

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"The world is safer because Saddam Hussein is no longer in power," Bush said in his speech to the nation on the fifth anniversary of the Sept. 11 terrorist attacks. "The safety of America depends on the outcome of the battle in the streets of Baghdad." He also said that Americans were "safer, but we are not yet safe" from terrorism.

Bush and Cheney frequently have dismissed suggestions that the U.S. presence in Iraq has inflamed anger toward the United States, arguing that U.S. forces were not in Baghdad on Sept. 11, 2001.

In the run-up to November midterm elections, Republicans in Congress have sought to emphasize their credentials on national security and fighting terrorism, uncoupling those issues from the war in Iraq, which is unpopular with voters.

In public testimony and unclassified documents, U.S. intelligence officials have for several years been pointing to the more troubling consequences of the drawn-out conflict in Iraq. In particular, officials have highlighted the anger that Muslim extremists feel about the U.S. presence in the region — which has also been one of Osama bin Laden's rallying cries.

Intelligence officials have also pointed to the flow of Muslims from other countries, including Europe, to Iraq to join the insurgency. Those who survive the fighting often leave and return to their home countries with dangerous new experience in urban fighting, bomb-making and — perhaps most important — credibility with other potential Muslim recruits.

Last week, the House Intelligence Committee warned in a report that the danger from terrorists faced by the U.S. was "more alarming than the threat that existed" before Sept. 11. The document also warned that Iraq had become a breeding ground for terrorists who might target other countries.

The April intelligence estimate was produced under the direction of David B. Low, the national intelligence officer for transnational threats. Its conclusions were first reported by the New York Times on its website on Saturday.

National Intelligence Estimates are produced by the National Intelligence Council, a group of high-level analysts from government and academic institutions. The council was previously based at the CIA. But following intelligence overhauls passed in the wake of the Sept. 11 attacks, the council was restructured to report to Director of National Intelligence John D. Negroponte.

Spy Agencies Say Iraq War Hurting U.S. Terror Fight (WP)

By Karen Deyoung

The Washington Post, September 24, 2006

The war in Iraq has become a primary recruitment vehicle for violent Islamic extremists, motivating a new generation of potential terrorists around the world whose numbers may be increasing faster than the United States and its allies can reduce the threat, U.S. intelligence analysts have concluded.

A 30-page National Intelligence Estimate completed in April cites the "centrality" of the U.S. invasion of Iraq, and the insurgency that has followed, as the leading inspiration for new Islamic extremist networks and cells that are united by little more than an anti-Western agenda. Rather than contributing to eventual victory in the global counterterrorism struggle, it concludes that the situation in Iraq has worsened the U.S. position, according to officials familiar with the classified document.

"It's a very candid assessment," one intelligence official said yesterday of the estimate, the first formal examination of global terrorist trends written by the National Intelligence Council since the March 2003 invasion. "It's stating the obvious."

The NIE, whose contents were first reported by the New York Times, coincides with public statements by senior intelligence officials describing a different kind of conflict than the one outlined by President Bush in a series of recent speeches marking the fifth anniversary of the Sept. 11, 2001, attacks.

"Together with our coalition partners," Bush said in an address earlier this month to the Military Officers Association of America, "we've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in America and other nations, and stopped new attacks before they're carried out. We're on the offense against the terrorists on every battlefront, and we'll accept nothing less than complete victory."

But the battlefronts intelligence analysts depict are far more impenetrable and difficult, if not impossible, to combat with the standard tools of warfare.

Although intelligence officials agree that the United States has seriously damaged the leadership of al-Qaeda and disrupted its ability to plan and direct major operations, radical Islamic networks have spread and decentralized.

Many of the new cells, the NIE concludes, have no connection to any central structure and arose independently. The members of the cells communicate only among themselves and derive their inspiration, ideology and tactics from the more than 5,000 radical Islamic Web sites. They spread the message that the Iraq war is a Western attempt to conquer Islam by first occupying Iraq and establishing a permanent presence in the Middle East.

The April NIE, titled "Trends in Global Terrorism: Implications for the United States," does not offer policy prescriptions.

"What these guys at NIC are supposed to do is to lay it out in very clear, understandable terms," said the intelligence official. "It's not the role of the NIC to offer recommendations." Rather, it "basically states the conditions" as the intelligence community sees them, he said.

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This official and others would only discuss intelligence analyses on the condition of anonymity.

The National Intelligence Council is tasked with providing long-term assessments of strategic issues for the president and senior policymakers in the form of National Intelligence Estimates. Composed of current and former senior intelligence and national security officials, it is currently chaired by Thomas Fingar, the former head of the State Department's intelligence bureau and now deputy for analysis to Director of National Intelligence John D. Negroponte.

An NIE drawn up in the fall of 2002 concluded that Iraq had "continued its weapons of mass destruction [WMD] programs," possessed stockpiles of biological and chemical weapons and "probably will have a nuclear weapon during this decade." All of those judgments, which provided the political and national security underpinnings for the Iraq invasion, turned out to be false.

As part of the intelligence reforms enacted in 2004, control of the NIC was transferred from the CIA director to Negroponte's newly created office, with a mandate to cast a wider net for information throughout the 16-agency intelligence community and among nongovernmental experts.

Negroponte announced last month that the council would begin drafting a new NIE on Iraq in response to a request from the Senate intelligence committee. That estimate is still in the early planning stages, intelligence officials said yesterday. But though the April NIE does not deal specifically with conditions in Iraq, many of its judgments emphasize the influence of the Iraq war on the spread of global terrorism.

According to officials familiar with the document, it describes the situation in Iraq as promoting the spread of radical Islam by providing a focal point, with constant reinforcement of an anti-American message for disaffected Muslims. The Web sites provide a narrative of a war with frequent victories for the insurgents, and describe an occupation that they say regularly targets Islam and its adherents. They also distribute increasingly frequent and sophisticated messages from al-Qaeda leader Osama bin Laden and his deputy, Ayman al-Zawahiri, urging Muslims wherever they are to take up arms against the "Crusaders" on behalf of Iraq.

Both Bush and bin Laden now regularly describe the Iraq war as the "central front" of the global war, and both are depending on victory there to set the direction of future struggles far afield. Although intelligence officials believe bin Laden's ability to direct major terrorist operations has been greatly diminished, his status as the ideological leader of a global movement that appeals to disaffected Muslims has vastly increased.

The conclusions and tone of the NIE have been reflected in a number of public statements by senior intelligence officials this year. In a February speech at Georgetown University, Negroponte said: "My colleagues and I still view the global jihadist terrorist movement, which emerged from the Afghan-Soviet conflict in the 1980s but is today inspired and led by al Qaeda, as the preeminent threat to our citizens, homeland interests and friends."

In a sober and comprehensive address to an armed forces group in Texas in April, Gen. Michael V. Hayden, then-deputy to Negroponte and now CIA director, drew heavily from the NIE judgments. If current trends continued, Hayden said, "threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide."

Before delivering the speech, an intelligence official said, Hayden spoke directly to the NIE authors, saying, "I want to make these points" to a public audience.

A series of intelligence assessments on Iraq since the faulty 2002 estimate have portrayed increasingly bleak prospects for democracy-building and stability there.

Even before the invasion, the NIC warned in January 2003 that the aftermath of regime change could include long-term internal conflict. A July 2004 NIE outlined a range of possible outcomes to the increasingly difficult security situation there, with the best prospect a government with only tenuous control and the worst a civil war.

National Intelligence Estimates have often sparked controversy, both for what they have said and what they have omitted. A 1997 estimate, the last on global terrorism before the 2001 al-Qaeda attacks, mentioned bin Laden in only three sentences, describing him only as a "terrorist financier" and making no reference at all to al-Qaeda.

The latest terrorism assessment paints a portrait of a global war in which Iraq is less the central front of actual combat than a unifying battle cry for disparate extremist groups and even individuals. "It is just those kinetic actions that lead to the radicalization of others," a senior counterterrorism official said earlier this summer. "Surgical strikes? Nothing is surgical about military operations. They tend to have impacts, affects."

That description contrasts with Bush's emphasis this month on offensive military action military battles in Iraq and elsewhere as the United States' principal road to victory in the global war.

"Many Americans . . . ask the same question five years after 9/11," he said in an speech in Atlanta earlier this month. "The answer is yes. America is safer. We are safer because we have taken action to protect the homeland. We are safer because we are on the offensive against our enemies overseas. We're safer because of the skill and sacrifice of the brave Americans who defend our people."

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But "a really big hole" in the U.S. strategy, a second counterterrorism official said, "is that we focus on the terrorists and very little on how they are created. If you looked at all the resources of the U.S. government, we spent 85, 90 percent on current terrorists, not on how people are radicalized."

Staff writers Dafna Linzer and Thomas E. Ricks and staff researcher Magda Jean-Louis contributed to this report.

Spy Agencies Say Iraq War Worsens Terror Threat (NYT)

By Mark Mazzetti

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — A stark assessment of terrorism trends by American intelligence agencies has found that the American invasion and occupation of Iraq has helped spawn a new generation of Islamic radicalism and that the overall terrorist threat has grown since the Sept. 11 attacks.

The classified National Intelligence Estimate attributes a more direct role to the Iraq war in fueling radicalism than that presented either in recent White House documents or in a report released Wednesday by the House Intelligence Committee, according to several officials in Washington involved in preparing the assessment or who have read the final document.

The intelligence estimate, completed in April, is the first formal appraisal of global terrorism by United States intelligence agencies since the Iraq war began, and represents a consensus view of the 16 disparate spy services inside government. Titled "Trends in Global Terrorism: Implications for the United States,'' it asserts that Islamic radicalism, rather than being in retreat, has metastasized and spread across the globe.

An opening section of the report, "Indicators of the Spread of the Global Jihadist Movement," cites the Iraq war as a reason for the diffusion of jihad ideology.

The report "says that the Iraq war has made the overall terrorism problem worse," said one American intelligence official.

More than a dozen United States government officials and outside experts were interviewed for this article, and all spoke only on condition of anonymity because they were discussing a classified intelligence document. The officials included employees of several government agencies, and both supporters and critics of the Bush administration. All of those interviewed had either seen the final version of the document or participated in the creation of earlier drafts. These officials discussed some of the document's general conclusions but not details, which remain highly classified.

Officials with knowledge of the intelligence estimate said it avoided specific judgments about the likelihood that terrorists would once again strike on United States soil. The relationship between the Iraq war and terrorism, and the question of whether the United States is safer, have been subjects of persistent debate since the war began in 2003.

National Intelligence Estimates are the most authoritative documents that the intelligence community produces on a specific national security issue, and are approved by John D. Negroponte, director of national intelligence. Their conclusions are based on analysis of raw intelligence collected by all of the spy agencies.

Analysts began working on the estimate in 2004, but it was not finalized until this year. Part of the reason was that some government officials were unhappy with the structure and focus of earlier versions of the document, according to officials involved in the discussion.

Previous drafts described actions by the United States government that were determined to have stoked the jihad movement, like the indefinite detention of prisoners at Guantánamo Bay and the Abu Ghraib prison abuse scandal, and some policy makers argued that the intelligence estimate should be more focused on specific steps to mitigate the terror threat. It is unclear whether the final draft of the intelligence estimate criticizes individual policies of the United States, but intelligence officials involved in preparing the document said its conclusions were not softened or massaged for political purposes.

Frederick Jones, a White House spokesman, said the White House "played no role in drafting or reviewing the judgments expressed in the National Intelligence Estimate on terrorism." The estimate's judgments confirm some predictions of a National Intelligence Council report completed in January 2003, two months before the Iraq invasion. That report stated that the approaching war had the potential to increase support for political Islam worldwide and could increase support for some terrorist objectives.

Documents released by the White House timed to coincide with the fifth anniversary of the Sept. 11 attacks emphasized the successes that the United States had made in dismantling the top tier of Al Qaeda.

"Since the Sept. 11 attacks, America and its allies are safer, but we are not yet safe," concludes one, a report titled "9/11 Five Years Later: Success and Challenges." "We have done much to degrade Al Qaeda and its affiliates and to undercut the perceived legitimacy of terrorism."

That document makes only passing mention of the impact the Iraq war has had on the global jihad movement. "The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry," it states.

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The report mentions the possibility that Islamic militants who fought in Iraq could return to their home countries, "exacerbating domestic conflicts or fomenting radical ideologies."

On Wednesday, the Republican-controlled House Intelligence Committee released a more ominous report about the terrorist threat. That assessment, based entirely on unclassified documents, details a growing jihad movement and says, "Al Qaeda leaders wait patiently for the right opportunity to attack."

The new National Intelligence Estimate was overseen by David B. Low, the national intelligence officer for transnational threats, who commissioned it in 2004 after he took up his post at the National Intelligence Council. Mr. Low declined to be interviewed for this article.

The estimate concludes that the radical Islamic movement has expanded from a core of Qaeda operatives and affiliated groups to include a new class of "self-generating" cells inspired by Al Qaeda's leadership but without any direct connection to Osama bin Laden or his top lieutenants.

It also examines how the Internet has helped spread jihadist ideology, and how cyberspace has become a haven for terrorist operatives who no longer have geographical refuges in countries like Afghanistan.

In early 2005, the National Intelligence Council released a study concluding that Iraq had become the primary training ground for the next generation of terrorists, and that veterans of the Iraq war might ultimately overtake Al Qaeda's current leadership in the constellation of the global jihad leadership.

But the new intelligence estimate is the first report since the war began to present a comprehensive picture about the trends in global terrorism.

In recent months, some senior American intelligence officials have offered glimpses into the estimate's conclusions in public speeches.

"New jihadist networks and cells, sometimes united by little more than their anti-Western agendas, are increasingly likely to emerge," said Gen. Michael V. Hayden, during a speech in San Antonio in April, the month that the new estimate was completed. "If this trend continues, threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide," said the general, who was then Mr. Negroponte's top deputy and is now director of the Central Intelligence Agency.

For more than two years, there has been tension between the Bush administration and American spy agencies over the violence in Iraq and the prospects for a stable democracy in the country. Some intelligence officials have said the White House has consistently presented a more optimistic picture of the situation in Iraq than justified by intelligence reports from the field.

Spy agencies usually produce several national intelligence estimates each year on a variety of subjects. The most controversial of these in recent years was an October 2002 document assessing Iraq's illicit weapons programs. Several government investigations have discredited that report, and the intelligence community is overhauling how it analyzes data, largely as a result of those investigations.

The broad judgments of the new intelligence estimate are consistent with assessments of global terrorist threats by American allies and independent terrorism experts.

The panel investigating the London terrorist bombings of July 2005 reported in May that the leaders of Britain's domestic and international intelligence services, MI5 and MI6, "emphasized to the committee the growing scale of the Islamist terrorist threat."

More recently, the Council on Global Terrorism, an independent research group of respected terrorism experts, assigned a grade of "D+" to United States efforts over the past five years to combat Islamic extremism. The council concluded that "there is every sign that radicalization in the Muslim world is spreading rather than shrinking."

Report: Iraq Invasion Spurred Terrorism (WT/UPI)

The Washington Times/UPI, September 24, 2006

A classified report prepared by U.S. intelligence agencies says the Iraq invasion has made the world less safe from terrorism, The New York Times reports.

The Times story was based on interviews with government officials and outside experts, all of them speaking on condition their names would not be used. The National Intelligence Estimate, "Trends in Global Terrorism: Implications for the United States," describes Iraq as a spawning ground for Islamic revolutionaries.

The report reaches different conclusions than those contained in documents released by the Bush administration that focused on the dismantling of al-Qaida.

The Internet has also become a haven for terrorists, the report said, taking the place of the secure base al-Qaida once had in Afghanistan.

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However, the report concludes that al-Qaida has become less important with the rise of "self-generating" small groups that use al-Qaida as a model.

New US Intelligence Report Says Terror Spreads Because Of Iraq: Report (AFP)

AFP, September 24, 2006

A new classified US intelligence report has concluded that the war in Iraq has helped spawn a new generation of Islamic radicalism and that the overall terrorist threat has grown since the September 11, 2001, attacks, The New York Times reported on its website.

The findings contained in the National Intelligence Estimate appear to be in stark contradiction with claims by President George W. Bush and other top administration officials, who insist that Iraq is and will remain the central front in the war on terror.

Citing unnamed officials who have read the final document, the newspaper said that the intelligence estimate, completed in April, is the first formal appraisal of global terrorism by United States intelligence agencies since the Iraq war began and represents a consensus view of the 16 different spy services inside government.

The report "says that the Iraq war has made the overall terrorism problem worse," the paper quotes one of the officials as saying.

Analysts began working on the estimate in 2004, but it was not finalized until this year, The Times said.

Part of the reason was that some government officials were unhappy with the structure and focus of earlier versions of the document, according to the report.

The paper said that previous drafts described actions by the US government that were determined to have stoked the jihadist movement, like the indefinite detention of prisoners at Guantanamo Bay, Cuba, and the Abu Ghraib prison abuse scandal.

It is unclear whether the final draft of the intelligence estimate criticizes individual policies of the United States, The Times pointed out, but intelligence officials involved in preparing the document said its conclusions were not softened or massaged for political purposes.

Why We Don't Have Enough Troops In Iraq (TIME)

By Brian Bennett And Sally B. Donnelly

Time, September 24, 2006

As the Pentagon weighs whether to put more boots on the ground, TIME examines the reasons behind the U.S.'s chronic manpower shortage

The scenes almost seem lifted from a different war: On a scorching afternoon in Ur, a neighborhood in northeast Baghdad, members of the Army's 172nd Stryker Brigade are on a charm offensive. The soldiers spent 12 months in the restive city of Mosul, before having their tour in Iraq extended to help in the U.S.'s campaign to pacify Baghdad. The unit's experience shows. They are alert but relaxed, carrying themselves with a gentle posture, weapons down, waving to the locals, talking with them. Kids hold hands with the Americans; an Iraqi mother hands a soldier her baby to hold. Locals invite U.S. officers in to sit and have glasses upon glasses of tea, orange Fanta, Pepsi and Arabic coffee. They don't go into a house without a few Iraqi soldiers who can better gauge if someone looks suspicious. Walking out of one Iraqi home, Lieut. Colonel John Norris, commander of the Stryker 4th Battalion, 23rd Infantry Regiment Tomahawks, enjoys a moment of guarded optimism. "Days like this you think, wow, they can really do it. If they can just stop the killing."

It's the glimmers of hope that make the realities in Iraq so heartbreaking. Residents of Ur say that with the Strykers around, sectarian murders have all but disappeared. Neighbors emerge from their homes to chat and allow their sons and daughters to play in the street. But the Iraqis and Americans know that such sanity won't last. Though 12,000 U.S. and Iraqi troops have moved to the capital to try to defuse sectarian violence, the level of killing across the city remains as high as ever. That's because the U.S. doesn't have enough troops to maintain the peace in the areas they've secured, instead relying on Iraqi units who have yet to prove they can impose order. In Ghazaliyah, a west Baghdad neighborhood the 172nd Strykers cleared weeks earlier, violence has already gone back up to previous levels. For all the progress made in Ur, the troops know the cycle is bound to repeat itself there too. "We leave," says Sergeant First Class Joshua Brown, as his Stryker pulls out of Ur city, "and it turns into f------ Somalia."

Despite isolated success stories, there is a palpable sense that things are getting worse in Iraq. A U.N. report says a record 6,600 Iraqis were killed in the past two months amid the lawlessness. Major General William Caldwell told reporters last week that six weeks into the battle for Baghdad there was an upward "spike in execution-style murders" in the city. The two major challenges facing the U.S. — quelling Sunni-Shi'ite conflict in Baghdad while subduing the jihadist insurgency in western Iraq — have raised questions among officers in Iraq about whether the U.S. has enough troops to keep the country from falling apart, let

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alone achieve anything resembling stability. That perception was bolstered this month by a classified Marine intelligence report that estimated the U.S. needed an additional 10,000 to 15,000 troops to defeat al-Qaeda-led rebels in Anbar province. In an acknowledgement of the problem, General John Abizaid last week reversed hints of a drawdown by the end of the year, saying U.S. troops will stay around the current 140,000 in Iraq until next spring.

Will that be enough?

The experience of sending the Strykers to Baghdad indicates that more troops could help in the short term. A growing number of analysts in Washington, including some conservative supporters of the Bush Administration, have called for a substantial increase in U.S. troop levels to stop Iraq's slide into civil war. But expanding the total U.S. force in Iraq remains unlikely — military officials interviewed by TIME say that the U.S. command remains reluctant to make a major manpower boost. To some, that reluctance is indicative of the leadership's broader failure to heed complaints about U.S. troop strength that have been voiced by officers in Iraq for more then three years. "I know I could have used more forces," says a Lieut. Colonel who served in Iraq. "We could have held more territory... I asked, but I'm not sure the request ever made it."

The roots of the U.S.'s current troop shortage stretch back to the earliest days of the occupation. Despite projections by former Army chief of staff General Eric Shinseki that "several hundred thousand soldiers" would be needed to occupy Iraq after the overthrow of Saddam Hussein, Secretary of Defense Donald Rumsfeld and former U.S. Central Command (Centcom) chief General Tommy Franks chose to go with a much smaller force of 125,000. As the insurgency intensified in 2003 and 2004, government and military sources say Abizaid did not ask the Bush Administration to send reinforcements. The sources say that in at least two White House meetings in 2004, Abizaid told Bush he "had everything he needed." That may have been at odds with what he was being told by officers on the ground. "I wouldn't say [the commanders] lied," says a colonel who served on the Centcom staff during the first year of the war, "but there was some intellectual dishonesty."

Once the force levels were set, the military's complex schedule for mobilizing troops and moving them in and out of the war zone made it difficult to make big increases rapidly. "It was the failure to adapt after the fall of Baghdad that set the Army on [this] course," says one retired officer. "Once you start the process of sustaining a force of 130,000 it is hard to shift."

But that doesn't entirely explain why the shortfalls persist. Military sources say they don't know of specific instances in which Abizaid and Gen. George Casey, the commander of ground troops in Iraq, failed to forward requests for more troops. Still, a senior Army officer says the nature of the Army's command naturally quashes sobering assessments. "One of the big reasons you don't tend to ask for more troops is the culture. If a superior asks how's it going, you say, 'Going great, sir' " says the officer. "It's a can-do culture."

The commanders' tendency to portray the situation in Iraq in a positive light has been compounded by disagreements about whether more U.S. troops, at this point, would intimidate the insurgency or just give them more targets to shoot at. And though the U.S. has enough active-duty troops to accommodate a troop increase, doing so would cause even more pain for the families of Army and Marine grunts, more than a third of whom have already done a tour in Iraq. "No one knows where the red line is that will break the Army," says Washington-based military analyst Andrew Krepinevich, "But Army leaders want to make sure they do everything they can to avoid crossing it."

So what options does the U.S. have left?

The military's focus is on pushing Iraqi forces forward to make up for the shortage in U.S. boots on the ground. "The U.S. needs to find out if the Iraqi Army will fight," says Krepinevich. And yet after two years, a good portion of the 300,000 U.S.-trained Iraqi troops on the front lines can't handle the security challenges in Baghdad; in many cases, their willingness to fight is compromised by their sectarian loyalties. During a recent patrol, members of the 172nd ventured to the edge of Sadr City, the stronghold of radical Shi'ite cleric Muqtada al-Sadr. Kids threw bricks at the soldiers and one smashed a fake Molotov cocktail filled with cooking oil against the eight-wheeled armored Stryker vehicle. A military intelligence officer determined the kids were part of a plan by al-Sadr's militia to provoke an attack on civilians that would inflame the population. The next morning, a battalion of the Stryker Brigade organized a rendezvous with Iraqi troops, but the Iraqis never showed. "They failed," says a U.S. company commander. "It's the biggest operation in Baghdad and they failed. That's why they're here."

The question is whether the Iraqis can prove their mettle and win the trust of citizens before the violence spills out of control. For now, the best that troops like the 172nd can hope to do is prevent things from getting worse. At current troop levels, commanders acknowledge the coalition can only clear three neighborhoods in Baghdad at a time. Some military officials have floated the possibility of a "surge" force of fresh troops to try to contain the violence. But that's still a short-term fix for a chronic problem — one that has already exhausted the patience of many Americans. "You can do a surge of 30,000 to 50,000 once or twice, but in an insurgency it's virtually impossible to guarantee that one surge will mean victory," says the retired Army officer. "This is a slow-grind war." And it's becoming harder to know just what it will take to win it.

Bomb Near Group Of Iraqi Women Kills At Least 35 (NYT)

DOJ_NMG_0068418

By Richard A. Oppel Jr. And Hosham Hussein

The New York Times, September 24, 2006

BAGHDAD, Sept. 23 — A horrific explosion on Saturday morning in the huge Sadr City district here killed at least 35 people, mostly women and children, when a bomb detonated next to a line of women waiting to receive cooking fuel from a tanker truck, according to residents and officials at nearby hospitals.

Many of the victims were burned to death. Two dozen of the dead were women or girls, as were 26 of the 36 wounded, the hospital officials said. The blast struck at the beginning of the holy month of Ramadan, in which more attacks were expected, given what has happened in past years, according to American and Iraqi officials.

Elsewhere, four Americans were killed. One soldier died after his vehicle was struck by a roadside bomb in northern Baghdad on Saturday. Two other soldiers died and three were wounded when a roadside bomb struck their patrol near Kirkuk. An American working as a State Department contractor was killed Friday during a rocket attack in the southern city of Basra, and a Danish soldier was reported killed by a roadside bomb in Basra.

A senior military official in Baghdad said some death squad members captured since United States forces began sweeps through the capital last month also worked for or had affiliation with the Ministry of Interior or other government agencies.

American troops have killed 25 death squad members and captured 215 more since the sweeps began, the official said, adding that most have not had governmental affiliations. There are now 23 militias in Baghdad, said the official.

"There's a political piece to this to see if they deal with these guys, said the official, who spoke on the condition of anonymity because of the delicate nature of the issue. "There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government."

After the Sadr City blast, a Sunni insurgent group issued an Internet statement claiming credit, and saying the bombing was retaliation for Shiite militia attacks on Sunnis.

Some residents of Sadr City, a huge Shiite slum in northern Baghdad, said the attackers appeared to have exploited the fact that Saturday was the designated day for women to receive long-delayed allotments of kerosene in the Dakhil neighborhood. Men were scheduled to line up for fuel on Sunday, but attacking on Saturday would be easier, they said, because women are often not searched before they join the line.

Some reports quoted the police as saying that the bomb was hidden in a barrel, or in a car parked near the tanker.

Yet Bassim Mohammed, a 40-year-old worker, said one woman pretended she had shown up to receive kerosene but instead carried a bomb hidden inside an empty fuel can. The bomb was apparently detonated by remote control after the woman left, he said.

"It was like an oven," said Mr. Mohammed, who was fighting back tears as he recounted the blast. "Bodies were burned everywhere. I saw seven bodies of small boys. They are just boys! They did nothing. Why do they attack us?"

The casualty toll was worsened, he said, because concrete barriers near the line made it hard for people to flee the blast and the resulting fire.

In another grisly attack, gunmen riding in BMW's discarded nine severed heads in a square in downtown Bayji, north of Baghdad. The gunmen clashed with the police before escaping, according to a Salahaddin provincial spokesman. One of the victims was an interpreter for American forces and the others were army recruits, he said.

A group linked to Al Qaeda posted a Web video on Saturday purporting to show the bodies of two American soldiers being dragged behind a truck and then set on fire, The Associated Press reported. The act was apparently in retaliation for the alleged rape and killing of a young Iraqi woman by American troops from the same unit, the 101st Airborne Division.

The Mujahedeen Shura Council — an organization of insurgent groups, including Al Qaeda in Mesopotamia — posted a previous video in June showing the soldiers' mutilated bodies, and claiming that it killed them. It was not clear whether video posted Saturday was a continuation of that footage, or why it was released.

In Baghdad, the Iraqi military said American and Iraqi troops captured a leader of one of the most vicious Sunni terrorist groups, Ansar al-Sunna, during a raid early Saturday morning in the restive town of Miqdadiya, northeast of Baghdad. The raid captured Muntasir Hammoudi Alaiwi and two other insurgents, said Brigadier Qassim al-Mussawi. The group took credit for the December 2004 bombing of an Army mess tent in Mosul that killed 18 Americans and four others.

Fiery Blast In Baghdad Kills 38 (WP)

By Amit R. Paley And Salih Dehema

The Washington Post, September 24, 2006

Most Victims Are Women, Children

BAGHDAD, Sept. 23 -- A fiery explosion tore through a line of people waiting to buy fuel on Saturday and killed at least 38 people, most of them women and children, continuing the wave of tit-for-tat sectarian killings.

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The horrific blast sent women engulfed in flames screaming through the streets. Two preteen girls embraced each other as they burned to death, witnesses said. Later, wailing mourners thronged the scene of the blast, which was strewn with the shoes of victims and a woman's bloodied cloak, and voiced doubt that the reprisal violence would ever end.

"We carry our death certificates with us now, waiting only to fill in the date of death," said Bayan Jasem al-Kaaby, 40, a minibus driver, after he was burned by the explosion that rocked the Shiite Muslim slum of Sadr City at about 10 a.m.

A Sunni Arab insurgent group, Jamaat Jund al-Sahaaba, or Soldiers of the Prophet's Companions, asserted responsibility for the bombing. The group said in an Internet statement that the attack was retribution for assaults on Sunnis in the Hurriyah district of Baghdad, where police said two mosques were attacked and five people were killed Friday.

"We tell the malicious Shiites that our swords are able to reach the depths of your areas, so stop the killing" of the Sunni people, the statement said, according to a translation by the Washington-based SITE Institute.

It was not immediately clear what caused the explosion. Jamaat Jund al-Sahaaba asserted that it had detonated a booby-trapped car, but witnesses said they saw a female suicide bomber, wearing a black veil that left only her eyes exposed, detonate explosives as she tried to cut into a line of women waiting for kerosene. The bomber pushed a cart carrying a metal barrel filled with ball bearings, witnesses said.

An Interior Ministry spokesman, Brig. Gen. Mohammed Salman, said at least 31 people were wounded.

By midafternoon, the street where the explosion took place was still littered with abandoned yellow, red and blue jerrycans. Bits of flesh flecked the muddy ground, and blood pooled in front of Um Ali's home, left by a woman who clutched her infant child as she bled from a wound in her neck.

"She mumbled some words incoherently," said Um Ali, 44. "Then she fell at my doorstep and died."

Local residents blamed the blast on Sunnis. "This is the work of the infidels who want to kill the Shiites with the help of the American forces and even this government," said a Shiite militiaman who identified himself as Sheik Mohammed.

Outside a hospital in Sadr City, a woman pummeled her face with her hands and shrieked the name of her dead younger sister Eman, the mother of three children.

"What am I going to say to your children and your husband? What shall I say? That I killed you when I sent you to that gas station?" wailed the woman, who refused to give her name. "I took her along to buy kerosene without her husband's permission. As we stood in line, I told her I had forgotten something and would be back soon. As I reached the end of the alley, the explosion happened and I was thrown on the ground.

"I got up and ran but could not find Eman. She was gone, nothing left of her," the woman cried. "What shall I tell my mother, or her husband, or her children?"

Violence also flared elsewhere across Iraq on Saturday. At about 5:30 p.m. in Baiji, north of Baghdad, six hooded men stepped out of their cars in the middle of the city, removed two large boxes from their trunks and then left the cartons behind, according to police 1st Lt. Musttafa Thabit.

The contents: 10 human heads.

Thabit said the victims appeared to have been either employees or contractors at the U.S. military base in Baiji. "This is the destiny of the traitors," read a note left in each box.

The U.S. military on Saturday announced the deaths of three soldiers. Two of them, assigned to Task Force Lightning, were killed when a bomb exploded while they were on patrol near Kirkuk. Another was killed after his vehicle was struck by a bomb in northern Baghdad.

In Basra, a State Department contractor was killed Friday by a rocket attack, the U.S. Embassy said. No details were released.

Special correspondents K.I. Ibrahim and Saad al-Izzi contributed to this report.

Bomb Kills 37 In Iraq; 3 U.S. Troops Die (AP)

By Hamid Ahmed

AP, September 24, 2006

A bomb claimed by a Sunni Arab extremist group killed at least 37 Shiites in Baghdad on Saturday as they stocked up on fuel for Ramadan, just days after the U.S. military warned that sectarian bloodshed could worsen during the Islamic holy month.

The group said it carried out the bombing to avenge a Friday attack by a suspected Shiite death squad on Sunni Arab homes and mosques that killed four people in a mixed Baghdad neighborhood.

Iraq's armed forces said they struck a blow against groups affiliated with al-Qaida in Iraq, announcing the arrest of a senior leader of Ansar al-Sunnah, a radical Sunni group responsible for attacks on U.S. forces, kidnappings and beheadings.

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Al-Qaida in Iraq, meanwhile, put a previously released video on the Internet showing what it said was the group's new leader killing a Turkish hostage two years ago. The statement identifying the masked killer as Abu Ayyub al-Masri couldn't be independently confirmed.

The tape's release was seen as a possible signal by Al-Masri, who was named the group's leader after a U.S. air raid killed Abu Musab al-Zarqawi in June and earlier this month called on Sunnis to step up attacks on American troops.

A U.S. soldier was killed by a roadside bomb in northern Baghdad, and two other American soldiers were killed and three injured when a bomb exploded near their patrol outside Hawija, 150 miles north of the capital, the U.S. command said.

A Danish soldier was also reported killed and eight wounded in a roadside bombing in southern Iraq. He was the fourth Danish soldier to die in Iraq since the U.S.-led invasion ousted Saddam Hussein's regime more than three years ago.

The Sunni extremist group Jamaat Jund al-Sahaba — Soldiers of the Prophet's Companions — claimed responsibility for the bomb attack on Shiites in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shiite cleric Muqtada al-Sadr.

Police said the bomb went off as people crowded behind a kerosene truck to buy fuel for Ramadan, during which people gather just after sunset for a communal meal to break a daylong abstention from food and water.

Dhiyaa Ali, a 24-year-old college student, said he heard the explosion from his nearby home and ran to the street to help people. He said bodies and blood were everywhere.

"I went into the flames just to get anyone left out of the fire," he told The Associated Press. "I saw a mother holding her child, both of them burned and dead."

Jamaat Jund al-Sahaba blamed al-Sadr's Mahdi Army militia for the Friday attack that killed four people in the Hurryah neighborhood, where a Shiite militia last week openly threatened members of the Sunni minority.

"This operation comes in retaliation for the crimes perpetrated by the Mahdi Army against our Sunni people in Baghdad," the group said, warning of more attacks. The authenticity of the statement could not be independently verified.

The killings came on the first day of Ramadan for Sunni Arabs. Shiites, along with the Shiite-led Iraqi government, were expected to declare Sunday as the first day of the holy month, a tangible sign of the differences separating the two Islamic sects.

Maj. Gen. William B. Caldwell, spokesman for the U.S.-led military coalition, warned earlier of the danger of Iraq's already severe sectarian violence escalating during Ramadan.

In Kut, a city 100 miles southeast of Baghdad, eight apparent victims of sectarian death squads were turned in at the morgue. Their bodies had been dumped in the Tigris River.

One person was killed and six civilians injured in Saturday evening in a northern Baghdad district when a motorcycle rigged with a bomb exploded, police said.

Caldwell also said a spike in attacks by al-Qaida in Iraq could be coming after the threat issued Sept. 7 by al-Masri.

The video posted on a Web site often used by Islamic extremists was the first purported appearance of al-Masri since he was announced as the leader of al-Qaida in Iraq this summer.

In a statement accompanying the video, the group said the masked man shown shooting a blindfolded Turkish hostage three times in the head was al-Masri. The video was originally released Aug. 2, 2004, but none of the three militants on it were identified at the time.

Another al-Qaida-linked group posted a Web video purporting to show the bodies of two U.S. soldiers being dragged behind a truck in June, then set on fire in apparent retaliation for the alleged rape-slaying of an Iraqi woman by U.S. troops.

The Mujahedeen Shura Council, an umbrella organization of insurgent groups, including al-Qaida, posted another video in June showing the two soldiers' mutilated bodies and claiming it killed them. It was not clear whether the video posted Saturday was a continuation of that footage.

Iraqi officials claimed a success against the al-Qaida-linked Ansar al-Sunnah group with the arrest of a top leader.

Muntasir Hamoud Ileiwi al-Jubouri and two aides were captured late Friday near Muqdadiyah, 56 miles northeast of Baghdad, Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces, told The Associated Press.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages and a December 2004 bombing that killed 22 people at a U.S. military mess hall in the northern city of Mosul.

Insurgent violence continued. In the northern city of Beiji, gunmen threw the decapitated heads of 10 Iraqi army soldiers into a popular open-air market, police said.

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Associated Press writers Patrick Quinn, David Rising, Sameer N. Yacoub and Qais al-Bashir contributed to this report.

Iraq Bombing Bloodies Start Of Ramadan (WT/AP)

DOJ_NMG_0068421

The Washington Times/AP, September 24, 2006

BAGHDAD -- Sunni terrorists opened the Muslim holy month of Ramadan yesterday with a bomb attack in a Shi'ite neighborhood that killed at least 37 women and children who were purchasing kerosene to cook celebratory evening meals to break each daylong fast.

The Sunni extremist group Jamaat Jund al-Sahaba -- Soldiers of the Prophet's Companions -- claimed responsibility for the bomb attack in Sadr City, a sprawling slum that is home to more than 2 million people and a stronghold of radical Shi'ite cleric Muqtada al-Sadr.

Dhiyaa Ali, a 24-year-old college student, said he heard the explosion from his nearby home and ran to the street to help people. He said bodies and blood were everywhere.

"I went into the flames just to get anyone left out of the fire," he told the Associated Press. "I saw a mother holding her child, both of them burned and dead."

The Sunni group said it carried out the bombing to avenge a Friday attack by a suspected Shi'ite death squad on Sunni Arab homes and mosques that killed four persons in a mixed Baghdad neighborhood.

The Sadr City bombing occurred on the first day of Ramadan for Sunni Arabs. Shi'ites were expected to declare today the first day of the holy month, a tangible sign of the differences separating the two Islamic sects.

In Kut, a city 100 miles southeast of Baghdad, eight victims of sectarian death squads were turned in at the morgue. Their bodies had been dumped in the Tigris River.

U.S. officials had warned of the danger of Iraq's already severe sectarian violence could escalate during Ramadan, when Muslims fast from dawn to dusk.

Meanwhile, a roadside bomb killed a U.S. soldier in northern Baghdad, the U.S. command said without releasing any details.

A Danish soldier also was reported killed, along with eight wounded, in a roadside bombing in southern Iraq. He was the fourth Danish soldier to die in Iraq since the U.S.-led invasion ousted Saddam Hussein's regime more than three years ago.

Al Qaeda in Iraq, meanwhile, put a previously released video on the Internet showing what it said was the group's new leader killing a Turkish hostage two years ago. The statement identifying the masked killer as Abu Ayyub al-Masri couldn't be confirmed.

The tape's release was seen as a possible signal by al-Masri, who was named the group's leader after a U.S. air raid killed Abu Musab Zarqawi in June and who earlier this month called on Sunnis to step up attacks on American troops.

Maj. Gen. William B. Caldwell, spokesman for the U.S.-led military coalition, also said a spike in attacks by al Qaeda in Iraq could be coming after the threat issued Sept. 7 by al-Masri.

The video posted on a Web site often used by Islamic extremists was the first purported appearance of al-Masri since he was announced as the leader of al Qaeda in Iraq this summer.

In a statement accompanying the video, the group said the masked man shown shooting a blindfolded Turkish hostage three times in the head was al-Masri.

In a separate development, Iraq's armed forces said they struck a blow against groups affiliated with al Qaeda in Iraq, announcing the arrest of a senior leader of Ansar al-Sunnah, a radical Sunni group responsible for attacks on U.S. forces, kidnappings and beheadings.

Muntasir Hamoud Ileiwi al-Jubouri and two aides were captured late Friday near Muqdadiyah, 56 miles northeast of Baghdad, Brig. Qassim al-Mussawi, spokesman for the General Command of the Armed Forces, told the Associated Press.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages and a December 2004 bombing that killed 22 persons at a U.S. military mess hall in the northern city of Mosul.

Woman May Have Set Baghdad Bomb (WT/UPI)

The Washington Times/UPI, September 24, 2006

The holy month of Ramadan opened Saturday in Iraq with a bomb that killed at least 37 people, mostly women lined up for kerosene in Sadr City.

Investigators say the bomb, which set off a massive blast when a tanker truck exploded, may have been placed by a woman, The New York Times reported. Men, who were scheduled to pick up kerosene Sunday, would have been searched.

More than half of those killed or injured were women and girls.

A Sunni group issued a statement claiming responsibility for the bombing and saying it was a response to killings by the Mahdi Army, a Shiite group loyal to Moqtada al-Sadr, The Observer reported.

DOJ_NMG_0068422

Bassim Mohammed, an eyewitness to the bombing, told the Times that concrete security barriers may have increased the number of casualties by preventing victims from escaping.

Iraqi defense officials said Saturday the leader of one of the most militant Sunni groups, Ansar al-Sunna, had been arrested about 50 miles north of Baghdad.

U.S. military officials did not immediately confirm the arrest of Sheikh Muntasser Hmoud E'laiwi El-Jbouri, whose group has been tied to al-Qaida.

The group, whose name means Protectors of Faith, fought the U.S.-led occupation and continues to fight the new ruling government.

At least two coalition soldiers were killed by roadside bombs Saturday, military officials said. A U.S. soldier died in northern Baghdad and a Danish soldier was killed in Basra.

Baghdad Blast Kills 35 Waiting For Fuel (LAT)

By Raheem Salman And Doug Smith, Times Staff Writers

The Los Angeles Times, September 24, 2006

The dead include 22 women and eight children waiting in an alley to collect rations in the Shiite neighborhood of Sadr City.

BAGHDAD — A bomb exploded Saturday in an alleyway of a vast Shiite neighborhood where women and children had gathered to collect fuel rations, peppering victims with ball bearings and engulfing them in an inferno that killed at least 35.

Rescuers entering the alley wrapped themselves in wet blankets as they attempted to reach victims whose clothes were on fire.

"We were choosing those who we thought were still alive to carry them out," said Hassan Moosawi, 26, one of the rescuers. "Their flesh was scalded by the fire."

Police and hospital officials said 22 of the dead were women and eight were children. At least 36 people were injured.

The attack in Sadr City, a poor, predominantly Shiite neighborhood of 2 million people, was a setback for U.S. efforts to pacify the capital, which has been ravaged by sectarian carnage and paramilitary killings since the February bombing of the Shiite shrine of the Golden Mosque in Samarra.

The alley blast took place as the holy month of Ramadan began for Sunnis and neared for Shiites.

U.S. and Iraqi officials had predicted an increase in violence during Ramadan, when Muslims fast during daylight hours. Since the U.S.-led invasion in 2003, violence has flared each year during Ramadan.

A buildup of U.S. and Iraqi forces in August briefly slowed the pace of killings in Baghdad, which topped 1,800 in July, but the rate has been increasing. On Friday, a U.S. commander said that although 4,000 additional U.S. troops were patrolling the city's streets, only a fourth of the 4,000 expected Iraqi troops had shown up.

While the rescue of blast victims was still in progress Saturday, onlookers vented their wrath at the Iraqi government and the United States.

One man, who declined to identify himself, argued that the increased presence of the U.S. military in Baghdad had weakened Shiite cleric Muqtada Sadr's Al Mahdi militia, which has provided security in Sadr City.

"Before, our youths used to search and protect the people gathering here, but the Americans started to detain them," the man said. "This is the result."

Sadr City is a major center of support for Sadr, who controls more than 30 seats in the Iraqi parliament. His militia has been linked to Shiite death squads and has clashed repeatedly with the U.S. military.

Another Sadr City resident, Hussein Radhi Khafaji, suggested that the neighborhood close itself off from the rest of Baghdad.

"We have the capability not to allow the Americans to enter our city! Neither the government nor the Americans will stay here," he said.

U.S. Army officials said Saturday that they had begun patrols in Sadr City, but out of political considerations had avoided a full-scale operation.

Observance of Ramadan follows a lunar calendar. Sunni Muslims began their fasting Saturday. Based on a different interpretation of when the new moon appears, Shiites will start Monday.

A shadowy group calling itself the Sahaba Soldiers said in an Internet posting that it was responsible for the bombing, and that the blast was a reprisal for attacks on Sunnis, including "forced displacements, burning of mosques, kidnappings and assassinations" by Sadr's militia.

The claim could not be verified. The group said it had used a car bomb, but the evidence at the scene did not support that claim.

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Although authorities had not determined the nature of the bomb, some witnesses said they believed that it was detonated by a woman who mixed with the crowd.

Sadiq Abbas, 36, said survivors told him that a woman wearing a veil put a jerrycan near the entrance and beckoned others to come closer. "Then the explosion happened," Abbas said.

The bomb went off next to a door in one of the walls. The victims had carried jerrycans to the door, where attendants from an adjacent gas station dispensed gasoline for home generators and kerosene, which was being stockpiled for the coming winter.

The fuel erupted into a fireball.

"A teenager was burning," said Khafaji, 32. "He climbed this wall to fall on the other side."

An abaya, the black robe worn by many Iraqi women, was snagged at the top of the wall. Adil Rauf Miftin, 27, said it belonged to his neighbor, Bahiya Sultan, 55, a mother of seven who died, possibly as she was trying to scale the wall. A crumpled bicycle nearby belonged to a 9-year-old boy who also died, he said.

Hundreds of ball bearings from the bomb lay scattered around the alley, where the victims were trapped between two walls a few feet apart.

A prominent Shiite leader said the attack highlighted the desperation of the attackers.

"Only women were there to receive the kerosene," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of Iraq's largest Shiite paramilitary groups. "Attacking poor innocents who have no power is their strategy now."

In another attack in Sadr City, a booby-trapped motorbike exploded near a U.S. military convoy, killing a civilian and wounding six.

Meanwhile, the U.S. Army reported the deaths Saturday of three U.S. soldiers. One was killed by a roadside bomb in north Baghdad, and two were killed and three were injured by a roadside bomb in Hawija, in the northern province of Al Tamim. Their names were withheld.

The State Department also reported that an American contractor for the consulate in the southern city of Basra had been killed in a rocket attack Friday. It did not disclose his name.

Also in Basra, the Associated Press reported that a Danish soldier was killed and eight were wounded by a roadside bomb.

A grisly scene unfolded in Baiji, 120 miles north of Baghdad, when armed men in a car tossed a plastic bag containing nine severed heads into a marketplace. Identity cards in the bag named the victims as members of the Iraqi army.

In Tikrit, the predominantly Sunni Arab hometown of former President Saddam Hussein, Police Brig. Gen. Ismael Ijhian was assassinated by a group of men as he left the house of a friend.

In another development Saturday, Iraqi authorities announced the capture of a man they described as a terrorist leader whose group had claimed responsibility for several attacks in the north. U.S. officials had no comment on the report.

Maj. Gen. Qasim Almusawi, a spokesman for the Iraqi Defense Ministry, said a joint U.S. and Iraqi force had arrested Muntasar Hmoud Ilawi Aljiboori, head of Ansar al Sunna, and two subordinates in an area of orchards about 30 miles west of Baqubah. The same group said in an Internet message Saturday that it recently had ambushed 10 Indian and Pakistani pilgrims on the highway to Syria. It claimed they were agents for Shiite militias, and said the 10 had been killed.

The successor to slain Al Qaeda in Iraq leader Abu Musab Zarqawi resurfaced Saturday in an Internet video.

In the video, three masked men are seen standing behind a kneeling man who is described as a Turkish hostage. Later in the video, a hand with a pistol appears and fires three shots into the man's head. The shooter is identified as Abu Ayyub Masri, named to lead the group after Zarqawi was killed in a U.S. airstrike in June.

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U.S. Contractor Killed By Rocket In Iraq (AP)

AP, September 24, 2006

An American contractor working for the State Department was killed in a rocket attack in Basra, the U.S. Embassy said Saturday.

The contractor was killed in an attack on the city, 340 miles southeast of Baghdad on Friday, the embassy said in a statement.

"As a member of our embassy community, this American citizen worked toward assisting the people of Iraq build a stable, democratic, and prosperous country," said Daniel Speckhard, the U.S. Embassy's charge d'affaires. "On behalf of the U.S. Embassy and the entire American community in Iraq, I would like to extend our deepest sympathies to the family and friends of our colleague."

No further details were released.

DOJ_NMG_0068424

Terror Group Denies Leader's Capture (MST/AP)

By Maamoun Youssef

Minneapolis Star Tribune/AP, September 24, 2006

An Internet statement posted Sunday said that the leader of an al-Qaida-linked terror group had not been captured, contradicting an Iraqi government report.

Iraq's armed forces announced the arrest Friday of Muntasir Hamoud Ileiwi al-Jubouri, a senior leader of the Ansar al-Sunnah group, and two of his aides near Muqdadiyah, 55 miles northeast of Baghdad.

"At the time we deny this report," said the statement posted on a Web site used by Islamist militants and attributed to Ansar al-Sunnah. It charged that the announcement of the arrests "indicates clearly the weakness and bankruptcy of this government."

The statement whose authenticity could not be verified, said "our jihad continues as well as our operations."

Ansar al-Sunnah's statement contained no information demonstrating that al-Jubouri or his aides remain at large.

The Sunni militant group has claimed responsibility for numerous suicide attacks as well as the August 2004 execution of 12 Nepalese hostages, and a December 2004 bombing that killed 22 people at a U.S. military mess hall in the northern city of Mosul.

It's Moving Day, All Over Iraq (NYT)

By Edward Wong

The New York Times, September 24, 2006

BAGHDAD

THE threats come in different ways: a telephone call at night, a bomb placed by a car, a bullet left on a shop counter.

For the family of one 23-year-old Sunni Arab, who insisted on being identified as Abu Ahmed rather than his full name, the threat came in a note delivered last December to the doorstep of the family's home in Shuala, a Shiite neighborhood in northern Baghdad controlled by the militia of the radical cleric Moktada al-Sadr.

Abu Ahmed said his mother picked it up and began crying. "Leave the house and go away; otherwise we will slaughter you," the note read, he recalled. It had his father's name on it. The family fled to Ghazaliya, a Sunni-dominated neighborhood in western Baghdad.

So goes de facto partitioning of Iraq, with extremist groups forcing people to segregate themselves by sect across the country and within Baghdad. They are moving from neighborhood to neighborhood or city to city, a tide of migration that is hardening the Sunni-Shiite divide. The movements began in large numbers after the February bombing of a revered Shiite shrine in Samarra and accelerated over the summer.

The Iraqi Ministry of Migration and Displacement estimated that as of Sept. 4, about 39,000 families had relocated, the vast majority since February. That number was 44 percent higher than in late July and 10 times the total in mid-March. Many go to places where they can live with relatives. A few live in small camps until they can find housing.

The areas that receive the most migrants are either overwhelmingly Sunni or Shiite and thus less prone to sectarian violence.

Najaf and Karbala, two Shiite holy cities in the south, are popular destinations for Shiite families, particularly ones from Baghdad, which is plagued by insurgents, militiamen and criminal gangs. Many Sunni-Arab families flee to Falluja, a former Sunni insurgent stronghold 35 miles west of the capital.

That was where Turki Abdullah, 56, brought his family recently after execution-style killings began to rise in their western Baghdad neighborhood of Jihad. In one incident there last July, Shiite gunmen killed up to 50 people during the day after dragging them from their cars and homes and checking their ID cards to see whether they had Sunni or Shiite names.

Mr. Abdullah said he knew at least a dozen Sunni-Arab friends who had moved their families from Baghdad.

Friends who have stayed in the capital "tell us that the militias and interior ministry commandos carry out patrols at night and call through loudspeakers for the Sunnis to leave," Mr. Abdullah said in a low voice, as he stood in the hallway of a relative's home in Falluja. "They threaten the Sunnis by saying the families will regret staying in the neighborhood."

In recent weeks, tribal sheiks have been urging families not to relocate, and some Iraqis who had fled their homes are now returning.

But, "there is a huge amount of distrust," Mr. Abdullah said. "This is the start, and the end will be bigger than this."

Al-Zarqawi Successor's Video Shown Again (AP)

By Maggie Michael

AP, September 24, 2006

DOJ_NMG_0068425

The man purported to be the new leader of Al-Qaida in Iraq appeared in previously released video showing him execute a Turkish hostage, the terror group says in a statement posted on the Internet along with a repeat of the recording.

If described accurately, the images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi, who was killed by a U.S. air strike in Iraq on June 7.

The posting appeared Friday night on a Web site frequently used by Islamic militants just as Sunni Arabs in Iraq began Ramadan, the Islamic holy month. U.S. officials have warned that attacks could intensify during Ramadan, and the video could be a signal from al-Masri to his followers.

The video, which the statement described only as "old," first appeared on Aug. 2, 2004.

In the video, three masked men stand behind a hostage seated on the ground wearing a tan shirt. The militant in the middle, identified in the latest Web posting as al-Masri, reads a statement in Arabic, then the hostage, Murad Yucer from Ankara, reads a statement in Turkish.

After Yucer finishes, the militant in the middle shoots the now-blindfolded hostage three times in the head.

The scarves make it impossible to identify the three militants. However, the statement says the execution was performed by Abu Hamza al-Muhajer, al-Masri's militant name.

Al-Masri, a Sunni Muslim, has been relatively silent since taking over control of al-Qaida in Iraq — a sharp contrast with al-Zarqawi, who frequently issued audiotapes and even a videotape that showed his face a few weeks before he was killed.

A statement appeared in al-Masri's name shortly after al-Zarqawi's death and earlier this month an audio recording attributed to him was posted on the Internet.

Yucer was an employee of a Turkish company that subcontracted for a Jordanian company providing services to U.S. military bases.

Several Turks have been kidnapped and killed in Iraq and at least seven Turkish companies have announced their withdrawal from Iraq to secure the release of kidnapped staff.

Video Purportedly Shows Americans Burned (AP)

By Omar Sinan

AP, September 24, 2006

An al-Qaida-linked group posted a Web video Saturday purporting to show the bodies of two American soldiers being dragged behind a truck, then set on fire in apparent retaliation for the alleged rape-slaying of a young Iraqi woman by U.S. troops from the same unit.

The Mujahedeen Shura Council — an umbrella organization of insurgent groups, including al-Qaida in Iraq — posted a previous video in June showing the soldiers' mutilated bodies, and claiming it killed them. It was not clear whether Saturday's video was a continuation of that footage, or why it was released.

The new footage came hours after the posting of another al-Qaida video, an apparent re-release of a tape showing the execution of a Turkish hostage — by the man purported to be the new leader of Al-Qaida in Iraq.

The images would be the first of Abu Ayyub al-Masri to be released since the group announced that he had succeeded Abu Musab al-Zarqawi, who was killed by a U.S. airstrike in Iraq on June 7.

Both videos appeared just as Sunni Arabs in Iraq began Ramadan, the Islamic holy month. U.S. officials have warned that attacks could intensify during Ramadan.

It was impossible to identify the bodies in the second video, but it was believed to show Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25, who went missing after being attacked by insurgents on June 16 at a checkpoint south of Baghdad. Their remains were found three days later, and the U.S. military said they had been mutilated.

The video showed masked men dragging the corpses and later setting them on fire. Below the graphic footage is a subtitle: "The two soldiers belong to the same brigade of the soldier who raped our sister in Mahmoudiya."

The U.S military has charged four soldiers of the 101st Airborne Division — Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard — in the March 12 alleged rape and murder of 14-year-old Abeer Qassim al-Janabi in Mahmoudiya, about 20 miles south of Baghdad. Sgt. Anthony W. Yribe is accused of failing to report the attack but is not alleged to have been a direct participant.

A fifth suspect, Pfc. Steven D. Green, was discharged from the army because of a "personality disorder" before the allegations became known. He has pleaded not guilty to rape and murder charges and is being held in a civilian court in the United States.

Mahmoudiya is an extremely violent region in Iraq in an area known as the "triangle of death" for the numerous attacks by insurgents.

The two slain soldiers also were from the 101st Airborne Division.

DOJ_NMG_0068426

The video of the Turkish hostage first appeared on Aug. 2, 2004. It shows what has since then become an iconic scene of violence in Iraq — three masked men standing behind a hostage seated on the ground.

The militant in the middle, identified in the latest Web posting as al-Masri, reads a statement in Arabic, and then the hostage, Murad Yucer from Ankara, reads a statement in Turkish. After Yucer finishes, al-Masri shoots him three times in the head.

The scarves make it impossible to identify the three militants. However, a statement posted alongside the video says the execution was performed by Abu Hamza al-Muhajer, al-Masri's militant name.

Al-Masri, a Sunni Muslim, has been relatively silent since taking over control of al-Qaida in Iraq — a sharp contrast with al-Zarqawi, who frequently issued audiotapes and even a videotape that showed his face a few weeks before he was killed.

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Associated Press Writer Maggie Michael contributed to this story from Cairo.

The Army Vs. Spec. Richmond (WP)

By Anne Hull

The Washington Post, September 24, 2006

Edward Richmond Jr. says he was doing his duty when he shot a civilian in Iraq, but the Army convicted him of manslaughter. His father's mission is to clear his name.

GONZALES, La. E ddie Richmond's son got back from the war in June. He wanted nothing in the way of a homecoming, no yellow ribbons tied around trees, none of the piles of boiled crawfish that sent him off.

While other sons came home from Iraq with duffel bags that spilled sand from the desert, 22-year-old Edward Richmond Jr. carried release papers from an Army jail.

Edward had been among the first soldiers to be sent to prison for killing a civilian in the Iraq war, and among the first to walk out of prison. What waited for him was a parole officer in heat-struck Louisiana.

Ascension Parish was the same -- green and mossy lowlands afloat with Whataburgers, Starcuts, daiquiri drive-throughs and gas stations that sell hot shrimp by the pound -- but Edward was different.

He didn't like anyone standing too close. He slept on the floor instead of the bed. When he went through a box the Army had sent home, he found his uniform, infantry badges and ribbons. The vestments of a soldier's life. Edward put all of it in the trash.

His release coincided with a wave of investigations into U.S. soldiers killing civilians in Iraq. After an incident at Haditha, more than a dozen Marines are being questioned in the deaths of as many as two dozen civilians. Some blamed the fog of war or the stress of combat. Others said they only did what they were trained to do.

"War is not a pretty thing," Edward's father often said. "Things happen in a war zone."

The Army had trained his son to kill. Then Edward went to Iraq, and the Army decided he had killed someone the wrong way.

For two years now, his father has asked the Army why his son was prosecuted.

Even after Edward's release from prison, the 52-year-old Richmond's war rages on. He owns an air conditioning and heating business, and as he changed out compressors in the mosquito-rife back yards around Baton Rouge, sweating and heaving, Iraq was with him. He cited page numbers and footnotes from his son's case, like a record needle dropping down mid-song: "In Captain Morgan's statement on the 28th . . . "

Edward was a casualty of something, and so was his father.

In Gonzales, a large American flag hangs outside the Richmond house on two shaded acres. If the family feels any shame or anger, they keep it to themselves.

Eddie Richmond strolled into a coffee shop one afternoon and proudly told the owner, "Edward's home, he's healthy as a mule, he's just getting settled."

But many in Gonzales know about the father's crusade against the Army. It is an awkward fight for someone who drives a truck with a decal that says, "Home of the Free, Because of the Brave." Eddie gets his news from Fox and his accent from the rural hills of north Louisiana. His own father was a decorated Marine disabled in the Korean War. He served three years in the Air Force.

What fueled his frustration was a cache of confidential Army documents he had gotten his hands on that described how another soldier in Edward's brigade with the 1st Battalion, 27th Infantry Regiment, had shot and killed unarmed civilians. But Edward was the one who went to prison.

There seemed little left to fight for. Edward had served his time, been dishonorably discharged, lost his right to vote or carry a firearm, and couldn't leave the state without permission from his parole officer.

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The general who commanded the 1st Infantry Division in Iraq and convened Edward's court-martial, retired Maj. Gen. John Batiste, said he has faith in the military justice system. "If I were Dad, I would be focused on Donald Rumsfeld and his leadership, which took our great military to war without a strategy, with insufficient troops on the ground, which allowed chaos to rein in early 2004," Batiste said.

So Iraq was a mess and Edward was folded into the mess. This was unacceptable to Eddie Richmond.

Father and son shared the same name, but it was the elder Richmond who went by "Eddie" and his son the more formal "Edward." The son was always the guarded one in life, and he came home from prison burning with mistrust. At Fort Sill, Edward spent much of his time in a segregated cell for discipline violations. "You gotta understand, he didn't believe he belonged there," said Charles W. Gittins, a civilian lawyer handling his appeal.

It is impossible to know whether Edward wanted his name cleared as much as his father. He refused to be interviewed for this story.

His second week back, Edward got a job at a foundry outside Gonzales. He woke at 4 each morning and spent the next 10 hours near a furnace so hot that his boots smoked. One day his boss called him "jarhead." People knew his story.

While Louisiana sweltered and beer signs blinked in the windows of the bars where the Blind River Outlaws played "brain-busting, spine-tingling Southern metal," all Edward did was work.

His schoolteachers had always imagined that the exceptionally bright boy would be a mathematician or an engineer. His parents liked to say he joined the Army after 9/11, but Edward was less a twin towers avenger than an 18-year-old who needed a fresh start.

As a boy, he preferred playing computer games to hunting squirrels with his dad. He took medication for attention deficit hyperactivity disorder. He competed on the math team and was described as a "genius" by two former teachers.

But Edward refused to follow instructions if he thought they were pointless. His father made many trips to meet with administrators at East Ascension High School, including assistant principal Gwynne Pecue, who found him overprotective but struggling to understand his son. At the start of 11th grade, Edward announced that high school had nothing more to teach him, and he dropped out.

He was involved in an altercation with some local boys the next year, and he was charged with resisting arrest and disturbing the peace. His next run-in was more serious. A few months shy of his 18th birthday, Edward was arrested with crack cocaine and marijuana in an undercover drug sting. After deputies swooped in, he punched an officer in the chest and tried to run. He was charged with possession of cocaine with intent to distribute, possession of marijuana, battery of a police officer and resisting arrest.

Edward did a 30-day stint in rehab, passed his GED and enrolled at Louisiana State University, but he still faced felony drug charges. The military was his answer.

"There was the understanding that if you don't do this, the DA will prosecute you," said his attorney, Carl E. Babin of Baton Rouge. A soldier was born. The prosecutor did not seek a conviction.

A recruiter who worked in the Gonzales office at the time said Edward scored high on his tests and said he wanted to serve his country. "He had some problems, but it wasn't anything that we couldn't put him in the Army for," said the recruiter, who was not supposed to discuss Edward and asked that his name not be used.

From basic training, Edward shipped to Schofield Barracks in Hawaii, home of the 1st Batallion/27th Infantry Regiment of the 25th Infantry Division. He broke his jaw in a bar fight and joined the headquarters company mortar platoon. In "Lightning Thrust Warrior" training exercises, Edward was chosen as best gunner and "hero of the battle."

His father counseled him about challenging his superiors. "Regardless of whether they are right or not, they are wearing stripes," he said.

"Daddy," Edward answered, "dumb people are hard to deal with."

For a kid from the middle-class suburbs, he could trash-talk like a thug, "but when he put on those glasses and buried his nose in a book, his whole attitude changed," said Sgt. Shaun Mittler, Edward's squad leader in Hawaii.

Sometimes he came off as a know-it-all. By the time his mortar platoon got its orders for Iraq, "everybody turned on him," said his buddy, Pfc. Frederick Sidney. "He would speak out. Everybody else was trying to suck up."

Spec. Richmond went home to Gonzales before deploying. Yellow ribbons were tied around the oaks in his yard. A photograph shows Edward at a picnic table giving his little sister a playful headlock. In another shot he is shirtless and handsome, with deep-set eyes and vacation stubble, staring steadily into the camera.

"I'm ready," he told his mother.'Frightening and Chaotic'

Iraq was cold and rainy when the mortar platoon got there in February of 2004. The mud was frozen around Forward Operating Base McHenry, a primitive outpost south of Kirkuk. To fend off sniper attacks, a 10-foot mound of dirt, topped with

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triple-stand razor wire, surrounded the base. Beyond the wire were outlying roads littered with bombs, especially on the way to Hawija.

"We didn't know anything about the people or their land," said Mittler, the sergeant. "We all had our finger on the trigger. It was frightening and chaotic."

Late one night, according to Army court documents, Edward's squad was briefed on a mission. Word came that high-level insurgents were hiding in the village of Taal Al Jal, possibly with weapons. The plan was for Alpha Company to perform the raid while Edward and the mortar guys set up a security checkpoint outside the mud wall of the village. Sgt. Jeffrey Waruch relayed their orders: Shoot any males fleeing the village, but check with him if possible before firing.

The raid started at daybreak. Edward could hear screaming in Arabic and English, and shotguns blowing the locks from doors. After the sun was up, cow and sheep herders from the village made their way into the fields with their animals.

A call came over the radio to detain all males leaving the village. Edward saw a cow herder in a field about 200 yards away. Waruch would later testify that Edward asked if he could shoot the man; Edward said he asked if he was supposed to shoot the man.

Waruch said no and set out for the cow herder, telling Edward to come along.

The man wore sweat pants, a baggy top and a head scarf. As the two soldiers approached with rifles and plastic flex-cuffs, the Iraqi became angry and began pointing back to the village.

Waruch pantomimed for the man to put his hands in the air. As the soldiers came within three yards of the Iraqi, Waruch told Edward to stand guard with his rifle while he handcuffed the man. Waruch did a quick upper-body search. As he tried to pull the man's wrists down to handcuff him, he resisted, and Waruch ordered Edward to raise his weapon to "high ready."

Edward would later say that Waruch told him to "shoot him if he moves," a statement Waruch would deny making.

Edward was at close range, but he flipped his rifle scope up, training its red dot on the cow herder's head.

The man stopped resisting as Waruch cuffed him, and the sergeant turned to lead him back to the road. As they walked on the uneven field, the man lost his balance and stumbled into Waruch.

A single shot from Edward's M4 rang out. The Iraqi dropped. Waruch squatted down, covering his ears.

Edward was pale and holding his rifle with one hand. He said the Iraqi had jumped at the sergeant.

Brain matter was seeping from the man's eyes. His cows were wandering away in the field.

Another soldier came up. Seeing the dead man's bound hands, he said to Edward with profane prescience, "You are f - - - - - ."

Edward had been in Iraq less than three weeks.A Soldier's Trial

Eddie Richmond bought a $1,700 ticket from New Orleans to Kuwait, then caught military transports the rest of the way in. A hot, sandy wind swirled through the Black Hawk helicopter that carried him to the 1st First Infantry Division's headquarters in Tikrit. Edward's battalion, normally with the 25th Infantry Division, fell under the command of the 1st Infantry Division in Iraq.

As the months had passed, Eddie felt sure that the Army would drop its case against Edward. "I know my son, and he would not just shoot someone," he said. "How many of our kids over there hesitate and die?"

But the Army charged Edward with unpremeditated murder and scheduled his general court-martial in Tikrit in August. He faced life in prison.

The trial was held in one of Saddam Hussein's former palaces near the Tigris River. At night, father and son slept in a room with some special operations soldiers. Eddie found it surreal: The same Army that was his gracious host was prosecuting his son.

He sat behind Edward in the makeshift courtroom. When the prosecution showed photos of the dead cow herder on a projection screen, Eddie felt a knot in his stomach. The man's name was Muhamad Husain Kadir. Part of his head was missing.

The key witness against Edward was Waruch. The sergeant testified that after he handcuffed Kadir, he patted him on the shoulder and said to Edward, "He's good, let's go." Waruch said he even saw Edward lower his rifle. Then came the blast.

Edward took the stand, wearing his desert camouflage and glasses. His accent dripped like the river parish he came from.

Edward testified that Waruch ordered him to shoot Kadir if he moved, so he raised his rifle and aimed at the man's head. Looking through his scope, he was unable to see Waruch put the handcuffs on. When he saw what looked like Kadir lunging at Waruch, he believed that his sergeant's life was in danger.

The defense tried to keep out a statement Edward gave a month after the incident, admitting that he was pumped on adrenaline and "had to know" that Kadir was cuffed "before I shot him but it just did not register in my mind at that time." Edward signed the statement after an agent with the Army Criminal Investigation Command (CID) told him he flunked a polygraph; he really hadn't.

Prosecutors goaded him. Hadn't it been obvious that a herder walking in a field with cows was not fleeing the village?

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"You don't look at everybody as Saddam Hussein himself, sir, but until it is clarified otherwise, you have to be suspicious," Edward answered. "I mean, people are dying every day, so you have be suspicious of everyone, sir."

"Answer the question," the prosecutor said. "Did you or did you not assume that Mr. Kadir had escaped from the village?"

"I knew he had come from the village, sir," Edward said. "I didn't know. I hadn't formed an opinion based off that."

Two of Edward's fellow soldiers testified that he often talked about wanting to kill an Iraqi. But under cross-examination, they said most soldiers did. Edward's sergeant said he was one of the better soldiers in his platoon.

Waruch's credibility was also on trial. Staff Sgt. Marcus Warner testified that Waruch was a "compulsive liar." His nickname was "Shady Jay."

Eddie Richmond watched his son, admiring his confidence. Edward never second-guessed himself. "Daddy, I've done my job, and I did what I thought was right," he said. He believed he would be acquitted.

He was only partly right. The jury found him not guilty of unpremeditated murder but guilty of voluntary manslaughter. The prosecution was recommending eight years in prison and a dishonorable discharge.

Edward had one chance to address the court before sentencing. Instead of asking for mercy, he expressed a vague regret.

"If I had known everything then that I know now, it wouldn't have happened, and I am sorry that it had to come to this," he said.

The jury gave him three years, a demotion in rank and a dishonorable discharge. He was shipped to the Fort Sill Regional Correctional Facility, an Army prison in the hills of Oklahoma, where he was diagnosed with post-traumatic stress disorder.Sadness Turns To Anger

His father went home to Gonzales.

"You could see the mourning," said his friend Marvin "Bud" Ragland, a retired rice farmer. "His son -- his oldest child -- went to war for his country and was branded by that country as a murderer."

But Eddie received something in the mail that would shift him to outrage. Inside an envelope with no return address were confidential Army documents. One page was stamped "Serious Incident Report." It was part of an Army investigative file, known as a 15-6. The subject was Sgt. Jeffrey Waruch.

Eddie sat in his kitchen and began to read. Waruch had shot three female civilians, one of whom died. Eddie vaguely remembered the sergeant being asked about it at Edward's trial, but the judge had limited the questions. Edward never mentioned it to him. The documents Eddie held in his hand -- sworn statements by Waruch and several other soldiers -- laid out what happened in detail.

Ten days before Edward shot the cow herder, the mortar platoon was riding in a convoy to Al-Abassi when a roadside bomb exploded. Soldiers began firing from the sides of their vehicles. No one was seriously hurt by the bomb, but orders went out to stop any Iraqis fleeing the area.

Waruch began running across farmland after a group of several Iraqis in the distance. After crossing a muddy stream in pursuit, he fired warning shots in the air and screamed for them to stop.

According to his written statement, Waruch said he was 200 yards away when one of the Iraqis knelt down with what looked like a tube-like object, possibly a rocket-propelled grenade. Waruch fired about five times, knocking down two bodies. This subdued the group, but as he moved closer, two other Iraqis suddenly started to run toward him, with one reaching into her clothes. He fired five more rounds.

Arriving at the group in the field, he saw that a girl was shot in the head and her pulse was gone. Another female was hit in the thigh and going into shock. Another was shot in the knee.

Waruch had fired on a mother and her two daughters, killing a 14-year-old. The survivors would later tell a reporter that they had been weeding a bean field and had started to run as the Americans ran toward them.

Waruch was initially cleared of any wrongdoing, but a second review found that he had violated the rules of engagement. The girl had been trying to surrender when she was shot. No weapons were found.

As a result of the shootings, the battalion commander ordered that the soldiers be retrained: no spraying of bullets, aimed shots only, and only when under hostile intent.

Eddie felt his eyes burning with tears. Whoever sent him the file wanted him to see that the prosecution's key witness against his son was under investigation for his own civilian casualties. As he studied the documents, he saw that one soldier had escaped punishment and that another was needed to pay for the platoon's mistakes.

Eddie wrote to members of Congress and the Army CID. When a reporter from the Dayton Daily News in Ohio called, researching a story on civilian deaths in Iraq, Eddie shared his documents and pushed the Army for more. Eddie wanted the same spotlight that burned on his son to burn on Waruch.

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In May 2005, more than a year after the incident, the CID opened an investigation into the shooting of the three female civilians. Waruch left the Army early this year. The investigation remains open. Attempts to reach Waruch for comment for this story were unsuccessful.

Edward turned 22 in prison. He subscribed to the Wall Street Journal, gorged on science fiction novels and built muscle. He refused to bend to the will of Fort Sill, spending much of his time in a segregation cell for discipline violations.

"It's a mental war," he wrote his parents. "I'll be fine."

Eddie contacted Defend the Defenders, an organization that raises funds for the legal defense of soldiers and Marines accused of crimes in combat. It was founded by Merry Pantano, whose son, Marine 2nd Lt. Ilario Pantano, was charged with murdering two Iraqis but was acquitted last year by the Marine Corps. Pantano agreed to fund Edward's appeal.

Eddie slapped his truck with "Defend the Defenders" stickers and wore the group's T-shirt that said, "Who's Got Their Backs?" The war in Iraq roiled on, but for Eddie it was frozen on two days, 10 days apart, in February 2004.

Then came a break. In April, the Army's clemency board granted Edward parole.

When he was released in June, he had served nearly two years of a three-year sentence. He called from the airport in Lawton, Okla., and told his parents, "I'm a free man." They picked him up in Baton Rouge. He was pale but rock-hard from exercise, and still had a grunt's haircut.

He soon received a congratulatory call from Ilario Pantano, the Marine acquitted of murder. In a sense they both belonged to the same fraternity of the misunderstood.

Edward told his father he didn't want anyone feeling sorry for him. He wanted to start over. But his father could not let go so easily. After Edward put his Army uniform and ribbons in the trash, Eddie retrieved them and took them to the charity bins behind the grocery store in town.

In Iraq, the Army has tried to make up for the tragedies.

The family of Muhamad Husain Kadir was paid $1,000 for his death.

The Army paid more than $4,000 to the family of the girl killed by Waruch, among them her wounded sister and mother, whose leg was amputated. The 1st Battalion commander wrote a sympathy letter to the family. "I ask for your continued support as we attempt to provide a safe and secure environment," wrote Lt. Col. C. Scott Leith. He closed by quoting the Koran: "We belong to Allah and to him we shall return."

The former 1st Infantry Division commander in Iraq, Batiste, is now the president of a steel company.

Edward is earning $10 an hour at the foundry.

The chapter was closing, but not for Eddie Richmond.

"I just want the truth to come out," he said. As summer turns to fall, he wears his Defend the Defenders T-shirt, waiting for word on his son's appeal.

Staff researcher Julie Tate contributed to this report.

Jane, We Hardly Knew Ye Died (NYT)

By Lizette Alvarez

The New York Times, September 24, 2006

LT. EMILY J. T. PEREZ, 23, a West Point graduate who outran many men, directed a gospel choir and read the Bible every day, was at the head of a weekly convoy as it rolled down roads pocked with bombs and bullets near Najaf. As platoon leader, she insisted on leading her troops from the front.

Two weeks ago, one of those bombs tripped her up, detonating near her Humvee in Kifl, south of Baghdad. She died Sept. 12, the 64th woman from the United States military to be killed in Iraq or Afghanistan. Eight died in Vietnam.

Despite longstanding predictions that America would shudder to see its women coming home in coffins, Lieutenant Perez's death, and those of the other women, the majority of whom died from hostile fire (the 65th died in a Baghdad car bombing a day later), have stirred no less — and no more — reaction at home than the nearly 2,900 male dead. The same can be said of the hundreds of wounded women.

There is no shortage of guesses as to why: Americans are no longer especially shocked by the idea of a woman's violent death. Most don't know how many women have fallen, or under what circumstances. Photographs of body bags and coffins are rarely seen. And nobody wants to kick up a fuss and risk insulting grieving families.

"The public doesn't seem concerned they are dying," said Charles Moskos, a military sociologist at Northwestern University who has closely studied national service. "They would rather have someone's else daughter die than their son."

What's more, no one in the strained military is eager to engage in a debate about women and the risks they are taking in Iraq because, quite simply, the women are sorely needed in this modern-day insurgent conflict. As has happened many times in

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war, circumstances have outpaced arguments. They are sure to be taken up again at some point, only this time, the military will have real-life data on the performance of women in the field to supplant the hypotheticals.

Like most soldiers on the job, Lieutenant Perez, who will be buried at West Point on Tuesday, was focused on her mission, not on her groundbreaking role in a war that seems to have dispelled a litany of notions about women warriors.

For the first time, women by the thousands are on the ground and engaging the enemy in a war that has no front line, and little in the way of safe havens. In this 360-degree war, they are in the thick of it, hauling heavy equipment and expected to shoot and defend themselves and others from an enemy that is all around them. They are driving huge rigs down treacherous roads, frisking Iraqi women at dangerous checkpoints, handling gun turrets personnel carriers and providing cover for other soldiers.

It is not so much the job titles that have changed — the policy shift that allowed women to serve in combat support units close to the front lines occurred in 1994. Rather it is the job conditions.

"We are asking far more of our female soldiers than ever before in history," said Elaine Donnelly, director of the Center for Military Readiness, a conservative think tank.

But a line in the Iraqi sand exists. Under the 1994 Pentagon policy, women were still barred from serving in ground combat forces — infantry, armor, field artillery — but are allowed to serve as fighter pilots and on warships. In Iraq, women were not involved in the initial invasion; they did not clear insurgents from Falluja; they don't drive tanks or, in most cases, kick down doors in house searches.

They are also barred, technically, from "co-located units" that support combat troops. A woman can serve as a medic, for example, but not as a medic in a unit that "co-locates and remains" or accompanies a unit on the front line, like an infantry unit.

In reality, though, this so-called co-location is taking place, analysts say, although it is unclear how widespread it is. The Pentagon has stretched the language of the policy, mostly because there are not enough troops, men or women. It has done so because the language is fuzzy. An effort by some House Republican leaders last year to challenge the practice was beaten back by the Pentagon, which argued that it could not sustain the mission without women in these jobs.

"It says you can have female medics, but they can't see combat," said Capt. Megan O'Connor, who served in Iraq for a year and a half in the New Jersey Army National Guard as a medical operations and plans officer. "It's all combat in Ramadi. It's so gray. They put the rules down on paper. It looks good. It reads good. But for a commander to implement, it's impossible."

"The women were itching for it," she added, and accumulating commendations and medals for bravery along the way.

Ms. Donnelly said the Pentagon was openly flouting current policy and sending women out directly with combat troops, with no debate, no hearings in Congress and, so far, no consequences. She has no qualms about women, who make up 10 percent of the troops in Iraq and Afghanistan, doing the jobs they are assigned in dangerous circumstances. That is standard. But to send them out with combat troops is illegal, she said.

"I have enormous respect for these women," said Ms. Donnelly, who opposes allowing women into ground combat forces. "My criticism is not of the women in the military. They are fulfilling their responsibility to the greatest degree, and that, too, is unprecedented. The policymakers should not be ordering them into areas that are not gender integrated."

But the fact that the Army is successfully using women in this way is likely to lead policymakers to revisit the rule, some analysts say. "It's that policy that when this war is over is going to have to change, even if we have to keep women out of the infantry per se," said Lory Manning, a retired Navy captain who is the director for the women-in-the-military project at the Women's Research and Education Institute, a nonprofit public policy group. "The next door to open is ground combat. That's the last frontier. A lot of the social conservatives have powerful feelings about training mothers to kill."

Conventional wisdom has long dictated that women were not suited to the battlefield — too frail, emotionally and physically, to survive combat pressure. Men, it was said, would crumble at the sight of a bloodied female soldier, or put themselves at risk to protect her. The public would not stomach women coming back in body bags or suffering life-changing wounds. And mixing men and women — with all the sexual and emotional pitfalls — would strain the unit dynamic, which can lead to deadly mistakes.

Those sorts of arguments were revived last week when the former Navy secretary James Webb, running for Senate in Virginia, was reminded of his assertions 30 years ago that women could not, and should not, fight, assertions he has distanced himself from.

None of this, so far, has come to pass. "They are pulling their own weight and performing as well as men," Ms. Manning said. "And the American public is not any more upset about women coming home in body bags than men."

Mady Wechsler Segal, a professor of sociology at the University of Maryland and the associate director for the Center for Research on Military Organization, said succinctly, "If they weren't doing a good job, we would be hearing about it."

Certainly, women in Iraq and Afghanistan face different challenges, both at war and at home. Incidents of sexual harassment on military bases are common enough, and fending that off without offending peers and superiors is tricky. Sexual assault, while less common, only intensifies combat stress, leading to greater vulnerability. It also leads to new complications. What if your attacker is also the person you must defend, or must defend you?

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A whole crop of veterans are suffering from post-traumatic stress and lost limbs, circumstances that sometimes prove more difficult for women who often fill the role of nurturers to their families.

And there are practical considerations. Women on smaller bases in Iraq often share sleeping quarters with men. Equipment in women's sizes can sometimes be harder to come by. Some women use newer forms of birth control to make their periods less frequent. Even urinating can become a problem. The military has disbursed portable contraptions the women affectionately call a weenus, for use on long truck drives.

Women also face resistance among some male commanders, who are not keen to put women at risk, some women who have served in Iraq say. But many commanders, they added, treated them no differently.

Capt. Tammy Spicer, who commanded a transportation company for the Missouri National Guard, said women were often being watched to see if they are up to the job. Driving trucks is dangerous work in Iraq, and her company drove a million and a half miles with no enemy-related casualties.

If anything was taxing, she said, it was in 2003 in Kuwait, when she and four other women shared a tent with 45 men. The women shared showers with men, on rotation, and always got the worst hours, she said. "Their bickering, their cursing, their body noises," she said, laughing. "They would leave their food out and we would have rats. There was no relief from men."

NATO Kills 23 Insurgents In Afghanistan (AP)

AP, September 24, 2006

NATO aircraft have killed 23 suspected insurgents in southern Afghanistan, the military alliance said Sunday.

A helicopter attacked 20 insurgents who shot at a NATO patrol in Helmand province on Friday, killing 15 of the suspected insurgents, the alliance said.

An attack helicopter fired on another group of insurgents who shot at a support helicopter in the same province on Thursday, killing eight of the militants, the statement said. There were no NATO casualties in the attacks.

In recent months southern Afghanistan has seen some of the fiercest fighting since the U.S.-led invasion toppled the Taliban regime in 2001.

Rockets Rain After Taliban Deal (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 24, 2006

WASHINGTON - Since Pakistan signed a pact meant to defang the Taliban on its side of the border with Afghanistan, U.S. forces have been hit with "highly unusual" attacks there, the Daily News has learned.

Although stressing it's too early to gauge whether the Pakistani government's Sept. 5 deal with tribal leaders in the Waziristan area will thwart border-hopping insurgents, a military spokesman said the fighting has continued.

"Just in the last two days along the Paktika province border, we've had two series of a large number of rockets fired at a couple of our bases along the border," Army Lt. Col. Paul Fitzpatrick, spokesman for the U.S.-led coalition in Afghanistan, told The News on Friday.

Fitzpatrick said 78 Katyusha rockets were fired "from just inside the border of Pakistan" in two attacks last week on U.S. firebases in Gayan and Bermel.

Neither attack caused casualties, but he added, "To have a battery of rockets fired at us at our bases is highly unusual."

"We've been in quite a few firefights, particularly in the border region," Army 1st Lt. Shawn Parnell, a platoon leader in Bermel, said in a coalition statement.

The same statement quoted other commanders calling the Bermel district "a major infiltration route," where "engaging in firefights is almost daily life."

Since the Waziristan truce - which calls on tribal elders to ensure that foreign fighters live peacefully - the Taliban also has issued two statements making claims of 17 attacks along the border.

Some Afghan officials have called the truce a deal with the Taliban.

Asked about the deal last week, President Bush said Pakistani President Pervez Musharraf assured him it was a good idea, adding, "I believe him."

But counterterrorism officers who have fought Al Qaeda in border combat have expressed skepticism to The News.

The 82nd Airborne Division is set to return by year's end to take over from the Fort Drum, N.Y.-based 10th Mountain Division. They will join 20,000 U.S. troops who have turned east to fight Al Qaeda at the border with Pakistan as NATO takes over patrolling southern Afghanistan, Fitzpatrick said.

Despite the Pakistani truce, military coordination has never been better with Musharraf's army, Fitzpatrick said.

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Last year, red tape often frustrated U.S. commanders in Afghanistan from chasing ambushers as they fled into Pakistan. But a half-dozen times this year, Pakistani forces have nabbed or killed fleeing insurgents upon request, he said.

"The border is not a sanctuary anymore," Fitzpatrick said.

British Army Defends Itself Against Criticism From Officers (NYT)

By Alan Cowell

The New York Times, September 24, 2006

LONDON, Sept. 23 — For the second time in two days, the army defended itself on Saturday against charges by middle-ranking officers in Afghanistan that British ground troops had received inadequate air support and other backing in their fight against the Taliban.

British officers in the field have traditionally tended to keep their complaints within the military. But with many soldiers using e-mail messages and video technology, it is easier for complaints to spread, possibly beyond where the officers intended.

The army's statements came in response to critical e-mail messages from officers that were leaked to the news media. Military specialists have said soldiers may be voicing their concerns more openly out of fear that the British public is unaware of the ferocity of the war in Afghanistan. This month, television news aired video recorded on a soldier's digital camera or cellphone showing troops in desert camouflage fatigues and full battle-dress in a furious firefight with Taliban insurgents.

With around 5,000 troops in the restive Helmand Province in the south, Britain is part of a NATO force trying to subdue insurgents to permit reconstruction.

But as Defense Minister Des Browne acknowledged in an address this week to the Royal United Services Institute, a security research organization, "we do have to accept that it's been even harder than we expected: the Taliban's tenacity in the face of massive losses has been a surprise, absorbing more of our effort than we predicted it would.''

During his speech, he rejected suggestions that British forces were poorly supported, describing conditions in Helmand as "hard, dirty and beyond the experience of most of us to understand.'' Like other NATO officials, he said the alliance was making inroads into Taliban resistance.

But in two sets of e-mail messages leaked to British news organizations later in the week, mid-ranking officers voiced serious complaints. On Thursday, Maj. Jon Swift said in a message from Afghanistan, "The scale of casualties has not been properly reported and shows no sign of reducing.'' His comments were posted on a regimental Web site, but were quickly withdrawn, the domestic Press Association news agency reported.

On Friday, several British broadcasters quoted from an e-mail message written by Maj. James Loden. "The R.A.F. have been utterly, utterly useless,'' Maj. Loden was quoted as saying, referring to two instances involving Harrier warplanes during close ground combat.

"A female Harrier pilot 'couldn't identify the target,' fired two phosphorous rockets that just missed our own compound so that we thought they were incoming RPG's, and then strafed our perimeter, missing the enemy by 200 meters,'' he wrote, according to British news reports. RPG stands for rocket-propelled grenade.

In contrast to Britain's Royal Air Force, Maj. Loden said, the United States Air Force had been "fantastic.''

Publication of the remarks represented an acute embarrassment for the military leadership, prompting a string of rebuttals by high-ranking officers.

Sir Richard Dannatt, the Chief of General Staff, said in a written statement, "The way the R.A.F. has performed in support of our operations in Afghanistan has been exceptional. Irresponsible comments, based on a snapshot, are regrettable.''

The Ministry of Defense in London said of Maj. Loden's remarks: "It must be remembered that this is the opinion of only one man. The general view is very different.''

In a television interview, Sir Richard also denied that the British authorities were seeking to underplay casualty figures. "We have got nothing to hide as far as that is concerned," he said. "The truth is what matters."

The officers' complaints reflect concern in the British military and elsewhere that, with 7,000 troops in southern Iraq, the army is overstretched.

On BBC radio, Sir Richard said Saturday that while the army was "coping'' in Afghanistan, it could not take on further deployments.

The debate over British troops in Afghanistan coincided with fresh displays of public opposition to the war in Iraq. Tens of thousands of protesters gathered in the northern city of Manchester Saturday, the eve of the annual conference of the governing Labor Party there, to demand that Prime Minister Tony Blair withdraw British troops from Iraq, then quit.

The police said some 20,000 people joined the protest, but organizers put the figure at 60,000.

The Key To Afghanistan: More Time (WP)

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By Jim Hoagland
The Washington Post, September 24, 2006

American commanders worry that Afghanistan is "the forgotten war" as it recedes into the shadow of the bloodier, more divisive conflict in Iraq. But they take some comfort from their relative obscurity: They need time, and they will take it any way they can get it.

The biggest challenge that U.S. and NATO forces face is not on the battlefield. It lies in building confidence in the country's rural tribes and sparse urban population that Western governments will stay deeply involved in Afghanistan for a decade or longer. If Afghans do not believe that, they are unlikely to take the risks of vast social and political change being demanded of them today.

In government-speak, this is called "pushing out the timelines." It means that Washington and other NATO capitals should accept the idea that they are providing a long-term military presence and significant development funding to Afghanistan as a matter of routine and strategy, rather than as a temporary military emergency.

Being "forgotten" in that sense is better than being at the center of the kind of urgent and partisan debate that Iraq has sparked. Whether the White House is willing to admit it or not, Iraq's particularities have eclipsed or altered the Bush administration's strategies of pushing democracy forward in the Middle East and of fighting the war on terrorism abroad rather than on American soil. The conflict there has become a war with Iraqi characteristics rather than an abstract struggle about greater goals and principles.

Afghanistan, on the other hand, still illustrates in fairly clear form the consequences and dynamics of fighting jihadist terrorist networks and their supporters in a failed Islamic state. Making a long-term commitment to Afghanistan as a matter of routine would require Congress to overhaul obsolete budgeting priorities that starve U.S. reconstruction and development projects. Europeans would have to fund expeditionary forces that are today ill equipped and ill trained for distant counterinsurgency operations. Both changes are desperately needed.

"Show me where the roads end, and I will show you where the Taliban begins," Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says often to his staff. But while the United States spends about $10 billion a year to field about 20,000 troops there, Congress frequently rejects or blocks creative approaches to development and peacekeeping that would cost much less.

Recent NATO decisions to take greater command responsibilities and to put several thousand more soldiers into the country's most active war zones are seen by U.S. officials as promising signs of shifting attitudes in Europe. NATO currently has 20,000 troops in Afghanistan operating under a British general.

"As new commanders come in, they see the need to be building bridges and schools to buy space for development and to keep the Taliban out," says one U.S. senior officer. "That should generate requests back to their capitals."

Even so, managing expectations and hopes has become a major task for the United States, Canada, the European nations of NATO and the beleaguered government of President Hamid Karzai. The greatest Afghan challenge may lie in the fact that the very progress brought by five years of Western involvement stirs fierce resistance in a tradition-bound, poverty-stricken Islamic society.

The number of girls in elementary and secondary schools has gone from zero to 2 million in those five years. That is a stunning accomplishment -- and no doubt a great recruiting tool for the Taliban as it seeks to reestablish the savagely misogynistic version of Islam that helped tie it to al-Qaeda.

That is why "pushing out the timelines" is vital: Only when it becomes clear to Afghans that the changes brought by the toppling of the Taliban are durable and will shape their options a decade from now will they commit to building a more tolerant society. That is broadly true throughout the Middle East and Central Asia.

Afghanistan turned out not to be a model for waging the war on terrorism. The quick success that U.S. forces scored in the autumn of 2001 misled commanders and their civilian chiefs about what would happen in Iraq. The 2001 lightning campaign was not even a doctrinal model for what would come in Afghanistan: The United States has more troops there now than at any time in the conflict.

But how the long-term counterinsurgency is waged in Afghanistan will foreshadow the outcome of the broader struggle against jihadist extremism. The struggle there needs resources, it needs time -- and it needs never to be forgotten.

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Our Five Iraq Wars (WT)

By James Jay Carafano, The Washington Times
The Washington Times, September 24, 2006

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America has fought five wars in Iraq -- not merely one. And we've won or are winning four of them. Winning the last war, however, is all that counts. To cut and run now would leave America less safe than when we started.

War 1: Battling Saddam. The United States waged war in Iraq for one reason -- to remove Saddam from power. This was really a continuation of Desert Storm. After all, we halted the first Gulf war based on a host of promises Saddam made but never kept. Few doubt the United States, the peoples of the Middle East, and especially the Iraqis are better off with the Butcher of Baghdad out of power.

War 2: Combating chaos. Despite the scenes of rioting when the regime collapsed, America and its coalition partners managed to quickly avert a wide-scale humanitarian crisis. Although Iraq was (and is) hardly a danger-free zone, there was no mass starvation, floods of refuges, or disease outbreaks that usually accompany the aftermath of conflict.

War Three: Confronting al Qaeda. In the wake of the war, lacking any real success elsewhere in the world, transnational terrorists leaped into the vacuum in Iraq. In the first years following the regime's collapse, they accounted for the lion's share of murdering -- killing primarily innocent Iraqis. Even insurgent groups within Iraq that initially cooperated with al Qaeda in Iraq soured on the indiscriminate slaughter. Indeed, Ayman al-Zawahri (Osama bin Laden's deputy) warned that the terrorism in Iraq was alienating Muslims both inside and outside the country from the cause of al Qaeda.

Arguably, al Qaeda has lost in Iraq. Its most senior leadership has been killed or captured. Its popularity is low. And it no longer commands a significant following among the Iraqi insurgents.

War 4: The Sunni insurgency. The Sunni minority in Iraq largely abstained from the political process established to form a legitimate government. Democracy went on without them. Led by the other major groups, the Shi'ites and the Kurds, the Iraqis wrote a constitution, held a series of successful elections and seated an interim government. A Sunni insurgency first rose up to forestall the march of democracy. That failed. The insurgents then tried to force more compromises on the government. Over the last year, it appeared key Sunni leaders were giving up on the insurgency and were increasingly interested in negotiating a more equitable seat at the table and resolving key power-sharing issues.

War 5: Fighting the proxy war. Unfortunately for the United States, the wavering of the Sunni insurgency coincided with a decided increase in attacks by Shi'ite militias. These provocations have resulted in an increasingly cycle of retaliatory sectarian strikes between Sunnis and Shi'ites, as well as concerted efforts to kill more American soldiers using more deadly and accurate improvised explosive devices. This latest war may be the toughest to win because its principle authors are probably not inside Iraq. They are in Iran.

The most recent uptick in violence in Iraq parallels closely U.N. efforts to pressure Iran to give up its nuclear programs. Instability serves Iran's purposes. It diverts attention from the issue and undermines U.S. interests in the region.

There is a good deal of evidence to make this case. Weapons and funds to fuel the Shi'ite insurgency come across the border from Iran. In addition, Hezbollah, Iran's stooge in Lebanon, initiated a violent confrontation with Israel that also has shifted the focus away from what Iran's mullahs are up to.

Cutting and running in the face of this latest threat would yield only one result: It would empower Iran and make its radical government more aggressive, more reckless and more dangerous. That's obviously not in America's interest.

What the United States needs to do is finish the job in Iraq -- and that means strengthening Iraq's security forces so they can handle the insurgency. At the same time, it needs to focus on the other threats to regional stability -- helping empower the Lebanese government to disarm and defang Hezbollah and marshalling the international community to isolate and punish Iran for its adventurism.

That way, we can ensure that War 5 ends the same way the first four did.

James Jay Carafano is senior research fellow for national security and homeland security at the Heritage Foundation and author of "G.I. Ingenuity."

Closing Of A Nation (NYT)

By David Brooks

The New York Times, September 24, 2006

It's an elementary principle of child psychology: safety leads to exploration. The child who feels securely loved at home will venture out and try new things. The child who is insecure will be more passive and cling to what is known.

What's true of children is true of adults, and in Iraq we now have a case study in human insecurity. The people of Iraq have endured decades of dictatorship, war, insurgency and civil strife, and the psychological costs have been ruinous. Iraq is the most xenophobic, sexist and reactionary society on earth.

Researchers from the invaluable World Values Survey have interviewed over 2,300 adults from all over Iraq. The results have just been published by Ronald Inglehart, Mansoor Moaddel and Mark Tessler in the journal Perspectives on Politics.

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Inglehart, Moaddel and Tessler describe a people who, buffeted by violence, have withdrawn into mere survival mode. They are suspicious of outsiders and intolerant toward weak groups, and they cling fiercely to what is familiar and traditional.

The researchers asked the Iraqis if they would mind living next door to foreigners. In most societies, there is a small minority who say they would mind. Nine percent of Americans say they would mind, and in the median country internationally about 16 percent say they would mind. Ninety percent of the Iraqi Arab respondents rejected foreigners as neighbors.

As Inglehart, Moaddel and Tessler write, Iraqis "reject foreigners to a degree that is virtually unknown in other societies throughout the world, including more than a dozen predominantly Islamic countries."

Iraqi Arabs almost universally reject Americans, Britons and the French, and roughly 60 percent reject Iranians, Kuwaitis and Jordanians, the groups they are least hostile to.

Iraqis also viscerally resist social reform and deviation from the traditional ways of doing things. For example, 93 percent of Arab Iraqis said men made better leaders than women, the highest proportion of any group in the world.

Iraqi Arabs were asked which values they would like to instill in their children. They emphasized "obedience" and "religious faith" more than any of the 80 other societies that have been studied. They were less likely to try to instill "independence" in their children than people in 74 of the study's 80 societies.

Meanwhile, Iraqis cling fiercely to their primal identities. Roughly 86 percent of the Arab Iraqis said they were very proud to be Iraqi, and the Shiites, Sunnis and Kurds were very likely to trust members of their own community. Such in-group solidarity is almost without precedent.

Iraqi Kurds stood apart from the world in all these various measures, but Iraqi Arabs stood apart even more. This suggests that Saddam's tyranny had already had a corrosive effect on Iraqi society by 1991, when the Kurds were effectively liberated, but over the past 15 years, things have become much worse. It's impossible to tell how much of the trauma has been caused since the American invasion.

We do know, however, that American policy makers were surprised to learn how religious Iraqi society had become during the 1990's. (Iraqi exiles had not prepared them for this.) And we also know this climate of opinion works against the Iraqi leaders as they try to create a functioning nation.

In essence, Iraqis are like turtles trying to pull into their shells, but the big tasks now require non-shell behavior. They require getting Shiites and Sunnis to trust each other enough to negotiate a settlement on sharing oil revenue. They require getting Shiite policemen to crack down on their own, and on Moktada al-Sadr's Shiite militia.

The larger lesson, as we think about future efforts to reform the Middle East and combat extremism, is that the Chinese model probably works best. That is, it's best to champion economic reform before political reform.

We know from a wealth of historical experience that when people see their standard of living rise, they reject the reactionary survival mentality and they become more open to others and to change. If people already see their lives improving materially, they will be more likely to keep their cool as their political institutions are reinvented.

In the age of terror, statesmanship means knowing how to create a sense of security so you can lead people on a voyage of reform. Most of all, it means that if you're going to do nation-building, you have to understand the values of the people you're going to build a nation with.

Stuff Happens Again In Baghdad (NYT)

By Frank Rich

The New York Times, September 24, 2006

IT'S not just about torture. Even if there had never been an Abu Ghraib, a Guantánamo or an American president determined to rewrite the Geneva Conventions, America would still be losing the war for hearts and minds in the Arab world. Our first major defeat in that war happened at the dawn of the Iraq occupation, before "detainee abuse" entered our language: the "Stuff happens!" moment at the National Museum in Baghdad.

Three and a half years later, have we learned anything? You have to wonder. As the looting of the museum was the first clear warning of disasters soon to come, so the stuff that's happening at the museum today is a grim indicator of where we're headed in Iraq: America is empowering the very Islamic radicals this war was supposed to smite. But even now we seem to be averting our eyes from reality on the ground in Baghdad.

Our blindness back in April 2003 seems ludicrous in retrospect. As the looting flared, an oblivious President Bush told the Iraqi people in a televised address that they were "the heirs of a great civilization that contributes to all humanity." Our actions — or, more accurately, our inaction as the artifacts of that great civilization were carted away — spoke louder than those pretty words. As Fred Ikle, the Reagan administration Pentagon policy chief, puts it in Thomas Ricks's "Fiasco," "America lost most of its prestige and respect in that episode."

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That disaster might have been mitigated if our leaders had not dismissed the whole episode as a triviality. But Donald Rumsfeld likened the chaos to the aftermath of a soccer game and joked that television was exaggerating the story by recycling video of a single looter with a vase. Gen. Richard Myers defended our failure to intervene as "a matter of priorities" (we had protected the oil ministry). Lt. Gen. William Wallace, countering a wildly inflated early claim by a former museum employee that 170,000 artifacts had been destroyed, put the number of objects still unaccounted for at "as few as 17." (The actual number was closer to 14,000.)

The war's many cheerleaders in the press fell into line. In keeping with the mood of the time, administration enforcers like Charles Krauthammer and Andrew Sullivan damned Mr. Rumsfeld's critics as fatuous aesthetes exploiting a passing incident to denigrate the liberation of Iraq. In a column in Salon titled "Idiocy of the Week" (that idiot would be me), Mr. Sullivan asked rhetorically who was right about "the alleged ransacking" of the museum, Mr. Rumsfeld or his critics? "Rummy, of course. He almost always is."

Of course, dear old Rummy's what-me-worry take on the museum was the tip-off to how he would be wrong about everything that would follow: he reacted with exactly the same disdain and indifference to the insurgency happening under his own nose and to Abu Ghraib. There would be a hasty corrective to the looting, at least: a heroic Marine Reserve colonel, Matthew Bogdanos, commanded a team that ultimately tracked down a bit more than a third of the vanished objects. (It was too late to rescue tens of thousands of additional treasures in Iraq's National Library and National Archives, both also looted and torched.) But Mr. Rumsfeld's "Stuff happens!" proved indelible because it so resonantly set forth an enduring theme of the occupation: that the Americans in charge of Iraq were contemptuous of the local populace to whom they were so grandly bequeathing democracy and other fruits of civilization.

The cavalier American reaction to the museum looting was mimicked in the $22 billion reconstruction effort, an orgy of corruption and waste that still hasn't brought Iraqis reliable electricity. In a new account of the civilian nation-builders in the Green Zone, "Imperial Life in the Emerald City," Rajiv Chandrasekaran of The Washington Post details how L. Paul Bremer III and his underlings enlisted cronies and apparatchiks rather than those who might actually know anything about the country's people or their needs. Thus we saddled Iraq with Bernie Kerik, G.O.P. fund-raisers and politically connected young ideologues chosen over more qualified job applicants who knew Arabic. They saw Iraq as a guinea pig for irrelevant (and doomed) experiments, including an antismoking campaign and an elaborate American-style stock exchange. Mr. Chandrasekaran's book, while nonfiction, is as chilling an indictment of America's tragic cultural myopia as Graham Greene's prescient 1955 novel of the American debacle in Indochina, "The Quiet American."

Our public diplomacy efforts were equally tone-deaf to Iraqis and their neighbors. In the early going, the State Department hired a Madison Avenue whiz who made sunny TV testimonials about America's love of Muslims. These ads won no hearts or minds, but wasted tons of money and even more valuable time. Now this job belongs to Karen Hughes, the presidential flack, whose patronizing photo-op tour of the region last year earned mostly ridicule.

Our broadcasting outreach there is supervised by a longtime Karl Rove pal, Kenneth Tomlinson, who last month was found by State Department investigators to be using his office — literally — to run a "horse-racing operation." One of Mr. Tomlinson's thoroughbreds is named Karzai, in supposed honor of the Afghan president. If that's his idea of lifting America's image in the Muslim world, he might as well be on Al Jazeera's payroll. On Wednesday, ABC News reported the bottom line of such P.R. misfires: a confidential Pentagon survey found that 75 percent of Iraq's Sunni Muslims support the insurgency, up from 14 percent in 2003.

Speaking before the United Nations last week in what may be the run-up to our new war, Mr. Bush was still on his battle-for-civilization kick, flattering Iranians much as he has the Iraqis. "We admire your rich history, your vibrant culture, and your many contributions to civilization," he said. All Iranians have to do is look to the Baghdad museum today to see that such words are worth no more now than they were in 2003.

It's symbolic of the anarchy throughout Iraq's capital that the museum's entrances are now sealed with concrete to keep out new hordes of killers and thieves. But the violence, which seems to spiral with each declaration of a new security crackdown, is old news. More revealing is the other half of the museum's current plight: it is now in the hands of Iraq's version of the Taliban. That sad denouement is another symbol, standing for our defeat in the larger war of ideas.

The museum changed hands in August, when Donny George, its longtime administrator and the chairman of Iraq's official antiquities board, fled the country fearing for his life and for the treasures in his care, both at the museum and the country's many archaeological sites. Mr. George is a Christian and had good reason to fear. The new government minister placed in charge of the museum, a dentist, is an acolyte of the radical Shiite cleric Moktada al-Sadr, whose goal is to make Iraq a fundamentalist theocracy. To Mr. Sadr and his followers, the museum's legendary pre-Islam antiquities, harking back to the ancient civilizations of Mesopotamia, are infidels' idols to be sacked.

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You might think, given Mr. Sadr's radicalism, that he is a fugitive terrorist on the lam as, say, Abu Musab al-Zarqawi was. After all, Mr. Sadr's militia, the Mahdi Army, is a font of death squads at the heart of the sectarian warfare; he's an enthusiastic ally of Hezbollah besides. But he is instead a major player in the "democracy" we have installed in Iraq, controlling at least 30 of 275 seats in the Parliament and six government ministries, including the power centers of transportation and health.

Back in 2004, the Americans made plans to take down Mr. Sadr, but as Larry Diamond, a senior adviser to the coalition authority in Baghdad, writes in his book "Squandered Victory," those plans were shelved for "various reasons, including political calculations in Washington." American forces arrested some Sadr aides last week, but such periodic skirmishes notwithstanding, his influence continues to grow. He is a crucial ally of the prime minister, Nuri al-Maliki, who would not be in office without his support. In the past few days, both Tony Snow and Condi Rice have been reaffirming that the administration has what the secretary of state called "enormous confidence" in Mr. Maliki, despite Washington chatter to the contrary.

One of the first Westerners to warn strongly of the dangers of someone like Mr. Sadr was Gertrude Bell (1868-1926), the legendary archaeologist, explorer, author and British political officer who masterminded the unlikely cobbling together of the modern Iraq state after World War I. She warned that a Shiite theocracy in the new country would be "the very devil." As it happened, it was also Bell who created the Iraqi National Museum in 1923.

The fortunes of her museum, once considered the finest in the Middle East, have been synonymous with the fate of Iraq ever since. That's because, like any such national institution, it is not merely some building that houses art but a repository of a country's heart and soul. That America has stood helplessly by as Mr. Sadr folds the museum into his orbit of power is as ominous a predictor of what lies ahead in this war as was our callous reaction to the looting of 2003. For all of America's talk of stamping out a "murderous ideology" and promoting civilization and democracy in Iraq, we are now handing the very devil the keys.

Spin Doctors (WP)

The Washington Post, September 24, 2006

A columnist accuses the Bush administration of replacing facts with public relations gambits.

THE GREATEST STORY EVER SOLD

The Decline and Fall of Truth from 9/11 to Katrina

By Frank Rich

Penguin Press. 341 pp. $25.95

Throughout George W. Bush's presidency, no columnist has been more perceptive than Frank Rich of the New York Times. A longtime film and drama critic, Rich, for the past decade, has used his insights into performance and stagecraft to explain a political culture increasingly dominated by simulation and spectacle.

Exploring the news each week through the lens of pop culture -- the film "United 93" or the TV show "24," for example -- Rich teases out implications that escape straight-news pundits. The technique allows him to illuminate not only the submerged political currents of mass entertainment but also the theatricality of Washington politics today.

Now Rich has written The Greatest Story Ever Sold , a gripping, witty and devastating indictment of President Bush's reliance on public relations to market his Iraq and counterterrorism policies. Future historians will turn to other works -- by James Bamford, Thomas E. Ricks, James Risen, Ron Suskind and Bob Woodward -- to understand White House and Pentagon decision-making after 9/11. But Rich's overview will be indispensable for grasping how Americans experienced the events of these years.

For those who have largely opposed Bush's policies, reading Rich's book summons up familiar feelings of outrage and helplessness. Those readers who have tipped from being Bush supporters to critics may gain some wisdom into why they were originally led astray. And even die-hard Bushies may appreciate this volume as a shrewd study in the history of political PR -- if, that is, they can get past Rich's wry, withering tone.

As in his columns, Rich uses cultural touchstones such as Philip Roth's novel The Plot Against America and the movie "Chicago" to help us see how populist demagoguery works or how a huckster can con a press pack. But the book's core is a survey of the White House spins and shams since 9/11, including then-national security adviser Condoleezza Rice's "mushroom cloud" scare tactics, Colin Powell's Adlai Stevenson impersonation at the United Nations and, of course, Bush's May 2003 "Mission Accomplished" declaration on the flight deck. Rich deftly arranges these and other public moments alongside cases of secret government propaganda -- the payola to working journalists, the fake "video news releases" slipped into local TV news shows -- to construct a persuasive picture of an administration bent on creating "our own reality," as one Bush aide famously put it.

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Rich does let a few people off the hook. He's too easy on Special Counsel Patrick Fitzgerald, who, while fashioning himself as the second coming of Watergate prosecutor Archibald Cox, has abetted the president's anti-press campaign by jailing one reporter for not playing ball and threatening others.

In my view, Rich lays too much blame for the free hand that Bush has enjoyed at the door of the Fourth Estate. Rich doesn't go as far as some other recent books that lambaste reporters as lapdogs, but he laments that "there was only sporadic digging into the war-ennobled administration by mainstream journalists" and that TV news "barely raised any questions at all."

Obviously, individual outlets, including the New York Times for which Rich writes, erred badly in overplaying claims about the menace Saddam Hussein posed. Some Washington correspondents went native, identifying too closely with insider sources. The tabloid tenor of most broadcast news -- about which Rich has written brilliantly -- fanned Americans' crudest urges.

But Rich's well-researched narrative testifies to the dogged, independent-minded reporting that -- despite this oppressive climate -- revealed official mistakes, lies and violations of law. In recounting the long trail of administration deceptions and blunders, Rich credits the reporters at The Washington Post, the New York Times, the Los Angeles Times and the Wall Street Journal who discovered them. He cites scoops from outlets as diverse as Roll Call, the National Journal, the Smoking Gun, Vanity Fair and the New Yorker. Even the generally abysmal TV news shows did some worthy investigation, he tells us: CBS News exposed the abuses at Abu Ghraib, and anchors such as Diane Sawyer, Tom Brokaw and Ted Koppel grilled Bush and other evasive heavies at key moments.

What The Greatest Story Ever Sold illustrates is that most Americans did not back the Iraq invasion because they were credulous, though many were, or even because the administration was dishonest, though it was -- reprehensibly so. In the end, notwithstanding the hype, the truth wasn't all that hard to see; even Bush's misleading claims that Saddam Hussein was about to acquire nukes were debunked on the front pages, as Rich points out, before the invasion began. Yet most citizens, despite access to evidence, chose to follow the president anyway. Rich doesn't get into why they did so, but I think the reasons boil down to a widespread popular desire to exorcise post-9/11 feelings of shame and vulnerability with the nationalistic pride achieved through the exercise of military might.

Many people who might have supported the Iraq war under different circumstances remained intractably opposed because they believed Bush hadn't proven that Baghdad was making nuclear weapons or working with al-Qaeda. They held this view because, among other reasons, in the months and years after 9/11, they were reading the smart, critical and blessedly spin-proof writings of Frank Rich. Â·

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What Would Jefferson Say About Iraq? (PHI)

By R.K. Ramazani

The Philadelphia Inquirer, September 24, 2006

In the next few days - and only a few days are left of this term of Congress - both houses are expected to embrace the compromise between leading Republicans and the White House on the treatment of prisoners of war. When they strike this agreement, they will do more than protect American troops captured abroad; they also will uphold the Founding Fathers' principle of humane treatment of prisoners of war.

Since President Bush has made the Middle East region the centerpiece of his foreign policy, the American public should expect that the founding principles of the American republic would apply to the invasion of Iraq and the promotion of democracy there, as the model for the broader Middle East. American treatment of prisoners of war should be nothing less than a model as well.

In contrast to Bush, Thomas Jefferson, the intellectual father of America, decried what today are called "wars of choice." He clearly considered the one war for which he was U.S. commander in chief, the war against the Barbary Pirates, a defensive war. He said he banished "the legitimacy of war to dark ages" and in 1797 said, "I abhor war and view it as the greatest scourge of mankind." While Jefferson would have seen U.S. military operations in Afghanistan as justified after 9/11, he would not have advocated a so-called preventive attack on Iraq.

What would Jefferson have thought about the Bush administration's approach to promoting democracy in Iraq, the broader Middle East, and the world? Jefferson wrote: "I hope and firmly believe that the whole world will sooner than later feel benefit from the issue of our assertion of the right of man." For Jefferson, this was an aspiration, not a foreign-policy goal.

Jefferson would have opposed the imposition of democracy on any society by military action for several reasons. He believed that coercion is incompatible with liberty and that a society must undergo an evolutionary process before it will embrace democracy and the liberal values of justice, public education and a free press necessary for it to function. Jefferson would have faulted the Bush administration's launch of democratization in Iraq without regard to the realities of Iraqi society, in which most

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people still have higher loyalties to family, religion and tribe than to the nation-state. The U.S. Department of State produced such an assessment of the Iraqi situation in its 2002-03 "Future of Iraq" project, but the Pentagon rejected the findings of the study, and the invasion of Iraq proceeded.

Instead, if asked how best to spread democracy, Jefferson would have suggested three alternative and peaceful methods. First among these would be America's own example of liberal democratic practices. In 1801, he wrote: "A just and solid republican government here will be a standing monument and example for the aim and imitation of people of other countries."

Second would be effective use of what we now call public diplomacy. That includes widespread sharing of information and a fair degree of transparency in our dealings with other countries. He wrote in 1810: "No one more sincerely wishes the spread of information among mankind than I do, and none has greater confidence in its supporting free and good government."

Third, and most important, Jefferson would have stressed support for the American system of higher education. In today's parlance, he would have advocated expanding American educational initiatives, such as the Fulbright exchange program. Jefferson firmly believed that public education was a vital weapon in uprooting authoritarian rulers and promoting the creation of democratic governments. In his memorable words: "Enlighten the people generally, and tyranny and oppression of body and mind will vanish like evil spirits at the dawn of day."

And regarding the treatment of prisoners of war, Jefferson would have insisted on upholding the principles of international law in general, and the Geneva Conventions in particular. There are echoes of the Jeffersonian precepts of 1781 in Article 3 of the Conventions - which has been the focus of so much negotiation between the president and Senate Republicans - and in the Supreme Court's decision in Hamdan v. Rumsfeld. Both Article 3 and Hamdan bar inhumane treatment of war prisoners. More than 200 years ago, Jefferson urged that Americans should endeavor "as far as possible to alleviate the inevitable miseries of war by treating captives as humanity and national honor requires."

Strong presidential power is important in times of war. Even so, the checks and balances embodied in Congress and the courts are vital to the democratic process. Congress was created to check "the dog of war," as Jefferson put it. Regarding prisoners of war, he would have called for their just treatment to show the United States as a beacon of liberty and justice throughout the world.

Jefferson would have been appalled by Bush's misguided policy in the Middle East as tactically shortsighted, strategically ineffective, and above all, dishonorable. He would have applauded the Supreme Court's ruling in June against the Bush administration's position on allowing military tribunals to withhold evidence from prisoners of war, as depriving the accused of due process guaranteed in the Bill of Rights. And he would have endorsed the efforts of Sen. John McCain (R., Ariz.) and other congressional leaders to put the brakes on Bush's foreign policy and redirect the country, even in these difficult times, to a path that preserves the morals of our founders: duty, justice and national honor.

Otherwise, what are we defending?

Dividing Iraq Would Just Mean More Threats (LAT)

By W. Robert Pearson, W. Robert Pearson Was U.s. Ambassador To Turkey From 2000 To 2003.

The Los Angeles Times, September 24, 2006

Separate Sunni, Shiite and Kurd states are a seductive solution, but a single central government is Iraq's best chance for stability.

PROMINENT EXPERTS have begun to argue that dividing Iraq into three parts — Sunni, Shiite and Kurd — is more viable than trying to build a single, central Iraqi state. They reason that the only solution to sectarian violence is for Sunnis and Shiites to live apart. The Kurds, they argue, have demonstrated their ability to live autonomously since 1990. Nothing else has worked, so why not let the pieces fall where they may? But this is not a plan; it is a destabilizing default strategy.

Thoughtful observers, such as Sen. Joseph R. Biden Jr. (D-Del.) and Leslie Gelb, former president of the Council on Foreign Relations, have argued for a federated Iraqi with near-statehood status for the three regions and an agreement on dividing the oil money. If such a deal could be struck, and if the breakup could be halted there, Iraq might see greater stability. But the more likely outcome is a loose federation plagued by conflict, with one or more parties trying to win full independence. Confederation could prove a Pandora's box for the U.S. and the region.

Dividing Iraq would invite Tehran to make even more mischief within the Iraqi Shiite community, especially to further exploit the rivalry between the two major clerics, Grand Ayatollah Ali Sistani and Muqtada Sadr. If the Shiite areas in southern and eastern Iraq fell under Iranian influence, would Tehran not be tempted to turn its attention to the Sunnis in the west and the Kurds in the north? How would the global energy situation be affected if Iran were to gain influence over a rump Shiite state as its protector? How would neighboring Sunni states — Jordan and Saudi Arabia — react? Would Hezbollah, Iran's proxy against Israel, not feel strengthened in Lebanon?

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All the countries in the region with sizable Kurdish populations would oppose the creation of an independent Kurdish state, fearing territorial claims and divided loyalties among their ethnic Kurds. Turkey worries most of all. U.S. acquiescence in an independent Kurdistan would confirm the Turks' worst fears about American engagement in Iraq. Turkey has the largest Kurdish population in the Middle East — four to five times greater than that in northern Iraq. The Turks fear that an independent Kurdistan on former Iraqi territory would agitate to include Turkish Kurds. It was just in 1999 that Turkey brought to a close a 20-year battle with its Kurdish insurgency in which more than 30,000 people died. And since the beginning of the Iraq war, Turkey has watched the same insurgency renew a guerrilla campaign. Meanwhile, its decision not to allow the U.S. to launch a northern front to invade Iraq via Turkey cost Ankara both its influence in northern Iraq and any chance to cooperate with the U.S. in shaping postwar Iraq.

Although many Americans rightly praise Iraqi Kurds as allies who helped us in the 2003 war, the U.S. should think twice about giving security guarantees to an independent Kurdistan. The Iraqi province of Kurdistan has no access to the sea and is wholly dependent on its neighbors for the export and import of goods, including the oil it wants to control. Is the U.S. willing to have a permanent military presence in an independent Kurdistan, putting our troops at risk for no strategic benefit?

Finally, Kurds might ask themselves whether they really want full independence. With no powerful protector in the region, they would have to stand alone among unfriendly neighbors. In addition, the Kurds' current unity masks deep rivalries between two major factions, each possessing independent armies. And they aren't alone in the northern province. The Turkmens will continue to look to Ankara for support. Disputes continue with the Iraqi Arabs, who for years were sent north by Saddam Hussein to displace local Kurds. Add the struggle for control of Kirkuk's oil fields to the mix and the ethnic and political tensions rise further. Civil wars have erupted over less. Shiites and Sunnis won't support an independent Kurdish state unless it shares the Kirkuk fields. Would Kirkuk then be internationalized? The history of internationalized cities is not a happy one.

An Iraqi split might seem seductive, but those who are tempted might recall Horace Greeley's advice in 1861 to deal with the South by letting the "erring sisters depart in peace." Greeley later changed his mind and urged the North to fight to preserve the Union.

As hard as it is to imagine, the consequences of a divided Iraq could be even worse than the woes of today. The United States should use whatever influence it has in Iraq, and in the region, to foster a central government in Baghdad capable of moving the country toward stability through negotiation among the contending parties — whatever we may think of their arrangements. That would be the best protection — under the circumstances — for all Iraqis.

Rally On Mall Supports Troops (WT)

By Tarron Lively

The Washington Times, September 24, 2006

Backers of the war on terrorism rallied on the Mall yesterday for the second annual Support the Troops and Their Mission Weekend in Washington.

A crowd estimated at between 70 and 100 people waved U.S. and military flags as they listened to speeches by family members of soldiers and representatives of groups such as FreeRepublic.com, the sponsor of the rally; Project 21; and Military Families Voice of Victory.

Kristinn Taylor, co-founder and spokesman for the D.C. chapter of Free Republic, moderated the event, which honored Gold Star and Blue Star families.

"The myth is that we've all come together after 9/11, which isn't entirely true," he said. "The left [wing] is the left. It will always attack America first, will always blame America first, will always work with our enemies to bring down America.

"So, we made a vow that we would not allow the anti-American left to do to this country and this generation of our military what they did to them during Vietnam, and we've kept that vow for five years now," he said.

Mychal Massie, a member of Project 21, a network of black conservatives, agreed.

U.S. troops "place service to America before service to themselves, realizing that service to America is indeed service to us all," Mr. Massie said. "They need to know that we support their families, their friends and, most of all, their children. ...Tomorrow's freedom rests on their [children's] shoulders."

Richard August of North Kingstown, R.I., whose son, Matthew, was an Army captain killed in Iraq two weeks before his 29th birthday in 2004, said he doesn't regard his son's death as a tragedy.

"My son died in the service of his country," he said. "He and eight other soldiers of his company died during their deployment because, in my son's words, they were in Iraq trying to help the majority of Iraqi people overcome the brutal effects of a dictator's rule over 30 years.

"Theirs were not tragic deaths. Theirs were noble deaths," he said.

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Richard Linn of Chesterfield, Va., said his son, Lance Cpl. Karl R. Linn, 20, was killed with three others from his unit in January 2005 in an ambush in Iraq's Anbar province.

"One thing Karl and I agreed on was, despite whatever reasons we've got [for being] over there, that the only thing to do was to finish the job correctly," he said. "And to that end, I support our efforts, and I support our troops to this day."

Leo Flood of Fort Hood, Texas, who has a son in the Navy, said he opens his home and his wallet to all military members whom his son brings home to visit.

"We shouldn't even have to be here," he said of the rally. "It should be an automatic assumption that we support our troops and their mission in any way, shape, form or fashion."

Evan Sayet, a comedian and political commentator, said he was a liberal until he witnessed their reaction to September 11, which he said ultimately showed their disloyalty to the country when they railed against the war.

"The left rejects fact, reason and logic as an act of bigotry," he said. "How do they think they're making a better world by siding wholly with evil over good, wrong over right, and the behaviors that lead to failure over those that lead to success?"

CORPORATE SCANDALS:

Dangers Of A World Without Rules (NYT)

The New York Times, September 24, 2006

IT was just another ho-hum week on Wall Street: the Federal Reserve held rates steady, stocks were about flat — and a hedge fund called Amaranth Advisors lost $6 billion.

Amaranth and its investors are still sorting out the fund's huge, wrong-way bet on natural gas prices that appears to have cost it two-thirds of its $9.25 billion in assets. In the meantime, where were commodities regulators as Amaranth amassed its positions that in the unwinding have had such an impact on energy prices?

To answer that question, we must travel back to Dec. 15, 2000, the final day of the 106th Congress, when a last-minute provision was inserted into legislation removing regulatory oversight from energy commodities traded on over-the-counter electronic exchanges.

The provision was an early Christmas gift to a company that had worked hard to persuade members of Congress that electronic energy exchanges and all the trades made on them should be exempt from regulators' prying eyes. The company was Enron.

With one swift kick, the Commodity Futures Modernization Act, as the legislation was called, booted commodity cops off a now-large segment of the energy trading beat. While the New York Mercantile Exchange requires its participants to file so-called large trader reports with the Commodity Futures Trading Commission to help it spot manipulation, over-the-counter electronic exchanges do not make such filings. Instead, the electronic energy markets are left to pretty much regulate themselves.

Many of Amaranth's monster trades in the natural gas markets were conducted on over-the-counter markets or with so-called voice brokers and so were not on regulators' radar screens.

It is too soon to tell what role Amaranth's gamble had on natural gas prices. But speculators played a significant role in the astonishing rise in energy prices in recent years.

Such is the conclusion of a compelling Congressional report produced in June by the Senate's Permanent Subcommittee on Investigations of the Committee on Homeland Security and Governmental Affairs. The 49-page report detailed the explosion in energy speculation on unregulated trading markets and recommended eliminating the so-called Enron loophole that put electronic energy trading off the regulatory reservation.

The Oil and Gas Traders Oversight Act of 2006 would close the loophole. Until last week the bill was languishing. With any luck, the Amaranth debacle may change that.

The bill is sponsored by four senators: three Democrats — Dianne Feinstein of California, Carl Levin of Michigan and Maria E. Cantwell of Washington — and a Republican, Olympia J. Snowe of Maine.

"We didn't need more evidence that there is a big Enron loophole that's gaping in our regulation of these energy traders, but we sure got it" with Amaranth, Mr. Levin said. "This is proof that you've got to have oversight."

Mr. Levin said that a similar amendment was narrowly defeated several years ago. "We've got a unanimous consent agreement to bring the bill up, but the Republican leader is not going to schedule it," he said, referring to Senator Bill Frist of Tennessee, "which probably reflects the power of the oil and gas industry around here."

Speculators have been a force in the rise in energy prices in recent years. Supply has not been a problem — the amount of natural gas in storage since mid-2004, for example, has exceeded the previous five-year average, except for a Katrina-related shock.

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Even so, prices of natural gas have also exceeded their five-year average. This highly unusual situation has occurred as investors, disappointed with middling returns elsewhere, have poured money into commodities.

Philip K. Verleger Jr., an economist who runs his own firm in Aspen, Colo., estimates that in the past two years, $130 billion has flowed into commodities index funds. An additional $150 billion has gone directly into energy commodities, he said.

"Commodities as an alternative asset class has always been a great idea," Mr. Verleger said. "But like all investment ideas, everything is good in moderation and nothing ever happens in moderation."

Hedge fund traders have been among the biggest beneficiaries of this boom, booking billions in profits — and pay — in recent years.

But another big winner has been the IntercontinentalExchange, the leading electronic exchange for energy trading. Known as ICE, the exchange was formed in 2000 by seven investment banks and oil companies, including Goldman Sachs, Morgan Stanley, BP Amoco and the Royal Dutch/Shell Group. Based in Atlanta, it has been a public company for almost a year; not surprisingly, its stock has doubled so far this year.

Traders have flocked to ICE. In 2003, 13.7 million natural gas contracts traded there, with a notional value of $186 billion. Last year, 55.5 million such contracts traded, with a notional value of $1.3 trillion.

In regulatory terms, ICE operates its over-the-counter markets as an exempt commercial market, meaning it is subject to the Commodity Exchange Act's bans on fraud and manipulation but not subject to the C.F.T.C.'s regulatory oversight.

"The history of the commodities markets demonstrates it is unrealistic to rely on the self-interest of a few large traders as a substitute for dedicated, independent oversight to protect the public interest," the Congressional report noted dryly.

Johnathan H. Short, ICE's general counsel, said: "If anybody is doing anything inappropriate they would stand to be liable if it were proven that they manipulated a market. We have thousands of people looking at our screens; if somebody sees something unusual we have an obligation to report into the C.F.T.C. so it can take appropriate investigative action."

Many of those screen-watchers are hedge funds — the fastest-growing constituency at ICE. While hedge funds and other proprietary trading outfits accounted for 4.6 percent of total commissions in 2003, they accounted for 28 percent in the second quarter this year. The percentage of commissions generated by commercial companies and financial institutions has fallen during this time.

Government filings indicate that ICE would prefer to keep the regulatory setup precisely as it is. Noting in its annual report that members of Congress had introduced legislation in the past that would bring the exchange's business under direct regulation by the C.F.T.C., the company said: "If adopted, this legislation could require us and our participants to operate under heightened regulatory burdens and incur additional costs." Such a bill, it added, could also "deter some participants from trading on our O.T.C. platform."

WHAT does the C.F.T.C. think of the Amaranth situation? So far, "it appears that the system is working the way it is supposed to, in terms of the market discipline of creditors, brokers and clearinghouses," said James A. Overdahl, chief economist at the C.F.T.C. He is confident, he said, that the commission can spot manipulation on over-the-counter markets, even if it does not regulate them, because the prices of O.T.C. contracts are set by trades on the Nymex, which is under its jurisdiction.

But the propane manipulation case brought against traders at BP earlier this year suggests otherwise. The C.F.T.C. did not detect the manipulation, which involved over-the-counter trades — it learned of the problem from a whistleblower. One former trader pleaded guilty to participating in a conspiracy to manipulate and corner the propane market. BP has denied wrongdoing and is cooperating with the inquiry.

The energy markets are too important to the economy and the American consumer to be left to bet-the-ranch hedge fund traders. Isn't it interesting: Enron has been dead for almost five years. But as last week's implosion of Amaranth shows, its troubling legacy lives on.

Regulating Hedge Funds (NYT)

The New York Times, September 24, 2006

As debacles go, the one last week at the hedge fund Amaranth Advisors was orderly. The fund's star trader had bet big that natural gas prices would rise. They fell instead. On Monday, the fund admitted it had lost more than $3 billion, a sum later pegged at $6 billion. And yet, as of Friday, the fund, though badly battered, had managed to avoid liquidation.

It could have been much worse — and not just for the investors who were burned.

Hedge funds — largely unregulated investment pools for wealthy individuals and institutional investors — have infiltrated every corner of every market, taking big risks for big returns. Market players know that big risks can also mean big losses. But in the days after Amaranth's meltdown they were unnerved by what they did not know, such as how much of Amaranth's bet had been made with borrowed money. If questions about the fund's ability to make good on its obligations had persisted — or if a

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default had ensued — markets would have been vulnerable to a debilitating chain reaction in which financial entities like banks and brokerages slam the brakes on deal making, hoping to avoid the accident unfolding in front of them.

That didn't happen this time. But Amaranth is only one of 9,000 hedge funds that collectively manage an estimated $1.2 trillion in assets — a size and scope undreamed of a decade ago. Not all hedge funds throw borrowed money at hot-handed traders to make outsized bets. But it would be naïve to think there aren't more shocks in store.

With that in mind, regulators need to act now to translate their various calls for hedge-fund oversight into enforceable rules and, in some instances, into concrete proposals for Congress to enact.

A week before the Amaranth debacle, the president of the Federal Reserve Bank of New York, Timothy Geithner, said in a speech that the growth in hedge funds would eventually force regulators to think about ways to better protect the financial system. Eventually is now. Two years ago, the Securities and Exchange Commission passed a rule to register hedge funds, with the goal of greater oversight of pension investments in hedge funds. The rule was flawed, and was overturned in court. But the aim was a good one. The S.E.C. should pursue a focused set of hedge-fund reforms and Congress should pass a law to prevent pension funds from investing in hedge funds that do not submit to federal regulation.

Congress should also repeal a law from 2000 that limits regulators' ability to monitor over-the-counter derivative securities — financial instruments not listed on the exchanges. That market has grown markedly in recent years and contributes greatly to hedge funds' wheeling and dealing.

Policy makers know hedge funds cannot adequately police themselves. What are they waiting for?

CRIMINAL LAW:

Timing In Case Against Jefferson Tricky (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, September 24, 2006

Election may affect when feds tip hand

WASHINGTON -- With the selection last week of a technology expert to copy documents from computer hard drives taken from Rep. William Jefferson's office, the Justice Department might soon have the material it says it needs to wrap up its 18-month investigation of the New Orleans Democrat.

That could leave the agency with a dilemma: Should the department decide whether to seek an indictment of Jefferson before the Nov. 7 primary or wait until after the race is decided?

Jefferson, facing the first tough re-election challenge since his election to the House of Representatives in 1990, has attracted 12 opponents.

While the timing of elections is one of many factors that the Justice Department examines in deciding whether to indict an elected official, matters of law are the paramount concern, former and current federal prosecutors said.

"The policy is that you should bring an indictment when you have the evidence and when you are ready to proceed without consideration for an election," said Eric Holder, who headed the department's public integrity section during the Clinton administration.

A current Justice Department official, who asked not to be identified because he feared his "general remarks about process" might seem aimed at the Jefferson probe, said an election could be one of many factors considered. But he said it is a relatively minor one and is even less important in a case where the public is already aware that the elected official is the target of a probe.

Jefferson has all but said he expects to be indicted, proclaiming that he looks forward to vigorously proclaiming his innocence in the "appropriate time and forum."

No good choice

The investigation, in which a cooperating witness secretly recorded conversations with Jefferson, has netted two guilty pleas from former associates who say the congressman demanded and accepted bribes through businesses operated by his family in return for pushing technology projects in Africa.

In the past, the Justice Department has indicted elected officials right before and right after elections. Either way, the timing has generated criticism. Indictments just after an election have been criticized for not giving voters information they needed to evaluate the candidate up for re-election. Indictments just prior to an election have been attacked as attempts to snuff out the official's re-election chances.

"Either way you decide to do things -- whether to bring charges before an election or after an election -- can be considered political," said Binny Miller, a law professor at American University's Washington College of Law. "If you indict before an election,

let's face it, some people consider being charged with the crime the same as being found guilty by a jury, ignoring the long-held belief by many that a prosecutor could get a grand jury to indict a ham sandwich."

Stanley Brand, a former counsel to the House of Representatives, said it's not as if investigations of House members can occur at convenient intervals.

"House members run every two years," Brand said, "so there really isn't any good time to indict if you don't want to influence elections."

In Jefferson's case, it's unclear how an indictment before the November election would affect his chances. Significant information about the case has already come out, including the discovery of $90,000 in $100 bills packed inside the freezer of his Washington, D.C., home. So it's possible that voters already think they know the worst and have already decided whether they believe Jefferson's declarations of innocence.

An indictment might even boost Jefferson's claim that the Justice Department, which subjected him to the first-ever raid of a congressional office, was unfairly targeting him.

Often seen as guilty verdict

On the other hand, as Miller, the American University law professor, says, some voters see an indictment as almost tantamount to being found guilty, regardless of the presumption of innocence guaranteed defendants.

Among the examples of government indictments that generated controversy was the 1988 decision to prosecute Rep. Robert Garcia, D-N.Y., on bribery-extortion charges, announced two weeks after he was elected to a sixth term. Asked why the indictment wasn't brought before the election so voters could weigh the charges, the federal prosecutor, Rudolph Giuliani, later mayor of New York, responded that the timing was based entirely on legal, not political, considerations.

In 1978, Rep. Joshua Eilberg, D-Pa., was indicted two weeks before the general election on charges of receiving illegal compensation to help a hospital get a federal grant. Eilberg, who died in 2004, lost the election.

Asked why the indictment was brought so close to the election, then-U.S. Attorney Peter Vaira said: "We have one rule: Whenever an investigation is finished, we bring an indictment. To do otherwise would be unfair."

Last week, U.S. Magistrate John Facciola ordered the computer forensics firm of Stroz Friedberg LLC to begin searching computer images seized from Jefferson's office, instructing the firm to deliver computer documents to him on a "rolling basis" of no fewer than 1,500 pages, and not more than 1,700 pages. Some involved in the case expect that process to continue for two or three weeks.

Under a process established by a three-judge appellate court, Jefferson's attorneys would have 48 hours after getting all the material seized from his office to argue what documents they think should be denied to federal prosecutors.

If Chief District Court Judge Thomas Hogan rejects Jefferson's request, his ruling would likely set up another appellate hearing, although it's not certain it would hold up distribution of the documents federal prosecutors say they need to wrap up their investigation.

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Marlinga May Learn His Fate This Week (MACOMBD)

By Jameson Cook, Macomb Daily Staff Writer

Macomb (MI) Daily, September 24, 2006

Outcome of federal corruption trial hard to predict due to circumstantial nature

Whatever anyone thinks about the strength of the federal criminal case against Carl Marlinga won't matter this week as a jury will begin deliberating the former prosecutor's fate.

Advertisement

Predicting a jury verdict is difficult, especially in a circumstantial case such as this, according to experts.

"This isn't an open and shut case," said Lawrence Dubin, University of Detroit Mercy law professor. "You never know what a jury will do in a case."

Prominent Macomb County defense lawyer Stephen Rabaut said: "You don't know because even if the evidence points your way, if it doesn't pass the 'smell test,' it could go the other way. If there is a strong personality on the jury who is not on your side, then you're in trouble."

The 14-person jury, which will be whittled down to 12 for deliberations, will begin mulling Marlinga's fate late Monday or Tuesday in U.S. District Court in downtown Detroit, after Marlinga completes testifying in his defense.

Marlinga, 59, Macomb County prosecutor for 20 years until 2005, is charged with five counts in connection with supposedly exerting influence in two criminal cases his office handled in exchange for more than $30,000 in campaign contributions, as well as exceeding the limits of contributions. He faces a maximum penalty of 10 years in prison, if convicted.

Marlinga will continue testifying in his defense Monday morning under cross examination by U.S. Attorney Robert Cares, after beginning Wednesday (No trial took place Thursday and Friday). Attorneys for the U.S. Justice Department and Marlinga's defense will make their last-ditch arguments to jurors after Marlinga completes his testimony. Closing statements by both sides will take place on the same day.

Following instructions by Judge Victoria Roberts, the case will be out of the attorneys' hands and into the hands of the jury, which now consists of 10 women and four men.

During Wednesday's testimony, Marlinga staunchly defended his actions, saying that campaign contributions from people involved with criminal defendants in two cases for his failed bid for Congress in 2002 didn't influence his legal opinions. In one case, he said he didn't even provide enough influence to matter.

"Money would not make a difference. Money could not make a difference. Money would never make a difference," Marlinga said defiantly.

He insisted his fund-raising activities were legal, and any potentially illegal maneuvers designed to skirt campaigning finance laws were committed by others and unknown by him.

Dubin and Rabaut said Marlinga taking the stand in the trial should help him with the jury, although they agreed he should not have testified to the grand jury investigating the case in 2004 and 2005.

"A lot depends on his ability to explain what he did was within his ethical duty as a prosecutor," Dubin said.

Rabaut called his decision to go in front of the grand jury "ridiculous."

"All you can do is hurt yourself and open yourself up to contradiction," he said.

In fact, U.S. attorneys Cares and Jonathan Tukel during the trial have pointed out many passages of Marlinga's two grand jury appearances, displaying some long paragraphs on a large screen in the courtroom. They have pointed to some slight differences in his testimony.

"It's hard for any human being to be 100 percent consistent," Rabaut said. "You can be honest and not be 100 percent consistent."

Part of the case involves Marlinga providing favorable comments to the state Supreme Court for Jeffrey Moldowan of Warren, who was convicted in 1991 of rape, attempted murder and kidnapping for a 1990 incident that began in Warren. The high court ordered a new trial in 2002, and, in 2003, Moldowan, now 36, was acquitted by a Macomb County Circuit Court jury.

Marlinga received $4,000 in campaign contributions from Moldowan-advocate Ralph Roberts and his wife in 2001 and 2002 about the same time he drafted a legal brief that conceded Moldowan suffered "actual prejudice" in his original trial due to evidentiary problems.

Rabaut said that while the jury may be instructed not to consider the outcome of the Moldowan trial, it may do so, and it could cut either way. The jury may believe Marlinga's legal instincts in the end were justified and morally correct by the not guilty verdict, or the jury could conclude that Moldowan should not have been found not guilty.

Judge Roberts has said from the bench "I am not trying the Moldowan case" in this federal trial, but much of the case has been rehashed in detail by attorneys on both sides.

Marlinga also received more than $20,000 in contributions from criminal defendant James Hulet of St. Clair Shores, who was charged in 2001 with rape, drug delivery and gun possession, through his defense attorneys Dennis Johnston and Robert Leithauser and their family members. The government says Marlinga influenced the outcome of Hulet's case. He pleaded guilty to a lesser sexual contact charge and lesser drug charge, and was sentenced in January 2004 to two years in prison on the original gun charge, and is serving three additional years of probation.

As part of the more than $20,000 supplied by Hulet, Johnston donated $10,000 to the Michigan Democratic Party. In addition, Johnston gave $4,000 to state Sen. James Barcia, and Barcia's federal campaign committee and political action committee in turn gave $4,000 to Marlinga's campaign.

Marlinga is accused with one count of bribery in connection with the Moldowan case. Marlinga additionally is charged with bribery, lying to investigators, mail fraud and exceeding campaign contributions in connection with the Hulet case as well as the alleged "conduit" scheme with Barcia's campaign.

The alleged campaign contribution violation is a misdemeanor while the other offenses are felonies.

Roberts and Barcia originally also were indicted for their roles, but those charges were dropped.

Marlinga, a Democrat who raised $988,000 in his bid to beat Republican U.S. Rep. Candice Miller, who raised $1.6 million, lost the race in November 2002.

After leaving the prosecutor post, Marlinga, who lives with his wife, Barbara, in Sterling Heights, opened a law practice in a building on Elizabeth Road in Clinton Township, across the street from the Macomb County Sheriff's Office and Jail in Mount Clemens.

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Pursuit Of Death Penalty In Moonda Case Surprises Attorney (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 24, 2006

Prosecutors in Donna Moonda case say killing of her husband was greedy, premeditated crime

Bonnie Brown Heady kidnapped and murdered a 6-year-old boy. Ethel Rosenberg leaked atomic secrets to the Soviet Union.

The U.S. government executed them both in 1953. No woman has been put to death in a federal case since.

Given that history, Donna Moonda and her attorney did not expect prosecutors to seek the death penalty against her.

"I was surprised when they did," Roger Synenberg, Mrs. Moonda's attorney, said of the government's decision this month to pursue a capital case. "I didn't think this would happen."

Mrs. Moonda, 47, of Hermitage in Mercer County, is charged with hiring her 25-year-old lover to murder her husband.

She says she is innocent. Prosecutors say she is a cold, money-hungry killer who planned the murder of Dr. Gulam Moonda for six months.

Dr. Moonda 69, a urologist, died in front of his wife and mother-in-law on the Ohio Turnpike the evening of May 13, 2005. Damian Bradford, who was having an affair with Mrs. Moonda, shot the doctor dead. He says it was premeditated murder that was supposed to look like a highway robbery.

Mr. Bradford admits he killed because of greed, saying Donna Moonda promised him a seven-figure payoff. He said she expected to collect millions in inheritance and life insurance proceeds from her husband's death and told him he would receive half of the money.

The planning that went into the crime is one reason U.S. Attorney Gregory A. White, of the Northern District of Ohio, is seeking the death penalty against Mrs. Moonda.

Another factor is that Mrs. Moonda's mother, Dorothy Smouse, then 74 years old, was in the car with Dr. Moonda when Mr. Bradford shot him.

"She made her own mother a witness to murder, and placed her in the line of fire when she planned that her husband would be shot to death," Assistant U.S. Attorney Linda Barr said in a brief filed in the summer, when Mrs. Moonda was trying for bail.

Mr. Synenberg said he did not expect a capital case because the government reached a "sweetheart" plea bargain with Mr. Bradford. He could receive as little as 171/2 years in prison in return for his testimony against Mrs. Moonda.

"One issue that is supposed to be considered in death-penalty decisions is disparity of sentences," Mr. Synenberg said. "They gave the person who pulled the trigger 17 years and they want to put my client to death."

Mr. White declined to be interviewed, but he and his trial staff consider Mrs. Moonda the instigator of the plot. They believe Mr. Bradford, a small-time drug dealer in Beaver County before the murder, had no inclination to kill the doctor until she set the plan into motion.

Mr. Synenberg, though, has begun arguing that Mr. Bradford killed on his own, without any help from Donna Moonda.

"Bradford saw a sugar daddy," Mr. Synenberg said. "By killing him, he thought, he could get his hands on a lot of money."

Mr. Bradford and Mrs. Moonda met in 2004 in a Beaver County drug-rehabilitation center. He said he was addicted to cocaine. She had stolen the painkiller fentanyl from hospitals where she worked as a nurse anesthetist. The second drug case led to her firing and a criminal prosecution.

He said she told him she was 31 years old and married to a doctor in his 50s. In December 2004, Mr. Bradford said, she decided she wanted her husband dead.

By that time, he said, Mrs. Moonda was in the habit of giving him money and gifts. She smuggled him steroids from her husband's medical office to indulge Mr. Bradford's nascent interest in bodybuilding, he said.

Though Mr. White recommended a death-penalty prosecution against Mrs. Moonda, the final decision was made by U.S. Attorney General Alberto Gonzales. He must authorize every capital case in the federal system.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C., said federal prosecutors had a record of diligence in capital cases.

"Money is spent to do these cases right," said Mr. Dieter, whose organization takes no moral stand on the death penalty, but monitors the fairness of state and federal prosecutions.

Today, 45 federal prisoners are on death row. One, Angela J. Johnson, is a woman.

She was sentenced in December for the 1993 murders of five people in Mason City, Iowa. The victims included two girls, ages 6 and 10.

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Iowa is one of 12 states that have no death penalty, but Ms. Johnson and her boyfriend, Dustin Honken, were prosecuted by the U.S. government.

A methamphetamine dealer, Mr. Honken also has been sentenced to death for the murders. Ms. Johnson, 41, says she had no knowledge of her boyfriend's plan to kill anyone. She has years of appeals ahead to press that claim.

That was not the case with the first woman executed by the federal government.

She was Mary Surratt, who was hanged July 7, 1865, for conspiring in the assassination of President Abraham Lincoln. Her execution came 83 days after the president's death.

Execution was even swifter for Bonnie Brown Heady. An alcoholic and a prostitute, she was smooth enough to escort 6-year-old Bobby Greenlease from his Kansas City, Mo., elementary school in September 1953 by falsely claiming to be his aunt.

Bobby's father was one of the wealthiest auto dealers in America. Ms. Heady and her boyfriend, Carl A. Hall, had been watching the Greenleases for months, intent on extorting money from them.

They shot Bobby in an Overland Park, Kan., field less than an hour after abducting him, then demanded a $600,000 ransom from his family, who assured the boy was alive.

Because Ms. Heady and Mr. Hall had crossed state lines in the crime, they were prosecuted by the federal government. They were executed Dec. 18, 1953, 81 days after Bobby's death.

Ms. Heady, 41 when she went to the gas chamber, died six months after Ethel Rosenberg. Mrs. Rosenberg, 37, and her husband, Julius, 35, were electrocuted after being convicted of espionage.

Theirs was perhaps the most publicized federal death-penalty case until Timothy McVeigh's. He was executed for killing 168 people in the Oklahoma City bombing of 1995.

A Quiet Bombshell In The Legal World (LAT)

By Robert Weisberg, Robert Weisberg Is A Professor Of Law At Stanford University And Director Of The Stanford Criminal J

The Los Angeles Times, September 24, 2006

A single high court decision puts mandatory sentencing laws in limbo.

VIRTUALLY every American knows about Miranda, the famous U.S. Supreme Court decision requiring police officers to inform suspects of their rights. But not even many lawyers know about Blakely vs. Washington. Yet this Supreme Court ruling in 2004 took its place alongside Miranda and others — including Gideon vs. Wainwright (which required states to provide a lawyer to indigent felony defendants) and Terry vs. Ohio (which allowed police to stop and frisk subjects without probable cause) — as a precedent that would change the course of American criminal justice.

Although the decision had its roots in a dry and abstract legal question, the case itself centered on a horrific crime. Ralph Blakely Jr., a rancher from the state of Washington, had kidnapped his estranged wife at knifepoint, bound her with duct tape and stuffed her into a box in his pickup truck. At sentencing, the trial judge concluded that Blakely had acted with "deliberate cruelty" — an "aggravating factor" expressly legislated under Washington's sentencing statute — and, as a result, sentenced Blakely to 90 months in prison instead of the standard 53 months.

But the U.S. Supreme Court struck down the sentence, saying that the 6th Amendment right to a jury trial prohibited judges from increasing criminal sentences on the basis of facts that had not been decided by a jury or confessed to by the defendant. Because a jury had not determined beyond a reasonable doubt that Blakely acted with "deliberate cruelty," the judge could not rely on that fact to increase the sentence. That may not sound like an enormous decision, but it proved revolutionary. Overnight, sentencing rules across the country were thrown into turmoil. Dozens of sentences — maybe hundreds — were called into question. If the decision were applied retroactively, how many felons might challenge their sentences?

As many predicted when the Blakely ruling was handed down, the next shoe to drop involved the federal sentencing guidelines for criminal trials — a massively complex and controversial structure created in the 1980s. Last year, the Supreme Court ruled that this vast system of rules also violated the decision in Blakely. The result, for the last two years, has been a state of suspended animation for federal sentencing. Although the justices didn't wipe the federal sentencing guidelines off the books, they ruled that, henceforth, the guidelines must be considered "advisory" rather than mandatory.

As the court enters its new session next week, it continues to face the consequences (perhaps unintended) of its watershed Blakely decision.

For instance, in Cunningham vs. California, which is to be argued Oct. 11, the court is being asked to decide whether California's sentencing laws violate Blakely. The case involves John Cunningham of Contra Costa County, who was convicted on charges of sexually abusing his son. Under California's sentencing rules, the judge was allowed to sentence him to a "lower," "medium" or "maximum" sentence. Because the judge thought that the "aggravating" factors outweighed the "mitigating" factors, he sentenced Cunningham to the maximum: 16 years. But because five out of six of those factors had not been determined by a

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jury, Cunningham has challenged the sentence, saying the California "triad" structure too closely resembles the unconstitutional Washington scheme. At stake is the California sentencing system.

The other big question still facing the court in the wake of the Blakely decision involves not where the ruling applies but when. In Burton vs. Waddington, the court is being asked to decide whether Lonnie Lee Burton, convicted on charges of raping a 15-year-old boy in Indiana in 1991, can have his case reopened under the Blakely ruling.

The question is about the retroactivity of judicial decisions, a very esoteric area of the law. In theory, judges never "make" law but simply interpret or discern its meaning. So if the 6th Amendment means what the high court said in Blakely, it has always meant that, even if earlier judges didn't notice.

By that theory, all decisions ought to be applied retroactively. But if judges feared that refining or expanding laws would lead to the reopening of vast numbers of old cases, they might choose never to do so. So our legal system has created a strange compromise. Roughly put, a decision can be applied retroactively if it looks like a mere extension of an established rule — but not if it is the announcement of a new rule. It also can be applied retroactively if the rule seems absolutely fundamental to a fair trial, not a more technical rule.

So in deciding whether to apply Blakely retroactively, the court will tell us just how important or new it thinks its 2004 creation is after all. But this esoteric little piece of legal doctrine has already proved pretty powerful.

Two Former Restaurant Owners Sentenced To Jail For Bank Fraud (DEKDC)

DeKalb (IL) Daily Chronicle, September 24, 2006

ROCKFORD - The former owners of two DeKalb restaurants were sentenced Friday to time in a federal prison for bank fraud.

According to a press release from the Department of Justice, George Broches, 43, of DeKalb was sentenced to eight years and one month in prison without parole, and must pay $271,997.62 in restitution. His former business partner, Dimitrios Brotsis, 47, of Creston, was sentenced to one year in prison and $97,309.78 in restitution. The men were the owners of the Spring Garden Restaurant and Arcade Dreams Bar and Grill in DeKalb.

The men were indicted in April 2005 in a federal court in Rockford on charges of bank fraud. According to the Justice Department, Broches and Brotsis deposited bad checks into the bank accounts for the two businesses in January 2000, then withdrew money from the accounts before the bank realized the checks were worthless. They reportedly defrauded the bank out of more than $97,000 during the two-week period.

Broches also was convicted of making a false statement on a commercial loan application in 1999 and on a mortgage application in 2000, and of producing counterfeit credit cards and gift cards from 2002 to 2004 and using them to make purchases.

In a related case, Betty Broches, 38, of Sycamore pled guilty to making a false statement on a loan application and was sentenced to four years of probation, four years of electronic home monitoring and $45,000 in restitution. Her relationship to George Broches is not clear.

Brotsis and Betty Broches pled guilty to the charges on May 25, 2006, and George Broches pled guilty June 2.

The case was investigated by the Rockford division of the FBI and the Chicago division of the U.S. Secret Service, with help from DeKalb Police and the Ogle County Sheriff's Office.

Polygamy. (CHIT)

By Kirsten Scharnberg And Manya A. Brachear, Tribune Staff Reporters

Chicago Tribune, September 24, 2006

(Utah's open little secret)

EAGLE MOUNTAIN, Utah -- The neighborhood looks like any other in the upper-middle-class suburbs: sprawling homes with porch swings and manicured lawns strewn with discarded kids' bikes.

But beneath the all-American veneer, much is different in this upscale subdivision 40 miles south of Salt Lake City.

"Pretty much everyone who lives here is polygamous," said Mary--a woman who gave a recent tour of the area and is herself the second wife of a Utah man. She, like other polygamists interviewed for this story, asked to be identified only by her first name for fear of prosecution. "There may be one or two houses that aren't, but virtually everyone else here is one of ours."

In the weeks since the arrest of Warren Jeffs, the fundamentalist Mormon leader who made the FBI's 10 Most Wanted list for allegations that he facilitated the rape and marriage of underage girls, there have been constant questions about the real pervasiveness and peril of polygamy in Utah.

Mainstream Mormons in the Church of Jesus Christ of Latter-day Saints, with 12 million members worldwide, have asserted that all polygamous denominations--including Jeffs' Fundamentalist Church of Jesus Christ of Latter-day Saints--are

aberrations in a state where the influential Mormon Church suspended the practice of polygamy more than a century ago. But Utah's attorney general, pro-polygamy activists and other experts estimate there are 40,000 people living in polygamous families or communities like this one across the Western U.S.--with a large portion of them residing in suburban Utah.

Although it is rare that allegations of abuse are as systemic or egregious as those reported in the community led by Jeffs, virtually every other polygamous sect practicing in Utah today has been linked to financial, sexual or spiritual improprieties. Federal grand juries in Arizona and state investigators in Nevada are probing polygamist practices in those states, according to media reports.

Earlier this month, Senate Minority Leader Harry Reid (D-Nev.), himself a Mormon, asked U.S. Atty. Gen. Alberto Gonzales to create a federal task force to investigate polygamy sects in the Western U.S., particularly Jeffs' church, a group in which girls as young as 13 are being married and hundreds of boys have been excommunicated and cut off from their parents in an alleged effort to reduce the elders' competition for wives. Still, in his letter, Reid's comments made clear he was referring to Utah's polygamy subculture in general as much as to Jeffs' community along the Utah-Arizona border.

"For too long, this outrageous activity has been disguised in the mask of religious freedom," he wrote. "But child abuse and human servitude have nothing to do with religious freedom and must not be tolerated."

Defending their faith

In the wake of such comments, Utah polygamists have come forward in unprecedented force to defend their faith, values and lifestyle. They say plural marriage fulfills the mission of all Mormons to be fruitful and multiply and to ascend to the highest reaches of heaven. They say it breaks their hearts that the mainstream church in 1890 abandoned polygamy--or what one expert called "the process of polishing the soul"--to appease the federal government and ensure Utah would earn statehood. They point to such communities as Eagle Mountain and Rocky Ridge, where polygamous families appear to be happy and prosperous, often with multiple wives of one husband living in palatial homes with adjoining yards.

"We're really sickeningly boring," said Jane, another wife to the same husband as Mary. "There is no high drama. We are the people next door--it's just that there are more of us."

During the 2004 campaign for Utah attorney general, polygamy was called the state's "dirty little secret," and candidates for the top law-enforcement position debated how best to deal with it. Mark Shurtleff won and has since implemented a policy to essentially leave polygamists alone unless they are committing other crimes simultaneously. Although the act of having more than one spouse is a felony punishable by up to 5 years in prison in Utah, authorities long ago stopped actively going after polygamists.

"We don't have the resources, nor do I think that we should use our resources, to convict every polygamist in Utah, put them in jail and put 20,000 kids into foster care," Shurtleff told a Canadian reporter recently when asked the state's approach to cracking down on polygamy. "What we're focusing on are crimes against women and children and tax fraud and other crimes involving misuse of public money."

Indeed, long before Jeffs was arrested on a highway outside Las Vegas, those crimes have been evident. For example:

The True and Living Church of Jesus Christ of Saints of the Last Days was the subject of much criticism when a young woman fled the community and went to authorities alleging she had been coerced into marrying her stepfather after years of being told she would burn in hell otherwise, according to a book detailing the case. Utah's attorney general chose not to prosecute the man, a charismatic preacher who has claimed to be the reincarnated Mormon prophet Joseph Smith, because the woman was 20 years old and deemed a consenting adult.

The Apostolic United Brethren, a polygamous community in Utah with 7,500 members, a beautiful suburban complex with athletic fields, an outdoor dance pavilion and a private school, was found in court to have bilked a wealthy member out of more than $1.5 million, and a judge ruled the sect and its leaders had to return it.

In the Davis County Cooperative Society, a polygamous community north of Salt Lake City, the leading family, the Kingstons, has been said by state prosecutors to have assets worth well over $150 million. Yet court testimony in a recent child-abuse and custody case revealed that one of the community's patriarchs argued he could not pay the monthly child support ordered by a judge for the children of one of his several wives. Another of the family's leaders was convicted in 1999 of felony incest for taking his 16-year-old niece as his 15th wife.

Yet even the most vocal critics are careful not to allege that every polygamist is guilty of such abuses.

"Listen," said John Llewellyn, one of the leading polygamy critics in Utah today. "I'm a former law-enforcement officer, a former polygamist and now someone who's working against polygamy. I've seen this from every side. And the bottom line is that there are a lot of polygamists out there who are good, honest people. There are, unfortunately, that many--or more--who are out there perpetuating every kind of horrible abuse you can't even imagine."

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The Apostolic United Brethren community, whose members are scattered throughout Salt Lake City suburbs such as Eagle Mountain, is largely considered by authorities and even several polygamy critics like Llewellyn to be a group in which abuse is neither rampant nor tolerated.

`The highest heaven'

Charles, 41, a computer programmer with three wives and 14 children, lives in central Utah and says he simply wants to carry out God's plan. He and his first wife joined the Apostolic United Brethren, or AUB, and later he took second and third wives, Jeni and Alorah.

"We believe the purpose of plural marriage is to bring spirits here waiting to be born into good families that will teach them the gospel," he said. "A lot of people around here want to live plural marriage so they make it to the highest heaven. When I see what the savior has done for me, you just want to pay him back and do what he says."

But it's not for every fundamentalist Mormon. Charles' third wife, Alorah, said her mother was the third of four wives and still her decision to enter into plural marriage required intense prayer.

"There's a saying that is kind of common among the girls in this group, that if you can have 10 percent of a 100 percent man, instead of 100 percent of a 10 percent man, then what would you choose?"

Over the decades, polygamous communities have burgeoned statewide--and continue to do so because polygamists have such large families.

Mary and Jane are both married to one AUB community member, a middle-age man who is something of a real-life equivalent of Bill Henrickson, the character in HBO's series "Big Love" who lives in the Salt Lake City suburbs with his three wives, seven kids and ever-mounting bills.

Over dinner at a suburban seafood restaurant, Jane and Mary jointly make fun of their husband while he good-naturedly laughs at their quips. The women brush off questions about jealousy between them by saying he isn't worth fighting over, but they later expound on the Mormon principle of building large families on Earth that later can be replicated in heaven.

The family explains the mechanics of their lives: The two wives have houses next door to one another. (Jane jokingly complains that Mary has the better lawn.) The husband, who asked not to be identified, spends three nights each week with each wife and family; they rotate every other week on who gets the fourth night.

The family grows somber when they discuss allegations that abuses are inexorably linked to polygamy. They go to pains to say their community strongly discourages marrying before the age of 18. Mary is visibly proud when she tells that one of her sons discovered a man in the community was abusing an underage girl and went to police with the information.

"Bottom line," she says, "if you wake up a 13-year-old girl in the middle of the night and marry her off to a man 20 years older than her, that's abuse. Absolutely."

It's families like these that polygamy advocates hold up when they make their most frequent argument: decriminalization. They say that if the fear of prosecution is removed, polygamous groups could stop living in seclusion and secrecy, the very conditions that often enable many of the alleged abuses. Even more, they would then feel less fear about going to authorities to turn in abusers within their ranks.

"It would be all about going after the crimes, not the culture," said Anne Wilde, a former plural wife who now is widowed and the co-director of Principle Voices, a pro-polygamy group.

Yet anti-polygamy activists are equally adamant that the culture invariably leads to problems. At minimum, they say, women are marginalized by a religious doctrine that turns them into a modern harem for their husbands. They tell of marriages in which the husband had more children than he could ever hope to support, thus leaving wives to scrape by as best they could on welfare. But worse, they say, is that the culture has a long tradition of physical abuse, rape, incest and underage marriage that endures.

"I've lived that life," said Vicky Prunty, a co-director of Tapestry Against Polygamy, the state's most vocal anti-polygamy group. "Anyone who tells you women are not being hurt there--forced into allowing their husbands to take on other wives in the name of religion, getting married too young to men much older, being hit or worse--[is] not being truthful."

Elaine Tyler, a volunteer at The HOPE Organization, a group geared toward helping those who have left polygamous communities, has seen firsthand the effects a polygamous lifestyle has on some of its members.

Tyler has met dozens of women, many of whom were forcibly married to much older men long before their 16th birthday, the legal age for marriage in Utah. Many also said they were abused by family members in the Jeffs communities of Colorado City, Ariz., and Hildale, Utah, where incest has become so widespread that the group has what are believed to be the world's highest rates of fumarase deficiency, a rare genetic disease that causes profound mental retardation.

"The abuses are shocking," Tyler said. "Most of the women to emerge from these communities have no idea how unacceptable what has happened to them is. If all they've ever seen is their sister in bed next to them getting molested, then when it starts happening to them they don't think, `Hey, this is wrong.' They think, `Now it's my turn.'"

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Reluctant witnesses

In fact, getting witnesses to testify to abuses is always the hardest part of polygamy prosecutions. Llewellyn, a former lieutenant in the Salt Lake County Sheriff's Office who secretly took three wives himself before becoming an outspoken polygamy author and critic, said one of the key reasons he disavowed the lifestyle was seeing how polygamous communities routinely refused to testify against those within their fold who were committing crimes.

"I guess what I hope now is that I can pay back for some of the things I've done and been a part of," said Llewellyn, who wrote "Polygamy's Rape of Rachel Strong," a book that chronicled the life of a young woman who left a heavy-handed polygamous community, but only after being pressured into marrying her middle-age stepfather. Llewellyn argues in the book that Strong's stepfather, well-known Utah polygamist James Harmston, forced her into marriage and sex through a campaign of spiritual coercion as "effective as putting a gun to her head." Harmston has called Strong mentally ill and denied having forced her into the marriage.

On a recent Friday evening, as the fall chill began to creep into the mountain air, teenagers from a polygamous community on the outskirts of Salt Lake City gathered for a barn dance.

Erin Thompson, 15, typified the youth of the community who were there: bright, polite, optimistic. She spoke of her plans to attend college, perhaps become a dentist. Looking further ahead, she spoke of marriage and children, and, without hesitation, said she hoped to be a plural wife. She said she felt a religious calling to do so and believed that having to share a husband would teach her about sacrifice and prevent her from making him the center of her universe.

"Bad things happen in every community, whether they are polygamous or not," she said. "I know that. But I believe that this lifestyle can bring more blessings than you can imagine if it is lived correctly, and I understand that if it is lived wrongly it can bring that same amount of pain."

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CIVIL LAW:

To Build A Better Fraud Trap (STPPP)

By Julie Forster

The St. Paul Pioneer-Press, September 24, 2006

With insurers paying out billions of dollars in bogus claims each year, UnitedHealth figured there had to be a better way to identify medical fraud. So over a year ago, fraud investigators at Ingenix, a division of UnitedHealth Group, were told to do something bold.

The result: Ingenix took a page from the credit card industry, developing an analytical tool that helps predict fraud. Ingenix is hoping the technology — now in testing — will work so well that other insurers will be interested in buying it.

Ingenix has company in pursuing the better fraud trap. Fair Isaac, the Minneapolis-based firm well-known in the banking business for its credit card scoring model, has been pushing its own fraud-detection system for more than three years. Though each company says its technology is better than the other's, both agree that fraud is one driver of skyrocketing health care costs.

Estimates of the money lost to health care fraud range widely, from 3 percent of annual health care spending — or some $60 billion — to more than $170 billion. The U.S. General Accounting Office in a 1996 report on health care fraud, noted: "The amount of fraud within the health care system is, by its nature, impossible to accurately detect."

"No one really knows how much fraud is out there," acknowledged Christopher Dorn, director of anti-fraud and recovery solutions for Eden Prairie-based Ingenix. Even so, based on the 3 percent estimate, Dorn claims that Ingenix can identify and save an insurer about half of that.

Squeezing fraud out of the system has taken on new urgency in an era when insurers are having a tougher time increasing premiums. For UnitedHealth Group, that includes its insurance business unit, which is called UnitedHealthcare.

Companies like Ingenix are using computers to sift through massive amounts of data and spot subtle aberrant patterns. Using sophisticated software, the company's real-life experience and its millions of medical histories and records, Ingenix contends that it can tabulate a health care fraud "score." "Cases with a high score are an indication for us to start an investigation," Dorn said.

While this fraud score is derived from potentially thousands of variables, common ones include the distance between a patient's home and where services were allegedly rendered or the incidence of patients being treated after-hours and on holidays.

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Most insurers have some capacity to identify billing errors, fraud and abuse. The problem is, most fraud is detected after the claim has been paid. At that point, it's difficult and costly to recover the money. If any money is recovered, it's typically dimes on the dollar. Industry officials agree: a "prevent-and-save versus a pay-and-chase approach" is more effective.

The technology is basically a computer model that acts like a human brain in learning to spot fraud. It's not easy. The billing system physicians use to get reimbursed from insurers requires thousands of codes.

Interpreting those codes is complex. While that leaves opportunity for manipulation, it also leaves a lot of room for innocent billing errors or just differences in interpretation between two groups of people with different goals — the insurers, which are often public companies, and the physicians.

"It's really pretty gray and that grayness creates tension around the relationship between providers and payers," said Roy Sailor, Ingenix's senior vice president, payer solutions.

While doctors are as quick as anybody to criticize fraud, they also have concerns about the new brand of fraud-fighting software. "We think a big distinction needs to be made between intentional acts to defraud from inadvertent billing errors or legitimate differences in medical interpretation," said Dr. Edward Hill, a Tupelo, Miss., physician and past president of the American Medical Association. "This is a very complex area where opinions even among physicians will differ a great many times. Doctors feel intimidated by health insurers that use this kind of mechanism to almost be accusing of doctors of committing a fraud."

At Ingenix headquarters in Eden Prairie, 220 doctors, nurses, mathematicians, lawyers, former law-enforcement officers and others work to detect scams and abuse. The company is working with ID Analytics, an identify-fraud company based in San Diego, to develop the technology.

It is testing the technology on four clients. The millions of claims they generate are assessed and given a score, much like a so-called FICO score that is used to judge a person's creditworthiness. (Fair Isaac developed the FICO score years ago.)

Health care fraud is widespread because the opportunities for profit are great. Brokers, health-plan employees, hospitals, doctors and health-plan members all have the ability to commit wrongdoing. In fact, two years ago UnitedHealthcare agreed to pay the government $3.5 million to settle allegations that the company defrauded the Medicare program, according to the U.S. Justice Department. The company did not admit wrongdoing.

Increasingly, these schemes are being pulled off by organized crime groups, according to the FBI, the primary investigative agency against health care fraud in both public and private health insurance programs.

The big challenge is accurately determining which claims should have a harder look, said Louis Saccoccio, executive director of the National Health Care Anti-Fraud Association in Washington D.C.

Many states have laws requiring insurers to pay providers speedily after the claim is filed. Unless there is evidence of fraud — and that exception is tightly defined — Saccoccio says, claims must be paid promptly. "You cannot hold back large numbers of claims simply because you suspect fraud."

That's important, particularly given the wide and ever-evolving number of schemes. Fraud can run the gamut from physicians filing a claim for service not provided to multimillion-dollar scams.

One scam, involving scores of patients at a Southern California outpatient surgery centers, generated more than $1 billion in claims nationally. The patients were recruited to undergo unnecessary medical services in return for cash or cosmetic surgery. Close to $500 million in claims were reportedly paid. UnitedHealth was one of the first insurers to notice a strange pattern in the claims it processed and notified the FBI.

In some of those cases, recruiters who worked in factories were paid to recruit their co-workers to earn money in exchange for a medical procedure. Patients from across the country — including Minnesota — were flown to Southern California to have needless endoscopies and colonoscopies; procedures that normally are billed at about $5,000. UnitedHealthcare was charged $50,000 and $70,000 per procedure, according to Ingenix.

The scam continually morphed into new forms of fraud. One involved groups of minorities — including hundreds of Hmong in St. Paul — who were targeted for sweaty palm surgery. Recruiters would talk low-income workers into a weekend trip to California for surgery in exchange for a kickback in the hundreds of dollars, Ingenix investigators said.

Ferreting out intentional crime from a legitimate mistake or simply a difference in opinion between a doctor and insurer is not always black and white. Robin Mathias, a health care fraud consultant based in Santa Rosa, Calif., noted that while it is cutting edge, the technology is not as clear-cut when used to find health care fraud as it is in finding fraud in the credit card industry.

For one thing, it may be very limited in the type of fraud it can detect. "Predictive modeling is a great advance but it is still limited in the context of health care fraud detection," Mathias said.

Fair Isaac started using a tool similar to what Ingenix is developing with ID Analytics more than three years ago.

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Fair Isaac, the king of the FICO score, is definitely the "gold standard" said Bryan Boda, director of health care solutions for Fair Isaac. He said whether Ingenix's product will be viable competition is hard to say. "Based on what I've heard, it sounds like they are trying to tap into a market that Fair Isaac has made," he said. "If they are successful at developing a product, than they would be trying to compete for that business."

Fair Isaac is busy signing up insurance companies to use its product. Boda declined to specify how many clients it has using the new technology or the amount of revenue generated by the product.

The challenge in developing the tool is to create something that is accurately detecting fraud against huge volume. At least until Ingenix actually rolls out its product, Boda says Fair Isaac is alone in its niche.

"No one else," Boda said, "has proven ability to solve that problem."

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CIVIL RIGHTS:

KC Grapples With Peril Of Slavery (KCS)

By Tony Rizzo

The Kansas City Star, September 24, 2006

Slavery.

It's a cruel reality for hundreds of thousands of men, women and children around the world.

And, as Kansas City learned last week, it's even here.

Eight young men from Russia were duped into driving ice cream trucks for up to 14 hours a day, seven days a week, for meager pay, federal prosecutors said. The case came three months after a Kansas City man was charged with forcing three teenage girls — two of them 13 — to work as prostitutes.

Those local cases involve the two most pervasive forms of modern slavery: Forced labor and sexual trafficking.

"I think most people see it as a problem in the Third World," said Bradley Schlozman, U.S. attorney for the Western District of Missouri. "It's right here in our backyard."

Federal prosecutors earlier this summer established a local human trafficking task force similar to those operating in about two dozen other American cities, and it didn't take long for the streets of Kansas City to provide the first case.

"How could it not be in Kansas City? I've seen it everywhere else," Schlozman said. "This is one of the most evil crimes imaginable, exploiting the most vulnerable members of society."

Since Congress passed the Trafficking Victims Protection Act in 2000, it has been used to prosecute dozens of cases. About two-thirds have involved the sex industry.

A photograph from one of those cases haunted Schlozman. It showed the place in Florida where traffickers from Mexico kept a girl in virtual bondage.

She was 14 and far away from home, childhood a long-ago memory. She lived and worked in a space the size of a bathroom stall. Her job was to sexually service as many as 30 men a day. When her work was done she slept on the same bed.

On a small table next to the bed was a roll of paper towels and the girl's only possession — a teddy bear.

"It absolutely breaks your heart," Schlozman said.

Government officials estimate that 800,000 men, women and children are trafficked across international borders each year and forced to work in sweat shops, farm fields and brothels. As many as 17,500 people are trafficked into the United States annually, according to the Department of Justice.

"They might not have shackles, but slavery is the only way to describe their treatment," said Mark Taylor of the U.S. State Department's Office to Monitor and Combat Trafficking in Persons.

Last year, the U.S. government declared 230 people from more than 30 countries as human trafficking victims eligible to receive benefits comparable to political refugees. About half of the victims have received special visas that allow them to remain in the United States.

Forced labor

That process is now ongoing for the eight Russians in the ice cream case. Prosecutors are working with private social-service agencies to care for the college-age men, and citizens have contacted Schlozman's office to offer help.

Five people were indicted by a federal grand jury last week for allegedly using threats and coercion to force the Russian students to work in Kansas City this summer.

Despite the unique aspects of the case involving ice cream trucks and Russians brought to the Midwest, Taylor from the State Department said the allegations shared common denominators with typical trafficking cases.

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According to the indictment, the students were recruited in their home country and were lied to about the work they would be doing and the amount of money they would earn. They each paid $2,500 for the program, which allowed them to enter the United States on legal work visas.

Once here, their passports and other documents were confiscated. They were isolated and prevented from contacting their families and warned that if they contacted authorities they would be arrested, deported and forbidden from ever returning to the United States.

Schlozman said he could not discuss the specifics of the case but said traffickers typically preyed on unsophisticated individuals who were unfamiliar with American laws and customs.

Often they come from countries where law enforcement corruption is pervasive and they distrust the police.

"The victims suffer extraordinary psychological abuse, emotional trauma and they often feel like they don't have anywhere to turn," Schlozman said.

The trauma is exacerbated in many of the sex trafficking cases because the victims are often minors.

"That is where we need to have the spotlight," said Kristy Childs, founder of Veronica's Voice, a Kansas City group that helps the victims of prostitution. "We have American girls that are being trafficked."

Most of the woman Childs tries to help are adults, but most said they were minors when they were introduced into prostitution. Under the federal law, prostituting minors is considered to be trafficking even if no coercion is involved.

Harsh life

A prostitute's lifestyle can be brutal, especially for a teenager.

Drugs, robberies, sexually transmitted diseases, car thefts and assaults are common baggage of the prostitution business, said Sgt. Brad Dumit of the Kansas City Police Department's vice section.

"These girls are abused emotionally, physically and spiritually," Dumit said. "It's a scary, scary lifestyle."

Take the case of J.G. She was 15 when she was recruited into the "stable" of a Kansas City man now jailed on multiple charges of promoting prostitution. He was charged in Jackson County Circuit Court before the federal trafficking task force was established.

According to court documents, he kept all the money she earned. In exchange she got a place to sleep, clothes, food and all the crack cocaine she could smoke. Once she tried to secretly keep some of her money. When he found out he punched her in the face and tore out her eyebrow ring.

Kansas City's first human trafficking case involved three area sisters who ran away from home. The twins were 13 and their older sibling was 15.

Federal prosecutors said Don L. Elbert II, who pleaded not guilty and faces trial later this year, took it from there when he spotted them outside a liquor store.

According to prosecutors:

Elbert fed them, dressed them and gave them a place to stay. He also employed them.

Seven nights a week for about a month he dropped them off on a busy corner where they had unprotected sex with strangers for money, all of which they turned over to Elbert.

The scheme unraveled when one of the girls was arrested June 21 after making a deal with an undercover police officer to provide oral sex for $20.

Schlozman likens human traffickers to an "evil employment agency."

"They are unscrupulous individuals who treat their workers like chattel," he said. "It's all about making a profit, and whoever suffers is no concern whatsoever."

Despite the increased attention to the problem, Taylor said the true scope was not known.

"By its very nature it's hidden," he said. "Traffickers are extremely innovative at luring people into a trap for their economic gain."

The Kansas City cases show that the problem can crop up anywhere and take any form.

"The true outer limits have yet to be defined," he said.

Finding help

The Justice Department operates a toll-free hot line to report suspicions of human trafficking or for victims seeking help: 1-(888) 428-7581

Shooting By Police Called 'Murder' (STPPP)

By Aron Kahn

The St. Paul Pioneer-Press, September 24, 2006

DOJ_NMG_0068456

Black community leaders and relatives of Dominic Aries Felder on Friday accused Minneapolis police of murdering the allegedly emotionally disturbed man and intending to "whitewash" the probe of two officers involved in the incident.

"The police department messed up," the Rev. Devin Miller, pastor of Emmanuel Tabernacle Church in Minneapolis, said of Wednesday night's fatal skirmish. "There was no reason for the shooting, and we firmly believe they intended to shoot him to death."

The leaders said they could not trust the department to objectively investigate the case and will ask U.S. Attorney General Alberto Gonzales on Monday to take control of the matter.

"Let this not be just another shooting," said Miller, a St. Paul resident and member of the God Squad, a group of ministers and laymen who try to bridge the gap between the police and citizens in St. Paul. "This is the fork in the road."

Minneapolis police on Friday continued to withhold all details of the incident, in which an officer's gun was fired seven times. The incident began with a report of a domestic dispute at Bloomington Avenue South near East 40th Street, in which the 27-year-old Felder was threatening to kill people, police said.

Two officers involved in the shooting were placed on administrative leave pending a review of the incident — standard procedure in such cases. The officers are Lawrence Loonsfoot and Jason King, both of whom joined the department in 1993.

No other gun was found at the shooting scene, leading relatives and community leaders to believe police acted with unnecessary force in killing Felder.

"We recognize that this is a very painful time for Dominic Felder's family," interim Police Chief Tim Dolan said in a statement Friday. "We recognize that it may be difficult for the family to wait for the completion of the investigation before they have all of the answers, but it is important that we are confident that any information we release is completely accurate."

But surrounded by two dozen of Felder's relatives and friends, Miller and community leaders Ron Edwards and Spike Moss said at a news conference that police totally mishandled the matter, which began with a 911 call.

Edwards, a member of the city's Police Community Relations Council, said police should have sent members of a critical incident team because the 911 caller had told them Felder had severe emotional problems.

Miller, who is the grandfather of one of Felder's children, said in an interview that Felder was suffering from undiagnosed, untreated depression and that he felt pressured by financial and family circumstances.

Felder lived in Minneapolis with Tiana Williams and their 5-year-old daughter, but that night he had difficulty reaching his other child, an 8-year-old girl who lived with her mother in St. Paul, Miller said.

"So he snapped," he said.

According to the police account Thursday, officers were told Felder was in an animated dispute with a resident, had threatened to kill neighbors and had smashed their front window with a 60-pound piece of concrete.

When the two officers arrived, Felder allegedly fled on foot, with the officers chasing him. A struggle ensued and one of the officer's guns fired seven rounds, police said.

Miller said there was no need to kill Felder, a small man who could be overpowered easily, and that the officers should be charged with "first-degree murder."

Relatives repeated that Felder had never been arrested, but the Pioneer Press reported Friday that he was convicted of fifth-degree misdemeanor assault last year in Apple Valley after being arrested on suspicion of "body-slamming" and then kicking a 21-year-old woman with whom he was living.

Edwards said the latest fatal shooting by police, the 15th in six years, should cause the City Council to delay approval of Dolan as chief, at least until the Felder matter is reconciled.

Mayor R.T. Rybak has recommended Dolan to replace Chief William McManus, who took the top police job in San Antonio in March. Dolan was assistant chief before then.

Aron Kahn can be reached at akahn@pioneerpress.com or 612-338-6516.

Faithful Take Turn In Political Pulpit (MJS)

By Bill Glauber

Milwaukee Journal Sentinel, September 24, 2006

State marriage amendment divides religious

The battle over Wisconsin's marriage amendment isn't a simple political fight.

It's a struggle over values, too, an issue that bubbled for years in the statehouse and houses of worship, on the airwaves and in church pews. It likely will come to a boil in the closing weeks before the Nov. 7 election.

From sermons to lectures, DVDs and church bulletins, religious organizations and clergy are taking stands, a not-so-subtle intersection of religion and politics at the ballot box that in many ways is unprecedented in modern Wisconsin history.

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Catholic bishops and evangelical Christian pastors are allied with some mainline Protestants who support passage of an amendment to the state constitution to recognize marriage as "between one man and one woman."

On the other side are at least eight mainline Protestant denominational bodies, scores of clergy and many Jewish leaders who oppose the amendment in part because the referendum also would prohibit "a legal status identical or substantially similar to that of marriage for unmarried individuals."

The stakes couldn't be greater as the state debates same-sex marriage and civil unions.

In Wisconsin, both sides organized for months and, in some cases several years, to garner support in churches and synagogues. Although religious leaders might be divided over the amendment, they appear more united in opposition to another Nov. 7 ballot initiative, the advisory referendum to restore the death penalty.

"This is a culture war, that's what it is," said Julaine Appling, executive director of the Family Research Institute of Wisconsin, a pro-amendment group.

"How many churches have gone down the path of jettisoning the authority of Scripture?" she said. "The churches that still accept the authority of God's word accept marriage is only between a man and a woman."

The main group that opposes the marriage amendment, Fair Wisconsin, also is making a push in the religious community.

"It's important for us to mobilize clergy on our side, who say, 'We are Christian, we love our neighbors,' " said Joshua Freker, the Fair Wisconsin spokesman.

"Christian and Jews compelled to oppose the amendment because of their faith" presents a powerful message, Freker said.

In the "faith campaign," religious leaders and organizations representing 5,000 churches and 2 million congregants support the amendment, Appling said. Organizations representing 500,000 congregants have passed resolutions against the amendment, according to Fair Wisconsin.

Religion and politics have long mixed in America.

But throwing a religious organization's full weight behind a candidate, at least in modern times, is unusual because of one simple item - the tax code. Tax-exempt organizations, such as religious groups, can't endorse candidates. But they can engage in lobbying activities, which include referendums and constitutional amendments.

Of course, tax laws don't keep clergy from endorsing candidates. But they have to be clear they're speaking on their own behalf. Religious groups have taken stands on the issues of the day, from the abolition of slavery to civil rights, abortion to matters of war and peace. Multifaceted issue

Defining marriage, and weighing whether to extend rights to same-sex relationships involving gays and lesbians, is an issue that crosses political, religious and social lines.

It's also part of a decades-long conversation conducted in places of worship, sometimes uniting congregations, sometimes dividing them. At the outset, clergy and parishioners struggled with the issue of how welcoming congregations should be with gays and lesbians. The conversation then extended to the debate over the ordination of gay and lesbian ministers and rabbis.

Religious organizations and clergy entered the political fray that erupted after a 2003 Massachusetts court ruling to legalize same-sex marriage. Twenty states have adopted marriage amendments.

It shouldn't be a surprise to see a marriage amendment campaign target churches.

According to a recent national survey by the Pew Research Center for the People and the Press, 78% of white evangelical Protestants, 74% of black Protestants, 58% of white Catholics and 47% of white mainline Protestants oppose gay marriage. Among those who were identified as seculars, 63% supported gay marriage.

Civil unions were opposed by majorities of white evangelicals, black Protestants and those who attend church but favored among majorities of white mainline Protestants, Catholics and seculars, the poll found.

The bottom line: "People know where they stand on the issue," said Kimberly Conger, an Iowa State University political science professor who has published extensively on Christian conservatives. "It's a matter of getting supporters to the polls." Taking fight to the pews

Appling's group has distributed more than 5,000 copies of a DVD called "The Battle for Marriage in Wisconsin" to churches.

Amendment opponents also have gone through churches to gain support, often gathering at sanctuaries before door-knocking campaigns or informational meetings.

Religious leaders have not shied from the debate. In fact, many have welcomed the opportunity to speak out.

The state's Catholic bishops weighed this summer when they issued a letter of support for the amendment while also stating "support for this amendment does not imply or justify animosity toward any individual or group."

"We're teachers," Milwaukee Archbishop Timothy Dolan said in an interview. "We're best when we encourage, educate and exhort."

Parishioners don't want bishops "to tell them how to vote, and woe to us if we did," Dolan said.

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Dolan and the state's four other bishops began a letter during the winter on the marriage amendment, as well as the referendum on the death penalty, which they oppose, he said.

The bishops support the marriage amendment because "we feel as pastors we need to do anything we can to support and strengthen the pivotal institution of marriage," Dolan said.

He admitted that "we bishops find ourselves attacked by both sides."

"I don't mind that at all. We have people who are anti-gay, who say, 'You bishops are too soft on homosexuals, you keep telling us they need to be treated with dignity and respect and let's just say this is an abomination.' We say, 'Absolutely not.' A person's dignity is not dependent on their sexual orientation."

Dolan admitted the bishops also face criticism from those who oppose the amendment.

"I guess what we're saying, marriage is not a human right. It's a responsibility and a gift," he said.

Bishop Paul Stumme-Diers, leader of the Greater Milwaukee Synod of the Evangelical Lutheran Church in America, also views the marriage amendment as a defining issue.

Only, he's opposed.

In 2005, the synod passed a resolution in opposition to the legislation. At this year's synod assembly, the group decided to have a conversation about the amendment, a symbolic and substantive move to discuss an important issue of the day that Stumme-Diers hopes is continued at individual churches.

"I hear great concern about the marriage amendment both in terms of the tenor that it takes and the climate it creates in our state," he said. "People are saying the church needs to speak to this so we will have a more healthy and tolerant spirit. I hear from people that they are disturbed that civil rights are potentially going to be curtailed through such a referendum."

Stumme-Diers said the teachings of Jesus show the need to be "attentive to those who are often left on the outside."

"We need to be especially mindful of those who are vulnerable and ostracized by society. Jesus is all about honoring relationships and trying to find honest and safe relationships. For some people, their orientation leads them in ways that makes us heterosexuals uncomfortable.

"My opposition to the marriage amendment is also about strengthening traditional marriage. I'm a strong advocate of monogamy and of people being committed to another person."

Officials Wary Of Electronic Voting Machines (NYT)

By Ian Urbina

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — A growing number of state and local officials are getting cold feet about electronic voting technology, and many are making last-minute efforts to limit or reverse the rollout of new machines in the November elections.

Less than two months before voters head to the polls, Gov. Robert L. Ehrlich Jr. of Maryland this week became the most recent official to raise concerns publicly. Mr. Ehrlich, a Republican, said he lacked confidence in the state's new $106 million electronic voting system and suggested a return to paper ballots.

Dozens of states have adopted electronic voting technology to comply with federal legislation in 2002 intended to phase out old-fashioned lever and punch-card machines after the "hanging chads" confusion of the 2000 presidential election.

But some election officials and voting experts say they fear that the new technology may have only swapped old problems for newer, more complicated ones. Their concerns became more urgent after widespread problems with the new technology were reported this year in primaries in Ohio, Arkansas, Illinois, Maryland and elsewhere.

This year, about one-third of all precincts nationwide are using the electronic voting technology for the first time, raising the chance of problems at the polls as workers struggle to adjust to the new system.

"I think there is good reason for concern headed into the midterm elections," said Richard F. Celeste, a Democrat and former Ohio governor who was co-chairman of a study of new machines for the National Research Council with Richard L. Thornburgh, a Republican and former governor of Pennsylvania.

"You have to train the poll workers," Mr. Celeste said, "especially since many of them are of a generation for whom this technology is a particular challenge. You need to have plans in place to relocate voters to another precinct if machines don't work, and I just don't know whether these steps have been taken."

Paperless touch-screen machines have been the biggest source of consternation, and with about 40 percent of registered voters nationally expected to cast their ballots on these machines in the midterm elections, many local officials fear that the lack of a paper trail will leave no way to verify votes in case of fraud or computer failure.

As a result, states are scrambling to make last-minute fixes before the technology has its biggest test in November, when voter turnout will be higher than in the primaries, many races will be close and the threat of litigation will be ever-present.

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"We have the real chance of recounts in the coming elections, and if you have differences between the paper trail and the electronic record, which number prevails?" said Richard L. Hasen, a professor at Loyola Law School in Los Angeles and the author of the Election Law blog, www.electionlawblog.org.

Professor Hasen found that election challenges filed in court grew to 361 in 2004, up from 197 in 2000. "What you have coming up is the intersection of new technology and an unclear legal regime," he said.

Like Mr. Ehrlich, other state officials have decided on a late-hour change of course. In January, Gov. Bill Richardson of New Mexico decided to reverse plans to use the touch-screen machines, opting instead to return to paper ballots with optical scanners. Last month, the Connecticut secretary of state, Susan Bysiewicz, decided to do the same.

"I didn't want my state to continue being an embarrassment like Ohio and Florida every four years," said Mr. Richardson, a Democrat, adding, "I also thought we needed to restore voter confidence, and that wasn't going to happen with the touch-screen machines."

In Pennsylvania, a state senator introduced a bill last week that would require every precinct to provide voters with the option to use paper ballots, which would involve printing extra absentee ballots and having them on site. A similar measure is being considered on the federal level.

In the last year or so, at least 27 states have adopted measures requiring a paper trail, which has often involved replacing paperless touch-screen machines with ones that have a printer attached.

But even the systems backed up by paper have problems. In a study released this month, the nonpartisan Election Science Institute found that about 10 percent of the paper ballots sampled from the May primary in Cuyahoga County, Ohio, were uncountable because printers had jammed and poll workers had loaded the paper in backward.

Lawsuits have been filed in Colorado, Arizona, California, Pennsylvania and Georgia seeking to prohibit the use of touch-screen machines.

Deborah L. Markowitz, the Vermont secretary of state and the president of the National Association of Secretaries of State, said that while there might be some problems in November, she expected them to be limited and isolated.

"The real story of the recent primary races was how few problems there were, considering how new this technology is," said Ms. Markowitz, a Democrat. "The failures we did see, like in Maryland, Ohio and Missouri, were small and most often from poll workers not being prepared."

Many states have installed the machines in the past year because of a federal deadline. If states wanted to take advantage of federal incentives offered by the Help America Vote Act, they had to upgrade their voting machines by 2006.

In the primary last week in Maryland, several counties reported machine-related problems, including computers that misidentified the party affiliations of voters, electronic voter registration lists that froze and voting-machine memory cards whose contents could not be electronically transmitted. In Montgomery County, election workers did not receive access cards to voting machines for the county's 238 precincts on time, forcing as many as 12,000 voters to use provisional paper ballots until they ran out.

"We had a bad experience in the primary that led to very long lines, which means people get discouraged and leave the polls without voting," said Governor Ehrlich, who is in a tight re-election race and has been accused by his critics of trying to use the voting issue to motivate his base. "We have hot races coming up in November and turnout will be high, so we can expect lines to be two or three times longer. If even a couple of these machines break down, we could be in serious trouble."

Problems during primaries elsewhere have been equally severe.

In the Illinois primary in March, Cook County officials delayed the results of the county board elections for a week because of human and mechanical problems at hundreds of sites with new voting machines made by Sequoia Voting Systems.

In the April primary in Tarrant County, Tex., machines made by Hart InterCivic counted some ballots as many as six times, recording 100,000 more votes than were cast. The problem was attributed to programming errors, not hacking.

In the past year, the Government Accountability Office, the Brennan Center for Justice at New York University and the Congressional Research Service have released reports raising concerns about the security of electronic machines.

Advocates of the new technology dispute the conclusions.

"Many of these are exaggerated accusations by a handful of vocal activists," said Mark Radke, director of marketing for Diebold Election Systems, one of the largest sellers of touch-screen machines. "But if you want to talk about fraud and tabulation error, the newer technology is far more accurate."

Mr. Radke cited a study from the California Institute of Technology that found that between the 2000 election, when touch-screen machines were not used, and the 2004 election, when they were, there was a 40 percent reduction in voter error in Maryland, making the vote there the most accurate in the country.

"There is always the potential for human error," Mr. Radke said, "but that is easily correctible."

But critics say bugs and hackers could corrupt the machines.

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A Princeton University study released this month on one of Diebold's machines — a model that Diebold says it no longer uses — found that hackers could easily tamper with electronic voting machines by installing a virus to disable the machines and change the vote totals.

Mr. Radke dismissed the concerns about hackers and bugs as most often based on unrealistic scenarios.

"We don't leave these machines sitting on a street corner," he said. "But in one of these cases, they gave the hackers complete and unfettered access to the machines."

Warren Stewart, legislative director for VoteTrustUSA, an advocacy group that has criticized electronic voting, said that after poll workers are trained to use the machines in the days before an election, many counties send the machines home with the workers. "That seems like pretty unfettered access to me," Mr. Stewart said.

The Big Gamble On Electronic Voting (NYT)

By Randall Stross

The New York Times, September 24, 2006

HANGING chads made it difficult to read voter intentions in 2000. Hotel minibar keys may do the same for the elections in November.

The mechanics of voting have undergone a major change since the imbroglio that engulfed presidential balloting in 2000. Embarrassed by an election that had to be settled by the Supreme Court, Congress passed the Help America Vote Act of 2002, which provided funds to improve voting equipment.

From 2003 to 2005, some $3 billion flew out of the federal purse for equipment purchases. Nothing said "state of the art" like a paperless voting machine that electronically records and tallies votes with the tap of a touch screen. Election Data Services, a political consulting firm that specializes in redistricting, estimates that about 40 percent of registered voters will use an electronic machine in the coming elections.

One brand of machine leads in market share by a sizable margin: the AccuVote, made by Diebold Election Systems. Two weeks ago, however, Diebold suffered one of the worst kinds of public embarrassment for a company that began in 1859 by making safes and vaults.

Edward W. Felten, a professor of computer science at Princeton, and his student collaborators conducted a demonstration with an AccuVote TS and noticed that the key to the machine's memory card slot appeared to be similar to one that a staff member had at home.

When he brought the key into the office and tried it, the door protecting the AccuVote's memory card slot swung open obligingly. Upon examination, the key turned out to be a standard industrial part used in simple locks for office furniture, computer cases, jukeboxes — and hotel minibars.

Once the memory card slot was accessible, how difficult would it be to introduce malicious software that could manipulate vote tallies? That is one of the questions that Professor Felten and two of his students, Ariel J. Feldman and J. Alex Haldeman, have been investigating. In the face of Diebold's refusal to let scientists test the AccuVote, the Princeton team got its hands on a machine only with the help of a third party.

Even before the researchers had made the serendipitous discovery about the minibar key, they had released a devastating critique of the AccuVote's security. For computer scientists, they supplied a technical paper; for the general public, they prepared an accompanying video. Their short answer to the question of the practicality of vote theft with the AccuVote: easily accomplished.

The researchers demonstrated the machine's vulnerability to an attack by means of code that can be introduced with a memory card. The program they devised does not tamper with the voting process. The machine records each vote as it should, and makes a backup copy, too.

Every 15 seconds or so, however, the rogue program checks the internal vote tallies, then adds and subtracts votes, as needed, to reach programmed targets; it also makes identical changes in the backup file. The alterations cannot be detected later because the total number of votes perfectly matches the total number of voters. At the end of the election day, the rogue program erases itself, leaving no trace.

On Sept. 13, when Princeton's Center for Information Technology Policy posted its findings, Diebold issued a press release that shrugged off the demonstration and analysis. It said Princeton's AccuVote machine was "two generations old" and "not used anywhere in the country."

I spoke last week with Professor Felten, who said he could not imagine how a newer version of the AccuVote's software could protect itself against this kind of attack. But he also said he would welcome the opportunity to test it. I called Diebold to see if it would lend Princeton a machine.

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Mark G. Radke, director for marketing at Diebold, said that the AccuVote machines were certified by state election officials and that no academic researcher would be permitted to test an AccuVote supplied by the company. "This is analogous to launching a nuclear missile," he said enigmatically, adding that Diebold had to restrict "access to the buttons."

I persisted. Suppose, I asked, that a test machine were placed in the custodial care of the United States Election Assistance Commission, a government agency. Mr. Radke demurred again, saying the company's critics were so focused on software that they "have no appreciation of physical security" that protects the machines from intrusion.

This same point was featured prominently in the company's press release that criticized the Princeton study, saying it "all but ignores physical security and election procedures." It is a criticism that collides with the facts on Page 5 of the Princeton study, where the authors provide step-by-step details of how to install the malicious software in the AccuVote.

Even before the minibar lineage of the AccuVote key had been discovered, the researchers had learned that the lock was easily circumvented: one of them could consistently pick it in less than 10 seconds.

If skeptics cannot believe what they read about the ease of manipulating an election, they can watch the 10-minute online video: the AccuVote lock is picked, a memory card is inserted and the malicious software is loaded; the machine is rebooted, and within 60 seconds the machine is ready to throw the election in favor of any specified candidate.

Computer scientists with expertise in security issues have been sounding alarms for years. David L. Dill at Stanford and Douglas W. Jones at the University of Iowa were among the first to alert the public to potential problems. But the possibility of vote theft by electronic means remained nothing more than a hypothesis — until the summer of 2003, when the code for the AccuVote's operating system was discovered on a Diebold server that was publicly accessible.

The code quickly made its way into researchers' hands. Suspected vulnerabilities were confirmed, and never-contemplated sloppiness was added to the list of concerns. At a computer security conference, the AccuVote's anatomy was analyzed closely by a team: Aviel D. Rubin, a computer science professor at Johns Hopkins; two junior associates, Tadayoshi Kohno and Adam Stubblefield; and Dan S. Wallach, an associate professor in computer science at Rice. They described how the AccuVote software design rendered the machine vulnerable to manipulation by smart cards. They found that the standard protections to prevent alteration of the internal code were missing; they characterized the system as "far below even the most minimal security standards."

Professor Rubin has just published a nontechnical memoir, "Brave New Ballot: The Battle to Safeguard Democracy in the Age of Electronic Voting" (Morgan Road Books), that describes how his quiet life was upended after he and his colleagues published their paper. He recalls in his book that Diebold's lawyers sent each of the paper's authors a letter threatening the possibility of legal action, warning them to "exercise caution" in interviews with the press lest they make a statement that would "appear designed to improperly impair and impede Diebold's existing and future business." Johns Hopkins rallied to his side, however, and the university's president, William R. Brody, commended him for being on the case.

Recently, there have been signs that states are having second thoughts about trusting their AccuVote equipment. Officials in California, Florida and Pennsylvania have been outspoken about their concerns. In Maryland earlier this year, the state House of Delegates voted 137 to 0 in favor of a bill to prohibit the use of its AccuVote machines because they were not equipped to generate a paper audit trail. (The state Senate did not take up the measure and it died.)

Professor Rubin favors the use of touch screens only for "ballot marking" — capturing a voter's intended choice — then printing out a paper ballot with only the voter's chosen candidates that the voter can visually check. Election officials can then use the slip to tally votes with an optical scanner made by a different manufacturer.

Manual audits of the tallies in at least 1 percent of all precincts, as is now required in California, would provide a transparent method of checking for integrity. Should a full recount be necessary, the paper ballots, containing only the selected names, provide unambiguous records of original intent.

"Let computers do what they do best," Professor Rubin said, "and let paper do what it does best."

Ohio's Forgotten Men (NYT)

By Dan Chaon

The New York Times, September 24, 2006

Cleveland

OHIO is not a third-world country, but we're working on it. Last month the Census Bureau declared that Cleveland had finally achieved the status of poorest big city in America. Add in all the voting problems we've been having recently — who knows what we'll end up with in November? "I mean really," says my friend Tom from California. "If the U.N. can supervise elections in Kosovo, why can't they go to Cleveland?" He's joking, I think.

DOJ_NMG_0068462

Nevertheless, the big news all summer long was the botched May 2 primary in Cuyahoga County, with lurid tales of incompetent poll workers, disappearing memory cards and incompatible optical scan equipment. On the TV news, my wife and I watched as an elderly poll worker fed ballot paper into a machine, which then began, ruminatively, to grind it to bits.

By August, the county commissioners were gently suggesting that voters might want to use absentee ballots in November. Meanwhile, questions about the efficacy of Diebold touch-screen voting machines have slid from the realm of conspiracy theorists and into the mainstream press.

Still, the democratic process marches on, or at least hobbles forward. A lot of attention here in Ohio has focused on the governor's race, where the Democrat, the mild-mannered former minister Ted Strickland, is facing off against a love-him-or-loathe-him Republican, Ken Blackwell, our secretary of state.

Well-liked among religious conservatives, Mr. Blackwell has drawn criticism from Democrats for his dual role in the 2004 election as both the state's chief elections officer and the co-chairman of the Committee to Re-Elect George Bush in Ohio. More recently, he was challenged about his role in purchasing those Diebold touch-screen voting machines, particularly since it was discovered that he owned stock in Diebold at the time his office negotiated the deal. You have to admit, the man gives us a lot to talk about.

And so, it seems, there has been very little oxygen left in the room for the Senate race between Representative Sherrod Brown and the Republican incumbent, Mike DeWine. Though the race is tight, the campaign continues to move below the radar.

It was striking to me that everyone I talked to, from our kind-hearted Republican neighbors, Clyde and Dolly, to liberal college professors, to people waiting to catch a bus, had similar reactions. "I just don't hear people talking about it," said Jim Lentine, the proprietor of A Cut Above, a barbershop in University Heights. "People talk a lot about politics here, but that's not one of the subjects."

Mr. DeWine has been a senator for 12 years now, and Mr. Brown has been in Congress since 1993, but even with fewer than 60 days to go before the election, their names don't elicit a strong response. "To tell you the honest truth," says one well-dressed woman at Chuck's Diner in Cleveland Heights, "I don't know that much about them." However, a stern elderly man at the Sheetz gas station in North Ridgeville disagrees, telling me that the men are simply too familiar to Ohioans: "I can't imagine that anybody could be on the fence about either one of them."

The candidates haven't done much to raise their profiles. They apparently had a debate in early August, but the event wasn't open to the public — reporters only — and tapes of the encounter have not yet been released. So, down the stretch, Messrs. Brown and DeWine continue to politic in their modest fashions, touring around the state. Representative Brown speaks to workers at Denman Tire in Youngstown; Senator DeWine holds an ice cream social at his house in Cedarville. Mr. Brown addresses veterans at the Cincinnati Public Library; Mr. DeWine visits the Slovak Festival in Parma.

The candidates and their families go from town to town, smiling with babies, waving at crowds, sending out mass mailings and distributing bumper stickers. Still waiting, it seems, to make a distinct impression.

Pr. George's Voting Glitches Highlight Training Problems (WP)

By Eric Rich And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, September 24, 2006

Errors in Primary Reflect Challenges of Technology

The widely publicized failure in Prince George's County to electronically transmit results from many polls after the Sept. 12 primary was compounded by a host of other errors, including failure to swiftly collect the data cards on which some votes are recorded and to properly secure voting machines.

The last of the cards were not retrieved and counted until nine days after the balloting -- several from inside electronic voting machines from a Landover precinct where Robert J. McGinley, the county elections board's attorney, said security procedures were "just blatantly not followed."

In some instances, machines containing cards were found in storage cases that lacked a required security seal. In others, tamper tape was missing from a locked door on the machine. In still others, data cards were found in machines on which doors were not locked.

Despite the roiling debate over whether electronic voting machines might be hacked into and an election stolen, the experience of Prince George's suggests a more mundane and probably widespread challenge in voting's digital age: Armies of minimally trained, modestly paid election workers are increasingly confronted with an unfamiliar, complex business.

Although the voting process was less dramatically flawed in Prince George's than in neighboring Montgomery County, the nearly two weeks since have seethed with suspicion and recrimination.

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The elections board disqualified none of the cards, but the lapses undercut assurances that officials offered after the primary. Robert J. Antonetti Sr., interim Prince George's election administrator, had said 47 uncounted cards would remain safe because of the multiple security measures.

Antonetti's predecessor, Robin Downs Colbert, who resigned in June because of frustration over the rapid changes in technology, said she and her colleagues in several other counties "knew this was where it was headed."

"We warned everyone," she said Friday. "We warned the county we didn't have enough resources. We warned the legislature that it was too much too fast. . . . People have to be trained to use technology, and we need enough time to do that."

Antonetti said that working the polls was once "a second job for tobacco farmers" but that today "we need more skilled people."

But skilled people can be hard to find when the pay for the day for even chief election judges is $200.

Other counties also tallied provisional and absentee ballots in the past week, but Prince George's was alone in having to find and upload so many data cards. Montgomery, for example, had collected the last of its data cards less than six hours after the polls closed, said Marjorie Roher, spokeswoman for that county's elections board.

"If we don't have a memory card from a precinct, then we utilize the Montgomery County police, and we go out and find that card," she said. "We don't close shop for the night until every memory card is in hand."

In Prince George's, questions swirled about the security of the missing cards. Hundreds of ballots -- perhaps more -- were not immediately counted because nearly two of every three precincts failed to transmit their results electronically the night of the primary.

Antonetti said the transmission problems may have stemmed from dialing errors or from using digital phone lines instead of the compatible analog lines -- mistakes he intends to address in training sessions before November.

Gertrude Neff, 72, the chief judge at the C. Elizabeth Rieg Special Center in Bowie, said workers realized soon after the polls closed that their transmission cable was too short to reach a phone jack that she said was at least eight feet up a gymnasium wall. Oliver Smith, a chief election judge in a Cheverly precinct, said that after a frustrating day with the electronic equipment, he ordered the cards delivered to the office without trying to transmit data electronically.

If two attempts to transmit were unsuccessful, election workers were under orders to carry the data cards to Upper Marlboro, where they could be uploaded directly.

Yet some memory cards were not delivered until the next day; others were left in voting machines, where they remained until the machines were returned days later.

Donna Edwards, who trailed Rep. Albert R. Wynn in the 4th District Democratic primary, highlighted the data cards as a problem when she announced that she was contemplating legal action. Defeated county executive challenger Rushern L. Baker III (D) has requested an investigation.

The slow count magnified other problems -- some shared by other counties -- that hampered voting Sept. 12 and have fueled suspicion since.

At the troubled Landover precinct, in Matthew Henson Elementary School, voting machines that had been improperly connected to power sources went dark for nearly an hour once their batteries were drained. There and elsewhere, newly acquired electronic poll books, which were used to check in voters, crashed repeatedly. At least 15 precincts opened late because technicians failed to show up.

Some of those technicians had been assigned to ferry the electronic registries to voting locations, but judges at those precincts arrived on election morning to find them missing. That is what happened at Buck Lodge Middle School in Adelphi, where chief judge Bashir Khan said the electronic registries had not arrived when voting was to begin at 7 a.m.

"Obviously, we were panicked," said Khan, 67. "People were lining up."

The equipment was not delivered until nearly 11 a.m., he said.

To plug the gaps in the technical staff, several workers on a county government technology help desk were dispatched to polling locations, said Dale Young, 44, one such worker. They had received no training on the voting machines and had not been instructed in the elaborate security procedures, he said.

Between 2 and 3 a.m. after the vote, with data cards from one-third of the precincts uploaded, election officials stopped compiling results, saying they were too tired to continue. Roher said Montgomery officials stayed until nearly 5 a.m., working until all were uploaded.

In the days that followed, a beleaguered Antonetti provided conflicting accounts on key points such as the location of the data cards and the number that had not been counted. Although Antonetti and board members said they were doing their best to inform the public, the varying accounts deepened concerns.

Still, elections board President S. John di Stefano defended Antonetti in an interview Thursday, saying that his long experience in the field -- including 30 years in Prince George's -- made him indispensable.

Antonetti, 70, retired from Prince George's in 2000 and took a similar job in Howard County. He retired from that position before the Prince George's board brought him back to replace Colbert when she left.

Di Stefano said the board was in a bind when Colbert quit but said he was pleased Antonetti returned. The board, he said, retains confidence in Antonetti. Di Stefano, 79, said he was not troubled by the fact that Antonetti was once fined $7,500 for giving his wife and four children, including two ages 9 and 11, temporary jobs, because it was not relevant to Antonetti's professional expertise.

"I would not, under any condition, want to go into an election without Mr. Antonetti," di Stefano said.

Di Stefano and Antonetti said their office has been chronically understaffed and underfunded even as the state has increased requirements and allowed less time to complete them.

Antonetti said three employees have quit in the past two months, leaving Prince George's eight full-time staffers to handle the crunch in the state's second-largest jurisdiction. Montgomery, by contrast, employs 25.

Both counties pledged to hire and retrain technicians and judges before the general election Nov. 7 -- and to fire those who performed poorly Sept. 12.

"Human error is going to be a factor in every election," said McGinley, the attorney for the Prince George's board. "Was this one we're proud of? No."

Staff writer Cheryl W. Thompson and staff researcher Meg Smith contributed to this report.

100 Years Later, A Painful Episode Is Observed At Last (NYT)

By Shaila Dewan

The New York Times, September 24, 2006

ATLANTA, Sept. 23 — Two years ago, Saudia Muwwakkil, the director of communications for the Martin Luther King Jr. National Historic Site, invited community leaders to discuss how to mark the 100th anniversary of a 1906 race riot in which mobs of whites descended on the city's black residents.

The racial strife shut down Atlanta for four days and ended with the bodies of black men hanging from trees and streetlights. But of those Ms. Muwwakkil called, almost none had heard of it.

The riot, so contrary to Atlanta's conception of itself as the progressive, racially harmonious capital of the New South, had been erased from the city's consciousness, left out of timelines and textbooks.

Ms. Muwwakkil said she was not surprised by the response. "I'm an Atlanta native," she said, "and I had never learned anything about the riot. It wasn't taught."

But in the months leading up to the 100th anniversary this weekend, there has been a concerted effort to correct the city's amnesia, with walking tours, public art, memorial services, numerous articles and three new books. Genealogists have found a few descendants of those involved and located the marked tombstone of one victim. Next year, the riot will become part of the state's social studies curriculum.

The rioting began on Saturday, Sept. 22, 1906, with a surge of white hysteria fomented by segregationist politicians and, more immediately, wildly exaggerated newspaper articles of attacks on white women by black men. By the time the violence ended, at least two dozen blacks had been killed and scores more injured, some taken from their homes or pulled off streetcars.

Later accounts attributed the deaths of two whites to the rioting, one of them a pregnant woman who died of a heart attack when she saw two black men torn apart by bullets.

The violence made international headlines. But in Atlanta, newspapers played down the events, reassuring readers that the "Negroes" had been "disarmed and dispersed."

In recent years, the country has grappled with the racial episodes of its past in myriad ways, including front-page apologies by newspapers, truth commissions and criminal trials. If Atlanta is late in coming to the table, it is at least partly because of the way the city sees itself: as a place that has always offered an economic salve for racial tensions.

But the auditorium was full on Friday when Carole Merritt, a historian, stood and said, "The story of the riot has been too shameful to tell."

Ms. Merritt was participating in a symposium at Georgia State University, just blocks from the Five Points intersection downtown where the mob had first gathered. She has written a book about the Herndon family, whose patriarch, Alonzo Herndon, became Atlanta's first black millionaire. His Peachtree Street barber shop, elegantly appointed in mahogany and marble, was one of the rioters' first targets.

The city's self-image was under construction well before the riot. The black educator Booker T. Washington had offered his "Atlanta compromise," promising that blacks and whites could work together without social integration. The white newspaperman Henry W. Grady persuaded Northerners to invest in a tolerant, industrial New South.

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But in 1906, the city teemed with uneasy change, full of new residents who fit into unfamiliar categories: successful black business owners, college-educated blacks, the first generation of young black men not born into slavery. During the riot, three black corpses were tossed at the base of a statue of Mr. Grady.

Though the episode is commonly called the Atlanta Race Riot, some say the name is itself a whitewash, because the word riot implies unrest by a minority group.

"It's not a riot," said June Dobbs Butts, 78. "No, it was a massacre." Ms. Butts's father, John Wesley Dobbs, a civil rights leader, referred to the episode as "the Horror."

That first night, whites shot, beat or stabbed to death any black man they could catch. One victim was a lame bootblack, another a Western Union messenger. On Sunday, with most blacks huddled inside their homes, groups of whites went into black neighborhoods in search of more victims. Some blacks defended themselves with guns, driving away their attackers. On Monday, a white party entered Brownsville, a middle-class black neighborhood, and a shootout ensued, resulting in the death of a white county police officer named James Heard.

If the violence contradicted the city's self-image, the response was pure Atlanta. By Tuesday, white city officials had met with a hand-picked group of black leaders in an effort to restore order, beginning a tradition of interracial dialogue that became known as "the Atlanta way."

The process of forgetting began almost immediately. "Atlanta is herself again, business is restored, and the riot is forgotten," one newspaper headline declared two days later.

But the riot shaped the city in powerful ways. Scores of middle-class blacks left the city, and segregation grew more entrenched.

"Interracial cooperation was not equal," said Clarissa Myrick-Harris, a historian and member of the Coalition to Remember the 1906 Atlanta Race Riot, which planned this weekend's events. "It was another way of maintaining and asserting power over blacks."

"The white elite chose who they were going to meet with in the black community," Dr. Myrick-Harris said, and a class divide emerged. Whites blamed the lower classes, both black and white, for the violence, and some black leaders characterized blacks who fought back as threats.

The riot also weighed heavily against assimilationists like Booker T. Washington in favor of more radical black thinkers like W. E. B. DuBois, who thought federal intervention was needed to protect blacks.

"It disproved Washington's belief that if blacks worked hard, saved money and became respectable, then whites would recognize their interest in protecting them," said David Fort Godshalk, the author of a recent book about the riot.

The riot helped spur the formation of the National Association for the Advancement of Colored People and was cited as a life-changing experience for people as diverse as Walter White, who became the head of that organization, and Margaret Mitchell, the author of "Gone With the Wind."

And its remembrance has brought a measure of pride to people like Pat Walker Bearden, who knew that her grandfather, Alexander Walker, had been in prison but only recently learned that it was because he had fired as Officer Heard approached his house. Mr. Walker had two small children and a pregnant wife. He was convicted in the officer's death.

Ms. Bearden said that while she was working on her family genealogy, she began to learn more about Mr. Walker from her father: "Dad would always start out saying, 'Papa didn't take no mess.' "

School Colors (NYT)

By Jeffrey Rosen

The New York Times, September 24, 2006

When it comes to America's always-sensitive politics of race and ethnicity, something of a tectonic shift has taken place. In just a few years, immigration has replaced affirmative action as the hot-button issue. With this fall's midterm election approaching, it's hard to imagine that race-baiting politicians will play to the fears of angry white males as Jesse Helms did in 1990, when he ran an ad showing the hands of a white man crumpling up a rejection letter after learning that a job was given to a "minority because of a racial quota." Instead, in a sign of the times, Vernon Robinson, a North Carolina Republican who is running for Congress and calls himself a "black Jesse Helms," recently ran an ad showing the hands of a black woman crumpling up a rejection letter after a job was given to an "illegal alien so they could pay him under the table."

If affirmative action is no longer the divisive matter it once was, some of the credit must go to the Supreme Court. In an important decision written by Justice Sandra Day O'Connor, the court held in 2003 that affirmative action in public-university admissions was constitutional because of the educational and social benefits of diverse classrooms. Meanwhile, the politics of affirmative action has changed. On the left, some influential African-Americans have been losing faith in the integrationist ideal

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and are becoming more interested in educational results — and school vouchers — than in racial head-counting. Meanwhile, on the right, some conservatives are recognizing that not all departures from colorblindness cause tangible harms.

And yet the recent cease-fire and calm may be short-lived. In its new term, which begins on Oct. 2, the court has agreed to hear two major cases regarding the constitutionality of racial preferences in public elementary and high schools. Now that O'Connor has been replaced by Justice Samuel Alito, some liberals worry (and conservatives hope) that the end of affirmative action may once again be imminent.

The two Supreme Court cases arise out of Seattle and Jefferson County, Ky., where public elementary- and high-school students can choose, to different degrees, which school to attend. But to ensure that the schools reflect the racial balance of the school districts as a whole, administrators have used race to determine admission to the most popular schools. In both cases, parents sued when their children made an oversubscribed school their first choice and were turned down because of their race.

In its brief, the Bush administration urged the justices to draw an inflexible line: "race-conscious measures" designed to address "racial imbalance in communities or student bodies" are just as unconstitutional as the segregation struck down in Brown v. Board of Education. This extreme colorblind position, if the court adopted it, could affect as many as 1,000 districts in the country that have concluded that some racial balancing in admissions is the only way to maintain meaningful racial integration.

Although the Bush administration stops short of calling for the Supreme Court to overturn the 2003 decision allowing affirmative action in public universities, several other prominent conservatives — most notably the president's brother, Jeb Bush — have filed briefs begging the court to deliver the coup de grâce. In his brief, Governor Bush complains that the court's decision to recognize educational diversity as a constitutionally compelling goal has emboldened lower courts to uphold a host of racial-balancing programs. And especially at the K-12 level, Governor Bush and other conservatives argue, there is no clear evidence of a connection between racial diversity and educational achievement.

Not all Republicans see the harm of racial balancing in public schools in the same stark terms. Two highly respected Republican appellate judges, Alex Kozinski and Michael Boudin, voted to uphold racial-balancing plans in Seattle and Massachusetts. In separate opinions, Boudin and Kozinski claimed that unlike affirmative action in selective public universities, racial balancing in public schools doesn't seek to give one racial group an edge over another and doesn't stigmatize some students as less qualified than others. Moreover, as Kozinski suggested, there's something unseemly (and not very conservative) about unelected judges second-guessing locally elected officials on matters of educational policy.

Chief Justice John Roberts may be personally sympathetic to the Bush administration's colorblind argument: in a voting rights case last June, he tartly observed, "It's a sordid business, this divvying us up by race." Nevertheless, Roberts declared last spring that he would encourage his colleagues to decide cases on the narrowest possible grounds, in order to promote greater consensus on the court. If Roberts is serious about avoiding sweeping holdings, he might persuade his colleagues to converge around Kozinski's narrow position, which leaves open the possibility that racial balancing might be inappropriate in other contexts.

Of course, liberal and conservative activists who believe the court should resolve the most contested issues of American life would be disappointed by such a modest result. But the most politically effective Supreme Court decisions aim to calm partisan disagreements rather than inflame them. If Roberts succeeds in preventing the court from fracturing this term into antagonistic blocs, he will have achieved something truly impressive. And if he fails, the country as a whole may become even more polarized.

A Fight To Define Equality (WP)

By George F. Will

The Washington Post, September 24, 2006

DETROIT -- A feisty 29-year-old white woman and a pugnacious 67-year-old black man are performing two services this autumn for Michigan and the nation. Their Michigan Civil Rights Initiative (MCRI) is promoting colorblind government. And they are provoking remnants of the civil rights movement, which now is just a defender of a racial spoils system, to demonstrate its decadence, even thuggishness.

In November Michiganders will vote on this ballot initiative: "A proposal to amend the state constitution to ban affirmative action programs that give preferential treatment to groups or individuals based on their race, gender, color, ethnicity or national origin for public employment, education or contracting purposes." Almost identical measures were passed by referendums in California in 1996 and Washington state in 1998, in similar conditions to those here: They were opposed by both parties, all so-called civil rights organizations, most newspapers and many business leaders. What is different in Michigan is the involvement of a particularly nasty organization and an egregiously political judge.

At age 19, Jennifer Gratz, denied admission to the University of Michigan, fought the university all the way to the U.S. Supreme Court. It endorsed her argument that it was an unconstitutional denial of equal protection of the law for the university to

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add 20 points to the scores of black, Hispanic and Native American applicants. (The maximum score was 150; a perfect 1600 SAT earned just 12 points.)

Ward Connerly is a California businessman and former member of the University of California Board of Regents. He propelled to victory the measures mandating colorblind government in California and Washington state.

With Gratz as its executive director and Connerly lending hard-earned expertise, MCRI collected 508,000 signatures, more than ever have been gathered for a Michigan initiative. In response, some opponents of MCRI have adopted four tactics, none of which involves arguing the merits of racial preferences and all of which attempt -- in the name of "civil rights," of course -- to prevent Michiganders from being allowed to vote on MCRI. The tactics have included:

Â· Pressuring signers of MCRI petitions to say they did not understand what they were signing. Some talk radio stations have broadcast the names of signers, and opponents of MCRI have gone to signers saying, "Did you know you signed a petition against equal opportunity?" Two who recanted their signatures, saying they had signed without reading the measure, are federal judges.

Â· Violently intimidating the state Board of Canvassers, which certifies that initiatives have qualified for the ballot. The Coalition to Defend Affirmative Action by Any Means Necessary (BAMN) disrupted the board's deliberations, shouting and overturning a table. Video of this can be seen at http://www.michigancivilrights.org .

Â· Asking a court to rule that MCRI committed "fraud" because many who signed the petition supposedly were confused -- the signers were presumably not competent to read and understand the initiative, the full text of which was printed at the top of each petition. A federal judge -- Arthur Tarnow, a Bill Clinton appointee -- sadly said he could not rule that way because, although he thinks MCRI is a fraud, whites as well as blacks were confused about it, and even if all signatures gathered in majority-black cities were invalidated, there still were enough signatures to qualify it for the ballot. So Tarnow contented himself with an extrajudicial smear of Gratz, charging that her "deception" had confused all Michigan voters, regardless of race.

Â· Michigan ballots are printed by counties, so BAMN says it is asking local officials to assert an extralegal "moral authority" to leave MCRI off the ballot.

Because the plain language of MCRI is appealing, some opponents argue that MCRI would have terrible "unintended consequences." It might, they say, eliminate single-sex public schools (Michigan has none; eight of 3,748 schools have a few voluntary single-sex classes) and breast-cancer screening or might stop a Department of Natural Resources program aimed at helping Michigan women become hunters (the initiative concerns only hiring, contracting and public schools).

Given the caliber of opposition arguments, it is no wonder a Detroit News poll published Sept. 15 shows MCRI with an 11-point lead. Gratz says that if her group is outspent "only" five to one -- Connerly was outspent that heavily while winning in Washington state -- MCRI will become Michigan law.

Anti-MCRI demonstrators chant, "They say Jim Crow, we say hell, no." So, the rancid residue of what once was the civil rights movement equates Jim Crow -- the system of enforced legal inferiority for blacks -- with opposition to treating blacks as wards of government, in need of infantilizing preferences, forever. To such Orwellian thinking, Gratz and Connerly -- and soon, perhaps, Michigan -- say: Hell, no.

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ANTITRUST:

So Small A Town, So Many Patent Suits (NYT)

By Julie Creswell

The New York Times, September 24, 2006

MARSHALL, TEX.

ON a crisp Monday morning earlier this month, about 20 lawyers from some of the country's top law firms shuffled their way into a brightly lit, wood-paneled federal courtroom in this small city in eastern Texas.

Wearing white shirts and dark suits, the lawyers congregated in small groups, leaning into one another with their arms crossed and speaking in hushed tones.

At precisely 8:30 a.m., a series of knocks on the right side of the courtroom signaled the entrance of Judge T. John Ward, a blur of black robe and white hair, who quickly took his seat and, with little preamble, began the proceedings.

Over the next few minutes, a 10-person jury listened raptly as lawyers for both sides laid out the case. Hyperion Solutions, a software company based in Santa Clara, Calif., accused the OutlookSoft Corporation of Stamford, Conn., of infringing two of its patents, causing $50 million in damages. A lawyer for OutlookSoft said the company did not steal any patented technology, adding that Hyperion's patents were not even valid.

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What was remarkable about the trial was not the issue being tried or the arguments proffered by each side, but that these big companies — like dozens more from the East and West Coasts — wound up in the Federal District Court here in Marshall, the self-proclaimed Pottery Capital of the World and home to the annual Fire Ant Festival (sponsored by Terminix, the pest-control company).

More patent lawsuits will be filed here this year than in federal district courts in San Francisco, Chicago, New York and Washington. Only the Central District of California, in Los Angeles, will handle more patent infringement cases.

On the surface, there is little to recommend Marshall as a locus for global corporations looking to duke it out over who owns the rights to important technology patents. Some 150 miles east of Dallas, and just minutes from the Louisiana border, Marshall and its 25,000 residents are fairly typical of most small cities in Texas. Marshall is a place where friendships last a lifetime and rivalries even longer, where residents still talk about the Civil War, debate on street corners about decades-old high school football games, and conduct midday business meetings over plates of meatloaf, mashed potatoes and banana pudding.

What sets Marshall apart from its neighbors is a red-hot patent docket. Four years ago, 32 patent lawsuits were filed in the Federal Eastern District of Texas, which includes Tyler, Texarkana and Marshall. This year, an estimated 234 cases will be filed in the district, a majority of them in Marshall.

What's behind the rush to file patent lawsuits here? A combination of quick trials and plaintiff-friendly juries, many lawyers say. Patent cases are heard faster in Marshall than in many other courts. And while only a small number of cases make it to trial — roughly 5 percent — patent holders win 78 percent of the time, compared with an average of 59 percent nationwide, according to LegalMetric, a company that tracks patent litigation.

Those odds are daunting enough to encourage many corporate defendants to settle before setting foot in Marshall. Add to that the fact that jurors here have a history of handing out Texas-sized verdicts to winners. In April, for instance, a Marshall jury returned a $73 million verdict against Communications">EchoStar Communications for infringing the patents of TiVo.

MARSHALL was once one of the most prominent and wealthy cities in Texas, but much of the city's industry and many of its downtown shops disappeared in recent decades. Now, thanks to an influx of out-of-town lawyers and the increased investment in real estate by a handful of local leaders, Marshall is in the early stages of a revival.

The sounds of hammers and electric saws echo across the brick-paved streets that line its picturesque downtown square as buildings that stood empty for years are being transformed into office space for rent.

Restaurants that depended on tourists drawn to town by the Fire Ant Festival, the Stagecoach Days Festival and the winter Wonderland of Lights display now do a brisk business catering lunches and dinners for visiting lawyers. Some hotel chains along Interstate 20, south of downtown, are running at 95 percent occupancy rates during the week.

"During the TiVo-EchoStar trial, 90 percent of my revenue for one month came from one of the law firms in the case," said Phillip W. Gurganus, manager of the local 68-room Hampton Inn, where rates run $77 a night.

His mother, a former Texas tort reform lobbyist, helps to serve breakfast at the hotel. "I loved getting that check and taking it to the bank," he added.

How far the dollars from visiting lawyers trickle through Marshall's economy remains unclear and is the subject of discussion among local leaders.

For much of its history, Marshall has been a community divided by wealth and race. People whose grandparents or great-grandparents made fortunes from oil, natural gas or railroads live in gated mansions and rarely mix with those who frequent the local Wal-Mart or many downtown finance shops that make $300 loans. The median family income in Marshall is $30,000.

"The majority of Marshallites don't even know the patent docket exists," said Johnny B. Taylor, a native of Marshall who returned and started an office rental business after spending 31 years as a police officer in Arlington, Tex. "There's one way the docket affects them: they can't find parking."

Cranking up the air-conditioner of her father-in-law's 1990 red Cadillac DeVille with a matching red leather interior, Geraldine Mauthe, the city's bubbly and silver-haired convention-and-visitors director, begins the tour of town.

Turning away from the pale yellow century-old Harrison County Courthouse, which is being renovated and updated to handle Marshall's rapidly expanding patent docket, Ms. Mauthe often stops the Cadillac in the middle of the street — eliciting sharp honks from cars behind her — to point out local sights.

This much can be said about Marshall: It is not lacking in churches (50 Baptist, 35 of other Protestant denominations and 1 Roman Catholic), historic homes (many built in the 1850's) and, oddly, funeral homes. "We have seven. Four for blacks and three for whites," Ms. Mauthe said, matter-of-factly.

When she drove past a hair salon that offered haircuts, tanning and the services of a notary public, Ms. Mauthe rubbed her fingers together and said: "You got to make money somehow."

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Oh yes, Ms. Mauthe added, Marshall and its robust legal community go back a long way. In the late 1800's, she said, Marshall was a bustling city, a transportation gateway to the North, linking local cotton farmers and the Texas and Pacific Railway.

As the railroad was built, personal-injury lawyers came to town to represent injured workers. In more recent decades, Scott Baldwin, Franklin Jones and other Marshall-based plaintiffs' lawyers generated tens of millions of dollars in fees — and grabbed the national spotlight — by pursuing class-action lawsuits against companies that used asbestos and silica, and against the pharmaceutical and tobacco industries.

By the late 1990's, though, it looked as if the good times were ending for Marshall's lawyers. Broad tort reform in the state had limited punitive damages and later capped damages on medical malpractice lawsuits, effectively limiting the fees that lawyers could make.

In Marshall, an oft-told joke is that the passage of tort reform was when many local lawyers made the trip from P.I. to I.P. — that is, they moved out of personal injury and into intellectual property.

That was the road traveled by Samuel F. Baxter, a former state district court judge who had become a personal-injury lawyer, after he received a call from a lawyer in Dallas in 1996, asking him to help out in a patent lawsuit in Marshall. "I told him, 'No, I don't know anything about patents,' " Mr. Baxter recalled as he reclined far back in his chair in his Marshall office, which included an autographed Cy Young baseball and aging maps of the United States depicting an outsized Republic of Texas.

Mr. Baxter was eventually persuaded to take the case and was the lead trial lawyer defending Samsung in a patent lawsuit filed by Texas Instruments, which eventually settled. Since then, Mr. Baxter, who is a principal at McKool Smith, a Dallas-based law firm with a full-time office in Marshall, has been involved in a number of patent cases; in one, he helped represent TiVo in its patent fight with EchoStar.

Charmingly loquacious about his two adopted sons and local Civil War history, Mr. Baxter turns economical with his words when asked why the federal court in Marshall handles more patent lawsuits than federal courts in much larger cities.

"One, speed kills," he said. "If you're the plaintiff, you can go fast and get a resolution faster here than you can a lot of other places.

"Second, there's a dearth of good lawsuits these days for lawyers to handle," he added. "You know lawyers: they go where the money is."

THE testing of Marshall as a patent battleground began nearly two decades ago, when Texas Instruments, which has its headquarters in Dallas, embarked on an aggressive strategy to make rivals license its patents. If a company would not capitulate or at least negotiate, a Texas Instruments team of lawyers would drag it to court — increasingly, down the road to the uncluttered courtrooms of Marshall.

In September 1999, Mr. Ward, a malpractice and product-liability lawyer with a practice nearby, in Longview, was sworn in to the East Texas federal bench.

A no-nonsense judge who charms people with his folksy demeanor but who also has a reputation for a fiery temper in the courtroom, Judge Ward began hearing patent cases. As a private lawyer, he had argued a few such cases; as a judge, however, he quickly grew frustrated at the slow pace, paperwork, and delays and motions that were part of a patent docket.

That's when he adopted what he calls "the Rules." As any lawyer who has shown up in Judge Ward's courtroom will testify, the Rules put patent lawsuits on a strict timetable, laying out when key documents must be handed over and setting firm trial dates.

No 100-page motions or lawyer soliloquies are tolerated in Judge Ward's courtroom. He puts page limits on documents and uses a chess clock to time opening and closing arguments, brusquely interrupting lawyers when it is time for them to wind it up.

The changes turned Marshall's federal court into a "rocket docket" — a place where the time between filing and trying a lawsuit became significantly shorter than in other districts.

"I really shot myself in the foot when I adopted the Rules," Judge Ward said with a laugh, sitting in a leather chair in his quiet, wood-paneled chambers during a lunch recess in the Hyperion-OutlookSoft trial. The reason, he added, was that the district was soon deluged by patent suits filed by companies seeking a quick resolution to their conflicts. While judges in nearby cities also began to hear patent cases, most of them remain before Judge Ward.

The expedited process pleases clients, though it is sometimes hard on the lawyers who break the Rules.

"When he's mad, first his face gets red," said Michael C. Smith, a lawyer with the Roth Law Firm in Marshall. "Then his neck gets red and he starts tucking his chin down into his chest. If he tears off his glasses, I don't care what side you're on, you had better drop to the floor and get under that table fast."

Judge Ward said that he did not often lose his temper. "If I tell a lawyer to stop leading the witness and he continues, well, we're going to have a problem," he said.

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SPEED is not the only feature bringing patent holders to Marshall. So, too, is the fact that they usually win. Three-fourths of the cases that come to trial in Marshall are decided in favor of the plaintiffs, compared with less than half in New York.

The success rate for patent holders in Marshall is a great incentive for defendants to settle matters quickly and privately. Since 1991, the Federal District Court in Marshall has held less than half the number of full patent trials as courts in Los Angeles, New York, Chicago and San Francisco.

"I would say that this is, historically anyway, a plaintiffs-oriented district," Judge Ward said, noting that he lost a large patent suit there himself when he was practicing. He was part of the team representing Hyundai Electronics in 1999 when it lost a $25.2 million verdict in a lawsuit filed by Texas Instruments.

Others point to a different reason why plaintiffs may win more often than defendants: plaintiffs, they say, typically hire local Marshall lawyers. Hiring local in Marshall means that you will get a lawyer who not only knows the jurors, but who also probably knows their friends and even personal details like how often they go to church, local lawyers say.

"We had a Fourth of July party and we circulated the jury lists to people there on the boat dock," said Joy Berry, a local lawyer who advises out-of-town law firms in jury selections. "By the time the party was over, we knew quite a bit about nearly everyone" on a list of potential jurors for coming trials, she said.

Mr. Smith of the Roth Law Firm said it could be difficult for outside lawyers to blend in and noted that some even tried to curry favor with jurors by taking on a drawl or wearing cowboy boots. "I call them T.B.L.'s, or 'tall building lawyers,' " he said. "They don't take their coats off no matter how hot it is down here."

Indeed, local lawyers love to swap stories about visiting colleagues and their clients from bigger cities or from abroad.

One of Mr. Baxter's favorites is about an out-of-town lawyer, a vegan, who wanted a late-night meal. "She walked over to Wendy's and tried to order a salad through the drive-in window," he recalled. "She was told she needed to be in a car to order through the drive-in window so she walked back over to the hotel, woke up one of the firm's partners and had him take her through the drive-in window." He laughed uproariously at the memory.

M. Craig Tyler, a lawyer in the Austin, Tex., office of Wilson Sonsini Goodrich & Rosati, the big Silicon Valley law firm, is fond of recounting how visitors react to Texas hospitality. "We've had many meals with clients from the Pacific Rim who take out their cellphones and send pictures back home when they see the portions of the meals in Marshall," he said. "They thought it was family style, that one plate would feed many people."

And then there are the tight-knit relationships that visiting lawyers encounter when they work in Marshall. In one patent case that eventually was settled, the plaintiffs hired an accountant whose clients included Judge Ward.

Patent litigation is a growing business across the country; Marshall is just the most visible example. Among the weightier issues behind the mushrooming of its patent docket is whether the elements that have made it expand — hungry plaintiffs' lawyers, speedy judges and plaintiff-friendly juries — are encouraging an excess of expensive litigation that is actually stifling innovation.

Some say yes. "A lot of the cases being filed in Marshall are by patent holding companies, or patent trolls, as they're called, whose primary and only assets are patents," Mr. Tyler said.

Companies spent 32 percent more on outside counsel for intellectual property litigation in 2003 than in the previous year, Chuck Fish, the chief patent counsel for Time Warner, told the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property earlier this year. Spending for all other litigation rose a mere 1 percent during that time, Mr. Fish said.

Defending Marshall's role, many residents note that not only is it cheaper to hold a trial in Marshall, but that it is neutral territory for virtually all corporations that find themselves in court here.

"It's not as if you have a situation here where Microsoft is hated or Cisco is spit upon," Mr. Baxter said. "Whether it happens in Marshall, Tex., or Des Moines, Iowa, these lawsuits are going to happen. They might as well happen here."

And many in Marshall are looking for ways to profit from the patent gusher.

THE paint is peeling and the wallpaper in the bathroom is nothing short of hideous, but all Johnny Taylor sees as he walks through the former doctor's office he just bought in town is space for as many as 16 lawyers.

"Furnished office space is renting for $1 to $1.50 a square foot per week. So, a 2,000-square-foot office can get $2,000 per week," said Mr. Taylor, who has already wired the building for high-speed Internet access and created marshallofficespace.com to highlight offices for rent and offer advertising to local businesses.

One of the first challenges for visiting lawyers arriving in Marshall is cramped quarters. They often roll into town with semitrailer trucks that have traveled from San Francisco or New York containing everything that could be needed to try a case, including volumes of documents, copying machines, desks, video and audio equipment and even cappuccino machines.

Some people in Marshall are trying to save them the trouble by providing fully equipped office space on short-term leases.

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"We're going to have a 6,000-square-foot space for a war room that we can rent out for $7,500 to $10,000 a week," said Leslie D. Ware, a patent lawyer in Dallas, who bought a former furniture building next door to the federal courthouse. "A firm could basically walk in, plug in their laptops, work and unplug and go home," he said.

Others are trying to lure patent dollars through different tacks. Fairfield Inn, which bought a subscription to Pacer, the electronic docket, routinely calls law firms to offer rooms for their lawyers with cases scheduled for trial.

"I'm thinking of coming up with a T-shirt for the lawyers," said Jennie A. Kelehan, a former financial adviser who moved here from Houston three years ago and is now the co-owner of a wine and specialty store called Under the Texas Sun. She estimated that lawyers in town for the patent docket were responsible for about a sixth of her sales.

"The patent lawyers were not in our plans at all," she said, "but they are definitely a huge asset for us and we will start using that as we start planning for the future."

Others, though, seem more skeptical about the long-term effect of the patent docket on Marshall's economy. They said they would like to bring in new industries and increase tourism.

"For the most part, the rocket docket and the lawyers are 'today dollars,' " said Alan Grantham, a member of the Marshall Economic Development Corporation and a senior vice president at Bancorp South. "They spend the night at a hotel, rent cars and eat at restaurants." But, he added that the patent docket was not the only factor driving the local economy.

Others, like Jerry Cargill, who runs a wholesale beverage distributing company in Dallas and has a family farm outside Marshall, said they hoped that increased tourism would play a bigger role in Marshall's comeback.

In the last three years, Mr. Cargill has bought nine buildings downtown, as well as a $500,000 stake in the historic Hotel Marshall. The City of Marshall put in $1 million and others raised $527,000 to restore the building to its original Italian Renaissance design.

"I didn't even hear about the rocket docket until a year ago," Mr. Cargill said. "By then, we were well into the various projects."

This fall, a tourism marketing firm is coming to town to create a branding plan and to offer ideas to alter Marshall's infrastructure for tourism. "It's a unique community," Mr. Cargill said. "It just needs some marketing."

Marshall's patent docket may not be able to sustain its current pace of growth. Its reputation for speed is starting to attract so many cases that a certain sluggishness may be setting in. Four years ago, lawsuits took less than two years to go to trial. Now the average time between when a suit is filed and when it goes to court is more than 27 months.

There is legislative movement afoot as well. This spring, two senators, Patrick J. Leahy, Democrat of Vermont, and Orrin G. Hatch, Republican of Utah, introduced a patent reform bill. Among its many provisions is one to limit damages in patent lawsuits and another to require a more substantial connection between a business and the court where it brings a patent lawsuit.

WE think the bill will restore more balance in the patent system and remove incentives for plaintiffs to run to one jurisdiction and try to hit the jackpot," said Mark W. Isakowitz, a lobbyist with the Coalition for Patent Fairness, which advocates patent reform on behalf of corporations. Any reform would likely happen next year at the earliest, lawyers say.

But the biggest change in Marshall's status could come if plaintiffs start losing more cases.

A jury in Judge Ward's courtroom in July stunned observers when it returned a verdict that said WG Security Products had not infringed any of the patents of Sensormatic.

The jury in the Hyperion-OutlookSoft case went even further a little over a week ago. After a five-day trial, it deliberated for less than three hours before deciding that OutlookSoft had not infringed the Hyperion patents and that those patents were invalid.

After the verdict was read, OutlookSoft's legal team returned to the local law office it had been working out of and opened some Champagne, said the company's chief executive, W. Phillip Wilmington, who attended every day of the trial in Marshall.

"As we were going through our victory discussion, a big truck pulls up and there goes the copier and fax machines out the door," Mr. Wilmington said. "It disappeared just as quickly as it was set up. I'm sure the week following, there was someone coming in to do it all over again."

ENVIRONMENT:

As Children Suffer, Parents Agonize Over Spinach (NYT)

By Monica Davey

The New York Times, September 24, 2006

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MILWAUKEE, Sept. 22 — The hardest moment came when Elaine and Dennis Krause's 9-year-son, who had stoically undergone kidney dialysis, blood transfusions and drug treatments that made him hallucinate that spiders were all around him, quietly asked his parents whether he was going to die.

"What do you say when your child asks you, am I going to die?" asked Elaine Krause, who has spent nearly all of this month beside her son's bed at a hospital here, watching his skinny, lanky body do battle with E. coli. "I told him, 'These people are trying to help you, and you are getting good care.' But the truth is, I couldn't answer him directly. We didn't know."

By this weekend, a national outbreak of E. coli linked to fresh spinach grown in California had sickened 170 people in 25 states and killed at least one here in Wisconsin, where more people have grown ill than in any other state. The authorities in Idaho and Maryland were investigating the deaths of two others, including a toddler whose parents said they gave him a fruit smoothie with spinach days earlier, trying to determine whether their deaths, too, were linked to the outbreak.

But beyond the raw statistics were individual stories of a sudden, mysterious, life-threatening illness, one that struck most often in the homes of those who viewed themselves as more health conscious than many other Americans.

In many cases, it crept up with frightening force after what had seemed a harmless, even healthful meal — a spinach salad with walnuts, a sandwich layered with spinach or, as for the Krause family, a baked, boneless, skinless piece of chicken on a small bed of spinach. Then what had seemed a simple bout of diarrhea in the morning often led to a harrowing, bloody race to the emergency room by midnight.

And around the country, some families still wait by bedsides, wondering which foods they could ever again feel safe giving their children, what the government or the spinach industry could have done to protect them, and, most of all, whether their loved ones will ever fully recover.

"Here you think you're feeding your child a great, healthy meal," Dennis Krause said sadly. "But here I was, poisoning him."

Not all E. coli is harmful to humans, but certain strains produce toxins that kill cells in the gut and in the blood vessels, leading to abdominal cramps and watery to bloody diarrhea, said Dr. John Flaherty, associate chief of the division of infectious disease at the Feinberg School of Medicine at Northwestern University.

One area where the toxins can wreak particular havoc is in the kidneys; when it happens, Dr. Flaherty said, the inflamed cells lining the blood vessels get "roughed up," causing red blood cells to break open as they pass by and jam blood flow to the kidneys.

"In the course of one week, he went from this healthy, lively little boy to a boy in a hospital bed fighting for his life," said Anne Grintjes, of Brookfield, Wis., whose 7-year-old son developed a dangerous form of kidney failure linked to E. coli, called hemolytic uremic syndrome. "He turned yellow and gray, literally. It was shocking and terrifying and unbelievable to watch."

Of the 171 cases that have been confirmed as part of the spinach outbreak, more than half required hospitalization, and about 16 percent developed the dangerous hemolytic uremic syndrome.

Doctors say they cannot be certain what long-term effects the syndrome may have; it varies from person to person. Many patients recover entirely, they say, while others may suffer from chronic kidney problems and other health risks.

Although the youngest children and the oldest adults are considered most vulnerable to getting sick from the bacteria and to struggling to recover from its effects, more than 70 percent of those who grew ill in this outbreak were somewhere in between: older than 4 and younger than 65.

At 27, Gwyn Wellborn of Salem, Ore., described a sudden onslaught of slicing, stabbing abdominal pain and bloody diarrhea in late August, days after eating baby spinach at work, thinking she was being especially virtuous. At first, doctors sent her home, Ms. Wellborn said, with a painkiller and a diagnosis of food poisoning. Hours later, though, the pain became so excruciating and the bleeding so constant, she said, that her husband rushed her back to a hospital.

From there, she quickly deteriorated. Her kidneys began failing. "At one point, the doctors told my family there was nothing they could do, that that was it," she recalled. But after three transfusions and several weeks in a hospital, Ms. Wellborn went home.

Hers is one of at least four lawsuits filed in courts around the country by William D. Marler, a Seattle lawyer, in connection with the outbreak. Ms. Wellborn said she would not consider eating spinach anytime soon. "Not in a million years," she said.

Marion Graff, 77, a former bank clerk and widow from Manitowoc, Wis., is the nation's only confirmed fatality in the outbreak, but deaths in Maryland and Idaho are also considered "suspect" cases, federal authorities said on Friday.

Kyle Allgood, 2, of Chubbuck, Idaho, died at a Utah hospital from cardiac arrest after contracting hemolytic uremic syndrome, his family said, a case Idaho authorities said was "probably connected" to the tainted spinach, although laboratory tests have been inconclusive. Kyle's mother, Robyn Allgood, said she had mixed vegetables into blended fruit and juice smoothies, as a way to get Kyle and her two daughters to eat vegetables, and had given him such a drink on Sept. 12.

Three days later, she said, Kyle had flu-like symptoms, including severe diarrhea.

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On Wednesday, despite specialized treatment at a hospital in Salt Lake City, Kyle died, hours after his father, Jeff, said he had urged the boy "to fight for me."

Relatives tearfully recalled Kyle as generous and good-natured though mischievous — a boy known as the "stuntman" for his antics, which inspired fear and awe in adults.

He liked to twirl his hair into knots, dance wildly to the music of Jack Johnson and give lingering kisses to his aunts, the family said. He was also impish; at Primary Children's Medical Center in Salt Lake City, Kyle was pinching his nurses and ripping at his IV's until near his final moments, they said.

In Maryland, an elderly woman died of E. coli on Sept. 13 after eating fresh spinach, state health officials confirmed, but because of a lack of DNA specimens from the victim, officials have yet to determine whether it was the same strain of E. coli that infected others who ate spinach. Family members identified the woman as June E. Dunning, 86, of Hagerstown.

Warren Swartz, Ms. Dunning's son-in-law, said she had eaten steamed spinach from a package on Aug. 30 and Sept. 1 and baby spinach from a bag on Aug. 30. She had signs of E. coli, including rectal bleeding and bloody diarrhea, on Sept. 1 and went to the hospital the next day.

For the Krause family, of McFarland, Wis., the illness began a few days after a family dinner on Aug. 24. First, their 15-year-old daughter grew ill. Then their 9-year-old, who was healthy enough that he had a perfect attendance record last year in third grade, grew even more ill, and has suffered debilitating effects, including acute renal failure, fluid buildup near the heart, raised blood pressure, soaring blood sugar.

In a hospital cafeteria here, miles from their home, the Krauses at first could only bring themselves to eat peanut butter and jelly sandwiches. Everything else — lunch meats , salads, everything — scared them.

"For me, there's anger and paranoia and fear for others — for the safety of food we get that's supposed to be monitored," Ms. Krause, 47, said. "I don't know what to trust. Should we grow it all ourselves?"

On Friday, their strawberry-blond boy lay weakly in his hospital bed, surrounded by balloons and cards from the school where he says he fears falling behind his class. He had physical therapy, then occupational therapy to begin rebuilding his body. He told his father he only wanted to be well, to somehow rewind to the day before the spinach.

A few days ago, his body seemed to turn a corner and doctors removed him from the dialysis machine, a crucial step toward recovery. His parents have not asked when he might be well enough to go home; they said it was too early to look ahead.

"I keep thinking we will at some point go home and it'll all be like it was," said Mr. Krause, 52. "But we don't know yet what the long-term effects are. He will be monitored probably for the rest of his life. It'll never be the same."

E. Coli Alert's Timing Questioned (WP)

By Dan Morse, Washington Post Staff Writer

The Washington Post, September 24, 2006

Md. Family Suggests State Acted Only After Death Was Publicized

HAGERSTOWN, Md., Sept. 23 -- The family of an elderly Hagerstown woman who died nearly two weeks ago after eating bagged spinach questioned Saturday whether government health officials had done enough to alert Maryland residents to the threat of E. coli contamination that has been linked to at least three people in the state.

"The story broke in the local newspaper Friday morning. Suddenly the [state] health department had a press conference on Friday afternoon," said Warren Swartz, son-in-law of June E. Dunning, 86, who died of E. coli illness Sept. 13 at Washington County Hospital in Hagerstown.

Dunning might be the second person killed in a nationwide E. coli outbreak, but state officials have been unable to conclusively link her case to the national outbreak because of problems completing a genetic test on the bacterium that infected her.

Swartz and his wife, Corinne, spoke Saturday to more than a dozen journalists crammed into their living room. The Swartzes appeared uncomfortable with the attention as they spoke of Dunning, a native of Britain and bingo enthusiast who could work up to 21 cards at once.

Although Warren Swartz raised questions about when information had been disseminated, he stopped short of criticizing government officials directly.

Also at issue are other cases in Maryland, including those of three children whose sickness was attributed to tainted spinach. The children are recovering, officials have said.

Dunning, who lived with the Swartzes and was an avid spinach eater, ate bagged spinach Aug. 28 and 30 and Sept. 1 -- steamed or as part of a salad -- becoming intensely sick shortly thereafter and being hospitalized. Her death occurred about the time news of the outbreak was spreading across the country. Swartz said he was able to retrieve some of the spinach from the family's refrigerator and give it to health investigators.

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On Thursday, Swartz said, he contacted the Hagerstown Herald-Mail because he wanted residents to know about the possible threat. The newspaper's article was published Friday.

John Hammond, a spokesman for the Maryland Department of Health and Mental Hygiene, said the agency was not withholding any information. He said Friday's news conference addressed a wider number of E. coli cases that officials are investigating.

Hammond would not say when state investigators found links to the other cases. He said he was told about them Friday morning.

He also said state officials called the news conference Friday primarily to announce the link to spinach of three E. coli cases in Maryland. At the same time, he said, the news conference allowed officials to address a deluge of phone calls they were receiving from reporters after the news report in Hagerstown.

Hammond declined to answer specific questions about Dunning. "It is inappropriate for us to comment on a specific case," he said. "We can't, and we won't."

In a Friday news release, Michelle A. Gourdine, the health department's deputy secretary for public health services, said: "The discovery of these cases shows our surveillance protocols are working exactly as they should. The minute we learned about the issue, we began researching any possible links to cases in Maryland."

The outbreak of E. coli O157:H7, which has sickened at least 166 people in 25 states, has been traced to three counties in and around the Salinas Valley in California. On Saturday, Pacific Coast Fruit Co. of Portland, Ore., announced a recall of its salad products.

Maryland officials have talked about 10 cases. In three, children with E. coli illnesses had eaten spinach. Three other cases were not linked to the outbreak. At least four other cases in Maryland, including Dunning's, are under investigation.

In Hagerstown, the Washington County Health Department referred questions Friday to state officials. Washington County officials were unavailable to comment Saturday.

Dunning's daughter and son-in-law recalled her as a spunky 86-year-old who had not been in the hospital since she gave birth.

Dunning lived with the couple in her own section of their house and enjoyed spending time in a sunroom tending to plants.

In the hospital, Dunning fell into a coma. She woke briefly, smiled and blew a kiss to her daughter.

On Sept. 13, while at their house, Dunning's daughter and son-in-law noticed an azalea blooming, the only one on a bush outside their door.

In the hospital, Warren Swartz tried to tell his mother-in-law about the flower. "I saw the little note you sent us," he told her.

5 More E. Coli Cases Blamed On Spinach (AP-Y)

By Andrew Bridges, Associated Press Writer

AP, September 24, 2006

The outbreak of E. coli linked to fresh spinach was blamed for another five cases of illness Saturday, raising the number of people sickened to 171, the Centers for Disease Control and Prevention reported.

The number of states affected held steady at 25. So far, 92 people have been hospitalized, including a Wisconsin woman who died. Two other deaths have been reported in suspected cases — a child in Idaho and an elderly woman in Maryland — but those cases are still being investigated.

For more than a week, the Food and Drug Administration has recommended people not eat fresh, raw spinach. State and federal investigators since have traced the contaminated spinach back to three counties in California's Salinas Valley, and already farm inspections there are turning up possible problems.

On Friday, officials said spinach grown anywhere outside that area is safe to eat — but industry needs to figure out how to let consumers know the origin of what they're buying before the green can return to sale, said Dr. David Acheson of the FDA's Center for Food Safety and Applied Nutrition.

Last week, Natural Selection Foods LLC of San Juan Bautista, Calif., recalled all its spinach and spinach-containing products. Many people reported eating the company's spinach, sold under multiple brands, before falling sick. And a package of Dole baby spinach, one of those brands, taken from a victim's refrigerator tested positive for E. coli.

Other companies that have recalled products because they may contain contaminated spinach include Pacific Coast Fruit Co. of Portland, Ore., S.T. Produce of Seattle, River Ranch Fresh Foods of Salinas, Calif., and RLB Food Distributors of West Caldwell, N.J.

Pacific Coast said its products were distributed in Alaska, Oregon, Washington and Idaho. S.T. Produce said its salads were distributed to stores and delis in Washington, Oregon, Idaho and Montana.

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The states that have reported infections are Arizona, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Minnesota, Nebraska, Nevada, New Mexico, New York, Ohio, Oregon, Pennsylvania, Tennessee, Utah, Virginia, Washington, Wisconsin and Wyoming.

Something's Rotten In Food Oversight (WP)

By Al Meyerhoff And William B. Schultz

The Washington Post, September 24, 2006

Federal agents are scurrying across the Salinas Valley -- the nation's "salad bowl" -- in search of the source of the E. coli contaminating the spinach supply. They won't find it without a mirror, because the real culprit in this case is the U.S. government. A half-dozen federal agencies administer a patchwork quilt of outdated standards, inadequate inspections and porous statutes that allow pollution in the fields, filth in the packing houses and contaminated food on the supermarket shelves. Millions of Americans are sickened by food each year; some 9,000 die.

Today American food is more manufactured than grown. Following a scorched-earth approach, workers wearing "spacesuits" inject nerve agents into the soil before planting, leaving nothing alive. Hogs grow enclosed in facilities several stories high. Tomatoes are picked green, gassed and then canned. Writing almost 70 years ago, journalist Carey McWilliams was prescient in his classic work: We now truly do have "factories in the fields." And factories, whether manufacturing steel or frozen peas, generate waste -- in agriculture some 1.4 billion tons per year, 10,000 pounds for each American.

Some of these wastes have a nasty habit of returning in our food. The E. coli in spinach most likely came from the Salinas River or its tributaries, a system of virtual sewers from agricultural runoff and flooding. Since 1995 there have been 20 other E. coli poisonings of spinach and lettuce, eight of them in the Salinas Valley, where nearly every waterway violates national clean-water requirements.

Pathogens, animal waste, agrichemicals and fertilizers routinely enter our food supply, either from environmental pollution, as with E. coli, or intentionally, as in the case of pesticides. Infected animals confined in feed lots are dosed with antibiotics; the lots themselves produce "lagoons" of runoff, contaminating the land, water and the food itself.

Three agencies within the Agriculture Department and two within the Department of Health and Human Services, plus the Environmental Protection Agency, have overlapping jurisdiction over the food supply. None has overarching authority or responsibility for the quality of food. The Government Accountability Office said recently that "it is at times difficult to determine which agency is even responsible for a particular food product," and "arbitrary jurisdictional lines can make the current system difficult to assess and, more importantly, unresponsive to the needs of the public."

Contaminants are not even subject to a single standard. Instead, from the field to the table, different rules apply, reflecting differing regulatory philosophies. Most are many decades old and showing their age. "Tolerances" for pesticides, some from the 1950s, were originally set to address immediate, "acute" health effects. Only now, following a 1996 amendment to the law, are the standards being slowly reassessed to address cancer and other long-term, chronic health effects.

Rules for other food contaminants are even less exacting. There are the "unavoidable environmental contaminants" that get into food indirectly from the soil, surface or irrigation water. These include everything from insect fragments and fly eggs to mercury and lead. They are typically subject only to "action levels": informal, discretionary limits that lack the clout of regulations and are set without sufficient scientific data.

In the late 1990s, in adopting a modest $43 million Food Safety Initiative, the Clinton administration accurately described the problem and made a plea for help. "Our understanding of many pathogens and how they contaminate food is limited," a White House statement said. "For some . . . we do not know how much must be present in food for there to be a risk of illness; for others, we do not have the ability to detect their presence in foods . . . . Resource constraints increasingly limit the ability of state and federal agencies to inspect food processing facilities."

With the federal food safety system so inadequate, it's particularly troubling that earlier this year the House of Representatives passed legislation to override state laws establishing food quality requirements that are more stringent than the federal standards.

Unlike prescription drugs, food does not go through an approval process. The integrity of the system depends heavily on the agency's inspection force in the food production system. Yet the Food and Drug Administration, with responsibility for all processed food products except meat and poultry, has 1,962 inspectors for more than 100,000 facilities -- a decrease of more than 250 inspectors since 2003. Today food processing plants are inspected on average once every 10 years. Imported food is almost never inspected. The USDA has about 6,000 employees who inspect meat and poultry plants, but use of the inspectors is "not based on the food safety risk of particular products," the GAO says.

As a public policy matter, all food safety functions (setting standards, inspection, risk assessment, research) should be consolidated under a single, independent agency (either the Food and Drug Administration or a new federal agency). This

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approach is supported by scientists and consumer advocates and has been included in legislation introduced by Sen. Dick Durbin (D-Ill.) and Rep. Rosa DeLauro (D-Conn.). In the past, however, similar recommendations have been consistently blocked by agency turf wars and agribusiness clout. But don't despair. September is National Food Safety Education Month.

Al Meyerhoff, an environmental attorney, is a past director of the Natural Resources Defense Council public health program. William B. Schultz was an FDA deputy commissioner from 1994 to 1998.

E. Coli Effects Can Last A Lifetime (LAT)

By Mary Engel, Times Staff Writer

The Los Angeles Times, September 24, 2006

For some who survive infections such as the one recently linked to spinach, lingering ailments include kidney damage and diabetes.

When she was 10 years old, Brianne Kiner became the public face of one of the country's worst outbreaks of food poisoning.

Television cameras zoomed in as she left Seattle's Children's Hospital in June 1993, six months after eating an undercooked Jack-in-the-Box hamburger contaminated by E. coli. It was the same virulent strain that recently has been linked to California-grown spinach.

Doctors called her survival a miracle. What most people outside her family didn't know then — and may not realize now — was that her recovery was just beginning.

"She had to learn to walk again. Think again. Learn her colors," said her mother, Suzanne Kiner. "She had such total body atrophy that she could not chew."

Brianne suffered from hemolytic uremic syndrome, or HUS, the most dreaded consequence of E. coli O157:H7 infection and the most common cause of kidney failure in children under 18. Of the 171 cases identified so far in the current spinach-related outbreak, 27 have been diagnosed with HUS. One person has died. Two other deaths are under investigation.

Not everyone who ingests this strain of E. coli falls ill, and not everyone who becomes ill develops the bloody diarrhea described by doctors and patients as worse than kidney stones, more painful than childbirth. But about 10% of those who do — the proportion is slightly higher for children and the elderly — come down with HUS.

As the Kiners' experience shows, the consequences can be devastating, lingering far longer than most people's memories of the original outbreak.

The death rate from HUS is 3% to 5%, doctors say. Ten percent of patients survive but have long-term kidney damage and may eventually require dialysis or a transplant. The vast majority recover complete kidney function, but experts say even they should be tested regularly for abnormalities that may not be obvious but could cause high blood pressure or diabetes.

Brianne's case was so severe that just about everyone expected her to die. She was the last to leave the hospital among those stricken in the Jack-in-the Box outbreak that sickened hundreds and killed four.

During the months she was laid up, the toxin produced by the bacteria attacked her brain, kidneys and liver, putting her in a coma for 40 days. She suffered strokes and seizures. Her infected pancreas lost the ability to produce insulin, and she developed diabetes. Doctors removed part of her inflamed intestine.

Brianne doesn't remember being rushed to the hospital. She does recall awakening in the intensive care unit and spending months in bed. She remembers all too well the rounds of doctor appointments after her release and the years of physical, occupational and speech therapy that extended into high school. She was left with damaged lungs and learning disabilities.

"I had to relearn how to read," she said. "And this is embarrassing, but I had to be potty trained all over again."

The $15.6-million settlement the Kiners won in 1995 from Jack-in-the-Box provides for Brianne's support. She now lives on her own and takes community college classes part time — routine milestones for a 23-year-old, but they represent hard-won autonomy for someone stricken as severely as she was. Every three months, she visits her endocrinologist to check her diabetes, but she pronounces her health — and life — "Good."

"I have a house and I'm loving it," she said.

Her mother takes pride in Brianne's progress, calling her "blessed."

But letting go leaves Suzanne Kiner with time she hasn't had in years. Time to watch the spinach outbreak unfold and to think, "Oh, no. Not again."

E. coli is commonly found in cow manure and passed to people though contaminated food. Most strains are ubiquitous and relatively harmless.

But somewhere along the way, E. coli O157:H7 evolved the ability to produce lethal toxins that can cross the intestinal wall and enter the bloodstream.

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The toxins flock to receptors in the kidneys, where they kill small blood vessels and clog waste filters. They can also harm the pancreas, liver and heart. Death is often a result of toxins infecting the brain and causing strokes or swelling.

"I lost one child to heart disease," said Dr. Richard Siegler, professor emeritus of pediatrics and kidney disease at the University of Utah School of Medicine and a widely published expert in the E. coli-caused syndrome. "The autopsy found clots in the small blood vessels of the heart. One little girl came into the ER and couldn't breathe. She had damage in her lungs from the toxin. I had a child who developed blindness. The toxin attacked small blood vessels in the retina of the eyes."

Sometimes, the damage reveals itself years later.

Each kidney has about a million filters. On average, most people lose about 20% of these filters by the time they're 80, just through wear and tear.

"Any child that's had this disease has lost some of those filters," said Dr. Sharon P. Andreoli, a pediatric nephrologist at Indiana University. "If they have lost 20% of their filters, they have the kidneys of an 80-year-old when they're 5 years old. So their kidneys have to work harder. And when they have to work harder, they wear out faster."

What saves the vast majority of children who fall ill from HUS is the resilience of the human body. Virtually nothing can be done to fight the infection once it is underway. Treatment consists of supporting the patient — from something as simple as hydration, all the way to dialysis — while the body fights off the toxins.

"Kidneys have an amazing capacity to keep you going with very little left," said Dr. David Acheson, chief medical officer for the FDA's food safety division and an expert on the kidney syndrome. "Many folks can manage all their lives with just one."

Dr. Phillip Tarr, another expert on HUS and a professor of pediatric gastroenterology at Washington University in St. Louis, agreed.

"It is an absolute horrible experience to go through during the acute stage," he said. "But many people, if not most, get through it and do fine in the future."

Michael Beverly may be one of the lucky ones.

He was just 2 1/2 years old when he fell ill in 1996 after drinking unpasteurized juice made by Odwalla Inc. In that well-publicized outbreak, one child was killed and 60 were sickened.

Michael's kidneys stopped functioning, and he went on dialysis for eight days.

Today, Michael, like most 12-year-olds, thinks he's immortal. He doesn't fret.

His mother does.

Kelley Beverly remembers that Michael was in so much pain that he couldn't bear to have the lights on in his room at Seattle's Children's Hospital.

Now he visits a clinic every other year to have his kidneys and other organs tested. So far, the results have been normal. But his mother knows that complications often accompany the growth spurt of the teenage years.

"Maybe when he's through adolescence, I can stop worrying," she said.

Amber Brister of Minneapolis is also 12. She is not quite a year from the first anniversary of the illness brought on by the 2005 Dole lettuce outbreak, one of nine E. coli outbreaks traced to lettuce or spinach grown in the greater Salinas Valley since 1995.

Amber entered the hospital Sept. 28 and was discharged on Halloween. Her kidneys failed, and she spent 18 of those 34 days hooked up to a dialysis machine. Her pancreas became infected. She couldn't eat for three weeks.

"No one knows what it's like until it happens to you, until you're the one sitting in the hospital, watching your child fight for her life," said her mother, Lori Olson. "What people don't understand about this is they think that you just get sick, and you get better, and that's it."

The single mom lost her job as a bartender to stay with her daughter in the hospital. Olson agonized over leaving a second daughter, then 15, home alone every night for a month. She too had been sickened in the outbreak but not as severely.

Now, almost a year later, there are the questions, the ones Olson has to ask and the ones she has to fret about.

"Every day you have to ask questions that, as a preteen, she's not very comfortable with, and she'd like to forget the whole thing," Olson said about Amber. "Every little thing you have to monitor. When she has a cold, you just worry and worry and worry."

Immediately after her discharge, Amber went to a clinic twice a week to check renal and blood levels. She missed day after day of school.

"We all remember our first year in junior high," Olson said. "If you can just imagine coming back three months after everybody else and being that kid who was in hospital."

Amber herself doesn't want to talk about her illness. She doesn't want the attention, her mother said. She just wants to live a normal life.

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Brianne Kiner understands — and sympathizes with anyone who's suffering through the latest outbreak linked to California spinach.

"It's going to get better," she said. "It's tough right now, but it's going to get better."

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Union Hits Board For Upholding Firing (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 24, 2006

The leader of the nation's largest independent union of federal workers says a decision by the Merit Systems Protection Board upholding the firing of U.S. Park Police Chief Teresa Chambers is "dangerous to the public safety" because it cut protections afforded to federal whistleblowers.

President Colleen M. Kelley of the National Treasury Employees Union said the board's 2-1 decision last week "serves the public poorly and undermines the congressional intent evident in the Whistleblower Protection Act, particularly with respect to matters impacting public health and safety."

The union filed a brief in support of Mrs. Chambers, who had asked the board to overturn her firing. Mrs. Chambers, who had served for six years as chief, was fired in July 2004 by the Interior Department after The Washington Post published an article in which she criticized inadequate funding and staffing levels for Park Police.

Republican board members Neil A.G. McPhie and Mary M. Rose ruled that an employee's disclosure that an agency policy raises risks to the public health and safety is protected by the whistleblower act "only if the legitimacy of a particular policy choice is not debatable among reasonable people."

However, Democrat Barbara Sapin said, "policy decisions underlie virtually all matters at issue in disclosures related to public safety dangers, and even the most extensive and thorough consideration cannot preclude any possibility of substantial and specific dangers to the public health and safety."

In her lengthy dissent, Mrs. Sapin echoed many of the arguments the union made in its amicus brief, adding that the additional requirement imposed by the majority would "discourage employees from making the disclosures Congress sought to encourage them to make."

The board's ruling allows Mrs. Chambers to take her legal challenge to federal court.

Richard Condit, general counsel for Public Employees for Environmental Responsibility (PEER), said the organization will "immediately and vigorously pursue" an appeal of what he called an "extremely questionable ruling."

Ms. Kelley argued that employees should not be required to prove that a policy will endanger the public safety before protecting their rights to speak out on those dangers.

The union represents about 150,000 employees in 30 agencies and departments.

Mrs. Chambers first raised warnings in December 2003 about inadequate funding and staffing. She was suspended and later fired for telling reporters the agency had neither enough officers nor resources to provide adequate security in a post-September 11 world.

PEER noted in a recent report that the National Park Service told Congress in April 2000 that Park Police needed 806 officers. At the time, the agency had 638 officers. Today it has 621.

A Boat Racing On Biodiesel, But Running Low On Money (NYT)

By Jesse Mckinley

The New York Times, September 24, 2006

SAN FRANCISCO, Sept. 23 — In early July, Pete Bethune, an amateur sailor from New Zealand and a recent convert to environmentalism, stepped aboard his new $2.4 million speedboat, filled up the tank with a fuel made from animal fat and headed east from Auckland.

His goal was simple: to complete the fastest circumnavigation of the globe in a motorboat while using nothing but biodiesel, renewable fuel that can be made with salvaged French fry grease, refined soybean oil and other organic and recycled oils. The record attempt is due to start in March, from Barbados, after a North American tour this fall meant to test and publicize the boat — called the Earthrace — and raise money.

“I thought I’d have a sponsor give me $4 million and bankroll the whole thing,” said Mr. Bethune, 41. “And I still believe that.”

But somewhere between Hawaii (where the boat refueled on biodiesel made from the drippings of cruise liners’ deep fryers) and Vancouver (where it loaded up with fuel made from tallow, drawn from the hard fat of sheep and cattle), the Earthrace almost ran out of gas — at least financially.

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For the last month, Mr. Bethune, a former oil exploration engineer, has been bobbing up and down the California coast, asking for contributions, from $5 donations to tour the boat to $50,000 to plaster a corporate logo on the side.

"My wife sent an e-mail saying they're going to turn the lights out" at home, said Mr. Bethune, who has two children. "When you're stressing your partner out like this, it's hard."

The project has only about $10,000 in the bank and is hundreds of thousands of dollars in debt. Mr. Bethune says he has put $650,000 of his own money into the boat and spent another $650,000 borrowed from banks, friends and family. He sold a business he founded, sold his part in a forest plantation and mortgaged his home — three times.

"I thought it would just fall into place," he said. "But we're just keeping our heads above water."

John Allen, the project's one-man ground crew, has also been trying to find money. "There's lots of irons in the fire but no one with a checkbook and pen poised," said Mr. Allen, who, like Mr. Bethune, is an affable New Zealander. "But with a negligible budget, it's been difficult to go full bore with this."

Hotel rooms and fuel have been donated along the way, but things like rental cars have become a luxury. "I've been wearing the same shorts for three months," Mr. Allen said. "It might be nice to get a new set."

While the lack of money has done little to dampen Mr. Bethune's ambitions, he says he understands why nautical sponsors can be hard to find. "The sight of a boat sinking with someone's name on the side can be disconcerting," he said.

Mr. Bethune said he first became interested in biodiesel several years ago while writing a paper on renewable fuels during studies for a master's degree in Australia. He had had a passing knowledge of biodiesel while working on oil rigs in the North Sea and Libya, but as he learned more, he said, he "became a real convert."

Around the same time, Mr. Bethune also happened across a little-known fact: the world record for circumnavigation of the globe by a powerboat is 75 days, set in 1998 by a British boat called the Cable & Wireless Adventurer. Mr. Bethune figured he could do it faster and, at the same time, raise awareness for his newfound cause.

His passion won over some early sponsors, including Cummins MerCruiser Diesel, which donated the engines; ZF Marine, which donated the boat's gearboxes, propellers and engine controls; and Biodiesel Oils NZ, which gave Earthrace 15,000 gallons of fuel (about five tanks' worth) and $30,000. Panasonic donated $150,000 worth of video equipment, and Caliber Boats built the boat at cost, fusing it together using Kevlar and carbon.

The Earthrace project has also relied heavily on the kindness of strangers, including a rotating, all-volunteer crew. Because Mr. Bethune had never taken a boat out of the sight of land, the Earthrace has two experienced sailors helping with the open-ocean sailing, where waves the size of houses can challenge the most able mariner.

With three hulls and a pair of state-of-the-art engines, the Earthrace, which looks a bit like a large metallic swan, is designed to cut through waves up to 50 feet high without slowing and can reach speeds of 40 knots, which boating experts say could help in its record attempt.

"The fact that it's a wave cutter and a tri-hull, you're talking about high speeds here," said Stuart Reininger, a writer for Motor Boating magazine and an expert on power boats. "I'm sure they could do it."

But running on biodiesel, which is harder to find, would complicate things, Mr. Reininger said. "You're talking about a fuel that doesn't have supply stations everywhere," he said.

The Earthrace is 78 feet long, but the living space is cramped, just a closet-size room with four bunks. The galley is similarly basic, with only a kettle, a microwave and a toaster. There is no shower, a fact that Mr. Bethune said added a certain musk to the journey.

"You kind of lose your sense of smell," he said. "But then when you get off, people are like, 'Oy, mate, this boat stinks.' "

Then there are the curious smells that follow biodiesel vehicles in general, often reflecting the fuel's origins. "You may smell doughnuts, you may smell French fries," said Josh Tickell, of the advocacy group Biodiesel America. "People say they smell fried catfish, but that might be a stretch."

Biodiesel gives off fewer emissions than regular oil-based diesel. It is also nontoxic and biodegradable, making it an ideal fuel for boats, Mr. Tickell said. "It biodegrades in water as fast as sugar," he said.

In Santa Cruz, where the Earthrace arrived during a Friday afternoon happy hour, the reaction was typical: a mix of awe and confusion. Children scrambled for a look, while adults scratched their heads.

"That is the weirdest thing I've ever seen," said Bruce McClymont, 48, of San Jose. But when told the Earthrace's mission, Mr. McClymont chuckled.

"It's a boat going around the world? So what?" he said. "People have been doing that for 500 years."

Mr. Bethune remains optimistic and says he sees positive signs everywhere. The project's Web site, www.earthrace.net, has been getting about 20,000 hits a day, he said, compared with about 2,000 a day before the boat left New Zealand. And on a good day, the Earthrace has reaped up to $4,000 from curious onlookers.

Mr. Bethune estimates he needs $500,000 to achieve his circumnavigation, a goal he says he intends to meet.

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"We're getting there, mate," he said. "It's been a long, hard journey, and it continues to be a long, hard journey. But we're making it happen the best we can."

FBI/DEA/ATF/USMS:

Two Charged In Internet Drug Case (SPP)

By Matthew Moriarty, STAFF WRITER

South Pines (NC) Pilot, September 24, 2006

Two Pinehurst men are among 11 people recently indicted and charged with selling prescription drugs over the Internet.

The U.S. Department of Justice also named an Atlanta-based company in the indictment. The company allegedly sold generic versions of prescription steroids, drugs such as Valium and Xanax and sexual performance drugs such as Viagra and Cialis.

The local men indicted are David Dalton Johnson, 37, and David Alan Brady, 40.

Story continues belowadvertisement

They are accused of selling unregulated drugs manufactured in Belize and marketed through "spam" e-mails as low-price Canadian drugs. The e-mails would direct customers to one of several Web sites where they could order the drugs and they would be shipped from Belize.

Moore County sheriff's deputies went with federal investigators to the homes of the two Pinehurst men on Sept. 14.

"The indictment's allegations are disturbing," U.S. Attorney David E. Nahmias said in a press release, "because customers thought they were getting legitimate and safe prescription drugs over the Internet from Canada at cheaper prices, when in reality they received adulterated fakes that were crudely made in an unsanitary house in Belize."

All the defendants stand to lose numerous properties and automobiles and will have to forfeit the money in several bank accounts. The Justice Department is seeking a judgment of no less than $19.8 million.

The government is calling for Brady to forfeit his home on Laurel Road in Pinehurst. It's also seeking three lots off Doubs Chapel Road.

The lead defendant is Jared Robert Wheat, 34, of Alpharetta, Ga., the owner of Hi-Tech Pharmaceuticals, the company that was indicted. The indictment claims that on March 21, 2002, Wheat sent an e-mail "stating that he was making fake Viagra in Belize."

Others charged are Stephen Douglas Smith, 38, of Duluth, Ga.; Thomas Holda, 43, of Duluth, Ga.; Sergio Ronaldo Oliveira, 46, of Hoschton, Ga.; Brad Neal Watkins, 38, of Birmingham, Ala.; David Watkins, 40, of Norcross, Ga.; Steven Blinder, 42, of Aberdeen, S.D.; Michelle Young, 38, of Belize; and Guillermo Pech, 28, of Belize.

All the defendants face charg-es of conspiring to import controlled substances into the United States and conspiring to violate the wire and mail fraud statute and to introduce into interstate commerce adulterated and misbranded prescription drugs.

Johnson and Brady also face other charges including mail fraud, distribution of controlled substances and introducing adulterated and misbranded new drugs.

According to the indictment, they were employed by Hi-Tech. Their tasks included marketing, sales and distribution of drugs and controlled substances, the indictment claims.

The indictment claims that Johnson sent several e-mails in October 2003 to other defendants, teaching them how to encrypt documents prior to exchanging them.

The indictment says that in November 2003, Brady told customer service employees to send an e-mail to customers using a fictitious.

Wheat faces the additional charge of engaging in a continuing criminal enterprise.

The Drug Enforcement Agency (DEA) and the Food and Drug Administration (FDA) conducted the investigation along with help from several other agencies.

According to the Justice Department release, the defendants helped Wheat open a drug manufacturing facility in Belize in 2002. The release said the defendants are accused of using funds from Hi-Tech and Wheat's personal money to cover the costs and would fly to Belize to manufacture the drugs.

They are accused of making 24 different generic versions of drugs including steroids Oxymethelone and Stanazolol, versions of behavior-regulating drugs Ambien, Valium and Xanax, versions of sexual performance-enhancing drugs Viagra and Cialis, a version of the cholesterol pill Lipitor and the arthritis treatment Vioxx.

The Justice Department believes that the defendants ordered enough ingredients to produce millions of pills.

Internet prescription drug fraud has been an area of concentration for the DEA.

"One of the fastest-growing drug abuse concerns is prescription drugs," DEA Special Agent Sherri Strange said. "The selling and purchasing of drugs have been facilitated by the wide use of the Internet, the anonymity it provides and the ease and relative secrecy of the mail and private delivery companies.

"As our children sit down at the family computer to do their schoolwork, research projects and converse with friends, criminal organizations like the one alleged today, slither into their lives. Every one of us has received spam e-mails directing us to visit Web sites to order supposed generic prescription drugs and controlled substances. Buyers beware."

FDA Special Agent David Bourne of the criminal investigations department said that these types of drugs pose a health risk to the public. "We are committed to investigating and preventing those who use trickery and deceit to illegally and unscrupulously sell medications over the Internet at the expense of the public health," he said.

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IMMIGRATION:

Immigration Work Force Fights Corruption (AP-Y)

By Pauline Arrillaga, Ap National Writer

AP, September 24, 2006

Under the glare of the port lights, federal agents watched as the GMC Yukon approached the immigration booth. Two years of legwork — interviewing sources, listening to wiretaps and watching just as they were watching now — had led to this. Aurora Torres, the suspected smuggler, was behind the wheel.

Weeks earlier, agents had heard her on the telephone with her contact.

"Are you going to invite me to the movies tonight?" she asked. "It's going to be four tickets."

"Right at 12," a man responded. "If I can't make it, I'll send you a 9-1-1."

He hadn't made it on that particular day, but tonight everything was going as planned.

Just after 4 a.m., the Yukon eased to a stop at inspection Lane 8 at the Otay Mesa Port of Entry, a byway for travelers heading from Mexico into California. An immigration officer approached. After a brief exchange, the Yukon was admitted into the United States.

Nothing unusual — but for the 11 illegal immigrants sitting inside in plain view.

Torres was arrested. Then agents moved in to take their final suspect into custody.

"Tickets," investigators had concluded, was code for vehicles loaded with undocumented migrants. "Right at 12" was a reference to a work schedule, the midnight to 8 a.m. shift. The clues, they believed, pointed to the secret of Torres' success.

The inspector from Lane 8 was on break when a half-dozen agents approached. "Are you Mike Gilliland?"

He was an ex-Marine with 16 years under his belt at U.S. Customs, but Torres allegedly knew him as something else. Her contact. The one she referred to as "una cosa segura." Translation: A sure thing.

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A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world.

How do you secure the homeland if some of those guarding the gates are dishonest?

Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol.

On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents — all assigned to the same highway checkpoint — who admitted taking money to let both drugs and migrants pass.

The numbers are a snapshot, but the picture is clear. There's no shortage of "sure things" among U.S. immigration workers.

More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement.

Complaints range from smuggling, bribery, extortion and fraud to sexual misconduct, assault and theft of government property. The accused, past and present, manned border crossings, highway checkpoints, airports. Others sat behind desks in places like Orange County, Calif., and Fairfax, Va., charged with taking bribes to provide naturalization papers or work permits to ineligible applicants.

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Though the cases involve only a fraction of the overall immigration work force, some question whether the government is doing enough to root out corruption in the ranks.

"After the next attack, when they find out that an employee was bribed by a terrorist or bribed by a spy, it's going to be too late," said Michael Maxwell, an ex-police chief who headed internal affairs at U.S. Citizenship and Immigration Services (USCIS), the agency that adjudicates visa, naturalization and asylum applications. "In fact, I think it is too late."

In February, Maxwell resigned as director of the USCIS Office of Security and Investigations and sought whistleblower protection after he began complaining to Congress about what he describes as rampant corruption that's going unprobed.

After Maxwell's office was established in 2004, he asked the Department of Homeland Security's inspector general and the Office of Professional Responsibility at Immigration and Customs Enforcement to forward pending inquiries involving USCIS workers.

He wound up with a backlog of 2,771 complaints. One-fifth were criminal allegations, he said, including more than 100 accusations of bribery.

"It's outrageous, absolutely outrageous, how little attention is being focused on this issue when you look at the ramifications on national security," said Maxwell, who informed Congress that complaints included some allegations of employees providing material support to known terrorists or being influenced by foreign intelligence services. While declining to publicly provide details, he cites as one example the case of an Iraqi-born U.S. citizen whose background indicated he'd been trained by "multiple foreign intelligence agencies" but nevertheless was hired by USCIS to review asylum applications. The employee has since resigned.

"Remember, one officer can grant citizenship at the time of his choosing at the place of his choosing to the person of his choosing — with impunity. So if he wants to give Osama bin Laden U.S. citizenship, he can," Maxwell said. "I can't tell you how many times I heard senior management say ... `Every allegation will be investigated.' Well, guess what, it's not being investigated."

Although the agency disputes that claim, some cases suggest laxness.

Take the case of Robert Schofield, a USCIS district office supervisor in Fairfax, Va., and a federal immigration officer for 30 years. Schofield was arrested in June, accused of illegally granting residency and issuing naturalization certificates to more than 100 unqualified immigrants. A Chinese citizen also was charged for allegedly brokering deals between Schofield and Asian immigrants.

However, over the last 10 years, "numerous" allegations of bribery involving Schofield and immigration applicants have been reported, an agent with the inspector general's office said in a court affidavit. The agent didn't provide specifics, but said Schofield was once demoted for "conduct unbecoming a government employee" and also accused of making $36,000 in unauthorized purchases on his government-issued credit card.

Schofield has been placed on indefinite suspension without pay, said USCIS spokesman Chris Bentley, who declined further comment on Schofield's employment history because of the pending criminal case. Schofield's lawyer did not return Associated Press messages seeking comment.

Then there's Lizandro Martinez, a Customs officer who admitted that for 2 1/2 years he took bribes to allow vehicles crammed with marijuana through his inspection lane at the Progreso International Bridge in Texas. Martinez, who owned a half-million-dollar home outfitted with a movie theater, was paid $10,000 per vehicle. He faces up to life in prison at his scheduled October sentencing.

Martinez had a host of disciplinary problems during his 14-year career, including threatening to retaliate against a police officer who stopped him for speeding, an official with the Office of Professional Responsibility testified during the case. In 1998, inspectors found 1,300 pounds of cocaine in a truck that crossed through Martinez's lane; the driver stated he had been told to use that particular lane.

Investigations brought disciplinary actions: counseling, an oral reprimand, a 14-day suspension. At one point, according to testimony, Martinez was fired but then reinstated after the union stepped in on his behalf. Still another proposed removal was mitigated to a 30-day suspension.

Jim Tomsheck, newly appointed as assistant commissioner for internal affairs at Customs and Border Protection, declined to discuss the Martinez case, although he said legal battles can hinder the dismissal of problem employees who, for whatever reason, were not charged criminally.

He added that managers are examining ways to ensure that those officers are dealt with administratively, and "are removed from the front line ... and can't continue to contaminate the work force."

Part of the problem is a lack of resources.

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The Department of Homeland Security's Office of Inspector General and the Office of Professional Responsibility at Immigration and Customs Enforcement share responsibility for investigating criminal misconduct among a total of 72,000 immigration employees — with 309 investigators.

"Their plates are constantly full," DHS Inspector General Richard Skinner said of his agents, adding that an average of 15,000 allegations against government employees and contractors pour into the office each year. "No, it is not enough people. ... We have cases that we opened three years ago that we're still pursuing."

Others question whether the investigative structure makes sense. It's not clear, for example, whether Customs and Border Protection has the authority to conduct criminal probes of its own employees, who include Border Patrol agents and front-line Customs officers. The majority of criminal investigations of immigration employees involve CBP workers.

Tomsheck said his agency was in the process of building a small corps of investigators "so that we can stay actively involved in policing our own work force." However, Traci Lembke, acting director of the Office of Professional Responsibility, said those investigators are authorized only to handle administrative — not criminal — issues.

In response, CBP issued the following statement: "We are working with ICE on all of these issues. We all agree how critical this is to the mission of DHS."

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It's noon. A muggy day at the Otay Mesa port of entry just outside of San Diego. Eleven lanes are clogged as far as the eye can see with cars, motorcycles, SUVs and vans ferrying folks from Tijuana to schools, jobs and stores in California.

Weaving in and out of the smog jam is a Customs officer, holding a shepherd mix by the leash to sniff out contraband. As cars creep toward the inspection booths, automated scanners register license plates in a computer. Then other Customs officers ask for identification, pop trunks, inspect spare-tire compartments, peer down air vents. If anything seems out of place, vehicles are sent to secondary inspection for a more thorough examination.

This is what port director James Hynes calls "layered screening," every step intended to catch smugglers but also make it more difficult for a corrupt officer to operate under the radar. Other measures include bans on personal cell phones and pagers, which have been used to alert smugglers what inspection lane an officer is working, and unscheduled lane rotations.

"We want lots of eyes and ears out here to layer our capability and be random, flexible and unpredictable. That's our success in the war on drugs. That's our success in alien apprehensions. And that's also our success in maintaining integrity," Hynes said, standing not far from Lane 8, the one Mike Gilliland was working the morning he was arrested.

Hynes and other immigration brass insist corruption is a priority — but combating it is a challenge, because smugglers are aggressive about targeting and luring in officers. They'll post lookouts just across the border and, using binoculars, zero in on inspectors with perceived vulnerabilities.

Are they tired? Lazy? Flirtatious with women?

Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said, adding that smugglers use the guarantee of a "sure thing" to demand higher rates. Gilliland's cut was alleged to be $1,500 a head.

"That adds up. Really, really quickly," said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force.

In Gilliland's case, with as many as four vehicles coming through a night, each one sometimes packed with 10 people or more, it could have added up to a $60,000 profit in a single shift — about the equivalent of an entire year's salary as an inspector with Customs and Border Protection.

There are other, more complex, reasons seemingly good agents go bad. In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate.

"We don't do anything, just clear the way, and we get 300 (dollars) per head," ex-Border Patrol agent Eric Balderas said in a wiretapped phone call last year. He's awaiting sentencing in a California corruption case.

Balderas admitted conspiring with fellow agent Oscar Ortiz to allow illegal immigrants into the country. Ortiz was sentenced in July to five years in prison for smuggling at least 100 immigrants, at times transporting them in his Border Patrol truck.

A Mexican citizen, Ortiz used a fake U.S. birth certificate to get hired by the Border Patrol, prompting the agency to re-examine its employees' backgrounds. His attorney, Stephen White, said Ortiz was disenchanted with a job akin to "putting a Band-Aid on an open wound."

"A lot of times there's nothing that they can do," White said. "People just come and they can't stop it."

At sentencing, Ortiz told the judge: "I was blind."

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Port director Hynes finds such explanations difficult to swallow. What separates a good agent from a bad one is "what integrity you carry when you get up in the morning," he said. "A guy like Gilliland or others? They sold their integrity, and over time we'll get them."

Most border agents "are honest, hardworking and do a fine job," added FBI agent Black. "However, the ones that are corrupt are really in a position to do this country a lot of harm. They don't know who's going through, and they don't know what's going through. That's the danger."

A convicted felon was among those smuggled through Gilliland's lane the day he was arrested, court documents said.

With the case pending, FBI agents and prosecutors declined to go on record with theories of why Gilliland supposedly turned. Court records allege he worked with Torres and one other female smuggler.

Gilliland, meanwhile, maintains his innocence.

"I've got nothing to hide," he told The Associated Press from his home in Chula Vista as his wife, also a Customs and Border Protection employee, stood by his side.

For now, Gilliland is under house arrest, an electronic monitor clasped to his ankle. The government uniform and badge are gone, and what ultimately becomes of his career and reputation will be decided in a courtroom.

Judges Fumble Asylum Cases (CHIT)

By Noreen S. Ahmed-ullah And Jon Yates, Tribune Staff Reporters

Chicago Tribune, September 24, 2006

Refugee was sent back to Sudan to face jail, beatings

Denied asylum and ordered out of the U.S., Nourain Niam spent three years running for his life in Africa. He was arrested and beaten, he said, uncertain whether he would ever find sanctuary.

But in an extraordinary turn of events, Niam returned to Chicago this month, living evidence of a widespread breakdown in America's immigration court system.

Niam, a member of a persecuted Sudanese opposition party, is the first in a wave of political refugees who are getting a second chance at asylum, after federal appeals courts found grievous errors in the way their cases were handled.

In one year alone, the Chicago-based 7th U.S. Circuit Court of Appeals remanded 40 percent of the 136 immigration cases it heard--rejecting rulings of the administrative judges in stern and often scathing language.

U.S. Appeals Judge Richard Posner, who led the charge, called the immigration judge's analysis in Niam's case "so inadequate as to raise questions of adjudicative competence."

Still, it was only with repeated interventions by the the appeals court--and a little luck--that Niam ended up on a plane headed to O'Hare International Airport, his eyes filled with tears as he caught sight of Chicago's skyline.

"I thought of the last three years in Africa," the father of two quietly recalled, his deep and steady voice giving little indication of his emotions. "I felt my life was in danger. I could be killed or arrested at any time."

In fact, he said, men he believes to be Sudanese agents operating in Chad did seize him in 2005. He said he was pistol-whipped and kicked, then left unconscious for three days in a worm-infested jail. He was eventually released through the efforts of a friend.

That, he said, puts his struggle here in perspective.

"The United States, whatever it is, you will not see a better place in terms of freedom, in terms of human rights," he said.

His troubles are not over, though. His wife, son and a gravely ill U.S.-born daughter were not allowed to return with him. They remain in Africa while Niam fights for asylum and a reunion.

"My dream is to see my daughter, my wife and my son beside me," he said.

In the wake of the Sept. 11, 2001, terrorist attacks, the U.S. government created new immigration guidelines that officials said would help secure the country's borders.

Among them was a measure by former Atty. Gen. John Ashcroft designed to clear a stockpile of cases clogging immigration courts, an arm of the Justice Department. Ashcroft's idea was to overhaul the system's primary review panel, the Board of Immigration Appeals.

In doing so, he greatly expanded the types and number of immigration appeals that could be reviewed by a single judge, instead of a three-judge panel, and could be decided with a one-sentence opinion. He called the directives "streamlining." Critics called it rubber-stamping.

The effect was almost immediate. Immigrants, feeling their claims were not properly reviewed, flooded the federal appeals courts with their cases.

Federal judges reacted too.

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Posner wrote some of the harshest opinions, questioning whether asylum seekers were being denied fundamental rights. In one ruling, Posner asked whether immigration judges were properly trained. In another, he called an immigration judge's opinion "hopelessly incomplete" and part of a "systemic failure."

"The 7th Circuit [of federal appeals court] took the lead," said Crystal Williams, deputy director of the American Immigration Lawyers Association. "But other circuits like the 3rd and the 1st began to weigh in."

The Washington D.C.-based organization estimated there have been more than 100 remands across the country since Posner and the federal courts began to identify a pattern of errors.

Denise Slavin, president of the National Association of Immigration Judges, said immigration judges are short-staffed, overworked and under pressure to resolve cases quickly. She said the system needs changes that will relieve immigration judges and give them more time and help to review cases.

The government, to an extent, agreed. Last month, after a Department of Justice review, Atty. Gen. Alberto Gonzales announced periodic evaluations of immigration court judges and plans to beef up staffing.

Immigration experts applauded the changes. Many, however, such as Eleanor Acer, refugee program director for New York City-based Human Rights First, were disappointed in the government's decision to keep the "streamlining" single-judge reviews.

Niam's odyssey through U.S. immigration courts began in 1998, but his story began decades before, in the provincial capital of El Fasher in the Darfur region of Sudan.

According to his 2001 testimony, Niam was a student when he joined the Umma Party. After a coalition government was elected in 1986, he became a mid-level government official in El Fasher.

But after a 1989 coup by Omar al-Bashir, Sudan's current ruler, Umma fell from favor and Niam lost his job. At one point, Niam testified, he was taken into custody and jailed for 3 1/2 weeks. During that time, he said, he was threatened and beaten.

Niam believes he was targeted not just for his political views, but because he is a member of the Zaghawa tribe, an ethnic group persecuted by government-backed militias in the Darfur region, where hundreds of thousands of people have been killed. President Bush and other U.S. officials have called those attacks genocide.

Niam said he eventually escaped to Chad and then to Nigeria. He believes Sudanese authorities were never far behind.

Came to U.S. in 1996

In 1996, he came to the U.S. on a student visa and settled in Ft. Wayne, Ind. He lived in a community with 10 other Sudanese and Chadian families.

Though he has no documents to prove it, he claims he filed for asylum twice in his first year here. It wasn't until an attorney filed a third application, however, that immigration officials responded, he said.

In a 2001 hearing, Immigration Judge James Fujimoto ruled Niam had missed the one-year deadline to apply for asylum. Fujimoto said there was no record of his first two applications.

The judge also ruled him ineligible for "withholding of removal"--essentially a stay of deportation--saying there was no evidence Niam would be tortured if returned to Sudan.

"Despite Sudan's apparently poor human rights record, a lack of respect for human rights does not signify that members of the disrespected group face a probability of torture," Fujimoto said in his decision.

In another passage, Fujimoto misidentified the government in power when Niam was last arrested, and he concluded from that there was no clear evidence Niam remained in danger.

Niam's attorneys appealed to the Board of Immigration Appeals. In a two-paragraph decision, the board acknowledged the immigration judge had "incorrectly identified the regime in power during [Niam's] 1990 arrest" but declared the error "harmless."

The immigration board then affirmed Fujimoto's decision denying both asylum and withholding.

Ordered back to Sudan

In March 2003, almost two years after Fujimoto denied asylum, Niam opened his mail to find a letter from the U.S. Bureau of Citizenship and Immigration Services. The letter said Niam had exhausted all possibilities for administrative relief.

"Arrangements have been made for your departure to Sudan on Tuesday, April 8, 2003," the letter read.

In an interview this month, Niam said going back to Sudan as the immigration court had ordered would have been a death sentence. Sudanese authorities knew his younger brother was a high-ranking member of a key opposition group, he said.

"I thought for sure they would kill me," Niam said. "Or I would disappear."

To avoid deportation, Niam fled. He and his family boarded a flight for Chad on April 7, 2003.

Unlike many asylum seekers, Niam was lucky in that he had legal representation, Acer, of Human Rights First, said. Refugees without an attorney often don't know they can appeal to the federal courts. Some can't afford that, but Niam's attorneys worked for free.

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His lawyers already had appealed his case to the federal appeals court, but it was not until after Niam left the country--unbeknownst to his lawyers--that U.S. Appeals Judges Posner, Kenneth Ripple and Ann Claire Williams ruled in Niam's favor, in January 2004.

Among other criticisms, Posner focused on the error that the Board of Immigration Appeals had found harmless: the mistake about who was in power when Niam was arrested.

Niam's attorneys mailed the opinion to Niam's old address in Ft. Wayne. It came back, unopened.

"A case like Niam's is disheartening," said Godfrey Muwonge, one of Niam's attorneys. "You've won but lost."

His other attorney, Larry Hagen, eventually connected with Niam by e-mail, while he was in Chad.

Niam was surprised at the news but remained despondent. In an e-mail to Hagen, Niam wrote: "Since my arrival, up to date, I never had a home to live, moving from house to house, from [one] village to another.

"I have been arrested several times and scared to death, but paid money to escape and cross the border into Cameroon or Nigeria."

'04 bid for visa denied

In July 2004, Niam tried to get a visa from the U.S. Embassy in Chad to return to Chicago for his immigration hearing. Records show he was denied. He said embassy officials told him he didn't need to be present at the hearing because his attorneys could represent him.

A hemisphere away, the immigration judge disagreed. Because Niam did not show up, the judge rejected his case again.

While his attorneys kept fighting, Niam's situation in Chad grew more dangerous.

Men he believed to be Sudanese secret agents arrested him last year while they were looking for his brother, Niam said. They took him to a high-walled building, then beat him with the butt of a pistol, cutting his chin and opening a gash on his forehead, he said.

Others hit and kicked him until he fell unconscious and was thrown in a dank, bug-ridden cell, he said.

"I never imagined I could be alive again," Niam said. "In Africa, it's easy to get killed, and nobody will ask why you have been killed or who killed you, particularly if the government is a part of it."

Niam said he was in the jail for three days until a friend in the Chadian government secured his release. He left his wife and daughter and fled Chad.

He traveled west across the continent, crossing through Cameroon, Nigeria, Benin and Burkina Faso before stopping in Mali. He figured Mali was far enough from Sudan to be safe.

He wrote to Hagen that he was depressed and "psychologically damaged" about leaving his family.

Encouraging words

Still, encouraging words from his attorney brought him hope.

"I have no word to express my feeling towards your efforts and always when I reach to the point that my soul [is] about to separate [from] my body, you bring me hope of life again," Niam wrote.

Hagen and Muwonge filed another motion to reopen Niam's case. The motion made it back to the 7th U.S. Circuit Court of Appeals. In January, the court ruled Niam had the right to appear in person at his immigration hearings.

Even as the political situation deteriorated in Sudan and Chad, the U.S. government resisted Niam's return. Muwonge told officials if they did not act soon, he would go back to the appeals court again. The government relented, giving Niam special permission to return.

He arrived at O'Hare on Sept. 12, looking gaunt and tired. Muwonge greeted him in a low-key reunion, and Niam thanked him repeatedly. Later, he sobbed as he embraced Muwonge again.

His next immigration hearing is in April. In the meantime, his attorneys hope to seek humanitarian parole to bring his wife and children to the U.S.

Niam's son is 8 months old, but it is his 3-year-old daughter, ill with an undiagnosed disease, who worries him most. He dreams of a reunion with her in America, where he can raise her in freedom and without fear.

"She is my life itself," he said. "She is my heart."

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When A Foreigner Turns American (NYT)

By Nina Bernstein

The New York Times, September 24, 2006

When an immigration judge granted asylum last week to an orphaned Pakistani youth who grew up in Queens, one argument she considered was that he was so Americanized, "he would stick out like a sore thumb" in his native land.

Can you be too Americanized to be deported?

In the end, the judge used other grounds to halt the deportation of the young man, Mohammad Sarfaraz Hussain, 21, and to recognize him as a refugee from persecution. But the question is part of a growing debate over how to treat the Americanized children of foreign parents.

It makes sense that the concept has now turned up in an asylum hearing, said Stephen Knight, deputy director of the Center for Gender and Refugee Studies at Hastings College of Law in San Francisco. At a time of simmering conflict between the United States and Muslims in other countries, Americanized young people may very well become targets of persecution overseas.

At the same time, he added, no one is suggesting asylum as an answer for more than a handful. Among Pakistanis of all ages, for example, fewer than 2,000 cases of asylum were granted nationwide in a decade, and in New York, only 77 Pakistanis received asylum in 2004.

"It's a very difficult, strenuous avenue to pursue, to try to gain asylum in the United States," Mr. Knight said. "Judges are skeptical, the standard of proof is high, Congress is making it harder to apply and easier to deny."

A broader answer is a measure known as the Dream Act, included in immigration bills now stalled in the Senate. It offers a path to citizenship to young people of good character who have lived in the United States for five years, been accepted to college, or earned a high school diploma.

Opponents say the measure will encourage illegal immigration and subsidize immigrants' education at the expense of American children and their taxpaying parents. Supporters contend it is unfair to punish young people for parental decisions, and unwise to leave a generation of strivers in a dead end — let alone to deport them to lands where anger at America is boiling over.

"Like many first generation immigrants, they're very loyal to the country that took them in," said Cris Toffolo, director of the Justice and Peace Studies program at St. Thomas University in St. Paul, who testified as an expert in Mr. Hussain's asylum hearing. "But then if we deport them or deny them citizenship, they're like a jilted lover. Why should they be loyal?"

TAX:

Major Error Is Reported In Tax Paid By Mrs. Astor On Sale Of Painting (NYT)

By Serge F. Kovaleski

The New York Times, September 24, 2006

Legal papers filed by J. P. Morgan Chase, the temporary guardian of Brooke Astor's assets, state that her son recently told the bank that he now realizes he made an error in his mother's 2002 tax return by overstating the original price of a Childe Hassam painting she had sold, resulting in a large underpayment of taxes three years ago.

As it turns out, the discrepancy was a matter not just of thousands of dollars, but of millions.

The so-called cost basis for the work of art, "Flags, Fifth Avenue," was listed in Mrs. Astor's federal income tax filing as $7.425 million, a copy of the document shows. But she paid $172,010 for the painting when she bought it in March 1970, according to the bill of sale.

Because of the inflated figure, Mrs. Astor apparently ended up paying far less in taxes than required on the capital gains she realized from the February 2002 sale of the painting by Hassam, a renowned American Impressionist. Mrs. Astor's son, Anthony D. Marshall, 82, who managed her finances at the time, sold the painting to an art gallery for $10 million and collected a $2 million fee from his mother for handling the transaction.

The tax issue concerning the painting, also known as "Up the Avenue From Thirty-Fourth Street, May 1917," has arisen as a compelling side issue from the review of mounds of financial documents in the legal battle over the care and fortune of Mrs. Astor, the 104-year-old philanthropist and socialite.

In July, Mr. Marshall's son, Philip Marshall, filed a court petition claiming that his father had been grossly neglecting Mrs. Astor's well-being while enriching himself with her wealth.

Philip Marshall has asked the court to appoint permanent guardians for his grandmother; the bank is temporarily in control of her assets.

The case against Anthony Marshall has hinged on a string of changes to Mrs. Astor's will that took place in late 2003 and early 2004, after she had experienced a marked decline in her health. The changes redirect millions of dollars to her son upon her death.

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Mr. Marshall has vigorously denied accusations that he neglected his mother, insisting that he has been an honest and loving steward of her personal affairs for more than 25 years. His lawyers have cast him as an astute and attentive financial manager for Mrs. Astor, and they contend that her investments have flourished as a result of his keen involvement.

One of Anthony Marshall's lawyers has asked J. P. Morgan Chase to file amended tax returns on behalf of Mrs. Astor that reflect the true capital gains stemming from the sale of the painting.

J. P. Morgan Chase says it is reviewing the documents as part of its fiduciary responsibilities. But in a court filing, the bank describes the request as "ironic," noting that Mr. Marshall has also objected to its efforts to learn more about the deal.

"The 'error' evidently relates to a substantial overstatement of the cost basis of the Hassam painting (and a resultant significant underpayment of the tax)," Les Fagen, a lawyer for J. P. Morgan Chase, wrote. He added, "This is the same painting transaction which he contends in his opposition papers is not now worthy of further inquiry, as the bank has requested."

Sanford J. Schlesinger, a tax lawyer and founding partner at Schlesinger Gannon & Lazetera in New York, who is not involved in the case, said that the $2 million commission would be deducted from the total gain on the sale of the painting, bringing the figure to just over $7.8 million, which was subject to a 28 percent federal tax rate in 2002, as well as additional state and city taxes. Mrs. Astor could also face sizable penalties and interest for underpaying the tax, he said.

As her return stands now, she would have been taxed only on capital gains of $2.575 million relating to the work of art.

"It looks like it is $5 million in unreported income. That's a considerable difference in gain that was not taxed," Mr. Schlesinger said. He noted that it was difficult to determine precisely what Mrs. Astor would owe because of variables like the alternative minimum tax and offsetting capital losses that could affect such calculations.

Mr. Marshall's lawyers provided few details about how the capital gains from the sale of the Hassam painting came to be substantially under-reported in Mrs. Astor's 2002 tax return. One of his lawyers, Kenneth E. Warner, would only briefly address the matter via e-mail.

Mr. Warner said that Mr. Marshall "does not know how the mistake got made." Mr. Warner said that as part of the court case concerning Mrs. Astor, Mr. Marshall saw the document for the first time since it had been submitted to the Internal Revenue Service in 2003.

As soon as Mr. Marshall noticed it, "he immediately gave us instructions to notify Chase so that it could be corrected without delay."

Mr. Warner would not say whether Mr. Marshall, who was granted power of attorney by his mother in November 1978 and held that authority in 2003, had signed the tax return.

Mr. Fagen, the lawyer for J. P. Morgan Chase, would say only that the bank was reviewing Mrs. Astor's financial records and that "one goal is to assure that she is in compliance with her legal obligations."

Alan M. Pollack, a lawyer for the Long Island accounting firm that prepared the return, Samuel Cohen & Company, which he noted had done work for Mrs. Astor for about 25 years, said the firm had not committed any errors when it filled out the schedule concerning the sale of the painting.

"Samuel Cohen & Company fulfilled its professional obligations to its client, did not make unilateral decisions about Mrs. Astor's taxes and was provided the information about the painting by one of Mrs. Astor's representatives," Mr. Pollack said.

He added that he did not feel it was appropriate to identify that person because of the continuing court proceedings in the Astor case.

Robert Marvin, a spokesman for the I.R.S., said federal law prevented him from answering any specific questions about Mrs. Astor's tax return. But asked about how the agency decides to pursue a case for prosecution, he said that as a general rule, a referral is made to the Department of Justice when the I.R.S. has evidence that an omission from a tax return was "willful."

"A financial analysis or investigation often determines whether the omission is unintended or a willful attempt to evade payment of taxes," Mr. Marvin said.

In court papers filed last week by Mr. Marshall's lawyers, new details were provided about the sale of Mrs. Astor's Hassam piece to the Gerald Peters Gallery. Mr. Marshall said that in the fall of 2001, he and his mother had the painting shown at the Adelson Galleries Inc. on the Upper East Side. During that time, Mr. Marshall and his mother talked about selling the painting if it generated any interest, according to the filing.

"Not long after the Adelson exhibition ended, a potential buyer approached me about purchasing the painting," Mr. Marshall said in the filing. "When I told my mother how much was being offered, she decided to sell it, and to share some of the profit with me by paying me a 'commission' for arranging the purchase."

Those who know Mrs. Astor have questioned whether she would have wanted to sell the Hassam painting.

Although her 1993 will stipulated that the work of art was to be sold after her death, two of her wills after that, in 1997 and 2001, stated that the painting was to be bequeathed to the Metropolitan Museum of Art, provided the museum displayed the

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piece as part of its permanent collection. Otherwise, the painting was to go to a New York City institution that would agree to permanently display it.

Mrs. Astor's most recent will, dated Jan. 30, 2002, shortly before Mr. Marshall sold the painting, does not mention it by name.

But one of Mr. Marshall's lawyers said the 2002 will says that any works of art that are not specifically bequeathed are to be sold.

The IRS Works In Mysterious Ways (LAT)

Steve Lopez Points West

The Los Angeles Times, September 24, 2006

Pastor William Turner Jr. is a robust man with an unshakable set of beliefs, and he's never been shy about sharing them with the congregation of his New Revelation Missionary Baptist Church in Pasadena.

He has preached against same-sex marriage, stem cell research and abortion. And he has proudly boasted to President Bush about converting 80% of his congregation from Democrat to Republican.

"I salute and support you President Bush and will work untiringly for your reelection," Turner wrote to the president in February 2004, telling him he had done the same for former California Gov. Pete Wilson. Turner also wrote to fellow African American clergymen in support of Bush in 2004, saying that "any gay, homosexual, lesbian and/or immoral act is an abomination against God."

Roughly two miles away from Turner's church is All Saints Episcopal Church, which has a radically different political bent. The same year Turner took up Bush's cause, the Rev. George Regas delivered a guest sermon at All Saints involving a mock debate between Bush, John Kerry and Jesus. In the debate, Jesus said that Bush's preemptive strike on Iraq "has led to disaster."

So which of these two churches is under investigation by the Internal Revenue Service for taking sides in political contests?

The latter. Your precious tax dollars are paying for an inquisition of All Saints by the Internal Revenue Service, which has demanded church records and ordered rector Ed Bacon to testify at a hearing next month.

Look, All Saints' politics are pretty clear, and it's not hard to guess which presidential candidate Regas might have been more sympathetic to. But it's hard to believe that the IRS wouldn't have better things to do and bigger fish to fry. The tale of these two churches proves just how arbitrary, fickle and goofy the federal agency's actions can be.

"This is completely ridiculous, what the IRS is doing" to All Saints, says USC Law School Dean Ed McCaffery, a specialist in tax law. He said the IRS has every right to make sure nonprofits abide by the rules, but he doesn't believe the sermon in question comes anywhere near the legal definition of picking sides.

So is this investigation politically motivated?

The IRS makes it impossible to find out. Conservative and liberal churches have both been targeted, but the tax agency won't say which churches it's investigating or why.

The only reason we know All Saints is being investigated is that the church went public.

After a portion of the 2004 sermon was quoted in The Times, the IRS sent All Saints a letter describing Regas' words as a "searing indictment of the Bush administration's policies in Iraq." The letter also raised an issue with the reverend's calling tax cuts for the wealthy "inimical to the values of Jesus."

It's possible that All Saints' politics got the attention of someone up the ladder in the IRS, said McCaffery. He said he wouldn't be surprised if senior officials in the U.S. Treasury Department or the White House had given the green light to continue pressing the case against All Saints.

All Saints, which could not possibly have bought better publicity, pondered its next move last week while supporters rallied to its cause. On Thursday, Bacon announced to cheers that the church would defy the IRS.

He cited an obligation to Episcopal faith, which "calls us to speak to the issues of war and poverty, bigotry, torture and all forms of terrorism … always stopping short of supporting or opposing political parties or candidates for political office." It was imperative, he said, to "defend the freedom of pulpits in faith communities throughout the land."

Given the church's liberal politics, Bacon has an unlikely ally.

"I don't know why the IRS is singling them out," said Pastor Turner, who told me he was praying for his brothers at All Saints.

He said he thought the use of Jesus in a mock debate bordered on mockery, but he said he doesn't have a problem beyond that.

If the IRS is going after All Saints, I told Turner, shouldn't they be knocking down his door?

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Turner said he's never promoted a candidate directly from the pulpit, and he thought the distinction put him in the clear. It's a notion that McCaffery later discounted outright, saying the law recognizes no such distinction between what is said from the pulpit versus the desk of the pastor.

I told Turner that I believe he ought to have a right to tell his flock whatever he wants to, and I feel the same way about Regas and Bacon. I'm just not sure I want to pay for them to have that privilege, but that's essentially what we're all doing given their tax-exempt status.

That's a fair question for debate, McCaffery said, but it presents a problem: If religious institutions didn't enjoy tax-exempt status, people would get no deduction for their charitable contributions. It could mean that some religious institutions would go under, and we'd lose all the social services they provide.

As an agnostic, I'm happy to have the debate. Especially since religious fervor cuts both ways and has done a world of harm as well as a world of good.

I'd also like to have someone explain why a church can support a ballot initiative but not a candidate, and why the federal government thinks it's OK for one minister to call homosexuality an abomination but unacceptable for another to ask if Jesus would be pro-war.

Turner argued that on social issues, he speaks not for any political cause, but for Jesus and the Bible.

Wasn't Regas doing the same?

McCaffery guessed that if the IRS dropped in on 10 churches, it would find nine that are politicking one way or another. What Congress ought to do, he said, is revisit the subject and clarify exactly what tax-exempt institutions can and can't say or do.

Until then, the IRS' finest should forget about the Prince of Peace sermon, roll up their sleeves and go after tax dodgers, deadbeats and cheats.

Reach the columnist at steve.lopez@latimes.com and read previous columns at latimes.com/lopez

CONGRESS-ADMINISTRATION:

Legal Aid Program Tried To Oust Auditor (AP-Y)

By Larry Margasak, Associated Press Writer

AP, September 24, 2006

Directors of the government's legal aid program for the poor secretly debated how to fire the auditor who exposed their expensive meals, use of limousine services and headquarters move to a ritzy neighborhood.

Meeting transcripts obtained by The Associated Press show that Legal Services Corp. board members in 2005 and 2006 disparaged Inspector General Kirt West, whose job is to find fraud, waste and abuse.

In private, the board derided West as abusive, a character assassin, a shoddy investigator with a delusional staff and someone with a "fetish" for independence — even though independence is an inspector general's hallmark.

Board members warned themselves to be careful in their actions toward the internal watchdog, fearful that retaliation would anger Congress and jeopardize their federal dollars.

While board members complained among themselves about how much time they spent discussing their watchdog, the corporation said in a public report that the program for free legal help turned away half the applicants for lack of resources.

Some board members expressed their fears of angering Congress, the source of their funding, by leaving the perception they were retaliating against the inspector general who investigated their actions.

Those fears proved accurate when the board was ready to discuss West's status at a meeting in St. Louis last April. Two senators and a House member, who learned the directors had secretly debated firing West in secret meetings, were convinced that the board would take action in the April session.

Just as the directors were ready to convene after lunch, a congressional aide hand-delivered a letter to the board chairman, Atlanta lawyer Frank Strickland.

Sens. Charles Grassley, R-Iowa, and Michael Enzi, R-Wyo., and Rep. Christopher Cannon, R-Utah, warned Strickland that any attempt to fire West "would be an egregious action in light of the fact that Mr. West is investigating you, the LSC board, as well as your president."

West still has his job.

He conducted an expansive review of spending by board members, who are part-time, and top full-time program executives. According to an Associated Press account in August, some of the questionable spending that West brought to light included:

_$14 "death-by-chocolate" desserts.

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_$400 for a car and driver to take Strickland and other officials to attend meetings and functions within cab distance of the Legal Services headquarters.

_$200 taxi rides in Ireland by the Legal Services president, Helaine Barnett, who was attending a conference.

West also reported the corporation was overpaying by as much as $1.8 million on its 10-year lease in its new headquarters in the upscale Georgetown section of Washington. He also found that the corporation could be overpaying by $7 million for unneeded space.

The board's vice chairman, University of Virginia law professor Lillian BeVier, headed the committee that was evaluating the inspector general. According to a transcript of the board's January 2006 meeting, BeVier summed up comments by a board colleague, Baltimore attorney Herbert Garten:

"I mean I understood Herb to say we should basically say 'You're fired,'" said BeVier.

"Yes, that's my opinion," replied Garten, a Baltimore lawyer. But Garten said he agreed with the board chairman on the need for a formal review to establish a record of the watchdog's performance.

BeVier also addressed board member Thomas Meites, a Chicago lawyer.

"You're just willing to ... take the steps to get him removed, as opposed to a probationary period or you've got six months or something," she said. Meites said he, too, agreed with the chairman that "basic fairness" required a formal review that would give the watchdog a chance to defend himself.

BeVier said, "He should know that he's got ... to shape up or we will ship him out." Then Meites said, "I can't tell you how little I want to spend any time with this guy."

West declined comment on the board discussions, as did Strickland, the board chairman. Both are scheduled to testify Tuesday before a House Judiciary subcommittee led by Rep. Cannon.

Garten declined comment. Messages left with Meites were not returned.

BeVier said in an interview the board had not decided whether to fire West and would not have done so at the April meeting.

"What we were trying to do was find a way to make a decision and find out whether impressions some members had were correct" about West's performance, she said.

Cannon has introduced a bill that would require votes of nine of the 11 Legal Services board members to fire the inspector general; a majority is required now.

The Utah Republican said in an interview that any attempt to fire the inspector general was "unseemly," and "the effect will be much harsher scrutiny by Congress on their activities."

"Instead of scapegoating this guy they should be looking at themselves and solving problems," Cannon said.

Added Sen. Grassley: "It looks like the Legal Services Corporation is busy looking for ways to shoot the messenger."

The nonprofit corporation is financed with a $330.8 million congressional appropriation. Most of the money is distributed to 138 nonprofit legal aid organizations across the country that provide free lawyers in certain types of civil cases — including housing, domestic abuse, worker exploitation, divorce, and Social Security benefits.

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On the Net:

Legal Services Corp.: http://www.lsc.gov/

Is The Chief Justice Really A Judicial Activist? (LAT)

By David G. Savage, David G. Savage Covers The Supreme Court For The Times.

The Los Angeles Times, September 24, 2006

John Roberts, who likened his role to a passive 'umpire,' may want to do more than just enforce the rules.

ONE YEAR AGO, John G. Roberts Jr., at the time President Bush's nominee to be the chief justice of the United States, told senators that he aspired to be like an umpire, enforcing the rules of the game, not making them.

"My job is to call the balls and strikes, and not to pitch or bat," he said. "It is a limited role…. Nobody ever went to a ballgame to see the umpire."

Roberts suggested that modesty, humility and stability in the law were the goals of his umpire credo. Not to make law, like the activist judges he disdained, but merely to interpret existing laws fairly, mindful of legislative intent and the requirements of the Constitution. And during much of his first year, he did just that.

But in several cases, he behaved differently, joining Justice Antonin Scalia in dissents that would have rolled back a major environmental law and undercut states' traditional authority over the practice of medicine. Neither would have qualified as a modest act.

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On the eve of the court's new term in October, the question that was hanging in the air during his confirmation hearing remains: Will the new chief justice seek the right result, or the right's result?

In a surprising number of cases, Roberts brought together his liberal and conservative colleagues for unanimous decisions last term. In two important cases, he won the entire court's agreement for rulings that upheld laws passed by state lawmakers or by Congress, an act consistent with his judge-as-umpire philosophy.

In Ayotte vs. Planned Parenthood, the New Hampshire Legislature had passed a law requiring doctors to notify parents of girls under 18 who were seeking an abortion. Doctors were to wait 48 hours before proceeding. The only exception was to save the life of the mother.

The American Civil Liberties Union and Planned Parenthood sued on behalf of several doctors, contending that the law was unconstitutional because it did not include a "health" exception. In the past, the high court had said states may not regulate abortion in a way that jeopardizes the health of women. A federal judge and the U.S. Court of Appeals struck down the entire law for that reason.

New Hampshire appealed, arguing that the law allowed girls to go before a judge and seek a waiver in special situations. The ACLU lawyers said that was insufficient. If a girl is facing a medical emergency, she should go to a hospital, not a court, they said.

Roberts led the way in fashioning a compromise. There is nothing wrong with the law in principle, he said. States can require doctors to inform parents before performing surgery on a minor. Parental-notice laws had been upheld. And most young girls seeking abortions do not face a health emergency.

But the chief justice also said the doctors could seek a court order that would make an exception for true medical emergencies. On this basis, the Supreme Court revived the state law but sent the case back to New Hampshire so a judge or lawmakers could craft a narrow exception for medical emergencies.

Roberts also spoke for a unanimous court in upholding a congressional law, known as the Solomon Amendment, in Rumsfeld vs. FAIR. Several law schools and professors, citing the free-speech clause of the Ist Amendment, had challenged the amendment, which required colleges and universities receiving federal funds to welcome military recruiters on the same basis as other employers.

But in two other high-profile cases, the chief justice seemed to do more than simply call balls and strikes.

In 1994 and again in 1997, Oregon's voters approved the Death with Dignity Act, which allowed terminally ill people to obtain a dose of lethal medication from a doctor to hasten death. Two physicians had to certify that a person's illness was incurable and that they had, at most, several months to live.

The Supreme Court in 1997 rejected the claim of a constitutional "right to die." Justices unanimously said that "end-of-life" issues should be debated and decided by the states, not federal judges. That year, Oregon became the first and only state to authorize a limited but legal right to die.

In Washington, several conservatives in Congress, among them then-Missouri Sen. John Ashcroft, asked Atty. Gen. Janet Reno to intervene. They contended that the Oregon law violated federal drug laws because medications were being used to end a life. She refused, saying the Controlled Substances Act of 1970, which gives the federal government control over dangerous drugs and narcotics, did not take away the states' traditional authority over the practice of medicine and the licensing of doctors.

But when Bush made Ashcroft his attorney general in 2001, Ashcroft issued an order saying that doctors in Oregon could lose their licenses to prescribe medication if they gave dying patients lethal drugs. Oregon's governor, doctors and some patients sued, and a federal judge and the U.S. Court of Appeals blocked Ashcroft's order.

The case of Gonzales vs. Oregon came before the Supreme Court in Roberts' first month as chief justice, and a 6-3 majority ruled for Oregon in January. But Roberts joined Scalia's dissent, as did Justice Clarence Thomas. The three said the use of legal drugs for ending a life was not a "legitimate medical purpose" and could be banned by the attorney general.

If Roberts' side had been in the majority, it would have voided the voice of Oregon's voters, taken away the state's traditional power to regulate the practice of medicine and upheld a single federal officer's new interpretation of a long-standing federal statute that had not been endorsed by Congress.

In the other case, Roberts supported a sharp pullback in the Clean Water Act of 1972, which makes it illegal to discharge pollutants into the "navigable waters of the United States" without a permit. Because water flows downhill, the Environmental Protection Agency since the 1970s has said it has authority over all rivers, streams, channels, marshes and wetlands that may send water — and pollutants — to major lakes, rivers and bays.

But in Rapanos vs. U.S., Roberts joined Scalia, Thomas and Samuel Alito in calling for a new, sharp limit on the EPA's authority. Federal authority, they said, only applied to permanent and "continuous flowing" bodies of water, such as rivers and their main tributaries. This would have eliminated federal protection for most streams and wetlands in the interior of the nation and nearly all those in the West and Southwest because their stream beds are dry for part of the year.

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For more than three decades, these federal regulations on wetlands and streams had stood, through Republican and Democratic administrations and through GOP- and Democratic-controlled Congresses. Yet, with one extra vote, the Roberts court would have rewritten the scope of the Clean Water Act in its first term — not the act of a modest Supreme Court.

In this term, which opens Oct. 2, the court will take up at least two cases that will test Roberts' umpire approach to judging. One involves the federal Partial-Birth Abortion Ban Act of 2003, which makes it a crime for doctors to remove a fetus largely intact during a second-trimester abortion. Six years ago, in a 5-4 ruling, the court struck down a nearly identical state law and ruled that there was "substantial medical authority" to say this method was sometimes the safest and best method of performing a legal abortion.

But Congress held hearings and said this procedure was "never medically indicated." Most lawyers who follow the court expect the new law will be upheld on a 5-4 decision, thanks to the addition of Alito, who replaced retired Justice Sandra Day O'Connor. Such an outcome would, after all, uphold an act of Congress.

The most intriguing test may come in the area of school integration. Most conservatives, Roberts among them, say the government has no business treating people in a different way because of their race. But many school districts use racial guidelines to limit enrollment in some schools. This is the only way to maintain racial integration in cities where housing tends to be segregated, school officials say.

The justices agreed to hear challenges from white parents who say these guidelines amount to unconstitutional racial discrimination. If the high court agrees with them, it would be a big win for the principle of "colorblind" government, and it could change the rules for school systems across the nation. But it may not signal the dawn of a newly modest Supreme Court.

Half A Reform For Judges (NYT)

The New York Times, September 24, 2006

During his confirmation hearings a year ago, Chief Justice John Roberts pledged to study the serious ethics problem posed by the well-attended "judicial education" programs staged at luxury resorts and financed by private interests hoping to influence judicial decision-making. Chief Justice Roberts followed through, but his chosen antidote is far too timid.

Rather than requiring judges to forgo the privately financed education-vacations, the new rules just put in place with the chief justice's backing by the policy-setting Judicial Conference of the United States mandate only expanded disclosure: the sponsor must file a public disclosure statement setting forth the content of the program and its financing. Judges will need to report their attendance within 30 days, and that information, along with the seminars' reports, will be posted on judicial Web sites. Another overdue change will require judges below the Supreme Court level to install "conflict checking" software on their computers to avoid participating in cases in which they have a financial interest.

The improved transparency is a positive step. But Chief Justice Roberts should have at least insisted that improved disclosure of judicial junkets be accompanied by other steps to cut back on the size of the travel gifts, like limiting reimbursement to judges to the cost of coach fare to get to the resort, and requiring judges to pay for their own room and board.

Rumsfeld Also Plays Hardball On Squash Courts (NYT)

By David S. Cloud

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — For the last six years, Defense Secretary Donald H. Rumsfeld has slipped down to the Pentagon basement many afternoons, changed into a T-shirt, sweat pants and headband, and spent a heart-thumping hour playing squash.

There, no matter how the war in Iraq was going or how many Democrats were calling for his head, Mr. Rumsfeld could uncork his deadly drop shot, leaving his foe helpless and himself triumphant, at least for a moment.

In some ways, squash offers a window into Mr. Rumsfeld's complicated psyche, revealing much about his stubborn competitiveness and seemingly limitless stamina. Pentagon officials and employees say Mr. Rumsfeld's play closely resembles the way he has run the Defense Department, where he has spent six years trying to break the accepted modes of operating.

"He hits the ball well, but he doesn't play by the rules," says Chris Zimmerman, a devoted squash player who works in the Pentagon's office of program analysis and evaluation and is sometimes in the Pentagon athletic complex when Mr. Rumsfeld is on the court.

Mr. Zimmerman has never actually played his boss. But he says he has noticed that Mr. Rumsfeld, 74, often wins points because, after hitting a shot, he does not get out of the way so his opponent has a chance to return the ball, a practice known in squash as "clearing."

The almost-daily matches, Mr. Rumsfeld, a former Princeton wrestler, acknowledged last year, have helped preserve his "sanity'' in a period in which he and the administration have come under increasing political attack.

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Yet even the squash court is no longer the refuge it once was. This summer, two of the aides he played with most left his office for other jobs. Last month, Mr. Rumsfeld started to break in a new partner, Lt. Gen. Victor E. Renuart Jr. of the Air Force, a tennis player who agreed to take up squash after not playing for 30 years so the boss would have a partner.

Mr. Rumsfeld packed his squash racket for an August trip to Alaska but never played a game, even though aides reserved courts at two stops. On the last day of the trip, he delivered his most cantankerous speech in months, likening criticism of the Iraq war to appeasement of the Nazis before World War II.

This month, Mr. Rumsfeld had surgery on his left shoulder, repairing a longstanding injury unrelated to squash. He has not played since, though aides say he is eager to get back on the court after he heals.

Mr. Rumsfeld took up squash more than 20 years ago when he was a business executive. Rather than tricky bank shots off the walls, a move that better-skilled players favor, Mr. Rumsfeld plays with power, hitting the ball hard and ending points quickly. And he relentlessly attacks his opponent's confidence.

"When you try a shot and miss, he'll say, 'You don't have that shot,' " said Lawrence Di Rita, a close aide who played against Mr. Rumsfeld regularly until leaving his job at the Pentagon this summer.

Mr. Di Rita is a former Naval Academy varsity player more than 25 years younger than Mr. Rumsfeld. He says he lost his share of games and never went easy on his boss. By tradition, the loser posted the score on Mr. Rumsfeld's office door, so his staff would know when he had beaten Mr. Di Rita or his other main partner, his military assistant, Vice Adm. James G. Stavridis, who was also on the academy squash team. Mr. Di Rita concedes that Mr. Rumsfeld rarely offers or asks for "lets," a replay point when one player feels aggrieved.

On the court, "he is very aggressive and he is very intense,'' Mr. Di Rita said. "He is very good at getting inside your head. He's everything you would expect Donald Rumsfeld to be."

Mr. Rumsfeld has declined invitations to play against reporters, as well as to describe his game for this article.

Mr. Rumsfeld himself has suggested that his ideas about transforming the military into a smaller, more agile force, like the one he pushed for in invading Iraq, were influenced by his squash playing.

In an interview with the military writer Thomas P. M. Barnett last year, Mr. Rumsfeld said, "I play squash with him," gesturing at Mr. Di Rita. "When I pass him in a shot and it's a well-played hard shot, I saw speed kills. And it does. If you can do something very fast you can get your job done and save a lot of lives."

Many politicians have relaxed by competing, and Mr. Rumsfeld is not the first to have earned a reputation for zeal. As governor of New York, Mario M. Cuomo was known for his sharp elbows and tongue on the basketball court; as president, Bill Clinton exasperated his golf partners by taking mulligans, or do-overs, after bad shots.

In squash, Mr. Rumsfeld's main advantage over more capable and fitter players is that he refuses to play anything but "hardball," a variation of the game that was once common in the United States but has largely died out over the last decade. Most competitors now play the international game, which uses a softer ball and a wider court, requiring more running and allowing more creative shot-making. The harder ball favored by Mr. Rumsfeld tends to come back to the center of the court, so players do not have to move as much to return it.

The Pentagon gym had eight hardball courts when it was built in the 1940's. When a new facility was built in 2002, one hardball court was kept for Mr. Rumsfeld and the handful of other Pentagon employees who still play that version of the game.

But some who know him say Mr. Rumsfeld refuses to concede that the game may have passed him by.

"One time I saw Rumsfeld and I referred to hardball as an old man's game, and he just stared at me," says David Bass, a public relations executive who sometimes plays on the Pentagon courts. "It's become a running joke with us."

Nor does Mr. Rumsfeld lack for bravado. Mohamed Awad, a former champion player who was once ranked as high as ninth in the world, spent a half hour hitting with him last February at a racquet club in Munich, where Mr. Rumsfeld was attending a military conference.

Mr. Rumsfeld plays well for a man his age, Mr. Awad said. Afterward, he said, Mr. Rumsfeld suggested that he could outplay another septuagenarian politician still known for his prowess in squash, the 78-year-old Egyptian president, Hosni Mubarak.

"I told him, 'That can't be right because I have played with Mubarak, and he is much better than you are,' " said Mr. Awad, an Egyptian who now lives in Germany.

Mr. Rumsfeld, he said, just laughed. Pentagon aides say that they do not recall Mr. Rumsfeld boasting about being better than Mr. Mubarak.

NASA Chief Heads To China To Discuss Space Cooperation (NYT)

By Warren Leary

The New York Times, September 24, 2006

WASHINGTON, Sept. 23 — The leader of NASA arrives in China on Sunday for a tour of space agency sites, making him the most senior American space official to go to China to discuss possible cooperation between the countries' programs.

Michael D. Griffin, the administrator of the National Aeronautics and Space Administration, has repeatedly cautioned that the tour, which will include Beijing, Shanghai and a desert launching site in Gansu Province, will be an exploratory visit that will not result in any bilateral space agreements or formal partnerships.

"This is a get-acquainted visit that has no preconditions to it," he said recently. "We are going to see things and meet people, and see where that takes us."

China is the third country, after the United States and Russia, to have sent humans into space. It has been seeking more international cooperation in aerospace projects, but the United States has been reluctant. Much of China's program is run by the military, raising concerns about possible technology transfers or other national security issues for any such cooperation.

Working with China in space has also been hampered by other issues under discussion by the two nations, like weapons proliferation, trade agreements, patent and trademark enforcement, and human rights, said a senior adviser at NASA, who spoke on condition that he not be identified.

Recently, though, the American position has begun to shift. When Chinese space officials invited the previous NASA administrator, Sean O'Keefe, to visit their operations two years ago, nothing came of the overture. However, when President Hu Jintao of China visited the United States in April and made the same request of Mr. Griffin, President Bush accepted the invitation.

"There has been a policy decision by the Bush White House to do this," said John Logsdon, the director of the Space Policy Institute at George Washington University. "It's part of an effort to engage China, to open a dialogue that may influence their policies in other areas. But it's starting slowly and deliberately."

Accompanying Mr. Griffin on the trip is William Gerstenmaier, the associate administrator for space operations, Michael F. O'Brien, the assistant administrator for external relations, and Shannon Lucid, a veteran astronaut. Ms. Lucid, who is the daughter of Baptist missionaries, was born in Shanghai and is returning to China for the first time since her childhood.

The group will meet Sun Laiyan, the administrator of the China National Space Administration in Beijing and tour aerospace operations and science centers there before going to Shanghai to visit space manufacturing plants there.

Also scheduled on the five-day trip is a visit to the Jiuquan Satellite Launch Center, an extensive rocket-launching complex from which the Chinese prepare and fly their manned spacecraft.

The Chinese launched their first manned spacecraft, Shenzhou, in October 2003, sending one astronaut into orbit for a day. In 2005, a Shenzhou with a two-person crew spent five days in orbit. Chinese authorities said their third mission, set for fall 2007, will send up three astronauts and will include spacewalks.

This year, Chinese officials visiting the United States outlined their plans for an extensive program of manned and unmanned programs, including orbiting a small, staffed space station by 2015 and establishing a moon program that includes sending a robotic orbiter next year, a lunar rover in 2012 and a lander that would return a moon sample to Earth in 2017. While there are no immediate plans to do so, Chinese officials also have expressed interest in sending humans to the moon.

Vincent G. Sabathier, a senior fellow on space issues at the Center for Strategic and International Studies in Washington, said that in the past, the United States had tried to contain Chinese ambitions in space but that this was no longer possible. China has major space agreements with Russia, Europe and most other nations with space programs, and is clearly striving to have a major role in the area, he said.

"The Chinese are going their way and have a strategy in place," Mr. Sabathier said. "They want to work with the United States and be accepted as a major player, and the U.S. is obviously now seeing some potential in working with them, which explains Mr. Griffin's trip."

Mr. Sabathier and other experts said the composition of Mr. Griffin's team, including the head of NASA's human space flight program and Ms. Lucid, whose five trips to space included a long stay aboard the Russian Mir space station, suggests that some type of cooperation in space may be under consideration.

Forget The Right Stuff. Can He Handle A Monkey Wrench? (NYT)

By John Schwartz

The New York Times, September 24, 2006

DURING the just-completed mission of the shuttle Atlantis to the International Space Station, viewers of NASA TV were treated to the sight of two highly educated spacewalkers straining against a balky bolt with a wrench and a cheater pipe. They worked with the grunts and wheezes — but not the curses — familiar to anyone who has ever had to change a tire or hook up a bathroom sink.

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Then, after Atlantis headed back toward Earth, astronauts on the station had to take emergency measures when a finicky machine, the Elektron oxygen generator, overheated and melted a rubber seal, sending a stench and small amount of smoke into the closed environment of the station.

Ad astra per aspera, sure, but bolts and plumbing? The venerable Latin epigram, which means "to the stars, with difficulty," probably wasn't supposed to be about such mundane matters.

From now until the scheduled end of the shuttle program in 2010, however, every mission currently planned will focus on station construction, and astronauts will continue to wrestle with the occasional frozen bolt, malfunctioning gizmo or other glitch. So why does NASA send brainiacs — the two Atlantis spacewalkers had advanced degrees in physics and aeronautics — when the missions might profit from a couple of shade-tree mechanics and seasoned construction workers?

"It's obviously a legitimate question," said Robert Mirelson, a spokesman at NASA headquarters. "Do you need to be a rocket scientist to be an astronaut?"

"With all the space tourists," he joked, "there are probably some plumbers out there who could afford to go to the space station."

Mr. Mirelson argued that because they go to space in small teams, astronauts must have a broad range of skills. But they can't know everything, he said, so NASA's mission controllers have experts on call at all hours to advise them, especially when something goes wrong.

Mike Mullane, an astronaut who came to space by way of the Air Force, said he was the "Forrest Gump of astronauts" because he felt underpowered in the brains department compared with some of his credentials-heavy colleagues. He said he knew the importance of mechanical ingenuity: on a family trip, his father once nursed an overheated car across the deserted mountains of southern New Mexico by having the Mullane boys urinate into the radiator.

But, he said, that outside-of-the-box thinking might not be the best approach in orbit, where a mistake could bring on disaster. "You're never going to say, 'Oh, something's broken — I'm going to get the toolbox and rip into this,' " he said.

So astronauts work under the close supervision of mission control, an arrangement that hardly calls for mechanical genius, Mr. Mullane said. The work can be done by "anybody with a basic understanding of a screwdriver and a wrench," he said, "and even most Ph.D.'s have that."

Tom Jones, a former astronaut who has a doctorate in planetary science, said NASA's rigorous training instilled the ability to handle every task. "By the time you get up there, you're not bad as a person who can follow directions and deal with this equipment," he said. "We get by."

These days, Mr. Jones added, he feels confident tackling home and automotive repair work that he never did before his astronaut training. "What a wonderful gift from the taxpayer," he said.

Some astronauts are accomplished handymen. Don Pettit has stripped and rebuilt a jet engine in his home workshop. During his stay aboard the station in 2002-03, he cobbled together a camera mount that, with a power drill as its driver, could precisely track the relative motion of the Earth and station to produce spectacular long-exposure photographs. And, he said, he is far from unique. "You've got a lot of tinkerers" among the astronaut corps, he said.

Historically, Mr. Pettit said, NASA engineers on the ground have resisted the idea of astronauts fixing things in space, and have tried to make systems redundant so repairs won't be necessary. When he was on the space station, he recalled, he overcame engineers' doubts by repairing his wristwatch. "All of a sudden, they let me fix things" that were not originally intended to be repaired in space, like a broken freezer that was used for science experiments, he said.

Dr. Jeffrey A. Hoffman, a former astronaut who has a doctorate in astrophysics and teaches aerospace engineering at the Massachusetts Institute of Technology, was in on the selection of several astronaut classes before leaving the space agency in 1997. As the science component of missions grew, they brought in more Ph.D.'s; later, as station construction loomed large, they selected more engineers and people with operational experience.

Any construction worker hired to go into orbit would be hard pressed to meet the other demands of the job and the complexity of the equipment, he said. "You can't just give somebody a space suit and tell him, 'Go build a space station,' " he said.

In any case, he said, it's too late for that. With the shuttle program set to be wound down by 2010 and the next generation of space vehicles years away, he said, "I think it will be a while before we select any new astronauts."

OTHER NEWS:

Governor's Race Tight (BSUN)

By Andrew A. Green, Sun Reporter

DOJ_NMG_0068497

The Baltimore Sun, September 24, 2006

Poll shows O'Malley holding a slight lead over Ehrlich

Baltimore Mayor Martin O'Malley is maintaining his lead over Gov. Robert L. Ehrlich Jr. in the race for Maryland governor, a new poll for The Sun shows, having countered a barrage of critical commercials expected to intensify over the six weeks until Election Day.

Still, Ehrlich, a Republican seeking re-election, remains a popular figure in a state where Democrats outnumber the GOP by about 2-to-1. Voters give Ehrlich and O'Malley - both 40-something telegenic politicians - about equal marks on leadership and ability to move the state forward, suggesting that the contest could wind up very close.

O'Malley, a Democrat, has a 6-percentage-point lead among likely voters, 50 percent to 44 percent, about the same margin he held over the Republican incumbent in July. But it is a much smaller advantage than the double-digit leads he held last year before Ehrlich began campaigning in earnest.

"This campaign should be neck-and-neck in November," said Keith Haller, the president of Potomac Inc., which conducted the Sun poll.

The statewide survey of 815 likely voters was conducted Sept. 15 through Sept. 18, and has a margin of error of 3.5 percentage points. The survey reveals underlying trends and perceptions that offer signs of encouragement for both campaigns.

Four years ago, Democrats lost the governorship for the first time in 36 years, when Ehrlich defeated former Lt. Gov. Kathleen Kennedy Townsend. But voters say they have more confidence in Democrats to handle state problems than they did when Ehrlich took office - a positive sign for O'Malley.

In a Sun survey in January 2003, state voters said Republicans were better able than Democrat to handle state issues by 41 percent to 39 percent. But since then, support for Ehrlich's party has steadily slipped, and support for O'Malley's has steadily gained.

Now 49 percent of voters think Democrats are well-equipped to handle problems, compared with 35 percent for Republicans, a 16-point swing in four years.

Richard Crane, a 57-year-old O'Malley supporter from Essex, said he sees the mayor trying to tackle the problems important to the middle class, and calls Ehrlich fixated about legalizing slot machines.

"Yeah, there are some retirees who take their quarters once a month and go to Dover Downs, but how much money is going out of state because people are moving because of high taxes, crime and poor schools?" said Crane, who voted for Townsend in 2002. "Those are the problems that Ehrlich should be addressing, and he's not, and those are the problems that I see O'Malley addressing."

But despite the surge for Democrats, the poll shows that Ehrlich remains largely untouched by the problems his party faces.

The Bush effect Although President Bush has seen some improvement in his standing nationally, he remains profoundly unpopular in Maryland, with 34 percent of voters approving of his performance and 59 percent disapproving.

That hasn't rubbed off on Ehrlich, despite O'Malley's nearly constant attempts to link the governor with the president.

Ehrlich's job approval rating isn't as good as it was early in his term, and it has slipped by 6 points since July, largely because of an erosion of support among Democrats. But now, as throughout his entire term, a majority of voters - 51 percent - think Ehrlich is doing a good job. The poll found that 38 percent disapprove.

Allan Hess, a 58-year-old Democrat from Cockeysville, said he disapproves of Bush because of the Iraq war but said that has nothing to do with Ehrlich.

Hess, who works at the Johns Hopkins medical campus in East Baltimore, said he's not impressed with O'Malley's performance in the city, especially on crime and schools, and thinks Ehrlich is a more solid leader.

"He's a really good speaker, and he's addressed some of the issues, maybe not to my full liking, but at least there's a plan there that's solid," said Hess, who voted for Ehrlich in 2002. "Martin O'Malley has a plan to do this and this, but how are you going to pay for it? It reminds me of the Richard Nixon-era 'I have a plan to get out of Vietnam' but no specifics."

O'Malley has the solid support of his party's base. Liberals back him overwhelmingly - 81 percent to 11 percent - and Democrats back him by a 70 percent to 19 percent margin.

Moderate support But he also retains a 15 percentage point lead among moderate voters, the sort who abandoned the Democratic Party to support Ehrlich in 2002.

Another positive sign for the mayor is that he holds a 17 percentage point lead among frequent voters, the ones most likely to come to the polls if turnout is low, as it was in this month's primary.

Lester Sussman, 80, a poll respondent from Mount Washington, said he voted for Ehrlich in 2002 but plans to vote for O'Malley this year.

"He had an unenviable task in the city," Sussman said. "I don't think anyone could overcome something like that."

"It's more that I dislike Ehrlich. ... I don't like the way he stuffed the [Public Service Commission,]" Sussman said, referring to discontent over how the governor's appointees handled this year's BGE rate increase.

Ehrlich has solid support from his base, too. Even after pitching himself as a centrist and emphasizing in his campaign moderate- and liberal-friendly policies such as support for stem cell research and tighter air pollution rules, the governor retains the strong support of Republicans and conservatives. Likely voters who identify themselves as conservatives back Ehrlich 73 percent to 19 percent, and Republicans support him by an 81 percent to 12 percent spread.

Timothy Lang, 49, a construction company owner from Glen Burnie, rates Ehrlich's job performance as "not perfect, but not bad." The conservative Republican said deciding to vote for the governor is a no-brainer.

"He's a Republican, a conservative," Lang said, whereas O'Malley "toots a horn that don't deserve to be tooted."

The gubernatorial match-up results stand in contrast to the increasing confidence Ehrlich and his aides have displayed in recent days. They have repeatedly insisted that the governor is now leading in his internal polls and have even claimed that O'Malley's private surveys show the same thing. The mayor's campaign has said that's not true.

Echoes of 2002 On the campaign trail, Ehrlich has sought to frame this election as a repeat of the 2002 contest. Although he's the incumbent, he pitches himself as an insurgent campaigner, a change agent to break up the "Democratic monopoly" in Annapolis. On the stump, he tells supporters that the race is breaking for him, just as the 2002 campaign did.

"What you feel is actually happening," Ehrlich told the crowd that surrounded him at the Frederick County Fair last week. "We have the opportunity to win this race not close. We have the opportunity to have this race called at 8:01 p.m. on election night. That's where all the trend lines are going."

But the Sun poll shows signs that this race is not unfolding for Ehrlich as the last one did. In 2002, Ehrlich was a relatively unknown congressman whose candidacy caught fire as doubts about Townsend began to take root. Within a few months, Ehrlich had erased a 27-percentage point deficit and brought the race to a dead heat by this point in the election cycle.

Closing the gap This time, the gap is closing more slowly.

In part, that's because his base in the Baltimore suburbs, the crucial swing area in the 2002 race, isn't as strong as it was then. His approval ratings show he remains popular in the suburbs, but so far that isn't translating into the kind of advantage over O'Malley he enjoyed over Townsend.

Rep. C.A. Dutch Ruppersberger, the former Baltimore County executive and a strong O'Malley supporter, said before the poll was taken that the one key indicator of this race is how the candidates are doing in Baltimore County, Ehrlich's home jurisdiction, where he won almost his entire margin of victory in 2002.

Last time, Ruppersberger said, Ehrlich won the county by more than 20 percentage points. If he wins by only 10 this time, Ruppersberger said, he will lose the race.

Ehrlich said at a recent campaign stop that his goal for the county is 60 percent - "The first lady says 65," he joked. But the Sun poll shows he's now leading there by just 5 percentage points, 46 percent to 41 percent. At this point in 2002, the Sun poll found he was leading in the county 58 percent to 31 percent.

The new poll shows Ehrlich and O'Malley are in a statistical tie in the Baltimore region, which includes Baltimore, Anne Arundel, Howard, Carroll and Harford counties - as well as the city. Apart from Baltimore City, Ehrlich carried each of those jurisdictions by wide margins in 2002.

Voters gave a strong indication of how close the election could be when presented with a series of head-to-head comparisons about the skills and ideas Ehrlich and O'Malley bring to the race. On every one, the two were within a few points of each other or in a tie.

Leadership Ehrlich got a narrow edge on which candidate is a leader, 44 percent to 41 percent, and he tied O'Malley - 40 percent to 40 percent - on a question of who would best be able to improve public schools.

Voters usually give Democrats higher marks on education, but this figure suggests that questions about the city school system, which have been a centerpiece of the Ehrlich campaign, give the Republican an unusual opening on the issue. However, the numbers also show that the governor's focus on city schools in speeches and television ads in the last two months has done little to sway voters' perceptions; in July, O'Malley led in this measure by 5 points.

The mayor has a slight lead on the question of which candidate is more innovative or has better ideas, 44 percent to 39 percent, and on which candidate shares the voter's values, 43 percent to 39 percent.

On the question of which one is better able to move the state forward - which both campaigns have spent their time trying to answer for voters - they are essentially tied: O'Malley 44, Ehrlich 43.

James Elliot, 84, a retiree from Lutherville who voted for Ehrlich in 2002, said his decision this year is going to be a tough call.

"I think he's a good man," Elliot said of O'Malley.

And what about Ehrlich?

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"I think he's a pretty good man, too," Elliot said.

Crist Has Slim Edge Over Davis In Poll (FLSUNSEN)

By Mark Hollis, Tallahassee Bureau

South Florida Sun-Sentinel, September 24, 2006

TALLAHASSEE · Republican Charlie Crist leads Democrat Jim Davis by 6 points in the latest South Florida Sun-Sentinel poll on the governor's race, but undecided voters who favor Davis on key issues could drive the contest even closer.

With roughly six weeks remaining until the Nov. 7 election, only 7 percent of Florida's likely voters are undecided. Crist and running mate, Jeff Kottkamp, would get votes from 49 percent of those polled. Davis and his running mate, Daryl Jones, are favored by 43 percent, while other candidates in the race collectively get approval from 1 percent of those sampled.

Davis, a Tampa congressman, could make up ground on Crist, the state's attorney general, by stressing education themes to appeal to undecided "independents," blacks and women, the poll shows. Many of those voters are leaning toward Davis' stance on public school policies.

And many black voters, the poll reveals, are energized by Davis' selection of a lieutenant governor running mate who is black.

"There's no question that this race can tighten, and it probably will tighten," said pollster Del Ali. "The real silver lining for Davis" is that voters still don't know much about him. Davis' name recognition is low, with 59 percent of voters overall saying they don't even have an opinion about him.

"Davis has a lot more room to grow for people to view him favorably," Ali said. "Once they view him favorably, they can turn into his votes."

Those potential votes could come from people like poll respondent Marcia Suarez, 44, a Boca Raton Republican who is undecided. "I like Crist. I tend to vote Republican, because they are usually tougher. But I'd consider a Democrat."

The statewide telephone survey of 600 likely voters was conducted Sept. 18-20 for the Sun-Sentinel and Florida Times Union by Maryland-based Research 2000. The poll has a margin of error of plus or minus 4 percent.

Crist is favored heavily by Republicans and slightly by independents, who will be key in the final weeks of the race. Independents comprise one-fifth of the likely turnout, and 10 percent of them are undecided. The rest favor Crist by 6 points.

Black voters, who traditionally align with Democratic candidates, comprise about 12 percent of the electorate. Twenty-two percent of blacks surveyed are undecided in the governor's race. And women are favoring Davis by 3 percentage points, with 8 percent of them still unsure.

The poll confirms that Davis has already helped himself draw support from blacks by selecting Jones as his running mate. Jones would become the first black lieutenant governor in state history.

Most voters say the running mate selection doesn't make a difference as to whom they'll pick for governor. But for blacks this year, it seems to matter. Without being told by pollsters that Jones is black, 56 percent of blacks surveyed said they are more likely to back Davis for having selected Jones. By comparison, 63 percent of all voters say the running mate selection doesn't affect their decision.

Even more important for Davis, independents, blacks and women all are indicating they are more compatible with Democrats when it comes to education policies, which voters overwhelmingly say is their top concern for the state.

More than a third of the independents agree with Davis in saying that Florida isn't spending enough on public schools. And by a 2-to-1 margin, they reject the state's FCAT, the importance of which Davis says he would downgrade. Crist says he would continue to depend on the Florida Comprehensive Assessment Test for grading schools, and student and teacher performance.

"[Davis] has an easier time [appealing] to independents based on where the candidates stand on the issues, such as education, more so than Crist," said Ali.

Anti-incumbency sentiments and opposition to President Bush are high nationwide and could pose a challenge for Crist, Ali said, if voters begin to link him too closely to national Republican leadership. But so far, Ali said, the poll shows Florida voters largely approve of the president's younger brother, Republican Gov. Jeb Bush, giving Crist insulation from this year's anti-incumbent, anti-George Bush surge.

Three other state offices -- attorney general, chief financial officer and agriculture commissioner -- are too close to call at this stage. The possibility remains, though, according to the poll, that the Florida Cabinet this year could switch from all-Republican to all-Democratic, which could have enormous implications for various state policies dealing with matters ranging from insurance regulation to environmental land purchases.

The attorney general's race featuring Democrat Walter "Skip" Campbell, a state senator from Broward County, and Republican Bill McCollum, a former congressman from Orlando, shows signs of being very tight on election night. Nineteen percent of voters are undecided in that race, with McCollum holding a 42-39 percent lead.

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The chief financial officer battle includes a woman, Democrat Alex Sink of Tampa, against Republican Tom Lee, the current president of the Florida Senate. Lee is leading by a 10-point margin over Sink, with 16 percent of the voters undecided. So far, the poll doesn't indicate a gender gap, the pollster said, with Lee leading likely because of his better name recognition.

Incumbent Republican Agriculture Commissioner Charles Bronson hadn't been expected to face much of a challenge. But in the poll, he leads Democrat Eric Copeland by only a slight margin, with a fifth of the voters undecided.

Swann Has Trouble Catching On (PPG)

By Tracie Mauriello, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, September 24, 2006

CAMPAIGN 2006 / Governor's Race

HARRISBURG -- You already know him as a football star and sportscaster.

Now there's another role Lynn Swann wants to play: governor.

It's a job subject to more Monday-morning quarterbacking, less celebrity and lower pay than Mr. Swann had in the NFL, but he's willing to take it on just the same.

Mr. Swann is a football Hall of Famer whose name appears on eight Trivial Pursuit game cards. And he commands more than $30,000 an event for his work as a motivational speaker.

The quest to take over the governor's office isn't about fame or money, he says. It's about reforming a state where, Mr. Swann says, taxes are too high, access to decision-makers is too limited and public money is spent too freely.

Mr. Swann says his interest in running for office was sparked by the 2001 terrorist attacks.

"Sept. 11 created in me more of a drive to find ways to serve at a new level," Mr. Swann said. His interest was reinforced a year later when he became chairman of the President's Council of Physical Fitness and Sports and in 2004 when he served as a campaign volunteer for President Bush's re-election campaign.

"Add to that a strong feeling that our state is moving in the wrong direction," Mr. Swann said. "That's what made me think about whether I wanted to seek the office of the governor of Pennsylvania."

He began discussing his ambitions with high-ranking Republicans such as Senate President Pro Tempore Robert Jubelirer, R-Altoona, who helped him secure the party nomination at a time when the GOP needed a visible, credible candidate to face a popular incumbent.

Polls show that defeating Democratic Gov. Ed Rendell, an experienced politician with wide support, will be an uphill battle, steeper than the GOP anticipated during nominating season last winter.

Six weeks before the election, Mr. Rendell has a double-digit lead, according to separate polls released Thursday.

The Keystone Poll by Franklin & Marshall College puts Mr. Rendell's support at 54 percent to Mr. Swann's 34 percent. The IssuesPA/Pew poll put Mr. Rendell farther ahead, 58 percent to 30 percent.

"In the early part of the year, the party saw the potential for Swann to really energize voters with his celebrity and his personable characteristics, and that he would be someone much more competitive at this point," said Christopher Borick, professor of political science at Muhlenberg College

Matthew Woessner, assistant professor of public policy at Penn State Harrisburg, agreed.

"Frankly, I thought Swann was going to be a formidable candidate and I'm very surprised that he hasn't caught on. My best sense is that there is no substitute for an experienced, thoughtful, seasoned politician like Rendell," he said. "As charismatic and intelligent and substantive as Swann is, he is going up against a master politician."

Mr. Swann says he isn't discouraged. A series of television commercials launched this month, relatively late in the campaign season, ought to help, he said.

He's counting on a decline in Mr. Rendell's poll numbers, spurred by renewed voter anger over the now-repealed pay-raise law, which the governor supported. The issue came back into the spotlight recently after the state Supreme Court ruled that the pay-raise repeal did not apply to judges.

With six weeks before Election Day, Mr. Swann needs whatever help he can get, whether by spikes in his own popularity or declines in Mr. Rendell's.

Win or lose Nov. 7, Mr. Swann's candidacy alone helps the GOP, Dr. Woesser and Dr. Borick said.

"I'm sure there are people in the party that do not have real optimism that he's going to be able to unseat Rendell, and they're not looking at him in terms of what effect he's going to have on the rest of the ticket," Dr. Borick said. "If he can energize the Republican base, who are more likely to vote straight ticket, other candidates might get a little bit of a push from that."

Celebrity's two sides

Mr. Swann has the kind of name recognition that no amount of campaign dollars can buy, yet he is hampered by the difficulty some have in seeing him as anything other than a jock.

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Even people who idolize Mr. Swann for his athletic prowess aren't necessarily aware of his political ambition.

Longtime fan Jeff Kaliner, of Wilkes-Barre, for example, walked past four or five Swann campaign signs at La Festa, Scranton's Labor Day weekend Italian festival, and still didn't realize that the "Swann" written on the signs referred to the football giant.

"I kept seeing these signs, but I didn't even think about it. I didn't realize they meant him," said Mr. Kaliner, who felt faint after shaking Mr. Swann's hand at the festival.

"Somebody hold me up. I'm in shock. This is the best thing ever," he said.

Observers say Mr. Swann's celebrity is both an asset and a hindrance as he runs his campaign.

"A lot of people see him as their football hero," Dr. Borick said. "It draws people to him and gets him attention, but it also creates a wall he has to get over to say, 'Thank you for remembering me as a football star but, in the end, I'm running on my ability to lead as a political figure.' "

That's tough for fans to grasp, even when Mr. Swann is accompanied by an entourage carrying campaign signs.

For a moment at La Festa, it looked as if Mr. Swann had gained ground when a worker at Kay's Pizza booth wished him luck.

"I'm hoping to turn it in a different direction now," Mr. Swann said.

"Yeah, I know," the pizza maker replied. "I'm hoping it'll be against the Cowboys this year."

Mr. Swann nodded and kept walking. As campaign season has progressed, Mr. Swann has limited his time with sports fans to give it more freely to people who stop him to ask about his politics.

"His celebrity got him into the race and helped clear the field for him, but it isn't enough," Dr. Borick said.

That's fine with Mr. Swann's supporters, who say he's got plenty more than football fame going for him.

"Everyone focuses on his celebrity. What they don't focus on is what it took to achieve that," former Lt. Gov. Bill Scranton said.

"He started from very humble beginnings. You don't achieve what he has without a lot of grit and determination," said Mr. Scranton, who sought the Republican gubernatorial nomination last year but backed out after Mr. Swann emerged in February as the party favorite.

"It wasn't a personal contest. It was about who could best deliver the message, and he won that contest. I completely support Lynn Swann," Mr. Scranton said. "He and I want the same things."

Pushing tax reductions

Those things include fiscally responsible government, lower taxes, fewer government regulations on farmers and an end to the state's tax on inherited property.

One major part of the platform is a plan to create a system of taxing property by tying payments to a home's purchase price instead of its assessed value. He also wants to prohibit tax increases exceeding the rate of inflation.

"We want a system that's fair and equitable, where you can predict your taxes 10 years from now," Mr. Swann said. "The predictability is as much a sense of relief as anything."

Tax reductions would be offset by budget surpluses, gambling revenue and savings from requiring school employees to enroll in a consolidated statewide benefits program. If that isn't enough to cover, Mr. Swann would dip into the general fund.

Critics from the Rendell camp say the plan is unworkable.

There isn't enough money to cover the reductions promised by Mr. Swann, at least $150 per homeowner in the first year, said Mr. Rendell's campaign spokesman, Dan Fee.

"Where is the money coming from if there isn't a surplus? There's not a big percentage of the budget you can whack because a lot of it is linked to federal mandates," Mr. Fee said. "Their plan doesn't work."

Someone with no political experience, Mr. Fee said, is not a good choice for governor of a large state with a $26 billion budget.

"He's simply unqualified," he said. "Being governor isn't just about making speeches. It's about making progress."

Even some of Mr. Swann's former teammates lack confidence in his abilities to govern.

"He's very bright, he's very articulate and he is hardworking ... but he is a novice to the political government arena," said former Steeler Dwight White, a lifelong Democrat who supports Mr. Rendell.

"There are some things you can only learn through experience and time. There are exceptions to that rule, but I don't know if I'm willing to toss the dice," Mr. White said. "It's not a personal thing. I like Lynn Swann."

Mr. Swann's supporters say his lack of political experience is an asset because he is not beholden to legislators and lobbyists.

"He's not politically connected and he has no agenda. His freshness and newness are huge assets," said longtime friend Gary Brown, a Mt. Lebanon businessman.

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"It's not like he's totally unaware of what would happen when he arrives in Harrisburg. He knows the issues and his fresh approach would be welcomed," said Mr. Brown, who met Mr. Swann shortly after the Steelers drafted the wide receiver in 1974.

Since then, Mr. Swann has gotten married, played on four Super Bowl-winning teams, had two children, been a spokesman for a company that makes fibers for sleeping bags, hosted the game show "To Tell the Truth," danced on stage with Gene Kelly and, to the amusement of friends like Mr. Brown, who know of his aversion to cold weather, covered the Iditarod Dog Sled Race in Alaska.

"Just because you're a success at one career doesn't mean you can't transfer those skills and do something else. Being an athlete and having a career in sports doesn't disqualify you from having success in other fields," Mr. Swann said. "I'm not just an athlete."

True.

He also is a TV actor, appearing on episodes of "Family Matters" and "The Paper Chase;" a motivational speaker; a businessman; a former national spokesman for Big Brothers Big Sisters of America; and a board member for H.J. Heinz Co. and Hershey Entertainment and Resorts.

Mr. Swann said his work and volunteer experience helped him hone skills that will transfer easily to the governor's office.

During about 25 years volunteering as national spokesman of Philadelphia-based Big Brothers Big Sisters, he learned about the plight of poor children in Pennsylvania and elsewhere, said Judy Vredenburgh, the organization's chief operating officer.

"With that insight and with his understanding of what people's needs and motivations are, his policies will make a huge difference for kids," Ms. Vredenburgh said.

Early life lessons

At age 12, young Lynn defied his mother, Mildred, who did not want her youngest boy to play a rough-and-tumble sport like football. He sneaked out, anyway, and joined his older brother at tryouts for Pop Warner football. Both made the team.

"My mother let me play, but she said, 'If you're going to play, you can't quit,' " Mr. Swann said. "Now, we had a Marine-drill-sergeant type coach who made us do pushups with weighted vests and run laps."

There were times, he said, that he thought about quitting, but that wasn't an option in the Swann family.

"My mom felt that if I was going to be doing something, I needed to be out there doing it fully. My mom always said, 'Don't give up,' " he said.

He didn't give up then, and he won't now, despite being down in the polls and in fund raising, he says.

"I'm trying to get the job done and I will push as hard as I can," said Swann, who has crisscrossed the state, making campaign appearances at a seemingly exhausting pace.

"I don't think about whether it's hard or easy. I just do what has to be done," he said.

Angelides Puts Iraq On Table (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, September 24, 2006

The gubernatorial candidate says he would immediately seek the Guard's withdrawal.

In a move to bolster his appeal among Democrats, state Treasurer Phil Angelides said Saturday night that on his first day as governor, he would call on President Bush to withdraw California's National Guard troops from the war in Iraq.

The Democratic nominee for governor said in a telephone interview that he would take court action against Bush if necessary to extract the state's National Guard members from Iraq. He said he would also urge other governors and members of Congress to join his effort.

"I will do everything in my power as governor of the state of California to bring our National Guard troops home," Angelides said.

At a Democratic primary debate in May, Angelides said governors lack the power to force the Pentagon to send a state's National Guard troops home from the war. But in the interview Saturday night, he said there might be some legal leeway on the matter.

Angelides said roughly 1,700 California National Guard troops are stationed in Iraq, but the number could not be verified on Saturday night. He also said he would not call for the withdrawal of several hundred California National Guard troops deployed in Afghanistan.

Earlier this year, Angelides opposed Bush's request to put other National Guard troops on the border with Mexico. Schwarzenegger agreed to send 1,300 Guard members there but refused a later Bush administration request for more border troops. The governor has maintained control over troops requested for border missions but not those sent to Iraq.

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The treasurer, who is trailing Schwarzenegger in the polls with little more than six weeks left before the election, plans to lay out his views on California's National Guard deployment in Iraq in speeches in San Francisco and Burbank on Tuesday and then in Sacramento on Thursday, aides said. The Angelides offensive on Iraq is part of his effort to remind voters of Gov. Arnold Schwarzenegger's Republican roots and his support for Bush's reelection.

"Schwarzenegger has let our troops down by not speaking out against the war," Angelides said in the interview.

On NBC's "Meet the Press" in February, Schwarzenegger defended Bush's decision to invade Iraq.

"I think that we had to go in," he said. "There was a threat of terrorism. I think that it was the right thing to do."

The United States, he added, needed "to get out as quickly as possible, but also in a sensible way."

As for the state's National Guard troops, Schwarzenegger said he was not concerned that the Iraq deployment would leave California with too few to deal with an earthquake, flood or other natural disaster.

In response to Angelides' remarks on Saturday, Schwarzenegger campaign spokesman Matt David suggested voters would see the move as a campaign ploy. "California voters know the difference between a governor and a president," David said. "If Angelides wants to run for president, he should be spending more time at the Iowa state fair and less time in California union halls."

The move comes at a time of major difficulties for Angelides. He has trailed Schwarzenegger in raising money, and his main benefactor, organized labor, has yet to spend heavily on his campaign. Schwarzenegger, meanwhile, has made inroads among Democrats and independents.

Angelides faces a tough challenge in making the war in Iraq a decisive topic in the gubernatorial campaign. Public opinion surveys have found that California voters rate education, immigration and other matters as more important issues for the state to address.

But the war is a central focus of the national battle for control of Congress in the Nov. 7 midterm election. It is also one of the main reasons that the national political climate has soured for Republicans. With low turnout widely projected in the California election, Angelides is counting on that national environment to drive more Democrats to the polls, along with the independents who often side with them.

Angelides is also banking on a low turnout among Schwarzenegger's political base of conservatives, some of whom have been irked by his deals with Democratic lawmakers on vast public works bonds and other matters.

"It's going to be who has the most energized base at the end of the day, and that's where we're going to concentrate our efforts," Angelides media strategist Bill Carrick said in an interview last week.

In July, a Field Poll survey found 58% of Californians want the U.S. to withdraw all or some of its troops from Iraq. The poll also found that 67% disapprove of Bush's handling of the war and 61% disapprove of his overall job performance.

The most recent wave of Angelides television advertising is a Democratic Party spot that shows Schwarzenegger campaigning for Bush in Ohio, a crucial 2004 swing state, and mentions the troops in Iraq.

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Akaka Takes Early Lead In Hawaii Primary (AP-Y)

By Mark Niesse, Associated Press Writer

AP, September 24, 2006

Liberal incumbent Sen. Daniel Akaka held an early lead Saturday night over upstart challenger Rep. Ed Case in the Democratic primary after absentee ballots and early votes were released.

Akaka was leading 56.4 percent to 43.6 percent after 84,088 votes were counted. The figures do not include any votes cast Saturday.

Akaka had 47,446 votes compared to Case's 36,642.

Akaka, 82, has served in Congress for 30 years and drew on his experience to boost his candidacy.

Case, 53, tried to convince voters that Hawaii needs to elect a younger, more moderate senator.

Democrats Set To Air Ads In Bid To Derail Steele (WT)

By Jon Ward, The Washington Times

The Washington Times, September 24, 2006

Maryland Lt. Gov. Michael S. Steele's assertive campaign for U.S. Senate since the Sept. 12 primary has prompted national Democrats to start running attack ads sooner than they had planned.

The Democratic Senatorial Campaign Committee originally bought $1 million worth of TV time for the two weeks leading up to the Nov. 7 general election, then decided to start running ads Tuesday, according to the Steele campaign.

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"This is a clear indication of the national Democratic Party bosses' scramble to maintain control over Maryland," said Michael Leavitt, campaign manager for Mr. Steele, a Republican.

Phil Singer, a spokesman for the Democratic committee did not return phone calls, but has said he will not comment on strategic decisions in the campaign for Rep. Benjamin L. Cardin, who defeated Kweisi Mfume in the Democratic primary.

Mr. Steele, the first black person elected to statewide office in Maryland, says the Democrats' strategy against him was revealed as early as last spring when an internal party memo was leaked to the press.

The memo called Mr. Steele, 47, a "unique threat" to black voters' loyalty to Democrats and advised Maryland Democrats to begin a "persuasion campaign ... as soon as possible to discredit Steele as a viable candidate for the community."

"Connecting Steele to national Republicans ... can turn Steele into a typical Republican in the eyes of voters, as opposed to an African American candidate," the memo stated.

Mr. Steele also points to the illegal theft of his credit report by a Democratic committee staffer a year ago, before he had declared his candidacy. The staffer pleaded guilty to a misdemeanor in federal court and was sentenced to community service.

"The fact that they had to steal it speaks to the fear that they have of my campaign," Mr. Steele said recently. "Quite frankly, the only way they think they can beat me is to, as they said in their own memo, denigrate and demonize me."

Mr. Cardin, 62, rarely attacked Mr. Mfume, past president of the National Association for the Advancement of Colored People, whom he defeated by three percentage points.

But the congressman from Baltimore has been following the Democratic memo's advice by attacking Mr. Steele for supporting President Bush's policies.

"We can't allow this seat just to be another vote for President Bush," Mr. Cardin said in a speech in Catonsville last week.

The state Democratic Party has set up a Web site called "The Real Steele" that has multiple pictures of Mr. Steele on stage with Mr. Bush at a fundraiser last year.

The latest Steele TV ad, in which Mr. Steele warns voters that critics will go as far as accusing him of not liking puppies is intended to blunt the effect of such criticisms and images.

"Soon your TV will be jammed with negative ads from the Washington crowd -- grainy pictures and spooky music saying 'Steele hates puppies' and worse," Mr. Steele says in the ad. He then pauses and says playfully, "For the record, I love puppies."

The ad was created by Brad Todd at On Message Inc., in Alexandria, after a conversation with Mr. Steele, who came up with the puppy idea. Mr. Todd is partners with Alex Castellanos, a longtime media consultant to the Republican Party.

Mr. Steele also has held several campaign events aimed at cutting into Mr. Cardin's built-in support among black voters in Baltimore.

The day after the primary, Mr. Steele stopped for a haircut in the primarily black section of Baltimore's Park Heights neighborhood.

Mr. Cardin, who is white and Jewish, has represented the neighborhood, which includes a section to the north that is heavily Jewish, for 20 years.

Mr. Steele told the crowd outside the barbershop, "When I go to the United States Senate, I will represent both sides of Park Heights. You're going with me to Washington."

Mr. Mfume's son, Christopher, attended a rally in Baltimore last week for Mr. Steele, and endorsed his candidacy.

The Steele campaign has also criticized Mr. Cardin after a staffer was discovered Sept. 15 to have posted racist and anti-Semitic comments on an online blog. The unidentified staffer has since been fired.

Sen. Burns, Tester Debate In Montana (AP-Y)

By Matt Gouras, Associated Press Writer

AP, September 24, 2006

U.S. Sen. Conrad Burns accused his Democratic challenger Saturday of wanting to raise taxes and weaken the U.S. Patriot Act, but brushed off allegations of ties to convicted lobbyist Jack Abramoff.

Jon Tester, locked in a tight race with the three-term incumbent, blasted Burns during their debate for running up the federal deficit and claimed he has lost touch with Montana.

Burns didn't answer a question asking for details on his staff's relationship with Abramoff, saying the allegations are being trumped up by Democrats for political gain.

"There we go again — baseless allegations drummed up in a negative campaign that started almost a year and a half ago. We have answered those questions," Burns said. "What does that do for jobs in Butte, Montana? What does it do for jobs in any part of the state of Montana?"

Tester has made ethics a campaign centerpiece, and invoked Abramoff's name several times during the debate.

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"You have to have honest leadership, someone who will go to Washington and fight for you," Tester said. "I won't sell Montana down the road by cutting deals with lobbyists like Jack Abramoff."

They also disagreed sharply on the U.S. Patriot Act. Burns said it is needed to intercept calls placed to known terrorist phone numbers and gives law enforcement the same tools they use to fight organized crime.

"I don't think Mr. Tester understands this enemy," Burns said. "We cannot afford another 9/11. I can tell you that right now. He wants to weaken the Patriot Act."

Tester said the Patriot Act is eroding the very freedoms the terrorists are trying to take from Americans.

"Let me be clear. I don't want to weaken the Patriot Act. I want to get rid of it," Tester said.

During a Sept. 10 debate, a raucous crowd heckled and jeered Burns, forcing him to cut short his statements. This time ushers at Butte's Mother Lode Theater were on hand to keep the crowd under control and applause was banned until the end.

Fueling The Fire (NYT)

By Deirdre Mcnamer

The New York Times, September 24, 2006

Missoula, Mont.

THIS state, in recent years, has gained a new season, and it's not one we like very much. High summer and early autumn as Montanans used to know them — bright, clean-edged and wild-yonder-blue — have given way to the sooty skies, red moons and general unease of fire season.

Runaway fire makes anyone edgy, even when you're not in its path or even very near by. And if you're in a neck-and-neck race for the United States Senate, you're not the soul of serenity to begin with.

Witness the Republican incumbent, Conrad Burns, toward the beginning of fire season in late July, when he gave an impromptu tongue-lashing to a team of firefighters at the Billings airport who were on their way back home to Virginia after a week on a 92,000-acre fire in southern Montana. Senator Burns told them they had done a rotten job and later said that the crew "didn't do a goddamned thing" and that they just "sit around."

Not the most politic remarks he could have made as he began to defend himself in earnest against a stiff challenge for his seat from a Democrat, Jon Tester, whose mantra is that Mr. Burns has lost touch with "Montana values," like defending the ordinary guy who's doing a hard, hot job.

Senator Burns apologized for his maladroit remarks and said he should have gone to higher-ups with any beefs he or some of his rancher constituency had with the way the fire had been managed. And he later sponsored an amendment to a military spending bill that bolstered federal firefighting dollars.

But the race heated up, and the incendiary remarks continued to fly. Mr. Burns lost the Montana cab-driver vote when he remarked that the country is up against a "faceless" enemy, terrorists who "drive taxicabs in the daytime and kill at night."

Nor has Mr. Tester kept foot out of mouth; in telling a reporter about the faith he has in his staff, he said, "Nobody has done anything to make me think they're trying to tomahawk me," a verb that delighted the state Republican Party spokesman, who said it denigrated American Indians, the state's largest minority group.

By the time the candidates convened for their second debate two weeks ago, even the audience seemed atypically fired-up for a Montana crowd that wasn't watching a sporting event in the strict sense of the term. The debate was held in Hamilton, in the Bitterroot Valley near the Idaho border, where forest fires had periodically been sending smoke hither and yon. As the candidates jousted, the crowd booed Mr. Burns and someone shouted "psycho" at him, and then a Burns supporter chastised the booers for rudeness.

Mr. Burns, who received more money from the disgraced lobbyist Jack Abramoff than any other member of Congress, accused Mr. Tester of being an unaccountable "lawbreaker" in his fund-raising practices. (He mentioned a $7,000 "slush fund" that Mr. Tester used for gas and meals on the campaign trail, and which the state's political practices' commissioner has said is legal.) The senator also accused Mr. Tester of failing to "report" a trade-mission trip he took to Taiwan as president of the State Senate.

In turn, Mr. Tester reeled off a longish list of Senator Burns's trips, including 10 to Las Vegas, as well as the names of the multinational corporations from which the senator has taken money. And so on, and so forth.

A good time was sort of had by some.

After the debate Mr. Tester drove up to Missoula for a block party I also attended. The suggested donation was $35, which didn't do a lot to erase Mr. Tester's financial disadvantage. (Senator Burns had raised $7 million to the Tester campaign's $1.5 million as of June 30.) It's a margin that's going to play out on the airwaves. "You're going to hear a lot of things that aren't true," he said with a weary grin. "Of course, all our ads will be the truth."

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The crowd cheered. Smoke had cleared from the skies the day before, and September looked the way it was supposed to look if it wasn't fire season. But it still was. And everyone in both camps knew it was going to get a lot hotter, and a lot smokier, before it was over.

Fla. GOP Activists Show Harris Some Love (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, September 24, 2006

Days after President Bush flew into the state and complimented U.S. Rep. Katherine Harris, the congresswoman got some more love — this time from GOP activists at a rally Saturday.

It was one of the bright spots for Harris, whom party leaders had previously tried to force out of the U.S. Senate race before she won the GOP primary. She will face Democrat incumbent Bill Nelson in the November election.

State party Chair Carole Jean Jordan called Harris a hero, a term many Republicans used after Harris, as secretary of state in 2000, oversaw Bush's disputed 537-vote victory.

"Katherine has overcome tough times. She's a gutsy lady and we love her," said Jordan, who tried to get Harris out of the race before the primary.

The women hugged before Harris spoke.

"You have honored me. This race is not about me, it's about you," Harris said. "It's about each and every one of you and the citizens of Florida who deserve far more representation than what Bill Nelson has done. He's squandered these last six years in the United States Senate."

Nelson campaign spokesman Bryan Gulley said Harris was making "unfounded and wild charges."

"The fact is Bill Nelson is one of the most accomplished and successful freshman senators — with some 40 pieces of legislation to his credit," he said. "And he's been instrumental in keeping the oil companies away from the state's coast."

Before Harris won the primary with less than half the vote in a four-way race, Republican leaders in Tallahassee and Washington tried to find a candidate who could defeat her. Gov. Jeb Bush openly said she couldn't win the November general election, and Jordan wrote to her saying the same.

Harris is trailing Nelson by more than 30 points in the polls and by millions of dollars in campaign contributions. She has been tied to a corrupt defense contractor, given embarrassing television interviews and seen top members of her staff quit in frustration.

Also at the rally, Charlie Crist, Florida's Attorney General, took a couple of light shots at his opponent in the closely watched governor's race. Crist drew laughs as he poked fun at Democrat Rep. Jim Davis for having the second-to-worst attendance record for votes in the House while running for governor.

"I'm going to work as hard as I can. I love to work, unlike my opponent," Crist said. "I love to show up for work."

Davis spokesman Josh Earnest said Davis "will work to make things better for Florida families."

"Who's he been working for? He hasn't worked to lower property taxes," he said of Crist. "He hasn't worked to improve schools. He hasn't worked to address the property insurance crisis."

Battle Lines Sharply Drawn Over Iraq War (KCS)

By David Goldstein

The Kansas City Star, September 24, 2006

WASHINGTON | Stay the course, or gradually start to pull back in Iraq?

Republican Sen. Jim Talent favors the former. "Complete the mission," he says.

Missouri Auditor Claire McCaskill, who hopes to unseat Talent on Nov. 7, says American troops should be withdrawn but not "precipitously," over two years, more or less. She says the American presence is a "crutch" keeping Iraq from making decisions about its future, even as Afghanistan heats up and the region grows more dangerous.

The war and what to do about it mark a deep divide between the candidates. Since fighting began in March 2003, nearly 2,700 U.S. troops have been killed, including nearly 50 from Missouri. Yet the violence has increased in much of Iraq, and earlier hopes that many troops could start to return home have faded.

Voters think the war is the country's biggest problem, according to recent polls. It has hurt President Bush's popularity and become a factor in many House and Senate races.

The Kansas City Star spoke to Talent and McCaskill separately about Iraq. | Excerpts from the interviews, A21

My Return To Balance (NYT)

By Robert Hicks

DOJ_NMG_0068507

The New York Times, September 24, 2006

Franklin, Tenn.

I LEFT home — and my front-row seat for observing Representative Harold Ford's apparently quixotic effort to take the Senate seat being vacated by Bill Frist — two weeks ago to spend six days crossing the Atlantic by boat and a week using Jefferson's notes to retrace his tour of villages, gardens and great houses of southern England. What a difference a couple of weeks can make.

I returned the other day to polls showing Mr. Ford in a statistical tie with his Republican opponent, Bob Corker. While anywhere else this might not seem like a big deal at this point, Tennessee isn't anywhere else.

When I left, most folks I know, both old-time Southern Democrats and my new Republican neighbors in their McMansions, wouldn't have given the young black liberal from a family that seems always ready to stretch the bounds of propriety much of a chance in a statewide race. Particularly not against Mr. Corker, a very agreeable and successful former mayor of Chattanooga who easily K.O.'ed his more conservative Republican opponents in the primary.

In talking with my neighbors, however, I get the picture that several things are keeping the Ford campaign alive and thriving. Interestingly, most of them are to Mr. Ford's credit, and not the result of missteps by Mr. Corker. Truth is, Mr. Corker is working hard to bring political moderation to his campaign, and is doing a good job.

That said, Harold Ford may just be doing what folks down here thought he could never do. He is emerging as an electable Senate candidate in a state that has been moving deeper and deeper into the Republican ranks. In this, he seems to be emerging as part of that new class of sensible Southern Democrats, along with our Democratic governor, Phil Bredesen, who is coasting to re-election.

The governor has built his base as a fiscal conservative who believes in smaller government. That plays well with both old-line Southern Democrats and new-money Republicans in the Volunteer State. Similarly, Mr. Ford votes a bit like a card-carrying conservative on a few issues. He supported President Bush's No Child Left Behind reforms and optional school prayer. He has also voted to limit the amounts that trial lawyers can walk away with in class-action lawsuits. He is against same-sex marriage and late-term abortions.

On other issues, he has found a way to balance liberal and conservative ideas. On national security, he favors federalizing rules on drivers' licenses as a check on terrorists, although he opposed unwarranted wiretaps. And while in the past he supported most gun-control bills brought before him, Mr. Ford, like most of his fellow Tennesseans, is now a calling himself a "fan of the Second Amendment." All this smacks of balance and reason to a lot of folks. As Rick Warwick, my neighbor down the road and our county historian, told me recently, "You know, Harold Ford is looking more and more like one of us."

After the primaries, everyone assumed that at this point, Mr. Corker would be way ahead in the polls, with the race maybe tightening toward the end. Yet, if Harold Ford can continue to present himself as a "Bredesen Democrat" who believes that less government is often the best government, maybe, just maybe, we will have a real horse race of an election come November.

Tennesseans have a long tradition — going back to Andrew Jackson — of loving a good horse race.

A Campaign In Crisis Mode (NYT)

By Charles Baxter

The New York Times, September 24, 2006

Minneapolis

WHILE my assignment was to write about Minnesota's important Senate race, I think there's more to be learned right now from the far closer contest in Minnesota's Sixth Congressional District, which borders Minneapolis-St. Paul to the east, north and west. The race, between Michele Bachmann, the Republican, and Patty Wetterling, the Democrat, has revealed a Bush-era national trend now visible locally.

That is, we are facing a choice between a "conservative" who wants to institute radical reforms and a "progressive" who wishes largely to maintain the status quo. In Minnesota's Sixth District, liberalism is the new conservatism.

Ms. Bachmann, who was born and raised in Anoka, Garrison Keillor's hometown, is technically a daughter of Lake Wobegon, but there the resemblance ends. She holds a law degree from Oral Roberts University. As a Minnesota state legislator, she spoke out against the minimum wage, arguing that eliminating it would result in universal employment. She became well known for her tireless attempts to add a gay-marriage ban to the state Constitution. She has stated that evolution has a "cult" following. Concerning Iran, she has said, "We should not remove the nuclear response ... from the table." Her favorite topics are not local, but national, global and cosmic.

Somewhat predictably, she draws her support largely from evangelicals. The centrist Republicans I know — those few who are still around — tend to regard her as superficial. President Bush visited Wayzata, Minneapolis's most affluent suburb (though not in the Sixth District) to speak on her behalf. The two are quite in sync.

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Having allied herself firmly with the president's policies on Iraq and privatizing Social Security, she also advocates eliminating the estate tax. For supporting these radical reforms she is called an "archconservative," though what she is trying to conserve, other than large family fortunes, is never scrupulously clear.

Compared to Ms. Bachmann, a suburban radical of an increasingly familiar sort, Patty Wetterling seems rather tame and pleasant and sensible — conservative, that is. In the view of Ms. Wetterling (who came into local prominence when her son was abducted at gunpoint and disappeared in 1989) we are not in the end times but in a stable world shaped by well-financed public education, Social Security, benefits for veterans, a decent respect for the opinions of others, a reluctance to engage in foreign adventures, and balanced budgets.

As a former public-school math teacher, Ms. Wetterling has an aura of kindliness and good sense, as if she believed in a general social welfare that depends upon all citizens "joining hands," as a former Republican governor of Minnesota, Elmer L. Andersen, once put it.

But citizens don't join hands much anymore in Minnesota, nor are they encouraged to. The problem faced by politicians who wish to preserve the social programs enacted by their grandparents is that President Bush has been wildly successful at creating an air of constant crisis, both foreign and domestic. Crisis rhetoric, which is inherently radical rather than conservative, dissolves social stability.

In this sense, terrorism has infected every subject and every discussion, even locally. Alarmism has become so ubiquitous in discussions of Iraq, the decline of the family and financing for Social Security and education that polarization is assured. Extremity, after all, is more newsworthy than good sense.

This outlook has the effect of trivializing most local issues — who cares about farm-price supports when radical Muslims want to make Stillwater part of the caliphate? And it ensures that the volume will always be turned up to 11 — at least until everybody begins to suffer crisis fatigue and tries to calm down.

In House Race, Focus Shifts To Security (NYT)

By Raymond Hernandez

The New York Times, September 24, 2006

For much of this year, Representative Nancy L. Johnson, a moderate Republican from Connecticut, has run the kind of campaign she has run many times before in this swing district, focusing on domestic issues like health care and taxes, even as she distanced herself from her party's conservative leaders in Congress.

But in recent days, Mrs. Johnson has taken her campaign down a sharply different path, shifting the battle with her Democratic opponent, Christopher S. Murphy, to a new front, national security.

The day after the fifth anniversary of the 9/11 attacks, Mrs. Johnson began showing a television commercial assailing Mr. Murphy, a state senator, as weak on defense because he has criticized the Bush administration's program of warrantless surveillance.

Then, on Monday, Mrs. Johnson stood alongside Senator John McCain, a prisoner of war in Vietnam and a strong supporter of the war in Iraq, during an appearance in Danbury, Conn., before military veterans.

"The security of our people is my No. 1 priority," she told reporters before the event with Mr. McCain, a Republican of Arizona.

Her campaign has also begun referring to Mr. Murphy as a "Ned Lamont liberal," a pointed reference to the antiwar candidate who defeated Senator Joseph I. Lieberman, a vocal supporter of the Iraq war, in the Democratic primary last month. Mr. Lamont won her district with 52 percent of the vote.

It has not always been this way for Mrs. Johnson, who in her 12 terms in Congress — the longest tenure in the state's history — has earned a reputation as a serious policy thinker on health care and social programs.

Democrats say her tactical shift shows that the race has tightened and that she is mounting a negative campaign out of desperation.

But Mrs. Johnson's new focus on terrorism also shows that Republicans believe that national security is still a winning issue for them, even in a state where opposition to the war in Iraq is high, support for President Bush is low and their candidate is far better known for domestic policy.

Polls show that voters, despite qualms about the president and the war, still give Republicans an edge in dealing with terrorism.

Mrs. Johnson's moves coincide with an effort by Mr. Bush to make the case that tough defense policies have made America safer since the 9/11 attacks, but that the threats against the nation remain.

Though Mrs. Johnson has kept her distance from Mr. Bush on other issues, she has begun to echo that message with gusto.

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Her district is one of about 40 around the country that are deemed to be in play as the Democrats try to reclaim control of the House this fall.

Underscoring the importance of the race, the National Republican Congressional Committee plans to spend $1.2 million on television advertisements supporting Mrs. Johnson during the final weeks of the race, while the Democratic Congressional Campaign Committee plans to spend $1.8 million to try to defeat her.

The new thrust of the Johnson campaign follows a bruising summer in which Mr. Murphy and at least one prominent liberal group, MoveOn.org Political Action, spent thousands of dollars seeking to portray her as an entrenched member of a Congress with ties to special interest lobbyists.

The Johnson campaign asserts that she has often defied her party's leadership, on issues including drilling for oil in the Alaska National Wildlife Reserve and stem cell research.

It also cites endorsements from organizations like the League of Conservation Voters as evidence of her independence.

Now, though, Republicans say that Mr. Murphy's criticism of the surveillance program has provided a golden opportunity to make the election a choice between two candidates with distinct views on national security and on other issues, instead of a referendum on the currently unpopular Republican-controlled Congress.

There is, of course, some risk for Mrs. Johnson in aligning herself more closely with the president, who in a poll last month by Quinnipiac University received an approval rating below 30 percent in Connecticut. The poll was conducted before the president began his public push on national security.

In an interview, Mrs. Johnson would not discuss the politics driving her decision to put national security at the forefront of her campaign. But again and again, in simple and stark language, she argued that her opponent failed to grasp the gravity of the threat.

"He doesn't understand the need for a tough policy," she said. "I want my constituents to know that the threat is real."

Under the surveillance program, the government, without warrants, has monitored the international communications of people in the United States.

The Johnson campaign has asserted that Mr. Murphy would force the government to go through the time-consuming process of getting a court order before wiretapping communications involving suspected terrorists.

Mr. Murphy has responded that the Johnson campaign is trying to distort his position, which he said would not cause delays in monitoring suspected terrorists. The Bush administration, he said, was violating the law by circumventing existing procedures, which allow the attorney general to authorize the emergency use of electronic surveillance provided that he subsequently seeks court authorization within 72 hours.

The campaign debate is so fierce that only an hour after Mrs. Johnson's event with Mr. McCain, Mr. Murphy accused her of "playing politics" with national security.

"I think it's pretty disgusting that Nancy Johnson has decided to politicize the 9/11 attacks," Mr. Murphy told reporters.

So far, Mrs. Johnson has pumped much more money into the race than Mr. Murphy, spending about $1 million compared with roughly $181,000 by him, according to their latest campaign finance reports. Both campaigns have large reserves of cash as they approach the final weeks of the race: $2.6 million for Mrs. Johnson and about $1 million for Mr. Murphy.

The Iraq war has not played as central a role in the contest as it has elsewhere in the state, where antiwar activists have put Mr. Lieberman and another strong supporter of the war, Representative Christopher Shays, a Republican, on the defensive.

The Murphy campaign has raised the issue, criticizing Mrs. Johnson for voting to authorize the military invasion of Iraq.

But while Mr. Lieberman and Mr. Shays have been outspoken in their support of the war, Mrs. Johnson has not talked all that much about her position, which is to support the president.

Beyond that, Mrs. Johnson's views about what to do in Iraq do not appear to differ significantly from Mr. Murphy's. Both are against an open-ended American military presence in that country, and both argue that Iraqis need to play a greater role in their own defense so that the United States can begin reducing the number of troops there.

Mrs. Johnson is opposed to a timetable for withdrawing troops. Mr. Murphy says that Washington should advance a schedule for withdrawing troops, to prod the Iraqis into taking greater control of their own security, but that the specifics of removing troops should be left to American military leaders.

Mrs. Johnson stuck to her strategy through the week, talking about national security again on Friday during an appearance in Waterbury to accept an endorsement from a political action committee representing veterans.

In the meantime, the Murphy campaign says it still intends to make Mrs. Johnson an emblem of the excesses of one-party control in Washington and what it describes as a Republican penchant for bestowing favors on big campaign contributors.

In particular, the campaign has cited the acceptance by Mrs. Johnson, one of the top fund-raisers in Congress, of tens of thousands of dollars in campaign contributions from the insurance and pharmaceutical industries in 2003, around the time she

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helped write legislation adding prescription drug benefits to Medicare. Democrats have complained that the new drug program would enrich insurance and drug companies at the expense of the elderly.

But Mrs. Johnson has been aggressively promoting the prescription program and her work on it.

In an interview, Mr. Murphy said that Mrs. Johnson's attacks concerning national security would not resonate with voters because the Republicans have failed to address other security issues, including ports, and because the war in Iraq has made the nation less safe.

"It's familiar ground for them," he said of the Republicans' attempts to portray him and other Democrats as weak on national security. "But it's much more dangerous."

Basketball Legend's Campaign Gets An Assist From His Fame (WP)

By Chris Cillizza And Jim Vandehei, Washington Post Staff Writers

The Washington Post, September 24, 2006

But Sports Rivalry Could Rebound GOP Incumbent

MADISON, Ind., Sept. 23 -- From beauty shops to bars, Baron Hill says, he is besieged by people wanting to talk basketball.

Hill is not a coach. He is a Democratic candidate for Congress.

But that is not how he is known best in these parts, where a basketball goal stands in nearly every driveway. Hill is still the guy who was an all-star guard for Seymour High School -- 35 years ago.

Trying to unseat Rep. Michael E. Sodrel (R), he does not hesitate to invoke his basketball credentials to prove his down-home bona fides. Hill still holds the school record for most points scored (1,419) and was inducted into the Indiana Basketball Hall of Fame in 2000 alongside a "hick from French Lick" named Larry Bird.

Hill, who still exudes an athletic air, sat for an interview in a coffee shop in Madison (population 12,000), whose Main Street could have been the set for "Pleasantville." Of basketball, he said, "When it comes up, I take advantage of it."

But Hill's heroics on the court have not always rebounded in his favor politically. In earlier races, he said, sports rivalries often cost him votes -- in precincts where fans with long memories could not bring themselves to support a Seymour star.

The Indiana 9th is a vivid reminder that control of the House will not turn solely on national debates over interrogation rules or the future of Iraq. Often, elections turn on voters' intuitive reactions about who better represents the values of a district.

Hill learned that lesson the hard way. After serving three terms in Congress, he lost to Sodrel by 1,400 votes in 2004 -- a defeat he is "still trying to figure out." One reason for the loss, he says, is that national Republicans were able to portray him as a liberal whose views were out of step with average voters.

Hill said he got the message: "I have to sharpen my image as it relates to values, even though I have my basketball credentials."

Those credentials are gold in a state whose basketball-as-civic-religion tradition was immortalized in the 1986 film "Hoosiers." (The movie is said to have been based on a 1950s high school in the 9th District.)

On Friday, Hill said, 20 people in Floyd County stopped him to chat about the latest Indiana basketball news.

In a district that includes Bloomington and its famed Indiana Hoosiers basketball team, it is no surprise that Hill is regularly recognized as the lithe point guard who carved up opposing defenses.

Hill recalls people packed cheek to jowl at every home game -- no small feat given that Seymour's gym holds more than 8,000 people and the town's population is about 18,000. "Back in those days, basketball was everything," said Hill, who graduated in 1971 and is 53 years old.

Although hoops is not so all-encompassing these days, Hill is hoping his athletic rÃ©sumÃ© establishes him as a credible messenger on the values so important to the district.

Hill's first two television commercials of the race are called "Values" and "Minister." The first focuses on his "Hoosier values," and the second attacks Sodrel for breaking a vow to a minister to run a clean campaign.

Not surprisingly, Sodrel is doing his darnedest to shatter that image. An ad paid for by his campaign alleges that Hill "just doesn't share our values."

Sodrel said basketball was a political asset for Hill -- before the Democrat went to Congress for six years. Sodrel said his opponent's votes against bans on same-sex marriage and flag burning are far more important to voters. "Basketball can't overcome that," he said. "He is out of sync with voters." Still, Sodrel said polls showing him slightly behind at this point are probably accurate.

A recent survey conducted for a news station in Indianapolis shows the Democrat with a 46 percent to 40 percent edge, and Hill confidently proclaims: "I am up. There's no question."

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At this time in 2004, Sodrel trailed badly in surveys. But his popularity surged -- and voters in the state resoundingly supported President Bush and Gov. Mitchell E. Daniels Jr. (R). Sodrel is on his own this time; neither Bush nor Daniels is popular in the district or the state -- as evidenced by the fact that three of the Democrats' best chances of defeating incumbents are here in the Hoosier State.

Observers on both sides believe this race will once again be decided by the narrowest of margins, meaning that a few hundred voters who remember Hill -- fondly or otherwise -- from his playing days could make a crucial difference.

Danny Brown, who played for Jefferson County High -- Seymour's rival -- still remembers Hill as a "very quick and very fast guard." Brown, a Republican, says he is leaning against supporting Hill but warns reporters not to underestimate the emotional tug basketball exerts on voters in this area.

Bill Harmon, a district resident who played against Hill as a freshman in 1971, has moved on -- sort of. He said losing to Seymour hurt bad -- but not bad enough to affect his vote. "That was 30 years ago, and you have got to let stuff like that go."

Political researcher Zachary A. Goldfarb contributed to this report.

Unofficial Results Give Victory To Wynn In 4th (BSUN)

By Kelly Brewington, Sun Reporter

The Baltimore Sun, September 24, 2006

Veteran Rep. Albert R. Wynn appeared to have prevailed over challenger Donna Edwards in a fiercely contested 4th Congressional District Democratic primary after the last ballots were counted yesterday.

Seven-term incumbent Wynn edged Edwards by more than 2,000 votes, according to unofficial results.

Montgomery County elections officials were the last to record their tally of provisional ballots yesterday, 11 days after a primary election fraught with glitches.

Those results showed Edwards winning in Montgomery County, with 15,851 votes to Wynn's 9,129. But along with Prince George's County's results from a day earlier, Wynn was the unofficial winner with a total of 40,766 votes, compared with 38,091 for Edwards.

Neither candidate returned calls for comment yesterday.

The results will not be verified until tomorrow, after State Board of Elections officials confer with Montgomery County's elections board.

Edwards, a civic activist and former foundation executive, has threatened to sue over alleged voting irregularities in Prince George's County, where Wynn lives.

Incumbent Seen Winning Md. House Primary (AP-Y)

AP, September 24, 2006

A six-term incumbent congressman emerged Saturday as the apparent winner of a hotly contested primary after officials finished counting more than 11,000 provisional ballots.

The unofficial tally for the 4th District race gave Rep. Albert Wynn 39,482 votes, or 49 percent, and Donna Edwards 37,174 votes, or 47 percent. George McDermott was a distant third with 3,113 votes, or 4 percent.

The winner faces Republican Michael Starkman in November.

Edwards ran strongly in Montgomery County, where the provisional votes were counted, but could not overcome the incumbent's advantage in neighboring Prince George's County.

It was the toughest challenge Wynn had faced after taking at least 80 percent of the vote in Democratic primaries and general elections in six previous campaigns.

Edwards, a Prince George's County community activist, had attacked Wynn on the Iraq war, taxes and bankruptcy.

Wynn said he was campaigning on his record of delivering services and federal money for his district and called Edwards a "professional critic from the sidelines."

Neither candidate had an immediate comment on the results announced Saturday.

In Montgomery County, voters had to use provisional ballots when cards needed for electronic voting machines weren't delivered to polling places.

In the confusion that followed, many precincts ran out of provisional ballots. In some cases, voters made their choices on photocopied ballots or scraps of paper.

Edwards has threatened to file a lawsuit over alleged voting irregularities in Prince George's County, where voters were listed with the wrong party at polling places, polls opened late and there were problems transmitting data from precincts to the county election board.

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On the Net:
Maryland State Board of Elections: http://www.elections.state.md.us

Engel Calls For Funding Of Veterans' Health Care And Benefits (MIDHUD)

Mid-Hudson News, September 24, 2006

Washington – Congressman Eliot Engel of Westchester and Rockland counties has joined Democratic Leader Nancy Pelosi and Members of Congress to ask President Bush to fully fund veterans programs.

The lawmakers sent a letter to the President asking that he provide the necessary funding for the Department of Veterans' Affairs health care system and related benefits programs. "Mr. President, the time is right for your administration to change course and fully fund the VA, cease efforts to shift the costs of health care onto the backs of veterans, and finally recognize and implement the concept of 'shared sacrifice' with respect to the federal budget," the letter states.

"I know that the Veterans in New York have done a great service for our country, and it is the Federal Government's job to see that they are given proper health care and have their benefits fully funded," said the Democratic Engel. "I am tired of the Bush Administration turning a blind eye to the needs of America's veterans when they return home."

Engel said theirs is a "simple request" to the President that he provide funding in the 2008 budget "so that our men and women returning from Iraq and Afghanistan receive the care and benefits they have earned and deserve."

The Montrose and Castle Point VA hospitals are located within the Hudson Valley – Montrose in Westchester County and Castle Point in Dutchess County.

HEAR today's news on MidHudsonRadio.com, the Hudson Valley's only Internet radio news report.

Many Hopefuls Keep Bush Ties Under Wraps (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, September 24, 2006

Since President Bush's approval rating sank to the lowest level of his presidency in May, nearly six in 10 of his appearances helping Republican candidates have been closed to all media coverage.

Unlike his barnstorming leading up to the 2002 congressional elections, when he was more popular and the divisive Iraq war had not begun, Bush has yet to hold a single traditional campaign-style rally for one of his party's hopefuls this election cycle.

Every one of his events for GOP gubernatorial, House and Senate candidates has been to raise money from faithful Republican donors — not to urge support among the broader voting public.

The GOP's control of Congress is in danger. The tendency of many Republican candidates to keep their president under wraps is represented starkly in Bush's schedule in the week ahead.

Republicans hardly have abandoned their enthusiasm for having the president exercise his talent at raising money for their campaigns. But of six fundraisers Bush is headlining this week, all but one — for Alabama Gov. Bob Riley — are private, by agreement between the White House and the campaigns.

GOP Sen. Mike DeWine of Ohio, one of the more vulnerable Republicans, is a case study in the sometimes tricky dynamics of a president's assistance.

Bush is raising money for DeWine on Monday at a private home in Cincinnati. It is the third time the president will have helped the senator, to the tune of about a $1 million each time. No other candidate has rated as many appearances from Bush, and all have happened out of public view.

Earlier in the year, there was so much discussion of why DeWine was snubbing the president whenever he traveled to Ohio that the senator eschewed his family's baseball seats to take in the Cincinnati Reds' home opener at Bush's side.

A photo of the two, taken at the airport in June when Bush last traveled to Ohio for a closed DeWine fundraiser, is the primary image of an anti-DeWine ad by the Senate Democrats' campaign committee. Above the picture of the two, smiling with arms around each others' shoulders, the ad says: "Mike DeWine likes working together ... with George Bush."

DeWine's campaign stresses that all the senator's fundraisers are closed and that there is no attempt to shun the president. "Not at all," said spokesman Brian Seitchik, who added that DeWine plans to appear with Bush during a tour, open to reporters, of a business earlier Monday.

Still, DeWine's ads have emphasized his independence and ability to work with Democrats.

Ohio Rep. Deborah Pryce, the fourth-ranking House Republican, once cozy with Bush. Now she stresses her independent side as she struggles to hold onto her seat in an evenly split district. Bush is returning to Ohio on Thursday to raise money for her; this reception also is closed.

The president appears to be itching to join the battle. Highly competitive and a political junkie, he becomes invigorated in front of large and supportive crowds.

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"I'm looking forward to the campaign. I'm looking forward to reminding the American people there are significant differences in between what our party believes and what the other party believes," the president said Thursday at the first of two open fundraisers in Florida. He pounded his lectern and shouted so loudly that donors sometimes had to cover their ears.

That event in Tampa, to collect cash for state Rep. Gus Bilirakis' bid to succeed his father in Congress, was in a safely Republican district.

The White House says more fundraisers will be opened to coverage as Nov. 7 gets closer, that Bush will start speaking before larger crowds in bigger venues and that he will hold some rallies. But White House press secretary Tony Snow acknowledged that the president's role through the end of the campaign will remain largely fundraiser in chief.

Republican Party and White House officials say Bush is in such great demand by candidates that he cannot fill all the requests and that he is appearing at political events at the same rate as he did in 2002.

But the nature of the events this time around is different.

In 2002, between July and the end of September, nearly all of Bush's political appearances — most fundraisers — were open. From the end of August to this time in 2002, Bush also appeared in a half-dozen areas with tough races at "welcome" events, thinly veiled attempts to marshal presidential power to boost the struggling Republican candidates smiling at his side.

But this year, in the same time period between July and the end of September, nearly two-thirds of Bush's political events are scheduled to be closed, held in private homes where the White House says media coverage would damage the intimacy and intrude on hosts' privacy.

Overall, from the first political event Bush headlined in March 2005 through the end of September, 47 percent of Bush's 68 political events — for candidates, the national GOP, several state counterparts and the campaign arms of House and Senate Republicans — will have been private. Before May's approval-rating slide, the percentage of closed events was 34 percent; since, it is 59 percent.

Of the candidates Bush will have helped by the end of this week, 16 have chosen to have him in private and 23 have elected public appearances. Two have had public and private events — Sen. Jim Talent of Missouri, in a tough re-election race, and Bob Corker, hoping to beat Democratic Rep. Harold Ford to succeed Senate Majority Leader Bill Frist in Tennessee.

Most who choose public displays, such as Bilirakis, are running in Republican-leaning districts.

Most preferring a private Bush appearance are competing in some of the toughest races. Among them are Pennsylvania Sen. Rick Santorum, whom Bush has helped twice; Reps. Clay Shaw of Florida and Dave Riechert of Washington, and Rick O'Donnell, running for an open House seat in Colorado.

Still, several Republicans in close races have not shunned Bush, including Arizona Sen. Jon Kyl, Montana Sen. Conrad Burns, and Reps. Heather Wilson of New Mexico and Jim Gerlach and Mike Fitzpatrick of Pennsylvania.

As Bilirakis put it Thursday in Florida, for some people nothing beats having the president of the United States at your side.

"Today we have the honor and the privilege of hearing from a man of great character and strong conviction: President George W. Bush. I'm proud to stand on this stage with the president," he gushed.

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Associated Press Writer David Hammer contributed to this report.

Both Parties Sensing Tighter House Races (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, September 24, 2006

After months of unrelenting bad news, President Bush and his Republican allies have begun to change the mood, if not the overall trajectory, of a midterm election campaign that has tilted against them for a year.

A combination of good luck -- in the form of a sharp decline in gasoline prices -- and dogged persistence by the president's political team in trying to redefine the terms of the fall campaign has given a much-needed morale boost to beleaguered Republican candidates. The ebullience many Democrats exhibited throughout the summer has given way to more cautious assessments of how difficult the final six weeks may be.

Republicans remain very much on the defensive, anticipating losses in the Senate and possible loss of control in the House. Surveys show that voters strongly disapprove of the performance of this Congress and continue to express far greater willingness to vote for Democrats over Republicans in House races in November.

But top strategists on both sides believe the battle for the House will be hard-fought to the end. Democrats need to win 15 seats to take control of the House and six seats to recapture the Senate.

Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said conditions continue to favor his party, but many Democrats in Washington have been "out over the tips of the skis" with unduly optimistic predictions of

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a November takeover of the House. "Anybody associated with this process the past 19 months has been nothing but pragmatic" about prospects for winning a majority, he said.

Rep. Thomas M. Reynolds (N.Y.), chairman of the National Republican Congressional Committee, reiterated to reporters last week his belief that Republicans will still control the House in January. His predecessor, Rep. Thomas M. Davis III (R-Va.), said in an interview that while Republicans are still running uphill, the Democrats' "forward march has been halted" since Labor Day.

"Voters early on decided they didn't want Republicans, but they haven't decided they want Democrats," Davis said. "So the House is very much in play."

Bush's anti-terrorism initiative timed to the fifth anniversary of the attacks of Sept. 11, 2001, the end of hostilities in Lebanon, a rise in the stock market and last week's compromise between the White House and three powerful but rebellious GOP senators on the treatment of detainees have all helped give Republicans a sense of forward momentum for the first time in months.

Some of that may prove illusory. Iraq has not disappeared as a burden for Bush and Republican candidates, and despite the recent drop in gasoline prices, economic worries persist, polls show.

Republican hopes on Nov. 7 -- 45 days away -- now hinge on whether the president can sustain the modest gains of the past few weeks and whether that translates into a rise in approval for congressional Republicans.

Bush's approval ratings remain low by historical standards but are markedly higher than they were at their lowest point in the spring, when they dipped below 35 percent. Most of the polls taken after Bush's nationally televised Oval Office address Sept. 11 put the president's approval rating above 40 percent, with two polls -- USA Today-Gallup and Los Angeles Times-Bloomberg -- pegging his approval at 44 percent. A New York Times-CBS News poll put his approval at 37 percent.

The president's support among Republicans has risen, and once-balky GOP voters apparently have begun to coalesce around vulnerable House incumbents, operatives on both sides believe. "Republicans seem to be awakening and coming back to their partisan senses," said a Democratic strategist, who would discuss private data only on the condition of anonymity.

Democrats see independent voters, who continue to register disapproval of Bush and Congress, as the key to victory. Republicans, citing low turnout in many primaries this year, believe many of those independents will not vote in November and are focused on mobilizing their own base.

A sustained rise in the president's approval rating could translate directly into fewer lost seats in the House, according to two political scientists who have built models forecasting House elections.

Alan Abramowitz, a professor at Emory University in Atlanta, previously projected Democratic gains of about 25 seats in the House, but based on the latest Gallup Poll, he said the gains might be closer to 15 seats.

If Bush's approval is at 40 percent, that will translate to Democratic gains of 13 to 16 seats, projected James Campbell, who is on the faculty at the State University of New York at Buffalo. He said that could drop to 10 to 14 seats if the president's approval stands at 45 percent.

What continues to encourage Democrats is their advantage in what operatives call "generic ballot" polls. That is when surveys ask voters which party they intend to vote for in the election -- with no names of candidates attached. This measurement often appears more optimistic for the Democrats than the actual election results, but Republicans have been about 10 percentage points behind the Democrats through much of this year, including in the latest polls that showed Bush's approval rising.

The decline in gas prices has diminished the significance of an issue that has the power to move voters to the Democrats. In May, when average gasoline prices were $2.95 a gallon, 15 percent of Americans in a Washington Post-ABC News survey cited the issue as the single most important in determining their vote. An ABC News poll in early September, when the average price of a gallon was $2.73, showed that just 5 percent of those surveyed cited it as their most important issue. Gasoline prices have fallen even further since then.

Bush's speeches on terrorism, culminating with his nationally televised Oval Office speech on the night of Sept. 11, were designed to shift focus away from the unpopular war in Iraq to the broader issue that aided Republicans in 2002 and 2004. Whether Bush has succeeded in doing so is not yet clear, although there are signs that Republicans have gained ground against the Democrats in the public's evaluation of which party is better equipped to confront the threat of global terrorism.

"It's probably their best issue because they've won with it in 2002 and 2004," said Rhodes Cook, an independent analyst. "It's like in football. If a play is successful, you keep running it until your opponents stop you, and the Democrats haven't stopped them."

In a new memo from the liberal Democracy Corps, Democratic strategists Stanley Greenberg, Jeremy Rosner, Amy Gershkoff and James Carville argue that Democrats can contest the national security issue successfully, if they engage robustly

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with the Republicans and continue to press economic issues. "The president's strategy is backfiring because it is driving independents to the Democrats," they wrote.

How all this is affecting House races is what preoccupies strategists in the two parties. Democrats say they see no significant shift, while GOP strategists say they have seen some improvements in their candidates' standing. But they caution that the overall climate remains negative. A survey in targeted House districts by the Republican firm Fabrizio, McLaughlin & Associates comparing voters' attitudes today versus four years ago found that, "in every measure tested, GOP fortunes have eroded significantly."

The impact in individual districts appears uneven, based on interviews with strategists tracking the races. In the Northeast, where Democrats must pick up a number of seats to regain the majority, Republicans say their prospects have improved. They point to recent GOP polls that show embattled Pennsylvania Reps. Jim Gerlach and Curt Weldon and Connecticut Rep. Nancy Johnson leading their challengers as evidence of progress. Republicans also say they are more confident about holding several potentially vulnerable districts in New York.

But Republican incumbents in Indiana and Kentucky remain in deep trouble and Ohio's environment has kept Republicans on the defensive. Democratic prospects in several districts where Republican incumbents are retiring have brightened in recent weeks. Republicans, for example, see little chance of holding the seat in Arizona's 8th District after conservative Randy Graf won the primary. Late last week, the NRCC canceled October television time it had reserved in that district. Open seats in Iowa and Colorado now held by the Republicans also could easily tip to the Democrats, as could the Texas seat left vacant by former House majority leader Tom DeLay.

Not all the movement is related to the GOP political offensive. In Connecticut, the nasty Senate race between insurgent Democratic nominee Ned Lamont against Sen. Joseph I. Lieberman, who is now running as an independent after losing the primary, appears to have spilled over on the three critically important House races in the state.

Lieberman has been leading Lamont in the polls, thanks to Republican and independent support, and key Democrats say they are increasingly worried about the party's prospects of carrying the GOP districts held by Reps. Johnson, Chris Shays and Rob Simmons.

These races, like many others this fall, are expected to remain close until Election Day.

Polling director Jon Cohen contributed to this report.

Democrats' Edge Erased In New Poll (WT)

By Donald Lambro, The Washington Times

The Washington Times, September 24, 2006

The Democrats' yearlong lead among likely voters has evaporated, strengthening Republican chances of holding majority control in the House, according to the Gallup Poll.

Gallup's latest survey of voters who say they will go to the polls Nov. 7 showed the contest is a "dead heat" between those who say they will vote Republican (48 percent) and those who say they intend to support Democrats (48 percent). The poll of 1,003 adults was conducted Sept. 15-17.

Democrats continue to maintain an advantage among registered voters; however, pollsters consider likely voters to be a more accurate measurement of the electorate's preferences. The neck-and-neck estimates suggest the Republicans have the potential to offset the Democrats' lead "with greater turnout," Gallup said last week in an analysis of its findings.

"Should that result persist until Election Day, it suggests Republicans would be able to maintain their majority-party status in the House," Gallup said.

Democratic strategists dismiss Gallup's survey and other polls showing a similar tightening of the election, but some acknowledge that Republicans' numbers were helped by President Bush's higher job-approval scores -- now at 44 percent -- and his recent speeches highlighting the war on terrorism and its connection to the ongoing conflict in Iraq.

"Nobody believes those numbers. I don't think anybody in the country believes the generic party preference is even right now," said Simon Rosenberg, president of the New Democrat Network.

Still, Mr. Rosenberg said, Mr. Bush's efforts to elevate the terrorism issue in the campaign "has been marginally effective."

"The Republicans got a bounce out of his 9/11 speech. The president does have the ability to change the debate in the country. The problem is, it is not sustainable," he said.

However, additional polling data released by Gallup within the past week suggest that not only is the president changing voter attitudes about the war in Iraq, but that the Democrats' inability to shape a strong message about dealing with terrorism and Iraq may be hurting them among their own base.

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"Americans are more positive about the war on terror, and voters are more likely to vote for a candidate who supports Bush on terrorism, rather than one who opposes him," Gallup said in a separate analysis. "By a slight margin, Americans tend to think that the country will be safer from terrorism if the GOP retains control of the House, rather than if the Democrats take control."

While a majority of Americans still disapprove of Mr. Bush's handling of the war in Iraq, only one in four now "believe the Democrats have a clear plan on Iraq -- fewer than those who say this about the Bush administration," Gallup said.

"Also, Americans are about equally likely to say they would vote for a candidate who supports President Bush on Iraq as to vote for a candidate who opposes Bush," the pollsters said.

What should worry Democratic campaign officials "is the fact that only 14 percent say the Democrats have a clear plan, but Bush does not, while a greater percentage (23 percent) says Bush has a clear plan, but the Democrats do not," Gallup said.

Gallup's findings on these and related issues mirror those from several other polls that show a similar movement in the Republican Party's favor. One poll conducted last week for the Los Angeles Times and Bloomberg found "the GOP may be gaining momentum before November's battle for control of Congress."

While that survey of 1,347 registered voters showed Democrats leading 49 percent to 39 percent in the party preference question, the Times said "that advantage may rest of softening ground: On virtually every comparison between the parties measured in the survey, Republicans have improved their position since early summer.

"In particular, Republicans have nearly doubled their advantage when voters are asked which party they trust most to protect the nation against terrorism -- the thrust of Bush's public relations blitz in recent weeks," the newspaper reported.

With Prices Falling, Gas May Lose Its Electoral Punch (NYT)

By Danny Hakim

The New York Times, September 24, 2006

AMERICA, the cost of filling up your Hummer just got $16 cheaper.

The price for a gallon of regular gasoline now averages just under $2.50 nationwide, according to the Energy Information Administration. While that is not exactly cheap, it beats the $3-plus per gallon seen as recently as last month. (For those keeping score at home, the Hummer H2 has a 32-gallon tank.)

So what does this mean for the midterm elections?

Democrats have been beating the oil drum for months, coupling rising gas prices with oil companies reaping record profits and big tax breaks. In commercials from the Democratic Senate Campaign Committee, Representative Sherrod Brown, a Democrat running for Senate from Ohio, is described as having “fought for tax cuts for the middle class, not for oil companies,” while a different ad criticizes Senator Jon Kyl, an Arizona Republican, saying he “voted oil companies billions in special tax breaks.” Yet another ad from the committee, for the Senate race in Missouri, asserts that the Republican incumbent, Jim Talent, “has voted to give the oil and gas companies billions,” while his Democratic opponent, Claire McCaskill, would instead invest more federal money in alternative fuels.

Voters can expect this tack to continue, despite the falling prices.

“We still see it as a strong issue for two reasons,” said Charles Schumer, the New York Democrat who runs the Senate campaign committee. “First, just about everybody believes they’re going to go back up again, and second, it’s an example, one of many, of the administration and the Republican Senate not having a policy that makes people’s lives better.”

Republicans, on the other hand, believe the sting of this argument is waning.

“Virtually every newspaper in America is reporting on their front page that gas prices are plummeting,” said Ed Patru, a spokesman for the National Republican Campaign Committee. “That denies Democrats another issue that they’re trying to use to nationalize the election.”

Poll numbers show that high gas prices are receding as an issue. Back in May, 14 percent of those surveyed by the Pew Research Center said energy prices were the nation’s most important problem, ahead of terrorism and Iraq, up from 5 percent in March. This month, only 7 percent gave energy prices top billing. Gallup has had similar findings.

“It’s certainly good for the Republicans,” said Andrew Kohut, director of the Pew Research Center. On the other hand, he added, prices have been high for a long time, “and they’ve taken a toll on people’s pocketbooks and people’s sense of well-being.”

Frank Newport, editor in chief of the Gallup Poll, said “it’s common sense that if the price of gas continues to go down, it’s more favorable to the party in power.”

“There aren’t many other economic measures that are so readily available,” he said, adding, “you see those big numerals as you drive down the street.”

But recent Gallup numbers have also shown that the decrease in gas prices has not translated into general optimism about the economy. And there is no shortage of skeptics who doubt that only market forces are at work. A USA Today/Gallup poll

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conducted last weekend found that 42 percent of the roughly 1,000 adults surveyed nationwide said they believed the Bush administration had "deliberately manipulated the price of gasoline so that it would decrease before this fall's elections."

Tangible reasons cited for the dip in prices include the end of the Israeli-Hezbollah war, which had raised tensions across the Middle East. Also, forecasts of a severe hurricane season that could disrupt oil supplies from the Gulf of Mexico have not, so far, panned out.

Even with the summer's increases, gas prices still have not topped their inflation-adjusted peaks from the early 1980's. And the long gas lines of the 1973 oil embargo left more of a mark on the national psyche. But the recent high prices have lined the pockets of nations like Iran and helped undercut what's left of the domestic auto industry, which built much of its business around inexpensive gasoline.

How long will prices keep falling? At least for a few more weeks, predicted Michael Burdette, the Energy Information Administration's senior oil analyst, because crude prices are dropping and retail prices have not fully caught up.

"We probably have another 20 to 25 cents in retail declines we would expect to see over the next few weeks," he said. "On the flip side, there are some people out there calling for retail prices way under $2 a gallon. We just don't expect to see that."

How about a forecast for Election Day?

"No," he said, "I'm not going to go there."

GOP Mines Data For Every Tiny Bloc (LAT)

By Tom Hamburger And Peter Wallsten, Times Staff Writers

The Los Angeles Times, September 24, 2006

AMERICA VOTES

The Battle for Control

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WASHINGTON — As Democrats drive to extend their power in Congress, holding on to Debbie Stabenow's Senate seat is a must. And the Michigan incumbent is currently ahead in the polls.

But Republican strategists are working hard to upset Stabenow, in part through a low-profile appeal to a group that most politicians rarely think of as a voting bloc — snowmobilers.

And the stealth campaign to woo the thousands of working-class, historically Democratic Michiganders whose cold-weather passion is snowmobiles is just one small example of a technique known as "micro-targeting" that GOP strategists are using across the country as they try to pull off another election day victory against the odds.

By most measures, the November elections offer Democrats their best chance in years. If anti-Republican sentiment turns out to be a tidal wave, strategic and tactical brilliance may not be enough to protect the GOP majorities in Congress.

But if control of Congress comes down to three or four dozen closely contested races, as now seems likely, then micro-targeting and the other technologies that Republicans are using in battleground states could make a difference.

The GOP system — built around a database nicknamed Voter Vault — combines huge amounts of demographic, financial and other personal information on individual voters with the data-mining techniques used by direct-mail advertisers to deliver surgically targeted appeals to voters identified as likely to respond, including many who might be considered part of the Democratic base.

In Michigan, for example, the GOP contacted snowmobilers by mail, telephone or other personal communication suggesting that Democrats' environmental views stood in the way of greater opportunities for snowmobiling.

Though details of the GOP system are secret, snowmobilers and other categories of voters are identified from such diverse sources as credit card transactions, product warranty files, magazine subscription lists, consumer surveys, vehicle registrations and other public records.

Going back at least to the 2002 elections, the Republicans' use of technology, coupled with elaborate computer profiles that make educated guesses about individuals' political inclinations, has demonstrated its power in close races.

In the recent Rhode Island Senate primary, the GOP assessed reams of data — from prior voting histories to signatures on petitions — to identify Democrats and independents whose profiles suggested they might support beleaguered Republican incumbent Lincoln Chafee; his victory improved GOP chances of holding the seat in November. In June, the same technology helped the GOP retain the House seat vacated by convicted felon Randall "Duke" Cunningham of Rancho Santa Fe.

Democratic strategists understand the power of the new technology and techniques, and they have scrambled to develop their own micro-targeting capabilities. The Democratic National Committee is deploying a new system in six states, and another system will be available in 20 or so others.

With the November elections only seven weeks away, however, many Democrats concede they are far behind — their efforts hamstrung by a late start, arguments over tactics, personal feuds and divisions inside the party's leadership.

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The GOP system was developed by the Republican National Committee with the encouragement of White House political strategist Karl Rove.

In addition to locating potentially sympathetic voters, it proved more effective than traditional get-out-the-vote schemes in 2002 and 2004 in making sure they got to the polls.

In their search for voters, Republican strategists can quickly pull up information not only about voting histories, age, address and marital status, but also consumer habits, vehicle ownership, magazine subscriptions, church membership, hobbies, major purchases — even whether a household prefers bourbon over gin. (Bourbon drinkers tend to be Republican; gin is more often a Democrat's drink).

The data and the profiles, held in a centralized system to maintain quality control and help strategists monitor overall trends, are continually updated and massaged on the basis of contacts with voters.

In Michigan alone, Republican workers are making 20,000 telephone contacts with voters per day; Democrats also have telephone banks, but they are not integrated into a system as advanced as that of the Republicans.

Because both parties shroud their efforts in secrecy, it can be difficult to compare their programs, especially in individual races. Still, the evidence suggests the Democrats are substantially behind in micro-targeting and related technologies.

The Democratic National Committee will have a test version of its micro-targeting models available in only half a dozen states; the basic GOP system has been in place nationwide since the campaigns began.

"We are not where we need to be," says Maren Hesla, who handles voter outreach for Emily's List, a liberal group that is part of a coalition helping Democrats develop more sophisticated grass-roots operations, including micro-targeting, in about two dozen states.

Hesla insists that her party "will have enough going on in enough key states to surprise people about what we are able to accomplish."

The question is whether it will be enough to help Democrats achieve a breakthrough victory.

So serious do some Democratic leaders consider the technology gap that they have begun devising their own separate systems, especially for House and Senate races.

"It's every man for himself," said Donna Brazile, a longtime party strategist who managed Al Gore's 2000 presidential campaign and is now working to unite party leaders behind a strategy for translating favorable opinion polls into victories.

Brazile, like Hesla, says she sees positive developments for Democrats, but she also worries that the party is behind.

Although micro-targeting may seem like inside baseball, activists in both parties say that the methods and technology Rove and others pioneered may revolutionize campaigns. They predict the new techniques will become as crucial in future campaigns as opinion polling — virtually unheard of in congressional races four decades ago — is today.

"The revolutionary change here is that Republicans … are going after voters as individuals, as opposed to a census tract or a media market," says Harold Ickes, a Democratic Party strategist.

Campaigns traditionally relied on geography or other broad indicators to target voters. Democrats, for example, would blanket predominantly African American neighborhoods because those populations had historically supported Democrats. Republicans would focus on suburbs, which were historically Republican.

Such targeting was far from precise. And many of the old targeting assumptions are less true now. Some suburbs have become more liberal as jobs spread beyond the central city. And enough African American voters peeled away from Democrat John F. Kerry in 2004 for Bush to retain the presidency.

Now, Republicans nationwide can identify approachable voters inside what had previously been seen as Democratic territory, then deliver appeals to them on issues that cut across party lines.

The system's real power develops when complex algorithms are used to rate how likely individuals are to vote for particular Republican candidates.

Bruised by the power of the GOP system in 2004, Ickes commissioned a study in early 2005 that concluded: "The Republicans are light-years ahead of us. This is not rocket science, and we Democrats will get our clocks cleaned if we don't catch up."

A year later, Ickes launched his own effort to develop such resources with a new coalition of labor and activist groups. His $9-million project, active in two dozen states, is taking a leading role in making micro-targeting and other advanced technology available to Democrats.

Even combining this effort with that of the DNC, Democratic strategists lament that their party remains behind the GOP.

Looking at the technology available to Democrats in Michigan, where the party is at its most advanced, a Democratic coalition strategist said ruefully, "We can't do snowmobilers."

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The snowmobiler appeal was developed by state GOP Chairman Saul Anuzis. Michigan has a higher proportion of snowmobilers than any other state. Anuzis says the "extreme environmental views" of Stabenow and incumbent Democratic Gov. Jennifer Granholm have hindered development and use of snowmobile trails.

Anuzis says that created an opening to reach out to snowmobile users — many of whom belong to demographic groups often considered Democratic.

Similarly, Michigan Republicans have sent messages to African American households in predominantly Democratic inner-city Detroit extolling education plans that give parents more choice.

In the hottest congressional race in Minnesota, where the DNC and the Ickes group have developed micro-targeting capabilities, Democratic candidate Patty Wetterling has not yet begun using the technology but expects to start soon.

The campaign manager for Republican Michele Bachmann says the GOP system has proved to be "a critical asset." Using Voter Vault's ability to track voter preferences on hot issues, Bachmann's campaign even identified households where one family member opposed abortion and the others did not. The campaign tailored different messages to different members of those households.

In GOP-dominant Tennessee, where Democrat Harold E. Ford Jr. is running even with the Republican candidate to succeed retiring Senate Majority Leader Bill Frist, Ford's campaign obtained voter data files months ago from the DNC.

But the campaign had to hire its own consultants to develop the computer models necessary to use that data, while the Republican candidate enjoyed access to the full Voter Vault system that has been massaged and updated for years — a potentially crucial difference in a race that is expected to be decided by the ground operations in the final days.

Surveying the Democrats' effort to close the technology gap, veteran strategist Brazile insists her party is making gains. "Unfortunately," she said, "it's late and last-minute. We're still perfecting drive-by campaigning."

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1994, The Election To Embrace (and Avoid) (NYT)

By Adam Nagourney

The New York Times, September 24, 2006

WASHINGTON

IF it's a truism that the military always fights the last war, it's also true that political parties fight the last big campaign. This year, both parties are studying the climactic 1994 midterm Congressional elections, when Republicans, led by Newt Gingrich, swept Democrats out of power for the first time in 40 years.

That campaign matched relentless Republican discipline against complacent Democrats unaccustomed to political combat. And the environment was very much like the one the parties find themselves in this fall: the voters were unhappy with the president, deeply dissatisfied with Congress and worried about the government's direction. This time, Democrats are the challengers, and Republicans are the incumbents, and politics has changed greatly over the past 12 years. But both parties, for better and worse, are putting many of 1994's lessons to use this fall.

Here, a look at the new old thinking.

Prepare for the Worst

"There were lots of Democratic incumbents who went down in 1994 who thought they were in safe seats," said Philip A. Klinkner, a professor of government at Hamilton College in New York, who edited a book on the 1994 elections.

Remembering how Democrats were caught unaware and fully understanding that these are difficult times for the party in power, Republicans have been preparing for over a year for an onslaught.

Ken Mehlman, the Republican National Party chairman, has raised $175.8 million for his get-out-the-vote operation and television commercials — compared with $97 million raised by his Democratic counterpart, Howard Dean.

Republican workers have scrutinized the records of potential Democratic challengers, coming up with potentially damaging information that can be seen in the advertisements now pelting viewers across the country.

And Republicans pushed the panic button through the summer, loudly telling the world that they were in trouble. Those alarmist sentiments may well have been heartfelt, but there has been some political calculus here as well. Warning of a Democratic takeover gets contributors to write checks, encourages dispirited Republicans to vote and pushes candidates to campaign scared.

It also has allowed Republican leaders to do what Democrats largely failed to do in 1994: Persuade incumbents who are not facing a serious challenge to give up some money to candidates who are. Representative Thomas M. Reynolds of New York, the head of the Republican Congressional campaign effort, has made clear to incumbents who seem certain of re-election that he expects them to divert their campaign funds to help Republicans in trouble.

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Put It In Writing

One of the few things that Mr. Gingrich and Mr. Dean agree on, it seems, is that Republicans won in 1994 in no small part because they laid out an agenda, the Contract With America.

"The contract really mattered for a wide range of reasons," said Mr. Gingrich, who was the Republican leader in the House at the time. "It said to every Republican candidate, you can be confident, you can be positive. If we had run a negative campaign, if we had run a hate-Clinton campaign, we would not have gotten control of the House."

Joe Gaylord, a Republican consultant who was Mr. Gingrich's political lieutenant in engineering the takeover, said he and Mr. Gingrich determined that the first priority in an insurgent campaign was to spell out "what we do when we get in power."

"If people are going to vote for change, they need to know what kind of change they are voting for," Mr. Gaylord said. There were less obvious benefits as well: An agenda worked out in Washington gave weaker candidates "a lifeline to hang on to and explain what they would do if they got elected."

Some Democrats argue that this year, the party would be better off standing aside, to keep the focus on a faltering White House. After all, why put out ideas that give Republicans a target in the days ahead? And some political analysts argue that the Contract With America's impact on the election was overstated: most voters didn't even know about it. But by now, most Democrats agree that part of the 1994 strategy was what the party needs in in 2006: Mr. Dean said he was convinced Republicans took over because "they were clear that they were unified and they wanted a new direction."

Democrats have released their own six-point agenda — "Six for '06" — but it doesn't seem to have made much of a splash yet. In a New York Times/CBS News Poll released last week, just 38 percent of those surveyed said Democrats had offered a clear idea of what they would do if they won the White House.

That may be because the 2006 Democrats have not been able to match the unity of the 1994 Republicans. For example, Mr. Dean and Representative Rahm Emanuel, the head of the Democratic Congressional Campaign committee, are not talking, in a feud over money.

Attack First

Mr. Gaylord, the Republican consultant, said he learned one thing from Democrats in 1994: that the old rule of politics — ignore your challenger — was wrong. He said that a party in power had to slap back threats early and harshly. The party in power must discredit them — political professionals prefer the word "define" — before they have a chance to make themselves known.

Which is precisely what Republicans are now doing. In North Carolina on Friday, Republicans launched a fierce television commercial attacking Heath Shuler, a Democrat challenging Representative Charles Taylor, for paying his taxes late. Republicans said they expect to spend the vast majority of their advertising budget on negative ads.

Democrats have learned the same lesson, and have fought back with attacks of their own. And they have also moved to seize the advantage by doing what Mr. Gingrich did in 1994: Transform the election into a referendum on the party in power and an unpopular president.

For example, Mr. Emanuel said that his committee has borrowed from a 1994 Republican radio advertisement, in which a voice that sounded like President Bill Clinton left a message on an answering machine of a Democratic congressman, thanking him for voting with the White House. This year, a Democratic advertisement features a voice that sounds a lot like Mr. Bush leaving a similar message for Representative Chris Chocola, an embattled Republican from Indiana.

Control the Electoral Map

Finally, in 1994, the number of seats in play was large: 100 or so compared with just 40 now. That gave Republicans plenty of targets to shoot at, making their victory — in retrospect — seem almost easy. That lesson has not been lost on either party this year.

Democrats have made a concerted effort to expand the number of competitive races, to the evident anxiety of Republicans.

Republicans have countered by investing early and heavily in races that appear on the brink of being competitive — for instance, in upstate New York and in Florida — to try to lock them down immediately.

Clearly, both the challengers and the incumbents have drawn what they consider to be the right lessons of 1994. But with all due respect to Mr. Gingrich and Mr. Gaylord, at the rate this campaign is going, it seems a pretty good bet that the next time there is a pivotal midterm election, it will be the Campaign of 2006 — and not the Campaign of 1994 — that Democrats and Republicans will be studying.

They All Approve This Message (WP)

By Peter Carlson, Washington Post Staff Writer

The Washington Post, September 24, 2006

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Not Too Red and Not Too Blue, a Perfectly Bland Sound Bite Stew. Serves 300 Million.

Tired of political commercials?

So are we. In fact, we're even more tired than you are, because we just pored over the transcripts of 122 TV and radio ads for this year's crop of candidates for senator and governor from all across America. We were looking for trends and themes and insights into the state of American democracy. Unfortunately, by the time we finished, our brains were far too frazzled for rational thought.

But we did learn some things: We learned that America is in crisis. We learned that Americans want change. We learned that Americans value values, particularly Ohio values, Colorado values and Nebraska values. We learned that almost every pol has new ideas but that almost none of them reveals what those ideas are. And we learned that the guy who paid for the ad is a man of vision and values but his opponent is a gutless, crooked hack. And vice versa.

Now, after enduring this hideous ordeal, we have taken pieces of these 122 ads and used them to create the ultimate political commercial for the ideal candidate.

Every phrase, indeed every word, comes from a real political commercial aired this year. Here goes:

* * *

ANNOUNCER: It's the big squeeze. Taxes go up every year. Gas prices through the roof. The cost of living is skyrocketing. The legislature wastes more and more. Every week brings new scandals. People are leaving our state. Criminals are coming across the border, victimizing American citizens.

Are you tired of politics as usual? Do you ever feel like no one's representing your interests? Isn't it time for a fresh start?

CANDIDATE: We need to make a change. We need real change. It's time to change the way things are done in Washington. If you want a change, I'm your guy.

ANNOUNCER: Grandson of a farmer. Son of a police officer. Raised by a single mother. Born in a rural small town. His values were shaped in rural Arkansas, a half-mile down a dirt road. A paper route earned a new bike.

He worked his way up from poverty to Harvard Law. He volunteered and saw combat in Vietnam. He built an investment company from the ground up. With his wife, Debby, he founded Kids Reading Network in honor of his mother.

He was elected mayor. Cut taxes. Created jobs. Balanced the budget. Cut waste, fraud and abuse. Abolished 71 obsolete boards, commissions and task forces. Turned the city around.

CANDIDATE: I want to set the record straight. I'm opposed to illegal immigration and methamphetamine. I believe in the wonders of science. I believe you deserve better. I believe our state needs government that works -- servant leadership. Our children deserve a senator who wants the job. That's why I'm running for governor.

ANNOUNCER: The choice? A successful businessman and mayor -- or an ineffective congressman.

She's a liberal, supports gun control, abortion on demand, mandatory gay rights. He voted against strengthening criminal laws against terrorist attacks. He voted against the Patriot Act, which gives law enforcement the tools to fight terrorism. Weakening America's security. Out of touch with Ohio values.

CANDIDATE: The choice in this race is simple. If you're satisfied with the way things are, I'm not your candidate. I believe change starts with ideas. You deserve good ideas. But more importantly, you deserve a governor who gets the job done for you.

I'll stand up for the little guy. It's that simple. It's that fair. It's that important. And I'm not just talking about these issues. I've done something about them.

ANNOUNCER: Protecting the California dream. Changing Maryland for the better. Ready to lead Massachusetts. Turn around Ohio. Make Wisconsin great again.

Colorado values. Nebraska values. Nebraska common sense. Real Montana.

CANDIDATE: This grandma wants to shake Austin up. Bring some passion back to Albany. We need a senator who will stand up for New Jersey. I'll fight for Florida. I'll fight for Iowa's future. That's the Colorado promise -- and mine, too.

ANNOUNCER: Courageous, determined, a fighter for our issues. Challenging politics as usual with honest ideas to lift our state. Hard work. Results.

CANDIDATE: I approved this message about conservative change. I approved this message because working together is the only way to solve our problems. I approved this message because I won't play politics with our security. I approved this message because we've got a great future here in Michigan and I'm fighting for it every day.

ANNOUNCER: It's time to have a governor on our side.

CANDIDATE: I approved this message because it's time for a new politics of unity and purpose. I approved this message because when good ideas cross party lines, we should, too. I approved this message because we really need to know how our representatives vote.

ANNOUNCER: Smart solutions that work.

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CANDIDATE: I sponsored this ad because we need someone on our side. I sponsored this ad because we need to protect our borders. I sponsored this ad because you can't change Washington unless you change the people you send there.

ANNOUNCER: Together we can.

CANDIDATE: Why the hell not?

Lost Horizons (NYT)

By Adam Nagourney

The New York Times, September 24, 2006

It should have been an easy morning for Ken Mehlman, chairman of the Republican National Committee. He had settled in for a radio interview with a friendly questioner, Frank Beckmann, broadcasting live on WJR from the first floor of the Renaissance Center, home to General Motors in Detroit. As the traffic report hummed over the studio monitors, Mehlman and Beckmann bantered about the liberal media and the war on terrorism and all the problems with the Democrats. But something changed when the microphone went live. Beckmann did not turn hostile, but he was nothing like the cheerleader-interviewer Mehlman tends to find on the other side of the table. Why has Bush been so slow to make a case — "He waited too long, didn't he?" — for Iraq? Was Bush's unpopularity dragging Republicans down in places like Michigan, one of the few states where Republicans actually had a chance to topple a Democratic governor and senator? And why was Bush, sounding just like a Democrat, pressing an immigration plan that could help illegal immigrants become citizens? "Why should anybody support what the president puts out there on this, Ken?" Beckmann asked.

It is hard to fathom how much Mehlman's life has changed since he took the chairman's desk at the Republican National Committee headquarters on Capitol Hill in January 2005, the reward for managing, together with Karl Rove at the White House, what was widely praised as one of the most sophisticated and groundbreaking presidential campaigns in a generation. "It was an election where they knew more than we did," Joe Lockhart, a senior strategist for

John Kerry, the Democratic presidential candidate, told me. For the next year, Chairman Mehlman talked big and thought big about the Republican Party: about how he and his allies could fundamentally redraw the political architecture of America, change the way Americans conceptualize the two parties and establish Republicans as the dominant party in America long after George Bush returned to Texas. That meant putting a lock on the White House and Congress, and it meant winning statehouses and governorships, which draw the redistricting maps that are the cement of long-term political realignments. This was nothing short of a campaign to marginalize the Democratic Party and everything that Mehlman, reflecting Bush and Rove, said it stood for: big government, high taxes, liberal judges, a timorous foreign policy.

In meticulous detail and with a cool mastery of his subject, he preached about the revolution in marketing and data technologies and the new world of advertising and communications that had transformed politics since he first arrived at the George Bush for President campaign in Austin seven years earlier. It is a political paradigm that Republicans — particularly Rove, Mehlman and the Bush campaign's senior strategist, Matthew Dowd — grasped before Democrats did, and nearly as much as anything else, it accounted for Republican successes in 2002 and 2004. After he was named chairman, Mehlman began filling his days with appearances before African-American audiences across the country, where he apologized for past Republican slights to black Americans, portrayed Republicans as the "party of Lincoln" and pledged to challenge Democrats for black, as well as Hispanic, support. Quixotic? Perhaps. But it reflected just how bullish the second-term Bush Republican Party, with its eye to history and legacy and lasting power, had become.

There was time for such indulgences in the days before a hurricane roared through New Orleans and the country turned against the war Bush had launched in Iraq. These days, of course, talk of a Republican realignment has given way to talk of simple survival this November. Now the lofty ideals and bold ambitions of Mehlman and Rove often seem in direct conflict with the short-term survival instincts of Republicans who want nothing more than to get past the next election. House Republicans sabotaged Bush's immigration plan, ignoring Mehlman's warnings about the damage that an enforcement-only immigration bill could do to the party's long-term growth among Hispanic voters, a critical part of the party realignment that the White House had envisioned. He spent much of July trying to manage the fallout among black leaders after House conservatives delayed a routine extension of the Voting Rights Act. Earlier this year, at the American Jewish Committee's 100th annual meeting, Mehlman, the second Jewish chairman in the history of the Republican National Committee, heard scattered boos as he defended the Iraq war to a room fearful that the White House's Iraq policy had empowered Iran, whose new president had expressed a desire to destroy Israel. It was dispiriting for Mehlman, especially since Jewish voters are another group that Republicans are trying to peel off the Democratic base.

Mehlman finds himself this fall atop a Republican Party as divided as at any time since George W. Bush came to Washington. He is confronted, day after day, with Republican candidates who criticize the president and his policies or who execute a high-profile skedaddle when Bush comes to town — both of which Mehlman reacts to with a peculiar combination of

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empathy and disapproval. “My goal for them is to win elections,” he said last month, sitting in a wing chair in his office, under a photo that showed him and Rove talking as they walked out of the West Wing behind Bush. “But if you don’t want this election to be a referendum on Bush, don’t make it a referendum on Bush. If they run against Bush — rather than running as an independent Republican — it can’t help them; it can only hurt them.”

While Mehlman blames Iraq for most of the administration’s problems — a conflict that he argues was noble and one that, he says, will in the end make the world safer — he acknowledges the damage his party suffered because of Katrina. Mehlman is renowned in Washington for his organizational skills, for assembling lean and efficient operations filled with loyal and largely happy people who rarely make mistakes, so it is understandably vexing for him that many Americans have come to see the administration as managerially incompetent and politically inept. Late this past spring, Mehlman began warning Republicans that the party could lose the House, something that seemed unthinkable a year earlier. Over dinner this summer, he told me he was fairly certain that Republicans would hold on in November, yet the bouncy confidence he once displayed seemed gone. When asked if he worried that Republican voters, demoralized by this tough year for the Bush White House, would stay home in November, Mehlman responded with a one-word answer — <object.title class="Movie" idsrc="nyt_ttl" value="173185;154756;313721">“Yes” — that was striking to anyone who has spent time with this always-on-message chairman.</object.title>

Mehlman still travels tirelessly on behalf of his party (270,000 miles to 43 states and Puerto Rico since becoming chairman) and is still raising money at a breakneck pace ($184 million from the beginning of 2005 through the end of August). He is still fast to the draw in an argument on any subject, no matter how technical or arcane, and never without a defense for an administration that certainly seems to need one these days. “The president is dealing with big and hard things,” Mehlman patiently told a Republican volunteer in a Detroit suburb who could not understand why Bill Clinton — Bill Clinton! — was more popular than George Bush. But there are dark bags under Mehlman’s eyes now, and the wear of this past year was etched on his face when he turned 40 in August. A man who never seemed to take pleasure in the kind of sledgehammer attack that Rove so clearly savors — who seemed much happier talking about the legacy of

Ronald Reagan or microtargeting as a tool for turning out voters — could be heard in recent weeks issuing searing partisan attacks, reverting to the familiar stance of a party leader who does not like what he sees on the horizon.

“I’m not flipping out,” he told me recently, looking straight ahead. “There are absolutely days when you are — you know — when this is very challenging. Absolutely.”

Ken Mehlman jumped into the front seat of the S.U.V. squiring him through a three-day rush of fund-raisers and pep talks to Republican activists, his spirits lifted on this wet June day by what he had just seen in a squat and messy sprawl of an office in the battleground suburbs of Detroit. It was the Macomb County “victory center,” a jumble of tables and folding chairs and boxes of cold pizza where dozens of volunteers clutched Republican Party-issued cellphones against their ears — the days of banks of telephones plugged into a wall are over — and read from scripts. At the end of each interview, they blackened a circle on a bubble sheet (think No. 2 pencils and the SAT test), signifying whether this was a voter the party would circle back to — once, twice or more — to make certain he or she would be at the polls on Nov. 7. It was still nearly five months before Election Day, but the 72-hour plan, the Republicans’ voter-turnout program that ambushed the Democrats in 2002 and 2004, was already humming along. Mehlman was delighted as he watched what he said was his party’s latest technological adaptation. The bubble sheets could be scanned by a computer, he said proudly, saving time and money as the results are incorporated into the Republicans’ formidable database. “It is a relatively nice day at the end of June, and in the building we just left, they just made 10,000 ID calls,” Mehlman said. “That is really good for the party.”

If there is a defining characteristic to Mehlman and his tenure as Republican national chairman, it is his fascination with the communications and technological revolution that is sweeping American politics. This has produced once-unimaginable new ways to track down potential voters, by predicting voting habits based on where Americans live and the cars they drive and the magazines they read, and delivering tailored messages to different segments of an overly saturated electorate. Mehlman’s chairmanship has become an argument for the notion that the garrulous and instinctual political boss may be all but obsolete in this age of supersophisticated polling, data mining, niche marketing and microtargeting. In an arena that seems to value instinct, bravado, gall and undisciplined excess, Mehlman is empirical and deliberative. Why should a campaign manager direct resources based on a hunch when there is consumer data that can flush out Republicans living deep in Democratic enclaves? Why guess when you can measure what words will be most persuasive to the middle-class exurbanite voter marching on the StairMaster (watching, no doubt, the Republican ad that the Bush campaign placed on the closed-circuit gym channel after realizing that its voters were no longer at home watching the network news)?

When Mehlman talks about politics, he doesn’t talk about Machiavelli; he talks about “Moneyball,” Michael Lewis’s book about how the Oakland A’s employed statistical modeling to assemble a powerhouse baseball team, sending to pasture the old-line scouts with their years of calling it from their guts. “We are the party of ‘Moneyball!’” Mehlman proclaimed, practically

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shouting and bouncing on the balls of his feet, talking to a room of slightly bewildered Republicans in California last year. “They measured everything. We are doing the same thing in politics.”

Mehlman, the son of a certified public account, seems as happy talking about the latest employee-relations techniques as he is talking about the inspiration he said he found watching Reagan stand up to the Soviet Union. “Gut alone is crazy,” Mehlman told me. “Why do gut when you can go with objective information? Hope is not a strategy. And gut instincts are always less effective than objective analysis.” Mehlman’s endless talk of metrics and management techniques is viewed as a quirky if fundamental part of his chemistry. His White House colleagues and friends poke fun at his obsession with order and measurement, at his daily spreadsheet of to-do lists. “He’s anal-retentive, man!” Karl Rove says.

Back when Mehlman took the job of party chairman, Republican command of the technologies of winning elections seemed the icing on the cake. Now it seems more like the cake itself. If there is one defining question in this campaign, it is whether the two big Republican Party weapons in this age of Bush — voter turnout and national security in the post-9/11 era — can be wheeled out again to overcome a political environment that has curdled for the Republican Party. As in 2002 and 2004, the White House has been hitting Democrats on national security and terror in a choreographed way, with a rollout that began, predictably, around Labor Day. But Democrats are pushing back this time, arguing that Bush’s policies have if anything made the world a less safe place, an argument reinforced by the continued images of turmoil from Iraq. Polls show that the Republican advantage on the issue is not what it once was, and even some Republicans worry about how many times the White House can credibly go back to this same well.

By contrast, the intricate political machine that Mehlman has built to identify and turn out Republicans is growing, and if the election in November is close, it could provide the Republican Party with the fire wall it needs. Democrats have, if belatedly, learned lessons from what the Republican Party has done and are adopting many of the same techniques. Still, no one thinks the Democrats have caught up on get-out-the-vote, or even can catch up before Election Day. Harold Ickes, a long-term national Democratic leader and one of the smartest strategists in either party, didn’t hesitate when asked if he thought the Republican Party had lapped the Democrats in the area of targeting and turnout. “Yes — there’s no question about it,” he said. Ickes’s response was revealing because he has embarked on a private effort to build a national database of registered voters, an implicit rebuke of the slower pace of Howard Dean, the Democratic Party leader, in this area. And Ickes was warm in his appraisal of Mehlman. “The general view is, he’s very good,” Ickes said. “They have good systems and he’s a good system person.”

Mehlman has for this election taken what the Republican Party assembled in Ohio in 2004 — a database of every voting-age resident that includes voting history, party registration, demographic data and consumer history — and expanded it, he said, to include every voting-age American in the country. “In Ohio, in ’04, we got the tip of the iceberg,” Mehlman said. “What we did over the last two years is we got the entire iceberg.” With that kind of data, Republican campaign workers in every state in the country can identify potential Republicans who may never have voted before and bring them to the polls. To help neighborhood organizers plot their door-to-door visits — and to make what might be a dreary exercise at least interesting — the Republican Party uses satellite pictures from Google Earth to chart the routes for house-to-house canvassing.

There have been two early tests of this machine already in this election cycle, and both were encouraging for Mehlman. The most recent was in Rhode Island earlier this month, where Republicans dispatched 72-hour teams to help Senator Lincoln Chafee beat back what had seemed to be a very threatening conservative challenge by Steve Laffey, the mayor of Cranston. (Mehlman and other top Republicans concluded that they had no chance of keeping the seat in this Democratic state if Laffey won.) Turnout shattered the Republican primary record for the state, set in 1994: 62,099 people voted, a 38 percent increase. Republicans said their 86 get-out-the-vote volunteers made 198,921 contacts with prospective voters in the final 11 days of the campaign. As Chafee declared victory, Democrats could not help taking note of these numbers. And earlier, on June 6 in California’s 50th Congressional District, in San Diego, in a special election to replace

Duke Cunningham, the Republican congressman from San Diego who quit in scandal, the Republican Party put the full press of a 72-hour plan to work. The Republican, Brian Bilbray, squeaked out a victory with 49 percent of the vote over the Democrat, Francine Busby. That was a race, Mehlman said, in which turnout was able to overcome a very challenging environment.

Still, this is a district where Republicans should not be crowing about a 49 percent victory. For one thing, it has a substantial Republican edge; Cunningham beat Busby 58 percent to 36 percent in 2004. Bilbray campaigned for tough immigration controls in this district snug on the Mexican border, and Busby threw him a lifeline in the final weekend of the campaign when she appeared to be encouraging illegal aliens to vote for her. The 72-hour plan helped pull the Republicans through that Tuesday. But will it be able to manage such extensive operations nationwide if, say, 50 districts are really in contention come Election Day? And what if the White House’s campaign-season drumbeat on terrorism doesn’t work this time? As Mehlman himself says, turnout operations help — but only so much. “Historically, turnout matters at the margin,” he said. “If you are losing an election because of an issue or the environment or the candidate, you are not going to win it on turnout.”

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"Just left the Urban League," Mehlman wrote in a BlackBerry message to Donna Brazile, reporting on his attendance at a reception with black leaders. "Got nice acknowledgment and applause." This was in the spring of last year. Back then, Mehlman kept up a regular e-mail correspondence with Brazile, a prominent African-American Democratic leader who was, in 2000, the manager of Al Gore's presidential campaign. (She later shared the e-mail messages with me.) Mehlman made a habit of letting Brazile know about each of his appearances before black audiences, where he invariably described Republicans as "the party of Lincoln and Frederick Douglass." He told her of his efforts to recruit black candidates for statewide offices around the country, a roster that today includes candidates for governor in Ohio and Pennsylvania and for Senate in Maryland (in the person of Michael Steele, whom Mehlman warmly describes as a "good friend"). "Am always going to try to bring candidate or local elected official with me to African-American newspaper ed boards so they build relationships that will go beyond my leadership," Mehlman wrote Brazile in another e-mail message. Mehlman gave a speech to the N.A.A.C.P. saying that some Republicans had been "trying to benefit politically from racial polarization" and that "we were wrong." Brazile was impressed. She told me at the time that she was accustomed to Republicans making high-flying but short-lived appeals to blacks but said she thought that Mehlman seemed to be on a different kind of mission.

A year later, a small group of Washington reporters attended a luncheon in a private dining room at Charlie Palmer, a glistening modern steakhouse within walking distance of the Capitol. In attendance was a Republican running for the United States Senate. The rules of the lunch stipulated that the candidate could be quoted but identified only as a Republican candidate for Senate. The "Republican candidate for Senate" spent a good part of the lunch offering harsh criticism of the White House; indeed, at times he sounded like a Democrat. Dana Milbank, a Washington Post columnist who was there, wrote it all up — precisely following the rules of the lunch, identifying the speaker only as a Republican Senate candidate — to devastating effect. Mehlman was highly distressed upon reading the Post article, one associate said, and flabbergasted after learning that the candidate was his friend Michael Steele. This was four days after Bush finally spoke before the N.A.A.C.P., after refusing its invitations for the first five years of his presidency. (His aides had cited harsh attacks on him by the organization's leaders.) Bush went, in part, in response to pleadings by Mehlman, and he went a few weeks after the Voting Rights Act was tabled in the House by conservatives. The reception Bush got was tepid.

Democrats like Brazile no longer view this Republican appeal for African-Americans with much concern, or even interest, and she did not need the platform of a not-for-attribution lunch with reporters to make that view known. Mehlman, Brazile said, was on a roll in 2005. "But Katrina washed away any illusions that Republicans had something to offer African-Americans," she told me. "I know he's out there every day. I just don't know if his sales pitch has any potency at the moment."

The problems that Mehlman has encountered in his effort to make the Republican Party the party of Lincoln suggest a recurring frustration of his chairmanship. Mehlman argues that the "opportunity" initiatives that Bush has put forward, albeit with limited legislative success — giving Americans more control over their health-care insurance, setting up private accounts for retirement, school choice — are the core of the Republican appeal for black support. Mehlman wants Republicans to compete with Democrats for black votes not on so-called racial issues, like affirmative action, but on basic issues of economics and the role of government. He talks about the high-level black appointments Bush has made to his cabinet. He points to the three black statewide Republican candidates running under his watch. He suggests that Democrats have taken the black vote for granted all these years. Less obviously, the White House push on such issues as a ban on gay marriage is aimed in part at socially conservative blacks.

But is that enough?

Bruce S. Gordon, president of the N.A.A.C.P., says that Mehlman called him after the Voting Rights Act faltered. "He didn't seem too satisfied with the behavior of some members of his party," Gordon told me, recounting their conversation. "He said he doesn't have much control over them. But he's the chairperson of the Republican Party: he's got some clout." And it's not just the Voting Rights Act. Or Katrina. The war in Iraq is also highly unpopular among blacks. So are the cuts in social programs; and the nomination of judges who oppose affirmative action; and the problems with financing No Child Left Behind, the education-reform bill that Mehlman often cites as the kind of measure African-American parents should embrace.

There is certainly a degree of calculation to Mehlman's outreach campaign: it is designed, at least in part, to make the party more appealing to moderate white voters who might be scared off from supporting a party identified with racial intolerance. As demonstrated in Ohio in 2004, it takes only a few percentage points to affect the outcome of an election: with such a polarized electorate, small shifts can produce large gains. But the political calculations go only so far in trying to account for Mehlman's dedication — "his maniacal focus," as Brazile put it, admiringly — to attract African-American votes.

The black leaders and elected officials I spoke with said they had no doubt about the sincerity of Mehlman's motivations — that he really was uncomfortable heading a party that is so white and is considered with suspicion by so many black Americans. "I think Ken is sincere in wanting to see greater diversity in the Republican Party, in the same way that George Bush wants to see greater diversity in the Republican Party and in his cabinet," says Senator Barack Obama, the Illinois Democrat, who

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attended Harvard Law School with Mehlman. “But what they are not willing to do is fundamentally change a set of priorities, or reorient their party, in a way that is actually going to help the African-American community get ahead.”

J.C. Watts, a Republican former congressman from Oklahoma, who has been critical of the White House in its handling of racial issues, says that Mehlman’s efforts as chairman “are probably unprecedented in the time I’ve been a Republican. This is his passion; I think it’s in his DNA to do what he is doing.”

Mehlman was raised in a Jewish family in Baltimore, his mother a Democrat who voted for Jerry Brown (yes, that Jerry Brown) for president. Mehlman counts the civil rights movement as one of the seminal political events in American history and lists two Democrats (and no Bushes) among his three most influential presidents of the past century: Reagan, F.D.R. and Johnson. “What he did on civil rights makes him one of the great presidents of the 20th century,” Mehlman says of Johnson. Mehlman, according to his office, has appeared before 50 black audiences since becoming party leader. When members of the Republican National Committee gathered in Pittsburgh in August 2005 for their annual summer meeting, the banner across the stage read: “Give us a chance, We’ll give you a choice — Strengthening Lincoln’s legacy.”

Three weeks later, Katrina ripped through New Orleans. Mehlman was on the Greek island of Mykonos that week, attending the wedding of Nicolle Devenish, who was then the White House communications director, and Mark Wallace, a deputy director of Bush’s 2004 campaign. Mehlman said he followed what was happening, a little helplessly, from his hotel in Greece. “I certainly recognized watching CNN that it was not good,” he said. “And it required a large infusion of ouzo. Which I had every night. My answer to Hurricane Katrina was Hurricane Ouzo.”

When Bush ran for re-election in 2004, he drew 11 percent of the African-American vote. That counted as progress; in 2000, Bush drew the support of 8 percent of the black electorate. But in a New York Times/CBS News poll conducted last month, just 6 percent of black respondents said they approved of the job the president was doing. And in a separate New York Times/CBS News poll in July, only 9 percent of blacks said they had a favorable opinion of the Republican Party, a year and a half into Mehlman’s outreach campaign.

Earlier this month, Mehlman and I had dinner at a restaurant he goes to frequently — Georgia Brown’s, a spot not far from the White House that has a large African-American clientele. Mehlman was upset with an article of mine The Times published that described his effort with black voters as faltering, and as he dived into a salad with knife and fork, he argued vigorously that it was wrong to use public-opinion polling as the measure of progress for what he had always said would be a long climb. “If you had told me in the beginning of 2005 that 100 days before the election we would have African-Americans all in striking distance for governor of Ohio, governor of Pennsylvania and senator in Maryland, I would have told you that is incredible,” he said.

Ken Mehlman and Karl Rove started every day of the 2004 presidential campaign with a 7 a.m. telephone call, during which they discussed what happened over the past 24 hours and what they wanted to happen over the next 24. It would be the first of what would be — by the account of both men — dozens of daily telephone calls and e-mail messages between the two, going into the night, over the course of nearly two years. Mehlman, who was the White House political director for the first two years of the Bush administration, was officially the campaign manager, and Rove was Bush’s chief White House adviser, but Mehlman was the subordinate in this relationship. “Karl was far and away the senior leader,” says Newt Gingrich, the former House speaker, talking about the campaign. Bush famously called Rove the “architect” of his victory. Mehlman lifted an eyebrow when I asked him about that. “I don’t know — I think a bunch of us were architects,” he told me.

The relationship between Mehlman and Rove — two men of similar fascinations, skills and ideologies — has long been at once cooperative and competitive; Mehlman’s friends voice private frustration at just how much credit Rove drew for the campaign of 2004, though Mehlman is far too disciplined and corporate to concede any such resentment. But Rove’s star has dimmed because of the troubles of the second-term Bush White House and his own legal battles, and heading into the fall the two men appear to be equals in calling the shots on this midterm campaign. And it is Mehlman who is out front — along with the White House’s political director, Sara Taylor — immersed in dealing with candidates, contributors and consultants, riding campaign managers, overseeing the latest voter-turnout innovation, determining where money and resources will be spent. Mehlman is the public face of this campaign, giving speeches at events, appearing on television, talking to reporters; Rove has largely kept out of public view. And it is Mehlman, rather than Rove, who seems positioned to take much of the blame if November delivers the first big defeat of the Bush political machine since it took the White House six years ago.

Mehlman’s friends say they doubt that he will seek another term as party chairman at the end of the year, no matter the outcome of the election, and that he is interested in entering the private sector, perhaps as a consultant. If anything, this has made him even more intent on maintaining Republican control of Congress; he does not want to be identified with a Republican loss. Still, there is a good argument to be made that the problems darkening the Republican Party this fall have much more to do with what has happened in the building where Rove works than with what has taken place at the headquarters of the Republican National Committee. A Democratic victory in November would add another paragraph to the rather glum second term of the Bush presidency. But it may not say much about the new Republican Party. The G.O.P. under Mehlman has changed the way

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elections are run and won in this country. That is what Mehlman understood when he told Republican workers in the victory center in Michigan to soldier on, ignore the bad news, flip open their cellphones and call another Republican voter.

Polls Give Both Parties Things To Hang Onto (HC)

By Bennett Roth

Houston Chronicle, September 24, 2006

GOP touts Bush approval ratings; Dems cite voters' level of discontent

Several polls released last week gave both parties ammunition as they plot strategy with about six weeks until the congressional elections.

Republicans touted a USA Today/Gallup poll that found President Bush's public relations offensive on terrorism may have paid off. His public approval rating rose to 44 percent, from a low in May of 33 percent. The survey also showed that likely voters were evenly split over whether Republicans and Democrats should be elected to Congress. Other polls have given Democrats an advantage on that question, although most surveys included registered voters rather than the smaller sample of likely voters.

Meanwhile, a New York Times/CBS poll bolstered the Democrats' argument that they will benefit from a sour public mood toward Washington. The survey found that Congress's approval had dipped to 25 percent, the lowest level for lawmakers since 1994, when Republicans ousted Democrats from control of Capitol Hill.

Only 39 percent in the Times poll said their representatives had done good enough jobs in Congress to deserve reelection; 48 percent said it was time to give someone new a chance.

Experts warned about reading too much into changes registered in any one survey. Karlyn Bowman, a polling expert at the conservative American Enterprise Institute, noted the "extraordinary continuity" in polling data over the past year, with pessimism pervading public attitudes.

Whether Democrats can win the 15 House seats and six Senate seats needed to take back control of the chambers may depend on whether they can counter a well-funded voter turnout effort by the GOP.

Financial reports released last week by party operations showed that at the end of August, Republicans had $94 million on hand, compared with $76 million for the Democrats. The GOP advantage is largely the result of fund-raising by the Republican National Committee, which had $39 million compared with the Democratic National Committee's $11 million.

DNC Chairman Howard Dean has diverted much of his party's funds to building up party operations in 50 states, causing friction with House and Senate Democrats who wanted the money spent in competitive races.

Retirement boosts Democrat's chances

One of the best chances for a Democratic pickup in the House this year is a border district in Arizona that has been represented by Rep. Jim Kolbe, a moderate Republican and one of three openly gay House members.

Kolbe's retirement set off a fight among local Republicans, with Randy Graf, who stressed his hard-line stands on immigration, winning the GOP primary this month. Graf, however, was opposed by national Republicans, who feared he is too conservative to win a district that includes the university town of Tucson.

Kolbe has refused to endorse Graf against former Democratic state Sen. Gabrielle Gifford. The independent Cook Political Report last week changed its assessment of the seat from a toss-up to leaning Democrat.

Incumbents locked in tight Senate races

Senate incumbents in Ohio and New Jersey are fighting for their political lives, according to polls released last week.

In New Jersey, Democratic Sen. Robert Menendez trailed his Republican opponent, state Sen. Thomas Kean Jr., by 3 percentage points, according to the Quinnipiac University poll.

Even though New Jersey is a Democratic leaning state, Menendez has been dogged by ethical questions regarding a property he rented to a charity for which he helped secure federal funding.

In Ohio, Republican Sen. Mike DeWine is trailing his Democratic challenger, U.S. Rep. Sherrod Brown, by 4 percentage points, according to the Ohio Poll by the University of Cincinnati.

DeWine may be suffering from voter disgust over ethical problems hanging over other state Republicans.

Pelosi Takes Barbs In Pursuit Of Gavel (AP-Y)

By Nancy Benac, Associated Press Writer

AP, September 24, 2006

Rep. Nancy Pelosi stuffs cotton in her ears when she takes her grandkids to a rock concert. She's so petite that a policeman once lifted her out of her shoes during an evacuation of the Capitol. She's a chocoholic with a great giggle.

And she's Exhibit A as Republicans argue that Americans would be crazy to let Democrats take over the House.

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"A disaster," former GOP Speaker Newt Gingrich warns, calling the prospect of the San Francisco-area congresswoman standing third in the line of presidential succession truly frightening. "A hyperpartisan obstructionist," a GOP campaign tract pronounces.

Pelosi, leader of the House Democrats, has twice presented Republican Dennis Hastert with the speaker's gavel as the GOP extended its control of the House for two more years. "This is getting tiresome, Mr. Speaker," Pelosi joked last time.

Now, heading into the November elections in which Democrats have their best chance yet of retaking the House after 12 years in the minority, all sides are taking the measure of the woman who would become the first "Madam Speaker" if her party succeeds.

"It's the battle of definitions," said Jack Pitney, a political scientist at Claremont McKenna College in California who has written extensively about Congress. "If the Republicans have their way, she's a wacko San Francisco liberal; if Democrats have their way she's an Italian-American grandmother."

Or, as Pelosi described herself this week: "An Italian Catholic mother of five, grandmother of five, going on six."

In truth, Pelosi, born Nancy D'Alesandro, is an energetic, street-smart politician from Baltimore, a liberal who knows that the key to leading the fractious House Democrats is to accommodate the broad spectrum of views in the party when possible and come down hard to enforce unity when necessary.

Pelosi, the daughter and sister of Baltimore mayors, moved west in her 20s because her investment banker husband wanted to return to his roots. She managed to work herself into California's Democratic political structure while raising five children who were born over six years. She was first elected to Congress when her youngest daughter reached high school.

The 66-year-old Pelosi represents one of the country's most liberal congressional districts, taking in much of San Francisco. She has a voting record that consistently gets her laurels from liberal interest groups and raspberries from conservatives.

She also is a pragmatist.

"She's good at counting noses, which means that she'll do everything she can to represent the whole caucus," says Bruce Reed, president of the centrist Democratic Leadership Council. "She'll have to."

California Rep. Dennis Cardoza, one the Blue Dog Democrats who advocate fiscal restraint, is quick to point out that Pelosi has promised to make an early push for reinstating "pay-as-you-go" budgeting rules. These require that any tax cuts or increases in entitlement spending be paid for by raising taxes or cutting spending elsewhere.

"You wear members out if you ask them to go to the well on every single vote," said Rep. Anna Eshoo, a California Democrat who has known Pelosi for three decades.

But, Eshoo adds, "When it comes to the votes that really define Democratic Party principles, she, in her very strengthful and convincing way, sits down with one member after another to present that case."

Pelosi presides over a Democratic caucus, united against President Bush, in which members voted with their party 88 percent of the time in 2005, one of the most cohesive records in decades, according to an analysis by Congressional Quarterly.

That is not to suggest the party lacks fissures, though, or that Pelosi operates only through gentle persuasion.

Black members, for example, were irked earlier this year when Pelosi successfully pushed to strip Louisiana Rep. William Jefferson, a member of the Congressional Black Caucus, of his seat on the House Ways and Means Committee while an FBI bribery investigation is still under way.

In 2002, Pelosi raised eyebrows by giving a political contribution to one of two House Democrats who were being thrown into the same, newly redrawn congressional district in Michigan. It was no coincidence that Pelosi backed Rep. Lynn Rivers, who had supported Pelosi's bid to become Democratic whip, over Rep. John Dingell, who had been allied with Pelosi's competition. Dingell won.

Pelosi helps instill loyalty with cold cash: Her political action committee, PAC to the Future, has given nearly $450,000 to federal candidates this election cycle, which ranks 15th among all leadership PACs and is exceeded by only two other Democrats, according to the private Center for Responsive Politics.

"No one is working harder to bring us out of the desert," says Eshoo. "This woman is a human tornado."

Rutgers political science professor Ross Baker said that as a leader of the Democratic minority, Pelosi has been tireless at "conducting a guerrilla warfare against a vastly superior force." Her weaknesses, he said, include the Democrats' failure to offer a clear message to counter the Republicans and her sometimes halting television presence. "She needs some work in the green room," he said.

"My hunch is that there is some uneasiness in the House about her as speaker," Baker said, saying that such reservations are tied partly to her representation of such a liberal district.

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Pelosi demurs when asked to talk about a potential Speaker Pelosi's agenda, saying she is focused for now on Nov. 7, when Democrats need to pick up 15 House seats to take control of the House. But she has promised to put in reforms to make the House operate with more civility, fairness and fiscal accountability.

Early policy actions probably would include a push to:

_increase the minimum wage.

_revise the Medicare prescription drug program to provide more help to the elderly.

_put in place recommendations of the commission that investigated the Sept. 11 attacks.

_overhaul immigration policy.

_make it easier to get student loans.

_reduce subsidies for oil companies.

With Pelosi leading the House, Democrats could be expected to let most of Bush's tax cuts expire and block any new effort to privatize parts of Social Security.

Pitney, the California political scientist, predicts that Pelosi's talk of treating Republicans more fairly than they have dealt with Democrats "would be the first casualty of a Pelosi speakership. ... With a narrow majority and a lot of passionate partisans on her side, she is going to have to play very, very tough with procedure."

The president merely snapped, "That's not going to happen," when The Wall Street Journal asked him what Pelosi might be like as speaker.

But other Republicans are happy to expound on the likely hallmarks of a Pelosi-led House, using them as a GOP rallying cry.

In a recent eight-page release, "America Weakly," the Republican National Committee cast Pelosi as a tax-raising, soft-on-terrorim, extreme-on-abortion, questionable-on-ethics liberal who wants the nation to "cut-and-run" from Iraq and would focus on "launching bitter partisan investigations" of the Bush administration, including possible impeachment hearings.

Eager to douse any speculation about impeachment, Pelosi's office earlier this year put out word that she privately had advised the Democratic caucus that impeachment was off the table.

"It speaks volumes that she felt it necessary to deny it," says Republican pollster Whit Ayres.

Falwell Says Faithful Fear Clinton More Than Devil (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, September 24, 2006

The evangelical leader tells a conference that the New York senator will mobilize his base like no one else if she runs for president.

WASHINGTON — Nothing will motivate conservative evangelical Christians to vote Republican in the 2008 presidential election more than a Democratic nominee named Hillary Rodham Clinton — not even a run by the devil himself.

That was the sentiment expressed by the Rev. Jerry Falwell, the longtime evangelical icon and founder of the once-powerful Moral Majority, during private remarks Friday to church pastors and activists as part of the Values Voter Summit hosted this weekend by the country's leading Christian conservatives.

A recording of Falwell's comments was obtained by The Times, and his remarks were confirmed by eyewitnesses.

"I certainly hope that Hillary is the candidate," Falwell said, according to the recording. "She has $300 million so far. But I hope she's the candidate. Because nothing will energize my [constituency] like Hillary Clinton."

Cheers and laughter filled the room as Falwell continued: "If Lucifer ran, he wouldn't."

At that moment in the recording, Falwell's voice is drowned out by hoots of approval. But two in attendance, including a Falwell staff member, confirmed that Falwell said that even Lucifer, the fallen angel synonymous with Satan in Christian theology, would not mobilize his followers as much as the New York senator and former first lady would.

One critic who has been observing the conference said Saturday that Falwell's words offered a rare glimpse into how religious conservative leaders were planning to inflame opposition to the Democrats with below-the-radar messages that are often more scorching than the ones showing up in public.

"He was calling Hillary Clinton a demonic figure and openly arguing that God is a Republican," said the Rev. Barry W. Lynn, executive director of the advocacy group Americans United for Separation of Church and State. "It's hard to know whether people thought he was joking or serious, but once you start using religious imagery and invoking a politician in this way, it's not funny. A lot of people who listen to him do think that she's a dark force of evil in America."

Such controversy is nothing new for Falwell, who once described Islam's prophet Muhammad as a terrorist and said that abortion providers, feminists, gays and lesbians were to blame for the 9/11 attacks.

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An aide to Falwell said Saturday that the Lucifer reference was an "off the cuff" comment and that Falwell "had no intentions of demonizing her."

Falwell's remarks about Clinton were part of a 40-minute address at a private breakfast that included assurances that God would preserve a Republican majority in Congress and that moderates such as former New York Mayor Rudolph W. Giuliani could not be allowed to win the GOP presidential nomination.

Falwell's estimation of Clinton's campaign war chest appeared to be hyperbole; she has raised about $47 million for her Senate account this cycle, according the Center for Responsive Politics. But she has raised millions more for other candidates, and many strategists believe that if she decides to run, Clinton will amass record-level contributions.

Falwell wasn't the only public figure to invoke Satan in reference to a political adversary last week. Venezuelan President Hugo Chavez referred to President Bush as the devil before the United Nations General Assembly, speaking the day after Bush had stood at the same rostrum.

About two hours after Falwell's speech at the Values Voter Summit, James Dobson, founder of the influential group Focus on the Family, spoke publicly at the same conference. Dobson denounced what he said was a limp response by both political parties to Chavez's comment. Dobson, whose group was a sponsor of the weekend gathering, told the nearly 2,000 activists crammed into a hotel ballroom near downtown Washington that Chavez had "attacked our president viciously."

"And there has hardly been a statement of defense out of members of Congress about that," Dobson said. "There's been [only] a few pantywaist comments."

Neither Falwell nor Dobson responded to interview requests.

One conference official, Family Research Council President Tony Perkins, said Saturday that he believed Falwell intended his comment to be a "humorous remark."

Asked if he was comfortable with the connotation, Perkins deferred questions to Falwell.

"I can only be responsible for what I say," Perkins said, adding that he disagreed with Falwell that a Clinton candidacy would be good for conservatives. "I think it would be a little too risky. Anything could happen, and that's just one step closer to her actually being elected."

Falwell's remarks about Clinton were not the only indication this weekend that the evangelical movement was focused on the senator from New York.

One meeting on the agenda featured three analysts from the conservative Heritage Foundation for a discussion of health policy titled "The Future of Health Care: HillaryCare or Values-Driven Health Care?" The title was referring to Clinton's 1993 efforts to draft a national health plan that conservatives continue to deride as a form of big-government socialism.

But Falwell's speech captured the spirit of much of the weekend, which was devoted to revving up the GOP base for November and beyond, and included appearances from several prospective Republican presidential candidates — Massachusetts Gov. Mitt Romney, Arkansas Gov. Mike Huckabee and Sens. George Allen of Virginia and Sam Brownback of Kansas.

At the breakfast, Falwell made it clear that he thought the 2008 nominee must be a true conservative.

"It can't be a Giuliani and it cannot be a [New York Gov. George E.] Pataki," he said. "It cannot be a pro-choice. It cannot be a person on the wrong side of the social issues. We've got to have somebody worth fighting for because we will be energized if Hillary is the standard-bearer."

Falwell predicted that this year's midterm elections would go in the GOP's favor, despite polls showing Democrats in position to make gains.

"I think we're going to keep the House and the Senate," he said. "I think the Lord will take care of that."

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GOP Hopefuls Audition At 'Values Voters' Summit (WT)

By Amy Fagan, The Washington Times

The Washington Times, September 24, 2006

Potential Republican presidential candidates spent the weekend revving up evangelical "values voters" by pledging to keep up the fight against abortion and same-sex "marriage," and to protect religious freedom.

Sens. George Allen of Virginia, Sam Brownback of Kansas, and Rick Santorum of Pennsylvania, as well as Massachusetts Gov. Mitt Romney and Arkansas Gov. Mike Huckabee participated in the Family Research Council's "2006 Values Voter Summit," which drew about 1,800 conservative activists to the Omni Shoreham Hotel in Northwest. Former House Speaker Newt Gingrich was scheduled to address the crowd last night.

Mr. Santorum, who is in a bruising re-election battle, was among several who strongly advocated marriage as being only between one man and one woman.

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"I believe the family is the central unit of our society and marriage is the glue that holds it together," he said yesterday in a recorded speech. Mr. Santorum had planned to attend the summit, but his visit was canceled because of a family obligation.

The two-term senator, who is trailing his Democratic opponent in polls, said that like others in the crowd, he has "paid a price" for taking a strong stand against abortion and same-sex "marriage" but will continue the fight. The audience applauded when he said life begins at conception.

Mr. Santorum's comments echoed those made Friday by Mr. Huckabee, who said, "Marriage has been between a man and a woman for all time, in all civilizations."

For his part, Mr. Allen called for protecting religious freedom, private-property rights and traditional marriage and urged immigration reform.

"We shouldn't reward illegal behavior with amnesty," he said Friday to loud cheers.

There did not appear to be a strong consensus among the attendees on which Republican leads the field of possible White House contenders for 2008.

"I'm impressed with all of them, because they're speaking my language," said Janis Christensen of North Ogden, Utah.

"I think George has got a shot at being the next president," said Doug Hesse of Eatonton, Ga., who heard Mr. Allen speak for the first time on Friday. "He was articulate; I was impressed."

"I like Mitt Romney," said Judy Boteler of Roanoke, adding that it was the first time she had "zeroed in on him."

Her husband, Bruce, said he liked all the potential Republican presidential candidates but didn't see any of them "running above the crowd" yet.

"We don't see any Ronald Reagans," he said. He quickly added of the Democratic field: "I don't see any Harry Trumans, either."

"We were impressed with all of them," said Margaret Blackwood of Hartselle, Ala. When asked who she would vote for, she said, "I think it would be Mitt Romney, but I could change my mind."

Several other possible presidential contenders were invited to the conference but didn't attend. They were Democratic Sens. Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Joe Lieberman of Connecticut, as well as Republican Sens. Bill Frist of Tennessee and John McCain of Arizona.

Outside the event yesterday, a small group of protesters held signs with slogans, such as "Hate is not a family value" and "Focus on your own Darn Family." The latter referred to Focus on the Family, the conservative group led by evangelical icon James Dobson, who was a frequent speaker at the conference.

· This article is based in part on wire reports.

The Tide's In For Independents (WP)

By David S. Broder

The Washington Post, September 24, 2006

The independence being demonstrated all over the political spectrum these days -- by Democratic Sen. Joe Lieberman and Republican Sen. Lincoln Chafee, both in tough reelection battles, and by Republican Sens. John McCain and John Warner -- has its roots in American history. When they ran for the presidential nomination, Ronald Reagan and John Kennedy defied the preferences of their parties' power brokers. And earlier, Teddy Roosevelt and Abe Lincoln did the same thing.

The American people often have been equally ready to discard conventional wisdom by rewarding independence and those candidates who, in the words of the Declaration of Independence, show "a decent respect to the opinions of mankind." In my view, and that of many others, had Colin Powell chosen to run for president in 2000, in either party or in none, he could have been elected -- his character and reputation overcoming any partisan ties and any lingering racial prejudice.

Instead, we had George W. Bush, a president who has governed on party-line votes and who, after taking the country to war in Iraq, repeatedly has used the war on terrorism as a partisan weapon against Democrats.

Powell will not run in 2008, but if this year's election strengthens the hands of the independent members of both parties -- those who are prepared to defy the dictates of their interest groups and clamorous extremes -- the next presidential race may be very different from recent cycles.

Who could provide such a contest? On the Republican side, either of the two men atop the early polls, McCain or former New York mayor Rudy Giuliani. Giuliani has flourished in Democratic New York by defying his party's rigid doctrine on social issues. McCain has challenged everything from the first of President Bush's deep tax cuts to Bush's recent demand for a free hand in questioning and trying alleged terrorists.

I also would guess that Massachusetts Gov. Mitt Romney would be such a candidate. Like Giuliani, he has governed in Democratic territory, and he managed with an overwhelmingly Democratic legislature to pass a major step toward universal health care coverage.

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On the Democratic side, Sen. Hillary Clinton would, if she runs, provide a crucial test case for the independence movement. Though tied to some of the party's most important constituencies, she has, like her husband before her, carved her own path in policymaking. Friends say that she has learned in her Senate service to value some of the members of the opposite party she previously distrusted, and she has followed the example of Sen. Ted Kennedy in seeking Republican co-sponsorship of her bills.

Clinton is not alone among possible Democratic aspirants in showing her independence. Others, such as Iowa Gov. Tom Vilsack and former Virginia governor Mark Warner, have demonstrated their ability to conciliate differences without abandoning principles. And the field of potential candidates who are moderate is a large one. A race involving any of these people would provide more substantive debate than cheap shots and demagoguery.

And looking beyond 2008, think about a future contest involving Democratic Sen. Barack Obama of Illinois and Republican Sen. Lindsey Graham of South Carolina -- or any of many other pairs of younger talents, with similarly inclusive and expansive views of the national interest. What a boon for the country.

But is this rosy scenario likely? Look at the powerful forces working against it. Congress is rigged to promote partisanship and extremism. Most congressional districts are drawn to favor one party or the other, and contests take place only in primaries, where low turnouts favor candidates who appeal to the motivated extremes. The flow of special-interest money into congressional races adds to this tilt, and now the bloggers are pummeling anyone who deviates from their definition of ideological purity.

The sequencing of presidential primaries, it is said, has the same effect on the race for the White House. Democratic aspirants have to satisfy the lefties to win Iowa, just as Republicans must placate the religious right to have a chance in South Carolina.

All that may be true. But still the forces of the independent center are gaining. The public disgust with the breakdown of Congress as a functioning institution has liberated more House and Senate candidates to challenge the status quo. They may be the same people, but they're not behaving the same way.

And the political environment is changing. More and more traditional conservatives are complaining that the Bush administration is wrecking their heritage, with its reckless military, foreign and fiscal policies and its disregard for the law. I hear this regularly and have reported it. David Brooks has been making that same point in his influential New York Times columns.

The tide is turning against dogmatism -- and toward political independence.

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Bush Sending Delegation To Lebanon (AP)

AP, September 24, 2006

President Bush announced Saturday that he is sending a delegation to Lebanon to meet with Lebanese Prime Minister Fuad Siniora and discuss ways to help rebuild his nation left in ruins after this summer's 34 days of fighting between Israel and Hezbollah.

Dina Habib Powell, an Egyptian-born former White House official who is now assistant secretary of state for promoting educational and cultural exchange, will lead the five-member delegation.

The other four delegation members are: Jeffrey Feltman, U.S. ambassador to Lebanon; John Chambers, president and chief executive officer of Cisco Systems; Yousif Ghafari, chairman of GHAFARI Inc.; and Ray Irani, chairman, chief executive officer and president of Occidental Petroleum Corp.

In a statement, the White House also announced that Chambers, Ghafari and Irani along with Craig Barrett, chairman of Intel Corp., are launching a nationwide effort to encourage private donations for reconstruction needed as a result of the conflict. In coming days, the group will ask Americans to donate money to a fund set up to help the Lebanese people, the White House said.

Lebanon's Three-Sided Postwar Game: Who Gets Shabaa Farms? (NYT)

By Craig S. Smith

The New York Times, September 24, 2006

SHABAA, Lebanon — Disarming Hezbollah, the militant Lebanese Shiite group that fought Israel last month, is a major goal in Washington, Jerusalem and even among the political elite in Beirut. But the main stumbling block, at least according to Hezbollah's current position, is a 10-mile-square area of hilly land known as Shabaa Farms.

Israel and the United Nations say the land belongs to Syria and is part of the Golan Heights that has been occupied by Israel since the 1967 war. But the Lebanese insist it is theirs, and Hezbollah says it will not lay down its weapons until Israel gives it back.

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"As long as we have evidence that we own that land, Hezbollah must fight," said Qassem Saab, 52, reiterating Hezbollah's position. Mr. Saab, a Sunni Muslim, was born in his family's mud-brick house on the now-occupied land.

When the long and bloody civil war ended in 1990, all of Lebanon's warring militias agreed to give up their arms — except Hezbollah, which argued that it needed to keep its weapons to fight Israel, then occupying southern Lebanon.

Israel and many other observers say the Lebanese claim on Shabaa Farms gained traction only when Israel withdrew from southern Lebanon in 2000.

According to that view, Hezbollah, backed by Syria, has seized on the farms as a way of legitimizing what it describes as continued resistance against Israeli occupation. Whether or not that claim is legitimate, it is one of the central issues in bringing a sustainable peace to the region.

"Shabaa is the key," said Patrick Renaud, the European Union's representative in Lebanon.

Of course, there is no guarantee that Hezbollah will disarm if the Shabaa Farms area is transferred to Lebanon.

[The leader of Hezbollah, Hassan Nasrallah, told a crowd in the Beirut suburbs on Sept. 22 that no army could force the militia to disarm. He said that even after the 34-day war with Israel, Hezbollah was stronger, and that it had more than 20,000 missiles.]

"Shabaa is important," a Hezbollah Politburo member, Ahmad Malli, said during an interview last week. "But maintaining the sovereignty of Lebanon is more important. We will keep our weapons as long as there is a real threat from Israel."

Even so, the coalition of Lebanese parties opposed to Hezbollah says that removing the Shabaa issue would, at the very least, give it more leverage in pressing Hezbollah to give up its arms.

Israel sees it the other way around. Prime Minister Ehud Olmert has said that if Lebanon fulfilled its obligations under the United Nations resolution that ended the fighting — including the disarming of Hezbollah — then Israel would be willing to discuss Shabaa Farms.

For as long as anyone here can remember, the people of Shabaa say they have farmed the southwestern slope of the Mount Hermon foothills, overlooking the Hula Valley of what is now northern Israel.

After France split Lebanon from Syria in the 1920's, most maps showed the border running between the town of Shabaa and the farms. It is one of many pockets of land that were separated from their historic administrative jurisdictions when the Great Powers carved up the Levant, as the region was known, after World War I.

But the maps were moot as far as people on the ground were concerned. Though the French-drawn border put the Shabaa Farms in Syria, the people who owned the farms continued to pay taxes to the government of Beirut and continued to register births, deaths and other events in Lebanon.

The Lebanese say a study commissioned by President Adib al-Shishakli of Syria in 1951 and finally published in 1964 found that the farms were part of Lebanon and that the maps showing them in Syria were wrong. Even Syria still agrees that the farms are Lebanese.

The original 14 farms were divided and passed down through the generations to eventually become 14 hamlets of 20 or 30 houses each. By the time Israel took over the territory, about 200 families shared the land. Sitting in his parlor here, Mohamed Ibrahim Atui, 80, unfolded a stained handwritten deed from 1952 recording his purchase "of 32 olive trees."

"My father sold the land to Mohammad Mahdi in the 1940's, and I bought it from him," Mr. Atui said. He keeps the deed hidden in his house for safekeeping.

Besides olive trees, Mr. Atui said he raised grapes, corn, tomatoes and chickpeas on the land. But he has not seen his land since 1970. "The Palestinians were firing rockets at Israel from the area and so Israel began occupying the land, farm by farm, until they pushed us here," Mr. Atui said.

While protection from such attacks is the primary reason Israel occupied the farms, many Lebanese say that water is the reason Israel is reluctant to let the territory go. Springs and streams fed by the melting snow from Mount Hermon irrigate northern Israel and form the principal tributaries of the Jordan River.

"It's not security, it's water," said the Druse leader, Walid Jumblat.

Shabaa is a Sunni Muslim town, and Mr. Atui, like most of the townspeople, is a staunch supporter of the late Sunni prime minister, Rafik Hariri. Many people in Lebanon contend he was assassinated at the behest of Syria, which backs Hezbollah.

The assassination has driven a wedge between Sunni Hariri supporters and Shiite Hezbollah supporters elsewhere in the country. But the Sunnis of Shabaa support Hezbollah nonetheless.

Hezbollah's persistent attacks are widely credited here with forcing Israel to withdraw that year.

Mr. Atui says he believes that Hezbollah is the only reason Israel would ever give back the farms, because the Lebanese Army and government are so passive on the issue.

The problem for Lebanon is that the United Nations certified that the 2000 Israeli withdrawal from southern Lebanon was complete. Until the United Nations recognizes Shabaa as Lebanese territory, Israel has no reason to leave unless it withdraws

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from all of the Golan Heights. The United Nations wants Lebanon and Syria to decide where the border lies before it takes any action.

But Syria — even though it publicly supports Lebanon's claim to the land — is apparently happy to let the issue simmer, hoping it will lead to negotiations with Israel over the return of the larger territory seized by Israel in the 1967 war.

"Shabaa Farms, from the Syrian point of view, won't be delineated as long as the Golan is occupied," said a political analyst in Damascus who is close to the Syrian government, who spoke only on condition of anonymity. "When you delineate one side you delineate the other, but what is the other, Syria or Israel? Delineating the border would be legitimizing the Israeli occupation."

Like many Lebanese, Mr. Atui contends that once the landowners have recovered their land, Hezbollah will no longer need a militia.

"Hezbollah should continue until the farms are liberated and the prisoners are free, but after that they should put all of their forces under the Lebanese Army," he said. "God willing, they'll do it."

Mr. Saab said, "It's Nasrallah's last reason to fight Israel."

U.S. Delegation for Lebanon

By The New York Times

WASHINGTON, Sept. 23 — A delegation of business leaders will head an effort to encourage Americans to donate money to assist the people of Lebanon in the aftermath of the recent war between Hezbollah and Israel, President Bush said Saturday.

Delegation members also will meet with Prime Minister Fouad Siniora and local business leaders in Beirut, the White House said.

The effort will be headed by Craig R. Barrett, the chairman of Intel; John T. Chambers, the chief executive of Cisco Systems; Yousif Ghafari, the chairman of Ghafari; and Ray R. Irani, the chief executive of Occidential Petroleum.

Delusion In Damascus (WP)

The Washington Post, September 24, 2006

Bashar Assad believes that Syria won the Lebanese war.

IN THE aftermath of the summer war in Lebanon, the Middle East is haunted by the hubris of two self-declared winners. Israel and Hezbollah, which did the actual fighting, are both licking their wounds. But Iran is in a triumphalist mood, as the rhetoric of President Mahmoud Ahmadinejad at the United Nations last week confirmed. And so, it seems, is Hezbollah's other foreign sponsor, Syrian President Bashar al-Assad. Countries around the region are responding to what they see as the new strategic menace from Tehran; witness Egypt's announcement that it would soon propose its own nuclear program. But Syria is more likely to trigger a new round of armed conflict in the near future.

The threat stems from Mr. Assad's overt resistance to the U.N. Security Council resolution that ended the war. Among other provisions, the resolution mandated the expansion of a U.N. peacekeeping force along the Lebanese-Israeli border and prohibited any state from helping Hezbollah to rearm. Mr. Assad has denounced the deployment of European troops as part of the U.N. force; last week he described it as a Western plot to divide the Arab world. More significantly, he has threatened that any deployment of the force along the Lebanese-Syrian border would be treated by Damascus as hostile.

Mr. Assad's bluster has successfully deterred the Lebanese and Western governments from taking serious steps to stop the traffic of arms and explosives from Syria to Lebanon. The scores of roads and tracks crossing the border have been the principal routes for missiles and other arms supplies to Hezbollah. They also carry the bombs that Syria's agents have used in a continuing assassination campaign against Lebanese politicians who favor the country's independence from Damascus.

Mr. Assad knows that if he attempts to supply Hezbollah with new weapons he will invite an attack by Israel, which has vowed to prevent any resupply. The Syrian president even referred to that possibility in an interview published last week. But he appears undeterred. In a speech last month he declared that Hezbollah's "victory" in the war had ushered in "a new Middle East," one in which the "enemy" Israel would inevitably be defeated by force of arms. When U.N. Secretary General Kofi Annan arrived two weeks later to ask for Syria's cooperation in implementing the resolution, Mr. Assad treated him to "a diatribe . . . depicting the Western powers as bankrupt and powerless," according to a report by Warren Hoge of the New York Times.

Remarkably, Mr. Annan emerged from that meeting to tell the world that Mr. Assad had assured him that Syria would take steps to secure the border. The many statesmen who have tried to do business with the Syrian president in the past -- such as former secretary of state Colin L. Powell or Egypt's Hosni Mubarak -- have discovered that such assurances are not only worthless but deliberately mendacious. Yet Mr. Annan and the European governments deploying troops to Lebanon are essentially counting on those words -- rather than firm measures of their own -- to prevent a new crisis in which their own soldiers would be at risk. That's a lot to expect from a callow and corrupt dictator who believes he is on top of a "new" Middle East.

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Setback On Forming Palestinian Coalition (NYT/AP)

By The Associated Press

The New York Times, September 24, 2006

CAIRO, Sept. 23 (AP) — Efforts to form a Palestinian government acceptable to the West have gone "back to zero," the Palestinian president, Mahmoud Abbas, said Saturday, a day after the militant faction Hamas said a coalition that recognized Israel would be unacceptable.

Hamas won elections in January, but agreed this month to share power with Mr. Abbas's Fatah in hopes of ending a crippling international aid boycott of the Palestinian Authority.

The Hamas-Fatah coalition deal sidestepped recognition, saying the government would seek a Palestinian state alongside Israel, which implies recognition. However, the United States and Israel demanded a clear Hamas commitment, and Mr. Abbas was forced to revisit the issue.

At the United Nations on Thursday, Mr. Abbas indicated that a unity government would recognize Israel. But the Hamas prime minister, Ismail Haniya, said the next day that he would not lead a coalition that recognizes Israel.

Mr. Abbas said Saturday during a visit to Cairo to meet with President Hosni Mubarak that "backtracking took place" on the negotiations for a unity government with Hamas. "Sadly, we are back to zero," he said.

A CONVERSATION WITH MAHMOUD AHMADINEJAD (WP)

Lally Weymouth

The Washington Post, September 24, 2006

Do you think it would be in Iran's best interest to move toward a normal relationship with the United States?

We are interested in having talks with everyone. We believe that talks are much better than threats and confrontation. We are currently holding talks with many countries. I have said before that the United States is no exception, but the U.S. administration -- that is, a section of the U.S. administration -- does not create the right circumstances. It destroys chances for constructive talks.

Because a part of the administration wants to overthrow your regime?

It is the behavior I am talking about; the attitude is inappropriate. They believe that they own the entire world so they speak from that position, looking down at us -- even when they meet us. If they change their behavior, it is possible to talk about everything. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. One that has actually produced and used nuclear bombs cannot claim that they now want to stop proliferation.

Why don't you let the IAEA inspectors back in, as the U.N. Security Council demanded last summer?

The Security Council's involvement is, in fact, illegal. We are working under the framework of the IAEA, and the cameras are on our sites. Could you please show me at least one report by the IAEA on the United States' nuclear facilities?

Are you really serious when you say that Israel should be wiped off the face of the Earth?

We need to look at the scene in the Middle East -- 60 years of war, 60 years of displacement, 60 years of conflict, not even a day of peace. Look at the war in Lebanon, the war in Gaza -- what are the reasons for these conditions? We need to address and resolve the root problem.

Your suggestion is to wipe Israel off the face of the Earth?

Our suggestion is very clear: . . . Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted. . . . The people with no roots there are now ruling the land.

You've been quoted as saying that Israel should be wiped off the face of the Earth. Is that your belief?

What I have said has made my position clear. If we look at a map of the Middle East from 70 years ago . . .

So, the answer is yes, you do believe that it should be wiped off the face of the Earth?

Are you asking me yes or no? Is this a test? Do you respect the right to self-determination for the Palestinian nation? Yes or no? Is Palestine, as a nation, considered a nation with the right to live under humane conditions or not? Let's allow those rights to be enforced for these 5 million displaced people.

If the Palestinian people decided that they wanted a two-state solution, would you support that decision?

The politicians in the United States should allow the Palestinians to vote, and then we'll all respect the results. They won't even accept a small Palestinian state. That's why we think the root cause of the crisis must be addressed. Jews, like other individuals, will have to be respected. It's not necessary to occupy the land of others, to displace them, to imprison their young people and to destroy their homes and agricultural fields and to attack neighboring countries.

What is your analysis of Hezbollah in Lebanon today? What has been the impact of the war?

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Everybody has said that the attacks of the Israeli government against Lebanon were pre-planned. The question is: The planes that leveled Lebanon, the laser bombs, where did they come from? Who provided the Zionists with the armaments? Who prevented a cease-fire in the beginning?

I think a section within the U.S. administration must take a new look at the Middle East. They should not assume that they can fix the problems of the Middle East through war.

In your meeting with the Iraqi prime minister last week, did any ideas emerge as to how to stabilize the situation in Iraq?

Saddam was a detested individual, no doubt, and although he was supported by a group of American politicians during the eight-year war with Iran, we nonetheless were happy when he left. This paved the way for the American government to improve their relations with the people in the region, but they lost the opportunity -- they decided to occupy Iraq in search of oil and their own interests. . . . The Iraqi nation has deep roots -- an ancient, civilized culture -- it cannot accept to remain under occupation. It cannot accept that its authorities are told on a daily basis what to do by American authorities. In the past years, hundreds of thousands of Iraqi civilians have been killed. Even worse than what it was under Saddam.

Everybody in Iraq is unhappy. Iraq has a government now that has risen as a result of the vote of the people and it has a constitution and a parliament. Let them run and administer the country. Our policy is to support the government of Iraq, to create security for the country.

It seems as if a Shiite majority has emerged with the bulk of power in Iraq. Is this good from Iran's point of view?

We are friends with the entire nation of Iraq. Our nation is like an extended family of the Iraqi nation. . . . We are not like American politicians who divide people and fracture.

[Prime Minister Nouri al-]Maliki has said that the most important job for him is to control the militias, many of which have close contact with Iran and some of which receive money from Iran. Will you help Prime Minister Maliki control the militias?

This is your mistake again. Mr. Maliki is a friend of ours. Our nations are very close. The country that is hurt most by the insecurity in Iraq is our country.

Everyone in the region says Iran is now the most powerful country -- that the result of the U.S. invasion is that Iran is more powerful than it has ever been.

Do you think there is a problem with Iran being a powerful country? Are you implying that the Americans went there to strengthen Iran?

No, but don't you think that is the end result?

Iran is a powerful country. A powerful Iran will benefit the region because Iran is a country with a deep culture and has always been a peaceful country. If the Americans had not imposed the shah, Iran could have been a far more powerful country.

Are you going to continue backing terror groups -- Hamas, Palestinian Islamic Jihad?

Are you here on a mission or are you a journalist? A journalist does not judge. You say that Hamas is a terror group. Hamas is working in its own territory, in its own country. Why do you call them terrorists? If someone occupied the United States and the American people rose to defend their home, would you call the American people terrorists?

I would say they were terrorists if they started killing civilians.

The Palestinian people have the right to live. Gaza is being bombarded. Homes are being destroyed. Why? Because some politicians in the United States insist on supporting the Zionists at the cost of destroying the Palestinians and buying the hatred of all the nations in the region.

This will work against the American government because anti-American sentiment and hatred is increasing by the day. One day it could turn into a storm.

You've made statements about the Holocaust, saying maybe it was exaggerated. Is that your opinion?

It's not the numbers that are important here. It's a very fundamental question: When we allow all researchers to do research freely, why don't researchers have the right to research this history as well? Let's remember that 60 million people were killed as a result of World War II. So let's put everything in context and let's research it further. . . . We know this was a historical event that has happened. But why is it that people who question it, even in the smallest sense, are persecuted and attacked?

Are you willing to take any steps to suspend uranium enrichment?

We think that the American politicians should change their attitudes. If they think that by threatening Iran they'll have results, they are wrong. I'll ask you: Who cut ties with Iran? It was the U.S. government. Who imposed the war with Saddam on us? So who is the one who has to give the positive signal, us or the U.S. government?

What do you want the United States to do for you and what are you willing to do in turn for the U.S.?

I sent a very detailed and caring letter [to President Bush]; I truly mean it when I say that I hope Mr. Bush will change his behavior and attitude. It doesn't make us happy that sentiments against him rise on a daily basis around the world. This can be reversed. It's the attitude and the approach of some American politicians that ruins things. They want to return Iran to what it was

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before the revolution, under the shah, when it was really a puppet for the United States. That's history. It will never come back. The Iranian nation is a free and independent nation with an elected government, a parliament and a constitution.

How can you come to this country and tell our president to change his behavior?

We're just defending our honor.

Ahmadinejad's Gauntlet (WP)

By David Ignatius

The Washington Post, September 24, 2006

The U.S. and Iran Need Each Other Too Much Not to Find Accommodation

NEW YORK -- The most telling moment in a conversation here last week with Iranian President Mahmoud Ahmadinejad came when he was asked if America would attack Iran. He quickly answered "no," with a slight cock of his head as if he regarded the very idea of war between the two countries as preposterous.

Ahmadinejad's confidence was the overriding theme of his visit. He was like a picador, deftly sticking darts into a wounded bull. As he moved from event to event -- TV and print interviews, a chat with the august Council on Foreign Relations, his lecture to the U.N. General Assembly -- he displayed the same flinty composure. It sometimes seemed as if he owned New York, dispensing his radical bromides like a tidy, compact version of Fidel Castro. I sensed the same certainty that was expressed by Ayatollah Ruhollah Khomeini back when this confrontation began in the late 1970s: "America cannot do a damn thing."

Over the course of a week's time, I had an unusual chance to sit with both President Bush and President Ahmadinejad and hear their thoughts about Iran. The contrasts were striking: Bush is groping for answers to the Iran problem; you sense him struggling for a viable strategy. When I asked what message he wanted to send the Iranian people, Bush seemed eager for more contact: He spoke of Iran's importance, of its great history and culture, of its legitimate rights. He made similar comments in his speech Tuesday to the U.N. General Assembly.

Ahmadinejad, meanwhile, is sitting back and enjoying the attention. He's not groping for anything; he's waiting for the world to come to him. When you boil down his comments, the message is similar to Bush's: Iran wants a diplomatic solution to the nuclear impasse; Iran wants dialogue; Iran wants more cultural exchanges. At one point, Ahmadinejad even said that "under fair conditions," he would favor a resumption of diplomatic relations with the United States.

But if the words of accommodation are there, the music is not. Instead of sending a message to the administration that he is serious about negotiations, Ahmadinejad spent the week playing to the gallery of Third World activists and Muslim revolutionaries with his comments about Israel and the Holocaust. This audience hears the defiant message between the lines: America cannot do a damn thing.

Ahmadinejad is the calmest revolutionary I've ever seen. Sitting in a plush easy chair in his suite at the InterContinental hotel, he barely moves a muscle as he makes the most radical statements. His feet don't jiggle, his hands don't make gestures, his facial expression barely changes. His eyes are the most expressive part of his body -- sparkling one moment, glowering the next, focusing down to dark points when he is angry.

An interview with Ahmadinejad is an intellectual ping-pong match. He bounces back each question with one of his own: Ask about Hezbollah's attacks, and he asks about Israel's attacks. Question his defiance of the United Nations, and he shifts to America's defiance of the world body. In more than an hour of conversation with me and Lally Weymouth of Newsweek, he didn't deviate from his script. Indeed, some of his comments in the interview were repeated almost word for word when he addressed the General Assembly a few hours later. This is a man adept at message control.

The common strand I take away from this week of Iranian-American conversation is that the two countries agree on one central fact: Iran is a powerful nation that should play an important role in the international system. Bush put it to me this way: "I would say to the Iranian people: We respect your history. We respect your culture. . . . I recognize the importance of your sovereignty." Here was Ahmadinejad's formulation, when I asked how Iran could help stabilize Iraq: "A powerful Iran will benefit the region because Iran is a country with a deep culture and has always been a peaceful country."

That's the challenge: Can America and Iran find a formula that will meet each side's security interests, and thereby allow Iran to return fully to the community of nations after 27 years? Iran can't achieve its ambitions as a rising power without an accommodation with America. America can't achieve its interest in stabilizing the Middle East without help from Iran. The potential for war is there, but so is the bedrock of mutual self-interest. The simple fact is that these two countries need each other.

David Ignatius co-hosts with Fareed Zakaria of Newsweek an ongoing discussion of international issues called PostGlobal, athttp://www.washingtonpost.com. David Ignatius can be reached atdavidignatius@washpost.com.

U.S., Libyan Diplomats Celebrate Ties (AP)

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By Anne Gearan

AP, September 24, 2006

Top diplomats from the United States and Libya celebrated their newfound friendship Saturday, but disputes remain from more than two decades of hostility.

Secretary of State Condoleezza Rice points to Libya as a model for other nations after its historic decision to renounce weapons of mass destruction and engage the world, but she has repeatedly put off a splashy trip to Tripoli to inaugurate a U.S. Embassy. The United States quietly upgraded its small diplomatic office in Tripoli to an embassy this summer, but has held no formal ceremony to mark the occasion.

Rice saw her Libyan counterpart here instead, on the sidelines of the U.N. opening session.

Rice and Libyan Foreign Minister Abdurahman Shalgam discussed cooperation in fighting terrorism, a turnabout for the North African nation that the United States long called a terror sponsor.

A U.S. official, speaking on condition of anonymity because the meeting was private, said Rice also emphasized what the United States sees as a need to resolve outstanding legal issues related to the 1988 bombing of Pam Am flight 103.

The Pan Am issue is one of two major sticking points between Washington and Tripoli four months after the United States announced it would establish full diplomatic ties with Libya and remove it from the State Department's list of state terror sponsors.

It was not clear whether Rice and Shalgam aired the other outstanding issue: Libya's treatment of five Bulgarian nurses and a Palestinian doctor accused of infecting Libyan children with the virus that causes AIDS.

Libyan leader Moammar Gadhafi surprised the world in late 2003 when he swore off terrorism and announced plans to dismantle his country's weapons of mass destruction programs. Libya was eager to end the international isolation and economic hardships from United Nations and U.S. sanctions in the Pan Am case, and Gadhafi concluded the weapons programs were best used as a bargaining chip.

The diplomatic thaw began almost immediately, with the opening of a small U.S. diplomatic office in Libya in 2004.

The U.S. had not had formal diplomatic relations with Libya since 1980.

Although Gadhafi is apparently eager to demonstrate his new status as a U.S. friend, Rice is not expected to pay a visit until the case of the medics is resolved.

The United States says the six should be freed and allowed to go home; Libya says they remain under charge.

The Bush administration went ahead with plans to establish normal diplomatic relations with Libya despite pressure to slow the process from families of Americans killed in the Pan Am bombing.

Libya was held responsible for the airliner bombing, which claimed 270 lives, most of them American.

Families of victims say they are still owed $2 million apiece as part of a settlement that Libya made with the United States. The families have already received $8 million each.

Rice Presses Libyan FM On Terror Compensation (AFP)

By David Millikin

AFP, September 24, 2006

US Secretary of State Condoleezza Rice pressed her Libyan counterpart to finalize compensation payments to US victims of Libyan terrorist attacks, one of the last remaining disputes between the former enemy states, a senior US official said.

Rice also urged Foreign Minister Abdurahman Shalgam to release "on humanitarian grounds" five Bulgarian nurses and a Palestinian doctor convicted of injecting Libyan children with the AIDS virus, the official said.

Their meeting, on the sidelines of the UN General Assembly, was the first between Rice and Shalgam since the United States and Libya established full diplomatic relations in May following a 25-year rupture.

US-Libyan relations have warmed dramatically since the regime of Moamer Kadhafi renounced terrorism and abandoned efforts to develop weapons of mass destruction in late 2003.

A key to the rapprochement was Libyan acknowledgement of responsibility for two terrorist attacks that took US lives: the 1986 bombing of the La Belle disco in Berlin, where two US servicemen were among the victims, and the 1988 destruction of Pan Am Flight 103 over Lockerbie, Scotland, that killed 270.

Libya agreed to pay 10 million US dollars in compensation to the families of each of the Lockerbie victims, but has so far only paid out eight million dollars each.

While Tripoli also reached a compensation agreement for non-US victims of the La Belle bombing, a similar demand by the US victims is still in federal courts.

During Saturday's meeting with Shalgam, Rice "emphasized the need to resolve the outstanding issues related to Pan Am 103 and the La Belle claims," the senior official said on condition of anonymity.

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She also "urged a rapid resolution on humanitarian grounds" of the case involving the six foreign medical workers, the official said.

The six have been jailed since 1999 and were sentenced to death by firing squad in May 2004 for "knowingly" injecting over 400 Libyan children with AIDS-tainted blood in a Benghazi hospital. Some 50 of the children have died.

The Libyan Supreme Court quashed the conviction, but a retrial is currently underway in Tripoli and prosecutors have again demanded the death penalty.

Foreign health experts have testified in defense of the six that the AIDS infections were caused by poor hygiene at the hospital long before the arrival of the foreign personnel.

The US State Department has called repeatedly for the release of the six, as well as progress on a number of human rights issues in Libya.

Since the reestablishment of diplomatic relations, which were cut in 1981, a number of senior State Department diplomats have visited Tripoli.

But Rice herself has yet to seal the renewal of ties with a visit of her own, conditioning the trip on the release of the foreign medical workers.

She brushed aside a reporter's question at the start of Saturday's meeting about whether she could visit Libya soon if the issue was resolved.

"We'll let you know our travel plans when we have them," she said.

The senior official said Rice and Shalgam also discussed counter-terrorism cooperation and efforts to convince the government in neighboring Sudan to accept the deployment of UN peacekeepers to halt violence in its Darfur region.

'Empower Women,' Rice Tells Female Politicians (LAT)

From Times Wire Reports

The Los Angeles Times, September 24, 2006

Secretary of State Condoleezza Rice gathered other influential female political leaders to promote the empowerment of their gender.

"We all have experiences we would like to share," she told about 20 female political figures, including Liberian President Ellen Johnson-Sirleaf, Africa's first elected woman head of state. "We have to promote and empower women," Rice added. "We are going to champion the empowerment of women because it is only right."

Islamists Calm Somali Capital With Restraint (NYT)

By Jeffrey Gettleman

The New York Times, September 24, 2006

MOGADISHU, Somalia, Sept. 23 — As the sun begins to sink over this broken city, work crews swing their axes over their shoulders and head home.

Young couples take to the waterfront, mingling openly in the salty breeze. Thousands of children flock to soccer fields in the city center, with a backdrop of beautifully crumbled ruins from battles now over.

It is hard to imagine that this is Mogadishu, the same Mogadishu of “Black Hawk Down,” and clan against clan and 15 years of anarchy. But over the past three months, the Islamists in control here have defied international expectations — in many ways. Not only have they pacified one of the most dangerous cities in the world, they also seem to have moderated their message.

Instead of acting like the Taliban and ruthlessly imposing a harsh religious orthodoxy, as many feared, the Islamists seem to be trying to increase public support by softening their views, at least officially, delivering social services and pushing for democratic elections.

Islamic leaders are operating almost in campaign mode, organizing street cleanups, visiting hospitals, overseeing a mini building boom and recruiting elderly policemen to don faded uniforms they have not worn for years and return to work. Beyond that, they sent a letter this week to the United Nations Security Council pledging to support democratic rule.

Maybe this is just smooth talk. Or premature signs that could prove misleading. Hard-core elements still operate here, including militiamen who drive around with black scarves and black flags and shoot people for watching Hollywood movies. Young men like them were believed to have killed an Italian nun at a Mogadishu hospital last Sunday, apparently in retaliation for Pope Benedict XVI’s remarks on Islam.

But the Islamist leaders say they are rogue elements who will be punished, and they have reopened some movie theaters and issued decrees emphasizing tolerance. Whether they live up to those promises seems to hinge on whether they can, or even want to, rein in the militant groups that helped propel them to power.

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"The world was so quick to label us," said Ibrahim Hassan Addou, the foreign minister for the Islamic administration in Mogadishu. "All we are asking is to be judged on our deeds."

The United States continues to assert that the Islamists are sheltering Al Qaeda terrorists. The suicide attack against the United Nations-backed transitional government in Baidoa on Monday only reinforced that suspicion, though the Islamists deny any involvement.

But the darkest fears of a draconian Islam on Africa's east coast have not come true, at least not yet. Boys are allowed to play soccer, and girls are allowed to go to school, despite rumors to the contrary. And businesses are not forced to close during prayer time, as has been widely reported outside of Mogadishu.

In fact, people were selling bread, biscuits and watermelon right in front of the Islamic forces' headquarters during the noon prayer earlier this week. The teenage militia members standing guard regressed to the boys that they were, giggling over giant slices of watermelon and spitting seeds at each other, the juice running down their chins and dripping onto their guns.

"Nobody knows where we're headed," said Ahmed Mohammed Ali, chairman of a Mogadishu human rights organization. But, he added, the Islamists "pacified this place and brought the clans together."

"Whatever you think about them," he said, "you can't overlook that."

There is a famous story that says much about Somalia. It sounds like a fable, but according to several Somali businessmen, it is sad but true.

There were two close friends who owned a fishery north of Mogadishu. They were like brothers and vowed that if anything ever happened to either of them, the other would take care of the his family. They were from the same clan but from different branches of it, the Saad and the Saleeban. One day the Saad man was caught in a cross-fire and killed accidentally by a Saleeban militia. Within hours, the Saad took their revenge and without consulting the dead man's family shot to death his best friend.

"Anarchy is bad, man," said Adam Daley, a Somali-American businessman living in Mogadishu. "Can you imagine New York City without any police? Or light?"

This is how Mogadishu, the capital of Somalia, was since 1991, when clan-based warlords brought down the central government. United States marines and United Nations peacekeepers tried to restore order, but the people rallied behind the warlords and helped drive the foreigners out.

The fighting razed the city's famed Italian architecture and left a leadership vacuum. Gradually, clan elders set up small courts to resolve disputes, using Islamic law to guide them.

Before the war, that might have seemed strange. Somalia used to be a secular place, where women wore skirts and men drank beer.

But in the period of anarchy, the culture changed. After Western aid organizations pulled out, Arab charities rushed in, bringing Koranic schools and more religion.

Militant Islamic groups opened camps in Somalia's deserts. According to terrorism analysts, American intelligence officers began hiring warlords to kidnap terrorism suspects and take them to bases outside Somalia. Often the suspects were innocent imams or businessmen who were soon set free.

By 2004, the Islamist groups teamed up with clan courts and businessmen to protect themselves from the warlords, calling their alliance the Union for Islamic Courts.

Last winter, the warlords announced that they, too, had formed an alliance, the Alliance for the Restoration of Peace and Counterterrorism. It was a well-known fact, buttressed by the annoying aerial drone that buzzed over Mogadishu at night, that they had American support.

That played straight into the hands of the Islamists, who quickly built an army called the Shabab, or youth, made up of young, devout fighters, to overthrow the warlords. The Shabab wore green skull caps and little beards. They did not smoke cigarettes or chew qat, the popular narcotic leaf that had spurred so much of Mogadishu's madness.

People were impressed.

"Every day at noon women were driving to the front lines to bring these guys food," recalled Ali Iman Sharmarke, one of the founders of the HornAfrik television and radio station.

The warlords were steadily pushed back and soon could not trust anyone, including phone operators, whom they suspected of tapping their calls.

"We had no communication or leadership," said Col. Ali Warsame, whose warlord commander ended up fleeing Mogadishu on the back of a donkey and wearing a veil. By the first week of June, all the warlords had been defeated.

The courts' first move was a thank you to their patrons. Within weeks, Mogadishu's port and airport, which had been essentially closed for more than a decade, were open for business.

The courts then took many of the warlords' militiamen to an old army base outside the city.

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There, under a searing sun, 700 young men march in circles, chanting, “God is great!” and doing a funny elbow-swinging goose step.

“It’s Russian,” Col. Muhidin Haji, the camp commander, explained.

The courts are now focusing on civil administration, with committees on sanitation, reconstruction, education and justice. Investment money is already flowing back in. The streets around Mogadishu’s main market are clogged with trucks hauling logs and cement. To oversee all this, the Islamists have appointed university professors, including many educated abroad, to crucial posts.

The Islamists are meeting with leaders from the transitional government based in Baidoa, 150 miles inland, to discuss sharing power. Despite being recognized by the United Nations, the transitional government has very little support among Somalis.

Under a United Nations-backed framework, Somalia is supposed to have elections by 2009. The Islamists say the sooner the better. They know they are the most popular force in the country.

One morning this week, hundreds of men volunteered for an Islamist-organized clean up. With the clap of his hands, the work leader sent them plunging into overgrown thickets to clear brush. “It’s an exchange,” said Abdul Aziz Issah, one of the workers. “They brought us peace, we give them work.”

There is so much of it to do. Huge swaths of the capital have been reduced to ruins, with an arch left here, half a crumbling wall left there. In many places, Mogadishu looks like an ancient city that has been deserted for centuries, just riddled with holes.

Somalian Militia Looks To Take Over Port (AP)

By Mohamed Sheikh Nor

AP, September 24, 2006

Hundreds of Islamic militiamen in heavily armed trucks headed Saturday to the strategic town of Kismayo in what appeared to be an imminent takeover attempt of one of the last seaports outside their control in Somalia, witnesses said.

Key leaders of the Islamic militia — which controls the capital, Mogadishu, along with much of southern Somalia — have been in Kismayo for several days in direct challenge to the warlords who are in control there.

Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out.

"I saw 50 trucks from the Islamic courts and more than 300 militiamen who were heading to Kismayo," Quasim Munye told The Associated Press from the coastal town of Brava, which is on the only road that leads to Kismayo. "The trucks were huge and the militias well-prepared."

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, throwing the country into anarchy.

An official government was formed in 2004 with U.N. help in hopes of restoring order after years of lawlessness. But the Islamic movement seized Mogadishu in June and now controls much of the country's south.

The government controls just one town, Baidoa, 150 miles from the capital, but it has a strong ally in Kismayo. The government's defense minister, Col. Barre "Hirale" Aden Shire, is a member of the Juba Valley Alliance that rules the town.

The United States has accused the Islamic group of sheltering suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania. Al-Qaida chief Osama bin Laden has portrayed Somalia as a battleground in his war on the U.S.

The group's strict and often severe interpretation of Islam raises memories of Afghanistan's Taliban, which was ousted by a U.S.-led campaign for harboring bin Laden and al-Qaida fighters. Still, many residents credit the courts with bringing a semblance of order.

Also this week, Islamic leaders in the capital banned the sale of a leafy stimulant called qat, which is wildly popular among Somalis, during daytime in the Muslim holy month of Ramadan, which begins this weekend. Islamic officials in Balad, about 18 miles from the capital, banned qat altogether during Ramadan.

Islamists consider qat un-Islamic but have generally tolerated it since they came to power. Users chew qat like loose tobacco and experience a mild buzz that lasts for anywhere between 90 minutes to a few hours. It can also cause an elevated heart rate and create a feeling of euphoria.

Kurdish Rebels Suspected In Turkey Blast (AP)

By Selcan Hacaoglu

AP, September 24, 2006

Suspected Kurdish guerrillas set off an explosive-laden minibus across from a police guest house in eastern Turkey Saturday, injuring 17 people, the governor's office said.

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The Ford minibus parked across from the police guest house, went off in eastern city of Igdir on the Armenian border. The blast shattered the windows of the police guest house and other buildings in the area.

Two of the injured were in serious condition, the governor's office said. The injured included five police officers and officials of a small soccer club who traveled from Ankara to Igdir for a match, private Dogan news agency said.

The explosion coincided with complaints by imprisoned rebel chief Abdullah Ocalan about his prison conditions, which were relayed by his lawyers, the pro-Kurdish news agency Firat reported on its Web site on Saturday.

The attack also comes after recent declaration of cooperation between Turkey, the United States and Iraq in fighting the guerrillas, who are based in northern Iraq.

The conflict has claimed the lives of more than 37,000 people since the guerrillas took up arms for autonomy in 1984.

The rebels have recently intensified attacks across the country and have so far ignored a recent call by the pro-Kurdish Democratic Society Party to declare a unilateral cease-fire in the hopes of establishing dialogue with the state.

Earlier Saturday, autonomy-seeking Kurdish rebels detonated a remote-controlled bomb, derailing a freight train in southeastern Turkey, officials said. No injuries were reported in that attack which occurred in the province of Elazig.

In late August, the rebels have also carried out bomb attack in Mediterranean resorts, killing at least three people and wounding dozens, including 10 Britons in a minibus bombing in the popular resort town of Marmaris.

Ocalan has been in prison on the prison island of Imrali, off Istanbul, since his capture on Feb. 15, 1999 in Kenya. His guerrilla group has long demanded that Ocalan be moved out of solitary confinement and expressed concern about his health.

A delegation from the Council of Europe's committee for the prevention of torture, which visited Ocalan on the island in 1999, said the rebel leader's cell was well lit and suitably equipped.

Turkey also maintains that doctors closely monitor Ocalan's health.

Venezuela: U.S. Held Foreign Minister (AP)

By Ian James

AP, September 24, 2006

Venezuela's foreign minister said he was illegally detained for 90 minutes at a New York airport Saturday by U.S. authorities whom he accused of treating him abusively and attempting to frisk him.

U.S. and U.N. officials called the incident regrettable but said Foreign Minister Nicolas Maduro had been identified for "secondary screening" — an added security check that can kick in for a variety of reasons.

"We were the object of an illegal detention by the U.S. government," Maduro told reporters at Venezuela's mission to the U.N. "We were detained during an hour and a half, threatened by police of being beaten."

Maduro said the authorities at John F. Kennedy International Airport at one point ordered him and other officials to spread their arms and legs and be frisked, but he said they forcefully refused.

He said his passport and ticket were retained for a time, and finally given back to him. But he said the incident prevented him from traveling home Saturday.

Homeland Security spokesman Russ Knocke denied that Maduro was mistreated. "There's no evidence to substantiate any sort of abnormality in the screening process."

The incident comes as tensions between the two countries — strained for several years — took a particularly confrontational turn. Both Maduro and Venezuelan President Hugo Chavez were in New York the past week attending the yearly U.N. General Assembly, where Chavez called President Bush "the devil" during his speech and criticized him during a stop in Harlem.

Knocke said in Washington that Maduro was referred for further screening but never reached that section of the airport.

"He began to articulate his frustration with secondary screening right after he went through the magnetometer," he said, referring to the walk-through metal detector. "Port Authority officials confronted him when the situation became a ruckus." Knocke did not elaborate.

Airlines check passengers names against watch lists and apply certain criteria — such as paying for a ticket with cash — to direct passengers to a more intensive, or "secondary," screening process.

A U.N. diplomat, who spoke on condition of anonymity because he was not authorized to speak publicly, said that Maduro's trip was delayed because he had showed up late without a ticket, prompting the screening.

"We can confirm that a regrettable incident occurred at John F. Kennedy airport for which the U.S. government has apologized to Foreign Minister Maduro and the government of Venezuela," U.S. State Department spokesman Tom Casey said.

Maduro told the reporters that his government has been in touch with U.N. Secretary-General Kofi Annan about the incident and was gathering a team of lawyers to challenge a detention that he said violated international law.

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Earlier, Chavez said on Venezuelan television that U.S. officials had detained Maduro after linking him to a failed coup that Chavez led in Venezuela in 1992.

"They have held him accusing him of participating in terrorist acts here," Chavez said in Venezuela. "He didn't even participate in that patriotic rebellion," he said, referring to the uprising he led while still an army officer.

Chavez has previously called Bush a "devil," "donkey" and "madman." While two countries are tied by oil — Venezuela is among the top five suppliers of crude to the U.S. — relations soured sharply in 2002 after the Bush administration swiftly recognized leaders who briefly ousted Chavez in a coup, before the Venezuelan returned to power amid street protests.

Bush's political foes and friends alike have condemned the remarks, newspapers have sharply criticized the Venezuelan leader, while a call has emerged for businesses to boycott Venezuela-owned Citgo Petroleum Corp. One U.S. governor said his state is no longer interested in buying discounted heating oil from Venezuela this winter.

Earlier Saturday, Chavez said Bush may be seeking to kill him for calling him "the devil" at the United Nations.

"Some worried friends over there have called me (to say) that because I called him the devil they have condemned me to death," Chavez said without elaborating further on his sources.

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AP U.N. correspondent Edith M. Lederer contributed to this report.

US Apologizes After Venezuelan FM Detained At Airport (AFP)

By Alfons Luna

AFP, September 24, 2006

Venezuelan Foreign Minister Nicolas Maduro said he was temporarily detained, threatened and stripped of his travel documents at a New York airport, prompting an apology from the US government.

"I was detained in a room ... for an an hour and 40 minutes" at John F. Kennedy International Airport, Maduro told CNN television in remarks broadcast on Venezuelan television. "Then they handed me to a delegation headed by our UN ambassador (Francisco Arias Cardenas)."

"I denounce before the world the US government. I ask UN Secretary General Kofi Annan that he speak about this case, that investigations be opened. I demand that the US government respect international rights."

Maduro, who attended the United Nations General Assembly in New York this week, said "the situation got worse" when he identified himself to the security officiers as Venezuela's chief diplomat.

"I told the on-duty officials that I was the foreign minister, and the situation got worse because they started insulting, yelling and brought a police officer ... and they started threatening us," Maduro said.

"Now I have no documents and cannot travel," he said.

At a later news conference, Maduro said: "We were threatened with being beaten."

"They took my passport and plane ticket and only gave them back to me at the end, after I had made a public denouncement" of the incident.

He said he received a phone call from Thomas Shannon, the US top diplomat for Latin America, who expressed surprise at the incident.

When US State Department officials arrived on the scene, and Maduro said he thought the situation would be resolved, "we were told to spread our feet and stretch out our arms so the police could search us."

Maduro said UN chief Annan "had designated a team of lawyers that will immediately start work on the case."

He called the incident "a complex, shameful situation and an attack against international law," and linked it to a speech by Venezuelan President Hugo Chavez at the UN General Assembly this week in which the anti-US leader called his American counterpart George W. Bush the "devil."

The US Homeland Security Department denied Maduro's claims.

"There's no evidence to support any of this," US Homeland Security Department spokesman Russ Knocke told AFP by telephone.

"There's no evidence to support the claim that his travel documents were taken away, there's no evidence to support the claim that he was assaulted, there's no evidence to support the claim that he was somehow arrested or taken into custody," he said.

Knocke said Maduro was simply asked to go through a routine, secondary security screening.

The US State Department later confirmed the incident and apologized.

"The State Department can confirm there was an incident with Venezuelan Foreign Minister Nicolas Maduro at JFK airport in New York," department spokesman Gonzalo Gallegos said.

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"The State Department regrets this incident. The United States government apologized to Foreign Minister Maduro and the Venezuelan government."

According to a State Department official, the airport security services "questioned" the foreign minister and asked the State Department to confirm his diplomatic identity.

"Diplomatic security was sent out to the airport. We understand he was able to board the plane before it took off but he refused and returned to New York City," the official said on condition of anonymity.

Earlier, Chavez accused Bush of ordering his assassination for his "devil" remark Wednesday at the UN General Assembly.

"The devil appears very sulphurous, and a few people say that he has given the order to kill me," Chavez said during a speech before scientists in western Venezuela.

"Many concerned friends have called me, (saying) that because I said 'devil' over there (at the UN), they have sentenced me to die. They will not kill me, I have much faith in life," Chavez added.

Chavez said Maduro had been detained for allegedly taking part in a failed coup attempt in Venezuela on February 4, 1992, that Chavez had led against then-president Carlos Andres Perez.

"Apparently he is on a list for February 4," Chavez said on Venezuelan television. "But he was not in the rebellion."

A Speech That Khrushchev Or Arafat Or Che Would Admire (NYT)

By Warren Hoge

The New York Times, September 24, 2006

UNITED NATIONS

WHEN President Hugo Chávez of Venezuela used his General Assembly appearance to call President Bush a devil who had left a telltale scent of sulfur on the speaker's podium, he was acting in an old, if not grand, tradition.The General Assembly hall with its green marble rostrum and giant golden screen bearing the United Nations seal was meant to sound with high-minded calls for international understanding. But on more than a few occasions, the cathedral-like space has rung instead with barbs and insults. And American presidents — from Harry Truman to Bill Clinton to George H.W. Bush — have been the favored targets.

In 1950, Wu Xiuquan, a Chinese representative, denounced the Truman administration effort to promote Taiwan, saying, "This is a preposterous farce, unworthy of refutation, in which Truman makes a mockery of Truman himself."

President Reagan came in for a Hollywood-specific scolding in 1987 from Daniel Ortega, the president of Nicaragua. Denouncing Mr. Reagan's decision to continue financing contras fighting his Sandinista regime, Mr. Ortega said, "Rambo only exists in the movies."

Cuban foreign minister Roberto Robaina in 1996 took after President Clinton, saying, "We are facing a King Kong escaped from its cage, destroying and smashing without orientation or control."

Why has the United States come in for such tongue lashings?

Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades, said the General Assembly was a particularly alluring place for demagogues.

"If you want your 15 minutes of fame, what better place to get it than the rostrum of the General Assembly?" he said. "I think very often they are playing for the domestic audience and trying to build up their persona as a tough guy not afraid to take on the Yankee superpower."

But what might work at home doesn't necessarily play well on the world stage. "I think in the end they all come off as rejectionists," he said. "They're good at saying what they don't like, but they don't have any positive thoughts."

In that sense, the Chávez rant with its claim that "the U.S. is the greatest threat looking over the planet" harks back to speeches by Fidel Castro and Nikita Khrushchev during the chilliest days of the cold war. That's when the true art of America-bashing reached its pinnacle, even as it tended to follow a boilerplate script of "isms" — colonialism, imperialism, racism.

Che Guevara told the General Assembly in 1964 that "the United States is not the champion of freedom, but rather the perpetuator of exploitation and oppression against the peoples of the world and against a large part of its own population."

Castro, in 1960 managed to insult two future American presidents at the same time. He described John F. Kennedy as "a millionaire, illiterate and ignorant" and warned delegates against construing the comment as favoring Richard M. Nixon. "As far as we're concerned," he said, "the two of them lack, should I say, political brains."

While these rhetorical taunts don't necessarily influence the real course of world affairs, the threat of mobilized public opinion on a global scale against American policy can't be ignored and has at time spurred pointed responses.

In 1975, after a particularly harsh run-in with African countries, Daniel Patrick Moynihan, then the American UN ambassador, said: "For too long, we have been given private assurances that public obscenities were not meant. That currency is no longer acceptable."

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President Ronald Reagan took the strongest stance against the Washington-baiting when he appointed Jeane J. Kirkpatrick, an outspoken conservative, as ambassador to the United Nations. She said that countries attacking the United States covered up their own misdeeds by using the “Big Lie” — accusing the United States of committing crimes that they in fact had perpetrated.

Finally, in 1987, when Daniel Ortega, the Marxist leader of Nicaragua, compared Reagan to Rambo, Vernon Walters, the American envoy, called the speech “typical revolutionary babble.” And he and the rest of the American delegation walked out.

But perhaps the most effective retort was the less demonstrative one delivered by the British. In 1960 Nikita S. Khrushchev, the Soviet premier, had interrupted a General Assembly address by the prime minister, Harold Macmillan, by waving his arms in the air and shouting in Russian. In response, Mr. Macmillan stopped speaking and imperturbably sipped a glass of water. He murmured over his shoulder to Frederick H. Boland of Ireland, the assembly president, that if Mr. Khrushchev wished to continue, he would insist on a translation.

The Soviet leader went silent.

Hurricane ChÃ¡vez (WP)

The Washington Post, September 24, 2006

What's worse for energy security: a natural disaster or a petro-bully?

HUGO CHAVEZ got the attention that he craves by comparing President Bush to Satan last week. But the Venezuelan leader's absurd talk may be less threatening than his equally absurd incompetence. Since Mr. ChÃ¡vez took power seven years ago, Venezuela has mismanaged its oil so disastrously that production may have fallen by almost half, according to the estimates of outsiders, reducing global oil supply by a bit more than 1 percent. Along with natural disasters and Nigerian rebels, Mr. ChÃ¡vez's ineptitude has contributed to high energy prices.

It takes sustained determination to reduce output by that much, and Mr. ChÃ¡vez has provided it. He inherited a competent national oil company that produced three times more per worker than its Mexican counterpart. He immediately starved it of investment capital and dispatched ignorant political cronies to oversee it. When this abuse provoked a strike, Mr. ChÃ¡vez fired the staff en masse, getting rid of two-thirds of the skilled employees and managers.

Mr. ChÃ¡vez imagines that he can damage the United States by rerouting Venezuelan oil to other markets. He fails to understand that oil is fungible: If Venezuela's crude is sold to the Chinese, the Chinese will buy less of it elsewhere, freeing up supplies for U.S. consumers. But Mr. ChÃ¡vez also appears oblivious to the technical difficulties in sending oil halfway round the world rather than selling it in his own hemisphere. Oil tankers do not come cheap, and China will have to build special refineries to process the heavy brand of crude that Venezuela produces. Despite Mr. ChÃ¡vez's bluster about tripling exports to China in three years, Venezuela will depend on Yanqui consumers for the foreseeable future.

To the extent that Mr. ChÃ¡vez's wild talk stirs up anti-American feeling, he must be regarded as an irritant. If he secures a temporary seat on the U.N. Security Council, as he hopes to do next month, he will doubtless render U.N. diplomacy even more challenging than it is already. Yet it is not the United States but rather Mr. ChÃ¡vez's own countrymen who should most fear his intentions. Venezuela's courts, media organizations and civil society groups have been bullied into submission, and Mr. ChÃ¡vez is talking about a constitutional change that would allow him to remain in power indefinitely. "The people should not be stripped of their right if they wish to reelect a compatriot whoever it may be three, four, five, six times," he said recently.

Thai Coup Highlights Struggles Over Democracy (WP)

By Anthony Faiola

The Washington Post, September 24, 2006

BANGKOK -- Inside the teeming Khlong Toei slum in the shadow of this city's modern skyscrapers, 60-year-old street vendor Chalaem Tiensiri is still proudly displaying campaign stickers from deposed prime minister Thaksin Shinawatra's party on the walls of her shack. Asked about the bloodless military coup last week that abruptly ousted Thaksin from power, she looked down at her empty hands and quietly cried.

Echoing the feelings of many on the warren-like streets of Khlong Toei, Chalaem said the poor in Thailand were largely ignored before Thaksin was elected in a landslide in 2001. A billionaire tycoon who became the hero of the underclass, Thaksin ushered in universal health care that allowed Chalaem's cancer-stricken daughter to receive chemotherapy for less than $1 per treatment. His war on drugs, she said, drove the methamphetamine dealers from the neighborhood's tough streets. Local leaders from Thaksin's party provided free milk for her young grandson and brought the struggling widow gifts of rice several times a year.

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"I don't care what they say about Thaksin, he was the first one who ever cared about us," she said, kneeling next to her ill daughter who rested languidly on a cot. "He gave me a chance to keep my daughter alive. He gave us food when we were in need. Now that he's been chased out, the poor have lost their closest friend."

Chalaem's lingering respect for Thaksin -- still widely shared among the urban poor and rural farmers across the country's north and northeast -- underscores the core problems confronting Thailand and a host of other emerging nations as they try, and sometimes fail, to cultivate healthy democracies.

Thaksin followed the path of other democratically elected leaders, like Venezuela's Hugo ChÃ¡vez, who are accused of using their posts to enhance their power at the expense of democratic institutions. Thaksin, following that pattern, gained popular support by pushing through policies aimed at easing the plight of the poor while using handouts of food and even cash to ensure votes at election time.

Experts say such populist-driven politics has exacerbated class divisions and created a significant hurdle to maintaining the rule of law for some developing countries. Well-educated middle- or upper-class Thais have generally embraced the coup as a regrettable but necessary step toward ending Thaksin's grip on power and ushering in a new constitution. The provisional military government, headed by the soft-spoken Royal Thai Army chief, Gen. Sonthi Boonyaratkalin, has promised to name a civilian as caretaker prime minister in the coming days and hold elections within one year.

Foreign advocates for democracy and some domestic observers in Thailand have seen a clear conflict in such support for the coup. While the ousted prime minister infuriated his opponents by clinging to power, he simultaneously enjoyed unparalleled popularity among the nation's largest block of voters -- the poor. Some anti-Thaksin forces have even indirectly blamed the unquestioning support by poor Thais of the ousted prime minister for Thailand's current crisis.

"We understand that to some extent we have failed to address the problems of the poor, and we need to do a better job," said Surin Pitsuwan, a former foreign minister and leading member of the opposition Democrat Party. "The problem is that in Thailand, Thaksin created a class of people dependent on state handouts. We need to teach these people that there are no such things as free gifts in a real democracy and that it does them more harm than good to live off the largess of corrupt leaders."

Democracy advocates abroad, meanwhile, are viewing the case of Thailand -- an important regional ally of the United States and one of Southeast Asia's largest economies -- as particularly demoralizing.

In the 15 years since the last military takeover here, Thailand had emerged as the region's model for democratic reform. Already, the jailed leaders of a February coup attempt against Philippine President Gloria Macapagal Arroyo have made comments to the foreign press hailing the successful military men of Bangkok as exemplary patriots.

Analysts fear the Thai coup will also embolden existing military juntas, such as the one in neighboring Burma, to resist mounting international pressure to enact democratic reforms.

"The comeback from other nations in the region when they are told to make democratic reforms will be, 'Hey, look at Thailand. They couldn't make it work and the military had to take charge again,' " said Panitan Wattanayagorn, a political analyst at Bangkok's Chulalongkorn University. "Their argument will be that the people are just not eager for democracy and that the military men still know best."

The coup has brought swift international condemnation. The Bush administration is now in the process of reviewing military and other aid to Thailand and has said a pending free trade agreement with Bangkok cannot go forward without a restoration of democracy.

Thaksin, who was in New York preparing to address the United Nations at the time of the coup, is now in London, where he told reporters he was taking a "holiday" for the time being. In a statement, Thaksin appeared resigned to his ouster, saying he would remain in Europe for the time being to promote Thai unity.

But foreign investors remained jittery, with the Thai currency, the baht, and the stock market going on wild rides as rumors of a counter-move by officers still loyal to Thaksin have raged through Bangkok. So far, there have been no serious indications of violent resistance to the provisional military authority.

Anti-Thaksin forces here insist the coup is being misrepresented outside Thailand. They describe it as the result of Thaksin's attempt to usurp the constitution and set himself up as a "democratic dictator" in a nation where King Bhumibol Adulyadej remains the beloved head of state. Public protests against Thaksin, they said, had grown in the aftermath of a corruption scandal in which his family sold its controlling stake in a major telecommunications company to a Singapore state investment firm for $1.9 billion without paying a cent of taxes. But those protest rallies were confined to Bangkok.

Still, the spark that finally ignited the coup appeared to be Thaksin's recent interference in the military promotion system to elevate his allies to top positions.

In a signal that the royal household had effectively endorsed the coup, the king officially named Sonthi the head of an interim council.

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On Friday, Sonthi again promised to swiftly name a civilian caretaker, with foreign observers calling for the appointment of a well-known and respected figure to prevent the impression of a puppet government. Attention has focused on former World Trade Organization chief Supachai Panitchpakdi and Thailand's central bank head, Pridiyathorn Devakula. But on Friday, speculation also turned to a less renowned figure, Ackaratorn Chularat, president of Thailand's Supreme Administrative Court.

Analysts note that Thaksin's adversaries had yet to exhaust all legal means of opposing him, and they said the checks and balances of Thailand's constitutional monarchy had recently begun to function.

With a nod from the king, Thaksin loyalists on an election commission were purged by the still largely independent Supreme Court -- opening the way for a more level playing field in elections that were set to be held in the coming months. Thaksin's critics say his party was already gearing up for a cash-for-votes campaign that would have kept him in power.

Instead, with the military now in charge, Thailand has reverted to martial law. At least four of Thaksin's top aides have been detained by military authorities, who have also outlawed political meetings of five or more people. TV and radio stations have been warned to prevent criticism of the new military government, with armed soldiers stationed inside or near major domestic networks as a reminder. The military authority on Friday also named an official body to probe allegations of corruption under Thaksin.

Resistance to military control has already begun to fester. A group of about 100 university students staged an ingenious protest on Friday near an upscale shopping mall. To avoid violating the new military rules against political gatherings, they clustered themselves in groups of twos or threes across a broad public area.

"This coup is not what we wanted," said a 19-year-old university protester who declined to give his name, but held a sign saying: "No to Thaksin, No to the Coup."

"Thailand needs real democracy," he said, "and we don't feel this was the right way to achieve it."

Coup May Allow Thais To Take New Tack On Insurgency (NYT)

By Seth Mydans, International Herald Tribune

The New York Times, September 24, 2006

By SETH MYDANS

BANGKOK, Sept. 23 — Jesse Lee Daniel had just called for mustard for his chicken burger when the first bomb went off with a thud strong enough to shake the Swan Bar, where he was sitting in the southern city of Hat Yai.

After the second bomb last Saturday evening, 100 yards away at the Odeon department store, he hurried out with other foreign teachers who had been eating at the bar to take a look.

He was standing in front of the New Cherry Ancient Massage parlor, in a crowd of onlookers and masseuses, when the third bomb exploded on a motorbike parked at the curb beside them.

Mr. Daniel, a Canadian, died instantly, apparently the first Western victim of the almost daily violence that has taken more than 1,700 lives since the start of 2004 in Thailand's largely Muslim south.

The attack that killed him and five others was part of a new escalation in a separatist insurgency that has been aggravated, according to experts, by the militarized, give-no-quarter approach of former Prime Minster Thaksin Shinawatra.

Mr. Thaksin's ouster in a coup this week offers the chance for a new approach, though not a quick end, to an insurgency that has become nastier and more entrenched and that experts say may be receiving guidance and training from foreign Islamic insurgents.

"We are seeing that the insurgency is escalating at a very significant pace and very likely we will soon see an attack in Bangkok," said Rohan Gunaratna, a Singapore-based expert on terrorism. "They have created a movement."

The general who led the coup, Sonthi Boonyaratglin, is a Muslim who had clashed with Mr. Thaksin over the government's southern policy. Days before the coup, General Sonthi proposed negotiations with the insurgents, only to be brushed off by Mr. Thaksin.

But starting negotiations will not be easy. The only separatist group to respond to his offer has little control over insurgent activity, and General Sonthi himself conceded that "right now, the military does not know who their real leader is."

Another limit to negotiations is the complicated nature of the violence, which appears to include not only the Muslim insurgency but also political and business rivalries, drug running, banditry and feuds involving the military and the police.

But experts expect General Sonthi at least to begin to carry out the recommendations of a National Reconciliation Committee, led by the former prime minister, Anand Panyarachun. It proposed in May the creation of a regional administrative body to mediate.

Although the committee was created by Mr. Thaksin, he ignored its recommendations and proceeded with a policy of confrontation.

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"If implemented, all those alone would go a long way to improving the trust of the local community," said Zachary Abuza, an expert on terrorism who is studying the violence in southern Thailand.

The recommendations amount to a turnaround in dismissive and discriminatory attitudes of the central government in this largely Buddhist nation toward the Muslims who make up 5 percent of the population of 64 million people.

They would start with the lifting of a martial law decree that the commission found had aroused fear and resentment in the three Muslim-dominated southern provinces — Yala, Narathiwat and Pattani.

They also urge greater attention to local conditions and culture, including public school education in the local Malay language, and an end to a culture of impunity that has allowed hundreds of killings and kidnappings by security forces.

In addition, Mr. Abuza said, Mr. Thaksin's ouster is likely to end a constant, destabilizing rotation of military commanders in the region.

But for now, the momentum seems to be with the insurgents, who carry out killings and kidnappings, the assassination of local government officials and teachers and the burning of schoolhouses, as well as attacks on the military and local volunteers.

The latest bombings have frightened residents of Bangkok as they have seen the violence spreading from the core of the Muslim south into the capital of a neighboring province, Songkhla. Muslims here make up a smaller proportion of the population and most of them speak Thai rather than Malay.

"People here are afraid," said Thaveesak Khaotemdee, 29, a truck driver who lives in Hat Yai. "Wherever we go, we hurry out and hurry back. Nobody goes out at night. Just dead silence. Even at a restaurant we look at each other's faces. We never thought it would happen here in Hat Yai."

A year ago a bomb was planted at the Hat Yai airport. But the latest bombings — six altogether, within minutes of one another — brought the violence into the heart of the city.

It seems clear that the attacks were aimed at foreigners in the entertainment district of Hat Yai, which depends on tourism for much of its income, said Chaiwat Satta-anan, a professor at Chulalongkorn University who was a member of the reconciliation commission.

"There is no record of foreigners or tourists as victims in the southern violence," he said. "So the meaning of this particular incident is that another taboo of violence in the south as been broken."

Previous escalations included the killings of Buddhist monks, attacks in Buddhist temples and the killing of a Muslim preacher, he said.

The attack in Hat Yai occurred three weeks after the bombings of 22 banks simultaneously nearby in Yala Province in which one person was killed and 29 wounded. Experts said these bombings showed the degree of coordination of a movement whose leadership, General Sonthi said, remained unknown.

The bombings in Hat Yai killed five people in front of the massage parlor, including three of the young women who were standing near Mr. Daniel and a man on a motorbike.

Officials said 14 foreigners were among the 72 people who were wounded that evening, including 6 Malaysians, 3 Singaporeans, 3 Britons, an Indian and an American.

The next morning, when Boonmi Ngoeichai, 27, returned to the Swan Bar, where she works as a waitress, she discovered that the manager had saved Mr. Daniel's chicken burger, still unsure why he had not returned to eat it.

When he learned that Mr. Daniel had been killed, the manager threw it away. But he immediately regretted what he had done, she said.

"Oh, I wish I hadn't done that," the manager said. "I wish I'd saved it, and I could have taken it out to feed his spirit."

Tanks Roll In Thailand (WP)

By Joshua Kurlantzick

The Washington Post, September 24, 2006

W hen I arrived in Thailand in the summer of 2003, Prime Minister Thaksin Shinawatra seemed to be presiding over a bona fide success story. Thailand's economy, battered by the Asian financial crisis in the late 1990s, was roaring back to life, with foreign investors returning to the country, the stock market blossoming and consumer spending soaring. At the chic restaurants along Bangkok's Sukhumvit Road, upper-middle class Thais in slick suits tossed back plates of expensive tapas and bottles of wine. Boasting the region's fastest growth rates, Thaksin had proudly toured Southeast Asia, promoting his "Thaksinomics" brand of economic stimulus as an example for other countries.

Thailand's politics also seemed to be operating on cruise control. With nearly 15 years of civilian rule, the country had built a vibrant democracy, and in 1997 created a reform-minded constitution hailed as one of the most progressive in the region.

It didn't last. By earlier this year, thousands of Thais had gathered in the streets to call for Thaksin's head, Thailand's political system had broken down, a rumbling insurgency in the country's south had exploded into open warfare and the economy

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had begun to nosedive. The situation came to a head last week, with a decidedly retro action: a military coup, not seen in Thailand since the early 1990s. Indeed, the sight of armed troops in camouflage patrolling the streets of Bangkok seemed jarring -- a sight more appropriate for Mauritania or Burma than a city full of malls lined with Chanel and Louis Vuitton boutiques.

But the decline of such a promising nation was not as rapid as it seems. Since he was first elected in 2001, Thaksin had slowly undermined Thailand's democratic institutions, and his economic policies, though initially successful, mortgaged Thailand's future. As a result, when Thaksin needed to rally support from the country's democrats last week, he found few still standing in his corner.

Entering politics as the head of one of Thailand's biggest telecommunications companies, Thaksin had promoted himself as a CEO-type leader, a man who made quick, firm decisions. This image of Thailand's richest man proved appealing, especially in a country accustomed to fragmented, slow-moving political coalitions, and along with massive, populist handouts of state money to rural areas, it helped him win large majorities in the 2001 and 2005 elections.

But Thaksin never seemed to understand that, unlike in a corporation, he could not simply order results in a democracy and stifle opposition. In the deep south, home to a Muslim minority with longstanding grievances against majority-Buddhist Thailand, Thaksin eliminated an institution designed to hear residents' complaints and then amassed near-total control over the situation.

In Bangkok, Thaksin's family company bought up Thailand's most independent television station, fired critical journalists and then used the government's Anti-Money Laundering Office to intimidate other reporters. The prime minister also cashiered civil servants who questioned his policies, including the governor of the Bank of Thailand and the reform-minded head of the armed forces. He helped install people close to him in key positions at the supposedly independent government watchdog agencies created by the 1997 constitution. He launched sedition charges against critics, and he openly undermined the authority of Thailand's judges.

The prime minister's economic policies, meanwhile, often seemed designed more to benefit his telecommunications empire. Though the Thaksinomics fiscal stimulus jump-started the economy, it left Thailand saddled with deep debts, and it failed to produce high-value industries that could compete with China and other Asian economies. In January, his family sold shares in its telecommunications company to a Singaporean firm, netting $1.9 billion without paying any taxes. A 2003 study by Vanderbilt University found that eight of the 10 largest conglomerates in Thailand had people in Thaksin's cabinet linked to their company.

As he amassed more power, Thaksin's attacks on his perceived enemies increased. He lashed out at the few independent media organizations still remaining. He refused to heed calls for reconciliation in southern Thailand, where anger had spiraled into widespread violence. Instead, he may have tacitly allowed death squads to rampage in the south, "disappearing" human rights advocates. More than 1,200 people have died in the region, at the hands of militants and the authorities, in the past two years alone.

But the government's crackdown there only made the problem worse. On most evenings, Thailand's deep south feels more like Iraq than a part of a modern democracy. At major intersections some troops manning heavy machine guns sit surrounded by sandbags, while others stop vehicles and search passengers. On back roads, insurgents gun down police and fire-bomb government buildings.

Eventually Thaksin went too far. Army officials and political elites chafed at his perceived corruption, and complained to me that the military was sacrificing soldiers in southern Thailand with no plan. Worse, when Thailand's revered monarch, King Bhumibol Adulyadej, obliquely criticized Thaksin in a speech last December, the prime minister did not listen.

Thaksin should have bowed before the king, honored like a god in Thailand for steering the country through decades of political crises. But he seemed not to heed the monarch, and though the poor still loved Thaksin, street protests erupted in February and March. These were not violent affairs. At one demonstration, thousands of urbane Bangkokians gathered on a central green to swap T-shirts mocking Thaksin, groove to anti-Thaksin funk music, chant slogans -- and snack on reams of Thai sweets.

Still, the street protests may have given the military the confidence to intervene, especially after Thaksin won another disputed election in April; the coup was led by Gen. Sonthi Boonyaratglin, army commander in chief and an ally of the royal palace. The coup-makers wore the monarchy's traditional colors, and the king later endorsed Sonthi's transitional government.

After the coup, the response from many of Thailand's leading liberals was decidedly lukewarm, though Thaksin had won three elections and international organizations such as Human Rights Watch condemned Sonthi's actions. Former prime minister Chuan Leekpai announced, "As politicians, we do not support any kind of coup but . . . Thaksin has caused the crisis."

Thailand now stands on a precipice. The military government has promised to appoint a civilian caretaker as prime minister and outline a path to elections next year, but it also has declared martial law and arrested activists who tried to protest the coup. By removing Thaksin, the military may have taken out a leader with anti-democratic tendencies, but it also shredded Thailand's

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1997 constitution, which was supposed to offer a bulwark against the army playing a role in politics. "Political troubles should be solved by politicians," Sonthi himself had said last year.

And if Thailand holds another election, Thaksin, who remains popular among the poor, could legitimately win again, setting the stage for the kind of ongoing political turmoil that has doomed Southeast Asian nations such as the Philippines. For a country full of promise, that would be the saddest fate of all.

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Putin Rejects Europe's Fears On Company (NYT)

By Ariane Bernard

The New York Times, September 24, 2006

COMPIÈGNE, France, Sept. 23 — President Vladimir V. Putin of Russia dismissed concerns over his country's growing interest in the European Aeronautic Defense and Space Company at a meeting here Saturday with his French and German counterparts.

"As far as the acquisition of a 5 percent stake is concerned, it is not at all evidence of aggressive behavior on the part of the Russian side," Mr. Putin told reporters after discussions with President Jacques Chirac of France and Chancellor Angela Merkel of Germany at Compiègne, north of Paris, that ranged from Russia's handling of its energy resources to such diplomatic issues as Lebanon and Iran. "We will not use this stake to change in any way the institutional situation of EADS."

This month, a Russian state-controlled bank bought a 5.02 percent stake in EADS, the parent company of Airbus, and Russian officials indicated then that the government hoped to increase its stake. But EADS and Thierry Breton, the French finance minister, subsequently rebuffed speculation that Russia might gain a position on the board of the European consortium.

Mr. Putin also said that Russia was ready to send "a small deployment of Russian military engineers" to Lebanon, as part of a bilateral agreement outside the United Nations-backed force. Mr. Putin said Russia wanted to be sure its contribution was welcome by all Lebanese parties before proceeding.

The three leaders said they had discussed energy, and Mr. Putin tried to reassure Western countries that Russia was a reliable partner that appreciated the mutual dependence of producers and consumers.

President Putin also announced he signed on Friday two memorandums of understanding for potential contracts representing more than $10 billion in transactions. One, between the Russian transportation ministry and the French construction giant Vinci, concerns plans for a highway between Moscow and St. Petersburg. The other, between the Russian and French Transportation Ministries, provides for possible cooperation on transportation and infrastructure in Russia.

Rebels Ready To Defend Breakaway Enclave (WT)

By Michael Mainville, The Washington Times

The Washington Times, September 24, 2006

SUKHUMI, Georgia -- Under mounting pressure from Tbilisi, separatist leaders in Georgia's breakaway region of Abkhazia are warning that their armed forces, backed by Russia, are prepared to defend their territory.

"We are ready to fight them, even if they have the support of the Americans," Abkhazia's de facto president, Sergei Bagapsh, said in an interview in the capital, Sukhumi. "We have enough weapons, enough soldiers and enough friends to defend our nation."

Abkhazia, a sliver of land nestled between the Black Sea and the Caucasus Mountains, broke away from Georgia amid fierce fighting in 1992 and now has de facto independence.

Since coming to power after the 2003 "Rose Revolution," Georgian President Mikhail Saakashvili has stepped up efforts to reassert control over Abkhazia and Georgia's other separatist enclave, South Ossetia.

Mr. Bagapsh spoke with The Washington Times before the U.N. General Assembly, where Mr. Saakashvili accused Russia of waging a "gangster occupation" with its peacekeeping troops.

Tensions have soared in the region in recent months and particularly since Georgian forces in late July seized the contentious Kodori Gorge, the only part of Abkhazia not under separatist control, from a local warlord.

Georgia is establishing a local government in the gorge made up of members of the Abkhazian "government-in-exile," which supports reunification.

Mr. Saakashvili has promised only "peaceful means" will be used to restore Abkhazia to Georgian control, but Abkhazians fear otherwise.

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"We fear that the operation in Kodori was only designed to establish a bridgehead for a wider invasion," said Sergei Shamba, Abkhazia's de facto foreign minister.

Renewed conflict in the region would stoke tensions between Washington, which has backed Mr. Saakashvili's drive to restore Georgia's territorial integrity, and Russia, which funds the separatist government and has provided passports to more than 90 percent of Abkhazians.

The United States has deployed a small contingent of troops in Georgia to provide military training, and Russia has hundreds of soldiers in Abkhazia as peacekeepers.

Analysts expect tensions could reach critical levels later this year if U.N.-led negotiations on the status of Kosovo result in some form of independence for the Serbian province.

The United States and some other Western governments support autonomy for Kosovo, which has been a U.N. protectorate since mid-1999.

"If the international community recognizes Kosovo, it must do the same for Abkhazia," Mr. Shamba said. "There are stronger grounds for granting us independence. We fought for our statehood, have survived through sanctions and created democratic state institutions."

A sun-drenched paradise of palm trees, mandarin groves and sweeping beaches, Abkhazia once drew thousands ofvacationers from across the Soviet Union, but today is largely in ruins.

Along the waterfront in Sukhumi, its once-exclusive hotels lie derelict as the occasional Russian tourists who still venture here sunbathe beside the rusted hulk of a marooned ferry. In the countryside, whole villages have been abandoned.

"In a way, our problem is that we live in such a beautiful place," Mr. Bagapsh said. "That is why there are those who want to take it away from us."

Exit Koizumi, Japan's Relentless Jedi Knight (WP)

By Anthony Faiola

The Washington Post, September 24, 2006

TOKYO

In Japan, the wa surrounds you. You can feel it in the priciest sushi bars and lowliest noodle parlors. Call it the particular Japanese way of looking at the world; of harmony, of collectiveness with a do-not-rock-the-boat spirit. In the mythology of "Star Wars" movies, the wa is like the Force. To mess with the wa is a cardinal sin.

Junichiro Koizumi messed with the wa .

But perhaps the most surprising thing about the man who will exit the political stage next week as Japan's most important postwar prime minister is that when he messed with the wa , most Japanese discovered a shocking truth: Maybe the wa needed to be messed with.

In his 5 1/2 years in office, Japan's modern samurai took his light saber to practically every national taboo. He cut through the country's notorious bureaucratic fat, forcing passage of legislation to reduce government payrolls and curb the wasteful spending that had left post-bubble Japan saddled with bridges to nowhere and highways dead-ending in unpopulated grasslands. Where his predecessors had used pork-barrel spending in vain attempts to drag the nation out of its decade-long recession, Koizumi instead turned to market forces -- delivering what is now on track to become Japan's longest period of economic growth since the end of World War II.

When China's looming emergence as a superpower began to cast a long shadow over Japan -- a country many Asia experts dismissed a few years ago as rising only in its irrelevance -- Koizumi charted a new course for a bolder nation. He dispatched non-combat troops to Iraq in Japan's largest military-related operation in six decades, launched Tokyo's first independent spy satellites and fortified the U.S.-Japan alliance to counter Beijing's spreading influence.

He did so with a flair that the Japanese had never before seen in a politician. Yukio Okamoto, Koizumi's former senior adviser on the Middle East, recalled the prime minister's 2003 address to the nation announcing what was then an unpopular decision to dispatch Japan's Self Defense Forces to Iraq. Foreign Ministry bureaucrats had prepared a defensive, almost apologetic speech for Koizumi. But the prime minister tossed it aside and went on live with an impromptu, highly personal discourse of his own.

"Those of us standing around Mr. Koizumi just smiled; it wasn't his words as much as his self-assured body language that convinced the Japanese public," Okamoto told me. "In that sense, Koizumi was able to do more than past prime ministers who just followed public opinion. He influenced it. In other words, he was a leader."

In a country long governed by consensus politics and glacial change, Koizumi's most significant achievement was smashing the body politic itself. He took aim at his own ruling Liberal Democratic Party -- a misnomer for a group of conservative dinosaurs who have ruled Japan for most of the past six decades through backroom agreements and a yakuza-like devotion to a

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few party bosses. Though Koizumi, 64, sometimes looked like a goof on the world stage -- especially while serenading President Bush with Elvis songs and traipsing around Graceland like a wide-eyed groupie -- he was a ruthless political strategist at home. He slew the reform-resistant LDP bosses like so many Darth Vaders by unceremoniously ejecting them from the party. In the process, he cleared a path for change.

"Koizumi was almost cruel in his political style," said Ichita Yamamoto, part of a new generation of younger LDP legislators. "But that's what we needed -- an unyielding leader beholden to no one."

But mixed in with the new sense of optimism Koizumi brought to the country was a precarious reinvention of Japanese nationalism. He flirted with the Dark Side of the wa , creating a new Japan unfettered by war guilt. His administration backed the new history textbooks' whitewashing of imperial atrocities, and repeatedly did not condemn political statements casting past aggressions in the light of national self-preservation. Koizumi's annual visits to Tokyo's Yasukuni Shrine honoring military dead -- including World War II criminals -- sparked outcries in the countries that suffered most from Japan's wartime actions. The repeat visits created a schism in Tokyo's diplomatic ties with Beijing and Seoul that has left Japan largely friendless in its own neighborhood.

For years, the Chinese, North Koreans and, more recently, South Korean President Roh Moo Hyun, have unabashedly used anti-Japanese rhetoric for political gain, to stoke their own flames of domestic nationalism and to distract from their own failings. But Koizumi's actions gave Japan's critics a credibility they had long lacked.

He tried to cloak his worship of military spirits, including Gen. Hideki Tojo, as a mystical rite of Shinto -- the main Japanese religion -- that foreigners could never hope to understand. He sought to separate his visits to the shrine from Yasukuni's shocking war museum -- which still defines Pearl Harbor as an act of self defense and blames the 1937 Rape of Nanking on the "cowardice" of Chinese rulers who fled the city. Yet those arguments have seemed artificial, arrogant and even dangerous.

Koizumi's handpicked successor -- Shinzo Abe, who is set to take over the prime minister's post next week -- is viewed as even more hawkish. Abe has vowed to rewrite Japan's pacifist constitution, drafted by the conquering Americans after World War II, within five years. That Japan deserves global clout commensurate with its wealth and a military capable of deterring new threats such as a nuclear-armed North Korea is not in doubt. But to move toward that new future with stubborn indignation will doubtlessly create more problems than it solves for Japan.

"I see Koizumi's actions today, his disrespect for the countries in Asia touched by the war, and I wonder if he is the same man I once knew," said Takayoshi Miyagawa, the prime minister's political consultant during his first parliamentary campaigns in the 1970s. "Both Koizumi and Abe have appealed to the people through nationalism, and that is a tactic that I had hoped Japan had grown out of."

On the domestic front, the pivotal question for Japan is whether Koizumi's reforms will be continued by Abe, who holds a far deeper respect for the old guard and has hinted at a more traditional approach toward public spending that could easily undo Koizumi's work. More important, Abe lacks the charisma of Koizumi, whose celebrity style of politics somehow managed to blunt even his worse offenses. For Americans, Koizumi became the first Japanese leader they could pick out of a lineup. Abe, on the other hand, is likely to fade into the background of G-8 photo ops in the same way that staid, dark-suited Japanese prime ministers have for a generation.

If Koizumi's mark on politics is to fade quickly, it will be Japan's loss. A self-described "weirdo" in a world of well-scripted politicians, Koizumi remained popular at home precisely because he broke the rules. In a nation where a famous saying lectures "The nail that sticks out gets hammered," he defied public conventions from the beginning, eschewing the cookie-cutter image of past PMs by rising to power on the back of pop-star good looks, blunt talk and grass-roots support for bold reform. The biggest surprise for Japan was that Koizumi -- the scion of a political family whose father's deathbed wish to him was "Junichiro Koizumi, be victorious" -- did more than win elections. Though the scope of his reforms never quite reached his own grandiose vision, he delivered on far more of his promises than almost anyone -- except Koizumi himself -- had ever expected.

He began almost immediately, beginning a debate within a year to revamp Japan's overfed entity in charge of building highways and roads; a notorious fount of political graft and excessive spending that LDP bigwigs tried desperately to preserve. Koizumi's battle with his own party would dramatically escalate in the following years, coming to a head in the last 18 months of his premiership. The one constant was his uncanny popularity.

Many of Koizumi's peers saw in him a reckless disregard for consensus -- the coda by which virtually all Japanese prime ministers have survived in the decades after World War II. They cited his display of kamikaze politics last September after reform-resistant LDP legislators rebelled against his plan to privatize Japan's gargantuan postal service. Fulfilling his pledge either to change the LDP or destroy it, he shocked the party hierarchy by ejecting the stonewallers from the party, calling snap elections and offering his own head if the people's will did not vindicate his reform crusade at the ballot box.

As the sun was setting on the outskirts of Tokyo last September, Yuriko Saito, a 57-year-old white-gloved wife of an accountant, joined a throng of thousands who braved sheets of rain to watch a hoarse Koizumi take his argument directly to the

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people. Convinced voters such as Saito went on to deliver Koizumi one of the biggest landslide victories in democratic-era Japan.

Why? Because Koizumi fought with the wa -- and the wa lost.

"Koizumi is the only prime minister we have ever had who has actually done something," Saito said that day. "Frankly, he surprised me."

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New Clashes In An Old Border Feud (LAT)

By Shankhadeep Choudhury, Times Staff Writer

The Los Angeles Times, September 24, 2006

Since India began fencing off parts of its ill-defined frontier with Bangladesh, skirmishes have killed scores of villagers, officials say.

HARINAGAR, India — The last time Lokesh Chandra Dey heard bullets whizzing past and mortar fire pounding his neighborhood was 35 years ago, when India and archrival Pakistan fought a war that witnessed the creation of Bangladesh.

But on Aug. 9, Dey's village in the Indian border state of Assam found itself caught in the crossfire again, under a deadly barrage from across the frontier.

"The mortar shells came flying through the ceiling," Dey said, pointing to the gaping hole in the tin roof of his house, now covered by a black tarp. "Seven people were holed up in that room…. Pieces of brick were strewn all around…. Everything was damaged."

The attack killed Dey's daughter-in-law and niece. Three family members were injured.

Skirmishes have erupted lately between India's Border Security Force and its counterpart across the divide, the Bangladesh Rifles. The two countries share a 2,500-mile border, parts of which are not properly demarcated or are marked by rivers that occasionally shift course, sparking territorial disputes.

Although relations generally have been stable in recent years, tensions along the border have increased since India began fencing off the boundary to keep out what it describes as illegal immigrants and "cross-border insurgents."

At the same time, some observers fear that political parties in Bangladesh may be fomenting border violence in hopes of capitalizing on anti-India sentiment in upcoming national elections, due by the end of January.

Each country accuses the other of provoking the skirmishes.

Shivajee Singh, inspector general of India's Border Security Force, said that from Jan. 1, 2005, through last month, more than 30 incidents of "unprovoked firing" by the Bangladesh Rifles led to seven deaths on the Indian side, five of them civilians.

New Delhi alleges that the confrontations are part of an attempt at "infiltration and encroachment" by Bangladesh. The government in Dhaka dismisses the charge, instead blaming "trigger-happy" Indian security forces for outbreaks of violence that it says killed more than 50 Bangladeshi civilians from November to May.

On the Indian side, the remote districts of Cachar and Karimganj in Assam, a poor state that shares a 170-mile land border and about 56 miles of river with Bangladesh, have been hit hard. Local officials say 60 villages and a population of more than 60,000 have been affected.

In the Aug. 9 skirmish, which continued into early the next morning, Indian officials allege that more than 70 Bangladeshi shells were fired at Indian posts, but many of them landed in Harinagar. They also say that the Bangladesh Rifles opened fire with machine guns. Bangladesh contends that its men returned fire only after Indian forces launched about 50 mortar shells at their side.

The shell that hit Dey's home filled the concrete-and-mud structure with smoke. Dey was not home. By the time he arrived, his daughter-in-law, Sabita, was dead. His 20-year-old niece, Shanta, died minutes later.

Harinagar, a village of about 1,000 people, is scarred by about two dozen craters, some in paddy fields, others in the courtyards of homes. Fear and panic have gripped many residents.

"Many people, especially womenfolk, have moved out of the village and are staying with relatives elsewhere," said Ranjana Dey, 23, who, like many villagers, has the same last name as Lokesh Chandra but is not related. "Inside most houses, trenches have been dug for shelter."

At least 1,500 people from Harinagar and three nearby hamlets have abandoned their homes for makeshift relief camps set up by the Assam government. More shooting broke out two days this month, but no casualties were reported.

"Why are they doing this?" asked Benimadhab Dey, a worker in a local cooperative. "Just to grab our land? I don't buy that…. There must be a deeper conspiracy."

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Indian border police say the skirmishes are partly attempts by local Bangladeshi officials to encroach on vacant land for growing crops and grazing cattle.

But beyond that, they allege that local Bangladeshi politicians are encouraging hostilities in a bid to increase support for the central government, led by the Bangladesh Nationalist Party. The ruling coalition in Dhaka is wary of New Delhi, which it suspects of covertly supporting opposition parties.

Indian border officials are worried that outbreaks of violence will persist until Bangladesh goes to the polls.

Singh, of the Indian border force, expressed hope that the tension could be eased through regular meetings with his Bangladeshi counterparts. Senior commanders from both forces met for four days last month in the Indian city of Shillong to discuss how to restore calm.

As they were meeting, however, a brief gun battle erupted near Harinagar.

In spite of the violence, many villagers say they have no plans of leaving their homes.

"We have inhabited this village for over 200 years now," Lokesh Chandra Dey said, "so there is no question of us vacating this place and moving elsewhere."

A Crisis Of Trust Takes A Toll On Chinese Society (LAT)

By Mark Magnier

The Los Angeles Times, September 24, 2006

Officials steal from the people, friends lie to friends and uncles bilk nephews in a land where many are forced to cheat to survive, analysts say.

BEIJING — Talk about swimming with sharks.

Zhang Xingshui, an attorney with the Beijing Kingdom law firm, knows that like people everywhere else in the world, the Chinese don't always trust lawyers, who often promise things they can't deliver. But in China, he says, lawyers don't trust their clients, who like to skip out without paying. And neither trusts judges, who routinely disregard the law in favor of politics when rendering decisions.

"Living in such a society is tiring for everyone," Zhang said. "You're forced to be vigilant so you don't fall into pits, which are everywhere. Everybody is a victim and at the same time an offender."

Even as China surges onto the world stage as if powered by rocket fuel, Earth's most populous country is beset by trust issues that would test anyone.

Rules aren't clear and must be navigated on the fly. The food supply is full of life- and health-threatening fakes. Factories spew chemicals into the air and water at alarming rates. Power and connections far outweigh justice, and social tension is growing.

Meanwhile, corrupt local officials pay lip service to Communist Party ideals as they line their pockets at the expense of the general population. Land that farmers have tilled for generations can be seized on a moment's notice in a system that doesn't recognize private property. Friends cheat friends and uncles bilk nephews for short-term gain.

Though the widespread insecurity is difficult to quantify, analysts say it is taking an economic and psychological toll, and making governing more difficult.

"China is in a very serious trust crisis," said Zheng Yefu, a sociologist at Peking University and author of the book "On Trust." "I'd say we're looking at a minimum of a generation, maybe 20 or 30 years, to recover, but it could take two or three times that long."

Experts cite several reasons for the dearth of trust. Some point to the 1966-76 Cultural Revolution and other wrenching political campaigns in the first decades of communist rule that ended centuries-old traditions and forced family members and friends to denounce one another, severing basic human bonds.

"Mutual trust among people because of various political movements has deteriorated to the lowest level that any society can possibly hit," said Hung Huang, chief executive of China Interactive Media Group and star of the recent film "Perpetual Motion," about a woman out to determine which of her friends is having an affair with her husband. "There's also a very different starting point: In America, you're innocent until proven guilty. In China, you're guilty until proven innocent."

Others cite the influence of a market economy on a society without a well-developed legal or regulatory system. Some say a lack of religion or meaningful belief system under communism leaves people morally adrift.

The government has tried to address the problem with a recent morality campaign — "Eight Virtues and Eight Shames," a list of do's and don'ts, including "Be honest and trusting" and "Avoid being immoral for personal profit" — but some question Beijing's commitment.

"Right now they're more concerned with building hardware, big buildings and dams than with morality and other software," said Zheng of Peking University. "And anyway, the government shares much of the blame for the present trust crisis."

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Zhou Xiaozheng, a sociologist at People's University in Beijing, agreed, citing the example of wildly inaccurate government statistics released for political purposes, a general lack of accountability and systemic corruption in the party ranks.

"If the beam above is crooked, the beam below won't be straight, either," Zhou said. "Officials cheat the common people and the common people cheat those above them. It's a vicious cycle."

Systemic problems and outdated or intentionally skewed laws and regulations encourage companies and individuals to cut corners.

For example, a driver who kills a pedestrian faces a maximum liability of about $4,100 in rural Shaanxi province but upward of $37,000 in Shanghai. But when pedestrians are merely injured, there's in effect no cap on liability.

This can create some twisted incentives. When driver Ma Yinghao hit a pedestrian in December, he deliberately backed over the injured person in an attempt to kill him, hoping to avoid high hospital and compensatory fees.

Rather than fixing a flawed system, the state often responds by trying to prevent similar abuses through intimidation, which the Intermediate People's Court in Shijiazhuang did by sentencing Ma to death.

The problems affect some of China's most visible professions, including medicine, the media, education, accounting and manufacturing.

The advertising industry, for instance, which is a font of fake claims, is regulated by the Advertising Industry Assn. and a unit of China's State Administration of Industry and Commerce. Both are government-run, have their own agendas and, insiders say, don't even make a pretense of keeping up with industry practices, a function of an unresponsive one-party state that doesn't face political opposition or citizens who vote.

A flawed structure all but forces advertising account representatives to take kickbacks, given wage levels that won't support them, said Zhang Li, general manager of Beijing's Mid-South SeaSky Advertising Co.

"Mistrust in China is less a problem of individual morality than the system," which often makes it difficult to do the right thing, Zhang said. "Even someone so moral they'd jump into the water to save a drowning person might still cheat to survive."

In other parts of the economy, a relentless drive to make easy money has led to a spate of pyramid and other get-rich-quick schemes, with government regulators often uninterested in preventing abuse unless it becomes a political problem that jeopardizes their own careers, analysts say.

Distrust can roil marriages as well. The rapid spread of affairs has shocked many in China, especially in light of the not-too-distant past when employers approved all marriages, divorces, births, travel and job changes, putting a chill on most infidelity.

Chinese society's obsession with marital distrust was epitomized in the 2004 hit "Cellphone," in which a husband spends much of the movie giving excuses over his phone to hide his affairs. His most famous excuse, "Wo zai kaihui," or "I'm in a meeting," became a running joke.

"If you look at the news, watch television, go on the Internet, all you see is a lack of trust," said Wang Huifen, 39, a government worker. "Even within marriage there's no trust."

Does she trust her husband? "I don't want to talk about it," she said. "That's personal."

Cheating on your spouse and cheating the public are closely related, according to the state-run New China News Agency, which reported last year that 95% of Chinese officials convicted of corruption had mistresses.

In the marketplace, unscrupulous hucksters take advantage of the most basic of human needs and insecurities — from food, housing and medical care to welfare and education for treasured only children — to cheat their customers.

In Daoxianghu, an area of lakes, fields and "pay as you catch" fishing operations on the outskirts of Beijing, Shi Yingzhao fingers his bean and cucumber plants. A year ago, fed up with city life and tired of worrying about the poisons and additives in his food supply, the book editor moved into a courtyard home where he grows his own organic vegetables.

"I try not to eat anything from the market," he said. "You just don't know what you're eating. I don't use any chemicals or synthetic fertilizers. Of course you can't ever be 100% sure, because the bigger environment is already polluted."

It's no wonder he's worried. Purveyors of fake baby formula continue to victimize the poorest and least educated people more than a year after a 2004 scandal left 12 infants dead and hundreds of children malnourished or brain-damaged after they were fed white powder with no nutritional value.

There are scandals involving carcinogenic noodles, poisoned melon seeds, waste-filled pancakes, substandard wine and water-injected pork, among others.

According to the New China News Agency, 500 people suffer from sickening or deadly food poisoning a day, and a study released in June by the Chinese Academy of Preventive Medical Sciences found that one-third of foods labeled "nutritious for children" were completely lacking in nutritional value.

Often at the root of the problem are retailers with an extremely short-term outlook, limited accountability and little downside if they fleece their customers. Steven Qiu, 23, said he recently called a computer company in Beijing to make sure it had a particular Sony model he wanted. When he arrived, the company had no Sony products, let alone the item he wanted.

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"They lied just to get me to come," he said. "I was furious — it cost me a lot of time and money. And in typical fashion, their attitude was terrible. They weren't in the least bit concerned who I complained to."

Shenanigans in the job market have given rise to a new profession: specialists hired to check the credentials of newly recruited staff. One government crackdown a few years ago revealed that 15,000 civil servant party members had used fake university degrees and other bogus certificates to get their jobs.

The very basis of trade, China's currency, is frequently counterfeited, and even the smallest retail outlets are equipped with special machines to check the authenticity of bills.

Yet Chinese have a high tolerance for uncertainty, some say, allowing them to cope with and even thrive under these conditions, as uncomfortable as they may be.

"After a while, it becomes quite normal," said Shi, the book editor. "While life for ordinary people is very hard, it also makes them strong and determined to survive."

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Yin Lijin in The Times' Beijing Bureau contributed to this report.

Top Democrat In Hong Kong Will Not Run (NYT)

By Keith Bradsher

The New York Times, September 24, 2006

HONG KONG, Sept. 23 — The most popular and influential democracy advocate here, Anson Chan, announced Saturday that she would not run for chief executive this winter, clearing the way for the re-election of Beijing's favorite for the job and underlining the limits to popular representation nine years after Britain returned Hong Kong to China.

Mrs. Chan, who had been Hong Kong's chief secretary and second-highest official before and after the return to Chinese rule, criticized the restrictive rules that Beijing has chosen for the selection of chief executives in this semiautonomous territory. "The present rules of the game really discourage eligible people from running," she said.

Under the Basic Law, the constitution that Beijing drafted in the late 1980's and early 1990's with some consultation here, an election committee of 800 prominent citizens chooses the chief executive. Many of those prominent citizens have substantial investments on the mainland or other ties to Beijing, and stay in close touch with China's leaders.

Beijing officials have put considerable pressure on election committee members to support another term for Donald Tsang, who has run the territory since the resignation of Tung Chee-hwa as chief executive in March 2005. Tsang Yok-sing, the vice chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong, a pro-Beijing party that has more seats in the legislature than any other political party, said he planned to support Donald Tsang, who is not related, "because Beijing supports him."

Mrs. Chan, 66, has scrupulously avoided visiting Taiwan and taken other steps since retiring from the government in 2001 in the hope of preserving some political credibility with Beijing. But she said Saturday that she had tried and failed to find even one of the city's many influential business leaders who might be willing to join a new, seven-member group that will study ways to promote democracy here.

Mrs. Chan's decision not to run leaves democracy advocates in disarray, with no clear candidate. Election rules here require a candidate to be nominated by at least 100 members of the election committee.

Argentine Land Fight Divides Environmentalists, Rights Advocates (WP)

By Monte Reel

The Washington Post, September 24, 2006

CONCEPCIÃ"N, Argentina -- From a flat patch of tree-studded savannah, the gaze stretches for miles: across a small pond where a marsh deer stops to drink, and over swampy wetlands where herons gingerly high-step.

Above it all, a small airplane drones. At the controls is Douglas Tompkins, an American who owns everything underneath him, paid for from the millions he earned as the founder of the North Face and Esprit clothing lines.

"It's an amazing piece of land," Tompkins said shortly after landing. "Extremely rich with biological diversity."

Now, many Argentine officials and social activists want to confiscate the property he says he bought to create an ecological preserve. They think that he and other wealthy foreigners who have bought enormous swaths of the Argentine and Chilean countryside are trying to wrest control of a continent under the guise of environmental preservation.

"We believe this is a new way of trying to dominate the South American countries," said Araceli Mendez, a congresswoman who represents this region and sponsored legislation last month that would expropriate Tompkins's land. "It is dangerous for the defense of our national security to have the concentration of so much land in the hands of foreigners."

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Since the 1990s, the relatively cheap and expansive acreage of Argentina has attracted millionaires in search of unspoiled estates, including household names such as Ted Turner and Sylvester Stallone. But last month, Argentina's undersecretary for land and social habitat declared war on such land purchases with one highly symbolic act: He marched onto Tompkins's land, cut down a fence and called for the expropriation of the property.

Days later, he stood alongside the ambassadors of Venezuela and Bolivia -- two countries that recently have implemented measures to redistribute land from wealthy estate owners to the poor -- and made his intentions even clearer.

"We want to tell everyone: We're going to continue cutting down fences," said Luis D'Elia, the government secretary. "What is more important, the private property of a few, or the sovereignty of everyone?"

D'Elia, a former protest leader who recently joined President Nestor Kirchner's government, this month identified another target he plans to go after: Italy's Luciano Benetton, a clothing magnate who owns more Argentine land than any other single private landowner and who also espouses strict environmental stewardship.

Not only do these battles pit South American nationalism against foreign investors, they are drawing a bold line between two activist movements -- environmentalists and social justice advocates -- that are often grouped together under the same "progressive" label.

When Mendez presented to the National Congress the legislation to expropriate Tompkins's land, she was backed by some of the country's best-known human rights advocates, including the Mothers of the Plaza de Mayo and other groups that famously fought against Argentina's dictatorship in the 1970s and 1980s.

The Catholic Church joined the chorus this month, issuing a 128-page document that warned against the "foreign-ization" of Argentine territory. Environmental groups, such as the Argentina Wildlife Foundation, have generally backed Tompkins.

"The social justice movements have been extremely poor at understanding ecological effects of their actions -- they're not green movements," said Tompkins, 67. "Concern about things like topsoil, which is the most valuable part of the land and often suffers under agrarian reform, is not being heard through the din of the need for the social redistribution of land. But that redistribution, for those who are not capable of handling it, will be a terrible blow to the future."

Since 1990, Tompkins and his wife -- Kristine McDivitt, the former chief executive of the Patagonia outdoor clothing company -- have bought about 4.7 million acres in Chile and Argentina. Their strategy is to identify properties in danger of ecologically damaging development, buy them, then create private parks that they eventually turn over to the local governments.

In Chile, they bought a large swath of land on the southern coast, creating a private park that they eventually turned over to the Chilean government to create the Parque Pumalin, which is roughly the size of Yosemite National Park. They did the same thing with the Monte Leon National Park on Argentina's side of Patagonia. Last year, they donated about 210,000 acres to Chile to form part of the Corcovado National Park.

Tompkins said he eventually hopes to do the same thing with his 741,000 acres in this species-rich wetland region. So when he hears D'Elia and others calling for his land, he sees an irony so thick that it appears nonsensical to him.

"They're shooting at the guy -- the only guy, practically, from the private sector -- who is buying land and then nationalizing it!" said a fired-up Tompkins, eating a bowl of granola for breakfast in the living room of the ranch house he keeps on the property.

Argentines, he said, don't understand his style of philanthropy. When he talks about eventually donating the land to the government, they suspect a catch. D'Elia has publicly hinted that he believes Tompkins is an agent of the U.S. government. That his property sits near the GuaranÃ- aquifer -- the third largest source of fresh water in the world -- has raised suspicions that he is trying to gain control of South America's water supply. Some say that a U.S. military base about 450 miles away in Paraguay is indirect evidence that Tompkins and the U.S. government might be working together.

The Benetton expropriation effort, meanwhile, centers on two families of Mapuche Indians who say that parts of his vast land holdings are ancestral property that belongs to them. Though Benetton offered to donate a portion of land to the Mapuche groups, the offer was rejected.

"The Benettons can't donate land that isn't theirs," Rosa Chiquichano, a representative of the Chubut province government, told ClarÃ-n newspaper.

A spokeswoman for the Benetton family, which owns 2.2 million acres in various provinces of Argentina, said a judge had previously ruled that the Mapuche groups have no legal rights to the land.

Such hectoring points to cultural differences that separate the American and European landowners from the residents who have lived in the region for centuries and want to hold on to traditional practices -- not legal rulings and fine print.

Tompkins traces the beginnings of the discontent to an American style of land management that is resented here -- specifically, his efforts to hold his neighboring landowners to environmental standards.

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He recently financed a legal case against a local forestry company trying to build a dike through wetlands. It was the kind of environmental complaint that is made every day in the United States, but not in a region of Argentina where private ranch owners -- or estancieros -- have held most of the political power for centuries.

"Suddenly they see someone come in and say, 'Hey, what about the rules?' " Tompkins said. "That sort of galvanized people into action against me."

Kirchner's position on the issue remains cloudy. Though Mendez is the local representative of Kirchner's wing of the Peronist party and D'Elia is a longtime ally, Kirchner and other high-level government officials have tried to distance themselves from the controversy.

They label it a local dispute requiring a local solution. Kirchner hasn't publicly supported D'Elia's actions, but he hasn't condemned them, either. Last week, Kirchner was in New York for the U.N. General Assembly, where he was trying to woo foreign investment; on Wednesday, he rang the opening bell at the New York Stock Exchange.

Tompkins, meanwhile, continued working on his property, overseeing projects such as the clearing of eucalyptus trees -- a non-native species that he is trying to replace with vegetation naturally found in the area.

"The Argentine government should look very carefully not at what passport someone carries," Tompkins said, "but at how they behave economically and ecologically."

Prudence's Struggle Ends (NYT)

By Nicholas D. Kristof

The New York Times, September 24, 2006

YOKADOUMA, Cameroon

As Prudence Lemokouno lay on a hospital bed here, spitting blood, her breath coming in terrible rattles, it was obvious that what was killing her wasn't so much complications in pregnancy as the casual disregard for women like her across much of the developing world.

Neither Western donor countries like the U.S. nor poor recipients like Cameroon care much about Africans who are poor, rural and female, and so half a million such women die each year around the world in pregnancy. It's not biology that kills them so much as neglect.

I began Prudence's story in my column last Sunday, and for a while I thought I would have a happy ending.

Prudence, 24, was from a small village and already had three small children. As she was in labor to deliver her fourth, an untrained midwife didn't realize she had a cervical blockage and sat on Prudence's stomach to force the baby out — but instead her uterus ruptured and the fetus died.

Prudence's family carried her to the hospital on a motorcycle, but once she was there the doctor, Pascal Pipi, demanded $100 for a Caesarian to remove the fetus. The fetus was decomposing inside her, and an infection was raging in her abdomen — but her family had total savings of only $20, so she lay down in the maternity ward and began to die.

I arrived the next day, interviewed Dr. Pipi about maternal mortality — and found Prudence fading away in the next room. Dr. Pipi said she needed a blood transfusion before the operation could begin, so a Times colleague, Naka Nathaniel, and I donated blood (yes, the needles were sterile) and cash.

The transfusion helped Prudence, and she grew strong enough to reach out her hand and respond to people around her. Dr. Pipi said the operation would begin promptly, and Prudence's family was ecstatic. But as we waited in the hospital lobby, Dr. Pipi sneaked out the back door of the hospital and went home for the night.

It wasn't just the doctor who failed Prudence, but the entire system. He did operate the next morning, but by then the infection had spread further — and the hospital had no powerful antibiotics. Prudence's breathing grew strained, as her stomach ballooned with the infection and the bag of urine from her catheter overflowed. The nurses couldn't be bothered with a poor villager like her.

That night she began vomiting and spitting blood. She slipped into a coma, and a towel beside her head grew soggy with blood and vomit. On Tuesday afternoon, she finally passed away.

Intellectually, I knew that women in Africa had a 1-in-20 lifetime risk of dying in childbirth. But it was wrenching to see this young mother of three fade and die so needlessly.

There's no doubt that if men were dying at this rate, poor and rich countries alike would make the issue a priority, but the problem seems invisible, like the victims.

The U.N. Population Fund has a maternal health program in some Cameroon hospitals that might have saved Prudence's life, but it doesn't operate in this region. And it's difficult to expand, because President Bush has cut U.S. funding for the population fund — even for African programs — because of false allegations that it supports abortions in China.

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That's shameful. Two women have tried to recoup American honor by starting a group, 34 Million Friends of U.N.F.P.A., to make up the shortfall with private donations.

(I discuss some of the groups active in this area at nytimes.com/ontheground, and I'll also have a link to video of Prudence.)

Neither left nor right has focused adequately on maternal health. And abortion politics have distracted all sides from what is really essential: a major aid campaign to improve midwifery, prenatal care and emergency obstetric services in poor countries. We know exactly how to save the lives of women like Prudence, partly because a few countries like Sri Lanka and Honduras have led the way in slashing maternal mortality.

Lynn Freedman, head of the Averting Maternal Death and Disability program at the Mailman School of Public Health at Columbia University (www.amdd.hs.columbia.edu), notes that we could provide all effective interventions for maternal and newborn health to 95 percent of the world's population for an additional $9 billion per year.

Sure, that's a lot. But think of Prudence and women like her dying in childbirth at a rate of one a minute — and after all, the world spends $40 billion a year on pet food.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House Takes Issue With Intelligence Assessment (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, September 25, 2006

WASHINGTON --The White House on Sunday sharply disagreed with a new U.S. intelligence assessment that the war in Iraq is encouraging global terrorism, as Bush administration officials stressed that anti-American fervor in the Muslim world began long before the Sept. 11 attacks.

Peter Watkins, a White House spokesman, declined to talk specifically about the National Intelligence Estimate, a classified analysis that represents a consensus perspective of all 16 U.S. intelligence agencies.

The highly classified report, delivered to policymakers in April, is the first of its kind since the start of the Iraq war in March 2003. In it, the agencies concluded that the war has only worsened the U.S. effort to defeat global terrorism. They said that the war is spreading radicalism from Iraq throughout the Middle East and that the longer it continues, the more likely it is that it will provide fresh training grounds for future terrorist plots.

But the White House view, according to Watkins, is that much of the radical fundamentalists' deep anger at the U.S. and Israel goes back generations and cannot be linked to the U.S. invasion and occupation of Iraq.

"Their hatred for freedom and liberty did not develop overnight," Watkins said. "Those seeds were planted decades ago."

He said the administration has sought in Iraq to root out hotbeds of terrorism before they grow. "Instead of waiting while they plot and plan attacks to kill innocent Americans, the United States has taken the initiative to fight back," Watkins said.

President Bush and Vice President Dick Cheney also have highlighted the war in Iraq as the main thrust in the fight against terrorism, contending that the world is safer overall without Saddam Hussein in power in Iraq.

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Sen. John McCain, R-Ariz., a member of the Senate Armed Services Committee and a likely presidential candidate in 2008, agreed with the White House view that radicalism pre-dates the toppling of Saddam, and that fundamentalists are always looking for reasons to recruit new jihadists.

"If it wasn't Iraq, it'd be Afghanistan," he said on CBS's "Face the Nation." "If it wasn't Afghanistan, it would be others that they would use as a method of continuing their recruitment."

But McCain also cautioned that the longer the war continues, "the more likely they are to have more recruits."

He added, "It's obvious that the difficulties we've experienced in Iraq have certainly emboldened (terrorists). Lack of success always does that."

The chairman of the Senate Judiciary Committee, Sen. Arlen Specter, R-Pa., said he was "very concerned" by the reports on the NIE, which were published in the New York Times, the Los Angeles Times and The Washington Post.

"My feel is that the war in Iraq has intensified Islam fundamentalism and radicalism," he told CNN's "Late Edition."

On the other political side, Senate Minority Leader Harry Reid, D-Nev., said he agreed with the intelligence assessment that the war is breeding more terrorists.

"President Bush's repeated missteps in Iraq and his stubborn refusal to change course have made America less safe," Reid said in a statement issued by his office Sunday. "No election-year White House PR campaign can hide this truth.

"It is crystal clear," he added, "that America's security demands we change course in Iraq."

And Rep. Jane Harman, the top Democrat on the House Permanent Select Committee on Intelligence, said on "Late Edition" that "every intelligence analyst I speak to confirms" that Iraq has made matters worse.

The war in Iraq is "a failed policy," she said.

Negroponte Highlights U.S. Successes (WP)

The Washington Post, September 25, 2006

The conclusion of U.S. intelligence analysts that the Iraq war has increased the threat from terrorism is only "a fraction of judgments" in a newly disclosed National Intelligence Estimate, Director of National Intelligence John D. Negroponte said yesterday.

The NIE, completed in April, reflects the consensus view of 16 government intelligence services, including the CIA. The Washington Post, New York Times and Los Angeles Times reported yesterday that the classified document concludes that the invasion and occupation of Iraq has fueled Islamic extremism and contributed to the spread of terrorist cells.

"What we have said, time and again, is that while there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat," Negroponte said in a statement. "The conclusions of the intelligence community are designed to be comprehensive, and viewing them through the narrow prism of a fraction of judgments distorts the broad framework they create."

Democrats yesterday seized on the intelligence community's assessment.

The document, Sen. Edward M. Kennedy (Mass.) said in a statement, "should be the final nail in the coffin for President Bush's phony argument about the Iraq war."

Rep. Jane Harman (Calif.), the ranking Democrat on the House Intelligence Committee, said on CNN's "Late Edition": "Even capturing the remaining top al-Qaeda leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq."

But leading Senate Republicans said that the intelligence finding shouldn't cause the United States to abandon military operations in Iraq.

"We need to prevail in Iraq and . . . if we fail, then our problems will be much more complicated," Sen. John McCain (Ariz.) said on CBS's "Face the Nation."

Study Of Iraq War And Terror Stirs Strong Political Response (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, September 25, 2006

DOJ_NMG_0068565

WASHINGTON, Sept. 24 — Democratic lawmakers, responding to an intelligence report that found that the Iraq war has invigorated Islamic radicalism and worsened the global terrorist threat, said the assessment by American spy agencies demonstrated that the Bush administration needed to devise a new strategy for its handling of the war.

Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, said that while she could not discuss details of the classified National Intelligence Estimate, "Every intelligence analyst I speak to confirms that" the Iraq war had contributed to the increased terrorist threat.

"Even capturing the remaining top Al Qaeda leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq," Ms. Harman said on CNN's "Late Edition." "This administration is trying to change the subject. I don't think voters are going to buy that."

In public comments on Sunday, Republican Congressional leaders did not dispute the accuracy of the reports about the intelligence estimate, although they continued to defend the American presence in Iraq.

"I think it's obvious that the difficulties we've experienced in Iraq have certainly emboldened" terrorist groups, Senator John McCain, an Arizona Republican, said on the CBS News program "Face the Nation."

"But I would also argue that these people didn't need any motivation to attack us on Sept. 11," he said.

The intelligence estimate, an assessment by America's 16 intelligence agencies, found that the war in Iraq, rather than stemming the growth of terrorism, had helped fuel its spread across the globe.

The estimate was completed in April, and is the first formal review of global terrorism by the United States since the Iraq war began. More than a dozen government officials and terrorism experts described the estimate to The New York Times, but spoke on condition of anonymity because its contents are classified.

Several of the lawmakers who appeared on Sunday talk shows said they had not seen the classified document, whose disclosure comes weeks before the Nov. 7 elections. Intelligence reports from American spy agencies are not circulated widely on Capitol Hill, and Congressional officials said neither the House nor the Senate intelligence committees had been formally briefed on the report.

In a statement released Sunday, the White House said the characterization of the report in The New York Times "is not representative of the complete document." The White House did not release any specifics about the report, citing the fact that it was classified.

John D. Negroponte, director of national intelligence, said in a statement on Sunday that conclusions about the Iraq war are only a part of the overall intelligence assessment, and that viewing the reports conclusions "through the narrow prism of a fraction of judgments distorts the broad framework they create."

"While there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat," he said.

The White House also issued three pages of excerpts from recent speeches by President Bush, including remarks about the continuing threats from terrorist groups inspired by Al Qaeda.

The House Democratic leader, Nancy Pelosi of California, said in a statement that news reports about the intelligence estimate were "further proof that the war in Iraq is making it harder for America to fight and win the war on terror."

Her Senate Democratic counterpart, Harry Reid of Nevada, said that "no election-year White House P.R. campaign can hide this truth — it is crystal clear that America's security demands we change course in Iraq."

Democrats Use Intelligence Report To Attack GOP On Iraq (USAT/AP)

By Nedra Pickler

USA Today, September 25, 2006

WASHINGTON — Democrats on Sunday seized on an intelligence assessment that said the Iraq war has increased the terrorist threat. They said it was further evidence that Americans should choose new leadership in the November elections.

The Democrats hoped the report would undermine the GOP's image as the party more capable of handing terrorism as the campaign enters its final six-week stretch.

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Their criticisms came in a collection of statements sent to reporters Sunday after the disclosure of a National Intelligence Estimate that concluded the war has helped create a new generation of Islamic radicalism and that the overall terrorist threat has grown since the Sept. 11, 2001, attacks.

The report was completed in April and represented a consensus view of the 16 disparate spy services inside government, according to an intelligence official. The official, confirming accounts first published in Sunday's New York Times and Washington Post, spoke on condition of anonymity on Sunday because the report is classified.

"Unfortunately this report is just confirmation that the Bush administration's stay-the-course approach to the Iraq war has not just made the war more difficult and more deadly for our troops but has also made the war on terror more dangerous for every American," said Illinois Rep. Rahm Emanuel, head of the Democratic effort to take control of the House.

A White House spokesman, Blair Jones, said, "We don't comment on classified documents." But he said the published accounts' "characterization of the (National Intelligence Estimate) is not representative of the complete document."

The White House issued a written rebuttal that argued administration officials have been making some of the same arguments as in the intelligence estimate. A White House strategy booklet released this month described the terrorists as more dispersed and still a threat to the United States.

President Bush said on Sept. 5 that "terrorist danger remains" and the broader terrorist movement is becoming more self-directed. The president also has said the United States is safer since the Sept. 11 attacks and that fighting the terrorists in Iraq keeps them from attacking America. He has said leaving Iraq would make the world less safe.

Democrats said Bush had misled people about Iraq's contribution to the terrorist threat. California Rep. Jane Harman, the leading Democrat on the House Intelligence Committee and one of a few lawmakers to have read the report, said she agrees with the findings. "Even capturing the remaining top al-Qaeda leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq," she said.

In congressional races across the country, Democratic candidates used the report to attack their opponents and tie them to Bush's faltering strategy. In New York, for example, Democratic challenger Kirsten Gillibrand pointed to the report and said GOP Rep. John Sweeney "has supported President Bush 100% of the time on Iraq, refusing to ask tough questions or push for honest answers."

"Now is the time for a new direction, and real accountability and oversight," she said. Gillibrand called for U.S. forces to be moved out of Iraq within six months to a year.

Three leading Republicans — Senate Majority Leader Bill Frist of Tennessee, Sen. John McCain of Arizona and Sen. Mitch McConnell of Kentucky — said it is vital that U.S. troops stay in Iraq. None of them had seen the classified report, but they were responding to media coverage of it.

Frist said Americans understand the nation must continue to fight terrorists in Iraq and elsewhere. "Either we are going to be fighting this battle, this war overseas, or it's going to be right here in this country," he said on ABC's This Week.

McCain told CBS' Face the Nation that if the United States failed, "then our problems will be much more complicated."

At least one Republican — Sen. Arlen Specter of Pennsylvania — said he was very concerned about the intelligence report and agreed that the war had intensified Islamic fundamentalism. "I think there is a much more fundamental issue as to how we respond," he said on CNN's Late Edition. "And that is what we do with the Iraq war itself. That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to."

Leaked Intelligence Report Rocks Bush Election Stance (AFP-Y)

By David Millikin

AFP, September 25, 2006

US spy agencies dropped a political bombshell six weeks before national elections, with the leak of a classified report concluding that the war in Iraq has spawned a new wave of Islamic radicalism and increased the global threat of terrorism.

The intelligence document rocked a central pillar of the Republican Party's campaign platform ahead of November elections: that the 2003 invasion of Iraq and the ouster of Saddam Hussein made America safer, not weaker.

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With opinion polls showing President George W. Bush's party possibly losing control of both houses of Congress in the the mid-term polls, in large part due to unhappiness over the war in Iraq, the report stating categorically the opposite will make for painful reading at the White House.

Bush has argued repeatedly in pre-election speeches that Iraq is the central front in the war on terrorism and that demands for a US troop withdrawal from the country by the opposition Democrats underscores why the center-left party should not be trusted with the nation's security.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said in one speech on August 31.

Such assertions were looking decidedly shaky Sunday after The New York Times and The Washington Post released details of the classified National Intelligence Estimate, the most comprehensive assessment yet of the war, based on analyses of all 16 of America's intelligence agencies.

The report, Trends in Global Terrorism: Implications for the United States, says "the Iraq war has made the overall terrorism problem worse," an official familiar with the document told The Times.

The Washington Post said the report described the Iraq conflict as the primary recruiting vehicle for violent Islamic extremists.

While the US has seriously damaged Al-Qaeda and disrupted its ability to carry out major operations since the September 11, 2001, attacks on New York and Washington, it noted, radical Islamic networks have spread and decentralized.

Democratic leaders were quick to jump on the report's conclusions as clear evidence of the failure of Bush's policies.

"This intelligence document should put the final nail in the coffin for president Bush's phony argument about the Iraq war," Senator Edward Kennedy said in a statement Sunday.

"The fact that we need a new direction in Iraq to really win the war on terror and make Americans safer could not be clearer or more urgent -- yet this administration stubbornly clings to a failed 'stay-the-course' strategy," he said.

The White House, while reiterating its traditional stance of not commenting on classified reports, said The New York Times story "isn't representative of the complete document."

"We've always said that the terrorists are determined. Keeping the pressure on and staying on the offense is the best way to win the war on terror," a White House spokesman added.

But the leaked intelligence report is hardly good news for Bush and the Republicans, coming on top of a messy revolt by top Republican senators against a Bush plan for legitimizing how the US interrogates and prosecutes terrorist suspects.

The Senate rebels, who included possible candidates to succeed Bush in 2008, reached a compromise agreement with the White House late this week.

But the unseemly row already diverted attention from Republican efforts to present a unified front on the issue of national security during the final stretch of the election campaign.

Republican leaders tried to brush aside the intelligence document, which they said they had not yet seen.

Senate Majority Leader Bill Frist expressed confidence US voters would not be swayed by the intelligence report.

"I think the American people, when they read an article like that ... say, 'Listen, just keep me safe -- I just want to be safe in Nashville, Tennessee, I want to be safe in Memphis, New York City, Washington, DC,' that's what they want."

However, one moderate Republican, Arlen Specter, told CNN, "The war in Iraq has intensified Islam fundamentalism and radicalism."

"There is a much more fundamental issue as to how we respond. And that is, what we do with the Iraq war itself," he said.

"That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to," Specter said.

Intelligence Findings Present Political Obstacle For Republicans (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 25, 2006

DOJ_NMG_0068568

WASHINGTON - A newly disclosed intelligence assessment that contradicts President Bush's claim that the war in Iraq has made America safer also casts doubt on the Republican campaign strategy for the November elections.

Democrats seized on the intelligence findings Sunday to challenge Republican assertions that Bush and his congressional allies offer the best protection against terrorists. The assessment, the consensus opinion of the entire federal intelligence network, concluded that the Iraq war has fueled Islamic extremism and contributed to the spread of terror cells.

Sen. Edward Kennedy, D-Mass., said in a prepared statement that the intelligence analysis "should be the final nail in the coffin for President Bush's phony argument about the Iraq war."

"Despite what President Bush says," Kennedy said, "the intelligence community has reported the plain truth - the misguided war in Iraq has metastasized and spread terrorism like cancer around the world."

House Democratic Leader Nancy Pelosi said the analysis is "further proof that the war in Iraq is making it harder for America to fight and win the war on terror." She said Bush "should read the intelligence carefully before giving another misleading speech about progress in the war on terrorism."

White House officials declined to discuss the classified intelligence findings, which were disclosed in Sunday editions of The New York Times and The Washington Post. The assessment came in a report known as a National Intelligence Estimate, which reflects the consensus view of 16 government intelligence services, including the CIA.

The newspapers did not offer direct quotations from the report, relying instead on characterizations of the document by unnamed government officials. White House spokesman Peter Watkins suggested that the newspaper accounts did not provide the full story, but he declined to elaborate because the report remains classified.

The classified report was completed in April, but disclosed just six weeks before congressional elections that are likely to hinge on national security issues.

Republican strategists are hoping that voter confidence in Bush's handling of terrorism will help their party retain control of Congress.

"The Bush administration lives or dies, in terms of national security, on the claim that they have indeed made America safer," said Dennis Goldford, a political science professor at Drake University in Des Moines, Iowa. "This is at the heart of the Republican rationale for continued control of government." He called the report "kryptonite for Superman," referring to the substance that disabled the comic book hero.

But Goldford said the political impact depends on "how skillful the Democrats are in exploiting" the newly disclosed intelligence findings.

"Never underestimate the Republicans' ability to make a silk purse out of a sow's ear, and never underestimate the Democrats' ability to make a sow's ear out of a silk purse," he said.

Polls indicate that Bush's handling of the war on terrorism remains a strong point for Republicans, despite widespread discontent with the war in Iraq. A recent Gallup Poll found that 57 percent of Americans think the war on terrorism is going well.

Bush has played up his strength with a series of recent speeches linking Iraq to the broader war on terrorism and defending his national security record. Watkins, the White House spokesman, echoed the president's previous remarks when asked Sunday to respond to the intelligence assessment.

"Terrorists are determined, and we're taking the fight to them," Watkins said. "We're keeping the pressure on and staying on the offensive, and that's the best way to win the war on terror."

But even some Republicans acknowledged that the intelligence report undermines Bush's claims that his decision to invade Iraq has made America safer. Appearing on CNN, Sen. Arlen Specter, R-Pa., the chairman of the Senate Judiciary Committee, agreed that the Iraq war has become "a focal point for inspiring more radical Islam fundamentalism."

The Gallup Poll was based on phone interviews with 1,003 adults on Sept 15-17. The range of accuracy is plus or minus 3 percentage points.

White House Blamed On Terror Bill (RC)

By John Stanton

Roll Call, September 25, 2006

DOJ_NMG_0068569

While much of the attention on last week's intraparty Republican dispute over the interrogation of terror suspects focused on a standoff between the White House and moderate Senate Republicans, Congressional Republicans and Democrats say the Bush administration's continued misreading of Capitol Hill had at least as much to do with the scuffle.

Although a full-scale political disaster was avoided late last week when moderates, led by Sen. John McCain (R-Ariz.), agreed to a modified version of President Bush's tribunal system and rules governing interrogation techniques, the skirmish also resulted in the squandering of several legislative days, which makes it more difficult — if not impossible — for Congress to pass a number of big-ticket items, including a package of lobbying and ethics reforms that Members might have been able to tout when they hit the campaign trail back home.

In late July, sources said, Senate Majority Leader Bill Frist (R-Tenn.) pressed the White House to propose legislation before lawmakers left for the August recess, so that talks could begin during the break and allow the worst of the infighting to occur while the public wasn't focused on Congress.

Frist had hoped to engineer a floor schedule that allowed for passage of the terrorism tribunal bill as well as a handful of appropriations bills and any other measures he could squeeze in.

"Sending the bill up before the August recess would have likely locked in the three Senators who ultimately decided to head their own way," a senior GOP aide said. Those three were McCain, Armed Services Chairman John Warner (R-Va.) and Lindsey Graham (R-S.C.).

The aide added that the bill Frist and Majority Whip Mitch McConnell (R-Ky.) drafted "was based on representations from those three Members on some of the critical issues that got into play. Additionally, any fights kicked off during the sleepy days of summer would have been ignored by the general public and given us extra time to set the fight up, because the complaints would have come from Democrats and liberal interest groups —great opponents in a debate like this."

The White House rejected that timeline. A White House spokeswoman said the timing of the bill was strictly a matter of the issue's complexity.

"This is something that's never been done before," the spokeswoman said, adding that at the time of the August recess, the White House was still in the process of consulting with Members of Congress and other legal experts. "At the beginning of August the cake hadn't been fully baked," the spokeswoman said.

However, "people [on Capitol Hill] felt as though they were being gamed at the time, and in retrospect, some argue that the administration clearly stalled on the bill to help set up the play on moving the 14 terrorists and demanding a bill so they could go to trial," a GOP source close to the issue said.

Personality conflicts that have plagued Bush's relations with the Senate also played a role in delaying the talks, aides said.

During most of Bush's tenure as president, his relations with Congress, especially with the Senate, have been marked by what many Members and aides of both parties characterize as indifference on the part of the president to the role of Congress as an independent branch of government.

"Unfortunately, it seemed to get a little too personal at both ends of Pennsylvania Avenue for a while, which also contributed to a real slow down and needless confrontation," one aide said, adding that "folks got a little too invested in specific legislative language, rather than keeping their eye on the big picture and looking at different ways to skin the cat to keep the program open and classified information protected."

Do Unto Your Enemy... (NYT)

By Paul Rieckhoff

The New York Times, September 25, 2006

IN 2002, I attended the Infantry Officer Basic Course at Fort Benning, Ga. At "the Schoolhouse," every new Army infantry officer spent six months studying the basics of his craft, including the rules of war.

I remember a seasoned senior officer explaining the importance of the Geneva Conventions. He said, "When an enemy fighter knows he'll be treated well by United States forces if he is captured, he is more likely to give up."

A year later on the streets of Baghdad, I saw countless insurgents surrender when faced with the prospect of a hot meal, a pack of cigarettes and air-conditioning. America's moral integrity was the single most important weapon my platoon had on the

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streets of Iraq. It saved innumerable lives, encouraged cooperation with our allies and deterred Iraqis from joining the growing insurgency.

But those days are over. America's moral standing has eroded, thanks to its flawed rationale for war and scandals like Abu Ghraib, Guantánamo and Haditha. The last thing we can afford now is to leave Article 3 of the Geneva Conventions open to reinterpretation, as President Bush proposed to do and can still do under the compromise bill that emerged last week.

Blurring the lines on the letter of Article 3 — it governs the treatment of prisoners of war, prohibiting "violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture" and "outrages upon personal dignity, in particular, humiliating and degrading treatment" — will only make our troops' tough fight even tougher. It will undermine the power of all the Geneva Conventions, immediately endanger American troops captured by the enemy and create a powerful recruiting tool for Al Qaeda.

But the fight over Article 3 concerns not only Al Qaeda and the war in Iraq. It also affects future wars, because when we lower the bar for the treatment of our prisoners, other countries feel justified in doing the same. Four years ago in Liberia, in an attempt to preserve his corrupt authority, President Charles Taylor adopted the Bush administration's phrase "unlawful combatants" to describe prisoners he wished to try outside of civilian courts. Today Mr. Taylor stands before The Hague accused of war crimes.

It is not hard to imagine that one of our Special Forces soldiers might one day be captured by Iranian forces while investigating a potential nuclear weapons program. What is to stop that soldier from being water-boarded, locked in a cold room for days without sleep as Iranian pop music blares all around him — and finally sentenced to die without a fair trial or the right to see the evidence against him?

If America continues to erode the meaning of the Geneva Conventions, we will cede the ground upon which to prosecute dictators and warlords. We will also become unable to protect our troops if they are perceived as being no more bound by the rule of law than dictators and warlords themselves.

The question facing America is not whether to continue fighting our enemies in Iraq and beyond but how to do it best. My soldiers and I learned the hard way that policy at the point of a gun cannot, by itself, create democracy. The success of America's fight against terrorism depends more on the strength of its moral integrity than on troop numbers in Iraq or the flexibility of interrogation options.

Several Republican combat veterans, including former Secretary of State Colin Powell and Senators Lindsay Graham, John McCain and John Warner, have recognized that the president's stance on Article 3 is a threat to our troops and to our interests. It would be insulting for the president to assume he knows more about war than they do.

But the compromise the president struck with the senators last week leaves the most significant questions unresolved. The veterans must hold their ground — and the White House must recognize that our troops need all the moral authority they can get.

Firing Potent Words, From A Tank (NYT)

By Arthur T. Hadley

The New York Times, September 25, 2006

I'M pleased that President Bush has said he will enforce the letter and spirit of the Geneva Conventions. I hope he stays true to his word.

My great respect for the conventions developed not from afar, but from the ground, in the Second World War, at the dirty-boot level, where the bullet meets the soldier.

As a young Army lieutenant, I had the job of making clear to the enemy, via loud speaker or leaflet-filled artillery shells, that the accords would be honored. Over and over, from Normandy to the Elbe, in tanks and in foxholes, my sergeants and I would say in German, "You will be well handled according to the Geneva Conventions."

How did I find myself in this line of work? I started out with the Tank Destroyer Forces. But in one of Gen. George Marshall's few mistakes, the destroyers were disbanded. Noting that I spoke some German, the Army then placed me as a second lieutenant in a German-speaking unit. Some of us made broadcasts; others interviewed captured German soldiers to discover ways to damage their morale.

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This work was new to us and the Army, and we made up our rules as we went along. Through interviews with prisoners, we soon discovered that reminding Germans that they would be treated according to the Geneva Conventions was one of the most effective ways to persuade them to surrender.

Our broadcasts, then, took on the following structure: first, we'd outline what we knew about the German position; second, we'd describe the weight of artillery and air power that was about to fall on them; finally, we'd end with assurances that those troops who surrendered would be well treated under the Geneva Conventions.

Loudspeaker missions were not popular, as the Germans most often tried to shut them up with heavy fire. Initially, we'd place our speakers near the front lines and then run cables to the relative safety of the foxhole from which we'd broadcast.

Having trained as a "tanker," I hoped to get loudspeakers off the ground and mounted on tanks, where they would be mobile and infinitely more effective during an attack. It was a wish that would not be fulfilled overnight: I was a young lieutenant in the position of having to persuade a tank general to give up a fighting vehicle for a loudspeaker.

Eventually, and somewhat to my surprise, I succeeded. After the Battle of the Bulge, I received the O.K. to mount a loudspeaker on a light tank of the Second Armored Division. At the same time an O.S.S. agent placed a loudspeaker on a Third Armored Division tank. He unfortunately was soon killed. This left my "talking tank," as the Second Armored Division tank became known, as a pioneer.

At last, we could broadcast our message during an attack. This was an advantage because the enemy was more likely to surrender during an attack than after the battle had quieted down.

The jury-rigged tank also worked remarkably well. The loudspeaker itself was mounted on the forward slope of the turret and partly covered by a metal casing that resisted light machine-gun fire. The generator was set over the engine in the rear, totally covered. All the tank's weapons could operate, though the wires attached to the speaker limited turret motion. Some of the ammunition racks inside the tank were removed and the amplifiers for the loudspeaker fastened to the steel insides.

We broadcasters lived in the turret, the tank driver was forward in the driver's compartment and the electrician who maintained the loudspeaker and electronic equipment occupied the assistant driver's seat.

Having trained as a tanker, I was familiar with tank combat. I could work the radios and fire the guns. I usually placed the tank as No. 3 in an attack column. There, it could broadcast immediately without interfering with the two point tanks as they checked right and left.

We were a success. In three weeks fighting beyond the Rhine in 1945, the Second Armored Division credited the talking tank for the surrender of 5,000 prisoners. The actions of the other tankers were also crucial. Their willingness to hold their fire gave surrenders a chance to happen. Germans had time to weigh the alternatives: an attack from our tanks versus imprisonment under the Geneva Conventions. In this way, American and German lives were saved.

The British had a similar strategy, though they did not use loudspeakers. They had a truck-drawn trailer with a radio broadcast studio and station inside. Led by Marius Goring (famous, later, as the hero of "The Red Shoes"), this unit would interview cooperative German prisoners and broadcast their reactions to their capture into Germany. In these broadcasts Goring would get prisoners to stress that while being a prisoner was no pleasure, they were treated fairly under the Geneva Conventions.

Yes, times have changed. Yes, we face a different enemy from the one we faced half a century ago. But I've seen firsthand the power of Geneva Conventions, both to compel surrenders and to broadcast, for the world, our determination to live up to our highest ideals.

McCain Names Practices Detainee Bill Would Bar (WP)

By R. Jeffrey Smith

The Washington Post, September 25, 2006

A Republican senator who played a leading role in drafting new rules for U.S. interrogations of terrorism suspects said yesterday that he believes a compromise bill embraced by party leaders and the White House will bar some of most extreme techniques said to have been used by the CIA.

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Sen. John McCain (Ariz.) named three measures that he said would no longer be allowed under a provision barring techniques that cause serious mental or physical suffering by U.S. detainees: extreme sleep deprivation, forced hypothermia and "waterboarding," which simulates drowning. He also said other "extreme measures" would be banned.

McCain's remarks were unusual because public officials involved in the lengthy public debate about U.S. interrogation practices have rarely made specific references to the CIA's actions, choosing instead to make general claims about the need for rough interrogations or a desire to stop abusive behavior.

"It's clear we have to have the high moral ground," said McCain, a former POW tortured by prison guards in Vietnam, on CBS's "Face The Nation." "I am confident that some of the abuses that were reportedly committed in the past will be prohibited in the future."

McCain spoke after officials of Human Rights Watch and others pressed him to spell out ways in which the controversial draft legislation would constrain the CIA's actions. The bill, introduced in the Senate on Friday, does not mention specific interrogation methods, causing some experts to say it would leave room for abuses. President Bush endorsed the bill after CIA Director Michael V. Hayden said it meets his agency's needs.

McCain, Sen. John W. Warner (R-Va.), Sen. Lindsey O. Graham (R-S.C.) and their staffs were heavily involved in drafting the bill's language, so McCain's reading of it may carry weight in any future court battle over its meaning. Aides said he did not clear his remarks with the Bush administration in advance, and spokesmen for the CIA and the White House declined to say yesterday whether they accepted McCain's conclusions.

"We cannot and will not comment on specific interrogation measures," CIA spokesman Mark Mansfield said, adding that the agency will act lawfully. The CIA has claimed unofficially that its most extreme measures were used on only a handful of detainees.

Senate Majority Leader Bill Frist (R-Tenn.), who wants to shepherd the detainee bill to congressional passage this week, also declined to give a specific reading of it yesterday. Asked repeatedly on ABC's "This Week" what the legislation would allow, Frist said, "I'm not going to comment on individual techniques," and he condemned doing so.

"No responsible person is going to come in and basically say, 'These are the 10 techniques we use and these are the 10 that are not used,' " said Frist, who is sometimes mentioned as a McCain rival for the Republican presidential nomination in 2008. "It helps the terrorists."

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday praised the bill as "a big improvement" over the administration's initial proposals. But he said on CNN's "Late Edition" that he opposes provisions in it that would bar terrorism suspects from challenging their detention or treatment in federal court. "That has to be changed," said Specter, who plans to hold a hearing on the issue this morning.

The proposed legislation does not say what interrogators can do. Instead, it states indirectly, in amendments to the 10-year-old War Crimes Act, that those who cause detainees "severe or serious physical or mental pain or suffering" can be charged with a felony. This includes, according to the bill's definitions, anyone who causes serious physical abuse, a substantial risk of death, extreme physical pain, burns or serious physical disfigurement, or a loss or impairment of "the function of a bodily member, organ, or mental faculty."

The bill would also replace an existing ban on interrogation practices that cause "prolonged" mental pain or suffering with a more sweeping ban on those that inflict "serious and non-transitory mental harm (which need not be prolonged)." This provision would be applicable only to interrogations that occur after the date the legislation is passed -- and thus it would effectively immunize from prosecution any CIA interrogators who have inflicted short-term but serious mental harm on detainees.

The White House had preferred to bar questioning that caused "severe" and "prolonged" harm, while McCain and his allies sought to obstruct interrogations that caused "almost instantaneous" mental harm. "If the detainee faints, that is not what we were trying to capture," said one of the congressional negotiators, who spoke on the condition of anonymity to discuss sensitive negotiations. "But we wanted to prohibit anything that would cause a lasting effect, or anything that would go up to that line."

The CIA exposed some of the estimated 100 people held at various times in its foreign prison system to temperature extremes, lengthy sleep deprivation and stress positions such as prolonged forced standing, officials said. But the agency never fully briefed McCain, Graham or their staffs on the interrogations, a circumstance that handicapped the discussions last week.

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McCain was nonetheless particularly adamant that the CIA be permanently blocked from using waterboarding, which he regards as torture, even though intelligence officials have said privately that it has not been used for several years. McCain -- who has previously described being beaten and painfully bound by ropes in Vietnam -- said yesterday he recognized that stress positions could be "important" and that while it "was never our intent" to stop the CIA interrogation program, he wanted to stop the "extreme application" of such techniques.

As lawmakers and officials struggled to find compromise language, they consulted a dictionary Web site's entries for the words "momentary," "temporary," "transitory" and "fleeting," two congressional sources said.

The key to the deal, congressional sources said, was the Senate lawmakers' acceptance of national security adviser Stephen J. Hadley's demand that violations of the ban on serious, non-transitory and not necessarily prolonged mental harm could bring prosecution only for future interrogations. The demand grew out of CIA and Justice Department concerns that interrogators would be exposed to war-crimes charges for their past actions.

Alberto J. Mora -- who opposed the administration's interrogation policies while serving as the Navy's judge advocate general from 2001 until the end of last year -- said in May that "we know the treatment may have reached the level of torture in some instances." Mora's remarks referred to detainees held at Guantanamo Bay, Cuba, and elsewhere.

McConnell: Democrats AWOL In Terror War (WT)

By Charles Hurt

The Washington Times, September 25, 2006

As Republicans patch up their differences over how to handle the terrorism suspects held at U.S. Naval Base Guantanamo Bay, Cuba, they are turning their sights on Democrats in time for the November elections.

Senate Majority Whip Mitch McConnell on Friday took issue with Minority Leader Harry Reid over his comments earlier in the week that Democrats were "on the sidelines watching the catfights" among Republicans on terrorism legislation.

"The minority leader indicated that they were sitting on the sidelines during our internal discussion about how best to craft this proposal," the Kentucky Republican told reporters gathered in his office. "I don't think sitting on the sidelines in the war on terror is a good idea. We have to have as much bipartisan cooperation as possible."

In the wake of last week's deal among Republicans on how to try terrorism suspects, Democrats also sought to gain a political foothold before the November elections.

"Democrats are united behind the need to work on a bipartisan basis to bring terrorists to justice and to do it in a manner consistent with our laws, our values and our national security," Mr. Reid said last week as news spread that a deal had been reached.

"Hopefully, today's press conference means that President Bush and the congressional Republican leadership have changed course and listened to numerous national security experts, such as General Colin Powell," he said. "Five years after 9/11, it is time to make the tough and smart decisions to give the American people the real security they deserve."

But in the sure-to-be hectic final week before Congress adjourns for the elections, fissures remain between the parties and also among Republicans.

House Speaker J. Dennis Hastert wants to include this week in the must-pass defense funding bill the Community Protection Act, aimed at deporting members of criminal alien gangs. In addition, the Illinois Republican wants to include bipartisan court-security measures passed in the wake of last year's retaliatory slaying of Chicago federal Judge Joan Lefkow's family.

"The speaker is not going to let the bill move until these critical security items get in," said Ron Bonjean, Mr. Hastert's spokesman.

But despite bipartisan support that includes Minority Whip Richard J. Durbin of Illinois, the court-security provisions aren't going anywhere, a Republican leadership aide said. At the request of Democrats on the Armed Services Committee, Chairman John W. Warner, Virginia Republican, won't include the measure, the Republican said.

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"Senator Warner is kowtowing to liberal Democrats who are rolling over Durbin's ability to get it done," a House GOP leadership aide said. "It looks like Senator Durbin doesn't have the juice to control his own Democrats so we can protect our nation's judges."

Mr. Warner's spokesman declined to comment yesterday.

Regardless of what Republicans accomplish in this final week, Mr. McConnell dismissed Democrat charges that this has been a "do-nothing" Congress. This, he said Friday, is the "most accomplished Congress in the 22 years that I've been here." And he said he's not worried about November's contest.

"This election will not just be about us. It will be a choice -- a choice between us and them," Mr. McConnell said. "A lot of Americans have forgotten what Democrats do when they're in the majority. We're going to remind them. They'll retreat in the war on terror, they'll raise taxes, and they'll impeach the president."

Specter Decries Detainee Bill Provision (AP-Y)

By Nedra Pickler

AP, September 25, 2006

The chairman of the Senate Judiciary Committee said Sunday he has a problem with the Republican agreement on rules for the interrogation and trial of suspects in the war on terror.

President Bush is pushing Congress to put the agreement into law before adjourning for the midterm elections, but Sen. Arlen Specter, R-Pa., said Sunday he "vigorously" disagrees with the habeas corpus provision of the bill.

The provision would allow legal counsel and a day in court to only those detainees selected by the Pentagon for prosecution. Other terror suspects could be held indefinitely without a hearing.

"The courts have traditionally been open to make sure that individual rights are protected, and that is fundamental," Specter said on CNN's "Late Edition. "And the Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion."

Specter scheduled a hearing on the issue for Monday. Otherwise, he said, most of the legislation is a "big improvement" over what Bush originally proposed.

The White House was forced to make concessions by a group of Senate Republicans who objected to the harsh treatment that would be allowed against detainees. The Bush administration agreed to drop one provision narrowly interpreting international standards of prisoner treatment and another allowing defendants to be convicted on evidence they never see.

The bill lists acts that would constitute war crimes, including torture, rape, biological experiments and cruel and inhuman treatment. White House officials said these provisions would provide the CIA the clarity it needs to continue with the interrogation of its most valued suspects.

Senate Majority Leader Bill Frist, R-Tenn., said Sunday he expected the bill would pass before Congress adjourns.

"It's very important, because right now these detainees that we have down in Guantanamo Bay right now, we can't even try them now," Frist said on ABC's "This Week." "Right now, unless we pass this bill, we cannot have an interrogation program continue that we know has been lifesaving that has uncovered terrorist attacks against the United States."

Specter Criticizes Deal Reached On Detainee Treatment (WT)

By Shaun Waterman

The Washington Times, September 25, 2006

The Republican chairman of the Senate Judiciary Committee says the compromise deal on terrorism-detainee legislation reached last week "has to be changed," and that he will "vigorously oppose" a section of the bill that strips the detainees of their right to appeal to the federal courts.

Sen. Arlen Specter of Pennsylvania spoke for the first time yesterday about the compromise reached last week between the White House and three leading Republican senators on legislation that sets standards for interrogating and trying suspected terrorists held in U.S. military custody.

"Most of it is a big improvement," Mr. Specter told CNN of the bill, which was published Friday. "But there's one part that I vigorously disagree with, and that is taking away the jurisdiction of the federal courts on what we call habeas corpus."

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Habeas corpus is an ancient legal doctrine dating back to the origins of English common law in the Magna Carta of 1215, under which anyone held by the government can challenge his detention -- forcing the courts to rule on its legality.

The bill would effectively remove the right of those detained outside of the United States or those defined by U.S. authorities as "unlawful enemy combatants" to challenge their detention in court. It would also sweep away a number of cases already proceeding through the courts, according to the Morton Sklar, executive director of the World Organization for Human Rights.

"The absence of any reliable and objective means of challenging the U.S. government action in court makes a mockery of even the more limited protections set out in this proposed bill," Mr. Sklar said. Without habeas corpus, "there is no realistic way for a victim to bring problems to a court's attention and to seek redress."

In advance of hearings on the issue today, Mr. Specter pointed out that habeas petitions to the federal courts by detainees at the U.S. Naval Base Guantanamo Bay, Cuba, had been the basis of the U.S. Supreme Court cases that forced the administration to revise the rules for their treatment and their trial by military commission.

Congress had punted on the issue, he said, calling the matter "too hot to handle."

"The federal courts just have to be open" to these cases, he said, noting that the Constitution allows the suspension of habeas corpus only "in time of rebellion or invasion."

"And we don't have either," Mr. Specter added, "So that has to be changed, in my opinion."

Last week, the ranking Democrat on the Senate Armed Services Committee, Carl Levin of Michigan, said he would work with Mr. Specter to eliminate the restrictions on habeas. Opposition to the habeas provisions of the detainee bill further complicates an already tricky legislative task for the Republican leadership in the Senate, which will wrap up for the election recess at the end of the week.

Senate Majority Leader Bill Frist, Tennessee Republican, brought the compromise detainee bill to the floor Friday, using a special procedure enabling him to bypass the committees of jurisdiction. But he also brought a bill to the floor combining that measure with one that authorizes President Bush's program of warrantless wiretaps of suspected terrorists.

One senior Democratic Senate staffer said that including the wiretapping provision could complicate the issue because a number of Republicans oppose parts of that bill.

"The question is, if someone objects [to parts of the bill], will he have the votes to make cloture?" the staffer asked, referring to the parliamentary procedure required to vote on the matter.

Habeas Corpus Not Needed (USAT)

By James S. Robbins

USA Today, September 25, 2006

Extending the rights of habeas corpus to individuals detained during the war on terrorism would be an unnecessary and dangerous step.

The foreign detainees held at Guantanamo Bay, Cuba, and elsewhere do not have the same status as criminals. These people are not being held for rehabilitation or as punishment. The detainees are precisely that, detained. Some are useful for purposes of intelligence exploitation. Others are held simply to keep them from returning to the battlefield to kill Americans.

According to the Geneva Conventions, prisoners (even legitimate POWs) may be held for the duration of hostilities without trials. We did not try prisoners during World War II, for example. The notion would have been thought absurd. Some have observed that the detainees potentially face lifetime detention if hostilities continue, but this is because their leaders refuse to end their jihad against the United States.

Furthermore, it is not as though all detainees are held for life. Approximately 315 of the 770 Guantanamo detainees have been determined by review boards not to be threats and have been released. Scores more are awaiting release to whatever countries that will accept them. There are few takers.

Note that our review process is not foolproof; for example, Maulvi Abdul Ghaffar, released from Guantanamo, renewed his career as a Taliban commander before being killed in 2004.

It is not true that the detainees have been held without due process. The debate over the McCain amendment to the Detainee Treatment Act of 2005 was an attempt to define exactly what process was due. Congress chose not to include habeas

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corpus in this bundle of rights, leaving the question of detainee status to the Combatant Status Review Tribunals. The Constitution gives Congress the right to suspend the "privilege" of habeas corpus in the interest of public safety.

Even if one assumes foreigners who have taken up arms against the United States enjoy the same rights as citizens, in the end Congress makes the call.

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council and author of Last in Their Class: Custer, Pickett and the Goats of West Point.

Scepticism Over Bin Laden 'death' (FT)

By Martin Arnold And Farhan Bokhari

Financial Times, September 25, 2006

A leaked French intelligence report claiming Saudi Arabia's secret services had confirmed the death of Osama bin Laden, the leader of the al-Qaeda terrorist network, met with widespread scepticism on Sunday.

Saudi, Pakistani, US and western officials all said they were unable to confirm the death of the world's most wanted man.

The frantic speculation was sparked by publication of a leaked report from the DGSE (France's foreign intelligence agency) by the French regional newspaper L'Est Républicain on Saturday.

The report said: "The information gathered by the Saudis indicates that the head of al-Qaeda fell victim, while he was in Pakistan on August 23 2006, to a very serious case of typhoid that led to a partial paralysis of his lower limbs. They are waiting to get more details, notably the exact place of his burial, before officially announcing the news."

But a statement from the Saudi embassy in Washington said: "The kingdom of Saudi Arabia has no evidence to support recent media reports that Osama bin Laden is dead. Information that has been reported otherwise is purely speculative and cannot be independently verified."

A senior Pakistani security official said: "There was as yet no independent confirmation of this report. Basically, we don't know if bin Laden is alive or dead. Nobody knows for certain."

He said news of Mr bin Laden's death had circulated before, making it difficult to separate fact from fiction. "Right now, no one wants to confirm [bin Laden's death] unless there is hard physical evidence. But everyone is aware that bin Laden may be a dying man if his health is as bad as we have heard in the past."

The timing of the report's publication also raised eyebrows, as it coincided with an informal summit of the leaders of France, Germany and Russia on Saturday.

Jacques Chirac, France's president, ordered the defence ministry to open an investigation into the leaked report, which was sent to the president, prime minister, and defence, foreign and interior ministries.

World Leaders Skeptical Of Bin Laden Death Report (USAT)

USA Today, September 25, 2006

PARIS — France's foreign minister said Sunday that to his knowledge, Osama bin Laden is not dead.

Philippe Douste-Blazy was the latest official to cast doubt on a leaked French intelligence document suggesting the al-Qaeda leader died of typhoid in August.

"To my knowledge, Osama bin Laden is not dead," Douste-Blazy said in a television interview on the station LCI. "To my knowledge, we are absolutely not informed either of a health problem or of the death of bin Laden."

Questions about bin Laden's fate resurfaced with the publication Saturday in L'Est Republicain, a French regional newspaper, of a leaked document from France's DGSE secret service. It cited an uncorroborated report from a "usually reliable source" who said Saudi intelligence services were convinced that bin Laden had died of a severe case of typhoid contracted Aug. 23 in Pakistan.

France's Defense Ministry confirmed that the document, reportedly sent to French President Jacques Chirac and Prime Minister Dominique de Villepin, was not false. However, French authorities stressed that the raw, unconfirmed information was questionable.

"This information is in no way whatsoever confirmed," Chirac said at a news conference Saturday.

Officials across the globe dismissed the report as speculation.

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•The Saudi Arabian Embassy in Washington said it had no evidence to support the report. “Information that has been reported otherwise is purely speculative and cannot be independently verified,” the embassy said in a statement on its website.

•“No comment, no knowledge,” Secretary of State Condoleezza Rice said when asked about the French article by reporters in New York.

•British Prime Minister Tony Blair, asked in a BBC interview whether he could shed light on the report, said: “No, I can't. I haven't heard anything that indicates that might be the case.”

•When asked Sunday about the leaked French intelligence document, Afghan President Hamid Karzai told CNN's Late Edition that Afghanistan does not have “accurate information as to the precise location of Osama bin Laden.”

Bin Laden was based in Afghanistan until its Taliban government was overthrown in 2001 by U.S.-backed forces after the 9/11 attacks on the USA. Since then, U.S. and Pakistani officials have said they believe he is hiding somewhere on the Afghanistan-Pakistan border.

Bin Laden's last videotaped message was released in late 2004. Several low-quality audiotapes have been released this year.

Karzai Says Bin Laden Not In Afghanistan (AP-Y)

By Foster Klug, Associated Press Writer

AP, September 25, 2006

Afghan's president asserted on Sunday that Osama bin Laden has not been in his country since being chased out after the Sept. 11 attacks five years ago. But Hamid Karzai acknowledged that the al-Qaida leader's exact location is unknown.

"He has never been in our country after Sept. 11, after the strikes against him, after we chased his organization out of Afghanistan," Karzai told CNN's "Late Edition." He suggested the al-Qaida leader was in Pakistan.

When asked about a leaked French intelligence document that raised the possibility bin Laden died in Pakistan of an illness last month, Karzai said Afghanistan does not have "accurate information as to the precise location" of Osama bin Laden."

Separately, Karzai told NBC's "Meet the Press," in an interview taped last week but broadcast Sunday, that his country would be "heaven in less than a year" if it got the $300 billion the United States has spent in Iraq.

Critics of President Bush say the United States has not been able to finish rebuilding Afghanistan because it is distracted by the increasingly expensive war in Iraq.

"Three hundred billion dollars: You give that to Afghanistan and we will be in heaven in less than a year," Karzai said when asked if the money spent on Iraq would have been better spent in Afghanistan. "We definitely need more money for reconstruction."

Rep. Jane Harman, D-Calif., said the war in Iraq had hurt the hunt for bin Laden. She said it was a "fair certainty" the al-Qaida chief was in Pakistan's tribal area, not Afghanistan.

"Resources were not focused on this problem as we got bogged down in Iraq," she told CNN. "We should have been able to capture him within the last five years."

Sen. Arlen Specter, R-Pa., warned against making the search for bin Laden a political issue with elections weeks away. "Everybody wants to capture Osama bin Laden, and one day we will," he said.

Specter said trying to find bin Laden is "like looking for a needle in a haystack. I don't think you can say that it's anybody's fault. It's a big world. There are lots of places for him to hide."

The issue has caused friction between Karzai and Pakistani President Gen. Pervez Musharraf. Last week, they spent much of the U.N. General Assembly meeting trading barbs and criticizing each other's efforts to fight terrorists along their long, remote, mountainous border.

The United States views the region as crucial to stopping terrorism. Bush will try to diffuse tensions when the three leaders meet this week.

Pakistan rejects the accusation that it is not doing enough to stop terrorists, pointing out that it has deployed 80,000 troops along the porous border. Musharraf said last week that "the problem lies in Afghanistan, and that is creating the problem in Pakistan."

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Experts See Lower Threat From Al-Qaida (AP-Y)

By Robert H. Reid And Sally Buzbee, Associated Press Writers

AP, September 25, 2006

The threats came in a blizzard around the anniversary of the Sept. 11 attacks — a series of videos from al-Qaida's No. 2 warning of more strikes to come.

But U.S. intelligence agencies and many private security analysts doubt al-Qaida or its elusive leader, Osama bin Laden, still maintain much if any operational control over far-flung terror cells.

They see no sign of a direct al-Qaida hand in a flurry of recent attacks, such as the assault on the U.S. Embassy in Damascus, Syria, or the fatal shooting of a British tourist in Jordan. The French intelligence report that bin Laden may have died last month of typhoid merely highlights the uncertainty the West now has about any role he plays in the terror network.

All that means those frightening videos may have been just that — designed to frighten the West and inspire followers — with little real punch behind them.

Bin Laden and his top deputy, Ayman al-Zawahri, are now "less like generals and more like talking heads, disseminating their violent ideology via satellite television in hopes of inspiring others to do their bidding," said Eben Kaplan of the Council on Foreign Relations think tank in New York.

Not everyone agrees. There are ominous signs in Afghanistan that al-Qaida is trying to make an operational comeback as attacks, especially suicide missions, against U.S. and coalition forces increase.

Some experts also fear the absence of a major, Sept. 11-style attack simply means al-Qaida is taking its time to plan a next spectacular strike.

Still, five years after the attack on the World Trade Center and the Pentagon, many analysts believe the day-to-day threat from al-Qaida itself has dropped.

Paradoxically, however, the threat from Islamic extremists may have grown — and become broader, more diverse and more complex, and thus harder to combat.

"The absence of a formal, single organizational structure has contributed to making the fight against this brand of terrorism more elusive and difficult," the British think tank Chatham House said in a report this month as the videos were airing.

That view is also expressed in a classified U.S. intelligence report that says the Iraq war has increased the threat of terrorism by stirring up Islamic extremism around the globe. The report, which represented the consensus of 16 U.S. spy services, was completed in April and first reported in Sunday's New York Times and Washington Post.

After the U.S. and its allies ousted the Taliban in 2001, al-Qaida apparently transformed itself into an ideological movement of self-sustaining cells that operate with little or no central direction, many analysts and intelligence officials believe. That makes them difficult to track — until they strike or make a mistake that leads the authorities to them.

It also makes it difficult to determine whether any specific attack was actually directed by al-Qaida.

For example, British authorities insist there is no evidence al-Qaida directed the July 2005 suicide attacks on the London transit system that killed 52 commuters.

Nonetheless, one of the four British Muslim bombers appeared later on a videotape made before his death, declaring his allegiance to bin Laden. That tape bore the logo of al-Qaida's production company.

"Al-Qaida is crippled and is certainly not the organization it was. Al-Qaida, however, has placed extra emphasis on inspiring other groups and trying to mobilize other groups," the State Department's counterterrorism coordinator, Henry Crumpton, told the Council on Foreign Relations recently.

Al-Qaida's efforts to inspire appear to be focused on a worldwide wellspring of young, radicalized Muslims who share broad anger at the West, especially the United States.

But the goals, methods and targets of those far-flung radicals now vary widely. And not all extremist groups share al-Qaida's vision of global struggle against the West, preferring in some cases to fight instead for specific national political aims.

Across the world, that means the threat is fractured into many parts — with the need to tailor defenses accordingly.

In Britain, mostly homegrown militants of Pakistani descent seem intent on staging the kind of big, spectacular attack that bin Laden used on Sept. 11.

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Their efforts have focused again and again on jetliners — as during this summer's scare — and other big transportation systems such as subways.

Elsewhere, however, militants have diverged sharply from bin Laden. The assault this month on the U.S. Embassy in Damascus, Syria — which came just a day after al-Zawahri's warning tapes were aired — serves as a prime example.

In Syria, militants have focused on getting rid of President Bashar Assad and there is no sign they receive any operational direction from al-Qaida.

In Iraq, the fight has mostly morphed into a sectarian conflict between Sunnis and Shiites for control of Iraq's future, although some foreign fighters inspired by al-Qaida seem to still be involved.

Meanwhile, militants from Hamas and Hezbollah share the same hatred of the U.S. and Israel — but have sharply different ideologies and goals than al-Qaida.

Hamas is focused on gaining power among the Palestinian community at the expense of its rival Fatah. Hezbollah wants to carve a role for itself as the leader of Shiite Muslims in Lebanon and the dominant political force in that country.

In places like Sudan and Somalia, Muslim militants are fighting for local power and control. They may have links to bin Laden from the past — but their only real connection seems to be when they invoke his name to resist the West.

Chris Wallace, Caught Off Balance? (WP)

By Howard Kurtz

The Washington Post, September 25, 2006

Fox News anchor Chris Wallace said that he was stunned when Bill Clinton accused him of a "conservative hit job" after he challenged the former president on his record in fighting terrorism.

"I thought it was a fair, balanced and not especially inflammatory question," Wallace said yesterday in recounting his "Fox News Sunday" sit-down with Clinton. "I even said, 'I know hindsight is 20/20.' But he went off. And once he went off, there was no bringing him back. He wanted to talk about it in detail. He wanted to conjure up right-wingers and conservative hit jobs and a theory involving Rupert Murdoch that I still don't understand."

Fox had agreed in advance that half the interview would be about Clinton's Global Initiative forum and half about other subjects. Wallace began with a couple of questions about the initiative before citing the 1993 U.S. military withdrawal from Somalia and several bombings connected to al-Qaeda in asking, "Why didn't you do more, connect the dots and put them out of business?"

In an impassioned, finger-wagging answer, Clinton told Wallace, a former ABC News correspondent: "You did Fox's bidding on this show. You did your nice little conservative hit job on me. . . . You set this meeting up because you were going to get a lot of criticism from your viewers because Rupert Murdoch is supporting my work on climate change. And you came here under false pretenses and said that you'd spend half the time talking about . . . what we did out there to raise $7 billion-plus over three days from 215 different commitments. And you don't care."

Murdoch, the billionaire conservative who owns Fox, has recently mended fences with the Clinton family, even attending a fundraiser for Sen. Hillary Rodham Clinton (D-N.Y.). Fox, which employs a number of high-profile conservative hosts, maintains that its reporting is straightforward but is viewed by many liberals and other critics as leaning to the right. Clinton's appearance was his first on "Fox News Sunday" in the program's 10-year history.

"We're fully aware of Fox News's and Chris Wallace's agenda, and President Clinton came in prepared to respond to any attack on his record," said Jay Carson, his spokesman. "When Wallace questioned his record on terrorism, he responded forcefully, as any Democrat would or should."

In the interview, in which Clinton also accused Wallace of having a "little smirk" on his face, the host said he had planned to spend half the allotted 15 minutes on the Global Initiative and that "I didn't think this was going to set you off on such a tear."

"It set me off on such a tear because you didn't formulate it in an honest way and you people ask me questions you don't ask the other side," Clinton said.

"Sir, that is not true," Wallace replied.

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Asked about Clinton's complaint, a Fox spokeswoman pointed to Wallace's interview two weeks ago with Secretary of State Condoleezza Rice. Wallace pressed her about the lack of prewar ties between Osama bin Laden and Iraqi leader Saddam Hussein, but he did not ask about U.S. efforts against bin Laden before the Sept. 11, 2001, attacks. Carson noted that the 2000 bombing of the U.S.S. Cole was officially linked to al-Qaeda after Bush took office.

"I don't think I was fanning the flames here," Wallace said. "It was all generated from within him."

Clinton has on occasion scolded other interviewers, most notably in a 2004 sitdown with ABC's Peter Jennings, who drew this response after alluding to Clinton's personal misconduct: "You don't want to go here, Peter. . . . Not after what you people did and the way you, your network, what you did with Kenneth Starr. The way your people repeated every little sleazy thing he leaked."

Wallace said the surprise is not that he asked Clinton about terrorism but that no other television interviewer did during a round of appearances last week. Clinton, Wallace said, remained "upset" and "angry" after the interview.The 'Jewish' Question

How did having Jewish relatives turn into a gotcha question?

Virginia Sen. George Allen was clearly irritated last week when a WUSA-TV reporter, seemingly out of nowhere, asked at a televised debate whether his mother was Jewish. Allen dismissed the question as "irrelevant," but said a day later he had discovered that his grandfather was Jewish, and the following day that his mother had recently told him that she was raised Jewish as well.

Call it the oy vey factor: Was this yet another attempt by the media to catch a politician covering up some secret personal detail? Or was it the southerner in cowboy boots who invited scrutiny of his background by keeping the information under wraps?

It remains unclear why Channel 9's Peggy Fox posed the question to Allen during his debate with Democratic challenger James Webb. Was this a matter of pressing importance to the voters of Virginia?

Fox, who is described on WUSA's Web site as "a Fairfax County native who married her West Springfield High School sweetheart," declined to be interviewed. In an e-mail, she says: "I would love to talk to you to tell you why I asked the question. But I am not the story. Senator Allen is. I will tell you I asked the question because I wanted to find out if he was hiding a heritage he really should be proud of (like most Americans are) because he felt acknowledging his roots could cost him votes.

"The question had been asked before and not answered. To me, it doesn't matter what religion someone is, but not being genuine does. The voters have a right to know if the candidates are who they say they are."

In an e-mail response to viewers, Fox also says: "I regret the way I worded the question and the way Senator Allen turned the spotlight onto the question itself without addressing the bigger political issue which could be relevant to the campaign."

But what is the "bigger" issue? When Allen threw the question back at her, demanding to know why it was relevant, she replied, "Honesty." Was Fox essentially accusing the candidate of lying?

In a way, the Allen campaign opened the door to Fox's question by not providing answers to the Jewish newspaper the Forward, which reported late last month that Allen's mother, Henrietta, a French Tunisian, was "likely" Jewish by birth. A week earlier, the senator's staff told Time's Mike Allen that they were not familiar with any Jewish background. The reporter says he suggested that they ask Allen if his mother has Jewish roots, "and the response was that he didn't think she does."

The senator's mother got dragged into public discussion because of speculation that Allen had picked up the word "macaca" from her. As the civilized world knows by now, Allen has apologized for using the word -- a racial slur in some cultures -- to describe an Indian American volunteer for Webb's campaign.

The press may well have overplayed the macaca gaffe -- there was no comparable frenzy over Webb saying three decades ago that the U.S. Naval Academy was "a horny woman's dream" -- but it was a self-inflicted wound that was captured on video and downloaded thousands of times on YouTube.com.

The Post last week quoted Allen's mother as saying she didn't tell her son she was Jewish until he asked about the "rumor" late last month. Why the senator didn't inquire earlier, since he's talked about his grandfather having been imprisoned by the Nazis, is an interesting question.

While politicians understandably resent journalists turning into genealogical detectives, they are rarely shy when it comes to scoring ethnic points. Allen has spoken on the campaign trail about having his "grandfather's bloodlines," namely "French Italian" and "one-sixteenth Spanish." Nor are they above trading on family connections or showcasing their spouses and children. Allen, of course, is the son of the famed football coach whose name he bears.

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The list of prominent public figures who acknowledge their Jewish ancestry only after seeking or attaining public office -- John Kerry, Wesley Clark, Madeleine Albright -- is growing longer. Some appear to have made the cold calculation that it would not be a political asset.

And this goes beyond questions of Jewish heritage. When the Massachusetts senator, gearing up to run for president in 2003, said he had never claimed to be Irish, the Boston Globe reported that he had claimed Irish ancestry in a St. Patrick's Day message nearly two decades earlier.

Peggy Fox insists she is not the story. But journalists who appear on television and ask questions at televised debates -- particularly personal questions -- often become part of the story. By leaving out part of his biography for years, Allen gave her a big, fat opening. But for all the media furor, most Virginia voters probably care more about the Iraq war and the economy than the details of the senator's family tree.Liberal Media?

The "mainstream media presents itself as unbiased, when in fact there are built into it many biases, and they are overwhelmingly to the left."

The man who made that comment is not some rabid right-wing critic but Thomas Edsall, a Washington Post political reporter for a quarter-century who recently accepted an early retirement offer.

In an interview with conservative radio host Hugh Hewitt, Edsall said he is pro-choice on abortion and does not think he has ever voted for a Republican presidential candidate. He said he believes that reporters vote Democratic by somewhere between 15 to 1 and 25 to 1.

Edsall, who now writes for the New Republic and has just finished a book called "Building Red America," also said that journalists have an inherent "suspicion" of the military, and he agreed "to a certain degree" with the argument that Fox News and conservative radio became popular because many people, in Hewitt's words, "got sick and tired of being spoon-fed liberal dross" by the New York Times, Los Angeles Times and Washington Post.

In an interview, Edsall says the main problem is "an inability to empathize with the way many people in red states think and feel" but that it is "possible" for journalists to set aside their views and report fairly.

Clinton Defends How He Handled Al-Qaeda Threat (USAT)

USA Today, September 25, 2006

NEW YORK — In a combative interview on Fox News Sunday, former president Bill Clinton defended his handling of Osama bin Laden, saying he tried to have bin Laden killed and was attacked for his efforts by the same people who now criticize him for not doing enough.

“That's the difference in me and some, including all of the right-wingers who are attacking me now,” Clinton said. “They ridiculed me for trying. They had eight months to try, they did not try.”

Clinton said he “worked hard” to try to kill bin Laden, who orchestrated the Sept. 11 attacks eight months into President Bush's presidency.

“We contracted with people to kill him. I got closer to killing him than anybody's gotten since,” he said.

Clinton accused host Chris Wallace of a “conservative hit job” and asked: “I want to know how many people in the Bush administration you asked, ‘Why didn't you do anything about the Cole?' I want to know how many people you asked, ‘Why did you fire Dick Clarke?' ”

He was referring to the USS Cole, bombed by terrorists in 2000, and former White House anti-terrorism chief Richard Clarke, who resigned in 2003.

Wallace said Sunday that he was surprised by Clinton's “conspiratorial view” of “a very non-confrontational question, ‘Did you do enough to connect the dots and go after al-Qaeda?'”

“All I did was ask him a question, and I think it was a legitimate news question,” Wallace said in a telephone interview.

White House spokesman Peter Watkins said Bush has always been focused on pressing the fight against terrorism. As for Clinton's remarks: “The record paints a different picture than what he is suggesting.”

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Terrorism analyst Steven Emerson said Clinton “obviously felt the rawness” of ABC's controversial miniseries, The Path to 9/11, which ran Sept. 7 and 8 and portrayed officials in his administration as failing to act on opportunities to kill or capture bin Laden. Emerson added that bin Laden “was not a high priority” with Bush until after 9/11.

Clinton Defends Pre-9/11 Actions (WT)

By Eric Pfeiffer

The Washington Times, September 25, 2006

Former President Bill Clinton angrily defended his administration's record of combating terrorism and blamed the Bush White House for not taking Osama bin Laden seriously enough before the terrorist attacks of September 11.

"I think it's very interesting that all the conservative Republicans, who now say I didn't do enough, claimed that I was too obsessed with bin Laden" and the so-called "Wag the Dog" scenario, Mr. Clinton said yesterday during a taped interview with "Fox News Sunday."

"All of President Bush's neo-cons thought I was too obsessed with bin Laden. They had no meetings on bin Laden for nine months after I left office," he said in the contentious interview.

Mr. Clinton became so agitated that he could be seen wagging his right index finger at moderator Chris Wallace, as he did at the start of the Monica Lewinsky scandal, when he shook the same finger and told the American public that "I did not have sexual relations with that woman, Miss Lewinsky."

He later admitted an "inappropriate" relationship with the former White House intern after his DNA matched a stain on her blue dress.

In the heated exchange, he also accused Mr. Wallace of shifting his questions away from a promised discussion of the former president's Clinton Global Initiative project.

"You've got that little smirk on your face, and you think you're so clever," Mr. Clinton said. "You did your nice little conservative hit job on me."

In an interview yesterday with MediaBistro.com, Mr. Wallace noted that Mr. Clinton is "a very big man" and that he thought the former president was trying to intimidate him by getting angry.

"As he leaned forward -- wagging his finger in my face and then poking the notes I was holding -- I felt as if a mountain was coming down in front of me," Mr. Wallace said.

The interview was peppered with references to Mr. Clinton's legacy as viewed through the prism of popular culture. For instance, when defending his efforts to capture or kill bin Laden, Mr. Clinton alluded to the 1997 film "Wag the Dog."

"The people on my political right who say I didn't do enough spent the whole time I was president saying, 'Why is he so obsessed with bin Laden?'" Mr. Clinton said. "That was 'wag the dog' when he tried to kill him."

In the movie, a U.S. president creates a fake war with Albania through the media in order to distract the public from an emerging sex scandal.

Mr. Clinton also took aim at ABC's recent offering, "The Path to 9/11," which depicted his administration as lax in its response to the threat of terrorism.

"ABC just had a right-wing conservative run in their little 'Pathway to 9/11,'" Mr. Clinton said, saying the film was "falsely claiming it was based on the 9/11 commission report, with three things asserted against me directly contradicted by the 9/11 commission report."

During the past week, Mr. Clinton has given a number of other interviews, including stops with CNN's Wolf Blitzer and NBC's Tim Russert. Both segments focused on his recent philanthropic work.

Mr. Clinton protested the questions from Fox, saying that the interview agreement stipulated that half of the 15-minute segment be devoted to his philanthropic efforts. Mr. Wallace noted in MediaBistro that still left half the time for other subjects and cited the transcripts as showing that he asked the same number of questions -- five -- on philanthropy-related matters as on other issues.

The former president went on to harshly criticize the Bush administration for failing to stop bin Laden before and after September 11.

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"They ridiculed me for trying. They had eight months to try. They did not try. I tried. So, I tried and failed," Mr. Clinton said. "Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Video excerpts of the interview first surfaced on the Internet on Friday.

The Drudge Report Web site, www.drudgereport.com, provided readers a link to part of the interview, headlined, "Purple Faced Rage."

Torture Victim Had No Terror Link, Canada Told U.S. (NYT)

By Scott Shane

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — When the United States sent Maher Arar to Syria, where he was tortured for months, the deportation order stated unequivocally that Mr. Arar, a Canadian software engineer, was a member of Al Qaeda. But a few days earlier, Canadian investigators had told the F.B.I. that they had not been able to link him to the terrorist group.

That is one of the disclosures in the 1,200-page report released last week after a two-year Canadian investigation of Mr. Arar's case found him to be innocent of any terrorist ties. The report urges the Canadian government to formally protest the American treatment of Mr. Arar, a recommendation Canadian officials are considering.

Mr. Arar, 37, who now lives in British Columbia, has a lawsuit against United States officials and agencies that is on appeal, and he has demanded an explanation for his treatment from the Bush administration.

A close reading of the Arar Commission report offers a rare window on American actions in the case, describing seemingly flimsy evidence behind the American decision in 2002 to send Mr. Arar to a country notorious for torture; a deliberate attempt by American officials to deceive Canada about where Mr. Arar was; and lingering confusion among top American officials about the two countries' roles in the case.

President Bush earlier this month acknowledged for the first time that high-level people suspected of being terrorists had been held in secret prisons overseas by the Central Intelligence Agency. But he and other officials have said nothing publicly about the American practice of rendition, in which dozens of suspects have been seized and turned over for interrogation to other countries, including several known to engage routinely in torture.

Cases like that of Mr. Arar would not be affected by the compromise legislation on detainee treatment worked out between the White House and Republican senators last week, since it would have no effect on interrogation methods used by other countries. In fact, the proposed bill would strip non-Americans held overseas under United States control of the right to challenge their detention in federal court.

"It's a huge hole in what Congress is doing," said Michael Ratner, president of the Center for Constitutional Rights in New York, which represents Mr. Arar in his lawsuit. "The government can still send people secretly to other countries where they'll be tortured."

For nearly four years, the United States government has refused to make public any information on the case of Mr. Arar, which has become an international symbol of American excesses in the campaign against terrorism. The Bush administration refused to cooperate with the Canadian commission, so many questions about American actions and motives remain unanswered.

But Mr. Arar's case is more public than other cases of rendition, because he was detained inside the United States and legally deported, creating a modest paper trail. The three-volume report describes Canadian contacts with American officials in meticulous detail, offering by far the fullest account of any rendition case to date.

The commission's report says inexperienced Canadian police officials originally passed inaccurate information to the United States linking Mr. Arar to terrorism, based largely on his acquaintance with other men under suspicion.

But in the days after Sept. 26, 2002, when Mr. Arar was detained while changing planes at Kennedy International Airport in New York City, a flurry of calls and faxes between the countries included more equivocal information.

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An Oct. 4 fax to the F.B.I. from Canadian counterterrorism officials said that they "had yet to complete either a detailed investigation of Mr. Arar or a link analysis on him," and that "while he has had contact with many individuals of interest to this project we are unable to indicate links to Al Qaeda."

That was particularly significant because the commission concludes that all, or virtually all, of the United States' knowledge of any threat posed by Mr. Arar came from the Canadians.

The next day, on Saturday, Oct. 5, a Royal Canadian Mounted Police official spoke by phone with an unidentified F.B.I. official. "During this conversation, the FBI official said that the Americans feared they did not have sufficient information to support charges against Mr. Arar," the report says.

The Canadian officer said that likewise, "There was insufficient evidence to charge Mr. Arar in Canada."

Canadian officials told the Americans that if they allowed Mr. Arar to travel home to Canada, he would be kept under surveillance. But by then the Americans were already secretly working on the Syrian option, a legal possibility because Mr. Arar retained his citizenship in Syria, where he was born.

"The American authorities appear to have intentionally kept Canadian officials in the dark about their plans to remove Mr. Arar to Syria," the report says.

Despite the uncertain report from Canada on Mr. Arar and terrorism, on Oct. 7, an Immigration and Naturalization Service official ruled that evidence "clearly and unequivocally reflects that Mr. Arar is a member of a foreign terrorist organization, to wit, Al Qaeda." At 4 a.m. the next day, Mr. Arar was bundled aboard a Gulfstream jet that flew him to Jordan, from which he was driven to a prison in neighboring Syria.

Paul J. J. Cavalluzzo, lead counsel to the Arar Commission, said he found the American actions inconsistent. "On Saturday," Mr. Cavalluzzo said, "you have the F.B.I. saying, 'We don't have enough to charge him.' On Monday, he's a member of Al Qaeda. Well, if he's a member of Al Qaeda, in your country he can be charged."

Even after Mr. Arar arrived in Syria, American officials did not tell their Canadian counterparts. Only two weeks later, on Oct. 21, did Canada get confirmation, when a Syrian military intelligence officer phoned the Canadian ambassador in Damascus to say he was in custody.

Mr. Arar spent 10 months in the custody of Syrian interrogators who beat him repeatedly with a heavy metal cable and held him in a dank cell scarcely larger than a coffin, according to the commission report. In October 2003, he was released and returned to his wife and children in Canada.

But some top American officials appear to have been misinformed about the deportation decision. After Jean Chrétien, then Canadian prime minister, said publicly that the United States had decided unilaterally to send Mr. Arar to Syria, the Canadian ambassador was summoned to the National Security Council and scolded by Frances Townsend, the deputy national security adviser, who said it had been a "joint decision," the report says.

Colin L. Powell, then the secretary of state, had also suggested publicly that the Canadians were complicit in the Syria deportation. But on Dec. 1, 2003, Mr. Powell called Bill Graham, the Canadian foreign minister, to say the United States had not consulted Canada about the decision.

"I was mistaken," Mr. Powell told Mr. Graham, the report says.

The Canadian judge who led the inquiry, Dennis R. O'Connor, urged a formal protest over the American conduct. Peter MacKay, the Canadian foreign affairs minister, said Thursday it was too early to decide on a protest but added that there was an "urgent need" for talks on the issues raised by the case.

A State Department spokeswoman, Janelle Hironimus, said Friday that she knew of no plans for such talks. She said the Bush administration had declined to cooperate with the Arar Commission because its "mandate was to investigate and report on the actions of Canadian officials, and Canadian authorities were therefore the most appropriate entities to respond."

A spokeswoman for the Department of Justice, Tasia Scolinos, said that she could not respond in detail to the commission's findings but that the United States government "removed Mr. Arar in full compliance with the law and all applicable international treaties and conventions." She also said the government "sought assurances with respect to Mr. Arar's treatment" in Syria.

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Mr. Cavalluzzo, the commission counsel, noted that the report held Canadian officials accountable for many lapses. But in an interview on Friday from Toronto, he said he remained "troubled" by American actions, chiefly the decision to turn Mr. Arar over to a government whose promises not to torture him had no credibility.

"Even at this time, when terrorism is a real danger," he said, "this case points out how important it is to preserve the democratic rights we have cherished for centuries."

CIA: Probe Into Renditions (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, September 25, 2006

As many as 20 CIA officials and contractors could face legal charges in Germany for their alleged role in the abduction of Khaled el-Masri, a German national once wrongly suspected of involvement with 9/11 conspirators, German officials say. Amid new disclosures last week by a German TV show, a Munich prosecutor confirmed to NEWSWEEK that he is conducting a probe into the people who carried out the abduction—an inquiry that could soon lead to arrest warrants.

The el-Masri case underscores continuing legal threats facing CIA officials overseas despite last week's deal on a bill that would authorize the agency to continue using aggressive interrogation techniques. The White House says the measure is needed to provide legal protection for CIA officials accused of violating the Geneva Conventions. But the bill may do little to protect officers involved in "extraordinary renditions"—a practice under which the agency has flown terror suspects to foreign countries where they have allegedly been harshly interrogated.

El-Masri is among the highest profile of these episodes. He claims he was kidnapped and flown to Afghanistan in 2004 by masked men with American accents. He says he was beaten and confined in a cold cell for four months before being released. A former top German counterterror official, who asked not to be named due to the sensitivity of the matter, told NEWSWEEK his detention was a case of mistaken identity, a "stupid mistake." Tensions escalated last week when the German TV show "Panorama" broadcast a report saying it discovered the true identities of CIA officers involved in the operation. The program aired records showing the officials had massages at a Majorca hotel after the alleged abduction. The former German official said local prosecutors now have little choice but to issue arrest warrants—just as Italian prosecutors have done in a separate rendition case. The cases have created anxiety in CIA ranks; officials hope the administration will quietly persuade foreign governments to drop any prosecutions. Asked about the el-Masri allegations last week, a CIA official declined to comment.

Inquiry Slows Giving To Islamic Charity (AP-Y)

By Sarah Karush

AP, September 25, 2006

Before last week, AbuSayed Mahfuz didn't hesitate to donate to Life for Relief and Development, an international Muslim humanitarian organization that is active in Iraq and Afghanistan and has partnered with the U.S. government.

But an FBI search of the organization's Southfield headquarters is making the Hamtramck resident think twice about future contributions.

Just as the holy month Ramadan, which began Saturday, has many Muslims thinking about their religious obligation to give alms, the investigation of the prominent Islamic aid group has prompted fears that giving to charity could bring scrutiny from the government.

FBI agents assigned to a terrorism task force last Monday searched Life's offices, taking computer servers, donor records and other financial documents. They have also searched the homes of the charity's chief executive, an ex-employee and two board members.

"After hearing this, I don't feel secure at all," said Mahfuz, a computer consultant and editor of a Bangladeshi community newspaper. He said he would still consider supporting the organization, but the investigation would force him to weigh that decision carefully.

No charges have been brought in the case, and Life has sought to reassure the community that it is perfectly legal to donate money to the organization, which was founded in 1992 by Iraqi immigrants.

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It is not the first time a Muslim charity has come under investigation. In the months after the Sept. 11 attacks, the government froze the assets of the Texas-based Holy Land Foundation and Illinois-based Global Relief Foundation and Benevolence International, effectively shutting them down. The government has accused those groups of funding terrorists.

The search at Life's offices five days before the start of Ramadan, the month when Life gets about half of its donations, prompted anger among Muslim activists in the Detroit area. They questioned the timing and the involvement of the terrorism task force, which they said led media to draw unfair conclusions.

On Wednesday, Arab-American and Muslim leaders vented that anger at a previously scheduled meeting with federal and local law enforcement officials in Dearborn — home to the nation's largest concentration of Arab-Americans, many of whom are Muslim — as part of a dialogue that began after the Sept. 11 attacks.

Daniel Roberts, special agent in charge of the FBI's Detroit field office, said he could not comment on the case because the matter is sealed. But he said agents were acutely aware of the approaching holy month and would have preferred to conduct the search earlier.

"I would just ask that you give the government the benefit of the doubt," he said at the meeting.

Roberts declined a request by some in attendance to issue a statement reassuring Muslims that they could still donate to the organization.

Khalil Jassemm, the charity's chief executive, said FBI agents focused on three things: possible sanctions violations stemming from the group's work in Iraq before the overthrow of Saddam Hussein, improper involvement in Iraqi politics and use of funds for purposes other than those designated by donors.

Though he would not comment on the case directly, Roberts said cases that the terrorism task force gets involved in do not always end with terrorism-related charges being filed. In some instances, the government continues to believe terrorism is involved, but cannot prove it, he said.

Ihsan Alkhatib, Life's legal director, said the FBI has told the charity it can continue operating, at least for now. He said investigators returned two computer servers and have promised to return the remaining four in the coming days.

Alkhatib said the government scrutiny is ironic given that some Muslims criticize Life for perceived coziness with the U.S. and Israeli governments.

Life partnered with the Pentagon to distribute wheelchairs in Afghanistan in 2004 and opened an office in Israel to coordinate its efforts in the Palestinian territories, an unusual step for a Muslim group. But those actions don't indicate support for any particular government and were simply efficient ways to help those in need, Alkhatib said.

HOMELAND RESPONSE:

Chemical-Security Legislation Nears Approval (WSJ)

By David Rogers

The Wall Street Journal, September 25, 2006

WASHINGTON -- After years of stalemate, Congress is poised to give the Homeland Security Department power to regulate and even shut down high-risk chemical plants that fail to comply with antiterrorism standards.

The industry won major concessions in the final bargaining, and Democrats accused Republicans of a "backroom" pre-election deal favoring the majority's business contributors. But House-Senate negotiators, meeting Monday evening, are expected to approve the legislation as part of a $34.8 billion homeland security bill slated to go quickly to President Bush.

Eager to go home at the end of the week to campaign for midterm elections, Congress also will approve a larger companion bill, providing $447 billion for defense and intelligence agencies in the fiscal year that begins Oct. 1. Meanwhile, most domestic departments will be subject to a stopgap funding resolution until after the elections. And despite pressure from manufacturers, Speaker Dennis Hastert (R., Ill.) said he expects no further House action before November on a set of expired tax benefits, including the research tax credit for businesses.

The chemical-security legislation mirrors an agreement reached last week between Sen. Susan Collins (R., Maine), who chairs the Senate Homeland Security and Government Affairs Committee, and her House counterpart, Homeland Security

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Chairman Peter King (R., N.Y.). Aides to House Energy and Commerce Committee Chairman Joe Barton, an industry ally, said the Texas Republican will support the measure. However unhappy with elements of the deal, key Democrats look reluctant to kill what is still a first step toward their goal of addressing chemical-security hazards.

"I have mixed emotions, but it's clearly better than nothing," said Rep. Martin Sabo (D., Minn.), who has taken the lead in the Appropriations Committees in pressing for action on chemical-plant security.

Jack Gerard, president of the American Chemistry Council, the industry trade group, struck a similar tone. "It's not perfect, but under the circumstances it's acceptable and we need to move the ball forward. In the current political environment, we have to quit talking about it and get something done."

The draft legislation would require Homeland Security Secretary Michael Chertoff to issue regulations within six months of establishing risk-based performance standards for the security of facilities such as factories where potentially dangerous chemicals are made or used. The secretary may apply these rules to any plant he judges presents "high levels of security risk." If he later determines that a facility has failed to comply, he may, after an opportunity for consultation, order operations to cease until brought into compliance.

Reflecting divisions among lawmakers, this authority would run only three years, allowing Congress to revisit the issue. And the chemicals industry failed to win a clear federal pre-emption of state regulations, which in some cases like New Jersey already are stricter than what Washington may require.

But major concessions were made on several points. For example, the bill goes to great lengths to protect data provided to the government by chemical companies, even treating it as "classified material." And only the secretary may bring civil litigation to enforce the regulations.

The industry also won protection from being forced to change specific chemical processes or adopt potentially costly alternative technologies as long as security goals are met.

House Democrats led by Rep. Edward Markey (D., Mass) said the phrasing renders Mr. Chertoff "toothless." Mr. Gerard accused critics of often pursuing an environmental agenda unrelated to security standards. "They want to take chemicals out of the chemistry industry," he said.

The underlying homeland budget bill includes $1.82 billion in emergency funds to beef up border security and appease conservatives, angry with the Republican leadership over the course of the immigration debate this year. The defense bill is even heavier with emergency funds: $70 billion for operations in Iraq and Afghanistan and including almost $23 billion to begin to rebuild Army and Marine units worn down by the overseas conflicts.

Working through the weekend, House Republicans were confident of resolving any differences with the Senate over compromise language governing the rules of evidence for military tribunals to try foreign combatants in the war against terror. Given time pressures, it is less likely that the House and Senate can reconcile differences over a terrorist-surveillance bill expanding the administration's authority to carry out warrantless wiretaps.

Chemical Plants, Still Unprotected (NYT)

The New York Times, September 25, 2006

Congress still has done nothing to protect Americans from a terrorist attack on chemical plants. Republican leaders want to give the impression that that has changed. But voters should not fall for the spin. If the leadership goes through with the strategy it seems to have adopted last week to secure these highly vulnerable targets, national security will be the loser.

The federal government is spending extraordinary amounts of money and time protecting air travel from terrorist attacks. But Congress has not yet passed a law to secure the nation's chemical plants, even though an attack on just one plant could kill or injure as many as 100,000 people. The sticking point has been the chemical industry, a heavy contributor to political campaigns, which does not want to pay the cost of reasonable safety measures.

The Senate and the House spent many months carefully developing bipartisan chemical plant security bills. Both measures were far too weak, but they would have finally imposed real safety requirements on the chemical industry. The Republican leadership in Congress blocked both bills from moving forward. Instead, whatever gets done about chemical plant

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security will apparently be decided behind closed doors, and inserted as a rider to a Department of Homeland Security appropriations bill.

It is outrageous that something as important as chemical plant security is being decided in a back-room deal. It is regrettable that Susan Collins, Republican of Maine, the chairwoman of the committee that produced the Senate bill, does not carry enough influence with her own party's leadership to get a strong chemical plant security bill passed. The deal itself, the likely details of which have emerged in recent days, is a near-complete cave-in to industry, and yet more proof that when it comes to a choice between homeland security and the desires of corporate America, the Republican leadership always goes with big business.

Any federal chemical plant law should make it clear that states have the right to impose stricter requirements to protect their citizens from harm. The Senate and House bills said this, but the rider apparently will not. A reasonable law would make it clear that the secretary of homeland security can order chemical plants to adopt specific safety measures, like replacing highly dangerous chemicals with ones that pose less of a danger to people in the surrounding area. The House bill did this, but the rider apparently will not give the secretary this basic power.

It is likely that the backroom deal will also exempt water treatment and drinking water facilities from regulation, meaning that millions of Americans could needlessly be put at risk of an attack on a chlorine tank, and that it will make the rules about when and how chemical plants must submit safety plans hopelessly vague.

It is not too late to abandon this bad deal and pass a strong law. In a recent New York Times/CBS News poll, just 25 percent of those asked approved of the job Congress is doing. Its handling of the chemical plant security issue gives a good indication why.

TSA To Lower Registered Traveler Fee (USAT)

By Thomas Frank

USA Today, September 25, 2006

WASHINGTON — The Transportation Security Administration is backing off its plan to require travelers who want a fast trip through airport security to pay nearly $200 a year.

The move comes days after representatives of companies seeking contracts to manage special security lines made their case for lower fees to TSA chief Kip Hawley at his offices in Arlington, Va.

The companies said a $200 annual charge could deter millions of people and some airports from signing up for the Registered Traveler program, which could begin in several airports this year.

In response, the TSA lowered to $30 from $100 the fee it plans to charge each person it approves to use Registered Traveler security lines. Travelers would pay an additional $80 or so a year to companies that enroll them, produce fingerprint-embedded ID cards and manage the lines at airports.

The total annual cost is now estimated at about $110. It could be $20 higher if the TSA requires a criminal background check in addition to the terrorism assessment it now plans for each Registered Traveler applicant.

TSA lowered the fee "based on further analysis and public feedback," spokeswoman Yolanda Clark said.

Tom Blank, head of a coalition of companies seeking to provide services for the Registered Traveler program, said the reduction opens the door to launching the program in 30 to 45 days.

"It should move very quickly," said Blank, a former top TSA official.

About 20 airports and airlines have applied to start Registered Traveler programs.

A company run by Court TV founder Steven Brill has started doing preliminary online registration for programs it wants to start at airports in Cincinnati, Indianapolis and San Jose, Calif., and at Terminal 7 at New York's Kennedy International Airport.

The TSA has not approved any airport to start the Registered Traveler program other than a pilot program at Orlando International Airport, in effect since July 2005.

Brill said it "really wasn't difficult to convince" the TSA to lower its fee during a meeting Wednesday with TSA chief Hawley that Brill said ran two hours. The TSA had wanted to charge $70 for personnel costs at Registered Traveler lines. Brill and others argued against any labor charge, saying Registered Traveler would not require any additional screeners.

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"It makes a big difference," Brill said of the lower fee.

The TSA says people in Registered Traveler lines will see no change in how they are screened unless airports add new security measures.

For example, Brill's company is testing machines that could scan shoes while people are wearing them and use a fingerprint sample to determine if they've had contact with explosives.

TSA Backtracks, Projects $30 Fee For Airport Pass (WSJ)

By Laura Meckler

The Wall Street Journal, September 25, 2006

WASHINGTON -- Federal officials are backtracking on a plan to charge travelers $100 a year to take part in an expedited airport security screening program.

The Transportation Security Administration now projects that it will charge $30 a year for each person who wants to participate in the "registered traveler" program, the TSA said in a notice on its Web site over the weekend. That is in addition to any fees that private companies operating the programs charge.

Registered Traveler promises faster airport screening to customers who sign up in advance, undergo a background check and pay a fee. It is expected to be offered at about 20 interested airports and run by private companies under guidance issued by the TSA. One program, in Orlando, Fla., is operating.

Participants will get to use special security lines that may move more quickly than regular lines. At some point, TSA may approve technology that would allow for changes in screening procedures; for instance, use of an electronic shoe scanner could let travelers keep their shoes on. These technologies are being tested, with none approved yet.

TSA had created a stir by saying it would charge about $100, including background checks, administrative costs and the cost of paying screeners who run the special lines. Private companies interested in offering the program protested: They had expected to charge about $100 total, including their costs and profits. These companies argued that registered travelers shouldn't have to pay salaries of officers who would be screening them anyway.

On its Web site this weekend, TSA said it wouldn't seek reimbursement for these costs unless the program results in new TSA duties and increased costs.

TSA spokeswoman Amy Kudwa said the change was made "based on further analysis and public feedback."

That feedback included a meeting Wednesday between TSA chief Kip Hawley and the companies that want to provide the program at airports, who pressed TSA to roll back the fee, said Steven Brill, chief executive at Verified Identity Pass Inc., which has begun advanced registration of passengers in four airports. He said "a couple of thousand" people have signed up so far.

FBI Is Casting A Wider Net In Anthrax Attacks (WP)

By Allan Lengel And Joby Warrick

The Washington Post, September 25, 2006

Five years after the anthrax attacks that killed five people, the FBI is now convinced that the lethal powder sent to the Senate was far less sophisticated than originally believed, widening the pool of possible suspects in a frustratingly slow investigation.

The finding, which resulted from countless scientific tests at numerous laboratories, appears to undermine the widely held belief that the attack was carried out by a government scientist or someone with access to a U.S. biodefense lab.

What was initially described as a near-military-grade biological weapon was ultimately found to have had a more ordinary pedigree, containing no additives and no signs of special processing to make the anthrax bacteria more deadly, law enforcement officials confirmed. In addition, the strain of anthrax used in the attacks has turned out to be more common than was initially believed, the officials said.

As a result, after a very public focus on government scientists as the likely source of the attacks, the FBI is today casting a far wider net, as investigators face the daunting prospect of an almost endless list of possible suspects in scores of countries around the globe.

"There is no significant signature in the powder that points to a domestic source," said one scientist who has extensively studied the tan, talc-like material that paralyzed much of Washington in the deadliest bioterrorism attack in U.S. history.

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The FBI says it remains optimistic that it will find whoever killed five people -- two of them from the Washington area -- in a series of bioterrorism-by-mail attacks that rocked a nation still in shock from the Sept. 11 terrorist strikes. The bureau has assigned fresh leadership to the case -- Special Agent Ed Montooth -- and retains a full-time investigative force of 17 agents and 10 postal inspectors. "There is confidence the case will be solved," said Joseph Persichini Jr., acting assistant director in charge of the FBI's Washington field office.

The prevailing views about the anthrax powder, meanwhile, have been coalescing among a small group of scientists and FBI officials over several years but rarely have been discussed publicly. In interviews and a recently published scientific article, law enforcement authorities have acknowledged that much of the conventional wisdom about the attacks turned out to be wrong.

Specifically, law enforcement authorities have refuted the widely reported claim that the anthrax spores had been "weaponized" -- specially treated or processed to allow them to disperse more easily. They also have rejected reports that the powder was milled, or ground, to create finer particles that can penetrate deeply into the lungs. Such processing or additives might have suggested that the maker had access to the recipes of biological weapons made by the United States in the 1950s and 1960s.

In fact, the anthrax powder used in the 2001 attacks had no additives, writes Douglas J. Beecher, a scientist in the FBI laboratory's Hazardous Materials Response Unit, in an article in the science journal Applied and Environmental Microbiology.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapons production," Beecher writes in the journal's August edition, in what is believed to be the most expansive public comment on the nature of the powder by any FBI official. "The idea is usually the basis for implying that the powders were inordinately dangerous compared to spores alone."

The FBI would not allow Beecher to be interviewed about his article. But other scientists familiar with the forensic investigation echoed his description. Whoever made the powder produced a deadly project of exceptional purity and quality -- up to a trillion spores per gram -- but used none of the tricks known to military bioweapons scientists to increase the lethality of the product. Officials stressed that the terrorist would have had to have considerable skills in microbiology and access to equipment.

"It wasn't weaponized. It was just nicely cleaned up," said one knowledgeable scientist who spoke on the condition he not be identified by name because the investigation is continuing. "Whoever did it was proud of their biology. They grew the spores, spun them down, cleaned up the debris. But there were no additives."

Moreover, scientists say, the particular strain of anthrax used in the attacks has turned to out to be a less significant clue than first believed. The highly virulent Ames strain was first isolated in the United States and was the basis for the anthrax weapons formerly created by the United States. The use of the Ames strain in the 2001 attack was initially seen as a strong clue linking the terrorist to the U.S. biodefense network.

But the more the FBI investigated, the more ubiquitous the Ames strain seemed, appearing in labs around the world including nations of the former Soviet Union.

"Ames was available in the Soviet Union," said former Soviet bioweapons scientist Sergei Popov, now a biodefense expert at George Mason University. "It could have come from anywhere in the world."

Many law enforcement officials believe that ever-improving technology eventually could lead to a break in the case. Ongoing tests could lead authorities to the lab where the anthrax originated -- something authorities have said for years could help close the case.

More traditional tactics are still being used: The FBI has conducted 9,100 interviews and issued 6,000 subpoenas in one of the most exhaustive and expensive investigations in the bureau's history. Authorities say investigators continue to have a number of specific individuals in their sights, describing the suspect list as "fluid."

One prevailing theory among investigators is that the attacks came from within the United States rather than from an overseas terrorist organization.

However, a law enforcement official said, "we have not closed the door on any possibilities. There's a discrete number of individuals who continue to be investigated, both internationally and domestically."

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Over the years, officials have publicly identified only one "person of interest," and that was more than four years ago. Steven J. Hatfill, a former Army scientist, has denied wrongdoing and has never been charged. He is suing the Justice Department, alleging that officials leaked false information about him that caused great harm.

Law enforcement officials won't talk about Hatfill.

Homeland Security Secretary Michael Chertoff, in a meeting this month with Washington Post reporters and editors, would not say whether any single individual continues to draw special attention as a "person of interest."

"I'm not telling you that right now the bureau is focused on someone or not focused on someone," Chertoff said. "There are in my experience a lot of instances where we might know or have a good reason to believe who committed a criminal act, but we may not be able to prove it. So when you say something is not solved, you should not assume from the fact that there is no criminal prosecution we don't have a good idea of what we think happened."

Persichini, of the FBI's Washington office, acknowledged frustrations but said that "no one in the FBI has for a moment stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed.

"While not well known to the public, the scientific advances gained from this investigation are unprecedented and have greatly strengthened the government's ability to prepare for -- and prevent -- biological attacks in the future," Persichini said.

Nonetheless, failure to solve the mystery has bred public skepticism.

"If the FBI's investigation has become a cold case, then it's time for [FBI Director Robert S. Mueller III] to acknowledge that and take steps to deal with it," said Sen. Charles E. Grassley (R-Iowa), a frequent critic of the FBI. "I'm concerned that the FBI may have spent too much time focusing [on] one theory of what happened and too little effort on the other possibilities."

Staff writer Spencer S. Hsu and staff researcher Meg Smith contributed to this report.

A Year Later, Rita's Wrath Lingers (USAT)

By Alan Gomez

USA Today, September 25, 2006

CAMERON, La. — Some recall Hurricane Rita as the storm that just missed Houston. Others vaguely remember it as the one that came after Katrina.

The widespread anonymity of Rita has somehow reached the point where people along the Texas-Louisiana border — the ones whose towns and crops and neighbors were annihilated by Rita's 120-mph winds and 20-foot storm surge — have given Rita a new name: the Forgotten Hurricane.

“Nobody says anything about Rita. It's all Katrina, Katrina, Katrina,” said Paul Martin, 47, whose home in southwestern Louisiana was washed away along with the other 35 homes in his neighborhood. “Hey, we lost everything too.”

It was one year ago Sunday that Rita roared into the Texas-Louisiana border and devastated a swampy, brackish area dotted by wooden houses built long before hurricane building codes existed. About 100 people died either during the storm or trying to escape from it — including 23 seniors who died in a bus blaze during the chaotic evacuation of Houston.

Although Katrina cost more in lives and damage, Rita swamped a broad area. More than 600,000 homes across 85,000 square miles were damaged or destroyed, the Federal Emergency Management Agency estimates.

Rita forced what could be the largest evacuation in U.S. history. Three million people fled in two states. Only Hurricane Floyd, which struck near Cape Fear, N.C., in 1999, comes close with an estimated evacuation of about the same number of people.

And while Katrina's $40 billion price tag is the largest for any hurricane hitting the USA, Rita ranked as the seventh-costliest storm, according to the Insurance Information Institute. Damage estimates for Rita from the institute are over $5 billion.

The area hit by Rita is dotted with shoreline communities that depend on shrimping and fishing in the Gulf of Mexico.

“Venice still looks like a giant trash pile. Only the courthouse is still standing in Cameron,” Debra Segura, a central Louisiana truck driver, said. “Holly Beach is wiped out. Delcambre is ruined.”

Many of the hard-hit areas are on a slow track to recovery. People in those areas believe the storm's timing — hitting just four weeks after Katrina — is a big reason why that recovery has taken so long.

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Shelters and apartments around Houston and southwestern Louisiana were already filled by Katrina evacuees, leaving few residents there to find temporary housing of their own. FEMA and insurance companies were already deluged with Katrina-related cases when Rita hit.

Martin said FEMA officials told him in January he would get a trailer in seven to 10 days.

"How about seven to 10 months?" he said. Martin received his trailer nine days ago, after spending the past year in a friend's apartment.

Louis Arceneaux, a Lake Charles, La., high school chemistry teacher, said the damage to his home was about $10,000. He had no flood insurance, and he moved in with his mother after the storm so he did not receive housing money.

"Rita broke me," he said. "I can't afford to teach anymore."

Insurance companies acknowledge that the two hurricanes put a strain on the insurance adjusters who were working long hours in harsh conditions — many of them who were helping Katrina transplants had to evacuate when Rita came ashore.

Even so, they point back to the summer of 2004, when Florida was hit by four hurricanes, as proof that they've learned to react to multiple storms in short periods.

Robert Hartwig, chief economist for the Insurance Information Institute, said 95% of Katrina-related insurance claims are settled. He said that number is "as high if not higher" for Rita.

FEMA says it has provided more than 15,000 travel trailers and given housing assistance to more than 450,000 people.

The Small Business Administration has granted more than $500 million in loans, the National Flood Insurance Program has given out more than $370 million in Louisiana, and FEMA has provided $360 million for cleanup in Texas.

What Rita may be remembered for most is the evacuation. As it swelled to a Category 5 with a predicted path over Galveston and Houston more than 3 million people hit the roads almost simultaneously.

People were stopped in traffic for hours. Many ran out of gas waiting to get out. Some just returned home.

Joe Laud with the Houston Office of Emergency Management, whose wife and kids couldn't get out of Houston, said evacuating a major city is difficult. He conceded that government agencies along the evacuation routes need to work better to ease that traffic.

"Rita showed the dents in our armor," he said.

Laud said they've had several exercises to get traffic lanes moving away from Houston faster. Government officials are working with gas stations to ensure that some remain open during an evacuation. A task force created by Texas Gov. Rick Perry suggested consolidating more power into his office for better statewide coordination.

So far, the calm hurricane season has allowed residents along the Gulf Coast to focus instead on the task of rebuilding.

Richard and Nancy Burbank are the first Constance Beach family to rebuild their home, a lone structure surrounded by 20-foot wooden silts that once propped up dozens of homes.

"If you live on the coast and you don't think hurricanes are going to hit you, you're stupid," Nancy Burbank said. "When I came back, I accepted what I saw and immediately wanted to rebuild."

For others, the decision isn't so simple.

Paul England, a welder at a Port Arthur, Texas, oil refinery who skins alligators on weekends, decided not to rebuild and to move 20 miles inland.

"I won't move back down here," England said. "Rita scared the hell out of a lot of people."

WAR NEWS:

For Bush, War Anguish Expressed Privately (WP)

By Peter Baker

The Washington Post, September 25, 2006

FALMOUTH, Maine -- They sat on two frayed chairs in a teacher's lounge, the president and the widow, just the two of them so close that their knees were almost touching.

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She was talking about her husband, the soldier who died in a far-off war zone. Tears rolled down her face as she mentioned two children left fatherless. His eyes welled up, too. He hugged her, held her face, kissed her cheek. "I am so sorry for your loss," he kept repeating.

She told him she considers him responsible for her husband's death and begged him to bring home the troops. "It's time to put our pride behind us and stop the bleeding, for all of us," she recalled saying. The president demurred, unwilling to debate a mourning woman. "We see things differently," he said.

But Hildi Halley, a self-described liberal antiwar activist who met with President Bush in Maine last month, said she believes he felt her grief. "It wasn't just a crocodile tear," she said in an interview at her home. "I felt like I moved him. I don't think he's going to wake up tomorrow and say, 'Oh my gosh, I've been wrong this whole time and I'm going to change all my policies because of my meeting with this woman.' I just hope that with each soldier, he remembers my pain."

He has a lot of pain to remember. Now more than five years after the attacks of Sept. 11, 2001, Bush has served as a wartime president longer than any occupant of the White House since Lyndon B. Johnson. He has presided over more U.S. military casualties than any since Richard M. Nixon. While he travels the country defending his policy and arguing to stay the course in Iraq, he also confronts the human burdens of wartime leadership.

The two sides of Bush as commander in chief can be hard to reconcile. His public persona gives little sense that he dwells on the costs of war. He does not seem to agonize as Johnson did, or even as his father, George H.W. Bush, did before the Persian Gulf War. While he pays tribute to those who have fallen, the president strives to show resolve and avoid displays that might be seen as weak or doubting. His refusal to attend military funerals, while taking long Texas vacations and extended bicycle rides, strikes some critics as callous indifference.

Yet the private Bush comes across differently in the accounts of aides, friends, relatives and military family members who have met with him, including some who do not support him, such as Halley. The first question Bush usually asks national security briefers in the Oval Office each morning is about overnight casualties, aides say, and those who show up for the next round of meetings often find him still stewing about bad news from Iraq.

Bush seems to separate these aspects of war in his mind, advisers say. He expresses no regret even in private for his decision to invade Iraq, they say, while taking seriously the continuing consequences of doing so. "Removing Saddam, he never revisits that in his mind or his heart," said one adviser, who like others spoke on the condition of anonymity because Bush does not want them to discuss his feelings. "Sending troops into harm's way, that's something that weighs on him."

If he does not show that publicly, it's in keeping with a White House practice of not drawing attention to the mounting costs of the wars in Afghanistan and Iraq, which have killed more than 3,000 U.S. troops and tens of thousands of civilians. Advisers worry that sending the wrong signal would further sap public will and embolden the enemy and Bush's critics. Aides say that Bush does not attend military funerals because the presidential entourage would disrupt solemn events and that, out of respect, the media have been banned from photographing coffins arriving at Dover Air Force Base. But they also know it would draw unwelcome attention to the price of the president's policies.

Bush is less reticent about public displays of grief for victims of Sept. 11. During the recent events marking the fifth anniversary of the attacks, he teared up several times and at one point had to concentrate just to finish a speech. "Your heart breaks for somebody who suffered," he later told Charles Gibson of ABC News. "Tears can get contagious as far as I'm concerned."

For those who have suffered losses in the wars he initiated, Bush prefers to offer comfort in private. He writes letters to families of those killed, visits soldiers at military hospitals and meets with relatives of the dead. Altogether, according to the White House, Bush has met with 1,149 relatives of 336 dead service members. These sessions generate little attention because the White House bars journalists, but some relatives have described them.

"It's absolutely painful for him," said Beth Karlson, 63, a retired school food-service manager whose son died in Iraq and who met with Bush in Wisconsin last month. The president hugged her and held her hand. "He's a genuine person. He wants to reach out to the families and let them know how he feels."

Not everyone agrees. Cindy Sheehan, who would later launch antiwar protests near Bush's Texas ranch, met with him in 2004 and left alienated. She said he came across as overly casual and immune to her pain, referring to her as "Mom," yet

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uninterested in stories about her dead son, Casey, and calling him "your loved one" instead of by name. When she later sought another meeting, Bush refused.

Said Missy Beattie, a fellow member of Gold Star Families for Peace whose nephew died in Iraq: "He only meets with people who support him. I don't know what I'd say to him. I almost feel like he's not worthy of time and thought because I don't think he cares. I don't think he has any human qualities. I don't think he would listen to me or anyone who's lost someone and feel any empathy."

Many presidents confront the burden of ordering troops into danger. Johnson was tormented by the Vietnam War, padding down to his war room in slippers and robe at night to check on casualty numbers. Taped telephone calls, published by historian Michael Beschloss, reveal the depth of anguish. "I want to be called every time somebody dies," Johnson declared. He took to bed, depressed. Aides consulted psychiatrists. "He suffered," biographer Robert Dallek said. "It certainly took a toll on him. You could see it in his face at the end of his term. He was so old and careworn."

George H.W. Bush wrote an angst-ridden letter to his children before the Gulf War: "I guess what I want you to know as a father is this: Every Human life is precious. When the question is asked 'How many lives are you willing to sacrifice' -- it tears at my heart. The answer, of course, is none -- none at all." He did not sleep well before the bombing began and prayed that an Iraqi child shown on television would not be hit. "There's no way to describe the pressure," he said in a diary entry, later published in a volume of personal correspondence. "I've been plagued with the image of body bags."

Warren Finch, director of the George Bush Presidential Library and Museum, said the former president's service as a pilot shot down over the Pacific shaped his outlook. "The fact that he had served in World War II and lost two crewmen meant he experienced it firsthand. That weighed heavily on him."

His son never served in combat and gives no public indication that he anguishes like his father. White House spokesman Tony Snow said the president, like his predecessors, "lies awake nights asking himself the question: How can I get this done and get our people home?" But Bush controls his feelings around associates. "He keeps a lot of that very, very locked up inside himself," said a longtime friend. "I don't raise it with him. I just don't feel comfortable doing that."

Bush is more open with confidants about his aggravation over events in Iraq. "He's unbelievably candid in person," said another person close to the president. "Of course it frustrates him. You can't not be frustrated by four car bombs a day and that sort of thing. But I think he's confident it's going to work out. I think he also thinks there's not much of an alternative." Does the president confide much in his father? "Nobody knows," the person said. "It's a steel wall."

Bush deals with stress through vigorous exercise, working out six days a week. When he goes for long bicycle rides, he often invites others to join him, but he asks them not to ride in front of him so he can have the illusion of solitude. "Riding helps clear my head, helps me deal with the stresses of the job," he told reporters last month after an 80-minute ride.

To those angry over the war, that can seem cavalier. "It's important for me to be thoughtful and sensitive to those who have got something to say," Bush said last year when Sheehan began her protest. "But it's also important for me to go on with my life, to keep a balanced life. . . . I'm mindful of what goes on around me. On the other hand, I'm also mindful that I've got a life to live and will do so."

Aides see the impact on Bush after meetings with "families of the fallen," as the White House calls them. Bush typically meets each family separately, joined by one aide, often Deputy Chief of Staff Joseph W. Hagin. He offers commemorative coins, poses for photos or signs autographs. "I do the best I can to cry with them or, you know, laugh with them if they wanna laugh, and hug them," Bush recently told Katie Couric of CBS News.

Karlson, whose son, Staff Sgt. Warren Hansen, died in a helicopter crash in Iraq in 2003, asked Bush for help in obtaining an investigative report. "I just felt I was being stonewalled, I wasn't getting anyplace," she recalled. "He said it will be taken care of. And it was. The next Wednesday, the report was hand-delivered." In the end, the report confirmed what she had been told about her son's death. "It has brought some peace," she said.

After such meetings, aides said, Bush often seems drained. During a trip to Fort Bragg, N.C., last year, he spent three hours with dozens of relatives of troops who were killed. One of them, Crystal Owen, asked him to wear a metal bracelet in honor of her dead husband. He put it on, then went to deliver a nationally televised address. With the widows still on his mind, Bush seemed flat as he began to speak, aides said, and at one point his eyes became watery.

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Halley, 41, lost her husband, National Guard Capt. Patrick Damon, also 41, in June in Afghanistan to what officially was ruled a heart attack. When Sen. Olympia J. Snowe (R-Maine) called to offer condolences and asked if she could do anything, Halley requested a telephone call from the president. Instead, when he came to Maine to visit his parents in Kennebunkport, the White House invited her to meet him at a school.

When Bush walked in, Halley told him about Patrick, how they had met at American University, moved to Maine and had a family. "After I spoke about my husband for quite some time, I said, 'And now he's dead. For what? Why? I've lost my soul mate.' " She asked her children, Mikayla, 14, and Jan-Christian, 12, to leave the room, then wept as she told Bush how hard life had become for them. "He started crying. I said, 'These two children do not like you and they have good reason for that. And I hold you responsible for the death of my husband.' "

Bush seemed surprised that she opposes even the war in Afghanistan and cited the Taliban. "And I said, 'Who put them in power?' And he got a little defensive and said, 'I'm really not here to discuss public policy with you.' And I said, 'That's probably wise, and I'm not here to talk about public policy, either.' "

Bush said he hoped their meeting helped her healing. "You know what would help my healing?" she recalled responding. "If you change your policies in the Mideast." Bush smiled, she said, but did not reply.

Halley said the meeting did not change either of their minds. She would still vote against him. But she said she appreciated that he opened himself up to her. "I don't think he's a heartless man," she said. "I think he's pulled in a lot of different directions by very intelligent people. . . . I don't think it's going to change his policies, but I hope it does make him think about it. I hope I'm in his dreams."

Army Considers More Combat Units For Iraq (WT)

By Rowan Scarborough

The Washington Times, September 25, 2006

The Army is studying whether to add more combat units to the rotation plan for Iraq and is considering accelerating the deployments for some brigades to meet a top commander's decision to keep more than 140,000 troops in the country through at least the spring of 2007, Pentagon officials say.

Rather than planning for a big drawdown of 30,000 Army soldiers and Marines this year to a level of 100,000, as field commanders had expected, the two services are now trying to figure out how to keep the equivalent of two extra divisions, or 40,000 troops, in Iraq.

Army Gen. John Abizaid, the top commander in the region, said last week he needed to maintain the higher-than-expected level because of increased sectarian violence in greater Baghdad between warring Sunni and Shi'ite Muslims.

The Army has met Gen. Abizaid's immediate need for more forces by delaying the departure of a Stryker armored vehicle brigade to Alaska and by calling in a fast-reaction brigade combat team from Kuwait. But a longer-term solution may require the Army to look at adding more units to the rotation mix.

"It may accelerate the pace of deployments, or it may mean looking at calling up additional units," said a Pentagon official who asked not to be named.

That option may become reality in November, when the Pentagon is expected to identify units that will go to Iraq next year. Currently, Army units deploy for about a year, then spend one year at their home base before going back to Iraq or Afghanistan. The Marine Corps, which patrols restive Anbar Province west of Baghdad, rotates two expeditionary forces every seven months.

The Army is facing more demand for troops at a time when military analysts say it is nearly stressed to the breaking point.

Non-deployed combat brigades are experiencing low readiness ratings due mostly to a lack of usable weapons and equipment. The wear and tear in Iraq is ruining M1A1 tanks, Bradley fighting vehicles, Humvee vehicles and other equipment at such a fast pace that the Army has neither the money nor the industrial base to replace them. A unit's functioning weapons systems are left in Iraq for use by replacement soldiers, leaving the stateside brigade well below the highest combat rating, according to Army officials and retired officers.

Gen. Peter Schoomaker, Army chief of staff, this summer asked Congress for nearly $50 billion over three years to replace broken equipment in a process known as "resetting" the force.

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"We have inadequate Army and Marine Corps combat power to sustain this level of deployment," said retired Army Gen. Barry R. McCaffrey, a highly decorated Vietnam combatant who led the 24th Infantry Division in Desert Storm.

Gen. McCaffrey, who has traveled to Iraq in his role as a West Point professor, said the Army needs an immediate infusion of 80,000 new soldiers added to the active force of about 500,000.

"Not since World War II have we asked the Army and Marine Corps to operate at such a high intensity of deployments with such an under-resourced force," Gen. McCaffrey said.

Defense Secretary Donald H. Rumsfeld has rejected calls from Gen. McCaffrey and other retired generals to increase what is referred to as the authorized end strength approved by Congress each year. Instead, he opted for authorizing the Army a temporary increase of 482,000 to 512,000 active-duty soldiers.

Paul Boyce, an Army spokesman at the Pentagon, said, "The Army has been planning rotation of forces through the year 2007 and is fully prepared to maintain the commitment to press the fight against the enemy while also giving the soldiers as much predictability on future missions as possible. We will meet any need the American public asks."

Gen. McCaffrey said he considers the ongoing battle for Baghdad a "tipping point" which would decide the war's outcome. He applauded Gen. Abizaid for upping the force level.

"It clarified the situation," he said. "Abizaid wants to win. Ambassador [Zalmay] Khalilzad wants to win. What they are saying is [Prime Minister Nouri al-Maliki's] government is in a fragile state ... I think what they are saying is we can't allow this to come apart on us."

'Iraq Is Not In Chaos' (WP)

The Washington Post, September 25, 2006

Last Wednesday, Newsweek-Washington Post's Lally Weymouth interviewed Iraqi President Jalal Talabani in New York. Excerpts:

Q. What happened in your meeting with President Bush?

A. We told him our progress in trade, the economy, training the army . . . and we asked him to provide the Iraqi army with the necessary arms for improving the capacity of the army. We also thanked him for his continuous support of Iraq. Don't forget, we were living under the worst kind of dictatorship.

What did the president say to you?

That he will continue to support the Iraqi people and will remain there until we ask him to leave.

Reportedly the U.S. government is losing faith in Prime Minister [Nouri al-]Maliki.

President Bush assured us that he will support the Maliki government. We assured him that all Iraqi political parties support Maliki. He has done many important things for Iraq. He has ordered all of the militias to stop their activities.

But they haven't stopped.

They are not operating as before.

When should the U.S. troops leave?

In seven provinces, the American army has withdrawn. The Iraqi army is replacing American forces in many cities. We hope that at the end of this year we will be able to control 12 provinces. We will remain in need of the American and coalition forces until we've trained our army and will be able to face terrorism and defeat it.

How long will that be?

I think within two years we will be able to train our army and have the capacity to face terrorism. . . . The presence of American forces -- even a symbolic one -- will frighten those who are trying to interfere in our affairs.

Are you talking about Iran?

Our prime minister just came back from Iran. He got good promises from Iran on security -- promises that they will never permit any kind of interference in the internal affairs of Iraq.

Do you believe that?

Our prime minister tells me he got real and serious promises. Let us see.

What do you think of the popular theory that Iraq should split into three parts?

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I don't think so. Iraq will not break up into three parts. Iraq will remain united -- we will have a united, federal Iraq. Kurds are struggling for the unity of Iraq -- Sunnis and Shiites, the same. There are differences among the Shiites and Sunnis which must be resolved, but not about the partition of Iraq.

So, while many here in the U.S. believe the war is a mess, you believe the opposite.

Iraq is not in chaos. There are many provinces that are calm -- where people live in prosperity. . . . I want to assure the American people that Iraqis are now enjoying democracy and human rights and are struggling to secure the country.

Would you welcome U.S. bases in Kurdistan?

Yes, they are welcome. Kurdistan wants the Americans to stay. In some places Sunnis want the Americans to stay -- Sunnis think the main danger is coming from Iran now. There is a change in the mind of the Sunnis. The Sunnis are for having good relations with America. The [Shiites] have started to think that.

Will the U.S. put bases in Kurdistan?

I think we will be in need of American forces for a long time -- even two military bases to prevent foreign interference. I don't ask to have 100,000 American soldiers -- 10,000 soldiers and two air bases would be enough. This will be [in] the interest of the Iraqi people and of peace in the Middle East.

U.S. Soldiers See Inept Output By Iraqi Troops (WT/AP)

By Antonio Castaneda

The Washington Times, September 25, 2006

BAGHDAD -- The plan was simple: Iraqi troops would block escape routes while U.S. soldiers searched for weapons house by house. But the Iraqi troops didn't show up on time.

When they finally did appear, the Iraqis ignored U.S. orders and let dozens of cars -- including an ambulance full of armed militiamen -- pass through checkpoints in eastern Baghdad, American soldiers said in recent interviews.

It wasn't an isolated incident, they added.

U.S. commanders have hailed the performance of Iraqi troops in the crackdown on militias and insurgents in Baghdad. But some U.S. soldiers say the Iraqis serving alongside them are among the worst they've ever seen -- seeming more loyal to militias than the government.

Last week, for example, Sgt. 1st Class Eric Sheehan discovered that barriers and concertina wire that were supposed to bolster defensive positions had been dragged away -- again -- under the noses of nearby Iraqi soldiers.

I "suggest we fire these IAs and get them out of the way," Sgt. Sheehan, of Jennerstown, Pa., reported to senior officers, referring to Iraqi army troops.

"There's nothing we can do," came the reply.

U.S. soldiers from the 4th Squadron, 14th Cavalry Regiment eventually blocked the road again while Iraqi troops watched from a distance.

Some Americans speculated that the missing barriers were dragged off to strengthen militia defenses in nearby Sadr City, a sprawling Shi'ite neighborhood that is a stronghold of anti-U.S. cleric Muqtada al-Sadr.

"They've been doing this all week. They're working against us," said Sgt. Sheehan, who woke up the senior Iraqi officer at the checkpoint to complain -- futilely.

During another mission, Iraqi soldiers were suspected of looting the house of a wealthy resident, U.S. troops said.

Some Americans said they had seen much better Iraqi troops in the northern cities of Mosul and Tal-Afar, which have more Kurdish soldiers. They have been disappointed by the performance of units committed to the Baghdad fight.

U.S. officers think the problem has political and sectarian roots: Many of the Iraqi soldiers in the capital are Shi'ites recruited from the Baghdad area.

As the security crackdown focuses on Shi'ite neighborhoods, Iraqi troops come in contact with fellow Shi'ites from some of the 23 known militias. That puts great stress on the soldiers, who grew up in a society where respect for religion runs far deeper than for government institutions.

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"From my perspective, you can't make a distinction between Iraq army Shi'ites and the religious militias. You have a lot of soldiers and family members swayed and persuaded by the religious leadership," said Lt. Col. Greg Watt, who advises one of two Iraqi divisions in the city.

He then pointed to the nearby guards, under an Iraqi army division commander.

"There's no doubt in my mind that he has soldiers who are followers of religious leaders," Col. Watt said. "Are they loyal to the division commander? Yes. But they may be loyal to both."

Col. Watt expressed confidence the Iraqi army could win if it came to a pitched battle with militias.

"But what the Iraqi army can't do is protect soldiers when they go home, or protect their families," he added. "It's very, very difficult. That's why a solution has to be a political one and not a military one."

One immediate solution would be to bring in more units from outside Baghdad. Although many of those units are largely Shi'ite, too, the soldiers would be less likely to have family living under militia control.

But many Iraqi troops refuse to serve away from home. The commander of U.S. forces in Baghdad, Maj. Gen. James Thurman, said his requests for 3,000 more Iraqi soldiers have been refused because the troops won't leave their home areas.

That attitude frustrates American soldiers.

"They have to step up, make sacrifices. We've made thousands of sacrifices for our own country's freedom," said Staff Sgt. Jeremy Chinnis, 30, of Richmond. "I think they think the Iraqi people don't support them."

Dangerous Neighborhood (NSWK)

By Lally Weymouth

Newsweek, September 25, 2006

Iran and Iraq go side by side, not only on maps but among America's most urgent challenges. As the U.N. General Assembly convened last week in New York, the two presidents talked separately to NEWSWEEK's Lally Weymouth. While Iraq's president is optimistic about his country's future, Iran's president remains intransigent in his refusal to halt nuclear-related activities as demanded by the United States as a precondition for talks. Excerpts:

IRANIAN PRESIDENT MAHMOUD AHMADINEJAD

WEYMOUTH: Will you stop enrichment and reprocessing activities?

AHMADINEJAD: Why should we agree to that? There is no such provision in the NPT [Nuclear Non-Proliferation Treaty].

Didn't you put that in question when you violated the NPT for more than 10 years? Do you recognize those violations?

It is the right of all member states of the NPT to have the technology for fuel reprocessing.

But don't responsibilities go with rights?

The problem is some believe that they sit above the law. They produce bombs and use them too. That is where the problem lies.

Do you think it would be in Iran's interest to move toward a normal relationship with the United States?

We are interested in having talks with everyone ... but the U.S. administration—that is, a section of the U.S. administration—does not create the right circumstances. They believe that they own the entire world, so they speak from that position, looking down at us. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. [A country] that has actually produced and used nuclear bombs cannot claim that they now want to stop proliferation.

Are you really serious when you say that Israel should be wiped off the face of the earth?

We need to look at the scene in the Middle East—60 years of war, 60 years of displacement, 60 years of conflict, not even a day of peace. We need to address and resolve the root problem.

Your suggestion is to wipe Israel off the face of the earth?

Our suggestion is very clear ... Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted ... The people with no roots there are now ruling the land.

You've been quoted as saying Israel should be wiped off the face of the earth. Is that your belief?

What I have said has made my position clear. If we look at a map of the Middle East from 70 years ago ...

So the answer is yes?

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Is this a test? Do you respect the right to self-determination for the Palestinian nation? Yes or no?

If the Palestinian people opted for a two-state solution, would you support that decision?

Israel currently occupies Palestine. Where did they come from? They should return.

You've made statements about the Holocaust, saying it was exaggerated. Is that your opinion?

It's not the numbers that are important ... We know this was a historical event that happened. But why is it that people who question it are persecuted and attacked?

There is a crisis of violence in Iraq. Iraqi Prime Minister Nuri al-Maliki recently asked for your help. Will you help him?

We've supported the Iraqi government from the start. We will support the political process in Iraq.

Everyone in the region says the result of the U.S. invasion of Iraq is that Iran is more powerful than ever.

Do you think there is a problem with Iran being a powerful country? A powerful Iran will benefit the region, because Iran is a country with a deep culture and has always been a peaceful country.

Are you going to continue backing terror groups—Hamas, Palestinian Islamic Jihad?

Why do you call them terrorists? If someone occupied the United States and the American people rose to defend their home, would you call the American people terrorists?

I would say they were terrorists if they started killing civilians.

The Palestinian people have the right to live. Gaza is being bombarded. Homes are being destroyed.

What do you want the United States to do?

I sent a very detailed and caring letter [to President Bush]. I truly mean it when I say that I hope Mr. Bush will change his behavior and attitude. It doesn't make us happy that sentiments against him rise on a daily basis around the world.

How can you come to this country and tell our president to change his behavior?

We're just defending our honor.

IRAQI PRESIDENT JALAL TALABANI

WEYMOUTH: Americans are discouraged about Iraq. What is your assessment?

TALABANI: The media focuses only on the negative side of Iraq. We have problems with security, but we have big achievements and victories. People are enjoying a new kind of democracy: they are enjoying freedom of expression, of organization, and of having their own television and radio. We have liberated the economy from the control of the state. Now the private sector is active everywhere. We have 18 provinces, and at least 12 of these are quiet and calm. All over Iraq, schools are open.

Two leading U.S. generals testified recently that there is a civil war going on in Iraq.

This is not civil war. This is terrorist activity concentrated on Iraq by Al Qaeda and other extremists.

Aren't you worried aboutthe violence?

Of course we are worried. But this is one side ...

What about the Sunni militias?

Before the last election for Parliament, Sunnis refused to sit down with Shiites. I was mediating. Afterwards, they were convinced to participate in Parliament. They agreed to have a national unity government, and Sunnis, Shiites and Kurds have agreed to form a council for national security. Now Sunnis and Shiites are governing together. Though differences remain, this is a way of reconciliation.

Reportedly the U.S. government is losing faith in Prime Minister Nuri al-Maliki.

President Bush assured us that he will support the Maliki government. We assured him that all Iraqi political parties support Maliki. He has done many important things for Iraq. He has ordered all of the militias to stop their activities.

But they haven't stopped.

They are not operating as before.

When should the U.S. troops leave?

I think within two years we will be able to train our Army and have the capacity to face terrorism. When we ask our allies to leave Iraq it will depend on being able to keep Iraq's sovereignty and independence free of danger from the outside. The presence of American forces—even a symbolic one—will frighten those who are trying to interfere in our affairs.

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Are you talking about Iran?

Our prime minister just came back from Iran. He got good promises from Iran on security—promises that they will never permit any kind of interference in the internal affairs of Iraq.

Do you believe that?

Let us see.

Turkish troops are massed at Iraq's border.

Yes, but they are not coming in. We convinced the PKK [a radical Kurdish separatist group based in Iraq] to stop fighting, and within days it will officially announce a ceasefire. This will help Iraq open a new chapter in relations with Turkey. We are urging the Turkish Kurds to be moderate, to wage their struggle through democratic means.

What do you think of the American idea of transforming Middle Eastern countries into democracies?

I support this idea. I believe democracy is the panacea for all problems in the Middle East.

So while many Americans believe the war in Iraq is a mess, you believe the opposite.

Iraq is not in chaos. There are many provinces that are calm—where people live in prosperity. We are grateful to your people, to your Army, to your president. You liberated us from a dictatorship.

So this fight is not in vain?

What I want from the American media is to send people to Iraq to see different parts of the country, not just Fallujah and Baghdad. Some places are in trouble, including Baghdad, but we are improving this.

Would you welcome U.S. bases in Kurdistan?

Yes. I think we will be in need of American forces for a long time to prevent foreign interference. Ten thousand soldiers and two air bases would be enough. This will be in the interest of the Iraqi people and of peace in the Middle East.

My Right Hand (TIME)

By Michael Weisskopf

Time, September 25, 2006

In his book Blood Brothers, TIME senior correspondent Michael Weisskopf weaves his own tale of losing a hand in Iraq with the stories of three soldiers who also spent time at Amputee Alley, Ward 57 of Walter Reed Army Medical Center in Washington. In this excerpt, the action begins on Dec. 10, 2003, as Weisskopf, 57 at the time, is on assignment in Baghdad, riding in the back of an open humvee along with TIME photographer James Nachtwey and two young soldiers, Private Orion Jenks and Private First Class Jim Beverly.

The army convoy rattled through Al-Adhamiya like a carnival roller coaster, each turn as blind as the next. Not that the soldiers could see much anyway. Night had fallen on the old Baghdad quarter, a byzantine maze lit only by kerosene lamps flickering from rugged stone houses. We moved warily in the darkness, patrolling for insurgents in blind alleys custom-made for ambushes and narrow passages perfect for concealing roadside bombs. It was anyone's bet who faced a more dire risk, the hunted in terrorist cells or the hunters in humvees, along with whom I was riding under a half-moon. I was in Iraq to profile the American soldier as "Person of the Year" for TIME magazine. It was a dream assignment, a chance to escape Washington and work in exotic environs on a big story.

We emerged into Al-Adhamiya's main marketplace, a large treeless square that was host to what looked like a block party in full swing. Old men, rocking back and forth on tiny stools, shuffled dominoes. Boys volleyed soccer balls. Women veiled in black fed their children from stalls of roasted chickens and shashlik. No one seemed to notice the foreign invaders passing by.

At first I thought it was a rock, the specialty of street urchins--a harmless shot against an armored humvee. I gazed down and spotted an object on the wooden bench 2 ft. away. The dark oval was as shiny and smooth as a tortoiseshell, roughly 6 in. long and 4 in. wide. None of my fellow passengers seemed to notice. I confronted the intruder alone, a journalist caught in a military moment. Something told me there was no time to consult the soldiers.

I rose halfway, leaned to the right, and cupped the object. I might as well have plucked volcanic lava from a crater. I could feel the flesh of my palm liquefying. Pain bolted up my arm like an electric current. In one fluid motion, I raised my right arm and started to throw the mass over the side of the vehicle, a short backhand toss. Then everything went dark.

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The humvee bed was cold and hard, an inhospitable place to awaken. I struggled to sit up and fell back. My right leg burned from knee to hip. Blood was oozing from it; my right arm felt heavy and numb. Was I having a nightmare? The hollow, faraway sound of voices was dreamlike. I shook my right arm, trying to wake it up. Still no response. I elevated it to see why.

My wrist looked like the neck of a decapitated chicken. The wound was jagged, the blood glistening in the light. My mouth was dry, my brow soaked in sweat; my heart beat quickly and weakly, little dings in my chest.

All sound and sight dimmed, as my thoughts turned inward. This is not how I pictured my life ending: futilely and unglamorously, on the frigid floor of a truck, thousands of miles away from anyone I loved.

After medic Billie Grimes stopped the bleeding with an elastic cord, I was rushed in the humvee to a nearby brigade clinic and then medevacked to a U.S. Army hospital elsewhere in Baghdad for surgery to clean what was left of my arm and the shrapnel wounds in my right thigh. There, I learned that everyone else in the back of the humvee had survived, though Jenks had serious leg wounds, Beverly had knee and hand injuries and Nachtwey had taken shrapnel in his knees and abdomen. The next morning, a middle-aged nurse with blond highlights approached my bed.

"You're a hero," she said. "You lost a hand and saved lives."

Hero? I was feeling anything but valiant. Mangled. Pitiful. Disoriented. Scared. I was anxious about my ability to work again with one hand and to parent my children, who lived with me half-time in Washington. My son Skyler was 11 years old, the same age I had been when my father, a workaholic community newspaper publisher, dropped dead of a heart attack. Olivia was 8, roughly as old as my sister had been. I couldn't bear to think I might let such wrenching family history repeat itself.

Mostly, however, I was angry at myself for getting in the wrong humvee, releasing the grenade too slowly, even grabbing it in the first place. Nothing would have happened if I hadn't picked it up. Why had I been acting like a cowboy? Why hadn't I just left the damn thing alone?

"It was an impulsive act," I told the nurse. "If I hadn't picked it up, I'd still have a hand."

"You probably wouldn't have had a life," she retorted. "You and everyone else in the vehicle would have died. It wasn't an impulse; it was an instinct to survive."

TIME colleagues pushed for my transfer from Baghdad to the U.S. military hospital in Landstuhl, Germany. They then joined my friends and sister Leslie Flesch in lobbying to get acting Secretary of the Army Les Brownlee to admit me to Walter Reed Army Medical Center in Washington, making me the first reporter wounded in combat known to have received such treatment at the premier hospital reserved for soldiers.

Among the pros on the amputees' Ward 57 at Walter Reed, no one seemed fazed by my injury. But just the word amputation made me shudder. It conjured up a disjointed series of images: a childhood friend who had lost his leg in an auto accident; World War II veterans wheeled into ballparks for holiday games, their empty trousers or shirtsleeves pinned up. I had avoided mirrors all week. Now I feared seeing the startling reality in the faces of my family and friends who would be visiting on my first day in the hospital.

My fears turned out to be groundless. The one emotion everyone showed was happiness to see me alive, maimed or not. But two exchanges stood out. My sister surprised me with a gift: a 1900 silver dollar our gambler father had won in Las Vegas and given to her in 1956 when she was 8 years old.

I held my father's winnings and thought of the larger bet he lost. He deferred a family life to business success, and died before he had either. I had almost repeated the mistake. The realization put my father's death in a new light. I understood for the first time why he exited before getting to know me: he had gambled on a future that never materialized. It was a mistake I could begin to forgive.

I had gambled on a job assignment and had my own damage-control problems. Skyler had reacted angrily when he first heard of my injury. "He lied to me, he lied to me," Skyler shouted, referring to my parting words when I left for Iraq. "He promised me he wouldn't get hurt." According to my estranged wife Judith Katz, Skyler had moped and cried every day until I came home.

He was the first one through the door when visiting hours began. He and Olivia bounded onto my bed, showering me with hugs and get-well posters. Dressed in camouflage pants, Skyler before long had grabbed a roll of gauze and wound it around his right hand. He was identifying with my loss, a gesture I saw as a sign of forgiveness. I had shaken his sense of safety, the security

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blanket only a father can provide. Skyler's act of generosity capped a day of pardons across three generations of Weisskopf males.

Five days after I arrived Ward 57, surgeons removed another 3.3 in. of my forearm. They needed an inch of bone to free up enough loose skin to cover my wound; I had agreed to lose another 2 in. to make room for an electronic component in my future prosthesis so that my artificial hand would have the capacity to rotate rather than just open and close.

Myoelectric is the non-sci-fi name for bionic. A myoelectric hand works off tiny electrical signals released when muscles are contracted. The signals are picked up by electrodes that line the inside of a prosthesis and cover the muscles of a stump. Electrodes send the signal to a computer chip that instructs an electronic hand to open, close or rotate.

For long stumps like mine, forearm muscles located 3 in. below the elbow drove the process. Flexing the one on the outside of my forearm signaled a hand to open. Tensing the inner muscle would close it. My first lesson with an occupational therapist, Captain Kathleen Yancosek, focused on how to isolate those muscles. Using a tool called "Myo-boy," Captain Katie strapped electrodes onto each of my forearm muscles and plugged the other end of a cord into a laptop computer. The object was to generate a spike on the monitor by flexing the right muscle. I jerked, twitched and turned my stump. Nothing happened. I pumped again, hunting for the right spot, but the monitor stayed blank. When I grew frustrated, Katie had me close my eyes to map the muscle in my mind. I contracted. She let out a cheer: "You did it."

I opened my eyes and saw a tiny streak on the monitor. I squeezed, again, sending the spike higher. Unfortunately, as I kept practicing, the computer indicated that I was firing both muscles at the same time. I finally managed to distinguish one muscle from the other. But manipulating those tiny muscles was exhausting. My hospital gown was soaked in sweat.

Over the course of the next week, I spent at least an hour a day working on the Myo-boy, graduating to new levels of virtual reality. Finally, I simulated the mechanics of a virtual hand, including the wrist rotation I had paid for with two extra inches of my arm. It took an extra step, hitting both muscles at the same time.

Once the pain of surgery had subsided after Christmas, I began to suffer the bane of amputees: phantom limb pain. Sometimes I felt as if my fist was clamping tighter and tighter until my fingers were ready to explode. At other times, the Phantom could create the sensation of twisted fingers or a bent thumb.

Virtually everyone on Ward 57 had some phantom limb pain. Its cause remained as mysterious as it had been when a Civil War doctor coined the term to identify the complaints of soldiers whose injured limbs had been sawed off. Some experts believe the brain has a blueprint of body parts that persists even if they've been cut off. According to one theory, when the brain sends signals and receives no feedback, it bombards the missing limb with more signals. That aggravates the swollen nerves that once served it, inducing pain.

Doctors were as hard-pressed to treat phantom pain as they were to explain it. They resorted to trial and error, using remedies originally intended for other ailments that seemed to relieve nerve pain. I had a sampling on my nightstand: pills to combat seizures and depression, lozenges for bronchitis, allergy nasal spray, arthritis cream, medicated patches for shingles and an electro-stimulation device. It was hard to tell if any of them worked. The crushing, stabbing pain in my right hand flared and subsided--but never went away. Doctors said it might last a month, a year or a lifetime. Every amputee was different.

Phantom pain was a daily topic at OT--occupational therapy, the whittling porch for amputees. I made my first friends there. Most of my neighbors were half my age and from different backgrounds, small-town boys who had passed up college or blue-collar trades for a military life. I was urban, overeducated, untattooed and distrustful of uniforms and blind patriotism. But I soon discovered that I shared something with those soldiers larger than the differences in our biographies. We were men struggling for identity. The psychological scars of amputation ran deeper than those from conventional wounds of war. The blasts took away something deeply personal. None of us felt like the men who had gone to Iraq. We possessed the same minds; they just resided in different bodies.

The loss of my writing hand launched an assault on my self-image. If I couldn't be a reporter, then who was I? What would I do? The questions left me raw and wide open, no more so than my new friends who had honed their bodies for a completely different cause: war. The military represented the perfect synthesis of muscle and discovery, a place to play out feelings of invincibility. Now they confronted the world from a wheelchair or without an arm. Life looked different with no war to fight, orders to follow and comrades to love. The question was how to fill the void, and with what.

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The tone in OT could shift from laughter to grave silence in the moment it took a soldier to scream in pain or explode into anger. Captain Katie segregated the angriest amputees. Her morning sessions bristled with tension. Metallica and Motorhead blared from speakers. One specialist who had trouble picking up a peg with his above-the-elbow prosthesis flung the $115,000 device against a wall. "I ain't doing it anymore," he shouted. Another threw the metal pedal of his wheelchair into a costly exercise machine.

My own moods fluctuated between anger and joy, frustration and triumph. But a feeling of melancholy prevailed as I came face to face with the larger tragedy beyond my own: stolen youth. Specialist Hilario Bermanis, 21, had been built like a fullback when he left his home in Micronesia to join the Army. Now he was hunched in a wheelchair, a thick neck and broad shoulders the only reminder of his once muscular body. He had lost his left hand and both legs above the knee to a rocket-propelled grenade in Baghdad.

Specialist James Fair, 22, had the cruelest of all fates; not only had he lost his sight, he had no hands for Braille or a cane. Still recovering from a brain injury in late December, he was wheeled into OT for sensory perception tests. He rolled his head back and forth, unresponsive to the therapists.

Three weeks of hospital life had taken a toll. I was 20 lbs. lighter, stooped, and as pale as a death-row inmate. Lacking a hand and 3 in. of forearm, my right limb hung almost a foot shorter than my left, the length of a child's arm attached to an adult's body. In a light-green hospital gown, I wasn't groomed for the runway or my date of Jan. 2. My girlfriend, Rebekah Edminster, had flown in from California for a 10-day stint.

A professional singer who lived in the artists' colony of Ojai, Rebekah, with whom I'd been romantically involved for a year, had kept her distance from Washington to avoid potential rivalry over my care. My sister had come for the first few days, and Judith, to whom I had been married for a decade, had been a continuous presence.

Rebekah arrived and kissed me as if nothing had changed. After a couple of hours, however, I sensed a little tension. I knew what was coming: a Washington Post story covering the Iraq incident had identified Judith as my wife. We were legally separated, but I apparently had left Rebekah with the idea that I had been divorced. She felt misled, telling a friend, "The grenade didn't kill him, but I'm going to."

I broached the subject, setting off a debate on the definition of marriage. I became angry and defensive. The room got close. I insisted I had never intentionally deceived her and said I needed support now, not doubt. "Listen, are we not friends?" Rebekah asked, locking her eyes on mine. I nodded yes."Then we'll get through this," she said.

On Jan. 8, 2004, I was released from the hospital and returned to my Washington home. My kids resumed their half-time life with me. Victor Vorobyev, a Russian Ã©migrÃ© hired by TIME as my driver, chauffeured them to and from school. I overcame my nightmare of not being able to produce peanut butter sandwiches, with the help of technology from Captain Katie's OT kitchen. A sheet of sticky, rubbery material held the jar in place while I twisted off the top with my good hand and scooped.

Skyler and Olivia had no adult notions of loss or judgments about helping me. Not long ago I had tied their shoes. Now they were tying mine. I had patched up their cuts and scrapes; now they were changing my dressings. Their sweetness permeated the house. Before Iraq, I had thought of parenting as another job--a lot of work with little payoff. Now it was a love affair. Skyler and I picked up our running chess game. Olivia helped me cook dinners--"one-handed spaghetti" was our specialty.

A blizzard plowed into Washington one day in late January. We packed into Victor's car and went sledding. I stood at the bottom of the hill and watched. The sun sparkled on their snowsuits like tiny stars. They laughed and called out: "Watch this, Dad." "Did you see me, Daddy?" I waved and wept at these beautiful sounds, realizing how close I had come to never hearing them again.

Why did I risk it? I had scrutinized my motivation for picking up a grenade, but not the reason I had put myself in range of it. My rationale for going to Iraq as a career milestone no longer struck me as truthful. I already had scrapbooks full of big stories and enough money in the bank. I realized that something else had driven me, an old problem of self-worth: I was good because of what I did, not because of who I was. I had important roles as father, brother, lover and son. But without achieving in some material way, I felt empty and unseen. Journalism had provided a regular opportunity to reinvent myself. I had gone to Iraq for another fix.

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Like any junkie, I thought only of myself, taking on a dangerous mission as if others didn't deserve a say, as if the chance of success for me was more important than the certainty of fatherhood for my kids. I didn't weigh the risk to them until I lay bleeding in the bed of a humvee, too late to spare them the fright.

It had taken a major loss for me to understand what I meant to others. Relationships rescued me. They got me out of Baghdad, into Walter Reed and back home. I received that help not because of a grade I had earned, a story written, or lives saved; it was for being me. I resolved to return the love by being less self-absorbed. I promised my kids I would stay out of war zones. My brother-in-law, Michael Flesch, came for a three-day visit, the longest time we had spent alone together in years. We hung out at Walter Reed by day and frequented Washington haunts by night.

And then there was Rebekah. I had finally realized why the divorce flap was so upsetting. Relationships meant everything to her, and I had shortchanged her on candor. The open heart she had brought to Walter Reed deserved better. I apologized in a couple of long phone calls to California, promising full disclosure as the bedrock of our relationship from here on out.

The arrival of my myoelectric arm in the first week of February was more exciting than a new pair of shoes--but no more comfortable to wear. Just getting it on was painful: my stump was still incredibly tender. If my former right hand had floated lightly, the fake one moved like a dumbbell--fat, clunky and heavy. Its 2 1/2 lbs. were concentrated in the electronic hand--the place farthest from the half-forearm. I kept bumping it into things. I named it Ralph, after the clumsiest kid in my grade school.

Ralph didn't work any better than he looked. The thumb and first two fingers opened and closed like a claw, the grossest of motor skills. The third finger and pinkie, which are employed by natural hands to carry things, were frozen. Ralph's wrist didn't bend. Despite weeks of training on a computer, I had difficulty with the basic functions: my stronger outer forearm muscle kept flexing and involuntarily opening the hand--even when I was trying to close it. I had no more success with the mechanism to rotate the wrist. The simultaneous contraction of both muscles was unnatural and hard to remember in real time. When I did it right, I couldn't keep the hand from spinning 360Ëš, an annoying loss of control--and embarrassing in public.

My disillusionment with Ralph grew. By the fifth day I was so frustrated I was ready to quit, thinking I'd be better off with one hand. On Feb. 11, I was invited to meet with my rehab team of eight people. Lieut. Colonel Paul Pasquina, medical director of the Army's amputee-care program, cited a few options to the myoelectric arm, including a body-powered prosthesis. They were lighter, unencumbered at the elbow, and ended in a hook. Pasquina said I might adopt a hook as a trademark that people would come to respect for its straightforward honesty.

I bristled. I wanted a prosthesis to disguise my deformity, not spotlight it. "The circles I travel in wouldn't be amused," I told Pasquina dismissively. I still was banking on an easy-fitting, lifelike substitute.

Dec. 10 marked the passing of a year since my injury. I knew I'd never regain what I had lost in penmanship, tennis, home repair, lovemaking, freedom from pain and dexterity. Even putting on a tie remained a challenge, one fraught with danger. Rushing to a TV appearance a few weeks earlier, I tried to knot one in the backseat of a taxi. I gripped the short end with my prosthetic hand, which began to spin uncontrollably, almost strangling me before I managed to extricate myself.

Despite occasional disasters, however, I was adjusting to a fake arm--thanks to certain modifications by prosthetist John Miguelez's team. Ralph had bit the dust, replaced by a more tapered, slightly lighter shell made of carbon fiber and acrylic resin. The modifications improved my range of motion and wardrobe--I could now button a dress shirt. But I was hardly wearing a second skin. The rigid shell chafed my forearm and got so hot in the summer that sweat dripped out of a small hole used to put it on.

Before Iraq, the technology of arm prostheses hadn't changed much since World War II. The tiny population of amputees created little market incentive. Miguelez used the burst in demand from Walter Reed to lean on manufacturers for progress. Before long, he was outfitting Iraq war amputees with an electronic hand that opened and closed 2 1/2 times faster and could be programmed to function at different speeds and grip strength.

The cosmetic arts also had improved. I received a silicone hand that was so lifelike it passed for real in social settings. But Pretty Boy, as I called it, kept tearing and afforded the precision of a boxing glove. It was too spongy to grasp anything small and too slippery to hold most objects for long.

Function was only part of the problem. The idea of trying to pass had begun to trouble me. It made me feel as if I had something to hide or be ashamed of. When I started to go bald, I shaved my head. No comb-overs, transplants or toupees for me.

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So why try to conceal a handicap? I was now proud of how I had lost my hand. The stump had a story to tell, regardless of my motivations for grabbing a grenade. Why not draw attention to it?

No one could miss my disability now. I put on a hook for Thanksgiving dinner and never took it off. It twisted into the end of my myoelectric prosthesis and turned 360Ëš like an electronic hand. Only it worked better. Two silver talons opened like forceps, locked on to items and could pick a dime off the floor. Occasionally I screwed on a plastic, clawlike device known by the German word for grabber--Greifer--to move heavy objects, and I contemplated the long list of attachments--garden tools, spatulas, hammers and pool-shooting bridges--that were available by special order. I usually sported the hook, however, even if it aroused more fear than friendship among people I passed on the street. Some kids cowered. Friends accepted it and greeted me with a high-two. Rebekah, who had agreed to marry me several months earlier, thought my choice impudent but sexy and advised me on clothing to complement it--black was obviously best.

Half a year after I dismissed the suggestion from a Walter Reed doctor, the hook had become my trademark. It was brash, straightforward and pragmatic, virtues I cherished. I had left a lot of me behind in the Baghdad grenade attack. By its first anniversary, I was starting to reclaim it.

On July 3, Rebekah and I flew to Rancho Mirage, Calif., to celebrate my stepfather's 90th birthday. My mother hosted a party in the main ballroom of a swank hotel, the Lodge, for more than 60 family members and friends. Inevitably, when the subject of my accident came up and led to admiring comments, I felt a familiar twinge of guilt and embarrassment. I still couldn't embrace the notion of my so-called heroism.

Lying awake that night, I was reminded of a conversation I'd had with Hal Wain, a psychologist at Walter Reed. I had sought him out a few months earlier to discuss why I had grabbed the grenade. Wain said I had one overriding objective: self-preservation. "That's what all heroes are made of," he said. "I have learned from guys coming back that the instinct to survive, the instinct to take care of oneself or others, is incredibly potent. I really don't care if you did it for your needs or for others; you did it. The end result would have been the same--you saved people's lives."

Wain defined heroism as quick response to a changing environment, like a driver who swerves into another lane for the purpose of avoiding an oncoming car and, in the process, saves the life of his passenger. "That wasn't his intent," he said. "But being flexible and shifting is a higher level of intelligence. The people who can't change die."

I expressed my frustration that such a major ordeal had seemed to have so little effect on me--I was still the same impatient, competitive and self-critical person I'd always been. If I had acted so nobly, why didn't I feel more content? Wain's response struck me at the time as somewhat facile: the good deed, he said, had left me angry at myself. "You're thinking you could have done the same thing and didn't have to lose the hand. You love a perfect win and didn't get that perfect victory that you wanted and maybe deserved."

As I tossed and turned in the early hours of Independence Day, the simple truth of the psychologist's words hit me. It was true: I was mad at myself for failing to pull off a clean sweep. And it was that anger that was preventing me from savoring the achievement of a lifetime: saving my own skin and that of three others. My failure to get rid of the grenade before it exploded was only the first in a long list of wrongs I would have to pardon before I could finally put the ordeal behind me.

I had gone to Iraq for adventure and glory, discounting the interests of family and friends.

I had blithely ridden into danger with little to gain journalistically.

I had focused more on the loss of my hand than on the higher importance of preserving life.

The shortcomings were tough to swallow. But I was resolved to begin the process, keeping in mind Hal Wain's definition of heroism: self-preservation. By that standard, I had scored a perfect win after all.

The prize was the rest of my life.

Go to time.com to see a video interview with Michael Weisskopf and read a bonus excerpt from his book Blood Brothers

The Men Of Ward 57 (TIME)

Time, September 25, 2006

Sunday, Sep. 24, 2006

The Men Of Ward 57

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It is the signature wound of the Iraq war: limb loss. The potency of insurgent bombs and the proficiency of U.S. lifesavers have produced this result. Of the 20,322 Americans wounded in action, 436 have been amputees--more than 2%, a figure higher than in every war of the previous century except Vietnam, for which there were no good statistics. In his book, Michael Weisskopf chronicles the recoveries of three amputees he met at Walter Reed.

Cpl. Bobby Isaacs

Isaacs was given 72 hours to live after a bomb slammed his humvee in Mosul in December 2003. He arrived at Walter Reed intact, but successive surgeries chipped away at both his legs. After returning home to Roxboro, N.C., Isaacs, 25, was invited to speak at churches and became a minor celebrity among Fundamentalist Baptists

Sgt. Pete Damon

A National Guard aviation mechanic, Damon was inflating a tire on a Black Hawk helicopter in Balad when the tire's metal rim exploded in October 2003. He lost his arms--and his partner Paul Bueche. Two months later, Damon married his longtime girlfriend Jenn, exchanging roses in place of rings. Haunted with guilt over Bueche's death, Damon, 34, began to find peace after meeting Bueche's parents, who absolved him of blame

Msgt. Luis Rodriguez

A bomb in Mosul in November 2003 took Rodriguez's right leg as well as the only job the hard-driving combat medic had ever wanted. But Rodriguez, 37, who won a Bronze Star for bravery in Iraq, found a way to stay in uniform, teaching his craft at Fort Campbell in Kentucky

To see previous coverage in TIME on the casualties of the war, go to this week's cover story on time.com

Iraqi Parties Reach Deal Postponing Federalism (WP)

By Amit R. Paley

The Washington Post, September 25, 2006

BAGHDAD, Sept. 24 -- Iraq's fractious political parties reached a deal Sunday meant to prevent the country from splintering into a federation of three autonomous zones until at least 2008.

The agreement forestalled concerns that the debate over federalism, a vague concept enshrined in the constitution but defined differently by various political groups, could cause the country's fragile multi-sect government to collapse.

Sunni Arabs had threatened to boycott parliament over a proposal, introduced by a Shiite Muslim group this month, to create a mechanism that could carve out a predominantly Shiite region in southern Iraq, similar to the semiautonomous Kurdish zone in the north. Sunnis adamantly oppose that plan, which would leave them with a central area devoid of the oil reserves in other regions, and have pushed for a full review of the country's new constitution.

Under the compromise reached Sunday, parliament will form a 27-member committee on Monday to review the constitution and then introduce the Shiite measure on creating federal regions the following day, lawmakers said.

The federalism law would not take effect for at least 18 months after it is enacted, the parliament members said.

The deal appears to have forestalled for now a political crisis over federalism, but lawmakers emphasized that the issue remains unresolved.

"We still need a miracle to save the country," said Dhafer al-Ani, a spokesman for the Iraqi Accordance Front, the largest Sunni bloc in parliament. "The process of sectarian cleansing is still going on, and the violence is not waning, and this may serve those proponents of federalism who want to make the people believe that living together in a unified country is not possible."

The measure is backed by Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party. But lawmakers from several other parties -- including the Iraqi Accordance Front, secular parties and the bloc of radical Shiite cleric Moqtada al-Sadr -- said they would vote against it.

Still, Humam Hamoudi, a lawmaker from Hakim's party, said he was confident the measure would pass by Oct. 22, the constitutionally mandated deadline for establishing a mechanism to create federal regions. He said votes from the Kurdish bloc and the Supreme Council would provide the simple majority needed to approve the law.

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The Sunnis are lobbying to have a member of their sect named chairman of the constitutional review committee, which they hope will propose major revisions to the constitution. The charter, approved by voters last fall, was supported only reluctantly by the Sunnis on the condition that the federalism issue would be reexamined.

"The main issue is the union of Iraq -- that Iraq stays as one Iraq -- and this should lead to articles in the constitution that properly reflect that on the subject of finances, natural resources, oil, the army, police formation and language," said Alaa Makki, a leader of the Iraqi Islamic Party, which is part of the Iraqi Accordance Front, when asked what the Sunnis hoped to change in the charter.

In other developments, Saddam Hussein's chief lawyer said Sunday that the former president's defense team would boycott his genocide trial "indefinitely."

"The court committed several violations of the law, and we will not just sit there gagged to give it legitimacy," said Khalil al-Dulaimi, the head of Hussein's nine-member defense team, according to the Associated Press.

The attorneys walked out of court Wednesday to protest a government attempt to remove the tribunal's chief judge, a move condemned by human rights groups and international legal experts.

Violence continued to rage across the country Sunday. At least 14 people were killed in attacks, including two car bombings that targeted Iraqi security forces, police said.

The U.S. military also announced that two Marines assigned to Regimental Combat Team 5 were killed Sunday in combat in volatile Anbar province..

Special correspondents K.I. Ibrahim and Saad al-Izzi contributed to this report.

Iraqis Break 2-week Deadlock On Federalism (USAT/AP)

By Qassim Abdul-zahra

USA Today, September 25, 2006

BAGHDAD — Political leaders from Iraq's feuding ethnic and religious groups agreed Sunday to consider amending the constitution and to begin debating legislation that would allow the country to become a federation of semiautonomous regions.

The agreement among Shiite, Sunni Arab and Kurdish leaders broke a two-week deadlock in parliament.

The federalism legislation was proposed by Shiite groups. Sunni Arabs have opposed a federal structure for Iraq. They fear that allowing Iraq to become a federation of self-ruling regions — rather than a nation with direct rule by the central government — will splinter the country and deny them a share of the wealth from Iraq's oil resources, which are found in the predominantly Kurdish north and the heavily Shiite south.

Sunni leaders agreed to debate the legislation in parliament after all parties accepted their demand that a committee be set up to study amending the constitution. The committee will be named today, and the bill will be read to the 275-member parliament Tuesday.

Sunni Arabs hope to push through a constitutional amendment that would make it more difficult to establish autonomous regions.

The parliamentary committee will have four months to propose amendments. A majority in parliament would have to approve any amendments before they are put to a national referendum. “I expect the work of the committee will last for about one year,” said Dhafir al-Anihe, a lawmaker with the Sunni Arab National Accordance Front.

Although the constitution approved by Iraqis in a referendum a year ago provides for federalism, separate legislation is needed to turn the country into a federation.

The right to seek amendments to the constitution was a key demand made by Sunni Arabs when they agreed to join Shiite Prime Minister Nouri al-Maliki's national unity government in the spring.

The depth of the divide between Shiites and Sunni Arabs was evident in a disagreement over when the Muslim holy month of Ramadan begins. The holiday, during which Muslims fast from sunup to sundown, is timed to the sighting of the new crescent moon. Sunni Arabs began observing it Saturday. However, Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, declared that Ramadan would start today. The Shiite-led government followed Sistani's lead.

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Violence among ethnic and religious groups has been intense in Baghdad this year. A bombing Saturday in the Shiite slum of Sadr City killed at least 38 people who were buying fuel for Ramadan. A Sunni Arab group claimed responsibility and said it was revenge for an attack by gunmen Friday on Sunni Arab homes and mosques that killed four people.

Al-Maliki pleaded for peace. "We are all invited to make use of these days to strengthen the bonds of brotherhood and avoid anything that could hurt the social fabric of the Iraqi people," he said in a statement. "Iraq is living in a very sensitive and historic period, either we live as loving brothers side by side and undivided by sectarianism or Iraq will shift into an area for settling accounts of political parties."

Despite his call, violence Sunday killed at least 20 Iraqis and wounded 37.

Sunday, four policemen on patrol near the Health Ministry were killed by a roadside bomb, police said. A car bomb targeting another police patrol killed five people, including three policemen, and wounded 17 in the eastern part of the capital, police Lt. Bilal Ali said.

Police also found more apparent victims of death squads in the capital. Five bodies were found bound and blindfolded in eastern Baghdad. In a northeastern part of the city, four bodies of men ages 30-35 were found riddled with bullets.

Two U.S. Marines with Regimental Combat Team 5 died in fighting in Anbar province west of Baghdad, the U.S. military said. It didn't release any further details.

Also Sunday, Saddam Hussein's chief lawyer said the defense team will boycott the former Iraqi leader's genocide trial indefinitely. Khalil al-Dulaimi accused the judges of violating Iraqi law. The move is unlikely to halt the trial. Proceedings resume today.

Al-Dulaimi called last week's decision to replace the chief judge in the case a "flagrant violation of the law" because it was "dictated by the government and not the court." He also accused the court of committing "several violations of the law," including refusing to hear non-Iraqi lawyers and requiring foreign attorneys to seek permission to enter the courtroom. Among Saddam's nine lawyers are a Jordanian, a Spaniard, a Frenchman and two Americans, including former U.S. attorney general Ramsey Clark.

Saddam and seven other defendants have been on trial since Aug. 21 over a crackdown in Kurdish areas in the late 1980s. Saddam could be sentenced to death if convicted of genocide.

Iraqis To Debate Bill On Creating Autonomous States (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-Saiedi

The New York Times, September 25, 2006

BAGHDAD, Sept. 24 — Iraqi political leaders agreed on Sunday to postpone until at least 2008 any effort to carve up the country into powerful autonomous states, easing concerns that Shiites would move quickly to split off into one large confederation in southern Iraq.

The delay was part of a deal reached over the weekend to start debate on a bill that could eventually allow the country to be broken into autonomous regions.

The fight is at the heart of one of the most critical and divisive issues in Iraq: whether Shiites in the south will be able to form semi-independent regions, like Kurdistan in the north, that would control their own security as well as billions of barrels of oil.

Autonomous states are allowed by the new Iraqi Constitution, but the charter requires Parliament first to pass a bill defining how that would occur. A powerful faction of Shiites and Kurds tried to pass such a proposal three weeks ago. But their move angered Sunni Arabs and some Shiite and secular lawmakers, who united to block the bill and suggested that the issue could endanger Iraq's fragile government.

During a meeting of political leaders on Sunday, Sunni parties and other critics won two important concessions from the Shiite and Kurdish factions in return for allowing the proposal to be debated in Parliament this week.

The first postpones for 18 months the effective date of any legislation allowing the creation of autonomous regions. The second requires Parliament to form a committee immediately to consider amendments to the Constitution, including Sunni proposals to restrict autonomous states.

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Moreover, Sunni negotiators emphasized that they did not agree to support the legislation that would be introduced this week but only to allow it to be debated, said Dhafir al-Ani, a leading Sunni lawmaker. "The issue is just to consider it and go with the process," Mr. Ani said.

The deal does allow supporters to put the issue before Parliament with a promise from rivals to debate the issue in good faith. When the bill was brought up earlier, it spurred an acrimonious fight. Mahmoud Mashhadani, the speaker of Parliament and a Sunni Arab, accused supporters of trying to sneak the bill past him, while other Sunni legislators said they had been double-crossed.

The political progress came as violence continued throughout Iraq. Two marines were killed as a result of "enemy action" in Anbar Province on Sunday, the United States military said.

At least 20 Iraqis were slain in bombings and other attacks, The Associated Press reported. The A.P. also reported that Saddam Hussein's legal team said it would continue to boycott the deposed leader's genocide trial in Baghdad. The lawyers are angry that Prime Minister Nuri Kamal al-Maliki fired a judge who prosecutors had charged was biased toward Mr. Hussein.

In one of Sunday's worst attacks, a bomb exploded near a Christian church in Baghdad, killing at least one person and wounding more than a dozen. Almaz Yunadim, a 34-year-old homemaker who witnessed the attack, said the attack was probably spurred by comments made by Pope Benedict XVI that many Muslims found offensive.

"People are being killed because of what the pope has said," she said. "The person who doesn't know how to speak should step down."

The political deal reached on Sunday says the legislation defining how autonomous states are formed will not take effect until 18 months after it is approved, said Khalid al-Atiya, a deputy speaker of Parliament who is a negotiator for one of the Shiite factions. The constitutional committee is expected to complete its work within a year, Mr. Atiya said through an aide.

The most ardent supporter of the proposal is Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq, a powerful Shiite party. Mr. Hakim wants to carve out a nine-province state that would include most of the people and oil in southern Iraq.

Sunni Arabs are suspicious of the plan, believing that it is sure to rob them of their share of Iraq's oil wealth. And some Shiite leaders worry that Mr. Hakim's plan for one giant Shiite state would create a dynasty for Mr. Hakim and leave their parties marginalized. They would prefer smaller autonomous states in areas where their influence is more concentrated.

The fight over autonomous regions threatened to doom the entire Constitution until a deal was worked out just before Iraqis voted on the charter last October. In that deal, Sunni leaders dropped their opposition to the idea in return for a provision requiring Parliament to renegotiate the parts that trouble the Sunnis. Now, with the formation of the committee, that process will begin.

Mr. Ani, the Sunni lawmaker, said 27 committee members would be selected Tuesday. Another Sunni politician, Khalaf al-Alyan, said Sunni parties would get 5 seats, the Kurds 5 seats, the secular coalition of the former interim prime minister, Ayad Allawi, 2 seats and the dominant Shiite coalition, the United Iraqi Alliance, 12. Other parties would get the remaining 3 seats.

Divisions remain within the Shiite coalition. Opposition from legislators loyal to the Shiite cleric Moktada al-Sadr, as well as members of the Fadhila Party, helped derail the legislation three weeks ago.

Fadhila has agreed to debate the bill, but its members will vote for the measure only if it discourages the creation of one huge federation across southern Iraq, said Hassan al-Shimiri, a party official. Its stance is at odds with that of Mr. Hakim's party, but such a provision "would ease the fears of people who are afraid of fragmenting the country," Mr. Shimiri said.

Iraq Puts Autonomy Issue On Hold, Heading Off Crisis (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, September 25, 2006

BAGHDAD — Iraq's leaders stepped back from a simmering constitutional crisis Sunday, agreeing to wait at least 18 months before setting up autonomous regions that would shift power away from the central government.

During the cooling-off period, parliament would consider amendments to the constitution, providing a public forum for the divisive issue of autonomy.

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The deal, which was still being fine-tuned Sunday night, allows lawmakers to avoid a looming deadline that threatened to exacerbate the sectarian violence ravaging the country.

The compromise leaves intact southern Shiite Muslims' and northern Kurds' goal of creating a federal system that would strengthen their hold on the vast oil resources of their two regions. At the same time, Sunni Arabs, who dominate in the resource-poor central and western provinces, would have time to seek constitutional changes to limit the effects of autonomy.

The breakthrough occurred on a day in which bombings and killings claimed dozens of lives and Iraqi TV broadcast a videotape of two dead American soldiers being mutilated.

The military reported the deaths of two Marines in Al Anbar province Sunday. It did not release their names.

The video, a longer version of a clip aired in the summer, purported to show the two soldiers killed in June in an area south of Baghdad. The Mujahedin Shura Council, a group linked to Al Qaeda in Iraq, claimed responsibility for that attack.

The group said the deaths were in retaliation for the March raid in which U.S. soldiers allegedly raped an Iraqi girl and killed her and members of her family. Five U.S. soldiers and a former member of their unit face charges that range from failure to report the incident to rape and murder.

The video aired several times Sunday on the Al Arabiya channel. It showed masked men tying the partly unclad bodies to a truck by their heels and driving off. A later scene showed the bodies engulfed in flames. A narrator said the soldiers should be shown no mercy.

Lawmakers of all the major political blocs participated in the closed-door talks that led to the constitutional compromise. The deal will be put before the parliament this week for approval.

"I feel this agreement has ended a political crisis," said Dhafir Ani of the minority Sunni bloc that opposed the federal system. "I think for us this deal is good but not perfect."

Those present said the agreement called for the parliament to appoint a committee that would have a year to recommend amendments to the constitution. The members are to be named today.

On Tuesday, the parliament is to begin debate on proposals for forming a federal system. At least four groups have offered their own drafts of the power-sharing law, but the one provided by the majority Shiite bloc is expected to prevail. The 18-month waiting period for implementation will begin once the law is passed.

A clause allowing amendments was added to the constitution as a last-minute concession to Sunnis who objected to the mandate for a federal system. The constitution also set a deadline that would have required implementation of the new federal system by Oct. 22.

Party leaders downplayed the idea that the federalism clause would be the primary item on the new committee's agenda.

Ayad Samaraie, a Sunni member of parliament who was involved in the talks, said the committee would provide an opportunity to put aside sectarian issues and consider a variety of amendments in the national interest.

Authorities in Baghdad, meanwhile, reported that 45 bodies were received at the morgue Sunday — eight victims of assassination and the remainder killed and dumped after being kidnapped.

Several car bombs went off in east Baghdad. Two Iraqi policemen were killed and several officers and civilians injured in a 10:30 a.m. blast in the Rusafa neighborhood, and a second bomb targeting police in Alwiya killed a civilian.

In the afternoon, a car bomb near the Baghdad morgue killed four policemen and two civilians and injured eight.

Health Minister Ali Shammari escaped an assassination attempt when a roadside bomb detonated as his motorcade passed in Yarmouk, in south Baghdad. There were no casualties.

Five people were killed in separate attacks in Baqubah, north of Baghdad.

Police in the northern city of Kirkuk said they found the bodies of four unidentified shooting victims who had been tortured.

A curfew was imposed in the southern city of Samawah after a former Iraqi interpreter for the U.S. military was gunned down late Saturday, the Muthanna provincial police chief said.

Armed men stormed into a government building in Hillah in the south, killing a guard.

The U.S. military, meanwhile, said Sunday that American and Iraqi forces had killed 14 people and detained more than 25 in strikes on terrorist cells last week. The raids, in five provinces, also yielded caches of weapons and explosive devices. In one attack, three men in explosives vests were killed by aircraft fire in Al Anbar, the statement said.

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As Iraqi Lights Flicker, 'Generator Man' Feels Heat (NYT)

By Kirk Semple

The New York Times, September 25, 2006

BAGHDAD — In offices across Iraq, a ritual plays out every morning during the hottest months. Haggard employees drag themselves into the room, mumble a pleasantry or two and slump into their chairs, moaning about what a bad night's sleep they had: the power went out, the backup generator was broken, the heat was unbearable, the baby would not stop crying, mosquitoes were everywhere.

Inevitably, these grievances, like hornets, will gather in a single cloud of fury and swoop down on one target: the generator man, probably the most vilified figure in Iraqi society after Saddam Hussein.

Iraq has three sources of electrical power. At the low end is the frail national grid, which provides only about one hour of electricity every four hours — a total of six hours a day — and sometimes less.

At the top is the small, personal-size generator, a feature in many homes, though the steadily rising cost of fuel now makes it a luxury for most families.

Filling the gap, and carrying the load for much of urban Iraq, is the generator man, owner and operator of the neighborhood power plant. Throughout Baghdad, for example, there is at least one generator every few blocks to help power nearby homes and businesses.

The machines sit beneath corrugated tin roofs, on patches of sidewalk or in empty lots — hulking contraptions the size of small cars, jury-rigged with tubes and pipes that sputter and belch and make a deafening racket.

Customers run colored wires from their homes to the local generator by way of utility poles, converging with others into one wild, polychromatic river of wire that plunges through the roof of the generator shack, stopping at a makeshift fuse board.

In theory, the generator man provides 10 to 12 hours of power a day during periods of peak demand, seamlessly switching on when the national grid switches off. His services are especially valued during summer, when temperatures usually hover well over 100 degrees and air-conditioners are essential for sleep.

In addition, the generator man offers a better option, theoretically, than the personal generator, allowing families to pay less for a stronger current that will allow them to run all their major appliances simultaneously, rather than having to decide whether to forgo the television and computer for the washing machine or the air-conditioner and hair dryer for the refrigerator.

A subscription for about 10 amperes from the generator man — typical for an average middle-class family here in the capital — costs about $65 a month, a mere fraction of the cost of drawing a similar current from a personal generator for several hours a day.

But in practice, most here say, the generator man often falls way short of his promises.

"My generator man?" seethed a seemingly well-adjusted, middle-class mother in Baghdad one recent sleep-deprived morning. "I want to cut his head off."

Many Iraqis say the generator man employs various tricks to try to save himself money: he starts his generator late and turns it off early; he prolongs repairs after breakdowns, both real and bogus; he claims he cannot get fuel because of national fuel shortages. Yet, they say, he never reimburses customers for lost hours.

"They are a bunch of thieves!" said Yusra, 47, an industrial engineer who lives in the relatively prosperous Mansour neighborhood in Baghdad and who requested that her last name not be published for fear of reprisals from her generator man. "We are 99.9 percent dependent on them! They are ruling our lives — not day by day, but hour by hour!"

Firas, 19, a university student who lives in Saidiya, a middle-class Baghdad neighborhood, and who asked that his last name not be published, said his generator man fiddled with the wires that lead to the homes of customers who offended him, causing interruptions to the service, or decreasing the current.

Talk to the generator man, however, and you will meet the self-styled savior of the republic.

"It's a tiring job," sighed a generator man who gave his name as Abu Fatma to protect his identity. His generator supplies power to about 95 homes and businesses.

Like the dozen or so other generator men interviewed for this article, Abu Fatma, 28, and his brother and partner, Hatem Abdul Karim, 22, were good-natured and remarkably unfazed by the hate they engendered.

On a recent afternoon, the brothers were hanging out around the corner from the generator, waiting for the national power grid to shut down so they could jump into action. Next to the generator was a small, windowless hut, not much bigger than the generator itself, containing a mattress and a television. This is where Mr. Karim, as the chief operator, lives round-the-clock.

The way the brothers see it, they are providing a very important service and a very difficult one under difficult circumstances. Rather than complain, they say, their clients should appreciate their hard work in the face of mounting fuel prices, chronic fuel shortages, dirty fuel that clogs up the machinery, the uncertainties of the national grid that require 24-hour vigilance, and costly and time-consuming repairs.

"The people, they only think about themselves," said Abu Fatma, his fingers stained with grease, sounding not so much resentful as resigned. "They complain and complain."

During one generator breakdown, his brother's shack was pummeled with sandals and other shoes, one of the worst insults in the Arab world. Mr. Karim and other generator men say they have been physically attacked by furious customers.

Generally, though, customers will vent by telephone.

"We should start the power at 1 p.m.," said Moyid, co-owner of a generator in a residential section of the upscale Karada neighborhood, who gave only his first name. "If it turns 1:05 and we haven't provided the power, the phone won't stop ringing."

As if on cue, his cellphone rang. It was past 1 p.m.

"I'm very sorry," Moyid told the caller, explaining that he had been distracted by a journalist and had lost track of the time. As he cranked up the generator, which erupted in a roar, one of his partners retrieved another cellphone dedicated to the generator and discovered it had received 30 unanswered phone calls in recent minutes. Everyone laughed.

Generator men insist that the laws of the free market apply to their business — the unhappy customer can always run his line to another generator. (Generator men are squirrelly when it comes to questions about earnings and say, simply, that the competition is tough and their profit margins slender.)

But disgruntled customers are often dissuaded from switching by the expense of running a new wire to another generator and paying a new subscription fee. And for many who switch, life remains the same.

"This year we changed our subscription three times, from bad to worse," said Firas, the university student. His family, he said, had fallen victim to a ploy commonly used by new generator men: they begin by offering more hours and lower rates than their competitors, but once they have captured a share of the market, they lower their hours and raise their rates.

Generator men are supposedly regulated by local district councils, which are charged with ensuring fair rates and energy supply. But many Iraqis say this system is a joke and rarely enforced.

The generator man, said Yusra, the industrial engineer, is just one of many travails Iraqis have to deal with daily, from corruption to foreign meddling to poor public services. "You want to smack him but you have to smile at him," she grumbled. "You can't think about dignity."

"We are a humiliated people," she said.

The generator man, perhaps because of his visibility and accessibility, becomes the embodiment of all that is wrong in Iraq — or, at least, all that is not working as it is supposed to work, which to most people is just about everything.

"Most of our customers are really angry," said Muhammad, a university student and the co-owner of a generator in Karada. He also preferred not to give his full name. He was lounging with his two partners on the carpeted floor of a concrete and brick hut next to their machine, waiting for the national grid to shut down.

"Very few people sympathize with us," he said. "Most care only about themselves."

Unit Makes Do As Army Strives To Plug Gaps (NYT)

By David S. Cloud

The New York Times, September 25, 2006

FORT STEWART, Ga. — The pressures that the conflict in Iraq is putting on the Army are apparent amid the towering pine trees of southeast Georgia, where the Third Infantry Division is preparing for the likelihood that it will go back to Iraq for a third tour.

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Col. Tom James, who commands the division's Second Brigade, acknowledged that his unit's equipment levels had fallen so low that it now had no tanks or other armored vehicles to use in training and that his soldiers were rated as largely untrained in attack and defense.

The rest of the division, which helped lead the invasion of Iraq in 2003 and conducted the first probes into Baghdad, is moving back to full strength after many months of being a shell of its former self.

But at a time when Pentagon officials are saying the Army is stretched so thin that it may be forced to go back on its pledge to limit National Guard deployment overseas, the division's situation is symptomatic of how the shortages are playing out on the ground.

The enormous strains on equipment and personnel, because of longer-than-expected deployments, have left active Army units with little combat power in reserve. The Second Brigade, for example, has only half of the roughly 3,500 soldiers it is supposed to have. The unit trains on computer simulators, meant to recreate the experience of firing a tank's main gun or driving in a convoy under attack.

"It's a good tool before you get the equipment you need," Colonel James said. But a few years ago, he said, having a combat brigade in a mechanized infantry division at such a low state of readiness would have been "unheard of."

Other than the 17 brigades in Iraq and Afghanistan, only two or three combat brigades in the entire Army — perhaps 7,000 to 10,000 troops — are fully trained and sufficiently equipped to respond quickly to crises, said a senior Army general.

Most other units of the active-duty Army, which is growing to 42 brigades, are resting or being refitted at their home bases. But even that cycle, which is supposed to take two years, is being compressed to a year or less because of the need to prepare units quickly to return to Iraq.

After coming from Iraq in 2003, the Third Infantry Division was sent back in 2005. Then, within weeks of returning home last January, it was told by the Army that one of its four brigades had to be ready to go back again, this time in only 11 months. The three other brigades would have to be ready by mid-2007, Army planners said.

Yet almost all of the division's equipment had been left in Iraq for their replacements, and thousands of its soldiers left the Army or were reassigned shortly after coming home, leaving the division largely hollow. Most senior officers were replaced in June.

In addition to preparing for Iraq, the Army assigned the division other missions it had to be ready to execute, including responding to hurricanes and other natural disasters and deploying to Korea if conflict broke out there.

Maj. Gen. Rick Lynch, who took command in June, says officials at Army headquarters ask him every month how ready his division is to handle a crisis in Korea. The answer, General Lynch says, is that he is getting there.

Since this summer, 1,000 soldiers a month have been arriving at Fort Stewart, 400 of them just out of basic training. As a result, the First and Third Brigades are now at or near their authorized troop strength, but many of the soldiers are raw.

The two brigades started receiving tanks and other equipment to begin training in the field only in the last month, leaving the division only partly able to respond immediately if called to Korea, General Lynch said.

"I'm confident two of the four brigade combat teams would say, 'O.K., let's go,' " General Lynch said in an interview. "The Second and Fourth Brigades would say, 'O.K., boss, but we've got no equipment. What are we going to use?' So we'd have to figure out where we're going to draw their equipment."

Meanwhile, the division is also preparing for deployment to Iraq on an abbreviated timeline.

The brief time at home does not sit well with some soldiers. Specialist George Patterson, who re-enlisted after returning from Iraq in January, said last week that he was surprised to learn he could end up being home with his wife and daughter for only a year.

"I knew I would be going back," Specialist Patterson said. "Did I think I would leave and go back in the same year? No. It kind of stinks."

Instead of allowing more than a year to prepare to deploy, the First Brigade training schedule has been squeezed into only a few months, so the brigade can be ready to deploy as ordered by early December. Though the unit has not yet been formally designated for Iraq, most soldiers say there is little doubt they are headed there early next year.

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Some combat-skills training not likely to be used in Iraq has been shortened substantially, said Col. John Charlton, the brigade commander. "It's about taking all the requirements and compressing them, which is a challenge," he said.

The timetable also leaves officers and their soldiers less time to form close relationships that can be vital, several officers said.

And soldiers have less time to learn their weapons systems. Many of the major weapons systems, like artillery and even tanks, are unlikely to be used frequently in a counterinsurgency fight like Iraq.

The division has only a few dozen fully armored Humvees for training because most of the vehicles are in use in Iraq. Nor does it have all the tanks and trucks it is supposed to have when at full strength.

"There is enough equipment, and I would almost say just enough equipment," said Lt. Col. Sean Morrissey, the division's logistics officer. "We're accustomed to, 'I need 100 trucks. Where's my hundred trucks?' Well, we're nowhere near that."

Last week, in training areas deep in the Fort Stewart woods, First Brigade soldiers were still learning to use other systems important in Iraq, like unmanned aerial vehicles, which are used for conducting surveillance.

Standing at a training airfield with three of the aircraft nearby, Sgt. Mark Melbourne, the senior noncommissioned officer for the brigade's unmanned aerial vehicles platoon, said only 6 of the brigade's 15 operators had qualified so far in operating the aircraft from a ground station.

All of them are supposed to be qualified by next month, but the training has been slowed by frequent rain, Sergeant Melbourne said.

This week, the First Brigade began a full-scale mission rehearsal for Iraq.

Normally, armored units preparing for Iraq are sent to Fort Irwin, Calif., for such training, but transporting a brigade's worth of equipment and soldiers there takes a month, which the schedule would not permit.

So the trainers and Arabic-speaking role players, who will simulate conditions the unit is likely to encounter in Iraq, were brought here to conduct the three-week exercise in a Georgia pine forest, rather than in the California desert.

British Soldiers Allegedly Traded Guns For Cocaine (WP)

By Mary Jordan

The Washington Post, September 25, 2006

LONDON, Sept. 24 -- A newspaper in Britain reported Sunday that British soldiers had smuggled stolen guns out of Iraq and exchanged them on the black market for cocaine.

A spokesman for the Defense Ministry said Sunday that soldiers had been investigated for the "unlawful possession" of weapons and that prosecutors would decide whether there was enough evidence to file charges. He would not comment on the report that small arms had been exchanged on the black market for drugs.

According to the Sunday Times, the soldiers transported handguns from Iraq to Germany and exchanged some of them for cocaine with a street value of $4,700. The drugs were then sold to soldiers fighting in Iraq, the newspaper reported.

The article said soldiers from the 3rd Battalion, Yorkshire Regiment, which has since returned from Iraq, are at the center of the inquiry.

The allegations come at a time of heightened focus on military misconduct, including reports of increasing drug use among troops in Afghanistan and Iraq.

Additionally, a British soldier pleaded guilty last week to "inhumane" treatment of Iraqi civilians in the death of a hotel receptionist who was allegedly beaten in September 2003 at a British military camp in Basra, a city in southern Iraq. Baha Mousa suffered 93 injuries, prosecutors said, including fractured ribs and a broken nose, before he died.

Six other soldiers charged in connection with his death have pleaded not guilty in the continuing court-martial.

On Saturday, thousands of protesters demanding that Britain withdraw its troops from Iraq and Afghanistan marched in Manchester, England, where Prime Minister Tony Blair's Labor Party opened its annual conference this weekend.

With polls showing public hostility toward Blair and weariness with the ongoing war, the prime minister announced earlier this month that he would step down within a year.

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During an interview with the BBC on Sunday, Blair said the war in Afghanistan, where British soldiers have a particularly large presence, must continue.

"The whole reason we've gone into that as part of the NATO force under the U.N. resolution is because it is essential for the Taliban and al-Qaeda to come back into the southern part of Afghanistan, and it's essential for us to keep them out."

Blair also said the battle with insurgents in southern Afghanistan has been "tougher than anyone expected."

Due Process, Bulldozed (NYT)

By Bob Herbert

The New York Times, September 25, 2006

Until five months ago, Bilal Hussein was part of a team of Associated Press photographers that had won a Pulitzer Prize for photos documenting the fighting and carnage in Iraq.

Now he's a prisoner, having been seized by the U.S. government.

You might ask: What's he been charged with?

The answer: Nothing.

There was a flurry of interest last week in the case of Maher Arar, a terror suspect who was shipped to Syria and tortured before it was learned that, alas, he was not a terrorist. Mr. Hussein got a little news coverage last week, as well. People who still think there is a place in this world for fairness, justice and due process are calling on the authorities to either charge him with a crime or release him.

Mr. Hussein, an Iraqi hired by The A.P., was taken into custody by U.S. forces in Ramadi last April 12. As in many similar cases, U.S. officials have been saying — without disclosing evidence to back up their comments — that he had improper ties to the insurgents.

But neither the Americans nor the Iraqis have officially charged Mr. Hussein with anything.

Scott Horton, a prominent New York lawyer called in by The A.P. to work on the case, said: "The administration always starts with a broad-brush tarring of these individuals. You'll have officials saying: 'Oh, they're bad dudes. They're evil. We have evidence we can't show you that would demonstrate just how terrible these people are.'

"Well, sometimes they do. But very frequently, alarmingly frequently, they don't."

Mr. Hussein's case closely resembles that of Abdul Ameer Hussein, a cameraman hired by CBS News who was wounded while covering an attack on an American convoy in Mosul on April 5, 2005. He was shot by a U.S. soldier, a sniper who was more than 200 yards away.

Mr. Hussein was taken to a hospital. His camera and videotapes were seized. And despite his CBS press credentials, which were checked out and found to be legitimate, he was arrested by U.S. authorities and imprisoned. Much of his time over the course of the next year was spent in solitary confinement at the Abu Ghraib prison, where he was subjected to coercive interrogation and other indignities.

For what?

American officials were telling reporters, without offering any evidence, that Mr. Hussein had been collaborating with insurgents. He hadn't been. It turned out he was completely innocent. In fact, he was a kind of timid guy who was less than thrilled about having a job that required him to shoot combat footage.

This is a spooky time in history. It's one thing for tyrannical regimes like the old Soviet Union and Communist China to bulldoze the very idea of human rights and human decency by engaging in such atrocities as detention without trial, torture and other forms of state terror. It's something else completely when the United States, the greatest symbol of liberty that the world has ever known, begins to head down that hellish road.

Abdul Ameer Hussein ultimately was able to escape the clutches of the authorities because of the persistent legal effort pushed by CBS News on his behalf. Scott Horton was part of that effort. A year after he was taken into custody, Mr. Hussein, manacled and wearing an orange jumpsuit, was walked into a Baghdad courtroom for a trial. It was quickly determined that the case against him was ludicrous.

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"There was absolutely no evidence against this guy," said Mr. Horton. "Even the attorney general of Iraq said there was no basis for proceeding against him."

The case was dismissed.

Several Iraqi journalists working for international news organizations have been held without charge by American and Iraqi forces. The absence of concrete evidence in so many of the cases is disturbing, to say the least.

"I am absolutely convinced," said Mr. Horton, "that the ton of bricks fell on these two guys — Bilal Hussein and Abdul Ameer Hussein — because they were working as professional journalists. They were the eyes of the world, covering things that the Pentagon doesn't want people in America to see."

A legitimate news organization can't help but experience a shudder at hearing that one of its employees may have been collaborating with the enemy. It's a chilling, devastating allegation. To make that charge recklessly is reprehensible.

The Rise Of Jihadistan (NSWK)

By Ron Moreau, Sami Yousafzai And Michael Hirsh

Newsweek, September 25, 2006

You don't have to drive very far from Kabul these days to find the Taliban. In Ghazni province's Andar district, just over a two-hour trip from the capital on the main southern highway, a thin young man, dressed in brown and wearing a white prayer cap, stands by the roadside waiting for two NEWSWEEK correspondents. It is midday on the central Afghan plains, far from the jihadist-infested mountains to the east and west. Without speaking, the sentinel guides his visitors along a sandy horse trail toward a mud-brick village within sight of the highway. As they get closer a young Taliban fighter carrying a walkie-talkie and an AK-47 rifle pops out from behind a tree. He is manning an improvised explosive device, he explains, in case Afghan or U.S. troops try to enter the village.

In a parched clearing a few hundred yards on, more than 100 Taliban fighters ranging in age from teenagers to a grandfatherly 55-year-old have assembled to meet their provincial commander, Muhammad Sabir. An imposing man with a long, bushy beard, wearing a brown and green turban and a beige shawl over his shoulders, Sabir inspects his troops, all of them armed with AKs and rocket-propelled grenade launchers. He claims to have some 900 fighters, and says the military and psychological tide is turning in their favor. "One year ago we couldn't have had such a meeting at midnight," says Sabir, who is in his mid-40s and looks forward to living out his life as an anti-American jihadist. "Now we gather in broad daylight. The people know we are returning to power."

Not long after NEWSWEEK's visit, U.S. and Afghan National Army forces launched a major attack to dislodge the Taliban from Ghazni and four neighboring provinces. But when NEWSWEEK returned in mid-September, Sabir's fighters were back, performing their afternoon prayers. It is an all too familiar story. Ridge by ridge and valley by valley, the religious zealots who harbored Osama bin Laden before 9/11—and who suffered devastating losses in the U.S. invasion that began five years ago next week—are surging back into the country's center. In the countryside over the past year Taliban guerrillas have filled a power vacuum that had been created by the relatively light NATO and U.S. military footprint of some 40,000 soldiers, and by the weakness of Afghan President Hamid Karzai's administration.

In Ghazni and in six provinces to the south, and in other hot spots to the east, Karzai's government barely exists outside district towns. Hard-core Taliban forces have filled the void by infiltrating from the relatively lawless tribal areas of Pakistan where they had fled at the end of 2001. Once back inside Afghanistan these committed jihadist commanders and fighters, aided by key sympathizers who had remained behind, have raised hundreds, if not thousands, of new, local recruits, many for pay. They feed on the people's disillusion with the lack of economic progress, equity and stability that Karzai's government, NATO, Washington and the international community had promised.

NATO officials say the Taliban seems to be flush with cash, thanks to the guerrillas' alliance with prosperous opium traffickers. The fighters are paid more than $5 a day—good money in Afghanistan, and at least twice what the new Afghan National Army's 30,000 soldiers receive. It's a bad sign, too, that a shortage of local police has led Karzai to approve a plan allowing local warlords—often traffickers themselves—to rebuild their private armies. U.N. officials have spent the past three years trying to disband Afghanistan's irregular militias, which are accused of widespread human-rights abuses. Now the warlords

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can rearm with the government's blessing. Afghanistan is "unfortunately well on its way" to becoming a "narco-state," NATO's supreme commander, Marine Gen. Jim Jones, said before Congress last week.

Jabar Shilghari, one of Ghazni's members of Parliament, is appalled by his province's rapid reversal of fortune. Only a year ago he was freely stumping for votes throughout the province. Today it's not safe for him to return to his own village. In a recent meeting he asked Karzai for more police and soldiers; he was rebuffed by the deputy director of intelligence, who told him the Taliban threat in Ghazni is minimal. "We have patiently waited five years for change, for an end to official corruption and abuse of power and for economic development," says Shilghari, who now lives in the increasingly sequestered capital of Kabul. "But we've received nothing."

Not long ago, the Bush administration was fond of pointing to Afghanistan as a model of transformation. That mountainous landlocked country, we were told, was being converted from a "failed state"—Al Qaeda's base for the worst ever attacks on U.S. continental soil—into a functioning, responsible member of the international community. In speech after speech, Defense Secretary Donald Rumsfeld and other senior U.S. officials ticked off the happy stats: the Taliban and Al Qaeda had been routed, democratic presidential and parliamentary elections had been held, more than 3 million refugees had returned and 1.75 million girls were attending school.

But the harsh truth is that five years after the U.S. invasion on Oct. 7, 2001, most of the good news is confined to Kabul, with its choking rush-hour traffic jams, a construction boom and a handful of air-conditioned shopping malls. Much of the rest of Afghanistan appears to be failing again. Most worrisome, a new failed-state sanctuary is emerging across thousands of square miles along the Afghan-Pakistan border: "Jihadistan," it could be called. It's an autonomous quasi state of religious radicals, mostly belonging to Pashtun tribes who don't recognize the Afghan-Pakistan frontier—an arbitrary line drawn by the British colonialists in 1893. The enclave's fluid borders span a widening belt of territory from mountainous hideouts in the southernmost provinces of Afghanistan—Nimruz, Helmand and Farah—up through the agricultural middle of the country in Ghazni, Uruzgan and Zabul, and then north to Paktia and parts of Konar. It extends well across the Pakistan border where, despite close cooperation between the U.S. and Pakistani militaries, jihadist militants in Waziristan province have begun calling themselves "Pakistani Taliban." No longer worried about interference from Islamabad, they openly recruit young men to fight in Afghanistan, and they hold Islamic kangaroo courts that sometimes stage public executions.

There are not nearly enough U.S., Western or Afghan troops or resources in the field to counter them. At a time when the American president has resurrected Osama bin Laden as public enemy No. 1—comparing him recently to Lenin and Hitler—Bush's own top commander in the field, Army Lt. Gen. Karl Eikenberry, says not enough money is being invested in creating a new Afghanistan. Improving Afghan lives is the only way to drive a stake through the Taliban or put the elusive Qaeda leader out of action, he says. "We need more in terms of investment in Afghan infrastructure. We need more resources, for road building, counternarcotics, good governance, a justice system," Eikenberry told NEWSWEEK last week. As the general is fond of saying: "Where the roads end, the Taliban begin."

Indeed, the aid numbers for the past five years are grim. In the first years of reconstruction, aid amounted to just $67 a year per Afghan, says Beth DeGrasse of the government-funded U.S. Institute of Peace. She compares that figure with other recent nation-building exercises such as Bosnia ($249) and East Timor ($256), citing figures from the International Monetary Fund. "You get what you pay for in these endeavors, and we tried to do Afghanistan on the cheap," she says. "And we are going to pay for it." International conferences since 2002 have pledged some $15 billion, but countries have ponied up less than half of that so far. And the Afghan government estimates it will need $27.5 billion through 2010 to rebuild the country and its institutions.

Some critics point to a jarring mismatch between Bush's rhetoric and the scant attention paid to Afghanistan. Jim Dobbins, Bush's former special envoy to Kabul—he also led the Clinton administration's rebuilding efforts in Bosnia, Kosovo, Haiti and Somalia—calls Afghanistan the "most under-resourced nation-building effort in history." Former Bush reconstruction coordinator Carlos Pascual, who retired in December 2005, does not dispute this assessment. He says the State Department has "maybe 20 to 30 percent" of the people it needs. Even Republican Sen. Richard Lugar, chairman of the Foreign Relations Committee, fretted last week that for five years the administration and Congress have failed to create a powerful nation-building czar, despite their enthusiasm for regime change. "We have a long way to go," he said.

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The dangers of allowing Afghanistan to become a jihadist haven again are too many to count. It's not merely that bin Laden and Zawahiri may now die peacefully in their beds, safe among Pashtun tribesmen, as a senior U.S. military official conceded to NEWSWEEK last week, speaking anonymously because he was discussing classified operations. (A French intelligence report leaked over the weekend suggested bin Laden had done just that in August, dying quietly of typhus, but like many such rumors in the past it could not be confirmed.) Nor is the problem simply that the increasingly confident Taliban is launching ever more brazen attacks—in recent weeks, bombing a convoy scarcely a block from the U.S. Embassy in Kabul and assassinating a major provincial governor.

No: it's that Al Qaeda or other terrorist groups now have a place from which to hatch the next 9/11. "This standoff could go on for 40 or 50 years," says a retired U.S. general who served in Afghanistan, speaking only on condition of anonymity. "It's not going to be a takeover by the Taliban as long as NATO is there. Instead this is going to be like the triborder region of South America, or like Kashmir, a long, drawn-out stalemate where everyone carves out spheres of influence." Eikenberry disagrees, though he refused to put a time frame on Afghanistan's recovery. "It won't be decades," he says.

The Taliban doesn't always share Al Qaeda's goals or tactics, although some units have taken up suicide bombing. But a guerrilla calling himself Commander Hemat, a former anti-Soviet mujahedin fighter who now works closely with the Taliban and Al Qaeda, says foreign Arabs are being welcomed again. "Now the money is flowing again because the insurgencies in Iraq and Afghanistan are producing results," he told NEWSWEEK. Zabibullah, a Taliban operative who has proved reliable in the past, says the Qaeda operatives "feel more secure and can concentrate on their own business other than just surviving."

Pakistan fostered the Taliban movement in the 1990s as a way of holding sway over Afghanistan and undercutting India's influence there. Those ties persist. Despite Bush's praise of Pakistani President Pervez Musharraf—"We're on the hunt together," Bush said at a joint news conference on Friday—U.S. and British military officials say Musharraf has allowed the Taliban to set up headquarters near the southwestern city of Quetta. Musharraf has also cut a deal giving militants free rein in north Waziristan; since then cross-border attacks have increased. Senior U.S. officials say that Musharraf caved in to Qaeda sympathizers who fiercely resisted the Pakistani Army's incursion into the tribal region last year. Musharraf reassured Bush last week that the Waziristan tribal leaders had agreed not to permit Taliban or Qaeda cross-border activity, but the militants say no such commitment was made. "Instead of eliminating the militants, the Pakistani military operation only added to their strength," says Ayaz Amir, a respected political columnist for the daily Dawn newspaper. The Afghan Taliban's recent offensive has only raised the morale of their Pakistani brethren.

General Eikenberry says that Al Qaeda or its successors have nothing like the liberty that allowed them to plot 9/11 in the open. "They have no safe haven inside Afghanistan that if we find it, we will not strike against them," he said. But conclusive victory will depend on a "political solution" arising from a far more effective Afghan government, Eikenberry says. Asked whether terrorists will always have a place to root there, Eikenberry pauses for long seconds before answering. "You reach a tipping point" where military superiority no longer counts as much, he said. "There's always going to be another valley for terrorist forces or extremists to hide in."

No one knows this better than Eikenberry himself, a genial soldier-scholar with degrees from Harvard and Stanford. Two weeks after NEWSWEEK's visit to Ghazni province's Andar district, the American general passed through the same area and urged Afghan security forces to be more active in combating the increasingly aggressive, large and visible Taliban presence.

Days later, Eikenberry launched his major Afghan-U.S. operation in Ghazni, code-named Mountain Fury. Most of the Taliban had easily escaped to the east while a number of insurgents remained behind to engage the enemy, firing automatic weapons and RPGs. According to Afghan officials, about 38 Taliban were killed that day. Interviewed after the action, Momin Ahmad, the Taliban's deputy commander for a cluster of Andar villages, disputes that number. He says he lost only four men: a Pakistani, an Iraqi and two local insurgents who were killed by an Apache helicopter that shot up a local vineyard.

And while Ahmad's unit is now regrouping to the east, at least 35 Taliban have stashed their weapons and stayed in the village posing as farmers. They will lay ambushes and plant IEDs to harass Afghan and U.S. troops, Ahmad says, and the larger Taliban force will return when it's safe. He shrugs off the setback, saying it's only temporary. "We never expected the success we've had," says Ahmad. Nor, five years ago, did anyone else.

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NATO Details Airstrikes In Afghanistan (AP)

By Rahim Faiez

AP, September 25, 2006

NATO forces killed more than 60 suspected insurgents the last several days in an increasingly volatile southern Afghan province while suffering no casualties, the military alliance said Sunday.

Afghanistan's Ministry of Defense said 40 Taliban fighters were killed by NATO airstrikes that "completely destroyed" a militant base in the district of Grishk on Saturday. Maj. Luke Knittig, a NATO spokesman, said the alliance also estimated about 40 fighters were killed.

A NATO helicopter, meanwhile, fired on about 20 insurgents attacking a NATO patrol in neighboring Naw Zad district Friday, killing 15 of the rebels, the alliance said.

In a third incident, an attack helicopter fired on a group of insurgents who shot at a support helicopter Thursday, killing eight of the militants in nearby Sangin district, the statement said.

NATO troops, mostly from Canada and Britain, moved into southern Afghanistan earlier this summer, taking over from a U.S.-led force in a region that in recent months has seen some of the fiercest fighting since the Taliban regime was defeated in late 2001.

British Prime Minister Tony Blair, whose country has about 5,000 soldiers in southern Helmand province, said Sunday that NATO's battle with Afghan insurgents has been more difficult than anticipated but must continue.

"I think the particular mission was tougher than anyone expected. But I'm not surprised it was tough," Blair said in an interview with the British Broadcasting Corp.

He said the Taliban and al-Qaida are trying hard to gain control in Afghanistan's south and "it's essential for us to keep them out."

Blair's government has had to cope with charges by middle-ranking officers in Afghanistan that ground troops have not received adequate air support and other backing.

Adm. Edmund P. Giambastiani Jr., vice chairman of the U.S. Joint Chiefs of Staff, said during a visit to Afghanistan earlier this month that the U.S. military is better able to detect roadside bombs before they detonate thanks in part to the creation of an anti-explosives team.

"Now we must work harder every day toward reducing our numbers of causalities from these horrible attacks," said Giambastiani, according to statements released Sunday by the U.S. military.

Taliban fighters have increasingly used suicide and roadside bombs to attack Western troops and Afghan civilians.

The anti-explosives team focuses on trends, techniques, tactics and procedures used in developing the devices and the information is passed on to troops in the field, the statement said.

Giambastiani said the Navy and Air Force are sending electronic warfare officers to Afghanistan and Iraq to work on counter-explosives measures. He said the military planned to purchase route-clearing equipment for use in both Iraq and Afghanistan.

NATO has about 20,000 soldiers in Afghanistan, while the United States has an additional 21,000, mostly in the eastern part of the country along the border with Pakistan.

Losing Afghanistan (WSJ)

By John Kerry

The Wall Street Journal, September 25, 2006

As we marked the fifth anniversary of the worst attack on American soil, there was enormous discussion of the lessons of 9/11. But after the bagpipes stopped, and news coverage turned to other issues, perhaps the first lesson of that day seemed quickly forgotten: We cannot allow Afghanistan to become a terrorist stronghold and a staging ground for attacks on America.

If Washington seems to have forgotten Afghanistan, it is clear the Taliban and al Qaeda have not. Less than five years after American troops masterfully toppled the Taliban, the disastrous diversion in Iraq has allowed these radicals the chance to rise again. Time is running out to reverse an unfolding disaster in the war we were right to fight after 9/11.

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Funded largely by a flourishing opium trade, a resurgent Taliban effectively controls entire swathes of southern Afghanistan. Roadside bomb attacks have more than doubled this year, and suicide attacks have more than tripled. Britain's commander in Afghanistan recently said that "the intensity and ferocity of the fighting is far greater than in Iraq on a daily basis."

Al Qaeda is again taking advantage: The recent plot to blow up U.S.-bound jets was reportedly masterminded by an al Qaeda affiliate operating from Afghanistan. The same killers who attacked us on 9/11 are still plotting against America -- and they're still holed up in Afghanistan. President Karzai put it simply: "The same enemies that blew up themselves in . . . the twin towers in America are still around." And while President Bush frequently quotes Ayman al-Zawahiri, he hasn't mentioned that on the fifth anniversary of 9/11 al Qaeda's No. 2 described the situation in Afghanistan as "very good."

When did denying al Qaeda a safe haven in Afghanistan cease to be an urgent American priority? Somehow, we ended up with seven times more troops in Iraq -- which even the administration now admits had nothing to do with 9/11 -- than in Afghanistan, where the killers still roam free. Even as the president claimed we are on the offensive against terrorists, Gen. James Jones, the U.S. commander of NATO forces in Afghanistan, made an urgent plea for more troops to fight the Taliban. President Karzai has also appealed for more troops and support, and on my trip to Afghanistan this year, he stressed to me the importance of a robust American troop presence. And on Sept. 11 this year, U.S. Col. Michael Harrison noted "more troops would be welcome" in the hunt for bin Laden and his henchmen.

Quite simply, we must change course -- starting with the immediate deployment of at least 5,000 additional U.S. troops. That includes more special forces to defeat the Taliban, more civil affairs troops to bolster the promising Provisional Reconstruction Teams, more infantry to prevent Taliban infiltration from Pakistan, and more clandestine intelligence units to hunt al Qaeda on both sides of the border. That also means more predator drones to provide real-time intelligence, more helicopters and transport aircraft to allow rapid deployment, and more heavy combat equipment to overpower enemy forces.

We must also redouble our reconstruction efforts. The Taliban's resurgence comes as no surprise when 40% of the population is unemployed and 90% lack regular electricity. As Lt. Gen. Karl Eikenberry recently said, "wherever the road ends, that's where the Taliban starts." That's why our generals are asking for more reconstruction funds to win over the local population. Yet this administration has appropriated nearly four times more in reconstruction funds for Iraq than Afghanistan -- and actually cut Afghan aid by 30% this year. We need to substantially increase development aid and take advantage of the improved security provided by additional troops to ensure that reconstruction efforts reach the remote villages where the Taliban finds support. We must ensure that the elected government in Kabul, helped by the U.S. -- not the Taliban, helped by al Qaeda -- rebuilds Afghanistan.

This is especially important to counter the opium trade, which increased 50% last year and now funds insurgents, warlords and terrorists world-wide. We must provide alternative livelihoods for opium farmers and spur the judicial reforms necessary to prevent drug lords from acting with impunity. We cannot -- and should not -- do this alone. Asked which of the 26 countries in the alliance were dragging their feet in Afghanistan, Gen. Jones replied, "All of them." Where allies have pledged troops and assistance, they must follow through. But we must lead by example. That's how you win hearts and minds, and show the world the true face of America -- and that's how you win the war on terror.

Finally, we must use economic leverage to ensure the Taliban no longer finds sanctuary and recruits in Pakistan. Last year we gave Pakistan only $300 million in economic support, about what we spend in a day in Iraq. We need to give more, in development funds earmarked for specific projects that help undermine radicals, and demand more in return from the Musharraf government. We cannot afford to repeat the mistakes of the past. The U.S. must not cut and run from the real front line in the war on terror. We must recommit to victory in Afghanistan.

Mr. Kerry, a senator from Massachusetts, was the 2004 Democratic nominee for president.

Two Deaths Were A 'Clue That Something's Wrong' (LAT)

By Craig Pyes And Kevin Sack

The Los Angeles Times, September 25, 2006

A Special Forces team in Afghanistan failed to alert its superiors. Witnesses tell of torture.

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WAZI, Afghanistan — The Green Berets of ODA 2021 were on high alert as their convoy rumbled down the winding, rutted road that day in March 2003. The team had been tipped that armed men loyal to the notoriously volatile warlord Pacha Khan Zadran lay in wait around the bend.

As they approached this mountain village in eastern Afghanistan, the Americans spied the warlord's fighters high on a ridge to their right. They scrambled for cover behind their trucks and Humvees.

Moments later, machine-gun fire and rocket-propelled grenades rained down on their vulnerable position. Though pinned down, the Americans responded with a fusillade of their own.

"The air was snapping like Rice Crispies [sic]," the Special Forces team's newly assigned commander, Chief Warrant Officer Kenneth C. Waller, 32, wrote in a florid after-action report. "So many rounds were flying back and forth that lead was overcoming the oxygen in the air."

The battle raged for 45 minutes, then A-10 attack planes and Apache helicopters flew in and strafed the Afghans into retreat.

There were no casualties among the 17 Americans on patrol that day. "It seemed as if we had an angelic bubble surrounding our position," Waller reported to headquarters.

Though Waller filed several detailed and colorful accounts of the battle, he apparently omitted any mention of what happened next.

As some members of ODA 2021 pursued the warlord's men into the hills, others moved into the village to search the mud-walled houses for fighters.

They detained three unarmed men for questioning. Two of them, brothers Jan and Wakil Mohammed, told the soldiers they were just returning from evening prayers at the mosque and had nothing to do with the shootout.

Suddenly, another band of five or six Green Berets emerged from the hills where they had been chasing Pacha Khan's men. They had no interpreters.

"Those soldiers were running toward us and yelling in English, and we didn't understand what they were saying," Jan Mohammed recalled in an interview. Amid the confusion, he said, his brother grew frantic. Wakil, a woodcutter and father of two, raised his hands and shouted in Pashto, "De Khoday day para ma me vala!" according to his brother. "For God's sake, don't shoot me!"

There was a burst of gunfire from one soldier, Jan Mohammed said, and three rounds ripped into Wakil. One struck him in the mouth. He fell dead at his brother's feet.

At day's end, Waller would report to his chain of command that six enemy fighters had been killed in action.

But the circumstances of Wakil's death were not described in Waller's reports, and Army criminal investigators would later determine that the killing could not be classified as a battlefield casualty. Last year, they listed it as a murder. However, the military has since reopened its probe, and investigators decline to say whether the same charges are being pursued.

It would not be the only questionable death of a detainee in the custody of ODA 2021, nor the only one that leaders of the 10-man field team would fail to disclose to superiors in the Alabama National Guard's 20th Special Forces Group.

Within days of the Wazi killing, an 18-year-old Afghan army recruit named Jamal Naseer died after being interrogated at the team's firebase in Gardez, about 25 miles to the north. Multiple witnesses say his body showed signs of severe beating and other abuse. His brother and six others also held at Gardez say they were tortured.

The commander over all Special Forces in Afghanistan at the time, then-Col. James G. "Greg" Champion, said in a brief interview that neither death was reported up the chain of command. Champion, a National Guardsman who has since been promoted to brigadier general, said he did not hear of the deaths until 18 months later, when he learned that The Times was investigating.

The team's battalion commander also said that neither death was reported to him.

"Two unreported deaths in a few days are a clue that something's wrong" with that team, said a military official familiar with the incidents, who asked not to be identified.

There were others who helped keep the secrets of the base. The United Nations Assistance Mission in Afghanistan, or UNAMA, which was responsible for monitoring human rights abuses, was informed that Naseer's death in Gardez probably

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involved "torture and other cruel and inhuman treatment" by Special Forces troops. But U.N. officials acknowledge they did not report it to American authorities for at least 13 months, and U.S. officials say it was never reported at all.

The provincial governor helped conceal the mistreatment by arranging for the late-night removal of Naseer's body from the military base. He also ordered the abrupt transfer of the other detainees from the base to the custody of the local police chief after they had been held many days beyond what military procedures allowed.

Though U.S. commanders in Afghanistan said they did not know about the death, word spread throughout Paktia province, according to Gen. Hajji Abdul Sattar, the Paktia attorney general for intelligence. He said no one spoke out or complained, however, because "people were scared that … the same thing would happen to them."

The Army's Criminal Investigation Command has been examining both deaths and apparent cover-ups for two years, since learning about them from The Times and the Crimes of War Project, a Washington-based nonprofit educational organization, which first confirmed Naseer's death.

ODA 2021's missions and tactics became markedly more aggressive after Waller took charge of the Special Forces detachment in February 2003, a month before the questionable deaths in Wazi and Gardez. He recently had been reassigned from another Special Forces unit, where some of his men complained that his gung-ho leadership style put them at unnecessary risk.

Waller was characterized by several 20th Group officials as deeply affected by the Sept. 11 attacks and having come to Afghanistan "spoiling for a fight."

In Gardez, he was able to set his sights squarely on Pacha Khan, the warlord who had been destabilizing the countryside for months.

Pacha Khan's men were suspected of extorting illegal payments from truckers on the road from Gardez to Khowst, supporting anti-government forces, and staging an ambush that wounded the ODA's battalion chief during a Thanksgiving trip to Gardez.

But at the Pentagon and State Department, Pacha Khan was regarded as a political figure and thus a problem for the new Afghan government, not the U.S. military. The Special Forces team chafed at the political constraints on its freedom to go after him.

Local U.N. officials said they were struck by how deeply personal the conflict between the team and the warlord had become. One of the officials, who spoke on condition of anonymity, recalled that one Green Beret likened the team's rivalry with Pacha Khan to a blood feud.

Another U.N. official said the same American soldier had told him that "he was so frustrated with [Pacha Khan] that he was going to kill him."

Tea at Sato Kandaw

Unmanned Predator aircraft patrolled the skies over Paktia province, their cameras trained on the 17 checkpoints along the mountain road linking Khowst and Gardez. What they recorded convinced U.S. intelligence officials that trucks hauling firewood and produce were again being stopped and forced to pay bribes.

At the most infamous checkpoint, atop Sato Kandaw Pass, drivers typically had to pay $10 or $15, according to a March 2, 2003, Army intelligence report. The money was being split between Pacha Khan and a former Taliban official, Jalaludin Haqqani, the report said.

Situated on a bend overlooking a sparsely vegetated valley, the Sato Kandaw checkpoint consisted of living quarters and a small mosque used as an armory. The post was controlled by a former Pacha Khan lieutenant named Ahmad Naseer, better known as Commander Parre. He had recently defected to the Afghan government in exchange for $3,000 and a truck provided by the CIA. He said he saw the future of the country with the Americans, not with Pacha Khan.

Despite the change in management, reports of shakedowns persisted, along with complaints that female travelers were being harassed and that a young boy was being held as a sex slave.

Sato Kandaw was enough of a concern that Raz Mohammed Dalili, then the governor of Paktia, took the unusual step of asking American troops to remove the checkpoint. Dalili, in an interview, said he had made his request to a Special Forces soldier named Mike.

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There was no ODA 2021 member named Mike at the time, military documents show. However, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst and member of the regular Army's 7th Special Forces Group at Ft. Bragg, N.C., was then working with the Gardez unit.

Described in correspondence from Waller as the team's "intelligence agent," MacMillan was assigned to conduct interrogations and collect information for combat operations, including one at Sato Kandaw, according to several people familiar with the team. MacMillan, contacted at his home in North Carolina, declined to be interviewed for this report and shut his door.

Parre and his men had their guards down when the ODA (for Operational Detachment Alpha) arrived at Sato Kandaw on the chilly morning of March 5. He said that they shook hands and that the soldier he knew as Mike asked to talk over green tea.

Parre said he knew Mike because the Americans had stopped by from time to time to collect intelligence. The checkpoint commander thought it odd when some of the Americans scrambled to take positions along the road and on the high bluffs, but Mike assured him it was merely a precaution.

Inside, Parre began cutting chocolate as his cook prepared the tea. Mike asked about his relationship with Pacha Khan. Parre said that before he could respond, two men jumped him from behind, pushing him to the ground so that he could barely breathe.

"They covered me with a hood," Parre said. "The interpreter translated, 'If you move, we'll kill you.' And I told him, 'If there is any problem, we can solve it through negotiation…. We are your friends.' "

In the next room, other American soldiers quickly subdued Parre's men, including his 18-year-old brother, Jamal Naseer. The Afghans were cuffed, hooded and tossed by their bound limbs into vehicles, Parre said.

The Americans also found the boy who allegedly had been pressed into sexual slavery and made plans to return him to his family. Before leaving, ODA 2021 confiscated a stash of munitions and mostly unserviceable weapons and blew them up.

Allegations of Abuse

The detainees said the physical abuse began as soon as they reached the Gardez firebase.

"We were kicked in the small of our back and told to stay straight, and cold water was poured over our body in the open air," Parre told The Times. "They put stones under our knees. We were continuously forced to stay on our knees until we lost the sensation of our legs and couldn't walk."

He said an interrogator ripped off one of his toenails. At another point, he said, someone fired four rounds near his head. The other seven detainees, among them a 23-year-old with one leg, also reported abuse.

Because the detainees were hooded through much of their detention, they said, they could not identify their interrogators, except to note that their speech sounded American.

"They were asking me international questions," Parre said. "Have you met any Al Qaeda leader? Have you gone to Pakistan? To Iran? And who was creating trouble on the highway? But I didn't know any of these things."

He said there were also questions about Pacha Khan. Interrogators had obtained a note from the warlord to Parre promising to make him a division commander. Parre said he told the Americans they no longer had ties.

As the beatings continued, he said, an Afghan interpreter pleaded with him to give the interrogators what they wanted. "Just say anything to get it to stop," Parre quoted the interpreter as saying. He said there were times he felt seconds from death. "I can't tell you the feeling," he said. "Half dead. Half alive."

An American in Gardez at the time said Afghan soldiers working with the Special Forces complained to someone on the team about the mistreatment. The American, who spoke on condition of anonymity, also told The Times that interrogations were taken over after a day or two by a Navy SEAL. The detainees were moved into a tent at a back corner of the base, out of sight, he said.

The Times could not verify any involvement by the Navy commandos, but internal military documents show that SEALs were operating around Gardez during the period. A spokesman for the Naval Criminal Investigative Service said it "was not alerted at any time to the potential of SEAL involvement."

The detention of Parre and his men was no secret in the region. An intelligence summary filed by ODA 2021 shortly after the arrests reported ecstatic reactions from both the Afghan government and the local populace. Gov. Dalili dropped by the firebase to offer congratulations. He reported that President Hamid Karzai was "very pleased," the summary said.

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The team's intelligence reports about the operation flashed across computer screens at the Army's operations center in Bagram, said someone who was present. They also were distributed to NATO forces.

As required, the team reported the detentions to the 20th Group's 1st Battalion, and the information was passed along to the Combined Joint Special Operations Task Force, the command over all Special Forces in Afghanistan.

The detainees were "still undergoing interviews," the team reported after a day, adding, "A lot of intelligence is being generated for follow-on operations."

Under Army procedures, Parre and his men should either have been released after four days or sent to a holding facility in Bagram if interrogations yielded evidence of ties to the Taliban or Al Qaeda.

Internal military records show that after two days of questioning, the Americans did not plan to send the detainees to Bagram. They had been notified earlier in their tour that the arrival of battered prisoners at that base might prompt an investigation, according to the records.

But ODA 2021 also was reluctant to transfer the detainees to local police custody. A March 6 communique from the Special Forces team expressed doubts about the Gardez police chief's loyalty and reliability and said ODA 2021 was working with the governor to find other ways to keep the Sato Kandaw detainees in custody.

At a meeting of security authorities in Gardez, Mike from ODA 2021 warned the police chief and the other local commanders that he would kill them if they released his prisoners, according to U.N. officials who reacted angrily to the blunt talk.

For the moment, however, Parre and his men remained in custody at the firebase, and the beatings continued.

Mission to Wazi

A week after their successful Sato Kandaw operation, Waller and ODA 2021 were ready to push farther into Pacha Khan country. Col. Champion approved plans for what the team described as a simple reconnaissance patrol of the Wazi district.

However, there are indications Waller wanted his team to be prepared for more.

He borrowed two soldiers from another Special Forces team, a security detachment generally excluded from combat operations. And he tried unsuccessfully to enlist members of a commando unit that reported to a different chain of command.

Waller's men loaded an extra machine gun into each truck and stacked in so much ammunition that there was little room for their feet. "We were going hunting this time," one team member said.

If they left Gardez looking for a fight, they found it with Pacha Khan's men on the road outside Wazi.

In his post-battle reports, Waller took obvious relish in describing one of his team's kills to his battalion commander, Lt. Col. Steven W. Duff, who had been wounded in the Thanksgiving ambush in the same region.

Waller told Duff that the team's weaponry sergeant, Joseph T. "Todd" Henderson, "got one of the bastards associated with shooting you. The bastard nearly exploded as the shell ripped through his chest cavity."

The team leader said that his weaponry sergeant "takes this personally since he was on your convoy when you were shot…. Sorry we could not have got them all."

Waller concluded: "This team does not have any [sissies]. You should have seen them laughing during the fight …. Told you we would find them."

The day's events at Wazi had not ended with the shooting of Wakil Mohammed. The victim's brother, Jan, was taken into custody along with a neighbor, Dawood Khan.

Both men told The Times that while held overnight in Gardez, they were forced to kneel and press their foreheads against a wall. Every time they sat back, they said, they were kicked in the small of the back and the chest.

"At first they didn't ask us any questions," Mohammed said. "Everyone who was there took turns kicking me, and when I fell on the ground from the blows they started to stomp on me. We were forced to stay on our knees, and my knees were injured from the stones on the ground. I felt really bad pain in my chest."

He said the Americans eventually asked him about his brother, but he couldn't concentrate. "I kept seeing my brother's face and the gunshot in his mouth," he said.

Dawood Khan said his interrogators asked whether Mohammed was one of Pacha Khan's commanders. "I told them, 'No, he has no connection,' " he said.

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He said that after being beaten he was twice dunked in a tub of icy water and submerged to the verge of drowning. He said he and Mohammed were forced to stay awake through a cold night.

The two villagers were released the next day with clean sets of clothing. A report to headquarters described them as cooperative.

Heroes and 'Idiots'

Waller's bosses at battalion headquarters were thrilled the team had escaped casualties in the attack at Wazi. The National Guardsmen had "performed heroically," a battalion operations officer wrote to Waller, encouraging him to nominate his men for battlefield awards.

He did, later nominating every soldier in the fight, including himself, for either the Silver or Bronze Star, according to military documents.

But in the same laudatory message, the operations officer informed Waller that he had recommended his removal from command of ODA 2021 for, "among other things, the extremely unprofessional remarks" in his reports.

"This is yet another example in a long line of incidents with you that has resulted in this battalion, and more importantly, your teams looking like idiots instead of getting the recognition they rightfully deserve," the battalion officer wrote.

By this time, Champion's 20th Special Forces Group was in the process of turning over the Special Operations task force to its replacement, the 3rd Special Forces Group, based at Ft. Bragg. The new guys were regular Army all the way, and they did not much care for Waller's references to the air "snapping like Rice Crispies" or the team's "angelic bubble" of protection, the operations officer wrote.

"All they see is that we are a Guard unit operating unprofessionally in a combat zone," he wrote. "If Champion wasn't in command yesterday, you would be in a world of shit right now."

A Death in Gardez

In Gardez, the days of detention for Parre and his men continued to mount.

Parre said he believed his brother, Jamal, was subjected to the harshest interrogation because, at only 18, he was perceived to be the most vulnerable. When he first saw Jamal a few days after their capture, his brother's body was already black and blue and swollen, Parre said.

He said Jamal told him the Americans had forced him to stand with arms and legs outstretched as they took turns beating him. He was moaning about the pain in his kidneys and back, Parre said.

On the afternoon Jamal died — Parre fixes the date at March 16, 2003, though that could not be verified — he saw two men assisting his brother, who was having difficulty walking. There was no interpreter, Parre said, so he and an American soldier pantomimed their way through a discussion of Jamal's condition.

First the American jabbed a finger into his arm to show that Jamal had been given an IV drip, Parre said. Then he shook his head to suggest it hadn't worked. He pumped his fist like a heart, and again shook his head negatively. Parre said he didn't fully understand at the time, but he feared the worst. Eventually, he was escorted into a tent to see his brother.

"I thought he was smiling at me, and so I smiled back," Parre recounted. "I thought Jamal wanted to tell me that I was worrying for nothing. And I went to him and shook him and said, 'Jamalah, Jamalah,' and then I realized that he had been martyred."

Parre adjusted the body so that Jamal's head pointed to Mecca, and started to cry.

Later that night, Parre said, several Americans entered the tent, put their hands over their hearts and offered condolences. But he said the man he knew as Mike asserted that Jamal had died of an illness, not at the hands of the Americans.

"No, my brother was healthy," Parre said he responded. "His brain, his heart, his legs, he was not sick. He had no history of sickness or injury in any part of his body. He died because of your cruelty."

ODA 2021 held a team meeting shortly after Jamal's death, according to an American soldier based in Gardez. The team was advised that the Afghan had died of a sex-related infection that shut down his kidneys, the soldier said. The point of the meeting, he said, was "to make sure everybody's on the same sheet of paper — this is what happened to the man," in case there was an investigation.

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Capt. Craig Mallak, medical examiner for the U.S. armed forces, said Naseer's death was never reported to his office. He said it would have been required unless the detainee was deemed to have died of natural causes. Authorities at a civilian hospital in Gardez, where Naseer's body was transferred, said they performed no autopsy.

A hospital worker who prepared the body for burial said in an interview that "it was completely black." Hajji Abdul Qayum said Jamal's face was "dark and looked like it was burned." He said it was "completely swollen, as were his palms, and the soles of his feet were swollen double in size."

"I have no idea what he might have been beaten with," the hospital worker said.

Naseer's mother, Kajala, also viewed her son's body before burial. She told Afghan military investigators that "the entire body was full of injuries."

Dr. Michael Baden, a prominent forensic pathologist who works for the New York State Police, said the descriptions were inconsistent with death by organ failure. "You can't confuse those," he said. "It sounds very much like blunt trauma."

Scars, No Charges

After Jamal died, Gov. Dalili arranged for the late-night transfer of the body to the local hospital, according to an Afghan military inquiry. He also ordered the transfers of Parre and his men to the local jail.

There, local physician Aziz Ulrahman examined the prisoners and described them as battered and bruised, with seeping, unbandaged wounds. He said Parre's feet were black. "We have no terminology for that," he said. "It was caused by blunt-force trauma."

A few days later, a delegation from Afghanistan's Judicial Reform Commission happened to visit the Gardez police station and came face to face with Parre and his men. The delegation, which included a representative from the Italian Embassy and several Afghan jurists, did not report the prisoners' condition, although witnesses said it was discussed.

A political officer with the U.N. mission in Afghanistan was with the group and interviewed Parre and his men. He wrote a detailed memo noting that one Afghan soldier had died in U.S. custody and raising the possibility that Special Forces might have been involved in "cruel and inhuman treatment" of detainees.

Though his memo cautioned that the detainees' accounts should not be taken at face value, it said their wounds and injuries "seemed consistent with their accounts of beating and torture." He recommended that the U.N. report the incident for investigation.

There is no record that U.N. officials informed U.S. or coalition authorities about the Gardez case for at least 13 months, if at all.

Several U.N. officials acknowledged that the report seemed to have fallen into "a black hole" after making its way to the mission's headquarters in Kabul, the Afghan capital.

It was only in the spring of 2004, U.N. officials said, that they forwarded the information to the U.S. Embassy in Kabul. However, Zalmay Khalilzad, who was then the U.S. ambassador to Afghanistan, said he had no recollection of hearing about the case, and no mention of the death was found in embassy records, a spokesman said.

Both Lakhdar Brahimi, head of the U.N. assistance mission when Jamal Naseer died, and his successor, Jean Arnault, declined to comment on the U.N.'s handling of the matter.

Parre and his companions were later moved secretly to a civilian prison in Kabul, still without any formal charges. Afghan military prosecutors immediately launched an investigation into their unexplained detention.

That inquiry produced a 117-page report asserting that the detainees had been tortured and that there was a "strong probability" that one of the men had been "murdered." The report speculated that the prolonged imprisonment was intended to give the detainees' wounds time to heal.

When the Afghan attorney general ordered all seven released, it came after 58 days of captivity. No charges were ever filed against any of the men.

The Last Laugh

It wasn't long after Parre and his men were ousted from Sato Kandaw that ODA 2021 got word that Pacha Khan had reclaimed the checkpoint. The team mounted another patrol to the mountain pass, where a confrontation on the road erupted in gunfire.

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The circumstances remain in dispute. ODA 2021 reported that an enemy vehicle had come barreling toward the American convoy and that the driver had been "engaged and killed," while five other men escaped.

According to Pacha Khan's family, the driver was on his way to get food for the checkpoint's soldiers. The dead driver was the warlord's eldest son, Jalani Khan. His body was left on the roadside.

Several days later, the team reported that every checkpoint along the road from Khowst to Gardez seemed to be clear. Pacha Khan's influence was waning, and much of the credit went to Waller's team.

"The guys in Gardez … are having a significant effect on the area," an official with the Special Operations task force wrote to colleagues.

But with tensions inflamed by the killing of Pacha Khan's son, and with the 20th Group about to head home, Champion reined in the team. Waller's proposals for two patrols targeting the warlord were rejected.

The commander's "gut reaction," explained a March 28 note to Duff from Champion's staff, "is that Chief Waller is just out looking for another fight with PKZ, whom we've been told to back off of …. The [commander] is concerned that guys are rattling the tree, but what they are getting is criminal elements [versus terrorists], and we are not cops."

As they packed their gear in early April, the 20th Group's field commanders were frustrated to be leaving the warlord at large.

"Pacha Khan Zadran is probably now laughing at the Americans," the commander of the Special Forces team in Khowst wrote to superiors.

Maj. Rick Rhyne, the incoming 3rd Group operations chief, shrugged off the complaint.

"There is a reason, most likely political, that we cannot touch him," he wrote. "He can laugh all he wants to."

EPILOGUE: Inquiries Are Underway, so Far Without Charges

In the years since ODA 2021 returned to its red-clay roots, the interrogation methods practiced by some Special Forces units in Afghanistan migrated to Iraq.

Early warnings seem to have been disregarded. In Afghanistan, the International Committee of the Red Cross complained of mistreatment as early as December 2002. It delivered a private report to top U.S. military commanders alleging widespread abuse at the firebases at the very time Parre and his men were being held in Gardez.

The Red Cross had interviewed more than 40 former firebase detainees who described beatings, kickings, verbal threats, sleep and food deprivation, immersion in icy water and prolonged exposure to extreme cold, according to a copy of the previously undisclosed report, which was obtained from U.S. government sources.

Initially, U.S. officials reacted skeptically, dismissing the Red Cross claims.

"Don't get all spun up on this," advised Maj. Rhyne, the Special Operations officer, in a note to battalion commanders. "Just let the teams know there were allegations but no proof."

Capt. Sean McMahon, a judge advocate general for the Special Operations task force, wrote to others on the headquarters staff that the allegations were vague. But he said Lt. Gen. Dan McNeill, then commander of U.S.-led forces in Afghanistan, wanted all interrogators reminded of proper methods.

The interrogators needed to understand, McMahon wrote, that "if they are implementing certain procedures, they must cease."

Some members of ODA 2021 have come under criminal investigation stemming from the deaths of Jamal Naseer and Wakil Mohammed. No one has been charged, and the names of those targeted by the inquiry have not been released.

The Army's Criminal Investigation Command has no timetable for completing the inquiries into either death, spokesman Christopher P. Grey said.

The investigations have proved challenging, he said, because of difficulties locating witnesses and barriers in language and culture. The families refused to allow the exhumation of either victim, citing religious beliefs.

But the investigators also have been hampered by missteps.

When the CID first looked into Naseer's death, it was unable to identify the victim and dropped the matter quickly. After he was identified by The Times and the Crimes of War Project, the case was reopened. In Mohammed's case, investigators operated for at least a year under the assumption that he had died two months earlier than he did.

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Last year, Army investigators recommended that one soldier be charged with murder in the Wazi shooting, and another with dereliction of duty for not reporting the incident. The recommendations were sent to the U.S. Army Special Forces Command at Ft. Bragg.

The case was reopened last year, and the CID spokesman would not say whether the agency was pursuing similar charges more than a year later.

The Times attempted to interview every member of ODA 2021 and others in the chain of command. One who declined to be interviewed was former team leader Waller, who said he preferred to let the military legal system finish its work. "I'm not at liberty to discuss it while it's under investigation," he said. Waller continues to work full time at the 20th Group headquarters. Champion, the National Guard colonel who directed all Special Forces in Afghanistan in 2002-03, was promoted to general in 2004. He recently completed a tour as deputy commanding general over all operations in Afghanistan.

He acknowledged in a telephone interview that he had been contacted by Army investigators, but he declined to comment further.

"We'll see what happens with the investigation and where it goes," he said.

Pacha Khan remained a problem for the American forces well after the 20th Group's departure.

Over the next two years, however, the warlord grudgingly ended hostilities with the Afghan government and became part of it.

In 2004, his youngest son was appointed governor of the new administrative district of Wazi Zadran. And last fall, the warlord himself made a bid for elected office.

Today, the nemesis of ODA 2021 is a member of the new Afghan parliament.

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About this series

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"Firebase Gardez" examines the deployment to Afghanistan of a decorated Alabama National Guard unit. It is the result of a yearlong investigation in the U.S. and Afghanistan by Times staff writer Kevin Sack and freelance investigative journalist Craig Pyes. It was written by Sack.

Pyes, a two-time Pulitzer Prize winner and frequent contributor to the newspaper, reported from Afghanistan jointly for The Times and the Crimes of War Project, a Washington-based nonprofit that describes itself as "a collaboration of journalists, lawyers and scholars dedicated to raising public awareness of the laws of war." In 2004, the group provided The Times with the first evidence of an unreported Afghan death in U.S. custody and joined with the newspaper to investigate further. That led to a military inquiry by the Army's Criminal Investigation Command that continues today.

The Times reviewed thousands of pages of internal military documents to reconstruct the period when a 10-member Special Forces combat team called ODA 2021 (for Operational Detachment Alpha) was assigned to the Gardez firebase.

Every member of the team was contacted. Most declined to be interviewed or referred reporters to public affairs officers. The Army and all of its subordinate commands — the U.S. Central Command, U.S. Special Operations Command, Army Special Forces Command, 20th Special Forces Group and the Alabama National Guard — declined to comment.

Times researchers Nona Yates and Janet Lundblad contributed to these reports.

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Army Explores Issue Of Living Wills As More Return From War In Comas (USAT)

By Gregg Zoroya, Usa Today

USA Today, September 25, 2006

A growing number of troops are returning from Iraq and Afghanistan with severe brain damage, prompting the Army to examine whether living wills or other care directives from soldiers ought to be available to battlefield doctors.

The issue was raised this summer by wounded soldiers and families of casualties during a symposium sponsored by the Army's Wounded Warrior Program.

FAMILIES REORDER LIVES: Catastrophic wounds mean lifetime care

"With technology as good as it is, they can keep that soldier alive, but they can't put their hands on a digitized piece of paper" containing a do-not-resuscitate order, says Ed Salau, a former Army lieutenant who lost his left leg during combat in Iraq. He was one of 40 people at the June symposium.

Army officials say they plan more symposiums to hear from wounded soldiers and their families, but they make no promises about what steps they might take.

From January 2003 through July, the Pentagon identified at least 250 troops who returned from war with head wounds that left them — at least initially — comatose or unable to care for themselves or respond to people. Brain injuries, most from roadside bombs, are the signature wound of the Iraq war.

The number is a small part of the 20,000 troops wounded in Iraq and Afghanistan, but it is "unprecedented," says Dale Smith, professor of medical history at the Uniformed Services University of the Health Sciences in Bethesda, Md. "All of these (comatose) people died in former wars before they got home."

Troops can fill out living wills instructing doctors to withhold care. Those at the symposium recommended that troops be better educated about the process and that the wills be accessible to doctors.

Today, field surgeons unaware of last wishes say they often keep soldiers with crippling brain injuries alive and fly them to the USA. That allows families a chance to get closure and to make decisions about organ donation, says Brett Schlifka, an Army neurosurgeon. It also might leave relatives to decide whether to withhold life support.

Not every family member favors a move toward living wills. Sarah Wade, whose husband, Ted, suffered a major head injury from a roadside blast in Iraq in 2004, says she has mixed feelings. If her husband had a living will, he might have directed doctors not to take the steps that saved his life, she says. Since he was sent back to the USA, his condition has improved, she says. "I'm leaning against it," she says of giving combat surgeons access to do-not-resuscitate orders.

Army Col. Mary Carstensen, director of the Wounded Warrior Program, says the concerns raised at the symposium are being sent to appropriate offices within the Army, Pentagon and Department of Veterans Affairs.

"There was so much emotion behind each one of these issues that we know we have to do something," she says.

Families Bear Catastrophic War Wounds (USAT)

By Gregg Zoroya

USA Today, September 25, 2006

WASHINGTON — Army chaplain Kenneth Kaibel touched a cup of Communion wine to the lips of Spc. Ethan Biggers, who lay comatose at Walter Reed Army Medical Center. A drop slipped down his throat. The soldier gagged and coughed twice as his stepmother, Cheryl Biggers, cradled him ever more closely.

"That's all right," she whispered, her left hand gently supporting the base of his head. Depressions revealed where battlefield surgeons peeled back his scalp and removed large sections of skull to relieve swelling from a bullet fired by a sniper in Iraq in March.

His stepmother grasped his clenched fingers and kept her face close to his. "I want to make sure that he knows that I have him," Cheryl Biggers explained.

That was in June. Ethan Biggers, 22, was later transferred to a Department of Veterans Affairs hospital in Tampa and remains in a near-coma state.

"He can hear us. He opens his eyes. And we think he can follow our voices," says Cheryl Biggers, 51. "But he can't quite focus."

Biggers is part of a small but growing number of catastrophically wounded casualties from Iraq and Afghanistan — many of whom would never have survived this long in previous wars.

According to the Pentagon, at least 250 soldiers and Marines have returned from Iraq and Afghanistan with head wounds that left them — at least initially — comatose or unable to care for themselves.

ARMY MULLS LIVING WILLS: More returning from war with brain damage

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"We all look at the amputees and say, 'God, they're really lucky,' " says Liza Biggers, 25, who left her career as a freelance artist to devote all her time to her brother.

Families' lives rearranged

Families of these wrecked young men contend not only with the shock of seeing the physical destruction to their loved ones but also with how their own lives change dramatically. Parents and siblings give up careers, forsake wages and reconstruct homes to care for wounded relatives rather than consign them to a nursing home.

"My son is in such a state," says Edgar Edmundson, 51, who left his job as a pie bakery supervisor to care full time for his son, Eric, 26, an Army sergeant. "He doesn't have control of his bladder or his bowels. He can't walk and he can't talk. ... To me, his father, the life my son knew is over."

Eric Edmundson, married and the father of a 20-month-old girl, was hurt in a roadside explosion Oct. 2 in Iraq. During surgery, his heart stopped and he suffered severe brain damage. His father, who had dreams of one day opening a gun and bait shop with his only son, now bathes and changes him daily and takes him to a rehabilitation center for physical therapy. Edgar Edmundson and his wife, Beth, who works as a state office supervisor, share a three-bedroom rental home in New Bern, N.C., with their son and his family.

"I guess you could say we don't have any disposable income," Edgar Edmundson says. "I live this every day. My son and I were very close. We had big plans."

Families say they also struggle with military and VA medical systems that were unprepared for these severely brain-damaged casualties.

They say the rehabilitation of catastrophic cases has not kept pace with the advances in battlefield medicine that kept these servicemembers alive and brought them home safely.

"They're saving their lives. But there is no system really in place to give them their life back," says Marissa Behee, whose husband, Jarod, 27, was shot in the head by a sniper in Iraq on May 25, 2005.

She says her husband showed little improvement after spending three months in the summer of 2005 in one of the VA's new polytrauma centers in Palo Alto, Calif. The centers are designed specifically to treat servicemembers suffering multiple injuries.

Help for soldiers, families

VA officials defend their programs and say they have made great strides in meeting these severe needs with their polytrauma facilities. By the end of this fiscal year, 21 new outpatient centers designed to monitor and continue treating rehab patients will be operating, officials say. They concede, however, that war has brought new challenges.

"There are some issues about family support, issues about the complexity of the medical and specialized needs that have to be addressed," says Lucille "Lu" Beck, chief consultant to the VA for rehabilitative services. "We have survivors now who come to us with medical conditions, rehab needs, multiple impairments that we've not seen before."

Behee has formed a foundation called Heroes with Head Injuries to provide other families with information on how to navigate the military medical system with a brain-damaged loved one.

In an effort to address concerns about military care, the Army's Wounded Warrior Program, which serves as an advocate for severely disabled soldiers and their families, held the first in a series of symposiums with wounded soldiers and family members. In June, the Army asked the more than 40 attendees to go through dozens of complaints and narrow them to a manageable list. Among the issues raised: problems in the process of notifying families about casualties; a shortage of trained case managers; the adequacy of rehabilitation for severely brain-damaged soldiers; confusion about the medical retirement process; and the need for more financial support for families.

"They are being pushed to the highest level," says Army Col. Mary Carstensen, director of the Wounded Warrior Program.

One recommendation from the symposium was for the military to more aggressively urge soldiers to fill out living wills containing directives about whether medical treatment should be withheld in the event of a dire brain injury.

Ethan Biggers' family is divided. His twin brother, Matt, a former soldier, believes Ethan wouldn't have wanted extraordinary steps taken to preserve his life.

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Army Maj. Ronald Riechers, a neurologist who treated Ethan Biggers at Walter Reed, is grim about his future. He says Biggers could either remain in a near-coma or progress to requiring significant lifelong assistance. Perhaps he would be able to sit in a wheelchair, Riechers says.

Cheryl and Liza Biggers believe they see incremental improvement in Ethan and hold out hope. Ethan Biggers' wife, Britni, hopes her husband will someday recognize the couple's son, Eben, born June 2.

Liza Biggers works with hospital staff to stimulate responses from her brother, using Britni's Cotton Blossom body lotion, peeled oranges and Tootsie Rolls.

"I feel that we're here to get Ethan better," she says. "It's not asking too much to sacrifice a year or two of our lives to get Ethan back."

They suffered a setback July 27 when Ethan's father, Rand Biggers, died in a traffic accident. He had shepherded his son through the military's medical system. "I believe in God," he had said. "Something goodwill come out of it."

Today, the Biggers family continues its vigil at Ethan's bedside.

Cheryl Biggers says that for soldiers like her stepson, their last waking thought was of war. "I want to make sure that he knows where he is, that he's safe. We wouldn't be here with him unless it was safe, and trying to convince him to wake up," she says softly, cradling Ethan.

"Come on out and join us," she tells him. "Everybody's waiting."

Backstory: Enlisting Churches To Help Soldiers (CSM)

By Sean J. Miller

The Christian Science Monitor, September 25, 2006

MINNEAPOLIS

John Morris, a military chaplain, stands at the front of a crowded conference room dressed in desert fatigues and tan combat boots, commanding his audience's attention with a tone barely above a whisper. Addressing some 30 Minnesota church leaders, Major Morris opens with a story about his time in Anbar Province, an insurgent stronghold in western Iraq.

"When the insurgents found out a new unit was there, they would walk a child in front of our convoys," he recalls. "What does a good Minnesota person do? Stop. You only do that one time, because you get ambushed and someone gets maimed or killed."

It's a chilling story, which Morris heard from numerous soldiers in combat, meant to convey the reality of war - and the kind of psychological stress soldiers go through in the field and when they come home.

Morris is on a mission. Since returning from the Middle East, the deputy state chaplain of the Minnesota Army National Guard has labored to convince members of Minnesota's religious community - many of whom oppose the war - to support the soldiers returning from Iraq and Afghanistan. More than that, he wants them to be frontline counselors and comforters.

"Sociologists or psychologists - they're great, they're helpful," Morris tells the audience. "But when I get to this issue, I have to always tell them, 'I'm sorry but there are people better qualified than you to handle this: religious leaders.' You're the healers. You bring reconciliation."

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Morris is tall, with close-cropped brown hair and smooth features. He projects a calm, commanding presence that comes from experience hard earned. In April 2004, he was deployed with the US troops who surrounded Fallujah in response to four American contractors being killed and mutilated. While the battle for Fallujah raged, Morris circled the area in an armored Humvee offering Protestant Easter sunrise services to the support troops. The brutality of the conflict tested even his Christianity.

"That's probably the closest I've ever come to hate," says Morris."I came so close to the mentality: 'Kill them all and God is on our side.' Spiritual discipline held me back from that abyss."

Morris's spiritual discipline was still being tested two months after he returned home to Roseville, Minn. He was experiencing violent mood swings. His anger erupted at the slightest provocation, as when someone cut in front of him in a line at the airport. Morris wondered what combat soldiers must face after coming home.

"I'm a chaplain and I didn't pull a trigger and didn't take a human life, and I'm this mad," he says.

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The horrors of war do shadow American soldiers. According to a 2004 study published in the New England Journal of Medicine, 17 percent of combat veterans arrive home with mental health issues, ranging from depression to posttraumatic stress disorder.

National Guard soldiers face their own peculiar problems. They experience a rapid change from military to civilian life. In less than two weeks, once their tours in Iraq or Afghanistan are up, they can go from dodging roadside bombs and insurgent ambushes, to picking up Starbucks and rushing to a business meeting. Moreover, not since World War II have so many Guard soldiers served in combat and had to reintegrate into civilian life.

The Pentagon has learned - often the hard way - that returning soldiers need long-term support with the transition. "We didn't do it for the Vietnam vets, and in a sense we're paying for that now," says David Segal, a military sociologist at the University of Maryland.

Guard soldiers are entitled to the same counseling and support services offered to members of other branches of the military. But they often live hundreds of miles from the nearest military post, which can make counseling difficult.

Minnesota's program is unusual because - in addition to offering spiritual counseling - it requires Guard soldiers to report back to their barracks 30, 60, and 90 days after they're home. This is actually in violation of Pentagon policy, which insists that Guard members are "on leave" and cannot be called back. But Morris calls this time the "golden, hour," and feels it's critical to keep members connected and supported.

"I'm proud to tell you that, in Minnesota, we are in open violation of that Department of Defense policy," he says.

In the last year, he's had two soldiers tell him that they planned to kill themselves after they reported back to their barracks. Morris says he got those soldiers counseling, which they may not have received otherwise.

Another soldier Morris helped was Sgt. Ron Huff, an 18-year veteran of the Army National Guard. Sergeant Huff recently spent a year in Iraq clearing improvised explosive devises from the highway between Tikrit and Kirkuk. In his first month home, he couldn't switch out of his Iraq driving style and was ticketed four times for speeding by the same sheriff's deputy. Later, he experienced flashbacks, turned to alcohol, and totaled his motorcycle.

In Iraq, Huff commanded 35 soldiers - who affectionately called him "Huff Daddy" - but back home he didn't know where, or how, to ask for help. That's when Morris walked into his office. As Huff recalls it, Morris made him realize that "I'm not the only one who feels crazy." Huff and Morris now work together. "He's the smart guy and I'm the common sense guy," Huff says.

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In the year sinc Morris started his church outreach programcalled "Beyond the Yellow Ribbon," Minnesota hasn't lost a Guard to suicide. The idea is to ask churches with soldiers in their congregations to become "military friendly." Morris encourages them to take care of the service members and their families - bringing them meals, providing marital counseling, or just listening.

Pastors, he says, can publicly welcome soldiers home and acknowledge their service. They can also watch for signs of reckless behavior.

The program "is a step in the right direction," says Prof. Segal, the military sociologist. "I think it will make the transition easier."

Yet not everyone is enamored of Morris's program. Gary Kohls, a lay member of Every Church a Peace Church, a national group that encourages churches to preach pacifism, says Christians shouldn't engage in combat, even if they're soldiers. "We take the stance that [combat trauma] could be prevented totally, by refusing to engage in homicidal violence," says Dr. Kohls, the leader of a worship community in Duluth, Minn. "I'm very disappointed when churches are either silent or vocally in support of killing."

It took until late July for Minnesota's religious leaders to accept an invitation to hear Morris address the problems faced by returning Guard soldiers. When the chaplain finished his presentation and the applause died down, he made a heartfelt request. "Please, do not repeat what we did to Vietnam veterans," he said.

One pastor who listened that morning - and won't - was Don Britt. His church, the United Church of Christ, has opposed the war in Iraq. "I hate war and I hate this war in particular," says Mr. Britt. "But I have a son there."

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Britt says listening to Morris will help him raise his congregation's awareness of his son, Dan, and other soldiers' experience. "Hopefully, a lot more people will make the distinction between the politicians making the decisions to send these guys to war and our soldiers," he says.

DOJ:

Wainstein Confirmed For New DOJ Post (LAW)

By Emma Schwartz And Brendan Smith, Legal Times

Legal Times, September 25, 2006

The senatorial stalemate over U.S. Attorney for the District of Columbia Kenneth Wainstein's nomination to head the new National Security Division in the Justice Department ended last week when Sen. Carl Levin (D-Mich.) backed down, clearing the way for Wainstein's unanimous confirmation.

Levin single-handedly blocked a confirmation vote on Wainstein for months because the Justice Department wouldn't release records Levin wanted concerning FBI agents' objections to Defense Department interrogation techniques used on terrorism detainees at Guantánamo Bay, Cuba. Wainstein served as FBI general counsel in 2003 and chief of staff for FBI Director Robert Mueller in 2004.

On the Senate floor Sept. 21, Levin said he was still "troubled by the Department of Justice's stonewalling of my requests," but he acknowledged Wainstein did not control the documents and had been forthcoming during his nomination.

"It really hasn't been that trying," Wainstein says of the delays. "I've been doing the greatest job in the world — as U.S. attorney in D.C."

Wainstein says the consolidation of Justice's national-security assets in one division will improve communication and accountability. "There is no higher priority than counterterrorism these days," he says. As U.S. attorney for the past two years, the 44-year-old Northern Virginia native created a stand-alone homicide unit and a program targeting gangs.

On Friday the Justice Department appointed Jeffrey Taylor, counselor to Attorney General Alberto Gonzales, to replace Wainstein. From 1995 to 1999, Taylor was a federal prosecutor in San Diego handling drug cases. He spent the next three years detailed to the Senate Judiciary Committee under Sen. Orrin Hatch (R-Utah), where he helped craft the USA Patriot Act. Taylor returned to San Diego before joining then-Attorney General John Ashcroft as counsel for criminal and national security matters.

Some observers question Taylor's lack of experience with the D.C. office, the nation's largest U.S. Attorney's Office and the only one that also handles local criminal cases. But Gonzales said in a statement that Taylor's "legal skills, leadership ability, and personable approach to doing business will make this time of transition for the U.S. Attorney's Office very smooth and productive."

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CORPORATE SCANDALS:

HP Chief Tackles Boardroom Scandal Head-on (USAT)

By Jim Hopkins And Jon Swartz

USA Today, September 25, 2006

Mark Hurd admits company ran

covert probes in which investigators spied on directors, journalists, others

PALO ALTO, Calif. — Embattled Hewlett-Packard CEO Mark Hurd, trying to seize control of a burgeoning boardroom spying scandal, faces renewed questions this week over a news-leak probe that spurred the forced resignation last week of HP's chairwoman.

Hurd and the tech giant's new criminal defense law firm last week confirmed that he and former chairwoman Patricia Dunn were more deeply involved in some of the probe's unsavory tactics than Dunn and HP had previously acknowledged.

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Hurd's remarks, his most extensive so far, capped a searing week in which HP was pummeled by published reports detailing the probe — and Wall Street's unease about Hurd's role in a case that is the focus of growing federal and state law-enforcement probes.

At a news conference drawing dozens of reporters, Hurd said he approved a plan to send an e-mail to a journalist containing false information to trick her into revealing her sources. He said he felt "strongly" that the leaks had hurt HP's reputation but acknowledged he had not read a report on the probe's early findings addressed to him.

"I could have, and I should have," he said.

Hurd and one of HP's new criminal defense attorneys, Michael Holston, left unanswered several key questions about how the news-leak probe went so seriously awry.

Holston said it was unclear whether HP employees had supplied Social Security numbers of journalists, board members and a company employee to private investigators who used that information to get personal phone records. Also, Holston said a review by his firm had not found evidence "so far" that the probe used telephone wiretapping, leaving open the possibility that evidence of such tactics may still emerge as the review continues.

Dunn resigned as director Friday at the board's request; she was to relinquish the chairmanship in January but keep her board seat. Hurd assumed her title immediately.

Media reports over the weekend said two Hewlett-Packard executives who played key roles in the news-leak probe are about to leave the company.

A source familiar with the matter confirmed that those executives are senior counsel Kevin Hunsaker and Anthony Gentilucci, head of global security. Hunsaker directed the probe's second phase, "Kona II," and assured HP the tactics used were legal, said Holston, an attorney with Morgan Lewis & Bockius.

In a statement, Dunn defended herself anew, saying she had "followed the proper processes" and had not chosen the people who conducted the probe.

"The people HP relied upon to conduct this type of investigation let me and the company down," she said.

Hurd, 49, hired as CEO last year, apologized to the journalists who had been investigated. He did not answer questions at the conference. Dunn did not attend.

Hurd said the probe's intent was "absolutely proper and appropriate." Still, he said, "some of the findings that Morgan Lewis has uncovered are very disturbing to me."

Hurd and Holston gave details of the firm's review — involving more than a million pages of documents — that for the first time confirmed many details reported by news organizations: The company ran two covert probes, code-named "Kona I" and "Kona II," starting early last year, in which private investigators spied on HP directors, journalists, employees, spouses and other relatives. The probes drew on "hundreds" of personal phone calling records of those individuals.

Investigators sent a CNet tech news reporter an e-mail containing hidden software to trick her into revealing her sources and physically followed her and kept an eye on her home, Holston said. Investigators tailed director George Keyworth, his wife and possibly other relatives to his Northern California home and at a meeting in Boulder, Colo. The review found evidence investigators had rifled through individuals' trash.

Gentilucci gave an HP employee's Social Security number to a private investigator to get phone-call records, Holston said. Investigators also got Social Security numbers of three journalists, three directors and an HP employee.

Investigators considered "undercover operations" at the San Francisco offices of The Wall Street Journal and CNet, although Holston said there was no evidence those operations were carried out.

At Friday's conference, Hurd acknowledged what has worried investors: The probe and its aftermath are sapping attention when he and his team should be recharging the company's operations.

"Our job is to fix this and get back to the job of running a business," he said.

HP shares traded higher after hours following Hurd's remarks; they closed at $35.11 a share, up 24 cents, in regular trading. Investors had shown little concern about the scandal's impact until Thursday, when shares fell more than 5% on unusually heavy volume.

HP analysts, who have grown concerned with Hurd's possible role in the scandal, said they were relieved by his upfront comments.

"His reputation is that of a straight-shooter, and that is reflected in the way he has successfully run the company," says Martin Reynolds, an analyst at market researcher Gartner. "I think he's safe."

The scandal is unlikely to affect HP's bottom line, Reynolds and others say, as long as it does not further damage Hurd, who is credited with rejuvenating the $90 billion company after the tech bust and a controversial merger with Compaq Computer.

Hurd said HP has appointed former U.S. prosecutor Bart Schwartz to conduct an independent review of HP's investigative methods. Also, Richard Hackborn, a current board member, has now assumed the additional duties of independent lead director, a position he was to take in January.

Hurd, Dunn and other HP executives are scheduled to testify Thursday before the House Energy and Commerce Committee. California Attorney General Bill Lockyer and federal agencies are investigating whether HP and its executives broke laws. Lockyer on Friday told CNBC there is no evidence yet linking Hurd to criminal wrongdoing.

The Securities and Exchange Commission last week started a new investigation into the matter, joining other probes by the FBI and the U.S. Attorney's Office in San Francisco.

The spying scandal dates to early last year, when then-chairwoman and CEO Carly Fiorina and other directors began looking into leaks of board meetings. After Fiorina was ousted, her successor as chairperson, Dunn, pursued the investigation, which eventually pointed to director Keyworth. HP first disclosed the investigation on Sept. 6. Five days later, HP announced a boardroom shuffle: Dunn would step down as chairman in January and Keyworth resigned. Director Tom Perkins quit in protest over the probe in May.

Dunn's, H-P's Accounts Differ In Leak Probe (WSJ)

By Don Clark, Peter Waldman And Bruce Orwall

The Wall Street Journal, September 25, 2006

Now that Patricia Dunn has severed her ties to Hewlett-Packard Co., the question is whether H-P's former chairman will back the company's version of events in the simmering scandal over an investigation into leaks from its board.

Already, there are signs that Ms. Dunn's account differs in some respects from H-P's, a split that could imperil H-P's efforts to contain the controversy. Any differences could be made clearer Thursday, when Ms. Dunn, H-P Chief Executive Mark Hurd, and at least one other company executive are expected to testify before a House committee.

Ms. Dunn announced her resignation as a director and chairman Friday, the same day H-P offered its first outline of how an investigation into media leaks from its board had spiraled to include filched phone records, a booby-trapped email and physical surveillance of at least one director and a journalist. Criminal investigations are under way by the FBI and California attorney general.

The company, at a dramatic news conference, focused heavily on the conduct of Ms. Dunn, suggesting she had instigated and closely monitored the probe -- to the extent of directly consulting with private investigators. Mr. Hurd said he supported an investigation to stop board leaks, but termed some tactics "disturbing."

Ms. Dunn referred questions to her lawyer, James Brosnahan, over the weekend. But in Mr. Brosnahan's comments, and her own prepared remarks, Ms. Dunn paints the probe as a collective board action that involved others at H-P.

Ms. Dunn had previously agreed to give up the chairman's role to Mr. Hurd in January, while remaining on the board. Her accelerated departure is a bitter footnote to a career that began in freelance journalism, continued at Wells Fargo & Co. and peaked as Ms. Dunn rose to lead fund management giant Barclays Global Investors, where she remains nonexecutive vice chairman. Ms. Dunn, 53, has twice beaten cancer, and last week was inducted into a San Francisco-area business group's hall of fame.

Mr. Brosnahan says it makes "no sense at all" to think that she would knowingly participate in anything she thought was criminal. "The irony of Pattie's situation," he adds, "is that she's a great devotee of privacy, people's personal rights and so forth. She has been for good corporate governance."

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Ms. Dunn joined H-P's board in 1998. She became chairman in February 2005, following the ouster of Chief Executive Carleton Fiorina. The board's initial inquiry into leaks was prompted by a January 2005 Wall Street Journal article detailing board unhappiness with Ms. Fiorina. Ms. Dunn says she continued the probe after she became chairman, with support from other directors.

"There were strong feelings among members of the board that the leaker had to be found," Mr. Brosnahan says, adding that Ms. Dunn told the board several times about the probe.

The board had internal divisions. For one thing, longtime director George Keyworth and Thomas Perkins, a venture capitalist who departed and returned to the board, believed that Mr. Hurd should have been given the chairman's role when he became CEO in March 2005, people familiar with the matter say. Ms. Dunn knew they opposed her retaining the title, those people say.

Michael Holston, a lawyer from Morgan, Lewis & Bockius LLP leading H-P's internal review of the leak investigation, said Friday that Ms. Dunn in early 2005 contacted Security Outsourcing Solutions Inc., a Boston-area detective agency that H-P had used previously.

For a month or so, he said, Ms. Dunn worked directly with Ronald DeLia, who operates SOS, on a probe code-named KONA I. H-P's security unit wasn't brought into the probe for two months, he said. Mr. Holston also said Ms. Dunn had received "regular updates," on a second, broader phase of the leak investigation, dubbed KONA II, begun in early 2006.

Mr. Brosnahan says Ms. Dunn asked people within H-P how to conduct such a probe and was told that Mr. DeLia was someone "who helped the company a great deal." Ms. Dunn then spoke to Mr. DeLia to "give him whatever insight she had into who might be doing this" as background for the investigation, Mr. Brosnahan says.

Mr. Brosnahan will not say whether Ms. Dunn discussed investigative tactics with Mr. DeLia; he expects her to be questioned on that point before the House Energy and Commerce committee Thursday.

H-P staff members became more heavily involved in the second phase of the investigation in 2006. Kevin Hunsaker, an H-P senior counsel, directed the KONA II probe, and provided assurances to H-P general counsel Ann Baskins that the investigative tactics were legal, Mr. Holston said. Others involved included Tony Gentilucci, manager of H-P's global security investigation unit. Mr. Hunsaker and Mr. Gentilucci were described as "in the process of leaving the company" on Friday by a person familiar with the matter. Mr. Gentilucci's lawyer declined to comment.

Mr. Hunsaker's lawyer, Michael Pancer, said Mr. Hunsaker believes his and H-P's conduct in the probe was legal. He said Mr. Hunsaker has been asked to testify at Thursday's House hearing and will decide whether to do so this week.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. (Complete coverage.3)

Ms. Dunn has also made statements that appear inconsistent with other participants' accounts, as well as internal H-P emails that have emerged. She has said in interviews that she couldn't supervise the leak probes because she was a potential target. But emails show that H-P's investigators consulted extensively with her and Ms. Baskins. Mr. Holston said Friday that Ms. Dunn and Ms. Baskins received "regular updates" on the probe.

Ms. Dunn has also said in interviews that she told Mr. Perkins, before he resigned from the board, that personal phone records were being scrutinized. Mr. Perkins' spokesman, Mark Corallo, has said that is "absolutely not true."

The debate over Ms. Dunn's role isn't only important to her reputation but also to Mr. Hurd's effort to put the scandal behind the company.

On Friday, Mr. Hurd focused his criticism on KONA II, and the failure of managers, including himself, to ensure that proper procedures were followed. But the most legally questionable tactic -- obtaining phone records by impersonating a phone user, or "pretexting" -- apparently was also used during the first phase of the investigation, according to a newly obtained SOS report, dated July 19, 2005.

The report shows that the cellphone records of Wall Street Journal reporter Pui-Wing Tam were obtained for calls made between mid-April and mid-June of 2005. Home phone records of calls made by Ms. Fiorina between late December 2004 and mid-April 2005 were also examined. The latter date is two months after she left the company.

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Some of these details could become important in establishing how much Mr. Hurd knew of the tactics employed. While expressing regrets for the way the probe was handled, the H-P CEO didn't flatly deny knowing of the tactics during it.

For example, he said he attended a "brief meeting" in July 2005 concerning the first phase of the investigation, but didn't say if investigative tactics were discussed. Mr. Holston said Mr. Hurd approved a ruse to send a phony email to a reporter at CNET News.com. Mr. Hurd said he didn't recall hearing plans to use tracer technology that would show where the message was forwarded.

Mr. Hurd also said he attended a March 2006 meeting at which a "verbal summary" of KONA II was discussed. He didn't say if pretexting or other tactics were discussed. He expressed regret that he didn't read a written report about KONA II, which may have included mention of the investigative tactics.

At Hewlett-Packard, A Chief Wounded By Divided Attention (NYT)

By Damon Darlin

The New York Times, September 25, 2006

PALO ALTO, Calif., Sept. 22 — Mark V. Hurd sat at the head of the table in the Hewlett-Packard boardroom, the room that had been the source of leaks and the starting point of a misguided and ultimately embarrassing attempt to plug them.

Mr. Hurd, the chief executive, had wanted to talk about the transformation inside Hewlett-Packard, how it was becoming a lean Silicon Valley growth company instead of a cash cow content to thrive on the high profit margins of its ink and toner cartridges.

But instead, in his first public interview since the spying operation was revealed in early September, Mr. Hurd needed to talk first about the spying investigation that has sullied the company's reputation as well as his own.

"This is just a horrible thing that has happened," Mr. Hurd said Wednesday afternoon, his rimless glasses perched on the end of his nose, "and we have to fix it." He echoed that sentiment in a news conference on Friday at which he expressed regret and then apologized for the actions of company investigators and the detectives they hired.

Mr. Hurd also apologized for his own inaction. As shocking as it has been to hear the methods used — obtaining private phone records, or trying to plant tracking software on a journalist's computer — it is almost as surprising that Mr. Hurd sat on the sidelines while the company's Clouseaus drew up plans to infiltrate newsrooms with spies masquerading as secretaries or janitors.

Mr. Hurd, 49, is known as an operations expert who asks lot of questions. "Mark is very rigorous on operational details," said Shane V. Robison, an executive vice president and chief strategy and technology officer. "He knows what to ask and he knows when to step back and listen," Mr. Robison said in an interview in late August before the furor erupted.

At least twice when he had the opportunity — at meetings in July 2005 and in March 2006 — Mr. Hurd failed to ask critical questions about the methods in the leak investigation.

But some people close to him suggest — though they do not know for certain — that he failed to focus on the leak investigation partly because he was focused on getting the company fixed and partly because he regarded the search as the project of Patricia C. Dunn, the chairwoman.

At Friday's event and in the interview, Mr. Hurd chose not to explain that inattention.

"He said nothing in effect, but he said it very well," said Charles Wolf, a securities analyst who follows Hewlett-Packard for Needham & Company. Mr. Hurd may explain more when he testifies Thursday at a House subcommittee hearing.

The mood inside Hewlett-Packard grew more apprehensive in midweek after Mr. Hurd's name surfaced in documents about the spying operation. And a few corporate governance analysts have wondered whether he might become a victim of the scandal, like Ms. Dunn, whom he succeeded as chairman after her resignation from the board on Friday.

But what has won him the benefit of the doubt within the company and among investors is that he has done so well fixing the company. He was transforming NCR when he was hired in March 2005 to take on the task of righting Hewlett-Packard.

At the time, most analysts and investors said its best days were behind it. But the stock has risen 77.4 percent as he cut costs, restructured operations, hired more salespeople and pushed employees to find new opportunities for growth, like commercial printers, energy-saving blade servers and software to manage data centers.

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"He doesn't promise much, but he's delivered five quarters of upside surprises," Mr. Wolf said.

The reason Wall Street remains enamored of him and the company is what Mr. Hurd has done with a business model that employees have taken to calling the Triangle, a regular feature on company whiteboards and PowerPoint presentations.

On one corner is Efficiency. At first that meant reducing headcount. Shortly after Mr. Hurd arrived, he announced that the company would shed 14,500 employees, or about 10 percent of its work force, for about $2 billion a year in savings. But he is not done cutting. The company continues to find places to cut costs, like disposing of some of its real estate.

On another corner is Capital Strategy, which is the $16 billion Hewlett-Packard has hoarded.

On the third corner is Targeted Growth, which is where the savings and the cash hoard are spent.

Growing animated when the Triangle was mentioned, Mr. Hurd said, "It's not rocket science." But as for execution, Mr. Robison, the chief strategist, said, "You have to do all three at the same time, and that is really hard."

The point Mr. Hurd makes to employees is that cutting costs is not enough. "Management's job is to explain that cost-cutting and growth are not two things," he said. "They are really one thing."

A good example is Hewlett-Packard's data centers. It had 85 of them spread around the world. The company is building six of them in two cities to handle all the data processing. It will close the existing centers, sell the real estate and lay off more employees to save $1 billion.

Lower personnel and operating costs free up money to develop the software and equipment that will make the centers more efficient. But there is also a growth opportunity, because Hewlett-Packard will sell similar data centers to other companies that also want to cut costs.

Knowing that cost-cutting and growth are the same objective helps to cushion the pain of never-ending cost-cutting. "The person knows we aren't just taking costs out, we are helping the company grow," Mr. Hurd said. "The employees have to know the plan. Then it is a different attitude. They want to be on a winning team."

"That's what's so horrible about the current situation," he said, returning to the spying scandal. "They want to know they are making progress. The people in the company are working very hard. We've done some tough stuff. I don't want to forget we took 15,000 jobs out of the company and told a lot of employees to go home and tell their families they that no longer have jobs."

The concept could be an important model for any aging behemoth — think of Ford, Coca-Cola or Time Warner — that wants to grow but needs to cut first. He has been at it less than 20 months, and not everyone thinks it can be sustained.

"The jury is very much out on whether Hurd has made any notable progress on growth yet," said A. M. Sacconaghi, a securities analyst with Sanford C. Bernstein & Company. "That is his next big challenge, and materially boosting revenue growth on a $90 billon company will be much tougher than cutting costs."

The distractions of the spying scandal are certain to test the concentration of the company's top executives. But those who have known Mr. Hurd say they think he can keep morale at the company high.

Dipak C. Jain, the dean of the Kellogg School of Management at Northwestern University, who has known Mr. Hurd for more than a decade, said his style was not to bully or humiliate his lieutenants. "People don't get intimidated working with him," Mr. Jain said. "He believes that if people get intimidated, their best doesn't come out."

Mr. Hurd recognized, for instance, how anxiety-ridden top executives become when they discuss the current quarter. "They get defensive," he said. So when he arrived at the company in 2005, one of his first management meetings was about 2010. "We would take the short-term emotion out of the equation and work backwards," he said.

At the same time, he is not bothered by people who say Carleton S. Fiorina, the former chief executive and chairwoman, should get some credit for the company's current success. "I don't look at things as binary," he said. "It just needed a bit of crystallization."

There is another aspect of his management style that may account for the paradox of his success in running the company's business and his failure to stop the managers overseeing the detectives from getting so far off track. Mr. Hurd trusts his executives to make decisions.

He said he discovered after he arrived at Hewlett-Packard that he was being asked to make too many decisions. For instance, he was mediating disputes between the computer division and the printing division, which shared a sales force. He tore up that matrix system of management and made division executives responsible for their own sales.

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Pushing down responsibility and accountability develops products faster, gets them to market faster and makes for more satisfied customers, Mr. Hurd said. That new structure freed Vyomesh Joshi, executive vice president for the printing division, to invest heavily in new areas — like the online photo service Snapfish, copiers, commercial printing and a teleconferencing service called Halo — that have added $1.3 billion in revenue over 12 months.

Does distributing responsibility have another cost — more detachment from the oversight by the chief executive? It is another unanswered question. But as Mr. Hurd explained a sketch about bureaucracy and how information is shared in an organization, he noted: "The problem isn't at the bottom. It is near the top."

He says he thinks a lot about process. To help repair the damage from the scandal, he has appointed Bart M. Schwartz, a former federal prosecutor, to examine the company's process for investigations.

"We are working as hard as we can to get through this," Mr. Hurd said Wednesday.

The Changing Rules Of Corporate Spy Games (CSM)

By Mark Trumbull

The Christian Science Monitor, September 25, 2006

While it may seem like an anomaly, the saga of high-level snooping at Hewlett-Packard sheds light on an ethical balancing act playing out across corporate America.

Companies routinely take measures - including, as in Hewlett Packard's case, retaining the services of outside private investigators - to guard trade secrets and confidential plans. But as technology makes it easier to trace leaks, firms are also seeing the need to avoid cultivating mistrust.

The drama at Hewlett-Packard is highly unusual because clandestine measures focused on top company officials and on journalists, to find which board member was leaking information to the press.

Yet even beyond HP, defining the limits of corporate snooping may be growing in complexity. New technologies are expanding both the opportunities for malfeasance and the ability to chase it down. And in a knowledge-based economy, generating and guarding ideas is now central to any corporation's market value. That involves nurturing loyalty and morale among creative employees, while also monitoring their activities.

"HP had every right to initiate an investigation," says Sean Walsh, a private investigator who works with other corporations in Silicon Valley and the San Francisco area. "Where things went awry was the methodology used in this case."

As the Hewlett-Packard case suggests, sometimes efforts at damage control do more harm than good. HP should be winning plaudits for its recent stock price highs. Instead, the high-tech giant is in the news for the lengths it went to hunt down a board member with loose lips.

By HP's own account on Friday, its leak-tracing efforts crossed a line into "inappropriate" actions. Chief executive officer Mark Hurd gave a news briefing to apologize for investigators' use of techniques such as gaining access to personal phone records under false pretenses.

But questions have continued to emerge about his own role. As a board member who was aware of the investigation, he lent his approval to an attempted e-mail "sting" that targeted a journalist. Investigators hired by HP put a hidden code in the e-mail to trace if it was forwarded to a boardroom leaker. Mr. Hurd was apparently aware of the general stratagem, but not of the tracer code. He has volunteered to talk about the affair at a Capitol Hill hearing Thursday.

A number of cautionary lessons are emerging, say experts, on business ethics, management, and security. While some of the tactics HP used may be illegal, others have landed the company in hot water simply because they were improper.

"The bar of ethics is higher than the bar of the law," says Dean Krehmeyer, who heads the Business Roundtable Institute for Corporate Ethics in Charlottesville, Va.

At the same time, experts say, today's corporations have a need - even a duty - to protect their business secrets.

Mr. Walsh, who helps many corporations with security, says it's not unusual for companies to hire an investigator to go under cover as an employee to stop theft. Walsh's firm has contracts to perform regular "bug sweeps" and other countermeasures to make sure no one is using high-tech means to steal trade secrets. And when crises erupt, in-house security teams often call for outside help from firms like Walsh's.

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"We usually are there when the horse is already out of the barn," says Walsh, a past president of the California Association of Licensed Investigators.

About three years ago, he was tapped to track down a leak of sorts. A software company had detected a pattern of large files being downloaded at odd hours. Walsh helped identify which worker was stealing sensitive data.

In fact, it is now routine for companies to use computers or video cameras to monitor all manner of office behavior.

Experts say it's important that companies let employees know what is being tracked and why, so workers will support efforts that may, in the end, help them prosper.

But recognizing boundaries and privacy is also important, experts say.

"Don't snoop," is generally a good guideline of workplace etiquette, says Barbara Pachter of consulting firm Pachter & Associates in Cherry Hill, N.J. "It might not set the right tone."

Others add that building a tone of trust is especially vital in the boardroom in an era when corporate directors face new duties and heightened scrutiny. Black-bag investigations don't achieve that goal, they say.

"A culture that could produce this kind of thinking ... needs to be seriously reexamined," says Charles Elson, who heads the University of Delaware's Center of Corporate Governance.

At Hewlett-Packard, the boardroom culture was apparently poisoned by personal conflicts during a period that saw the ouster of Carly Fiorina as CEO early in 2005. Next month Ms. Fiorina is publishing a book on her controversial tenure at the iconic Silicon Valley company.

The leaks were a serious matter and each board member denied being the source when asked by HP.

"There was potential for harm," says Craig Dunn, a business ethics expert at San Diego State University.

He doesn't see it as problematic that the probe included surveillance of board members beyond company property. But securing records for personal phone calls under false pretenses, and the phone records of journalists, crossed a line, he says.

"Now you're going outside" the company, he says, beyond where "you have direct control or access." Who's spying on you?

In a survey of 526 US companies:

• 76% monitor workers' website connections.

• 26% have fired workers for misusing the Internet.

• 6% have fired employees for misusing office telephones.

Sources: American Management Association and ePolicy Institute

HP Moves Leave Legal Issues Open (LAW)

By Justin Scheck, The Recorder

California Recorder, September 25, 2006

With the stock market in a lather over Hewlett-Packard's troubled leak investigations, HP CEO Mark Hurd tried on Friday to take control of the situation. But in doing so, he left unanswered key questions about legal representation in the festering matter.

In a brief press conference, Hurd addressed some investor concerns by announcing that Patricia Dunn, the former chairwoman who ordered an aggressive probe of boardroom leaks, would be leaving the board immediately, and that Hurd would be taking over as chairman.

Hurd and Morgan, Lewis & Bockius partner Michael Holston disclosed some details of what a company investigation has found, including the fact that Hurd himself was kept informed of certain parts of the leak probe. It's not clear, though, at what point Hurd knew that investigators "pretexted" -- lied -- to gain access to board member, employee and journalist phone records.

Morgan Lewis was hired Sept. 8 to perform an independent investigation, and to represent the company in talks with federal and state prosecutors.

But one statement by Hurd raised questions for many lawyers: "Morgan Lewis reports to me, not to the HP board," he said.

Such a statement might have been a reassurance Sept. 19. Until then, the leak investigation seemed to be more a board problem than one pointing to Hurd. But by Friday, news reports -- and several remarks by Hurd and Holston at the press conference -- made it clear that Hurd's role in the probe is also being examined.

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For example, Hurd acknowledged Friday that he attended a March 2006 meeting at which a summary of the investigation was presented. "I understand there is also a written report of the investigation addressed to me and others, but I did not read it," Hurd said. "I could have, and I should have."

Speaking privately -- largely because they hope to some day be hired in the HP matter -- several lawyers who conduct internal corporate investigations said this could compromise the investigation, since Morgan Lewis is expected to independently investigate potential wrongdoing, and is likely to report to prosecutors on its findings.

But, they added, it's not unheard of for such situations to pop up.

There's no concrete guidance from the federal government on when outside counsel conducting an internal investigation has a conflict.

"There's no statutory definition of what an internal investigation is," said one former federal prosecutor who asked not to be named.

The former prosecutor said that as a probe goes on, questions often come up about seemingly uninvolved parties' role in possible wrongdoing.

"When you're looking into various things, trying to figure out what happened, your initial impression could change," the ex-prosecutor said. "And when your initial impression changes, your opinion of who should do what should change."

That could mean additional counsel must be brought in, said several white-collar lawyers.

Of course, these aren't the first questions about independence to come up in the case.

Morgan Lewis came in at a time when the board's normal outside counsel, Larry Sonsini of Wilson Sonsini Goodrich & Rosati, was under immense press scrutiny for what he knew about the leak probe.

Sonsini had been the one to communicate with former HP director Thomas Perkins -- whose resignation spurred the leak probe crisis -- in the days before it blew up. And e-mails between Sonsini and Perkins that made it into several press outlets showed that Sonsini had some knowledge of the investigation, though it's not clear he knew what tactics were involved.

Over the last few weeks, Sonsini, along with other partners at his firm, seem to have taken a diminished role in the HP matter. While at least one lawyer at the firm went with Morgan Lewis lawyers to meet with federal prosecutors on Sept. 11, the company said in recent days that Morgan Lewis attorneys would be in charge of dealing with the government.

The Hewlett-Packard mess began last year when Dunn -- whose lawyer, James Brosnahan, didn't return calls by press time Friday -- ordered an investigation to identify the source of leaks about board deliberations.

That initial investigation turned up nothing, Hurd and Holston said Friday. But, they added, a subsequent probe conducted last year identified a leaker responsible for providing information used in a Jan. 23 CNet story on the company's overall direction.

While it's been reported in several news outlets that the leaker was former board member George Keyworth -- who stepped down last week -- the CNet story does not appear to contain any company information that had not already been made public.

After the second investigation was announced to the board this past spring, an outraged Perkins quit in protest.

The disclosure of the investigation followed Perkins' resignation. Though Perkins resigned on May 18, it was not until Sept. 6 that the company gave details -- as required by law -- about the director's action. In that filing, the company said it had received a comment letter from the SEC asking for more information about Perkins' resignation.

Perkins' lawyer, Viet Dinh, a professor at Georgetown University Law Center, has said his client engaged in a 3 1/2-month effort to get Hewlett-Packard to come clean about why Perkins quit.

Perkins abruptly quit during an HP board meeting after Keyworth was asked to resign. (Keyworth at first refused to resign, but then agreed to step down as part of a settlement with the company.)

Investigators apparently used legally suspect means -- including impersonating the targets of their probe -- to access the phone records of board members, HP employees, journalists and Sonsini.

A Boston investigative firm has been cited as the one responsible for hiring people to lie in calls to phone company officials to gain access to the phone records of board members. Boston investigative firm Security Outsourcing Solutions reportedly provided HP with an opinion from a Boston lawyer that the "pretexting" was legal.

The legality of such tactics is up for consideration by the San Francisco U.S. Attorney's Office and the California attorney general. They're both investigating the issue, and Attorney General Bill Lockyer has said he has enough evidence to indict people inside and outside HP, and has met with HP representatives more than once since the scandal broke.

The HP Virus (LAT)

The Los Angeles Times, September 25, 2006

AS IT TURNS OUT, Hewlett-Packard Chairwoman Patricia C. Dunn didn't have to order her minions to invent a disgruntled HP executive. She can now become one herself by adding "former" to her title. That's because the HP board defenestrated her Friday in one of the more satisfying denouements to one of the more embarrassing corporate dramas in recent memory.

The plan to create a fictitious unhappy HP executive, which Dunn approved, was part of an effort to trick a reporter into revealing her sources at the company. The announcement of Dunn's ouster came after two weeks of revelations about the leak investigation, which started under former Chief Executive Carly Fiorina in early 2005 but intensified this year. According to the company, its security contractors obtained personal phone records under false pretenses; sent a kind of spyware to a reporter via e-mail; conducted surveillance on HP board members, relatives and at least one reporter; and even suggested planting spies at news organizations.

For her part, Dunn insisted that she didn't do anything wrong, issuing a statement that HP's click-and-dagger contractors "let me and the company down." It's difficult to gin up much sympathy for Dunn, but it's also hard not to see her as a scapegoat. Evidence abounds that other top HP executives — including Chief Executive Mark V. Hurd, who now adds "chairman" to his nameplate after Dunn's removal — were told about at least some of the deceptions and intrusions planned by its contractors. Hurd admitted Friday that he'd been told about the plan to create a fictitious HP employee to plant stories. A lawyer that Hurd hired to get to the bottom of the mess, Mike Holston, said Friday that HP's chief ethics officer and the firm's lawyers told HP's leadership that the techniques being used were legal.

Setting aside for a moment that some of the methods used were almost certainly illegal, the kinds of deceptions practiced by HP's contractors don't pass the smell test. A key part of the plan, which Hurd said he doesn't recall being told about, was to e-mail the reporter a purported scoop in an attachment that was bugged. Malicious software programs are among the biggest problems faced by the computer industry and its customers, so it's mystifying why a computer manufacturer such as HP would even think about a stunt like this. Then again, maybe HP executives just weren't thinking at all.

Regulators Scrutinize Amaranth (WSJ)

By Ann Davis

The Wall Street Journal, September 25, 2006

Regulators are examining the circumstances surrounding the multibillion-dollar losses this month by Greenwich, Conn., hedge fund Amaranth Advisors, people familiar with the situation say.

Amaranth said last week it had lost roughly $6 billion, or 65% of its assets, in September, primarily on bad bets in the volatile natural-gas market.

The inquiries are at an early stage, and it isn't clear that any regulators are probing wrongdoing. It is common for market regulators to inquire about major changes at large investment funds that may have an impact on markets. Hedge funds are lightly regulated investment pools for wealthy individuals and institutional investors such as pension funds and college endowments.

Among the details that may arise in the reviews, these people say, are how Amaranth presented its trading strategies and internal controls to investors and whether it followed its policies as it had outlined them. The Securities and Exchange Commission has limited authority over such funds, but it does monitor how the funds represent their operations to investors and can investigate fraud, if any is suspected.

A person close to Amaranth said the firm had been in touch with regulators since first announcing heavy losses on Monday Sept. 18. "Amaranth voluntarily reached out to its various regulators early Monday to apprise them of the situation, to answer any questions they may have and to offer its full cooperation," the person said.

Among the entities Amaranth itself contacted, the person familiar with the firm says, are the SEC; the Commodity Futures Trading Commission, which regulates commodity and energy markets; the New York Mercantile Exchange, the primary U.S.

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energy market; Britain's Financial Services Authority, which oversees a widely used electronic energy-trading platform; and Canadian securities regulators.

A spokesman for the CFTC said it couldn't comment on what it was or wasn't looking into. Officials at the other regulatory groups couldn't be reached for comment.

Telos In Turmoil Over Shares (WP)

By Terence O'hara

The Washington Post, September 25, 2006

The trouble began on the golf course, when unidentified insiders at Telos Corp. began questioning whether director David Borland's use of a company club membership compromised his independence as a member of the firm's audit committee.

The fuse quickly burned, and by August more than half of the company's board had resigned. The imbroglio was the latest in a fight that has gone on for years, with the owners of Telos's preferred stock in revolt trying to collect more than $80 million they say is long overdue.

It didn't matter much when Telos, a small defense contractor that specializes in network and communications security applications, was a languishing technology company. But in recent years, its business with the Defense Department has been booming. Though Telos is unprofitable it is considered a potential takeover target, and its owners are fighting over the possible spoils.

"I'm just insisting on rights I have that are in writing," said Marshall Greenblatt of Potomac, a former Telos director who has owned preferred stock since it was issued 17 years ago, and wants the money he was guaranteed at that time. "A deal is a deal." Preferred stock typically includes a guaranteed dividend and other advantages.

One of Greenblatt's fellow preferred shareholders, New York hedge fund Costa Brava LP, has sued Telos and asked a judge to put the company in receivership. Costa Brava contends that the company's majority shareholder, British millionaire John R. C. Porter, is siphoning cash from the company in the form of fees and high-interest on loans he has made to Telos.

Anger over Porter, and frustration that the company may have favored him over preferred shareholders, prompted some of the directors to resign in August, according to company Securities and Exchange Commission filings.

None of those who resigned could be reached for comment. Requests to interview Porter were made to the company, but a Telos official said he could not be reached.

Longtime Telos chief executive John B. Wood said the company's problems have been stoked by hedge-fund shareholders who are being too hasty in demanding benefits from their preferred stock -- and hurting the company's chances to become more valuable in a possible future sale.

"We have activist hedge funds who use the cloak of corporate governance to litigate their returns," Wood said of the company's dissident investors. "We as a company have a responsibility and a duty to protect the interest of all of our stakeholders, and not give a priority of one group over another group."

Wood would not comment on any aspect of the resignations. However, he noted that "we reconstituted the board quickly thereafter," and that the incident has not damaged the company's stock price.

At the heart of the dispute is Telos's stock structure, the remnant of a 1989 leveraged buyout. All of Telos's common stock is held by insiders, including Porter, who bought control of the company in 1994. Yet Telos's preferred stock, issued in the 1989 leveraged buyout, is publicly traded on the over-the-counter exchange. It has done well in the past three years, rising from 50 cents a share in 2003 to around $19 a share.

The owners of that preferred stock are owed more than $80 million in dividends and redemptions. If Telos were sold, preferred shareholders, not Porter, would get most, if not all, of the leftover cash from a sale after its lenders are paid off.

The spat on the board began this summer, when fellow directors learned that Borland used a company-owned golf membership. Borland paid the $38,000 in dues and other expenses with his own money. But the fact that the company owned the membership was seen by some board members as a conflict with his duties on the audit committee -- and emblematic of broader problems.

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Borland resigned as chairman of the audit committee. But three directors, Geoffrey B. Baker, Malcolm M.B. Sterrett, and Norman P. Byers, thought Borland should have resigned from other board committees as well and possibly left the board altogether. When he didn't, they quit.

They resigned at the same time as three other board members. Langhorne A. Motley said he was quitting for health reasons and because of the workload of being a director. Bruce J. Stewart and Thomas L. Owsley did not say why they resigned.

Most worrisome for Telos, Motley and Byers were the two members of Telos's proxy board, an independent subset of the board of directors required by the Defense Department to make sure that Telos's foreign ownership doesn't compromise national security. Porter is a British citizen.

Byers was the proxy board's chairman, and was on the board since 1994.

"Uppermost in my mind has been my fiduciary duties . . . and to provide the oversight necessary to insure the company's compliance with all federal security laws," Byers wrote in his resignation letter, using language similar to that Sterrett and Baker used. "Unfortunately, on several recent occasions, other important participants in the corporate enterprise have done everything possible to obstruct or prevent the board of directors from taking those actions I believe are absolutely necessary and appropriate to insure good corporate governance and compliance. It has been made abundantly clear to me I will not be allowed to function effectively or independently as a fiduciary for the Department of Defense, the Company, all its stockholders and employees."

Wood, who has worked at Telos for 14 years and became chief executive in 1994, said all he wants to do is build the company, and that he hopes the differences between the two classes of stockholders can be resolved. He also held out hope that the company could reach an out-of-court settlement with the preferred shareholders, but that seems unlikely.

"What it boils down to: One group wants their money now, one group is more patient," he said of the preferred and common shareholders, respectively. "Having said that, would we prefer to reach a settlement that's fair for everybody? Absolutely."

Cook The Books, Get Life In Prison: Is Justice Served? (WP)

By Carrie Johnson And Brooke A. Masters

The Washington Post, September 25, 2006

In the category of longest prison sentence, WorldCom Inc. founder Bernard J. Ebbers recently bested the organizer of an armed robbery, the leaders of a Bronx drug gang and the acting boss of the Gambino crime family.

It was a contest Ebbers surely would have preferred to lose.

Tomorrow, the man who once swaggered through the halls of his telecommunications company as a cowboy-booted billionaire is scheduled to surrender to authorities and begin a 25-year sentence. Federal prison policies virtually ensure that Ebbers, who has a heart ailment, will spend the rest of his life in prison for his role in an $11 billion accounting fraud.

Ebbers, 65, is to report to prison on the same day that former Enron Corp. finance chief Andrew S. Fastow will be sentenced by a federal judge in Houston. Fastow, who secretly pocketed more than $45 million in a scheme to disguise mounting financial problems at the energy company, faces a maximum of 10 years in prison as part of his plea deal.

The length of Ebbers's sentence when compared with others touches on one of the most controversial parts of the American criminal justice system: How large a pound of flesh should society exact for serious white-collar crime? When the victims are diffuse, the crime complex and the injuries economic, what kind of punishment constitutes justice?

A top executive who gambles his fate at a trial nowadays risks what amounts to a life term for fraud that can involve as little as $2.5 million in losses, said University of Missouri law professor Frank Bowman. Crimes such as first-degree murder, high-level drug dealing and espionage trigger similar recommendations.

"That means you have to equate fiddling with the corporate books with first-degree murder or treason," Bowman said. "My own sense is that any sentence over 20 years for anybody for an economic crime is hard to justify."

Public revulsion over financial crimes that cost small investors billions of dollars has barely waned since prosecutors began to investigate a string of corporate scandals in late 2001. The death of convicted Enron founder Kenneth L. Lay in July induced profanity-laden outrage from shareholders who felt they had been "cheated" out of seeing Lay sent to prison. Federal prosecutors seized the mood, imploring Congress this month to pass legislation that would make it easier for them to recover $43.5 million from Lay's estate, a process that has been seriously complicated by his death.

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The drive to exact punishment even beyond the grave is a sign of vindictiveness in public officials and shareholders, defense lawyers contend.

Reid H. Weingarten, a Washington-based lawyer for Ebbers, said in an e-mail that the judge in his case had public relations, not justice, in mind. "The purpose of the sentence was to please and appease the howling mob demanding Ebbers's head, not a worthy goal of the criminal justice system," he said.

Fastow, 44, assessed the prospect of spending decades behind bars after the government hit him with a 98-count indictment for serving as the architect of the Enron fraud. Prosecutors also accused Fastow of enlisting his wife and using the bank accounts of his two young sons to siphon money from the company undetected. Lea W. Fastow, indicted to pressure her husband to cooperate with investigators, pleaded guilty to a tax charge two years ago for underreporting income from his business partnerships. She served almost a year in a high-security prison.

As part of the couple's package deal, Andrew Fastow pleaded guilty, agreed to testify against Lay and former chief executive Jeffrey K. Skilling, and negotiated a substantial break in his prison term. Skilling, 52, was convicted of 19 criminal charges in May and faces decades in prison when he is sentenced next month.

Fordham University law professor Daniel Richman said shorter sentences in exchange for cooperation reflect the reality of white-collar investigations: Prosecutors must rely on tainted insiders to help convict higher-level executives. In this year's Enron trial, for example, lawyers for Skilling and Lay branded Fastow a liar, a thief and the person most responsible for Enron's collapse who avoided his just deserts by signing a deal with prosecutors.

"Sentences are the currency with which the government buys information," said Richman, a former federal prosecutor.

Not accepting a deal can be costly, as former mid-level Dynegy Inc. executive Jamie Olis, now 40, learned two years ago. Olis, who while growing up was physically abused by his mother's boyfriend and spent time in foster care before working his way through college, became a national symbol of inflexible sentencing policies. He lost his case and was sentenced to more than 24 years in prison -- despite the defense's presentation of his background -- for taking part in a $300 million accounting fraud. Olis's former boss at the energy company signed a plea agreement, testified against Olis and was sentenced to 15 months.

A federal appeals court last year threw out Olis's sentence, and a federal judge in Houston on Friday reduced it to six years. That means Olis is likely to spend about two more years in prison.

"Not every case is Enron, and not every white-collar offender is one of the smartest guys in the room," said Washington defense lawyer Barry Boss, referring to the name of a book and documentary film about the Enron scandal. "We're such a vindictive country."

But white-collar criminals are unusually sensitive to deterrence, according to prosecutors and securities regulators. The sight of colleagues in handcuffs, or signing away their homes and fortunes, sends a powerful message.

What's more, legal experts say, former executives do not deserve lighter treatment than drug dealers or burglars simply because they broke accounting rules or lied -- crimes that are harder to unravel and whose victims are more diffuse.

"You want people to understand that just because they're in high places, they make a lot of money and they can hire fabulous lawyers, that they're not going to walk away with a slap on the wrist," said former Securities and Exchange Commission chairman Harvey L. Pitt. "If you ask me, 'Did Bernie Ebbers destroy lives?' I would tell you that his conduct did."

Historically, white-collar criminals have not received long sentences. Probation was common even for crimes that involved large losses, and even the most famous defendants received sentences that by today's standards appear lenient. Junk-bond king Michael Milken was initially sentenced to 10 years on fraud charges, but a judge reduced the sentence to 33 months, and he was paroled after serving only two years.

That began to change in the mid-1990s, after policymakers expressed concern that punitive sentences for nonviolent drug crimes carried life sentences while white-collar criminals often skated. In 1994, financier Tom J. Billman, who bilked savings and loans of $25 million and fled the country, was sentenced to 40 years in prison. He served about 10 years before being paroled in 2005.

Sentences became even longer when parole was abolished in the federal system and sentencing guidelines were repeatedly amended to increase prison terms for white-collar crimes.

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Were the WorldCom and Enron scandals to happen today, the sentences for Ebbers and Fastow might be even longer. Angry lawmakers enacted even tougher penalties for corporate fraud after those companies filed for bankruptcy protection. But the stiff new punishments apply only to people who committed crimes after 2002.

"On a personal level, you've got to feel for people" like Ebbers who will probably die in prison, said University of Texas law professor Henry T.C. Hu, "but overall I think the system's got it right."

CRIMINAL LAW:

String Of Heists Raises Fears Bank Jobs Are On Rise (USAT)

By Donna Leinwand

USA Today, September 25, 2006

The Paparazzi Bandit photographs bank tellers as he robs them. The Goofy Hat Bandit wears a black fedora. The Hallmark Bandit writes lengthy notes demanding cash — and sometimes asks tellers if they had a good weekend.

These serial bank robbers, and a few others, are behind what authorities say is an unusual surge in bank robberies during the last few months in Los Angeles, one of several U.S. cities where such crimes have ticked upward recently.

FBI officials say they are concerned that bank robberies — generally a high-risk, low-reward type of crime — might be increasing again after declining nationwide since 2001. Numbers for 2006 won't be available for months.

It's unclear precisely why Los Angeles, Dallas, Chicago and other cities are seeing a jump in bank robberies, but it appears to be part of a general increase in violent crimes nationwide, says Chip Burrus, the FBI's assistant director for criminal investigations.

“There's an awful lot of gang activity out there, and a certain percentage (of gang crimes) are going to be bank robberies,” he says.

The jump in bank robberies does not appear to be nationwide, says John Hall of the American Bankers Association, a trade group based in Washington, D.C.

Regional increases may reflect a particular economic or crime trend in an area, such as an increase in drug trafficking or a spike in unemployment, he says.

Laura Eimiller, spokeswoman for the FBI's Los Angeles field office, says the rise in robberies there comes even as increased security measures have made the risks for bank robbers greater, and the rewards less.

More security cameras and tiny dye packs designed to explode after a robber leaves a bank with cash generally have made it more likely that robbers will be caught. Bank tellers now typically have less than $1,000 in their cash drawers, making huge heists unlikely.

“It is a stupid crime,” Eimiller says. “When you get caught, you're going to go away for a long, long time, particularly if you use a gun.”

Bank robbery is a federal crime. Those who use a weapon — or a fake weapon — while committing such an offense face up to 25 years in prison if convicted.

Los Angeles leads the nation in bank robberies. About two-thirds of the 249 bank robberies that have been committed there this year have been non-violent “note jobs,” in which a robber has approached a teller with a note demanding money, Eimiller says.

One at-large suspect, who has robbed seven banks since May 17, usually waits in the teller line until he is called, chats with other customers and hands tellers long notes demanding cash and threatening to use a weapon.

“He's known as the Hallmark Bandit because in May and June, he asked the tellers how their Mother's Day or Father's Day was,” Eimiller says. “He's very chatty.”

Takeovers, in which armed robbers force customers and employees to the floor or take hostages, have accounted for the remaining one-third of robberies in Los Angeles this year, an unusually large ratio that has alarmed authorities, Eimiller says.

“We've had a dramatic increase in ‘takeover' robberies, where the bandits are armed or there's an assault,” she says. “Robberies are getting more violent. We're seeing a large percentage associated with Los Angeles street gangs.”

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Robbers in a group known as the Big Money Bandits brandish weapons, force everyone in a bank to lie on the floor and yell out, “Give us the big money,” or, “Show us the big money,” Eimiller says.

In some cases, robbers in the Big Money Bandits group have dressed as security guards. The group has been linked to a dozen robberies since April.

In Dallas, the number of bank robberies has tripled this year compared with the same time last year, says FBI Special Agent Beverly Esselbach. The city had 96 bank robberies through September this year. The North Texas area, which includes Dallas, had 172 bank robberies during that period, up from 82 at the same time last year.

Two of the most prolific serial robbers, including one who hit 18 banks, have been caught, she says. Another suspect who has been linked to 20 bank robberies is still on the loose.

“It's kind of cyclical” in the Dallas area, Esselbach says. “Every three years they see an upsurge in bank robberies. Usually it starts before the holidays in November and drops off in January. This year, it didn't drop off. It just kept going.”

Last year, Chicago had a record 240 bank robberies, including a 75% increase in “takeover” robberies, says Special Agent Ross Rice of the FBI's Chicago field office.

“We're on pace to beat that” in 2006, Rice says. During a six-day period this month, the Chicago area had 15 bank robberies.

“There's no rhyme or reason to it,” Rice says. “We've had every type of robbery: note jobs, armed takeovers, hostage situations, suburban, city, serial offenders, first- timers.”

There have been no signs that concern over jobs or the economy, widely believed to be factors in bank robbery rises, is behind the recent spate of robberies, Rice says.

New York City also has seen a rash of robberies recently, including 32 in August, says Jim Margolin of the FBI's field office there.

Death Penalty Sought Against D.C. Man (WT)

By Jim Mcelhatton

The Washington Times, September 25, 2006

Federal authorities are seeking the death penalty against a D.C. man charged in five killings, setting up the prospect of just the third capital murder trial in the city over the past 30 years.

Larry Gooch, described by law-enforcement officials as "an enforcer" in the M Street Crew drug gang, is expected to go on trial in January on felony charges, including first-degree murder and armed robbery.

Though capital punishment is banned in the District, Gooch, 27, could get the death penalty if convicted because he has been charged in a federal case.

The Justice Department last year filed a notice of intent to seek the death penalty against Gooch, a decision requiring the approval of Attorney General Alberto R. Gonzales.

Gooch is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27.

He is also charged in the Sept. 13, 2002, shooting death of Miguel Miles, 34, and the Feb. 21, 2003, fatal shootings of Calvin Cooper, 40, and his girlfriend, Yolanda Miller, 32.

Three men identified by prosecutors as leaders in the M Street gang -- John L. Franklin, 33, George "Shug" Wilson, 37, and William Dee Robinson, 30, a former D.C. Public Schools bus driver -- already are serving life sentences in the case. More than 30 people have been arrested, but Gooch is the only defendant facing the death penalty.

Nicknamed "Goo," Gooch was considered "crazy" by other gang members and assumed the role of "enforcer" or "muscle," Assistant U.S. Attorney Darlene M. Soltys wrote in a recent court memo.

"He was perceived as having no regard for life and had as his motto 'live for the block, die for the block,'" Miss Soltys wrote.

Prosecutors say the killings were committed "in furtherance of the M Street Crew's racketeering enterprise," which under federal law, they say, makes Gooch eligible for the death penalty.

Gooch's attorneys, Jensen E. Barber II and Thomas Todd Heslep, declined to comment for this story. However, Mr. Barber recently filed a 104-page memorandum in which he outlined sharp opposition to the death penalty if his client is convicted.

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The memorandum argues against capital punishment "on the grounds it violates fundamental fairness in the administration of justice and is at odds with basic notions of human dignity, civility and compassion."

In addition to arguing a host of procedural and constitutional issues, Mr. Barber noted voters in the District have "continually rejected the death penalty."

In Gooch's case, Mr. Barber also argued, "we are dealing with garden-variety murders."

"It may be a sad commentary on our violent society, but those in the system know that there are murders, and there are murders," he wrote. "The law says the death penalty is supposed to be reserved for the 'worst' murders."

Mr. Barber argued the case should be prosecuted in D.C. Superior Court, not federal court.

"Federal jurisdiction in this case is based solely upon allegations of drug trafficking, which, at best, serve only as a background to the alleged murders," he wrote.

If the case were prosecuted in D.C. Superior Court, Gooch would not face the death penalty.

But federal prosecutors say Gooch committed federal crimes.

Citing an organized racketeering conspiracy, they describe the M Street Crew in court memos as "a well-defined, traditional chain conspiracy with various roles assigned to people, such as foot soldiers, runners and lieutenants."

Gang members also held meetings to decide who could sell drugs in the neighborhood, what to do if "the feds" brought charges, and where to stash drugs and how to package them, prosecutors say.

Some gang members were photographed flashing the letter "M" to each other by twisting their fingers, authorities say. And Gooch called meetings, kicked out blackballed members and enforced rules about where dealers could sell drugs, according to prosecutors.

Gooch killed Miss Miller and Mr. Cooper in part amid suspicion they were cooperating with investigators, prosecutors said. The FBI and Metropolitan Police Department investigation into the M Street Crew included thousands of hours of taped phone conversations from a wire tap, video-camera footage, confidential informants and undercover agents, court records show.

Mr. Cooper's sister, Barbara Cooper, said in a telephone interview that she favors the death penalty for Gooch if he is convicted.

"All of them were living the street life," she said. "If you want to sell drugs and be a big time hustler, that's on you. But you still don't have the right to take somebody's life. My brother used to say "I've got to get myself together, I don't want to live like this.

"He never hurt anybody, and they hunted him down like a dog."

Since the reinstatement of the death penalty in 1976, only two capital murder cases have proceeded to trial in federal court in the District.

In both cases, defendants were given life in prison without parole.

In 2003, a federal jury deadlocked on whether to recommend the death penalty for Murder Inc. gang members Kevin L. Gray and Rodney Moore. Gray was convicted in 19 murders and Moore was found guilty in 10 murders. The deadlock meant both received life in prison without parole.

In the other case, a federal jury in 2004 rejected the death penalty for the "1-5 Mob" leader Tommy Edelin, who was convicted in four murders in the prosecution of the Southeast gang.

In another still pending case in federal court in the District, federal authorities in 2004 filed a notice to seek the death penalty against three defendants charged with killing two American tourists in Uganda in 1999.

1st MS-13 Trial To Reveal Hierarchy (WP)

By Ruben Castaneda

The Washington Post, September 25, 2006

Law enforcement officials say the MS-13 street gang has wreaked violent havoc in parts of Prince George's and Montgomery counties, committing murders, assaults, rapes and robberies as part of a coldly calculated criminal conspiracy.

Starting this week in U.S. District Court in Greenbelt, federal prosecutors will get the chance to prove it.

Opening statements are scheduled to begin tomorrow morning as the first two alleged members of MS-13 charged with racketeering in Maryland go on trial.

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Twenty-two alleged members were indicted on the federal racketeering charges, and three have pleaded guilty to related charges. Prosecutors have filed papers saying they are seeking the death penalty against nine of the remaining 19 defendants.

The sweeping indictment accuses the gang of six homicides and four attempted homicides between April 2003 and June 2005. Eight were in Prince George's and the others in Montgomery.

MS-13, also known as Mara Salvatrucha, is far more structured than typical neighborhood street gangs, federal prosecutors say. In a superseding indictment handed up last week, prosecutors allege that MS-13 operates in 10 states and in the District as well as in El Salvador, Honduras and Mexico and has 10,000 members.

In Prince George's and Montgomery, MS-13 members have conspired to commit rape, kidnapping, robbery and obstruction of justice by attacking or intimidating witnesses, the indictment alleges.

Prosecutors have not yet been explicit about the gang's hierarchy and how it operates. That will change during the trial when prosecutors present their evidence, Maryland U.S. Attorney Rod J. Rosenstein said.

To obtain convictions under the federal RICO law -- originally written to target Mafia groups -- prosecutors must show that the crimes committed by MS-13 members were part of an ongoing criminal enterprise, rather than isolated, unrelated acts.

"We need to demonstrate what the organization is, how it operates," Rosenstein said. "I think there will be some revelations as to how the group operates. It's one of the most complex prosecutions we've had in this [federal court] district."

The first trial, of Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 29, of Suitland is expected to last at least six weeks. Neither faces the death penalty.

According to the indictment handed up last week, Velasquez and other alleged Mara Salvatrucha gang members sexually assaulted two juvenile girls at an MS-13 "skipping party" -- in which students ditch school -- on May 12, 2003. Velasquez is accused of having a deadly weapon during that assault.

Velasquez is also charged with helping assault rival gang members outside a Langley Park nightclub in September 2004 and of attending an MS-13 meeting at which dues were collected.

Ayala is charged with giving false testimony before a Prince George's grand jury investigating the May 2004 slaying of Ashley Antonio Urias.

He is also accused of driving with fellow gang members to an apartment building in Fairfax County looking for a rival gang member. The same day, two unnamed MS-13 gang members fired at a group of people sitting outside the Fairfax building, killing one man and injuring two juveniles.

Richard C. Bittner, Velasquez's defense attorney, said his client is "upbeat and confident." Velasquez has no criminal record -- "not even a speeding ticket" -- and knows three of the other defendants only because they all attended High Point High School in Adelphi, Bittner said.

Ayala's attorney did not return phone calls.

Legal analysts said prosecutors will have to not only prove the specific allegations but also convince the jury that the acts were part of an organized criminal conspiracy.

The RICO statute gives prosecutors powerful tools, said Aitan D. Goelman, a former assistant U.S. attorney for the Southern District of New York who prosecuted RICO cases against New York City street gangs.

For instance, in the vast majority of criminal trials in state court, prosecutors are not allowed to enter as evidence a defendant's past crimes, his association with a gang or gang activities unless the defendant takes the stand. But the RICO statute allows federal prosecutors to introduce evidence of the gang's activities, even if the defendant does not testify and had nothing do with most of the activities alleged, Goelman said.

"The point of RICO is it's a very heavy hammer, to be used when the pinprick of prosecuting individual members of the group in state court isn't working," said Goelman, now a private white-collar defense attorney in Washington.

In March, one or more of the defendants facing the death penalty is scheduled to be tried. The final trial would end next year if there are no delays, officials said.

Prosecutors are seeking the death penalty against defendants accused of committing murder in the aid of racketeering, murdering a potential federal witness, or using a firearm in a crime of violence.

U.S. Attorney General Alberto R. Gonzales will decide whether to seek the death penalty for each defendant.

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Potential For Danger At MySpace.com (NSDY)

By Jennifer Barrios, Newsday Staff Writer

Long Island Newsday, September 25, 2006

MySpace.com offers a place to create personal Web pages and socialize but police say it also provides opportunities for criminals

It's a blog, a community, the online equivalent of an afterschool hangout.

But MySpace.com, the popular site where teens and others can create personal Web pages and hook up with new friends, is also reaching a wider audience of parents, school administrators and law enforcement officials, who increasingly monitor the site for stings and leads.

Much of the time, nothing remarkable happens. Friends hook up with friends, details of teen life are debated and discussed.

But along with the photos of prom outfits and sports logos, some also post troubling messages -- like the MySpace user who earlier this month wrote of plans to bring a gun to Holy Trinity High School in Hicksville. In that case, a mother trolling the site noticed and alerted authorities. The plan wasn't carried out, and there have been no arrests.

Det. Sgt. John Cowie, who heads up the computer crimes section of the Suffolk County Police Department, said his unit uses MySpace and other similar sites to seek out criminal activity in the area.

"It can be a useful tool," Cowie said. "We've seen it in the past where something has happened in the community and the kids are on there talking about it."

Police say they look for more than threats of violence. Pedophiles, too, use social sites to search for victims.

Suffolk Det. Rory Forrestal created a fake profile of a young teenage girl on MySpace, complete with photos, a list of hobbies and even links to other phony teenagers. (The photos are culled from overseas or are computer-altered composites of multiple children.)

His online alter ego receives dozens of solicitations a week, some from adult men looking for more than a new friend.

Last April, Forrestal used MySpace to find David M. Murillo, a 21-year-old from Syosset. They had tips that he was pursuing young girls.

"His profile had tons of 12- and 13-year-old girls on it," Forrestal said. Murillo was arrested after he showed up at a public marina to meet who he allegedly thought was a 13-year-old girl. As the fake teenager, Forrestal wrote to Murillo online saying, "My girlfriend said you are cute." Murillo wrote back saying he was 15.

"That was a MySpace case," Forrestal said. "We would have difficulty making the case without MySpace. It provided wonderful leads."

Scanned for criminal activity

Nassau County Police Department spokesman Det. Lt. Kevin Smith said his department also uses the popular networking site in its investigations.

"There is sometimes criminal activity that is disguised by a MySpace ad or correspondence," Smith said. "We typically scan them, just as we would go through classified ads as well. If we see anything that would look like illegal activity, we would conduct an investigation." Smith declined to go into specifics.

But sites like MySpace are so vast that it's impossible for local police departments to monitor everything. So police and school administrators urge parents to be aware of what their kids are doing in these online communities.

"As a parent and an educator, it's frightening," said Michael Cohen, interim superintendent of the Brentwood schools.

The school district blocks the Web site from its school computers, and one of the district's middle-school principals sent parents a letter last February urging them to be aware of what their children do on MySpace.

Cohen blocked his own children from MySpace, concerned that they would encounter pornography and pedophiles. Because of the way MySpace works, the only way to monitor activity is to create a profile.

MySpace.com, which is owned by Rupert Murdoch's News Corp., is a series of intricate personal Web sites created by teens and others.

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Hemanshu Nigam, chief security officer for MySpace and Fox Interactive Media, said he encourages parents and police alike to monitor the site.

"Law enforcement has to do what it has to do to conduct its investigations," Nigam said. "We're here to help them."

The site's other security measures include blocking public access to the profiles of younger members and encouraging adult supervision.

Nigam, a former Justice Department prosecutor, was hired in April to be in charge of safety and law enforcement issues for the site, which has more than 100 million users. Today the company is launching a new online safety campaign.

'It's a tool for a parent'

Levittown parent Debra Palmer said she considers My Space a useful way to find out more about her children and their friends.

Palmer said she thought about banning her daughter, now 21, and her son, an 18-year-old recent high-school graduate, from the Web site when they were younger but opted instead to monitor their use.

"In one way, it's a tool for a parent," Palmer said. "We found it just to be really an avenue where we can kind of get a grasp on what kids are doing, what they're talking about, what they're getting involved in."

Regulating Love: Lawmakers Cracking Down On Web Dating Industry (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, September 25, 2006

Several states are cracking down on the online dating industry, proposing new laws that would, among other things, mandate criminal background checks on all those looking for love on the Internet.

To date, New York is the only state that has a law regulating online dating sites, but six other states have introduced similar legislation mainly in the last year. They are California, Florida, Michigan, Ohio, Virginia and Texas.

Lawmakers seeking to regulate the online dating scene claim that the industry isn't doing enough to police itself, and consequently, is putting vulnerable people at risk of meeting up with predators.

Proposed legislation has varied from state to state, with some states wanting to make criminal background checks mandatory, and others wanting online companies to alert surfers upfront that background checks on potential dates have not been done.

FALSE SECURITY?

Attorney Markham Erickson of Holch & Erickson in Washington, D.C., who counsels dating and social-networking sites on legislative and regulatory matters, noted that some of the states' proposals have raised constitutional concerns because of the interstate nature of the Internet.

"It's nearly impossible for a dating service to put state boundaries around the service and comply with a patchwork of state laws," he said.

Michael Marin of Houston-based Vinson & Elkins' Austin, Texas, office, who has represented clients in the online dating industry in recent litigation, said that "[r]ight now if you're a consumer and you meet someone online you can go and pay for a background check.

There's no reason to mandate that." He added that background checks "would create a false sense of security and create a liability for the online dating company."

Last year, Marin successfully defended an online dating company that was sued by a user who allegedly was raped by someone she met on the company's Web site. Marin got the case dismissed, citing the 1996 Communications Decency Act (CDA), which grants broad immunity to Internet companies for content provided by third parties.

Marin is also currently defending Myspace.com in a Texas case involving a 14-year-old girl who claims she was sexually assaulted by someone she met on Myspace, and is seeking to hold the Web site liable. Marin declined to comment on that case. Doe v. MySpace Inc., No. D-1-GN-06-002209 (Travis Co., Texas, Dist. Ct.).

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Marin noted that, with background checks, customers could sue over a date who had been screened but turned out to be dangerous. Those users could argue that the company had falsely represented the person as being safe, he said, and that the criminal background check served as "some sort of stamp of approval" by the company.

Yahoo Personals echoed that sentiment, arguing that criminal background checks are unreliable, incomplete and inconsistent.

"We do not believe that the providers of background checks have at this point developed processes that can meaningfully increase the security we provide our customers today," said Yahoo Personals spokeswoman Kelley Podboy. "The systems available are uneven from state to state as well as county by county."

Not all dating Web sites, however, are resisting background checks. TheBadge.org recently started offering free criminal background checks to paid members. Another site, True, offers its users background checks on felons and married people.

Anita Ramasastry, who teaches electronic commerce at the University of Washington School of Law, said that while the online dating industry is already protected against lawsuits through the CDA, how far that protection goes is the new question. She said that Web sites are now faced with the possibility of liability for harm that occurs not on, but off, the Internet, such as rapes or physical assaults.

"What happens when you go offline ... when the harm was offline? It's sort of a gray area and a novel legal question," said Ramasastry, who favors offering broad protection to the dating Web sites, and letting them police themselves.

But lawmakers argue that the industry is too young and immature for that, and people could get hurt.

"It's like the wild, wild West out there," said Michigan state Sen. Alan Cropsey, who is co-sponsoring a bill that would require online dating services to perform routine criminal background checks on users. "When somebody goes online and says, 'I'm so and so,' they ought to be able to check and say 'Hey, is this name popping up anywhere as far as being a sex offender or a domestic violence offender?'"

DA Sez Feds Won't Hand Over Data (NYDN)

New York Daily News, September 25, 2006

Brooklyn District Attorney Charles Hynes' office has accused federal prosecutors of refusing to turn over key interviews from a past federal probe into a rogue FBI agent now indicted in four murders.

In a sharp Sept. 20 letter to the U.S. attorney's office, prosecutor Noel Downey acknowledged his office received more than 2,000 pages of documents and access to witnesses in the 1994 federal probe into Lindley DeVecchio's relationship with his top Mafia informant, Gregory Scarpa.

DeVecchio, now retired in Florida, has been indicted for allegedly helping Scarpa whack four enemies during the Colombo crime family wars in the late 1980s.

Federal investigators ended their probe in 1996, saying they could not "substantiate" corruption charges against DeVecchio. Among those interviewed was Deputy U.S. Attorney Ellen Corcella, who was handling mob prosecutions in the early '90s. Hynes' office received only a heavily redacted version of Corcella's interview.

"It is inconceivable and troubling that a United States attorney's office would prevent disclosure of a federal prosecutor's ... statement regarding DeVecchio to a district attorney's office investigation investigating DeVecchio's participation in four murders," Downey wrote.

The U.S. attorney's office declined to comment.

DeVecchio has denied any wrongdoing.

Nancie L. Katz

In Tiny Courts Of New York, Abuses Of Law And Power (NYT)

By William Glaberson

The New York Times, September 25, 2006

Some of the courtrooms are not even courtrooms: tiny offices or basement rooms without a judge's bench or jury box. Sometimes the public is not admitted, witnesses are not sworn to tell the truth, and there is no word-for-word record of the proceedings.

Nearly three-quarters of the judges are not lawyers, and many — truck drivers, sewer workers or laborers — have scant grasp of the most basic legal principles. Some never got through high school, and at least one went no further than grade school.

But serious things happen in these little rooms all over New York State. People have been sent to jail without a guilty plea or a trial, or tossed from their homes without a proper proceeding. In violation of the law, defendants have been refused lawyers, or sentenced to weeks in jail because they cannot pay a fine. Frightened women have been denied protection from abuse.

These are New York's town and village courts, or justice courts, as the 1,250 of them are widely known. In the public imagination, they are quaint holdovers from a bygone era, handling nothing weightier than traffic tickets and small claims. They get a roll of the eyes from lawyers who amuse one another with tales of incompetent small-town justices.

A woman in Malone, N.Y., was not amused. A mother of four, she went to court in that North Country village seeking an order of protection against her husband, who the police said had choked her, kicked her in the stomach and threatened to kill her. The justice, Donald R. Roberts, a former state trooper with a high school diploma, not only refused, according to state officials, but later told the court clerk, "Every woman needs a good pounding every now and then."

A black soldier charged in a bar fight near Fort Drum became alarmed when his accuser described him in court as "that colored man." But the village justice, Charles A. Pennington, a boat hauler and a high school graduate, denied his objections and later convicted him. "You know," the justice said, "I could understand if he would have called you a Negro, or he had called you a nigger."

And several people in the small town of Dannemora were intimidated by their longtime justice, Thomas R. Buckley, a phone-company repairman who cursed at defendants and jailed them without bail or a trial, state disciplinary officials found. Feuding with a neighbor over her dog's running loose, he threatened to jail her and ordered the dog killed.

"I just follow my own common sense," Mr. Buckley, in an interview, said of his 13 years on the bench. "And the hell with the law."

The New York Times spent a year examining the life and history of this largely hidden world, a constellation of 1,971 part-time justices, from the suburbs of New York City to the farm towns near Niagara Falls.

It is impossible to say just how many of those justices are ill-informed or abusive. Officially a part of the state court system, yet financed by the towns and villages, the justice courts are essentially unsupervised by either. State court officials know little about the justices, and cannot reliably say how many cases they handle or how many are appealed. Even the agency charged with disciplining them, the State Commission on Judicial Conduct, is not equipped to fully police their vast numbers.

But The Times reviewed public documents dating back decades and, unannounced, visited courts in every part of the state. It examined records of closed disciplinary hearings. It tracked down defendants, and interviewed prosecutors and defense lawyers, plaintiffs and bystanders.

The examination found overwhelming evidence that decade after decade and up to this day, people have often been denied fundamental legal rights. Defendants have been jailed illegally. Others have been subjected to racial and sexual bigotry so explicit it seems to come from some other place and time. People have been denied the right to a trial, an impartial judge and the presumption of innocence.

In 2003 alone, justices disciplined by the state included one in Montgomery County who had closed his court to the public and let prosecutors run the proceedings during 20 years in office. Another, in Westchester County, had warned the police not to arrest his political cronies for drunken driving, and asked a Lebanese-American with a parking ticket if she was a terrorist. A third, in Delaware County, had been convicted of having sex with a mentally retarded woman in his care.

New York is one of about 30 states that still rely on these kinds of local judges, descendants of the justices who kept the peace in Colonial days, when lawyers were scarce. Many states, alarmed by mistakes and abuse, have moved in recent decades to rein in their authority or require more training. Some, from Delaware to California, have overhauled the courts, scrapped them entirely or required that local judges be lawyers.

But New York has no such requirement. It demands more schooling for licensed manicurists and hair stylists.

And it has left its justices with the same powers — more than in many states — even though governors, blue-ribbon commissions and others have been denouncing the courts as outdated and unjust since as far back as 1908, when a justice in Westchester County set up a roadside speed trap, fining drivers for whatever cash they were carrying.

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Nearly a century later, a 76-year-old Elmira man who contested a speeding ticket in Newfield, outside Ithaca, was jailed without even a warning for three days in 2003 because he called the sheriff's deputy a liar.

"I thought, this is not America," said the man, Michael J. Pronti, who spent two years and $8,000 before a state appeals court ruled that he had been improperly jailed.

'Justice in the Dark'

It is tempting to view the justice courts as weak and inconsequential because the bulk of their business is traffic violations. Yet among their 2.2 million cases, the courts handle more than 300,000 criminal matters a year. Justices can impose jail sentences of up to two years. Even in the smallest cases, some have wielded powers and punishments far beyond what the law allows.

The reason is plain: Many do not know or seem to care what the law is. Justices are not screened for competence, temperament or even reading ability. The only requirement is that they be elected. But voters often have little inkling of the justices' power or their sometimes tainted records.

For the nearly 75 percent of justices who are not lawyers, the only initial training is six days of state-administered classes, followed by a true-or-false test so rudimentary that the official who runs it said only one candidate since 1999 had failed. A sample question for the justices: "Town and village justices must maintain dignity, order and decorum in their courtrooms" — true or false?

The result, records and interviews show, is a second-class system of justice.

The first class — the city, county and higher courts — is familiar to anyone who has served on a jury or watched "Law & Order": hardly perfect, but a place of law-schooled judges, support staffs and strict rules. The lower and far larger rung of town and village courts relies on part-time justices, most of them poorly paid, some without a single clerk. Those justices — two-thirds of all the state's judges — are not required to make transcripts or tape recordings of what goes on, so it is often difficult to appeal their decisions.

When they stray badly, the Commission on Judicial Conduct — a panel of lawyers, judges and others — can do little more than try to contain the damage.

Some 1,140 justices have received some sort of reprimand over the last three decades — an average of about 40 a year, either privately warned, publicly rebuked or removed. They are seriously disciplined at a steeper rate than their higher-court colleagues.

The Office of Court Administration, which runs the state court system, makes little pretense of knowing much about what happens in the justice courts. Beyond their names, ages and addresses, it has little information about the justices. Because they are paid by the towns and loosely tied into the court system, "we have limited administrative control, and very, very limited financial control," said Jan H. Plumadore, the deputy chief administrative judge for all courts outside New York City.

The courts also handle money — more than $200 million a year in fines and fees. But the state comptroller's office, which once conducted scores of justice-court audits every year, now does only a handful. When it looked most recently, auditing a dozen courts in May, it reported serious financial-management problems and estimated that millions of dollars a year might be missing from the justice courts statewide.

Norman P. Effman has been the public defender for 16 years in Wyoming County, where he said only one of the 37 justices was a lawyer. In testimony last year, he described the justice courts as a forgotten realm: a "closed door, back of someone's house, in the barn, in the highway department, no record" justice system.

"The reality is," he told a state commission, "if you keep justice in the dark, it stays in the dark."

That commission, which was studying how the court system treats poor people, issued a study in June saying the justice courts remained "a fractured and flawed system." And in recent days, the Office of Court Administration has said it plans to begin addressing some of those failings — for instance, taking steps to double the amount of initial training and to ensure that proceedings are recorded.

But those measures do not address some of the most serious problems: the use of justices who are not lawyers, and the state's weak oversight.

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This is not the first time the justice courts have come under scrutiny. “Probably the most unsatisfactory feature of the administration of criminal law remaining in the state today is the obsolete and antiquated institution known as the justice of the peace,” another state commission concluded.

The year was 1927.

A Record of Trouble

Certainly, there are worthy justices, and defenders of the system say the good far outnumber the bad. Those supporters, chiefly the justices themselves and the local political leaders who often select them, contend that hometown judges know the hometown problems — and the problem people — and can tailor common-sense solutions.

And, they have argued, putting lawyers in charge of all the courts could cost the state tens of millions of dollars.

“It is the most efficient, low-cost method of ensuring that the people of the state receive justice,” said Thomas R. Dias, a town justice in Columbia County who is president of the State Magistrates Association, the justices’ organization.

But the record shows otherwise in hundreds of disciplinary cases — most of them unknown to the public.

In the Catskills, Stanley Yusko routinely jailed people awaiting trial for longer than the law allows — in one case for 64 days because he thought the defendant had information about vandalism at the justice’s own home, said state officials, who removed him as Coxsackie village justice in 1995. Mr. Yusko was not even supposed to be a justice; he had actually failed the true-or-false test.

Outside Rochester, in Le Roy, a justice who is still in office concocted false statements, state officials said, to help immigration officials deport a Hispanic migrant worker in 2003. Although the man had pleaded not guilty to trespassing, the town justice, Charles E. Dusen, issued a court order saying he had been convicted. In an interview, Justice Dusen said he tried to right his wrong after the worker’s lawyer complained. But the man was still deported.

Last December, disciplinary officials disclosed that in a five-year period, a Rochester-area justice had mistakenly imposed $170,000 in traffic fines beyond what the law allowed. And in June, a justice in western New York was disciplined for threatening to jail a man — and warning him to “bring a couple thousand in bail money” — over a complaining phone message the man had left him.

Even the commuter towns around New York City, where the justices are typically lawyers, have endured the system’s abuses.

In Mount Kisco, people who asked for the court’s sympathy were treated to sarcasm: Justice Joseph J. Cerbone would pull out a nine-inch violin and threaten to play. Mr. Cerbone phoned one woman and talked her out of pressing abuse charges against the son of former clients, state records show. But it took eight years, and evidence that he had taken money from an escrow account, before the State Court of Appeals removed him in 2004 after a quarter-century in office.

In interviews, many of these justices disputed the findings against them, saying the Commission on Judicial Conduct was unfair and determined to end the justice courts.

Commission officials say they have no such agenda.

And the agency is struggling itself. Charged with policing all the state’s courts, it can do no more than respond to complaints. Its staff has shrunk by more than half in the last two decades, with just two investigators for the western half of the state.

So commission officials were surprised to learn last year that a western New York justice who had resigned while facing disciplinary charges was back on the bench.

The commission twice disciplined the town justice, Paul F. Bender of Marion, for deriding women in abuse cases. Arraigning one man on assault charges, he asked the police investigator whether the case was “just a Saturday night brawl where he smacks her and she wants him back in the morning.”

But the commission spared him removal in 1999 because he was not seeking re-election. Four years later Mr. Bender ran again anyway, unbeknownst to the commission, for a term that will not expire until 2007.

Robert H. Tembeckjian, the commission’s administrator, said, “Our working assumption is, a judge who resigns while under disciplinary charges by the commission is not going to return to the bench.” But he would not say whether his agency would — or could — take any action against Justice Bender.

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'I'm Not a Lawyer'

A 17-year-old girl had stayed out all night, then fought with her family and wound up facing a harassment charge in court in Alexandria Bay, a busy tourist village on the St. Lawrence River. The justice, Charles A. Pennington, a boat hauler with 23 years on the bench, took her not-guilty plea on a Sunday in 2003.

But when told that the girl had no place to go, the judge did not send her to a women's shelter or alert social service officials, as local justices typically do. He took her home.

"I left the court kind of in shock," a police officer later testified. "I've never heard of anything like this before."

The girl's mother, Keitha Rogers, said in an interview that she was appalled to find her daughter at the home of the justice, then 61, as he sat drinking with another man. "Sure, he can tell the difference between the stern and the bow," Ms. Rogers said. "But what does that have to do with making major judgments about people's lives?"

The judicial conduct commission, which ordered Justice Pennington's removal last fall for this and other lapses, ruled that while there was no evidence he had made any improper advances toward the girl, who left after about an hour, he had shown "extraordinarily poor judgment."

And while Mr. Pennington argued that he had not been drinking, he did not entirely disagree with the findings. "Granted, there is mistakes," said the justice, who resigned before the commission ruled. "I'm not a lawyer."

Neither are most of his peers. And that is pretty much all the state knows about them. Office of Court Administration officials say the only way they usually find out a new justice has been elected is if local officials notify them.

For decades, the agency has asked justices to fill out modest biographical questionnaires, then filed away the answers. Under freedom of information law, The Times obtained questionnaires completed by more than 1,800 current justices; they portray a group that is often poorly educated and poorly paid, even though the law they are dealing with is increasingly complex.

Of those who are not lawyers, about a third — more than 400 — had no formal education beyond high school. At least 40 did not complete high school, though several went on to earn equivalency degrees.

Interviews with more than 60 justices made it clearer who many of these people are: retirees, farmers, mechanics, former police officers and others with flexible schedules or seasonal work. Most look something like Mr. Pennington: white, and graying. At least 30 justices are in their 80's, well beyond the mandatory retirement age, 70, for other New York judges.

Though the justices' pay is often meager — as little as $850 a year — they can set bail, a basic legal safeguard. They hold crucial preliminary hearings in felony cases and conduct trials on misdemeanors. They preside over civil cases with claims of up to $3,000, and landlord-tenant disputes with no dollar limit, including commercial cases involving hundreds of thousands of dollars.

And then there are the powers they simply take.

In what the Commission on Judicial Conduct called "a shocking abuse of judicial power," Justice Roger C. Maclaughlin single-handedly went after a man he decided was violating local codes on the keeping of livestock in Steuben, near Utica. The justice interviewed witnesses, tipped off the code-enforcement officer, lobbied the town board to deny the man approval to run a trailer park, then jailed him for 10 days without bail — or even a chance to defend himself, the commission said.

In an interview, Justice Maclaughlin said the commission seemed to be chasing legal technicalities rather than real justice.

An Essex County town justice, Richard H. Rock, jailed two 16-year-olds overnight without a trial, saying he wanted "to teach them a lesson." They had been accused of spitting at two other people and charged with harassment. Then he sent them back for 10 more days, the commission said, without ever advising them they had a right to a lawyer.

In 2001, the commission punished him and Justice Maclaughlin with censure, the most serious penalty short of removal from the bench. Justice Maclaughlin is now in his 11th year in office. Justice Rock is in his 10th.

In Alexandria Bay, where Justice Pennington presided at a metal desk in a tiny room inside the police building, a quarter-century in office did not seem to deepen his understanding of his role. Just three days after he took home the 17-year-old girl, another case raised fresh questions about his familiarity with the law, or even the world outside his court.

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Eeric D. Bailey, a 21-year-old black soldier from nearby Fort Drum, was facing a disorderly conduct charge after a tussle with a white bar bouncer. Sitting three feet from Mr. Bailey, the bouncer identified him as "that colored man." Mr. Bailey's jaw dropped.

The soldier, who did not have a lawyer, told the judge that the term was offensive. But Justice Pennington said that while certain other words were racist, "colored" was not. "For years we had no colored people here," he said.

The commission had heard worse. After arraigning three black defendants arrested in a college disturbance in 1994, a justice in the Finger Lakes region said in court, "Oh, it's been a rough day — all those blacks in here." A few years before that, a Catskill justice reminisced in court that it was safe for young women to walk around "before the blacks and Puerto Ricans moved here."

In an interview, Justice Pennington said the commission had treated him unfairly. But he may not have helped his case when he told the commission that "colored" was an acceptable description.

"I mean, to me," he testified, "colored doesn't preferably mean black. It could be an Indian, who's red. It could be Chinese, who's considered yellow."

Basic Training

As the blunders, and worse, have piled up over the years, so have the muffled complaints from within the system. Transcripts of the commission's disciplinary hearings, which are usually closed to the public, show that some justices have nearly begged for more training, or any kind of help.

Anthony Ellis, a meat cutter who routinely jailed defendants in Tupper Lake to coerce them into pleading guilty, neatly summed up his insecurities in one closed hearing: "I'm almost like a pilot flying by the seat of my pants."

William G. Mayville, a retired factory worker who turned his courtroom in nearby Fort Covington into a collection agency for local business owners, offered a quietly damning explanation: "I certainly am only a simple man doing a job that, you know, the very best I can do with a limited amount of education that they offered me."

Simple men, and their simple wisdom, are the whole idea behind the justice courts. A 13th-century English institution, the justice of the peace was imported to the colonies in the 1600's along with a fundamental notion: that laymen could settle small-bore cases with practical solutions grounded in local custom or common sense.

But as life, and the law, became vastly more complex by the mid-20th century, several states, including California, New Jersey and Connecticut, created more professional local courts.

In Delaware, where the appointed local magistrates have less authority than New York's justices, the state screens candidates with academic and psychological tests, and starts them off with 11 weeks of training. "It is a reflection of the view that when we're dealing with people's livelihood, when we're dealing with people's freedom, we're going to take this seriously," said the chief magistrate, Alan G. Davis, a lawyer.

In New York, the justice courts have been replaced by state-financed district courts, with lawyer judges, in Nassau County and western Suffolk County. But the last major calls for statewide reform sputtered out in the early 1980's, and the amount of training for justices has not changed. Those without law degrees must take six days of classes at the start. Lawyers do not have to attend, but all justices must take a 12-hour refresher course once a year.

Maryrita Dobiel, who runs the training program for the Office of Court Administration, said the classes provide an introduction to legal principles, but not much more, given a student body with such varying levels of education. "We have to teach to the lowest common denominator," she said. General principles of criminal law, a subject that takes up a semester or more in law school, gets about five hours.

At training's end, justices must score at least 70 percent on a test of 50 questions, all true or false. Those who fail can retake the course, and the test. "We don't decide whether they're qualified to be a judge," Ms. Dobiel said. "The people who have elected them have already made that decision."

The real test comes on the bench.

Several justices have threatened to arrest litigants in small-claims cases, showing they do not understand the difference between civil and criminal cases. Others have told the judicial conduct commission that they disagreed with the constitutional guarantee that a defendant is entitled to a lawyer.

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John D. Cox, a quarry manager in Le Ray, near Watertown, summarily jailed people who were unable to pay fines, the commission said. But he received the lightest public penalty, an admonition, in 2002 after he explained that in 22 years in office, he had never been taught that state law allows defendants a new hearing and a lawyer when they say they cannot pay their fine.

The justices do have something of a lifeline: They can call a resource center near Albany where four lawyers field more than 18,000 questions a year. But there are limits on what the center tries to do.

"We tell them what their options are," said the center's supervisor, Paul Toomey. "We don't tell them they're wrong."

Power and Prejudice

Few people who came to his court ever told Donald R. Roberts he was wrong. A strapping former state trooper, he was working as a gas-company truck driver when he was appointed village justice in Malone, near the Canadian border, in 1993. When he was removed five years later, the Commission on Judicial Conduct dispatched him with a stinging description: "a biased, mean-spirited, bullying judge."

It was Justice Roberts who declared that women needed "a good pounding." He had already battled with the county district attorney over his resistance to granting orders of protection.

When a village resident asked that the dentist suing him be forced to come to court to prove his case, Justice Roberts told the man, who had a Hispanic surname: "You're not from around here, and that's not the way we do things around here." The justice did not mention that the plaintiff was his own dentist.

A common argument in favor of New York's justice courts is that local judges know the people and problems that come before them. But that can be a problem itself when justices use those prejudices to favor friends and ride herd over others.

"They have their own little fiefdoms," said Laurie Shanks, an Albany Law School professor. "Some are benevolent despots, but despots nonetheless."

Again and again, the commission's records show, justices have failed to remove themselves from cases involving their own families.

In this department, Pamela L. Kadur may hold a record. As town justice in Root, west of Schenectady, she presided over at least seven cases involving relatives, who often received lenient treatment, the commission said when it ordered her removal in 2003. Justice Kadur heard a speeding case against her son in her own kitchen, then tried to cover up their family relationship in record books, the commission said, by misspelling his last name.

One longtime town justice near Albany let a friend who owned a driving school sit with him at the bench; when the justice ordered anyone to take a driver-training course, only the friend's school was acceptable. Another justice, in Rensselaer County, told a trucker charged with drunken driving that he would not suspend his license because "I can't do that to a fellow truck driver."

Historically, large numbers of the justices have been former law enforcement officers, and lawyers complain that many have unfairly favored the police and prosecutors.

Some justices, unsure of the law, have also come to rely too much on the authorities. Elaine M. Rider, who presided in Waterville, near Utica, fretted that she did not "really have the time to puzzle this out" when a criminal defendant argued that evidence had been seized illegally. So she had the prosecutor write her decision, the commission said.

But one of the most common prejudices on view in the commission's files is far more basic, and it can be found as often in the big-city suburbs that have official-looking courthouses and lawyers on the bench.

In 20 years in office in Haverstraw, north of New York City in Rockland County, Justice Ralph T. Romano drew attention for his opinions on women, state files show. Arraigning a man in 1997 on charges that he had hit his wife in the face with a telephone, he laughed and asked, "What was wrong with this?" Arraigning a woman on charges that she had sexually abused a 12-year-old boy, the justice asked his courtroom, "Where were girls like this when I was 12?"

Across the Hudson, Joseph Cerbone, the Mount Kisco justice with the miniature violin, persuaded a young woman to drop her abuse case against the son of a couple he had done legal work for. She told the commission that while she did not believe the justice's claim that the son was "a decent guy" who had "made a mistake," she had no choice.

"I kind of felt I had no one behind me, no support," she said. "And by getting a phone call from a judge, I felt that maybe I was making a mistake by going through with these charges."

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But the human damage can be much worse in the small communities where the justice is often the most powerful local official.

In 11 years as justice in Dannemora, in the North Country, Thomas R. Buckley had his own special treatment for defendants without much money: Even if they were found not guilty, he ordered them to perform community service work to pay for their court-appointed lawyers, although defense lawyers and the district attorney had reminded him for years that the law guaranteed a lawyer at no cost.

"The only unconstitutional part," he told the commission before it removed him in 2000, "is for these freeloaders to expect a free ride."

He twice jailed David Velie, a 19-year-old charged with a misdemeanor, even though the law required him to set bail. In an interview, Mr. Buckley explained that the young man had been a troublemaker "ever since he was born."

Like many small-town justices, he said many of his decisions were down-to-earth solutions. "You've got to use your own judgment," he said. "That's why they call us judges. The law is not always right."

Some residents say that without the law to protect them, they lived in fear. Debra E. Bordeau, the justice's neighbor, said she went into hiding after he threatened to jail her in a dispute over her dog, which he ordered destroyed.

And Carson F. Arnold Sr., a contractor from a nearby town, was jailed for five days after a woman who knew Justice Buckley complained that Mr. Arnold had threatened her, the commission said. There was no trial. The justice simply told Mr. Arnold to shut up, then sentenced him without bail.

"How many years did he treat people like this?" Mr. Arnold asked in an interview. "How many people did this affect?"

A Culture of Secrets

The feeling of powerlessness often begins at the courthouse door.

Many justices preside in intimidatingly tight quarters, admitting participants one by one. Many have heard testimony, settled claims or ruled in criminal cases without notifying the prosecutor, lawyers or even the people directly involved. Some justices can be very selective, state records show: At a 1999 criminal trial in Kinderhook, south of Albany, Justice Edward J. Williams admitted everyone but the victim's lawyer.

Court sessions may be just as unpredictable — held infrequently or at odd hours, or canceled without notice. In 2004, the NAACP Legal Defense and Educational Fund found that people awaiting trial in Schuyler County in the Finger Lakes were jailed for months simply waiting for court to convene again. A high school student arrested on a minor drug charge in the summer of 2003, it said, was still sitting in jail in October.

But the biggest obstacle of all is pinning down what happens in the courtrooms.

A Rochester poverty lawyer, Laurie Lambrix, said that when she appealed the case of a mother of six — a black woman evicted in 1999 by a white landlord who she said had made racist comments — a justice in nearby Gates told her she could not examine the court file of her own client. "I knew court records were public records," Ms. Lambrix said. "I couldn't believe a judge would be ignorant of that."

She was lucky; at least there were records, which she eventually obtained. In many justice courts, it is next to impossible to reconstruct what happened. Some towns spring for a stenographer or taping system, and some justices try to scrawl notes while they preside. But in some cases, there are not even notes.

When someone does appeal, the law requires that justices write a summary of the case. Justices said in interviews that their decisions were rarely appealed, anyway, and even more rarely overturned.

The Commission on Judicial Conduct, then, remains the last line of oversight for justices, and only for those who have stirred up enough concern to be reported by a prosecutor, lawyer or citizen. But the panel is stretched thin — "persistently and acutely underfunded," as it lamented in one annual report. Its statewide staff, which numbered 63 in 1978 when it began, is down to 29.

Supporters of the justice courts have long maintained that they are no worse than the higher courts, citing commission statistics that show justices are disciplined at about the same rate as their higher-court colleagues. But responding to questions from The Times, commission officials studied the agency's three-decade record and found — to their surprise — that cases against local justices were more likely to result in serious punishments.

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Although the justices make up about 66 percent of all New York judges, they constitute 76 percent of the 147 judges who have been removed from office.

Last year, six justices were publicly disciplined for the second time, more repeat offenders than ever. But Mr. Tembeckjian, the commission administrator, said the agency had no way to keep a closer eye on them.

"It would be in the public interest for the commission to make sure that a judge who was identified as having a problem has corrected it," he said. "But we simply don't have the resources to do it."

Lawrence S. Goldman, the commission's chairman until April, said all justices should be lawyers. His successor, the divorce lawyer Raoul Felder, would not discuss the quality of the justice courts, but predicted that a reckoning was at hand.

"This is something that's going to have to be addressed by the next governor," he said. "There is a controversy here, and this issue has not been addressed for many, many years."

Credit Firms Push To Thwart Fraud (WSJ)

By Robin Sidel

The Wall Street Journal, September 25, 2006

MasterCard Inc. and Visa USA Inc. are clamping down on merchants that flout rules aimed at protecting card transactions from fraudsters.

In recent weeks, MasterCard has imposed fines on merchants that haven't met its requirements to keep transactions secure. Starting Saturday, Visa will take aim at the nation's largest merchants with fines that start at $10,000 a month and can rise to $100,000 a month.

The fines are the latest effort by the credit- and debit-card industry to reduce financial exposure -- and bad publicity -- from a round of high-profile security breaches. Cardholders normally aren't responsible for unauthorized purchases, but merchants and banks involved with fraudulent transactions -- both at stores and online -- can find themselves on the hook.

Visa and MasterCard don't fine the merchants directly. Instead, they levy fines against those that process the transactions on behalf of the merchants. Those entities commonly pass on the fines to their merchant customers. In addition to assessing penalties for failing to comply with the rules, Visa and MasterCard also issue separate fines if a noncompliant merchant has a security breach.

Neither Visa nor MasterCard would identify merchants that are violating the rules. But because Visa is honing in on the biggest merchants -- those that ring up more than six million transactions a year -- they likely include some household names. Visa counts 334 merchants in this category; as of Friday, 20 of them were in violation and could face fines if they don't comply by the end of the month, according to the card association. These big merchants represent nearly 50% of Visa's transactions each year.

Visa and MasterCard, which operate the massive card networks, have established comprehensive security rules for banks, merchants and other entities that store, process or transmit cardholder data. Among the rules: Merchants aren't permitted to store data that is contained on a card's magnetic stripe, they must take precautions with people who have access to computer systems and they must restrict access to cardholder information.

Visa has found it difficult to meet its own deadlines. The card association's debit-card processing arm was supposed to validate its security plan at the end of last year, but got final approval from an outside auditor last week. Some 84% of other Visa processors have validated their plans.

"Visa holds itself to the same high security standards as we hold merchants and other processors," said Rosetta Jones, a spokeswoman for Visa. She acknowledged that the processing unit had been behind schedule for validation, but stressed that it had been complying with the other security standards.

MasterCard declined to discuss the amount of fines that have been levied, but indicated that the decision to impose financial penalties is taken as a last resort. "We are not levying fines for noncompliance. We are levying them for noncooperation," said Chris Thom, chief risk officer for the card network.

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Although MasterCard has been issuing fines for more than a year, several industry members said that the levies seem to have accelerated recently and a series have been handed down this month. They estimate that fines have ranged between $5,000 and $15,000. MasterCard declined to comment.

"Visa and MasterCard are paying a lot more attention to this and they should be," said Robert Carr, chief executive of Heartland Payment Systems Inc., a company that processes transactions on behalf of small- and medium-size merchants.

The security rules are particularly daunting for small merchants, who might not be sophisticated about security issues or don't want to spend the money necessary for crucial upgrades to their computer systems. For now, Visa is concentrating its efforts on levying fines for noncompliance by the largest merchants. It expects to tackle the issue as it relates to some smaller merchants beginning next year.

Security has become a top issue in the card industry amid mounting concerns about identity theft. Earlier this year, Citigroup Inc., the nation's largest bank as measured by market value and assets, reissued thousands of MasterCard-branded debit and credit cards after it flagged several hundred fraudulent cash withdrawals at automated teller machines in Britain, Russia and Canada.

Last year some 40 million cards became vulnerable to possible fraud when CardSystems Solutions Inc., a small company that processed transactions for merchants, acknowledged that it had stored customer data in violation of card-industry rules. Retailers also have reported data breaches.

Even Visa isn't impervious. A breach was reported at one of the company's on-site cafeterias last year when someone hacked into the server of the vendor that managed the facility. It was determined that the vendor wasn't complying with Visa rules.

93,754,333 Examples Of Data Nonchalance (NYT)

By Tom Zeller Jr.

The New York Times, September 25, 2006

Less than two years into the great cultural awakening to the vulnerability of personal data, companies and institutions of every shape and size — like the data broker ChoicePoint, the credit card processor CardSystems Solutions, media companies like Time Warner and dozens of colleges and universities across the land — have collectively fumbled 93,754,333 private records. Or at least that's the rough figure the Privacy Rights Clearinghouse, a consumer advocacy organization in San Diego, has tallied thus far.

An entry from Sept. 7: Chase Card Services, a division of J. P. Morgan Chase, announced that it had begun notifying 2.6 million current and former Circuit City credit card account holders that computer tapes containing their personal information had been inadvertently tossed in the trash.

The bank said it believed the tapes were safely "buried in a landfill" somewhere, but it was nonetheless offering affected consumers the now pro forma consolation prize: one year of free credit monitoring.

Last Thursday, another entry was logged. The Commerce Department announced that between 2001 and the present, 1,137 laptops — or about 4 percent of its total inventory — were lost, missing or had been stolen from its 15 operating units. The largest number, 672, had been in use at the Census Bureau, the department reported, and 246 of those contained "some degree of personal data," although it maintained that a combination of passwords and "complex data formats," among other things, would limit the risk that the information could be misused.

"While we know of no instance of personal information being improperly used, we regret each instance of lost material," Commerce Secretary Carlos M. Gutierrez said in a statement, "and believe the volume of lost equipment is unacceptable."

•Taking a wider view of things, though, one might say the volume of lost consumer data remains almost comically epidemic. Hackers and sophisticated data thieves are one thing. But in the battle to stop the great hemorrhaging of personal data, the enemy is us.

It was only four months ago, after all, that the United States Department of Veterans Affairs was forced to announce that a laptop and external hard drive containing personal information, including names, Social Security numbers, and dates of birth on roughly 28 million veterans — just shy of 10 percent of the entire United States population — had been stolen from an agency employee's home.

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The equipment was recovered in late June, and in August, two teenagers were arrested in connection with the theft. The F.B.I. has indicated that the data appears to have not been accessed, but practices at the veterans department — where so much sensitive information on so many Americans was being ported to a suburban living room for weekend work — were a study in data nonchalance.

And of course, it's not just a government problem.

Incidents run the gamut: In early June it was revealed that the names, addresses and credit and debit card numbers of some 243,000 customers of Hotels.com were lost to the wind when a laptop holding the data was spirited away by a thief. The device, which belonged to an employee of Ernst & Young, the auditor for Hotels.com, had been left in a locked car. (Well, locking the car was smart, right?)

The names and Social Security numbers — and in some instances medical histories — of some 51,000 current and former patients of PSA HealthCare, a major provider of pediatric home care services for children, were on a laptop stolen from an employee's car on July 15. Computer tape with information on nearly 10,000 employees of the California Department of Mental Health has also apparently gone missing. (The employees were notified by e-mail Aug. 17). And 612 Aflac insurance policy holders were notified on Aug. 11 that a laptop containing their names, addresses, Social Security numbers and dates of birth was pilfered, yet again from an agent's car. (Readers can visit the Privacy Rights scoreboard at privacyrights.org/ar/ChronDataBreaches.htm for more sobering tidbits.)

But a survey of 484 United States-based information technology departments within business or governmental organizations, published in August by the Ponemon Institute, a privacy consulting company, and sponsored by the data security firm Vontu, tells the real story here.

The survey found, among other things, that more than half of corporate laptops contained unprotected sensitive data, that one in 10 laptops is stolen and that 97 percent of those are never recovered. The study also found that 81 percent of firms reported that an "electronic storage device such as a laptop" specifically containing sensitive or confidential information had been lost or stolen in the past year.

If nothing else, the Commerce Department can be comforted by the fact that its loss of 1,137 laptops over the last five years is hardly unusual.

•But the problem is real, said Joseph Ansanelli, the chief executive and founder of Vontu, who has testified before Congress on privacy problems. And it isn't going to be solved by relegating security entirely to passwords and encryption — although that is necessary.

Just as important, Mr. Ansanelli suggested, is simply paying attention, from a policy perspective, to who has access to what data, why, how it's being moved, where it's being moved to — and establishing clear rules to govern it all.

"Only by focusing on understanding where data is stored and where it is going can organizations better protect information and prevent it from being carried or sent insecurely," Mr. Ansanelli said. "Taller fences or more locks on the doors won't help."

And if institutions entrusted to handle personal information don't start getting serious about their stewardship, they may have their hand forced.

"The costs are high to losing customer data, intellectual property or even worse, national intelligence data," Mr. Ansanelli said. "And if organizations do not stop the insanity of data loss, Congress will be forced to act and mandate new protections for all this information."

O.K., just one more: On Aug. 9, the inspector general's office at the United States Department of Transportation reported that a laptop belonging to a special agent working out of Miami was stolen from a government-owned vehicle on July 27 in Doral, Fla. It contained the names, addresses, Social Security numbers and dates of birth — an identity thief's toolkit, in other words — on more than 132,000 individuals.

Perjury Trial Of Ex-SBC Worker Goes To Jury (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 25, 2006

Joann Wiggan is accused of lying to a grand jury looking into investigator Anthony Pellicano.

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Alleging a long pattern of deception, a federal prosecutor Friday urged a Los Angeles jury to convict a former SBC employee of perjury for repeatedly lying about her contacts with a key figure in the Anthony Pellicano wiretapping investigation.

Without linking her directly to the larger case, Assistant U.S. Atty. Daniel Saunders charged that admitted misstatements by Joann Wiggan to a federal grand jury were intentional and clearly aimed at hiding some aspect of her relationship with co-worker Ray Turner.

He has been indicted with Pellicano and others for allegedly providing the private investigator with confidential telephone records used in wiretapping.

"This defendant has changed her story time and time again to fit what she thinks the government can prove," Saunders told the jury as the four-day trial before U.S. District Judge Dale S. Fischer drew toward a close. "Her credibility is nonexistent."

Saunders said a detailed log of phone calls to and from Wiggan's home, office and cellphones between late 1998 and 2002 proved she was lying to the grand jury when she said she had no contact with Turner and had not begun using her office voicemail until sometime in 2003.

The logs showed more than 1,000 calls from Wiggan's phone numbers to her voicemail, 117 calls from Turner's number to her office voicemail and other calls between numbers assigned to Turner and Wiggan.

The prosecutor also alleged that her lies began even before her grand jury testimony when she told the FBI in an October 2004 interview that she had not spoken to Turner in years. "That is not a memory failure," Saunders said. "That is a coverup."

But Wiggan's attorney, David R. Reed, portrayed the heart of the government's case as its greatest vulnerability, arguing that the phone logs were meaningless without knowing who had made the calls or what the calls were about.

In earlier testimony, Wiggan's son and ex-husband said they had made numerous calls to her office voicemail. And the government's witnesses acknowledged that they had no recordings of the calls or other evidence to establish who made the calls or their content.

"They don't even have one voicemail message from Ray Turner," Reed said Friday. "How can you convict someone when you don't even know what the voicemail message was [about]?"

As his client rocked slowly in her chair, Reed noted that the 52-year-old mother of three had acknowledged mistakes in her testimony before the grand jury. The attorney also reminded the jury that Wiggan herself asked to return to the grand jury early this year to correct her misstatements about not accessing her voicemail before 2003.

"Miss Wiggan had nothing to hide. She wanted to answer all the questions," Reed said of her appearances without an attorney before the grand jury. "Why would she do that if she was really guilty?"

Reed urged the jury to consider that Wiggan had no reason to mislead the grand jury about the telephone calls unless she had been involved in the alleged Turner and Pellicano wiretapping crimes.

And, Reed argued, the government had provided no evidence that they even suspected her of such involvement because they had never searched her home, subpoenaed bank records or taken any of the standard investigative steps that would prove such complicity.

The government, Reed said, had been "stumbling over" the element of intent ever since they charged Wiggan with perjury.

In his rebuttal, prosecutor Saunders said that Reed's arguments were clever but off the mark because Wiggan had been charged with perjury, not aiding Pellicano and Turner in their alleged criminal enterprise.

Even without knowing what the calls were about, Saunders said, authorities had proved Wiggan lied when she was questioned before the grand jury. Whether or not the calls were innocuous, the prosecutor said, "it is the very existence of the phone calls that make her guilty."

The jury deliberations, which began late Friday morning, are scheduled to resume Monday.

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CIVIL LAW:

US Judge To Rule On 'light' Cigarettes Action (FT)

By Lauren Foster In New York

Financial Times, September 25, 2006

A US federal judge will on Monday rule on whether a tobacco lawsuit can proceed as a class action of tens of millions of smokers of "light" cigarettes. If certified, it could be the largest-ever class action case.

The Schwab claim, filed in 2004 under the federal Racketeer Influenced Corrupt Organizations Act (Rico), alleges big cigarette makers defrauded smokers into believing "light" cigarettes were safer than regular ones. Lawyers are seeking as much as $200bn in damages, which would automatically be tripled under Rico.

Tobacco investors are closely watching the suit as it is one of the industry's more important remaining legal risks. The ruling is key for Altria Group, parent of Philip Morris USA, as it is preparing to spin off its 88.1 per cent stake in Kraft Foods.

Monday's decision by District Judge Jack Weinstein will eliminate the legal uncertainty surrounding the case and provide Altria's board with clarity on the legal environment.

Some suspect it is waiting for the ruling before giving the spin-off the green light.

Paul Gallagher, a partner with Cohen, Milstein, Hausfeld & Toll, the firm representing the smokers, said the Schwab case "has the best practical and legal opportunity to hold the cigarette industry worldwide accountable".

"At the same time the industry was denying cigarettes were bad for you, they were offering lights as an alternative to quitting," he said.

During recent oral argument, Judge Weinstein – who has in the past allowed large-scale aggregated tobacco claims to proceed to trial – focused his questions on whether there was a way to determine the number of smokers that would be in the class and how damages would be calculated.

Judge Weinstein told the courtroom that without a satisfactory model for damages, even if he granted class certification, the claim could not go forward.

Following the hearing, industry watchers said there was a low probability the class would be certified as the plaintiffs had failed to address the four-year statute of limitations or come up with a sound damages model.

But Christine Farkas, analyst at Merrill Lynch, cautioned clients that given Judge Weinstein's "past record in tobacco claims . . . we would not be completely surprised if he certified the Schwab class while requiring further work from the plaintiffs on the damages model."

In addition to Philip Morris USA, the defendants include RJ Reynolds; Brown & Williamson (part of Reynolds American); Lorillard; British American Tobacco; and Liggett.

CIVIL RIGHTS:

Disputing Citizenship's Role For Hispanics In Government Service (WP)

By Stephen Barr

The Washington Post, September 25, 2006

Federal employment reports have consistently described Hispanics "as underrepresented in the government compared to the civilian labor force."

The Office of Personnel Management, in a report on fiscal 2005 employment patterns, said Hispanics make up 7.4 percent of the federal workforce, compared with 12.6 percent of the nation's labor force.

But a study by the Government Accountability Office, the congressional auditing agency, questions whether such a gap exists.

The GAO constructed a statistical model, using 2000 census data, to determine whether citizenship and education help explain the disparity in Hispanic workforce representation. The GAO found that:

Â· After accounting for citizenship, Hispanics were nearly as likely as non-Hispanics to be employed in the federal workforce.

Â· When comparing citizens with similar levels of education, Hispanics were 16 percent more likely than non-Hispanics to be employed in the federal workforce as opposed to other sectors in the labor force.

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The GAO selected the two factors because a 1976 White House order and congressional directives restrict hiring for civil service jobs to U.S. citizens (though there are exceptions for some positions) and because the federal workforce contains a larger percentage of occupations that require higher levels of education.

Hispanic leaders, however, said the GAO had gone down the wrong track with its analysis. Democratic and Republican presidents have called for a government that reflects the diversity of the nation, they said, and the goal should be a federal workforce that matches the percentage of Hispanics in the population, not the percentage who are citizens.

Brent A. Wilkes , national director of the League of United Latin American Citizens, called the GAO report "very disappointing." He said, "It has given the folks in the government who have been reluctant to reach out and hire Hispanics the ammunition not to do so by focusing on citizenship."

Hispanic groups have noted that lack of citizenship is not a bar to military service. According to the Pentagon, about 35,000 green-card holders and other noncitizens serve in the military. About 8,000 permanent resident immigrants enlist every year.

Manuel Mirabal , president of the National Puerto Rican Coalition, said: "What this report will accomplish, unfortunately, is that federal agencies will take it to mean that they don't have to do anything, that it is okay. It is not okay."

Gilbert Sandate , who heads the Coalition for Fairness for Hispanics in Government, said the GAO report "minimizes the magnitude and impact of the Hispanic employment crisis and fails to provide a clear assessment of the problems affecting Hispanic employment in the federal workforce."

The GAO, Sandate said, did not consider discrimination as a factor in Hispanic employment. Too many Hispanics in government are clustered at the lowest grade levels, and the percentage of Hispanics at the top of the career civil service appears to be declining, he said.

Last year, the government employed 125,419 Hispanics in full-time civil service jobs, with 557 in "senior pay" positions, according to the OPM. Customs and Border Protection officer and customer-service representative were among the leading occupations in government for Hispanics, data collected by the GAO showed.

In its report, the GAO said it did not analyze whether discrimination against or attitudes toward Hispanics affected workforce representation. The analysis also did not seek to explain differences by grade, pay level, agency and other categories, the GAO said.

A part of the GAO report focused on how the OPM, the Equal Employment Opportunity Commission and other agencies make workforce comparisons. The databases used by those agencies do not divide the nation's labor force into citizens and noncitizens and, as a result, do not show how citizenship affects federal employment practices, the GAO said.

The GAO recommended that the OPM and the EEOC include citizenship in their annual comparisons on the demographics of the federal workforce and the nation's labor force. In their reviews of the report, the GAO said, the EEOC and the OPM did not comment on that recommendation.

Minority Program At WSSC In Limbo (WP)

By Chris Kirkham

The Washington Post, September 25, 2006

A controversial minority contracting program run by the Washington Suburban Sanitary Commission died over the summer after the Maryland General Assembly failed to renew it, potentially depriving minority- and women-owned businesses of more than $37 million worth of contracts.

The state Senate did not act because the Montgomery and Prince George's delegations could not agree on whether to strengthen oversight of the program, which critics said was fraught with patronage and unnecessary delays.

Minority- and women-owned businesses have received more than a quarter of the contracting money spent by the commission since the program began in 1979, for such work as construction projects and finding temporary employees.

The program has been at the center of years of upheaval at the Washington area's largest water and sewer utility. There have been charges that the program benefited white-owned companies who hired minority subcontractors, and controversy over delays caused when the contracting office held up projects until minority firms could be found to participate.

The head of the office was ousted last year, and three WSSC board members were asked to resign.

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Companies that benefited from the minority contracting program said it was important to them. The program was designed to make up for years in which firms owned by minorities and women were excluded from the agency's business.

"It's going to be tougher for us because we're not going to be able to get the big projects," said Lilia A. Abron, owner and president of Peer Consultants PC, a civil and environmental engineering firm in Rockville that has worked with the WSSC for several years. "It's going to be more of a challenge, but we're up for it. We've been slugging it out this long."

Abron said minority firms with less experience will be hit the hardest. Her 15 years of working with the WSSC put her firm in good standing as a subcontractor for larger, non-minority contractors. Newer firms without those past relationships will be at a significant disadvantage, she said.

Bills to reauthorize the program until 2010 passed the House of Delegates, but failed to get out of a Senate committee before the end of the legislative session in April. Gloria G. Lawlah (D), head of the Prince George's delegation in the state Senate, said she wanted stricter language in the bill to hold prime contractors responsible for paying minority subcontractors -- even if that meant the program would expire.

"You can always avoid a sunset if you want to, but it's not always meaningful," Lawlah said. "Sometimes when you have nothing, it's going to make us work harder to put something in place" in the next legislative session.

Without the backing of both delegations, the bill could not come up for a vote.

The U.S. Supreme Court has held that any race- or gender-based preferences must be bolstered by evidence showing a historical pattern of discrimination. In the case of the WSSC, a 2005 study showed that disparities still exist between the number of minority contracts awarded by the agency and the number of minority businesses in the area.

"I think it's clear that these programs are still required to advance the cause of diversity and creating opportunities for minority business people overall," said Kenneth E. Clark, president of the Maryland/D.C. Minority Supplier Development Council. "They missed an opportunity to move this program forward."

Wayne R. Frazier Sr., president of the Maryland-Washington Minority Contractors Association, called the state of minority contractors "woeful," noting that few companies have the size or financial backing to compete for major construction jobs.

After learning that the minority contracting program was terminated over the summer, the WSSC board tried to install a temporary program, but Maryland Attorney General J. Joseph Curran Jr. said this month that it would not be legal without enabling state legislation.

Prem P. Agarwal, chairman of the WSSC, said the commission is putting in an auditing system aimed at tracking the money going from prime contractors to minority subcontractors.

Agarwal said the WSSC will lobby to get the minority preferences written into law when the General Assembly meets in early 2007. In the meantime, the WSSC still has a program to help small contractors -- regardless of the race or sex of owners -- but Agarwal said many of the minority firms that have done WSSC work are too large to participate.

Any minority contracts in place before July 1 will not be affected.

"Right now our hands are completely tied, and that makes all of us unhappy," Agarwal said.

No On Proposition 85 (LAT)

The Los Angeles Times, September 25, 2006

A YEAR AFTER CALIFORNIA voters rejected an almost identical proposal, they are being asked again to approve a ballot proposition to require that parents be notified before a minor can have an abortion. A particularly objectionable phrase from the old version has been stripped out, but that doesn't fix the main problem:

Proposition 85 is an unnecessary measure that would do the state more harm than good.

Most adults can agree that the ideal scenario for a pregnant girl is to tell her loving and supportive parents about her situation and receive their guidance and help. That ideal scenario, or something like it, occurs more often than you might think, and without government coercion. The majority of girls do tell their parents. And the younger and more vulnerable they are, the more likely they are to do so.

But there are many less-than-ideal families in which girls do not talk to their parents, sometimes understandably: if molestation by a family member, for instance, led to the pregnancy.

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Proposition 73, last year's parental notification measure, lost by a narrow margin. In an apparent attempt to tilt popular opinion in their favor, the authors of the new measure omitted a phrase from the previous initiative that raised public hackles. It would have embedded into the state Constitution wording that implies life begins at conception.

Although Proposition 85 avoids such a politically incorrect pitfall, it still contains the same troubling provisions. And it remains part of a broader campaign to chisel away at a woman's right to privacy.

By requiring doctors to notify a girl's parents (or seek court permission) before she can end her pregnancy, Proposition 85 interferes with the doctor-patient relationship. The measure would almost invariably delay abortions, and because teens are more likely to find out later rather than sooner that they are pregnant, it could lead to more later-term procedures, which are riskier and more complicated.

For girls who are afraid to report molestation by a family member, the proposition would create an almost insurmountable obstacle. Similar laws in other states have not appreciably changed teen pregnancy or abortion rates. Meanwhile, California's teen pregnancy and abortion rates in the last several years have declined faster than the national average.

Supporters of failed ballot propositions have a way of coming back in the hopes that a change in voter turnout will make the difference. Voters shouldn't be fooled. Proposition 73 was a bad idea last year, and Proposition 85 is a bad idea now. Voters should once again reject the parental notification initiative.

ENVIRONMENT/INDIAN AFFAIRS:

Source Of Outbreak No Easily Solved Mystery (USAT)

By Dan Vergano

USA Today, September 25, 2006

As the investigation into the nationwide E. coli outbreak in fresh spinach bears down on farms in three California counties, one big question remains.

Whatdunit? What ill-fated combination of biology and farming conspired to create an outbreak in 25 states tied to 173 infections and one confirmed death over the past two weeks?

Two other deaths may be tied to the outbreak, those of an Idaho child and an elderly Maryland woman. Investigations are still underway.

The Food and Drug Administration reported Sunday that the Utah Public Health Laboratory has identified a contaminated bag of spinach from the refrigerator of a patient who became ill after eating some of it. A lab in New Mexico made a similar finding last week.

“We are now on the farms,” said the FDA's David Acheson in a briefing last week. Because the outbreak is nationwide, the bacteria very likely were introduced into the food chain early, says food safety expert Douglas Powell of Kansas State University.

The Escherichia coli bacteria strain behind the outbreak, E. coli 0157:H7, is the most commonly seen cause of dangerous infections from this family of bacteria. Most forms of E. coli are benign or helpful (some help synthesize vitamins) and are endemic to the human gut. The outbreak strain belongs to a smaller family that produces toxins that can tear the intestinal wall and cause kidney failure and death.

Ninety-two people have been hospitalized in the outbreak, 28 with a type of kidney failure called hemolytic uremic syndrome.

The Centers for Disease Control and Prevention estimates E. coli 0157 causes 73,000 illnesses a year nationwide, as well as 60 deaths.

Disease experts call the locale where dangerous microbes hide a “reservoir.” For E. coli 0157, the reservoir is inside cattle, which explains why beef and dairy products have long been the source of many outbreaks, Powell says. It also explains why the farm is where a lot of outbreaks begin. Typically in outbreaks, he says, contaminated cattle manure is used as fertilizer, or irrigation water fouled with runoff from dairy farms is sprayed on a field. “Once introduced into soil or seedlings, via irrigation water or compost, E. coli 0157:H7 can contaminate the soil and vegetables grown in it for months,” he says.

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Chlorine washes and a cool processing environment are supposed to knock down any E. coli bugs still on produce. If that protection fails, the microbes can multiply rapidly, contaminating hundreds of thousands of bags of produce.

A more speculative concern is over the possibility of the microbes migrating from the soil into the interior of plants as they grow, says microbiologist Eric Triplett of the University of Florida in Gainesville. Last year, he and his colleagues reported in the journal Molecular Plant-Microbe Interactions that human-disease-causing bacteria such as salmonella can migrate into such plants as tomatoes and alfalfa sprouts. "I don't see why spinach would be any different," he says.

Perhaps 10,000 of these disease bacteria's cells may hide in each gram of plant matter, he says. The concern is that no amount of washing will remove microbes hiding inside the plants, he says.

On the other hand, a 2003 Journal of Food Protection report suggested spinach plants trap most of these bacteria in their inedible roots. That study warned contamination may occur at harvesting, when the roots are cut in the field.

These are interesting laboratory studies but still very speculative, says Mike Doyle of the University of Georgia Center for Food Safety. "We still have to confirm this occurs in the field, and if it does, would it occur at cell numbers that would be of public health significance?" he wrote in an e-mail.

Center Of E. Coli Outbreak Is Also Center Of Anxiety (NYT)

By Jesse Mckinley

The New York Times, September 25, 2006

SALINAS, Calif., Sept. 22 — For the last week, on farms up and down the Salinas Valley, a group of invisible men have been looking for an invisible bug.

The men, federal and state health inspectors, have been hunting the source of an outbreak of E. coli bacteria in tainted spinach that has killed at least one person and sickened about 170 others in 25 states. Five companies have recalled products, and while the search has been slow and painstaking, federal officials caution that they may never find the exact source of the outbreak.

Nowhere has the uncertainty been more acute than in the three California counties — Monterey, San Benito and Santa Clara — where the outbreak has been centered. That sense of worry was probably heightened on Friday when the Food and Drug Administration gave the all-clear to spinach produced anywhere but those three counties.

"Everybody is anxious for resolution," said Eric Lauritzen, the Monterey County agricultural commissioner. "And I'm sure the consuming public is as well."

In an industry that is equal parts science and Steinbeck, the halt in the spinach harvest ripples through all kinds of businesses and trades, from pickers left without work to packers left without product to restaurateurs left without ingredients.

The agriculture business is the biggest employer here, and trade leaders say the spinach crisis could cost $100 million if it goes on for a month. Farm officials are concerned about the entire salad industry, which has grown rapidly over the last decade as fresh bagged lettuce and other greens have become popular.

In conversations in the lower Salinas Valley, a fertile, sun-baked strip that runs some 30 miles from Salinas to Soledad, even those whose jobs are far from the fields expressed concern for farmers. And as every day passes, the worry grows that this year's harvest, and maybe those in years to come, have been dealt a crippling blow.

"Anybody you talk to in this valley, the question is, is this going take out anything that's in a bag," said Mike Foster, 35, a firefighter in Chualar, a roadside town outside Salinas. "And how's that going to affect everything else: are people going to stop eating salad mix? Lettuce? Bags of apples?"

Mr. Lauritzen, whose Salinas office sits on Abbott Street, a dusty road where farm-related equipment shops, chemical warehouses and refrigeration companies sit side by side, said he had been on the phone all week trying to answer questions and settle nerves. "I couldn't begin to describe my week," he said wearily.

Some have complained about a lack of concrete information. The authorities have not said which farms they are looking at, though they say there are nine. They also say about 20 inspectors are on the job, but no federal laboratory findings have been released.

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Earthbound Farm in San Juan Bautista, which is believed to have supplied the tainted spinach, acted pre-emptively, saying Wednesday that its plant had been declared clean by a private laboratory.

Mr. Lauritzen said the health of those sickened by the outbreak remained the major concern of those in the agricultural industry. But just down the street sits a reminder of the local impact: River Ranch Fresh Foods, which last Sunday announced a voluntary recall of its salad mix.

In Gonzales, 17 miles southeast of Salinas, packing plants line both sides of the railroad tracks that bisect the valley, and boxes of vegetables line the walls of soaring coolers and refrigerated storage rooms. Residents there say that the recent problems with E. coli — there have been at least eight outbreaks in the valley since 1995 — are a new development in an old business.

"My dad raised spinach his entire life, and I never heard of E. coli," said Joe Miranda, 77, a lifelong resident of Gonzales and a former ranch worker. "I've been in spinach up to here," he said, pointing to his knee, "and I never heard anything like that."

Like many in the valley, Mr. Miranda had heard rumors about the cause of this outbreak — portable toilets being spilled onto crops, or rodents and rabbits dirtying a batch with their feces — but said he suspected that lapses in modern farming techniques, including using unclean irrigation water, had fouled the works. "The way they farm nowadays," he said, "they might just have to start over."

The outbreak has been the lead story in the Spanish-language news media, whose newspapers have described "panic" and television announcers have wondered about the spinach shutdown's effect on Latinos, a group already concerned about pending immigration laws.

"Yeah, we're worried about it," said Robert Gomez, 57, the campus supervisor at Anzar High School, just down the road from the Earthbound Farm processing plant. "Its a low-income area, a lot of families, our families, work there. If they slow down, or lay people off, it's going to hurt us."

In Soledad, where signs announce the town's motto — "Feel the Momentum" — residents say they worry that the federal reaction has been too slow and the news media's reaction too hasty. "I would like to see some data on what E. coli rates are for another two weeks of the year," said Adele Skinner, a retired school worker. "I think it's all been a little overblown."

Her husband, Prescott, sat beside her in the Soledad Bar and Grill, a tavern hidden in the side room of a bowling alley. "To Soledad, farming is everything," Mr. Skinner said, nursing a glass of rosé. "It always has been, and it always will be. They'll come back from this."

That optimism was also in evidence in Salinas, where agricultural leaders had repeatedly assembled to offer their condolences to victims and to plan strategy. On Thursday at the National Steinbeck Center, they announced a new series of farming guidelines, including advanced testing of water and soil, and new machinery. After they spoke, two new spinach harvesters idled outside the center, flanked by two workers decked out in sanitary gear.

By Friday, however, such theatrics had given way to the day-to-day grind of farm life. Tara Mackay, a waitress at the First Awakenings restaurant in Salinas, where farmers often convene before dawn, said her regulars had been in that morning as usual.

"There's not really much to talk about until they figure it out," Ms. Mackay said, adding that she had heard rumors about the outbreak's cause. "But when you hear that sort of stuff, you do kind of think, 'I'll eat broccoli.' "

System Set Up After '93 Outbreak Pointed To Spinach In E. Coli Cases (WSJ)

By Jane Zhang

The Wall Street Journal, September 25, 2006

WASHINGTON -- Early in this month's E. coli outbreak, state and federal officials were able to single out spinach as the likely culprit thanks to a surveillance system set up after a 1993 outbreak at the Jack in the Box fast-food chain.

The system, coordinated by the Centers for Disease Control and Prevention, links public-health laboratories nationwide and allows state and federal epidemiologists to quickly compare the DNA "fingerprints" of E. coli bacteria collected from sickened people. Through phone calls and email lists, public-health officials can alert each other about small clusters of cases and hunt for early signs of a nationwide outbreak.

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Wisconsin first alerted the CDC to a cluster of E. coli cases Sept. 8 and posted a genetic pattern. But officials there didn't suspect fresh spinach until Oregon reported findings from six cases there Sept. 13. More cases from other states helped convince federal officials their suspicion about spinach was right. By Sept. 14, consumers were warned not to eat bagged varieties of the vegetable. While 173 people have been reported sickened, some gravely, officials believe the fast-paced detective work helped to reduce the outbreak's spread and saved lives.

"We are finding the large outbreaks when they are still in a small stage and act on it," says Robert Tauxe, deputy director of the CDC's Division of Bacterial and Mycotic Diseases. Before the system was launched 10 years ago, "We only got the big ones after they got big. That's really too late."

A big piece of the system is PulseNet. It links public-health laboratories, which perform standardized molecular DNA tests on bacteria such as E. coli and salmonella. The results are entered into an electronic database and uploaded to the CDC in Atlanta, where lab technicians around the country can compare samples, perform searches and send questions to epidemiologists and regulators.

PulseNet was developed after four people died and hundreds of others were sickened from eating tainted hamburger sold by Jack in the Box Inc. The CDC began to upgrade its communication system for state and federal epidemiologists, who long had depended on phones.

In this month's E. coli scare, Wisconsin received reports of illnesses there and conducted the DNA tests. Then it loaded the genetic patterns into the CDC network and said it thought it was experiencing a statewide outbreak. Dr. Tauxe says the Sept. 8 report didn't initially raise alarms.

Meanwhile, Oregon officials the same day were informed about three E. coli cases in that state. William Keene, senior epidemiologist at Oregon's Public Health Division, says he initially thought it was just a minor outbreak. But that night, Melissa Plantenga, a colleague of Dr. Keene, started interviewing nurses and later talked to a patient. Four days later, a couple of other cases surfaced.

A pattern appeared: Five out of the six victims were women, who tend to eat more salads than men do. And on Ms. Plantenga's 304-question form, five out of six people answered yes to question No. 199 about their recent meals: "fresh spinach (not frozen)."

"It was way out of line," she recalled. A CDC survey in 2002 showed that only 18% of Oregon respondents ate spinach in a given week.

On Sept. 13, Dr. Keene emailed CDC infectious-disease specialist Chris Braden to say Oregon had a cluster of E. coli cases. Dr. Braden, who directs the CDC's surveillance-response team, happened to be on the phone with Wisconsin officials discussing their E. coli cases. Dr. Keene joined the conference call and said the Oregon cases seemed to be linked by spinach. He quickly sent the CDC the DNA fingerprinting data, which matched those of the Wisconsin cases.

CDC officials then alerted the Food and Drug Administration. "We didn't tell them it was definitely bagged spinach," just that it might be, Dr. Tauxe says.

Soon other states were reporting E. coli cases, with spinach as a common element. After an FDA warning Sept. 14, a California company, Natural Selection Foods LLC, recalled its bagged spinach. Two other companies followed.

By Sept. 20, the CDC reported 146 cases, and at least 70 of the victims had eaten prepackaged spinach. The FDA and California sent investigators to Salinas Valley, where much of the nation's fresh spinach is grown.

A bag of Dole Food Co. baby spinach found in New Mexico finally provided the hard proof. Investigators ground the spinach and cultured the bacteria in a lab. By using the PulseNet network, they determined the E. coli organism found in the spinach sample was the same as that in the people who had fallen ill in New Mexico and elsewhere. That bag's packaging information then pointed the way to nine farms in three California counties. Officials hope more bags that test positive will narrow the search. Yesterday, the CDC said Utah officials found one bag in that state.

Voters Get A Say On Land Rights (USAT)

By Martin Kasindorf

USA Today, September 25, 2006

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LOS ANGELES — Eleven states are giving voters their first chance this fall to override last year's Supreme Court ruling that allows local governments seeking more tax revenue to seize private property and give it to developers.

Thirty state legislatures have passed laws or constitutional amendments since June 2005 to negate or limit the ruling's effect in their states. Voting 5-4, the high court said the Constitution permits state and local governments to condemn a home through eminent domain powers so developers can build hotels, offices or retail centers on the site.

The decision, Kelo v. New London, Conn., raised a public outcry, led by libertarians and conservatives who advocate limited government power. The spate of ballot proposals is being bankrolled largely by libertarian organizations controlled by New York City real estate investor Howie Rich. The groups, Americans for Limited Government and the Fund for Democracy, have donated $4 million to ballot drives in eight states.

"It's about one of the core freedoms that our country was built on," Rich says. "People work very hard to own a small business, a home or property. The government is there to protect the right to that property, not to take it away."

Cities, some environmental groups and property developers oppose the ballot measures. Using eminent domain for commercial projects is proper "as a last resort," says Paul Farmer, executive director of the American Planning Association, a group for urban planners based in Washington. "Working these things out in the legislatures is preferable to the sledgehammer approach of these measures."

Larry Morandi of the National Conference of State Legislatures says momentum is building on these issues and most of the ballot measures could pass.

Grover Norquist, president of Americans for Tax Reform, says, "I'm not sure even Roe v. Wade (which legalized abortion nationwide) got so much of the country saying 'no' the way Kelo did."

The Supreme Court said states can restrict the use of eminent domain under their own constitutions. That triggered lobbying in 45 legislatures and signature-gathering for ballot initiatives.

Louisiana will vote Saturday during its primary on two ballot measures on eminent domain. Ten other states will vote on the issue Nov. 7.

Rich's allies in California, Arizona and Idaho combine eminent domain on the ballot with a separate land-use issue at the heart of the property rights movement. It's a proposal to make governments pay property owners for "regulatory takings" — zoning, height limits or other building restrictions that substantially reduce the land's value. Washington state has a ballot measure on regulatory takings.

"The property rights advocates have exploited Kelo to advance a broader anti-government agenda," says John Echeverria of Georgetown University Law Center.

Seeking Expansion In Urban Areas, Wal-Mart Stores Gets Cold Shoulder (WSJ)

By Kris Hudson And Gary Mcwilliams

The Wall Street Journal, September 25, 2006

Cities like Boston might be the best hope for Wal-Mart Stores Inc. to grow in the U.S. For the retail giant, that's a problem.

Last year, Wal-Mart's discussions about opening its first store here, in retail space that was soon to be vacated, spurred public outcry. The retailer eventually dropped its pursuit of the property. "Wal-Mart does not suit the clientele we have in the city of Boston," says Mayor Thomas Menino, explaining his opposition. "They don't pay wages that are sufficient. Their benefit structure is poor. I don't need employers like that in our city."

Mayor Menino has no such qualms about trendier rival Target Corp., which he has been actively recruiting. "It's a different image they have in how they market their product and the appearance of their stores," he says. "That's a lot to do with it, the image of the store."

For years, Wal-Mart, of Bentonville, Ark., thrived in rural and suburban America where land was cheap and local governments didn't interfere. Now Wal-Mart is trying to break into the last areas of the country where it isn't dominant, and the going is tough.

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Wal-Mart is used to opposition, but these antagonists are tougher and better organized than earlier breeds. In the Northeast and America's big urban centers, they've augmented a traditional anti-Wal-Mart message with something more potent: an appeal to urban cultural values. Here, Wal-Mart is a metaphor for the worst of middlebrow America.

After missing out in Boston, the company lost a two-year fight to open in Leominster, in central Massachusetts. Some of the same antagonists are now organizing to block Wal-Mart in adjacent Lancaster.

Officials in Miami prevented Wal-Mart from locating a store amid a 55-acre midtown redevelopment project, on the grounds that its sprawling, suburban aesthetics and low-end appeal didn't conform to the city's architectural and social vision for the project.

"I feel bad for Wal-Mart, but that's their image," says Johnny Winton, the former Miami commissioner who helped plan the project.

Wal-Mart, which responded in writing for this article, says it's committed to starting stores in urban markets and that many towns welcome the resulting jobs and tax revenue. "We know that customers want what we have to offer," the company says in a written statement. "In the end, the customer should have the opportunity to decide where to shop."

Behind Wal-Mart's push into this inhospitable terrain is the onset of middle-age. The company reported a 9.5% increase in annual sales last year, falling short of the double-digit pace it set in nearly all of its 34-year history as a public company. Sales growth at stores open at least a year slowed to a 3.4% gain, far from their 10-year high of 9%, a record reached in 1999.

It faces this challenge both in the U.S. and abroad. Wal-Mart grew into the world's largest retailer by relentlessly cutting prices, putting local retailers out of business while passing on savings to consumers. The company is a powerhouse in Mexico -- where it's the top retailer -- and it's surging in South America, Central America and Canada. Yet Wal-Mart's international operations account for just 22% of its overall sales, and the retailer has found itself hindered in some countries.

Hit by stiff competition from cut-rate retailers, strong unions and labor restrictions, Wal-Mart recently withdrew from Germany after eight rough years, taking a $1 billion charge in the process. In China, Wal-Mart has only 64 stores, or one for every 20 million Chinese. Its expansion, which includes plans for another 18 to 20 stores this year, is subject to the whims of China's Communist Party.

Last year, Wal-Mart applied to open a specialized bank in Utah, pledging to use it for credit-card transactions and accepting deposits from charities, not to open branch banks. That didn't forestall an outcry from critics, bankers and politicians, and in July the Federal Deposit Insurance Corp. imposed a six-month moratorium on such applications.

To jump-start sales in the U.S., the company has begun revamping the merchandise and layouts of existing stores to appeal to specific groups, such as African-Americans and Hispanics. It is stocking trendier items such as organic food and designer décor. The move represents a risky departure from the company's successful one-size-fits-all strategy.

Investors are skeptical whether Wal-Mart can continue to rely on U.S. expansion to sustain its growth. Wal-Mart's shares trade at 16.6 times projected earnings, below the ratios notched by rivals Target Corp. and Sears Holdings Corp.

Some on Wall Street would prefer the company tap the brakes on its building plans. New urban stores cost a lot to build and operate, and might not be as successful as other areas, at least initially. Due mostly to local resistance, Wal-Mart says it sometimes takes twice as long to plan, construct and open stores in markets such as California compared with a typical time frame of 18 to 24 months.

Wal-Mart dominates rural America, with 45% of its stores located in rural and semi-rural counties, according to market researcher ACNielsen. The retailer is acting to correct the imbalance: In the 12 months since July 2005, two-thirds of the stores opened by Wal-Mart have been in urban or semi-urban areas, ACNielsen says. Wal-Mart won't provide information about future store openings.

Yet sales gains at new stores, located mostly in urban areas, are lower this year than last, indicating that urban shoppers might be turning up their noses. Joanne Dudevoir, 53, a computer specialist for the Defense Department in Boston, dismisses the company with a wave of her hand. "I don't do Wal-Mart. There's nothing there I need to shop for."

Wal-Mart says it will prosper even in challenging markets if it serves customers well. The company adds that it has a "very disciplined approach" to building new stores. Wal-Mart is on track to expand its square footage in the U.S. this year by 8%, its

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average over the past six years, adding the equivalent of nearly 40 regional malls. Wal-Mart executives said in June that the retailer has plans for at least another 1,400 U.S. stores, but it has not announced a time frame in which all will be built.

"With more than 3,900 stores and clubs in the U.S., we represent a small number of retail outlets in the United States and a much smaller percentage internationally," the company says. "We see continued opportunity for growth and we are committed to that growth."

Community opposition to Wal-Marts dates back to the early 1970s, when Vermont passed a law requiring regional planning commissions to consider the environmental and economic impact of large developments.

Opposition has grown more organized in recent years as nonunion Wal-Mart advanced on union strongholds. In California, Wal-Mart's pledge to open 40 supercenters -- massive stores offering general merchandise and groceries -- precipitated a four-month strike of grocery unions in 2003 as rival chains sought to cut labor costs to compete. A year later, Wal-Mart suffered a setback when voters in the Los Angeles suburb of Inglewood decided by a three-to-two margin to reject a proposed Wal-Mart store.

Wal-Mart officials characterize Inglewood as an anomaly, noting that they have won 32 of 39 such public votes during the past two years. The majority of new Wal-Marts face little or no opposition, they say.

Today, politicians and residents use a variety of snares and roadblocks to slow the giant's advance. Recently, the Institute for Self-Reliance, a community activist group based in Washington, D.C., launched a Web site -- www.bigboxtoolkit.com -- where Wal-Mart opponents can gather data to use in public speeches and letters. The organization has helped 30 towns adopt ordinances to block big retailers and advised about 100 others.

The institute supports what it calls "sustainable communities," or those that grow using their own environmental and economic resources. It opposes big retailers, contending they take more from communities than they contribute.

In New York City, which has no Wal-Mart, the company's opponents helped kill proposed stores in Queens and Staten Island. In February, the city council approved plans for a retail center near Yankee Stadium with a proviso that only retailers already operating in the city could locate there. Translation: Wal-Mart need not apply.

Wal-Mart has won some victories on the urban battlefield. In 2004, it won approval to open its first store in Chicago, in a depressed neighborhood on the West Side, which is set to open later this month. The city's alderman responded by passing a law mandating that big retailers pay employees an hourly wage of at least $10 and health-care benefits equivalent to at least $3 an hour.

Chicago Mayor Richard Daley vetoed the law earlier this month and persuaded the council to not override his decision. In Maryland, a federal judge recently struck down a law mandating how much money large employers -- effectively meaning Wal-Mart -- should spend on workers' health-care coverage.

The retailer has had no such luck in Massachusetts, a state that is urbanized, educated and liberal. Wal-Mart operates 47 stores there, as opposed to 106 in Oklahoma, a state with roughly half the population of Massachusetts. In the Bay State, films such as the anti-Wal-Mart documentary, "Wal-Mart: The High Cost of Low Price," are regularly shown in college halls and independent theaters.

Anthony Citrano, a 36-year-old tech entrepreneur who lives in South Boston, describes the company as a "weed" that "drains the life out of other plants" and as a symbol of America's "unsustainable way of living." Mr. Citrano argues that Wal-Mart is a business that grew in an era of cheap oil, which he says is coming to an end.

After Boston Mayor Menino last year pronounced Wal-Mart persona non grata, five Maine towns and the neighboring city of Cambridge put store-size restrictions in place that effectively barred Wal-Mart. Several of the moves were triggered by a mere rumor of Wal-Mart interest.

In central Massachusetts, Wal-Mart's nemesis is businessman Arthur P. DiGeronimo Jr., known as Jay. Mr. DiGeronimo, 54, is a native of Leominster, a city of 41,000 in the rolling hills of central Massachusetts. Business-savvy and well-spoken, he is a community fixture, having run a grocery-store chain started by his Italian immigrant family until its sale in 2004. He now owns a sound and video equipment company.

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Mr. DiGeronimo says Wal-Mart's arrival will hurt the area's nine grocery stores and half-dozen department stores. Driving through the city in his pickup truck, he argues that Wal-Mart won't improve residents' well-being. "It is a question of the quality of life that's become important for a lot of communities," he says.

Mr. DiGeronimo developed his anti-Wal-Mart fervor while running his family's grocery store chain. "He has difficulty with Wal-Mart's method of operation and how they treat their help," says Robert Capobianco, an attorney who has worked for DiGeronimo companies since 1968.

In 2003, Mr. DiGeronimo tapped Mr. Capobianco to represent residents in their fight to stop a proposed 24-hour Wal-Mart in Leominster. They filed a suit against the developer and the city alleging, among other things, that the city didn't adhere to its own application procedures. After two years of wrangling, the defendants agreed to restrictions that in effect shut out Wal-Mart.

During that fight, Mr. DiGeronimo hired anti-Wal-Mart activist Al Norman as a consultant. He had heard about Mr. Norman from a DiGeronimo company manager, who had attended a seminar about how to fight Wal-Mart that was sponsored by one of its wholesaler competitors.

Mr. Norman, a health-care worker, turned a 1993 campaign against a Wal-Mart in his Greenfield, Mass. home into a second career. He recently traveled to Japan to advise a group there. "My fifth international gig," he says.

Wal-Mart's push into communities like Leominster has spawned a tenacious opposition, Mr. Norman says. "What used to be a two or three month turnaround [to get a store approved] can turn into a two-year turnaround and sometimes longer," he says.

Messrs. Norman and DiGeronimo rejoined forces this year after Wal-Mart returned from its Leominster defeat with a 200,000-square-foot store proposal in Lancaster, a neighboring town of 7,400. Patrice Harvey, a mother of two small children, called Mr. DiGeronimo for advice.

Ms. Harvey and her husband John, both 35, didn't actively oppose the Leominster store plan, even though their house is technically within city limits. The second site, by contrast, is directly across from their home. Ms. Harvey says she used to shop at Wal-Mart when her children were small but stopped after encountering Wal-Mart critiques, such as the documentary, "Is Wal-Mart Good for America?" Wal-Mart "doesn't fit the character of the town," Ms. Harvey says.

Wal-Mart says the type of opposition it faces in Massachusetts isn't affecting its plans. "We believe that the customers want to decide for themselves where they work and shop, as opposed to having those decisions made for them by special interest groups with ulterior motives," the company says.

Under Mr. DiGeronimo's guidance, Ms. Harvey put together a group of about a dozen residents who meet at a different member's house each week. The group includes a university computer manager, a software-company office manager and two local businessmen.

Mr. DiGeronimo has been attending the group's meetings where he offers advice. Whenever the discussion veers into Wal-Mart's environmental record or health care practices, he steers it back to local issues: "water, sewer, wetlands and traffic. Those are the only pressure points that can be brought" to bear on town officials, he says he tells them.

He adds: "That seemed to work in Leominster and is working here."

Wal-Mart Grows 'green' Strategies (USAT)

By Mindy Fetterman

USA Today, September 25, 2006

BENTONVILLE, Ark. — Andrew Ruben, vice president of strategic planning for the world's biggest retailer, leans across the table and pleads passionately for consumers to embrace the compact fluorescent light bulb. Though a CFL bulb costs more, it uses 75% less energy and lasts 10 times longer than a regular bulb.

"Tell everyone to buy this light bulb!" he says, his voice trembling a bit. "If we could get every American to change a single light bulb, we'd be doing the world a world of good."

What's sparking Ruben's fervor is a new mission at Wal-Mart: Embrace the Earth.

The $312.4 billion retailing giant has launched an aggressive program to encourage "sustainability" of the world's fisheries, forests and farmlands, to slash energy use and reduce waste, to push its 60,000 suppliers to produce goods that don't harm the environment, and to urge consumers to buy green. Last Monday, for the first time, Wal-Mart reported on its carbon dioxide

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emissions — the “greenhouse gases” that cause global warming. It said it emits 20.8 million tons worldwide, an amount greater than what's released by an auto company but much less than that released by a major utility company.

“We asked ourselves: If we had known 10 years ago what challenges we would face today, what would we have done different?” says CEO Lee Scott. “What struck us was: This world is much more fragile than any of us would have thought years ago.”

Already, Wal-Mart has become the world's largest buyer of organic cotton. It introduced “fair trade” coffee at its Sam's Clubs. It began selling some organic foods in the spring and will introduce others this fall. And it is pushing suppliers to use smaller packages to cut waste.

Critics such as WakeUpWalMart call the efforts “green-washing.” They say the efforts are an attempt to polish a corporate image tarnished by controversies over low pay and limited health care benefits for its employees and “anti-big-box” feelings in some towns.

But many environmentalists are ecstatic. Wal-Mart is a very big rock to throw into the pro-environment pond, and its ripples, they say, will be felt across the globe.

“Wal-Mart is a huge player, and they have enormous clout,” says Scott Burns of the World Wildlife Fund, which has 10 employees working with Wal-Mart on several projects, including sustainability of fisheries. “They're sending a very powerful signal that already is having effects on the way people produce products for them.”

Wal-Mart says it will:

•Slash gasoline use by its trucking fleet, one of the largest in the USA, and use more hybrid trucks to increase efficiency by 25% over the next three years and double it within 10 years. That will save $310 million a year by 2015, the company says.

•Buy 100% of its wild-caught salmon and frozen fish for the North American market only from fisheries that are certified as “sustainable” by the non-profit Marine Stewardship Council within three to five years. That designation means areas of the ocean aren't fished in ways that destroy fish populations.

•Cut energy use at its more than 7,000 stores worldwide by 30% and cut greenhouse-gas emissions at existing stores by 20% in seven years. Wal-Mart is the largest private electricity user in the USA.

•Reduce solid waste from U.S. stores by 25% within three years.

The company, second-largest in revenue in the world behind ExxonMobil, has vowed to invest $500 million a year in energy-saving technologies.

It has built test lab stores in Aurora, Colo., and McKinney, Texas, where it is experimenting with everything from wind power to permeable asphalt that lets rainwater seep through parking lots to help refill groundwater aquifers. It wants to build stores that produce 30% fewer greenhouse emissions in the next four years.

And it has reached out to environmental groups, many of which were once highly critical of the company; Wal-Mart has made them part of its in-house planning.

On Climate Change Day in mid-July, it hosted former vice president Al Gore at its corporate headquarters here. “We know that Wal-Mart is not necessarily an easy place to come to,” CEO Scott admits. Yet after Gore showed his global-warming film, An Inconvenient Truth, he got a standing ovation from a crowded Wal-Mart auditorium.

“A lot of organizations in that room had campaigned against Wal-Mart. We were kind of skeptical,” says Paul Rice, founding president and CEO of TransFair USA. The group is the only one in the USA that certifies products such as coffee as “fair trade,” meaning they are bought from groups that pay growers fair wages. “But no one is anymore,” he says.

Wal-Mart isn't pushing sustainability solely out of the goodness of its heart. It has realized that it can make money by selling products that are environmentally friendly. It can make millions selling recycled trash and save hundreds of millions by cutting transportation costs.

It even is actively supporting the idea of a system for companies to “trade” carbon dioxide credits. Wal-Mart believes it can earn lots of credits by saving energy, and it can sell them for millions of dollars to companies that can't. All of those savings will go into keeping prices on its products low, it says.

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Wal-Mart also says it is worried about having enough products, primarily fish and other foods, to sell to consumers in the future. “We set out to do (sustainability) as an obligation, a good-works effort,” says Scott. “But we discovered the truth: The real reason to do this is for the business itself.”

Wal-Mart has formed 14 sustainable value networks made up of employees, suppliers and environmentalists. The groups get together regularly in person or on conference calls to brainstorm how products that don't hurt the environment can be made or bought.

The networks work with Wal-Mart's buyers and suppliers, and the suppliers of its suppliers, to push change all the way down the business chain. “We've never worked this way before,” says Matt Kistler, vice president of product and packaging innovation.

The company is mapping whole product lines to find out where the environment is hurt along the way and how to stop that. “When you hear your words coming out of their mouths, it's amazing,” says Suzanne Apple of the World Wildlife Fund. “These are issues we've been working on for years.”

Manish Kumar supplies frozen fish to Wal-Mart. As with many of the company's 60,000 suppliers across the globe, he says Wal-Mart is his biggest customer. In the four years since he landed the business, he's become the retailer's largest supplier of frozen fish in the USA. That's tens of millions of pounds of fish a year.

The way he does business today is radically different than just eight months ago, when he and other fish suppliers were called to Bentonville for a meeting on buying fish only from sustainable fisheries.

“We didn't even know what the Marine Stewardship Council was. Now, it's all we do. The speed with which things are happening is incredible,” says Kumar, CEO of The Fishin' Co., based in Pittsburgh. Now, he works with 18 fish-processing plants that use only fish accredited by the MSC.

Wal-Mart, the world's largest buyer of fish depending on the species, now sells 10 fish products with the blue MSC label, including wild salmon and pollock.

When you buy strawberries from a Wal-Mart today, they come in packages made not from plastic but from biodegradable corn. Same with Paul Newman's organic salad dressing. And this holiday season, those Sam's Club gift cards you may put in your family's stockings will be made from corn-based PLA (polylactic acid), too.

If you're selling to Wal-Mart, you'd better be thinking about smaller packaging, less packaging and recyclable packaging. Wal-Mart said Friday that it will start “grading” suppliers on how well they do. Less, in this case, is more.

When it cut excess packaging on its private-label line of toys, Kid Connection, the company estimates it saved $2.4 million a year in shipping costs, 3,800 trees and 1 million barrels of oil.

“A 2% reduction in a package's size is worth millions and millions of dollars,” says Kistler, vice president of packaging innovation. “You can get more in a container, more in a boat, more in a truck. The numbers are just amazing.”

Downsizing a product's package is tricky, though. Products are sold on store shelves by volume. Bigger packages get more shelf space and can catch consumers' eyes better.

That was the problem when Wal-Mart started pushing Unilever to downsize its laundry detergents. It was reluctant to lose shelf space.

To compensate, Wal-Mart made All Small & Mighty, Unilever's concentrated detergent that comes in a bottle two-thirds the size of a regular jug of detergent, a “VPI.” That's in-house code for a “volume-producing item.” It got heavy promotion and top space on the end of aisles with lots of signs. It's been a huge success, Wal-Mart says.

The single biggest energy success that Wal-Mart has discovered so far is inside a newly designed refrigerator case. It's LED lights. “Fluorescent lights don't like the cold. LED loves the cold,” says Don Mosley, senior engineering manager of special projects who helped design the energy-efficient mechanical systems Wal-Mart is testing at the lab stores in Colorado and Texas.

Wal-Mart spent about $30 million to develop the refrigerator LED lighting system with General Electric and Royal Philips Electronics. LED (light-emitting diode) lights use semiconductor chips to create energy and emit light. LEDs have been used on digital clocks and cellphone screens but never for such a big item.

“This application will change the grocery industry,” says Charles Zimmerman, vice president of new format development. “One-third of our energy costs come from lighting, and the LED cuts 50% of the cost of lighting.”

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Wal-Mart began using LED lights in its giant, red Wal-Mart signs about two years ago. The life of the lights is much longer, even though they cost more. “It's important that our signs say Wal-Mart and not al-Mart,” laughs Mosley.

The compact fluorescent light bulbs from GE that Wal-Mart is pushing for consumers to buy are beginning to catch on, says Michael Petras, vice president of lighting for GE. “The cost is good, it comes on quicker, the colors are better.”

GE sold $75 million of the energy-saving bulbs in 2005. Sales across the industry are up 20%, while sales of traditional incandescent bulbs have fallen 7%.

Wal-Mart has been doing “sunlight harvesting” through skylights at 2,000 of its stores for about 10 years. For much of the day, the only electric lights used in a store are along the inside outer walls. The rest of the floor is lit by skylights.

Now it's testing wind power in the Colorado store. So far, it's been a failure. “It might be our familiarity with the equipment,” admits Mosley. “When they break, they break pretty good before we realize it.” The company hasn't abandoned wind power yet but isn't blown away by it, either.

WakeUpWalMart, a union-funded group that criticizes Wal-Mart's wages and health care benefits, doesn't believe Wal-Mart is sincere. It says Wal-Mart is just trying to get some good public relations in light of all the lawsuits against the company, including claims of discrimination against female employees and forcing employees to work “off the clock.” Wal-Mart also is being investigated for problems with hazardous waste disposal.

“We don't know whether Wal-Mart's environmental changes are real or a Machiavellian attempt to green-wash a declining public image,” says Chris Kofinis, communications director. “But its long record of irresponsible behavior forces one to be skeptical.”

The charges don't bother Wal-Mart. “I don't respond to that criticism,” says CEO Scott. “We know what our goals are. We think we can have an extraordinary impact on the environment.”

Some environmentalists who are in the company's corner are reserving judgment. Fred Krupp, president of Environmental Defense, says Wal-Mart is “off to a promising start” but will be judged by “the results of its efforts.”

Still, Environmental Defense in July opened its first satellite office near a U.S. corporate headquarters — in Bentonville.

“Wal-Mart has as much or more potential than any other company to change the way the world does business,” says Krupp. “And we intend to be right there.”

Texas-Size Hunger For Power Worries State's Grid Boss (WSJ)

By Rebecca Smith

The Wall Street Journal, September 25, 2006

Texas electricity customers are living large, and it is beginning to worry the state's grid operator.

By next spring, the state's electricity reserves are expected to dip below safe levels, at times. Grid officials are seeking state permission to devise an emergency program that would prevent possible disruptions by offering customers incentives to cut electricity use quickly.

Texas is among several places in the U.S. faced with the prospect of declining power reserves amid increased electricity use by consumers. Backup power nationwide, while currently adequate, has been in decline after disruptions in energy markets that caused many companies to cancel new power-plant projects in recent years. The two factors have increased concerns that the electricity system in some parts of the U.S. is becoming more frail. The problem is especially acute in Texas because the state has almost no ability to import power from neighboring states.

The Texas grid operator has concluded it is cheaper and quicker to cut use than to build "peaker" generating plants -- small, simple plants that run when needs are greatest. Likely users are retail chains, factories and municipalities that are capable of trimming use by predictable amounts with a 10-minute warning. The plan would roughly double the amount of emergency reductions available to the grid operator at times of special stress.

State and federal grid-safety rules require Texas to keep a cushion of electricity on hand from in-state generators that is equivalent to at least 12.5% of the amount of power being consumed at any given time. On Aug. 17, when the state set a record for peak electricity use, reserves slipped below 10%, far less than the 16.3% minimum reserve that had been projected for this summer.

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"We're looking at lean reserves the next couple of years and might need emergency assistance at any time," said Paul Wattles, spokesman for the grid operator, formally called the Electric Reliability Council of Texas.

Currently, the grid operator has customers it can call on to reduce demand by 1,150 megawatts, equivalent to the output of two large power plants. The latest proposal it has made to the Public Utilities Commission of Texas would add another 1,000 megawatts. Power generators have objected to such programs, in the past, even though Texas had more than 3,200 megawatts of customer load participating in similar programs prior to 2002, when rules changed as the state deregulated its retail electricity market.

After passage of the 1999 law, generators went on a building spree, constructing 26,000 megawatts of plants, a record for any state. But rising demand and retirement of older plants have thinned reserves that exceeded 30% just four years ago.

Since 1980, the average Texas household has doubled its use of electricity, and the number of households has grown. Not only are new houses bigger, most have central air conditioning, and 60% have ceilings that are at least nine feet high, factors that also push up consumption, according to grid officials.

Californians have held electricity use flat since the 1980s on a per-capita basis through investments in energy-efficiency and conservation programs. In 2003, California ranked first among all states for lowest per-capita electricity use, at 6,732 kilowatt hours annually. Texas ranked No. 35 with average annual use that was more than twice as great, at 14,602 kilowatt hours per person.

2 Years Later, What Has Changed? (USAT)

By Anita Manning

USA Today, September 25, 2006

In the fall of 2004, the USA's public health system got a nasty shock. British health regulators suspended the license of vaccine maker Chiron, effectively cutting the U.S. flu shot supply in half on the eve of flu season.

That sparked a scramble for flu shots: Senior citizens stood in line for hours outside clinics and retail stores; busloads of Americans headed north to get vaccine in Canada, where supplies were plentiful; there were reports of vaccine thefts from doctors' offices; and politicians held hearings on Capitol Hill demanding to know what went wrong.

Health experts blamed the shortage, and the resulting period of panic and prioritization of the remaining limited supply, on a shaky vaccine infrastructure that relied on too few manufacturers and 50-year-old technology.

Two years later, what has changed?

•Vaccine is still produced by growing flu viruses in chicken eggs, a process that takes at least six months.

•The stability of the flu vaccine supply, though improved, is still not certain.

•Vaccine delivery, dependent on speed of production and release of lots by federal inspectors, is still sporadic throughout the season.

Yet the flu vaccine landscape has undergone significant reconstruction. Chiron has been bought out by Novartis. GlaxoSmithKline is selling flu shots in the USA, and other companies might soon enter the market. About 30 companies are working on developing technologies that could allow flu vaccine to be used more efficiently and produced faster and in larger quantities.

“The big picture is that a great deal of progress has been made, but we're not done yet,” says Julie Gerberding, director of the Centers for Disease Control and Prevention.

Flu causes an epidemic every year, striking 5% to 20% of the U.S. population, sending more than 200,000 to the hospital and contributing to the deaths of about 36,000 people, the CDC says. Vaccination is the best way to prevent it, Gerberding says.

If all manufacturers are able to deliver as much as they say they can, there should be ample supply for this fall, she says.

“We'll receive 100 million doses, the largest ever,” Gerberding says.

It could be considerably more than that — or less. GlaxoSmithKline's flu vaccine, Fluarix, was approved by the Food and Drug Administration in August, and four months later the company acquired Canadian vaccine maker ID Biomedical and its Fluviral vaccine.

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Now renamed FluLaval, that vaccine is under review and could get FDA approval for distribution in the USA this week. Last year, GSK made 8 million doses for sale in the USA, but if FluLaval is approved in time for this flu season, the company expects to produce flu vaccine doses in the "mid- to high 20 millions," GSK spokeswoman Jennifer Armstrong says.

That possibility is a two-edged sword that has vaccine experts a little nervous.

"The biggest change this year is the risk of oversupply," says Mark Mlotek, executive vice president of Henry Schein, a vaccine distributor. "Unless we get out the word of how important it is to be vaccinated," there could be consequences.

"Oversupply leads to the other problem, which means manufacturers throwing out doses," Schein says.

If that happens, manufacturers could cut production for the following year or abandon the market altogether, he says, as Parke-Davis and Wyeth did in 2000 and 2002, respectively. "Right now we're in a perfect place with four manufacturers, so if one does have a problem, you have good production," Schein says, but "we have to make sure there's enough demand to keep four manufacturers happy."

If there's anything that public health officials have learned in the past several flu seasons, it's that "we have to prepare for the unexpected," Gerberding says.

Vaccine supply problems have plagued the USA for years as vaccine makers either bailed out of the business, citing increasingly tight regulations that required expensive factory upgrades, or merged with other manufacturers, reducing the number of suppliers.

A 2003 report from the Institute of Medicine noted that the number of companies making all types of vaccine dropped from 25 in the 1970s to five, not counting MedImmune, whose flu vaccine nasal spray FluMist was approved by the FDA in June 2003. Flu vaccine prices have increased in the past couple of years, but profits are low compared with those of many blockbuster drugs. The price doctors pay for flu vaccine is less than $15 a dose for shots and less than $21 a dose for FluMist, the nasal spray vaccine.

New, more reliable vaccine-making technologies are under development, but they're at best five years from being ready for market. "We're essentially making influenza vaccine the same way they did in the '50s," says pediatric infectious-disease specialist Gregory Poland of the Mayo Clinic in Rochester, Minn.

He sees a silver lining in the Chiron debacle of 2004: "That served as a wake-up call. It tended to not only grab the attention of government policymakers but legislators and smaller biotech companies, once money became available."

The failure of the vaccine production and distribution system that led to chaos in fall 2004 raised questions about how well people might be protected in a pandemic.

Flu experts knew the vaccine system was "fragile and vulnerable," says the University of Utah's Andy Pavia, chair of a public health committee of the Infectious Diseases Society of America. But the shortage "hammered home how extraordinarily fragile things were. The people who needed to be able to do something, particularly at the top levels of (Health and Human Services) and FDA, woke up."

Planning for a flu pandemic shifted into higher gear, and HHS has awarded more than $1 billion to speed development of new vaccine technologies and expanded production in the USA.

Novartis is about to begin constructing a plant in Holly Springs, N.C., that will produce flu vaccine by growing the virus in cell cultures, rather than chicken eggs, a process that is "much more reliable" than current methods, says Joerg Reinhardt, CEO of Novartis' Vaccine and Diagnostic Division.

The company is bullish on the vaccine business, he says, but "our decision to enter the vaccine market was not driven by (Chiron's) presence in flu. It's a long-term investment in a business area we think has long-term potential."

Reinhardt says Novartis sees flu vaccine as growth business. "I think the market in the U.S. is still underserved," he says. He notes that the CDC is recommending annual flu shots this year for more than twice as many people as there is vaccine available.

He says the Chiron plant in Liverpool, England, where contamination detected in the flu vaccine prompted British regulators to suspend the company's license in October 2004, has undergone major renovations and manufacturing improvements. "Last year 14 million doses could be produced in Liverpool and sold in the U.S.," he says. "This year, it will be double, and next year the amount will increase."

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"That is a very positive sign," Reinhardt says. "It encouraged us to invest in the U.S. The government is very much behind the campaign, much more than governments in Europe."

The trend is likely to continue, says infectious-disease specialist William Schaffner of Vanderbilt University School of Medicine. "It's clear the (Advisory Committee on Immunization Practices, which advises the CDC on vaccine policy), in concert with the pediatricians and family doctors, have been gradually expanding the list of persons in the risk groups," he says, this year extending the childhood recommendation from ages 6 months to 23 months to include all children 6 months to 5 years old.

That signals a shift in thinking, from a focus on flu vaccination as personal protection to the idea of immunization for the greater public good, Schaffner says.

Flu shots are recommended for babies, seniors and people with chronic illnesses because those people are at risk of flu complications serious enough to cause hospitalization or death.

But the recommendation to immunize healthy children ages 2 to 5 "was based principally on the impact of disease as measured in doctor visits, antibiotics prescribed, health care costs, disruption of home life and the like," Shaffner says. A similar approach is behind the advice for immunization of health care workers and family members of people at high risk, he says.

Vaccinating the healthy can benefit everyone, he says, by reducing disruptions at work or school and building a wall of protection around those who are vulnerable.

"We don't want to give the flu to our patients, to Grandpa Jones or our family member who has diabetes."

The Roadless Rule Takes A New Turn (NYT)

The New York Times, September 25, 2006

You have to wonder when the Bush administration is going to stop ramming its head against the same wall on forest policy.

The Forest Service has been trying for several years to get rid of the "roadless rule" enacted near the end of the Clinton administration to protect millions of roadless acres of national forest from logging and other commercial intrusions. But these efforts, while popular in the timber industry, achieved little traction in the courts and none among the public at large. So last year the administration simply rescinded the old rule by regulatory fiat and replaced it with a less protective rule of its own.

Now that strategy has been derailed, at least for now. Last week Elizabeth LaPorte, a federal district judge in San Francisco, overturned the Bush rule and largely reinstated the Clinton protections.

Her most telling argument was that the Forest Service had flat-out failed to observe the regulatory protocols required of such a major rule change, sidestepped the detailed environmental analysis mandated by law and ignored the potential impacts of the new policy on endangered species.

The administration is likely to appeal the decision, thus prolonging the tiresome legal Ping-Pong that has marked this battle from the beginning. The Clinton rule has twice been enjoined by district court judges in Idaho and Wyoming in response to state and industry lawsuits, but has been upheld at the appellate level by the Ninth Circuit, to which an appeal from this decision must be directed.

It would make more sense for the administration to abandon the fight altogether. The Bush plan's main claim to superiority is that it gives individual governors more say over the national forests within their boundaries than President Clinton's "one size fits all" rule.

Yet the states, for their part, seem greatly to prefer the old Clinton rule. Several of them — including Oregon, Washington, California and New Mexico — actually joined in the lawsuit that led Judge LaPorte to reinstate it, and two others, Maine and Montana, filed supporting briefs. Somewhere in there is a fairly obvious message.

Green Virgin (WSJ)

The Wall Street Journal, September 25, 2006

There are plenty of reasons to cock a skeptical eyebrow at Richard Branson's pledge, announced last week in New York in the company of Al Gore and Bill Clinton, that he will devote 10 years and about $3 billion of profits from his Virgin airline and railroad businesses to combat global warming. But we'll give him this much: At least he puts his money where his mouth is.

That's true in more sense than one. What the British entrepreneur mainly plans to do is invest in biofuels such as ethanol or rapeseed through his latest venture, Virgin Fuels. There are serious doubts among scientists whether biofuels can serve as safe

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and efficient substitutes for current fossil fuels. There are also real questions about the environmental impact -- in deforestation and intensive farming -- of switching to biofuels. And there's the suggestion that Sir Richard hopes to capitalize on a British government mandate that requires all fuel stations to get 5% of their gas from "renewable sources" by 2010.

But who says you can't do well by trying to do good? Unlike advocates of the Kyoto Protocol or similar top-down, tax-and-spend regimes to reduce global warming, at least Mr. Branson sees private-sector investment and technological innovation as the best way to improve the environment. That's strikingly similar to the plan the Bush Administration put forward earlier this year in Sydney through the Asia-Pacific Partnership on Clean Development and Climate, a collaborative effort between rich and poor countries and business and government, to develop cleaner energy sources.

At the time, the partnership was denounced by the usual environmentalist suspects as a conspiracy by big business and the Bush Administration. Now that Sir Richard has put his brand on it, everyone says it's cool. Well, fine. We wish him well, er, good.

FBI/DEA/ATF/USMS:

Letter To Bush Culminates In Major Pontiac Drug Raid (FREEP)

By Frank Witsil

Detroit Free Press, September 25, 2006

Residents of some of Pontiac's drug-plagued neighborhoods expressed some relief Friday after a two-day drug sweep -- initiated by a letter to President George W. Bush -- netted dozens of suspected drug dealers.

Authorities said the operation, which began Wednesday and ended Thursday with 69 warrants and about 30 arrests, was the culmination of three months of undercover detective work by local police and federal agents.

The federal agents got involved after a letter from a Pontiac resident eventually got forwarded from Bush to the Drug Enforcement Administration.

About 40 Pontiac police officers and 15 DEA officers executed search warrants and made arrests on Huron, Baldwin and Sanford streets. Armed officers busted down doors and nabbed suspects. During one foot chase, a sergeant pulled a hamstring.

"But, he got the guy," Pontiac Police Chief Val Gross said Friday.

One street, Monroe, is known for its drug activity, residents say.

Joe Smith, 35, was on Monroe to pick up a friend Friday. He said he'd tried to rent a house in the neighborhood until he saw drug deals going down.

"After 9 p.m., the dealers come out," Smith said.

Tobby Farrington, 35, said he lives off Huron and was aware of the busts.

"I think it really does help the neighborhood," Farrington said, adding that any sweep should be combined with drug rehab programs.

Gross downplayed the role that federal agents had in the raid, dubbed Operation Takedown.

Instead, the police chief said, he decided it was time to respond to complaints about drug dealing and to send a message to dealers that -- even in tough economic times -- the Police Department would act aggressively to arrest criminals. One of the dealers was so brazen, Gross said, that on Wednesday he tried to sell cocaine to a uniformed SWAT officer.

In total, police identified 64 people -- some as young as 15 -- suspected of distributing narcotics, Gross said. Officers also confiscated two machetes and a handgun.

"Drug dealing is a problem we're going to deal with," Gross promised.

Gross said that the department routinely rounds up drug dealers, prostitutes and people who hire them, but that this was one of the bigger operations in a few years.

"It allowed us to make it bigger," Gross said, of the help from the federal agents.

Still, DEA spokeswoman Carolyn Gibson said that the federal agents got involved because a concerned citizen wrote a letter.

She said the author wrote in the letter that he was concerned about drugs in the area and described it as a 24-hour "candy store" for drug dealers and users.

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It's proof, she added, that sometimes, one person makes a difference.

The typed letter, which took an unusual path to law enforcement agents, was not publicly released, and neither was the name of its author, identified only as a Pontiac resident. Gibson said the letter and name are being held in confidence to protect the person who sent it.

Bush Letter Cited In Michigan Drug Sweep (WT/UPI)

By United Press International

The Washington Times, September 25, 2006

Dozens of suspected drug dealers were arrested in a Detroit suburb this week in an operation that originated with a letter to U.S. President Bush.

The sweep by Pontiac police and the U.S. Drug Enforcement Administration was aimed primarily at cocaine peddlers and resulted from a letter sent to the White House by a resident who described her neighborhood as a "candy store" for drug addicts, the Detroit Free Press said.

The DEA told the Free Press the letter got federal agents involved, although the identity of the writer will remain confidential.

Police officials said the DEA's involvement helped them expand the undercover operation and resulted in the arrests of 64 people.

IMMIGRATION:

Frist Expects Dems Will Fight Border Bill (USAT)

USA Today, September 25, 2006

Senate Majority Leader Bill Frist said he would seek passage of legislation to tighten border security but predicted Democrats would try to block passage. Jim Manley, a spokesman for Senate Democratic leader Harry Reid of Nevada, said Frist's move is an attempt to cover up his failure to pass more comprehensive immigration legislation. “The Senate spent almost a month debating and then passing tough and smart immigration reform that included border security, but Republican obstructionism has prevented us from completing that bill,” Manley said.

Frist led a bipartisan effort this year to pass a broad immigration proposal that included provisions for a “guest worker” program and ways for many of the estimated 12 million illegal immigrants to work toward legal status and citizenship. House Republicans opposed it as too lenient on illegal immigrants.

Frist, R-Tenn., said on ABC's This Week that he will push ahead this week with a narrower bill favored by House Republicans that would require the building of a 700-mile fence along the U.S.-Mexican border. “If you're going to address immigration reform, you have to first and foremost secure our borders,” he said.

Specter objects to part of terror trial deal

Senate Judiciary Chairman Arlen Specter said he “vigorously” disagrees with one part of the Republican agreement on rules for the interrogation and trial of suspects in the war on terrorism. Specter, R-Pa., objects to a provision that would allow legal counsel and access to the courts only for those detainees selected by the Pentagon for prosecution. Other terrorism suspects could be held indefinitely without a hearing. “The Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion,” Specter said on CNN's Late Edition. He scheduled a hearing on the issue for today.

The bill lists acts that would constitute war crimes, including torture, rape, biological experiments and cruel and inhuman treatment. President Bush is pushing Congress to put the agreement into law before adjourning for November's elections.

McCain says Bolton needed at U.N.

Sen. John McCain urged quick confirmation of John Bolton as U.N. ambassador, saying he is needed to talk back to “two-bit dictators” such as Venezuelan President Hugo Chávez. McCain, R-Ariz., joined lawmakers from both parties in condemning Chávez's speech last week at the United Nations in which he called President Bush “the devil.” McCain said on CBS' Face the Nation that Bolton is “smart, he's tough, he will respond to these guys.” Bolton has been in the post since President Bush gave

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him a temporary appointment during a Senate recess in August 2005. Sen. Chris Dodd, D-Conn., has promised a "bruising fight" on Bolton. He and other Democrats say Bolton bullied subordinates in his previous job at the State Department. Republicans such as Sen. George Allen of Virginia have said a strong U.S. hand is needed at the United Nations.

Border Bills Come Down To Last Minute (LAT)

By Nicole Gaouette

The Los Angeles Times, September 25, 2006

WASHINGTON — The Senate will begin considering a series of House bills this week aimed at strengthening border security and toughening enforcement of immigration laws, but given the cool reception the measures are getting from many senators, it appears unlikely that much of the legislation will pass.

The bills, which include proposals to fence a third of the U.S.-Mexico border and allow state and local police to enforce immigration law, have raised hackles in the Senate for both political and policy reasons, and senior Republicans, as well as Democrats, have indicated they are not likely to support them.

With one week left before Congress adjourns, time is short to pass any immigration bills. The outcome will rest in part on closed-door decisions that committee chairs and Senate leaders make early this week. The fate of some of the legislation could be decided as early as today.

House Republicans have promoted their legislation as a necessary step before other immigration issues, such as establishing a guest worker program, can be addressed.

But with elections in November, many in the Senate see the House effort as little more than a campaign ploy.

One Republican Senate staffer pointed out that the House had not set aside money to fund its fence legislation. Approving the fence "just provides them with the 30-second ad they need" to show voters they have been tough about border security, said the staffer, who spoke on condition of anonymity because he was not authorized to comment on the matter.

Lawmakers who support the broader immigration overhaul passed by the Senate and backed by President Bush — which includes enforcement, a guest worker plan and a program to deal with illegal immigrants — say the House emphasis on enforcement alone will do nothing to deal with the difficulties that illegal immigration creates.

"You build a fence 10 feet high, 20 feet high, 100 feet high, it won't solve our problems," said Senate Minority Leader Harry Reid (D-Nev.).

Both chambers have passed separate immigration bills that the House has refused to negotiate with the Senate, leaving the bills languishing. The House instead held national hearings in the summer to win public support for its enforcement-only approach.

When Congress reconvened this month, House leaders took parts of their original legislation, which had triggered huge street protests, and repackaged them into the smaller bills that are before the Senate now.

One of the House measures, criminalizing border tunnel construction, has a good chance of passing. But stiff challenges confront the others, including the proposed 700 miles of border fencing and two bills that would circumvent Supreme Court decisions preventing the indefinite detention of immigrants and would expand the ability of low-level immigration officials to quickly deport people without a court hearing.

Bush said last week that he would sign fence legislation into law, but many observers doubt Senate Majority Leader Bill Frist (R-Tenn.) has enough support to end debate on the bill and bring it to a vote. Frist did not take an important procedural step Friday toward that end — a sign many took to mean that he lacked the backing to do so.

If Frist cannot persuade enough senators to agree to vote on the measure, the legislation will die.

On Sunday, he said he hoped to get a vote on border security legislation this week, but he did not sound optimistic.

"We can't have 2 million people coming to this country illegally this year. We've got to secure our borders…. Right now I've got a feeling the Democrats may obstruct it," Frist said on ABC's "This Week."

Twenty-three Republicans and most Democrats backed the Senate bill, and many of them oppose not only a border barrier, but the House's move to push their enforcement-first agenda in bits and pieces.

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What's more, Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) want to add an agricultural guest worker program to the fence bill to help farmers in need of workers. "There is simply no reason AgJOBS has not been enacted, and no reason it could not be passed now," they wrote Frist on Friday. "Farmers across this country have every reason to be angry and frustrated."

House leaders are pushing to have their other immigration bills added to spending legislation for the Department of Homeland Security, which must be passed, at a stage when the Senate would be unable to debate or change them.

That tactic has angered senators who support broad immigration overhaul. Senior senators from both parties, including Reid and Republican Arlen Specter of Pennsylvania, have indicated their opposition to attachment of House bills to funding legislation.

"I don't see how we can deal with immigration on a piecemeal basis," Specter said last week.

The chairman of the House Homeland Security Appropriations Committee, Rep. Harold Rogers (R-Ky.), has said he expects such opposition to keep some House bills from going forward.

Although the decision to attach the bills rests largely with Rogers' Senate counterpart, Sen. Judd Gregg (R-N.H.), there probably will be strong debate when the committee meets to decide the issue today.

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Times staff writer Jim Puzzanghera contributed to this report.

Immigration Work Force Fights Corruption (WP/AP)

By Pauline Arrillaga, The Associated Press

The Washington Post, September 25, 2006

OTAY MESA, Calif. -- Under the glare of the port lights, federal agents watched as the GMC Yukon approached the immigration booth. Two years of legwork _ interviewing sources, listening to wiretaps and watching just as they were watching now _ had led to this. Aurora Torres, the suspected smuggler, was behind the wheel.

Weeks earlier, agents had heard her on the telephone with her contact.

"Are you going to invite me to the movies tonight?" she asked. "It's going to be four tickets."

"Right at 12," a man responded. "If I can't make it, I'll send you a 9-1-1."

He hadn't made it on that particular day, but tonight everything was going as planned.

Just after 4 a.m., the Yukon eased to a stop at inspection Lane 8 at the Otay Mesa Port of Entry, a byway for travelers heading from Mexico into California. An immigration officer approached. After a brief exchange, the Yukon was admitted into the United States.

Nothing unusual _ but for the 11 illegal immigrants sitting inside in plain view.

Torres was arrested. Then agents moved in to take their final suspect into custody.

"Tickets," investigators had concluded, was code for vehicles loaded with undocumented migrants. "Right at 12" was a reference to a work schedule, the midnight to 8 a.m. shift. The clues, they believed, pointed to the secret of Torres' success.

The inspector from Lane 8 was on break when a half-dozen agents approached. "Are you Mike Gilliland?"

He was an ex-Marine with 16 years under his belt at U.S. Customs, but Torres allegedly knew him as something else. Her contact. The one she referred to as "una cosa segura." Translation: A sure thing.

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A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world.

How do you secure the homeland if some of those guarding the gates are dishonest?

Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol.

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On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents _ all assigned to the same highway checkpoint _ who admitted taking money to let both drugs and migrants pass.

The numbers are a snapshot, but the picture is clear. There's no shortage of "sure things" among U.S. immigration workers.

More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement.

Complaints range from smuggling, bribery, extortion and fraud to sexual misconduct, assault and theft of government property. The accused, past and present, manned border crossings, highway checkpoints, airports. Others sat behind desks in places like Orange County, Calif., and Fairfax, Va., charged with taking bribes to provide naturalization papers or work permits to ineligible applicants.

Though the cases involve only a fraction of the overall immigration work force, some question whether the government is doing enough to root out corruption in the ranks.

"After the next attack, when they find out that an employee was bribed by a terrorist or bribed by a spy, it's going to be too late," said Michael Maxwell, an ex-police chief who headed internal affairs at U.S. Citizenship and Immigration Services (USCIS), the agency that adjudicates visa, naturalization and asylum applications. "In fact, I think it is too late."

In February, Maxwell resigned as director of the USCIS Office of Security and Investigations and sought whistleblower protection after he began complaining to Congress about what he describes as rampant corruption that's going unprobed.

After Maxwell's office was established in 2004, he asked the Department of Homeland Security's inspector general and the Office of Professional Responsibility at Immigration and Customs Enforcement to forward pending inquiries involving USCIS workers.

He wound up with a backlog of 2,771 complaints. One-fifth were criminal allegations, he said, including more than 100 accusations of bribery.

"It's outrageous, absolutely outrageous, how little attention is being focused on this issue when you look at the ramifications on national security," said Maxwell, who informed Congress that complaints included some allegations of employees providing material support to known terrorists or being influenced by foreign intelligence services. While declining to publicly provide details, he cites as one example the case of an Iraqi-born U.S. citizen whose background indicated he'd been trained by "multiple foreign intelligence agencies" but nevertheless was hired by USCIS to review asylum applications. The employee has since resigned.

"Remember, one officer can grant citizenship at the time of his choosing at the place of his choosing to the person of his choosing _ with impunity. So if he wants to give Osama bin Laden U.S. citizenship, he can," Maxwell said. "I can't tell you how many times I heard senior management say ... `Every allegation will be investigated.' Well, guess what, it's not being investigated."

Although the agency disputes that claim, some cases suggest laxness.

Take the case of Robert Schofield, a USCIS district office supervisor in Fairfax, Va., and a federal immigration officer for 30 years. Schofield was arrested in June, accused of illegally granting residency and issuing naturalization certificates to more than 100 unqualified immigrants. A Chinese citizen also was charged for allegedly brokering deals between Schofield and Asian immigrants.

However, over the last 10 years, "numerous" allegations of bribery involving Schofield and immigration applicants have been reported, an agent with the inspector general's office said in a court affidavit. The agent didn't provide specifics, but said Schofield was once demoted for "conduct unbecoming a government employee" and also accused of making $36,000 in unauthorized purchases on his government-issued credit card.

Schofield has been placed on indefinite suspension without pay, said USCIS spokesman Chris Bentley, who declined further comment on Schofield's employment history because of the pending criminal case. Schofield's lawyer did not return Associated Press messages seeking comment.

Then there's Lizandro Martinez, a Customs officer who admitted that for 2 1/2 years he took bribes to allow vehicles crammed with marijuana through his inspection lane at the Progreso International Bridge in Texas. Martinez, who owned a half-

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million-dollar home outfitted with a movie theater, was paid $10,000 per vehicle. He faces up to life in prison at his scheduled October sentencing.

Martinez had a host of disciplinary problems during his 14-year career, including threatening to retaliate against a police officer who stopped him for speeding, an official with the Office of Professional Responsibility testified during the case. In 1998, inspectors found 1,300 pounds of cocaine in a truck that crossed through Martinez's lane; the driver stated he had been told to use that particular lane.

Investigations brought disciplinary actions: counseling, an oral reprimand, a 14-day suspension. At one point, according to testimony, Martinez was fired but then reinstated after the union stepped in on his behalf. Still another proposed removal was mitigated to a 30-day suspension.

Jim Tomsheck, newly appointed as assistant commissioner for internal affairs at Customs and Border Protection, declined to discuss the Martinez case, although he said legal battles can hinder the dismissal of problem employees who, for whatever reason, were not charged criminally.

He added that managers are examining ways to ensure that those officers are dealt with administratively, and "are removed from the front line ... and can't continue to contaminate the work force."

Part of the problem is a lack of resources.

The Department of Homeland Security's Office of Inspector General and the Office of Professional Responsibility at Immigration and Customs Enforcement share responsibility for investigating criminal misconduct among a total of 72,000 immigration employees _ with 309 investigators.

"Their plates are constantly full," DHS Inspector General Richard Skinner said of his agents, adding that an average of 15,000 allegations against government employees and contractors pour into the office each year. "No, it is not enough people. ... We have cases that we opened three years ago that we're still pursuing."

Others question whether the investigative structure makes sense. It's not clear, for example, whether Customs and Border Protection has the authority to conduct criminal probes of its own employees, who include Border Patrol agents and front-line Customs officers. The majority of criminal investigations of immigration employees involve CBP workers.

Tomsheck said his agency was in the process of building a small corps of investigators "so that we can stay actively involved in policing our own work force." However, Traci Lembke, acting director of the Office of Professional Responsibility, said those investigators are authorized only to handle administrative _ not criminal _ issues.

In response, CBP issued the following statement: "We are working with ICE on all of these issues. We all agree how critical this is to the mission of DHS."

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It's noon. A muggy day at the Otay Mesa port of entry just outside of San Diego. Eleven lanes are clogged as far as the eye can see with cars, motorcycles, SUVs and vans ferrying folks from Tijuana to schools, jobs and stores in California.

Weaving in and out of the smog jam is a Customs officer, holding a shepherd mix by the leash to sniff out contraband. As cars creep toward the inspection booths, automated scanners register license plates in a computer. Then other Customs officers ask for identification, pop trunks, inspect spare-tire compartments, peer down air vents. If anything seems out of place, vehicles are sent to secondary inspection for a more thorough examination.

This is what port director James Hynes calls "layered screening," every step intended to catch smugglers but also make it more difficult for a corrupt officer to operate under the radar. Other measures include bans on personal cell phones and pagers, which have been used to alert smugglers what inspection lane an officer is working, and unscheduled lane rotations.

"We want lots of eyes and ears out here to layer our capability and be random, flexible and unpredictable. That's our success in the war on drugs. That's our success in alien apprehensions. And that's also our success in maintaining integrity," Hynes said, standing not far from Lane 8, the one Mike Gilliland was working the morning he was arrested.

Hynes and other immigration brass insist corruption is a priority _ but combating it is a challenge, because smugglers are aggressive about targeting and luring in officers. They'll post lookouts just across the border and, using binoculars, zero in on inspectors with perceived vulnerabilities.

Are they tired? Lazy? Flirtatious with women?

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Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said, adding that smugglers use the guarantee of a "sure thing" to demand higher rates. Gilliland's cut was alleged to be $1,500 a head.

"That adds up. Really, really quickly," said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force.

In Gilliland's case, with as many as four vehicles coming through a night, each one sometimes packed with 10 people or more, it could have added up to a $60,000 profit in a single shift _ about the equivalent of an entire year's salary as an inspector with Customs and Border Protection.

There are other, more complex, reasons seemingly good agents go bad. In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate.

"We don't do anything, just clear the way, and we get 300 (dollars) per head," ex-Border Patrol agent Eric Balderas said in a wiretapped phone call last year. He's awaiting sentencing in a California corruption case.

Balderas admitted conspiring with fellow agent Oscar Ortiz to allow illegal immigrants into the country. Ortiz was sentenced in July to five years in prison for smuggling at least 100 immigrants, at times transporting them in his Border Patrol truck.

A Mexican citizen, Ortiz used a fake U.S. birth certificate to get hired by the Border Patrol, prompting the agency to re-examine its employees' backgrounds. His attorney, Stephen White, said Ortiz was disenchanted with a job akin to "putting a Band-Aid on an open wound."

"A lot of times there's nothing that they can do," White said. "People just come and they can't stop it."

At sentencing, Ortiz told the judge: "I was blind."

Port director Hynes finds such explanations difficult to swallow. What separates a good agent from a bad one is "what integrity you carry when you get up in the morning," he said. "A guy like Gilliland or others? They sold their integrity, and over time we'll get them."

Most border agents "are honest, hardworking and do a fine job," added FBI agent Black. "However, the ones that are corrupt are really in a position to do this country a lot of harm. They don't know who's going through, and they don't know what's going through. That's the danger."

A convicted felon was among those smuggled through Gilliland's lane the day he was arrested, court documents said.

With the case pending, FBI agents and prosecutors declined to go on record with theories of why Gilliland supposedly turned. Court records allege he worked with Torres and one other female smuggler.

Gilliland, meanwhile, maintains his innocence.

"I've got nothing to hide," he told The Associated Press from his home in Chula Vista as his wife, also a Customs and Border Protection employee, stood by his side.

For now, Gilliland is under house arrest, an electronic monitor clasped to his ankle. The government uniform and badge are gone, and what ultimately becomes of his career and reputation will be decided in a courtroom.

CONGRESS-ADMINISTRATION:

House-Senate Disagreement Could Halt Defense Bill (WP)

By Jonathan Weisman

The Washington Post, September 25, 2006

House Speaker J. Dennis Hastert (R-Ill.) -- in a showdown with Senate Republicans -- has vowed he will not bring a major defense policy bill to the chamber floor this week unless Senate negotiators add a federal court security bill and a controversial House anti-illegal-immigration measure, senior House leadership aides say.

The last-minute confrontation is pitting the House's most powerful member against Senate Armed Services Committee Chairman John W. Warner (R-Va.), who has said he will not add extraneous measures to the annual defense authorization bill unless they can garner unanimous support from Democrats and Republicans alike. House leadership aides are emphasizing the

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court measure, which would bolster the protection of judges in the aftermath of the shooting of a judge in Atlanta and the killing of a judge's family in Chicago.

The court measure has bipartisan support and is being pushed by Hastert and Sen. Richard J. Durbin (Ill.), the Senate Democratic leadership's second in command. It authorizes additional funding for U.S. marshals to protect the judiciary, increases penalties for crimes against federal judges, bolsters protections for jurors, and funds security enhancements at state courthouses. Those provisions were included in the Senate's version of the defense policy bill at Democrats' insistence. But support for the measure has begun to fray after House members added a provision that would allow judges to carry concealed weapons.

The real controversy, however, lies with the immigration measure and Hastert's insistence that Warner accept both provisions as a package. The Community Protection Act passed in the House overwhelmingly last week, 328 to 95, but it has garnered opposition from Latino organizations and civil liberties groups.

It would allow the indefinite detention of some illegal immigrants who are protected from deportation by political asylum laws. That provision has garnered interest in the Washington area, with its large community from El Salvador and violence among Salvadoran gangs. The bill also would expedite the removal of immigrant criminals, denying them some court access, and would broaden the definitions of gang violence to facilitate detention and deportation.

Senate Democrats and the American Civil Liberties Union have said the measure would expand such definitions so broadly that it could hurt legal immigrants, who would be whisked out of the country with little recourse. Warner has deferred to Sens. Edward M. Kennedy (D-Mass.) and Carl M. Levin (Mich.), the Armed Services Committee's ranking Democrat, in refusing to accept the package on the defense policy bill. With only a week left before Congress recesses for the fall campaigns, a showdown could jeopardize the measure's passage.

"The speaker is not going to let the bill move until these critical security items get in," said Ron Bonjean, Hastert's spokesman.

House GOP aides are urging Durbin to bring Senate Democrats into line on the issue. But Durbin spokesman Joe Shoemaker said the Senate minority whip is feeling no real pressure. The addition of the concealed-weapons provision has soured Durbin on the court security bill, and the immigration bill is garnering strong Democratic opposition, he said.

Army's Top Officer Signals Pentagon Budget Revolt (LAT)

By Peter Spiegel

The Los Angeles Times, September 25, 2006

WASHINGTON — The U.S. Army's top officer withheld a required 2008 budget plan from Pentagon leaders last month after protesting to Defense Secretary Donald H. Rumsfeld that the service could not maintain its current level of activity in Iraq plus its other global commitments without billions in additional funding.

The decision by Gen. Peter J. Schoomaker, the Army's chief of staff, is believed to be unprecedented and signals a widespread belief within the Army that in the absence of significant troop withdrawals from Iraq, funding assumptions must be completely reworked, current and former Pentagon officials said.

"This is unusual, but hell, we're in unusual times," said a senior Pentagon official involved in the budget discussions.

Schoomaker failed to submit the budget plan by an Aug. 15 deadline. The protest followed a series of cuts in the service's funding requests by both the White House and Congress over the last four months.

According to a senior Army official involved in budget talks, Schoomaker is now seeking $138.8 billion in 2008, or nearly $25 billion above budget limits originally set by Rumsfeld. The Army's budget this year is $98.2 billion, making Schoomaker's request a 41% increase over current levels.

"It's incredibly huge," said the Army official, who, like others, spoke on condition of anonymity when commenting on internal deliberations. "These are just incredible numbers."

Most funding for the fighting in Iraq is supposed to come from annual emergency spending bills, with the regular defense budget going to normal personnel, procurement and operational expenses, such as salaries and new weapons systems.

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About $400 billion has been appropriated for the Iraq and Afghanistan wars through emergency funding measures since Sept. 11, 2001, with the money divided among various military branches and government agencies.

But in recent budget negotiations, Army officials argued that the service's expanding global role in the U.S.-declared war on terrorism — outlined in new strategic plans issued this year — as well as fast-growing personnel and equipment costs tied to the Iraq war, have put intense pressure on its normal budget.

"It's kind of like the old rancher saying: 'I'm going to size the herd to the amount of hay that I have,' " said Lt. Gen. Jerry L. Sinn, the Army's top budget official. "[Schoomaker] can't size the herd to the size of the amount of hay that he has because he's got to maintain the herd to meet the current operating environment."

The Army, with an active-duty force of 504,000, has been stretched by the Iraq and Afghanistan wars. About 400,000 have done at least one tour of combat duty, and more than a third of those have been deployed twice. Commanders have been stepping up their complaints about the strain, saying last week that sustaining current levels will require more help from the National Guard and Reserve or an increase in the active-duty force.

Schoomaker first raised alarms with Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in June after he received new Army budget outlines from Rumsfeld's office. Those outlines called for an Army budget of about $114 billion, a $2-billion cut from previous guidelines. The cuts would grow to $7 billion a year after six years, the senior Army official said.

After Schoomaker confronted Rumsfeld with the Army's own estimates for maintaining the current size and commitments — and the steps that would have to be taken to meet the lower figure, which included cutting four combat brigades and an entire division headquarters unit — Rumsfeld agreed to set up a task force to investigate Army funding.

Although no formal notification is required, Army Secretary Francis J. Harvey, who has backed Schoomaker in his push for additional funding, wrote to Rumsfeld early last month to inform him that the Army would miss the Aug. 15 deadline for its budget plan. Harvey said the delay in submitting the plan, formally called a Program Objective Memorandum, was the result of the extended review by the task force.

The study group — which included three-star officers from the Army and Rumsfeld's office — has since agreed with the Army's initial assessment. Officials said negotiations have moved up to higher levels of the Bush administration, involving top aides to Rumsfeld and Rob Portman, director of the White House Office of Management and Budget.

"Now the discussion is: Where are we going to go? Do we lower our strategy or do we raise our resources?" said the senior Pentagon official. "That's where we're at."

Pressure on the Army budget has been growing since late May, when the House and Senate appropriations committees proposed defense spending cuts for 2007 of $4 billion to $9 billion below the White House's original request.

Funding was further complicated this summer, when the Pentagon was forced to shelve plans to start a gradual reduction of troops in Iraq because of an increase in sectarian violence in Baghdad.

Because of those pressures, the Army in July announced it was freezing civilian hiring and putting a moratorium on new weapons contract awards, among other cost-cutting measures, such as personnel travel restrictions.

Schoomaker has been vocal in recent months about the need to increase funding in war spending bills to pay for the hundreds of tanks and armored fighting vehicles that need to be repaired, or "reset" in military parlance, after heavy use in Iraq.

He has told congressional appropriators that he will need $17.1 billion next year for repairs, or nearly double this year's appropriation — and more than four times what it was costing just two years ago. According to an Army budget document obtained by The Times, Army officials are also planning for repair requests of $13 billion in 2008 and $13.5 billion in 2009.

In recent weeks, however, Schoomaker has become more emphatic in public on overall budget shortfalls, saying that current funding is not enough to pay for Army commitments to the Iraq war and the global strategy drawn out in the Pentagon's mission planning documents.

"There's no sense in us submitting a budget that we can't execute, a broken budget," Schoomaker said at a recent address in Washington.

Steven M. Kosiak, a military budget expert at the Center for Strategic and Budgetary Assessments, an independent Washington think tank, said that despite widespread recognition that the Army should be getting more resources because of war-related costs, its share of the Defense Department budget has been largely unchanged since the 2003 invasion.

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Kosiak cautioned, however, that a good portion of the new money the Army needs is not directly tied to the war, but rather to new weapons it wants to buy, particularly the $200-billion Future Combat System, or FCS, a new family of armored vehicles that will eventually replace nearly every tank and transporter in the Army inventory.

"This isn't a problem one can totally pass off on current military operations," Kosiak said. "The FCS program is very ambitious — some would say overly ambitious."

Even with Rumsfeld's backing, any request for an increase could force a conflict with the Office of Management and Budget, which has repeatedly pushed the Pentagon to restrain its annual budget submission.

"Year after year there were attempts to raise the ceiling, but year after year OMB has refused," said a former Pentagon official familiar with the current debate. "The difference this year is the Army has said that if a raise in the ceiling isn't going to be considered, they won't even play the game."

Added the senior Army official: "If you're Rob Portman advising the president of the United States and duking it out with the [Secretary of Defense], it's a pretty sporting little event."

Army officials insisted that Schoomaker's failure to file his 2008 Program Objective Memorandum was not intended as a rebuke to Rumsfeld, saying the defense secretary has backed Schoomaker since the chief of staff raised the issue with him directly.

Still, some Army officials said Schoomaker has expressed concern about recent White House budget moves, such as the decision in May to use $1.9 billion out of the most recent emergency spending bill to fund border security, including deployment of 6,000 National Guard units at the Mexican border.

Army officials said $1.2 billion of that money came out of funds originally intended for Army war expenses.

"The president has got to take care of his border mission, he needs to find a source of funds so he can play a zero-sum game, he takes it out of defense," the senior Army official said. "But when he takes it out of defense, the lion's share is coming out of the outfit that's really in extremis in the current operating environment in the war."

Rumsfeld has not set a new deadline for the Army to officially submit its budget plan. The Army official said staffers believe they can submit a revised plan by November, in time for President Bush to unveil his 2008 budget early next year.

Congress Is Winding Down, But Much Is Left Undone (NYT)

By Carl Hulse

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — A Congress derided as do-nothing has a week to do something, and the prospects are cloudy.

Procrastination, power struggles and partisanship have left Congress with substantial work to finish before breaking for the elections. The fast-approaching recess and the Republican focus on national security legislation make it inevitable that much of the remainder will fall by the wayside.

At best, it appears that just 2 of the 11 required spending bills will pass, and not one has been approved so far, forcing a stopgap measure to keep the federal government open. No budget was enacted. A popular package of business and education tax credits is teetering. A lobbying overhaul, once a top priority in view of corruption scandals, is dead. The drive for broad immigration changes has derailed.

An offshore oil drilling bill painted as an answer to high gas prices is stalled. Plans to cut the estate tax and raise the minimum wage have floundered, and an important nuclear pact with India sought by the White House is not on track to clear Congress. New problems surfaced over the weekend for the annual military authorization bill. And numerous other initiatives await a planned lame-duck session in mid-November or a future Congress.

“It is disappointing where we are, and I think Republicans need to be upfront about this,” said Representative Jack Kingston, Republican of Georgia and a member of the House leadership. “We have not accomplished what we need to accomplish.”

Given the practical and political realities, Republicans have chosen to concentrate on legislation emphasizing their security credentials, like the bill governing interrogations and trials of terrorism detainees, a National Security Agency surveillance program, and spending on the Pentagon and the Department of Homeland Security.

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"With obstruction from the Democrats at an all-time high, we have focused on four security issues in an effort to enact some solid, substantive accomplishments," said Eric M. Ueland, chief of staff to Senator Bill Frist of Tennessee, the majority leader, who is stepping down at the end of this session.

While Republicans prefer to blame Democrats for the backlog, intramural fights and sharp differences between House and Senate Republicans have been chief impediments to major legislation. The recent fissures over terrorism detainees and how far to go in changing immigration law are just the latest and most public examples of serious policy differences among Republicans.

"I've seen some of that lately," Mr. Frist said recently as he pondered whether Republican opposition would block a proposal for a 700-mile border fence — the chief piece of immigration-related legislation still standing after a broader measure fell victim to Republican disputes. Because of reservations from Democrats and Republicans who favor the broader bill, Mr. Frist is having trouble rounding up enough votes for a showdown over the fence this week.

Circumstances have changed in Washington from the days when Republicans were famous for party discipline. President Bush, weakened by his sliding popularity, has been unable to hold sway over Congress. The Republican leadership in the House and the Senate is in transition and lacks the muscle of Tom DeLay, the former House majority leader. Republican lawmakers, many facing their most serious electoral opposition in years, are fending for themselves.

"We have no central core of political authority driving things in Washington," said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. "Individuals and expressions of individual will by committees, and also by strong people like John McCain, have dominated, and the result is internal fighting."

Democrats have made no secret of their intention to try to brand this Congress as worse than lackluster. They said their case was made for them last week as the Senate, despite time running out, did next to nothing on the floor for three days in order to clear procedural obstacles to debating the fence legislation.

"When we say this is the most do-nothing Congress in the history of our country, this isn't just flippant," said Senator Harry Reid of Nevada, the Democratic leader. "This is true." Besides denouncing the legislative output, Democrats are mounting an effort to chastise Republicans as failing to conduct sufficient oversight of the war in Iraq.

Republican leaders dispute the notion that this has been an unproductive session, pointing to legislation on bankruptcy, class action, highway spending, energy policy and pensions, as well as to two Supreme Court confirmations. And they say they already plan to be back on Nov. 13 to finish whatever remains at the end of the week.

"This session of Congress is not over," Senator Mitch McConnell of Kentucky, the second-ranking Republican in the Senate, said Friday. "We are not finished with our work, and some of these issues are still in progress. What we are going to do Friday or Saturday is to take a timeout."

Democrats have been happy throughout the year to stand almost united in both the House and the Senate against many of the Republican initiatives, forcing the majority to find enough votes to pass legislation from its own membership. That has often forced major concessions from the leadership. In other cases, Republicans in the House and the Senate have simply been unable to find common ground.

"In the 26 years I have been here," said Representative Barney Frank, Democrat of Massachusetts, "I don't think I have ever seen so much tension between the House and the Senate, and it is all among Republicans."

The immigration measure was a notable example as House Republicans refused to entertain the bipartisan Senate bill that took a comprehensive approach to the flood of illegal immigrants. Earlier, a push for a formal budget plan collapsed because of irreconcilable differences over spending between House and Senate Republicans.

A House-Senate Republican feud over the handling of a pension measure, which ultimately passed, left a collection of tax breaks in limbo despite nearly unanimous support in Congress. Those tax benefits included a deduction for college tuition costs and a research and development tax credit for businesses. The leadership has been reluctant to bring the benefits to a vote independently because they could be used to help advance more contentious legislation, like the cut in the estate tax sought by Republicans.

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A new struggle between rank-and-file Republicans and the leadership was threatening to engulf the must-pass spending measure for domestic security. Lawmakers were insisting that a provision allowing Americans to bring back cheaper prescription drugs from Canada be added to the bill even though House leaders and the pharmaceutical industry oppose the plan.

And on Sunday, a spokesman for Speaker J. Dennis Hastert of Illinois said that Mr. Hastert was insisting that provisions increasing security at the federal courts and allowing for the deportation of gang members be added to a pending Pentagon policy bill despite Senate objections.

"The speaker is not going to let the bill move until these critical security items get in," said the spokesman, Ron Bonjean.

Hopes Sag At Prospects For Lame Duck (RC)

By Tory Newmyer

Roll Call, September 25, 2006

With the clock running out on this Congress, corporate lobbyists are fretting over their legislative wish lists and holding out little hope that unfinished business will be taken up during the impending lame-duck session.

K Streeters aren't ready yet to call any of their priorities dead, but they are tempering any optimism with the realization that in a bitter post-election season, both parties likely are going to resist compromise on long-stalled items.

"I don't have high hopes for much of significance, but we'll keep trying," said Dan Danner, the top lobbyist for the National Federation of Independent Business.

Of course, the big question mark that's confounding estimates about the shape of the lame duck is the outcome of the midterm elections.

Observers predict that if Democrats can retake one or both chambers, they will block action on all but the must-pass spending bills. Other legislative business would be deferred to the next Congress, when Democrats would be able to flex their new power.

But even if the Republicans survive with a majority that's narrowed — a very real possibility on both ends of the Capitol, K Streeters say — Democrats could make life difficult for the GOP.

"Lame ducks can be tricky," said Ed Kutler, a lobbyist with Clark & Weinstock. "You want to make sure you understand the potential universe of issues and be ready for any last-minute actions."

That means that lobbyists must stay plugged in with staffers to make sure that no issues suddenly catch them off guard.

"This is a situation where there is a lot going on under the radar," said Michael Johnson, a lobbyist with the OB-C Group. "It is a very full platter for people on K Street. While the media and leaders are focused on security, there are a host of other matters still in play."

The White House has kept its focus on a streamlined agenda of national security items. After securing a hard-fought win last week on the issue of interrogating and prosecuting suspected terrorists, Bush administration officials are now trying to wrap up work on port security and wiretapping legislation.

Beyond that, one Republican lobbyist said, "We're not hearing them pushing for anything else."

With the lame-duck session likely to be relatively short, lawmakers are primed to leave town with a long list of top business priorities still on the table.

Chances for legislation to rein in home lending giants Fannie Mae and Freddie Mac, for example, have brightened in recent weeks as newly installed Treasury Secretary Henry Paulson has indicated a willingness to compromise with lawmakers. But lobbyists close to the issue said a resolution of the issue during the lame duck is unlikely. This view was echoed by a senior GOP Senate aide.

Likewise, a comprehensive rewrite of a decade-old telecommunications law has stumbled near the finish line. And while telecom lobbyists said they were not ready to pronounce the end of the bill's run, most acknowledge that its chances are dim.

"If it happens, it will likely be a very narrow video franchise bill," which would allow phone companies to bypass the current patchwork of state and local regulations to roll out video service that competes with cable television, said Stephanie Silverman of Venn Strategies. The broader measure has been sidelined by the controversy over "net neutrality," the fight that pits Internet service providers against many Web-based businesses, Silverman said.

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The Business Roundtable is still pushing a health information technology bill and a package of competitiveness items from its Tapping America's Potential campaign, spokeswoman Jennifer Handt said.

In the meantime, Danner said the small-business lobby has its fingers crossed for an estate tax repeal and a bill to create small-business health plans.

And the list goes on. The National Association of Manufacturers backs the NFIB on ending the estate tax, and adds to its top priorities a bill to expand oil drilling in the Gulf of Mexico and an extension of the research and development tax credit. Jay Timmons, a top lobbyist for the group, said he hopes lawmakers can tackle the items this week.

While all signs point to a quick exit from the Congressional overtime session, corporate types who hope for a last-minute miracle point to the doggedness of their legislative champions as reason to hold out hope.

After toiling for two years to advance their causes, lobbyists say, these lawmakers will fight to the end, reaching deep in their bags of procedural tricks before giving in to the notion of starting over from scratch in the next Congress.

Several lobbyists pointed to Sen. Arlen Specter (R-Pa.) and his push as Senate Judiciary chairman to advance a bill establishing a trust fund for victims of asbestos-related illnesses. That drive effectively has been dead since the bill failed in the Senate on a procedural vote early this year. But some who back the bill said the Pennsylvania Republican will make a final dash at passage.

"Specter is intent on doing everything he can to move the legislation," Timmons said.

But while several lobbyists said they are determined to never saying never, others said the closing months of the year already are shaping up to be quiet.

"Nobody's hiring between now and the election," lobbyist Roy Coffee said. "It's very quiet on that front, but it gives everyone a chance to go about their business development in an organized way between the end of the session and the election."

Recent trends on K Street back up that assertion, proving that the slower pace of business for lobbyists tracks the downshift in Congressional activity typical of the months leading up to an election.

In the past two cycles, elections caused two out of three stumbles in the otherwise robust growth record of the influence industry. The third dip was prompted by a clampdown on non-national-security legislation after the terrorist attacks of Sept. 11, 2001.

The top 100 lobbying firms saw their revenue growth slow during the final six months of both previous cycles, according to figures gathered from PoliticalMoneyLine.com. During the final six months of 2004, when control of both the Senate and White House were up for grabs, the total take for the top firms actually dropped, from $337.9 million to $337 million.

Several lobbyists said they already are looking past the lame-duck session, working to drum up new business for next year and help existing clients prepare for the 110th Congress.

"There's a fair amount of chatter from people planning for next year," one lobbyist said. "They're talking about new projects."

Round 2 For Rumsfeld: In For The Long Haul (USAT)

By Susan Page

USA Today, September 25, 2006

WASHINGTON — Donald Rumsfeld is a man hitting milestones: Already the youngest and oldest person to be secretary of Defense, he is closing in on becoming the longest-serving.

And like his predecessors with long tenures — he surpassed Caspar Weinberger in length of service Friday and will pass Robert McNamara, the current record-holder, in December — Rumsfeld finds himself increasingly enmeshed in controversy and battling critics.

A generation ago, the Vietnam conflict was known derisively as "McNamara's war," named for its chief architect and most ardent public defender. In a series of behind-the-scenes books and a Senate debate this month on a resolution demanding his resignation, Rumsfeld is the policymaker blamed most for military missteps in Iraq — a war that has lasted longer and cost more dearly than Bush administration officials predicted at its start.

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"He's going to be McNamara II," says Michael O'Hanlon, co-author of Hard Power: The New Politics of National Security, a book being published next month that discusses the leadership of Rumsfeld and others. "He's going to be the brilliant guy who came in from corporate America with the slicked-back hair and did a lot of useful things on second- and third-tier issues he worked on, but botched the No. 1 challenge, when Americans were putting their lives on the line."

Even some of Rumsfeld's friends worry that he has stayed too long.

"I've cautioned everybody that four years is enough in that particular job," says Melvin Laird, now 84, secretary of Defense in the Nixon administration and a friend of "Rummy" since both were House members from the Midwest in the 1960s. Stay longer than that, he says, and it's hard to sustain leadership of the Pentagon and relations with a demanding Congress.

"You kind of wear out yourself," Laird says.

Rumsfeld has been Defense secretary for five years and eight months in the Bush administration and 14 months in the Ford administration. The average tenure of the 21 men who have headed the Pentagon is less than three years.

He dismisses public criticism by members of Congress and some retired generals with the crackling self-confidence and antiquated interjection — "Heavens to Betsy!" — that have become familiar at Pentagon briefings and the subject of satire by late-night comedians.

Significantly, his relationship with President Bush seems unimpaired, presumably because the two men express agreement on the wisdom of invading Iraq and the need to stay the course there. At the White House, spokesman Tony Snow says flatly that a forced departure of Rumsfeld "is not going to happen."

During the Abu Ghraib prison scandal two years ago, Rumsfeld disclosed later, Bush twice turned down his offer to leave.

Americans are split on that question. In a USA TODAY/Gallup Poll taken Sept. 15-17, 46% said Rumsfeld should resign; 44% said he shouldn't. The survey of 1,003 adults has a margin of error of +/—3 percentage points.

At 74, Rumsfeld — who declined to be interviewed for this story — gives no signs of being ready to retire. "Do you, Mr. Secretary, intend to serve the president until the next election?" Talal Al-Haj, U.S. bureau chief for Dubai-based Al-Arabiya TV, asked in an interview in April. At the time, several ex-generals had sparked headlines by urging that Rumsfeld be replaced.

"I intend to serve the president at his pleasure," Rumsfeld replied.

"So by the next election you will be the longest-serving secretary of Defense, sir."

"That remains to be seen," Rumsfeld said dryly.

For his part, McNamara doesn't seem concerned about losing his record to Rumsfeld as the longest-serving Pentagon chief. "I thought he was the first, the longest. I thought he had passed mine," McNamara says when asked about Rumsfeld's pending landmark. He laughs when told he still holds the record, at least until Dec. 28. Long experience in the job isn't always a good thing, McNamara says, but he believes it has been for Rumsfeld.

At 43, Rumsfeld was appointed to the job by President Ford. He returned to the post 24 years and five presidents later. "In his case," McNamara says, "the long time is desirable because he's learned in the first term some things that he applied in the second."

McNamara declines to discuss what those lessons might be, though, or parallels with his tenure. Now 90, he lives at Washington's Watergate complex with his wife, Diana, and still maintains an office downtown. He recently recovered from breaking his neck in a fall.

Eagle Scouts, corporate chiefs

The two men share some striking similarities, starting with their distinctive hairstyles, wire-rim glasses and a vigor that defies their ages. Both were Eagle Scouts in their youth who became wealthy corporate chiefs as adults — McNamara at Ford Motor, Rumsfeld at the pharmaceutical giant G.D. Searle & Co.

Both entered the Pentagon with a business executive's eye. McNamara instituted a decision-making process known as systems analysis, consolidated programs to spur efficiency and reduce rivalries among the branches of the armed services and developed tools for long-range planning.

Rumsfeld returned to the Pentagon for his second tour of duty determined to transform the U.S. military into a leaner, more agile and technologically sophisticated force. O'Hanlon, a senior fellow at the Brookings Institution, credits Rumsfeld with

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pushing resistant military leaders to adopt reforms, among them a more flexible deployment plan for U.S. troops based around the world.

But Rumsfeld's insistence on a "lean" Iraq invasion force — smaller than what military planners initially proposed — is blamed for many subsequent problems, including the failure to control the looting and disorder that followed Saddam Hussein's ouster. Some of Rumsfeld's broader efforts for Pentagon transformation were sidelined in the aftermath of the Sept. 11 attacks in 2001.

Since then, Rumsfeld, like McNamara, has been increasingly consumed by the prosecution of a war that has demanded growing numbers of ground troops and stoked opposition from Congress and the American public.

"It's very hard for both men to say they're wrong," says Paul Hendrickson, author of a 1996 study of McNamara and Vietnam called The Living and the Dead: Robert McNamara and Five Lives of a Lost War. "But if there are similarities, there is a glaring dissimilarity. McNamara lost faith in the war he was prosecuting. Rumsfeld seems to me a true believer in this war."

History at high speed

Another difference: Years passed before insider accounts dissected the decision-making of policymakers in Vietnam. The Pentagon Papers, a classified Defense Department history of the war, wasn't published in The New York Times until 1971, three years after McNamara had left office and at a time Laird was directing a dramatic drawdown of U.S. troops. David Halberstam's The Best and the Brightest was published a year later. Neil Sheehan's seminal A Bright Shining Lie followed in 1988, more than a dozen years after Saigon fell.

This time, Rumsfeld is still at the Pentagon and the war in Iraq is raging as a crush of books is being published with detailed accounts of decision-making inside the Bush administration, including at the Pentagon. The portraits they paint generally haven't been flattering.

The best-selling Cobra II: The Inside Story of the Invasion and Occupation of Iraq, by Michael Gordon and Bernard Trainor, details what they see as a series of strategic miscalculations. The book, published last spring, says Rumsfeld's insistence on invading with a lean force and his refusal to plan in detail for an eventual occupation "played havoc" with military planning and opened the door to the violent insurgency U.S. forces now battle.

Another best-seller, Fiasco: The American Military Adventure in Iraq, published last month, builds a similar case. While the U.S. commander, Gen. Tommy Franks, and others bear some responsibility, author Thomas Ricks concludes, "ultimately, however, the fault for the lapse in the planning must lie with Rumsfeld, the man in charge."

As the war has dragged on, Rumsfeld has become a polarizing figure with the American public. In July 2002 — after the 9/11 attacks and before the Iraq invasion — two-thirds of Americans surveyed by USA TODAY/Gallup said they had a favorable impression of Rumsfeld. Just 15% had an unfavorable one.

By last April, three years after the invasion and at a time some retired generals began airing their complaints, 57% of those surveyed viewed Rumsfeld unfavorably; 37% saw him favorably. His standing has rebounded a bit since then, to 41%-45% favorable-unfavorable in the latest USA TODAY/Gallup Poll.

In contrast, Americans have a decidedly positive view of Secretary of State Condoleezza Rice, a fellow Cabinet member who also vigorously defends Bush and the war. In a USA TODAY/Gallup Poll taken in August, Americans viewed her favorably by more than 2-to-1.

Friends in high places

Rumsfeld retains powerful allies. Vice President Cheney, then a congressional fellow hired by Rumsfeld at the Nixon White House for his first real job, is a close friend. The two men and their wives have bought summer homes 2 miles from one another in bucolic St. Michaels (pop. 1,121) on the Eastern Shore of Maryland.

Even though Rumsfeld served four terms in the House and tested the waters for the Republican presidential nomination in 1988, he has failed to maintain broad political support on Capitol Hill. "I think both Rumsfeld and Dick Cheney don't have much respect for Congress," says Connecticut Rep. Christopher Shays, one of a few Republicans who have called for Rumsfeld to step down. "And the way they treat us, it shows."

Rumsfeld has become a prime defender of war, a symbol of its miscalculations and a lightning rod for its critics. Last month, in a speech to the American Legion in Salt Lake City, he cited those who once hoped to negotiate with Hitler. Noting

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"similar challenges in efforts to confront the rising threat of a new type of fascism," he asked, "Can we truly afford to believe that, somehow or someway, vicious extremists can be appeased?"

Anti-war Democrats who took offense at his comments then forced a day of debate this month on a resolution calling for him to go.

Seventeen Democratic senators lined up to castigate his leadership; 10 Republicans spoke in his defense. Sen. Barbara Boxer, who first proposed a resolution, said later that a new Defense secretary would make a difference even with the same president in charge.

"Each of us brings a different perspective — just a fresh face, fresh ideas, someone not married to the path we've taken, someone who doesn't have all that baggage," the California Democrat says.

She argues Rumsfeld should be held accountable. "He still has culpability for the things that he's said, for the advice he gives the president and most important for the results on the ground," she says.

Sen. Jeff Sessions, who defended Rumsfeld on the Senate floor, calls the Defense secretary a "brilliant" man who has "wrestled with a host of challenges." Rumsfeld's problem, the Alabama Republican says, is that he has become a target for those "dismayed and disappointed" about the course of the Iraq war.

In any case, his tenure should be up to the commander in chief, Sessions says: "The president has confidence in him."

The resolution was tabled on a party-line vote, and Rumsfeld insists he's not affected by the furor. "Oh, goodness," he said two weeks ago when a radio interviewer asked about calls for his resignation. "You know, history will decide all of that. It's politics time in Washington, D.C." The criticism, he said dismissively, "goes with the territory."The three secretaries of Defense who have served the longest have also encountered controversy.

McCain Wants Bolton Confirmed Quickly (AP-Y)

AP, September 25, 2006

Sen. John McCain on Sunday urged quick confirmation for John Bolton as U.N. ambassador, saying the nominee is needed to talk back to "two-bit dictators" such as Venezuela's president.

McCain, R-Ariz., joined lawmakers from both parties in condemning Hugo Chavez's speech last week at the United Nations in which the Venezuelan called President Bush "the devil."

"I would say that this is an argument to get John Bolton confirmed as our U.N. ambassador," McCain said on CBS' "Face the Nation." "He's smart, he's tough, he will respond to these guys. And he could talk back to these two-bit dictators who have the airfare to New York."

The Senate Foreign Relations Committee this month was expected to approve along party lines Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans.

But the vote was postponed after Sen. Lincoln Chafee, R-R.I., who faced a tough primary contest against a conservative Republican, said he had more questions. Chafee won that election.

McCain urged Democrats to support Bolton's nomination and branded Chavez "despicable."

"He aspires to be this generation's (Fidel) Castro. I think the people of Venezuela ought to look at the standard of living in Cuba before they would embrace such a thing," McCain said.

Millions Of Seniors Facing Medicare 'Doughnut Hole' (WP)

By Christopher Lee And Susan Levine

The Washington Post, September 25, 2006

Millions of older Americans are confronting a temporary break in their Medicare drug coverage this month that will require them to pay the full cost of their prescriptions or face the painful prospect of going without.

This is the "doughnut hole" in the new Medicare drug benefit that began in January, and advocates for seniors say there is nothing sweet about it. Some seniors knew nothing of the coverage gap until they were hit with a bigger drug bill, advocates say.

"Virtually everyone who calls to say they've been denied coverage, they're shocked," said Robert M. Hayes, president of the Medicare Rights Center, a nonprofit that helps seniors navigate Medicare. "Trying to explain that this is the way the program was created by Congress angers folks who think it makes no sense. Many people feel blindsided."

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The coverage gap was one of the most contentious elements of the 2003 legislation that created the new benefit. It ends federal payments for a person's drug purchases once an annual spending limit is reached, resuming them only after the beneficiary has spent thousands of dollars out of pocket.

Proponents saw the unusual setup as a way to provide some help to all beneficiaries, and substantial help to those with catastrophic drug costs, and yet not break the bank in a federal program that is expected to cost hundreds of billions of dollars over the next decade.

Nine months into the program, as more and more seniors reach the threshold that puts them in the gap, many see it as a headache -- or worse.

Frances Acanfora, 65, had been paying $58 for a three-month supply of her five medications. But this month the retired school lunchroom aide learned that her next bill would be $1,294. She had entered the doughnut hole.

"It's not my fault that I take this medicine," the Brooklyn resident said. "I've got to take it. And they make a limit. That's not fair."

After talking to her doctor, Acanfora decided to temporarily stop taking a drug as part of her treatment for breast cancer. She hopes to obtain some free samples of eye drops for her glaucoma. Three other medicines -- for high cholesterol, diabetes and osteoporosis -- cost $506.62, which Acanfora put on her credit card.

"I pay a little bit at a time," she said. "What am I going to do? I need it. . . . Sometimes, just to think about it, I cry."

About 3 million of the 23 million Americans who receive the Medicare drug benefit are expected to reach the gap this year, officials said. That is fewer than half the 7 million cited in a 2004 report by the nonprofit Kaiser Family Foundation, which Medicare chief Mark B. McClellan called outdated.

A few more-expensive plans have no doughnut hole, and low-income beneficiaries can receive extra help from Medicare that eliminates the gap. Under the standard plan, however, the government picks up the bulk of drug costs only until the beneficiary and the government together have spent $2,250 for the year. At that point, beneficiaries must pay 100 percent of costs until they have spent a total of $3,600 of their own money. Then the federal subsidy resumes, paying 95 percent of any additional expenses.

Beneficiaries must continue to pay premiums averaging $24 a month, even in months when they are on their own. The calculation starts anew every year.

At Iona Senior Services in the District, Chris DeYoung's phone keeps ringing. On the other end are Medicare beneficiaries who have suddenly fallen into the gap and are looking for ways to climb out. DeYoung, Iona's community outreach coordinator, has only a few tips: mail-order pharmacies, diligent comparison shopping, purchases from Canada.

"For most of them, they're not going to get out of it this year," he said. "I don't think everyone really appreciated the doughnut hole, or they thought it'd be narrower than it is."

Georgetown retiree Maria Laurence, who says she selected an AARP-affiliated drug plan without doing much research, now pays "a fortune" for nearly half a dozen prescriptions. One drug went from about $84 for a three-month supply to $670.56 -- more than $7 per pill.

"It was such a shock. I had no idea," she said. "It's just a hard pill to swallow, no pun intended."

Even with the doughnut hole, most beneficiaries are better off financially than they were before the drug benefit was created, when many seniors had to fend for themselves all year long.

McClellan said seniors in the coverage gap should continue to use their Medicare drug cards to get the prices negotiated by their plans. They also can apply for prescription-assistance programs run by many states and pharmaceutical companies, he said. And they can call Medicare at 800-633-4227 for information and help.

"There are lots of places to go to get lower-priced drugs, to get additional help with your drug costs," he said.

Mark Merritt, president of the Pharmaceutical Care Management Association, stressed that the majority of seniors will not reach the gap. Many who will could delay it by more than two months by switching to generic drugs and using mail-order pharmacies, he said.

"There's been a lot of hand-wringing about it and very little information about what people can do to stay out of it," said Merritt, whose organization represents companies that administer drug benefit programs for employers and health insurance carriers.

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Another thing seniors can do is choose their drug plans more carefully for 2007 when the open enrollment period begins Nov. 15. Susan Knight, director of the Senior Health Insurance Program in Anne Arundel County, said she and other workers will begin visiting centers and programs for seniors next month, the start of what is likely to be another major marketing season for companies offering prescription coverage.

Many Democrats in Congress, long critical of the gap, are not waiting until then. They dubbed last Friday "doughnut hole day," saying it was when the average Medicare beneficiary would reach the gap. They and their supporters criticized the policy at dozens of events last week, airing grievances from seniors in public forums and delivering edible doughnut holes to the office of at least one House Republican.

"This gap does not have to exist," said Sen. Debbie Stabenow (D-Mich.).

Clarice Wansley, 67, a retired county administrator who lives in Hattiesburg, Miss., fell into the doughnut hole in June. Her drug bills went from $184 a month to $387 for the eight medications she takes for cancer, heart trouble, seizures and other ailments, she said.

She paid on her own for the past few months, but recently her doctor told her she needed yet another drug, one that costs $239 a month. Now she doesn't know what to do.

"I'm not destitute, but I can't pay that and buy gasoline and food and pay the mortgage," Wansley said. "I'm scrambling around trying to find help."

Dan Wojehowski, 47, of Smyrna, N.Y., takes six drugs for disabling depression and severe back problems. Last year he was able to get five of them free through drug companies' patient-assistance programs. But when the Medicare benefit started, many of those programs sent people there instead. Wojehowski began paying $53 a month for most of his drugs. Next month, his first in the doughnut hole, he will have to pay $341.

Wojehowski, who knew about the gap, plans to continue with two medications but not the others.

"I just can't afford to buy them," he said. "Every time somebody in Washington says what a wonderful benefit this is, I think they have to look a little closer."

Medicare Refund Mixup Part Of Larger Tangle (NYT)

By Robert Pear

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — When Medicare mistakenly sent premium refunds to 230,000 people who had signed up for prescription drug coverage, the Bush administration said the error had resulted from a rare “computer glitch.” But government records and interviews with federal officials show it was the latest example of a strained, often dysfunctional relationship between two of the government’s biggest programs.

For more than a year, officials who run the two programs, Social Security and Medicare, have struggled to mesh their computer systems so that Medicare premiums are correctly withheld from Social Security checks, and low-income people get the extra help to which they are entitled. The problems are compounded because this information is collected and used by scores of private Medicare drug plans, each with its own procedures and computer systems.

Lawmakers worry that similar problems will occur as millions of people sign up for new drug plans starting on Nov. 15.

Several recent surveys, including one by J. D. Power & Associates, the market research company, suggest that three-fourths of the people getting drug coverage through Medicare are satisfied with it. But officials predict that many beneficiaries will switch plans to lower their drug costs or get better coverage.

Under the 2003 Medicare law, people who sign up for drug coverage can pay premiums once a month on their own, or they can have the money withheld from their Social Security checks, just as basic Medicare premiums have for years been deducted from such checks.

Since the drug program began on Jan. 1, hundreds of thousands of beneficiaries have reported problems in getting the government to carry out their instructions to start or stop the withholding of premiums. Drug plans have repeatedly complained to Medicare officials that premiums have not been properly withheld and that beneficiaries have been upset.

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Medicare officials say Social Security and its computer systems bear much of the responsibility. And Social Security says the data it receives from Medicare is often full of errors and does not match the information it already has. Without a perfect match, Social Security officials say they cannot order the Treasury to change the amount of a person's Social Security payment.

The commissioner of Social Security, Jo Anne B. Barnhart, and the Medicare administrator, Dr. Mark B. McClellan, discussed the problems with the Senate Finance Committee behind closed doors on Sept. 7. After the briefing, lawmakers said they did not fully understand the interaction between the two agencies.

"There seems to be greater confusion, not less," Senator Gordon H. Smith, Republican of Oregon, said after listening to the officials' explanations.

In an interview, Beatrice M. Disman, a Social Security official who has been with the agency for more than 40 years, said: "What the public has to understand is that Social Security is at the end of the trail. We rely on information provided by Medicare."

Medicare, in turn, relies on its own files and on information supplied by beneficiaries and the drug plans in which they enroll. Drug plans often must contact beneficiaries to resolve discrepancies in data compiled by the two federal agencies.

Social Security and Medicare officials said they were working hard to solve the problems, which Dr. McClellan cataloged in a recent letter to Commissioner Barnhart.

"In the past," Dr. McClellan wrote, "my staff has felt that significant concerns they have expressed have not been taken into account by Social Security." For example, he said, Social Security officials established "technical details of the data exchange" in 2004 without fully considering requirements of the new law or concerns expressed by Medicare officials at the time.

In his letter, Dr. McClellan complained about "the unnecessary complexity" of the system devised by Social Security, which performs "more than 40 edits" on each transaction requested for a Medicare beneficiary.

Ms. Disman defended these "quality checks," saying: "We may have information that a person is in the ABC plan. Now Medicare tells us to withhold premiums for the XYZ plan. We have to verify that."

Some Medicare beneficiaries change plans frequently, and drug plans are continually sending fresh information to Medicare. But in his letter to the Social Security Administration, Dr. McClellan said: "We have only been allowed to submit data to your systems for about 10 business days out of each month. Because of your system design, S.S.A. will not process transactions outside of that window."

Constance S. Beskind, 80, of Westport, Conn., said it had taken her five months to get Social Security to stop withholding premiums for her drug coverage, provided by Humana. "It was a nuisance," said Ms. Beskind, who takes drugs for osteoporosis and high blood pressure. Humana told her that Social Security was responsible for the problem, she recalled.

In Craigsville, W.Va., Alma L. Boggs, a 55-year-old nurse who is on Medicare because of a disability, had the opposite problem. Social Security stopped withholding her premiums with no explanation.

"I have yet to learn why they stopped," said Miss Boggs, who takes 10 prescription drugs. "When I called the local Social Security office, the operator would not discuss it. She told me to call Humana. The company told me that Social Security quit paying the premiums on its own. It's been a mess."

Federal officials have discovered four types of problems.

Some beneficiaries asked that premiums be withheld from their Social Security checks, but the government did not act on the requests, so beneficiaries owe several months of premiums. In other cases, Social Security continued to withhold premiums after beneficiaries told the government to stop the deductions. In some cases, the government withheld premiums but failed to send the money to insurers, as it was supposed to do. Finally, some beneficiaries who switched plans are still having premiums for the original plan withheld.

In a bulletin to insurers, the administration described the situation: "When a beneficiary changes plans, Medicare sends the updated request to Social Security. In some cases, these requests were not accepted due to data differences. As a result, some beneficiaries are seeing inaccurate premiums being withheld from their Social Security payments."

In late August, the administration notified tens of thousands of beneficiaries that they had received improper refunds of premiums and would have to return the money to the government. The letters said the problem had resulted from "a processing error" in Medicare computers.

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Officials at the Centers for Medicare and Medicaid Services developed a "strategic communications plan" to play down the mistake.

"Our messaging will strive to maintain public confidence in C.M.S. and its systems, despite the recent error, and to deter any negative generalizations about Medicare or the Part D program," which covers prescription drugs, the plan said.

New Coalition Urges More Money For FDA (USAT)

By Rita Rubin

USA Today, September 25, 2006

Industry, consumer and patient groups and the last three secretaries of the Health and Human Services department are joining forces to lobby for more money for the Food and Drug Administration.

Former HHS secretary Tommy Thompson and Michael Jacobson, executive director of the Center for Science in the Public Interest, a Washington, D.C.-based consumer group, are to announce the creation of the Coalition for a Stronger FDA at a news conference today.

The FDA is part of HHS, and "former secretaries probably understand the problem better than anybody else," Thompson, HHS secretary in President Bush's first term, said Sunday.

Donna Shalala, HHS secretary in the Clinton administration, echoed Thompson. "As former secretary, I know how swamped they are and how difficult it is for them to get their work done," she said Sunday.

William Hubbard, who retired last year after 14 years as associate FDA director and nearly 30 years with the agency, serves as the coalition's senior adviser. Hubbard noted that its members, including the Biotechnology Industry Organization and the Consumer Federation of America, are "relatively strange bedfellows." But, he said, "they all converge at the same place, and that is that FDA has to be strengthened or we're all going to suffer."

The group's launch comes just three days after an FDA-commissioned Institute of Medicine report called for "substantially increased resources" in funds and personnel to improve the agency's drug safety efforts.

The report concluded that the FDA needs to pay more attention to the safety of drugs once they are on the market, a move that requires both increased funding and regulatory authority. Among the report's recommendations:

•Congress should amend the Food, Drug and Cosmetic Act to require that product labels carry a special symbol for their first two years on the market, when side effects not seen in relatively small pre-approval studies are likely to begin showing up. In addition, FDA should restrict direct-to-consumer ads during that time.

•The FDA should evaluate all new safety and effectiveness data about a new molecular entity — a brand-new active ingredient — within five years of approval.

•The agency needs both the authority and the resources to ensure that drugmakers conduct promised studies after their products are approved. The FDA needs to be able to require labeling changes to reflect new safety information.

Public Service Academy (WP)

By Christopher Lee

The Washington Post, September 25, 2006

Advocates of a federally funded public service university get an "A" for effort, although results are incomplete.

Last week, proponents scored a victory in their quest to create a U.S. Public Service Academy modeled after the nation's military service academies: They persuaded a bipartisan group of senators and House members to sponsor legislation to establish and fund the school.

"Today is an exciting day," Chris Myers Asch, a Teach for America veteran who is leading the effort, wrote in an e-mail to supporters. "Almost exactly one year ago . . . I wrote the first sentence of a mission statement for a national public service university. Today, we are on the verge of introducing the Public Service Academy Act in the U.S. Congress."

Sens. Hillary Rodham Clinton (D-N.Y.) and Arlen Specter (R-Pa.), along with Reps. Christopher Shays (R-Conn.) and James P. Moran Jr. (D-Va.), have agreed to introduce the legislation this week, Asch wrote. The bill follows a petition drive and grass-roots lobbying effort led by Asch and more than 40 supporters, including former senator Harris Wofford (D-Pa.) and former education secretary Richard Riley.

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Proponents envision the school offering an all-expenses-paid education to 5,000 undergraduates. Its liberal arts curriculum would emphasize leadership development, analytical thinking and service to others, with requirements for summer service internships and a year of study abroad. Graduates would be required to work five years in public service. They could choose from jobs in local, state or federal government; law enforcement; public health; education; or nonprofit organizations.

Asch and Shawn Raymond, a fellow Teach for America alum, came up with the idea after watching the bureaucratic failures in the response to Hurricane Katrina, as well as government errors before and after the Sept. 11, 2001, attacks. They estimate the cost of an academy based in Washington at $205 million annually.

Asch conceded that, at this late date, the bill has no chance before this session of Congress closes at the end of the year. "But it is an important step," he wrote. "We soon will have a bill with a name and number, and we can begin building support for the bill nationwide."

Constitution 101 A Federal Mandate (WT)

By Audrey Hudson

The Washington Times, September 25, 2006

Training for federal employees now includes a congressionally mandated tutorial on the Constitution that must be completed by this week.

The brainchild of Sen. Robert C. Byrd, West Virginia Democrat, the Internet class closely follows Constitution Day -- a commemorative also legislated by Mr. Byrd to celebrate Sept. 17, 1787, as the day when the nation's founding document was signed in Philadelphia.

"Constitution Day gives us opportunity to pause and consider the larger purpose behind our professionalism, and the nobility underlying our efforts," said Daniel Sutherland, officer for civil rights and civil liberties, and George Tanner, chief learning officer, in an e-mail to all Department of Homeland Security (DHS) employees.

"As Secretary [Michael] Chertoff has stressed, DHS's strategic mission 'is no less than this: protect America, while fostering the values of liberty, privacy, and opportunity we all hold dear,'" the e-mail said.

Unlike most federal training, the 25-minute tutorial does not include a test at the end.

"It's just more of Byrd's pork," says one DHS employee. "How will my supervisor even know I completed the course when there is no test?"

Mr. Byrd is never without his copy of the Constitution, which he carries in his coat pocket and often refers to during Senate debates. On his Web site promoting Constitution Day, Mr. Byrd says the Constitution "embodies the vision of the Framers, their dream of freedom. ... But we cannot defend and protect this dream if we are ignorant of the Constitution's history and how it works."

The 37-page tutorial begins with a historical review and includes a brief summary of the amendments.

"The First Amendment addresses the rights of freedom of speech and the press; the right of peaceful assembly; and the right of petition. It also addresses freedom of religion, both in terms of prohibiting the Congressional establishment of religion and protecting the right to free exercise of religion," the tutorial said.

"The Second Amendment addresses the right of the people to bear arms. The Third Amendment prohibits the government from using private homes as quarters for soldiers without the consent of the owners. The Fourth Amendment guards against unreasonable search and seizure of property without a specific warrant or a 'probable cause' to believe a crime has been committed."

A second DHS employee called it a "waste of time" but completed the course. "It was stuff I learned in high school," he said.

"When we raise our hands and stand by the flag and swear to support and defend the Constitution against all enemies both foreign and domestic ... it's a good idea that we already know what the Constitution is all about," the first employee said.

The lesson concludes with an excerpt from President Reagan's Jan. 11, 1989, farewell address: "Almost all of the world's constitutions are documents in which governments tell the people what their privileges are. Our Constitution is a document in which 'We the People' tell the government what it is allowed to do. 'We the People' are free."

Familiar Battles (USNEWS)

DOJ_NMG_0068702

By Liz Halloran And Bret Schulte

U.S. News and World Report, September 25, 2006

The battle over a woman's constitutional right to medically end her pregnancy has convulsed the nation for more than a generation. But since the U.S. Supreme Court's 1992 decision to reaffirm Roe v. Wade, at least one thing has remained constant: If pregnancy threatens a woman's life or health, she can't be prevented from seeking a legal abortion.

That assurance is now on shaky ground. When the U.S. Supreme Court reconvenes next week after its summer break, justices will be asked to decide whether health risks alone should guarantee women access to controversial late-term abortions, typically-though rarely-performed when pregnancies have progressed beyond 20 weeks.

That, in and of itself, is significant-"one of the key cases of the term," says Leonard Leo of the conservative Federalist Society. But when the court considers the constitutionality of Congress's Partial-Birth Abortion Ban Act of 2003-which has no exception for a mother's health-it will also shine a light on the emerging dynamics of the newly formulated and deeply divided panel. And the most closely watched jurist won't be Chief Justice John G. Roberts or his fellow sophomore, Justice Samuel Alito, but Justice Anthony Kennedy, on whose vote these decisions will most likely turn.

If one person will define this high court term after the past year's unprecedented upheaval (Chief Justice William Rehnquist's death, Justice Sandra Day O'Connor's retirement, and the first new justices in more than a decade), it will be Kennedy. With O'Connor gone, he is the lone swing justice, a moderate conservative whose vote is seen as up for grabs by both the liberal and conservative wings of the court.

"We all live here, but this is Justice Kennedy's world," appellate lawyer Carter Phillips said at a recent court preview. How Kennedy reconciles deference to Congress and its partial-birth ban with respect for stare decisis, or settled law, in the area of women's health is key to the outcome. In the 1992 Planned Parenthood v.Casey decision that reaffirmed Roe, he voted to affirm the right to abortion and required a health exception. But he later wrote an impassioned defense of a Nebraska late-term-abortion ban that lacked one.

Kennedy's vote is likely to figure prominently in other consequential cases justices will hear: a challenge to high school affirmative action programs that use race to assign students, and an effort by states, cities, and environmental groups to force the administration to address global warming.

Court watchers are predicting that, with a split court, Roberts will lead with restraint. Lawyer Thomas Goldstein expects "slow change." Beth Brinkman, who has argued 20 cases before the high court, is watching to see how both Roberts's and Alito's approach to the law will be affected by careers largely spent in the executive branch.

At 51, Roberts has time to shape his court. "The chief is not thinking about one year," says Neal Devins, law professor and director of the Institute of Bill of Rights Law at the College of William and Mary. "This is a court that's ultimately going to be defined by the 2008 [presidential] election. Rather than get a half a loaf today, he's more apt to make the court less visible now and advance his agenda down the road."

All Laptops Present And Accounted For? Um, We'll Get Back To You On That . . . (WP)

By Al Kamen

The Washington Post, September 25, 2006

Back in July, after a Department of Veterans Affairs laptop loaded with personal information on millions of vets and active-duty military personnel was stolen, other agencies revealed security breaches.

So House Government Reform Committee Chairman Thomas M. Davis III (R-Va.) and ranking Democrat Henry A. Waxman (D-Calif.) wrote 17 Cabinet-level departments and agencies to ask whether they had experienced any similar incidents.

Of the 14 that have responded so far, either in whole or in part, the Commerce Department looks far and away the worst, owning up to the loss of more than 1,000 agency computers.

But what about the three departments that have not responded? Do they have bigger problems? And these three would be . . .? Treasury, Defense, and Health and Human Services. Oh, well -- none of them has sensitive information about Americans.HP as a Leader on Espionage?

DOJ_NMG_0068703

Lots of chuckles on the Hill and at regulatory agencies over a Sept. 19 letter from Hewlett-Packard Vice President Gary Fazzino to Senate Majority Leader Bill Frist (R-Tenn.). The letter urges Frist to push passage of the Telephone Records and Privacy Protection Act of 2006, which is intended to protect the personal information of consumers and employees.

"HP has long been an industry leader on privacy," Fazzino wrote, and the company "believes responsible companies have an obligation to advance consumer and employee rights to have personal information safeguarded."

Meanwhile, a House committee is investigating HP for authorizing an extensive spying operation on people inside and outside the company, looking for leakers. The company is alleged to have planted false documents, followed its board members and reporters, watched their homes and obtained phone records of directors, reporters and spouses.

Keep that up and it won't be "an industry leader on privacy" much longer.This Season's Revolutionary Fashion

And now, a sure-fire way to test airport screeners.

Yes, it's the "Hizbullah Messenger Bag," a snappy-looking shoulder bag advertised by a group called the Revolution Junkies on e-commerce Web site CafePress.com. (The site's standard disclaimer says its merchandise "does not necessarily reflect the opinions and views of CafePress.com.")

"Resist Israeli tyranny!" the product's ad says. "Show your support of the resistance with this versatile and durable messenger bag!"

The polyester bag comes in yellow (Hezbollah's color) and features what looks like the group's logo in the center -- Hezbollah in Arabic with an AK-47 in a raised-high fist.

"From school, to carrying your laptop, to a hip alternative diaper bag, our versatile, spacious messenger bag is practically all you need to get you through every stage of your life," the ad says, "and look hip doing it."

Just putting the fun back in fundamentalism. Yours for only $27.99. Comes with adjustable two-inch strap.FDA's License to Spend

The Food and Drug Administration, burdened by budget and staff cutbacks at its food safety office, is scrambling to find the source of the E. coli-contaminated spinach.

But a consumer group finds that the FDA has still been able to spend taxpayer dollars to celebrate its 100th anniversary. According to budget documents, it has spent: $6,800 on tablecloths; $18,000 for 45 flags for flag-raising ceremonies here and at field offices; $30,306 for "banners for airports and backdrops for media interviews"; $2,240 for miniature sewing kits; $7,750 for focus-group testing of the centennial poster; and $8,500 for "replicas of FDA Inspector Badges."

Maybe they should be spending more on real inspectors and less on fake badges.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 25, 2006

'A total maniac'

We had hoped that conservative commentator Laura Ingraham would be the one to finally provide a rare peek into President Bush's mountain-biking world, which for whatever reason rotates in secrecy.

Mr. Bush invited the popular syndicated Washington-based radio host along for this past Saturday's two-hour-plus bike ride atop the dusty trails of the Secret Service training facility in suburban Maryland -- although, as usual, there wasn't a single sighting of the presidential trekkers.

"Of course it was OTR," Miss Ingraham told Inside the Beltway afterwards, feeding us the presidential code for "off-the-record."

Mr. Bush's two additional biking partners that day included White House economic adviser Ed Lazear and White House photographer Paul Morse. So is everybody off-the-record?

"He is a total maniac on the bike. Unreal," one of the cyclists (we are forbidden to say which one) told this column, referring to the commander in chief.

Bell gets DSL

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Some 130 years after Washingtonian Alexander Graham Bell was issued U.S. patent No. 174,465 in 1876 for "Bell's Improvements in Telegraphy" -- better known today as the telephone -- his great-grandsons Edwin S. Grosvenor and Hugh Muller anxiously opened the door last week to the inventor's mountaintop home overlooking Baddeck Bay, Nova Scotia, and welcomed in the DSL technician.

"Finally getting DSL, I can't wait," beamed the 74-year-old Mr. Muller, who spends summers on the mountain. "We've been waiting a long time up here."

Bell, no doubt, would be impressed with today's Digital Subscriber Line, which carries high-speed information over ordinary copper telephone lines and into homes and offices.

"He'd suffer 'DSL Overload,'" guessed Mr. Grosvenor, 51, of Bethesda, whose great-grandfather co-founded the National Geographic Society in 1888. "He loved to read the encyclopedia whenever he could. Imagine if he had the access to the world that the computer now provides. He'd be reading [online] all of the time."

Bell, quite surprisingly, had a love-hate relationship with the telephone, notes Donna Johnson of nearby Baddeck's Alexander Graham Bell National Historic Site of Canada. "While the telephone provided his fortune, Bell refused to have one in his home office. He considered it a distraction," she said.

"He believed that phones should only be for outgoing calls," explained Mr. Muller.

Bell's descendants, many of whom still reside in Washington (his granddaughter, Dr. Mabel Grosvenor, a retired pediatrician and the last surviving family member to have known Bell personally, turned 101 in Washington this summer), still own Canada's Beinn Bhreagh Hall, a sprawling mansion Bell completed in 1893 and soon thereafter moved into permanently.

Bell died there in 1922 (seeking privacy, he fled Washington, considering its social life too stuffy and intrusive), but not until his "Silver Dart" airplane took to the air as Canada's first-ever powered flight, and his cigar-shaped hydrofoil boat -- Bell designed a fleet, actually -- set a world marine speed record.

Today, the teacher, scientist and inventor is buried in a family plot alongside his wife, Mabel Hubbard, in a grassy meadow above their Canadian home. As Mr. Grosvenor noted, his great-grandfather picked the grave site after lying down in various places until finding the best view.

Patron Maggie

One week after her celebrated visit to Washington, former British Prime Minister Margaret Thatcher has stuck another feather in her cap: she's now Lady Thatcher, patron of the Heritage Foundation.

The conservative think tank's board of trustees has just handed Mrs. Thatcher the title by proclamation.

"We are lucky to have such a special relationship with a special woman who helped change the course of history," says Heritage President Ed Feulner, delighted that the Washington foundation he heads is the only institution where Mrs. Thatcher has agreed to serve as patron.

"Lady Thatcher epitomizes the very ideals and values for which the Heritage Foundation fights," adds Nile Gardiner, a former Thatcher aide and director of Heritage's new Margaret Thatcher Center for Freedom. "She is widely revered as one of the greatest political leaders of our time and has played a huge role in the advancement of freedom and liberty across the world."

Progress On Judicial Ethics (WP)

The Washington Post, September 25, 2006

THE FEDERAL judiciary took two steps last week to improve the public's perception of the standards of conduct for federal judges. First, a commission headed by Supreme Court Justice Stephen G. Breyer issued its report on the handling of misconduct allegations against judges. Separately, the Judicial Conference -- the administrative arm of the court system -- revised the rules governing educational junkets for jurists that get funded by private, sometimes ideologically tinged organizations. Both developments are positive. But the judiciary needs to do more.

The Breyer commission report found that in the vast majority of cases the judiciary did a reasonable job of policing itself. In all but the highest-profile cases of alleged misconduct, the panel found, the courts effectively weeded out meritless complaints by disgruntled litigants -- botching cases only about 2 percent of the time. The trouble is that this figure skyrocketed in those cases that command wide public attention.

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The commission found that of 17 high-profile cases, nearly 30 percent -- five -- were not handled properly. Some were dismissed too blithely, others resolved without giving the targeted judges the ability to respond to the allegations. Such incidents have a corrosive impact on the public's view of the judiciary and have fed dangerous calls by members of Congress for intrusive investigations of judges. So it is imperative to make the system work better when it matters most. It's not clear that the report's recommendations -- which amount to enhancing consultation, education and advice -- will help much.

The judiciary's move on educational seminars is likewise constructive -- but not sufficient. There's nothing wrong with judges going to private educational seminars. But the appearances created when judges accept all-expenses-paid vacations from foundations that also fund litigation before them is awful. The Judicial Conference, which had previously weakened the rules to make this easier, announced last week that it would require that organizations paying for judicial travel disclose who is funding those trips. It also will require judges to disclose trips promptly. This will create more transparency -- but it doesn't address the central problem. In fact the solution is easy: When judges go to school, the judiciary ought to pay their way.

Routine Testing For The AIDS Virus (NYT)

The New York Times, September 25, 2006

Federal health officials took the right step last week when they recommended that all teenagers and all adults up to the age of 64 be tested for H.I.V. infection when they receive routine medical care. This welcome effort to remove barriers in the way of widespread testing offers the best hope to reduce the stubborn persistence of H.I.V. infections in the American population.

Long after the AIDS epidemic burst onto the American and international scenes, it is a public health scandal that some 40,000 Americans are still newly infected each year; that a quarter of those with the disease, or some 250,000 Americans, don't even know they are infected; and that more than 40 percent of those who find out they are infected are tested only because they are already seriously ill.

Surely it would be better for every infected individual to learn of his status as early as possible, so as to plan the best course of treatment and avoid spreading the infection. And surely it would be better for community health if hidden chains of transmission could be detected and interrupted to slow the spread of infection.

In the early days of the AIDS epidemic, the disease carried such a stigma that people shied away from being tested lest they be socially ostracized or suffer discrimination. Patient advocacy groups pushed hard for policies to limit how testing was done and make sure all patients were counseled on the ramifications, both good and bad, before consenting to let their blood be tested. But times have changed. New treatments make it valuable to learn whether someone is infected. Health officials have shown that they can be trusted to keep test results confidential. And AIDS seems less stigmatizing.

The Centers for Disease Control and Prevention, which issued the new recommendations, urged that testing remain voluntary. Its most controversial proposal was that patients no longer be counseled extensively in advance about the pros and cons of testing and asked to sign a separate consent form. Oral notification and consent would suffice.

Some patient advocates worry that doctors will shortchange the oral consent process. But requiring a separate written consent for H.I.V. testing beyond the general consent forms signed by patients all too often scares patients away from a test that would help them. A similar policy has greatly reduced the infection rate in newborn children. It is time to apply that approach more broadly.

OTHER NEWS:

Construction Job Market's Still Robust (USAT)

By Sue Kirchhoff

USA Today, September 25, 2006

WASHINGTON — Though new home sales have plummeted 20% from a year ago, U.S. construction employment is still up 3%. But the solid jobs news might not last.

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"The trend has got to be sharply downward. The drop in home building has greatly exceeded my expectations," says Kenneth Simonson, chief economist for the Associated General Contractors of America. "I can only imagine that the August numbers stayed high because houses are still being finished, that were started" earlier.

More than 7.52 million U.S. workers were employed in construction in August on a seasonally adjusted basis, up from 7.31 million in August 2005 and 7.46 million in January, according to the Labor Department. Construction employment is a million above 1999.

The job market is being supported, in part, by a surge in commercial and public works projects. But residential construction hiring also rose in July and August. The national numbers obscure regional differences. In California, where the housing market is slowing, construction employment slid by about 4,000 in August. Still, in Arizona, where the housing market is also cooling, employment is up.

"In our area, commercial (building) is looking good, and there's nothing in sight that's going to affect us drastically," says Jack Eberhard, owner of Careers in Construction and Development in Aurora, Colo.

Eberhard can't find enough cost estimators and project engineers.

In an interview earlier this month, Richmond Federal Reserve Bank President Jeffrey Lacker cited construction employment as one reason he's not overly concerned that the housing market could fall too hard.

Some workers can move from residential to commercial projects. But highly specialized workers, such as framers, who build the wood frames for houses, could have more trouble making a switch.

"When things slow down, you don't necessarily let everybody go: You cut back on hours," says Dave Seiders, chief economist for the National Association of Home Builders. He says it's a bit early to see the impact of the slower market, but he expects job losses.

Home builders are carrying a 6.5-month inventory of unsold homes, according to the Commerce Department. Publicly traded builders such as Toll Bros. have been selling land or deciding not to exercise options to purchase land as the market slumps.

Alex Hannigan, whose Orlando firm Hannigan Homes builds eight to nine custom houses a year, is starting to see signs of softening employment as large home builders retrench.

"We are now seeing some subcontractors calling us and looking for work," Hannigan says. "The Wall Street companies are taking it on the chin at the moment."

With no inventory, Hannigan is breaking ground on new homes. He expects the market to have corrected by the time construction is done in 12 to 14 months.

This Winter, Cost Of Heating Homes Is Forecast To Drop (CSM)

By Ron Scherer

The Christian Science Monitor, September 25, 2006

NEW YORK

With the first chill of autumn in the air, some homeowners are cranking up their heat for the first time since this spring. Many will get a pleasant surprise when they look at their bills: They may be slightly lower.

Since last year at this time, the price of natural gas at the wellhead has plunged 47 percent, and the wholesale price of home heating oil is down 20 percent. If prices were to remain close to these levels - and if the winter is not overly cold - homeowners could save as much as $250 compared with last year, some energy analysts estimate.

"This is the equivalent of a major tax cut - almost the same as right after 9/11 when the government sent checks to everybody," says Dennis Jacobe, chief economist for the Gallup Organization in Washington. "What's nice is that it particularly helps middle- and lower-income people who were hurt the most when prices were soaring."

If consumers feel more comfortable with their energy bills, this could help retailers in the coming holiday period - already forecast to have only modest gains. Lower energy prices might also help offset some of the downturn in housing sales and auto sales, says Mr. Jacobe. "It increases the chances of a soft landing," he adds.

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But prices could snap back quickly if a hurricane hits the Gulf of Mexico or the winter turns out to be fierce, energy experts warn. The Energy Information Administration (EIA), for example, in making its forecasts, is assuming that January will not have the moderate temperatures of the winter of 2006. "Last winter was the warmest on record," says Neil Gamson, an economist at EIA.

In its September forecast, EIA predicts consumers will pay 10 percent less for natural gas but will see their consumption increase by 7 percent. The result would be a 4.4 percent reduction in spending for 64 million households - about half of all residences that require heating.

The EIA's estimate for the nation's 9 million heating-oil customers is not as optimistic. It estimates prices will rise 9.2 percent and consumption will increase 6.2 percent, for a total increase in expenditures of 16 percent.

EIA will update this forecast on Oct. 10 when it issues its official winter forecast.

Many variables affect whether consumers see any savings, industry representatives warn. For example, natural-gas utilities typically start buying their supply in March or April. The purchases continue through the summer with the gas going into storage.

"You can't just take prices today or the past week and assume customers will save 40 or 50 percent," says Paul Wilkinson of the American Gas Association in Washington. "We know for the first six months of the year, prices were actually higher than they were for first six months of last year."

Indeed, for the first six months, the price of natural gas was $7.05 per thousand cubic feet (MCF), compared with $5.91 per MCF last year. However, after hurricane Katrina snarled production in the Gulf of Mexico, natural-gas prices soared to $15 per MCF. It's now down to $4.65 MCF on the spot market.

Weighing on the market is a substantial inventory, now at 3.1 trillion cubic feet, which is 13.4 percent above the five-year average. "We should hit an all-time record on storage," predicts Mr. Wilkinson.

Complicating the weather forecast this year is a weak El Niño, the current and trade-wind pattern in the Pacific that affects weather in the US. Typically, an El Niño creates more rain in the Southwest and Southeast and on the East Coast, but the correlation is less certain during a weak pattern, says Ken Reeves, director of forecasting at AccuWeather in State College, Pa.

For low-income people, the prospect of energy-price reductions, or even stability, is welcome. Last year, 6 million households applied for grants under the Low Income Home Energy Assistance Program (LIHEAP). "Lower prices are better for low-income people than an increase in LIHEAP funding," says Mark Wolfe of the National Energy Assistance Directors' Association. Natural-gas users could save $200 to $250 this winter if the weather cooperates, he estimates.

Some consumers doubt the lower prices are here to stay. In Franklin, Mich., Frank Zaski says he thinks the price dip is temporary, and he doesn't expect it to affect him. Last summer, his utility, Consumers Energy, had stored natural gas. As a result, it didn't have to pay higher rates after the hurricanes in the Gulf of Mexico. In fact, its rates were the second lowest in the US, according to the utility. This summer it again stored natural gas, but it missed out on the sharp drop. "It kind of irons it out," says Mr. Zaski.

Users of home heating oil may not see the same savings as natural-gas users, because the price of oil has not fallen as far. "We're about where we were pre- Katrina," says John Huber of the National Oilheat Research Alliance in Alexandria, Va. After peaking this summer at $2.05 a gallon, the wholesale price of heating oil has dropped to about $1.65 a gallon.

Falwell Acknowledges Clinton Comment (AP-Y)

By Dena Potter

AP, September 25, 2006

The Rev. Jerry Falwell acknowledged on Sunday saying that if Hillary Rodham Clinton were the Democrats' presidential nominee in 2008, it would motivate conservative evangelical Christians to oppose her more than if the devil himself were running.

Falwell said in a telephone interview that his comments to several hundred pastors and religious activists at the "Value Voter Summit" conference were "totally tongue-in-cheek."

"I certainly hope that Hillary is the candidate," Falwell said at a breakfast session Friday in Washington. "I hope she's the candidate, because nothing will energize my (constituency) like Hillary Clinton," he said. "If Lucifer ran, he wouldn't."

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Clinton press secretary Philippe Reines said Sunday, "Working for someone who believes in the Golden Rule, we're not going to engage in such vitriolic discourse — but it seems that a new low has been reached in demonizing political opponents."

Falwell told the AP that he did not intend to demonize the former first lady. "That was totally tongue-in-cheek and everyone in the building knew that and everyone laughed," Falwell said.

Falwell said religious conservatives do not favor Clinton for several reasons, but mostly because she is pro-choice on abortion, "the cutting-edge issue for social conservatives."

"I just think that she has enough of a record before our people now to bring most of them to the polls," Falwell said.

The Rev. Barry Lynn, director of Americans United for Separation of Church and State, said, "I don't know why Jerry Falwell always has to drag politics into the gutter."

Lynn, whose advocacy group scrutinizes the religious right and was monitoring last week's conference, added, "Maybe the devil made him do it."

Attendees also were assured during the prayer breakfast that God would preserve a Republican majority in Congress.

Falwell would not say what he thought would happen in 2008 if Clinton were not the nominee.

"In '08, I think that's too far ahead to know what's going to happen in the domestic and foreign policy issues," Falwell said in the interview.

"In my opinion, the big issue then will be what the big issue is today, and that is national security and the war on terrorism at home and abroad. I don't think anybody doubts that the Republicans have a better record and a better commitment to national security than the Democrats do," Falwell said.

His remarks were first reported in Sunday's Los Angeles Times.

Christian Conservatives Look To Re-energize Base (NYT)

By David D. Kirkpatrick

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — Openly anxious about grass-roots disaffection from the Republican Party, conservative Christian organizers are reaching for ways to turn out voters this November, including arguing that recognizing same-sex marriage could also limit religious freedom.

Just two years after many conservative Christians exulted that their voter turnout efforts had pushed President Bush to re-election, organizers say their constituents are disengaged.

“There is disillusionment out there with Republicans,” said James C. Dobson, founder of the conservative Christian broadcaster Focus on the Family and the most influential voice in the movement. “That worries me greatly.”

At an election-season Values Voters Summit held here by the allied Family Research Council, some conservatives debated whether “maybe losing the Republican majority would teach us a lesson and get our movement back on track,” in the words of Representative Mike Pence, Republican of Indiana.

Mr. Pence argued that in the end, Republicans were still preferable to Democrats. Like many arguments, though, his was about picking the lesser of two evils.

“My first inclination was to sit this one out,” Dr. Dobson said in an interview, adding that he had changed his mind when he looked at who would become the leaders of Congressional committees if the Democrats took over.

Some were candidly gloomy.

“At the grass roots, among ordinary people, the enthusiasm is not there, and unless that changes in the next five or six weeks, the Republicans aren’t going to make it” to retain control of Congress, said Paul Weyrich, chairman of the Free Congress Foundation and a founder of the modern conservative movement.

In addition to voicing more general complaints, Christian conservatives say President Bush and Republicans in Congress have not lived up to their expectations about advancing new abortion restrictions or a proposed constitutional amendment banning same-sex marriage.

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Even in this crowd of nearly 2,000 Christian conservative activists, some balked at one tactic recommended to turn out church voters. In a workshop, Connie Marshner, a veteran organizer, distributed a step-by-step guide that recommended obtaining church directories and posing as a nonpartisan pollster to ask people how they planned to vote.

"Hello, I am with ABC polls," a suggested script began.

Some attendees complained that the script seemed deceptive, Ms. Marshner said in an interview afterward. She said that such disguised calls were a common campaign tactic, that it was just a suggested script and that she never recommended answering a direct question with a lie.

Tony Perkins, president of the Family Research Council, who played host to the conference, said he was "upset" to learn of her instructions and condemned any deception.

The Rev. Barry W. Lynn, executive director of the liberal group Americans United for Separation of Church and State, called the tactic "disgraceful" and "a desecration of the church."

Several organizers at the event lamented that opposition to same-sex marriage, a major catalyst for Christian conservative turnout two years ago, had lost some of its emotional resonance. Massachusetts remains the only state to recognize same-sex marriage. Sixteen states have passed constitutional amendments banning such unions, and eight courts have ruled against the idea.

"Sometimes success brings complacency," Mr. Perkins said.

To revive some of the emotions around the issue, several organizers said they were taking up the argument that legal recognition of same-sex marriages would cramp the free expression of religious groups who consider such unions a sin — an idea much discussed at the conference.

"That is an issue that wasn't around two years ago and one that is absolutely moving to the very forefront," said the Rev. Donald Wildmon, founder of the American Family Association, a conservative Christian broadcaster and advocacy group.

Although that idea may seem far-fetched to many liberal or secular-minded voters, legal scholars across the political spectrum agree that authorizing same-sex marriages could present legal questions for some religious groups. A Roman Catholic group in Massachusetts, for example, recently stopped offering children for adoption rather than provide them to gay couples.

At the Values Voters conference, Mr. Perkins played a preview for an October telecast to Christian broadcasters that dramatized the conflicts in stark terms. He interviewed parents who are suing the town of Lexington, Mass., because its public school assigned their 7-year-old son a book called "King and King," about two princes who marry.

"Get involved as the Lord leads before religious liberty is lost forever," Mr. Perkins warned in the trailer.

Others looked abroad. In a pre-election letter to 2.5 million supporters, Dr. Dobson is breaking away from his traditional field of child psychology to argue that foreign terrorists are a threat to families.

The Rev. Jerry Falwell, founder of the Moral Majority, looked ahead to 2008 and the possibility that Senator Hillary Rodham Clinton might be the Democratic presidential candidate. Ms. Clinton's nomination, Mr. Falwell said to laughs, would arouse even more evangelical opposition than Lucifer's.

Free Trade At The Fore Of Races (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, September 25, 2006

WASHINGTON — Jack Davis remembers the night he left the Republican Party over free trade: Nov. 17, 2003, after he paid $2,000 to meet Dick Cheney at the upscale Park Lane Restaurant in Buffalo, N.Y.

Davis, a furnace-parts manufacturer and lifelong Republican, had hoped to convince the vice president that their party's free-trade policies hurt workers. He never got the chance. And after Davis started sharing his views with reporters at the event, he said, Cheney's staff ordered him to leave.

Within weeks, Davis had become a Democrat; ended his support of the libertarian Cato Institute and the conservative Heritage Foundation; and started a group, Save American Jobs, to toughen trade barriers.

Now Davis is a Democrat challenging four-term Rep. Thomas M. Reynolds (R-N.Y.) and calling for restrictions on foreign goods. And Reynolds, who leads the committee that coordinates election strategy for House Republicans nationwide, is

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spending unexpected time and money defending his western New York seat as Davis attacks him for supporting trade agreements he says are "hammering the middle class."

With wages stagnating for many Americans, trade has become a significant campaign factor this fall in parts of New York, Pennsylvania, Georgia and other states. In Ohio, Michigan and North Carolina, where manufacturers continue to shutter plants and cut jobs, free trade has become a major issue of campaigns.

In Michigan, Democratic Sen. Debbie Stabenow, who is seeking reelection, recently ran a TV ad highlighting her effort to create a "trade prosecutor" to investigate unfair foreign competition.

In Ohio, Republican Sen. Mike DeWine and his Democratic challenger, Rep. Sherrod Brown, have repeatedly sparred over trade, with Brown calling for "fair-trade" policies that hold foreign companies to U.S. workplace standards.

In North Carolina, Republican Rep. Robin Hayes, a textile heir, is under attack from his opponent, a former textile worker, for supporting the Central American Free Trade Agreement last year. Hayes cast the deciding vote.

In Reynolds' district, some of the largest manufacturers — Eastman Kodak Co., Ford Motor Co. and Delphi Corp. — are cutting back. Davis blames competition abroad for the job losses and wants tariffs against countries that have flooded U.S. markets with cheap goods.

Reynolds, who also supported CAFTA — the major trade deal of the current Congress — aired a TV ad this month saying his opponent's tariff proposal was "really a tax increase on families, raising the cost of everything."

Recently, Reynolds brought Virginia Rep. Robert W. Goodlatte, a fellow Republican and chairman of the House Agriculture Committee, to the district to meet about 50 dairy farmers and to showcase his efforts on their behalf. But the farmers complained about trade, and they wanted to know what Reynolds was doing to help them compete against foreign companies.

"He hasn't really answered the question of what he's going to do to make free trade fair trade," said farmer Kathy Youngers, who attended the meeting but has not decided whether to vote for Reynolds.

Davis may have a better chance of persuading voters than in 2004, when he ran against Reynolds on a similar trade platform and lost by 12 percentage points. Although polls indicate concerns about the economy are easing, many people are still anxious and may be open to an appeal based on tougher trade policies, said Wendy Schiller, an associate professor of political science at Brown University.

In Ohio, Brown, who led House opposition to CAFTA last year, appeared in a recent TV ad in front of a factory with a "Plant Closed" sign on its fence. "My opponent supported the trade agreements that cost us these jobs. He says it's just business — I say it's wrong," Brown says.

DeWine says he pushed "fair-trade" legislation including tariffs on foreign steel and measures returning profit from the sale of illegally dumped foreign goods to U.S. companies. But he also defends free-trade deals that he says create jobs by increasing exports.

"These agreements bring foreign trade barriers down for U.S. goods," he said in a statement last week. "U.S. tariffs were already low, and these trade agreements level the playing field" by lowering the tariffs imposed on U.S. exports.

Reverberating in some campaigns is last year's CAFTA fight.

In Georgia, Republican challenger Max Burns faults Democratic Rep. John Barrow for voting against CAFTA. At a campaign appearance, Burns waved letters from officials at a local Jockey International Inc. plant pleading for CAFTA. But Barrow said Jockey was an example of how CAFTA failed workers. In July, Jockey announced plans to relocate to Central America, laying off 203 Georgia workers.

In upstate New York, engineer David Curry, 64, lost his job when a steel-parts manufacturer downsized its staff six years ago, and said he planned to vote for Democrat Jack Davis because Davis opposed free trade.

"It has changed western New York dramatically," Curry said. "Used to be blue-collar and proud, and now it's just the Rust Belt."

Don't Make Me Say I Told You So: It's A Bump, Not A Surge (RC)

By Stuart Rothenberg

Roll Call, September 25, 2006

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The ink on my Sept. 18 column warning against overreaction to new polling and alleged "surges" had not yet dried when USA Today released its newest Gallup Poll, predictably asserting the existence of an alleged Republican surge. Others quickly joined the chorus.

First, let's stipulate that recent polling has shown some improvement in Republican numbers, whether it's in the president's standing or the generic ballot. President Bush's job approval numbers bottomed out earlier this year and have been inching up for a couple of months.

That's the good news for Republicans, and any good news is better than bad news. But if you look at presidential job approval and the generic ballot, it is awfully difficult — no, actually, it is impossible — to conclude a dramatic surge has occured or is under way. That doesn't mean it won't happen, only that it hasn't occurred so far.

The USA Today/Gallup poll found Bush's job ratings among all adults at 44 percent approve/51 percent disapprove. That's an improvement from an Aug. 18-20 USA Today/Gallup survey that showed the president's ratings at 42 percent approve/54 percent disapprove. So, Bush's approval is up 2 points and his disapproval is down 3. Clear enough.

A Bloomberg/Los Angeles Times poll showed the same thing, and it's a development worth noting. But remember, Bush's disapproval was still at 51 percent in the USA Today poll and 52 percent in the Bloomberg/L.A. Times survey, and the improvement in Bush's numbers is still modest. It's not as if the public has suddenly changed its evaluation of the president. A majority of Americans still disapprove of his performance, and that's not a good place to be for the Republicans going into a second midterm election.

In evaluating presidential job approval ratings, Gallup actually reports two additional sets of numbers, one based on three-poll rolling averages and a "smoothed approval" estimate, based on work done with a consultant, Yale professor Don Green.

Both reports show a slow but steady increase in Bush's job approval from a stretch in May, when it bottomed out in the low 30 percent range, to now, when it is around 40 percent. They show no surge, however, and Gallup Poll Editor in Chief Frank Newport wisely notes that after years of doing polling, he pays less attention to the results of a single survey and more to trends and patterns.

Now we get to an even bigger problem for those who want to see a surge in the USA Today/Gallup numbers — the generic ballot.

Far too much has been made of the USA Today/Gallup poll's finding that the generic Congressional ballot is tied at 48 percent among "likely voters." Unfortunately, some observers have compared that number to previous Gallup generic ballot numbers, proclaiming incontrovertible evidence of a surge.

However, Newport told me recently that the Sept. 15-17 USA Today/Gallup survey is the first one this year that screened for "likely voters." Previously, Gallup reported either on registered voters or "regular voters." Regular voters and likely voters are not identical, Newport said, since different questions are used to identify both subsamples.

So, if you must compare apples to oranges, go right ahead and compare "regular voters" to "likely voters." Just remember that it's not kosher.

If you look at Gallup's registered voters going back almost three months, you will find that the current 51 percent Democratic/42 percent Republican generic ballot in mid-September is almost identical with Gallup results from Aug. 10, July 30 and July 9. So the only "surge" among registered voters appeared in a dramatic narrowing of the generic in a single Aug. 18-20 poll. But that single survey is an outlier, and the USA Today/Gallup generic hasn't really moved in months.

Interestingly, less than 48 hours after the USA Today/Gallup poll became public, a CBS News/New York Times survey was released. While it reported on the opinions of adults, rather than registered or likely voters (who usually are more Republican), the CBS News/New York Times survey found the president's job approval at 37 percent, "virtually unchanged" from August. Moreover, the poll found Democrats with a 15-point advantage in the generic ballot, 50 percent to 35 percent.

Does all of this mean terrible news for Republicans, since they have been hoping for a surge? Not necessarily.

It's odd that there hasn't been more comment about the difference between the USA Today/Gallup registered voters and likely voters generic ballot results. While the poll showed Democrats with a 9-point advantage among registered voters, the generic ballot was even among likely voters.

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With all of the talk about Democratic enthusiasm and Republican division, I would not have thought there would be such a large gap between the two samples.

Elections are won and lost by actual voters, not by hypothetical voters. So, if Democrats don't beat the GOP on turnout on Election Day, the generic ballot among all adults won't matter at all.

Hawaii Senator Wins Tough Primary Battle (WP/AP)

The Washington Post, September 25, 2006

HONOLULU, Sept. 24 -- Sen. Daniel K. Akaka, who has served in Congress for 30 years, beat back a challenge from Rep. Ed Case in Hawaii's Democratic primary.

Case conceded the race just before 6 a.m. Eastern time Sunday, when returns showed that he trailed 55 percent to 45 percent with all but one precinct reporting.

The GOP nomination went to former Vietnam prisoner of war Jerry Coffee, who pulled out of the race because of health reasons. Republicans have three days to name a replacement candidate.

"I want to thank Hawaii for supporting me all these years," Akaka, 82, said Saturday night. "It has been a tough campaign for me."

Case, 53, trailed in every county, including those in his own 2nd District, and did not win on any of Hawaii's islands. Democratic-leaning Hawaii has never unseated an incumbent member of Congress. It became a state in 1959.

In the governor's race, former state senator Randy Iwase won the Democratic nomination over Hawaiian activist William Aila Jr. Iwase will take on Gov. Linda Lingle, who secured the GOP nomination and is expected to easily win a second term.

A Senator Bets On Party's Clout In Pennsylvania (NYT)

By Robin Toner

The New York Times, September 25, 2006

An endangered Republican like Senator Rick Santorum of Pennsylvania could always comfort himself with this: The political winds may be blowing the Democrats' way this year, but the Republicans retain some formidable structural advantages.

Like money: Mr. Santorum, the third-ranking Republican in the Senate leadership, has had a significant fund-raising advantage over his Democratic challenger, State Treasurer Bob Casey, which means more money for television advertising.

Or the Republicans' near-legendary voter turnout operation: the 72-hour program, tested and proven (to the Democrats' despair) in the 2002 and 2004 elections, which moved coordinators into Pennsylvania more than a year ago to prepare for Nov. 7.

Not to mention the bully pulpit of the White House: even a politically beleaguered president can shape the terms of political debate, as President Bush demonstrated anew with his focus on terrorism in recent weeks.

As the midterm campaign enters its final six weeks, these Republican fortifications will be tested around the country, but arguably nowhere as much as in Pennsylvania. Mr. Santorum has lagged behind Mr. Casey in opinion polls for nearly a year now, at times by double digits; his seat has become the Democrats' best hope for one of the six seats they need to regain a Senate majority.

Republican strategists say they have seen some signs in recent days of an improving political climate for their party nationally, which they hope is translated — soon — into individual races. But few are willing to declare a turning point in the battle for the House and Senate; both parties are waiting to see if the Republicans' traditional advantages kick in.

Here in Pennsylvania, with every new poll, the question arises: Can Mr. Santorum, with all his resources, change the dynamics of this race?

So far, the answer is not fundamentally. One of the latest independent surveys, the Keystone Poll released last week, showed Mr. Casey retaining the lead, with the support of 45 percent of registered voters, to Mr. Santorum's 38 percent. The race, experts say, has tightened since spring, and Mr. Casey's unfavorable ratings have climbed.

But G. Terry Madonna, who heads the Keystone Poll at Franklin & Marshall College, noted that Mr. Santorum had been unable, so far, to improve his own standing significantly.

"He gets, on average, about 40 percent of the voters," Mr. Madonna said. "He's been able to knock Casey down just a tad, but he's been unable to go up himself."

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The Keystone Poll showed Mr. Santorum still lagging significantly behind Mr. Casey in the Philadelphia suburbs, a critical battleground. A poll for The Philadelphia Inquirer, released yesterday, showed Mr. Casey with a 10-point lead.

Neil Newhouse, Mr. Santorum's pollster, counters that the Republicans are clearly gaining ground — and have the time and the resources to gain more. "It's a single-digit race," Mr. Newhouse said. "And he has a financial advantage going into the last six weeks of this race. Anybody who would, at this point of the campaign, count him out, I think is making a serious mistake."

Still, Mr. Madonna and other experts say the latest poll ratings are noteworthy because Mr. Santorum has already run substantial television advertising. According to an analysis of data gathered by the Campaign Media Analysis Group, the Santorum campaign and supporting groups overwhelmingly outspent the Casey forces in television advertising between late May and mid-September.

Mr. Santorum has run some positive commercials — former Mayor Rudolph W. Giuliani of New York praises him in the latest — but the advertising wars have grown increasingly harsh in recent weeks. Like other endangered Republicans this year, who are fighting general discontent with the Bush administration and a Republican-controlled Congress, Mr. Santorum is trying to turn this race into a choice, not a referendum. And he needs to portray Mr. Casey — still undefined to many Pennsylvanians — as an unacceptable choice.

One of the most contentious Santorum advertisements opens in a room that is literally smoke-filled, with a group of cigar-smoking men (who are actors) playing cards, and clearly up to no good.

"Meet Bob Casey's campaign team," the announcer intones, citing unnamed developers and businessmen who have contributed to Mr. Casey and are now under investigation. Only when the camera pans back is it clear where the men are meeting — behind bars.

The advertisement was described as misleading by Factcheck.org, the nonpartisan monitor at the Annenberg Public Policy Center at the University of Pennsylvania, which noted that none of the men cited currently work for Mr. Casey, and that some had contributed, in past campaigns, not only to Mr. Casey, but also to Mr. Santorum.

Mr. Casey, in an interview, described the advertisement as a sign of "desperation" in his opponent. "It sent me a real signal that he feels he's in trouble, that he can't win this on his record or on his vision for the future," Mr. Casey said.

Mr. Santorum's advisers defend their advertising and say they plan more spots on Mr. Casey's donors and his ethics, as well as his rapid ascent through elective offices. "We're just starting to paint a picture for people of the Bob Casey they need to know about," said John Brabender, Mr. Santorum's media adviser.

The Casey campaign is running tough spots of its own. One recent advertisement featured a woman taking Mr. Santorum to task for suggesting, in his book "It Takes a Family," last year, that in some families both parents work because of choice, not necessity. "He doesn't understand how hard it is in order to make ends meet," says the woman, Debbie Balcik, talking directly into the camera, explaining her anger. "I'm not like a U.S. senator. I can't vote my own pay raise."

Another focuses on Mr. Santorum's voting record — or, as the announcer puts it, "a 98 percent voting record with George Bush" and "a record that hurts Pennsylvania."

The air war has only recently been fully engaged in Philadelphia, the most expensive market in the state and one that reaches 40 percent of the voting-age population. Casey campaign officials said they husbanded their money this summer, and did not try to match the Santorum campaign's spending, so that they could go toe to toe with the Republicans this fall.

"Did the race tighten over the time frame when Santorum and the Republicans were exploiting their cash-on-hand advantage? Yeah," said Jay Reiff, Mr. Casey's campaign manager. "But not now. We can match them now going down to the wire."

They recently got some help from Gov. Edward G. Rendell, the Democrat who recruited Mr. Casey to enter the Senate race. Far ahead in his own race for re-election, Mr. Rendell announced in recent days that he was raising money to help Mr. Casey keep pace.

Republicans, in the end, are hoping to make the Senate race tight enough that a superior turnout operation can make the difference. The state has been a high priority with the national party from the start, given the challenge to Mr. Santorum and the competitive races facing several Republican House members there. Republicans are keenly aware of the challenge they face in the Philadelphia suburban counties, particularly with Mr. Rendell on the ticket.

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"We have a Democratic governor running who's good at this," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, alluding to Mr. Rendell's prowess at turnout. "And we've been preparing for the past 16 months."

Many Democrats also suggest that the sheer intensity of their voters will go a long way toward matching the Republicans' structural advantage. "People are anxious to vote, and they're anxious to vote for change," Mr. Casey said. "They know a good turnout and a good vote means we can chart a different course." He added, "The intensity is like none I've ever seen in our state."

Antiwar Democrat In Connecticut Adds Planks To Platform (NYT)

By Jennifer Medina

The New York Times, September 25, 2006

At a center for the elderly in Hamden, Conn., last week, Ned Lamont spun through his regular stump speech, touching in about 10 minutes on his ambitions to legislate universal health care, cut back the federal deficit and limit the influence of lobbying in Washington.

Halfway between his victory in the Democratic primary and his rematch with Senator Joseph I. Lieberman in the general election, Mr. Lamont is trying to articulate positions on a variety of domestic issues, from education to transportation to jobs.

But in the end, Mr. Lamont, a former cable executive who has presented himself as a fiscal conservative, cannot help but return to the centerpiece of his campaign.

"I'm in this race because I think it's time we start investing in the United States of America again," he told the Hamden crowd, alluding to the war in Iraq as a symbol of "bad choices."

The friendly audience, filled with graying voters, rewarded the line with loud applause. Then, their questions came quickly and precisely:

Would he oppose privatization of Social Security? Absolutely.

Does he support gun control? Yes.

Should President Bush be impeached? No.

And does he favor term limits?

"Eighteen years seems just about the right amount of time to me," he said, generating laughter with the obvious reference to his opponent's three-term tenure in the Senate.

As Mr. Lamont, a political novice but for a few years on the Greenwich Board of Selectmen, seeks support from a broader array of voters in November, he is trying to make the case that he has the intelligence and credentials to serve in the Senate.

He is also expanding his portfolio of positions. As Mr. Lieberman continues to attack him for running a "one-issue" antiwar campaign, many voters still do not know Mr. Lamont's views on the full range of issues he would confront in the Senate if he defeats Mr. Lieberman, who is running on his own line as an independent, and the Republican candidate, Alan Schlesinger, who polls say is far behind.

Last week, Mr. Lamont spent his days presenting his health care plan at colleges and community health centers.

Earlier this month, he released an education proposal, which calls for more prekindergarten and after-school programs.

He spends much of his time talking to voters about the loss of local jobs and about transportation problems, saying more should be done to build up the railways and ports, to help address both problems.

Still, there are a handful of things Mr. Lamont seems unsure of. In an interview earlier this month, when asked whether he would roll back the president's tax cuts, he waffled about whether he would undo the whole package or just the cuts for the wealthiest Americans. (Last week, he said the tax cuts should be undone for those with income of more than $200,000.)

In style and substance, Mr. Lamont, as a newcomer to statewide campaigning and national politics, has both an asset and a liability.

Some voters are eager to chat at length when he fires a handful of questions back at them.

Others are wary of somebody who is still shaping his views and lacks government experience. Mr. Lamont is trying to counter that by focusing on his business résumé, telling anyone who will listen that his work experience will help him accomplish plenty in Washington.

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Although much of the race has centered on the war in Iraq, the Senate committee on which Mr. Lamont says he is most interested in serving is the Finance Committee.

"I've met a payroll, I know how to sit in a room and negotiate with people based on priorities — that's what you do every day in business," he said, responding to a man who asked what gave him the confidence he could work in Congress.

Pointing to a federal deficit estimated at $400 billion, Mr. Lamont is fond of saying on the campaign trail, "We talk about the death tax, but what about the birth tax?" The implication is that government deficits burden future generations.

So what would he do to help reduce the deficit? Stop spending millions of dollars each day in Iraq, he says, curb tax cuts and streamline health care programs like Medicare and Medicaid. Mr. Lamont also complains frequently about earmarks, the special appropriations designated by individual members of Congress for pet projects. He calls them wasteful and lobbyist-driven.

In a state where manufacturing employment has shrunk over the past several decades, Mr. Lamont's campaign fliers also frequently mention jobs, which he says have been driven from Connecticut to the South and overseas in recent years.

He says he would have backed the North American Fair Trade Agreement, but would have opposed its counterpart, the Central American Fair Trade Agreement, because it did not provide for enough regulation to protect the rights of workers.

Last week, Mr. Lamont also emphasized universal health care. Under his plan, all employers would be required to provide a basic level of health insurance or else pay into a federal program.

Mr. Lamont also says that the federal government should do more for "preventative care," paying for routine checkups and expanding federally financed community health centers.

Like many other Democrats in Connecticut and other states, Mr. Lamont hopes that the issue of health care will galvanize voters. It is also another way to contrast himself with Mr. Lieberman, who generally opposes the imposition of broad "mandates" on employers, saying they would sink small businesses.

Mr. Lamont says the government should take an "incremental" approach, rather than creating a single-payer system right away, and he favors allowing companies to save money by buying into large insurance pools.

"What we have now is broken," Mr. Lamont said last week after visiting a health care center in Willimantic. "People say we can't have better coverage until we have more efficient health care, but I think you can't have more efficiency until you have better coverage."

Mr. Lamont still bristles at the notion that he is a liberal, joking to reporters that he should never be portrayed as "Lefty Ned." But on many domestic issues, he is clearly to the left of Mr. Lieberman, who is widely viewed as a centrist. For example, Mr. Lamont favors legal recognition of gay marriage, although he says it should be left to individual states to decide, while Mr. Lieberman favors allowing civil unions.

Mr. Lamont, who frequently invokes his volunteer work at a public school in Bridgeport, also has tried to focus on education in recent weeks, saying he would push to increase the amount of money allocated for college grants, in part by reducing spending on the war.

As he chatted with students at the University of Connecticut in Storrs the other day, he suggested that the rate for repaying student loans should be tied to an individual's income, but he did not offer details on how to accomplish that.

Mr. Lamont has also criticized the No Child Left Behind laws, a centerpiece of Mr. Bush's education agenda. He says he initially thought the legislation, which forces schools to test students annually and provides harsh penalties for schools that do not consistently improve, was good because it provided for greater accountability. Now, he says, he believes the laws overuse testing and unfairly restrict leeway for individual teachers.

But if an opponent might denounce that as a flip-flop, Mr. Lamont portrays it as evidence of his common-sense adaptability.

"I don't know why in politics it is a high crime and misdemeanor to change your mind," he said recently, repeating a line that has popped up with more frequency in his talks lately. "In business, you look at the facts and if you have to change, you do."

Allen Struggles To Alter Message (WT)

By Christina Bellantoni

The Washington Times, September 25, 2006

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Sen. George Allen, his re-election campaign bruised from a month of gaffes and setbacks, is on the defensive and on the attack.

Conservatives are frustrated with the Virginia Republican who once seemed an optimal choice for a 2008 White House bid and say he's given free publicity to his Democratic opponent James H. Webb Jr.

"This hasn't been the campaign he expected to run, to be sure," said former Virginia Gov. James S. Gilmore III, a Republican.

Still, Mr. Gilmore thinks Mr. Allen will win re-election if he can keep the conversation focused on the successful conservative record he built as governor in the 1990s, such as abolishing parole, reforming the welfare system and creating educational standards that have received national accolades.

"Our Republican Party has got to get its message straight, and we have to go back to our conservative roots," Mr. Gilmore said.

Mr. Allen, a longtime favorite son of Virginia politics, is not used to playing defense. As the son of famed NFL coach George Allen, he played quarterback at the University of Virginia. He later ran successful political campaigns as a change agent, someone who would bring "positive ideas" to reform government and challenge the status quo.

But now, he's spent a month apologizing for calling an Indian-American man "macaca" and for his past display of the Confederate flag.

Conservative blogger Dean Barnett issued a scathing review of a recent "Meet the Press" debate between Mr. Allen and Mr. Webb.

"For conservatives wishing for Allen to retain his seat, their best hope is that Virginians were otherwise occupied this morning or that the state's NBC outlets were having technical difficulties," he wrote on the blog hughhewitt.townhall.com, calling the senator's performance "dreadful."

Mr. Barnett called Mr. Webb a "nimble and effective" debater and said he is baffled by Mr. Allen's choice to attack Mr. Webb for an article he wrote in 1979 questioning the role of women in the military.

Mr. Allen's campaign has hammered Mr. Webb, with support from female Naval Academy graduates who say the article encouraged sexual harassment. Mr. Barnett said Mr. Allen is acting like a liberal.

The senator defended his argument last week on Fox News, saying, "It's not an issue of women in combat. It's an issue of how you treat women."

Mr. Allen has repeatedly told voters that he "made a mistake" by using the word "macaca," which he says he made up. It is considered a racial slur in some European cultures.

After that incident, Mr. Allen told a group of educators from historically black colleges and universities that he regretted not learning earlier in life that the Confederate flag was a racist symbol.

Many who know Mr. Allen think the multiple apologies are odd, because he is not a man who apologizes for speaking his mind.

As governor, he said to fellow Republicans about Democrats controlling the state legislature: "Let's enjoy knocking their soft teeth down their whiny throats."

At a debate last week hosted by the Fairfax County Chamber of Commerce, Mr. Allen lashed out at a television reporter who asked whether he had Jewish heritage, saying such "aspersions" had no place in the debate.

However, Mr. Allen, who was raised a Christian, later revealed that his mother's father was Jewish and said she told him for the first time earlier this year.

"Allen has been on the defensive now for more than a month, and that's not where an incumbent who had a double-digit lead should be," said Mark J. Rozell, a political science professor at George Mason University.

When Mr. Allen started his re-election tour, he held a 20-point lead and promised voters that he would work to strengthen the U.S. border and make the federal tax cuts permanent. He now has a lead of a few points in most polls.

Grover Norquist of Americans for Tax Reform said Mr. Allen should run on the fiscal conservatism that helped him gain record popularity as governor.

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"He's got a very solid record in Virginia," Mr. Norquist said. "Allen has run as a person who won't raise your taxes, and he's voted against tax cuts in every case."

Republican activist Tucker Watkins in Southside Virginia said Mr. Allen will be OK because the Virginia voters have long memories. "He's been here over and over since he was governor, and he never forgets what he promised us," Mr. Watkins said.

Everyone's Jewish (WP)

By Charles Krauthammer

The Washington Post, September 25, 2006

Strange doings in Virginia. George Allen, former governor, one-term senator, son of a famous football coach and in the midst of a heated battle for reelection, has just been outed as a Jew. An odd turn of events, given that his having Jewish origins has nothing to do with anything in the campaign and that Allen himself was oblivious to the fact until his 83-year-old mother revealed to him last month the secret she had kept concealed for 60 years.

Apart from its political irrelevance, it seems improbable in the extreme that the cowboy-boots-wearing football scion of Southern manner and speech should turn out to be, at least by origins, a son of Israel. For Allen, as he quipped to me, it's the explanation for a lifelong affinity for Hebrew National hot dogs. For me, it is the ultimate confirmation of something I have been regaling friends with for 20 years and now, for the advancement of social science, feel compelled to publish.

Krauthammer's Law: Everyone is Jewish until proven otherwise. I've had a fairly good run with this one. First, it turns out that John Kerry -- windsurfing, French-speaking, Beacon Hill aristocrat -- had two Jewish grandparents. Then Hillary Clinton -- methodical Methodist -- unearths a Jewish stepgrandfather in time for her run as New York senator.

A less jaunty case was that of Madeleine Albright, three of whose Czech grandparents had perished in the Holocaust and who most improbably contended that she had no idea they were Jewish. To which we can add the leading French presidential contender (Nicolas Sarkozy), a former supreme allied commander of NATO (Wesley Clark) and Russia's leading anti-Semite (Vladimir Zhirinovsky). One must have a sense of humor about these things. Even Fidel Castro claims he is from a family of Marranos.

For all its tongue-in-cheek irony, Krauthammer's Law works because when I say "everyone," I don't mean everyone you know personally. Depending on the history and ethnicity of your neighborhood and social circles, there may be no one you know who is Jewish. But if "everyone" means anyone that you've heard of in public life, the law works for two reasons. Ever since the Jews were allowed out of the ghetto and into European society at the dawning of the Enlightenment, they have peopled the arts and sciences, politics, and history in astonishing disproportion to their numbers.

There are 13 million Jews in the world, one-fifth of 1 percent of the world's population. Yet 20 percent of Nobel Prize winners are Jewish, a staggering hundredfold surplus of renown and genius. This is similarly true for a myriad of other "everyones" -- the household names in music, literature, mathematics, physics, finance, industry, design, comedy, film and, as the doors opened, even politics.

But it is not just Jewish excellence at work here. There is a dark side to these past centuries of Jewish emancipation and achievement -- an unrelenting history of persecution. The result is the other more somber and poignant reason for the Jewishness of public figures being discovered late and with surprise: concealment.

Look at the Albright case. Her distinguished father was Jewish, if tenuously so, until the Nazi invasion. He fled Czechoslovakia and, shortly thereafter, converted. Over the centuries, suffering -- most especially, the Holocaust -- has proved too much for many Jews. Many survivors simply resigned their commission.

For some, the break was defiant and theological: A God who could permit the Holocaust -- ineffable be His reasons -- had so breached the Covenant that it was now forfeit. They were bound no longer to Him or His faith.

For others, the considerations were far more secular and practical. Why subject one's children to the fear and suffering, the stigmatization and marginalization, the prospect of being hunted until death that being Jewish had brought to an entire civilization in Europe?

In fact, that was precisely the reason Etty Lumbroso, Allen's mother, concealed her identity. Brought up as a Jew in French Tunisia during World War II, she saw her father, Felix, imprisoned in a concentration camp. Coming to America was her one

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great chance to leave that forever behind, for her and for her future children. She married George Allen Sr., apparently never telling her husband's family, her own children or anyone else of her Jewishness.

Such was Etty's choice. Multiply the story in its thousand variations and you have Kerry and Clinton, Albright and Allen, a world of people with a whispered past. Allen's mother tried desperately to bury it forever. In response to published rumors, she finally confessed the truth to him, adding heartbreakingly, "Now you don't love me anymore" -- and then swore him to secrecy.

Why The Democratic Wave Could Be A Washout (TIME)

By Mike Allen

Time, September 25, 2006

American voters have been in a bad mood lately. They don't think highly of the President's performance. They aren't crazy about the war. They certainly don't like the G.O.P.-led Congress--a New York Times poll last week put its approval rating at just 25%. And while disapproval of Congress as a whole isn't rare, polls are finding that more and more voters are dissatisfied with their own lawmakers--a more telling phenomenon. The Democrats hope that come Election Day, this perfect storm of discontent will stir a giant wave to sweep the G.O.P. out of the majority. In a recent presentation to top Democrats, pollster Cornell Belcher said the party has its best chance since the Reagan era to win slices of the electorate that have come to be identified with the G.O.P. base, including churchgoers, young white men and Southern men. Frank Newport, editor in chief of the Gallup Poll, sees conditions ripe for an electoral tsunami but says it depends on "whether Democrats can take advantage of it."

In the past, moments like this have produced what political scientists call "wave elections," in which voters oust even lawmakers who don't seem vulnerable and political icons lose to underfunded unknowns. In 1948 there was widespread disappointment with the Republican-held "do nothing" Congress. It turned out to be an easy target for President Truman's Democrats, who retook both chambers. Such waves can sneak up. In September 1994 a Congressional Quarterly columnist, voicing the conventional wisdom of the time, wrote that the G.O.P.'s chances of taking the House were "dim." Two months later, Newt Gingrich and company capitalized on disaffection with the Democrats that peaked on Election Day and pulverized the Dems' Capitol Hill majorities.

But November is still a way off. Republicans are more chipper than they have been in months, with falling gas prices and an uptick in President Bush's approval ratings. In a Gallup poll of likely voters last week, 48% said they would vote Democratic for Congress--and 48% said they'd vote Republican. Ken Mehlman, chairman of the Republican National Committee, says the opposition hasn't sold a vision for handling terrorism, Iraq or jobs. He also cites a drop-off in turnout for most Democratic primaries this year as one sign that the Dems aren't strong enough to mount a takeover of power on Capitol Hill. Which leaves the G.O.P. cautious but hopeful that it will be able to hang on to its majority. "The challenges aren't less, but the environment is better," says Mehlman. "If you look at the overall picture, this environment is not consistent with a surge election." In other words, the conditions aren't great, but maybe the Democrats' wave won't be quite big enough to let them surf into power.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 25, 2006

If-and let's capitalize that-IF the Democrats take back control of the House in the fall elections and put San Francisco's Nancy Pelosi in the speaker's chair, there are going to be a lot more changes than a wholesale firing of GOP aides by gleeful new committee chairmen. In fact, the stylistic changes the first woman in that job would inaugurate could be the biggest story of the November 7 midterm election should Democrats win the needed 15 seats to take charge.

First, she's a lot tougher than many think. In fact a top Republican member tells us that he wishes Dennis Hastert, the likable speaker from Illinois, was as hard on GOP crooks and goof-ups as Pelosi has been on her misfits.

Then there's the woman's touch. Gone would be the clubby feel of the current mostly male leadership. Instead, look for lots of flowers, bowls of San Francisco's Ghirardelli chocolate, and good art mixed in with photos of her grandkids. What's more, meeting-goers would be greeted with fruit and muffins for breakfast, sandwiches for lunch, and maybe a sit-down dinner at her Georgetown condo at night. "Food shows people respect," says an aide. Fashion might also return to Washington, but she

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doesn't get all the credit: Pelosi's husband buys her threads. And finally, the hours would be much longer, as the 60 Minutes crew following her around for an upcoming October feature story are finding out the hard way.

Not Just Yahoo! Getting 'Face' Time

The closest the social networking site facebook.com usually comes to politics is grainy photos of candidates' inebriated kids. Not anymore. For the same reason Yahoo! is looking to blow nearly $1 billion to buy Facebook, politicians are moving in: It's where the kids are. Facebook has just started tallying the number of users who list support for candidates. They're mostly lefties, but Maryland Republican Senate candidate Michael Steele is a fave. Some candidates work the site, like Indiana Democratic Sen. Evan Bayh, a likely 2008 presidential bidder. His bio is very Facebook: It links to another site that calls him a hot senator.

At the White House, a Full-Service Flack

He's done print, TV, and radio, so when new White House Press Secretary Tony Snow doesn't have the info he needs, the former newsman knows how to get it. Reporting, he says, "makes the job fun." And beyond liking reporters, Snow's working to make it easier for them to get answers out of the White House. But has his press coddling gone too far? At a briefing last week, he flipped over the tapes of two recorders that had clicked off. "This is part of my obligation as a press secretary. For those who regularly attend, that is a service we provide."

After 10 Years, Time for a Cookie Break

What could be better than baking Christmas cookies? How about having no job and unlimited time to devote to the batter and oven? That's exactly what Fox News Washington Bureau Chief Kim Hume has planned. The better half of the bureau's on-camera star, Brit Hume, Kim is leaving after Thanksgiving. And why? "I'm just done," she says. "Most times when this happens, people always think there's a back story," she says. "In this case, there really isn't," she says, adding: "Now's the time, and I want to finish well." The Humes, who worked together at ABC before Fox, set the bureau up in 1996 and get credit for making it a powerhouse. Brit asked her to stay but caved in. "He gets husband points galore for this," she says. Her future? "I'll do something," says Hume, 51. But first, those cookies. "My cookies are famous," she says. "I can bake my Christmas cookies at leisure. I know this sounds stupid, but you have no idea how good that sounds to me."

In Rove's Footsteps (NSWK)

By Richard Wolffe

Newsweek, September 25, 2006

In a darkened edit room in downtown Dallas, admaker Scott Howell is tinkering with his latest political firebomb. The ad starts with illegal immigrants running across the border. It then cuts to images of Osama bin Laden and Zacarias Moussaoui. Finally comes the real target of Howell's attack: Harold Ford Jr., the Democrat locked in a close race for the Senate seat in Tennessee. Over an edgy hip-hop soundtrack, the ad castigates Ford for voting against border security and the Patriot Act. "No wonder Harold Ford has been rated the most liberal congressman from Tennessee," the narrator intones. The ad ends with the word "liberal" pulsing on the screen as a shadowy figure walks down a long hallway.

If that ad sounds familiar, it's not surprising—it's a classic in the Karl Rove genre. Howell is one of a group of admakers, strategists and direct-mailers who learned the craft from the architect of George W. Bush's White House—and are now shaping some of the hottest races of 2006. Some are in Texas, making money as consultants; some are in Washington, toiling inside the administration or the party. Most of them will be in contact with Rove as Election Day draws near. None can match their mentor's talent; armed with an encyclopedic knowledge of electoral history, Rove combines a strategic vision for his party with a ruthless will to win. But as his time in the West Wing draws to a close, Rove leaves a legacy well beyond the White House—in the next generation that he's nurtured, and the campaigning style they share.

Todd Olsen is one of Rove's prized pupils. He learned the direct-mail business working at Rove's firm in Austin, Texas, then bought the company—and its invaluable mailing lists—with a partner when Rove switched full time to the Bush campaign in 1999. Today Olsen is refining Rove's microtargeting techniques for candidates across the country. Among them, two of the highest-profile African-Americans running as Republicans: Michael Steele in Maryland and Lynn Swann in Pennsylvania. (A key component of Rove's vision: bringing more African-Americans into the party.) Olsen still uses Rove's old spreadsheets, printing up a giant financial summary on Fridays to analyze how much his mailings have raised from each segment of every list.

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Terry Nelson first worked closely with Rove as political director of the Bush '04 campaign. He was struck by Rove's street-level management of the details. "Karl has a great focus on trying to figure out what works in a quantifiable way, not only in terms of message discipline but the discipline of building the organization," says Nelson. "I learned a lot more about spreadsheets under Karl than I ever knew before." Nelson is now senior adviser to Sen. John McCain's political-action committee (widely thought to be the precursor to a 2008 presidential run), managing McCain's extensive campaigning for GOP candidates this fall.

Running the Rove playbook in Washington are Ken Mehlman, chairman of the Republican National Committee, and Sara Taylor, White House political director. Together, they've implemented a strategy that has worked wonders through the last two election cycles. But facing the tides of history and a war-weary electorate, they will need all of Rove's tricks to keep the party in power. Mehlman first started working with Rove in the embryonic Bush campaign in 1999 and later managed Bush's re-election in 2004. "We've learned a lot from each other—from what we've done right and what we've done wrong," he says. "One is that there's no place in America we can't go and unfold our Republican banner. Another is the importance of a strong grass-roots effort—the Amway-like model."

Some of Rove's heirs have become lightning rods, just like their mentor. Scott Howell, who is running ad campaigns in such hot spots as Missouri, Michigan, Minnesota and Virginia this fall, has drawn Democratic fire for his Rovean tactics. Last week the Webb campaign in Virginia named Howell as one of the "nastiest, most renowned negative campaigners in the business." Howell got his start at the RNC, where he worked with Rove under legendary attack artist Lee Atwater; he later joined Rove's direct-mail business in Austin. (The criticism isn't confined to Democrats. Some GOP operatives say Howell is simply riding Rove's coattails, and question the quality of his work for the Bush campaign in 2004. Howell suggests the sniping is the result of his success.)

But it's not all bare-knuckled offense; Howell leavens his attack ads with soft-focus spots featuring his candidates' families. One ad for Mike Bouchard, running for the Senate in Michigan, features the candidate wedged between his teenage daughter and her date. "Isn't this fun?" the candidate deadpans to the hapless boyfriend.

Rove will be watching his protégés closely, as he struggles to retain the GOP's control of Congress. One of his biggest concerns is that some congressional campaigns aren't recruiting as many volunteers as they did last time around. "You have to constantly replenish people. In some instances it has been done very successfully by some candidates," he told NEWSWEEK. "In other instances, it's not been done so well."

Anybody who has worked for Rove knows what that means—he'll be on their backs from now until November. In the early days in Austin, his employees used to stage mock "mutinies," walking out of his office to drink Margaritas whenever the boss drove them too hard. In one of the most important elections of their careers, Rove's heirs won't be walking out. But after Karl is done with them, they might need a drink.

Liberal 527s Find Shortfall (RC)

By Paul Kane

Roll Call, September 25, 2006

After pouring hundreds of millions of dollars into Democratic-leaning 527s in the 2004 cycle, wealthy liberal donors have provided only a small fraction of that amount to similar groups focused on the tug of war over the House and Senate in the 2006 cycle.

The massive drop-off in resources has left Democratic strategists fearful that their candidates will be overwhelmed financially by Republicans in the closing six weeks of the campaign season.

Only in recent weeks have billionaires such as George Soros and philanthropist Linda Pritzker cut checks to organizations expected to launch attacks on GOP House and Senate candidates in the runup to the Nov. 7 elections. And those donations — $120,000 from Soros, $100,000 from Pritzker, both to the liberal group Majority Action, which is targeting House GOP candidates — pale in comparison to the eight-figure sums that those wealthy liberals committed to 527s two years ago.

Soros alone gave at least $27 million to 527s in the 2004 campaign, making him a huge part of a well-organized effort led by former Clinton White House deputy chief of staff Harold Ickes. According to most recent filings, Soros has given just $2.3 million this cycle to 527s, and most of that money went to groups that are not active in House and Senate races.

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All told, the five largest liberal individual 527 donors in the 2004 campaign fueled that groundbreaking effort with more than $86 million, according to PoliticalMoneyLine.com's database of donors. So far in the 2006 cycle, the five most generous liberals have given less than $9 million to 527s.

The depletion of 527 group resources for liberals represents a significant loss in a financial arena where they had gained clear supremacy over their conservative counterparts just two years ago. This has prompted concern among some Democratic operatives and liberal strategists who fear they have lost the ability to play offense in some of the marginal races that would provide the party the 15 seats they need to reclaim the House and six they need to take over the Senate.

"Are we going to be able to raise enough money to keep the sixth Senate seat in play?" asked Michael Gehrke, head of a pair of Democratic 527s, one of which was intended to be a media vessel in Senate races but has ran aground for lack of funding.

With no single major 527 group establishing itself as the lead player in this cycle, Ickes recently launched September Fund, with the theme being that the group has to raise its goal of $25 million this month, in time to be effective in any key races. Gehrke and many Democratic strategists, most of whom wouldn't speak on the record, however, are worried that a late infusion of attack ads will get lost in the cacophony of spots that already have been reserved by candidates and national party committees.

"It's quite possible that by that time, George Allen will have swamped Jim Webb, and Harold Ford Jr. will have crashed and burned," Gehrke said, pointing to Sen. Allen's (R) Virginia race and Rep. Ford's (D) effort to claim the seat of retiring Majority Leader Bill Frist (R-Tenn.).

But there is a divide among party activists about the best way to spend resources, and the liberal mega-donors largely have decided to pour their cash into a series of nonprofits, think tanks and media groups under the umbrella organization Democracy Alliance. Rather than dumping hundreds of millions of dollars into transitory 527 groups, Soros, Pritzker and about 100 other rich liberals have steered the lion's share of their money into organizations that they hope will build a permanent left-wing network of activists.

Without this network — which the Democracy Alliance hopes will be a counter-weight to the conservative web of think tanks — the liberal mega-donors believe the Democrats at best will gain a temporary Congressional majority.

"I hope, and it is certainly critically important, that major center-left donors provide as much money as possible this cycle to assure the success of center-left candidates in every competitive race throughout the country," said Rob Stein, founder of Democracy Alliance. "But we must understand that as necessary as episodic massive infusions are in the short-term, they are not sufficient to build the sustainable infrastructure necessary to be competitive in the long term."

The lack of a full-force 527 liberal front, to date, runs contrary to Republican expectations. National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) often has a chart showing liberal 527 donations from the 2004 campaign stuffed inside his coat pocket to demonstrate to colleagues and reporters their potency.

Democratic operatives knew going into the midterm campaigns that they wouldn't have the same level of resources they enjoyed in 2004, with energy and excitement of a presidential campaign absent from the battleground. In particular, a change in FEC regulations curtailed a huge chunk of 527 money because, after the 2004 elections, the commission issued a ruling that said all get-out-the-vote efforts in Congressional races had to be financed with at least 50 percent federal donations, those contributions that are limited to $5,000 per year to political action committees.

In 2004, the umbrella group America Coming Together raised nearly $200 million — virtually all of it from massive nonfederal donations from the likes of Soros — and almost evenly split that money into a GOTV program in key states for Sen. John Kerry's (D-Mass.) presidential race and to the Media Fund, an advertising committee orchestrated by Ickes.

This election season any 527-financed GOTV effort will not be allowed to directly advocate on behalf of House and Senate candidates, in practical terms making such efforts almost useless in federal races. America Votes, a 527 group that was formed in the 2004 season, continues to operate and has raised at least $5 million but its political ground game, along with Progressive Majority, cannot focus on Congressional races.

With ACT and the Media Fund folding in early 2005, some Democratic strategists still believed they could create a few 527s that would serve as shadow party committees, some focusing on media and grass-roots work in Senate races and others focused on House races. To be successful, these groups had to have significant financing from wealthy individuals because

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within 60 days of a federal election 527 groups can only use money from individuals — not labor unions or corporations — in ads attacking candidates by name.

Theories differ as to whether the 527s this year have failed so far because the organizations themselves were flawed, prompting potential donors to flee, or if the wealthy individuals caused the 527s to fail by not giving.

Gehrke, who already is the head of Senate Majority Project, a 527 group aimed at attacking GOP Senators who are not in cycle, founded the Fresh Start for America Project last winter with the hopes of raising millions of dollars to target key Senate races this fall. By June 30, according to filings with the Internal Revenue Service, Fresh Start had not raised a single dollar.

He said he still holds out hope of rounding up large donations to allow the group to play in some Senate races, but acknowledged that the group's financial standing "was still in the same mode."

On the House side, Democratic operatives formed Majority Action, a 527 group that boasted luminaries such as former Democratic National Committee Chairman Donald Fowler and former Reps. Martin Frost (Texas) and Tony Coelho (Calif.).

From July 2005 to June 2006, Majority Action raised just $315,000, almost all coming from labor unions, according to IRS records.

In recent weeks, Majority Action collected its first checks from the wealthy individuals who were so critical to 527s in 2004, with Soros, Pritzker, Loral Corp. CEO Bernard Schwartz and two others giving $420,000, according to the group's filings with the Federal Election Commission.

Those FEC filings show that Majority Action is going on the air in three House districts, against GOP Reps. Deborah Pryce (Ohio), Dave Reichert (Wash.) and Jim Walsh (N.Y.). The largest expenditure is $115,000 against Walsh, a race that is on the outer rim of competitive seats for Democrats but one that could tip their way if there is a huge anti-GOP wave on Election Day.

Bill Buck, spokesman for Majority Action, said the group's goal is to be active in six to 10 House races, with a critical component of its strategy finding districts with cheap advertising rates that aren't already flooded with ads from the candidates and party committees. "Our goal is to both maximize and optimize money," he said.

One strategist blames the large donors for not financing the 527 efforts this cycle at the same time they sought to build their long-term network of nonprofits, arguing it's not a "zero-sum game" and that both causes could have been supported.

Others say these mega-donors are putting their money into activities that have better business models and promise a longer term success for liberals. "There are other strategies and other

models emerging for the future," one operative said.

Some activists are hopeful that Ickes' new September Fund will fill the void, and sources indicate that some members of the Democracy Alliance are giving to the group.

Still, the September Fund may have a difficult time getting quality ad time in key media markets such as Philadelphia, Columbus, Ohio, and Louisville, Ky., where no fewer than eight House races and two Senate races are being contested.

With 43 days until the election, some operatives worry that the effort will be too little, too late if the September Fund ads hit the airwaves next month.

"It's not going help if Jim Webb is 10 points down," Gehrke said.

Blasé Guardians At The Money Trough (NYT)

The New York Times, September 25, 2006

Major party bagmen are once again turning to the campaign finance loophole that sullied the 2004 election with the "Swift boat" attacks on Senator John Kerry and the Democrats' unlimited check-writing salvos against President Bush. Small wonder. The Federal Election Commission — the voters' supposed watchdog — continues to shirk its responsibility to rein in shadow party operatives who evade the law by raising unregulated amounts for negative war chests.

Ever since Congress voted to close the "soft money" loophole on campaign donation limits, parties have gotten around the restrictions with what are known as "527's" in honor of a section of the tax code. Organizers pretend that they run independent advocacy campaigns, which are exempt from donation limits. In reality, they do the bidding of party wheel horses in floating attack ads and underwriting voter turnout drives.

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In the current hard-fought battle for control of Congress, Bob Perry, the Republican stalwart who helped bankroll the Swift boat attacks, has already raised $5 million for a fresh assault on Democratic candidates. George Soros, the outsized donor who pumped more than $20 million into the 527 effort against President Bush, is again being solicited to open his checkbook and close the financing advantage that Republicans hold for the election.

Meanwhile, the election commission maintains its rope-a-dope version of vigilance. Complaints from 2004 about soft money abuses are still being studied "case by case" by the F.E.C. Such studiousness has been pronounced a "total failure" by a federal judge who is prodding the commission to write a firm regulation controlling the 527 evasions or explain why not.

In ducking the issue, regulators are allowing soft money to ooze into the November elections. They seem determined to keep looking the other way through the next presidential campaign.

'Battleground' Gets Late Push (RC)

By Susan Davis

Roll Call, September 25, 2006

Hoping to maximize their campaign cash reserves before Congress adjourns at the end of the week, House Republican leaders will hold a final fundraising push on Wednesday at the Capitol Hill Club.

While the 2006 Battleground program is on target to surpass the $17.5 million goal set by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), leaders are expected to increase pressure on the handful of Members who have yet to fulfill their money commitments through individual meetings, also to be held Wednesday, with Reynolds, Speaker Dennis Hastert (Ill.), and Chief Deputy Majority Whip Eric Cantor (Va.), who is chairing the program this year.

As of late last week, there were approximately two dozen Members who had not yet contributed to the Battleground program, which assists the GOP's most vulnerable incumbents. So far, the program has netted more than $14 million. In the 2004 cycle, the program raised $21 million for vulnerable Republicans, and Cantor is seeking to push that figure to $22 million, surpassing his target by nearly $5 million.

Two senior Members who have yet to meet their contribution targets are Appropriations Chairman Jerry Lewis (Calif.) and retiring Ways and Means Chairman Bill Thomas (Calif.), according to multiple House sources. Chairmen are expected to contribute a minimum of $250,000 to the fundraising program.

According to the most recent Federal Election Commission filings, Thomas had only $70,000 in cash on hand remaining in his campaign account at the end of June, while Lewis is sitting on nearly $1.5 million in cash. Both Members also have leadership political action committees, with Lewis' PAC reporting $289,000 as of Aug. 31, and Thomas' PAC reporting $583,000 as of June 30.

While some Members withhold their checks until Oct. 1 so third-quarter FEC disclosure reports will not reflect the dip in funds, that allowance usually is granted to Members with strong Democratic challengers, something that does not apply to Members such as Thomas and Lewis.

In a statement provided to Roll Call on Friday, Lewis said only, "I will be participating in our Battleground effort." His office declined to provide a dollar figure on what Lewis will contribute.

Lewis was one of the top donors to the 2004 Battleground program when he was in the thick of a three-way race for the Appropriations chairmanship. He contributed $600,000 to the program in July 2004. Lewis has made many individual contributions to GOP incumbents and candidates in the 2006 cycle — his leadership PAC alone has contributed more than $275,000, according to PoliticalMoneyLine.com.

However, he has had to spend substantial money from his campaign account on legal retainers, as the Justice Department is investigating the ties between a lobbying firm and Lewis' office. For instance, in his recent FEC filing, he disclosed a $200,000 retainer fee to the Gibson Dunn & Crutcher law firm.

But where Lewis has made a pledge to contribute to Battleground, Thomas has made no similar commitment.

"The only thing to say is he hasn't contributed yet," said James Min, a spokesman for Thomas. "He is looking into it." Min said the chairman is in the "planning stage" of hosting a fundraiser for Battleground, but could not offer details on the event. Min

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also noted that Thomas has made contributions to the NRCC this election cycle and has maxed out in contributions from his leadership PAC.

It is not unprecedented for retiring Members to withhold on the Battleground program, but it does not generate any goodwill among their colleagues. In the 2004 cycle, retiring Rep. Jack Quinn (R-N.Y.) opted to use his sizable coffers to start a new leadership PAC before heading to K Street instead of transferring funds to the NRCC.

Thomas has not yet indicated what he intends to do with his remaining funds, or how much he will contribute to Battleground. In 2004, Thomas also was a late holdout before contributing to the program.

House Democrats also are making a final fundraising push this week with the Democratic Congressional Campaign Committee organizing a two day call-a-thon on Tuesday and Thursday, dubbed "Calling for a New Majority," at headquarters for Members to solicit contributions from a targeted list of donors.

House Democratic leaders sent a letter to the Democratic Caucus Friday requesting that every Caucus member participate in the effort.

"DCCC staff will contact you directly to schedule your time. Talking points and updated political background on our races will be provided," the letter states. "In addition, the DCCC will supply each Member a portfolio of calls unique and targeted for them. However, Members are encouraged to also bring a list of personal contacts that you are willing to reach out to."

Democrats are hoping to pad their coffers to fund their advertising and get-out-the-vote efforts. Similarly, House Minority Leader Nancy Pelosi (Calif.) and DCCC Chairman Rahm Emanuel (Ill.) also will meet with individual Members to squeeze additional money from the estimated $120 million combined total in House Democrats' campaign accounts.

"It's time to put up or shut up," said one Democratic aide involved in the fundraising effort.

In Kentucky's 4th, Democrats Are Banking On A Familiar Face (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 25, 2006

RICHWOOD, Ky. -- In a colonial mansion on a hill, a silver-haired Southern gentlemen named Ken Lucas is looking to rise to power. Again.

Two years after leaving Congress -- at the time, he was certain it was for good -- Lucas is back, asking some of Boone County's richest doctors, lawyers and businessmen to help finance a political resurrection. "If I am lucky enough to go back -- and with the grace of God, we might get there -- we will do the right thing," he promised a gathering of local elites at the home of millionaire philanthropist R.C. Durr and his wife, Deborah Jo Durr, on Saturday night.

Lucas, 73, is a courtly and conservative Southern Democrat seeking to oust Rep. Geoff Davis (R) in Kentucky's 4th Congressional District. Lucas, who held this seat from 1998 until his retirement in 2004, is also one of nine Democrats in key House races making another run at a Republican they challenged at least once before.

They are the do-it-again Democrats, a key to their party's strategy of winning back the House.

The Ohio River Valley is full of them. Across the river in Ohio, Democrat John Cranley is running in the 1st District against GOP Rep. Steve Chabot, who beat him six years ago. In neighboring Indiana's 9th District, former Democratic congressman Baron Hill is challenging Rep. Mike Sodrel, who beat him by about 1,400 votes in 2004. (That race was itself a rematch: Hill had defeated Sodrel in 2002.) Also in Indiana, Joe Donnelly is seeking a do-over in the 2nd District against GOP Rep. Chris Chocola, who defeated him in 2004.

These Democrats are banking on their experience and name recognition -- some voters mistakenly think they won last time -- to reverse their fortunes. But recent history is against them. Since 1996, only three of the 33 challengers have won rematches.

Here in the booming suburbs of Cincinnati, Lucas, who grew up on a tobacco farm in Grant County, is running like he never left Congress. "Return Ken Lucas to Congress" billboards are ubiquitous. The not-so-subtle purpose is to present Lucas as an incumbent who deserves another term.

Sitting in the living room of the mansion, as Democratic donors swirled around him, Lucas said many voters believe he ran and won in 2004. "It is the same old drill," he said. "I know what to do and how to do it."

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His connections have helped him quickly raise more than $1 million and jump out to an early lead in public polls.

Davis is no stranger to rerun candidacies. After taking 48 percent against Lucas in 2002, Davis announced his plans for a rematch on election night. Davis, a former Army Ranger, said his military buddies joked: "You didn't lose -- you just got recycled."

He never got the chance to test himself against Lucas, as the Democrat decided against seeking a fourth term. "Walking away from a fight is called losing," Davis taunted.

With the incumbent gone, Davis easily beat Nick Clooney, father of actor and sometime-activist George Clooney, and seemed ready to hold this district for the foreseeable future.

Then along came Lucas -- again. Unlike any other challenger Davis could have drawn, Lucas is well known and harder to paint as an out-of-touch liberal, which is the chief reason party officials aggressively recruited him late last year.

At the annual pig roast for Boone County Sheriff Mike Helmig, Davis said Lucas lacks one big ingredient: the power of real incumbency. Over the past two years, Davis said he has focused on building a "world-class" constituent services operation that includes five field representatives catering to voters' needs. Responsiveness keeps residents happy, and happy residents reelect incumbents.

It also loosens party allegiance among local officials, who tend to be driven more by results than raw partisanship. Witness Davis's new television commercial touting the endorsement of Covington Mayor Butch Callery, a Democrat who calls the incumbent a "great guy to have in Congress." Incumbency has other residual benefits, most notably money. In 2002, Davis raised $870,000; he has already collected more than $2.5 million for this contest.

The district has changed in Lucas's short absence. The Cincinnati suburbs across the Ohio River are the fastest-growing part of the state, as new developments balloon with residents benefiting from an economic resurgence. Boone County has added 11 to 13 residents every day over the past three years, Helmig says -- many of whom have presumably never heard of Ken Lucas.

The growth has helped transform a Democratic stronghold into Bush Country. President Bush won the district with 63 percent of the vote in 2004. Jim Creevy, who manages Lucas's campaign, said, "Bush is popular, very popular."

It would be foolish for Lucas to run against Bush, as many other Democrats and even some Republicans are doing this election cycle. "That issue just doesn't play here," Creevy said. "In this district, everyone is pro-life and pro-gun."

With similar views on many issues, Lucas campaigns as a voice of independence, a wealthy, grandfatherly figure who is not in it for the power or the prestige. Noting Davis's record of backing GOP leaders 96 percent of the time, he said, "You can send a robot to vote the party line."

His pitch is for more of an attitudinal change than a substantive one. He promises to ask tougher questions about Iraq, though he does not demand a quick withdrawal. He promises to support socially conservative views, even when this means voting against the rest of his party.

But his greatest asset in 2004, Lucas said, is familiarity: "These voters know me."

Political researcher Zachary A. Goldfarb contributed to this report.

Tight Race In Georgia Highlights Dems' Battle (USAT)

By Andrea Stone

USA Today, September 25, 2006

WAYNESBORO, Ga. — Elizabeth Billips is a Democrat who sticks with her party for president and voted two years ago to send John Barrow to Congress.

But Billips, 36, said she'll vote on Nov. 7 for the man Barrow ousted from the House of Representatives in 2004: Republican Max Burns. Chatting as she sold T-shirts proclaiming this the “Bird Dog Capital of the World,” Billips said she likes Burns' tough stance on illegal immigration and said he's “personable and very available.”

Then, as if on cue, Burns ambled up to say hello. “See,” Billips said, “he shows up.”

Barrow, 50, also showed up at the recent Burke County Farm Festival. He dashed along the festival's parade route just behind his rival, who waved from atop a huge “Farmers for Burns” tractor.

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As the two men bird-dog each other across southeast Georgia's onion and cotton fields, Democrats nationwide are in the hunt for 15 seats to gain control of the House. Most of the focus has been on vulnerable GOP incumbents battered by President Bush's unpopularity, the Iraq war and voters in the mood for change.

At the same time, Democrats also must protect their own. Of three dozen seats the National Republican Congressional Committee considers competitive, eight are held by Democrats. "We're on the offense in pursuing those seats," said Rep. Thomas Reynolds of New York, the House GOP campaign chairman.

Democrats are pushing more money toward their "front line" candidates, including Barrow. "We feel very good about where our incumbents are," Democratic Congressional Campaign Committee spokeswoman Sarah Feinberg said.

The defensive line for Democrats cuts through Georgia, where two of the party's incumbents are in tough races. Barrow and fellow Georgia Democrat Jim Marshall, who faces ex-congressman Mac Collins in a neighboring district, are conservative "Blue Dog" Democrats in a region of Republican red.

"There are not a whole lot of opportunities for Republicans to have a take-back," University of Georgia political scientist Charles Bullock said. "This is not a slam-dunk, (but) at least there's a shot" here.

Barrow isn't worried about his race being tied up in the fight for majority control in the House. He agrees with Reynolds, whose mantra this year is, "All politics is local."

"I don't know how much national politics translates into changes down here," Barrow said. "It's a choice between me and Max Burns, and no amount of tidal wave is going to deflect people from that."

Burns was elected in 2002 in a district designed to elect a Democrat. His opponent, Charles "Champ" Walker, was beset by ethics problems, and Burns won with 55% of the vote. Barrow, a former Athens-Clarke County commissioner, unseated Burns, 52%-48%, in 2004.

In March 2005, Georgia's GOP-controlled Legislature redrew district lines. More conservative rural counties were in. Athens, a liberal enclave home to the University of Georgia and seven generations of Barrows, was out. Barrow moved to Savannah.

The new district, which voted for Democratic presidential candidate John Kerry, still leans Democratic but is more evenly divided. Michael Digby, a political scientist at Georgia College & State University in Milledgeville, said Barrow has strong support from blacks, who make up 42% of the district, and in Savannah and Augusta. Burns, 57, who grew up on a farm and banters in a laid-back style, is popular among rural and suburban whites.

Chris Grant, a political scientist at Mercer University in Macon, said the race will be decided in rural towns such as Waynesboro and Vidalia, the sweet-onion capital, where Burns campaigned last week. Voters here are deeply religious and tend to vote Republican, though their loyalties to Georgia or Georgia Tech football may run deeper.

Many are concerned about a flood of illegal immigrant farmworkers who have taxed local schools and hospitals. Others are frustrated by Bush administration farm policies and a "general perception that we're not getting ahead," Grant said.

Burns said Barrow is "pretending" to be a conservative and would cast his first vote next year to make House Democratic leader Nancy Pelosi, whom he derides as a "San Francisco liberal," the House speaker. Burns rejected Democratic claims that he'd be a "rubber stamp" for Bush, who helped raise $375,000 for his campaign. "I agree with a lot of what he has done," Burns said about the president.

So does Barrow. In one ad, the congressman echoes GOP rhetoric, saying he "fought to get rid of the death tax" and refused to "cut and run" from Iraq.

"I'm ready, willing and able to cross the line and vote against my party leadership whenever I think the other side is right," he said.

That's good enough for Glen Watkins, 80, of Kite. A "conservative at heart," Watkins voted for Burns in 2004 but likes Barrow's ads. "I vote for the man, not the party," Watkins said.

Others are more skeptical. "Barrow is just too liberal for me," said Robert Nadekow, 44, a Vidalia computer technician who voted for Burns in 2004. "I just don't know if he's being honest about what he's saying or he's saying what will get him elected."

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Kevin Clark also doesn't trust Barrow, but for different reasons. The Savannah gay rights activist said the congressman wasn't invited to the recent Pride Festival because he supported amendments to the Georgia and U.S. constitutions to ban same-sex marriage. He said many in the city's growing gay community "are alienated by both candidates" and may sit out the election.

Grant said Barrow must persuade gays, blacks and other core Democrats to turn out on Election Day. One lure: the prospect for Democrats to take over the House.

That's what Ed Hill, 66, a retired corporate executive who lives in Savannah, said motivates him. Even though the Democrat said Barrow's ads "play damn near the GOP line," he still plans to vote for him. "There's not anything that I agree with him on," said Hill, but "it's important not to have all three branches of the government controlled by the Republicans."

Contender May Become First Muslim In US Congress (CSM)

By Amanda Paulson

The Christian Science Monitor, September 25, 2006

MINNEAPOLIS

When Keith Ellison arrives at the Karmel Square, one of Minneapolis's Somali malls, a rock star might as well be walking by the bustling stalls of bright fabrics, jewelry, phone cards, and videos.

People laugh and cheer as they hug Mr. Ellison and pat him on the back. Some speak quickly in Somali as an interpreter translates, and others offer congratulations in fluent English.

"Asalamu aleikum, brothers," Ellison says with a smile. "Thanks for voting."

He is not Somali, or even an immigrant, but for these voters, Ellison is one of their own. After his victory in this month's Democratic primary in the Fifth District, he's likely to become the first Muslim elected to Congress. He would also be the first black congressman to come from Minnesota.

The distinctions are ones Ellison tries to downplay, always directing conversation back to the issues, but national media and many Minnesotans want to talk of little else.

"You think of the stereotype of Minnesota - Garrison Keillor and white Norwegian farmers. The first Muslim congressman coming from Minnesota? It says a lot about the changing face of the United States and Minnesota," says Larry Jacobs, director of the University of Minnesota's Center for the Study of Politics and Governance. "I think it's one of the most interesting races in the country." A contentious race

It's also been one of the most contentious, with scathing allegations against Ellison coming from conservative bloggers and, most recently, his Republican opponent.

Much of the controversy focuses on his past associations with the Nation of Islam and its leader Louis Farrakhan, considered by many to be racist and antisemitic. He raised money for the Million Man March in 1995 and wrote some articles praising Mr. Farrakhan when he was a student. Ellison says he was never actually a member of the Nation of Islam, and that he became disenchanted with Farrakhan when he realized what he stood for.

Ellison has also been questioned over revelations that his driver's license was twice suspended, most recently this spring, over unpaid parking and speeding tickets, and that he's filed taxes and campaign-finance disclosures late.

"There's a pattern of behavior here that should really make us question the character and integrity of this person," says Alan Fine, his Republican opponent and a professor at the University of Minnesota's Carlson School of Management. "This has never been about race or religion - it has to do with people who choose to be part of a hate group, and associate with people who promote hatred toward others.... I'd like to know when he realized Louis Farrakhan was a racist." Is victory ahead?

Since none of the allegations are new - they were all out there during the primary as well - they're unlikely to derail a campaign that seems headed to victory. But some observers say the state GOP hopes to highlight the controversy in order to make gains in other elections.

"There's a broader statewide Republican strategy here, attempting to brand Democrats as the party of Keith Ellison in order to make Republicans statewide seem more appealing," says Steven Schier, a political science professor at Carleton College in Northfield, Minn. "They're trying to suggest guilt by association for all major Democratic candidates."

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Ellison, who grew up a Catholic in Detroit and moved to Minnesota to go to law school, brushes off such criticisms as fearmongering by some conservatives - an effort to derail a progressive campaign and divide voters.

He's at ease and eloquent mingling with a wide variety of voters, and these days, his talk is primarily about inclusiveness and the need to listen. In his campaign, he eschewed tactics like TV advertising in favor of grass-roots efforts to get out the vote and reach out to a variety of constituencies.

After all, despite Minneapolis's demographic changes, blacks comprise less than 15 percent of his district, which includes both the city and several well-off suburbs.

Ellison was extremely successful in his efforts to increase turnout among minorities and immigrants who rarely vote in primaries - the number of primary voters from the heavily minority district he represents as a state legislator more than tripled from two years ago - but he also reached out to environmentalists, union members, gays and lesbians, antiwar folks, Jewish voters, and Minnesota's active progressive community, many of whom see him as a politician after the model of their hero, the late Sen. Paul Wellstone (D).

"Put all these communities together, and we end up with a quilt that can cover us all," Ellison tells smiling supporters at Clean Water Action, an environmental justice group that endorsed him. "Just keep on inviting more people into vote, and we're going to rock this thing."

As he walks out of their office, he pauses by a photo of Mr. Wellstone. "That's the man," he says. "I just really admire him." Factors that are helping Ellison

Ellison's critics point out that he won the primary with just 29,000 votes, in a district with 300,000 voters. But his 41 percent primary victory in a crowded field was still notable.

His campaign was helped significantly when he won the endorsement of Minnesota's powerful Democratic Farmer Labor (DFL) party - the local Democratic Party equivalent - and of most unions. He's a progressive candidate - advocating universal single-payer healthcare, immediate withdrawal of troops from Iraq, and environmental justice - in a district that's among the most progressive in the country.

He might also have been helped, to an extent, by the fact that politics in mostly white Minnesota aren't as racially charged as in many cities, experts say.

"The other [primary] candidates didn't zero in on race or religion. What stood out was how little they talked about it," says Professor Jacobs. "The Democratic characteristics and the less well developed political identities of these racial and religious groups made it possible for Ellison in this district and this election to emerge."

While liberal voters emphasize that it's his issues that primarily won them over, some also love the idea of being the first district to send a Muslim to Congress.

"I'll be honest - to have my little Lutheran community sending him makes me proud," says Bob Hulteen, the organizing director for Take Action, a coalition of progressive groups, as Ellison stops in to thank cheering members and chat with them about their experiences getting out the vote in the primaries. Muslims energized by campaign

Muslims, both in Minneapolis and around the country, are quick to cheer his success as well.

"It sends two very positive messages," says Corey Saylor, national legislative director for the Council on American-Islamic Relations, an advocacy group in Washington. "It sends a message about the American people, that five years after 9/11 they're comfortable sending an American to Congress, on issues not based on faith. And for the American Muslim community, it says our community has grown in political inclusion to the point where we can get someone elected to higher office."

Ellison, meanwhile, understands that excitement, but is a bit tired of it.

"All that 'first' stuff isn't why I got in the race, and it doesn't keep me in the race," he says, taking an hour out of a busy day to cheer for his son Elijah at a football game.

"My goals are to have excellent constituent services, and to leverage the energy, talent, and intelligence of the district. I want to see the minimum wage increased and Medicare Part B reformed.... If my religion can prove to people that Muslims can make a contribution - to me, that's a side benefit."

Swift Boat Veterans 2.0 (TIME)

DOJ_NMG_0068729

By Karen Tumulty

Time, September 25, 2006

In 2004 a small ad campaign by anÂ obscure organization called Swift Boat Veterans for Truth smeared John Kerry's Vietnam War record and dealt his campaign a blow from which it never fully recovered. The episode demonstrated the new power of independent political organizations, known as 527s or 501(c)s for the sections of the tax code under which they operate. These groups function outside the campaign-finance laws. Among other things, most can collect unlimited contributions.

Given the stakes and the expected closeness of this fall's election, it is no surprise that a new generation of them has mobilized in recent months. At least three groups--two that tilt Democratic and one Republican--are already generating controversy. Another, the September Fund, led by Hillary Clinton strategist Harold Ickes, is just getting under way. With the Democratic Party far behind Republicans in fund raising, this group of operatives hopes to reduce the G.O.P.'s advantage by raising $20 million to pour into advertising and other support for congressional campaigns and ballot initiatives.

The final weeks of a campaign are generally when advertising and rhetoric turn nasty. This year is likely to be no different.

VoteVets

â€¢WHO'S BEHIND IT Run by Jon Soltz, who served in Iraq in 2003, the group counts among its directors former NATO Commander Wesley Clark and ex-Senator Bob Kerrey, who won the Congressional Medal of Honor in Vietnam, both Democrats.

â€¢WHAT IT SAYS IT DOES Aims to help elect Iraq and Afghanistan veterans to Congress and hold current members of Congress accountable for "votes and positions that harm America and its troops and veterans."

â€¢WHAT IT HAS ACTUALLY DONE Has run graphic and misleading television ads against Republican Senators George Allen and Rick Santorum, suggesting their votes against a Democratic funding measure deprived U.S. troops of modern body armor. In fact, the Government Accountability Office found that a lack of money didn't cause the armor shortfall in 2003. Rather, the military's suppliers could not keep up with the sudden surge in demand for the armor.

Majority Action

â€¢WHO'S BEHIND IT Two former Democratic National Committee chairmen, Joe Andrew and Don Fowler, lead a group of party operatives, including former Democratic Congressional Campaign Committee chairman Tony Coelho, who also chaired Al Gore's 2000 presidential campaign.

â€¢WHAT IT SAYS IT DOES Plans to "educate the American public about the disastrous record of the current Republican Congress."

â€¢WHAT IT HAS ACTUALLY DONE Has run radio and television ads attacking vulnerable G.O.P. incumbents, apparently exaggerating at least some of its claims against them. The independent watchdog group Factcheck.org a project of the University of Pennsylvania's Annenberg Public Policy Center, chided Majority Action for digging back to three trips that Ohio Congresswoman Deborah Pryce took six years ago to support its claim that she "just seems to be on vacation."

Economic Freedom Fund

â€¢WHO'S BEHIND IT The same person who brought you Swift Boat Veterans for Truth. Texas homebuilder Bob Perry, who has close ties to the Bush White House, has given the new California organization $5 million, which exceeds the $4.5 million he provided as the largest contributor to the Swift Boat Veterans.

â€¢WHAT IT SAYS IT DOES Seeks to "educate the public concerning issues related to the preservation of economic freedom, the promotion of economic growth and prosperity."

â€¢WHAT IT HAS ACTUALLY DONE Indiana attorney general Steve Carter filed a lawsuit against the group last week after receiving complaints that it was "push polling" against Democratic congressional candidate Baron Hill. Automated calls placed by the group claimed to be conducting a poll, then attacked Hill's voting record. The tactic usually goes below the radar. In this case, the Indiana AG claims it violates the state's telemarketing law.

10 Questions For Elizabeth Edwards (TIME)

By Andrea Sachs

Time, September 25, 2006

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In the final days of the 2004 campaign, Elizabeth Edwards, wife of Democratic vice-presidential candidate John Edwards, learned that she had breast cancer. In her inspiring new memoir Saving Graces (Broadway), Edwards reflects, with her trademark frankness, on her battle with the disease as well as the death 10 years earlier of their son Wade in a freak auto accident. Edwards spoke with TIME's Andrea Sachs about her health, her family's wealth and the possibility of John Edwards in '08.

Why did you delay treatment until after the election?

Coming out and saying "I have breast cancer" would have been met with a lot of skepticism about our trying to manipulate the electorate. I had assurances that this delay was not going to adversely affect my health.

How's your health now?

It is as good as any 57-year-old mother with two young children could possibly be. I'm a little tired, but I'm apparently cancer free, and that's the big thing.

Some people say that if your husband had been at the top of the ticket in 2004, he could have beaten George W. Bush.

It would be hard for me to say that I didn't think that was true. John was exactly the counterpoint we needed because the President had portrayed himself as somebody in touch with the guy on the corner. What you needed to show the falsity of that was to have somebody who really was in touch with the guy on the corner, who really understood the lives of people who work in factories, people who struggle, people who live middle-class lives built around their children, Saturday or Sunday soccer, and Friday-night football.

Was John Kerry's privileged background a problem?

I'd be telling you things that weren't true if I said that he didn't have an impediment. He did. He was certainly able to be painted as someone who didn't understand what people did with their free time or what their concerns were when they sat around the table. But I don't think that if you looked at his policies you would have found that to be a fair conclusion.

You write about the Kerrys' plush lifestyle. How would you describe yours?

It's a different kind of luxury, I think. I know the people whose artwork is on my walls--they're not the old masters. I shop at Target. We eat at Wendy's. Even though we have a lot and I feel very blessed, we are basically the same people we were when we first started out and made, between us, $28,000 a year.

What advice do you have for parents who lose a child?

You don't want to make decisions in those first awful moments that are going to make 10 years down the road harder. If you can't stand to see his things or her things, ask a friend to hold them for you. Maybe you'll never ask for them again. But there may come a day when you'd like to see her second-grade paper or a poem he wrote when he was a sophomore.

It looks like your husband will run for President again. What factors are in play?

He's very seriously considering running. One [factor] is my health. He said that if the cancer recurred -- we actually had a scare this fall that turned out not to be anything--he would do what he did before, and draw himself into making me better.

What's the hardest part of campaigning?

Juggling the children. We want to see them as much as possible. We want their lives to be disrupted as little as possible. Those two things obviously are in conflict. One of us would see them every other day at least so they would know we were there for them. We talked to them constantly. And when they were on vacations or had long weekends, or even short weekends sometimes, they would travel with us.

Is the country ready for a female President?

It's impossible to know. I've been ready since I was 8 and thought I wanted to be President.

Is the country ready for Elizabeth Edwards as First Lady?

[Laughs.] When John was running in 2004 in the primaries, then Florida Senator Bob Graham was in the race. His wife is regal--tall, beautiful, always perfect and gracious in every way. I think there's part of the American public that wants there to be a queen. The public would have to tell you whether they're ready for somebody who sits on the floor playing Monopoly with the kids.

Anti-Immigration Movement Finds An Articulate Voice (WP)

By Steven A. Holmes

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The Washington Post, September 25, 2006

STATE OF EMERGENCY

The Third World Invasion and Conquest of America

By Patrick J. Buchanan

Thomas Dunne Books, St. Martin's Press,

308 pp., $24.95

Man, is Pat Buchanan mad. He is virtually sputtering with rage. He can hardly contain himself. The subjects of his ire are the immigrants -- nearly 2 million a year, about 500,000 of them illegal -- crossing the country's borders and the bumbling or unpatriotic elite who are letting them in.

It's not just any immigrant that sets Buchanan's blood a-boiling. It's the brown, yellow and black ones that make up 90 percent of the new arrivals. While some people, including President Bush, may view these newcomers as decent, hardworking people whose desire is to provide for their families, Buchanan sees them as something much more sinister -- a threat to United States.

"We are witnessing how nations perish," he writes in his latest book, "State of Emergency: The Third World Invasion and Conquest of America."

"We are entered upon the final act of our civilization. The last scene is the deconstruction of the nations. The penultimate scene, now well underway, is the invasion unresisted."

His list of grievances is long -- and stark. The United States cannot absorb the sheer mass of migrants. They are driving down wages and ratcheting up crime. They are endangering the Republican Party and conservative, small-government ideology. They are threatening U.S. sovereignty. But, for Buchanan, perhaps the most unforgivable sin is that they challenge the supremacy of white European culture.

"Can anyone say today that we Americans are 'one united people?' " he writes. "We are no longer descended from the same ancestors. The European core of the country -- almost 95 percent of Americans as late as 1965 -- has fallen well below 70 percent and will be less than half the nation by 2050."

One has to give Buchanan credit. He is a muscular writer, fully in command of the English language he feels is under siege. He is adept at linking history, statistics and the writings of philosophers and economists to proffer forceful arguments.

His book crackles. Words leap off the page to bludgeon the reader to submit to his views. Analyzing the 1994 passage in California of Proposition 187 that ended welfare benefits to illegal immigrants, Buchanan thunders, "The voters of California were saying that no matter what ideas these illegal aliens brought with them, they were not Americans, they were not part of our nation, they did not belong here, they were not entitled to the benefits of American citizens, and they ought to go back where they came from."

Some books are enlightening, some exciting. This one is exhausting. After reading chapter after chapter of invective, rabid Buchanan-haters may long for a shower. Me? I need a nap.

Buchanan's stridency will tend to turn anyone who picks up "State of Emergency" into either a cheerleader or a debater. And there are a host of assertions in this work that are highly debatable.

In Buchanan's view, immigrants are unleashing a deadly reign of crime on America. While Latino gangs are a violent presence in some cities, most notably Los Angeles, the premise is questionable. After all, as the wave of immigrants has crested, overall violent crime rates have plunged. On a per capita basis, the number of rapes has dropped by 85 percent since the 1970s, robberies by 38 percent. We have the lowest homicide rate since the late 1960s. The murder rate was higher in the 1930s and 1940s -- a time of exceedingly low immigration -- than it is now.

Buchanan argues that today's immigrants maintain a much stronger grip on the culture and language of their homelands than that of previous waves. "There is little evidence that the scores of millions who have come in the last forty years from Asia, Africa and Latin America are assimilating as the European immigrants once did," he writes.

But what's his proof? Are today's immigrants really not assimilating? Did European immigrants meld into the American fabric as rapidly as is assumed in the gauzy and nostalgic view of earlier immigration? No one really knows. There is no hard census or other research data on the assimilation rates of these early immigrants.

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Buchanan laments that "of the 9 million living in Los Angeles County, 5 million do not speak English at home." But no one can say with accuracy how many people spoke Italian or Yiddish or Polish at home in the 1920s -- or how long it took for that to stop. German was virtually the official language in Wisconsin, used in public schools, for decades before World War I. "There were more German-language newspapers then than there are Spanish-language newspapers now," said George Borjas, an immigration expert who Buchanan cites often in his book -- though not on this point.

Buchanan argues forcefully that immigration will tear the country apart. He is particularly worried that Mexicans -- the largest immigrant bloc -- are, in effect reconquistas, identifying more strongly with Mexico than with the United States, and bent on retaking the territories of Texas, California and the Southwest that were seized from Mexico in the 19th century. His evidence? The appearance of Mexican flags at rallies, and the writings of some Mexican American intellectuals longing for the establishment of Aztlan, an appendage of Mexico that runs from Texas to Oregon.

But given the opportunity for the first time to vote in last summer's Mexican elections -- a clear chance to show solidarity with Mexico -- only an estimated 41,000 Mexicans out of 4.1 million living here bothered to cast a ballot.

It's easy to quibble with Buchanan, but it would be a mistake to ignore him. New York Times columnist David Brooks posits that our political landscape is increasingly being defined as a fight between what he terms "progressive globalists" and "populist nationalists." The former are multilateral interventionists, placing great faith in market-oriented solutions and holding liberal social values. The latter are distrustful of multinational corporations, conservative in social values, wary at intervening in other countries and angry at immigration and the outsourcing of jobs.

Buchanan may be their most articulate spokesman. We would dismiss him and the anger embodied in "State of Emergency" at our peril.

Holmes is a deputy national editor of The Washington Post.

Your Vote Counts (LAT)

The Los Angeles Times, September 25, 2006

BALLOT-FATIGUED CALIFORNIANS, who in six weeks face their third election in a year, can be forgiven if they feel left out of the action. Voters elsewhere will see brutal political warfare between Republicans and Democrats for control of Congress — but all seats here appear safe. The battle for Congress will not be decided in California.

Yet on Nov. 7, voters here will decide the shape of the state's finances and the health of its infrastructure for decades to come, and will set a course for leadership at a time of unprecedented growth and demographic change. Every election is touted as pivotal, but with an almost unfathomable $46 billion in bond measures on this ballot, and up to $3 billion annually in new taxes, it's hard to dismiss the coming vote as just another day at the ballot box.

Californians love direct democracy — and they couldn't care less about it. They have gone to the polls to recall the governor, limit the power of the Legislature and impose specific taxes to pay for new programs. And yet, participation in state elections has fallen dramatically since 1994, with turnout in the June primary a record low 33.6% of registered voters. There's a sense that Californians must fix the outrages perpetrated on them by Sacramento — or by their predecessors at the ballot box — but it's never quite clear how to do it.

In 2002, for example, voters approved $550 million a year for after-school programs. But to date, not a single dollar from the measure has been spent. In 2004, voters decided to fund a DNA databank of suspected felons, but there is now an unprecedented backlog of unprocessed DNA samples.

How is a voter to wade through 13 ballot measures, seven statewide races and a seat on the obscure state Board of Equalization without fear of unforeseen consequences? There is no good answer. Ballot propositions, in particular, have become so bloated and misleading that they often defy understanding.

But if a newspaper editorial board is good for anything, it's to wade through the political muck of campaign season and identify some of the more important issues and principles at stake. At the same time, no list of principles can apply universally. With candidates, for example, it's not enough to know where they stand on the issues. A voter also must have some faith in the person's ability to inspire confidence and act with integrity.

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With ballot measures, the examination must go beyond the strategy of an impulse buyer at Target. It's not enough to ask "Do we want this?" or even "Can we afford this?" Each new bond or tax that promises new revenue also threatens to constrain the budget or harm the business climate.

This page, and voters, also must be increasingly skeptical of the sock-the-villains proposition craze — the trend of matching popular causes with unpopular deep pockets. The day may soon come when Californians vote themselves an afternoon coffee break, courtesy of Big Tobacco or Big Oil. Initiatives shouldn't be a form of communal extortion. We encourage you to consider each measure's merits. Enjoy your chance to pick your representatives — and to do a little legislating of your own while you're at it.

Corporate America Takes On Spitzerism (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, September 25, 2006

New York Attorney General Eliot Spitzer garnered a stunning 81% of the vote in his primary for the New York governorship two weeks ago, riding high on his reputation as Chief Persecutor of Wall Street. It was the sort of result that should have made grown CEOs cry.

Still, there was some reason for good cheer in the business community: namely, a race on the other side of the country. In Washington, a relatively unknown property-rights lawyer, John Groen, challenged the activist chief justice of the state Supreme Court. It was the most hotly contested judicial contest in state history -- highest profile, highest dollar, highest stakes. Mr. Groen lost last week, but barely. Across the country, incumbent judges -- who are rarely challenged, much less seriously so -- began shaking in their robes.

Call it business's revenge, or better yet, business's new political strategy -- one that may prove a rare bright point for conservatives in upcoming elections. Somewhere among the Spitzer campaigns, the endless trial-lawyer suits, and the adverse verdicts in state courts, the corporate world realized it needed to address root causes. Local chambers of commerce and tort-reform groups encouraged businesses to start putting some skin into state elections.

This year, that effort has given rise to a frontal assault aiming to reshape courts and law enforcement offices across the nation. If business coalitions have their way, Michigan, Ohio, Wisconsin and New Mexico will not be the playgrounds of proto-Eliot Spitzers. Nor will the courts of Georgia, Kentucky, Alabama, Michigan, Oregon, Ohio and Illinois make Stephen Breyer proud. The money underlines the commitment: In 2002, spending on state Supreme Court races was $29 million; by 2004 it had jumped to $42 million; this year it's expected to set records.

If there's a godfather of this movement it might be John Engler, who realized early in his 1990s career as Michigan governor that tort reform didn't count for much if state courts routinely struck down new laws. (Mr. Engler is currently a director of Dow Jones, which publishes this newspaper.) As governor, he made judges a top priority, one reason why Michigan's high court is today a national model of judicial restraint. Mr. Engler carried that philosophy to his presidency of the National Association of Manufacturers.

Last year, NAM launched the American Justice Partnership, an umbrella organization that brings together a mindboggling array of national and state organizations -- industry groups, chambers, think tanks, citizens' groups -- fighting for legal reform. "Legal reform has become a full contact sport," says Steve Hantler, assistant general counsel of Daimler-Chrysler and chairman of AJP. "More business leaders and consumer groups have realized this fight is in the political arena, and you can't leave that arena to the trial bar."

Plaintiffs' attorneys have been in this game a long time, knowing the value of sympathetic judges and meddlesome AGs (who often throw them business). They've perfected a fund-raising machine, drumming up individual donations via firms, and often tap this network to stand for office themselves. Reform groups are borrowing these tactics, rallying more companies to donate to campaigns, making the public aware of races, and also setting up political action committees designed to solicit and bundle money for elections.

In Washington, Mr. Groen's bid was launched with the financial backing of a state builder's association weary of the high court's anti-property-rights bent. But he also got a boost from some $350,000 of ads against his opponent, financed by a new

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outfit called Americans Tired of Lawsuit Abuse, a national PAC that counts the American Tort Reform Association as a donor. In total, outside groups spent more than $1.5 million on the Groen campaign, or about three times that spent by defenders of Chief Justice Gerry Alexander.

Mr. Groen still lost, which is partially a reflection of the difficulty of ousting a sitting judge or a popular incumbent AG. It also underscores the challenges facing the business community in making any of this work. But several key victories serve as inspiration. One notable example was Michigan's 2002 AG race, in which Republican Mike Cox, a state prosecutor, ran against state Sen. Gary Peters, a friend of the trial bar. In the final days, the Michigan Chamber dropped a wad of money on a TV ad supporting Mr. Cox. He won by a mere 5,000 votes, and no one doubts the ad put him over the top. This year, his opponent is a trial lawyer, and the business community isn't taking any chances.

Democrats currently hold 29 AG seats, and business leaders hope to pick up three or four seats for the Republicans this year. While that would hardly be a landslide, it would be significant given the GOP's larger troubles. Plus, flipping AG seats is a double victory: It stops a Spitzer-like prosecutor and takes away a popular platform to run for higher office.

The courts project is harder, and longer term: Incumbents are tough to unseat, individual victories don't often lead to majorities, and the public has historically showed little interest in judicial races. Though, as John Groen's razor margin shows, the times are a-changin'.

The corporate world is still taking its usual interest in congressional elections, though here too it's upping the stakes in select races. Iowa's open congressional seat offers a case study, where Republican businessman Mike Whalen is running against Democratic trial lawyer Bruce Braley. Reform groups view this as a chance to beat a prominent plaintiffs' attorney, and to do so by making his career a liability.

Ads against Mr. Braley have focused largely on his stint as head of the Iowa Trial Lawyers' Association and his lifetime of suing doctors and companies. The tort bar has sensed the threat, and the Association of Trial Lawyers of America has stepped up as one of Mr. Braley's chief donors. The race is fast becoming a referendum on tort lawyers.

In a sense, Eliot Spitzer's success might turn out to be a net positive for the business community. Back in April, the notorious AG went to Michigan to campaign against Mike Cox. The visit struck a nerve. Mr. Cox has raised more money than any AG candidate in state history.

Ms. Strassel is a member of the Journal's editorial board.

Producer Accuses Clintons Of 'Looting' (WT)

By Jerry Seper

The Washington Times, September 25, 2006

A Hollywood producer who sought to hire President Clinton as a "rainmaker" has told a California court the former president and his wife, Sen. Hillary Rodham Clinton, cheated him out of a multimillion-dollar Internet venture and he wants his money back.

In a complaint to be heard today in Superior Court in Los Angeles, Peter F. Paul says the scheme was orchestrated by Mrs. Clinton, who convinced him to spend $1.9 million on campaign fundraisers prior to her November 2000 election to the Senate and then reneged on promises to help him on the Internet deal.

The 43-page complaint, which also accuses Mr. Clinton and others involved in Mrs. Clinton's "New York Senate 2000" campaign of taking part in the conspiracy, seeks $30 million in stock losses and $1.9 million in cash. The complaint is part of a pending lawsuit against Mr. Clinton and will be heard by Superior Court Judge Aurelio N. Munoz.

In a telephone interview from his California home, Paul, a convicted felon, said the Clintons "looted" his business to generate the largest contribution to Mrs. Clinton's 2000 Senate campaign in New York. Describing himself as a "disgruntled business associate" and not a "disgruntled contributor," he said the Clintons reneged on promises they made that Mr. Clinton would work with him after he left the White House.

He said he was "cajoled and then coerced" by Mr. Clinton as "an erstwhile future business partner" to make expenditures to benefit the president and his wife.

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Paul produced and underwrote an August 2000 fundraiser called the "Gala Hollywood Farewell Salute to President William Jefferson Clinton," attended by numerous celebrities, including John Travolta, Brad Pitt, Whoopi Goldberg, Patrick Swayze, Michael Bolton, Diana Ross, Patti LaBelle and Melissa Etheridge.

Money raised at the all-star event went to Mrs. Clinton's successful campaign.

The Clintons' attorney, David Kendall, did not return calls for comment.

In January, the Federal Election Commission (FEC) said Mrs. Clinton's campaign committee, New York Senate 2000, underreported the cash it received from the gala. The committee agreed to pay a $35,000 fine. The committee also agreed to amend public reports to show that Paul's share of production costs for the gala were understated by $721,895.

The FEC ruling came after a four-year investigation and a separate Justice Department probe. An FBI affidavit in the case said costs of the August 2000 gala actually exceeded $1.2 million, but required FEC disclosure forms "incorrectly disclosed that the cost of the event was only $523,000."

The affidavit said the true cost of the event was "deliberately understated" to increase the amount of funds available to the Clinton campaign. Mrs. Clinton's campaign treasurer, Andrew Grossman, admitted in December he filed false FEC reports to hide more than $720,000 in Paul's contributions.

According to the lawsuit against Mr. Clinton, Paul said the former president agreed to work with him after leaving office as a "rainmaker" for Stan Lee Media Inc., a company Paul founded with "Spider-Man" creator Stan Lee. The suit said the deal involved $10 million in stock, $5 million in cash and a $1 million donation to the ex-president's foundation.

The deal, according to the suit, was based on a pledge by Paul to produce and underwrite the largest fundraiser of Mrs. Clinton's 2000 campaign. Stan Lee Media, which held the rights to Spider-Man, the Incredible Hulk and other comic book characters, was a publicly traded company with a market capitalization of $350 million.

The suit accuses Mr. Clinton of fraud and deceit in diverting a key investment away from Paul's company, causing it to fail and ending any chance for the $200 million Internet business to move forward. Also named in the suit are Mrs. Clinton's former campaign-finance director, David Rosen, and James Levin, a close friend of Mr. Clinton tagged by the former president as his agent to work with Paul.

Trial in the suit is set for March.

The complaint details what Paul said was Mrs. Clinton's role in convincing him to contribute cash to her campaign and to support misleading pre-election statements she made saying she would accept no money from him and that he had not donated to her campaign.

After the November 2000 election, Paul said Mr. Clinton went into business with Paul's Japanese partner and largest investor, Tendo Oto, president of Venture Soft of Japan. He said Mr. Clinton used "the trappings of the White House" to interfere in a $5 million investment promised to him by Mr. Oto.

The complaint said Stan Lee Media collapsed when Mr. Oto was convinced by Mr. Clinton to renege on his investment promise.

In 2004, the Clintons lost an appeal to the California Supreme Court to have Paul's suit dismissed, but Mrs. Clinton was removed as a co-defendant. Mrs. Clinton remains as a material witness and co-conspirator in the suit, and Judge Munoz has said she can not avoid testifying.

Paul pleaded guilty last year to one count of violating Securities and Exchange Commission regulations in manipulating the price of Stan Lee stock to save the company. In the late 1970s, he pleaded guilty to conspiring to defraud the Cuban government of $8.75 million in a black-market coffee transaction. In the 1980s, he pleaded guilty to possessing cocaine with intent to distribute and spent 40 months in prison.

New Premium When Employees Pay For Health Care, The Boss Pays Too (WSJ)

By Sarah Rubenstein

The Wall Street Journal, September 25, 2006

FORT WAYNE, Ind. -- Last year Russ Moore Transmission Inc. adopted a health-insurance plan in tune with the "consumer driven" philosophy President Bush has been touting. The plan requires employees to pay as much as $5,250 a year in

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medical costs out of their own money before insurance kicks in, with the goal of turning them into savvy shoppers for doctors and drugs.

The new strategy has motivated some workers to research what they are paying for medical care. One found an over-the-counter replacement for a more expensive brand-name heartburn drug. That is good news for Nick Bond, who runs the business and had suspected some employees were overusing medical care because they didn't have to pay for much of it themselves.

The bad news: The employees' research often consists of going to Mr. Bond and asking for his help, even after they have had 19 months to get familiar with the plan. At one point, he and his office manager had to hole themselves up in their offic es for about two weeks developing a spreadsheet with price information on 32 drugs.

Mr. Bond's experience suggests that although information about the price and quality of health care remains sketchy, the president's push to make the health-care market more like the market for other services can change consumers' behavior. However, some managers have to turn themselves into instant experts both on health care and on the law. Mr. Bond knows about a transmission rebuilder's heartburn, a technician's blood-pressure medication and a visit to the emergency room by a mechanic's daughter. If he uses health information in firing or demoting an employee -- or is perceived to do so -- he might be in for a lawsuit.

"There are things I'm not supposed to know -- but I know," says Mr. Bond, who is part-owner and general manager of the company previously run by his father-in-law.

Under most health-insurance plans, once employees pay their share of monthly premiums, their upfront out-of-pocket costs are at a relatively manageable level. Those with family coverage pay on average the first $700 or so of costs themselves -- what is called a deductible -- and modest co-payments for visiting a doctor or buying drugs.

Consumer-driven plans usually have a much higher deductible. Many of these plans also come with a sweetener: some kind of account to use for medical expenses. A popular option is the tax-advantaged "health savings account," a Republican initiative that was passed by Congress in 2003. As of January, nearly 3.2 million people were enrolled in insurance plans tha t enable them to open HSAs, according to the trade group America's Health Insurance Plans.

The health plan at Russ Moore Transmission, which has 34 full-time employees at three locations in and around Fort Wayne, is typical of the consumer-driven genre. The deductible for care in the insurance company's network is $2,650 for individual employees and $5,250 for those with family coverage. (Preventive care is covered regardless of whether people have hit the deductible.) Employees get a head start in paying their bills because the company contributes its own money each year into employees' health savings accounts -- $700 for an individual and $1,350 for a family.

Employees can add their own pretax money to the account, up to the amount of the deductible. Funds in the account carry over from year to year, like a 401(k) retirement account. The money can grow and be withdrawn tax-free so long as it is used for qualified medical expenses.

With this setup, many health-care decisions have a big impact on the pocketbook for Mr. Bond's workers. Nearly every pill or test can be a household budget buster. The lowest-paid full-time Russ Moore Transmission workers earn about $25,000 a year.

While some information is available on the Web and the company has computers in its break area, Mr. Bond estimates that fewer than half of his workers have Internet connections at home. When faced with big bills, the first instinct for many is to catch the boss as he walks by.

Detailed Information

When Mr. Bond joined Russ Moore Transmission in 1998, he had access to detailed information on employees' medical spending. At the time Russ Moore shouldered as much as $7,500 of the medical bills for each covered person before the insurer started paying. Mr. Bond could see how much each person was spending and what procedures he or she was getting.

A few employees' family members always seemed to be using the latest brand-name drugs or going to doctor after doctor. That frustrated Mr. Bond, who says he saw the family members as hypochondriacs. He calculated that he was spending an average of $2.80 an hour on employees' health insurance, in addition to their wages. He says he resisted approaching individu al employees to discuss spending. "That's a dangerous road to walk down, I always felt," he says.

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In 2001, Mr. Bond's insurer stopped selling his plan to businesses of his size. He went with another insurer that paid the bills from the start. That insurer didn't provide Mr. Bond access to spending data.

As Russ Moore Transmission's health-insurance premiums climbed each year at double-digit rates, Mr. Bond tried harder to keep costs in check. He urged workers at company meetings to buy generic drugs where possible over costlier alternatives. He reminded workers to use the emergency room for emergencies only. The point didn't seem to sink in. Mr. Bond thought that was because employees lacked a financial incentive to change their habits.

In mid-2004, Mr. Bond decided to check out health savings accounts, an option created by a federal law the previous December. He combed through news articles and talked to his insurance broker, George Danusis, a big believer in the concept.

As the end of the year approached, Mr. Bond learned he would have to pay an extra 29% to renew his employees' health plan, which already cost about $175,000 a year. The company's annual revenue is a little less than $5 million. By switching to a plan with much higher deductibles and the savings accounts, he could keep his costs flat. Mr. Bond believed the consumer-driven plan would give employees a powerful incentive to cut back on unnecessary spending.

In December, he gathered his workers on chairs and benches near one of their work stations. Using an overhead projector, he showed that if the company were to keep its current insurance plan, its costs would rise about $165 a family each month. He warned that without a new approach employees with coverage would have to bear some or all of that additional cost themselves. He flashed the "Proposed Solution": high-deductible coverage and health savings accounts.

"There was a lot of deer-in-the-headlights as they tried to assimilate it," Mr. Bond recalls.

He didn't fully realize what he was in for until he returned to work in January after a vacation. Questions came rolling in from people such as Mike Pitcher, 55, who specializes in rebuilding transmissions of General Motors cars. His wife takes seven regular medications and he takes three. Out-of-pocket expenses for his wife's drugs were about to increase to around $400 a month.

Richard Harlow, a health-insurance broker in Reston, Va., says several of his small-business clients have found health savings accounts too much of a hassle because of all the questions from employees and other administrative burdens. They have reverted to more familiar lower-deductible plans. "We keep saying to our clients, 'Don't answer those questions -- that's what you're paying us to do,' " Mr. Harlow says. But some small-business owners don't want to seem unknowledgeable or unconcerned, he says.

Mr. Bond decided he should help his employees. He felt responsible for their problems, since he was the one who ultimately decided to go with the new plan. Also, he had learned repeatedly that stress in his employees' lives -- especially financial stress -- had a direct impact on their effectiveness on the job. He had helped on personal issues before, even lending money.

He told employees that if they let him look at their prescription information, he could research lower-cost options for them. Over a few days, about 10 people approached Mr. Bond and took him up on the offer.

For the next two weeks or so, Mr. Bond and Connie Mead, his office manager, spent hours in their offices, clicking on pharmacy Web sites and developing a spreadsheet with price information. He researched cost-saving ideas such as generic drugs, over-the-counter pills and bulk buying.

"Everything except for what absolutely had to be done ground to a halt while we dealt with it," Ms. Mead recalls.

Kyle Miller, a 26-year-old transmission rebuilder, pulled Mr. Bond aside and asked for advice on reducing the cost of Protonix, a heartburn medication sold by Wyeth. Under the previous plan, the co-payment for Protonix was $30. If Mr. Miller bought the drug under the new plan, he expected his costs to rise far above that.

The two men walked over to one of the shop's public computers and Mr. Bond clicked on the Walgreens Web site. He showed Mr. Miller how to research alternatives. Based on the research and feedback from his doctor, Mr. Miller decided to switch to a less expensive over-the-counter pill.

Mr. Bond "just seemed like he knew a lot about looking for, not necessarily deals, but how to get what you're taking for a different cost," Mr. Miller recalls. "I really don't care who knows what I'm taking."

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Despite the savings, the new insurance plan has been costly for Mr. Miller. His wife gave birth this year and the couple is struggling to pay off the roughly $5,000 they owed. They cancelled their home Internet access in anticipation of the birth and have switched to store-brand cola.

About a month into the new health plan, Ms. Mead, the office manager, cursed as she opened mail at her dining-room table. She and her husband, Rick, were going to have to pay $555 for his recent abdominal ultrasound exam. Mr. Mead, a 48-year-old transmission rebuilder at the company, had been undergoing tests for abdominal pain. He suspected he would need his gallbladder removed, meaning bigger expenses were to come.

The next day, Ms. Mead told Mr. Bond. He wanted to know whether the Meads could save money depending on where they had the surgery.

Ms. Mead was curious, too. Though the Meads moved ahead with Mr. Mead's procedure as planned, she researched prices for the ultrasound, a second test and the surgery at three medical facilities. Her conclusion: The differences were substantial. Her research showed the family could have saved $173 on the ultrasound if Mr. Mead had gone elsewhere. Mr. Bond has subsequently used the information to encourage workers to shop around.

Mr. Mead says he believed Mr. Bond was only trying to help, but he wasn't so comfortable with his wife's sharing the details of his gallbladder removal with the boss. "I don't talk about my sex life," Mr. Mead says. "Why does he have to know about my medical conditions?"

Mr. Bond says he makes it a rule to discuss workers' health issues only if they come to him first. If they give him copies of documents, he often shreds them once he is finished so they aren't mixed up with other employee records or viewed by someone who shouldn't be looking. Kirk Nahra, a lawyer at Wiley Rein & Fielding LLP in Washington, says employers have to defend themselves against the risk of being sued by a worker who discloses health problems and is later fired.

Although Mr. Bond has advised employees that they can also get help from the company's insurance broker, many continue to come to him. One morning this summer, he walked into the shop. Before he could put down his briefcase and keys, Mr. Pitcher approached him. The GM transmission rebuilder had followed his boss's advice to reduce his drug bills by asking for free samples. Now he handed over a letter from the insurer denying coverage for Vytorin, a cholesterol medication that cost around $100 a month. The denial meant Mr. Pitcher would have to pay for the drug out of pocket even if he hit his annual deductible. Mr. Bond offered to help him sort out the problem.

Mr. Bond faxed the letter to his insurance broker's office. By lunchtime, he was on the phone with someone at the broker's office who said the letter meant that Mr. Pitcher would need his doctor to put him on a different drug or justify the prescription to the insurer.

Mr. Pitcher, who has worked at the company for 30 years, says he often prefers talking to Mr. Bond because it disrupts his job to call the broker's office, explain his problem and handle the documents. "I don't think I should have to deal with the insurance company and all that crap," Mr. Pitcher says. "Why not just take it to Nick and have him fax it and be done with it? It's easier."

Widespread Outage Spurs Coup Rumors In Pakistan (WP)

By Pamela Constable

The Washington Post, September 25, 2006

ISLAMABAD, Pakistan, Sept. 24 -- Panicky rumors of a coup swept through Pakistan on Sunday after a power outage interrupted national television broadcasts and later plunged much of the country into darkness.

With the president, Gen. Pervez Musharraf, away on an extended trip to the United States and Canada at a time of regional tensions and growing insurgency in neighboring Afghanistan, many Pakistanis speculated that he had been overthrown in absentia.

The chairman of the national power administration, Tariq Hamid, said at a 10 p.m. news conference in Lahore that the outage was caused by technical problems and that no sabotage had been involved.

Information Ministry officials, accompanying Musharraf on a visit to New York, also announced Sunday night that the president was "in good health."

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Islamabad, the capital, was quiet late into the night, and there were no signs of military vehicles or troops in the streets. There were also no reports of unusual military movements in Rawalpindi, a city near Islamabad where the armed forces are headquartered.

But for hours, with power flickering on and off in Islamabad and half the country still without electricity by late evening, rumors continued to swirl of a possible coup against Musharraf, an army general who seized power from Pakistan's last elected leader in 1999.

"I have been flooded with calls all evening. Everyone wants to know if something is amiss. It shows you how on edge people are," said Mushahid Hussain, a senator from the ruling Pakistan Muslim League faction who is close to Musharraf.

Hussain said he had received dozens of queries by cellphone and text messaging from provincial authorities, human rights groups, Pakistanis living abroad, and even from officials traveling with the president. He said he told them everything was fine.

Rifaat Hussain, a Pakistani defense and security expert, said he, too, had received numerous calls from friends who were worried about a possible coup. He said he immediately contacted government sources, who "vociferously denied" there was any problem.

"So many people have cellphones now that rumors can snowball, and such a situation also taps into people's anxieties," he said. Many Pakistanis thought immediately of last week's coup in Thailand, Hussain said, and remembered how previous Pakistani leaders had been "unceremoniously removed."

Pakistan has had a history of military intervention in civilian politics ever since it was founded as a Muslim democracy in 1947. While elections have been held regularly, civilian rule has been repeatedly interrupted by the army or other non-elected figures.

Musharraf, 63, who is chief of Pakistan's army staff, would be highly unlikely to fall to a military coup, although it has been reported that some of the senior army commanders, who operate as a consensual policy group within the armed forces, are conservative Muslims who disagree with his moderate religious policies.

But Musharraf has lost considerable domestic support for a variety of reasons, including his refusal to relinquish his military uniform while in office, his retreat on promises to expand women's and religious rights, and his use of aggressive military tactics to solve problems in volatile border regions.

While in the United States this week, Musharraf has made several statements that could reflect poorly on Pakistan's military leadership and autonomy. He said a senior U.S. official had threatened to bomb Pakistan "back to the Stone Age" if it did not cooperate fully with the United States against al-Qaeda and Afghanistan's Taliban government after the Sept. 11, 2001, attacks.

Musharraf's comment suggested that he had yielded to intense U.S. pressure in deciding to turn against the Taliban and to help in the hunt for al-Qaeda, decisions that many Pakistani Islamic leaders have long criticized.

"Musharraf is blindly toeing the American line, thereby causing irreparable damage to Pakistan and its image in the world," said Khurshid Ahmad, a scholar and senator from the religious Jamaat-e-Islami party. "For his efforts, he gets a pat on the back while they are twisting his arm."

A second sensitive issue raised during Musharraf's visit to Washington concerned the activities of Taliban and al-Qaeda fighters along the border with Afghanistan. Earlier this month, Musharraf announced that he had made a peace pact with Taliban groups inside Pakistan after thousands of Pakistani troops failed to quell them.

President Bush praised Musharraf's efforts this week but insisted he would send U.S. forces into Pakistan to track down al-Qaeda leaders if necessary. This is a sore point for the Pakistani military, and Musharraf has always insisted he would not allow it.

On Sunday night, after power had been restored in most areas, news stations broadcast footage of cities and towns lighted by candles, and messages crawling across TV screens repeated that Musharraf was in good health and that the government situation was normal.

Hamid, the chairman of the power administration, apologized for the inconvenience and the fact that the lengthy power outage had contributed to "baseless stories." News reports said some civilians had protested outside power offices and attacked one, but there were no other reports of violence.

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Hamas Says It's Serious About Coalition (AP)

By Ibrahim Barzak, Associated Press Writer

AP, September 25, 2006

Hamas said Sunday it will resume talks on building a governing coalition with moderate President Mahmoud Abbas' Fatah movement, but the militant Islamic group gave no indication of any move toward compromise on recognizing Israel.

The announcement of a resumption in talks came after an angry standoff with Fatah over the recognition issue and a warning by Abbas that the talks were going nowhere.

Western nations cut off aid after the hard-line Hamas won elections to take control of the Palestinian government. The West says the Palestinian government must meet three demands — recognize Israel, renounce violence and accept previous agreements.

A coalition deal between Hamas and Fatah, reached earlier this month, was vague on the recognition of Israel, and both sides have since offered different interpretations.

Abbas' aides say Hamas agreed to honor all the agreements of previous Palestinian governments, which would imply recognition of Israel since the Palestine Liberation Organization and Israel exchanged letters of mutual recognition in 1993.

Hamas insists it was much less specific and agreed only to support those PLO commitments that serve the Palestinian interest.

Abbas will meet Tuesday in Gaza with Prime Minister Ismail Haniyeh of Hamas to try to rescue the coalition agreement, said Saeb Erekat, an Abbas aide.

Erekat said it is time for Haniyeh to adopt clear positions.

"It is not about games of words, it's not about intentions, it's about a clear-cut commitment," Erekat said. "He must realize that any government must accept the commitments and obligations of the PLO and previous governments, including the letter of mutual recognition."

Haniyeh said Sunday that Hamas is still interested in forming a broader government. Hamas has ruled alone since March after winning parliamentary elections, and hopes it can end the crippling international aid boycott by bringing in Fatah.

"We are going to resume talks on the formation of a national coalition government," Haniyeh said in a statement. "We have serious intentions to make it succeed, and we hope that the talks will resume soon."

Haniyeh did not, however, indicate whether Hamas would compromise. Only two days earlier, Haniyeh said he would never head a coalition that recognizes Israel.

Despite their differences, Hamas and Abbas appear to have little choice but to govern together.

Hamas needs Fatah to win international recognition and restore foreign aid. During its six months in power, Hamas has been largely unable to pay the salaries of 165,000 civil servants, the backbone of the Palestinian labor force. The Palestinian Authority has been teetering on the brink of collapse, increasingly unable to provide services.

Abbas could fire the current government and install a new one, but the new government would then require the approval of parliament, which is controlled by Hamas. Early elections are seen as an unpopular option, and there are no guarantees Fatah would win.

In Gaza City, meanwhile, two dozen Islamic militant gunmen threatened to attack any coalition that recognized Israel.

"We will fight against it by all means, and we will deal with it as an entity linked to the occupation," said one of the gunmen, who would only identify himself by his nom de guerre, Abu Abir.

The gunmen, who gathered outside a mosque, represent only a small splinter group. However, it marked the first time Palestinian militants said publicly they were prepared to attack government officials.

The threats came at a time of growing tensions between Hamas and Fatah, particularly in Gaza, where some Fatah members accuse Hamas of involvement in the slaying of a Fatah-allied security chief last week.

War Turns The Tide For Israeli Settlers (WP)

By Scott Wilson

The Washington Post, September 25, 2006

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AMONA, West Bank -- The movement to expand Jewish settlements in the West Bank, which only a few months ago appeared to be a divided, waning political force, is experiencing a revival after a summer of war that caused many Israelis to question the wisdom of abandoning more territory.

Little more than a year ago, then-Prime Minister Ariel Sharon withdrew all Jewish settlers and Israeli troops from the Gaza Strip. After Sharon's debilitating stroke in January, his deputy, Ehud Olmert, won national elections in March on a promise to evacuate dozens of Jewish settlements in the West Bank and to uproot the smaller, unauthorized communities known as outposts in a bid to define Israel's final borders.

But after a month-long war in southern Lebanon and as sporadic fighting continues in Gaza, a highly unpopular Olmert has put his West Bank withdrawal plan on hold. His government has stepped up construction in the large settlement blocs, including areas the Bush administration has warned Israel against developing, and the West Bank settlement population of a quarter-million people is growing.

"This state does not operate by a policy," said Yehuda Yifrach, 30, who still lives with his wife, Ayelet, and three children on this windblown hilltop even though in February Israeli military bulldozers demolished the shipping container that was their home. "They only go by the polls at the time."

The settlers' change of fortune stems from Israel's conflicts in the Gaza Strip and southern Lebanon, regions the country had occupied and abandoned in the recent past. Islamic gunmen staged cross-border raids from those areas this summer, capturing three Israeli soldiers who are still being held.

Some Israelis are drawing lessons from the war that have helped vindicate the settlers, whose large financial claim on the national treasury and strident opposition to an independent state for the Palestinians in Gaza and the West Bank have angered many here over the years. Israel occupied those regions in the 1967 Middle East war.

"The Lebanon war may have bought them time," said Dror Etkes of Peace Now, a group that opposes Israel's settlement policy. "But the demographics and the overarching view of an Israeli majority about what the state should look like has not changed. So neither has the precarious nature of the settlements."

In evacuating the Gaza settlements last year, Sharon said he was seeking to define more defensible borders and protect Israel's Jewish majority by jettisoning the strip's 1.4 million Palestinians, who might someday demand the right to vote in Israel if not given a state of their own.

Soon after, Sharon, Olmert and others quit the Likud party, leaving the settlers' most powerful sponsor in shambles. The new party they founded, Kadima, easily won the most seats in the March elections, while Likud finished tied for a distant third.

But guerrillas in Gaza have continued to pepper southern Israel with crude rockets, and the radical Islamic movement Hamas, whose stronghold is Gaza, has been elected to lead the Palestinian government. Hamas does not recognize Israel's right to exist even within its pre-1967 borders, nor does Hezbollah, the Lebanese Shiite Muslim militia whose seizure of two Israeli soldiers on July 12 touched off the recent war.

"The settlements are Israel's anchor in these places," said Effie Eitam, a legislator from the National Union, the settlers' political arm, who was injured in Amona in February when settlers clashed with police. "Israel is about to review its entire defense doctrine," he added, "and most Israelis understand it is time to rethink the whole paradigm of giving up land for things less certain."

A poll published Thursday in the Haaretz newspaper showed Olmert's job approval rating at 22 percent and indicated Kadima would lose 13 of its 29 parliamentary seats if elections were held today. Meanwhile, Likud, led by former prime minister Binyamin Netanyahu, would double its strength in the legislature to 24 seats, making it the largest faction.

But Shaul Goldstein, a settler leader who is identified with the movement's pragmatic wing, said he expects Olmert to resurrect the West Bank withdrawal plan as soon as he determines that prospects are slim for successful peace talks with the Palestinians or Syria.

In the meantime, he said, the movement will consider whether to form a new party to influence the withdrawal plan or to fight it by other means. The hard-line wing, embodied by Eitam, has proposed more-radical options that appear to have little chance of winning public support.

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During a memorial service this month for a soldier killed in Lebanon, Eitam, a former general who commanded a brigade in Gaza, told the gathering that "we will have to expel a large majority of the Arabs of Judea and Samaria," using Israeli terminology for the West Bank.

"We are still very divided," said Goldstein, who is chairman of the Gush Etzion settlement bloc. "The whole right-wing movement in Israel is frustrated, even though many in the left wing can now see that our warnings about withdrawing from Gaza were not simply propaganda."

A state commission last year identified more than 100 unauthorized outposts in the West Bank and Gaza before its evacuation. Unlike larger Jewish settlements in the territories -- all of which are deemed illegal under international law -- the outposts were built without the explicit approval of the Israeli government.

Outposts are usually no more than a few shipping containers and trailers that often expand the boundaries of established settlements to neighboring hilltops. Many of them, including Amona, are built on private Palestinian land.

Sharon promised the Bush administration that he would raze about two dozen outposts erected since he took office in March 2001, although none has been dismantled to date. Less than a month after taking over from Sharon, Olmert ordered Israeli soldiers and border police to remove nine trailers from this outpost. Pro-settlement demonstrators pelted the soldiers with rocks, sand and paint; scores of people were injured. The rest of Amona was left standing.

Last week, Defense Minister Amir Peretz ordered the military to raze 47 illegal buildings in some West Bank outposts, which Peace Now says contain thousands of illegal structures. The order, which has yet to be carried out, also called for the demolition of 39 buildings that Israel says the Palestinians constructed illegally.

At the same time, Olmert has this month alone advertised for bids to build 854 new housing units in West Bank settlements, most of them in the large blocs he intends to keep. The construction runs counter to the U.S.-backed peace blueprint known as the "road map," which Olmert says he supports as the best way to reach an agreement with the Palestinians.

In addition to the new housing, a large Israeli police headquarters has been nearly completed on a parcel of land east of Jerusalem where the Bush administration has long opposed any Israeli construction. Senior U.S. officials have warned that building in the so-called E-1 area would cut off the southern West Bank from economic centers in the north and further complicate the creation of a coherent Palestinian state.

"No settlement will be dismantled until we get legitimacy for the settlement blocs," said Otniel Schneller, a Kadima lawmaker and settler involved in planning the West Bank withdrawal. "The Americans' lack of flexibility is now causing this stalemate. If they would say yes to the settlement blocs, then there would be areas that we could develop and other areas we could not. If the U.S. does not understand this, the government will be in a stalemate."

Stewart Tuttle, spokesman for the U.S. Embassy in Tel Aviv, said the United States does not have "a separate policy for this or that settlement, or this or that area. Our policy is the same across the board. Israel, like the Palestinians, has obligations under the road map. Israel's is to cease settlement activity and dismantle illegal outposts."

In Amona, the structure that was to have been the outpost's first concrete house sits unfinished, the work frozen. The road remains unpaved, and the 35 families here remain uncertain whether to develop their hilltop or prepare to abandon it.

In front of a trailer, the wood frame for a swing set is taking shape alongside a barbecue and a baby carriage. Moti and Yael, a husband and wife who declined to give their last name, said the new playground for their three children was a step toward moving ahead with a life that has been in a kind of limbo for months.

Yael, who teaches high school English in the adjacent settlement of Ofra, predicted that the West Bank withdrawal would resurface soon. She said a "left-wing" friend from Haifa, the coastal city pounded by Hezbollah rockets during the war, already wants Olmert to dust off his plan.

"This settlement has a feel of being stuck," said Yael, 33. "But things change quickly here. Soon the country will forget the war."

International Investors See More Opportunities Than Risk In Postwar Israel (WSJ)

By Michael Corkery

The Wall Street Journal, September 25, 2006

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JERUSALEM -- These days, Israel is wracked by investigations and hand-wringing over who is to blame for the apparent missteps in its recent war against Hezbollah. It is frustrated by its simmering conflict with the Palestinians and harbors fears about a nuclear Iran.

But there's one symbol of postwar pride that has emerged not from the battlefield, but from the boardroom. Warren Buffett's decision to buy an 80% stake in Iscar Metalworking Cos. -- a closely held maker of metal-cutting tools and blades -- is regarded here as proof that Israel remains a good place to do business. It was the first time that Mr. Buffett's Berkshire Hathaway Inc. purchased a company with a headquarters and main operations outside the U.S.

Hundreds of executives and politicians packed the King David Hotel in Jerusalem last week to celebrate the $4 billion acquisition, announced in May. "Some Americans have come to the Middle East looking for oil. We came to the Middle East looking for brains, and we stopped at Israel," Mr. Buffett said to applause. He said he is looking at other possible investments in Israel, shrugging off concerns about the country's security.

But Israel increasingly is forced to balance its fight against Islamic militants with efforts to preserve its world-class economy.

Mr. Buffett isn't the only bullish investor here. Hewlett-Packard announced amid the war on July 25 that it was buying Mercury Interactive Corp., a tech company with a sizable operation in Israel -- for $4.5 billion. Days later, SanDisk Corp. of Milpitas, Calif., said it was buying msystems Ltd., an Israeli-based supplier of data-storage technology.

Overall, Israel's economy proved pretty resilient during the war, considering that rockets rained down on the country for several weeks.

Israel's gross domestic product, a broad measure of economic output, is expected to rise by about 4.6% this year, about 0.8 percentage point less than what was forecast before the war, according to the Bank of Israel. Much of this loss was due to a slowdown in Israel's tourism industry and some slowing in manufacturing in the north of Israel, where many of the Hezbollah rockets fell. The economic aftermath was different than in past conflicts, such as the period that followed the 1973 war with Syria and Egypt, which some Israelis call the "lost decade," of sky-high inflation and huge government deficits. The most-recent Palestinian uprising, which started in 2000, combined with the bust of Israel's tech sector and a world-wide economy downturn, plunged Israel into a painful slump. "When you look at those historic episodes and you compare it with the last war you realize, at least, in the economic front we did quite well," says Rafi Melnick, dean of the Lauder School of Government, Diplomacy and Strategy in Herzliya.

To be sure, Israel's economic picture during the latest war may have been buoyed by the overall health of the global economy. Today, Israel's fortunes are tied much closer to those of the world economy, after having evolved into a leading exporter of high-tech products and services as well as an incubator of entrepreneurs.

Many believe the groundwork for today's economy was laid by Benjamin Netanyahu who became finance minister in 2003 and imposed cuts in government spending and reduced the deficit. U.S. guarantees of Israel's debt are also credited with giving international investors more confidence in recent years. The economy is by no means perfect. The current government is expected to finish 2006 with a budget deficit of roughly 2% of GDP. Unemployment stands at more than 8%.

Business leaders say Israel's tech-dominated economy is flexible enough so that during times of conflict, both work and meetings can be shifted outside the country.

But security analysts say the situation is only getting worse, as threats against Israel increase. One threat that continues to simmer is the rising lawlessness and violence in the Palestinian territories of the West Bank and Gaza Strip, where rocket fire from militants on neighboring Israeli towns erupts regularly, followed by reprisals from the Israeli military.

For years, many have argued that neither the Israelis nor Palestinians could truly prosper without peace. But under the leadership of former Prime Minister Ariel Sharon, Israel turned away from that notion, and began the process of "disengagement" from the Palestinian territories.

Israel's economic success -- not just during the war with Hezbollah, but amid the smoldering tension in the territories -- may again bolster the country's current path of insulating itself from the Palestinians economically and socially.

Nadine Baudot Trajtenberg, an economist and head of investor relations at the Bank Hapoalim in Israel, says clashes with Palestinians are now largely confined to the territories, and aren't as harmful to the Israeli economy as the frequent suicide bombings in Jerusalem and other large Israeli cities used to be.

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As history demonstrates, Israel's conflict with the Palestinians can quickly worsen. But investors like Mr. Buffett see more opportunity than risk. And that's a powerful symbol.

U.N. Force Is Treading Lightly On Lebanese Soil (NYT)

By Michael Slackman

The New York Times, September 25, 2006

TIBNIN, Lebanon, Sept. 24 — One month after a United Nations Security Council resolution ended a 34-day war between Israel and Lebanon's Hezbollah militia, members of the international force sent to help keep the peace say their mission is defined more by what they cannot do than by what they can.

They say they cannot set up checkpoints, search cars, homes or businesses or detain suspects. If they see a truck transporting missiles, for example, they say they can not stop it. They cannot do any of this, they say, because under their interpretation of the Security Council resolution that deployed them, they must first be authorized to take such action by the Lebanese Army.

The job of the United Nations force, and commanders in the field repeat this like a mantra, is to respect Lebanese sovereignty by supporting the Lebanese Army. They will only do what the Lebanese authorities ask.

The Security Council resolution, known as 1701, was seen at the time as the best way to halt the war, partly by giving Israel assurances that Lebanon's southern border would be policed by a robust international force to prevent Hezbollah militants from attacking. When the resolution was approved, Secretary of State Condoleezza Rice, one of its principal architects, said the force's deployment would help "protect the Lebanese people and prevent armed groups such as Hezbollah from destabilizing the area."

But the resolution's diplomatic language skirted a fundamental question: what kind of policing power would be given to the international force? The resolution leaves open the possibility that the Lebanese Army would grant such policing power, but the force's commanders say that so far, at least, that has not happened.

"There's a lot of misunderstanding what we are doing here," said Lt. Col. Stefano Cappellaro, an Italian commander with the San Marco Regiment.

The force, known as the United Nation's Interim Force in Lebanon, or Unifil, now has 5,000 troops on the ground, including 1,000 from Italy, and is stepping gently as it tries to carve out a role in a country that is feeling its way through the postwar period. It is early in the United Nations mission, but officials say that their most difficult task, and one they are adamant about achieving, is not being drawn into any power struggles between the religious and political factions in Lebanon. "We will not get involved in any domestic or regional politics,'' said Milos Strugar, senior adviser to the force.

The force is larger and better equipped than an earlier Unifil contingent, which has been on the border with Israel for years. But at the moment, the Lebanese government and the United Nations have a similar agenda in trying to win the trust of the Lebanese people and not have the force become a tool of political factions looking to incite domestic conflict. The goal is to be viewed as a peacekeeping force, not an occupier.

So while there may have been some expectation that the international force would disarm or restrain Hezbollah, or search for hidden weapons caches, the commanders on the ground say very clearly that those tasks are not their job for now. "We will advise, help and assist the Lebanese forces," said Col. Rosario Walter Guerrisi, commander of the San Marco Regiment, referring to the Lebanese Army.

But the challenges facing their determined neutrality are significant and often beyond their control. In Syria, for example, President Bashar al-Assad was reported in the Lebanese news media to have told a visiting Lebanese delegation that the strengthened United Nations force, with its heavy European contingent, resembled a force from NATO. In Lebanon, the United Nations force found its credibility questioned when German officials said that their country would contribute to the naval patrols off the coast of Lebanon as a means to protect Israel.

Sheik Hassan Nasrallah, the leader of Hezbollah, has also questioned the purpose of the expanded force.

"Thus far, I have not heard any country participating in the Unifil say that it sent its sons and soldiers to defend Lebanon and the Lebanese," he said in a speech Friday before hundreds of thousands of his supporters. "They are ashamed of us, brothers and sisters. They are ashamed of saying they came to defend us, but they talk about defending Israel."

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Hezbollah has so far acted in accordance with the cease-fire terms of 1701, which prohibits the deployment of weapons south of the Litani River, close to the Israeli border.

When the United Nations Security Council passed 1701, which set up the cease-fire, it outlined basic principles with few specifics. One of those principles was that militias were to be disarmed in compliance with earlier agreements and resolutions. It did not say, though, that the United Nations force would carry that out.

Hezbollah, the only militia that did not lay down its weapons after the Lebanese civil war ended, has made it clear that it is not going to surrender those weapons now. And Sheik Nasrallah made it clear that the international forces had better not even think about trying.

In Israel, skepticism about the effectiveness of the enlarged United Nations force has always been high, particularly in enforcing an arms embargo on Hezbollah. Israeli military officials have said that if they find evidence that trucks from Syria are resupplying rockets and launchers to Hezbollah, Israel will be justified in bombing those trucks.

The United Nations officials here say their primary duty, and the one that carries the most long-term benefits for both sides, is to help strengthen the Lebanese Army. At the moment, officials say the first priority is to make sure that all of the Israeli Defense Forces withdraw from land occupied during the war. United Nations officials said the process should be completed by the end of the month. The process involves weekly meetings along the border to set up a schedule that allows Israel to withdraw and the United Nations forces to move in, followed by the Lebanese forces. So far 85 percent of Israel's forces have withdrawn, the United Nations said.

The formula for ending the war was also contingent on the state's asserting its authority in the south, primarily by dispatching 15,000 Lebanese troops to the area. The resolution called for the Lebanese Army to be supplemented by up to 15,000 foreign troops. Officials say that the ultimate size of the foreign force will be determined based on need — and one United Nations adviser said that meant it was unlikely the number of troops would ever exceed 10,000.

But however large the force, its officers said it would never be large enough if the population began to view it as an occupying force. The United Nations first set up an international force here in 1976, and so the people of the region are accustomed to seeing foreign troops in the blue berets of the United Nations.

But the new troops have stepped into Lebanon at a particularly tense time, as Hezbollah and the American-supported government are jockeying for position and power. If the Lebanese government did decide to expand the responsibilities of the troops now, they would risk turning them into targets of attack. These forces are much better equipped than past forces, and that has people a bit nervous about their mission.

"If these troops are going to clash with the resistance, they are going to clash with the people," said Abu Rowda Noureddin, 64, as he collected free blankets and food supplies from the Red Crescent Society. He lives in the village of Burj Qalawiyah, a community of just 1,000 year-round residents in southern Lebanon that took heavy fire from Israeli jets.

The village is about 70 miles from Beirut and a short drive from a base staffed by Italian forces. Like most residents of neighboring villages, the people were essentially ignored by their government for many years. There is one school, no high school and few jobs. Villagers said that five times since 1972 the Israeli military had invaded their village, and so even those who said they did not count themselves as Hezbollah members said they counted themselves as Hezbollah supporters.

"The people here will fight against anybody who tries with force to take Hezbollah's weapons away,'' said Ibrahim Noureddin, another villager.

Up the hill, past houses pocked by shrapnel, the mukhtar, a kind of village administrator, was busy taking an inventory of the damage to crops and olive and fruit trees. He said that the Italian forces recently gave his community $3,000 to buy aluminum and glass to repair the school, which was damaged in an Israeli raid. "It was a very nice gesture on the part of the Italians," he said.

But like everyone else, he said that for the forces to remain welcome they must demonstrate they are there to protect the Lebanese from Israel — not to police the Lebanese on behalf of Israel.

Not far away, on a busy road heading toward Beirut, Colonel Cappellaro stood beside two armored personnel carriers and 11 of his soldiers as cars sped by. He said that they were conducting a "static point," as opposed to a checkpoint. If they saw

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anything suspicious they would notify the Lebanese Army. But the Lebanese Army was a good way up the road. At this point, he said, it would be impossible for the two forces to actually staff a check point together.

"When you don't know each other's procedures, you can not overlap," he said before climbing into his jeep and driving off.

Lebanese Christians Protest Hezbollah (AP)

By Hussein Dakroub

AP, September 25, 2006

BEIRUT, Lebanon - An anti-Syrian Christian leader dismissed Hezbollah's claims of victory in its war with Israel as tens of thousands of his supporters rallied Sunday in a show of strength that highlighted Lebanon's sharp divisions.

The rally north of Beirut came just two days after a massive gathering by the rival Shiite Muslim Hezbollah that attracted hundreds of thousands. The two sides have been at sharp odds over the future of the Lebanese government since this summer's Israeli-Hezbollah war.

Samir Geagea, a notorious former leader of a Christian militia, scoffed at Hezbollah leader Sheik Hassan Nasrallah's declaration that his guerrillas achieved "a victory" against Israel.

"I don't feel victory because the majority of the Lebanese people do not feel victory. Rather, they feel that a major catastrophe had befallen them and made their present and future uncertain," he said.

Hezbollah's fight with Israel sent its support soaring among Shiites. But a large sector — particularly among Christians and Sunni Muslims — opposes Hezbollah and resents it for provoking the monthlong fight by capturing two Israeli soldiers on July 12.

The war killed hundreds of Lebanese civilians and left part of the country's infrastructure in ruins, causing billions of dollars in damage to the economy.

Geagea, who served more than a decade in prison on multiple counts of murder dating to the 1975-90 civil war, backs the Western-leaning government of Prime Minister Fuad Saniora. His party is a member of the anti-Syrian parliamentary majority in Lebanon.

Geagea's supporters, waving his pictures and the white, red and green flag of his Lebanese Forces Party, arrived in buses and cars at the shrine of the Virgin Mary in the town of Harissa, about 15 miles north of Beirut.

Addressing his supporters after a mass to commemorate Christian militiamen killed in the civil war, Geagea rejected Nasrallah's vow to keep his weapons, saying the guerrilla group was blocking the establishment of "a strong and capable (Lebanese) state" for which Nasrallah was calling.

"When we find a solution to (the issue of Hezbollah's) weapons, then it will be possible to establish the state as it should be," he said.

Geagea, who backs Hezbollah's disarmament, implicitly accused the Iranian- and Syrian-backed group of running "a state within a state" in south Lebanon.

"How can a state be established while there is a mini-state (within its borders)? How can this state be established while every day arms and ammunitions are smuggled (to Hezbollah) under its (the state's) nose?" he said.

Nasrallah vowed at a massive rally Friday in Beirut's southern suburbs not to disarm despite international pressure. Some 800,000 Hezbollah supporters cheered Nasrallah at the gathering to celebrate what Hezbollah called "a divine victory" against Israel in the 34-day war that ended on Aug. 14.

In his speech, Nasrallah also called for the formation of a new government, repeatedly attacking Saniora's administration, which he called weak and unable to protect Lebanon from Israel.

Hezbollah's push for a stronger political role could deepen tensions in a country already sharply divided over the war.

Geagea rejected Nasrallah's call for a new government, defending Saniora's administration. Despite "some loopholes and defects," it is for the first time "a Lebanese, sovereign and independent one," he said.

Syria dominated Lebanon for nearly three decades before it withdrew its troops last year under heavy international pressure following the assassination of former Prime Minister Rafik Hariri.

Syria is accused of involvement in Hariri's death, which it denies.

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Geagea was arrested in April 1994 and his group was banned after a church bombing killed 10 people. He was later acquitted in the bombing but sentenced to three life terms on several other murder counts, including the killing of pro-Syrian Prime Minister Rashid Karami.

Geagea served 11 years in prison before he was released in July 2005, when Lebanon's parliament approved a motion to pardon him.

He was leader of the Lebanese Forces — the country's most powerful Christian militia during the Lebanese civil war. Israel backed the militia during that conflict and the Israeli invasion in 1982 to expel Palestinian guerrillas.

Iran Unplugged (USNEWS)

By Thomas Omestad

U.S. News and World Report, September 25, 2006

UNITED NATIONS-As diplomatic roadshows go, this was the polar opposite of slick. No big ad buys, no polished PowerPoint presentations, and, certainly, no cocktail receptions. No, no. The host wore bland, off-the-rack white sport jackets paired with pale, open-collar shirts. But he drew a crowd, did Iran's Mahmoud Ahmadinejad, offering a rare up-close look at the new public face of Tehran's nuclear ambitions, its antipathy for Israel, and its zeal for regional muscle-flexing.

Even as whispers of war grew louder in Washington, Ahmadinejad launched his charm offensive hard on the heels of his denunciation of the United States in his address to the opening session of the U.N. General Assembly. He used his visit to New York to try to put a resolute-but-unthreatening face on Iran's aims-at an acutely delicate moment in the U.S.-led drive to get the U.N. Security Council to impose sanctions on Iran. The key countries in the coalition pressuring Iran are struggling to stick together on their insistence that Iran stop enriching uranium before formal talks can begin. A move to sanctions has been expected ever since Iran rebuffed the Security Council's August 31 deadline to halt uranium enrichment. The delays-"extra innings," as a top State Department official, Nicholas Burns, put it-come as Europe is probing both Iranian and U.S. officials for a compromise formula to get full-fledged negotiations started.

"Just friends?" The Iranian president seemed determined to soften his image as an implacable foe of America, chuckling and joking at times and, for the most part, lightening up on his often-fiery rhetoric. He praised Americans as "a strong people, a good people," urged "dialogue," and called for exchanges of scientists and students, along with direct flights between Iran and the United States. "Can't we just be friends?" he asked at one point in an unusual session at his Manhattan hotel with Iran specialists and a handful of journalists. Still, he grew steely-eyed in reply to a question from U.S. News about the Bush administration's apparent preference for "regime change" in Iran. Ahmadinejad had heard that "on numerous occasions," he said, but insisted that it would never happen. "They are not able to do that," he said.

On the most dangerous flashpoint, Ahmadinejad repeated assurances-dismissed in Washington and in most European capitals-that Iran's nuclear program "will be solely used for peaceful purposes." In any case, he said, nuclear weapons are proscribed by Islamic teachings. "The Iranian people," he said, "don't need a nuclear weapon." Ahmadinejad called the focus on uranium enrichment an "excuse" to try to deny Iran its right to nuclear energy. He also professed disappointment that President Bush didn't respond to his meandering, 21-page letter this spring or to his challenge to a debate at the United Nations.

Ahmadinejad remains a bit of a mystery to official Washington. A U.S. intelligence profile, U.S. News has learned, depicts him as seeing the world "in very black-and-white terms" yet also possessing the capacity to "change quite quickly." But Ahmadinejad came to America bearing no gifts-other than his gift of idiosyncratic oratory. He refused to yield to the U.N. demands. And he said nothing to disavow his past comments suggesting that the Holocaust is a myth and threatening Israel. These "constant provocations," as one European diplomat puts it, have served to rally Security Council opposition to the prospect of a nuclear-capable Iran. "He does have that quality," agrees a senior U.S. official. But Ahmadinejad's outbursts resonated with hard-liners in Iran and elsewhere in the region. "He has put Iran back on the map," says Sanam Vakil, an Iran specialist at the Johns Hopkins School of Advanced International Studies in Washington. "The common man still admires him."

Iranian Clerics' Angling Stirs Worry On Absolute Rule (NYT)

By Nazila Fathi

The New York Times, September 25, 2006

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TEHRAN, Sept. 24 — Political jockeying by fundamentalist Iranian clerics for the coming election of the Assembly of Experts, the group charged with overseeing the country's supreme leader, is raising concerns that the government will move further toward authoritarianism.

As in the last elections for the assembly eight years ago, the watchdog Guardian Council has barred reformist clerics. And this year, some clerics and some newspapers have been suggesting that a senior fundamentalist cleric who is President Mahmoud Ahmadinejad's mentor, Muhammad Taqi Mesbah Yazdi, may be trying to expand his already growing power by packing the assembly with loyalists trained at his education center in Qum.

Mr. Mesbah Yazdi, 72, is close to the supreme leader, Ayatollah Ali Khamenei, and he directly influences the government through loyalists appointed to high posts after Mr. Ahmadinejad took power last year. His followers also have great sway amon g Iran's Revolutionary Guards and the Basij volunteer paramilitary force.

The Iranian Constitution adopted after the 1979 revolution led by Ayatollah Ruhollah Khomeini provided for a system of checks and balances meant to ensure that the government would not move toward authoritarianism. So even as it enshrined a supreme leader, who has the final word on all matters, it created an Assembly of Experts, or religious jurisprudence, to oversee his activities.

But after the death of Ayatollah Khomeini in 1989, a system of vetting election candidates was put in place to eliminate any threat to the rule of the supreme leader.

At least on paper, the official powers of the Assembly of Experts include the ability to replace the supreme leader if he acts against Islam or the Constitution.

However, Mr. Mesbah Yazdi and Ayatollah Khamenei are allies — the ayatollah finances Mr. Mesbah Yazdi's school in Qum — and the likeliest outcome of a power play by Mr. Mesbah Yazdi would be to strengthen the supreme leader, even at the expense of the Assembly of Experts.

Mohsen Kadivar, a senior reformist cleric who was barred from running in the last election, said, "The fight in the election will be between the traditional clerics and the fundamentalists." He identified the traditionalists as those who considered the Assembly of Experts a higher authority than the supreme leader.

Mr. Mesbah Yazdi is a particularly aggressive defender of the supreme leader's absolute power, and he was a strong critic of the previous president, Mohammad Khatami, who tried to introduce modest social and political changes. He has long held that democracy and elections are not compatible with Islam.

"Democracy means if the people want something that is against God's will, then they should forget about God and religion," he said in July 1998. "Be careful not to be deceived. Accepting Islam is not compatible with democracy."

And in November 2002, the daily Aftab-e-Yazd quoted him as saying: "Who are the majority of people who vote: a bunch of hooligans who drink vodka and are paid to vote. Whatever they say cannot become the law of the country and Islam."

He has criticized democracy more cautiously since the election of Mr. Ahmadinejad, but his disdain for the election process to fill the Assembly of Experts was evident in a speech in Mashhad this month, in which the news agency ISNA quoted him as saying it was like the vote of the "ignorant for the learned."

Mr. Mesbah Yazdi was a founder of the modern Haghani School, a religious school in Qum where most Iranian officials were trained.

After Ayatollah Khomeini died, Mr. Mesbah Yazdi founded the Imam Khomeini Education and Research Institute. Since then, he has grown close to Ayatollah Khamenei.

Through the school, he has educated more than 700 students who are extremely loyal to him, according to people who work in Qum, but, out of fear of retribution, would speak only on the condition of anonymity. Many of his followers are believed to be running for the Assembly of Experts.

These protégés are clerics but have studied the humanities, and many have received degrees from Western universities like McGill in Montreal and Manchester in London.

The elections for the Assembly of Experts, the fourth since the Iranian Revolution in 1979, is scheduled for Dec. 15. Many of Mr. Mesbah Yazdi's young and seemingly modern clerics are believed to be running, but as independent candidates to avoid

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announcing their affiliation to Mr. Mesbah Yazdi. However, it is difficult to be sure exactly how many, or which, candidates are allied with him because of the secrecy that often blankets elective matters here.

Some analysts say the competition this year is likely to be between Mr. Mesbah Yazdi and Ali Akbar Hashemi Rafsanjani, a former president who packed the assembly elected in 1990 and 1998 with traditional clerics with whom he had influence.

But Mr. Rafsanjani, who represents more moderate and pragmatist views, has not announced his candidacy, and some political analysts say he may not run if the prospect of winning the prestigious position of the leader of the assembly seems dim. He lost to Mr. Ahmadinejad in last year's presidential elections and suffered a defeat in parliamentary elections six years ago. His son, Mehdi Hashemi, said Mr. Rafsanjani had "set a condition and his participation depends on that." But he declined to specify the condition.

Turnout was a low 37 percent in the second assembly election, in 1990, in part because voters felt little connection to it.

"People have not received any reports about the activities of the Assembly of Experts, and no one can even imagine the supreme leader can be replaced," said Mohammad Atrianfar, a close aide to Mr. Rafsanjani and the publisher of the daily newspaper Shargh, which was shut down this month. "People have no positive or negative reaction toward the assembly."

In 1998, 46 percent voted after the landslide presidential victory in 1997 of Mr. Khatami, who urged people to vote in the assembly elections.

This year, to bolster turnout, the election authorities decided to hold the assembly vote at the same time as local elections. But requiring the candidates to be approved by the Guardian Council, some analysts say, undermines the point of the vote.

"If the members are independent and genuinely carry out their duty, the Islamic Republic can become democratic," said Emadedin Baghi, a reformist journalist who studied religion for many years. "But vetting its candidates has put a cancerous tumor in the assembly which does not allow it to function properly."

For Iran, A Policy Of Patience (WP)

By Fareed Zakaria

The Washington Post, September 25, 2006

If you think Mahmoud Ahmadinejad has said some crazy things, none comes close to this: "If the worst came to worst and half of mankind died, the other half would remain while imperialism would be razed to the ground. . ." That was Mao Zedong in 1957. If you find the idea of an Iranian nuclear program unsettling, put yourself in the shoes of policymakers in 1964, the year that China tested a nuclear bomb.

At the time, China was probably the most aggressive country in the world. As historian Francis J. Gavin recounts, Mao's regime had fought a bloody war against the United States in Korea and almost entered another one over Taiwan. It had attacked India in 1962 and threatened several other Asian countries, such as Indonesia. It was supporting North Vietnam and the Viet Cong insurgency in the South. It actively aided violent revolutionary groups around the world, including in Latin America and the Caribbean. Mao's gruesome callousness toward human life extended to his own people. "Half of China may well have to die," he declared as he launched the Great Leap Forward. (He didn't quite succeed, but for a while the "Guinness World Records" book listed him as history's greatest mass murderer, for having caused the deaths of 26.3 million people.) Compared with all this, Iran today looks positively normal.

Of course it is not normal, and Ahmadinejad is not a normal leader. Iran is ruled by a repressive clique that has armed Hezbollah, destabilized Lebanon and Iraq, and defied and deceived international nuclear inspectors. Ahmadinejad has made a series of grotesque comments. But if we convince ourselves that Iran is an existential threat, one that must be stopped immediately and at all costs, we will fail. If we turn this into a game of chicken, we will lose.

Right now, Iran is riding high. Oil revenue is rolling in, amounting to about $55 billion last year. Its neighbors are severely weakened. Iraq is in chaos; Afghanistan and Pakistan are preoccupied with a resurgent Taliban; the Lebanese government is under great strain; the Persian Gulf states are scared. Most important, the United States is tied down, its influence and political capital in the region at an all-time low.

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Ahmadinejad is using this moment to press his advantage. He has outflanked Arab regimes on the issue of Israel and Palestine, speaking in more confrontational terms than they dare (for fear of Washington). He knows that the Sunni Arab governments don't like him, so he has gone directly to their people. It's working.

Ahmadinejad is also turning Iran's nuclear program into a matter of Third World pride. Taking advantage of the global atmosphere of anti-Americanism, he is claiming that the United States is determined to prevent a developing country from moving ahead technologically. Again, it's working. Fully 118 countries signed on to Iran's cause at the recent nonaligned summit.

Instead of getting scared and spooked, America should view Tehran with a healthy dose of calm and confidence. Iran's fortunes will wane. Oil prices might head downward; Iraq could become less of a burden one way or the other; Arab regimes will get more assertive in responding to the rise of Iranian power. Washington could take the initiative on Lebanon and Palestine, which would vastly improve the political atmosphere.

The Bush administration must also develop a set of creative options short of military strikes -- which would only delay, not end, Iran's nuclear program -- in case Iran does not agree to stop reprocessing. Other countries will not go along with many of the toughest economic sanctions -- and it's not clear they would work anyway. One measure that would sting would be a widespread travel ban on Iran's officials. (That would be the end of the diplomats' conference circuit, not to mention trips to Dubai for money laundering.) Iran is unlikely to agree to become dependent on imported nuclear fuel. The second-best alternative might be a permanent inspections system in Iran, ensuring that its civilian program is not weaponized.

Watching Ahmadinejad at a private meeting last week, I was struck by how little he conformed to the picture of a madman. He was smug, even arrogant, sometimes offensive, but always calm and intelligent. If we're going to outsmart him, we need clever, compelling arguments of our own. Instead we have tended to threaten, bully and intimidate. No wonder he's winning the public diplomacy.

One way to change the game is to play to our strengths. Iran's hard-liners don't want good relations with the United States. Iranians have been taught for a generation now that Washington hates them, doesn't want relations with their country and tries to isolate them in the world. What if President Bush publicly offered to open an embassy in Tehran and begin student exchanges with young Iranians? In a country that is yearning for contact with the outside world, it might put the mullahs on the defensive.

In 1964, many people argued for a preemptive strike against China. Wiser heads prevailed. But even President John F. Kennedy had worried that from the moment China went nuclear "it would dominate South East Asia." In fact, far from dominating it, China's bomb scared Southeast Asia into a closer association with the United States. Today, Chinese influence in the region is great and growing -- but that's because of its economic heft, not its nukes. Iran is ruled by a failed regime that cannot modernize the country and is instead seeking a cheap path to influence. It didn't work for the communists in Russia or China and, if we keep our cool, it won't work for the mullahs in Tehran.

The writer is editor of Newsweek International. He co-hosts, with The Post's David Ignatius, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com.

North Korea To Challenge U.S. On Nuclear Fuel (NYT)

By Joseph Kahn

The New York Times, September 25, 2006

BEIJING, Sept. 24 — North Korea plans to step up production of fuel for nuclear weapons unless the United States drops financial sanctions and returns to negotiations over its nuclear program, an American scholar with ties to North Korean leaders said Sunday.

The scholar, Selig S. Harrison, a longtime Korea specialist based in Washington, said top North Korean officials whom he met with last week told him they intended to unload fuel rods at their Yongbyong reactor and extract plutonium for nuclear bombs earlier than had been expected.

“It is a significant new development because it underlines that North Korea is enhancing its weapons capability,” Mr. Harrison said in Beijing after returning from Pyongyang, the capital of North Korea.

He quoted Kim Kye-gwan, the vice foreign minister of North Korea, who is overseeing its participation in the stalled six-nation negotiations, as saying that the fuel rods would be unloaded this fall.

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Mr. Harrison, who cultivates ties to the reclusive officials who run North Korea, said that he did not interpret the statement of intention to expedite nuclear fuel production as a threat and that the political and military leaders he had met seemed eager to resume negotiations with the outside world.

After meetings with several top North Korean political and military figures, he said, they expressed a desire to carry out a preliminary international accord on dismantling their nuclear program.

North Korea reached the accord with the United States and four other nations a year ago, but has refused to discuss how to carry it out.

Shortly after the agreement, the Bush administration imposed financial sanctions on North Korea. The administration said the sanctions were necessary to stop North Korean counterfeiting of American dollars and other black market activities.

Mr. Harrison said North Korean officials had repeated public demands that the United States drop financial sanctions before nuclear negotiations resume. But he said they were also seeking ways for the two countries to resume talks even earlier as a way to build trust.

He argued that the sanctions, which he said North Koreans saw as an effort to further isolate them and to topple the government of Kim Jong-il, were counterproductive in ridding the Korean Peninsula of nuclear weapons.

"The U.S. will have to find a way to deal with illicit transactions without destroying North Korean intercourse with the outside world," Mr. Harrison said. "The policy of sanctions is completely counterproductive."

The Bush administration has defended the sanctions as a vital law enforcement action. Administration officials say that they are unrelated to the nuclear talks and that the only significant obstacle to resuming those talks is North Korea's reluctance to give up nuclear weapons.

Nuclear Engagement (WSJ)

By Peter Wonacott

The Wall Street Journal, September 25, 2006

NEW DELHI -- With the fate of a landmark nuclear pact between the U.S. and India hinging on an imminent Senate vote, Ron Somers isn't leaving its outcome to chance.

Mr. Somers, an American businessman whose career has tracked India's economic opening over the past 15 years, is spearheading a late-stage lobbying blitz to coax the deal across the finish line. After seeing one Indian energy venture after another, including two of his own, strangled by bureaucracy and political turf wars, Mr. Somers believes the nuclear-power pact represents the key to unlocking India's huge economic potential -- and the billions of dollars in business opportunities that would follow for U.S. companies.

The U.S.-India Business Council in Washington, of which he is president, is working with a broad coalition of U.S. companies, academics and Indian-American groups to shepherd final congressional passage of a pact President Bush and Indian Prime Minister Manmohan Singh agreed to in March. The deal's proponents believe it will knit together two big democracies in a strategic bond and a rich economic relationship.

"The pure fundamentals of India point to an extraordinary opportunity for multinationals," says 51-year-old Mr. Somers, a former power-company executive who has spent years working to satisfy India's enormous thirst for energy. "This is the dawn of a whole new era."

As the number of days dwindles before Congress breaks, Mr. Somers and a disparate group of allies have coordinated visits, letters and teleconferences to expedite the Senate vote. The House has approved its version of the bill. Mr. Somers's track record in India has become a political asset in Washington, say those who have worked with him. By divining Indian politics, he has earned credibility among U.S. politicians. And by speaking a tangled version of the Southern Telugu language, Mr. Somers has won friends among Indian-Americans, many of whom are flexing their political muscle for the first time.

Companies including Westinghouse Electric Co., Boeing Co. and Ford Motor Co. have lined up behind the initiative. Another strong backer, General Electric Co., provided reactors for India's fledgling nuclear program in 1969 before breaking off cooperation when India exploded a nuclear device five years later.

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Now, New Delhi is seeking foreign assistance to reach its stated goal of producing 20,000 megawatts of nuclear power by 2020, a drive that could generate $30 billion in sales for U.S. companies that provide nuclear know-how and equipment, according to Mr. Somers. Industry executives expect India to boost its output goal sharply if the nuclear-cooperation pact is approved.

Meanwhile, the Indian air force is expected to order 126 fighter jets, an estimated $6 billion deal that could tilt toward U.S. companies if nuclear links are established and barriers to sharing technology can be lowered, according to Chris Chadwick, vice president of global strike systems at Boeing Integrated Defense Systems.

In November, around the time supporters hope the nuclear agreement will be finalized, a U.S. trade mission -- touted as the largest ever to visit India, with 200 U.S. companies -- will arrive to scout for business. Some companies will be looking for trade deals, while others will explore investment openings.

But there have been false dawns before for foreign investors in India, especially in the power sector. Many hurdles that tripped up Mr. Somers's earlier energy projects remain, ranging from free electricity for farmers to a succession of Indian bureaucrats, who must learn about new industries and projects with each job rotation. That can mean delays and costly red tape. In September, the World Bank ranked India 134th out of 175 locales in difficulty of setting up or operating a business. And some India business backers worry the nation's stalled privatization drive, notably its recently postponed plans to sell stakes in government-owned companies, points to a slowing pace of market liberalization that could hamper growth.

"It is important to bear in mind there are serious economic costs to any loss of momentum on the reform front," U.S. Ambassador David C. Mulford said in a speech this month.

Few foreign executives know the difficulties of operating here better than Mr. Somers. After a stint with the U.S. Agency for International Development in India in the early 1990s, he went to work for Cogentrix Energy Inc. of Charlotte, N.C., to set up a coal-fired power plant. Then a litany of troubles began: Mr. Somers would regularly awake at 2 a.m. to place calls home because that was the only time a long-distance line would be available. He once waited at an Indian airport for five hours, only to be told the pilots hadn't shown up to fly the plane.

Though it was granted fast-track status by the government, Cogentrix's $1.3 billion electric-power project in Karnataka state faced stiff challenges. Negotiators struggled to come up with workable financial terms, mainly because -- like today -- many farmers receive electricity free by order of state governments. Cogentrix also ran into environmental opposition for its coal-fired plant, even though it planned to use clean technologies. "I couldn't get up in the morning without another thing coming at me," says Mr. Somers.

In early 2000 Cogentrix pulled out of India, leaving the project to joint-venture partner China Light & Power Co. of Hong Kong. India's seven other fast-track projects didn't fare much better. The most high profile among them, Enron Corp.'s $2.9 billion Dabhol power project, was shut down in 2001 after its only customer, the Maharashtra State Electricity Board, fell behind on payments. GE and Bechtel Group Inc. bought the rights to Enron's stake, but last year both shed their interests in the plant after a drawn-out dispute with the electricity board and other government interests.

Mr. Somers went on to become Unocal Corp.'s chief executive in India. The U.S. company, now part of Chevron Corp., sought to build a pipeline that would stretch across seven Indian states, tapping gas from Bangladesh. Unocal lined up Indian Oil Corp. and other powerful government backers, but Bangladesh ultimately refused to supply the gas. In 2004 Unocal shelved the plan and shut down its India operations. Mr. Somers headed back to the U.S.

Today, India's cities are increasingly racked by power cuts as the economy expands around 8% a year. Oil and gas reserves can't meet soaring demand. Overseas, Indian bids for oil and gas fields are running up against those of another energy-hungry giant, China. "We need a huge amount of power at a reasonable price," says Harry Dhaul, director general of Independent Power Producers Association of India. "Nuclear is the only option."

Enter Mr. Somers -- again.

In India, Mr. Somers is so well-known he can't walk through a hotel lobby without someone interrupting him. During a visit in July, a vice president of Raytheon Co. wanted to trade gossip on the fighter-jet deal. An Indian-American entrepreneur thanked him for setting up a meeting with Indian defense scientists, who were eager to hear about his company's anthrax vaccine. And an anxious assistant reminded Mr. Somers he was an hour late for his next meeting.

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Mr. Somers's group, an affiliate of the U.S. Chamber of Commerce, is scrambling to rally support. In December , the U.S.-India Business Council hired Washington law firm Patton Boggs LLP to help line up lawmakers behind the nuclear deal, formally known as the "United States-India Peaceful Atomic Energy Cooperation Act."

The U.S. requires legislation to dismantle decades-old barriers to sharing its nuclear technology and equipment with New Delhi, and ensuring India has sufficient fuel to run its reactors. In July, the House passed the pact overwhelmingly; a Senate vote could come within days. If the deal is approved, both chambers would vote again on a final version.

The measure would lay the groundwork for a final agreement that would bring India's civilian nuclear program under international safeguards for the first time, but some U.S. lawmakers and security analysts worry that rewarding India for bucking nuclear norms would encourage other nations to follow its example. New Delhi has long refused to sign the Nuclear Non-Proliferation Treaty. In 1998, India exploded a series of nuclear devices, prompting Pakistan's own nuclear tests.

Far from earlier project failures damping his enthusiasm, Mr. Somers says India's future energizes him. "This is a young, hopeful [nation], which embraces wholeheartedly the tenets of free-market democracy," he says. "With all of this going for it, why shouldn't I, or U.S. industry, be anything but upbeat?"

Affirmative Action In India Flips Caste Roles (WT)

By Erica Lee Nelson

The Washington Times, September 25, 2006

NEW DELHI -- Years of affirmative action have upended India's caste system to the point where some upper-caste Brahmins are reduced to working as porters and pedaling rickshaws, while almost half the places in universities will soon be reserved for lower castes and tribal people.

Ramesh Jha, a Brahmin, came to New Delhi because he could not find work in his village in eastern Bihar state, where farming jobs have disappeared and almost all the government jobs are reserved for lower castes.

He now cleans toilets, performing a job once done by only the lowest of castes -- "untouchable" scavengers who cleaned excreta with their bare hands.

India's version of affirmative action has gradually taken hold over the past 50 years, designed to bring justice to those who were long oppressed by the Hindu caste system.

Now the government, using data from a caste census taken in 1931, is on its way to increasing the number of university admissions reserved for lower castes and tribal people to 49.5 percent from 22.5 percent.

When the reservation system was introduced in 1990, violent protests surged through the country and one student immolated himself in protest. This year, large groups of medical and engineering students went on hunger strikes, faced tear gas and left hospitals unmanned for days to participate in protests.

The demonstrators say the quota system will squelch merit in India's most respected universities and further fracture Indian society. More protests are expected when Parliament reconvenes for the winter session.

Since caste cannot always be determined by looks, corrupt government officials are known to create fake lower-caste certificates for anyone who pays. Recently, the Indian Express newspaper obtained a backward-caste certificate for Atal Behari Vajpayee -- a Brahmin and former prime minister -- simply by paying a bribe of less than $10.

Meanwhile, the status of Brahmins in many states is abysmal. In Andhra Pradesh, 44 percent of Brahmins in the 5 to 18 age group dropped out of school at the primary level, according to a book by J. Radhakrishna. And hundreds of thousands of Brahmins who were forced to leave insurgency-hit Kashmir now live as refugees in other parts of India.

Much of the progress made by the lowest castes is attributable to the work of the Sulabh Sanitation Movement in New Delhi, which has worked to improve conditions for those who clean public toilets while training them for other kinds of work.

Its founder, Bindeshwar Pathak, a Brahmin, recalls the day from his childhood that his grandmother forced him to swallow sand and cow manure because he had touched an "untouchable." Inspired by Mahatma Gandhi's social movement, he made it his life's work as an adult to fight against that prejudice.

Mr. Pathak, 64, estimates that 13 million toilets are cleaned by members of the manual scavenging caste -- women like Usha who started cleaning sewage when she was 15 years old, just after her marriage.

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"I was sick when I did that work," says Usha, who uses only one name. "My stomach always felt bad. My employers would never hand me food. They would only drop it on the ground."

The Sulabh Sanitation Movement trained her to make noodles and grind spices to sell to hotels in the area. The community now looks up to her, and she makes enough money to send her children to school.

But, she says, no one in her slum has benefited much from reserved jobs in the government: They only get jobs as cleaners. And no one of her generation has enough education to gain admission to a university, even if the increased reservations are implemented.

Rather, she says, it is members of the subcastes that stand slightly above the untouchables who are in a position to take advantage of the government benefits.

In order to correct this imbalance, Mr. Jha says, reserved jobs and places in universities should be allotted on the basis of income rather than caste.

"Anyone coming from poverty level should be helped by the government, no matter what the caste, so they can grow and develop," he says.

Somalia's Islamists Seize Seaport (AP)

By Nasteex Dahir Farah, Associated Press Writer

AP, September 25, 2006

Hundreds of Islamic militiamen in heavily armed trucks took over the southern town of Kismayo, one of the last seaports that had been outside their control in Somalia, witnesses said Sunday.

"The Islamic courts have entered Kismayo," said resident Abdi Gashan, adding that the warlords who previously ruled the area had fled. "We welcome the Islamic courts."

The peaceful takeover was the latest blow to Somalia's virtually powerless government. The country's defense minister, Col. Barre "Hirale" Aden Shire, had been a leading member of the Juba Valley Alliance that had been ruling Kismayo and was among those who fled.

Hirale's deputy, Yusuf Mire Mohamud, said "the Juba Valley Alliance has collapsed today."

Members of the Islamic group, which the United States accuses of harboring al-Qaida terrorists, were not immediately available for comment.

Leaders from the Islamic militia — which controls the capital, Mogadishu, along with much of southern Somalia — have been in Kismayo for several days, in direct challenge to the alliance. Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, throwing the country into anarchy.

An interim government was formed in 2004 with U.N. help in hopes of restoring order after years of lawlessness. But the Islamic movement seized Mogadishu in June and now controls much of the country's south.

The government controls just one town, Baidoa, 150 miles from the capital.

The United States has accused the Islamic group of sheltering suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania. Al-Qaida chief Osama bin Laden has portrayed Somalia as a battleground in his war on the U.S.

The group's strict and often severe interpretation of Islam raises memories of Afghanistan's Taliban, which was ousted by a U.S.-led campaign for harboring bin Laden and al-Qaida fighters. Still, many residents credit the courts with bringing a semblance of order.

U.S. Envoy Says Sudan One Of His Toughest Tasks (USAT)

By Barbara Slavin

USA Today, September 25, 2006

The Bush administration's new envoy to Sudan said his mission to try to stop the genocide in Darfur will be a daunting assignment.

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Andrew Natsios, a former head of the U.S. Agency for International Development, said his new job will be "one of the most difficult I've had." In an interview Friday, he compared it to his work on Boston's "Big Dig." Natsios was chairman and chief executive officer of the Massachusetts Turnpike Authority for a year. In 2000, he was brought in to try to get the calamity-plagued bridge and tunnel project on track.

Natsios said his first task will be to convince the Sudanese government to stop bombarding rebel villages in Darfur and allow the deployment of United Nations peacekeepers in the western Sudanese region, which is the size of France.

The U.N. Security Council passed a resolution last month calling on Sudan to permit deployment of 20,000 peacekeepers in Darfur. The U.N. force would augment an African Union (AU) force that has failed to stop the killing and displacement of Darfur civilians.

The conflict began in February 2003, when Darfur rebels attacked government installations, claiming discrimination against the region's non-Arabic-speaking farmers. The government unleashed helicopter gunships, and the Janjaweed, pro-government militias on horseback and camels, burned villages, raped women and slaughtered thousands. The attacks have forced more than 2 million from their homes and killed at least 200,000.

In recent weeks, the government has stepped up bombing of villages in rebel-held areas, New York-based Human Rights Watch says.

Sudanese President Omar al-Bashir has rejected U.N. troops, saying their presence would violate Sudan's sovereignty.

Last week, the AU announced it would extend its force's mandate, due to expire Sept. 30, until the end of the year. Noureddine Mezni, an AU spokesman, said Sunday that the organization would increase the number of troops in Darfur, currently 7,000.

"It will be a matter of battalions. I cannot specify how many," he said. A battalion usually is made up of 600 to 800 soldiers.

In a speech to the U.N. General Assembly last week, President Bush told the people of Darfur: "You have suffered unspeakable violence, and my nation has called these atrocities what they are — genocide."

Two years ago, then-secretary of State Colin Powell called the Darfur situation genocide. Bush said that if the Sudanese government does not cooperate, "the United Nations must act." He also announced Natsios' appointment.

Natsios said he will travel to the region in the next few weeks to try to convince the Bashir government to accept U.N. peacekeepers and to encourage Darfur rebels to stop fighting. A similar mission this month by Assistant Secretary of State for Africa Jendayi Frazer failed on both fronts. Natsios said the United States has "a plan B and a plan C" to deal with Darfur if his efforts do not succeed. He would not provide details.

U.S. leverage with the Sudanese government is limited by political and economic considerations:

•Sudan provides crucial cooperation on terrorism. Paul Pillar, former Middle East chief on the National Intelligence Council, which advises the president, said the Sudanese government "has for the past several years tried to get into our good graces by cooperating on terrorism," particularly against al-Qaeda, which was founded in Sudan in the early 1990s.

If the Bush administration were to increase pressure on Sudan by seeking to freeze its assets or block its oil exports, such cooperation could fade. "There is no question in my mind" that this is a complicating factor on Darfur, Pillar said.

John Prendergast, a Sudan specialist with the International Crisis Group, a Brussels-based organization that seeks to end conflicts, said U.S. leverage is limited because Sudan's intelligence chief, Maj. Gen. Salah Abdallah Gosh, who works with the CIA against al-Qaeda, is the same man who came up with the strategy of using the Janjaweed.

Natsios said, "I have to be aware of" the intelligence links, but "that's not driving" U.S. policy.

•Sudan uses oil as a diplomatic weapon. The toughest penalty against Sudan would be to block its oil sales, which account for 70% of its export earnings. Sudan is Africa's third-largest oil producer and the third-largest supplier of oil to China, a permanent member of the U.N. Security Council with the power to veto any sanctions. China owns 40% of Sudan's major oil company, said Princeton Lyman, an Africa expert at the Council on Foreign Relations: "The Chinese have not put pressure on Sudan, and they've blocked U.N. sanctions."

Natsios acknowledged that "dealing with the Chinese will be critically important."

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•Arab and Muslim countries have supported Sudan. Although Darfur natives are Muslim, many do not speak Arabic or identify with Arabs, as the government and most of the Janjaweed do. In general, the 22-member Arab League has backed Bashir in opposing the deployment of U.N. troops.

Natsios said he hoped that would change. A lot of Muslim leaders "are very nervous about where this is going," he said, referring to the deaths of fellow Muslims.

A NATO Solution For Sudan's Genocide (WSJ)

By Kurt Bassuener And Eric A. Witte

The Wall Street Journal, September 25, 2006

The Sudanese genocide in Darfur is on a faster track than the diplomacy hoping to stop it.

True, the Aug. 31 United Nations Security Council resolution to replace the African Union's underpowered observer force in Darfur with a stronger U.N. mission of over 17,000 troops clearly worries the Sudanese regime. But its fear that the world may finally summon the will to intervene forcefully has led to Khartoum's initial decision to expel and now try to co-opt the AU's ineffectual force. The regime seems to bet that by wiping out rebels and accelerating the genocide this fall, it can preclude any intervention.

At the U.N. Security Council earlier this month, Secretary General Kofi Annan reported that Sudanese aircraft have renewed bombardment of civilians, and that Sudanese army regulars are on the march. The genocidaires' plan has been kicked into overdrive. Even an agreement to a meaningful U.N. force now may come too late.

But the West's current tactics -- such as British Prime Minister Tony Blair's announcement two weeks ago that he would try to engineer an invitation from Khartoum -- will never convince Sudan to allow a "permissive environment" for deploying the kind of international force that Sudanese leader Omar Bashir categorically rejects. His threats of jihad against intervening troops are clearly designed to spook a Western public already jittery about terrorism at home and hot conflicts in Iraq, Afghanistan and elsewhere. The Security Council's insistence on walking through an open door rather than displaying the will to kick it down gives Sudan an effective veto over any force deployment. China and Russia, for reasons of oil, arms, and precedent would no doubt veto Security Council authorization of a deployment unless Sudan consents.

The only way Beijing, Moscow and Khartoum might change their minds is if the alternative is even less palatable: a force in which they have no say. Coercing the necessary Sudanese consent and convincing likely resisters on the Security Council to demur, as U.S. Secretary of State Condoleezza Rice hinted at Friday, is possible if the West moved outside the U.N. framework. NATO could rapidly alter the strategic and diplomatic equation by creating a no-fly zone and denying Sudanese control over Darfur's skies. It wouldn't be the first time for NATO to stop ethnic cleansing "unilaterally."

In 1999, NATO intervened in Kosovo to end Serbian atrocities without approval of the divided Security Council and thus paved the way for a U.N.-approved ground force under NATO and a U.N. civilian mission. Later that year, New Zealand's foreign minister mooted intervention without U.N. approval in East Timor, prodding China and others to rethink their resistance to a strong U.N. force.

But who could lead such a NATO force? Bogged down in Iraq and Afghanistan, the U.S. is unlikely to take charge. It is Europe and particularly France, recently more vocal than ever on Darfur, that hold the keys to meaningful international action. French Foreign Minister Philippe Douste-Blazy said earlier this month that it was "essential" for Khartoum to accept the U.N. force and even alluded to a deployment of troops without Sudanese consent. "Do we go there, in spite of them?" Mr. Douste-Blazy said at a Paris news conference. "That's not on the table; nobody has asked the question like that. But it's a real question," he stressed. The answer must be a resounding yes.

Despite its commitment to lead the augmented U.N. Interim Force in Lebanon, France remains the best-positioned power to take the lead on Darfur, given its military bases in neighboring Chad. European NATO forces -- acting through the alliance or as an EU-led Combined Joint Task Force availing itself of NATO assets, such as logistics and airborne battlefield management -- could quickly establish a no-fly zone over Darfur and eastern Chad from French airfields there. This could immediately end Sudanese strafing of Darfuri villages and provide a foundation for deploying reinforcements to AU troops without unduly stretching

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NATO military resources. In so doing, Khartoum -- denied control of its western airspace and with its ground forces as vulnerable as the civilians the regime has been attacking -- would find it hard to continue resisting a U.N.-mandated ground force.

If, despite a no-fly zone, the Sudanese government still were to block the deployment of a robust U.N. force, NATO could up the ante and strike at Janjaweed and government forces that continue to attack civilians. It should also begin staging a heavily armed brigade in Chad as the core of a future U.N.-approved, Chapter VII peace enforcement mission.

The only thing that could secure Sudan's agreement to a U.N.-mandated force is a NATO force prepared to act without one.

Messrs. Bassuener and Witte are senior associates at the Democratization Policy Council.

Official Claims Abuse At N.Y. Airport (WT/AP)

By Ian James

The Washington Times, September 25, 2006

NEW YORK -- Venezuela's foreign minister said he was detained for 90 minutes by officials at a New York airport and accused authorities of treating him abusively by trying to frisk and handcuff him.

U.S. officials called the Saturday evening incident regrettable and said they had apologized to Foreign Minister Nicolas Maduro. But Mr. Maduro said Venezuela would seek a legal challenge through the United Nations to what he called a "flagrant violation of international law" and his diplomatic immunity.

"We were detained for an hour and a half, threatened by police with being beaten," Mr. Maduro told reporters at Venezuela's mission to the United Nations. "We hold the U.S. government responsible."

A U.N. diplomat who spoke on the condition of anonymity said Mr. Maduro's return home had been delayed because he arrived late at the airport without a ticket, prompting extra screening.

Department of Homeland Security spokesman Russ Knocke denied that Mr. Maduro was mistreated at John F. Kennedy International Airport when he was selected for an extra security check.

"He began to articulate his frustration with secondary screening right after he went through" a metal detector, Mr. Knocke said. "Port Authority officials confronted him when the situation became a ruckus."

Mr. Maduro said he refused a request to go to another room for a strip-search. He told CNN that an official pushed him and yelled at him. He told reporters that the situation worsened when he explained he was the Venezuelan foreign minister and presented his diplomatic passport.

Mr. Maduro said authorities at one point ordered him and other officials to spread their arms and legs and be frisked, but he said they forcefully refused. He said officers also threatened to handcuff him.

"We responded with the dignity of Venezuelan revolutionaries ... with strength," Mr. Maduro said at Venezuela's mission to the United Nations. "It's a Nazi government, a racist government."

If this is how U.S. authorities treat a foreign minister, he asked, "What won't they do to Arab people for wearing a turban?"

He said his passport and ticket were seized and eventually returned, but the incident prevented him from flying home Saturday.

State Department spokesman Tom Casey said it was a "regrettable incident" for which "the U.S. government has apologized."

Fidel Castro, in his role as president of the Non-Aligned Movement, decried the incident in a statement, calling it a "vulgar provocation."

The statement issued late Saturday said that the Cuban leader reacted "with indignation" and that the detention was an "unacceptable violation" of international norms regarding diplomats.

Cuba took over the leadership of the Non-Aligned Movement Sept. 15. Its 118 members comprise two-thirds of the world's nations, mostly developing countries.

Relations between the U.S. and Venezuela -- strained for several years -- took a particularly confrontational turn last week, when Venezuelan President Hugo Chavez, speaking at the annual U.N. General Assembly, called President Bush "the devil."

U.S. officials often call Mr. Chavez a threat to democracy.

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Mr. Maduro told reporters that the treatment of him and other Venezuelan officials seemed in part to be an "attempt to provoke us."

He said about an hour and 20 minutes into his detention, he received a call from U.S. Assistant Secretary of State Thomas Shannon, who apologized and said State Department officials were on their way to resolve the matter.

Five minutes later, State Department officials arrived and ordered Mr. Maduro and the others to spread their arms and legs to be frisked by police, he said.

Mr. Maduro said that Venezuela has lodged a protest with U.N. Secretary-General Kofi Annan and that the incident should be investigated so that those responsible are punished. He said those who detained him did not make any particular accusations.

Crazy Like A Fox (TIME)

By Tim Padgett

Time, September 25, 2006

It's no surpriseÂ that the first thingÂ Hugo ChÃ¡vez offers me as we sit down for an interview is a cup of coffee. ChÃ¡vez is a renowned caffeine fanatic, known for downing as many as two dozen small cups a day. Venezuelans speculate that it's one reason their President is so prone to impulsive diatribes like the one he delivered at the U.N. General Assembly last week, in which he accused President George W. Bush of being the "devil" and leaving a satanic "smell of sulfur" in the U.N. hall. ChÃ¡vez wasn't done. A few hours before he met me, he gave a speech in Harlem in which he called Bush an "alcoholic."

But by the time he arrived at Venezuela's U.N. mission last Thursday, Hurricane Hugo had lost some of his bluster. On the basis of two previous meetings with ChÃ¡vez, I expected him to be considerably less strident when sitting over a cup of guayoyo (a Venezuelan-style cup of coffee) than while standing at a lectern. Indeed, when an aide reminded him that my wife is Venezuelan, he asked to see pictures of her and our kids. He seemed genuinely surprised when I informed him that rebukes were pouring in from liberals in the U.S. Congress over the way he insulted Bush on U.S. soil. "Bush has called me worse," ChÃ¡vez said, with a shrug. "Tyrant, populist dictator, drug trafficker, to name a few. I was simply telling a truth that people should know about this President, a man with gigantic power that no one seems to be braking."

ChÃ¡vez, 52, believes it's his destiny to be the leftist David who puts the brakes on what he calls Bush's imperialist Goliath--not just in Venezuela, which has the hemisphere's largest oil reserves, but in Latin America and the world. In his eight years as President, ChÃ¡vez has gone from a backwater strongman to a genuine global player, capitalizing on sky-high oil prices to spread his influence across Latin America and to win attention when he denounces the Bush Administration. That has made Caracas a hot destination for leftist tourists, bolstered ChÃ¡vez's celebrity cachet--he counts Danny Glover and Harry Belafonte as friends--and made him the most visible Latin leader since Fidel Castro. But his rhetorical excesses, like his antics at the U.N., allow his critics to dismiss him as a buffoonish pretender. It was a sign of how badly his act played in New York City last week that even Democratic Representative Charles Rangel, a harsh critic of Bush's, went out of his way to tell ChÃ¡vez that "you don't come into my country, you don't come into my congressional district and ... condemn my President."

Yet the problem for the Bush Administration is that while many Americans recoil, much of the rest of the world applauds. That's a big reason the U.S. is lobbying hard to prevent Venezuela from winning a nonvoting seat next month on the U.N. Security Council, where ChÃ¡vez could run interference for his friend, Iranian President Mahmoud Ahmadinejad, in the dispute over Iran's nuclear ambitions. The U.S. is backing Guatemala for the seat, but ChÃ¡vez has lined up the support of such influential nations as Russia, China and Brazil. And if Venezuela does win it, it would be the latest reminder that while 20th century rebels like Castro could do little more than rail at Washington, the U.S. today faces post--cold war radicals like ChÃ¡vez and Ahmadinejad who have the will, savvy and resources to constrain American power and thwart U.S. interests. Says an African diplomat: "ChÃ¡vez will stand up and articulate, however coarsely, the notion many of our citizens hold--that Bush and the U.S. have kicked us around for some time now after 9/11 and we would like it to stop."

ChÃ¡vez has long been an insurgent. He grew up idolizing his great-grandfather, who went into the mountains to lead a revolt against an early 20th century Venezuelan dictator, and SimÃ³n BolÃ-var, South America's 19th century independence hero. "ChÃ¡vez has always seen himself as that kind of heroic man of action on horseback," says Alberto Barrera, co-author of the

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biography Hugo ChÃ¡vez sin Uniforme (Hugo ChÃ¡vez Out of Uniform). Venezuela's ambassador to the U.N., Francisco Arias, a former classmate who took part with ChÃ¡vez in a 1992 coup attempt, says that when the two men went through military training together, "Hugo was the one cadet who stood up to the awful hazing" at the academy.

When ChÃ¡vez went to jail in 1992 for attempting to overthrow the government, the joke on the streets was that he deserved 30 years: one for the coup and 29 for failing. The incident won him admiration among ordinary Venezuelans, who backed ChÃ¡vez for taking a stand against their criminally corrupt Ã©lite, who for decades had pillaged the oil wealth and left half the population in poverty. That popular support got him and his comrades released, and ChÃ¡vez set out to take power at the ballot box instead. In 1998 he won a landslide presidential victory (and another in a special 2001 election).

Having vanquished Venezuela's political establishment, ChÃ¡vez has set his sights on bigger targets. Exploiting the fact that the U.S. gets about 15% of its foreign oil from Venezuela, he pushed the Organization of Petroleum Exporting Countries, of which Venezuela is a founding member, to pump up crude prices. In 1998, Venezuela's state-run oil monopoly, PDVSA, earned less than $14 billion in export revenue; this year it is expected to rake in almost $40 billion. In 2002 the White House was widely perceived to have backed a failed coup attempt against ChÃ¡vez. (The Bush Administration denies that.) The resulting sympathy ChÃ¡vez won coincided with the new petro-largesse he could spread around Latin America to curry favor for his Bolivarian revolution--including epic projects like a proposed $20 billion, 6,000-mile-long gas pipeline from Venezuela to Argentina to help integrate South America's economies. ChÃ¡vez's anti-Yanqui message has changed the hemisphere's political equation, catapulting Latin leftists like Bolivia's Evo Morales into power and helping nonhemispheric powers like China gain a stronger economic foothold. "The U.S. fears Venezuela's presence on the Security Council," ChÃ¡vez says, "because it knows we'll be a genuinely independent vote for the Third World."

ChÃ¡vez has also poured the country's oil windfall into a New Deal's worth of social programs in Venezuela, including the first medical clinics that many dirt-poor Caracas barrios have ever seen--usually staffed by doctors from Cuba whom Castro sends in exchange for cut-rate oil. "I don't care if our doctors are from Mars," says Manuel Tejera, who is helping build a clinic and lay potable-water pipes in the La Vega barrio. "We feel more like real citizens here for once."

But ChÃ¡vez is also a polarizing figure at home. Although his approval ratings are in the high 50s, there is growing impatience with the country's stubborn unemployment and violent crime. Teodoro Petkoff, an erstwhile socialist leader who is a campaign strategist for ChÃ¡vez's main opponent in the December presidential election, Manuel Rosales, says ChÃ¡vez's "21st century socialism" is only a short-term fix. "The real fight against poverty is a fight against unemployment," Petkoff says. Others complain that ChÃ¡vez is a Castro wannabe who has subverted Venezuela's democratic institutions, especially the courts, and may well seek a constitutional change to let him run for a third term in 2012 if, as expected, he wins re-election in December. For the most part, Venezuelan media are still free to rail at ChÃ¡vez--and they do. "Just watch two hours of television there," ChÃ¡vez says. "My God, devil is the least of things the opposition is allowed to call me on the air."

What may ultimately erode ChÃ¡vez's stature are exactly the things that he has skillfully used to boost it. As the price of oil begins to fall, critics predict ChÃ¡vez's radical influence will too. Some analysts believe that Mexico's leftist candidate, AndrÃ©s Manuel LÃ³pez Obrador, narrowly lost the recent presidential race in large part because his conservative opponent painted him as a ChÃ¡vez clone. The same thing happened a month earlier in presidential elections in Peru.

ChÃ¡vez considers his bravado his chief asset, but critics say it too often makes it hard to take him seriously as a statesman. While Ahmadinejad wowed U.S. audiences with his verbal dexterity last week, ChÃ¡vez seemed only to enhance his reputation for gratuitous Bush baiting. After ChÃ¡vez's speech at the General Assembly, the U.S. ambassador to the U.N., John Bolton, called the performance "a comic-strip approach to international affairs." A product of Venezuela's llanos, or rural plains, ChÃ¡vez patterns his style after the straight-talking vaqueros (cowboys) he grew up with. (One of his favorite American films is Clint Eastwood's Pale Rider.) And ChÃ¡vez is fond of calling Bush "Mister Danger," a reference to a quintessential Ugly American in Venezuela's best-known novel, DoÃ±a BÃ¡rbara, a torrid story set not far from where ChÃ¡vez was raised. And the "devil" barb, he points out, stems from a legend about a vaquero who beats Satan in a singing contest. But at some point even cowboys have to learn a more diplomatic tune. With reporting by Jens Erik Gould/Caracas

The Sound & The Fury (TIME)

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By Tim Padgett

Time, September 25, 2006

TIME: Why do you attack President George W. Bush with such jolting language?

CHAVEZ: I believe words have great weight, and I want people to know exactly what I mean. I'm not attacking President Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words--with bombs. When I say these things I believe I'm speaking for many people, because they too believe this moment is our opportunity to stop the threat of a U.S. empire that uses the U.N. to justify its aggression against half the world. In Bush's speech to the U.N., he sounded as if he wants to be master of the world. I changed my original speech after reading his.

TIME: But doesn't your rhetoric--referring to Bush, for example, as an "alcoholic"--risk alienating potential allies?

CHAVEZ: First of all, Bush has called me worse: tyrant, populist dictator, drug trafficker, to name a few. I was simply telling a truth that people should know about this President, a man with gigantic power.

TIME: Is all of this mostly for domestic consumption back in Venezuela?

CHAVEZ: No. American author Noam Chomsky in his book [Hegemony or Survival: America's Quest for Global Dominance] talks of two superpowers in today's world--one is the U.S., which aggressively wants to dominate the world, and the other is global public opinion. I don't consider what I'm saying personal attacks on President Bush--I want to wake up U.S. and global public opinion about him.

TIME: Do your feelings about Bush reflect your feelings toward America in general?

CHAVEZ: No. I revere America as the nation of Abraham Lincoln, Martin Luther King and Mark Twain--who was a great anti-imperialist, who opposed U.S. adventurism in the Spanish-American War.

TIME: You often speak of the link between U.S. foreign policy and its appetite for oil.

CHAVEZ: Bush wanted Iraq's oil, and I believe he wants Venezuela's oil. The blame for high oil prices lies in the consumer model of the U.S. Its reckless oil consumption is a form of suicide.

TIME: You said recently that you believe the "BolÃ-var Doctrine is finally replacing the Monroe Doctrine" on your watch. Why?

CHAVEZ: For two centuries in this hemisphere we've experienced a confrontation between two theses--America's Monroe Doctrine, which says the U.S. should exercise hegemony over all the other republics, and the doctrine of SimÃ³n BolÃ-var, which envisioned a great South American republic as a counterbalance. Bush has spread the Monroe thesis globally, to make the U.S. the police of the world--if you're not with us, he says, you're against us. We're simply doing the same now with the BolÃ-var thesis--a doctrine of more equality and autonomy among nations, more equilibrium of power.

TIME: What's the difference between your "socialism for the 21st century" and past attempts to fix the region's economic inequality?

CHAVEZ: When I was released from prison [in 1994] and began my political life, I naively took as a reference point Tony Blair's proposal for a "third way" between capitalism and socialism--capitalism with a human face. Not anymore. After seeing the failure of Washington-backed capitalist reforms in Latin America, I no longer think a third way is possible. Capitalism is the way of the devil and exploitation, of the kind of misery and inequality that destroys social values. If you really look at things through the eyes of Jesus Christ--who I think was the first socialist--only socialism can really create a genuine society.

TIME: Yet one slogan of your re-election campaign is "Against ChÃ¡vez, Against the People." You also seem to have taken on a with-me-or-against-me stance.

CHAVEZ: The difference is ethics and morals. We're not threatening anyone. That slogan is simply a call for conscious reflection on national unity. We're not going to enforce it by bombing or invading anyone.

TIME: Critics have noted that while you were free to slam President Bush on U.S. soil, a new defamation law in Venezuela makes people subject to criminal prosecution for slander against officials like you.

CHAVEZ: They need to visit Venezuela. If you think ChÃ¡vez is intimidating free expression, just watch television there--my God, devil is the least of things the opposition is allowed to call me on the air.

TIME: Could Venezuela play an interlocutor role between Iran and the U.S.? You and President Bush have some things in common--you both hail from cowboy country and enjoy Clint Eastwood movies.

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CHAVEZ: I like Danny Glover movies better. But I don't believe there is anyone who can play the interlocutor with a leader who considers himself master of the world, as Bush does. Before the 2002 coup attempt against me--which Bush backed--various Presidents around the world tried to be interlocutors between Bush and ChÃ¡vez. I said sure, please give him my regards. But they found it a waste of time with this U.S. President. I could talk to Clinton, but not Bush.

Chávez's Inferno (WSJ)

By Alvaro Vargas Llosa

The Wall Street Journal, September 25, 2006

It would have been more appropriate for Hugo Chávez to brandish Dante's "Divine Comedy" than Chomsky's "Hegemony or Survival" during his sulfuric broadside at the U.N. last week. In the first part of the Italian masterpiece, the author undertakes a journey through the nine concentric circles of the Inferno, each representing a type of evil. Dante's description reads like a script of present-day Venezuela.

Dante's first circle is for those who lack faith. In Chávez's Inferno, the first circle is made up of those who lack food. Cendas, a research center, maintains that 80% of Venezuelans cannot meet the cost of a basic daily diet. According to an official statistic the government inadvertently made public on the Web site of the Instituto Nacional de Estadística, between 1999, the year in which Chávez took office, and 2004, poverty rose to 53% from 43% of the population. The authorities attributed the figures to an outdated methodology and now claim the rate of poverty is 42%. If it were true, that would be embarrassing enough, because it would mean that poverty has remained at nearly the same level for eight years.

Dante's second circle is for those unable to control lust. Chávez's second circle is for those unable to control homicidal instincts. His government has degraded social coexistence so much that there have been more homicides in Venezuela during his seven-and-a-half years in office than there have been deaths in any single armed conflict around the world in recent years. Between 2001 and 2006, the number of homicides in Venezuela has been three times the number of victims in Afghanistan.

Dante's third circle is for gluttons who leave us with no food. Chávez's third is reserved for corrupt authorities who leave Venezuelans with no wealth. The major sources of corruption have been Plan Bolívar 2000, the state-owned oil company, and social programs known as "missions." Under Plan Bolívar 2000, the army took over development programs from the local governments. In the case of PDVSA, the energy giant, no one but Chávez and his cronies have access to detailed financial records. The budget for social programs, personally controlled by Chávez, is not included in any government ministry.

Dante's fourth circle is for misers. In Chávez's Inferno, the fourth circle is made up of bureaucrats who claim to provide social services but use funds to pay people to attend rallies or bust up opposition gatherings. Marino González, from Universidad Simón Bolívar, says that the "Barrio Adentro" program that purports to tend to all the pregnant women in the country only serves 2,000 expectant mothers out of a total of half a million each year. No country ever became prosperous through socialism, but for a government that claims to be able to tend to the needy, not being able to meet even 1% of the commitment is a particularly hellish sin.

Dante's fifth circle is for those who succumb to wrath. Chávez's fifth is for political persecution. Venezuela's human rights record is atrocious. Two violent incidents involving Chavista henchmen with many fatalities have gone unpunished, including the killing in April 2002 of 12 people who were protesting near the government palace. There are political prisoners such as Francisco Usón, former minister of finance in Chávez's government, who received a six-year sentence for saying he thought an incident in which a few soldiers died at Fort Mara in 2004 was no accident. Henrique Capriles, the mayor of Baruta, was jailed in 2004, accused of organizing a violent protest against the Cuban embassy which he had actually helped diffuse.

Dante's sixth circle is for heretics. Chávez's sixth circle is for heretic journalists who try to tell the truth. In December 2004, a "gag law" was imposed making it easy to prosecute journalists. The president continually threatens to withdraw TV and radio licenses -- the reason why there are no opinion programs on network TV. Government-controlled mobs called Bolivarian Circles, formed with the help of the Cuban intelligence apparatus, harass journalists.

Dante's seventh circle is for the violent. Chávez's seventh circle is another name for imperialism. His government has bought (or is buying) 100,000 AK-47s, 53 Mi-35 assault helicopters, fighter jets, transport planes, patrol boats, speedboats and Tucano jets from Russia, Spain and Brazil. Chávez is a long-time supporter of FARC, Colombia's terrorist group. He granted

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Venezuelan citizenship and protection to Rodrigo Granda, its "foreign minister," until Alvaro Uribe's government hired bounty hunters to bring him back to Colombia in 2005. The Venezuelan leader has given financial and political support to movements from Mexico to Bolivia. (His support for Ollanta Humala in Peru and Andrés Manuel López Obrador in Mexico was a major factor in both men's recent defeats.)

Chávez buys influence through oil. It is a form of blackmail: At OPEC, Chávez fights for increasing prices, making life hard for poor countries that import oil, and then offers those very nations oil subsidies they have no choice but to accept. That is what happened with the 14 Caribbean countries that make up the Caricom group. He also sends 100,000 barrels of oil to Cuba daily; and 200,000 barrels to Bolivia every month in exchange for soy, poultry and political subservience. And he has bought $3 billion worth of Argentine bonds to entice President Kirchner's loyalty. Chávez is denying his nation its wealth from oil, somewhere between $40 billion and $50 billion a year. His annual "aid" budget totals more than $2 billion. He sponsors 30 countries, including some in Africa, in order to buy their vote for a seat at the U.N. Security Council.

Dante's eighth circle is for those who commit fraud. Chávez's eighth is fraudulent anti-Americanism. Chávez exports 1.5 million barrels of oil a day to the U.S. Since oil makes up half the government's revenue and the U.S. is the principal destination of Venezuelan oil, he pays daily homage to U.S. capitalism. Moreover, Venezuela imported $18 billion worth of goods and services from the U.S. in 2005. He may have signed 20 trade deals with Iran's Ahmadinejad, but what he really lusts for is U.S. capitalism. (Another type of fraud involves the electoral system. Chávez has manipulated the voter registration rolls, adding two million phantom voters, including 30,000 who are 100 years old and citizens named "Superman." Four out of five members in the Electoral Council are Chávez lackeys.)

Dante's final circle is for traitors. Chávez's ninth is for traitors, too -- and the place is getting crowded. Army officers betray Chávez every day. Labor leader Carlos Ortega recently fled with three officers from a high-security prison controlled by the army. They evaded security controls thanks to help from army personnel.

At the end of Dante's Inferno is the center of the earth, where Satan is held captive in the frozen lake of Cocytus. In Venezuela's Inferno, Satan is frozen in oil-rich Lake Maracaibo, a metaphor for astronomical wealth squandered by tyrannical populism. The journey through hell is now complete.

Mr. Vargas Llosa, author of "Liberty for Latin America" (Farrar Straus Giroux, 2005), is director of the Center on Global Prosperity at the Independent Institute.

As Brazil Prepares To Vote, Scandal's Taint Seems To Fade (NYT)

By Larry Rohter

The New York Times, September 25, 2006

CARUARU, Brazil — A year ago, President Luiz Inácio Lula da Silva was on the ropes, his support and legitimacy sapped by the biggest corruption scandal in Brazil's modern history. But with Brazilians scheduled to vote Oct. 1, he now seems likely to cruise to a landslide re-election victory anyway.

The turnaround is a result of several factors, political analysts say, like generous patronage and social programs that have buoyed the president's standing. Simple voter weariness with hearing about corruption day after day has also clearly played a part.

But at least as important is the bedrock of support for Mr. da Silva, 60, the country's first elected left-wing president, among the nation's poor, like those here in the northeast. He was born in the region into a peasant family, one of eight children.

Mr. da Silva's campaign theme song, played incessantly over loudspeakers at campaign rallies and on television advertisements, reminds voters again and again of those humble roots and his kinship with them. "He's the first president with the soul of the people, who looks like us," one verse proclaims.

That argument seems to have resonated with the electorate. So has Mr. da Silva's strategy of distancing himself from the scandal, and from his own Workers' Party, which is expected to lose many of its seats in Congress, even as the president seems likely to emerge from the election unscathed.

Polls indicate that Brazilians blame Congress, the Workers' Party and "the government" for corruption, but have largely exempted Mr. da Silva from responsibility for the scandal.

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"Lula is not a conventional president, and enjoys a degree of identification with the less-educated sector of the populace that is like a safe conduct pass that allows him to do what he wants," said Rubens Figueiredo, a university professor and public opinion consultant. "He has been absolved beforehand."

[In mid-September a new scandal erupted, which forced the replacement of Mr. da Silva's campaign manager but has had minimal immediate impact on polls. Two Workers' Party operatives were arrested with $792,000 in cash that the police say was going to be paid to owners of an ambulance business, involved in another Health Ministry scandal, in return for a dossier meant to incriminate Mr. da Silva's opponent in the 2002 election, who was a former health minister.]

Recent polls have showed Mr. da Silva hovering around the 50 percent of the vote he would need to avoid an Oct. 15 runoff. His closest challenger, Geraldo Alckmin of the Brazilian Social Democratic Party, has been trailing far behind, with fewer than 30 percent of voters questioned saying they will vote for him. Broken down state by state, those numbers indicate an electorate of 126 million voters sharply divided along class and regional lines.

While Mr. da Silva and Mr. Alckmin, a doctor and former governor of São Paulo State, are running close in the more prosperous, industrialized south, polls show the president pulling down 70 percent of the vote in this poor nine-state area that is home to more than 50 million people.

"It would be so easy to govern if we only had to take care of the poor," Mr. da Silva said gratefully at the start of the campaign. "The poor don't cause problems," he added. "All they want is a bit of bread. They don't have the money to go protest in Brasília, to organize marches."

The scandal that threatened to derail Mr. da Silva's presidency erupted in May 2005, when a kickback scheme involving post office contracts was exposed. As the news media and congressional investigators dug deeper, however, they found evidence that Mr. da Silva's 2002 presidential campaign was financed illegally. The clandestine fund-raising scheme continued after he was elected and included payoffs to members of Congress in return for votes.

As a result, Mr. da Silva's two most important aides — his chief of staff, José Dirceu, and his finance minister, Antonio Palocci — were implicated and had to resign. The president of the Workers' Party, which Mr. da Silva founded in 1980 as a labor leader, also had to step down in disgrace, as did the party's secretary general and treasurer.

Initially thrown off balance, Mr. da Silva offered at least five widely varying defenses for the corruption, ranging from an initial argument that "everyone does it" to declarations that he had been "betrayed" by unidentified aides and knew nothing of what was happening.

In the end, he settled on saying that "the same elite that has dominated this country for 500 years" fabricated the scandal to prevent him from working in the interests of the poor, who have for the most part stood by the president's side.

"There has always been corruption in Brazil, but it was always kept under wraps, whereas now it's coming out in the wash and is talked about on the news every day," said Giderson Tenório Silva, 60, a truck driver here. "Like the Bible says, let he who is without sin cast the first stone."

At a campaign rally here on Sept. 5, Mr. da Silva struck a defiant tone with his former health minister, Humberto Costa, now running for governor, at his side. Mr. Costa was recently indicted as part of "the vampire scandal," involving overbilling for blood products, but the president urged his comrade not to worry, because "the people are more intelligent than the political class" and will deliver their verdict at the polls.

"I've been accused many times myself," Mr. da Silva said.

At the start of the campaign, in July, party leaders gave Mr. da Silva, who is prone to gaffes and exaggerations when he speaks off the cuff, "Ten Commandments" to follow. Though the president has occasionally had difficulty containing himself, as when he compared his critics to Nazis, he has mostly obeyed the main points, which include avoiding interviews and debates, so as not to have to improvise, and keeping away from his re-election committee, so as not to be linked to its financing practices.

Mr. da Silva has also been rewarded with voter support for his social programs aimed at easing the lot of the poor.

After his much-heralded Zero Hunger campaign proved a failure, he merged several welfare programs begun by the previous government, repackaged them under the name Family Allowance and made the benefits available to families with a per capita income of less than $60 a month on more lenient terms than were offered by his predecessor.

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More than 11 million families, accounting for nearly one quarter of Brazil's 185 million people, now benefit from the Family Allowance, which pays up to $45 a month per family. With the election looming, Mr. da Silva has also stepped up rural electrification and efforts to install water storage tanks.

"Lula has used the machinery of the state in a way I've never seen in 50 years," said Bolívar Lamounier, a political analyst in São Paulo. "He has been clever in taking voters out of play in the northeast, where people are more dependent on the government and can easily become captives of handouts, so that the only battle is being fought in the south."

Zimbabwe's Leaders Want To Delay Presidential Vote Until 2010 (NYT)

By Michael Wines

The New York Times, September 25, 2006

JOHANNESBURG, Sept. 24 — Zimbabwe's governing political party wants to postpone national presidential elections to 2010 from 2008, potentially giving the nation's longtime leader, Robert G. Mugabe, an extra two years in office, the state-controlled news media reported Sunday.

The proposal quickly drew speculation that the government was seeking to buy time before the vote so it could try to resuscitate the economy, which is in a state of collapse, and settle an increasingly bitter struggle within the ruling party over who will succeed Mr. Mugabe once he retires or dies.

Mr. Mugabe, who is 82 and has governed the country since 1980, has suggested but never confirmed that he would retire at the end of his current term as president. Several leaders are jockeying to succeed him within his governing party, the Zimbabwe African National Union-Patriotic Front, or ZANU-PF, but no clear favorite has emerged.

Because ZANU-PF dominates Parliament and is entrenched in the government, any proposal to delay elections is virtually certain to be approved.

Quoted on state radio and in the state-controlled Sunday News in Bulawayo, the ZANU-PF information minister, Nathan Shamuyarira, said delaying the presidential ballot by two years would consolidate that vote with parliamentary elections, also in 2010.

"We want to combine the two, the presidential and parliamentary elections, so that we do not go to elections every two years," The Sunday News quoted him as saying. "We have been discussing that and we will be putting our ideas to Parliament."

Some political analysts said that seemed a small reason to amend the Constitution and to delay the nation's most important election. Experts said it was more likely that the governing party wanted to give itself more time to settle its succession battle.

"There is perhaps a lot of turbulence within ZANU-PF with regard to the succession issue, to a point where holding 2008 elections could split the ruling party into various factions," Dr. Eldred Masunugure, who is in charge of the political science department at the University of Zimbabwe in Harare, said in a telephone interview. "I think 2008 may be too soon for the party to get its house in order."

Any split in the party would separate its hard-liners, led by Mr. Mugabe, from reformers who favor more democratic rule. That, in turn, could help the democratic opposition, which insists that fraud robbed it of victory in recent elections.

Mr. Masunugure and others also say Mr. Mugabe's government needs more time to try to revive the economy, which is saddled with 1,200 percent inflation, 80 percent unemployment and a crippling lack of foreign exchange to import supplies for manufacturing and farming.

Bread vanished from store shelves last week after the government imposed price controls on bread makers. The Associated Press reported Sunday that acute shortages of coal had caused an Indian steel maker to walk away from a plan to invest in steelworks and had forced brewers to raise the price of beer last week by 50 percent.

Zimbabwe has enough high-quality coal reserves to last the country thousands of years, the news agency reported, but shortages of imported spare parts and foreign currency have caused production to plummet.

Now What? (USAT)

By Jonah Goldberg

USA Today, September 25, 2006

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There's no substitute for a good pope. What other religious leader can start a global argument about theology? The Dalai Lama? Perhaps. The archbishop of Canterbury? Doubtful. Pat Robertson? Please.

Notice how the pope doesn't have a Muslim counterpart to "dialogue" with. It's the pope vs. 10,000 imams, scholars and other self-anointed spokesmen for Islam. It's a bit like Gulliver vs. the Lilliputians.

So, where is the Muslim pope? This question isn't often asked in the West. Particularly among left-leaning scholars of Islam, the search has been on for a "Muslim Martin Luther." Martin Kramer's blistering 2001 study Ivory Towers on Sand: The Failure of Middle Eastern Studies in America catalogued how for decades, scholars have been "so preoccupied with 'Muslim Martin Luthers' that they never got around to producing a single serious analysis" of Osama bin Laden and his cause.

This quest for a Muslim Luther centered on the understandable hope that such a person could reform Islam toward liberalization and modernization, just as Luther supposedly did in Europe. The problem is he did no such thing. His gripe with Roman Catholicism wasn't that it was too reactionary and rigid, but just the opposite. He thought the church had become too worldly and licentious, selling "indulgences" — or divine do-overs — to the highest bidder and the like.

The early Protestants were hardly "moderates" and, normally, secular liberals are keen to make this point. When was the last time you heard a Western liberal pine for a return of Puritanism? Luther and his immediate successors were true believers. And, while enormous theological and historical differences shouldn't be overlooked, today's Islamic fundamentalists have quite a bit in common with these religious crusaders.

Many Protestant sects were as austere as bin Laden's Wahhabi faith. The doctrines that birthed the Amish were hardly "modernizing." Other faiths were more violent. Mobs of Protestant iconoclasts rampaged through European capitals smashing "Catholic" sculptures and burning paintings that violated biblical injunctions against graven images.

In the early 20th century, Muslim zealots launched a remarkably similar project. For example, in 1925 Ibn Saud, a patriarch of the Saudi dynasty and a follower of the puritanical Wahhabi sect of Islam, ordered the destruction of the sacred tombs and mosques of Mohammed and his early followers. They razed Mohammed's home and the graves of the prophet's mother and first wife. The prophet's tomb was barely spared thanks to popular opposition. Today, Saudi authorities are in the process of destroying ancient art and architecture of Mecca and Medina out of the same puritanical zeal. A similar fanaticism inspired the Taliban to blow up the Bamiyan Buddhas, to ban music and even kite flying.

The West is surely indebted to Protestantism. But the idea that liberal secularism was born from it steals a few bases. Protestantism lent itself to being a state religion even more than Catholicism did. And while Christianity has long recognized the distinction between secular and religious authority, the reality is that secularism rests on a foundation of blood, not theology. The Reformation inaugurated an era of relentless religious wars. French Catholics slaughtered Protestant French Huguenots. Calvinists and Lutherans beat the stuffing out of each other. The bloodshed continued until, as British historian Herbert Butterfield put it, religious tolerance became "the last policy that remained when it had proved impossible to go on fighting any longer." Secular tolerance, in other words, defined the terms of cease-fire.

What might be called the Muslim Protestant Reformation began with the demise of the closest thing the Muslim world had to a Catholic Church: the Ottoman Empire. Unfortunately, unlike the church, which was strong enough to fight back, the "Sick Man of Europe" just up and died, ceding the battlefield to zealots. Without the push-and-pull that birthed Western social compromise, Islam simply replaced religious authoritarianism with religious totalitarianism. Tellingly, Lebanon, which endured years of religious civil war, is an exception to this dynamic in the Arab world.

Today, Islam is chockablock with Muslim Luthers claiming to have a monopoly on the Quran's true meaning. Murderers can shop around for a fatwa endorsing the most horrific — and technically un-Islamic — barbarism like junkies searching for a corrupt doctor with a prescription pad for hire.

No, what the Muslim world needs is a pope. Large, old institutions such as the Catholic Church have the "worldliness" to value flexibility and tolerance, and the moral and theological authority to clamp down on those who see compromise as heresy. Pope Clement XIV's famous, or infamous, suppression of Jesuits in 1773 might be an example of both qualities. The Ottoman Empire played a similar, if imperfect, role before its demise. In its absence, Islamic Lilliputians run amok. Ironically, Muslims don't want this divisiveness. The jihadists strive to restore the caliphate as an Islamist thousand-year Reich. But even the

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moderates long for unity among the Islamic nations. They might one day forge the sort of compromise we in the West reached, but the road map there isn't well illuminated by our past.

Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

Play By The Rules (WSJ)

By Charles E. Schumer And Lindsey O. Graham

The Wall Street Journal, September 25, 2006

If there's one issue on which we all should agree, it is that increasing global trade is good for American workers and businesses. No serious economist believes that we would be better off if we closed our borders. But for trade to be good for our people, every major economic power needs to abide by the rules of free trade.

One of the fundamental tenets of free trade is that currencies should float -- or at the very least, move along with market forces. The reason for this is that a free-floating currency allows large trade imbalances to self-correct, as the country with a large trade deficit sees its imports become more expensive and its exports become less expensive. Unfortunately, the Chinese government intervenes in the market to keep its currency, the yuan, artificially low, which allows China to artificially inflate its exports and reduce its imports. Their continued manipulation is a form of protectionism, and it throws the whole global trading system out of balance.

Free trade is hard. It's something that all countries have to work at, and most do a pretty good job. Unfortunately, China bends or breaks the rules far too often. Years of currency manipulation, intellectual property theft, and barriers to entry have cost American jobs and contributed heavily to our trade deficit with China, which will set a record this year. China's actions have eroded the coalition for free trade and make it harder for Americans to support free trade here at home.

Three years ago, we grew frustrated with the pace of China's reforms, and we introduced a bill that would impose a temporary tariff of 27.5% on all Chinese imports unless China agreed to play by the rules. Our bill was carefully crafted to not impose tariffs immediately, giving the parties time to negotiate an alternative. In addition, the president would retain the right to delay the tariff for up to two years. Neither of us wants the tariff to become law; our goal all along has been to send a shot across China's bow and prod them to play fair.

While not the ideal way to address China's currency regime, our legislation has given the Bush administration an important tool to encourage the Chinese to institute reforms more rapidly. Senior administration officials concede that our bill has helped strengthen their hand in negotiations.

So we have succeeded in getting China's attention. In fact, we believe the only reason there has been any progress on this issue at all is because of the existence of our bill.

Employers in our states tell us that if the playing field were more level -- that is, if the built-in price advantage China enjoys were reduced -- they would be able to compete more effectively, even with the wage differential between the United States and China. But with a built-in price disadvantage of 15% to 40%, many U.S. plants are forced to close and shift production to China. Members of Congress in both parties are starting to take this issue very seriously.

The tide has even turned at the large investment firms that analyze global economic trends. When we started working on the currency issue, few were paying much attention to it -- but now, many of the largest and most influential firms agree that the currency is significantly undervalued and that China could do much more.

In April 2005, we finally brought our bill to the Senate floor. The Chinese responded that July by allowing the yuan to appreciate by 2.1%, and promising to allow market forces to play a greater role in determining its value. Since the small revaluation, however, the currency has appreciated very little in 14 months, despite an economy growing at 11% annually and a trade surplus with the United States that continues to explode. So the rhetoric out of China is not being matched by real results.

We have agreed four times since last April to delay taking a final vote on our bill. Before the most recent delay, in March of this year, we traveled to China to meet with several of its top government officials.

What we learned on our trip is that China's economic leaders know that China could allow the currency to appreciate more rapidly, but the political leaders are less forthcoming. (There is clearly a growing tension in China between modern economic

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thinkers and the old-guard party officials.) We returned from our trip with the strong impression that China would move more quickly in the ensuing months. However, even after President Bush went to China last November, and President Hu came to the United States in April, there was no real movement.

We appreciate that China's banking system is not yet ready for a fully floating currency, but we also agree with most mainstream trade economists that gradual currency appreciation is possible without disrupting their "harmonious society." We have been patient and reasonable, but the time for patience has run out. The workers and manufacturers in our states rightfully demand a level playing field. To those who say we should do nothing, we ask: How much longer are they willing to wait?

Unfortunately, the Chinese appear to be content with the status quo. Their exports to the United States create millions of Chinese jobs and have allowed China to become the second-largest holder of U.S. government bonds in the world. They have no reason to change unless we send a very strong message that the status quo is not acceptable.

We look forward to meeting with Treasury Secretary Hank Paulson, who just recently returned from China. We hope he brings back good news. If not, the clock will have run out and it will be time for an up-or-down vote. With Congress's recess imminent, we know our bill will not become law, but it will be our last opportunity before a new Congress convenes to send such a message. We believe more strongly than ever that pressuring the Chinese to allow their currency to float is in the economic interests of both nations.

Messrs. Schumer and Graham are, respectively, Democratic and Republican senators.

Corruption? Ho-Hum (WSJ)

The Wall Street Journal, September 25, 2006

You might think the biggest objections to a World Bank anticorruption push would come from, say, corrupt poor countries in danger of losing international aid. In fact, it's such donor nations as Britain, France and Germany -- and bureaucrats at international aid agencies -- that seem to be complaining the loudest.

Welcome to the upside-down world of development aid, where a country's actual use (or misuse) of money is much less important than how much it receives. Paul Wolfowitz, who took over as head of the World Bank last year, wants to change this paradigm, which won't be easy. At an annual meeting of bank officials in Singapore last week, European elites let it be known that they much prefer a lending system that gives lip service to ending graft but in fact turns a blind eye to corrupt government officials on the receiving end of billions of dollars in foreign aid.

British Development Secretary Hilary Benn threatened to withhold $94 million in funding next year to protest the transparency and accountability conditions that Mr. Wolfowitz is implementing. Mr. Benn, along with his French and German counterparts who serve on the bank's board of directors, finally relented after assurances from Mr. Wolfowitz that the board would play an oversight role. So the same countries that say Americans need to throw more taxpayer money at the developing world don't seem to care how much of it is siphoned off by corrupt governments. The only word for this is bizarre.

Mr. Wolfowitz has said that this anticorruption drive "is about making certain that money goes to schools and textbooks for children, medicines for mothers and creating job opportunities for the poor -- not to line the pockets of the rich and powerful." These days as so often in the past, the latter is the norm.

Throw a dart at a map of Africa, and chances are high that you'll hit a place like Cameroon, where autocrat Paul Biya has been in power since 1982. According to The Wall Street Journal-Heritage Foundation 2006 Index of Economic Freedom, "the ruling party's long domination has encouraged corruption and cronyism" and "corruption is widespread in the government and the judiciary." Our guess is that the more than 40% of government revenue that Mr. Biya receives each year via foreign aid isn't doing much for the average Cameroonian, but it is helping Mr. Biya maintain power.

The World Bank says it has uncovered more than 2,000 instances of fraud, corruption and other misconduct related to its projects since 2001, a situation that led Mr. Wolfowitz to suspend more that $1 billion in loans to countries including Kenya, India, Bangladesh and -- yes -- Cameroon.

Through its lending arm, the International Development Association, the Bank issues on average between $7 billion and $9 billion each year in credits and grants to the poorest nations. And overall, Bank loans totaled nearly $23 billion in 2005. Mr.

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Wolfowitz recognizes that he has a fiduciary obligation to make sure money isn't being wasted or misused. He also understands that anticorruption is an integral part of reducing poverty and promoting growth.

That's a lesson many multilateral agency planners have yet to learn. And it's no surprise, since success at places like the World Bank is measured not by results but by how much money is pushed out the door. Hence, extreme poverty in Africa is growing, even as taxpayers in the West are importuned to throw more and more foreign aid at the continent.

Mr. Wolfowitz's detractors characterize his anticorruption efforts as "obsessive." The Financial Times went so far as to imply that he doesn't grasp the "complexity" of the problem, as if theft and bribery are difficult concepts.

Mr. Wolfowitz is being attacked precisely because he understands the situation all too well. As he put it last week, "better governance . . . is the key to reduction of poverty." We'd go further and add that corruption tends to accompany too-powerful governments that give politicians and bureaucracies control over investment and other economic decisions. The World Bank's own annual "Doing Business" survey documents this problem, even if some on the bank's board apparently don't read its own work. The last thing the world's poor need is international aid organizations that indulge their oppressive governments.

Japan's Future -- And Past (WP)

The Washington Post, September 25, 2006

IN ITS LONG march from military catastrophe to heavyweight status, postwar Japan has oscillated between two kinds of error. Its left wing has been honest about the past but irresponsible about the present: It has shown remorse for atrocities committed by Japanese troops in East Asia in the 1930s and 1940s but has been reluctant to see Japan emerge from its pacifist shell and contribute to international security. Meanwhile, the right has made the opposite mistake: It has pushed for Japan to take more responsibility for defense but has glossed over Japan's war guilt. Since becoming prime minister in 2001, Junichiro Koizumi has tended to make the right-wing mistake. His newly chosen successor, Shinzo Abe, threatens to do the same -- but more dramatically.

Mr. Koizumi came to power after a period in which demonstrators called for the removal of American troops from Japanese soil and the value of an alliance forged during the Cold War was widely questioned. He acted decisively to reinforce U.S.-Japanese ties, participating in the Bush administration's missile defense program, sending noncombat troops to Iraq despite Japan's pacifist constitution and taking a tougher line on North Korea than Japan had ventured previously. This pro-American instinct was Mr. Koizumi's good side. But the prime minister also insisted on visiting the Yasukuni shrine commemorating Japan's war dead, including its war criminals, and during his tenure some government-approved textbooks whitewashed Japan's war record. This unnecessarily inflamed anti-Japanese sentiment in China and other neighboring countries.

Mr. Abe promises an extreme version of this formula. He seems likely to dilute Japan's pacifism further: As he correctly says, it is wrong that a Japanese warship cannot come to the aid of a U.S. one attacked by a third country. He will be tougher on North Korea, too, having built his public career on denouncing Pyongyang's dictator. But Mr. Abe has also gone further than Mr. Koizumi in glossing over the past. He has questioned the legitimacy of the Tokyo trials that condemned Japan's wartime leaders. He has not endorsed the apology that Japan's government issued on the 50th anniversary of its surrender.

Mr. Abe sees political advantage in asserting Japan's pride. His grandfather was part of Japan's wartime leadership, so there may be a personal angle to his view of history. But he needs to recognize that forthright policies in the present must be underpinned by forthright honesty about the past. If Japan admits past errors, it will gain acceptance as the responsible democracy that it is, and its muscular foreign policy will be treated as legitimate. But if it professes to see nothing wrong in its own record -- including episodes such as the massacre of at least 100,000 Chinese in Nanjing -- its efforts to assert itself on security and diplomatic questions will raise tensions with neighbors, undermining regional security rather than contributing to it.

Europe V. Microsoft (WSJ)

The Wall Street Journal, September 25, 2006

Europe was expected to try a new approach to monopoly cases when Neelie Kroes took over as EU antitrust chief two years ago. Finding creative ways for Brussels to assail Microsoft isn't what most people had in mind.

The latest dust-up concerns the software giant's newest incarnation of the Windows operating system, dubbed Vista. Microsoft is now scrambling to decide whether it should ship the program to Europe along with the rest of the world later this

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year, or delay to avoid upsetting the European Commission. After the EU fined Microsoft half a billion euros in 2004 for alleged antitrust violations with Windows, and another €280.5 million ($356.8 million) earlier this year for failing to comply with its vague and ever-changing orders, Ms. Kroes has warned Microsoft not to cross the line with Vista.

The problem is figuring out what that line is. Ms. Kroes earlier this year named five areas of concern with Vista, ranging from built-in security software to the way PDFs are handled. The company proposed changes to address her worries, but Ms. Kroes has declined to say whether they would suffice. Her spokesman says only that "the Commission has been giving guidance to Microsoft for over a year. But ultimately it is for Microsoft to decide how they package and sell Vista."

In other words, the Commission is all but certain to nail Microsoft once Vista comes out, based on some unknowable notion of what is and isn't permissible. Take Adobe, whose PDF format for electronic documents is the industry standard. Adobe has asked the EU to examine Microsoft's inclusion in Vista of new Microsoft programs that perform functions similar to Adobe's, at no cost to consumers. Adobe also objects to Microsoft's free inclusion of a command to save files in non-Adobe programs, such as Word, as PDFs; currently, users must buy Adobe software to create PDFs, although the software for reading them is free. Microsoft has offered to make the PDF-creating plug-in for Vista available as a separate, but still free, download. But Adobe wants the Commission to require Microsoft to charge for the download -- even though Adobe wouldn't get any of the proceeds.

Of course, if Adobe were to make such a request of Microsoft privately, this would be considered collusion. And consumers will pay more and have less choice if Adobe gets its way. From a regulatory standpoint, in other words, Adobe is asking the EU to protect its total monopoly in the electronic-document market by acting against Microsoft's near monopoly in the operating-system market.

Ms. Kroes claims she's simply trying to ensure a level playing field and protect incentives for innovation. But her actions actually stifle creativity: In essence, she is telling Microsoft to proceed with the utmost caution when trying to improve its products, lest it incur her wrath. This precautionary principle doesn't encourage innovation in other fields, and the result won't be any different in software. With her Microsoft obsession, Ms. Kroes is demonstrating that once a company finds itself in the EU's crosshairs, Brussels will go to any length to pursue it.

Ms. Kroes made headlines a year ago by indicating, in a speech in New York, that she favored an American-style antitrust philosophy: namely, judging whether a company's practices help or harm consumers, rather than their competitors. She was back in Manhattan this month, insisting that she still adheres to the consumer-harm standard. But her actions make it hard to believe she means it.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 25, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Takes Issue With Intelligence Assessment (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, September 25, 2006

WASHINGTON --The White House on Sunday sharply disagreed with a new U.S. intelligence assessment that the war in Iraq is encouraging global terrorism, as Bush administration officials stressed that anti-American fervor in the Muslim world began long before the Sept. 11 attacks.

Peter Watkins, a White House spokesman, declined to talk specifically about the National Intelligence Estimate, a classified analysis that represents a consensus perspective of all 16 U.S. intelligence agencies.

The highly classified report, delivered to policymakers in April, is the first of its kind since the start of the Iraq war in March 2003. In it, the agencies concluded that the war has only worsened the U.S. effort to defeat global terrorism. They said that the war is spreading radicalism from Iraq throughout the Middle East and that the longer it continues, the more likely it is that it will provide fresh training grounds for future terrorist plots.

But the White House view, according to Watkins, is that much of the radical fundamentalists' deep anger at the U.S. and Israel goes back generations and cannot be linked to the U.S. invasion and occupation of Iraq.

"Their hatred for freedom and liberty did not develop overnight," Watkins said. "Those seeds were planted decades ago."

He said the administration has sought in Iraq to root out hotbeds of terrorism before they grow. "Instead of waiting while they plot and plan attacks to kill innocent Americans, the United States has taken the initiative to fight back," Watkins said.

President Bush and Vice President Dick Cheney also have highlighted the war in Iraq as the main thrust in the fight against terrorism, contending that the world is safer overall without Saddam Hussein in power in Iraq.

Sen. John McCain, R-Ariz., a member of the Senate Armed Services Committee and a likely presidential candidate in 2008, agreed with the White House view that radicalism pre-dates the toppling of Saddam, and that fundamentalists are always looking for reasons to recruit new jihadists.

"If it wasn't Iraq, it'd be Afghanistan," he said on CBS's "Face the Nation." "If it wasn't Afghanistan, it would be others that they would use as a method of continuing their recruitment."

But McCain also cautioned that the longer the war continues, "the more likely they are to have more recruits."

He added, "It's obvious that the difficulties we've experienced in Iraq have certainly emboldened (terrorists). Lack of success always does that."

The chairman of the Senate Judiciary Committee, Sen. Arlen Specter, R-Pa., said he was "very concerned" by the reports on the NIE, which were published in the New York Times, the Los Angeles Times and The Washington Post.

"My feel is that the war in Iraq has intensified Islam fundamentalism and radicalism," he told CNN's "Late Edition."

On the other political side, Senate Minority Leader Harry Reid, D-Nev., said he agreed with the intelligence assessment that the war is breeding more terrorists.

"President Bush's repeated missteps in Iraq and his stubborn refusal to change course have made America less safe," Reid said in a statement issued by his office Sunday. "No election-year White House PR campaign can hide this truth.

"It is crystal clear," he added, "that America's security demands we change course in Iraq."

And Rep. Jane Harman, the top Democrat on the House Permanent Select Committee on Intelligence, said on "Late Edition" that "every intelligence analyst I speak to confirms" that Iraq has made matters worse.

The war in Iraq is "a failed policy," she said.

Negroponte Highlights U.S. Successes (WP)

The Washington Post, September 25, 2006

The conclusion of U.S. intelligence analysts that the Iraq war has increased the threat from terrorism is only "a fraction of judgments" in a newly disclosed National Intelligence Estimate, Director of National Intelligence John D. Negroponte said yesterday.

DOJ_NMG_0068773

The NIE, completed in April, reflects the consensus view of 16 government intelligence services, including the CIA. The Washington Post, New York Times and Los Angeles Times reported yesterday that the classified document concludes that the invasion and occupation of Iraq has fueled Islamic extremism and contributed to the spread of terrorist cells.

"What we have said, time and again, is that while there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat," Negroponte said in a statement. "The conclusions of the intelligence community are designed to be comprehensive, and viewing them through the narrow prism of a fraction of judgments distorts the broad framework they create."

Democrats yesterday seized on the intelligence community's assessment.

The document, Sen. Edward M. Kennedy (Mass.) said in a statement, "should be the final nail in the coffin for President Bush's phony argument about the Iraq war."

Rep. Jane Harman (Calif.), the ranking Democrat on the House Intelligence Committee, said on CNN's "Late Edition": "Even capturing the remaining top al-Qaeda leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq."

But leading Senate Republicans said that the intelligence finding shouldn't cause the United States to abandon military operations in Iraq.

"We need to prevail in Iraq and . . . if we fail, then our problems will be much more complicated," Sen. John McCain (Ariz.) said on CBS's "Face the Nation."

Study Of Iraq War And Terror Stirs Strong Political Response (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — Democratic lawmakers, responding to an intelligence report that found that the Iraq war has invigorated Islamic radicalism and worsened the global terrorist threat, said the assessment by American spy agencies demonstrated that the Bush administration needed to devise a new strategy for its handling of the war.

Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, said that while she could not discuss details of the classified National Intelligence Estimate, “Every intelligence analyst I speak to confirms that” the Iraq war had contributed to the increased terrorist threat.

“Even capturing the remaining top Al Qaeda leadership isn’t going to prevent copycat cells, and it isn’t going to change a failed policy in Iraq,” Ms. Harman said on CNN’s “Late Edition.” “This administration is trying to change the subject. I don’t think voters are going to buy that.”

In public comments on Sunday, Republican Congressional leaders did not dispute the accuracy of the reports about the intelligence estimate, although they continued to defend the American presence in Iraq.

”I think it’s obvious that the difficulties we’ve experienced in Iraq have certainly emboldened” terrorist groups, Senator John McCain, an Arizona Republican, said on the CBS News program “Face the Nation.”

“But I would also argue that these people didn’t need any motivation to attack us on Sept. 11,” he said.

The intelligence estimate, an assessment by America’s 16 intelligence agencies, found that the war in Iraq, rather than stemming the growth of terrorism, had helped fuel its spread across the globe.

The estimate was completed in April, and is the first formal review of global terrorism by the United States since the Iraq war began. More than a dozen government officials and terrorism experts described the estimate to The New York Times, but spoke on condition of anonymity because its contents are classified.

Several of the lawmakers who appeared on Sunday talk shows said they had not seen the classified document, whose disclosure comes weeks before the Nov. 7 elections. Intelligence reports from American spy agencies are not circulated widely on Capitol Hill, and Congressional officials said neither the House nor the Senate intelligence committees had been formally briefed on the report.

In a statement released Sunday, the White House said the characterization of the report in The New York Times “is not representative of the complete document.” The White House did not release any specifics about the report, citing the fact that it was classified.

John D. Negroponte, director of national intelligence, said in a statement on Sunday that conclusions about the Iraq war are only a part of the overall intelligence assessment, and that viewing the reports conclusions “through the narrow prism of a fraction of judgments distorts the broad framework they create.”

“While there is much that remains to be done in the war on terror, we have achieved some notable successes against the global jihadist threat,” he said.

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The White House also issued three pages of excerpts from recent speeches by President Bush, including remarks about the continuing threats from terrorist groups inspired by Al Qaeda.

The House Democratic leader, Nancy Pelosi of California, said in a statement that news reports about the intelligence estimate were "further proof that the war in Iraq is making it harder for America to fight and win the war on terror."

Her Senate Democratic counterpart, Harry Reid of Nevada, said that "no election-year White House P.R. campaign can hide this truth — it is crystal clear that America's security demands we change course in Iraq."

Democrats Use Intelligence Report To Attack GOP On Iraq (USAT/AP)

By Nedra Pickler

USA Today, September 25, 2006

WASHINGTON — Democrats on Sunday seized on an intelligence assessment that said the Iraq war has increased the terrorist threat. They said it was further evidence that Americans should choose new leadership in the November elections.

The Democrats hoped the report would undermine the GOP's image as the party more capable of handing terrorism as the campaign enters its final six-week stretch.

Their criticisms came in a collection of statements sent to reporters Sunday after the disclosure of a National Intelligence Estimate that concluded the war has helped create a new generation of Islamic radicalism and that the overall terrorist threat has grown since the Sept. 11, 2001, attacks.

The report was completed in April and represented a consensus view of the 16 disparate spy services inside government, according to an intelligence official. The official, confirming accounts first published in Sunday's New York Times and Washington Post, spoke on condition of anonymity on Sunday because the report is classified.

"Unfortunately this report is just confirmation that the Bush administration's stay-the-course approach to the Iraq war has not just made the war more difficult and more deadly for our troops but has also made the war on terror more dangerous for every American," said Illinois Rep. Rahm Emanuel, head of the Democratic effort to take control of the House.

A White House spokesman, Blair Jones, said, "We don't comment on classified documents." But he said the published accounts' "characterization of the (National Intelligence Estimate) is not representative of the complete document."

The White House issued a written rebuttal that argued administration officials have been making some of the same arguments as in the intelligence estimate. A White House strategy booklet released this month described the terrorists as more dispersed and still a threat to the United States.

President Bush said on Sept. 5 that "terrorist danger remains" and the broader terrorist movement is becoming more self-directed. The president also has said the United States is safer since the Sept. 11 attacks and that fighting the terrorists in Iraq keeps them from attacking America. He has said leaving Iraq would make the world less safe.

Democrats said Bush had misled people about Iraq's contribution to the terrorist threat. California Rep. Jane Harman, the leading Democrat on the House Intelligence Committee and one of a few lawmakers to have read the report, said she agrees with the findings. "Even capturing the remaining top al-Qaeda leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq," she said.

In congressional races across the country, Democratic candidates used the report to attack their opponents and tie them to Bush's faltering strategy. In New York, for example, Democratic challenger Kirsten Gillibrand pointed to the report and said GOP Rep. John Sweeney "has supported President Bush 100% of the time on Iraq, refusing to ask tough questions or push for honest answers."

"Now is the time for a new direction, and real accountability and oversight," she said. Gillibrand called for U.S. forces to be moved out of Iraq within six months to a year.

Three leading Republicans — Senate Majority Leader Bill Frist of Tennessee, Sen. John McCain of Arizona and Sen. Mitch McConnell of Kentucky — said it is vital that U.S. troops stay in Iraq. None of them had seen the classified report, but they were responding to media coverage of it.

Frist said Americans understand the nation must continue to fight terrorists in Iraq and elsewhere. "Either we are going to be fighting this battle, this war overseas, or it's going to be right here in this country," he said on ABC's This Week.

McCain told CBS' Face the Nation that if the United States failed, "then our problems will be much more complicated."

At least one Republican — Sen. Arlen Specter of Pennsylvania — said he was very concerned about the intelligence report and agreed that the war had intensified Islamic fundamentalism. "I think there is a much more fundamental issue as to how we respond," he said on CNN's Late Edition. "And that is what we do with the Iraq war itself. That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to."

Leaked Intelligence Report Rocks Bush Election Stance (AFP-Y)

DOJ_NMG_0068775

By David Millikin

AFP, September 25, 2006

US spy agencies dropped a political bombshell six weeks before national elections, with the leak of a classified report concluding that the war in Iraq has spawned a new wave of Islamic radicalism and increased the global threat of terrorism.

The intelligence document rocked a central pillar of the Republican Party's campaign platform ahead of November elections: that the 2003 invasion of Iraq and the ouster of Saddam Hussein made America safer, not weaker.

With opinion polls showing President George W. Bush's party possibly losing control of both houses of Congress in the the mid-term polls, in large part due to unhappiness over the war in Iraq, the report stating categorically the opposite will make for painful reading at the White House.

Bush has argued repeatedly in pre-election speeches that Iraq is the central front in the war on terrorism and that demands for a US troop withdrawal from the country by the opposition Democrats underscores why the center-left party should not be trusted with the nation's security.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said in one speech on August 31.

Such assertions were looking decidedly shaky Sunday after The New York Times and The Washington Post released details of the classified National Intelligence Estimate, the most comprehensive assessment yet of the war, based on analyses of all 16 of America's intelligence agencies.

The report, Trends in Global Terrorism: Implications for the United States, says "the Iraq war has made the overall terrorism problem worse," an official familiar with the document told The Times.

The Washington Post said the report described the Iraq conflict as the primary recruiting vehicle for violent Islamic extremists.

While the US has seriously damaged Al-Qaeda and disrupted its ability to carry out major operations since the September 11, 2001, attacks on New York and Washington, it noted, radical Islamic networks have spread and decentralized.

Democratic leaders were quick to jump on the report's conclusions as clear evidence of the failure of Bush's policies.

"This intelligence document should put the final nail in the coffin for president Bush's phony argument about the Iraq war," Senator Edward Kennedy said in a statement Sunday.

"The fact that we need a new direction in Iraq to really win the war on terror and make Americans safer could not be clearer or more urgent -- yet this administration stubbornly clings to a failed 'stay-the-course' strategy," he said.

The White House, while reiterating its traditional stance of not commenting on classified reports, said The New York Times story "isn't representative of the complete document."

"We've always said that the terrorists are determined. Keeping the pressure on and staying on the offense is the best way to win the war on terror," a White House spokesman added.

But the leaked intelligence report is hardly good news for Bush and the Republicans, coming on top of a messy revolt by top Republican senators against a Bush plan for legitimizing how the US interrogates and prosecutes terrorist suspects.

The Senate rebels, who included possible candidates to succeed Bush in 2008, reached a compromise agreement with the White House late this week.

But the unseemly row already diverted attention from Republican efforts to present a unified front on the issue of national security during the final stretch of the election campaign.

Republican leaders tried to brush aside the intelligence document, which they said they had not yet seen.

Senate Majority Leader Bill Frist expressed confidence US voters would not be swayed by the intelligence report.

"I think the American people, when they read an article like that ... say, 'Listen, just keep me safe -- I just want to be safe in Nashville, Tennessee, I want to be safe in Memphis, New York City, Washington, DC,' that's what they want."

However, one moderate Republican, Arlen Specter, told CNN, "The war in Iraq has intensified Islam fundamentalism and radicalism."

"There is a much more fundamental issue as to how we respond. And that is, what we do with the Iraq war itself," he said.

"That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to," Specter said.

Intelligence Findings Present Political Obstacle For Republicans (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 25, 2006

WASHINGTON - A newly disclosed intelligence assessment that contradicts President Bush's claim that the war in Iraq has made America safer also casts doubt on the Republican campaign strategy for the November elections.

DOJ_NMG_0068776

Democrats seized on the intelligence findings Sunday to challenge Republican assertions that Bush and his congressional allies offer the best protection against terrorists. The assessment, the consensus opinion of the entire federal intelligence network, concluded that the Iraq war has fueled Islamic extremism and contributed to the spread of terror cells.

Sen. Edward Kennedy, D-Mass., said in a prepared statement that the intelligence analysis "should be the final nail in the coffin for President Bush's phony argument about the Iraq war."

"Despite what President Bush says," Kennedy said, "the intelligence community has reported the plain truth - the misguided war in Iraq has metastasized and spread terrorism like cancer around the world."

House Democratic Leader Nancy Pelosi said the analysis is "further proof that the war in Iraq is making it harder for America to fight and win the war on terror." She said Bush "should read the intelligence carefully before giving another misleading speech about progress in the war on terrorism."

White House officials declined to discuss the classified intelligence findings, which were disclosed in Sunday editions of The New York Times and The Washington Post. The assessment came in a report known as a National Intelligence Estimate, which reflects the consensus view of 16 government intelligence services, including the CIA.

The newspapers did not offer direct quotations from the report, relying instead on characterizations of the document by unnamed government officials. White House spokesman Peter Watkins suggested that the newspaper accounts did not provide the full story, but he declined to elaborate because the report remains classified.

The classified report was completed in April, but disclosed just six weeks before congressional elections that are likely to hinge on national security issues.

Republican strategists are hoping that voter confidence in Bush's handling of terrorism will help their party retain control of Congress.

"The Bush administration lives or dies, in terms of national security, on the claim that they have indeed made America safer," said Dennis Goldford, a political science professor at Drake University in Des Moines, Iowa. "This is at the heart of the Republican rationale for continued control of government." He called the report "kryptonite for Superman," referring to the substance that disabled the comic book hero.

But Goldford said the political impact depends on "how skillful the Democrats are in exploiting" the newly disclosed intelligence findings.

"Never underestimate the Republicans' ability to make a silk purse out of a sow's ear, and never underestimate the Democrats' ability to make a sow's ear out of a silk purse," he said.

Polls indicate that Bush's handling of the war on terrorism remains a strong point for Republicans, despite widespread discontent with the war in Iraq. A recent Gallup Poll found that 57 percent of Americans think the war on terrorism is going well.

Bush has played up his strength with a series of recent speeches linking Iraq to the broader war on terrorism and defending his national security record. Watkins, the White House spokesman, echoed the president's previous remarks when asked Sunday to respond to the intelligence assessment.

"Terrorists are determined, and we're taking the fight to them," Watkins said. "We're keeping the pressure on and staying on the offensive, and that's the best way to win the war on terror."

But even some Republicans acknowledged that the intelligence report undermines Bush's claims that his decision to invade Iraq has made America safer. Appearing on CNN, Sen. Arlen Specter, R-Pa., the chairman of the Senate Judiciary Committee, agreed that the Iraq war has become "a focal point for inspiring more radical Islam fundamentalism."

The Gallup Poll was based on phone interviews with 1,003 adults on Sept 15-17. The range of accuracy is plus or minus 3 percentage points.

White House Blamed On Terror Bill (RC)

By John Stanton

Roll Call, September 25, 2006

While much of the attention on last week's intraparty Republican dispute over the interrogation of terror suspects focused on a standoff between the White House and moderate Senate Republicans, Congressional Republicans and Democrats say the Bush administration's continued misreading of Capitol Hill had at least as much to do with the scuffle.

Although a full-scale political disaster was avoided late last week when moderates, led by Sen. John McCain (R-Ariz.), agreed to a modified version of President Bush's tribunal system and rules governing interrogation techniques, the skirmish also resulted in the squandering of several legislative days, which makes it more difficult — if not impossible — for Congress to pass a number of big-ticket items, including a package of lobbying and ethics reforms that Members might have been able to tout when they hit the campaign trail back home.

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In late July, sources said, Senate Majority Leader Bill Frist (R-Tenn.) pressed the White House to propose legislation before lawmakers left for the August recess, so that talks could begin during the break and allow the worst of the infighting to occur while the public wasn't focused on Congress.

Frist had hoped to engineer a floor schedule that allowed for passage of the terrorism tribunal bill as well as a handful of appropriations bills and any other measures he could squeeze in.

"Sending the bill up before the August recess would have likely locked in the three Senators who ultimately decided to head their own way," a senior GOP aide said. Those three were McCain, Armed Services Chairman John Warner (R-Va.) and Lindsey Graham (R-S.C.).

The aide added that the bill Frist and Majority Whip Mitch McConnell (R-Ky.) drafted "was based on representations from those three Members on some of the critical issues that got into play. Additionally, any fights kicked off during the sleepy days of summer would have been ignored by the general public and given us extra time to set the fight up, because the complaints would have come from Democrats and liberal interest groups —great opponents in a debate like this."

The White House rejected that timeline. A White House spokeswoman said the timing of the bill was strictly a matter of the issue's complexity.

"This is something that's never been done before," the spokeswoman said, adding that at the time of the August recess, the White House was still in the process of consulting with Members of Congress and other legal experts. "At the beginning of August the cake hadn't been fully baked," the spokeswoman said.

However, "people [on Capitol Hill] felt as though they were being gamed at the time, and in retrospect, some argue that the administration clearly stalled on the bill to help set up the play on moving the 14 terrorists and demanding a bill so they could go to trial," a GOP source close to the issue said.

Personality conflicts that have plagued Bush's relations with the Senate also played a role in delaying the talks, aides said.

During most of Bush's tenure as president, his relations with Congress, especially with the Senate, have been marked by what many Members and aides of both parties characterize as indifference on the part of the president to the role of Congress as an independent branch of government.

"Unfortunately, it seemed to get a little too personal at both ends of Pennsylvania Avenue for a while, which also contributed to a real slow down and needless confrontation," one aide said, adding that "folks got a little too invested in specific legislative language, rather than keeping their eye on the big picture and looking at different ways to skin the cat to keep the program open and classified information protected."

Do Unto Your Enemy... (NYT)

By Paul Rieckhoff

The New York Times, September 25, 2006

IN 2002, I attended the Infantry Officer Basic Course at Fort Benning, Ga. At "the Schoolhouse," every new Army infantry officer spent six months studying the basics of his craft, including the rules of war.

I remember a seasoned senior officer explaining the importance of the Geneva Conventions. He said, "When an enemy fighter knows he'll be treated well by United States forces if he is captured, he is more likely to give up."

A year later on the streets of Baghdad, I saw countless insurgents surrender when faced with the prospect of a hot meal, a pack of cigarettes and air-conditioning. America's moral integrity was the single most important weapon my platoon had on the streets of Iraq. It saved innumerable lives, encouraged cooperation with our allies and deterred Iraqis from joining the growing insurgency.

But those days are over. America's moral standing has eroded, thanks to its flawed rationale for war and scandals like Abu Ghraib, Guantánamo and Haditha. The last thing we can afford now is to leave Article 3 of the Geneva Conventions open to reinterpretation, as President Bush proposed to do and can still do under the compromise bill that emerged last week.

Blurring the lines on the letter of Article 3 — it governs the treatment of prisoners of war, prohibiting "violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture" and "outrages upon personal dignity, in particular, humiliating and degrading treatment" — will only make our troops' tough fight even tougher. It will undermine the power of all the Geneva Conventions, immediately endanger American troops captured by the enemy and create a powerful recruiting tool for Al Qaeda.

But the fight over Article 3 concerns not only Al Qaeda and the war in Iraq. It also affects future wars, because when we lower the bar for the treatment of our prisoners, other countries feel justified in doing the same. Four years ago in Liberia, in an attempt to preserve his corrupt authority, President Charles Taylor adopted the Bush administration's phrase "unlawful combatants" to describe prisoners he wished to try outside of civilian courts. Today Mr. Taylor stands before The Hague accused of war crimes.

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It is not hard to imagine that one of our Special Forces soldiers might one day be captured by Iranian forces while investigating a potential nuclear weapons program. What is to stop that soldier from being water-boarded, locked in a cold room for days without sleep as Iranian pop music blares all around him — and finally sentenced to die without a fair trial or the right to see the evidence against him?

If America continues to erode the meaning of the Geneva Conventions, we will cede the ground upon which to prosecute dictators and warlords. We will also become unable to protect our troops if they are perceived as being no more bound by the rule of law than dictators and warlords themselves.

The question facing America is not whether to continue fighting our enemies in Iraq and beyond but how to do it best. My soldiers and I learned the hard way that policy at the point of a gun cannot, by itself, create democracy. The success of America's fight against terrorism depends more on the strength of its moral integrity than on troop numbers in Iraq or the flexibility of interrogation options.

Several Republican combat veterans, including former Secretary of State Colin Powell and Senators Lindsay Graham, John McCain and John Warner, have recognized that the president's stance on Article 3 is a threat to our troops and to our interests. It would be insulting for the president to assume he knows more about war than they do.

But the compromise the president struck with the senators last week leaves the most significant questions unresolved. The veterans must hold their ground — and the White House must recognize that our troops need all the moral authority they can get.

Firing Potent Words, From A Tank (NYT)

By Arthur T. Hadley

The New York Times, September 25, 2006

I'M pleased that President Bush has said he will enforce the letter and spirit of the Geneva Conventions. I hope he stays true to his word.

My great respect for the conventions developed not from afar, but from the ground, in the Second World War, at the dirty-boot level, where the bullet meets the soldier.

As a young Army lieutenant, I had the job of making clear to the enemy, via loud speaker or leaflet-filled artillery shells, that the accords would be honored. Over and over, from Normandy to the Elbe, in tanks and in foxholes, my sergeants and I would say in German, "You will be well handled according to the Geneva Conventions."

How did I find myself in this line of work? I started out with the Tank Destroyer Forces. But in one of Gen. George Marshall's few mistakes, the destroyers were disbanded. Noting that I spoke some German, the Army then placed me as a second lieutenant in a German-speaking unit. Some of us made broadcasts; others interviewed captured German soldiers to discover ways to damage their morale.

This work was new to us and the Army, and we made up our rules as we went along. Through interviews with prisoners, we soon discovered that reminding Germans that they would be treated according to the Geneva Conventions was one of the most effective ways to persuade them to surrender.

Our broadcasts, then, took on the following structure: first, we'd outline what we knew about the German position; second, we'd describe the weight of artillery and air power that was about to fall on them; finally, we'd end with assurances that those troops who surrendered would be well treated under the Geneva Conventions.

Loudspeaker missions were not popular, as the Germans most often tried to shut them up with heavy fire. Initially, we'd place our speakers near the front lines and then run cables to the relative safety of the foxhole from which we'd broadcast.

Having trained as a "tanker," I hoped to get loudspeakers off the ground and mounted on tanks, where they would be mobile and infinitely more effective during an attack. It was a wish that would not be fulfilled overnight: I was a young lieutenant in the position of having to persuade a tank general to give up a fighting vehicle for a loudspeaker.

Eventually, and somewhat to my surprise, I succeeded. After the Battle of the Bulge, I received the O.K. to mount a loudspeaker on a light tank of the Second Armored Division. At the same time an O.S.S. agent placed a loudspeaker on a Third Armored Division tank. He unfortunately was soon killed. This left my "talking tank," as the Second Armored Division tank became known, as a pioneer.

At last, we could broadcast our message during an attack. This was an advantage because the enemy was more likely to surrender during an attack than after the battle had quieted down.

The jury-rigged tank also worked remarkably well. The loudspeaker itself was mounted on the forward slope of the turret and partly covered by a metal casing that resisted light machine-gun fire. The generator was set over the engine in the rear, totally covered. All the tank's weapons could operate, though the wires attached to the speaker limited turret motion. Some of the ammunition racks inside the tank were removed and the amplifiers for the loudspeaker fastened to the steel insides.

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We broadcasters lived in the turret, the tank driver was forward in the driver's compartment and the electrician who maintained the loudspeaker and electronic equipment occupied the assistant driver's seat.

Having trained as a tanker, I was familiar with tank combat. I could work the radios and fire the guns. I usually placed the tank as No. 3 in an attack column. There, it could broadcast immediately without interfering with the two point tanks as they checked right and left.

We were a success. In three weeks fighting beyond the Rhine in 1945, the Second Armored Division credited the talking tank for the surrender of 5,000 prisoners. The actions of the other tankers were also crucial. Their willingness to hold their fire gave surrenders a chance to happen. Germans had time to weigh the alternatives: an attack from our tanks versus imprisonment under the Geneva Conventions. In this way, American and German lives were saved.

The British had a similar strategy, though they did not use loudspeakers. They had a truck-drawn trailer with a radio broadcast studio and station inside. Led by Marius Goring (famous, later, as the hero of "The Red Shoes"), this unit would interview cooperative German prisoners and broadcast their reactions to their capture into Germany. In these broadcasts Goring would get prisoners to stress that while being a prisoner was no pleasure, they were treated fairly under the Geneva Conventions.

Yes, times have changed. Yes, we face a different enemy from the one we faced half a century ago. But I've seen firsthand the power of Geneva Conventions, both to compel surrenders and to broadcast, for the world, our determination to live up to our highest ideals.

McCain Names Practices Detainee Bill Would Bar (WP)

By R. Jeffrey Smith

The Washington Post, September 25, 2006

A Republican senator who played a leading role in drafting new rules for U.S. interrogations of terrorism suspects said yesterday that he believes a compromise bill embraced by party leaders and the White House will bar some of most extreme techniques said to have been used by the CIA.

Sen. John McCain (Ariz.) named three measures that he said would no longer be allowed under a provision barring techniques that cause serious mental or physical suffering by U.S. detainees: extreme sleep deprivation, forced hypothermia and "waterboarding," which simulates drowning. He also said other "extreme measures" would be banned.

McCain's remarks were unusual because public officials involved in the lengthy public debate about U.S. interrogation practices have rarely made specific references to the CIA's actions, choosing instead to make general claims about the need for rough interrogations or a desire to stop abusive behavior.

"It's clear we have to have the high moral ground," said McCain, a former POW tortured by prison guards in Vietnam, on CBS's "Face The Nation." "I am confident that some of the abuses that were reportedly committed in the past will be prohibited in the future."

McCain spoke after officials of Human Rights Watch and others pressed him to spell out ways in which the controversial draft legislation would constrain the CIA's actions. The bill, introduced in the Senate on Friday, does not mention specific interrogation methods, causing some experts to say it would leave room for abuses. President Bush endorsed the bill after CIA Director Michael V. Hayden said it meets his agency's needs.

McCain, Sen. John W. Warner (R-Va.), Sen. Lindsey O. Graham (R-S.C.) and their staffs were heavily involved in drafting the bill's language, so McCain's reading of it may carry weight in any future court battle over its meaning. Aides said he did not clear his remarks with the Bush administration in advance, and spokesmen for the CIA and the White House declined to say yesterday whether they accepted McCain's conclusions.

"We cannot and will not comment on specific interrogation measures," CIA spokesman Mark Mansfield said, adding that the agency will act lawfully. The CIA has claimed unofficially that its most extreme measures were used on only a handful of detainees.

Senate Majority Leader Bill Frist (R-Tenn.), who wants to shepherd the detainee bill to congressional passage this week, also declined to give a specific reading of it yesterday. Asked repeatedly on ABC's "This Week" what the legislation would allow, Frist said, "I'm not going to comment on individual techniques," and he condemned doing so.

"No responsible person is going to come in and basically say, 'These are the 10 techniques we use and these are the 10 that are not used,' " said Frist, who is sometimes mentioned as a McCain rival for the Republican presidential nomination in 2008. "It helps the terrorists."

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday praised the bill as "a big improvement" over the administration's initial proposals. But he said on CNN's "Late Edition" that he opposes provisions in it that would bar terrorism

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suspects from challenging their detention or treatment in federal court. "That has to be changed," said Specter, who plans to hold a hearing on the issue this morning.

The proposed legislation does not say what interrogators can do. Instead, it states indirectly, in amendments to the 10-year-old War Crimes Act, that those who cause detainees "severe or serious physical or mental pain or suffering" can be charged with a felony. This includes, according to the bill's definitions, anyone who causes serious physical abuse, a substantial risk of death, extreme physical pain, burns or serious physical disfigurement, or a loss or impairment of "the function of a bodily member, organ, or mental faculty."

The bill would also replace an existing ban on interrogation practices that cause "prolonged" mental pain or suffering with a more sweeping ban on those that inflict "serious and non-transitory mental harm (which need not be prolonged)." This provision would be applicable only to interrogations that occur after the date the legislation is passed -- and thus it would effectively immunize from prosecution any CIA interrogators who have inflicted short-term but serious mental harm on detainees.

The White House had preferred to bar questioning that caused "severe" and "prolonged" harm, while McCain and his allies sought to obstruct interrogations that caused "almost instantaneous" mental harm. "If the detainee faints, that is not what we were trying to capture," said one of the congressional negotiators, who spoke on the condition of anonymity to discuss sensitive negotiations. "But we wanted to prohibit anything that would cause a lasting effect, or anything that would go up to that line."

The CIA exposed some of the estimated 100 people held at various times in its foreign prison system to temperature extremes, lengthy sleep deprivation and stress positions such as prolonged forced standing, officials said. But the agency never fully briefed McCain, Graham or their staffs on the interrogations, a circumstance that handicapped the discussions last week.

McCain was nonetheless particularly adamant that the CIA be permanently blocked from using waterboarding, which he regards as torture, even though intelligence officials have said privately that it has not been used for several years. McCain -- who has previously described being beaten and painfully bound by ropes in Vietnam -- said yesterday he recognized that stress positions could be "important" and that while it "was never our intent" to stop the CIA interrogation program, he wanted to stop the "extreme application" of such techniques.

As lawmakers and officials struggled to find compromise language, they consulted a dictionary Web site's entries for the words "momentary," "temporary," "transitory" and "fleeting," two congressional sources said.

The key to the deal, congressional sources said, was the Senate lawmakers' acceptance of national security adviser Stephen J. Hadley's demand that violations of the ban on serious, non-transitory and not necessarily prolonged mental harm could bring prosecution only for future interrogations. The demand grew out of CIA and Justice Department concerns that interrogators would be exposed to war-crimes charges for their past actions.

Alberto J. Mora -- who opposed the administration's interrogation policies while serving as the Navy's judge advocate general from 2001 until the end of last year -- said in May that "we know the treatment may have reached the level of torture in some instances." Mora's remarks referred to detainees held at Guantanamo Bay, Cuba, and elsewhere.

McConnell: Democrats AWOL In Terror War (WT)

By Charles Hurt

The Washington Times, September 25, 2006

As Republicans patch up their differences over how to handle the terrorism suspects held at U.S. Naval Base Guantanamo Bay, Cuba, they are turning their sights on Democrats in time for the November elections.

Senate Majority Whip Mitch McConnell on Friday took issue with Minority Leader Harry Reid over his comments earlier in the week that Democrats were "on the sidelines watching the catfights" among Republicans on terrorism legislation.

"The minority leader indicated that they were sitting on the sidelines during our internal discussion about how best to craft this proposal," the Kentucky Republican told reporters gathered in his office. "I don't think sitting on the sidelines in the war on terror is a good idea. We have to have as much bipartisan cooperation as possible."

In the wake of last week's deal among Republicans on how to try terrorism suspects, Democrats also sought to gain a political foothold before the November elections.

"Democrats are united behind the need to work on a bipartisan basis to bring terrorists to justice and to do it in a manner consistent with our laws, our values and our national security," Mr. Reid said last week as news spread that a deal had been reached.

"Hopefully, today's press conference means that President Bush and the congressional Republican leadership have changed course and listened to numerous national security experts, such as General Colin Powell," he said. "Five years after 9/11, it is time to make the tough and smart decisions to give the American people the real security they deserve."

But in the sure-to-be hectic final week before Congress adjourns for the elections, fissures remain between the parties and also among Republicans.

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House Speaker J. Dennis Hastert wants to include this week in the must-pass defense funding bill the Community Protection Act, aimed at deporting members of criminal alien gangs. In addition, the Illinois Republican wants to include bipartisan court-security measures passed in the wake of last year's retaliatory slaying of Chicago federal Judge Joan Lefkow's family.

"The speaker is not going to let the bill move until these critical security items get in," said Ron Bonjean, Mr. Hastert's spokesman.

But despite bipartisan support that includes Minority Whip Richard J. Durbin of Illinois, the court-security provisions aren't going anywhere, a Republican leadership aide said. At the request of Democrats on the Armed Services Committee, Chairman John W. Warner, Virginia Republican, won't include the measure, the Republican said.

"Senator Warner is kowtowing to liberal Democrats who are rolling over Durbin's ability to get it done," a House GOP leadership aide said. "It looks like Senator Durbin doesn't have the juice to control his own Democrats so we can protect our nation's judges."

Mr. Warner's spokesman declined to comment yesterday.

Regardless of what Republicans accomplish in this final week, Mr. McConnell dismissed Democrat charges that this has been a "do-nothing" Congress. This, he said Friday, is the "most accomplished Congress in the 22 years that I've been here." And he said he's not worried about November's contest.

"This election will not just be about us. It will be a choice -- a choice between us and them," Mr. McConnell said. "A lot of Americans have forgotten what Democrats do when they're in the majority. We're going to remind them. They'll retreat in the war on terror, they'll raise taxes, and they'll impeach the president."

Specter Decries Detainee Bill Provision (AP-Y)

By Nedra Pickler

AP, September 25, 2006

The chairman of the Senate Judiciary Committee said Sunday he has a problem with the Republican agreement on rules for the interrogation and trial of suspects in the war on terror.

President Bush is pushing Congress to put the agreement into law before adjourning for the midterm elections, but Sen. Arlen Specter, R-Pa., said Sunday he "vigorously" disagrees with the habeas corpus provision of the bill.

The provision would allow legal counsel and a day in court to only those detainees selected by the Pentagon for prosecution. Other terror suspects could be held indefinitely without a hearing.

"The courts have traditionally been open to make sure that individual rights are protected, and that is fundamental," Specter said on CNN's "Late Edition. "And the Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion."

Specter scheduled a hearing on the issue for Monday. Otherwise, he said, most of the legislation is a "big improvement" over what Bush originally proposed.

The White House was forced to make concessions by a group of Senate Republicans who objected to the harsh treatment that would be allowed against detainees. The Bush administration agreed to drop one provision narrowly interpreting international standards of prisoner treatment and another allowing defendants to be convicted on evidence they never see.

The bill lists acts that would constitute war crimes, including torture, rape, biological experiments and cruel and inhuman treatment. White House officials said these provisions would provide the CIA the clarity it needs to continue with the interrogation of its most valued suspects.

Senate Majority Leader Bill Frist, R-Tenn., said Sunday he expected the bill would pass before Congress adjourns.

"It's very important, because right now these detainees that we have down in Guantanamo Bay right now, we can't even try them now," Frist said on ABC's "This Week." "Right now, unless we pass this bill, we cannot have an interrogation program continue that we know has been lifesaving that has uncovered terrorist attacks against the United States."

Specter Criticizes Deal Reached On Detainee Treatment (WT)

By Shaun Waterman

The Washington Times, September 25, 2006

The Republican chairman of the Senate Judiciary Committee says the compromise deal on terrorism-detainee legislation reached last week "has to be changed," and that he will "vigorously oppose" a section of the bill that strips the detainees of their right to appeal to the federal courts.

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Sen. Arlen Specter of Pennsylvania spoke for the first time yesterday about the compromise reached last week between the White House and three leading Republican senators on legislation that sets standards for interrogating and trying suspected terrorists held in U.S. military custody.

"Most of it is a big improvement," Mr. Specter told CNN of the bill, which was published Friday. "But there's one part that I vigorously disagree with, and that is taking away the jurisdiction of the federal courts on what we call habeas corpus."

Habeas corpus is an ancient legal doctrine dating back to the origins of English common law in the Magna Carta of 1215, under which anyone held by the government can challenge his detention -- forcing the courts to rule on its legality.

The bill would effectively remove the right of those detained outside of the United States or those defined by U.S. authorities as "unlawful enemy combatants" to challenge their detention in court. It would also sweep away a number of cases already proceeding through the courts, according to the Morton Sklar, executive director of the World Organization for Human Rights.

"The absence of any reliable and objective means of challenging the U.S. government action in court makes a mockery of even the more limited protections set out in this proposed bill," Mr. Sklar said. Without habeas corpus, "there is no realistic way for a victim to bring problems to a court's attention and to seek redress."

In advance of hearings on the issue today, Mr. Specter pointed out that habeas petitions to the federal courts by detainees at the U.S. Naval Base Guantanamo Bay, Cuba, had been the basis of the U.S. Supreme Court cases that forced the administration to revise the rules for their treatment and their trial by military commission.

Congress had punted on the issue, he said, calling the matter "too hot to handle."

"The federal courts just have to be open" to these cases, he said, noting that the Constitution allows the suspension of habeas corpus only "in time of rebellion or invasion."

"And we don't have either," Mr. Specter added, "So that has to be changed, in my opinion."

Last week, the ranking Democrat on the Senate Armed Services Committee, Carl Levin of Michigan, said he would work with Mr. Specter to eliminate the restrictions on habeas. Opposition to the habeas provisions of the detainee bill further complicates an already tricky legislative task for the Republican leadership in the Senate, which will wrap up for the election recess at the end of the week.

Senate Majority Leader Bill Frist, Tennessee Republican, brought the compromise detainee bill to the floor Friday, using a special procedure enabling him to bypass the committees of jurisdiction. But he also brought a bill to the floor combining that measure with one that authorizes President Bush's program of warrantless wiretaps of suspected terrorists.

One senior Democratic Senate staffer said that including the wiretapping provision could complicate the issue because a number of Republicans oppose parts of that bill.

"The question is, if someone objects [to parts of the bill], will he have the votes to make cloture?" the staffer asked, referring to the parliamentary procedure required to vote on the matter.

Habeas Corpus Not Needed (USAT)

By James S. Robbins

USA Today, September 25, 2006

Extending the rights of habeas corpus to individuals detained during the war on terrorism would be an unnecessary and dangerous step.

The foreign detainees held at Guantanamo Bay, Cuba, and elsewhere do not have the same status as criminals. These people are not being held for rehabilitation or as punishment. The detainees are precisely that, detained. Some are useful for purposes of intelligence exploitation. Others are held simply to keep them from returning to the battlefield to kill Americans.

According to the Geneva Conventions, prisoners (even legitimate POWs) may be held for the duration of hostilities without trials. We did not try prisoners during World War II, for example. The notion would have been thought absurd. Some have observed that the detainees potentially face lifetime detention if hostilities continue, but this is because their leaders refuse to end their jihad against the United States.

Furthermore, it is not as though all detainees are held for life. Approximately 315 of the 770 Guantanamo detainees have been determined by review boards not to be threats and have been released. Scores more are awaiting release to whatever countries that will accept them. There are few takers.

Note that our review process is not foolproof; for example, Maulvi Abdul Ghaffar, released from Guantanamo, renewed his career as a Taliban commander before being killed in 2004.

It is not true that the detainees have been held without due process. The debate over the McCain amendment to the Detainee Treatment Act of 2005 was an attempt to define exactly what process was due. Congress chose not to include habeas

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corpus in this bundle of rights, leaving the question of detainee status to the Combatant Status Review Tribunals. The Constitution gives Congress the right to suspend the "privilege" of habeas corpus in the interest of public safety.

Even if one assumes foreigners who have taken up arms against the United States enjoy the same rights as citizens, in the end Congress makes the call.

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council and author of Last in Their Class: Custer, Pickett and the Goats of West Point.

Scepticism Over Bin Laden 'death' (FT)

By Martin Arnold And Farhan Bokhari

Financial Times, September 25, 2006

A leaked French intelligence report claiming Saudi Arabia's secret services had confirmed the death of Osama bin Laden, the leader of the al-Qaeda terrorist network, met with widespread scepticism on Sunday.

Saudi, Pakistani, US and western officials all said they were unable to confirm the death of the world's most wanted man.

The frantic speculation was sparked by publication of a leaked report from the DGSE (France's foreign intelligence agency) by the French regional newspaper L'Est Républicain on Saturday.

The report said: "The information gathered by the Saudis indicates that the head of al-Qaeda fell victim, while he was in Pakistan on August 23 2006, to a very serious case of typhoid that led to a partial paralysis of his lower limbs. They are waiting to get more details, notably the exact place of his burial, before officially announcing the news."

But a statement from the Saudi embassy in Washington said: "The kingdom of Saudi Arabia has no evidence to support recent media reports that Osama bin Laden is dead. Information that has been reported otherwise is purely speculative and cannot be independently verified."

A senior Pakistani security official said: "There was as yet no independent confirmation of this report. Basically, we don't know if bin Laden is alive or dead. Nobody knows for certain."

He said news of Mr bin Laden's death had circulated before, making it difficult to separate fact from fiction. "Right now, no one wants to confirm [bin Laden's death] unless there is hard physical evidence. But everyone is aware that bin Laden may be a dying man if his health is as bad as we have heard in the past."

The timing of the report's publication also raised eyebrows, as it coincided with an informal summit of the leaders of France, Germany and Russia on Saturday.

Jacques Chirac, France's president, ordered the defence ministry to open an investigation into the leaked report, which was sent to the president, prime minister, and defence, foreign and interior ministries.

World Leaders Skeptical Of Bin Laden Death Report (USAT)

USA Today, September 25, 2006

PARIS — France's foreign minister said Sunday that to his knowledge, Osama bin Laden is not dead.

Philippe Douste-Blazy was the latest official to cast doubt on a leaked French intelligence document suggesting the al-Qaeda leader died of typhoid in August.

"To my knowledge, Osama bin Laden is not dead," Douste-Blazy said in a television interview on the station LCI. "To my knowledge, we are absolutely not informed either of a health problem or of the death of bin Laden."

Questions about bin Laden's fate resurfaced with the publication Saturday in L'Est Republicain, a French regional newspaper, of a leaked document from France's DGSE secret service. It cited an uncorroborated report from a "usually reliable source" who said Saudi intelligence services were convinced that bin Laden had died of a severe case of typhoid contracted Aug. 23 in Pakistan.

France's Defense Ministry confirmed that the document, reportedly sent to French President Jacques Chirac and Prime Minister Dominique de Villepin, was not false. However, French authorities stressed that the raw, unconfirmed information was questionable.

"This information is in no way whatsoever confirmed," Chirac said at a news conference Saturday.

Officials across the globe dismissed the report as speculation.

·The Saudi Arabian Embassy in Washington said it had no evidence to support the report. "Information that has been reported otherwise is purely speculative and cannot be independently verified," the embassy said in a statement on its website.

·"No comment, no knowledge," Secretary of State Condoleezza Rice said when asked about the French article by reporters in New York.

·British Prime Minister Tony Blair, asked in a BBC interview whether he could shed light on the report, said: "No, I can't. I haven't heard anything that indicates that might be the case."

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·When asked Sunday about the leaked French intelligence document, Afghan President Hamid Karzai told CNN's Late Edition that Afghanistan does not have “accurate information as to the precise location of Osama bin Laden.”

Bin Laden was based in Afghanistan until its Taliban government was overthrown in 2001 by U.S.-backed forces after the 9/11 attacks on the USA. Since then, U.S. and Pakistani officials have said they believe he is hiding somewhere on the Afghanistan-Pakistan border.

Bin Laden's last videotaped message was released in late 2004. Several low-quality audiotapes have been released this year.

Karzai Says Bin Laden Not In Afghanistan (AP-Y)

By Foster Klug, Associated Press Writer

AP, September 25, 2006

Afghan's president asserted on Sunday that Osama bin Laden has not been in his country since being chased out after the Sept. 11 attacks five years ago. But Hamid Karzai acknowledged that the al-Qaida leader's exact location is unknown.

"He has never been in our country after Sept. 11, after the strikes against him, after we chased his organization out of Afghanistan," Karzai told CNN's "Late Edition." He suggested the al-Qaida leader was in Pakistan.

When asked about a leaked French intelligence document that raised the possibility bin Laden died in Pakistan of an illness last month, Karzai said Afghanistan does not have "accurate information as to the precise location" of Osama bin Laden."

Separately, Karzai told NBC's "Meet the Press," in an interview taped last week but broadcast Sunday, that his country would be "heaven in less than a year" if it got the $300 billion the United States has spent in Iraq.

Critics of President Bush say the United States has not been able to finish rebuilding Afghanistan because it is distracted by the increasingly expensive war in Iraq.

"Three hundred billion dollars: You give that to Afghanistan and we will be in heaven in less than a year," Karzai said when asked if the money spent on Iraq would have been better spent in Afghanistan. "We definitely need more money for reconstruction."

Rep. Jane Harman, D-Calif., said the war in Iraq had hurt the hunt for bin Laden. She said it was a "fair certainty" the al-Qaida chief was in Pakistan's tribal area, not Afghanistan.

"Resources were not focused on this problem as we got bogged down in Iraq," she told CNN. "We should have been able to capture him within the last five years."

Sen. Arlen Specter, R-Pa., warned against making the search for bin Laden a political issue with elections weeks away. "Everybody wants to capture Osama bin Laden, and one day we will," he said.

Specter said trying to find bin Laden is "like looking for a needle in a haystack. I don't think you can say that it's anybody's fault. It's a big world. There are lots of places for him to hide."

The issue has caused friction between Karzai and Pakistani President Gen. Pervez Musharraf. Last week, they spent much of the U.N. General Assembly meeting trading barbs and criticizing each other's efforts to fight terrorists along their long, remote, mountainous border.

The United States views the region as crucial to stopping terrorism. Bush will try to diffuse tensions when the three leaders meet this week.

Pakistan rejects the accusation that it is not doing enough to stop terrorists, pointing out that it has deployed 80,000 troops along the porous border. Musharraf said last week that "the problem lies in Afghanistan, and that is creating the problem in Pakistan."

Experts See Lower Threat From Al-Qaida (AP-Y)

By Robert H. Reid And Sally Buzbee, Associated Press Writers

AP, September 25, 2006

The threats came in a blizzard around the anniversary of the Sept. 11 attacks — a series of videos from al-Qaida's No. 2 warning of more strikes to come.

But U.S. intelligence agencies and many private security analysts doubt al-Qaida or its elusive leader, Osama bin Laden, still maintain much if any operational control over far-flung terror cells.

They see no sign of a direct al-Qaida hand in a flurry of recent attacks, such as the assault on the U.S. Embassy in Damascus, Syria, or the fatal shooting of a British tourist in Jordan. The French intelligence report that bin Laden may have died last month of typhoid merely highlights the uncertainty the West now has about any role he plays in the terror network.

All that means those frightening videos may have been just that — designed to frighten the West and inspire followers — with little real punch behind them.

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Bin Laden and his top deputy, Ayman al-Zawahri, are now "less like generals and more like talking heads, disseminating their violent ideology via satellite television in hopes of inspiring others to do their bidding," said Eben Kaplan of the Council on Foreign Relations think tank in New York.

Not everyone agrees. There are ominous signs in Afghanistan that al-Qaida is trying to make an operational comeback as attacks, especially suicide missions, against U.S. and coalition forces increase.

Some experts also fear the absence of a major, Sept. 11-style attack simply means al-Qaida is taking its time to plan a next spectacular strike.

Still, five years after the attack on the World Trade Center and the Pentagon, many analysts believe the day-to-day threat from al-Qaida itself has dropped.

Paradoxically, however, the threat from Islamic extremists may have grown — and become broader, more diverse and more complex, and thus harder to combat.

"The absence of a formal, single organizational structure has contributed to making the fight against this brand of terrorism more elusive and difficult," the British think tank Chatham House said in a report this month as the videos were airing.

That view is also expressed in a classified U.S. intelligence report that says the Iraq war has increased the threat of terrorism by stirring up Islamic extremism around the globe. The report, which represented the consensus of 16 U.S. spy services, was completed in April and first reported in Sunday's New York Times and Washington Post.

After the U.S. and its allies ousted the Taliban in 2001, al-Qaida apparently transformed itself into an ideological movement of self-sustaining cells that operate with little or no central direction, many analysts and intelligence officials believe. That makes them difficult to track — until they strike or make a mistake that leads the authorities to them.

It also makes it difficult to determine whether any specific attack was actually directed by al-Qaida.

For example, British authorities insist there is no evidence al-Qaida directed the July 2005 suicide attacks on the London transit system that killed 52 commuters.

Nonetheless, one of the four British Muslim bombers appeared later on a videotape made before his death, declaring his allegiance to bin Laden. That tape bore the logo of al-Qaida's production company.

"Al-Qaida is crippled and is certainly not the organization it was. Al-Qaida, however, has placed extra emphasis on inspiring other groups and trying to mobilize other groups," the State Department's counterterrorism coordinator, Henry Crumpton, told the Council on Foreign Relations recently.

Al-Qaida's efforts to inspire appear to be focused on a worldwide wellspring of young, radicalized Muslims who share broad anger at the West, especially the United States.

But the goals, methods and targets of those far-flung radicals now vary widely. And not all extremist groups share al-Qaida's vision of global struggle against the West, preferring in some cases to fight instead for specific national political aims.

Across the world, that means the threat is fractured into many parts — with the need to tailor defenses accordingly.

In Britain, mostly homegrown militants of Pakistani descent seem intent on staging the kind of big, spectacular attack that bin Laden used on Sept. 11.

Their efforts have focused again and again on jetliners — as during this summer's scare — and other big transportation systems such as subways.

Elsewhere, however, militants have diverged sharply from bin Laden. The assault this month on the U.S. Embassy in Damascus, Syria — which came just a day after al-Zawahri's warning tapes were aired — serves as a prime example.

In Syria, militants have focused on getting rid of President Bashar Assad and there is no sign they receive any operational direction from al-Qaida.

In Iraq, the fight has mostly morphed into a sectarian conflict between Sunnis and Shiites for control of Iraq's future, although some foreign fighters inspired by al-Qaida seem to still be involved.

Meanwhile, militants from Hamas and Hezbollah share the same hatred of the U.S. and Israel — but have sharply different ideologies and goals than al-Qaida.

Hamas is focused on gaining power among the Palestinian community at the expense of its rival Fatah. Hezbollah wants to carve a role for itself as the leader of Shiite Muslims in Lebanon and the dominant political force in that country.

In places like Sudan and Somalia, Muslim militants are fighting for local power and control. They may have links to bin Laden from the past — but their only real connection seems to be when they invoke his name to resist the West.

Chris Wallace, Caught Off Balance? (WP)

By Howard Kurtz

The Washington Post, September 25, 2006

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Fox News anchor Chris Wallace said that he was stunned when Bill Clinton accused him of a "conservative hit job" after he challenged the former president on his record in fighting terrorism.

"I thought it was a fair, balanced and not especially inflammatory question," Wallace said yesterday in recounting his "Fox News Sunday" sit-down with Clinton. "I even said, 'I know hindsight is 20/20.' But he went off. And once he went off, there was no bringing him back. He wanted to talk about it in detail. He wanted to conjure up right-wingers and conservative hit jobs and a theory involving Rupert Murdoch that I still don't understand."

Fox had agreed in advance that half the interview would be about Clinton's Global Initiative forum and half about other subjects. Wallace began with a couple of questions about the initiative before citing the 1993 U.S. military withdrawal from Somalia and several bombings connected to al-Qaeda in asking, "Why didn't you do more, connect the dots and put them out of business?"

In an impassioned, finger-wagging answer, Clinton told Wallace, a former ABC News correspondent: "You did Fox's bidding on this show. You did your nice little conservative hit job on me. . . . You set this meeting up because you were going to get a lot of criticism from your viewers because Rupert Murdoch is supporting my work on climate change. And you came here under false pretenses and said that you'd spend half the time talking about . . . what we did out there to raise $7 billion-plus over three days from 215 different commitments. And you don't care."

Murdoch, the billionaire conservative who owns Fox, has recently mended fences with the Clinton family, even attending a fundraiser for Sen. Hillary Rodham Clinton (D-N.Y.). Fox, which employs a number of high-profile conservative hosts, maintains that its reporting is straightforward but is viewed by many liberals and other critics as leaning to the right. Clinton's appearance was his first on "Fox News Sunday" in the program's 10-year history.

"We're fully aware of Fox News's and Chris Wallace's agenda, and President Clinton came in prepared to respond to any attack on his record," said Jay Carson, his spokesman. "When Wallace questioned his record on terrorism, he responded forcefully, as any Democrat would or should."

In the interview, in which Clinton also accused Wallace of having a "little smirk" on his face, the host said he had planned to spend half the allotted 15 minutes on the Global Initiative and that "I didn't think this was going to set you off on such a tear."

"It set me off on such a tear because you didn't formulate it in an honest way and you people ask me questions you don't ask the other side," Clinton said.

"Sir, that is not true," Wallace replied.

Asked about Clinton's complaint, a Fox spokeswoman pointed to Wallace's interview two weeks ago with Secretary of State Condoleezza Rice. Wallace pressed her about the lack of prewar ties between Osama bin Laden and Iraqi leader Saddam Hussein, but he did not ask about U.S. efforts against bin Laden before the Sept. 11, 2001, attacks. Carson noted that the 2000 bombing of the U.S.S. Cole was officially linked to al-Qaeda after Bush took office.

"I don't think I was fanning the flames here," Wallace said. "It was all generated from within him."

Clinton has on occasion scolded other interviewers, most notably in a 2004 sitdown with ABC's Peter Jennings, who drew this response after alluding to Clinton's personal misconduct: "You don't want to go here, Peter. . . . Not after what you people did and the way you, your network, what you did with Kenneth Starr. The way your people repeated every little sleazy thing he leaked."

Wallace said the surprise is not that he asked Clinton about terrorism but that no other television interviewer did during a round of appearances last week. Clinton, Wallace said, remained "upset" and "angry" after the interview.The 'Jewish' Question

How did having Jewish relatives turn into a gotcha question?

Virginia Sen. George Allen was clearly irritated last week when a WUSA-TV reporter, seemingly out of nowhere, asked at a televised debate whether his mother was Jewish. Allen dismissed the question as "irrelevant," but said a day later he had discovered that his grandfather was Jewish, and the following day that his mother had recently told him that she was raised Jewish as well.

Call it the oy vey factor: Was this yet another attempt by the media to catch a politician covering up some secret personal detail? Or was it the southerner in cowboy boots who invited scrutiny of his background by keeping the information under wraps?

It remains unclear why Channel 9's Peggy Fox posed the question to Allen during his debate with Democratic challenger James Webb. Was this a matter of pressing importance to the voters of Virginia?

Fox, who is described on WUSA's Web site as "a Fairfax County native who married her West Springfield High School sweetheart," declined to be interviewed. In an e-mail, she says: "I would love to talk to you to tell you why I asked the question. But I am not the story. Senator Allen is. I will tell you I asked the question because I wanted to find out if he was hiding a heritage he really should be proud of (like most Americans are) because he felt acknowledging his roots could cost him votes.

"The question had been asked before and not answered. To me, it doesn't matter what religion someone is, but not being genuine does. The voters have a right to know if the candidates are who they say they are."

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In an e-mail response to viewers, Fox also says: "I regret the way I worded the question and the way Senator Allen turned the spotlight onto the question itself without addressing the bigger political issue which could be relevant to the campaign."

But what is the "bigger" issue? When Allen threw the question back at her, demanding to know why it was relevant, she replied, "Honesty." Was Fox essentially accusing the candidate of lying?

In a way, the Allen campaign opened the door to Fox's question by not providing answers to the Jewish newspaper the Forward, which reported late last month that Allen's mother, Henrietta, a French Tunisian, was "likely" Jewish by birth. A week earlier, the senator's staff told Time's Mike Allen that they were not familiar with any Jewish background. The reporter says he suggested that they ask Allen if his mother has Jewish roots, "and the response was that he didn't think she does."

The senator's mother got dragged into public discussion because of speculation that Allen had picked up the word "macaca" from her. As the civilized world knows by now, Allen has apologized for using the word -- a racial slur in some cultures -- to describe an Indian American volunteer for Webb's campaign.

The press may well have overplayed the macaca gaffe -- there was no comparable frenzy over Webb saying three decades ago that the U.S. Naval Academy was "a horny woman's dream" -- but it was a self-inflicted wound that was captured on video and downloaded thousands of times on YouTube.com.

The Post last week quoted Allen's mother as saying she didn't tell her son she was Jewish until he asked about the "rumor" late last month. Why the senator didn't inquire earlier, since he's talked about his grandfather having been imprisoned by the Nazis, is an interesting question.

While politicians understandably resent journalists turning into genealogical detectives, they are rarely shy when it comes to scoring ethnic points. Allen has spoken on the campaign trail about having his "grandfather's bloodlines," namely "French Italian" and "one-sixteenth Spanish." Nor are they above trading on family connections or showcasing their spouses and children. Allen, of course, is the son of the famed football coach whose name he bears.

The list of prominent public figures who acknowledge their Jewish ancestry only after seeking or attaining public office -- John Kerry, Wesley Clark, Madeleine Albright -- is growing longer. Some appear to have made the cold calculation that it would not be a political asset.

And this goes beyond questions of Jewish heritage. When the Massachusetts senator, gearing up to run for president in 2003, said he had never claimed to be Irish, the Boston Globe reported that he had claimed Irish ancestry in a St. Patrick's Day message nearly two decades earlier.

Peggy Fox insists she is not the story. But journalists who appear on television and ask questions at televised debates -- particularly personal questions -- often become part of the story. By leaving out part of his biography for years, Allen gave her a big, fat opening. But for all the media furor, most Virginia voters probably care more about the Iraq war and the economy than the details of the senator's family tree.Liberal Media?

The "mainstream media presents itself as unbiased, when in fact there are built into it many biases, and they are overwhelmingly to the left."

The man who made that comment is not some rabid right-wing critic but Thomas Edsall, a Washington Post political reporter for a quarter-century who recently accepted an early retirement offer.

In an interview with conservative radio host Hugh Hewitt, Edsall said he is pro-choice on abortion and does not think he has ever voted for a Republican presidential candidate. He said he believes that reporters vote Democratic by somewhere between 15 to 1 and 25 to 1.

Edsall, who now writes for the New Republic and has just finished a book called "Building Red America," also said that journalists have an inherent "suspicion" of the military, and he agreed "to a certain degree" with the argument that Fox News and conservative radio became popular because many people, in Hewitt's words, "got sick and tired of being spoon-fed liberal dross" by the New York Times, Los Angeles Times and Washington Post.

In an interview, Edsall says the main problem is "an inability to empathize with the way many people in red states think and feel" but that it is "possible" for journalists to set aside their views and report fairly.

Clinton Defends How He Handled Al-Qaeda Threat (USAT)

USA Today, September 25, 2006

NEW YORK — In a combative interview on Fox News Sunday, former president Bill Clinton defended his handling of Osama bin Laden, saying he tried to have bin Laden killed and was attacked for his efforts by the same people who now criticize him for not doing enough.

“That's the difference in me and some, including all of the right-wingers who are attacking me now,” Clinton said. “They ridiculed me for trying. They had eight months to try, they did not try.”

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Clinton said he “worked hard” to try to kill bin Laden, who orchestrated the Sept. 11 attacks eight months into President Bush's presidency.

“We contracted with people to kill him. I got closer to killing him than anybody's gotten since,” he said.

Clinton accused host Chris Wallace of a “conservative hit job” and asked: “I want to know how many people in the Bush administration you asked, ‘Why didn't you do anything about the Cole?' I want to know how many people you asked, ‘Why did you fire Dick Clarke?' ”

He was referring to the USS Cole, bombed by terrorists in 2000, and former White House anti-terrorism chief Richard Clarke, who resigned in 2003.

Wallace said Sunday that he was surprised by Clinton's “conspiratorial view” of “a very non-confrontational question, ‘Did you do enough to connect the dots and go after al-Qaeda?'”

“All I did was ask him a question, and I think it was a legitimate news question,” Wallace said in a telephone interview.

White House spokesman Peter Watkins said Bush has always been focused on pressing the fight against terrorism. As for Clinton's remarks: “The record paints a different picture than what he is suggesting.”

Terrorism analyst Steven Emerson said Clinton “obviously felt the rawness” of ABC's controversial miniseries, The Path to 9/11, which ran Sept. 7 and 8 and portrayed officials in his administration as failing to act on opportunities to kill or capture bin Laden. Emerson added that bin Laden “was not a high priority” with Bush until after 9/11.

Clinton Defends Pre-9/11 Actions (WT)

By Eric Pfeiffer

The Washington Times, September 25, 2006

Former President Bill Clinton angrily defended his administration's record of combating terrorism and blamed the Bush White House for not taking Osama bin Laden seriously enough before the terrorist attacks of September 11.

"I think it's very interesting that all the conservative Republicans, who now say I didn't do enough, claimed that I was too obsessed with bin Laden" and the so-called "Wag the Dog" scenario, Mr. Clinton said yesterday during a taped interview with "Fox News Sunday."

"All of President Bush's neo-cons thought I was too obsessed with bin Laden. They had no meetings on bin Laden for nine months after I left office," he said in the contentious interview.

Mr. Clinton became so agitated that he could be seen wagging his right index finger at moderator Chris Wallace, as he did at the start of the Monica Lewinsky scandal, when he shook the same finger and told the American public that "I did not have sexual relations with that woman, Miss Lewinsky."

He later admitted an "inappropriate" relationship with the former White House intern after his DNA matched a stain on her blue dress.

In the heated exchange, he also accused Mr. Wallace of shifting his questions away from a promised discussion of the former president's Clinton Global Initiative project.

"You've got that little smirk on your face, and you think you're so clever," Mr. Clinton said. "You did your nice little conservative hit job on me."

In an interview yesterday with MediaBistro.com, Mr. Wallace noted that Mr. Clinton is "a very big man" and that he thought the former president was trying to intimidate him by getting angry.

"As he leaned forward -- wagging his finger in my face and then poking the notes I was holding -- I felt as if a mountain was coming down in front of me," Mr. Wallace said.

The interview was peppered with references to Mr. Clinton's legacy as viewed through the prism of popular culture. For instance, when defending his efforts to capture or kill bin Laden, Mr. Clinton alluded to the 1997 film "Wag the Dog."

"The people on my political right who say I didn't do enough spent the whole time I was president saying, 'Why is he so obsessed with bin Laden?'" Mr. Clinton said. "That was 'wag the dog' when he tried to kill him."

In the movie, a U.S. president creates a fake war with Albania through the media in order to distract the public from an emerging sex scandal.

Mr. Clinton also took aim at ABC's recent offering, "The Path to 9/11," which depicted his administration as lax in its response to the threat of terrorism.

"ABC just had a right-wing conservative run in their little 'Pathway to 9/11,'" Mr. Clinton said, saying the film was "falsely claiming it was based on the 9/11 commission report, with three things asserted against me directly contradicted by the 9/11 commission report."

During the past week, Mr. Clinton has given a number of other interviews, including stops with CNN's Wolf Blitzer and NBC's Tim Russert. Both segments focused on his recent philanthropic work.

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Mr. Clinton protested the questions from Fox, saying that the interview agreement stipulated that half of the 15-minute segment be devoted to his philanthropic efforts. Mr. Wallace noted in MediaBistro that still left half the time for other subjects and cited the transcripts as showing that he asked the same number of questions -- five -- on philanthropy-related matters as on other issues.

The former president went on to harshly criticize the Bush administration for failing to stop bin Laden before and after September 11.

"They ridiculed me for trying. They had eight months to try. They did not try. I tried. So, I tried and failed," Mr. Clinton said. "Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Video excerpts of the interview first surfaced on the Internet on Friday.

The Drudge Report Web site, www.drudgereport.com, provided readers a link to part of the interview, headlined, "Purple Faced Rage."

Torture Victim Had No Terror Link, Canada Told U.S. (NYT)

By Scott Shane

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — When the United States sent Maher Arar to Syria, where he was tortured for months, the deportation order stated unequivocally that Mr. Arar, a Canadian software engineer, was a member of Al Qaeda. But a few days earlier, Canadian investigators had told the F.B.I. that they had not been able to link him to the terrorist group.

That is one of the disclosures in the 1,200-page report released last week after a two-year Canadian investigation of Mr. Arar's case found him to be innocent of any terrorist ties. The report urges the Canadian government to formally protest the American treatment of Mr. Arar, a recommendation Canadian officials are considering.

Mr. Arar, 37, who now lives in British Columbia, has a lawsuit against United States officials and agencies that is on appeal, and he has demanded an explanation for his treatment from the Bush administration.

A close reading of the Arar Commission report offers a rare window on American actions in the case, describing seemingly flimsy evidence behind the American decision in 2002 to send Mr. Arar to a country notorious for torture; a deliberate attempt by American officials to deceive Canada about where Mr. Arar was; and lingering confusion among top American officials about the two countries' roles in the case.

President Bush earlier this month acknowledged for the first time that high-level people suspected of being terrorists had been held in secret prisons overseas by the Central Intelligence Agency. But he and other officials have said nothing publicly about the American practice of rendition, in which dozens of suspects have been seized and turned over for interrogation to other countries, including several known to engage routinely in torture.

Cases like that of Mr. Arar would not be affected by the compromise legislation on detainee treatment worked out between the White House and Republican senators last week, since it would have no effect on interrogation methods used by other countries. In fact, the proposed bill would strip non-Americans held overseas under United States control of the right to challenge their detention in federal court.

"It's a huge hole in what Congress is doing," said Michael Ratner, president of the Center for Constitutional Rights in New York, which represents Mr. Arar in his lawsuit. "The government can still send people secretly to other countries where they'll be tortured."

For nearly four years, the United States government has refused to make public any information on the case of Mr. Arar, which has become an international symbol of American excesses in the campaign against terrorism. The Bush administration refused to cooperate with the Canadian commission, so many questions about American actions and motives remain unanswered.

But Mr. Arar's case is more public than other cases of rendition, because he was detained inside the United States and legally deported, creating a modest paper trail. The three-volume report describes Canadian contacts with American officials in meticulous detail, offering by far the fullest account of any rendition case to date.

The commission's report says inexperienced Canadian police officials originally passed inaccurate information to the United States linking Mr. Arar to terrorism, based largely on his acquaintance with other men under suspicion.

But in the days after Sept. 26, 2002, when Mr. Arar was detained while changing planes at Kennedy International Airport in New York City, a flurry of calls and faxes between the countries included more equivocal information.

An Oct. 4 fax to the F.B.I. from Canadian counterterrorism officials said that they "had yet to complete either a detailed investigation of Mr. Arar or a link analysis on him," and that "while he has had contact with many individuals of interest to this project we are unable to indicate links to Al Qaeda."

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That was particularly significant because the commission concludes that all, or virtually all, of the United States' knowledge of any threat posed by Mr. Arar came from the Canadians.

The next day, on Saturday, Oct. 5, a Royal Canadian Mounted Police official spoke by phone with an unidentified F.B.I. official. "During this conversation, the FBI official said that the Americans feared they did not have sufficient information to support charges against Mr. Arar," the report says.

The Canadian officer said that likewise, "There was insufficient evidence to charge Mr. Arar in Canada."

Canadian officials told the Americans that if they allowed Mr. Arar to travel home to Canada, he would be kept under surveillance. But by then the Americans were already secretly working on the Syrian option, a legal possibility because Mr. Arar retained his citizenship in Syria, where he was born.

"The American authorities appear to have intentionally kept Canadian officials in the dark about their plans to remove Mr. Arar to Syria," the report says.

Despite the uncertain report from Canada on Mr. Arar and terrorism, on Oct. 7, an Immigration and Naturalization Service official ruled that evidence "clearly and unequivocally reflects that Mr. Arar is a member of a foreign terrorist organization, to wit, Al Qaeda." At 4 a.m. the next day, Mr. Arar was bundled aboard a Gulfstream jet that flew him to Jordan, from which he was driven to a prison in neighboring Syria.

Paul J. J. Cavalluzzo, lead counsel to the Arar Commission, said he found the American actions inconsistent. "On Saturday," Mr. Cavalluzzo said, "you have the F.B.I. saying, 'We don't have enough to charge him.' On Monday, he's a member of Al Qaeda. Well, if he's a member of Al Qaeda, in your country he can be charged."

Even after Mr. Arar arrived in Syria, American officials did not tell their Canadian counterparts. Only two weeks later, on Oct. 21, did Canada get confirmation, when a Syrian military intelligence officer phoned the Canadian ambassador in Damascus to say he was in custody.

Mr. Arar spent 10 months in the custody of Syrian interrogators who beat him repeatedly with a heavy metal cable and held him in a dank cell scarcely larger than a coffin, according to the commission report. In October 2003, he was released and returned to his wife and children in Canada.

But some top American officials appear to have been misinformed about the deportation decision. After Jean Chrétien, then Canadian prime minister, said publicly that the United States had decided unilaterally to send Mr. Arar to Syria, the Canadian ambassador was summoned to the National Security Council and scolded by Frances Townsend, the deputy national security adviser, who said it had been a "joint decision," the report says.

Colin L. Powell, then the secretary of state, had also suggested publicly that the Canadians were complicit in the Syria deportation. But on Dec. 1, 2003, Mr. Powell called Bill Graham, the Canadian foreign minister, to say the United States had not consulted Canada about the decision.

"I was mistaken," Mr. Powell told Mr. Graham, the report says.

The Canadian judge who led the inquiry, Dennis R. O'Connor, urged a formal protest over the American conduct. Peter MacKay, the Canadian foreign affairs minister, said Thursday it was too early to decide on a protest but added that there was an "urgent need" for talks on the issues raised by the case.

A State Department spokeswoman, Janelle Hironimus, said Friday that she knew of no plans for such talks. She said the Bush administration had declined to cooperate with the Arar Commission because its "mandate was to investigate and report on the actions of Canadian officials, and Canadian authorities were therefore the most appropriate entities to respond."

A spokeswoman for the Department of Justice, Tasia Scolinos, said that she could not respond in detail to the commission's findings but that the United States government "removed Mr. Arar in full compliance with the law and all applicable international treaties and conventions." She also said the government "sought assurances with respect to Mr. Arar's treatment" in Syria.

Mr. Cavalluzzo, the commission counsel, noted that the report held Canadian officials accountable for many lapses. But in an interview on Friday from Toronto, he said he remained "troubled" by American actions, chiefly the decision to turn Mr. Arar over to a government whose promises not to torture him had no credibility.

"Even at this time, when terrorism is a real danger," he said, "this case points out how important it is to preserve the democratic rights we have cherished for centuries."

CIA: Probe Into Renditions (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, September 25, 2006

As many as 20 CIA officials and contractors could face legal charges in Germany for their alleged role in the abduction of Khaled el-Masri, a German national once wrongly suspected of involvement with 9/11 conspirators, German officials say. Amid

new disclosures last week by a German TV show, a Munich prosecutor confirmed to NEWSWEEK that he is conducting a probe into the people who carried out the abduction—an inquiry that could soon lead to arrest warrants.

The el-Masri case underscores continuing legal threats facing CIA officials overseas despite last week's deal on a bill that would authorize the agency to continue using aggressive interrogation techniques. The White House says the measure is needed to provide legal protection for CIA officials accused of violating the Geneva Conventions. But the bill may do little to protect officers involved in "extraordinary renditions"—a practice under which the agency has flown terror suspects to foreign countries where they have allegedly been harshly interrogated.

El-Masri is among the highest profile of these episodes. He claims he was kidnapped and flown to Afghanistan in 2004 by masked men with American accents. He says he was beaten and confined in a cold cell for four months before being released. A former top German counterterror official, who asked not to be named due to the sensitivity of the matter, told NEWSWEEK his detention was a case of mistaken identity, a "stupid mistake." Tensions escalated last week when the German TV show "Panorama" broadcast a report saying it discovered the true identities of CIA officers involved in the operation. The program aired records showing the officials had massages at a Majorca hotel after the alleged abduction. The former German official said local prosecutors now have little choice but to issue arrest warrants—just as Italian prosecutors have done in a separate rendition case. The cases have created anxiety in CIA ranks; officials hope the administration will quietly persuade foreign governments to drop any prosecutions. Asked about the el-Masri allegations last week, a CIA official declined to comment.

Inquiry Slows Giving To Islamic Charity (AP-Y)

By Sarah Karush

AP, September 25, 2006

Before last week, AbuSayed Mahfuz didn't hesitate to donate to Life for Relief and Development, an international Muslim humanitarian organization that is active in Iraq and Afghanistan and has partnered with the U.S. government.

But an FBI search of the organization's Southfield headquarters is making the Hamtramck resident think twice about future contributions.

Just as the holy month Ramadan, which began Saturday, has many Muslims thinking about their religious obligation to give alms, the investigation of the prominent Islamic aid group has prompted fears that giving to charity could bring scrutiny from the government.

FBI agents assigned to a terrorism task force last Monday searched Life's offices, taking computer servers, donor records and other financial documents. They have also searched the homes of the charity's chief executive, an ex-employee and two board members.

"After hearing this, I don't feel secure at all," said Mahfuz, a computer consultant and editor of a Bangladeshi community newspaper. He said he would still consider supporting the organization, but the investigation would force him to weigh that decision carefully.

No charges have been brought in the case, and Life has sought to reassure the community that it is perfectly legal to donate money to the organization, which was founded in 1992 by Iraqi immigrants.

It is not the first time a Muslim charity has come under investigation. In the months after the Sept. 11 attacks, the government froze the assets of the Texas-based Holy Land Foundation and Illinois-based Global Relief Foundation and Benevolence International, effectively shutting them down. The government has accused those groups of funding terrorists.

The search at Life's offices five days before the start of Ramadan, the month when Life gets about half of its donations, prompted anger among Muslim activists in the Detroit area. They questioned the timing and the involvement of the terrorism task force, which they said led media to draw unfair conclusions.

On Wednesday, Arab-American and Muslim leaders vented that anger at a previously scheduled meeting with federal and local law enforcement officials in Dearborn — home to the nation's largest concentration of Arab-Americans, many of whom are Muslim — as part of a dialogue that began after the Sept. 11 attacks.

Daniel Roberts, special agent in charge of the FBI's Detroit field office, said he could not comment on the case because the matter is sealed. But he said agents were acutely aware of the approaching holy month and would have preferred to conduct the search earlier.

"I would just ask that you give the government the benefit of the doubt," he said at the meeting.

Roberts declined a request by some in attendance to issue a statement reassuring Muslims that they could still donate to the organization.

Khalil Jassemm, the charity's chief executive, said FBI agents focused on three things: possible sanctions violations stemming from the group's work in Iraq before the overthrow of Saddam Hussein, improper involvement in Iraqi politics and use of funds for purposes other than those designated by donors.

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Though he would not comment on the case directly, Roberts said cases that the terrorism task force gets involved in do not always end with terrorism-related charges being filed. In some instances, the government continues to believe terrorism is involved, but cannot prove it, he said.

Ihsan Alkhatib, Life's legal director, said the FBI has told the charity it can continue operating, at least for now. He said investigators returned two computer servers and have promised to return the remaining four in the coming days.

Alkhatib said the government scrutiny is ironic given that some Muslims criticize Life for perceived coziness with the U.S. and Israeli governments.

Life partnered with the Pentagon to distribute wheelchairs in Afghanistan in 2004 and opened an office in Israel to coordinate its efforts in the Palestinian territories, an unusual step for a Muslim group. But those actions don't indicate support for any particular government and were simply efficient ways to help those in need, Alkhatib said.

HOMELAND RESPONSE:

Chemical-Security Legislation Nears Approval (WSJ)

By David Rogers

The Wall Street Journal, September 25, 2006

WASHINGTON -- After years of stalemate, Congress is poised to give the Homeland Security Department power to regulate and even shut down high-risk chemical plants that fail to comply with antiterrorism standards.

The industry won major concessions in the final bargaining, and Democrats accused Republicans of a "backroom" pre-election deal favoring the majority's business contributors. But House-Senate negotiators, meeting Monday evening, are expected to approve the legislation as part of a $34.8 billion homeland security bill slated to go quickly to President Bush.

Eager to go home at the end of the week to campaign for midterm elections, Congress also will approve a larger companion bill, providing $447 billion for defense and intelligence agencies in the fiscal year that begins Oct. 1. Meanwhile, most domestic departments will be subject to a stopgap funding resolution until after the elections. And despite pressure from manufacturers, Speaker Dennis Hastert (R., Ill.) said he expects no further House action before November on a set of expired tax benefits, including the research tax credit for businesses.

The chemical-security legislation mirrors an agreement reached last week between Sen. Susan Collins (R., Maine), who chairs the Senate Homeland Security and Government Affairs Committee, and her House counterpart, Homeland Security Chairman Peter King (R., N.Y.). Aides to House Energy and Commerce Committee Chairman Joe Barton, an industry ally, said the Texas Republican will support the measure. However unhappy with elements of the deal, key Democrats look reluctant to kill what is still a first step toward their goal of addressing chemical-security hazards.

"I have mixed emotions, but it's clearly better than nothing," said Rep. Martin Sabo (D., Minn.), who has taken the lead in the Appropriations Committees in pressing for action on chemical-plant security.

Jack Gerard, president of the American Chemistry Council, the industry trade group, struck a similar tone. "It's not perfect, but under the circumstances it's acceptable and we need to move the ball forward. In the current political environment, we have to quit talking about it and get something done."

The draft legislation would require Homeland Security Secretary Michael Chertoff to issue regulations within six months of establishing risk-based performance standards for the security of facilities such as factories where potentially dangerous chemicals are made or used. The secretary may apply these rules to any plant he judges presents "high levels of security risk." If he later determines that a facility has failed to comply, he may, after an opportunity for consultation, order operations to cease until brought into compliance.

Reflecting divisions among lawmakers, this authority would run only three years, allowing Congress to revisit the issue. And the chemicals industry failed to win a clear federal pre-emption of state regulations, which in some cases like New Jersey already are stricter than what Washington may require.

But major concessions were made on several points. For example, the bill goes to great lengths to protect data provided to the government by chemical companies, even treating it as "classified material." And only the secretary may bring civil litigation to enforce the regulations.

The industry also won protection from being forced to change specific chemical processes or adopt potentially costly alternative technologies as long as security goals are met.

House Democrats led by Rep. Edward Markey (D., Mass) said the phrasing renders Mr. Chertoff "toothless." Mr. Gerard accused critics of often pursuing an environmental agenda unrelated to security standards. "They want to take chemicals out of the chemistry industry," he said.

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The underlying homeland budget bill includes $1.82 billion in emergency funds to beef up border security and appease conservatives, angry with the Republican leadership over the course of the immigration debate this year. The defense bill is even heavier with emergency funds: $70 billion for operations in Iraq and Afghanistan and including almost $23 billion to begin to rebuild Army and Marine units worn down by the overseas conflicts.

Working through the weekend, House Republicans were confident of resolving any differences with the Senate over compromise language governing the rules of evidence for military tribunals to try foreign combatants in the war against terror. Given time pressures, it is less likely that the House and Senate can reconcile differences over a terrorist-surveillance bill expanding the administration's authority to carry out warrantless wiretaps.

Chemical Plants, Still Unprotected (NYT)

The New York Times, September 25, 2006

Congress still has done nothing to protect Americans from a terrorist attack on chemical plants. Republican leaders want to give the impression that that has changed. But voters should not fall for the spin. If the leadership goes through with the strategy it seems to have adopted last week to secure these highly vulnerable targets, national security will be the loser.

The federal government is spending extraordinary amounts of money and time protecting air travel from terrorist attacks. But Congress has not yet passed a law to secure the nation's chemical plants, even though an attack on just one plant could kill or injure as many as 100,000 people. The sticking point has been the chemical industry, a heavy contributor to political campaigns, which does not want to pay the cost of reasonable safety measures.

The Senate and the House spent many months carefully developing bipartisan chemical plant security bills. Both measures were far too weak, but they would have finally imposed real safety requirements on the chemical industry. The Republican leadership in Congress blocked both bills from moving forward. Instead, whatever gets done about chemical plant security will apparently be decided behind closed doors, and inserted as a rider to a Department of Homeland Security appropriations bill.

It is outrageous that something as important as chemical plant security is being decided in a back-room deal. It is regrettable that Susan Collins, Republican of Maine, the chairwoman of the committee that produced the Senate bill, does not carry enough influence with her own party's leadership to get a strong chemical plant security bill passed. The deal itself, the likely details of which have emerged in recent days, is a near-complete cave-in to industry, and yet more proof that when it comes to a choice between homeland security and the desires of corporate America, the Republican leadership always goes with big business.

Any federal chemical plant law should make it clear that states have the right to impose stricter requirements to protect their citizens from harm. The Senate and House bills said this, but the rider apparently will not. A reasonable law would make it clear that the secretary of homeland security can order chemical plants to adopt specific safety measures, like replacing highly dangerous chemicals with ones that pose less of a danger to people in the surrounding area. The House bill did this, but the rider apparently will not give the secretary this basic power.

It is likely that the backroom deal will also exempt water treatment and drinking water facilities from regulation, meaning that millions of Americans could needlessly be put at risk of an attack on a chlorine tank, and that it will make the rules about when and how chemical plants must submit safety plans hopelessly vague.

It is not too late to abandon this bad deal and pass a strong law. In a recent New York Times/CBS News poll, just 25 percent of those asked approved of the job Congress is doing. Its handling of the chemical plant security issue gives a good indication why.

TSA To Lower Registered Traveler Fee (USAT)

By Thomas Frank

USA Today, September 25, 2006

WASHINGTON — The Transportation Security Administration is backing off its plan to require travelers who want a fast trip through airport security to pay nearly $200 a year.

The move comes days after representatives of companies seeking contracts to manage special security lines made their case for lower fees to TSA chief Kip Hawley at his offices in Arlington, Va.

The companies said a $200 annual charge could deter millions of people and some airports from signing up for the Registered Traveler program, which could begin in several airports this year.

In response, the TSA lowered to $30 from $100 the fee it plans to charge each person it approves to use Registered Traveler security lines. Travelers would pay an additional $80 or so a year to companies that enroll them, produce fingerprint-embedded ID cards and manage the lines at airports.

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The total annual cost is now estimated at about $110. It could be $20 higher if the TSA requires a criminal background check in addition to the terrorism assessment it now plans for each Registered Traveler applicant.

TSA lowered the fee "based on further analysis and public feedback," spokeswoman Yolanda Clark said.

Tom Blank, head of a coalition of companies seeking to provide services for the Registered Traveler program, said the reduction opens the door to launching the program in 30 to 45 days.

"It should move very quickly," said Blank, a former top TSA official.

About 20 airports and airlines have applied to start Registered Traveler programs.

A company run by Court TV founder Steven Brill has started doing preliminary online registration for programs it wants to start at airports in Cincinnati, Indianapolis and San Jose, Calif., and at Terminal 7 at New York's Kennedy International Airport.

The TSA has not approved any airport to start the Registered Traveler program other than a pilot program at Orlando International Airport, in effect since July 2005.

Brill said it "really wasn't difficult to convince" the TSA to lower its fee during a meeting Wednesday with TSA chief Hawley that Brill said ran two hours. The TSA had wanted to charge $70 for personnel costs at Registered Traveler lines. Brill and others argued against any labor charge, saying Registered Traveler would not require any additional screeners.

"It makes a big difference," Brill said of the lower fee.

The TSA says people in Registered Traveler lines will see no change in how they are screened unless airports add new security measures.

For example, Brill's company is testing machines that could scan shoes while people are wearing them and use a fingerprint sample to determine if they've had contact with explosives.

TSA Backtracks, Projects $30 Fee For Airport Pass (WSJ)

By Laura Meckler

The Wall Street Journal, September 25, 2006

WASHINGTON -- Federal officials are backtracking on a plan to charge travelers $100 a year to take part in an expedited airport security screening program.

The Transportation Security Administration now projects that it will charge $30 a year for each person who wants to participate in the "registered traveler" program, the TSA said in a notice on its Web site over the weekend. That is in addition to any fees that private companies operating the programs charge.

Registered Traveler promises faster airport screening to customers who sign up in advance, undergo a background check and pay a fee. It is expected to be offered at about 20 interested airports and run by private companies under guidance issued by the TSA. One program, in Orlando, Fla., is operating.

Participants will get to use special security lines that may move more quickly than regular lines. At some point, TSA may approve technology that would allow for changes in screening procedures; for instance, use of an electronic shoe scanner could let travelers keep their shoes on. These technologies are being tested, with none approved yet.

TSA had created a stir by saying it would charge about $100, including background checks, administrative costs and the cost of paying screeners who run the special lines. Private companies interested in offering the program protested: They had expected to charge about $100 total, including their costs and profits. These companies argued that registered travelers shouldn't have to pay salaries of officers who would be screening them anyway.

On its Web site this weekend, TSA said it wouldn't seek reimbursement for these costs unless the program results in new TSA duties and increased costs.

TSA spokeswoman Amy Kudwa said the change was made "based on further analysis and public feedback."

That feedback included a meeting Wednesday between TSA chief Kip Hawley and the companies that want to provide the program at airports, who pressed TSA to roll back the fee, said Steven Brill, chief executive at Verified Identity Pass Inc., which has begun advanced registration of passengers in four airports. He said "a couple of thousand" people have signed up so far.

FBI Is Casting A Wider Net In Anthrax Attacks (WP)

By Allan Lengel And Joby Warrick

The Washington Post, September 25, 2006

Five years after the anthrax attacks that killed five people, the FBI is now convinced that the lethal powder sent to the Senate was far less sophisticated than originally believed, widening the pool of possible suspects in a frustratingly slow investigation.

The finding, which resulted from countless scientific tests at numerous laboratories, appears to undermine the widely held belief that the attack was carried out by a government scientist or someone with access to a U.S. biodefense lab.

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What was initially described as a near-military-grade biological weapon was ultimately found to have had a more ordinary pedigree, containing no additives and no signs of special processing to make the anthrax bacteria more deadly, law enforcement officials confirmed. In addition, the strain of anthrax used in the attacks has turned out to be more common than was initially believed, the officials said.

As a result, after a very public focus on government scientists as the likely source of the attacks, the FBI is today casting a far wider net, as investigators face the daunting prospect of an almost endless list of possible suspects in scores of countries around the globe.

"There is no significant signature in the powder that points to a domestic source," said one scientist who has extensively studied the tan, talc-like material that paralyzed much of Washington in the deadliest bioterrorism attack in U.S. history.

The FBI says it remains optimistic that it will find whoever killed five people -- two of them from the Washington area -- in a series of bioterrorism-by-mail attacks that rocked a nation still in shock from the Sept. 11 terrorist strikes. The bureau has assigned fresh leadership to the case -- Special Agent Ed Montooth -- and retains a full-time investigative force of 17 agents and 10 postal inspectors. "There is confidence the case will be solved," said Joseph Persichini Jr., acting assistant director in charge of the FBI's Washington field office.

The prevailing views about the anthrax powder, meanwhile, have been coalescing among a small group of scientists and FBI officials over several years but rarely have been discussed publicly. In interviews and a recently published scientific article, law enforcement authorities have acknowledged that much of the conventional wisdom about the attacks turned out to be wrong.

Specifically, law enforcement authorities have refuted the widely reported claim that the anthrax spores had been "weaponized" -- specially treated or processed to allow them to disperse more easily. They also have rejected reports that the powder was milled, or ground, to create finer particles that can penetrate deeply into the lungs. Such processing or additives might have suggested that the maker had access to the recipes of biological weapons made by the United States in the 1950s and 1960s.

In fact, the anthrax powder used in the 2001 attacks had no additives, writes Douglas J. Beecher, a scientist in the FBI laboratory's Hazardous Materials Response Unit, in an article in the science journal Applied and Environmental Microbiology.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapons production," Beecher writes in the journal's August edition, in what is believed to be the most expansive public comment on the nature of the powder by any FBI official. "The idea is usually the basis for implying that the powders were inordinately dangerous compared to spores alone."

The FBI would not allow Beecher to be interviewed about his article. But other scientists familiar with the forensic investigation echoed his description. Whoever made the powder produced a deadly project of exceptional purity and quality -- up to a trillion spores per gram -- but used none of the tricks known to military bioweapons scientists to increase the lethality of the product. Officials stressed that the terrorist would have had to have considerable skills in microbiology and access to equipment.

"It wasn't weaponized. It was just nicely cleaned up," said one knowledgeable scientist who spoke on the condition he not be identified by name because the investigation is continuing. "Whoever did it was proud of their biology. They grew the spores, spun them down, cleaned up the debris. But there were no additives."

Moreover, scientists say, the particular strain of anthrax used in the attacks has turned to out to be a less significant clue than first believed. The highly virulent Ames strain was first isolated in the United States and was the basis for the anthrax weapons formerly created by the United States. The use of the Ames strain in the 2001 attack was initially seen as a strong clue linking the terrorist to the U.S. biodefense network.

But the more the FBI investigated, the more ubiquitous the Ames strain seemed, appearing in labs around the world including nations of the former Soviet Union.

"Ames was available in the Soviet Union," said former Soviet bioweapons scientist Sergei Popov, now a biodefense expert at George Mason University. "It could have come from anywhere in the world."

Many law enforcement officials believe that ever-improving technology eventually could lead to a break in the case. Ongoing tests could lead authorities to the lab where the anthrax originated -- something authorities have said for years could help close the case.

More traditional tactics are still being used: The FBI has conducted 9,100 interviews and issued 6,000 subpoenas in one of the most exhaustive and expensive investigations in the bureau's history. Authorities say investigators continue to have a number of specific individuals in their sights, describing the suspect list as "fluid."

One prevailing theory among investigators is that the attacks came from within the United States rather than from an overseas terrorist organization.

However, a law enforcement official said, "we have not closed the door on any possibilities. There's a discrete number of individuals who continue to be investigated, both internationally and domestically."

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Over the years, officials have publicly identified only one "person of interest," and that was more than four years ago. Steven J. Hatfill, a former Army scientist, has denied wrongdoing and has never been charged. He is suing the Justice Department, alleging that officials leaked false information about him that caused great harm.

Law enforcement officials won't talk about Hatfill.

Homeland Security Secretary Michael Chertoff, in a meeting this month with Washington Post reporters and editors, would not say whether any single individual continues to draw special attention as a "person of interest."

"I'm not telling you that right now the bureau is focused on someone or not focused on someone," Chertoff said. "There are in my experience a lot of instances where we might know or have a good reason to believe who committed a criminal act, but we may not be able to prove it. So when you say something is not solved, you should not assume from the fact that there is no criminal prosecution we don't have a good idea of what we think happened."

Persichini, of the FBI's Washington office, acknowledged frustrations but said that "no one in the FBI has for a moment stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed.

"While not well known to the public, the scientific advances gained from this investigation are unprecedented and have greatly strengthened the government's ability to prepare for -- and prevent -- biological attacks in the future," Persichini said.

Nonetheless, failure to solve the mystery has bred public skepticism.

"If the FBI's investigation has become a cold case, then it's time for [FBI Director Robert S. Mueller III] to acknowledge that and take steps to deal with it," said Sen. Charles E. Grassley (R-Iowa), a frequent critic of the FBI. "I'm concerned that the FBI may have spent too much time focusing [on] one theory of what happened and too little effort on the other possibilities."

Staff writer Spencer S. Hsu and staff researcher Meg Smith contributed to this report.

A Year Later, Rita's Wrath Lingers (USAT)

By Alan Gomez

USA Today, September 25, 2006

CAMERON, La. — Some recall Hurricane Rita as the storm that just missed Houston. Others vaguely remember it as the one that came after Katrina.

The widespread anonymity of Rita has somehow reached the point where people along the Texas-Louisiana border — the ones whose towns and crops and neighbors were annihilated by Rita's 120-mph winds and 20-foot storm surge — have given Rita a new name: the Forgotten Hurricane.

“Nobody says anything about Rita. It's all Katrina, Katrina, Katrina,” said Paul Martin, 47, whose home in southwestern Louisiana was washed away along with the other 35 homes in his neighborhood. “Hey, we lost everything too.”

It was one year ago Sunday that Rita roared into the Texas-Louisiana border and devastated a swampy, brackish area dotted by wooden houses built long before hurricane building codes existed. About 100 people died either during the storm or trying to escape from it — including 23 seniors who died in a bus blaze during the chaotic evacuation of Houston.

Although Katrina cost more in lives and damage, Rita swamped a broad area. More than 600,000 homes across 85,000 square miles were damaged or destroyed, the Federal Emergency Management Agency estimates.

Rita forced what could be the largest evacuation in U.S. history. Three million people fled in two states. Only Hurricane Floyd, which struck near Cape Fear, N.C., in 1999, comes close with an estimated evacuation of about the same number of people.

And while Katrina's $40 billion price tag is the largest for any hurricane hitting the USA, Rita ranked as the seventh-costliest storm, according to the Insurance Information Institute. Damage estimates for Rita from the institute are over $5 billion.

The area hit by Rita is dotted with shoreline communities that depend on shrimping and fishing in the Gulf of Mexico.

“Venice still looks like a giant trash pile. Only the courthouse is still standing in Cameron,” Debra Segura, a central Louisiana truck driver, said. “Holly Beach is wiped out. Delcambre is ruined.”

Many of the hard-hit areas are on a slow track to recovery. People in those areas believe the storm's timing — hitting just four weeks after Katrina — is a big reason why that recovery has taken so long.

Shelters and apartments around Houston and southwestern Louisiana were already filled by Katrina evacuees, leaving few residents there to find temporary housing of their own. FEMA and insurance companies were already deluged with Katrina-related cases when Rita hit.

Martin said FEMA officials told him in January he would get a trailer in seven to 10 days.

“How about seven to 10 months?” he said. Martin received his trailer nine days ago, after spending the past year in a friend's apartment.

Louis Arceneaux, a Lake Charles, La., high school chemistry teacher, said the damage to his home was about $10,000. He had no flood insurance, and he moved in with his mother after the storm so he did not receive housing money.

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"Rita broke me," he said. "I can't afford to teach anymore."

Insurance companies acknowledge that the two hurricanes put a strain on the insurance adjusters who were working long hours in harsh conditions — many of them who were helping Katrina transplants had to evacuate when Rita came ashore.

Even so, they point back to the summer of 2004, when Florida was hit by four hurricanes, as proof that they've learned to react to multiple storms in short periods.

Robert Hartwig, chief economist for the Insurance Information Institute, said 95% of Katrina-related insurance claims are settled. He said that number is "as high if not higher" for Rita.

FEMA says it has provided more than 15,000 travel trailers and given housing assistance to more than 450,000 people.

The Small Business Administration has granted more than $500 million in loans, the National Flood Insurance Program has given out more than $370 million in Louisiana, and FEMA has provided $360 million for cleanup in Texas.

What Rita may be remembered for most is the evacuation. As it swelled to a Category 5 with a predicted path over Galveston and Houston more than 3 million people hit the roads almost simultaneously.

People were stopped in traffic for hours. Many ran out of gas waiting to get out. Some just returned home.

Joe Laud with the Houston Office of Emergency Management, whose wife and kids couldn't get out of Houston, said evacuating a major city is difficult. He conceded that government agencies along the evacuation routes need to work better to ease that traffic.

"Rita showed the dents in our armor," he said.

Laud said they've had several exercises to get traffic lanes moving away from Houston faster. Government officials are working with gas stations to ensure that some remain open during an evacuation. A task force created by Texas Gov. Rick Perry suggested consolidating more power into his office for better statewide coordination.

So far, the calm hurricane season has allowed residents along the Gulf Coast to focus instead on the task of rebuilding.

Richard and Nancy Burbank are the first Constance Beach family to rebuild their home, a lone structure surrounded by 20-foot wooden silts that once propped up dozens of homes.

"If you live on the coast and you don't think hurricanes are going to hit you, you're stupid," Nancy Burbank said. "When I came back, I accepted what I saw and immediately wanted to rebuild."

For others, the decision isn't so simple.

Paul England, a welder at a Port Arthur, Texas, oil refinery who skins alligators on weekends, decided not to rebuild and to move 20 miles inland.

"I won't move back down here," England said. "Rita scared the hell out of a lot of people."

WAR NEWS:

For Bush, War Anguish Expressed Privately (WP)

By Peter Baker

The Washington Post, September 25, 2006

FALMOUTH, Maine -- They sat on two frayed chairs in a teacher's lounge, the president and the widow, just the two of them so close that their knees were almost touching.

She was talking about her husband, the soldier who died in a far-off war zone. Tears rolled down her face as she mentioned two children left fatherless. His eyes welled up, too. He hugged her, held her face, kissed her cheek. "I am so sorry for your loss," he kept repeating.

She told him she considers him responsible for her husband's death and begged him to bring home the troops. "It's time to put our pride behind us and stop the bleeding, for all of us," she recalled saying. The president demurred, unwilling to debate a mourning woman. "We see things differently," he said.

But Hildi Halley, a self-described liberal antiwar activist who met with President Bush in Maine last month, said she believes he felt her grief. "It wasn't just a crocodile tear," she said in an interview at her home. "I felt like I moved him. I don't think he's going to wake up tomorrow and say, 'Oh my gosh, I've been wrong this whole time and I'm going to change all my policies because of my meeting with this woman.' I just hope that with each soldier, he remembers my pain."

He has a lot of pain to remember. Now more than five years after the attacks of Sept. 11, 2001, Bush has served as a wartime president longer than any occupant of the White House since Lyndon B. Johnson. He has presided over more U.S. military casualties than any since Richard M. Nixon. While he travels the country defending his policy and arguing to stay the course in Iraq, he also confronts the human burdens of wartime leadership.

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The two sides of Bush as commander in chief can be hard to reconcile. His public persona gives little sense that he dwells on the costs of war. He does not seem to agonize as Johnson did, or even as his father, George H.W. Bush, did before the Persian Gulf War. While he pays tribute to those who have fallen, the president strives to show resolve and avoid displays that might be seen as weak or doubting. His refusal to attend military funerals, while taking long Texas vacations and extended bicycle rides, strikes some critics as callous indifference.

Yet the private Bush comes across differently in the accounts of aides, friends, relatives and military family members who have met with him, including some who do not support him, such as Halley. The first question Bush usually asks national security briefers in the Oval Office each morning is about overnight casualties, aides say, and those who show up for the next round of meetings often find him still stewing about bad news from Iraq.

Bush seems to separate these aspects of war in his mind, advisers say. He expresses no regret even in private for his decision to invade Iraq, they say, while taking seriously the continuing consequences of doing so. "Removing Saddam, he never revisits that in his mind or his heart," said one adviser, who like others spoke on the condition of anonymity because Bush does not want them to discuss his feelings. "Sending troops into harm's way, that's something that weighs on him."

If he does not show that publicly, it's in keeping with a White House practice of not drawing attention to the mounting costs of the wars in Afghanistan and Iraq, which have killed more than 3,000 U.S. troops and tens of thousands of civilians. Advisers worry that sending the wrong signal would further sap public will and embolden the enemy and Bush's critics. Aides say that Bush does not attend military funerals because the presidential entourage would disrupt solemn events and that, out of respect, the media have been banned from photographing coffins arriving at Dover Air Force Base. But they also know it would draw unwelcome attention to the price of the president's policies.

Bush is less reticent about public displays of grief for victims of Sept. 11. During the recent events marking the fifth anniversary of the attacks, he teared up several times and at one point had to concentrate just to finish a speech. "Your heart breaks for somebody who suffered," he later told Charles Gibson of ABC News. "Tears can get contagious as far as I'm concerned."

For those who have suffered losses in the wars he initiated, Bush prefers to offer comfort in private. He writes letters to families of those killed, visits soldiers at military hospitals and meets with relatives of the dead. Altogether, according to the White House, Bush has met with 1,149 relatives of 336 dead service members. These sessions generate little attention because the White House bars journalists, but some relatives have described them.

"It's absolutely painful for him," said Beth Karlson, 63, a retired school food-service manager whose son died in Iraq and who met with Bush in Wisconsin last month. The president hugged her and held her hand. "He's a genuine person. He wants to reach out to the families and let them know how he feels."

Not everyone agrees. Cindy Sheehan, who would later launch antiwar protests near Bush's Texas ranch, met with him in 2004 and left alienated. She said he came across as overly casual and immune to her pain, referring to her as "Mom," yet uninterested in stories about her dead son, Casey, and calling him "your loved one" instead of by name. When she later sought another meeting, Bush refused.

Said Missy Beattie, a fellow member of Gold Star Families for Peace whose nephew died in Iraq: "He only meets with people who support him. I don't know what I'd say to him. I almost feel like he's not worthy of time and thought because I don't think he cares. I don't think he has any human qualities. I don't think he would listen to me or anyone who's lost someone and feel any empathy."

Many presidents confront the burden of ordering troops into danger. Johnson was tormented by the Vietnam War, padding down to his war room in slippers and robe at night to check on casualty numbers. Taped telephone calls, published by historian Michael Beschloss, reveal the depth of anguish. "I want to be called every time somebody dies," Johnson declared. He took to bed, depressed. Aides consulted psychiatrists. "He suffered," biographer Robert Dallek said. "It certainly took a toll on him. You could see it in his face at the end of his term. He was so old and careworn."

George H.W. Bush wrote an angst-ridden letter to his children before the Gulf War: "I guess what I want you to know as a father is this: Every Human life is precious. When the question is asked 'How many lives are you willing to sacrifice' -- it tears at my heart. The answer, of course, is none -- none at all." He did not sleep well before the bombing began and prayed that an Iraqi child shown on television would not be hit. "There's no way to describe the pressure," he said in a diary entry, later published in a volume of personal correspondence. "I've been plagued with the image of body bags."

Warren Finch, director of the George Bush Presidential Library and Museum, said the former president's service as a pilot shot down over the Pacific shaped his outlook. "The fact that he had served in World War II and lost two crewmen meant he experienced it firsthand. That weighed heavily on him."

His son never served in combat and gives no public indication that he anguishes like his father. White House spokesman Tony Snow said the president, like his predecessors, "lies awake nights asking himself the question: How can I get this done and

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get our people home?" But Bush controls his feelings around associates. "He keeps a lot of that very, very locked up inside himself," said a longtime friend. "I don't raise it with him. I just don't feel comfortable doing that."

Bush is more open with confidants about his aggravation over events in Iraq. "He's unbelievably candid in person," said another person close to the president. "Of course it frustrates him. You can't not be frustrated by four car bombs a day and that sort of thing. But I think he's confident it's going to work out. I think he also thinks there's not much of an alternative." Does the president confide much in his father? "Nobody knows," the person said. "It's a steel wall."

Bush deals with stress through vigorous exercise, working out six days a week. When he goes for long bicycle rides, he often invites others to join him, but he asks them not to ride in front of him so he can have the illusion of solitude. "Riding helps clear my head, helps me deal with the stresses of the job," he told reporters last month after an 80-minute ride.

To those angry over the war, that can seem cavalier. "It's important for me to be thoughtful and sensitive to those who have got something to say," Bush said last year when Sheehan began her protest. "But it's also important for me to go on with my life, to keep a balanced life. . . . I'm mindful of what goes on around me. On the other hand, I'm also mindful that I've got a life to live and will do so."

Aides see the impact on Bush after meetings with "families of the fallen," as the White House calls them. Bush typically meets each family separately, joined by one aide, often Deputy Chief of Staff Joseph W. Hagin. He offers commemorative coins, poses for photos or signs autographs. "I do the best I can to cry with them or, you know, laugh with them if they wanna laugh, and hug them," Bush recently told Katie Couric of CBS News.

Karlson, whose son, Staff Sgt. Warren Hansen, died in a helicopter crash in Iraq in 2003, asked Bush for help in obtaining an investigative report. "I just felt I was being stonewalled, I wasn't getting anyplace," she recalled. "He said it will be taken care of. And it was. The next Wednesday, the report was hand-delivered." In the end, the report confirmed what she had been told about her son's death. "It has brought some peace," she said.

After such meetings, aides said, Bush often seems drained. During a trip to Fort Bragg, N.C., last year, he spent three hours with dozens of relatives of troops who were killed. One of them, Crystal Owen, asked him to wear a metal bracelet in honor of her dead husband. He put it on, then went to deliver a nationally televised address. With the widows still on his mind, Bush seemed flat as he began to speak, aides said, and at one point his eyes became watery.

Halley, 41, lost her husband, National Guard Capt. Patrick Damon, also 41, in June in Afghanistan to what officially was ruled a heart attack. When Sen. Olympia J. Snowe (R-Maine) called to offer condolences and asked if she could do anything, Halley requested a telephone call from the president. Instead, when he came to Maine to visit his parents in Kennebunkport, the White House invited her to meet him at a school.

When Bush walked in, Halley told him about Patrick, how they had met at American University, moved to Maine and had a family. "After I spoke about my husband for quite some time, I said, 'And now he's dead. For what? Why? I've lost my soul mate.' " She asked her children, Mikayla, 14, and Jan-Christian, 12, to leave the room, then wept as she told Bush how hard life had become for them. "He started crying. I said, 'These two children do not like you and they have good reason for that. And I hold you responsible for the death of my husband.' "

Bush seemed surprised that she opposes even the war in Afghanistan and cited the Taliban. "And I said, 'Who put them in power?' And he got a little defensive and said, 'I'm really not here to discuss public policy with you.' And I said, 'That's probably wise, and I'm not here to talk about public policy, either.' "

Bush said he hoped their meeting helped her healing. "You know what would help my healing?" she recalled responding. "If you change your policies in the Mideast." Bush smiled, she said, but did not reply.

Halley said the meeting did not change either of their minds. She would still vote against him. But she said she appreciated that he opened himself up to her. "I don't think he's a heartless man," she said. "I think he's pulled in a lot of different directions by very intelligent people. . . . I don't think it's going to change his policies, but I hope it does make him think about it. I hope I'm in his dreams."

Army Considers More Combat Units For Iraq (WT)

By Rowan Scarborough

The Washington Times, September 25, 2006

The Army is studying whether to add more combat units to the rotation plan for Iraq and is considering accelerating the deployments for some brigades to meet a top commander's decision to keep more than 140,000 troops in the country through at least the spring of 2007, Pentagon officials say.

Rather than planning for a big drawdown of 30,000 Army soldiers and Marines this year to a level of 100,000, as field commanders had expected, the two services are now trying to figure out how to keep the equivalent of two extra divisions, or 40,000 troops, in Iraq.

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Army Gen. John Abizaid, the top commander in the region, said last week he needed to maintain the higher-than-expected level because of increased sectarian violence in greater Baghdad between warring Sunni and Shi'ite Muslims.

The Army has met Gen. Abizaid's immediate need for more forces by delaying the departure of a Stryker armored vehicle brigade to Alaska and by calling in a fast-reaction brigade combat team from Kuwait. But a longer-term solution may require the Army to look at adding more units to the rotation mix.

"It may accelerate the pace of deployments, or it may mean looking at calling up additional units," said a Pentagon official who asked not to be named.

That option may become reality in November, when the Pentagon is expected to identify units that will go to Iraq next year. Currently, Army units deploy for about a year, then spend one year at their home base before going back to Iraq or Afghanistan. The Marine Corps, which patrols restive Anbar Province west of Baghdad, rotates two expeditionary forces every seven months.

The Army is facing more demand for troops at a time when military analysts say it is nearly stressed to the breaking point.

Non-deployed combat brigades are experiencing low readiness ratings due mostly to a lack of usable weapons and equipment. The wear and tear in Iraq is ruining M1A1 tanks, Bradley fighting vehicles, Humvee vehicles and other equipment at such a fast pace that the Army has neither the money nor the industrial base to replace them. A unit's functioning weapons systems are left in Iraq for use by replacement soldiers, leaving the stateside brigade well below the highest combat rating, according to Army officials and retired officers.

Gen. Peter Schoomaker, Army chief of staff, this summer asked Congress for nearly $50 billion over three years to replace broken equipment in a process known as "resetting" the force.

"We have inadequate Army and Marine Corps combat power to sustain this level of deployment," said retired Army Gen. Barry R. McCaffrey, a highly decorated Vietnam combatant who led the 24th Infantry Division in Desert Storm.

Gen. McCaffrey, who has traveled to Iraq in his role as a West Point professor, said the Army needs an immediate infusion of 80,000 new soldiers added to the active force of about 500,000.

"Not since World War II have we asked the Army and Marine Corps to operate at such a high intensity of deployments with such an under-resourced force," Gen. McCaffrey said.

Defense Secretary Donald H. Rumsfeld has rejected calls from Gen. McCaffrey and other retired generals to increase what is referred to as the authorized end strength approved by Congress each year. Instead, he opted for authorizing the Army a temporary increase of 482,000 to 512,000 active-duty soldiers.

Paul Boyce, an Army spokesman at the Pentagon, said, "The Army has been planning rotation of forces through the year 2007 and is fully prepared to maintain the commitment to press the fight against the enemy while also giving the soldiers as much predictability on future missions as possible. We will meet any need the American public asks."

Gen. McCaffrey said he considers the ongoing battle for Baghdad a "tipping point" which would decide the war's outcome. He applauded Gen. Abizaid for upping the force level.

"It clarified the situation," he said. "Abizaid wants to win. Ambassador [Zalmay] Khalilzad wants to win. What they are saying is [Prime Minister Nouri al-Maliki's] government is in a fragile state ... I think what they are saying is we can't allow this to come apart on us."

'Iraq Is Not In Chaos' (WP)

The Washington Post, September 25, 2006

Last Wednesday, Newsweek-Washington Post's Lally Weymouth interviewed Iraqi President Jalal Talabani in New York. Excerpts:

Q. What happened in your meeting with President Bush?

A. We told him our progress in trade, the economy, training the army . . . and we asked him to provide the Iraqi army with the necessary arms for improving the capacity of the army. We also thanked him for his continuous support of Iraq. Don't forget, we were living under the worst kind of dictatorship.

What did the president say to you?

That he will continue to support the Iraqi people and will remain there until we ask him to leave.

Reportedly the U.S. government is losing faith in Prime Minister [Nouri al-]Maliki.

President Bush assured us that he will support the Maliki government. We assured him that all Iraqi political parties support Maliki. He has done many important things for Iraq. He has ordered all of the militias to stop their activities.

But they haven't stopped.

They are not operating as before.

When should the U.S. troops leave?

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In seven provinces, the American army has withdrawn. The Iraqi army is replacing American forces in many cities. We hope that at the end of this year we will be able to control 12 provinces. We will remain in need of the American and coalition forces until we've trained our army and will be able to face terrorism and defeat it.

How long will that be?

I think within two years we will be able to train our army and have the capacity to face terrorism. . . . The presence of American forces -- even a symbolic one -- will frighten those who are trying to interfere in our affairs.

Are you talking about Iran?

Our prime minister just came back from Iran. He got good promises from Iran on security -- promises that they will never permit any kind of interference in the internal affairs of Iraq.

Do you believe that?

Our prime minister tells me he got real and serious promises. Let us see.

What do you think of the popular theory that Iraq should split into three parts?

I don't think so. Iraq will not break up into three parts. Iraq will remain united -- we will have a united, federal Iraq. Kurds are struggling for the unity of Iraq -- Sunnis and Shiites, the same. There are differences among the Shiites and Sunnis which must be resolved, but not about the partition of Iraq.

So, while many here in the U.S. believe the war is a mess, you believe the opposite.

Iraq is not in chaos. There are many provinces that are calm -- where people live in prosperity. . . . I want to assure the American people that Iraqis are now enjoying democracy and human rights and are struggling to secure the country.

Would you welcome U.S. bases in Kurdistan?

Yes, they are welcome. Kurdistan wants the Americans to stay. In some places Sunnis want the Americans to stay -- Sunnis think the main danger is coming from Iran now. There is a change in the mind of the Sunnis. The Sunnis are for having good relations with America. The [Shiites] have started to think that.

Will the U.S. put bases in Kurdistan?

I think we will be in need of American forces for a long time -- even two military bases to prevent foreign interference. I don't ask to have 100,000 American soldiers -- 10,000 soldiers and two air bases would be enough. This will be [in] the interest of the Iraqi people and of peace in the Middle East.

U.S. Soldiers See Inept Output By Iraqi Troops (WT/AP)

By Antonio Castaneda

The Washington Times, September 25, 2006

BAGHDAD -- The plan was simple: Iraqi troops would block escape routes while U.S. soldiers searched for weapons house by house. But the Iraqi troops didn't show up on time.

When they finally did appear, the Iraqis ignored U.S. orders and let dozens of cars -- including an ambulance full of armed militiamen -- pass through checkpoints in eastern Baghdad, American soldiers said in recent interviews.

It wasn't an isolated incident, they added.

U.S. commanders have hailed the performance of Iraqi troops in the crackdown on militias and insurgents in Baghdad. But some U.S. soldiers say the Iraqis serving alongside them are among the worst they've ever seen -- seeming more loyal to militias than the government.

Last week, for example, Sgt. 1st Class Eric Sheehan discovered that barriers and concertina wire that were supposed to bolster defensive positions had been dragged away -- again -- under the noses of nearby Iraqi soldiers.

I "suggest we fire these IAs and get them out of the way," Sgt. Sheehan, of Jennerstown, Pa., reported to senior officers, referring to Iraqi army troops.

"There's nothing we can do," came the reply.

U.S. soldiers from the 4th Squadron, 14th Cavalry Regiment eventually blocked the road again while Iraqi troops watched from a distance.

Some Americans speculated that the missing barriers were dragged off to strengthen militia defenses in nearby Sadr City, a sprawling Shi'ite neighborhood that is a stronghold of anti-U.S. cleric Muqtada al-Sadr.

"They've been doing this all week. They're working against us," said Sgt. Sheehan, who woke up the senior Iraqi officer at the checkpoint to complain -- futilely.

During another mission, Iraqi soldiers were suspected of looting the house of a wealthy resident, U.S. troops said.

Some Americans said they had seen much better Iraqi troops in the northern cities of Mosul and Tal-Afar, which have more Kurdish soldiers. They have been disappointed by the performance of units committed to the Baghdad fight.

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U.S. officers think the problem has political and sectarian roots: Many of the Iraqi soldiers in the capital are Shi'ites recruited from the Baghdad area.

As the security crackdown focuses on Shi'ite neighborhoods, Iraqi troops come in contact with fellow Shi'ites from some of the 23 known militias. That puts great stress on the soldiers, who grew up in a society where respect for religion runs far deeper than for government institutions.

"From my perspective, you can't make a distinction between Iraq army Shi'ites and the religious militias. You have a lot of soldiers and family members swayed and persuaded by the religious leadership," said Lt. Col. Greg Watt, who advises one of two Iraqi divisions in the city.

He then pointed to the nearby guards, under an Iraqi army division commander.

"There's no doubt in my mind that he has soldiers who are followers of religious leaders," Col. Watt said. "Are they loyal to the division commander? Yes. But they may be loyal to both."

Col. Watt expressed confidence the Iraqi army could win if it came to a pitched battle with militias.

"But what the Iraqi army can't do is protect soldiers when they go home, or protect their families," he added. "It's very, very difficult. That's why a solution has to be a political one and not a military one."

One immediate solution would be to bring in more units from outside Baghdad. Although many of those units are largely Shi'ite, too, the soldiers would be less likely to have family living under militia control.

But many Iraqi troops refuse to serve away from home. The commander of U.S. forces in Baghdad, Maj. Gen. James Thurman, said his requests for 3,000 more Iraqi soldiers have been refused because the troops won't leave their home areas.

That attitude frustrates American soldiers.

"They have to step up, make sacrifices. We've made thousands of sacrifices for our own country's freedom," said Staff Sgt. Jeremy Chinnis, 30, of Richmond. "I think they think the Iraqi people don't support them."

Dangerous Neighborhood (NSWK)

By Lally Weymouth

Newsweek, September 25, 2006

Iran and Iraq go side by side, not only on maps but among America's most urgent challenges. As the U.N. General Assembly convened last week in New York, the two presidents talked separately to NEWSWEEK's Lally Weymouth. While Iraq's president is optimistic about his country's future, Iran's president remains intransigent in his refusal to halt nuclear-related activities as demanded by the United States as a precondition for talks. Excerpts:

IRANIAN PRESIDENT MAHMOUD AHMADINEJAD

WEYMOUTH: Will you stop enrichment and reprocessing activities?

AHMADINEJAD: Why should we agree to that? There is no such provision in the NPT [Nuclear Non-Proliferation Treaty].

Didn't you put that in question when you violated the NPT for more than 10 years? Do you recognize those violations?

It is the right of all member states of the NPT to have the technology for fuel reprocessing.

But don't responsibilities go with rights?

The problem is some believe that they sit above the law. They produce bombs and use them too. That is where the problem lies.

Do you think it would be in Iran's interest to move toward a normal relationship with the United States?

We are interested in having talks with everyone ... but the U.S. administration—that is, a section of the U.S. administration—does not create the right circumstances. They believe that they own the entire world, so they speak from that position, looking down at us. Some politicians in the United States think that the nuclear issue is a way to put pressure on Iran, but they are wrong. [A country] that has actually produced and used nuclear bombs cannot claim that they now want to stop proliferation.

Are you really serious when you say that Israel should be wiped off the face of the earth?

We need to look at the scene in the Middle East—60 years of war, 60 years of displacement, 60 years of conflict, not even a day of peace. We need to address and resolve the root problem.

Your suggestion is to wipe Israel off the face of the earth?

Our suggestion is very clear ... Let the Palestinian people decide their fate in a free and fair referendum, and the result, whatever it is, should be accepted ... The people with no roots there are now ruling the land.

You've been quoted as saying Israel should be wiped off the face of the earth. Is that your belief?

What I have said has made my position clear. If we look at a map of the Middle East from 70 years ago ...

So the answer is yes?

Is this a test? Do you respect the right to self-determination for the Palestinian nation? Yes or no?

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If the Palestinian people opted for a two-state solution, would you support that decision?

Israel currently occupies Palestine. Where did they come from? They should return.

You've made statements about the Holocaust, saying it was exaggerated. Is that your opinion?

It's not the numbers that are important ... We know this was a historical event that happened. But why is it that people who question it are persecuted and attacked?

There is a crisis of violence in Iraq. Iraqi Prime Minister Nuri al-Maliki recently asked for your help. Will you help him?

We've supported the Iraqi government from the start. We will support the political process in Iraq.

Everyone in the region says the result of the U.S. invasion of Iraq is that Iran is more powerful than ever.

Do you think there is a problem with Iran being a powerful country? A powerful Iran will benefit the region, because Iran is a country with a deep culture and has always been a peaceful country.

Are you going to continue backing terror groups—Hamas, Palestinian Islamic Jihad?

Why do you call them terrorists? If someone occupied the United States and the American people rose to defend their home, would you call the American people terrorists?

I would say they were terrorists if they started killing civilians.

The Palestinian people have the right to live. Gaza is being bombarded. Homes are being destroyed.

What do you want the United States to do?

I sent a very detailed and caring letter [to President Bush]. I truly mean it when I say that I hope Mr. Bush will change his behavior and attitude. It doesn't make us happy that sentiments against him rise on a daily basis around the world.

How can you come to this country and tell our president to change his behavior?

We're just defending our honor.

IRAQI PRESIDENT JALAL TALABANI

WEYMOUTH: Americans are discouraged about Iraq. What is your assessment?

TALABANI: The media focuses only on the negative side of Iraq. We have problems with security, but we have big achievements and victories. People are enjoying a new kind of democracy: they are enjoying freedom of expression, of organization, and of having their own television and radio. We have liberated the economy from the control of the state. Now the private sector is active everywhere. We have 18 provinces, and at least 12 of these are quiet and calm. All over Iraq, schools are open.

Two leading U.S. generals testified recently that there is a civil war going on in Iraq.

This is not civil war. This is terrorist activity concentrated on Iraq by Al Qaeda and other extremists.

Aren't you worried aboutthe violence?

Of course we are worried. But this is one side ...

What about the Sunni militias?

Before the last election for Parliament, Sunnis refused to sit down with Shiites. I was mediating. Afterwards, they were convinced to participate in Parliament. They agreed to have a national unity government, and Sunnis, Shiites and Kurds have agreed to form a council for national security. Now Sunnis and Shiites are governing together. Though differences remain, this is a way of reconciliation.

Reportedly the U.S. government is losing faith in Prime Minister Nuri al-Maliki.

President Bush assured us that he will support the Maliki government. We assured him that all Iraqi political parties support Maliki. He has done many important things for Iraq. He has ordered all of the militias to stop their activities.

But they haven't stopped.

They are not operating as before.

When should the U.S. troops leave?

I think within two years we will be able to train our Army and have the capacity to face terrorism. When we ask our allies to leave Iraq it will depend on being able to keep Iraq's sovereignty and independence free of danger from the outside. The presence of American forces—even a symbolic one—will frighten those who are trying to interfere in our affairs.

Are you talking about Iran?

Our prime minister just came back from Iran. He got good promises from Iran on security—promises that they will never permit any kind of interference in the internal affairs of Iraq.

Do you believe that?

Let us see.

Turkish troops are massed at Iraq's border.

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Yes, but they are not coming in. We convinced the PKK [a radical Kurdish separatist group based in Iraq] to stop fighting, and within days it will officially announce a ceasefire. This will help Iraq open a new chapter in relations with Turkey. We are urging the Turkish Kurds to be moderate, to wage their struggle through democratic means.

What do you think of the American idea of transforming Middle Eastern countries into democracies?

I support this idea. I believe democracy is the panacea for all problems in the Middle East.

So while many Americans believe the war in Iraq is a mess, you believe the opposite.

Iraq is not in chaos. There are many provinces that are calm—where people live in prosperity. We are grateful to your people, to your Army, to your president. You liberated us from a dictatorship.

So this fight is not in vain?

What I want from the American media is to send people to Iraq to see different parts of the country, not just Fallujah and Baghdad. Some places are in trouble, including Baghdad, but we are improving this.

Would you welcome U.S. bases in Kurdistan?

Yes. I think we will be in need of American forces for a long time to prevent foreign interference. Ten thousand soldiers and two air bases would be enough. This will be in the interest of the Iraqi people and of peace in the Middle East.

My Right Hand (TIME)

By Michael Weisskopf

Time, September 25, 2006

In his book Blood Brothers, TIME senior correspondent Michael Weisskopf weaves his own tale of losing a hand in Iraq with the stories of three soldiers who also spent time at Amputee Alley, Ward 57 of Walter Reed Army Medical Center in Washington. In this excerpt, the action begins on Dec. 10, 2003, as Weisskopf, 57 at the time, is on assignment in Baghdad, riding in the back of an open humvee along with TIME photographer James Nachtwey and two young soldiers, Private Orion Jenks and Private First Class Jim Beverly.

The army convoy rattled through Al-Adhamiya like a carnival roller coaster, each turn as blind as the next. Not that the soldiers could see much anyway. Night had fallen on the old Baghdad quarter, a byzantine maze lit only by kerosene lamps flickering from rugged stone houses. We moved warily in the darkness, patrolling for insurgents in blind alleys custom-made for ambushes and narrow passages perfect for concealing roadside bombs. It was anyone's bet who faced a more dire risk, the hunted in terrorist cells or the hunters in humvees, along with whom I was riding under a half-moon. I was in Iraq to profile the American soldier as "Person of the Year" for TIME magazine. It was a dream assignment, a chance to escape Washington and work in exotic environs on a big story.

We emerged into Al-Adhamiya's main marketplace, a large treeless square that was host to what looked like a block party in full swing. Old men, rocking back and forth on tiny stools, shuffled dominoes. Boys volleyed soccer balls. Women veiled in black fed their children from stalls of roasted chickens and shashlik. No one seemed to notice the foreign invaders passing by.

At first I thought it was a rock, the specialty of street urchins--a harmless shot against an armored humvee. I gazed down and spotted an object on the wooden bench 2 ft. away. The dark oval was as shiny and smooth as a tortoiseshell, roughly 6 in. long and 4 in. wide. None of my fellow passengers seemed to notice. I confronted the intruder alone, a journalist caught in a military moment. Something told me there was no time to consult the soldiers.

I rose halfway, leaned to the right, and cupped the object. I might as well have plucked volcanic lava from a crater. I could feel the flesh of my palm liquefying. Pain bolted up my arm like an electric current. In one fluid motion, I raised my right arm and started to throw the mass over the side of the vehicle, a short backhand toss. Then everything went dark.

The humvee bed was cold and hard, an inhospitable place to awaken. I struggled to sit up and fell back. My right leg burned from knee to hip. Blood was oozing from it; my right arm felt heavy and numb. Was I having a nightmare? The hollow, faraway sound of voices was dreamlike. I shook my right arm, trying to wake it up. Still no response. I elevated it to see why.

My wrist looked like the neck of a decapitated chicken. The wound was jagged, the blood glistening in the light. My mouth was dry, my brow soaked in sweat; my heart beat quickly and weakly, little dings in my chest.

All sound and sight dimmed, as my thoughts turned inward. This is not how I pictured my life ending: futilely and unglamorously, on the frigid floor of a truck, thousands of miles away from anyone I loved.

After medic Billie Grimes stopped the bleeding with an elastic cord, I was rushed in the humvee to a nearby brigade clinic and then medevacked to a U.S. Army hospital elsewhere in Baghdad for surgery to clean what was left of my arm and the shrapnel wounds in my right thigh. There, I learned that everyone else in the back of the humvee had survived, though Jenks had serious leg wounds, Beverly had knee and hand injuries and Nachtwey had taken shrapnel in his knees and abdomen. The next morning, a middle-aged nurse with blond highlights approached my bed.

"You're a hero," she said. "You lost a hand and saved lives."

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Hero? I was feeling anything but valiant. Mangled. Pitiful. Disoriented. Scared. I was anxious about my ability to work again with one hand and to parent my children, who lived with me half-time in Washington. My son Skyler was 11 years old, the same age I had been when my father, a workaholic community newspaper publisher, dropped dead of a heart attack. Olivia was 8, roughly as old as my sister had been. I couldn't bear to think I might let such wrenching family history repeat itself.

Mostly, however, I was angry at myself for getting in the wrong humvee, releasing the grenade too slowly, even grabbing it in the first place. Nothing would have happened if I hadn't picked it up. Why had I been acting like a cowboy? Why hadn't I just left the damn thing alone?

"It was an impulsive act," I told the nurse. "If I hadn't picked it up, I'd still have a hand."

"You probably wouldn't have had a life," she retorted. "You and everyone else in the vehicle would have died. It wasn't an impulse; it was an instinct to survive."

TIME colleagues pushed for my transfer from Baghdad to the U.S. military hospital in Landstuhl, Germany. They then joined my friends and sister Leslie Flesch in lobbying to get acting Secretary of the Army Les Brownlee to admit me to Walter Reed Army Medical Center in Washington, making me the first reporter wounded in combat known to have received such treatment at the premier hospital reserved for soldiers.

Among the pros on the amputees' Ward 57 at Walter Reed, no one seemed fazed by my injury. But just the word amputation made me shudder. It conjured up a disjointed series of images: a childhood friend who had lost his leg in an auto accident; World War II veterans wheeled into ballparks for holiday games, their empty trousers or shirtsleeves pinned up. I had avoided mirrors all week. Now I feared seeing the startling reality in the faces of my family and friends who would be visiting on my first day in the hospital.

My fears turned out to be groundless. The one emotion everyone showed was happiness to see me alive, maimed or not. But two exchanges stood out. My sister surprised me with a gift: a 1900 silver dollar our gambler father had won in Las Vegas and given to her in 1956 when she was 8 years old.

I held my father's winnings and thought of the larger bet he lost. He deferred a family life to business success, and died before he had either. I had almost repeated the mistake. The realization put my father's death in a new light. I understood for the first time why he exited before getting to know me: he had gambled on a future that never materialized. It was a mistake I could begin to forgive.

I had gambled on a job assignment and had my own damage-control problems. Skyler had reacted angrily when he first heard of my injury. "He lied to me, he lied to me," Skyler shouted, referring to my parting words when I left for Iraq. "He promised me he wouldn't get hurt." According to my estranged wife Judith Katz, Skyler had moped and cried every day until I came home.

He was the first one through the door when visiting hours began. He and Olivia bounded onto my bed, showering me with hugs and get-well posters. Dressed in camouflage pants, Skyler before long had grabbed a roll of gauze and wound it around his right hand. He was identifying with my loss, a gesture I saw as a sign of forgiveness. I had shaken his sense of safety, the security blanket only a father can provide. Skyler's act of generosity capped a day of pardons across three generations of Weisskopf males.

Five days after I arrived Ward 57, surgeons removed another 3.3 in. of my forearm. They needed an inch of bone to free up enough loose skin to cover my wound; I had agreed to lose another 2 in. to make room for an electronic component in my future prosthesis so that my artificial hand would have the capacity to rotate rather than just open and close.

Myoelectric is the non-sci-fi name for bionic. A myoelectric hand works off tiny electrical signals released when muscles are contracted. The signals are picked up by electrodes that line the inside of a prosthesis and cover the muscles of a stump. Electrodes send the signal to a computer chip that instructs an electronic hand to open, close or rotate.

For long stumps like mine, forearm muscles located 3 in. below the elbow drove the process. Flexing the one on the outside of my forearm signaled a hand to open. Tensing the inner muscle would close it. My first lesson with an occupational therapist, Captain Kathleen Yancosek, focused on how to isolate those muscles. Using a tool called "Myo-boy," Captain Katie strapped electrodes onto each of my forearm muscles and plugged the other end of a cord into a laptop computer. The object was to generate a spike on the monitor by flexing the right muscle. I jerked, twitched and turned my stump. Nothing happened. I pumped again, hunting for the right spot, but the monitor stayed blank. When I grew frustrated, Katie had me close my eyes to map the muscle in my mind. I contracted. She let out a cheer: "You did it."

I opened my eyes and saw a tiny streak on the monitor. I squeezed, again, sending the spike higher. Unfortunately, as I kept practicing, the computer indicated that I was firing both muscles at the same time. I finally managed to distinguish one muscle from the other. But manipulating those tiny muscles was exhausting. My hospital gown was soaked in sweat.

Over the course of the next week, I spent at least an hour a day working on the Myo-boy, graduating to new levels of virtual reality. Finally, I simulated the mechanics of a virtual hand, including the wrist rotation I had paid for with two extra inches of my arm. It took an extra step, hitting both muscles at the same time.

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Once the pain of surgery had subsided after Christmas, I began to suffer the bane of amputees: phantom limb pain. Sometimes I felt as if my fist was clamping tighter and tighter until my fingers were ready to explode. At other times, the Phantom could create the sensation of twisted fingers or a bent thumb.

Virtually everyone on Ward 57 had some phantom limb pain. Its cause remained as mysterious as it had been when a Civil War doctor coined the term to identify the complaints of soldiers whose injured limbs had been sawed off. Some experts believe the brain has a blueprint of body parts that persists even if they've been cut off. According to one theory, when the brain sends signals and receives no feedback, it bombards the missing limb with more signals. That aggravates the swollen nerves that once served it, inducing pain.

Doctors were as hard-pressed to treat phantom pain as they were to explain it. They resorted to trial and error, using remedies originally intended for other ailments that seemed to relieve nerve pain. I had a sampling on my nightstand: pills to combat seizures and depression, lozenges for bronchitis, allergy nasal spray, arthritis cream, medicated patches for shingles and an electro-stimulation device. It was hard to tell if any of them worked. The crushing, stabbing pain in my right hand flared and subsided--but never went away. Doctors said it might last a month, a year or a lifetime. Every amputee was different.

Phantom pain was a daily topic at OT--occupational therapy, the whittling porch for amputees. I made my first friends there. Most of my neighbors were half my age and from different backgrounds, small-town boys who had passed up college or blue-collar trades for a military life. I was urban, overeducated, untattooed and distrustful of uniforms and blind patriotism. But I soon discovered that I shared something with those soldiers larger than the differences in our biographies. We were men struggling for identity. The psychological scars of amputation ran deeper than those from conventional wounds of war. The blasts took away something deeply personal. None of us felt like the men who had gone to Iraq. We possessed the same minds; they just resided in different bodies.

The loss of my writing hand launched an assault on my self-image. If I couldn't be a reporter, then who was I? What would I do? The questions left me raw and wide open, no more so than my new friends who had honed their bodies for a completely different cause: war. The military represented the perfect synthesis of muscle and discovery, a place to play out feelings of invincibility. Now they confronted the world from a wheelchair or without an arm. Life looked different with no war to fight, orders to follow and comrades to love. The question was how to fill the void, and with what.

The tone in OT could shift from laughter to grave silence in the moment it took a soldier to scream in pain or explode into anger. Captain Katie segregated the angriest amputees. Her morning sessions bristled with tension. Metallica and Motorhead blared from speakers. One specialist who had trouble picking up a peg with his above-the-elbow prosthesis flung the $115,000 device against a wall. "I ain't doing it anymore," he shouted. Another threw the metal pedal of his wheelchair into a costly exercise machine.

My own moods fluctuated between anger and joy, frustration and triumph. But a feeling of melancholy prevailed as I came face to face with the larger tragedy beyond my own: stolen youth. Specialist Hilario Bermanis, 21, had been built like a fullback when he left his home in Micronesia to join the Army. Now he was hunched in a wheelchair, a thick neck and broad shoulders the only reminder of his once muscular body. He had lost his left hand and both legs above the knee to a rocket-propelled grenade in Baghdad.

Specialist James Fair, 22, had the cruelest of all fates; not only had he lost his sight, he had no hands for Braille or a cane. Still recovering from a brain injury in late December, he was wheeled into OT for sensory perception tests. He rolled his head back and forth, unresponsive to the therapists.

Three weeks of hospital life had taken a toll. I was 20 lbs. lighter, stooped, and as pale as a death-row inmate. Lacking a hand and 3 in. of forearm, my right limb hung almost a foot shorter than my left, the length of a child's arm attached to an adult's body. In a light-green hospital gown, I wasn't groomed for the runway or my date of Jan. 2. My girlfriend, Rebekah Edminster, had flown in from California for a 10-day stint.

A professional singer who lived in the artists' colony of Ojai, Rebekah, with whom I'd been romantically involved for a year, had kept her distance from Washington to avoid potential rivalry over my care. My sister had come for the first few days, and Judith, to whom I had been married for a decade, had been a continuous presence.

Rebekah arrived and kissed me as if nothing had changed. After a couple of hours, however, I sensed a little tension. I knew what was coming: a Washington Post story covering the Iraq incident had identified Judith as my wife. We were legally separated, but I apparently had left Rebekah with the idea that I had been divorced. She felt misled, telling a friend, "The grenade didn't kill him, but I'm going to."

I broached the subject, setting off a debate on the definition of marriage. I became angry and defensive. The room got close. I insisted I had never intentionally deceived her and said I needed support now, not doubt. "Listen, are we not friends?" Rebekah asked, locking her eyes on mine. I nodded yes."Then we'll get through this," she said.

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On Jan. 8, 2004, I was released from the hospital and returned to my Washington home. My kids resumed their half-time life with me. Victor Vorobyev, a Russian Ã©migrÃ© hired by TIME as my driver, chauffeured them to and from school. I overcame my nightmare of not being able to produce peanut butter sandwiches, with the help of technology from Captain Katie's OT kitchen. A sheet of sticky, rubbery material held the jar in place while I twisted off the top with my good hand and scooped.

Skyler and Olivia had no adult notions of loss or judgments about helping me. Not long ago I had tied their shoes. Now they were tying mine. I had patched up their cuts and scrapes; now they were changing my dressings. Their sweetness permeated the house. Before Iraq, I had thought of parenting as another job--a lot of work with little payoff. Now it was a love affair. Skyler and I picked up our running chess game. Olivia helped me cook dinners--"one-handed spaghetti" was our specialty.

A blizzard plowed into Washington one day in late January. We packed into Victor's car and went sledding. I stood at the bottom of the hill and watched. The sun sparkled on their snowsuits like tiny stars. They laughed and called out: "Watch this, Dad." "Did you see me, Daddy?" I waved and wept at these beautiful sounds, realizing how close I had come to never hearing them again.

Why did I risk it? I had scrutinized my motivation for picking up a grenade, but not the reason I had put myself in range of it. My rationale for going to Iraq as a career milestone no longer struck me as truthful. I already had scrapbooks full of big stories and enough money in the bank. I realized that something else had driven me, an old problem of self-worth: I was good because of what I did, not because of who I was. I had important roles as father, brother, lover and son. But without achieving in some material way, I felt empty and unseen. Journalism had provided a regular opportunity to reinvent myself. I had gone to Iraq for another fix.

Like any junkie, I thought only of myself, taking on a dangerous mission as if others didn't deserve a say, as if the chance of success for me was more important than the certainty of fatherhood for my kids. I didn't weigh the risk to them until I lay bleeding in the bed of a humvee, too late to spare them the fright.

It had taken a major loss for me to understand what I meant to others. Relationships rescued me. They got me out of Baghdad, into Walter Reed and back home. I received that help not because of a grade I had earned, a story written, or lives saved; it was for being me. I resolved to return the love by being less self-absorbed. I promised my kids I would stay out of war zones. My brother-in-law, Michael Flesch, came for a three-day visit, the longest time we had spent alone together in years. We hung out at Walter Reed by day and frequented Washington haunts by night.

And then there was Rebekah. I had finally realized why the divorce flap was so upsetting. Relationships meant everything to her, and I had shortchanged her on candor. The open heart she had brought to Walter Reed deserved better. I apologized in a couple of long phone calls to California, promising full disclosure as the bedrock of our relationship from here on out.

The arrival of my myoelectric arm in the first week of February was more exciting than a new pair of shoes--but no more comfortable to wear. Just getting it on was painful: my stump was still incredibly tender. If my former right hand had floated lightly, the fake one moved like a dumbbell--fat, clunky and heavy. Its 2 1/2 lbs. were concentrated in the electronic hand--the place farthest from the half-forearm. I kept bumping it into things. I named it Ralph, after the clumsiest kid in my grade school.

Ralph didn't work any better than he looked. The thumb and first two fingers opened and closed like a claw, the grossest of motor skills. The third finger and pinkie, which are employed by natural hands to carry things, were frozen. Ralph's wrist didn't bend. Despite weeks of training on a computer, I had difficulty with the basic functions: my stronger outer forearm muscle kept flexing and involuntarily opening the hand--even when I was trying to close it. I had no more success with the mechanism to rotate the wrist. The simultaneous contraction of both muscles was unnatural and hard to remember in real time. When I did it right, I couldn't keep the hand from spinning 360Ëš, an annoying loss of control--and embarrassing in public.

My disillusionment with Ralph grew. By the fifth day I was so frustrated I was ready to quit, thinking I'd be better off with one hand. On Feb. 11, I was invited to meet with my rehab team of eight people. Lieut. Colonel Paul Pasquina, medical director of the Army's amputee-care program, cited a few options to the myoelectric arm, including a body-powered prosthesis. They were lighter, unencumbered at the elbow, and ended in a hook. Pasquina said I might adopt a hook as a trademark that people would come to respect for its straightforward honesty.

I bristled. I wanted a prosthesis to disguise my deformity, not spotlight it. "The circles I travel in wouldn't be amused," I told Pasquina dismissively. I still was banking on an easy-fitting, lifelike substitute.

Dec. 10 marked the passing of a year since my injury. I knew I'd never regain what I had lost in penmanship, tennis, home repair, lovemaking, freedom from pain and dexterity. Even putting on a tie remained a challenge, one fraught with danger. Rushing to a TV appearance a few weeks earlier, I tried to knot one in the backseat of a taxi. I gripped the short end with my prosthetic hand, which began to spin uncontrollably, almost strangling me before I managed to extricate myself.

Despite occasional disasters, however, I was adjusting to a fake arm--thanks to certain modifications by prosthetist John Miguelez's team. Ralph had bit the dust, replaced by a more tapered, slightly lighter shell made of carbon fiber and acrylic resin. The modifications improved my range of motion and wardrobe--I could now button a dress shirt. But I was hardly wearing a

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second skin. The rigid shell chafed my forearm and got so hot in the summer that sweat dripped out of a small hole used to put it on.

Before Iraq, the technology of arm prostheses hadn't changed much since World War II. The tiny population of amputees created little market incentive. Miguelez used the burst in demand from Walter Reed to lean on manufacturers for progress. Before long, he was outfitting Iraq war amputees with an electronic hand that opened and closed 2 1/2 times faster and could be programmed to function at different speeds and grip strength.

The cosmetic arts also had improved. I received a silicone hand that was so lifelike it passed for real in social settings. But Pretty Boy, as I called it, kept tearing and afforded the precision of a boxing glove. It was too spongy to grasp anything small and too slippery to hold most objects for long.

Function was only part of the problem. The idea of trying to pass had begun to trouble me. It made me feel as if I had something to hide or be ashamed of. When I started to go bald, I shaved my head. No comb-overs, transplants or toupees for me. So why try to conceal a handicap? I was now proud of how I had lost my hand. The stump had a story to tell, regardless of my motivations for grabbing a grenade. Why not draw attention to it?

No one could miss my disability now. I put on a hook for Thanksgiving dinner and never took it off. It twisted into the end of my myoelectric prosthesis and turned 360Ëš like an electronic hand. Only it worked better. Two silver talons opened like forceps, locked on to items and could pick a dime off the floor. Occasionally I screwed on a plastic, clawlike device known by the German word for grabber--Greifer--to move heavy objects, and I contemplated the long list of attachments--garden tools, spatulas, hammers and pool-shooting bridges--that were available by special order. I usually sported the hook, however, even if it aroused more fear than friendship among people I passed on the street. Some kids cowered. Friends accepted it and greeted me with a high-two. Rebekah, who had agreed to marry me several months earlier, thought my choice impudent but sexy and advised me on clothing to complement it--black was obviously best.

Half a year after I dismissed the suggestion from a Walter Reed doctor, the hook had become my trademark. It was brash, straightforward and pragmatic, virtues I cherished. I had left a lot of me behind in the Baghdad grenade attack. By its first anniversary, I was starting to reclaim it.

On July 3, Rebekah and I flew to Rancho Mirage, Calif., to celebrate my stepfather's 90th birthday. My mother hosted a party in the main ballroom of a swank hotel, the Lodge, for more than 60 family members and friends. Inevitably, when the subject of my accident came up and led to admiring comments, I felt a familiar twinge of guilt and embarrassment. I still couldn't embrace the notion of my so-called heroism.

Lying awake that night, I was reminded of a conversation I'd had with Hal Wain, a psychologist at Walter Reed. I had sought him out a few months earlier to discuss why I had grabbed the grenade. Wain said I had one overriding objective: self-preservation. "That's what all heroes are made of," he said. "I have learned from guys coming back that the instinct to survive, the instinct to take care of oneself or others, is incredibly potent. I really don't care if you did it for your needs or for others; you did it. The end result would have been the same--you saved people's lives."

Wain defined heroism as quick response to a changing environment, like a driver who swerves into another lane for the purpose of avoiding an oncoming car and, in the process, saves the life of his passenger. "That wasn't his intent," he said. "But being flexible and shifting is a higher level of intelligence. The people who can't change die."

I expressed my frustration that such a major ordeal had seemed to have so little effect on me--I was still the same impatient, competitive and self-critical person I'd always been. If I had acted so nobly, why didn't I feel more content? Wain's response struck me at the time as somewhat facile: the good deed, he said, had left me angry at myself. "You're thinking you could have done the same thing and didn't have to lose the hand. You love a perfect win and didn't get that perfect victory that you wanted and maybe deserved."

As I tossed and turned in the early hours of Independence Day, the simple truth of the psychologist's words hit me. It was true: I was mad at myself for failing to pull off a clean sweep. And it was that anger that was preventing me from savoring the achievement of a lifetime: saving my own skin and that of three others. My failure to get rid of the grenade before it exploded was only the first in a long list of wrongs I would have to pardon before I could finally put the ordeal behind me.

I had gone to Iraq for adventure and glory, discounting the interests of family and friends.

I had blithely ridden into danger with little to gain journalistically.

I had focused more on the loss of my hand than on the higher importance of preserving life.

The shortcomings were tough to swallow. But I was resolved to begin the process, keeping in mind Hal Wain's definition of heroism: self-preservation. By that standard, I had scored a perfect win after all.

The prize was the rest of my life.

Go to time.com to see a video interview with Michael Weisskopf and read a bonus excerpt from his book Blood Brothers

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The Men Of Ward 57 (TIME)

Time, September 25, 2006

Sunday, Sep. 24, 2006

The Men Of Ward 57

It is the signature wound of the Iraq war: limb loss. The potency of insurgent bombs and the proficiency of U.S. lifesavers have produced this result. Of the 20,322 Americans wounded in action, 436 have been amputees--more than 2%, a figure higher than in every war of the previous century except Vietnam, for which there were no good statistics. In his book, Michael Weisskopf chronicles the recoveries of three amputees he met at Walter Reed.

Cpl. Bobby Isaacs

Isaacs was given 72 hours to live after a bomb slammed his humvee in Mosul in December 2003. He arrived at Walter Reed intact, but successive surgeries chipped away at both his legs. After returning home to Roxboro, N.C., Isaacs, 25, was invited to speak at churches and became a minor celebrity among Fundamentalist Baptists

Sgt. Pete Damon

A National Guard aviation mechanic, Damon was inflating a tire on a Black Hawk helicopter in Balad when the tire's metal rim exploded in October 2003. He lost his arms--and his partner Paul Bueche. Two months later, Damon married his longtime girlfriend Jenn, exchanging roses in place of rings. Haunted with guilt over Bueche's death, Damon, 34, began to find peace after meeting Bueche's parents, who absolved him of blame

Msgt. Luis Rodriguez

A bomb in Mosul in November 2003 took Rodriguez's right leg as well as the only job the hard-driving combat medic had ever wanted. But Rodriguez, 37, who won a Bronze Star for bravery in Iraq, found a way to stay in uniform, teaching his craft at Fort Campbell in Kentucky

To see previous coverage in TIME on the casualties of the war, go to this week's cover story on time.com

Iraqi Parties Reach Deal Postponing Federalism (WP)

By Amit R. Paley

The Washington Post, September 25, 2006

BAGHDAD, Sept. 24 -- Iraq's fractious political parties reached a deal Sunday meant to prevent the country from splintering into a federation of three autonomous zones until at least 2008.

The agreement forestalled concerns that the debate over federalism, a vague concept enshrined in the constitution but defined differently by various political groups, could cause the country's fragile multi-sect government to collapse.

Sunni Arabs had threatened to boycott parliament over a proposal, introduced by a Shiite Muslim group this month, to create a mechanism that could carve out a predominantly Shiite region in southern Iraq, similar to the semiautonomous Kurdish zone in the north. Sunnis adamantly oppose that plan, which would leave them with a central area devoid of the oil reserves in other regions, and have pushed for a full review of the country's new constitution.

Under the compromise reached Sunday, parliament will form a 27-member committee on Monday to review the constitution and then introduce the Shiite measure on creating federal regions the following day, lawmakers said.

The federalism law would not take effect for at least 18 months after it is enacted, the parliament members said.

The deal appears to have forestalled for now a political crisis over federalism, but lawmakers emphasized that the issue remains unresolved.

"We still need a miracle to save the country," said Dhafer al-Ani, a spokesman for the Iraqi Accordance Front, the largest Sunni bloc in parliament. "The process of sectarian cleansing is still going on, and the violence is not waning, and this may serve those proponents of federalism who want to make the people believe that living together in a unified country is not possible."

The measure is backed by Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party. But lawmakers from several other parties -- including the Iraqi Accordance Front, secular parties and the bloc of radical Shiite cleric Moqtada al-Sadr -- said they would vote against it.

Still, Humam Hamoudi, a lawmaker from Hakim's party, said he was confident the measure would pass by Oct. 22, the constitutionally mandated deadline for establishing a mechanism to create federal regions. He said votes from the Kurdish bloc and the Supreme Council would provide the simple majority needed to approve the law.

The Sunnis are lobbying to have a member of their sect named chairman of the constitutional review committee, which they hope will propose major revisions to the constitution. The charter, approved by voters last fall, was supported only reluctantly by the Sunnis on the condition that the federalism issue would be reexamined.

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"The main issue is the union of Iraq -- that Iraq stays as one Iraq -- and this should lead to articles in the constitution that properly reflect that on the subject of finances, natural resources, oil, the army, police formation and language," said Alaa Makki, a leader of the Iraqi Islamic Party, which is part of the Iraqi Accordance Front, when asked what the Sunnis hoped to change in the charter.

In other developments, Saddam Hussein's chief lawyer said Sunday that the former president's defense team would boycott his genocide trial "indefinitely."

"The court committed several violations of the law, and we will not just sit there gagged to give it legitimacy," said Khalil al-Dulaimi, the head of Hussein's nine-member defense team, according to the Associated Press.

The attorneys walked out of court Wednesday to protest a government attempt to remove the tribunal's chief judge, a move condemned by human rights groups and international legal experts.

Violence continued to rage across the country Sunday. At least 14 people were killed in attacks, including two car bombings that targeted Iraqi security forces, police said.

The U.S. military also announced that two Marines assigned to Regimental Combat Team 5 were killed Sunday in combat in volatile Anbar province..

Special correspondents K.I. Ibrahim and Saad al-Izzi contributed to this report.

Iraqis Break 2-week Deadlock On Federalism (USAT/AP)

By Qassim Abdul-zahra

USA Today, September 25, 2006

BAGHDAD — Political leaders from Iraq's feuding ethnic and religious groups agreed Sunday to consider amending the constitution and to begin debating legislation that would allow the country to become a federation of semiautonomous regions.

The agreement among Shiite, Sunni Arab and Kurdish leaders broke a two-week deadlock in parliament.

The federalism legislation was proposed by Shiite groups. Sunni Arabs have opposed a federal structure for Iraq. They fear that allowing Iraq to become a federation of self-ruling regions — rather than a nation with direct rule by the central government — will splinter the country and deny them a share of the wealth from Iraq's oil resources, which are found in the predominantly Kurdish north and the heavily Shiite south.

Sunni leaders agreed to debate the legislation in parliament after all parties accepted their demand that a committee be set up to study amending the constitution. The committee will be named today, and the bill will be read to the 275-member parliament Tuesday.

Sunni Arabs hope to push through a constitutional amendment that would make it more difficult to establish autonomous regions.

The parliamentary committee will have four months to propose amendments. A majority in parliament would have to approve any amendments before they are put to a national referendum. “I expect the work of the committee will last for about one year,” said Dhafir al-Anihe, a lawmaker with the Sunni Arab National Accordance Front.

Although the constitution approved by Iraqis in a referendum a year ago provides for federalism, separate legislation is needed to turn the country into a federation.

The right to seek amendments to the constitution was a key demand made by Sunni Arabs when they agreed to join Shiite Prime Minister Nouri al-Maliki's national unity government in the spring.

The depth of the divide between Shiites and Sunni Arabs was evident in a disagreement over when the Muslim holy month of Ramadan begins. The holiday, during which Muslims fast from sunup to sundown, is timed to the sighting of the new crescent moon. Sunni Arabs began observing it Saturday. However, Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, declared that Ramadan would start today. The Shiite-led government followed Sistani's lead.

Violence among ethnic and religious groups has been intense in Baghdad this year. A bombing Saturday in the Shiite slum of Sadr City killed at least 38 people who were buying fuel for Ramadan. A Sunni Arab group claimed responsibility and said it was revenge for an attack by gunmen Friday on Sunni Arab homes and mosques that killed four people.

Al-Maliki pleaded for peace. “We are all invited to make use of these days to strengthen the bonds of brotherhood and avoid anything that could hurt the social fabric of the Iraqi people,” he said in a statement. “Iraq is living in a very sensitive and historic period, either we live as loving brothers side by side and undivided by sectarianism or Iraq will shift into an area for settling accounts of political parties.”

Despite his call, violence Sunday killed at least 20 Iraqis and wounded 37.

Sunday, four policemen on patrol near the Health Ministry were killed by a roadside bomb, police said. A car bomb targeting another police patrol killed five people, including three policemen, and wounded 17 in the eastern part of the capital, police Lt. Bilal Ali said.

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Police also found more apparent victims of death squads in the capital. Five bodies were found bound and blindfolded in eastern Baghdad. In a northeastern part of the city, four bodies of men ages 30-35 were found riddled with bullets.

Two U.S. Marines with Regimental Combat Team 5 died in fighting in Anbar province west of Baghdad, the U.S. military said. It didn't release any further details.

Also Sunday, Saddam Hussein's chief lawyer said the defense team will boycott the former Iraqi leader's genocide trial indefinitely. Khalil al-Dulaimi accused the judges of violating Iraqi law. The move is unlikely to halt the trial. Proceedings resume today.

Al-Dulaimi called last week's decision to replace the chief judge in the case a "flagrant violation of the law" because it was "dictated by the government and not the court." He also accused the court of committing "several violations of the law," including refusing to hear non-Iraqi lawyers and requiring foreign attorneys to seek permission to enter the courtroom. Among Saddam's nine lawyers are a Jordanian, a Spaniard, a Frenchman and two Americans, including former U.S. attorney general Ramsey Clark.

Saddam and seven other defendants have been on trial since Aug. 21 over a crackdown in Kurdish areas in the late 1980s. Saddam could be sentenced to death if convicted of genocide.

Iraqis To Debate Bill On Creating Autonomous States (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-Saiedi

The New York Times, September 25, 2006

BAGHDAD, Sept. 24 — Iraqi political leaders agreed on Sunday to postpone until at least 2008 any effort to carve up the country into powerful autonomous states, easing concerns that Shiites would move quickly to split off into one large confederation in southern Iraq.

The delay was part of a deal reached over the weekend to start debate on a bill that could eventually allow the country to be broken into autonomous regions.

The fight is at the heart of one of the most critical and divisive issues in Iraq: whether Shiites in the south will be able to form semi-independent regions, like Kurdistan in the north, that would control their own security as well as billions of barrels of oil.

Autonomous states are allowed by the new Iraqi Constitution, but the charter requires Parliament first to pass a bill defining how that would occur. A powerful faction of Shiites and Kurds tried to pass such a proposal three weeks ago. But their move angered Sunni Arabs and some Shiite and secular lawmakers, who united to block the bill and suggested that the issue could endanger Iraq's fragile government.

During a meeting of political leaders on Sunday, Sunni parties and other critics won two important concessions from the Shiite and Kurdish factions in return for allowing the proposal to be debated in Parliament this week.

The first postpones for 18 months the effective date of any legislation allowing the creation of autonomous regions. The second requires Parliament to form a committee immediately to consider amendments to the Constitution, including Sunni proposals to restrict autonomous states.

Moreover, Sunni negotiators emphasized that they did not agree to support the legislation that would be introduced this week but only to allow it to be debated, said Dhafir al-Ani, a leading Sunni lawmaker. "The issue is just to consider it and go with the process," Mr. Ani said.

The deal does allow supporters to put the issue before Parliament with a promise from rivals to debate the issue in good faith. When the bill was brought up earlier, it spurred an acrimonious fight. Mahmoud Mashhadani, the speaker of Parliament and a Sunni Arab, accused supporters of trying to sneak the bill past him, while other Sunni legislators said they had been double-crossed.

The political progress came as violence continued throughout Iraq. Two marines were killed as a result of "enemy action" in Anbar Province on Sunday, the United States military said.

At least 20 Iraqis were slain in bombings and other attacks, The Associated Press reported. The A.P. also reported that Saddam Hussein's legal team said it would continue to boycott the deposed leader's genocide trial in Baghdad. The lawyers are angry that Prime Minister Nuri Kamal al-Maliki fired a judge who prosecutors had charged was biased toward Mr. Hussein.

In one of Sunday's worst attacks, a bomb exploded near a Christian church in Baghdad, killing at least one person and wounding more than a dozen. Almaz Yunadim, a 34-year-old homemaker who witnessed the attack, said the attack was probably spurred by comments made by Pope Benedict XVI that many Muslims found offensive.

"People are being killed because of what the pope has said," she said. "The person who doesn't know how to speak should step down."

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The political deal reached on Sunday says the legislation defining how autonomous states are formed will not take effect until 18 months after it is approved, said Khalid al-Atiya, a deputy speaker of Parliament who is a negotiator for one of the Shiite factions. The constitutional committee is expected to complete its work within a year, Mr. Atiya said through an aide.

The most ardent supporter of the proposal is Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq, a powerful Shiite party. Mr. Hakim wants to carve out a nine-province state that would include most of the people and oil in southern Iraq.

Sunni Arabs are suspicious of the plan, believing that it is sure to rob them of their share of Iraq's oil wealth. And some Shiite leaders worry that Mr. Hakim's plan for one giant Shiite state would create a dynasty for Mr. Hakim and leave their parties marginalized. They would prefer smaller autonomous states in areas where their influence is more concentrated.

The fight over autonomous regions threatened to doom the entire Constitution until a deal was worked out just before Iraqis voted on the charter last October. In that deal, Sunni leaders dropped their opposition to the idea in return for a provision requiring Parliament to renegotiate the parts that trouble the Sunnis. Now, with the formation of the committee, that process will begin.

Mr. Ani, the Sunni lawmaker, said 27 committee members would be selected Tuesday. Another Sunni politician, Khalaf al-Alyan, said Sunni parties would get 5 seats, the Kurds 5 seats, the secular coalition of the former interim prime minister, Ayad Allawi, 2 seats and the dominant Shiite coalition, the United Iraqi Alliance, 12. Other parties would get the remaining 3 seats.

Divisions remain within the Shiite coalition. Opposition from legislators loyal to the Shiite cleric Moktada al-Sadr, as well as members of the Fadhila Party, helped derail the legislation three weeks ago.

Fadhila has agreed to debate the bill, but its members will vote for the measure only if it discourages the creation of one huge federation across southern Iraq, said Hassan al-Shimiri, a party official. Its stance is at odds with that of Mr. Hakim's party, but such a provision "would ease the fears of people who are afraid of fragmenting the country," Mr. Shimiri said.

Iraq Puts Autonomy Issue On Hold, Heading Off Crisis (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, September 25, 2006

BAGHDAD — Iraq's leaders stepped back from a simmering constitutional crisis Sunday, agreeing to wait at least 18 months before setting up autonomous regions that would shift power away from the central government.

During the cooling-off period, parliament would consider amendments to the constitution, providing a public forum for the divisive issue of autonomy.

The deal, which was still being fine-tuned Sunday night, allows lawmakers to avoid a looming deadline that threatened to exacerbate the sectarian violence ravaging the country.

The compromise leaves intact southern Shiite Muslims' and northern Kurds' goal of creating a federal system that would strengthen their hold on the vast oil resources of their two regions. At the same time, Sunni Arabs, who dominate in the resource-poor central and western provinces, would have time to seek constitutional changes to limit the effects of autonomy.

The breakthrough occurred on a day in which bombings and killings claimed dozens of lives and Iraqi TV broadcast a videotape of two dead American soldiers being mutilated.

The military reported the deaths of two Marines in Al Anbar province Sunday. It did not release their names.

The video, a longer version of a clip aired in the summer, purported to show the two soldiers killed in June in an area south of Baghdad. The Mujahedin Shura Council, a group linked to Al Qaeda in Iraq, claimed responsibility for that attack.

The group said the deaths were in retaliation for the March raid in which U.S. soldiers allegedly raped an Iraqi girl and killed her and members of her family. Five U.S. soldiers and a former member of their unit face charges that range from failure to report the incident to rape and murder.

The video aired several times Sunday on the Al Arabiya channel. It showed masked men tying the partly unclad bodies to a truck by their heels and driving off. A later scene showed the bodies engulfed in flames. A narrator said the soldiers should be shown no mercy.

Lawmakers of all the major political blocs participated in the closed-door talks that led to the constitutional compromise. The deal will be put before the parliament this week for approval.

"I feel this agreement has ended a political crisis," said Dhafir Ani of the minority Sunni bloc that opposed the federal system. "I think for us this deal is good but not perfect."

Those present said the agreement called for the parliament to appoint a committee that would have a year to recommend amendments to the constitution. The members are to be named today.

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On Tuesday, the parliament is to begin debate on proposals for forming a federal system. At least four groups have offered their own drafts of the power-sharing law, but the one provided by the majority Shiite bloc is expected to prevail. The 18-month waiting period for implementation will begin once the law is passed.

A clause allowing amendments was added to the constitution as a last-minute concession to Sunnis who objected to the mandate for a federal system. The constitution also set a deadline that would have required implementation of the new federal system by Oct. 22.

Party leaders downplayed the idea that the federalism clause would be the primary item on the new committee's agenda.

Ayad Samaraie, a Sunni member of parliament who was involved in the talks, said the committee would provide an opportunity to put aside sectarian issues and consider a variety of amendments in the national interest.

Authorities in Baghdad, meanwhile, reported that 45 bodies were received at the morgue Sunday — eight victims of assassination and the remainder killed and dumped after being kidnapped.

Several car bombs went off in east Baghdad. Two Iraqi policemen were killed and several officers and civilians injured in a 10:30 a.m. blast in the Rusafa neighborhood, and a second bomb targeting police in Alwiya killed a civilian.

In the afternoon, a car bomb near the Baghdad morgue killed four policemen and two civilians and injured eight.

Health Minister Ali Shammari escaped an assassination attempt when a roadside bomb detonated as his motorcade passed in Yarmouk, in south Baghdad. There were no casualties.

Five people were killed in separate attacks in Baqubah, north of Baghdad.

Police in the northern city of Kirkuk said they found the bodies of four unidentified shooting victims who had been tortured.

A curfew was imposed in the southern city of Samawah after a former Iraqi interpreter for the U.S. military was gunned down late Saturday, the Muthanna provincial police chief said.

Armed men stormed into a government building in Hillah in the south, killing a guard.

The U.S. military, meanwhile, said Sunday that American and Iraqi forces had killed 14 people and detained more than 25 in strikes on terrorist cells last week. The raids, in five provinces, also yielded caches of weapons and explosive devices. In one attack, three men in explosives vests were killed by aircraft fire in Al Anbar, the statement said.

As Iraqi Lights Flicker, 'Generator Man' Feels Heat (NYT)

By Kirk Semple

The New York Times, September 25, 2006

BAGHDAD — In offices across Iraq, a ritual plays out every morning during the hottest months. Haggard employees drag themselves into the room, mumble a pleasantry or two and slump into their chairs, moaning about what a bad night's sleep they had: the power went out, the backup generator was broken, the heat was unbearable, the baby would not stop crying, mosquitoes were everywhere.

Inevitably, these grievances, like hornets, will gather in a single cloud of fury and swoop down on one target: the generator man, probably the most vilified figure in Iraqi society after Saddam Hussein.

Iraq has three sources of electrical power. At the low end is the frail national grid, which provides only about one hour of electricity every four hours — a total of six hours a day — and sometimes less.

At the top is the small, personal-size generator, a feature in many homes, though the steadily rising cost of fuel now makes it a luxury for most families.

Filling the gap, and carrying the load for much of urban Iraq, is the generator man, owner and operator of the neighborhood power plant. Throughout Baghdad, for example, there is at least one generator every few blocks to help power nearby homes and businesses.

The machines sit beneath corrugated tin roofs, on patches of sidewalk or in empty lots — hulking contraptions the size of small cars, jury-rigged with tubes and pipes that sputter and belch and make a deafening racket.

Customers run colored wires from their homes to the local generator by way of utility poles, converging with others into one wild, polychromatic river of wire that plunges through the roof of the generator shack, stopping at a makeshift fuse board.

In theory, the generator man provides 10 to 12 hours of power a day during periods of peak demand, seamlessly switching on when the national grid switches off. His services are especially valued during summer, when temperatures usually hover well over 100 degrees and air-conditioners are essential for sleep.

In addition, the generator man offers a better option, theoretically, than the personal generator, allowing families to pay less for a stronger current that will allow them to run all their major appliances simultaneously, rather than having to decide whether to forgo the television and computer for the washing machine or the air-conditioner and hair dryer for the refrigerator.

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A subscription for about 10 amperes from the generator man — typical for an average middle-class family here in the capital — costs about $65 a month, a mere fraction of the cost of drawing a similar current from a personal generator for several hours a day.

But in practice, most here say, the generator man often falls way short of his promises.

"My generator man?" seethed a seemingly well-adjusted, middle-class mother in Baghdad one recent sleep-deprived morning. "I want to cut his head off."

Many Iraqis say the generator man employs various tricks to try to save himself money: he starts his generator late and turns it off early; he prolongs repairs after breakdowns, both real and bogus; he claims he cannot get fuel because of national fuel shortages. Yet, they say, he never reimburses customers for lost hours.

"They are a bunch of thieves!" said Yusra, 47, an industrial engineer who lives in the relatively prosperous Mansour neighborhood in Baghdad and who requested that her last name not be published for fear of reprisals from her generator man. "We are 99.9 percent dependent on them! They are ruling our lives — not day by day, but hour by hour!"

Firas, 19, a university student who lives in Saidiya, a middle-class Baghdad neighborhood, and who asked that his last name not be published, said his generator man fiddled with the wires that lead to the homes of customers who offended him, causing interruptions to the service, or decreasing the current.

Talk to the generator man, however, and you will meet the self-styled savior of the republic.

"It's a tiring job," sighed a generator man who gave his name as Abu Fatma to protect his identity. His generator supplies power to about 95 homes and businesses.

Like the dozen or so other generator men interviewed for this article, Abu Fatma, 28, and his brother and partner, Hatem Abdul Karim, 22, were good-natured and remarkably unfazed by the hate they engendered.

On a recent afternoon, the brothers were hanging out around the corner from the generator, waiting for the national power grid to shut down so they could jump into action. Next to the generator was a small, windowless hut, not much bigger than the generator itself, containing a mattress and a television. This is where Mr. Karim, as the chief operator, lives round-the-clock.

The way the brothers see it, they are providing a very important service and a very difficult one under difficult circumstances. Rather than complain, they say, their clients should appreciate their hard work in the face of mounting fuel prices, chronic fuel shortages, dirty fuel that clogs up the machinery, the uncertainties of the national grid that require 24-hour vigilance, and costly and time-consuming repairs.

"The people, they only think about themselves," said Abu Fatma, his fingers stained with grease, sounding not so much resentful as resigned. "They complain and complain."

During one generator breakdown, his brother's shack was pummeled with sandals and other shoes, one of the worst insults in the Arab world. Mr. Karim and other generator men say they have been physically attacked by furious customers.

Generally, though, customers will vent by telephone.

"We should start the power at 1 p.m.," said Moyid, co-owner of a generator in a residential section of the upscale Karada neighborhood, who gave only his first name. "If it turns 1:05 and we haven't provided the power, the phone won't stop ringing."

As if on cue, his cellphone rang. It was past 1 p.m.

"I'm very sorry," Moyid told the caller, explaining that he had been distracted by a journalist and had lost track of the time. As he cranked up the generator, which erupted in a roar, one of his partners retrieved another cellphone dedicated to the generator and discovered it had received 30 unanswered phone calls in recent minutes. Everyone laughed.

Generator men insist that the laws of the free market apply to their business — the unhappy customer can always run his line to another generator. (Generator men are squirrelly when it comes to questions about earnings and say, simply, that the competition is tough and their profit margins slender.)

But disgruntled customers are often dissuaded from switching by the expense of running a new wire to another generator and paying a new subscription fee. And for many who switch, life remains the same.

"This year we changed our subscription three times, from bad to worse," said Firas, the university student. His family, he said, had fallen victim to a ploy commonly used by new generator men: they begin by offering more hours and lower rates than their competitors, but once they have captured a share of the market, they lower their hours and raise their rates.

Generator men are supposedly regulated by local district councils, which are charged with ensuring fair rates and energy supply. But many Iraqis say this system is a joke and rarely enforced.

The generator man, said Yusra, the industrial engineer, is just one of many travails Iraqis have to deal with daily, from corruption to foreign meddling to poor public services. "You want to smack him but you have to smile at him," she grumbled. "You can't think about dignity."

"We are a humiliated people," she said.

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The generator man, perhaps because of his visibility and accessibility, becomes the embodiment of all that is wrong in Iraq — or, at least, all that is not working as it is supposed to work, which to most people is just about everything.

"Most of our customers are really angry," said Muhammad, a university student and the co-owner of a generator in Karada. He also preferred not to give his full name. He was lounging with his two partners on the carpeted floor of a concrete and brick hut next to their machine, waiting for the national grid to shut down.

"Very few people sympathize with us," he said. "Most care only about themselves."

Unit Makes Do As Army Strives To Plug Gaps (NYT)

By David S. Cloud

The New York Times, September 25, 2006

FORT STEWART, Ga. — The pressures that the conflict in Iraq is putting on the Army are apparent amid the towering pine trees of southeast Georgia, where the Third Infantry Division is preparing for the likelihood that it will go back to Iraq for a third tour.

Col. Tom James, who commands the division's Second Brigade, acknowledged that his unit's equipment levels had fallen so low that it now had no tanks or other armored vehicles to use in training and that his soldiers were rated as largely untrained in attack and defense.

The rest of the division, which helped lead the invasion of Iraq in 2003 and conducted the first probes into Baghdad, is moving back to full strength after many months of being a shell of its former self.

But at a time when Pentagon officials are saying the Army is stretched so thin that it may be forced to go back on its pledge to limit National Guard deployment overseas, the division's situation is symptomatic of how the shortages are playing out on the ground.

The enormous strains on equipment and personnel, because of longer-than-expected deployments, have left active Army units with little combat power in reserve. The Second Brigade, for example, has only half of the roughly 3,500 soldiers it is supposed to have. The unit trains on computer simulators, meant to recreate the experience of firing a tank's main gun or driving in a convoy under attack.

"It's a good tool before you get the equipment you need," Colonel James said. But a few years ago, he said, having a combat brigade in a mechanized infantry division at such a low state of readiness would have been "unheard of."

Other than the 17 brigades in Iraq and Afghanistan, only two or three combat brigades in the entire Army — perhaps 7,000 to 10,000 troops — are fully trained and sufficiently equipped to respond quickly to crises, said a senior Army general.

Most other units of the active-duty Army, which is growing to 42 brigades, are resting or being refitted at their home bases. But even that cycle, which is supposed to take two years, is being compressed to a year or less because of the need to prepare units quickly to return to Iraq.

After coming from Iraq in 2003, the Third Infantry Division was sent back in 2005. Then, within weeks of returning home last January, it was told by the Army that one of its four brigades had to be ready to go back again, this time in only 11 months. The three other brigades would have to be ready by mid-2007, Army planners said.

Yet almost all of the division's equipment had been left in Iraq for their replacements, and thousands of its soldiers left the Army or were reassigned shortly after coming home, leaving the division largely hollow. Most senior officers were replaced in June.

In addition to preparing for Iraq, the Army assigned the division other missions it had to be ready to execute, including responding to hurricanes and other natural disasters and deploying to Korea if conflict broke out there.

Maj. Gen. Rick Lynch, who took command in June, says officials at Army headquarters ask him every month how ready his division is to handle a crisis in Korea. The answer, General Lynch says, is that he is getting there.

Since this summer, 1,000 soldiers a month have been arriving at Fort Stewart, 400 of them just out of basic training. As a result, the First and Third Brigades are now at or near their authorized troop strength, but many of the soldiers are raw.

The two brigades started receiving tanks and other equipment to begin training in the field only in the last month, leaving the division only partly able to respond immediately if called to Korea, General Lynch said.

"I'm confident two of the four brigade combat teams would say, 'O.K., let's go,' " General Lynch said in an interview. "The Second and Fourth Brigades would say, 'O.K., boss, but we've got no equipment. What are we going to use?' So we'd have to figure out where we're going to draw their equipment."

Meanwhile, the division is also preparing for deployment to Iraq on an abbreviated timeline.

The brief time at home does not sit well with some soldiers. Specialist George Patterson, who re-enlisted after returning from Iraq in January, said last week that he was surprised to learn he could end up being home with his wife and daughter for only a year.

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"I knew I would be going back," Specialist Patterson said. "Did I think I would leave and go back in the same year? No. It kind of stinks."

Instead of allowing more than a year to prepare to deploy, the First Brigade training schedule has been squeezed into only a few months, so the brigade can be ready to deploy as ordered by early December. Though the unit has not yet been formally designated for Iraq, most soldiers say there is little doubt they are headed there early next year.

Some combat-skills training not likely to be used in Iraq has been shortened substantially, said Col. John Charlton, the brigade commander. "It's about taking all the requirements and compressing them, which is a challenge," he said.

The timetable also leaves officers and their soldiers less time to form close relationships that can be vital, several officers said.

And soldiers have less time to learn their weapons systems. Many of the major weapons systems, like artillery and even tanks, are unlikely to be used frequently in a counterinsurgency fight like Iraq.

The division has only a few dozen fully armored Humvees for training because most of the vehicles are in use in Iraq. Nor does it have all the tanks and trucks it is supposed to have when at full strength.

"There is enough equipment, and I would almost say just enough equipment," said Lt. Col. Sean Morrissey, the division's logistics officer. "We're accustomed to, 'I need 100 trucks. Where's my hundred trucks?' Well, we're nowhere near that."

Last week, in training areas deep in the Fort Stewart woods, First Brigade soldiers were still learning to use other systems important in Iraq, like unmanned aerial vehicles, which are used for conducting surveillance.

Standing at a training airfield with three of the aircraft nearby, Sgt. Mark Melbourne, the senior noncommissioned officer for the brigade's unmanned aerial vehicles platoon, said only 6 of the brigade's 15 operators had qualified so far in operating the aircraft from a ground station.

All of them are supposed to be qualified by next month, but the training has been slowed by frequent rain, Sergeant Melbourne said.

This week, the First Brigade began a full-scale mission rehearsal for Iraq.

Normally, armored units preparing for Iraq are sent to Fort Irwin, Calif., for such training, but transporting a brigade's worth of equipment and soldiers there takes a month, which the schedule would not permit.

So the trainers and Arabic-speaking role players, who will simulate conditions the unit is likely to encounter in Iraq, were brought here to conduct the three-week exercise in a Georgia pine forest, rather than in the California desert.

British Soldiers Allegedly Traded Guns For Cocaine (WP)

By Mary Jordan

The Washington Post, September 25, 2006

LONDON, Sept. 24 -- A newspaper in Britain reported Sunday that British soldiers had smuggled stolen guns out of Iraq and exchanged them on the black market for cocaine.

A spokesman for the Defense Ministry said Sunday that soldiers had been investigated for the "unlawful possession" of weapons and that prosecutors would decide whether there was enough evidence to file charges. He would not comment on the report that small arms had been exchanged on the black market for drugs.

According to the Sunday Times, the soldiers transported handguns from Iraq to Germany and exchanged some of them for cocaine with a street value of $4,700. The drugs were then sold to soldiers fighting in Iraq, the newspaper reported.

The article said soldiers from the 3rd Battalion, Yorkshire Regiment, which has since returned from Iraq, are at the center of the inquiry.

The allegations come at a time of heightened focus on military misconduct, including reports of increasing drug use among troops in Afghanistan and Iraq.

Additionally, a British soldier pleaded guilty last week to "inhumane" treatment of Iraqi civilians in the death of a hotel receptionist who was allegedly beaten in September 2003 at a British military camp in Basra, a city in southern Iraq. Baha Mousa suffered 93 injuries, prosecutors said, including fractured ribs and a broken nose, before he died.

Six other soldiers charged in connection with his death have pleaded not guilty in the continuing court-martial.

On Saturday, thousands of protesters demanding that Britain withdraw its troops from Iraq and Afghanistan marched in Manchester, England, where Prime Minister Tony Blair's Labor Party opened its annual conference this weekend.

With polls showing public hostility toward Blair and weariness with the ongoing war, the prime minister announced earlier this month that he would step down within a year.

During an interview with the BBC on Sunday, Blair said the war in Afghanistan, where British soldiers have a particularly large presence, must continue.

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"The whole reason we've gone into that as part of the NATO force under the U.N. resolution is because it is essential for the Taliban and al-Qaeda to come back into the southern part of Afghanistan, and it's essential for us to keep them out."

Blair also said the battle with insurgents in southern Afghanistan has been "tougher than anyone expected."

Due Process, Bulldozed (NYT)

By Bob Herbert

The New York Times, September 25, 2006

Until five months ago, Bilal Hussein was part of a team of Associated Press photographers that had won a Pulitzer Prize for photos documenting the fighting and carnage in Iraq.

Now he's a prisoner, having been seized by the U.S. government.

You might ask: What's he been charged with?

The answer: Nothing.

There was a flurry of interest last week in the case of Maher Arar, a terror suspect who was shipped to Syria and tortured before it was learned that, alas, he was not a terrorist. Mr. Hussein got a little news coverage last week, as well. People who still think there is a place in this world for fairness, justice and due process are calling on the authorities to either charge him with a crime or release him.

Mr. Hussein, an Iraqi hired by The A.P., was taken into custody by U.S. forces in Ramadi last April 12. As in many similar cases, U.S. officials have been saying — without disclosing evidence to back up their comments — that he had improper ties to the insurgents.

But neither the Americans nor the Iraqis have officially charged Mr. Hussein with anything.

Scott Horton, a prominent New York lawyer called in by The A.P. to work on the case, said: "The administration always starts with a broad-brush tarring of these individuals. You'll have officials saying: 'Oh, they're bad dudes. They're evil. We have evidence we can't show you that would demonstrate just how terrible these people are.'

"Well, sometimes they do. But very frequently, alarmingly frequently, they don't."

Mr. Hussein's case closely resembles that of Abdul Ameer Hussein, a cameraman hired by CBS News who was wounded while covering an attack on an American convoy in Mosul on April 5, 2005. He was shot by a U.S. soldier, a sniper who was more than 200 yards away.

Mr. Hussein was taken to a hospital. His camera and videotapes were seized. And despite his CBS press credentials, which were checked out and found to be legitimate, he was arrested by U.S. authorities and imprisoned. Much of his time over the course of the next year was spent in solitary confinement at the Abu Ghraib prison, where he was subjected to coercive interrogation and other indignities.

For what?

American officials were telling reporters, without offering any evidence, that Mr. Hussein had been collaborating with insurgents. He hadn't been. It turned out he was completely innocent. In fact, he was a kind of timid guy who was less than thrilled about having a job that required him to shoot combat footage.

This is a spooky time in history. It's one thing for tyrannical regimes like the old Soviet Union and Communist China to bulldoze the very idea of human rights and human decency by engaging in such atrocities as detention without trial, torture and other forms of state terror. It's something else completely when the United States, the greatest symbol of liberty that the world has ever known, begins to head down that hellish road.

Abdul Ameer Hussein ultimately was able to escape the clutches of the authorities because of the persistent legal effort pushed by CBS News on his behalf. Scott Horton was part of that effort. A year after he was taken into custody, Mr. Hussein, manacled and wearing an orange jumpsuit, was walked into a Baghdad courtroom for a trial. It was quickly determined that the case against him was ludicrous.

"There was absolutely no evidence against this guy," said Mr. Horton. "Even the attorney general of Iraq said there was no basis for proceeding against him."

The case was dismissed.

Several Iraqi journalists working for international news organizations have been held without charge by American and Iraqi forces. The absence of concrete evidence in so many of the cases is disturbing, to say the least.

"I am absolutely convinced," said Mr. Horton, "that the ton of bricks fell on these two guys — Bilal Hussein and Abdul Ameer Hussein — because they were working as professional journalists. They were the eyes of the world, covering things that the Pentagon doesn't want people in America to see."

A legitimate news organization can't help but experience a shudder at hearing that one of its employees may have been collaborating with the enemy. It's a chilling, devastating allegation. To make that charge recklessly is reprehensible.

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The Rise Of Jihadistan (NSWK)

By Ron Moreau, Sami Yousafzai And Michael Hirsh

Newsweek, September 25, 2006

You don't have to drive very far from Kabul these days to find the Taliban. In Ghazni province's Andar district, just over a two-hour trip from the capital on the main southern highway, a thin young man, dressed in brown and wearing a white prayer cap, stands by the roadside waiting for two NEWSWEEK correspondents. It is midday on the central Afghan plains, far from the jihadist-infested mountains to the east and west. Without speaking, the sentinel guides his visitors along a sandy horse trail toward a mud-brick village within sight of the highway. As they get closer a young Taliban fighter carrying a walkie-talkie and an AK-47 rifle pops out from behind a tree. He is manning an improvised explosive device, he explains, in case Afghan or U.S. troops try to enter the village.

In a parched clearing a few hundred yards on, more than 100 Taliban fighters ranging in age from teenagers to a grandfatherly 55-year-old have assembled to meet their provincial commander, Muhammad Sabir. An imposing man with a long, bushy beard, wearing a brown and green turban and a beige shawl over his shoulders, Sabir inspects his troops, all of them armed with AKs and rocket-propelled grenade launchers. He claims to have some 900 fighters, and says the military and psychological tide is turning in their favor. "One year ago we couldn't have had such a meeting at midnight," says Sabir, who is in his mid-40s and looks forward to living out his life as an anti-American jihadist. "Now we gather in broad daylight. The people know we are returning to power."

Not long after NEWSWEEK's visit, U.S. and Afghan National Army forces launched a major attack to dislodge the Taliban from Ghazni and four neighboring provinces. But when NEWSWEEK returned in mid-September, Sabir's fighters were back, performing their afternoon prayers. It is an all too familiar story. Ridge by ridge and valley by valley, the religious zealots who harbored Osama bin Laden before 9/11—and who suffered devastating losses in the U.S. invasion that began five years ago next week—are surging back into the country's center. In the countryside over the past year Taliban guerrillas have filled a power vacuum that had been created by the relatively light NATO and U.S. military footprint of some 40,000 soldiers, and by the weakness of Afghan President Hamid Karzai's administration.

In Ghazni and in six provinces to the south, and in other hot spots to the east, Karzai's government barely exists outside district towns. Hard-core Taliban forces have filled the void by infiltrating from the relatively lawless tribal areas of Pakistan where they had fled at the end of 2001. Once back inside Afghanistan these committed jihadist commanders and fighters, aided by key sympathizers who had remained behind, have raised hundreds, if not thousands, of new, local recruits, many for pay. They feed on the people's disillusion with the lack of economic progress, equity and stability that Karzai's government, NATO, Washington and the international community had promised.

NATO officials say the Taliban seems to be flush with cash, thanks to the guerrillas' alliance with prosperous opium traffickers. The fighters are paid more than $5 a day—good money in Afghanistan, and at least twice what the new Afghan National Army's 30,000 soldiers receive. It's a bad sign, too, that a shortage of local police has led Karzai to approve a plan allowing local warlords—often traffickers themselves—to rebuild their private armies. U.N. officials have spent the past three years trying to disband Afghanistan's irregular militias, which are accused of widespread human-rights abuses. Now the warlords can rearm with the government's blessing. Afghanistan is "unfortunately well on its way" to becoming a "narco-state," NATO's supreme commander, Marine Gen. Jim Jones, said before Congress last week.

Jabar Shilghari, one of Ghazni's members of Parliament, is appalled by his province's rapid reversal of fortune. Only a year ago he was freely stumping for votes throughout the province. Today it's not safe for him to return to his own village. In a recent meeting he asked Karzai for more police and soldiers; he was rebuffed by the deputy director of intelligence, who told him the Taliban threat in Ghazni is minimal. "We have patiently waited five years for change, for an end to official corruption and abuse of power and for economic development," says Shilghari, who now lives in the increasingly sequestered capital of Kabul. "But we've received nothing."

Not long ago, the Bush administration was fond of pointing to Afghanistan as a model of transformation. That mountainous landlocked country, we were told, was being converted from a "failed state"—Al Qaeda's base for the worst ever attacks on U.S. continental soil—into a functioning, responsible member of the international community. In speech after speech, Defense Secretary Donald Rumsfeld and other senior U.S. officials ticked off the happy stats: the Taliban and Al Qaeda had been routed, democratic presidential and parliamentary elections had been held, more than 3 million refugees had returned and 1.75 million girls were attending school.

But the harsh truth is that five years after the U.S. invasion on Oct. 7, 2001, most of the good news is confined to Kabul, with its choking rush-hour traffic jams, a construction boom and a handful of air-conditioned shopping malls. Much of the rest of Afghanistan appears to be failing again. Most worrisome, a new failed-state sanctuary is emerging across thousands of square

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miles along the Afghan-Pakistan border: "Jihadistan," it could be called. It's an autonomous quasi state of religious radicals, mostly belonging to Pashtun tribes who don't recognize the Afghan-Pakistan frontier—an arbitrary line drawn by the British colonialists in 1893. The enclave's fluid borders span a widening belt of territory from mountainous hideouts in the southernmost provinces of Afghanistan—Nimruz, Helmand and Farah—up through the agricultural middle of the country in Ghazni, Uruzgan and Zabul, and then north to Paktia and parts of Konar. It extends well across the Pakistan border where, despite close cooperation between the U.S. and Pakistani militaries, jihadist militants in Waziristan province have begun calling themselves "Pakistani Taliban." No longer worried about interference from Islamabad, they openly recruit young men to fight in Afghanistan, and they hold Islamic kangaroo courts that sometimes stage public executions.

There are not nearly enough U.S., Western or Afghan troops or resources in the field to counter them. At a time when the American president has resurrected Osama bin Laden as public enemy No. 1—comparing him recently to Lenin and Hitler—Bush's own top commander in the field, Army Lt. Gen. Karl Eikenberry, says not enough money is being invested in creating a new Afghanistan. Improving Afghan lives is the only way to drive a stake through the Taliban or put the elusive Qaeda leader out of action, he says. "We need more in terms of investment in Afghan infrastructure. We need more resources, for road building, counternarcotics, good governance, a justice system," Eikenberry told NEWSWEEK last week. As the general is fond of saying: "Where the roads end, the Taliban begin."

Indeed, the aid numbers for the past five years are grim. In the first years of reconstruction, aid amounted to just $67 a year per Afghan, says Beth DeGrasse of the government-funded U.S. Institute of Peace. She compares that figure with other recent nation-building exercises such as Bosnia ($249) and East Timor ($256), citing figures from the International Monetary Fund. "You get what you pay for in these endeavors, and we tried to do Afghanistan on the cheap," she says. "And we are going to pay for it." International conferences since 2002 have pledged some $15 billion, but countries have ponied up less than half of that so far. And the Afghan government estimates it will need $27.5 billion through 2010 to rebuild the country and its institutions.

Some critics point to a jarring mismatch between Bush's rhetoric and the scant attention paid to Afghanistan. Jim Dobbins, Bush's former special envoy to Kabul—he also led the Clinton administration's rebuilding efforts in Bosnia, Kosovo, Haiti and Somalia—calls Afghanistan the "most under-resourced nation-building effort in history." Former Bush reconstruction coordinator Carlos Pascual, who retired in December 2005, does not dispute this assessment. He says the State Department has "maybe 20 to 30 percent" of the people it needs. Even Republican Sen. Richard Lugar, chairman of the Foreign Relations Committee, fretted last week that for five years the administration and Congress have failed to create a powerful nation-building czar, despite their enthusiasm for regime change. "We have a long way to go," he said.

The dangers of allowing Afghanistan to become a jihadist haven again are too many to count. It's not merely that bin Laden and Zawahiri may now die peacefully in their beds, safe among Pashtun tribesmen, as a senior U.S. military official conceded to NEWSWEEK last week, speaking anonymously because he was discussing classified operations. (A French intelligence report leaked over the weekend suggested bin Laden had done just that in August, dying quietly of typhus, but like many such rumors in the past it could not be confirmed.) Nor is the problem simply that the increasingly confident Taliban is launching ever more brazen attacks—in recent weeks, bombing a convoy scarcely a block from the U.S. Embassy in Kabul and assassinating a major provincial governor.

No: it's that Al Qaeda or other terrorist groups now have a place from which to hatch the next 9/11. "This standoff could go on for 40 or 50 years," says a retired U.S. general who served in Afghanistan, speaking only on condition of anonymity. "It's not going to be a takeover by the Taliban as long as NATO is there. Instead this is going to be like the triborder region of South America, or like Kashmir, a long, drawn-out stalemate where everyone carves out spheres of influence." Eikenberry disagrees, though he refused to put a time frame on Afghanistan's recovery. "It won't be decades," he says.

The Taliban doesn't always share Al Qaeda's goals or tactics, although some units have taken up suicide bombing. But a guerrilla calling himself Commander Hemat, a former anti-Soviet mujahedin fighter who now works closely with the Taliban and Al Qaeda, says foreign Arabs are being welcomed again. "Now the money is flowing again because the insurgencies in Iraq and Afghanistan are producing results," he told NEWSWEEK. Zabibullah, a Taliban operative who has proved reliable in the past, says the Qaeda operatives "feel more secure and can concentrate on their own business other than just surviving."

Pakistan fostered the Taliban movement in the 1990s as a way of holding sway over Afghanistan and undercutting India's influence there. Those ties persist. Despite Bush's praise of Pakistani President Pervez Musharraf—"We're on the hunt together," Bush said at a joint news conference on Friday—U.S. and British military officials say Musharraf has allowed the Taliban to set up headquarters near the southwestern city of Quetta. Musharraf has also cut a deal giving militants free rein in north Waziristan; since then cross-border attacks have increased. Senior U.S. officials say that Musharraf caved in to Qaeda sympathizers who fiercely resisted the Pakistani Army's incursion into the tribal region last year. Musharraf reassured Bush last week that the Waziristan tribal leaders had agreed not to permit Taliban or Qaeda cross-border activity, but the militants say no such commitment was made. "Instead of eliminating the militants, the Pakistani military operation only added to their strength," says

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Ayaz Amir, a respected political columnist for the daily Dawn newspaper. The Afghan Taliban's recent offensive has only raised the morale of their Pakistani brethren.

General Eikenberry says that Al Qaeda or its successors have nothing like the liberty that allowed them to plot 9/11 in the open. "They have no safe haven inside Afghanistan that if we find it, we will not strike against them," he said. But conclusive victory will depend on a "political solution" arising from a far more effective Afghan government, Eikenberry says. Asked whether terrorists will always have a place to root there, Eikenberry pauses for long seconds before answering. "You reach a tipping point" where military superiority no longer counts as much, he said. "There's always going to be another valley for terrorist forces or extremists to hide in."

No one knows this better than Eikenberry himself, a genial soldier-scholar with degrees from Harvard and Stanford. Two weeks after NEWSWEEK's visit to Ghazni province's Andar district, the American general passed through the same area and urged Afghan security forces to be more active in combating the increasingly aggressive, large and visible Taliban presence.

Days later, Eikenberry launched his major Afghan-U.S. operation in Ghazni, code-named Mountain Fury. Most of the Taliban had easily escaped to the east while a number of insurgents remained behind to engage the enemy, firing automatic weapons and RPGs. According to Afghan officials, about 38 Taliban were killed that day. Interviewed after the action, Momin Ahmad, the Taliban's deputy commander for a cluster of Andar villages, disputes that number. He says he lost only four men: a Pakistani, an Iraqi and two local insurgents who were killed by an Apache helicopter that shot up a local vineyard.

And while Ahmad's unit is now regrouping to the east, at least 35 Taliban have stashed their weapons and stayed in the village posing as farmers. They will lay ambushes and plant IEDs to harass Afghan and U.S. troops, Ahmad says, and the larger Taliban force will return when it's safe. He shrugs off the setback, saying it's only temporary. "We never expected the success we've had," says Ahmad. Nor, five years ago, did anyone else.

NATO Details Airstrikes In Afghanistan (AP)

By Rahim Faiez

AP, September 25, 2006

NATO forces killed more than 60 suspected insurgents the last several days in an increasingly volatile southern Afghan province while suffering no casualties, the military alliance said Sunday.

Afghanistan's Ministry of Defense said 40 Taliban fighters were killed by NATO airstrikes that "completely destroyed" a militant base in the district of Grishk on Saturday. Maj. Luke Knittig, a NATO spokesman, said the alliance also estimated about 40 fighters were killed.

A NATO helicopter, meanwhile, fired on about 20 insurgents attacking a NATO patrol in neighboring Naw Zad district Friday, killing 15 of the rebels, the alliance said.

In a third incident, an attack helicopter fired on a group of insurgents who shot at a support helicopter Thursday, killing eight of the militants in nearby Sangin district, the statement said.

NATO troops, mostly from Canada and Britain, moved into southern Afghanistan earlier this summer, taking over from a U.S.-led force in a region that in recent months has seen some of the fiercest fighting since the Taliban regime was defeated in late 2001.

British Prime Minister Tony Blair, whose country has about 5,000 soldiers in southern Helmand province, said Sunday that NATO's battle with Afghan insurgents has been more difficult than anticipated but must continue.

"I think the particular mission was tougher than anyone expected. But I'm not surprised it was tough," Blair said in an interview with the British Broadcasting Corp.

He said the Taliban and al-Qaida are trying hard to gain control in Afghanistan's south and "it's essential for us to keep them out."

Blair's government has had to cope with charges by middle-ranking officers in Afghanistan that ground troops have not received adequate air support and other backing.

Adm. Edmund P. Giambastiani Jr., vice chairman of the U.S. Joint Chiefs of Staff, said during a visit to Afghanistan earlier this month that the U.S. military is better able to detect roadside bombs before they detonate thanks in part to the creation of an anti-explosives team.

"Now we must work harder every day toward reducing our numbers of causalities from these horrible attacks," said Giambastiani, according to statements released Sunday by the U.S. military.

Taliban fighters have increasingly used suicide and roadside bombs to attack Western troops and Afghan civilians.

The anti-explosives team focuses on trends, techniques, tactics and procedures used in developing the devices and the information is passed on to troops in the field, the statement said.

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Giambastiani said the Navy and Air Force are sending electronic warfare officers to Afghanistan and Iraq to work on counter-explosives measures. He said the military planned to purchase route-clearing equipment for use in both Iraq and Afghanistan.

NATO has about 20,000 soldiers in Afghanistan, while the United States has an additional 21,000, mostly in the eastern part of the country along the border with Pakistan.

Losing Afghanistan (WSJ)

By John Kerry

The Wall Street Journal, September 25, 2006

As we marked the fifth anniversary of the worst attack on American soil, there was enormous discussion of the lessons of 9/11. But after the bagpipes stopped, and news coverage turned to other issues, perhaps the first lesson of that day seemed quickly forgotten: We cannot allow Afghanistan to become a terrorist stronghold and a staging ground for attacks on America.

If Washington seems to have forgotten Afghanistan, it is clear the Taliban and al Qaeda have not. Less than five years after American troops masterfully toppled the Taliban, the disastrous diversion in Iraq has allowed these radicals the chance to rise again. Time is running out to reverse an unfolding disaster in the war we were right to fight after 9/11.

Funded largely by a flourishing opium trade, a resurgent Taliban effectively controls entire swathes of southern Afghanistan. Roadside bomb attacks have more than doubled this year, and suicide attacks have more than tripled. Britain's commander in Afghanistan recently said that "the intensity and ferocity of the fighting is far greater than in Iraq on a daily basis."

Al Qaeda is again taking advantage: The recent plot to blow up U.S.-bound jets was reportedly masterminded by an al Qaeda affiliate operating from Afghanistan. The same killers who attacked us on 9/11 are still plotting against America -- and they're still holed up in Afghanistan. President Karzai put it simply: "The same enemies that blew up themselves in . . . the twin towers in America are still around." And while President Bush frequently quotes Ayman al-Zawahiri, he hasn't mentioned that on the fifth anniversary of 9/11 al Qaeda's No. 2 described the situation in Afghanistan as "very good."

When did denying al Qaeda a safe haven in Afghanistan cease to be an urgent American priority? Somehow, we ended up with seven times more troops in Iraq -- which even the administration now admits had nothing to do with 9/11 -- than in Afghanistan, where the killers still roam free. Even as the president claimed we are on the offensive against terrorists, Gen. James Jones, the U.S. commander of NATO forces in Afghanistan, made an urgent plea for more troops to fight the Taliban. President Karzai has also appealed for more troops and support, and on my trip to Afghanistan this year, he stressed to me the importance of a robust American troop presence. And on Sept. 11 this year, U.S. Col. Michael Harrison noted "more troops would be welcome" in the hunt for bin Laden and his henchmen.

Quite simply, we must change course -- starting with the immediate deployment of at least 5,000 additional U.S. troops. That includes more special forces to defeat the Taliban, more civil affairs troops to bolster the promising Provisional Reconstruction Teams, more infantry to prevent Taliban infiltration from Pakistan, and more clandestine intelligence units to hunt al Qaeda on both sides of the border. That also means more predator drones to provide real-time intelligence, more helicopters and transport aircraft to allow rapid deployment, and more heavy combat equipment to overpower enemy forces.

We must also redouble our reconstruction efforts. The Taliban's resurgence comes as no surprise when 40% of the population is unemployed and 90% lack regular electricity. As Lt. Gen. Karl Eikenberry recently said, "wherever the road ends, that's where the Taliban starts." That's why our generals are asking for more reconstruction funds to win over the local population. Yet this administration has appropriated nearly four times more in reconstruction funds for Iraq than Afghanistan -- and actually cut Afghan aid by 30% this year. We need to substantially increase development aid and take advantage of the improved security provided by additional troops to ensure that reconstruction efforts reach the remote villages where the Taliban finds support. We must ensure that the elected government in Kabul, helped by the U.S. -- not the Taliban, helped by al Qaeda -- rebuilds Afghanistan.

This is especially important to counter the opium trade, which increased 50% last year and now funds insurgents, warlords and terrorists world-wide. We must provide alternative livelihoods for opium farmers and spur the judicial reforms necessary to prevent drug lords from acting with impunity. We cannot -- and should not -- do this alone. Asked which of the 26 countries in the alliance were dragging their feet in Afghanistan, Gen. Jones replied, "All of them." Where allies have pledged troops and assistance, they must follow through. But we must lead by example. That's how you win hearts and minds, and show the world the true face of America -- and that's how you win the war on terror.

Finally, we must use economic leverage to ensure the Taliban no longer finds sanctuary and recruits in Pakistan. Last year we gave Pakistan only $300 million in economic support, about what we spend in a day in Iraq. We need to give more, in development funds earmarked for specific projects that help undermine radicals, and demand more in return from the Musharraf

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government. We cannot afford to repeat the mistakes of the past. The U.S. must not cut and run from the real front line in the war on terror. We must recommit to victory in Afghanistan.

Mr. Kerry, a senator from Massachusetts, was the 2004 Democratic nominee for president.

Two Deaths Were A 'Clue That Something's Wrong' (LAT)

By Craig Pyes And Kevin Sack

The Los Angeles Times, September 25, 2006

A Special Forces team in Afghanistan failed to alert its superiors. Witnesses tell of torture.

WAZI, Afghanistan — The Green Berets of ODA 2021 were on high alert as their convoy rumbled down the winding, rutted road that day in March 2003. The team had been tipped that armed men loyal to the notoriously volatile warlord Pacha Khan Zadran lay in wait around the bend.

As they approached this mountain village in eastern Afghanistan, the Americans spied the warlord's fighters high on a ridge to their right. They scrambled for cover behind their trucks and Humvees.

Moments later, machine-gun fire and rocket-propelled grenades rained down on their vulnerable position. Though pinned down, the Americans responded with a fusillade of their own.

"The air was snapping like Rice Crispies [sic]," the Special Forces team's newly assigned commander, Chief Warrant Officer Kenneth C. Waller, 32, wrote in a florid after-action report. "So many rounds were flying back and forth that lead was overcoming the oxygen in the air."

The battle raged for 45 minutes, then A-10 attack planes and Apache helicopters flew in and strafed the Afghans into retreat.

There were no casualties among the 17 Americans on patrol that day. "It seemed as if we had an angelic bubble surrounding our position," Waller reported to headquarters.

Though Waller filed several detailed and colorful accounts of the battle, he apparently omitted any mention of what happened next.

As some members of ODA 2021 pursued the warlord's men into the hills, others moved into the village to search the mud-walled houses for fighters.

They detained three unarmed men for questioning. Two of them, brothers Jan and Wakil Mohammed, told the soldiers they were just returning from evening prayers at the mosque and had nothing to do with the shootout.

Suddenly, another band of five or six Green Berets emerged from the hills where they had been chasing Pacha Khan's men. They had no interpreters.

"Those soldiers were running toward us and yelling in English, and we didn't understand what they were saying," Jan Mohammed recalled in an interview. Amid the confusion, he said, his brother grew frantic. Wakil, a woodcutter and father of two, raised his hands and shouted in Pashto, "De Khoday day para ma me vala!" according to his brother. "For God's sake, don't shoot me!"

There was a burst of gunfire from one soldier, Jan Mohammed said, and three rounds ripped into Wakil. One struck him in the mouth. He fell dead at his brother's feet.

At day's end, Waller would report to his chain of command that six enemy fighters had been killed in action.

But the circumstances of Wakil's death were not described in Waller's reports, and Army criminal investigators would later determine that the killing could not be classified as a battlefield casualty. Last year, they listed it as a murder. However, the military has since reopened its probe, and investigators decline to say whether the same charges are being pursued.

It would not be the only questionable death of a detainee in the custody of ODA 2021, nor the only one that leaders of the 10-man field team would fail to disclose to superiors in the Alabama National Guard's 20th Special Forces Group.

Within days of the Wazi killing, an 18-year-old Afghan army recruit named Jamal Naseer died after being interrogated at the team's firebase in Gardez, about 25 miles to the north. Multiple witnesses say his body showed signs of severe beating and other abuse. His brother and six others also held at Gardez say they were tortured.

The commander over all Special Forces in Afghanistan at the time, then-Col. James G. "Greg" Champion, said in a brief interview that neither death was reported up the chain of command. Champion, a National Guardsman who has since been promoted to brigadier general, said he did not hear of the deaths until 18 months later, when he learned that The Times was investigating.

The team's battalion commander also said that neither death was reported to him.

"Two unreported deaths in a few days are a clue that something's wrong" with that team, said a military official familiar with the incidents, who asked not to be identified.

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There were others who helped keep the secrets of the base. The United Nations Assistance Mission in Afghanistan, or UNAMA, which was responsible for monitoring human rights abuses, was informed that Naseer's death in Gardez probably involved "torture and other cruel and inhuman treatment" by Special Forces troops. But U.N. officials acknowledge they did not report it to American authorities for at least 13 months, and U.S. officials say it was never reported at all.

The provincial governor helped conceal the mistreatment by arranging for the late-night removal of Naseer's body from the military base. He also ordered the abrupt transfer of the other detainees from the base to the custody of the local police chief after they had been held many days beyond what military procedures allowed.

Though U.S. commanders in Afghanistan said they did not know about the death, word spread throughout Paktia province, according to Gen. Hajji Abdul Sattar, the Paktia attorney general for intelligence. He said no one spoke out or complained, however, because "people were scared that … the same thing would happen to them."

The Army's Criminal Investigation Command has been examining both deaths and apparent cover-ups for two years, since learning about them from The Times and the Crimes of War Project, a Washington-based nonprofit educational organization, which first confirmed Naseer's death.

ODA 2021's missions and tactics became markedly more aggressive after Waller took charge of the Special Forces detachment in February 2003, a month before the questionable deaths in Wazi and Gardez. He recently had been reassigned from another Special Forces unit, where some of his men complained that his gung-ho leadership style put them at unnecessary risk.

Waller was characterized by several 20th Group officials as deeply affected by the Sept. 11 attacks and having come to Afghanistan "spoiling for a fight."

In Gardez, he was able to set his sights squarely on Pacha Khan, the warlord who had been destabilizing the countryside for months.

Pacha Khan's men were suspected of extorting illegal payments from truckers on the road from Gardez to Khowst, supporting anti-government forces, and staging an ambush that wounded the ODA's battalion chief during a Thanksgiving trip to Gardez.

But at the Pentagon and State Department, Pacha Khan was regarded as a political figure and thus a problem for the new Afghan government, not the U.S. military. The Special Forces team chafed at the political constraints on its freedom to go after him.

Local U.N. officials said they were struck by how deeply personal the conflict between the team and the warlord had become. One of the officials, who spoke on condition of anonymity, recalled that one Green Beret likened the team's rivalry with Pacha Khan to a blood feud.

Another U.N. official said the same American soldier had told him that "he was so frustrated with [Pacha Khan] that he was going to kill him."

Tea at Sato Kandaw

Unmanned Predator aircraft patrolled the skies over Paktia province, their cameras trained on the 17 checkpoints along the mountain road linking Khowst and Gardez. What they recorded convinced U.S. intelligence officials that trucks hauling firewood and produce were again being stopped and forced to pay bribes.

At the most infamous checkpoint, atop Sato Kandaw Pass, drivers typically had to pay $10 or $15, according to a March 2, 2003, Army intelligence report. The money was being split between Pacha Khan and a former Taliban official, Jalaludin Haqqani, the report said.

Situated on a bend overlooking a sparsely vegetated valley, the Sato Kandaw checkpoint consisted of living quarters and a small mosque used as an armory. The post was controlled by a former Pacha Khan lieutenant named Ahmad Naseer, better known as Commander Parre. He had recently defected to the Afghan government in exchange for $3,000 and a truck provided by the CIA. He said he saw the future of the country with the Americans, not with Pacha Khan.

Despite the change in management, reports of shakedowns persisted, along with complaints that female travelers were being harassed and that a young boy was being held as a sex slave.

Sato Kandaw was enough of a concern that Raz Mohammed Dalili, then the governor of Paktia, took the unusual step of asking American troops to remove the checkpoint. Dalili, in an interview, said he had made his request to a Special Forces soldier named Mike.

There was no ODA 2021 member named Mike at the time, military documents show. However, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst and member of the regular Army's 7th Special Forces Group at Ft. Bragg, N.C., was then working with the Gardez unit.

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Described in correspondence from Waller as the team's "intelligence agent," MacMillan was assigned to conduct interrogations and collect information for combat operations, including one at Sato Kandaw, according to several people familiar with the team. MacMillan, contacted at his home in North Carolina, declined to be interviewed for this report and shut his door.

Parre and his men had their guards down when the ODA (for Operational Detachment Alpha) arrived at Sato Kandaw on the chilly morning of March 5. He said that they shook hands and that the soldier he knew as Mike asked to talk over green tea.

Parre said he knew Mike because the Americans had stopped by from time to time to collect intelligence. The checkpoint commander thought it odd when some of the Americans scrambled to take positions along the road and on the high bluffs, but Mike assured him it was merely a precaution.

Inside, Parre began cutting chocolate as his cook prepared the tea. Mike asked about his relationship with Pacha Khan. Parre said that before he could respond, two men jumped him from behind, pushing him to the ground so that he could barely breathe.

"They covered me with a hood," Parre said. "The interpreter translated, 'If you move, we'll kill you.' And I told him, 'If there is any problem, we can solve it through negotiation…. We are your friends.' "

In the next room, other American soldiers quickly subdued Parre's men, including his 18-year-old brother, Jamal Naseer. The Afghans were cuffed, hooded and tossed by their bound limbs into vehicles, Parre said.

The Americans also found the boy who allegedly had been pressed into sexual slavery and made plans to return him to his family. Before leaving, ODA 2021 confiscated a stash of munitions and mostly unserviceable weapons and blew them up.

Allegations of Abuse

The detainees said the physical abuse began as soon as they reached the Gardez firebase.

"We were kicked in the small of our back and told to stay straight, and cold water was poured over our body in the open air," Parre told The Times. "They put stones under our knees. We were continuously forced to stay on our knees until we lost the sensation of our legs and couldn't walk."

He said an interrogator ripped off one of his toenails. At another point, he said, someone fired four rounds near his head. The other seven detainees, among them a 23-year-old with one leg, also reported abuse.

Because the detainees were hooded through much of their detention, they said, they could not identify their interrogators, except to note that their speech sounded American.

"They were asking me international questions," Parre said. "Have you met any Al Qaeda leader? Have you gone to Pakistan? To Iran? And who was creating trouble on the highway? But I didn't know any of these things."

He said there were also questions about Pacha Khan. Interrogators had obtained a note from the warlord to Parre promising to make him a division commander. Parre said he told the Americans they no longer had ties.

As the beatings continued, he said, an Afghan interpreter pleaded with him to give the interrogators what they wanted. "Just say anything to get it to stop," Parre quoted the interpreter as saying. He said there were times he felt seconds from death. "I can't tell you the feeling," he said. "Half dead. Half alive."

An American in Gardez at the time said Afghan soldiers working with the Special Forces complained to someone on the team about the mistreatment. The American, who spoke on condition of anonymity, also told The Times that interrogations were taken over after a day or two by a Navy SEAL. The detainees were moved into a tent at a back corner of the base, out of sight, he said.

The Times could not verify any involvement by the Navy commandos, but internal military documents show that SEALs were operating around Gardez during the period. A spokesman for the Naval Criminal Investigative Service said it "was not alerted at any time to the potential of SEAL involvement."

The detention of Parre and his men was no secret in the region. An intelligence summary filed by ODA 2021 shortly after the arrests reported ecstatic reactions from both the Afghan government and the local populace. Gov. Dalili dropped by the firebase to offer congratulations. He reported that President Hamid Karzai was "very pleased," the summary said.

The team's intelligence reports about the operation flashed across computer screens at the Army's operations center in Bagram, said someone who was present. They also were distributed to NATO forces.

As required, the team reported the detentions to the 20th Group's 1st Battalion, and the information was passed along to the Combined Joint Special Operations Task Force, the command over all Special Forces in Afghanistan.

The detainees were "still undergoing interviews," the team reported after a day, adding, "A lot of intelligence is being generated for follow-on operations."

Under Army procedures, Parre and his men should either have been released after four days or sent to a holding facility in Bagram if interrogations yielded evidence of ties to the Taliban or Al Qaeda.

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Internal military records show that after two days of questioning, the Americans did not plan to send the detainees to Bagram. They had been notified earlier in their tour that the arrival of battered prisoners at that base might prompt an investigation, according to the records.

But ODA 2021 also was reluctant to transfer the detainees to local police custody. A March 6 communique from the Special Forces team expressed doubts about the Gardez police chief's loyalty and reliability and said ODA 2021 was working with the governor to find other ways to keep the Sato Kandaw detainees in custody.

At a meeting of security authorities in Gardez, Mike from ODA 2021 warned the police chief and the other local commanders that he would kill them if they released his prisoners, according to U.N. officials who reacted angrily to the blunt talk.

For the moment, however, Parre and his men remained in custody at the firebase, and the beatings continued.

Mission to Wazi

A week after their successful Sato Kandaw operation, Waller and ODA 2021 were ready to push farther into Pacha Khan country. Col. Champion approved plans for what the team described as a simple reconnaissance patrol of the Wazi district.

However, there are indications Waller wanted his team to be prepared for more.

He borrowed two soldiers from another Special Forces team, a security detachment generally excluded from combat operations. And he tried unsuccessfully to enlist members of a commando unit that reported to a different chain of command.

Waller's men loaded an extra machine gun into each truck and stacked in so much ammunition that there was little room for their feet. "We were going hunting this time," one team member said.

If they left Gardez looking for a fight, they found it with Pacha Khan's men on the road outside Wazi.

In his post-battle reports, Waller took obvious relish in describing one of his team's kills to his battalion commander, Lt. Col. Steven W. Duff, who had been wounded in the Thanksgiving ambush in the same region.

Waller told Duff that the team's weaponry sergeant, Joseph T. "Todd" Henderson, "got one of the bastards associated with shooting you. The bastard nearly exploded as the shell ripped through his chest cavity."

The team leader said that his weaponry sergeant "takes this personally since he was on your convoy when you were shot…. Sorry we could not have got them all."

Waller concluded: "This team does not have any [sissies]. You should have seen them laughing during the fight …. Told you we would find them."

The day's events at Wazi had not ended with the shooting of Wakil Mohammed. The victim's brother, Jan, was taken into custody along with a neighbor, Dawood Khan.

Both men told The Times that while held overnight in Gardez, they were forced to kneel and press their foreheads against a wall. Every time they sat back, they said, they were kicked in the small of the back and the chest.

"At first they didn't ask us any questions," Mohammed said. "Everyone who was there took turns kicking me, and when I fell on the ground from the blows they started to stomp on me. We were forced to stay on our knees, and my knees were injured from the stones on the ground. I felt really bad pain in my chest."

He said the Americans eventually asked him about his brother, but he couldn't concentrate. "I kept seeing my brother's face and the gunshot in his mouth," he said.

Dawood Khan said his interrogators asked whether Mohammed was one of Pacha Khan's commanders. "I told them, 'No, he has no connection,' " he said.

He said that after being beaten he was twice dunked in a tub of icy water and submerged to the verge of drowning. He said he and Mohammed were forced to stay awake through a cold night.

The two villagers were released the next day with clean sets of clothing. A report to headquarters described them as cooperative.

Heroes and 'Idiots'

Waller's bosses at battalion headquarters were thrilled the team had escaped casualties in the attack at Wazi. The National Guardsmen had "performed heroically," a battalion operations officer wrote to Waller, encouraging him to nominate his men for battlefield awards.

He did, later nominating every soldier in the fight, including himself, for either the Silver or Bronze Star, according to military documents.

But in the same laudatory message, the operations officer informed Waller that he had recommended his removal from command of ODA 2021 for, "among other things, the extremely unprofessional remarks" in his reports.

"This is yet another example in a long line of incidents with you that has resulted in this battalion, and more importantly, your teams looking like idiots instead of getting the recognition they rightfully deserve," the battalion officer wrote.

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By this time, Champion's 20th Special Forces Group was in the process of turning over the Special Operations task force to its replacement, the 3rd Special Forces Group, based at Ft. Bragg. The new guys were regular Army all the way, and they did not much care for Waller's references to the air "snapping like Rice Crispies" or the team's "angelic bubble" of protection, the operations officer wrote.

"All they see is that we are a Guard unit operating unprofessionally in a combat zone," he wrote. "If Champion wasn't in command yesterday, you would be in a world of shit right now."

A Death in Gardez

In Gardez, the days of detention for Parre and his men continued to mount.

Parre said he believed his brother, Jamal, was subjected to the harshest interrogation because, at only 18, he was perceived to be the most vulnerable. When he first saw Jamal a few days after their capture, his brother's body was already black and blue and swollen, Parre said.

He said Jamal told him the Americans had forced him to stand with arms and legs outstretched as they took turns beating him. He was moaning about the pain in his kidneys and back, Parre said.

On the afternoon Jamal died — Parre fixes the date at March 16, 2003, though that could not be verified — he saw two men assisting his brother, who was having difficulty walking. There was no interpreter, Parre said, so he and an American soldier pantomimed their way through a discussion of Jamal's condition.

First the American jabbed a finger into his arm to show that Jamal had been given an IV drip, Parre said. Then he shook his head to suggest it hadn't worked. He pumped his fist like a heart, and again shook his head negatively. Parre said he didn't fully understand at the time, but he feared the worst. Eventually, he was escorted into a tent to see his brother.

"I thought he was smiling at me, and so I smiled back," Parre recounted. "I thought Jamal wanted to tell me that I was worrying for nothing. And I went to him and shook him and said, 'Jamalah, Jamalah,' and then I realized that he had been martyred."

Parre adjusted the body so that Jamal's head pointed to Mecca, and started to cry.

Later that night, Parre said, several Americans entered the tent, put their hands over their hearts and offered condolences. But he said the man he knew as Mike asserted that Jamal had died of an illness, not at the hands of the Americans.

"No, my brother was healthy," Parre said he responded. "His brain, his heart, his legs, he was not sick. He had no history of sickness or injury in any part of his body. He died because of your cruelty."

ODA 2021 held a team meeting shortly after Jamal's death, according to an American soldier based in Gardez. The team was advised that the Afghan had died of a sex-related infection that shut down his kidneys, the soldier said. The point of the meeting, he said, was "to make sure everybody's on the same sheet of paper — this is what happened to the man," in case there was an investigation.

Capt. Craig Mallak, medical examiner for the U.S. armed forces, said Naseer's death was never reported to his office. He said it would have been required unless the detainee was deemed to have died of natural causes. Authorities at a civilian hospital in Gardez, where Naseer's body was transferred, said they performed no autopsy.

A hospital worker who prepared the body for burial said in an interview that "it was completely black." Hajji Abdul Qayum said Jamal's face was "dark and looked like it was burned." He said it was "completely swollen, as were his palms, and the soles of his feet were swollen double in size."

"I have no idea what he might have been beaten with," the hospital worker said.

Naseer's mother, Kajala, also viewed her son's body before burial. She told Afghan military investigators that "the entire body was full of injuries."

Dr. Michael Baden, a prominent forensic pathologist who works for the New York State Police, said the descriptions were inconsistent with death by organ failure. "You can't confuse those," he said. "It sounds very much like blunt trauma."

Scars, No Charges

After Jamal died, Gov. Dalili arranged for the late-night transfer of the body to the local hospital, according to an Afghan military inquiry. He also ordered the transfers of Parre and his men to the local jail.

There, local physician Aziz Ulrahman examined the prisoners and described them as battered and bruised, with seeping, unbandaged wounds. He said Parre's feet were black. "We have no terminology for that," he said. "It was caused by blunt-force trauma."

A few days later, a delegation from Afghanistan's Judicial Reform Commission happened to visit the Gardez police station and came face to face with Parre and his men. The delegation, which included a representative from the Italian Embassy and several Afghan jurists, did not report the prisoners' condition, although witnesses said it was discussed.

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A political officer with the U.N. mission in Afghanistan was with the group and interviewed Parre and his men. He wrote a detailed memo noting that one Afghan soldier had died in U.S. custody and raising the possibility that Special Forces might have been involved in "cruel and inhuman treatment" of detainees.

Though his memo cautioned that the detainees' accounts should not be taken at face value, it said their wounds and injuries "seemed consistent with their accounts of beating and torture." He recommended that the U.N. report the incident for investigation.

There is no record that U.N. officials informed U.S. or coalition authorities about the Gardez case for at least 13 months, if at all.

Several U.N. officials acknowledged that the report seemed to have fallen into "a black hole" after making its way to the mission's headquarters in Kabul, the Afghan capital.

It was only in the spring of 2004, U.N. officials said, that they forwarded the information to the U.S. Embassy in Kabul. However, Zalmay Khalilzad, who was then the U.S. ambassador to Afghanistan, said he had no recollection of hearing about the case, and no mention of the death was found in embassy records, a spokesman said.

Both Lakhdar Brahimi, head of the U.N. assistance mission when Jamal Naseer died, and his successor, Jean Arnault, declined to comment on the U.N.'s handling of the matter.

Parre and his companions were later moved secretly to a civilian prison in Kabul, still without any formal charges. Afghan military prosecutors immediately launched an investigation into their unexplained detention.

That inquiry produced a 117-page report asserting that the detainees had been tortured and that there was a "strong probability" that one of the men had been "murdered." The report speculated that the prolonged imprisonment was intended to give the detainees' wounds time to heal.

When the Afghan attorney general ordered all seven released, it came after 58 days of captivity. No charges were ever filed against any of the men.

The Last Laugh

It wasn't long after Parre and his men were ousted from Sato Kandaw that ODA 2021 got word that Pacha Khan had reclaimed the checkpoint. The team mounted another patrol to the mountain pass, where a confrontation on the road erupted in gunfire.

The circumstances remain in dispute. ODA 2021 reported that an enemy vehicle had come barreling toward the American convoy and that the driver had been "engaged and killed," while five other men escaped.

According to Pacha Khan's family, the driver was on his way to get food for the checkpoint's soldiers. The dead driver was the warlord's eldest son, Jalani Khan. His body was left on the roadside.

Several days later, the team reported that every checkpoint along the road from Khowst to Gardez seemed to be clear. Pacha Khan's influence was waning, and much of the credit went to Waller's team.

"The guys in Gardez … are having a significant effect on the area," an official with the Special Operations task force wrote to colleagues.

But with tensions inflamed by the killing of Pacha Khan's son, and with the 20th Group about to head home, Champion reined in the team. Waller's proposals for two patrols targeting the warlord were rejected.

The commander's "gut reaction," explained a March 28 note to Duff from Champion's staff, "is that Chief Waller is just out looking for another fight with PKZ, whom we've been told to back off of …. The [commander] is concerned that guys are rattling the tree, but what they are getting is criminal elements [versus terrorists], and we are not cops."

As they packed their gear in early April, the 20th Group's field commanders were frustrated to be leaving the warlord at large.

"Pacha Khan Zadran is probably now laughing at the Americans," the commander of the Special Forces team in Khowst wrote to superiors.

Maj. Rick Rhyne, the incoming 3rd Group operations chief, shrugged off the complaint.

"There is a reason, most likely political, that we cannot touch him," he wrote. "He can laugh all he wants to."

EPILOGUE: Inquiries Are Underway, so Far Without Charges

In the years since ODA 2021 returned to its red-clay roots, the interrogation methods practiced by some Special Forces units in Afghanistan migrated to Iraq.

Early warnings seem to have been disregarded. In Afghanistan, the International Committee of the Red Cross complained of mistreatment as early as December 2002. It delivered a private report to top U.S. military commanders alleging widespread abuse at the firebases at the very time Parre and his men were being held in Gardez.

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The Red Cross had interviewed more than 40 former firebase detainees who described beatings, kickings, verbal threats, sleep and food deprivation, immersion in icy water and prolonged exposure to extreme cold, according to a copy of the previously undisclosed report, which was obtained from U.S. government sources.

Initially, U.S. officials reacted skeptically, dismissing the Red Cross claims.

"Don't get all spun up on this," advised Maj. Rhyne, the Special Operations officer, in a note to battalion commanders. "Just let the teams know there were allegations but no proof."

Capt. Sean McMahon, a judge advocate general for the Special Operations task force, wrote to others on the headquarters staff that the allegations were vague. But he said Lt. Gen. Dan McNeill, then commander of U.S.-led forces in Afghanistan, wanted all interrogators reminded of proper methods.

The interrogators needed to understand, McMahon wrote, that "if they are implementing certain procedures, they must cease."

Some members of ODA 2021 have come under criminal investigation stemming from the deaths of Jamal Naseer and Wakil Mohammed. No one has been charged, and the names of those targeted by the inquiry have not been released.

The Army's Criminal Investigation Command has no timetable for completing the inquiries into either death, spokesman Christopher P. Grey said.

The investigations have proved challenging, he said, because of difficulties locating witnesses and barriers in language and culture. The families refused to allow the exhumation of either victim, citing religious beliefs.

But the investigators also have been hampered by missteps.

When the CID first looked into Naseer's death, it was unable to identify the victim and dropped the matter quickly. After he was identified by The Times and the Crimes of War Project, the case was reopened. In Mohammed's case, investigators operated for at least a year under the assumption that he had died two months earlier than he did.

Last year, Army investigators recommended that one soldier be charged with murder in the Wazi shooting, and another with dereliction of duty for not reporting the incident. The recommendations were sent to the U.S. Army Special Forces Command at Ft. Bragg.

The case was reopened last year, and the CID spokesman would not say whether the agency was pursuing similar charges more than a year later.

The Times attempted to interview every member of ODA 2021 and others in the chain of command. One who declined to be interviewed was former team leader Waller, who said he preferred to let the military legal system finish its work. "I'm not at liberty to discuss it while it's under investigation," he said. Waller continues to work full time at the 20th Group headquarters. Champion, the National Guard colonel who directed all Special Forces in Afghanistan in 2002-03, was promoted to general in 2004. He recently completed a tour as deputy commanding general over all operations in Afghanistan.

He acknowledged in a telephone interview that he had been contacted by Army investigators, but he declined to comment further.

"We'll see what happens with the investigation and where it goes," he said.

Pacha Khan remained a problem for the American forces well after the 20th Group's departure.

Over the next two years, however, the warlord grudgingly ended hostilities with the Afghan government and became part of it.

In 2004, his youngest son was appointed governor of the new administrative district of Wazi Zadran. And last fall, the warlord himself made a bid for elected office.

Today, the nemesis of ODA 2021 is a member of the new Afghan parliament.

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About this series

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"Firebase Gardez" examines the deployment to Afghanistan of a decorated Alabama National Guard unit. It is the result of a yearlong investigation in the U.S. and Afghanistan by Times staff writer Kevin Sack and freelance investigative journalist Craig Pyes. It was written by Sack.

Pyes, a two-time Pulitzer Prize winner and frequent contributor to the newspaper, reported from Afghanistan jointly for The Times and the Crimes of War Project, a Washington-based nonprofit that describes itself as "a collaboration of journalists, lawyers and scholars dedicated to raising public awareness of the laws of war." In 2004, the group provided The Times with the first evidence of an unreported Afghan death in U.S. custody and joined with the newspaper to investigate further. That led to a military inquiry by the Army's Criminal Investigation Command that continues today.

The Times reviewed thousands of pages of internal military documents to reconstruct the period when a 10-member Special Forces combat team called ODA 2021 (for Operational Detachment Alpha) was assigned to the Gardez firebase.

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Every member of the team was contacted. Most declined to be interviewed or referred reporters to public affairs officers. The Army and all of its subordinate commands — the U.S. Central Command, U.S. Special Operations Command, Army Special Forces Command, 20th Special Forces Group and the Alabama National Guard — declined to comment.

Times researchers Nona Yates and Janet Lundblad contributed to these reports.

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Army Explores Issue Of Living Wills As More Return From War In Comas (USAT)

By Gregg Zoroya, Usa Today

USA Today, September 25, 2006

A growing number of troops are returning from Iraq and Afghanistan with severe brain damage, prompting the Army to examine whether living wills or other care directives from soldiers ought to be available to battlefield doctors.

The issue was raised this summer by wounded soldiers and families of casualties during a symposium sponsored by the Army's Wounded Warrior Program.

FAMILIES REORDER LIVES: Catastrophic wounds mean lifetime care

"With technology as good as it is, they can keep that soldier alive, but they can't put their hands on a digitized piece of paper" containing a do-not-resuscitate order, says Ed Salau, a former Army lieutenant who lost his left leg during combat in Iraq. He was one of 40 people at the June symposium.

Army officials say they plan more symposiums to hear from wounded soldiers and their families, but they make no promises about what steps they might take.

From January 2003 through July, the Pentagon identified at least 250 troops who returned from war with head wounds that left them — at least initially — comatose or unable to care for themselves or respond to people. Brain injuries, most from roadside bombs, are the signature wound of the Iraq war.

The number is a small part of the 20,000 troops wounded in Iraq and Afghanistan, but it is "unprecedented," says Dale Smith, professor of medical history at the Uniformed Services University of the Health Sciences in Bethesda, Md. "All of these (comatose) people died in former wars before they got home."

Troops can fill out living wills instructing doctors to withhold care. Those at the symposium recommended that troops be better educated about the process and that the wills be accessible to doctors.

Today, field surgeons unaware of last wishes say they often keep soldiers with crippling brain injuries alive and fly them to the USA. That allows families a chance to get closure and to make decisions about organ donation, says Brett Schlifka, an Army neurosurgeon. It also might leave relatives to decide whether to withhold life support.

Not every family member favors a move toward living wills. Sarah Wade, whose husband, Ted, suffered a major head injury from a roadside blast in Iraq in 2004, says she has mixed feelings. If her husband had a living will, he might have directed doctors not to take the steps that saved his life, she says. Since he was sent back to the USA, his condition has improved, she says. "I'm leaning against it," she says of giving combat surgeons access to do-not-resuscitate orders.

Army Col. Mary Carstensen, director of the Wounded Warrior Program, says the concerns raised at the symposium are being sent to appropriate offices within the Army, Pentagon and Department of Veterans Affairs.

"There was so much emotion behind each one of these issues that we know we have to do something," she says.

Families Bear Catastrophic War Wounds (USAT)

By Gregg Zoroya

USA Today, September 25, 2006

WASHINGTON — Army chaplain Kenneth Kaibel touched a cup of Communion wine to the lips of Spc. Ethan Biggers, who lay comatose at Walter Reed Army Medical Center. A drop slipped down his throat. The soldier gagged and coughed twice as his stepmother, Cheryl Biggers, cradled him ever more closely.

"That's all right," she whispered, her left hand gently supporting the base of his head. Depressions revealed where battlefield surgeons peeled back his scalp and removed large sections of skull to relieve swelling from a bullet fired by a sniper in Iraq in March.

His stepmother grasped his clenched fingers and kept her face close to his. "I want to make sure that he knows that I have him," Cheryl Biggers explained.

That was in June. Ethan Biggers, 22, was later transferred to a Department of Veterans Affairs hospital in Tampa and remains in a near-coma state.

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"He can hear us. He opens his eyes. And we think he can follow our voices," says Cheryl Biggers, 51. "But he can't quite focus."

Biggers is part of a small but growing number of catastrophically wounded casualties from Iraq and Afghanistan — many of whom would never have survived this long in previous wars.

According to the Pentagon, at least 250 soldiers and Marines have returned from Iraq and Afghanistan with head wounds that left them — at least initially — comatose or unable to care for themselves.

ARMY MULLS LIVING WILLS: More returning from war with brain damage

"We all look at the amputees and say, 'God, they're really lucky,' " says Liza Biggers, 25, who left her career as a freelance artist to devote all her time to her brother.

Families' lives rearranged

Families of these wrecked young men contend not only with the shock of seeing the physical destruction to their loved ones but also with how their own lives change dramatically. Parents and siblings give up careers, forsake wages and reconstruct homes to care for wounded relatives rather than consign them to a nursing home.

"My son is in such a state," says Edgar Edmundson, 51, who left his job as a pie bakery supervisor to care full time for his son, Eric, 26, an Army sergeant. "He doesn't have control of his bladder or his bowels. He can't walk and he can't talk. ... To me, his father, the life my son knew is over."

Eric Edmundson, married and the father of a 20-month-old girl, was hurt in a roadside explosion Oct. 2 in Iraq. During surgery, his heart stopped and he suffered severe brain damage. His father, who had dreams of one day opening a gun and bait shop with his only son, now bathes and changes him daily and takes him to a rehabilitation center for physical therapy. Edgar Edmundson and his wife, Beth, who works as a state office supervisor, share a three-bedroom rental home in New Bern, N.C., with their son and his family.

"I guess you could say we don't have any disposable income," Edgar Edmundson says. "I live this every day. My son and I were very close. We had big plans."

Families say they also struggle with military and VA medical systems that were unprepared for these severely brain-damaged casualties.

They say the rehabilitation of catastrophic cases has not kept pace with the advances in battlefield medicine that kept these servicemembers alive and brought them home safely.

"They're saving their lives. But there is no system really in place to give them their life back," says Marissa Behee, whose husband, Jarod, 27, was shot in the head by a sniper in Iraq on May 25, 2005.

She says her husband showed little improvement after spending three months in the summer of 2005 in one of the VA's new polytrauma centers in Palo Alto, Calif. The centers are designed specifically to treat servicemembers suffering multiple injuries.

Help for soldiers, families

VA officials defend their programs and say they have made great strides in meeting these severe needs with their polytrauma facilities. By the end of this fiscal year, 21 new outpatient centers designed to monitor and continue treating rehab patients will be operating, officials say. They concede, however, that war has brought new challenges.

"There are some issues about family support, issues about the complexity of the medical and specialized needs that have to be addressed," says Lucille "Lu" Beck, chief consultant to the VA for rehabilitative services. "We have survivors now who come to us with medical conditions, rehab needs, multiple impairments that we've not seen before."

Behee has formed a foundation called Heroes with Head Injuries to provide other families with information on how to navigate the military medical system with a brain-damaged loved one.

In an effort to address concerns about military care, the Army's Wounded Warrior Program, which serves as an advocate for severely disabled soldiers and their families, held the first in a series of symposiums with wounded soldiers and family members. In June, the Army asked the more than 40 attendees to go through dozens of complaints and narrow them to a manageable list. Among the issues raised: problems in the process of notifying families about casualties; a shortage of trained case managers; the adequacy of rehabilitation for severely brain-damaged soldiers; confusion about the medical retirement process; and the need for more financial support for families.

"They are being pushed to the highest level," says Army Col. Mary Carstensen, director of the Wounded Warrior Program.

One recommendation from the symposium was for the military to more aggressively urge soldiers to fill out living wills containing directives about whether medical treatment should be withheld in the event of a dire brain injury.

Ethan Biggers' family is divided. His twin brother, Matt, a former soldier, believes Ethan wouldn't have wanted extraordinary steps taken to preserve his life.

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Army Maj. Ronald Riechers, a neurologist who treated Ethan Biggers at Walter Reed, is grim about his future. He says Biggers could either remain in a near-coma or progress to requiring significant lifelong assistance. Perhaps he would be able to sit in a wheelchair, Riechers says.

Cheryl and Liza Biggers believe they see incremental improvement in Ethan and hold out hope. Ethan Biggers' wife, Britni, hopes her husband will someday recognize the couple's son, Eben, born June 2.

Liza Biggers works with hospital staff to stimulate responses from her brother, using Britni's Cotton Blossom body lotion, peeled oranges and Tootsie Rolls.

"I feel that we're here to get Ethan better," she says. "It's not asking too much to sacrifice a year or two of our lives to get Ethan back."

They suffered a setback July 27 when Ethan's father, Rand Biggers, died in a traffic accident. He had shepherded his son through the military's medical system. "I believe in God," he had said. "Something goodwill come out of it."

Today, the Biggers family continues its vigil at Ethan's bedside.

Cheryl Biggers says that for soldiers like her stepson, their last waking thought was of war. "I want to make sure that he knows where he is, that he's safe. We wouldn't be here with him unless it was safe, and trying to convince him to wake up," she says softly, cradling Ethan.

"Come on out and join us," she tells him. "Everybody's waiting."

Backstory: Enlisting Churches To Help Soldiers (CSM)

By Sean J. Miller

The Christian Science Monitor, September 25, 2006

MINNEAPOLIS

John Morris, a military chaplain, stands at the front of a crowded conference room dressed in desert fatigues and tan combat boots, commanding his audience's attention with a tone barely above a whisper. Addressing some 30 Minnesota church leaders, Major Morris opens with a story about his time in Anbar Province, an insurgent stronghold in western Iraq.

"When the insurgents found out a new unit was there, they would walk a child in front of our convoys," he recalls. "What does a good Minnesota person do? Stop. You only do that one time, because you get ambushed and someone gets maimed or killed."

It's a chilling story, which Morris heard from numerous soldiers in combat, meant to convey the reality of war - and the kind of psychological stress soldiers go through in the field and when they come home.

Morris is on a mission. Since returning from the Middle East, the deputy state chaplain of the Minnesota Army National Guard has labored to convince members of Minnesota's religious community - many of whom oppose the war - to support the soldiers returning from Iraq and Afghanistan. More than that, he wants them to be frontline counselors and comforters.

"Sociologists or psychologists - they're great, they're helpful," Morris tells the audience. "But when I get to this issue, I have to always tell them, 'I'm sorry but there are people better qualified than you to handle this: religious leaders.' You're the healers. You bring reconciliation."

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Morris is tall, with close-cropped brown hair and smooth features. He projects a calm, commanding presence that comes from experience hard earned. In April 2004, he was deployed with the US troops who surrounded Fallujah in response to four American contractors being killed and mutilated. While the battle for Fallujah raged, Morris circled the area in an armored Humvee offering Protestant Easter sunrise services to the support troops. The brutality of the conflict tested even his Christianity.

"That's probably the closest I've ever come to hate," says Morris."I came so close to the mentality: 'Kill them all and God is on our side.' Spiritual discipline held me back from that abyss."

Morris's spiritual discipline was still being tested two months after he returned home to Roseville, Minn. He was experiencing violent mood swings. His anger erupted at the slightest provocation, as when someone cut in front of him in a line at the airport. Morris wondered what combat soldiers must face after coming home.

"I'm a chaplain and I didn't pull a trigger and didn't take a human life, and I'm this mad," he says.

The horrors of war do shadow American soldiers. According to a 2004 study published in the New England Journal of Medicine, 17 percent of combat veterans arrive home with mental health issues, ranging from depression to posttraumatic stress disorder.

National Guard soldiers face their own peculiar problems. They experience a rapid change from military to civilian life. In less than two weeks, once their tours in Iraq or Afghanistan are up, they can go from dodging roadside bombs and insurgent ambushes, to picking up Starbucks and rushing to a business meeting. Moreover, not since World War II have so many Guard soldiers served in combat and had to reintegrate into civilian life.

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The Pentagon has learned - often the hard way - that returning soldiers need long-term support with the transition. "We didn't do it for the Vietnam vets, and in a sense we're paying for that now," says David Segal, a military sociologist at the University of Maryland.

Guard soldiers are entitled to the same counseling and support services offered to members of other branches of the military. But they often live hundreds of miles from the nearest military post, which can make counseling difficult.

Minnesota's program is unusual because - in addition to offering spiritual counseling - it requires Guard soldiers to report back to their barracks 30, 60, and 90 days after they're home. This is actually in violation of Pentagon policy, which insists that Guard members are "on leave" and cannot be called back. But Morris calls this time the "golden, hour," and feels it's critical to keep members connected and supported.

"I'm proud to tell you that, in Minnesota, we are in open violation of that Department of Defense policy," he says.

In the last year, he's had two soldiers tell him that they planned to kill themselves after they reported back to their barracks. Morris says he got those soldiers counseling, which they may not have received otherwise.

Another soldier Morris helped was Sgt. Ron Huff, an 18-year veteran of the Army National Guard. Sergeant Huff recently spent a year in Iraq clearing improvised explosive devises from the highway between Tikrit and Kirkuk. In his first month home, he couldn't switch out of his Iraq driving style and was ticketed four times for speeding by the same sheriff's deputy. Later, he experienced flashbacks, turned to alcohol, and totaled his motorcycle.

In Iraq, Huff commanded 35 soldiers - who affectionately called him "Huff Daddy" - but back home he didn't know where, or how, to ask for help. That's when Morris walked into his office. As Huff recalls it, Morris made him realize that "I'm not the only one who feels crazy." Huff and Morris now work together. "He's the smart guy and I'm the common sense guy," Huff says.

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In the year sinc Morris started his church outreach programcalled "Beyond the Yellow Ribbon," Minnesota hasn't lost a Guard to suicide. The idea is to ask churches with soldiers in their congregations to become "military friendly." Morris encourages them to take care of the service members and their families - bringing them meals, providing marital counseling, or just listening.

Pastors, he says, can publicly welcome soldiers home and acknowledge their service. They can also watch for signs of reckless behavior.

The program "is a step in the right direction," says Prof. Segal, the military sociologist. "I think it will make the transition easier."

Yet not everyone is enamored of Morris's program. Gary Kohls, a lay member of Every Church a Peace Church, a national group that encourages churches to preach pacifism, says Christians shouldn't engage in combat, even if they're soldiers. "We take the stance that [combat trauma] could be prevented totally, by refusing to engage in homicidal violence," says Dr. Kohls, the leader of a worship community in Duluth, Minn. "I'm very disappointed when churches are either silent or vocally in support of killing."

It took until late July for Minnesota's religious leaders to accept an invitation to hear Morris address the problems faced by returning Guard soldiers. When the chaplain finished his presentation and the applause died down, he made a heartfelt request. "Please, do not repeat what we did to Vietnam veterans," he said.

One pastor who listened that morning - and won't - was Don Britt. His church, the United Church of Christ, has opposed the war in Iraq. "I hate war and I hate this war in particular," says Mr. Britt. "But I have a son there."

Britt says listening to Morris will help him raise his congregation's awareness of his son, Dan, and other soldiers' experience. "Hopefully, a lot more people will make the distinction between the politicians making the decisions to send these guys to war and our soldiers," he says.

DOJ:

Wainstein Confirmed For New DOJ Post (LAW)

By Emma Schwartz And Brendan Smith, Legal Times

Legal Times, September 25, 2006

The senatorial stalemate over U.S. Attorney for the District of Columbia Kenneth Wainstein's nomination to head the new National Security Division in the Justice Department ended last week when Sen. Carl Levin (D-Mich.) backed down, clearing the way for Wainstein's unanimous confirmation.

Levin single-handedly blocked a confirmation vote on Wainstein for months because the Justice Department wouldn't release records Levin wanted concerning FBI agents' objections to Defense Department interrogation techniques used on

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terrorism detainees at Guantánamo Bay, Cuba. Wainstein served as FBI general counsel in 2003 and chief of staff for FBI Director Robert Mueller in 2004.

On the Senate floor Sept. 21, Levin said he was still "troubled by the Department of Justice's stonewalling of my requests," but he acknowledged Wainstein did not control the documents and had been forthcoming during his nomination.

"It really hasn't been that trying," Wainstein says of the delays. "I've been doing the greatest job in the world — as U.S. attorney in D.C."

Wainstein says the consolidation of Justice's national-security assets in one division will improve communication and accountability. "There is no higher priority than counterterrorism these days," he says. As U.S. attorney for the past two years, the 44-year-old Northern Virginia native created a stand-alone homicide unit and a program targeting gangs.

On Friday the Justice Department appointed Jeffrey Taylor, counselor to Attorney General Alberto Gonzales, to replace Wainstein. From 1995 to 1999, Taylor was a federal prosecutor in San Diego handling drug cases. He spent the next three years detailed to the Senate Judiciary Committee under Sen. Orrin Hatch (R-Utah), where he helped craft the USA Patriot Act. Taylor returned to San Diego before joining then-Attorney General John Ashcroft as counsel for criminal and national security matters.

Some observers question Taylor's lack of experience with the D.C. office, the nation's largest U.S. Attorney's Office and the only one that also handles local criminal cases. But Gonzales said in a statement that Taylor's "legal skills, leadership ability, and personable approach to doing business will make this time of transition for the U.S. Attorney's Office very smooth and productive."

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CORPORATE SCANDALS:

HP Chief Tackles Boardroom Scandal Head-on (USAT)

By Jim Hopkins And Jon Swartz

USA Today, September 25, 2006

Mark Hurd admits company ran

covert probes in which investigators spied on directors, journalists, others

PALO ALTO, Calif. — Embattled Hewlett-Packard CEO Mark Hurd, trying to seize control of a burgeoning boardroom spying scandal, faces renewed questions this week over a news-leak probe that spurred the forced resignation last week of HP's chairwoman.

Hurd and the tech giant's new criminal defense law firm last week confirmed that he and former chairwoman Patricia Dunn were more deeply involved in some of the probe's unsavory tactics than Dunn and HP had previously acknowledged.

Hurd's remarks, his most extensive so far, capped a searing week in which HP was pummeled by published reports detailing the probe — and Wall Street's unease about Hurd's role in a case that is the focus of growing federal and state law-enforcement probes.

At a news conference drawing dozens of reporters, Hurd said he approved a plan to send an e-mail to a journalist containing false information to trick her into revealing her sources. He said he felt "strongly" that the leaks had hurt HP's reputation but acknowledged he had not read a report on the probe's early findings addressed to him.

"I could have, and I should have," he said.

Hurd and one of HP's new criminal defense attorneys, Michael Holston, left unanswered several key questions about how the news-leak probe went so seriously awry.

Holston said it was unclear whether HP employees had supplied Social Security numbers of journalists, board members and a company employee to private investigators who used that information to get personal phone records. Also, Holston said a review by his firm had not found evidence "so far" that the probe used telephone wiretapping, leaving open the possibility that evidence of such tactics may still emerge as the review continues.

Dunn resigned as director Friday at the board's request; she was to relinquish the chairmanship in January but keep her board seat. Hurd assumed her title immediately.

Media reports over the weekend said two Hewlett-Packard executives who played key roles in the news-leak probe are about to leave the company.

A source familiar with the matter confirmed that those executives are senior counsel Kevin Hunsaker and Anthony Gentilucci, head of global security. Hunsaker directed the probe's second phase, "Kona II," and assured HP the tactics used were legal, said Holston, an attorney with Morgan Lewis & Bockius.

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In a statement, Dunn defended herself anew, saying she had "followed the proper processes" and had not chosen the people who conducted the probe.

"The people HP relied upon to conduct this type of investigation let me and the company down," she said.

Hurd, 49, hired as CEO last year, apologized to the journalists who had been investigated. He did not answer questions at the conference. Dunn did not attend.

Hurd said the probe's intent was "absolutely proper and appropriate." Still, he said, "some of the findings that Morgan Lewis has uncovered are very disturbing to me."

Hurd and Holston gave details of the firm's review — involving more than a million pages of documents — that for the first time confirmed many details reported by news organizations: The company ran two covert probes, code-named "Kona I" and "Kona II," starting early last year, in which private investigators spied on HP directors, journalists, employees, spouses and other relatives. The probes drew on "hundreds" of personal phone calling records of those individuals.

Investigators sent a CNet tech news reporter an e-mail containing hidden software to trick her into revealing her sources and physically followed her and kept an eye on her home, Holston said. Investigators tailed director George Keyworth, his wife and possibly other relatives to his Northern California home and at a meeting in Boulder, Colo. The review found evidence investigators had rifled through individuals' trash.

Gentilucci gave an HP employee's Social Security number to a private investigator to get phone-call records, Holston said. Investigators also got Social Security numbers of three journalists, three directors and an HP employee.

Investigators considered "undercover operations" at the San Francisco offices of The Wall Street Journal and CNet, although Holston said there was no evidence those operations were carried out.

At Friday's conference, Hurd acknowledged what has worried investors: The probe and its aftermath are sapping attention when he and his team should be recharging the company's operations.

"Our job is to fix this and get back to the job of running a business," he said.

HP shares traded higher after hours following Hurd's remarks; they closed at $35.11 a share, up 24 cents, in regular trading. Investors had shown little concern about the scandal's impact until Thursday, when shares fell more than 5% on unusually heavy volume.

HP analysts, who have grown concerned with Hurd's possible role in the scandal, said they were relieved by his upfront comments.

"His reputation is that of a straight-shooter, and that is reflected in the way he has successfully run the company," says Martin Reynolds, an analyst at market researcher Gartner. "I think he's safe."

The scandal is unlikely to affect HP's bottom line, Reynolds and others say, as long as it does not further damage Hurd, who is credited with rejuvenating the $90 billion company after the tech bust and a controversial merger with Compaq Computer.

Hurd said HP has appointed former U.S. prosecutor Bart Schwartz to conduct an independent review of HP's investigative methods. Also, Richard Hackborn, a current board member, has now assumed the additional duties of independent lead director, a position he was to take in January.

Hurd, Dunn and other HP executives are scheduled to testify Thursday before the House Energy and Commerce Committee. California Attorney General Bill Lockyer and federal agencies are investigating whether HP and its executives broke laws. Lockyer on Friday told CNBC there is no evidence yet linking Hurd to criminal wrongdoing.

The Securities and Exchange Commission last week started a new investigation into the matter, joining other probes by the FBI and the U.S. Attorney's Office in San Francisco.

The spying scandal dates to early last year, when then-chairwoman and CEO Carly Fiorina and other directors began looking into leaks of board meetings. After Fiorina was ousted, her successor as chairperson, Dunn, pursued the investigation, which eventually pointed to director Keyworth. HP first disclosed the investigation on Sept. 6. Five days later, HP announced a boardroom shuffle: Dunn would step down as chairman in January and Keyworth resigned. Director Tom Perkins quit in protest over the probe in May.

Dunn's, H-P's Accounts Differ In Leak Probe (WSJ)

By Don Clark, Peter Waldman And Bruce Orwall

The Wall Street Journal, September 25, 2006

Now that Patricia Dunn has severed her ties to Hewlett-Packard Co., the question is whether H-P's former chairman will back the company's version of events in the simmering scandal over an investigation into leaks from its board.

Already, there are signs that Ms. Dunn's account differs in some respects from H-P's, a split that could imperil H-P's efforts to contain the controversy. Any differences could be made clearer Thursday, when Ms. Dunn, H-P Chief Executive Mark Hurd, and at least one other company executive are expected to testify before a House committee.

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Ms. Dunn announced her resignation as a director and chairman Friday, the same day H-P offered its first outline of how an investigation into media leaks from its board had spiraled to include filched phone records, a booby-trapped email and physical surveillance of at least one director and a journalist. Criminal investigations are under way by the FBI and California attorney general.

The company, at a dramatic news conference, focused heavily on the conduct of Ms. Dunn, suggesting she had instigated and closely monitored the probe -- to the extent of directly consulting with private investigators. Mr. Hurd said he supported an investigation to stop board leaks, but termed some tactics "disturbing."

Ms. Dunn referred questions to her lawyer, James Brosnahan, over the weekend. But in Mr. Brosnahan's comments, and her own prepared remarks, Ms. Dunn paints the probe as a collective board action that involved others at H-P.

Ms. Dunn had previously agreed to give up the chairman's role to Mr. Hurd in January, while remaining on the board. Her accelerated departure is a bitter footnote to a career that began in freelance journalism, continued at Wells Fargo & Co. and peaked as Ms. Dunn rose to lead fund management giant Barclays Global Investors, where she remains nonexecutive vice chairman. Ms. Dunn, 53, has twice beaten cancer, and last week was inducted into a San Francisco-area business group's hall of fame.

Mr. Brosnahan says it makes "no sense at all" to think that she would knowingly participate in anything she thought was criminal. "The irony of Pattie's situation," he adds, "is that she's a great devotee of privacy, people's personal rights and so forth. She has been for good corporate governance."

Ms. Dunn joined H-P's board in 1998. She became chairman in February 2005, following the ouster of Chief Executive Carleton Fiorina. The board's initial inquiry into leaks was prompted by a January 2005 Wall Street Journal article detailing board unhappiness with Ms. Fiorina. Ms. Dunn says she continued the probe after she became chairman, with support from other directors.

"There were strong feelings among members of the board that the leaker had to be found," Mr. Brosnahan says, adding that Ms. Dunn told the board several times about the probe.

The board had internal divisions. For one thing, longtime director George Keyworth and Thomas Perkins, a venture capitalist who departed and returned to the board, believed that Mr. Hurd should have been given the chairman's role when he became CEO in March 2005, people familiar with the matter say. Ms. Dunn knew they opposed her retaining the title, those people say.

Michael Holston, a lawyer from Morgan, Lewis & Bockius LLP leading H-P's internal review of the leak investigation, said Friday that Ms. Dunn in early 2005 contacted Security Outsourcing Solutions Inc., a Boston-area detective agency that H-P had used previously.

For a month or so, he said, Ms. Dunn worked directly with Ronald DeLia, who operates SOS, on a probe code-named KONA I. H-P's security unit wasn't brought into the probe for two months, he said. Mr. Holston also said Ms. Dunn had received "regular updates," on a second, broader phase of the leak investigation, dubbed KONA II, begun in early 2006.

Mr. Brosnahan says Ms. Dunn asked people within H-P how to conduct such a probe and was told that Mr. DeLia was someone "who helped the company a great deal." Ms. Dunn then spoke to Mr. DeLia to "give him whatever insight she had into who might be doing this" as background for the investigation, Mr. Brosnahan says.

Mr. Brosnahan will not say whether Ms. Dunn discussed investigative tactics with Mr. DeLia; he expects her to be questioned on that point before the House Energy and Commerce committee Thursday.

H-P staff members became more heavily involved in the second phase of the investigation in 2006. Kevin Hunsaker, an H-P senior counsel, directed the KONA II probe, and provided assurances to H-P general counsel Ann Baskins that the investigative tactics were legal, Mr. Holston said. Others involved included Tony Gentilucci, manager of H-P's global security investigation unit. Mr. Hunsaker and Mr. Gentilucci were described as "in the process of leaving the company" on Friday by a person familiar with the matter. Mr. Gentilucci's lawyer declined to comment.

Mr. Hunsaker's lawyer, Michael Pancer, said Mr. Hunsaker believes his and H-P's conduct in the probe was legal. He said Mr. Hunsaker has been asked to testify at Thursday's House hearing and will decide whether to do so this week.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of H-P Chairman Patricia Dunn, former director Thomas Perkins and other key players in the leak-probe controversy. (Complete coverage.3)

Ms. Dunn has also made statements that appear inconsistent with other participants' accounts, as well as internal H-P emails that have emerged. She has said in interviews that she couldn't supervise the leak probes because she was a potential target. But emails show that H-P's investigators consulted extensively with her and Ms. Baskins. Mr. Holston said Friday that Ms. Dunn and Ms. Baskins received "regular updates" on the probe.

Ms. Dunn has also said in interviews that she told Mr. Perkins, before he resigned from the board, that personal phone records were being scrutinized. Mr. Perkins' spokesman, Mark Corallo, has said that is "absolutely not true."

The debate over Ms. Dunn's role isn't only important to her reputation but also to Mr. Hurd's effort to put the scandal behind the company.

On Friday, Mr. Hurd focused his criticism on KONA II, and the failure of managers, including himself, to ensure that proper procedures were followed. But the most legally questionable tactic -- obtaining phone records by impersonating a phone user, or "pretexting" -- apparently was also used during the first phase of the investigation, according to a newly obtained SOS report, dated July 19, 2005.

The report shows that the cellphone records of Wall Street Journal reporter Pui-Wing Tam were obtained for calls made between mid-April and mid-June of 2005. Home phone records of calls made by Ms. Fiorina between late December 2004 and mid-April 2005 were also examined. The latter date is two months after she left the company.

Some of these details could become important in establishing how much Mr. Hurd knew of the tactics employed. While expressing regrets for the way the probe was handled, the H-P CEO didn't flatly deny knowing of the tactics during it.

For example, he said he attended a "brief meeting" in July 2005 concerning the first phase of the investigation, but didn't say if investigative tactics were discussed. Mr. Holston said Mr. Hurd approved a ruse to send a phony email to a reporter at CNET News.com. Mr. Hurd said he didn't recall hearing plans to use tracer technology that would show where the message was forwarded.

Mr. Hurd also said he attended a March 2006 meeting at which a "verbal summary" of KONA II was discussed. He didn't say if pretexting or other tactics were discussed. He expressed regret that he didn't read a written report about KONA II, which may have included mention of the investigative tactics.

At Hewlett-Packard, A Chief Wounded By Divided Attention (NYT)

By Damon Darlin

The New York Times, September 25, 2006

PALO ALTO, Calif., Sept. 22 — Mark V. Hurd sat at the head of the table in the Hewlett-Packard boardroom, the room that had been the source of leaks and the starting point of a misguided and ultimately embarrassing attempt to plug them.

Mr. Hurd, the chief executive, had wanted to talk about the transformation inside Hewlett-Packard, how it was becoming a lean Silicon Valley growth company instead of a cash cow content to thrive on the high profit margins of its ink and toner cartridges.

But instead, in his first public interview since the spying operation was revealed in early September, Mr. Hurd needed to talk first about the spying investigation that has sullied the company's reputation as well as his own.

"This is just a horrible thing that has happened," Mr. Hurd said Wednesday afternoon, his rimless glasses perched on the end of his nose, "and we have to fix it." He echoed that sentiment in a news conference on Friday at which he expressed regret and then apologized for the actions of company investigators and the detectives they hired.

Mr. Hurd also apologized for his own inaction. As shocking as it has been to hear the methods used — obtaining private phone records, or trying to plant tracking software on a journalist's computer — it is almost as surprising that Mr. Hurd sat on the sidelines while the company's Clouseaus drew up plans to infiltrate newsrooms with spies masquerading as secretaries or janitors.

Mr. Hurd, 49, is known as an operations expert who asks lot of questions. "Mark is very rigorous on operational details," said Shane V. Robison, an executive vice president and chief strategy and technology officer. "He knows what to ask and he knows when to step back and listen," Mr. Robison said in an interview in late August before the furor erupted.

At least twice when he had the opportunity — at meetings in July 2005 and in March 2006 — Mr. Hurd failed to ask critical questions about the methods in the leak investigation.

But some people close to him suggest — though they do not know for certain — that he failed to focus on the leak investigation partly because he was focused on getting the company fixed and partly because he regarded the search as the project of Patricia C. Dunn, the chairwoman.

At Friday's event and in the interview, Mr. Hurd chose not to explain that inattention.

"He said nothing in effect, but he said it very well," said Charles Wolf, a securities analyst who follows Hewlett-Packard for Needham & Company. Mr. Hurd may explain more when he testifies Thursday at a House subcommittee hearing.

The mood inside Hewlett-Packard grew more apprehensive in midweek after Mr. Hurd's name surfaced in documents about the spying operation. And a few corporate governance analysts have wondered whether he might become a victim of the scandal, like Ms. Dunn, whom he succeeded as chairman after her resignation from the board on Friday.

But what has won him the benefit of the doubt within the company and among investors is that he has done so well fixing the company. He was transforming NCR when he was hired in March 2005 to take on the task of righting Hewlett-Packard.

At the time, most analysts and investors said its best days were behind it. But the stock has risen 77.4 percent as he cut costs, restructured operations, hired more salespeople and pushed employees to find new opportunities for growth, like commercial printers, energy-saving blade servers and software to manage data centers.

"He doesn't promise much, but he's delivered five quarters of upside surprises," Mr. Wolf said.

The reason Wall Street remains enamored of him and the company is what Mr. Hurd has done with a business model that employees have taken to calling the Triangle, a regular feature on company whiteboards and PowerPoint presentations.

On one corner is Efficiency. At first that meant reducing headcount. Shortly after Mr. Hurd arrived, he announced that the company would shed 14,500 employees, or about 10 percent of its work force, for about $2 billion a year in savings. But he is not done cutting. The company continues to find places to cut costs, like disposing of some of its real estate.

On another corner is Capital Strategy, which is the $16 billion Hewlett-Packard has hoarded.

On the third corner is Targeted Growth, which is where the savings and the cash hoard are spent.

Growing animated when the Triangle was mentioned, Mr. Hurd said, "It's not rocket science." But as for execution, Mr. Robison, the chief strategist, said, "You have to do all three at the same time, and that is really hard."

The point Mr. Hurd makes to employees is that cutting costs is not enough. "Management's job is to explain that cost-cutting and growth are not two things," he said. "They are really one thing."

A good example is Hewlett-Packard's data centers. It had 85 of them spread around the world. The company is building six of them in two cities to handle all the data processing. It will close the existing centers, sell the real estate and lay off more employees to save $1 billion.

Lower personnel and operating costs free up money to develop the software and equipment that will make the centers more efficient. But there is also a growth opportunity, because Hewlett-Packard will sell similar data centers to other companies that also want to cut costs.

Knowing that cost-cutting and growth are the same objective helps to cushion the pain of never-ending cost-cutting. "The person knows we aren't just taking costs out, we are helping the company grow," Mr. Hurd said. "The employees have to know the plan. Then it is a different attitude. They want to be on a winning team."

"That's what's so horrible about the current situation," he said, returning to the spying scandal. "They want to know they are making progress. The people in the company are working very hard. We've done some tough stuff. I don't want to forget we took 15,000 jobs out of the company and told a lot of employees to go home and tell their families they that no longer have jobs."

The concept could be an important model for any aging behemoth — think of Ford, Coca-Cola or Time Warner — that wants to grow but needs to cut first. He has been at it less than 20 months, and not everyone thinks it can be sustained.

"The jury is very much out on whether Hurd has made any notable progress on growth yet," said A. M. Sacconaghi, a securities analyst with Sanford C. Bernstein & Company. "That is his next big challenge, and materially boosting revenue growth on a $90 billon company will be much tougher than cutting costs."

The distractions of the spying scandal are certain to test the concentration of the company's top executives. But those who have known Mr. Hurd say they think he can keep morale at the company high.

Dipak C. Jain, the dean of the Kellogg School of Management at Northwestern University, who has known Mr. Hurd for more than a decade, said his style was not to bully or humiliate his lieutenants. "People don't get intimidated working with him," Mr. Jain said. "He believes that if people get intimidated, their best doesn't come out."

Mr. Hurd recognized, for instance, how anxiety-ridden top executives become when they discuss the current quarter. "They get defensive," he said. So when he arrived at the company in 2005, one of his first management meetings was about 2010. "We would take the short-term emotion out of the equation and work backwards," he said.

At the same time, he is not bothered by people who say Carleton S. Fiorina, the former chief executive and chairwoman, should get some credit for the company's current success. "I don't look at things as binary," he said. "It just needed a bit of crystallization."

There is another aspect of his management style that may account for the paradox of his success in running the company's business and his failure to stop the managers overseeing the detectives from getting so far off track. Mr. Hurd trusts his executives to make decisions.

He said he discovered after he arrived at Hewlett-Packard that he was being asked to make too many decisions. For instance, he was mediating disputes between the computer division and the printing division, which shared a sales force. He tore up that matrix system of management and made division executives responsible for their own sales.

Pushing down responsibility and accountability develops products faster, gets them to market faster and makes for more satisfied customers, Mr. Hurd said. That new structure freed Vyomesh Joshi, executive vice president for the printing division, to

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invest heavily in new areas — like the online photo service Snapfish, copiers, commercial printing and a teleconferencing service called Halo — that have added $1.3 billion in revenue over 12 months.

Does distributing responsibility have another cost — more detachment from the oversight by the chief executive? It is another unanswered question. But as Mr. Hurd explained a sketch about bureaucracy and how information is shared in an organization, he noted: “The problem isn’t at the bottom. It is near the top.”

He says he thinks a lot about process. To help repair the damage from the scandal, he has appointed Bart M. Schwartz, a former federal prosecutor, to examine the company’s process for investigations.

“We are working as hard as we can to get through this,” Mr. Hurd said Wednesday.

The Changing Rules Of Corporate Spy Games (CSM)

By Mark Trumbull

The Christian Science Monitor, September 25, 2006

While it may seem like an anomaly, the saga of high-level snooping at Hewlett-Packard sheds light on an ethical balancing act playing out across corporate America.

Companies routinely take measures - including, as in Hewlett Packard's case, retaining the services of outside private investigators - to guard trade secrets and confidential plans. But as technology makes it easier to trace leaks, firms are also seeing the need to avoid cultivating mistrust.

The drama at Hewlett-Packard is highly unusual because clandestine measures focused on top company officials and on journalists, to find which board member was leaking information to the press.

Yet even beyond HP, defining the limits of corporate snooping may be growing in complexity. New technologies are expanding both the opportunities for malfeasance and the ability to chase it down. And in a knowledge-based economy, generating and guarding ideas is now central to any corporation's market value. That involves nurturing loyalty and morale among creative employees, while also monitoring their activities.

"HP had every right to initiate an investigation," says Sean Walsh, a private investigator who works with other corporations in Silicon Valley and the San Francisco area. "Where things went awry was the methodology used in this case."

As the Hewlett-Packard case suggests, sometimes efforts at damage control do more harm than good. HP should be winning plaudits for its recent stock price highs. Instead, the high-tech giant is in the news for the lengths it went to hunt down a board member with loose lips.

By HP's own account on Friday, its leak-tracing efforts crossed a line into "inappropriate" actions. Chief executive officer Mark Hurd gave a news briefing to apologize for investigators' use of techniques such as gaining access to personal phone records under false pretenses.

But questions have continued to emerge about his own role. As a board member who was aware of the investigation, he lent his approval to an attempted e-mail "sting" that targeted a journalist. Investigators hired by HP put a hidden code in the e-mail to trace if it was forwarded to a boardroom leaker. Mr. Hurd was apparently aware of the general stratagem, but not of the tracer code. He has volunteered to talk about the affair at a Capitol Hill hearing Thursday.

A number of cautionary lessons are emerging, say experts, on business ethics, management, and security. While some of the tactics HP used may be illegal, others have landed the company in hot water simply because they were improper.

"The bar of ethics is higher than the bar of the law," says Dean Krehmeyer, who heads the Business Roundtable Institute for Corporate Ethics in Charlottesville, Va.

At the same time, experts say, today's corporations have a need - even a duty - to protect their business secrets.

Mr. Walsh, who helps many corporations with security, says it's not unusual for companies to hire an investigator to go under cover as an employee to stop theft. Walsh's firm has contracts to perform regular "bug sweeps" and other countermeasures to make sure no one is using high-tech means to steal trade secrets. And when crises erupt, in-house security teams often call for outside help from firms like Walsh's.

"We usually are there when the horse is already out of the barn," says Walsh, a past president of the California Association of Licensed Investigators.

About three years ago, he was tapped to track down a leak of sorts. A software company had detected a pattern of large files being downloaded at odd hours. Walsh helped identify which worker was stealing sensitive data.

In fact, it is now routine for companies to use computers or video cameras to monitor all manner of office behavior.

Experts say it's important that companies let employees know what is being tracked and why, so workers will support efforts that may, in the end, help them prosper.

But recognizing boundaries and privacy is also important, experts say.

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"Don't snoop," is generally a good guideline of workplace etiquette, says Barbara Pachter of consulting firm Pachter & Associates in Cherry Hill, N.J. "It might not set the right tone."

Others add that building a tone of trust is especially vital in the boardroom in an era when corporate directors face new duties and heightened scrutiny. Black-bag investigations don't achieve that goal, they say.

"A culture that could produce this kind of thinking ... needs to be seriously reexamined," says Charles Elson, who heads the University of Delaware's Center of Corporate Governance.

At Hewlett-Packard, the boardroom culture was apparently poisoned by personal conflicts during a period that saw the ouster of Carly Fiorina as CEO early in 2005. Next month Ms. Fiorina is publishing a book on her controversial tenure at the iconic Silicon Valley company.

The leaks were a serious matter and each board member denied being the source when asked by HP.

"There was potential for harm," says Craig Dunn, a business ethics expert at San Diego State University.

He doesn't see it as problematic that the probe included surveillance of board members beyond company property. But securing records for personal phone calls under false pretenses, and the phone records of journalists, crossed a line, he says.

"Now you're going outside" the company, he says, beyond where "you have direct control or access." Who's spying on you?

In a survey of 526 US companies:

· 76% monitor workers' website connections.

· 26% have fired workers for misusing the Internet.

· 6% have fired employees for misusing office telephones.

Sources: American Management Association and ePolicy Institute

HP Moves Leave Legal Issues Open (LAW)

By Justin Scheck, The Recorder

California Recorder, September 25, 2006

With the stock market in a lather over Hewlett-Packard's troubled leak investigations, HP CEO Mark Hurd tried on Friday to take control of the situation. But in doing so, he left unanswered key questions about legal representation in the festering matter.

In a brief press conference, Hurd addressed some investor concerns by announcing that Patricia Dunn, the former chairwoman who ordered an aggressive probe of boardroom leaks, would be leaving the board immediately, and that Hurd would be taking over as chairman.

Hurd and Morgan, Lewis & Bockius partner Michael Holston disclosed some details of what a company investigation has found, including the fact that Hurd himself was kept informed of certain parts of the leak probe. It's not clear, though, at what point Hurd knew that investigators "pretexted" -- lied -- to gain access to board member, employee and journalist phone records.

Morgan Lewis was hired Sept. 8 to perform an independent investigation, and to represent the company in talks with federal and state prosecutors.

But one statement by Hurd raised questions for many lawyers: "Morgan Lewis reports to me, not to the HP board," he said.

Such a statement might have been a reassurance Sept. 19. Until then, the leak investigation seemed to be more a board problem than one pointing to Hurd. But by Friday, news reports -- and several remarks by Hurd and Holston at the press conference -- made it clear that Hurd's role in the probe is also being examined.

For example, Hurd acknowledged Friday that he attended a March 2006 meeting at which a summary of the investigation was presented. "I understand there is also a written report of the investigation addressed to me and others, but I did not read it," Hurd said. "I could have, and I should have."

Speaking privately -- largely because they hope to some day be hired in the HP matter -- several lawyers who conduct internal corporate investigations said this could compromise the investigation, since Morgan Lewis is expected to independently investigate potential wrongdoing, and is likely to report to prosecutors on its findings.

But, they added, it's not unheard of for such situations to pop up.

There's no concrete guidance from the federal government on when outside counsel conducting an internal investigation has a conflict.

"There's no statutory definition of what an internal investigation is," said one former federal prosecutor who asked not to be named.

The former prosecutor said that as a probe goes on, questions often come up about seemingly uninvolved parties' role in possible wrongdoing.

"When you're looking into various things, trying to figure out what happened, your initial impression could change," the ex-prosecutor said. "And when your initial impression changes, your opinion of who should do what should change."

That could mean additional counsel must be brought in, said several white-collar lawyers.

Of course, these aren't the first questions about independence to come up in the case.

Morgan Lewis came in at a time when the board's normal outside counsel, Larry Sonsini of Wilson Sonsini Goodrich & Rosati, was under immense press scrutiny for what he knew about the leak probe.

Sonsini had been the one to communicate with former HP director Thomas Perkins -- whose resignation spurred the leak probe crisis -- in the days before it blew up. And e-mails between Sonsini and Perkins that made it into several press outlets showed that Sonsini had some knowledge of the investigation, though it's not clear he knew what tactics were involved.

Over the last few weeks, Sonsini, along with other partners at his firm, seem to have taken a diminished role in the HP matter. While at least one lawyer at the firm went with Morgan Lewis lawyers to meet with federal prosecutors on Sept. 11, the company said in recent days that Morgan Lewis attorneys would be in charge of dealing with the government.

The Hewlett-Packard mess began last year when Dunn -- whose lawyer, James Brosnahan, didn't return calls by press time Friday -- ordered an investigation to identify the source of leaks about board deliberations.

That initial investigation turned up nothing, Hurd and Holston said Friday. But, they added, a subsequent probe conducted last year identified a leaker responsible for providing information used in a Jan. 23 CNet story on the company's overall direction.

While it's been reported in several news outlets that the leaker was former board member George Keyworth -- who stepped down last week -- the CNet story does not appear to contain any company information that had not already been made public.

After the second investigation was announced to the board this past spring, an outraged Perkins quit in protest.

The disclosure of the investigation followed Perkins' resignation. Though Perkins resigned on May 18, it was not until Sept. 6 that the company gave details -- as required by law -- about the director's action. In that filing, the company said it had received a comment letter from the SEC asking for more information about Perkins' resignation.

Perkins' lawyer, Viet Dinh, a professor at Georgetown University Law Center, has said his client engaged in a 3 1/2-month effort to get Hewlett-Packard to come clean about why Perkins quit.

Perkins abruptly quit during an HP board meeting after Keyworth was asked to resign. (Keyworth at first refused to resign, but then agreed to step down as part of a settlement with the company.)

Investigators apparently used legally suspect means -- including impersonating the targets of their probe -- to access the phone records of board members, HP employees, journalists and Sonsini.

A Boston investigative firm has been cited as the one responsible for hiring people to lie in calls to phone company officials to gain access to the phone records of board members. Boston investigative firm Security Outsourcing Solutions reportedly provided HP with an opinion from a Boston lawyer that the "pretexting" was legal.

The legality of such tactics is up for consideration by the San Francisco U.S. Attorney's Office and the California attorney general. They're both investigating the issue, and Attorney General Bill Lockyer has said he has enough evidence to indict people inside and outside HP, and has met with HP representatives more than once since the scandal broke.

The HP Virus (LAT)

The Los Angeles Times, September 25, 2006

AS IT TURNS OUT, Hewlett-Packard Chairwoman Patricia C. Dunn didn't have to order her minions to invent a disgruntled HP executive. She can now become one herself by adding "former" to her title. That's because the HP board defenestrated her Friday in one of the more satisfying denouements to one of the more embarrassing corporate dramas in recent memory.

The plan to create a fictitious unhappy HP executive, which Dunn approved, was part of an effort to trick a reporter into revealing her sources at the company. The announcement of Dunn's ouster came after two weeks of revelations about the leak investigation, which started under former Chief Executive Carly Fiorina in early 2005 but intensified this year. According to the company, its security contractors obtained personal phone records under false pretenses; sent a kind of spyware to a reporter via e-mail; conducted surveillance on HP board members, relatives and at least one reporter; and even suggested planting spies at news organizations.

For her part, Dunn insisted that she didn't do anything wrong, issuing a statement that HP's click-and-dagger contractors "let me and the company down." It's difficult to gin up much sympathy for Dunn, but it's also hard not to see her as a scapegoat. Evidence abounds that other top HP executives — including Chief Executive Mark V. Hurd, who now adds "chairman" to his nameplate after Dunn's removal — were told about at least some of the deceptions and intrusions planned by its contractors. Hurd admitted Friday that he'd been told about the plan to create a fictitious HP employee to plant stories. A lawyer that Hurd hired to get to the bottom of the mess, Mike Holston, said Friday that HP's chief ethics officer and the firm's lawyers told HP's leadership that the techniques being used were legal.

Setting aside for a moment that some of the methods used were almost certainly illegal, the kinds of deceptions practiced by HP's contractors don't pass the smell test. A key part of the plan, which Hurd said he doesn't recall being told about, was to e-

mail the reporter a purported scoop in an attachment that was bugged. Malicious software programs are among the biggest problems faced by the computer industry and its customers, so it's mystifying why a computer manufacturer such as HP would even think about a stunt like this. Then again, maybe HP executives just weren't thinking at all.

Regulators Scrutinize Amaranth (WSJ)

By Ann Davis

The Wall Street Journal, September 25, 2006

Regulators are examining the circumstances surrounding the multibillion-dollar losses this month by Greenwich, Conn., hedge fund Amaranth Advisors, people familiar with the situation say.

Amaranth said last week it had lost roughly $6 billion, or 65% of its assets, in September, primarily on bad bets in the volatile natural-gas market.

The inquiries are at an early stage, and it isn't clear that any regulators are probing wrongdoing. It is common for market regulators to inquire about major changes at large investment funds that may have an impact on markets. Hedge funds are lightly regulated investment pools for wealthy individuals and institutional investors such as pension funds and college endowments.

Among the details that may arise in the reviews, these people say, are how Amaranth presented its trading strategies and internal controls to investors and whether it followed its policies as it had outlined them. The Securities and Exchange Commission has limited authority over such funds, but it does monitor how the funds represent their operations to investors and can investigate fraud, if any is suspected.

A person close to Amaranth said the firm had been in touch with regulators since first announcing heavy losses on Monday Sept. 18. "Amaranth voluntarily reached out to its various regulators early Monday to apprise them of the situation, to answer any questions they may have and to offer its full cooperation," the person said.

Among the entities Amaranth itself contacted, the person familiar with the firm says, are the SEC; the Commodity Futures Trading Commission, which regulates commodity and energy markets; the New York Mercantile Exchange, the primary U.S. energy market; Britain's Financial Services Authority, which oversees a widely used electronic energy-trading platform; and Canadian securities regulators.

A spokesman for the CFTC said it couldn't comment on what it was or wasn't looking into. Officials at the other regulatory groups couldn't be reached for comment.

Telos In Turmoil Over Shares (WP)

By Terence O'hara

The Washington Post, September 25, 2006

The trouble began on the golf course, when unidentified insiders at Telos Corp. began questioning whether director David Borland's use of a company club membership compromised his independence as a member of the firm's audit committee.

The fuse quickly burned, and by August more than half of the company's board had resigned. The imbroglio was the latest in a fight that has gone on for years, with the owners of Telos's preferred stock in revolt trying to collect more than $80 million they say is long overdue.

It didn't matter much when Telos, a small defense contractor that specializes in network and communications security applications, was a languishing technology company. But in recent years, its business with the Defense Department has been booming. Though Telos is unprofitable it is considered a potential takeover target, and its owners are fighting over the possible spoils.

"I'm just insisting on rights I have that are in writing," said Marshall Greenblatt of Potomac, a former Telos director who has owned preferred stock since it was issued 17 years ago, and wants the money he was guaranteed at that time. "A deal is a deal." Preferred stock typically includes a guaranteed dividend and other advantages.

One of Greenblatt's fellow preferred shareholders, New York hedge fund Costa Brava LP, has sued Telos and asked a judge to put the company in receivership. Costa Brava contends that the company's majority shareholder, British millionaire John R. C. Porter, is siphoning cash from the company in the form of fees and high-interest on loans he has made to Telos.

Anger over Porter, and frustration that the company may have favored him over preferred shareholders, prompted some of the directors to resign in August, according to company Securities and Exchange Commission filings.

None of those who resigned could be reached for comment. Requests to interview Porter were made to the company, but a Telos official said he could not be reached.

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Longtime Telos chief executive John B. Wood said the company's problems have been stoked by hedge-fund shareholders who are being too hasty in demanding benefits from their preferred stock -- and hurting the company's chances to become more valuable in a possible future sale.

"We have activist hedge funds who use the cloak of corporate governance to litigate their returns," Wood said of the company's dissident investors. "We as a company have a responsibility and a duty to protect the interest of all of our stakeholders, and not give a priority of one group over another group."

Wood would not comment on any aspect of the resignations. However, he noted that "we reconstituted the board quickly thereafter," and that the incident has not damaged the company's stock price.

At the heart of the dispute is Telos's stock structure, the remnant of a 1989 leveraged buyout. All of Telos's common stock is held by insiders, including Porter, who bought control of the company in 1994. Yet Telos's preferred stock, issued in the 1989 leveraged buyout, is publicly traded on the over-the-counter exchange. It has done well in the past three years, rising from 50 cents a share in 2003 to around $19 a share.

The owners of that preferred stock are owed more than $80 million in dividends and redemptions. If Telos were sold, preferred shareholders, not Porter, would get most, if not all, of the leftover cash from a sale after its lenders are paid off.

The spat on the board began this summer, when fellow directors learned that Borland used a company-owned golf membership. Borland paid the $38,000 in dues and other expenses with his own money. But the fact that the company owned the membership was seen by some board members as a conflict with his duties on the audit committee -- and emblematic of broader problems.

Borland resigned as chairman of the audit committee. But three directors, Geoffrey B. Baker, Malcolm M.B. Sterrett, and Norman P. Byers, thought Borland should have resigned from other board committees as well and possibly left the board altogether. When he didn't, they quit.

They resigned at the same time as three other board members. Langhorne A. Motley said he was quitting for health reasons and because of the workload of being a director. Bruce J. Stewart and Thomas L. Owsley did not say why they resigned.

Most worrisome for Telos, Motley and Byers were the two members of Telos's proxy board, an independent subset of the board of directors required by the Defense Department to make sure that Telos's foreign ownership doesn't compromise national security. Porter is a British citizen.

Byers was the proxy board's chairman, and was on the board since 1994.

"Uppermost in my mind has been my fiduciary duties . . . and to provide the oversight necessary to insure the company's compliance with all federal security laws," Byers wrote in his resignation letter, using language similar to that Sterrett and Baker used. "Unfortunately, on several recent occasions, other important participants in the corporate enterprise have done everything possible to obstruct or prevent the board of directors from taking those actions I believe are absolutely necessary and appropriate to insure good corporate governance and compliance. It has been made abundantly clear to me I will not be allowed to function effectively or independently as a fiduciary for the Department of Defense, the Company, all its stockholders and employees."

Wood, who has worked at Telos for 14 years and became chief executive in 1994, said all he wants to do is build the company, and that he hopes the differences between the two classes of stockholders can be resolved. He also held out hope that the company could reach an out-of-court settlement with the preferred shareholders, but that seems unlikely.

"What it boils down to: One group wants their money now, one group is more patient," he said of the preferred and common shareholders, respectively. "Having said that, would we prefer to reach a settlement that's fair for everybody? Absolutely."

Cook The Books, Get Life In Prison: Is Justice Served? (WP)

By Carrie Johnson And Brooke A. Masters

The Washington Post, September 25, 2006

In the category of longest prison sentence, WorldCom Inc. founder Bernard J. Ebbers recently bested the organizer of an armed robbery, the leaders of a Bronx drug gang and the acting boss of the Gambino crime family.

It was a contest Ebbers surely would have preferred to lose.

Tomorrow, the man who once swaggered through the halls of his telecommunications company as a cowboy-booted billionaire is scheduled to surrender to authorities and begin a 25-year sentence. Federal prison policies virtually ensure that Ebbers, who has a heart ailment, will spend the rest of his life in prison for his role in an $11 billion accounting fraud.

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Ebbers, 65, is to report to prison on the same day that former Enron Corp. finance chief Andrew S. Fastow will be sentenced by a federal judge in Houston. Fastow, who secretly pocketed more than $45 million in a scheme to disguise mounting financial problems at the energy company, faces a maximum of 10 years in prison as part of his plea deal.

The length of Ebbers's sentence when compared with others touches on one of the most controversial parts of the American criminal justice system: How large a pound of flesh should society exact for serious white-collar crime? When the victims are diffuse, the crime complex and the injuries economic, what kind of punishment constitutes justice?

A top executive who gambles his fate at a trial nowadays risks what amounts to a life term for fraud that can involve as little as $2.5 million in losses, said University of Missouri law professor Frank Bowman. Crimes such as first-degree murder, high-level drug dealing and espionage trigger similar recommendations.

"That means you have to equate fiddling with the corporate books with first-degree murder or treason," Bowman said. "My own sense is that any sentence over 20 years for anybody for an economic crime is hard to justify."

Public revulsion over financial crimes that cost small investors billions of dollars has barely waned since prosecutors began to investigate a string of corporate scandals in late 2001. The death of convicted Enron founder Kenneth L. Lay in July induced profanity-laden outrage from shareholders who felt they had been "cheated" out of seeing Lay sent to prison. Federal prosecutors seized the mood, imploring Congress this month to pass legislation that would make it easier for them to recover $43.5 million from Lay's estate, a process that has been seriously complicated by his death.

The drive to exact punishment even beyond the grave is a sign of vindictiveness in public officials and shareholders, defense lawyers contend.

Reid H. Weingarten, a Washington-based lawyer for Ebbers, said in an e-mail that the judge in his case had public relations, not justice, in mind. "The purpose of the sentence was to please and appease the howling mob demanding Ebbers's head, not a worthy goal of the criminal justice system," he said.

Fastow, 44, assessed the prospect of spending decades behind bars after the government hit him with a 98-count indictment for serving as the architect of the Enron fraud. Prosecutors also accused Fastow of enlisting his wife and using the bank accounts of his two young sons to siphon money from the company undetected. Lea W. Fastow, indicted to pressure her husband to cooperate with investigators, pleaded guilty to a tax charge two years ago for underreporting income from his business partnerships. She served almost a year in a high-security prison.

As part of the couple's package deal, Andrew Fastow pleaded guilty, agreed to testify against Lay and former chief executive Jeffrey K. Skilling, and negotiated a substantial break in his prison term. Skilling, 52, was convicted of 19 criminal charges in May and faces decades in prison when he is sentenced next month.

Fordham University law professor Daniel Richman said shorter sentences in exchange for cooperation reflect the reality of white-collar investigations: Prosecutors must rely on tainted insiders to help convict higher-level executives. In this year's Enron trial, for example, lawyers for Skilling and Lay branded Fastow a liar, a thief and the person most responsible for Enron's collapse who avoided his just deserts by signing a deal with prosecutors.

"Sentences are the currency with which the government buys information," said Richman, a former federal prosecutor.

Not accepting a deal can be costly, as former mid-level Dynegy Inc. executive Jamie Olis, now 40, learned two years ago. Olis, who while growing up was physically abused by his mother's boyfriend and spent time in foster care before working his way through college, became a national symbol of inflexible sentencing policies. He lost his case and was sentenced to more than 24 years in prison -- despite the defense's presentation of his background -- for taking part in a $300 million accounting fraud. Olis's former boss at the energy company signed a plea agreement, testified against Olis and was sentenced to 15 months.

A federal appeals court last year threw out Olis's sentence, and a federal judge in Houston on Friday reduced it to six years. That means Olis is likely to spend about two more years in prison.

"Not every case is Enron, and not every white-collar offender is one of the smartest guys in the room," said Washington defense lawyer Barry Boss, referring to the name of a book and documentary film about the Enron scandal. "We're such a vindictive country."

But white-collar criminals are unusually sensitive to deterrence, according to prosecutors and securities regulators. The sight of colleagues in handcuffs, or signing away their homes and fortunes, sends a powerful message.

What's more, legal experts say, former executives do not deserve lighter treatment than drug dealers or burglars simply because they broke accounting rules or lied -- crimes that are harder to unravel and whose victims are more diffuse.

"You want people to understand that just because they're in high places, they make a lot of money and they can hire fabulous lawyers, that they're not going to walk away with a slap on the wrist," said former Securities and Exchange Commission chairman Harvey L. Pitt. "If you ask me, 'Did Bernie Ebbers destroy lives?' I would tell you that his conduct did."

Historically, white-collar criminals have not received long sentences. Probation was common even for crimes that involved large losses, and even the most famous defendants received sentences that by today's standards appear lenient. Junk-bond

king Michael Milken was initially sentenced to 10 years on fraud charges, but a judge reduced the sentence to 33 months, and he was paroled after serving only two years.

That began to change in the mid-1990s, after policymakers expressed concern that punitive sentences for nonviolent drug crimes carried life sentences while white-collar criminals often skated. In 1994, financier Tom J. Billman, who bilked savings and loans of $25 million and fled the country, was sentenced to 40 years in prison. He served about 10 years before being paroled in 2005.

Sentences became even longer when parole was abolished in the federal system and sentencing guidelines were repeatedly amended to increase prison terms for white-collar crimes.

Were the WorldCom and Enron scandals to happen today, the sentences for Ebbers and Fastow might be even longer. Angry lawmakers enacted even tougher penalties for corporate fraud after those companies filed for bankruptcy protection. But the stiff new punishments apply only to people who committed crimes after 2002.

"On a personal level, you've got to feel for people" like Ebbers who will probably die in prison, said University of Texas law professor Henry T.C. Hu, "but overall I think the system's got it right."

CRIMINAL LAW:

String Of Heists Raises Fears Bank Jobs Are On Rise (USAT)

By Donna Leinwand

USA Today, September 25, 2006

The Paparazzi Bandit photographs bank tellers as he robs them. The Goofy Hat Bandit wears a black fedora. The Hallmark Bandit writes lengthy notes demanding cash — and sometimes asks tellers if they had a good weekend.

These serial bank robbers, and a few others, are behind what authorities say is an unusual surge in bank robberies during the last few months in Los Angeles, one of several U.S. cities where such crimes have ticked upward recently.

FBI officials say they are concerned that bank robberies — generally a high-risk, low-reward type of crime — might be increasing again after declining nationwide since 2001. Numbers for 2006 won't be available for months.

It's unclear precisely why Los Angeles, Dallas, Chicago and other cities are seeing a jump in bank robberies, but it appears to be part of a general increase in violent crimes nationwide, says Chip Burrus, the FBI's assistant director for criminal investigations.

“There's an awful lot of gang activity out there, and a certain percentage (of gang crimes) are going to be bank robberies,” he says.

The jump in bank robberies does not appear to be nationwide, says John Hall of the American Bankers Association, a trade group based in Washington, D.C.

Regional increases may reflect a particular economic or crime trend in an area, such as an increase in drug trafficking or a spike in unemployment, he says.

Laura Eimiller, spokeswoman for the FBI's Los Angeles field office, says the rise in robberies there comes even as increased security measures have made the risks for bank robbers greater, and the rewards less.

More security cameras and tiny dye packs designed to explode after a robber leaves a bank with cash generally have made it more likely that robbers will be caught. Bank tellers now typically have less than $1,000 in their cash drawers, making huge heists unlikely.

“It is a stupid crime,” Eimiller says. “When you get caught, you're going to go away for a long, long time, particularly if you use a gun.”

Bank robbery is a federal crime. Those who use a weapon — or a fake weapon — while committing such an offense face up to 25 years in prison if convicted.

Los Angeles leads the nation in bank robberies. About two-thirds of the 249 bank robberies that have been committed there this year have been non-violent “note jobs,” in which a robber has approached a teller with a note demanding money, Eimiller says.

One at-large suspect, who has robbed seven banks since May 17, usually waits in the teller line until he is called, chats with other customers and hands tellers long notes demanding cash and threatening to use a weapon.

“He's known as the Hallmark Bandit because in May and June, he asked the tellers how their Mother's Day or Father's Day was,” Eimiller says. “He's very chatty.”

Takeovers, in which armed robbers force customers and employees to the floor or take hostages, have accounted for the remaining one-third of robberies in Los Angeles this year, an unusually large ratio that has alarmed authorities, Eimiller says.

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“We've had a dramatic increase in ‘takeover' robberies, where the bandits are armed or there's an assault,” she says. “Robberies are getting more violent. We're seeing a large percentage associated with Los Angeles street gangs.”

Robbers in a group known as the Big Money Bandits brandish weapons, force everyone in a bank to lie on the floor and yell out, “Give us the big money,” or, “Show us the big money,” Eimiller says.

In some cases, robbers in the Big Money Bandits group have dressed as security guards. The group has been linked to a dozen robberies since April.

In Dallas, the number of bank robberies has tripled this year compared with the same time last year, says FBI Special Agent Beverly Esselbach. The city had 96 bank robberies through September this year. The North Texas area, which includes Dallas, had 172 bank robberies during that period, up from 82 at the same time last year.

Two of the most prolific serial robbers, including one who hit 18 banks, have been caught, she says. Another suspect who has been linked to 20 bank robberies is still on the loose.

“It's kind of cyclical” in the Dallas area, Esselbach says. “Every three years they see an upsurge in bank robberies. Usually it starts before the holidays in November and drops off in January. This year, it didn't drop off. It just kept going.”

Last year, Chicago had a record 240 bank robberies, including a 75% increase in “takeover” robberies, says Special Agent Ross Rice of the FBI's Chicago field office.

“We're on pace to beat that” in 2006, Rice says. During a six-day period this month, the Chicago area had 15 bank robberies.

“There's no rhyme or reason to it,” Rice says. “We've had every type of robbery: note jobs, armed takeovers, hostage situations, suburban, city, serial offenders, first- timers.”

There have been no signs that concern over jobs or the economy, widely believed to be factors in bank robbery rises, is behind the recent spate of robberies, Rice says.

New York City also has seen a rash of robberies recently, including 32 in August, says Jim Margolin of the FBI's field office there.

Death Penalty Sought Against D.C. Man (WT)

By Jim Mcelhatton

The Washington Times, September 25, 2006

Federal authorities are seeking the death penalty against a D.C. man charged in five killings, setting up the prospect of just the third capital murder trial in the city over the past 30 years.

Larry Gooch, described by law-enforcement officials as "an enforcer" in the M Street Crew drug gang, is expected to go on trial in January on felony charges, including first-degree murder and armed robbery.

Though capital punishment is banned in the District, Gooch, 27, could get the death penalty if convicted because he has been charged in a federal case.

The Justice Department last year filed a notice of intent to seek the death penalty against Gooch, a decision requiring the approval of Attorney General Alberto R. Gonzales.

Gooch is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27.

He is also charged in the Sept. 13, 2002, shooting death of Miguel Miles, 34, and the Feb. 21, 2003, fatal shootings of Calvin Cooper, 40, and his girlfriend, Yolanda Miller, 32.

Three men identified by prosecutors as leaders in the M Street gang -- John L. Franklin, 33, George "Shug" Wilson, 37, and William Dee Robinson, 30, a former D.C. Public Schools bus driver -- already are serving life sentences in the case. More than 30 people have been arrested, but Gooch is the only defendant facing the death penalty.

Nicknamed "Goo," Gooch was considered "crazy" by other gang members and assumed the role of "enforcer" or "muscle," Assistant U.S. Attorney Darlene M. Soltys wrote in a recent court memo.

"He was perceived as having no regard for life and had as his motto 'live for the block, die for the block,'" Miss Soltys wrote.

Prosecutors say the killings were committed "in furtherance of the M Street Crew's racketeering enterprise," which under federal law, they say, makes Gooch eligible for the death penalty.

Gooch's attorneys, Jensen E. Barber II and Thomas Todd Heslep, declined to comment for this story. However, Mr. Barber recently filed a 104-page memorandum in which he outlined sharp opposition to the death penalty if his client is convicted.

The memorandum argues against capital punishment "on the grounds it violates fundamental fairness in the administration of justice and is at odds with basic notions of human dignity, civility and compassion."

In addition to arguing a host of procedural and constitutional issues, Mr. Barber noted voters in the District have "continually rejected the death penalty."

In Gooch's case, Mr. Barber also argued, "we are dealing with garden-variety murders."

"It may be a sad commentary on our violent society, but those in the system know that there are murders, and there are murders," he wrote. "The law says the death penalty is supposed to be reserved for the 'worst' murders."

Mr. Barber argued the case should be prosecuted in D.C. Superior Court, not federal court.

"Federal jurisdiction in this case is based solely upon allegations of drug trafficking, which, at best, serve only as a background to the alleged murders," he wrote.

If the case were prosecuted in D.C. Superior Court, Gooch would not face the death penalty.

But federal prosecutors say Gooch committed federal crimes.

Citing an organized racketeering conspiracy, they describe the M Street Crew in court memos as "a well-defined, traditional chain conspiracy with various roles assigned to people, such as foot soldiers, runners and lieutenants."

Gang members also held meetings to decide who could sell drugs in the neighborhood, what to do if "the feds" brought charges, and where to stash drugs and how to package them, prosecutors say.

Some gang members were photographed flashing the letter "M" to each other by twisting their fingers, authorities say. And Gooch called meetings, kicked out blackballed members and enforced rules about where dealers could sell drugs, according to prosecutors.

Gooch killed Miss Miller and Mr. Cooper in part amid suspicion they were cooperating with investigators, prosecutors said. The FBI and Metropolitan Police Department investigation into the M Street Crew included thousands of hours of taped phone conversations from a wire tap, video-camera footage, confidential informants and undercover agents, court records show.

Mr. Cooper's sister, Barbara Cooper, said in a telephone interview that she favors the death penalty for Gooch if he is convicted.

"All of them were living the street life," she said. "If you want to sell drugs and be a big time hustler, that's on you. But you still don't have the right to take somebody's life. My brother used to say "I've got to get myself together, I don't want to live like this.

"He never hurt anybody, and they hunted him down like a dog."

Since the reinstatement of the death penalty in 1976, only two capital murder cases have proceeded to trial in federal court in the District.

In both cases, defendants were given life in prison without parole.

In 2003, a federal jury deadlocked on whether to recommend the death penalty for Murder Inc. gang members Kevin L. Gray and Rodney Moore. Gray was convicted in 19 murders and Moore was found guilty in 10 murders. The deadlock meant both received life in prison without parole.

In the other case, a federal jury in 2004 rejected the death penalty for the "1-5 Mob" leader Tommy Edelin, who was convicted in four murders in the prosecution of the Southeast gang.

In another still pending case in federal court in the District, federal authorities in 2004 filed a notice to seek the death penalty against three defendants charged with killing two American tourists in Uganda in 1999.

1st MS-13 Trial To Reveal Hierarchy (WP)

By Ruben Castaneda

The Washington Post, September 25, 2006

Law enforcement officials say the MS-13 street gang has wreaked violent havoc in parts of Prince George's and Montgomery counties, committing murders, assaults, rapes and robberies as part of a coldly calculated criminal conspiracy.

Starting this week in U.S. District Court in Greenbelt, federal prosecutors will get the chance to prove it.

Opening statements are scheduled to begin tomorrow morning as the first two alleged members of MS-13 charged with racketeering in Maryland go on trial.

Twenty-two alleged members were indicted on the federal racketeering charges, and three have pleaded guilty to related charges. Prosecutors have filed papers saying they are seeking the death penalty against nine of the remaining 19 defendants.

The sweeping indictment accuses the gang of six homicides and four attempted homicides between April 2003 and June 2005. Eight were in Prince George's and the others in Montgomery.

MS-13, also known as Mara Salvatrucha, is far more structured than typical neighborhood street gangs, federal prosecutors say. In a superseding indictment handed up last week, prosecutors allege that MS-13 operates in 10 states and in the District as well as in El Salvador, Honduras and Mexico and has 10,000 members.

In Prince George's and Montgomery, MS-13 members have conspired to commit rape, kidnapping, robbery and obstruction of justice by attacking or intimidating witnesses, the indictment alleges.

Prosecutors have not yet been explicit about the gang's hierarchy and how it operates. That will change during the trial when prosecutors present their evidence, Maryland U.S. Attorney Rod J. Rosenstein said.

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To obtain convictions under the federal RICO law -- originally written to target Mafia groups -- prosecutors must show that the crimes committed by MS-13 members were part of an ongoing criminal enterprise, rather than isolated, unrelated acts.

"We need to demonstrate what the organization is, how it operates," Rosenstein said. "I think there will be some revelations as to how the group operates. It's one of the most complex prosecutions we've had in this [federal court] district."

The first trial, of Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 29, of Suitland is expected to last at least six weeks. Neither faces the death penalty.

According to the indictment handed up last week, Velasquez and other alleged Mara Salvatrucha gang members sexually assaulted two juvenile girls at an MS-13 "skipping party" -- in which students ditch school -- on May 12, 2003. Velasquez is accused of having a deadly weapon during that assault.

Velasquez is also charged with helping assault rival gang members outside a Langley Park nightclub in September 2004 and of attending an MS-13 meeting at which dues were collected.

Ayala is charged with giving false testimony before a Prince George's grand jury investigating the May 2004 slaying of Ashley Antonio Urias.

He is also accused of driving with fellow gang members to an apartment building in Fairfax County looking for a rival gang member. The same day, two unnamed MS-13 gang members fired at a group of people sitting outside the Fairfax building, killing one man and injuring two juveniles.

Richard C. Bittner, Velasquez's defense attorney, said his client is "upbeat and confident." Velasquez has no criminal record -- "not even a speeding ticket" -- and knows three of the other defendants only because they all attended High Point High School in Adelphi, Bittner said.

Ayala's attorney did not return phone calls.

Legal analysts said prosecutors will have to not only prove the specific allegations but also convince the jury that the acts were part of an organized criminal conspiracy.

The RICO statute gives prosecutors powerful tools, said Aitan D. Goelman, a former assistant U.S. attorney for the Southern District of New York who prosecuted RICO cases against New York City street gangs.

For instance, in the vast majority of criminal trials in state court, prosecutors are not allowed to enter as evidence a defendant's past crimes, his association with a gang or gang activities unless the defendant takes the stand. But the RICO statute allows federal prosecutors to introduce evidence of the gang's activities, even if the defendant does not testify and had nothing do with most of the activities alleged, Goelman said.

"The point of RICO is it's a very heavy hammer, to be used when the pinprick of prosecuting individual members of the group in state court isn't working," said Goelman, now a private white-collar defense attorney in Washington.

In March, one or more of the defendants facing the death penalty is scheduled to be tried. The final trial would end next year if there are no delays, officials said.

Prosecutors are seeking the death penalty against defendants accused of committing murder in the aid of racketeering, murdering a potential federal witness, or using a firearm in a crime of violence.

U.S. Attorney General Alberto R. Gonzales will decide whether to seek the death penalty for each defendant.

Potential For Danger At MySpace.com (NSDY)

By Jennifer Barrios, Newsday Staff Writer

Long Island Newsday, September 25, 2006

MySpace.com offers a place to create personal Web pages and socialize but police say it also provides opportunities for criminals

It's a blog, a community, the online equivalent of an afterschool hangout.

But MySpace.com, the popular site where teens and others can create personal Web pages and hook up with new friends, is also reaching a wider audience of parents, school administrators and law enforcement officials, who increasingly monitor the site for stings and leads.

Much of the time, nothing remarkable happens. Friends hook up with friends, details of teen life are debated and discussed.

But along with the photos of prom outfits and sports logos, some also post troubling messages -- like the MySpace user who earlier this month wrote of plans to bring a gun to Holy Trinity High School in Hicksville. In that case, a mother trolling the site noticed and alerted authorities. The plan wasn't carried out, and there have been no arrests.

Det. Sgt. John Cowie, who heads up the computer crimes section of the Suffolk County Police Department, said his unit uses MySpace and other similar sites to seek out criminal activity in the area.

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"It can be a useful tool," Cowie said. "We've seen it in the past where something has happened in the community and the kids are on there talking about it."

Police say they look for more than threats of violence. Pedophiles, too, use social sites to search for victims.

Suffolk Det. Rory Forrestal created a fake profile of a young teenage girl on MySpace, complete with photos, a list of hobbies and even links to other phony teenagers. (The photos are culled from overseas or are computer-altered composites of multiple children.)

His online alter ego receives dozens of solicitations a week, some from adult men looking for more than a new friend.

Last April, Forrestal used MySpace to find David M. Murillo, a 21-year-old from Syosset. They had tips that he was pursuing young girls.

"His profile had tons of 12- and 13-year-old girls on it," Forrestal said. Murillo was arrested after he showed up at a public marina to meet who he allegedly thought was a 13-year-old girl. As the fake teenager, Forrestal wrote to Murillo online saying, "My girlfriend said you are cute." Murillo wrote back saying he was 15.

"That was a MySpace case," Forrestal said. "We would have difficulty making the case without MySpace. It provided wonderful leads."

Scanned for criminal activity

Nassau County Police Department spokesman Det. Lt. Kevin Smith said his department also uses the popular networking site in its investigations.

"There is sometimes criminal activity that is disguised by a MySpace ad or correspondence," Smith said. "We typically scan them, just as we would go through classified ads as well. If we see anything that would look like illegal activity, we would conduct an investigation." Smith declined to go into specifics.

But sites like MySpace are so vast that it's impossible for local police departments to monitor everything. So police and school administrators urge parents to be aware of what their kids are doing in these online communities.

"As a parent and an educator, it's frightening," said Michael Cohen, interim superintendent of the Brentwood schools.

The school district blocks the Web site from its school computers, and one of the district's middle-school principals sent parents a letter last February urging them to be aware of what their children do on MySpace.

Cohen blocked his own children from MySpace, concerned that they would encounter pornography and pedophiles. Because of the way MySpace works, the only way to monitor activity is to create a profile.

MySpace.com, which is owned by Rupert Murdoch's News Corp., is a series of intricate personal Web sites created by teens and others.

Hemanshu Nigam, chief security officer for MySpace and Fox Interactive Media, said he encourages parents and police alike to monitor the site.

"Law enforcement has to do what it has to do to conduct its investigations," Nigam said. "We're here to help them."

The site's other security measures include blocking public access to the profiles of younger members and encouraging adult supervision.

Nigam, a former Justice Department prosecutor, was hired in April to be in charge of safety and law enforcement issues for the site, which has more than 100 million users. Today the company is launching a new online safety campaign.

'It's a tool for a parent'

Levittown parent Debra Palmer said she considers My Space a useful way to find out more about her children and their friends.

Palmer said she thought about banning her daughter, now 21, and her son, an 18-year-old recent high-school graduate, from the Web site when they were younger but opted instead to monitor their use.

"In one way, it's a tool for a parent," Palmer said. "We found it just to be really an avenue where we can kind of get a grasp on what kids are doing, what they're talking about, what they're getting involved in."

Regulating Love: Lawmakers Cracking Down On Web Dating Industry (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, September 25, 2006

Several states are cracking down on the online dating industry, proposing new laws that would, among other things, mandate criminal background checks on all those looking for love on the Internet.

To date, New York is the only state that has a law regulating online dating sites, but six other states have introduced similar legislation mainly in the last year. They are California, Florida, Michigan, Ohio, Virginia and Texas.

Lawmakers seeking to regulate the online dating scene claim that the industry isn't doing enough to police itself, and consequently, is putting vulnerable people at risk of meeting up with predators.

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Proposed legislation has varied from state to state, with some states wanting to make criminal background checks mandatory, and others wanting online companies to alert surfers upfront that background checks on potential dates have not been done.

FALSE SECURITY?

Attorney Markham Erickson of Holch & Erickson in Washington, D.C., who counsels dating and social-networking sites on legislative and regulatory matters, noted that some of the states' proposals have raised constitutional concerns because of the interstate nature of the Internet.

"It's nearly impossible for a dating service to put state boundaries around the service and comply with a patchwork of state laws," he said.

Michael Marin of Houston-based Vinson & Elkins' Austin, Texas, office, who has represented clients in the online dating industry in recent litigation, said that "[r]ight now if you're a consumer and you meet someone online you can go and pay for a background check.

There's no reason to mandate that." He added that background checks "would create a false sense of security and create a liability for the online dating company."

Last year, Marin successfully defended an online dating company that was sued by a user who allegedly was raped by someone she met on the company's Web site. Marin got the case dismissed, citing the 1996 Communications Decency Act (CDA), which grants broad immunity to Internet companies for content provided by third parties.

Marin is also currently defending Myspace.com in a Texas case involving a 14-year-old girl who claims she was sexually assaulted by someone she met on Myspace, and is seeking to hold the Web site liable. Marin declined to comment on that case. Doe v. MySpace Inc., No. D-1-GN-06-002209 (Travis Co., Texas, Dist. Ct.).

Marin noted that, with background checks, customers could sue over a date who had been screened but turned out to be dangerous. Those users could argue that the company had falsely represented the person as being safe, he said, and that the criminal background check served as "some sort of stamp of approval" by the company.

Yahoo Personals echoed that sentiment, arguing that criminal background checks are unreliable, incomplete and inconsistent.

"We do not believe that the providers of background checks have at this point developed processes that can meaningfully increase the security we provide our customers today," said Yahoo Personals spokeswoman Kelley Podboy. "The systems available are uneven from state to state as well as county by county."

Not all dating Web sites, however, are resisting background checks. TheBadge.org recently started offering free criminal background checks to paid members. Another site, True, offers its users background checks on felons and married people.

Anita Ramasastry, who teaches electronic commerce at the University of Washington School of Law, said that while the online dating industry is already protected against lawsuits through the CDA, how far that protection goes is the new question. She said that Web sites are now faced with the possibility of liability for harm that occurs not on, but off, the Internet, such as rapes or physical assaults.

"What happens when you go offline ... when the harm was offline? It's sort of a gray area and a novel legal question," said Ramasastry, who favors offering broad protection to the dating Web sites, and letting them police themselves.

But lawmakers argue that the industry is too young and immature for that, and people could get hurt.

"It's like the wild, wild West out there," said Michigan state Sen. Alan Cropsey, who is co-sponsoring a bill that would require online dating services to perform routine criminal background checks on users. "When somebody goes online and says, 'I'm so and so,' they ought to be able to check and say 'Hey, is this name popping up anywhere as far as being a sex offender or a domestic violence offender?'"

DA Sez Feds Won't Hand Over Data (NYDN)

New York Daily News, September 25, 2006

Brooklyn District Attorney Charles Hynes' office has accused federal prosecutors of refusing to turn over key interviews from a past federal probe into a rogue FBI agent now indicted in four murders.

In a sharp Sept. 20 letter to the U.S. attorney's office, prosecutor Noel Downey acknowledged his office received more than 2,000 pages of documents and access to witnesses in the 1994 federal probe into Lindley DeVecchio's relationship with his top Mafia informant, Gregory Scarpa.

DeVecchio, now retired in Florida, has been indicted for allegedly helping Scarpa whack four enemies during the Colombo crime family wars in the late 1980s.

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Federal investigators ended their probe in 1996, saying they could not "substantiate" corruption charges against DeVecchio. Among those interviewed was Deputy U.S. Attorney Ellen Corcella, who was handling mob prosecutions in the early '90s. Hynes' office received only a heavily redacted version of Corcella's interview.

"It is inconceivable and troubling that a United States attorney's office would prevent disclosure of a federal prosecutor's ... statement regarding DeVecchio to a district attorney's office investigation investigating DeVecchio's participation in four murders," Downey wrote.

The U.S. attorney's office declined to comment.

DeVecchio has denied any wrongdoing.

Nancie L. Katz

In Tiny Courts Of New York, Abuses Of Law And Power (NYT)

By William Glaberson

The New York Times, September 25, 2006

Some of the courtrooms are not even courtrooms: tiny offices or basement rooms without a judge's bench or jury box. Sometimes the public is not admitted, witnesses are not sworn to tell the truth, and there is no word-for-word record of the proceedings.

Nearly three-quarters of the judges are not lawyers, and many — truck drivers, sewer workers or laborers — have scant grasp of the most basic legal principles. Some never got through high school, and at least one went no further than grade school.

But serious things happen in these little rooms all over New York State. People have been sent to jail without a guilty plea or a trial, or tossed from their homes without a proper proceeding. In violation of the law, defendants have been refused lawyers, or sentenced to weeks in jail because they cannot pay a fine. Frightened women have been denied protection from abuse.

These are New York's town and village courts, or justice courts, as the 1,250 of them are widely known. In the public imagination, they are quaint holdovers from a bygone era, handling nothing weightier than traffic tickets and small claims. They get a roll of the eyes from lawyers who amuse one another with tales of incompetent small-town justices.

A woman in Malone, N.Y., was not amused. A mother of four, she went to court in that North Country village seeking an order of protection against her husband, who the police said had choked her, kicked her in the stomach and threatened to kill her. The justice, Donald R. Roberts, a former state trooper with a high school diploma, not only refused, according to state officials, but later told the court clerk, "Every woman needs a good pounding every now and then."

A black soldier charged in a bar fight near Fort Drum became alarmed when his accuser described him in court as "that colored man." But the village justice, Charles A. Pennington, a boat hauler and a high school graduate, denied his objections and later convicted him. "You know," the justice said, "I could understand if he would have called you a Negro, or he had called you a nigger."

And several people in the small town of Dannemora were intimidated by their longtime justice, Thomas R. Buckley, a phone-company repairman who cursed at defendants and jailed them without bail or a trial, state disciplinary officials found. Feuding with a neighbor over her dog's running loose, he threatened to jail her and ordered the dog killed.

"I just follow my own common sense," Mr. Buckley, in an interview, said of his 13 years on the bench. "And the hell with the law."

The New York Times spent a year examining the life and history of this largely hidden world, a constellation of 1,971 part-time justices, from the suburbs of New York City to the farm towns near Niagara Falls.

It is impossible to say just how many of those justices are ill-informed or abusive. Officially a part of the state court system, yet financed by the towns and villages, the justice courts are essentially unsupervised by either. State court officials know little about the justices, and cannot reliably say how many cases they handle or how many are appealed. Even the agency charged with disciplining them, the State Commission on Judicial Conduct, is not equipped to fully police their vast numbers.

But The Times reviewed public documents dating back decades and, unannounced, visited courts in every part of the state. It examined records of closed disciplinary hearings. It tracked down defendants, and interviewed prosecutors and defense lawyers, plaintiffs and bystanders.

The examination found overwhelming evidence that decade after decade and up to this day, people have often been denied fundamental legal rights. Defendants have been jailed illegally. Others have been subjected to racial and sexual bigotry so explicit it seems to come from some other place and time. People have been denied the right to a trial, an impartial judge and the presumption of innocence.

In 2003 alone, justices disciplined by the state included one in Montgomery County who had closed his court to the public and let prosecutors run the proceedings during 20 years in office. Another, in Westchester County, had warned the police not to

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arrest his political cronies for drunken driving, and asked a Lebanese-American with a parking ticket if she was a terrorist. A third, in Delaware County, had been convicted of having sex with a mentally retarded woman in his care.

New York is one of about 30 states that still rely on these kinds of local judges, descendants of the justices who kept the peace in Colonial days, when lawyers were scarce. Many states, alarmed by mistakes and abuse, have moved in recent decades to rein in their authority or require more training. Some, from Delaware to California, have overhauled the courts, scrapped them entirely or required that local judges be lawyers.

But New York has no such requirement. It demands more schooling for licensed manicurists and hair stylists.

And it has left its justices with the same powers — more than in many states — even though governors, blue-ribbon commissions and others have been denouncing the courts as outdated and unjust since as far back as 1908, when a justice in Westchester County set up a roadside speed trap, fining drivers for whatever cash they were carrying.

Nearly a century later, a 76-year-old Elmira man who contested a speeding ticket in Newfield, outside Ithaca, was jailed without even a warning for three days in 2003 because he called the sheriff's deputy a liar.

"I thought, this is not America," said the man, Michael J. Pronti, who spent two years and $8,000 before a state appeals court ruled that he had been improperly jailed.

'Justice in the Dark'

It is tempting to view the justice courts as weak and inconsequential because the bulk of their business is traffic violations. Yet among their 2.2 million cases, the courts handle more than 300,000 criminal matters a year. Justices can impose jail sentences of up to two years. Even in the smallest cases, some have wielded powers and punishments far beyond what the law allows.

The reason is plain: Many do not know or seem to care what the law is. Justices are not screened for competence, temperament or even reading ability. The only requirement is that they be elected. But voters often have little inkling of the justices' power or their sometimes tainted records.

For the nearly 75 percent of justices who are not lawyers, the only initial training is six days of state-administered classes, followed by a true-or-false test so rudimentary that the official who runs it said only one candidate since 1999 had failed. A sample question for the justices: "Town and village justices must maintain dignity, order and decorum in their courtrooms" — true or false?

The result, records and interviews show, is a second-class system of justice.

The first class — the city, county and higher courts — is familiar to anyone who has served on a jury or watched "Law & Order": hardly perfect, but a place of law-schooled judges, support staffs and strict rules. The lower and far larger rung of town and village courts relies on part-time justices, most of them poorly paid, some without a single clerk. Those justices — two-thirds of all the state's judges — are not required to make transcripts or tape recordings of what goes on, so it is often difficult to appeal their decisions.

When they stray badly, the Commission on Judicial Conduct — a panel of lawyers, judges and others — can do little more than try to contain the damage.

Some 1,140 justices have received some sort of reprimand over the last three decades — an average of about 40 a year, either privately warned, publicly rebuked or removed. They are seriously disciplined at a steeper rate than their higher-court colleagues.

The Office of Court Administration, which runs the state court system, makes little pretense of knowing much about what happens in the justice courts. Beyond their names, ages and addresses, it has little information about the justices. Because they are paid by the towns and loosely tied into the court system, "we have limited administrative control, and very, very limited financial control," said Jan H. Plumadore, the deputy chief administrative judge for all courts outside New York City.

The courts also handle money — more than $200 million a year in fines and fees. But the state comptroller's office, which once conducted scores of justice-court audits every year, now does only a handful. When it looked most recently, auditing a dozen courts in May, it reported serious financial-management problems and estimated that millions of dollars a year might be missing from the justice courts statewide.

Norman P. Effman has been the public defender for 16 years in Wyoming County, where he said only one of the 37 justices was a lawyer. In testimony last year, he described the justice courts as a forgotten realm: a "closed door, back of someone's house, in the barn, in the highway department, no record" justice system.

"The reality is," he told a state commission, "if you keep justice in the dark, it stays in the dark."

That commission, which was studying how the court system treats poor people, issued a study in June saying the justice courts remained "a fractured and flawed system." And in recent days, the Office of Court Administration has said it plans to begin addressing some of those failings — for instance, taking steps to double the amount of initial training and to ensure that proceedings are recorded.

But those measures do not address some of the most serious problems: the use of justices who are not lawyers, and the state's weak oversight.

This is not the first time the justice courts have come under scrutiny. "Probably the most unsatisfactory feature of the administration of criminal law remaining in the state today is the obsolete and antiquated institution known as the justice of the peace," another state commission concluded.

The year was 1927.

A Record of Trouble

Certainly, there are worthy justices, and defenders of the system say the good far outnumber the bad. Those supporters, chiefly the justices themselves and the local political leaders who often select them, contend that hometown judges know the hometown problems — and the problem people — and can tailor common-sense solutions.

And, they have argued, putting lawyers in charge of all the courts could cost the state tens of millions of dollars.

"It is the most efficient, low-cost method of ensuring that the people of the state receive justice," said Thomas R. Dias, a town justice in Columbia County who is president of the State Magistrates Association, the justices' organization.

But the record shows otherwise in hundreds of disciplinary cases — most of them unknown to the public.

In the Catskills, Stanley Yusko routinely jailed people awaiting trial for longer than the law allows — in one case for 64 days because he thought the defendant had information about vandalism at the justice's own home, said state officials, who removed him as Coxsackie village justice in 1995. Mr. Yusko was not even supposed to be a justice; he had actually failed the true-or-false test.

Outside Rochester, in Le Roy, a justice who is still in office concocted false statements, state officials said, to help immigration officials deport a Hispanic migrant worker in 2003. Although the man had pleaded not guilty to trespassing, the town justice, Charles E. Dusen, issued a court order saying he had been convicted. In an interview, Justice Dusen said he tried to right his wrong after the worker's lawyer complained. But the man was still deported.

Last December, disciplinary officials disclosed that in a five-year period, a Rochester-area justice had mistakenly imposed $170,000 in traffic fines beyond what the law allowed. And in June, a justice in western New York was disciplined for threatening to jail a man — and warning him to "bring a couple thousand in bail money" — over a complaining phone message the man had left him.

Even the commuter towns around New York City, where the justices are typically lawyers, have endured the system's abuses.

In Mount Kisco, people who asked for the court's sympathy were treated to sarcasm: Justice Joseph J. Cerbone would pull out a nine-inch violin and threaten to play. Mr. Cerbone phoned one woman and talked her out of pressing abuse charges against the son of former clients, state records show. But it took eight years, and evidence that he had taken money from an escrow account, before the State Court of Appeals removed him in 2004 after a quarter-century in office.

In interviews, many of these justices disputed the findings against them, saying the Commission on Judicial Conduct was unfair and determined to end the justice courts.

Commission officials say they have no such agenda.

And the agency is struggling itself. Charged with policing all the state's courts, it can do no more than respond to complaints. Its staff has shrunk by more than half in the last two decades, with just two investigators for the western half of the state.

So commission officials were surprised to learn last year that a western New York justice who had resigned while facing disciplinary charges was back on the bench.

The commission twice disciplined the town justice, Paul F. Bender of Marion, for deriding women in abuse cases. Arraigning one man on assault charges, he asked the police investigator whether the case was "just a Saturday night brawl where he smacks her and she wants him back in the morning."

But the commission spared him removal in 1999 because he was not seeking re-election. Four years later Mr. Bender ran again anyway, unbeknownst to the commission, for a term that will not expire until 2007.

Robert H. Tembeckjian, the commission's administrator, said, "Our working assumption is, a judge who resigns while under disciplinary charges by the commission is not going to return to the bench." But he would not say whether his agency would — or could — take any action against Justice Bender.

'I'm Not a Lawyer'

A 17-year-old girl had stayed out all night, then fought with her family and wound up facing a harassment charge in court in Alexandria Bay, a busy tourist village on the St. Lawrence River. The justice, Charles A. Pennington, a boat hauler with 23 years on the bench, took her not-guilty plea on a Sunday in 2003.

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But when told that the girl had no place to go, the judge did not send her to a women's shelter or alert social service officials, as local justices typically do. He took her home.

"I left the court kind of in shock," a police officer later testified. "I've never heard of anything like this before."

The girl's mother, Keitha Rogers, said in an interview that she was appalled to find her daughter at the home of the justice, then 61, as he sat drinking with another man. "Sure, he can tell the difference between the stern and the bow," Ms. Rogers said. "But what does that have to do with making major judgments about people's lives?"

The judicial conduct commission, which ordered Justice Pennington's removal last fall for this and other lapses, ruled that while there was no evidence he had made any improper advances toward the girl, who left after about an hour, he had shown "extraordinarily poor judgment."

And while Mr. Pennington argued that he had not been drinking, he did not entirely disagree with the findings. "Granted, there is mistakes," said the justice, who resigned before the commission ruled. "I'm not a lawyer."

Neither are most of his peers. And that is pretty much all the state knows about them. Office of Court Administration officials say the only way they usually find out a new justice has been elected is if local officials notify them.

For decades, the agency has asked justices to fill out modest biographical questionnaires, then filed away the answers. Under freedom of information law, The Times obtained questionnaires completed by more than 1,800 current justices; they portray a group that is often poorly educated and poorly paid, even though the law they are dealing with is increasingly complex.

Of those who are not lawyers, about a third — more than 400 — had no formal education beyond high school. At least 40 did not complete high school, though several went on to earn equivalency degrees.

Interviews with more than 60 justices made it clearer who many of these people are: retirees, farmers, mechanics, former police officers and others with flexible schedules or seasonal work. Most look something like Mr. Pennington: white, and graying. At least 30 justices are in their 80's, well beyond the mandatory retirement age, 70, for other New York judges.

Though the justices' pay is often meager — as little as $850 a year — they can set bail, a basic legal safeguard. They hold crucial preliminary hearings in felony cases and conduct trials on misdemeanors. They preside over civil cases with claims of up to $3,000, and landlord-tenant disputes with no dollar limit, including commercial cases involving hundreds of thousands of dollars.

And then there are the powers they simply take.

In what the Commission on Judicial Conduct called "a shocking abuse of judicial power," Justice Roger C. Maclaughlin single-handedly went after a man he decided was violating local codes on the keeping of livestock in Steuben, near Utica. The justice interviewed witnesses, tipped off the code-enforcement officer, lobbied the town board to deny the man approval to run a trailer park, then jailed him for 10 days without bail — or even a chance to defend himself, the commission said.

In an interview, Justice Maclaughlin said the commission seemed to be chasing legal technicalities rather than real justice.

An Essex County town justice, Richard H. Rock, jailed two 16-year-olds overnight without a trial, saying he wanted "to teach them a lesson." They had been accused of spitting at two other people and charged with harassment. Then he sent them back for 10 more days, the commission said, without ever advising them they had a right to a lawyer.

In 2001, the commission punished him and Justice Maclaughlin with censure, the most serious penalty short of removal from the bench. Justice Maclaughlin is now in his 11th year in office. Justice Rock is in his 10th.

In Alexandria Bay, where Justice Pennington presided at a metal desk in a tiny room inside the police building, a quarter-century in office did not seem to deepen his understanding of his role. Just three days after he took home the 17-year-old girl, another case raised fresh questions about his familiarity with the law, or even the world outside his court.

Eeric D. Bailey, a 21-year-old black soldier from nearby Fort Drum, was facing a disorderly conduct charge after a tussle with a white bar bouncer. Sitting three feet from Mr. Bailey, the bouncer identified him as "that colored man." Mr. Bailey's jaw dropped.

The soldier, who did not have a lawyer, told the judge that the term was offensive. But Justice Pennington said that while certain other words were racist, "colored" was not. "For years we had no colored people here," he said.

The commission had heard worse. After arraigning three black defendants arrested in a college disturbance in 1994, a justice in the Finger Lakes region said in court, "Oh, it's been a rough day — all those blacks in here." A few years before that, a Catskill justice reminisced in court that it was safe for young women to walk around "before the blacks and Puerto Ricans moved here."

In an interview, Justice Pennington said the commission had treated him unfairly. But he may not have helped his case when he told the commission that "colored" was an acceptable description.

"I mean, to me," he testified, "colored doesn't preferably mean black. It could be an Indian, who's red. It could be Chinese, who's considered yellow."

Basic Training

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As the blunders, and worse, have piled up over the years, so have the muffled complaints from within the system. Transcripts of the commission's disciplinary hearings, which are usually closed to the public, show that some justices have nearly begged for more training, or any kind of help.

Anthony Ellis, a meat cutter who routinely jailed defendants in Tupper Lake to coerce them into pleading guilty, neatly summed up his insecurities in one closed hearing: "I'm almost like a pilot flying by the seat of my pants."

William G. Mayville, a retired factory worker who turned his courtroom in nearby Fort Covington into a collection agency for local business owners, offered a quietly damning explanation: "I certainly am only a simple man doing a job that, you know, the very best I can do with a limited amount of education that they offered me."

Simple men, and their simple wisdom, are the whole idea behind the justice courts. A 13th-century English institution, the justice of the peace was imported to the colonies in the 1600's along with a fundamental notion: that laymen could settle small-bore cases with practical solutions grounded in local custom or common sense.

But as life, and the law, became vastly more complex by the mid-20th century, several states, including California, New Jersey and Connecticut, created more professional local courts.

In Delaware, where the appointed local magistrates have less authority than New York's justices, the state screens candidates with academic and psychological tests, and starts them off with 11 weeks of training. "It is a reflection of the view that when we're dealing with people's livelihood, when we're dealing with people's freedom, we're going to take this seriously," said the chief magistrate, Alan G. Davis, a lawyer.

In New York, the justice courts have been replaced by state-financed district courts, with lawyer judges, in Nassau County and western Suffolk County. But the last major calls for statewide reform sputtered out in the early 1980's, and the amount of training for justices has not changed. Those without law degrees must take six days of classes at the start. Lawyers do not have to attend, but all justices must take a 12-hour refresher course once a year.

Maryrita Dobiel, who runs the training program for the Office of Court Administration, said the classes provide an introduction to legal principles, but not much more, given a student body with such varying levels of education. "We have to teach to the lowest common denominator," she said. General principles of criminal law, a subject that takes up a semester or more in law school, gets about five hours.

At training's end, justices must score at least 70 percent on a test of 50 questions, all true or false. Those who fail can retake the course, and the test. "We don't decide whether they're qualified to be a judge," Ms. Dobiel said. "The people who have elected them have already made that decision."

The real test comes on the bench.

Several justices have threatened to arrest litigants in small-claims cases, showing they do not understand the difference between civil and criminal cases. Others have told the judicial conduct commission that they disagreed with the constitutional guarantee that a defendant is entitled to a lawyer.

John D. Cox, a quarry manager in Le Ray, near Watertown, summarily jailed people who were unable to pay fines, the commission said. But he received the lightest public penalty, an admonition, in 2002 after he explained that in 22 years in office, he had never been taught that state law allows defendants a new hearing and a lawyer when they say they cannot pay their fine.

The justices do have something of a lifeline: They can call a resource center near Albany where four lawyers field more than 18,000 questions a year. But there are limits on what the center tries to do.

"We tell them what their options are," said the center's supervisor, Paul Toomey. "We don't tell them they're wrong."

Power and Prejudice

Few people who came to his court ever told Donald R. Roberts he was wrong. A strapping former state trooper, he was working as a gas-company truck driver when he was appointed village justice in Malone, near the Canadian border, in 1993. When he was removed five years later, the Commission on Judicial Conduct dispatched him with a stinging description: "a biased, mean-spirited, bullying judge."

It was Justice Roberts who declared that women needed "a good pounding." He had already battled with the county district attorney over his resistance to granting orders of protection.

When a village resident asked that the dentist suing him be forced to come to court to prove his case, Justice Roberts told the man, who had a Hispanic surname: "You're not from around here, and that's not the way we do things around here." The justice did not mention that the plaintiff was his own dentist.

A common argument in favor of New York's justice courts is that local judges know the people and problems that come before them. But that can be a problem itself when justices use those prejudices to favor friends and ride herd over others.

"They have their own little fiefdoms," said Laurie Shanks, an Albany Law School professor. "Some are benevolent despots, but despots nonetheless."

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Again and again, the commission's records show, justices have failed to remove themselves from cases involving their own families.

In this department, Pamela L. Kadur may hold a record. As town justice in Root, west of Schenectady, she presided over at least seven cases involving relatives, who often received lenient treatment, the commission said when it ordered her removal in 2003. Justice Kadur heard a speeding case against her son in her own kitchen, then tried to cover up their family relationship in record books, the commission said, by misspelling his last name.

One longtime town justice near Albany let a friend who owned a driving school sit with him at the bench; when the justice ordered anyone to take a driver-training course, only the friend's school was acceptable. Another justice, in Rensselaer County, told a trucker charged with drunken driving that he would not suspend his license because "I can't do that to a fellow truck driver."

Historically, large numbers of the justices have been former law enforcement officers, and lawyers complain that many have unfairly favored the police and prosecutors.

Some justices, unsure of the law, have also come to rely too much on the authorities. Elaine M. Rider, who presided in Waterville, near Utica, fretted that she did not "really have the time to puzzle this out" when a criminal defendant argued that evidence had been seized illegally. So she had the prosecutor write her decision, the commission said.

But one of the most common prejudices on view in the commission's files is far more basic, and it can be found as often in the big-city suburbs that have official-looking courthouses and lawyers on the bench.

In 20 years in office in Haverstraw, north of New York City in Rockland County, Justice Ralph T. Romano drew attention for his opinions on women, state files show. Arraigning a man in 1997 on charges that he had hit his wife in the face with a telephone, he laughed and asked, "What was wrong with this?" Arraigning a woman on charges that she had sexually abused a 12-year-old boy, the justice asked his courtroom, "Where were girls like this when I was 12?"

Across the Hudson, Joseph Cerbone, the Mount Kisco justice with the miniature violin, persuaded a young woman to drop her abuse case against the son of a couple he had done legal work for. She told the commission that while she did not believe the justice's claim that the son was "a decent guy" who had "made a mistake," she had no choice.

"I kind of felt I had no one behind me, no support," she said. "And by getting a phone call from a judge, I felt that maybe I was making a mistake by going through with these charges."

But the human damage can be much worse in the small communities where the justice is often the most powerful local official.

In 11 years as justice in Dannemora, in the North Country, Thomas R. Buckley had his own special treatment for defendants without much money: Even if they were found not guilty, he ordered them to perform community service work to pay for their court-appointed lawyers, although defense lawyers and the district attorney had reminded him for years that the law guaranteed a lawyer at no cost.

"The only unconstitutional part," he told the commission before it removed him in 2000, "is for these freeloaders to expect a free ride."

He twice jailed David Velie, a 19-year-old charged with a misdemeanor, even though the law required him to set bail. In an interview, Mr. Buckley explained that the young man had been a troublemaker "ever since he was born."

Like many small-town justices, he said many of his decisions were down-to-earth solutions. "You've got to use your own judgment," he said. "That's why they call us judges. The law is not always right."

Some residents say that without the law to protect them, they lived in fear. Debra E. Bordeau, the justice's neighbor, said she went into hiding after he threatened to jail her in a dispute over her dog, which he ordered destroyed.

And Carson F. Arnold Sr., a contractor from a nearby town, was jailed for five days after a woman who knew Justice Buckley complained that Mr. Arnold had threatened her, the commission said. There was no trial. The justice simply told Mr. Arnold to shut up, then sentenced him without bail.

"How many years did he treat people like this?" Mr. Arnold asked in an interview. "How many people did this affect?"

A Culture of Secrets

The feeling of powerlessness often begins at the courthouse door.

Many justices preside in intimidatingly tight quarters, admitting participants one by one. Many have heard testimony, settled claims or ruled in criminal cases without notifying the prosecutor, lawyers or even the people directly involved. Some justices can be very selective, state records show: At a 1999 criminal trial in Kinderhook, south of Albany, Justice Edward J. Williams admitted everyone but the victim's lawyer.

Court sessions may be just as unpredictable — held infrequently or at odd hours, or canceled without notice. In 2004, the NAACP Legal Defense and Educational Fund found that people awaiting trial in Schuyler County in the Finger Lakes were jailed for months simply waiting for court to convene again. A high school student arrested on a minor drug charge in the summer of 2003, it said, was still sitting in jail in October.

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But the biggest obstacle of all is pinning down what happens in the courtrooms.

A Rochester poverty lawyer, Laurie Lambrix, said that when she appealed the case of a mother of six — a black woman evicted in 1999 by a white landlord who she said had made racist comments — a justice in nearby Gates told her she could not examine the court file of her own client. “I knew court records were public records,” Ms. Lambrix said. “I couldn’t believe a judge would be ignorant of that.”

She was lucky; at least there were records, which she eventually obtained. In many justice courts, it is next to impossible to reconstruct what happened. Some towns spring for a stenographer or taping system, and some justices try to scrawl notes while they preside. But in some cases, there are not even notes.

When someone does appeal, the law requires that justices write a summary of the case. Justices said in interviews that their decisions were rarely appealed, anyway, and even more rarely overturned.

The Commission on Judicial Conduct, then, remains the last line of oversight for justices, and only for those who have stirred up enough concern to be reported by a prosecutor, lawyer or citizen. But the panel is stretched thin — “persistently and acutely underfunded,” as it lamented in one annual report. Its statewide staff, which numbered 63 in 1978 when it began, is down to 29.

Supporters of the justice courts have long maintained that they are no worse than the higher courts, citing commission statistics that show justices are disciplined at about the same rate as their higher-court colleagues. But responding to questions from The Times, commission officials studied the agency’s three-decade record and found — to their surprise — that cases against local justices were more likely to result in serious punishments.

Although the justices make up about 66 percent of all New York judges, they constitute 76 percent of the 147 judges who have been removed from office.

Last year, six justices were publicly disciplined for the second time, more repeat offenders than ever. But Mr. Tembeckjian, the commission administrator, said the agency had no way to keep a closer eye on them.

“It would be in the public interest for the commission to make sure that a judge who was identified as having a problem has corrected it,” he said. “But we simply don’t have the resources to do it.”

Lawrence S. Goldman, the commission’s chairman until April, said all justices should be lawyers. His successor, the divorce lawyer Raoul Felder, would not discuss the quality of the justice courts, but predicted that a reckoning was at hand.

“This is something that’s going to have to be addressed by the next governor,” he said. “There is a controversy here, and this issue has not been addressed for many, many years.”

Credit Firms Push To Thwart Fraud (WSJ)

By Robin Sidel

The Wall Street Journal, September 25, 2006

MasterCard Inc. and Visa USA Inc. are clamping down on merchants that flout rules aimed at protecting card transactions from fraudsters.

In recent weeks, MasterCard has imposed fines on merchants that haven't met its requirements to keep transactions secure. Starting Saturday, Visa will take aim at the nation's largest merchants with fines that start at $10,000 a month and can rise to $100,000 a month.

The fines are the latest effort by the credit- and debit-card industry to reduce financial exposure -- and bad publicity -- from a round of high-profile security breaches. Cardholders normally aren't responsible for unauthorized purchases, but merchants and banks involved with fraudulent transactions -- both at stores and online -- can find themselves on the hook.

Visa and MasterCard don't fine the merchants directly. Instead, they levy fines against those that process the transactions on behalf of the merchants. Those entities commonly pass on the fines to their merchant customers. In addition to assessing penalties for failing to comply with the rules, Visa and MasterCard also issue separate fines if a noncompliant merchant has a security breach.

Neither Visa nor MasterCard would identify merchants that are violating the rules. But because Visa is honing in on the biggest merchants -- those that ring up more than six million transactions a year -- they likely include some household names. Visa counts 334 merchants in this category; as of Friday, 20 of them were in violation and could face fines if they don't comply by the end of the month, according to the card association. These big merchants represent nearly 50% of Visa's transactions each year.

Visa and MasterCard, which operate the massive card networks, have established comprehensive security rules for banks, merchants and other entities that store, process or transmit cardholder data. Among the rules: Merchants aren't permitted to store data that is contained on a card's magnetic stripe, they must take precautions with people who have access to computer systems and they must restrict access to cardholder information.

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Visa has found it difficult to meet its own deadlines. The card association's debit-card processing arm was supposed to validate its security plan at the end of last year, but got final approval from an outside auditor last week. Some 84% of other Visa processors have validated their plans.

"Visa holds itself to the same high security standards as we hold merchants and other processors," said Rosetta Jones, a spokeswoman for Visa. She acknowledged that the processing unit had been behind schedule for validation, but stressed that it had been complying with the other security standards.

MasterCard declined to discuss the amount of fines that have been levied, but indicated that the decision to impose financial penalties is taken as a last resort. "We are not levying fines for noncompliance. We are levying them for noncooperation," said Chris Thom, chief risk officer for the card network.

Although MasterCard has been issuing fines for more than a year, several industry members said that the levies seem to have accelerated recently and a series have been handed down this month. They estimate that fines have ranged between $5,000 and $15,000. MasterCard declined to comment.

"Visa and MasterCard are paying a lot more attention to this and they should be," said Robert Carr, chief executive of Heartland Payment Systems Inc., a company that processes transactions on behalf of small- and medium-size merchants.

The security rules are particularly daunting for small merchants, who might not be sophisticated about security issues or don't want to spend the money necessary for crucial upgrades to their computer systems. For now, Visa is concentrating its efforts on levying fines for noncompliance by the largest merchants. It expects to tackle the issue as it relates to some smaller merchants beginning next year.

Security has become a top issue in the card industry amid mounting concerns about identity theft. Earlier this year, Citigroup Inc., the nation's largest bank as measured by market value and assets, reissued thousands of MasterCard-branded debit and credit cards after it flagged several hundred fraudulent cash withdrawals at automated teller machines in Britain, Russia and Canada.

Last year some 40 million cards became vulnerable to possible fraud when CardSystems Solutions Inc., a small company that processed transactions for merchants, acknowledged that it had stored customer data in violation of card-industry rules. Retailers also have reported data breaches.

Even Visa isn't impervious. A breach was reported at one of the company's on-site cafeterias last year when someone hacked into the server of the vendor that managed the facility. It was determined that the vendor wasn't complying with Visa rules.

93,754,333 Examples Of Data Nonchalance (NYT)

By Tom Zeller Jr.

The New York Times, September 25, 2006

Less than two years into the great cultural awakening to the vulnerability of personal data, companies and institutions of every shape and size — like the data broker ChoicePoint, the credit card processor CardSystems Solutions, media companies like Time Warner and dozens of colleges and universities across the land — have collectively fumbled 93,754,333 private records. Or at least that's the rough figure the Privacy Rights Clearinghouse, a consumer advocacy organization in San Diego, has tallied thus far.

An entry from Sept. 7: Chase Card Services, a division of J. P. Morgan Chase, announced that it had begun notifying 2.6 million current and former Circuit City credit card account holders that computer tapes containing their personal information had been inadvertently tossed in the trash.

The bank said it believed the tapes were safely "buried in a landfill" somewhere, but it was nonetheless offering affected consumers the now pro forma consolation prize: one year of free credit monitoring.

Last Thursday, another entry was logged. The Commerce Department announced that between 2001 and the present, 1,137 laptops — or about 4 percent of its total inventory — were lost, missing or had been stolen from its 15 operating units. The largest number, 672, had been in use at the Census Bureau, the department reported, and 246 of those contained "some degree of personal data," although it maintained that a combination of passwords and "complex data formats," among other things, would limit the risk that the information could be misused.

"While we know of no instance of personal information being improperly used, we regret each instance of lost material," Commerce Secretary Carlos M. Gutierrez said in a statement, "and believe the volume of lost equipment is unacceptable."

·Taking a wider view of things, though, one might say the volume of lost consumer data remains almost comically epidemic. Hackers and sophisticated data thieves are one thing. But in the battle to stop the great hemorrhaging of personal data, the enemy is us.

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It was only four months ago, after all, that the United States Department of Veterans Affairs was forced to announce that a laptop and external hard drive containing personal information, including names, Social Security numbers, and dates of birth on roughly 28 million veterans — just shy of 10 percent of the entire United States population — had been stolen from an agency employee's home.

The equipment was recovered in late June, and in August, two teenagers were arrested in connection with the theft. The F.B.I. has indicated that the data appears to have not been accessed, but practices at the veterans department — where so much sensitive information on so many Americans was being ported to a suburban living room for weekend work — were a study in data nonchalance.

And of course, it's not just a government problem.

Incidents run the gamut: In early June it was revealed that the names, addresses and credit and debit card numbers of some 243,000 customers of Hotels.com were lost to the wind when a laptop holding the data was spirited away by a thief. The device, which belonged to an employee of Ernst & Young, the auditor for Hotels.com, had been left in a locked car. (Well, locking the car was smart, right?)

The names and Social Security numbers — and in some instances medical histories — of some 51,000 current and former patients of PSA HealthCare, a major provider of pediatric home care services for children, were on a laptop stolen from an employee's car on July 15. Computer tape with information on nearly 10,000 employees of the California Department of Mental Health has also apparently gone missing. (The employees were notified by e-mail Aug. 17). And 612 Aflac insurance policy holders were notified on Aug. 11 that a laptop containing their names, addresses, Social Security numbers and dates of birth was pilfered, yet again from an agent's car. (Readers can visit the Privacy Rights scoreboard at privacyrights.org/ar/ChronDataBreaches.htm for more sobering tidbits.)

But a survey of 484 United States-based information technology departments within business or governmental organizations, published in August by the Ponemon Institute, a privacy consulting company, and sponsored by the data security firm Vontu, tells the real story here.

The survey found, among other things, that more than half of corporate laptops contained unprotected sensitive data, that one in 10 laptops is stolen and that 97 percent of those are never recovered. The study also found that 81 percent of firms reported that an "electronic storage device such as a laptop" specifically containing sensitive or confidential information had been lost or stolen in the past year.

If nothing else, the Commerce Department can be comforted by the fact that its loss of 1,137 laptops over the last five years is hardly unusual.

·But the problem is real, said Joseph Ansanelli, the chief executive and founder of Vontu, who has testified before Congress on privacy problems. And it isn't going to be solved by relegating security entirely to passwords and encryption — although that is necessary.

Just as important, Mr. Ansanelli suggested, is simply paying attention, from a policy perspective, to who has access to what data, why, how it's being moved, where it's being moved to — and establishing clear rules to govern it all.

"Only by focusing on understanding where data is stored and where it is going can organizations better protect information and prevent it from being carried or sent insecurely," Mr. Ansanelli said. "Taller fences or more locks on the doors won't help."

And if institutions entrusted to handle personal information don't start getting serious about their stewardship, they may have their hand forced.

"The costs are high to losing customer data, intellectual property or even worse, national intelligence data," Mr. Ansanelli said. "And if organizations do not stop the insanity of data loss, Congress will be forced to act and mandate new protections for all this information."

O.K., just one more: On Aug. 9, the inspector general's office at the United States Department of Transportation reported that a laptop belonging to a special agent working out of Miami was stolen from a government-owned vehicle on July 27 in Doral, Fla. It contained the names, addresses, Social Security numbers and dates of birth — an identity thief's toolkit, in other words — on more than 132,000 individuals.

Perjury Trial Of Ex-SBC Worker Goes To Jury (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 25, 2006

Joann Wiggan is accused of lying to a grand jury looking into investigator Anthony Pellicano.

Alleging a long pattern of deception, a federal prosecutor Friday urged a Los Angeles jury to convict a former SBC employee of perjury for repeatedly lying about her contacts with a key figure in the Anthony Pellicano wiretapping investigation.

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Without linking her directly to the larger case, Assistant U.S. Atty. Daniel Saunders charged that admitted misstatements by Joann Wiggan to a federal grand jury were intentional and clearly aimed at hiding some aspect of her relationship with co-worker Ray Turner.

He has been indicted with Pellicano and others for allegedly providing the private investigator with confidential telephone records used in wiretapping.

"This defendant has changed her story time and time again to fit what she thinks the government can prove," Saunders told the jury as the four-day trial before U.S. District Judge Dale S. Fischer drew toward a close. "Her credibility is nonexistent."

Saunders said a detailed log of phone calls to and from Wiggan's home, office and cellphones between late 1998 and 2002 proved she was lying to the grand jury when she said she had no contact with Turner and had not begun using her office voicemail until sometime in 2003.

The logs showed more than 1,000 calls from Wiggan's phone numbers to her voicemail, 117 calls from Turner's number to her office voicemail and other calls between numbers assigned to Turner and Wiggan.

The prosecutor also alleged that her lies began even before her grand jury testimony when she told the FBI in an October 2004 interview that she had not spoken to Turner in years. "That is not a memory failure," Saunders said. "That is a coverup."

But Wiggan's attorney, David R. Reed, portrayed the heart of the government's case as its greatest vulnerability, arguing that the phone logs were meaningless without knowing who had made the calls or what the calls were about.

In earlier testimony, Wiggan's son and ex-husband said they had made numerous calls to her office voicemail. And the government's witnesses acknowledged that they had no recordings of the calls or other evidence to establish who made the calls or their content.

"They don't even have one voicemail message from Ray Turner," Reed said Friday. "How can you convict someone when you don't even know what the voicemail message was [about]?"

As his client rocked slowly in her chair, Reed noted that the 52-year-old mother of three had acknowledged mistakes in her testimony before the grand jury. The attorney also reminded the jury that Wiggan herself asked to return to the grand jury early this year to correct her misstatements about not accessing her voicemail before 2003.

"Miss Wiggan had nothing to hide. She wanted to answer all the questions," Reed said of her appearances without an attorney before the grand jury. "Why would she do that if she was really guilty?"

Reed urged the jury to consider that Wiggan had no reason to mislead the grand jury about the telephone calls unless she had been involved in the alleged Turner and Pellicano wiretapping crimes.

And, Reed argued, the government had provided no evidence that they even suspected her of such involvement because they had never searched her home, subpoenaed bank records or taken any of the standard investigative steps that would prove such complicity.

The government, Reed said, had been "stumbling over" the element of intent ever since they charged Wiggan with perjury.

In his rebuttal, prosecutor Saunders said that Reed's arguments were clever but off the mark because Wiggan had been charged with perjury, not aiding Pellicano and Turner in their alleged criminal enterprise.

Even without knowing what the calls were about, Saunders said, authorities had proved Wiggan lied when she was questioned before the grand jury. Whether or not the calls were innocuous, the prosecutor said, "it is the very existence of the phone calls that make her guilty."

The jury deliberations, which began late Friday morning, are scheduled to resume Monday.

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CIVIL LAW:

US Judge To Rule On 'light' Cigarettes Action (FT)

By Lauren Foster In New York

Financial Times, September 25, 2006

A US federal judge will on Monday rule on whether a tobacco lawsuit can proceed as a class action of tens of millions of smokers of "light" cigarettes. If certified, it could be the largest-ever class action case.

The Schwab claim, filed in 2004 under the federal Racketeer Influenced Corrupt Organizations Act (Rico), alleges big cigarette makers defrauded smokers into believing "light" cigarettes were safer than regular ones. Lawyers are seeking as much as $200bn in damages, which would automatically be tripled under Rico.

Tobacco investors are closely watching the suit as it is one of the industry's more important remaining legal risks. The ruling is key for Altria Group, parent of Philip Morris USA, as it is preparing to spin off its 88.1 per cent stake in Kraft Foods.

Monday's decision by District Judge Jack Weinstein will eliminate the legal uncertainty surrounding the case and provide Altria's board with clarity on the legal environment.

Some suspect it is waiting for the ruling before giving the spin-off the green light.

Paul Gallagher, a partner with Cohen, Milstein, Hausfeld & Toll, the firm representing the smokers, said the Schwab case "has the best practical and legal opportunity to hold the cigarette industry worldwide accountable".

"At the same time the industry was denying cigarettes were bad for you, they were offering lights as an alternative to quitting," he said.

During recent oral argument, Judge Weinstein – who has in the past allowed large-scale aggregated tobacco claims to proceed to trial – focused his questions on whether there was a way to determine the number of smokers that would be in the class and how damages would be calculated.

Judge Weinstein told the courtroom that without a satisfactory model for damages, even if he granted class certification, the claim could not go forward.

Following the hearing, industry watchers said there was a low probability the class would be certified as the plaintiffs had failed to address the four-year statute of limitations or come up with a sound damages model.

But Christine Farkas, analyst at Merrill Lynch, cautioned clients that given Judge Weinstein's "past record in tobacco claims . . . we would not be completely surprised if he certified the Schwab class while requiring further work from the plaintiffs on the damages model."

In addition to Philip Morris USA, the defendants include RJ Reynolds; Brown & Williamson (part of Reynolds American); Lorillard; British American Tobacco; and Liggett.

CIVIL RIGHTS:

Disputing Citizenship's Role For Hispanics In Government Service (WP)

By Stephen Barr

The Washington Post, September 25, 2006

Federal employment reports have consistently described Hispanics "as underrepresented in the government compared to the civilian labor force."

The Office of Personnel Management, in a report on fiscal 2005 employment patterns, said Hispanics make up 7.4 percent of the federal workforce, compared with 12.6 percent of the nation's labor force.

But a study by the Government Accountability Office, the congressional auditing agency, questions whether such a gap exists.

The GAO constructed a statistical model, using 2000 census data, to determine whether citizenship and education help explain the disparity in Hispanic workforce representation. The GAO found that:

Â· After accounting for citizenship, Hispanics were nearly as likely as non-Hispanics to be employed in the federal workforce.

Â· When comparing citizens with similar levels of education, Hispanics were 16 percent more likely than non-Hispanics to be employed in the federal workforce as opposed to other sectors in the labor force.

The GAO selected the two factors because a 1976 White House order and congressional directives restrict hiring for civil service jobs to U.S. citizens (though there are exceptions for some positions) and because the federal workforce contains a larger percentage of occupations that require higher levels of education.

Hispanic leaders, however, said the GAO had gone down the wrong track with its analysis. Democratic and Republican presidents have called for a government that reflects the diversity of the nation, they said, and the goal should be a federal workforce that matches the percentage of Hispanics in the population, not the percentage who are citizens.

Brent A. Wilkes , national director of the League of United Latin American Citizens, called the GAO report "very disappointing." He said, "It has given the folks in the government who have been reluctant to reach out and hire Hispanics the ammunition not to do so by focusing on citizenship."

Hispanic groups have noted that lack of citizenship is not a bar to military service. According to the Pentagon, about 35,000 green-card holders and other noncitizens serve in the military. About 8,000 permanent resident immigrants enlist every year.

Manuel Mirabal , president of the National Puerto Rican Coalition, said: "What this report will accomplish, unfortunately, is that federal agencies will take it to mean that they don't have to do anything, that it is okay. It is not okay."

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Gilbert Sandate , who heads the Coalition for Fairness for Hispanics in Government, said the GAO report "minimizes the magnitude and impact of the Hispanic employment crisis and fails to provide a clear assessment of the problems affecting Hispanic employment in the federal workforce."

The GAO, Sandate said, did not consider discrimination as a factor in Hispanic employment. Too many Hispanics in government are clustered at the lowest grade levels, and the percentage of Hispanics at the top of the career civil service appears to be declining, he said.

Last year, the government employed 125,419 Hispanics in full-time civil service jobs, with 557 in "senior pay" positions, according to the OPM. Customs and Border Protection officer and customer-service representative were among the leading occupations in government for Hispanics, data collected by the GAO showed.

In its report, the GAO said it did not analyze whether discrimination against or attitudes toward Hispanics affected workforce representation. The analysis also did not seek to explain differences by grade, pay level, agency and other categories, the GAO said.

A part of the GAO report focused on how the OPM, the Equal Employment Opportunity Commission and other agencies make workforce comparisons. The databases used by those agencies do not divide the nation's labor force into citizens and noncitizens and, as a result, do not show how citizenship affects federal employment practices, the GAO said.

The GAO recommended that the OPM and the EEOC include citizenship in their annual comparisons on the demographics of the federal workforce and the nation's labor force. In their reviews of the report, the GAO said, the EEOC and the OPM did not comment on that recommendation.

Minority Program At WSSC In Limbo (WP)

By Chris Kirkham

The Washington Post, September 25, 2006

A controversial minority contracting program run by the Washington Suburban Sanitary Commission died over the summer after the Maryland General Assembly failed to renew it, potentially depriving minority- and women-owned businesses of more than $37 million worth of contracts.

The state Senate did not act because the Montgomery and Prince George's delegations could not agree on whether to strengthen oversight of the program, which critics said was fraught with patronage and unnecessary delays.

Minority- and women-owned businesses have received more than a quarter of the contracting money spent by the commission since the program began in 1979, for such work as construction projects and finding temporary employees.

The program has been at the center of years of upheaval at the Washington area's largest water and sewer utility. There have been charges that the program benefited white-owned companies who hired minority subcontractors, and controversy over delays caused when the contracting office held up projects until minority firms could be found to participate.

The head of the office was ousted last year, and three WSSC board members were asked to resign.

Companies that benefited from the minority contracting program said it was important to them. The program was designed to make up for years in which firms owned by minorities and women were excluded from the agency's business.

"It's going to be tougher for us because we're not going to be able to get the big projects," said Lilia A. Abron, owner and president of Peer Consultants PC, a civil and environmental engineering firm in Rockville that has worked with the WSSC for several years. "It's going to be more of a challenge, but we're up for it. We've been slugging it out this long."

Abron said minority firms with less experience will be hit the hardest. Her 15 years of working with the WSSC put her firm in good standing as a subcontractor for larger, non-minority contractors. Newer firms without those past relationships will be at a significant disadvantage, she said.

Bills to reauthorize the program until 2010 passed the House of Delegates, but failed to get out of a Senate committee before the end of the legislative session in April. Gloria G. Lawlah (D), head of the Prince George's delegation in the state Senate, said she wanted stricter language in the bill to hold prime contractors responsible for paying minority subcontractors -- even if that meant the program would expire.

"You can always avoid a sunset if you want to, but it's not always meaningful," Lawlah said. "Sometimes when you have nothing, it's going to make us work harder to put something in place" in the next legislative session.

Without the backing of both delegations, the bill could not come up for a vote.

The U.S. Supreme Court has held that any race- or gender-based preferences must be bolstered by evidence showing a historical pattern of discrimination. In the case of the WSSC, a 2005 study showed that disparities still exist between the number of minority contracts awarded by the agency and the number of minority businesses in the area.

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"I think it's clear that these programs are still required to advance the cause of diversity and creating opportunities for minority business people overall," said Kenneth E. Clark, president of the Maryland/D.C. Minority Supplier Development Council. "They missed an opportunity to move this program forward."

Wayne R. Frazier Sr., president of the Maryland-Washington Minority Contractors Association, called the state of minority contractors "woeful," noting that few companies have the size or financial backing to compete for major construction jobs.

After learning that the minority contracting program was terminated over the summer, the WSSC board tried to install a temporary program, but Maryland Attorney General J. Joseph Curran Jr. said this month that it would not be legal without enabling state legislation.

Prem P. Agarwal, chairman of the WSSC, said the commission is putting in an auditing system aimed at tracking the money going from prime contractors to minority subcontractors.

Agarwal said the WSSC will lobby to get the minority preferences written into law when the General Assembly meets in early 2007. In the meantime, the WSSC still has a program to help small contractors -- regardless of the race or sex of owners -- but Agarwal said many of the minority firms that have done WSSC work are too large to participate.

Any minority contracts in place before July 1 will not be affected.

"Right now our hands are completely tied, and that makes all of us unhappy," Agarwal said.

No On Proposition 85 (LAT)

The Los Angeles Times, September 25, 2006

A YEAR AFTER CALIFORNIA voters rejected an almost identical proposal, they are being asked again to approve a ballot proposition to require that parents be notified before a minor can have an abortion. A particularly objectionable phrase from the old version has been stripped out, but that doesn't fix the main problem:

Proposition 85 is an unnecessary measure that would do the state more harm than good.

Most adults can agree that the ideal scenario for a pregnant girl is to tell her loving and supportive parents about her situation and receive their guidance and help. That ideal scenario, or something like it, occurs more often than you might think, and without government coercion. The majority of girls do tell their parents. And the younger and more vulnerable they are, the more likely they are to do so.

But there are many less-than-ideal families in which girls do not talk to their parents, sometimes understandably: if molestation by a family member, for instance, led to the pregnancy.

Proposition 73, last year's parental notification measure, lost by a narrow margin. In an apparent attempt to tilt popular opinion in their favor, the authors of the new measure omitted a phrase from the previous initiative that raised public hackles. It would have embedded into the state Constitution wording that implies life begins at conception.

Although Proposition 85 avoids such a politically incorrect pitfall, it still contains the same troubling provisions. And it remains part of a broader campaign to chisel away at a woman's right to privacy.

By requiring doctors to notify a girl's parents (or seek court permission) before she can end her pregnancy, Proposition 85 interferes with the doctor-patient relationship. The measure would almost invariably delay abortions, and because teens are more likely to find out later rather than sooner that they are pregnant, it could lead to more later-term procedures, which are riskier and more complicated.

For girls who are afraid to report molestation by a family member, the proposition would create an almost insurmountable obstacle. Similar laws in other states have not appreciably changed teen pregnancy or abortion rates. Meanwhile, California's teen pregnancy and abortion rates in the last several years have declined faster than the national average.

Supporters of failed ballot propositions have a way of coming back in the hopes that a change in voter turnout will make the difference. Voters shouldn't be fooled. Proposition 73 was a bad idea last year, and Proposition 85 is a bad idea now. Voters should once again reject the parental notification initiative.

ENVIRONMENT/INDIAN AFFAIRS:

Source Of Outbreak No Easily Solved Mystery (USAT)

By Dan Vergano

USA Today, September 25, 2006

As the investigation into the nationwide E. coli outbreak in fresh spinach bears down on farms in three California counties, one big question remains.

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Whatdunit? What ill-fated combination of biology and farming conspired to create an outbreak in 25 states tied to 173 infections and one confirmed death over the past two weeks?

Two other deaths may be tied to the outbreak, those of an Idaho child and an elderly Maryland woman. Investigations are still underway.

The Food and Drug Administration reported Sunday that the Utah Public Health Laboratory has identified a contaminated bag of spinach from the refrigerator of a patient who became ill after eating some of it. A lab in New Mexico made a similar finding last week.

"We are now on the farms," said the FDA's David Acheson in a briefing last week. Because the outbreak is nationwide, the bacteria very likely were introduced into the food chain early, says food safety expert Douglas Powell of Kansas State University.

The Escherichia coli bacteria strain behind the outbreak, E. coli 0157:H7, is the most commonly seen cause of dangerous infections from this family of bacteria. Most forms of E. coli are benign or helpful (some help synthesize vitamins) and are endemic to the human gut. The outbreak strain belongs to a smaller family that produces toxins that can tear the intestinal wall and cause kidney failure and death.

Ninety-two people have been hospitalized in the outbreak, 28 with a type of kidney failure called hemolytic uremic syndrome.

The Centers for Disease Control and Prevention estimates E. coli 0157 causes 73,000 illnesses a year nationwide, as well as 60 deaths.

Disease experts call the locale where dangerous microbes hide a "reservoir." For E. coli 0157, the reservoir is inside cattle, which explains why beef and dairy products have long been the source of many outbreaks, Powell says. It also explains why the farm is where a lot of outbreaks begin. Typically in outbreaks, he says, contaminated cattle manure is used as fertilizer, or irrigation water fouled with runoff from dairy farms is sprayed on a field. "Once introduced into soil or seedlings, via irrigation water or compost, E. coli 0157:H7 can contaminate the soil and vegetables grown in it for months," he says.

Chlorine washes and a cool processing environment are supposed to knock down any E. coli bugs still on produce. If that protection fails, the microbes can multiply rapidly, contaminating hundreds of thousands of bags of produce.

A more speculative concern is over the possibility of the microbes migrating from the soil into the interior of plants as they grow, says microbiologist Eric Triplett of the University of Florida in Gainesville. Last year, he and his colleagues reported in the journal Molecular Plant-Microbe Interactions that human-disease-causing bacteria such as salmonella can migrate into such plants as tomatoes and alfalfa sprouts. "I don't see why spinach would be any different," he says.

Perhaps 10,000 of these disease bacteria's cells may hide in each gram of plant matter, he says. The concern is that no amount of washing will remove microbes hiding inside the plants, he says.

On the other hand, a 2003 Journal of Food Protection report suggested spinach plants trap most of these bacteria in their inedible roots. That study warned contamination may occur at harvesting, when the roots are cut in the field.

These are interesting laboratory studies but still very speculative, says Mike Doyle of the University of Georgia Center for Food Safety. "We still have to confirm this occurs in the field, and if it does, would it occur at cell numbers that would be of public health significance?" he wrote in an e-mail.

Center Of E. Coli Outbreak Is Also Center Of Anxiety (NYT)

By Jesse Mckinley

The New York Times, September 25, 2006

SALINAS, Calif., Sept. 22 — For the last week, on farms up and down the Salinas Valley, a group of invisible men have been looking for an invisible bug.

The men, federal and state health inspectors, have been hunting the source of an outbreak of E. coli bacteria in tainted spinach that has killed at least one person and sickened about 170 others in 25 states. Five companies have recalled products, and while the search has been slow and painstaking, federal officials caution that they may never find the exact source of the outbreak.

Nowhere has the uncertainty been more acute than in the three California counties — Monterey, San Benito and Santa Clara — where the outbreak has been centered. That sense of worry was probably heightened on Friday when the Food and Drug Administration gave the all-clear to spinach produced anywhere but those three counties.

"Everybody is anxious for resolution," said Eric Lauritzen, the Monterey County agricultural commissioner. "And I'm sure the consuming public is as well."

In an industry that is equal parts science and Steinbeck, the halt in the spinach harvest ripples through all kinds of businesses and trades, from pickers left without work to packers left without product to restaurateurs left without ingredients.

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The agriculture business is the biggest employer here, and trade leaders say the spinach crisis could cost $100 million if it goes on for a month. Farm officials are concerned about the entire salad industry, which has grown rapidly over the last decade as fresh bagged lettuce and other greens have become popular.

In conversations in the lower Salinas Valley, a fertile, sun-baked strip that runs some 30 miles from Salinas to Soledad, even those whose jobs are far from the fields expressed concern for farmers. And as every day passes, the worry grows that this year's harvest, and maybe those in years to come, have been dealt a crippling blow.

"Anybody you talk to in this valley, the question is, is this going take out anything that's in a bag," said Mike Foster, 35, a firefighter in Chualar, a roadside town outside Salinas. "And how's that going to affect everything else: are people going to stop eating salad mix? Lettuce? Bags of apples?"

Mr. Lauritzen, whose Salinas office sits on Abbott Street, a dusty road where farm-related equipment shops, chemical warehouses and refrigeration companies sit side by side, said he had been on the phone all week trying to answer questions and settle nerves. "I couldn't begin to describe my week," he said wearily.

Some have complained about a lack of concrete information. The authorities have not said which farms they are looking at, though they say there are nine. They also say about 20 inspectors are on the job, but no federal laboratory findings have been released.

Earthbound Farm in San Juan Bautista, which is believed to have supplied the tainted spinach, acted pre-emptively, saying Wednesday that its plant had been declared clean by a private laboratory.

Mr. Lauritzen said the health of those sickened by the outbreak remained the major concern of those in the agricultural industry. But just down the street sits a reminder of the local impact: River Ranch Fresh Foods, which last Sunday announced a voluntary recall of its salad mix.

In Gonzales, 17 miles southeast of Salinas, packing plants line both sides of the railroad tracks that bisect the valley, and boxes of vegetables line the walls of soaring coolers and refrigerated storage rooms. Residents there say that the recent problems with E. coli — there have been at least eight outbreaks in the valley since 1995 — are a new development in an old business.

"My dad raised spinach his entire life, and I never heard of E. coli," said Joe Miranda, 77, a lifelong resident of Gonzales and a former ranch worker. "I've been in spinach up to here," he said, pointing to his knee, "and I never heard anything like that."

Like many in the valley, Mr. Miranda had heard rumors about the cause of this outbreak — portable toilets being spilled onto crops, or rodents and rabbits dirtying a batch with their feces — but said he suspected that lapses in modern farming techniques, including using unclean irrigation water, had fouled the works. "The way they farm nowadays," he said, "they might just have to start over."

The outbreak has been the lead story in the Spanish-language news media, whose newspapers have described "panic" and television announcers have wondered about the spinach shutdown's effect on Latinos, a group already concerned about pending immigration laws.

"Yeah, we're worried about it," said Robert Gomez, 57, the campus supervisor at Anzar High School, just down the road from the Earthbound Farm processing plant. "Its a low-income area, a lot of families, our families, work there. If they slow down, or lay people off, it's going to hurt us."

In Soledad, where signs announce the town's motto — "Feel the Momentum" — residents say they worry that the federal reaction has been too slow and the news media's reaction too hasty. "I would like to see some data on what E. coli rates are for another two weeks of the year," said Adele Skinner, a retired school worker. "I think it's all been a little overblown."

Her husband, Prescott, sat beside her in the Soledad Bar and Grill, a tavern hidden in the side room of a bowling alley. "To Soledad, farming is everything," Mr. Skinner said, nursing a glass of rosé. "It always has been, and it always will be. They'll come back from this."

That optimism was also in evidence in Salinas, where agricultural leaders had repeatedly assembled to offer their condolences to victims and to plan strategy. On Thursday at the National Steinbeck Center, they announced a new series of farming guidelines, including advanced testing of water and soil, and new machinery. After they spoke, two new spinach harvesters idled outside the center, flanked by two workers decked out in sanitary gear.

By Friday, however, such theatrics had given way to the day-to-day grind of farm life. Tara Mackay, a waitress at the First Awakenings restaurant in Salinas, where farmers often convene before dawn, said her regulars had been in that morning as usual.

"There's not really much to talk about until they figure it out," Ms. Mackay said, adding that she had heard rumors about the outbreak's cause. "But when you hear that sort of stuff, you do kind of think, 'I'll eat broccoli.' "

System Set Up After '93 Outbreak Pointed To Spinach In E. Coli Cases (WSJ)

DOJ_NMG_0068865

By Jane Zhang

The Wall Street Journal, September 25, 2006

WASHINGTON -- Early in this month's E. coli outbreak, state and federal officials were able to single out spinach as the likely culprit thanks to a surveillance system set up after a 1993 outbreak at the Jack in the Box fast-food chain.

The system, coordinated by the Centers for Disease Control and Prevention, links public-health laboratories nationwide and allows state and federal epidemiologists to quickly compare the DNA "fingerprints" of E. coli bacteria collected from sickened people. Through phone calls and email lists, public-health officials can alert each other about small clusters of cases and hunt for early signs of a nationwide outbreak.

Wisconsin first alerted the CDC to a cluster of E. coli cases Sept. 8 and posted a genetic pattern. But officials there didn't suspect fresh spinach until Oregon reported findings from six cases there Sept. 13. More cases from other states helped convince federal officials their suspicion about spinach was right. By Sept. 14, consumers were warned not to eat bagged varieties of the vegetable. While 173 people have been reported sickened, some gravely, officials believe the fast-paced detective work helped to reduce the outbreak's spread and saved lives.

"We are finding the large outbreaks when they are still in a small stage and act on it," says Robert Tauxe, deputy director of the CDC's Division of Bacterial and Mycotic Diseases. Before the system was launched 10 years ago, "We only got the big ones after they got big. That's really too late."

A big piece of the system is PulseNet. It links public-health laboratories, which perform standardized molecular DNA tests on bacteria such as E. coli and salmonella. The results are entered into an electronic database and uploaded to the CDC in Atlanta, where lab technicians around the country can compare samples, perform searches and send questions to epidemiologists and regulators.

PulseNet was developed after four people died and hundreds of others were sickened from eating tainted hamburger sold by Jack in the Box Inc. The CDC began to upgrade its communication system for state and federal epidemiologists, who long had depended on phones.

In this month's E. coli scare, Wisconsin received reports of illnesses there and conducted the DNA tests. Then it loaded the genetic patterns into the CDC network and said it thought it was experiencing a statewide outbreak. Dr. Tauxe says the Sept. 8 report didn't initially raise alarms.

Meanwhile, Oregon officials the same day were informed about three E. coli cases in that state. William Keene, senior epidemiologist at Oregon's Public Health Division, says he initially thought it was just a minor outbreak. But that night, Melissa Plantenga, a colleague of Dr. Keene, started interviewing nurses and later talked to a patient. Four days later, a couple of other cases surfaced.

A pattern appeared: Five out of the six victims were women, who tend to eat more salads than men do. And on Ms. Plantenga's 304-question form, five out of six people answered yes to question No. 199 about their recent meals: "fresh spinach (not frozen)."

"It was way out of line," she recalled. A CDC survey in 2002 showed that only 18% of Oregon respondents ate spinach in a given week.

On Sept. 13, Dr. Keene emailed CDC infectious-disease specialist Chris Braden to say Oregon had a cluster of E. coli cases. Dr. Braden, who directs the CDC's surveillance-response team, happened to be on the phone with Wisconsin officials discussing their E. coli cases. Dr. Keene joined the conference call and said the Oregon cases seemed to be linked by spinach. He quickly sent the CDC the DNA fingerprinting data, which matched those of the Wisconsin cases.

CDC officials then alerted the Food and Drug Administration. "We didn't tell them it was definitely bagged spinach," just that it might be, Dr. Tauxe says.

Soon other states were reporting E. coli cases, with spinach as a common element. After an FDA warning Sept. 14, a California company, Natural Selection Foods LLC, recalled its bagged spinach. Two other companies followed.

By Sept. 20, the CDC reported 146 cases, and at least 70 of the victims had eaten prepackaged spinach. The FDA and California sent investigators to Salinas Valley, where much of the nation's fresh spinach is grown.

A bag of Dole Food Co. baby spinach found in New Mexico finally provided the hard proof. Investigators ground the spinach and cultured the bacteria in a lab. By using the PulseNet network, they determined the E. coli organism found in the spinach sample was the same as that in the people who had fallen ill in New Mexico and elsewhere. That bag's packaging information then pointed the way to nine farms in three California counties. Officials hope more bags that test positive will narrow the search. Yesterday, the CDC said Utah officials found one bag in that state.

Voters Get A Say On Land Rights (USAT)

By Martin Kasindorf

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USA Today, September 25, 2006

LOS ANGELES — Eleven states are giving voters their first chance this fall to override last year's Supreme Court ruling that allows local governments seeking more tax revenue to seize private property and give it to developers.

Thirty state legislatures have passed laws or constitutional amendments since June 2005 to negate or limit the ruling's effect in their states. Voting 5-4, the high court said the Constitution permits state and local governments to condemn a home through eminent domain powers so developers can build hotels, offices or retail centers on the site.

The decision, Kelo v. New London, Conn., raised a public outcry, led by libertarians and conservatives who advocate limited government power. The spate of ballot proposals is being bankrolled largely by libertarian organizations controlled by New York City real estate investor Howie Rich. The groups, Americans for Limited Government and the Fund for Democracy, have donated $4 million to ballot drives in eight states.

"It's about one of the core freedoms that our country was built on," Rich says. "People work very hard to own a small business, a home or property. The government is there to protect the right to that property, not to take it away."

Cities, some environmental groups and property developers oppose the ballot measures. Using eminent domain for commercial projects is proper "as a last resort," says Paul Farmer, executive director of the American Planning Association, a group for urban planners based in Washington. "Working these things out in the legislatures is preferable to the sledgehammer approach of these measures."

Larry Morandi of the National Conference of State Legislatures says momentum is building on these issues and most of the ballot measures could pass.

Grover Norquist, president of Americans for Tax Reform, says, "I'm not sure even Roe v. Wade (which legalized abortion nationwide) got so much of the country saying 'no' the way Kelo did."

The Supreme Court said states can restrict the use of eminent domain under their own constitutions. That triggered lobbying in 45 legislatures and signature-gathering for ballot initiatives.

Louisiana will vote Saturday during its primary on two ballot measures on eminent domain. Ten other states will vote on the issue Nov. 7.

Rich's allies in California, Arizona and Idaho combine eminent domain on the ballot with a separate land-use issue at the heart of the property rights movement. It's a proposal to make governments pay property owners for "regulatory takings" — zoning, height limits or other building restrictions that substantially reduce the land's value. Washington state has a ballot measure on regulatory takings.

"The property rights advocates have exploited Kelo to advance a broader anti-government agenda," says John Echeverria of Georgetown University Law Center.

Seeking Expansion In Urban Areas, Wal-Mart Stores Gets Cold Shoulder (WSJ)

By Kris Hudson And Gary Mcwilliams

The Wall Street Journal, September 25, 2006

Cities like Boston might be the best hope for Wal-Mart Stores Inc. to grow in the U.S. For the retail giant, that's a problem.

Last year, Wal-Mart's discussions about opening its first store here, in retail space that was soon to be vacated, spurred public outcry. The retailer eventually dropped its pursuit of the property. "Wal-Mart does not suit the clientele we have in the city of Boston," says Mayor Thomas Menino, explaining his opposition. "They don't pay wages that are sufficient. Their benefit structure is poor. I don't need employers like that in our city."

Mayor Menino has no such qualms about trendier rival Target Corp., which he has been actively recruiting. "It's a different image they have in how they market their product and the appearance of their stores," he says. "That's a lot to do with it, the image of the store."

For years, Wal-Mart, of Bentonville, Ark., thrived in rural and suburban America where land was cheap and local governments didn't interfere. Now Wal-Mart is trying to break into the last areas of the country where it isn't dominant, and the going is tough.

Wal-Mart is used to opposition, but these antagonists are tougher and better organized than earlier breeds. In the Northeast and America's big urban centers, they've augmented a traditional anti-Wal-Mart message with something more potent: an appeal to urban cultural values. Here, Wal-Mart is a metaphor for the worst of middlebrow America.

After missing out in Boston, the company lost a two-year fight to open in Leominster, in central Massachusetts. Some of the same antagonists are now organizing to block Wal-Mart in adjacent Lancaster.

Officials in Miami prevented Wal-Mart from locating a store amid a 55-acre midtown redevelopment project, on the grounds that its sprawling, suburban aesthetics and low-end appeal didn't conform to the city's architectural and social vision for the project.

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"I feel bad for Wal-Mart, but that's their image," says Johnny Winton, the former Miami commissioner who helped plan the project.

Wal-Mart, which responded in writing for this article, says it's committed to starting stores in urban markets and that many towns welcome the resulting jobs and tax revenue. "We know that customers want what we have to offer," the company says in a written statement. "In the end, the customer should have the opportunity to decide where to shop."

Behind Wal-Mart's push into this inhospitable terrain is the onset of middle-age. The company reported a 9.5% increase in annual sales last year, falling short of the double-digit pace it set in nearly all of its 34-year history as a public company. Sales growth at stores open at least a year slowed to a 3.4% gain, far from their 10-year high of 9%, a record reached in 1999.

It faces this challenge both in the U.S. and abroad. Wal-Mart grew into the world's largest retailer by relentlessly cutting prices, putting local retailers out of business while passing on savings to consumers. The company is a powerhouse in Mexico -- where it's the top retailer -- and it's surging in South America, Central America and Canada. Yet Wal-Mart's international operations account for just 22% of its overall sales, and the retailer has found itself hindered in some countries.

Hit by stiff competition from cut-rate retailers, strong unions and labor restrictions, Wal-Mart recently withdrew from Germany after eight rough years, taking a $1 billion charge in the process. In China, Wal-Mart has only 64 stores, or one for every 20 million Chinese. Its expansion, which includes plans for another 18 to 20 stores this year, is subject to the whims of China's Communist Party.

Last year, Wal-Mart applied to open a specialized bank in Utah, pledging to use it for credit-card transactions and accepting deposits from charities, not to open branch banks. That didn't forestall an outcry from critics, bankers and politicians, and in July the Federal Deposit Insurance Corp. imposed a six-month moratorium on such applications.

To jump-start sales in the U.S., the company has begun revamping the merchandise and layouts of existing stores to appeal to specific groups, such as African-Americans and Hispanics. It is stocking trendier items such as organic food and designer décor. The move represents a risky departure from the company's successful one-size-fits-all strategy.

Investors are skeptical whether Wal-Mart can continue to rely on U.S. expansion to sustain its growth. Wal-Mart's shares trade at 16.6 times projected earnings, below the ratios notched by rivals Target Corp. and Sears Holdings Corp.

Some on Wall Street would prefer the company tap the brakes on its building plans. New urban stores cost a lot to build and operate, and might not be as successful as other areas, at least initially. Due mostly to local resistance, Wal-Mart says it sometimes takes twice as long to plan, construct and open stores in markets such as California compared with a typical time frame of 18 to 24 months.

Wal-Mart dominates rural America, with 45% of its stores located in rural and semi-rural counties, according to market researcher ACNielsen. The retailer is acting to correct the imbalance: In the 12 months since July 2005, two-thirds of the stores opened by Wal-Mart have been in urban or semi-urban areas, ACNielsen says. Wal-Mart won't provide information about future store openings.

Yet sales gains at new stores, located mostly in urban areas, are lower this year than last, indicating that urban shoppers might be turning up their noses. Joanne Dudevoir, 53, a computer specialist for the Defense Department in Boston, dismisses the company with a wave of her hand. "I don't do Wal-Mart. There's nothing there I need to shop for."

Wal-Mart says it will prosper even in challenging markets if it serves customers well. The company adds that it has a "very disciplined approach" to building new stores. Wal-Mart is on track to expand its square footage in the U.S. this year by 8%, its average over the past six years, adding the equivalent of nearly 40 regional malls. Wal-Mart executives said in June that the retailer has plans for at least another 1,400 U.S. stores, but it has not announced a time frame in which all will be built.

"With more than 3,900 stores and clubs in the U.S., we represent a small number of retail outlets in the United States and a much smaller percentage internationally," the company says. "We see continued opportunity for growth and we are committed to that growth."

Community opposition to Wal-Marts dates back to the early 1970s, when Vermont passed a law requiring regional planning commissions to consider the environmental and economic impact of large developments.

Opposition has grown more organized in recent years as nonunion Wal-Mart advanced on union strongholds. In California, Wal-Mart's pledge to open 40 supercenters -- massive stores offering general merchandise and groceries -- precipitated a four-month strike of grocery unions in 2003 as rival chains sought to cut labor costs to compete. A year later, Wal-Mart suffered a setback when voters in the Los Angeles suburb of Inglewood decided by a three-to-two margin to reject a proposed Wal-Mart store.

Wal-Mart officials characterize Inglewood as an anomaly, noting that they have won 32 of 39 such public votes during the past two years. The majority of new Wal-Marts face little or no opposition, they say.

Today, politicians and residents use a variety of snares and roadblocks to slow the giant's advance. Recently, the Institute for Self-Reliance, a community activist group based in Washington, D.C., launched a Web site -- www.bigboxtoolkit.com -- where

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Wal-Mart opponents can gather data to use in public speeches and letters. The organization has helped 30 towns adopt ordinances to block big retailers and advised about 100 others.

The institute supports what it calls "sustainable communities," or those that grow using their own environmental and economic resources. It opposes big retailers, contending they take more from communities than they contribute.

In New York City, which has no Wal-Mart, the company's opponents helped kill proposed stores in Queens and Staten Island. In February, the city council approved plans for a retail center near Yankee Stadium with a proviso that only retailers already operating in the city could locate there. Translation: Wal-Mart need not apply.

Wal-Mart has won some victories on the urban battlefield. In 2004, it won approval to open its first store in Chicago, in a depressed neighborhood on the West Side, which is set to open later this month. The city's alderman responded by passing a law mandating that big retailers pay employees an hourly wage of at least $10 and health-care benefits equivalent to at least $3 an hour.

Chicago Mayor Richard Daley vetoed the law earlier this month and persuaded the council to not override his decision. In Maryland, a federal judge recently struck down a law mandating how much money large employers -- effectively meaning Wal-Mart -- should spend on workers' health-care coverage.

The retailer has had no such luck in Massachusetts, a state that is urbanized, educated and liberal. Wal-Mart operates 47 stores there, as opposed to 106 in Oklahoma, a state with roughly half the population of Massachusetts. In the Bay State, films such as the anti-Wal-Mart documentary, "Wal-Mart: The High Cost of Low Price," are regularly shown in college halls and independent theaters.

Anthony Citrano, a 36-year-old tech entrepreneur who lives in South Boston, describes the company as a "weed" that "drains the life out of other plants" and as a symbol of America's "unsustainable way of living." Mr. Citrano argues that Wal-Mart is a business that grew in an era of cheap oil, which he says is coming to an end.

After Boston Mayor Menino last year pronounced Wal-Mart persona non grata, five Maine towns and the neighboring city of Cambridge put store-size restrictions in place that effectively barred Wal-Mart. Several of the moves were triggered by a mere rumor of Wal-Mart interest.

In central Massachusetts, Wal-Mart's nemesis is businessman Arthur P. DiGeronimo Jr., known as Jay. Mr. DiGeronimo, 54, is a native of Leominster, a city of 41,000 in the rolling hills of central Massachusetts. Business-savvy and well-spoken, he is a community fixture, having run a grocery-store chain started by his Italian immigrant family until its sale in 2004. He now owns a sound and video equipment company.

Mr. DiGeronimo says Wal-Mart's arrival will hurt the area's nine grocery stores and half-dozen department stores. Driving through the city in his pickup truck, he argues that Wal-Mart won't improve residents' well-being. "It is a question of the quality of life that's become important for a lot of communities," he says.

Mr. DiGeronimo developed his anti-Wal-Mart fervor while running his family's grocery store chain. "He has difficulty with Wal-Mart's method of operation and how they treat their help," says Robert Capobianco, an attorney who has worked for DiGeronimo companies since 1968.

In 2003, Mr. DiGeronimo tapped Mr. Capobianco to represent residents in their fight to stop a proposed 24-hour Wal-Mart in Leominster. They filed a suit against the developer and the city alleging, among other things, that the city didn't adhere to its own application procedures. After two years of wrangling, the defendants agreed to restrictions that in effect shut out Wal-Mart.

During that fight, Mr. DiGeronimo hired anti-Wal-Mart activist Al Norman as a consultant. He had heard about Mr. Norman from a DiGeronimo company manager, who had attended a seminar about how to fight Wal-Mart that was sponsored by one of its wholesaler competitors.

Mr. Norman, a health-care worker, turned a 1993 campaign against a Wal-Mart in his Greenfield, Mass. home into a second career. He recently traveled to Japan to advise a group there. "My fifth international gig," he says.

Wal-Mart's push into communities like Leominster has spawned a tenacious opposition, Mr. Norman says. "What used to be a two or three month turnaround [to get a store approved] can turn into a two-year turnaround and sometimes longer," he says.

Messrs. Norman and DiGeronimo rejoined forces this year after Wal-Mart returned from its Leominster defeat with a 200,000-square-foot store proposal in Lancaster, a neighboring town of 7,400. Patrice Harvey, a mother of two small children, called Mr. DiGeronimo for advice.

Ms. Harvey and her husband John, both 35, didn't actively oppose the Leominster store plan, even though their house is technically within city limits. The second site, by contrast, is directly across from their home. Ms. Harvey says she used to shop at Wal-Mart when her children were small but stopped after encountering Wal-Mart critiques, such as the documentary, "Is Wal-Mart Good for America?" Wal-Mart "doesn't fit the character of the town," Ms. Harvey says.

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Wal-Mart says the type of opposition it faces in Massachusetts isn't affecting its plans. "We believe that the customers want to decide for themselves where they work and shop, as opposed to having those decisions made for them by special interest groups with ulterior motives," the company says.

Under Mr. DiGeronimo's guidance, Ms. Harvey put together a group of about a dozen residents who meet at a different member's house each week. The group includes a university computer manager, a software-company office manager and two local businessmen.

Mr. DiGeronimo has been attending the group's meetings where he offers advice. Whenever the discussion veers into Wal-Mart's environmental record or health care practices, he steers it back to local issues: "water, sewer, wetlands and traffic. Those are the only pressure points that can be brought" to bear on town officials, he says he tells them.

He adds: "That seemed to work in Leominster and is working here."

Wal-Mart Grows 'green' Strategies (USAT)

By Mindy Fetterman

USA Today, September 25, 2006

BENTONVILLE, Ark. — Andrew Ruben, vice president of strategic planning for the world's biggest retailer, leans across the table and pleads passionately for consumers to embrace the compact fluorescent light bulb. Though a CFL bulb costs more, it uses 75% less energy and lasts 10 times longer than a regular bulb.

"Tell everyone to buy this light bulb!" he says, his voice trembling a bit. "If we could get every American to change a single light bulb, we'd be doing the world a world of good."

What's sparking Ruben's fervor is a new mission at Wal-Mart: Embrace the Earth.

The $312.4 billion retailing giant has launched an aggressive program to encourage "sustainability" of the world's fisheries, forests and farmlands, to slash energy use and reduce waste, to push its 60,000 suppliers to produce goods that don't harm the environment, and to urge consumers to buy green. Last Monday, for the first time, Wal-Mart reported on its carbon dioxide emissions — the "greenhouse gases" that cause global warming. It said it emits 20.8 million tons worldwide, an amount greater than what's released by an auto company but much less than that released by a major utility company.

"We asked ourselves: If we had known 10 years ago what challenges we would face today, what would we have done different?" says CEO Lee Scott. "What struck us was: This world is much more fragile than any of us would have thought years ago."

Already, Wal-Mart has become the world's largest buyer of organic cotton. It introduced "fair trade" coffee at its Sam's Clubs. It began selling some organic foods in the spring and will introduce others this fall. And it is pushing suppliers to use smaller packages to cut waste.

Critics such as WakeUpWalMart call the efforts "green-washing." They say the efforts are an attempt to polish a corporate image tarnished by controversies over low pay and limited health care benefits for its employees and "anti-big-box" feelings in some towns.

But many environmentalists are ecstatic. Wal-Mart is a very big rock to throw into the pro-environment pond, and its ripples, they say, will be felt across the globe.

"Wal-Mart is a huge player, and they have enormous clout," says Scott Burns of the World Wildlife Fund, which has 10 employees working with Wal-Mart on several projects, including sustainability of fisheries. "They're sending a very powerful signal that already is having effects on the way people produce products for them."

Wal-Mart says it will:

·Slash gasoline use by its trucking fleet, one of the largest in the USA, and use more hybrid trucks to increase efficiency by 25% over the next three years and double it within 10 years. That will save $310 million a year by 2015, the company says.

·Buy 100% of its wild-caught salmon and frozen fish for the North American market only from fisheries that are certified as "sustainable" by the non-profit Marine Stewardship Council within three to five years. That designation means areas of the ocean aren't fished in ways that destroy fish populations.

·Cut energy use at its more than 7,000 stores worldwide by 30% and cut greenhouse-gas emissions at existing stores by 20% in seven years. Wal-Mart is the largest private electricity user in the USA.

·Reduce solid waste from U.S. stores by 25% within three years.

The company, second-largest in revenue in the world behind ExxonMobil, has vowed to invest $500 million a year in energy-saving technologies.

It has built test lab stores in Aurora, Colo., and McKinney, Texas, where it is experimenting with everything from wind power to permeable asphalt that lets rainwater seep through parking lots to help refill groundwater aquifers. It wants to build stores that produce 30% fewer greenhouse emissions in the next four years.

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And it has reached out to environmental groups, many of which were once highly critical of the company; Wal-Mart has made them part of its in-house planning.

On Climate Change Day in mid-July, it hosted former vice president Al Gore at its corporate headquarters here. “We know that Wal-Mart is not necessarily an easy place to come to,” CEO Scott admits. Yet after Gore showed his global-warming film, An Inconvenient Truth, he got a standing ovation from a crowded Wal-Mart auditorium.

“A lot of organizations in that room had campaigned against Wal-Mart. We were kind of skeptical,” says Paul Rice, founding president and CEO of TransFair USA. The group is the only one in the USA that certifies products such as coffee as “fair trade,” meaning they are bought from groups that pay growers fair wages. “But no one is anymore,” he says.

Wal-Mart isn't pushing sustainability solely out of the goodness of its heart. It has realized that it can make money by selling products that are environmentally friendly. It can make millions selling recycled trash and save hundreds of millions by cutting transportation costs.

It even is actively supporting the idea of a system for companies to “trade” carbon dioxide credits. Wal-Mart believes it can earn lots of credits by saving energy, and it can sell them for millions of dollars to companies that can't. All of those savings will go into keeping prices on its products low, it says.

Wal-Mart also says it is worried about having enough products, primarily fish and other foods, to sell to consumers in the future. “We set out to do (sustainability) as an obligation, a good-works effort,” says Scott. “But we discovered the truth: The real reason to do this is for the business itself.”

Wal-Mart has formed 14 sustainable value networks made up of employees, suppliers and environmentalists. The groups get together regularly in person or on conference calls to brainstorm how products that don't hurt the environment can be made or bought.

The networks work with Wal-Mart's buyers and suppliers, and the suppliers of its suppliers, to push change all the way down the business chain. “We've never worked this way before,” says Matt Kistler, vice president of product and packaging innovation.

The company is mapping whole product lines to find out where the environment is hurt along the way and how to stop that. “When you hear your words coming out of their mouths, it's amazing,” says Suzanne Apple of the World Wildlife Fund. “These are issues we've been working on for years.”

Manish Kumar supplies frozen fish to Wal-Mart. As with many of the company's 60,000 suppliers across the globe, he says Wal-Mart is his biggest customer. In the four years since he landed the business, he's become the retailer's largest supplier of frozen fish in the USA. That's tens of millions of pounds of fish a year.

The way he does business today is radically different than just eight months ago, when he and other fish suppliers were called to Bentonville for a meeting on buying fish only from sustainable fisheries.

“We didn't even know what the Marine Stewardship Council was. Now, it's all we do. The speed with which things are happening is incredible,” says Kumar, CEO of The Fishin' Co., based in Pittsburgh. Now, he works with 18 fish-processing plants that use only fish accredited by the MSC.

Wal-Mart, the world's largest buyer of fish depending on the species, now sells 10 fish products with the blue MSC label, including wild salmon and pollock.

When you buy strawberries from a Wal-Mart today, they come in packages made not from plastic but from biodegradable corn. Same with Paul Newman's organic salad dressing. And this holiday season, those Sam's Club gift cards you may put in your family's stockings will be made from corn-based PLA (poly lactic acid), too.

If you're selling to Wal-Mart, you'd better be thinking about smaller packaging, less packaging and recyclable packaging. Wal-Mart said Friday that it will start “grading” suppliers on how well they do. Less, in this case, is more.

When it cut excess packaging on its private-label line of toys, Kid Connection, the company estimates it saved $2.4 million a year in shipping costs, 3,800 trees and 1 million barrels of oil.

“A 2% reduction in a package's size is worth millions and millions of dollars,” says Kistler, vice president of packaging innovation. “You can get more in a container, more in a boat, more in a truck. The numbers are just amazing.”

Downsizing a product's package is tricky, though. Products are sold on store shelves by volume. Bigger packages get more shelf space and can catch consumers' eyes better.

That was the problem when Wal-Mart started pushing Unilever to downsize its laundry detergents. It was reluctant to lose shelf space.

To compensate, Wal-Mart made All Small & Mighty, Unilever's concentrated detergent that comes in a bottle two-thirds the size of a regular jug of detergent, a “VPI.” That's in-house code for a “volume-producing item.” It got heavy promotion and top space on the end of aisles with lots of signs. It's been a huge success, Wal-Mart says.

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The single biggest energy success that Wal-Mart has discovered so far is inside a newly designed refrigerator case. It's LED lights. “Fluorescent lights don't like the cold. LED loves the cold,” says Don Mosley, senior engineering manager of special projects who helped design the energy-efficient mechanical systems Wal-Mart is testing at the lab stores in Colorado and Texas.

Wal-Mart spent about $30 million to develop the refrigerator LED lighting system with General Electric and Royal Philips Electronics. LED (light-emitting diode) lights use semiconductor chips to create energy and emit light. LEDs have been used on digital clocks and cellphone screens but never for such a big item.

“This application will change the grocery industry,” says Charles Zimmerman, vice president of new format development. “One-third of our energy costs come from lighting, and the LED cuts 50% of the cost of lighting.”

Wal-Mart began using LED lights in its giant, red Wal-Mart signs about two years ago. The life of the lights is much longer, even though they cost more. “It's important that our signs say Wal-Mart and not al-Mart,” laughs Mosley.

The compact fluorescent light bulbs from GE that Wal-Mart is pushing for consumers to buy are beginning to catch on, says Michael Petras, vice president of lighting for GE. “The cost is good, it comes on quicker, the colors are better.”

GE sold $75 million of the energy-saving bulbs in 2005. Sales across the industry are up 20%, while sales of traditional incandescent bulbs have fallen 7%.

Wal-Mart has been doing “sunlight harvesting” through skylights at 2,000 of its stores for about 10 years. For much of the day, the only electric lights used in a store are along the inside outer walls. The rest of the floor is lit by skylights.

Now it's testing wind power in the Colorado store. So far, it's been a failure. “It might be our familiarity with the equipment,” admits Mosley. “When they break, they break pretty good before we realize it.” The company hasn't abandoned wind power yet but isn't blown away by it, either.

WakeUpWalMart, a union-funded group that criticizes Wal-Mart's wages and health care benefits, doesn't believe Wal-Mart is sincere. It says Wal-Mart is just trying to get some good public relations in light of all the lawsuits against the company, including claims of discrimination against female employees and forcing employees to work “off the clock.” Wal-Mart also is being investigated for problems with hazardous waste disposal.

“We don't know whether Wal-Mart's environmental changes are real or a Machiavellian attempt to green-wash a declining public image,” says Chris Kofinis, communications director. “But its long record of irresponsible behavior forces one to be skeptical.”

The charges don't bother Wal-Mart. “I don't respond to that criticism,” says CEO Scott. “We know what our goals are. We think we can have an extraordinary impact on the environment.”

Some environmentalists who are in the company's corner are reserving judgment. Fred Krupp, president of Environmental Defense, says Wal-Mart is “off to a promising start” but will be judged by “the results of its efforts.”

Still, Environmental Defense in July opened its first satellite office near a U.S. corporate headquarters — in Bentonville.

“Wal-Mart has as much or more potential than any other company to change the way the world does business,” says Krupp. “And we intend to be right there.”

Texas-Size Hunger For Power Worries State's Grid Boss (WSJ)

By Rebecca Smith

The Wall Street Journal, September 25, 2006

Texas electricity customers are living large, and it is beginning to worry the state's grid operator.

By next spring, the state's electricity reserves are expected to dip below safe levels, at times. Grid officials are seeking state permission to devise an emergency program that would prevent possible disruptions by offering customers incentives to cut electricity use quickly.

Texas is among several places in the U.S. faced with the prospect of declining power reserves amid increased electricity use by consumers. Backup power nationwide, while currently adequate, has been in decline after disruptions in energy markets that caused many companies to cancel new power-plant projects in recent years. The two factors have increased concerns that the electricity system in some parts of the U.S. is becoming more frail. The problem is especially acute in Texas because the state has almost no ability to import power from neighboring states.

The Texas grid operator has concluded it is cheaper and quicker to cut use than to build "peaker" generating plants -- small, simple plants that run when needs are greatest. Likely users are retail chains, factories and municipalities that are capable of trimming use by predictable amounts with a 10-minute warning. The plan would roughly double the amount of emergency reductions available to the grid operator at times of special stress.

State and federal grid-safety rules require Texas to keep a cushion of electricity on hand from in-state generators that is equivalent to at least 12.5% of the amount of power being consumed at any given time. On Aug. 17, when the state set a record

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for peak electricity use, reserves slipped below 10%, far less than the 16.3% minimum reserve that had been projected for this summer.

"We're looking at lean reserves the next couple of years and might need emergency assistance at any time," said Paul Wattles, spokesman for the grid operator, formally called the Electric Reliability Council of Texas.

Currently, the grid operator has customers it can call on to reduce demand by 1,150 megawatts, equivalent to the output of two large power plants. The latest proposal it has made to the Public Utilities Commission of Texas would add another 1,000 megawatts. Power generators have objected to such programs, in the past, even though Texas had more than 3,200 megawatts of customer load participating in similar programs prior to 2002, when rules changed as the state deregulated its retail electricity market.

After passage of the 1999 law, generators went on a building spree, constructing 26,000 megawatts of plants, a record for any state. But rising demand and retirement of older plants have thinned reserves that exceeded 30% just four years ago.

Since 1980, the average Texas household has doubled its use of electricity, and the number of households has grown. Not only are new houses bigger, most have central air conditioning, and 60% have ceilings that are at least nine feet high, factors that also push up consumption, according to grid officials.

Californians have held electricity use flat since the 1980s on a per-capita basis through investments in energy-efficiency and conservation programs. In 2003, California ranked first among all states for lowest per-capita electricity use, at 6,732 kilowatt hours annually. Texas ranked No. 35 with average annual use that was more than twice as great, at 14,602 kilowatt hours per person.

2 Years Later, What Has Changed? (USAT)

By Anita Manning

USA Today, September 25, 2006

In the fall of 2004, the USA's public health system got a nasty shock. British health regulators suspended the license of vaccine maker Chiron, effectively cutting the U.S. flu shot supply in half on the eve of flu season.

That sparked a scramble for flu shots: Senior citizens stood in line for hours outside clinics and retail stores; busloads of Americans headed north to get vaccine in Canada, where supplies were plentiful; there were reports of vaccine thefts from doctors' offices; and politicians held hearings on Capitol Hill demanding to know what went wrong.

Health experts blamed the shortage, and the resulting period of panic and prioritization of the remaining limited supply, on a shaky vaccine infrastructure that relied on too few manufacturers and 50-year-old technology.

Two years later, what has changed?

·Vaccine is still produced by growing flu viruses in chicken eggs, a process that takes at least six months.

·The stability of the flu vaccine supply, though improved, is still not certain.

·Vaccine delivery, dependent on speed of production and release of lots by federal inspectors, is still sporadic throughout the season.

Yet the flu vaccine landscape has undergone significant reconstruction. Chiron has been bought out by Novartis. GlaxoSmithKline is selling flu shots in the USA, and other companies might soon enter the market. About 30 companies are working on developing technologies that could allow flu vaccine to be used more efficiently and produced faster and in larger quantities.

“The big picture is that a great deal of progress has been made, but we're not done yet,” says Julie Gerberding, director of the Centers for Disease Control and Prevention.

Flu causes an epidemic every year, striking 5% to 20% of the U.S. population, sending more than 200,000 to the hospital and contributing to the deaths of about 36,000 people, the CDC says. Vaccination is the best way to prevent it, Gerberding says.

If all manufacturers are able to deliver as much as they say they can, there should be ample supply for this fall, she says.

“We'll receive 100 million doses, the largest ever,” Gerberding says.

It could be considerably more than that — or less. GlaxoSmithKline's flu vaccine, Fluarix, was approved by the Food and Drug Administration in August, and four months later the company acquired Canadian vaccine maker ID Biomedical and its Fluviral vaccine.

Now renamed FluLaval, that vaccine is under review and could get FDA approval for distribution in the USA this week. Last year, GSK made 8 million doses for sale in the USA, but if FluLaval is approved in time for this flu season, the company expects to produce flu vaccine doses in the “mid- to high 20 millions,” GSK spokeswoman Jennifer Armstrong says.

That possibility is a two-edged sword that has vaccine experts a little nervous.

“The biggest change this year is the risk of oversupply,” says Mark Mlotek, executive vice president of Henry Schein, a vaccine distributor. “Unless we get out the word of how important it is to be vaccinated,” there could be consequences.

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“Oversupply leads to the other problem, which means manufacturers throwing out doses,” Schein says.

If that happens, manufacturers could cut production for the following year or abandon the market altogether, he says, as Parke-Davis and Wyeth did in 2000 and 2002, respectively. “Right now we're in a perfect place with four manufacturers, so if one does have a problem, you have good production,” Schein says, but “we have to make sure there's enough demand to keep four manufacturers happy.”

If there's anything that public health officials have learned in the past several flu seasons, it's that “we have to prepare for the unexpected,” Gerberding says.

Vaccine supply problems have plagued the USA for years as vaccine makers either bailed out of the business, citing increasingly tight regulations that required expensive factory upgrades, or merged with other manufacturers, reducing the number of suppliers.

A 2003 report from the Institute of Medicine noted that the number of companies making all types of vaccine dropped from 25 in the 1970s to five, not counting MedImmune, whose flu vaccine nasal spray FluMist was approved by the FDA in June 2003. Flu vaccine prices have increased in the past couple of years, but profits are low compared with those of many blockbuster drugs. The price doctors pay for flu vaccine is less than $15 a dose for shots and less than $21 a dose for FluMist, the nasal spray vaccine.

New, more reliable vaccine-making technologies are under development, but they're at best five years from being ready for market. “We're essentially making influenza vaccine the same way they did in the '50s,” says pediatric infectious-disease specialist Gregory Poland of the Mayo Clinic in Rochester, Minn.

He sees a silver lining in the Chiron debacle of 2004: “That served as a wake-up call. It tended to not only grab the attention of government policymakers but legislators and smaller biotech companies, once money became available.”

The failure of the vaccine production and distribution system that led to chaos in fall 2004 raised questions about how well people might be protected in a pandemic.

Flu experts knew the vaccine system was “fragile and vulnerable,” says the University of Utah's Andy Pavia, chair of a public health committee of the Infectious Diseases Society of America. But the shortage “hammered home how extraordinarily fragile things were. The people who needed to be able to do something, particularly at the top levels of (Health and Human Services) and FDA, woke up.”

Planning for a flu pandemic shifted into higher gear, and HHS has awarded more than $1 billion to speed development of new vaccine technologies and expanded production in the USA.

Novartis is about to begin constructing a plant in Holly Springs, N.C., that will produce flu vaccine by growing the virus in cell cultures, rather than chicken eggs, a process that is “much more reliable” than current methods, says Joerg Reinhardt, CEO of Novartis' Vaccine and Diagnostic Division.

The company is bullish on the vaccine business, he says, but “our decision to enter the vaccine market was not driven by (Chiron's) presence in flu. It's a long-term investment in a business area we think has long-term potential.”

Reinhardt says Novartis sees flu vaccine as growth business. “I think the market in the U.S. is still underserved,” he says. He notes that the CDC is recommending annual flu shots this year for more than twice as many people as there is vaccine available.

He says the Chiron plant in Liverpool, England, where contamination detected in the flu vaccine prompted British regulators to suspend the company's license in October 2004, has undergone major renovations and manufacturing improvements. “Last year 14 million doses could be produced in Liverpool and sold in the U.S.,” he says. “This year, it will be double, and next year the amount will increase.”

“That is a very positive sign,” Reinhardt says. “It encouraged us to invest in the U.S. The government is very much behind the campaign, much more than governments in Europe.”

The trend is likely to continue, says infectious-disease specialist William Schaffner of Vanderbilt University School of Medicine. “It's clear the (Advisory Committee on Immunization Practices, which advises the CDC on vaccine policy), in concert with the pediatricians and family doctors, have been gradually expanding the list of persons in the risk groups,” he says, this year extending the childhood recommendation from ages 6 months to 23 months to include all children 6 months to 5 years old.

That signals a shift in thinking, from a focus on flu vaccination as personal protection to the idea of immunization for the greater public good, Schaffner says.

Flu shots are recommended for babies, seniors and people with chronic illnesses because those people are at risk of flu complications serious enough to cause hospitalization or death.

But the recommendation to immunize healthy children ages 2 to 5 “was based principally on the impact of disease as measured in doctor visits, antibiotics prescribed, health care costs, disruption of home life and the like,” Shaffner says. A similar approach is behind the advice for immunization of health care workers and family members of people at high risk, he says.

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Vaccinating the healthy can benefit everyone, he says, by reducing disruptions at work or school and building a wall of protection around those who are vulnerable.

"We don't want to give the flu to our patients, to Grandpa Jones or our family member who has diabetes."

The Roadless Rule Takes A New Turn (NYT)

The New York Times, September 25, 2006

You have to wonder when the Bush administration is going to stop ramming its head against the same wall on forest policy.

The Forest Service has been trying for several years to get rid of the "roadless rule" enacted near the end of the Clinton administration to protect millions of roadless acres of national forest from logging and other commercial intrusions. But these efforts, while popular in the timber industry, achieved little traction in the courts and none among the public at large. So last year the administration simply rescinded the old rule by regulatory fiat and replaced it with a less protective rule of its own.

Now that strategy has been derailed, at least for now. Last week Elizabeth LaPorte, a federal district judge in San Francisco, overturned the Bush rule and largely reinstated the Clinton protections.

Her most telling argument was that the Forest Service had flat-out failed to observe the regulatory protocols required of such a major rule change, sidestepped the detailed environmental analysis mandated by law and ignored the potential impacts of the new policy on endangered species.

The administration is likely to appeal the decision, thus prolonging the tiresome legal Ping-Pong that has marked this battle from the beginning. The Clinton rule has twice been enjoined by district court judges in Idaho and Wyoming in response to state and industry lawsuits, but has been upheld at the appellate level by the Ninth Circuit, to which an appeal from this decision must be directed.

It would make more sense for the administration to abandon the fight altogether. The Bush plan's main claim to superiority is that it gives individual governors more say over the national forests within their boundaries than President Clinton's "one size fits all" rule.

Yet the states, for their part, seem greatly to prefer the old Clinton rule. Several of them — including Oregon, Washington, California and New Mexico — actually joined in the lawsuit that led Judge LaPorte to reinstate it, and two others, Maine and Montana, filed supporting briefs. Somewhere in there is a fairly obvious message.

Green Virgin (WSJ)

The Wall Street Journal, September 25, 2006

There are plenty of reasons to cock a skeptical eyebrow at Richard Branson's pledge, announced last week in New York in the company of Al Gore and Bill Clinton, that he will devote 10 years and about $3 billion of profits from his Virgin airline and railroad businesses to combat global warming. But we'll give him this much: At least he puts his money where his mouth is.

That's true in more sense than one. What the British entrepreneur mainly plans to do is invest in biofuels such as ethanol or rapeseed through his latest venture, Virgin Fuels. There are serious doubts among scientists whether biofuels can serve as safe and efficient substitutes for current fossil fuels. There are also real questions about the environmental impact -- in deforestation and intensive farming -- of switching to biofuels. And there's the suggestion that Sir Richard hopes to capitalize on a British government mandate that requires all fuel stations to get 5% of their gas from "renewable sources" by 2010.

But who says you can't do well by trying to do good? Unlike advocates of the Kyoto Protocol or similar top-down, tax-and-spend regimes to reduce global warming, at least Mr. Branson sees private-sector investment and technological innovation as the best way to improve the environment. That's strikingly similar to the plan the Bush Administration put forward earlier this year in Sydney through the Asia-Pacific Partnership on Clean Development and Climate, a collaborative effort between rich and poor countries and business and government, to develop cleaner energy sources.

At the time, the partnership was denounced by the usual environmentalist suspects as a conspiracy by big business and the Bush Administration. Now that Sir Richard has put his brand on it, everyone says it's cool. Well, fine. We wish him well, er, good.

FBI/DEA/ATF/USMS:

Letter To Bush Culminates In Major Pontiac Drug Raid (FREEP)

By Frank Witsil

Detroit Free Press, September 25, 2006

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Residents of some of Pontiac's drug-plagued neighborhoods expressed some relief Friday after a two-day drug sweep -- initiated by a letter to President George W. Bush -- netted dozens of suspected drug dealers.

Authorities said the operation, which began Wednesday and ended Thursday with 69 warrants and about 30 arrests, was the culmination of three months of undercover detective work by local police and federal agents.

The federal agents got involved after a letter from a Pontiac resident eventually got forwarded from Bush to the Drug Enforcement Administration.

About 40 Pontiac police officers and 15 DEA officers executed search warrants and made arrests on Huron, Baldwin and Sanford streets. Armed officers busted down doors and nabbed suspects. During one foot chase, a sergeant pulled a hamstring.

"But, he got the guy," Pontiac Police Chief Val Gross said Friday.

One street, Monroe, is known for its drug activity, residents say.

Joe Smith, 35, was on Monroe to pick up a friend Friday. He said he'd tried to rent a house in the neighborhood until he saw drug deals going down.

"After 9 p.m., the dealers come out," Smith said.

Tobby Farrington, 35, said he lives off Huron and was aware of the busts.

"I think it really does help the neighborhood," Farrington said, adding that any sweep should be combined with drug rehab programs.

Gross downplayed the role that federal agents had in the raid, dubbed Operation Takedown.

Instead, the police chief said, he decided it was time to respond to complaints about drug dealing and to send a message to dealers that -- even in tough economic times -- the Police Department would act aggressively to arrest criminals. One of the dealers was so brazen, Gross said, that on Wednesday he tried to sell cocaine to a uniformed SWAT officer.

In total, police identified 64 people -- some as young as 15 -- suspected of distributing narcotics, Gross said. Officers also confiscated two machetes and a handgun.

"Drug dealing is a problem we're going to deal with," Gross promised.

Gross said that the department routinely rounds up drug dealers, prostitutes and people who hire them, but that this was one of the bigger operations in a few years.

"It allowed us to make it bigger," Gross said, of the help from the federal agents.

Still, DEA spokeswoman Carolyn Gibson said that the federal agents got involved because a concerned citizen wrote a letter.

She said the author wrote in the letter that he was concerned about drugs in the area and described it as a 24-hour "candy store" for drug dealers and users.

It's proof, she added, that sometimes, one person makes a difference.

The typed letter, which took an unusual path to law enforcement agents, was not publicly released, and neither was the name of its author, identified only as a Pontiac resident. Gibson said the letter and name are being held in confidence to protect the person who sent it.

Bush Letter Cited In Michigan Drug Sweep (WT/UPI)

By United Press International

The Washington Times, September 25, 2006

Dozens of suspected drug dealers were arrested in a Detroit suburb this week in an operation that originated with a letter to U.S. President Bush.

The sweep by Pontiac police and the U.S. Drug Enforcement Administration was aimed primarily at cocaine peddlers and resulted from a letter sent to the White House by a resident who described her neighborhood as a "candy store" for drug addicts, the Detroit Free Press said.

The DEA told the Free Press the letter got federal agents involved, although the identity of the writer will remain confidential.

Police officials said the DEA's involvement helped them expand the undercover operation and resulted in the arrests of 64 people.

IMMIGRATION:

Frist Expects Dems Will Fight Border Bill (USAT)

USA Today, September 25, 2006

DOJ_NMG_0068876

Senate Majority Leader Bill Frist said he would seek passage of legislation to tighten border security but predicted Democrats would try to block passage. Jim Manley, a spokesman for Senate Democratic leader Harry Reid of Nevada, said Frist's move is an attempt to cover up his failure to pass more comprehensive immigration legislation. “The Senate spent almost a month debating and then passing tough and smart immigration reform that included border security, but Republican obstructionism has prevented us from completing that bill,” Manley said.

Frist led a bipartisan effort this year to pass a broad immigration proposal that included provisions for a “guest worker” program and ways for many of the estimated 12 million illegal immigrants to work toward legal status and citizenship. House Republicans opposed it as too lenient on illegal immigrants.

Frist, R-Tenn., said on ABC's This Week that he will push ahead this week with a narrower bill favored by House Republicans that would require the building of a 700-mile fence along the U.S.-Mexican border. “If you're going to address immigration reform, you have to first and foremost secure our borders,” he said.

Specter objects to part of terror trial deal

Senate Judiciary Chairman Arlen Specter said he “vigorously” disagrees with one part of the Republican agreement on rules for the interrogation and trial of suspects in the war on terrorism. Specter, R-Pa., objects to a provision that would allow legal counsel and access to the courts only for those detainees selected by the Pentagon for prosecution. Other terrorism suspects could be held indefinitely without a hearing. “The Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion,” Specter said on CNN's Late Edition. He scheduled a hearing on the issue for today.

The bill lists acts that would constitute war crimes, including torture, rape, biological experiments and cruel and inhuman treatment. President Bush is pushing Congress to put the agreement into law before adjourning for November's elections.

McCain says Bolton needed at U.N.

Sen. John McCain urged quick confirmation of John Bolton as U.N. ambassador, saying he is needed to talk back to “two-bit dictators” such as Venezuelan President Hugo Chávez. McCain, R-Ariz., joined lawmakers from both parties in condemning Chávez's speech last week at the United Nations in which he called President Bush “the devil.” McCain said on CBS' Face the Nation that Bolton is “smart, he's tough, he will respond to these guys.” Bolton has been in the post since President Bush gave him a temporary appointment during a Senate recess in August 2005. Sen. Chris Dodd, D-Conn., has promised a “bruising fight” on Bolton. He and other Democrats say Bolton bullied subordinates in his previous job at the State Department. Republicans such as Sen. George Allen of Virginia have said a strong U.S. hand is needed at the United Nations.

Border Bills Come Down To Last Minute (LAT)

By Nicole Gaouette

The Los Angeles Times, September 25, 2006

WASHINGTON — The Senate will begin considering a series of House bills this week aimed at strengthening border security and toughening enforcement of immigration laws, but given the cool reception the measures are getting from many senators, it appears unlikely that much of the legislation will pass.

The bills, which include proposals to fence a third of the U.S.-Mexico border and allow state and local police to enforce immigration law, have raised hackles in the Senate for both political and policy reasons, and senior Republicans, as well as Democrats, have indicated they are not likely to support them.

With one week left before Congress adjourns, time is short to pass any immigration bills. The outcome will rest in part on closed-door decisions that committee chairs and Senate leaders make early this week. The fate of some of the legislation could be decided as early as today.

House Republicans have promoted their legislation as a necessary step before other immigration issues, such as establishing a guest worker program, can be addressed.

But with elections in November, many in the Senate see the House effort as little more than a campaign ploy.

One Republican Senate staffer pointed out that the House had not set aside money to fund its fence legislation. Approving the fence "just provides them with the 30-second ad they need" to show voters they have been tough about border security, said the staffer, who spoke on condition of anonymity because he was not authorized to comment on the matter.

Lawmakers who support the broader immigration overhaul passed by the Senate and backed by President Bush — which includes enforcement, a guest worker plan and a program to deal with illegal immigrants — say the House emphasis on enforcement alone will do nothing to deal with the difficulties that illegal immigration creates.

"You build a fence 10 feet high, 20 feet high, 100 feet high, it won't solve our problems," said Senate Minority Leader Harry Reid (D-Nev.).

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Both chambers have passed separate immigration bills that the House has refused to negotiate with the Senate, leaving the bills languishing. The House instead held national hearings in the summer to win public support for its enforcement-only approach.

When Congress reconvened this month, House leaders took parts of their original legislation, which had triggered huge street protests, and repackaged them into the smaller bills that are before the Senate now.

One of the House measures, criminalizing border tunnel construction, has a good chance of passing. But stiff challenges confront the others, including the proposed 700 miles of border fencing and two bills that would circumvent Supreme Court decisions preventing the indefinite detention of immigrants and would expand the ability of low-level immigration officials to quickly deport people without a court hearing.

Bush said last week that he would sign fence legislation into law, but many observers doubt Senate Majority Leader Bill Frist (R-Tenn.) has enough support to end debate on the bill and bring it to a vote. Frist did not take an important procedural step Friday toward that end — a sign many took to mean that he lacked the backing to do so.

If Frist cannot persuade enough senators to agree to vote on the measure, the legislation will die.

On Sunday, he said he hoped to get a vote on border security legislation this week, but he did not sound optimistic.

"We can't have 2 million people coming to this country illegally this year. We've got to secure our borders…. Right now I've got a feeling the Democrats may obstruct it," Frist said on ABC's "This Week."

Twenty-three Republicans and most Democrats backed the Senate bill, and many of them oppose not only a border barrier, but the House's move to push their enforcement-first agenda in bits and pieces.

What's more, Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) want to add an agricultural guest worker program to the fence bill to help farmers in need of workers. "There is simply no reason AgJOBS has not been enacted, and no reason it could not be passed now," they wrote Frist on Friday. "Farmers across this country have every reason to be angry and frustrated."

House leaders are pushing to have their other immigration bills added to spending legislation for the Department of Homeland Security, which must be passed, at a stage when the Senate would be unable to debate or change them.

That tactic has angered senators who support broad immigration overhaul. Senior senators from both parties, including Reid and Republican Arlen Specter of Pennsylvania, have indicated their opposition to attachment of House bills to funding legislation.

"I don't see how we can deal with immigration on a piecemeal basis," Specter said last week.

The chairman of the House Homeland Security Appropriations Committee, Rep. Harold Rogers (R-Ky.), has said he expects such opposition to keep some House bills from going forward.

Although the decision to attach the bills rests largely with Rogers' Senate counterpart, Sen. Judd Gregg (R-N.H.), there probably will be strong debate when the committee meets to decide the issue today.

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Times staff writer Jim Puzzanghera contributed to this report.

Immigration Work Force Fights Corruption (WP/AP)

By Pauline Arrillaga, The Associated Press

The Washington Post, September 25, 2006

OTAY MESA, Calif. -- Under the glare of the port lights, federal agents watched as the GMC Yukon approached the immigration booth. Two years of legwork _ interviewing sources, listening to wiretaps and watching just as they were watching now _ had led to this. Aurora Torres, the suspected smuggler, was behind the wheel.

Weeks earlier, agents had heard her on the telephone with her contact.

"Are you going to invite me to the movies tonight?" she asked. "It's going to be four tickets."

"Right at 12," a man responded. "If I can't make it, I'll send you a 9-1-1."

He hadn't made it on that particular day, but tonight everything was going as planned.

Just after 4 a.m., the Yukon eased to a stop at inspection Lane 8 at the Otay Mesa Port of Entry, a byway for travelers heading from Mexico into California. An immigration officer approached. After a brief exchange, the Yukon was admitted into the United States.

Nothing unusual _ but for the 11 illegal immigrants sitting inside in plain view.

Torres was arrested. Then agents moved in to take their final suspect into custody.

"Tickets," investigators had concluded, was code for vehicles loaded with undocumented migrants. "Right at 12" was a reference to a work schedule, the midnight to 8 a.m. shift. The clues, they believed, pointed to the secret of Torres' success.

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The inspector from Lane 8 was on break when a half-dozen agents approached. "Are you Mike Gilliland?"

He was an ex-Marine with 16 years under his belt at U.S. Customs, but Torres allegedly knew him as something else. Her contact. The one she referred to as "una cosa segura." Translation: A sure thing.

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A dilemma confronts the nation's immigration work force, one that goes far beyond sealing borders to would-be terrorists, drug smugglers and undocumented migrants, one that is particularly unsettling in a post-Sept. 11 world.

How do you secure the homeland if some of those guarding the gates are dishonest?

Consider: On the California border, at least nine immigration officers have been arrested or sentenced on corruption-related charges in the past 12 months. One of those convicted of smuggling in illegal immigrants turned out to be an illegal immigrant himself, who had used a fake birth certificate to get hired by the Border Patrol.

On the Texas border, at least 10 officers have been charged or sentenced in corruption schemes over the past year, including four Border Patrol agents _ all assigned to the same highway checkpoint _ who admitted taking money to let both drugs and migrants pass.

The numbers are a snapshot, but the picture is clear. There's no shortage of "sure things" among U.S. immigration workers.

More than 600 criminal probes have been launched this fiscal year of immigration employees nationwide, according to internal affairs investigators at the Department of Homeland Security and Immigration and Customs Enforcement.

Complaints range from smuggling, bribery, extortion and fraud to sexual misconduct, assault and theft of government property. The accused, past and present, manned border crossings, highway checkpoints, airports. Others sat behind desks in places like Orange County, Calif., and Fairfax, Va., charged with taking bribes to provide naturalization papers or work permits to ineligible applicants.

Though the cases involve only a fraction of the overall immigration work force, some question whether the government is doing enough to root out corruption in the ranks.

"After the next attack, when they find out that an employee was bribed by a terrorist or bribed by a spy, it's going to be too late," said Michael Maxwell, an ex-police chief who headed internal affairs at U.S. Citizenship and Immigration Services (USCIS), the agency that adjudicates visa, naturalization and asylum applications. "In fact, I think it is too late."

In February, Maxwell resigned as director of the USCIS Office of Security and Investigations and sought whistleblower protection after he began complaining to Congress about what he describes as rampant corruption that's going unprobed.

After Maxwell's office was established in 2004, he asked the Department of Homeland Security's inspector general and the Office of Professional Responsibility at Immigration and Customs Enforcement to forward pending inquiries involving USCIS workers.

He wound up with a backlog of 2,771 complaints. One-fifth were criminal allegations, he said, including more than 100 accusations of bribery.

"It's outrageous, absolutely outrageous, how little attention is being focused on this issue when you look at the ramifications on national security," said Maxwell, who informed Congress that complaints included some allegations of employees providing material support to known terrorists or being influenced by foreign intelligence services. While declining to publicly provide details, he cites as one example the case of an Iraqi-born U.S. citizen whose background indicated he'd been trained by "multiple foreign intelligence agencies" but nevertheless was hired by USCIS to review asylum applications. The employee has since resigned.

"Remember, one officer can grant citizenship at the time of his choosing at the place of his choosing to the person of his choosing _ with impunity. So if he wants to give Osama bin Laden U.S. citizenship, he can," Maxwell said. "I can't tell you how many times I heard senior management say ... `Every allegation will be investigated.' Well, guess what, it's not being investigated."

Although the agency disputes that claim, some cases suggest laxness.

Take the case of Robert Schofield, a USCIS district office supervisor in Fairfax, Va., and a federal immigration officer for 30 years. Schofield was arrested in June, accused of illegally granting residency and issuing naturalization certificates to more than 100 unqualified immigrants. A Chinese citizen also was charged for allegedly brokering deals between Schofield and Asian immigrants.

However, over the last 10 years, "numerous" allegations of bribery involving Schofield and immigration applicants have been reported, an agent with the inspector general's office said in a court affidavit. The agent didn't provide specifics, but said Schofield was once demoted for "conduct unbecoming a government employee" and also accused of making $36,000 in unauthorized purchases on his government-issued credit card.

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Schofield has been placed on indefinite suspension without pay, said USCIS spokesman Chris Bentley, who declined further comment on Schofield's employment history because of the pending criminal case. Schofield's lawyer did not return Associated Press messages seeking comment.

Then there's Lizandro Martinez, a Customs officer who admitted that for 2 1/2 years he took bribes to allow vehicles crammed with marijuana through his inspection lane at the Progreso International Bridge in Texas. Martinez, who owned a half-million-dollar home outfitted with a movie theater, was paid $10,000 per vehicle. He faces up to life in prison at his scheduled October sentencing.

Martinez had a host of disciplinary problems during his 14-year career, including threatening to retaliate against a police officer who stopped him for speeding, an official with the Office of Professional Responsibility testified during the case. In 1998, inspectors found 1,300 pounds of cocaine in a truck that crossed through Martinez's lane; the driver stated he had been told to use that particular lane.

Investigations brought disciplinary actions: counseling, an oral reprimand, a 14-day suspension. At one point, according to testimony, Martinez was fired but then reinstated after the union stepped in on his behalf. Still another proposed removal was mitigated to a 30-day suspension.

Jim Tomsheck, newly appointed as assistant commissioner for internal affairs at Customs and Border Protection, declined to discuss the Martinez case, although he said legal battles can hinder the dismissal of problem employees who, for whatever reason, were not charged criminally.

He added that managers are examining ways to ensure that those officers are dealt with administratively, and "are removed from the front line ... and can't continue to contaminate the work force."

Part of the problem is a lack of resources.

The Department of Homeland Security's Office of Inspector General and the Office of Professional Responsibility at Immigration and Customs Enforcement share responsibility for investigating criminal misconduct among a total of 72,000 immigration employees _ with 309 investigators.

"Their plates are constantly full," DHS Inspector General Richard Skinner said of his agents, adding that an average of 15,000 allegations against government employees and contractors pour into the office each year. "No, it is not enough people. ... We have cases that we opened three years ago that we're still pursuing."

Others question whether the investigative structure makes sense. It's not clear, for example, whether Customs and Border Protection has the authority to conduct criminal probes of its own employees, who include Border Patrol agents and front-line Customs officers. The majority of criminal investigations of immigration employees involve CBP workers.

Tomsheck said his agency was in the process of building a small corps of investigators "so that we can stay actively involved in policing our own work force." However, Traci Lembke, acting director of the Office of Professional Responsibility, said those investigators are authorized only to handle administrative _ not criminal _ issues.

In response, CBP issued the following statement: "We are working with ICE on all of these issues. We all agree how critical this is to the mission of DHS."

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It's noon. A muggy day at the Otay Mesa port of entry just outside of San Diego. Eleven lanes are clogged as far as the eye can see with cars, motorcycles, SUVs and vans ferrying folks from Tijuana to schools, jobs and stores in California.

Weaving in and out of the smog jam is a Customs officer, holding a shepherd mix by the leash to sniff out contraband. As cars creep toward the inspection booths, automated scanners register license plates in a computer. Then other Customs officers ask for identification, pop trunks, inspect spare-tire compartments, peer down air vents. If anything seems out of place, vehicles are sent to secondary inspection for a more thorough examination.

This is what port director James Hynes calls "layered screening," every step intended to catch smugglers but also make it more difficult for a corrupt officer to operate under the radar. Other measures include bans on personal cell phones and pagers, which have been used to alert smugglers what inspection lane an officer is working, and unscheduled lane rotations.

"We want lots of eyes and ears out here to layer our capability and be random, flexible and unpredictable. That's our success in the war on drugs. That's our success in alien apprehensions. And that's also our success in maintaining integrity," Hynes said, standing not far from Lane 8, the one Mike Gilliland was working the morning he was arrested.

Hynes and other immigration brass insist corruption is a priority _ but combating it is a challenge, because smugglers are aggressive about targeting and luring in officers. They'll post lookouts just across the border and, using binoculars, zero in on inspectors with perceived vulnerabilities.

Are they tired? Lazy? Flirtatious with women?

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Greed is an obvious motivator. Migrants paid upward of $4,000 each to pass through Gilliland's lane at Otay Mesa, investigators said, adding that smugglers use the guarantee of a "sure thing" to demand higher rates. Gilliland's cut was alleged to be $1,500 a head.

"That adds up. Really, really quickly," said FBI agent Andrew Black, who heads the San Diego Border Corruption Task Force.

In Gilliland's case, with as many as four vehicles coming through a night, each one sometimes packed with 10 people or more, it could have added up to a $60,000 profit in a single shift _ about the equivalent of an entire year's salary as an inspector with Customs and Border Protection.

There are other, more complex, reasons seemingly good agents go bad. In some past cases, corrupt agents conspired with friends or family members. Others cite growing discontent with the job, and the relative ease with which a dirty employee can operate.

"We don't do anything, just clear the way, and we get 300 (dollars) per head," ex-Border Patrol agent Eric Balderas said in a wiretapped phone call last year. He's awaiting sentencing in a California corruption case.

Balderas admitted conspiring with fellow agent Oscar Ortiz to allow illegal immigrants into the country. Ortiz was sentenced in July to five years in prison for smuggling at least 100 immigrants, at times transporting them in his Border Patrol truck.

A Mexican citizen, Ortiz used a fake U.S. birth certificate to get hired by the Border Patrol, prompting the agency to re-examine its employees' backgrounds. His attorney, Stephen White, said Ortiz was disenchanted with a job akin to "putting a Band-Aid on an open wound."

"A lot of times there's nothing that they can do," White said. "People just come and they can't stop it."

At sentencing, Ortiz told the judge: "I was blind."

Port director Hynes finds such explanations difficult to swallow. What separates a good agent from a bad one is "what integrity you carry when you get up in the morning," he said. "A guy like Gilliland or others? They sold their integrity, and over time we'll get them."

Most border agents "are honest, hardworking and do a fine job," added FBI agent Black. "However, the ones that are corrupt are really in a position to do this country a lot of harm. They don't know who's going through, and they don't know what's going through. That's the danger."

A convicted felon was among those smuggled through Gilliland's lane the day he was arrested, court documents said.

With the case pending, FBI agents and prosecutors declined to go on record with theories of why Gilliland supposedly turned. Court records allege he worked with Torres and one other female smuggler.

Gilliland, meanwhile, maintains his innocence.

"I've got nothing to hide," he told The Associated Press from his home in Chula Vista as his wife, also a Customs and Border Protection employee, stood by his side.

For now, Gilliland is under house arrest, an electronic monitor clasped to his ankle. The government uniform and badge are gone, and what ultimately becomes of his career and reputation will be decided in a courtroom.

CONGRESS-ADMINISTRATION:

House-Senate Disagreement Could Halt Defense Bill (WP)

By Jonathan Weisman

The Washington Post, September 25, 2006

House Speaker J. Dennis Hastert (R-Ill.) -- in a showdown with Senate Republicans -- has vowed he will not bring a major defense policy bill to the chamber floor this week unless Senate negotiators add a federal court security bill and a controversial House anti-illegal-immigration measure, senior House leadership aides say.

The last-minute confrontation is pitting the House's most powerful member against Senate Armed Services Committee Chairman John W. Warner (R-Va.), who has said he will not add extraneous measures to the annual defense authorization bill unless they can garner unanimous support from Democrats and Republicans alike. House leadership aides are emphasizing the court measure, which would bolster the protection of judges in the aftermath of the shooting of a judge in Atlanta and the killing of a judge's family in Chicago.

The court measure has bipartisan support and is being pushed by Hastert and Sen. Richard J. Durbin (Ill.), the Senate Democratic leadership's second in command. It authorizes additional funding for U.S. marshals to protect the judiciary, increases penalties for crimes against federal judges, bolsters protections for jurors, and funds security enhancements at state courthouses. Those provisions were included in the Senate's version of the defense policy bill at Democrats' insistence. But

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support for the measure has begun to fray after House members added a provision that would allow judges to carry concealed weapons.

The real controversy, however, lies with the immigration measure and Hastert's insistence that Warner accept both provisions as a package. The Community Protection Act passed in the House overwhelmingly last week, 328 to 95, but it has garnered opposition from Latino organizations and civil liberties groups.

It would allow the indefinite detention of some illegal immigrants who are protected from deportation by political asylum laws. That provision has garnered interest in the Washington area, with its large community from El Salvador and violence among Salvadoran gangs. The bill also would expedite the removal of immigrant criminals, denying them some court access, and would broaden the definitions of gang violence to facilitate detention and deportation.

Senate Democrats and the American Civil Liberties Union have said the measure would expand such definitions so broadly that it could hurt legal immigrants, who would be whisked out of the country with little recourse. Warner has deferred to Sens. Edward M. Kennedy (D-Mass.) and Carl M. Levin (Mich.), the Armed Services Committee's ranking Democrat, in refusing to accept the package on the defense policy bill. With only a week left before Congress recesses for the fall campaigns, a showdown could jeopardize the measure's passage.

"The speaker is not going to let the bill move until these critical security items get in," said Ron Bonjean, Hastert's spokesman.

House GOP aides are urging Durbin to bring Senate Democrats into line on the issue. But Durbin spokesman Joe Shoemaker said the Senate minority whip is feeling no real pressure. The addition of the concealed-weapons provision has soured Durbin on the court security bill, and the immigration bill is garnering strong Democratic opposition, he said.

Army's Top Officer Signals Pentagon Budget Revolt (LAT)

By Peter Spiegel

The Los Angeles Times, September 25, 2006

WASHINGTON — The U.S. Army's top officer withheld a required 2008 budget plan from Pentagon leaders last month after protesting to Defense Secretary Donald H. Rumsfeld that the service could not maintain its current level of activity in Iraq plus its other global commitments without billions in additional funding.

The decision by Gen. Peter J. Schoomaker, the Army's chief of staff, is believed to be unprecedented and signals a widespread belief within the Army that in the absence of significant troop withdrawals from Iraq, funding assumptions must be completely reworked, current and former Pentagon officials said.

"This is unusual, but hell, we're in unusual times," said a senior Pentagon official involved in the budget discussions.

Schoomaker failed to submit the budget plan by an Aug. 15 deadline. The protest followed a series of cuts in the service's funding requests by both the White House and Congress over the last four months.

According to a senior Army official involved in budget talks, Schoomaker is now seeking $138.8 billion in 2008, or nearly $25 billion above budget limits originally set by Rumsfeld. The Army's budget this year is $98.2 billion, making Schoomaker's request a 41% increase over current levels.

"It's incredibly huge," said the Army official, who, like others, spoke on condition of anonymity when commenting on internal deliberations. "These are just incredible numbers."

Most funding for the fighting in Iraq is supposed to come from annual emergency spending bills, with the regular defense budget going to normal personnel, procurement and operational expenses, such as salaries and new weapons systems.

About $400 billion has been appropriated for the Iraq and Afghanistan wars through emergency funding measures since Sept. 11, 2001, with the money divided among various military branches and government agencies.

But in recent budget negotiations, Army officials argued that the service's expanding global role in the U.S.-declared war on terrorism — outlined in new strategic plans issued this year — as well as fast-growing personnel and equipment costs tied to the Iraq war, have put intense pressure on its normal budget.

"It's kind of like the old rancher saying: 'I'm going to size the herd to the amount of hay that I have,' " said Lt. Gen. Jerry L. Sinn, the Army's top budget official. "[Schoomaker] can't size the herd to the size of the amount of hay that he has because he's got to maintain the herd to meet the current operating environment."

The Army, with an active-duty force of 504,000, has been stretched by the Iraq and Afghanistan wars. About 400,000 have done at least one tour of combat duty, and more than a third of those have been deployed twice. Commanders have been stepping up their complaints about the strain, saying last week that sustaining current levels will require more help from the National Guard and Reserve or an increase in the active-duty force.

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Schoomaker first raised alarms with Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in June after he received new Army budget outlines from Rumsfeld's office. Those outlines called for an Army budget of about $114 billion, a $2-billion cut from previous guidelines. The cuts would grow to $7 billion a year after six years, the senior Army official said.

After Schoomaker confronted Rumsfeld with the Army's own estimates for maintaining the current size and commitments — and the steps that would have to be taken to meet the lower figure, which included cutting four combat brigades and an entire division headquarters unit — Rumsfeld agreed to set up a task force to investigate Army funding.

Although no formal notification is required, Army Secretary Francis J. Harvey, who has backed Schoomaker in his push for additional funding, wrote to Rumsfeld early last month to inform him that the Army would miss the Aug. 15 deadline for its budget plan. Harvey said the delay in submitting the plan, formally called a Program Objective Memorandum, was the result of the extended review by the task force.

The study group — which included three-star officers from the Army and Rumsfeld's office — has since agreed with the Army's initial assessment. Officials said negotiations have moved up to higher levels of the Bush administration, involving top aides to Rumsfeld and Rob Portman, director of the White House Office of Management and Budget.

"Now the discussion is: Where are we going to go? Do we lower our strategy or do we raise our resources?" said the senior Pentagon official. "That's where we're at."

Pressure on the Army budget has been growing since late May, when the House and Senate appropriations committees proposed defense spending cuts for 2007 of $4 billion to $9 billion below the White House's original request.

Funding was further complicated this summer, when the Pentagon was forced to shelve plans to start a gradual reduction of troops in Iraq because of an increase in sectarian violence in Baghdad.

Because of those pressures, the Army in July announced it was freezing civilian hiring and putting a moratorium on new weapons contract awards, among other cost-cutting measures, such as personnel travel restrictions.

Schoomaker has been vocal in recent months about the need to increase funding in war spending bills to pay for the hundreds of tanks and armored fighting vehicles that need to be repaired, or "reset" in military parlance, after heavy use in Iraq.

He has told congressional appropriators that he will need $17.1 billion next year for repairs, or nearly double this year's appropriation — and more than four times what it was costing just two years ago. According to an Army budget document obtained by The Times, Army officials are also planning for repair requests of $13 billion in 2008 and $13.5 billion in 2009.

In recent weeks, however, Schoomaker has become more emphatic in public on overall budget shortfalls, saying that current funding is not enough to pay for Army commitments to the Iraq war and the global strategy drawn out in the Pentagon's mission planning documents.

"There's no sense in us submitting a budget that we can't execute, a broken budget," Schoomaker said at a recent address in Washington.

Steven M. Kosiak, a military budget expert at the Center for Strategic and Budgetary Assessments, an independent Washington think tank, said that despite widespread recognition that the Army should be getting more resources because of war-related costs, its share of the Defense Department budget has been largely unchanged since the 2003 invasion.

Kosiak cautioned, however, that a good portion of the new money the Army needs is not directly tied to the war, but rather to new weapons it wants to buy, particularly the $200-billion Future Combat System, or FCS, a new family of armored vehicles that will eventually replace nearly every tank and transporter in the Army inventory.

"This isn't a problem one can totally pass off on current military operations," Kosiak said. "The FCS program is very ambitious — some would say overly ambitious."

Even with Rumsfeld's backing, any request for an increase could force a conflict with the Office of Management and Budget, which has repeatedly pushed the Pentagon to restrain its annual budget submission.

"Year after year there were attempts to raise the ceiling, but year after year OMB has refused," said a former Pentagon official familiar with the current debate. "The difference this year is the Army has said that if a raise in the ceiling isn't going to be considered, they won't even play the game."

Added the senior Army official: "If you're Rob Portman advising the president of the United States and duking it out with the [Secretary of Defense], it's a pretty sporting little event."

Army officials insisted that Schoomaker's failure to file his 2008 Program Objective Memorandum was not intended as a rebuke to Rumsfeld, saying the defense secretary has backed Schoomaker since the chief of staff raised the issue with him directly.

Still, some Army officials said Schoomaker has expressed concern about recent White House budget moves, such as the decision in May to use $1.9 billion out of the most recent emergency spending bill to fund border security, including deployment of 6,000 National Guard units at the Mexican border.

Army officials said $1.2 billion of that money came out of funds originally intended for Army war expenses.

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"The president has got to take care of his border mission, he needs to find a source of funds so he can play a zero-sum game, he takes it out of defense," the senior Army official said. "But when he takes it out of defense, the lion's share is coming out of the outfit that's really in extremis in the current operating environment in the war."

Rumsfeld has not set a new deadline for the Army to officially submit its budget plan. The Army official said staffers believe they can submit a revised plan by November, in time for President Bush to unveil his 2008 budget early next year.

Congress Is Winding Down, But Much Is Left Undone (NYT)

By Carl Hulse

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — A Congress derided as do-nothing has a week to do something, and the prospects are cloudy.

Procrastination, power struggles and partisanship have left Congress with substantial work to finish before breaking for the elections. The fast-approaching recess and the Republican focus on national security legislation make it inevitable that much of the remainder will fall by the wayside.

At best, it appears that just 2 of the 11 required spending bills will pass, and not one has been approved so far, forcing a stopgap measure to keep the federal government open. No budget was enacted. A popular package of business and education tax credits is teetering. A lobbying overhaul, once a top priority in view of corruption scandals, is dead. The drive for broad immigration changes has derailed.

An offshore oil drilling bill painted as an answer to high gas prices is stalled. Plans to cut the estate tax and raise the minimum wage have floundered, and an important nuclear pact with India sought by the White House is not on track to clear Congress. New problems surfaced over the weekend for the annual military authorization bill. And numerous other initiatives await a planned lame-duck session in mid-November or a future Congress.

“It is disappointing where we are, and I think Republicans need to be upfront about this,” said Representative Jack Kingston, Republican of Georgia and a member of the House leadership. “We have not accomplished what we need to accomplish.”

Given the practical and political realities, Republicans have chosen to concentrate on legislation emphasizing their security credentials, like the bill governing interrogations and trials of terrorism detainees, a National Security Agency surveillance program, and spending on the Pentagon and the Department of Homeland Security.

“With obstruction from the Democrats at an all-time high, we have focused on four security issues in an effort to enact some solid, substantive accomplishments,” said Eric M. Ueland, chief of staff to Senator Bill Frist of Tennessee, the majority leader, who is stepping down at the end of this session.

While Republicans prefer to blame Democrats for the backlog, intramural fights and sharp differences between House and Senate Republicans have been chief impediments to major legislation. The recent fissures over terrorism detainees and how far to go in changing immigration law are just the latest and most public examples of serious policy differences among Republicans.

“I've seen some of that lately,” Mr. Frist said recently as he pondered whether Republican opposition would block a proposal for a 700-mile border fence — the chief piece of immigration-related legislation still standing after a broader measure fell victim to Republican disputes. Because of reservations from Democrats and Republicans who favor the broader bill, Mr. Frist is having trouble rounding up enough votes for a showdown over the fence this week.

Circumstances have changed in Washington from the days when Republicans were famous for party discipline. President Bush, weakened by his sliding popularity, has been unable to hold sway over Congress. The Republican leadership in the House and the Senate is in transition and lacks the muscle of Tom DeLay, the former House majority leader. Republican lawmakers, many facing their most serious electoral opposition in years, are fending for themselves.

“We have no central core of political authority driving things in Washington,” said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. “Individuals and expressions of individual will by committees, and also by strong people like John McCain, have dominated, and the result is internal fighting.”

Democrats have made no secret of their intention to try to brand this Congress as worse than lackluster. They said their case was made for them last week as the Senate, despite time running out, did next to nothing on the floor for three days in order to clear procedural obstacles to debating the fence legislation.

“When we say this is the most do-nothing Congress in the history of our country, this isn't just flippant,” said Senator Harry Reid of Nevada, the Democratic leader. “This is true.” Besides denouncing the legislative output, Democrats are mounting an effort to chastise Republicans as failing to conduct sufficient oversight of the war in Iraq.

Republican leaders dispute the notion that this has been an unproductive session, pointing to legislation on bankruptcy, class action, highway spending, energy policy and pensions, as well as to two Supreme Court confirmations. And they say they already plan to be back on Nov. 13 to finish whatever remains at the end of the week.

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"This session of Congress is not over," Senator Mitch McConnell of Kentucky, the second-ranking Republican in the Senate, said Friday. "We are not finished with our work, and some of these issues are still in progress. What we are going to do Friday or Saturday is to take a timeout."

Democrats have been happy throughout the year to stand almost united in both the House and the Senate against many of the Republican initiatives, forcing the majority to find enough votes to pass legislation from its own membership. That has often forced major concessions from the leadership. In other cases, Republicans in the House and the Senate have simply been unable to find common ground.

"In the 26 years I have been here," said Representative Barney Frank, Democrat of Massachusetts, "I don't think I have ever seen so much tension between the House and the Senate, and it is all among Republicans."

The immigration measure was a notable example as House Republicans refused to entertain the bipartisan Senate bill that took a comprehensive approach to the flood of illegal immigrants. Earlier, a push for a formal budget plan collapsed because of irreconcilable differences over spending between House and Senate Republicans.

A House-Senate Republican feud over the handling of a pension measure, which ultimately passed, left a collection of tax breaks in limbo despite nearly unanimous support in Congress. Those tax benefits included a deduction for college tuition costs and a research and development tax credit for businesses. The leadership has been reluctant to bring the benefits to a vote independently because they could be used to help advance more contentious legislation, like the cut in the estate tax sought by Republicans.

A new struggle between rank-and-file Republicans and the leadership was threatening to engulf the must-pass spending measure for domestic security. Lawmakers were insisting that a provision allowing Americans to bring back cheaper prescription drugs from Canada be added to the bill even though House leaders and the pharmaceutical industry oppose the plan.

And on Sunday, a spokesman for Speaker J. Dennis Hastert of Illinois said that Mr. Hastert was insisting that provisions increasing security at the federal courts and allowing for the deportation of gang members be added to a pending Pentagon policy bill despite Senate objections.

"The speaker is not going to let the bill move until these critical security items get in," said the spokesman, Ron Bonjean.

Hopes Sag At Prospects For Lame Duck (RC)

By Tory Newmyer

Roll Call, September 25, 2006

With the clock running out on this Congress, corporate lobbyists are fretting over their legislative wish lists and holding out little hope that unfinished business will be taken up during the impending lame-duck session.

K Streeters aren't ready yet to call any of their priorities dead, but they are tempering any optimism with the realization that in a bitter post-election season, both parties likely are going to resist compromise on long-stalled items.

"I don't have high hopes for much of significance, but we'll keep trying," said Dan Danner, the top lobbyist for the National Federation of Independent Business.

Of course, the big question mark that's confounding estimates about the shape of the lame duck is the outcome of the midterm elections.

Observers predict that if Democrats can retake one or both chambers, they will block action on all but the must-pass spending bills. Other legislative business would be deferred to the next Congress, when Democrats would be able to flex their new power.

But even if the Republicans survive with a majority that's narrowed — a very real possibility on both ends of the Capitol, K Streeters say — Democrats could make life difficult for the GOP.

"Lame ducks can be tricky," said Ed Kutler, a lobbyist with Clark & Weinstock. "You want to make sure you understand the potential universe of issues and be ready for any last-minute actions."

That means that lobbyists must stay plugged in with staffers to make sure that no issues suddenly catch them off guard.

"This is a situation where there is a lot going on under the radar," said Michael Johnson, a lobbyist with the OB-C Group. "It is a very full platter for people on K Street. While the media and leaders are focused on security, there are a host of other matters still in play."

The White House has kept its focus on a streamlined agenda of national security items. After securing a hard-fought win last week on the issue of interrogating and prosecuting suspected terrorists, Bush administration officials are now trying to wrap up work on port security and wiretapping legislation.

Beyond that, one Republican lobbyist said, "We're not hearing them pushing for anything else."

With the lame-duck session likely to be relatively short, lawmakers are primed to leave town with a long list of top business priorities still on the table.

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Chances for legislation to rein in home lending giants Fannie Mae and Freddie Mac, for example, have brightened in recent weeks as newly installed Treasury Secretary Henry Paulson has indicated a willingness to compromise with lawmakers. But lobbyists close to the issue said a resolution of the issue during the lame duck is unlikely. This view was echoed by a senior GOP Senate aide.

Likewise, a comprehensive rewrite of a decade-old telecommunications law has stumbled near the finish line. And while telecom lobbyists said they were not ready to pronounce the end of the bill's run, most acknowledge that its chances are dim.

"If it happens, it will likely be a very narrow video franchise bill," which would allow phone companies to bypass the current patchwork of state and local regulations to roll out video service that competes with cable television, said Stephanie Silverman of Venn Strategies. The broader measure has been sidelined by the controversy over "net neutrality," the fight that pits Internet service providers against many Web-based businesses, Silverman said.

The Business Roundtable is still pushing a health information technology bill and a package of competitiveness items from its Tapping America's Potential campaign, spokeswoman Jennifer Handt said.

In the meantime, Danner said the small-business lobby has its fingers crossed for an estate tax repeal and a bill to create small-business health plans.

And the list goes on. The National Association of Manufacturers backs the NFIB on ending the estate tax, and adds to its top priorities a bill to expand oil drilling in the Gulf of Mexico and an extension of the research and development tax credit. Jay Timmons, a top lobbyist for the group, said he hopes lawmakers can tackle the items this week.

While all signs point to a quick exit from the Congressional overtime session, corporate types who hope for a last-minute miracle point to the doggedness of their legislative champions as reason to hold out hope.

After toiling for two years to advance their causes, lobbyists say, these lawmakers will fight to the end, reaching deep in their bags of procedural tricks before giving in to the notion of starting over from scratch in the next Congress.

Several lobbyists pointed to Sen. Arlen Specter (R-Pa.) and his push as Senate Judiciary chairman to advance a bill establishing a trust fund for victims of asbestos-related illnesses. That drive effectively has been dead since the bill failed in the Senate on a procedural vote early this year. But some who back the bill said the Pennsylvania Republican will make a final dash at passage.

"Specter is intent on doing everything he can to move the legislation," Timmons said.

But while several lobbyists said they are determined to never saying never, others said the closing months of the year already are shaping up to be quiet.

"Nobody's hiring between now and the election," lobbyist Roy Coffee said. "It's very quiet on that front, but it gives everyone a chance to go about their business development in an organized way between the end of the session and the election."

Recent trends on K Street back up that assertion, proving that the slower pace of business for lobbyists tracks the downshift in Congressional activity typical of the months leading up to an election.

In the past two cycles, elections caused two out of three stumbles in the otherwise robust growth record of the influence industry. The third dip was prompted by a clampdown on non-national-security legislation after the terrorist attacks of Sept. 11, 2001.

The top 100 lobbying firms saw their revenue growth slow during the final six months of both previous cycles, according to figures gathered from PoliticalMoneyLine.com. During the final six months of 2004, when control of both the Senate and White House were up for grabs, the total take for the top firms actually dropped, from $337.9 million to $337 million.

Several lobbyists said they already are looking past the lame-duck session, working to drum up new business for next year and help existing clients prepare for the 110th Congress.

"There's a fair amount of chatter from people planning for next year," one lobbyist said. "They're talking about new projects."

Round 2 For Rumsfeld: In For The Long Haul (USAT)

By Susan Page

USA Today, September 25, 2006

WASHINGTON — Donald Rumsfeld is a man hitting milestones: Already the youngest and oldest person to be secretary of Defense, he is closing in on becoming the longest-serving.

And like his predecessors with long tenures — he surpassed Caspar Weinberger in length of service Friday and will pass Robert McNamara, the current record-holder, in December — Rumsfeld finds himself increasingly enmeshed in controversy and battling critics.

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A generation ago, the Vietnam conflict was known derisively as "McNamara's war," named for its chief architect and most ardent public defender. In a series of behind-the-scenes books and a Senate debate this month on a resolution demanding his resignation, Rumsfeld is the policymaker blamed most for military missteps in Iraq — a war that has lasted longer and cost more dearly than Bush administration officials predicted at its start.

"He's going to be McNamara II," says Michael O'Hanlon, co-author of Hard Power: The New Politics of National Security, a book being published next month that discusses the leadership of Rumsfeld and others. "He's going to be the brilliant guy who came in from corporate America with the slicked-back hair and did a lot of useful things on second- and third-tier issues he worked on, but botched the No. 1 challenge, when Americans were putting their lives on the line."

Even some of Rumsfeld's friends worry that he has stayed too long.

"I've cautioned everybody that four years is enough in that particular job," says Melvin Laird, now 84, secretary of Defense in the Nixon administration and a friend of "Rummy" since both were House members from the Midwest in the 1960s. Stay longer than that, he says, and it's hard to sustain leadership of the Pentagon and relations with a demanding Congress.

"You kind of wear out yourself," Laird says.

Rumsfeld has been Defense secretary for five years and eight months in the Bush administration and 14 months in the Ford administration. The average tenure of the 21 men who have headed the Pentagon is less than three years.

He dismisses public criticism by members of Congress and some retired generals with the crackling self-confidence and antiquated interjection — "Heavens to Betsy!" — that have become familiar at Pentagon briefings and the subject of satire by late-night comedians.

Significantly, his relationship with President Bush seems unimpaired, presumably because the two men express agreement on the wisdom of invading Iraq and the need to stay the course there. At the White House, spokesman Tony Snow says flatly that a forced departure of Rumsfeld "is not going to happen."

During the Abu Ghraib prison scandal two years ago, Rumsfeld disclosed later, Bush twice turned down his offer to leave.

Americans are split on that question. In a USA TODAY/Gallup Poll taken Sept. 15-17, 46% said Rumsfeld should resign; 44% said he shouldn't. The survey of 1,003 adults has a margin of error of +/—3 percentage points.

At 74, Rumsfeld — who declined to be interviewed for this story — gives no signs of being ready to retire. "Do you, Mr. Secretary, intend to serve the president until the next election?" Talal Al-Haj, U.S. bureau chief for Dubai-based Al-Arabiya TV, asked in an interview in April. At the time, several ex-generals had sparked headlines by urging that Rumsfeld be replaced.

"I intend to serve the president at his pleasure," Rumsfeld replied.

"So by the next election you will be the longest-serving secretary of Defense, sir."

"That remains to be seen," Rumsfeld said dryly.

For his part, McNamara doesn't seem concerned about losing his record to Rumsfeld as the longest-serving Pentagon chief. "I thought he was the first, the longest. I thought he had passed mine," McNamara says when asked about Rumsfeld's pending landmark. He laughs when told he still holds the record, at least until Dec. 28. Long experience in the job isn't always a good thing, McNamara says, but he believes it has been for Rumsfeld.

At 43, Rumsfeld was appointed to the job by President Ford. He returned to the post 24 years and five presidents later. "In his case," McNamara says, "the long time is desirable because he's learned in the first term some things that he applied in the second."

McNamara declines to discuss what those lessons might be, though, or parallels with his tenure. Now 90, he lives at Washington's Watergate complex with his wife, Diana, and still maintains an office downtown. He recently recovered from breaking his neck in a fall.

Eagle Scouts, corporate chiefs

The two men share some striking similarities, starting with their distinctive hairstyles, wire-rim glasses and a vigor that defies their ages. Both were Eagle Scouts in their youth who became wealthy corporate chiefs as adults — McNamara at Ford Motor, Rumsfeld at the pharmaceutical giant G.D. Searle & Co.

Both entered the Pentagon with a business executive's eye. McNamara instituted a decision-making process known as systems analysis, consolidated programs to spur efficiency and reduce rivalries among the branches of the armed services and developed tools for long-range planning.

Rumsfeld returned to the Pentagon for his second tour of duty determined to transform the U.S. military into a leaner, more agile and technologically sophisticated force. O'Hanlon, a senior fellow at the Brookings Institution, credits Rumsfeld with pushing resistant military leaders to adopt reforms, among them a more flexible deployment plan for U.S. troops based around the world.

But Rumsfeld's insistence on a "lean" Iraq invasion force — smaller than what military planners initially proposed — is blamed for many subsequent problems, including the failure to control the looting and disorder that followed Saddam Hussein's

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ouster. Some of Rumsfeld's broader efforts for Pentagon transformation were sidelined in the aftermath of the Sept. 11 attacks in 2001.

Since then, Rumsfeld, like McNamara, has been increasingly consumed by the prosecution of a war that has demanded growing numbers of ground troops and stoked opposition from Congress and the American public.

"It's very hard for both men to say they're wrong," says Paul Hendrickson, author of a 1996 study of McNamara and Vietnam called The Living and the Dead: Robert McNamara and Five Lives of a Lost War. "But if there are similarities, there is a glaring dissimilarity. McNamara lost faith in the war he was prosecuting. Rumsfeld seems to me a true believer in this war."

History at high speed

Another difference: Years passed before insider accounts dissected the decision-making of policymakers in Vietnam. The Pentagon Papers, a classified Defense Department history of the war, wasn't published in TheNew York Times until 1971, three years after McNamara had left office and at a time Laird was directing a dramatic drawdown of U.S. troops. David Halberstam's The Best and the Brightest was published a year later. Neil Sheehan's seminal A Bright Shining Lie followed in 1988, more than a dozen years after Saigon fell.

This time, Rumsfeld is still at the Pentagon and the war in Iraq is raging as a crush of books is being published with detailed accounts of decision-making inside the Bush administration, including at the Pentagon. The portraits they paint generally haven't been flattering.

The best-selling Cobra II: The Inside Story of the Invasion and Occupation of Iraq, by Michael Gordon and Bernard Trainor, details what they see as a series of strategic miscalculations. The book, published last spring, says Rumsfeld's insistence on invading with a lean force and his refusal to plan in detail for an eventual occupation "played havoc" with military planning and opened the door to the violent insurgency U.S. forces now battle.

Another best-seller, Fiasco: The American Military Adventure in Iraq, published last month, builds a similar case. While the U.S. commander, Gen. Tommy Franks, and others bear some responsibility, author Thomas Ricks concludes, "ultimately, however, the fault for the lapse in the planning must lie with Rumsfeld, the man in charge."

As the war has dragged on, Rumsfeld has become a polarizing figure with the American public. In July 2002 — after the 9/11 attacks and before the Iraq invasion — two-thirds of Americans surveyed by USA TODAY/Gallup said they had a favorable impression of Rumsfeld. Just 15% had an unfavorable one.

By last April, three years after the invasion and at a time some retired generals began airing their complaints, 57% of those surveyed viewed Rumsfeld unfavorably; 37% saw him favorably. His standing has rebounded a bit since then, to 41%-45% favorable-unfavorable in the latest USA TODAY/Gallup Poll.

In contrast, Americans have a decidedly positive view of Secretary of State Condoleezza Rice, a fellow Cabinet member who also vigorously defends Bush and the war. In a USA TODAY/Gallup Poll taken in August, Americans viewed her favorably by more than 2-to-1.

Friends in high places

Rumsfeld retains powerful allies. Vice President Cheney, then a congressional fellow hired by Rumsfeld at the Nixon White House for his first real job, is a close friend. The two men and their wives have bought summer homes 2 miles from one another in bucolic St. Michaels (pop. 1,121) on the Eastern Shore of Maryland.

Even though Rumsfeld served four terms in the House and tested the waters for the Republican presidential nomination in 1988, he has failed to maintain broad political support on Capitol Hill. "I think both Rumsfeld and Dick Cheney don't have much respect for Congress," says Connecticut Rep. Christopher Shays, one of a few Republicans who have called for Rumsfeld to step down. "And the way they treat us, it shows."

Rumsfeld has become a prime defender of war, a symbol of its miscalculations and a lightning rod for its critics. Last month, in a speech to the American Legion in Salt Lake City, he cited those who once hoped to negotiate with Hitler. Noting "similar challenges in efforts to confront the rising threat of a new type of fascism," he asked, "Can we truly afford to believe that, somehow or someway, vicious extremists can be appeased?"

Anti-war Democrats who took offense at his comments then forced a day of debate this month on a resolution calling for him to go.

Seventeen Democratic senators lined up to castigate his leadership; 10 Republicans spoke in his defense. Sen. Barbara Boxer, who first proposed a resolution, said later that a new Defense secretary would make a difference even with the same president in charge.

"Each of us brings a different perspective — just a fresh face, fresh ideas, someone not married to the path we've taken, someone who doesn't have all that baggage," the California Democrat says.

She argues Rumsfeld should be held accountable. "He still has culpability for the things that he's said, for the advice he gives the president and most important for the results on the ground," she says.

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Sen. Jeff Sessions, who defended Rumsfeld on the Senate floor, calls the Defense secretary a "brilliant" man who has "wrestled with a host of challenges." Rumsfeld's problem, the Alabama Republican says, is that he has become a target for those "dismayed and disappointed" about the course of the Iraq war.

In any case, his tenure should be up to the commander in chief, Sessions says: "The president has confidence in him."

The resolution was tabled on a party-line vote, and Rumsfeld insists he's not affected by the furor. "Oh, goodness," he said two weeks ago when a radio interviewer asked about calls for his resignation. "You know, history will decide all of that. It's politics time in Washington, D.C." The criticism, he said dismissively, "goes with the territory."The three secretaries of Defense who have served the longest have also encountered controversy.

McCain Wants Bolton Confirmed Quickly (AP-Y)

AP, September 25, 2006

Sen. John McCain on Sunday urged quick confirmation for John Bolton as U.N. ambassador, saying the nominee is needed to talk back to "two-bit dictators" such as Venezuela's president.

McCain, R-Ariz., joined lawmakers from both parties in condemning Hugo Chavez's speech last week at the United Nations in which the Venezuelan called President Bush "the devil."

"I would say that this is an argument to get John Bolton confirmed as our U.N. ambassador," McCain said on CBS' "Face the Nation." "He's smart, he's tough, he will respond to these guys. And he could talk back to these two-bit dictators who have the airfare to New York."

The Senate Foreign Relations Committee this month was expected to approve along party lines Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans.

But the vote was postponed after Sen. Lincoln Chafee, R-R.I., who faced a tough primary contest against a conservative Republican, said he had more questions. Chafee won that election.

McCain urged Democrats to support Bolton's nomination and branded Chavez "despicable."

"He aspires to be this generation's (Fidel) Castro. I think the people of Venezuela ought to look at the standard of living in Cuba before they would embrace such a thing," McCain said.

Millions Of Seniors Facing Medicare 'Doughnut Hole' (WP)

By Christopher Lee And Susan Levine

The Washington Post, September 25, 2006

Millions of older Americans are confronting a temporary break in their Medicare drug coverage this month that will require them to pay the full cost of their prescriptions or face the painful prospect of going without.

This is the "doughnut hole" in the new Medicare drug benefit that began in January, and advocates for seniors say there is nothing sweet about it. Some seniors knew nothing of the coverage gap until they were hit with a bigger drug bill, advocates say.

"Virtually everyone who calls to say they've been denied coverage, they're shocked," said Robert M. Hayes, president of the Medicare Rights Center, a nonprofit that helps seniors navigate Medicare. "Trying to explain that this is the way the program was created by Congress angers folks who think it makes no sense. Many people feel blindsided."

The coverage gap was one of the most contentious elements of the 2003 legislation that created the new benefit. It ends federal payments for a person's drug purchases once an annual spending limit is reached, resuming them only after the beneficiary has spent thousands of dollars out of pocket.

Proponents saw the unusual setup as a way to provide some help to all beneficiaries, and substantial help to those with catastrophic drug costs, and yet not break the bank in a federal program that is expected to cost hundreds of billions of dollars over the next decade.

Nine months into the program, as more and more seniors reach the threshold that puts them in the gap, many see it as a headache -- or worse.

Frances Acanfora, 65, had been paying $58 for a three-month supply of her five medications. But this month the retired school lunchroom aide learned that her next bill would be $1,294. She had entered the doughnut hole.

"It's not my fault that I take this medicine," the Brooklyn resident said. "I've got to take it. And they make a limit. That's not fair."

After talking to her doctor, Acanfora decided to temporarily stop taking a drug as part of her treatment for breast cancer. She hopes to obtain some free samples of eye drops for her glaucoma. Three other medicines -- for high cholesterol, diabetes and osteoporosis -- cost $506.62, which Acanfora put on her credit card.

"I pay a little bit at a time," she said. "What am I going to do? I need it. . . . Sometimes, just to think about it, I cry."

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About 3 million of the 23 million Americans who receive the Medicare drug benefit are expected to reach the gap this year, officials said. That is fewer than half the 7 million cited in a 2004 report by the nonprofit Kaiser Family Foundation, which Medicare chief Mark B. McClellan called outdated.

A few more-expensive plans have no doughnut hole, and low-income beneficiaries can receive extra help from Medicare that eliminates the gap. Under the standard plan, however, the government picks up the bulk of drug costs only until the beneficiary and the government together have spent $2,250 for the year. At that point, beneficiaries must pay 100 percent of costs until they have spent a total of $3,600 of their own money. Then the federal subsidy resumes, paying 95 percent of any additional expenses.

Beneficiaries must continue to pay premiums averaging $24 a month, even in months when they are on their own. The calculation starts anew every year.

At Iona Senior Services in the District, Chris DeYoung's phone keeps ringing. On the other end are Medicare beneficiaries who have suddenly fallen into the gap and are looking for ways to climb out. DeYoung, Iona's community outreach coordinator, has only a few tips: mail-order pharmacies, diligent comparison shopping, purchases from Canada.

"For most of them, they're not going to get out of it this year," he said. "I don't think everyone really appreciated the doughnut hole, or they thought it'd be narrower than it is."

Georgetown retiree Maria Laurence, who says she selected an AARP-affiliated drug plan without doing much research, now pays "a fortune" for nearly half a dozen prescriptions. One drug went from about $84 for a three-month supply to $670.56 -- more than $7 per pill.

"It was such a shock. I had no idea," she said. "It's just a hard pill to swallow, no pun intended."

Even with the doughnut hole, most beneficiaries are better off financially than they were before the drug benefit was created, when many seniors had to fend for themselves all year long.

McClellan said seniors in the coverage gap should continue to use their Medicare drug cards to get the prices negotiated by their plans. They also can apply for prescription-assistance programs run by many states and pharmaceutical companies, he said. And they can call Medicare at 800-633-4227 for information and help.

"There are lots of places to go to get lower-priced drugs, to get additional help with your drug costs," he said.

Mark Merritt, president of the Pharmaceutical Care Management Association, stressed that the majority of seniors will not reach the gap. Many who will could delay it by more than two months by switching to generic drugs and using mail-order pharmacies, he said.

"There's been a lot of hand-wringing about it and very little information about what people can do to stay out of it," said Merritt, whose organization represents companies that administer drug benefit programs for employers and health insurance carriers.

Another thing seniors can do is choose their drug plans more carefully for 2007 when the open enrollment period begins Nov. 15. Susan Knight, director of the Senior Health Insurance Program in Anne Arundel County, said she and other workers will begin visiting centers and programs for seniors next month, the start of what is likely to be another major marketing season for companies offering prescription coverage.

Many Democrats in Congress, long critical of the gap, are not waiting until then. They dubbed last Friday "doughnut hole day," saying it was when the average Medicare beneficiary would reach the gap. They and their supporters criticized the policy at dozens of events last week, airing grievances from seniors in public forums and delivering edible doughnut holes to the office of at least one House Republican.

"This gap does not have to exist," said Sen. Debbie Stabenow (D-Mich.).

Clarice Wansley, 67, a retired county administrator who lives in Hattiesburg, Miss., fell into the doughnut hole in June. Her drug bills went from $184 a month to $387 for the eight medications she takes for cancer, heart trouble, seizures and other ailments, she said.

She paid on her own for the past few months, but recently her doctor told her she needed yet another drug, one that costs $239 a month. Now she doesn't know what to do.

"I'm not destitute, but I can't pay that and buy gasoline and food and pay the mortgage," Wansley said. "I'm scrambling around trying to find help."

Dan Wojehowski, 47, of Smyrna, N.Y., takes six drugs for disabling depression and severe back problems. Last year he was able to get five of them free through drug companies' patient-assistance programs. But when the Medicare benefit started, many of those programs sent people there instead. Wojehowski began paying $53 a month for most of his drugs. Next month, his first in the doughnut hole, he will have to pay $341.

Wojehowski, who knew about the gap, plans to continue with two medications but not the others.

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"I just can't afford to buy them," he said. "Every time somebody in Washington says what a wonderful benefit this is, I think they have to look a little closer."

Medicare Refund Mixup Part Of Larger Tangle (NYT)

By Robert Pear

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — When Medicare mistakenly sent premium refunds to 230,000 people who had signed up for prescription drug coverage, the Bush administration said the error had resulted from a rare "computer glitch." But government records and interviews with federal officials show it was the latest example of a strained, often dysfunctional relationship between two of the government's biggest programs.

For more than a year, officials who run the two programs, Social Security and Medicare, have struggled to mesh their computer systems so that Medicare premiums are correctly withheld from Social Security checks, and low-income people get the extra help to which they are entitled. The problems are compounded because this information is collected and used by scores of private Medicare drug plans, each with its own procedures and computer systems.

Lawmakers worry that similar problems will occur as millions of people sign up for new drug plans starting on Nov. 15.

Several recent surveys, including one by J. D. Power & Associates, the market research company, suggest that three-fourths of the people getting drug coverage through Medicare are satisfied with it. But officials predict that many beneficiaries will switch plans to lower their drug costs or get better coverage.

Under the 2003 Medicare law, people who sign up for drug coverage can pay premiums once a month on their own, or they can have the money withheld from their Social Security checks, just as basic Medicare premiums have for years been deducted from such checks.

Since the drug program began on Jan. 1, hundreds of thousands of beneficiaries have reported problems in getting the government to carry out their instructions to start or stop the withholding of premiums. Drug plans have repeatedly complained to Medicare officials that premiums have not been properly withheld and that beneficiaries have been upset.

Medicare officials say Social Security and its computer systems bear much of the responsibility. And Social Security says the data it receives from Medicare is often full of errors and does not match the information it already has. Without a perfect match, Social Security officials say they cannot order the Treasury to change the amount of a person's Social Security payment.

The commissioner of Social Security, Jo Anne B. Barnhart, and the Medicare administrator, Dr. Mark B. McClellan, discussed the problems with the Senate Finance Committee behind closed doors on Sept. 7. After the briefing, lawmakers said they did not fully understand the interaction between the two agencies.

"There seems to be greater confusion, not less," Senator Gordon H. Smith, Republican of Oregon, said after listening to the officials' explanations.

In an interview, Beatrice M. Disman, a Social Security official who has been with the agency for more than 40 years, said: "What the public has to understand is that Social Security is at the end of the trail. We rely on information provided by Medicare."

Medicare, in turn, relies on its own files and on information supplied by beneficiaries and the drug plans in which they enroll. Drug plans often must contact beneficiaries to resolve discrepancies in data compiled by the two federal agencies.

Social Security and Medicare officials said they were working hard to solve the problems, which Dr. McClellan cataloged in a recent letter to Commissioner Barnhart.

"In the past," Dr. McClellan wrote, "my staff has felt that significant concerns they have expressed have not been taken into account by Social Security." For example, he said, Social Security officials established "technical details of the data exchange" in 2004 without fully considering requirements of the new law or concerns expressed by Medicare officials at the time.

In his letter, Dr. McClellan complained about "the unnecessary complexity" of the system devised by Social Security, which performs "more than 40 edits" on each transaction requested for a Medicare beneficiary.

Ms. Disman defended these "quality checks," saying: "We may have information that a person is in the ABC plan. Now Medicare tells us to withhold premiums for the XYZ plan. We have to verify that."

Some Medicare beneficiaries change plans frequently, and drug plans are continually sending fresh information to Medicare. But in his letter to the Social Security Administration, Dr. McClellan said: "We have only been allowed to submit data to your systems for about 10 business days out of each month. Because of your system design, S.S.A. will not process transactions outside of that window."

Constance S. Beskind, 80, of Westport, Conn., said it had taken her five months to get Social Security to stop withholding premiums for her drug coverage, provided by Humana. "It was a nuisance," said Ms. Beskind, who takes drugs for osteoporosis and high blood pressure. Humana told her that Social Security was responsible for the problem, she recalled.

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In Craigsville, W.Va., Alma L. Boggs, a 55-year-old nurse who is on Medicare because of a disability, had the opposite problem. Social Security stopped withholding her premiums with no explanation.

"I have yet to learn why they stopped," said Miss Boggs, who takes 10 prescription drugs. "When I called the local Social Security office, the operator would not discuss it. She told me to call Humana. The company told me that Social Security quit paying the premiums on its own. It's been a mess."

Federal officials have discovered four types of problems.

Some beneficiaries asked that premiums be withheld from their Social Security checks, but the government did not act on the requests, so beneficiaries owe several months of premiums. In other cases, Social Security continued to withhold premiums after beneficiaries told the government to stop the deductions. In some cases, the government withheld premiums but failed to send the money to insurers, as it was supposed to do. Finally, some beneficiaries who switched plans are still having premiums for the original plan withheld.

In a bulletin to insurers, the administration described the situation: "When a beneficiary changes plans, Medicare sends the updated request to Social Security. In some cases, these requests were not accepted due to data differences. As a result, some beneficiaries are seeing inaccurate premiums being withheld from their Social Security payments."

In late August, the administration notified tens of thousands of beneficiaries that they had received improper refunds of premiums and would have to return the money to the government. The letters said the problem had resulted from "a processing error" in Medicare computers.

Officials at the Centers for Medicare and Medicaid Services developed a "strategic communications plan" to play down the mistake.

"Our messaging will strive to maintain public confidence in C.M.S. and its systems, despite the recent error, and to deter any negative generalizations about Medicare or the Part D program," which covers prescription drugs, the plan said.

New Coalition Urges More Money For FDA (USAT)

By Rita Rubin

USA Today, September 25, 2006

Industry, consumer and patient groups and the last three secretaries of the Health and Human Services department are joining forces to lobby for more money for the Food and Drug Administration.

Former HHS secretary Tommy Thompson and Michael Jacobson, executive director of the Center for Science in the Public Interest, a Washington, D.C.-based consumer group, are to announce the creation of the Coalition for a Stronger FDA at a news conference today.

The FDA is part of HHS, and "former secretaries probably understand the problem better than anybody else," Thompson, HHS secretary in President Bush's first term, said Sunday.

Donna Shalala, HHS secretary in the Clinton administration, echoed Thompson. "As former secretary, I know how swamped they are and how difficult it is for them to get their work done," she said Sunday.

William Hubbard, who retired last year after 14 years as associate FDA director and nearly 30 years with the agency, serves as the coalition's senior adviser. Hubbard noted that its members, including the Biotechnology Industry Organization and the Consumer Federation of America, are "relatively strange bedfellows." But, he said, "they all converge at the same place, and that is that FDA has to be strengthened or we're all going to suffer."

The group's launch comes just three days after an FDA-commissioned Institute of Medicine report called for "substantially increased resources" in funds and personnel to improve the agency's drug safety efforts.

The report concluded that the FDA needs to pay more attention to the safety of drugs once they are on the market, a move that requires both increased funding and regulatory authority. Among the report's recommendations:

·Congress should amend the Food, Drug and Cosmetic Act to require that product labels carry a special symbol for their first two years on the market, when side effects not seen in relatively small pre-approval studies are likely to begin showing up. In addition, FDA should restrict direct-to-consumer ads during that time.

·The FDA should evaluate all new safety and effectiveness data about a new molecular entity — a brand-new active ingredient — within five years of approval.

·The agency needs both the authority and the resources to ensure that drugmakers conduct promised studies after their products are approved. The FDA needs to be able to require labeling changes to reflect new safety information.

Public Service Academy (WP)

By Christopher Lee

The Washington Post, September 25, 2006

DOJ_NMG_0068892

Advocates of a federally funded public service university get an "A" for effort, although results are incomplete.

Last week, proponents scored a victory in their quest to create a U.S. Public Service Academy modeled after the nation's military service academies: They persuaded a bipartisan group of senators and House members to sponsor legislation to establish and fund the school.

"Today is an exciting day," Chris Myers Asch, a Teach for America veteran who is leading the effort, wrote in an e-mail to supporters. "Almost exactly one year ago . . . I wrote the first sentence of a mission statement for a national public service university. Today, we are on the verge of introducing the Public Service Academy Act in the U.S. Congress."

Sens. Hillary Rodham Clinton (D-N.Y.) and Arlen Specter (R-Pa.), along with Reps. Christopher Shays (R-Conn.) and James P. Moran Jr. (D-Va.), have agreed to introduce the legislation this week, Asch wrote. The bill follows a petition drive and grass-roots lobbying effort led by Asch and more than 40 supporters, including former senator Harris Wofford (D-Pa.) and former education secretary Richard Riley.

Proponents envision the school offering an all-expenses-paid education to 5,000 undergraduates. Its liberal arts curriculum would emphasize leadership development, analytical thinking and service to others, with requirements for summer service internships and a year of study abroad. Graduates would be required to work five years in public service. They could choose from jobs in local, state or federal government; law enforcement; public health; education; or nonprofit organizations.

Asch and Shawn Raymond, a fellow Teach for America alum, came up with the idea after watching the bureaucratic failures in the response to Hurricane Katrina, as well as government errors before and after the Sept. 11, 2001, attacks. They estimate the cost of an academy based in Washington at $205 million annually.

Asch conceded that, at this late date, the bill has no chance before this session of Congress closes at the end of the year. "But it is an important step," he wrote. "We soon will have a bill with a name and number, and we can begin building support for the bill nationwide."

Constitution 101 A Federal Mandate (WT)

By Audrey Hudson

The Washington Times, September 25, 2006

Training for federal employees now includes a congressionally mandated tutorial on the Constitution that must be completed by this week.

The brainchild of Sen. Robert C. Byrd, West Virginia Democrat, the Internet class closely follows Constitution Day -- a commemorative also legislated by Mr. Byrd to celebrate Sept. 17, 1787, as the day when the nation's founding document was signed in Philadelphia.

"Constitution Day gives us opportunity to pause and consider the larger purpose behind our professionalism, and the nobility underlying our efforts," said Daniel Sutherland, officer for civil rights and civil liberties, and George Tanner, chief learning officer, in an e-mail to all Department of Homeland Security (DHS) employees.

"As Secretary [Michael] Chertoff has stressed, DHS's strategic mission 'is no less than this: protect America, while fostering the values of liberty, privacy, and opportunity we all hold dear,'" the e-mail said.

Unlike most federal training, the 25-minute tutorial does not include a test at the end.

"It's just more of Byrd's pork," says one DHS employee. "How will my supervisor even know I completed the course when there is no test?"

Mr. Byrd is never without his copy of the Constitution, which he carries in his coat pocket and often refers to during Senate debates. On his Web site promoting Constitution Day, Mr. Byrd says the Constitution "embodies the vision of the Framers, their dream of freedom. ... But we cannot defend and protect this dream if we are ignorant of the Constitution's history and how it works."

The 37-page tutorial begins with a historical review and includes a brief summary of the amendments.

"The First Amendment addresses the rights of freedom of speech and the press; the right of peaceful assembly; and the right of petition. It also addresses freedom of religion, both in terms of prohibiting the Congressional establishment of religion and protecting the right to free exercise of religion," the tutorial said.

"The Second Amendment addresses the right of the people to bear arms. The Third Amendment prohibits the government from using private homes as quarters for soldiers without the consent of the owners. The Fourth Amendment guards against unreasonable search and seizure of property without a specific warrant or a 'probable cause' to believe a crime has been committed."

A second DHS employee called it a "waste of time" but completed the course. "It was stuff I learned in high school," he said.

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"When we raise our hands and stand by the flag and swear to support and defend the Constitution against all enemies both foreign and domestic ... it's a good idea that we already know what the Constitution is all about," the first employee said.

The lesson concludes with an excerpt from President Reagan's Jan. 11, 1989, farewell address: "Almost all of the world's constitutions are documents in which governments tell the people what their privileges are. Our Constitution is a document in which 'We the People' tell the government what it is allowed to do. 'We the People' are free."

Familiar Battles (USNEWS)

By Liz Halloran And Bret Schulte

U.S. News and World Report, September 25, 2006

The battle over a woman's constitutional right to medically end her pregnancy has convulsed the nation for more than a generation. But since the U.S. Supreme Court's 1992 decision to reaffirm Roe v. Wade, at least one thing has remained constant: If pregnancy threatens a woman's life or health, she can't be prevented from seeking a legal abortion.

That assurance is now on shaky ground. When the U.S. Supreme Court reconvenes next week after its summer break, justices will be asked to decide whether health risks alone should guarantee women access to controversial late-term abortions, typically-though rarely-performed when pregnancies have progressed beyond 20 weeks.

That, in and of itself, is significant-"one of the key cases of the term," says Leonard Leo of the conservative Federalist Society. But when the court considers the constitutionality of Congress's Partial-Birth Abortion Ban Act of 2003-which has no exception for a mother's health-it will also shine a light on the emerging dynamics of the newly formulated and deeply divided panel. And the most closely watched jurist won't be Chief Justice John G. Roberts or his fellow sophomore, Justice Samuel Alito, but Justice Anthony Kennedy, on whose vote these decisions will most likely turn.

If one person will define this high court term after the past year's unprecedented upheaval (Chief Justice William Rehnquist's death, Justice Sandra Day O'Connor's retirement, and the first new justices in more than a decade), it will be Kennedy. With O'Connor gone, he is the lone swing justice, a moderate conservative whose vote is seen as up for grabs by both the liberal and conservative wings of the court.

"We all live here, but this is Justice Kennedy's world," appellate lawyer Carter Phillips said at a recent court preview. How Kennedy reconciles deference to Congress and its partial-birth ban with respect for stare decisis, or settled law, in the area of women's health is key to the outcome. In the 1992 Planned Parenthood v.Casey decision that reaffirmed Roe, he voted to affirm the right to abortion and required a health exception. But he later wrote an impassioned defense of a Nebraska late-term-abortion ban that lacked one.

Kennedy's vote is likely to figure prominently in other consequential cases justices will hear: a challenge to high school affirmative action programs that use race to assign students, and an effort by states, cities, and environmental groups to force the administration to address global warming.

Court watchers are predicting that, with a split court, Roberts will lead with restraint. Lawyer Thomas Goldstein expects "slow change." Beth Brinkman, who has argued 20 cases before the high court, is watching to see how both Roberts's and Alito's approach to the law will be affected by careers largely spent in the executive branch.

At 51, Roberts has time to shape his court. "The chief is not thinking about one year," says Neal Devins, law professor and director of the Institute of Bill of Rights Law at the College of William and Mary. "This is a court that's ultimately going to be defined by the 2008 [presidential] election. Rather than get a half a loaf today, he's more apt to make the court less visible now and advance his agenda down the road."

All Laptops Present And Accounted For? Um, We'll Get Back To You On That . . . (WP)

By Al Kamen

The Washington Post, September 25, 2006

Back in July, after a Department of Veterans Affairs laptop loaded with personal information on millions of vets and active-duty military personnel was stolen, other agencies revealed security breaches.

So House Government Reform Committee Chairman Thomas M. Davis III (R-Va.) and ranking Democrat Henry A. Waxman (D-Calif.) wrote 17 Cabinet-level departments and agencies to ask whether they had experienced any similar incidents.

Of the 14 that have responded so far, either in whole or in part, the Commerce Department looks far and away the worst, owning up to the loss of more than 1,000 agency computers.

But what about the three departments that have not responded? Do they have bigger problems? And these three would be . . .? Treasury, Defense, and Health and Human Services. Oh, well -- none of them has sensitive information about Americans.HP as a Leader on Espionage?

DOJ_NMG_0068894

Lots of chuckles on the Hill and at regulatory agencies over a Sept. 19 letter from Hewlett-Packard Vice President Gary Fazzino to Senate Majority Leader Bill Frist (R-Tenn.). The letter urges Frist to push passage of the Telephone Records and Privacy Protection Act of 2006, which is intended to protect the personal information of consumers and employees.

"HP has long been an industry leader on privacy," Fazzino wrote, and the company "believes responsible companies have an obligation to advance consumer and employee rights to have personal information safeguarded."

Meanwhile, a House committee is investigating HP for authorizing an extensive spying operation on people inside and outside the company, looking for leakers. The company is alleged to have planted false documents, followed its board members and reporters, watched their homes and obtained phone records of directors, reporters and spouses.

Keep that up and it won't be "an industry leader on privacy" much longer.This Season's Revolutionary Fashion

And now, a sure-fire way to test airport screeners.

Yes, it's the "Hizbullah Messenger Bag," a snappy-looking shoulder bag advertised by a group called the Revolution Junkies on e-commerce Web site CafePress.com. (The site's standard disclaimer says its merchandise "does not necessarily reflect the opinions and views of CafePress.com.")

"Resist Israeli tyranny!" the product's ad says. "Show your support of the resistance with this versatile and durable messenger bag!"

The polyester bag comes in yellow (Hezbollah's color) and features what looks like the group's logo in the center -- Hezbollah in Arabic with an AK-47 in a raised-high fist.

"From school, to carrying your laptop, to a hip alternative diaper bag, our versatile, spacious messenger bag is practically all you need to get you through every stage of your life," the ad says, "and look hip doing it."

Just putting the fun back in fundamentalism. Yours for only $27.99. Comes with adjustable two-inch strap.FDA's License to Spend

The Food and Drug Administration, burdened by budget and staff cutbacks at its food safety office, is scrambling to find the source of the E. coli-contaminated spinach.

But a consumer group finds that the FDA has still been able to spend taxpayer dollars to celebrate its 100th anniversary. According to budget documents, it has spent: $6,800 on tablecloths; $18,000 for 45 flags for flag-raising ceremonies here and at field offices; $30,306 for "banners for airports and backdrops for media interviews"; $2,240 for miniature sewing kits; $7,750 for focus-group testing of the centennial poster; and $8,500 for "replicas of FDA Inspector Badges."

Maybe they should be spending more on real inspectors and less on fake badges.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 25, 2006

'A total maniac'

We had hoped that conservative commentator Laura Ingraham would be the one to finally provide a rare peek into President Bush's mountain-biking world, which for whatever reason rotates in secrecy.

Mr. Bush invited the popular syndicated Washington-based radio host along for this past Saturday's two-hour-plus bike ride atop the dusty trails of the Secret Service training facility in suburban Maryland -- although, as usual, there wasn't a single sighting of the presidential trekkers.

"Of course it was OTR," Miss Ingraham told Inside the Beltway afterwards, feeding us the presidential code for "off-the-record."

Mr. Bush's two additional biking partners that day included White House economic adviser Ed Lazear and White House photographer Paul Morse. So is everybody off-the-record?

"He is a total maniac on the bike. Unreal," one of the cyclists (we are forbidden to say which one) told this column, referring to the commander in chief.

Bell gets DSL

Some 130 years after Washingtonian Alexander Graham Bell was issued U.S. patent No. 174,465 in 1876 for "Bell's Improvements in Telegraphy" -- better known today as the telephone -- his great-grandsons Edwin S. Grosvenor and Hugh Muller anxiously opened the door last week to the inventor's mountaintop home overlooking Baddeck Bay, Nova Scotia, and welcomed in the DSL technician.

"Finally getting DSL, I can't wait," beamed the 74-year-old Mr. Muller, who spends summers on the mountain. "We've been waiting a long time up here."

Bell, no doubt, would be impressed with today's Digital Subscriber Line, which carries high-speed information over ordinary copper telephone lines and into homes and offices.

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"He'd suffer 'DSL Overload,'" guessed Mr. Grosvenor, 51, of Bethesda, whose great-grandfather co-founded the National Geographic Society in 1888. "He loved to read the encyclopedia whenever he could. Imagine if he had the access to the world that the computer now provides. He'd be reading [online] all of the time."

Bell, quite surprisingly, had a love-hate relationship with the telephone, notes Donna Johnson of nearby Baddeck's Alexander Graham Bell National Historic Site of Canada. "While the telephone provided his fortune, Bell refused to have one in his home office. He considered it a distraction," she said.

"He believed that phones should only be for outgoing calls," explained Mr. Muller.

Bell's descendants, many of whom still reside in Washington (his granddaughter, Dr. Mabel Grosvenor, a retired pediatrician and the last surviving family member to have known Bell personally, turned 101 in Washington this summer), still own Canada's Beinn Bhreagh Hall, a sprawling mansion Bell completed in 1893 and soon thereafter moved into permanently.

Bell died there in 1922 (seeking privacy, he fled Washington, considering its social life too stuffy and intrusive), but not until his "Silver Dart" airplane took to the air as Canada's first-ever powered flight, and his cigar-shaped hydrofoil boat -- Bell designed a fleet, actually -- set a world marine speed record.

Today, the teacher, scientist and inventor is buried in a family plot alongside his wife, Mabel Hubbard, in a grassy meadow above their Canadian home. As Mr. Grosvenor noted, his great-grandfather picked the grave site after lying down in various places until finding the best view.

Patron Maggie

One week after her celebrated visit to Washington, former British Prime Minister Margaret Thatcher has stuck another feather in her cap: she's now Lady Thatcher, patron of the Heritage Foundation.

The conservative think tank's board of trustees has just handed Mrs. Thatcher the title by proclamation.

"We are lucky to have such a special relationship with a special woman who helped change the course of history," says Heritage President Ed Feulner, delighted that the Washington foundation he heads is the only institution where Mrs. Thatcher has agreed to serve as patron.

"Lady Thatcher epitomizes the very ideals and values for which the Heritage Foundation fights," adds Nile Gardiner, a former Thatcher aide and director of Heritage's new Margaret Thatcher Center for Freedom. "She is widely revered as one of the greatest political leaders of our time and has played a huge role in the advancement of freedom and liberty across the world."

Progress On Judicial Ethics (WP)

The Washington Post, September 25, 2006

THE FEDERAL judiciary took two steps last week to improve the public's perception of the standards of conduct for federal judges. First, a commission headed by Supreme Court Justice Stephen G. Breyer issued its report on the handling of misconduct allegations against judges. Separately, the Judicial Conference -- the administrative arm of the court system -- revised the rules governing educational junkets for jurists that get funded by private, sometimes ideologically tinged organizations. Both developments are positive. But the judiciary needs to do more.

The Breyer commission report found that in the vast majority of cases the judiciary did a reasonable job of policing itself. In all but the highest-profile cases of alleged misconduct, the panel found, the courts effectively weeded out meritless complaints by disgruntled litigants -- botching cases only about 2 percent of the time. The trouble is that this figure skyrocketed in those cases that command wide public attention.

The commission found that of 17 high-profile cases, nearly 30 percent -- five -- were not handled properly. Some were dismissed too blithely, others resolved without giving the targeted judges the ability to respond to the allegations. Such incidents have a corrosive impact on the public's view of the judiciary and have fed dangerous calls by members of Congress for intrusive investigations of judges. So it is imperative to make the system work better when it matters most. It's not clear that the report's recommendations -- which amount to enhancing consultation, education and advice -- will help much.

The judiciary's move on educational seminars is likewise constructive -- but not sufficient. There's nothing wrong with judges going to private educational seminars. But the appearances created when judges accept all-expenses-paid vacations from foundations that also fund litigation before them is awful. The Judicial Conference, which had previously weakened the rules to make this easier, announced last week that it would require that organizations paying for judicial travel disclose who is funding those trips. It also will require judges to disclose trips promptly. This will create more transparency -- but it doesn't address the central problem. In fact the solution is easy: When judges go to school, the judiciary ought to pay their way.

Routine Testing For The AIDS Virus (NYT)

The New York Times, September 25, 2006

DOJ_NMG_0068896

Federal health officials took the right step last week when they recommended that all teenagers and all adults up to the age of 64 be tested for H.I.V. infection when they receive routine medical care. This welcome effort to remove barriers in the way of widespread testing offers the best hope to reduce the stubborn persistence of H.I.V. infections in the American population.

Long after the AIDS epidemic burst onto the American and international scenes, it is a public health scandal that some 40,000 Americans are still newly infected each year; that a quarter of those with the disease, or some 250,000 Americans, don't even know they are infected; and that more than 40 percent of those who find out they are infected are tested only because they are already seriously ill.

Surely it would be better for every infected individual to learn of his status as early as possible, so as to plan the best course of treatment and avoid spreading the infection. And surely it would be better for community health if hidden chains of transmission could be detected and interrupted to slow the spread of infection.

In the early days of the AIDS epidemic, the disease carried such a stigma that people shied away from being tested lest they be socially ostracized or suffer discrimination. Patient advocacy groups pushed hard for policies to limit how testing was done and make sure all patients were counseled on the ramifications, both good and bad, before consenting to let their blood be tested. But times have changed. New treatments make it valuable to learn whether someone is infected. Health officials have shown that they can be trusted to keep test results confidential. And AIDS seems less stigmatizing.

The Centers for Disease Control and Prevention, which issued the new recommendations, urged that testing remain voluntary. Its most controversial proposal was that patients no longer be counseled extensively in advance about the pros and cons of testing and asked to sign a separate consent form. Oral notification and consent would suffice.

Some patient advocates worry that doctors will shortchange the oral consent process. But requiring a separate written consent for H.I.V. testing beyond the general consent forms signed by patients all too often scares patients away from a test that would help them. A similar policy has greatly reduced the infection rate in newborn children. It is time to apply that approach more broadly.

OTHER NEWS:

Construction Job Market's Still Robust (USAT)

By Sue Kirchhoff

USA Today, September 25, 2006

WASHINGTON — Though new home sales have plummeted 20% from a year ago, U.S. construction employment is still up 3%. But the solid jobs news might not last.

"The trend has got to be sharply downward. The drop in home building has greatly exceeded my expectations," says Kenneth Simonson, chief economist for the Associated General Contractors of America. "I can only imagine that the August numbers stayed high because houses are still being finished, that were started" earlier.

More than 7.52 million U.S. workers were employed in construction in August on a seasonally adjusted basis, up from 7.31 million in August 2005 and 7.46 million in January, according to the Labor Department. Construction employment is a million above 1999.

The job market is being supported, in part, by a surge in commercial and public works projects. But residential construction hiring also rose in July and August. The national numbers obscure regional differences. In California, where the housing market is slowing, construction employment slid by about 4,000 in August. Still, in Arizona, where the housing market is also cooling, employment is up.

"In our area, commercial (building) is looking good, and there's nothing in sight that's going to affect us drastically," says Jack Eberhard, owner of Careers in Construction and Development in Aurora, Colo.

Eberhard can't find enough cost estimators and project engineers.

In an interview earlier this month, Richmond Federal Reserve Bank President Jeffrey Lacker cited construction employment as one reason he's not overly concerned that the housing market could fall too hard.

Some workers can move from residential to commercial projects. But highly specialized workers, such as framers, who build the wood frames for houses, could have more trouble making a switch.

"When things slow down, you don't necessarily let everybody go: You cut back on hours," says Dave Seiders, chief economist for the National Association of Home Builders. He says it's a bit early to see the impact of the slower market, but he expects job losses.

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Home builders are carrying a 6.5-month inventory of unsold homes, according to the Commerce Department. Publicly traded builders such as Toll Bros. have been selling land or deciding not to exercise options to purchase land as the market slumps.

Alex Hannigan, whose Orlando firm Hannigan Homes builds eight to nine custom houses a year, is starting to see signs of softening employment as large home builders retrench.

"We are now seeing some subcontractors calling us and looking for work," Hannigan says. "The Wall Street companies are taking it on the chin at the moment."

With no inventory, Hannigan is breaking ground on new homes. He expects the market to have corrected by the time construction is done in 12 to 14 months.

This Winter, Cost Of Heating Homes Is Forecast To Drop (CSM)

By Ron Scherer

The Christian Science Monitor, September 25, 2006

NEW YORK

With the first chill of autumn in the air, some homeowners are cranking up their heat for the first time since this spring. Many will get a pleasant surprise when they look at their bills: They may be slightly lower.

Since last year at this time, the price of natural gas at the wellhead has plunged 47 percent, and the wholesale price of home heating oil is down 20 percent. If prices were to remain close to these levels - and if the winter is not overly cold - homeowners could save as much as $250 compared with last year, some energy analysts estimate.

"This is the equivalent of a major tax cut - almost the same as right after 9/11 when the government sent checks to everybody," says Dennis Jacobe, chief economist for the Gallup Organization in Washington. "What's nice is that it particularly helps middle- and lower-income people who were hurt the most when prices were soaring."

If consumers feel more comfortable with their energy bills, this could help retailers in the coming holiday period - already forecast to have only modest gains. Lower energy prices might also help offset some of the downturn in housing sales and auto sales, says Mr. Jacobe. "It increases the chances of a soft landing," he adds.

But prices could snap back quickly if a hurricane hits the Gulf of Mexico or the winter turns out to be fierce, energy experts warn. The Energy Information Administration (EIA), for example, in making its forecasts, is assuming that January will not have the moderate temperatures of the winter of 2006. "Last winter was the warmest on record," says Neil Gamson, an economist at EIA.

In its September forecast, EIA predicts consumers will pay 10 percent less for natural gas but will see their consumption increase by 7 percent. The result would be a 4.4 percent reduction in spending for 64 million households - about half of all residences that require heating.

The EIA's estimate for the nation's 9 million heating-oil customers is not as optimistic. It estimates prices will rise 9.2 percent and consumption will increase 6.2 percent, for a total increase in expenditures of 16 percent.

EIA will update this forecast on Oct. 10 when it issues its official winter forecast.

Many variables affect whether consumers see any savings, industry representatives warn. For example, natural-gas utilities typically start buying their supply in March or April. The purchases continue through the summer with the gas going into storage.

"You can't just take prices today or the past week and assume customers will save 40 or 50 percent," says Paul Wilkinson of the American Gas Association in Washington. "We know for the first six months of the year, prices were actually higher than they were for first six months of last year."

Indeed, for the first six months, the price of natural gas was $7.05 per thousand cubic feet (MCF), compared with $5.91 per MCF last year. However, after hurricane Katrina snarled production in the Gulf of Mexico, natural-gas prices soared to $15 per MCF. It's now down to $4.65 MCF on the spot market.

Weighing on the market is a substantial inventory, now at 3.1 trillion cubic feet, which is 13.4 percent above the five-year average. "We should hit an all-time record on storage," predicts Mr. Wilkinson.

Complicating the weather forecast this year is a weak El Niño, the current and trade-wind pattern in the Pacific that affects weather in the US. Typically, an El Niño creates more rain in the Southwest and Southeast and on the East Coast, but the correlation is less certain during a weak pattern, says Ken Reeves, director of forecasting at AccuWeather in State College, Pa.

For low-income people, the prospect of energy-price reductions, or even stability, is welcome. Last year, 6 million households applied for grants under the Low Income Home Energy Assistance Program (LIHEAP). "Lower prices are better for low-income people than an increase in LIHEAP funding," says Mark Wolfe of the National Energy Assistance Directors' Association. Natural-gas users could save $200 to $250 this winter if the weather cooperates, he estimates.

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Some consumers doubt the lower prices are here to stay. In Franklin, Mich., Frank Zaski says he thinks the price dip is temporary, and he doesn't expect it to affect him. Last summer, his utility, Consumers Energy, had stored natural gas. As a result, it didn't have to pay higher rates after the hurricanes in the Gulf of Mexico. In fact, its rates were the second lowest in the US, according to the utility. This summer it again stored natural gas, but it missed out on the sharp drop. "It kind of irons it out," says Mr. Zaski.

Users of home heating oil may not see the same savings as natural-gas users, because the price of oil has not fallen as far. "We're about where we were pre- Katrina," says John Huber of the National Oilheat Research Alliance in Alexandria, Va. After peaking this summer at $2.05 a gallon, the wholesale price of heating oil has dropped to about $1.65 a gallon.

Falwell Acknowledges Clinton Comment (AP-Y)

By Dena Potter

AP, September 25, 2006

The Rev. Jerry Falwell acknowledged on Sunday saying that if Hillary Rodham Clinton were the Democrats' presidential nominee in 2008, it would motivate conservative evangelical Christians to oppose her more than if the devil himself were running.

Falwell said in a telephone interview that his comments to several hundred pastors and religious activists at the "Value Voter Summit" conference were "totally tongue-in-cheek."

"I certainly hope that Hillary is the candidate," Falwell said at a breakfast session Friday in Washington. "I hope she's the candidate, because nothing will energize my (constituency) like Hillary Clinton," he said. "If Lucifer ran, he wouldn't."

Clinton press secretary Philippe Reines said Sunday, "Working for someone who believes in the Golden Rule, we're not going to engage in such vitriolic discourse — but it seems that a new low has been reached in demonizing political opponents."

Falwell told the AP that he did not intend to demonize the former first lady. "That was totally tongue-in-cheek and everyone in the building knew that and everyone laughed," Falwell said.

Falwell said religious conservatives do not favor Clinton for several reasons, but mostly because she is pro-choice on abortion, "the cutting-edge issue for social conservatives."

"I just think that she has enough of a record before our people now to bring most of them to the polls," Falwell said.

The Rev. Barry Lynn, director of Americans United for Separation of Church and State, said, "I don't know why Jerry Falwell always has to drag politics into the gutter."

Lynn, whose advocacy group scrutinizes the religious right and was monitoring last week's conference, added, "Maybe the devil made him do it."

Attendees also were assured during the prayer breakfast that God would preserve a Republican majority in Congress.

Falwell would not say what he thought would happen in 2008 if Clinton were not the nominee.

"In '08, I think that's too far ahead to know what's going to happen in the domestic and foreign policy issues," Falwell said in the interview.

"In my opinion, the big issue then will be what the big issue is today, and that is national security and the war on terrorism at home and abroad. I don't think anybody doubts that the Republicans have a better record and a better commitment to national security than the Democrats do," Falwell said.

His remarks were first reported in Sunday's Los Angeles Times.

Christian Conservatives Look To Re-energize Base (NYT)

By David D. Kirkpatrick

The New York Times, September 25, 2006

WASHINGTON, Sept. 24 — Openly anxious about grass-roots disaffection from the Republican Party, conservative Christian organizers are reaching for ways to turn out voters this November, including arguing that recognizing same-sex marriage could also limit religious freedom.

Just two years after many conservative Christians exulted that their voter turnout efforts had pushed President Bush to re-election, organizers say their constituents are disengaged.

“There is disillusionment out there with Republicans,” said James C. Dobson, founder of the conservative Christian broadcaster Focus on the Family and the most influential voice in the movement. “That worries me greatly.”

At an election-season Values Voters Summit held here by the allied Family Research Council, some conservatives debated whether “maybe losing the Republican majority would teach us a lesson and get our movement back on track,” in the words of Representative Mike Pence, Republican of Indiana.

Mr. Pence argued that in the end, Republicans were still preferable to Democrats. Like many arguments, though, his was about picking the lesser of two evils.

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"My first inclination was to sit this one out," Dr. Dobson said in an interview, adding that he had changed his mind when he looked at who would become the leaders of Congressional committees if the Democrats took over.

Some were candidly gloomy.

"At the grass roots, among ordinary people, the enthusiasm is not there, and unless that changes in the next five or six weeks, the Republicans aren't going to make it" to retain control of Congress, said Paul Weyrich, chairman of the Free Congress Foundation and a founder of the modern conservative movement.

In addition to voicing more general complaints, Christian conservatives say President Bush and Republicans in Congress have not lived up to their expectations about advancing new abortion restrictions or a proposed constitutional amendment banning same-sex marriage.

Even in this crowd of nearly 2,000 Christian conservative activists, some balked at one tactic recommended to turn out church voters. In a workshop, Connie Marshner, a veteran organizer, distributed a step-by-step guide that recommended obtaining church directories and posing as a nonpartisan pollster to ask people how they planned to vote.

"Hello, I am with ABC polls," a suggested script began.

Some attendees complained that the script seemed deceptive, Ms. Marshner said in an interview afterward. She said that such disguised calls were a common campaign tactic, that it was just a suggested script and that she never recommended answering a direct question with a lie.

Tony Perkins, president of the Family Research Council, who played host to the conference, said he was "upset" to learn of her instructions and condemned any deception.

The Rev. Barry W. Lynn, executive director of the liberal group Americans United for Separation of Church and State, called the tactic "disgraceful" and "a desecration of the church."

Several organizers at the event lamented that opposition to same-sex marriage, a major catalyst for Christian conservative turnout two years ago, had lost some of its emotional resonance. Massachusetts remains the only state to recognize same-sex marriage. Sixteen states have passed constitutional amendments banning such unions, and eight courts have ruled against the idea.

"Sometimes success brings complacency," Mr. Perkins said.

To revive some of the emotions around the issue, several organizers said they were taking up the argument that legal recognition of same-sex marriages would cramp the free expression of religious groups who consider such unions a sin — an idea much discussed at the conference.

"That is an issue that wasn't around two years ago and one that is absolutely moving to the very forefront," said the Rev. Donald Wildmon, founder of the American Family Association, a conservative Christian broadcaster and advocacy group.

Although that idea may seem far-fetched to many liberal or secular-minded voters, legal scholars across the political spectrum agree that authorizing same-sex marriages could present legal questions for some religious groups. A Roman Catholic group in Massachusetts, for example, recently stopped offering children for adoption rather than provide them to gay couples.

At the Values Voters conference, Mr. Perkins played a preview for an October telecast to Christian broadcasters that dramatized the conflicts in stark terms. He interviewed parents who are suing the town of Lexington, Mass., because its public school assigned their 7-year-old son a book called "King and King," about two princes who marry.

"Get involved as the Lord leads before religious liberty is lost forever," Mr. Perkins warned in the trailer.

Others looked abroad. In a pre-election letter to 2.5 million supporters, Dr. Dobson is breaking away from his traditional field of child psychology to argue that foreign terrorists are a threat to families.

The Rev. Jerry Falwell, founder of the Moral Majority, looked ahead to 2008 and the possibility that Senator Hillary Rodham Clinton might be the Democratic presidential candidate. Ms. Clinton's nomination, Mr. Falwell said to laughs, would arouse even more evangelical opposition than Lucifer's.

Free Trade At The Fore Of Races (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, September 25, 2006

WASHINGTON — Jack Davis remembers the night he left the Republican Party over free trade: Nov. 17, 2003, after he paid $2,000 to meet Dick Cheney at the upscale Park Lane Restaurant in Buffalo, N.Y.

Davis, a furnace-parts manufacturer and lifelong Republican, had hoped to convince the vice president that their party's free-trade policies hurt workers. He never got the chance. And after Davis started sharing his views with reporters at the event, he said, Cheney's staff ordered him to leave.

Within weeks, Davis had become a Democrat; ended his support of the libertarian Cato Institute and the conservative Heritage Foundation; and started a group, Save American Jobs, to toughen trade barriers.

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Now Davis is a Democrat challenging four-term Rep. Thomas M. Reynolds (R-N.Y.) and calling for restrictions on foreign goods. And Reynolds, who leads the committee that coordinates election strategy for House Republicans nationwide, is spending unexpected time and money defending his western New York seat as Davis attacks him for supporting trade agreements he says are "hammering the middle class."

With wages stagnating for many Americans, trade has become a significant campaign factor this fall in parts of New York, Pennsylvania, Georgia and other states. In Ohio, Michigan and North Carolina, where manufacturers continue to shutter plants and cut jobs, free trade has become a major issue of campaigns.

In Michigan, Democratic Sen. Debbie Stabenow, who is seeking reelection, recently ran a TV ad highlighting her effort to create a "trade prosecutor" to investigate unfair foreign competition.

In Ohio, Republican Sen. Mike DeWine and his Democratic challenger, Rep. Sherrod Brown, have repeatedly sparred over trade, with Brown calling for "fair-trade" policies that hold foreign companies to U.S. workplace standards.

In North Carolina, Republican Rep. Robin Hayes, a textile heir, is under attack from his opponent, a former textile worker, for supporting the Central American Free Trade Agreement last year. Hayes cast the deciding vote.

In Reynolds' district, some of the largest manufacturers — Eastman Kodak Co., Ford Motor Co. and Delphi Corp. — are cutting back. Davis blames competition abroad for the job losses and wants tariffs against countries that have flooded U.S. markets with cheap goods.

Reynolds, who also supported CAFTA — the major trade deal of the current Congress — aired a TV ad this month saying his opponent's tariff proposal was "really a tax increase on families, raising the cost of everything."

Recently, Reynolds brought Virginia Rep. Robert W. Goodlatte, a fellow Republican and chairman of the House Agriculture Committee, to the district to meet about 50 dairy farmers and to showcase his efforts on their behalf. But the farmers complained about trade, and they wanted to know what Reynolds was doing to help them compete against foreign companies.

"He hasn't really answered the question of what he's going to do to make free trade fair trade," said farmer Kathy Youngers, who attended the meeting but has not decided whether to vote for Reynolds.

Davis may have a better chance of persuading voters than in 2004, when he ran against Reynolds on a similar trade platform and lost by 12 percentage points. Although polls indicate concerns about the economy are easing, many people are still anxious and may be open to an appeal based on tougher trade policies, said Wendy Schiller, an associate professor of political science at Brown University.

In Ohio, Brown, who led House opposition to CAFTA last year, appeared in a recent TV ad in front of a factory with a "Plant Closed" sign on its fence. "My opponent supported the trade agreements that cost us these jobs. He says it's just business — I say it's wrong," Brown says.

DeWine says he pushed "fair-trade" legislation including tariffs on foreign steel and measures returning profit from the sale of illegally dumped foreign goods to U.S. companies. But he also defends free-trade deals that he says create jobs by increasing exports.

"These agreements bring foreign trade barriers down for U.S. goods," he said in a statement last week. "U.S. tariffs were already low, and these trade agreements level the playing field" by lowering the tariffs imposed on U.S. exports.

Reverberating in some campaigns is last year's CAFTA fight.

In Georgia, Republican challenger Max Burns faults Democratic Rep. John Barrow for voting against CAFTA. At a campaign appearance, Burns waved letters from officials at a local Jockey International Inc. plant pleading for CAFTA. But Barrow said Jockey was an example of how CAFTA failed workers. In July, Jockey announced plans to relocate to Central America, laying off 203 Georgia workers.

In upstate New York, engineer David Curry, 64, lost his job when a steel-parts manufacturer downsized its staff six years ago, and said he planned to vote for Democrat Jack Davis because Davis opposed free trade.

"It has changed western New York dramatically," Curry said. "Used to be blue-collar and proud, and now it's just the Rust Belt."

Don't Make Me Say I Told You So: It's A Bump, Not A Surge (RC)

By Stuart Rothenberg

Roll Call, September 25, 2006

The ink on my Sept. 18 column warning against overreaction to new polling and alleged "surges" had not yet dried when USA Today released its newest Gallup Poll, predictably asserting the existence of an alleged Republican surge. Others quickly joined the chorus.

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First, let's stipulate that recent polling has shown some improvement in Republican numbers, whether it's in the president's standing or the generic ballot. President Bush's job approval numbers bottomed out earlier this year and have been inching up for a couple of months.

That's the good news for Republicans, and any good news is better than bad news. But if you look at presidential job approval and the generic ballot, it is awfully difficult — no, actually, it is impossible — to conclude a dramatic surge has occured or is under way. That doesn't mean it won't happen, only that it hasn't occurred so far.

The USA Today/Gallup poll found Bush's job ratings among all adults at 44 percent approve/51 percent disapprove. That's an improvement from an Aug. 18-20 USA Today/Gallup survey that showed the president's ratings at 42 percent approve/54 percent disapprove. So, Bush's approval is up 2 points and his disapproval is down 3. Clear enough.

A Bloomberg/Los Angeles Times poll showed the same thing, and it's a development worth noting. But remember, Bush's disapproval was still at 51 percent in the USA Today poll and 52 percent in the Bloomberg/L.A. Times survey, and the improvement in Bush's numbers is still modest. It's not as if the public has suddenly changed its evaluation of the president. A majority of Americans still disapprove of his performance, and that's not a good place to be for the Republicans going into a second midterm election.

In evaluating presidential job approval ratings, Gallup actually reports two additional sets of numbers, one based on three-poll rolling averages and a "smoothed approval" estimate, based on work done with a consultant, Yale professor Don Green.

Both reports show a slow but steady increase in Bush's job approval from a stretch in May, when it bottomed out in the low 30 percent range, to now, when it is around 40 percent. They show no surge, however, and Gallup Poll Editor in Chief Frank Newport wisely notes that after years of doing polling, he pays less attention to the results of a single survey and more to trends and patterns.

Now we get to an even bigger problem for those who want to see a surge in the USA Today/Gallup numbers — the generic ballot.

Far too much has been made of the USA Today/Gallup poll's finding that the generic Congressional ballot is tied at 48 percent among "likely voters." Unfortunately, some observers have compared that number to previous Gallup generic ballot numbers, proclaiming incontrovertible evidence of a surge.

However, Newport told me recently that the Sept. 15-17 USA Today/Gallup survey is the first one this year that screened for "likely voters." Previously, Gallup reported either on registered voters or "regular voters." Regular voters and likely voters are not identical, Newport said, since different questions are used to identify both subsamples.

So, if you must compare apples to oranges, go right ahead and compare "regular voters" to "likely voters." Just remember that it's not kosher.

If you look at Gallup's registered voters going back almost three months, you will find that the current 51 percent Democratic/42 percent Republican generic ballot in mid-September is almost identical with Gallup results from Aug. 10, July 30 and July 9. So the only "surge" among registered voters appeared in a dramatic narrowing of the generic in a single Aug. 18-20 poll. But that single survey is an outlier, and the USA Today/Gallup generic hasn't really moved in months.

Interestingly, less than 48 hours after the USA Today/Gallup poll became public, a CBS News/New York Times survey was released. While it reported on the opinions of adults, rather than registered or likely voters (who usually are more Republican), the CBS News/New York Times survey found the president's job approval at 37 percent, "virtually unchanged" from August. Moreover, the poll found Democrats with a 15-point advantage in the generic ballot, 50 percent to 35 percent.

Does all of this mean terrible news for Republicans, since they have been hoping for a surge? Not necessarily.

It's odd that there hasn't been more comment about the difference between the USA Today/Gallup registered voters and likely voters generic ballot results. While the poll showed Democrats with a 9-point advantage among registered voters, the generic ballot was even among likely voters.

With all of the talk about Democratic enthusiasm and Republican division, I would not have thought there would be such a large gap between the two samples.

Elections are won and lost by actual voters, not by hypothetical voters. So, if Democrats don't beat the GOP on turnout on Election Day, the generic ballot among all adults won't matter at all.

Hawaii Senator Wins Tough Primary Battle (WP/AP)

The Washington Post, September 25, 2006

HONOLULU, Sept. 24 -- Sen. Daniel K. Akaka, who has served in Congress for 30 years, beat back a challenge from Rep. Ed Case in Hawaii's Democratic primary.

Case conceded the race just before 6 a.m. Eastern time Sunday, when returns showed that he trailed 55 percent to 45 percent with all but one precinct reporting.

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The GOP nomination went to former Vietnam prisoner of war Jerry Coffee, who pulled out of the race because of health reasons. Republicans have three days to name a replacement candidate.

"I want to thank Hawaii for supporting me all these years," Akaka, 82, said Saturday night. "It has been a tough campaign for me."

Case, 53, trailed in every county, including those in his own 2nd District, and did not win on any of Hawaii's islands. Democratic-leaning Hawaii has never unseated an incumbent member of Congress. It became a state in 1959.

In the governor's race, former state senator Randy Iwase won the Democratic nomination over Hawaiian activist William Aila Jr. Iwase will take on Gov. Linda Lingle, who secured the GOP nomination and is expected to easily win a second term.

A Senator Bets On Party's Clout In Pennsylvania (NYT)

By Robin Toner

The New York Times, September 25, 2006

An endangered Republican like Senator Rick Santorum of Pennsylvania could always comfort himself with this: The political winds may be blowing the Democrats' way this year, but the Republicans retain some formidable structural advantages.

Like money: Mr. Santorum, the third-ranking Republican in the Senate leadership, has had a significant fund-raising advantage over his Democratic challenger, State Treasurer Bob Casey, which means more money for television advertising.

Or the Republicans' near-legendary voter turnout operation: the 72-hour program, tested and proven (to the Democrats' despair) in the 2002 and 2004 elections, which moved coordinators into Pennsylvania more than a year ago to prepare for Nov. 7.

Not to mention the bully pulpit of the White House: even a politically beleaguered president can shape the terms of political debate, as President Bush demonstrated anew with his focus on terrorism in recent weeks.

As the midterm campaign enters its final six weeks, these Republican fortifications will be tested around the country, but arguably nowhere as much as in Pennsylvania. Mr. Santorum has lagged behind Mr. Casey in opinion polls for nearly a year now, at times by double digits; his seat has become the Democrats' best hope for one of the six seats they need to regain a Senate majority.

Republican strategists say they have seen some signs in recent days of an improving political climate for their party nationally, which they hope is translated — soon — into individual races. But few are willing to declare a turning point in the battle for the House and Senate; both parties are waiting to see if the Republicans' traditional advantages kick in.

Here in Pennsylvania, with every new poll, the question arises: Can Mr. Santorum, with all his resources, change the dynamics of this race?

So far, the answer is not fundamentally. One of the latest independent surveys, the Keystone Poll released last week, showed Mr. Casey retaining the lead, with the support of 45 percent of registered voters, to Mr. Santorum's 38 percent. The race, experts say, has tightened since spring, and Mr. Casey's unfavorable ratings have climbed.

But G. Terry Madonna, who heads the Keystone Poll at Franklin & Marshall College, noted that Mr. Santorum had been unable, so far, to improve his own standing significantly.

"He gets, on average, about 40 percent of the voters," Mr. Madonna said. "He's been able to knock Casey down just a tad, but he's been unable to go up himself."

The Keystone Poll showed Mr. Santorum still lagging significantly behind Mr. Casey in the Philadelphia suburbs, a critical battleground. A poll for The Philadelphia Inquirer, released yesterday, showed Mr. Casey with a 10-point lead.

Neil Newhouse, Mr. Santorum's pollster, counters that the Republicans are clearly gaining ground — and have the time and the resources to gain more. "It's a single-digit race," Mr. Newhouse said. "And he has a financial advantage going into the last six weeks of this race. Anybody who would, at this point of the campaign, count him out, I think is making a serious mistake."

Still, Mr. Madonna and other experts say the latest poll ratings are noteworthy because Mr. Santorum has already run substantial television advertising. According to an analysis of data gathered by the Campaign Media Analysis Group, the Santorum campaign and supporting groups overwhelmingly outspent the Casey forces in television advertising between late May and mid-September.

Mr. Santorum has run some positive commercials — former Mayor Rudolph W. Giuliani of New York praises him in the latest — but the advertising wars have grown increasingly harsh in recent weeks. Like other endangered Republicans this year, who are fighting general discontent with the Bush administration and a Republican-controlled Congress, Mr. Santorum is trying to turn this race into a choice, not a referendum. And he needs to portray Mr. Casey — still undefined to many Pennsylvanians — as an unacceptable choice.

One of the most contentious Santorum advertisements opens in a room that is literally smoke-filled, with a group of cigar-smoking men (who are actors) playing cards, and clearly up to no good.

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"Meet Bob Casey's campaign team," the announcer intones, citing unnamed developers and businessmen who have contributed to Mr. Casey and are now under investigation. Only when the camera pans back is it clear where the men are meeting — behind bars.

The advertisement was described as misleading by Factcheck.org, the nonpartisan monitor at the Annenberg Public Policy Center at the University of Pennsylvania, which noted that none of the men cited currently work for Mr. Casey, and that some had contributed, in past campaigns, not only to Mr. Casey, but also to Mr. Santorum.

Mr. Casey, in an interview, described the advertisement as a sign of "desperation" in his opponent. "It sent me a real signal that he feels he's in trouble, that he can't win this on his record or on his vision for the future," Mr. Casey said.

Mr. Santorum's advisers defend their advertising and say they plan more spots on Mr. Casey's donors and his ethics, as well as his rapid ascent through elective offices. "We're just starting to paint a picture for people of the Bob Casey they need to know about," said John Brabender, Mr. Santorum's media adviser.

The Casey campaign is running tough spots of its own. One recent advertisement featured a woman taking Mr. Santorum to task for suggesting, in his book "It Takes a Family," last year, that in some families both parents work because of choice, not necessity. "He doesn't understand how hard it is in order to make ends meet," says the woman, Debbie Balcik, talking directly into the camera, explaining her anger. "I'm not like a U.S. senator. I can't vote my own pay raise."

Another focuses on Mr. Santorum's voting record — or, as the announcer puts it, "a 98 percent voting record with George Bush" and "a record that hurts Pennsylvania."

The air war has only recently been fully engaged in Philadelphia, the most expensive market in the state and one that reaches 40 percent of the voting-age population. Casey campaign officials said they husbanded their money this summer, and did not try to match the Santorum campaign's spending, so that they could go toe to toe with the Republicans this fall.

"Did the race tighten over the time frame when Santorum and the Republicans were exploiting their cash-on-hand advantage? Yeah," said Jay Reiff, Mr. Casey's campaign manager. "But not now. We can match them now going down to the wire."

They recently got some help from Gov. Edward G. Rendell, the Democrat who recruited Mr. Casey to enter the Senate race. Far ahead in his own race for re-election, Mr. Rendell announced in recent days that he was raising money to help Mr. Casey keep pace.

Republicans, in the end, are hoping to make the Senate race tight enough that a superior turnout operation can make the difference. The state has been a high priority with the national party from the start, given the challenge to Mr. Santorum and the competitive races facing several Republican House members there. Republicans are keenly aware of the challenge they face in the Philadelphia suburban counties, particularly with Mr. Rendell on the ticket.

"We have a Democratic governor running who's good at this," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, alluding to Mr. Rendell's prowess at turnout. "And we've been preparing for the past 16 months."

Many Democrats also suggest that the sheer intensity of their voters will go a long way toward matching the Republicans' structural advantage. "People are anxious to vote, and they're anxious to vote for change," Mr. Casey said. "They know a good turnout and a good vote means we can chart a different course." He added, "The intensity is like none I've ever seen in our state."

Antiwar Democrat In Connecticut Adds Planks To Platform (NYT)

By Jennifer Medina

The New York Times, September 25, 2006

At a center for the elderly in Hamden, Conn., last week, Ned Lamont spun through his regular stump speech, touching in about 10 minutes on his ambitions to legislate universal health care, cut back the federal deficit and limit the influence of lobbying in Washington.

Halfway between his victory in the Democratic primary and his rematch with Senator Joseph I. Lieberman in the general election, Mr. Lamont is trying to articulate positions on a variety of domestic issues, from education to transportation to jobs.

But in the end, Mr. Lamont, a former cable executive who has presented himself as a fiscal conservative, cannot help but return to the centerpiece of his campaign.

"I'm in this race because I think it's time we start investing in the United States of America again," he told the Hamden crowd, alluding to the war in Iraq as a symbol of "bad choices."

The friendly audience, filled with graying voters, rewarded the line with loud applause. Then, their questions came quickly and precisely:

Would he oppose privatization of Social Security? Absolutely.

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Does he support gun control? Yes.

Should President Bush be impeached? No.

And does he favor term limits?

"Eighteen years seems just about the right amount of time to me," he said, generating laughter with the obvious reference to his opponent's three-term tenure in the Senate.

As Mr. Lamont, a political novice but for a few years on the Greenwich Board of Selectmen, seeks support from a broader array of voters in November, he is trying to make the case that he has the intelligence and credentials to serve in the Senate.

He is also expanding his portfolio of positions. As Mr. Lieberman continues to attack him for running a "one-issue" antiwar campaign, many voters still do not know Mr. Lamont's views on the full range of issues he would confront in the Senate if he defeats Mr. Lieberman, who is running on his own line as an independent, and the Republican candidate, Alan Schlesinger, who polls say is far behind.

Last week, Mr. Lamont spent his days presenting his health care plan at colleges and community health centers.

Earlier this month, he released an education proposal, which calls for more prekindergarten and after-school programs.

He spends much of his time talking to voters about the loss of local jobs and about transportation problems, saying more should be done to build up the railways and ports, to help address both problems.

Still, there are a handful of things Mr. Lamont seems unsure of. In an interview earlier this month, when asked whether he would roll back the president's tax cuts, he waffled about whether he would undo the whole package or just the cuts for the wealthiest Americans. (Last week, he said the tax cuts should be undone for those with income of more than $200,000.)

In style and substance, Mr. Lamont, as a newcomer to statewide campaigning and national politics, has both an asset and a liability.

Some voters are eager to chat at length when he fires a handful of questions back at them.

Others are wary of somebody who is still shaping his views and lacks government experience. Mr. Lamont is trying to counter that by focusing on his business résumé, telling anyone who will listen that his work experience will help him accomplish plenty in Washington.

Although much of the race has centered on the war in Iraq, the Senate committee on which Mr. Lamont says he is most interested in serving is the Finance Committee.

"I've met a payroll, I know how to sit in a room and negotiate with people based on priorities — that's what you do every day in business," he said, responding to a man who asked what gave him the confidence he could work in Congress.

Pointing to a federal deficit estimated at $400 billion, Mr. Lamont is fond of saying on the campaign trail, "We talk about the death tax, but what about the birth tax?" The implication is that government deficits burden future generations.

So what would he do to help reduce the deficit? Stop spending millions of dollars each day in Iraq, he says, curb tax cuts and streamline health care programs like Medicare and Medicaid. Mr. Lamont also complains frequently about earmarks, the special appropriations designated by individual members of Congress for pet projects. He calls them wasteful and lobbyist-driven.

In a state where manufacturing employment has shrunk over the past several decades, Mr. Lamont's campaign fliers also frequently mention jobs, which he says have been driven from Connecticut to the South and overseas in recent years.

He says he would have backed the North American Fair Trade Agreement, but would have opposed its counterpart, the Central American Fair Trade Agreement, because it did not provide for enough regulation to protect the rights of workers.

Last week, Mr. Lamont also emphasized universal health care. Under his plan, all employers would be required to provide a basic level of health insurance or else pay into a federal program.

Mr. Lamont also says that the federal government should do more for "preventative care," paying for routine checkups and expanding federally financed community health centers.

Like many other Democrats in Connecticut and other states, Mr. Lamont hopes that the issue of health care will galvanize voters. It is also another way to contrast himself with Mr. Lieberman, who generally opposes the imposition of broad "mandates" on employers, saying they would sink small businesses.

Mr. Lamont says the government should take an "incremental" approach, rather than creating a single-payer system right away, and he favors allowing companies to save money by buying into large insurance pools.

"What we have now is broken," Mr. Lamont said last week after visiting a health care center in Willimantic. "People say we can't have better coverage until we have more efficient health care, but I think you can't have more efficiency until you have better coverage."

Mr. Lamont still bristles at the notion that he is a liberal, joking to reporters that he should never be portrayed as "Lefty Ned." But on many domestic issues, he is clearly to the left of Mr. Lieberman, who is widely viewed as a centrist. For example,

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Mr. Lamont favors legal recognition of gay marriage, although he says it should be left to individual states to decide, while Mr. Lieberman favors allowing civil unions.

Mr. Lamont, who frequently invokes his volunteer work at a public school in Bridgeport, also has tried to focus on education in recent weeks, saying he would push to increase the amount of money allocated for college grants, in part by reducing spending on the war.

As he chatted with students at the University of Connecticut in Storrs the other day, he suggested that the rate for repaying student loans should be tied to an individual's income, but he did not offer details on how to accomplish that.

Mr. Lamont has also criticized the No Child Left Behind laws, a centerpiece of Mr. Bush's education agenda. He says he initially thought the legislation, which forces schools to test students annually and provides harsh penalties for schools that do not consistently improve, was good because it provided for greater accountability. Now, he says, he believes the laws overuse testing and unfairly restrict leeway for individual teachers.

But if an opponent might denounce that as a flip-flop, Mr. Lamont portrays it as evidence of his common-sense adaptability.

"I don't know why in politics it is a high crime and misdemeanor to change your mind," he said recently, repeating a line that has popped up with more frequency in his talks lately. "In business, you look at the facts and if you have to change, you do."

Allen Struggles To Alter Message (WT)

By Christina Bellantoni

The Washington Times, September 25, 2006

Sen. George Allen, his re-election campaign bruised from a month of gaffes and setbacks, is on the defensive and on the attack.

Conservatives are frustrated with the Virginia Republican who once seemed an optimal choice for a 2008 White House bid and say he's given free publicity to his Democratic opponent James H. Webb Jr.

"This hasn't been the campaign he expected to run, to be sure," said former Virginia Gov. James S. Gilmore III, a Republican.

Still, Mr. Gilmore thinks Mr. Allen will win re-election if he can keep the conversation focused on the successful conservative record he built as governor in the 1990s, such as abolishing parole, reforming the welfare system and creating educational standards that have received national accolades.

"Our Republican Party has got to get its message straight, and we have to go back to our conservative roots," Mr. Gilmore said.

Mr. Allen, a longtime favorite son of Virginia politics, is not used to playing defense. As the son of famed NFL coach George Allen, he played quarterback at the University of Virginia. He later ran successful political campaigns as a change agent, someone who would bring "positive ideas" to reform government and challenge the status quo.

But now, he's spent a month apologizing for calling an Indian-American man "macaca" and for his past display of the Confederate flag.

Conservative blogger Dean Barnett issued a scathing review of a recent "Meet the Press" debate between Mr. Allen and Mr. Webb.

"For conservatives wishing for Allen to retain his seat, their best hope is that Virginians were otherwise occupied this morning or that the state's NBC outlets were having technical difficulties," he wrote on the blog hughhewitt.townhall.com, calling the senator's performance "dreadful."

Mr. Barnett called Mr. Webb a "nimble and effective" debater and said he is baffled by Mr. Allen's choice to attack Mr. Webb for an article he wrote in 1979 questioning the role of women in the military.

Mr. Allen's campaign has hammered Mr. Webb, with support from female Naval Academy graduates who say the article encouraged sexual harassment. Mr. Barnett said Mr. Allen is acting like a liberal.

The senator defended his argument last week on Fox News, saying, "It's not an issue of women in combat. It's an issue of how you treat women."

Mr. Allen has repeatedly told voters that he "made a mistake" by using the word "macaca," which he says he made up. It is considered a racial slur in some European cultures.

After that incident, Mr. Allen told a group of educators from historically black colleges and universities that he regretted not learning earlier in life that the Confederate flag was a racist symbol.

Many who know Mr. Allen think the multiple apologies are odd, because he is not a man who apologizes for speaking his mind.

As governor, he said to fellow Republicans about Democrats controlling the state legislature: "Let's enjoy knocking their soft teeth down their whiny throats."

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At a debate last week hosted by the Fairfax County Chamber of Commerce, Mr. Allen lashed out at a television reporter who asked whether he had Jewish heritage, saying such "aspersions" had no place in the debate.

However, Mr. Allen, who was raised a Christian, later revealed that his mother's father was Jewish and said she told him for the first time earlier this year.

"Allen has been on the defensive now for more than a month, and that's not where an incumbent who had a double-digit lead should be," said Mark J. Rozell, a political science professor at George Mason University.

When Mr. Allen started his re-election tour, he held a 20-point lead and promised voters that he would work to strengthen the U.S. border and make the federal tax cuts permanent. He now has a lead of a few points in most polls.

Grover Norquist of Americans for Tax Reform said Mr. Allen should run on the fiscal conservatism that helped him gain record popularity as governor.

"He's got a very solid record in Virginia," Mr. Norquist said. "Allen has run as a person who won't raise your taxes, and he's voted against tax cuts in every case."

Republican activist Tucker Watkins in Southside Virginia said Mr. Allen will be OK because the Virginia voters have long memories. "He's been here over and over since he was governor, and he never forgets what he promised us," Mr. Watkins said.

Everyone's Jewish (WP)

By Charles Krauthammer

The Washington Post, September 25, 2006

Strange doings in Virginia. George Allen, former governor, one-term senator, son of a famous football coach and in the midst of a heated battle for reelection, has just been outed as a Jew. An odd turn of events, given that his having Jewish origins has nothing to do with anything in the campaign and that Allen himself was oblivious to the fact until his 83-year-old mother revealed to him last month the secret she had kept concealed for 60 years.

Apart from its political irrelevance, it seems improbable in the extreme that the cowboy-boots-wearing football scion of Southern manner and speech should turn out to be, at least by origins, a son of Israel. For Allen, as he quipped to me, it's the explanation for a lifelong affinity for Hebrew National hot dogs. For me, it is the ultimate confirmation of something I have been regaling friends with for 20 years and now, for the advancement of social science, feel compelled to publish.

Krauthammer's Law: Everyone is Jewish until proven otherwise. I've had a fairly good run with this one. First, it turns out that John Kerry -- windsurfing, French-speaking, Beacon Hill aristocrat -- had two Jewish grandparents. Then Hillary Clinton -- methodical Methodist -- unearths a Jewish stepgrandfather in time for her run as New York senator.

A less jaunty case was that of Madeleine Albright, three of whose Czech grandparents had perished in the Holocaust and who most improbably contended that she had no idea they were Jewish. To which we can add the leading French presidential contender (Nicolas Sarkozy), a former supreme allied commander of NATO (Wesley Clark) and Russia's leading anti-Semite (Vladimir Zhirinovsky). One must have a sense of humor about these things. Even Fidel Castro claims he is from a family of Marranos.

For all its tongue-in-cheek irony, Krauthammer's Law works because when I say "everyone," I don't mean everyone you know personally. Depending on the history and ethnicity of your neighborhood and social circles, there may be no one you know who is Jewish. But if "everyone" means anyone that you've heard of in public life, the law works for two reasons. Ever since the Jews were allowed out of the ghetto and into European society at the dawning of the Enlightenment, they have peopled the arts and sciences, politics, and history in astonishing disproportion to their numbers.

There are 13 million Jews in the world, one-fifth of 1 percent of the world's population. Yet 20 percent of Nobel Prize winners are Jewish, a staggering hundredfold surplus of renown and genius. This is similarly true for a myriad of other "everyones" -- the household names in music, literature, mathematics, physics, finance, industry, design, comedy, film and, as the doors opened, even politics.

But it is not just Jewish excellence at work here. There is a dark side to these past centuries of Jewish emancipation and achievement -- an unrelenting history of persecution. The result is the other more somber and poignant reason for the Jewishness of public figures being discovered late and with surprise: concealment.

Look at the Albright case. Her distinguished father was Jewish, if tenuously so, until the Nazi invasion. He fled Czechoslovakia and, shortly thereafter, converted. Over the centuries, suffering -- most especially, the Holocaust -- has proved too much for many Jews. Many survivors simply resigned their commission.

For some, the break was defiant and theological: A God who could permit the Holocaust -- ineffable be His reasons -- had so breached the Covenant that it was now forfeit. They were bound no longer to Him or His faith.

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For others, the considerations were far more secular and practical. Why subject one's children to the fear and suffering, the stigmatization and marginalization, the prospect of being hunted until death that being Jewish had brought to an entire civilization in Europe?

In fact, that was precisely the reason Etty Lumbroso, Allen's mother, concealed her identity. Brought up as a Jew in French Tunisia during World War II, she saw her father, Felix, imprisoned in a concentration camp. Coming to America was her one great chance to leave that forever behind, for her and for her future children. She married George Allen Sr., apparently never telling her husband's family, her own children or anyone else of her Jewishness.

Such was Etty's choice. Multiply the story in its thousand variations and you have Kerry and Clinton, Albright and Allen, a world of people with a whispered past. Allen's mother tried desperately to bury it forever. In response to published rumors, she finally confessed the truth to him, adding heartbreakingly, "Now you don't love me anymore" -- and then swore him to secrecy.

Why The Democratic Wave Could Be A Washout (TIME)

By Mike Allen

Time, September 25, 2006

American voters have been in a bad mood lately. They don't think highly of the President's performance. They aren't crazy about the war. They certainly don't like the G.O.P.-led Congress--a New York Times poll last week put its approval rating at just 25%. And while disapproval of Congress as a whole isn't rare, polls are finding that more and more voters are dissatisfied with their own lawmakers--a more telling phenomenon. The Democrats hope that come Election Day, this perfect storm of discontent will stir a giant wave to sweep the G.O.P. out of the majority. In a recent presentation to top Democrats, pollster Cornell Belcher said the party has its best chance since the Reagan era to win slices of the electorate that have come to be identified with the G.O.P. base, including churchgoers, young white men and Southern men. Frank Newport, editor in chief of the Gallup Poll, sees conditions ripe for an electoral tsunami but says it depends on "whether Democrats can take advantage of it."

In the past, moments like this have produced what political scientists call "wave elections," in which voters oust even lawmakers who don't seem vulnerable and political icons lose to underfunded unknowns. In 1948 there was widespread disappointment with the Republican-held "do nothing" Congress. It turned out to be an easy target for President Truman's Democrats, who retook both chambers. Such waves can sneak up. In September 1994 a Congressional Quarterly columnist, voicing the conventional wisdom of the time, wrote that the G.O.P.'s chances of taking the House were "dim." Two months later, Newt Gingrich and company capitalized on disaffection with the Democrats that peaked on Election Day and pulverized the Dems' Capitol Hill majorities.

But November is still a way off. Republicans are more chipper than they have been in months, with falling gas prices and an uptick in President Bush's approval ratings. In a Gallup poll of likely voters last week, 48% said they would vote Democratic for Congress--and 48% said they'd vote Republican. Ken Mehlman, chairman of the Republican National Committee, says the opposition hasn't sold a vision for handling terrorism, Iraq or jobs. He also cites a drop-off in turnout for most Democratic primaries this year as one sign that the Dems aren't strong enough to mount a takeover of power on Capitol Hill. Which leaves the G.O.P. cautious but hopeful that it will be able to hang on to its majority. "The challenges aren't less, but the environment is better," says Mehlman. "If you look at the overall picture, this environment is not consistent with a surge election." In other words, the conditions aren't great, but maybe the Democrats' wave won't be quite big enough to let them surf into power.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 25, 2006

If-and let's capitalize that-IF the Democrats take back control of the House in the fall elections and put San Francisco's Nancy Pelosi in the speaker's chair, there are going to be a lot more changes than a wholesale firing of GOP aides by gleeful new committee chairmen. In fact, the stylistic changes the first woman in that job would inaugurate could be the biggest story of the November 7 midterm election should Democrats win the needed 15 seats to take charge.

First, she's a lot tougher than many think. In fact a top Republican member tells us that he wishes Dennis Hastert, the likable speaker from Illinois, was as hard on GOP crooks and goof-ups as Pelosi has been on her misfits.

Then there's the woman's touch. Gone would be the clubby feel of the current mostly male leadership. Instead, look for lots of flowers, bowls of San Francisco's Ghirardelli chocolate, and good art mixed in with photos of her grandkids. What's more, meeting-goers would be greeted with fruit and muffins for breakfast, sandwiches for lunch, and maybe a sit-down dinner at her Georgetown condo at night. "Food shows people respect," says an aide. Fashion might also return to Washington, but she doesn't get all the credit: Pelosi's husband buys her threads. And finally, the hours would be much longer, as the 60 Minutes crew following her around for an upcoming October feature story are finding out the hard way.

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Not Just Yahoo! Getting 'Face' Time

The closest the social networking site facebook.com usually comes to politics is grainy photos of candidates' inebriated kids. Not anymore. For the same reason Yahoo! is looking to blow nearly $1 billion to buy Facebook, politicians are moving in: It's where the kids are. Facebook has just started tallying the number of users who list support for candidates. They're mostly lefties, but Maryland Republican Senate candidate Michael Steele is a fave. Some candidates work the site, like Indiana Democratic Sen. Evan Bayh, a likely 2008 presidential bidder. His bio is very Facebook: It links to another site that calls him a hot senator.

At the White House, a Full-Service Flack

He's done print, TV, and radio, so when new White House Press Secretary Tony Snow doesn't have the info he needs, the former newsman knows how to get it. Reporting, he says, "makes the job fun." And beyond liking reporters, Snow's working to make it easier for them to get answers out of the White House. But has his press coddling gone too far? At a briefing last week, he flipped over the tapes of two recorders that had clicked off. "This is part of my obligation as a press secretary. For those who regularly attend, that is a service we provide."

After 10 Years, Time for a Cookie Break

What could be better than baking Christmas cookies? How about having no job and unlimited time to devote to the batter and oven? That's exactly what Fox News Washington Bureau Chief Kim Hume has planned. The better half of the bureau's on-camera star, Brit Hume, Kim is leaving after Thanksgiving. And why? "I'm just done," she says. "Most times when this happens, people always think there's a back story," she says. "In this case, there really isn't," she says, adding: "Now's the time, and I want to finish well." The Humes, who worked together at ABC before Fox, set the bureau up in 1996 and get credit for making it a powerhouse. Brit asked her to stay but caved in. "He gets husband points galore for this," she says. Her future? "I'll do something," says Hume, 51. But first, those cookies. "My cookies are famous," she says. "I can bake my Christmas cookies at leisure. I know this sounds stupid, but you have no idea how good that sounds to me."

In Rove's Footsteps (NSWK)

By Richard Wolffe

Newsweek, September 25, 2006

In a darkened edit room in downtown Dallas, admaker Scott Howell is tinkering with his latest political firebomb. The ad starts with illegal immigrants running across the border. It then cuts to images of Osama bin Laden and Zacarias Moussaoui. Finally comes the real target of Howell's attack: Harold Ford Jr., the Democrat locked in a close race for the Senate seat in Tennessee. Over an edgy hip-hop soundtrack, the ad castigates Ford for voting against border security and the Patriot Act. "No wonder Harold Ford has been rated the most liberal congressman from Tennessee," the narrator intones. The ad ends with the word "liberal" pulsing on the screen as a shadowy figure walks down a long hallway.

If that ad sounds familiar, it's not surprising—it's a classic in the Karl Rove genre. Howell is one of a group of admakers, strategists and direct-mailers who learned the craft from the architect of George W. Bush's White House—and are now shaping some of the hottest races of 2006. Some are in Texas, making money as consultants; some are in Washington, toiling inside the administration or the party. Most of them will be in contact with Rove as Election Day draws near. None can match their mentor's talent; armed with an encyclopedic knowledge of electoral history, Rove combines a strategic vision for his party with a ruthless will to win. But as his time in the West Wing draws to a close, Rove leaves a legacy well beyond the White House—in the next generation that he's nurtured, and the campaigning style they share.

Todd Olsen is one of Rove's prized pupils. He learned the direct-mail business working at Rove's firm in Austin, Texas, then bought the company—and its invaluable mailing lists—with a partner when Rove switched full time to the Bush campaign in 1999. Today Olsen is refining Rove's microtargeting techniques for candidates across the country. Among them, two of the highest-profile African-Americans running as Republicans: Michael Steele in Maryland and Lynn Swann in Pennsylvania. (A key component of Rove's vision: bringing more African-Americans into the party.) Olsen still uses Rove's old spreadsheets, printing up a giant financial summary on Fridays to analyze how much his mailings have raised from each segment of every list.

Terry Nelson first worked closely with Rove as political director of the Bush '04 campaign. He was struck by Rove's street-level management of the details. "Karl has a great focus on trying to figure out what works in a quantifiable way, not only in terms of message discipline but the discipline of building the organization," says Nelson. "I learned a lot more about spreadsheets under Karl than I ever knew before." Nelson is now senior adviser to Sen. John McCain's political-action committee (widely thought to be the precursor to a 2008 presidential run), managing McCain's extensive campaigning for GOP candidates this fall.

Running the Rove playbook in Washington are Ken Mehlman, chairman of the Republican National Committee, and Sara Taylor, White House political director. Together, they've implemented a strategy that has worked wonders through the last two election cycles. But facing the tides of history and a war-weary electorate, they will need all of Rove's tricks to keep the party in

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power. Mehlman first started working with Rove in the embryonic Bush campaign in 1999 and later managed Bush's re-election in 2004. "We've learned a lot from each other—from what we've done right and what we've done wrong," he says. "One is that there's no place in America we can't go and unfold our Republican banner. Another is the importance of a strong grass-roots effort—the Amway-like model."

Some of Rove's heirs have become lightning rods, just like their mentor. Scott Howell, who is running ad campaigns in such hot spots as Missouri, Michigan, Minnesota and Virginia this fall, has drawn Democratic fire for his Rovean tactics. Last week the Webb campaign in Virginia named Howell as one of the "nastiest, most renowned negative campaigners in the business." Howell got his start at the RNC, where he worked with Rove under legendary attack artist Lee Atwater; he later joined Rove's direct-mail business in Austin. (The criticism isn't confined to Democrats. Some GOP operatives say Howell is simply riding Rove's coattails, and question the quality of his work for the Bush campaign in 2004. Howell suggests the sniping is the result of his success.)

But it's not all bare-knuckled offense; Howell leavens his attack ads with soft-focus spots featuring his candidates' families. One ad for Mike Bouchard, running for the Senate in Michigan, features the candidate wedged between his teenage daughter and her date. "Isn't this fun?" the candidate deadpans to the hapless boyfriend.

Rove will be watching his protégés closely, as he struggles to retain the GOP's control of Congress. One of his biggest concerns is that some congressional campaigns aren't recruiting as many volunteers as they did last time around. "You have to constantly replenish people. In some instances it has been done very successfully by some candidates," he told NEWSWEEK. "In other instances, it's not been done so well."

Anybody who has worked for Rove knows what that means—he'll be on their backs from now until November. In the early days in Austin, his employees used to stage mock "mutinies," walking out of his office to drink Margaritas whenever the boss drove them too hard. In one of the most important elections of their careers, Rove's heirs won't be walking out. But after Karl is done with them, they might need a drink.

Liberal 527s Find Shortfall (RC)

By Paul Kane

Roll Call, September 25, 2006

After pouring hundreds of millions of dollars into Democratic-leaning 527s in the 2004 cycle, wealthy liberal donors have provided only a small fraction of that amount to similar groups focused on the tug of war over the House and Senate in the 2006 cycle.

The massive drop-off in resources has left Democratic strategists fearful that their candidates will be overwhelmed financially by Republicans in the closing six weeks of the campaign season.

Only in recent weeks have billionaires such as George Soros and philanthropist Linda Pritzker cut checks to organizations expected to launch attacks on GOP House and Senate candidates in the runup to the Nov. 7 elections. And those donations — $120,000 from Soros, $100,000 from Pritzker, both to the liberal group Majority Action, which is targeting House GOP candidates — pale in comparison to the eight-figure sums that those wealthy liberals committed to 527s two years ago.

Soros alone gave at least $27 million to 527s in the 2004 campaign, making him a huge part of a well-organized effort led by former Clinton White House deputy chief of staff Harold Ickes. According to most recent filings, Soros has given just $2.3 million this cycle to 527s, and most of that money went to groups that are not active in House and Senate races.

All told, the five largest liberal individual 527 donors in the 2004 campaign fueled that groundbreaking effort with more than $86 million, according to PoliticalMoneyLine.com's database of donors. So far in the 2006 cycle, the five most generous liberals have given less than $9 million to 527s.

The depletion of 527 group resources for liberals represents a significant loss in a financial arena where they had gained clear supremacy over their conservative counterparts just two years ago. This has prompted concern among some Democratic operatives and liberal strategists who fear they have lost the ability to play offense in some of the marginal races that would provide the party the 15 seats they need to reclaim the House and six they need to take over the Senate.

"Are we going to be able to raise enough money to keep the sixth Senate seat in play?" asked Michael Gehrke, head of a pair of Democratic 527s, one of which was intended to be a media vessel in Senate races but has ran aground for lack of funding.

With no single major 527 group establishing itself as the lead player in this cycle, Ickes recently launched September Fund, with the theme being that the group has to raise its goal of $25 million this month, in time to be effective in any key races. Gehrke and many Democratic strategists, most of whom wouldn't speak on the record, however, are worried that a late infusion of attack ads will get lost in the cacophony of spots that already have been reserved by candidates and national party committees.

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"It's quite possible that by that time, George Allen will have swamped Jim Webb, and Harold Ford Jr. will have crashed and burned," Gehrke said, pointing to Sen. Allen's (R) Virginia race and Rep. Ford's (D) effort to claim the seat of retiring Majority Leader Bill Frist (R-Tenn.).

But there is a divide among party activists about the best way to spend resources, and the liberal mega-donors largely have decided to pour their cash into a series of nonprofits, think tanks and media groups under the umbrella organization Democracy Alliance. Rather than dumping hundreds of millions of dollars into transitory 527 groups, Soros, Pritzker and about 100 other rich liberals have steered the lion's share of their money into organizations that they hope will build a permanent left-wing network of activists.

Without this network — which the Democracy Alliance hopes will be a counter-weight to the conservative web of think tanks — the liberal mega-donors believe the Democrats at best will gain a temporary Congressional majority.

"I hope, and it is certainly critically important, that major center-left donors provide as much money as possible this cycle to assure the success of center-left candidates in every competitive race throughout the country," said Rob Stein, founder of Democracy Alliance. "But we must understand that as necessary as episodic massive infusions are in the short-term, they are not sufficient to build the sustainable infrastructure necessary to be competitive in the long term."

The lack of a full-force 527 liberal front, to date, runs contrary to Republican expectations. National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) often has a chart showing liberal 527 donations from the 2004 campaign stuffed inside his coat pocket to demonstrate to colleagues and reporters their potency.

Democratic operatives knew going into the midterm campaigns that they wouldn't have the same level of resources they enjoyed in 2004, with energy and excitement of a presidential campaign absent from the battleground. In particular, a change in FEC regulations curtailed a huge chunk of 527 money because, after the 2004 elections, the commission issued a ruling that said all get-out-the-vote efforts in Congressional races had to be financed with at least 50 percent federal donations, those contributions that are limited to $5,000 per year to political action committees.

In 2004, the umbrella group America Coming Together raised nearly $200 million — virtually all of it from massive nonfederal donations from the likes of Soros — and almost evenly split that money into a GOTV program in key states for Sen. John Kerry's (D-Mass.) presidential race and to the Media Fund, an advertising committee orchestrated by Ickes.

This election season any 527-financed GOTV effort will not be allowed to directly advocate on behalf of House and Senate candidates, in practical terms making such efforts almost useless in federal races. America Votes, a 527 group that was formed in the 2004 season, continues to operate and has raised at least $5 million but its political ground game, along with Progressive Majority, cannot focus on Congressional races.

With ACT and the Media Fund folding in early 2005, some Democratic strategists still believed they could create a few 527s that would serve as shadow party committees, some focusing on media and grass-roots work in Senate races and others focused on House races. To be successful, these groups had to have significant financing from wealthy individuals because within 60 days of a federal election 527 groups can only use money from individuals — not labor unions or corporations — in ads attacking candidates by name.

Theories differ as to whether the 527s this year have failed so far because the organizations themselves were flawed, prompting potential donors to flee, or if the wealthy individuals caused the 527s to fail by not giving.

Gehrke, who already is the head of Senate Majority Project, a 527 group aimed at attacking GOP Senators who are not in cycle, founded the Fresh Start for America Project last winter with the hopes of raising millions of dollars to target key Senate races this fall. By June 30, according to filings with the Internal Revenue Service, Fresh Start had not raised a single dollar.

He said he still holds out hope of rounding up large donations to allow the group to play in some Senate races, but acknowledged that the group's financial standing "was still in the same mode."

On the House side, Democratic operatives formed Majority Action, a 527 group that boasted luminaries such as former Democratic National Committee Chairman Donald Fowler and former Reps. Martin Frost (Texas) and Tony Coelho (Calif.).

From July 2005 to June 2006, Majority Action raised just $315,000, almost all coming from labor unions, according to IRS records.

In recent weeks, Majority Action collected its first checks from the wealthy individuals who were so critical to 527s in 2004, with Soros, Pritzker, Loral Corp. CEO Bernard Schwartz and two others giving $420,000, according to the group's filings with the Federal Election Commission.

Those FEC filings show that Majority Action is going on the air in three House districts, against GOP Reps. Deborah Pryce (Ohio), Dave Reichert (Wash.) and Jim Walsh (N.Y.). The largest expenditure is $115,000 against Walsh, a race that is on the outer rim of competitive seats for Democrats but one that could tip their way if there is a huge anti-GOP wave on Election Day.

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Bill Buck, spokesman for Majority Action, said the group's goal is to be active in six to 10 House races, with a critical component of its strategy finding districts with cheap advertising rates that aren't already flooded with ads from the candidates and party committees. "Our goal is to both maximize and optimize money," he said.

One strategist blames the large donors for not financing the 527 efforts this cycle at the same time they sought to build their long-term network of nonprofits, arguing it's not a "zero-sum game" and that both causes could have been supported.

Others say these mega-donors are putting their money into activities that have better business models and promise a longer term success for liberals. "There are other strategies and other

models emerging for the future," one operative said.

Some activists are hopeful that Ickes' new September Fund will fill the void, and sources indicate that some members of the Democracy Alliance are giving to the group.

Still, the September Fund may have a difficult time getting quality ad time in key media markets such as Philadelphia, Columbus, Ohio, and Louisville, Ky., where no fewer than eight House races and two Senate races are being contested.

With 43 days until the election, some operatives worry that the effort will be too little, too late if the September Fund ads hit the airwaves next month.

"It's not going help if Jim Webb is 10 points down," Gehrke said.

Blasé Guardians At The Money Trough (NYT)

The New York Times, September 25, 2006

Major party bagmen are once again turning to the campaign finance loophole that sullied the 2004 election with the "Swift boat" attacks on Senator John Kerry and the Democrats' unlimited check-writing salvos against President Bush. Small wonder. The Federal Election Commission — the voters' supposed watchdog — continues to shirk its responsibility to rein in shadow party operatives who evade the law by raising unregulated amounts for negative war chests.

Ever since Congress voted to close the "soft money" loophole on campaign donation limits, parties have gotten around the restrictions with what are known as "527's" in honor of a section of the tax code. Organizers pretend that they run independent advocacy campaigns, which are exempt from donation limits. In reality, they do the bidding of party wheel horses in floating attack ads and underwriting voter turnout drives.

In the current hard-fought battle for control of Congress, Bob Perry, the Republican stalwart who helped bankroll the Swift boat attacks, has already raised $5 million for a fresh assault on Democratic candidates. George Soros, the outsized donor who pumped more than $20 million into the 527 effort against President Bush, is again being solicited to open his checkbook and close the financing advantage that Republicans hold for the election.

Meanwhile, the election commission maintains its rope-a-dope version of vigilance. Complaints from 2004 about soft money abuses are still being studied "case by case" by the F.E.C. Such studiousness has been pronounced a "total failure" by a federal judge who is prodding the commission to write a firm regulation controlling the 527 evasions or explain why not.

In ducking the issue, regulators are allowing soft money to ooze into the November elections. They seem determined to keep looking the other way through the next presidential campaign.

'Battleground' Gets Late Push (RC)

By Susan Davis

Roll Call, September 25, 2006

Hoping to maximize their campaign cash reserves before Congress adjourns at the end of the week, House Republican leaders will hold a final fundraising push on Wednesday at the Capitol Hill Club.

While the 2006 Battleground program is on target to surpass the $17.5 million goal set by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), leaders are expected to increase pressure on the handful of Members who have yet to fulfill their money commitments through individual meetings, also to be held Wednesday, with Reynolds, Speaker Dennis Hastert (Ill.), and Chief Deputy Majority Whip Eric Cantor (Va.), who is chairing the program this year.

As of late last week, there were approximately two dozen Members who had not yet contributed to the Battleground program, which assists the GOP's most vulnerable incumbents. So far, the program has netted more than $14 million. In the 2004 cycle, the program raised $21 million for vulnerable Republicans, and Cantor is seeking to push that figure to $22 million, surpassing his target by nearly $5 million.

Two senior Members who have yet to meet their contribution targets are Appropriations Chairman Jerry Lewis (Calif.) and retiring Ways and Means Chairman Bill Thomas (Calif.), according to multiple House sources. Chairmen are expected to contribute a minimum of $250,000 to the fundraising program.

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According to the most recent Federal Election Commission filings, Thomas had only $70,000 in cash on hand remaining in his campaign account at the end of June, while Lewis is sitting on nearly $1.5 million in cash. Both Members also have leadership political action committees, with Lewis' PAC reporting $289,000 as of Aug. 31, and Thomas' PAC reporting $583,000 as of June 30.

While some Members withhold their checks until Oct. 1 so third-quarter FEC disclosure reports will not reflect the dip in funds, that allowance usually is granted to Members with strong Democratic challengers, something that does not apply to Members such as Thomas and Lewis.

In a statement provided to Roll Call on Friday, Lewis said only, "I will be participating in our Battleground effort." His office declined to provide a dollar figure on what Lewis will contribute.

Lewis was one of the top donors to the 2004 Battleground program when he was in the thick of a three-way race for the Appropriations chairmanship. He contributed $600,000 to the program in July 2004. Lewis has made many individual contributions to GOP incumbents and candidates in the 2006 cycle — his leadership PAC alone has contributed more than $275,000, according to PoliticalMoneyLine.com.

However, he has had to spend substantial money from his campaign account on legal retainers, as the Justice Department is investigating the ties between a lobbying firm and Lewis' office. For instance, in his recent FEC filing, he disclosed a $200,000 retainer fee to the Gibson Dunn & Crutcher law firm.

But where Lewis has made a pledge to contribute to Battleground, Thomas has made no similar commitment.

"The only thing to say is he hasn't contributed yet," said James Min, a spokesman for Thomas. "He is looking into it." Min said the chairman is in the "planning stage" of hosting a fundraiser for Battleground, but could not offer details on the event. Min also noted that Thomas has made contributions to the NRCC this election cycle and has maxed out in contributions from his leadership PAC.

It is not unprecedented for retiring Members to withhold on the Battleground program, but it does not generate any goodwill among their colleagues. In the 2004 cycle, retiring Rep. Jack Quinn (R-N.Y.) opted to use his sizable coffers to start a new leadership PAC before heading to K Street instead of transferring funds to the NRCC.

Thomas has not yet indicated what he intends to do with his remaining funds, or how much he will contribute to Battleground. In 2004, Thomas also was a late holdout before contributing to the program.

House Democrats also are making a final fundraising push this week with the Democratic Congressional Campaign Committee organizing a two day call-a-thon on Tuesday and Thursday, dubbed "Calling for a New Majority," at headquarters for Members to solicit contributions from a targeted list of donors.

House Democratic leaders sent a letter to the Democratic Caucus Friday requesting that every Caucus member participate in the effort.

"DCCC staff will contact you directly to schedule your time. Talking points and updated political background on our races will be provided," the letter states. "In addition, the DCCC will supply each Member a portfolio of calls unique and targeted for them. However, Members are encouraged to also bring a list of personal contacts that you are willing to reach out to."

Democrats are hoping to pad their coffers to fund their advertising and get-out-the-vote efforts. Similarly, House Minority Leader Nancy Pelosi (Calif.) and DCCC Chairman Rahm Emanuel (Ill.) also will meet with individual Members to squeeze additional money from the estimated $120 million combined total in House Democrats' campaign accounts.

"It's time to put up or shut up," said one Democratic aide involved in the fundraising effort.

In Kentucky's 4th, Democrats Are Banking On A Familiar Face (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 25, 2006

RICHWOOD, Ky. -- In a colonial mansion on a hill, a silver-haired Southern gentlemen named Ken Lucas is looking to rise to power. Again.

Two years after leaving Congress -- at the time, he was certain it was for good -- Lucas is back, asking some of Boone County's richest doctors, lawyers and businessmen to help finance a political resurrection. "If I am lucky enough to go back -- and with the grace of God, we might get there -- we will do the right thing," he promised a gathering of local elites at the home of millionaire philanthropist R.C. Durr and his wife, Deborah Jo Durr, on Saturday night.

Lucas, 73, is a courtly and conservative Southern Democrat seeking to oust Rep. Geoff Davis (R) in Kentucky's 4th Congressional District. Lucas, who held this seat from 1998 until his retirement in 2004, is also one of nine Democrats in key House races making another run at a Republican they challenged at least once before.

They are the do-it-again Democrats, a key to their party's strategy of winning back the House.

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The Ohio River Valley is full of them. Across the river in Ohio, Democrat John Cranley is running in the 1st District against GOP Rep. Steve Chabot, who beat him six years ago. In neighboring Indiana's 9th District, former Democratic congressman Baron Hill is challenging Rep. Mike Sodrel, who beat him by about 1,400 votes in 2004. (That race was itself a rematch: Hill had defeated Sodrel in 2002.) Also in Indiana, Joe Donnelly is seeking a do-over in the 2nd District against GOP Rep. Chris Chocola, who defeated him in 2004.

These Democrats are banking on their experience and name recognition -- some voters mistakenly think they won last time -- to reverse their fortunes. But recent history is against them. Since 1996, only three of the 33 challengers have won rematches.

Here in the booming suburbs of Cincinnati, Lucas, who grew up on a tobacco farm in Grant County, is running like he never left Congress. "Return Ken Lucas to Congress" billboards are ubiquitous. The not-so-subtle purpose is to present Lucas as an incumbent who deserves another term.

Sitting in the living room of the mansion, as Democratic donors swirled around him, Lucas said many voters believe he ran and won in 2004. "It is the same old drill," he said. "I know what to do and how to do it."

His connections have helped him quickly raise more than $1 million and jump out to an early lead in public polls.

Davis is no stranger to rerun candidacies. After taking 48 percent against Lucas in 2002, Davis announced his plans for a rematch on election night. Davis, a former Army Ranger, said his military buddies joked: "You didn't lose -- you just got recycled."

He never got the chance to test himself against Lucas, as the Democrat decided against seeking a fourth term. "Walking away from a fight is called losing," Davis taunted.

With the incumbent gone, Davis easily beat Nick Clooney, father of actor and sometime-activist George Clooney, and seemed ready to hold this district for the foreseeable future.

Then along came Lucas -- again. Unlike any other challenger Davis could have drawn, Lucas is well known and harder to paint as an out-of-touch liberal, which is the chief reason party officials aggressively recruited him late last year.

At the annual pig roast for Boone County Sheriff Mike Helmig, Davis said Lucas lacks one big ingredient: the power of real incumbency. Over the past two years, Davis said he has focused on building a "world-class" constituent services operation that includes five field representatives catering to voters' needs. Responsiveness keeps residents happy, and happy residents reelect incumbents.

It also loosens party allegiance among local officials, who tend to be driven more by results than raw partisanship. Witness Davis's new television commercial touting the endorsement of Covington Mayor Butch Callery, a Democrat who calls the incumbent a "great guy to have in Congress." Incumbency has other residual benefits, most notably money. In 2002, Davis raised $870,000; he has already collected more than $2.5 million for this contest.

The district has changed in Lucas's short absence. The Cincinnati suburbs across the Ohio River are the fastest-growing part of the state, as new developments balloon with residents benefiting from an economic resurgence. Boone County has added 11 to 13 residents every day over the past three years, Helmig says -- many of whom have presumably never heard of Ken Lucas.

The growth has helped transform a Democratic stronghold into Bush Country. President Bush won the district with 63 percent of the vote in 2004. Jim Creevy, who manages Lucas's campaign, said, "Bush is popular, very popular."

It would be foolish for Lucas to run against Bush, as many other Democrats and even some Republicans are doing this election cycle. "That issue just doesn't play here," Creevy said. "In this district, everyone is pro-life and pro-gun."

With similar views on many issues, Lucas campaigns as a voice of independence, a wealthy, grandfatherly figure who is not in it for the power or the prestige. Noting Davis's record of backing GOP leaders 96 percent of the time, he said, "You can send a robot to vote the party line."

His pitch is for more of an attitudinal change than a substantive one. He promises to ask tougher questions about Iraq, though he does not demand a quick withdrawal. He promises to support socially conservative views, even when this means voting against the rest of his party.

But his greatest asset in 2004, Lucas said, is familiarity: "These voters know me."

Political researcher Zachary A. Goldfarb contributed to this report.

Tight Race In Georgia Highlights Dems' Battle (USAT)

By Andrea Stone

USA Today, September 25, 2006

WAYNESBORO, Ga. — Elizabeth Billips is a Democrat who sticks with her party for president and voted two years ago to send John Barrow to Congress.

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But Billips, 36, said she'll vote on Nov. 7 for the man Barrow ousted from the House of Representatives in 2004: Republican Max Burns. Chatting as she sold T-shirts proclaiming this the “Bird Dog Capital of the World,” Billips said she likes Burns' tough stance on illegal immigration and said he's “personable and very available.”

Then, as if on cue, Burns ambled up to say hello. “See,” Billips said, “he shows up.”

Barrow, 50, also showed up at the recent Burke County Farm Festival. He dashed along the festival's parade route just behind his rival, who waved from atop a huge “Farmers for Burns” tractor.

As the two men bird-dog each other across southeast Georgia's onion and cotton fields, Democrats nationwide are in the hunt for 15 seats to gain control of the House. Most of the focus has been on vulnerable GOP incumbents battered by President Bush's unpopularity, the Iraq war and voters in the mood for change.

At the same time, Democrats also must protect their own. Of three dozen seats the National Republican Congressional Committee considers competitive, eight are held by Democrats. “We're on the offense in pursuing those seats,” said Rep. Thomas Reynolds of New York, the House GOP campaign chairman.

Democrats are pushing more money toward their “front line” candidates, including Barrow. “We feel very good about where our incumbents are,” Democratic Congressional Campaign Committee spokeswoman Sarah Feinberg said.

The defensive line for Democrats cuts through Georgia, where two of the party's incumbents are in tough races. Barrow and fellow Georgia Democrat Jim Marshall, who faces ex-congressman Mac Collins in a neighboring district, are conservative “Blue Dog” Democrats in a region of Republican red.

“There are not a whole lot of opportunities for Republicans to have a take-back,” University of Georgia political scientist Charles Bullock said. “This is not a slam-dunk, (but) at least there's a shot” here.

Barrow isn't worried about his race being tied up in the fight for majority control in the House. He agrees with Reynolds, whose mantra this year is, “All politics is local.”

“I don't know how much national politics translates into changes down here,” Barrow said. “It's a choice between me and Max Burns, and no amount of tidal wave is going to deflect people from that.”

Burns was elected in 2002 in a district designed to elect a Democrat. His opponent, Charles “Champ” Walker, was beset by ethics problems, and Burns won with 55% of the vote. Barrow, a former Athens-Clarke County commissioner, unseated Burns, 52%-48%, in 2004.

In March 2005, Georgia's GOP-controlled Legislature redrew district lines. More conservative rural counties were in. Athens, a liberal enclave home to the University of Georgia and seven generations of Barrows, was out. Barrow moved to Savannah.

The new district, which voted for Democratic presidential candidate John Kerry, still leans Democratic but is more evenly divided. Michael Digby, a political scientist at Georgia College & State University in Milledgeville, said Barrow has strong support from blacks, who make up 42% of the district, and in Savannah and Augusta. Burns, 57, who grew up on a farm and banters in a laid-back style, is popular among rural and suburban whites.

Chris Grant, a political scientist at Mercer University in Macon, said the race will be decided in rural towns such as Waynesboro and Vidalia, the sweet-onion capital, where Burns campaigned last week. Voters here are deeply religious and tend to vote Republican, though their loyalties to Georgia or Georgia Tech football may run deeper.

Many are concerned about a flood of illegal immigrant farmworkers who have taxed local schools and hospitals. Others are frustrated by Bush administration farm policies and a “general perception that we're not getting ahead,” Grant said.

Burns said Barrow is “pretending” to be a conservative and would cast his first vote next year to make House Democratic leader Nancy Pelosi, whom he derides as a “San Francisco liberal,” the House speaker. Burns rejected Democratic claims that he'd be a “rubber stamp” for Bush, who helped raise $375,000 for his campaign. “I agree with a lot of what he has done,” Burns said about the president.

So does Barrow. In one ad, the congressman echoes GOP rhetoric, saying he “fought to get rid of the death tax” and refused to “cut and run” from Iraq.

“I'm ready, willing and able to cross the line and vote against my party leadership whenever I think the other side is right,” he said.

That's good enough for Glen Watkins, 80, of Kite. A “conservative at heart,” Watkins voted for Burns in 2004 but likes Barrow's ads. “I vote for the man, not the party,” Watkins said.

Others are more skeptical. “Barrow is just too liberal for me,” said Robert Nadekow, 44, a Vidalia computer technician who voted for Burns in 2004. “I just don't know if he's being honest about what he's saying or he's saying what will get him elected.”

Kevin Clark also doesn't trust Barrow, but for different reasons. The Savannah gay rights activist said the congressman wasn't invited to the recent Pride Festival because he supported amendments to the Georgia and U.S. constitutions to ban

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same-sex marriage. He said many in the city's growing gay community “are alienated by both candidates” and may sit out the election.

Grant said Barrow must persuade gays, blacks and other core Democrats to turn out on Election Day. One lure: the prospect for Democrats to take over the House.

That's what Ed Hill, 66, a retired corporate executive who lives in Savannah, said motivates him. Even though the Democrat said Barrow's ads “play damn near the GOP line,” he still plans to vote for him. “There's not anything that I agree with him on,” said Hill, but “it's important not to have all three branches of the government controlled by the Republicans.”

Contender May Become First Muslim In US Congress (CSM)

By Amanda Paulson

The Christian Science Monitor, September 25, 2006

MINNEAPOLIS

When Keith Ellison arrives at the Karmel Square, one of Minneapolis's Somali malls, a rock star might as well be walking by the bustling stalls of bright fabrics, jewelry, phone cards, and videos.

People laugh and cheer as they hug Mr. Ellison and pat him on the back. Some speak quickly in Somali as an interpreter translates, and others offer congratulations in fluent English.

"Asalamu aleikum, brothers," Ellison says with a smile. "Thanks for voting."

He is not Somali, or even an immigrant, but for these voters, Ellison is one of their own. After his victory in this month's Democratic primary in the Fifth District, he's likely to become the first Muslim elected to Congress. He would also be the first black congressman to come from Minnesota.

The distinctions are ones Ellison tries to downplay, always directing conversation back to the issues, but national media and many Minnesotans want to talk of little else.

"You think of the stereotype of Minnesota - Garrison Keillor and white Norwegian farmers. The first Muslim congressman coming from Minnesota? It says a lot about the changing face of the United States and Minnesota," says Larry Jacobs, director of the University of Minnesota's Center for the Study of Politics and Governance. "I think it's one of the most interesting races in the country." A contentious race

It's also been one of the most contentious, with scathing allegations against Ellison coming from conservative bloggers and, most recently, his Republican opponent.

Much of the controversy focuses on his past associations with the Nation of Islam and its leader Louis Farrakhan, considered by many to be racist and antisemitic. He raised money for the Million Man March in 1995 and wrote some articles praising Mr. Farrakhan when he was a student. Ellison says he was never actually a member of the Nation of Islam, and that he became disenchanted with Farrakhan when he realized what he stood for.

Ellison has also been questioned over revelations that his driver's license was twice suspended, most recently this spring, over unpaid parking and speeding tickets, and that he's filed taxes and campaign-finance disclosures late.

"There's a pattern of behavior here that should really make us question the character and integrity of this person," says Alan Fine, his Republican opponent and a professor at the University of Minnesota's Carlson School of Management. "This has never been about race or religion - it has to do with people who choose to be part of a hate group, and associate with people who promote hatred toward others.... I'd like to know when he realized Louis Farrakhan was a racist." Is victory ahead?

Since none of the allegations are new - they were all out there during the primary as well - they're unlikely to derail a campaign that seems headed to victory. But some observers say the state GOP hopes to highlight the controversy in order to make gains in other elections.

"There's a broader statewide Republican strategy here, attempting to brand Democrats as the party of Keith Ellison in order to make Republicans statewide seem more appealing," says Steven Schier, a political science professor at Carleton College in Northfield, Minn. "They're trying to suggest guilt by association for all major Democratic candidates."

Ellison, who grew up a Catholic in Detroit and moved to Minnesota to go to law school, brushes off such criticisms as fearmongering by some conservatives - an effort to derail a progressive campaign and divide voters.

He's at ease and eloquent mingling with a wide variety of voters, and these days, his talk is primarily about inclusiveness and the need to listen. In his campaign, he eschewed tactics like TV advertising in favor of grass-roots efforts to get out the vote and reach out to a variety of constituencies.

After all, despite Minneapolis's demographic changes, blacks comprise less than 15 percent of his district, which includes both the city and several well-off suburbs.

Ellison was extremely successful in his efforts to increase turnout among minorities and immigrants who rarely vote in primaries - the number of primary voters from the heavily minority district he represents as a state legislator more than tripled

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from two years ago - but he also reached out to environmentalists, union members, gays and lesbians, antiwar folks, Jewish voters, and Minnesota's active progressive community, many of whom see him as a politician after the model of their hero, the late Sen. Paul Wellstone (D).

"Put all these communities together, and we end up with a quilt that can cover us all," Ellison tells smiling supporters at Clean Water Action, an environmental justice group that endorsed him. "Just keep on inviting more people into vote, and we're going to rock this thing."

As he walks out of their office, he pauses by a photo of Mr. Wellstone. "That's the man," he says. "I just really admire him." Factors that are helping Ellison

Ellison's critics point out that he won the primary with just 29,000 votes, in a district with 300,000 voters. But his 41 percent primary victory in a crowded field was still notable.

His campaign was helped significantly when he won the endorsement of Minnesota's powerful Democratic Farmer Labor (DFL) party - the local Democratic Party equivalent - and of most unions. He's a progressive candidate - advocating universal single-payer healthcare, immediate withdrawal of troops from Iraq, and environmental justice - in a district that's among the most progressive in the country.

He might also have been helped, to an extent, by the fact that politics in mostly white Minnesota aren't as racially charged as in many cities, experts say.

"The other [primary] candidates didn't zero in on race or religion. What stood out was how little they talked about it," says Professor Jacobs. "The Democratic characteristics and the less well developed political identities of these racial and religious groups made it possible for Ellison in this district and this election to emerge."

While liberal voters emphasize that it's his issues that primarily won them over, some also love the idea of being the first district to send a Muslim to Congress.

"I'll be honest - to have my little Lutheran community sending him makes me proud," says Bob Hulteen, the organizing director for Take Action, a coalition of progressive groups, as Ellison stops in to thank cheering members and chat with them about their experiences getting out the vote in the primaries. Muslims energized by campaign

Muslims, both in Minneapolis and around the country, are quick to cheer his success as well.

"It sends two very positive messages," says Corey Saylor, national legislative director for the Council on American-Islamic Relations, an advocacy group in Washington. "It sends a message about the American people, that five years after 9/11 they're comfortable sending an American to Congress, on issues not based on faith. And for the American Muslim community, it says our community has grown in political inclusion to the point where we can get someone elected to higher office."

Ellison, meanwhile, understands that excitement, but is a bit tired of it.

"All that 'first' stuff isn't why I got in the race, and it doesn't keep me in the race," he says, taking an hour out of a busy day to cheer for his son Elijah at a football game.

"My goals are to have excellent constituent services, and to leverage the energy, talent, and intelligence of the district. I want to see the minimum wage increased and Medicare Part B reformed.... If my religion can prove to people that Muslims can make a contribution - to me, that's a side benefit."

Swift Boat Veterans 2.0 (TIME)

By Karen Tumulty

Time, September 25, 2006

In 2004 a small ad campaign by anÂ obscure organization called Swift Boat Veterans for Truth smeared John Kerry's Vietnam War record and dealt his campaign a blow from which it never fully recovered. The episode demonstrated the new power of independent political organizations, known as 527s or 501(c)s for the sections of the tax code under which they operate. These groups function outside the campaign-finance laws. Among other things, most can collect unlimited contributions.

Given the stakes and the expected closeness of this fall's election, it is no surprise that a new generation of them has mobilized in recent months. At least three groups--two that tilt Democratic and one Republican--are already generating controversy. Another, the September Fund, led by Hillary Clinton strategist Harold Ickes, is just getting under way. With the Democratic Party far behind Republicans in fund raising, this group of operatives hopes to reduce the G.O.P.'s advantage by raising $20 million to pour into advertising and other support for congressional campaigns and ballot initiatives.

The final weeks of a campaign are generally when advertising and rhetoric turn nasty. This year is likely to be no different.

VoteVets

â€¢WHO'S BEHIND IT Run by Jon Soltz, who served in Iraq in 2003, the group counts among its directors former NATO Commander Wesley Clark and ex-Senator Bob Kerrey, who won the Congressional Medal of Honor in Vietnam, both Democrats.

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â€¢WHAT IT SAYS IT DOES Aims to help elect Iraq and Afghanistan veterans to Congress and hold current members of Congress accountable for "votes and positions that harm America and its troops and veterans."

â€¢WHAT IT HAS ACTUALLY DONE Has run graphic and misleading television ads against Republican Senators George Allen and Rick Santorum, suggesting their votes against a Democratic funding measure deprived U.S. troops of modern body armor. In fact, the Government Accountability Office found that a lack of money didn't cause the armor shortfall in 2003. Rather, the military's suppliers could not keep up with the sudden surge in demand for the armor.

Majority Action

â€¢WHO'S BEHIND IT Two former Democratic National Committee chairmen, Joe Andrew and Don Fowler, lead a group of party operatives, including former Democratic Congressional Campaign Committee chairman Tony Coelho, who also chaired Al Gore's 2000 presidential campaign.

â€¢WHAT IT SAYS IT DOES Plans to "educate the American public about the disastrous record of the current Republican Congress."

â€¢WHAT IT HAS ACTUALLY DONE Has run radio and television ads attacking vulnerable G.O.P. incumbents, apparently exaggerating at least some of its claims against them. The independent watchdog group Factcheck.org a project of the University of Pennsylvania's Annenberg Public Policy Center, chided Majority Action for digging back to three trips that Ohio Congresswoman Deborah Pryce took six years ago to support its claim that she "just seems to be on vacation."

Economic Freedom Fund

â€¢WHO'S BEHIND IT The same person who brought you Swift Boat Veterans for Truth. Texas homebuilder Bob Perry, who has close ties to the Bush White House, has given the new California organization $5 million, which exceeds the $4.5 million he provided as the largest contributor to the Swift Boat Veterans.

â€¢WHAT IT SAYS IT DOES Seeks to "educate the public concerning issues related to the preservation of economic freedom, the promotion of economic growth and prosperity."

â€¢WHAT IT HAS ACTUALLY DONE Indiana attorney general Steve Carter filed a lawsuit against the group last week after receiving complaints that it was "push polling" against Democratic congressional candidate Baron Hill. Automated calls placed by the group claimed to be conducting a poll, then attacked Hill's voting record. The tactic usually goes below the radar. In this case, the Indiana AG claims it violates the state's telemarketing law.

10 Questions For Elizabeth Edwards (TIME)

By Andrea Sachs

Time, September 25, 2006

In the final days of the 2004 campaign, Elizabeth Edwards, wife of Democratic vice-presidential candidate John Edwards, learned that she had breast cancer. In her inspiring new memoir Saving Graces (Broadway), Edwards reflects, with her trademark frankness, on her battle with the disease as well as the death 10 years earlier of their son Wade in a freak auto accident. Edwards spoke with TIME's Andrea Sachs about her health, her family's wealth and the possibility of John Edwards in '08.

Why did you delay treatment until after the election?

Coming out and saying "I have breast cancer" would have been met with a lot of skepticism about our trying to manipulate the electorate. I had assurances that this delay was not going to adversely affect my health.

How's your health now?

It is as good as any 57-year-old mother with two young children could possibly be. I'm a little tired, but I'm apparently cancer free, and that's the big thing.

Some people say that if your husband had been at the top of the ticket in 2004, he could have beaten George W. Bush.

It would be hard for me to say that I didn't think that was true. John was exactly the counterpoint we needed because the President had portrayed himself as somebody in touch with the guy on the corner. What you needed to show the falsity of that was to have somebody who really was in touch with the guy on the corner, who really understood the lives of people who work in factories, people who struggle, people who live middle-class lives built around their children, Saturday or Sunday soccer, and Friday-night football.

Was John Kerry's privileged background a problem?

I'd be telling you things that weren't true if I said that he didn't have an impediment. He did. He was certainly able to be painted as someone who didn't understand what people did with their free time or what their concerns were when they sat around the table. But I don't think that if you looked at his policies you would have found that to be a fair conclusion.

You write about the Kerrys' plush lifestyle. How would you describe yours?

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It's a different kind of luxury, I think. I know the people whose artwork is on my walls--they're not the old masters. I shop at Target. We eat at Wendy's. Even though we have a lot and I feel very blessed, we are basically the same people we were when we first started out and made, between us, $28,000 a year.

What advice do you have for parents who lose a child?

You don't want to make decisions in those first awful moments that are going to make 10 years down the road harder. If you can't stand to see his things or her things, ask a friend to hold them for you. Maybe you'll never ask for them again. But there may come a day when you'd like to see her second-grade paper or a poem he wrote when he was a sophomore.

It looks like your husband will run for President again. What factors are in play?

He's very seriously considering running. One [factor] is my health. He said that if the cancer recurred-- we actually had a scare this fall that turned out not to be anything--he would do what he did before, and draw himself into making me better.

What's the hardest part of campaigning?

Juggling the children. We want to see them as much as possible. We want their lives to be disrupted as little as possible. Those two things obviously are in conflict. One of us would see them every other day at least so they would know we were there for them. We talked to them constantly. And when they were on vacations or had long weekends, or even short weekends sometimes, they would travel with us.

Is the country ready for a female President?

It's impossible to know. I've been ready since I was 8 and thought I wanted to be President.

Is the country ready for Elizabeth Edwards as First Lady?

[Laughs.] When John was running in 2004 in the primaries, then Florida Senator Bob Graham was in the race. His wife is regal--tall, beautiful, always perfect and gracious in every way. I think there's part of the American public that wants there to be a queen. The public would have to tell you whether they're ready for somebody who sits on the floor playing Monopoly with the kids.

Anti-Immigration Movement Finds An Articulate Voice (WP)

By Steven A. Holmes

The Washington Post, September 25, 2006

STATE OF EMERGENCY

The Third World Invasion and Conquest of America

By Patrick J. Buchanan

Thomas Dunne Books, St. Martin's Press,

308 pp., $24.95

Man, is Pat Buchanan mad. He is virtually sputtering with rage. He can hardly contain himself. The subjects of his ire are the immigrants -- nearly 2 million a year, about 500,000 of them illegal -- crossing the country's borders and the bumbling or unpatriotic elite who are letting them in.

It's not just any immigrant that sets Buchanan's blood a-boiling. It's the brown, yellow and black ones that make up 90 percent of the new arrivals. While some people, including President Bush, may view these newcomers as decent, hardworking people whose desire is to provide for their families, Buchanan sees them as something much more sinister -- a threat to United States.

"We are witnessing how nations perish," he writes in his latest book, "State of Emergency: The Third World Invasion and Conquest of America."

"We are entered upon the final act of our civilization. The last scene is the deconstruction of the nations. The penultimate scene, now well underway, is the invasion unresisted."

His list of grievances is long -- and stark. The United States cannot absorb the sheer mass of migrants. They are driving down wages and ratcheting up crime. They are endangering the Republican Party and conservative, small-government ideology. They are threatening U.S. sovereignty. But, for Buchanan, perhaps the most unforgivable sin is that they challenge the supremacy of white European culture.

"Can anyone say today that we Americans are 'one united people?' " he writes. "We are no longer descended from the same ancestors. The European core of the country -- almost 95 percent of Americans as late as 1965 -- has fallen well below 70 percent and will be less than half the nation by 2050."

One has to give Buchanan credit. He is a muscular writer, fully in command of the English language he feels is under siege. He is adept at linking history, statistics and the writings of philosophers and economists to proffer forceful arguments.

His book crackles. Words leap off the page to bludgeon the reader to submit to his views. Analyzing the 1994 passage in California of Proposition 187 that ended welfare benefits to illegal immigrants, Buchanan thunders, "The voters of California were

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saying that no matter what ideas these illegal aliens brought with them, they were not Americans, they were not part of our nation, they did not belong here, they were not entitled to the benefits of American citizens, and they ought to go back where they came from."

Some books are enlightening, some exciting. This one is exhausting. After reading chapter after chapter of invective, rabid Buchanan-haters may long for a shower. Me? I need a nap.

Buchanan's stridency will tend to turn anyone who picks up "State of Emergency" into either a cheerleader or a debater. And there are a host of assertions in this work that are highly debatable.

In Buchanan's view, immigrants are unleashing a deadly reign of crime on America. While Latino gangs are a violent presence in some cities, most notably Los Angeles, the premise is questionable. After all, as the wave of immigrants has crested, overall violent crime rates have plunged. On a per capita basis, the number of rapes has dropped by 85 percent since the 1970s, robberies by 38 percent. We have the lowest homicide rate since the late 1960s. The murder rate was higher in the 1930s and 1940s -- a time of exceedingly low immigration -- than it is now.

Buchanan argues that today's immigrants maintain a much stronger grip on the culture and language of their homelands than that of previous waves. "There is little evidence that the scores of millions who have come in the last forty years from Asia, Africa and Latin America are assimilating as the European immigrants once did," he writes.

But what's his proof? Are today's immigrants really not assimilating? Did European immigrants meld into the American fabric as rapidly as is assumed in the gauzy and nostalgic view of earlier immigration? No one really knows. There is no hard census or other research data on the assimilation rates of these early immigrants.

Buchanan laments that "of the 9 million living in Los Angeles County, 5 million do not speak English at home." But no one can say with accuracy how many people spoke Italian or Yiddish or Polish at home in the 1920s -- or how long it took for that to stop. German was virtually the official language in Wisconsin, used in public schools, for decades before World War I. "There were more German-language newspapers then than there are Spanish-language newspapers now," said George Borjas, an immigration expert who Buchanan cites often in his book -- though not on this point.

Buchanan argues forcefully that immigration will tear the country apart. He is particularly worried that Mexicans -- the largest immigrant bloc -- are, in effect reconquistas, identifying more strongly with Mexico than with the United States, and bent on retaking the territories of Texas, California and the Southwest that were seized from Mexico in the 19th century. His evidence? The appearance of Mexican flags at rallies, and the writings of some Mexican American intellectuals longing for the establishment of Aztlan, an appendage of Mexico that runs from Texas to Oregon.

But given the opportunity for the first time to vote in last summer's Mexican elections -- a clear chance to show solidarity with Mexico -- only an estimated 41,000 Mexicans out of 4.1 million living here bothered to cast a ballot.

It's easy to quibble with Buchanan, but it would be a mistake to ignore him. New York Times columnist David Brooks posits that our political landscape is increasingly being defined as a fight between what he terms "progressive globalists" and "populist nationalists." The former are multilateral interventionists, placing great faith in market-oriented solutions and holding liberal social values. The latter are distrustful of multinational corporations, conservative in social values, wary at intervening in other countries and angry at immigration and the outsourcing of jobs.

Buchanan may be their most articulate spokesman. We would dismiss him and the anger embodied in "State of Emergency" at our peril.

Holmes is a deputy national editor of The Washington Post.

Your Vote Counts (LAT)

The Los Angeles Times, September 25, 2006

BALLOT-FATIGUED CALIFORNIANS, who in six weeks face their third election in a year, can be forgiven if they feel left out of the action. Voters elsewhere will see brutal political warfare between Republicans and Democrats for control of Congress — but all seats here appear safe. The battle for Congress will not be decided in California.

Yet on Nov. 7, voters here will decide the shape of the state's finances and the health of its infrastructure for decades to come, and will set a course for leadership at a time of unprecedented growth and demographic change. Every election is touted as pivotal, but with an almost unfathomable $46 billion in bond measures on this ballot, and up to $3 billion annually in new taxes, it's hard to dismiss the coming vote as just another day at the ballot box.

Californians love direct democracy — and they couldn't care less about it. They have gone to the polls to recall the governor, limit the power of the Legislature and impose specific taxes to pay for new programs. And yet, participation in state elections has fallen dramatically since 1994, with turnout in the June primary a record low 33.6% of registered voters. There's a sense that Californians must fix the outrages perpetrated on them by Sacramento — or by their predecessors at the ballot box — but it's never quite clear how to do it.

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In 2002, for example, voters approved $550 million a year for after-school programs. But to date, not a single dollar from the measure has been spent. In 2004, voters decided to fund a DNA databank of suspected felons, but there is now an unprecedented backlog of unprocessed DNA samples.

How is a voter to wade through 13 ballot measures, seven statewide races and a seat on the obscure state Board of Equalization without fear of unforeseen consequences? There is no good answer. Ballot propositions, in particular, have become so bloated and misleading that they often defy understanding.

But if a newspaper editorial board is good for anything, it's to wade through the political muck of campaign season and identify some of the more important issues and principles at stake. At the same time, no list of principles can apply universally. With candidates, for example, it's not enough to know where they stand on the issues. A voter also must have some faith in the person's ability to inspire confidence and act with integrity.

With ballot measures, the examination must go beyond the strategy of an impulse buyer at Target. It's not enough to ask "Do we want this?" or even "Can we afford this?" Each new bond or tax that promises new revenue also threatens to constrain the budget or harm the business climate.

This page, and voters, also must be increasingly skeptical of the sock-the-villains proposition craze — the trend of matching popular causes with unpopular deep pockets. The day may soon come when Californians vote themselves an afternoon coffee break, courtesy of Big Tobacco or Big Oil. Initiatives shouldn't be a form of communal extortion. We encourage you to consider each measure's merits. Enjoy your chance to pick your representatives — and to do a little legislating of your own while you're at it.

Corporate America Takes On Spitzerism (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, September 25, 2006

New York Attorney General Eliot Spitzer garnered a stunning 81% of the vote in his primary for the New York governorship two weeks ago, riding high on his reputation as Chief Persecutor of Wall Street. It was the sort of result that should have made grown CEOs cry.

Still, there was some reason for good cheer in the business community: namely, a race on the other side of the country. In Washington, a relatively unknown property-rights lawyer, John Groen, challenged the activist chief justice of the state Supreme Court. It was the most hotly contested judicial contest in state history -- highest profile, highest dollar, highest stakes. Mr. Groen lost last week, but barely. Across the country, incumbent judges -- who are rarely challenged, much less seriously so -- began shaking in their robes.

Call it business's revenge, or better yet, business's new political strategy -- one that may prove a rare bright point for conservatives in upcoming elections. Somewhere among the Spitzer campaigns, the endless trial-lawyer suits, and the adverse verdicts in state courts, the corporate world realized it needed to address root causes. Local chambers of commerce and tort-reform groups encouraged businesses to start putting some skin into state elections.

This year, that effort has given rise to a frontal assault aiming to reshape courts and law enforcement offices across the nation. If business coalitions have their way, Michigan, Ohio, Wisconsin and New Mexico will not be the playgrounds of proto-Eliot Spitzers. Nor will the courts of Georgia, Kentucky, Alabama, Michigan, Oregon, Ohio and Illinois make Stephen Breyer proud. The money underlines the commitment: In 2002, spending on state Supreme Court races was $29 million; by 2004 it had jumped to $42 million; this year it's expected to set records.

If there's a godfather of this movement it might be John Engler, who realized early in his 1990s career as Michigan governor that tort reform didn't count for much if state courts routinely struck down new laws. (Mr. Engler is currently a director of Dow Jones, which publishes this newspaper.) As governor, he made judges a top priority, one reason why Michigan's high court is today a national model of judicial restraint. Mr. Engler carried that philosophy to his presidency of the National Association of Manufacturers.

Last year, NAM launched the American Justice Partnership, an umbrella organization that brings together a mindboggling array of national and state organizations -- industry groups, chambers, think tanks, citizens' groups -- fighting for legal reform. "Legal reform has become a full contact sport," says Steve Hantler, assistant general counsel of Daimler-Chrysler and chairman of AJP. "More business leaders and consumer groups have realized this fight is in the political arena, and you can't leave that arena to the trial bar."

Plaintiffs' attorneys have been in this game a long time, knowing the value of sympathetic judges and meddlesome AGs (who often throw them business). They've perfected a fund-raising machine, drumming up individual donations via firms, and often tap this network to stand for office themselves. Reform groups are borrowing these tactics, rallying more companies to

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donate to campaigns, making the public aware of races, and also setting up political action committees designed to solicit and bundle money for elections.

In Washington, Mr. Groen's bid was launched with the financial backing of a state builder's association weary of the high court's anti-property-rights bent. But he also got a boost from some $350,000 of ads against his opponent, financed by a new outfit called Americans Tired of Lawsuit Abuse, a national PAC that counts the American Tort Reform Association as a donor. In total, outside groups spent more than $1.5 million on the Groen campaign, or about three times that spent by defenders of Chief Justice Gerry Alexander.

Mr. Groen still lost, which is partially a reflection of the difficulty of ousting a sitting judge or a popular incumbent AG. It also underscores the challenges facing the business community in making any of this work. But several key victories serve as inspiration. One notable example was Michigan's 2002 AG race, in which Republican Mike Cox, a state prosecutor, ran against state Sen. Gary Peters, a friend of the trial bar. In the final days, the Michigan Chamber dropped a wad of money on a TV ad supporting Mr. Cox. He won by a mere 5,000 votes, and no one doubts the ad put him over the top. This year, his opponent is a trial lawyer, and the business community isn't taking any chances.

Democrats currently hold 29 AG seats, and business leaders hope to pick up three or four seats for the Republicans this year. While that would hardly be a landslide, it would be significant given the GOP's larger troubles. Plus, flipping AG seats is a double victory: It stops a Spitzer-like prosecutor and takes away a popular platform to run for higher office.

The courts project is harder, and longer term: Incumbents are tough to unseat, individual victories don't often lead to majorities, and the public has historically showed little interest in judicial races. Though, as John Groen's razor margin shows, the times are a-changin'.

The corporate world is still taking its usual interest in congressional elections, though here too it's upping the stakes in select races. Iowa's open congressional seat offers a case study, where Republican businessman Mike Whalen is running against Democratic trial lawyer Bruce Braley. Reform groups view this as a chance to beat a prominent plaintiffs' attorney, and to do so by making his career a liability.

Ads against Mr. Braley have focused largely on his stint as head of the Iowa Trial Lawyers' Association and his lifetime of suing doctors and companies. The tort bar has sensed the threat, and the Association of Trial Lawyers of America has stepped up as one of Mr. Braley's chief donors. The race is fast becoming a referendum on tort lawyers.

In a sense, Eliot Spitzer's success might turn out to be a net positive for the business community. Back in April, the notorious AG went to Michigan to campaign against Mike Cox. The visit struck a nerve. Mr. Cox has raised more money than any AG candidate in state history.

Ms. Strassel is a member of the Journal's editorial board.

Producer Accuses Clintons Of 'Looting' (WT)

By Jerry Seper

The Washington Times, September 25, 2006

A Hollywood producer who sought to hire President Clinton as a "rainmaker" has told a California court the former president and his wife, Sen. Hillary Rodham Clinton, cheated him out of a multimillion-dollar Internet venture and he wants his money back.

In a complaint to be heard today in Superior Court in Los Angeles, Peter F. Paul says the scheme was orchestrated by Mrs. Clinton, who convinced him to spend $1.9 million on campaign fundraisers prior to her November 2000 election to the Senate and then reneged on promises to help him on the Internet deal.

The 43-page complaint, which also accuses Mr. Clinton and others involved in Mrs. Clinton's "New York Senate 2000" campaign of taking part in the conspiracy, seeks $30 million in stock losses and $1.9 million in cash. The complaint is part of a pending lawsuit against Mr. Clinton and will be heard by Superior Court Judge Aurelio N. Munoz.

In a telephone interview from his California home, Paul, a convicted felon, said the Clintons "looted" his business to generate the largest contribution to Mrs. Clinton's 2000 Senate campaign in New York. Describing himself as a "disgruntled business associate" and not a "disgruntled contributor," he said the Clintons reneged on promises they made that Mr. Clinton would work with him after he left the White House.

He said he was "cajoled and then coerced" by Mr. Clinton as "an erstwhile future business partner" to make expenditures to benefit the president and his wife.

Paul produced and underwrote an August 2000 fundraiser called the "Gala Hollywood Farewell Salute to President William Jefferson Clinton," attended by numerous celebrities, including John Travolta, Brad Pitt, Whoopi Goldberg, Patrick Swayze, Michael Bolton, Diana Ross, Patti LaBelle and Melissa Etheridge.

Money raised at the all-star event went to Mrs. Clinton's successful campaign.

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The Clintons' attorney, David Kendall, did not return calls for comment.

In January, the Federal Election Commission (FEC) said Mrs. Clinton's campaign committee, New York Senate 2000, underreported the cash it received from the gala. The committee agreed to pay a $35,000 fine. The committee also agreed to amend public reports to show that Paul's share of production costs for the gala were understated by $721,895.

The FEC ruling came after a four-year investigation and a separate Justice Department probe. An FBI affidavit in the case said costs of the August 2000 gala actually exceeded $1.2 million, but required FEC disclosure forms "incorrectly disclosed that the cost of the event was only $523,000."

The affidavit said the true cost of the event was "deliberately understated" to increase the amount of funds available to the Clinton campaign. Mrs. Clinton's campaign treasurer, Andrew Grossman, admitted in December he filed false FEC reports to hide more than $720,000 in Paul's contributions.

According to the lawsuit against Mr. Clinton, Paul said the former president agreed to work with him after leaving office as a "rainmaker" for Stan Lee Media Inc., a company Paul founded with "Spider-Man" creator Stan Lee. The suit said the deal involved $10 million in stock, $5 million in cash and a $1 million donation to the ex-president's foundation.

The deal, according to the suit, was based on a pledge by Paul to produce and underwrite the largest fundraiser of Mrs. Clinton's 2000 campaign. Stan Lee Media, which held the rights to Spider-Man, the Incredible Hulk and other comic book characters, was a publicly traded company with a market capitalization of $350 million.

The suit accuses Mr. Clinton of fraud and deceit in diverting a key investment away from Paul's company, causing it to fail and ending any chance for the $200 million Internet business to move forward. Also named in the suit are Mrs. Clinton's former campaign-finance director, David Rosen, and James Levin, a close friend of Mr. Clinton tagged by the former president as his agent to work with Paul.

Trial in the suit is set for March.

The complaint details what Paul said was Mrs. Clinton's role in convincing him to contribute cash to her campaign and to support misleading pre-election statements she made saying she would accept no money from him and that he had not donated to her campaign.

After the November 2000 election, Paul said Mr. Clinton went into business with Paul's Japanese partner and largest investor, Tendo Oto, president of Venture Soft of Japan. He said Mr. Clinton used "the trappings of the White House" to interfere in a $5 million investment promised to him by Mr. Oto.

The complaint said Stan Lee Media collapsed when Mr. Oto was convinced by Mr. Clinton to renege on his investment promise.

In 2004, the Clintons lost an appeal to the California Supreme Court to have Paul's suit dismissed, but Mrs. Clinton was removed as a co-defendant. Mrs. Clinton remains as a material witness and co-conspirator in the suit, and Judge Munoz has said she can not avoid testifying.

Paul pleaded guilty last year to one count of violating Securities and Exchange Commission regulations in manipulating the price of Stan Lee stock to save the company. In the late 1970s, he pleaded guilty to conspiring to defraud the Cuban government of $8.75 million in a black-market coffee transaction. In the 1980s, he pleaded guilty to possessing cocaine with intent to distribute and spent 40 months in prison.

New Premium When Employees Pay For Health Care, The Boss Pays Too (WSJ)

By Sarah Rubenstein

The Wall Street Journal, September 25, 2006

FORT WAYNE, Ind. -- Last year Russ Moore Transmission Inc. adopted a health-insurance plan in tune with the "consumer driven" philosophy President Bush has been touting. The plan requires employees to pay as much as $5,250 a year in medical costs out of their own money before insurance kicks in, with the goal of turning them into savvy shoppers for doctors and drugs.

The new strategy has motivated some workers to research what they are paying for medical care. One found an over-the-counter replacement for a more expensive brand-name heartburn drug. That is good news for Nick Bond, who runs the business and had suspected some employees were overusing medical care because they didn't have to pay for much of it themselves.

The bad news: The employees' research often consists of going to Mr. Bond and asking for his help, even after they have had 19 months to get familiar with the plan. At one point, he and his office manager had to hole themselves up in their offices for about two weeks developing a spreadsheet with price information on 32 drugs.

Mr. Bond's experience suggests that although information about the price and quality of health care remains sketchy, the president's push to make the health-care market more like the market for other services can change consumers' behavior. However, some managers have to turn themselves into instant experts both on health care and on the law. Mr. Bond knows

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about a transmission rebuilder's heartburn, a technician's blood-pressure medication and a visit to the emergency room by a mechanic's daughter. If he uses health information in firing or demoting an employee -- or is perceived to do so -- he might be in for a lawsuit.

"There are things I'm not supposed to know -- but I know," says Mr. Bond, who is part-owner and general manager of the company previously run by his father-in-law.

Under most health-insurance plans, once employees pay their share of monthly premiums, their upfront out-of-pocket costs are at a relatively manageable level. Those with family coverage pay on average the first $700 or so of costs themselves -- what is called a deductible -- and modest co-payments for visiting a doctor or buying drugs.

Consumer-driven plans usually have a much higher deductible. Many of these plans also come with a sweetener: some kind of account to use for medical expenses. A popular option is the tax-advantaged "health savings account," a Republican initiative that was passed by Congress in 2003. As of January, nearly 3.2 million people were enrolled in insurance plans that enable them to open HSAs, according to the trade group America's Health Insurance Plans.

The health plan at Russ Moore Transmission, which has 34 full-time employees at three locations in and around Fort Wayne, is typical of the consumer-driven genre. The deductible for care in the insurance company's network is $2,650 for individual employees and $5,250 for those with family coverage. (Preventive care is covered regardless of whether people have hit the deductible.) Employees get a head start in paying their bills because the company contributes its own money each year into employees' health savings accounts -- $700 for an individual and $1,350 for a family.

Employees can add their own pretax money to the account, up to the amount of the deductible. Funds in the account carry over from year to year, like a 401(k) retirement account. The money can grow and be withdrawn tax-free so long as it is used for qualified medical expenses.

With this setup, many health-care decisions have a big impact on the pocketbook for Mr. Bond's workers. Nearly every pill or test can be a household budget buster. The lowest-paid full-time Russ Moore Transmission workers earn about $25,000 a year.

While some information is available on the Web and the company has computers in its break area, Mr. Bond estimates that fewer than half of his workers have Internet connections at home. When faced with big bills, the first instinct for many is to catch the boss as he walks by.

Detailed Information

When Mr. Bond joined Russ Moore Transmission in 1998, he had access to detailed information on employees' medical spending. At the time Russ Moore shouldered as much as $7,500 of the medical bills for each covered person before the insurer started paying. Mr. Bond could see how much each person was spending and what procedures he or she was getting.

A few employees' family members always seemed to be using the latest brand-name drugs or going to doctor after doctor. That frustrated Mr. Bond, who says he saw the family members as hypochondriacs. He calculated that he was spending an average of $2.80 an hour on employees' health insurance, in addition to their wages. He says he resisted approaching individual employees to discuss spending. "That's a dangerous road to walk down, I always felt," he says.

In 2001, Mr. Bond's insurer stopped selling his plan to businesses of his size. He went with another insurer that paid the bills from the start. That insurer didn't provide Mr. Bond access to spending data.

As Russ Moore Transmission's health-insurance premiums climbed each year at double-digit rates, Mr. Bond tried harder to keep costs in check. He urged workers at company meetings to buy generic drugs where possible over costlier alternatives. He reminded workers to use the emergency room for emergencies only. The point didn't seem to sink in. Mr. Bond thought that was because employees lacked a financial incentive to change their habits.

In mid-2004, Mr. Bond decided to check out health savings accounts, an option created by a federal law the previous December. He combed through news articles and talked to his insurance broker, George Danusis, a big believer in the concept.

As the end of the year approached, Mr. Bond learned he would have to pay an extra 29% to renew his employees' health plan, which already cost about $175,000 a year. The company's annual revenue is a little less than $5 million. By switching to a plan with much higher deductibles and the savings accounts, he could keep his costs flat. Mr. Bond believed the consumer-driven plan would give employees a powerful incentive to cut back on unnecessary spending.

In December, he gathered his workers on chairs and benches near one of their work stations. Using an overhead projector, he showed that if the company were to keep its current insurance plan, its costs would rise about $165 a family each month. He warned that without a new approach employees with coverage would have to bear some or all of that additional cost themselves. He flashed the "Proposed Solution": high-deductible coverage and health savings accounts.

"There was a lot of deer-in-the-headlights as they tried to assimilate it," Mr. Bond recalls.

He didn't fully realize what he was in for until he returned to work in January after a vacation. Questions came rolling in from people such as Mike Pitcher, 55, who specializes in rebuilding transmissions of General Motors cars. His wife takes seven

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regular medications and he takes three. Out-of-pocket expenses for his wife's drugs were about to increase to around $400 a month.

Richard Harlow, a health-insurance broker in Reston, Va., says several of his small-business clients have found health savings accounts too much of a hassle because of all the questions from employees and other administrative burdens. They have reverted to more familiar lower-deductible plans. "We keep saying to our clients, 'Don't answer those questions -- that's what you're paying us to do,' " Mr. Harlow says. But some small-business owners don't want to seem unknowledgeable or unconcerned, he says.

Mr. Bond decided he should help his employees. He felt responsible for their problems, since he was the one who ultimately decided to go with the new plan. Also, he had learned repeatedly that stress in his employees' lives -- especially financial stress -- had a direct impact on their effectiveness on the job. He had helped on personal issues before, even lending money.

He told employees that if they let him look at their prescription information, he could research lower-cost options for them. Over a few days, about 10 people approached Mr. Bond and took him up on the offer.

For the next two weeks or so, Mr. Bond and Connie Mead, his office manager, spent hours in their offices, clicking on pharmacy Web sites and developing a spreadsheet with price information. He researched cost-saving ideas such as generic drugs, over-the-counter pills and bulk buying.

"Everything except for what absolutely had to be done ground to a halt while we dealt with it," Ms. Mead recalls.

Kyle Miller, a 26-year-old transmission rebuilder, pulled Mr. Bond aside and asked for advice on reducing the cost of Protonix, a heartburn medication sold by Wyeth. Under the previous plan, the co-payment for Protonix was $30. If Mr. Miller bought the drug under the new plan, he expected his costs to rise far above that.

The two men walked over to one of the shop's public computers and Mr. Bond clicked on the Walgreens Web site. He showed Mr. Miller how to research alternatives. Based on the research and feedback from his doctor, Mr. Miller decided to switch to a less expensive over-the-counter pill.

Mr. Bond "just seemed like he knew a lot about looking for, not necessarily deals, but how to get what you're taking for a different cost," Mr. Miller recalls. "I really don't care who knows what I'm taking."

Despite the savings, the new insurance plan has been costly for Mr. Miller. His wife gave birth this year and the couple is struggling to pay off the roughly $5,000 they owed. They cancelled their home Internet access in anticipation of the birth and have switched to store-brand cola.

About a month into the new health plan, Ms. Mead, the office manager, cursed as she opened mail at her dining-room table. She and her husband, Rick, were going to have to pay $555 for his recent abdominal ultrasound exam. Mr. Mead, a 48-year-old transmission rebuilder at the company, had been undergoing tests for abdominal pain. He suspected he would need his gallbladder removed, meaning bigger expenses were to come.

The next day, Ms. Mead told Mr. Bond. He wanted to know whether the Meads could save money depending on where they had the surgery.

Ms. Mead was curious, too. Though the Meads moved ahead with Mr. Mead's procedure as planned, she researched prices for the ultrasound, a second test and the surgery at three medical facilities. Her conclusion: The differences were substantial. Her research showed the family could have saved $173 on the ultrasound if Mr. Mead had gone elsewhere. Mr. Bond has subsequently used the information to encourage workers to shop around.

Mr. Mead says he believed Mr. Bond was only trying to help, but he wasn't so comfortable with his wife's sharing the details of his gallbladder removal with the boss. "I don't talk about my sex life," Mr. Mead says. "Why does he have to know about my medical conditions?"

Mr. Bond says he makes it a rule to discuss workers' health issues only if they come to him first. If they give him copies of documents, he often shreds them once he is finished so they aren't mixed up with other employee records or viewed by someone who shouldn't be looking. Kirk Nahra, a lawyer at Wiley Rein & Fielding LLP in Washington, says employers have to defend themselves against the risk of being sued by a worker who discloses health problems and is later fired.

Although Mr. Bond has advised employees that they can also get help from the company's insurance broker, many continue to come to him. One morning this summer, he walked into the shop. Before he could put down his briefcase and keys, Mr. Pitcher approached him. The GM transmission rebuilder had followed his boss's advice to reduce his drug bills by asking for free samples. Now he handed over a letter from the insurer denying coverage for Vytorin, a cholesterol medication that cost around $100 a month. The denial meant Mr. Pitcher would have to pay for the drug out of pocket even if he hit his annual deductible. Mr. Bond offered to help him sort out the problem.

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Mr. Bond faxed the letter to his insurance broker's office. By lunchtime, he was on the phone with someone at the broker's office who said the letter meant that Mr. Pitcher would need his doctor to put him on a different drug or justify the prescription to the insurer.

Mr. Pitcher, who has worked at the company for 30 years, says he often prefers talking to Mr. Bond because it disrupts his job to call the broker's office, explain his problem and handle the documents. "I don't think I should have to deal with the insurance company and all that crap," Mr. Pitcher says. "Why not just take it to Nick and have him fax it and be done with it? It's easier."

Widespread Outage Spurs Coup Rumors In Pakistan (WP)

By Pamela Constable

The Washington Post, September 25, 2006

ISLAMABAD, Pakistan, Sept. 24 -- Panicky rumors of a coup swept through Pakistan on Sunday after a power outage interrupted national television broadcasts and later plunged much of the country into darkness.

With the president, Gen. Pervez Musharraf, away on an extended trip to the United States and Canada at a time of regional tensions and growing insurgency in neighboring Afghanistan, many Pakistanis speculated that he had been overthrown in absentia.

The chairman of the national power administration, Tariq Hamid, said at a 10 p.m. news conference in Lahore that the outage was caused by technical problems and that no sabotage had been involved.

Information Ministry officials, accompanying Musharraf on a visit to New York, also announced Sunday night that the president was "in good health."

Islamabad, the capital, was quiet late into the night, and there were no signs of military vehicles or troops in the streets. There were also no reports of unusual military movements in Rawalpindi, a city near Islamabad where the armed forces are headquartered.

But for hours, with power flickering on and off in Islamabad and half the country still without electricity by late evening, rumors continued to swirl of a possible coup against Musharraf, an army general who seized power from Pakistan's last elected leader in 1999.

"I have been flooded with calls all evening. Everyone wants to know if something is amiss. It shows you how on edge people are," said Mushahid Hussain, a senator from the ruling Pakistan Muslim League faction who is close to Musharraf.

Hussain said he had received dozens of queries by cellphone and text messaging from provincial authorities, human rights groups, Pakistanis living abroad, and even from officials traveling with the president. He said he told them everything was fine.

Rifaat Hussain, a Pakistani defense and security expert, said he, too, had received numerous calls from friends who were worried about a possible coup. He said he immediately contacted government sources, who "vociferously denied" there was any problem.

"So many people have cellphones now that rumors can snowball, and such a situation also taps into people's anxieties," he said. Many Pakistanis thought immediately of last week's coup in Thailand, Hussain said, and remembered how previous Pakistani leaders had been "unceremoniously removed."

Pakistan has had a history of military intervention in civilian politics ever since it was founded as a Muslim democracy in 1947. While elections have been held regularly, civilian rule has been repeatedly interrupted by the army or other non-elected figures.

Musharraf, 63, who is chief of Pakistan's army staff, would be highly unlikely to fall to a military coup, although it has been reported that some of the senior army commanders, who operate as a consensual policy group within the armed forces, are conservative Muslims who disagree with his moderate religious policies.

But Musharraf has lost considerable domestic support for a variety of reasons, including his refusal to relinquish his military uniform while in office, his retreat on promises to expand women's and religious rights, and his use of aggressive military tactics to solve problems in volatile border regions.

While in the United States this week, Musharraf has made several statements that could reflect poorly on Pakistan's military leadership and autonomy. He said a senior U.S. official had threatened to bomb Pakistan "back to the Stone Age" if it did not cooperate fully with the United States against al-Qaeda and Afghanistan's Taliban government after the Sept. 11, 2001, attacks.

Musharraf's comment suggested that he had yielded to intense U.S. pressure in deciding to turn against the Taliban and to help in the hunt for al-Qaeda, decisions that many Pakistani Islamic leaders have long criticized.

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"Musharraf is blindly toeing the American line, thereby causing irreparable damage to Pakistan and its image in the world," said Khurshid Ahmad, a scholar and senator from the religious Jamaat-e-Islami party. "For his efforts, he gets a pat on the back while they are twisting his arm."

A second sensitive issue raised during Musharraf's visit to Washington concerned the activities of Taliban and al-Qaeda fighters along the border with Afghanistan. Earlier this month, Musharraf announced that he had made a peace pact with Taliban groups inside Pakistan after thousands of Pakistani troops failed to quell them.

President Bush praised Musharraf's efforts this week but insisted he would send U.S. forces into Pakistan to track down al-Qaeda leaders if necessary. This is a sore point for the Pakistani military, and Musharraf has always insisted he would not allow it.

On Sunday night, after power had been restored in most areas, news stations broadcast footage of cities and towns lighted by candles, and messages crawling across TV screens repeated that Musharraf was in good health and that the government situation was normal.

Hamid, the chairman of the power administration, apologized for the inconvenience and the fact that the lengthy power outage had contributed to "baseless stories." News reports said some civilians had protested outside power offices and attacked one, but there were no other reports of violence.

Hamas Says It's Serious About Coalition (AP)

By Ibrahim Barzak, Associated Press Writer

AP, September 25, 2006

Hamas said Sunday it will resume talks on building a governing coalition with moderate President Mahmoud Abbas' Fatah movement, but the militant Islamic group gave no indication of any move toward compromise on recognizing Israel.

The announcement of a resumption in talks came after an angry standoff with Fatah over the recognition issue and a warning by Abbas that the talks were going nowhere.

Western nations cut off aid after the hard-line Hamas won elections to take control of the Palestinian government. The West says the Palestinian government must meet three demands — recognize Israel, renounce violence and accept previous agreements.

A coalition deal between Hamas and Fatah, reached earlier this month, was vague on the recognition of Israel, and both sides have since offered different interpretations.

Abbas' aides say Hamas agreed to honor all the agreements of previous Palestinian governments, which would imply recognition of Israel since the Palestine Liberation Organization and Israel exchanged letters of mutual recognition in 1993.

Hamas insists it was much less specific and agreed only to support those PLO commitments that serve the Palestinian interest.

Abbas will meet Tuesday in Gaza with Prime Minister Ismail Haniyeh of Hamas to try to rescue the coalition agreement, said Saeb Erekat, an Abbas aide.

Erekat said it is time for Haniyeh to adopt clear positions.

"It is not about games of words, it's not about intentions, it's about a clear-cut commitment," Erekat said. "He must realize that any government must accept the commitments and obligations of the PLO and previous governments, including the letter of mutual recognition."

Haniyeh said Sunday that Hamas is still interested in forming a broader government. Hamas has ruled alone since March after winning parliamentary elections, and hopes it can end the crippling international aid boycott by bringing in Fatah.

"We are going to resume talks on the formation of a national coalition government," Haniyeh said in a statement. "We have serious intentions to make it succeed, and we hope that the talks will resume soon."

Haniyeh did not, however, indicate whether Hamas would compromise. Only two days earlier, Haniyeh said he would never head a coalition that recognizes Israel.

Despite their differences, Hamas and Abbas appear to have little choice but to govern together.

Hamas needs Fatah to win international recognition and restore foreign aid. During its six months in power, Hamas has been largely unable to pay the salaries of 165,000 civil servants, the backbone of the Palestinian labor force. The Palestinian Authority has been teetering on the brink of collapse, increasingly unable to provide services.

Abbas could fire the current government and install a new one, but the new government would then require the approval of parliament, which is controlled by Hamas. Early elections are seen as an unpopular option, and there are no guarantees Fatah would win.

In Gaza City, meanwhile, two dozen Islamic militant gunmen threatened to attack any coalition that recognized Israel.

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"We will fight against it by all means, and we will deal with it as an entity linked to the occupation," said one of the gunmen, who would only identify himself by his nom de guerre, Abu Abir.

The gunmen, who gathered outside a mosque, represent only a small splinter group. However, it marked the first time Palestinian militants said publicly they were prepared to attack government officials.

The threats came at a time of growing tensions between Hamas and Fatah, particularly in Gaza, where some Fatah members accuse Hamas of involvement in the slaying of a Fatah-allied security chief last week.

War Turns The Tide For Israeli Settlers (WP)

By Scott Wilson

The Washington Post, September 25, 2006

AMONA, West Bank -- The movement to expand Jewish settlements in the West Bank, which only a few months ago appeared to be a divided, waning political force, is experiencing a revival after a summer of war that caused many Israelis to question the wisdom of abandoning more territory.

Little more than a year ago, then-Prime Minister Ariel Sharon withdrew all Jewish settlers and Israeli troops from the Gaza Strip. After Sharon's debilitating stroke in January, his deputy, Ehud Olmert, won national elections in March on a promise to evacuate dozens of Jewish settlements in the West Bank and to uproot the smaller, unauthorized communities known as outposts in a bid to define Israel's final borders.

But after a month-long war in southern Lebanon and as sporadic fighting continues in Gaza, a highly unpopular Olmert has put his West Bank withdrawal plan on hold. His government has stepped up construction in the large settlement blocs, including areas the Bush administration has warned Israel against developing, and the West Bank settlement population of a quarter-million people is growing.

"This state does not operate by a policy," said Yehuda Yifrach, 30, who still lives with his wife, Ayelet, and three children on this windblown hilltop even though in February Israeli military bulldozers demolished the shipping container that was their home. "They only go by the polls at the time."

The settlers' change of fortune stems from Israel's conflicts in the Gaza Strip and southern Lebanon, regions the country had occupied and abandoned in the recent past. Islamic gunmen staged cross-border raids from those areas this summer, capturing three Israeli soldiers who are still being held.

Some Israelis are drawing lessons from the war that have helped vindicate the settlers, whose large financial claim on the national treasury and strident opposition to an independent state for the Palestinians in Gaza and the West Bank have angered many here over the years. Israel occupied those regions in the 1967 Middle East war.

"The Lebanon war may have bought them time," said Dror Etkes of Peace Now, a group that opposes Israel's settlement policy. "But the demographics and the overarching view of an Israeli majority about what the state should look like has not changed. So neither has the precarious nature of the settlements."

In evacuating the Gaza settlements last year, Sharon said he was seeking to define more defensible borders and protect Israel's Jewish majority by jettisoning the strip's 1.4 million Palestinians, who might someday demand the right to vote in Israel if not given a state of their own.

Soon after, Sharon, Olmert and others quit the Likud party, leaving the settlers' most powerful sponsor in shambles. The new party they founded, Kadima, easily won the most seats in the March elections, while Likud finished tied for a distant third.

But guerrillas in Gaza have continued to pepper southern Israel with crude rockets, and the radical Islamic movement Hamas, whose stronghold is Gaza, has been elected to lead the Palestinian government. Hamas does not recognize Israel's right to exist even within its pre-1967 borders, nor does Hezbollah, the Lebanese Shiite Muslim militia whose seizure of two Israeli soldiers on July 12 touched off the recent war.

"The settlements are Israel's anchor in these places," said Effie Eitam, a legislator from the National Union, the settlers' political arm, who was injured in Amona in February when settlers clashed with police. "Israel is about to review its entire defense doctrine," he added, "and most Israelis understand it is time to rethink the whole paradigm of giving up land for things less certain."

A poll published Thursday in the Haaretz newspaper showed Olmert's job approval rating at 22 percent and indicated Kadima would lose 13 of its 29 parliamentary seats if elections were held today. Meanwhile, Likud, led by former prime minister Binyamin Netanyahu, would double its strength in the legislature to 24 seats, making it the largest faction.

But Shaul Goldstein, a settler leader who is identified with the movement's pragmatic wing, said he expects Olmert to resurrect the West Bank withdrawal plan as soon as he determines that prospects are slim for successful peace talks with the Palestinians or Syria.

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In the meantime, he said, the movement will consider whether to form a new party to influence the withdrawal plan or to fight it by other means. The hard-line wing, embodied by Eitam, has proposed more-radical options that appear to have little chance of winning public support.

During a memorial service this month for a soldier killed in Lebanon, Eitam, a former general who commanded a brigade in Gaza, told the gathering that "we will have to expel a large majority of the Arabs of Judea and Samaria," using Israeli terminology for the West Bank.

"We are still very divided," said Goldstein, who is chairman of the Gush Etzion settlement bloc. "The whole right-wing movement in Israel is frustrated, even though many in the left wing can now see that our warnings about withdrawing from Gaza were not simply propaganda."

A state commission last year identified more than 100 unauthorized outposts in the West Bank and Gaza before its evacuation. Unlike larger Jewish settlements in the territories -- all of which are deemed illegal under international law -- the outposts were built without the explicit approval of the Israeli government.

Outposts are usually no more than a few shipping containers and trailers that often expand the boundaries of established settlements to neighboring hilltops. Many of them, including Amona, are built on private Palestinian land.

Sharon promised the Bush administration that he would raze about two dozen outposts erected since he took office in March 2001, although none has been dismantled to date. Less than a month after taking over from Sharon, Olmert ordered Israeli soldiers and border police to remove nine trailers from this outpost. Pro-settlement demonstrators pelted the soldiers with rocks, sand and paint; scores of people were injured. The rest of Amona was left standing.

Last week, Defense Minister Amir Peretz ordered the military to raze 47 illegal buildings in some West Bank outposts, which Peace Now says contain thousands of illegal structures. The order, which has yet to be carried out, also called for the demolition of 39 buildings that Israel says the Palestinians constructed illegally.

At the same time, Olmert has this month alone advertised for bids to build 854 new housing units in West Bank settlements, most of them in the large blocs he intends to keep. The construction runs counter to the U.S.-backed peace blueprint known as the "road map," which Olmert says he supports as the best way to reach an agreement with the Palestinians.

In addition to the new housing, a large Israeli police headquarters has been nearly completed on a parcel of land east of Jerusalem where the Bush administration has long opposed any Israeli construction. Senior U.S. officials have warned that building in the so-called E-1 area would cut off the southern West Bank from economic centers in the north and further complicate the creation of a coherent Palestinian state.

"No settlement will be dismantled until we get legitimacy for the settlement blocs," said Otniel Schneller, a Kadima lawmaker and settler involved in planning the West Bank withdrawal. "The Americans' lack of flexibility is now causing this stalemate. If they would say yes to the settlement blocs, then there would be areas that we could develop and other areas we could not. If the U.S. does not understand this, the government will be in a stalemate."

Stewart Tuttle, spokesman for the U.S. Embassy in Tel Aviv, said the United States does not have "a separate policy for this or that settlement, or this or that area. Our policy is the same across the board. Israel, like the Palestinians, has obligations under the road map. Israel's is to cease settlement activity and dismantle illegal outposts."

In Amona, the structure that was to have been the outpost's first concrete house sits unfinished, the work frozen. The road remains unpaved, and the 35 families here remain uncertain whether to develop their hilltop or prepare to abandon it.

In front of a trailer, the wood frame for a swing set is taking shape alongside a barbecue and a baby carriage. Moti and Yael, a husband and wife who declined to give their last name, said the new playground for their three children was a step toward moving ahead with a life that has been in a kind of limbo for months.

Yael, who teaches high school English in the adjacent settlement of Ofra, predicted that the West Bank withdrawal would resurface soon. She said a "left-wing" friend from Haifa, the coastal city pounded by Hezbollah rockets during the war, already wants Olmert to dust off his plan.

"This settlement has a feel of being stuck," said Yael, 33. "But things change quickly here. Soon the country will forget the war."

International Investors See More Opportunities Than Risk In Postwar Israel (WSJ)

By Michael Corkery

The Wall Street Journal, September 25, 2006

JERUSALEM -- These days, Israel is wracked by investigations and hand-wringing over who is to blame for the apparent missteps in its recent war against Hezbollah. It is frustrated by its simmering conflict with the Palestinians and harbors fears about a nuclear Iran.

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But there's one symbol of postwar pride that has emerged not from the battlefield, but from the boardroom. Warren Buffett's decision to buy an 80% stake in Iscar Metalworking Cos. -- a closely held maker of metal-cutting tools and blades -- is regarded here as proof that Israel remains a good place to do business. It was the first time that Mr. Buffett's Berkshire Hathaway Inc. purchased a company with a headquarters and main operations outside the U.S.

Hundreds of executives and politicians packed the King David Hotel in Jerusalem last week to celebrate the $4 billion acquisition, announced in May. "Some Americans have come to the Middle East looking for oil. We came to the Middle East looking for brains, and we stopped at Israel," Mr. Buffett said to applause. He said he is looking at other possible investments in Israel, shrugging off concerns about the country's security.

But Israel increasingly is forced to balance its fight against Islamic militants with efforts to preserve its world-class economy.

Mr. Buffett isn't the only bullish investor here. Hewlett-Packard announced amid the war on July 25 that it was buying Mercury Interactive Corp., a tech company with a sizable operation in Israel -- for $4.5 billion. Days later, SanDisk Corp. of Milpitas, Calif., said it was buying msystems Ltd., an Israeli-based supplier of data-storage technology.

Overall, Israel's economy proved pretty resilient during the war, considering that rockets rained down on the country for several weeks.

Israel's gross domestic product, a broad measure of economic output, is expected to rise by about 4.6% this year, about 0.8 percentage point less than what was forecast before the war, according to the Bank of Israel. Much of this loss was due to a slowdown in Israel's tourism industry and some slowing in manufacturing in the north of Israel, where many of the Hezbollah rockets fell. The economic aftermath was different than in past conflicts, such as the period that followed the 1973 war with Syria and Egypt, which some Israelis call the "lost decade," of sky-high inflation and huge government deficits. The most-recent Palestinian uprising, which started in 2000, combined with the bust of Israel's tech sector and a world-wide economy downturn, plunged Israel into a painful slump. "When you look at those historic episodes and you compare it with the last war you realize, at least, in the economic front we did quite well," says Rafi Melnick, dean of the Lauder School of Government, Diplomacy and Strategy in Herzliya.

To be sure, Israel's economic picture during the latest war may have been buoyed by the overall health of the global economy. Today, Israel's fortunes are tied much closer to those of the world economy, after having evolved into a leading exporter of high-tech products and services as well as an incubator of entrepreneurs.

Many believe the groundwork for today's economy was laid by Benjamin Netanyahu who became finance minister in 2003 and imposed cuts in government spending and reduced the deficit. U.S. guarantees of Israel's debt are also credited with giving international investors more confidence in recent years. The economy is by no means perfect. The current government is expected to finish 2006 with a budget deficit of roughly 2% of GDP. Unemployment stands at more than 8%.

Business leaders say Israel's tech-dominated economy is flexible enough so that during times of conflict, both work and meetings can be shifted outside the country.

But security analysts say the situation is only getting worse, as threats against Israel increase. One threat that continues to simmer is the rising lawlessness and violence in the Palestinian territories of the West Bank and Gaza Strip, where rocket fire from militants on neighboring Israeli towns erupts regularly, followed by reprisals from the Israeli military.

For years, many have argued that neither the Israelis nor Palestinians could truly prosper without peace. But under the leadership of former Prime Minister Ariel Sharon, Israel turned away from that notion, and began the process of "disengagement" from the Palestinian territories.

Israel's economic success -- not just during the war with Hezbollah, but amid the smoldering tension in the territories -- may again bolster the country's current path of insulating itself from the Palestinians economically and socially.

Nadine Baudot Trajtenberg, an economist and head of investor relations at the Bank Hapoalim in Israel, says clashes with Palestinians are now largely confined to the territories, and aren't as harmful to the Israeli economy as the frequent suicide bombings in Jerusalem and other large Israeli cities used to be.

As history demonstrates, Israel's conflict with the Palestinians can quickly worsen. But investors like Mr. Buffett see more opportunity than risk. And that's a powerful symbol.

U.N. Force Is Treading Lightly On Lebanese Soil (NYT)

By Michael Slackman

The New York Times, September 25, 2006

TIBNIN, Lebanon, Sept. 24 — One month after a United Nations Security Council resolution ended a 34-day war between Israel and Lebanon's Hezbollah militia, members of the international force sent to help keep the peace say their mission is defined more by what they cannot do than by what they can.

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They say they cannot set up checkpoints, search cars, homes or businesses or detain suspects. If they see a truck transporting missiles, for example, they say they can not stop it. They cannot do any of this, they say, because under their interpretation of the Security Council resolution that deployed them, they must first be authorized to take such action by the Lebanese Army.

The job of the United Nations force, and commanders in the field repeat this like a mantra, is to respect Lebanese sovereignty by supporting the Lebanese Army. They will only do what the Lebanese authorities ask.

The Security Council resolution, known as 1701, was seen at the time as the best way to halt the war, partly by giving Israel assurances that Lebanon's southern border would be policed by a robust international force to prevent Hezbollah militants from attacking. When the resolution was approved, Secretary of State Condoleezza Rice, one of its principal architects, said the force's deployment would help "protect the Lebanese people and prevent armed groups such as Hezbollah from destabilizing the area."

But the resolution's diplomatic language skirted a fundamental question: what kind of policing power would be given to the international force? The resolution leaves open the possibility that the Lebanese Army would grant such policing power, but the force's commanders say that so far, at least, that has not happened.

"There's a lot of misunderstanding what we are doing here," said Lt. Col. Stefano Cappellaro, an Italian commander with the San Marco Regiment.

The force, known as the United Nation's Interim Force in Lebanon, or Unifil, now has 5,000 troops on the ground, including 1,000 from Italy, and is stepping gently as it tries to carve out a role in a country that is feeling its way through the postwar period. It is early in the United Nations mission, but officials say that their most difficult task, and one they are adamant about achieving, is not being drawn into any power struggles between the religious and political factions in Lebanon. "We will not get involved in any domestic or regional politics," said Milos Strugar, senior adviser to the force.

The force is larger and better equipped than an earlier Unifil contingent, which has been on the border with Israel for years. But at the moment, the Lebanese government and the United Nations have a similar agenda in trying to win the trust of the Lebanese people and not have the force become a tool of political factions looking to incite domestic conflict. The goal is to be viewed as a peacekeeping force, not an occupier.

So while there may have been some expectation that the international force would disarm or restrain Hezbollah, or search for hidden weapons caches, the commanders on the ground say very clearly that those tasks are not their job for now. "We will advise, help and assist the Lebanese forces," said Col. Rosario Walter Guerrisi, commander of the San Marco Regiment, referring to the Lebanese Army.

But the challenges facing their determined neutrality are significant and often beyond their control. In Syria, for example, President Bashar al-Assad was reported in the Lebanese news media to have told a visiting Lebanese delegation that the strengthened United Nations force, with its heavy European contingent, resembled a force from NATO. In Lebanon, the United Nations force found its credibility questioned when German officials said that their country would contribute to the naval patrols off the coast of Lebanon as a means to protect Israel.

Sheik Hassan Nasrallah, the leader of Hezbollah, has also questioned the purpose of the expanded force.

"Thus far, I have not heard any country participating in the Unifil say that it sent its sons and soldiers to defend Lebanon and the Lebanese," he said in a speech Friday before hundreds of thousands of his supporters. "They are ashamed of us, brothers and sisters. They are ashamed of saying they came to defend us, but they talk about defending Israel."

Hezbollah has so far acted in accordance with the cease-fire terms of 1701, which prohibits the deployment of weapons south of the Litani River, close to the Israeli border.

When the United Nations Security Council passed 1701, which set up the cease-fire, it outlined basic principles with few specifics. One of those principles was that militias were to be disarmed in compliance with earlier agreements and resolutions. It did not say, though, that the United Nations force would carry that out.

Hezbollah, the only militia that did not lay down its weapons after the Lebanese civil war ended, has made it clear that it is not going to surrender those weapons now. And Sheik Nasrallah made it clear that the international forces had better not even think about trying.

In Israel, skepticism about the effectiveness of the enlarged United Nations force has always been high, particularly in enforcing an arms embargo on Hezbollah. Israeli military officials have said that if they find evidence that trucks from Syria are resupplying rockets and launchers to Hezbollah, Israel will be justified in bombing those trucks.

The United Nations officials here say their primary duty, and the one that carries the most long-term benefits for both sides, is to help strengthen the Lebanese Army. At the moment, officials say the first priority is to make sure that all of the Israeli Defense Forces withdraw from land occupied during the war. United Nations officials said the process should be completed by the end of the month. The process involves weekly meetings along the border to set up a schedule that allows Israel to withdraw

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and the United Nations forces to move in, followed by the Lebanese forces. So far 85 percent of Israel's forces have withdrawn, the United Nations said.

The formula for ending the war was also contingent on the state's asserting its authority in the south, primarily by dispatching 15,000 Lebanese troops to the area. The resolution called for the Lebanese Army to be supplemented by up to 15,000 foreign troops. Officials say that the ultimate size of the foreign force will be determined based on need — and one United Nations adviser said that meant it was unlikely the number of troops would ever exceed 10,000.

But however large the force, its officers said it would never be large enough if the population began to view it as an occupying force. The United Nations first set up an international force here in 1976, and so the people of the region are accustomed to seeing foreign troops in the blue berets of the United Nations.

But the new troops have stepped into Lebanon at a particularly tense time, as Hezbollah and the American-supported government are jockeying for position and power. If the Lebanese government did decide to expand the responsibilities of the troops now, they would risk turning them into targets of attack. These forces are much better equipped than past forces, and that has people a bit nervous about their mission.

"If these troops are going to clash with the resistance, they are going to clash with the people," said Abu Rowda Noureddin, 64, as he collected free blankets and food supplies from the Red Crescent Society. He lives in the village of Burj Qalawiyah, a community of just 1,000 year-round residents in southern Lebanon that took heavy fire from Israeli jets.

The village is about 70 miles from Beirut and a short drive from a base staffed by Italian forces. Like most residents of neighboring villages, the people were essentially ignored by their government for many years. There is one school, no high school and few jobs. Villagers said that five times since 1972 the Israeli military had invaded their village, and so even those who said they did not count themselves as Hezbollah members said they counted themselves as Hezbollah supporters.

"The people here will fight against anybody who tries with force to take Hezbollah's weapons away,'' said Ibrahim Noureddin, another villager.

Up the hill, past houses pocked by shrapnel, the mukhtar, a kind of village administrator, was busy taking an inventory of the damage to crops and olive and fruit trees. He said that the Italian forces recently gave his community $3,000 to buy aluminum and glass to repair the school, which was damaged in an Israeli raid. "It was a very nice gesture on the part of the Italians," he said.

But like everyone else, he said that for the forces to remain welcome they must demonstrate they are there to protect the Lebanese from Israel — not to police the Lebanese on behalf of Israel.

Not far away, on a busy road heading toward Beirut, Colonel Cappellaro stood beside two armored personnel carriers and 11 of his soldiers as cars sped by. He said that they were conducting a "static point," as opposed to a checkpoint. If they saw anything suspicious they would notify the Lebanese Army. But the Lebanese Army was a good way up the road. At this point, he said, it would be impossible for the two forces to actually staff a check point together.

"When you don't know each other's procedures, you can not overlap," he said before climbing into his jeep and driving off.

Lebanese Christians Protest Hezbollah (AP)

By Hussein Dakroub

AP, September 25, 2006

BEIRUT, Lebanon - An anti-Syrian Christian leader dismissed Hezbollah's claims of victory in its war with Israel as tens of thousands of his supporters rallied Sunday in a show of strength that highlighted Lebanon's sharp divisions.

The rally north of Beirut came just two days after a massive gathering by the rival Shiite Muslim Hezbollah that attracted hundreds of thousands. The two sides have been at sharp odds over the future of the Lebanese government since this summer's Israeli-Hezbollah war.

Samir Geagea, a notorious former leader of a Christian militia, scoffed at Hezbollah leader Sheik Hassan Nasrallah's declaration that his guerrillas achieved "a victory" against Israel.

"I don't feel victory because the majority of the Lebanese people do not feel victory. Rather, they feel that a major catastrophe had befallen them and made their present and future uncertain," he said.

Hezbollah's fight with Israel sent its support soaring among Shiites. But a large sector — particularly among Christians and Sunni Muslims — opposes Hezbollah and resents it for provoking the monthlong fight by capturing two Israeli soldiers on July 12.

The war killed hundreds of Lebanese civilians and left part of the country's infrastructure in ruins, causing billions of dollars in damage to the economy.

Geagea, who served more than a decade in prison on multiple counts of murder dating to the 1975-90 civil war, backs the Western-leaning government of Prime Minister Fuad Saniora. His party is a member of the anti-Syrian parliamentary majority in Lebanon.

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Geagea's supporters, waving his pictures and the white, red and green flag of his Lebanese Forces Party, arrived in buses and cars at the shrine of the Virgin Mary in the town of Harissa, about 15 miles north of Beirut.

Addressing his supporters after a mass to commemorate Christian militiamen killed in the civil war, Geagea rejected Nasrallah's vow to keep his weapons, saying the guerrilla group was blocking the establishment of "a strong and capable (Lebanese) state" for which Nasrallah was calling.

"When we find a solution to (the issue of Hezbollah's) weapons, then it will be possible to establish the state as it should be," he said.

Geagea, who backs Hezbollah's disarmament, implicitly accused the Iranian- and Syrian-backed group of running "a state within a state" in south Lebanon.

"How can a state be established while there is a mini-state (within its borders)? How can this state be established while every day arms and ammunitions are smuggled (to Hezbollah) under its (the state's) nose?" he said.

Nasrallah vowed at a massive rally Friday in Beirut's southern suburbs not to disarm despite international pressure. Some 800,000 Hezbollah supporters cheered Nasrallah at the gathering to celebrate what Hezbollah called "a divine victory" against Israel in the 34-day war that ended on Aug. 14.

In his speech, Nasrallah also called for the formation of a new government, repeatedly attacking Saniora's administration, which he called weak and unable to protect Lebanon from Israel.

Hezbollah's push for a stronger political role could deepen tensions in a country already sharply divided over the war.

Geagea rejected Nasrallah's call for a new government, defending Saniora's administration. Despite "some loopholes and defects," it is for the first time "a Lebanese, sovereign and independent one," he said.

Syria dominated Lebanon for nearly three decades before it withdrew its troops last year under heavy international pressure following the assassination of former Prime Minister Rafik Hariri.

Syria is accused of involvement in Hariri's death, which it denies.

Geagea was arrested in April 1994 and his group was banned after a church bombing killed 10 people. He was later acquitted in the bombing but sentenced to three life terms on several other murder counts, including the killing of pro-Syrian Prime Minister Rashid Karami.

Geagea served 11 years in prison before he was released in July 2005, when Lebanon's parliament approved a motion to pardon him.

He was leader of the Lebanese Forces — the country's most powerful Christian militia during the Lebanese civil war. Israel backed the militia during that conflict and the Israeli invasion in 1982 to expel Palestinian guerrillas.

Iran Unplugged (USNEWS)

By Thomas Omestad

U.S. News and World Report, September 25, 2006

UNITED NATIONS-As diplomatic roadshows go, this was the polar opposite of slick. No big ad buys, no polished PowerPoint presentations, and, certainly, no cocktail receptions. No, no. The host wore bland, off-the-rack white sport jackets paired with pale, open-collar shirts. But he drew a crowd, did Iran's Mahmoud Ahmadinejad, offering a rare up-close look at the new public face of Tehran's nuclear ambitions, its antipathy for Israel, and its zeal for regional muscle-flexing.

Even as whispers of war grew louder in Washington, Ahmadinejad launched his charm offensive hard on the heels of his denunciation of the United States in his address to the opening session of the U.N. General Assembly. He used his visit to New York to try to put a resolute-but-unthreatening face on Iran's aims-at an acutely delicate moment in the U.S.-led drive to get the U.N. Security Council to impose sanctions on Iran. The key countries in the coalition pressuring Iran are struggling to stick together on their insistence that Iran stop enriching uranium before formal talks can begin. A move to sanctions has been expected ever since Iran rebuffed the Security Council's August 31 deadline to halt uranium enrichment. The delays-"extra innings," as a top State Department official, Nicholas Burns, put it-come as Europe is probing both Iranian and U.S. officials for a compromise formula to get full-fledged negotiations started.

"Just friends?" The Iranian president seemed determined to soften his image as an implacable foe of America, chuckling and joking at times and, for the most part, lightening up on his often-fiery rhetoric. He praised Americans as "a strong people, a good people," urged "dialogue," and called for exchanges of scientists and students, along with direct flights between Iran and the United States. "Can't we just be friends?" he asked at one point in an unusual session at his Manhattan hotel with Iran specialists and a handful of journalists. Still, he grew steely-eyed in reply to a question from U.S. News about the Bush administration's apparent preference for "regime change" in Iran. Ahmadinejad had heard that "on numerous occasions," he said, but insisted that it would never happen. "They are not able to do that," he said.

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On the most dangerous flashpoint, Ahmadinejad repeated assurances-dismissed in Washington and in most European capitals-that Iran's nuclear program "will be solely used for peaceful purposes." In any case, he said, nuclear weapons are proscribed by Islamic teachings. "The Iranian people," he said, "don't need a nuclear weapon." Ahmadinejad called the focus on uranium enrichment an "excuse" to try to deny Iran its right to nuclear energy. He also professed disappointment that President Bush didn't respond to his meandering, 21-page letter this spring or to his challenge to a debate at the United Nations.

Ahmadinejad remains a bit of a mystery to official Washington. A U.S. intelligence profile, U.S. News has learned, depicts him as seeing the world "in very black-and-white terms" yet also possessing the capacity to "change quite quickly." But Ahmadinejad came to America bearing no gifts-other than his gift of idiosyncratic oratory. He refused to yield to the U.N. demands. And he said nothing to disavow his past comments suggesting that the Holocaust is a myth and threatening Israel. These "constant provocations," as one European diplomat puts it, have served to rally Security Council opposition to the prospect of a nuclear-capable Iran. "He does have that quality," agrees a senior U.S. official. But Ahmadinejad's outbursts resonated with hard-liners in Iran and elsewhere in the region. "He has put Iran back on the map," says Sanam Vakil, an Iran specialist at the Johns Hopkins School of Advanced International Studies in Washington. "The common man still admires him."

Iranian Clerics' Angling Stirs Worry On Absolute Rule (NYT)

By Nazila Fathi

The New York Times, September 25, 2006

TEHRAN, Sept. 24 — Political jockeying by fundamentalist Iranian clerics for the coming election of the Assembly of Experts, the group charged with overseeing the country's supreme leader, is raising concerns that the government will move further toward authoritarianism.

As in the last elections for the assembly eight years ago, the watchdog Guardian Council has barred reformist clerics. And this year, some clerics and some newspapers have been suggesting that a senior fundamentalist cleric who is President Mahmoud Ahmadinejad's mentor, Muhammad Taqi Mesbah Yazdi, may be trying to expand his already growing power by packing the assembly with loyalists trained at his education center in Qum.

Mr. Mesbah Yazdi, 72, is close to the supreme leader, Ayatollah Ali Khamenei, and he directly influences the government through loyalists appointed to high posts after Mr. Ahmadinejad took power last year. His followers also have great sway among Iran's Revolutionary Guards and the Basij volunteer paramilitary force.

The Iranian Constitution adopted after the 1979 revolution led by Ayatollah Ruhollah Khomeini provided for a system of checks and balances meant to ensure that the government would not move toward authoritarianism. So even as it enshrined a supreme leader, who has the final word on all matters, it created an Assembly of Experts, or religious jurisprudence, to oversee his activities.

But after the death of Ayatollah Khomeini in 1989, a system of vetting election candidates was put in place to eliminate any threat to the rule of the supreme leader.

At least on paper, the official powers of the Assembly of Experts include the ability to replace the supreme leader if he acts against Islam or the Constitution.

However, Mr. Mesbah Yazdi and Ayatollah Khamenei are allies — the ayatollah finances Mr. Mesbah Yazdi's school in Qum — and the likeliest outcome of a power play by Mr. Mesbah Yazdi would be to strengthen the supreme leader, even at the expense of the Assembly of Experts.

Mohsen Kadivar, a senior reformist cleric who was barred from running in the last election, said, "The fight in the election will be between the traditional clerics and the fundamentalists." He identified the traditionalists as those who considered the Assembly of Experts a higher authority than the supreme leader.

Mr. Mesbah Yazdi is a particularly aggressive defender of the supreme leader's absolute power, and he was a strong critic of the previous president, Mohammad Khatami, who tried to introduce modest social and political changes. He has long held that democracy and elections are not compatible with Islam.

"Democracy means if the people want something that is against God's will, then they should forget about God and religion," he said in July 1998. "Be careful not to be deceived. Accepting Islam is not compatible with democracy."

And in November 2002, the daily Aftab-e-Yazd quoted him as saying: "Who are the majority of people who vote: a bunch of hooligans who drink vodka and are paid to vote. Whatever they say cannot become the law of the country and Islam."

He has criticized democracy more cautiously since the election of Mr. Ahmadinejad, but his disdain for the election process to fill the Assembly of Experts was evident in a speech in Mashhad this month, in which the news agency ISNA quoted him as saying it was like the vote of the "ignorant for the learned."

Mr. Mesbah Yazdi was a founder of the modern Haghani School, a religious school in Qum where most Iranian officials were trained.

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After Ayatollah Khomeini died, Mr. Mesbah Yazdi founded the Imam Khomeini Education and Research Institute. Since then, he has grown close to Ayatollah Khamenei.

Through the school, he has educated more than 700 students who are extremely loyal to him, according to people who work in Qum, but, out of fear of retribution, would speak only on the condition of anonymity. Many of his followers are believed to be running for the Assembly of Experts.

These protégés are clerics but have studied the humanities, and many have received degrees from Western universities like McGill in Montreal and Manchester in London.

The elections for the Assembly of Experts, the fourth since the Iranian Revolution in 1979, is scheduled for Dec. 15. Many of Mr. Mesbah Yazdi's young and seemingly modern clerics are believed to be running, but as independent candidates to avoid announcing their affiliation to Mr. Mesbah Yazdi. However, it is difficult to be sure exactly how many, or which, candidates are allied with him because of the secrecy that often blankets elective matters here.

Some analysts say the competition this year is likely to be between Mr. Mesbah Yazdi and Ali Akbar Hashemi Rafsanjani, a former president who packed the assembly elected in 1990 and 1998 with traditional clerics with whom he had influence.

But Mr. Rafsanjani, who represents more moderate and pragmatist views, has not announced his candidacy, and some political analysts say he may not run if the prospect of winning the prestigious position of the leader of the assembly seems dim. He lost to Mr. Ahmadinejad in last year's presidential elections and suffered a defeat in parliamentary elections six years ago. His son, Mehdi Hashemi, said Mr. Rafsanjani had "set a condition and his participation depends on that." But he declined to specify the condition.

Turnout was a low 37 percent in the second assembly election, in 1990, in part because voters felt little connection to it.

"People have not received any reports about the activities of the Assembly of Experts, and no one can even imagine the supreme leader can be replaced," said Mohammad Atrianfar, a close aide to Mr. Rafsanjani and the publisher of the daily newspaper Shargh, which was shut down this month. "People have no positive or negative reaction toward the assembly."

In 1998, 46 percent voted after the landslide presidential victory in 1997 of Mr. Khatami, who urged people to vote in the assembly elections.

This year, to bolster turnout, the election authorities decided to hold the assembly vote at the same time as local elections. But requiring the candidates to be approved by the Guardian Council, some analysts say, undermines the point of the vote.

"If the members are independent and genuinely carry out their duty, the Islamic Republic can become democratic," said Emadedin Baghi, a reformist journalist who studied religion for many years. "But vetting its candidates has put a cancerous tumor in the assembly which does not allow it to function properly."

For Iran, A Policy Of Patience (WP)

By Fareed Zakaria

The Washington Post, September 25, 2006

If you think Mahmoud Ahmadinejad has said some crazy things, none comes close to this: "If the worst came to worst and half of mankind died, the other half would remain while imperialism would be razed to the ground. . ." That was Mao Zedong in 1957. If you find the idea of an Iranian nuclear program unsettling, put yourself in the shoes of policymakers in 1964, the year that China tested a nuclear bomb.

At the time, China was probably the most aggressive country in the world. As historian Francis J. Gavin recounts, Mao's regime had fought a bloody war against the United States in Korea and almost entered another one over Taiwan. It had attacked India in 1962 and threatened several other Asian countries, such as Indonesia. It was supporting North Vietnam and the Viet Cong insurgency in the South. It actively aided violent revolutionary groups around the world, including in Latin America and the Caribbean. Mao's gruesome callousness toward human life extended to his own people. "Half of China may well have to die," he declared as he launched the Great Leap Forward. (He didn't quite succeed, but for a while the "Guinness World Records" book listed him as history's greatest mass murderer, for having caused the deaths of 26.3 million people.) Compared with all this, Iran today looks positively normal.

Of course it is not normal, and Ahmadinejad is not a normal leader. Iran is ruled by a repressive clique that has armed Hezbollah, destabilized Lebanon and Iraq, and defied and deceived international nuclear inspectors. Ahmadinejad has made a series of grotesque comments. But if we convince ourselves that Iran is an existential threat, one that must be stopped immediately and at all costs, we will fail. If we turn this into a game of chicken, we will lose.

Right now, Iran is riding high. Oil revenue is rolling in, amounting to about $55 billion last year. Its neighbors are severely weakened. Iraq is in chaos; Afghanistan and Pakistan are preoccupied with a resurgent Taliban; the Lebanese government is under great strain; the Persian Gulf states are scared. Most important, the United States is tied down, its influence and political capital in the region at an all-time low.

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Ahmadinejad is using this moment to press his advantage. He has outflanked Arab regimes on the issue of Israel and Palestine, speaking in more confrontational terms than they dare (for fear of Washington). He knows that the Sunni Arab governments don't like him, so he has gone directly to their people. It's working.

Ahmadinejad is also turning Iran's nuclear program into a matter of Third World pride. Taking advantage of the global atmosphere of anti-Americanism, he is claiming that the United States is determined to prevent a developing country from moving ahead technologically. Again, it's working. Fully 118 countries signed on to Iran's cause at the recent nonaligned summit.

Instead of getting scared and spooked, America should view Tehran with a healthy dose of calm and confidence. Iran's fortunes will wane. Oil prices might head downward; Iraq could become less of a burden one way or the other; Arab regimes will get more assertive in responding to the rise of Iranian power. Washington could take the initiative on Lebanon and Palestine, which would vastly improve the political atmosphere.

The Bush administration must also develop a set of creative options short of military strikes -- which would only delay, not end, Iran's nuclear program -- in case Iran does not agree to stop reprocessing. Other countries will not go along with many of the toughest economic sanctions -- and it's not clear they would work anyway. One measure that would sting would be a widespread travel ban on Iran's officials. (That would be the end of the diplomats' conference circuit, not to mention trips to Dubai for money laundering.) Iran is unlikely to agree to become dependent on imported nuclear fuel. The second-best alternative might be a permanent inspections system in Iran, ensuring that its civilian program is not weaponized.

Watching Ahmadinejad at a private meeting last week, I was struck by how little he conformed to the picture of a madman. He was smug, even arrogant, sometimes offensive, but always calm and intelligent. If we're going to outsmart him, we need clever, compelling arguments of our own. Instead we have tended to threaten, bully and intimidate. No wonder he's winning the public diplomacy.

One way to change the game is to play to our strengths. Iran's hard-liners don't want good relations with the United States. Iranians have been taught for a generation now that Washington hates them, doesn't want relations with their country and tries to isolate them in the world. What if President Bush publicly offered to open an embassy in Tehran and begin student exchanges with young Iranians? In a country that is yearning for contact with the outside world, it might put the mullahs on the defensive.

In 1964, many people argued for a preemptive strike against China. Wiser heads prevailed. But even President John F. Kennedy had worried that from the moment China went nuclear "it would dominate South East Asia." In fact, far from dominating it, China's bomb scared Southeast Asia into a closer association with the United States. Today, Chinese influence in the region is great and growing -- but that's because of its economic heft, not its nukes. Iran is ruled by a failed regime that cannot modernize the country and is instead seeking a cheap path to influence. It didn't work for the communists in Russia or China and, if we keep our cool, it won't work for the mullahs in Tehran.

The writer is editor of Newsweek International. He co-hosts, with The Post's David Ignatius, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com.

North Korea To Challenge U.S. On Nuclear Fuel (NYT)

By Joseph Kahn

The New York Times, September 25, 2006

BEIJING, Sept. 24 — North Korea plans to step up production of fuel for nuclear weapons unless the United States drops financial sanctions and returns to negotiations over its nuclear program, an American scholar with ties to North Korean leaders said Sunday.

The scholar, Selig S. Harrison, a longtime Korea specialist based in Washington, said top North Korean officials whom he met with last week told him they intended to unload fuel rods at their Yongbyong reactor and extract plutonium for nuclear bombs earlier than had been expected.

“It is a significant new development because it underlines that North Korea is enhancing its weapons capability,” Mr. Harrison said in Beijing after returning from Pyongyang, the capital of North Korea.

He quoted Kim Kye-gwan, the vice foreign minister of North Korea, who is overseeing its participation in the stalled six-nation negotiations, as saying that the fuel rods would be unloaded this fall.

Mr. Harrison, who cultivates ties to the reclusive officials who run North Korea, said that he did not interpret the statement of intention to expedite nuclear fuel production as a threat and that the political and military leaders he had met seemed eager to resume negotiations with the outside world.

After meetings with several top North Korean political and military figures, he said, they expressed a desire to carry out a preliminary international accord on dismantling their nuclear program.

North Korea reached the accord with the United States and four other nations a year ago, but has refused to discuss how to carry it out.

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Shortly after the agreement, the Bush administration imposed financial sanctions on North Korea. The administration said the sanctions were necessary to stop North Korean counterfeiting of American dollars and other black market activities.

Mr. Harrison said North Korean officials had repeated public demands that the United States drop financial sanctions before nuclear negotiations resume. But he said they were also seeking ways for the two countries to resume talks even earlier as a way to build trust.

He argued that the sanctions, which he said North Koreans saw as an effort to further isolate them and to topple the government of Kim Jong-il, were counterproductive in ridding the Korean Peninsula of nuclear weapons.

"The U.S. will have to find a way to deal with illicit transactions without destroying North Korean intercourse with the outside world," Mr. Harrison said. "The policy of sanctions is completely counterproductive."

The Bush administration has defended the sanctions as a vital law enforcement action. Administration officials say that they are unrelated to the nuclear talks and that the only significant obstacle to resuming those talks is North Korea's reluctance to give up nuclear weapons.

Nuclear Engagement (WSJ)

By Peter Wonacott

The Wall Street Journal, September 25, 2006

NEW DELHI -- With the fate of a landmark nuclear pact between the U.S. and India hinging on an imminent Senate vote, Ron Somers isn't leaving its outcome to chance.

Mr. Somers, an American businessman whose career has tracked India's economic opening over the past 15 years, is spearheading a late-stage lobbying blitz to coax the deal across the finish line. After seeing one Indian energy venture after another, including two of his own, strangled by bureaucracy and political turf wars, Mr. Somers believes the nuclear-power pact represents the key to unlocking India's huge economic potential -- and the billions of dollars in business opportunities that would follow for U.S. companies.

The U.S.-India Business Council in Washington, of which he is president, is working with a broad coalition of U.S. companies, academics and Indian-American groups to shepherd final congressional passage of a pact President Bush and Indian Prime Minister Manmohan Singh agreed to in March. The deal's proponents believe it will knit together two big democracies in a strategic bond and a rich economic relationship.

"The pure fundamentals of India point to an extraordinary opportunity for multinationals," says 51-year-old Mr. Somers, a former power-company executive who has spent years working to satisfy India's enormous thirst for energy. "This is the dawn of a whole new era."

As the number of days dwindles before Congress breaks, Mr. Somers and a disparate group of allies have coordinated visits, letters and teleconferences to expedite the Senate vote. The House has approved its version of the bill. Mr. Somers's track record in India has become a political asset in Washington, say those who have worked with him. By divining Indian politics, he has earned credibility among U.S. politicians. And by speaking a tangled version of the Southern Telugu language, Mr. Somers has won friends among Indian-Americans, many of whom are flexing their political muscle for the first time.

Companies including Westinghouse Electric Co., Boeing Co. and Ford Motor Co. have lined up behind the initiative. Another strong backer, General Electric Co., provided reactors for India's fledgling nuclear program in 1969 before breaking off cooperation when India exploded a nuclear device five years later.

Now, New Delhi is seeking foreign assistance to reach its stated goal of producing 20,000 megawatts of nuclear power by 2020, a drive that could generate $30 billion in sales for U.S. companies that provide nuclear know-how and equipment, according to Mr. Somers. Industry executives expect India to boost its output goal sharply if the nuclear-cooperation pact is approved.

Meanwhile, the Indian air force is expected to order 126 fighter jets, an estimated $6 billion deal that could tilt toward U.S. companies if nuclear links are established and barriers to sharing technology can be lowered, according to Chris Chadwick, vice president of global strike systems at Boeing Integrated Defense Systems.

In November, around the time supporters hope the nuclear agreement will be finalized, a U.S. trade mission -- touted as the largest ever to visit India, with 200 U.S. companies -- will arrive to scout for business. Some companies will be looking for trade deals, while others will explore investment openings.

But there have been false dawns before for foreign investors in India, especially in the power sector. Many hurdles that tripped up Mr. Somers's earlier energy projects remain, ranging from free electricity for farmers to a succession of Indian bureaucrats, who must learn about new industries and projects with each job rotation. That can mean delays and costly red tape. In September, the World Bank ranked India 134th out of 175 locales in difficulty of setting up or operating a business. And some

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India business backers worry the nation's stalled privatization drive, notably its recently postponed plans to sell stakes in government-owned companies, points to a slowing pace of market liberalization that could hamper growth.

"It is important to bear in mind there are serious economic costs to any loss of momentum on the reform front," U.S. Ambassador David C. Mulford said in a speech this month.

Few foreign executives know the difficulties of operating here better than Mr. Somers. After a stint with the U.S. Agency for International Development in India in the early 1990s, he went to work for Cogentrix Energy Inc. of Charlotte, N.C., to set up a coal-fired power plant. Then a litany of troubles began: Mr. Somers would regularly awake at 2 a.m. to place calls home because that was the only time a long-distance line would be available. He once waited at an Indian airport for five hours, only to be told the pilots hadn't shown up to fly the plane.

Though it was granted fast-track status by the government, Cogentrix's $1.3 billion electric-power project in Karnataka state faced stiff challenges. Negotiators struggled to come up with workable financial terms, mainly because -- like today -- many farmers receive electricity free by order of state governments. Cogentrix also ran into environmental opposition for its coal-fired plant, even though it planned to use clean technologies. "I couldn't get up in the morning without another thing coming at me," says Mr. Somers.

In early 2000 Cogentrix pulled out of India, leaving the project to joint-venture partner China Light & Power Co. of Hong Kong. India's seven other fast-track projects didn't fare much better. The most high profile among them, Enron Corp.'s $2.9 billion Dabhol power project, was shut down in 2001 after its only customer, the Maharashtra State Electricity Board, fell behind on payments. GE and Bechtel Group Inc. bought the rights to Enron's stake, but last year both shed their interests in the plant after a drawn-out dispute with the electricity board and other government interests.

Mr. Somers went on to become Unocal Corp.'s chief executive in India. The U.S. company, now part of Chevron Corp., sought to build a pipeline that would stretch across seven Indian states, tapping gas from Bangladesh. Unocal lined up Indian Oil Corp. and other powerful government backers, but Bangladesh ultimately refused to supply the gas. In 2004 Unocal shelved the plan and shut down its India operations. Mr. Somers headed back to the U.S.

Today, India's cities are increasingly racked by power cuts as the economy expands around 8% a year. Oil and gas reserves can't meet soaring demand. Overseas, Indian bids for oil and gas fields are running up against those of another energy-hungry giant, China. "We need a huge amount of power at a reasonable price," says Harry Dhaul, director general of Independent Power Producers Association of India. "Nuclear is the only option."

Enter Mr. Somers -- again.

In India, Mr. Somers is so well-known he can't walk through a hotel lobby without someone interrupting him. During a visit in July, a vice president of Raytheon Co. wanted to trade gossip on the fighter-jet deal. An Indian-American entrepreneur thanked him for setting up a meeting with Indian defense scientists, who were eager to hear about his company's anthrax vaccine. And an anxious assistant reminded Mr. Somers he was an hour late for his next meeting.

Mr. Somers's group, an affiliate of the U.S. Chamber of Commerce, is scrambling to rally support. In December , the U.S.-India Business Council hired Washington law firm Patton Boggs LLP to help line up lawmakers behind the nuclear deal, formally known as the "United States-India Peaceful Atomic Energy Cooperation Act."

The U.S. requires legislation to dismantle decades-old barriers to sharing its nuclear technology and equipment with New Delhi, and ensuring India has sufficient fuel to run its reactors. In July, the House passed the pact overwhelmingly; a Senate vote could come within days. If the deal is approved, both chambers would vote again on a final version.

The measure would lay the groundwork for a final agreement that would bring India's civilian nuclear program under international safeguards for the first time, but some U.S. lawmakers and security analysts worry that rewarding India for bucking nuclear norms would encourage other nations to follow its example. New Delhi has long refused to sign the Nuclear Non-Proliferation Treaty. In 1998, India exploded a series of nuclear devices, prompting Pakistan's own nuclear tests.

Far from earlier project failures damping his enthusiasm, Mr. Somers says India's future energizes him. "This is a young, hopeful [nation], which embraces wholeheartedly the tenets of free-market democracy," he says. "With all of this going for it, why shouldn't I, or U.S. industry, be anything but upbeat?"

Affirmative Action In India Flips Caste Roles (WT)

By Erica Lee Nelson

The Washington Times, September 25, 2006

NEW DELHI -- Years of affirmative action have upended India's caste system to the point where some upper-caste Brahmins are reduced to working as porters and pedaling rickshaws, while almost half the places in universities will soon be reserved for lower castes and tribal people.

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Ramesh Jha, a Brahmin, came to New Delhi because he could not find work in his village in eastern Bihar state, where farming jobs have disappeared and almost all the government jobs are reserved for lower castes.

He now cleans toilets, performing a job once done by only the lowest of castes -- "untouchable" scavengers who cleaned excreta with their bare hands.

India's version of affirmative action has gradually taken hold over the past 50 years, designed to bring justice to those who were long oppressed by the Hindu caste system.

Now the government, using data from a caste census taken in 1931, is on its way to increasing the number of university admissions reserved for lower castes and tribal people to 49.5 percent from 22.5 percent.

When the reservation system was introduced in 1990, violent protests surged through the country and one student immolated himself in protest. This year, large groups of medical and engineering students went on hunger strikes, faced tear gas and left hospitals unmanned for days to participate in protests.

The demonstrators say the quota system will squelch merit in India's most respected universities and further fracture Indian society. More protests are expected when Parliament reconvenes for the winter session.

Since caste cannot always be determined by looks, corrupt government officials are known to create fake lower-caste certificates for anyone who pays. Recently, the Indian Express newspaper obtained a backward-caste certificate for Atal Behari Vajpayee -- a Brahmin and former prime minister -- simply by paying a bribe of less than $10.

Meanwhile, the status of Brahmins in many states is abysmal. In Andhra Pradesh, 44 percent of Brahmins in the 5 to 18 age group dropped out of school at the primary level, according to a book by J. Radhakrishna. And hundreds of thousands of Brahmins who were forced to leave insurgency-hit Kashmir now live as refugees in other parts of India.

Much of the progress made by the lowest castes is attributable to the work of the Sulabh Sanitation Movement in New Delhi, which has worked to improve conditions for those who clean public toilets while training them for other kinds of work.

Its founder, Bindeshwar Pathak, a Brahmin, recalls the day from his childhood that his grandmother forced him to swallow sand and cow manure because he had touched an "untouchable." Inspired by Mahatma Gandhi's social movement, he made it his life's work as an adult to fight against that prejudice.

Mr. Pathak, 64, estimates that 13 million toilets are cleaned by members of the manual scavenging caste -- women like Usha who started cleaning sewage when she was 15 years old, just after her marriage.

"I was sick when I did that work," says Usha, who uses only one name. "My stomach always felt bad. My employers would never hand me food. They would only drop it on the ground."

The Sulabh Sanitation Movement trained her to make noodles and grind spices to sell to hotels in the area. The community now looks up to her, and she makes enough money to send her children to school.

But, she says, no one in her slum has benefited much from reserved jobs in the government: They only get jobs as cleaners. And no one of her generation has enough education to gain admission to a university, even if the increased reservations are implemented.

Rather, she says, it is members of the subcastes that stand slightly above the untouchables who are in a position to take advantage of the government benefits.

In order to correct this imbalance, Mr. Jha says, reserved jobs and places in universities should be allotted on the basis of income rather than caste.

"Anyone coming from poverty level should be helped by the government, no matter what the caste, so they can grow and develop," he says.

Somalia's Islamists Seize Seaport (AP)

By Nasteex Dahir Farah, Associated Press Writer

AP, September 25, 2006

Hundreds of Islamic militiamen in heavily armed trucks took over the southern town of Kismayo, one of the last seaports that had been outside their control in Somalia, witnesses said Sunday.

"The Islamic courts have entered Kismayo," said resident Abdi Gashan, adding that the warlords who previously ruled the area had fled. "We welcome the Islamic courts."

The peaceful takeover was the latest blow to Somalia's virtually powerless government. The country's defense minister, Col. Barre "Hirale" Aden Shire, had been a leading member of the Juba Valley Alliance that had been ruling Kismayo and was among those who fled.

Hirale's deputy, Yusuf Mire Mohamud, said "the Juba Valley Alliance has collapsed today."

Members of the Islamic group, which the United States accuses of harboring al-Qaida terrorists, were not immediately available for comment.

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Leaders from the Islamic militia — which controls the capital, Mogadishu, along with much of southern Somalia — have been in Kismayo for several days, in direct challenge to the alliance. Fearful residents of the town, some 260 miles southwest of Mogadishu, have been fleeing across the border to Kenya in case fighting breaks out.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, throwing the country into anarchy.

An interim government was formed in 2004 with U.N. help in hopes of restoring order after years of lawlessness. But the Islamic movement seized Mogadishu in June and now controls much of the country's south.

The government controls just one town, Baidoa, 150 miles from the capital.

The United States has accused the Islamic group of sheltering suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania. Al-Qaida chief Osama bin Laden has portrayed Somalia as a battleground in his war on the U.S.

The group's strict and often severe interpretation of Islam raises memories of Afghanistan's Taliban, which was ousted by a U.S.-led campaign for harboring bin Laden and al-Qaida fighters. Still, many residents credit the courts with bringing a semblance of order.

U.S. Envoy Says Sudan One Of His Toughest Tasks (USAT)

By Barbara Slavin

USA Today, September 25, 2006

The Bush administration's new envoy to Sudan said his mission to try to stop the genocide in Darfur will be a daunting assignment.

Andrew Natsios, a former head of the U.S. Agency for International Development, said his new job will be “one of the most difficult I've had.” In an interview Friday, he compared it to his work on Boston's “Big Dig.” Natsios was chairman and chief executive officer of the Massachusetts Turnpike Authority for a year. In 2000, he was brought in to try to get the calamity-plagued bridge and tunnel project on track.

Natsios said his first task will be to convince the Sudanese government to stop bombarding rebel villages in Darfur and allow the deployment of United Nations peacekeepers in the western Sudanese region, which is the size of France.

The U.N. Security Council passed a resolution last month calling on Sudan to permit deployment of 20,000 peacekeepers in Darfur. The U.N. force would augment an African Union (AU) force that has failed to stop the killing and displacement of Darfur civilians.

The conflict began in February 2003, when Darfur rebels attacked government installations, claiming discrimination against the region's non-Arabic-speaking farmers. The government unleashed helicopter gunships, and the Janjaweed, pro-government militias on horseback and camels, burned villages, raped women and slaughtered thousands. The attacks have forced more than 2 million from their homes and killed at least 200,000.

In recent weeks, the government has stepped up bombing of villages in rebel-held areas, New York-based Human Rights Watch says.

Sudanese President Omar al-Bashir has rejected U.N. troops, saying their presence would violate Sudan's sovereignty.

Last week, the AU announced it would extend its force's mandate, due to expire Sept. 30, until the end of the year. Noureddine Mezni, an AU spokesman, said Sunday that the organization would increase the number of troops in Darfur, currently 7,000.

“It will be a matter of battalions. I cannot specify how many,” he said. A battalion usually is made up of 600 to 800 soldiers.

In a speech to the U.N. General Assembly last week, President Bush told the people of Darfur: “You have suffered unspeakable violence, and my nation has called these atrocities what they are — genocide.”

Two years ago, then-secretary of State Colin Powell called the Darfur situation genocide. Bush said that if the Sudanese government does not cooperate, “the United Nations must act.” He also announced Natsios' appointment.

Natsios said he will travel to the region in the next few weeks to try to convince the Bashir government to accept U.N. peacekeepers and to encourage Darfur rebels to stop fighting. A similar mission this month by Assistant Secretary of State for Africa Jendayi Frazer failed on both fronts. Natsios said the United States has “a plan B and a plan C” to deal with Darfur if his efforts do not succeed. He would not provide details.

U.S. leverage with the Sudanese government is limited by political and economic considerations:

·Sudan provides crucial cooperation on terrorism. Paul Pillar, former Middle East chief on the National Intelligence Council, which advises the president, said the Sudanese government “has for the past several years tried to get into our good graces by cooperating on terrorism,” particularly against al-Qaeda, which was founded in Sudan in the early 1990s.

If the Bush administration were to increase pressure on Sudan by seeking to freeze its assets or block its oil exports, such cooperation could fade. “There is no question in my mind” that this is a complicating factor on Darfur, Pillar said.

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John Prendergast, a Sudan specialist with the International Crisis Group, a Brussels-based organization that seeks to end conflicts, said U.S. leverage is limited because Sudan's intelligence chief, Maj. Gen. Salah Abdallah Gosh, who works with the CIA against al-Qaeda, is the same man who came up with the strategy of using the Janjaweed.

Natsios said, “I have to be aware of” the intelligence links, but “that's not driving” U.S. policy.

·Sudan uses oil as a diplomatic weapon. The toughest penalty against Sudan would be to block its oil sales, which account for 70% of its export earnings. Sudan is Africa's third-largest oil producer and the third-largest supplier of oil to China, a permanent member of the U.N. Security Council with the power to veto any sanctions. China owns 40% of Sudan's major oil company, said Princeton Lyman, an Africa expert at the Council on Foreign Relations: “The Chinese have not put pressure on Sudan, and they've blocked U.N. sanctions.”

Natsios acknowledged that “dealing with the Chinese will be critically important.”

·Arab and Muslim countries have supported Sudan. Although Darfur natives are Muslim, many do not speak Arabic or identify with Arabs, as the government and most of the Janjaweed do. In general, the 22-member Arab League has backed Bashir in opposing the deployment of U.N. troops.

Natsios said he hoped that would change. A lot of Muslim leaders “are very nervous about where this is going,” he said, referring to the deaths of fellow Muslims.

A NATO Solution For Sudan's Genocide (WSJ)

By Kurt Bassuener And Eric A. Witte

The Wall Street Journal, September 25, 2006

The Sudanese genocide in Darfur is on a faster track than the diplomacy hoping to stop it.

True, the Aug. 31 United Nations Security Council resolution to replace the African Union's underpowered observer force in Darfur with a stronger U.N. mission of over 17,000 troops clearly worries the Sudanese regime. But its fear that the world may finally summon the will to intervene forcefully has led to Khartoum's initial decision to expel and now try to co-opt the AU's ineffectual force. The regime seems to bet that by wiping out rebels and accelerating the genocide this fall, it can preclude any intervention.

At the U.N. Security Council earlier this month, Secretary General Kofi Annan reported that Sudanese aircraft have renewed bombardment of civilians, and that Sudanese army regulars are on the march. The genocidaires' plan has been kicked into overdrive. Even an agreement to a meaningful U.N. force now may come too late.

But the West's current tactics -- such as British Prime Minister Tony Blair's announcement two weeks ago that he would try to engineer an invitation from Khartoum -- will never convince Sudan to allow a "permissive environment" for deploying the kind of international force that Sudanese leader Omar Bashir categorically rejects. His threats of jihad against intervening troops are clearly designed to spook a Western public already jittery about terrorism at home and hot conflicts in Iraq, Afghanistan and elsewhere. The Security Council's insistence on walking through an open door rather than displaying the will to kick it down gives Sudan an effective veto over any force deployment. China and Russia, for reasons of oil, arms, and precedent would no doubt veto Security Council authorization of a deployment unless Sudan consents.

The only way Beijing, Moscow and Khartoum might change their minds is if the alternative is even less palatable: a force in which they have no say. Coercing the necessary Sudanese consent and convincing likely resisters on the Security Council to demur, as U.S. Secretary of State Condoleezza Rice hinted at Friday, is possible if the West moved outside the U.N. framework. NATO could rapidly alter the strategic and diplomatic equation by creating a no-fly zone and denying Sudanese control over Darfur's skies. It wouldn't be the first time for NATO to stop ethnic cleansing "unilaterally."

In 1999, NATO intervened in Kosovo to end Serbian atrocities without approval of the divided Security Council and thus paved the way for a U.N.-approved ground force under NATO and a U.N. civilian mission. Later that year, New Zealand's foreign minister mooted intervention without U.N. approval in East Timor, prodding China and others to rethink their resistance to a strong U.N. force.

But who could lead such a NATO force? Bogged down in Iraq and Afghanistan, the U.S. is unlikely to take charge. It is Europe and particularly France, recently more vocal than ever on Darfur, that hold the keys to meaningful international action. French Foreign Minister Philippe Douste-Blazy said earlier this month that it was "essential" for Khartoum to accept the U.N. force and even alluded to a deployment of troops without Sudanese consent. "Do we go there, in spite of them?" Mr. Douste-Blazy said at a Paris news conference. "That's not on the table; nobody has asked the question like that. But it's a real question," he stressed. The answer must be a resounding yes.

Despite its commitment to lead the augmented U.N. Interim Force in Lebanon, France remains the best-positioned power to take the lead on Darfur, given its military bases in neighboring Chad. European NATO forces -- acting through the alliance or as an EU-led Combined Joint Task Force availing itself of NATO assets, such as logistics and airborne battlefield management --

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could quickly establish a no-fly zone over Darfur and eastern Chad from French airfields there. This could immediately end Sudanese strafing of Darfuri villages and provide a foundation for deploying reinforcements to AU troops without unduly stretching NATO military resources. In so doing, Khartoum -- denied control of its western airspace and with its ground forces as vulnerable as the civilians the regime has been attacking -- would find it hard to continue resisting a U.N.-mandated ground force.

If, despite a no-fly zone, the Sudanese government still were to block the deployment of a robust U.N. force, NATO could up the ante and strike at Janjaweed and government forces that continue to attack civilians. It should also begin staging a heavily armed brigade in Chad as the core of a future U.N.-approved, Chapter VII peace enforcement mission.

The only thing that could secure Sudan's agreement to a U.N.-mandated force is a NATO force prepared to act without one.

Messrs. Bassuener and Witte are senior associates at the Democratization Policy Council.

Official Claims Abuse At N.Y. Airport (WT/AP)

By Ian James

The Washington Times, September 25, 2006

NEW YORK -- Venezuela's foreign minister said he was detained for 90 minutes by officials at a New York airport and accused authorities of treating him abusively by trying to frisk and handcuff him.

U.S. officials called the Saturday evening incident regrettable and said they had apologized to Foreign Minister Nicolas Maduro. But Mr. Maduro said Venezuela would seek a legal challenge through the United Nations to what he called a "flagrant violation of international law" and his diplomatic immunity.

"We were detained for an hour and a half, threatened by police with being beaten," Mr. Maduro told reporters at Venezuela's mission to the United Nations. "We hold the U.S. government responsible."

A U.N. diplomat who spoke on the condition of anonymity said Mr. Maduro's return home had been delayed because he arrived late at the airport without a ticket, prompting extra screening.

Department of Homeland Security spokesman Russ Knocke denied that Mr. Maduro was mistreated at John F. Kennedy International Airport when he was selected for an extra security check.

"He began to articulate his frustration with secondary screening right after he went through" a metal detector, Mr. Knocke said. "Port Authority officials confronted him when the situation became a ruckus."

Mr. Maduro said he refused a request to go to another room for a strip-search. He told CNN that an official pushed him and yelled at him. He told reporters that the situation worsened when he explained he was the Venezuelan foreign minister and presented his diplomatic passport.

Mr. Maduro said authorities at one point ordered him and other officials to spread their arms and legs and be frisked, but he said they forcefully refused. He said officers also threatened to handcuff him.

"We responded with the dignity of Venezuelan revolutionaries ... with strength," Mr. Maduro said at Venezuela's mission to the United Nations. "It's a Nazi government, a racist government."

If this is how U.S. authorities treat a foreign minister, he asked, "What won't they do to Arab people for wearing a turban?"

He said his passport and ticket were seized and eventually returned, but the incident prevented him from flying home Saturday.

State Department spokesman Tom Casey said it was a "regrettable incident" for which "the U.S. government has apologized."

Fidel Castro, in his role as president of the Non-Aligned Movement, decried the incident in a statement, calling it a "vulgar provocation."

The statement issued late Saturday said that the Cuban leader reacted "with indignation" and that the detention was an "unacceptable violation" of international norms regarding diplomats.

Cuba took over the leadership of the Non-Aligned Movement Sept. 15. Its 118 members comprise two-thirds of the world's nations, mostly developing countries.

Relations between the U.S. and Venezuela -- strained for several years -- took a particularly confrontational turn last week, when Venezuelan President Hugo Chavez, speaking at the annual U.N. General Assembly, called President Bush "the devil."

U.S. officials often call Mr. Chavez a threat to democracy.

Mr. Maduro told reporters that the treatment of him and other Venezuelan officials seemed in part to be an "attempt to provoke us."

He said about an hour and 20 minutes into his detention, he received a call from U.S. Assistant Secretary of State Thomas Shannon, who apologized and said State Department officials were on their way to resolve the matter.

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Five minutes later, State Department officials arrived and ordered Mr. Maduro and the others to spread their arms and legs to be frisked by police, he said.

Mr. Maduro said that Venezuela has lodged a protest with U.N. Secretary-General Kofi Annan and that the incident should be investigated so that those responsible are punished. He said those who detained him did not make any particular accusations.

Crazy Like A Fox (TIME)

By Tim Padgett

Time, September 25, 2006

It's no surpriseÂ that the first thingÂ Hugo ChÃ¡vez offers me as we sit down for an interview is a cup of coffee. ChÃ¡vez is a renowned caffeine fanatic, known for downing as many as two dozen small cups a day. Venezuelans speculate that it's one reason their President is so prone to impulsive diatribes like the one he delivered at the U.N. General Assembly last week, in which he accused President George W. Bush of being the "devil" and leaving a satanic "smell of sulfur" in the U.N. hall. ChÃ¡vez wasn't done. A few hours before he met me, he gave a speech in Harlem in which he called Bush an "alcoholic."

But by the time he arrived at Venezuela's U.N. mission last Thursday, Hurricane Hugo had lost some of his bluster. On the basis of two previous meetings with ChÃ¡vez, I expected him to be considerably less strident when sitting over a cup of guayoyo (a Venezuelan-style cup of coffee) than while standing at a lectern. Indeed, when an aide reminded him that my wife is Venezuelan, he asked to see pictures of her and our kids. He seemed genuinely surprised when I informed him that rebukes were pouring in from liberals in the U.S. Congress over the way he insulted Bush on U.S. soil. "Bush has called me worse," ChÃ¡vez said, with a shrug. "Tyrant, populist dictator, drug trafficker, to name a few. I was simply telling a truth that people should know about this President, a man with gigantic power that no one seems to be braking."

ChÃ¡vez, 52, believes it's his destiny to be the leftist David who puts the brakes on what he calls Bush's imperialist Goliath--not just in Venezuela, which has the hemisphere's largest oil reserves, but in Latin America and the world. In his eight years as President, ChÃ¡vez has gone from a backwater strongman to a genuine global player, capitalizing on sky-high oil prices to spread his influence across Latin America and to win attention when he denounces the Bush Administration. That has made Caracas a hot destination for leftist tourists, bolstered ChÃ¡vez's celebrity cachet--he counts Danny Glover and Harry Belafonte as friends--and made him the most visible Latin leader since Fidel Castro. But his rhetorical excesses, like his antics at the U.N., allow his critics to dismiss him as a buffoonish pretender. It was a sign of how badly his act played in New York City last week that even Democratic Representative Charles Rangel, a harsh critic of Bush's, went out of his way to tell ChÃ¡vez that "you don't come into my country, you don't come into my congressional district and ... condemn my President."

Yet the problem for the Bush Administration is that while many Americans recoil, much of the rest of the world applauds. That's a big reason the U.S. is lobbying hard to prevent Venezuela from winning a nonvoting seat next month on the U.N. Security Council, where ChÃ¡vez could run interference for his friend, Iranian President Mahmoud Ahmadinejad, in the dispute over Iran's nuclear ambitions. The U.S. is backing Guatemala for the seat, but ChÃ¡vez has lined up the support of such influential nations as Russia, China and Brazil. And if Venezuela does win it, it would be the latest reminder that while 20th century rebels like Castro could do little more than rail at Washington, the U.S. today faces post--cold war radicals like ChÃ¡vez and Ahmadinejad who have the will, savvy and resources to constrain American power and thwart U.S. interests. Says an African diplomat: "ChÃ¡vez will stand up and articulate, however coarsely, the notion many of our citizens hold--that Bush and the U.S. have kicked us around for some time now after 9/11 and we would like it to stop."

ChÃ¡vez has long been an insurgent. He grew up idolizing his great-grandfather, who went into the mountains to lead a revolt against an early 20th century Venezuelan dictator, and SimÃ³n BolÃ-var, South America's 19th century independence hero. "ChÃ¡vez has always seen himself as that kind of heroic man of action on horseback," says Alberto Barrera, co-author of the biography Hugo ChÃ¡vez sin Uniforme (Hugo ChÃ¡vez Out of Uniform). Venezuela's ambassador to the U.N., Francisco Arias, a former classmate who took part with ChÃ¡vez in a 1992 coup attempt, says that when the two men went through military training together, "Hugo was the one cadet who stood up to the awful hazing" at the academy.

When ChÃ¡vez went to jail in 1992 for attempting to overthrow the government, the joke on the streets was that he deserved 30 years: one for the coup and 29 for failing. The incident won him admiration among ordinary Venezuelans, who backed ChÃ¡vez for taking a stand against their criminally corrupt Ã©lite, who for decades had pillaged the oil wealth and left half the population in poverty. That popular support got him and his comrades released, and ChÃ¡vez set out to take power at the ballot box instead. In 1998 he won a landslide presidential victory (and another in a special 2001 election).

Having vanquished Venezuela's political establishment, ChÃ¡vez has set his sights on bigger targets. Exploiting the fact that the U.S. gets about 15% of its foreign oil from Venezuela, he pushed the Organization of Petroleum Exporting Countries, of which Venezuela is a founding member, to pump up crude prices. In 1998, Venezuela's state-run oil monopoly, PDVSA, earned

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less than $14 billion in export revenue; this year it is expected to rake in almost $40 billion. In 2002 the White House was widely perceived to have backed a failed coup attempt against ChÃ¡vez. (The Bush Administration denies that.) The resulting sympathy ChÃ¡vez won coincided with the new petro-largesse he could spread around Latin America to curry favor for his Bolivarian revolution--including epic projects like a proposed $20 billion, 6,000-mile-long gas pipeline from Venezuela to Argentina to help integrate South America's economies. ChÃ¡vez's anti-Yanqui message has changed the hemisphere's political equation, catapulting Latin leftists like Bolivia's Evo Morales into power and helping nonhemispheric powers like China gain a stronger economic foothold. "The U.S. fears Venezuela's presence on the Security Council," ChÃ¡vez says, "because it knows we'll be a genuinely independent vote for the Third World."

ChÃ¡vez has also poured the country's oil windfall into a New Deal's worth of social programs in Venezuela, including the first medical clinics that many dirt-poor Caracas barrios have ever seen--usually staffed by doctors from Cuba whom Castro sends in exchange for cut-rate oil. "I don't care if our doctors are from Mars," says Manuel Tejera, who is helping build a clinic and lay potable-water pipes in the La Vega barrio. "We feel more like real citizens here for once."

But ChÃ¡vez is also a polarizing figure at home. Although his approval ratings are in the high 50s, there is growing impatience with the country's stubborn unemployment and violent crime. Teodoro Petkoff, an erstwhile socialist leader who is a campaign strategist for ChÃ¡vez's main opponent in the December presidential election, Manuel Rosales, says ChÃ¡vez's "21st century socialism" is only a short-term fix. "The real fight against poverty is a fight against unemployment," Petkoff says. Others complain that ChÃ¡vez is a Castro wannabe who has subverted Venezuela's democratic institutions, especially the courts, and may well seek a constitutional change to let him run for a third term in 2012 if, as expected, he wins re-election in December. For the most part, Venezuelan media are still free to rail at ChÃ¡vez--and they do. "Just watch two hours of television there," ChÃ¡vez says. "My God, devil is the least of things the opposition is allowed to call me on the air."

What may ultimately erode ChÃ¡vez's stature are exactly the things that he has skillfully used to boost it. As the price of oil begins to fall, critics predict ChÃ¡vez's radical influence will too. Some analysts believe that Mexico's leftist candidate, AndrÃ©s Manuel LÃ³pez Obrador, narrowly lost the recent presidential race in large part because his conservative opponent painted him as a ChÃ¡vez clone. The same thing happened a month earlier in presidential elections in Peru.

ChÃ¡vez considers his bravado his chief asset, but critics say it too often makes it hard to take him seriously as a statesman. While Ahmadinejad wowed U.S. audiences with his verbal dexterity last week, ChÃ¡vez seemed only to enhance his reputation for gratuitous Bush baiting. After ChÃ¡vez's speech at the General Assembly, the U.S. ambassador to the U.N., John Bolton, called the performance "a comic-strip approach to international affairs." A product of Venezuela's llanos, or rural plains, ChÃ¡vez patterns his style after the straight-talking vaqueros (cowboys) he grew up with. (One of his favorite American films is Clint Eastwood's Pale Rider.) And ChÃ¡vez is fond of calling Bush "Mister Danger," a reference to a quintessential Ugly American in Venezuela's best-known novel, DoÃ±a BÃ¡rbara, a torrid story set not far from where ChÃ¡vez was raised. And the "devil" barb, he points out, stems from a legend about a vaquero who beats Satan in a singing contest. But at some point even cowboys have to learn a more diplomatic tune. With reporting by Jens Erik Gould/Caracas

The Sound & The Fury (TIME)

By Tim Padgett

Time, September 25, 2006

TIME: Why do you attack President George W. Bush with such jolting language?

CHAVEZ: I believe words have great weight, and I want people to know exactly what I mean. I'm not attacking President Bush; I'm simply counterattacking. Bush has been attacking the world, and not just with words--with bombs. When I say these things I believe I'm speaking for many people, because they too believe this moment is our opportunity to stop the threat of a U.S. empire that uses the U.N. to justify its aggression against half the world. In Bush's speech to the U.N., he sounded as if he wants to be master of the world. I changed my original speech after reading his.

TIME: But doesn't your rhetoric--referring to Bush, for example, as an "alcoholic"--risk alienating potential allies?

CHAVEZ: First of all, Bush has called me worse: tyrant, populist dictator, drug trafficker, to name a few. I was simply telling a truth that people should know about this President, a man with gigantic power.

TIME: Is all of this mostly for domestic consumption back in Venezuela?

CHAVEZ: No. American author Noam Chomsky in his book [Hegemony or Survival: America's Quest for Global Dominance] talks of two superpowers in today's world--one is the U.S., which aggressively wants to dominate the world, and the other is global public opinion. I don't consider what I'm saying personal attacks on President Bush--I want to wake up U.S. and global public opinion about him.

TIME: Do your feelings about Bush reflect your feelings toward America in general?

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CHAVEZ: No. I revere America as the nation of Abraham Lincoln, Martin Luther King and Mark Twain--who was a great anti-imperialist, who opposed U.S. adventurism in the Spanish-American War.

TIME: You often speak of the link between U.S. foreign policy and its appetite for oil.

CHAVEZ: Bush wanted Iraq's oil, and I believe he wants Venezuela's oil. The blame for high oil prices lies in the consumer model of the U.S. Its reckless oil consumption is a form of suicide.

TIME: You said recently that you believe the "BolÃ-var Doctrine is finally replacing the Monroe Doctrine" on your watch. Why?

CHAVEZ: For two centuries in this hemisphere we've experienced a confrontation between two theses--America's Monroe Doctrine, which says the U.S. should exercise hegemony over all the other republics, and the doctrine of SimÃ³n BolÃ-var, which envisioned a great South American republic as a counterbalance. Bush has spread the Monroe thesis globally, to make the U.S. the police of the world--if you're not with us, he says, you're against us. We're simply doing the same now with the BolÃ-var thesis--a doctrine of more equality and autonomy among nations, more equilibrium of power.

TIME: What's the difference between your "socialism for the 21st century" and past attempts to fix the region's economic inequality?

CHAVEZ: When I was released from prison [in 1994] and began my political life, I naively took as a reference point Tony Blair's proposal for a "third way" between capitalism and socialism--capitalism with a human face. Not anymore. After seeing the failure of Washington-backed capitalist reforms in Latin America, I no longer think a third way is possible. Capitalism is the way of the devil and exploitation, of the kind of misery and inequality that destroys social values. If you really look at things through the eyes of Jesus Christ--who I think was the first socialist--only socialism can really create a genuine society.

TIME: Yet one slogan of your re-election campaign is "Against ChÃ¡vez, Against the People." You also seem to have taken on a with-me-or-against-me stance.

CHAVEZ: The difference is ethics and morals. We're not threatening anyone. That slogan is simply a call for conscious reflection on national unity. We're not going to enforce it by bombing or invading anyone.

TIME: Critics have noted that while you were free to slam President Bush on U.S. soil, a new defamation law in Venezuela makes people subject to criminal prosecution for slander against officials like you.

CHAVEZ: They need to visit Venezuela. If you think ChÃ¡vez is intimidating free expression, just watch television there--my God, devil is the least of things the opposition is allowed to call me on the air.

TIME: Could Venezuela play an interlocutor role between Iran and the U.S.? You and President Bush have some things in common--you both hail from cowboy country and enjoy Clint Eastwood movies.

CHAVEZ: I like Danny Glover movies better. But I don't believe there is anyone who can play the interlocutor with a leader who considers himself master of the world, as Bush does. Before the 2002 coup attempt against me--which Bush backed--various Presidents around the world tried to be interlocutors between Bush and ChÃ¡vez. I said sure, please give him my regards. But they found it a waste of time with this U.S. President. I could talk to Clinton, but not Bush.

Chávez's Inferno (WSJ)

By Alvaro Vargas Llosa

The Wall Street Journal, September 25, 2006

It would have been more appropriate for Hugo Chávez to brandish Dante's "Divine Comedy" than Chomsky's "Hegemony or Survival" during his sulfuric broadside at the U.N. last week. In the first part of the Italian masterpiece, the author undertakes a journey through the nine concentric circles of the Inferno, each representing a type of evil. Dante's description reads like a script of present-day Venezuela.

Dante's first circle is for those who lack faith. In Chávez's Inferno, the first circle is made up of those who lack food. Cendas, a research center, maintains that 80% of Venezuelans cannot meet the cost of a basic daily diet. According to an official statistic the government inadvertently made public on the Web site of the Instituto Nacional de Estadística, between 1999, the year in which Chávez took office, and 2004, poverty rose to 53% from 43% of the population. The authorities attributed the figures to an outdated methodology and now claim the rate of poverty is 42%. If it were true, that would be embarrassing enough, because it would mean that poverty has remained at nearly the same level for eight years.

Dante's second circle is for those unable to control lust. Chávez's second circle is for those unable to control homicidal instincts. His government has degraded social coexistence so much that there have been more homicides in Venezuela during his seven-and-a-half years in office than there have been deaths in any single armed conflict around the world in recent years. Between 2001 and 2006, the number of homicides in Venezuela has been three times the number of victims in Afghanistan.

Dante's third circle is for gluttons who leave us with no food. Chávez's third is reserved for corrupt authorities who leave Venezuelans with no wealth. The major sources of corruption have been Plan Bolívar 2000, the state-owned oil company, and

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social programs known as "missions." Under Plan Bolívar 2000, the army took over development programs from the local governments. In the case of PDVSA, the energy giant, no one but Chávez and his cronies have access to detailed financial records. The budget for social programs, personally controlled by Chávez, is not included in any government ministry.

Dante's fourth circle is for misers. In Chávez's Inferno, the fourth circle is made up of bureaucrats who claim to provide social services but use funds to pay people to attend rallies or bust up opposition gatherings. Marino González, from Universidad Simón Bolívar, says that the "Barrio Adentro" program that purports to tend to all the pregnant women in the country only serves 2,000 expectant mothers out of a total of half a million each year. No country ever became prosperous through socialism, but for a government that claims to be able to tend to the needy, not being able to meet even 1% of the commitment is a particularly hellish sin.

Dante's fifth circle is for those who succumb to wrath. Chávez's fifth is for political persecution. Venezuela's human rights record is atrocious. Two violent incidents involving Chavista henchmen with many fatalities have gone unpunished, including the killing in April 2002 of 12 people who were protesting near the government palace. There are political prisoners such as Francisco Usón, former minister of finance in Chávez's government, who received a six-year sentence for saying he thought an incident in which a few soldiers died at Fort Mara in 2004 was no accident. Henrique Capriles, the mayor of Baruta, was jailed in 2004, accused of organizing a violent protest against the Cuban embassy which he had actually helped diffuse.

Dante's sixth circle is for heretics. Chávez's sixth circle is for heretic journalists who try to tell the truth. In December 2004, a "gag law" was imposed making it easy to prosecute journalists. The president continually threatens to withdraw TV and radio licenses -- the reason why there are no opinion programs on network TV. Government-controlled mobs called Bolivarian Circles, formed with the help of the Cuban intelligence apparatus, harass journalists.

Dante's seventh circle is for the violent. Chávez's seventh circle is another name for imperialism. His government has bought (or is buying) 100,000 AK-47s, 53 Mi-35 assault helicopters, fighter jets, transport planes, patrol boats, speedboats and Tucano jets from Russia, Spain and Brazil. Chávez is a long-time supporter of FARC, Colombia's terrorist group. He granted Venezuelan citizenship and protection to Rodrigo Granda, its "foreign minister," until Alvaro Uribe's government hired bounty hunters to bring him back to Colombia in 2005. The Venezuelan leader has given financial and political support to movements from Mexico to Bolivia. (His support for Ollanta Humala in Peru and Andrés Manuel López Obrador in Mexico was a major factor in both men's recent defeats.)

Chávez buys influence through oil. It is a form of blackmail: At OPEC, Chávez fights for increasing prices, making life hard for poor countries that import oil, and then offers those very nations oil subsidies they have no choice but to accept. That is what happened with the 14 Caribbean countries that make up the Caricom group. He also sends 100,000 barrels of oil to Cuba daily; and 200,000 barrels to Bolivia every month in exchange for soy, poultry and political subservience. And he has bought $3 billion worth of Argentine bonds to entice President Kirchner's loyalty. Chávez is denying his nation its wealth from oil, somewhere between $40 billion and $50 billion a year. His annual "aid" budget totals more than $2 billion. He sponsors 30 countries, including some in Africa, in order to buy their vote for a seat at the U.N. Security Council.

Dante's eighth circle is for those who commit fraud. Chávez's eighth is fraudulent anti-Americanism. Chávez exports 1.5 million barrels of oil a day to the U.S. Since oil makes up half the government's revenue and the U.S. is the principal destination of Venezuelan oil, he pays daily homage to U.S. capitalism. Moreover, Venezuela imported $18 billion worth of goods and services from the U.S. in 2005. He may have signed 20 trade deals with Iran's Ahmadinejad, but what he really lusts for is U.S. capitalism. (Another type of fraud involves the electoral system. Chávez has manipulated the voter registration rolls, adding two million phantom voters, including 30,000 who are 100 years old and citizens named "Superman." Four out of five members in the Electoral Council are Chávez lackeys.)

Dante's final circle is for traitors. Chávez's ninth is for traitors, too -- and the place is getting crowded. Army officers betray Chávez every day. Labor leader Carlos Ortega recently fled with three officers from a high-security prison controlled by the army. They evaded security controls thanks to help from army personnel.

At the end of Dante's Inferno is the center of the earth, where Satan is held captive in the frozen lake of Cocytus. In Venezuela's Inferno, Satan is frozen in oil-rich Lake Maracaibo, a metaphor for astronomical wealth squandered by tyrannical populism. The journey through hell is now complete.

Mr. Vargas Llosa, author of "Liberty for Latin America" (Farrar Straus Giroux, 2005), is director of the Center on Global Prosperity at the Independent Institute.

As Brazil Prepares To Vote, Scandal's Taint Seems To Fade (NYT)

By Larry Rohter

The New York Times, September 25, 2006

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CARUARU, Brazil — A year ago, President Luiz Inácio Lula da Silva was on the ropes, his support and legitimacy sapped by the biggest corruption scandal in Brazil's modern history. But with Brazilians scheduled to vote Oct. 1, he now seems likely to cruise to a landslide re-election victory anyway.

The turnaround is a result of several factors, political analysts say, like generous patronage and social programs that have buoyed the president's standing. Simple voter weariness with hearing about corruption day after day has also clearly played a part.

But at least as important is the bedrock of support for Mr. da Silva, 60, the country's first elected left-wing president, among the nation's poor, like those here in the northeast. He was born in the region into a peasant family, one of eight children.

Mr. da Silva's campaign theme song, played incessantly over loudspeakers at campaign rallies and on television advertisements, reminds voters again and again of those humble roots and his kinship with them. "He's the first president with the soul of the people, who looks like us," one verse proclaims.

That argument seems to have resonated with the electorate. So has Mr. da Silva's strategy of distancing himself from the scandal, and from his own Workers' Party, which is expected to lose many of its seats in Congress, even as the president seems likely to emerge from the election unscathed.

Polls indicate that Brazilians blame Congress, the Workers' Party and "the government" for corruption, but have largely exempted Mr. da Silva from responsibility for the scandal.

"Lula is not a conventional president, and enjoys a degree of identification with the less-educated sector of the populace that is like a safe conduct pass that allows him to do what he wants," said Rubens Figueiredo, a university professor and public opinion consultant. "He has been absolved beforehand."

[In mid-September a new scandal erupted, which forced the replacement of Mr. da Silva's campaign manager but has had minimal immediate impact on polls. Two Workers' Party operatives were arrested with $792,000 in cash that the police say was going to be paid to owners of an ambulance business, involved in another Health Ministry scandal, in return for a dossier meant to incriminate Mr. da Silva's opponent in the 2002 election, who was a former health minister.]

Recent polls have showed Mr. da Silva hovering around the 50 percent of the vote he would need to avoid an Oct. 15 runoff. His closest challenger, Geraldo Alckmin of the Brazilian Social Democratic Party, has been trailing far behind, with fewer than 30 percent of voters questioned saying they will vote for him. Broken down state by state, those numbers indicate an electorate of 126 million voters sharply divided along class and regional lines.

While Mr. da Silva and Mr. Alckmin, a doctor and former governor of São Paulo State, are running close in the more prosperous, industrialized south, polls show the president pulling down 70 percent of the vote in this poor nine-state area that is home to more than 50 million people.

"It would be so easy to govern if we only had to take care of the poor," Mr. da Silva said gratefully at the start of the campaign. "The poor don't cause problems," he added. "All they want is a bit of bread. They don't have the money to go protest in Brasília, to organize marches."

The scandal that threatened to derail Mr. da Silva's presidency erupted in May 2005, when a kickback scheme involving post office contracts was exposed. As the news media and congressional investigators dug deeper, however, they found evidence that Mr. da Silva's 2002 presidential campaign was financed illegally. The clandestine fund-raising scheme continued after he was elected and included payoffs to members of Congress in return for votes.

As a result, Mr. da Silva's two most important aides — his chief of staff, José Dirceu, and his finance minister, Antonio Palocci — were implicated and had to resign. The president of the Workers' Party, which Mr. da Silva founded in 1980 as a labor leader, also had to step down in disgrace, as did the party's secretary general and treasurer.

Initially thrown off balance, Mr. da Silva offered at least five widely varying defenses for the corruption, ranging from an initial argument that "everyone does it" to declarations that he had been "betrayed" by unidentified aides and knew nothing of what was happening.

In the end, he settled on saying that "the same elite that has dominated this country for 500 years" fabricated the scandal to prevent him from working in the interests of the poor, who have for the most part stood by the president's side.

"There has always been corruption in Brazil, but it was always kept under wraps, whereas now it's coming out in the wash and is talked about on the news every day," said Giderson Tenório Silva, 60, a truck driver here. "Like the Bible says, let he who is without sin cast the first stone."

At a campaign rally here on Sept. 5, Mr. da Silva struck a defiant tone with his former health minister, Humberto Costa, now running for governor, at his side. Mr. Costa was recently indicted as part of "the vampire scandal," involving overbilling for blood products, but the president urged his comrade not to worry, because "the people are more intelligent than the political class" and will deliver their verdict at the polls.

"I've been accused many times myself," Mr. da Silva said.

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At the start of the campaign, in July, party leaders gave Mr. da Silva, who is prone to gaffes and exaggerations when he speaks off the cuff, "Ten Commandments" to follow. Though the president has occasionally had difficulty containing himself, as when he compared his critics to Nazis, he has mostly obeyed the main points, which include avoiding interviews and debates, so as not to have to improvise, and keeping away from his re-election committee, so as not to be linked to its financing practices.

Mr. da Silva has also been rewarded with voter support for his social programs aimed at easing the lot of the poor.

After his much-heralded Zero Hunger campaign proved a failure, he merged several welfare programs begun by the previous government, repackaged them under the name Family Allowance and made the benefits available to families with a per capita income of less than $60 a month on more lenient terms than were offered by his predecessor.

More than 11 million families, accounting for nearly one quarter of Brazil's 185 million people, now benefit from the Family Allowance, which pays up to $45 a month per family. With the election looming, Mr. da Silva has also stepped up rural electrification and efforts to install water storage tanks.

"Lula has used the machinery of the state in a way I've never seen in 50 years," said Bolívar Lamounier, a political analyst in São Paulo. "He has been clever in taking voters out of play in the northeast, where people are more dependent on the government and can easily become captives of handouts, so that the only battle is being fought in the south."

Zimbabwe's Leaders Want To Delay Presidential Vote Until 2010 (NYT)

By Michael Wines

The New York Times, September 25, 2006

JOHANNESBURG, Sept. 24 — Zimbabwe's governing political party wants to postpone national presidential elections to 2010 from 2008, potentially giving the nation's longtime leader, Robert G. Mugabe, an extra two years in office, the state-controlled news media reported Sunday.

The proposal quickly drew speculation that the government was seeking to buy time before the vote so it could try to resuscitate the economy, which is in a state of collapse, and settle an increasingly bitter struggle within the ruling party over who will succeed Mr. Mugabe once he retires or dies.

Mr. Mugabe, who is 82 and has governed the country since 1980, has suggested but never confirmed that he would retire at the end of his current term as president. Several leaders are jockeying to succeed him within his governing party, the Zimbabwe African National Union-Patriotic Front, or ZANU-PF, but no clear favorite has emerged.

Because ZANU-PF dominates Parliament and is entrenched in the government, any proposal to delay elections is virtually certain to be approved.

Quoted on state radio and in the state-controlled Sunday News in Bulawayo, the ZANU-PF information minister, Nathan Shamuyarira, said delaying the presidential ballot by two years would consolidate that vote with parliamentary elections, also in 2010.

"We want to combine the two, the presidential and parliamentary elections, so that we do not go to elections every two years," The Sunday News quoted him as saying. "We have been discussing that and we will be putting our ideas to Parliament."

Some political analysts said that seemed a small reason to amend the Constitution and to delay the nation's most important election. Experts said it was more likely that the governing party wanted to give itself more time to settle its succession battle.

"There is perhaps a lot of turbulence within ZANU-PF with regard to the succession issue, to a point where holding 2008 elections could split the ruling party into various factions," Dr. Eldred Masunugure, who is in charge of the political science department at the University of Zimbabwe in Harare, said in a telephone interview. "I think 2008 may be too soon for the party to get its house in order."

Any split in the party would separate its hard-liners, led by Mr. Mugabe, from reformers who favor more democratic rule. That, in turn, could help the democratic opposition, which insists that fraud robbed it of victory in recent elections.

Mr. Masunugure and others also say Mr. Mugabe's government needs more time to try to revive the economy, which is saddled with 1,200 percent inflation, 80 percent unemployment and a crippling lack of foreign exchange to import supplies for manufacturing and farming.

Bread vanished from store shelves last week after the government imposed price controls on bread makers. The Associated Press reported Sunday that acute shortages of coal had caused an Indian steel maker to walk away from a plan to invest in steelworks and had forced brewers to raise the price of beer last week by 50 percent.

Zimbabwe has enough high-quality coal reserves to last the country thousands of years, the news agency reported, but shortages of imported spare parts and foreign currency have caused production to plummet.

Now What? (USAT)

DOJ_NMG_0068948

By Jonah Goldberg
USA Today, September 25, 2006

There's no substitute for a good pope. What other religious leader can start a global argument about theology? The Dalai Lama? Perhaps. The archbishop of Canterbury? Doubtful. Pat Robertson? Please.

Notice how the pope doesn't have a Muslim counterpart to "dialogue" with. It's the pope vs. 10,000 imams, scholars and other self-anointed spokesmen for Islam. It's a bit like Gulliver vs. the Lilliputians.

So, where is the Muslim pope? This question isn't often asked in the West. Particularly among left-leaning scholars of Islam, the search has been on for a "Muslim Martin Luther." Martin Kramer's blistering 2001 study Ivory Towers on Sand: The Failure of Middle Eastern Studies in America catalogued how for decades, scholars have been "so preoccupied with 'Muslim Martin Luthers' that they never got around to producing a single serious analysis" of Osama bin Laden and his cause.

This quest for a Muslim Luther centered on the understandable hope that such a person could reform Islam toward liberalization and modernization, just as Luther supposedly did in Europe. The problem is he did no such thing. His gripe with Roman Catholicism wasn't that it was too reactionary and rigid, but just the opposite. He thought the church had become too worldly and licentious, selling "indulgences" — or divine do-overs — to the highest bidder and the like.

The early Protestants were hardly "moderates" and, normally, secular liberals are keen to make this point. When was the last time you heard a Western liberal pine for a return of Puritanism? Luther and his immediate successors were true believers. And, while enormous theological and historical differences shouldn't be overlooked, today's Islamic fundamentalists have quite a bit in common with these religious crusaders.

Many Protestant sects were as austere as bin Laden's Wahhabi faith. The doctrines that birthed the Amish were hardly "modernizing." Other faiths were more violent. Mobs of Protestant iconoclasts rampaged through European capitals smashing "Catholic" sculptures and burning paintings that violated biblical injunctions against graven images.

In the early 20th century, Muslim zealots launched a remarkably similar project. For example, in 1925 Ibn Saud, a patriarch of the Saudi dynasty and a follower of the puritanical Wahhabi sect of Islam, ordered the destruction of the sacred tombs and mosques of Mohammed and his early followers. They razed Mohammed's home and the graves of the prophet's mother and first wife. The prophet's tomb was barely spared thanks to popular opposition. Today, Saudi authorities are in the process of destroying ancient art and architecture of Mecca and Medina out of the same puritanical zeal. A similar fanaticism inspired the Taliban to blow up the Bamiyan Buddhas, to ban music and even kite flying.

The West is surely indebted to Protestantism. But the idea that liberal secularism was born from it steals a few bases. Protestantism lent itself to being a state religion even more than Catholicism did. And while Christianity has long recognized the distinction between secular and religious authority, the reality is that secularism rests on a foundation of blood, not theology. The Reformation inaugurated an era of relentless religious wars. French Catholics slaughtered Protestant French Huguenots. Calvinists and Lutherans beat the stuffing out of each other. The bloodshed continued until, as British historian Herbert Butterfield put it, religious tolerance became "the last policy that remained when it had proved impossible to go on fighting any longer." Secular tolerance, in other words, defined the terms of cease-fire.

What might be called the Muslim Protestant Reformation began with the demise of the closest thing the Muslim world had to a Catholic Church: the Ottoman Empire. Unfortunately, unlike the church, which was strong enough to fight back, the "Sick Man of Europe" just up and died, ceding the battlefield to zealots. Without the push-and-pull that birthed Western social compromise, Islam simply replaced religious authoritarianism with religious totalitarianism. Tellingly, Lebanon, which endured years of religious civil war, is an exception to this dynamic in the Arab world.

Today, Islam is chockablock with Muslim Luthers claiming to have a monopoly on the Quran's true meaning. Murderers can shop around for a fatwa endorsing the most horrific — and technically un-Islamic — barbarism like junkies searching for a corrupt doctor with a prescription pad for hire.

No, what the Muslim world needs is a pope. Large, old institutions such as the Catholic Church have the "worldliness" to value flexibility and tolerance, and the moral and theological authority to clamp down on those who see compromise as heresy. Pope Clement XIV's famous, or infamous, suppression of Jesuits in 1773 might be an example of both qualities. The Ottoman Empire played a similar, if imperfect, role before its demise. In its absence, Islamic Lilliputians run amok. Ironically, Muslims don't want this divisiveness. The jihadists strive to restore the caliphate as an Islamist thousand-year Reich. But even the moderates long for unity among the Islamic nations. They might one day forge the sort of compromise we in the West reached, but the road map there isn't well illuminated by our past.

Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

Play By The Rules (WSJ)

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By Charles E. Schumer And Lindsey O. Graham

The Wall Street Journal, September 25, 2006

If there's one issue on which we all should agree, it is that increasing global trade is good for American workers and businesses. No serious economist believes that we would be better off if we closed our borders. But for trade to be good for our people, every major economic power needs to abide by the rules of free trade.

One of the fundamental tenets of free trade is that currencies should float -- or at the very least, move along with market forces. The reason for this is that a free-floating currency allows large trade imbalances to self-correct, as the country with a large trade deficit sees its imports become more expensive and its exports become less expensive. Unfortunately, the Chinese government intervenes in the market to keep its currency, the yuan, artificially low, which allows China to artificially inflate its exports and reduce its imports. Their continued manipulation is a form of protectionism, and it throws the whole global trading system out of balance.

Free trade is hard. It's something that all countries have to work at, and most do a pretty good job. Unfortunately, China bends or breaks the rules far too often. Years of currency manipulation, intellectual property theft, and barriers to entry have cost American jobs and contributed heavily to our trade deficit with China, which will set a record this year. China's actions have eroded the coalition for free trade and make it harder for Americans to support free trade here at home.

Three years ago, we grew frustrated with the pace of China's reforms, and we introduced a bill that would impose a temporary tariff of 27.5% on all Chinese imports unless China agreed to play by the rules. Our bill was carefully crafted to not impose tariffs immediately, giving the parties time to negotiate an alternative. In addition, the president would retain the right to delay the tariff for up to two years. Neither of us wants the tariff to become law; our goal all along has been to send a shot across China's bow and prod them to play fair.

While not the ideal way to address China's currency regime, our legislation has given the Bush administration an important tool to encourage the Chinese to institute reforms more rapidly. Senior administration officials concede that our bill has helped strengthen their hand in negotiations.

So we have succeeded in getting China's attention. In fact, we believe the only reason there has been any progress on this issue at all is because of the existence of our bill.

Employers in our states tell us that if the playing field were more level -- that is, if the built-in price advantage China enjoys were reduced -- they would be able to compete more effectively, even with the wage differential between the United States and China. But with a built-in price disadvantage of 15% to 40%, many U.S. plants are forced to close and shift production to China. Members of Congress in both parties are starting to take this issue very seriously.

The tide has even turned at the large investment firms that analyze global economic trends. When we started working on the currency issue, few were paying much attention to it -- but now, many of the largest and most influential firms agree that the currency is significantly undervalued and that China could do much more.

In April 2005, we finally brought our bill to the Senate floor. The Chinese responded that July by allowing the yuan to appreciate by 2.1%, and promising to allow market forces to play a greater role in determining its value. Since the small revaluation, however, the currency has appreciated very little in 14 months, despite an economy growing at 11% annually and a trade surplus with the United States that continues to explode. So the rhetoric out of China is not being matched by real results.

We have agreed four times since last April to delay taking a final vote on our bill. Before the most recent delay, in March of this year, we traveled to China to meet with several of its top government officials.

What we learned on our trip is that China's economic leaders know that China could allow the currency to appreciate more rapidly, but the political leaders are less forthcoming. (There is clearly a growing tension in China between modern economic thinkers and the old-guard party officials.) We returned from our trip with the strong impression that China would move more quickly in the ensuing months. However, even after President Bush went to China last November, and President Hu came to the United States in April, there was no real movement.

We appreciate that China's banking system is not yet ready for a fully floating currency, but we also agree with most mainstream trade economists that gradual currency appreciation is possible without disrupting their "harmonious society." We have been patient and reasonable, but the time for patience has run out. The workers and manufacturers in our states rightfully demand a level playing field. To those who say we should do nothing, we ask: How much longer are they willing to wait?

Unfortunately, the Chinese appear to be content with the status quo. Their exports to the United States create millions of Chinese jobs and have allowed China to become the second-largest holder of U.S. government bonds in the world. They have no reason to change unless we send a very strong message that the status quo is not acceptable.

We look forward to meeting with Treasury Secretary Hank Paulson, who just recently returned from China. We hope he brings back good news. If not, the clock will have run out and it will be time for an up-or-down vote. With Congress's recess imminent, we know our bill will not become law, but it will be our last opportunity before a new Congress convenes to send such

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a message. We believe more strongly than ever that pressuring the Chinese to allow their currency to float is in the economic interests of both nations.

Messrs. Schumer and Graham are, respectively, Democratic and Republican senators.

Corruption? Ho-Hum (WSJ)

The Wall Street Journal, September 25, 2006

You might think the biggest objections to a World Bank anticorruption push would come from, say, corrupt poor countries in danger of losing international aid. In fact, it's such donor nations as Britain, France and Germany -- and bureaucrats at international aid agencies -- that seem to be complaining the loudest.

Welcome to the upside-down world of development aid, where a country's actual use (or misuse) of money is much less important than how much it receives. Paul Wolfowitz, who took over as head of the World Bank last year, wants to change this paradigm, which won't be easy. At an annual meeting of bank officials in Singapore last week, European elites let it be known that they much prefer a lending system that gives lip service to ending graft but in fact turns a blind eye to corrupt government officials on the receiving end of billions of dollars in foreign aid.

British Development Secretary Hilary Benn threatened to withhold $94 million in funding next year to protest the transparency and accountability conditions that Mr. Wolfowitz is implementing. Mr. Benn, along with his French and German counterparts who serve on the bank's board of directors, finally relented after assurances from Mr. Wolfowitz that the board would play an oversight role. So the same countries that say Americans need to throw more taxpayer money at the developing world don't seem to care how much of it is siphoned off by corrupt governments. The only word for this is bizarre.

Mr. Wolfowitz has said that this anticorruption drive "is about making certain that money goes to schools and textbooks for children, medicines for mothers and creating job opportunities for the poor -- not to line the pockets of the rich and powerful." These days as so often in the past, the latter is the norm.

Throw a dart at a map of Africa, and chances are high that you'll hit a place like Cameroon, where autocrat Paul Biya has been in power since 1982. According to The Wall Street Journal-Heritage Foundation 2006 Index of Economic Freedom, "the ruling party's long domination has encouraged corruption and cronyism" and "corruption is widespread in the government and the judiciary." Our guess is that the more than 40% of government revenue that Mr. Biya receives each year via foreign aid isn't doing much for the average Cameroonian, but it is helping Mr. Biya maintain power.

The World Bank says it has uncovered more than 2,000 instances of fraud, corruption and other misconduct related to its projects since 2001, a situation that led Mr. Wolfowitz to suspend more that $1 billion in loans to countries including Kenya, India, Bangladesh and -- yes -- Cameroon.

Through its lending arm, the International Development Association, the Bank issues on average between $7 billion and $9 billion each year in credits and grants to the poorest nations. And overall, Bank loans totaled nearly $23 billion in 2005. Mr. Wolfowitz recognizes that he has a fiduciary obligation to make sure money isn't being wasted or misused. He also understands that anticorruption is an integral part of reducing poverty and promoting growth.

That's a lesson many multilateral agency planners have yet to learn. And it's no surprise, since success at places like the World Bank is measured not by results but by how much money is pushed out the door. Hence, extreme poverty in Africa is growing, even as taxpayers in the West are importuned to throw more and more foreign aid at the continent.

Mr. Wolfowitz's detractors characterize his anticorruption efforts as "obsessive." The Financial Times went so far as to imply that he doesn't grasp the "complexity" of the problem, as if theft and bribery are difficult concepts.

Mr. Wolfowitz is being attacked precisely because he understands the situation all too well. As he put it last week, "better governance . . . is the key to reduction of poverty." We'd go further and add that corruption tends to accompany too-powerful governments that give politicians and bureaucracies control over investment and other economic decisions. The World Bank's own annual "Doing Business" survey documents this problem, even if some on the bank's board apparently don't read its own work. The last thing the world's poor need is international aid organizations that indulge their oppressive governments.

Japan's Future -- And Past (WP)

The Washington Post, September 25, 2006

IN ITS LONG march from military catastrophe to heavyweight status, postwar Japan has oscillated between two kinds of error. Its left wing has been honest about the past but irresponsible about the present: It has shown remorse for atrocities committed by Japanese troops in East Asia in the 1930s and 1940s but has been reluctant to see Japan emerge from its pacifist shell and contribute to international security. Meanwhile, the right has made the opposite mistake: It has pushed for Japan to take more responsibility for defense but has glossed over Japan's war guilt. Since becoming prime minister in 2001, Junichiro

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Koizumi has tended to make the right-wing mistake. His newly chosen successor, Shinzo Abe, threatens to do the same -- but more dramatically.

Mr. Koizumi came to power after a period in which demonstrators called for the removal of American troops from Japanese soil and the value of an alliance forged during the Cold War was widely questioned. He acted decisively to reinforce U.S.-Japanese ties, participating in the Bush administration's missile defense program, sending noncombat troops to Iraq despite Japan's pacifist constitution and taking a tougher line on North Korea than Japan had ventured previously. This pro-American instinct was Mr. Koizumi's good side. But the prime minister also insisted on visiting the Yasukuni shrine commemorating Japan's war dead, including its war criminals, and during his tenure some government-approved textbooks whitewashed Japan's war record. This unnecessarily inflamed anti-Japanese sentiment in China and other neighboring countries.

Mr. Abe promises an extreme version of this formula. He seems likely to dilute Japan's pacifism further: As he correctly says, it is wrong that a Japanese warship cannot come to the aid of a U.S. one attacked by a third country. He will be tougher on North Korea, too, having built his public career on denouncing Pyongyang's dictator. But Mr. Abe has also gone further than Mr. Koizumi in glossing over the past. He has questioned the legitimacy of the Tokyo trials that condemned Japan's wartime leaders. He has not endorsed the apology that Japan's government issued on the 50th anniversary of its surrender.

Mr. Abe sees political advantage in asserting Japan's pride. His grandfather was part of Japan's wartime leadership, so there may be a personal angle to his view of history. But he needs to recognize that forthright policies in the present must be underpinned by forthright honesty about the past. If Japan admits past errors, it will gain acceptance as the responsible democracy that it is, and its muscular foreign policy will be treated as legitimate. But if it professes to see nothing wrong in its own record -- including episodes such as the massacre of at least 100,000 Chinese in Nanjing -- its efforts to assert itself on security and diplomatic questions will raise tensions with neighbors, undermining regional security rather than contributing to it.

Europe V. Microsoft (WSJ)

The Wall Street Journal, September 25, 2006

Europe was expected to try a new approach to monopoly cases when Neelie Kroes took over as EU antitrust chief two years ago. Finding creative ways for Brussels to assail Microsoft isn't what most people had in mind.

The latest dust-up concerns the software giant's newest incarnation of the Windows operating system, dubbed Vista. Microsoft is now scrambling to decide whether it should ship the program to Europe along with the rest of the world later this year, or delay to avoid upsetting the European Commission. After the EU fined Microsoft half a billion euros in 2004 for alleged antitrust violations with Windows, and another €280.5 million ($356.8 million) earlier this year for failing to comply with its vague and ever-changing orders, Ms. Kroes has warned Microsoft not to cross the line with Vista.

The problem is figuring out what that line is. Ms. Kroes earlier this year named five areas of concern with Vista, ranging from built-in security software to the way PDFs are handled. The company proposed changes to address her worries, but Ms. Kroes has declined to say whether they would suffice. Her spokesman says only that "the Commission has been giving guidance to Microsoft for over a year. But ultimately it is for Microsoft to decide how they package and sell Vista."

In other words, the Commission is all but certain to nail Microsoft once Vista comes out, based on some unknowable notion of what is and isn't permissible. Take Adobe, whose PDF format for electronic documents is the industry standard. Adobe has asked the EU to examine Microsoft's inclusion in Vista of new Microsoft programs that perform functions similar to Adobe's, at no cost to consumers. Adobe also objects to Microsoft's free inclusion of a command to save files in non-Adobe programs, such as Word, as PDFs; currently, users must buy Adobe software to create PDFs, although the software for reading them is free. Microsoft has offered to make the PDF-creating plug-in for Vista available as a separate, but still free, download. But Adobe wants the Commission to require Microsoft to charge for the download -- even though Adobe wouldn't get any of the proceeds.

Of course, if Adobe were to make such a request of Microsoft privately, this would be considered collusion. And consumers will pay more and have less choice if Adobe gets its way. From a regulatory standpoint, in other words, Adobe is asking the EU to protect its total monopoly in the electronic-document market by acting against Microsoft's near monopoly in the operating-system market.

Ms. Kroes claims she's simply trying to ensure a level playing field and protect incentives for innovation. But her actions actually stifle creativity: In essence, she is telling Microsoft to proceed with the utmost caution when trying to improve its products, lest it incur her wrath. This precautionary principle doesn't encourage innovation in other fields, and the result won't be any different in software. With her Microsoft obsession, Ms. Kroes is demonstrating that once a company finds itself in the EU's crosshairs, Brussels will go to any length to pursue it.

Ms. Kroes made headlines a year ago by indicating, in a speech in New York, that she favored an American-style antitrust philosophy: namely, judging whether a company's practices help or harm consumers, rather than their competitors. She was

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back in Manhattan this month, insisting that she still adheres to the consumer-harm standard. But her actions make it hard to believe she means it.

Block, Jonathan

From: Block, Jonathan
Sent: Monday, September 25, 2006 8:23 AM
To: Block, Jonathan
Subject: Sunday Show Transcripts 9/24/06
Attachments: SUNDAY SHOW TRANSCRIPTS 9.24.doc
Importance: Low

Attached, please find transcripts of the Sunday morning talk shows on September 24, 2006.

Jonathan
202-616-0503 (Work)
202-353-5328 (Mobile)

SUNDAY SHOW TRANSCRIPTS
9/24/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: In his second annual Global Initiative conference, former President Bill Clinton convenes leaders from around the world to discuss poverty, religion, the environment and more. Participants include first lady Laura Bush, Pakistan's President Musharraf, Microsoft chairman Bill Gates, and former first lady and current New York Senator Hillary Clinton. Policy and politics through the eyes of our guest, the 42nd president of the United States, William Jefferson Clinton.

Then, another speaker at that conference, Afghanistan's President Hamid Karzai, joins us to talk about the Taliban insurgency, the hunt for Osama bin Laden, and the war on terrorism.

Plus, a discussion of the role of conservative Christians in our political process with former Republican senator and ordained Episcopal priest John Danforth, author of "Faith and Politics."

But first, on Friday, I sat down with former President Clinton at the conclusion of his second annual Global Initiative conference in New York City.

Mr. President, welcome back to MEET THE PRESS.

FMR. PRES. BILL CLINTON: Thank you.

MR. RUSSERT: The second year of the Clinton Global Initiative. What did you achieve this year?

MR. CLINTON: Well, in dollar terms, as we left we had 215 commitments worth over $7 billion. Last year at this time, when we left we had about 170 commitments worth $1 ½ billion. We wound up with 300 worth $2 ½ billion, so we'll have some more come in. We'll probably get up to 300 commitments, maybe more.

MR. RUSSERT: Do people keep their commitments?

MR. CLINTON: Almost all of them do. In this last year I would say there are only—of the people who came last year who were what you called commitment-eligible—that is, the experts that we come—that we bring in, or the people representing low-income countries and poor people around the world, or the heads of the state that, you know, they don't have to commit—but of the people that did, we only had about 15 who either didn't make a commitment, or did—or made one and then made no effort to keep it. So the overwhelming number of people come here because they're going to be asked to do something, and because they want to do something. And they either want to select or perfect their commitment while they're here. So we've got some people we'll work with over the next month or so, and then we'll have more of these commitments come in.

MR. RUSSERT: And you focus on poverty, religious and ethnic conflict, energy and climate change, and global public health.

MR. CLINTON: That's right.

MR. RUSSERT: People make a commitment to invest in one of those programs...

MR. CLINTON: Yes.

MR. RUSSERT: ...somewhere in the world?

MR. CLINTON: Money, volunteer time, expertise. Something.

MR. RUSSERT: Time is important, almost as important as money.

MR. CLINTON: Absolutely. I—that's why I always say—I'm a little bit reluctant to even emphasize the aggregate amount of money we raise, because some of our most important things don't cost much money. And I—for example, today, I talked about this group of people who devised a way for Afghan farmers to switch out of growing poppies—and they grow 92 percent of the world's poppy now, that makes the opium and heroin...

MR. RUSSERT: Up 60 percent in one year.

MR. CLINTON: Up 60 percent in one year. And the central government losing control. So what—we decided that if we wanted to have an impact there, it would have to be a private sector initiative. It would have to be more economical for poor, insecure farmers.

So we've—this project developed a model to use orchards or woodlots in a way that would support a family of eight with a higher return per acre than poppy to the actual farmers. So that's a big, big deal.

MR. RUSSERT: If it worked in Afghanistan, you could roll it out around other countries.

MR. CLINTON: Yes. You know, our country, our government has spent quite a lot of money in Colombia, and in countries—in the Andean countries, not only helping to build up the security forces to fight the narco-traffickers and their guerrilla supporters, but also trying to help farmers in that region convert off of growing coca. And it—the economics have been quite challenging. So we know we might find out some things in Afghanistan that could change that all over the world.

MR. RUSSERT: As we sit here in September of 2006, what do you think is the biggest problem confronting our world? The biggest?

MR. CLINTON: In the short term it is the illusion that our differences matter more than our common humanity. That's what's driving the terrorism. It's not just that there's an unresolved

Arab/Israeli conflict. Osama bin Laden and Dr. al-Zawahiri can convince young Sunni-Arab men who have—and some women—who have despairing conditions in their lives that they get a one-way ticket to heaven in a hurry if they kill a lot of innocent people who don't share their reality. That means they—by definition, everything about them is, the differences are more important. And that's driving the terror, that's driving the attempt to acquire for terrorist groups small-scale chemical and biological and maybe even someday nuclear stuff.

In the longer term, climate change is the biggest threat, because if it's allowed to come to fruition—and particularly if we're, at the same time, running out of affordable, recoverable oil—you're going to have a—almost over night—a dramatic change in the way we live, and it will cause millions of food refugees, it'll cause probably food and water wars, and it could change the underlying conditions on which our civilization rests. So I'd say terror, based on human difference today, climate change over the long run.

MR. RUSSERT: As you travel around the world, what do people say about the image of the United States?

MR. CLINTON: Well, different people say different things. But I think that the real problem—it's generally assumed, I think, in Washington, that, that the problem the American image has is that a lot of people disagree with President Bush, and it's basically about Iraq. I, I think it's a little more complicated than that. That is, I think it—it's true that in the Middle East and many places out the un—in the independent, unaligned countries, they don't necessarily agree with our Iraq policy, but I think it's more the feeling that that's just the most severe example of a country that is more committed to doing what it wants when it wants, and not listening to other people and working with them whenever possible. And the bigger you are and the wealthier you are and the more traditional power than you have, the more you have to be sensitive to how you're perceived by other people, the more you at least have to want to have people think that even if you don't agree with them, you're kind of on their side. And I don't think America has any significant image problems that couldn't be turned around rather quickly with a different way of dealing with people.

I also believe that, in the Muslim world, at least, if there were a resumption of serious Israeli/Palestinian peace talks, that would help a lot, because everybody knows that in the end, that situation can't be resolved, in all probability, unless we're involved in a supportive way in what happens after they sign the deal.

MR. RUSSERT: What did you think when Colin Powell said, "The world is beginning to doubt the moral basis of our fight against terrorism"?

MR. CLINTON: I think he was referring to the, the questions that have been raised about the original evidence, which plagues him and in which he was, I think, unwittingly complicit. I don't think—I think it's pretty clear, based on what all the people that worked for him have said. I think he was most worried about the question of torture and the conduct of the prisons at Guantanamo and Abu Ghraib. And of course, he weighed in in this debate about the extent to which the CIA or others could engage in conduct which clearly violates the Geneva Convention.

Now, we—as you and I talk, and we hear that they've reached an agreement, the senators and the White House, and I hope they have. But Colin pointed out that, you know, we've got soldiers all over the world. If we get a reputation for torturing people, the following bad things are going to happen: We're as likely going to get bad information is good, just for people to just quit getting beat on; two, we're likely to create two or three or five enemies for every one we break; and three, we make our own soldiers much more vulnerable to conduct which violates the Geneva Convention. That is, we can't expect our friends, much less our enemies, to accept the fact that because we're the good guys, we get to have a different standard of conduct. And most people think the definition of a good guy is someone who voluntarily observes a different standard of conduct, not someone who claims the right to do things others can't do.

MR. RUSSERT: Would you outlaw waterboarding and sleep deprivation, loud music, all those kinds of tactics?

MR. CLINTON: Well, I—here's what I would do. I would figure out what the, what the generally accepted definitions of the Geneva Convention are, and I would honor them. I would also talk to people who do this kind of work about what is generally most effective, and they will—they're almost always not advocate of torture, and I wouldn't do anything that would put our own people at risk.

Now, the thing that drives—that, that gives the president's position a little edge is that every one of us can imagine the following scenario: We get lucky, we get the number three guy in al-Qaeda, and we know there's a big bomb going off in America in three days and we know this guy knows where it is. Don't we have the right and the responsibility to beat it out of him? But keep in mind, in 99 percent of the interrogations, you don't know those things.

Now, it happens like even in the military regulations, in a case like that, they do have the power to use extreme force because there is an imminent threat to the United States, and then to live with the consequences. The president—they could set up a law where the president could make a finding or could guarantee a pardon or could guarantee the submission of that sort of thing ex post facto to the intelligence court, just like we do now with wire taps.

So I, I don't think that hard case justifies the sweeping authority for waterboarding and all the other stuff that, that was sought in this legislation. And I think, you know, if that circumstance comes up—we all know what we'd do to keep our country from going through another 9/11 if we could. But to—but to claim in advance the right to do this whenever someone takes a notion to engage in conduct that plainly violates the Geneva Convention, that, I think, is a mistake.

MR. RUSSERT: Two weeks ago, Vice President Cheney was on this program, and I said to him that we've spent $300 billion on Iraq. Now in hindsight, could that money, that $300 billion, been spent more effectively in other places?

MR. CLINTON: Well, if you mean could it—could it have strengthened us in a war against terror if spent elsewhere, I think there's no question that's true. I think it could have been spent

more effectively in Iraq, I mean, we still don't, don't know what happened to about 9 billion of it, I think.

But if you—if, if you look at what we could have done, we could have had more troops in Afghanistan to secure a moderate Muslim, pro-American, pro-Western government; it could have kept the Taliban from coming back across the border; it could have intensified the hunt for bin Laden; it could have paid for all the 9/11 recommendations on homeland security; and it could have helped us build a world with more partners and fewer terrorists by, you know, investing in education in Pakistan so that kids go to public schools instead of the madrassas, and thousand other things we could do.

But what's done is done and I, I, I still think it's important to recognize that if this Iraq experiment could be made to work now, it would be better than if it can't. No one knows yet whether it can. But I believe you can't make a serious case that that's the best, most effective way to spend $300 billion to fight terror or make a world with fewer terrorists.

TEXT:On Iraq

"It was a mistake."

Former President Bill Clinton

New Yorker magazine

September 18, 2006

MR. RUSSERT: You said the Iraq—Iraq was a mistake. Why?

MR. CLINTON: He did.

MR. RUSSERT: You did.

MR. CLINTON: I did. No, I—here's what I believe: I think it's fine to get rid of Saddam and I think it's fine to try to build a multi-party democracy. I, I spoke to President Talabani today. I think the Kurds are doing pretty well as it is. What I believe was an error was for us to unilaterally invade before the United Nations had finished its inspections. Because we said the reason the Congress was asked to vote to approve this was to give teeth to the U.N. inspections and then to use the authority to invade if he flunked the inspections. I'm glad he's gone, but I think we have to realize every time you're someplace, you're not someplace else; every dollar you spend here, you don't spend it there. So—but we are where we are now, and since we have broken this egg, as General Powell used to say, we got to try and make an omelet. I think that, that whether this succeeds or fails now depends more on Iraqis than Americans.

I think most of the really big political and military mistakes made by the American forces in the aftermath of the fall of Saddam have been learned from and corrected. I think that now it's just a question of whether the various Shiite factions and the Sunni can make a political

accommodation sufficient to overcome the insurrection. And I think that, for us, we have to try to keep our footprint as low as possible so as not to inflame things, but our impact as high as possible.

And I think that—there's only—the best piece of news I've seen coming out of there lately was that, after we said from our point of view we couldn't win in Anbar anymore—that's what at least a Marine intelligence officer said—because we had to send our troops to Baghdad, then 25 of 31 tribal leaders in Anbar got together and said, "We will throw the foreign jihadists out." So I hope it works. I hope the thing can be made to work. But I think we would have been better off had we finished the job in Afghanistan against bin Laden first, done the homeland security recommendations first and gotten more global support. That's what I believe.

MR. RUSSERT: You say, "We may have to decide it's a lost cause." How close are we to declaring it a lost cause?

MR. CLINTON: You know, I would have to know more than I actually know. I, I, I must tell you I was very profoundly impressed by Thomas Ricks' book "Fiasco," the chief Pentagon correspondent of The Washington Post. But I do not—I am not conversant enough with the facts on the ground to know. But I know this is like every insurgency ever, where there is an outside force attempting to provide stability. The good news is we're not the, you know, we're not the French, we have no colonial, imperialist, permanent ambitions, but the fact is we're still guys who are not from there. And therefore, we have to remember that the people are always the prize.

That's another point I didn't make on this torture business. It's one thing if you're talking about bin Laden and an attempted attack in America. But if you look at Iraq, any time we do something that makes 50 more enemies, even if we catch one bad guy, that may be a, that may be a net bad thing. We could win every single battle and lose the war, because the people are the prize here.

So I, I think that we know what to do, and we—I am not yet prepared to say it can't prevail, but I, I don't know that I have enough information to know when we should cut the cord. I just think that we should not yet give up on it. I think there's still a chance that these political leaders will be able to make a deal.

MR. RUSSERT: After the 2002 midterm elections, you said that Democrats "failed to offer a convincing case that they could manage national security during difficult times." Do you think the Democrats have made the case in 2006?

MR. CLINTON: I think we're doing better. I think, I think every Democrat I know—first, we have nine Iraq war veterans running for House seats. We've got President Reagan's former Navy secretary running a great race in the Senate in Virginia. And every Democrat I know—now, I just heard Amy Klobuchar, a candidate in Minnesota, a prosecutor, speak, and they say something like this: "We face a serious threat to our security from terrorism. The question is not whether we meet it, but how. I do not agree with a lot of decisions made in Iraq," and then the candidate says whatever they say. "I believe that we have made a mistake not intensifying our efforts in Afghanistan to stabilize a moderate pro-American democracy, to fight—to hunt bin

Laden and al-Zawahiri. We made a terrible mistake favoring big tax cuts instead of implementing the 9/11 Commission's homeland security recommendations. And if we really want to be more secure, we need to have a more vigorous effort to get this country independent of foreign oil. So I will fight for the security of America, and don't believe them when they say, 'If we don't agree with everything they've done in Iraq, we can't be trusted.'" That is, once you say that, once you lay that predicate, then I think our differences on everything from energy to the economy to the deficit to the minimum wage to you name it will carry the Democrats to a substantial victory.

But what they were able to do in 2002 was a great shell game. I mean, you've got to give Karl Rove political credit. I mean, they were against the Homeland Security bill for eight and a half months, then they decided they were for it. Then they decided—because they couldn't make any votes on us, because we'd been supportive of them in Afghanistan, in the weapons inspections in Iraq—so they said, "We'll just take all the job rights away from 170,000 federal employees, and then when they don't support this bill, we'll say, 'If you're not for this bill just the way we wrote it, you obviously don't want to protect America from terror.'" And it was, you know, a lot of people bought it, but I think it's because we didn't effectively address it.

In other words, Mr. Rove, and you know, the, the Republican leaders now, and his predecessors too, Mr. DeLay, all those guys, they're in business to beat us. They believe in what they're doing. And our job is to tell the American people that we, too, want to protect their security. And we have different ideas about how to do it, and then to trust the people to decide. But if you leave people with the impression that your disagreement with the president's Iraq policy is not part of a broader campaign against terror, then you get in trouble. I think if we do it this time—and I think we will—we'll do fine.

MR. RUSSERT: You said that you weren't sure that if Hillary Clinton, Senator Clinton, ran for president, she'd win. I'm curious why you said that. And if she does run, are you, are your family ready for an intense, perhaps even negative campaign?

MR. CLINTON: Well, first of all, my gut is that she would win. When I said that, I said that in a way of being humble. It is, it is the same way when I ran for president in '92, I wasn't at all sure I'd win. And then I, I wanted to make the point that number one, I don't know if she's going to, number two I'm not going to talk to her about it until after we get this election out of the way. And number three, I don't think you run for president because you know for sure you can win, because no one knows that. It's totally unpredictable. That's all I meant. Actually, my instinct is that she'd do quite well.

But I always say that to make two points. One is we shouldn't be talking about it or thinking about it now, and two is if by whatever means she wound up being president, I think she would be a superb president. I'd be very amazed if she weren't just great. But I don't know if she's going to run, I—and I don't want to talk to her about it, and I don't want her thinking about it until we get this election out of the way.

MR. RUSSERT: Would you be ready for an intense negative campaign again?

MR. CLINTON: Well, if she decides to do it someday, then I will be fully supportive, and happy to do whatever I can. And like I said, I'm really proud of her. I think she's been a great senator, and I, you know, whatever she wants to do I'm for. But I think, you know, people will always ask that, because especially in the last 25 years, our campaigns have gotten increasingly more negative with, really, it corresponds with the rise of the political right, the extreme right, among the Republicans and the greater complicity in the press and such things. But I think—I'm not sure the American people don't want us to do better this time.

Very interesting. In this election, it's the first time since '92 where I go to these big political rallies. Everybody's cheering, you know, like they do at political rallies. But then all of a sudden, when I talk, it gets quiet as a church. And it's because people know this is a time where we've got these challenges, they know nobody's got all the answers and they really want to think and talk. I think there's a real yearning for somebody just to go through and explain things.

So I'm not so sure that the kind of personally negative campaigns we've seen a lot of in the past would be all that effective. But I think an issue attack is always effective if you don't answer it. That's why we got to deal with the security deal.

MR. RUSSERT: Mr. President, we thank you, as always, for sharing your views.

MR. CLINTON: Thank you, Tim.

MR. RUSSERT: Coming next, an increasing Taliban insurgency in Afghanistan, the war on terror and the hunt for Osama bin Laden. We'll talk to the president of Afghanistan, Hamid Karzai. Coming up next right here on MEET THE PRESS.

(Announcements)

MR. RUSSERT: The president of Afghanistan, Hamid Karzai, after this brief station break.

(Announcements)

MR. RUSSERT: Mr. President, welcome back to MEET THE PRESS. Americans read every day something about Afghanistan. Here's an editorial in The New York Times. "Losing Afghanistan." More than 2,000 people have been killed this year; a close friend of yours, a governor of a large province, blown up. Is your country in a chaotic state?

PRES. HAMID KARZAI: No. It has difficulties, but it is not in the chaotic state. I believe all of us, the Afghans and the international community, after the initial success that we had in throwing out terrorism and the Taliban and their foreign sponsors in less than a month and a half in 2001, and then the subsequent tremendous success in the fulfillment of all the objectives set for us by the world agreement, expectations went very high, in Afghanistan, especially, where the Afghan people felt that the world is here now. With a lot of help, we will rebuild the country in, in, in less than the time that we expect to be. The world also saw a lot of Afghan successes—the constitution, the presidential elections, the parliament arriving, democratic institutions, freedom of the press, welcomed by the Afghan people of the international community—all of that made

us forget one thing, that while we had thrown terrorism away from Afghanistan, we had really not gone after their sources, their training grounds, where they were paid money, where they were given motivation, and that they were still there. And we're now paying for that.

MR. RUSSERT: As you well know, in July, NATO came to Afghanistan. This is what the NATO commander said that he "has set a six-month deadline to reverse a Taliban insurgency terrorizing southern Afghanistan."

PRES. KARZAI: Mm-hmm.

MR. RUSSERT: "British Army Lieutenant General David Richards said ... 70 percent" [of Afghans] "won't declare their loyalty until they 'see which side will win. They can't wait forever. We've got to show them we will win.'" suggesting people are sitting on the sidelines.

PRES. KARZAI: No.

MR. RUSSERT: Rather than siding with your government...

PRES. KARZAI: No, no, no.

MR. RUSSERT: ...over the Taliban.

PRES. KARZAI: No, no, no. No, no, no. That's not what General Richards meant. I know General Richards. I meet him almost every week.

MR. RUSSERT: That's what he said.

PRES. KARZAI: He's a—he's a very capable general, that's not what he said. That's not what he meant. What he meant was that the Afghans are having a tremendously high expectation of the international community and of their own government. And that they don't understand when there still is an attack coming across the border into Afghanistan, terrorism crossing the border into Afghanistan and hurting the international community and the Afghan people, they don't understand how a group of people can come and attack the whole international community without us having the ability to stop them where they are groomed, where they are trained. So that is, yes, a concern in Afghanistan. The Afghans don't understand the rise in violence. They felt, four years ago, that terrorism was gone and they were thrown out and that they would not be allowed to return across Afghan borders. That is what the Afghans are angry about. That's what the Afghans are confused about, as a matter of fact. That's why the international community must take a much tougher action. By that I mean the international community should go to the sources of terrorism.

MR. RUSSERT: They are also concerned, however, about your government. Let me read you something and then tell you where it came from. "It's not that the Taliban were strong. It's that the government was weak. They have moved into a vacuum. There was protracted negligence on our part of those" southern "provinces." That's your chief of staff.

PRES. KARZAI: That's true.

MR. RUSSERT: So you allowed the Taliban to gain strength by being the only form of government that helped the people.

PRES. KARZAI: No. That—not in that sense. They don't help the people. They kill people. They burn schools. They burn clinics. They kill aid workers. They kill teachers. They kill clergy. They behead teachers. They kill those who are helping the Afghan reconstruction. By that, what is meant is that the Afghan security institutions are weak. And indeed, that is a problem.

MR. RUSSERT: Here's what the Taliban says: "The Taliban had established a true peace in the country with law and order. But now, the country has become a center of instability, killings, plundering, obscenity and drugs. There's no protection for the life or property of any individual. Everybody has seen the true of the U.S. and its allies. Therefore, the Afghan people are supporting the Taliban."

PRES. KARZAI: The Taliban were a terrorist associates. Al-Qaeda was there in Afghanistan. There was no life to be secured in Afghanistan. It was a death trap for the Afghan people. Schools were closed, universities were closed, women were not allowed to come out and work. People could not even whisper. People were not allowed to listen to radios. They would climb over your walls and night and beat you and arrest you and even kill you if you listened to the radios. It was an occupied country in the name of the Taliban. The Taliban was there in name only.

Now those thugs and terrorists and their foreign sponsors who were ruling Afghanistan with terror and exporting terror from Afghanistan to the rest of the world, are today the ones that are blowing bombs. So the bombers and the suicide bombers and the people who are committing crimes now were then the government.

Today, you have six million children going to school. At that time, there were only 700,000 children going to school. Only boys then. Today, you have almost all the country's roads paved. At that time, you had no roads. Then, in 2001, there was only 9 percent of health service available to the Afghan people. Today, it's 80 percent.

MR. RUSSERT: Must you eliminate the Taliban by the end of the year? Is General Richards correct?

PRES. KARZAI: It's not eliminating the Taliban, it's ending terrorist violence in Afghanistan. We must differentiate. Those Taliban who are—Talib means a student of the religious school in Afghanistan. Now, there are thousands of students of religious schools in Afghanistan who are just like you and I, people who have a feeling for their country, who want to have a good life, who are—who are participating on a daily basis in, in Afghan reconstruction and, and, and political and social life.

There are those elements of them who are outside of the Afghan border, in association with al-Qaeda and their sponsors, who are the ones that are hurting us. And that is the first issue we're talking about, that is the one we should get rid of as soon as possible.

MR. RUSSERT: Of grave concern to the American people are the reports that the opium cultivation is up 60 percent in one year in Afghanistan. Enough to create 610 tons of heroin, some of it which comes to the United States. Why is that so out of control? Is Afghanistan become a narco state?

PRES. KARZAI: No. Let's go a little bit into the history. Thirty years ago when the Soviets invaded Afghanistan, the Afghan people lost hope for the future. There was complete despair. No Afghan family was sure if they were going to have their own house the next day, if they were going to have their children alive the next day, if they were going to be refugees or if they were going to be in their own country the next day. I know people, I know families in southwestern Afghanistan who destroyed their pomegranate orchards, which is among the most beautiful fruits and the most beautiful of orchards, to replace it with poppies. Thousands of farmers lost their vineyards that were replaced with poppies.

So poppy came to Afghanistan out of an extreme desperation in the Afghan people, and out of promotion by mafia from outside of Afghanistan. By now, it is an economic reality. As menacing as it is, it is an economic reality. More than 30 percent of the Afghan economy runs on this. The farmers live on it.

Now, we are ashamed of it. It embarrasses us like hell when, when I'm asked, when, when the international community comes to speak to me about this. Four years ago, I was naive about this. I thought we would go and destroy, eradicate poppies, and next year, they will not be there. And we tried that, but next year they came again. And when I was inaugurated as the elected president of the country two years ago, I asked the Afghan people, stop growing. A lot of them did stop growing, but that was an emotional response to a newly elected president of the country. This year, the economic reality has set in again. Add lack of rain, drought to the country. Poppy is easily grown and easily sold.

MR. RUSSERT: There has been much discussion in the United States that the U.S. took its eye off of Afghanistan, and distracted by Iraq. Could the $300 billion that we have spent in Iraq have been better spent stabilizing Afghanistan and rebuilding Afghanistan?

PRES. KARZAI: Three hundred billion dollars? You give that to Afghanistan, and we'll be heaven in less than a year.

MR. RUSSERT: Do you need more money for reconstruction?

PRES. KARZAI: We definitely need more money for reconstruction. We'll be very happy if more money's given to us for reconstruction. Afghanistan will be—will be a very prosperant country if, if that sort of assistance is given to Afghanistan. With what we have received now, we are already a very good country. Where there were no roads at all four years ago, now we can travel on, on, on paved roads all over the country with schools, with clinics, with, with better life,

better economy. And, and if we were to get the kind of money you mentioned, we'll be the best country in that part of the world.

MR. RUSSERT: Where is...

PRES. KARZAI: And I hope that happens.

MR. RUSSERT: Where is Osama bin Laden?

PRES. KARZAI: He is not in Afghanistan, I can tell you that for sure.

MR. RUSSERT: Is he in Pakistan?

PRES. KARZAI: Probably he is there, that's, that's what the reports say now, that we—that come across us.

MR. RUSSERT: The RAND Corporation did a study, and this is part of their report, and let me read it with you. "'The evidence suggests the [Pakistani intelligence] is involved in [assisting Taliban insurgents] in several ways.' ... Pakistani intelligence agents have provided intelligence to the Taliban about coalition plans and tactical operations, he said, tipping off Taliban forces and allowing them to flee. Western military forces have intercepted the tips and know they are from people connected to Pakistani intelligence, [Seth Jones, a political scientist at the RAND Corporation] said ... 'The U.S. government also believes they have given monetary assistance and maybe weapons [Jones], said.'" Do you agree with that?

PRES. KARZAI: We have a serious problem in this regard. When I said we must go to the sources of terrorism, where they are trained, where they are equipped, where they are given money, where they are given motivation, and sent to kill international coalition forces—engineers, doctors, Afghans—that's what I meant.

MR. RUSSERT: You're talking about Pakistan.

PRES. KARZAI: Wherever the source is.

MR. RUSSERT: But President Musharraf just signed an agreement with the tribes in Pakistan to, in effect, create a sanctuary, to allow the people to stay there and conduct their business, which would allow them easily to go in and out of Afghanistan.

PRES. KARZAI: That is what he mentioned to me, President Musharraf when he was in, in Kabul. The first item in that agreement with those terrorist networks there in Pakistan and Waziristan area of Pakistan, is asking the, the terrorists not to cross over into Afghanistan for operations. Now, if that is implemented, we'll be very happy. But unfortunately, right after the signing of the agreement, we saw that two tribal chiefs in Pakistan were killed in that area by the terrorists, by the Taliban. And an Afghan governor in the neighborhood of that area was assassinated, killed by a suicide bomber. So the trend since then is not good. But we'll have to

wait and see as to whether the truth as it is agreed upon is going to be implemented, or will be violated. If it is violated, then we'll be very skeptical, and that will exactly mean a sanctuary for terrorism in that part of Pakistan.

MR. RUSSERT: The last question: Did you not give President Musharraf intelligence information as to where al-Qaeda and perhaps Osama bin Laden may be residing?

PRES. KARZAI: We have provided from time to time for the past so many years information to our friends, our brothers, our neighbors in Pakistan about sanctuaries, about training grounds, about personalities associated with terrorism.

MR. RUSSERT: And what was their reaction?

PRES. KARZAI: They came back to us to say that some of the information was old, but that it was true sometime before that. And that—we hope that more action will be taken in this regard.

MR. RUSSERT: Could the Pakistanis capture bin Laden if they wanted to?

PRES. KARZAI: I, I, I don't have so much information to speculate on that, but if you all tried collectively, he would not be able to hide.

MR. RUSSERT: Mr. President, we thank you again for joining us, and have a safe trip home.

PRES. KARZAI: Welcome, sir. Good to talk to you.

MR. RUSSERT: Next up, a discussion of the upcoming elections, and the influence of conservative Christians with former Republican Senator John Danforth, author of "Faith and Politics: How the Moral Values Debate Divides America and How to Move Forward Together."

(Announcements)

MR. RUSSERT: And we are back, joined by former Senator John Danforth.

Welcome back to MEET THE PRESS.

MR. JOHN DANFORTH: Thank you.

MR. RUSSERT: You are a former United States senator, a former ambassador to the United Nations, an ordained Episcopal priest, and you've written a book on "Faith and Politics." And we take particular note of it this morning because of things that you have said. Let's share that with our viewers. "By a series of recent initiatives, Republicans have transformed our party into the political arm of conservative Christians. The elements of this transformation have included advocacy of a constitutional amendment to ban gay marriage, opposition to stem cell research involving both frozen embryos and human cells in petri dishes, and the extraordinary effort to keep Terri Schiavo hooked up to a feeding tube. Standing alone, each of these initiatives has its advocates, within the Republican Party and beyond. But the distinct elements do not stand alone.

Rather they are parts of a larger package, an agenda of positions common to conservative Christians and the dominant wing of the Republican Party." You're suggesting the Christian right has taken over the Republican Party?

MR. DANFORTH: Yeah, I think it has. This is the base of the Republican Party, and the nature of politics in America now is to appeal to the political base, to the exclusion of everybody else. I think that's what's—it's happened in both parties, the Democrats have their base, our base is the Christian conservatives.

MR. RUSSERT: Why has this happened, and shouldn't the Christian conservatives be saluted for standing up and exercising their democratic franchise?

MR. DANFORTH: Well, they certainly have the right to speak out. And I, I would hope that everybody who speaks out from the standpoint of religion would do so with, with some degree of humility, recognizing that they don't have a monopoly on truth. But the problem is, when a political party becomes a sectarian party, when it becomes the party of one branch of one religion, and I think that that's what's happened to the Republican Party. And I, I would hope that the Republican Party would get back to its moorings.

MR. RUSSERT: You write with real conviction, senator, this is what you say, "When Christians claim special knowledge of God's truth, when they advance wedge issues, when they divide America between 'people of faith' and their 'enemies,' Christians become not the means of peace but the cause of conflict. In that case, Christians are far from being powerless. They are powerful contributors to what has gone wrong in American politics."

MR. DANFORTH: Well, I think that that's true. And I mean, to me, one of the messages of religion, in fact, the, the meaning of the world religion has to do with holding people together. It's the same root as, as the word that "ligament" comes front. But I think, in fact, religion in various part of the world—Iraq, for example—has become the means of division and, and bloodshed. And in our own country, when it's used politically—and we've always seen this, our founding fathers saw it when they wrote the Constitution—religion has the capacity to divide us. So if it—if religion is presented as sort of, "My way is God's way and your way is not, you're, you're against God," there can be no more divisive factor in politics than that.

MR. RUSSERT: Christian conservatives who step forward and say, "However, senator, I believe that abortion is the taking of a life. I believe that there is a life in that petri dish and that's why I'm against stem cell research. I believe that the Bible teaches me that homosexuality is immoral. How can you ask me to compromise on those kinds of life and death and moral issues?"

MR. DANFORTH: Well, I—I'd say, "Take your position and take it strongly. I'm sure you're going to do that. But recognize, also, that you're not God and that there is a difference between anybody's political position or moral position and God. And that we have to try to recognize that other people also are trying to be faithful, even though they don't agree with us." And if you have that kind of humility, it makes the art of politics possible. Whereas, if it becomes, you

know, "I know God's will and you don't," then, it seems to me, that we've got a very divided country.

MR. RUSSERT: Is is the certitude that bothers you?

MR. DANFORTH: It is the certitude. It—it's the total lack of—of humility. It's the belief that "I do know God's will and I can—I can put that in the political agenda. I can cram God into my own political point of view." And that is what I think has happened in our Republican Party.

MR. RUSSERT: As you might expect, some of the conservative Christians have spoken out. "Richard Land ... of the Southern Baptist Convention ... describes [Danforth] as 'what was wrong with the Republican Party and why they were a minority party.'

"Votes reflect moral values. The struggle for hearts and minds gets reflected in the ballot box. ... It just sounds to me like Danforth's sore that he lost the argument with a majority of the American people."

MR. DANFORTH: I, I don't think I've lost the argument. I think—the point of writing a book is to evoke a response. And that's what I'm trying to do. I would—I want people to think about and talk about the role of religion in politics. Clearly, there is a role of religion in politics. What is it? And I think when most people in America think about it, they do not want our country divided on religious lines. They do not want a political party that takes one religious point of view. Most Americans believe that we're all in this together. Whether we're Catholics or Protestants or Jews or Muslims or whatever we are, we're in this together as a country, and we have to try to build some common ground. And when religion is used as a political wedge to drive us apart, it's doing us a disservice.

MR. RUSSERT: Do you believe you could be nominated for president by the Republican Party without the strong support of the Christian right?

MR. DANFORTH: I doubt it right now, but I think that it's a point worth making because I think this identification with the Republican Party and, and the Christian right isn't sustainable for very long. It might work for a time. And I think that that's the view of it. "Hey, it works. This is a—this is a consortium of people and it works pretty well." But I don't think it will work very well for long because I think the more people think about it, the, the more they'll recognize this is not what America is.

MR. RUSSERT: You also talk in your book about collegiality and bipartisanship and civility. You wrote an op-ed piece for The New York Times and this is how you structured it, "In the decade since I left the Senate, American politics has been characterized by two phenomena: the increased activism of the Christian right, especially in the Republican Party, and the collapse of bipartisan collegiality. I do not think it is a stretch to suggest a relationship between the two. To assert that I am on God's side and you are not, that I know God's will and you do not, and that I will use the power of government to advance my understanding of God's kingdom is certain to produce hostility." Do you think that's the primary reason for the breakdown in collegiality?

MR. DANFORTH: Yeah, I think it's a lot of it. I, I think, in general, politics in America is too polarized now. I mean, it's always been a contact sport, but I think it's too polarized. I think that the center has collapsed in American politics and that we've lost something because of that. And I think religion has been used as a wedge to drive us apart rather than something to bind us together.

MR. RUSSERT: How do you get that bipartisans—that center? How do you get it back?

MR. DANFORTH: Well, I, that, that's the reason for writing the book, because I, I think that that's where the American people are. And when they see political campaigns, they are not seeing their point of view represented. They're seeing two extremes: the extreme left and the extreme right. When they watch the talking heads on the all-news channels, they're seeing two extreme points of view. And I think most people would say "That's not where we are. We, we are sort of none of the above."

So I think that the center has to reassert itself. And how do you reassert yourself? You speak out. You speak out in every forum you can find, and you say this, this kind of divisiveness in America is unable to deal seriously with serious problems like terrorism, like dependence on foreign sources of energy, like the pending collapse of Social Security and Medicare. And those are hard political problems in any event, but at least we have to try to establish some common ground. And the common ground exists in the middle of the political spectrum, and that middle has been eroded.

MR. RUSSERT: You end your book—and the way I'd like to end our conversation this morning—talking about the role of peace for a Christian. You write:

"In our seminaries, in our churches, in our thoughts and prayers we should give rigorous attention to whether Christianity is a religion of peace. And if it is, we should think about how we can be more effective peacemakers than we have been to date." Do you write about that in the context of the war on terror, or much more generally?

MR. DANFORTH: Well, it's got a long history. Ever since the Book of Joshua, you know, where the people who were on the other side were slaughtered, the Crusades—it's got a very long history. But certainly we see it now in Iraq where it's sectarian violence, Sunnis and Shiites are killing each other. So what do we do about this?

And I think if religion is a good part of the problem in the world now, people killing each other in the name of God, then religious people are going to have to do just a little more than sing hymns and write letters to members of Congress. They've got to figure out strategies for trying to pull the world together, creating dialogue between the religions, and solving some of these religious disputes that we're having.

MR. RUSSERT: Senator John Danforth, Reverend John Danforth, this is one table where we can discuss faith and politics. And we thank you for joining us this morning.

MR. DANFORTH: Thank you.

MR. RUSSERT: And we'll be right back, right after this.

(Announcements)

MR. RUSSERT: That's all for today. We'll be back next week at our regular time with another special MEET THE PRESS Senate debate. Ohio. Incumbent Republican Senator Mike DeWine vs. Democratic Congressman Sherrod Brown. That's next Sunday: Ohio, the Senate Debate.

If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: This week -- McCain and Bush make peace.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Disagreement preserves the most potent tool we have in protecting America.

SEN. JOHN MCCAIN (R), ARIZONA: And there is no doubt that the Geneva Conventions have been preserved.

(END VIDEO CLIP)

STEPHANOPOULOS: But will the deal hold? Will Congress get anything else done? Or is it stalemate until November? Questions for our headliner. A Sunday exclusive with the Senate Majority Leader Bill Frist.

Then, with control of the Senate at stake, we're on the trail, this year's nastiest race.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: Are you saying that Senator Menendez is corrupt?

KEAN: You can call it unethical, you can call it corrupt.

STEPHANOPOULOS: Senator Kean is not retracting a thing.

MENENDEZ: He's not retracting a thing because, you know, he lies.

(END VIDEO CLIP)

STEPHANOPOULOS: George Will, Martha Raddatz and Frank Rich of the New York Times debates the week's politics on our roundtable.

Plus, Bob Newhart, a lifetime in comedy.

(BEGIN VIDEO CLIP)

NEWHART: One of the functions of comedy is to help people get past a difficult time, and move on with their life.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, The Sunday Funnies.

(BEGIN VIDEO CLIP)

CONAN O'BRIEN, TALK SHOW HOST: Crazy day, crazy day at the United Nations yesterday. That place is like The Jerry Springer Show now.

(END VIDEO CLIP) STEPHANOPOULOS: Good morning, everyone. We're going to get right to it this morning with our headliner, the Senate Majority Leader Bill Frist. Welcome back to This Week.

FRIST: Great to be back, George. Thank you.

STEPHANOPOULOS: Big headline in the New York Times this morning. It says that spy agencies say Iraq war worsens terrorism threat. It goes on to say that the National Intelligence Estimate, the consensus view of our intelligence community, has found that the American invasion and occupation of Iraq has helped spawn a new generation of Islamic radicalism, and that the overall terrorist threat has grown since the September 11th attacks. An opening section of the report: Indicators of the spread of the global jihadist movement cites the Iraq war as a reason for the diffusion of the jihad ideology. The report says that the Iraq war has made the overall terrorism problem worse, said one American intelligence official.

Do you agree with that judgment?

FRIST: George, first of all, as you know, it's a classified report and I haven't read it, and I did read the front page of the New York Times.

STEPHANOPOULOS: It was written in April. How come you haven't read it?

FRIST: Because it's a classified report and it just hadn't been presented to us.

But in terms of the content, I think the American people, when they read an article like that and the review of that really come back and say, listen, just keep me safe. I just want to be safe in

Nashville, Tennessee, I want to be safe in Memphis, New York City, Washington, D.C. That's what they want.

I think also the American people understand -- again, I'm speaking broadly -- that this war on terror is more than just Iraq, more than just Afghanistan. They look back to 1993, when the World Trade Center was hit. They look at two years later with the Khobar Towers and two years later with Afghan -- with both in Kenya and in Tanzania, our embassies were hit, and two years later the USS Cole. And then 2001, once again the World Trade Center. And then they say, well, we haven't had an attack in the last five years.

I mention all that because there's increasing understanding, with safety and security first for the American people, that this war on terror is much bigger than a single country. Whether it's Afghanistan or...

STEPHANOPOULOS: But this report says Iraq is making it worse.

FRIST: Well, it's a movement that we're against. It's not just a war in Iraq. And 10,000 of these terrorists were trained in Afghanistan, and we addressed the issue in Afghanistan. I think the movement is growing. This movement against a radical, Islamic extremism is growing throughout the world. And right now, that central front, as the president has said and so many others, is in Iraq. There's no question that there is (inaudible).

STEPHANOPOULOS: Senator Kennedy put out a statement last night saying because of this report, it's proof that we need to change course in Iraq.

FRIST: Well, and that's what I've heard on the Senate floor. But I think Americans, in looking back, just since 1993, what I laid out, understand that this war is big. And either we are going to be fighting this battle, this war overseas, or it's going to be right here in this country.

So I would disagree with the president -- or with Kennedy. He says let's cut and run, let's surrender, defeat is an option. I think -- and the majority of the American people think -- what it shows is that we've got to win. We've got to win this war on terror, wherever it is, and it's going to be fought overseas, or if we don't win there, it's going to be fought here in the United States.

STEPHANOPOULOS: He would call it redeployment, not cutting and running. But let me press on something, because I was surprised at what you said. Normally these National Intelligence Estimates are presented to the Congress. In fact, the one before the war in Iraq was presented to the Senate. Are you saying that this one has not been given to the Senate?

FRIST: It hasn't been given to me. So I do not -- I have not talked to other senators. But you're correct. This is classified information. At some point, I guess it'll be presented to us. Right now, it's not been presented to me.

STEPHANOPOULOS: Do you believe the public has a right to know this information?

FRIST: Well, it depends what the information is. I don't know what the information is. I know it's classified information at this juncture. If it means giving the terrorists a playbook in any way or giving them some insight into our operation, which is going to endanger the American people, or make us less effective in fighting this war on terror -- which is a tough, long battle -- then, no, it shouldn't be given to the American people.

STEPHANOPOULOS: Let me move on to this deal you all reached on how to treat detainees. President Bush coming together with Senator McCain and other senators. You helped broker the deal.

There are a lot of questions, though, about what exactly it means, and I want to put up a letter from a coalition of 12 human rights groups. They say, We believe that a good-faith interpretation of U.S. law, including the Detainee Treatment Act, and U.S. international obligations make it absolutely clear that practices such as water boarding, cold cell, prolonged standing, sleep deprivation, threats and assaults on prisoners are illegal. It is absolutely essential that the Congress be clear that these kinds of abusive interrogation techniques are illegal and covered by the War Crimes Act.

Are these techniques covered by the new legislation?

FRIST: Well, a definition is given in the act. The real debate that we are unified behind in terms of the outcome -- and that's the great news from last week, agreement with the president of the United States and with our military personnel and with our CIA and with our United States senators -- is that we've given definition to what is called Common Article 3, but the Geneva Convention, which basically had very, very vague terms, which would have eliminated the programs that we know have been life-saving, that made people in Los Angeles, New York and Nashville safer today.

And the problem is with a vague definition that ultimately if left vague is defined by the Europeans or by people overseas, not by the United States, that program would disappear. The good news is we've come to an agreement, broad agreement where that program can continue.

STEPHANOPOULOS: OK, but the program in the past has been reported to include water boarding, cold cells, prolonged standing, sleep deprivation. Has this law ruled that in or ruled that out?

FRIST: The good news is that the War Crimes Act, which is separate from the Geneva Conventions and the Common Article 3, but in the War Crime Act specifically under this agreement, it would outline, itemize what could be done, what cannot, what are these grave things that simply cannot be done. In terms of issues, because I know you're going to keep coming back to it, things like water boarding and others, I'm not going to get into those. I can say it's very clear, based in this legislation, what can be done and what can't be done.
STEPHANOPOULOS: But you know, this law was originally designed to prosecute enemy soldiers. And after World War II, we prosecuted, the U.S. prosecuted Japanese soldiers for water boarding. Under this act today, if a North Korean -- if North Koreans captured an American service person and water boarded them, could the North Koreans be prosecuted under this act?

FRIST: Yeah, yeah, again, that's so hypothetical that I don't know. But let me tell you, you're exactly right. What has been defined in the past was really for our military. Today we're talking about enemy combatants who are not in uniform who are out there assassinating Americans, who planned, like Khalid Shaikh Mohammed, who's down in Guantanamo Bay now, who planned 9/11, who killed 3,000, independently, individually killed 3,000 Americans, that's why we have a separate set of rules that are now specifically defined in this War Crimes Act, once we pass this legislation, so that we can continue a program that we know, we absolutely know has been life-saving to Americans.

STEPHANOPOULOS: And it's been reported that water boarding was used against Khalid Shaikh Mohammed. Do you think that was...

FRIST: Again, let me -- the reason why I know, you think -- and every time you ask it about water boarding or other specific procedures, once...

STEPHANOPOULOS: (inaudible) at issue here?

FRIST: No, it's defined. Right now it's very clear in people who are doing the interrogation. If we give the playbook to the enemy, to the terrorists themselves, they'll simply train themselves against those techniques and be able to resist. And therefore, nobody, or I think no responsible person is going to come in and basically say, these are the ten techniques we use and these are the ten that are not used.

I can say it is very clear, it meets international standards, it meets the Common Article 3 test. It meets the definition that we will be putting in the War Crimes Act here in about hopefully four or five days.

STEPHANOPOULOS: I'm going to take one more stab at this. Do you personally believe water boarding is torture?

FRIST: I'm not going to comment on individual techniques. It helps the terrorists and the reason why it helps the terrorists who are going to come and try to assassinate us and people listening to us right now.

STEPHANOPOULOS: Another big issue hope to get to this week, immigration. You and President Bush had been for comprehensive immigration reform that included finding a way for illegal immigrants here to work towards citizenship, a guest worker program. Is that completely off the table now?

FRIST: No. You know, anybody, any reasonable person knows that if you're going to address immigration reform, you have to first and foremost secure our borders. We can't have 2 million people coming to this country illegally this year. We've got to secure our borders. I believe strongly we have to have a strong temporary worker program, legal temporary worker program in this country.

And obviously, you've got to enforce the laws of the land at the work site, and that's what a comprehensive program is. What I've done, and hopefully what we'll be voting on on the floor of the Senate this week, is take the common parts of the House bill and the common parts of the Senate bill, border security, UAVs, unmanned aerial vehicles, sensors, cameras along the border, a fence along the border, take that common thing that everybody agrees upon, and pass it now.

STEPHANOPOULOS: You say hopefully. You're the majority leader. Are you not convinced you're going to be able to get that?

FRIST: I think the Democrats -- I think the Democrats, because right now in this political season they are obstructing everything, their partisanship, their politics as usual -- you know, I can go through a list of child custody protection, Water Resources Act, which they are obstructing for political reasons.

So I think even something where the American people say, of course, you've got to secure the borders, that's your responsibility, but right now I got a feeling the Democrats may obstruct it.

STEPHANOPOULOS: So you don't sound all that hopeful on that. Will you get the detainee deal through before you go home?

FRIST: Yes, it's very important, because right now these detainees that we have down in Guantanamo Bay right now, we can't even try them now. Right now, unless we pass this bill, we cannot have an interrogation program continue that we know has been life-saving that has uncovered terrorist attacks against the United States.

STEPHANOPOULOS: Senator Frist, thank you very much.

FRIST: Good to be with you, George.

STEPHANOPOULOS: Up next, the race that sounds like an episode of The Sopranos. We're on the trail in New Jersey.

(BEGIN VIDEO CLIP)

MENENDEZ: I stood up to a corrupt political machine. I had to wear a bulletproof vest during that period of time. There were threats of my life.

STEPHANOPOULOS: Do you take those charges back?

KEAN: What we're talking about is a pattern. What was Bob Menendez doing there in the first place?

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: We're back on the trail this week, this time in New Jersey. In a year where several Republican senators are at risk, this state is the GOP's best hope to beat a Democrat.

(BEGIN VIDEO CLIP)

MENENDEZ: All right. Thank you.

(END VIDEO CLIP)

STEPHANOPOULOS: Incumbent Bob Menendez was appointed to the Senate only nine months ago, and he's been playing defense.

(BEGIN VIDEO CLIP)

KEAN: Every week brings new scandals involving politicians and lobbyists.

(END VIDEO CLIP)

STEPHANOPOULOS: State Senator Tom Kean Jr. is the son of 9/11 Commission chair and former Governor Tom Kean. With that pedigree, Kean is focusing his campaign on his opponent's ethics.

(BEGIN VIDEO CLIP)

KEAN: Can New Jersey ever escape the clutch of corruption?

(END VIDEO CLIP)

STEPHANOPOULOS: After that speech to the New Jersey Food Council Friday morning, I pressed Kean on his charges.

(BEGIN VIDEOTAPE)

STEPHANOPOULOS: Are you saying that Senator Menendez is corrupt?

KEAN: I'm saying you can call it what you like, but any individual that steered hundreds of thousands of dollars to former aides and lobbyists, as the New York Times reported last year, and now, as we found out over the course of the last couple of weeks, has steered $350,000 of federal taxpayer money into his own pocket, is you can call it unethical, you can call it corrupt. But whatever it is, it is a betrayal of the public trust.

STEPHANOPOULOS: You put these corruption charges right at the center of this campaign, and in the debate you accused Senator Menendez of being corrupt when he worked for the mayor of Union City, New Jersey.

(BEGIN VIDEO CLIP)

KEAN: Bob, but the question is, you did not go to the federal prosecutors. You said at the time that you weren't willing to go on to Newark. They came to you, Bob. And the issue is, we need to get rid of corruption at every level of government.

(END VIDEO CLIP) STEPHANOPOULOS: But you just cited the New York Times -- the New York Times said about those accusations are -- that the Kean accusations find no support in those records or from independent authorities of that era. Do you take those charges back?

KEAN: What we are talking about is a pattern here.

What was Bob Menendez doing there in the first place?

STEPHANOPOULOS: Independent journalists who have looked at it for the New York Times and Star-Ledger say he went forward voluntarily. They said he was courageous.

KEAN: Bob Menendez was identified, subpoenaed and brought before the grand jury 12 different times. He didn't go voluntarily.

STEPHANOPOULOS: Here's what the Star-Ledger says: Kean persists in repeating such charges even though federal prosecutors have lauded Menendez for cooperating.

KEAN: Nobody questions that Bob Menendez testified 12 times before the grand jury. That's not the question.

The question is, what was he doing there in the first place? He steered hundreds of thousands of dollars of federal taxpayer dollars into his own pocket.

What kind of programs could have been provided with that hundreds of thousands of dollars?

STEPHANOPOULOS: Senator Menendez says that was cleared by the House Ethics Committee.

KEAN: Oh, come on. First he said it was cleared by an individual that, number one, didn't even serve on the committee at the time of the request, and, secondly, conveniently, died last October.

But it doesn't matter what the House Ethics Committee says. It shouldn't have been allowed to happen in the first place.

STEPHANOPOULOS: In your speech, you didn't mention President Bush. Senator Menendez says your ties to President Bush are a big issue in this campaign. He just started a new ad that says, basically, you and President Bush are in lock-step on Iraq.

(BEGIN VIDEO CLIP)

ANNOUNCER: Kean, Jr. says he would have voted for the Iraq war and we should stay the Bush administration's course with no end and no victory in sight.

(END VIDEO CLIP)

KEAN: Bob Menendez is going to say anything he can to detract, number one, from the fact that he's under federal criminal investigation...

STEPHANOPOULOS: But you did say you would vote for the war in Iraq, correct?

KEAN: Yes, yes. But Bob Menendez has got a complete lack of record on issues, which is why he's trying to detract the focus.

It is clear. Bob Menendez voted against our troops when they were in harm's way. I want our troops out of harm's way as quickly as humanly possible.

I think that's why we need to have a new secretary of defense. I've called for Secretary Rumsfeld's resignation because I don't think he's qualified to serve in that position any longer. We need a new set of eyes, a new set of ears.

STEPHANOPOULOS: The president says we have to stay the course. Do you agree with him?

KEAN: I agree with President Clinton, who just said, in the last couple of days, that immediate withdrawal from our troops out of that country could lead to a humanitarian crises. It could lead to it becoming a terrorist haven. It could lead to regional instability.

An artificial time line and immediate withdrawal, as Bob Menendez wants to do, could create more...

STEPHANOPOULOS: So you agree with President Clinton but not President Bush?

KEAN: I agree with individuals who believe that an immediate timetable is wrong, and whether that be John McCain, whether it be Bill Richardson, whether it be President Bush, whether it be President Clinton.

STEPHANOPOULOS: I've been keeping a list here of the issues where you've distanced yourself from President Bush in recent weeks: Iraq, immigration.

You're against him on Social Security reform, against him on stem cell research, criticized him over spending, criticized him over Korea. You think he's wrong on abortion, dead wrong on the environment, yet his administration is here raising a lot of money for you.

Why accept so much money from a president who has been so wrong on so many issues?

KEAN: Unlike Bob Menendez, I don't accept money with strings attached.

But I think what the people of the state of New Jersey, over the course of my entire tenure in elected office, whether it be in the assembly or state senate or, now, running for the United States Senate, need to know and want to know where I stand on a variety of the issues.

STEPHANOPOULOS: You're against President Bush on so many issue, on just about every major issue. Do you were regret voting for him?

KEAN: No, I think the focus on things issues regarding things like the tax cuts, which have disproportionately benefited the people of this state -- his tax cuts and the national tax cuts were the only things that helped the state of New Jersey balance our budget for the last four years.

Bob Menendez has been in Washington, D.C. for the last 14 years. And now he's running a campaign only saying what he's not. Well, what has he done for the last 14 years?

Bob Menendez would be lost without President Bush.

STEPHANOPOULOS: You ask what Senator Menendez has done. Actually, your dad, the chairman of the 9/11 Commission, Tom Kean, praised Senator Menendez for his leadership on the issue of homeland security.

He said, As a result of yours and others' commitment and dedication to reform, the American people are safer and more secure.

Was your dad wrong to praise Senator Menendez's leadership?

KEAN: My father sent out a form letter to the leadership of Congress to thank them for efforts, on both sides of the aisle.

And to show what a lackluster career Bob Menendez has had, that he would bring out a form letter to justify things that he...

STEPHANOPOULOS: You call it a form letter, but your father signed a letter, praising his leadership on homeland security.

KEAN: But think about this. All the recommendations of the 9/11 Commission are not accomplished. I will go down to Washington, D.C. and ensure that they are accomplished.

Now, I may not be invited back to Thanksgiving dinner unless I get that done, but it's one of my priorities to get it done.

STEPHANOPOULOS: No one knows more about homeland security in this country than your dad, right?

KEAN: Right. But as a result of Bob Menendez's actions, Wyoming gets more per capita funding than we do in the state of New Jersey from the federal government on homeland security grants. That is wrong.

STEPHANOPOULOS: I'm going to go see Senator Menendez this afternoon. No speeches now, just a question: What's the one question you have for Senator Menendez?

KEAN: Why in the world would he accept or think legal, steering hundreds of thousands of dollars, to the tune of $350,000, of federal taxpayer monies to himself?

(END VIDEOTAPE)

STEPHANOPOULOS: Kean and Menendez are both campaigning round the clock. We caught up with Menendez at a senior citizens lunch, where Newark Mayor Cory Booker raised what's worrying Democrats.

(BEGIN VIDEO CLIP)

CORY BOOKER, NEWARK, NJ MAYOR: I was with Bill Clinton yesterday talking about this very race. He looked at me and he said, tell me you're not going to lose New Jersey.

(END VIDEO CLIP)

STEPHANOPOULOS: The senator had a rousing reply.

(BEGIN VIDEO CLIP)

MENENDEZ: I will not buckle. I intend to stand up. And if you stand up with me, we will win this election, and we will change the course of direction in this country.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

MENENDEZ: Welcome to New Jersey. (END VIDEO CLIP)

STEPHANOPOULOS: But when we sat down later, I asked Menendez to answer Kean's question.

(BEGIN VIDEOTAPE)

MENENDEZ: Well, this is what Tom Kean wants to ask, because he doesn't want to deal with the questions about his support for the president's war in Iraq, for privatizing Social Security, his opposition to raising the minimum wage in New Jersey, his opposition to stem cell research.

This is a non-issue about a lease that was 12 years old for a property I haven't owned in three years, where the Ethics Committee, most recently, the former counsel of the Ethics Committee, said it was an ethical transaction with an organization that derives its revenue from a formula, not from grants.

And so the bottom line is, it is part of Tom Kean's Republican smear machine, because he can't be talking about the issues because he's on the wrong side of those issues.

STEPHANOPOULOS: But this is being investigated by the U.S. attorney here. There is a federal investigation.

MENENDEZ: We welcome it, and we look forward to its successful conclusion.

STEPHANOPOULOS: But you didn't have any written approval from the House Ethics Committee. And even if it was legal, isn't there something fishy about taking money from an organization you're helping get federal assistance?

MENENDEZ: George, the bottom line is, the entity that rented the property receives money by a formula. I can't lobby to change their formula. It was their desire to have that property. It was of value to them, and it was done in a, you know, transaction that was arm's length, fully negotiated between lawyers, with a verbal approval from the House Ethics Committee.

STEPHANOPOULOS: I also asked him about those charges he made against you in the debate about your time in Union City, and Senator Kean's not retracting a thing.

MENENDEZ: Well, he's not retracting a thing because, you know, he lies. So I'm not surprised that Tom Kean won't retract his statements, because it's all part of the politics of personal destruction. It's straight out of Karl Rove's game plan. It wasn't popular to be a reformer in those early days, you know, nearly 20 years ago, where, in fact, I stood up to a corrupt political machine. I testified against it. I had to wear a bullet-proof vest during that period of time because of threats on my life.

And we had four assistant U.S. attorneys say the man was courageous, honest and gutsy.
STEPHANOPOULOS: You say it's straight out of Karl Rove's game plan. As you know, Senator Kean is distancing himself from President Bush on a number of issues. You go down the list, Iraq, immigration, stem cell research, the environment. Are you worried that might work?

MENENDEZ: No. I think that the voters of New Jersey will see it for what it is, a 60-day slight change of convenience, not a commitment to principle about a different set of views.

George, look, we have a Republican candidate in Tom Kean, Jr., who, even with the benefit of hindsight, of knowing that there were no weapons of mass destruction and the present course of events in Iraq, says he would have voted for the war in Iraq and supports its present prosecution.

He continue to say that. Rumsfeld doesn't mitigate the fact that he still, with the benefit of hindsight, would have voted for the war continues to support the president's prosecution.

STEPHANOPOULOS: When talking about Iraq, he actually cites President Clinton, and he says that President Clinton criticizes what you want to do, redeploy troops within the next year, says that would be dangerous.

MENENDEZ: Well, the bottom line is that I believe that, in fact, we need to change the course of events in Iraq. And that's transitioning out of Iraq, putting our troops over the horizon. The bottom line is, he supports the president. He supports the president in terms of privatizing Social Security. He's fundamentally wrong on that.

STEPHANOPOULOS: He says he doesn't support that now, but the one place he still stands with President Bush is on the issue of tax cuts, and he says they have been a boon to New Jersey, but you voted against them.

MENENDEZ: Well, tax cuts for the wealthiest people -- Tom Kean would enjoy the benefit of those tax cuts with his personal wealth. But average middle-class New Jerseyans, ask them. As I travel the state, they're telling me, Senator, we are working harder just to keep our heads above water.

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE: We're behind you 100 percent.

MENENDEZ: Thank you. I appreciate it.

(END VIDEO CLIP)

MENENDEZ: So they don't believe that they're benefiting from this economy and the way that this administration is generating it.

And lastly, the enormous debt that the president is generating by virtue of his fiscal policy is the debt that their children and grandchildren will pay. I think that that's immoral.

STEPHANOPOULOS: One issue where he says you sold out the people of New Jersey was on the issue of homeland security. He said you sat on the conference committee and let a plan go through that didn't allocate the resources based on risks -- New Jersey is a high-risk state -- instead it sent a lot of money to states like Wyoming.

MENENDEZ: I offered all of the 9/11 recommendations in 2004 on the floor of the House of Representatives, as was reported out by the 9/11 Commission, without exception. One of the key elements of that was homeland security funding based on risk and risk alone. And it was voted down on the floor of the House of Representatives by a party line vote, with all Republicans voting against it.

So he forgets, conveniently so, that, in fact, it's his Republican Party that has the majority. It's his Republican leadership in the conference that stripped it out.

STEPHANOPOULOS: There was a lot of speculation in the press here that the party might actually try to replace you on the ticket. I know the deadline has passed now. But did any top Democrats try to convince you to leave the race?

MENENDEZ: Never. No one has ever, ever suggested that to me whatsoever. It's that Republican dream.

STEPHANOPOULOS: But a lot of Democrats I talk to worry that this is the one Democratic seat that they could lose in November. What do you say to them?

MENENDEZ: We're going to win. We're going to win, because we're on all of these issues, I am in the mainstream of the thought of New Jerseyans, and at the end of the day it will break on these issues, all in our favor, and we will win because of our superiority on the ground as well.

(END VIDEOTAPE)

STEPHANOPOULOS: They are neck and neck right now.

The roundtable is next with George Will, Martha Raddatz and Frank Rich of the New York Times.

And later, The Sunday Funnies.

(BEGIN VIDEO CLIP)

DAVID LETTERMAN, HOST, LATE SHOW WITH DAVID LETTERMAN: Anyway, Mahmoud Ahmadinejad is here. You know, he is the president who can actually pronounce nuclear.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: The roundtable, Bob Newhart, and The Sunday Funnies, after this from our ABC stations.

.(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Bob Newhart.

(BEGIN VIDEOTAPE)

(voice over): Before he became a TV legend, Newhart was the first comedian to hit number one on the charts, topping Frank Sinatra and Elvis.

In his new book, I Shouldn't Even Be Doing This, Newhart remembers his toughest gig and the presidential joke that made his name.

NEWHART: I did the Abe Lincoln routine, as a matter of fact, in the East Room of the White House.

(BEGIN VIDEO CLIP)

NEWHART: Abe, why do you change the speeches all the time?

All right, what other changes?

You typed it?

Abe, how many times have we told you, on the backs of envelopes.

(LAUGHTER)

(END VIDEO CLIP)

NEWHART: My wife and I came down and there was Nancy and President Reagan, and we stood there for, what had to be 20 minutes. And he'd tell me a joke and that would remind me of a joke and that would remind him of a joke.

Well, I never met JFK, even though I campaigned for him in 1960 because I'm Catholic and, of course, JFK was Catholic, and in the church, they never actually came out and said it but everybody knew that if you didn't campaign for him, you were going to hell.

The week that he was shot in Dallas, you had Oswald, the next day -- and then the next day, you had Ruby and just one terrible event after another.

Dinah Shore and I were doing a concert. The promoter called me up and said, could you do a show tonight?

And I said, well, if Dinah is willing to do a show, I'll do a show. And it was one of the best audiences I ever played to because they had to get away from this horrible news that they were being bombarded with every day.

And I learned something about comedy, that one of the functions of comedy is to help people get past a difficult time and move on with their life.

(END VIDEOTAPE)

STEPHANOPOULOS: And Bob Newhart has made us laugh for a long time.

(SUNDAY FUNNIES)

(COMMERCIAL BREAK)

STEPHANOPOULOS: That's our show for today.

Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. U.S. intelligence says the Iraq war has spawned a new generation of terrorists -- next, on Fox News Sunday.

The interview everyone will be talking about.

(BEGIN VIDEO CLIP)

WALLACE: Do you think you did enough, sir?

CLINTON: No, because I didn't get him.

WALLACE: Right.

CLINTON: But at least I tried. That's the difference in me and some, including all of the right-wingers who are attacking me now.

(END VIDEO CLIP)

WALLACE: Former President Bill Clinton in a combative discussion about his attempts to bring Osama bin Laden to justice. He says his right-wing critics are giving President Bush a free pass.

Also, the new deal on terror detainees. We'll discuss the policy and politics with our panel: Brit Hume, Mara Liasson, Fred Barnes and Juan Williams.

And our power player of the week, the doctor of Washington's favorite son.

All right now on Fox News Sunday.

And good morning again from Fox News in Washington. Here's a quick check of the latest headlines.

The U.S. intelligence community says the Iraq war has helped create a new generation of Islamic terrorists. The National Intelligence Estimate, written in April but leaked this weekend, says the number of terrorists is growing, not diminishing, and the overall threat has gotten worse since the 9/11 attacks.

New accounts out of France that Al Qaida leader Osama bin Laden died last month have been knocked down by Saudi Arabian officials. They say they have no evidence to confirm reports bin Laden died of typhoid in August.

And the Reverend Jerry Falwell says even Lucifer would not energize the Republican base in 2008 as much as Senator Hillary Clinton if she runs for president. Falwell's comments were made to a private gathering of pastors and activists but were caught on audiotape. And now, our interview with Former President Clinton. This week he hosted his second annual Global Initiative forum in New York. More than $7 billion was pledged to tackle some of the worst problems in developing countries, such as poverty, disease and climate change.

As part of the conference, Mr. Clinton agreed to his first one- on-one interview ever on Fox News Sunday. The ground rules were simple: 15 minutes for our sit-down, split evenly between the Global Initiative and anything else we wanted to ask. But as you'll see now in the full, unedited interview, that's not how it turned out.

(BEGIN VIDEOTAPE)

WALLACE: Mr. President, welcome to Fox News Sunday.

CLINTON: Thanks.

WALLACE: In a recent issue of The New Yorker you say, quote, I'm 60 years old and I damn near died, and I'm worried about how many lives I can save before I do die.

Is that what drives you in your effort to help in these developing countries?

CLINTON: Yes, I really -- but I don't mean -- that sounds sort of morbid when you say it like that. I mean, I actually...

WALLACE: That's how you said it.

CLINTON: Yes, but the way I said it, the tone in which I said it was actually almost whimsical and humorous. That is, this is what I love to do. It is what I think I should do.

That is, I have had a wonderful life. I got to be president. I got to live the life of my dreams. I dodged a bullet with that heart problem. And I really think I should -- I think I owe it to my fellow countrymen and people throughout the world to spend time saving lives, solving problems, helping people see the future.

But as it happens, I love it. I mean, I feel it's a great gift. So, it's a rewarding way to spend my life.

WALLACE: Someone asked you -- and I don't want to, again, be too morbid, but this is what you said. He asked you if you could wind up doing more good as a former president than as a president, and you said, Only if I live a long time.

CLINTON: Yes, that's true.

WALLACE: How do you rate, compare the powers of being in office as president and what you can do out of office as a former president?

CLINTON: Well, when you are president, you can operate on a much broader scope. So, for example, you can simultaneously be trying to stop a genocide in Kosovo and, you know, make peace in the Middle East, pass a budget that gives millions of kids a chance to have afterschool programs and has a huge increase in college aid at home. In other words, you've got a lot of different moving parts, and you can move them all at once.

But you're also more at the mercy of events. That is, President Bush did not run for president to deal with 9/11, but once it happened it wasn't as if he had an option.

Once I looked at the economic -- I'll give you a much more mundane example. Once I looked at the economic data, the new data after I won the election, I realized that I would have to work much harder to reduce the deficit, and therefore I would have less money in my first year to invest in things I wanted to invest in.

WALLACE: So what is it that you can do as a former president?

CLINTON: So what you can do as a former president is -- you don't have the wide range of power, so you have to concentrate on fewer things. But you are less at the mercy of unfolding events.

So if I say, look, we're going to work on the economic empowerment of poor people, on fighting AIDS and other diseases, on trying to bridge the religious and political differences between people, and on trying to, you know, avoid the worst calamities of climate change and help to revitalize the economy in the process, I can actually do that.

I mean, because tomorrow when I get up, if there's a bad headline in the paper, it's President Bush's responsibility, not mine. That's the joy of being a former president. And it is true that if you live long enough and you really have great discipline in the way you do this, like this CGI, you might be able to affect as many lives, or more, for the good as you did as president.

WALLACE: When we announced that you were going to be on Fox News Sunday, I got a lot of e-mail from viewers. And I've got to say, I was surprised. Most of them wanted me to ask you this question: Why didn't you do more to put bin Laden and Al Qaida out of business when you were president?

There's a new book out, I suspect you've already read, called The Looming Tower. And it talks about how the fact that when you pulled troops out of Somalia in 1993, bin Laden said, I have seen the frailty and the weakness and the cowardice of U.S. troops. Then there was the bombing of the embassies in Africa and the attack on the Cole.

CLINTON: OK, let's just go through that.

WALLACE: Let me -- let me -- may I just finish the question, sir?

And after the attack, the book says that bin Laden separated his leaders, spread them around, because he expected an attack, and there was no response.

I understand that hindsight is always 20/20... CLINTON: No, let's talk about it.

WALLACE: ... but the question is, why didn't you do more, connect the dots and put them out of business?

CLINTON: OK, let's talk about it. Now, I will answer all those things on the merits, but first I want to talk about the context in which this arises.

I'm being asked this on the Fox network. ABC just had a right- wing conservative run in their little Pathway to 9/11, falsely claiming it was based on the 9/11 Commission report, with three things asserted against me directly contradicted by the 9/11 Commission report.

And I think it's very interesting that all the conservative Republicans, who now say I didn't do enough, claimed that I was too obsessed with bin Laden. All of President Bush's neo-cons thought I was too obsessed with bin Laden. They had no meetings on bin Laden for nine months after I left office. All the right-wingers who now say I didn't do enough said I did too much -- same people.

They were all trying to get me to withdraw from Somalia in 1993 the next day after we were involved in Black Hawk down, and I refused to do it and stayed six months and had an orderly transfer to the United Nations.

OK, now let's look at all the criticisms: Black Hawk down, Somalia. There is not a living soul in the world who thought that Osama bin Laden had anything to do with Black Hawk down or was paying any attention to it or even knew Al Qaida was a growing concern in October of '93.

WALLACE: I understand, and I...

CLINTON: No, wait. No, wait. Don't tell me this -- you asked me why didn't I do more to bin Laden. There was not a living soul. All the people who now criticize me wanted to leave the next day.

You brought this up, so you'll get an answer, but you can't...

WALLACE: I'm perfectly happy to.

CLINTON: All right, secondly...

WALLACE: Bin Laden says...

CLINTON: Bin Laden may have said...

WALLACE: ... bin Laden says that it showed the weakness of the United States.

CLINTON: But it would've shown the weakness if we'd left right away, but he wasn't involved in that. That's just a bunch of bull. That was about Mohammed Adid, a Muslim warlord, murdering 22 Pakistani Muslim troops. We were all there on a humanitarian mission. We had no mission, none, to establish a certain kind of Somali government or to keep anybody out.

He was not a religious fanatic...

WALLACE: But, Mr. President...

CLINTON: ... there was no Al Qaida...

WALLACE: ... with respect, if I may, instead of going through '93 and...

CLINTON: No, no. You asked it. You brought it up. You brought it up.

WALLACE: May I ask a general question and then you can answer?

CLINTON: Yes.

WALLACE: The 9/11 Commission, which you've talk about -- and this is what they did say, not what ABC pretended they said...

CLINTON: Yes, what did they say?

WALLACE: ... they said about you and President Bush, and I quote, The U.S. government took the threat seriously, but not in the sense of mustering anything like the kind of effort that would be gathered to confront an enemy of the first, second or even third rank.

CLINTON: First of all, that's not true with us and bin Laden.

WALLACE: Well, I'm telling you that's what the 9/11 Commission says.

CLINTON: All right. Let's look at what Richard Clarke said. Do you think Richard Clarke has a vigorous attitude about bin Laden?

WALLACE: Yes, I do.

CLINTON: You do, don't you?

WALLACE: I think he has a variety of opinions and loyalties, but yes, he has a vigorous...

CLINTON: He has a variety of opinion and loyalties now, but let's look at the facts: He worked for Ronald Reagan; he was loyal to him. He worked for George H. W. Bush; he was loyal to

him. He worked for me, and he was loyal to me. He worked for President Bush; he was loyal to him.

They downgraded him and the terrorist operation.

Now, look what he said, read his book and read his factual assertions -- not opinions -- assertions. He said we took vigorous action after the African embassies. We probably nearly got bin Laden.

WALLACE: But... CLINTON: No, wait a minute.

(CROSSTALK)

WALLACE: ... cruise missiles.

CLINTON: No, no. I authorized the CIA to get groups together to try to kill him.

The CIA, which was run by George Tenet, that President Bush gave the Medal of Freedom to, he said, He did a good job setting up all these counterterrorism things.

The country never had a comprehensive anti-terror operation until I came there.

Now, if you want to criticize me for one thing, you can criticize me for this: After the Cole, I had battle plans drawn to go into Afghanistan, overthrow the Taliban, and launch a full-scale attack search for bin Laden.

But we needed basing rights in Uzbekistan, which we got after 9/11.

The CIA and the FBI refused to certify that bin Laden was responsible while I was there. They refused to certify. So that meant I would've had to send a few hundred Special Forces in in helicopters and refuel at night.

Even the 9/11 Commission didn't do that. Now, the 9/11 Commission was a political document, too. All I'm asking is, anybody who wants to say I didn't do enough, you read Richard Clarke's book.

WALLACE: Do you think you did enough, sir?

CLINTON: No, because I didn't get him.

WALLACE: Right.

CLINTON: But at least I tried. That's the difference in me and some, including all the right-wingers who are attacking me now. They ridiculed me for trying. They had eight months to try. They did not try. I tried.

So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, Dick Clarke, who got demoted.

So you did Fox's bidding on this show. You did your nice little conservative hit job on me. What I want to know is...

WALLACE: Well, wait a minute, sir.

CLINTON: No, wait. No, no...

WALLACE: I want to ask a question. You don't think that's a legitimate question?

CLINTON: It was a perfectly legitimate question, but I want to know how many people in the Bush administration you asked this question of.

I want to know how many people in the Bush administration you asked, Why didn't you do anything about the Cole?

I want to know how many you asked, Why did you fire Dick Clarke?

I want to know how many people you asked...

WALLACE: We asked -- we asked...

CLINTON: I don't...

WALLACE: Do you ever watch Fox News Sunday, sir?

CLINTON: I don't believe you asked them that.

WALLACE: We ask plenty of questions of...

CLINTON: You didn't ask that, did you? Tell the truth, Chris.

WALLACE: About the USS Cole?

CLINTON: Tell the truth, Chris.

WALLACE: With Iraq and Afghanistan, there's plenty of stuff to ask.

CLINTON: Did you ever ask that?

You set this meeting up because you were going to get a lot of criticism from your viewers because Rupert Murdoch's supporting my work on climate change.

And you came here under false pretenses and said that you'd spend half the time talking about -- you said you'd spend half the time talking about what we did out there to raise $7-billion-plus in three days from 215 different commitments. And you don't care.

WALLACE: But, President Clinton, if you look at the questions here, you'll see half the questions are about that. I didn't think this was going to set you off on such a tear.

CLINTON: You launched it -- it set me off on a tear because you didn't formulate it in an honest way and because you people ask me questions you don't ask the other side.

WALLACE: That's not true. Sir, that is not true.

CLINTON: And Richard Clarke made it clear in his testimony...

WALLACE: Would you like to talk about the Clinton Global Initiative?

CLINTON: No, I want to finish this now.

WALLACE: All right. Well, after you.

CLINTON: All I'm saying is, you falsely accused me of giving aid and comfort to bin Laden because of what happened in Somalia. No one knew Al Qaida existed then. And...

WALLACE: But did they know in 1996 when he declared war on the U.S.? Did they know in 1998...

CLINTON: Absolutely, they did.

WALLACE: ... when he bombed the two embassies?

CLINTON: And who talked about...

WALLACE: Did they know in 2000 when he hit the Cole?

CLINTON: What did I do? What did I do? I worked hard to try to kill him. I authorized a finding for the CIA to kill him. We contracted with people to kill him. I got closer to killing him than anybody has gotten since. And if I were still president, we'd have more than 20,000 troops there trying to kill him.

Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq.

And you ask me about terror and Al Qaida with that sort of dismissive thing? When all you have to do is read Richard Clarke's book to look at what we did in a comprehensive, systematic way to try to protect the country against terror.

And you've got that little smirk on your face and you think you're so clever. But I had responsibility for trying to protect this country. I tried and I failed to get bin Laden. I regret it. But I did try. And I did everything I thought I responsibly could.

The entire military was against sending Special Forces in to Afghanistan and refueling by helicopter. And no one thought we could do it otherwise, because we could not get the CIA and the FBI to certify that Al Qaida was responsible while I was president.

And so, I left office. And yet, I get asked about this all the time. They had three times as much time to deal with it, and nobody ever asks them about it. I think that's strange.

WALLACE: Can I ask you about the Clinton Global Initiative?

CLINTON: You can.

WALLACE: I always intended to, sir.

CLINTON: No, you intended, though, to move your bones by doing this first, which is perfectly fine. But I don't mind people asking me -- I actually talked to the 9/11 Commission for four hours, Chris, and I told them the mistakes I thought I made. And I urged them to make those mistakes public, because I thought none of us had been perfect.

But instead of anybody talking about those things, I always get these clever little political yields (ph), where they ask me one-sided questions. And the other guys notice that. And it always comes from one source. And so...

WALLACE: And...

CLINTON: And so...

WALLACE: I just want to ask you about the Clinton Global Initiative, but what's the source? I mean, you seem upset, and I...

CLINTON: I am upset because...

WALLACE: And all I can say is, I'm asking you this in good faith because it's on people's minds, sir. And I wasn't...

CLINTON: Well, there's a reason it's on people's minds. That's the point I'm trying to make. There's a reason it's on people's minds: Because there's been a serious disinformation campaign to create that impression.

This country only has one person who's worked on this terror. From the terrorist incidents under Reagan to the terrorist incidents from 9/11, only one: Richard Clarke.

And all I can say to anybody is, you want to know what we did wrong or right, or anybody else did? Read his book.

The people on my political right who say I didn't do enough spent the whole time I was president saying, Why is he so obsessed with bin Laden? That was wag the dog when he tried to kill him.

My Republican secretary of defense -- and I think I'm the only president since World War II to have a secretary of defense of the opposite party -- Richard Clarke and all the intelligence people said that I ordered a vigorous attempt to get bin Laden and came closer, apparently, than anybody has since.

WALLACE: All right.

CLINTON: And you guys try to create the opposite impression, when all you have to do is read Richard Clarke's findings and you know it's not true. It's just not true.

And all this business about Somalia -- the same people who criticized me about Somalia were demanding I leave the next day. The same exact crowd.

WALLACE: One of the...

CLINTON: And so, if you're going to do this, for God's sake, follow the same standards for everybody...

WALLACE: I think we do, sir.

CLINTON: ... and be flat -- and fair.

WALLACE: I think we do.

(END VIDEOTAPE)

WALLACE: When we return, we finally get back to the Clinton Global Initiative. And you'll also hear why the former president says the White House is selling fear in the fall campaign.

(BEGIN VIDEO CLIP)

CLINTON: Well, I don't blame Karl Rove. If you've got a deal that works, you just keep on doing it.

(END VIDEO CLIP)

WALLACE: We'll be right back.

WALLACE: We're back now with the rest of our interview with former President Clinton. After that long discussion of how he fought the war on terror, we returned to his efforts as an ex-president to help solve the problems in developing countries.

(BEGIN VIDEOTAPE)

WALLACE: One of the main parts of the Global Initiative this year is religion and reconciliation. President Bush says that the fight against Islamic extremism is the central conflict of this century. And his answer is promoting democracy and reform.

Do you think he has that right?

CLINTON: Sure. To advance -- to advocate democracy and reform in the Muslim world? Absolutely.

I think the question is, what's the best way to do it? I think also the question is, how do you educate people about democracy?

Democracy is about way more than majority rule. Democracy is about minority rights, individual rights, restraints on power. And there's more than one way to advance democracy.

But do I think, on balance, that in the end, after several bouts with instability -- look how long it took us to build a mature democracy. Do I think, on balance, it would be better if we had more freedom and democracy? Sure I do. And do I think specifically the president has a right to do it? Sure I do.

But I don't think that's all we can do in the Muslim world. I think they have to see us as trying to get a just and lasting peace in the Middle East. I think they have to see us as willing to talk to people who see the world differently than we do.

WALLACE: Last year at this conference, you got $2.5 billion in commitments, pledges. How'd you do this year?

CLINTON: Well, this year we had -- we had $7.3 billion, as of this morning.

WALLACE: Excuse me?

CLINTON: $7.3 billion, as of this morning. But $3 billion of that is -- now, this is over multi years. These are up to 10-year commitments.

But $3 billion of that came from Richard Branson's commitment to give all of his transportation profits for a decade to clean energy investments. But still, that's -- the rest is over $4 billion.

And we will have another 100 commitments come in, maybe more, and we'll probably raise another, I would say, at least another billion dollars, probably, before it's over. We've got a lot of commitments still in process.

WALLACE: When you look at the $3 billion from Branson, plus the billions that Bill Gates is giving in his own program, and now Warren Buffet, what do you make of this new age of philanthropy?

CLINTON: I think that, for one thing, really rich people have always given money away. I mean, you know, they've endowed libraries and things like that.

The unique thing about this age is, first of all, you have a lot of people like Bill Gates and Warren Buffet who are interested in issues at home and around the world that grow out of the nature of the 21st century and its inequalities -- the income inequalities, the health-care inequalities, the education inequalities.

And you get a guy like Gates, who built Microsoft, who actually believes that he can help overcome a lot of the health disparities in the world. And that's the first thing.

The second thing that ought to be credited is that there are a lot of people with average incomes who are joining them because of the Internet. Like in the tsunami, for example, we had $1.2 billion given by Americans; 30 percent of our households gave money, over half of them over the Internet.

And then the third thing is you've got all these -- in poor countries, you've got all these nongovernmental groups that you can -- that a guy like Gates can partner with, along with the governments.

So all these things together mean that people with real money want to give it away in ways that help people that before would've been seen only as the object of government grants or loans.

WALLACE: Let's talk some politics. In that same New Yorker article, you say that you are tired of Karl Rove's B.S., although I'm cleaning up what you said.

CLINTON: But I do like the -- but I also say I'm not tired of Karl Rove. I don't blame Karl Rove. If you've got a deal that works, you just keep on doing it.

WALLACE: So what is the B.S.?

CLINTON: Well, every even-numbered year, right before an election, they come up with some security issue.

In 2002, our party supported them in undertaking weapons inspections in Iraq and was 100 percent for what happened in Afghanistan, and they didn't have any way to make us look like we didn't care about terror.

And so, they decided they would be for the homeland security bill that they had opposed. And they put a poison pill in it that we wouldn't pass, like taking the job rights away from 170,000 people, and then say that we were weak on terror if we weren't for it. They just ran that out.

This year, I think they wanted to make the questions of prisoner treatment and intercepted communications the same sort of issues, until John Warner and John McCain and Lindsey Graham got in there. And, as it turned out, there were some Republicans that believed in the Constitution and the Geneva Conventions and had some of their own ideas about how best to fight terror.

The Democrats -- as long as the American people believe that we take this seriously and we have our own approaches -- and we may have differences over Iraq -- I think we'll do fine in this election.

But even if they agree with us about the Iraq war, we could be hurt by Karl Rove's new foray if we just don't make it clear that we, too, care about the security of the country. But we want to implement the 9/11 Commission recommendations, which they haven't for four years. We want to intensify our efforts in Afghanistan against bin Laden. We want to make America more energy-independent.

And then they can all, if they differ on Iraq, they can say whatever they want on Iraq.

But Rove is good. And I honor him. I mean, I will say that. I've always been amused about how good he is, in a way.

But on the other hand, this is perfectly predictable: We're going to win a lot of seats if the American people aren't afraid. If they're afraid and we get divided again, then we may only win a few seats.

WALLACE: And the White House, the Republicans want to make the American people afraid?

CLINTON: Of course they do. Of course they do. They want us to be -- they want another homeland security deal. And they want to make it about -- not about Iraq but about some other security issue, where, if we disagree with them, we are, by definition, imperiling the security of the country.

And it's a big load of hooey. We've got nine Iraq war veterans running for the House seats. We've got President Reagan's secretary of the navy as the Democratic candidate for the Senate in Virginia. A three-star admiral, who was on my National Security Council staff, who also fought terror, by the way, is running for the seat of Kurt Weldon in Pennsylvania.

We've got a huge military presence here in this campaign. And we just can't let them have some rhetorical device that puts us in a box we don't belong in.

That's their job. Their job is to beat us. I like that about Rove. But our job is not to let them get away with it. And if they don't, then we'll do fine.

WALLACE: Mr. President, thank you for one of the more unusual interviews.

CLINTON: Thanks.

(END VIDEOTAPE)

WALLACE: President Clinton in New York, as he wrapped up his Global Initiative for this year.

Coming up, our Sunday panel weighs in on the Clinton interview. What kind of job did he do in fighting Al Qaida? Stay tuned.

WALLACE: And it's panel time now for Brit Hume, Washington managing editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Fred Barnes of The Weekly Standard, and Juan Williams, also from National Public Radio.

Well, let's try to sort through the facts, the statements that President Clinton made in that interview.

And, first of all, he talked over and over about Richard Clarke, who was his anti-terror adviser and also George W. Bush's anti-terror adviser for a while, as the authoritative source on all this.

Well, we looked through what Dick Clarke said, and he gives Mr. Clinton much more mixed grades than the president said.

On the one hand, Clarke says this, and let's put it on the screen:

Bill Clinton was obsessed with getting bin Laden. Bill Clinton ordered bin Laden assassinated. He ordered not only bin Laden assassinated but all of his lieutenants. The CIA failed him.

But after the bombing of U.S. embassies in Africa in 1998, President Clinton ordered a cruise missile attack on an Al Qaida training camp in Afghanistan, and here Clarke is not so positive. Take a look.

Clinton bombed them once. The public reaction was negative to that. Remember 'wag the dog'? Everyone said Clinton is just bombing Afghanistan to divert attention from the Monica business, and so he didn't bomb them again.

And, Brit, we also found that in the 9/11 Commission report, the bipartisan report of the 9/11 Commission, they said that, in December of 1999, Dick Clarke sent a memo in the Clinton White House, as the Clinton adviser, urging an attack on Al Qaida bases before the millennium, when everybody thought there would be a terror attack. Sandy Berger, Bill Clinton's national security adviser, wrote on the memo, No.

HUME: Let's be clear about one thing: Nobody did enough before 9/11. Not the first Bush administration, not the Clinton administration, and not, in the brief time it had, the current Bush administration. Nonetheless, I must say I was surprised at that thunderstorm that you ran in to when you posed the question. And, you know, it's hard to know exactly what happens. You know, he's given to these flashes of temper. I weathered one one time. It didn't go on as long as

the one you dealt with was. They usually blow over pretty quickly, and he's back to his jolly self. This, obviously, went on a bit.

And the sensitivity probably owes something to the fact that this notion that he didn't do nearly enough on bin Laden is sort of lethal to his legacy.

America had a wonderful time during the Clinton administration. The economy boomed. The Cold War was over. It was almost an eight- year party.

I think this president believes, President Clinton, that he did many good things, but I think he's in danger, in his own mind and the minds of others, of being remembered as the guy who did bad things with interns, or at least one intern, and failed to recognize and deal with the threat of terrorism that came home to roost on 9/11.

WALLACE: But, Mara, what about -- let's go back to the facts here. What about the basic argument that Clinton makes, that he did a lot more in his eight years to fight bin Laden than President Bush did in the eight, nine months before 9/11?

LIASSON: Well, I mean, eight years versus eight months -- I think you could say he had a lot more time to try. He says he tried and failed. But he wants credit for trying. And I guess he feels sensitive that he's being attacked by some people for not doing enough.

I mean, in terms of being motivated by worrying about his legacy, I mean, legacies take a long time to get settled. But right now, it doesn't seem to me -- and the reason why I was kind of mystified by Clinton's outburst is that it doesn't seem to me that the consensus is forming that he is somehow to blame for 9/11 more than the Bush administration.

As a matter of fact, you've got the 9/11 Commission saying there's plenty of blame to go around. You have today the NIE, the most authoritive national intelligence estimate that there is in the government, saying that the situation in Iraq has made the terrorist threat worse.

So I don't -- I'm wondering why he feels so beleaguered about this, unless it's just because of the ABC docudrama, which I think that his people were pretty successful in undermining.

WALLACE: How do you, Fred, think the president did in recognizing the threat and dealing with the threat of Al Qaida and bin Laden? Obviously he would say, I failed. He didn't get them; he didn't stop 9/11. But how do you think he did during his eight years in office?

BARNES: Well, I think he did a lot. Look, our view of bin Laden and Al Qaida and the terrorist threat changed dramatically on 9/11. So I think it's difficult to fault either this President Bush or Bill Clinton for not doing enough. We didn't realize what we faced as a country with this terrorist threat.

I do think he is unusually worried about his legacy, about his reputation. Look, this is what former presidents do. They have to polish their reputation. That's one of the main things they do.

And, Chris, I don't know whether you sensed this when you were sitting there with him, but it looked to me like he was spoiling for a fight. He had this ABC report, which I think only one small part of it was changed after all the complaints, the hot letter from Bill Clinton...

WALLACE: Just briefly, we should say, this was a docudrama on ABC called The Path to 9/11. It was supposedly based on the 9/11 Commission report. It later turned out there were at least three parts of the docudrama that, in fact, had been made up and were directly contradicted by the 9/11 report. And the Clinton team, as you point out, made a big stink about it and got some of it changed.

BARNES: And yet, it was shown all over the world. I know it was shown on BBC, for instance.

And President Clinton, he did one clever thing when he was talking to you, and that is to try to isolate the criticism of himself about bin Laden and terrorism and so on, that it's just some right-wing neo-cons who are the ones who were doing it. He said that over and over again, and to really dismiss it because it's a bunch of right-wingers saying that.

WILLIAMS: Well, he's mad. He's mad about the right-wing conspiracy. And he's particularly mad...

(LAUGHTER)

BARNES: Which one?

WILLIAMS: ... at the idea that -- neo-cons, he says, in this Bush administration, you know, for all their talk, didn't do much to go after bin Laden.

So I think that he has a right to say he's mad at Fox. He somehow sees Fox as part of this conspiracy. And you're going to make your bones, Chris, on this.

(LAUGHTER)

But he's...

HUME: Do you agree with that?

WILLIAMS: I don't think Chris is -- I think, in fact, you did a very good job. I thought you held yourself together...

(LAUGHTER) WALLACE: It wasn't always easy.

WILLIAMS: ... in the force of the gale winds.

(CROSSTALK)

BARNES: ... President Clinton didn't.

WILLIAMS: But I think that when you stop and you think about it, wag the dog was all over this town. You know, people did think that he was reacting to what had happened with Monica. There's no question about that.

And if you ask about whether or not he was persistent in the aftermath of the Cole incident, if he was after Somalia, you know what? I think he acted in an aggressive fashion.

And if you come into the first few months of the Bush administration, what you see is that Richard Clarke is demoted, ignored. There are reports that people don't even talk about bin Laden. Who is bin Laden?

That, to me, is the rewrite of history that's going on here. I don't think it's less, Brit, about Clinton's legacy. I think that what we've seen subsequent is this Bush administration making a concerted effort to say, It's not our fault that on our watch the United States was attacked.

HUME: Let's talk a little bit about the political will that existed in the country after 9/11. Bill Clinton didn't have anything like that behind him when he was trying to do what he tried to do. So what could a president have done?

If you look back at the first World Trade Center bombing, he was president; it was 1993. And he chose to treat that as a law enforcement matter.

And, you know, in retrospect, he could've made a different decision. He could have sounded the call and said, This is a major attack. It requires a major response. He would've had to make a huge deal out of it and use the presidential megaphone to the fullest.

The same is true after the bombings of the embassies. The same is true after the bombing of the Cole. He could've elevated those.

The country would've swung behind him, as the country always does at times like that. The politicians probably would have, too. And he probably would've gotten what he needed to mount -- the political effort needed to mount a larger-scale undertaking.

I think it's fair to say that he and his administration chose not to do that. In retrospect, it looks like bad choices. But, no doubt, he did make some efforts. He's right about that.

WALLACE: Mara, what about the other point that President Clinton makes, that we hold and have held -- and I think he means the whole media, not just Fox News -- have held President Bush to a lower standard, in terms of what he did or failed to do before 9/11?

LIASSON: You know, that is the subject of probably the most intensely polarized debate in America right now. Was the media as tough on Clinton -- or, as tough on Bush as they were on Clinton? Did the Bush administration get a pass? I mean, that is a huge debate.

I don't think you can talk about the media as a whole. I think there are plenty of aspects of the media that have blamed President Bush every step of the way for every misstep.

And certainly the country has come to a kind of consensus about the war in Iraq. It's a kind of split one. But the war in Iraq is very unpopular. I think the president has, over time, come in for a lot of criticism.

Whether, you know -- presidents always feel like they're mistreated by the press worse than any other president, so it's hard to...

WILLIAMS: But the walk-up to this war and the weapons of mass destruction? What kind of...

LIASSON: Oh, on that one, he certainly did. I'm talking about...

WILLIAMS: Yes, come on. The press gave him a pass.

LIASSON: You know what? At that time...

WALLACE: Guys...

LIASSON: ... Democrats and people all over the world thought that Iraq did have weapons of mass destruction. We learned later that wasn't the case.

WALLACE: All right. We're going to continue this conversation. But when we come back, we're going to add to it this fascinating new National Intelligence Estimate that the terror threat is getting worse, not better.

And the White House and top Republican senators cut a deal on terror detainees. Is it good policy? Is it good politics? Some answers ahead.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: This agreement preserves the most single -- most potent tool we have in protecting America and foiling terrorist attacks.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN (R-AZ): There is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved.

(END VIDEO CLIP)

WALLACE: That was President Bush and Senator McCain, each claiming victory in the compromise reached this week on the handling of terror detainees.

And we're back now with Brit, Mara, Fred and Juan.

Before we get to the compromise on terror detainees, Fred, let's talk about the news this morning: this National Intelligence Estimate, which was apparently written in April but was revealed to the New York Times in its issue this morning, that reportedly says the Iraq war is spawning a new generation of terrorists and, in fact, that the threat, the overall threat, is greater than it was at 9/11.

BARNES: Well, I haven't read the report. And we do know this: that there is this radical fever raging among Muslims all over the world, particularly among young Muslim men, that has led to terrorist attacks on Europe, Asia, 9/11, for instance, here in the United States. And so, it's growing.

The question is, would it continue to be growing, this terrorist threat, absent Iraq? I think it would be growing. Would it be growing as much? I don't know.

Remember, when was the biggest growth period of all for Al Qaida? When did Al Qaida grow? It was not when we were in Iraq. It was in the 1990s when it was growing like crazy, when there were attacks on the United States then, in the earlier World Trade Center attack and the one on the embassies and so on. That's when Al Qaida was growing. No Iraq then.

My guess is it would be growing anyway, because there's this historical trend among Muslims.

WILLIAMS: But let's go back to...

(CROSSTALK)

WALLACE: Wait one second. Let me just ask you this, and you can even fold it in. Because this is an issue, this is a point that Secretary of Defense Rumsfeld raised in one of his famous memos early on: Are we responsible for the recruiting of more Al Qaida Islamic terrorists than we are killing them?

WILLIAMS: Well, as I said, let's go back to something President Clinton said. President Clinton said to you that he believed this administration has one-seventh the attention, the focus, the energy...

WALLACE: Well, no. He said one-seventh the number of troops.

WILLIAMS: Yes, the number of troops, dedicated to fighting terrorists in Afghanistan as opposed to this war in Iraq. And I think he separates out the war...

(CROSSTALK)

HUME: ... overall troops or American troops?

WILLIAMS: I believe it's American. And so, what you have...

HUME: Have you noticed, Juan, that one of the reasons for that is that NATO is in there with a large body of troops and has taken over the large responsibility there and it's now a multinational operation?

WILLIAMS: It's nothing compared to the American presence, Brit.

HUME: That is not so.

WILLIAMS: Yes. The American presence should be the dominant, and is the dominant, force in Afghanistan. And it's not anything comparable to what we have in Iraq. And so, you have to separate out the war in Iraq from the war on terror.

I think previously, Fred, what you could say was, you know what, it's the American bases in Saudi Arabia, it's the relationship -- although I think this is bogus -- between Israel and Palestinians that was generating this anti-American fever among the extremist Muslims.

But I think at this point, as the estimate suggests, it's become the war in Iraq. And it's not only generating anti-American sentiment in the Muslim world, look at the reception our president gets at the U.N. The whole world is questioning our policy, and it leads right into this whole argument about how we interrogate and treat detainees.

WALLACE: Brit, we've had the president, over the course of the last few weeks, around the time of the 9/11 fifth anniversary, saying that we're not safe but we're getting safer and we've done a very considerable job in degrading Al Qaida.

Does this kind of report, indicating that there's a new generation of Islamic terrorists and that, in fact, the overall threat is greater, does that contradict what the president said?

HUME: Well, it would seem to on the surface. The thing is we don't know what the overall conclusions of this National Intelligence Estimate were. We know this one piece of it.

When it says the threat is greater, does it mean the threat is greater to the United States mainland, to our country? Does it mean the threat is growing worldwide? It's not clear. Obviously, the threat continues to grow.

One wonders, too, about the idea behind it. I mean, what is it about our being in Iraq that so inflames Muslims who were supposedly less inflamed by our toppling this Muslim extremist government in Afghanistan? Hard to say. You know, it may be a recruiting ground, but for those who would -- the idea that those are people who otherwise would not have been recruited I think is something you have to question.

LIASSON: Yes. Look, I think that when the NIE said the situation in Iraq has made the terrorist threat worse, I don't think they're just talking about Al Qaida -- which, I agree with Fred, certainly they have been hurt to a large degree -- but there have been all these other local,

decentralized, fairly independent groups now that take their inspiration from Al Qaida or get ideas from radical Islamic Web sites, and they're terrorists too.

Iraq is definitely a rallying cry. It's also a front line. I think it is a recruiting tool now.

To say, how would it have been any different if we'd just focused on Afghanistan and poured lots of energy into solving the Israeli- Palestinian issue, which I guess is kind of the alternative approach to this, it's impossible to say.

But the fact is, the situation, I think, worldwide has gotten worse, even though you could say, just by the fact that the U.S. itself has not been attacked, that there's been some progress there.

WALLACE: Fred, let's turn back to the subject that we were going to discuss at the very beginning of this segment, and that is the deal that was worked out this week between the White House and primarily three Republican senators about how to handle both interrogations and trials of terror detainees.

There is, as it turns out, in this compromise, no messing around with the Geneva Conventions, which is what the senators insisted on. On the other hand, there is some new definition of acceptable techniques in dealing with these in the War Crimes Act, which is what the White House wanted. It's awfully arcane, I think all of us would agree. Is it your sense that, in fact, the CIA has what it wants, has been cut back in what it wanted to do in terms of interrogating these detainees? And is that a good thing or a bad thing?

BARNES: Well, I think it's a good thing that they can have discretion up to a point of grave breaches of the Geneva Convention or something like that, or even small breaches, that they do have the discretion in interrogating these top-value Islamic terrorists, because we know what we've gotten as a result of that, in that attacks have been stopped and so on.

The interesting thing, Chris, is that, after all these negotiations between the McCain team and the White House team, they wound up pretty much where they started, where there was some redefinition, although it's put in a different piece of legislation and the president can decide what small or grave breaches are and so on.

I think the only thing that was sacrificed by the White House is water-boarding will no longer be used as an interrogation device.

LIASSON: Well, also, there's just more congressional oversight. I mean, you know, I spent all week kind of having a brainache, trying to figure out who came out ahead on this, because it's really hard to figure out.

But our esteemed colleague at NPR, Nina Totenberg, did a piece where her conclusion was it was 55-45 the White House. In other words, the White House came out without giving up as much as it could have. So they won by a little bit.

But I do think that it's so complex that, to the public at large, in terms of a political issue, it looks like it was a real compromise. The Geneva Conventions are preserved, and, you know, nobody was humiliated.

WILLIAMS: It looks to me like the president won. It looks to me like the president won. And what it comes down to is that it's going to be on the president's desk. He has to be the one that will say this is allowed. and he...

LIASSON: But he has to tell Congress that.

WILLIAMS: Well, ideally, I think that's what the Democrats and Senator McCain say. They want him to write it out, put it in the federal register, allow for oversight. The danger is that he would do something and say something and then subsequently say, Well, we had to do that in that moment.

But the whole notion that torture is allowed I just find reprehensible.

HUME: Well...

BARNES: It's not allowed. HUME: Look, this business about torture being allowed is a whopper. We know what torture is. Torture has a definition. It's been laid out. It is not permissible under U.S. policy, and the CIA isn't engaging in it. So can we please get that off the table?

This was about what John McCain thought something would look like. He now has decided that, with this new language, the same thing in a sense, it won't look that way. He's happy. The White House is happy.

WALLACE: There you go.

Thank you all, panel. That's it for today. See you next week.

Up next, our power player of the week.

(COMMERCIAL BREAK)

WALLACE: By now you've probably heard of Tai Shan, the rock-star year-old panda at the National Zoo. But chances are you haven't heard how remarkable it is that he was ever born, which brings us to our power player of the week.

(BEGIN VIDEOTAPE)

HOWARD: I think people love giant pandas because they're cute, they think they're cuddly -- they're really not -- they're endearing.

WALLACE (voice-over): Tai Shan, the baby panda that has become one of Washington's hottest attractions.

TOURIST: He's got two black eyes and a white head.

WALLACE (voice-over): In his 14 months of life, the panda has grown from three ounces, about the size of a stick of butter, to 65 pounds now, on his way to more than 250 pounds.

And since he went public last December, 2 million people have come to see him.

HOWARD: He's a ham. He definitely is a ham.

WALLACE (voice-over): That was never more obvious than on his first birthday in July. The zoo set up a fruitcicle birthday cake with a big 1 on it.

KIDS SINGING: Happy Birthday, dear Tai Shan...

HOWARD: He just stood up to the top and licked it. And of course cameras were rolling, and he just was a star.

WALLACE (voice-over): Still, when Dr. Howard took us to his outdoor pen the other day, we had trouble finding him.

HOWARD: He's usually up in a tree sleeping this time of day. And he's actually right in the middle of that tree right there. WALLACE: And he's fast asleep.

HOWARD: He's sound asleep.

WALLACE: And how long can he sleep in that position?

HOWARD: Oh, all day.

(LAUGHTER)

WALLACE: Really?

WALLACE (voice-over): But there was no sleeping last year when the zoo got ready to breed the panda's mother, Mei Xiang.

HOWARD: When it could be any moment that she could reach peak estrogen, it's pretty much panda mania around here. Everyone's scrambling.

WALLACE (voice-over): Panda cubs don't come easily. And it turns out there's a good reason.

WALLACE: How often does a female panda become fertile in a year?

HOWARD: Once a year. That's it.

WALLACE: For how long?

HOWARD: For 24 to 48 hours.

WALLACE: And if you miss that window of opportunity...

HOWARD: You've missed a year.

WALLACE (voice-over): The zoo made a scientific breakthrough, charting Mei Xiang's hormone levels for months till they were sure it was time for Dr. Howard to artificially inseminate her.

Then there was another problem.

WALLACE: When did you know for sure that Mei Xiang, the mother, was pregnant?

HOWARD: We really didn't know until we saw the birth.

WALLACE (voice-over): Now they have a healthy panda cub and a very attentive mom.

But there's a bittersweet aspect. As part of the agreement with China, which lent the zoo his parents, Tai Shan must be sent back there when he turns 2.

Dr. Howard says she'll miss him, but hopes to breed another panda cub, along with the work she does on cheetahs and other endangered species. That, she says, is the real excitement of her job.
HOWARD: Figuring out the puzzle. We can make a difference. We can learn about a species, and I think when you understand a species, you can save it.

(END VIDEOTAPE)

WALLACE: Next month, the three pandas move to a much bigger space at the zoo, including an indoor waterfall and chilled rocks to sit on.

And that's it for today. Have a great week. And we'll see you next Fox News Sunday.

CBS – FACE THE NATION

BOB SCHIEFFER, host: Today on FACE THE NATION, Senator John McCain on torture. And a new report that intelligence agencies have now concluded the war in Iraq has hurt rather than helped the effort to win the war on terrorism.

This week, the White House and the renegade Republican senators led by McCain struck a deal on the interrogation of terror suspects. But is it a done deal? Will Congress go along? And the

even larger question: Has the Iraq war caused a setback in the war on terror? That's what US intelligence agencies have concluded, according to The Washington Post and The New York Times. Those are the questions for Senator McCain. John Harris of The Washington Post will join in the questioning, and I'll have a final word on when blowhards blow, how do we respond?

But first, Senator McCain on FACE THE NATION.

Announcer: FACE THE NATION, with CBS News chief Washington corespondent Bob Schieffer. And now from CBS News in Washington, Bob Schieffer.

SCHIEFFER: And good morning again.

BOB SCHIEFFER, host:

With us in the studio this morning, Senator John McCain.

Welcome, Senator McCain.

Senator JOHN McCAIN (Republican, Arizona; Member, Armed Services Committee): Thank you.

SCHIEFFER: Joining in the questioning, John Harris, who is the national political editor of The Washington Post, and the co-author of a new book called "The Way To Win: Taking the White House in 2008." And it's a very good book, I recommend it.

Well, let me start here with Senator McCain...

Sen. McCAIN: I'll have to read it.

SCHIEFFER: Yes, it might be of interest to you, Senator McCain. The New York--we got to get serious here. The New York Times and The Washington Post report on their front pages--and I know you've seen these reports, Senator McCain--that US intelligence agencies concluded back in April that the war in Iraq had hurt rather than helped the war on terror. It says that Iraq has become the primary recruiting vehicle for violent Islamic extremists. Now, this is what both newspapers report, that the government behind the scenes in this secret report has concluded. Number one, what do you know about this, and number two, do you agree with that?

Sen. McCAIN: I know nothing about it, I'm not on the intelligence committee, so I'm not--that kind of information isn't shared with me. I think that it's obvious that the difficulties we've experienced in Iraq have certainly emboldened. Lack of success always does that. But I would also argue that these people didn't need any motivation to attack us on September 11th. According to their history--and there's some validity to it--this begins with bombing of the--and killing the Marines in Beirut, and then Somalia, and now other, quote, "successes" of theirs. But I would--I think it would argue that we need to prevail in Iraq, and that if we fail, then our problems would be much more complicated. But if it wasn't Iraq, it'd be Afghanistan; if it wasn't Afghanistan, it would be others that they would use as a method of continuing their recruitment.

And finally, we all know that this is an ideological war, too. This is what I know as evil and a perversion of an honorable religion against everything we stand for and believe in. That's why I think it's still important we prevail in Iraq.

SCHIEFFER: Well, there's another part to this of course, and that is that the president has been saying, and other members of this administration have been saying that Iraq has made us safer, not weaker, and this is the central point in the war on terror. What do you make of that, that the president seems to be saying exactly the opposite of what his own intelligence agencies have concluded?

Sen. McCAIN: I can't speak for the president, but I haven't seen him say that it's--that it's safer. I think he has laid out recently a pretty cogent argument why we must, quote--I hate to use the phrase--"stay the course," but I would rather use "prevail" in Iraq, bring about a democ--a democracy, and a free society. The best way to combat terrorism, and the recruitment of these young people who are willing to sacrifice their own lives in order to take others, is an opportunity, is a free and open society. And the longer that there are these conditions that prevail, the more likely they are to have more recruits.

SCHIEFFER: Let me just, for the record, put in that the White House responded this morning, that they said quote, "We do not comment on classified documents," and says "The New York Times characterization of the intelligence report is not representative of the complete document." But it seems to me they didn't deny it. And it seems to me that somebody in the intelligence community must have felt that the right story wasn't getting out, else why would they have leaked it?

Sen. McCAIN: This town, as we all know, there's nothing secret in our nation's capital. All I can do is say I think the president recently has laid out our challenges very well in Iraq. We all know that things are not going as well as we want it to. The Marine intelligence report that was leaked about Anbar Province, and the difficulty--this is long and hard and tough. But the benefits of success are enormous, and the consequences of failure are enormous. So frankly it doesn't astound me that we would get an intelligence report that if we're not succeeding as well as we had hoped, that that would encourage the enemy.

Mr. JOHN HARRIS (National Political Editor, The Washington Post): But if you look at this news, and you look at the news out of Iraq today--another explosion, several dozen killed--are you any closer to concluding that the strategy is just not working? Yes, the goal is important, but are we getting closer to the goal?

Sen. McCAIN: I think the tactics have been flawed, and that's been well documented and chronicled. We didn't have enough troops over there, the looting shouldn't have taken place, the difficulties in not anticipating the enormous challenges of bringing democracy and stability to a place that has been ruled by an absolute, terrible, repressive dictator for many years. That doesn't mean to me that, therefore, we should then plan on leaving. It means that we should fix the mistakes, it means that we have to make progress.

Mr. HARRIS: What's your level of confidence that the administration is doing that, is fixing those mistakes?

Sen. McCAIN: I think we are getting better. I still think we need more troops over there. I notice that, quote, "maintaining troop levels" is basically a troop increase. I worry about neglecting Anbar Province, the real hotbed and base of a lot of this terrorist activity.

But I also believe we are making progress in certain areas. There's parts of Iraq that are very stable, there's significant progress being made in training of the Iraqi army. I guess, John, my answer is two steps forward, one step back, and we should not raise expectations of the American people as to the difficulties of this challenge.

SCHIEFFER: Well, how many more troops, senator?

Sen. McCAIN: I would--I would say 20 or 30,000, but they have to be the right kind of troops. But having said that, the fundamental problem, Bob, we've got to expand, and should have five years ago, six years ago, expand the Army and the Marine Corps. All these reports about the strain on the Guard are very valid, those are valid reports. We're asking our men and women in the Guard to do things we've never asked them to do before, and it's marvelous the way they've responded, it's incredible, but it's very, very difficult. And it all goes back to a lack of sufficient number of troops to handle the job.

SCHIEFFER: Well, we are now hearing that they may have to call on the Guard more rather than less. Can the Guard sustain this?

Sen. McCAIN: What...

SCHIEFFER: I mean, can you keep the National Guard if you have to increase the burden on those people?

Sen. McCAIN: From an objective point of view, you might say no. But I'll tell you, these people, these young men and women who are serving in the Guard, are marvelous. And they're just as capable as the--as the regular forces are, and they've responded in incredible fashion. But we still need to expand the Army and the Marine Corps. I say that as an old Navy man.

SCHIEFFER: And you--in other words, you say we just need a larger Army and Marine Corps, that we have--we're asking the military to do a job that they're really not large enough to do.

Sen. McCAIN: Exactly. And we need--Afghanistan is proving very troublesome now, we know about our pending difficulties with Iran, North Korea. We live in a very dangerous world, and we not only need to have the equipment--which by the way, the Guard is having a problem with getting their equipment replaced--but we also need the personnel as well. And it doesn't mean we go back to a draft.

Mr. HARRIS: Senator, can we go to your agreement with the administration this week...

Sen. McCAIN: Sure. Sure.

Mr. HARRIS: ...on the law regarding torture?

Sen. McCAIN: Sure. Sure.

Mr. HARRIS: This whole debate turned on things that I think most citizens couldn't understand. You said you--severe punishment, pain should not be inflicted, but serious pain can--what can that possibly mean in concrete terms?

Sen. McCAIN: In concrete terms, it could mean that waterboarding and other extreme measures such as extreme deprivation--sleep deprivation, hypothermia and others would be not allowed.

Mr. HARRIS: That's what you say. What if the administration interprets it differently, as it is allowed to do under the provisions of this law? What if you disagree with the interpretation?

Sen. McCAIN: If we disagree with the interpretation, the fact is that those interpretations have to be published in the Federal Register. That's a document that's available to all Americans, including the press. And we in Congress, and the judiciary, if challenged, have the ability then to examine that interpretation and act legislatively. These are regulations the president would issue, we would be passing laws which trump regulations.

Mr. HARRIS: If you have confidence that those were--tactics were disallowed, why didn't you get it in the--in the actual law?

Sen. McCAIN: What we did, John, was we called--outlawed certain procedures, including some of those that you might think would be natural--murder, rape, etc.--but also cruel and inhuman--we included cruel and inhuman treatments, not as severe as torture but could still be considered a crime.

SCHIEFFER: Well, we look at...

Sen. McCAIN: I'm confident that some of the abuses that were reportedly committed in the past will be prohibited in the future.

SCHIEFFER: Well, for example, will this prohibit making people stand up for long periods of time? Because I know in your captivity--what?--you were once made to stand up for two days, or something?

Sen. McCAIN: Yeah. It's hard for me to get into these techniques. First of all, I'm not privy to them, but I only know what I've seen in public reporting. But some of these, such as an extreme stress position and extreme application of that I think would be--would be certainly important. But we also put in that if they're employed to the extent they cause serious physical or mental pain and suffering, but even if that is not prolonged. In other words you could do something almost instantaneously and that would still be prohibited under the, quote...

SCHIEFFER: What does prolonged mean?

Sen. McCAIN: Well, like the sleep thing you just mentioned, like standing, like--exposed to cold temperature to the danger that serious injury could, mental or serious--or physical injury could result.

Look, we couldn't outline everything that should be done. We tried to outline what couldn't be done under the War Crimes Act, leaving the Geneva Conventions alone, which was our first and utmost priority. Look, ACLU and the New York Times don't like the agreement, but we think this will recognize, people will recognize that it defends both our values and our security. Some want the CIA not to be able to carry out this program. That was never our intent. And--but it was--it's very important that we have this tool to collect intelligence.

Mr. HARRIS: What gives you the confidence? The last time you reached an agreement, it was in law, the administration signed it, and then put out a signing statement saying it was going to interpret it its own way. Did you have confidence as you were negotiating with the administration, and are you also confident that this outlaws torture?

Sen. McCAIN: That Detainee Treatment Act, they did have--put that signing statement in, but it's--they have never violated it to my knowledge, and we would challenge it if they did. And second of all, part of this agreement is adherence to the act that we passed, the Detainee Treatment Act. So, look, I believe the administration acted in good faith. We all understand the need to collect intelligence and we know how important it is. But we also ought to recognize that...

Mr. HARRIS: Do the tactics work?

Sen. McCAIN: Well, that's--I was just going to say. Thanks, John.

Mr. HARRIS: Because the administration said these tactics work. Do they?

Sen. McCAIN: I think that they work to an extent, but I also think that we have to be very careful, because we already have numerous examples where, if you torture somebody, they'll tell you anything that you want to know. Ask the British in Northern Ireland. Ask the French in Algeria. Ask the Israelis. So you've got to be very careful about the--about these abuses.

Mr. HARRIS: Well, you have access to more information about this than any of us because you've been in the negotiations.

Sen. McCAIN: No, actually I...

Mr. HARRIS: What works?

Sen. McCAIN: No. What do you mean? They're going to...

Mr. HARRIS: You know of specific instances where these tactics have produced valuable information. And...

Sen. McCAIN: Only what the president talked about in his speech, and there has been, everyone agrees, there has been some valuable information gained. Exactly what techniques were used in obtaining that, I certainly don't know.

SCHIEFFER: Senator McCain...

Sen. McCAIN: But it's clear we have to have the moral high ground and we cannot violate the Geneva Conventions, which we've adhered to for 57 years. And we will not.

SCHIEFFER: Well, that just leads to my question. Should the administration and the CIA close these secret prisons?

Sen. McCAIN: I--that's not for me to say. But I--but I do believe that we have to be careful about our image in the world. But we also have to balance that with the ability to win this war on terror. And gathering of intelligence is a very important tool. The administration makes a very strong case, and I don't question it, that the interrogation of a couple of these high-value--and remember, these are the worst people in the world and we all know that--that has--gave them valuable information in thwarting attacks on the United States of America. I take them at their word.

But we also have to remember that if we have our men, young people, captured, say a CIA agent in Iran, and we--if the Iranians decide to interpret the Geneva Conventions, then obviously that would put our young peoples' lives in danger. That's why we didn't touch the Geneva Conventions.

SCHIEFFER: OK. Well, let's take a break here. We'll come back and talk a little politics in a minute.

(Announcements)

SCHIEFFER: Back again with Senator McCain.

Well, Senator McCain, the UN General Assembly met this week and there were some fairly tough things issued from the--from the podium up there. What's your overall reaction? How about this guy Chavez from Venezuela?

Sen. McCAIN: Despic--despicable. In his case, he aspires to be this generation's Castro. I think the people of Venezuela ought to look at the standard of living in Cuba before they would embrace such a thing. We were just talking off camera, Senor Wences, I guess it was, the sock puppet. Look, it's despicable and the United Nations should not be used as that kind of forum. But it goes back to Khrushchev in '56 banging his shoe on the table. But I would--I would say that this is an argument to get John Bolton confirmed as our UN ambassador. He's smart, he's tough, he would respond to these guys. And he could talk back to these two-bit dictators who

have the air fare to New York. And I hope my Democrat friends will stop holding up the nomination of John Bolton.

Mr. HARRIS: Chavez called Bush Satan. And there's Jerry Falwell in the news just today, said Hillary Clinton will do as much as Satan to energize the conservative base. You were just down there at his university. What did you make of Falwell's comment?

Sen. McCAIN: I think he was joking. I'm--from what I was told, he was laughing. And for the record, even though Mrs. Clinton and I may have some disagreements, I don't think she's Lucifer.

Mr. HARRIS: You once said you'd think she'd be a good president. Do you still think that's true?

Sen. McCAIN: I am sure that she would do a job that is in keeping with her philosophy and her beliefs. I happen to disagree with those, but when I say, quote, "good" president, I think we have very different views on the conduct of the presidency, but that's--she works hard as a senator, and I think that she knows her issues.

SCHIEFFER: Senator, when will you make it official that you're going to seek the Democratic--I mean, the Republican nomination? Some people wonder if you might seek the Democratic nomination. I didn't mean it that way.

Sen. McCAIN: Early next--early next year we'll make a decision on that. Right now we're focusing on the 2006 election. We all know that a lot is up for grabs here. I think it's very important that the Republicans keep both houses of Congress, so I'm traveling all around the country campaigning for our Republican candidates. That's very appropriately my focus.

Mr. HARRIS: Right. And when you do that...

Sen. McCAIN: Mm-hmm.

Mr. HARRIS: ...issues that are important to you--immigration reform, Congress did nothing; lobby reform in the wake of Abramoff, token measures; pork barrel spending, high as ever. What is the case that you make to those Republican audiences that the record of the Congress deserves re-election?

Sen. McCAIN: Well, the war on terror, obviously, and the war in Iraq, are the number one issues. Lower taxes is obviously a part of it. A good economy. We do have a good economy, a good strong healthy economy, which is important to the American people. I believe that the administration and Congress should get credit for that. Of course I wish we would move forward with an agreement on immigration. We can. We can decide that we will do everything necessary to fix our border and provide border security and at the meantime, move forward while we've made that commitment to addressing the other aspects of the issue.

SCHIEFFER: Do you think Republicans will keep both houses at this point, Senator?

Sen. McCAIN: Yes.

SCHIEFFER: You do?

Sen. McCAIN: Yes, I do. But I think it's going to be very, very tough. Off-year elections, as you well know, given your advanced age, is a very--the off-year of the second term of any president is always a tough election. And, of course, Iraq is a very controversial issue with Americans, and there's uncertainty of our future because of globalization. We understand all that, but we also think we have a record we can stand on.

SCHIEFFER: What is wrong with the Congress? It can't seem to get anything done, Senator McCain.

Sen. McCAIN: I think we need to have a little less partisanship and join together on issues that are of importance. I remember when the president, State of the Union message said, `I regret we're unable to reform Social Security.' the Democrats cheered. In 1984 when I first came, Ronald Reagan, Tip O'Neill stood together and said, `We're going to fix Social Security.' We better, I think, lower the rhetoric a little bit and work together a little more maintaining our philosophical differences.

Mr. HARRIS: About 2008. Your friend John Kerry's said if he runs for president again, he's learned a lot about how to push back against attack politics.

Sen. McCAIN: Mm-hmm.

Mr. HARRIS: Those--that same brand of attack politics hit you pretty hard in 2000, some of the same interest groups and people. What have you learned about how to push back against that if you do run for president in 2008?

Sen. McCAIN: I lost the nomination in 2000 because President Bush had a better organization, better support and was a better candidate. I will not run a campaign or be involved in a campaign that engages in that. I'd rather lose than be involved in it, and I just won't...

Mr. HARRIS: Will you be the target of that once again?

Sen. McCAIN: Oh, I would imagine. But I have a long record, and a lot of the American people know me very well.

SCHIEFFER: Senator...

Sen. McCAIN: Unfortunately, in some cases.

SCHIEFFER: ...are you going to--if you do become a candidate, will you enter all the primaries? Will you enter all the early contests? I know the last time out you skipped a couple.

Sen. McCAIN: Yeah, I would--that would be a decision to be made after we decide whether to run or not. I did attend the Iowa state fair recently, where I met Waldo, a 1190-pound pig. A remarkable experience.

SCHIEFFER: All right. Well, Senator, thank you very much...

Sen. McCAIN: Thanks for having me.

SCHIEFFER: ...for joining us this morning. I'm sure...

Sen. McCAIN: Thanks, John.

SCHIEFFER: ...we'll be talking again.

Sen. McCAIN: Thank you.

SCHIEFFER: Back in a minute.

(Announcements)

BOB SCHIEFFER, host:

Finally today, Senator McCain just mentioned it, but I think it irritated all of us last week when two of the world's leading blowhards--the president of Iran, Mahmoud Ahmadinejad, and the leader of Venezuela, Hugo Chavez--insulted America and its leaders. But you know what? It was probably a good thing for us, because the more the world sees and hears these two, the quicker they will understand just how awful they and what they represent are.

With every appearance, the Iranian president reminds us that in a movie about Hitler, he would be the perfect Mini Me for the Nazi dictator, and I doubt there is much of a market these days for Nazism, no matter how much some people resent the United States. And speaking of the movies, the more you hear Chavez, the more you realize this guy wouldn't be a credible villain in a Batman flick. Sure, we have to keep an eye on them, but the way to hurt their cause is to keep encouraging them to show the world how they do things, and let the world compare it to our way.

That's why it was so important that while they were blowing off, Senator McCain and the White House came together on a plan that ensures America will abide by the Geneva Conventions in dealing with enemy prisoners. It is not a perfect plan, to be sure, but it shows how we do things in a democracy--out in the open, and in accordance with the law, even when dealing with the worst of the worst.

We'll never win a battle for hearts and minds by preaching. We do it by showing who we are, and inviting the other side to do the same.

CNN – LATE EDITION

JOHN KING, GUEST HOST: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: We would take the action necessary to bring him to justice.

(END VIDEO CLIP)

KING: A new vow from President Bush to get Osama bin Laden. We'll bring you Wolf Blitzer's exclusive interview with the president. Then, terror on trial. Senate Republicans reach a deal with the White House on treatment of terror suspects. We'll get perspective on this and much more from two key members of Congress, Republican chairman of the Senate Judiciary Committee, Arlen Specter, and the ranking member on the House Intelligence Committee, Democrat Jane Harman.

(BEGIN VIDEO CLIP)

PRES. HAMID KARZAI, AFGHANISTAN: Terrorists have infiltrated our borders to step up their murderous campaign against our people.

(END VIDEO CLIP)

KING: As violence rebounds in Afghanistan, can the government assert control? Afghanistan's president, Hamid Karzai, is our guest.

Anti-American sentiment reaches a new high. Is the United States loosing luster on the global stage? We'll get expert insight from two key statesmen, former Secretary of State Alexander Haig and former ambassador to the United Nations Richard Holbrooke.

(BEGIN VIDEO CLIP)

PRES. JALAL TALABANI, IRAQ (THROUGH TRANSLATOR): Although the new Iraq has passed through crucial stages in an incredibly short period of time, the political process has been strengthened.

(END VIDEO CLIP)

KING: With all the trials and tribulations in Iraq, can the new government improve security to prevent a civil war? We'll talk to Iraq's president, Jalal Talabani, about the rising insurgency and his country's next steps. Plus, only 44 days left until the midterm elections. We'll talk party politics with two top strategists, Republican Matthew Dowd and Democrat Stan Greenberg.

"Late Edition's" lineup begins right now.

It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 7:30 p.m. in Afghanistan, and 7 p.m. in Baghdad. Wherever you're watching from, thanks for joining us for "Late Edition." Wolf Blitzer is away this weekend. I'm John King.

Today, we'll bring you three special interviews with three presidents. Iraq's Jalal Talabani and Afghanistan's Hamid Karzai will join me live right here. We'll also be bringing you Wolf Blitzer's exclusive interview this past week with President Bush. All that in just a few minutes. But first, let's go to Fredricka Whitfield at the CNN Center in Atlanta for a quick check of what's in the news right now. Hi, Fred.

(NEWSBREAK)

KING: Thank you, Fred.

The war on terror higher on everyone's radar this week, from debates over treatment of terror suspects to reports that Osama bin Laden is either dead or perhaps sick. Here to help us make sense of all this are two key U.S. lawmakers. Republican Senator Arlen Specter joins us from his home state of Pennsylvania. He is, of course, the chairman of the Judiciary Committee. And joining me here in Washington is Democratic Congresswoman Jane Harman. She's the ranking Democrat on the House Intelligence Committee.

Thank you both for joining us on "Late Edition." Congresswoman Harman, I want to go straight to you. You're the ranking Democrat on intelligence. There is this French document suggesting Osama bin Laden perhaps might be dead. Have you seen any credible intelligence that he's dead or that he's sick?

REP. JANE HARMAN (D), CALIFORNIA: No. Neither. And this news is not confirmed. If it were confirmed, I'm sure I'd know about it. I'm sure we'd all know that it was true. It would be a good thing. I would prefer us to capture him, and then using some appropriate legal tools, debrief him and find out what he knows about future attacks against America.

KING: We're going to have what I assume will be a spirited discussion about what those appropriate legal tools might be. Senator Specter, I want to bring you into the conversation with this question. Five-plus years after 9/11, we're debating whether or not there's some Saudi document that suggests he might be dead, he might be sick. Why is it that we don't know where he is? Why has he not been captured or killed along with his deputy, Mr. al-Zawahiri, Mullah Omar, the spiritual leader of the Taliban? Whose responsibility, whose fault is that?

SEN. ARLEN SPECTER (R), PENNSYLVANIA: It's like looking for a needle in haystack. I don't think you can say that it's anybody's fault. It's a big world. There are lots of places for him to hide. He made a lot of precautions. I had a chance to talk to General Tommy Franks recently about the question as to whether they had him spotted and could have found him at one point. And General Franks said that that was not true. He's a hard man to find, but I think one day we will find him.

KING: I want to move on. But Congresswoman Harman, you're shaking your head at that statement.

HARMAN: We missed a chance. We had him cornered at Tora Bora in Afghanistan. And under this administration, no action was taken. We also know, I think for a fair certainty, that he's in the tribal area of Pakistan. I don't believe he's in Afghanistan. Resources were not focused on this problem as we got bogged down in Iraq. Now we have more resources on the problem. But we should have been able to capture him within the last five years.

KING: Let's come back, Senator...

SPECTER: John, Congresswoman Harman may be right or she may be wrong, but General Franks said that he wasn't isolated in Tora Bora. I don't think we ought to make a political issue. Everybody wants to capture Osama bin Laden, and one day we will.

KING: Let's move on to something that is a major policy issue, but also I suspect will be a major political issue between now and the fast-approaching November midterm elections. And that is, pick up your Sunday newspaper today or talk to sources, and you see what has to be a troubling statement.

The national intelligence estimate saying the war in Iraq has not, as the president often asserts publicly, made the United States safer but is in fact contributing to the spread of radical Islamicism around the world. I want to read you a quote from this NIE that's in The New York Times today. It says this national intelligence estimate says this: "It asserts that Islamic radicalism, rather than being in retreat, has metastasized and spread across the globe, and cites the Iraq war as a reason for the diffusion of jihad ideology." You agree with that, Congresswoman?

HARMAN: I do. And I'm not going to comment on the document because it's a classified document. But every intelligence analyst I speak to confirms that. And that is why, although I hope we will do something appropriate this week with legislation on military commissions, put into context, the best military commission proposal in the world and even capturing the remaining top al Qaida leadership isn't going to prevent copycat cells, and it isn't going to change a failed policy in Iraq. This administration is trying to change the subject. I don't think voters are going to buy that.

KING: Senator Specter, I want to talk about the detainee issue as we move on. But I want to talk specifically about this for a second in the sense that the NIE is the same document the president used to say Saddam Hussein, based on the best consensus of the intelligence community, had weapons of mass destruction. It is the document the president used to justify going into Iraq. If he now has a document that says the Iraq war is making the problem worse, not better, should he be campaigning in the last month of his campaign telling the American people that we are safer today, five years after 9/11?

SPECTER: I think the president ought to say whatever he thinks is true. But I'm very concerned about the intelligence report that I read about in The New York Times this morning. And I'm

even most concerned about the part which said that the administration had intelligence briefings in early 2003 before the war in Iraq was started.

And my feel is that the war in Iraq has intensified Islam fundamentalism and radicalism. And I think it is a bigger problem. And I think that the military commissions have to be taken up and we ought to be dealing fairly with the people who are detained.

But I think there is a much more fundamental issue as to how we respond. And that is what we do with the Iraq war itself. That's the focal point for inspiring more radical Islam fundamentalism, and that's a problem that nobody seems to have an answer to.

KING: Well, Senator, you say you're troubled about briefings the administration had back in 2003. Are you troubled to point that you think this was the wrong war, the wrong decision?

SPECTER: By hindsight, we operated on faulty intelligence. And I think, had we known that Saddam Hussein did not have weapons of mass destruction before the war was started, I think the odds are very strong that it wouldn't have been started.

But when you deal with Islam and you deal with fundamentalism, you're dealing with a culture which is very alien to us. And to figure how they're going to respond is very, very complex. And if we had an intelligence report that the likelihood was that it would augment terrorism and augment fundamentalism, I think that would have to be taken very much into account. Well, we know today it's a published report. We really ought to make a determination as to the details of it, whether it's accurate, and try to figure out a sensible response now.

KING: Congresswoman Harman, your committee, the House Intelligence Committee, had its own report this past Wednesday that says this: "The threat of terrorism is very real and in many ways more alarming than the threat that existed prior to September 11, 2001. There are a growing number of groups building the capability to attack the United States, our allies and our interests abroad."

More groups capable of attacks bigger than 9/11?

HARMAN: Well, I don't know that. And that report, by the way, was issued on a party-line vote. The Democrats on the committee voted against it because we felt that both the methodology and the conclusions were hyped.

And I want to make that point. Arlen Specter is right when he says we should understand accurately what the intelligence is. Once we do that, the administration, which makes statements based on intelligence, should also be accurate.

On a talk show, on "Meet the Press," about a week ago, the vice president said, we still don't know whether there were pre-war contacts between Al Qaida and Iraq.

And we do know there weren't. The intelligence is absolutely clear, both the classified and unclassified intelligence. And he should correct the record.

And again, here, if it is believed -- and I think it is widely believed, not just this NIE, which remains a classified document -- that Iraq is making the world less safe, we should -- the president should not be saying we're turning the corner in Iraq.

KING: Senator Specter, Congresswoman Harman, I ask you both, please stay with us. Much more to discuss about the war on terror.

Also, coming up later this hour, are Iraqis ready to stand up and take charge? We'll ask that country's president, Jalal Talabani. Then we'll bring you Wolf Blitzer's exclusive interview with the president of the United States.

And coming up at 1:00 p.m. Eastern, "This Week at War" looks at both Iraq and Iran. Don't miss it. And stay here, "Late Edition" will be right back.

KING: This is "Late Edition." I'm John King, in for Wolf Blitzer, reporting from Washington.

We're continuing our conversation with Republican senator Arlen Specter and Democratic congresswoman Jane Harman.

Senator Specter, to you first: You will hold hearings this week on a deal hatched in the Congress last week on how to deal with the terror detainees at Guantanamo Bay and elsewhere, whether there are fair rules to hold them, to interrogate them, and then ultimately, to bring them to trial.

You obviously have concerns about this agreement. Senator McCain is among those who brokered this deal. He was the one who stood up to the president and said, what you're doing now is wrong.

I want you to listen to Senator McCain here. He thinks this is a good deal.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN (R-AZ): And there is no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved.

(END VIDEO CLIP)

KING: But pick up the Los Angeles Times yesterday and you see this, from Major Michael Mori, who is a Marine Defense lawyer. He says of this deal, "It is worse than the system that was in place before. It is not going to ensure there is a fair trial."

Senator Specter, you're the chairman of the Judiciary Committee. You want to look into this issue.

Does the deal, as it now stands, give terror suspects a fair trial?

SPECTER: Most of it is a big improvement. I think Senator McCain, Senator Warner and Senator Graham did a good job in preserving the Geneva Convention -- indispensable that those standards be maintained.

They did a good job, too, on having classified information made available to the defendant on a reasonable basis.

But there's one part that I vigorously disagree with, and that is taking away the jurisdiction of the federal courts on what we call habeas corpus, which is the great writ that goes all the way back to 1215.

And tomorrow, the Judiciary Committee, at 9:30, is going to have hearings on that point.

KING: What's wrong with it, Senator?

SPECTER: Well, what is wrong with it is that the federal courts have been the only instrumentality to deal with the problem. Congress has a constitutional responsibility to deal with it, and Congress punts it. It was too hot to handle.

And in June of 2005, the Supreme Court came down with three opinions; last June, another opinion. And the federal courts just have to be open.

This legislation is very complicated. As a matter of fact, so far, there have been many conflicting reports about what the legislation does.

And the courts have traditionally been open to make sure that individual rights are protected. And that is fundamental.

And the Constitution says when you can suspend the writ of habeas corpus, in time of rebellion or invasion. And we don't have either. So that has to be changed, in my opinion.

KING: Thank you, Senator.

Congresswoman, a good deal, bad deal, what's wrong with it?

HARMAN: Well, it's better than where we were. I want to commend Arlen Specter. He's a careful, thoughtful lawyer. I'm glad he's holding hearings tomorrow.

I hope that the intelligence committees will also hold hearings because there's a carve-out for a so-called CIA program which could be different interrogation practices.

Now is the time when Congress has to exercise oversight. This will never be a good deal unless Congress, at least with respect to the CIA program, demands to be fully briefed, demands to understand what the legal justification is for any different techniques for people held by the CIA and demands to know whether those separate techniques are necessary, whether they're effective.

And we can't just hear, one more time from this White House, trust us. That won't cut it. And they're here, finally, only because the Supreme Court has forced them to be in Congress.

KING: The Supreme Court has forced them on this issue. But the detainee issue is just one of several issues in which Congress is trying to reassert itself, if you will, in its oversight role in the war on terror.

Another one is the whole National Security Agency domestic eavesdropping program...

HARMAN: Right.

KING: ... terrorist surveillance program, in the president's words. Senator Specter cut a deal with the White House on this, negotiated with the White House on this. You think he sold out?

HARMAN: Well, Senator Specter and I have had long conversations, sort of like law school master classes, about what the steel seizure cases meant.

And I think they meant that the law Congress passed, the Foreign Intelligence Surveillance Act, controls here. There is no inherent authority for this White House to operate a program outside the law.

And some of us are pushing a bill that says that and we're having a little bit of a fight. What I worry about, John, is that, at 3:00 a.m. on Friday morning, this Friday, the last week that Congress is in before the election, there will be a take it or leave it program with lots of poison pills in it. And Democrats and some conscientious Republicans are going to be put in a box: If you oppose this, you're soft on terror.

I hope that all the people in Congress, in both parties, push back this week and make sure that any package is a responsible package, and also make the point that Iraq is getting more dangerous. And whatever we do on this legislation, we shouldn't be changing the subject.

The administration is accountable for a major foreign policy failure here. And it's time for them to change course.

KING: Senator Specter, do you feel put in a box by this White House, with the time clock ticking toward the election?

SPECTER: No, no, I don't feel put in a box, and I'm not puttable in a box. (LAUGHTER)

I haven't sold out. I'm not for sale. The legislation that I have proposed is very fundamental to bring this eavesdropping, surveillance, wiretapping under judicial review.

The tradition is to have court approval before it's done. Now, the legislation which we are working on, I think, will even satisfy Congresswoman Harman.

But she'll have to say that for herself. We have made fundamental changes. We have taken out the phrase that nothing in the bill impairs the president's Article II power. That was surplusage. There's nothing in legislation that can affect the constitutional power of the president. That is fundamental.

We've also added considerable resources to the NSA, and we are now going to be able to have individualized warrants for calls originating in the United States. And we're also opening up the foreign intelligence surveillance appellate court to make it public with a mandate that the case goes to the Supreme Court of the United States.

We've been working very hard with the Democrats in the Senate, with a number of Republicans who had questions about the bill, and with the White House. And I think we'll come up with a bill which will be generally satisfactory.

KING: It is a complicated policy issue, a very divisive political debate as well. I'm sure there are people all over the world right now, Senator Specter, studying Article II of the U.S. Constitution. We thank you both for joining us. Senator Arlen Specter, the chairman of the Judiciary Committee, in Philadelphia this morning. Congresswoman Jane Harman, the ranking Democrat on the House Intelligence Committee, here with us in Washington. Thank you both.

And stay with us because, still ahead, we'll bring you our three special interviews with three presidents. First, is Iraq on the brink of civil war, and can the battle for Baghdad be won? My interview with the Iraqi president, Jalal Talabani.

But up next, a check of what's in the news right now. And coming up at 1 p.m. Eastern, "This Week at War." Stay with us. You're watching "Late Edition."

(NEWSBREAK)

KING: Welcome back to "Late Edition." I'm John King, filling in for Wolf Blitzer. Just ahead, my interview with the Iraqi president, Jalal Talabani, on the challenges facing his country and when it might be possible for U.S. troops to start coming home.

First, earlier this week, Wolf Blitzer sat down with the president of the United States, George W. Bush, and asked him, among other things, about the current situation in Iraq.

(BEGIN VIDEOTAPE)

WOLF BLITZER, HOST, CNN'S "LATE EDITION": Let's talk a little bit about Iraq.

BUSH: Sure.

BLITZER: Because this is a huge, huge issue, as you know, for the American public, a lot of concern that perhaps they are on the verge of a civil war, if not already a civil war.

BUSH: Yeah.

BLITZER: I'll read to you what Kofi Annan said on Monday. He said, "If current patterns of alienation and violence persist much further, there is a grave danger the Iraqi state will break down, possibly in the midst of a full-scale civil war." Is this what the American people bought in to?

BUSH: You know, it's interesting you quoted Kofi. I'd rather quote the people on the ground who are very close to the situation, and who live it day by day, our ambassador or General Casey. I ask this question all the time, tell me what it's like there, and this notion that we're in civil war is just not true, according to them. These are the people that live the issue.

BLITZER: We see these horrible bodies showing up ...

BUSH: Of course you do.

BLITZER: ...tortured, mutilation. The Shia and the Sunni, the Iranians apparently having a negative role. Of course, Al-Qaida in Iraq's still operating.

BUSH: Yes, you see -- you see it on TV, and that's the power of an enemy that is willing to kill innocent people. But there's also an unbelievable will and resiliency by the Iraqi people. Twelve million people voted last December.

Admittedly, it seems like a decade ago. I like to tell people when the final history is written on Iraq, it will look like just a comma because there is -- my point is, there's a strong will for democracy.

These people want a unity government. The unity government is functioning. I'm impressed by President Maliki.

I've talked to him. I've seen the decision-making process that he's put in place. The Iraqi army is still recruiting and training.

BLITZER: You weren't upset when he went to Tehran and gave a big hug and a kiss to Ahmadinejad?

BUSH: Excuse me for a minute. I was on a brilliant point, as you know. (LAUGHTER)

The Iraqi government and the Iraqi military is committed to keeping this country together. And so therefore, I reject the notion that this country is in civil war based upon experts, not based upon people who are speculating.

I fully recognize it's still dangerous and there's more work to do. The enemy has got the capacity to get on your TV screens by killing innocent people, and that should speak volumes to the American people about the nature of these people...

(CROSSTALK)

BLITZER: The visit from Nouri al-Maliki to Iran...

BUSH: To Iran.

BLITZER: ... that was a picture that -- a lot of Americans saw that picture, big hug, big kiss, and they said, hey, what's going on here?

BUSH: What's going on here is you've got the president of a sovereign nation going to a neighbor, making it clear to the neighbor to stop meddling with their new democracy, that he would expect there to be support of this new government and not undermining the new government.

This is a man who is dedicated and committed to a unity government. He has taken great risks to advance the cause of peace and unity is his country, and so...

BLITZER: So the bottom line, you have confidence in him, because a lot of other people are beginning to lose confidence.

BUSH: Yes. I don't only have confidence in him, but General Casey and, again, our ambassador. That's how I learn it. I can't learn it -- I frankly can't learn it from your newscasts. What I've got to learn it from is people who are there on the ground.

And so I ask them all the time, how are things going? Give me the decision-making process of Prime Minister Maliki. Is he growing in the job?

The guy's been there for about 100 days, and I am impressed by his strength of character.

BLITZER: I woke up in New York like you did this morning. I read...

BUSH: What are you reading now?

BLITZER: ... the "New York Times." There's a paragraph in here -- I'll read it to you -- about your dad's former secretary of state, James Baker: "In his 1995 memoir, Mr. Baker said he opposed ousting Saddam Hussein in the Persian Gulf war in 1991 because he feared that such action might lead to an Iraqi civil war, to criticism from many of our allies, and to an eventual loss of American support for an occupation."

BUSH: He was writing before September the 11th, 2001, and the world changed that day, Wolf.

BLITZER: But Iraq had nothing to do with 9/11.

BUSH: Excuse me for a minute, please. The world changed that day because we had to deal with threats. No question, Saddam Hussein did not order the attacks.

On the other hand, Saddam Hussein was viewed as a threat by the Congress, by the United Nations, and by the United States administration. And so James Baker was writing before the world changed.

And we took out Saddam Hussein because he was viewed as a threat. He was a state sponsor of terror. He had used weapons of mass destruction. He had invaded his neighbors. The decision was the right decision, and now the question is, will this country and our coalition partners have the will to support this new government, a democracy in the heart of the Middle East.

BLITZER: You know, you were thinking of dealing with Saddam Hussein long before 9/11.

BUSH: I wasn't in office long before 9/11.

BLITZER: Well, let me remind you ...

BUSH: I wasn't in office that much longer.

BLITZER: I'm going to remind you of an interview you and I did ...

BUSH: 9/11, 2001 and I swore in, in January of 2001.

BLITZER: But when you were a candidate for president, you were still the governor of Texas, you and I sat down in Iowa...

BUSH: Right.

BLITZER: ... just before the Iowa caucus, and we had this exchange. Listen.

(BEGIN VIDEO CLIP)

BUSH: We shouldn't be sending mixed signals. And, if at any time I found that the Iraqis were developing weapons of mass destruction, they wouldn't exist anymore.

BLITZER: Who wouldn't exist anymore, the weapons?

BUSH: The weapons of mass destruction, yes. I'm not going to -- they just need to hear that from a potential president, that if we catch them in violation of the agreement, if we in any way, shape, or form find out that their developing weapons of mass destruction, that there will be action taken. And they can just guess what that action might be.

(END VIDEO CLIP)

BLITZER: The point, though, being that, at least to my mind, the weapons of mass destruction issue, in your mind, even as a candidate running for president, was a trigger potentially that could lead to war.

BUSH: Well, of course, Saddam -- I've used Saddam Hussein for what he was, a threat. He was declared a state sponsor of terror, Wolf, by previous administrations.

BLITZER: But there are other countries that have been declared state sponsors of terror, like North Korea, like Syria, Cuba. You don't go to war against them.

BUSH: Well, North Korea hadn't invaded its neighbors. North Korea hadn't made declarations of intent. North Korea's relatively isolated compared to Iraq.

Every threat must be taken seriously. And every threat must be dealt with in a different fashion. I strongly stand by my decision to remove Saddam Hussein.

BLITZER: And you don't look back with any regrets?

BUSH: I regret when people lose lives. But presidents don't get to do do-overs. But I believe that the decision was the right decision. And now we've got to help this young democracy survive.

And what's interesting is extremists and radicals aim to destroy young democracies, whether it be Hezbollah, or whether it be Al Qaida, who you mentioned, in Iraq. And, that's the real challenge of this century. It's a challenge between moderation and reform versus extremism and radicalism. Those extremists and radicals are willing to use terror and murder as a weapon to achieve their objectives.

(END VIDEOTAPE)

KING: Here on "Late Edition," more of Wolf's interview with the president, George W. Bush, and my live interview with Iraq's president Jalal Talabani.

And coming up at 1:00 p.m. Eastern, John Roberts hosts "This Week at War." Don't go away. "Late Edition" will be right back.

KING: You're watching "Late Edition." I'm John King, in for Wolf Blitzer, live from Washington. In a moment, Iraq's president Jalal Talabani joins us live right here on "Late Edition."

But first, another excerpt from Wolf's interview With President George W. Bush.

(BEGIN VIDEOTAPE)

BLITZER: You're here in New York. The president of Iran is here in New York. You have a chance -- I don't know if you still have a chance -- but you had a chance to meet with him.

Given the stakes involved, a nuclear confrontation, what do you have to lose by sitting down with Mahmoud Ahmadinejad?

BUSH: Our position is very clear to the Iranians, that if they want to sit down with American officials, that they first must verifiably suspend their enrichment program. They know our position. The world knows our position. And I clarified it at the United Nations over the past couple of days.

BLITZER: But if it would help to sit down, talk to them, and try to convince them -- you know, there have been other moments when great leaders have made that major decision to have a breakthrough -- you know, Nixon going to China, Sadat going to Jerusalem.

What would be wrong to just sit down with him and tell him, you know what, here are the options before you?

BUSH: Yes, well, he knows the options before him. I've made that very clear.

Secondly, Wolf, in order for there to be effective diplomacy, you can't keep changing your word. At an important moment in these negotiations with the E.U.-3 and Iran, we made it clear we would come to the table, but we would come to the table only if they verifiably suspended their enrichment program.

And the reason that's important, that they verifiably suspend, is because we don't want them to have the technologies necessary to be able to build a nuclear weapon. A nuclear weapon in the hands of Iran in the middle of the Middle East would be a very destabilizing and a troubling occurrence.

BLITZER: India and Pakistan already have a nuclear weapon. Israel has a nuclear weapon. Why would it be so bad if this Iranian regime had a nuclear weapon?

BUSH: This Iranian regime is -- promotes militias like Hezbollah to create instability. This Iranian regime has made it abundantly clear that they would like to destroy Israel, who is our ally.

BLITZER: Do you think they would drop a bomb or launch a missile on Israel?

BUSH: Wolf, my judgment is you've got to take everybody's word seriously in this world. Again, you can't just hope for the best. You've got to assume that the leader, when he says that he would like to destroy Israel, means what he says. If you take -- if you say, well, gosh, maybe he doesn't mean it, and you turn out to be wrong, you have not done your duty as a world leader.
BLITZER: So you take him seriously at that?

BUSH: Absolutely, I take him seriously, just like I take Al Qaida seriously when they say they're going to attack us again, just like I take these extremists seriously when they say they're trying to disrupt democracy.

BLITZER: George Voinovich, the Republican senator from Ohio, has compared him to Hitler.

BUSH: Yes, you know, I mean, people have got strong opinions about him, and I can understand why. He's a -- look, Olmert -- Prime Minister Olmert of Israel reaches out to President Abbas of the Palestinian territories to try to help establish a democracy, and there's an unprovoked attack by Hezbollah on Israel.

Hezbollah's funded and armed by Iran. Iran wants to stop the advance of democracy and peace.

And I can understand why people have strong opinions about the Iranian regime. Our goal is to have a diplomatic solution, starting with convincing the Iranians that they either face isolation and possible sanctions if they don't give up their weapons programs.

BLITZER: The foreign minister of Israel told me the other day that they believe -- the Israelis -- there's only a few months left, a few months of a window before they get to a point where there's literally a point of no return and they've learned how to enrich uranium, and effectively could go forward and build a bomb.

How much time does the world have to resolve this?

BUSH: First, if I were the Israeli foreign minister, I'd be deeply concerned about somebody in my neighborhood whose stated objective was the destruction of my country, and the desire of that country to end up with the capacity to do so. And so I can understand her concerns.

I'm not going to discuss with you our intelligence on the subject, but time is of the essence, in my opinion.

BLITZER: Is it a few months, though?

BUSH: Well, time is of the essence, and that's why here at the United Nations, I spoke with our allies. Condi Rice met last night with foreign ministers of the EU3 and Russia, and I think China was there as well, urging them to follow through on the resolution we got passed at the United Nations Security Council.

I'm concerned that Iran is trying to stall and to try to buy time, and therefore it seems like a smart policy is to push this issue along as hard as we can, and we are.

BLITZER: Because a lot of experts say short of regime change in Iran, or military action, there's no way this leader in Tehran is going to give up that nuclear ambition. BUSH: We'll find out. The country can face isolation. They could face, you know, sanctions, or they can choose a better course.

The choice is the Iranian leader's choice. I spoke yesterday at the U.N. and I spoke directly to the Iranian people. It's important for the Iranian people to know this, that we respect their heritage, we respect their history, we respect their tradition. We believe this can be a great nation if the government, you know, relies upon the talents of its people and encourages and nurtures those talents.

BLITZER: Is there anything you heard from him in his address last night or your analysts that was encouraging?

BUSH: Not really.

(END VIDEOTAPE)

KING: Coming up next here, two conversations with two presidents. I'll talk to Iraq's president, Jalal Talabani, about the future of his country and when perhaps U.S. troops might be able to come home. Then, I'll speak with the president of Afghanistan, Hamid Karzai, about the search for Osama bin Laden and much more. And this programming reminder: Coming up at 1:00 p.m. Eastern, "This Week At War." Stay with us. "Late Edition" will be right back.

KING: Welcome back to "Late Edition." I'm John King, in this week for Wolf Blitzer.

It was another deadly week in the battle for Baghdad, raising new questions of if and when the Iraqi government can take control of its future.

Joining me now to discuss these challenges here in Washington is the president of Iraq, Jalal Talabani.

Mr. President, thank you very much for joining us on "Late Edition."

I want to begin with something that I think many Americans found troubling this past week. I want you to listen here to Major General James Thurman. He's the commander of the 4th Infantry Division in Iraq, and he's talking about the violence in Baghdad and how he needs more Iraqi troops to come help him try to quell the violence. Let's listen to General Thurman. Let's listen to the general for just a minute.

(BEGIN VIDEO CLIP)

MAJ. GEN. JAMES THURMAN, U.S. ARMY: What I've asked for is those additional Iraqi army units to come in to bolster the security inside of Baghdad city.

What I still need in here in terms of battalions from the Iraqi army that I would like to see is approximately six battalions. (END VIDEO CLIP)

KING: He says, President Talabani, that he needs about 3,000 more troops, but U.S. officials tell us he's having trouble getting those troops, because the Iraqi troops sign up and they want to be stationed in their home province, and they don't want to come into Baghdad.

How can you answer here to an American who has sent a son or a daughter into Iraq, perhaps to a war that they didn't even support, (inaudible)?

TALABANI: No, we are ready to send as much as is necessary forces to Baghdad from various parts of Iraq, if the joint commandership of Iraq and United States asks. In Kurdistan, for

example, we are ready to send as much as necessary forces. It became the part of Iraqi army, and commander in chief of Iraqi army can move the units of Iraqi army from different parts of Iraq to Baghdad, because Baghdad is our capital, and we are much invested to secure Baghdad.

KING: But, obviously, you have a dire problem in Baghdad and across much of the country. I want to, again, bring in another one of the U.S. generals over there. Major General William Caldwell is the spokesman for the U.S. coalition. I want you to listen to his assessment of how the violence within Iraq is not getting better, but in fact is getting worse. Let's listen to General Caldwell.

(BEGIN VIDEO CLIP)

MAJ. GEN. WILLIAM CALDWELL, U.S. ARMY SPOKESPERSON: This past week, there was a spike in execution-style murders in Baghdad. Many bodies found had clear signs of being bound, tortured and executed.

(END VIDEO CLIP)

KING: And a United Nations official Manfred Nowak says this, sir. He's the U.N. special investigator on torture, and he says, "The situation, as far as torture is concerned, in Iraq is now completely out of hand. The situation is so bad that many people say it is worse than in the times of Saddam Hussein."

Is the situation in Iraq worse than in the times of Saddam Hussein?

TALABANI: In the times of Saddam Hussein, hundreds of thousands of Iraqi innocent people were buried in mass graves which we've discovered, and the Iraqi people were deprived from all kinds of democratic rights and free economy and everything.

Now we have in Iraq only one problem, which is the problem of security. But if you look to other side of Iraqi people's life, you'll see much progress and development. But the problem of, the issue of terrorism, which is concentrating on Iraq, is one of the problems that Iraqi people facing. But it's not worse than the past. Months ago, you had daily in Baghdad about between 10 to 15 car bombs. Now you have two to three to four. Still, though, there are assassinations still continuing. But less than it was months ago.

KING: You say less than it was months ago. Many of the American people who have now 140,000 troops in Iraq, who are now more than three and a half years, more than $300 billion into the commitment to Iraq, many Americans thought U.S. troops would be coming home this year in sizable numbers.

General John Abizaid, the U.S. commander, says not. He says this this past week: "I think that this level," meaning 140,000 U.S. troops, "will probably have be to sustained through the spring. The secular tensions, if left unchecked, could be fatal to Iraq. And the center of the problem is Baghdad. It's the area where we have to spend the most military effort."

He says could be fatal to Iraq. Three and a half years, more than $300 billion later, about 3,000 U.S. lives lost in this war, and still a question of whether Iraq will come out intact from this. What is the problem?

Is it that the Sunnis and the Shia simply hate each other and can't get along? Did the United States not do it right when it came to training the Iraqi military forces? And some Americans, sir, are beginning to ask, will the Iraqis step up and fight for their country?

TALABANI: Well, as Sunni and Shias, now we are going to see that the national reconciliation is going forward. Yes, there are Sunnis and Shias which argument about forming a committee to amend mandate of constitution, about discussing the issue of federation in the south jointly and national unity government headed by Nouri al-Maliki is going well, which is representing all Iraqi people.

The American government is very important historical achievement for Iraqi people when they liberated Iraq from the worst kind of dictatorship, which was threatening the peace and stability not of the Iraqi people only but of the Middle East. And I think this is true that we are very sorry for sacrifices American forces had in Iraq, but I think that was a price of liberating Iraq, and 27 million Iraqis were liberated. And this is a great nation in the world. You have a responsibility. You have sacrificed hundreds of thousands of your sons in the second and first world war to liberate Europe from dictatorship, from Nazism. And now, this is the -- I can say it is similar to what you have done in the history. Although I am very sorry for any bloodshed from the American forces. Iraqi people is going to train its army, and we are preparing to replace American forces each month in one province of Iraq. And we are preparing to be ready for next year when we are continuing the training of our forces to talk to our American allies and friends about the timetable for when they can remove their forces.

KING: When this all began three and a half years ago, no one in the United States imagined it would be this ugly so far down the road. I assume you didn't imagine it would be such a difficult challenge. What is the single biggest miscalculation of the U.S. administration? Not enough troops? Not a quick enough emphasis on sealing the border? What is it? TALABANI: Not forming an interim government. In the beginning, when General Garner and Ambassador Khalilzad were there, they were planning to form an interim government for Iraqi people. That government was able to secure the area and rule the country. Then there was 1483 resolution of the Security Council of the United Nations, which changed (ph) liberation to occupation. This was the biggest mistake.

KING: Give me your assessment of the neighborhood. Your prime minister recently went to Iran to meet with Mr. Ahmadinejad. The president of the United States clearly thinks Mr. Ahmadinejad is trying to develop nuclear weapons. Is that Iraq's assessment? You have had tensions with Iran throughout your history, more under the regime of Saddam Hussein, of course. But is Iran a good neighbor or is Iran a threat trying to develop nuclear weapons and endanger peace and security in the world?

TALABANI: Now Iraqi new government is trying to normalize the relation with all our neighbors, including Iran. And the visit of our prime minister, Nouri al-Maliki, to Iran was

successful. Iranians promised him to help the security in Iraq, to give us 1,000 -- $1 million as loan for reconstructing the country, to help us with our neighbors to solve the problems of security, and let us see what will be the result of this visit. I hope -- actually...

KING: Is it your assessment, sir, they want nuclear weapons?

TALABANI: As the nuclear weapon, we are for cleaning the area from nuclear weapon. We are against any kind of nuclear weapon by any country of the Middle East. I called in my speech in the United Nations to make the Middle East like Latin America, clean from all kind of mass destruction arms. Iran is claiming that they are only looking for having nuclear technology, not the bomb.

KING: But do you believed -- the question comes down to credibility and trust. Mr. Bush says this is a man who says Israel should be wiped off the map. This is a man who questions whether the Holocaust even occurred. The president of the United States says he does not trust him and thinks he wants a nuclear weapon. Do you trust President Ahmadinejad?

TALABANI: Well, we had good relation with Iran, and at the same time with the United States of America. We are thinking that as much as we can we must struggle, we must try to improve relation between United States of America and Iran. And this is the way which we can achieve our goals and protect our national interests in the area.

KING: Jalal Talabani, the president of Iraq, joining us at a very difficult time for your country. Sir, we wish you the best of luck. And stay with us. There's much more ahead on "Late Edition," including my interview with Afghanistan's president, Hamid Karzai. What will it take for the United States and Afghan forces to tackle the resurging Taliban?

Then, is the United States losing global standing in the world? That and much more coming up on "Late Edition."

KING: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

KARZAI: Our efforts to build Afghanistan into a stable, prosperous and democratic polity have also encountered setbacks.

(END VIDEO CLIP)

KING: Violence on the rise in Afghanistan five years after the U.S. invasion. Why are the Taliban and terrorists gaining ground? We'll talk to the president of Afghanistan, Hamid Karzai, about the rise of the Taliban, the hunt for Osama bin Laden, the drug trade and more.

(BEGIN VIDEO CLIP)

BUSH: The world is engaged in a great ideological struggle between extremists who use terror as a weapon to create fear, and moderate people who work for peace.

(END VIDEO CLIP)

KING: President Bush rallies support for the war on terror at the United Nations, but is the U.S. approach losing allies and inciting enemies? We'll talk to former secretary of state, Alexander Haig, and former U.N. Ambassador Richard Holbrooke.

Six weeks until midterm elections in the United States. How will Iraq, terrorism and the economy impact the balance of power in Congress? We'll hear from two party strategists, Democrat Stan Greenberg and Republican Matthew Dowd.

Welcome back. I'm John King, filling in this week for Wolf Blitzer.

We'll get to my interview with Afghanistan's president, Hamid Karzai, in just a few minutes, but first let's go to Fredricka Whitfield at CNN Center in Atlanta to get a quick check of what's in the news right now.

(NEWSBREAK)

KING: Thank you, Fred. And turning now to Afghanistan. Five years ago, nearly unanimous world agreement on toppling the Taliban. Today, the Taliban is regaining ground, and NATO is begging for men and machines to continue the fight.

Joining me now, the president of Afghanistan, Hamid Karzai.

Mr. President, thank you very much for joining us on "Late Edition."

As you know, this weekend there's been a great discussion about this report, could Osama bin Laden be dead? Could he be sick? You see intelligence about him all the time. When was the last time you saw credible information about his whereabouts and the state of his health?

KARZAI: We really did not have accurate information as to the precise location of Osama bin Laden in the border areas between Afghanistan and Pakistan or his exact movements, but we knew all along generally where he was.

KING: Generally where he was. Is he in your country from time to time, do you think?

KARZAI: No, he has never been in our country after September 11, after the strikes against him, after we chased his organization out of Afghanistan. There were reports from time to time, but generally he's been outside of Afghanistan.

KING: Outside of Afghanistan. I assume that means in Pakistan. And yet we saw at the White House just this past week, President Bush standing shoulder to shoulder with President

Musharraf, saying he trusts President Musharraf as an ally in the war on terrorism, saying President Musharraf is making tough decisions to stand with the United States.

I don't think you do trust President Musharraf, do you, sir?

KARZAI: President Musharraf is a friend and a brother of mine. We meet very, very often. I do have confidence that we can move further in the war against terror with a more stronger, sincere cooperation.

KING: You're being very diplomatic. I want you to listen to something President Musharraf said just this past week. There is obviously world concern about where is Osama bin Laden, is anyone helping the Taliban in its resurgence, are they helping Mr. bin Laden, al-Zawahiri hide out somewhere? There are many who say he's in Pakistan, as you just said. Others say no, he's in Afghanistan. Mr. Musharraf says he's not the problem. Let's listen.

(BEGIN VIDEO CLIP)

PRES. PERVEZ MUSHARRAF, PAKISTAN: I'm already doing a lot in Pakistan. They need to be doing more in Afghanistan. He must realize what is the correct environment, and take action accordingly in Afghanistan. The problem lies in Afghanistan, and that is creating problem in Pakistan.

(END VIDEO CLIP)

KING: President Karzai, President Musharraf, your neighbor, says you're the problem. You think he's the problem. You're meeting with the president of the United States this week for dinner at the White House. He's trying to bring about a reconciliation. You're being very diplomatic here, but this is for the world trying to combat terrorism.

KARZAI: Yes.

KING: It is a huge problem if the presidents of Afghanistan and Pakistan cannot agree...

KARZAI: Yes.

KING: ... never mind where Osama bin Laden is. But he says you're at fault; you say he's at fault.

KARZAI: Yes. I don't say he's at fault. I'm simply seeking cooperation on terror, on removing the sanctuaries for terrorism.

KING: Forgive me for interrupting, forgive me for interrupting...

KARZAI: Please.

KING: You're seeking cooperation, which means you're not getting it, in your view.

KARZAI: Not getting...

KING: You get information from time to time about where you think Mullah Omar is, where you think Taliban people who are trying to topple your government, in fact trying to kill you...

KARZAI: Yes.

KING: ... where they're moving back -- you say they are moving back and forth across the border, and you call the Pakistani authorities and say, they're here in your country, and they say what?

KARZAI: They deny that. They say they are not there. But they don't say that there is no cross-border activity taking from Pakistan into Afghanistan.

President Musharraf told me when I met with him in Kabul that their intentions should not be doubted. Their capabilities should be doubted, that sometimes they don't have the capability.

Whether it's lack of capability or anything else, what we need -- all of us, Pakistan, Afghanistan, the United States, the rest of the world -- to be sure that we are doing the right thing to defeat terrorism, to be sure that we go after their sources of supply of money, of equipment, of training, and of motivation, and of deployment in Afghanistan or elsewhere. It's a fight for all of us.

Therefore, neither I nor President Musharraf, nor any other government in the world can afford to let ourselves down in this. We have to struggle, and we have to do it correctly and together. That's the answer.

KING: President Musharraf recently signed an agreement with the tribal -- the tribes up in the region, Waziristan region. President Bush and Secretary Rumsfeld, I'm told by a senior official, were very skeptical that this was a good deal, but they say -- and the president said publicly, President Bush did, that President Musharraf assured him that this is a deal that will help the fight against Al Qaida, that will help the fight against the Taliban. But you are clearly skeptical, and U.S. commanders on the ground say since he signed this agreement, the attacks on your country have increased. What is wrong with this deal, in your view?

KARZAI: They have. President Musharraf assured me too in Kabul, he came just a day after they had signed the agreement in their part of Waziristan province, the tribal territories.

We are waiting to see more about that agreement. The initial reaction that we received was perhaps that this was an agreement signed with the Taliban. Later on, the government of Pakistan said that this was an agreement signed with the tribal chieftains there, with the tribes.

Now, if this is an agreement with the tribes, and the agreement says, do not allow terrorism, do not allow the Taliban sanctuaries and do not allow people to cross into Afghanistan, it will surely have a binding and the tribes will honor it, and we would like that.

Unfortunately, since the agreement was signed, we saw more violence in Afghanistan exactly at the border areas with north Waziristan of Pakistan. Our governor, a very prominent Afghan, was assassinated with a suicide bombing. Other attacks took place in the area.

So we would have to really see as we go ahead into the future whether the agreement will hold as it has been signed.

KING: So when you sit down with President Musharraf and President Bush for dinner Wednesday night here in Washington, will you tell President Bush, I know my friend here told you this is a good deal, but I'm here to tell you, sir, it's a bad deal and it is making the terrorism problem worse?

KARZAI: I wouldn't say it like that. We will be meeting, the three of us, to find better ways of defeating terrorism completely -- we have defeated them -- to defeat them completely, to take them off the agenda for us. That is the purpose. And if we cooperate, especially between Afghanistan and Pakistan, more effectively, more sincerely, more broadly, with a focus on the places where they get trained, with a focus on the places that use the name of madrassas, religious schools, but are not madrassas, are not religious schools; they're actually places where they teach hatred, preach hatred against all of us -- if you go there and stop them there and remove those places, it will be much safer for all of us, and that is focus for our meeting as we go into it in a few days.

KING: In some ways, as you well know, that's a generational problem, speaking to young people, trying to raise a new generation that doesn't have the hatred that you speak of.

KARZAI: Exactly.

KING: You were recently in Canada, during your trip to the West. You were at the United Nations. You also went to Canada, which has NATO troops as part of the deployment in Afghanistan.

Public opinion in Canada is running against this because they recently had a tragedy, some troops killed while giving candy to children. A suicide bomber came in.

Do you worry, sir, that the West is losing its stomach for this fight?

KARZAI: No, I am not worried about that. I think the West has stood with Afghanistan quite steadfastly so far. And they will stay with us because this is not only a fight for Afghanistan.

The West's arrival in Afghanistan was after September 11, after the tragedy that struck here in America. And it came from Afghanistan because Afghanistan was taken by the Al Qaida, the Taliban and their foreign sponsors.

Now Afghanistan and the rest of the world join hands to defeat them. That defeat has to be completed. And until we do, that we will have to be together. And I'm sure we will be.

KING: You mention -- you say the West has the stomach for the fight and you mentioned in the days after 9/11, the world, then, was unified.

There was worldwide, unanimous opinion that the United States was right. There was an outpouring of support for the United States and then an outpouring of support, militarily, financially and spiritually for your country, as you tried to put it back together.

Pick up a newspaper in the United States today, and you see this, an assessment by the U.S. intelligence community that the war in Iraq is actually making the terrorism problem worse.

Was the war in Iraq a mistake?

When you had world unity to deal with the Taliban, deal with Al Qaida, help Afghanistan back on its feet -- the world was together then. Then came this war in Iraq that President Bush launched, which has splintered world opinion, and to hear you, distracted from the bigger fight in your country. Was it a mistake?

KARZAI: The world may have a difference of opinion over Iraq, but the world is united on Afghanistan.

KING: But do you lose precious resources because of that?

KARZAI: And the United States is right to get Afghanistan together with the rest of the world. We were given all the resources that were pledged to us by the United States and by other donor countries to Afghanistan.

Now, if we are given more resources, we will be grateful even further. So the resources promised to us arrived in Afghanistan, were spent in Afghanistan.

Does Afghanistan need more resources? Yes.

Does Afghanistan need more assistance? Yes.

If it is given, will we be happy? Of course.

KING: Now, we're talking about the terrorism problem. And obviously, it is the biggest problem along the border. But there are other questions: About five years later, what is the performance of your government?

And one of the issues is, not only the resurgence of the Taliban but the resurgence of the opium trade around the world, which is heroin, that ends up killing children around the world, including here in the United States.

This is from the United Nations Office on Drugs and Crime report, back in September.

Antonio Maria Costa says, "The news is very bad. On the opium front today, in some of the provinces of Afghanistan, we face a state of emergency. In the southern provinces, the situation is out of control. This year's harvest will be around 6,100 metric tons of opium, a staggering 92 percent of the total world supply."

Are you failing that challenge, sir?

KARZAI: We are facing a difficulty, but we are not failing the challenge. When I was inaugurated as the elected president two years ago, I called on the Afghan people to do away with poppies.

Some of them responded very well. And then we moved into some of the provinces that were the biggest growers of poppies with the implementation, the implementation of a good alternative livelihood.

In that province of the country, which is called Nangarhar, which was among the biggest growers, we have reduced poppies by 95 percent.

In other provinces where we perhaps did not work as dedicatedly and with a proper alternative livelihood, we still have the problem.

But we have to take a minute and think, how come Afghanistan is growing poppies? What caused Afghanistan to grow poppies?

What caused the country to grow poppies that was among the biggest exporters of raisins to the world 30 years ago, that was among the best producers of fruits in the world 30 years ago?

War, destruction, desperation, droughts, where families were not sure if they were going to have their house the next day, where fathers and mothers were not sure if they were going to have their children the next day, and where they were not sure if they were going to have their country the next day.

That forced people to destroy vineyards, replace them with poppy fields, to destroy pomegranate orchards and replace them with poppy fields. So it has become a grim reality but a reality, an embarrassment to Afghanistan but a reality.

How do we fight it is -- let me go a little back. Four years ago, I was quite naive about this. I thought we were going to destroy poppies in a year, but I was wrong.

KING: You admit you were wrong. We're almost out of time, so let me ask you, as you finish your answer, reflect on your critics who say this is a man who took on a remarkable challenge, perhaps one of the biggest challenges in the world, and he's too nice. He's too weak for this job.

KARZAI: I am too nice and I will remain to be too nice. That's how I carry the country along, and I'm proud that I'm too nice.

But the poppy problem will not go away just by talking about this. It will have to be taken care of by dedication from the Afghan government and eradication and the arrest of drug lords and fighting corruption and by the rest of the world, with us, by providing to us in Afghanistan good alternative livelihood and economic development and over a period of from five to 10 years.

KING: Hamid Karzai, the president of Afghanistan, thank you for sharing your thoughts with us today on "Late Edition." Thank you very much, sir.

And coming up, how will the war in Iraq hit home at the November ballot box? We'll ask our political panel, Matthew Dowd and Stanley Greenberg.

And then (inaudible) were showboating at the United Nations. I'll talk to former secretary of state Alexander Haig and the former U.S. ambassador to the United Nations Richard Holbrooke.

And coming up at the top of the hour, "This Week at War" and what Iran and Venezuela gained. Stay with us.

(BEGIN VIDEO CLIP)

BUSH: I'm looking forward to the campaign. I'm looking forward to reminding the American people there are significant differences in between what our party believes and what the other party believes, that there's -- it's easy to tell us apart.

(END VIDEO CLIP)

KING: President Bush, speaking there in Tampa, Florida, on Thursday, in his campaigner-in-chief mode, you might say.

This is "late Edition." I'm John King, filling in for Wolf Blitzer.

And joining me now from Austin, Texas, Matthew Dowd. He was the chief campaign strategist for the Bush-Cheney re-election back in 2004. He's also one of the authors of "Applebee's America: How Successful Political, Business and Religious Leaders Connect with the New American Community."

And joining me from New Haven, Connecticut, Stan Greenberg, former campaign adviser to President Clinton and other Democrats. Gentlemen, welcome to "Late Edition."

Let us start right there. The president says it's easy to tell them apart. One of the big issues in the news on this Sunday morning is an issue that the Republicans believe is their trump card in this election, as it was back in 2004 and 2002, and that is national security. The president goes around the country saying he has made America safer.

But pick up your New York Times, your Washington Post, listen to CNN reporting this morning. There's a new national intelligence assessment that says the war in Iraq is making the global

terrorism problem worse in some ways. I want you to listen to the president, and then I want to ask you about this issue.

(BEGIN VIDEO CLIP)

BUSH: We have put in place the institutions needed to win this war. Five years after September the 11th, 2001, America is safer. And America is winning the war on terror.

(END VIDEO CLIP)

KING: Matthew Dowd, is it a problem for Republicans that they have put so much, invested so much in this issue and this theme that the Republicans and the Bush White House will keep you safer than the Democrats to have every American now hearing today -- and I assume from the newspapers and then from the Democrats in the echo chamber over the next week or so -- look, the Iraq war we told you was a bad deal. Not only is the Iraq war a bad deal, the president's own intelligence agency says it's contributing to the terrorism problem.

MATTHEW DOWD, REPUBLICAN STRATEGIST: Well, I think the situation is that if you ask the Democrats and ask the Republicans if they wanted to run on a certain issue and the issue is the war on terror, Republicans would prefer that even with current events or whatever. I don't think Democrats want to run in an election based on the war on terror. The Republicans have an inherent advantage on it and trust in American people.

Democrats have an advantage on some other issues. It's not the war on terror, and I think if you had an election that was decided on that, which I don't think this election is only going to be decided on the war on terror, Republicans have an advantage on that.

KING: Stan Greenberg, you agree? Should the Democrats maybe not invest too much in this?

STAN GREENBERG, DEMOCRATIC STRATEGIST: I think we should invest entirely in it. I'm finding myself in a situation where I'm agreeing with the president almost too much. He says there's a big difference between the parties, and it's on this issue. I think what this report does this morning says that the country indeed is less secure as the consequence of Iraq.

And the main take-away in our research and others, the main take- away from the last month of the president's campaign to say this election's on the war on terror, is for people to say, but this is about the war in Iraq. And the war in Iraq, they see a country bogged down, less secure, diverting us from making the country less safe in so many ways.

So Democrats have many issues, the financial pressures on people, but they want to engage the security issue. They want to engage the Iraq issue. And that's why this report this morning, where the president did not release this information to the American people on our security as a result of the Iraq war, is very important to how we go into this final phase for the election.

KING: I want both of your thoughts on some of those specific issues. But first, I want to try to set the table, if you will, and ask this basic question. Is 2006, 1994, 1994 of course the year when

Republicans stormed to control of Congress, Newt Gingrich and the Contract of America out there for the Republican Party. But more important, I think both of you would agree in that campaign you had profound disappointment with President Clinton, the health-care plan, a sense he was not as president what he had promised to be as a candidate.

As you give me your thoughts, look at -- here's the Gallup Poll numbers from a bit earlier this month. How is the president handling his job? President Bush at this moment in time, 39 percent. President Clinton heading into the 1994 elections, 39 percent. Matthew Dowd, if you're a Republican and you look at those numbers, do you think, oh, boy, the way it's coming against us this time?

DOWD: Oh, yeah, I mean, this is definitely a change election. Like '94, it's a change election, so people are -- have an incentive to vote incumbents out of office. The difference between '94 and 2006, though, I think Republicans will lose seats in the House. I think they'll probably lose seats in the Senate, and they will probably lose some governor's races.

The difference is the Republicans have an inherent home-field advantage in this election. There's more safe House seats for Republicans. There's more safe Senate seats for Republicans. I think the question we have today is, how big is the wave, and can that wave overcome the home-field advantage that Republicans have. It is a change election, and I think that's where we sit today. I think the question still is is how big is that wave, and can it overcome Republicans' advantage.

KING: Can it, Stan Greenberg? Can it overcome the Republican advantage, both, as Matthew said, the seats are different, the playing field is different and we had the Republican National Committee chairman in here last week, and he said he's got a lot of money to unleash on Democrats. GREENBERG: Well, look, the playing -- look, there's no doubt that the playing field is a more difficult one for Democrats to have that big an election. But on the other hand, the Democrats need to pick up 15 seats. This is many fewer seats than they needed to pick up in 1994.

And in terms of the mood, I mean, I was in the White House in that election, and know what it feels like when those things are turning against you. There are so many things here that have that kind of power: You know, the 60 percent-plus who want to go in a new direction, the low approval rating for the president.

But even more than that, the low approval rating for the Congress, which, the Congress' rating has been dropping even as the president's numbers have edged up, and the numbers wanting to vote for Democrats for Congress have held up during this period. And so it's a very big number we're looking at and will take us, I think...

DOWD: John, one thing to say though, the interesting going on is Democrats have not exhibited any advantage in perception of them as a party or them in Congress. As the numbers in Congress have fallen, which Stan is right, Republicans and Democrats have fallen simultaneously. There's no inverse relationship to a fall in Republicans and a rise in Democrats, and I think that's basically because the American public has not seen the Democratic Party or Democratic candidates offer an alternative.

That's a problem. Maybe they could solve it in the next six weeks. That's still a problem for them to be successful in the elections.

KING: Do you agree with that, Stan?

GREENBERG: Well, I mean, it's a problem in that -- I mean, it's true in comparison to '94. Both parties are in a spiral downward. The Republicans are falling much more sharply, and it's a very big gap, and there's a lot of alienation, which is leading a vote for change.

But it's also the Republicans have governed differently. They have governed as a polarizing party in control of all the institutions. They're going into an election where they have said to the American people, we control this place. They own it. And so as voters vote for change it's very hard for the Republicans to get out of the way.

KING: I'm going to ask both of you to stand by while we take a quick break. We'll be back to Stanley Greenberg and Matthew Dowd in just a moment. And we'll ask our political strategists more questions about the upcoming election. So please stay with us. And this quick note as we do head to break and into the future, midterm election season and prepare for 2008 of course, CNN is launching a new news service on cnn.com, the CNN Political Ticker, as we call it. We'll give you an unprecedented look into the day's political stories just as they are happening. Starts tomorrow morning, so get up early. Be sure to go to cnn.com/ticker. And coming up at the top of the hour, "This Week at War," the only comprehensive look at Iraq and the war on terror. But up next, we'll get a check of what's in the news right now. Stay right here with "Late Edition."

(NEWSBREAK)

KING: This is "Late Edition," and I'm John King, filling in for Wolf Blitzer. We're continuing our conversation, now, with Republican strategist Matthew Dowd and Democratic strategist Stan Greenberg.

Stan, I want to bring in a bit from a memo you wrote this past Friday, with some of your partners, about the election, the tide you see right now.

And it says this: "The president's strategy is backfiring because it is driving independents to the Democrats... The strategy also seems to be energizing Democrats and de-energizing Republicans, giving Democrats a growing edge in enthusiasm for the election."

Stan Greenberg, you say Democrats have a growing sense of enthusiasm, but what about Matthew's point that he made before the break that maybe they haven't done a good enough job, in his view, of giving the voters an alternative.

Absent laying out a detailed proposal about what the Democrats would do, are they not more vulnerable, if you will, when the Republicans unleash all their money on these ads, saying if you have a Chairman Rangel, you will have higher taxes; if you have a Speaker Pelosi, you will have a weaker front on the war on terrorism?

GREENBERG: Look, I take that critique seriously and I have made that critique, actually, during the course of the election cycle about Democrats need to be talking about what they're going to do. People want a new direction.

And they are hearing that from the candidates. We shouldn't just take what Matthew and I battle over on this show.

When you go into the individual races, candidates are saying on the air that they want clean energy -- you know, no pay raise until you get a raise in minimum wage; give the government the ability to negotiate lower drug prices.

So you've got candidates on the air, saying what they're going to do.

But look, I don't doubt the power of money. They have the micro- targeting systems that are much more developed. Their party, at an organizational level, is very strong.

But the enthusiasm -- very, very strongly on the turnout side for Democrats, and also in the desire to change the direction of the bush administration. KING: And Matthew, let's talk a bit about your party. What makes this campaign interesting is it's not just the Democrats who are a bit anxious going into it but the Republicans, who are generally the confident party, the unified message, they seem anxious as well. And it's because of some divisions within the party.

Pick up today's Sunday New York Times Magazine and you can read this: "These days, of course, talk of a Republican realignment has given way to simple survival this November. Now the lofty ideals and the bold ambitions of Mehlman and Rove often seem in direct conflict with the short-term survival instincts of Republicans who want nothing more than to get past the next election."

The immigration issue, Matthew, would be one there, Republicans going out of their way to pick a fight with the president. There are others as well.

What is the state of the Republican Party right now?

And are you worried about that intensity, when it comes to voting day?

DOWD: Well, you know, candidates from both parties -- as you get closer to an election, one common thing is anxiety. So whatever election you're in, they're anxious. candidates are always anxious.

I think you have to look at state by state and see what the enthusiasm is for a candidate in California, Arnold Schwarzenegger. The enthusiasm is great. And there's not a lot for his Democratic opponent Phil Angelides. That just happens to be the case in California.

I think it's state to state. One thing, I think, that we ought to note about turnout is Democrats have not turned out this year in their primaries. It's almost some of the lowest turnout you've seen.

And so I think one of the points that I made earlier and, I think, Stan agreed with, you have to offer an alternative.

One of the things John Kerry, I think, was faulted for in 2004 is, though he had a vote against, vote against George Bush, he never had a vote for, and here's why you ought to vote for me.

And I think Republicans should be worried. It's a "change" election. They have become the party of power in Washington. People want a change. And so they're going to have to present how they would change things or do reforms in Washington.

But I think Democrats, in order to compete, in order to overcome some of the inherent advantages that Republicans have, are going to have to offer an alternative that allows the American public to vote for them as opposed to just against the Republicans.

KING: I'd like each of you, in closing, your thoughts on this issue. Why are the parties different when it comes to such an environment? And by that I mean, we see Lincoln Chafee, a liberal Republican senator in Rhode Island who has disagreed with the president, didn't even vote for the president in the last presidential election and Lincoln Chafee faces a conservative primary challenge. And what happens? Laura Bush comes up and campaigns for him. The Republican Party throws in all sort of money, all sorts of get-out-the-vote resources to help Lincoln Chafee, to try to save that seat, keep it in Republican hands.

Joe Lieberman, in your home state, Stan, of Connecticut votes against the Iraq war and what you have is this amazing dynamic with a man who was your vice presidential nominee just a few years back is now considered a pariah in the party and the Democrats are supporting his opponent Ned Lamont.

Why is it that the Republicans can forgive and forget, if you will, and the Democrats seemingly can't?

GREENBERG: Well, look, a very important part of the dynamic of this year is the very intense feelings about the present desire for change and that's what, I think, is playing out and will unite the Democrats in Connecticut, will unite the Democrats nationally.

What's interesting about it, on the Republican side, is that you find the national Republican Party trying to push candidates to the center or liberal records. So they don't want to run on a conservative record.

I think that is the challenge there. Conservatives are on the defensive and that's part of the reason why they're demoralized and part of why they have to try to achieve unity on the Republican side.

KING: Matthew?

DOWD: Well, Stan's right. Conservatives are on the defensive, especially on the defensive in the Democratic party. You can't be a conservative, it doesn't seem like, or a moderate in the Democratic Party and get elected or be even supported by the institution of your party. At least we have a party, now...

GREENBERG: I would look to Virginia and our candidate there. I would look to our governor's candidate in Ohio. Look, across the country, you've got moderates; you have a range of Democrats running across the country.

DOWD: I think...

GREENBERG: Colorado...

DOWD: I think Senator Lieberman could go on this show and probably tell us all what it means to run as a conservative in the Democratic party.

KING: Matthew Dowd in Austin, Texas, Stan Greenberg in New Haven, Connecticut, gentlemen, I wish we had more time. Thank you both for joining us on "Late Edition." DOWD: Thank you.

GREENBERG: Thank you.

KING: Good luck in the weeks ahead. That's good luck to both of you.

Coming up here on "Late Edition," did the president of Iran win any friends and gain any influence at the United Nations?

I'll talk to the former secretary of state Alexander Haig and the former ambassador Richard Holbrooke.

And coming up at the top of the hour, "This Week at War," with more on what we heard in New York and this week, of course, the latest from Iraq.

(BEGIN VIDEOTAPE)

KING: Anousheh Ansari, what's her story? The Iranian American telecommunications entrepreneur made history this week, becoming the first female tourist to travel to outer space. Flying with a joint U.S. and Russian crew, Ansari became the fourth tourist in space.

She had to endure six months of training in Russia, which included numerous spins on the centrifuge. It's estimated she paid around $20 million for the flight. Ansari's expedition also makes her the first Muslim woman and the first Iranian in space. She will return to Earth later this week.

(END VIDEOTAPE)

KING: And coming up on "Late Edition" next, the battle for world opinion. Alexander Haig and Richard Holbrooke talk about what's at stake for the United States and the world.

And coming up at the top of the hour, "This Week at War" with our reporters in Baghdad, the Pentagon and at the White House.

And if you missed any of our show today, you can download a video podcast of the whole two hours. Just go to cnn.com/podcast and click on the link for "Late Edition."

KING: Welcome back to "Late Edition." Joining me now, two veterans of the diplomatic wars. The former secretary of state, Alexander Haig, is here with me in Washington, and in New York, the former ambassador to the United Nations, Richard Holbrooke. Gentlemen, welcome to "Late Edition."

I want to begin with the big news in this morning's newspapers, confirmed by CNN, that there is a national intelligence estimate, the consensus view of this administration's intelligence agencies, that says the Iraq war is contributing to the problem of radical Islamism, Islamic terrorism, call it what you will.

Secretary Haig, very troubling for this administration from a policy standpoint, at a time when they say the American people are safer and Iraq is the central front in the war on terror to have their own agencies saying it could be making the problem worse. Is it not?

ALEXANDER HAIG, FORMER SECRETARY OF STATE: Well, I'll tell you, what I saw today was The Washington Post's silly season oxymoron of the year, because anybody who knows what's going on in Iraq knows that whether you agree with being in there or how it was done and the manner in which it was conducted, today it is a key, key influencer of global terrorism. And its outcome is going to have a major impact. So, it's an oxymoron written especially for the Democratic Party, which is not unusual for The Washington Post.

KING: Ambassador Holbrooke, I'm going to guess you disagree with that assessment.

RICHARD HOLBROOKE, FORMER AMBASSADOR TO UNITED NATIONS: Well, I'm a little puzzled by what Al Haig just said. This is a report, which everyone confirms, of the national intelligence community. I take it that General Haig is suggesting that the intelligence community works for the Democrats. I think that's a really bizarre...

HAIG: No, no.

HOLBROOKE: ... Al, let me finish. This is a strange comment.

HAIG: That's a big job to let you finish. (LAUGHTER)

HOLBROOKE: What the report said very clearly is what every journalist has said for a long time, that Iraq was not originally where the terrorists were. The 9/11 terrorists didn't come from Iraq, but Iraq has become a breeding ground for terrorists. It's increased anti-Americanism around the world. It's contributed to other crises. It's strengthened Iran.

Those are simple facts, and I'm glad that the national intelligence estimate system, which you used to be very involved in, as was I, has come around to making it official. Let's deal with the crisis in Iraq and the challenges in Afghanistan. The war in Iran -- I mean the war in Afghanistan -- and the crisis in Iraq...

HAIG: Is this a filibuster again? (LAUGHTER)

HOLBROOKE: ... (inaudible) from facts. This isn't a filibuster, Al. You're the one who filibusters.

HAIG: No, it isn't a filibuster.

KING: Let me referee for just a minute. We're going to disagree on this point, so let's move on to another point. And that is what we saw, the world stage comes to New York, if you will, for the United Nations General Assembly. In The New York Times, today, another one of those papers Secretary Haig might have issues with, but David Brooks, a conservative columnist, writes this: "One of the lessons of this past week is that the international system is broken. When it comes to actually uniting to take action, words and resolutions lead nowhere. Thanks to a combination of American errors, European escapism, and Russian and Chinese greed, the worst people in the world now drive events while the best people do nothing." He is referring, of course, to the debate at the General Assembly. I want to ask specifically about one issue, and that is an issue the president of the United States chastised the United Nations for, and that is Sudan and Darfur. Ambassador Holbrooke, you spent a lot of time there. You went through some of these issues yourself with the Clinton administration when it came to Kosovo. Why can the United Nations, and why is the United Nations willing to watch as people die?

HOLBROOKE: First of all, I'm rather struck that David Brooks' column is a faint echo of William Butler Yates' famous poem, "The Center Cannot Hold." But on Darfur, I was puzzled by the president's remarks for this reason: The Security Council passed by a vote of 14 to nothing, China abstaining, a resolution to get the U.N. into Darfur. Now it's up to the powers that voted that and particularly the permanent members, France, Russia, the United Kingdom and the United States, to implement it.

For the president to say it's the U.N.'s responsibility when the U.N. is just the building on the East River here in New York where they voted that resolution doesn't make sense to me. The challenges to the great powers, if they do nothing, as happened in Rwanda 11 years ago, the tragedy will only get worse.

KING: Secretary Haig, the United States is the greatest of those great powers Ambassador Holbrooke just mentioned. What should the bush administration do about Darfur?

HAIG: Well, I think they're going to have to talk very frankly to the secretary-general, and they're going to have to have our weight felt to the degree it can be felt. But this is becoming a very different United Nations, and in that respect, I am sympathetic with the observation of the critic you mentioned.

On the other hand, I also agree with Dick's comment about the United States and the major powers have to do something. And they haven't thus far been doing very much.

KING: We had some issues this past week that some would call sideshows but others would call quite significant. One, Hugo Chavez stands at the podium at the General Assembly and says the devil was here. I can still smell the sulfur, insulting the president of the United States while on international territory, I guess the United Nations, but still in the United States.

The other issue, I think the bigger issue from a strategic security standpoint is the visit by the president of Iran, Mr. Ahmadinejad, who not only spoke to the United Nations but was given a platform at the Council on Foreign Relations. I want both of your thoughts on this. Elie Wiesel, the Holocaust survivor, a great articulate voice for human rights in this world, spoke out. He condemned the Council on Foreign Relations for giving Mr. Ahmadinejad a platform.

He said, quote, " 'Civilization means setting limits,' and Mr. Ahmadinejad had stepped beyond all limits with his calls for Israel to be wiped off the map and his questioning of whether the Holocaust occurred."

Ambassador Holbrooke, should the Council on Foreign Relations, as interesting and as fascinating as Iran might be right now, as important as it might be, given its president a platform?

HOLBROOKE: Well, John, I'm a director of the Council on Foreign Relations, and I'd rather not second-guess or comment on the decisions that its president, Richard Haass, made. They made their decision, and I don't think it's a long-term issue.

What really is interesting here is why Ahmadinejad outcommunicated the world's leading communications nation, and why a year ago when he came, no one paid any attention, why CNN and its colleagues Fox, MSNBC, the networks gave him so much air time when all he did was repeat what he said over and over again. There was nothing new in it and in a sense -- and as you know, all U.N. General Assembly speeches in the fall are just for domestic consumption...

KING: Well, let me jump in.

HOLBROOKE: ... And there's no...

KING: Let me jump in, Ambassador Holbrooke. Let me jump in on that point. Because you're willing to criticize us in the news industry for giving you a platform but took a pass, diplomatic or otherwise, on criticizing your own organization. I want to give Secretary Haig a chance to answer that specific question before we move on. Shut they have given the man who says, "I want to wipe Israel off the map, the Holocaust didn't happen" a platform?

HAIG: Well, I think, given the circumstances, it probably isn't too bad that we did give him a platform, because as Dick said, he just repeated himself. Everybody knows where he stands. I would rather take Chavez as an issue. Now, here's a fellow that stole the show.

And back in Watergate, I can remember the president of a neighboring southern country who came into California and started criticizing the president. I called him on the phone and I said, you know, one more speech like that and I'm going to have you escorted to the border, and I think we should have taken some action instead of getting patted on the back by the liberals of America for turning the other cheek.

We should have told that fellow, we are his host, and you make another comment like that, and actually the secretary-general should have done that rather than encourage it, and tell him that one more pop like that, instead of bringing him up before a church group in New York, and we would have thrown him out of the country.

KING: Gentlemen, we're short on time. I want to ask both of you in closing for your observations as briefly as possible on this point. The president of the United States will have the president of Pakistan and the president of Afghanistan over to the White House for dinner on Wednesday.

These are two neighbors who are critical to the war on terrorism, the resurgence of the Taliban, the whereabouts of Osama bin Laden and Al Qaida. And they simply keep finger-pointing and blaming each other for what is wrong. What must the president of the United States get from them this week, Richard Holbrooke?

HOLBROOKE: I listened to your interview with Karzai carefully. It's an important interview. Having been in Afghanistan a few months ago, I just want to say very clearly that what he said in answer to your last question on drugs is simply wrong and made no sense. Last year the United States spent $1 billion on drug eradication, $1 billion. Drug trafficking, drug production went up.

They're not going after the big guys. They're going after the farmers, crop destruction, which drives them into the hands of the Taliban. As for the meeting, I'm glad President Bush is bringing them together. He must use all his persuasive powers to get them to do more. And I'm very concerned about the deal Musharraf made on the border in Waziristan with the tribes, but I'm also concerned...

KING: I need to jump in. We're going to run out of time. We're going to run out of time. I want to give Secretary Haig the last word. I'm very sorry we're short on time today. You get just a few seconds, sir.

HAIG: You know, I'm not too -- I'm not alienated by what Dick just said. I think the president is right to get them together. I also think it's important to look back at the history of our relations with Pakistan, and we could ask ourselves as Republicans why we embargoed them for doing what their neighbor did, and that is develop nuclear weapons.

We should have gone into a regional ban rather than bilateral tensions, which have really cost us the kind of support from Pakistan we will need and continue to need. They've been our friend. And we haven't treated them that way.

KING: Secretary of State Alexander Haig, Ambassador Richard Holbrooke. Gentlemen, I'm sorry we did not have more time. Thank you both for joining us here on "Late Edition" today.

And up next, in case you missed it, "Late Edition's" Sunday morning talk show roundup. And coming up at the top of the hour, "This Week at War."

KING: And now, in case you missed it, let's check some of the highlights from the Sunday morning talk shows. On "Fox News Sunday," former President Clinton answers the question of whether he did enough to find Osama bin Laden while he was in office.

(BEGIN VIDEO CLIP) FORMER U.S. PRESIDENT BILL CLINTON: No, because I didn't get him.

CHRIS WALLACE, HOST, "FOX NEWS SUNDAY": Right.

CLINTON: But at least I tried. That's the difference in me and some, including all of the right-wingers who are attacking me now. They ridicule me for trying. They had eight months to try. They did not try. I tried. So I tried and failed. When I failed, I left a comprehensive anti-terror strategy and the best guy in the country, Dick Clarke, who got demoted.

(END VIDEO CLIP)

KING: Covered Bill Clinton a long time. I've seen that testy Bill Clinton before. And on CBS' "Face the Nation," Senator John McCain defends the agreement with the White House over detainee rights.

(BEGIN VIDEO CLIP)

MCCAIN: We couldn't outline everything that should be done. We tried to outline what couldn't be done under the War Times Act, leaving the Geneva Conventions alone, which was our first and utmost priority. Look, ACLU and The New York Times don't like the agreement, but we think this will recognize, people will recognize that it defends both our values and our security.

(END VIDEO CLIP)

KING: Highlights from the other Sunday morning talk shows, right here on "Late Edition," the last word in Sunday talk.

And that's your "Late Edition" for this Sunday, September 24th. Be sure to join Wolf Blitzer next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk. Thanks very much for watching us on this Sunday. I'm John King in Washington.

For our North American viewers, "This Week at War" is just ahead, right after a check of what's in the news right now.

Miller, Charles S

From: Miller, Charles S
Sent: Monday, September 25, 2006 10:35 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 9/25/06 Civil Division News

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Feds settle South Dakota Medicare scam for $345,000

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A PATRIOTIC ACT: HOW FOUR CONNECTICUT LIBRARIANS FACED DOWN THE GOVERNMENT TO PROTECT THEIR PATRONS' CONSTITUTIONAL RIGHTS

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Opinion: Exonerated terror suspect's suit seems futile

AP

September 23, 2006

Justice Department appeals judge's ruling on eavesdropping case

PORTLAND, Ore._U.S. Justice Department lawyers filed an appeal Friday to block a lawsuit by a former Islamic charity challenging a Bush administration secret surveillance program.

U.S. District Judge Garr M. King ruled earlier this month that a lawsuit by the defunct Al-Haramain Islamic Foundation chapter in Ashland could go forward without damaging national security.

But government lawyers argue that state secrets would be revealed if the lawsuit _ and similar lawsuits around the country _ are allowed to proceed.

The appeal filed Friday with the 9th U.S. Circuit Court of Appeals in San Francisco said "the district court is wrongly attempting to create some form of secret adversarial proceedings, and, in doing so, is raising a serious danger of disclosure of important national security information."

Calls to the U.S. Attorney's office and lawyers representing the charity were not immediately returned Friday.

The National Security Agency's warrantless eavesdropping program has been challenged in other federal courts since The New York Times revealed it last year.

END

Newsday

September 23, 2006

Feds defend Whitman in WTC suit

GRAHAM RAYMAN. STAFF WRITER

A Manhattan federal judge should not have allowed a lawsuit against former Environmental Protection Agency administrator Christine Todd Whitman, stemming from statements she made about air quality at Ground Zero, to go forward, a U.S. government appeal argues.

In the brief filed Friday with the 2nd U.S. Circuit Court of Appeals, Justice Department lawyers defended Whitman's reassurances to the public in 2001 following the attack on the World Trade Center.

"It is difficult to fathom a pull as strong as the need to calm public fears in the wake of the worst terrorist attack in our nation's history," the brief states.

The class-action lawsuit, known as Benzman vs. Whitman, was filed in 2004. The plaintiffs allege that when the EPA said on Sept. 18, 2001, that the air in lower Manhattan was "safe" to breathe, the agency did not have data to support that claim.

They assert that Whitman's claim that there was a lack of widespread asbestos conflicted with the agency's test results.

They want the EPA to test office buildings, schools and residences in lower Manhattan and pay to clean up those buildings. The plaintiffs also want the EPA to create a medical monitoring program.

U.S. District Court Judge Deborah Batts, in her Feb. 2 decision, ruled that Whitman could be held liable for 9/11 environmental consequences. Batts said it was "conscience-shocking" that Whitman encouraged people to return to the area, even though she knew that the collapses had led to the release of hazardous materials.

"No reasonable person would have thought that telling thousands of people that it was safe to return to lower Manhattan, while knowing that such return could pose long-term health risks and other dire consequences, was conduct sanctioned by our laws," Batts wrote.

The government's appeal does not address the accuracy of Whitman's claims. Instead, the argument focuses on whether a public official can be sued for public statements.

"No decision of any court remotely suggests that a public statement, even a misleading public statement, could violate the substantive due-process rights of thousands of individuals," the brief states.

The government also argues that the Stafford law, which governs federal disaster-relief efforts, grants public officials "broad immunity for discretionary actions."

"In essence, plaintiffs invite the court to second-guess ... the policy judgments made by federal officials in the wake of the September 11 attacks," the brief states. "That is exactly the type of inquiry that Congress has foreclosed."

end

AP
9/24/2006

Feds settle South Dakota Medicare scam for $345,000

By CARSON WALKER The Associated Press

SIOUX FALLS, S.D. (AP) — A South Dakota health clinic and its Michigan artificial joint supplier have agreed to repay $345,000 to Medicare, according to a release from the U.S. attorney's office.

The case involves Siouxland Surgical Center, which does outpatient surgeries in Dakota Dunes. Its primary owner is a group of physicians affiliated as the Center for Neurosciences, Orthopedics & Spine.

The federal lawsuit was filed on behalf of Dr. Spencer Greendyke, who blew the whistle.

He worked for CNOS from 1999 to 2004 and served on its board of directors.

From 2000 through 2003, CNOS doctors accepted payments from Stryker Corp. of Portage, Mich., as an incentive for using its orthopedic products, according to the complaint filed in U.S. District Court.

Stryker listed payments as rent for space in the clinic to be used for trade shows and speaker programs, but the space was never used by Stryker, the lawsuit states.

The payment "was, in actuality, an incentive, or remuneration, for Siouxland Surgical" to pressure CNOS and its employees to use Stryker products, according to the complaint.

When Greendyke used non-Stryker products in knee replacements, he had to perform the surgeries at a different facility because CNOS wouldn't allow them, the lawsuit states.

Stryker's arrangement "led to an inflated price for the products sold by Stryker within the region," it states.

The lawsuit accuses the defendants of violating the Anti-Kickback Statute, which makes it illegal for one entity to pay another in order to induce a purchase.

The violation of that law allowed Greendyke to come forward under the False Claims Act and receive up to 25 percent of all damages. How much of the $345,000 settlement he received is not included in any court document.

The lawsuit was filed in July 2004 but was sealed until recently, after the out-of-court settlement was reached.

Greendyke's lawsuit also accused the clinic of charging Medicare for services that weren't performed and overcharging taxpayers for other services. But those issues were not part of the settlement.

Medicare fraud costs taxpayers more than $15 billion every year, federal prosecutors said.

END

AP

September 24, 2006

Indian farmers, ranchers still awaiting day in court

By JAMES MacPHERSON

Associated Press Writer

MANDAREE, N.D._American Indian rancher Keith Mandan says he could easily double the size of his black Angus herd if he had the money _ or if he were white.

Mandan, 53, and his wife, Claryca, 52, have struggled since the late 1970s to keep their ranch in North Dakota's Badlands, despite a pattern of discrimination by the federal government, they say.

The Mandans are among the lead plaintiffs in a lawsuit, filed in 1999, alleging the U.S. Department of Agriculture discriminated against Indians in the granting of loans beginning in 1981. Over that time, Claryca Mandan says, the federal government "wiped out whole generation of Indian farmers and ranchers because of racism."

USDA officials refused to respond to specific questions from The Associated Press about the allegations. In a statement, J. Michael Kelly, an attorney for the USDA, said the case is still ongoing and the agency is working to provide documentation requested by the Indians' attorneys.

Earlier this month, attorneys for American Indian farmers filed a motion to bring the case to trial next year _ eight years after it was first filed.

A hearing is set for Thursday on the motion.

"Our day in court is what we've been waiting for," Claryca Mandan said.

Keith Mandan said if he could get the financing, he'd buy about 300 more cows and build a calving barn and a machine shed to keep the cattle and farm implements protected from the harsh North Dakota winters. Instead, Mandan uses a heavily wooded gulch for calving. His machinery is exposed to the elements, making the already old implements look even more ancient.

From atop his cutting horse, Bubba, Mandan looks out over his 300-acre spread on the Fort Berthold Indian Reservation to his non-Indian neighbors to the south. He says he's not jealous of his non-Indian

neighbors. Sometimes, he feels proud knowing that he survived under conditions that might have driven them off the land.

"My white counterparts across the road don't have the problems we have," Mandan said. "We just don't receive the subsidies that non-Indian farmers and ranchers do."

The lawsuit was granted class-action status in 2001 but the case has floundered in federal court since. It mirrors a separate civil rights case brought by black farmers in 1997, and settled two years later.

The federal government has paid out about $930 million to some 14,000 black farmers so far, said Anurag Varma, a Washington, D.C., attorney who helped represent the farmers in the case. Varma also is involved in the American Indians' lawsuit.

"The underlying bad acts by the defendants are virtually identical," Varma said. Hispanic and women farmers also have filed lawsuits alleging discrimination. Those cases also have yet to be settled.

Joe Sellers, the Indians' lead attorney in Washington D.C., said the USDA is stalling.

Attorneys estimate the number of Indian farmer and rancher plaintiffs could be in the tens of thousands. A settlement figure has not been calculated, but would likely be in the "hundreds of millions," Sellers said.

The Indians allege the USDA denied or delayed loans, or did not approved enough to keep farms afloat financially.

Keith Mandan believes it was by design.

"They just want to close you out and take the land and put it in their inventory," he said.

"They have employed every tactical maneuver I can conceive of to postpone the day of judgment," Sellers said. "They are dragging their feet or not devoting the resources necessary to handle this case."

U.S. District Judge Emmet G. Sullivan "has recently indicated a willingness to extend discovery deadlines for as long as may be necessary," Kelly, the USDA attorney, said in his statement.

"We do take exception that we are dragging our feet," said Charles Miller, a spokesman for the Justice Department, which is representing USDA in the case.

"An appeals court remanded the case back to the judge, and that of course slowed up the process," Miller said.

Indians and their attorneys say a quick settlement was reached with black farmers because of their political clout in Congress.

Sellers and Varma said Congress and the USDA itself have found discrimination against minority farmers, including Indians.

Meanwhile, Sellers said, the agency continues to foreclose on Indian property, which hasn't happened while other minority lawsuits were pending.

"They have accelerated debt collection," Sellers said. "It seems to me it's an effort to drive the final nail in the coffin."

Three Affiliated Tribes Chairman Tex Hall, who also is a rancher, calls it economic racism.

"It's illegal, racist and discriminatory," Hall said. "Every day this continues, we lose another Native farmer or rancher. Families are literally hanging on by a thread."

George Keepseagle, a Fort Yates rancher and lead plaintiff in the lawsuit, said he's been hanging on since 1960.

Keepseagle, 66, said the Agriculture Department has discriminated against him and other Indian farmers for as long as he can remember.

The USDA's Farm Service Agency lends to farmers and ranchers who can't get credit from commercial lenders. The agency, known as the lender of last resort, is the largest agriculture lender in North Dakota.

"White men can walk in to the FSA and get a $100,000 loan for a new tractor and I can't even get $20,000 for a used one," Keepseagle said. "That's how difficult it is.

"They have my hands pretty well tied behind my back," Keepseagle said of the FSA. "Without their approval, I can't do anything. It's a beg-to-borrow situation. They have full control over me."

The case, Keepseagle vs. Johanns, formerly Veneman, refers to Keepseagle and Mike Johanns, the U.S. Secretary of Agriculture. Ann Veneman was Agriculture Secretary when the lawsuit was filed.

Keepseagle said he joined the lawsuit after meeting with attorneys following the black farmers lawsuit.

"I didn't campaign for that job but I had no other option," Keepseagle said.

In the seven years since the lawsuit was filed, Keepseagle said, he knows of many Indian farmers and ranchers have been forced to quit.

Keepseagle, who ranches on the land where he was born, said he's had to sell about 380 acres of his property to pay off debt owed to the federal government. He still owns about 480 acres and is determined to keep it.

He said he has gotten no sympathy from non-Indian ranchers in the region.

"They want me to go out of business so they can grab my land," Keepseagle said. "Nobody has ever told me they were sorry for me, they could care less _ they'd like to have my range that I've worked to build up."

Money is not the issue as much as equality, Keepseagle said.

"This is just a small part of the injustices against us," Keepseagle said. A fair settlement, he said, "would make it just a little right, I guess."

END

Deseret Morning News

September 25, 2006

Battle over oil (Cobell)

Lucinda Dillon Kinkead, Deseret Morning News

MONTEZUMA CREEK -- It's just after sunrise, and in the pink of a new day, an oil pump is already doing its slow, rhythmic work. It is one of four wells on Mary Johnson's land, not far from where the old woman's home sits on a mesa at the northernmost tip of the massive Navajo Nation.

Like the huge pieces of equipment that dot the landscape, Johnson is up and moving at dawn every day -- before the sun gets beastly hot -- to tend chickens and chores on this sacred Indian land where she was raised. One of the day's concerns is water. The natural springs on her land are ruined, and groundwater is 6,000 feet down, so someone has to make the 50-mile trip to fill tanks in town and haul them back.

Maybe someday water will be carried across this land, but for now only oil makes its way over barren ground in a web of pipes and tubes. In the early morning quiet, you can hear them humming and vibrating.

Water. Oil.

It seems many of Johnson's 81 years have been spent watching the flow of these two fluid resources on the 160 acres given to her family generations ago. Watching each has caused her grief. Water is the reason her ancestors settled where they did, and it is gone now. Oil is the cause of a yearslong battle over payment for the resource pumped and transported across her land.

"It has always been a fight," Johnson, who speaks only Navajo, says through a translator. "No one is representing us."

In the past 50 years, oil companies have made billions off the oil in Montezuma Creek's Aneth field. Because of questionable conditions on old royalty agreements, lack of payment on others and environmental concerns, Johnson and her family have been in conflict half her life.

"All those years, they were never honest with her," said her daughter, Susie Philemon. She is furious at the oil companies.

"I hope to God they suck out every last drop of the oil so they can get the hell out of here."

Johnson was one of 13 children born in a hogan that still stands just down the rise. One day in late summer she takes a visitor there. Through a translator the soft-spoken woman says there used to be three fresh springs within a short walk of the hogan.

"We would take a bucket and get water," she said. Her hands dance like the gurgling spring she is describing. "It bubbled up right here. It was warm in the winter, and there was good vegetation for the animals."

She tended corn, watermelon and squash near the spring.

But the oil wells went in about a quarter-mile away, and the pipelines to carry the resource crossed through the area, heating up and buzzing and clicking.

"All that vegetation is burned now," Johnson said. "Once I went to the spring and there was a film on the top of it. That's how they destroyed our drinking water. All the springs are gone now."

The worth of the land and the impact of pulling oil from the ground here in Indian Country is something the Johnson family knows is difficult to understand. "My ancestors settled here because of the water. There was a flow in the creek and it was just beautiful. Now it is totally destroyed."

There is no fresh water, the natural springs are decimated and the companies have left the trashy remnants of their projects behind. Indeed, down a rutted dirt road, a tangle of rusted pipes lines the roadway.

"These oil companies came and destroyed the most important thing in life, the water and the land," Johnson said. "They just took the oil out of the ground, and they don't come back to help clean up."

Johnson's homesite is thousands of miles and a world away from Washington, D.C., where a battle continues over billions of dollars owed to American Indian landowners like Johnson because of gross government mismanagement of their trust accounts.

One Montana Indian woman has spent a decade trying to rectify the issue in a class action lawsuit named in her honor.

Lawyers for Eloise Cobell, the lead plaintiff in the lawsuit, say Indian landowners are owed at least $100 billion in royalties tied to farming, grazing, mining, logging and other activities on tribal lands. Johnson is one of about 500,000 plaintiffs.

Cobell, a member of the Blackfeet Indian Tribe of Montana, operates a working cattle ranch with her husband and is active in local agriculture and environmental issues.

Ten years ago, she led the lawsuit in an effort to correct a century of problems, and the legal action has dragged on with one delay after another.

"We have to continue fighting for justice and accounting," Cobell said last week from her Montana office. "If we can't win this one, there is something really, really wrong with this country."

Bill McAllister covered Indian issues for the Washington Post for 10 years and now works for Cobell's organization. There are few advocates for American Indians in their concerns over mismanagement by government and oil companies, he said.

"Eloise was one of the first ones to successfully make the government accountable."

During the litigation, lawyers have found corruption, fraud, horrible mismanagement and gaping holes in the accounting system by which Indians were paid for oil on their land, Cobell said.

"What's wrong with this picture when we have someone who is living in a shack and they have four oil wells pumping on their land?" she asked. "They should be living in a mansion."

But 75 percent of leases weren't recorded properly, according to the lawsuit. Oil money was accumulating in federal accounts, but because federal records weren't clear on who had rights to the money, funds went elsewhere.

The impact has been profound on American Indians, Cobell said.

"We would have had a totally different quality of life," she said. "If this trust was set up properly since 1887, if it had served the beneficiaries that own it, you would have seen a totally different economic condition in Indian communities."

Johnson has been a spokeswoman for the thousands of other American Indians in her circumstances. Johnson remembers a monthly check for $1,200 once, but mostly smaller payouts of $350 or $400 every month. All the while, the oil pumps have been working near her southeastern Utah home.

In 2005, Johnson was in Washington, D.C., with Cobell to testify before Congress about the unfair income she has received for the oil on her land. Last spring she went back to march in support of the lawsuit.

Cobell's efforts drew media attention last week when Sen. John McCain, R-Ariz., blasted a Bush administration official for "incomprehensible" inaction on a settlement to the case.

McCain, a Republican, and Sen. Byron Dorgan, a North Dakota Democrat, are both on the Senate Indian Affairs Committee. Weeks ago, the two met with U.S. Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales and laid out what McCain called a reasonable solution to the lawsuit.

Lawyers for the plaintiffs have said they may be owed as much as $27.5 billion. The Senate bill proposes settling for $8 billion.

In a committee meeting last week, McCain verbally spanked Bush and federal official Carl Artman, who McCain said should have had adequate time to consider the settlement proposal and respond.

Artman is a nominee to be assistant secretary of Indian affairs at the Department of the Interior.

"It's incomprehensible that the administration has not been able to come up with at least a response to what is the product of years of effort on the part of this committee and the interested parties," McCain said.

Administration officials have said they need more time. "I think 11 years is enough time," responded Cobell. "They use any little excuse to stall it out."

The Arizona Republic reported that Artman, a former chief counsel and member of the Oneida Tribe of Indians of Wisconsin, said resolution of the case is critical.

"The sooner this litigation ends, the sooner we improve our relationship with tribes, and the sooner we increase for Indians and Alaska natives the benefits of that relationship," Artman said.

Hurry up, Cobell said. Hurry up.

In 10 years, Cobell has met many of the plaintiffs and sees them regularly at updates held in Indian Country throughout the nation. "The saddest part of it is that I look out into the audiences sometimes and there are elders missing, and you know what's happened," she said. "There are thousands of people like Mary Johnson who have been waiting for justice. It's very emotional."

For Johnson, the Cobell lawsuit is just one piece of the long battle over payment for oil pumped and transported across her land. Half her life has been spent fighting a variety of injustices related to rights of way, mineral leases and royalties on the 160 acres.

Johnson's father died in 1950, which put her mother in a position to negotiate lease and other agreements on the family land. But her mother spoke only Navajo, and Johnson's family alleges she did not have an impartial translator. The federal Bureau of Indian Affairs used another resident of Montezuma Creek to witness the agreement, and that man ended up with 25 percent of royalties on oil produced on Johnson's land, her family says.

To this day, according to Johnson's family, the children of that witness get 25 percent of oil pumped from the Aneth Field Unit project on Johnson's land.

Johnson's family is appealing the terms of this contract to the Bureau of Indian Affairs.

Shell and Texaco oil companies, which both have operated on Johnson's land, never have provided accurate figures about how much oil was pumped there, which makes it impossible for the family to determine exactly what Johnson is owed.

In one recent case, an oil company paid $20 for a 20-year oil pipeline right of way. Johnson's family has tried to negotiate new right-of-way agreements based on how many barrels go through the pipes a day, but there is no way to do that. The BIA does the appraisals and will not release documents to Johnson's family.

Tribal restrictions and complicated government records make it difficult to determine how much oil comes from Johnson's wells.

Officials at Resolute Natural Resources, which operates with Navajo Oil on the northern Aneth oil field, say 10,000 barrels come out of the area every day but that the life of the oil field is coming to an end.

Now oil officials are drilling again. They will shoot carbon dioxide into the old wells again and try to shake out a little more crude. Rights of way for the carbon dioxide will have to be negotiated with Indians again.

Recently, Resolute offered Johnson $128 for a 20-year right of way. No way, her family answered.

"If they want to poison us," Philemon said. "They have to pay us money to do it."

END

Hartford Courant

September 24, 2006

A PATRIOTIC ACT: HOW FOUR CONNECTICUT LIBRARIANS FACED DOWN THE GOVERNMENT TO PROTECT THEIR PATRONS' CONSTITUTIONAL RIGHTS

JUNE SANDRA NEAL

On Feb. 15, 2005, someone walked into a Connecticut library, sat down at a computer and used the Internet from 4 to 4:45 p.m.

Five months later, two FBI agents walked into George Christian's Windsor office and handed him a letter. It demanded "any and all subscriber information, billing information and access logs of any person or entity related to" the library computer's IP address on that February day.

To Christian, executive director of the Connecticut Library Connection, the scene seemed a G-man version of the Odd Couple: one agent dressed nattily in a blazer and tie; the other gruff, in a knit muscle shirt.

And though the atmosphere of the meeting was tense, Christian suspected the FBI's demand wasn't its Priority No. 1.

``It was addressed to the wrong person; it was dated May 19, 2005, and it referred to an event that had taken place six months ago."

The document they handed Christian was a national security letter, a piece of the Patriot Act few people had heard of at the time.

Did Christian understand, the agents asked, that he could discuss the letter with no one?

``I said I did, but I would like to speak to my lawyer."

``Fine, have him give me a call," one agent said, and gave Christian his business card.

Even the agent apparently didn't know that the order he had handed Christian prohibited the library executive from discussing it with anyone -- including his organization's board of directors, his wife or even his own attorney.

Had the national security letter been issued to someone else, it might have attracted little attention or created much stir as its recipient complied with its terms. But for Christian, whose agency oversees computer and other services for a consortium of 27 libraries around the state, it was a boot on his neck.

For one thing, he knew that Connecticut is one of 48 states with a statute expressly protecting the confidentiality of library users. Secondly, the letter struck at the core of Christian's definition of a library: ``The nation's most democratic institution that supports a free exchange of information.''

Nevertheless, Christian was caught in every thoughtful American's dilemma with the Patriot Act. After the terrorist attacks of Sept. 11, 2001, existing surveillance laws seemed ineffectual vestiges of a half century past when the bad guys wore a uniform or a trench coat. Facing a ubiquitous and virulent enemy with no particular geography or nationality, the government searched for broader authority. The Patriot Act was promulgated quickly, while shocked and angry Americans were still staring at a chasm of ashes and fearful that their government could not protect them from further attack.

The national security letter is a written demand for information without a court order. Under Section 505 of the Patriot Act (adopted five years ago next week), searches are no longer confined to people under suspicion. Anyone can be a target, as long as that person is considered relevant to a terrorism investigation. The letter also comes with an automatic gag order that forbids the recipient from discussing the letter's contents, or even the fact that the letter exists.

``You are further advised,'' the letter to Christian said, ``that Title 18, U.S.C. Section 2709(c), prohibits any officer, employee or agent of yours from disclosing to any person that the FBI has sought or obtained access to information or records under these provisions.''

The Justice Department papered a lot of territory with the letters: businesses, colleges, even casinos. Some 30,000 were going out annually, The Washington Post reported.

Proponents view the Patriot Act as necessary adaptation; after all, there were no suicide bombers or terrorist cells in 1789. And sometimes personal freedoms have to be sacrificed for the sake of security. Three months after its passage in 2001, then-Attorney General John Ashcroft sharply dismissed critics, telling Congress: ``To those who ... scare peace-loving people with phantoms of lost liberty, my message is this: Your tactics only aid terrorists, for they erode our national unity and diminish our resolve.''

In Windsor, however, lost liberty was no phantom. To Christian it felt very real.

Even on a practical level, the FBI's demand seemed wrong.

The government said it was interested in only about an hour and a half of computer data from that February day -- but Christian knew such precise disclosure was not possible. The FBI would have to siphon off a large stream of the telecommunications database, perhaps exposing the Internet activity of 300,000 library patrons.

But more importantly, as a student of the Constitution and a strong believer in its principles, Christian felt the FBI's demand violated his library patrons' First and Fourth Amendment rights -- and he was not about to allow it.

``When a soldier takes his oath, he doesn't swear to defend the president or the country. He swears to defend the Constitution,'' Christian said.

He believed he should deny the FBI's request, but knew he could not make such a decision on his own.

``So I broke the law in small steps,'' Christian said. He set up a secret meeting with the library organization's executive board.

Like Christian, the members of the Connecticut Library Connection's executive board members are veteran librarians and staunch believers in the freedoms bestowed by the U.S. Constitution. Beyond that, they understood the role of the library in preserving democracy. And, after some difficult reflection, they all agreed with Christian's assessment.

``We protect access to ideas, even if those ideas are unfashionable,'' said Peter Chase, director of the Plainville library.

Chase serves on the board with Janet Nocek, head of the Portland library; and Barbara Bailey, board president at the time and director of the Welles-Turner Memorial Library in Glastonbury.

``We are trained in privacy issues,'' said Bailey. ``Protecting our clients' privacy also guards freedom of ideas and expression.''

But never in Bailey's education or training had she anticipated a showdown with the U.S. government. It was, she conceded later, ``an emotional roller-coaster.''

The decision to deny the FBI's request was unanimous. But not easy.

Nocek, for example, vigorously supports the government's fight against terrorism, perhaps more than some. She and her husband lost a longtime friend when the first plane hit the World Trade Center's North Tower, and their colleagues had relatives who died. ``It became very personal,'' she says quietly.

``We could have agreed to it and no one would ever know we sold out,'' said Chase. ``But we would not. They were illegally spying on citizens and wanted us to go along with it.''

Bailey worried about the other 14 members of the board whose opinions she could not poll. This would have to be a decision made by just the four of them and would affect every library and library user in the state.

The librarians never argued the government's need to conduct clandestine surveillance in the pursuit of homeland security. Their concern was solely the absence of a court order, given that the government could easily obtain one from the Foreign Intelligence Surveillance Act (FISA) court, created to handle these issues. Further, they wanted the gag order lifted, not to disclose the contents of the letter, but to be able to testify before Congress, which was debating re-authorization of the Patriot Act. They wanted to say that national security letters were indeed being used on libraries -- something the government had denied.

The board members did their homework and discovered that, a year earlier, the American Civil Liberties Union had sued on behalf of a private New York Internet company that received a national security letter. The judge ruled that the letter violated the company's constitutional rights. However, that ruling had been stayed and could not help them now.

They asked the ACLU\l "l" to represent them and quickly learned the enormity of that decision: They would have to sue the attorney general of the United States. Still, they could not know that their decision would turn into a legal head-on collision of the First Amendment and the Patriot Act that commanded national news coverage for more than a year.

Ann Beeson, the ACLU's\l "l" associate legal director and lead attorney for the case, didn't trust the telephone. Instead, the attorneys and the librarians communicated back and forth with e-mails they opened with a secret code, carefully watching should anyone come near.

On Aug. 9, 2005, the ACLU\l "l", on behalf of Library Connection Inc., filed suit\l "l" against U.S. Attorney

General Alberto Gonzales, FBI Director Robert Mueller and an FBI official whose named was sealed. The suit\l "l" charged that the national security letter violated the Fourth Amendment because it demanded personal records without a court order, the Fifth Amendment because it is ``unconstitutionally vague'' and the First Amendment because of the gag order. The case would be kept under tight seal and the Library Connection would be known only as John Doe.

The gag order was more like leg irons; the librarians dragged it wherever they went. The New York Times said the ``Library issue has become the most divisive in the debate on whether Congress should expand or curtail the government's power under the Patriot Act.''

`` ... We have not sought a section 215 order to obtain library or bookstore records, medical records, or gun sale records,'' Gonzales told the Senate Select Committee on Intelligence on April 27 last year. ``Let me be clear -- the reading habits of ordinary Americans are of no interest to those investigating terrorists or spies,'' he said.

The librarians wanted to scream.

This is a ``national political debate of historic consequence,'' said the ACLU\l "l". But the court case could take years. So, on Aug. 15 last year, the organization filed an emergency application with the U.S. District Court, 2nd District, to lift the gag order.

John Doe won that round. However, Judge Janet C. Hall stayed the ruling to give the government time to appeal.

Pleased with the ruling, but not her situation of still being barred from attending her own organization's court hearing, Bailey recalls her anger: ``We had just won the right to speak, but we were forced to sit in a small room in the Federal Building in Hartford, gagged, watching the proceedings in Bridgeport on closed-circuit TV. I felt like I was living in `1984,' '' she said referring to George Orwell's classic novel about a repressed society.

The silence order made the librarians' personal lives miserable. This was the most difficult decision of their careers and they couldn't confide in the people closest to them. ``How was I going to go to New York to meet with the ACLU staff and not tell my wife?'' Chase recalls.

They never knew what would happen to them or how long the case would go on. They went to work, sometimes scared, always worried.

In preparation for the case, Chase and Christian had to submit affidavits, which included their professional histories. Chase had something in his record that could identify him: He was one of the few Connecticut people selected for inclusion on the national Intellectual Freedom Commission's Honor Roll. It was in recognition for his successful fight to keep Madonna's controversial book, ``Sex,'' on library shelves. He feared other librarians would be able to deduce his identify, but those who did said nothing about it. Then came an additional insult to their sensibilities. In an apparent case of sloppy redacting, the FBI left exposed the names of both the Library Connection and Peter Chase in several documents posted on the district court's website. They were published in The New York Times.

Calls from the press kept coming, Chase couldn't talk, and his staff simply took messages, no questions asked. He is still touched by their deference to his plight.

The silence was the worst of it.

``We had only each other,'' Bailey said. But she got by with her sense of humor. ``When we went to meet with the ACLU\l "l" attorneys [in Manhattan], we got to Battery Park. There were people dressed like the Statue of Liberty, so I had my picture taken with them. I am the one holding up the American flag.''

Their meetings at the ACLU\l "l" offices played like a scene from "All the President's Men" where Bob

Woodward meets Deep Throat in the garage. ``We couldn't walk in together, couldn't make eye contact with our attorney. They wouldn't even introduce us to anyone," Nocek recalls.

When she was summoned to jury duty, ``They asked if I was involved in any civil suits\l "I". I didn't know what to say. Fortunately, I wasn't asked to serve."

One night, Chase returned home from work when his son, Samuel, rushed to him. ``Dad, someone from the AP [Associated Press] called and mentioned the FBI. Are they coming after you?"

``I answered, `I'll be safe as long as I don't talk about it.' " He hoped that was true.

Nocek found that being mute has profound intellectual consequences. Christian says he'll never forget her analysis when she said: ``Having your speech cut off impedes your thinking. I had to put my thoughts into a box. The lack of discourse truly affects the democratic process."

There was another insult. That spring, Chase, the president of Connecticut's Intellectual Freedom Commission, was invited to debate the Patriot Act with U.S. Attorney Kevin O'Connor. Of course, he couldn't participate and had to keep his mouth shut, fuming inside as O'Connor told the audience that the government didn't use national security letters against libraries.

In the meantime, support for John Doe was coming from many directions.

Editorial writers took up its case. The ACLU's\l "I" online petition, ``Let John Doe Speak," pulled 25,000 names. The American Library Association and the Free Congress Foundation joined the ACLU at a rally in Washington, D.C., to demand that the Justice Department lift the gag order. Sen. Russ Feingold, D-Wis., and Reps. Jerrold Nadler, D-N.Y., and Bernard Sanders, I-Vt., came to support them.

They were running out of time. Congress was nearing the end of its debate.

A second emergency application, this time to the Federal Court of Appeals, failed to lift the stay. All that was left was the Supreme Court, so the librarians brought their plea to Justice Ruth Bader Ginsburg.

In their plea, the ACLU lawyers said: ``John Doe is a crucial messenger in the debate because it is the only known NSL recipient that can provide firsthand knowledge of the FBI's use of NSLs to demand library records."Ginsburg, too, maintained the stay, but issued what the ACLU termed, ``an unusually detailed opinion in which she noted the merits of the ACLU's arguments."

There was yet another insult. John Doe was honored by The American Library Association with the 2005 Robert B. Downs Intellectual Freedom Award, which was to be presented at its convention in Texas. But the guests of honor had been stripped of the intellectual freedom to comment or attend.

The clock ran out. In March of this year, President Bush signed the revised Patriot Act into law. The Connecticut librarians had lost their chance to participate in the debate.

Then came a cascade of events that, although welcome, deprived the four of their hoped-for court ruling on the constitutional issues.

Incredibly, about six weeks after Congress re-authorized the Patriot Act, the FBI voluntarily lifted the gag order. ``Clearly, national security wasn't threatened," said Chase. ``This was sheer hypocrisy and unapologetic deception. And I was supposed to throw my lot into it."

Nocek learned about it from her husband, who was reading the newspaper while they were flying home from Europe. He mused that the librarians ``had done the right thing," unaware that one of them was sitting right next to him. The relief was immense. ``Finally I could tell him a little," Nocek says.

They still could not speak to the public until the court processed the FBI's withdrawal of the gag order. In

May, John Doe was named ``Outstanding Librarian of the Year'' by the Connecticut Library Association. The association asked Bailey, as president of both the Connection and of the Library Association, to accept the award on Doe's behalf. She had to find an excuse to decline.

Next, the federal appeals court acted on the FBI's withdrawal and officially lifted the gag order.

The four librarians held their first press conference on May 30, although there were still some constraints on what could be said.

The second shoe dropped three weeks later, on June 26, when the government abandoned its demand for the information altogether. A letter from the FBI's New Haven bureau to the ACLU said it would ``not seek to enforce the national security letter delivered to your client, Library Connection, Inc., by FBI personnel on or about July 12, 2005.''

They were free -- for the most part. In June, Chase attended the American Library Association Convention in New Orleans. ``We announced that the FBI had abandoned the case and everyone drank a toast.''

That same month, the Connecticut Council on Freedom of Information honored the four with the Stephen Collins Award for their ``commitment to the public's right to know.'' This time, they could accept it.

``But it's not over,'' Chase warned. ``There are still sealed documents that, when opened, will show [the Justice Department's] arguments are not what they said they were.''

It didn't take long. On Aug. 3, 2006, Justice Ginsburg ordered some of those documents open.

The FBI had sealed some pretty benign stuff: the judges' positive comments on John Doe's arguments; a copy of the New York Times that published the names exposed by FBI error; and a list of cliches from previous cases the ACLU had cited in its argument, such as ``Once the cat is out of the bag,'' ``The ballgame is over'' and ``The genie is out of the bottle.'' But with the abandonment of the government's request, there would be no resolution, something all four librarians regret. But not the fight.

Nocek: ``Because the terrorists tried to scare us all, we should refuse to be scared. The best way to honor those who died on 9/11 is to support our freedoms. If we are quiet, we take away the very thing we are fighting for. ''

Chase: ``The NSL is catastrophic for the nation. For government to be viable, it cannot abuse its powers. It's just as important as the privacy of the voting booth.''

Bailey: ``This has been a year out of our lives. It was very scary, but I learned a lot. I would like people's awareness to be heightened and my fellow librarians not to be afraid.''

Beeson: "This administration has repeatedly shown that it will hide behind the cloak of national security to silence its critics and cover up embarrassing facts. Every time the government invokes national security in defense of secrecy -- as they've done most recently with NSA [National Security Agency] wiretapping -- the American public should remember these four librarians."

Christian: ``I view myself as a patriot. The people who invented this country knew we had to be vigilant to keep what they were fighting for: dignity, human rights and political rights.''

He quoted one of those inventors, Benjamin Franklin: ``They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety.''

PHOTO: Known collectively as ``John Doe,'' these four librarians decided to refuse what they considered an unconstitutional FBI demand for library information. They are, left to right, Peter Chase, Plainville Library director; Barbara Bailey, director of Glastonbury's library; George Christian, executive director of

The Library Connection in Windsor, and Janet Nocek, director of the Portland Library.

END

AP

September 22, 2006

Reid urges compensation status for former Nevada nuclear workers

ASSOCIATED PRESS

LAS VEGAS (AP) - Former Nevada nuclear weapons test workers should be granted special status to receive compensation for illnesses, regardless of a 250-day work requirement, Sen. Harry Reid said.

Crediting former Nevada Test Site workers with helping to win the Cold War, Reid, D-Nev., said they risked their lives conducting nuclear weapons tests that involved cancer-causing radiation and chemicals.

"Now these men and women face deadly cancers. Many have already passed away or lost their loved ones, just waiting for their country to acknowledge them," he said Thursday during a videoconference to a meeting of the Presidential Advisory Board on Radiation and Worker Health in Las Vegas.

The board, which advises the National Institute of Occupational Safety and Health, has granted so-called "special exposure cohort" status to workers from the aboveground nuclear testing era, 1951 to 1962, if they have certain cancers and worked at least 250 days at the test site.

Reid, echoing his past sentiments and concerns of former workers and survivors, wants the 250-day requirement removed.

His staff also is preparing a petition to extend the status to test site workers from the below-ground nuclear testing era, 1963 to 1992.

If the board rejects his requests, an aide to Reid said the senator will propose legislation to change the Labor Department's Energy Employees Occupational Illness Compensation Program so that test site workers would be put on par with those from other nuclear weapons sites.

That would mean streamlining the process for former workers and survivors to obtain $150,000 compensation checks plus medical expenses rather than having to prove their claims through a costly and time-consuming dose reconstruction process.

"Many, tragically, have already died while waiting for their compensation, stuck in a bureaucratic nightmare of obstruction and delay," Reid said.

END

New York Times

September 25, 2006

Torture Victim Had No Terror Link, Canada Told U.S.

SCOTT SHANE

WASHINGTON, Sept. 24 When the United States sent Maher Arar to Syria, where he was tortured for months, the deportation order stated unequivocally that Mr. Arar, a Canadian software engineer, was a member of Al Qaeda. But a few days earlier, Canadian investigators had told the F.B.I. that they had not been able to link him to the terrorist group.

That is one of the disclosures in the 1,200-page report released last week after a two-year Canadian investigation of Mr. Arar's case found him to be innocent of any terrorist ties. The report urges the Canadian government to formally protest the American treatment of Mr. Arar, a recommendation Canadian officials are considering.

Mr. Arar, 37, who now lives in British Columbia, has a lawsuit against United States officials and agencies that is on appeal, and he has demanded an explanation for his treatment from the Bush administration.

A close reading of the Arar Commission report offers a rare window on American actions in the case, describing seemingly flimsy evidence behind the American decision in 2002 to send Mr. Arar to a country notorious for torture; a deliberate attempt by American officials to deceive Canada about where Mr. Arar was; and lingering confusion among top American officials about the two countries' roles in the case.

President Bush earlier this month acknowledged for the first time that high-level people suspected of being terrorists had been held in secret prisons overseas by the Central Intelligence Agency. But he and other officials have said nothing publicly about the American practice of rendition, in which dozens of suspects have been seized and turned over for interrogation to other countries, including several known to engage routinely in torture.

Cases like that of Mr. Arar would not be affected by the compromise legislation on detainee treatment worked out between the White House and Republican senators last week, since it would have no effect on interrogation methods used by other countries. In fact, the proposed bill would strip non-Americans held overseas under United States control of the right to challenge their detention in federal\l "l" court\l "l".

"It's a huge hole in what Congress is doing," said Michael Ratner, president of the Center for Constitutional Rights in New York, which represents Mr. Arar in his lawsuit. "The government\l "l" can still send people secretly to other countries where they'll be tortured."

For nearly four years, the United States government has refused to make public any information on the case of Mr. Arar, which has become an international symbol of American excesses in the campaign against terrorism. The Bush administration refused to cooperate with the Canadian commission, so many questions about American actions and motives remain unanswered.

But Mr. Arar's case is more public than other cases of rendition, because he was detained inside the United States and legally deported, creating a modest paper trail. The three-volume report describes Canadian contacts with American officials in meticulous detail, offering by far the fullest account of any rendition case to date.

The commission's report says inexperienced Canadian police officials originally passed inaccurate information to the United States linking Mr. Arar to terrorism, based largely on his acquaintance with other men under suspicion.

But in the days after Sept. 26, 2002, when Mr. Arar was detained while changing planes at Kennedy International Airport in New York City, a flurry of calls and faxes between the countries included more equivocal information.

An Oct. 4 fax to the F.B.I. from Canadian counterterrorism officials said that they "had yet to complete either a detailed investigation of Mr. Arar or a link analysis on him," and that "while he has had contact

with many individuals of interest to this project we are unable to indicate links to Al Qaeda."

That was particularly significant because the commission concludes that all, or virtually all, of the United States' knowledge of any threat posed by Mr. Arar came from the Canadians.

The next day, on Saturday, Oct. 5, a Royal Canadian Mounted Police official spoke by phone with an unidentified F.B.I. official. "During this conversation, the FBI official said that the Americans feared they did not have sufficient information to support charges against Mr. Arar," the report says.

The Canadian officer said that likewise, "There was insufficient evidence to charge Mr. Arar in Canada."

Canadian officials told the Americans that if they allowed Mr. Arar to travel home to Canada, he would be kept under surveillance. But by then the Americans were already secretly working on the Syrian option, a legal possibility because Mr. Arar retained his citizenship in Syria, where he was born.

"The American authorities appear to have intentionally kept Canadian officials in the dark about their plans to remove Mr. Arar to Syria," the report says.

Despite the uncertain report from Canada on Mr. Arar and terrorism, on Oct. 7, an Immigration and Naturalization Service official ruled that evidence "clearly and unequivocally reflects that Mr. Arar is a member of a foreign terrorist organization, to wit, Al Qaeda." At 4 a.m. the next day, Mr. Arar was bundled aboard a Gulfstream jet that flew him to Jordan, from which he was driven to a prison in neighboring Syria.

Paul J. J. Cavalluzzo, lead counsel to the Arar Commission, said he found the American actions inconsistent. "On Saturday," Mr. Cavalluzzo said, "you have the F.B.I. saying, 'We don't have enough to charge him.' On Monday, he's a member of Al Qaeda. Well, if he's a member of Al Qaeda, in your country he can be charged."

Even after Mr. Arar arrived in Syria, American officials did not tell their Canadian counterparts. Only two weeks later, on Oct. 21, did Canada get confirmation, when a Syrian military intelligence officer phoned the Canadian ambassador in Damascus to say he was in custody.

Mr. Arar spent 10 months in the custody of Syrian interrogators who beat him repeatedly with a heavy metal cable and held him in a dank cell scarcely larger than a coffin, according to the commission report. In October 2003, he was released and returned to his wife and children in Canada.

But some top American officials appear to have been misinformed about the deportation decision. After Jean Chretien, then Canadian prime minister, said publicly that the United States had decided unilaterally to send Mr. Arar to Syria, the Canadian ambassador was summoned to the National Security Council and scolded by Frances Townsend, the deputy national security adviser, who said it had been a "joint decision," the report says.

Colin L. Powell, then the secretary of state, had also suggested publicly that the Canadians were complicit in the Syria deportation. But on Dec. 1, 2003, Mr. Powell called Bill Graham, the Canadian foreign minister, to say the United States had not consulted Canada about the decision.

"I was mistaken," Mr. Powell told Mr. Graham, the report says.

The Canadian judge who led the inquiry, Dennis R. O'Connor, urged a formal protest over the American conduct. Peter MacKay, the Canadian foreign affairs minister, said Thursday it was too early to decide on a protest but added that there was an "urgent need" for talks on the issues raised by the case.

A State Department spokeswoman, Janelle Hironimus, said Friday that she knew of no plans for such talks. She said the Bush administration had declined to cooperate with the Arar Commission because its "mandate was to investigate and report on the actions of Canadian officials, and Canadian authorities

were therefore the most appropriate entities to respond."

A spokeswoman for the Department of Justice, Tasia Scolinos, said that she could not respond in detail to the commission's findings but that the United States government "removed Mr. Arar in full compliance with the law and all applicable international treaties and conventions." She also said the government "sought assurances with respect to Mr. Arar's treatment" in Syria.

Mr. Cavalluzzo, the commission counsel, noted that the report held Canadian officials accountable for many lapses. But in an interview on Friday from Toronto, he said he remained "troubled" by American actions, chiefly the decision to turn Mr. Arar over to a government whose promises not to torture him had no credibility.

"Even at this time, when terrorism is a real danger," he said, "this case points out how important it is to preserve the democratic rights we have cherished for centuries."

END

Baltimore Sun

Sept. 24, 2006

Opinion: Exonerated terror suspect's suit seems futile

By John Riley

Four years after American officials snatched him off a commercial flight and shipped him to Syria for interrogation as a suspected terrorist, Canadian Maher Arar was exonerated last week in an exhaustive, 1,200-page report from his government that said he was subjected to torture based on a total mistake.

But despite the long-awaited conclusions of Canada's Commission of Inquiry, it might take much longer for Arar to achieve official vindication here, where his attempts to sue have been met by an unusual but formidable legal defense called the "state secrets privilege" that stops cases such as his in their tracks.

Invoked by the Bush administration on matters ranging from human rights abuses to whistleblower suits and challenges to its eavesdropping programs, the doctrine amounts to a claim that letting a case go forward would disclose secrets that could harm national security. But experts say it is also vulnerable to being used to cover up misconduct.

"The legitimate uses are to protect sources and methods of the intelligence community and prevent disclosure of information to the enemy," said William Weaver, a University of Texas, El Paso political scientist who wrote a paper on the Bush administration's increasing use of the doctrine. "But the privilege is so effective - it never loses - that it can lure the government to use it to prevent the disclosure of embarrassing or illegal activity."

"They use it to protect themselves," said Arar's American lawyer, Maria LaHood. "They hide behind it."

Arar, a Canadian software engineer who is now 36, was identified to U.S. officials as a terrorism suspect in 2002 based on a completely botched investigation by Canadian police, according to last week's report, which followed two years of hearings in Canada. The United States refused to cooperate or provide any information to the inquiry.

The report said that the United States apparently relied on the false Canadian intelligence to detain Arar when he passed through Kennedy Airport on an international flight, but then misled Canadian diplomats about its plans to deport Arar to Syria, where he was born, rather than Canada, where he had been a

citizen since he was 17.

Despite Syria's dismal human rights record, U.S. officials have claimed that they received assurances Arar would not be tortured. But they have never offered an explanation of why, other than its willingness to use coercion, it was a better place than the United States or Canada for Arar to be questioned.

As things worked out, he was held in a tiny cell for a year, beaten with cables, and asked the same questions the Americans had been asking in New York, Arar said after Canadian diplomatic pressure led to his release and return to Canada in late 2003. He called it "torture by proxy" in a 2004 interview with Newsday, and the Canadian inquiry affirmed his story.

Officials in Canada said the case raised serious questions about U.S. "renditions" of terror suspects to third countries. "Why would you ever rely on assurances from Syria?" said Toronto constitutional lawyer Paul Cavalluzzo, counsel to the Arar commission. "This is an example of what can happen when totally innocent people get tied up in the web of rendition policies. This was a living hell for him."

In the United States, the fight for accountability looks to be uphill. Attorney General Alberto R. Gonzales said last week that he "wasn't aware" that Arar was tortured and that his transfer to Syria had been legal.

Also, the lawsuit Arar filed, alleging that his treatment violated anti-torture treaties, was dismissed this year by a New York judge after the government invoked the state secrets defense and related claims that the case involved foreign policy issues that the judiciary should stay out of.

Defenders of the doctrine say that - even in a case like Arar's - it's important for the government to be able to keep the details of its diplomacy secret.

"On an emotional and human level, this is a difficult case," said David Rivkin, a former Reagan-era Justice Department lawyer. "But do you really think it's fair to force the government to disclose the relationship and conversations it had with Syria?"

But critics think the defense is too often used as an excuse, in cases where the only real secret is that allegations of U.S. misconduct that have been widely publicized are true, and the only real danger is that a victim like Arar will prove it if he gets his day in court.

American Civil Liberties Union lawyer Ben Wizner represents Khaled el-Masri, a Kuwaiti-born German whose claim that he was abducted and mistreated by the United States in a case of mistaken identity has been confirmed in official reports in Europe but was dismissed by a federal court in Virginia when the government invoked the state secrets defense.

"The question is why we can't have a trial about the very same issues that have been discussed in the world's newspapers and the reports of foreign governments," Wizner said. "It's just this administration using secrecy to avoid accountability and embarrassment."

END

Rowley, Raymond G.

From: Rowley, Raymond G.

Sent: Monday, September 25, 2006 3:26 PM

To: McAtamney, James A; Vasaio, Tony; Scolinos, Tasia; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Hart, Rosemary; Todd, Gordon (SMO); Wulf, David M.; Cagigas, Jaime (DHS); Kim.Tilton@ic.fbi.gov; G.Jones@ic.fbi.gov; Schmitz, Fran (CTS); Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; omar.vargas@usdoj.gov; Drake, Herbert W.; Augustine, Donald P.; James.Burch@usdoj.gov; Sheryl.Maddux@usda.gov; Kim_Thorsen@ios.doi.gov; kim_thorsen@ios.doi.gov; Daniel_Bauer@ios.doi.gov; Kelly.Wolsayer@do.treas.gov; larry_parkinson@ios.doi.gov; monica.mapel@dhs.gov; Robert.Hutchinson@dhs.gov; Paul.Durette@dhs.gov; Richard.Cline@dhs.gov; Ron.Libbly@dhs.gov; Elaine.Heinein@usss.dhs.gov; Jenny.Randall@dhs.gov; John.Novak@dhs.gov; ge@DOC.gov; Martin, Mark D.; mark_harvey@ios.doi.gov; Chait, Mark R.; Lowrey, Stuart L.; blakep@oig.treas.gov; kevin.d.greba@secureskies.net; Ron.Libby@dhs.gov; jeffrey.bedford@ic.fbi.gov; Larry_Parkinson@ios.doi.gov; william.e.benner@secureskies.net; gregory.john@epa.gov; keith.frost@va.gov; lormandy@bop.gov; cstringer@usmint.treas.gov; Anna_M.Farias@hud.gov; Richard.Cline@dhs.gov; sbaker@who.eop.gov

Subject: ESF-13 MEETING

ESF-13 MEETING, FRIDAY, SEPTEMBER 29, 2006

To All:

I would like to convene an ESF-13 meeting this Friday at ATF Headquarters, between the hours of 10am and noon. The meeting will be held in a training room (room 3400) located on the 3rd floor of 650 Massachusetts Avenue, NW, Washington, DC 20226. Please let me know about your availability and if you have any specific items you like included on the agenda.

Thanks,

Ray Rowley

(202) 927-6786 (office)

(301) 787-1249 (cell)

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, September 26, 2006 8:19 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Tuesday, September 26, 2006
Attachments:	dojclips060926.pdf; dojclips060926.doc

This morning's Department of Justice News Clips is attached.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 26, 2006 7:45 AM EDT

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TERRORISM NEWS:

Detainee Measure To Have Fewer Restrictions (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, September 26, 2006

White House Reaches Accord With Lawmakers

Republican lawmakers and the White House agreed over the weekend to alter new legislation on military commissions to allow the United States to detain and try a wider range of foreign nationals than an earlier version of the bill permitted, according to government sources.

Lawmakers and administration officials announced last week that they had reached accord on the plan for the detention and military trials of suspected terrorists, and it is scheduled for a vote this week. But in recent days the Bush administration and its House allies successfully pressed for a less restrictive description of how the government could designate civilians as "unlawful enemy combatants," the sources said yesterday. They spoke on the condition of anonymity because of the sensitivity of negotiations over the bill.

The government has maintained since the Sept. 11, 2001, attacks that, based on its reading of the laws of war, anyone it labels an unlawful enemy combatant can be held indefinitely at military or CIA prisons. But Congress has not yet expressed its view on who is an unlawful combatant, and the Supreme Court has not ruled directly on the matter.

As a result, human rights experts expressed concern yesterday that the language in the new provision would be a precedent-setting congressional endorsement for the indefinite detention of anyone who, as the bill states, "has engaged in hostilities or who has purposefully and materially supported hostilities against the United States" or its military allies.

The definition applies to foreigners living inside or outside the United States and does not rule out the possibility of designating a U.S. citizen as an unlawful combatant. It is broader than that in last week's version of the bill, which resulted from

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lengthy, closed-door negotiations between senior administration officials and dissident Republican senators. That version incorporated a definition backed by the Senate dissidents: those "engaged in hostilities against the United States."

The new provision, which would cover captives held by the CIA, is more expansive than the one incorporated by the Defense Department on Sept. 5 in new rules that govern the treatment of detainees in military custody. The military's definition of unlawful combatants covers only "those who engage in acts against the United States or its coalition partners in violation of the laws of war and customs of war during an armed conflict."

Kate Martin, director of the Center for National Security Studies, said that by including those who "supported hostilities" -- rather than those who "engage in acts" against the United States -- the government intends the legislation to sanction its seizure and indefinite detention of people far from the battlefield.

Martin noted that "the administration kidnapped an innocent German citizen" and "held him incommunicado for months . . . because the CIA or Pentagon wrongly suspected him of terrorist ties." She was referring to Khalid al-Masri, who the Bush administration eventually acknowledged was detained on insufficient grounds.

Nothing in the proposed legislation -- which mostly concerns the creation of new military panels, known as "commissions," to try terrorism suspects -- directly addresses such CIA apprehensions and "renditions."

But the bill's new definition "would give the administration a stronger basis on which to argue that Congress has recognized that the battlefield is wherever the terrorist is, and they can seize people far from the area of combat, label them as unlawful enemy combatants and detain them indefinitely," said Suzanne Spaulding, an assistant general counsel at the CIA from 1989 to 1995.

Traditionally, courts have found it reasonable for parties to armed conflicts to seize or try people they encounter on a battlefield, to keep them from returning to the hostilities, added Spaulding, who was also a general counsel for the House and Senate intelligence committees. "The Supreme Court could potentially look at this and say Congress has now defined how anyone anywhere in the world" is subject to detention and military trial, even when far from an active combat zone, she said.

White House spokeswoman Dana Perino said: "We are satisfied with the definition because it will allow us to prosecute the terrorists, and it also has important limitations that say a terrorist must have purposefully and materially supported terrorism."

Spokesmen for John W. Warner (R-Va.), John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.) -- the senators leading negotiations with the Bush administration -- did not immediately respond to requests for comment on the new language, but others on Capitol Hill said the three had accepted it.

Under a separate provision, those held by the CIA or the U.S. military as an unlawful enemy combatant would be barred from challenging their detention or the conditions of their treatment in U.S. courts unless they were first tried, convicted and appealed their conviction.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday assailed the provision as an unconstitutional suspension of habeas corpus, which he said was allowable only "in time of rebellion or in time of invasion. And neither is present here."

He was joined by the committee's senior Democrat, Sen. Patrick J. Leahy (Vt.), who said that under the provision, legal U.S. immigrants could be held "until proven innocent, not until proven guilty."

Bruce Fein, a senior Justice Department official in the Reagan administration, testified against the provision at a Senate hearing. Kenneth W. Starr, a solicitor general under President George H.W. Bush, said in a letter to Specter that he concerned the legislation "may go too far in limiting habeas corpus relief."

Sen. John Cornyn (R-Tex.) defended the provision, saying alien enemy combatants are not "entitled to rights under the United States Constitution similar to those accorded to a defendant in a criminal lawsuit."

Congressional sources said Specter is unlikely to derail the compromise legislation over those objections.

Staff writer Michael A. Fletcher and staff researcher Julie Tate contributed to this report.

Detainee Legislation Deal Draws Protests (AP)

By Laurie Kellman

AP, September 26, 2006

DOJ_NMG_0069082

The Bush administration's deal with Senate Republicans over detainee treatment drew protests Monday from former diplomats, lawyers and a GOP committee chairman.

They oppose a provision that would strip federal courts of jurisdiction over cases in which detainees have not been charged with war crimes. The effect, said those opposed, would be to deny terrorism suspects the ability to challenge their detainment, a right afforded defendants in military and criminal courts.

Leading the charge was Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who is planning an effort to delete that provision from the bill, expected to be considered in both the Senate and the House this week.

Specter refused to commit to voting for the bill should his amendment fail.

"I want to see how it shapes up," he said during an appearance at the National Press Club. "I don't make commitments to the president on how I'm going to vote."

The objections didn't appear to be a deal-breaker for the White House.

"We continue to work with the senators on this complicated legislation, and we're confident we'll be able to pull this bill across the finish line," White House spokeswoman Dana Perino said in an e-mail.

Sen. John Cornyn, R-Texas, defended the legislation, saying it provides the possibility of appeals.

But Specter had much support. Thirty-three former diplomats, New York-area lawyers and even Kenneth Starr, the special prosecutor who investigated President Clinton, said in letters to lawmakers that the bill as written would undermine the United States' credibility as it wages war on terrorists.

Whatever the objections, Senate Majority Leader Bill Frist, R-Tenn., late Monday arranged Senate business to ensure that the bill gets a vote in his chamber before week's end, when Congress recesses for the midterm elections. He and Democratic Leader Harry Reid, D-Nev., said they expect to reach agreement on a limited number of amendments Tuesday.

"There's going to be very broad support" for the underlying bill, Frist predicted.

Still to be decided was whether Specter's amendment would be allowed for a vote.

The legislation would set up a court system to prosecute suspected terrorists, a response to a Supreme Court ruling in June that the president needed Congress' blessing to do so. Drawing protests is a provision that would bar detainees from challenging their detentions in court, the right to habeas corpus afforded defendants in military and civilian legal proceedings.

Specter made clear Monday that the deal on detainees, struck with great fanfare by the White House and rebellious Republicans, has not cleared the Republican discord that had mired the proposal for weeks.

Judicial review of the detentions of terror suspects, he said, was needed to maintain the system's credibility in the eyes of the world. He called striking the courts' jurisdiction over such matters "inexplicable."

Specter's position was echoed by a chorus of former diplomats who wrote to senators and House members that denying detainees the ability to challenge their imprisonment would boomerang on Americans representing the United States overseas by implying that "arbitrary arrest is the acceptable norm of the day."

"To deny habeas corpus to our detainees can be seen as prescription for how the captured members of our own military, diplomatic and NGO (non-governmental organization) personnel stationed abroad may be treated," wrote 33 former diplomats. "The Congress has every duty to insure their protection."

In their own letter to members of Congress, several hundred New York lawyers and judges warned that the legislation would afford only those detainees the government is able to charge with full due process while the others, uncharged, would be denied a fair hearing.

Frist said over the weekend that without the legislation, "we cannot have an interrogation program continue that we know has been lifesaving that has uncovered terrorist attacks against the United States."

Deal On Terror Suspects Hits New Snag (USAT)

By Kathy Kiely And David Jackson

USA Today, September 26, 2006

WASHINGTON — A compromise proposal on trials for terrorism suspects came under fire Monday from a key Republican senator and a former top military lawyer who said the deal would suspend a fundamental legal right against unlawful detention.

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Senate Judiciary Chairman Arlen Specter, R-Pa., said he is "strongly opposed" to a provision in proposed legislation that would bar foreigners now held as enemy combatants from challenging their detention in court.

Specter's opposition could complicate efforts to win congressional approval this week for a deal worked out Thursday between the White House and three Republican senators who had balked at President Bush's proposals on interrogations of and military tribunals for terrorism suspects: John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina.

Congress is pressing to complete work on two national security issues before leaving town to campaign for the Nov. 7 elections. House Armed Services Committee Chairman Duncan Hunter, R-Calif., said he expects the House to approve the tribunal legislation Wednesday. Senate debate could begin today.

On the second issue, three Republicans said their concerns about a bill that would establish rules for telephone surveillance of terrorism suspects have been satisfied. Sens. John Sununu of New Hampshire, Larry Craig of Idaho and Lisa Murkowski of Alaska said new provisions requiring more court supervision of wiretaps have persuaded them to support the bill. Democratic Sens. Dick Durbin of Illinois, Russ Feingold of Wisconsin and Ken Salazar of Colorado said they remain concerned that the wiretaps would violate civil liberties.

White House spokeswoman Dana Perino expressed hope that the Republican senators' announcement on the wiretapping deal will spark quick action on "this vital program that helps us detect and prevent terrorist attacks."

The White House, however, is less inclined to satisfy Specter's concerns about the rights of people accused of being terrorists. Perino said the Bush administration opposes giving such suspects "unfettered access" to regular courts to lodge protests. She said all legal complaints should go through the military commissions that would be established under the legislation.

That position drew criticism from a prominent GOP attorney who testified Monday before the Judiciary panel. "Due process should not be crucified on a cross of political expediency," said Bruce Fein, a Justice Department lawyer in the Reagan administration. He urged lawmakers to slow their pre-election rush to set new rules for CIA interrogations of terror suspects and their trials.

At issue is whether foreigners held on suspicion of terrorist activities should have the right to go before a judge to challenge the legality of their detention, a process known as habeas corpus.

John Hutson, a retired rear admiral in the judge advocate general corps, accused the Bush administration of seeking to suspend habeas corpus to "cover up" mistakes at Guantanamo Bay, Cuba, where detainees are now held.

Sen. Patrick Leahy, D-Vt., said that a "significant percentage" of Guantanamo prisoners have been mistakenly imprisoned and that depriving them of court challenges is "un-American."

Pentagon spokesman J.D. Gordon said about 320 detainees have been released from Guantanamo and 130 others have been approved for transfer.

Democrats Say Their Hands Are Tied By Nature Of Intelligence Briefings (HILL)

By Roxana Tiron

The Hill, September 26, 2006

Months — likely years — before news broke that the Central Intelligence Agency was running a secret network of prisons for terrorist suspects, several key members of Congress, including a handful of senior Democrats, were briefed about the their existence, but were sworn to secrecy.

President Bush is required by law to ensure that the congressional intelligence committees are fully informed of the U.S. intelligence activities.

In certain select cases, such as the CIA prisons and the administration's warrantless domestic spying program, the information at first is limited to the so-called Group of Eight, which consists of the Senate and House majority and minority leaders and the chairmen and ranking members of the Senate and House select committees on intelligence and potentially a few other key members of the intelligence committees.

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Despite this policy and an open admission from Bush that he informed members of Congress about the prisons, it's difficult to pin down who knew and what they knew because the lawmakers continue to refuse to acknowledge whether they were briefed or not.

With national security at the forefront in this year's election and tension within the GOP and between the two parties over the treatment and prosecution of detainees in the war on terror on full display (especially when it comes to CIA operations), congressional leaders, especially Democrats who are in the know, find themselves in an awkward position, of being unable to openly criticize some of the Bush administration's policies.

When the White House briefs the Group of Eight on highly sensitive issues, the lawmakers cannot have any staff members with them, cannot take notes and cannot share any of the information with other lawmakers or their staff.

"We go into those briefings alone," said Rep. Jane Harman (D-Calif.), the ranking member of the House Select Committee on Intelligence not long after the New York Times exposed the eavesdropping program. "We have no ability to consult staff. We have no ability to consult constitutional experts or legal experts."

That, in turn, makes it difficult to attempt to change the clandestine policies or conduct proper oversight, Harman said in an interview with The Hill.

"It is very hard to deal with an incomplete deck of cards," she said.

Harman has been trying to expand the number of lawmakers briefed on classified material beyond the select Group of Eight.

"The process has been abused," she said. "This administration is restricting access unfairly."

Still, no matter how critical she may be of the administration's actions, Harman said she would never use the nation's top secrets for political gain.

"But I do not want the process abused by the administration, by denying us the information and by putting us in a box where we can't do enough research and claiming we approved their actions," she said. "I want to make sure that we perform our duties."

Harman said the Bush administration has heeded the objections of several members of the intelligence panel and now briefs more members on the issues.

Almost two years ago, Sen. John Rockefeller (D-W.Va.) started pushing the White House to brief the full

intelligence committee on the CIA's interrogation practices, and at the time the administration asked him to drop the matter.

As part of his series of national security speeches earlier this month, President Bush acknowledged the existence of the prisons and said that he had briefed members of Congress. Rockefeller, however, has complained that he was never fully briefed on the details of the CIA detention program.

The Bush administration on Friday struck a deal with three maverick GOP Senators on the interrogation and trial of terrorism suspects, which in effect will allow the CIA secret interrogation program to continue.

In the past, Rockefeller has said that his committee must have answers to key questions concerning the "alleged clandestine detention facilities...so we can ensure that the intelligence activities of this nation are both effective and lawful."

Others are not nearly as outspoken as Rockefeller. Most members who were briefed about the prisons have kept quiet even after the White House's public acknowledgement because, other than the fact that the president said they existed, everything else about them remains technically highly classified information.

House Minority Leader Nancy Pelosi (D-Calif.) is not necessarily relieved that Bush finally acknowledged the prisons' existence publicly, according to a Democratic source.

"There still are boundaries of classification," the source said. "You can't talk about anything else that has not been declassified."

But that doesn't mean that Democrats and critical GOP members must keep any and all outrage about clandestine operations completely bottled up.

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"There are certain things you can do: make the objections known to the others on the committee and the folks who brief you," said a former administration official familiar with the rules governing what lawmakers can and cannot do in relation to classified programs.

"When members had objections or questions, we dealt with them on an individual level, and more times than not, that effort was found to be satisfactory. There are ways to answer those [questions and concerns] internally."

Lawmakers can also address matters as part of the intelligence authorization process, most portions of which are classified, said the former administration official.

"They have an ability to make an impact and that is called telling the agency you can't do it," said the former official. "Did that happen [in the case of the CIA prisons?] We do not know because it is classified."

Harman said that she cannot acknowledge what she knew about the CIA prisons, but added: "Our entire committee has been exploring oversight of the subject."

This year some Democratic members of the Senate Select Committee on Intelligence have registered concern about the administration's covert activities. Sen. Dianne Feinstein (D-Calif.) introduced an amendment that would require more White House briefings on intelligence matters.

When asked whether she knew about the secret prisons, Feinstein declined to answer, saying only: "concerns have been raised. That is why the president has moved everyone into a block facility in Guantanamo and in no other block prison in the world."

Sen. Ron Wyden (D-Ore.) said it was inappropriate for him to talk about whether he knew about the CIA prisons before the public knew.

However, he has accused the administration of "over-classifying" information, for "political security" reasons and has called for the de-classification of the report into Iraq prewar intelligence.

Another member of the intelligence committee, Sen. Barbara Mikulski (D-Md.), openly admitted that she did not know about the prisons.

In return, GOP members who were aware of the CIA prisons have called for an investigation into who leaked the information to the Washington Post, which first reported the story. Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker Dennis Hastert (R-Ill.) have called on the intelligence committee chairmen in both chambers to conduct an investigation.

Rep. Peter Hoekstra (R-Mich.), chairman of the House committee, took on the responsibility to investigate the leaks. But Democrats jumped on the opportunity to press for investigations into possible leaks of classified information, such as the disclosure of the name of secret CIA operative Valerie Plame.

"If Speaker Hastert and Majority Leader Frist are finally ready to join Democrats' demands for an investigation of possible abuses of classified information, they must direct the House and Senate intelligence committees to investigate all aspects of that issue," Pelosi said.

Rep. Harman questioned the timing of Bush's admission about the prisons.

"The timing is suspicious. He has been compelled to come to Congress because of the Supreme Court decision in Hamdan in June. He could have come to Congress right after that decision. ... He comes now when this month, 24-7, is going to be all terror and nothing but terror," she said on a CNN news program right after the President announced the existence of those detention centers.

A Case For Appeal (WP)

The Washington Post, September 26, 2006

SEN. JOHN McCAIN (R-Ariz.) declared over the weekend that the compromise on detentions that he and other Republican senators worked out with the White House would bar the most abusive of the CIA's interrogation tactics. Extreme sleep deprivation, induced hypothermia and simulated drownings, he said on CBS's "Face the Nation," would no longer be legal: "I'm confident that some of the abuses that were reportedly committed in the past will be prohibited in the future," he said. We wish we could be as sure.

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Mr. McCain's reading of his bill is not implausible; it would define as a crime any interrogation technique "intended to inflict severe or serious physical or mental pain or suffering" on a detainee. But the techniques he cites are not explicitly banned, and the Bush administration's history is one of interpreting limitations on interrogation tactics -- including Mr. McCain's previous legislation banning cruel, inhuman or degrading treatment -- as permitting methods most people regard as torture.

In fact, administration officials have loudly proclaimed that the new bill will allow the CIA's program of secret detention and interrogation to continue -- and the normal means of preventing an extreme interpretation of the law doesn't exist. The compromise bill strips the courts of any jurisdiction to hear cases -- including those cases already pending -- concerning detainee treatment. Unless this provision is changed, the administration will be free to ignore Mr. McCain's interpretation.

This is not the first time Congress has sought to limit judicial supervision of detentions in the war on terrorism. After the Supreme Court's assertion of jurisdiction over Guantanamo Bay, Cuba, in 2004 triggered a series of lawsuits, Congress moved to force their dismissal as part of the Detainee Treatment Act. The court found that the act did not apply to pending cases, leaving the lower courts unable to hear new cases but with jurisdiction over those already filed. The new measure would complete the job, removing jurisdiction over the remaining cases. Judicial review would be limited to appeals of verdicts from the military commissions being created to try detainees and findings of other tribunals that determine a detainee's combatant status.

This is a terrible idea. In general, court-stripping is a nuclear weapon in Congress's relations with the judiciary, one that presents profound constitutional questions and should be used only with the greatest of caution. If Congress passes responsible and lawful policies, judicial review poses no threat but serves to validate their lawfulness. In the context of the war on terrorism, judicial review has been the major lever that has forced the administration to moderate its policies and to seek congressional authorization for them.

The pending litigation, while cumbersome for the administration, has in no sense compromised the war effort. The Senate should adopt an amendment by Judiciary Committee Chairman Arlen Specter (R-Pa.) to restore judicial oversight. Preventing further judicial scrutiny would be reckless.

G.O.P. Reaches Tentative Deal On Domestic Spying Legislation (NYT)

By Eric Lichtblau

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Republican leaders said Monday that they had reached a tentative agreement to garner political support for legislation on domestic surveillance, in part by sidestepping the question of whether the president has the constitutional authority to order wiretapping without a court order.

There was wide disagreement about the plan's impact. Supporters billed the most recent version as a way of requiring a court order for most domestic wiretaps. But civil rights advocates and even some administration officials suggested that it would maintain the status quo in allowing the continuation of wiretapping without warrants under a program approved by President Bush.

Senator Arlen Specter, the Pennsylvania Republican who leads the Judiciary Committee, said that in recent negotiations, the White House had agreed to delete language from his bill that critics said would have implicitly acknowledged the president's constitutional authority to order wiretapping without a warrant.

Three Republican senators — Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska — had raised concerns about this and other aspects of the Specter bill, which would submit the wiretapping program to a secret court to rule on its constitutionality. With the changes, they said they could support the legislation, and Mr. Specter predicted he would have enough Senate votes to gain passage.

The three said the new plan would protect "the rights afforded to citizens in the Constitution," in part by requiring that the administration get a court order if it wanted to listen to conversations of an American citizen or others defined as "U.S. persons." In a statement, they said the new plan would require that "in order to conduct electronic surveillance of a U.S. person, a court-ordered warrant is necessary."

Some lawmakers and civil rights advocates said they believed that the three senators had mischaracterized or misinterpreted what they had agreed to and that the White House was retaining the right to order wiretaps without a warrant.

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The administration declined to say when it would choose to seek warrants under the new plan.

The program approved by Mr. Bush "does allow for the interception without court order of international communications where one end is within the United States, and this agreement would provide this authority and would establish a process for moving to individualized court orders with respect to individuals within the United States," said Brian Roehrkasse, a Justice Department spokesman. He declined to elaborate.

Some opponents of the wiretapping program said they saw the new plan as a step backward because of technical language that would narrow the definition of what constitutes "electronic surveillance" that requires a court order and would effectively make warrants optional.

"This is a major setback for the Fourth Amendment and civil liberties," said Kate Martin, director of the Center for National Security Studies.

Wiretap Bill Moves Closer To Passage (WP)

By Jonathan Weisman

The Washington Post, September 26, 2006

Last-minute changes to legislation authorizing the National Security Agency's warrantless wiretapping program have won the support of three balking Senate Republicans, improving the chances that a bill expanding the Bush administration's surveillance authority will pass Congress this week.

The Senate Judiciary Committee approved a bill this month that would allow, but not require, the administration to submit its warrantless wiretapping program to a secret national security court for constitutional review. But three Republicans who last year helped delay the renewal of the USA Patriot Act -- Sens. Larry E. Craig (Idaho), John E. Sununu (N.H.) and Lisa Murkowski (Alaska) -- combined forces again to express strong misgivings about the bill's implications for civil liberties.

The senators announced yesterday that those concerns had been met by three changes to the bill, although critics said the changes would not have the impact that the lawmakers claimed.

The first change removes explicit language referring to the president's inherent "constitutional authority" to pursue national security programs. According to the lawmakers, a second major change would clarify that a decision by the secret Foreign Intelligence Surveillance Court upholding the warrantless surveillance program's legality would not give blanket authorization for the president to pursue wiretaps without court approval.

The lawmakers say a third change is aimed at ensuring that warrantless surveillance of an agent of a foreign power does not include an American. Under the change, the lawmakers said, the administration would be expected to obtain a warrant if the attorney general cannot certify a "reasonable expectation" that the warrantless surveillance will not involve a U.S. citizen.

"We believe the changes we secured will not only uphold . . . vital individual rights but will also ensure that Congress retains its authority to regulate and provide oversight throughout the surveillance process," the three senators said.

But civil libertarians and surveillance experts say the changes are less significant than the senators believe. Kate Martin, director of the Center for National Security Studies, said the legislation still amounts to a sweeping rewrite of federal law to allow the president to conduct "massive warrantless surveillance of Americans" with no court oversight.

Also yesterday, former FBI and CIA director William H. Webster, former FBI director William Sessions, and 12 other former national security officials released a statement opposing the latest Senate proposal, saying it would return surveillance law to "murky waters."

Quick passage of the bill will still be difficult. Republican leaders were struggling yesterday to win the blessing of Rep. Heather A. Wilson (R-N.M.), the author of competing legislation in the House. If Wilson and other House Republicans agree, the House and Senate may bring up identical bills by week's end in hopes of sending legislation to the president before the November elections.

If the two chambers pass different bills, there will be no time to broker a compromise and pass it through the House and Senate again before Congress recesses Friday.

A White House spokeswoman said the administration is pleased with the agreement.

Staff writers Michael A. Fletcher and Dan Eggen contributed to this report.

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Wiretap, Tribunal Bills Get Senatorial Shuffle (LAT)

By Richard Simon And Richard B. Schmitt

The Los Angeles Times, September 26, 2006

WASHINGTON — The White House and its allies on Monday chipped away at objections to proposed legislation for its warrantless surveillance activities, winning new support among reluctant Senate members and hoping for passage of the measure before this weekend's congressional recess.

Meanwhile, new resistance to a compromise proposal for detaining and prosecuting terrorism suspects cropped up when Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said the measure improperly tried to prevent federal courts from hearing challenges brought by detainees to the government's right to imprison them.

Specter's plans to amend the legislation could complicate the GOP's hopes of sending a military tribunal bill to President Bush for signing before the November elections. Specter said he would seek to amend the bill when it comes to the Senate floor for a vote this week to give detainees the right to challenge their detention in court. He is expected to be joined by a number of Democrats. The compromise continued to draw criticism.

The tribunal bill is the result of a fragile compromise worked out last week by the White House and a number of Specter's GOP colleagues. One of those, Sen. Lindsey Graham of South Carolina, said that he "probably has the votes" to pass the compromise legislation.

"The way you regulate running a prison in a time of war is not a judicial function," Graham said. "It's a military function."

The proposed legislation on warrantless surveillance won the support of three Republican senators who had joined Democrats in expressing concern about the bill's scope and sweep.

GOP Sens. Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska announced that they had reached agreement with the Bush administration on changes to the surveillance bill.

The bill would constitute an official congressional endorsement of the once-secret surveillance program under which the National Security Agency monitors international phone calls and e-mails in the U.S. involving terrorism suspects.

A surveillance bill introduced Friday by Senate GOP leaders, refining an earlier proposal, would make it clear that the president, in some cases, had the authority under the Constitution to unilaterally order surveillance without a judge's approval.

Craig, Sununu and Murkowski said in a joint statement Monday that the changes would provide "the tools necessary to combat terrorism" while protecting constitutional rights and ensuring that Congress had "authority to regulate and provide oversight throughout the surveillance process."

Civil liberties groups, Democrats and others said the surveillance legislation still amounted to a fundamental rewriting of a 1978 law, the Foreign Intelligence Surveillance Act, or FISA, that set up a special federal court to review wiretapping in terrorism and espionage cases. The legislation would give the president the right to order surveillance without warrants, which critics said would eviscerate the intent of the original law.

"Ultimately, the legislation would still ratify an unlawful surveillance program," said Democratic Sens. Russell D. Feingold of Wisconsin, Richard J. Durbin of Illinois, and Ken Salazar of Colorado.

The surveillance legislation also was assailed by a group of former national security officials, including two former FBI directors, William H. Webster and William S. Sessions.

The group said that the legislation strayed too far from the original intent of FISA and gave the president too much power to decide when to conduct warrantless surveillance of Americans or foreigners.

"We strongly urge that the requirements of FISA remain just that — requirements, not options," the group said in a prepared statement.

US/EU Near Deal On Air Passenger Data (FT)

By Andrew Bounds And Doug Cameron

Financial Times, September 26, 2006

The US and European Union are close to a deal for sharing airline passenger information that would avert disruption to the world's busiest air traffic routes.

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Officials from both sides of the Atlantic have confirmed that a new anti-terrorism agreement is almost certain to be signed on Thursday, two days before the current regime expires.

"This is too big to fail," said a US official. "We have made a lot of progress over the last few days."

The US had been pushing for revisions of an existing accord that was ruled illegal by the EU's top court and expires on September 30.

However, because time is short it has accepted the EU's offer of a similar deal under a different legal basis that would satisfy the judges.

In return the EU has pledged to start almost immediately negotiations on a new framework that could incorporate additional US demands, with the aim of implementing it well before November 2007, when the new deal will expire.

Jonathan Faull, the EU's chief negotiator, arrives in Washington on Wednesday to conclude the accord. Earlier this month he warned of "chaos" if no deal was done.

The agreement under negotiation still allows airlines to pass on more than 30 pieces of information – including dietary requirements, credit card details and family links – to US authorities. But the talks had stumbled on US demands to make it easier for its intelligence agencies to access the information.

"We will try hard to complete a new deal earlier than November 2007," said a senior EU official. However, many EU governments are sceptical about providing blanket information for intelligence agencies to trawl through.

In a further sign that transatlantic rules are being harmonised, US authorities on Monday relaxed a ban, also in place in Britain, on carrying liquids, gels and lotions on flights by allowing items such as toothpaste to be carried in hand baggage, as well as drinks bought in the secure areas of airports.

The move by the Transportation Security Administration is likely to be welcomed by travellers, who will be allowed to carry "travel-size toiletries" – weighing three ounces or less – through security checkpoints in clear zip-top bags.

The US noted the latest change represented "a unified approach" with travel policy in Canada. But it will highlight the divergent policies pursued by global regulators in the wake of last month's alleged plot to bomb US-bound aircraft departing from the UK.

The US agency had joined UK officials in instituting a complete ban on hand- carried liquids and gels in the wake of the alert.

The latest moves will ease some of the pressures on security-screening staff, though some industry officials believe it is only a cosmetic step as there is little, if any, screening of baggage after passengers have passed through the main security checks to reach secure areas of the airport.

The UK continues to ban all liquids and gels in carry-on baggage, except for essential medicines and baby food. Security officials representing EU governments will meet tomorrow in Brussels to try to bridge differences with the UK.

Additional reporting by Jimmy Burns in London

Headline (DEN)

Detroit News, September 26, 2006

SOUTHFIELD -- Contributions to an Islamic charity in Southfield remain legal despite an FBI raid on Sept. 18, according to federal officials.

The Life for Relief and Development has not been designated by the federal government as an organization that provides support for terrorists, according to Bob Beeckman, a spokesman for the FBI in Detroit.

FBI agents from the Joint Terrorism Task Force raided the offices of the organization Sept. 18, but still unclear are the reasons behind the raid.

"The search warrant is based on criminal statutes, and I can't go any farther," Beeckman said.

Local Muslim leaders said that the information that donations remain legal will help assuage rampant concerns in their community, at the beginning of the holy month of Ramadan, when Muslims are required to make charitable donations, or zakat.

Life for Relief and Development is a popular, 15-year-old charity and one of the largest Muslim relief groups in North America.

Muslims have long considered it safe for donations, especially amid increasing federal scrutiny of Muslim charities in the wake of the terrorist attacks of Sept. 11, 2001.

Federal law enforcement officials said this summer, amid large demonstrations in Metro Detroit against the Israeli bombardment of Lebanon, they would increase enforcement efforts in the wake of public statements in support of the militias of Hezbollah, considered by the United States to be a terrorist group.

"It's a big deal because people in the Muslim community are wondering who they will give their zakat to," said Dawud Walid, executive director of the Council on American Islamic Relations.

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Pakistani Gets 18 Years In San Diego In Drugs-for-missiles Plot (MHCA)

Monterey (CA) Herald, September 26, 2006

SAN DIEGO - A Pakistani man was sentenced Monday to more than 18 years in prison for conspiring with an Indian-born U.S. citizen to obtain and sell Stinger anti-aircraft missiles to the Taliban and al-Qaida.

Syed Mustajab Shah, 55, pleaded guilty last March in federal court to one count of conspiracy to provide material support to terrorists and one count of conspiracy to distribute heroin and hashish.

Shah admitted that he tried to sell five tons of hashish and a half-ton of heroin in exchange for cash and four shoulder-fired Stinger missiles, which he and the other defendants intended to sell to members of the Taliban. Such missiles could be used to shoot down airplanes, including commercial jets, flying at low altitudes.

Shah knew at the time that the Taliban was the same as al-Qaida, prosecutors said.

Two other men pleaded guilty to the same charges in March 2004. Ilyas Ali of St. Paul, Minn., a naturalized U.S. citizen born in India, was sentenced in April to more than five years in prison for his role in the plot. Muhamed Abid Afridi, 32, also was sentenced to nearly five years in prison.

Shah, Ali and Afridi were arrested on Sept. 20, 2002, by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel. Ali also met in April 2002 with an undercover agent in San Diego.

Andrew Nietor, an attorney for Shah, did not respond to a phone message left seeking comment.

Europe Panel Faults Sifting Of Bank Data (NYT)

By Eric Lichtblau

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — A European Union panel has serious doubts about the legality of a Bush administration program that monitors international financial transactions, the group's leader said Monday, and plans to recommend tighter controls to prevent privacy abuses.

"We don't see the legal basis under the European law, and we see the need for some changes," said Peter Schaar, a German official who leads the panel, in a telephone interview. The group is to deliver a final report this week in Brussels, and Mr. Schaar said he expected it to conclude that the program might violate European law restricting government access to confidential banking records.

The program, started by the Bush administration weeks after the Sept. 11 attacks, allows analysts from the Central Intelligence Agency and other American intelligence agencies to search for possible terrorist financing activity among millions of largely international financial transactions that are processed by a banking cooperative known as Swift, which is based in Belgium.

The European Union panel will not call for the program to be stopped, officials said. But it is expected to recommend that additional safeguards be put in place to check how financial records are shared with American intelligence officials. For the last three years, a Washington consulting firm, Booz Allen Hamilton, has audited the program, but Mr. Schaar said his panel would recommend that an outside auditor from Europe be brought in to protect against abuses.

"That's a crucial point for us," he said. "There must be independent supervision. We don't see such independent supervision under the current situation, and this must be established."

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The Treasury Department, which oversees the program, declined to comment Monday on the panel's findings.

The Bush administration has strongly defended the effectiveness and legality of the once-secret program as a tool in fighting terrorism, and it sharply criticized The New York Times for disclosing the arrangement in June. Although one government intelligence analyst was removed from the Swift team for conducting improper searches, officials at the Treasury Department and Booz Allen say they have not found any broader instances of abuse in the program.

Critics, including many privacy advocates and some banking industry executives, have questioned the propriety of giving American intelligence officials broad access, without court orders, to private data.

The disclosure of the program prompted several investigations in Europe and Canada. The European Union panel, which includes representatives from 25 countries and is formally known as the Article 29 data protection working party, would be the first international group to weigh in on the legal issues. Its findings, while advisory in nature, are expected to carry considerable influence in Europe in the debate over the program, officials say.

The European Union panel begins meeting in Brussels on Tuesday, and Mr. Schaar said he expected it would adopt a report based on a draft that has already been circulated among the members. While he would not discuss the exact language because it had not been finalized, he said the report would be "critical" of the legal basis for the American government's use of the Swift data.

The panel, which interviewed Swift officials and other banking industry executives over the last several months, has focused on legal and policy issues. A parallel review by banking officials in Belgium is looking more closely at the actual operations of the banking program.

Joe Lockhart, a spokesman for Swift, said the group would await the release of the European Union report before commenting on its findings. But he added that "Swift complied with valid subpoenas issued by the United States Treasury Department and believes it has acted in accordance with U.S. and European data privacy law."

The Treasury Department has used broad administrative subpoenas to get access to transactions from Swift, often millions of records at a time. While a small proportion of the transactions route money entirely within the United States, the program is focused on tracking money coming into and out of the United States or foreign-to-foreign transactions. American officials say the intelligence gleaned from the transactions has been valuable in identifying possible terrorist financiers.

Some legal experts agree with administration officials that the program is legal, while others say it appears to fall into a gray area in American law regarding the protection of confidential banking records.

But legal experts say banking privacy restrictions imposed by the European Union and others in Europe impose tight restrictions on how private banking data can be shared, even in the course of law enforcement and intelligence-gathering investigations.

"The main item from my point of view is that the fundamental civil rights of the European citizens have to be safeguarded," said Mr. Schaar, who also serves as the federal data protection commissioner for Germany. "There are doubts about the legality of this program."

The group's report comes at a time of tensions between Europe and the United States over American counterterrorism policies.

Europeans have objected, for instance, to the C.I.A.'s operation of formerly secret prisons in Europe for the interrogation of "high value" terrorism suspects. And the European Union's highest court in May struck down an agreement giving the United States access to personal details about passengers on trans-Atlantic flights, forcing the United States and its European partners to rework the agreement.

Privacy advocates, who brought formal complaints over the Swift program in 40 countries after its disclosure, say they hope that a critical ruling from the European Union working group will lead to similar changes.

"What we're hoping is that they'll basically tell Swift what they did was illegal," said Gus Hosein, a senior fellow at Privacy International in London, which brought the complaints over the program. He said he expected that a critical report from the Article 29 group could lead to fuller investigations of the program, financial penalties against Swift in those countries where it operates, and possibly a suspension of the program.

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As part of the European Union panel's review, Privacy International and the American Civil Liberties Union prepared a report criticizing Booz Allen's role in monitoring the program. The report raised questions about the firm's objectivity, citing its long history as a government contractor and the fact that former intelligence officials are among its executives.

But Booz Allen rejected such charges on Monday. "What clients are buying from us," said Marie Lerch, a spokeswoman for the firm, "is independence and objectivity."

Guantanamo Gears Up For Ramadan (LAT)

By Rich Connell And Robert J. Lopez

The Los Angeles Times, September 26, 2006

With the beginning of the Islamic holy month of Ramadan, authorities at the Guantanamo Bay detention camp have stepped up efforts to teach guards about the religious observance, amid signs that radical strains of Islam are becoming a potent organizing tool at the facility.

The cellblocks, which now also house 14 suspected al- Qaida leaders, have been rocked by a riot and three suicides in recent months. And many of the disturbances at the camp have involved allegations that guards are not sensitive to the religious practices of the detainees.

A court challenge filed late last week in U.S. District Court in Washington accused the U.S. of illegally denying detainees access to Muslim chaplains, who some religious leaders argue could help calm tensions inside the barbed wire at Guantanamo. The motion was supported by one of the largest U.S. Muslim advocacy organizations.

The military quietly stopped assigning Muslim chaplains to the base in Cuba more than two years ago, after one -- an Army captain -- was targeted in a controversial espionage investigation.

Chris Molnar, a California National Guard soldier who served as senior chaplain at Guantanamo until earlier this year, said managing religion in the politically treacherous and volatile environment at the camp is among the most challenging tasks facing military leaders.

"I saw the command structure struggling to deal with this . . . respecting a person's religion, but not letting them use that as a hammer to beat us over the head," said Molnar, a Lutheran pastor in San Luis Obispo, Calif.

The prominence of religious issues at Guantanamo was underscored in an article by a senior military official that appeared recently on the camp Website and the front page of the base newspaper. The report expressed respect and appreciation for the significance of Ramadan and explained the military's plan to support the Muslim rite of daytime fasting.

Staff would work "around the clock" to provide "Ramadan-specific" meals that include dates, nuts and honey, the official reported, adding that commanders have doubled nighttime portions and provided medical monitoring to ensure that detainees receive adequate nutrients.

Cmdr. Robert Durand, a base spokesman, said the presentations were primarily intended for guards.

"This is an extremely important religious event in the lives of these detainees," Durand said. "... What we're basically trying to say, in educating the guard force, is, `This is what we're doing and why we're doing it.' "

In the court challenge filed Friday in Washington on behalf of a Pakistani detainee, attorney Gaillard T. Hunt said Muslim chaplains would help reduce suicide attempts among detainees, a recurring problem that has fueled calls in the U.S. and abroad to close the camp.

Filing declarations in support of the motion was an official with the Council on American-Islamic Relations, as well as two Muslim chaplains who work in the federal prison system. They, along with a third chaplain, said they were willing to counsel prisoners at Guantanamo.

"Counseling is what disarms them from the very hostile environment they are in. It's very useful in calming tensions," Shakeel Syed, one of the chaplains, said in an interview.

The motion was filed on behalf of Saifullah Paracha, 59, who is accused of being an al-Qaida financier and taking part in a plan to smuggle weapons into the United States. Hunt said Paracha has never been charged with a crime and is "pro-American and anti-terrorist."

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A Justice Department spokesman said Monday that officials would not comment on Hunt's chaplain motion because of ongoing litigation. Camp officials say they provide medical and counseling professionals to combat suicides among detainees.

The officials also say that there are not enough Muslim chaplains in the U.S. armed forces to assign to Guantanamo and that detainees would be suspicious of any religious personnel provided by the military. Currently, a civilian Muslim contractor advises camp commanders. He is not a chaplain, officials said, but is available to discuss religious issues with detainees.

Lt. Col. Lora Tucker, a camp spokesperson, said even if a military chaplain were assigned to Guantanamo "he would not be working with the detainees."

That was not the case in the past. Five military chaplains served continuously in the early years of the camp and counseled detainees on proper interpretations of Islam and suicide prevention.

Indeed, the Defense Department initially publicized its use of Muslim chaplains to work with detainees and defuse tensions, including a 2002 hunger strike among alleged al- Qaida leaders who were angered after guards disrupted a prayer rite.

Durand, the base spokesman, said Muslim chaplains are no longer needed because officials have already incorporated their earlier advice into daily operations.

The last military chaplain to serve on base left in 2004, following the arrest of former Army Capt. James Yee. He was accused of espionage for allegedly taking classified records from the base. In the end, much lesser charges were dropped and Yee received an honorable discharge.

Molnar said that prisoners in lockups at Guantanamo often use religion as a wedge "to get around the desires or authority of those above them."

Other officers and guards go even further, saying detainees have used religion to manipulate camp commanders.

"The deference that was given to them under the guise of religion was unbelievable," said one Army officer who served this year at the base and asked not to be identified because of personal security concerns.

Since the camp opened in January 2002, the most contentious religious issue has been treatment of the Quran, one of the few items detainees are permitted to keep in their cells. A military investigation last year confirmed instances of intentional and accidental desecration of the Quran.

To quell protests about mishandling of the text by non-Muslims, military guards at first were ordered to don medical gloves before touching a Quran. Currently, only civilian Muslim interpreters are allowed to move and inspect the holy texts during cell searches.

Some military officials say it may have been a tactical mistake to stop providing Muslim chaplains. Many of the detainees are poorly educated and look up to those who can read and cite Quranic verses, according to former troops who worked inside the camps. This has opened the way for radical interpretations by religious leaders on the cellblocks and helped justify such actions as suicides, according to personnel who served at the camp.

"There were people who exerted influence," Molnar said. "They had a profound effect on detainees."

Camp spokesperson Tucker disputed that religious leaders have made some detainees more militant. "They came here already radicalized," she said.

Two Terror Cases Expose Bush's Double Standard (USAT)

By Dewayne Wickham

USA Today, September 26, 2006

Four months after President Bush accused Syria of harboring terrorist camps and organizations in June 2002, U.S. authorities secretly handed over to the Damascus regime a man suspected of having ties to a terrorist group.

The awful story of what happened to Maher Arar, a Canadian citizen of Syrian descent, at the hands of Syria's secret police has received a lot of attention since it broke last week. But the troubling contradictions between what the Bush administration says and what it does in its war on terror have not.

“Our enemy is a radical network of terrorists, and every government that supports them,” Bush proclaimed in his address to a joint session of Congress nine days after the 9/11 attacks on this country. “Every nation, in every region, now has a decision to make. Either you are with us or you are with the terrorists.”

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But a year later, when Arar was picked up in a New York airport on a tip from Canadian police that he might have terrorist ties, he was detained briefly in this country before being sent to Syria. There, Arar says, he was beaten with a metal cable until he falsely confessed to spending time in a terrorist camp in Afghanistan and he was kept in a coffin-size dungeon cell for 10 months.

In sending Arar — whom a Canadian government commission recently cleared of any terrorist ties — to Syria, the Bush administration had good reason to know he would be brutalized.

"Although torture occurs in prisons, torture is most likely to occur while detainees are being held at one of the many detention centers run by the various security services throughout the country, and particularly while the authorities are attempting to extract a confession or information regarding an alleged crime or alleged accomplices," the State Department said of Syria in its 2001 Country Reports on Human Rights Practices.

If this doesn't cause you to wonder how committed the Bush administration is to its worldwide war against terrorism, there's more.

While the flimsiest of evidence caused U.S. officials to hustle Arar off to Syria, a mountain of suspicion about Luis Posada Carriles' involvement in a long list of terrorist acts has not been enough to wrench him out of this country's grip.

Posada is on the lam from Venezuela, where he was awaiting a retrial of charges that he had a hand in the 1976 bombing of a Cuban airliner that killed 73 people. The Cuban exile denies involvement in that heinous crime, but former counterterrorism specialist Carter Cornick said Posada was "up to his eyeballs" in the bombing, The New York Times reported last year.

The newspaper also reported that Posada once bragged of masterminding a series of bombings of tourist hotels in Cuba in the 1990s, an admission he later recanted. An Italian tourist died in one of those blasts.

But instead of spiriting Posada off to Venezuela, the Bush administration is holding him in an immigration detention center. Rather than accuse him of being a terrorist, it simply has charged him with entering this country illegally.

Last year, an immigration judge ruled that Posada couldn't be deported to Venezuela or Cuba — countries the Bush administration considers rogue states — because he might be tortured. During an appearance on Telemundo, a Spanish-language TV station, U.S. Secretary of State Condoleezza Rice was asked whether this decision might affect the world's perception of the Bush administration's worldwide war on terrorism. "We try and intend to apply our standards uniformly, consistently," she said, "but these are issues that have to be decided in the right channels."

In fact, the Bush administration has contradictory standards — one for people who are thought to be enemies of this country, such as Arar, and another for Posada, an accused terrorist, who is the enemy of its enemies.

PATRIOT ACT:

Censored Affidavit Issued In National Security Case (NYT)

By Anemona Hartocollis

The New York Times, September 26, 2006

Federal District Court in Manhattan has made public an affidavit from a plaintiff whose identity cannot be revealed. In the affidavit, he says he has to lie to those close to him to preserve the secrecy of a national security investigation that he believes is morally questionable.

The affidavit, which has been heavily censored, provides vivid details of an upside-down life. The plaintiff, identified only as John Doe, is a businessman who filed a lawsuit in 2004 challenging the constitutionality of federal demands for Internet and telephone records. He describes himself as the former president of an Internet access and consulting business.

Some time ago (the government will not allow him to say when), he received a so-called national security letter from the F.B.I., asking him to provide information about one of his clients in connection with "international terrorism or clandestine intelligence activities." The letter also said he was prohibited from talking with anyone about the investigation.

"Since that time," the John Doe affidavit says, "I have been subject to a gag order that has prevented me from disclosing, among many other things, that I initiated this lawsuit."

Mr. Doe said he resisted the government's demand because he did not want to violate the privacy of his clients. In April 2004, represented by the American Civil Liberties Union, he filed a lawsuit against the attorney general, John Ashcroft, and Robert

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S. Mueller, the director of the F.B.I. The government gained the right to demand customer information without a court order under a 1986 law, which was expanded by the U.S.A. Patriot Act of 2001 and amended further in March of this year.

In his affidavit, he described a world in which he has been "compelled to systematically deceive" his friends, his family and his girlfriend in order to preserve the secrecy of the investigation.

"The gag put me in a very compromising position, as I did not want to be dishonest in my communications," yet at the same time, he said, he did not want to violate the order. He added: "I do not like the feeling of being conscripted to be a secret informer for the government, especially because I have doubts about the legitimacy of the underlying investigation."

Jameel Jaffer, lead counsel for the civil liberties union, said yesterday that the affidavit was filed on Sept. 8, but was sealed until the government censored a copy, allowing the court to release it on Friday afternoon.

In September 2004, Judge Victor Marrero of Federal District Court ruled in this case that national security letters, which force businesses to turn over customer information without a judge's order or a grand jury subpoena, violated the constitutional prohibition against unreasonable search and seizure.

But earlier this year, as the case was being appealed, Congress amended the law, and the case was sent back to the lower court, where the same plaintiff has filed a new challenge, Mr. Jaffer said.

Mr. Jaffer said the amended law had made the national security letter provision "even more oppressive than it was before," because in the past, courts could hear challenges to such restraints. Now, he said, if the F.B.I. certifies that an order forbidding disclosure is necessary to national security, "the court is required to defer to the F.B.I."

Jeffrey Oestreicher, the assistant United States attorney handling the case, could not be reached for comment last night.

HOMELAND RESPONSE:

U.S. Doles Out Security Grants To Cities (AP)

By Lara Jakes Jordan

AP, September 26, 2006

The Bush administration doled out nearly $400 million Monday to help protect seaports, commuter trains and other transit systems from terrorists, boosting money to high-risk cities that saw funding cuts earlier this year.

Major winners included New York City, which won $79.5 million to secure its port, subways, bus and rail systems — up from $50 million in 2005.

Losing cities that got no money for 2006 after being on the Homeland Security Department funding list last year included Memphis, Tenn., and Tampa, Fla., which lost funds for ports.

In all, the department distributed $399 million in grants — up from $388 million last year — to secure key buildings, transportation systems and other sites that might seem attractive targets for terrorists. The money follows a furor nearly four months ago after Homeland Security cut funding for New York and Washington, the two cities targeted on Sept. 11, 2001, by 40 percent.

Homeland Security Secretary Michael Chertoff said the new round of department grants was given out based only on risk — and should not be viewed as a competition to see which city gets the most money.

"What we're trying to do is move away from looking at grants as if every year, it's a horse race, and let's see who wins each race for each grant," Chertoff told reporters in Washington. "If you want a horse race, go to Pimlico."

But Chertoff said his department would take new steps to assure cities that future grant applications are understood and thoroughly discussed to prevent a similar outcry. The way Homeland Security announced the earlier grants for high-risk cities, awarded in May, "was not what it should have been," Chertoff said.

Sen. Charles E. Schumer, D-N.Y., said boosting funds for New York ports and rail systems hopefully reflected "a sign of things to come."

If Homeland Security "is finally admitting that they shortchanged New Yorkers and are looking to make recompense, then that is all for the good," Schumer said.

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Department officials said many cities — like Houston and Atlanta — asked for fewer funds this year than what they received in 2005 because they no longer needed as much money for security projects that were completed or already under way.

The grants announced Monday included:

_$168 million for seaports.

_$135 million for commuter rail, bus, and ferry systems.

_$48 million for critical infrastructure, like water or electricity systems.

_$25 million for chemical plants.

_$7.2 million for Amtrak.

_$9.5 million for bus companies.

_$4.8 million for trucking companies.

Homeland Security Awards $400M In Anti-terror Funds (USAT)

By Mimi Hall

USA Today, September 26, 2006

WASHINGTON — The Homeland Security Department on Monday awarded nearly $400 million to help cities protect their ports, rail lines, bus routes, buildings and other potential terrorist targets. New York City got the biggest chunk of the cash.

More than three months after the department caused an uproar by cutting funds by 40% in another grant program to New York City and Washington, Homeland Security Secretary Michael Chertoff said his department is reworking the way it distributes such grants. "You're never going to make everybody happy," he said. "There's never enough money."

Chertoff said the cuts in June came because Congress shrank the amount of grants. He said risk and consequence always would be the main factors the department uses in handing out federal anti-terrorism money.

Port security accounted for $168 million of the money distributed Monday to 51 cities. The New York-New Jersey port complex received $25.7 million, more than twice as much as Los Angeles-Long Beach, which came in second at $12 million. Funding for Memphis and Tampa was cut.

White House homeland security adviser Frances Townsend said Monday that members of Congress were "rightly upset" by the earlier cuts for New York and Washington. At the time, Rep. Pete King, R-N.Y., chairman of the House Homeland Security Committee, accused Chertoff of "waging war" on the city.

Chertoff said the new round of grants was given out based on risk.

"What we're trying to do is move away from looking at grants as if every year it's a horse race, and let's see who wins each race for each grant," he said. "If you want a horse race, go to Pimlico."

Sen. Hillary Rodham Clinton, D-N.Y., said she was "encouraged" that Homeland Security was boosting funding for New York's port. She complained, however, that the Bush administration and Congress aren't spending enough.

Other security grants include:

•$136 million to strengthen rail, bus and ferry systems. The New York City area received about $54 million, California about $19 million and Washington about $14 million.

•An additional $9.5 million for bus systems, mostly for training and equipment to guard against explosives.

DHS Grants $191 Million To Defend Cities (WP)

By Spencer S. Hsu

The Washington Post, September 26, 2006

The Department of Homeland Security awarded $191 million in grants yesterday to defend ports, transit systems and bus lines from terrorists, increasing funding for major urban areas in the Northeast and mid-Atlantic states whose funds were slashed earlier this year in a controversial decision.

New York received $25.7 million in port security grants, up from $6.6 million last year; Baltimore was granted $4.8 million, up from $1 million; and Hampton Roads, which received none in 2005, was awarded $3.5 million.

Losers included Los Angeles and Long Beach, Calif., which received $12 million, down from $24.2 million; Houston at $11.6 million, down from $35 million; and San Diego at $139,837, down from $6.5 million.

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Together with grants announced in July, the DHS has released $399 million this year to protect critical facilities such as chemical plants, rail systems, nuclear plants, dams and stadiums, up from $388 million in 2005. The grants came in the final week of the fiscal year. DHS leaders acknowledged that the delay hurt cities awaiting the money and vowed to move faster next year.

Homeland Security Secretary Michael Chertoff said the increases were not intended to offset cuts of 40 percent made four months ago to New York and greater Washington, the two locations targeted in the Sept. 11, 2001, terrorist attacks.

He said that the grants to New York, Baltimore and other places were based not only on risk but also on the need for individual projects in each jurisdiction, and that they should not be regarded as an annual competition.

"Risk is not the entire story. What's also important is what is the need that is being satisfied," Chertoff said. "What we're trying to do is move away from looking at grants as if . . . every year it's a horse race. . . . If you want a horse race, you go to Pimlico."

The grants included $168 million for seaports, $13 million for commuter rail, bus, and ferry systems, and $9.5 million for bus companies. In July, the DHS awarded $123 million for transit systems; $48 million for critical infrastructure, such as water and electrical systems; $25 million for chemical plants; $7.2 million for Amtrak; and $4.8 million for trucking companies.

American Public Transportation Association spokeswoman Virginia Miller said the $13 million is helpful, but the industry has identified $6 billion in security needs.

More Security Money For New York (NYT/AP)

The New York Times, September 26, 2006

The Department of Homeland Security doled out $400 million to protect seaports, commuter trains and other transit systems from terrorism, increasing money to high-risk cities that had cuts earlier this year. Major winners included New York City, which won $79.5 million to secure its port, subways, and bus and rail systems, up from $50 million in 2005. Money to protect the perimeters of New York and New Jersey's ports will be increased to $25.7 million, from $6.6 million. Mayor Michael R. Bloomberg said that he was gratified federal officials "are recognizing the risks here and giving us more money." Cities that got no money for 2006 after being on the list last year included Memphis and Tampa, Fla. The announcement follows a furor four months ago after financing for New York and Washington, the two cities attacked on Sept. 11, 2001, was cut.

U.S. To Relax Ban Of Liquids On Planes (AP)

By Leslie Miller

The AP, September 25, 2006

Passengers will be able to carry lotions and gels onto airliners again after a six-week ban — but only in tiny containers of 3 ounces or less and only if they're in clear zip-top plastic bags.

Starting Tuesday, air travelers also will be able to buy drinks or other liquids or gels at shops inside airport security checkpoints and carry them on board under partially relaxed anti-terror rules.

If a passenger brings a container larger than 3 ounces from outside, it will still have to be put in checked baggage.

The outright ban on such carry-on items, ordered Aug. 10 after an alleged plot to bomb U.S.-bound jetliners was foiled, is no longer needed, Transportation Security Administration chief Kip Hawley said Monday.

The FBI and other laboratories tested a variety of explosives and found that tiny amounts of substances — so small they fit into a quart-size plastic bag — can't blow up an airliner, Hawley said at a news conference at Reagan National Airport.

Lisa Cohen, a congressional staff member who flies weekly between Denver and Washington, said the changes should make flying easier.

"I understand the concerns, but it's been a colossal pain this last several months," Cohen said as she lugged a large carry-on bag through the airport.

At Hartsfield Jackson Atlanta International Airport, Aubrey Hux wasn't as happy to hear the news. Just back from a vacation in Thailand, he said, "You can't have enough security as far as I'm concerned."

Doug Zink, who traveled to Washington from Denver on business, doubted whether the average passenger would remember that containers have to be 3 ounces or less, that plastic bags have to be one quart or less and that the bags have to have a zip top that's closed.

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"It's just ridiculous," Zink said.

Up to 4 ounces of a few items will be permitted in carry-on bags: eye drops, saline solution, nonprescription medicine and personal lubricants.

Larger bottles of liquids and gels from outside — including shampoo, suntan lotion, creams and toothpaste — are allowed only in checked baggage.

The Air Transport Association, which represents major airlines, said the TSA has carefully assessed which items can be brought aboard safely.

"It will reduce passenger inconvenience," said ATA President James May.

Passengers will have to take out the clear bags with toiletries in them so they can be checked separately by the X-ray machine. Though the machines can't identify whether a substance is an explosive, they can pick out anomalies that may indicate a substance is intended for use in a bomb.

The TSA is testing new equipment that can detect explosive substances at checkpoints, Hawley said. He said he hopes machines that use magnetic resonance imaging (MRI) technology can be deployed at the nation's 753 checkpoints located in 452 airports.

"A year from now you will know a whole lot more," Hawley said, declining to give a timeline.

He said the TSA has money to pay for such equipment.

However, Massachusetts Rep. Ed Markey, a senior Democrat on the House Homeland Security Committee, criticized the Bush administration for failing to make progress on technology to detect explosives, though a plot to blow up airliners was uncovered 10 years ago.

A Homeland Security spending bill expected to pass this week will provide only a fraction of the money needed for bomb-detection equipment, Markey said.

"Passengers need more than just press conferences, but real progress to upgrade explosive detection equipment at our airports," he said.

Tougher airport screening procedures were put in place in August after British police said they broke up a terrorist plot to assemble and detonate bombs using liquid explosives on airliners crossing the Atlantic Ocean from Britain to the U.S.

At the time, the Homeland Security Department briefly raised the threat level to "red," the highest level, for flights bound to the United States from Britain. All other flights were at "orange" and will remain at orange, the second-highest level, for now.

"Obviously, there's been a lot of unhappiness," said Richard Marchi, senior adviser to the Airports Council International, an airport trade group. "They're right to find a way to ease the burden and maintain a reasonable level of security."

U.S. Eases Rules On Gels And Liquids In Carry-Ons (NYT)

By Eric Lipton

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Aviation security officials eased the ban on carry-on liquids for airline passengers on Monday, after weeks of testing to determine how much of a liquid explosive would be needed to cause catastrophic damage to an airplane.

Beginning on Tuesday morning, passengers can carry three-ounce bottles of liquids and gels onto planes, as long as all items fit into a single quart-size zip-top plastic bag. Passengers will present the bags for inspection at checkpoints.

Testing by the Federal Bureau of Investigation and others showed that a quart-size bag filled with three-ounce containers would not hold enough explosives to destroy a plane, officials said.

“While this novel type of liquid explosives is now an ongoing part of the terrorists’ playbook and must be dealt with, we now know enough to say that a total ban is no longer needed from a security point of view,” Kip Hawley, the assistant secretary for the Transportation Security Administration, said at a news conference at Reagan National Airport.

Passengers will also be allowed to board with sodas, bottled water or other liquids that they buy after passing the security checkpoints, in the secure area of terminals. Mr. Hawley made clear that the revised rules, and the elevated threat level put into

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effect last month after the disruption of a plot to bomb planes flying to the United States from London, would most likely continue for many months, if not indefinitely.

That is because the government does not have automated equipment that can check passengers and their carry-on bags for liquid explosives. Developing and deploying this equipment at the 753 airport checkpoints will take months, if not years.

"This is not going to go away," Mr. Hawley said. "Let's build ourselves a sustainable level of security."

The revisions, which are also going into effect for domestic and international flights in Canada and may be adopted in Europe, address many criticisms of the ban on liquids. Because small bottles of perfume or makeup, as well as containers of shaving cream, deodorant and toothpaste, are being allowed in carry-on baggage, passengers can again carry on small bags for short trips. Since the ban started, airlines have dealt with 25 percent more checked bags than usual.

Passengers traveling on Monday through Reagan National across the Potomac River from Washington said they welcomed the change.

"It seems prudent," said John Glaser of Boston, who had left behind his toiletries for a trip to Washington.

Others expressed concern that a terrorist could obtain a liquid explosive that had been sneaked into the secure area and carry it without restriction onto the plane.

"How do you know they bought the bottle there?" asked James Roy of Worcester County, Mass. "Are they going to ask for your receipt?"

Mr. Hawley, asked about that, said that workers at stores beyond the checkpoint had to pass through security and that other maintenance workers were subject to background checks. He added that officers of the Transportation Security Administration would increase random inspections of airport workers.

Ultimately, significant changes will be needed in the checkpoint equipment, because most devices on hand, including X-ray machines and metal detectors, cannot automatically identify liquid or plastics explosives, officials agreed.

The security agency has had trouble installing such devices. Installing the trace detection portal, or puffer machine, which was put in about 35 airports, has been delayed because the machines broke down too often.

Mr. Hawley said the agency intended to test new equipment, including a machine that can evaluate bottles to see whether a liquid inside is explosive, or a machine similar to a CAT scan that can more reliably evaluate carry-on bags to see whether they might have bombs. The problem, he said, is ensuring that the equipment will work as promised by the manufacturers, Mr. Hawley said.

"We don't want to be in the position of, out of the urgent need to do this, we essentially waste the taxpayers' money," he said. "We want to take our time to do it right."

Liquids Not As Risky As First Feared (USAT)

By Thomas Frank

USA Today, September 26, 2006

ARLINGTON, Va. — Passengers will be allowed to carry liquids on airplanes under new security rules prompted by FBI tests that show it's highly unlikely that terrorists could bring down a jet with a bomb made from small amounts of fluids, the nation's airport security chief said Monday.

Travelers may bring liquids and everyday items such as shampoo, toothpaste and makeup through security, provided they're stored in 3-ounce containers that fit in a 1-quart clear bag, Transportation Security Administration chief Kip Hawley said Monday.

Passengers also can carry on liquids and gels in any quantity that they buy in airport shops after passing through security, including at duty-free shops. Drinks and other items are screened before being sold in secure airport areas.

Testing by the FBI and at government labs showed that small containers of liquids "don't pose a real threat," Hawley said.

Jim Kapin, head of health and safety for the American Chemical Society, said small quantities of liquids could not seriously damage an airplane. Even if several terrorists smuggled liquid explosives on board, it is "practically speaking, impossible" to make a bomb on an airplane because of the equipment and expertise required, Kapin said.

The TSA banned liquids and gels from carry-on bags Aug. 10 after British authorities reported foiling a plot to destroy U.S.-bound airplanes using liquid explosives. The ban led millions of passengers to check luggage rather than try to carry bags on.

"The total ban is no longer needed from a security point of view," Hawley said. "It doesn't make sense to have our (screeners) fishing out lip gloss and mascara."

The Homeland Security Department is no less concerned about liquid explosives, and is keeping in place the heightened security alert that began Aug. 10 for aviation, said Michael Jackson, department deputy secretary.

Easing the ban was hailed by the Air Transport Association, an airline trade group, and the National Business Travel Association. Some airlines reported a loss of business since the liquid ban took effect.

"This is going to make life easier for thousands of business travelers who have been forced since Aug. 10 to check bags on short business trips," said Caleb Tiller of the travel association.

The amount of checked luggage has increased 20% nationwide since Aug. 10. That has strained TSA systems that screen bags for bombs. Hawley had feared screeners might "cut corners" to keep up with extra bags but said Monday the "system is working OK now."

Jackson said allowing liquids in carry-ons will "release a little pressure there."

Hawley said he does not expect the change to lengthen lines at security checkpoints. "People will be well-ingrained" in what they can bring on airplanes, Hawley said.

A.J. Castilla, a screener at Boston's Logan International Airport and spokesman for a screeners union, said the new policy "is more confusing and certainly will add to the lines during the holidays."

"We're just adding another level of screening to a screening process that was simple," Castilla said.

Travelers must remove the bags that hold liquids from their carry-ons so they can go through X-ray machines separately and be inspected by screeners. Each traveler may carry only one bag, which can hold several 3-ounce containers.

U.S. Set To Relax Ban On Liquids On Airliners (LAT)

By Johanna Neuman And Mima Mohammed

The Los Angeles Times, September 26, 2006

WASHINGTON — Seven weeks after a foiled terrorist plot prompted the U.S. government to impose severe restrictions on what passengers could carry onto airplanes, the Transportation Security Administration announced today a relaxing of the rules.

The change — described by the Department of Homeland Security as "refinements to security measures" — will allow passengers to bring lip gloss and hand lotion on board, as long the items are put in clear plastic bags. Passengers also will be allowed to purchase liquids such as coffee and water at airport stores — after clearing security — to take with them onto planes.

The relaxed rules allow passengers to bring travel-sized toiletries that are 3 ounces or less and can fit into one clear, quart-sized zip-lock bag that can be shown to the screeners.

The changes were hailed by passengers and by the airline industry.

"It is clear that TSA has performed deliberate and careful risk analysis to identify which items passengers can safely bring on board," said James May, president of the Air Transport Assn., which represents companies that transport 90% of all U.S. airline passenger and cargo traffic. "It will reduce passenger inconvenience."

The tough standards — which forced passengers to dump eyedrops, water bottles and lipstick — were laid out in August after British police broke up a terrorist plot to blow up airliners crossing the Atlantic Ocean from Britain to the United States.

Government Eases Ban Of Liquids On Planes (WSJ)

By Laura Meckler

The Wall Street Journal, September 26, 2006

Air travelers may pack small containers of toiletries and other liquids in their carry-on bags beginning today, federal officials said, in a loosening of a near-complete ban on liquids and gels that was put in place last month.

In addition, travelers will be allowed to bring onto planes beverages and other liquids bought in the secure area of airports, no matter how large.

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"A total ban is no longer needed from a security point of view," said Kip Hawley, administrator of the Transportation Security Administration. Small amounts of liquids "don't pose a real threat," he said.

Under the new rules, travelers may carry on containers with up to three ounces of liquids and gels, including cosmetics, but all must fit comfortably together inside one quart-size clear plastic bag with a zip top. That's a little larger than a typical sandwich bag. Travelers will have to remove these plastic bags from their carry-on luggage for inspection at airport security checkpoints.

The easing of the carry-on rules should come as relief to passengers who have become accustomed to carrying all their luggage into the cabin and, for the past six weeks, have been forced to arrive at airports even earlier to check bags. It also should ease the crunch in checked bags, which have increased by 20% since the liquid and gel ban was instituted Aug. 10, after British authorities said they had foiled a plot to blow up airliners over the Atlantic Ocean.

Michael Jackson, deputy secretary of Homeland Security, said the government issued a wide-ranging ban on the night of Aug. 10, and that "now we're able to go back and look at the science and refine the balance."

Airlines and airports both pressed the TSA to change the rules. U.S. officials said yesterday that the change isn't based on any new intelligence, and the threat level remains high.

Liquid explosives remain a threat that existing airport screening technology cannot detect. But authorities say they now know more about how much liquid poses a threat to aviation. Specifically, the decision was made after FBI testing to determine how much explosive liquid would be needed to do significant damage to an aircraft, Mr. Hawley said.

TSA employees tested the feasibility of these rules by visiting stores and found that many travel-size toiletries are sold in containers of three ounces or less.

Exceptions already in place for baby food and liquid medicines will continue, though passengers must be prepared to present these items at the checkpoint for examination.

Authorities said they considered that terrorists may try to combine small amounts of liquids to make one larger batch, but said they are comfortable with the new limits. "We've analyzed a lot of scenarios," Mr. Hawley said. "For a lot of technical reasons, [combining small amounts of liquids] does not worry us."

Further, mixing liquids in an airport or onboard an airplane isn't easy to do, said Mike Restovich, assistant administrator of the Office of Security Operations at TSA.

Mr. Jackson said he expects that authorities in the United Kingdom and the European Union will soon follow with similar if not identical rules.

The U.S. decision was welcomed not only by travelers but by airlines and airports, whose operations were hampered by the stricter rules. Airport vendors lost considerable revenue as customers stopped buying drinks and, at duty-free shops, bottles of perfume and liquor that were banned from the planes. And airlines had to contend with the sharp increase in checked bags.

"This is certainly a result of input from airports and airlines working with TSA to say this could work better if we made some common-sense changes," said Greg Principato, president of Airports Council International-North America. The Air Transport Association, which represents airlines, issued a statement supportive of the changes as well.

To counter any increased threat of items sold inside airports, Mr. Hawley said TSA would be stepping up random inspections of items sold inside the secure areas of airports and increasing security checks on workers in the areas.

Authorities do not expect more changes to these rules anytime soon. They might relax the rules further if they can upgrade technology so that liquid explosives could be detected by screening equipment at checkpoints. But while the TSA is testing machines that would do this, none is ready to be installed at airports.

Write to Laura Meckler at laura.meckler@wsj.com4

Screeners Allow Small Amounts Of Liquid (WT)

By Audrey Hudson

The Washington Times, September 26, 2006

Homeland Security Department officials are easing the ban on liquids aboard commercial aircraft and beginning today will allow passengers to carry on small amounts of gels and some aerosols, as well as drinks purchased from airport vendors beyond the security checkpoint.

Lipsticks and lotions will be screened and allowed on board, but they must be in containers no larger than 3 ounces and carried in one-quart, sealed plastic bags.

"These new measures will maintain security, while taking a common-sense approach," said Kip Hawley, assistant secretary of the Transportation Security Administration (TSA).

Exceptions will be made for baby and medical needs in quantities larger than 3 ounces. However, travelers must be prepared to present these items for inspection.

"The secret of getting through security smoothly is to de-clutter your bag," he said.

All liquids were banned in carry-on luggage and passengers were prohibited from bringing beverages aboard aircraft after the arrests last month of numerous terrorist suspects in the Britain. Those arrested were suspected of plotting to bomb trans-Atlantic flights.

Officials at the time raised the advisory system threat level to Code Red, which signals a severe risk of attack, but the alert level has since been reduced to Code Orange, which indicates a high risk.

Canada also will be adjusting rules to reflect changes in the U.S., and Britain is expected to ease its aviation travel rules as well.

"We don't anticipate changing that overall aviation threat level any time in the near future," Homeland Security Deputy Secretary Michael P. Jackson said yesterday at a press conference at Ronald Reagan Washington National Airport.

Officials are increasing inspections of inventory sold by airport vendors in secure areas and performing more employee security checks, Mr. Hawley said.

"It doesn't make sense for us to have our [transportation security officers] out there fishing out lip gloss and mascara in the gate area," he said.

Clark Kent Ervin, former Homeland Security inspector general, criticized the decision to ease the rules.

"Either liquids and gels that are harmless in and of themselves can be combined to make a dangerous bomb or they can't be," Mr. Ervin said.

"If, as TSA warned when the ban was instituted, they can be dangerous, and if the terrorists remain determined to strike the aviation sector, and if we still have no technology to counter this threat, relaxing the ban makes no sense."

It seems, he said, that "TSA is putting the convenience of the traveler ahead of security."

The new rules, Mr. Hawley said, are based on explosives testing and information from the FBI.

"While this novel type of liquid explosives is now an ongoing part of the terrorist playbook and must be dealt with, we now know enough to say that a total ban is no longer needed from a security point of view," he said.

U.S. Eases Carry-On Liquid Ban (WP)

By Del Quentin Wilber

The Washington Post, September 26, 2006

Passengers on commercial airplanes will be allowed to travel with small amounts of liquids and gels in their carry-on luggage starting this morning -- the first major revision of a ban enacted last month in reaction to an alleged transatlantic bomb plot.

Drinks purchased inside secure areas also will be permitted on board.

Top U.S. aviation security officials, under pressure from airline and passenger groups, announced the easing of restrictions yesterday after, they said, they carefully studied the threat posed by liquid bombs. The restrictions, which went into effect on Aug. 10, disrupted travel for many passengers. Travelers complained about long lines to check in luggage, lengthy waits at the baggage carousels and the lack of bottled water on planes. Many took calculated risks and sneaked small amounts of hair gel and toothpaste through security.

Starting at 4 a.m. today, passengers will be allowed to bring on board containers holding three ounces or less of toiletries, such as lip gloss, hair spray, toothpaste and shaving cream. The products must fit "comfortably" inside a single, one-quart clear plastic bag that zips closed, officials said. The bag will be examined by X-ray machines and screeners.

Larger bottles of liquids and gels must be placed in checked bags or left at home, officials said.

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After passing through security, passengers will be permitted to buy bottled water and other drinks in "sterile" gate areas and carry them onto planes. Authorities said they made that change because products inside the sterile areas have been screened by security officers and do not pose a threat.

"What you see here today is the prudent balancing of the work that we need to do to protect security and common sense," said Michael P. Jackson, deputy secretary of the Homeland Security Department, at a news conference yesterday at Reagan National Airport.

Airline and passenger groups had been privately pushing authorities to alter the bans, which were implemented after British authorities said they discovered a plot to bring down transatlantic flights with liquid explosives.

Trade groups reacted enthusiastically to the revisions, saying business travelers welcomed the chance to resume carrying on their luggage rather than checking most everything. The volume of checked bags rose 20 percent after the ban was enacted. "It's a really positive change for business travelers . . . because they normally wouldn't have to check their bags to get their toiletries on board," said Caleb Tiller, spokesman for the National Business Travel Association. "This is a very good change. People are pretty pleased."

James C. May, president of the Air Transport Association, a trade group that represents major U.S. airlines, said the changes "put into place a security regimen that is consistent with the threat."

Top aviation security officials said researchers have studied how liquid explosives can damage aircraft. The tests and the analysis of bomb threats led officials to change the ban, they said.

"We now know enough to say that a total ban is no longer needed from a security point of view," said Kip Hawley, the head of the Transportation Security Administration, which provides security at more than 400 U.S. airports.

Hawley added that the changes made sense because he did not want screeners "fishing around for lip gloss -- there are a whole lot of other things we want our [officers] looking for."

The new policies will be "in place for an indefinite period of time," or until new security procedures or technologies emerge to combat the threat of liquid explosives, Hawley said.

Researchers in New Mexico are testing devices designed to detect liquid explosives. Further tests on more advanced devices are planned for coming months. TSA officials are also considering the purchase of upgraded X-ray machines and more sophisticated screening devices to help them find containers of liquid explosives and other bombs at checkpoints.

Several outside security experts, who had been critical of the TSA, said they generally supported the decision to ease the bans.

Bob Hesselbein, a pilot and the chairman of the Airline Pilots Association's national security committee, said the TSA was "moving in the right direction."

"It's a sensible step on the road to revising the screening to make better sense and be more efficient," Hesselbein said.

Hesselbein and other security experts said, however, that the TSA needs to focus more on people who pose a threat and devote less time to trying to find items. "We are concerned that a great deal of time is going to be spent on whether a liquid or gel is 2 1/2 ounces or 3 ounces," Hesselbein said. "We want to make sure that our security officers are focused on the hard-to-find explosives, and we don't want to see our security diluted."

Mike Boyd, a security consultant, said the new rules were a "knee-jerk" reaction to complaints from travel groups. Boyd said the TSA has been forced to shift tactics because it has not spent enough time or money developing countermeasures. "This ban shouldn't have been in effect at all," he said.

Change In TSA Policy Rewrites Air Travel Do's And Don'ts (USAT)

By Thomas Frank

USA Today, September 26, 2006

Q: When does the new policy on liquids take effect?

A: Today.

Q: What can be carried aboard?

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A: Liquids, creams and gels can be taken through security checkpoints if they are in 3-ounce liquid containers, such as many travel-size toiletries. All of the containers must fit in a single, 1-quart, clear plastic bag.

Inside secure areas of airports, travelers can buy liquids of any size and carry them on a flight.

Q: How must liquids be carried through security?

A: They can be in the original packaging or in unmarked 3-ounce containers, which are commonly sold at drugstores.

The bag holding the containers must be removed from carry-on luggage and placed separately through X-ray machines so security screeners can easily examine them.

Q: Will plastic bags be available at security checkpoints?

A: The Transportation Security Administration won't provide bags. Many airports offer them in dispensers positioned along the lines leading to checkpoints.

Q: What about liquid medications?

A: Travelers may take prescription medicines that match the name on a ticket. Other liquids include: 4 ounces of non-prescription medications, such as eye care products; 5 ounces of low-blood-sugar treatments, including juices; and baby formula and breast milk. These items are inspected at checkpoints.

Q: Why are limits in place?

A: A ban on liquids was enforced last month after British authorities said they foiled a plot to blow up jets with liquid explosives. The TSA has eased the rules because it believes small amounts of liquids cannot do serious damage to an aircraft.

Q: How long will the limits remain?

A: "Until there's a significant process or technology improvement we can make" in finding liquid explosives at airport checkpoints, Transportation Security Administration chief Kip Hawley said.

The TSA is testing new machines that could detect liquid explosives. However, it could be months or more before those machines undergo trials at airports.

Q: What is happening in other countries?

A: Canada adopts a policy today that is almost identical to the new U.S. policy. Some European countries might follow suit.

Keep The Ban (USAT)

By Clark Kent Ervin

USA Today, September 26, 2006

The Transportation Security Administration's (TSA) decision Monday to relax the ban on carrying liquids and gels onto airplanes was as predictable as it was ill-advised.

Since the plot to use liquid explosives to blow up multiple U.S.-bound jetliners was foiled, the issue has faded from the headlines. Many travelers have vigorously opposed yet another imposition on their freedom to travel. TSA tends to relax security measures when threats seem to recede and the public complains of inconvenience.

But, from everything we know, terrorists remain determined to attack our aviation sector, and it is widely agreed explosives pose the greatest danger. That is especially true of the kinds of explosives that can be assembled from liquids and gels that, in and of themselves, are harmless. Though we have known of this threat at least since 1994, our government has yet to develop technology that can effectively counter this threat. Hence, TSA's sensible decision in August to impose a near total ban on liquids and gels.

It would be one thing if TSA had developed an effective counter-technology in the ensuing weeks, but it has not done so. Instead, it says that it has determined that small quantities of liquids and gels pose no harm, and that drinks purchased in the "sterile" areas of airports past the screening checkpoints are likewise harmless.

I am skeptical that TSA has definitively determined that small quantities of liquids and gels pose no threat. Given its track record, it is far likelier that TSA has simply determined that small quantities pose minimal threats. The problem with that is I would have said that small things such as box cutters probably could not be used to kill 3,000 people, and yet, that's what the 9/11 hijackers did.

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Moreover, if inherently innocuous items can be mixed to make a bomb, then permitting people to buy such items past the screening checkpoint at the airport and bring them onto airplanes is just as potentially dangerous as allowing people to carry on prefabricated bombs.

Air travel is already enough of a hassle; no one likes being inconvenienced any more than is necessary. Nonetheless, in the post-9/11 world, inconvenience is a small price to pay for greater security.

Clark Kent Ervin, director of the Aspen Institute's homeland security initiative, is former inspector general of the Department of Homeland Security and author of Open Target: Where America is Vulnerable to Attack.

Anthrax Not Weapons-Grade, Official Says (NYT)

By William J. Broad

The New York Times, September 26, 2006

Seeking to clear up public confusion, an F.B.I. official has reiterated the bureau's judgment that the anthrax in the letter attacks five years ago bore no special coatings to increase its deadliness and no hallmarks of a military weapon.

In theory, that finding could widen the pool of potential suspects in the unsolved case since the perpetrator would have required less skill and could have worked with more commonplace materials. What started as the largest criminal investigation in American history now, five years later, appears to be stalled.

The statement by the Federal Bureau of Investigation official contradicts an array of assessments over the years about the anthrax attacks, which in late 2001 killed 5 people and sickened 17 others. Tainted letters were dropped into a mailbox in Princeton, N.J., sending anthrax to offices of several publications and two United States senators.

Soon after, a variety of public and private experts proclaimed the deadly spores to have been specially treated to enhance their ability to float in the air and reach deep into human lungs, where they could germinate and kill their host. Some experts called the anthrax military-grade.

But the bureau official, Douglas J. Beecher, a scientist at the F.B.I. Laboratory in Quantico, Va., disputed such claims as misguided in a recent journal article.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapon production," Dr. Beecher wrote in the August issue of Applied and Environmental Microbiology. "The persistent credence given to this impression fosters erroneous preconceptions, which may misguide research and preparedness efforts and generally detract from the magnitude of hazards posed by simple spore preparations."

The F.B.I. declined to make available lead scientists in the inquiry.

The Hartford Courant and The Washington Post referred to the Beecher piece in recent articles.

William C. Patrick III, a scientist who once made germ weapons for the American military and is now a private consultant on biological defense, agreed with the F.B.I.'s assessment. "The material was good, but not weapons grade," Mr. Patrick said in an interview. "You can't make that in your basement. It requires sophisticated equipment."

The misconceptions in the case began early, reinforced by edgy public officials and federal scientists struggling to assess an unfamiliar threat quickly. In Washington, the Armed Forces Institute of Pathology studied the anthrax and found what it believed to be added silica, a signature of military anthrax.

"This was a key component," an institute official said at the time. "Silica prevents the anthrax from aggregating, making it easier to aerosolize."

Last year, Edward G. Lake, a retired computer systems analyst in Racine, Wis., self-published a book, "Analyzing the Anthrax Attacks," that documented the silica misunderstanding as well as many other federal and private blunders. "There were," Mr. Lake said in an interview, "a lot of false assumptions."

For its part, the F.B.I. has quietly but fairly consistently argued for a humdrum explanation. In November 2001, it said the culprit was probably a domestic loner with at least limited scientific expertise who was able to use laboratory equipment obtained for as little as $2,500.

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Steven J. Hatfill, a former Army biodefense expert, came under intense scrutiny in the case even as he vigorously proclaimed his innocence. His extensive ties to the American military establishment seemed like circumstantial evidence of guilt among those who saw the anthrax as highly refined and possibly of weapons-grade.

In 2003, Dr. Hatfill sued the bureau and the Justice Department, saying leaks to the news media about him and the public description of him by Attorney General John Ashcroft as a "person of interest" in the case had violated his privacy rights. He also has defamation suits pending against The New York Times, Reader's Digest and Vanity Fair.

Joseph Persichini Jr., acting assistant director of the Washington field office of the F.B.I., said in a recent statement that the bureau's "commitment to solving this case is undiminished."

"Despite the frustrations that come with any complex investigation,'' he said, "no one in the F.B.I. has, for a moment, stopped thinking about the innocent victims of these attacks — nor has the effort to solve this case in any way been slowed."

U.S. Rejects Visa For Muslim Scholar (AP)

By Larry Neumeister, Associated Press Writer

The AP, September 25, 2006

The government has rejected a prominent Muslim scholar's application to enter the country, contending that he gave support to a terrorist group, but his attorneys allege the U.S. is using charitable donations he made as a pretext for stifling his views.

Tariq Ramadan, a Swiss citizen who teaches at Oxford University, was denied a temporary business and tourism visa Thursday "based solely on his actions, which constituted providing material support to a terrorist organization," said Janelle Hironimus, a State Department spokeswoman.

Hironimus said she could not reveal specifics about Ramadan's case due to confidentiality rules regarding visa applications.

The American Civil Liberties Union said the U.S. government notified Ramadan he was being excluded because he donated $765 to French and Swiss organizations that provide humanitarian aid to Palestinians.

The ACLU said the organizations are legitimate charities in France, but the Bush administration contends the groups gave funds to the Islamic militant group Hamas, and has invoked a law allowing it to exclude individuals whom it believes have supported terrorism.

The ACLU said the decision to bar Ramadan amounts to censorship.

"This case is really about speech," said Jameel Jaffer, an ACLU lawyer. "The government is using the immigration laws as a means of silencing and stigmatizing a prominent cleric."

Ramadan has said he opposes the U.S. invasion of Iraq and U.S policies in Israel and the Palestinian territories, but that he has no connections to terrorism, opposes Islamic extremism and promotes peaceful solutions.

He said in a statement he was disappointed by the government's decision but was glad that the State Department had abandoned its initial allegation that he endorsed terrorism.

"I think it's clear from the history of this case that the U.S. government's real fear is of my ideas," he said. "I am excluded not because the government truly believes me to be a national security threat, but because of my criticisms of American foreign policies in the Middle East; because of my opposition to the invasion of Iraq; and because of my criticism of some of the Bush administration's policies with respect to civil liberties."

Hironimus defended the government's policies, saying the United States "welcomes the exchange of culture and ideas with the Islamic world." She said that in the past three years more than 450 religious scholars and leaders, the vast majority of them Muslim, had visited the United States as guests of the U.S. government.

Jaffer said the ACLU would decide whether to pursue the issue through the courts once it speaks with organizations it represents that filed a lawsuit challenging the government's exclusion of Ramadan.

Ramadan applied for a visa last year that would allow him to temporarily visit the United States to lecture or attend conferences, as he had prior to 2004 when he had spoken at Harvard University, Stanford University and elsewhere.

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When the State Department did not rule on the application, the ACLU brought a lawsuit on behalf of several groups which had invited Ramadan to speak to force it to act.

In June, U.S. District Judge Paul A. Crotty in Manhattan ordered the government to rule on Ramadan's application within three months.

WAR NEWS:

Democrats Focus On Terrorism Report In Attacks On Bush (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, September 26, 2006

Democratic lawmakers yesterday seized on elements of a new classified intelligence assessment as validation of their long-standing position that the Iraq war has been a distraction from the broader war against terrorists, seeing the new study as an opportunity to undermine President Bush's determined offensive to turn terrorism to political advantage in the midterm elections.

A classified National Intelligence Estimate, completed in April but disclosed in news reports over the weekend, offers the U.S. intelligence community's first formal evaluation of global trends in terrorism since the April 2003 invasion of Iraq. U.S. officials said the report concludes that the Iraq war has fueled the growth of Islamic extremism and terror groups, but White House officials responded that the reports reflected a selective and distorted interpretation of the study.

Democratic lawmakers said the NIE finding undermines Bush's frequent claim that the toppling of Saddam Hussein's government has made the world more secure and confirms the need for a major change in strategy in Iraq. The findings were featured prominently at a hearing Senate Democrats held yesterday to review the conduct of the war and were cited by several retired generals offering harsh critiques of the administration's preparation for the Iraq war.

"The report underscores that the longer Bush and his enablers . . . keep us in Iraq, the more we undermine our own security," said Democrat Paul Hodes, who is seeking to oust incumbent Rep. Charles Bass (R-N.H.).

After weeks in which White House officials believed they had partly succeeded in reframing the elections around terrorism, rather than Iraq, the new report threatened to reverse those gains. Democrats also sought to benefit from a new interview Bush gave to CNN, in which the president said, "When the final history is written on Iraq, it will look just like a comma, because there is . . . a strong will for democracy." They said it was a sign that he was lightly dismissing the war in Iraq.

Administration officials rejected calls from Democrats -- and some Republicans -- to release an unclassified version of the report, and one official said the NIE discussed how the Iraq war has been used as a propaganda tool by terror groups.

Frances Fragos Townsend, the top White House adviser on terrorism, said one paragraph in nine pages of "key judgments" from the intelligence community discusses how "the war in Iraq is being used by extremists to spread the global extremist message," but added, "It does not say it has made us less safe." The "one thing that would make us less safe" is an immediate withdrawal of U.S. troops from Iraq, she added.

Senate Majority Whip Mitch McConnell (R-Ky.) noted that there have been no attacks on the United States since Sept. 11, 2001, and he described the new reports as "selective leaks put out within five or six weeks of the election designed to help the Democrats get control of the Congress."

According to officials familiar with the classified report interviewed by The Washington Post over the weekend, the study found that rather than contributing to eventual victory in the international counterterrorism struggle, the war in Iraq has worsened the U.S. position. Many experts on terrorism regard that finding as unexceptional -- indeed the CIA predicted it before the Iraq invasion -- but it runs counter to the argument presented by the president and his senior advisers.

Bush has repeatedly claimed that he attacked Iraq to defeat terrorists, accused Hussein of sponsoring terrorists and, as he put it in a speech last month to the American Legion, considers the world "better off" with "the tyrant gone from power" in Baghdad. He has described Iraq as the "central front" in the war against terrorists, noting frequently how Osama bin Laden has urged his followers to go to Iraq to fight the Americans.

In a recent round of speeches on terrorism tied to the fifth anniversary of the Sept. 11 attacks, Bush did not directly address the issue of whether the war in Iraq has spawned a surge in Islamic radicalism and terrorism.

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White House press secretary Tony Snow declined to say yesterday whether the president agrees with the conclusion that Iraq has made terrorism worse. "I am not going to parse that particular statement," he said. "If we leave before we have a stable democracy, it will certainly embolden terrorist organizations."

One prominent GOP pollster said the new disclosures could put at risk any gains the White House may have made in recent weeks tying the war in Iraq to a broader war on terrorism. "Anything that undermines the connection between the war on terrorism and the war in Iraq is not helpful to us," said pollster Tony Fabrizio. "If nothing else, it puts the president on the defensive."

At yesterday's Democratic hearing, several retired generals said the NIE buttressed their complaints that the administration had prepared inadequately for the Iraq invasion and its aftermath.

"If we had seriously laid out and considered the full range of requirements for the war in Iraq, we would likely have taken a different course of action that would have maintained a clear focus on our main effort in Afghanistan, not fueled Islamic fundamentalism across the globe," said retired Maj. Gen John Batiste, former commander of the Army's 1st Infantry Division.

Senate Intelligence Committee Vice Chairman John D. Rockefeller IV (D-W.V.) called for the report to be declassified, saying its contents would not expose intelligence sources or intelligence-gathering methods. House Minority Leader Nancy Pelosi (D-Calif.) penned a letter to House Speaker J. Dennis Hastert (R-Ill.), demanding hearings on the estimate's conclusions.

Sen Pat Roberts (R-Kan.), chairman of the Intelligence Committee, joined in the call to declassify the new NIE. He said the administration should do so, so "the American people can see the material for themselves and come to their own conclusions," adding: "There is a false impression that the NIE focuses solely on Iraq and terrorism. That is not true. This NIE examines global terrorism in its totality."

Staff writer Walter Pincus contributed to this report.

Replace Rumsfeld, Say Ex-military Men (WT)

By Amy Fagan

The Washington Times, September 26, 2006

Retired military leaders yesterday told Senate Democrats that Defense Secretary Donald H. Rumsfeld should be replaced, saying he botched the war in Iraq.

Democrats said their long-standing criticisms of the administration are validated by a leaked intelligence assessment that reportedly found the Iraq war has helped spur more Islamic radicals.

Senate Minority Leader Harry Reid said April's National Intelligence Estimate (NIE), as described Sunday by the New York Times and The Washington Post, states "what many of us have been saying for months" about U.S. efforts in Iraq.

"It has made us less secure as a nation," the Nevada Democrat said as the Democratic Policy Committee opened it's first in a series of hearings to examine the war's planning and execution, leading up to November's elections.

According to the news stories, the intelligence report found Islamic radicalism has spread across the globe and the war in Iraq has contributed to that.

White House spokesman Tony Snow yesterday said the report "assesses that a variety of factors, in addition to the Iraq war, fuel the spread of jihadism, including longstanding social grievances, slowness of the pace of reform and the use of the Internet."

He said "it also notes that should jihadists be perceived to have failed in Iraq, fewer will be inspired to carry on the fight."

"In short, the news reports contain nothing that the president hasn't said," Mr. Snow told reporters.

Democrats said the administration should make the report public but Carl Kropf, a spokesman for Director of National Intelligence John Negroponte, said in an e-mail message that "there is no indication that this NIE will be declassified."

During yesterday's hearing, three retired military leaders who served in Iraq told several Senate Democrats and one House Republican -- Rep. Walter B. Jones of North Carolina -- that Mr. Rumsfeld must go because he ignored advice for more troops, failed to make a post-invasion plan or equip troops properly and hid information from the public.

"I believe that Secretary Rumsfeld and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq," retired Army Maj. Gen. John R.S. Batiste told the panel. Mr. Batiste, a self-described Republican who has been criticizing Mr. Rumsfeld for months, said the secretary "forbade military planners from developing

plans for securing a postwar Iraq" and helped create the current insurgency by ignoring the potential for one, though it was "an absolute certainty."

Retired Army Maj. Gen.Paul D. Eaton, who criticized Mr. Rumsfeld in the New York Times last spring, said the post-invasion effort in Iraq is about 60,000 troops short of what it needs for success and that the Army "is in terrible shape," lacking proper equipment and resources. He said Mr. Rumsfeld falls short "strategically operationally and tactically."

Retired Marine Col. Thomas X. Hammes said administration leaders have "failed to acknowledge we are in a war" and has not provided sufficient equipment, adequately supported the efforts to train Iraqis or asked Americans to make any wartime sacrifices.

All three of the retired leaders, however, backed up the administration assertion that pulling out of Iraq now would be disastrous and cause a dangerous regional instability. Mr. Rumsfeld said yesterday he has no intention of resigning and Senate Republicans sent out a long list of retired military leaders who strongly and publicly support him.

Republicans called the Democrats' hearing a "stunt" and accused Democrats of ignoring anti-terrorism legislation.

"Today's 'hearing' is an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security," said Sen. John Cornyn, Texas Republican. "I just wish that they would spend as much effort working with Republicans on passing the terrorist surveillance bill, passing military tribunal legislation and approving key anti-terror nominees, as they do on blocking, blaming and holding election-year stunts."

cRowan Scarborough and Bill Gertz contributed to this story.

Senators Call For Release Of Intelligence Estimate On Terrorism (NYT)

By Mark Mazzetti

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — The top Republican and Democratic members of the Senate Intelligence Committee called on Monday for the White House to declassify the National Intelligence Estimate on terrorism that was produced in April.

But Bush administration officials said they did not intend to make the document public.

The existence of the document was disclosed over the weekend by The New York Times. According to American officials who have read the document, its conclusions include a judgment that the American invasion and occupation of Iraq have helped fuel the global jihad movement and that Islamic radicalism has spread since the Sept. 11, 2001, attacks.

Senators Pat Roberts, the Kansas Republican who is committee chairman, and John D. Rockefeller IV of West Virginia, the ranking Democrat, said the report should be released to improve understanding of the terrorism threat that the United States faces.

“I think the administration should declassify this document so the American people can see the material for themselves and come to their own conclusions,” Mr. Roberts said in a statement.

Mr. Roberts and Mr. Rockefeller said the estimate should be stripped of sensitive material before being released.

The estimate also cites progress in attacking terrorist networks throughout the world, particularly efforts to kill or capture Qaeda senior leaders, they said.

White House officials said Monday that making the information public would only help terrorists gain a better understanding of how much the United States knows of their operations.

“What we don’t want to do is tell them what we know so they know how to operate around that,” Frances Townsend, the White House domestic security adviser, said in an interview on CNN. “The leaking of classified documents is always very dangerous, and it’s particularly dangerous in this case.”

The intelligence estimate is the first formal assessment of the terrorism threat by American spy agencies since the Iraq war began in 2003.

It is the consensus of the 16 spy agencies across government.

The counselor to the president, Dan Bartlett, told CNN on Monday that releasing the report would have a chilling effect on the intelligence analysts “who are trying to give very candid advice or very candid estimates.”

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In the House, Democrats promised to continue pressing the White House to release the document and wrote a letter to Speaker J. Dennis Hastert of Illinois calling for formal hearings into the findings.

Among those who signed the letter was Representative Jane Harman of California, the top Democrat on the House Intelligence Committee.

U.S. Urged To Release Terror Assessment (AP)

By Katherine Shrader

AP, September 26, 2006

The top Republican and Democrat on the Senate Intelligence Committee urged the Bush administration Monday to declassify the most recent, high-level intelligence assessment on global terror — a report that has given new fervor to the election-year debate about how the Iraq war has changed security threats.

Chairman Pat Roberts, R-Kan., said the American people should be able to see a public version of the report and draw their own conclusions about its contents. So far, he said, the public discussion has given the "false impression" that the National Intelligence Estimate focuses exclusively on Iraq and terrorism.

"That is not true," Roberts said, noting that the committee has had the report since April. "This NIE examines global terrorism in its totality."

In a letter to National Intelligence Director John Negroponte, West Virginia Sen. Jay Rockefeller, the committee's top Democrat, said declassifying the report's conclusions would provide a complete picture of the report and "contribute greatly to the public debate" on counterterrorism policies.

The report distills the thinking of senior U.S. intelligence analysts working throughout the nation's 16 spy agencies. Its conclusions are considered to be the voice of the U.S. intelligence community.

The New York Times first reported Saturday that the highly classified assessment finds that the U.S. invasion of Iraq has helped fuel a new generation of extremists and that the overall terror threat has grown since the attacks of Sept. 11, 2001 — a conclusion at odds with President Bush's assertions that the nation is safer.

But Bush administration officials including Negroponte are contesting the media accounts, saying they describe only a portion of the conclusions and therefore distort the analysts' findings on trends in global terrorism.

Negroponte was to speak at a dinner in Washington Monday night.

As the November election approaches, the report has touched off an intense political debate about the impact of Iraq on U.S. security and the Bush administration's ability to go after terrorists.

House Minority Leader Nancy Pelosi, D-Calif., said Osama bin Laden and other Sept. 11 planners have not yet been brought to justice and Bush should read the intelligence carefully "before giving another misleading speech about progress in the war on terrorism." She and 10 other Democratic leaders asked House Speaker Dennis Hastert, R-Ill., to hold hearings on the document's findings.

Intelligence officials don't normally discuss such high-level assessments in public before they are declassified. Yet in an unusual statement issued Sunday, Negroponte said the intelligence estimate "highlights the importance of the outcome in Iraq on the future of global jihadism."

He said the document concludes that "should the Iraqi people prevail in establishing a stable political and security environment, the jihadists will be perceived to have failed and fewer jihadists will leave Iraq determined to carry on the fight elsewhere."

At a speech in April, also believed to draw from the intelligence assessment, Negroponte's deputy at the time, Gen. Michael Hayden, said the centrality of the fight in Iraq and the diffusion of radical Islamic groups reinforce each other.

"We must understand the deep underlying realities there, and more importantly how it is routinely portrayed in Islamic media, continues to cultivate supporters for the global jihadist movement," he said.

Hayden said the threat from "self-radicalized" cells that are not necessarily tied to al-Qaida or some other central organization will also grow in importance. "The homeland will not be immune to such cells, but the threat will be especially acute abroad," he said.

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Frances Townsend (CSM)

By David Cook

The Christian Science Monitor, September 26, 2006

Frances Townsend, assistant to the president for homeland security and counterterrorism, is a self-described worrier.

At a breakfast Monday with reporters she quipped, "If we were going to go through the long list of things that bother me and that I worry about, we would be here for lunch."

Given the life and death issues she oversees, Townsend's concerns are understandable. Her assignment is coordinating efforts to battle terrorists and protect the nation by a host of disperate government actors, including the fledgling Homeland Security Department, the FBI, the CIA, and the Justice Department.

The youthful and outgoing Townsend is a rarity in Washington - someone who worked in the top reaches of both the Clinton and the Bush administrations. President George Bush has entrusted her with a crucial portfolio. During Bill Clinton's presidency, Townsend rose through a series of increasingly influential Justice Department positions and ended up as counsel to Attorney General Janet Reno for Intelligence Policy.

Townsend spent much of Monday morning responding to a spate of terrorism related stories that broke over the weekend.

On Saturday, the New York Times website reported that the classified National Intelligence Estimate (NIE) said that the war in Iraq had made the overall problem of terrorism worse by fueling a new generation of Islamic radicalism. The document is a consensus view produced by the 16 spy agencies within the US government.

Townsend's response: "It is not clear to me that the headline we saw ... that America is less safe, is actually contained in the NIE. The statements that were leaked, once again it was classified information, and that is always damaging. And secondly, what I would say ... is most damaging, frankly, as the director of national intelligence said yesterday, [is that] it is taken out of context. This was a multi-page report which looked at the course of the developing enemy and [is] not inconsistent with what the president said, that ... this network is changing. We have not only a centralized structure where Al Qaeda is the most dangerous enemy, but we also have these more dispersed networks."

Townsend was asked why the US should stay in Iraq if the war there makes the problem of terrorism worse. Her response: "To leave Iraq would make us less safe. There is no question based on the statements by [Osama] bin Laden and [Ayman] Zawahiri. They very much view Iraq as the central front on the war on terror."

A number of the questions at the breakfast were triggered by the stormy interview Fox News anchor Chris Wallace had with former President Clinton. The interview aired on Fox News Sunday.

During the interview, Clinton said that the current administration "thinks Afghanistan is one seventh as important as Iraq." He also said that if he were president, he would have more than 20,000 troops looking for Osama bin Laden. "I got closer to killing him than anybody's gotten since. And if I were still president, we'd have more than 20,000 troops there trying to kill him," a visibly angered Clinton told Wallace.

When asked if the Bush administration had misallocated resources in the war on terror by shortchanging efforts in Afghanistan, Townsend responded: "It is not just a question of our allocation of forces, remember we've got NATO and coalition forces there. This is a coalition effort. And yeah, we are satisfied. We are satisfied with the effort there. This has been of primary importance [not only] among our military, but also among our intelligence and law enforcement communities as well."

Townsend said she was offended by some of President Clinton's remarks on Fox News Sunday. When asked why she took offense, Townsend responded: "It is not terribly productive at this stage to spend a whole lot of time looking back. We have the 9/11 Commission Report. We have done that and ... the looking back piece I don't find a terribly fruitful topic of discussion. I think it is unfair to suggest, whatever the agreements or disagreements are between the two administrations in terms of their approach,... that anybody doesn't take this threat seriously, doesn't want to stop the next attack. When I say it offends me, it offends me the notion that anybody wants to see that happen again or isn't doing everything that they believe is legitimately within their power to do. It appeared in the heat of the moment that the president was angry, he felt attacked, and he reacted."

When she was asked about reports, which started in the French press, that Osama bin Laden was either dead or seriously ill, Townsend responded: "The world will be a better, safer place without him however he leaves us, whether that is being brought to justice, being killed, or getting sick. I have not seen any evidence or intelligence to suggest the report is true." Later, Ms.

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Townsend added, "I can't say anything about his health or his demise because it would require me to get into classified information."

Townsend was asked for an update on the alleged terrorist plot to use liquid explosives to destroy planes traveling between the United Kingdom and the US. Her response: "We have felt mightily constrained in our public comments because of British law. There are Pakistani British citizens and Pakistani immigrants in Great Britain who have come up repeatedly, over and over in terms of these cases. Is that a concern to us? Yes, it is and you can imagine it is even a greater concern to our British allies. Based on my own experience, I will be surprised at the end of the investigation if we don't come to find links back to Al Qaeda, given what we currently know."

Townsend's experience - and rapid rise - is due in part to what she has called her "triple type-A" personality. She is the first person in her family to graduate from high school. She went on to graduate with honors from American University with a BA in political science and then earned her law degree at the University of San Diego. Her legal career began in 1985 as an assistant DA in Brooklyn. Three years later, she was hired by Rudolph Giulani in the Manhattan US Attorney's office and focused on white collar crime.

Ms. Townsend returned to Washington in 1993. Early in the Bush administration, she was assistant commandant of the Coast Guard for intelligence. She moved to the White House in 2003 and assumed her current position in May 2004.

More Leaks, Please (WP)

By Robert Kagan

The Washington Post, September 26, 2006

Questioning the Iraq Intelligence Report

It's too bad we won't get to see the full National Intelligence Estimate on "Trends in Global Terrorism" selectively leaked to The Post and the New York Times last week. The Times headline read "Spy Agencies Say Iraq War Worsens Terrorism Threat." But there were no quotations from the NIE itself, so all we have are journalists' characterizations of anonymous comments by government officials, whose motives and reliability we can't judge, about intelligence assessments whose logic and argument, as well as factual basis, we have no way of knowing or gauging. Based on the press coverage alone, the NIE's judgment seems both impressionistic and imprecise. On such an important topic, it would be nice to have answers to a few questions.

For instance, what specifically does it mean to say that the Iraq war has worsened the "terrorism threat"? Presumably, the NIE's authors would admit that this is speculation rather than a statement of fact, since the facts suggest otherwise. Before the Iraq war, the United States suffered a series of terrorist attacks: the bombing and destruction of two American embassies in East Africa in 1998, the terrorist attack on the USS Cole in 2000, and the attacks of Sept. 11, 2001. Since the Iraq war started, there have not been any successful terrorist attacks against the United States. That doesn't mean the threat has diminished because of the Iraq war, but it does place the burden of proof on those who argue that it has increased.

Probably what the NIE's authors mean is not that the Iraq war has increased the actual threat. According to the Times, the report is agnostic on whether another terrorist attack is more or less likely. Rather, its authors claim that the war has increased the number of potential terrorists. Unfortunately, neither The Post nor the Times provides any figures to support this. Does the NIE? Or are its authors simply assuming that because Muslims have been angered by the war, some percentage of them must be joining the ranks of terrorists?

As a poor substitute for actual figures, The Post notes that, according to the NIE, members of terrorist cells post messages on their Web sites depicting the Iraq war as "a Western attempt to conquer Islam." No doubt they do. But to move from that observation to the conclusion that the Iraq war has increased the terrorist threat requires answering a few additional questions: How many new terrorists are there? How many of the new terrorists became terrorists because they read the messages on the Web sites? And of those, how many were motivated by the Iraq war as opposed to, say, the war in Afghanistan, or the Danish cartoons, or the Israel-Palestine conflict, or their dislike for the Saudi royal family or Hosni Mubarak, or, more recently, the comments of the pope? Perhaps our intelligence agencies have discovered a way to examine, measure and then rank the motives that drive people to become terrorists, though I tend to doubt it. But any serious and useful assessment of the effect of the

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Iraq war would, at a minimum, try to isolate the effect of the war from everything else that is and has been going on to stir Muslim anger. Did the NIE attempt to make that calculation?

Such an assessment would also require some estimate of what the terrorist threat would look like today if the war had not happened. For instance, did the authors of the NIE calculate the effect of the Sept. 11 attacks on the recruitment of terrorists or the effect of the bombings in Madrid and London? It is certainly possible that these events produced an increase in would-be terrorists by showing the possibility of sensational success. So if there is an overall increase, how much of it was the result of Iraq or the Danish cartoons or other perceived Western offenses against Islam, and how much of it is a continuing response to al-Qaeda's own terrorist successes before, on and after Sept. 11?

Finally, a serious evaluation of the effect of the Iraq war would have to address the Bush administration's argument that it is better to fight terrorist recruits in Iraq than in the United States. This may or may not be true, although again the administration would seem to have the stronger claim at the moment. But a serious study would have to measure the numbers of terrorists engaged in Iraq, and the numbers who may have been killed in Iraq, against any increase in the numbers of active terrorists outside Iraq as a result of the war. Did the NIE make such a calculation?

There is, in addition to all this, a question of context. What should we do if we believe certain actions might inspire some people to become potential terrorists? Should we always refrain from taking those actions, or are there cases in which we may want to act anyway? We have pretty good reason to believe, for instance, that the Persian Gulf War in 1991, and the continuing presence of American troops in Saudi Arabia after the war, was a big factor in the evolution of Osama bin Laden and al-Qaeda. We are pretty sure that American support of the Afghan mujaheddin against the Soviet occupation forces in the late 1970s and early '80s also contributed to the growth of Islamic terrorism.

Knowing this, would we now say that we made a mistake in each of those cases? Would an NIE argue that we would be safer today if we had not helped drive the Soviets from Afghanistan or Saddam Hussein from Kuwait? The argument in both cases would be at least as sound as the argument about the most recent Iraq war.

In fact, the question of what actions make us safer cannot be answered simply by counting the number of new terrorist recruits those actions may inspire, even if we could make such a count with any confidence. I would worry about an American foreign policy driven only by fear of how our actions might inspire anger, radicalism and violence in others. As in the past, that should be only one calculation in our judgment of what does and does not make us, and the world, safer.

Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes a monthly column for The Post. His book "Dangerous Nation," a history of American foreign policy, will be published next month.

Declassify The Terrorism NIE (WSJ)

The Wall Street Journal, September 26, 2006

As media scoops go, those based on "classified" information seem to have a special cachet. But judging from the latest, selective intelligence leak about terrorism, we wonder if anyone would bother to read this stuff if it didn't have the word "secret" slapped on it.

That's our reaction to Sunday's New York Times report claiming that a 2006 national intelligence estimate, or NIE, concludes that "the Iraq war has made the overall terrorism problem worse," according to one of the unidentified "intelligence officials" cited in the article. This is supposedly because the war has provoked radical Islamists to hate America even more than they already did before they hijacked airplanes and flew them into buildings. If this is the kind of insight we pay our spooks to generate, we're in more trouble than we thought.

It's impossible to know how true this report is, of course, since the NIE itself hasn't been leaked. The reports are based on what sources claim the NIE says, but we don't know who those sources are and what motivations they might have. Since their spin coincides rather conveniently with the argument made by Democratic critics of the war, and since this leak has also conveniently sprung in high campaign season, wise readers will be skeptical.

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The White House responded yesterday by saying the full NIE on "Trends in Global Terrorism" is far more nuanced and complex than the press reports claim. Spokesman Tony Snow added that one "thing the reports do not say is that war in Iraq has made terrorism worse." So here's our suggestion for President Bush: Declassify the entire NIE.

It's not as if NIEs usually contain sensitive raw intelligence. They're more like Council on Foreign Relations reports, full of consensus analysis and glorified by the mere fact of being "secret." To the extent that any passages might compromise sources and methods, those parts could be redacted or summarized. Meanwhile, disclosure would give the American public a valuable window into the thinking that goes on at places like the CIA. Since some of our spooks are leaking selectively to make the President look bad, Mr. Bush should return the favor by letting the public inspect the quality of analysis that their tax dollars are buying.

Releasing the NIE would also show that the White House has learned something since 2003, which is when the last pre-election bout of selective intelligence leaks began. That leak du jour claimed that an October 2002 NIE had contradicted Mr. Bush's claims in his State of the Union address about Iraq seeking uranium in Africa. We happened to gain access to the complete NIE, however, and reported on July 17, 2003, that the leaked accounts were incomplete and misleading. The Senate Intelligence Committee vindicated our account a year later, but the Bush Administration could have reduced the political damage by declassifying that 2002 NIE immediately.

As for the substance of the 2006 NIE's alleged claims, does anyone doubt that many jihadis are rallying against the American presence in Iraq? The newspapers tell us that much every day. Whether the war in Iraq has produced more terrorist hatred than would otherwise exist, however, is a matter of opinion and strategic judgment.

We recall, for example, that one of Osama bin Laden's justifications for declaring war against the U.S. was American enforcement of sanctions and a no-fly zone against Iraq before the 2003 invasion. Bin Laden didn't need the war to hate us. More broadly, the liberation of Iraq and Afghanistan has deprived the jihadis of two safe havens and sources of funds. So while there are still many al Qaeda-type terror cells out there, there's no reason to believe they are any more dangerous now than before April 2003. Abu Musab al-Zarqawi, one of the terrorists who was harbored in Iraq before the war, certainly isn't any more dangerous; he's dead.

The real issue at stake here is a political and policy fight over the future of Iraq. The Democrats claim that Iraq is a "distraction" from the war on terror and so a rapid U.S. withdrawal would leave the U.S. with more resources to fight elsewhere. Mr. Bush says Iraq is now the central front in the war on terror, and that withdrawing would create a vacuum that the Islamists would fill and give them a potential new state-supported base of operations. That's the choice voters really ought to be thinking about as they go to the polls in November, and if the NIE has something useful to say about that debate, Mr. Bush should disarm the selective leakers in his bureaucracy by making it public.

Qaeda Operative, An Escapee In ’05, Is Killed In Iraq (NYT)

By Sabrina Tavernise

The New York Times, September 26, 2006

BAGHDAD, Sept. 25 — A senior operative of Al Qaeda who engineered a brazen escape from a high-security American prison in Afghanistan last year was killed Monday in a predawn raid by British soldiers in a quiet, wealthy neighborhood in southern Iraq, an American official and an official in Basra said.

About 250 soldiers wearing night-vision goggles and carrying specially equipped rifles stormed a house in the Junainah neighborhood of Basra, intending to capture the operative, whom the spokesman for the British military in Iraq identified as Omar al-Faruq, an Iraqi. They were fired upon as they entered, and shot back, killing Mr. Faruq.

The British military spokesman, Maj. Charles Burbridge, said Mr. Faruq was “a terrorist of considerable significance” who had been hiding in Basra, but declined to say whether he was the same man who had escaped from the American military detention center in Bagram, Afghanistan, in July 2005. An American official in Washington and an official in Basra, neither of whom was authorized to speak publicly on the subject, said Mr. Faruq was the same man.

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At the time of his arrest, in Jakarta, Indonesia, in June 2002, Mr. Faruq was described as one of the most important Qaeda figures ever captured by the United States. He told C.I.A. interrogators at Bagram that he had been sent to the region to plan large-scale attacks against American embassies and other targets in Southeast Asia.

Bush administration officials said in 2002 that he had given them information about an impending Qaeda attack in the region that year, not long before a bomb blast on the Indonesian island of Bali killed more than 180 people.

After his arrest, he was transferred to the American detention center at Bagram, 40 miles north of Kabul, where he was held by the military. Military personnel said in an interview last year that he was taken from the detention center by C.I.A. operatives. He had been sent back to Bagram by the time of his escape and was on a list of prisoners marked for transfer to Guantánamo Bay, Cuba, military officials said. In a videotape released on the Internet this year, a man identified as Faruq al-Iraqi, or Faruq the Iraqi, recounted roughly the same chronology.

The escapes embarrassed the United States, and American military officials at Bagram disclosed them only belatedly. The fact that Mr. Faruq was among those who got out emerged much later — during an unrelated Army trial in November 2005 of a sergeant who had been accused of mistreating him in 2002.

Though Iraq is awash with insurgents who identify themselves as members of Al Qaeda, the most senior Qaeda leaders have rarely been Iraqi. Abu Musab al-Zarqawi, killed this year, was a Jordanian, and Ayman al-Zawahri is an Egyptian.

But Mr. Faruq, who was born in 1969 to Iraqi parents, grew up in Kuwait, according to a Basra police official and American and British military officials. In Kuwait, he would have had better access to radical Islamic networks, because Saddam Hussein ran Iraq as a police state and did not allow radical Islam to spread.

Even so, many Iraqis who had lived for years in Kuwait were ejected by that government after Iraq invaded in 1991. Mr. Faruq's family, it appears, was among the returnees: his mother and two brothers live in Iraq, according to a neighbor of the family in Basra, and the spokesman for the Basra police, Col. Abdul Kareem al-Zaidy.

It was not clear how Mr. Faruq came to be in Iraq. Even with his Iraqi roots, it was unusual for him to surface here. Crossing borders — even Iraq's relatively porous ones — would have been tricky because he was so well known in intelligence circles. His choice of hiding places is even more puzzling: southern Iraq is a Shiite region where a small Sunni Arab minority is increasingly persecuted, and moving around in the area would have been difficult.

"It's surprising for someone like him to be able to make it to Iraq, where everyone knows how he looks," said Rita Katz, director of SITE, a Washington group that tracks Islamic militants. "The guy has long Al Qaeda records."

According to the neighbor who lives next door to the house where Mr. Faruq was killed, who gave only his first name, Ali, Mr. Faruq entered Iraq from Kuwait about 20 days ago. He had been staying with a brother, Tariq, in the town of Zubayr, the one large Sunni enclave just south of Basra, about 20 miles from the Kuwait border, Ali said. He said he had learned of Mr. Faruq's return from another of his brothers, Mohamed.

Mr. Faruq's mother, who lives in Basra, had fallen ill, and Mr. Faruq arrived for a visit within the past few days, Ali said.

Major Burbridge said the British soldiers had received intelligence about where Mr. Faruq would be and when, "and acted on it very quickly."

Colonel Zaidy, the Basra police spokesman, said by telephone from Basra on Monday night that in Iraq the man went by a different name, Mahmoud Ahmed Mohamed al-Rashid. The tribal name is common for Sunni Arabs in Basra.

Since his jailbreak in 2005, in which he and three other detainees picked the lock on their cell, changed out of their uniforms and sneaked out of the base to a getaway vehicle, Mr. Faruq appears to have been active among Islamic groups in Afghanistan. He has surfaced in references on Islamist Web sites several times, and was featured in a videotape at least once.

The videotape, released in February 2006, shows a man identified as Faruq al-Iraqi dressed in an Arab headdress and a long-sleeve, button-down white shirt with ammunition strapped to his chest and seated under a leafy tree.

Speaking animatedly and gesturing with a small stick, the man spoke of his experience in the American prison system in Afghanistan. At first, he said, he was asked routine questions and later was transferred to a center nicknamed the "prison of darkness," because there was no light inside. He said he was abused, with cords tied tightly around his wrists and music played at excruciating volumes.

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He said that interrogators accused him of destroying the World Trade Center, and that they would blast the sound of an explosion, saying it was the planes hitting the towers, and then of people screaming. He straightened up and let out a shout to imitate the sound.

More is known about Mr. Faruq's life than about those of many other insurgent leaders, though much of the information has come from the interrogation of Abu Zubaydah, a senior Qaeda operative in American custody. Mr. Faruq was said to have accompanied Mr. Zawahri, Al Qaeda's leading strategist, on a visit to Aceh, Indonesia, and, according to a C.I.A. report cited by Time magazine in 2002, was responsible for a series of bombings in Indonesia in 2000 that killed more than a dozen people.

Ali, the neighbor in Basra, said Mr. Faruq had usually worn a beard but was now clean shaven. He said his family was looking for a wife for him. He was said to have married in Indonesia before his arrest.

Colonel Zaidy said Mr. Faruq's body had been hit with five bullets.

Versions of the raid differed. Major Burbridge said the British soldiers were able to "achieve an element of surprise" in the raid, in part because it was nighttime but also because the neighborhood was quiet and relatively peaceful. He said Mr. Faruq was alone in the house, though Ali said he saw one of Mr. Faruq's relatives outside during the raid. The man asserted that British soldiers had put a bag over his head.

"It's regrettable that as a result of an exchange of fire he died," Major Burbridge said.

Ali said that he heard sounds of a scuffle and that the British soldiers shouted at someone to stop. A man's voice answered "God is great" in Arabic.

Also on Monday, Iraqi members of Parliament began forming committees to discuss new rules that would allow for the creation of large federal regions, an extremely divisive issue here. Politicians decided recently to postpone any detailed new guideline until 2008.

At least eight people were killed in Iraq on Monday, and more than a dozen were wounded, Iraqi officials said.

The American military reported that insurgents shot an American soldier near Mosul on Monday. The soldier later died from the wounds.

British Forces Kill Leading Terrorist (AP-Y)

By Patrick Quinn, Associated Press Writer

AP, September 26, 2006

British forces shot and killed a leading al-Qaida terrorist Monday more than a year after he embarrassed the U.S. military by making an unprecedented escape from a maximum security military prison in Afghanistan, officials said.

Omar al-Farouq was gunned down after he opened fire on British forces during a raid on his home in Basra, 340 miles southeast of Baghdad, British forces spokesman Maj. Charlie Burbridge said.

Burbridge said he could not comment on whether it was the same man who allegedly led al-Qaida's Southeast Asia operations, citing British policy not allowing him to link an individual to a specific organization.

But a Basra police officer, speaking on condition of anonymity for security reasons, said it was the same man. The officer said al-Farouq entered Iraq three months ago, was known to be an expert in bomb making and went by the name Mahmoud Ahmed while in Basra.

Al-Farouq and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, but the Pentagon waited until November to confirm his escape. The delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States.

In Indonesia last November, al-Farouq's wife said the U.S. government should have put her husband on trial.

"My husband was kidnapped by America but they never officially told us ... for more than three years," Mira Agustina said then. "I don't believe that my husband was a terrorist. He is only an ordinary man who cried when he watched movies about violence."

"I was shocked when news broke that my husband was a terrorist wanting to kill many people," she said, adding that she told her two daughters that their father had gone off to America "to work."

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But a top security consultant in Indonesia, Ken Conboy, told The Associated Press last year that al-Farouq joined al-Qaida in the early 1990s and trained in Afghanistan for three years before unsuccessfully trying to enroll at a flight school in the Philippines so he could commandeer an airplane on a suicide mission.

He later plotted to stage car and truck bombings at U.S. embassies across Southeast Asia on or near the first anniversary of the Sept. 11 terror attacks, but the plan was thwarted and he was captured, Conboy said.

It was not known why al-Farouq fled to Iraq, but officials have said he was born in Kuwait to Iraqi parents. In the interview last year, Conboy played down concerns that al-Farouq would go to Southeast Asia.

"He's Iraqi after all. If he's not hiding out (in Afghanistan or Pakistan), he's probably headed to Iraq to join the fight there," Conboy said then.

Al-Farouq and the three other escapees boasted about their breakout from Bagram on a video broadcast in October 2005 on Al-Arabiya television. They claimed to have plotted their escape on a Sunday when many Americans on the base were off duty. One of the four, Muhammad Hassan, said to be Libyan, said he picked the lock of their cell.

In the video, apparently filmed in Afghanistan, the men show fellow militants a map of the base and the location of their cell. Another shot in the video showed Hassan leading a prayer.

Some 250 British troops from the Princess of Wales' Royal Regiment took part in the raid on al-Farouq's home Monday.

"We had information that a terrorist of considerable significance was hiding in Basra. As a result of that information we conducted an operation in an attempt to arrest him," Burbridge told the AP by telephone from southern Iraq. "During the attempted arrest Omar Farouq was killed, which is regrettable because we wanted to arrest him," Burbridge said.

In Baghdad, meanwhile, Iraqi politicians praised a deal Monday among the largest Shiite, Sunni Arab and Kurdish groups that delays a possible division of Iraq until the constitution is amended.

But Iraq's second-largest Sunni group rejected the deal and promised to fight any effort to divide the country now or in the future.

Saleh al-Mutlaq's National Dialogue Front also accused Iraq's biggest Sunni Arab coalition of ignoring "the will of the people" by signing on to the deal and suggested it had betrayed the community for political gain.

Legislators formed a 27-member committee Monday to begin talking about amending the constitution. It will take about a year to review any changes and get them approved — first by parliament and then by referendum.

The separate Shiite-sponsored federalism bill will be read to the legislature Tuesday and debated for two days. It could be voted into law as early as Oct. 5.

Although the deal allows Shiites to gain quick approval for their legislation, it makes them wait 18 months before it can become law. In the meantime, Sunni Arabs have a year to try to hammer out a deal to amend the constitution in an effort to dilute the federalism law.

Sunni Arabs fear that if the constitution is not amended, the legislation will splinter the country and deny them a share of Iraq's oil, which is found in the predominantly Kurdish north and the heavily Shiite south.

The deal was seen by many as a victory for Sunnis. But in many respects it was a pyrrhic victory — any constitutional amendment must be approved in a referendum, which may not be supported by many Shiites or Kurds. Shiites make up 60 percent of Iraq's population of about 26 million. Kurds are about 20 percent and Sunni Arabs 15-20 percent.

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Associated Press writers David Rising and Qassim Abdul-Zahra and Sameer N. Yacoub contributed to this report.

Ex-military Officers Criticize Rumsfeld (AP)

By David Espo

AP, September 26, 2006

Retired military officers on Monday bluntly accused Defense Secretary Donald H. Rumsfeld of bungling the war in Iraq, saying U.S. troops were sent to fight without the best equipment and that critical facts were hidden from the public.

"I believe that Secretary Rumsfeld and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq," retired Maj. Gen. John R. S. Batiste told a forum conducted by Senate Democrats.

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A second military leader, retired Maj. Gen. Paul Eaton, assessed Rumsfeld as "incompetent strategically, operationally and tactically."

"Mr. Rumsfeld and his immediate team must be replaced or we will see two more years of extraordinarily bad decision-making," Eaton added at the forum, held six weeks before the Nov. 7 midterm elections, in which the war is a central issue.

Sen. John Cornyn, R-Texas, a member of the Armed Services Committee, dismissed the Democratic-sponsored event as "an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security."

"Today's stunt may rile up the liberal base, but it won't kill a single terrorist or prevent a single attack," Sen. Mitch McConnell, R-Ky., said in a statement. He called Rumsfeld an "excellent secretary of defense."

Senate Judiciary Committee Chairman Arlen Specter, speaking Monday at the National Press Club, said election-season politics may be what's standing in the way of finding a solution to the insurgency in Iraq.

"My instinct is, once the election is over, there will be a lot more hard thinking about what to do about Iraq and a lot more candid observations about it," said Specter, R-Pa.

The conflict, now in its fourth year, has claimed the lives of more than 2,600 American troops and cost more than $300 billion.

Sen. Byron Dorgan, D-N.D., the committee chairman, told reporters last week that he hoped the hearing would shed light on the planning and conduct of the war. He said majority Republicans had failed to conduct hearings on the issue, adding, "if they won't ... we will."

Since he spoke, a government-produced National Intelligence Estimate became public that concluded the war has helped create a new generation of Islamic radicalism and that the overall terrorist threat has grown since the attacks of Sept. 11, 2001.

Along with several members of the Senate Democratic leadership, one Republican, Rep. Walter Jones of North Carolina, participated. "The American people have a right to know any time that we make a decision to send Americans to die for this country," said Jones, a conservative whose district includes Camp Lejeune Marine base.

It is unusual for retired military officers to criticize the Pentagon while military operations are under way, particularly at a public event likely to draw widespread media attention.

And Senate Republicans circulated a statement by four retired generals that said, "(W)e do not believe that it is appropriate for active duty, or retired, senior military officers to publicly criticize U.S. civilian leadership during war." The group included two three-star generals, John Crosby and Thomas McInerny, and a pair of two-star generals, Burton Moore and Paul Vallely.

But Batiste, Eaton and retired Col. Paul X. Hammes were unsparing in remarks that suggested deep anger at the way the military had been treated. All three served in Iraq, and Batiste also was senior military assistant to then-Deputy Secretary of Defense Paul Wolfowitz.

Batiste, who commanded the Army's 1st Infantry Division in Iraq, also blamed Congress for failing to ask "the tough questions."

He said Rumsfeld at one point threatened to fire the next person who mentioned the need for a postwar plan in Iraq.

Batiste said if full consideration had been given to the requirements for war, it's likely the U.S. would have kept its focus on Afghanistan, "not fueled Islamic fundamentalism across the globe, and not created more enemies than there were insurgents."

Hammes said that not providing the best equipment was a "serious moral failure on the part of our leadership."

The United States "did not ask our soldiers to invade France in 1944 with the same armor they trained on in 1941. Why are we asking our soldiers and Marines to use the same armor we found was insufficient in 2003?" he asked.

Hammes was responsible for establishing bases for the Iraqi armed forces. He served in Iraq in 2004 and is now Marine Senior Military Fellow at the Institute for National Security Studies, National Defense University.

Eaton was responsible for training the Iraqi military and later for rebuilding the Iraqi police force.

He said planning for the postwar period was "amateurish at best, incompetent a better descriptor."

Public opinion polls show widespread dissatisfaction with the way the Bush administration has conducted the war in Iraq, but division about how quickly to withdraw U.S. troops. Democrats hope to tap into the anger in November, without being damaged by Republican charges they favor a policy of "cut and run."

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By coincidence, the hearing came a day after public disclosure of the National Intelligence Estimate. The report was completed in April and represented a consensus view of the 16 disparate spy services inside government, according to an intelligence official.

General: Appeals For More Troops Were Denied (LAT)

By Noam N. Levey

The Los Angeles Times, September 26, 2006

WASHINGTON — Adding to criticism of the Bush administration's prosecution of the war in Iraq, a retired senior general who commanded an infantry division in the conflict said Monday that requests by commanders for more soldiers were repeatedly turned down.

"Many of us routinely asked for more troops," retired Maj. Gen. John R.S. Batiste said, contradicting statements by President Bush and his senior aides that the administration had given the military all the resources it had asked for.

"There simply aren't enough troops there to accomplish the task," said Batiste, who has previously called for Defense Secretary Donald H. Rumsfeld to resign. "It's a shell game we're playing in Iraq, and we've been doing it since day one. And we're still doing it today."

The general's remarks, echoed by two other retired soldiers Monday, came at a special hearing called by Democratic senators in what they said was a new initiative to increase oversight of the war effort.

Senior Republican lawmakers dismissed the hearing as a stunt orchestrated with November elections in mind.

A Pentagon spokesman declined to address Batiste's comments directly, instead pointing to past public statements by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, that Rumsfeld had regularly consulted the senior military leadership on troop levels.

In April, when retired generals including Batiste called for Rumsfeld to resign, Pace said: "We had then [in Iraq invasion planning] and have now every opportunity to speak our minds, and if we do not, shame on us, because the opportunity is there."

Batiste's comments added fuel to questions about how the administration pursued its goals in Iraq and about the war's consequences.

Several newspapers, including The Times, reported Sunday that the nation's intelligence agencies had concluded that the Iraq war intensified the threat of global terrorism.

Administration officials responded that the articles on the war assessment contained in the classified National Intelligence Estimate did not represent the full report.

On Monday, White House Press Secretary Tony Snow continued to discount the news reports. "One thing that the reports do not say is that war in Iraq has made terrorism worse," Snow said.

The senior Republican and Democrat on the Senate Intelligence Committee called Monday for the document to be declassified, a request the administration is resisting.

Senate Minority Leader Harry Reid (D-Nev.) said in a statement that the disclosure of the assessment and the testimony at Democrats' hearing dealt "a fatal blow to any claim that staying the current course is an acceptable strategy for success in Iraq."

Batiste, in his testimony, renewed his April call for Rumsfeld to resign. Joining him were retired Army Maj. Gen. Paul D. Eaton and retired Marine Col. Thomas X. Hammes.

All three of them Iraq veterans, they lambasted what they called the Defense secretary's reluctance to commit more troops and other resources to the war.

"The whole thing is absolutely disingenuous," Batiste said of the administration's position that the number of soldiers deployed was sufficient to secure Iraq. "We started with a strategy and a plan that was under-resourced in soldiers and Marines and airmen and sailors by a factor of three."

A career Army officer — and military aide to then-Deputy Defense Secretary Paul D. Wolfowitz, an architect of the Iraq war — Batiste commanded the 1st Infantry Division from 2002 until his retirement in 2005. Batiste commanded about 22,000 soldiers sent to north-central Iraq from February 2004 to February 2005.

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Eaton, who oversaw efforts to train and equip Iraqi security forces in 2003 and 2004, also said he was not given enough U.S. troops to do the job.

About 145,000 American troops are serving in Iraq.

In the run-up to the March 2003 invasion, then-Army Chief of Staff Gen. Eric K. Shinseki drew harsh criticism from administration officials for predicting that "hundreds of thousands" of U.S. troops might be needed to keep the peace in a postwar Iraq.

Batiste and Eaton said Monday that a lack of troops was helping fuel the anti-U.S. insurgency. And Batiste went a step further, suggesting that insufficient troop levels contributed to the abuse of Iraqis by U.S. soldiers at Abu Ghraib prison and other detention facilities.

As the violence in Iraq has continued, the administration has faced increasing criticism that it went to war with an inadequate force and failed to anticipate the problems of rebuilding.

The Pentagon has steadfastly defended its war planning and deployments.

Army Gen. John P. Abizaid, commander of all U.S. troops in the Middle East, has argued that higher troop levels would be counterproductive because they would anger local communities and undercut Iraqi forces' incentive for taking over security responsibilities.

For Democrats — often divided over the war and on the defensive because of White House and Republican congressional leaders' charges that the Democrats want to "cut and run" — Monday's hearing was an attempt to take the offensive.

"I hope this here will be a wake-up call to our Republican colleagues in the House and Senate to start having hearings, to start doing their congressional responsibility," said Sen. Charles Schumer (D-N.Y.), who chairs the Democratic Senatorial Campaign Committee.

Still, the party faces a challenge in formulating an alternative approach.

Responding to questions by Sen. Hillary Rodham Clinton (D-N.Y.), Batiste, Eaton and Hammes strongly warned against an early withdrawal of American forces from Iraq — a position that several leading Democrats in Congress have advocated.

Clinton has not supported early withdrawal but has said that the American troop commitment should not be open-ended.

For Democrats, Welcome Words On Rumsfeld -- If Not The War (WP)

By Dana Milbank

The Washington Post, September 26, 2006

Maj. Gen. John Batiste, the former commander of the Army's 1st Infantry Division in Iraq, had complained loudly about the handling of the Iraq war since he retired 11 months ago -- but no one invited him to present his views to Congress.

"I find that outrageous," the general said. "I have a sense for what I'm talking about."

Yesterday, Batiste got his moment -- sort of. Shunned by the Senate Armed Services Committee, Batiste and two other retired officers spoke before the Senate Democratic Policy Committee, a rump group with little legislative clout but access to a proper Senate hearing room. And Batiste made up for lost time.

"Donald Rumsfeld is not a competent wartime leader," said Batiste, wearing a pinstripe suit, calling himself a "lifelong Republican" and bearing a slight resemblance to Oliver North. "He surrounds himself with like-minded and compliant subordinates who do not grasp the importance of the principles of war, the complexities of Iraq or the human dimension of warfare. . . . Bottom line: His plan allowed the insurgency to take root and metastasize to where it is today."

Further, Batiste charged, Rumsfeld "reduced force levels to unacceptable levels, micromanaged the war" and created an environment where U.S. troops "are doing unconscionable things."

"Our world is much less safe today than it was on September 11," Batiste said, echoing the administration's newly leaked intelligence estimate.

Batiste, who retired in protest rather than accept a three-star promotion, was a persuasive witness -- and Democrats were joyous. "Your statement, I believe, defines the word 'courage,' " Sen. Byron Dorgan (N.D.) gushed. Sen. Charles Schumer (N.Y.) pumped his fist and gave Batiste and his colleagues pats on the biceps. And Senate Minority Leader Harry Reid (Nev.) proclaimed, giddily: "This hearing today could change our country."

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Perhaps. But Democrats, while celebrating Batiste's criticism of the administration, exercised some selective listening at the hearing when Batiste and his colleagues offered their solution: more troops, more money and more time in Iraq.

"We must mobilize our country for a protracted challenge," Batiste warned.

"We better be planning for at least a minimum of a decade or longer," contributed retired Marine Col. Thomas Hammes.

"We are, conservatively, 60,000 soldiers short," added retired Army Maj. Gen. Paul Eaton, who was in charge of building the Iraqi Security Forces.

That last remark caused Schumer to shake his head, indicating he was not so sure. And, indeed, the retired officers' recommendations were off-message for the Democrats. Six of the seven Democrats at the hearing supported legislation calling for the start of a troop withdrawal from Iraq this year. One, Richard Durbin (Ill.), voted for the pullout to be mostly complete by next summer.

The officers' bipartisan scolding disappointed some of the antiwar activists in the crowd, who wore colorful shirts with messages such as "Troops Home Fast" and "Say No to War."

"Peace is the solution, not more war," one activist shouted as the session ended.

But on balance, the retired officers' strong words about the war's conduct outweighed their calls for a greater commitment to Iraq. "Secretary Rumsfeld built his team by systematically removing dissension," Batiste said. "At one point, he threatened to fire the next person who talked about the need for a postwar plan."

Rumsfeld "has tried and continues to fight this war on the cheap," Eaton added. "The Army is in terrible shape, and the Marines aren't much better."

"It is time for him to provide the nation the last in a long series of services and step down," Hammes said coolly.

Rumsfeld himself, meeting with Afghanistan's president yesterday, answered the dissidents' calls for his resignation with a two-word answer. "I'm not," he told reporters, and then he asked for a different question.

But those at the hearing practiced no such economy of words. Dorgan twice referred to William Manchester's "Glory and the Dream." Antiwar Rep. Walter Jones (N.C.), the lone Republican participant, quoted Rudyard Kipling: If any question why we died/ Tell them, because our fathers lied.

In between literary allusions, senators worked to squeeze every possible criticism out of the witnesses. When Batiste spoke about the need for strong leadership, Durbin tried to lead the witness. "What I hear you saying," Durbin said, "is we're talking about political competence, too."

"Absolutely," Batiste complied.

The questioners skillfully directed the witnesses toward past failures rather than their expansive prescriptions for the future. A notable exception was the relatively hawkish Hillary Rodham Clinton (N.Y.), who, as the last questioner, invited the officers to comment on the effect of a specific withdrawal date.

"The result will be a civil war of some magnitude that will turn into a regional mess," Batiste said without hesitation.

As he stood to leave, Batiste worried that this last point -- the need to stay in Iraq -- might be overlooked. "The hard part," he told reporters, "is moving forward."

Did he detect any enthusiasm for making a bigger effort in Iraq?

"God help us if there's not," the general said.

Former Officers Criticize Rumsfeld As Democrats Seek To Put Focus On Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, September 26, 2006

WASHINGTON - Recently retired military officers who served in Iraq blamed Defense Secretary Donald H. Rumsfeld on Monday for the morass there, said he should resign and urged senators to subpoena active generals to testify about their own similar concerns.

In extraordinary testimony from former senior military men during wartime, retired Army Maj. Gen. Paul D. Eaton said Rumsfeld "continues to fight this war on the cheap" and denounced him as "incompetent." Retired Army Major Gen. John Batiste

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called the United States "arguably less safe now than it was on Sept. 11, 2001." And retired Marine Col. Thomas X. Hammes compared the shifting of insufficient U.S. troops from one Iraq hot spot to the next to a game of "Whac-A-Mole."

The three headlined the first of what Senate Democrats say will be a series of oversight hearings they're holding on the Iraq war. They say Republicans haven't exercised enough oversight since the March 2003 invasion.

But Democrats also are trying to focus public attention back on Iraq because polls show Republicans are vulnerable on it and congressional elections will be held in six weeks. Republicans prefer to emphasize the broader war on terrorism and national security, issues where polls show they command more support.

Democrats said they'd invited Republicans to attend, but only one, Rep. Walter Jones of North Carolina, showed up. His district includes Camp Lejeune Marine base. He's called for a phased withdrawal of troops.

"I do not want history to show that I did not do my job as a congressman in helping people know the truth," Jones said.

Senate Majority Whip Mitch McConnell, R-Ky., denounced the two-hour hearing, packed with anti-war activists and reporters, as "simply another partisan media event. And while it may rile up their liberal base, it won't kill a single terrorist or prevent a single attack."

Democrats repeatedly cited Sunday's New York Times disclosure that a six-month old National Intelligence Estimate concluded that the Iraq war has worsened the threat of global terrorism and inflamed jihadi sentiment throughout the Muslim world. That was the consensus of 16 U.S. intelligence agencies. Democrats called for the report to be declassified.

For the most part, the retired officials' testimony played to the Democrats' strategy of emphasizing disarray in Iraq and the Bush administration's responsibility for it.

Batiste, for example, said Rumsfeld had surrounded himself with "like-minded and compliant subordinates," underestimated the need for ground troops despite arguments to the contrary and was so insistent that there wouldn't be an insurgency that "he threatened to fire the next person who talked about the need for a postwar plan."

Eaton said planning for postwar Iraq had been "amateurish at best."

But Hammes faulted Senate Democrats, too, saying they'd failed to raise important questions before the Iraq invasion because they'd feared being tarred as weak in 2002 elections.

Increasingly, Democrats tend to favor a vague call for an indefinite phased withdrawal of U.S. forces from Iraq, while Republicans decry such calls as "cut-and-run" weakness. In that context, the retired generals' testimony sounded some cautionary notes.

Eaton said more troops are needed on the ground, not less - another 60,000 troops, he estimated, "conservatively."

Hammes predicted that the U.S. military will need to stay in Iraq "at least a decade" to stabilize the nation and its region.

And in response to a question from Sen. Hillary Clinton, D-N.Y., all three said there would be disastrous consequences if U.S. troops withdrew prematurely. Hammes predicted chaos in oil markets and new sanctuaries for terrorists. Said Batiste: "The result will be a civil war of some magnitude, which will turn into a regional mess."

Election Day is Tuesday, Nov. 7. At stake are 33 Senate seats and all 435 seats in the House of Representatives. Republicans currently run both chambers. Democrats must gain six Senate seats or 15 House seats to regain control.

Lott Threatens The Dems (HILL)

By Jonathan Allen

The Hill, September 26, 2006

Sen. Trent Lott (R-Miss.) is threatening to punish Democrats for using an Appropriations Committee room for an unofficial hearing on Iraq oversight if it happens again.

“They better stop this,” the Mississippi Republican said. “This will be the last one or there will be retribution.”

Lott suggested that Republicans could hold GOP-only hearings or seek other forms of payback.

But if he is looking for a culprit in abetting the Democratic Policy Committee’s (DPC) hearing yesterday, he need look no further than fellow Mississippi Republican Thad Cochran, chairman of the Appropriations Committee, who controls the Dirksen Building room that Democrats used yesterday and have used for past hearings.

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"We just call and ask," said DPC spokesman Barry Piatt, a fact confirmed by Senate Appropriations Committee spokeswoman Jenny Manley.

The DPC has held similar hearings on several issues such as Iraq reconstruction and the government's response to Hurricane Katrina, during the 109th Congress.

But Lott and other Republicans are upset that Democrats have gone outside the committee process to highlight the Iraq war before the November election.

"They're abusing the system," Lott said.

The use of committee rooms could be moot, as Democrats plan to take future hearings on the road.

They declined yesterday to name the cities in which they plan to hold field hearings before and after the November election, but aides said they would not be staged in states where Republican and Democratic candidates are locked in tight battles because they hope not to alienate potential witnesses who may be wary of being used as political pawns.

"We want generals to come and give real testimony and not feel like they're part of a partisan [operation]," a senior Democratic aide said.

Retired senior military officers told a DPC panel yesterday that Defense Secretary Donald Rumsfeld's failure to plan adequately for postwar Iraq has fostered the rise of insurgents and that the administration is not focusing enough on training and equipping Iraqi security forces.

"Secretary Rumsfeld ignored 12 years of U.S. Central Command deliberate planning and strategy, dismissed honest dissent, and browbeat subordinates to build 'his plan,'" retired Maj. Gen. John Batiste told several senior Democratic senators and Republican Rep. Walter B. Jones (N.C.), who attended the hearing.

"Bottom line: his plan allowed the insurgency to take root and metastasize to where it is today," Batiste said.

Batiste, retired Army Maj. Gen. Paul Eaton and retired Marine Col. Thomas Hammes called for the removal of Rumsfeld and his inner circle of advisers. But they all opposed a timeline for a withdrawal of American troops because they said it would destabilize the region.

"What would be the consequences of a time-certain for leaving?" Sen. Hillary Rodham Clinton (D-N.Y.) asked.

"Should we pull out of Iraq on some timeline in the future, whatever that turns out to be, without finishing the work that we started, I think that the result would be a civil war of some magnitude which will turn into a regional mess," Batiste said.

The forum was the first of what Democrats say will be a series of five or six hearings intended to shed light on the administration's conduct of the Iraq war. They insist that Republicans, who hold majorities in both chambers, have not been vigorous in their role as overseers of the executive branch and have expressed frustration that Republican chairmen have been reluctant to call witnesses who do not share White House views.

"The administration won't talk straight, and the congressional majority won't hold them accountable," Sen. Minority Leader Harry Reid (D-Nev.) said. "We're going to try."

Senate Republicans denounced Monday's hearing as a political stunt.

"Today's 'hearing' is an election-year smokescreen aimed at obscuring the Democrats' dismal record on national security," Sen. John Cornyn (R-Texas) said in a statement released more than two hours before the hearing began.

"This latest charade may win points with their liberal party base but it accomplishes nothing when it comes to where our focus needs to be – fighting the terrorists and protecting our homeland from another attack," Cornyn said.

But the mostly Democratic panel was not without Republican representation. Jones awoke at 5:45 a.m. in North Carolina, got in his car at 6:30 a.m. and made a nearly five-hour drive to the Capitol to participate in the hearing. Jones, who represents Camp Lejeune, voted to authorize the Iraq war but has criticized its execution.

"To me this is not politics, this is policy issues," he said. "The party that demands the truth is the party that the public respects."

In his opening statement, Jones quoted Rudyard Kipling: "If any question why we died, tell them, because our fathers lied."

Pentagon Extends Iraq Combat Tours For 3,800 Soldiers (USAT)

By William M. Welch

USA Today, September 26, 2006

Brigade to stay extra 46 days

The Pentagon said Thursday that 3,800 U.S. soldiers will be staying in Iraq about six weeks beyond their one-year combat tours as coalition forces grapple with violence in and around Baghdad.

Soldiers of the Army's 1st Brigade, 1st Armored Division who had planned to return to their home base in Germany in mid-January instead will stay an added 46 days, the Defense Department said.

Another unit, the 4th Brigade, 1st Cavalry Division, will go to Iraq next month, 30 days earlier than scheduled.

Although the Pentagon did not say why the extension was needed, the top commander in the region, Army Gen. John Abizaid, said last week that more troops would be needed to deal with increased sectarian violence around Baghdad.

"This is a unit that has been performing magnificently in Iraq, and their services are going to be needed for a while longer," Bryan Whitman, a Defense Department spokesman, said of the 1st Brigade.

Some Democrats said the move shows incompetence.

"Extended redeployments are just another consequence of the president's mismanagement in Iraq and another reason we must change course," Senate Democratic leader Harry Reid said.

Sen. John Kerry, D-Mass., renewed his call for a deadline to withdraw American troops "to force Iraqis to stand up for Iraq."

"Every time the administration says we'll stay as long as it takes is an excuse for Iraqis to take as long as they want," Kerry said.

Sen. John Cornyn, R-Texas, a member of the Armed Services Committee, said the move was difficult but necessary.

"No one wants to bring our troops home sooner than the president, but if we cut and run now as many Democrats advocate, we will be fighting these terrorists on our home shores instead of in Iraq and elsewhere," he said.

Col. Chester Egert, a chaplain at Fort Hood, Texas, where the 1st Cavalry is stationed, said the change would cause little anxiety among soldiers. "They know this type of thing is always a possibility," he said.

Whitman said the move is meant to ensure "this mission is successful."

"We know that that comes at a tremendous sacrifice not only for (soldiers), but also for their families," he said.

Tour Of Duty Extended For Army Unit In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 26, 2006

WASHINGTON - For the second time in two months, an Army unit in Iraq has had its tour of duty extended, the latest sign of the strain that more than three years of combat has put on the force.

About 4,000 troops with the 1st Brigade Combat Team, 1st Armored Division based in Giessen, Germany, will have their tour of duty extended by 46 days, the military announced Monday. The unit was supposed to end its 12-month combat tour and return home in mid-January 2007, but will now begin its redeployment in late February.

The extension was implemented to ensure that soldiers with the 1st Brigade, 3rd Infantry Division will have at least 12 months at their home base of Fort Stewart, Ga., before they return to Iraq for the third time in January 2007.

Also, the 4th Brigade, 1st Cavalry Division, based at Fort Hood, Texas, will deploy to Iraq 30 days earlier than planned, beginning their deployment in late October.

Pentagon spokesman Bryan Whitman said the changes were in order to maintain 15 combat brigades in Iraq. Last week, Gen. John Abizaid, chief of U.S. Central Command, said that the U.S. military would have to maintain as many as 147,000 troops in Iraq through next spring. U.S. military commanders had hoped to reduce the number of U.S. troops to less than 100,000 by the end of this year, but increasing violence between Shiite and Sunni Muslims has dashed those hopes.

"What these decisions reflect is the flexibility that the United States military has to adjust to a changing environment and a changing situation," Whitman said.

A congressional staffer briefed on the development on Monday said that the Army was moving up the deployment of the 1st Cavalry Division troops by a month so that the 172nd Stryker Brigade's deployment wouldn't be extended again. But an Army spokesman, Lt. Col. Carl Ey, said the two developments weren't necessarily connected.

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About 3,500 troops with the Alaska-based 172nd Stryker Brigade were nearing the end of their 12-month combat tour in July when they were informed that they'd have to stay in Iraq for as long as four more months. The troops were moved from a base near Mosul in northern Iraq to Baghdad to help rein in sectarian violence.

This marks the third time that U.S. forces have been notified that they'd have to stay in Iraq beyond their original return date. The first time occurred in December 2004, when more than 12,000 soldiers and Marines were told that they would have stay for two additional months in order to bolster security for Iraq's first round of parliamentary elections. The second was the Stryker Brigade extension in July.

Last month, the Marine Corps announced that it would recall as many 2,500 inactive reservists back to service, the first time the Marines have recalled inactive reservists to duty since the 1991 Gulf War.

Army policy has been to give units that have served in Iraq a break of at least 12 months at their home base so that soldiers can rest, reunite with their families and have sufficient time to train before they deploy again. The Army at times has violated the policy.

Dan Goure, a defense analyst with the Lexington Institute, a public policy research group in Arlington, Va., said the rotation policy isn't working as planned.

"A month or two here or there isn't that bad, but if you're going to hold them back so that somebody else can get their rest, then the system isn't working," he said.

U.S. Extends Iraq Tour For Another Army Unit (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 26, 2006

Order Reinforces Doubts About Troop Cuts

The Pentagon yesterday delayed for six weeks the return home of about 4,000 U.S. soldiers in Iraq's volatile Anbar province -- the second extension of U.S. forces in Iraq in two months -- as the insurgency and rising sectarian violence exert heavier demands on a stretched American ground force.

A brigade of the Army's 1st Armored Division, operating in Anbar's contested capital of Ramadi, has been ordered to stay on for 46 more days. Another brigade -- from the 1st Cavalry Division based at Fort Hood, Tex. -- will depart a month early, in late October, for a year of combat duty in Iraq.

"There's no question but that any time there's a war, the forces of the countries involved are asked to do a great deal," Defense Secretary Donald H. Rumsfeld said when asked about the troop decisions at the Pentagon yesterday.

According to a Pentagon announcement, the shift is necessary to "maintain the current force structure in Iraq into the spring of next year." That confirms an assessment last week by Gen. John P. Abizaid, the senior U.S. commander in the Middle East, that no cuts in the more than 140,000 U.S. troops in Iraq are likely before the spring of 2007.

It also demonstrates the increasingly tough trade-offs U.S. commanders face between the imperatives of war fighting and the need to retrain and recuperate the taxed Army and Marine Corps.

In this case, commanders had to choose between extending thousands of U.S. troops serving in one of Iraq's deadliest cities -- the 1st Armored Division brigade in Ramadi -- or requiring another combat-hardened unit that has already served two tours in Iraq, a brigade of the 3rd Infantry Division, to return to the desert after less than a year at home. They opted for the former.

"The chief of staff of the Army refuses to compromise on the one-year dwell time," said an Army official, who spoke on the condition of anonymity because he was not authorized to speak on the record. The chief of staff is Gen. Peter J. Schoomaker, and "dwell time" refers to the amount of time troops have at home between deployments to retrain, repair equipment and reconnect with their families.

"If they didn't do this, the . . . dwell time for 3rd Infantry Division would be 11 months, so that's a no-go," the official said.

Still, the extension prolonged the hardship for the 1st Armored Division soldiers, based in Friedberg, Germany, and their families, who were notified yesterday, the official said. The Pentagon statement acknowledged the "continued contributions" of the soldiers in Ramadi and their families, saying the "extension reflects the continued commitment of the United States to the security of the Iraqi people."

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In July, the Pentagon extended the Iraq tour of the 172nd Stryker Brigade, based at Fort Wainwright, Alaska, for about four months.

The Army set a goal in 2003 of allowing active-duty soldiers to spend two years at home for every year overseas. But that aim has proved elusive because of the limited number of active-duty combat brigades available to deploy -- currently 36 -- as well as the continued high troop levels in Iraq and Afghanistan. More than 20,000 U.S. troops are now serving in Afghanistan, according to Army figures.

Active-duty soldiers today can expect to spend no more than a year at home between deployments, said Lynn Davis, a senior Rand Corp. analyst and lead author of a 2005 report on Army deployments titled "Stretched Thin." The number of Army combat brigades in Iraq and Afghanistan would have to fall by about half -- to 10 -- to achieve the Army's goal of two years at home, she said. In contrast, soldiers in today's armored, mechanized and Stryker brigades, which are most in demand, can expect to be away from home for "a little over 45 percent of their career," she said.

US Forces In Iraq To Exceed 140,000 (FT)

By Edward Luce

Financial Times, September 26, 2006

US officials said on Monday that American troop levels in Iraq were likely to remain well above 140,000 for the next few months, although they would not confirm reports that the 3,500-strong First Armoured Division had been ordered to remain in Iraq beyond its official tour of duty.

Growing sectarian conflict between Iraqi militias in the last few months and the continuation of the mostly Sunni insurgency against US forces has complicated the Bush administration's goal of "standing down as the Iraqis stand up". The overall US troop presence in Iraq has risen from 127,000 in July to 142,000 this week.

Last week John Abizaid, the US commander in the region, said that US troop deployment in Iraq was likely to remain at these levels well into 2007 in order to wrest Baghdad and other provinces from the day-to-day control of sectarian death squads and insurgent groups.

In August, General Abizaid, the most senior Arab-American in uniform who has a reputation for being a straight talker, surprised many when he told the Senate armed services committee that Iraq could be heading towards civil war. This contradicted the Bush administration's view that the situation was gradually improving. As many as 20,000 Iraqi civilians have been killed in 2006 – although estimates vary drastically.

"The Bush administration has complicated its task in Iraq by talking up the rhetoric at home of 'standing down as they stand up'," said Tony Cordesmann, a senior analyst at the Center for Strategic and International Studies in Washington. "But in practice Mr Bush has responded to what the commanders are requesting on the ground, which is more troops and, to a lesser extent, more equipment."

However, the increase in deployment comes amid growing complaints from senior generals about the overstretch of US military units, some of which have served more than one tour of duty in Iraq and also in Afghanistan, where US troop levels have also risen this year from 15,800 to 20,000 owing to the resurgence of Taliban forces.

There are also concerns about pressure to send regular military and National Guard units back to Iraq within the one-year pause that is customary. In addition, the army and National Guard have both recently relaxed recruiting standards by raising the maximum age and improving the one-off cash payment as an incentive for new recruits.

Worries about the Bush administration's handling of the increasingly unpopular war in Iraq intensified at the weekend when the New York Times and Washington Post leaked contents of a classified US National Intelligence estimate from April that said America's invasion of Iraq in 2003 had exacerbated the threat from Islamist terrorist groups.

The report, which was submitted to Mr Bush in April, also said that the overall threat from Islamist terror groups had grown since the attacks of September 11 2001.

The disclosure comes just six weeks before critical mid-term elections, where Mr Bush's Republicans face the threat of losing control of the House of Representatives. The opposition Democrats have fielded a number of Iraq war veterans in order to bolster their credibility as patriotic critics of the war in Iraq.

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Mr Bush has ignored continuing calls by retired US generals – most recently on Monday – to sack Donald Rumsfeld, secretary of defence, over his handling of the war in Iraq.

Army Extends Troops' Iraq Duty Yet Again (AP-Y)

By Robert Burns, Ap Military Writer

AP, September 26, 2006

The Army is stretched so thin by the war in Iraq that it is again extending the combat tours of thousands of soldiers beyond the promised 12 months — the second such move since August.

Soldiers of the 1st Brigade, 1st Armored Division had been expecting to return to their home base in Germany in mid-January. Instead, they will stay an extra 46 days in Iraq, until late February, the Pentagon announced Monday. The soldiers are operating in western Anbar province, one of the most violent parts of Iraq.

The Pentagon also announced that the 4th Brigade, 1st Cavalry Division will deploy to Iraq 30 days earlier than scheduled, starting in late October. The announcement did not say why the speedup was deemed necessary, but three officials who spoke on condition of anonymity said it is part of a plan to beef up forces in Baghdad, where U.S. and Iraqi troops are struggling to contain insurgent and sectarian violence.

The Pentagon said troop rotations could be changed even further "based upon changes in the security situation." Sectarian killings in Baghdad and continuing insurgent violence elsewhere in Iraq have foiled Pentagon plans to begin a troop reduction this fall.

"The Army is coming to the end of its rope in Iraq," said Loren Thompson, a defense analyst at the Lexington Institute, a private research group. "It simply does not have enough active-duty military personnel to sustain the current level of effort."

Of the 142,000 U.S. troops now in Iraq, nearly 120,000 are Army soldiers.

The tour extension affects about 3,800 soldiers in the 1st Brigade, 1st Armored, officials said.

Asked about the matter at a news conference with Afghan President Hamid Karzai, Defense Secretary Donald H. Rumsfeld declined to confirm the extension but said that "from time to time there may be" units required to stay in Iraq longer than scheduled. He spoke before the Pentagon issued its written announcement.

Last month, the Army's 172nd Stryker Brigade was ordered to extend its tour in Iraq by up to four months. Some members of that unit had already returned to the brigade's home base in Alaska when the decision was announced. About 300 soldier had to go back to Iraq, drawing public complaints from some families.

Rumsfeld also appeared to hint at other adjustments to the troop rotation plan.

"We're also bringing some other units in earlier, which is another way of dealing with that issue" of how to keep a sufficient number of troops in Iraq with a limited number of combat brigades available, Rumsfeld said.

The extension reflects a dilemma for Army leaders: either keep one group of soldiers in Iraq longer than promised, or replace them with another group that has not yet had its minimum 12 months at home between combat tours. Either choice risks upsetting some soldiers and their families. And the fact that the choice cannot be avoided is a sign that troop rotations in Iraq are squeezing the Army from several directions.

Some members of Congress are expressing concern that the military is over-stretched by the war. On Monday, Sen. Arlen Specter, R-Pa., said the situation in Iraq is "disintegrating" into a civil war. "My instinct is once the (November) election is over there will be a lot more hard thinking about what to do about Iraq and a lot more candid observations about it."

The pinch is evident also in closed-door deliberations between the Army and administration officials over the size of the service's budget for 2008. The Army chief of staff, Gen. Peter Schoomaker, took the highly unusual step in August of delaying submission of the Army's budget plan, arguing that the service requires either a much bigger budget than the administration has proposed or relief from some of its worldwide commitments.

The Los Angeles Times reported in its Monday editions that Schoomaker is seeking $138.8 billion for 2008, or nearly $25 billion more than the limit originally set by Rumsfeld. The Army's budget this year is $98 billion.

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The 1st Brigade, 1st Armored Division is being extended in Iraq because the unit that is scheduled to replace them — the 1st Brigade, 3rd Infantry Division, from Fort Stewart, Ga. — needs more time to prepare. If it had deployed as originally scheduled, it would not have had the minimum 12 months at home between combat tours.

The 3rd Infantry has already served two tours in Iraq, including the initial invasion of the country in March 2003.

Last week, the top American commander in the region said the U.S. military is likely to maintain and may even increase its force of more than 140,000 troops in Iraq through next spring. Gen. John Abizaid, head of U.S. Central Command, said he would consider adding troops or extending the Iraq deployments of other units if needed.

The Army has a stated goal of giving active-duty soldiers two years at home between overseas combat tours. However, the Army is unable to achieve that "dwell time," as it's called, because it does not have enough brigades to meet the demands of simultaneous wars in Iraq and Afghanistan. It would not be a problem now if the situation in Iraq had improved enough to allow the Army to reduce its presence as originally planned.

Military Intensifies Troop Deployment (WT)

By Rowan Scarborough

The Washington Times, September 26, 2006

Defense Secretary Donald H. Rumsfeld yesterday said the military will deploy some combat units to Iraq earlier than previously planned, to meet a commander's new need for more than 140,000 troops in country until at least next spring.

Mr. Rumsfeld made the comment to reporters at the Pentagon on the same day it was announced that another Army unit was staying in Iraq beyond its scheduled departure date.

Army Gen. John Abizaid, who heads U.S. Central Command, said last week he needs the increased troop level to deal with sectarian violence in the Baghdad area that could push the country into a civil war if not stopped. The U.S. troop level had been fairly constant at about 130,000 during the summer. Commanders had hoped to announce a big reduction in troop levels, perhaps to as low as 100,000, but those plans are now shelved.

Mr. Rumsfeld said the Pentagon is dealing with the new demand by delaying the departure of some units. He then added, "On the other hand, we're also bringing some other units in earlier, which is another way of dealing with that issue."

The defense chief did not identify the units that will deploy sooner than expected. Pentagon officials say a rotation schedule is likely to be announced in November.

The Washington Times reported yesterday that the Army was looking at accelerating the deployment of some units and adding others to the rotation mix to reach the 140,000-troop level.

"There's no question but that any time there's a war, the forces of the countries involved are asked to do a great deal," Mr. Rumsfeld said.

The 1st Brigade of the 1st Armored Division was to return to its base in Germany in early January but now will stay several more months.

The Pentagon already revoked the departure of an Army Stryker armored-vehicle brigade and sent it to Baghdad to help quell the violence.

The service already is struggling to meet worldwide commitments and dealing with low-combat readiness among non-deployed units who lack adequate equipment at their home bases.

The Army is wearing out weapons systems so fast in Iraq's harsh environment that it needs more than $40 billion in the next three years to buy replacements.

2 Senior Commanders In Iraq Reassigned (AP)

By Robert Burns

AP, September 26, 2006

Two of the Army's top commanders in Iraq have been selected for new assignments.

The second-in-command in Iraq, Lt. Gen. Peter W. Chiarelli, will become a special assistant to the commander of Central Command with responsibility for developing the military capabilities of nations in the Middle East and Central Asia.

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Chiarelli is due to be replaced in Iraq by Lt. Gen. Raymond Odierno when Odierno becomes commander of Multi-National Corps-Iraq early next year. Chiarelli had previously commanded the 1st Cavalry Division in Iraq.

Also moving on from Iraq will be Maj. Gen. James D. Thurman, the 4th Infantry Division commander, who has been chosen for promotion to the rank of lieutenant general and assignment as commander of 5th Corps, the Army's top organization in Europe. Thurman currently is commanding all forces in the Baghdad area.

The 4th Infantry is due to be replaced in Iraq by the 1st Cavalry Division in mid-November.

Lt. Gen. Ricardo Sanchez, who served a tumultuous year in Iraq as 5th Corps commander in 2003-04, relinquished command on Sept. 6 and is retiring soon, according to the U.S. Army Europe Web site. Sanchez had been a candidate to become the next commander of U.S. Southern Command but was passed over after the Abu Ghraib prisoner abuse scandal exploded into an international controversy. Sanchez has not been accused of any misconduct but has been criticized by some for not doing more to avoid mistreatment of Iraqi prisoners.

There has been no announcement about the next assignment for the top U.S. commander in Iraq, Gen. George Casey, but he has indicated in recent months that he may not stay much beyond the end of this year.

Also unclear is the future of Gen. John Abizaid, the top commander for U.S. troops throughout the Middle East.

U.S.: Sadr City Again A Militants' Haven (AP)

By Antonio Castaneda, Associated Press Writer

AP, September 26, 2006

U.S. soldiers trying to calm Baghdad say the sprawling Sadr City slum has once again become a haven for anti-American militants — and the source of most of the gunfire and mortars directed at them.

In the last two weeks, U.S. forces have suffered several casualties from dozens of shootings, mortar attacks and roadside bombings that American troops believe originated from Sadr City.

Yet the Americans have been restrained in their response, as U.S. and Iraqi leaders strive to avoid a third confrontation in two years with firebrand cleric Muqtada al-Sadr and his Mahdi Army — the biggest and most dangerous Shiite militia in Iraq.

Instead of venturing into Sadr City in strength, U.S. troops are concentrating instead on the mostly Shiite neighborhoods that surround the militia stronghold. All the while they are drawing fire from Sadr City.

As a result, some American soldiers believe the only way — in the end — to curb Shiite militias and halt the sectarian violence will be to confront the militia fighters in their sanctuary.

"I just want to see something done about Sadr City," said Staff Sgt. Brian Beem, 29, of Poughkeepsie, N.Y. "Send in the Iraqi army, the U.S. Army — send everyone in. ... They're going to need it. ... Something's going to have to be done about that place."

That won't be easy.

Al-Sadr and his followers managed to rebound from defeats suffered at the hands of the U.S. military during two previous uprisings in 2004 — and have now emerged as a major political force.

Al-Sadr's followers hold 30 of the 275 seats in the national parliament and five posts in Prime Minister Nouri al-Maliki's Cabinet and are a major pillar of the prime minister's political support.

In August, al-Maliki, a Shiite, publicly berated the Americans for a raid on Sadr City.

With Americans facing political pressure to lay off al-Sadr, it appears unlikely the U.S. command will order a major operation against his base, home to an estimated 2.5 million people, without al-Maliki's approval.

"We notify the prime minister if we've got sensitive targets and we let the prime minister know," Maj. Gen. James D. Thurman, the commander of U.S. forces in Baghdad, told The Associated Press in a recent interview.

"We let him have a say, and we notify people. But if somebody is committing an act of violence, we're going to go deal with it," Thurman said.

In name, Sadr City is under the control of Iraqi forces, not the militia. When U.S. troops formally handed over the area to Iraqi soldiers in March, one Iraqi colonel promised, "We can handle the security inside Sadr City."

But in reality, al-Sadr and his Mahdi militiamen call the shots in Sadr City. Few U.S. troops saw Iraqi troops, most of whom are also Shiites, on the major avenues where they were repeatedly attacked.

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All that is frustrating to American soldiers, who believe the militias have a virtual sanctuary in Sadr City.

The Mahdi Army "claims they control Sadr City, and all the attacks are coming from Sadr City. Then (either) the (Mahdi Army) is doing the attacking or allowing others to," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., a troop commander in the 4th Squadron, 14th Cavalry Regiment.

Over the past two weeks, L'Heureux's own soldiers have been regularly targeted by snipers and mortarmen operating from Sadr City.

The inability to fight back frustrates many.

"It's tough for a brigade like us that's been (winning) ... and here it's all touchy-feely and paws off," said 1st Lt. Bernard Gardner, 25, of Kinnear, Wyo.

Last week, al-Sadr delivered a speech urging his followers to take part in nonviolent resistance, possibly a gesture to divert attention away from Sadr City.

But U.S. troops on the ground say they — along with Iraqi troops — have been increasingly targeted by the Mahdi Army, which is growing more aggressive.

"We're seeing more instances, more indications that we have religious militias interfering with the Iraqi army and Iraqi police affairs," said Col. Greg Watt, the chief U.S. trainer for one of two Iraqi divisions in the city.

Some soldiers said they hope another fight could be avoided.

"I'll be honest with you. I hope for a political solution. Sadr can influence more through the mechanism of government than flexing his militia might," L'Heureux said.

But if the order comes to control Sadr City, "We are absolutely prepared to do it," he added. "There's no question about that."

Kurds, Sunni Arabs Clash In North -- A Small Echo Of Larger Dispute (LAT)

By Kim Murphy

The Los Angeles Times, September 26, 2006

BAGHDAD — Kurdish militiamen seized a police station in northern Iraq on Monday to prevent its transfer to a new Sunni Arab commander, igniting a daylong standoff that echoed the parliament's continuing unease over territory-sharing in the final administrative map of Iraq.

The clash in the town of Jalawla underscored the potential for violence as parliament prepared to study the contentious issue of creating autonomous regions in this multiethnic and heavily armed nation.

Though most of the biggest political disputes are likely to center on the oilfields in the south, in largely Shiite Muslim areas, and the northern city of Kirkuk, another oil-rich area claimed by the Kurds, the clash in Jalawla marked an early warning of what many fear could be a turbulent battle for the frontiers of a future Kurdish zone.

Authorities said the former Kurdish police commander in Jalawla, who was recently removed from his job by the Diyala provincial council, arrived at the station Sunday night accompanied by a force of Kurdish armed men and laid siege.

The Kurdish forces opened fire at the police station with heavy machine guns and rocket launchers, police sources said, destroying three cars and finally entering the building. The new commander and his men were reportedly locked in a room, but police had only sporadic communication with the station through the day and did not know whether any officers had been injured or killed.

Authorities in the nearby regional police headquarters had established a command post and were preparing a plan to retake the station, police sources said, speaking on condition of anonymity.

Kurdish leaders say Jalawla, about 80 miles northeast of Baghdad, and about 20 miles from Iran, was primarily a Kurdish town years ago. Hundreds of Kurds were driven out during the 1980s by former President Saddam Hussein's Arabization campaign in northern Iraq.

Since then, Kurds have been pushing to include such lands within the boundaries of an officially designated and largely autonomous Kurdistan. Most prominent has been Kirkuk, the scene of violence this month when six bombs exploded and killed 24 people. More than 80 others were injured.

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The regional parliament of Kurdistan on Sunday forwarded a draft constitution to the government in Baghdad that includes Kirkuk and other disputed areas within Kurdishcontrolled territories. As presently organized, the northern Kurds have their own president, taxing powers and militia, and exercise primary authority over natural resources, including oil and water. Many Shiites would like similar powers in the south.

Like Kirkuk, Jalawla today is a mixed city, with Arabs and Turkmens living alongside Kurds. The local council has insisted that the town, on the southern edge of the Kurdish-dominated north, remain part of the Diyala province and outside an eventual Kurdistan.

As the dispute has mounted in recent months, Arab residents have complained of harsh treatment at the hands of Kurdish militia forces. Those complaints were followed by the Kurdish police chief's ouster Sunday, setting the stage for the clash over the installation of the Arab police commander.

The broader scope of the debate was underway in Baghdad, meanwhile, as the parliament began setting up a committee to review the constitution in preparation for proposed legislation that could clear the way for semi-autonomous regions not only in Kurdistan but elsewhere in Iraq.

Sunni Muslim Arabs, who are concentrated in the resource-poor central and western regions, have sought to block the creation of more federated regions. They fear it will cut them off from oil revenue and splinter the country.

An agreement over the weekend put off a political crisis by calling for the constitutional review and a delay in creating any such regions for at least 18 months after any new federalism law is enacted.

But parliament deputies immediately broke into arguments Monday morning over the timing of the constitutional review. Kurdish deputies at one point walked out in the face of accusations from one lawmaker that Kurds had driven Arabs out of the northern city of Mosul.

The parliament ultimately agreed to the proportional composition of the review committee and was set to name its members today. Parliament speaker Mahmoud Mashadani, a Sunni Arab, urged lawmakers not to lose sight of the significance of the compromise on an issue that had threatened Iraq's 4-month-old national unity government.

"I think the agreement is like a gift presented by parliament to the Iraqi people for Ramadan," he said, referring to the Muslim holy month of fasting that began over the weekend.

A Shiite-sponsored federalism bill is scheduled for debate this week, but under the weekend agreement can't be implemented if it passes until at least 2008. Sunnis are hoping the constitutional review will produce amendments forestalling the federalism process or at least limiting the powers of autonomy granted to federal regions.

Meanwhile, Iraqi President Jalal Talabani warned that Iraq was prepared to "make trouble" with its neighbors if nations such as Iran, Turkey and Syria did not "stop interfering in our internal affairs."

In an interview with NPR's "Morning Edition" to be aired today, Talabani, a Kurd, said Iraq was prepared to support opposition groups in neighboring countries as a recourse for what he said was meddling in Iraq. Iran and Turkey each have sizable Kurdish minorities that have been pushing for increased self-determination.

If foreign governments continue to promote violence in Iraq, he said, "the Iraqi people will respond in the same way — we'll support the opposition of other countries [and] try to make trouble for them as they are doing for us.... Iraq can help opposing forces of our neighboring countries."

In other developments Monday:

• Another police station came under fire in the town of Musayyib. More than 15 mortar shells were lobbed at the Jurf Sakhar police station in the latest of many attacks challenging the control of central authorities.

• In Baghdad, a small bomb exploded under a parked car near a well-known pizzeria, followed by a bigger explosion a few moments later when police came to investigate. Three policemen were injured.

• In the ongoing trial to determine the responsibility of Hussein and some of his lieutenants for a violent campaign against Kurdish guerrillas and civilians in the 1980s, the defense team again boycotted the proceedings. Hussein, represented by stand-in defense lawyers appointed by the court, eventually was ejected from the courtroom.

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On Sunday evening, the former mayor of Fallouja was gunned down with his 18-year-old son as they were driving in the eastern part of the city, where U.S. forces have battled heavy insurgent activity since the beginning of the war. Najm Abdallah had served as head of the city council after the killing of his predecessor by unidentified armed men.

Al-Qaeda Figure Killed In Raid In Basra, British Military Says (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, September 26, 2006

Prison Escapee Was Believed by U.S. to Be a Top Bin Laden Aide

BAGHDAD, Sept. 25 -- British troops killed a man U.S. officials believed to be a top lieutenant to al-Qaeda leader Osama bin Laden during a pre-dawn raid on Monday in the southern city of Basra, a British military spokesman said.

Omar al-Farouq, an al-Qaeda leader in Southeast Asia who escaped from a prison in Afghanistan last summer, was killed during crossfire that began when he shot at about 200 British troops storming the home where he was hiding, according to the spokesman, Maj. Charlie Burbridge.

"He was a terrorist of considerable significance," Burbridge said.

Farouq's death was announced during another tumultuous day in the genocide trial of ousted president Saddam Hussein, culminating in his expulsion from the courtroom for the second time in as many sessions.

The proceedings began with Hussein and his six co-defendants, who are charged with attempting to annihilate the country's Kurdish minority, vigorously protesting the absence of their attorneys. Last week, the entire defense team boycotted the trial to protest the Iraqi government's dismissal of the chief judge for saying that Hussein was "not a dictator."

The eight new court-appointed defense attorneys appeared to struggle Monday during simple cross-examinations of witnesses. The new chief judge, Mohammed al-Uraibiy, frequently told them to rephrase their questions or simply dismissed their queries as "irrelevant." Ali Hassan al-Majeed, a co-defendant known as "Chemical Ali," complained that his attorney had a weak grasp of military terminology central to the case.

"I don't acknowledge this attorney!" another defendant, Sultan Hashim Ahhmad al-Jabburi al-Tai, shouted as his newly appointed attorney tried to speak. He jabbed his finger in the air. " I don't want to be associated with this lawyer!"

But the most heated clash came after the judge rebuked defendant Sabir Aba al-Aziz al-Duri for referring to al-Tai as a brigadier general.

"Don't mention his title," the judge said. "None of you have a title or rank now."

As Hussein prepared to interject his opinion, the judge instructed him to remain silent and respect the court.

"I'd respect the session if it was a respected court," Hussein retorted.

Then he held up a folded piece of yellow paper that he said was a request not to attend the trial as long as Uraibiy remained the presiding judge. "I don't want to sit inside this cage. It is a shame to be here. It is a dishonor to talk to you," Hussein said.

The judge angrily ordered Hussein to be removed from the courtroom and refused to accept his petition. "I am the one who decides to receive the request or not," he said.

"Take him out!" the judge decreed.

Violence continued to flare across Iraq on Monday. At least 13 people were killed in attacks throughout the country, police said.

The U.S. military also announced that a soldier attached to Task Force Lightning was killed by enemy fire near Mosul on Monday. No further details were released.

Special correspondent Saad Sarhan in Najaf, Iraq, contributed to this report.

Baghdad Isn't Birmingham (WP)

By Eugene Robinson

The Washington Post, September 26, 2006

DOJ_NMG_0069133

"Nobody can go back and reinvent the past," Condoleezza Rice told Katie Couric on "60 Minutes" Sunday night. But this nugget of truth came amid a flood of retrospective reinvention in which Rice equated the war in Iraq with the civil rights struggle of the 1960s -- and left me wondering whether I was hearing polished sophistry or a case of total denial.

That quote from the secretary of state came in response to a question about whether the administration would handle Iraq the same way if it had known then what it knows now -- that there were no weapons of mass destruction, among other inconvenient facts. Rice has acknowledged that mistakes were made in the conduct of the war, but she made clear Sunday that even now she would support the decision to invade.

The interview was prerecorded, so Couric didn't get to ask about the new National Intelligence Estimate -- representing the consensus view of the government's 16 spy agencies -- concluding that the Iraq war has poured fuel on the jihadist fire worldwide and that the threat from terrorism is rising, not ebbing. But we can assume that this obvious fact has not escaped Rice's attention, and I wouldn't expect one of the officials who ordered the invasion (she was national security adviser at the time) to confess that the whole thing was a tragic misadventure.

What I would expect from Rice, however, is a better understanding of the history of the civil rights movement and the lessons it taught, or should have taught, the nation and the world.

Rice famously grew up in Birmingham at the height of the movement. I say famously because she has used her personal biography as a tool of diplomacy, drawing this parallel between the crusade to win freedom and opportunity for African Americans and the U.S. invasion of Iraq.

Rice equates the racists who bombed Birmingham's 16th Street Baptist Church in 1963, killing four young girls -- including Denise McNair, a childhood playmate -- with modern-day suicide bombers who kill in the name of jihad. "Some people say, 'Well, they do it to prove a political point,' " she said. "Then why go after little girls? Or innocent people standing at a bus stop in Britain or in Madrid?"

That sounds good, but when you think about it, it doesn't mean much of anything. Yes, terrorism in every instance is abhorrent. But you don't fight terrorism, you fight terrorists, and not all terrorists are alike.

More to the point, I, too, grew up in the South during the last throes of Jim Crow segregation. I don't see how anyone could come out of that milieu without feeling that the violence waged back then by the Ku Klux Klan and other white racists was a very specific, highly personal form of terrorism.

Just a few hundred yards from my house, three black students were killed in a 1968 demonstration that had begun over a segregated bowling alley. I remember waking up one morning and seeing a dozen highway patrol cars parked across the street, the officers crouched with their rifles trained at a house two doors from mine. They were looking for the supposed "outside agitator" who was stirring up all the local colored folk, but fortunately he was long gone.

That's one essential difference that Rice ignores -- that during the civil rights era, the terrorism was of the kind we would now call "state-sponsored." It was of the powerful over the powerless, not the other way around.

In her interview with Couric, Rice went on to argue that critics of the administration's Middle East policies are like the racists who contended that black Americans were not ready to participate in democracy because they were "kind of childlike" and couldn't handle the vote. But that's a bizarre analogy. The last stand by white racists against integration and voting rights for African Americans wasn't about patronizing attitudes some whites might have held -- it was about power. It was about the knowledge that blacks were not just ready but also determined to exercise the right to vote.

She makes it sound as if those who disagree with the administration are standing in the schoolhouse door. But no one wants to deny Iraqis or anyone else the chance to practice democracy. The question is whether democracy should, or can, be imposed at the point of a gun.

If Rice really believes what she says, then why does she shun the democratically elected Hamas government of the Palestinian Authority? Are the Palestinians childlike and not ready for the vote?

Or is our Middle East policy such a mess that it has to be veiled in rewritten history?

Afghan Leader Slams Musharraf's Policies (WT)

By Sharon Behn

DOJ_NMG_0069134

The Washington Times, September 26, 2006

The political divide between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf became increasingly acerbic yesterday, with the Afghan leader accusing his counterpart of pursuing policies that foster terrorism.

The outburst came on the eve of a critical meeting in which the two men will join President Bush in the Oval Office to discuss ways to improve their cooperation in fighting a revitalized Taliban insurgency.

In a reference to Pakistan, Mr. Karzai said in an address at the Woodrow Wilson International Center for Scholars yesterday that there will be no peace in the region until nations stopped using religious extremism as a means of promoting policy.

"For all of us in the world to be safer, we must remove the need for groups, organizations or state entities -- and here I am beginning to be very careful in my remarks -- of reliance on religious radicalism as instruments of policy," he said.

"The increased attacks on Afghanistan and the cross-border activities; the loss of U.S., Canadian soldiers; the burning of mosques and attacks on children ... is the continuing of reliance on radicalism as an instrument of policy," Mr. Karzai said.

Many Taliban fighters escaped into Pakistan when U.S. troops landed in Afghanistan in December 2001 and worked with anti-Taliban Afghan forces to drive the al Qaeda-backed government from Kabul within weeks.

Pakistan, one of three countries that had recognized the Taliban regime, quickly joined the United States in its war on terror. According to Gen. Musharraf's memoirs, published yesterday, Pakistan has handed over hundreds of al Qaeda suspects to the United States.

Gen. Musharraf, in the United States to address the U.N. General Assembly, insisted in an interview on Friday that the problem of terrorism in Afghanistan was rooted in Afghanistan itself.

Pakistani officials also have said that a recent agreement with tribal leaders along the Afghan border should put an end to cross-border raids and Taliban violence. But the pact has done little to stem terrorist attacks in Afghanistan.

That violence continued yesterday in the southern city of Kandahar, where two men on a motorbike fatally shot Safia Ama Jan, a longtime women's rights advocate who had run an underground school for girls while the Taliban was in power.

The Taliban had outlawed education for girls.

A funeral was held later yesterday at a crowded Shi'ite mosque for Mrs. Ama Jan, a provincial director for the Ministry of Women's Affairs.

"The enemy of Afghanistan killed her, but they should know it will not derail women from the path we are on. We will continue on our way," said Fariba Ahmedi, a parliament member from Kandahar, according to the Associated Press.

In his Washington address yesterday, Mr. Karzai said many of the terrorists afflicting his country get their start in religious schools, or madrassas, in Pakistan.

"Young, poor, unaware, uneducated children from the poorest of families are taken and preached hatred against me, against you, against any other person" in these schools, said Mr. Karzai, who urged Gen. Musharraf to shut down the madrassas and imprison those who teach there.

"Military action in Afghanistan alone is not going to free us of terrorism. Going to the source of terrorism -- where they get trained, motivated, financed and deployed -- is necessary now," he said.

"They are told: 'Go kill yourself in Afghanistan. Commit suicide and kill as many internationals and Afghans as you can, and the instant you are dead you will be in heaven.' To a boy of 7, keep preaching that until he is 14, and you will have a suicide bomber," Mr. Karzai said.

Gunmen Kill Afghan Official Who Backed Women's Rights (NYT)

By Carlotta Gall

The New York Times, September 26, 2006

KANDAHAR, Afghanistan, Sept. 25 — A senior Afghan official specializing in women's rights was gunned down here on her way to work on Monday morning by suspected Taliban gunmen. It was the highest-level assassination of a woman in Afghanistan in the five years since the Taliban were ousted from power.

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Safia Amajan, 65, had served as chief of the women's affairs department in Kandahar Province for five years, working for women's rights and education and vocational training. A former teacher and high school principal, she was well known and much liked in Kandahar.

"It is a very tragic loss," said Sonja Bachmann, a United Nations political officer who knew Ms. Amajan well. "She did a good job, she worked in a very low-key way and worked hard to raise awareness about women's issues."

A spokesman claiming to speak for the Taliban claimed responsibility for the killing in a telephone call, [a news organization] reported

Hundreds of women gathered at the city's main Shiite mosque, where Ms. Amajan's body lay wrapped in a white shroud decorated with golden Koranic script, to mourn her loss. "There is no security for anyone now in Kandahar," one woman said, sobbing through her veil.

Ms. Amajan was shot as she was walking from her house up a narrow street to the main road shortly after 7 a.m., said shopkeepers in the area.

A gunman shot her four times with a pistol, said Muhammad Haidar, an official who worked in her office.

Her nephew, Muhammad Asif, 45, said that no one reported seeing the gunmen. "A carpenter was close to the scene and heard the shots and he called people," he said. Her husband also heard the shooting, came out of their house and found her lying in the street, Mr. Asif said.

The police were looking for two men, who escaped by motorcycle, said the provincial governor, Asadullah Khaled, who went to the crime scene. The police found tracks of the motorcycle driving away from the scene, he said.

Ms. Amajan preferred to take a taxi or public transport, even though her office had cars and drivers, her nephew said. "She wanted to keep a low profile," he said. "We wanted her to come and live with us in town, but she used to say, 'If it's God's will, they will take me anywhere.'"

Mr. Haidar said that she had not received specific threats but that everyone in the office knew of the danger posed by the Taliban, who have in the past attacked teachers and government officials. In another recent high-level assassination, a suicide bomber killed the governor of Paktia Province.

But to gun down a woman in the street, in this strictly conservative tribal society, is rare and shocking to many, and it has reinforced the fear in this southern city, which was once the Taliban spiritual headquarters, at the continuing violence and growing Taliban threats. A United Nations official noted that five people were kidnapped Sunday in the city.

"People are scared, of course," Mr. Haidar said. "How can we feel secure when the head of our department is killed in front of her house?"

Ms. Amajan's relatives and employees ruled out any personal enmity as a motive, saying she was a religious woman, the mother of an 18-year-old son and a person of unimpeachable character.

"She was a poor woman, from a poor background and was very well connected to the local women's networks in Kandahar," Ms. Bachmann said. "In the south things are very difficult, and she worked to improve things for women — and she worked very well with us in the United Nations."

President Hamid Karzai, on a visit to the United States, condemned the killing. "The enemies of Afghanistan are trying to kill those people who are working for the peace and prosperity of Afghanistan," he said in a statement released in Kabul.

DOJ:

Worcester Federal Prosecutor Honored (WORCT)

By Lee Hammel

Worcester (MA) Telegram, September 26, 2006

Helped on Enron

David H. Hennessy, acting chief of the U.S. Attorney's Worcester branch , has been given the Attorney General's Award for Exceptional Service, the Justice Department's highest award.

Mr. Hennessy, an assistant U.S. attorney since 1995, was among two Massachusetts assistant U.S. attorneys and a former assistant U.S. attorney from Massachusetts to be given awards Sept. 12 at DAR Constitution Hall in Washington, D.C. Mr. Hennessy was given the award for his service on the Justice Department's Enron Task Force, which investigated and prosecuted individuals considered most responsible for fraud in the energy company.

Mr. Hennessy served on the task force, which had about 40 prosecutors and FBI agents, from August 2003 through June 2004. The task force had offices in Washington and Houston, Enron's base. During part of that time he continued with some of his duties in the federal courthouse in Worcester, but for much of it he left Worcester early each Monday not to return from Houston until Thursday or Friday.

Mr. Hennessy served on the team that prosecuted Lea Fastow and the so-called Barge case defendants. Ms. Fastow, a former Enron assistant treasurer and wife of Enron chief financial officer Andrew Fastow, was sentenced to a year in prison on a misdemeanor tax charge.

Former officials of Enron and Merrill Lynch were imprisoned for their roles in a sham sale of Nigerian energy-generating barges that enabled Enron to inflate its earnings and boost its stock price.

Referring to the Enron prosecutions, the Justice Department said, "This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions."

Massachusetts U.S. Attorney Michael J. Sullivan said, "These awards are given to a relative handful of recipients nationally and recognize their very high level of commitment and professionalism."

Before arriving in Massachusetts in July 1999, Mr. Hennessy was an assistant U.S. attorney in the Eastern District of New York, centered in Brooklyn, for 4-1/2 years. While in Worcester, he investigates and prosecutes a variety of crimes, including economic, firearms and narcotics violations. Mr. Hennessy specialized in Russian and traditional organized crime in New York.

His role in prosecuting Gambino capo Nicholas "Little Nick" Corozzo in federal court in Brooklyn earned him mention in Jerry Capeci's Gang Land column.

Before that Mr. Hennessy was an assistant district attorney in the Office of the Special Narcotics Prosecutor and the office of District Attorney Robert Morgenthau in New York. Andrew Weissmann, Mr. Hennessy's supervisor in the U.S. attorney's office in Brooklyn, became deputy director of the Enron Task Force and recruited Mr. Hennessy for the Houston court cases.

Mr. Hennessy is a 1985 graduate of Fordham University School of Law and the State University of New York Plattsburgh campus.

CORPORATE SCANDALS:

H-P Is Urged To Overhaul Board In Wake Of Probe (WSJ)

By Don Clark And Joann S. Lublin

The Wall Street Journal, September 26, 2006

Hewlett-Packard Co. should overhaul its board in the wake of the leak-investigation scandal, corporate-governance experts say, and four public pension funds are proposing a way for shareholders to help do that.

The four funds -- representing public workers in Connecticut, New York, North Carolina and Washington, D.C. -- said they filed a proposal asking H-P to change its bylaws to allow any shareholder group holding 3% of the company's stock for at least a year to nominate one or more board candidates.

Backers of the proposal are the New York State Common Retirement Fund, the Connecticut Retirement Plans and Trust Funds, the North Carolina Retirement Systems and the American Federation of State, County and Municipal Employees Pension Funds. Their proposal relies partly on a recent appeals court ruling that sided with AFSCME.

Separately, a House committee studying the H-P imbroglio said it issued subpoenas to two H-P executives and a private investigator it had invited to testify at a hearing Thursday. Several other senior H-P executives -- including Chief Executive Mark Hurd and former Chairman Patricia Dunn -- are expected to appear.

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The House Energy and Commerce Committee said it issued subpoenas to H-P Senior Counsel Kevin Hunsaker and H-P Global Security Manager Anthony Gentilucci; an H-P spokesman said Mr. Gentilucci plans to resign today. The other subpoena recipient is Ron DeLia, operator of Security Outsourcing Solutions Inc., a Boston-area private investigation firm that H-P used.

Miles Ehrlich, who represents Mr. Gentilucci, said "we have not decided whether he's going to testify. We will be there at the hearing." A lawyer for Mr. Hunsaker acknowledged receiving the subpoena but declined to make additional comment. Mr. DeLia's lawyer didn't return calls.

Ms. Dunn resigned last week at the request of the board in the wake of disclosures about investigation tactics that have prompted several government probes. Director Thomas Perkins resigned in May to protest the H-P leak investigation; George Keyworth, a focus of the probe, also has resigned.

Mr. Hurd announced Ms. Dunn's immediate resignation Friday at a news conference, outlining a series of tactics used by the company in investigating board leaks, including obtaining phone records of journalists under false pretenses.

Mr. Hurd, who assumed the chairman's role from Ms. Dunn, promised H-P employees earlier this month that he would try to improve the board. "You have a board here right now that is crippled in every way imaginable," said Ralph D. Ward, a Michigan author who publishes a newsletter called Boardroom Insider.

Even before finding new directors, Mr. Ward said, the board should get outside assistance in thoroughly investigating what it did wrong in the leak investigation. He then proposes Mr. Hurd lay out a plan for giving up the chairmanship eventually to an outside director.

H-P should give over about one-third of its board seats to newcomers, said Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara (Calif.) University.

Mr. Perkins expressed his opinions about Ms. Dunn in a July 17 email to Mr. Hurd, being reported by The Wall Street Journal's editorial page today.

HP Officials, Contractor Ordered To Testify For House Panel (WP)

By Ellen Nakashima And Yuki Noguchi, Washington Post Staff Writers

The Washington Post, September 26, 2006

Congressional investigators have subpoenaed two Hewlett-Packard Co. employees and one contractor to testify before a House investigative subcommittee Thursday as part of the panel's probe of an HP spying scandal that has spawned two criminal investigations. The scandal grew out of a series of media-leak investigations at the Silicon Valley computer giant.

The subpoenas, the first issued by the panel in this case, went out over the weekend to HP senior counsel and ethics director Kevin Hunsaker; former HP global security director Anthony Gentilucci; and Ronald R. DeLia, owner of Security Outsourcing Solutions, a Boston investigative firm HP hired to help identify the sources of media leaks.

Hunsaker, who ran HP's leak investigation this year, has been on paid leave for at least a week, said his attorney Michael Pancer.

Gentilucci has resigned effective today, HP spokesman Ryan Donovan said.

Congress is questioning HP executives and its investigators as part of a broader examination into companies that sell or obtain unauthorized access to phone records.

Hunsaker and Gentilucci were both involved in HP's leak probe, which the company has said involved obtaining private phone records by impersonating directors and journalists. Other tactics, documents show, included secretively following board members and journalists, and embedding tracer software in an e-mail sent to a reporter. The legality of some of those techniques is under investigation by the FBI and California attorney general's office.

Thursday, the House Energy and Commerce investigative subcommittee will question HP chief executive Mark V. Hurd, former chairman Patricia C. Dunn and others.

DeLia's lawyer, John Kiernan, did not return a call seeking comment. Hunsaker committed no crime, his lawyer said. "Everything that Kevin did, everything that Hewlett-Packard employees did, was legal and aboveboard," Pancer said. "And by that, I mean it was consistent with approved and usual investigative techniques."

Staff researcher Richard Drezen contributed to this report.

House Panel Subpoenas 3 To Testify In HP Spying Scandal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 26, 2006

(AP) - WASHINGTON-Three people involved in Hewlett-Packard Co.'s efforts to unmask a boardroom leak have been ordered to testify at this week's congressional hearing on the corporate spying scandal that's so far claimed the company's chairwoman and two directors.

The subpoenas are the first issued by the panel in its investigation. They were served over the weekend, according to a congressional aide who asked not to be identified because the investigation is continuing.

Until now, the invitations to testify at Thursday's hearing had been voluntary and other witnesses had accepted them.

The subpoenas from the House Energy and Commerce Committee went to Kevin T. Hunsaker, the technology company's chief ethics officer; Anthony R. Gentilucci, who manages HP's global investigations unit in Boston; and Ron DeLia, the operator of a detective firm hired by HP in the elaborate and intrusive investigation to trace the source of a boardroom leak.

Determined to protect confidential board discussions, then-HP Chairwoman Patricia Dunn hired investigators who impersonated board members, employees and journalists to obtain their phone records. The detectives also spied on an HP director and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

Federal and California prosecutors are pursuing criminal investigations of the company's leak probe.

DeLia, who runs Security Outsourcing Solutions Inc. of Needham, Massachusetts, previously signaled that he would appear at the hearing but might invoke his Fifth Amendment right against self-incrimination and refuse to answer lawmakers' questions. He had requested a subpoena from the committee as a legal formality, the congressional aide said.

Both Hunsaker and Gentilucci are likely to lose their jobs as part of a housecleaning planned by HP's chief executive, Mark Hurd, a person familiar with the matter said Friday. The person asked not to be identified because the terms of their departure are still being negotiated.

DeLia and HP representatives did not return messages seeking comment Monday.

Documents have shown how deeply the investigators intruded into the personal lives of seven HP directors, two employees, nine journalists and family members of the targeted individuals.

Dunn, who authorized the company investigation but has insisted she wasn't aware of the extreme tactics used, resigned Friday. Hurd, who immediately succeeded her while retaining the CEO and president positions, called the investigators' tactics "very disturbing" and apologized to those who were targeted in the investigation.

Dunn and Hurd have agreed to testify at the hearing.

Hunsaker in February pointed DeLia toward two board members he suspected of leaking information to journalists and made specific requests that the hired investigator obtain personal telephone records, a company document obtained by The Associated Press shows.

The Feb. 3 e-mail from Hunsaker to DeLia contrasts with a Jan. 30 message in which Hunsaker, a senior attorney in HP's legal department, expressed his concerns about the legality of the investigators' methods in pursuing the company's leak probe.

"Thanks Ron. I now strongly believe it's Keyworth," Hunsaker wrote, referring to director George Keyworth, who resigned this month. He also suspected another board member, Tom Perkins, who quit the board this spring to protest the investigation's tactics. He also asked DeLia to find out more about Keyworth's wife.

"I also think Perkins is leaking info for personal reasons, but I think BOTH January 23rd articles by Kawamoto were leaked by Keyworth," the e-mail continued. "Can you please see if we can find out Marion Keyworth's cell number and pull those records?"

HP shares, which took a hit Thursday after news reports indicated Hurd might have played a greater role in the probe, gained 60 cents, or 1.7 percent, to close at $35.71 in Monday trading on the New York Stock Exchange.

AP Business Writer Michael Liedtke contributed to this report from San Francisco.

HP Scandal Figure Resigns After Being Subpoenaed (USAT)

By Michelle Kessler

USA Today, September 26, 2006

SAN FRANCISCO — A key player in the Hewlett-Packard spying scandal submitted his resignation Monday hours after he and two others were subpoenaed by federal officials, HP said.

Anthony Gentilucci, a global security manager for the computer giant, was part of a team assigned to find out who inside HP was leaking confidential information to the press. The team, which included HP staffers and outside detectives, used unsavory tactics to obtain confidential phone records, physically tracked board members and reporters, and tried to plant electronic tracking software on a reporter's computer.

The House Energy and Commerce Committee is investigating whether those actions were illegal. Monday, it said it issued subpoenas compelling Gentilucci, HP senior counsel Kevin Hunsaker and outside private investigator Ronald DeLia to appear at a hearing Thursday.

The committee had earlier asked the three men to attend. The subpoenas make the request mandatory. (Witnesses can still decline to answer questions by citing their Fifth Amendment right against self-incrimination.)

Subpoenas can sometimes be used to compel a reluctant witness but can also be a legal formality. Committee spokesman Terry Lane wouldn't say why the subpoenas were issued.

Monday evening, Hunsaker was still employed by HP, spokesman Ryan Donovan said. DeLia did not return e-mail messages.

Six others involved in the scandal have also been asked to appear before the committee but have not been subpoenaed. HP CEO Mark Hurd, former chairman Patricia Dunn, and general counsel Ann Baskins will all testify, HP's Donovan says. He wouldn't comment on whether a fourth HP employee, computer security investigator Fred Adler, would show up.

Also on the list are Larry Sonsini, a prominent Silicon Valley attorney who counts HP as a client, and Joe Depante, owner of Florida detective firm Action Research Group. Sonsini intends to testify. Depante didn't return phone calls.

Several government agencies, including the FBI and the Securities and Exchange Commission, are investigating HP. But the House Committee has been one of the most aggressive. It has a 7-month-old investigation into phone-record fraud and is using the HP scandal to publicize the effort.

This Friday, one day after the HP hearing, the committee has asked representatives from most major cellphone companies to testify about phone fraud. Executives from Verizon Wireless, Sprint Nextel, Cingular Wireless, T-Mobile and US Cellular are among those planning to attend.

Such fraud has been around nearly forever but has been made much easier by the Internet and online bills, says Robert Douglas, a security consultant.

HP shares have fallen 2% since news of the scandal broke earlier this month.

Dunn And Dusted (WSJ)

By Viet D. Dinh

The Wall Street Journal, September 26, 2006

Justice Felix Frankfurter once wrote, "Wisdom too often never comes, and so one ought not to reject it merely because it comes late." So it is with Hewlett-Packard's decision on Friday to come clean with the available facts about Chairman Patricia Dunn's ill-advised investigation into board members and journalists, as well as to replace her with CEO Mark Hurd and appoint respected prosecutor Bart Schwartz to mop up the mess. Belated but welcome, these actions show that Mr. Hurd's steady hand will guide H-P out of the scandal and back to its rightful place as the icon of Silicon Valley.

For me the whole saga started in June with dinner at a London restaurant. The News Corporation was welcoming Spanish President José María Aznar to its board, on which venture capitalist Tom Perkins and I also serve as independent directors. Between drinks and glimpses at a World Cup match, as this paper has reported, Mr. Perkins asked me for advice on a confidential matter. He had resigned several weeks earlier from the H-P board, where he chaired the Nominations and Governance Committee, to protest an investigation into disclosures of board information and the decision to ask a fellow director, George "Jay" Keyworth, to resign.

H-P Sauce

That night and on the plane the next day, Mr. Perkins described a four-month operation instigated by Ms. Dunn, which we now know as Kona, to uncover contacts between members of her board and reporters covering H-P. That investigation, according to Mr. Perkins, pointed to Mr. Keyworth as the unnamed source for a January article on the trade Web site CNET.com.

My immediate reaction was that it was unconscionable for a chairman to spy on her own directors. Having participated in and observed a number of leak investigations as a Justice Department official, I also thought it nearly impossible to uncover a confidential source without using government subpoenas, which H-P did not have, or resorting to likely illegal methods, which at the time was unthinkable. Mr. Perkins asked me to serve as his counsel, and I agreed.

Most perplexing was the supposed trigger for this unfortunate foray into corporate intrigue. The CNET article, if anything, burnished the image of H-P and its management. There was no disclosure of material nonpublic financial information to trigger regulatory or legal issues. Amid banal details about how long the days were and how hard the directors worked were glimpses into the company's general strategic and competitive vision. Mr. Hurd was engineering an impressive turnaround, and the article showed that H-P was not simply cutting costs and laying off workers but rather executing a shrewd strategic plan to best its competitors.

It is difficult to see how a puff piece with nuggets already publicized by H-P could be viewed as harmful. The board has since acknowledged that "at H-P's request, Dr. Keyworth often had contacts with the press to explain H-P's interests. The board does not believe that Dr. Keyworth's contact with CNET in January 2006 was vetted through appropriate channels, but also recognizes that his discussion with the CNET reporter was undertaken in an attempt to further H-P's interests." And there is no general duty of confidentiality for directors, only a duty of loyalty to act in the best interests of the corporation and its shareholders.

So the whole thing boils down to Mr. Keyworth deciding to speak favorably to a reporter without asking for permission. The answer to this question of authority is not self-evident as a legal matter. The chairman of the board is first among equals -- entrusted with the responsibility to set agendas, conduct meetings and interact with management. But each board member individually owes a legal duty to act in the best interests of the corporation, a personal duty that cannot and should not be delegated or transferred to anyone else.

It is true that unauthorized disclosures of board information would violate a mutual commitment of confidentiality that H-P directors made to prevent such disclosures following the ouster of Carly Fiorina as chairman and CEO. This is a serious matter, but one that could and should be handled, as Mr. Perkins suggested to Ms. Dunn early on, by a direct personal conversation with the directors. It is therefore understandable for Mr. Keyworth to reportedly exclaim, when confronted with the CNET investigation results, "I would have told you all about this. Why didn't you just ask?" * * *

Overlaying these minutiae is a broader morality tale for the modern era of corporate governance. Enron and WorldCom prompted Sarbanes-Oxley, SEC regulations and a host of corporate "best practices." These requirements emphasized internal controls, divided corporate authority and instituted checks and balances. Essential as these requirements may be to ensure technical compliance with the new rules, they cannot substitute for the guiding light of director conduct: business judgment.

Patricia Dunn reportedly is a "governance perfectionist." When Mr. Perkins's objections to Ms. Dunn's investigation surfaced publicly, she called the conflict "part of the board's progression from one that was more personality driven to one that is process driven and capable of upholding today's highest governance standards." Her supporters whispered that Mr. Perkins had challenged her proposal for a mandatory director education program on corporate compliance. And in resigning last week she emphasized, "I followed the proper processes by seeking the assistance of H-P security personnel." Left unanswered was whether the sub rosa investigation was a good idea or whether the reaction was reasonable to the infraction.

Meanwhile, in June, Tom Perkins wrote to Larry Sonsini, outside counsel to the H-P board, and passed on my view that the investigation was unconscionable and likely illegal. After conversations with staff, Mr. Sonsini confirmed that Ms. Dunn's Kona investigation "did obtain information regarding phone calls made and received by the cell or home phones of directors" and that it was "done through a third party that made pretext calls to phone service providers." Questions have been raised about Mr. Sonsini's role, but Mr. Perkins's and my impression is that Mr. Sonsini was simply a good, honest lawyer doing his best to represent his client in very difficult situations.

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It was Mr. Sonsini's candid acknowledgment of pretexting that prompted Mr. Perkins to contact telephone companies and obtain evidence that his records had been accessed. Wherever responsibility for such actions lie are for prosecutors to determine, but one thing is clear: Using false pretenses to obtain telephone records without the subscriber's consent is illegal under state and federal law.

The Department of Justice wrote to Congress in March that pretexting of telephone records is, under current law, a violation of the Computer Fraud and Abuse Act, the wire fraud statute and the identity theft statute. The Bush administration nevertheless advocated passage of H.R. 4709, the "Law Enforcement and Phone Privacy Protection Act of 2006," because it "would impose sanctions for certain sales of phone records, would criminalize some conduct that is harmful to consumers but that is not addressed by current criminal law." The House heeded the call and unanimously passed the bill, which is currently pending in the Senate.

What happened to Tom Perkins is unique only because of the players involved. Thousands have had their phone records illegally accessed. Ironically, the pervasiveness of the trade in illegally obtained phone records has led many buyers of illicit records to believe that they were not dealing in stolen goods. Perhaps that is one silver lining to this episode: Henceforth, no one, least of all corporate America, should be able to claim that they didn't know that obtaining telephone records without consent is improper and illegal. * * *

H-P is now charting the right course, with Mark Hurd firmly at the helm. There is no better indication of his commitment to doing the right thing than the appointment of Bart Schwartz as counsel to review and revamp H-P's security processes. "Bart is an outstanding lawyer and investigator with excellent judgment and immense integrity," former FBI director Louie Freeh told me. "He will act independently and provide to H-P a 'best practices' architecture for investigations and procedures which is thorough, fair and sensitive to privacy requirements."

Mr. Hurd himself has frankly acknowledged his specific interactions with Ms. Dunn's investigation. Like any good scandal, Kona has sucked everything and everyone, however peripheral, into its vortex. But based on all available information, I believe that his knowledge was tangential and his involvement indirect. It would be surprising -- and much more disturbing -- if Mr. Hurd had zero knowledge of, or involvement in, actions of H-P employees and contractors under the direction of the board chairman.

One may well ask whether Mr. Hurd should have done less to help or could have done more to stop the investigation. But here, too, I think he should get the benefit of any doubt. As CEO, Mr. Hurd was charged with the management and operations of H-P, in the process engineering one of the most remarkable turnarounds in recent corporate history. Even if he had the will, he did not have the unilateral authority to challenge Ms. Dunn's management of the board. Mr. Hurd was, and should have been, doing his job to increase shareholder value; and the machinations of an increasingly dysfunctional board were a distraction.

Hopefully, those distractions are now over. By stepping aside, Ms. Dunn proved her personal commitment to H-P and its shareholders. It is never easy to let go under pressure, and her decision speaks volumes about her courage, her grace and, in Mr. Hurd's words, "her ability to put the interests of H-P before her personal interests."

In the final analysis, the best thing that the H-P board did was to appoint Mark Hurd as CEO. But then it failed him. Ironically, the three persons most instrumental in recruiting Mr. Hurd -- Patricia Dunn, Jay Keyworth and Tom Perkins -- have all resigned, and he is now in charge of both the company and the board. The task may be more challenging, but the odds are good that he will succeed in leading the board as he did in leading the company.

'Dear Mark'

On July 18, the same day that Tom Perkins formally confirmed his protest to the entire board, he wrote Mr. Hurd a personal email that bears quoting in its entirety:

"Dear Mark: A while back I promised you that we directors would clean up our act, and free you from worries about the H-P board. I am really sorry that I didn't deliver on this, and I apologize for the necessity of raising the issue of illegal activity by the board chairman in today's email to the board. But, it's an extremely serious matter, and I have legal obligations.

"Aside from this, I worry that Pattie, as new chair of N&G, will 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes.

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"I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough. I don't wish you bad luck -- but life eventually delivers tough scenarios to CEOs of big companies -- and I doubt if H-P will prove to be the exception.

"Anyway, I am rooting for you still, and I hope everything works out as you wish best.

"Sincerely, -- Tom."

As Mr. Perkins has said, "This, too, shall pass." Hopefully, soon.

Mr. Dinh, a Georgetown law professor and principal of Bancroft Associates PLLC, is the attorney for Tom Perkins. He was assistant attorney general for legal policy in the U.S. Department of Justice from 2001 to 2003.

Hewlett-Packard's Sonsini Hires Ex-Bush Lawyer For Probe Advice (BLOOM)

By Joel Rosenblatt

Bloomberg, September 26, 2006

Sept. 25 (Bloomberg) -- Lawrence W. Sonsini, a legal adviser to Hewlett-Packard Co., hired President Bush's former election counsel Michael Madigan to help him as he faces a Congressional investigation of the company's probe of boardroom leaks.

Sonsini, 65, chairman of the Wilson Sonsini Goodrich & Rosati law firm, hired a team that includes Madigan and former Congressman Bill Paxon, both of the Washington, D.C., office of Akin Gump Strauss Hauer & Feld. Madigan was chief litigation counsel for Bush's campaign in the Florida recount during the 2000 election.

Sonsini and officials at Palo Alto, California-based Hewlett-Packard are scheduled to appear Thursday before a subcommittee of the House Energy and Commerce Committee, which is investigating whether company tactics used to determine the source of news leaks to its board were illegal.

Wilson Sonsini ``is working with Akin Gump, under the leadership of former Congressman Bill Paxon and Mike Madigan to help understand the congressional process," firm spokeswoman Courtney Dorman said in an e-mail.

Sonsini built Wilson Sonsini from a four-lawyer shop he joined in 1966 to a 600-attorney firm based in Palo Alto. He conducted initial interviews of Hewlett-Packard's board members in January, 2005, to determine the source of news leaks, Dorman said. Results from those interviews proved inconclusive.

Hewlett-Packard then undertook its own inquiry, employing investigators who used fake identities to obtain telephone records of directors, employees and journalists to identify the source of the leaks. California's attorney general Bill Lockyer and the U.S. Justice Department are reviewing the tactics, called pretexting, to see if crimes were committed.

Also scheduled to appear at the hearing are Hewlett-Packard Chairman and Chief Executive Officer Mark Hurd, former Chairwoman Patricia Dunn, General Counsel Ann Baskins, and Fred Adler, a company investigator. Earlier today two other company executives, Kevin Hunsaker, the senior counsel, and Anthony Gentilucci, its global security manager, and an outside investigator were served subpoenas to testify.

Shares of Hewlett-Packard, the world's second-largest personal computer rose 60 cents to $35.71 in New York Stock Exchange composite trading. They've risen 25 percent this year.

To contact the reporter on this story: Joel Rosenblatt in San Francisco at jrosenblatt@bloomberg.net .

Sentencing Of Former Homestore CEO Delayed (INMAN)

Inman News, September 26, 2006

Stuart Wolff faces maximum sentence of 175 years

Sentencing for Stuart Wolff, the former CEO of Homestore Inc. who was convicted in June on charges ranging from conspiracy to fraudulent insider trading, has been delayed until at least Oct. 10.

Assistant U.S. Attorney Michael R. Wilner said today, "At the defense's request, the hearing has been postponed" and could be delayed until Oct. 10 or Oct. 16.

Wolff, 43, reportedly faces a maximum statutory sentence of 175 years in federal prison for the crimes at Homestore, now known as Move Inc. The company operates popular home-search Web site Realtor.com.

Wolff served as CEO and chairman of the board at Homestore from 1997-2002, when he resigned during an internal investigation. A jury found Wolff guilty of conspiracy, filing false statements with the U.S. Securities and Exchange Commission, lying to accountants, fraudulent insider trading, and falsification of corporate books and records.

He had originally been scheduled for sentencing Sept. 11.

There are 11 other defendants who also await sentencing related to past problems at Homestore, including Peter Tafeen, the company's former executive vice president of business development who pleaded guilty in March to one count of securities fraud and organizing fraudulent advertising transactions through which Homestore artificially inflated its revenues.

The SEC and U.S. Justice Department in April 2005 announced criminal and civil cases against Wolff and Tafeen.

Fund Manager Charged In CompuDyne Trading (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 26, 2006

Trades Said to Use Inside Information

NEW YORK, Sept. 25 -- A former hedge fund manager has been charged with criminal insider trading for allegedly profiting from confidential information she had received from Arlington investment firm Friedman Billings Ramsey Group Inc.

Hilary L. Shane, 39, was indicted earlier this month on five counts of securities fraud, and she was arraigned on Monday in U.S. District Court in Manhattan. She pleaded not guilty.

The charges stem from a two-year investigation into a 2001 private stock offering that FBR managed for CompuDyne Corp., a publicly traded Annapolis security company. Such a transaction is known as a private offering in public equity, or PIPE, and plans for them are kept confidential because they can cause the public share price to fall.

Shane, who now lives in Jupiter, Fla., has already paid $1.45 million to settle a civil investigation by the Securities and Exchange Commission and been banned from the industry by the NASD. Her lawyer, Robert Gold, declined to comment outside of the courtroom.

FBR co-founder Emanuel J. Friedman abruptly retired in 2005 during the investigation, and two other top executives resigned. An FBR spokeswoman declined to comment Monday.

According to the indictment, Shane, who was then working for First New York Securities LLC, was contacted by an FBR salesman to see if she would be interested in buying shares in a CompuDyne private equity placement. Shane told the salesman she was interested in buying up to 500,000 shares at up to $14 apiece. At the time, CompuDyne shares were trading above $17.

Eventually, FBR priced the PIPE at $12 a share, and Shane agreed on Oct. 8, 2001, to buy a total of 475,000 shares, including 237,000 for her personal account. The next day, she began to sell the stock short -- Wall Street slang for selling a promise to deliver shares at a later date, the indictment alleged.

Shane sold 122,900 shares short and received an average of $14.59 per share, the indictment said. She then covered those sales using shares she bought in the PIPE transaction for $12 a share, pocketing the difference of $315,216.

Not Guilty Plea To Illegal Short Selling (NYT/BLOOM)

By Bloomberg News

The New York Times, September 26, 2006

A former New York hedge fund manager pleaded not guilty yesterday to illegally short selling shares of CompuDyne hours before the company announced a private share offering.

An indictment said that Hilary L. Shane, 39, bought shares for herself and her clients, agreeing to keep the offering secret until it was announced. Hours before the announcement in 2001, Ms. Shane sold 122,900 CompuDyne shares short for about $14.59 apiece, according to the indictment, which was dated Sept. 12 and unsealed Thursday. Short sellers borrow shares and sell them, and make money if the stock price falls.

Weeks later, Ms. Shane used shares she had bought in the private offering for $12 each to return the borrowed shares, making a profit of $315,216 for herself and her clients, prosecutors said. Ms. Shane, of Jupiter, Fla., made her plea before Magistrate Judge Henry Pittman of Federal District Court in Manhattan. She was released without bail, and her next court date is

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Oct. 10, a Justice Department spokeswoman said. A call to CompuDyne, a security system company based in Annapolis, Md., was not returned.

In May 2005, Ms. Shane paid more than $1 million in fines and restitution to settle a Securities and Exchange Commission lawsuit arising from the same transactions, without admitting or denying the accusations, the S.E.C. said.

Scrushy's Lawyers Say Jurors Discussed Case (WSJ)

By Betsy Mckay And Valerie Bauerlein

The Wall Street Journal, September 26, 2006

Some of the jurors in a corruption trial involving HealthSouth Corp. founder and former chief executive Richard M. Scrushy discussed the case in emails before convicting him, and used evidence gleaned from the Internet in their deliberations, defense attorneys said in a motion seeking a new trial.

The motion, filed yesterday in U.S. District Court in Montgomery, Ala., by lawyers for Mr. Scrushy and former Alabama Gov. Donald Siegelman, included copies of four emails that the attorneys said were sent to them anonymously, as well as an affidavit from an unidentified juror alleging that some jurors had introduced information about the case to other jurors that they had gotten off the Internet.

Mr. Scrushy was convicted June 29 of paying $500,000 in bribes in return for a spot on a state regulatory panel. Mr. Scrushy was found guilty on all six charges he faced in the trial, including bribery, conspiracy and mail fraud. Mr. Siegelman was convicted on 10 corruption-related counts.

David A. McDonald, a Mobile lawyer representing Mr. Siegelman, said the defense teams began looking into outside influence after the jury foreman said in a post-verdict news interview that he'd researched his duties on the Internet. At least three jurors discussed the case by email apart from the other jurors, with two of them engaging in dialogue "indicative of an orchestrated effort to ensure that guilty verdicts" would be delivered to Messrs. Scrushy and Siegelman, according to the motion.

U.S. District Judge Mark Fuller admonished jurors repeatedly throughout the trial not to discuss the case among themselves outside of formal deliberations. On May 29, a month before Mr. Scrushy's conviction, one juror, using a Google g-mail account, wrote to another that "some of the kounts r confusing 2 our friends" and that two other jurors were "still off trac."

On June 25, an email from the same Google g-mail account said that "penalty 2 severe ... still unclear on couple of counts against pastor & gov." The term "pastor" appears to refer to Mr. Scrushy, who has a religious cable TV show.

In the affidavit, the unidentified juror recalled being confused by the Internet information others had brought in. "I thought that the governor had put money from HealthSouth in his personal account. But now I know that ain't true," the affidavit said.

The attorneys are asking Judge Fuller for permission to authenticate email addresses and text messages of jurors, Mr. McDonald said. "We are entering an entirely new era where people are so reliant on email and text messaging," he said. "I believe this will be a landmark case."

A spokesman for Mr. Scrushy declined to comment. Louis V. Franklin Sr., the criminal-division chief of the U.S. attorney's office in Montgomery who led the case for the prosecution, couldn't be reached to comment. Messrs. Scrushy and Siegelman have until Friday to file additional grounds for requesting a new trial and have not ruled out doing so. Judge Fuller would have two weeks to respond to the request.

Ebbers To Head To Prison Today (USAT)

By Jayne O'donnell

USA Today, September 26, 2006

Bernie Ebbers, the founder and former CEO of one-time telecom giant WorldCom, reports to federal prison today to begin serving a 25-year term for accounting fraud.

It could be a life sentence for Ebbers, who is 65.

It's the harshest sentence in the recent wave of white-collar convictions and is being contested by Ebbers' defense lawyer, Reid Weingarten. But Ebbers was ordered to report to prison anyway.

In August 2005, U.S. District Judge Barbara Jones recommended that Ebbers serve his sentence at the minimum-security prison in Yazoo City, Miss.

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Bureau of Prisons officials on Monday would not say where Ebbers will be sent. But because of the sentence length, Ebbers won't be going to a prison camp. Minimum-security prison camps have a more campuslike atmosphere, and inmates are allowed to move somewhat freely on the grounds.

Increasingly, federal prisons are filled — overcrowded, in fact — with young drug- or immigration-law violators. Even low-security prisons house a mix of criminals, including some serving the last few years of sentences for murder.

Ebbers was blamed for the $11 billion accounting fraud at WorldCom, now known as MCI. Other executives shared the blame, but to a lesser extent at sentencing time:

•Former CFO Scott Sullivan, who cooperated with prosecutors, is serving a five-year sentence and is expected to be released in 2010.

•Former controller David Myers has already served his sentence of a year and a day in prison.

•Troy Normand, a former accountant, got three years probation, while his boss, Betty Vinson, got five months in prison.

•Vinson's boss, Buford "Buddy" Yates, is serving a term of a year and a day.

Ebbers was convicted of fraud and conspiracy in March 2005 for his role in the scandal. A three-judge panel for the 2nd U.S. Circuit Court of Appeals in Manhattan upheld the conviction and sentence.

The panel rejected defense arguments that he was denied a fair trial and that his sentence did not fit the crime.

The Jackson, Miss., Clarion-Ledger reports Ebbers can seek a rehearing by the three-judge panel that upheld his sentence and a hearing by the full 2nd U.S. Circuit Court of Appeals. He also can appeal to the U.S. Supreme Court.

Fastow Takes Aim At Banks He Says Helped Enron (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, September 26, 2006

HOUSTON, Sept. 25 -- Former Enron Corp. finance chief Andrew S. Fastow soon may be headed to prison -- but not without a parting shot at the banks that he says helped the company disguise its financial problems.

As he moved to wrap up his personal affairs before he is sentenced Tuesday, Fastow, 44, has agreed to assist lawyers representing shareholders who lost billions of dollars when the energy trader filed for Chapter 11 bankruptcy protection in December 2001, according to documents reviewed by The Washington Post.

Wary of being branded the primary scapegoat for Enron's demise, Fastow is pointing to several investment banks that have rebuffed efforts to settle a class-action shareholder lawsuit. The banks, all of which have denied wrongdoing in court filings, include Merrill Lynch & Co., the Credit Suisse Group, and the Royal Bank of Scotland Group PLC.

Shareholders' lawyers have collected a record $8 billion for Enron investors in settlement agreements with J.P. Morgan Chase & Co., Citigroup Inc. and Bank of America Corp., among others.

But U.S. District Judge Melinda Harmon dealt the shareholders a significant setback earlier this year, when she dismissed Barclays PLC from the case. In legal reasoning embraced by other investment banks still fighting the lawsuit, the judge declared that shareholders had to prove more than just that bankers had aided or abetted Enron in concealing its financial woes.

Instead, the investors' lawyers, led by William S. Lerach, would be required to produce evidence the banks were directly involved in Enron's manipulations of its financial statements or in misleading investors -- a much higher burden of proof.

That's where Fastow, who often dealt with bankers as Enron's finance chief, comes into the picture. Fastow has consented to sit for an extensive deposition with plaintiff lawyers to tell them what he knows and to point them to documents that flesh out the bankers' role in helping Enron in exchange for hundreds of millions of dollars in fees, the documents indicate.

The former executive has said that he viewed banks as "problem-solvers" and that based on conversations he had with certain bankers, certain banks worked with Enron "intentionally and knowingly" to engineer deals that would affect the company's financial statements and reach technical accounting goals of questionable substance, according to a formal declaration by Fastow to be presented at his sentencing.

A representative from Lerach's firm is expected to appear at Fastow's sentencing Tuesday in Houston, where the lawyer plans to ask the judge for leniency from Fastow's expected 10-year prison sentence, citing the unusual amount of help Fastow is

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providing investors. Citing Fastow's participation, Lerach's firm said it intends to ask Harmon to reinstate Barclays and Deutsche Bank AG, which also was dismissed earlier this year, as defendants in the shareholders' lawsuit.

A Senate investigations subcommittee and a bankruptcy examiner previously studied the role of banks, which investigators said helped Enron structure billions of dollars in hidden loans and manufacture millions more in cash flow. By aggressively employing accounting tricks, with the assistance of friendly banks, Enron reported $10 billion in debt at the end of 2000, rather than the more accurate figure of $22 billion, according to a 2003 report by examiner R. Neal Batson.

Representatives for banks that have not settled the case, including Credit Suisse and Merrill, declined to comment about Fastow's assistance to plaintiffs. But legal analyst David Berg cast doubt on the credibility of the former Enron executive, who has admitted that he lied to auditors and stole from the company. Berg, a Houston lawyer representing Deutsche Bank, said in an e-mail that "enlisting Fastow is like inviting the devil to dinner."

Lerach, who is spearheading the plaintiffs' case, asserted in an e-mail that Fastow has provided key insights into "how the Enron banks actively participated in the creation of financial structures that were designed to deceive the markets, credit rating agencies and analysts -- and cheat investors out of billions and billions of dollars. Andy Fastow's sworn statements, which are corroborated by contemporaneous documents, directly implicate some of our nation's largest banks in the Enron corruption."

FBI Promises Crackdown On Stock-Option Fraud As Cases Increase (BLOOM)

Bloomberg, September 26, 2006

By Robert Schmidt

Sept. 26 (Bloomberg) -- The FBI is conducting probes of 52 companies that may have illegally backdated stock options and more cases are on the way, its new criminal investigative chief said.

The number of criminal cases has increased 16 percent in less than two months, said Chip Burrus, an assistant director of the Federal Bureau of Investigation. ``We're going to knock that pretty good," he said in an interview. ``We're going to go after those."

Burrus signaled the Justice Department will oppose efforts to water down the corporate-governance overhaul adopted in the wake of the scandals involving Enron Corp., WorldCom Inc. and others. In the interview, he praised the 2002 Sarbanes-Oxley accounting law, which has been under attack from business groups and Wall Street, and said the FBI is paying close attention to fraud in the $1.2 trillion hedge-fund industry.

The FBI is investigating 486 corporate fraud cases this fiscal year, up from 423 in 2005, according to the agency. It has also opened 1,160 securities fraud probes, compared with 1,139 last year. Twenty of the bureau's corporate-fraud cases allegedly involve more than $1 billion.

``There is a general idea that this has sort of gone away," Burrus said. ``It's not going away."

The bureau works closely with the Securities and Exchange Commission, U.S. attorneys' offices, the Justice Department's fraud section and other agencies.

Burrus's comments echo those of Deputy Attorney General Paul McNulty, who said in a June 29 interview that corporate fraud remains a priority for the Justice Department.

FBI at the Door

For executives, Burrus said, a knock on the door from an FBI agent sends a strong message.

``I'm not interested in civil fines," he said. ``If I'm coming in and I'm looking, there are allegations of criminal misconduct. There's obviously a different pucker factor that comes when you start talking to an FBI agent."

Illegal manipulation of stock options is one of the biggest growth areas, Burrus said. Backdating occurs when companies reward executives by retroactively setting the grant date to a time when the stock was cheap, increasing the potential for profit. At least 130 companies have disclosed internal probes or federal investigations into their options practices.

The first criminal charges in the options scandal were brought against former executives of Brocade Communications Systems Inc., based in San Jose, California, and New York-based Comverse Technology Inc.

Admit Wrongdoing

Burrus said the Justice Department is encouraging companies to come forward and admit wrongdoing.

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``Honest corporate executives want fast resolution to this so they can move on with what they do best, and that's the business that they're in," he said. ``If we linger around these things, then it's not good for them, it's not good for us."

On hedge funds, Burrus said the FBI is concerned about the number of smaller investors gaining access, mostly through pension funds, to the private partnerships meant for the wealthy. President George W. Bush's corporate fraud task force, including the FBI, has identified hedge funds as ``an emerging threat."

The assets of largely unregulated hedge funds have more than doubled over the past five years. An attempt by the SEC to set up minimal requirements for the investment pools, such as periodic inspections, was struck down in June by a federal appeals court in Washington.

`Emerging Threat'

``It is an emerging threat because of the dollar value and the number of institutions that are actively taking a look at this," Burrus said. ``People that maybe aren't expecting to have this type of a risky investment in their portfolio end up taking a bath."

Several high-profile hedge funds have collapsed in the past two years, including Stamford, Connecticut-based Bayou Management LLC and Atlanta-based International Management Associates LLC, which counted professional football players among its investors. Earlier this month, Greenwich, Connecticut-based Amaranth Advisors LLC informed clients that it lost $6 billion on natural gas trades.

As the Justice Department's investigative arm, the FBI has some 260 agents working on corporate, securities and commodities fraud cases.

Still, business investigations take a back seat to terrorism and counter-intelligence probes. In Burrus's own division, corporate fraud ranks third in importance behind combating gangs and investigating public corruption, he said.

White-Collar Crime

That doesn't deter Burrus, 49, who said he ``cut his teeth" at the bureau on white-collar criminal investigations in the 1980s and 1990s, especially bank fraud. He joined the FBI in 1983 and rose to head its office in Salt Lake City. Burrus became acting head of the criminal investigative division in February and was appointed to the permanent job last month by FBI Director Robert Mueller.

``Our goal has always been to maintain the integrity of the markets to protect the average investor," Burrus said, citing retirees who ``just get fleeced right and left" and those who lose their jobs due to corporate malfeasance.

Burrus said the agency learned valuable lessons from the accounting scandals, including where to locate resources. Most of the bureau's financial expertise is in major cities like New York, Los Angeles and San Francisco, and the agency was forced to play ``catch up" in places like Clinton, Mississippi, home to WorldCom, and in Houston, where Enron had its headquarters.

``It took us a while to get peddling on Enron and WorldCom," Burrus said.

Response Teams

Karen Spangenberg, chief of the FBI's financial crimes section in Burrus's division, has created four, 10-person regional response teams. They include lawyers, accountants, financial analysts and asset forfeiture specialists. They can be deployed at the first sign of trouble.

``In corporate fraud cases, especially ones that are disintegrating in front of your eyes, there is a real need to quickly get all the evidence," Burrus said.

He also said the 2002 Sarbanes-Oxley law, which increased penalties for financial fraud and required executives to certify that their books are in order, ``has been a big help."

The law ``brings a seriousness to the company's financial statements, where corporate executives are held accountable," Burrus said. ``It puts some real teeth into what they knew, when they knew it. And I think it does a great service to the American investor."

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

Lawyers Get Fat On A Case Of French Fries (WP)

By Cindy Skrzycki

The Washington Post, September 26, 2006

DOJ_NMG_0069148

Maybe there's something about the smell of french fries sizzling in a deep-fat fryer that sets off the protectors of the estate of Fleming Cos .

The wholesale food distributor, once the largest in the United States, quickly paid off some $45 million in bills from fresh-fruit and vegetable suppliers after seeking bankruptcy protection in 2003. Among other companies, it paid Chiquita Brands International Inc. $548,326.94 and Dole Fresh Fruit $2.3 million.

Yet Fleming balked at claims, totaling some $1.6 million, of H.J. Heinz Co. , J.R. Simplot Co. and Cavendish Farms on the grounds that their product -- frozen french fries -- shouldn't be covered by an arcane U.S. Department of Agriculture regulation that falls under the Perishable Agricultural Commodities Act.

The law lets agribusiness suppliers collect first in such cases as long as they provided fresh vegetables. That can mean the difference between getting paid in full or standing with the unsecured creditors and getting pennies on the dollar.

The fries folks had lost claims in earlier bankruptcy cases, so they succeeded in getting "batter and coating" added to the list of processes allowed in the rule governing what constitutes "fresh" vegetables.

A Sept. 14 ruling by a federal judge in Delaware, following earlier court precedents in Texas, handed victory to the frozen spuds industry. It ordered Fleming to pay the three companies some $3 million in claims, interest and attorney fees.

"Billions of dollars of french fries are sold every year," said Michael Keaton , a Chicago lawyer who specializes in PACA claims and represented the fries' makers. "Now, companies don't have to write this off as bad debt. It has been elevated to gold-star status."

He said the lawyers from Chicago-based Kirkland & Ellis LLP representing the Fleming bankruptcy trust probably spent more fighting the issue than the cost of paying the original claims.

"The interest and attorneys' fees are probably closing in on -- if not exceeding -- the amount of the underlying claim," Keaton said.

The law firm responded that the court-appointed trustee for the creditors felt that Fleming's legal position was worth pursuing to try to preserve assets for other claims.

When it filed for bankruptcy, Lewisville, Tex.-based Fleming listed assets of $4.2 billion and $3.5 billion of debt.

It supplied about 45,000 retail locations including supermarkets, convenience stores and big-box retailers such as Kmart . The company reorganized as Core-Mark Holding Co .

In late 2003, long before french fries became a legal sticking point, U.S. Bankruptcy Judge Mary F. Walrath criticized Kirkland & Ellis and another Fleming law firm for what she called "improper" fee requests and inefficient use of resources. She said Kirkland & Ellis was getting more than $400 an hour and that the law firm was billing at twice the monthly rate as the creditors' committee.

Richard Wynne of Kirkland & Ellis, an attorney for the Fleming trust, said the firm reduced its fees by $401,000 in response to the judge's request. He said she approved the final fee request of $31.7 million as well as $2.8 million in expenses without further reductions.

The PACA law that became such a contested issue was passed in 1930 to protect farmers at a time when many made deals with a handshake and never got paid. Over the years, the key to being paid was what qualified as perishable. Curing, cutting, dicing, drying, seed removal, and slicing were allowed by the Department of Agriculture as long as they didn't change the character of the produce.

Therein lies the dispute, which has been going on since the 1960s. Over time, questions have arisen about whether water and oil blanching and battering and coating turned a fresh spud into a cooked fry. On several occasions, the USDA amended the rule to include them.

The potato industry had lost the legal argument in earlier cases. A court decided in 1999 that Long John Silver's Restaurants Inc. didn't have to pay PACA claims because a certain kind of batter coating was really more like breading than blanching.

That was compounded by the bankruptcy of Ameriserve Food Distribution Inc. in 2000. In that case, Ameriserve didn't pay $11 million in frozen french fry claims. Keaton, who also represented the fries' firms then, said: "They walked away and settled cheap."

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The Frozen Potato Products Institute went back to the regulatory well, this time asking the USDA to explicitly state in the rule that battering and coating didn't change the character of the product. In 2003, with no opposition, such a rule was issued.

With this new authority in hand, conditions for recovery looked more favorable in the Fleming case.

But Fleming lawyers contested the potato claim in separate court cases twice, and lost an appeal in Texas. In testimony in the Delaware district court case, Fleming and its lawyers brought in Ed O'Neill , a food scientist, who told the court that battering and coating introduces non-potato products into the french fry and oil blanching amounts to beginning the cooking process. In short, he said, the product is not fresh.

Simplot hired its own expert, Charles Berry , who has a doctorate in cereal chemistry, and it secured affidavits from employees who said that after oil blanching, the product remained "raw and perishable."

With U.S. District Judge Sue Robinson in Wilmington ruling for the french fry claims, the long legal battle would seem to be over.

But not so fast with that ketchup. The Fleming trust attorneys say the court should have looked at the physical and chemical properties to see if the frozen fries were indeed being cooked to some degree.

Christopher Casamassima , a lawyer with Kirkland & Ellis, said, "We're evaluating our options." That sounds as if an appeal might not be out of the question.

Cindy Skrzycki is a regulatory columnist for Bloomberg News.

Judge Delays Sale Of Insurance Exec's Landmark Mansion (CHIT)

By Courtney Flynn

Chicago Tribune, September 26, 2006

A federal judge on Monday gave prosecutors more time to accept offers for the Highland Park estate of convicted insurance executive Michael Segal after an attorney for a developer who won an auction to buy the property expressed concerns about a potential federal historic review process.

Jeffrey Mayer, lawyer for developer Orren Pickell of Lincolnshire, said his client was unaware a historic review might be necessary.

He said a review would have "serious implications" on financing and other issues related to the sale and it could create a breach of an agreement to buy the estate for $17.6 million.

U.S. District Judge Ruben Castillo gave prosecutors, who are seeking to recoup part of the $30 million Segal was ordered to forfeit after his 2004 conviction on racketeering, fraud, embezzlement and other charges, until Oct. 3 to consider other offers. Castillo has not ruled on whether proceedings for historic properties would apply to the Segal property.

Earlier this month, preservationists made a last-minute plea to delay Castillo's approval of the sale pending the federal historic review process, which they maintain is required for the property.

But prosecutors have argued that the historic review process would not apply because the court is to determine what happens to the estate.

Segal's 17-acre lakefront property on Sheridan Road is listed on the National Register of Historic Places and includes grounds designed by landscape architect Jens Jensen and a Prairie-style Tudor Revival home designed by Howard Van Doren Shaw.

Street Sleuth SEC Financial-Reports Database To Undergo $54 Million Upgrade (WSJ)

By Judith Burns And Kara Scannell

The Wall Street Journal, September 26, 2006

WASHINGTON -- Securities regulators are planning a $54 million upgrade of the computer database on corporate financial reports that officials say will revolutionize the public-disclosure system.

The Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system, known as Edgar, will be transformed and likely will be renamed, said SEC chief Christopher Cox.

The overhaul will rely on interactive data "tagging" that makes it easier for investors, analysts and the agency to find, search for and compare information.

For more than a year, Mr. Cox has been pushing interactive data as a way to change how companies communicate information to investors. Mr. Cox hopes to see some changes in six months, with the entire financial-reporting system overhauled within 18 months.

"It's the basic mission of the SEC to provide quality disclosure to investors. There are really only two ways we can improve SEC regulation," said Mr. Cox, in an interview. "One is by reducing the costs of regulation. The other is to improve the quality of the output. Interactive data let us do both," he said.

The SEC awarded Keane Federal Systems Inc., a McLean, Va., subsidiary of Keane Inc., a $48 million three-year contract to overhaul the Edgar system. The contract may be extended for an additional three years. Keane is expected to work with other technology companies on the project.

The SEC also announced separate contracts to Rivet Software and Wall Street on Demand to develop interactive tools that will be available free of charge on the SEC's Web site that allow users to view and analyze corporate financial reports prepared using extensible business reporting language, or XBRL.

To speed development of XBRL, a kind of computer language that "tags" pieces of data, Mr. Cox said the SEC has committed to spending $5.5 million to finish writing taxonomies that define data, so that firms in all industries can file their financial reports using XBRL. He predicts XBRL will cut down on errors and make it easier and less expensive for companies to file results to the SEC, and for SEC staffers to analyze them.

The SEC's Edgar system, created in the 1980s, receives huge amounts of data each year, but Mr. Cox compared it to a low-tech electronic file cabinet. The SEC's upgrade will convert existing forms to an XBRL format, allowing the forms and information to be searched and downloaded into software applications.

It also will allow users to receive real-time streaming data using RSS feeds and other automated Web tools to receive the latest corporate data from newly-filed corporate reports.

The SEC has urged public companies to voluntarily file their quarterly and annual reports using XBRL, and Mr. Cox said he prefers to "use honey and not vinegar" to encourage broader use of the new data-tagging technology.

He didn't rule out mandating XBRL filing. "That's a decision we'll take down the road."

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Ousted CEOs At Viacom, Kraft Help Set Record For Departures (BLOOM)

By Jason Kelly

Bloomberg, September 26, 2006

Sept. 26 (Bloomberg) -- Chief executive officers are falling faster than ever this year. In just the first 12 days of September, leaders at Bristol-Myers Squibb Co., Ford Motor Co. and Viacom Inc. were deposed -- fueling the breakneck pace in which one CEO departs every six hours.

U.S. companies are on track to fire or lose a record 1,400 chiefs in 2006, up from 1,322 last year and 663 in 2004, says executive recruiting firm Challenger, Gray & Christmas Inc. in Chicago. From Sun Microsystems Inc. and Pfizer Inc. to Kraft Foods Inc. and RadioShack Corp., most types of firms have felt the rash of CEO departures.

Chiefs are being pushed out the door as directors abandon their laissez faire approach to governance following the prosecutions at Enron Corp., WorldCom Inc. and other companies. About 96 percent of companies in the Standard & Poor's 500 Index now have independent lead or presiding directors, up from 36 percent in 2003, says a survey by Spencer Stuart Inc., an executive search firm in Chicago.

``Boards are under a lot more pressure, and they're being hypervigilant," says Donald Hambrick, a management professor at Pennsylvania State University's Smeal College of Business in University Park. ``They are cleansing."

For a price. The average severance package for a departing CEO totaled about $16 million in the past three years, according to the Corporate Library, a governance watchdog group in Portland, Maine.

Trap-Door Treatment

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At New York-based Bristol-Myers, a board with nine independent directors pushed out CEO Peter Dolan for botching a deal to keep a generic version of the drugmaker's top-selling heart pill, Plavix, off the market. Dolan, 50, served for five years, an eternity compared with other firings in 2006.

Sumner Redstone, chairman of New York-based Viacom, booted CEO Tom Freston after just eight months. Redstone told investors that Freston's failure to translate the MTV network's success to the Internet helped drive the stock down 7.6 percent during his tenure.

Philip Knight, chairman of Beaverton, Oregon-based Nike Inc., employed the same trap-door treatment on William Perez. Knight hired Perez, 59, to replace him as CEO and canned him one year later, in January.

Leaders don't get the deference once reserved for the likes of former General Electric Co. CEO Jack Welch, says John Challenger, head of Challenger, Gray & Christmas.

``The days where you learn from your mistakes, those days are over," Challenger says. ``The results have to be immediate, strong and consistent."

Mulally's Time

William Clay Ford Jr. failed to get those results after taking over the No. 2 U.S. carmaker in 2001. As global competitors such as Toyota Motor Corp. reduced Ford's market share every year since 1995, its chairman and chief executive set out to cut 30,000 jobs during the next six years.

With that plan sputtering, Ford, 49, handed the CEO job to Alan Mulally, a former executive vice president at Boeing Co., on Sept. 5. Two weeks later, the automaker said it would offer all hourly workers buyouts and finish the previously announced firings four years ahead of schedule.

Mulally, 61, more than doubled operating profit in two years by speeding production and slashing employment by more than half in Boeing's commercial airplane division. At Ford, the first outsider to run the company in 60 years doesn't have much time to show he's capable of a repeat performance.

Options Backdating

``The golden boys get more opportunity and more time, but he still only has about two or three years," says Allan Cohen, a professor who studies chief executives at Wellesley, Massachusetts-based Babson College.

The year's biggest scandal -- the backdating of stock options -- has added to the executive upheaval. At least three chiefs -- including Comverse Technology Inc.'s Jacob Alexander, a fugitive charged with conspiracy to commit fraud by the U.S. Justice Department -- have quit or been fired because of option issues.

More executives will likely fall following the disclosure by 130 companies of federal or internal investigations into alleged changes in the dates of option grants to increase their value.

As Nortel Networks Corp. discovered, replacing a CEO may please shareholders without boosting a company's performance. After cleaning up an accounting scandal, Nortel named former Motorola Inc. President Mike Zafirovski as its new CEO in October 2005. The shares rose 5.4 percent on the day of the announcement, and the telecommunications equipment maker said the company was on solid footing.

Hurd's Scandal

Seven months later, Zafirovski, 52, said it may take five years to turn around the Brampton, Ontario-based firm. In June, he cut 1,100 jobs. The stock has plunged 25 percent in 2006.

Even leaders who turn around companies are vulnerable. Hewlett-Packard Co. chief Mark Hurd took over the struggling computer maker from CEO and Chairwoman Carly Fiorina last year. Hurd, 49, has taken market share from rival Dell Inc. and boosted the stock price 80 percent from the start of his tenure in April 2005.

``You're rewarded if you turn things around like Hurd," says Daniel Morgan, who helps manage $5.45 billion, including HP and Dell shares, at Synovus Investment Advisors in St. Petersburg, Florida.

Those rewards may be short-lived as the Hewlett-Packard spying scandal engulfs Hurd. The board on Sept. 22 removed Chairwoman Patricia Dunn, who oversaw a probe in which private investigators spied on directors and reporters to stop media leaks.

Dell's Rollins

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At a press conference on that day, Hurd revealed details of his involvement, saying he attended a meeting about the investigation and approved the sending of an e-mail from a fictitious employee to a reporter to identify the journalist's source.

The disclosures have worried investors. The shares have fallen 2.9 percent since Sept. 20, the day before the Washington Post reported that the company had understated Hurd's involvement.

Hurd, Dunn and two other Hewlett-Packard executives are set to testify before the U.S. House Energy and Commerce Committee in Washington on Sept. 28. California Attorney General Bill Lockyer said he has collected enough evidence to file criminal charges against officials and outside investigators.

Dell CEO Kevin Rollins is also on shaky ground. Rollins, 53, took charge of Round Rock, Texas-based Dell in 2004. This year, he's facing a stock price that's down 26 percent, plummeting profit and two federal accounting probes.

If Rollins doesn't improve Dell's performance soon, Morgan says, he may become yet another casualty in a year in which directors have given up on the idea of a second chance.

To contact the reporter on this story: Jason Kelly in Atlanta at jkelly14@bloomberg.net .

Regulating Risk (WP)

The Washington Post, September 26, 2006

LAST WEEK it emerged that one Ferrari-driving 32-year-old lost $6 billion of investors' money in less than a month. But this spectacular trouble at Amaranth Advisors LLC, a medium-size hedge fund that specialized in energy trading, did not roil the financial markets or destabilize the banking system. Back in 1998, the loss of a similar fortune at another hedge fund, Long-Term Capital Management, triggered panicky intervention by regulators. This time the world barely hiccuped.

Amaranth's story illustrates both the danger and the safety of hedge funds. These unregulated investment shops can trade in just about anything -- there's one in Portugal that bets on the prospects of soccer players -- and they can magnify their risks by borrowing money. Not surprisingly, their bets can backfire: Last year 848 hedge funds were forced to close up shop, often imposing losses on investors. Because the funds' trading strategies are secret, and because their positions change quickly, regulators can't know when the next Amaranth will blow up.

But the Amaranth story also shows why this might not matter. The rich individuals who invest in these funds understand the risks and should not complain when they lose. Pension funds are also starting to put money into hedge funds, but this might actually reduce the overall volatility of their investments. The worry for regulators is that a huge loss at a hedge fund could not only wipe out investors' money but also leave the fund incapable of repaying bankers. If the banks lose too much, their ability to lend to other clients might suffer, damaging the economy. But in Amaranth's case the banks did not lend dangerous amounts. Hence no panic from the regulators.

Regulators deserve credit for pushing banks to limit their exposure to hedge funds. They are also right to push for improvements in the back offices that settle hedge fund trades; disputes about who sold what to whom could cause chaos in markets. But it's equally important to praise regulators for what they haven't regulated, since freewheeling hedge funds do a lot to stabilize the financial system. Because they can invest in anything and can bet on declines in prices as well as increases, hedge funds scour the world for illogically priced assets, and their buying or selling moves prices to a rational level. Hedge funds that believe markets are overvalued can slow the inflation of a dangerous bubble. Hedge funds that believe markets are undervalued can push prices up, reducing the cost of capital to firms. Mutual funds, which don't bet against the market and which mainly aim for average performance, contribute far less to this process of price discovery, which allocates the world's savings to the countries, companies and individuals who are likely to use it best.

CRIMINAL LAW:

Video Maker Pleads Guilty (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, September 26, 2006

The case stems from the use of underage girls in soft-core 'Girls Gone Wild' footage. The judge imposes a $500,000 fine.

DOJ_NMG_0069153

Joe Francis, the founder and chief executive of the "Girls Gone Wild" empire, pleaded guilty Monday to two felony counts of violating federal record-keeping laws by failing to document the ages of young women in his racy videos.

The pleas in U.S. District Court in Los Angeles were the result of an agreement announced this month between Francis and the Justice Department after an investigation into whether his Santa Monica companies filmed minors.

Francis agreed to personally pay a $500,000 fine to settle charges that he failed to keep records of the ages and identities of the women who appeared in his soft-core sex videos. Francis earlier this month acknowledged that footage of minors engaging in sexually explicit conduct appeared in at least two DVDs he released.

Francis' Mantra Films Inc. pleaded guilty this month in Panama City, Fla., to 10 felony counts stemming from the same violations and agreed to pay $1.6 million in fines.

MRA Holdings Inc., another company owned by Francis, entered into a so-called deferred prosecution agreement under which the government would dismiss all charges if MRA abided by the accord for three years and hired an outside monitoring company.

The 33-year-old Francis spent about 30 minutes in the downtown Los Angeles courtroom. He stood before U.S. District Judge Margaret M. Morrow with his hands tucked in his pockets, shifting from foot to foot, responding briskly to the judge's questions.

But when Morrow asked Francis if he understood that, given the felonies he was admitting to, he could be sentenced to as many as 10 years in prison, he seemed surprised. "Um, I don't understand that," he said. His lawyer, Aaron S. Dyer, stepped forward, explaining to him that it was not the sentence he would be receiving because of the agreement, but the maximum sentence allowed for the felonies. Under the agreement he will serve no jail time.

Francis admitted that "Girls Gone Wild' videos such as "Totally Exposed Uncensored and Beyond," Volumes 1-12, failed to comply with federal laws requiring producers not only to maintain proof of age and identification for performers but also to carry labels on videos saying where those documents can be found.

Francis' attorneys have said that his companies tightened business practices before the Justice Department launched its investigation, which focused on violations with material filmed and distributed throughout 2002 and part of 2003.

After the arraignment, Dyer reiterated to reporters that the charges were for record-keeping violations, not the intentional sexual exploitation of children.

Dyer said that the underage girls who had appeared in the videos, which feature young women exposing their breasts and engaging in other sexual activities, had lied about their age to the company. "No 17-year-old will ever be allowed to lie to Mantra films to appear on camera again," he said.

Francis, standing beside him, wearing a dark pinstripe suit and a pink tie, said he was happy to put the incident behind him. "It's all over and no one went to jail," he said with a smile.

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Times staff writer Charles Duhigg contributed to this report.

'Girls Gone Wild' CEO Pleads Guilty (AP)

AP, September 26, 2006

LOS ANGELES (AP) - The founder of the company that produces the "Girls Gone Wild" videos of women appearing in sexual situations pleaded guilty Monday to charges of failing to document the ages of young women engaging in sexual acts in the videos.

As part of the plea deal, Joe Francis, 33, agreed to pay a $500,000 fine.

A judge will decide whether to accept or reject the deal at a sentencing hearing scheduled for Dec. 18.

Outside court, Francis told reporters he thought the chances are "pretty slim" that the judge would reject the deal.

"We are thrilled to have this stuff behind us," Francis said.

Francis' attorney, Aaron Dyer, said underage girls who had appeared in the videos had lied about their age to the company.

Francis' Santa Monica-based company, Mantra Films Inc., pleaded guilty earlier this month in U.S. District Court in Florida on similar charges. According to court papers, Mantra Films admitted to violating record keeping and labeling laws while producing and distributing the videos during all of 2002 and part of 2003.

A second company owned by Mantra's founder, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling.

Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines. It must also hire an outside company to monitor its records and production facilities to ensure compliance with federal law.

Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a "Girls Gone Wild" cameraman in sexual situations remain pending against Francis and Mantra Films.

Magistrate Judge OKs Search Of Coca-Cola Theft Suspect's Home (AP)

AP, September 26, 2006

ATLANTA -- A federal magistrate judge has recommended that a former Coca-Cola employee's request to throw out evidence seized from her in a trade secrets theft case be denied.

U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed.

The recommendation to deny Williams' motion goes to a federal district judge for a final decision.

Williams, Ibrahim Dimson and Edmund Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to PepsiCo Inc.

The alleged crime was foiled after Pepsi warned Atlanta-based Coca-Cola, the world's largest beverage maker. The three defendants have pleaded not guilty.

The prosecution says a box containing two undisclosed Coca-Cola product samples and other confidential company documents was found in Duhaney's home during a search on July 5, the day all three were arrested and the same day a $1.5 million transaction was to occur.

Coke has declined to say what product or products the samples relate to.

Williams, who has since been fired as an administrative assistant for Coke's global brand director at its Atlanta headquarters, allegedly took the information from the company and gave it to Dimson and Duhaney.

Williams' lawyer, Janice Singer, had filed a motion asking a judge to suppress evidence seized from her client's Norcross, Ga., home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home.

An inventory of items seized from Williams' home shows agents removed Coca-Cola and Fanta documents and Coca-Cola memos and e-mail, among other things.

Judge Brill said the search was proper.

Daily Briefing (AJC)

The Atlanta Journal-Constitution, September 26, 2006

AUTOMOTIVE: Three-way alliance to be discussed

Carlos Ghosn, the head of Nissan and Renault, and General Motors CEO Richard Wagoner plan to hold talks this week in Paris as they assess the possibility of an alliance among the three automakers, Nissan said Monday.

Chrysler moves away from trucks

Detroit — Chrysler is moving to become a company that's less reliant on trucks for profits and more competitive internationally with a portfolio of smaller cars, its top executive said Monday. Tom LaSorda, president and chief executive of DaimlerChrysler AG's Chrysler Group, said trucks and bigger sport utility vehicles historically have accounted for more than 70 percent of Chrysler's U.S. sales. So the company has been hit harder than any other manufacturer by the shift toward more fuel-efficient vehicles, he said.

CORPORATIONS: Burns to run HR consulting firm

DOJ_NMG_0069155

M. Michele Burns, the former Delta Air Lines and Mirant executive who got controversial perks from both Atlanta companies, has a new job: chairman and chief executive officer of Mercer Human Resource Consulting. She was named to the post Monday by Marsh & McLennan, which owns Mercer. Burns was hired by Marsh & McLennan in late 2005 as executive vice president and chief financial officer of the insurance and consulting giant. Burns, 48, will give up the CFO post at the parent to take the helm of the Mercer unit. Burns was Delta's CFO during the start of the financial slump that became a crisis in late 2001. She also was part of the Delta executive team that got hefty cash bonuses and protected pension trusts amid deepening losses, sparking a firestorm of criticism and prompting a top management overhaul. She left Delta in 2003 for Mirant and was chief financial officer during a Chapter 11 reorganization at the Atlanta energy company. She left after 20 months, having gotten at least $8.2 million in severance pay, salary, bonuses and other payments, according to reports at the time.

DEALS: VistaScape Security to be acquired

VistaScape Security Systems, an Atlanta provider of automated video analysis technology for use in security systems, is being acquired by Siemens Building Technologies for an undisclosed amount. VistaScape, which was founded in 1999, focuses on providing its clients with surveillance equipment, software intelligence and security applications to protect high-risk environments. The company will operate as a wholly owned subsidiary of Siemens Building Technologies.

Tender offer for Inco extended

Sao Paulo, Brazil — The purchase of the world's second-largest nickel miner for $19 billion Canadian ($17 billion U.S.) by Brazil's CVRD seemed all but assured Monday as CVRD extended its tender offer for shares of Canada's Inco Ltd. With only regulatory approval pending to seal the deal, Companhia Vale do Rio Doce SA said it would give shareholders until Oct. 16 to tender their shares for $86 Canadian ($76.90 U.S.) each — beyond the original Thursday deadline.

ECONOMY: New Orleans' job recovery slow

New Orleans — A year after Hurricane Katrina devastated southeastern Louisiana, the state has 175,100 fewer jobs than it did before the storm, with virtually the entire toll coming from the New Orleans region, the state Labor Department reported Monday. Non-seasonally adjusted job figures for August did indicate something of a comeback in the statewide labor market, which was down more than 234,000 jobs for a time after Katrina hit on Aug. 29, 2005, followed by Hurricane Rita on Sept. 24.

FINANCE: Interest rates fall in Treasury auction

Interest rates on short-term Treasury bills fell in Monday's auction, with rates on six-month bills dropping to the lowest level since early May. The Treasury Department auctioned $18 billion in three-month bills at a discount rate of 4.770 percent, down from 4.815 percent last week. An additional $16 billion in six-month bills was auctioned at a discount rate of 4.810 percent, down from 4.920 percent last week. The three-month rate was the lowest since three-month bills averaged 4.710 percent on June 5. The six-month rate was the lowest since these bills averaged 4.780 percent on May 1.

FOOD / BEVERAGES: Ex-Coke employee likely to lose ruling

A federal magistrate judge has recommended that a former Coca-Cola employee's request to throw out evidence seized from her in a trade secrets theft case be denied. U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed. The recommendation to deny Williams' motion goes to a federal district judge for a final decision.

MARKETS: SEC to upgrade data filing system

The Securities and Exchange Commission has awarded three contracts worth $54 million to maintain and upgrade EDGAR, its electronic filing system, the commission said Monday. The contracts will significantly change how companies and investors access EDGAR by transforming it from a static, text-based system to an interactive database with greater search capabilities, the SEC said in a written statement.

Hedge fund losses don't affect ICE

IntercontinentalExchange, an Atlanta-based online energy trading market best known by its trading symbol, ICE, said Monday its revenue has not been affected by losses of almost $6 billion by the Amaranth Advisors hedge fund. Those losses, announced last week, stemmed from the Greenwich, Conn., fund's investments in the natural gas market, where prices have

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plummeted. In a brief announcement, ICE said "Amaranth's business is not individually material to ICE's revenue. In addition, Amaranth's losses do not appear to have resulted in any disruption to the operation of the natural gas markets."

MEDIA: Mother-friendly benefits increase

Working Mother magazine released its annual list of the top 100 places to work, with its chief executive touting an improvement in mother-friendly benefits in corporate America. Working Mother CEO Carol Evans, who authored the book "This Is How We Do It: The Working Mothers' Manifesto," said that in order to retain female employees, a growing number of companies are offering customized schedules. The magazine used five main criteria as the basis for its judgments: flexibility, leave time for new parents, child care, elder care and the number of women occupying top jobs. The top 10 companies that best satisfied the five criteria were Abbott Laboratories; Bon Secours Richmond Health System; Ernst & Young LLP; HSBC USA Inc.; IBM Corp.; JPMorgan Chase & Co.; Patagonia Inc.; PricewaterhouseCoopers LLP; Principal Financial Group; and S.C. Johnson & Son Inc. Turner Broadcasting and Children's Healthcare of Atlanta joined Columbus insurer Aflac as the Georgia companies on the list.

RETAIL: Walgreen profit up, but stock falls

Chicago — Walgreen Co. posted 25 percent fourth-quarter earnings growth to cap its biggest-ever expansion year, but its stock tumbled on continuing investor concern about fallout for drugstore chains from Wal-Mart's plan to sell discounted generic drugs. The profit gain was fueled by an 18 percent increase in prescription drug sales from a year earlier and a 16 percent jump in total revenue.

SEC probe of Zale yields no charges

Dallas — Zale Corp., the nation's largest jewelry store operator, said a Securities and Exchange Commission inquiry into the company's accounting practices has ended without any penalties recommended. "Although we are clearly focused on the business at hand, we are pleased to put this matter behind us," Chief Executive Betsy Burton said in a statement.

TECHNOLOGY: Dell to hire 500 engineers in Texas

Austin, Texas — Computer maker Dell Inc. plans to hire another 500 engineers to work in its central Texas product development operations, founder and Chairman Michael Dell announced Monday. Dell joined Gov. Rick Perry at the Texas Capitol to announce that the company would immediately begin hiring new electrical, software and mechanical engineers and program managers.

Ex-chief defends Telecom Italia

Milan, Italy — Telecom Italia SpA's former chairman denied on Monday that the company was involved in a massive case of alleged illegal wiretapping and illicit data gathering involving an official at Italy's largest telephone company. An investigation into an alleged spy ring has led to the arrest of 20 people, including former Telecom Italia chief of security Giuliano Tavaroli and Emanuele Cipriani, head of a private investigation agency in Florence, Italy.

Yahoo to close final week of year

Yahoo Inc. plans to close its U.S. offices during the final week of the year, a cost-cutting measure that will require most of the Internet icon's 10,500 workers to use their vacation time if they want to be paid for the time off. It will mark the first time in Yahoo's 11-year history that its U.S. employees have been required to burn up vacation time during the week between Christmas and New Year's — a traditionally slow period for most businesses outside the retailing and hospitality industries.

World Gaming loses 2 from board

Internet gambling company World Gaming PLC said Monday that Chairman James H. Grossman and outside director Clare Roberts resigned from the company's board. World Gaming had announced earlier this month that it was in the early stage of talks with Sportingbet PLC about being taken over in a deal worth about 56 million pounds ($106.4 million).

UTILITIES / ENERGY: New Jersey utility picks next CEO

New Jersey utility executive Ralph Izzo was chosen Monday to head Public Service Enterprise Group Inc., parent company of the state's largest utility, when CEO E. James Ferland retires next year.

US Arrest Fears Spark Gambling Departures (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, September 26, 2006

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A retired lawyer in the US who served under former US President George H.W. Bush resigned yesterday as chairman and director of an online gambling company, highlighting fears among executives in the sector that they face arrest by travelling to the US or other countries taking a tough line against gambling.

World Gaming, an Aim-listed company whose operations are almost entirely US-facing, announced the resignation of James Grossman, along with that of Clare Roberts, a fellow non-executive director, after a board meeting of the company, which has offices in Antigua, London and Vancouver.

Mr Grossman, 66, a former practising attorney, was a special representative for the United Nations Development Programme and was appointed by former President Bush in 1992 to the US Foreign Claims Settlement Commission.

The resignations come at a critical time for the gaming industry, hit in the past two months by the arrest in the US and France of four senior executives and non-executives on various anti-gambling charges.

Senators are engaged in a struggle over a bill to tighten US laws against gambling.

On Thursday, Peter Dicks, former chairman of Sportingbet, the UK-listed company with a US sportsbook, is due in New York for a hearing on whether he should be extradited to Louisiana to face charges of "gambling by computer". Although Mr Grossman is a US citizen and domiciled in the US, it is understood that he has not been living there for months. He had been World Gaming's chairman since 2003.

Like Mr Grossman, Mr Roberts has outside interests that require him to travel frequently to and from the US.

Mr Roberts, born and resident in the Caribbean, is a former attorney-general in Antigua and Barbuda and is president of the Inter-American Commission on Human Rights.

Several online gambling companies have stressed to investors that their executives have either been advised not to make trips to the US or had no plans to do so.

But the arrest of Mr Dicks and the indictment issued by the US justice department in July against UK-listed Betonsports have raised fears in the sector that it may prove impossible to shield executives, non-executive directors or suppliers from anti-gambling legislation.

The resignations at World Gaming are not understood to be connected to continuing talks between the company andSportingBet over a takeover. Those talks, which stalled over the resignation of Mr Dicks, are said to be back on track.

In its last trading update in July, Daniel Moran, chief executive, warned that a change in sentiment by regulatory authorities or new legislation "may severely and adversely impact the business and financial position of online gaming companies" such as World Gaming.

Figure In Pellicano Case Acquitted On 4 Perjury Counts (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 26, 2006

The jury finds the former SBC worker not guilty on four counts of lying to a grand jury and deadlocks on a fifth.

In a setback for government prosecutors, a federal jury in Los Angeles on Monday acquitted a former SBC employee on four felony counts of lying about her contacts with a central figure in the wiretapping case against onetime Hollywood private investigator Anthony Pellicano.

The eight-man, four-woman jury also told U.S. District Judge Dale S. Fischer that it was deadlocked on a fifth perjury count against Joann Wiggan of Burbank, who was fired in March after 34 years with the telephone company, now known as AT&T.

Wiggan had been charged with lying to a federal grand jury about her contacts with co-worker Ray Turner, who is awaiting trial with Pellicano for allegedly providing the Hollywood private eye with confidential telephone records used in wiretapping.

Wiggan was not charged with participation in the wiretapping conspiracy and denied any involvement in illegal conduct involving telephone company records.

"In all honesty, I always believed that if you are not guilty you will be found not guilty," Wiggan said later. "When you are in a situation and putting your life in the hands of 12 strangers, you don't know what will happen. But I never believed they would come back with guilty. I always believed I would be exonerated."

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Her attorney, David R. Reed, celebrated outside the courtroom as a speechless federal prosecutor and several FBI agents looked on. He compared Wiggan's acquittal after seven hours of deliberation "to David beating Goliath."

"We had a soccer mom who withstood a tremendous amount of pressure [from the government] over this … and it took a jury to extricate her from this nightmare," Reed said.

The U.S. attorney's office released a statement from Daniel Saunders, the government's lead prosecutor.

"We are disappointed by the verdict, but of course we accept the jury's decision," he said, adding that the government would consider the evidence related to the unresolved count and decide in the next few days whether to proceed with the case.

In the statement, Saunders sought to distance Monday's courtroom loss from the larger Pellicano case.

"The charges against Ms. Wiggan are completely different from those contained in the separate indictment against Anthony Pellicano," Saunders said. "Today's verdict does not impact the prosecution or the ongoing investigation of Mr. Pellicano and his associates."

But with the same judge, prosecutors and agents involved in the pending Pellicano racketeering case, several legal observers saw the verdict Monday as a clear setback for the government.

By losing even a tangential prosecution, they said, the government could be hurt in its larger case because Monday's verdicts will embolden attorneys who represent Pellicano and six other defendants and could even affect the government's credibility with the court.

"The fact that you can't win in a peripheral case does not mean you won't win the main case," said Loyola Law School professor Laurie Levenson. "But it is not an auspicious beginning. And it tells the prosecution they better not be overconfident, that they are in for a fight."

Unlike the two other former phone company employees who admitted helping Turner, Wiggan always insisted that she had not helped Turner and, in fact, had not spoken to him in years. That claim became the foundation of the government's accusations of perjury.

Throughout the four-day trial, Saunders and fellow prosecutor Kevin Lally built their case on a 23-page summary of phone calls that they said proved that Wiggan deliberately and repeatedly lied about her contacts with Turner.

The prosecutors charged that on three separate occasions last October and twice in February, Wiggan committed perjury by telling the grand jury that she had not spoken to Turner since December 2000 and had not retrieved any voice mail messages from him for several years.

Between late 1998 and late 2002, phone records showed, more than 1,000 calls were made from Wiggan's home, office and cell phones to her voice mail. The logs also showed 117 calls from Turner's home number to her office and other calls between phone numbers assigned to Turner and Wiggan.

But Wiggan and her attorney attributed her misstatements to the grand jury to forgetfulness or innocent oversights. Wiggan took the witness stand in her own defense, and Reed called her ex-husband and their oldest son as witnesses to testify that they had called Wiggan's office voice mail on numerous occasions.

In the end, it may have been the high threshold required for a perjury conviction — as much as the disputed evidence — that led to the jury acquitting Wiggan on four counts and being deadlocked 6 to 6 on the remaining count that she had never accessed one voice mail account during the entire time it was assigned to her.

In brief interviews after they were excused, two jurors said that although they and their fellow jurors believed that Wiggan may have misspoken during her grand jury testimony, the government failed to prove that the misstatements were "willful and deliberate," as the law demands.

"We did not see evidence of that," said jury foreman Stephen Cathey, a 31-year-old real estate agent from Lancaster. "We didn't believe [her grand jury testimony] was willfully dishonest."

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Gotti Mom, Prosecutor Exchange Verbal Hits (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 26, 2006

The fur flew at the racketeering trial of John A. Gotti when his mother had sharp words for a woman prosecutor as the jury continued its deliberations.

As assistant U.S. attorney Miriam Rocah was exiting the well of the courtroom yesterday, Victoria Gotti, 65, widow of the late Gambino crime boss and mother of the defendant, stunned the quiet courtroom with a remark to the prosecutor.

"Who the hell do you think you are talking to?" said Victoria Gotti.

A startled Judge Shira Scheindlin overheard the outburst and had a warning for all spectators.

"I ask that you behave in my court room," said Scheindlin.

Gotti's television reality show star daughter Victoria, sister of the defendant, then told her mother to calm down and stay quiet.

Outside the courtroom, the elder Victoria Gotti explained that Rocah gave her a disrespectful remark in court that shocked her.

"'What the hell are you looking at?'" Rocah allegedly said, according to Victoria Gotti. Other spectators heard parts of Rocah's remarks, but not the entire comment.

"I wasn't even looking at her," said Gotti. "What makes her think she is so good-looking that I would look at her? I am not into women."

"Mrs. Gotti's version of events is inaccurate and we are not going to comment beyond that," said a spokeswoman for Manhattan U.S. Attorney Michael Garcia. The spokeswoman declined to elaborate.

The angry flash occurred just after the jury, which finished its fifth full day of deliberations yesterday, asked for a clarification on the law.

Rocah, along with assistant U.S. attorney Victor Hou, has been prosecuting John A. Gotti, 42, in the third trial of his indictment for racketeering. The first two trials ended in mistrials. The defense contends that Gotti withdrew from mob life in July 1999, a date outside the statute of limitations.

After lunch yesterday, the jury sent out a note asking for clarification on two legal points. In one question the jury wanted to know the standard by which the government had to prove Gotti was part of the charged racketeering conspiracy. The jury also questioned whether Gotti had to prove that he left the Gambino crime family by July 21, 1999 or just the specific conspiracy charged in the indictment.

Scheindlin answered that the government had the burden of proving "beyond a reasonable doubt" that Gotti was part of the conspiracy beyond the crucial 1999 date. She also said that Gotti didn't have to prove he left the crime family by that date, just that he opted out of the racketeering conspiracy. Scheindlin also noted that Gotti has a lower standard of proof to show that he withdrew from the conspiracy.

Rocah tried unsuccessfully to argue that the Gambino crime family was the enterprise in the conspiracy. Outside the courtroom, defense attorney Charles Carnesi noted that membership in a mob family is not by itself a crime.

3 With Mob Ties Busted In Roundup (BOSH)

By Laurel J. Sweet

Boston Herald, September 26, 2006

Reputed mob boss Arthur Gianelli's bride and two alleged members of his crew were arrested yesterday in connection with a 520-count federal indictment charging their alleged criminal enterprise with illegal gambling, extortion and arson.

Mary Ann Gianelli, 49, an MIT nurse and the sister-in-law of convicted ex-FBI Agent John Connolly Jr., turned herself in to state and federal authorities after reputed loan shark Philip Puopolo was busted at the Revere Businessmen's Association by the state police Organized Crime Unit shortly after noon.

Authorities allege Puopolo, 50, operated illegal video poker machines at the social club.

According to a superseding indictment unsealed yesterday, Puopolo operated a sports betting office for Arthur Gianelli, 49, of Lynnfield and threatened witnesses to lie to a grand jury.

Gianelli's gang reportedly pays "rent" to the New England Mafia in order to stay in business.

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Mary Ann Gianelli is charged with laundering the money brought in by her incarcerated husband's "illegal businesses" and of "knowingly" filing false federal income tax returns.

Also arrested yesterday at his home in Revere was Stephen "Moon" Russo, 48, who allegedly managed Puopolo's betting office. The Secretary of State's office lists Russo as the clerk of the Revere Businessmen's Association.

After appearances in U.S. District Court in Boston yesterday, Russo and Mary Ann Gianelli were released on $100,000 unsecured bonds. Puopolo was held pending a Sept. 27 detention hearing.

The Internal Revenue Service and Bureau of Alcohol, Tobacco, Firearms and Explosives assisted with yesterday's roundup.

New Charges, Defendants In Federal Racketeering Probe (BOS)

The Boston Globe, September 26, 2006

BOSTON --A Lynnfield man who is also the brother-in-law of convicted former FBI agent John J. Connolly Jr. is facing additional charges in connection with a federal probe into a racketeering, gambling and extortion ring.

Arthur Gianelli, 49, was charged in an indictment unsealed Tuesday with arson to commit extortion and loansharking. Gianelli and three other men allegedly plotted to burn down a sports bar in an attempt to intimidate the owner into selling them another bar, federal prosecutors said.

Two previous federal indictments returned last year alleged that an offshore gambling ring operated by Gianelli, who is married to the sister of Connolly's wife, thrived because he paid the New England Mafia for protection. Prosecutors also allege the ring tried to bully bar owners into selling their establishments.

The new indictment also names four new defendants on racketeering and other charges. They are Gianelli's wife, Mary Ann Gianelli, 49, of Lynnfield, who also faces money laundering and income tax charges; Michael Pinialis, 48, of Costa Rica; Philip Puopolo, 50, of Revere, who also is charged with loansharking; and Stephen Russo, 25, of Revere.

Mary Ann Gianelli and Russo were released Tuesday on $100,000 bond, while Puopolo was detained pending a detention hearing on Sept. 27.

Mary Ann Gianelli is the sister of Elizabeth Connolly, wife of John J. Connolly Jr. Connolly was convicted in May 2002 of racketeering, obstruction of justice and lying to an FBI agent about his handling of criminal informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

A total of 13 people are charged in the gambling case. The new indictment dropped three defendants who have pleaded guilty and are awaiting sentencing.

Man Charged With Sending Threats To Federal Judges In Tacoma (AP)

AP, September 26, 2006

SEATTLE -- A man about to be released from state prison after serving several years for harassing a judge has been charged with sending a threatening letter to federal judges in Tacoma.

Charles Gary Felts, 64, had been scheduled to be released from Stafford Creek Corrections Center in Aberdeen over the weekend. Instead, he was charged with mailing threatening communications to U.S. Magistrate Judge J. Kelley Arnold and U.S. District Judge Ronald B. Leighton, in which he said "the people need to delcare marshal (sic) law ... and shoot any and all of you filth on sight or stench."

The letter was sent in June as part of a civil rights claim Felts is pursuing in federal court in Tacoma, aspects of which have come before the judges. Though his complaint is rambling, Felts appears to argue that he was improperly placed in segregated custody after a jail guard found a razor blade affixed to a toothbrush handle in his cell.

In charging papers made public Monday, FBI Special Agent Ryan Bruett said Felts admitted sending the letter, which was signed, "Sincerely, Charles Gary Felts."

Felts signed a statement saying he did not mean to threaten anyone, Bruett said. The letter was a "metaphor" designed to "wake them up and make them think," Felts wrote.

Felts, who also had a 1977 conviction for threatening a federal judge, had been in prison since 2000, when he was convicted in Pierce County Superior Court of intimidating a judge and harassment.

Lawmaker Asks Criminal Probe Of U.S. Reading Program (Update1) (BLOOM)

By Paul Basken

Bloomberg, September 26, 2006

Sept. 25 (Bloomberg) -- A Democratic congressman called for a criminal investigation after an audit found that a $1 billion federal program to improve reading among grade-school children was run by staff who steered contracts to favored publishers.

The Education Department's inspector-general last week recommended an overhaul of the ``Reading First'' program, part of the ``No Child Left Behind'' law, including removing directors and reviewing the propriety of their contract awards.

``The inspector-general's report raises serious questions about whether Education Department officials violated criminal law, and those questions must be pursued by the Justice Department,'' said Representative George Miller of California, the top-ranking Democrat on the House Education Committee.

Miller, in his statement, called the audit part of pattern in which the Education Department under President George W. Bush ``has repeatedly run afoul of ethical standards.''

Miller's office also cited an independent analysis published last year by the Washington-based American Institutes for Research that found the program favored by Reading First directors, a product of the McGraw-Hill Companies Inc., was one of only two programs to receive AIR's highest rating.

Billion-Dollar Program

Reading First distributes about $1 billion a year to states to spend on reading programs that the government agrees have scientifically proven effectiveness.

The head of the program, Chris Doherty, resigned in advance of the release of the audit, and others involved also have left, Education Department spokeswoman Katherine McLane said.

The audit describes Doherty as a former executive director of the Baltimore Curriculum Project, which has implemented the McGraw-Hill product, known as ``Direct Instruction,'' or DI, in the Baltimore schools system since 1996.

Auditors said they reviewed the resumes of 25 people who served on the panels charged with evaluating eligible reading programs. Six of them had ``significant professional connections'' to DI, and Doherty ``personally nominated'' three of them, the audit said.

The audit cited examples such as Massachusetts, where Doherty questioned the quality of reading programs in four school districts, while state authorities approved them. One district refused to change and lost its federal funding; the other three agree to change and kept their funding, the audit said. None use the DI program, said Cheryl Liebling, director of Reading First in Massachusetts.

Liebling said she agreed with Doherty that the programs chosen by the four Massachusetts school districts were of lesser value to struggling readers.

`Highest Regard'

``There was nothing in our situation that would suggest any impropriety,'' Liebling said. ``I have the highest regard for Chris Doherty.''

Michael Petrilli, who helped the administration implement the No Child Left Behind law and now serves as vice president at the Thomas Fordham Foundation, a Washington-based research group, said he believes Education Secretary Margaret Spellings ``is hanging Chris Doherty out to dry.''

Both Petrilli and Liebling said they believe Spellings wanted Doherty to run the program strictly. Federal officials were justifiably rejecting reading programs that emphasize literary skills ahead of those stressing basic skills, which are more important to struggling readers, Liebling said.

Baltimore Program Cited

The report issued last November by the American Institutes for Research gave only DI and the Baltimore-based Success for All program its top rating, ``moderately strong evidence of positive effects,'' out of 22 popular comprehensive elementary school reform models. Miller's office cited the report to highlight Success for All as a quality alternative.

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The counsel to the Education Department's inspector-general, Mary Mitchelson, said she could not comment on the findings. At Miller's urging, the inspector-general plans within coming weeks to publish five more reports on the Reading First program, including examinations of its operations in Wisconsin, Georgia and New York.

Education is a prime topic of concern for voters, and such allegations may have some effect on the Nov. 7 congressional elections, especially in states or districts where the incumbent already faces accusations of impropriety, said Larry Sabato, a political scientist at the University of Virginia.

``Reading this makes anyone angry, assuming it's true," Sabato said.

McLane today reiterated that Spellings supported Doherty's work and said he left voluntarily.

Spellings's Response

Miller cited investigations last year showing the department used taxpayer dollars to pay media commentators for friendly coverage, and an audit this year showing the department directed education grants to political allies rather than alternatives endorsed by career peer reviewers.

A Justice Department spokeswoman, Jaclyn Lesch, said she had no immediate reaction to Miller's request.

Spellings, in her response to last week's audit, defended the Reading First program as proven effective, while promising to make all changes recommended in the audit.

``I am deeply committed to the highest levels of integrity and ethics for the Department of Education and all its programs," Spelling said. Some department actions described in the report ``reflect individual mistakes," she said.

``Our reading programs have been successful in driving student achievement for decades, and that's why there are held in such high regard," McGraw-Hill spokeswoman Mary Skafidas said.

To contact the reporter on this story: Paul Basken in Washington at pbasken@bloomberg.net

Jury Indicts GUEA Directors, Adds Tax Charges (AP)

AP, September 26, 2006

GARY, Ind. - A federal grand jury indicted two former directors of the Gary Urban Enterprise Association and issued new tax charges against the group's previously indicted former executive director and former fiscal manager, federal prosecutors said Monday.

Former directors Johnnie Wright, 76, and Derrick Earls, 51, both of Gary, have been charged with 10 counts of mail fraud, one count of conspiracy and one count of federal program theft, the Justice Department said in a news release.

Former Director Jojuana Meeks and the group's former fiscal manager, Charmaine Pratchett, were indicted on identical charges in June, accused of embezzling more than $800,000 to pay for cars, trips and funeral expenses.

Wright and Earls were expected to surrender Tuesday, when they are due to have their initial hearings on the charges, said Mary Hatton, a spokeswoman for U.S. Attorney Joseph Van Bokkelen.

Telephone calls to Wright's home went unanswered Monday. Earls does not have a published home telephone number.

The two served as directors from 1999 to 2004 for the group, which was created to attract new investment to the Gary area.

A superseding indictment in the case also charged Meeks with four counts of tax evasion for not filing tax returns for the years 2000 to 2004. It charged Pratchett with four counts of filing false tax returns for the same years.

The indictment said the group's board dissolved itself and no longer reviewed the group's activities, allowing Meeks, Pratchett, Wright and Earls to embezzle funds.

It cited instances in which Wright stole $95,920 and used the money for a variety of personal expenses and in which Earls stole $66,710, using some of the money to pay for a relative to attend modeling school.

Jurors Won't Hear About Bus Blaze (HC)

By James Pinkerton

Houston Chronicle, September 26, 2006

Judge approves defense motion to limit testimony to allegations of mismanagement

MCALLEN - Jurors today will hear about maintenance and safety practices of charter bus company Global Limo Inc. but not about the bus fire that killed 23 nursing home residents evacuated from Houston last year as Hurricane Rita bore down.

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U.S. District Judge Ricardo Hinojosa granted a defense motion to limit testimony to alleged mismanagement that occurred during a four-month period before last year's accident.

James H. Maples, president and director of Pharr-based Global, faces charges he falsified driver time records and failed to adequately inspect and maintain his fleet of buses. The company was shut down for safety violations two weeks after the September 2005 accident.

Lawyers for Maples, a 67-year-old retired NFL player, have said that he looks forward to clearing his name.

An eight-woman, four-man jury was selected late Monday after two hours of questioning.

"I believe it's going to a fair and impartial jury," said defense attorney Charles Banker.

During jury selection, Justice Department prosecutors informed the court they plan to call Juan Robles Gutierrez, an undocumented immigrant from Monterrey who was driving the bus when the fire erupted near Dallas. His family has said Robles did all he could to stop the fire, but oxygen bottles needed by many elderly nursing home residents exploded as the fire spread from a rear wheel well.

Based on the judge's statements Monday, it appears testimony from Robles will be limited to his experiences with the company before the accident.

Robles was arrested on an immigration charge — unlawful entry to the U.S. — shortly after the accident, but he has been allowed to remain in Texas to testify.

Maples is accused of conspiring to falsify driver time records. If convicted, he could receive up to five years in prison on that charge alone.

The three-count indictment alleged that Global falsely recorded its drivers as "off-duty" when they were actually riding as passengers, a violation of Federal Motor Carrier Safety Administration regulations.

After the jury was excused Monday, Assistant U.S. Attorney John Kinchen of Houston received permission from the judge to introduce documents Maples signed in 2002 and 2004 acknowledging federal bus safety standards and agreeing to comply with them.

In May, victims of the bus fire reached a $11 million settlement with Global and BusBank, the Chicago travel broker that hired the bus company. At the time of the Sept. 23 fire, Global Limo had filed for bankruptcy.

Drug Lord's Sister Charged With Lying About 1996 Murder (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, September 26, 2006

BRIDGEPORT — The sister of admitted drug lord Frankie Estrada is under arrest and indictment for lying to the federal grand jury investigating the 1996 murder of a local prostitute.

Frances Estrada, 44, was arrested recently in Greenville, N.C., where she now lives. Federal marshals on Monday brought her into U.S. Magistrate Judge William I. Garfinkel's courtroom, where she pleaded not guilty to four perjury charges — each carrying a maximum five-year prison term.

At the request of Assistant U.S. Attorney Karen Peck, Garfinkel ordered Estrada detained without bond pending a hearing Wednesday.

The indictment alleges that Estrada committed perjury while appearing before a federal grand jury in New Haven on May 10, 2005. At the time, the grand jury was investigating the Jan. 30, 1996, murder of Aida Escalara.

The indictment accuses Frances Estrada of lying to the grand jury when she denied knowing Escalara or seeing her on the night of the murder.

It further alleges she lied while denying knowing Eddie Mercado and Billie "The Kid" Gomez, Escalara's convicted murderers.

Finally, the indictment accuses Frances Estrada of lying by telling the grand jury that her daughter, Star, was not living with her at the time of the murder.

During Mercado's trial last fall, there was testimony that Frances Estrada was having a lesbian affair with Escalara, that she knew Gomez and Mercado, and even brought the prostitute to the P.T. Barnum Housing project shortly before the murder.

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There also was testimony that Frances Estrada was living in a Poplar Street rooming house with her daughter around the time of the murder.

On several occasions during previous trials, her brother, Frank Estrada, who is cooperating with federal

Advertisement

authorities, testified that he ordered Mercado and Gomez, two of his enforcers, to kill Escalara as a favor for his attorney, James Ruane Sr. Frank Estrada, Gomez and Mercado all have convictions stemming from the woman's murder and are serving federal prison terms.

Ruane, through his lawyers H. James Pickerstein and Joseph Martini, has repeatedly denied any involvement in the murder. He has never been charged with any crime.

However, Frank Estrada testified, most recently on Nov. 29, 2005, during Mercado's trial, that his sister Frances shot a man, Ralph Green, to death during an argument in a Poplar Street rooming house on Jan. 23, 1996.

After police came looking for his sister and her daughter to question them about Green's death, Frank Estrada said he called Ruane to represent his sister. Estrada claimed Ruane then told him he was busy preparing for a murder trial in which Escalara was to testify for the state.

"I wanted him to take care of my sister Frances' murder case," Frank Estrada testified in court. "He told me if I take care of Aida Escalara he would take care of Frances' case."

Mercado, testifying on his own behalf last November, claimed Frank Estrada, and not Frances Estrada, killed Green. Mercado also maintained he turned down Frank Estrada's order to kill Escalara.

Delivering Small-Town Justice With A Mix Of Trial And Error (NYT)

By William Glaberson

The New York Times, September 26, 2006

DUANE, N.Y. — Gary Betters thought he understood the law as well as any average American. A school psychologist, he wanted $1,588.60 he said the nearby village of Malone owed him for helping run a summer recreation program. When he brought a small claim in Duane Town Court, he expected that the judge would listen to both sides, then rule.

Like many others who go to court across New York State, he got a crash course in the strange ways of small-town justice.

Although no one showed up to defend the village, Justice William J. Gori started the trial anyway. Although the judge had Mr. Betters testify at length, he neglected to have him swear to tell the truth. And although Justice Gori told Mr. Betters he had another week to submit more evidence, the judge went ahead and decided the case anyway.

Mr. Betters received the news in a letter from the court: his case had been dismissed. No reason was given. “I cannot understand how a defendant can win when they don’t even show up,” he said in an interview.

The State Commission on Judicial Conduct figured out how. Justice Gori, it seems, had gone to the village offices in Malone before the trial, interviewed the village’s chief witness, then informed the village lawyer that he had decided to throw out the case.

Justice Gori told the commission that he had never heard of the elementary legal rule that bars a judge, except in the most extraordinary circumstances, from secret contact with one side of a case. “It’s not even explained in my manual,” he said.

An unfamiliarity with basic legal principles is remarkably common in what are known as the justice courts, legacies of the Colonial era that survive in more than 1,000 New York towns and villages.

For generations, justices have hailed them as “poor man’s courts,” where ordinary people can get simple justice with little formality or expense. But there are few more vivid spots to view their shortcomings than here in one of New York’s poorest corners: Franklin County, a place of rugged beauty on the Canadian border where only one of the 32 local justices is a lawyer.

The county’s justices have repeatedly drawn the attention of state judicial conduct officials, with 15 publicly disciplined since the late 1970’s, some twice. Justice Gori’s errors pale in comparison with those of some others: One justice freed a rape suspect on bail as a favor to a friend. Another sentenced a welfare recipient to 89 days in jail after she failed to pay a $1.50 cab fare. Franklin County justices have presided drunk, fixed cases and denied lawyers to defendants. One failed to appoint a lawyer for a 19-year-old mentally retarded alcoholic.

Here in Duane, a speck of a town in the center of the county, Justice Gori is in many ways a typical small-town New York justice.

A bricklayer and a former dog trainer with a high school education, he is an approachable man of 59, in jeans hitched up with suspenders. On Thursday nights he ambles down to the volunteer firehouse to hold court, such as it is. His grasp of the law is somewhat shaky. His temper sometimes gets the better of him.

He has no judge's bench, few law books and no court clerk. He is something of an accidental judge, occupying the position for nearly a decade largely because no one else wants it, people here say. Although state officials have reprimanded him twice for fundamental lapses in the conduct of his job, few Duane voters seemed to know or care. "Nobody's ever asked a question about it," Justice Gori said.

He seems well-intentioned enough. Like many justices, he describes his job as public service, and he says he studies the law for several hours every week.

But there is evidence that that may not be enough. When the judicial conduct commission called Justice Gori to account for his handling of Mr. Betters's case, his defense was startling, a transcript of the hearing shows. His own lawyer blamed the state for running the justice courts as it does: Judges, he said, with so little training — six days of classes, and a 12-hour refresher course once a year — could not possibly know the basic rules for handling a lawsuit.

The county's district attorney, Derek P. Champagne, says that when he took office five years ago, he had to drop hundreds of criminal cases because justices had failed to take any action for so long. Mr. Champagne says his staff of four full-time prosecutors is too small even to regularly visit the justice courts, which are separated by great distances.

Franklin County is bigger than Rhode Island. But it has only one higher court judge, in the county court in Malone. So the part-time town and village justices — plumbers, meat cutters and school bus drivers — are often the last word on the law here, with the power to issue search warrants, conduct trials, put some people in jail and let friends go free.

"The reality is, you basically have to have no qualifications other than be a voter to put someone in jail, and that's a very alarming situation," Mr. Champagne said. "To throw a layperson — some of whom don't have a high school degree — in that position is just a recipe for disaster."

A Night in Court

"Town of Duane Justice Court is now in session," Justice Gori announced.

Four bare fluorescent bulbs provided the only light in the roughly finished meeting room that becomes a court every few weeks. There was a portable bar against one wall, and a glimpse of the firehouse kitchen, with its jumble of old soda bottles and coffeepots. The American flag tacked to the wall had to be pulled back to allow the judge to get at the thermostat on this icy winter night.

At two pushed-together folding tables sat a nervous teenager, in court to answer speeding tickets, next to his clench-jawed father. A state trooper, there as chief witness against the teenager, doubled as the court security officer.

And behind a battered wooden desk was Justice Gori. Fleshy, with eyes that water at sentimental moments, he was wearing an open brown shirt, his T-shirt visible at the neck.

The court computer that he bought with his own money was at home; it took him two months to figure out how to turn the thing on, he said. He had no judge's robe. They are too expensive, he said. His judicial salary is $3,750 a year.

"There are certain things that are lacking," he said.

He moved to Duane, population 159, from Saratoga County in his 40's after a divorce, enticed by the chance to hunt with his dogs.

"Maybe it's the solitude," said Justice Gori, who has since remarried. "You get up here at night, when the highway quiets down, you don't hear anything."

Yet people cross paths in Franklin County in unlikely and sometimes volatile ways: Mohawk Indians, the owners of lavish new vacation homes, Adirondack tourists and fishermen, and others who cross the border on less savory business. Drugs and domestic violence seem to be on the rise, and state prisons are big employers.

When Justice Gori moved here about 20 years ago, the prison construction boom offered jobs. After years as a dog trainer, "I picked up my tools and went back to the bricklaying, mason trade," he said.

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Like a lot of newcomers to small towns, he wanted to get involved. But he didn't like the sight of blood, so that ruled out volunteer firefighting. He was attracted instead to the court in the weathered firehouse. "Law has always been kind of an interesting thing to me," he said.

That interest, however, does not include a fascination with the technicalities that occupy lawyers. "If you look at the laws, it's all common sense," he said.

Most of his work, since his first election in 1997, has been traffic cases. If there were many serious crimes in Duane, he said, they may have gone unnoticed out in the vast Adirondack nights. "Either we're a nice, quiet town or two people duked it out and one won and one lost, they got up and shook hands and nobody knows about it," he said.

There have been a handful of serious cases, the first phases of some felony prosecutions. Once, state troopers tracked him down on a bricklaying job. They said a local man was growing marijuana, and wanted a warrant to search his property. In the dust and cement, it fell to William Gori, dog trainer and mason, to put aside his tools and measure the rights guaranteed under the Constitution. "I sat down," he said. "Read everything. Looked at all the pictures." The troopers got their warrant.

In the makeshift courtroom on this winter night, he was warmly sympathetic to a woman who had forgotten to put the registration sticker on her windshield. Case dismissed.

But the teenager with the speeding tickets saw the stern Justice Gori. The boy had tickets in a half-dozen Franklin County towns, and his lawyer proposed combining the cases in another court.

No way. "What happens in the town of Duane," Justice Gori declared, "stays in the town of Duane."

That is not always true. The other case that drew the attention of the Commission on Judicial Conduct involved Lucille K. Millett, a Mohawk woman from the reservation that straddles the county's border with Canada. She was outside the Duane court one night in 2004 waiting for her sister, whom she had driven there for a traffic case. Justice Gori summoned Ms. Millett inside, asked for her driver's license and called the state police to run it through their computer.

In an interview, Ms. Millett said she was frightened and embarrassed; no one else was asked for a license. The only sense the sisters could make of it, she said, was that they were the only American Indians in court.

She filed a complaint with the commission, which ruled last year that Justice Gori had no right to demand anything of someone outside his court who faced no charges.

Asked about the case, Justice Gori denied that he harbored any prejudice. He said he thought he was acting within his authority.

"You learn by mistakes," he said. "They say this is improper, I don't do it again."

It is a measure of his isolation that his disciplinary hearings have been among the few times he has had a chance to rub shoulders with the larger legal world. He attends the refresher course each year. But he said the town could not afford to send him to the annual state magistrates' convention, held last year in Niagara Falls, nor could he pay for the trip himself.

Still, he is convinced that he and the other justices across New York are honest people trying to do right. "Economicswise," he added, "you couldn't get the job done any cheaper."

A County at the Edges

The troubles of Mr. Gori and his fellow justices are nothing new. In 1973, the State Commission of Investigation arrived in the Franklin County village of Saranac Lake to examine the work of one justice, a maintenance worker and vacuum-cleaner salesman, whose "inept and mangled handling," it said, had bungled a felony grand larceny case.

What investigators found alarmed them. Money was missing. Records were sloppy. A pile of cash from fines sat in an unlocked drawer. The justice's relationship with the police seemed far too close, and one of his law books was 44 years old.

Astonished, the investigators widened their inquiry to include all the justice courts in the county and then expanded it across New York. Calling for statewide reform, they concluded that "such deficiencies and ineptitude" in the justice courts "simply must not be tolerated."

But little seems to have changed in Franklin County's justice courts since then.

Last November, one longtime village justice, Roy H. Kristoffersen, a salesman, resigned after officials began investigating charges, which he denied, that he "rendered favorable dispositions" for the son of the other village justice — in Saranac Lake, the same place that touched off the investigation 33 years ago.

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Another justice, Marie A. Cook, a school-bus driver who is still on the town bench in Chateaugay, not only fixed a speeding ticket at the request of a fellow justice, but she was so oblivious to ethical rules, the commission said last fall, that she made an official record of the fix: "Reduced in the interest of Justice Danny LaClair."

Yet another, the town justice who released a rape suspect on bail as a favor to a friend, tried to explain things to the commission: "Maybe you are not familiar with what goes on in the North Country, but we are all more or less friends up there."

Such cases may only hint at the dimensions of the problem in Franklin's courts. A review for this article of rarely seen appeals files in Franklin County Court showed a disturbing trail of legal blunders and judicial ignorance over the last five years.

One justice seemed not to fully understand that criminal charges must be proved beyond a reasonable doubt, wrote the county court judge, Robert G. Main Jr. Another justice skipped over the matter of the constitutional guarantee of a lawyer. Immediately after a woman charged with fraud said she could not afford an attorney, Judge Main said, the village justice took her guilty plea instead of appointing a lawyer.

Such problems are hardly news to many lawyers who make the rounds of Franklin County's justice courts. Some say they avoid the courts because the justices often have trouble following their arguments.

In a place as poor and remote as Franklin County, the failings of modest courts can loom large. Cases too minor to draw much interest from the rest of the legal system — evictions, misdemeanor charges, disputes between neighbors, driving infractions and applications for bail — come with real consequences for small-town residents who may have little money or access to a lawyer.

Alexander Lesyk, the Franklin County public defender for 15 years until a few months ago, said that while he had some successes for poor clients before local justices, "I don't believe any of them has enough training to handle a trial, to handle constitutional issues, to stand up to and control an attorney on either side when they need to."

But challenging a justice can be bad for business, some lawyers said.

The district attorney, Mr. Champagne, said that when his office hears about justices who stray from the law, it has to be careful. "We're not going to get into a confrontation with a judge we may have to go in front of next week on a very serious preliminary hearing in a murder case," he said.

A Case of Confusion

When Gary Betters got the letter from Justice Gori in March 1999 saying that his claim for back pay had been dismissed, he was very confused. The message was a single paragraph, and garbled at that. Even the date on it was wrong.

But that was only the start of his troubles.

He wrote to Justice Gori, asking for a mistrial. The justice never replied.

Mr. Betters decided to appeal in county court. But he could not persuade any lawyer to take the case; several, he said, told him it would not be in their interest to take on a town justice.

On his own, Mr. Betters filed a complaint with the Commission on Judicial Conduct, and the truth emerged: The commission's investigators discovered that Justice Gori had gone to the Malone village offices before the trial and interviewed the defense's chief witness, the village treasurer, who told him that Mr. Betters was owed nothing.

Justice Gori told the village attorney that he need not show up for the trial because he had already decided to dismiss the case. The attorney was amazed. "A lot of bells and whistles went off," he told the commission.

But when Justice Gori explained himself to the commission in a closed hearing, he said he had never heard of the rule against contacting one side of a case to discuss the evidence. Further, the commission's lawyer argued, a legal motion filed by the village had completely bewildered Justice Gori, even after he made several calls to the state's help line for town justices.

"The whole concept I didn't understand," Justice Gori testified.

It was a damaging admission, but nothing compared with the case made by his own lawyer, John A. Piasecki. He said his client's error-riddled handling of Mr. Betters's suit was an indictment of the system, which put laymen on the bench, gave them little training and left them to interpret the law.

Mr. Piasecki asked whether the state had ever checked Justice Gori's reading comprehension. (It had not.) He even tried to cross-examine the Malone village attorney to show what he argued was the obvious difference between Justice Gori and someone who actually understood the law.

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Mr. Piasecki, a Franklin County lawyer himself, urged a "long-overdue correction" for the justice court system, which he said "undermines confidence in the integrity of the judiciary."

The commission was not moved. Justice Gori, it said, had a duty to learn the law. "Town justices wield enormous power in civil and criminal cases," the commission said, "and it is not unreasonable to expect them to know and follow basic statutory procedures."

Yet Justice Gori received the lightest public penalty the commission can issue, an admonition.

As for Mr. Betters, he never found a lawyer to take his appeal. Today, he still feels that his education in Franklin County law cost him a lot more than $1,588.60.

"It broke down my belief in the justice system," he said.

Business as Usual

The judicial career of William Gori began humbly enough.

"Nobody was jumping out of the woodwork wanting this job," said Justice Gori, who raised his hand for the position in 1997 after the sitting justice announced his retirement.

With no opposition, he won the endorsement of the Republicans and then the Democrats in Duane. The Republican chairwoman, Pamela M. LeMieux, said he impressed party leaders as responsible and "very strict."

In the general election, his only opponent was Gary Anderson, a former accountant who ran as the candidate of what he named the Pine Tree Party. "Nobody wants the job," Mr. Anderson said.

Even the campaign was not especially interesting, Justice Gori recalled. "All I said was: 'I'm Bill Gori. I'm running for town justice and I'm only interested in doing a good job for the town.' " He won, 64 to 39.

If the process was not a model of meticulous judicial selection, that fact may carry an extra punch in Duane. The town, as it happens, was named for its founders, descendants of the first federal judge in New York.

When President George Washington selected the judge, James Duane, a prominent lawyer, for the post in 1789, he used the nomination to lay out his aspirations for selecting judges in a democracy. The choice of who would sit on a nation's courts was a matter of "the first magnitude," Washington wrote, and the judiciary was "the pillar on which our political fabric must rest."

Today, that fabric is a little frayed in Franklin County.

Thomas Catillaz, a former mayor of Saranac Lake, said that when political parties there find a nominee, "It's usually, 'Thank God somebody's running,' " he said. "And if you're in there, you're in there for 20 years."

When justices are publicly disciplined, that is often the end of the matter. As Justice Gori recalls it, when he received his second admonition last year, the local newspaper in Malone "put it way in the back."

He faced an election after each ruling, but no opponent. Gary Cring, a retired schoolteacher who has lived in Duane for six years, said he had not heard that Justice Gori had been disciplined. Had that been better known, he said, voters might have been less enthusiastic about re-electing him. "People figure he must be doing a good job," Mr. Cring said.

But Mrs. LeMieux, the Republican chairwoman, said it was not the town's job to police its justice. "If he did something that was that serious, I figure the court system wouldn't have allowed him to remain a justice," she said. "If they didn't throw him out, then who are we to judge?"

And so Justice Gori is working his way through a third four-year term, learning the job as he goes. He does not appear to share his lawyer's disdain for how the justice courts are run.

"I really feel the justice courts are the courts closest to the people," he said, and being a lawyer might interfere with that. "At times, lawyers get hung up in certain things, so that maybe you wouldn't get true justice in certain cases."

But a state police report from last year suggested that in Duane, true justice — and empathy for the people — might be works in progress.

It seems that Brandon L. Lucas, a scrawny 19-year-old from the next county, was trying to pay a ticket he had received in Duane for fishing with the wrong kind of bait. Since the firehouse court was empty, as it often is, Mr. Lucas went down the road to Justice Gori's house.

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Soon, Mr. Lucas was in the back of a state trooper's car in handcuffs, and in tears. An angry Justice Gori had berated him and called the police, the young man recalled when a reporter tracked him down. He had evidently not seen the sign on the judge's garage: "If you proceed past this point, you are subject to various trespass rules and regulations."

The district attorney decided not to prosecute. And Mr. Lucas made his own decision about wandering into the jurisdiction of Duane Town Court: Don't.

"I'll never go fishing up there again," he said.

Officers Reach Beyond Beat's Boundaries (WP)

By Jerry Markon

The Washington Post, September 26, 2006

Northern Ohio is a long way from Northern Virginia, and it is especially off the beat for John Chapman, a police officer in the tiny Prince William County town of Dumfries.

Yet Northern Ohio -- a small town called Monroeville, to be precise -- is exactly where Chapman needed to go on a case a few weeks ago. Problem was, his bosses couldn't afford to send him there.

Chapman had just started a unit to use the Internet to investigate crimes against children. In fact, he was the unit, working on his days off or grabbing time between police calls to enter chat rooms, where he posed as a 13-year-old boy. Before long, he had struck up a conversation with an Ohio man, who sent him lots of nude photographs of young boys. It was time to make an arrest.

But the Dumfries Police Department, with just 15 officers including the chief, doesn't have its own dispatcher, much less an extensive travel budget. So Chapman finagled $150 in gas money from the town, and he and his partner, Detective Charlie Gardiner, climbed into Gardiner's red pickup and made the 400-mile trip through the night to Ohio. To save money, they stayed with Gardiner's parents and mooched food off local police.

"I was going to do everything in my power to catch this guy," said Chapman, 41. "If that meant spending my own money, so be it."

To call Dumfries small in the world of law enforcement would be an understatement. A town of 1.6 square miles and about 5,000 people, Dumfries straddles Route 1, about 30 miles south of Washington. The police department is in a tiny, almost ramshackle office in the basement of Town Hall.

Someone hoping to find it must drive to the parking lot in the back of the building, where the police entrance has cracked white paint around the door.

Around town, the chief, Calvin L. Johnson, is known by his first name. His 14 officers handle the usual traffic crashes, fights and domestic violence calls, but anything more serious -- homicides, robberies -- is sent to Prince William police. County police also investigate all sex crimes.

Chapman vowed to change that.

A burly man with speckled gray hair and an easy smile, he has two loves in life: police work and kids.

"I love working with kids," Chapman said in a recent interview. "I'm the type of person who, if I'm driving down the street and I see a lemonade stand, I'll buy the lemonade. If kids come to the door selling candy bars, I'll buy 20. It drives my wife nuts."

Chapman and his wife, Susan, have three children, ages 3 to 12. He manages his older daughter's soccer team, speaks at school career days and, in his spare time, helps train foster parents in Stafford County, where he lives.

Chapman started his career with the Arlington County Sheriff's Office, then worked for the Dumfries Police Department in the early 1990s before joining Prince William police in 1992. But he missed the small-town environment of Dumfries and came back in April.

So, with support from the chief, he attended a one-week training course run by the Northern Virginia/Washington, D.C. Internet Crimes Against Children task force, which helps local police fight Internet predators.

When he returned in July, he told the chief he'd work part time and come in on his days off. All he needed was a laptop.

"We thought it was a great idea," Johnson said. "We know that the biggest wave of the next horizon of crime is Internet crime, but as a small department, we can't designate someone to do this full time."

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Chapman was issued a blue Toshiba laptop, and he set up shop on his desk in the corner of the squad room, known as "the bullpen." In July, he went online, posing first as a 14-year-old girl. He was inundated with propositions from older men.

Sometimes, Chapman has to leave in mid-chat. "If I'm on the computer and a call comes in, we're going to shut the computer down and take care of business," he said. "I'll say, 'I gotta go,' and then hopefully I can find the person online again."

Chapman met one man in a Pokemon chat room who said he was 20 and from Ohio. Soon, Chapman said, the man sent him photographs of nude boys in various sexual poses. The man gave Chapman the password to his Hotmail account, where Chapman said he found more than 200 additional child porn images.

The man also gave Chapman his name and sent a picture of himself in his high school graduation gown. "It had an eagle on the back, and I could barely make out the letters 'ville,' " said Chapman, who quickly discovered the suspect lived in Monroeville.

It was time to go to Ohio. But when Chapman was told that his department couldn't send him, he turned to the Prince William Commonwealth's Attorney's Office.

"We don't have any independent funds for investigations like that," recalled Tom Seaha, a prosecutor who had been tracking Chapman's investigation and said he was sorry he couldn't help. Seaha said he admired Chapman's enthusiasm, but he urged him to turn over the case to Ohio authorities.

"I gave up. But they found a way to go," Seaha said of Chapman and Gardiner. "When everyone told them there was no money, they found a way to go."

Legally, Chapman didn't have to go to Ohio. But he felt a need to eyeball the suspect in the case he had begun. Plus, he said, going might enable him to collect evidence for his investigation of the suspect in Virginia.

The benefactor, of sorts, turned out to be the Dumfries town manager, Dave Whitlow, who responded to the police chief's pleas for help with $150 from the town coffers for gas and tolls.

Driving in the pickup that his partner uses for gang cases, Chapman and Gardiner left at 3 a.m. on Aug. 29. They drove seven hours straight, their only food a bag of chocolate chip and oatmeal raisin cookies that Gardiner's wife made.

Arriving in Monroeville at 10 a.m., Chapman and Gardiner spent the day with Ohio sheriff's investigators typing up an affidavit and getting a search warrant. "It was necessary for them to come here," said Detective Sgt. Dane Howard of the Huron County Sheriff's Office. "I would have been hard-pressed to draft a search warrant on the statements of an officer I had never met."

Ohio officers treated their Northern Virginia colleagues to lunch, and Chapman and Gardiner then drove an hour and 40 minutes that afternoon to Gardiner's parents' home in Concord, Ohio. They put them up in a spare bedroom and cooked them dinner.

Gardiner, 42, said Ohio officers had offered to put them up for the night if his parents hadn't come through. "Yeah, we work on a shoestring budget," Gardiner said, "but I think you'll find that law enforcement helps law enforcement, no matter where you're at."

Their creative financing might have paid off. With help from Ohio sheriff's deputies, they arrested a man, Matthew Hohler, on charges including raping a 12-year-old boy. Prince William and the FBI are investigating the case, said law enforcement sources, who spoke on condition of anonymity because the case is ongoing.

An attorney for Hohler, 20, said his client will enter a plea of not guilty. "At this point, I don't know what the allegations are other than the bare-bones charges," said the attorney, K. Ronald Bailey. "I did hear something to the effect that it had something to do with a contact down in Virginia."

At a time when attention is focused on the growing sexual exploitation of children through the Internet, law enforcement officials said Chapman and his partner went above and beyond the call of duty.

"Those officers . . . who were willing to give up their personal time and money just to make this case, that's a big thing," said Howard of the Huron sheriff's office. "Cops are dedicated, but I don't know that every officer would have done what they did."

The total out-of-pocket expense for the trip: about $20 apiece for Chapman and Gardiner.

These days, Chapman is back on his laptop, balancing three active child porn investigations with the demands of patrol and police work. He is determined to soldier on, he said, because "we're here to protect the kids."

CIVIL LAW:

Justice Appeals Court Order To Release NRO Documents (FEDTIMES)

By Daniel Friedman

Federal Times, September 26, 2006

The Justice Department is appealing a federal court order requiring the National Reconnaissance Office to release unclassified budget documents.

The Federation of American Scientists filed a Freedom of Information Act request last year for parts of the fiscal 2006 budget justification sent to Congress by NRO, which builds and operates intelligence satellites. NRO rejected the request, claiming that the relevant documents are "operational files," which document scientific and technical means for collecting information. Intelligence agencies can exempt operational files from FOIA.

But a federal judge ruled in July that the exemption did not apply to the NRO budget documents. According to Steven Aftergood, director of the FAS Project on Government Secrecy, NRO initially said it would comply with the decision.

On Sept. 20, however, the Justice Department filed a notice of appeal in U.S. Court of Appeals for the District of Columbia Circuit.

In Secrecy News, an FAS newsletter, Aftergood said the claim that unclassified budget documents represent operational files is new.

"If the operational file exemption were permitted to cover routine administrative documents such as budget records, then an enormous swath of unclassified government records could be unilaterally removed from the reach of the FOIA simply by designating them operational," he wrote.

Citing a 2001 memo from then Attorney General John Ashcroft that states Justice will defend agency decisions to resist FOIA requests, Aftergood argued the appeal is consistent with wider Bush administration policy to limit disclosure.

Justice spokesman Charles Miller confirmed the notice of appeal was filed, but declined to comment on its substance or on FOIA policy.

NRO had no immediate comment.

Judge Allows Suit On 'light' Cigarettes (FT)

By Lauren Foster

Financial Times, September 26, 2006

A US federal judge on Monday dealt a blow to the tobacco industry when he ruled a case involving the big cigarette makers and tens of millions of smokers of "light" cigarettes could proceed to trial as a national class action.

The Schwab claim – filed in 2004 under the federal Racketeer Influenced and Corrupt Organisations Act (Rico) – alleges cigarette companies defrauded smokers into believing "light" cigarettes were safer than regular ones.

The class includes anyone in the US who bought cigarettes that were labelled "light" or "lights" between 1971 and 2006.

Lawyers are seeking as much as $200bn (£105bn) in damages, which would automatically be tripled under Rico.

The ruling by US District Judge Jack Weinstein sent tobacco shares lower. Altria Group, parent of Philip Morris USA, closed down 6.39 per cent at $77.06, while Reynolds American, owner of R.J. Reynolds, ended the day down 3.66 per cent at $59.75.

Altria said the ruling would delay plans to spin-off its 88.1 per cent stake in Kraft Foods.

"Today's decision inevitably delays any restructuring," said William Ohlemeyer, Altria vice-president and associate general counsel.

"The board is committed to the restructuring strategy because it makes good sense for the company and its investors. A prerequisite . . . has been clarity in the overall litigation environment . . . Today's decision, however isolated it is, is not a step toward clarity, it is a step back of sorts."

Judge Weinstein denied the industry's request for a pre-trial appeal of the class certification, which means Schwab will proceed to trial as a national "lights" class action claim. Jury selection is expected to begin in January.

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"This is a significant judgment," said Michael Hausfeld, partner at Cohen, Milstein, Hausfeld & Toll, the firm representing the smokers. "It is another condemnation on the merits of the tobacco business practices over more than a quarter of a century, and a milestone with respect to the procedures for class action as it certifies the largest class in terms of period, number and potential damages."

PM USA and R.J. Reynolds said they would seek review of the class certification decision to the Second Circuit Court of Appeals – where the industry has a successful record of defending itself – and a stay of the trial court proceedings pending a decision by the appellate court.

Last year the Second Circuit threw out the Simon II class action that Judge Weinstein certified on behalf of millions of US smokers claiming punitive damages against the industry.

"We adamantly believe the 2nd Circuit Court will decertify the class given the past success the tobacco industry has experienced in this court," said Bonnie Herzog, analyst at Citigroup, in a report.

Tobacco Firms Exposed To New $200 Billion Claim (WSJ)

By Vanessa O'connell

The Wall Street Journal, September 26, 2006

A federal judge's decision to grant class-action status to tens of millions of smokers of "light cigarettes" exposes major tobacco companies to a new $200 billion claim for damages and will delay an expected plan by Philip Morris USA parent Altria Group Inc. to spin off its Kraft Foods Inc. unit.

U.S. District Judge Jack B. Weinstein in Brooklyn, N.Y., made the pretrial ruling yesterday in a 2004 lawsuit alleging that Philip Morris USA, Reynolds American Inc.'s R.J. Reynolds Tobacco Co., and Loews Corp.'s Lorillard Tobacco unit, among others, falsely marketed "light" and "low-tar" cigarettes as a lower-risk alternative to conventional higher-tar smokes.

Lawyers for the plaintiffs argued that tobacco companies reaped between $120 billion and $200 billion in additional revenue because of what they describe as a pattern of deceiving the public about the dangers of smoking light cigarettes. Because the suit is being brought under federal racketeering law, the amount of damages in the case could be tripled.

Not only is the judge's decision a legal setback for the tobacco industry, it further delays Altria's expected spinoff of its 88%-owned Kraft unit. The spinoff would be part of a long-planned breakup of Altria into two or three separate entities, but the New York company has put the restructuring on hold while it resolves outstanding legal challenges. Thanks to the tobacco industry's recent winning streak in lawsuits against it, many investors had expected Altria to announce the spinoff at an Oct. 25 board meeting.

At 4 p.m. in New York Stock Exchange composite trading, Altria shares were down $5.26, or 6.4%, to $77.06. Reynolds shares fell $2.27, or 3.7%, to $59.75.

But Judge Weinstein's opinion in the light-cigarette lawsuit, known for lead plaintiff Barbara Schwab, makes it difficult for Altria to proceed with a Kraft spinoff for the moment. "Today's decision inevitably delays any restructuring," William Ohlemeyer, associate general counsel for Altria, said in a conference call with analysts and investors. "Today's decision, however isolated it is, is not a step toward clarity [regarding litigation]; it is a step back of sorts," Mr. Ohlemeyer said.

Plaintiffs in the class-action suit could seek to block the restructuring with a court injunction by arguing that the breakup of Altria might jeopardize their ability to collect any damages they might win. As a result, some observers now believe the board might delay a spinoff until an appellate court reverses Judge Weinstein's class-certification decision, which might not happen for another year -- if at all.

Judge Weinstein, who was appointed to the federal bench in 1967 by President Lyndon B. Johnson, is known for his tendency to embrace novel legal theories to resolve complicated issues. The 85-year-old federal judge has in the past tended to favor class-action suits as an efficient way to force major companies to pay out large sums when massive groups of people have suffered. He is credited with crafting class settlements in litigation over Agent Orange and asbestos, as well as presiding over a 1999 jury trial that found some gun manufacturers liable for violence committed with handguns.

In his decision yesterday, Judge Weinstein denied the companies the right to have him seek an immediate appellate review of his class-certification decision. Past class-action tobacco suits have failed because courts have found smokers too diverse a

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group to have their claims lumped together. But Judge Weinstein said class-action certification is "critical" to this light-cigarette smokers' case. "The small amount of possible recovery for each smoker could not justify the expensive and time-consuming pretrial and trial procedures required," he wrote.

Plaintiffs' attorney Michael D. Hausfeld estimated that as many as 50 million people in the U.S. could be a part of the class, which represents anyone who purchased cigarettes that were labeled "light" after they were put on the market, beginning in the early 1970s.

Tobacco companies said they would appeal the ruling to the Second U.S. Circuit Court of Appeals in New York. The tobacco companies also will seek a stay of all trial-court proceedings pending a decision by the appellate court. Jury selection in the case is set to begin Jan. 22.

"There is a real question of whether the ruling will hold up on appeal," says Robert L. Rabin, a professor at Stanford Law School. "Class actions in tobacco haven't fared well, and we have to see whether the Second Circuit will be receptive to Weinstein's action."

Judge Rules Up To 50M Can Sue In Tobacco Case (USAT)

By Elliot Blair Smith

USA Today, September 26, 2006

Up to 50 million Americans who have smoked “light” cigarettes believing them less dangerous to their health than regular cigarettes are eligible to participate in a class-action lawsuit certified Monday.

U.S. District Court Judge Jack Weinstein ruled that plaintiffs attorneys had presented “substantial evidence” to show that eight cigarette makers defrauded U.S. consumers of billions of dollars by using bogus health claims to inflate the prices of low-tar cigarettes.

At issue, Weinstein said, “is not whether a fraud case can be proven, but whether damages can be” calculated for smokers who allegedly were unaware of a fact the tobacco companies have known since the late 1960s: Consumers of low-tar cigarettes smoke more intensively to compensate for their nicotine addictions, putting them at elevated health risks.

Plaintiffs' attorney Michael Hausfeld, who built the smokers' legal claims around a federal racketeering statute, said he will prove damages of $26 billion to $200 billion through statistical models that estimate how much Americans allegedly were overcharged for “light” cigarettes and how much faster they would have quit smoking had not “light” cigarettes been marketed so effectively since the early 1970s.

Unlike state and federal tobacco lawsuits that centered on medical damages, the lawsuit known as Schwab v. Philip Morris states an economic fraud claim. One of the plaintiffs' expert witnesses, Jeffrey Harris, a practicing physician and professor of economics at the Massachusetts Institute of Technology, estimates “light” cigarettes' lose up to 92% of their market value once their health dangers are exposed.

Defendants, including Philip Morris USA, owned by Altria Group, and Reynolds American's R.J. Reynolds Tobacco unit, said they would appeal the judge's ruling. Tobacco lawyers contend the four-year statute of limitations for racketeering claims significantly reduces their financial exposure. They also contend they should not be required to retry issues of fact and law already decided in other courts, including the Justice Department's recently concluded racketeering lawsuit against the tobacco companies in Washington, D.C.

In the Justice Department case, the same defendants were ordered to remove such descriptions as “light” and “ultra light” from their cigarette packaging but did not have to pay $14 billion sought by government prosecutors to counter their marketing efforts.

Altria stock fell 6.4% Monday to $77.06, and Reynolds American's shares dropped 3.7% to $59.75 after the class-action certification was announced. But Citigroup analyst Bonnie Herzog advised the company's clients: “We think the sell-off of all the stocks is overdone, and investors should be buyers.”

In an investors' note, Herzog expressed confidence that a federal appeals court would reverse Weinstein's ruling and “decertify” the class of “light” cigarette smokers, “given the past success the tobacco industry has experienced” in contesting the judge's decisions, including one previous class-action lawsuit.

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Tobacco Makers Lose Key Ruling On Latest Suits (NYT)

By David Cay Johnston And Melanie Warner

The New York Times, September 26, 2006

In a legal blow to the tobacco industry, a federal judge in Brooklyn ruled yesterday that people who smoked light cigarettes that were often promoted as a safer alternative to regular cigarettes can press their fraud claim as a class-action suit.

Judge Jack B. Weinstein of Federal District Court in Brooklyn found "substantial evidence" that the manufacturers knew that light cigarettes were at least as dangerous as regular cigarettes.

The decision, coming at a time when the tobacco industry felt it was on a legal winning streak, raises the possibility that so-called lights cases will become a major threat to the companies and expose them to potentially significant damages.

The case, first filed in 2004, is against Philip Morris USA, R. J. Reynolds Tobacco, British American Tobacco, Liggett Group, Brown & Williamson and Lorillard Tobacco. It differs from many previous tobacco lawsuits in that it does not claim that smokers suffered personal injury. Instead, the case — called the Schwab case after the lead plaintiff, Barbara Schwab — claims that the industry defrauded consumers beginning as early as 1971, when Philip Morris began selling Marlboro Lights, the first light cigarette.

Because some 45 percent of smokers currently smoke light cigarettes, potentially vast numbers of people nationwide could be involved.

Michael D. Hausfeld, a partner at Cohen, Milstein, Hausfeld & Toll who is representing the plaintiffs, has said that the class could reach tens of millions of people and involve damages of up to $200 billion. The racketeering law being cited would allow any damage award to be tripled.

Investors yesterday drove down the price of tobacco stocks.

But before the case can proceed to a jury trial, the class-action ruling would have to be upheld by the United States Court of Appeals for the Second Circuit. Some litigation experts expressed strong doubt that it would survive such an appeal.

William S. Ohlemeyer, associate general counsel of Altria, whose Philip Morris division makes half the nation's cigarettes, said "the judge is wrong on the law and wrong on the facts."

Mr. Ohlemeyer said that the government, not tobacco companies, promoted the idea that lights were a safer alternative cigarette.

He added that Supreme Court decisions and court rules prohibit treating fraud cases as class actions because each individual claim of reliance on false statements must be proved.

Still, yesterday's ruling is a setback to what tobacco companies have previously described as an "improving legal environment" for the industry.

Tobacco companies in recent months had won a string of victories. In July, the Florida Supreme Court upheld a decision to toss out a $145 billion judgment in a class-action suit. In December, the Illinois Supreme Court threw out a similar $10 billion judgment against Philip Morris.

Then last month, Judge Gladys Kessler of Federal District Court for the District of Columbia issued a scathing decision in the Department of Justice's landmark racketeering lawsuit. She concluded that the tobacco industry had engaged in a 40-year conspiracy to defraud smokers about the health dangers of tobacco, including deceptions about lights and low-tar cigarettes.

But while Judge Kessler ordered tobacco companies to stop labeling cigarettes as "low tar" or "light" to convey that they were less hazardous than full-flavor cigarettes, she said an earlier ruling prevented her from awarding what could have amounted to $10 billion in damages.

Yesterday's ruling also throws uncertainty into long-running plans by Altria, the parent company of Philip Morris, to separate its Kraft Foods unit from its domestic and foreign tobacco businesses. After several decisions favorable to tobacco companies within the last year, investors had driven up the price of Altria's shares in anticipation that it would spin off Kraft in the coming months.

Shares of Altria fell 6.4 percent yesterday to $77.06.

David Adelman, a tobacco analyst at Morgan Stanley, said in a conference call with investors that Judge Weinstein's ruling would probably delay a restructuring. He said he expects that if tobacco companies are successful in their efforts to get a review

of Judge Weinstein's decision before the trial begins, which could be as early as January, a Kraft spin-off could take place by the end of the first quarter of 2007.

Mr. Adelman said that based on past rulings and what he called the "conservative" nature of the Second Circuit appeals court, he expected such a review to be granted. If it is not, the Schwab case will proceed to a jury trial.

While plaintiffs' lawyers have been filing such class-action suits against cigarette makers since the early 1990's, this is the first lights case to be certified as a class action in a federal court. Currently, three other lights cases have received class certification, all in state courts and encompassing fewer numbers of smokers.

Judge Weinstein rejected the defense claim that the case was so "enormous in scope and time and in diverse persons affected" that there was no reasonable and inexpensive way to try the case.

The judge said that a central theme of American justice was that "each right has a remedy" but that it was impractical to try individually the fraud claims of tens of millions of smokers.

The judge took note of past court decisions limiting class-action cases and expressed doubt that litigation has done, or can do, much to reduce the damage done by smoking.

"Nevertheless," Judge Weinstein ruled, "where a cigarette smoker can demonstrate that he or a group of smokers has been damaged by the cigarette industry, the help of the court in resolving the claim and defenses is mandatory."

Judge Weinstein also took note of the agreements the tobacco companies reached with the state governments, suggesting the companies could end up paying damages twice.

"The independent political-economic arrangement" the tobacco companies made with the states "to pay them billions of dollars over many years has not compensated smokers for the individual damages they have allegedly suffered," the judge wrote. He also wrote that widespread "partial acknowledgments" by tobacco companies that cigarettes are dangerous, and their efforts to reduce smoking by children and others "does not negate any liability for past" misconduct.

Judge Weinstein has a history of decisions that favor class actions and proposing novel solutions to settle cases. In an earlier tobacco case, the Second Circuit Court of Appeals overturned his certification of a class.

Professor Geoffrey P. Miller, who teaches class-action litigation at New York University Law School, was among the lawyers who said they expected the Second Circuit Court of Appeals to overturn the class-action certification.

"It is important to remember that it is not a crime per se to lie, nor is it a violation of law to lie," Professor Miller said. Proving fraud requires showing both that the companies lied and that customers relied on those lies, which means that "technically each individual class member has to show reliance on the fraudulent statements," he added.

Victor E. Schwartz, general counsel for the American Tort Reform Association, which seeks major limits on class actions, said that "the flaw in Judge Weinstein's decision is the idea that there is always a remedy for every alleged injury, which simply is not true."

Trying cases one smoker at a time has resulted in a few victories for smokers, but many more victories for cigarette makers.

Philip J. Hilts, author of the 1996 book "Smoke Screen," which relied on internal cigarette industry documents to show that the companies knew cigarettes were addictive and dangerous but did not alert consumers, said that cigarette makers have good reason to fear a class-action lawsuit.

"With a class action you get higher legal firepower and you get the principle discussed, not that this person quit smoking a while ago or says he smoked more than he did or whatever detail diverts from the principle," Mr. Hilts said.

Cigarette smoke contains thousands of chemicals, some of them known carcinogens. Some lights are advertised as having less nicotine, a highly addictive substance.

Light cigarettes are manufactured differently from regular cigarettes. They have microscopic holes that the companies say dilute the smoke. Medical researchers have found that people draw harder and deeper on lights, often filling their lungs with more toxic material than they would get from regular cigarettes, said Dr. Stanton A. Glantz, a cardiologist at the University of California, San Francisco medical school who is a longtime antagonist of the cigarette makers.

Matthew L. Myers, president of the Campaign for Tobacco-Free Kids, an anti-tobacco group, said he thought the latest ruling could embolden plaintiffs' lawyers to file new lights cases.

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Judge Weinstein and Judge Kessler's legal decisions have also heightened calls for federal regulation of cigarettes. Senator Frank R. Lautenberg, Democrat of New Jersey, introduced legislation on Sept. 7 that would ban the use of the terms "light'' and "low tar.''

While Mr. Lautenberg is one of 28 Democratic and Republican sponsors of another bill that would give the Food and Drug Administration authority to regulate tobacco, Dan Katz, chief counsel for Mr. Lautenberg, said that this new bill is needed as a more immediate stop-gap measure.

Judge Approves Tobacco Class-Action Suit (WP/AP)

By Tom Hays

The Washington Post, September 26, 2006

NEW YORK, Sept. 25 -- In a blow to the tobacco industry, a federal judge ruled Monday that a jury should decide whether tobacco companies must pay tens of millions of smokers up to $200 billion for allegedly duping them into buying light cigarettes over the past three decades.

The cigarette makers said they would appeal.

Shares of tobacco firms fell on Wall Street as the ruling, granting class-action status to the case, clouded what had appeared to be an improving legal environment for the industry.

Altria Group Inc., the parent of the nation's largest cigarette maker, Philip Morris USA Inc., said the ruling will delay its long-awaited restructuring plan, which includes a divestiture of its controlling stake in Kraft Foods Inc.

In a conference call Monday, a top Altria lawyer, William S. Ohlemeyer, said that a prerequisite to pursuing the company's restructuring plan is clarity in the overall litigation environment.

"Today's decision is not a step toward clarity. It is a step back of sorts," he said.

His comments came hours after U.S. District Judge Jack B. Weinstein granted class-action status to a lawsuit against Marlboro maker Philip Morris USA, its biggest U.S. rival R.J. Reynolds Tobacco Co. and other cigarette manufacturers.

"The plaintiffs are entitled to the chance to prove their allegations," Weinstein said. The tobacco companies prefer trying each case on its own, saying circumstances vary widely from one person to another.

"We obviously disagree with the ruling -- strongly," said Theodore Grossman, an attorney for Reynolds American Inc.'s R.J. Reynolds Tobacco division. "The law doesn't support class certification."

The suit, filed in 2004, alleges the tobacco companies responded to consumers' mounting health concerns with a marketing scheme to promote light cigarettes as a lower-risk alternative to regular cigarettes, even though their own internal documents showed they knew the risks were about the same.

Smokers' attorney Michael D. Hausfeld said the decision could clear the way for one of the largest class-action cases ever, both in number of plaintiffs and amount of damages. He estimated the class -- consisting of anyone who purchased cigarettes that were labeled "light" or "lights" after they were put on the market in the early 1970s -- could number up to 60 million.

Federal Judge Certifies $200 Billion Light Cigarette Class Action (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 26, 2006

A federal judge on Monday certified a $200 billion class action lawsuit against the tobacco industry for its marketing of light cigarettes, saying that no matter how vast and complex the claims, the U.S. Constitution demanded that a jury hear the plaintiffs' case.

Eastern District of New York Judge Jack B. Weinstein's 540-page opinion in Schwab v. Philip Morris USA, Inc., 04-CIV-1945 -- which included an additional 965 pages of appendices for a total of 1,505 pages -- gave tens of millions of smokers an avenue to recover damages from the nations largest tobacco companies, including Philip Morris USA Inc., R.J. Reynolds Tobacco Co., Lorillard Tobacco Co., and Liggett Group, Inc.

The class will include anyone who purchased light cigarettes from the time tobacco companies began selling them in the 1970s. The judge said he even would consider broadening the class, to encompass smokers of all "low tar" brands, not just light cigarettes.

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The judge suggested that an expansion of the class could assist the parties in negotiating a global settlement. He set a trial date for Jan. 22, 2007. The plaintiffs intend to seek treble damages.

Two weeks ago, the judge held a final hearing on class certification for the 2004 suit, which alleges that tobacco companies marketed light cigarettes as less risky even though internal documents show that the companies were aware the risks were about equal.

Weinstein has expressed skepticism about the plaintiffs' theory of damages, which alleges that light smokers were defrauded of billions because they believed they were buying a product of greater value because of its health advantages. The judge also questioned the size of the class, as well as the claim that as many as 90 percent of light cigarette smokers chose the cigarettes because they were less harmful.

In his ruling Monday, the judge stressed that while the suit was far from perfect, the evidence warranted that it proceed.

"While evidence of fraud on the class appears to be quite strong -- and defendants have been less than candid in insisting that there was no fraud -- evidence of the percentage of the class which was defrauded and the amount of economic damages it suffered appears to be quite weak -- and plaintiffs have been less than candid in failing to acknowledge that deficiency in their proof," the judge wrote.

He said the jury system -- which he described as the "ultimate focus group of the law" -- was well equipped to sort out the particulars in accordance with Amendment VII of the U.S. Constitution.

"The jury's power and capacity to deal with complex facts and come to a reasonable resolution of a dispute should not be underestimated," Weinstein said.

He added: "Plaintiffs' proof is akin to a pointillist painting by Georges Seurat. When a juror stands back from the canvas and looks at the big picture, he or she may well discern clearly enough an industry allegedly based on fraud and coverup that has taken more than a half century to begin to admit its alleged subtle lies to the public designed to sell its product. Viewed in context, the proof of acts of defendants and the various experts' opinions permits a finding of damages to the class with sufficient precision to allow a jury award."

Weinstein rejected the defendants' claim that the suit was too large in scope and affected different people who smoked for different reasons.

"It is well to recall a central theme of our American legal system: ubi jus, ibi remedium -- each right has a remedy," the judge wrote. "Every violation of a right should have a remedy in court, if that is possible."

APPEAL PLANNED

Weinstein declined to grant an interlocutory appeal to the 2nd U.S. Circuit Court of Appeals.

Theodore M. Grossman of Jones Day in Cleveland, which represents R.J. Reynolds, said the defendants would seek a stay and appeal the class certification under Rule 23(f) of the Federal Rules of Civil Procedure.

"I have come to learn that Judge Weinstein certifies classes," Grossman said. "I think [he] understands the problems in plaintiffs' case, but consistent with prior writings he is looking for an avenue to effect changes in society that he wants."

Grossman took issue with the judge's suggestion that an expanded class might cause the defendants to agree to a settlement.

"This case is not going to be settled," he said. "It's impossible to settle and it will not settle. It would be wrong to settle. And the kind of arm twisting implicit in this opinion is inappropriate."

Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., which was appointed co-lead counsel with Finkelstein, Thompson, & Loughran, also in Washington, said that Weinstein had found that the cigarette industry had perpetrated a "massive fraud" on consumers through the marketing of light cigarettes, just as another judge, Judge Gladys Kessler of the U.S. District Court for the District of Columbia, had found last month.

Kessler, ruling in a racketeering suit brought by the U.S. Justice Department, said the tobacco industry had perpetrated a conspiracy on consumers to "further their overarching economic goal: to keep smokers smoking; to stop smokers from quitting; to encourage people ... to start smoking; and to maintain or increase corporate profits" (see United States v. Philip Morris USA, Inc., 2006 WL 2380681).

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Weinstein decided against applying the doctrine of collateral estoppel in light of Kessler's ruling, saying it should not be applied "in the interest of fairness to defendants."

Hausfeld said the plaintiffs would be ready for trial in January, if the circuit did not stay the case.

"We think a Brooklyn jury in particular can discern what it means to be lied to," he said. "It may not be simple, but that doesn't mean that they can't do it."

Firm Wants Sisters Silenced (BSH)

By Anita Lee

Biloxi Sun Herald, September 26, 2006

An insurance adjusting firm wants two whistleblowers to stop talking about claims they handled for State Farm insurance, pay damages for economic harm and return records they turned over to federal and state investigators.

The company, Alabama-based E.A. Renfroe, said sisters Cori and Kerri Rigsby also gave copies of the records to attorney Richard "Dickie" Scruggs, whose Scruggs Katrina Group intends to profit from lawsuits filed against State Farm.

Renfroe is suing the Rigsbys, insurance adjusters who claim State Farm manipulated engineering firms to minimize or deny policyholder claims. Renfroe said the Rigsbys breached their employment contract and violated the Alabama Trade Secrets Act by turning over confidential records to federal and state investigators and to Scruggs, for whom they are now working.

The sisters also were interviewed for stories in the Sun Herald and on ABC's "20/20."

Renfroe wants a federal judge in Alabama to stop the Rigsbys' disclosures, award Renfroe damages for breach of contract, allow Renfroe to recover any profits the Rigsbys or Scruggs receive from the records, and award extra damages against the Rigsbys.

The Rigsbys worked from the late 1990s until the spring of 2006 for Renfroe, which State Farm hired to help adjust its claims. Renfroe assigned the Rigsbys, who are from Ocean Springs, to work for State Farm.

The sisters said they left their adjusting jobs because of the wrongdoing they discovered and documented from State Farm claims files. They have accused State Farm of manipulating engineering firms to supply reports attributing hurricane damage to water, covered by national flood insurance, rather than wind, covered under State Farm policies.

Management at State Farm and Renfroe have denied any wrongdoing and said they are cooperating with investigators from the U.S. Justice Department and Mississippi Attorney General's Office.

Federal law protects people who work to document and report illegal activity that might otherwise be covered up, but each case is different, said attorney Stephen Kohn, president of the National Whistleblowers Center and author of "Concepts and Procedures in Whistleblower Law."

"It's a difficult issue, but there are policies and laws which will support a whistleblower who does that," Kohn said. "Those are the types of disclosures that the law would intend to protect."

In its lawsuit against the Rigsbys, Renfroe is also demanding that the sisters return their State Farm jackets. The sisters displayed the jackets on "20/20" to illustrate they represented themselves to policyholders as State Farm employees.

3 AOL Subscribers Sue AOL For Release Of Search Data, Seek End To Data Retention (FINDLAW/AP)

By Anick Jesdanun, Ap Internet Writer

AP, September 26, 2006

(AP) - NEW YORK-Three AOL subscribers who suddenly found records of their Internet searches widely distributed online are suing the company under privacy laws and are seeking an end to its retention of search-related data.

The lawsuit is believed to be the first in the wake of AOL's intentional release of some 19 million search requests made over a three-month period by more than 650,000 subscribers, including the three plaintiffs - two unnamed Californians and Kasadore Ramkissoon of Richmond County, New York.

Filed Friday in U.S. District Court in Oakland, California, the lawsuit seeks class-action status. It does not specify the amount of damages being sought.

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AOL already has apologized for the release, which it blamed on a researcher who had failed to gain proper clearances. The researcher and another AOL employee have been fired, and the company's chief technology officer has resigned. AOL also pledged to name its first chief privacy officer.

John Dominguez, one of the attorneys who filed the lawsuit, said AOL ought to do more.

"People paid AOL with the belief that their privacy was going to be protected," he said Monday. "That's not what happened."

Although AOL had substituted numeric IDs for the subscribers' real user names, the company acknowledged the search queries themselves may contain personally identifiable data, revealing names, credit card numbers and medical conditions.

In fact, The New York Times was able to trace user 4417749 to Thelma Arnold, 62, of Georgia, while The Washington Post tracked down JoAnn Whitman, 55, of Colorado, after she accidentally typed into AOL's search engine an e-commerce order confirmation.

AOL removed the data from its Web site once executives learned of the release, but not before copies were already circulating. Web sites have even been created specifically to query AOL's search database.

Dominguez said AOL ought to at least try to shut down those sites or block them from its own search engines. And he said the company should stop collecting such records and destroy any it already has.

AOL currently keeps data linked to specific subscribers for up to 30 days and other data, such as the search records released, for longer. Data retention is standard practice among Internet search engines, which use such information to refine their services.

AOL LLC, a unit of Time Warner Inc., declined comment on the lawsuit, which alleges violations of the federal Electronic Communications Privacy Act and California consumer-protection laws.

Two privacy advocacy groups, the Electronic Frontier Foundation and the World Privacy Forum, already have filed complaints with the Federal Trade Commission.

CIVIL RIGHTS:

FBI, Gilbert Investigate Possible Hate Crime (AZREP)

By Elias C. Arnold

Arizona Republic, September 26, 2006

GILBERT -- FBI agents have joined a Gilbert police investigation into a possible hate crime in which a Black Barbie doll was found hanging by its neck in the car of an African-American woman.

The 24-year-old woman found the doll July 8 after leaving the vehicle unlocked overnight at her apartment complex in the 1300 block of West Juniper Avenue, according to police.

The act potentially specifically targeted the victim, which could warrant federal charges should investigators determine it was motivated by the victim's race, said Special Agent Deborah McCarley, an FBI spokeswoman.

advertisement

Federal agents learned of the investigation through news media and have been assisting police for several weeks to determine whether federal charges are warranted, McCarley said.

Recent finger print analysis has ruled out at least one investigative lead who lived in the area, according to Gilbert police.

Investigators are re-interviewing the victim's family and friends in hopes of uncovering new or previously undisclosed information, said Sgt. Andrew Duncan, a Gilbert police spokesman.

Supporters Of A.C.L.U. Call For The Ouster Of Its Leaders (NYT)

By Stephanie Strom

The New York Times, September 26, 2006

More than 30 longtime supporters of the American Civil Liberties Union are calling for the ouster of the organization's leadership, saying it has failed to adhere to the principles it demands of others and thus jeopardized the organization's effectiveness.

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The new group is made up of donors, former board and staff members, and the lawyer who won what was perhaps the A.C.L.U.'s most famous legal battle, its defense of the right of Nazis to march through a predominantly Jewish suburb of Chicago.

"We come together now, reluctantly but resolutely, not to injure the A.C.L.U. but to restore its integrity and its consistency of principle,'' the group said in a mission statement to be posted on its Web site, www.savetheaclu.org, which is to go live today.

The statement does not name individual officials that the group wants to see removed, but in the past, criticism has been focused on Anthony D. Romero, the executive director, and Nadine Strossen, the board president, as well as members of the executive committee.

The Web site, which was first reported in The New York Sun in June, initially will feature letters from members and donors who have joined the effort, lists of articles about the A.C.L.U. and ways for readers to join the effort.

"It's a home for A.C.L.U. loyalists who have been shut out of the organization," said Ira Glasser, who was executive director of the organization from 1978 to 2001 and has signed the statement.

Mr. Glasser emphasized that the group, conceived by Alan Kahn, a retired Wall Street executive and longtime A.C.L.U. member, was an informal one.

"We're not starting a new organization," he said. "We're a protest group, trying to get the board to exercise its fiduciary and governing responsibility in a way that it has not. We're loyal to the existing organization and above all to the principles it is intended to advance."

Emily Whitfield, an A.C.L.U. spokeswoman, defended the organization, saying it continued to fight aggressively for the principles of free speech.

"Our programs, both legal and legislative, have never been stronger," Ms. Whitfield said. "And then there's the phenomenal growth of the A.C.L.U., where we've nearly doubled staff, our revenues are higher, membership and donations are higher, and that, to us, tell us where we are right now, in terms of our organization. We're proud of it."

She added, "We're proud to be the leading organization fighting for freedom of speech on the Internet."

Ms. Whitfield noted that the A.C.L.U. would go to court next month to argue that federal efforts to limit access to certain content on the Web to protect children violated the free speech protection in the Constitution.

And she pointed out that other independent Web sites already reported and commented on the A.C.L.U., including acluprocon.org and stoptheaclu.com, among others.

In interviews, some members of the group behind the Web site pointed to internal controversies that have been made public, starting with an agreement that obligated the A.C.L.U. to check its staff against government lists of suspected terrorists to participate in the federal employees' annual fund-raising drive known as the Combined Federal Campaign at the same time it was criticizing the lists.

Since then, controversies have developed over other matters, including questions about the A.C.L.U.'s use of data mining to profile donors, a plan to monitor its employees' e-mail messages and efforts to control board members' access to staff and information.

Donors have confronted the organization over proposals that would have discouraged its board members from publicly criticizing the organization's policies and internal administration.

"Any one of those things by itself is unacceptable, but you could say it was an error in judgment and let it go," said David Goldberger, a law professor at Ohio State University, who defended the Nazis' right to march in Skokie, Ill., when he worked at the A.C.L.U.'s Illinois affiliate. "But when you start to see more than one of these kinds of things emerge, then it's clear that the organization's leadership has let it drift away from its core principles, and without those principles, it has no value."

The A.C.L.U. has backtracked several times in response to public criticism, withdrawing from the federal fund-raising effort, filing a lawsuit to get the requirements changed and returning some grant money, among other things.

Mr. Romero, the executive director, has apologized for "mistakes" but said the organization had never violated its principles. Controversial proposals, like the one to monitor employee e-mail, have been withdrawn for further consideration.

Members of the new group and others, however, say such issues should have never arisen.

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"It does something wrong, then it retracts it after it gets bad publicity, which is no way to operate," said Anna Switzer, a longtime A.C.L.U. member from New York who said she signed onto the mission statement reluctantly. "The problem is that some of these things should never have been proposed at all."

John C. Brittain, chief counsel of the Lawyers' Committee for Civil Rights Under the Law, was an A.C.L.U. board member and a member of the executive committee until he was voted out of office last month in what he and others contended was an election manipulated by the leadership. A.C.L.U. leaders denied the accusation.

"I agreed to sign on to this effort because I have been inside the A.C.L.U. for the past five years, nearly, and I've tried to address some of the concerns from within and been rebuffed," Mr. Brittain said. He said that he did not know about the opposition effort until after the election and that his support for it had nothing to do with his ouster from the board.

"I am truly troubled by the direction and governance of the organization," he said.

Stricter Voting Laws Carve Latest Partisan Divide (NYT)

By Joyce Purnick

The New York Times, September 26, 2006

MESA, Ariz. — Eva Charlene Steele, a recent transplant from Missouri, has no driver's license or other form of state identification. So after voting all her adult life, Mrs. Steele will not be voting in November because of an Arizona law that requires proof of citizenship to register.

"I have mixed emotions," said Mrs. Steele, 57, who uses a wheelchair and lives in a small room in an assisted-living center. "I could see where you would want to keep people who don't belong in the country from voting, but there has to be an easier way."

Russell K. Pearce, a leading proponent of the new requirement, offers no apologies.

"You have to show ID for almost everything — to rent a Blockbuster movie!" said Mr. Pearce, a Republican in the State House of Representatives. "Nobody has the right to cancel my vote by voting illegally. This is about political corruption."

Mrs. Steele and Mr. Pearce are two players in a spreading partisan brawl over new and proposed voting requirements around the country. Republicans say the laws are needed to combat fraud, especially among illegal immigrants. Democrats say there is minimal fraud, if any, and accuse Republicans of suppressing the votes of those least likely to have the required documentation — minorities, the poor and the elderly — who tend to vote for Democrats.

In tight races, Democrats say, the loss of votes could matter in November.

In Maricopa County, Arizona's largest in population, election officials said that 35 percent of new registrations were rejected for insufficient proof of citizenship last year and that 17 percent had been rejected so far this year. It is not known how many of the rejected registrants were not citizens or were unable to prove their citizenship because they had lost or could not locate birth certificates and other documents.

In Indiana, Daniel J. Parker, chairman of the state Democratic Party, said: "Close to 10 percent of registered voters here do not have driver's licenses. Who does that impact most? Seniors and minorities."

A law in Indiana requiring voters to have a state-issued photo ID is being challenged in the federal courts, as are the voting laws in Arizona and in many other states.

Republicans say the Democratic complaints are self-serving.

"Democrats believe they represent stupid people who are not smart enough to vote," said Randy Pullen, a Republican national committeeman from Arizona who championed a statewide initiative on the new requirements. "I do not."

The new measures include tighter controls over absentee balloting and stronger registration rules. The most contentious are laws in three states — Georgia, Indiana and Missouri — where people need government-issued picture ID's to vote, and provisions here in Arizona that tightened voter ID requirements at the polls and imposed the proof-of-citizenship requirement for voter registration.

Several other states are considering similar measures, and the House of Representatives, voting largely along party lines, recently passed a national voter ID measure that is headed for the Senate.

The debate in Washington and the state capitals has been heated, with only one note of agreement: that voting, once burdened by poll taxes and other impediments, is as divisive an issue as ever.

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"I have never seen such a sinister plot — I won't say plot, I'll say measure — as to target a group of people to try to make it difficult for them to vote," said Roy E. Barnes, a Democrat and former governor of Georgia who is fighting the new identification law in his state.

Mr. Pearce, the Arizona Republican, said: "We know people are approached to register whether they are illegal or not. We know the left side's agenda."

Underlying the debate is the fundamental question of voter fraud and whether people who are not who they say they are — impostors — are voting. Some suggest that the problem is so widespread that the standard methods of proving identification, like a utility bill and a signature, are no longer adequate.

"I know a lot of allegations of voter fraud, especially by noncitizens, that may have been able to tip the balance in favor of one candidate," said Representative Tom Tancredo, Republican of Colorado and an advocate of tough immigration laws.

The tighter voting rules appeal strongly to people worried about illegal immigration, Mr. Tancredo said.

There is no data, however, to show more than isolated instances of so-called impostor voting by illegal immigrants or others.

Experts in election law say most voter fraud involves absentee balloting, which is unaffected by the new photo identification laws. Few people, they say, will risk a felony charge to vote illegally at the polls, and few illegal immigrants want to interact with government officials — even people running a polling place.

Of Arizona's 2.7 million registered voters, 238 were believed to have been noncitizens in the last 10 years; only 4 were believed to have voted; and none were impostors, plaintiffs stipulate in their lawsuit to overturn the law, statistics the state has not challenged. Nor is there evidence of impostor voting in Georgia, Indiana or Missouri.

Advocates for the new laws do not dispute the figures — just their relevance.

Thor Hearne, a lawyer for the American Center for Voting Rights, a conservative advocacy group, who was President Bush's election law counsel in 2004, says there is little proof of impostor voting because few have looked for it.

Todd Rokita, the Indiana secretary of state, agrees. "Critics will say there is no wholesale fraud, and to that I say you don't understand the nature of election fraud," said Mr. Rokita, a Republican. "A lot of this goes unreported. Until you have a mechanism in place like photo ID's, you don't have anything to report."

Arizona's new rules were passed as part of Proposition 200, a referendum that denies certain state and local benefits to illegal immigrants. It got 56 percent of the vote two years ago, after Gov. Janet Napolitano, a Democrat, vetoed a Republican-backed measure passed by the Legislature.

Rooted in the state's debates over illegal immigration, the measure is the broadest in the country, requiring a driver's license, a state photo ID or two nonphotographic forms of identification at the polls. Lawyers for the Navajo Nation and other American Indian tribes say the provision particularly discriminates against Indians, many of whom are too poor to drive or are without electricity or telephone bills, alternative forms of identification.

Because the Arizona measures have been in place for less than two years, there is limited documentation of their impact. Lawyers fighting the rules say the measures have prevented thousands of people from registering to vote, particularly in Maricopa County, which includes Phoenix, a city with many Latino voters.

Supporters of the measures say elections have gone smoothly. Critics point to individual cases, like confusion at the polls in the primary elections earlier this month. They say that people without adequate documentation have been turned away or required to file "conditional provisional" ballots that are counted only if voters follow up — and that not all of them do.

Deborah Lopez, a Democratic political consultant in Phoenix, said that the once simple matter of registering voters at a rally or a fiesta now required labor-intensive door-to-door visits.

It was during a registration drive at her assisted-living center, Desert Palms, that Mrs. Steele learned she could not vote. Disabled, with a son, an Army staff sergeant, on active duty, she left Missouri recently to stay with her brother and subsequently moved into the center.

Lacking a driver's license, she could get a new state identity card, but she said she had neither the $12 to pay for it nor, because she uses a wheelchair, the transportation to pick it up.

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"It makes me a little angry because my son is fighting now in Iraq for others to have the right to vote, and I can't," said Mrs. Steele, who submitted an affidavit in the suit against the Arizona law.

Asked if she was a Republican or a Democrat, Mrs. Steele said she was neither: "I vote for the best person for the job."

Or, she added, she used to.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 26, 2006

Pause for publicity

Nobody was more delighted than Simon & Schuster imprint Free Press when Pakistani President Pervez Musharraf told a White House press conference Friday that he could not answer a specific question surrounding September 11 because he was "honor bound" by his book contract.

As booksellers know, you can't buy that kind of publicity.

That morning Gen. Musharraf's 368-page "In the Line of Fire: A Memoir" was hovering around No. 1,300 in advance sales on Amazon. By Friday evening, book sales had jumped to No. 120, and yesterday -- the date of its official release -- the memoir leaped to No. 7 in nonfiction.

The boost in book interest began when Gen. Musharraf dodged a reporter's question about a purported post-September 11 threat by the Bush administration to bomb Pakistan "back to the Stone Age."

The Pakistani president said he was honoring his publisher's request not to discuss anything contained in the memoir -- at which point President Bush interjected, "Buy the book is what he's saying."

Mr. Musharraf's literary agent, Chris Calhoun, told Inside the Beltway yesterday that he thinks Mr. Bush "ought to plug more books."

The New York agent said this is the first time he has represented a sitting president in this type of book deal.

"I had never heard of a sitting president writing a memoir before he leaves office," Mr. Calhoun said. "They've written books, of course, but not memoirs. But his is a special case, because his life is such a dangerous one."

Now that yesterday's release date has come and gone, Gen. Musharraf is telling all. He began his day yesterday, for instance, on the set of NBC's "Today" program. Today, he will sit down with CNN anchor Wolf Blitzer in "The Situation Room," and then appear on Comedy Central's "The Daily Show" with Jon Stewart.

If that's not enough of Gen. Musharraf, he can be heard tomorrow on NPR's "Morning Edition," and seen next Sunday on NBC's "Meet the Press" with Tim Russert.

Packing it in

We told you recently about the U.S. congressman who was riled by French Prime Minister Dominique de Villepin's remark that "against terrorism, what we need is not a war. It is, as France has done for many years, a determined fight based on vigilance at all times and effective cooperation with our partners."

Now, an unlikely ally is defending France, saying it's the Americans, not the French, who are "losing the will to fight."

In the latest issue of the American Conservative, Pat Buchanan recalls France's heroism during World War I, when in a single month -- August 1914 -- French casualties totaled 260,000. In fact, 27,000 Frenchmen died on Aug. 22 alone.

"On Aug. 22, 1914, France lost 10 times as many dead as we [Americans] have lost during the entire Iraq war," Mr. Buchanan notes. "Those who mock alleged French cravenness might reflect: France fought for four more years after that horrible August and lost 1.3 million men. Yet 60 percent of Americans are ready to pack it in in Iraq."

He cites numerous reasons for Americans wanting to cut and run from Baghdad and beyond, not the least being that current generations are "no longer into dying for God and country."

"Western man, including many Americans, is into self-indulgence. Make love, not war," he said.

Expensive lessons

Salary of the White House's new director for lessons learned: $106,641

-- Harper's Index, October 2006

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Deck the halls

Say you teach in a public school and you want to celebrate Christmas in your classroom with like-minded students, what's a teacher to do?

Go right ahead, says Education Secretary Margaret Spellings. We've come across a letter sent to the secretary by a teacher named Karen in Salt Lake City. She writes:

"I'm so frustrated with the U.S. trying to get 'Christmas' out of our vocabulary. In a Fox News poll, 96 percent of Americans, people of all faiths, celebrate Christmas. So, my question is: What are we allowed to teach and say in school?

"All of my kids celebrate Christmas, not 'Winter Holiday.' (I asked.) I know I can say Merry Christmas. Can I decorate our room with Christmas stuff? I'm not teaching them about Christ, but I heard that it was OK to say that Christmas is a celebration of Christ's birth for Christians. Thank you."

Mrs. Spellings replied: "Christmas is one of the great joys of the year for many Americans of all ages. In fact, Congress recognized Dec. 25 as a public holiday in 1870.

"Schools and teachers traditionally have celebrated the secular aspects of Christmas and are free to do so today. Educators may also teach students about the religion and history behind Christmas, Hanukkah and other religious holidays. Of course, some students may not wish to participate in Christmas celebrations, and their beliefs should be respected as well. With this in mind, I hope you celebrate and enjoy the season with our students."

•John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Academy Of P.C. Sciences (NYT)

By John Tierney

The New York Times, September 26, 2006

I've slogged through enough reports from the National Academy of Sciences to know they're often not shining examples of the scientific method. But — call me naïve — I never thought the academy was cynical enough to publish a political tract like "Beyond Bias and Barriers," the new report on discrimination against female scientists and engineers.

This is the kind of science you expect to find in The Onion: "Academy Forms Committee to Study Gender Discrimination, Bars Men from Participating." Actually, it did allow a total of one man, Robert Birgeneau of Berkeley, on the 18-member committee, but that was presumably because he was already on record agreeing with the report's pre-ordained conclusion: academia must stop favoring male scientists and engineers.

How this favoritism occurs is difficult to discern, particularly if you make it through all 291 pages. Donna Shalala, the Clinton administration veteran who led the committee, begins the report with a story of male chauvinists refusing to give tenure to a promising young scholar (herself) just because she was a woman, but that happened three decades ago. Buried deep in the report is a more recent datum: when a woman is up for tenure today in science or engineering, her odds of being approved are the same as a man's.

The report says that women are discouraged from going into science because of social pressure and "unintentional" and "unconscious" biases — which may well exist. But Shalala's committee is so determined to blame everything on discrimination that it dismisses other factors without giving them a fair hearing.

You can get a sense of its spirit of inquiry from "findings" like this one: "The academic success of girls now equals or exceeds that of boys at the high school and college levels, rendering moot all discussions of the biological and social factors that once produced sex differences in achievement at these levels."

It may seem moot to the Shalala committee, composed mainly of university administrators and scientists who don't study sex differences (or are hostile to the idea that they exist). But it's not moot to the scientists who've documented persistent differences.

I consulted half a dozen of these experts about the report, and they all dismissed it as a triumph of politics over science. It's classic rent-seeking by a special-interest group that stands to get more money and jobs if the recommendations are adopted.

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"I am embarrassed," said Linda Gottfredson of the University of Delaware, "that this female-dominated panel of scientists would ignore decades of scientific evidence to justify an already disproved conclusion, namely, that the sexes do not differ in career-relevant interests and abilities."

One well-documented difference is the disproportionately large number of boys scoring in the top percentile of the SAT math test. And when you compare boy math whizzes with girl math whizzes, more differences appear. The boys score much higher on the math portion of the SAT than on the verbal, whereas the girls are more balanced — high on the verbal as well as the math.

The girls have more career options, and they have different priorities than the boys, as the psychologists David Lubinski and Camilla Persson Benbow have demonstrated by tracking students with the exceptional mathematical ability to become top-flight researchers in science and engineering.

As adolescents, the boys are especially interested in abstract theoretical pursuits and "inorganic" disciplines involving things, whereas the girls are more interested in "social values," "people contact" and "organic" disciplines. Plenty of these girls end up going to graduate school, and some become superb physicists and engineers, but many choose law, medicine, education and so-called soft sciences like biology or psychology.

After decades of schools pushing girls into science and universities desperately looking for gender diversity on their faculties, it's insulting to pretend that most female students are too intimidated to know their best interests. As Science magazine reported in 2000, the social scientist Patti Hausman offered a simple explanation for why women don't go into engineering: they don't want to.

"Wherever you go, you will find females far less likely than males to see what is so fascinating about ohms, carburetors or quarks," Hausman said. "Reinventing the curriculum will not make me more interested in learning how my dishwasher works."

ANTITRUST:

Consumer Groups Urge Limits On AT&T-BellSouth Deal (AJC)

By Marilyn Geewax, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 26, 2006

Washington — Consumer advocates and civil libertarians demanded Monday that regulators refrain from approving AT&T's purchase of BellSouth unless the phone companies accept tough restrictions on their $67 billion deal.

Last week, Federal Communications Commission Chairman Kevin Martin recommended that the merger be approved, perhaps as soon as the FCC's regular meeting Oct. 12, according to published reports based on unidentified agency sources. Such approval would be unusual, because the Justice Department has not completed its review of the proposed merger's impact on consumers and competition.

While the two phone companies want the FCC to move quickly, consumer groups say regulators should not rush to sign off on a combination that could affect consumers for decades.

"This merger will haunt the consumer," Mark Cooper, research director at the Consumers Federation of America, said in a conference call with reporters. When the combined companies strengthen their grip on the marketplace, he said, "they will use it against the public."

The merger would allow Texas-based AT&T to extend its reach across the South to control nearly half the nation's phone lines, spreading over 22 states. It also would gain full control of Cingular Wireless, the nation's largest wireless service provider.

Both BellSouth and Cingular are based in Atlanta.

Consumer groups belonging to the Competition Coalition called on regulators to impose restrictions on the new telecom giant.

For example, they want AT&T to accept rules guaranteeing "net neutrality," meaning the company would have to treat all Internet content in a neutral way. AT&T has expressed interest in charging content providers for speedy delivery of enhanced services, such as video.

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Consumer groups say that forcing Internet companies to pay "tolls" for premium delivery of their content would hurt young companies trying to compete against established giants.

"AT&T's approach to the Internet is one which does not bode well for maintaining the Internet as an avenue of innovation, an avenue of free expression, an avenue of political speech," said Andrew Schwartzman, president of the Media Access Project, a nonprofit public interest group.

Martin, an appointee of President Bush, supports the White House's position that tough net neutrality protections are unnecessary for telecom companies.

The consumer groups also said on the conference call that regulators should insist the companies divest themselves of unused airwaves so that potential competitors could use them.

The American Civil Liberties Union also is trying to reshape the proposed merger. Barry Steinhardt, director of the ACLU's Technology and Liberty Program, said the FCC should be investigating the phone companies' possible involvement with the National Security Agency, which conducts surveillance of potential terrorist activities.

"We believe the FCC has both a statutory and a public interest obligation to investigate whether or not AT&T and BellSouth have been engaging in illegal cooperation with the NSA and spying on Americans," Steinhardt said. "We are very disappointed that the FCC has fallen down in its obligation to conduct this investigation."

While Martin may be pushing for quick and unconditional approval of the merger, news reports have said other FCC commissioners plan to include some of the conditions consumer groups want.

On the Web:

Competition Coalition: www.mergermonster.com

Clock Continues To Tick On Wright Bill Resolution (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 26, 2006

Key senator's objections among bill's obstacles as Congress nears recess

WASHINGTON – With four days to go before a congressional recess, Texas lawmakers were still hammering out strategies late Monday to get their Wright amendment legislation past detractors in each chamber.

A packed congressional schedule is complicating plans for a quick resolution, despite a breakthrough last week, when Sen. Kay Bailey Hutchison won the support of a key senator who had objected to parts of the bill.

The House and the Senate could still pass bills this week that would lift federal flight restrictions at Dallas Love Field, though lawmakers said they were unsure exactly how the procedures would play out.

Congress is expected to return for a lame-duck session after the November elections, but passing legislation then would face even more hurdles.

The Wright legislation would clear quickly this week – under a procedure that wouldn't even require a formal recorded vote – if its supporters could overcome the objections of Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee.

Ms. Hutchison, R-Texas, won over the chairman of the committee, Sen. Arlen Specter, R-Pa., by agreeing to remove a phrase exempting the deal from antitrust laws and replacing it with other protective language.

But Mr. Leahy has not signed off. The rules of the Senate allow a single member to stand in the way of legislation, forcing the sponsor to line up votes to maneuver around the opposition.

"He's not ready yet to make a final decision," Ms. Hutchison said after speaking with Mr. Leahy on Monday evening.

Ms. Hutchison said she's trying to find new language that would satisfy him along with creators of the compromise. It's also possible, she said, "he will agree that we've done so much and we've come so far that he's OK."

Last resort

Forcing a vote on the Senate floor would be a last resort, depending on whether she can secure floor time against competing legislation. "We may be able" to pass the bill this week, she said. "We're still in play. We're just going to keep working it."

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House members remained confident of their chances, even though they also faced competition for a calendar packed with dozens of other bills intended to clear this week.

"I think we're going to get it done," said Rep. Pete Sessions, R-Dallas, one of the 18 Texas House members co-sponsoring the bill.

House members from North Texas had planned to move an original version of the bill – with an antitrust exemption – and ignore changes made by the House Judiciary Committee.

If any member objected to the effort on the House floor, the legislation would need a two-thirds vote to pass.

Now, House lawmakers are weighing whether to substitute the latest Senate language or move forward with their original version. If the House and Senate passed different bills, they'd be delayed further by having to call a conference committee to reconcile the versions.

Consumer groups' view

Two prominent consumer groups that oppose the deal, Consumers Union and Consumer Federation of America, wrote to House Democratic leaders Monday to protest the plan to bypass the House Judiciary Committee version of the legislation.

Officials at the consumer groups said the move would "harm consumers and competition in the Southeast and Southwest" and "constitute a breakdown of rational governance."

The legislation in both bodies would repeal the 1979 Wright law in 2014, while immediately allowing one-stop flights anywhere if they first stopped inside the nine-state Wright perimeter.

It would also cut the number of available gates at Love from 32 to 20, part of an effort to compensate for an expected increase in noise and traffic at the Dallas airport. Nineteen gates are now operational.

Competition concerns

The gate reduction has sparked concerns about airline competition in North Texas.

A study released Monday by a law firm representing owners of a six-gate terminal that would be demolished under the agreement said consumers would lose out on at least $343 million in annual savings under the deal.

The figure represents the difference between offering nonstop flights and the one-stop flights outlined in the Wright compromise, according to the study by Northeastern University economist Steven Morrison.

The study used federal data to calculate that consumers would save $726 million annually from full repeal vs. $117 million to $383 million a year from through-ticketing over the eight-year period.

The federal legislation would implement a June compromise by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

Their agreement will be voided if Congress doesn't pass legislation by Dec. 31.

"The problem is we're kind of running out of time," said Sen. John Cornyn, R-Texas.

But talks continue to address Mr. Leahy's concerns, Mr. Cornyn said. "And as long as we're having productive conversations, I think hope remains," he said.

Merger Trend Sweeping Big Exchanges Cascades Toward 'Interdealer Brokers' (WSJ)

By Aaron Lucchetti And Alistair Macdonald

The Wall Street Journal, September 26, 2006

The urge to merge among exchanges is spreading.

With NYSE Group Inc. working to finalize its deal with Euronext NV and Nasdaq Stock Market Inc. considering whether to buy the 75% of London Stock Exchange PLC it doesn't already own, exchanges look ready to embark on another new chapter, with exchange-like brokers such as Icap PLC and eSpeed Inc. now lining up as possible partners of bigger, more traditional players.

These firms are lesser-known than the NYSE and the LSE but are key players in the trading of bonds, currencies and derivatives that are increasingly popular among hedge funds, which control a big slice of the trading on Wall Street.

Already a number of deals among these nimble players appear to be percolating. U.S. private-equity firm Hellman & Friedman has held a call with Collins Stewart Tullett, the British financial-services company, about Tullett Prebon, its "interdealer

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broker" unit that mainly handles trades between large Wall Street firms in bonds and other financial instruments, a person familiar with the matter said. While the current state of talks is not known, Hellman & Friedman could use its position as a large shareholder and board member at Nasdaq and a former suitor to Collins Stewart to try to bring the two companies together, a person familiar with the matter said.

Another big Treasury trading firm, eSpeed, held preliminary talks earlier this year with CBOT Holdings Inc., owner of the Chicago Board of Trade, about possible future combinations, people familiar with the matter said. But the two firms didn't specifically discuss a merger and already have a relationship working together in bond trading, one of these people said.

Yesterday, Icap said it held talks with the London Stock Exchange, which have now ended. "This dialogue ... is a real harbinger of the sort of changes we may see in the landscape in the next few years," Michael Spencer, Icap's chief executive, said in an interview with Dow Jones Newswires. "It is an inevitability you will see global exchange groups emerge."

Each interdealer broker tends to focus on one or two key areas, so in some ways it makes sense for them to join forces. Icap embraced electronics early and has broadened its product base in Europe and the U.S. more than its peers.

"It's a natural evolution for there to be some consolidation of interdealer brokers and exchanges," says Jane Wheeler, senior managing director at investment banking firm Evercore Partners. Some bankers predict that the five major interdealer brokers will merge into each other -- continuing an earlier round of consolidation -- leaving fewer players in control of this lucrative corner of Wall Street trading.

Exchanges, flush with cash and high stock price valuations, may parachute in to buy these firms instead. As well, the small firms themselves are fierce rivals that could be reluctant to partner up with each other, leaving the door open for bigger exchanges to make their move.

"We do the same thing an exchange does -- we match buyers and sellers and are paid a commission. We play a neutral role just like an exchange does," says Christopher Giancarlo, executive vice president of corporate development, GFI Group Inc., a large interdealer broker with a big business in credit derivatives. Mr. Giancarlo declined to comment on whether GFI is talking to anyone, but the company's fast-growing business could be attractive for numerous exchange groups including NYSE and Chicago Mercantile Exchange Holdings Inc.

In August 2005, Hellman and two other private-equity firms began takeover talks with Collins Stewart. The talks, which stalled over price, were with Blackstone Group and Kohlberg Kravis Roberts, according to people familiar with the matter. Hellman also owns a big stake in Nasdaq and sits on the company's board. Tullett Prebon is the second-largest interdealer broker after Icap.

London-listed Collins Stewart is currently breaking apart its two main businesses, a stockbroker and the larger interdealer broker Tullett Prebon. Collins Stewart was floated as a public company in October 2000 and expanded rapidly by snapping up interdealer broker Tullett & Tokyo Liberty, becoming the world's second-biggest interdealer broker after buying Prebon in 2004.

ESpeed, a smaller interdealer broker primarily focused on the U.S. Treasury market, could fit better with the CBOT because both firms have a long history in trading Treasury bonds and many customers who use the eSpeed trading platform also do a lot of trading on the CBOT.

Over-the-counter derivatives dwarf exchange trading. The total value of the underlying instruments on derivatives totaled about $285 trillion at the end of 2005, up from about $94 trillion five years before, according to the Bank for International Settlements, an association of central banks based in Switzerland.

While stock exchanges dominate in plain-vanilla stocks, products that trade over the counter like currencies, bonds and their derivatives are becoming popular plays for hedge funds and driving the growth of interdealer brokers.

Derivatives markets have seen the real explosion in growth, as investors use them to hedge risk such as the effects of rising interest rates or the potential for companies to miss payments on debt, and because some funds, such as hedge funds, try to profit on fluctuations in their values.

Most smaller players, including Tullett Prebon, are trying to make more of their business electronic, as opposed to tying up phone lines. They are also being forced to look for ways to diversify their earnings as competition has driven down the fees they collect on trades. Commission rates on trades have been going down 2% every year for the last five years, says Geoff Miller, an analyst at Bridgewell Group PLC in London.

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Hoping To Be A Model, I.B.M. Will Put Its Patent Filings Online (NYT)

By Steve Lohr

The New York Times, September 26, 2006

I.B.M., the nation's largest patent holder, will publish its patent filings on the Web for public review as part of a new policy that the company hopes will be a model for others.

If widely adopted, the policy could help to curb the rising wave of patent disputes and patent litigation.

The policy, being announced today, includes standards like clearly identifying the corporate ownership of patents, to avoid filings that cloak authorship under the name of an individual or dummy company. It also asserts that so-called business methods alone — broad descriptions of ideas, without technical specifics — should not be patentable.

The move by I.B.M. does carry business risks. Patents typically take three or four years after filing to be approved by the patent office. Companies often try to keep patent applications private for as long as possible, to try to hide their technical intentions from rivals.

"Competitors will know years ahead in some cases what fields we're working on," said John Kelly, senior vice president for technology and intellectual property at I.B.M. "We've decided we'll take that risk and seek our competitive advantage elsewhere."

The more open approach, I.B.M. says, is intended as a step toward improving the quality of patents issued in general because the process of public review should weed out me-too claims that are not genuine innovations.

"The larger picture here is that intellectual property is the crucial capital in a global knowledge economy," said Samuel J. Palmisano, I.B.M.'s chief executive. "If you need a dozen lawyers involved every time you want to do something, it's going to be a huge barrier. We need to make sure that intellectual property is not used as a barrier to growth in the future."

The I.B.M. move is partly a response to what it and other technology companies regard as the slow movement by Congress toward overhauling the patent process.

A patent bill introduced last spring in the Senate, by Patrick J. Leahy, Democrat of Vermont, and Orrin G. Hatch, Republican of Utah, has provisions that encourage patent reviews by eliminating the requirement that applicants give consent. Yet any legislation is not likely to be enacted for another year or two.

"We were hoping that the laws would change more quickly," Mr. Kelly said. "We're not going to wait."

Rapid advances in technology and the rise of industries like software, biotechnology and nanotechnology have resulted in a steep increase in patent applications in recent years. With limited resources, the United States Patent and Trademark Office has been overwhelmed, patent experts say.

The old system of a lone patent examiner weighing the innovative merit of a claim to originality, they say, cannot hope to cope with the surge in patent filings. A result, they note, is that many patents are granted for supposed inventions that are of dubious merit.

The avalanche of patents — many making broad and vague claims — has produced an environment of uncertainty, rich in opportunity for litigation and patent speculators.

The I.B.M. policy seeks to address that problem by taking a page from the open-source style of collaboration over the Internet. Just as open-source software is improved and debugged by a far-flung network of people looking at the code and spotting flaws, I.B.M. hopes that a similar process can improve patent quality.

"This is a creative response to that fundamental issue in the patent system," said Josh Lerner, a professor at the Harvard Business School.

I.B.M. is not the only institution interested in using Internet collaboration to help improve the patent system. Last month, the patent office agreed to try a pilot project of soliciting outside comments on patent filings, including claims of prior art and originality.

I.B.M. is one of several companies that have agreed to submit some patent applications for open peer review as part of the project, beginning early next year. The others include Microsoft, General Electric, Hewlett-Packard, Oracle, Intel and Red Hat.

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"These are companies that are stepping up to make a commitment to patent reform," said Beth Noveck, director of the Institute for Information Law and Policy at New York Law School, which will be a partner in the project.

As a company that received 2,974 patents in the United States last year, I.B.M. is trying to walk a careful line. It remains committed, for example, to software patents, which have stirred opposition in Europe and elsewhere. And the company plans to continue to be a leader in patent filings.

I.B.M. also said that its technical experts will spend "thousands of hours" a year scrutinizing the patent filings of other companies.

I.B.M. used Internet collaboration to develop its new patent policy. More than 50 patent and policy experts from the United States, Europe, Japan and China exchanged views for two months in May and June on a wiki, an online site that can be added to and edited collectively. The resulting document is posted on www.ibm.com/gio/ip.

United Reportedly Hires Bank On Strategy (AP)

By Dave Carpenter, AP Business Writer

AP, September 26, 2006

United Reportedly Hires Investment Bank to Review Strategy Amid Merger Speculation

CHICAGO (AP) -- Speculation that United Airlines may be destined for an eventual merger with another U.S. carrier intensified Monday with its reported hiring of Goldman Sachs & Co. to explore strategic options.

United, a unit of UAL Corp., has been advocating more industry consolidation for years under CEO Glenn Tilton and is in better position since leaving bankruptcy in February to take part in it.

The report Monday by Crain's Chicago Business that United had hired an investment banker appeared to add credence to widespread industry talk that it could merge with a carrier such as Continental Airlines or Delta Air Lines.

"It seems to show that United is serious about looking further into it -- it's not just remarks by the CEO," said Standard and Poor's Corp. analyst Philip Baggaley.

Most observers and airlines think industry consolidation is likely at some point, but it's been hard to predict when and with whom.

Goldman is expected to help United assess the value of its domestic and international holdings, advise it on sales or purchases of domestic or international routes and scout for mergers, according to Crain's, citing unidentified people close to United.

United declined comment. "We don't comment on rumors or speculation," spokeswoman Jean Medina said.

Goldman Sachs spokeswoman Andrea Rachman said the New York investment bank also declined comment.

Shares in UAL rose 63 cents, or 2.3 percent, to close at $28.45 on the Nasdaq Stock Market.

Tilton has been increasingly signaling the possible involvement of United, the nation's second-largest carrier, in industry consolidation. He said in Chicago last week that the company is on solid footing to participate in the merger and acquisition market following three years of restructuring in bankruptcy, which ended in February.

He has not speculated on which airlines might come into play, but has said repeatedly that United will consider opportunities that arise.

"As we emerge from a difficult five years, it is time for us to begin to seize new opportunities," he said Monday in a speech to a transportation conference in Memphis. "United fully intends to expand our global reach to compete in the worlds fastest-growing markets."

Continental Airlines Inc., parent of the fifth-largest U.S. carrier, has long been considered a good potential partner for United because of a complementary route network. Delta Air Lines Inc., currently restructuring in bankruptcy, has been speculated about for similar reasons. Either merger would create the largest U.S. airline.

Michael Roach, consultant with the Roach and Sbarra airline consultancy, said US Airways Group Inc. could also make sense as a partner, even though United was rejected in its 2000 bid to acquire US Airways for $4.3 billion cash and $7.3 billion in debt.

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A pairing with AMR Corp.'s American Airlines, meanwhile, doesn't make sense because it likely would be scuttled by antitrust regulators as too big, he said. Likewise, Northwest Airlines Corp. would be a problem because United and Northwest control Pacific routes.

Northwest also may be able to block any United-Continental pairing under a November 2000 agreement with Continental that gives it the right to block certain business combinations.

Roach sees a deal of some kind as likely within the next 12 to 18 months, depending on airlines overcoming regulatory and other obstacles.

"There's a lot of impetus for consolidation in the industry," he said. "But these deals are incredibly complicated, both to negotiate and to put together."

The only merger in the past five years occurred last year with America West's acquisition of the bankrupt former US Airways.

Nokia's Loudeye Buyout Gets Regulator OK (AP)

AP, September 26, 2006

Nokia's $60 Million Acquisition of Loudeye Gets Approval From U.S. Regulators

SEATTLE (AP) -- Loudeye Corp., a digital music distributor, on Monday said U.S. regulators approved its acquisition by Finnish cell-phone maker Nokia Inc.

Loudeye said it received early termination of the waiting period from the Federal Trade Commission and the Justice Department.

In early August, Nokia said it would buy Loudeye for about $60 million, as a way to expand its mobile digital music offerings.

The deal is expected to close in the fourth quarter, and is still pending shareholder approval and other conditions.

Shares of Loudeye closed unchanged at $4.43 on the Nasdaq, then gained 2 cents in after-hours trading on the INET electronic exchange. American shares of Nokia rose 26 cents to close at $19.65 on the New York Stock Exchange and were unchanged in late trading.

EU Shippers To Lose Antitrust Immunity (AP)

AP, September 26, 2006

BRUSSELS, Belgium --European Union governments agreed Monday to open up shipping routes to competition from October 2008, ending a 20-year antitrust immunity law for liner conferences -- groups of shipping companies that strike special trade deals.

These scheduled sea freight transport carriers -- grouped in cartels -- have been fixing prices since the 1870s, enjoying immunity from antitrust laws across the world.

The European Commission said the EU economy as whole stood to benefit from lower transport prices and more competitive exports that should result from liberalizing the market. It expects the cost of sea containers to drop after price-fixing falls away.

It will in the future be able to apply antitrust rules to shipping routes -- both scheduled and unscheduled -- to and from Europe and within the same country.

The EU executive said last year that the cartel exemption should be scrapped because shipping had changed considerably over the past 20 years and it no longer needed special treatment.

It said it realized that liner conferences still receive antitrust immunity in other parts of the world and would urge other governments to liberalize the sector.

These liner carriers transport goods accounting for 40 percent of the EU's external trade income by sea.

Antitrust regulations are usually decided by EU Competition Commissioner Neelie Kroes, but the former Dutch transport minister -- a member of P&O Nedlloyd's supervisory board for 13 years -- bowed out to avoid conflict-of-interest concerns. She resigned from the board when she became commissioner.

ENVIRONMENT:

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Judge Blocks Leasing Plan For Alaska (NYT)

By Felicity Barringer

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — The Interior Department's plan to sell oil and natural gas leases within 389,000 acres of shallow lakes and wildlife-rich tundra in northern Alaska was blocked Monday by a federal judge in Anchorage who ruled that the department had failed to do a sufficiently broad analysis of the plan's environmental impact.

The ruling was the most recent in a string of legal setbacks for the Bush administration's public-lands policies. In each case, federal judges said the government had failed to adhere to environmental requirements.

The decision, by Judge James K. Singleton Jr., affects an area in the northeastern part of Alaska's National Petroleum Reserve, 23.5 million acres set aside in 1923 by the government for future energy needs. The area between the Beaufort Sea and Teshekpuk Lake, which dominates a region speckled with hundreds of small lakes, is important to migratory birds from two continents.

It is also part of the range of a large caribou herd that spends its summers near the sea to escape Alaska's aggressive insects.

The Audubon Society, the Alaska Wilderness League and other environmental groups had sued to block former Interior Secretary Gale A. Norton's decision in January to lease parts of the Teshekpuk Lake area that had been placed off limits by earlier interior secretaries, from James Watt in the Reagan administration to Bruce Babbitt in the Clinton administration.

Their claims focused most closely on the potential damage to wildfowl, which use the area to molt and breed. When they have molted and are waiting for their flight feathers to grow, these birds are particularly sensitive, and the groups argued that the protections the Interior Department proposed for the area — including keeping 242,000 acres of the 389,000 off limits to any permanent surface structures other than pipelines — were insufficient.

Judge Singleton, however, was less persuaded by the environmental groups' arguments about wildfowl protection than by the department's failure to assess cumulative environmental effects, particularly on caribou, of energy development throughout the petroleum reserve.

He also rejected the department's arguments that the final document allowing the lease sales was not, in itself, subject to full environmental analysis. Once sold, Judge Singleton said, the leases "may prove difficult, if not impossible, to change subsequently."

Stan Senner, the president of Audubon Alaska, the lead plaintiff in the suit, said Monday, "Teshekpuk Lake is of critical international importance for migratory birds and other wildlife, and this decision gives us a reprieve and a chance to work for permanent protection of that very special place."

Mayor Edward S. Itta of the North Slope Borough, whose 7,000 residents hunt and fish in the area, was not available for comment. His aides said he had gone whaling.

His spokesman, David Harding, said he was pleased with the decision, but, "We hope that there will be an opportunity to go back to the table and try to work out something that's in everyone's best interest."

The other recent rulings blocked administration efforts to divert water from the Black Canyon of the Gunnison, a national park in Colorado; to allow some logging at Giant Sequoia National Monument in California; and, last week, to open some of the 49 million acres of roadless national forest to logging and mining.

3 State Cases Not Connected To Spinach (WP)

By Dan Morse

The Washington Post, September 26, 2006

Maryland public health officials said yesterday that three of the state's four pending cases of E. coli O157 illness are not linked to a nationwide outbreak caused by bad spinach.

Officials continue to investigate the death of an 86-year-old Hagerstown woman and hope to receive test results within a week. But those results might prove inconclusive, because of problems associated with a sample. All told, only three of the state's 10 cases have conclusively been linked to the bad bagged spinach from California.

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The nationwide outbreak, which has infected 175 people in 25 states, has been traced to fresh spinach from three counties in and around Salinas Valley in California, according to the Centers for Disease Control and Prevention. Among those ill, the CDC said, 53 percent were hospitalized; 16 percent developed a type of kidney failure called hemolytic uremic syndrome; and an adult in Wisconsin died. Two other deaths -- a child in Idaho and the Hagerstown woman -- might be linked to the bad spinach.

On Sunday, the Food and Drug Administration said the public "can be confident" that fresh spinach grown outside the implicated areas can be consumed but warned consumers not to eat spinach if they don't didn't know where it is from. The outbreak does not involve frozen or canned spinach.

In Maryland, officials with the Department of Health and Mental Hygiene announced Friday that they had studied 10 recent cases of E. coli O157. As of yesterday, six of the cases were not connected to the spinach; three were connected; and one was inconclusive, officials said. The three positive cases are all children, all of whom are recovering.

State officials, citing privacy concerns, declined to identify where the children reside. Inquiries to county health officials in Maryland also did not reveal where the children live. Five jurisdictions that responded to inquiries -- Montgomery, Charles, Anne Arundel and Baltimore counties as well as Baltimore City -- said the children did not live in their jurisdictions.

Also unclear was the condition and timing of tests taken in the Hagerstown case. Rod MacRae, a spokesman for the Washington County Health Department, said he had been instructed to refer questions to state officials. John Hammond, a spokesman for the health department, said officials there were seeking legal advice on whether privacy rules would allow them to discuss a specific case.

According to family members of June Dunning, the Hagerstown woman who died, Dunning ate bagged spinach Aug. 28, Aug. 30 and Sept. 1. She became sick and on Sept. 2 entered a local hospital, where her condition rapidly deteriorated. Doctors removed part of her colon Sept. 5.

About Sept. 6 or 7, a test showed Dunning had E. coli, according to her son-in-law Warren Swartz. Dunning died Sept. 13. The next day, the U.S. Food and Drug Administration issued an alert about a possible nationwide outbreak linked to bad bagged spinach. Swartz said he was able to obtain leftovers from the bag of spinach his mother-in-law had used, and he gave the sample to local officials.

According to a report published last week in the Hagerstown Herald-Mail, MacRae said Washington County had sent a sample taken from Dunning to a state lab Sept. 19 and sent a sample of the spinach she consumed to a state lab Sept. 20. It is unclear whether any samples were sent sooner.

Corinne Swartz, Dunning's daughter, said that even though tests have not confirmed a connection between her mother's death and the spinach, she believes there is one. Family members described Dunning as relatively healthy, and they noted how quickly she became ill after eating the spinach.

Study Warns Of Rapid Rise In Earth's Temperature (WSJ)

By Gautam Naik

The Wall Street Journal, September 26, 2006

A study warns that the Earth's temperature is approaching a level not seen in a million years, implying that we are getting close to "dangerous" levels of human pollution.

The study finds that, while the world warmed slowly during the century to 1975, it has warmed at a more rapid rate of about 0.2 degrees Celsius (0.36 degrees Fahrenheit) per decade thereafter. The researchers say the global mean temperature is now within one degree Celsius (1.8 degrees Fahrenheit) of the maximum mean temperature of the past million years. Based on a 0.2-degree-Celsius increase per decade, that high point could be reached within 50 years.

The authors' conclusion: Further warming of one degree Celsius could suggest a critical level after which potential consequences -- such as higher sea levels and species extinction -- might be especially hard to manage.

"If further global warming reaches two or three degrees Celsius, we will likely see changes that make Earth a very different planet from the one we know," said James Hansen, lead author and head of the National Aeronautics and Space Administration's

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Goddard Institute for Space Studies in New York, in a prepared statement. "The last time it was that warm was in the middle Pliocene, about three million years ago, when sea levels were estimated to have been 25 meters (80 feet) higher than today."

The researchers also suggest that an increased temperature difference between the Western and Eastern Pacific could increase the likelihood of strong El Niños, such as occurred in 1983 and 1998. An El Niño is a large climactic disturbance rooted in the tropical Pacific Ocean that recurs every few years and is linked to extreme weather patterns of rainfall and drought.

Dr. Hansen has taken an active and high-profile role in debating critics of global warming, including the Bush administration. In 1988, he set off alarms by testifying in Congress that a global-warming trend had likely begun. He became a cause célèbre when the White House Office of Management and Budget tried to censor his testimony. Many of his critics concede the planet has warmed but remain skeptical that it is triggered by human activity.

The latest research was published in the Proceedings of the National Academy of Sciences and was led by Dr. Hansen and colleagues from the Columbia University Earth Institute, New York, and the University of California, Santa Barbara.

Many scientists believe that the Earth has warmed partly because greenhouse gases released by humans -- mainly carbon dioxide -- trap energy from the sun. The Proceedings paper notes that the United Nations Framework Convention on Climate Change has the goal of stabilizing greenhouse-gas emissions at a level preventing "dangerous" interference caused by human activity. Although the treaty doesn't specifically define such interference, the authors propose that it be defined in terms of the potentially harmful and irreversible effects caused by sea-level changes and species extinction.

Bay Program Ready To Study Less, Work More (WP)

By David A. Fahrenthold

The Washington Post, September 26, 2006

The Environmental Protection Agency program charged with cleaning the Chesapeake Bay has decided to reorganize itself, a spokesman said yesterday, conceding that crucial goals for restoring the bay's health by 2010 are unlikely to be met without far-reaching changes.

Mike Burke, a spokesman for the 23-year-old Chesapeake Bay Program, said leaders want a greater emphasis on "implementation" -- carrying out plans to solve the bay's problems. Environmentalists have long called for that, saying the program spends too much time studying pollution and too little trying to stop it.

Burke said EPA officials were concerned about their ability to meet promises made amid great fanfare in 2000: a bay with far less pollution and far more crabs, oysters and underwater grass.

"There's no way we're going to get to those goals at the current pace," Burke said yesterday. "If we don't dramatically accelerate implementation, then we will not meet those 2010 goals."

In recent months, program officials had begun interviewing state officials, environmentalists and other outsiders to hear their suggestions for changes, Burke said. A workshop on the subject will be held later this fall, he said. In all, he said, it might be a few months before reorganization details are settled.

Burke said it is too early to provide specific examples of how staffing or funding might change. He added that it is possible that officials would decide that no changes are needed.

The EPA's bay program, headquartered on the Annapolis waterfront, coordinates the efforts of federal and state agencies across the bay's watershed, which extends from southern Virginia to central New York.

Over the years, it has excelled at discovering the reasons for the bay's ill health, chief among which are nitrogen and phosphorus, pollutants blamed for causing algae blooms and oxygen-poor "dead zones." It has also engineered agreements between governments in 1987, promising to improve the bay by 2000; and in 2000, promising a fix in 10 years.

But where it has failed is in reaching the goals it sets. The Chesapeake Bay Foundation, an environmental group, recently calculated that when 2010 arrives, nitrogen will have been reduced by only half of the promised amount. By its estimate, pledges to restore riverside forests and wetlands will not be met for more than 50 years.

Because of those projections, some of the program's critics are glad to hear about the plans for change.

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"The bay program has failed since its creation to meet its most important pollution-reduction goals -- all of them," said Howard R. Ernst, a political science professor at the U.S. Naval Academy and author of the 2003 book "Chesapeake Bay Blues," which is critical of the bay cleanup effort. "I think now to reorganize is an admission of that."

But others said they doubt that changes would make much difference. Bill Matuszeski, the bay program's former director, said the real problem is a lack of funding: The jurisdictions within the bay watershed have pressed the federal government for a multi-billion-dollar Chesapeake Bay restoration fund but have gotten nowhere.

"We know what we have to do," Matuszeski said. "What we don't want to do is pay for it."

Beyond Black And White: Stalking The Skunks Of Martha's Vineyard (NYT)

By Cornelia Dean

The New York Times, September 26, 2006

EDGARTOWN, Mass. — A full moon, big and orange, is setting behind the barrier beach along Katama Bay, and the sun is little more than pink streaks lightening the eastern sky when Luanne Johnson's 1989 Ford Ranger rattles into a small parking lot at the Wasque Reservation on Chappaquiddick, the east end of Martha's Vineyard.

It is 5:30 a.m., time to find some skunks.

From the back of the truck, Ms. Johnson retrieves a backpack, a tackle box and a four-foot stick with a plastic cap on one end, and sets off toward the beach, where last night she set 15 wire mesh traps, each one baited with fish-market scraps and peanut butter. The first two are empty but the third contains a skunk, perhaps 3 or 4 months old. Its tail is in the air, and it stomps its feet at her approach.

"It's letting me know it's upset," Ms. Johnson says softly as she approaches the trap. "It's doing all the skunk body gestures which say 'I am a dangerous animal, pay attention to me.' "

Ms. Johnson removes the plastic cap from the end of the stick, revealing a small syringe, and takes up a dose of sedative from a vial in the red tackle box. She feeds the "jab stick" through the trap's mesh and the needle finds its target. There is the unmistakable odor of skunk. And then the animal reels and collapses in a heap.

Ms. Johnson opens her pack to find a clipboard, a striped beach towel, rubber gloves and other gear. She slides the inert skunk, a male, into a cloth bag, hangs it from a portable scale and notes its weight — 0.725 kilograms, or about 26 ounces. Then she lays it on the towel, measures it (53 centimeters, or 21 inches, end to end) and notes whether it has the typical skunk stripe (yes, a short one) and the typical shock of white tail fur (not yet). His pelt is still too thin for the microchips she implants in older animals, so she clips an identifying tag into his ear.

By now the quick-acting sedative is wearing off and the skunk is beginning to wake up. Ms. Johnson coos to him as she strokes his fur and checks for ticks, which she tweezes off and stashes in a plastic tube for delivery to a scientist studying tick-borne diseases.

Then she lifts the groggy skunk by the nape of the neck and deposits him in the grass, where he staggers away.

This is Ms. Johnson's third year of skunking on Martha's Vineyard, where she tracks and traps the animals here and on Dogfish Bar, a beach in Aquinnah, the west end of the island. By next year, she hopes, the data she has collected will turn into a dissertation for Antioch University New England, where Ms. Johnson is a doctoral student in environmental studies. She jokes that she will title her project "Skunks on the Beach."

Among other things, she hopes to help settle an argument that erupts here every summer — nesting season for piping plovers and other endangered shorebirds, when stretches of beach are closed to four-wheel-drive vehicles. Opponents of the closing say the threat to the birds is not vehicles, but predators like skunks.

"Because skunks are an egg predator of the rare birds, we wanted to know more about them," Ms. Johnson says. "We don't know even simple questions like what kind of resources are they using on the landscape and how do people influence what they do."

Beaches like this one are a good place to study skunks because they are a good place for skunks to live. "Skunks are an edge species," Ms. Johnson says. "They like it in ecotones, places where two different kinds of habitat come together." With its

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salt marshes, sand plains, woods, dunes and patches of huckleberries, blueberries and poison ivy, this beach offers many edges and lots of the eggs, small rodents, berries and insects skunks like to eat.

"They love poison ivy," Ms. Johnson says, pointing to a set of tiny tracks headed into a patch. "I have seen them eating poison ivy berries like birds. I have found them sleeping among the blueberries with little blue lips. Their poop gets full of blueberries this time of year."

Ms. Johnson typically sets her traps at dusk and checks them at dawn. She also tracks 11 skunks fitted with radio collars, so some nights she comes out with a receiver that picks up their signals and a night-vision telescope that allows her to see them in the dark as much as 50 yards away.

"I'll check for a signal and start walking toward the signal," she says. "That could take me to a variety of places. They are not always digging; they are sometimes chasing things like grasshoppers or beetles. Sometimes I find them under someone's bird feeder. Lots of times they are running and pouncing on things, digging, snuffling around with their nose on the ground."

They are accomplished mousers, she says. "If they find them, they will run them down."

Unfortunately, while her research subjects are nocturnal, Ms. Johnson is not. "I am so sleep-deprived," she says.

Ms. Johnson, 40, has worked with animals one way or another since her childhood in Mishawaka, Ind. She volunteered at the Indianapolis Zoo while attending Butler University there, and worked for a few years on the Vineyard, on a nature education program of the Trustees of Reservations, the Massachusetts conservation organization that manages Wasque (pronounced WAY-skwee). Later, she worked in Hawaii as a field supervisor for a bird restoration project run by the biological resources division of the United States Geological Survey and then at a wilderness education program in Washington State.

But eventually, she says, she decided to immerse herself deeply in one research area. And she wanted to find a better way to communicate the knowledge she was acquiring to the public. "I wanted to tell them every choice they make influences what is going on around them," she says. "The general public is so disconnected with nature."

Skunks seemed a good choice, she says, because they are wild mammals that interact often both with people and with birds. Her doctoral program is at Antioch New England, a branch of Antioch University in Ohio, based in Keene, N.H., and specializing in environment-related work.

The skunks of Martha's Vineyard are of the species Mephitis mephitis. "The word means 'malodorous,' " Ms. Johnson says, "just like 'skunk' is an Algonquin word for 'smelly.' "

They typically mate once a year, in February, and kits are born at the end of April or in early May. Except for mating, males live solitary lives; females often den together in winter burrows. But much remains unknown about their denning practices. Eventually, Ms. Johnson says, researchers may be able to analyze skunk DNA to track family patterns and so on.

Once skunks are a year old, they start reproducing, with litters of varying size. "I've seen up to eight," Ms. Johnson says. Their lives are brief — "An old skunk in the wild would be about 4 years old," she says.

Originally, she says, an adviser suggested she study what would happen if skunks were simply removed from the beach. "I said, 'Oh, come on,' " she relates. "If there's a problem, just kill it. That seems to be our response to the world." Instead, her project became an effort to monitor skunk behavior.

David F. Belcher, who manages the Wasque reservation and other reserves on Chappaquiddick, said skunks would definitely go after shorebird eggs if the nests were not fenced, which his staff does every year for endangered plovers, terns and oystercatchers. But once the chicks are on the move, Mr. Belcher said, vehicles are their biggest threat. "Chances are, skunks are not going to be an issue," he said.

Ms. Johnson agrees. She says she would spend this winter, while the skunks enter a kind of semihibernation called dormancy, organizing and collating the information she has been collecting all summer. But so far, she says, "I am not seeing a lot of evidence that skunks are limiting chicks."

By now the sun is up and people — and their pets — are out and about. As she approaches her last trap, Ms. Johnson can see it has a good-size skunk in it. She can also see two women walking toward it with a large chocolate lab, and she warns them to keep away. "Short that leash up," she advises the woman holding the dog.

This skunk is an adult she named Louis, after a friend of hers who runs a restaurant on the Vineyard, and she is glad she has found him. The transmitter on his collar has been signaling erratically, she says, and she wants to replace the collar itself,

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which she fears may start to get tight as Louis bulks up for winter. Finding him in a trap is a lot easier than tracking him in the dark.

She pulls a scanner out of her pack and scans the skunk for its implanted microchip to confirm his identity. “It is you,” she exclaims. “Hello, my little honey-bunny!”

People tell her she should identify the animals she tracks by number and not by name, to avoid anthropomorphizing them. She ignores the advice, in part because she thinks skunks really do have different personalities.

Gus, named after a Vineyard wildlife expert, is wary, she says. Louis is a snoozer. There are also Debbie, Katie, Rose, Nancy, Babs — all named after friends — and Puanani, which means “flower” in Hawaiian. “This is the third season I have recaptured her,” Ms. Johnson says.

A large house is under construction nearby, complete with the kind of grassy lawn not natural to the island. Louis is spending a lot of time there, Ms. Johnson says. “There are just all kinds of insects in there,” she says, “beetles, all sorts of things that fly around at night.”

But if skunks are not a problem for birds, they do cause problems for people, with their midnight rambles into yards, under decks and even into boats stored on land. More than once, she says, she has left a note warning an unsuspecting boat owner that there may be a skunk under the tarp.

Many of the houses near Wasque are rental properties, she says, and many have overflowing garbage cans.

“I have skunks all over that stuff,” she says. “People complain about too many skunks and I say, ‘Well, gee....’ ”

By now, the jab stick has done its work and Louis, seemingly boneless, has been weighed, measured, cleaned of ticks and fitted with a new collar. Ms. Johnson snuggles him next to her face before walking into the brush to set him down on a bed of pine needles under a huckleberry bush, where he will wake up.

“He’s a pretty boy,” she says as she lets him go.

A Blind Forest Road Policy (LAT)

The Los Angeles Times, September 26, 2006

ROAD-BUILDING IN NATIONAL forests is a double whammy for taxpayers. Not only do they have to pay the cost of the actual roads, which are used mostly by the timber and mining industries, but taxpayers must also bear the less quantifiable cost of the environmental damage to the forests they own.

That's why decisions to build new roads in pristine forests should be made only after careful study and deliberation. That was the policy adopted in the Clinton administration, which, after three years of study and public input, in 2001 banned road-building in 58 million acres of forest. But the Bush administration, in a decision marked by neither study nor deliberation, suspended the so-called roadless rule later that year.

The mad dash to open the forests to more roads — and, oddly, to give states more control over national forests — was what undid the Bush administration's plans. A federal judge ruled last week that the administration had failed to do the environmental studies required under the Endangered Species and National Environmental Policy acts before disregarding the roadless rule in the Lower 48 states.

Several states, including California, have said they want their roadless areas to remain that way. But Idaho, which at 9.3 million acres has by far the single biggest share of roadless forest, last week proposed protecting only about one-third of that land. Regardless of any merits of Idaho's plan, no single state should have so much say over what happens to about 6 million acres of forest that belongs to all U.S. taxpayers.

Just as President Clinton had the power to institute the roadless policy, President Bush has the authority to change it — even to change it for the worse. But he does not have the right to change it without the analysis required by federal law.

The administration has not decided whether to appeal. It would be better off dropping the idea. If the administration still thinks its proposal has merit, it shouldn't mind subjecting it to the same environmental scrutiny all such plans receive.

FBI/DEA/ATF/USMS:

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Colombia Extradites Key Cartel Fugitive (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 26, 2006

A federal fugitive considered by U.S. law-enforcement authorities as one of the most violent and dangerous members of Colombia's Norte Valle cocaine-smuggling ring has been extradited to the United States to stand trial.

Homeland Security Assistant Secretary Julie L. Myers, who heads U.S. Immigration and Customs Enforcement (ICE), yesterday said Jhon Eidelber Cano-Correa, 42, arrived in New York on Friday night, where he was formally placed under arrest by ICE agents.

In 2004, the State Department offered a reward of up to $5 million for information leading to the arrest of Cano-Correa and four other Norte Valle Cartel fugitives. He is charged in a July 2004 indictment in New York with drug and money-laundering violations in connection with the Norte Valle Cartel.

ICE spokeswoman Kadia H. Koroma said Cano-Correa had been flown from Colombia aboard an ICE aircraft, accompanied by ICE agents, and was before U.S. District Court Judge Joanna Seybert yesterday for his initial court appearance.

In October, the Colombian National Police's "Jungla" unit, working with agents from ICE and the U.S. Drug Enforcement Administration (DEA) in Bogota captured Cano-Correa after a brief firefight that left one Colombian official wounded.

Indictments handed up in federal court in New York in 2003 and 2004 describe the Norte Valle Cartel as Colombia's largest and most-feared drug organization.

Between 1990 and 2004, the cartel is accused of exporting more than 1.2 million pounds of cocaine worth more than $10 billion to the U.S. At one time, the cartel was thought to be responsible for between 30 and 50 percent of the cocaine entering the United States.

"The extradition of Jhon Eidelber Cano-Correa, a dangerous ICE criminal fugitive, is yet another example of the unprecedented law-enforcement cooperation between U.S. and Colombian authorities," Mrs. Myers said.

The cartel indictments and Cano-Correa's arrest resulted from a lengthy investigation that began in the mid-1990s and was conducted by the El Dorado Task Force, an ICE-led anti-money-laundering task force in New York, as well as by ICE agents in Colombia and Colombian authorities with the assistance of the Internal Revenue Service and the DEA.

Miss Koroma said the ICE probe initially focused on money-transmitting businesses in New York, after ICE agents determined that three of the companies were owned by Juan Alberto Monsalve, the Norte Valle Cartel's chief drug distributor in New York.

She said Monsalve was responsible for distributing thousands of kilograms of cocaine, laundering more than $70 million, and ordering multiple killings. He was arrested by ICE agents, convicted, and in May 2002, sentenced to life in prison.

The ICE investigation continued, revealing the structure of the Norte Valle Cartel and leading to charges in U.S. District Court in New York against its key leaders.

Narcotics Seizures On Rise Along Border (DMN)

By David Mclemore, The Dallas Morning News

The Dallas Morning News, September 26, 2006

Record amounts of pot, cocaine found, along with more potent meth

On a recent muggy Sunday, a Customs and Border Protection inspector at the Lincoln-Juarez Bridge in Laredo noticed something not quite right with the driver of a 1999 Chevy Suburban crossing in from Mexico.

Within minutes, a drug-sniffing dog found 40 pounds of heroin hidden in a rear-floor compartment.

Less than a mile away – and just a few hours later – another inspector at the Gateway Bridge found 60 pounds of cocaine stuffed under the rear seat of a Mini Cooper.

The seizures netted agents $6 million in drugs and the largest heroin haul by customs officials in Laredo this year.

The Sept. 17 doubleheader was just another day along the border in what appears to be a boom year for drug trafficking. Officers at border crossings, Border Patrol agents at checkpoints and state troopers at traffic stops are finding record amounts of cocaine and marijuana.

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With the fiscal year almost over, Customs and Border Protection's Laredo sector saw its heroin seizures jump 40 percent. Seizures of undeclared currency, frequently a measure of illegal drug proceeds headed south, jumped 72 percent to nearly $10 million.

And officials are particularly alarmed that a relatively new kid on the block, a purer and more addictive Mexican-produced methamphetamine, is showing up all over the state in huge amounts.

Why is so much smuggling happening now, when the Texas border bristles with a third more Border Patrol agents and double the Customs and Border Protection inspectors than five years ago?

The answer: With greater enforcement and higher demand, drug trafficking organizations are saturating the border in hopes of getting at least some of their loads across, officials say.

Mario Villarreal, assistant chief for Border Patrol's Rio Grande Valley sector, one of the busiest in the nation, said more officers mean more drugs will be intercepted.

"The increased interdictions are the result of the tremendous work by the men and women agents out on the front lines and improved technology and intelligence," Mr. Villarreal said.

ERICH SCHLEGEL / DMN Customs and Border Protection has seen heroin seizures in its Laredo sector jump 40 percent this fiscal year over last. Some say it points to good police work.

Drug trafficking organizations have been stockpiling the drugs on the Mexican side of the border, waiting to move them across, he added.

But there's another part to the equation, said Jane Carlisle Maxwell, a specialist in researching drug trafficking trends at the University of Texas in Austin.

More drugs also mean more users.

"We have to understand that more narcotics entering the country means the number of people dependent on drugs is going up," she said. "The traffickers just have more customers."

Alarming rise in meth

The illicit drug marking the biggest increase – and the most alarming, authorities said – is the smokable form of methamphetamine, known as "ice."

This fiscal year, customs inspectors at eight ports of entry between Brownsville and Del Rio have seized 683 pounds of meth as of July 5, the most recent month for which data are available. That compares with 627 pounds for all of fiscal 2005.

DPS agents seized 123 pounds of Mexican meth in the first quarter of fiscal 2006, compared with 28.8 in the same period in the previous. fiscal year.

In June, DEA administrator Karen Tandy told a Senate Foreign Relations subcommittee that about 80 percent of the meth used in the U.S. is distributed by Mexican trafficking organizations and comes from large "super labs" built on the Mexican side of the border. Three are located at Monterrey, Ciudad Acuña and Piedras Negras.

The rise of Mexican ice – purer and more addictive than the meth produced in mom-and-pop clandestine labs in Texas – is due in part to the controlled sale of over-the-counter remedies containing pseudoephedrine, a chemical used in the manufacture of homegrown methamphetamine.

A state law passed in August 2005 limited individual sales of cold medicines to 6 grams, roughly two packages of cold pills, each month. Retailers were also required to move cold medicines behind the counter and record the names of purchasers.

Also Online

Border patrol drug seizures (.pdf)

This year, Congress passed a law similar to the Texas law, requiring all medicines containing pseudoephedrine be kept behind the counter and sold in limited amounts.

"I'm afraid what we did was create a monster," Dr. Maxwell said. "For it opened the doors for the Mexican drug organizations to get into meth manufacture in a big way.

"The Mexican meth is a very scary thing," said Dr. Maxwell. "That could mean people will get addicted much faster. And meth addicts tend to become paranoid and more violent. It's a threat to the entire community."

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In her report on substance abuse trends in Texas for 2006 for UT's Center for Social Work Research, Dr. Maxwell found that treatment programs for methamphetamine abuse made up 14 percent of all admissions in 2005, a three-fold increase.

Phone calls about methamphetamine use to state poison control centers rose to 490 last year, compared with 144 a year earlier.

Heroin, long a flat market for traffickers, also is showing signs of resurgence. The 40-pound seizure in Laredo on Sept. 17 brought the total seized by customs officers there to 185 pounds – a 40 percent increase over last year.

Purity levels have also increased, with Mexican black-tar heroin, the generally cheaper, inferior quality product that traffickers sell in Texas, increasing from 26 percent pure to 38.5 percent in less than a year, Dr. Maxwell said.

Agent Villarreal says that the increase in seizures, while alarming, tends to be cyclical. Trafficking tends to be constant over time, he says.

"I don't think we're moving into some new plateau of drug trafficking," he said. "The smugglers have time on their hands to come up with new methods. So we'll continue working our agents in the field, and we'll try to be more creative in our tactics. The more we catch, the more it hurts the traffickers."

Traffic through Texas

The Drug Enforcement Administration estimates 65 percent of all narcotics smuggled into the U.S. enters from Mexico.

Three of the four major distribution pipelines used by Mexican drug cartels pass through Texas.

But for every strategic advance by drug agents, Mexican traffickers try out new ways to bypass law enforcement's attention.

For instance, Border Patrol agents in McAllen caught a man last June with 38 pounds of heroin sewn into a vest.

Inspectors in the Valley find that smugglers are opting for frequency over quantity, running smaller loads across the international bridges more often.

"We now have more people and are better equipped to conduct border inspections faster and more efficiently," said Felix Garza, spokesman for Customs and Border Protection at Pharr. "The smugglers know that, and they're always looking for ways to beat the system."

And for the area around Laredo, the continuing lethal turf battle between rival drug organizations across the river in Nuevo Laredo plays a key role in the intensified movement of drugs, said Leticia Moran, director of field operations for the Customs and Border Protection's Laredo office, which covers eight ports of entry from Brownsville to Del Rio.

"It appears the organizations are trying to move more hard narcotics in an effort to make more money, " said Ms. Moran. "They try to put more of the smaller loads of the more expensive drugs across."

State officials said the rising number of drug seizures suggests good police work, not a resurgence of trafficking levels to those of the 1980s.

"Law enforcement agencies at the local, state and federal levels are addressing smuggling corridors and hot spots with a strategic analysis that allows us to better utilize our resources," said Tela Mange, spokeswoman for the Texas Department of Public Safety. "As a result, we're having better successes in our interdiction efforts."

Mexican traffickers may have also been able to take advantage of recent political events in Mexico, she said, particularly the reassignment of Mexican law enforcement and military personnel from the border to Mexico City for the presidential elections and Independence Day celebrations.

"These assignments left the border significantly open to smuggling activities from the Mexican side," Ms. Mange said.

Buying Cold Remedies Nothing To Sneeze At (BFP)

Burlington Free Press, September 25, 2006

Buying your favorite cold medicine is about to become a surreal experience in Vermont. In some stores, it already is.

When you walk into a pharmacy in downtown Burlington -- say, Lakeside or Brooks -- in search of plain old, over-the-counter Sudafed, it's not on the shelf, where it used to be. You have to ask for it. Then, you have to show a photo ID, and then, you have to sign a logbook, which details your address and the quantity you're buying.

In an era when you have to go through a similar screening before you walk into a courthouse or onto an airplane, the new cold-medicine routine might not seem so bizarre -- except that it has nothing to do with terrorism.

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It has to do, in Vermont, with staving off an epidemic that has swept through the Midwest and has been lapping at New England's borders for several years: methamphetamine addiction.

Beginning Saturday, when the federal Combat Methamphetamine Epidemic Act goes into effect, every retailer in the nation that sells certain cold medicines will have to follow the same restrictions Lakeside and Brooks have imposed. A parallel Vermont law, enacted last spring, also takes effect Saturday.

By restricting the sale of many standard cold medicines, Vermont is ahead of the curve in a region where meth has not become widespread. The new laws are a pre-emptive effort -- or, as State Police Detective Trooper Mike Smith puts it, "a substantial preventative measure to keep the meth problem at bay."

Nationally, the meth problem is fed by clandestine, illegal labs that produce the drug using common decongestants that contain "precursor" substances: ephedrine, pseudoephedrine and phenylpropanolamine.

"These are the key ingredients," Smith said. "Without them, you can't make meth."

The intent behind the new laws is to prevent people from buying massive quantities of these otherwise innocuous pills for use in meth labs. The daily limit for the total of the three listed substances that may be sold to one person is 3.6 grams. For Sudafed "Maximum Strength" Nasal Decongestant, that translates to 146 tablets of the 30 milligram size.

These "precursor" laws, Smith said, were inspired by a similar law in Oklahoma, passed in 2004, that led to a dramatic decline in the number of meth labs seized.

The U.S. Drug Enforcement Administration publishes a national map showing the number of "Clandestine Laboratory Incidents" -- seized labs, chemical and glassware seizures and dump sites. The national total for 2005 was 12,139, of which 2,170 were in Missouri. Just 15 were in New England, and one in Vermont.

That one comprised three cooking sites, where meth was being made, Smith said.

Nevertheless, a Vermont Health Department fact sheet states that meth "is not yet considered a major threat in Vermont."

Retail impact

Last week, the Vermont Department of Health mailed out 1,415 informational packets on the new laws aimed at reaching every retailer in the state believed to sell cold medicine -- pharmacies, supermarkets, general and convenience stores, among others.

Some retailers have adopted the new restrictions, moving the medicines with pseudoephedrine behind the counter. Lakeside Pharmacy, for example, pulled 30 to 40 different packages off the shelf, owner Earl Pease said.

Other retailers, including convenience store managers who had yet to receive or read the packets, still had the medicines on the shelf.

Still other retailers, who were well aware of the new laws' requirements, were conducting business as usual and waiting until Sept. 30 to make the changes.

Among them was Jim Marmar, manager of the Woodstock Pharmacy. One impact he foresees is the additional time required to implement the laws, in training staff and maintaining logbooks. The federal law mandates staff training on how to comply; the state law mandates an educational campaign by the Health Department.

Jim Harrison of the Vermont Grocers Association said some of his members had decided to discontinue the listed products. Among them is Steven Clayton, owner of the Shelburne Supermarket.

"We're not going to sell it," Clayton said of the restricted cold medicine. "We already do enough paperwork."

Besides, he said, "we've got a Brooks next door, so we can send people there. They'll be happy; we'll be happy."

Clayton's store will still carry cold medicines not covered by the law, however. These new products have begun appearing on shelves in the last few months, many carrying the label "New Formula" or the disclaimer, "Does not contain pseudoephedrine." Their active ingredient is phenylephrine, which cannot be used to make meth.

Some of the "new formula" remedies are more expensive. A spot survey of four Burlington pharmacies last week showed the Sudafed PE, the product containing phenylephrine that's on the shelf, cost 25 percent or more per dose than original Sudafed, which contains pseudoephedrine and is kept behind the counter.

A phone call to the public relations representative of Pfizer, Sudafed's maker, was not returned.

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Marmar speculated that some customers might be averse to having to show a passport or driver's license, or sign a logbook, and would avoid all that by having their doctors write prescriptions for the listed remedies.

Lynne Vezina, owner of Vermont Family Pharmacy on North Avenue, said she had put the listed medicines behind the counter but was not requiring signatures. She called the new regulations "just another thing to add to your many burdens."

She added: "I'd rather do this than not do it." She said she was willing to do anything deemed necessary "to prevent meth from becoming a problem."

Police support

As retailers express mixed feelings about the bureaucratic requirement, some law enforcement officers are all for it.

Burlington Police Lt. Rich Long said the fact that the city has not had a meth problem strikes some of his out-of-state colleagues as remarkable. He said the Burlington department has hired several officers from the Midwest over the last few years and that "one thing they marvel about is that we don't have the meth problem."

As for the new restrictions, Long said: "I'm glad to see that this is taking place before it becomes a problem."

Statewide, arrests for possession or selling of meth totaled eight in 2003. The figure rose to 32 in 2004 and dropped to nine the following year.

Smith credits the decline in part to an awareness campaign that began more than two years ago, a collaboration of state agencies to educate first-responders and others. The warning signs of meth activity are more widely known as a result, he said.

"We get tips now," Smith said, "where we weren't getting tips before."

Allergy Season Switch (WP)

By Francesca Lunzer Kritz, Special To The Washington Post

The Washington Post, September 26, 2006

Some Say New Formulations Don't Work Well

It could be a tough fall allergy season, and not just because of the ragweed count. Another problem, say some experts, is an ingredient many drug companies have begun putting in nonprescription decongestants in place of pseudoephedrine.

The active ingredient in Sudafed and other oral decongestants, pseudoephedrine will be subject to new federal sales restrictions starting Saturday. Officials hope the limits -- which require that all pseudoephedrine products be kept behind store counters or in locked cases and that buyers show an ID and have their purchases logged and limited to a few each month -- will curb illegal production of crystal methamphetamine, an addictive drug that is commonly made with pseudoephedrine.

But decongestant manufacturers aren't willing to gamble that millions of people with allergies and colds -- who together spend more than $400 million a year on oral decongestants -- will put up with such inconveniences at the sales counter. So drug companies have been taking the pseudoephedrine out of many over-the-counter products and replacing it with an older ingredient, phenylephrine.

Call it a step up for phenylephrine, which previously had been relegated mostly to shorter-acting decongestant nasal sprays, such as some Neo-Synephrine and Vicks Sinex products.

Phenylephrine had been on the market for decades when the Food and Drug Administration in 1972 reviewed all nonprescription ingredients being sold. An agency review panel published a report in 1976 classifying the drug as "generally recognized as safe and effective" at a 10 milligram dose without calling for any new studies.

But phenylephrine may not have the punch of the star performer it is replacing. Writing in a prominent allergy journal, two University of Florida research pharmacists recently questioned the effectiveness of the 10 mg dose and the clinical evidence offered in support of the review panel's decision.

In their peer-reviewed letter, published in July in the Journal of Allergy and Clinical Immunology, Leslie Hendeles and Randy Hatton report they were able to track down 11 of the 13 phenylephrine studies -- most of them unpublished -- that the panel reviewed. Of these 11, they found, only four showed the drug to be effective at the 10 mg dose.

After submitting the letter, Hendeles and Hatton found four additional studies. Two, Hendeles says, showed the drug ineffective at the 10 mg dose, one showed borderline effectiveness, and one showed effectiveness at 25 mg, but not at 10.

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Rep. Henry Waxman (D-Calif.) the ranking minority member of the House Committee on Government Reform, has asked acting Food and Drug Administration (FDA) commissioner Andrew von Eschenbach to decide whether new studies are needed. The FDA's response, for now, is no, because, according to David W. Boyer, the agency's commissioner for legislation, the FDA is not aware of any data that refute the 1976 report.

The Consumer Healthcare Products Association (CHPA), which represents nonprescription drug manufacturers, has issued a statement defending phenylephrine's effectiveness. "No new data has been presented that disputes FDA's conclusion," wrote the group.

But some experts say data published since the '70s on phenylephrine do raise relevant questions. Some of this data concerns phenylephrine's effect on blood pressure.

Phenylephrine was first marketed as a drug to treat low blood pressure, which it does in the same way it relieves nasal congestion, by constricting blood vessels. A 1988 review article in Medical Toxicology found it would take at least 45 mg of oral phenylephrine to begin to raise blood pressure, an indication of the dose at which the drug starts working.

And a 1982 study in the European Journal of Clinical Pharmacology found that only 38 percent of a phenylephrine dose gets into the bloodstream. William Barr, head of the Center for Clinical Drug Studies at Virginia Commonwealth University, in Richmond, and other researchers say enzymes inactivate much of the phenylephrine dose in the gut, before it reaches the bloodstream from where it travels to the nasal passages -- suggesting a larger dose may be needed to be effective. Pseudoephedrine reaches the bloodstream at about 90 percent of its original strength.

Linda Suydam, president of CHPA, says that with many drugs, a far lower percentage of a given dose than 90 percent is sufficient to be effective.

Questions about phenylephrine's effectiveness stand to affect not only allergy sufferers. Many airline passengers use pseudoephedrine to fend off ear pain when a flight starts its descent. "Ten thousand feet and dropping is no time to find out phenylephrine doesn't work for you," says David Eisenman, an assistant professor at the University of Maryland School of Medicine, who specializes in conditions of the ear.

Meanwhile, other experts have weighed in.

Richard Herrier, a professor of pharmacy practice at the University of Arizona, and Rohit Katial, program director of allergy and immunology at the National Jewish Medical and Research Center in Denver, reviewed the sources cited by Hendeles and Hatton and concluded that the data do not show phenylephrine to be effective at the 10 mg dose. Editors of the 2006 edition of Drug Information, a professional resource published by the American Society of Health-System Pharmacists, were "not able to answer the question as to whether it's as safe and effective as pseudoephedrine," based on published medical literature, according to associate editor Elaine Snow.

Results are due shortly from a 36-patient study testing a 12 mg dose of phenylephrine against pseudoephedrine and placebo. The study was funded by Schering-Plough, which for now has replaced pseudoephedrine in only one decongestant product: a Coricidin version. It has left pseudoephedrine in its Claritin-D (for decongestant) line. One likely reason: Phenylephrine is not available in a long-acting formulation -- it must be taken every four hours for continued effectiveness, according to its label -- while pseudoephedrine is sold in four-to-six-hour, 12-hour and even 24-hour versions.

Erica Jones, a spokeswoman for Pfizer, maker of Sudafed and the newer Sudafed PE (for phenylephrine), says the company has seen repeat sales of the newer product, indicating satisfied customers. But some health-care professionals say they have been getting customer complaints.

"Almost without exception [patients] say, 'I want my Sudafed back,' " says Eric Schenkel, an assistant professor of medicine at the Hahnemann School of Medicine in Philadelphia and director of Valley Allergy and Asthma Treatment Center in Easton, Pa.

And a Web information page about Vicks's reformulated decongestant DayQuil (http://vicks.com/pseudoephederine_faq.shtml) includes this comment, which DayQuil spokesman Ashoke Mitra says customers have left on the company's consumer hotline: "The new version of DayQuil doesn't work as well for me as the old version."

(The reply posted by the company: "We replaced the decongestant pseudoephedrine, used in the old version of DayQuil, with the decongestant phenylephrine in the new version. Both decongestants have been approved by the FDA and are considered safe and effective when used as directed.")

DOJ_NMG_0069204

Patients with stuffy noses who are dissatisfied with phenylephrine and unwilling to put up with the inconvenience of buying pseudoephedrine after Sept. 30, may want to try nasal saline spray, which is available at all pharmacies, suggests Larry Sasich, a consulting pharmacist to Washington-based advocacy group Public Citizen. Nasal decongestant sprays are another alternative, says Schenkel, who advises people to limit use to three days or risk making their symptoms worse. Allergy-caused stuffy noses may respond better to nasal steroid sprays such as Nasonex or Flonase, available only by prescription.

But don't expect pseudoephedrine to go back to being an easy sell. Although only a small percentage of crystal methamphetamine is made with pseudoephedrine pirated from over-the-counter drugs, according to the Drug Enforcement Administration, use of the illegal drug is far lower in states that restrict pseudoephedrine sales to drugstores only than elsewhere. While only a few states, none of them in the Washington area, have that restriction, Congress could also impose this limit. Â·

Francesca Lunzer Kritz is a Washington-area freelance health care writer.

U.S. Gives Boats, Gear To Tajik Guards (AP)

AP, September 25, 2006

DUSHANBE, Tajikistan -- The United States on Monday donated patrol boats and electronic equipment to help Tajikistan guard its borders and stem the flow of heroin from neighboring Afghanistan.

The U.S. Embassy said in a statement that it gave the Tajik Border Protection Committee five patrol boats to be used along the Pyandj River border, as well as more than 100 computers and 60 power generators to be used at desolate checkpoints.

The equipment, worth $585,000 will help the ex-Soviet nation patrol its boundaries more efficiently, U.S. official Paul Shott said during a ceremony.

The mountainous Central Asian state is a major conduit for opium and heroin from Afghanistan, with which it shares an 830-mile border.

Devastated by the 1992-97 civil war, Tajikistan remains one of the world's poorest states plagued by unemployment and economic instability.

Tajikistan, Uzbekistan Want Support Fighting Afghan Drugs Trade (BLOOM)

By Paul Tighe

Bloomberg, September 26, 2006

(Bloomberg) -- Tajikistan and Uzbekistan appealed for international support to help them fight drug trafficking from neighboring Afghanistan, the world's largest producer of opium poppies, used to make heroin.

``An up-to-date, efficient and capable Afghan border service'' is needed to combat drug traffickers, Tajikistan's Foreign Minister Talbak Nazarov told the United nations General Assembly yesterday, according to the UN's Web site.

Drug production is one of the most dangerous problems facing Afghanistan and poses a threat to regional security, Vladimir Norov, Uzbekistan foreign minister, told the assembly.

Afghanistan's opium cultivation increased by 59 percent this year compared with 2005, the UN Office on Drugs and Crime said earlier this month. The money generated from drugs is helping fund the insurgency being mounted by the Taliban in the south and east of the country, the U.S.-led military coalition and the North Atlantic Treaty Organization have said.

An Afghan-Tajik border force could serve as a basis for ``establishing the first section of the security belt around Afghanistan,'' Nazarov said.

Afghanistan's neighbors in Central Asia should play a greater role in the fight against drugs and assisting Afghanistan's reconstruction since the overthrow of the Taliban in 2001, he said.

The amount of drugs seized on the Tajik-Afghan border in the first three months of this year increased by 27 percent, Nazarov said in July during a visit by U.S. Defense Secretary Donald Rumsfeld. Afghanistan shares a 1,206-kilometer (750-mile) with Tajikistan and a 137-kilometer frontier with Uzbekistan.

U.S. Training

The U.S. is providing training and equipment to Tajik forces on the border with Afghanistan, Rumsfeld said during his visit. Tajikistan allows U.S. military aircraft involved in operations in Afghanistan to use its airspace and to refuel.

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A record 165,000 hectares (407,700 acres) of land were under opium cultivation in Afghanistan in 2006, the UN said it its report earlier this month. In the southern province of Helmand, a center for Taliban operations, cultivation rose 162 percent.

Afghanistan's poppy crop reached a record 6,100 metric tones this year, accounting for 92 percent of the world supply, it said.

Taliban fighters have increased attacks, including suicide bombings, in response to Afghan and international forces expanding operations in the south and east.

NATO, which leads the International Security Assistance Force responsible for bringing stability to six southern provinces, has asked for an additional 2,500 soldiers to help the 19,000-strong contingent control the insurgency.

Achilles Heel

Narcotics are going to be ``an albatross around our necks and the Achilles heel in the recovery of Afghanistan" unless the problem is tackled, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 7.

Afghanistan, which has population of 31 million people, according to U.S. government data, shares its borders with China, Iran, Pakistan, Turkmenistan as well as Tajikistan and Uzbekistan.

Tajikistan, with a population of 7.3 million people, and Uzbekistan, which has 27 million people, are landlocked nations in Central Asia.

They have joined Kyrgyzstan and Kazakhstan in forming the Shanghai Cooperation Organization with China and Russia, a group that has pledged to work together to combat terrorism. The Hizbi Tahrir movement and the Islamic Movement of Uzbekistan have been operating in the Ferghana Valley, which runs through Tajikistan, Uzbekistan and Kyrgyzstan, since the late 1990s to try to establish an Islamic state in the region.

Kyrgyzstan is negotiating an extension of a 2001 agreement with the U.S. allowing U.S. forces to use its Manas air base for operations in Afghanistan. Uzbekistan in 2005 told U.S. forces to leave a base used as a transit point for supplies, troops and aircraft coming in and out of Afghanistan.

Where Congress Is Soft On Criminals (NYT)

The New York Times, September 26, 2006

House sycophants of the National Rifle Association are aiming this week to hobble the federal government's power to revoke the licenses of rogue gun dealers who arm the underworld. A shameless proposal would replace existing law with wrist-slapping penalties and an impossible definition of "willful intent" that would hamstring efforts to close lawless marketeers.

The rhetoric of the approaching debate will undoubtedly invoke sportsmen's rights, but the real issue is the rights of sociopaths and terrorists to make future purchases at their friendly local AK-47 dealer. The House proposal, in fact, would have stopped federal agents from ever revoking the license of Lou's Loans, the Pennsylvania dealer that sold battlefield weapons to one of the co-conspirators in the 1993 assault on the World Trade Center.

What makes this gun decontrol measure truly brazen is recent data from the Justice Department, which reported a startling jump of nearly 50 percent last year in gun crime victims, to 477,000. No one can yet say whether this is related to an earlier N.R.A. "victory" — the decision of the Bush administration and Republican leaders in Congress not to renew the 10-year-old ban on the sale of military assault weapons to civilians. Any analysis is hampered by another gun lobby "victory" — Congress's barring the federal gun control agency from searching out criminal trends in its own records of weapon sales.

Without a hint of irony, the looming debate is showcased as part of the Republican majority's "American Values Agenda."

Representative James Sensenbrenner, the Wisconsin Republican so alarmed of late about threats from the immigrant tide at the nation's borders, shows no comparable concern about armed thugs shooting people in the inner cities. "Crybaby!" snarled Mr. Sensenbrenner in excoriating the mayor of Milwaukee for testifying on behalf of more, not less, gun control.

IMMIGRATION:

Lawmakers Agree To Spend $1.2 Billion On Tightening Border (NYT)

By Eric Lipton

DOJ_NMG_0069206

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — House and Senate negotiators agreed Monday evening to spend $1.2 billion to install hundreds of miles of fence and vehicle barriers along the Mexican border as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year.

The border security spending is just one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. Others include a mandate for antiterrorism steps at high-risk chemical plants nationwide and the reorganization of the Federal Emergency Management Agency.

The biggest increase in spending in the bill, on which the House and Senate are expected to take final action on this week, is in the area of border security and immigration enforcement, which would get a total of $21.3 billion, an 11 percent jump over this year.

This includes money to hire 1,500 new Border Patrol agents, increasing the force to 14,800, and to add 6,700 detention beds. The $1.2 billion for border security is designated for a traditional fence, vehicle barriers and a so-called virtual fence made up of cameras and sensors. That money could also be used to help build 700 miles of physical fence along a specific stretch of the Mexican border, a construction project that the House has already approved and the Senate is still considering.

"It is a major step down the road on border security," said Senator Judd Gregg, the New Hampshire Republican who is chairman of the Senate panel that oversees the budget bill.

The bill also sets aside $4.34 billion for port security measures, including money for 450 new cargo inspection officers. That is up $600 million over the current year. The bill would also provide $178 million for new radiation screening equipment at domestic ports, among other initiatives.

The chemical plant security rules — which neither the chemical industry nor environmentalists were satisfied with — would allow the homeland security secretary to require facilities that manufacture, store or use chemicals to conduct security assessments and then take any steps the owners decide are appropriate.

The Homeland Security Department would have the power to inspect plants to determine if the measures are sufficient. While it could not mandate any specific safety improvement, it would have the power to shut down any plant that failed to honor the generic rules.

The language is stronger than what Republican leaders in the Senate first endorsed, but Democrats said Monday that it remained far too friendly to the industry.

"The threat of a chemical release, is real, real, very real," said Senator Robert C. Byrd, Democrat of West Virginia, as he introduced an amendment he said would give Homeland Security the power to impose broader regulations. "We cannot afford to be so vulnerable."

But Republicans rejected that effort, saying that the agreed-upon language was strong enough to improve security, at least for now, because the regulations would expire in three years unless Congress reauthorized them.

"This is the best proposal we can get," Senator Gregg said just before a party-line vote rejecting Mr. Byrd's proposal. "And in my opinion it is significantly better than nothing."

Democrats at the conference committee meeting Monday evening also tried to add about $1 billion in spending for areas including mass transit security, aviation explosives detection research and port security grants.

"I challenge all of us not only to talk the talk on port security but walk the walk," said Mr. Byrd, the minority leader of the appropriations panel, referring to the much-heralded recent action by Congress on a port security bill that called for a larger amount of grants.

But with the Republicans holding a majority, each of the measures that Democrats proposed were defeated, one after the other, in party-line votes.

The Federal Emergency Management Agency will continue to exist under the agreement, though some members of Congress had said it was so discredited it should be abolished and rebuilt from scratch.

Under the agreement, the FEMA director would have a higher rank, still reporting to the secretary of homeland security, but serving as the president's chief adviser on emergency management, in a manner similar to the chairman of the Joint Chiefs of Staff at the Pentagon.

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FEMA would also now oversee Homeland Security agencies that focus on preparing for a disaster, instead of just responding to them, and it would have an extra $30 million to hire up to 250 permanent disaster relief employees.

Congressional negotiators also added a measure to the bill that would allow Americans to buy as much as a 90-day supply of prescription drugs in Canada, where they are less expensive, and then return home with them.

Overall spending for Homeland Security under the bill would be up by $2.3 billion, or 7 percent, compared with the current fiscal year, which ends on Saturday.

House-Senate Negotiators Agree To Add Billions For Border Security (WSJ)

By David Rogers

The Wall Street Journal, September 26, 2006

WASHINGTON -- House-Senate negotiators approved a $34.8 billion homeland budget that adds billions for border security in the wake of Congress's failure to enact more-comprehensive legislation addressing illegal immigration.

The political centerpiece for Republicans -- just weeks before the midterm elections -- is an estimated $1.19 billion to help pay for fencing, vehicle barriers and new technology to police the U.S. border with Mexico. Hundreds of millions would also be added to equip the Coast Guard and increase the air and marine capabilities of customs and border patrols.

"It's a big plus; it's a lot of resources put on the border," said Sen. Judd Gregg (R., N.H.), who has managed the bill on behalf of the Senate. When compared with the same measure last year, border-security-related funding would grow by 20%, a huge increase in an otherwise tight budget year.

Much of this growth can be attributed to the Republican leadership's decision this fall to add $1.8 billion in emergency funds after failing to agree on immigration legislation. About $1.16 billion of this money would go the new-fence account; $492 million is to buy aircraft and X-ray machines to protect U.S. borders and ports of entry, and the Coast Guard is promised $175 million more to help expedite modernization.

Two Republican allies, the chemical and pharmaceutical industries, have their own major stakes in provisions added in the final talks.

For the first time, the secretary of Homeland Security would be given specific authority to regulate chemical-plant security and even shut down a high-risk facility if he judges that it fails to comply with his safety standards. And after years of keeping a tight lid on imported prescription drugs, the pharmaceutical industry will have to live with legislative language that tacitly sanctions Americans' practice of bringing cheaper drugs back from Canada. Mail order, Internet sales and people in the business of importing drugs aren't covered under the exemption, which applies only to "individuals transporting on their person a personal-use quantity" of their medicine -- typically a three-month supply.

Tempers flared as Democrats argued that the same exemption should apply to cheaper prescription medicines that can also be bought in Mexico. And when Rep. Jim Kolbe (R., Ariz.) broke with his Republican colleagues on the issue, Democrats briefly prevailed on a 9-8 vote. But Sen. Gregg said adding Mexico would jeopardize an already-delicate political balance for Republicans, and the Canada-only exemption prevailed.

The Pharmaceutical Research and Manufacturers of America, the industry lobby, has angrily complained that any exemption jeopardizes consumer safety. But when Republicans argued that Canadian pharmacies were less a risk than those in Mexico, it touched off sharp exchanges that echoed of the immigration debate all summer.

"That is the phoniest issue I have heard," said Rep. Marion Berry (D., Ark.) a registered pharmacist before coming to Congress. "The greatest danger is to not get your medicine.... I am here to tell you that the pharmaceutical industry robs the American people to the point where they simply can't afford to buy their medicine in the United States."

Last night's agreement clears the way for final action on the homeland bill this week, and as early as today, the House could take up and send the Senate a larger $447 billion measure funding the Pentagon for the new fiscal year that begins Oct. 1.

Quick passage of the military-appropriations bill, which includes emergency funds for the war in Iraq, also serves to give Speaker Dennis Hastert (R., Ill.) more leverage in a standoff with the Senate over the fate of a companion defense-authorization bill.

Write to David Rogers at david.rogers@wsj.com3

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Immigration Reform, In Pieces (NYT)

The New York Times, September 26, 2006

This can't be what President Bush had in mind when he gave a prime-time speech about immigration in May. "An immigration reform bill needs to be comprehensive," he told the nation, "because all elements of this problem must be addressed together, or none of them will be solved at all."

That was then. Now we have the Republican-controlled House passing a pre-election lineup of narrow enforcement measures packaged to give voters a false impression of resolve. Mr. Bush has even given up talking a good game on immigration: he says he will sign the Republican legislation as a "first step" toward the real reform he has said he wants but has done depressingly little to achieve.

Republican leaders want you to think they are hard at work overhauling the broken immigration system in the last days before going home. But don't be fooled by the noise and dust. These are piecemeal rehashes of legislation the House passed last December. They include a 700-mile border fence that would cost more than $2 billion and would not work, and tough-sounding but profoundly undemocratic bills that would allow the indefinite detention of some illegal immigrants seeking asylum, make it easier to deport people without judicial review, and require voters to prove citizenship before participating in federal elections. The latter measure attacks an imaginary problem — voting fraud by illegal immigrants — and would disenfranchise countless Americans who are old and poor.

Among the most poisonous provisions is one that would give state and local police agencies authority to enforce federal immigration laws. Police departments big and small have bristled at the idea, saying they lack the expertise and the resources to enforce immigration law. They say it would cripple crime fighting by severing hard-won relationships with potential victims and witnesses: immigrants who will end up fearing and avoiding them.

But for every police chief who sees this as a foolish attack on law enforcement, there is a sheriff or local politician, like Steve Levy, the Suffolk County executive on Long Island, who is just itching to seize control of his or her own little corner of the immigration battlefield. It's an every-mayor-for-himself approach that would only worsen the ad hoc incoherence of the national immigration system.

Once again it's up to the Senate to resist the restrictionist free-for-all. Republicans have been trying to make this difficult by seeking to slip their toxic measures into must-pass bills for the Homeland Security and Defense Departments. The senators who have held out for comprehensive reform, which includes giving immigrants a realistic way to work and get right with the law, must stick together to defeat the House campaign.

The House's election hunt for border-security sound bites shows how susceptible to demagoguery the debate can be. Anti-immigrant fervor is a flame that spreads easily. But leadership can help people look beyond resentment and fear. Once upon a time, Mr. Bush was a sense-talking governor from a border state who understood this. Now he has joined the leaders of his party in calling on the nation to cower behind electric fences, searchlights and squad cars. It's painful to see what he has turned into, and frustrating, in these days of immigration panic, to keep waiting for a real leader to emerge.

CONGRESS-ADMINISTRATION:

DOJ SWITCHES SIDES ON 9TH CIRCUIT SPLIT (ABAJ)

By MOLLY McDONOUGH

ABA Journal, September 26, 2006

Wednesday's Testimony the Latest Twist in a 35-Year-Old Debate

After nearly 35 years of debate over dividing the nation's largest federal appellate court, the Justice Department has reversed its previous stance and is now weighing in on the side of a split.

Testifying before the Senate Judiciary Committee on Sept. 20, Rachel Brand, assistant attorney general in the DOJ's Office of Legal Policy, stated the time is right to split the overburdened, oversized 9th U.S. Circuit Court of Appeals, which is based in San Francisco.

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The circuit's size—it encompasses nine states with a total population of 58 million people—has resulted in delays and inconsistencies in opinions. Brand testified that the appellate judges are known to quickly turn around decisions after oral argument, but that the circuit takes more than four months longer than others from the point of filing the appeal to final disposition.

Contributing to these inconsistencies is the circuit's unusual en banc procedures, which call for 15 out of the 28 active judges on the court to resolve a dispute en banc, Brand testified. In a close case, eight judges, a minority of the full court, could decide a key issue.

Brand was one of 12 witnesses—six in favor of a split, six opposed—who testified about the legislation, which has been introduced by Sen. Lisa Murkowski, R-Alaska, and Rep. John Ensign, R-Nev. Their bill would leave California and Hawaii in the 9th Circuit and create a 12th Circuit to cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. It also would add seven more judges, likely to remain in the 9th Circuit.

Legislation to split the circuit passed the House last year, but never reached a vote in the Senate.

The Justice Department's new position and a growing interest in Congress in splitting the circuit—seven circuit restructuring bills have been introduced this Congress alone—may indicate a sea change.

The Justice Department is one of the most frequent litigants in the federal courts. In 1998, the last time the department weighed in on the issue, it opposed the split. But Brand said the DOJ has since come to the conclusion that, while the 9th Circuit has responded to its rapidly growing caseload by being "innovative and creative," it has done so in large part by delegating certain functions to nonjudges. That will only work for so long, she said.

Sen. Dianne Feinstein, D-Calif., who serves on the Judiciary Committee and has long opposed calls to split the circuit, challenged Brand on the Justice Department's sudden interest. "I can only conclude that this is political [and] has nothing to do with the performance of the circuit," Feinstein said.

Feinstein was among those who pointed out that, despite the balanced nature of the hearing, there have not been calls for a split from large numbers of lawyers and judges—the people most affected by the issue.

This is in contrast to the circumstances that surrounded the 1981 split of the New Orleans-based 5th Circuit and creation of the Atlanta-based 11th Circuit. Then, judges had asked for the division after a long debate.

ABA President-elect William H. Neukom also testified against the split, although he spoke in his capacity as a lawyer from Seattle and not as a representative of the ABA. A former legal adviser to Microsoft, Neukom opposes a split in part because, he said, it would disrupt laws of commerce and intellectual property interests.

He urged the committee to review the entire record, which includes letters from groups of law professors, judges and bar associations, all opposed to a split. Indeed, the American Bar Association, most of the state bar associations in the 9th Circuit, a majority of the district judges in that circuit, and as many as 23 of the current 26 active judges on the 9th Circuit oppose a split.

"The overwhelming majority of our court of appeals judges oppose a division of the circuit," Chief Judge Mary Schroeder testified, noting that past and future chief judges appointed by Presidents Eisenhower, Kennedy, Nixon, Carter, Reagan and Clinton share her views. "This has never been a partisan political issue for us."

But some consider political motivations a motivating factor. In 2003, two bills were introduced in the Senate to split the circuit after it declined to rehear en banc a case in which a panel ruled that the Pledge of Allegiance is an unconstitutional endorsement of religion. (The U.S. Supreme Court eventually threw out the case because it determined 8-0 that the plaintiff lacked standing. Elk Grove Unified School District v. Newdow, 542 U.S. 1., 2004.)

The Supreme Court's frequent rejection of 9th Circuit opinions was another argument proponents cited as evidence of a need for a split. Pointing to a study conducted by Chicago-based 7th Circuit Judge Richard Posner, law professor John C. Eastman testified that the 9th Circuit is six times more likely to be unanimously reversed by the Supreme Court than any other circuit. Eastman, who teaches at Chapman University School of Law in Orange, Calif., attributed that to a lack of collegiality because there are so many judges facing enormous workloads in the 9th Circuit.

Chief Judge Schroeder disputed that there is a lack of collegiality and focused on what she considered a more critical flaw in dividing the circuit. California brings 70 percent of the cases to the 9th Circuit. Simply splitting it off and creating a new court infrastructure elsewhere does not resolve the caseload problem, she said. Even with the additional seven judgeships, the

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proposed division would leave the 9th Circuit with 500 cases per judgeship and the new 12th Circuit with 300 cases per judgeship.

Without the ability to draw in visiting judges from the other states, California and Hawaii, she said, "would be overwhelmed and would need at least 13 additional judges to bring its caseload even with the load of the judges in the new 12th Circuit."

The committee had scheduled the bill for markup Sept. 21 to make any necessary changes or amendments should it decide to recommend the bill to the full Senate, but the committee did not get to the issue. Markups are also slated for this week.

Judicial FREEdom (WSJ)

The Wall Street Journal, September 26, 2006

The conflict-of-interest fetish continues to interfere with normal human relations, so it's a relief when someone sounds rational on the subject. That now includes the Judicial Conference of the U.S., which last week adopted new disclosure rules for federal judges who attend privately funded education seminars.

The Judicial Conference sets ethical standards for the judiciary, and its ruling is a rebuke to activists who have used bogus conflict-of-interest complaints to try to ban judges from attending seminars sponsored by groups out of favor with the political left. This cause has been a special obsession of the Community Rights Counsel (CRC), a Beltway political operation that has tried to get Congress to limit the kinds of seminars judges can attend.

For example, the Foundation for Research on Economics and the Environment (FREE) and Montana State University have for 15 years co-sponsored seminars in Bozeman, where federal judges learn more about the effects and trade-offs of environmental public policy. Such events are common -- typically hosted by universities, public policy institutes or legal groups like the American Bar Association -- and useful in promoting a better-informed judiciary.

The CRC and its political allies have been on a mission to stop federal judges from attending FREE seminars, claiming that these programs are really about brainwashing judges into striking down federal environmental statutes. CRC has filed ethics complaints (later dismissed) against judges on FREE's board, citing the fact that it accepts funding from corporations. It's also coordinated with Democratic Senators John Kerry, Russ Feingold and Pat Leahy to draw up legislation that would regulate seminar attendance by federal judges. That effort has also failed.

Now the Judicial Conference has decided that these privately funded seminars are perfectly reasonable forums to attend, so long as they disclose all sources of support beforehand, along with topics to be covered and the names of speakers. FREE's internal policy guidelines already mandated such disclosure.

The Judicial Conference noted the important role of seminar programs in keeping judges current in law, science, economics and other disciplines. "In view of the compelling need for and many benefits of continuing education," it said, "the committee believes that neither the Judicial Conference nor any other entity should seek to limit judges' access to knowledge or censor their right to increase their knowledge."

To put it another way, the Democrats should leave FREE alone. And if they really care about legal conflicts of interest, how about going after the trial lawyers who are double dipping on asbestos and silicosis lawsuits? There's a real scandal.

Roberts And Alito Stay In The Cert Pool (LAW)

By Tony Mauro, Legal Times

Legal Times, September 26, 2006

As they enter their second term, the Supreme Court's two newest justices have decided, at least temporarily, to stick with the Court's clerk-pooling arrangement, despite concerns that it gives law clerks too much power.

In brief interviews in recent weeks, both Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. said they will stay in the "cert pool," as it is called, for the current term.

Roberts said he will participate on a "year-to-year basis," and Alito said the same; both indicated they are still weighing the issues that have been raised. But Alito said that during his first term it was apparent to him that certiorari petitions need to be read closely to determine if they are worth granting -- suggesting some need for pooling the workload.

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The arrangement, devised in 1972, radically changed what happens when a petition for review or certiorari comes in to the Court. Instead of being reviewed separately by nine clerks and/or nine justices, it is scrutinized for the pool, presumably in greater depth, by one clerk, who then writes a memo for all the justices in the pool.

The pool drew little criticism when only four or five justices participated. But ever since the late Thurgood Marshall left the Court, in 1991, Justice John Paul Stevens has been the only justice outside the pool, preferring to have his clerks take a separate look at petitions, partly as a backstop for the pool.

In a 1997 speech when he was in private practice, Roberts said he found the pool "disquieting" in that it made clerks "a bit too significant" in determining the Court's docket. During his confirmation hearings in January, Alito said he was "aware of the issue" surrounding the pool. He added: "We cannot delegate our judicial responsibility. But ... we need to find ways, and we do find ways, of obtaining assistance from clerks and staff, employees, so that we can deal with the large caseload that we have."

In their new book on the Court's clerks, "Sorcerers' Apprentices," authors Artemus Ward and David Weiden chart the history and impact of the pool. At the same time the pool has increased the power of clerks in the gatekeeping function, they say, it has made clerks less candid and more timid in their recommendations. "The pool writers are going to be less candid than they would be with their own justice," says Ward in an interview. "It has a chilling effect."

The book also asserts that since the pool was created, "the number of separate concurring and dissenting opinions issued by the justices exploded." In other words, by lightening the load of petitions each clerk has to read, the pool frees the clerks to write more opinions for their justices. By the authors' estimate, each clerk in 1970 reviewed an average of 634 petitions, while in 2000 that number was down to 271.

"This is something they know they will have to face sooner or later," says Ward. "They may be just leaving well enough alone until Justice Stevens leaves. Then the question will be whether his successor joins the pool."

Lawmakers Call Again For Federal Food Safety Agency (USAT)

By Robert Davis And Ashley Bleimes

USA Today, September 26, 2006

While the search continues for the origin of an E. coli outbreak in bagged spinach, lawmakers are renewing calls for the creation of a single government agency responsible for the safety of the nation's food supply.

The Centers for Disease Control and Prevention reported Monday that the nationwide outbreak of E. coli O157:H7, believed to have originated on farms in three California counties, has risen to 175 infections in 25 states. One death has been confirmed.

Last year, the Safe Food Act of 2005 was introduced in the Senate by Sen. Dick Durbin, D-Ill., and in the House by Rep. Rosa DeLauro, D-Conn. The bill proposed the creation of a Food Safety Administration to assume all responsibility for food safety and oversight.

Proponents say such an agency would streamline the process of preventing, tracking and containing outbreaks, which is currently handled by 12 federal agencies and subagencies.

But the legislation has remained in congressional committees since its introduction. “In my view, if we already had a consolidated food safety agency … we might already have gotten to the bottom of this latest outbreak,” said DeLauro Monday by e-mail. “Perhaps it never would have occurred in the first place.”

DeLauro has requested a hearing before the House Energy and Commerce Committee before the current session of Congress adjourns on Oct. 6. Durbin has also requested a hearing in the Senate Agriculture, Nutrition and Forestry Committee.

Contaminated foods kill about 5,000 Americans a year and sicken an additional 76 million, according to the CDC. “It's a big problem, and it's a growing problem,” says Caroline Smith DeWaal, director of food safety at the Center for Science in the Public Interest (CSPI), a Washington, D.C.-based advocacy group.

The U.S. Department of Agriculture is responsible for overseeing meat, poultry and eggs. The FDA is responsible for most other foods, although other federal agencies have lesser roles. They include the Environmental Protection Agency, the Department of Homeland Security and even the Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau.

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In part because of safety strides made by the USDA and meat industry, produce is now the leading culprit in food-borne illness, DeWaal says. But the FDA gets only about a third of federal food safety funds, according to a recent government report. The USDA gets about twice as much.

In 2003, when CSPI data showed that the number of people sickened in outbreaks by produce (3,176) was more than triple the number stricken by beef (939), DeWaal urged Congress to boost FDA's resources or create a single federal food safety agency.

A report by the U.S. Government Accountability Office last year called for efforts "to reduce overlap and better leverage resources" in oversight of food safety. The report noted that other nations, including Canada, Germany and the United Kingdom, have combined fragmented systems into a single food safety agency.

Others disagree. "It makes no sense putting the inspection of live animals with the inspection of organic farms. They have nothing in common," says Peter Barton Hutt, who was FDA's chief counsel in the 1970s. The fix, he says, is more funding.

"The problem is that FDA has been flat-lined in terms of budget for the last 10 years," he says. "We are strangling the agency to death. The problem is not the lack of ability in the agency. We ought to take a very, very close look at how much money we are spending."

"Whether a single food agency is the way to go, that is not for me to say," says the FDA's David Acheson. "We work very cooperatively with our partners at USDA. We each have different regulatory jurisdictions. We talk a lot. We share information a lot. There is a lot of cooperation."

From his view, he says, "The system is working."

Bloggers Will Join Bush In Bill-signing Ceremony (WT)

By Stephen Dinan

The Washington Times, September 26, 2006

President Bush has invited bloggers to join him today as he signs into law a bill creating a database of federal spending -- a recognition of their role in forcing the bill through Congress over the objections of senior senators and an indication of how much bloggers are changing the political process.

A coalition of bloggers from the left and the right last month did what the Senate's Republican leadership could not: smoke out obstructing senators, bring public pressure to break their hold and move the bill to the Senate floor, where it passed by a voice vote.

"The bloggers mobilized Congress; Congress did not mobilize bloggers," said John Hart, spokesman for Sen. Tom Coburn, the Oklahoma Republican who teamed with Sen. Barack Obama, Illinois Democrat, to support the bill.

"It really does represent a revival of basic democratic values: that active citizens using tools of technology really can steer the political process," Mr. Hart said. "And what happened was profoundly subversive to the established political order."

The legislation will establish a searchable database of all federal contracts and grants, and most other spending.

The Bush administration supported the database as a way to improve transparency and accountability, but senior senators from both parties blocked the bill through a "secret hold," a parliamentary tradition that allows a single senator to obstruct legislation.

Bloggers mounted a drive to identify the obstructors, asking readers to call their senators and demand to know whether they were the culprits. The obstructors eventually acknowledged their role and relented.

One administration official called the bill the "'Blair Witch Project' version of legislation" because support grew by word of mouth through blogs.

Bill-signing ceremonies give the president, lawmakers and key interest groups a chance to proclaim victory. Bloggers say this is the first time they have been invited as a group.

"There's no doubt in my mind that without the attention paid to the bill by the bloggers it wouldn't be getting signed into law by the president," said Tommy Vietor, a spokesman for Mr. Obama.

"It was a bill that just made so much intuitive sense that no one could understand how Congress could not pass it, which got folks involved and brought a lot of pressure from bloggers on the right and left."

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Some of the bloggers also will have a chance to talk about their work on the bill tomorrow with Clay Johnson, deputy director for management at the Office of Management and Budget.

"They definitely showed a tremendous interest and a dogged determination to see this bill passed, and we are happy to invite them to the White House," said White House spokeswoman Dana Perino.

Glenn Reynolds, who led the charge from the right on his blogs Instapundit.com and Porkbusters.org, said blogs have given a voice to the constituency that wants spending controls and accountability. That means lawmakers can't talk about financial responsibility while getting away with profligate spending on pet projects.

"That's sort of the big news here," Mr. Reynolds said. "What blogs make it hard for people to do in a whole lot of different ways is tell one group of people one thing and tell another group something different, and hope nobody noticed."

Part of the bill's success may be attributed to the unlikely team of Mr. Coburn and Mr. Obama. They first collaborated on good-government efforts over Hurricane Katrina relief spending, and their cooperation on spending issues could be the model for finding agreement on entitlement relief.

Antipork Progress (WSJ)

The Wall Street Journal, September 26, 2006

As Republicans lurch toward November, they're trying to reclaim their birthright as fiscal conservatives. So far they're moved up to a D from an F, with a chance to still grab a gentleman's C.

In the small favors department, the House this month passed an "earmark" reform to bring more transparency to the runaway process of sticking pork into appropriations bills. Give House Majority Leader John Boehner credit for staring down his party's Appropriations Committee barons on this one; that's more than Tom DeLay or Roy Blunt ever did when they ran the majority.

Lawmakers will now have to sign their names to earmark requests, although the loopholes in this requirement are still large. The rule applies only to non-federal earmark recipients, which means that pet projects aimed at, say, the Department of Defense will still be secret. The definition of a "tax earmark" was also deliberately kept narrow, shielding many of those expensive giveaways.

It's also no accident that the new transparency rule won't apply to the 10 spending bills the House has already passed this year. Meanwhile, the Senate has yet to act, and the new House rule expires at the end of this Congress. GOP appropriators figure that they can block its renewal in January, when the election heat is off, assuming their bad spending habits haven't cost Republicans their majority.

In a better sign of progress, President Bush will today sign the "Federal Transparency Act," which will create a searchable public database of some $1 trillion worth of federal grants, contracts and loans. The brainchild of Senators Tom Coburn (R., Oklahoma) and Barack Obama (D., Illinois), the database will help the public identify the lawmakers who sponsor these provisions. The idea is to expose these favors to public scrutiny and force their authors to defend them.

The next test of GOP spending sincerity is whether the Senate will force an up-or-down vote on the "legislative" line-item veto. This would let a President strike out individual spending items from larger legislation, sending them back to Congress for an override vote within 14 legislative days. A simple majority vote would be enough to override, so this item veto isn't as powerful as the one that Republicans gave to Bill Clinton in the 1990s and was declared unconstitutional by the Supreme Court. But it would still give the President more leverage to kill the most egregious earmarks.

The House passed the item veto in June, but the Senate has failed to act. By our count, some 65 current Senators have voted for a version of the line-item veto at some point in the past. Eleven Democrats voted to give it to Mr. Clinton, and four more Democrats voted for a version of it while in the House.

Majority Leader Bill Frist should give Senators the opportunity to pass a bill designed to end the secret earmarking that has helped produce some of the corruption scandals in this Congress. Win or lose on the floor, Republicans would at least show they're trying to swear off their own worst spending excesses.

Anxious Dems Eye Power Of The Purse On Iraq (HILL)

By Bob Cusack

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The Hill, September 26, 2006

Rep. Charles Rangel (D-N.Y.) will chair the powerful Ways and Means Committee if Democrats win control of the House next year, but his main goal in 2007 does not fall within his panel's jurisdiction.

"I can't stop this war," a frustrated Rangel said in a recent interview, reiterating his vow to retire from Congress if Democrats fall short of a majority in the House.

But when pressed on how he could stop the war even if Democrats control the House during the last years of President Bush's second term, Rangel paused before saying, "You've got to be able to pay for the war, don't you?"

Rangel's views on funding the war are shared by many of his colleagues – especially within the 73-member Out of Iraq Caucus.

Some Democratic legislators want to halt funding for the war immediately, while others say they would allocate money for activities such as reconstruction, setting up international security forces, and the ultimate withdrawal of U.S. troops.

"Personally, I wouldn't spend another dime [on the war,]" said Rep. Lynn Woolsey (D-Calif.).

Woolsey is among the Democrats in Congress who are hoping to control the power of the purse in 2007 to force an end to the war. Woolsey and some of her colleagues note that Congress helped force the end of Vietnam War by refusing to pay for it.

Democrats in the House and Senate are united in their effort to conduct more oversight of the Bush administration's management of the Iraq war, but are not on the same page on how to fund it.

While the Senate could switch hands, political analysts say the House is more likely to flip.

Having lost the last two elections in part because of national security issues, Democratic leaders have been reluctant to spell out their exact Iraq war funding strategy.

"I don't think the Democratic leadership should put that out at the moment," Woolsey said.

But Democratic leaders will be under tremendous pressure from campaign donors and activists to take bold steps on Iraq should they be setting the legislative agenda in the 110th Congress.

"If we have the majority, it'll be because of Iraq," said Rep. Neil Abercrombie (D-Hawaii).

House Minority Leader Nancy Pelosi (D-Calif.) and other Democrats have called for a reduction in troops to begin no later than the end of 2006, but as Speaker, she could have significant power over troop levels in 2007.

"[Pelosi] has consistently stated that Congress must ensure that our troops have the resources they need," said Pelosi spokesman Drew Hamill.

Some Democratic congressional candidates have not embraced their leadership's position of a troop withdrawal timetable in Iraq and conservative Democratic members in the House and Senate could also prove problematic in close budget and appropriations votes.

The Out of Iraq Caucus represents less than 40 percent of Democrats in the House. However, the group consists of many senior lawmakers, including a one Democratic leader, Rep. John Larson (D-Conn.), eight who are in line to chair panels, the next head of the Congressional Black Caucus, Rep. Carolyn Kilpatrick (D-Mich.), and eight appropriators.

Rep. John Murtha (D-Pa.), the ranking member of the Appropriations defense subcommittee and the most outspoken Democrat on withdrawing from Iraq, has said he will mount a bid for majority leader should Democrats win the House in November. His bill to redeploy forces from Iraq has 105 cosponsors.

Still, Rep. James McGovern (D-Mass.), who has a bill seeking to prohibit funds to deploy armed forces to Iraq, says Democrats "have various positions on the war" and is skeptical that leadership will adopt an approach similar to his legislation.

He noted that his bill does not have many cosponsors (it has 18), and said despite the influential members of the Out of Iraq Caucus, "we all have one vote."

Republicans are quick to portray talk of withdrawal as a "cut-and-run" strategy as they seek to mock Democrats on homeland security weeks before Nov. 7.

The Bush administration has previously indicated that it presumes that Democrats may attempt to cut off funding for the war if they win control of Congress next year. But the political battle over the war may be fiercer than some White House officials anticipate.

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According to a report in The Washington Post last month, White House spokeswoman Dana Perino asked, "How would they force the president to withdraw troops? Yell?"

Battling the White House on the war would be challenging, Democrats say, but they would be emboldened by the election results and Bush's standing as a lame-duck president with low approval ratings.

Abercrombie stressed that Democrats are not going to sever funding for the troops. Cutting off funding is "easy to say and another thing to do," according to Abercrombie.

What's more like likely, he said, is to fund the conflict in a way that will end the war by reallocating money to new initiatives.

"We're going to continue to give the troops everything they need," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.).

A House Democratic leadership aide said, "The bottom line is that should Democrats regain the House, Democrats will leave no soldier left behind in Iraq. As long as there's soldiers in the battlefield, funding will continue."

If Democrats control Congress, that funding likely would have strings attached. Most Senate Democrats backed a nonbinding measure earlier this year crafted by Sens. Carl Levin (D-Mich.) and Jack Reed (D-R.I.) that called for troops to begin to withdraw from Iraq, but the amendment did not set a withdrawal deadline. Another amendment offered by Sens. John Kerry (D-Mass.) and Russ Feingold (D-Wis.) set a redeployment of troops to be substantially completed by July 1, 2007 was soundly defeated, attracting only 13 votes. The Levin amendment fell short as well, garnering 39 votes.

Rep. John Spratt (D-S.C.), a Democratic leader in line to become the House Budget Committee chairman if Democrats win control of the House, said last month that he does not favor an immediate withdrawal: "I think we should tell the Iraqis that we're not going to pull out immediately. We're seeking still some positive outcome. We won't leave them in a lurch, but at the same time, we're not going to be there indefinitely or forever…" Spratt is in a challenging race to keep his seat this fall.

Rep. Maxine Waters (D-Calif.), chair of the Out of Iraq Caucus, declined to comment for this article.

For White House, War Of Words, At Least, Is Battle Where It Excels (NYT)

By Jim Rutenberg

The New York Times, September 26, 2006

WASHINGTON, Sept. 24 — Addressing Americans' views of the Iraq war, President Bush recently told an interviewer, "Most people want us to win."

Democrats heard a partisan implication in that statement that left them incredulous. "Like we want to lose?" asked Senator Joseph R. Biden Jr. of Delaware.

After Mr. Bush said at a Republican fund-raising event in Florida on Thursday that when it came to battling terrorists, "I need members of Congress who understand that you can't negotiate with these folks," Democrats were furious at what they heard as a suggestion that they backed a dialogue with Al Qaeda.

"No one in America thinks that," Senator John Kerry of Massachusetts said indignantly.

As the White House intensifies a campaign to paint its opponents as wobbly in the war on terrorism, Democrats say it is engaging in a rhetorical device that subtly distorts their positions to make them seem extreme or misguided, raising phantom positions and implying they belong to Democrats before knocking them down as dangerous.

Current and former administration officials say some cases cited by the Democrats are legitimate interpretations of Democratic positions through a deductive, if Republican, lens. Other times, they say, Democrats were seeing things that were not there.

Each side agrees, however, that the White House is seeking to draw as sharp a distinction between Republicans and Democrats on terrorism as possible, something it has done skillfully in the past two election cycles. And so far this year it has lived up to its reputation of being particularly adept at using carefully chosen language to cast its opponents as unflatteringly as possible — and to define their positions for voters before they can define them themselves.

If President Ronald Reagan was celebrated for his use of dramatic political imagery, and President Bill Clinton for his ability to exude empathy from the stump, this president, not known for particularly smooth oratory, could well be remembered for his perceived use of rhetorical sleight of hand that consistently ensnares and enrages his rivals.

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It is a skill at which even Democrats marvel.

"It has been brazen but effective," said Jeff Shesol, a deputy director of speechwriting at the White House under Mr. Clinton.

Like other Democrats interviewed, Mr. Shesol predicted that the potency of Mr. Bush's political oratory would diminish this year. "I think a lot of us were initially caught off-guard by how effective it was," he said.

The White House began its latest rhetorical offensive three weeks ago in an effort to transform the fall elections from a referendum on an unpopular president and war into one on the Democrats and national security.

In what may have been the leading edge of the effort, Defense Secretary Donald H. Rumsfeld, in a speech about the Iraq war to veterans late last month asked pointedly, "Can folks really continue to think that free countries can negotiate a separate peace with terrorists?"

But the Pentagon declined to provide an example of anyone who had proposed peace negotiations with terrorists.

The Pentagon press secretary, Eric Ruff, said Mr. Rumsfeld was speaking rhetorically and had nobody specifically in mind when he raised the questions.

"The secretary's speech was not intended to be a partisan speech," Mr. Ruff said. "It was a speech designed to raise important questions facing the United States and the free democracies around the world."

Similarly, Mr. Bush's press secretary, Tony Snow, said the president was not pointing fingers late last month when he said in an address to the American Legion, "We can decide to stop fighting the terrorists in Iraq and other parts of the world, but they will not decide to stop fighting us."

Democrats took that as an accusation that they were somehow calling for a break in the pursuit of terrorists.

And Mr. Snow said Mr. Bush did not have Democrats in mind on Thursday when he said at a reception for Gus Bilirakis, a Republican Congressional candidate in the Tampa Bay area, that he needed help from lawmakers who "understand you can't negotiate with" terrorists. Nor was the president impugning Democrats when he told The Wall Street Journal this month that "most people want to win" in Iraq, Mr. Snow said.

In an interview Friday, Mr. Snow accused Democrats of engaging in "exegetical work" in seeking evidence of something that was not there and "protesting too much" in the face of accusations that Mr. Bush was not, in fact, hurling.

"I don't think the president's ever said the Democrats want to negotiate with these people,'' he said. "He's trying to make a dramatic point you can't reason with them. I just don't understand it when you express umbrage at a statement that wasn't aimed at you."

He added, "I defy you to find a directly personal insult from the president that would compare with, or that is as bald or direct as, calling him a loser or a liar."

Mr. Snow was referring to comments from the Senate minority leader, Harry Reid of Nevada. In 2005 Mr. Reid called Mr. Bush "a loser" when speaking to a group of high school students; he called him "a liar" in 2002 over a White House decision to send nuclear waste to a site at Yucca Mountain, Nev.

Jim Manley, a spokesman for Mr. Reid, said, "At least he acknowledged what he said." Mr. Manley also noted that the senator had apologized for the "loser" comment (but not for using the word "liar"). He said that was in contrast with the White House, which, Mr. Manley said, "sets up these straw men that allow them to lodge charges without accepting responsibility for them."

Democrats are trying to use their arguments to their own advantage. In an e-mail message Monday, Representative John P. Murtha of Pennsylvania solicited donations by citing a charged statement recently made by Representative John A. Boehner, Republican of Ohio, who told reporters, "I listen to my Democrats friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people."

The White House is hardly alone in its pointed use of language against political opponents. Democrats have countered the Republican description of their calls for a timetable for withdrawal from Iraq as a "cut-and-run" position with a dismissive description of the president's plan for Iraq as "stay the course." The White House complains that that ignores the regular change in tactics in Iraq that Mr. Bush approves.

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Republicans often complained that Bill Clinton used so-called straw-man arguments against them from the Oval Office to great effect. Frank Luntz, a Republican pollster who regularly studies the effect of language on voters, said Mr. Clinton was particularly good as president at attacking Republicans for being "partisan," a partisan argument on its own face.

But Mr. Luntz said of Mr. Bush's White House, "When they are on their game, when they care about their game, no one's better at it."

Adam Levine, a former assistant press secretary for Mr. Bush, described the process as taking opponents' positions to their logical conclusions.

"The way that it works is, you take the other side's view, and you articulate what it sounds like to you," Mr. Levine said. "It also is effective rhetorically because it at least on its face acknowledges the other side's argument, even if it is an extreme version of it."

Democrats say that having the Oval Office behind the accusations can make them harder to combat, because they have no similarly powerful platform from which to rebut them.

"You want to smash your head against the wall when he does it," Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, said of Mr. Bush. "It's remarkably frustrating, like that kid in second grade who puts his finger in your face and says, 'I'm not touching you.' "

But this year, said Mr. Singer's boss, Senator Charles E. Schumer of New York, who heads the committee, "it just won't work as long as Democrats answer back, and answer back strongly."

He will know for certain in six weeks.

GOP Brass Agonizes Over Leadership Votes (HILL)

By Patrick OConnor

The Hill, September 26, 2006

House GOP leaders cannot decide whether to hold leadership elections the week after the midterm elections.

Their uncertainty is a sign of Republican unease and suggests that officeholders may postpone the contests for their jobs if the party suffers heavy losses.

House Republicans elect new leaders during an organizing conference traditionally held the first week after the election, but this year, leaders appear torn on when to hold that conference.

The House Administration Committee has scheduled a conference meeting for Wednesday, Nov. 15, the week after the midterm, when new lawmakers come to Washington for orientation. But Speaker Dennis Hastert (R-Ill.) said last week that leaders had not yet decided whether to hold elections that day.

The Speaker's office is responsible for convening an organizing conference, according to internal GOP rules for both the 109th and 108th Congresses, but Hastert deferred a question about the the leadership election to Administration Committee Chairman Vernon Ehlers (R-Mich.).

"The chairman is working on that schedule," Hastert said.

But earlier in the month, Ehlers said it was the Speaker and other leaders who would decide the issue. At the time, he said the agenda for the Wednesday conference meeting was not yet set.

"That's the only thing that we haven't gotten together," Ehlers said, adding that that was a question for the leaders to address.

Republican Conference Chairwoman Deborah Pryce (R-Ohio), whose office notified members of the most recent leadership election last January after much internal deliberation, said last week that she was focused on her reelection campaign and her staff would handle preparations for that meeting. The Ohio Republican faces her first uphill election battle in years because the political climate in the Buckeye State strongly favors Democrats.

As questions swirl about the length of a lame-duck session — Senate leaders suggest a short session while House leaders talk of working into December — the week after the election appears to be the most convenient moment to convene an organizing conference before the year ends.

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The GOP's rules dictate that the Speaker must schedule an election "not later than the 20th day of December," according to a copy of the manual obtained by The Hill.

A spokesman for the Republican Conference said no members have inquired about the date for leadership elections and that the office has not done any planning for the reorganization session.

Newly elected Republicans, who will have a vote, are scheduled to be in town only in that first week after the Nov. 7 election, so the Speaker or Conference chairman would have to call members back to Washington if leaders postpone the organizing conference.

Members must vote on the eight elected leadership positions, beginning with the Speaker and concluding with the chairman of the National Republican Congressional Committee (NRCC). Each current leaders must stand for reelection.

Hastert and Majority Leader John Boehner (R-Ohio) are not expected to face a challenge if Republicans hold the House. Boehner is widely expected to remain as leader if Hastert retires in the wake of a GOP defeat.

"I would expect John Boehner will stay on," said a senior Republican who has been an occasional critic of the leader, "The conference will give him the benefit of the doubt."

Post-election reorganization could be muddled if Hastert retires because his chief counsel, Ted Van Der Meid, oversees many procedural matters such as the organizing conference or the Republican Steering Committee, which slots the committees, several aides said.

Whatever the outcome in November, rank-and-file Republicans are expected to challenge leaders low on the ladder, but preparations for a run have been muted because Republicans are so focused on retaining control of the House; open solicitations would be viewed as disloyal in that environment, many members have said.

Pryce may not preside over the races even if she does win reelection because "the Speaker, in consultation with the elected leadership, shall designate an officer to preside until such time as the election of a Conference Chair is concluded," the rules state.

Despite a tough reelection fight and constant chatter about her weakened status within the leadership, Pryce has out-raised many of her presumed challengers. She has contributed $708,500 to GOP candidates through her political action committee, Promoting Republicans You Can Elect, as of the end of July.

The Democratic Caucus also has a meeting scheduled for that first Wednesday back, Ehlers said, but their internal rules have a built-in cushion that prevents them from holding leadership elections that day. Caucus rules state, "this meeting shall not be scheduled sooner than nine (9) days after the November election," according to a copy obtained by The Hill.

A spokeswoman for Democratic Caucus Chairman James Clyburn (S.C.), who would preside over the meeting until another caucus chairman is elected, said details of the organizing caucus have not yet been set.

The Democratic leader sets the time and place of that meeting and must inform members of the caucus in writing about details of the process at least seven days before the election.

While Minority Leader Nancy Pelosi (D-Calif.) is expected to remain the highest-ranking Democrat whatever the outcome on Nov. 7, there could be a rush for other positions.

Rep. John Murtha (D-Pa.) has already declared his intention to challenge Minority Whip Steny Hoyer (D-Md.) for the leader's post if Democrats regain control of the House for the first time since 1994. Other members are expected to mount similar campaigns.

While politics will dominate that first week back, with political Washington chewing over the midterm results in preparation for 2008, much of the schedule deals with procedural matters regarding newly-elected freshmen and legislative matters pending during the lame duck.

The Speaker last week dismissed rumors that members would pass a continuing resolution this week to fund the federal government through the end of the year. Members should therefore be back to at least deal with a large omnibus spending bill.

"Well, it doesn't look like the Senate is going to finish" its appropriations bills, Hastert said, "so we're going to be back."

For freshmen, the week will be full of firsts – as well as some procedural basics, such as seminars on hiring staff and working BlackBerries or the freshman room draw on Friday.

Ehlers said his committee staff sent letters this month to more than 1,800 registered candidates to notify them about orientation week. The session begins that weekend and concludes with the room draw on Friday.

The committee has also scheduled two ethics seminars, one more than in years past, following a spate of revelations about congressional corruption that have plagued the House during the 109th Congress, which includes the recent announcement that former Administration Committee Chairman Bob Ney (R-Ohio) would plead guilt to federal corruption charges for his stint in an alcohol-abuse rehabilitation facility.

— Josephine Hearn contributed to this article.

Medicare Center Names Acting Director (AP)

By Kevin Freking

AP, September 26, 2006

A lawyer who has served in two Bush administrations has been named the acting chief of the Centers for Medicare and Medicaid Services, federal officials said Monday.

Leslie Norwalk, 40, has served on the senior leadership team at the agency for the past five years, currently as the deputy administrator. She will succeed Mark McClellan, who recently announced that he is stepping down.

As the acting director, Norwalk will oversee the government health care programs for the elderly and the poor. The agency is responsible for $1 out of every $3 spent on health care in the United States.

"She is a nationally recognized expert on Medicare issues and played a central role in the successful implementation of the prescription drug benefit and other reforms to Medicare and Medicaid," said Mike Leavitt, secretary of the Health and Human Services Department. "I also tapped her to work with the people of Louisiana in redesigning their health care system in the wake of Hurricane Katrina."

Prior to joining CMS, Norwalk practiced law in the Washington office of Epstein, Becker and Green. She also served in the first Bush administration within the White House Office of Presidential Personnel.

Norwalk could oversee CMS for several months, or even years, depending upon when President Bush nominates a permanent replacement for McClellan. She will assume the acting administrator role effective October 15.

One of Norwalk's first tasks will be overseeing the next enrollment period for the prescription drug benefit, which begins Nov. 15.

Medicare Debacle (HILL)

By Lawrence A. Hunter

The Hill, September 26, 2006

In an attempt to help stop spiraling inflation during 1970's, Congress thought it would try placing price controls on the fees doctors could charge under Medicare. While the increase in doctors' fees was in fact held to about three percent a year after price controls were imposed, the cost balloon swelled out elsewhere: Doctors' claims for services rendered under the program jumped dramatically, and the overall cost of Medicare continued to go up about 10 percent a year. Price controls failed completely to keep Medicare costs down.

Why did this happen? In a free market, the minute controls are imposed to keep prices below market-clearing levels, demand for the good or service in question rises, supply begins to dry up and quality of the goods that are sold declines. Shoddiness develops and shortages emerge. Just the opposite appeared to happen with Medicare. Why?

The reason is, Medicare is not a free market; it is a gigantic welfare program in which the taxes people pay as workers to support the program are completely disconnected from the benefits they receive as Medicare recipients. The Congress would have us believe there is a lot of "competition" in Medicare. It's true that under Medicare Parts A (inpatient and skilled-nursing services) and B (physician services), patients may choose their own doctors and hospitals, and under the Part-D Prescription Drug program they may choose from among a wide range of private-sector drug "insurance" plans. But despite this competition on the supply side, these are one-sided markets because while producers compete, someone else is paying the bills for consumers. With no skin in the game, consumers have no effective brake on their demand, and health-care providers under Medicare have every incentive to provide more services.

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To be effective, markets require not only competition among producers seeking to maximize profits but also consumers with skin in the game and incentives to optimize product quantity and quality while minimizing their expenditures. Competition among producers without consumers with skin in the game is the economic equivalent of one hand clapping. It takes two to Tango, a pair of hands to clap and producers and consumers alike with skin in the game to make markets work.

In a welfare program like Medicare where government pays the bills for consumers, a surfeit of demand is soon matched by a shortage of supply even though that might not appear to be so initially. When physician fees are capped, the number and complexity (or volume and intensity) of services furnished to Medicare beneficiaries simply increase, including more frequent and intensive office visits, and a rapid increase in the use of imaging techniques, laboratory services, and physician-administered drugs, which will lead to price caps on pills and procedures in fairly short order. (According to a study by the World Bank, for every dollar that price controls reduce doctors' fees under Medicare, physicians recoup 40 cents by increasing volume.)

Yet despite this confirmation of the laws of economics, Congress persists in its hubris to eclipse the economic laws of nature and continues to impose price controls on doctors' fees and now with a too-cute-by half measure reinforces the caps on prices with additional regulatory limitations intended to staunch increases in physician service utilization—all of which goes under the Orwellian euphemism of the "sustainable growth rate system." Under the SGR system, the price-controlled fee the government allows physicians to charge under Medicare is allowed to creep upward each year subject to the sustainable growth rate (SGR) formula, which ties annual fee increases to GDP growth and contains an expenditure target that mandates a reduction in physician payments in the following year if the volume of physician service utilization in the current year exceeds certain volume parameters.

Dr. Hunter is former staff director of the Joint Economic Committee and currently consults for the pharmaceutical industry and serves as Senior Fellow at the Institute for Policy Innovation.

Private Operators Take Calls In A Pinch (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, September 26, 2006

When a Department of Veterans Affairs laptop computer was stolen in May, putting the sensitive personal information of millions of veterans at risk, VA officials sought to quell concerns by providing a toll-free number to call.

The calls poured in, about 250,000 in all. The people answering the phone, though, were not federal civil servants at the department's D.C. headquarters but contract workers in commercial call centers in far-flung places such as North Hollywood, Calif., Lock Haven, Pa., and Sergeant Bluff, Iowa.

Increasingly, federal agencies are outsourcing toll-free lines in times of crisis -- both to ensure that every call from a citizen is answered and to free agency staff members to deal with the crisis itself, federal officials said. Federal contractors routinely field calls from Americans worried about friends or relatives when a hurricane hits, when terrorist bombs go off in places such as Bali, Madrid and London and, most recently, when war broke out in Lebanon.

"The trend seems to be leaning more this way," said Martha Dorris, deputy associate administrator of the General Services Administration's Office of Citizen Services, which arranges emergency call center contracts with private firms for agencies. "We've got everything basically in a template so that we can work with them quickly so they can get [a toll-free line] up as quickly as possible."

The GSA has answered routine public queries about the federal government since 1966, most recently by contracting out the work to a large call center run by ICT Group in Lakeland, Fla. Operators there handle 1.7 million calls to 800-FED-INFO every year, fielding questions about Social Security, veterans' hospitals and other federal benefits and programs.

In 2001, however, shortly after the Sept. 11 terrorist attacks, the State Department asked the GSA for something more: a dedicated line that Americans planning to travel abroad could call to learn about security concerns in various countries.

"The State Department has this information online, but they wanted people to be able to call an agent and get the same information by phone," said Teresa Nasif, director of the GSA's Federal Consumer Information Center, which oversees the service.

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In its first year, there were 27,923 calls to the number (888-407-4747), all answered by agents in the National Call Center in Lakeland, Nasif said. The agents handled basic questions and redirected more complex queries to State Department desk officers.

State officials then asked the contractor to handle calls about other subjects, too, such as international adoption. Most recently the line was used to help Americans in war-torn Lebanon register for evacuation. The line had received nearly 114,000 calls this year even before the Middle East's latest war broke out.

"We answer the phone for the State Department day in and day out," Nasif said.

Soon other agencies began requesting similar help, Nasif said. Beginning in 2004, the GSA assembled a pool of five companies that could be summoned in a pinch to bid on short-term contracts to handle agency calls that spike during emergencies. In addition to ICT, the companies include Datatrac Information Services Inc. of Richardson, Tex., Lockheed Martin Aspen Systems of Rockville, Pearson Government Solutions of Arlington, and TeleTech Government Solutions of Herndon.

All of the agreements require the contractors to use agents based in the United States, Nasif said.

The system got its first test in the summer of 2004, when four hurricanes hit Florida over a six-week period, drawing more than 400,000 calls to the Federal Emergency Management Agency. That was dwarfed, though, by the 1.5 million calls the contractors handled last year in the aftermath of hurricanes Katrina, Rita and Wilma.

Whereas the basic contract for the Lakeland call center pays ICT about $5 million a year, more lucrative emergency contracts have reached as high as $50 million, Nasif said.

Mike Walcoff, associate deputy undersecretary of veterans affairs for field operations, said the toll-free line was a timely and valuable service for veterans in the weeks between the disclosure of the laptop theft and the announcement that the equipment been recovered, the sensitive personal information apparently intact.

"Veterans were able to easily get through on the phone lines," Walcoff said. "The information given to them was accurate. The call centers were responsive to our needs throughout."

Some veterans said they found the hotline and a Web page stocked with similar information helpful. Others complained that the telephone agents appeared to be reading from a script and sometimes did not give direct answers.

"The toll-free number was useful, but its operators were unable to answer every veteran's primary question, which was: 'Am I on the list?' " said Joe Davis, a spokesman for Veterans of Foreign Wars.

Report Offers Improvement Plan For Government Hiring (WP)

By Stephen Barr

The Washington Post, September 26, 2006

Complaints about the federal hiring process are long-standing. Job applicants say it takes too long and is too confusing and that they often wait for much of a year without feedback on where their application stands.

In response, the government has tried to speed up the hiring process. Agencies are increasingly using computers to decrease processing time. The Office of Personnel Management has developed a 45-day hiring model. Still, hiring takes time, in part because many jobs require medical and security clearances (and some background checks can take a year or longer).

The larger question, however, is whether the government is identifying and selecting the best applicants. Public opinion surveys suggest relatively few college graduates see the government as a first choice when job-hunting, and a new study by the Merit Systems Protection Board suggests that the government needs to do a better job of selling itself. The board is a quasi-judicial agency that oversees civil service principles.

"The Government does not do an adequate job of marketing itself to a labor force that currently believes the private and non-profit sectors can provide more rewarding, challenging and developmental experiences," the board's report said. "To compete, the Government needs to sharpen its recruiting skills and improve communications with potential applicants."

To address these challenges, the report recommends that the government tighten hiring procedures to emphasize quality and not just speed.

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According to the report, from the board's policy and evaluation office headed by Steve Nelson , the government has some bad habits that may be undermining its goal of hiring the best and brightest.

For example, the report points out that many agencies base hiring decisions on grade point averages, even though research has shown that an applicant's GPA does not indicate whether a person will succeed in the workplace.

The "outstanding scholar program," created in 1981, permits agencies to hire college graduates who have a 3.5 GPA or are in the top 10 percent of their class without requiring them to compete against other applicants -- the traditional civil service hiring practice -- and without any assessment of their ability to do the job.

The MSPB report asserts that not all 3.5 GPA applicants make good employees and that some of them are hired many years after they complete college and may hold degrees with little relevance to their federal job.

The outstanding scholar program was created to help bring minorities into the government, but the report indicates that many agencies use it as a way to bring applicants on board quickly for administrative and professional jobs without regard to their minority status.

When hiring, agencies should put more emphasis on giving tests that measure spatial, verbal and math skills and on "structured interviews" that solicit consistent types of information from job applicants, the report recommends.

The report urges agencies to look at hiring as a business decision to be made by senior managers. "The actual cost of hiring the wrong person for a job -- including wasted salary, benefits, severance pay, training costs and hiring time -- can be up to three times the employee's salary," according to the report.

Agency leaders "must acknowledge just how much impact the hiring process has on mission accomplishment" and hold subordinates accountable when they do not make top-notch hires, the report recommends.

The report also urges the Office of Personnel Management, which oversees government-wide hiring policies, to work with Congress and an interagency personnel council to review the needs of agencies and to make it easier for job applicants to navigate the hiring process.

OTHER NEWS:

Homes Post Price Drop For August (NYT)

By Jeremy W. Peters

The New York Times, September 26, 2006

Home prices fell in August compared with a year earlier, the first such decline in more than a decade.

The August price data came with a report issued yesterday by the National Association of Realtors that showed further evidence of deterioration in the housing market.

As median sales prices for existing homes slipped to $225,000 from $230,000 in July — pushing them 1.7 percent lower than in August 2005 — sales fell and the backlog of unsold homes continued to rise, the report said. The last time prices fell from their year-earlier level was in April 1995.

But while the market slide is almost certainly not over, the report suggested that it might be beginning to ease. Existing-home sales have been falling steadily in recent months, but the month-to-month decline in August was the smallest since March.

Sales dropped 0.5 percent from July to August, to a seasonally adjusted annual rate of 6.3 million units, the Realtors association said. That compares with a decline from June to July of 4.1 percent.

“I’d expect home sales to continue softening, but perhaps not at the dramatic pace we saw a little earlier,” said Celia Chen, director of housing economics at Moody’s Economy .com. “The markets are just very overvalued right now.’’

If the sales trends are leveling off, however, prices still appear set to fall further.

David A. Lereah, chief economist for the Realtors association, said the price drop was a taste of what the market should expect in the coming months. But he predicted that prices would probably improve next year.

“We’re in for a ride right now,” Mr. Lereah said. “This is the first of many price corrections for the remaining months of the year — for at least the next three or four months.”

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Until this year, the housing sector had enjoyed a boom of more than half a decade, chalking up ever higher numbers of sales and rapidly rising prices. But it has been shrinking under the impact of rising mortgage rates and a slowing economy.

As the Realtors and economists see it, falling prices may be just what the housing market needs before sales can revive again. In some regions of the country last month, sales rose where prices fell. In the Northeast, sales rose 1.9 percent as the median price fell 3.9 percent, to $271,000. In the Midwest the pattern was the same: sales were up 0.7 percent and the median price was down 1.1 percent, to $176,000.

The opposite occurred in the West. While prices have held steady there this summer, sales have fallen. In August, sales dropped 2.3 percent while the median price rose 0.3 percent, to $345,000. Compared with a year earlier, sales have fallen 22.8 percent.

"Something's going to give in the West," Mr. Lereah said. "The correction has not occurred in the West yet. Sellers are stubborn there."

In the South, sales volume in August was 0.8 percent lower than July 2006 and 7.4 percent lower than August 2005. The median existing-home price fell 2.6 percent, to $184,000, from July to August.

By comparison, data from the federal government has shown prices leveling off for some time. A report from the Office of Federal Housing Enterprise Oversight released this month showed that prices nationwide increased 1.2 percent in the second quarter, the weakest gain in almost seven years.

Some economists prefer the government's price data because it tries to adjust for changes in the quality and size of homes sold from one year to the next.

The Realtors association numbers do not take into account incentives by sellers, which could skew their median price numbers higher.

At the end of August, there were so many unsold homes on the market that it would take seven and a half months to sell them all at the current sales pace. The association said that was the biggest backlog since April 1993.

Economists said that as the number of unsold homes on the market continued to rise, sellers would have little choice but to cut prices.

"With the supply of unsold homes reaching yet another record high, there is only one way this market can clear, and that is through even further price falls," wrote Dimitry Fleming, an economist for ING Bank. For all the worries about declining prices, though, Joshua Shapiro, chief United States economist with MFR, said the price decline in August should be viewed in the context of a 111 percent increase in the median single-family home price over the last 11 years.

"The underlying trend here is one of stable to modestly lower prices after the sharp gains seen for many years," he wrote in a research note. "It should not be a huge shock that we are seeing a price correction."

Prices Of Existing Homes Fell In Aug. (WP)

By Tomoeh Murakami Tse

The Washington Post, September 26, 2006

The median price of existing homes fell in August, compared with a year earlier, the first year-over-year drop in 11 years, according to an industry report released yesterday.

The report by the National Association of Realtors also said that home sales fell to the slowest pace in more than two years and that the supply of unsold homes ballooned to the highest level in 13 years.

After a year of cooling activity, the latest signals from the weakening U.S. housing market came as no surprise to analysts, who had expected a slightly larger drop in sales. Many said they expected the market to decline further in coming months, although they differed on the extent.

Existing-home sales dropped 13 percent, compared with August 2005, to a seasonally adjusted annual rate of 6.3 million units from 7.2 million. At the slower sales rate, the 3.9 million homes on the market would take seven and a half months to sell, the largest supply since April 1993.

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The median sale price of previously owned homes fell 2 percent to $225,000 in August, compared with $229,000 a year earlier. The median is the point at which half the homes sell for more and the rest for less. The last time the national housing market posted a year-over-year decline in existing home prices was in April 1995, when prices dropped a tenth of a percent.

David Lereah, chief economist for the NAR, said he expects prices to continue declining through the rest of the year and characterized 2007 as "the year of modest recovery."

"Prices got too high," he said. "Buyers are not going to buy unless prices come down. That's the only way the bleeding will stop on the sale side."

Lereah said that has already been happening in the Northeast, where the median price is down by 4 percent, compared with the same period last year. There, the sales pace was up 2 percent compared with July and down 12 percent from a year earlier.

In the South, which includes the Washington region, prices were down 3 percent from August of last year. The sales pace was down 1 percent from July and 7 percent from a year earlier.

John Lonski, chief economist at Moody's Investors Service, also said he expected year-over-year prices to decline through the end of the year.

"I would be very much concerned if home-price deflation lasted into 2007," he said. "If that were to occur, then recession risks would approach 50-50."

Peter Morici, an economist at the University of Maryland at College Park, said prices could keep declining into early next year. Home values will "begin to go up again within a year or two," he said.

"With the kind of appreciation we've been looking at, this is nothing to panic about," he said.

Home Prices Likely To Fall More (USAT)

By Noelle Knox

USA Today, September 26, 2006

Home prices are projected to fall for the rest of the year, the National Association of Realtors said Monday, with sellers being forced to accept a new reality: Buyers now wield the power, with the supply of homes for sale at a 13-year high.

The median-priced U.S. single-family detached home — half cost more, half less — fell 1.7% in August to $225,700, compared with a year ago. The decline is no doubt jarring to sellers, who haven't seen prices fall nationally since April 1995. The price drop was also sharp, the second-steepest in 38 years.

Sales of existing homes, meantime, fell for the fifth month in a row.

“The housing bubble has burst; this is just the confirmation,” says Joel Naroff of Naroff Economic Advisors. “The housing market is in trouble right now. I think it's finally in the process of moving toward finding a bottom,” which he expects will take six months.

Sales of new and existing homes, as well as building permits and new construction, are all off 10% to 25% in the past year. The confidence level of builders, who are slashing profit forecasts and seeing their stocks pounded on Wall Street, plunged this month to the lowest in 15 years, the National Association of Home Builders says.

“We have a serious correction taking place in the housing sector,” Richard Fisher, the Federal Reserve president in Dallas, said in a speech Monday. Last week, the Fed voted again to hold interest rates steady and said weakness in housing was a key factor in its decision.

“This may be the most overanticipated and overanalyzed downturn in history,” Fisher said. “One prominent CEO told me the only situation that's received more intense analysis than the housing market was the birth of Brad Pitt and Angelina Jolie's baby.”

Still, the pace of the downturn has surprised several economists, including Ian Shepherdson of High Frequency Economics.

“The speed of the collapse has been astonishing,” Shepherdson says. “This time last year, single-family home prices were up 16.4%. With inventory still rising, there is no chance of any short-term relief. Prices and volumes have a long way to fall.”

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To bring buyers back into the market, sellers simply have to lower their prices, said David Lereah, the NAR's chief economist.

Lereah has repeatedly cut his forecast for the housing market this year and says he's now unsure how deep the correction will turn out. Sales of existing homes fell 0.5% in August to a seasonally adjusted pace of 6.3 million. There's now a 7.5-month supply of homes for sale, up 60% from last year.

“If we have prices drop for the rest of the year and sales also continue to drop, then we will have a bad situation in housing of balloons popping rather than air coming out,” Lereah said.

Either way, he says, “It's a buyer's market.”

Data On Homes Cause Jitters (LAT)

By Tom Petruno, Times Staff Writer

The Los Angeles Times, September 26, 2006

Housing prices decline nationally for the first time since 1995 and inventory sets a record. The slump poses two big threats to the economy.

Home prices nationwide declined last month for the first time in more than a decade, raising new concerns about the real estate slump and the damage it might do to the rest of the economy.

The 1.7% decline in the median price of existing homes sold in August was the first year-over-year drop since April 1995, the National Assn. of Realtors said Monday. Also, the number of houses sold fell for a fifth straight month and the supply of unsold homes on the market rose to a record.

The price picture is slightly brighter in Southern California, but home builders, real estate agents and loan brokers here are starting to feel the pain. Los Angeles-based KB Home said last week that new-home orders on the West Coast plunged 58% in the three months ended Aug. 31 compared with a year earlier. Countrywide Financial Corp. of Calabasas, the nation's biggest mortgage lender, warned workers last week to brace for layoffs.

"Things are clearly turning down pretty hard" for residential real estate, said Jan Hatzius, an economist at investment firm Goldman, Sachs & Co. in New York. "You're going to have some payback from this" in the economy overall, he said.

Just how much payback is in store — and how consumer spending may be affected by the downturn — is a matter of growing debate among economists.

Many analysts believe that the economy is strong enough to avoid falling into recession even if housing continues to weaken. "You have to be careful not to exaggerate how much [housing] dampens the economy given that everything else other than the auto sector is doing well," Federal Reserve Bank of Dallas President Richard Fisher said after a speech Monday.

But the real estate boom of the last decade has been unprecedented in size and scope, which raises the risk that the downside also could exceed forecasters' best guesses, said Eric Belsky, executive director of Harvard University's Joint Center for Housing Studies.

After any boom, "there's a tendency to predict a more gradual unwinding than actually occurs," he said.

Housing's troubles pose two main threats: one to millions of jobs directly dependent on the business, the other to homeowners' willingness and ability to spend if they feel poorer because of the trend in property prices.

About 10 million jobs are tied directly to residential real estate, from construction workers to escrow agents to the clerks at the local hardware store, Goldman Sachs estimates. That's about 7% of total U.S. employment. Some analysts believe the total is closer to 10%.

Soaring job growth in construction, real estate sales, mortgage lending and related businesses helped buoy otherwise anemic employment gains from 2001 to 2004 as companies hired to meet the spectacular appetite for homes.

Some housing-related businesses already have begun to jettison workers. Calabasas-based builder Ryland Group Inc. says it has cut its workforce by 10% this year nationwide to 3,000.

"Everyone is tightening their belts," said Irene Genders, president of the California Escrow Assn. "We're expecting this to be a little while."

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Still, employment cuts overall have been modest, at least as measured by government payroll data, which don't pick up freelance workers. Payroll jobs in residential construction totaled 3.31 million in August, off just fractionally from the 3.33 million at the start of the year, Labor Department data show.

Andy Perkins, San Diego branch manager for Orco Construction Supply, said he believed that job losses were just beginning as housing projects finish up and builders find little or no new demand.

More construction equipment is coming back to his stores rather than moving to another job, Perkins said. "San Diego has set the trend for the business falling off the shelf" in single-family homes, he said.

Goldman Sachs estimates that the housing sector nationwide could shed 1.5 million to 2 million jobs over the next several years as the industry retrenches. The result could be to reduce total U.S. employment growth to a monthly average of 100,000 jobs in 2007, from an average of 150,000 a month over the last three years, the firm said.

Direct employment in real-estate-related industries is just part of the equation when measuring the sector's influence on the economy. There also is the so-called wealth effect that housing prices have on consumers' spending.

Rocketing home prices over the last decade provided many Americans with an income windfall, either from the outright sales of houses at a profit or from mortgage refinancings or credit lines that allowed homeowners to cash in some of their accumulated equity.

A study coauthored by then-Federal Reserve Chairman Alan Greenspan last year estimated that mortgage-equity withdrawals tied to surging real estate values added $600 billion to consumers' disposable income in 2004 alone, making up about 7% of the total that year.

But home prices are now slipping. The National Assn. of Realtors said the median price for a previously owned home, including condominiums, fell to $225,000 in August, down 1.7% from a year earlier.

"Prices are going to get worse before they get better," said David Lereah, chief economist at the Realtors' association, citing the glut of homes on the market. The for-sale inventory reached 3.92 million units in August, up 1.5% from July and a 7 1/2 -month supply at current sales rates.

In California, prices are still rising, but more slowly. The statewide median price of a previously owned, detached single-family home was up 1.6% in August from a year earlier, to $576,360, but home sales plunged 30%, the California Assn. of Realtors said Monday.

In Southern California, the median price of all homes and condos rose 2.7% last month from the year-earlier level, to $489,000, according to DataQuick Information Systems.

As home prices level off or decline, the risk is that consumer spending also could weaken significantly. And because that spending accounts for two-thirds of U.S. economic activity, a marked slowdown could threaten to chill the economic expansion that began in 2001.

Hit by record gasoline prices, consumers began to cut back on spending in the second quarter, reducing real U.S. gross domestic product growth to an annualized rate of 2.9%, down from 3.2% for all of 2005.

But predicting how consumers' spending will change because of the end of the housing price explosion is a tough call, many analysts say.

John Silvia, an economist at banking firm Wachovia Corp. in Charlotte, N.C., said that although consumers unquestionably benefited from the housing-appreciation windfall, people's spending patterns generally depended on whether their employment income was rising.

"Consumption is driven by income. As long as that income growth is there, consumers will go back to their spending patterns" in place before any bonuses they enjoyed, Silvia said.

So far, the psychological hit from ebbing home prices is being tempered by rising personal income and by a relatively low unemployment rate of 4.7%, said Stuart Gabriel, head of the USC Lusk Center for Real Estate.

What's more, the long run-up in home values has given many people a reservoir of untapped equity. "Most people still have a ton of money in their houses," said Scott Simon, a real estate expert at Pacific Investment Management Co. in Newport Beach.

Falling energy prices and lower interest rates also may soften the blow from housing weakness.

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Oil prices have dropped 20% since July, paring prices at the pump. And mortgage interest rates have been easing, which could lessen worries about rising home foreclosures in 2007 as some homeowners with floating-rate loans face payment hikes.

Set against a strong U.S. and global economy, the downturn in housing may at worst shave about 1 percentage point off U.S. growth in 2007, many forecasters now say. That could mean growth of about 2% — slow but still respectable for an aging economic expansion.

But Goldman's Hatzius said the risk was that housing could see a much harder landing than now appears reasonable.

"We have never seen the kind of housing boom nationally that we've seen over the last six or seven years," he said. "So to know what's on the other side of the boom is very difficult."

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(INFOBOX BELOW)

Foundation crack?

A glut of homes . . .

. . . bodes ill for jobs in housing sector

Number of jobs tied to the housing market in 2005

(in millions)

Trade contractors: 4.4

Construction workers: 1.8

Real estate agents: 1.4

Property managers: 0.9

Mortgage brokers: 0.8

Furniture manufacturing, retail: 0.7

Sources: Bloomberg News, Goldman Sachs

Median Home Price Takes A Sharp Drop (WT)

By Patrice Hill

The Washington Times, September 26, 2006

The median home price in the United States dropped last month for the first time in 11 years and is expected to keep falling each month until next year in what could be an unprecedented string of declines for the housing market, the National Association of Realtors said yesterday.

The 1.7 percent drop to $225,000 in August was the second largest yearly price decline on record. Economists said more declines will be needed to work off a record backlog of homes for sale -- 7.5 months worth nationwide.

"We have a serious correction taking place in the housing sector," Richard Fisher, president of the Federal Reserve Bank of Dallas said in a speech, singling out housing and autos as sore spots in what otherwise is a "healthy and robust" economy.

The Fed wants to see economic growth downshift, led by the interest-sensitive housing and auto sectors, to cool inflation. Economists hope that recent solid gains in jobs and income and a recent plunge in oil and gas prices will help consumers cope with the rapidly deflating value of their biggest asset and source of wealth.

A year ago, homeowners were enjoying double-digit price gains and were tapping voraciously into their home equity to finance an estimated $500 billion in yearly spending.

David Lereah, chief economist of the Realtors group, predicted prices would continue to decline until next year, but that the development is "healthy" because it will make homes more attractive to buyers and help to boost sales.

Sales fell for a fifth month in a row last month and are 12.6 percent below last year's levels, but the relatively small 0.5 percent decline in August suggests the price cuts are working to move houses, he said.

"This is the price correction we've been expecting," he said. "Sellers are starting to become more realistic, and that could provide some lift to home sales because there is a healthy underlying demand from household growth and job creation."

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Other analysts say any back-to-back decline in home prices of more than two months would be unprecedented in the U.S. and would indicate a deep slump in the housing market that could take years to play out. Top federal regulators testified earlier this month that housing could go through a period of stagnation lasting as long as a decade.

The Realtors' home price figure reflects the median price of homes sold nationwide during the month, and can be influenced by a shift to sales of lower-priced homes as well as price cuts. Another gauge of home prices published each quarter by the federal government attempts to filter out sales shifts by measuring the appraised value of homes. That index has shown no price decline.

Economists say both measures are flawed -- for example, by not factoring in financial give-backs and incentives offered by sellers. Many prefer the Realtors report because it is tied to day-to-day sales in the market where prices ultimately are set.

Joel Naroff of Naroff Economic Advisors said the Realtors report shows a housing market in crisis.

"For months, there has been a debate over whether the housing market bubble has burst or is only slowly deflating," he said. "That debate is now basically irrelevant.

"With inventories so high, there is a lot more adjustment before the existing home market hits bottom. Prices are going to have to fall a lot further and/or sellers are going to have to pull their homes off the market. Until those things happen, the excess supply will pressure prices."

David Wyss, chief economist at Standard & Poor's Corp., said the top 10 metropolitan areas in the country could see price drops of 6 percent in the next year -- including Washington.

"Although we have been predicting a stabilization of housing prices nationwide, we expect declines in the most overpriced areas and those where employment is poor."

Stocks Fly High On Talk Of Fed Rate Cut (USAT)

By Adam Shell

USA Today, September 26, 2006

NEW YORK — The U.S. stock market closed Monday at its highest level in more than 5½ years as investors bet that the economic slowdown won't be severe enough to put a big dent in corporate profit growth.

But the slowdown could warrant an interest rate cut from the Federal Reserve, which would give stocks a boost.

The Standard & Poor's 500 gained 11.59 points, or 0.9%, to 1326.37, topping its May 5 high of 1325.76. It was the best close since Feb. 15, 2001. It is up 6.3% in 2006.

The gains were driven by last-minute buying by portfolio managers at the end of the third quarter and a continued drop in the yield of the 10-year Treasury note, which fell to 4.54%, its lowest since late February.

There was also speculation that the Fed, which has left short-term interest rates unchanged at its past two meetings after 17 straight increases, might be gearing up to reduce rates as signs of a serious housing slowdown mount, says Jack Ablin, chief investment officer at Harris Private Bank. A Realtors group said the price of a median home fell in July vs. a year ago, its first year-over-year decline since 1995. (Story, 1B.)

“Investors are already expecting a cut in short-term rates given that oil prices have retreated about 20%, housing is falling off a cliff and the threat of inflation has abated,” Ablin says.

Other major stock indexes also rallied. The Dow Jones industrial average rose 67.71 points, or 0.6%, to 11,575.81. The Dow, which is up 8% in 2006, is within 148 points of a new high. The Nasdaq composite surged 30.14 points, or 1.4%, to 2249.07.

Dallas Fed President Richard Fisher also helped stocks Monday when he said in a speech that inflation would be dampened by a slowing economy.

Todd Leone, head of listed trading at Cowen & Co., says some of the gains could also be attributed to investors' confidence that the third-quarter earnings season, which kicks into high gear in a few weeks, will show that U.S. companies are still raking in profits.

Companies in the S&P 500 are expected to post earnings growth of 14.2% in the July-through-September quarter, says Thomson Financial. If so, that would be the 13th straight quarter of double-digit profit growth.

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"The stock market is telling us that the economy is slowing, but the chances of recession are low," says Jason Trennert, managing partner at Strategas Research Partners.

Wall Street Rises On Fed Comments (FT)

By John O'Doherty

Financial Times, September 26, 2006

The S&P 500 closed at its highest level in five years on Monday as investors took heart from comments by a Federal Reserve official that slowing economic growth would probably temper inflation.

Apple Computer gained 3.8 per cent to $75.75 – its highest level since January – after ThinkEquity raised its price target on the stock from $90 to $100, saying the computer maker would benefit from the back-to-school season.

Dell gained 3.4 per cent to $22.16 after it announced it would hire an additional 500 engineers to work in one of its facilities in Texas.

Semiconductor stocks also made strong gains, buoying the Nasdaq. Broadcom rose 9 per cent to $30.36 after BMO Capital Markets raised its 2006 earnings estimate on the company, while Lam Research added 8.9 per cent to $45.04.

Tobacco group Altria sank 6.4 per cent to $77.06, its worst day in more than two years, after a federal judge in New York approved a class-action suit from smokers of "light" cigarettes. Reynolds American, maker of Camel and Winston cigarettes, dropped 3.7 per cent to $59.75.

Drugstore chain Walgreen's shed 5.2 per cent to $44.47 in spite of reporting a 25 per cent increase in fourth quarter profit. After a gain of $7.3m from litigation was stripped out, earnings fell just short of analyst expectations. CVS tumbled 5.8 per cent to $31.10.

Both stocks sank last week after Wal-Mart announced plans to sell generic prescription drugs at $4 for a 30-day supply.

At the close, the S&P 500 was up 0.9 per cent, or 11.59 points, at 1,326.37, its highest close since February 2001.

The Nasdaq Composite was up 1.4 per cent, or 30.14 points, at 2,249.07. The Dow Jones Industrial Average gained 0.6 per cent, or 67.71 points, to 11,575.81.

Stocks traded lower in the morning following a report that showed home prices registering their first year-on-year fall in 11 years. But the major indices bounced back in broad-based gains on comments by Richard Fisher, president of the Dallas Federal Reserve that slowing economic growth should temper inflation.

Philip Dow, director of equity strategy at RBC Dain Rauscher, believes stocks will continue to push higher next week. "Earnings disappointments can still come up, but it's hard for me to envision a whole lot of downside," he said.

Homebuilders surged on Mr Fisher's comments. Pulte gained 4.3 per cent to $32.66 while DR Horton rose 3.8 per cent to $24.39.

American Power Conversion, maker of surge protectors for computers, fell 2.4 per cent to $20.89 after it said it would cut an additional 330 jobs to bring its total layoffs to 7 per cent of its workforce.

Archer Daniels Midland fell 2.2 per cent to $37.62 after Prudential cut its earnings estimate for the group due to falling ethanol prices.

Dow Rises 67.71 As Fed Official Hints At Future (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 26, 2006

Stocks rallied despite hawkish comments on interest rates by a Federal Reserve official and a rise in oil prices.

A report from the National Association of Realtors showed weaker-than-expected existing-home sales and a decline in existing-home prices for the first time in more than 11 years, which some investors took as a sign that the Fed's policy makers would consider cutting interest rates. Lower interest rates are considered good for stocks because they reduce borrowing costs and can raise profits.

But in a speech in Monterrey, Mexico, Richard Fisher, president of the Fed's Dallas bank, said the U.S. economy remains strong despite the housing-market slowdown. He added that he "continues to fret more about inflation than growth," which could indicate a possible rate increase.

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At a meeting Wednesday, Fed policy makers left their short-term interest-rate target unchanged at 5.25%. But the move was so widely anticipated by the time the meeting began that investors already had begun to look ahead for signs of what the Fed might do even further down the line.

Ending a two-day losing streak, the Dow Jones Industrial Average rallied 67.71 points, or 0.6%, to 11575.81, up 8% on the year and less than 150 points from its January 2000 record. The blue-chip indicator's gains were held in check by a selloff of Altria Group. The cigarette maker's shares slid more than 6%, to $77.06, after a federal judge granted class-action status to a smokers' lawsuit.

International Business Machines pressed past Altria to become the industrials' biggest component by price after IBM shares rallied 1% to 82.

The broad Standard & Poor's 500-stock index edged up 11.59, or 0.9%, to 1326.37, up 6.3% on the year. The technology-heavy Nasdaq Composite Index rose 30.14, or 1.4%, to 2249.07, up 2% on the year.

"As the economy slows in the months ahead, I think investors will have fewer places to go to get growth in their portfolios," said Duncan W. Richardson, chief equity investment officer at Eaton Vance Management. "That favors the big-name companies, which should be best positioned to weather the slowdown." However, Sam Stovall, S&P's chief investment strategist, predicted few gains, if any, in the S&P 500 through the end of the year.

November crude futures rose 90 cents, or 1.5%, to $61.45 a barrel on the New York Mercantile Exchange on supply concerns.

Stocks and Bond prices rose: The 10-year note gained 14/32 point, or $4.38 for each $1,000 invested, pushing the yield down to 4.548%.

The dollar was mixed. The dollar fell to 116.50 yen from 116.52. The euro fell to $1.2759 from $1.2788.

Write to Peter A. McKay at peter.mckay@wsj.com1

In A Turnaround, Slowing Economy Spurs Bond Rally (WSJ)

By Michael Hudson

The Wall Street Journal, September 26, 2006

In one of the bigger surprises in financial markets this year, a growing sense that the economy is slowing and inflation receding is fueling a rally in the nation's bond markets, pushing Treasury-bond yields to their lowest levels in months.

The rally -- which started 10 weeks ago and has gained momentum in the past few days -- may help to shape the outlook for both the economy and for investments in coming months. Some doubt the rally will last, but if it does, lower interest rates could help buoy stock prices, make it easier for investors to make potentially risky bets with borrowed money, and ultimately help soften the blow from a weaker economy and a cooling housing market.

Because bonds pay fixed interest, their yields go down as investors bid up their prices, and vice versa. Earlier this year, Treasury yields rose as investors fretted that a strong economy would pump up inflation. Inflation eats away at bond returns, so investors dumped Treasurys, which pushed bond prices lower and their yields higher.

Now, in the upside-down world of bond investing, bad news about the economy has investors turning back to bonds, which is pushing yields back down, essentially making it cheaper to borrow money.

In June, a Wall Street Journal survey of 56 private economists showed that all but 13 expected bond yields to finish the year above 5%. Late yesterday afternoon, however, the yield on the 10-year Treasury note hit 4.55%, its lowest level since February and a large drop from 5.25% in late June.

"Looks like I'm wrong again today, right?" said Morgan Stanley economist Richard Berner. "I think the extent of this rally has caught a lot of people by surprise."

Yesterday's yield on the 10-year Treasury note was lower than the 4.65% yield on two-year Treasury notes and lower still than the 4.89% yield on three-month Treasury bills, something that is highly unusual, because investors typically demand higher returns for holding securities with longer maturities. The rate on overnight bank loans, which is driven by the Federal Reserve, is even higher -- at 5.25%.

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Because the disparity between these rates is unusually large, some investors say something has to give -- either the Fed will begin cutting short-term rates in response to a weakening economy and low inflation, or the economy will start showing its strength and yields will turn higher.

For now, as the nation's once-hot housing market cools and the economic outlook dims, investors are coming to the conclusion that inflation isn't a worry, and they are gobbling up Treasury notes and bonds, pushing their yield lower.

The latest dose of bad news on housing came from the National Association of Realtors, which said yesterday that sales of existing homes dropped for the fifth straight month in August and that the median price of all homes sold last month declined 1.7% from a year earlier, the first year-to-year decline in more than 11 years.

"People are searching for safety," said Mark Kiesel, a corporate-bond portfolio manager at Pacific Investment Management Co., or Pimco. "I think the story of this [past three months] has basically been the hard landing in housing. That's become apparent to investors, and led to a rally in the bond market as people have realized slow growth is very likely."

The rally's impact could be significant. Perhaps most important, by helping to lower mortgage costs, the decline in bond yields could help buoy home sales and prices at a time when they are under growing downward pressure. The 10-year Treasury note is a benchmark for long-term mortgage rates.

Recent data from the Mortgage Bankers Association suggests that some families have taken advantage of a decline in long-term mortgage rates to refinance their mortgages and lock in lower payments. The association's index of mortgage refinancing applications has risen 27% since mid-July, and now stands at its highest level since February.

Lower long-term interest rates also send a potentially powerful signal to Federal Reserve policy makers that the bond market's inflation concerns remain contained, which could give Fed Chairman Ben Bernanke leverage to hold short-term interest rates steady in the months ahead, or possibly even reduce them.

The beginnings of the bond market's rally can be traced back to Mr. Bernanke's testimony before Congress on July 19, when he predicted that economic growth and inflation would cool.

Bond prices rallied that day and continued rising, with a few exceptions, as a series of economic reports verified Mr. Bernanke's assessments. "He kind of set things up there in July, and they played out exactly as he set them up," said Roger Bayston, a bond fund manager at Franklin Templeton Investments. "I think that solidified his credibility."

On Aug. 8, Fed officials decided to keep their target for short-term interest rates at 5.25%, breaking a string of 17 straight rate increases dating back to 2004. They held pat again on Sept. 20.

Many market watchers believe the Fed is unlikely to raise rates again this year, and is likely to begin cutting rates next year. That's a contrast to this spring, when they predicted a continued drumbeat of inflation-fighting moves by the Fed.

Investors and Fed officials have puzzled before over the extraordinarily low level of long-term interest rates. Former Fed Chairman Alan Greenspan called them a "conundrum." Typically, rates rise when the economy recovers from bad times, as it has in recent years. Long-term rates also tend to rise when the Fed pushes up short-term rates, as it started to do in 2004, when Mr. Greenspan still ran the Fed.

The low rates that date back to his stewardship have led to an increase in bond issuance by U.S. companies and have helped to fuel a boom in leveraged buyouts by private-equity firms, trends that the current bond rally could intensify, if it lasts.

Data collected by Thomson Financial shows that U.S. companies issued $68 billion in investment-grade bonds in August, a record for the month, as low default rates and flush corporate balance sheets have emboldened both bond issuers and buyers. Pimco's Mr. Kiesel said the slowing economy has yet to breed significant worries that defaults will increase, something that is keeping corporate borrowing costs low.

The housing slowdown isn't the only factor in the bond rally. Falling oil prices have strengthened the view that inflation is contained. Meanwhile, investors tend to flock to Treasury bonds when they worry about risks in other investments. Political turmoil in places like Thailand, Russia and Hungary might be heightening the concerns of some. So might the recent collapse of Amaranth Advisors, a hedge fund that lost billions on bad natural-gas bets.

Morgan Stanley's Mr. Berner noted that, in the near term, interest-rate declines tend to feed upon themselves. That's partly because of a connection between the bond and mortgage markets. Lower rates make homeowners more likely to refinance mortgages, meaning they are keeping their mortgages for a shorter period. These shorter maturities force some investors and

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big mortgage holders like Fannie Mae and Freddie Mac to adjust their hedging strategies by buying long-dated Treasurys, which puts more downward pressure on bond yields.

As Treasury yields drop, he said, the process can be at least temporarily self-sustaining, because the lower Treasury yields go, the more mortgage-bond investors will put their money into Treasurys, thus driving the government bond yields even lower.

Many economists and traders say the downward march of bond yields can be sustained only if the Fed starts cutting interest rates early next year. But some doubt that will happen. Bear Stearns Cos. economist John Ryding argues that housing worries have been overstated and that the broader economy is on solid footing. Retailers, for instance, appear to have posted healthy sales so far in September.

Mr. Ryding argues that the bond surge is less about economic fundamentals and more of a "technical rally" powered by a shift in momentum sparked by the Fed's July pause in raising interest rates. "These current yields can't hold without a Fed cut," Mr. Ryding said. "I think the rally will fizzle out at some point here."

Write to Michael Hudson at michael.hudson@wsj.com1

Crude Rallies After Fall Below $60 Fails To Stick (WSJ)

By Masood Farivar

The Wall Street Journal, September 26, 2006

Crude-oil futures ended sharply higher after another drop below $60 failed to stick and comments by OPEC's president offered support.

Prices dipped below $60 a barrel for the second time in recent months but quickly rebounded above that psychologically important level as traders were forced to buy back previously sold positions.

The November crude contract on the New York Mercantile Exchange settled 90 cents higher at $61.45 a barrel after hitting an intraday low of $59.52, the lowest level for a front-month crude contract since early March.

Oil prices dipped early in the day on an announcement made by BP PLC late Friday that it would increase oil flows from its Prudhoe Bay field in Alaska.

"The market seems to dislike trading under $60," said Tom Bentz, an analyst at brokerage BNP Paribas Futures in New York.

The headlines from the Organization of Petroleum Exporting Countries "perhaps spooked the shorts away from getting too bearish."

OPEC President Edmund Daukoru said yesterday he and other oil ministers from the 11-member producer group were mulling the implications of the 20% plunge in oil prices seen over the past six weeks. "I am conferring with some ministers," Mr. Daukoru said.

The comments gave prices some "rhetorical support," said Jim Ritterbusch, president of oil and gas consultants Ritterbusch & Associates in Galena, Ill.

"They're going to talk the market up a bit with statements about meetings, but the chances of a production cut are slim unless we fall" to about $55 a barrel, Mr. Ritterbusch said.

OPEC agreed Sept. 11 to leave its official output ceiling unchanged at 28 million barrels a day but vowed to "respond rapidly to any developments which might jeopardize their interests."

Many traders took that and other recent comments by OPEC officials to suggest that the cartel will cut production to prevent prices from falling significantly below $60 a barrel.

"Guys on the floor were speculating that OPEC was going to protect $60," said Pete Donovan, vice president with Vantage Traders in New York.

While the threat of an OPEC output cut remains alive, "prices could very easily return to new lows unless we can see some upside follow-through" today, Mr. Bentz said.

In other commodity markets:

SUGAR: Futures dropped to 13-month lows on the New York Board of Trade as speculators liquidated previously bought positions and also established short positions, betting that prices will fall further. Sellers were influenced by a recent downdraft in

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energy markets, since sugar cane is used for ethanol, and by hedge fund Amaranth Advisors's heavy losses in natural gas, traders said. October sugar fell 0.71 cent to 9.75 cents a pound.

NATURAL GAS: Futures settled at their lowest point in nearly three years as demand was on the wane while plenty of gas remained in storage. October futures on the Nymex settled at $4.475 per million British thermal units, down 15.2 cents, or 3.3%. The front-month contract, which expires tomorrow, has lost 39% of its value from a month ago.

COFFEE: Futures at the Nybot rose to 2 ½-week highs as Brazilian groves remain dry during the flowering season, when yields are set, despite recent rain. Speculative buying was seen behind the rise, too. December coffee rose 2.20 cents to $1.0665 a pound.

Opec Considers Drop In Output (FT)

By Kevin Morrison And Javier Blas

Financial Times, September 26, 2006

Oil exporting countries may consider a cut in output after crude prices fell below $60 a barrel on Monday for the first time in six months.

The decline came as global demand fell back from its mid-year peak and tensions over Iran eased.

Ministers from the Organisation of the Petroleum Exporting Countries are understood to be concerned about the drop in oil prices, which are down almost a quarter from their recent peaks.

They have discussed the prospect of trimming production ahead of the oil cartel's next ministerial meeting in Nigeria in December, according to Opec officials.

The oil price fall over the past month has been accompanied by investor selling in oil and other commodity markets, mainly on concerns that economic growth in the US is slowing.

"There is a concern by hedge funds that oil and commodities are no longer the one-way bet they once were," said an Opec official.

Brent, the European benchmark oil price, dropped 50 cents to $59.91 a barrel, down 24 per cent from its record peak of $78.40 reached last month.

The US benchmark oil price, West Texas Intermediate, yesterday hit $59.62, its lowest level since early March, before recovering to $60.54. It was flat on the day.

The WTI is now lower than the level it ended at last year. The magnitude of the decline in percentage terms is the largest in more than three years.

Investors have been selling out of oil futures over the past month, after taking bets earlier in the year on expectations of hurricanes disrupting oil supplies in the Gulf of Mexico.

But with the Atlantic hurricane season finishing at the end of September, there is little prospect of a repeat of last year's devastating storms.

Opec is not only worried about investor activity in oil markets, but also about preserving high export prices, which underpin government budgets in member countries.

Many Opec producers have embarked on big spending programmes in recent years on the back of the higher oil price.

Opec maintained its quota of 28m barrels a day at its recent meeting in Vienna, and this is close to the cartel's actual production last month.

Saudi Arabia, Opec's linchpin member and the world's largest oil exporter, has been cutting its output since the end of last year.

If Opec does trim its official production ceiling, it would be the first cut since December 2004, when oil prices were close to $42 a barrel.

Oil Contract Dips Briefly Below $60 A Barrel, As Speculators Bet On Lower Prices (NYT)

By Heather Timmons

The New York Times, September 26, 2006

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LONDON, Sept. 25 — Crude oil prices dropped below $60 a barrel for the first time in six months on Monday before rebounding a bit as nervous speculators retreated from the commodity markets, spooked by the improving picture for oil supplies and cooling economies.

The market reacted at first to news that Iran was willing to enter negotiations about its nuclear program and that BP would resume pumping oil ahead of schedule from part of its site in Prudhoe Bay, Alaska. But underlying economic jitters, particularly fears about a United States slowdown, also contributed to the price drop, analysts said.

The price of a barrel of light crude oil for delivery in November fell as low as $59.52 a barrel in New York. By late afternoon in London, it was trading at $60.55 and it closed in New York at $61.45, ending up 90 cents. Oil prices have fallen about 20 percent since July, after being driven up by hedge funds and traders concerned about supply squeezes because of geopolitical unrest and hurricanes.

Whether oil prices will drift back up or continue their general slide is a matter of fierce debate.

"The oil market's fundamentals have finally asserted themselves," the Centre for Global Energy Studies in London said in a report on Monday. Markets reached a point recently where "the upward momentum of oil prices disappeared, and it will therefore take a combination of special factors to bring it back," said the group, which was founded by a former Saudi petroleum minister.

Noncommercial buyers, which are generally pension, mutual and hedge funds, poured money into oil and other commodities in recent years, in part because they thought that the growing emerging-market economies had created a so-called supercycle that guaranteed price increases. In recent weeks, they have exited the market rapidly as prices started to fall when the hurricane season proved to be less severe than had been feared and several producers increased supplies or announced new oil discoveries.

The net number of long contracts, not including options, held by noncommercial buyers — bets that the price of crude oil will increase — is 22,000, down from 83,000 on Aug. 15, according to an analysis by PFC Energy of the most recent report from the Commodity Futures Trading Commission. "It is a huge reversal in position," said David Kirsch, an oil markets analyst with PFC in Washington.

Kamal Murari, global head of energy marketing for Dresdner Kleinwort, said: "The move down that's taken place has been sharp and sudden. The fact that it's moved as significantly as it has means that any forced liquidation has been mostly priced into the market," he said. Some of the selling in the oil market may be linked to the recent well-publicized losses in the natural gas markets, Mr. Murari said, as some funds may have been forced to liquidate assets across energy. Most market participants think OPEC will be concerned enough to take steps to stem further declines if the prices fall to $55 a barrel, he said.

The members of the Organization of the Petroleum Exporting Countries, or OPEC, have been in contact by telephone since their last meeting on Sept. 11 to discuss falling prices but have no plans for an emergency meeting on the subject, a spokesman said on Monday. Questions about the future growth of the United States economy are also pushing investors out of the oil market. American consumers are often referred to by economists as the engine that drives the world's markets, and when they stop spending, other economies are affected. United States home prices are cooling down, giving consumers less confidence and stripping them of paper gains.

In the United States, market experts estimate that the falling oil prices will help soften the effect of the weakening housing market. "The sudden change in oil price direction in the last month has reduced the total cost of oil to the United States economy by $40 billion a year," said Lawrence J. Goldstein, the president of the Petroleum Industry Research Foundation. The fall in oil prices has added back one-quarter to one-half of a point of growth to the United States gross domestic product, Mr. Goldstein estimates.

The immediate impact of lower oil prices in Europe is bound to be muted unless a sustained decline becomes apparent, economists said. At the pump, prices tend to fluctuate less in Europe than in the United States in large part because of heavy excise taxes.

While prices were on their way up, it made sense to adjust growth prognoses downward, though even then the European economy was proving remarkably resilient to the run-up. Now the picture is even more complex, with Europe poised to benefit from less expensive oil, but facing a slowing of its main export market, the United States.

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"Do you want to be nudging your forecasts upwards in Europe when the main reason is a possible slackening of demand in the United States?" said Rob Carnell, an economist at ING Baring in London. "Personally, I would not be touching them right now."

Rice Boils Over At Bubba (NYPOST)

By Ian Bishop

The New York Post, September 26, 2006

September 25, 2006 -- Secretary of State Condoleezza Rice yesterday accused Bill Clinton of making "flatly false" claims that the Bush administration didn't lift a finger to stop terrorism before the 9/11 attacks.

Rice hammered Clinton, who leveled his charges in a contentious weekend interview with Chris Wallace of Fox News Channel, for his claims that the Bush administration "did not try" to kill Osama bin Laden in the eight months they controlled the White House before the Sept. 11 attacks.

"The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false - and I think the 9/11 commission understood that," Rice said during a wide-ranging meeting with Post editors and reporters.

"What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years," Rice added.

The secretary of state also sharply disputed Clinton's claim that he "left a comprehensive anti-terror strategy" for the incoming Bush team during the presidential transition in 2001.

"We were not left a comprehensive strategy to fight al Qaeda," Rice responded during the hourlong session.

Her strong rebuttal was the Bush administration's first response to Clinton's headline-grabbing interview on Fox on Sunday in which he launched into an over-the-top defense of his handling of terrorism - wagging his finger in the air, leaning forward in his chair and getting red-faced, and even attacking Wallace for improper questioning.

The "Fox News Sunday" show had its best ratings since the capture of Saddam Hussein in December 2003, according to Nielsen Media Research. Two versions of the interview were the two most-watched clips on YouTube yesterday, totaling more than 800,000 views.

After Clinton got angry during the questioning, Wallace said Clinton aide Jay Carson tried to get his producer to stop the interview. Carson said he was concerned that time was running out and that little of the philanthropy efforts of the former president had been addressed.

At The Post, Rice also touched on hot spots around the globe:

On Iran: "There isn't a particularly good, direct way to neutralize the Iranian threat."

On Iraq: "You're never going to have a just Sunni-Shia reconciliation if you don't have a political system in which the interests of all can be represented - and that's what Iraq represents."

On Pakistan: "The future of Pakistan, as [President Pervez] Musharraf and his people fully understand, is to de-radicalize elements of the population."

On the Middle East conflict: "It would help to have a moderate force in the Palestinian territories and to have the beginnings of rapprochement with Israel and the rest of its neighbors."

On the Far East: "I would like to see an improvement in Japanese-China relations." In her pointed rebuttal of Clinton's inflammatory claims about the war on terror, Rice maintained the Bush White House did the best it could to defend against an attack - and expanded on the tools and intelligence it inherited.

"I would just suggest that you go back and read the 9/11 commission report on the efforts of the Bush administration in the eight months - things like working to get an armed Predator [drone] that actually turned out to be extraordinarily important," Rice added.

She also said Clinton's claims that Richard Clarke - the White House anti-terror guru hyped by Clinton as the country's "best guy" - had been demoted by Bush were bogus.

"Richard Clarke was the counterterrorism czar when 9/11 happened. And he left when he did not become deputy director of homeland security, some several months later," she said.

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Rice noted that the world changed after 9/11.

"I would make the divide Sept. 11, 2001, when the attack on this country mobilized us to fight the war on terror in a very different way," Rice said.

Rice cited the final 9/11 commission report to substantiate her claims, while Clinton relied on Clarke's book as the basis for many of his rehashing the events leading up to the Sept. 11 attacks.

"I think this is not a very fruitful discussion. We've been through it. The 9/11 commission has turned over every rock and we know exactly what they said," she added.

Transitioning to the global war on terror, an animated Rice questioned, "When are we going to stop blaming ourselves for the rise of terrorism?"

Asked about recently leaked internal U.S. intelligence estimates that claimed the Iraq war was fueling terrorist recruiting, Rice said: "Now that we're fighting back, of course they are fighting back, too."

"I find it just extraordinary that the argument is, all right, so they're using the fact they're being challenged in the Middle East and challenged in Iraq to recruit, therefore you've made the war on terrorism worse.

"It's as if we were in a good place on Sept. 11. Clearly, we weren't," she added.

"These are people who want to fight against us, and they're going to find a reason. And yes, they will recruit, but it doesn't mean you stop pursuing strategies that are ultimately going to stop them," Rice said.

She insisted U.S. forces must finish the job in Iraq and the wider Middle East to wipe out the "root cause" of violent extremism - not just the terror thugs who carry out the attacks.

"It's a longer-term strategy, and it may even have some short-term down side, but if you don't look at the longer term, you're just leaving the problem to somebody else," she said.

She also said Middle East countries like Saudi Arabia and Pakistan have a "major educational reform" effort under way to root out propaganda literature and extremist brainwashing.

In Latin America, home to outrageous Venezuelan bomb thrower Hugo Chavez, Rice said the U.S. approach is to "spend as little time possible in talking about Chavez and more time talking about our positive agenda in Latin America," including several trade agreements.

The Real Clinton Emerges (HILL)

The Hill, September 26, 2006

From behind the benign façade and the tranquilizing smile, the real Bill Clinton emerged Sunday during Chris Wallace's interview on Fox News Channel. There he was on live television, the man those who have worked for him have come to know – the angry, sarcastic, snarling, self-righteous, bombastic bully, roused to a fever pitch. The truer the accusation, the greater the feigned indignation. Clinton jabbed his finger in Wallace's face, poking his knee, and invading the commentator's space.

But beyond noting the ex-president's non-presidential style, it is important to answer his distortions and misrepresentations. His self-justifications constitute a mangling of the truth which only someone who once quibbled about what the "definition of 'is' is" could perform.

Clinton told Wallace, "There is not a living soul in the world who thought that Osama bin Laden had anything to do with Black Hawk Down." Nobody said there was. The point of citing Somalia in the run up to 9-11 is that bin Laden told Fortune Magazine in a 1999 interview that the precipitous American pullout after Black Hawk Down convinced him that Americans would not stand up to armed resistance.

Clinton said conservatives "were all trying to get me to withdraw from Somalia in 1993 the next day" after the attack which killed American soldiers. But the real question was whether Clinton would honor the military's request to be allowed to stay and avenge the attack, a request he denied. The debate was not between immediate withdrawal and a six-month delay. (Then-first lady, now-Sen. Hillary Clinton (D-N.Y.) favored the first option, by the way). The fight was over whether to attack or pull out eventually without any major offensive operations.

The president told Wallace, "I authorized the CIA to get groups together to try to kill bin Laden." But actually, the 9-11 Commission was clear that the plan to kidnap Osama was derailed by Sandy Berger and George Tenet because Clinton had not

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yet made a finding authorizing his assassination. They were fearful that Osama would die in the kidnapping and the U.S. would be blamed for using assassination as an instrument of policy.

Clinton claims "the CIA and the FBI refused to certify that bin Laden was responsible [for the Cole bombing] while I was there." But he could replace or direct his employees as he felt. His helplessness was, as usual, self-imposed.

Why didn't the CIA and FBI realize the extent of bin Laden's involvement in terrorism? Because Clinton never took the 1993 attack on the World Trade Center sufficiently seriously. He never visited the site and his only public comment was to caution against "over-reaction." In his pre-9/11 memoirs, George Stephanopoulos confirms that he and others on the staff saw it as a "failed bombing" and noted that it was far from topic A at the White House. Rather than the full-court press that the first terror attack on American soil deserved, Clinton let the investigation be handled by the FBI on location in New York without making it the national emergency it actually was.

In my frequent phone and personal conversations with both Clintons in 1993, there was never a mention, not one, of the World Trade Center attack. It was never a subject of presidential focus.

Failure to grasp the import of the 1993 attack led to a delay in fingering bin Laden and understanding his danger. This, in turn, led to our failure to seize him when Sudan evicted him and also to our failure to carry through with the plot to kidnap him. And, it was responsible for the failure to "certify" him as the culprit until very late in the Clinton administration.

The former president says, "I worked hard to try to kill him." If so, why did he notify Pakistan of our cruise-missile strike in time for them to warn Osama and allow him to escape? Why did he refuse to allow us to fire cruise missiles to kill bin Laden when we had the best chance, by far, in 1999? The answer to the first question — incompetence; to the second — he was paralyzed by fear of civilian casualties and by accusations that he was wagging the dog. The 9/11 Commission report also attributes the 1999 failure to the fear that we would be labeled trigger-happy having just bombed the Chinese embassy in Belgrade by mistake.

President Clinton assumes that criticism of his failure to kill bin Laden is a "nice little conservative hit job on me." But he has it backwards. It is not because people are right-wingers that they criticize him over the failure to prevent 9/11. It was his failure to catch bin Laden that drove them to the right wing.

The ex-president is fully justified in laying eight months of the blame for the failure to kill or catch bin Laden at the doorstep of George W. Bush. But he should candidly acknowledge that eight years of blame fall on him.

One also has to wonder when the volcanic rage beneath the surface of this would-be statesman will cool. When will the chip on his shoulder finally disappear? When will he feel sufficiently secure in his own legacy and his own skin not to boil over repeatedly in private and occasionally even in public?

Clinton Doth Protest Too Much (LAT)

By Andrew Klavan

The Los Angeles Times, September 26, 2006

THERE'S NO LIMIT to what a man can do," President Reagan used to say, " … if he doesn't care who gets the credit."

Former President Clinton's motto seems to be a little different: "There's no limit to how much credit a man can get, if he doesn't care what he's actually done."

Reagan came to office after the Jimmy Carter catastrophe. He pulled the American economy out of a graveyard spin, restored the country's military and its confidence and helped bring one of the most oppressive empires on Earth to the brink of collapse. But in those days, my children, there was no Internet, no Fox News, no Rush Limbaugh — the media was almost all Colmes and precious little Hannity — and if you got your news from the New York Times, say, or CBS, you would've thought the country was being run by a miserly, warmongering idiot instead of the greatest president of the century's second half.

And yet even after his two terms were over, when left-wing news sources sourly continued to portray his administration solely in terms of its faults, as nothing but a big deficit and the Iran-Contra scandal, I cannot remember Reagan ever "defending his legacy" with anything more than a quip and a smile.

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Compare and contrast Clinton. Questioned mildly on his anti-terrorism record by Fox's Chris Wallace on Sunday, President Me went absolutely medieval on the newsman, leaning forward threateningly, rapping his fingers against Wallace's notes and proceeding to, well, lie — and in a very angry voice too!

"And you got that little smirk on your face and you think you're so clever," Clinton told Wallace, sounding for all the world like a 6-year-old girl scolding her playground rival. He then proceeded to try to rewrite his coulda-woulda-shoulda presidency by claiming to have had a much more focused and hard-lined approach to terrorism than any reading of his administration can support. Even Clinton counter-terrorism chief Richard Clarke's book — which Clinton cited repeatedly during his tantrum — shows the president as too weak to order Osama bin Laden's death. Other accounts are much less favorable.

But let the political observers fight that one out. My beat is human psychology and the nature of reality and fiction. It's in those realms that at least one key difference between Reagan and Clinton can be found — a difference that sits at the heart of our current divisions.

Reagan was a man who believed in truth. Not your truth or my truth but "the truth," the one that is out there whether you happen to believe in it or not.

"I never thought of myself as a great man," he said, "just a man committed to great ideas." Those ideas — our founders' ideas — were great because they recognized a central truth: the good of individual liberty. And they guaranteed human beings those rights endowed in them by the "big truth" — their creator.

Clinton, on the other hand, is a narcissist who finds it difficult to grasp in any real sense that there is a place where his "inner man" ends and the rest of the world begins. Clinton's stock phrase, "I feel your pain," is really the insistence of a man who does not truly feel anyone else's pain, does not truly understand that there are other inner realities as urgent as his own.

Take Clinton's misuse of women. One way to understand it is as a symptom of his inability to come to terms with anything that would not conform to his own desire, imagination and grandiose sense of himself.

To put it in his own terms, Clinton has never understood what the meaning of "is" is, the fact that some things happened and others didn't, that some things are true and others simply are not. He believes that his legacy will be created in the spin cycle of history rather than in the fitful but persistent human search for history's truth.

Of course he panics and rages like a child when the spin goes the wrong way, when he is given his portion of the blame for encouraging Bin Laden through his military retreat from Somalia or for allowing the terrorist to escape by refusing to put a kill order on him.

He thinks reality itself is being wrestled away from him, that he can wrestle it back and mold it into the shape he wants it to have.

But he's wrong. That's just "is" being is. That's just "truth" bearing away the victory.

Security And War Take Center Stage As Campaign Break Nears (NYT)

By Kate Zernike And Carl Hulse

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Republicans and Democrats scrambled Monday to gain the advantage in their final week before breaking to campaign for crucial midterm elections, with Republicans trying to push through bills on national security and Democrats trying to keep the focus on the Bush administration's handling of the war in Iraq.

Though Republicans had resolved a major party disagreement over the treatment and trials for terrorism suspects, a new dispute emerged Monday, as Senator Arlen Specter, Republican of Pennsylvania, the chairman of the Judiciary Committee, said he thought a crucial provision of the legislation was unconstitutional and would doom the bill before the Supreme Court.

Meanwhile, Democrats convened a session with three former high-ranking military officers who harshly criticized Defense Secretary Donald H. Rumsfeld and said the Bush administration's failure to adjust its strategy as the conflict unfolded was immoral.

The Democrats also seized on the newly disclosed National Intelligence Estimate concluding that the war had fueled the threat from terrorists to argue that the war had made the country less safe.

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Republicans had hoped to use the month before the campaign break to emphasize their national security initiatives, but they have repeatedly run into trouble.

Last week, a trio of Republican senators, led by John W. Warner of Virginia, reached a compromise with the White House after weeks of fiercely resisting President Bush's push to use the legislation to redefine the nation's obligations under the Geneva Conventions.

But Mr. Specter said Monday that he still had major concerns about a provision in the bill that would deny terrorism suspects a habeas corpus right to challenge their detention in court.

After convening a hearing with lawyers who criticized the provision as un-American and shameful, Mr. Specter said he would seek to amend the legislation on the floor.

"If it comes back to the Supreme Court, the Supreme Court will teach Congress another lesson," Mr. Specter said, referring to a decision in June that struck down the administration's earlier attempt to establish trials for terror suspects. "I don't know that I would support a bill that strips habeas corpus."

But even Mr. Specter said he doubted that his hearing would have any effect on the bill's proceeding to the floor. In the House, Representative Duncan Hunter, Republican of California and chairman of the Armed Services Committee, said he was working with the Senate and the White House and expected to have a bill that would pass the Senate and the House, avoiding the need for a conference between the two. House leaders said the bill would go to the floor on Wednesday.

Senator Bill Frist of Tennessee, the Republican leader, took steps on Monday to ensure there would be enough time to debate the measure, saying debate could begin as early as Tuesday.

But at the Senate judiciary hearing, lawyers urged Mr. Specter to delay any legislation.

John D. Hutson, a retired rear admiral and the former top uniformed lawyer for the Navy, argued that a habeas right was fundamental to American law and identity. "Without these kinds of protections, we're just another banana republic," Admiral Hutson said.

Many of the prisoners at Guantánamo Bay, Cuba, Admiral Hutson contended, had been caught in a dragnet, and while some may be criminals, he said, it is impossible to know without habeas hearings where the government can produce its evidence.

Thomas P. Sullivan, a former United States attorney in Chicago who has represented detainees at Guantánamo, testified that it was "beyond my capacity to accept" that the Senate would push through a habeas provision "on the eve of elections" with so little public hearing.

"I believe that if this bill is passed with these habeas-stripping provisions in it, then after I am dead and the members of this Senate hearing are dead, an apology will be made," Mr. Sullivan said, "just as we did for the incarceration of the Japanese citizens in the Second World War."

"This is shameful," he added, to the applause of protesters dressed in the orange of Guantánamo jumpsuits, "and it is momentous."

Senator John Cornyn, Republican of Texas, and lawyers who support the provision said that status review hearings served the same purpose as a habeas right. But Admiral Hutson said the review hearings did not give detainees the same rights to lawyers, or to see the evidence against them, and would set a dangerous precedent for Americans captured by other countries.

On Iraq, Democrats have accused Republicans of failing to conduct adequate Congressional oversight of the war. They have conducted their own party committee sessions examining the war, have sought to give them the appearance of formal Congressional hearings, and plan to hold similar events outside Washington after Congress goes into recess.

At the hearing on Monday, three retired officers said Mr. Rumsfeld had browbeat the military, ignored expert advice and allowed American troops to press on in Iraq without needed equipment or manpower while arrogantly refusing to acknowledge any mistakes.

"The disconnect between our rhetoric and our actions is both astonishing and immoral," said Col. Thomas X. Hammes of the Marines. But the officers, all of whom have served in Iraq and have been previously critical of the conduct of the war, did not endorse a withdrawal, with Maj. Gen. Paul D. Eaton of the Army saying, "We very much need to succeed."

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The Democrats gained the participation of a Republican, Representative Walter B. Jones of North Carolina, a war opponent who supported the Democratic view that Republicans had not asked enough tough questions on the war.

"I don't want our history to show that I didn't do my job as a congressman in helping the American people know the facts and the truth," Mr. Jones said.

Senator Mitch McConnell of Kentucky, the second-ranking Republican, dismissed the Democratic session as "another partisan media event.''

"And while it may rile up their liberal base," Mr. McConnell said, "it won't kill a single terrorist or prevent a single attack."

Vice President Dick Cheney said Monday that the administration would not let its approach on Iraq be determined by political pressure and took aim at Democratic leaders. "For the sake of our security," Mr. Cheney said, "this nation must reject any strategy of resignation and defeatism in the face of determined enemies."

Senator Harry Reid of Nevada, the Democratic leader, retorted, "When the United States intelligence community confirmed that America is losing the war on terror because of Bush failures in Iraq, this White House lost all credibility on matters of national security."

Battlegrounds (NYT)

By Adam Nagourney

The New York Times, September 26, 2006

Six weeks until Election Day, and in Washington both parties are hitting hard on national security: Republicans by pushing for passage of legislation governing the prosecution of terrorism suspects and Democrats by focusing on an intelligence report that the Iraq war helped increase the terrorism threat. But there is little evidence that Republicans are having success in altering the political climate in the most competitive House and Senate races.

Polls this past weekend showed Republicans trailing in Senate races in Maryland, Ohio and Pennsylvania. In Indiana, Representative John Hostettler, a Republican, is trailing his Democratic opponent by double digits, according to a new poll.

In one bit of good news for Republicans, Senator Robert Menendez, Democrat of New Jersey, may be in trouble; but that may be countered by the problems of Senator George Allen, Republican of Virginia.

With a few exceptions, House Republicans are playing defense rather than offense, spending most of their money to stamp out Democratic challengers in Florida, Indiana, Iowa, New Mexico, Ohio and Pennsylvania. On the Senate side, Republicans have put all their advertising money this month, about $3.5 million, into Missouri, Ohio and Tennessee. Winning any of those states would make it almost impossible for Democrats to capture the Senate.

GOP's Uptick Just In Time For Election Day (WT)

By Ralph Z. Hallow

The Washington Times, September 26, 2006

There has been a palpable shift in the mood in Washington in recent weeks. No longer are insiders in both parties sharing predictions of a Democratic rout of Republicans.

Some on both sides had expected an election debacle for the Republicans, driven by the Iraq war, high gas prices and the perception that a Republican-led Washington can neither shoot nor spend straight.

Now those perceptions have changed.

A 58 percent majority of Democratic insiders polled by National Journal, as well as an overwhelming 94 percent of Republican insiders, say the Republican National Committee is doing a better job for November than the Democratic National Committee.

Three weeks past the traditional Labor Day kickoff of campaign season, many Republicans are expressing greater optimism for their party's prospects on Election Day, now just six weeks away.

"This is not an election like 1994 and 1974, when we know the outcome is going to be a massive tsunami for one of the two parties," Republican National Chairman Ken Mehlman says. "If the election were today, we would lose some seats, but keep our majorities."

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It's the job of Mr. Mehlman and of his Democratic National Committee counterpart, Chairman Howard Dean, to wave pompoms for their respective teams, but there was no press corps eye-rolling over Mr. Mehlman's hopeful statements at a recent Christian Science Monitor breakfast with reporters.

John Zogby, whose polling until recently forecast a Republican debacle, now says a big reason for the mood shift is that President Bush is regaining crucial support among his party's voter base by emphasizing national security -- his strongest suit -- as often as possible.

In a mid-August Zogby poll, only 62 percent of likely Republican voters gave Mr. Bush an "excellent" or "good job" rating. But by mid-September, Mr. Bush's approval rating among Republicans had reached 76 percent.

"You have to turn out your base for congressional elections, and if the president has 62 percent approval among Republicans, you have a third who don't approve and a lot of people who might stay home," says longtime Republican strategist Charles Black. "When the president has 76 percent Republican approval, it makes it a lot easier."

Bolstered by such developments, Republicans are facing November more confidently -- if still cautiously, as with Sen. John McCain's response yesterday on CBS' "Face the Nation" when asked if he thought the Republicans would maintain control of Congress on Election Day.

"Yes, I do," the Arizona Republican answered, "but I think it's going to be very, very tough ... the off-year of the second term of any president is always a tough election. And of course, Iraq is a very controversial issue with Americans. And there's uncertainty about our future because of globalization. We understand all that, but we also think we have a record we can stand on."

A popular president makes elections a bit easier for his party's candidates, and Mr. Bush's popularity, though still low, has been rising for three months. The latest USA Today/Gallup Poll has his job approval at 44 percent and disapproval at 51 percent -- a deficit of 7 percentage points, but a huge improvement over his numbers in June, when Gallup found 36 percent approval and 57 percent disapproval, a negative 21-point spread.

The president's improved standing has been reflected in voters' views of the congressional elections. The latest USA Today/Gallup poll has Democratic and Republican candidates for Congress splitting the national vote on the so-called "generic ballot" question, 48 percent to 48 percent. The same poll in June had Democrats leading 51 percent to 39 percent.

Mr. Zogby allows that "things could happen, but right now, I think Republicans hold their majority in both houses." He said he doesn't think anger against Mr. Bush is sufficient to turn Congress over to the Democrats.

"The president is slowly but steadily regenerating support among his own base," he says. "I saw him do it before, going from 78 percent Republican approval before the 2004 GOP convention to 91 percent before Election Day."

Comparing the 2006 midterm elections to previous major shifts, Mr. Mehlman says he sees none of the signs that preceded those landslides. In 1974, following the Watergate scandal, there was a surge in the Democratic primary-voter turnout and a decline in Republican voter turnout. The reverse was true before the 1994 Republican sweep of Congress.

So far this year, there has been no indication of a Democratic surge. In 36 of 39 primaries, the Democratic turnout has been lower than the average of the past 20 years. Only Connecticut, North Dakota and Vermont had higher-than-average Democratic turnouts this year.

Republicans are doing a better job than Democrats of communicating with their core voters, says Mr. Zogby.

"I think Republicans are talking in an effective way to their base, which is particularly concerned about terrorism," says Mr. Zogby. "But Democrats, whose base wants to hear how we get out of Iraq, simply dance around the answer. Democrats are acting like John Kerry in 2004, trying to appeal to swing voters in yet another election in which there are no swing voters."

Republican Campaigns Set To Sling Mud (LAT)

By Janet Hook

The Los Angeles Times, September 26, 2006

WASHINGTON — Sinister characters are scheming in a smoke-filled room, in a television ad that depicts big campaign contributors to Bob Casey, a Democrat running for Senate in Pennsylvania.

After detailing the legal troubles that each donor faces — including an FBI investigation and jail time — the somber narrator asks, "Where does Casey hold his campaign meetings?"

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The camera pulls back to show the cigar-smoking "campaign team" — behind bars.

That graphic, personal attack on the candidate challenging Sen. Rick Santorum (R-Pa.) is a particularly sharp-edged example of a key strategy in the Republican political arsenal as the party fights to keep control of Congress: going negative and personal, early and often.

While President Bush and national GOP leaders are attacking Democrats on such big issues as national security and America's role in the world, individual Republicans are hitting their opponents hard — below the belt, some critics say — on personal and local issues.

Negative campaigning is hardly new, and Democrats are dishing dirt against Republicans too. But mudslinging is crucial to the Republican plan for this year's midterm elections, because the party's hold on power will probably hinge on shifting attention from the unpopular war in Iraq and other national issues that cut against them.

"When people are looking at national issues that are not breaking our way, what you want to do is focus on your opponent," said Rep. Tom Cole (R-Okla.), a former Republican National Committee chief of staff. "You've got to play the field's conditions. They demand very tough tactics."

Cole spelled out that approach in a recent strategy memo to House Republicans: "Define your opponent immediately and unrelentingly.... Do not let up — keep the tough ads running right up to election day. Don't make the mistake of pulling your ads in favor of a positive rotation the last weekend."

Republican incumbents this year began running attack ads earlier than ever. But the hardest-hitting are yet to come.

"You haven't seen the majority of the negative ads yet," said Carl Forti, spokesman for the National Republican Congressional Committee, where a staff of 10 has been deployed on opposition research.

The strategy rests on the widely held belief that negative political ads make more of an impression on voters than positive ones.

GOP consultant Terry Nelson said current voter cynicism may be particularly fertile ground for negative advertising because voters expect the worst from politicians.

"Voters are in some ways more ready to accept the negative about politicians than they do the positive," Nelson said. "They often say they would like to see a more reasoned debate in campaigns and more talk about the ideas, but in fact they often respond to negative ads because they tend to find them more credible."

Republican incumbents have moved aggressively to shape early perceptions of their Democratic challengers.

Democratic strategist Peter Fenn said: "You have a blackboard that's not written on very much — what Republicans are trying to do is write all over that blackboard in great big letters before the challengers have a chance to write on it."

In one of the most competitive House races, Rep. Jim Gerlach (R-Pa.) sent about a dozen mailings attacking Democrat Lois Murphy before Labor Day. He aired an ad in August portraying her as a fearsome liberal who wants to raise taxes. His latest ad accuses her of sending illegal campaign mailings, which she denies.

The National Republican Congressional Committee first took to the airwaves back in June. Its first television ad was against Brad Ellsworth, a Democratic sheriff who has mounted a strong challenge to Rep. John Hostettler (R-Ind.). The ad accused Ellsworth of neglecting his duties as sheriff because his department inadvertently released a suspected child rapist — featured in a grainy mug shot — while the Democrat was campaigning in Washington.

Also in Indiana, GOP Rep. Chris Chocola has been on the air for months hammering his Democratic opponent, lawyer and businessman Joe Donnelly. Chocola did not just use the standard GOP line of painting Donnelly as a tax-and-spend liberal; GOP researchers also combed through county tax records and found that Donnelly had been delinquent on his property taxes 15 times.

"Joe Donnelly wants to raise our taxes," a Chocola TV ad said in August. "Even worse, he's delinquent paying his own."

In New Mexico, Republican Rep. Heather A. Wilson tried to slow the early momentum of her Democratic challenger, state Atty. Gen. Patricia Madrid, with a tough negative ad. She attacked Madrid's performance as the state's top law officer at a time when corruption scandals spread through the state's upper echelons.

Amy Walter, an analyst with the nonpartisan Cook Political Report, said that ad helped shift the focus of the campaign from Democrats' charges that Wilson is a rubber stamp for Bush, who is unpopular in the swing district.

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"For Wilson, by going on the attack, the goal was to make the debate about the two candidates rather than a referendum on the current environment," Walter said. "It succeeded in that."

Madrid may have cut her losses by quickly fighting back with an ad not only defending herself but linking Wilson to resigned House Majority Leader Tom DeLay (R-Texas).

It remains to be seen whether the GOP barrage will do lasting damage, especially since Madrid and other Democrats have made a concerted effort to respond aggressively. Ellsworth countered with an ad attacking Hostettler's record on crime; Donnelly pointed out that Chocola was also once late in paying taxes; Murphy aired an ad challenging Gerlach's claim to be independent of Bush.

Some political operatives say the impact of attack ads may be evident not in today's polls but on election day. Evan Tracey, head of Campaign Media Analysis Group, said negative ads often depressed turnout among voters who might otherwise have supported the candidate under attack.

That underscores why attack ads may be particularly important to Republicans' strategy: Many polls show that Democrats are generally more motivated than Republicans to vote this fall.

But the strategy carries risks: Some voters react badly to a candidate who is seen as smearing another unfairly.

"You're surrounding yourself with live bombs and lighting fuses when you go down this road," said Republican strategist Eddie Mahe Jr. "It is very, very risky."

Some critics say Santorum risks backlash from his ad suggesting that Casey consorts with crooks. The ad uses actors to depict Casey donors, claiming that several are under investigation, one was charged with extortion and another was sentenced to two years in jail. No names are mentioned in the ad, but the Santorum campaign has produced a 70-page document to back up its claims about seven Casey contributors.

G. Terry Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College in Lancaster, Pa., sees the ad as an effort to shake up the race because six weeks of positive ads about Santorum had failed to erase Casey's lead in the polls.

"I think it's over the top," Madonna said. "I think it is unfair."

He said the people in question — whom the ad calls Casey's "campaign team" — donated to previous Casey campaigns but were not working on or contributing to his current campaign.

In fact, two of the seven have also donated to Santorum. One of the seven is dead. And though the ad puts the group behind bars, only one of the seven went to jail.

Santorum spokeswoman Virginia Davis said the ad provided important information about Casey at a time when polls showed that about a third of Pennsylvania voters still did not know enough about Casey to have an opinion about him.

"This ad is about character," said Davis. "It is important that voters know the kinds of people he is surrounding himself with."

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Presidential Face Time Isn't Everything, Except To Big Donors (NYT)

By Sheryl Gay Stolberg

The New York Times, September 26, 2006

CINCINNATI, Sept. 25 — Republicans do not expect to be riding President Bush's record to re-election this fall. But they are trying to ride his gravy train — as quietly as possible.

Mr. Bush scooped up $1.7 million for Republicans in Connecticut and Ohio on Monday, at fund-raisers that, like so many of his events this campaign season, took place in private homes behind closed doors. He lunched in Greenwich, at a home overlooking the Long Island Sound, raising $700,000 for the Connecticut Republican Party before dashing off to Ohio to help Senator Mike DeWine.

Three House Republicans from Connecticut — Representatives Nancy Johnson, Rob Simmons and Christopher Shays — face tight re-election races, but only one, Mr. Shays, whose district includes Greenwich, showed up for the afternoon affair at the home of the investment banker L. Scott Frantz.

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There, 65 wealthy donors dined on Chilean sea bass, ravioli with butter sage sauce and a salad of field greens, while the White House press corps was served the same fare outside — at a respectable distance.

"He is helping us to raise money and get out the vote and that is very helpful," said Mr. Shays, though he acknowledged the downside: "You know and I know that my opponent is running as if President Bush is up for re-election, and he obviously isn't."

In Ohio, Mr. Bush toured a Cincinnati factory that makes gas turbine engines for airplanes and spoke for two and a half minutes about his tax cuts. Then he zipped off to another private event, a dinner at the home of John F. Barrett, chairman of a financial services company, which raised $1 million for Ohio Republicans — $400,000 of it for Mr. DeWine.

Such private events — five are planned for this week alone — give Mr. Bush a chance to mingle with donors out of the earshot of reporters, and far from photographers who might capture him with candidates leery of being viewed as too close to the White House.

Among them is Senator DeWine, who faces a difficult challenge from Representative Sherrod Brown, a Democrat. The senator skipped two presidential visits to Ohio this year but was on hand Monday to give Mr. Bush a hearty — and very public — handshake and clap on the back when Air Force One landed at the Cincinnati airport.

"I appreciate the president coming in," Mr. DeWine said later, on the tarmac at Andrews Air Force Base in Maryland, after flying home with Mr. Bush on Air Force One. "He raised a lot of money. It's always good to be with the president."

Asked if Mr. Bush could do him any good, the senator paused, and repeated himself, "It's always good to be with the president."

One thing Mr. Bush can do — and has done — is raise money for Mr. DeWine; Monday's was his third fund-raiser for the senator. All have been closed to the press, which is the senator's policy.

The Republican National Committee, which tracks Mr. Bush's fund-raising appearances, does not keep statistics on whether he is attending more closed events this year than in the past. The White House says events are closed when they are in private homes.

Democrats, meanwhile, have been quick to point out that so far this election season, Mr. Bush has not done any traditional campaign rallies. "There's a four-letter word Republican candidates are not using: B-U-S-H," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

In Ohio, the Democratic committee is running a television advertisement featuring an image of Mr. DeWine draping his arm around Mr. Bush, with lyrics that take off on a children's song: "The more we work together, together, together, the more we work together, the happier we'll be."

Despite the risk of providing fodder for such advertisements, Republicans can ill afford to keep too much distance from the president. Even with public approval ratings in the 40 percent range, Mr. Bush remains a powerful fund-raising draw. Ken Mehlman, the chairman of the Republican National Committee, told reporters recently that Mr. Bush had more fund-raising invitations for the remaining weeks of the campaign than he could possibly accept.

As of Monday, the committee said, Mr. Bush had raised nearly $176 million for Republican candidates this election cycle.

By week's end, that figure will rise; Mr. Bush's schedule includes an "Iowa, Arkansas and Wisconsin Victory 2006" reception on Tuesday (closed); an event on Wednesday for Bob Corker, the Republican Senate candidate in Tennessee (closed); a reception in Birmingham on Thursday for Alabama's governor, Bob Riley (open); and another Ohio fundraiser on Thursday, for Representative Deborah Pryce (closed).

Tony Snow, the White House press secretary, said the trend would change. "We'll have a lot of open events," he said, talking to reporters in a grove of trees along the waterfront in Greenwich. And in any case, he said, nothing very newsworthy was going on inside: "It's not like the administration is pulling rabbits out of its hat. He's saying things that you've heard before."

Bush Helps GOP Incumbents In Conn., Ohio (AP)

By Will Lester

AP, September 26, 2006

President Bush combined two fundraising trips for threatened GOP incumbents Monday with a tour of a family-run manufacturing business he pointed to as proof that his tax cuts are helping the economy.

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But the most powerful economic news could be found at the gas stations all over Cincinnati, where gas could be bought for a little more than $2 a gallon.

"This economy of ours is strong," Bush said after touring Meyer Tool Inc. in Cincinnati. He said the company is benefiting from those tax cuts and added 125 jobs over the last year.

The president has had trouble convincing the public that the economy is doing well. Only four in 10 people approve of the way he's handling the economy, according to AP-Ipsos polling.

But the rapid drop in gas prices over the last month could attract more attention from the public than countless speeches about economic policy.

White House spokesman Tony Snow said that "everyone notices gas prices." He scoffed at suggestions the administration is pushing prices down just before elections, saying people are crediting Bush "with the kind of magisterial power unknown to any other human being."

But the administration message on Monday was more focused on maintaining business conditions that help companies thrive and create more jobs.

Bush advocated making his tax cuts permanent, a frequent theme at stops around the country. He said such a move would help small businesses like Meyer Tool. During his tour of the plant, Sen. Mike DeWine of Ohio was close by his side. DeWine was criticized when he did not appear with Bush on some earlier visits.

Bush raised almost $1 million for DeWine, who is in a close re-election contest with Democratic Rep. Sherrod Brown.

Earlier in the day, Bush met privately with Republican donors at an estate in Greenwich, Conn., raising almost $800,000 for GOP House members facing tough re-election fights.

About 65 people attended the Connecticut event at the mansion on Long Island Sound. The money was raised to help Republican candidates, but mostly to help GOP Reps. Christopher Shays, Nancy Johnson and Rob Simmons. The three are top targets for Democrats trying to gain the 15 seats needed to take control of the House.

Incumbent Connecticut Sen. Joe Lieberman is running as an independent after losing the Democratic primary to anti-war candidate Ned Lamont. The Republican in the race, former Derby mayor Alan Schlesinger, has been drawing less than 5 percent in the polls and was not invited to Monday's fundraiser.

Republican Gov. M. Jodi Rell was invited but did not attend, citing a previous commitment. It's the second time since becoming governor in 2004 that Rell, who remains popular in the polls, skipped a visit from Bush.

Snow, meanwhile, suggested the White House was staying out of a flap over whether former President Clinton did enough as president to try to kill or capture Osama bin Laden.

In a combative interview on "Fox News Sunday," Clinton defended his handling of the threat posed by bin Laden, and said he tried to have bin Laden killed but was attacked for his efforts by "all of the right-wingers who are attacking me now."

"President Clinton really had strong feelings about this. We're not going to engage," Snow told reporters.

The presidential spokesman also criticized news reports based on a government-produced intelligence assessment suggesting the war in Iraq had worsened the terrorism threat by helping to create a new generation of Islamic radicals.

"The report is not limited to Iraq," Snow said of the still-classified report. He said "a variety of factors in addition to Iraq" had fueled the spread of terrorist activity.

Bush Touts Tax Cuts (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, September 26, 2006

INDIAN HILL -- President Bush wanted to make the point in Cincinnati this afternoon -- he wants part of his legacy as president to be that he cut taxes permanently.

To do it he will need to have Republican senators like Ohio's Mike DeWine re-elected this fall. And that explains why Bush came to Cincinnati: to help DeWine tap once again into Indian Hill's almost bottomless well of Republican campaign money.

So, once again, Air Force One touched down at the Greater Cincinnati-Northern Kentucky International Airport, and the presidential motorcade snaked its way through late afternoon traffic to the Indian Hill home of John Barrett, CEO of Western &

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Southern Financial Group, for a DeWine fundraising event that was expected to raise at least $1 million for DeWine's tough re-election campaign against Democrat Sherrod Brown.

Bush wasn't here long. Air Force One took off from CVG at 7:25 p.m.

Before heading to Indian Hill and an enthusiastic crowd that had paid $5,000 a piece to hear him, the president stopped in Camp Washington at the Meyer Tool plant, where about 900 workers do machine-tooling for GE and other aviation manufacturers.

At Meyer Tool, with DeWine and company officials at his side, Bush made his case in brief remarks.

It was the Bush tax cuts of 2001 and 2003, the president said, that enabled Meyer to expand and hire more workers.

"They've hired another 125 workers here, and expanded their business, all because of the tax cuts,'' Bush said.

DeWine didn't speak at the Meyer Tool event, but he has said that he would support making the Bush tax cuts permanent - a pledge that his Democratic opponent, Rep. Sherrod Brown, has said will do little good for middle class working families because most of the tax cuts have gone to the wealthiest Americans.

About 30 protesters greeted Bush in Camp Washington behind a huge banner reading "Mission Not Accomplished."

"George Bush is a war criminal and the worst thing that's ever happened to this country," said Ellen Arnold of Northside. "He's doing the best he can to erode democracy. He's a liar and a cheat."

Said Richard Luken of Green Township: "I'm here because I'm concerned about what I see as the attack on the fundamental principles on which our country was founded."

President Speaks To Donors In 2 States (WP)

By Michael A. Fletcher

The Washington Post, September 26, 2006

President Bush headlined closed-door fundraisers for embattled Republican congressional candidates in Connecticut and Ohio yesterday, events that underscored both his continued ability to attract donations and his continued unpopularity with much of the public.

The president stopped first at a luncheon at a palatial Greenwich, Conn., home overlooking Long Island Sound. The event, hosted by investment banker Scott Franz, was attended by 65 people and raised almost $800,000 for the state GOP's coffers, according to White House press secretary Tony Snow. Most of the money is expected to help Republican Reps. Nancy L. Johnson, Rob Simmons and Christopher Shays, all of whom are locked in tough races with Democratic challengers.

The White House is not supporting the candidacy of Republican Senate candidate Alan Schlesinger. He is running against antiwar Democrat Ned Lamont and incumbent Sen. Joseph I. Lieberman, who lost the Democratic primary and is now running for reelection as an independent.

After the event, the president jetted to Cincinnati, where he took part in a fundraiser for Ohio Sen. Mike DeWine. It marked the third time this year Bush has held a closed-door fundraiser for DeWine, who is in a tight contest with Rep. Sherrod Brown (D).

Although Bush won Ohio during his reelection campaign two years ago, the state's relatively high unemployment rate and growing opposition to the war in Iraq have helped erode the president's popularity there. One television ad for Brown, financed by the Democratic Senatorial Campaign Committee, shows a blurry photograph of a laughing DeWine arm-in-arm with Bush. "Mike DeWine likes working together . . . with George Bush," reads text laid over the photograph.

The situation in Ohio is hardly unique. Bush has been featured in the ads of Democratic congressional candidates across the country who are trying to tie the unpopular president to GOP candidates. At the same time, many Republican candidates have chosen to stay out of public view when with the president, even while seeking his help to raise money. The president's two events yesterday were among five closed fundraisers that he is scheduled to take part in this week.

Snow brushed aside suggestions that Bush was meeting privately with Republicans because of his low approval ratings. "We're having them closed because they are in private homes," he said.

Vice President Cheney also hit the road yesterday, headlining a $140,000 event at a Milwaukee hotel, where he warned that "reckless" Democrats would undermine the nation's security if they win in the fall. Withdrawing from Iraq, Cheney said, would "validate the al-Qaeda strategy and invite even more terrorist attacks in the future."

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Cheney then spoke at a rally of Michigan Army National Guard troops at an armory in Wyoming, Mich., with scores of camouflage-clad soldiers standing behind him. Afterward, the vice president headed for a closed-door fundraiser in East Lansing, expected to raise $935,000 for GOP Senate candidate Mike Bouchard and state Republicans.

Staff writer Peter Baker contributed to this report.

No Silent Majority For Bush (WP)

By E. J. Dionne Jr.

The Washington Post, September 26, 2006

What could prove to be the most important factor in the 2006 elections is overlooked because it is unseen: The Republicans cannot try to curry favor with a "silent majority" that favors the Iraq war because a majority of Americans, both vocal and quiet, have come to see the war as a mistake.

President Bush's defenders have cast opponents of the war as weak on terrorism. Yesterday, Vice President Cheney accused Democrats of "resignation and defeatism." But the charges have not taken hold, because most Americans don't agree with the premise linking the war on terror with the war in Iraq.

And blame for the failures in Iraq has fallen not on some liberal coterie supposedly holding our generals back but on the choices of civilians in a conservative administration. Those civilians, and their allies outside the administration, find themselves under increasing fire from leaders of the military and the intelligence services for bad planning, flawed analysis and unrealistic expectations.

Moreover, the tone of the opposition to this war is quite different from the tenor of some sections of the movement against the Vietnam War. Reaction to "hippie protesters," as the phrase went, allowed President Richard Nixon to pit a hardworking, patriotic "silent majority" -- it was one of the most politically potent phrases of his presidency -- against the privileged, the young and the media, whom his vice president Spiro Agnew memorably characterized as "effete snobs" and "nattering nabobs of negativism."

As the historian and Nixon biographer Stephen Ambrose noted, tiny minorities -- "they numbered less than 1 percent of the demonstrators," he wrote of a 1969 rally -- "waved Viet Cong flags . . . and even burned American flags" and served as "magnets to the television cameras." They were used to exemplify an entire movement.

By contrast, critics of the Iraq war, deeply influenced by the post-Sept. 11 climate of national solidarity, have been resolutely patriotic and pro-military. They have often chastised the administration for offering American troops too little in the way of body armor and armored vehicles, and for shortchanging veterans.

Among the most visible critics of the administration's approach have been generals, vets, parents with sons and daughters in the military, and foreign policy realists who think of themselves as moderate or even conservative opponents of what they see as the administration's radical direction.

That is why news over the weekend of a National Intelligence Estimate on Iraq is especially troublesome for Republican electoral chances. By finding that the war in Iraq has encouraged global terrorism and spawned a new generation of Islamic radicals, the report by 16 government intelligence services undercuts the administration's central argument that the Iraq war has made the United States safer.

Nor is there any way to dismiss the assessment as partisan, left-wing or unpatriotic. That high-level government officials have offered their own criticisms of the war's impact makes it difficult for Republicans to force the argument into a classic "he said-she said" framework in which facts can be set aside and the claims of critics dismissed as political.

It is no wonder that the administration immediately insisted that news reports were "not representative of the complete document," in the words of a White House spokesman. The phrase was a classic instance of the non-denial denial, a defensive response from an administration that has tried, with some success, to remain on offense on the terrorism issue all month.

The conventional, and accurate, view of this fall's elections is that Iraq is a Democratic issue and the broader war on terrorism is a Republican issue. Accordingly, Democrats such as Senate Minority Leader Harry Reid were understandably eager to point to the report as a commentary on the president's "repeated missteps in Iraq and his stubborn refusal to change course," as Reid put it Sunday.

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But beneath the conventional account is a more revealing truth: that over the past four years, the burden of proof on the Iraq war has been turned on its head.

During the 2002 election campaign -- before the war had actually begun -- Democratic candidates all over the country fled the Iraq debate and feared raising any questions about Bush's national security choices. In 2006 it's the administration trying to keep Iraq out of the campaign and to move the public conversation to anything else as an alternative to an accounting for its war decisions that so many middle-of-the-road Americans now regret. There is no silent majority to bail the president out.

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Snow To Raise Money For GOP Candidates (AP)

By Nedra Pickler

AP, September 26, 2006

White House press secretary Tony Snow is taking his gift of gab across the country in the coming weeks to raise money for Republican candidates, an unusual task for the president's top spokesman.

On the job just four months, the former Fox News commentator is in-demand on the GOP circuit. He said he decided to help maintain the party's majority in Congress after some consideration of his proper role — and that doesn't include a lot of red meat rhetoric like some speakers offer at partisan events.

"They asked, and I thought about it a lot and we went back and forth," Snow said. "It's one of those things where I certainly want to help the president. But you have to make sure it's a fine line, and that's why I don't want to get into opponent bashing.

"The approach I'm going to take is not going to be one of going out and whacking Democrats by name, but straightforward comments about what the president has accomplished," Snow said.

Snow already has been speaking at some events with Republican activists, such as an appearance before about 800 with the Pennsylvania Republican Party on Sept. 15. But his first big candidate fundraisers come next week, when he headlines fundraisers for Reps. Jean Schmidt in his hometown of Cincinnati and Geoff Davis of a neighboring district in northern Kentucky. Expectations are high, with Republicans hoping for as much as $100,000-$150,000 per appearance.

White House political director Sara Taylor, who handles political scheduling for all senior administration officials, said she's slated Snow for about half a dozen fundraisers in the final month of the campaign and may add more. She said Republicans who have been watching Snow for years on Fox and are intrigued by his new job are eager to meet him.

"This is a new person who is a great messenger, who is very funny, who is very affable and who people like to be around," she said.

Snow said taxpayers will not pay for any of his travel — the bill is being footed by the Republican National Committee. He said fundraising is "fairly unusual ground" for a sitting press secretary, and he won't hesitate to cancel a political appearance if he's needed at the White House.

"If there's a conflict between that and my day job, then the day job wins," he said.

GOP Brass To Meet Lobbyists (RC)

By Kate Ackley And Ben Pershing

Roll Call, September 26, 2006

With only a few days left before they leave town for the campaign trail, House Republican leaders — with an assist from White House strategist Karl Rove — will mount one final push this week for the financial support of GOP lobbyists.

Thursday afternoon at the Capitol Hill Club, Rove will join the top six House GOP leaders to address as many as 200 lobbyists, the first large-scale meeting between lobbyists and leaders in recent months.

“This is a straight-out appeal to [lobbyists] to contribute to Republicans — to remind them what Republicans do not only for their specific industries but for the whole business community,” said a GOP leadership aide. The aide added that the leaders would emphasize that “reports of the Republican majority’s demise have been greatly exaggerated, and we’re coming back.”

Several GOP sources said the leadership also would reiterate a warning against giving to Democrats that was conveyed by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) earlier this month to a smaller group of lobbyists and political action committee directors.

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As one aide put it, part of Thursday's message will be, "if you're hedging your bets you're making the wrong decision."

A leadership aide from another office made the same point, saying that if lobbyists give to Democrats, "they might want to think twice about it."

For the party's true believers, the second aide added, the message will be one of comfort — that "they're going to be on the side that's going to win."

Thursday's gathering will be under the auspices of the "coalitions" effort run by Majority Whip Roy Blunt (R-Mo.) that focuses on outreach to the lobbying community.

Lobbyists said they received an e-mail invitation last week from Keri Ann Hayes, executive director of Blunt's PAC, to a confab that will include pep talks from Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio), Reynolds, Blunt, Chief Deputy Majority Whip Eric Cantor (Va.) and Republican Conference Chairwoman Deborah Pryce (Ohio). (Rove was not listed on the invitation, but sources said he's going to be the "special guest" who was promised to attendees.)

Between 150 and 200 business lobbyists and representatives from interest groups and think tanks are expected to attend.

According to a Republican who had a copy of the agenda, Blunt is scheduled to give the introduction at the meeting. Hastert then will run through the accomplishments of the 109th Congress and Boehner will discuss the party's vision and "why the majority matters."

Pryce — who's in a highly competitive re-election race of her own — will speak on the latest developments on the messaging and polling front, while Reynolds is set to outline the current House election landscape.

Cantor will give an update on the NRCC's "Battleground" program to aid vulnerable incumbents and Rove will conclude with his own remarks about the importance of the coming elections.

Several lobbyists who said they planned to attend expect a cheerful outlook on the upcoming midterm elections. One lobbyist said he expected a "pep rally atmosphere."

The event will be modeled after the Whip operation's coalitions meetings, which had been routine in the past few years. Back then, lobbyists and lawmakers frequently met to talk strategy in Room HC-5 of the Capitol on issues such as passing the Central American Free Trade Agreement and other major pieces of legislation.

But a series of scandals involving lobbyists, Members and Congressional aides sent a chill through such large-scale interactions between K Street and Congress, and the full coalitions team has not met recently.

Recounts, Run-offs To Mark Races In 2006 (AP)

By David Espo

AP, September 26, 2006

It's Nov. 8, the day after the election. The costliest and nastiest campaign for control of the House in history is .... not yet over.

Instead, in this hypothetical case, both parties are short of the 218 seats needed to guarantee control. The outcome will be decided by run-off elections in Louisiana and Texas, recounts in a half-dozen races that are too close to call and perhaps a party switch or two.

Unprecedented? Yes. Impossible? Absolutely not, given an era of polarization that has produced a presidential election so close the Supreme Court had to settle it, and a 50-50 tie in the Senate.

"It means that all of your focus and energy will be on trying to get to 218 in two ways," said Steve Elmendorf, who was chief of staff to Dick Gephardt, former Democratic leader. "One, in recounts and trying to make sure you're throwing every legal strategy and lawyer you can find into try and win the recounts.

"Secondly, you're going to be looking for every potential person on the other side who can switch."

"I have no one in particular in mind," said Speaker Dennis Hastert, R-Ill., asked about Democrats who might be approached to become a Republican. He said he doubted any of his rank-and-file would defect.

Democrats must gain 15 seats to win control of the House, and strategists in both parties agree Republicans are likely to lose at least some ground on Nov. 7.

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Looking past election night, the possibility exists for December runoff elections in Louisiana, where state law turns Election Day into an open primary; and in Texas, where a court ruling had the same effect.

Louisiana's 2nd Congressional District has been heavily Democratic and likely to stay that way, despite the exodus of thousands of residents since Hurricane Katrina. Yet Rep. William Jefferson, D-La., is at the center of a federal bribery investigation, and two of his 12 opponents are Republican.

A runoff will be held Dec. 9 if no candidate gains a majority of the votes Nov. 7, and Republicans nurse hopes that the Democratic vote splinters and Jefferson advances along with a GOP contender.

In Texas, the Supreme Court ruled a San Antonio-area district violated the Constitution, and the lines were redrawn to bring it into compliance. Rep. Henry Bonilla, a Republican, has drawn two Democratic opponents, former Rep. Ciro Rodriguez and Lukin Gilliland. Democrats hope to deny Bonilla the 50 percent he needs to win re-election outright on Nov. 7, then beat him in a run-off.

In addition, both parties will be ready for races that are too close to call on Nov. 7.

"On election nights we have six to eight teams of people with their bags packed ready to go," said Carl Forti, a spokesman for the Republican campaign committee. Each team includes a lawyer, a political aide and a communications expert.

For Democrats, "there is a program in place to make sure that if there is a recount in place, there are folks ready to go," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Recounts mean lawyers, and run-offs mean television commercials. The common denominator is money.

Burton said if the battle for control of the House goes into overtime, Democrats will "raise money like crazy for the recount efforts and for the special elections." So will the Republicans.

Both parties also will be on the hunt for lawmakers willing to switch allegiances.

It sounds unlikely, given that the winners on Nov. 7, particularly the newcomers, will have benefited handsomely from party assistance.

But at least one challenger has said he doesn't want to make any pre-election commitments on the choice for speaker.

"I will do my interview process and pick the person that not only fits the best for our district, but also fits our party best," said Heath Shuler, a Democrat challenging Rep. Charles Taylor in North Carolina.

The election of a speaker is the first order of business when a new Congress convenes, and underscores the importance of party control. The majority party also decides what legislation comes to a vote, appoints its own lawmakers committee chairmen, decides what hearings to hold and what investigations to conduct.

The choice of a speaker always falls along party lines, although some Democrats have strayed in recent years.

Rep. Gene Taylor, D-Miss., voted for a Democrat, but not Minority Leader Nancy Pelosi of California in 2005. Interviewed recently, he said, "if it comes out to my vote deciding whether I can be a subcommittee chairman, I'm going to vote in the nation's best interests as well as my own," and go with Pelosi.

Then there are factors beyond the reach of mortals.

Republicans won control of the House by one seat after the votes were counted in 1930, according to Fred Beuttler, deputy historian of the House. Between Election Day and the time Congress convened, 19 lawmakers had died, and special elections to pick replacements delivered control to the Democrats.

Can it happen again?

"Their guys are older than our guys," said one Republican aide.

He was joking, maybe.

Parties Lining Up Lawyers For Election Day Challenges (CCT)

By Andrew Welsh-huggins

The Contra Costa Times, September 26, 2006

COLUMBUS, Ohio - Democrats are openly lining up election-day teams of lawyers around the country to fight what they allege could be GOP efforts to suppress votes.

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Republicans quietly say they have their own strategies for potential problems Nov. 7 but won't give specifics. They say Democrats' concerns are overblown.

"They're going to have an awful lot of people standing around with nothing to do," said Bill Todd, a Republican lawyer in Columbus who expects to work for the state GOP on election day.

The parties' efforts come in the wake of the 2000 recount in Florida and irregularities in Ohio's elections two years ago.

Those problems included long lines, a shortage of voting machines and some electronic machines that malfunctioned or miscounted votes. Ohio gave President Bush the White House in 2004.

The goal is that "everyone who is entitled to vote votes, and everyone who votes has their vote counted," said Kent Markus, co-chair of the legal team being assembled by the Ohio Democratic Party.

Scrutiny of vote counting is sure to he high this election with parties fighting in many close congressional races around the country. Republicans are struggling to keep their House majority, while in Ohio Democrats have their best chance in almost a decade to take back the governor's office.

The Democratic National Committee has set up a toll-free hot line for voters having problems and boasts it will have thousands of volunteer lawyers in 18 states available to fight ballot challenges.

Markus said Ohio will have more than 200 lawyers available on election day in all 88 counties.

In Florida, Democrats will have teams of lawyers working around the state beginning Oct. 23 when Florida begins early voting. The party expects Republicans to be on the watch for voter fraud despite Democrats' contention that widespread fraud does not exist.

In Indiana, at least 200 volunteer attorneys will monitor voting in selected legislative races and three closely contested congressional races in which the Democratic Congressional Campaign Committee plans to run campaign ads.

The party is worried about Indiana's new voter identification law, which sets strict limits on the type of photo ID that poll workers can accept, said Kip Tew, an Indianapolis attorney organizing the Democratic lawyers.

The Indiana GOP will have volunteer poll watchers and challengers in place around the state, but says it has no equivalent legal strategy. Republican party spokesman Robert Vane said Democrats are manufacturing a GOP threat to scare voters.

State and national Republicans say only that they're working with state parties and campaigns to make sure every vote is counted.

The Republican National Committee says it's confident it can handle any legal challenges brought by Democrats. But spokesman Aaron McLear said he wasn't going to lay out the party's strategy.

"We want to make that sure every legitimate voter is able to vote and we don't want legitimate votes canceled out by illegitimate votes," he said.

As part of its efforts, the Ohio Democratic Party sued Republican Secretary of State Ken Blackwell, demanding he issue orders to county election boards on how to deal with potential election-day problems.

Those include instructions on securing electronic voting machines, what to do if those machines break and what to do in the case of long lines.

Counties' bipartisan election boards have existing rules in place for handling security, said James Lee, a Blackwell spokesman.

He said the state added $3 million to contracts with voting machine makers Diebold Inc. and Elections System & Software to ensure they have extra employees working election night. He said counties expecting large turnouts are pushing absentee ballots, available for the first time this year for anyone who requests them.

"We have experienced election officials who have proven over and over they can successfully administer elections at the county level," Lee said.

Democrats continue to react to 2000 when they felt outgunned by GOP lawyers in Florida, said Nathaniel Persily, a University of Pennsylvania election law professor.

"The Democrats are better off now than they were six years ago, but it's still fair to say the Republicans, as in many areas of elections, have a more disciplined legal hierarchy and strategy," Persily said.

That might explain why the GOP isn't saying much about its plans for election day.

"If you run your legal team like an army you don't talk about strategy before the battle," Persily said.

ON THE NET

Ohio Democratic Party: http://www.ohiodems.org/

Ohio Republican Party: http://www.ohiogop.org/

Election Homestretch Yields Surprises (WSJ)

By Jackie Calmes

The Wall Street Journal, September 26, 2006

BELLEVUE, Wash. -- Not long ago, Democrats in Washington state were threatening to abandon Sen. Maria Cantwell to protest her 2002 vote authorizing the war against Iraq. Now, the first-term senator says, "People here never wanted to lose this seat."

The senator spoke after an enthusiastic campaign rally underscored her suggestion that disgruntled Democrats have fallen in behind her, after concluding that their protest would only throw the seat to Republicans. Now, her bridge-building and the mistakes of her Republican rival, Mike McGavick, have Democratic leaders in the East resting easier about a seat that topped their endangered list for much of the year.

Mr. McGavick, a former chief executive of insurance company Safeco, says he is making up ground. In any case, the Washington state race illustrates the fluidity of the fall finale for Senate control as voters tune in. Republicans are struggling in a hostile climate to protect a 55-45 majority on Election Day. Democrats have to seize nearly every Republican target while losing none of their own.

The picture in the final stretch isn't what either side expected when the election cycle began. Republicans have given up on early targets among Democrats from states that backed President Bush's re-election, and are now struggling to keep some of their own red-state seats. Democrats, safe in red states, are campaigning hardest in blue ones, especially New Jersey.

Five Republican incumbents trail in polls. In Tennessee's open-seat contest to succeed retiring Senate Majority Leader Bill Frist, Democratic Rep. Harold Ford yesterday released a poll showing he had overtaken Republican Bob Corker. Two other Republican incumbents -- Virginia's George Allen and Arizona's John Kyl -- have seen their once-formidable leads erode to single digits.

Mr. Allen is perhaps the year's biggest surprise. He began on no one's watch list, but since summer he has been on the defensive -- first for using what some consider a racial slur against an Indian-American aide to Democratic rival Jim Webb and next for reacting angrily to revelations of his Jewish heritage. Even Republicans say he has stoked the controversies by his responses. Yesterday, Mr. Allen was denying new allegations from a college football teammate that he often used a slur to refer to black people and once stuffed a deer's head into a black family's mailbox.

The Senate Democrats' campaign committee is for the first time considering spending significant funds against Mr. Allen. Meanwhile, Democrats have grown less worried about three of their seats. Michigan Sen. Debbie Stabenow and Amy Klobuchar, seeking Minnesota's open spot, showed wide leads in polls released last week. Yesterday in Maryland, a Baltimore Sun poll showed Rep. Ben Cardin up by 11 points over Republican Lt. Gov. Michael Steele. That leaves New Jersey as Democrats' biggest worry. Sen. Robert Menendez, seeking the seat he got last year by appointment, slightly trails Republican Tom Kean Jr., son of the former governor, after allegations of ethical breaches that the Democrat denies.

Nonpartisan analyst Stuart Rothenberg, in revised ratings yesterday, downgraded Republican Allen's prospects, and upgraded those for Democrats Klobuchar and Cantwell.

Last week's Washington primary results confirmed that Ms. Cantwell -- like Sen. Hillary Clinton in New York's Democratic primary the week before -- paid little price among party liberals for her war vote. That was a blow to Republican hopes that Connecticut Democrats' mutiny last month against three-term Sen. Joe Lieberman would prove contagious. (Mr. McGavick sent Mr. Lieberman, now running as an independent, a $1,000 contribution.)

When Washington's mostly mail-in vote was finally tallied late last week, Ms. Cantwell had 91% of the Democratic vote. An unfunded antiwar challenger, Hong Tran, won 5%. The ease of her renomination, and Mrs. Clinton's, suggests that the circumstances behind Mr. Lieberman's defeat were unique. Ms. Cantwell's record has been moderate, not maverick like Mr.

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Lieberman's; she has been critical of the president when he hasn't, and, perhaps most important, she didn't draw a deep-pocketed antiwar challenger.

In past election years, Washington's combined Republican and Democratic primary vote has been a clue to what is ahead in November. Democrats' participation was significantly greater than Republicans', and Ms. Cantwell drew 53% of the combined vote to 36% for Mr. McGavick.

Ms. Cantwell has more money than Mr. McGavick, and while Republican leaders had hopes the wealthy businessman would spend more of his own money, he says he has no plans to go beyond the $2 million he has lent his campaign. Mr. McGavick was in Washington, D.C., last week for fund raising, but the first priority of Senate Republicans' campaign committee is helping beleagured incumbents.

Meanwhile, the McGavick campaign cites a poll by the independent Rasmussen Reports last week that has Ms. Cantwell's lead back to six points, as in mid-August -- down from a 17-point edge in a Rasmussen poll earlier this month. But Senate Democrats say their poll gave her a 12-point edge. The 48-year-old Mr. McGavick, a onetime top aide to former Washington Sen. Slade Gorton, says he "is coming back rather nicely" after a self-inflicted wound. In late August, he disclosed on his Web site a 1993 driving-under-the-influence incident, but his account differed significantly from the police report a state newspaper subsequently unearthed.

Ms. Cantwell, who turns 48 next month, ousted Sen. Gorton six years ago by just more than 2,000 votes. That close call, and her businesslike aloofness since, made her seem all the more vulnerable this year. After she refused in January to call her war vote a mistake, liberals' rebelliousness built. Two potentially worrisome candidates surfaced. Meanwhile, state and national pundits were praising Mr. McGavick. By late June, a Seattle paper headlined its poll story, "Cantwell's Lead Nearly Gone."

The senator explains her recovery simply: "We had a lot of meetings with people." She met with groups to let them vent. Supporters promoted Ms. Cantwell's work on other issues important to liberals -- for abortion rights and against drilling in the Arctic National Wildlife Refuge, in particular. In July, the two rival Democrats had joined her campaign, leaving just Ms. Tran. And Ms. Cantwell issued a statement that if she had known the U.S. wouldn't find weapons of mass destruction, she wouldn't have voted for force against Iraq.

Write to Jackie Calmes at jackie.calmes@wsj.com1

In West, GOP No Longer A Shoo-in (USAT)

By Tom Kenworthy

USA Today, September 26, 2006

CASPER, Wyo. — If history is any guide, Democrat Gary Trauner is on a fool's errand as he campaigns door-to-door to unseat six-term Republican Rep. Barbara Cubin.

A Democrat hasn't held Wyoming's at-large House seat since 1979, when Rep. Teno Roncalio retired after five terms — and an up-and-coming politician named Dick Cheney replaced him. In this state where Republicans are 61% of registered voters and Democrats 26%, President Bush won with 69% two years ago, a margin he exceeded only in Utah.

Trauner's campaign may not be entirely quixotic. National publications that track elections such as The Cook Political Report and Congressional Quarterly have started paying attention to what once was regarded as a Republican shoo-in.

In a Republican neighborhood here in Wyoming's second-largest city, Trauner, 47, a businessman, found some traction on a recent weekend even though he's yet to get funding from the Democrats' House campaign committee.

“People really do think it's time for a change,” says Marlene McLain, 61, after Trauner knocks on her door. McLain, a Republican, is critical of Cubin: “She doesn't listen to us. … She's not paying attention.”

Trauner's chances could also be affected by broader changes in the Rocky Mountain West, such as strong population growth. Democrats could build on gains they made in the region in 2002 and 2004.

Republican National Committee spokesman Danny Diaz predicted the GOP is “going to continue to be successful in the Rocky Mountain West because ideologically we stand with voters, while Democrats have taken positions contrary to the views of a majority of voters.”

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Throughout the 1980s and 1990s, the West became the most reliably Republican region in the country. But in 2002, Democrats won gubernatorial races in Wyoming, New Mexico and Arizona. In 2004, at least below the president on the ballot, more splotches of blue appeared in the largely red region, as moderate Democrats with strong local ties won key races.

In 2004, Montana Democrats won the race for governor, took control of the state Senate and tied for control of the state House. In Colorado, Democrats won control of the Legislature for the first time in more than 40 years, and Hispanic brothers Ken and John Salazar won seats in the U.S. Senate and House that had been Republican.

Amy Walter of The Cook Political Report attributes the Democratic wins in the West to an influx of new residents, "a big chunk of it Hispanic." She also believes voters in states like Montana want to balance Republican federal officeholders with Democratic state officials.

Some of the most up-for-grabs elections are in the West:

•Colorado. Democrats have a chance to win the open governor's race because Bill Owens, a Republican, is retiring because of term limits. Democrat Bill Ritter, a former Denver prosecutor, has a 17-percentage-point lead over U.S. Rep. Bob Beauprez, a Republican, according to a recent Rocky Mountain News poll.

"So far, the Democrats have done everything right, and (Beauprez) has had a lot of trouble getting started," says Bob Loevy, a political science professor at Colorado College.

If Ritter wins, Democrats could be governor in five of the eight Mountain West states. Before the 2002 election, all these states — Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming — had Republican governors.

Also in Colorado, Democrats have one of their "best opportunities in the country" to pick up a House seat, Walter says. In the Denver-area district left vacant by Beauprez's run for governor, Democrat Ed Perlmutter, a former state senator, is running against Republican Rick O'Donnell. Both candidates emphasize tough measures to combat illegal immigration.

•Montana. Republican Sen. Conrad Burns is rated by many analysts as one of the most endangered GOP senators as he battles for a fourth term against Democrat Jon Tester, president of the state Senate. "Despite spending millions, Burns hasn't gained the momentum he wanted," says Craig Wilson, a political scientist at Montana State University-Billings.

Dogged by his ties to disgraced lobbyist Jack Abramoff, Burns has also made a number of highly publicized missteps. He criticized firefighters for their performance in this summer's wildfires. He also asked the governor to declare a fire emergency and activate the National Guard more than a month after the governor had.

•New Mexico. U.S. Rep. Heather Wilson, a Republican, is in a dead heat against Democratic Attorney General Patricia Madrid. Madrid has hammered Wilson for supporting the Iraq war; Wilson has charged Madrid with ignoring a corruption scandal in the treasurer's office.

•Arizona. The House seat of retiring Republican Rep. Jim Kolbe makes most political analysts' lists of possible Democratic pickups. The Republican Party poured $200,000 into the primary campaign of moderate Steve Huffman, who lost Sept. 13 to the more conservative Randy Graf, a former state representative. Graf now faces Democrat Gabrielle Giffords, a former state senator.

In Wyoming, Cubin says she's confident of winning a seventh House term. She says Bush and the Iraq war have more support here than in other areas of the country, and she says voters will recognize her record of helping the state's energy industries. "I'm very optimistic about this race, but I always run as if I'm one vote behind."

Cubin won her August primary with an underwhelming 61% against a little-known opponent. "She's never racked up the numbers you'd expect of a Republican in a predominantly Republican seat," says University of Wyoming political science professor Jim King.

Trauner faces many obstacles, including what he calls the "heavy weight" of the GOP advantage here. He's a New York native in a state that values deep Western roots. As he tells voters that "we need a little fresh air in D.C.," Trauner tries to appear in the mold of moderate Democratic Gov. Dave Freudenthal, who is far ahead in his bid for a second term.

"I'm not a typical Democrat," Trauner says. "I'm pro-gun and pro-business."

Endangered Members Told: Pony Up (HILL)

By Alexander Bolton

The Hill, September 26, 2006

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The most endangered House Republican lawmakers have been asked by their leaders to give $75,000 to party coffers, significantly more than was asked of rank-and-file members two years ago, a sign of how desperate party leaders are to raise money when their individual donor receipts are down and lobbyists are increasing their contributions to Democrats.

Rank-and-file Republicans are being asked to give $75,000 to the National Republican Congressional Committee (NRCC): $25,000 or 50 percent more than they were supposed to give in the last election cycle. Committee chairmen have been asked to give $200,000, or $50,000 (33 percent) more than last cycle, according to one chairman.

Even lawmakers who are fighting for their political lives, such as GOP Reps. Jim Gerlach (Pa.) and John Sweeney (N.Y.), have been asked to contribute $75,000 to party coffers.

The increase of individual giving targets is surprising because the overall fundraising goal for the program is the same as in 2004: around $18 million, according to a Republican who helped organize the effort last cycle. At a time when many Republicans feel they are more threatened than two years ago, it appears that leaders have decided that the best way to ensure they reach their fundraising goals is to overreach, knowing that some lawmakers will not hit their targets.

There is new urgency for Republicans to raise money from their members because the NRCC has raised nearly $20 million less from individual donors compared to 2004. Meanwhile, its counterpart, the Democratic Congressional Campaign Committee, has boosted individual receipts by $16 million. Adding to the pressure, lobbyists are reporting that their corporate clients are giving more to Democrats in case they recapture the House this fall.

The top three House GOP leaders have been asked to give $550,000 each, the rest of the leadership has been asked for $300,000 per lawmaker. The chairmen of the most powerful committees, such as Appropriations, Energy and Commerce, and Ways and Means have been given $350,000 fundraising targets, while the chairmen of the other panels have $200,000 targets.

The heads of powerful subcommittees, such as the Appropriations Energy and Water sub-panel, should give $150,000, and the members of A-list committees have been billed for $100,000. Lawmakers may raise the funds or give them from their campaign accounts, said several participants.

The NRCC has revealed its overall $17.5 target for the fundraising program, known as Battleground, but has not made public the individual targets for lawmakers or how they compare to last cycle's. Lawmakers who've been asked to fund the effort, however, spoke of the goals.

Many lawmakers have yet to reach their new, higher targets, which they were given shortly before the August recess.

But perhaps more unusual, several vulnerable members including Gerlach and Sweeney said they are making every effort to meet the target, even if it means siphoning funds away from their own campaigns to help the party. Sweeney, who is battling in Democratic friendly New York, has vowed to meet his goal.

But other lawmakers say they will not meet their goal, viewing it only as a suggested target, and an expensive one at that. These lawmakers say their focusing on their own races.

"I've got a race back home I've got to finish," said Rep. Jim Ryun (R-Kan.), who won in 2004 with 56 percent of the vote.

Ryun admitted he has not given as much as he would like to the program.

"You do the best you can: if you make it, great, if you don't maybe it was a little high but you do the best you can," he said.

Ryun has given $12,000 to the NRCC as of the end of August.

Some members wish the perpetual money chase would stop, but realize it's part of the business.

"It's always a challenge raising money," said Rep. Scott Garrett (R-N.J.). "I'm not particularly good at it. I wish we didn't have to do it but it's part of the game."

House Republican leaders will remind the rank-and-file how important a part of the game it is this Wednesday at a meeting of the Republican conference. At that meeting leaders will put more pressure on their colleagues to hit their targets.

Battleground is a grueling program for participants and organizers.

Rep. Mike Rogers (R-Mich.) headed the effort in the last cycle and raised $22 million. But he declined to lead it again this year so House leaders drafted Chief Deputy Whip Eric Cantor (R-Va.) to lead it, taking Cantor's staff by surprise.

Cantor said the program is going well and that many of his colleagues have participated enthusiastically.

"The initial goal was $17.5 million," he said. "We're well on our way to exceeding that goal."

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A review of party receipts since July, when GOP lawmakers were first given their fundraising goals, reveals those who may be angling to move up in the GOP leadership or gain more powerful committee posts.

Rep. Spencer Bachus (R-Ala.), a senior member of the Financial Services Committee who may replace retiring Rep. Mike Oxley (R-Ohio) as chairman has given $435,500 in excess funds to the NRCC.

Rep. Paul Ryan (R-Wis.), who is running to chair the Budget Committee, gave $200,000. Rep. Jeb Hensarling (R-Texas), who has emerged as a leader of the conservative House Republicans, gave $202,000.

Blue Dog PAC Tops $1 Million (HILL)

By Josephine Hearn

The Hill, September 26, 2006

Looking to shore up their influence in a more evenly divided House next year, conservative Blue Dog Democrats reached a fundraising milestone in August, raising more than $1 million for their PAC for the first time.

The 37-member Blue Dog Coalition has raised nearly $1.1 million for its PAC so far this election cycle and has doled out $600,000 in contributions, dwarfing the fundraising totals of other PACs associated with groups of lawmakers, according to figures recently filed with the Federal Election Commission. The 43-member New Democrat Coalition, in contrast, raised only $490,000 in the same period.

The Blue Dogs' cohesion and visibility among House Democrats has contributed to their fundraising prowess. Most of the group's members are white, conservative Democrats and hail from red states. All share a desire to balance the budget.

The group also sticks together—both politically and in where they choose to congregate on the House floor. They often sit shoulder-to-shoulder in seats bordering the House's center aisle, and they travel en masse to fundraisers. These bonds have long made them among the most unified and active groups in the House Democratic Caucus.

This year, though, they have added cachet. With Democrats predicted to gain seats in November, many corporate PACs are looking to curry favor with Democrats, especially those who have been sympathetic to business interests. (Rep. John Tanner (D-Tenn.), the coalition's co-founder, was an early supporter of the Central America Free Trade Agreement despite Democratic leaders' opposition.) Other companies give to the business-friendly Blue Dogs in order to augment the total percentage they contribute to Democrats, a way to start currying favor with Democrats before an dif they gain the majority.

For the Blue Dogs themselves, the newfound popularity is a recognition of the delicate position they may occupy in a Democratic House, that of balancing their own conservative tendencies with the liberal politics of their colleagues.

"We'll play a significant role in terms of agenda setting. That could pose some problems," Tanner said, alluding to the ideological differences. "I don't worry about it; We'll just have to see how things work out. If Democrats win, we'll certainly have a voice to be heard."

Rep. Allen Boyd (D-Fla.), who co-chairs the PAC with Tanner, offered similar sentiments.

"There are those on the left side who want a pure agenda. But if we follow that, we are doomed to be the minority party," Boyd said. "I have heard [House Minority Leader] Nancy Pelosi [D-Calif.] say a number of times that she wants to be Speaker of the House not the Speaker of the Democratic Party. If she does that...then it will work out right."

A number of prime Democratic pick-up opportunities involve conservative candidates the Blue Dogs have endorsed, making it nearly certain that the coalition will expand in the next Congress, perhaps dramatically. The Blue Dogs have endorsed former Reps. Ken Lucas (D-Ky.) and Baron Hill (D-Ind.), as well as Democratic challengers Brad Ellsworth (Ind.), Mike Weaver (Ky.), Heath Shuler (N.C.), Maxine Moul (Neb.), Kirsten Gillibrand (N.Y.), John Cranley (Ohio) and Phil Kellam (Va.). In open seats, they are backing Christine Jennings (Fla.) and Charlie Wilson (Ohio).

Blue Dogs already constitute nearly one fifth of the 201 House Democrats, but they are outnumbered by the Congressional Progressive Caucus (64), the Congressional Black Caucus (43), and the New Democrats (42).

Some of those caucuses are likely to grow as well. The CBC has endorsed candidates Keith Ellison (Minn.), Angie Paccione (Colo.) and Les Miller (Fla.). The 11-member Congressional Asian and Pacific American Caucus (CAPAC) is backing candidates Tammy Duckworth (Ill.) and Mazie Hirono (Hawaii) through its work with the Asian American Action Fund.

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The Blue Dogs' fundraising, however, has dramatically outpaced that of similar groups. The CBC had raised $504,000 as of June 30. The House Conservatives Fund, which represents more than 100 conservative Republicans, took in $541,000 as of August 31.

For the Blue Dogs, their robust fundraising bolsters a viable political center in an ever more partisan Congress.

"There's a group of Democrats who aren't going to give their voting card to either leadership," Tanner told The Hill in July.

Teammates: Allen Used "N-word" In College (SAL)

By Michael Scherer

Salon.com, September 26, 2006

Three former college football teammates of Sen. George Allen say that the Virginia Republican repeatedly used an inflammatory racial epithet and demonstrated racist attitudes toward blacks during the early 1970s.

"Allen said he came to Virginia because he wanted to play football in a place where 'blacks knew their place,'" said Dr. Ken Shelton, a white radiologist in North Carolina who played tight end for the University of Virginia football team when Allen was quarterback. "He used the N-word on a regular basis back then."

A second white teammate, who spoke on the condition of anonymity because he feared retribution from the Allen campaign, separately claimed that Allen used the word "nigger" to describe blacks. "It was so common with George when he was among his white friends. This is the terminology he used," the teammate said.

A third white teammate contacted separately, who also spoke on condition of anonymity out of fear of being attacked by the Virginia senator, said he too remembers Allen using the word "nigger," though he said he could not recall a specific conversation in which Allen used the term. "My impression of him was that he was a racist," the third teammate said.

Shelton also told Salon that the future senator gave him the nickname "Wizard," because he shared a last name with Robert Shelton, who served in the 1960s as the imperial wizard of the United Klans of America, a group affiliated with the Ku Klux Klan. The radiologist said he decided earlier this year that he would go public with his concerns about Allen if a reporter ever called. About four months ago, when he heard that Allen was a possible candidate for president in 2008, Shelton began to write down some of the negative memories of his former teammate. He provided Salon excerpts of those notes last week.

On Sunday morning, Salon spoke with David Snepp, a spokesman for Allen's Senate office, to ask for a response to the recollections of the three former teammates. E-mail and phone messages were also left for Bill Bozin, a spokesman for the Allen campaign, and Dick Wadhams, the campaign manager. Though Snepp indicated that the campaign, and probably Wadhams, would respond, eight hours later no one in the Allen camp had replied to Salon. Chris LaCivita, a consultant to the Allen campaign, hung up when a Salon reporter reached him midafternoon Sunday. Additional attempts to contact the campaign were unsuccessful. (Since Salon published this story, Allen has denied to other reporters having ever made such a racial slur.)

The racial attitudes of Allen, a once formidable presidential contender in 2008, have become an issue in his highly contested reelection campaign against Jim Webb, a former Marine and author. Last month, Allen was videotaped calling an Indian-American college student "macaca," an obscure word for monkey that is also used as a racial epithet in some parts of the world. Allen has since apologized to the student, saying that he made up the word, and did not know its other meanings.

Last week, Allen again created controversy by appearing offended when a reporter asked about the Jewish lineage in his mother's family, which he has since acknowledged. Allen has also faced questions about his affinity for the Confederate flag, which he wore as a pin in a high school yearbook photo and exhibited in his home in Virginia.

In public statements, Allen has said that he realized later in life that the Confederate flag was a symbol of violence for black Americans, and he has expressed some regret. "There are a lot of things that I wish I had learned earlier in life," Allen said in an appearance this month on NBC's "Meet the Press." But Allen has maintained that he never harbored any discriminatory attitudes toward blacks. "Even if your heart is pure, the things you say and do and the symbols you use matter because of how others may take them," he said in the prepared transcript for remarks to a luncheon with black educators on Sept. 13.

Over the past week, Salon has interviewed 19 former teammates and college friends of Allen from the University of Virginia. In addition to the three who said Allen used the word "nigger," two others who were contacted said they remember being bothered by Allen's displaying the Confederate flag in college, but said they do not remember him acting in an overtly racist

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manner. Seven others said they did not know Allen well outside the football team, but do not remember Allen demonstrating any racist feelings. A separate seven teammates and friends said they knew Allen well and did not believe he held racist views. "I don't believe he was insensitive," said Paul Ryczek, who played center in Allen's year before joining the Atlanta Falcons. "He had no prejudices, biases or anything else."

In the interviews, old teammates generally spoke of him highly, as a good friend, a bright and ambitious student, and a colorful character who embraced Southern culture, listened to country music, and attracted the nickname "Neck," as in redneck. "If a black guy dropped a pass, he would say something to him," said Gerard Mullins, who played defensive back in Allen's year. "If it was a white guy, same thing. It really didn't matter where you were from, who you were, or anything."

The three former teammates, however, painted a very different picture of Allen when he was around his white friends. Shelton said he feels a personal responsibility to tell what he knows about Allen's past, especially now that Allen has been mentioned as a possible presidential candidate. "I got to know Allen a little too well," Shelton said, adding that he does not believe Allen should hold elective office. "He had prejudices that were deep-seated."

Shelton said no political animosity has driven his decision to speak out. He has switched between Democratic and independent registration in recent elections, he said, and does not consider himself politically active. Four years ago, Shelton and his wife donated $1,000 to Sam Neill, the Democratic challenger to Rep. Charles Taylor, R-N.C., because Shelton said they knew Neill and were upset by the allegations of corruption against Taylor, who was reelected. In February, Shelton supported Rick Davis, a current Republican candidate for sheriff, and penned a letter to the editor in the Hendersonville Times-News backing Davis' campaign. Shelton says he does not know much about Allen's political ideology and says he hasn't spoken to him in about 30 years. "There are no personal grudges," Shelton said. "There was no falling out."

Shelton played football with Allen in the 1972 and 1973 seasons, according to the team media guides from those years. Shelton remembers Allen's attitudes about race surfacing early in their relationship. At one point, Shelton says, Allen nicknamed him "Wizard," after United Klans imperial wizard Robert Shelton. "He asked me if I was related at all," Shelton remembers. "I knew of that name, and I said absolutely not." Several former teammates confirmed that Shelton's team nickname was "Wizard," though no one contacted by Salon could confirm firsthand knowledge of the handle's origin. "Everyone called me 'Wizard' that knows me from those days," said Shelton. "My nickname stuck."

Shelton said he also remembers a disturbing deer hunting trip with Allen on land that was owned by the family of Billy Lanahan, a wide receiver on the team. After they had killed a deer, Shelton said he remembers Allen asking Lanahan where the local black residents lived. Shelton said Allen then drove the three of them to that neighborhood with the severed head of the deer. "He proceeded to take the doe's head and stuff it into a mailbox," Shelton said.

Lanahan, a former resident of Richmond, Va., died this year at the age of 53, said his aunt Martha Belle Chisholm of Richmond. In an interview on Thursday, Chisholm said that she remembered Lanahan speaking highly of Allen. "Bill was very complimentary of George Allen," she said. "He said he was just one of the boys." Chisholm also confirmed that the Lanahan family owned hunting land near Bumpass, Va., about 50 miles east of the University of Virginia campus.

Allen, a college quarterback, arrived at Virginia in 1971 as a sophomore transfer from the University of California at Los Angeles, where he had a football scholarship after graduating from nearby Palos Verdes High School. He relocated to Virginia around the same time that his father, also named George Allen, took a job as the head coach of the Washington Redskins. At the time of his arrival, race relations at the University of Virginia were delicate. Allen's graduating class was the first to offer scholarships to black athletes, and included the first four black players on the football team and the first black starting quarterback, Harrison Davis, who did not return calls from Salon.

Accusations of racial insensitivity have long dogged Allen's political career. As a member of the Virginia Legislature, Allen opposed a state holiday honoring Rev. Dr. Martin Luther King Jr. As Virginia's governor, Allen issued a proclamation honoring Confederate History Month that contained no mention of slavery. In recent years, however, Allen has made a point to reach out to minority communities, sponsoring legislation to fund historically black colleges and a resolution to condemn the lynching of blacks in the South. In a New Republic article by Ryan Lizza earlier this year, Allen discussed a "civil rights pilgrimage" he had taken to Birmingham, Ala., in 2003. "I wish I had [gone] sooner," the magazine quotes Allen saying. "I was listening to the old civil-rights movement, the strategies, the foundations, the tactics."

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Several of Allen's teammates remember him arriving at the University of Virginia in 1971 with long sandy blond hair and surfer stories of the Pacific Ocean. "He was a Californian," remembers Craig Critchley, a family doctor in Ohio who played linebacker in Allen's year, and did not remember the senator displaying racial views. "It was like, 'Wow, man, yeah.'"

Shelton last remembers speaking with Allen in the mid-1970s, in Charlottesville, when Allen, then in law school, played with Shelton, who was in medical school, in an inter-city football league. For Shelton, the memories of Allen's behavior during his football days raise clear questions about the senator's fitness for office. "I just think that someone who attains that level of higher office needs to have higher standards," Shelton said. "He has deep-seated core values that are hard to reverse despite what he says."

By contrast, Allen has pointed to a different lesson from his days of football playing in recent public statements. On "Meet the Press," he said his football career was an experience that taught him racial tolerance. "I grew up in a football family, as you well know, and my parents and those teams taught me a lot," Allen said on the program. "And one of the things that you learn in football is that you don't care about someone's race or ethnicity or religion."

2 Ex-Acquaintances Of Senator Allen Say He Used Slurs (NYT)

By David D. Kirkpatrick

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Two former acquaintances of Senator George Allen said Monday that he used racist slurs in the 1970's and 1980's, a development that compounded accusations of racial insensitivity that have dogged his re-election campaign in Virginia. Mr. Allen denied that he had ever used such words.

One of the two old acquaintances, Christopher Taylor, now an anthropology professor at the Birmingham campus of the University of Alabama, said he heard Mr. Allen use an epithet to describe African-Americans in the early 1980's.

Mr. Taylor, who is white and was then a graduate student at the University of Virginia, said the term had come up in a conversation about the turtles in a pond near Mr. Allen's property. Mr. Allen, Mr. Taylor said, told him that "around here" the only people who "eat 'em" were African-Americans, whom he described with the notorious epithet for blacks.

Separately, Dr. Ken Shelton, who was a football teammate of the senator at the University of Virginia and who is also white, said that while in college in the early 1970's Mr. Allen often used the same racially charged term. Mr. Shelton, whose account was first reported Sunday night in the online newsmagazine Salon, said Mr. Allen had told him that he had moved to Virginia "because the blacks know their place."

Mr. Shelton, a radiologist now living in North Carolina, said that on a hunting trip Mr. Allen had sought out the home of an African-American and affixed the head of a dead deer to the mailbox. He also said Mr. Allen had called him Wizard, for Robert Shelton, who used the title as a leader of the Ku Klux Klan.

"He wanted to know if I was related," Mr. Shelton recalled in an interview. "I said no."

Mr. Allen, a Republican once considered a front-runner for the party's 2008 presidential nomination, told The Associated Press on Monday that Mr. Shelton's accusations were "ludicrously false." And Dan Allen (no relation), an adviser to the Allen campaign, said the racial slur Mr. Taylor attributed to the senator was "not part of his vocabulary."

In a statement released by the campaign, Anne Waddell, who was George Allen's wife at the time, confirmed Mr. Taylor's visit to the Allen property but also said her former husband would never have used such terms.

In the A.P. interview, conducted before Mr. Taylor came forward, the senator said Mr. Shelton's "comments and assertions in there are completely false."

"I don't remember ever using that word," he said, "and it is absolutely false that that was ever part of my vocabulary."

Mr. Allen's campaign also distributed statements in his defense from three other college football teammates and a former trainer for the team. The three players said Mr. Allen had never used racist slurs, and two of them, as well as the trainer, said Mr. Shelton had been nicknamed Wizard — and not by Mr. Allen — because of his magicianlike football skills.

"It appears to me that Kenny Shelton has some deep-rooted problems with his self-identity and a rather hyperactive imagination," one former teammate, George Korte, said in his statement.

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Until a few weeks ago, Mr. Allen appeared to have a solid advantage in his re-election campaign, in which he faces Jim Webb, secretary of the Navy in the Reagan administration, who is running as a Democrat.

But insinuations of racial insensitivity have hovered in the background of the Allen campaign ever since The New Republic reported last spring that he had worn a Confederate flag pin in his yearbook picture. After that report, two odd episodes in the space of a few weeks this summer prompted new questions and cut into his lead.

The first occurred at a campaign appearance where Mr. Allen called a young Democratic operative of Indian descent "macaca" and welcomed him "to America." Liberals called the term a racist slur derived from the name of a type of monkey. Mr. Allen apologized for any offense and said he had simply made up the word.

A few weeks later Mr. Allen, who is Presbyterian, grew angry at a reporter's question about whether his mother had been born Jewish. Mr. Allen later said that after the question came up, his mother told him for the first time that her family was indeed Jewish. His subsequent statements about the matter — attesting that he still ate ham sandwiches, for example — appeared awkward, even to fellow Republicans.

"His mishandling of a name-calling incident, and his ham-handed denial and subsequent revelation that his mother was raised Jewish, have almost eliminated him from the field of serious presidential candidates and even jeopardized his Senate seat," Matthew Continetti of the conservative Weekly Standard wrote in the magazine's current cover story, "George Allen Monkeys Around."

Previous accusations about Mr. Allen's racial views have centered mostly on symbolism, especially involving the Confederacy.

In addition to the pin in his high school yearbook picture, for example, he later displayed a Confederate flag on his living room wall. As governor of Virginia, he declared a Confederate History Month without reference to slavery. He made a cameo appearance as a Confederate officer in the film "Gods and Generals." And he once opposed the creation of a Virginia state holiday to memorialize the Rev. Dr. Martin Luther King Jr.

Mr. Shelton, who described himself as a political independent, said that reports of the "macaca" comment had reminded him of his college experiences with Mr. Allen and that he had decided he should have come forward long ago.

Mr. Taylor, the Alabama professor, said he was a politically active Democrat. He initially wrote of his recollections in a private e-mail message to a colleague after the "macaca" incident. The message was eventually forwarded to The New York Times, and Mr. Taylor subsequently agreed to discuss his recollections of Mr. Allen with a reporter.

Mr. Taylor said that he had been "kind of taken aback" by Mr. Allen's language because it occurred at their first meeting and that Mr. Allen had known he was talking to a graduate student in anthropology. "Most of us are antiracist," Mr. Taylor said.

Still, he said, he did not give Mr. Allen "a moral lesson." He said he had been visiting Mr. Allen to pick up an Australian shepherd puppy and had simply left with the dog.

Allen Denies Using Racial Slur In School (AP)

By Bob Lewis

AP, September 26, 2006

Sen. George Allen on Monday denounced as "ludicrously false" allegations from a former college football teammate that he frequently used a racial slur to refer to blacks in the early 1970s and that he once stuffed a severed deer head into a black household's mailbox.

Allen's campaign also released statements from four other ex-teammates defending the senator and rejecting Dr. Ken Shelton's claims. Shelton leveled the allegations against the former University of Virginia quarterback in an article published Sunday in the online magazine Salon.com and during an Associated Press interview Sunday night.

"The story and his comments and assertions in there are completely false," Allen said during an interview with AP reporters and editors. "I don't remember ever using that word and it is absolutely false that that was ever part of my vocabulary."

Larry J. Sabato, one of Virginia's most-quoted political science professors and a classmate of Allen's in the early 1970s, said in a televised interview Monday that Allen used the epithet.

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"I'm simply going to stay with what I know is the case and the fact is he did use the n-word, whether he's denying it or not," Sabato, now director of the University of Virginia Center for Politics, told Chris Matthews on MSNBC. Sabato would not say whether he had heard Allen say the word, and did not know whether it was true that Allen used the word frequently in college.

Allen, a Republican, has been mentioned as a possible presidential candidate in 2008, but questions about racial insensitivity have dogged him during his re-election bid against Democrat Jim Webb.

Allen's use of the word "macaca" in referring to a Webb campaign volunteer of Indian descent in August prompted an outcry. The word denotes a genus of monkeys and, in some cultures, is considered an ethnic slur. But the senator insisted he did not know that and had simply made the word up.

Shelton, a Hendersonville, N.C., radiologist who was a tight end and wide receiver for the university in the early 1970s, said Allen used the n-word only around white teammates.

Shelton said the incident with the deer head occurred during their college days when he, Allen and another teammate who has since died were hunting on a farm the third man's family owned near Bumpass, Va., 40 miles east of the university.

Shelton said Allen asked the other teammate where black families lived in the area, then stuffed a deer's head into the mailbox of one of the homes.

"George insisted on taking the severed head, and I was a little shocked by that," Shelton said.

"This was just after the movie `The Godfather' came out with the severed horse's head in the bed," Shelton told the AP.

He said he came forward because of Allen's presidential prospects and the "macaca" incident.

"When I saw the look in his eye in that camera and using the word `macaca,' it just brought back the bullying way I knew from George back then," Shelton said.

Shelton described himself as an independent who has supported Democratic and Republican candidates. He said he regretted that he had not spoken against Allen in the early 1980s, when he was first entering politics. Shelton said he began writing down his recollections as Allen's career "ascended to heights I never could have imagined."

Other former teammates rushed to the senator's defense.

Charlie Hale of Abingdon, a college roommate of Shelton's and an Allen campaign volunteer, said that he had hunted often with Allen, and "there was not even a rumor on the team" about the alleged deer incident.

Doug Jones, another Allen campaign volunteer who said he had roomed with Shelton, also dismissed the allegations. "I never heard George Allen use any racially disparaging word, nor did I ever witness or hear about him acting in a racially insensitive manner," Jones said.

Another former teammate, Gerard R. Mullins of Roanoke, said he recalled nothing racist about Allen.

"George had a strong personality, and I guess that's why he was a quarterback," Mullins, who is not close with Allen, said in a telephone interview.

Sometimes, he said, Allen was confrontational with teammates.

"He would kind of pick on everyone a little just to get a reaction," said Mullins, a defensive back responsible "From a football standpoint, if you were black or white it didn't matter: if you dropped a pass, he'd have something to say to you."

Shelton's claims came a week after a debate in which Allen bristled at questions about his Jewish ancestry. Allen later acknowledged publicly for the first time that his grandfather, a prisoner in a Nazi concentration camp, was Jewish, and on Monday he said both his maternal grandparents were Jews.

Explaining his initial reaction, Allen has said his mother swore him to secrecy when she told him about his ancestry last month.

Allen's father, the late George H. Allen, was a legendary football coach with the Los Angeles Rams and the Washington Redskins. Allen transferred from the University of California, Los Angeles, to Virginia when his father took the Redskins job.

McCain Boosts Allen At Rally (RTD)

Richmond Times-Dispatch, September 26, 2006

U.S. Sen. George Allen yesterday forcefully denied allegations that he used the n-word to describe black people while a football player at the University of Virginia more than 30 years ago.

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The Republican denounced as "completely false" a report published Sunday in the online magazine Salon.com, which quotes three U.Va. teammates as saying Allen frequently used the inflammatory racial slur.

"This story and these allegations are false," Allen told reporters after a news conference yesterday morning with mostly black pastors in support of the proposed constitutional amendment to ban same-sex marriage in Virginia.

"I don't ever remember ever using that word. That word was not a part of my vocabulary as was asserted in this article. It wasn't then, it hasn't been since then and it is not now. It is not who I was, and it is not who I am. It is contrary to every fiber of my being."

Two of the former players spoke to Salon.com on the condition of anonymity, fearing retribution from the Allen campaign. The other teammate, Dr. Ken Shelton, a radiologist in Hendersonville, N.C., spoke publicly and stood by his comments in an interview yesterday with The Times-Dispatch.

"He did use the n-word," Shelton said in a phone interview. "He used it often. And it was, I'm sure, intended in a very derogatory manner. George's racial views were fairly obvious by some of his actions, too."

Shelton played tight end for the Cavaliers when Allen was quarterback in the early 1970s.

In separate interviews, both men described the other as teammates. Allen said he last spoke to Shelton 32 years ago.

Shelton, 53 and a registered inde- pendent, cited a hunting trip where he said Allen stuffed the severed head of a deer in a mailbox in a neighborhood where blacks lived. Allen called that "absolutely false."

He also contended that Allen gave him the nickname "Wizard" because Shelton shared the same surname as Robert Shelton, the imperial wizard of the United Klans of America in the 1960s. Allen said he didn't know how Shelton obtained the moniker: "I assume he got that name because he did make some acrobatic catches. He had good hands."

The Allen campaign yesterday released statements from four other U.Va. teammates and the long-time trainer supporting the senator and rejecting Shelton's assertions.

Doug Jones, who roomed with Shelton and played on the team with Allen during the 1972 and 1973 seasons, said, "During that time I never heard George Allen use any racially disparaging word, nor did I ever witness or hear about him acting in a racially insensitive manner."

Allegations of racial insensitivity have plagued Allen's career. As a state legislator, he voted against a holiday to honor the Rev. Dr. Martin Luther King Jr., the civil-rights leader. As governor, he issued a proclamation recognizing Confederate History and Heritage Month, which generated controversy because it did not mention blacks or the sacrifices of those who fought against slavery and for the union of the country.

As senator, Allen has reached out to minorities. He sponsored legislation to help historically black colleges upgrade technology and a Senate apology for its failure to ban lynching in the early 20th century.

Allen, a former governor and first-term senator, is fighting the political battle of his life against Democrat Jim Webb, a decorated Marine and author. Webb has also had problems during the campaign. Allen has attacked the Democrat for writing a 1979 article in Washingtonian magazine that was critical about women in the military.

Recently, the Allen campaign has made some high-profile stumbles. In August, Allen addressed as "macaca" a Virginia-born Webb volunteer of Indian-American descent; macaca is a genus of monkey which is also considered a racial slur in some parts of the world. Last week, Allen acknowledged, after first refusing to answer, that he has Jewish ancestry.

The Webb campaign had no comment on the Salon.com article.

National publications are speculating about the effects on Allen's 2008 presidential aspirations. A cover story about Allen in the latest edition of The Weekly Standard is titled, "George Allen Monkeys Around. Forget the presidential campaign. Can he still win his Senate race?"

Larry J. Sabato, a political analyst at the University of Virginia, said that in politics, one event can help generate another.

"And the boulder just keeps rolling down hill and gaining momentum," Sabato said. "Fundamentally, one of the basic problems for Allen is that he refused to make a choice between running for the Senate again and running for president. These are two contradictory campaigns, and they have encouraged some of the revelations."

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Last night, in a nationally televised interview, Sabato said that Allen had used the epithet. "I'm simply going . . . to stay with what I know is the case and the fact is that he did use the n-word, whether he's denying it now or not," Sabato told Chris Matthews on MSNBC's "Hardball" program. Sabato would not say whether he personally heard Allen use the word.

Christopher J. LaCivita, an Allen strategist, told The Associated Press that Allen and Sabato, who were at U.Va. together, were not friends, nor did they associate with each other in college. "Larry is obviously relying on words he heard from someone else. We believe it's completely inaccurate."

Allen Denies Using Epithet To Describe Blacks (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 26, 2006

RICHMOND, Sept. 25 -- Virginia Sen. George Allen on Monday denied allegations by a college football teammate and another former acquaintance that the senator used a racial epithet to refer to blacks during and after his time at the University of Virginia in the early 1970s.

The accusations by R. Kendall Shelton, 53, a radiologist in North Carolina, and Christopher C. Taylor, 59, an anthropologist at the University of Alabama, reignited questions about Allen and race as he campaigns for reelection against Democrat James Webb.

Shelton said Allen frequently used the "N-word" to describe blacks and nicknamed him "Wizard" because of the similarity of his name to that of Robert Shelton, a former imperial wizard of the Alabama Knights of the Ku Klux Klan. He also recounted an event from 1973 or 1974 in which he, Allen and a third friend were hunting deer. After the deer was killed, Shelton said, Allen cut off the doe's head, asked for directions to the home of the nearest black person and shoved the head into that person's mailbox.

Taylor said that during a visit to Allen's Charlottesville house in 1982, Allen pointed to turtles in a pond on his property and said only "the [epithets] eat them."

Allen adviser Chris LaCivita said that Taylor is lying and that "this guy is not credible, period." LaCivita said Taylor is a liberal activist.

In comments Monday to reporters, Allen called Shelton's recollections about the deer incident "absolutely false," "pure fabrication" and "nonsense." He said he called Shelton "Wizard" because of his acrobatic catches on the football field. Allen said he does not recall ever having used the "N-word" or any other racial epithets at the University of Virginia.

"That word was not a part of my vocabulary," the senator said. "It wasn't then. It hasn't been since then. And it is not now. It is not who I was, and it is not who I am. It is contrary to every fiber of my being. This story is an attack piece. It is deplorable, and it is false." Allen was referring to a story posted Sunday night on Salon.com, which first reported Shelton's allegations. Salon.com is an Internet magazine of news and opinion.

Allen's campaign released statements Monday from four former teammates and coaches who defended Allen, saying they never heard him use racial epithets or saw him act insensitively toward blacks. Allen is running for a second term against Webb, a former Navy secretary under President Ronald Reagan.

"I have never known or heard him use racial epithets to describe blacks either in public or in private," George Korte, a linebacker on the U-Va. team from 1970 to 1973, said in the statement. "It appears to me that Kenny Shelton has some deep rooted problems with his self-identity and a rather hyperactive imagination."

Several former teammates interviewed by The Washington Post agreed.

"I have never heard him use that word," said Rob Berce, a wide receiver who graduated in 1976. "He just seemed to be a pretty upfront, good guy."

Jim Grobe, the head football coach at Wake Forest University, said he is "shocked" by Shelton's allegations. "I never heard George say anything like that," Grobe said.

The allegations are the latest to shake the Allen campaign after weeks of negative publicity about his describing a Webb volunteer of Indian descent as "macaca," which is a genus of monkey and a racial slur in some cultures. He has also spent the past week dealing with revelations that his mother was raised Jewish, which he says he did not know until just weeks ago.

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Stuart Rothenberg, an independent analyst who edits the Rothenberg Political Report, said the senator is caught in a media frenzy that threatens his campaign and his consideration of a possible run for president in 2008.

"Every day, the campaign is about who George Allen is or what he said," Rothenberg said Monday. "It keeps him totally off message. He's constantly responding to charges and criticisms and his own stumbles."

In interviews with The Post on Sunday night and Monday, Shelton said Allen frequently used the "N-word."

"I have no doubt George was a racist in the early 1970s," said Shelton, who described himself as a former Democrat who is registered as an independent. "I couldn't care less if George was a Democrat or a Republican. He shouldn't be in public office."

Shelton is listed as "unaffiliated" in voter registration records but voted in the state's Republican primaries this year. He was registered as a Democrat from 1988 through 2004, according to the Henderson County, N.C., elections office.

The former tight end and wide receiver said his recollections were jarred by the controversy over Allen's use of "macaca." Shelton said he has felt guilty for years that he didn't stop Allen during the deer incident.

Taylor said he was invited to Allen's house by the senator's first wife, Anne, after they participated in a photo shoot celebrating the expansion of a Charlottesville shopping center. He said she had offered to give him one of the Allens' Australian shepherd puppies.

"I asked him about waterfowl landing at the lake," Taylor recalled. "He said if they hatched out into ducklings, they would all get attacked by the big turtles. I said, 'Why don't you kill and eat these turtles?' He said: 'We don't eat them. The [epithets] eat them.' "

Anne Waddell confirmed that Taylor came to their house to pick a puppy but said: "I can say with absolute certainty that his recollection that George said anything at all that could be considered racially insensitive is completely false. He would never utter such a word."

She said she was "the one who fished for the turtles in our pond because they were eating the young goslings. The person who ate the turtles was our neighbor."

Taylor first offered his account in an e-mail this summer after seeing the tape that caught the "macaca" incident. He repeated the account Monday.

Two other former U-Va. athletes also said they recalled Allen using racial epithets frequently in college. They spoke on condition of anonymity, saying they feared the effect of coming forward on their livelihoods and families.

Allen struggled for years with questions about his past, including reports that he displayed a Confederate flag and had a noose in his law office. In the past several years, he has sponsored legislation to apologize for slavery and has been endorsed by a leading Democratic black state senator for his efforts to help historically black colleges and universities.

Several black ministers came to his defense Monday after appearing with Allen on behalf of a proposed state constitutional amendment banning gay marriage.

"We're standing for his character and for his integrity," said the Rev. Martin Brown. "We should be focusing on the issues instead of focusing on character assassination."

Staff researcher Meg Smith contributed to this report.

George Allen's Day Of Atonement (RC)

By Mary Ann Akers

Roll Call, September 26, 2006

It looks as though Sen. George Allen (R-Va.) might be embracing his Jewish roots after all.

The Senator long ago had scheduled a field hearing of the Senate Small Business and Entrepreneurship Committee for Monday, Oct. 2, which is Yom Kippur. Last week, Allen moved the date to Oct. 3 to avoid conflict with the high holiday, according to the interest group involved in the hearing.

"He's Jewish and Monday is Yom Kippur," explained Brynn Slate, spokeswoman for the National Association of Women Business Owners, completely matter-of-factly to HOH.

Allen spokesman David Snepp said the date of the hearing, which will explore women-owned businesses vying for federal contracts, was changed at the request of the association. And technically, that's true.

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After reading about the blockbuster revelation that Allen is (technically) Jewish, the deputy executive director of the women's business association, Michele Jerome, contacted Allen's staff to see if the Senator would prefer delaying the hearing until after the holiest day of the year for Jews.

"The date was set and then Michele contacted one of his staff because she had read that he had sort of — I don't know what you would call it — he had just announced that he's newly Jewish," Slate told us. "So Michele contacted them to ask if they would want to change it because of the holiday."

Slate said the Allen staffer "got back to" the executive director of the association and "said yes, he'd like to move it to the 3rd."

We ran this explanation past Snepp, Allen's spokesman. He replied, "If the group wanted to change the date of this field hearing in honor of the Jewish holiday, that is certainly appropriate, and Sen. Allen is looking forward to the testimony the following day on how to get more women-owned businesses fairly represented in federal contracts."

Hey, now Allen even has a Jewish nickname. Overheard at a party the other night: "Sen. Macacawitz."

Livin' La Hearing Loca. Sadly, Ricky Martin says he will not go karaoke on us when he testifies this morning before the House International Relations Committee. We were hoping for a live impromptu performance of "She Bangs" or "Livin' La Vida Loca" or something — anything.

"I'm not going to stand up and start dancing," Martin told HOH. "That's not the idea. This is a very, very serious subject that needs to be discussed in front of the media."

Indeed, Martin is testifying about an issue dear to him: human trafficking. Having created the Ricky Martin Foundation to combat human trafficking, the Grammy Award-winning performer is on a quest to create a universal law to make 18 the legal age of adulthood in order to protect children worldwide from sex-slave traffickers.

Asked whether he thought his singing partner President Bush, with whom he danced on stage at W's 2000 inauguration, has done enough on the issue, Martin said, "There's always room for improvement." Though he added politely, "I believe he's done his part."

What about Bush's overall job performance? "I'm here to talk about trafficking," Martin said sheepishly.

"I'm so not political — I hope you understand this," Martin told us. "I want to simplify my life as much as possible. Right now, it's not even about music, it's about my foundation. This is about the children."

Political Confidence. As the clock ticks closer to Election Day, House Democrats are getting cockier by the minute. Plotting — expecting even — to regain the majority, Democrats apparently want to put the "science" back in the House Science Committee.

Just check out the new ad that begins running this week in the official House jobs listing service:

"HOUSE SCIENCE COMMITTEE — Seeking experienced science policy professionals for possible expanded Democratic committee staff in the 110th Congress. Desire to build a nonpartisan staff of experienced and highly motivated professionals. Good communication skills and ability to work effectively with a team of credentialed and experienced existing committee staff more important than past Party affiliation."

Now that's what we call putting the House before the carriage!

Mmmm ... Scotch. HOH is heading to the British ambassador's residence this evening to sip rare scotch with Prince Andrew, or, as we prefer to call him, His Royal Highness The Duke of York.

The Distilled Spirits Council and the Scotch Whisky Association is hosting the reception at Ambassador David Manning's residence in honor of Prince Andrew. (We wonder whether he's bringing supermodel Angie Everhart, whom he reportedly was dating over the summer.) Several Members of the Congressional Scottish Caucus are expected to be there.

On Wednesday afternoon, the Duke of York is scheduled to cut the ceremonial ribbon at the dedication of George Washington's Distillery at historic Mount Vernon.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Green Party Candidate For Senate Off Pa. Ballot (WP/AP)

By Martha Raffaele

DOJ_NMG_0069266

The Washington Post, September 26, 2006

HARRISBURG, Pa., Sept. 25 -- A judge said Monday that he will remove the Green Party candidate for U.S. Senate from the November ballot because the party did not have enough valid signatures in its nominating petitions.

Carl Romanelli's candidacy for the Pennsylvania seat had been challenged by state Democrats. Romanelli's bid was backed by Sen. Rick Santorum (R), who hoped that Romanelli could siphon votes from his Democratic opponent, state Treasurer Robert P. Casey Jr.

Santorum has consistently trailed Casey in polls.

Commonwealth Court Judge James R. Kelley ruled that Romanelli, a railroad industry consultant from Wilkes-Barre, was 8,931 signatures shy of the 67,070 he needed to qualify as a minor-party candidate.

State law requires minor-party and independent candidates to collect a number of signatures equal to 2 percent of the ballots cast for the largest vote-getter in the last statewide election. This year's requirement was unusually high because it was based on Casey's record vote count in winning the treasurer's office in 2004.

Clifford Levine, an attorney for the Democrats, said the ruling "allows there to be a head-to-head matchup between Bob Casey and Rick Santorum, which is what obviously, in our view, Senator Santorum was trying to avoid."

Santorum campaign spokeswoman Virginia Davis said the lawsuit was an attempt by Casey's campaign to silence a candidate who was willing to debate the issues.

"Rather than focus on the issues, Casey and his crew spent weeks stifling democracy and disenfranchising the tens of thousands of voters who signed Green Party petitions," Davis said.

Romanelli did not attend Monday's hearing. In a statement issued afterward, he said his fate would ultimately depend on an appeal he has made to the state Supreme Court to try to lower the number of signatures required. "The Democrats have a long way to go to get me off the ballot," Romanelli said.

Casey's campaign and the state Democratic Party have accused Santorum of engineering Romanelli's candidacy.

Lieberman Calls For Having More U.S. Troops Training Iraqi Forces (NYT)

By Jennifer Medina

The New York Times, September 26, 2006

EAST HAMPTON, Conn., Sept. 25 — In his first major speech on Iraq since his loss in the primary election, Senator Joseph I. Lieberman called on Monday for the number of United States troops embedded with Iraqi forces to be doubled or tripled, to speed up the training of the Iraqis and help hasten the withdrawal of the Americans.

In a 40-minute speech at a Veterans of Foreign Wars post here, Mr. Lieberman, who has been under attack for his support of the war, said that those troops could be added through redeployments, rather than by committing additional troops in the region.

At the same time, he called for increasing the overall size of the United States Army and Marine Corps, to better prepare for looming conflicts.

“We’ve got to do that to make sure we are building the numbers and types of units we need to fight and win the kinds of conflicts that we are likely to fight — unconventional conflicts — during this century,’’ Mr. Lieberman said.

“This is not going fix the shortages we have now in Iraq, or reduce the strain on our forces,” he said. “It will begin over time to give us the greater capabilities we will need.”

Mr. Lieberman, a Democrat in his third term in the Senate, is running for re-election as an independent.

He said that he did not back an open-ended commitment — as the victor in the Democratic primary on Aug. 8, Ned Lamont, has accused him of doing — but that he also opposed setting a timeline for withdrawal.

And he attacked Mr. Lamont, portraying his rival’s position on the withdrawal of American troops as “giving up on Iraq.”

The Republican candidate, Alan Schlesinger, is far behind in the polls.

Mr. Lieberman’s speech came on the heels of the latest National Intelligence Estimate, which concluded that as result of the war in Iraq, the overall terrorist threat to the United States has grown rather than diminished since the Sept. 11 attacks.

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Like other Democrats around the country, Mr. Lamont seized on the report, saying it showed that the policies of the Bush administration had failed, and he said that Mr. Lieberman had continued to support them. "Trying to make a military statement there is just making the situation worse," Mr. Lamont said on Monday during a campaign stop in New Haven, adding that Mr. Lieberman was still calling for "more of the same."

But Mr. Lieberman used the news of the intelligence report, which he said he had not read, to argue that a deadline for withdrawal would make the threat of terror "exponentially worse" and give a battle plan to factional militias, insurgents, terrorists, Syria and Iran.

Using his harshest language to date to attack Mr. Lamont, Mr. Lieberman called his opponent's stance "a slippery, deadly slope every step of the way."

"The Lamont plan for immediate withdrawal and an arbitrary deadline is doomed to fail and weaken our security," Mr. Lieberman added. "It will leave our troops more vulnerable to attack while they remain, and will leave Iraq to become a failed state and a terrorist breeding ground when we're gone."

Mr. Lamont has said he would support beginning the immediate withdrawal of "frontline" troops and setting a timeline for the withdrawal of all combat troops.

He has also said that he would have supported a Senate resolution in June that set a deadline of July 1, 2007, for troop withdrawal — a measure supported by 13 Democrats as it went down to defeat.

Mr. Lieberman seized on that on Monday, saying that Mr. Lamont had "fudged" his position by using the terms timeline and deadline interchangeably.

Asked about the senator's comments, Mr. Lamont said that Mr. Lieberman was mischaracterizing his position because he would have supported both the amendment calling for a deadline and another unsuccessful resolution that called for a timeline without setting any dates. Mr. Lieberman was one of a handful of Democrats to oppose both resolutions.

But Mr. Lamont also said that he would still support a similar resolution establishing a deadline if it were to come up in the Senate again. He said that the main issue was not the number of months, but the establishment of some framework for withdrawal.

"I don't care whether it's 6 months, 12 months or 18 months, what is important is that you put in place a process," Mr. Lamont said, adding that he would consult with the Iraqi government and generals in the field to determine an exit strategy.

Mr. Lieberman said he believed "success is possible" because the majority of Iraqis "want a better life." He added: "I have total confidence in the ability of the American military to get the job done and win the war in Iraq."

In his speech, Mr. Lieberman also said he would work to create a "bipartisan working group" with members of the House and Senate committees that monitor national security to meet with President Bush.

Mr. Lieberman said again that Defense Secretary Donald H. Rumsfeld should resign. That, he said, would "reinvigorate" the military and allow a "new dialogue" with allies as well as the public.

Mr. Lieberman has both attacked and defended Mr. Rumsfeld in the past. In 2003, he said that if he were president he would seek Mr. Rumsfeld's resignation. But in 2004, he said Mr. Rumsfeld should not be forced to step down. Last month, he once again said Mr. Rumsfeld should resign.

During his speech on Monday, Mr. Lieberman again expressed his support for the war, saying that he had backed the use of force to remove Saddam Hussein from power in Iraq because he believed Mr. Hussein "was a grave threat to our country, his people, the region and the world."

The Lamont campaign has tried to put Mr. Lieberman on the defensive by talking about his early support of the war, but on Monday, he made it clear that he would not take that bait.

"We don't have the luxury of playing 'what if' games with the past," Mr. Lieberman said, later quoting Winston Churchill: "If the present tries to sit in judgment of the past, it will lose the future."

Highway Backer A Steady Ehrlich Donor (WP)

By Matthew Mosk

The Washington Post, September 26, 2006

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The $4,000 checks started arriving in Gov. Robert L. Ehrlich Jr.'s reelection campaign treasury Jan. 2 from such obscure corporations as Freestate Owner LLC, Muirkirk, Chase Limited and President Street Associates.

By Jan. 3, there were seven of the checks, each from a company directly linked to developer Kingdon Gould III, a descendant of railroad barons who is one of Maryland's most prolific political donors and a vigorous booster for the intercounty connector.

That same day, Ehrlich's transportation secretary signed off on a final study of the controversial highway, an 18-mile ribbon of asphalt that would extend east from Rockville to the gravel pits where Gould plans a massive commercial and residential development called Konterra.

State officials said they had no idea the checks were coming in as they were sending out the long-expected report. Ehrlich (R) said the contributions, and numerous others from Gould and his companies, were based on friendship and a shared belief that the road connecting Interstates 270 and 95 should be built and that Konterra should flourish.

Gould declined to be interviewed for this report; his brother, Caleb Gould, did not return several messages left at his office.

Billed as a future mini-city the size of Reston, the 2,000-acre development site near Laurel has spent two decades stalled at the intersection of commerce and politics. Success has always banked on economic factors and on key decisions made by local and state politicians.

From Ehrlich, who is now seeking reelection, Gould has sought help pushing a series of transportation projects through the pipeline. Among them, a new I-95 exit that would feed directly into Konterra; a well-placed stop along a proposed Metro Green Line extension; and two ramps off the endlessly debated intercounty connector, itself a critical artery for Konterra.

The transportation proposals, and the connector, long predate Ehrlich's tenure as governor.

But records show that Ehrlich has helped move those proposals forward and that the Goulds have had ready access to the governor and his top aides to advocate for the projects. Supporters as well as critics of Ehrlich said they believe that the Goulds' contributions flow only to those who help.

"The connection between contributions and land use is something some people find sinister, but it's nothing new," said Thomas E. Dernoga (D), chairman of the Prince George's County Council and an opponent of the connector. "I always tell people, the battle to get a politician's attention pits your vote against developers' money."

Former governor Parris N. Glendening (D) said Gould was one of his top donors when he first ran for governor in 1994. "But when I started cooling on the idea of the ICC," he said, "the support I was getting from the whole Konterra crew basically evaporated."

When Ehrlich ran in 2002 pledging to build the connector that Glendening had shelved, Gould's companies gave generously. This year, as Ehrlich seeks reelection against Baltimore Mayor Martin O'Malley (D), Gould has plainly pinned his hopes on the Republican incumbent. His corporations have donated $750 to O'Malley since 1999, compared with $50,500 directly to Ehrlich.

Further, they've given $21,000 to Lt. Gov. Michael S. Steele (R), $163,100 to the GOP's state and federal accounts, and $65,000 to other state and local politicians.

If those numbers sound jarring -- Maryland campaign finance laws prohibit donors from giving more than $4,000 to any individual and from donating more than $10,000 in one four-year cycle -- there is an explanation. Gould exploits a well-worn loophole by making his donations through his limited liability corporations.

Gould is not alone. Homebuilder J. William Ruppert gave O'Malley $25,000 through various companies at a Jan. 11 fundraiser, according to a Common Cause Maryland analysis. Aris Mardirossian, developer of Crown Farm at the western end of the intercounty connector, gave $20,000 through relatives and businesses to County Executive Douglas M. Duncan (D) who was running for governor, and $8,000 to Ehrlich, campaign finance records show.

Montgomery County Council member Phil Andrews (D-Gaithersburg-Rockville), a former state Common Cause director, has criticized this practice, saying such donations "make a mockery of the campaign finance laws."

"These contributions unquestionably have a corrupting influence on state government," he said.

Ehrlich disagrees, saying the donations were not intended to exert influence but rather to lend support because of a longtime friendship between the Goulds and first lady Kendel S. Ehrlich.

"Kendel lived with Susan Gould on their property as a bachelorette, and they've been supportive of my campaign all the way along," Ehrlich said last week.

Ehrlich said he has met with the Goulds on "Konterra-related issues" on a couple of occasions, and he wouldn't rule out the possibility that Gould has attempted to press him on various transportation projects over the years.

"Obviously, I mean, does he have credibility? Is he a success? Of course he has credibility," Ehrlich said.

The governor said he considers the development a terrific project, ideally suited for the expected explosion of jobs from the expansion at nearby Fort Meade. He also supports the intercounty connector, persuading the federal government to "fast track" its approval.

The gravel pits in Laurel that the family bought in 1981 have much to offer a developer. The land sits halfway between Washington and Baltimore. It is not far from a major airport. And it straddles busy I-95 and the CSX rail line used by the state's commuter railway.

Kingdon Gould Jr. first circulated his mini-city proposal in 1982. Early estimates suggested that it could yield at least $500 million in tax revenue for the county, more than $700 million for the state and, ultimately, more than 40,000 jobs.

What has kept the family from building, said former Prince George's county executive Wayne K. Curry (D), is one simple thing: "They don't have the interchanges."

Without major road improvements, said former Montgomery planning chairman Gus B. Bauman, "Konterra can only develop so far."

Under Ehrlich, several projects aimed at resolving those problems have moved ahead. A study published Oct. 14, 2004, for instance, details plans to build a $100 million interchange off I-95 and makes clear the purpose:

"Sufficient access to the Interstate system will be critical for the Konterra property to develop into its full potential," the State Highway Administration report states.

Ehrlich also included $1 million in the budget this year to study extending Metro's Green Line through Konterra. One option would divert the rail line from the CSX tracks into the project's town center.

State Sen. John A. Giannetti Jr. (D-Prince George's), whose legislative district includes Konterra, said he began aggressively pushing the Metro extension after meeting with Caleb Gould.

"He told me someone approached him and asked if he would be interested in a station there," recalled Giannetti, who has received $3,000 in contributions from the family. "I thought, 'Wow, we had never thought about that.' "

Giannetti took the idea to Metro officials and argued for it in the Senate Budget Committee. Transportation Secretary Robert L. Flanagan said it is an idea that has been discussed but that at this early stage virtually every idea will be considered.

Prince George's planners are also discussing the idea but have questioned diverting the rail line through the town center. "Getting off the straight line probably doesn't make a lot of sense," Dernoga said. But the Konterra team is pursuing it aggressively. "They have essentially tried to take the bull by the horns."

No project, though, has been more central to the Goulds' plans than the connector, which was slated to intersect the property before the family owned the land. On master plans going back decades, the road includes off-ramps into the property, and in more recent years, Konterra has been clearly identified as the destination.

One ramp is "needed to provide access to a proposed upscale mall," planning documents say. Another is for access to the "proposed Konterra Town Center area."

As much as the Goulds have sought the highway, though, they are not donating land for the road or its interchanges, as some developers do. State Highway Administrator Neil J. Pedersen said the properties involved are being appraised and that it would be improper for him to estimate the cost to the state.

Pedersen, who signed the final environmental statement, said he knew nothing about the campaign contributions but said the Jan. 3 approval was certainly a momentous occasion.

"This was an indication that they were prepared to approve the intercounty connector," he said. "That's probably how [the Goulds] viewed it, too."

Research database editor Derek Willis, researcher Meg Smith and staff writer Miranda S. Spivack contributed to this report.

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In Ohio, A Battle Of Databases (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 26, 2006

CINCINNATI, Sept. 25 -- There is no sexier topic in politics these days than "microtargeting." That's the new science (some say dark art) by which candidates use the latest data-mining technology to vacuum every last scrap of information about voters, then churn out custom-tailored messages designed to herd their supporters to the polls.

Here in Rep. Steve Chabot's campaign headquarters, microtargeting does not seem quite as glamorous as advertised. There are 10 phones arranged neatly on a long wooden table. Nearby sit two stacks of paper, each filled with names, each name assigned a bar code.

Every evening, volunteers file into this room to place waves of phone calls aimed at identifying the people who are most likely to reward this six-term Republican with a seventh. At the end of the evening, the results -- a trove of the likes and dislikes of 1st District voters -- are scanned into a database. It is painstaking work.

But Chabot and his Democratic challenger, Cincinnati City Council member John Cranley, have placed large bets that it will prove effective. Both candidates have spent months combing through voter lists to find "drop-off" voters -- those who turn out in presidential election years but rarely in midterm contests. In a district as evenly divided as this one -- President Bush won it by just 3,000 votes in 2004 -- the party best equipped to find and persuade these individuals to turn out on Nov. 7 will probably end up on top.

"Elections are not rocket science," said Brad Greenberg, executive director of the Hamilton County Republican Party. "They are about identifying voters who are Republicans and getting them out to the polls."

In the past several elections, especially in Ohio, Republicans have won the ground game, building a vast and constantly growing network of potential voters identified less by their formal party affiliation than their church membership or magazine subscriptions.

The more information a campaign has on who lives at a particular address, the more tailored the pitch that will follow. A suburban mom? Make sure she receives material highlighting the candidate's strong stands on homeland security. An out-of-work pipefitter? Let him know that the candidate supports penalties on businesses that hire undocumented workers.

Ken Mehlman, chairman of the Republican National Committee and one of the principal architects of the GOP turnout apparatus nationwide, said a top-notch voter identification and turnout effort matters more in a congressional race than a presidential one because there is "much less of a public dialogue" about individual House contests. They get less news coverage and are less likely to be talked about in offices and bars. That means targeted information delivered by the campaigns is potentially decisive.

While Chabot's army of phone volunteers searches for new votes each night, Cranley and his team mine voter lists at his headquarters, the former home of People's Community Bank. (It may be the only campaign headquarters in the country with its own vault.) Cranley says his goal is to reach out three times to every 1st District resident who backed Sen. John F. Kerry (D-Mass.) in 2004 but failed to vote in 2002 -- roughly 25,000 people. Thanks to heavy commitments by organized labor and national Democrats, Cranley believes he can corral many of these fall-off voters.

But he acknowledges that Democrats were "late to the game" on turnout in 2004. Visits to the two headquarters and conversations with campaign staff members suggest that Chabot's voter identification and turnout operation is more advanced.

One factor in Cranley's favor is that Democratic voters, not Republicans, are seemingly most energized this fall. When he first ran against Chabot in 2000, Cranley said, people regularly told him that they "hated" President Bill Clinton and could not stomach voting for any Democrat. "You could feel there was this motivation of anger," he said. Six years later, the anger is on the other foot. Cranley says voters approach him constantly, vowing to vote against every Republican on the ballot because they are "so angry at these guys."

Anecdotes aside, national polling bears out this trend. While Bush's job-approval numbers have rebounded slightly of late, there remains a wide disparity between the relatively small number of those who strongly approve of his performance and the number of those who say they strongly disapprove. In Ohio, this national trend merges with voter disgust over ethics scandals surrounding outgoing Gov. Bob Taft (R).

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Chabot knows that angry people vote. That helps explain his unrelenting focus on illegal immigration, an ire-inducing issue for conservatives, in this year's campaign. Chabot has run three television advertisements attacking Cranley as a backer of amnesty for illegal immigrants -- and, by insinuation, weak on terrorism. "This is an issue that is very concerning for people in our area," said Chabot spokeswoman Jessica Towhey. "It is not just illegal immigrants but terrorists who are able to exploit our borders."

Cranley has responded with an ad of his own that asks why the incumbent has done nothing about the problem of illegal immigration during his 12 years in Congress. He dismisses Chabot's attacks as feeble attempts to frighten voters. "They are trying to scare up votes on it," Cranley said.

In a district that takes only 25 minutes to drive from end to end, undecided voters will have plenty of chances to sound out the candidates' views on immigration and other issues between now and Election Day. If polling is any indicator, even a few hundred votes could tip the seat one way or another.

While Democrats are confident, they are haunted by memories of 2004. That fall, Democrats were certain they had met all their turnout goals to ensure victory in Ohio for Kerry. On election night, it turned out Bush's campaign had done an even better job of meeting their own goals.

Cranley said his supporters have learned the lesson. "This will be the most targeted field campaign in the country," he boasted.

Panel Recommends Basic Insurance Plan (NYT)

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — A federal advisory panel said Monday that Congress should take immediate steps to guarantee that all Americans have access to affordable health care by 2012.

As a first step, the 14-member panel, appointed by the comptroller general of the United States, said, "A national public or private program must be established to ensure protection against very high out-of-pocket medical costs for everyone."

The panel, the Citizens' Health Care Working Group, said Congress should create an independent "public-private entity" to define a basic set of health care benefits and services for all Americans.

While leaving many details to be worked out, the panel declared, "It should be public policy, written in law, that all Americans have affordable access to health care."

The panel was created by the 2003 law that added a drug benefit to Medicare. Under the law, President Bush has 45 days to comment on the recommendations and offer his views in a report to Congress. The citizens' group went to great lengths to solicit opinions from average Americans, in addition to health experts. It tried to forge a consensus after listening to views expressed by more than 7,000 people at 98 community meetings in 37 states.

Obamas Enjoy Good Year (CHIT)

By Mike Dorning

Chicago Tribune, September 26, 2006

WASHINGTON -- Barack Obama's first year in the Senate turned out to be prosperous not only for the newly elected senator but also his wife, according to information Obama released Monday from their joint 2005 tax return.

Shortly after Obama took office, his wife, Michelle, received a promotion from her employer, the not-for-profit University of Chicago Hospitals, nearly tripling her earnings to $316,962 from $121,910 the previous year.

The senator also reached a three-book deal worth $1.9 million with Random House shortly after his 2004 election, with the senator receiving $1.2 million in payments last year.

In all, including Obama's $154,047 Senate salary, the family earned $1.67 million last year, more than the family's combined income for the prior seven years, according to information provided by the senator's office.

Obama released information from the tax return in response to a request from The Associated Press, which first reported the financial details. A spokesman for Obama later confirmed the tax information.

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Senate ethics rules require only that members disclose financial information in broad ranges and do not require disclosure of a spouse's salary. But some members of the Senate, including Obama's home-state counterpart, Sen. Dick Durbin (D-Ill.), voluntarily release their annual tax returns, which provide a more complete picture of an office-holder's finances.

Obama press secretary Tommy Vietor attributed the jump in Michelle Obama's earnings in part to additional time she could devote to her work at University of Chicago Hospitals once Obama's Senate campaign was complete.

"After the campaign ended, Michelle was able to accept a more time-consuming and senior position," Vietor said. "She has degrees from Princeton University and Harvard Law, and would be a major asset to any organization."

In March 2005, she was promoted to be the hospitals' vice president for community and external affairs, becoming one of 17 vice presidents for the hospital. She had previously been executive director for community affairs. She does not do any lobbying work for the hospital in her position, Vietor said.

In June 2005, she joined the board of directors of Westchester, Ill.-based TreeHouse Foods, a food processor with various product lines, including pickles, refrigerated salad dressing and non-dairy creamer. For her work as a director, she received $12,000 from TreeHouse and $33,000 from a subsidiary, Bay Valley Foods.

The Obama family paid $545,614 in federal income taxes for 2005, according to the senator's office.

They reported $13,385 in interest income and $2,754 in dividends. The previous year they reported no income in either category.

Their tax forms reported $77,315 in charitable contributions, about 4.6 percent of their total income.

Their largest donations were $25,000 to the Illinois Reading Council; $20,000 for the Michelle Lee Fund, a literacy program; $16,000 for CARE, including funds targeted toward an AIDS project in Kenya, the home country of Obama's father, which the senator recently visited in part to highlight efforts to counter the spread of AIDS; and $5,000 to the Trinity United Church of Christ.

The Obamas also reported payments to care providers for their children, including payment of employer contributions to Social Security on their behalf.

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Political Wife Edwards Shares Private Pain (USAT)

By Susan Page

USA Today, September 26, 2006

During the 2004 presidential campaign, Elizabeth Edwards was in many ways the most likable figure among all the contenders for national office and their spouses: unpretentious and direct. Sharp. Funny. Real.

News that the wife of Democratic vice presidential nominee John Edwards had discovered a lump in her breast during the campaign's final push — and was diagnosed with cancer the day after the election — brought 65,000 e-mails from strangers and the promise of a book about how she coped with a national political campaign and a devastating personal diagnosis.

That is not the book Elizabeth Edwards has written.

Instead, the heart of Saving Graces is the story of surviving the central tragedy of her life: the death of her son, Wade, in 1996. At 16, he was killed on his way to the family's beach house when the wind flipped over his car.

She describes the shocking news, the overwhelming sorrow, the long recovery and her continuing grief with raw honesty and the benefit of a decade of reflection.

Surely no parent could read her account without aching in empathy.

For two years, she went to Wade's grave every day, clearing twigs and reading aloud to him. Through that time, Wade's younger sister, Cate, slept in chairs pulled together alongside her parents' bed rather than retreat alone to her room.

And during those days, a community of longtime friends and complete strangers enveloped Edwards in endless conversations and online chats, trying to understand the inexplicable.

Years later on the campaign trail, people, most of them women, would take her aside and say quietly, “I lost a child, too,” instant sisters in a terrible sorority.

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In the end, Edwards' resilience and humor reasserted themselves, especially as she struggled to get pregnant again in her late 40s and early 50s. The two rambunctious additions to the family: Emma Claire and Jack.

In the aftermath of that, her account of undergoing chemotherapy, a lumpectomy and radiation — her prognosis is now good, she says — seems almost perfunctory.

With Wade's death, she writes, "we had all been through the worst life could deal us" already.

Edwards is engagingly transparent about her private life but less candid about her political one — though there are a few tidbits. For one, she indicates that before the 2004 campaign began, John Edwards moved away from Democratic superstrategist Bob Shrum, not the other way around. (With some fanfare, Shrum signed on with John Kerry.)

But Elizabeth Edwards generally curbs her wry eye when it comes to the campaign, including her views of Kerry and his wife, Teresa. John Edwards and his future, including an expected bid for the Democratic presidential nomination in 2008, aren't center stage here.

Despite the expectations, this book is not about politics. It's about life and making sense of death.

No Ruling On Clintons Case Yet (WT)

By Jerry Seper

The Washington Times, September 26, 2006

A Los Angeles superior court judge yesterday said he could not rule on a complaint filed by a Hollywood producer in a lawsuit accusing President Clinton and Sen. Hillary Rodham Clinton of reneging on a multimillion-dollar Internet deal until a pending appeal in the case is settled.

State Superior Court Judge Aurelio N. Munoz said he could not rule on the complaint filed by Peter F. Paul until an appeal by Paul challenging a decision granting Mrs. Clinton First Amendment immunity in the case is resolved.

In April, Mrs. Clinton invoked a California law that protects candidates from being silenced by frivolous lawsuits during their election campaigns.

In the complaint, Paul, a convicted felon, said Mrs. Clinton, New York Democrat, orchestrated a scheme to convince him to spend $1.9 million on campaign fundraisers before her November 2000 election to the Senate and then failed to honor promises on the Internet deal.

The complaint seeks $30 million in stock losses and $1.9 million in cash.

Paul has claimed in the lawsuit the Clintons "looted" his business to generate the largest contribution to Mrs. Clinton's 2000 Senate campaign in New York. He said he was "cajoled and then coerced" by Mr. Clinton as "an erstwhile future business partner" to make expenditures to benefit the president and his wife.

He produced and underwrote an August 2000 fundraiser called the "Gala Hollywood Farewell Salute to President William Jefferson Clinton," attended by numerous Hollywood celebrities.

A trial date in the case is set for March 27.

The Clintons' attorney, David Kendall, did not return calls for comment. He previously has declined to talk with reporters about the case.

Paul also challenged a statement by Mr. Kendall in an affidavit yesterday, saying the Washington lawyer sought to mislead the court with an erroneous claim in a court filing seeking to quash the pending lawsuit.

He said Mr. Kendall wrongly asserted in the filing that Paul admitted during a March 2005 court hearing that he caused the collapse of his company, Stan Lee Media. In his lawsuit, Paul has said Mr. Clinton's refusal to honor an agreement to act as a "rainmaker" for the company led to its demise.

Paul said that in the affidavit, Mr. Kendall misleadingly combined two separate statements to suggest the producer was admitting fault for Stan Lee's demise. Paul said the affidavit joined together his allocution remarks on his guilty plea to a Securities and Exchange Commission violation with a final statement Paul made to the judge at the end of the hearing, which was not part of the allocution.

A federal court ruled in 2003 that Paul's SEC violations did not cause the stock of Stan Lee Media to collapse, but were intended to help the company survive.

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Iran Close To Nuclear Suspension (WT)

By Bill Gertz

The Washington Times, September 26, 2006

Iran is close to an agreement that would include a suspension of uranium enrichment but wants the deal to include a provision that the temporary halt be kept secret, according to Bush administration officials.

Javier Solana, the European Union's foreign policy chief, has been working with Iranian nuclear negotiator Ali Larijani on the enrichment-suspension deal that could be completed this week.

Disclosure of talks on the secret element of the arrangement comes as Mr. Solana and Mr. Larijani are set to meet today or tomorrow in Europe when the deal could be completed, said officials opposed to the deal, who spoke on the condition of anonymity.

According to the officials, the suspension of uranium enrichment by Iran would be for 90 days, so additional talks could be held with several European nations.

Many U.S. officials are opposing the agreement as a further concession to Iran, which continues to defy a United Nations' call for a complete halt to uranium enrichment. A Security Council resolution had given Iran until Aug. 31 to stop its enrichment program or face the imposition of international sanctions. Tehran ignored the deadline, but diplomacy has continued.

Some in the State Department are supporting the deal, which they view as a step toward achieving a complete halt to uranium enrichment.

However, other officials said that keeping any suspension secret would be difficult and that it would drag the United States into further negotiations with Iran.

Iran is seeking to continue talks on its nuclear program while attempting to avoid the imposition of sanctions, something the Bush administration favors but that several other key states, including Russia, oppose.

The United States would then be faced with the difficult position of negotiating against the 90-day deadline, a position that favors Iran.

"The Iranians are very good negotiators," said one official close to the issue.

The officials opposed to the deal want any agreement on uranium suspension to be announced publicly.

Also, any suspension of enrichment would require International Atomic Energy Agency (IAEA) inspections to verify that work has stopped at Iranian facilities. The inspections would likely be disclosed, exposing any secret arrangement with Iran on suspension.

Failing to publicly announce the suspension also would be a face-saving measure for the Iranian government.

Officials said President Bush is not happy with the secrecy demand, although he continues to support the use of diplomacy to solve the problem.

Asked about the pending deal, State Department spokesman Tom Casey said in an e-mail, "The terms laid out by the Security Council are clear: Iran needs to suspend its uranium enrichment activities, and it needs to do so in a verifiable way. If it does, we can start negotiations. If it doesn't, we move to sanctions. It is a clear and unambiguous standard."

In New York yesterday, Iran's Foreign Minister Manouchehr Mottaki said that talks between European and Iranian officials were on track and that a negotiated settlement is possible.

"I think very soon they will have the next round of discussions," Mr. Mottaki told the Associated Press, noting that "there was good connection between the two sides" after Iran's Aug. 22 response to a package of incentives offered by six nations -- the United States, Britain, France, Germany, China and Russia -- for a halt in enrichment efforts.

A recent report by the IAEA said that as late as Aug. 24, Iran had continued to feed uranium hexafluoride into its 164-centrifuge cascade, which is used to enrich uranium. The report also said that Iran is building additional facilities, including a second 164-centrifuge cascade and that work on a plutonium-based heavy-water reactor is continuing.

The Bush administration is convinced that Iran's nuclear program is intended to develop weapons, contrary to repeated statements from Iranian leaders that the program is aimed at producing electrical power for civilian use.

The Bush administration wants to impose internationally approved economic sanctions on Iran in the next several weeks, based on the IAEA report and Iran's missing the deadline to halt enrichment.

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Iran Minister: Nuclear Talks 'On Track' (AP)

By Edith M. Lederer And Scheherezade Faramarzi, Associated Press Writers

AP, September 26, 2006

Iran's foreign minister said Monday that talks between top Iranian and European negotiators on his country's disputed nuclear program are "on track" and could pave the way for a negotiated solution to the standoff.

But Foreign Minister Manouchehr Mottaki told The Associated Press in an interview that Iran still believes there should be no conditions on the resumption of negotiations, implicitly rejecting demands that Tehran first suspend uranium enrichment.

European Union foreign policy chief Javier Solana and Iran's top nuclear negotiator Ali Larijani have held two rounds of preliminary talks to discuss Iranian questions about a package of incentives put forward by six key nations if Tehran agrees to suspend its enrichment program and return to full-scale negotiations.

Mottaki said Solana and Larijani will hold their third meeting "very soon," probably in Europe, though he did not have an exact date or location. They had been expected to meet in New York on the sidelines of the U.N. General Assembly ministerial meeting that began last week, but Mottaki said it was not possible because Larijani's deputy and members of his delegation were not given U.S. visas.

"But the last two or three days, they have been in contact and they are coordinating," he said.

The six nations — Britain, France, Germany, the United States, China and Russia — are hoping Tehran will agree quickly to suspend uranium enrichment after it missed an Aug. 31 Security Council deadline and return to negotiations. But they are considering U.N. sanctions if it does not.

Mottaki said "there was good connection between the two sides" after Iran responded on Aug. 22 to the incentives package.

"We had good discussion with most of the parties of the package," he said, adding that Larijani and Solana both called their talks "positive, constructive and another step forward."

"We do believe that (the) case has gone once again to track — on track," Mottaki said. "All the parties should support and make a commitment to support the negotiations, and generally I believe there are possibilities to reach a comprehensive solution based on negotiations for both parties."

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity and insists its program is peaceful. Enrichment can also create weapons-grade material, however, and the United States and other nations have accused Tehran of seeking to develop nuclear bombs.

"We do believe that the time for nuclear weapons is over and we do not need nuclear weapons," Mottaki said. "Nuclear weapons is not in the doctrine of Iran's defense policy and nuclear weapons will not help the countries for the problems which they are facing."

Nuclear weapons could not prevent the collapse of the Soviet Union and did not help "prevent 9/11, and (there are) a lot of examples you can raise. That's why Iran is sincere in its policy — not looking for the nuclear weapons," he said.

Iran's President Mahmoud Ahmadinejad said for the first time at a press conference Thursday that Iran is prepared to negotiate the suspension of its enrichment activities "under fair and just conditions." He was speaking at a news conference at the United Nations in New York where he was attending the annual General Assembly.

Asked what those conditions are that the president referred to, Mottaki laughed and said Ahmadinejad believes that "any condition, any questions, any decision should be based on justice."

How does he define justice?

"In its convenient time, we will explain. I'm sorry," the foreign minister replied.

Asked for comment on Mottaki's remarks, State Department spokesman Tom Casey said, "I'm glad to hear that they may be thinking about it. But what we need to see is an actual decision, and then have that decision implemented in a verifiable way."

Mottaki was asked about Iran's response to a possible compromise proposal from French President Jacques Chirac that would simultaneously have Iran suspend enrichment and the Security Council put off the push for sanctions at the start of negotiations.

The Iranian minister did not answer directly, but indicated he did not like the French proposal.

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"All the elements for a comprehensive solution are there — either in the (incentives) package or in the (Iranian) response," Mottaki said.

"That's why ... we support starting negotiations and let negotiators considers all the items in the agenda, all the items in the package at the same time, all the items in the response of Iran," he said.

One problem Iran had with the incentive package was that it talked about several new nuclear power plants in Iran, Mottaki said. He complained Iran would "have to pay billions of dollars for those power plants."

Mottaki said he had discussed the need for negotiations with French Foreign Minister Philippe Douste-Blazy.

"I told him, `Let the negotiations start and they can go to details. There's no ... barrier to raise any questions, to consider any issue. ... That's why we do believe we should not put any conditions for that," the Iranian minister said.

Mottaki stressed there are two important elements for any solution.

"The first element is recognizing ... the right of Iran to have nuclear technology, of course for peaceful purposes," he said. "The second element is the transparent activities of Iran."

Mottaki reiterated Ahmadinejad's invitation at last year's General Assembly to foreign government-run and private companies "to participate even in the ownership of the site of nuclear activities in Iran" to demonstrate that Iran's activities are transparent.

'An Economic Coalition Of The Willing' (WSJ)

By Ilan Berman

The Wall Street Journal, September 26, 2006

By now, it has become all too clear that when it comes to the Iranian nuclear crisis, the ball is squarely in Washington's court.

Aug. 31 has come and gone, and with it the international deadline for Tehran to halt its uranium enrichment. Iran's ayatollahs, however, have shown no signs of curbing their atomic ambitions. "The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights," Iran's radical president, Mahmoud Ahmadinejad, has defiantly told his supporters. In response, the Bush administration has signaled its commitment to seeking punitive measures against the Islamic Republic, sanctions chief among them. In practice, however, Washington has not yet seriously tackled the economic dimension of the current crisis -- or explored the financial levers by which Iran can be confronted.

This amounts to a critical oversight, because Iran's economy is deeply susceptible to foreign pressure on at least three fronts. All that is necessary is the proper political will to exploit these weaknesses.

Iran's first vulnerability is its dependence on foreign investment. Today, though a bona fide energy superpower that produces some 3.9 million barrels of oil daily, the Islamic Republic still requires sustained international engagement. Studies say that the regime in Tehran currently needs $1 billion a year to maintain current oil output levels, and $1.5 billion to increase them -- and that without it, Iran could quickly become a net energy importer. To be sure, this sum is just a pittance compared to the dozens of billions of dollars that Iran has reaped over the past several years, thanks to the high price of world oil (as much as $50 billion as of March 2006). But, by complicating the flow of foreign investment into Iran, the U.S. and its allies can force the regime to draw down its hard-currency reserves, reducing the resources that it has available to forge ahead with its nuclear program -- or to fund radicalism in the region.

Iran's second weakness stems from its centralized economic hierarchy. For all of its lip service to fiscal reforms and grass-roots prosperity, the vast majority of the regime's wealth remains concentrated in the hands of a very small number of people. The extended family of former Iranian president Ali Akbar Hashemi Rafsanjani, which practically controls copper mining in Iran, the regime's lucrative pistachio trade, and a number of profitable industrial and export-import businesses, is just one example. Another group of key economic players is the Islamic Republic's sprawling charitable foundations, known as bonyads, which control over 30% of Iran's national GDP (and as much as two-thirds of the country's non-oil GDP). By impeding their access to global markets and curtailing their capacity to engage in commerce, the international community can immediately capture the attention of these key decision-makers.

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Far and away the biggest chink in Iran's economic armor, however, is its reliance on foreign gasoline. Today, Iran's antiquated, socialist economy -- where a gallon of gas still sells for roughly 40 cents -- has become a major Achilles' heel. Iran now consumes over 64.5 million liters of gasoline a day, with close to 40% coming from foreign sources (among them India, France, Turkey and the Gulf states). This energy habit is expensive; Iran will spend over $3 billion -- and perhaps as much as $8 billion -- on gasoline imports this year alone. And, with just a 45-day domestic supply available, steady supplies from abroad are vital to the continued functioning of the regime. All of which suggests that a comprehensive gas embargo on the Islamic Republic could quickly wreak havoc on Iran's industrial sectors -- and, potentially, galvanize serious social unrest on the Iranian street as well.

But the West's window of opportunity to implement such measures is rapidly closing. Already, Iran has begun to make serious economic countermoves, transferring financial assets from Europe to China and Southeast Asia and initiating a large-scale privatization of governmental funds. Most significant of all, the Iranian regime recently approved a new fiscal budget that calls for a halt to gasoline imports and the institution of gasoline rationing beginning this fall. The aim of these efforts is crystal clear: to proactively limit potential economic leverage over its behavior.

Sadly, international diplomacy so far has played directly into Iran's hands. In the best case, serious U.N. Security Council action will still take weeks or months to materialize, buying Iran's ayatollahs valuable time to forge ahead with their nuclear program. What's more, if and when they do eventually emerge, U.N. sanctions are guaranteed to be limited in scope, so as not to offend two of Iran's chief strategic partners, Russia and China. As such, they are not likely to offend Iran's ayatollahs much either.

By hitching itself to this flawed policy, the Bush administration is courting disaster. Instead of relying on the United Nations, the White House should be thinking creatively about another sort of grouping -- an economic "coalition of the willing" capable of implementing the specific financial levers that are most likely to alter Iranian behavior, and of doing so without further delay.

The stakes could not be any higher. If the U.S. and its international allies fail to promptly use their existing economic leverage to curb Iran's nuclear ambitions, they will soon have just two choices: to acquiesce to the emergence of an atomic Iran, or to use military force to prevent it from happening.

Mr. Berman is vice president for policy at the American Foreign Policy Council, and the author of "Tehran Rising: Iran's Challenge to the United States" (Rowman & Littlefield, 2005).

N Korea 'likely To Test Nuclear Bomb' (FT)

By Anna Fifield

Financial Times, September 26, 2006

North Korea will probably test a nuclear weapon, with an even chance of doing so this year, as Kim Jong-il's regime tries to assert its defiance in the face of increasing international pressure, said Richard Armitage, former US deputy secretary of state.

Mr Armitage, who is urging Washington to talk directly to Pyongyang to try and resolve the nuclear stand-off, estimated there was a 50 per cent chance of a test by the end of the year.

"I think it is more likely than not," Mr Armitage, who served in President George W. Bush's first administration, told the Financial Times. This follows weeks of speculation that Pyongyang is preparing to prove its nuclear capability and its resolve to resist US demands.

"I think that in their thought-process it's the next logical escalation. A [North Korean] spy was captured here [in August], there were shots fired in the demilitarised zone and they launched missiles [in July] . . . so their next logical thing is to demonstrate that they actually do have a device," he said in Seoul yesterday.

Pyongyang fired seven missiles, including one unsuccessful long-range rocket, despite repeated warnings against such provocative action. It has suffered little tangible punishment but neither has it gained anything as a result.

South Korean newspapers have for weeks been reporting rumours of preparations for a test. Chung Hyung-keun, a South Korean lawmaker on the national intelligence committee, said last week that North Korea was ready to conduct a test.

"All that is needed is Kim Jong-il's approval," Mr Chung said, citing South Korean intelligence. "If the US continues the financial sanctions and if China also turns up the heat, North Korea will be forced into a corner and will have to resort to a nuclear test."

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Selig Harrison, of the Washington-based Center for International Policy, said after returning from Pyongyang at the weekend that North Korea was planning to remove fuel rods from its nuclear reactor within the next three months.

The thousands of rods that North Korea claims to have processed so far could have provided enough fissile material for as many as 10 bombs, although it is impossible to verify whether Pyongyang has been able to build a workable nuclear weapon.

Amid the sabre-rattling, South Korean, Chinese and US diplomats have been trying to restart the six-party talks aimed at persuading North Korea to abandon its nuclear weapons programme. Pyongyang is refusing to return to the talks while Washington imposes financial sanctions that have effectively shut North Korea out of the international banking system.

"I don't hold with the idea that just because we don't like some regime we don't talk to them," Mr Armitage said yesterday. "After all we didn't like the Soviet regime and we talked to them and we didn't like the Mao Zedong regime and we certainly talked to them, and we've all benefited from having done so."

Armitage Expects North Korean Nuclear Test Before Year-end (AFP)

AFP, September 26, 2006

Former US deputy secretary of state Richard Armitage said that North Korea may test a nuclear weapon by the end of this year, sparking "huge international ramifications."

"As a personal opinion I think you have an even chance of a nuclear device detonation by the end of the year, and that in the longer time it's more likely than not that North Korea will detonate a nuclear device," he told a forum in the South Korean capital Monday.

"I think in their logic it's the next rational escalation point," Armitage said in response to a question from the audience.

"Clearly, this will have huge international ramifications."

In response, Armitage said, he would expect US President George W. Bush to send Secretary of State Condoleezza Rice to consult other countries involved in six-nation talks on North Korea, and simultaneously to take the issue to the United Nations.

"I personally think that if North Korea were to do that (conduct a test), then the United States should move more forces into the area ... to make it clear to North Korea that each time they provoke, they find themselves in a less advantageous military situation."

The six-nation talks, involving the two Koreas, China, Japan, Russia and the United States, are aim at persuading Pyongyang to scrap its nuclear program in exchange for economic and diplomatic benefits and security guarantees.

They have been suspended since November when the North boycotted them in protest at US financial sanctions.

In July the communist state test-fired seven missiles and there have been reports it is preparing a nuclear test.

North Korea declared in February 2005 that it had built nuclear weapons but is not known to have conducted any tests.

In Book, Musharraf Expands On North Korean Nuclear Link (NYT)

By David E. Sanger

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — President Pervez Musharraf of Pakistan wrote in a memoir published Monday that he now believes that the equipment sent to North Korea several years ago by Pakistan's nuclear chief included some of Pakistan's most technologically advanced nuclear centrifuges.

The assertion deepened the mystery about how much progress North Korea has made in what is often called its second, and very secret, nuclear program.

Mr. Musharraf has been promoting the new book, "In the Line of Fire" (Free Press), everywhere from the East Room of the White House to appearances on the morning talk shows.

In it, he says for the first time that his suspicions about the activities of Abdul Qadeer Khan, the Pakistani nuclear engineer who build an illicit nuclear network that also supplied Iran and Libya, dated from 1999.

"I received a report suggesting that some North Korean nuclear experts, under the guise of missile engineers, had arrived" at Pakistan's nuclear laboratories "and were being given secret briefings," the book says.

The timing is significant, because it was not until more than three years later, in 2002, that the United States gathered solid evidence that North Korea was trying to enrich uranium, a step toward producing nuclear fuel for weapons that requires

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centrifuge technology. But Mr. Musharraf, who took over as president in 1999 in a coup, apparently never shared his suspicions with the United States.

"It's a significant admission," one senior American intelligence official said, "since the Pakistanis spent years denying that there was any evidence of dealings with North Korea and telling us, 'No problem here.' " The official would not agree to let his name be used and said he had not had time to read the book closely.

North Korea has openly boasted of producing plutonium, a different approach to getting fuel for nuclear weapons, at its main nuclear facility at Yongbyon since it forced international inspectors to leave the country three and a half years ago.

But through much of the 1990's, the plutonium program was frozen under an agreement reached with the Clinton administration. Mr. Musharraf's account — which seems to be based on his own recollections and on Pakistani interrogations of Dr. Khan, who is under house arrest and undergoing treatment for cancer — supports other intelligence reports that North Korea began searching in the 1990's for an alternative way to a bomb.

It settled on the same approach Iran is using: enriching uranium, with prototypes and designs provided by Dr. Khan and his network for tens of millions of dollars. Iran says its enrichment is solely for peaceful purposes.

But American intelligence officials say it is still unclear where in North Korea this uranium enrichment may be under way, or how much progress may have been made.

Indeed, American assessments of North Korea's nuclear programs have been largely guesswork. In late 2002, the Central Intelligence Agency estimated that North Korea could produced a uranium-based atomic weapon by 2004 or 2005. But the widespread assumption now among North Korea experts is that the country is still some time away from that achievement.

A year ago, Christopher R. Hill, the assistant secretary of state for Asian affairs, said that "where there is not a consensus, is how far they have gone with this."

Part of the mystery surrounds what kind of technology North Korea received. At first it was assumed that it bought Pakistan's cast-offs, like a first-generation centrifuge, the P-1, identical to the kind that Iran is now trying to get running at its main nuclear fuel plant. But Mr. Musharraf's account suggests that North Korea might have leapt ahead to the next generation, the P-2, which can enrich more uranium, and faster.

The Bush administration has said it had no hard evidence of any enrichment effort until 2002, when its negotiators confronted North Korea with evidence they had been cheating on a nuclear-freeze agreement reached with the Clinton administration. The North Koreans seemed to confirm the existence of a secret program to enrich uranium at that time, but since then have said they were misunderstood and have denied any such effort.

Mr. Musharraf's account is important because it suggests that North Korea and Iran are working with the same advanced equipment, at secret locations.

President Mahmoud Ahmadinejad of Iran boasted earlier this year that his engineers are also working on the P-2, in what he termed a "research program." But inspectors from the International Atomic Energy Agency, the United Nations nuclear monitoring agency, have never been shown the advanced machines in either country.

Mr. Musharraf denies in the book that any senior Pakistani officials, himself included, knew about Dr. Khan's illicit activities. He never explains how Dr. Khan was able to fly his goods to North Korea and Iran on Pakistani military aircraft. He describes the engineer as "such a self-centered and abrasive man that he could not be a team player."

"He had a huge ego," Mr. Musharraf writes, adding that, "he had managed to build himself up into Albert Einstein and J. Robert Oppenheimer rolled into one."

Musharraf Tells All In Memoir (WT)

By David R. Sands

The Washington Times, September 26, 2006

Pakistani President Pervez Musharraf's just-released memoir, "In the Line of Fire," breaks sharply with the political tradition of publishing only pablum while still in office.

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Gen. Musharraf's tell-all, released yesterday as the Pakistani leader was in the midst of a U.S. visit, has exposed U.S. blustering after September 11, revealed bounties paid for capturing al Qaeda terrorists, and angered India with its account of a still-contested 1999 clash over the disputed Kashmir region.

It has also earned a unique televised endorsement from President Bush at his joint press conference with the general last week and generated a pre-release buzz that a publicist for a rival publishing house called "priceless."

"It's a highly unusual thing for a sitting head of state to do, but it isn't totally out of character for Musharraf," said Walter Andersen, a former top South Asia specialist at the State Department who now teaches at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

"He's cultivated a reputation for blunt talk, for being a military man who's not afraid to be frank," said Mr. Andersen. "I'm sure his publishers are loving it, although I imagine there are some people in his own foreign ministry and intelligence service who are staying up late these days."

Mr. Bush made his semi-serious endorsement at a press briefing in which Gen. Musharraf deflected reporters' questions by saying he was pledged to New York publisher Simon & Schuster not to reveal details of the manuscript before yesterday's official release date.

A senior publicist for another New York publishing house said the exchange amounted to an advertising mother lode for the book.

"I'm listening to this stuff and thinking, 'This kind of talk is priceless,'" she said, speaking on the condition her name not be used.

Gen. Musharraf's account of how U.S. Deputy Secretary of State Richard Armitage issued a threat to bomb Pakistan "back to the Stone Age" if it did not join the post-September 11 U.S. war on terror -- a threat Mr. Armitage has denied making -- has been followed by other revelations as the book has hit the bookstores and has been serialized in the London Times.

According to the book:

•Gen. Musharraf "war-gamed" a confrontation with the United States if he refused to fight the fundamentalist Taliban in neighboring Afghanistan, concluding neither the country's military nor its economy would survive the fight.

•Five units of Pakistani troops -- despite continued denials by Islamabad -- took part in the 1999 clash with Indian troops in Kargil district of Kashmir, a divided land claimed by both nations. Mr. Andersen said Pakistan's official position has long been that only Kashmiri "freedom fighters" took part in the strike.

Indian military officials, meanwhile, were sharply denying Gen. Musharraf's contention in the book that the battle was a "victory" for Pakistan. The Indian officials said Pakistan-backed forces took heavier casualties and were forced to sue for peace.

•The CIA secretly paid Pakistan "hundreds of millions of dollars in bounties" for the capture of over 350 al Qaeda figures after September 11, according to the London Times' excerpt. The U.S. Justice Department denied any knowledge of the payments, saying such bounties were intended as rewards for individuals, not foreign governments.

•Indian scientists may have used equipment and technology bought from the black-market nuclear network set up by Abdul Qadeer Khan, the Pakistani engineer considered the father of Pakistan's own nuclear bomb.

Mr. Andersen said the book's contents would probably prove "irritating" for the governments involved, including Pakistan itself, but said it was unlikely to have a major impact on the Musharraf government's relations with its key partners, including the United States, India and Afghanistan.

Encounters: Jon Stewart And Pervez Musharraf (NYT)

By Anne E. Kornblut

The New York Times, September 26, 2006

When President Bush informed Pakistan after the Sept. 11 attacks five years ago that it faced a stark choice — to be with us or against us — neither he nor his counterpart, President Pervez Musharraf, could have imagined it would come to this.

Continuing a book tour that would make any American politician envious, General Musharraf is to go where no sitting leader of any nation — certainly not Mr. Bush — has gone before. He is to plug his new memoir, “In the Line of Fire,” tonight on “The Daily Show” on Comedy Central.

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There, he will subject himself to questioning by Jon Stewart, the host, whose views on the conduct of foreign policy are unlikely to win him an invitation to the White House anytime soon.

But Mr. Bush must think General Musharraf's work may reinforce his security message; he told reporters at the White House last week to "buy the book."

Israeli Premier And Saudi Said To Hold Secret Meeting (NYT)

By Greg Myre

The New York Times, September 26, 2006

JERUSALEM, Sept. 25 — An Israeli newspaper reported Monday that Prime Minister Ehud Olmert held a secret meeting about 10 days ago with a senior Saudi Arabian official to discuss issues that included Iran's nuclear program and prospects for Israeli-Palestinian negotiations.

In response to the reports, Mr. Olmert and his aides said he did not meet with King Abdullah of Saudi Arabia. However, they declined to answer directly when asked if he met with any other senior Saudi leader.

"I did not meet with the Saudi king and I did not meet with anyone who should cause a sensation in the media," Mr. Olmert was quoted as saying on Ynetnews.com, a Web site affiliated with Yediot Aharonot, the Israeli newspaper that first carried the story.

If a meeting did take place, it would indicate a significant development for two countries that have never had diplomatic ties. Officials from Israel and Saudi Arabia have quietly shared intelligence information, but have never met publicly, said David Kimche, chief of the Israel Council on Foreign Relations.

Both countries are concerned about Iran and its nuclear program, and — with a majority of Saudi Arabia's Muslims being Sunnis — are also concerned about links between Shiite Muslim groups stretching from Iran to Lebanon, he said.

Yediot Aharonot, citing unidentified government officials, said Mr. Olmert's meeting took place with an unidentified official who is close to the Saudi king. It did not say where the talks took place.

Later Monday, the Israeli newspaper Haaretz reported on its Web site that there might have been a meeting between one of Mr. Olmert's envoys and a Saudi official in a third country.

In Saudi Arabia, there was no official comment.

In recent weeks, Saudi Arabia has sought to revive a 2002 peace initiative that calls on Arab countries to normalize ties with Israel in exchange for the creation of a Palestinian state along Israel's pre-1967 war borders. Israel has rejected the plan, though Mr. Olmert praised King Abdullah when discussing the proposal.

Israel has full diplomatic relations with just two Arab countries, Egypt and Jordan. There have been lower-level ties with other states, though many of those dealings have been frozen during the Israeli-Palestinian fighting over the past six years. Saudi Arabia is among many Arab countries that have never had official ties with Israel, and even the suggestion of an informal contact is considered an extremely delicate matter.

"If there was a meeting, and I believe there was, the Saudis obviously thought it would be very discreet," Mr. Kimche said. "I'm sure they are shocked this has come out."

In July, when the Lebanese group Hezbollah staged a cross-border raid, igniting a one-month war with Israel, Saudi Arabia was among several Arab nations that initially criticized Hezbollah. It later criticized Israel for its intense bombardment of Lebanon, which resulted in hundreds of civilian deaths.

Still, Mr. Olmert told Ynetnews.com that Saudi Arabia showed "responsibility and judgment" during the war.

Yediot Aharonot reported last week that Saudi Arabia and Israel began holding discussions during the fighting this summer. In an interview with Mr. Olmert last week, the newspaper asked him whether there had been contacts. "I do not have to answer every question," Mr. Olmert replied.

Olmert Met Secretly With Saudis, Paper Says (WT/AP)

By Ramit Plushnick-masti

The Washington Times, September 26, 2006

DOJ_NMG_0069282

JERUSALEM -- An Israeli newspaper reported yesterday that Prime Minister Ehud Olmert secretly met with a senior Saudi Arabian official to discuss Iran's nuclear program and peace between Israel and the Palestinians.

Mr. Olmert later told the Web site of the daily Yediot Ahronot that he didn't hold talks with Saudi King Abdullah, but he did not deny meeting with a high-ranking Saudi.

"I did not meet with the Saudi king and I did not meet with anyone who should cause a media stir," Mr. Olmert said.

In Saudi Arabia, the Foreign Ministry said no one was immediately available to comment on the report.

Since Israel's war against Hezbollah guerrillas in Lebanon ended last month, the leaders of Saudi Arabia, Egypt, Jordan and Syria have been calling for a new push in peacemaking to prevent future conflicts.

The Yediot report quoted an unspecified number of anonymous Israeli officials as saying Mr. Olmert met with Abdullah 10 days ago. It described other officials as hinting that the talks were with a senior official close to the king.

The Israeli daily Ha'aretz later reported that the meeting took place on Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh.

Saudi Arabia, which has no diplomatic ties with Israel, has been trying to revive a regional peace initiative it presented in 2002. Israel rejected the plan at the time, but Mr. Olmert has indicated he might be more open than his predecessor, Ariel Sharon.

Yediot first reported last week that Israel and Saudi Arabia had been holding secret talks since fighting erupted in July between Israel and Hezbollah in Lebanon.

Saudi Arabia's peace initiative called for a full Israeli withdrawal from lands it captured in the 1967 Mideast War in exchange for normalization and relations with all Arab countries. Mr. Sharon rejected it outright, but Mr. Olmert struck a different tone in the interview with Yediot last week.

"I am very impressed with different processes and statements that are connected to Saudi Arabia, some that have been stated publicly and others as well. I am very impressed with King Abdullah's wisdom and sense of responsibility," Mr. Olmert was quoted as saying.

There also were signals from Syrian President Bashar Assad that he might consider renewing peace talks with Israel.

"I don't say that Israel should be wiped off the map. We want to make peace -- peace with Israel," Mr. Assad was quoted as saying in an interview to the German magazine Der Spiegel, which was released over the weekend.

Israel rejected the overture, saying Mr. Assad had to stop supplying arms to Hezbollah and sponsoring Palestinian militants allied with the ruling Hamas party before peace talks would be possible.

Hamas And Fatah Call Off Unity Talks (AP)

By Mark Lavie, Associated Press Writer

AP, September 26, 2006

Rivals Hamas and Fatah called off top-level talks Monday on forming a Palestinian unity government that might ease crippling international sanctions, the latest indication of difficulties in bridging their ideological differences.

With the Palestinians stuck, another channel for Mideast progress appeared to open when Israeli media reported that Prime Minister Ehud Olmert had a secret meeting with a senior official from Saudi Arabia. Both sides predictably denied the reports, as they have no official relations.

Palestinian President Mahmoud Abbas, the head of Fatah, postponed his planned trip to the Gaza Strip for talks with Prime Minister Ismail Haniyeh of Hamas, and both sides said no new date has been set.

Since a Hamas government took office last March, a cutoff of Western aid has brought the Palestinian Authority to its knees, leaving most public sector workers without pay for months and shutting down vital projects. Israel and the West insisted that Hamas must recognize Israel, renounce violence and accept previous peace accords, but the Islamic militant group has refused to comply.

Hamas trounced Abbas' Fatah in January parliamentary elections, a reflection of voter dissatisfaction with decades of inefficiency, corruption and high-handed rule rather than an endorsement of the Hamas ideology rejecting the existence of Israel.

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Thrust into power for the first time, Hamas has refused to bend its main goal — an Islamic Middle East without a Jewish state. During the past decade, dozens of Hamas suicide bombers have killed hundreds of Israelis.

Fatah, under the late Yasser Arafat, recognized Israel and conducted several rounds of peace talks, resulting in some partial agreements. However, a full peace treaty eluded the two sides.

Bringing in Fatah now could provide a way to finesse the ideological impasse, entrusting negotiations with Israel to Abbas' PLO, in keeping with previous peace accords. Hamas would reserve judgment until a deal was reached.

Several times in the past months Hamas and Fatah appeared close to a political agreement based on the "prisoners' document," a plan put together by prominent Palestinians in Israeli prisons that calls for a Palestinian state in the West Bank and Gaza. Some believe that implicitly accepts Israel next door, without stating the recognition.

But the U.S., Europe and Israel have signaled this would not be enough — the new government itself would have to accept the three conditions they set for the resumption of aid — although Europe has softened its line recently.

Neither Hamas nor Fatah would give a reason for the latest delay or speculate about the next move.

Israeli media reported Monday that Olmert met a senior Saudi official. Saudi Arabia won praise from Olmert for its measured stance during the recent Israel-Hezbollah war, and it has revived a peace initiative based on pan-Arab acceptance of Israel in exchange for an Israeli withdrawal from all of the West Bank.

The Yediot Ahronot daily newspaper reported that Olmert and an unidentified top Saudi official met 10 days ago for talks that focused on Iran's disputed nuclear program and the need to achieve peace between Israel and the Palestinians, the newspaper said.

The Israeli daily Haaretz later reported that the meeting took place on Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh.

Olmert replied somewhat cryptically. "I did not meet with the Saudi king and I did not meet with anyone who should cause a media stir," Olmert told Yediot's Ynet Web site later Monday. "I didn't hold any meetings with anyone. All the rest is just imagination and speculation."

A Saudi official, speaking on condition of anonymity because he was not authorized to speak to the media, called the reports of a meeting "a figment of their imagination."

Separately, an Israeli military court ruled Monday that 21 Hamas legislators and Cabinet ministers would remain in Israeli custody, overruling a lower court. Israel rounded up dozens of Hamas officials after Hamas-linked militants captured an Israeli soldier in a cross-border raid from Gaza in late June.

Hamas Lawmakers To Remain In Jail (NYT)

The New York Times, September 26, 2006

JERUSALEM, Sept. 25 — An Israeli military appeals court in the West Bank on Monday reversed an earlier ruling and said that 18 Hamas lawmakers and cabinet ministers would have to remain in jail pending trial.

A military court on Sept. 12 ordered Israel to release the Hamas members, but military prosecutors appealed. The men are charged with belonging to a terrorist organization. Aziz Dweik, the speaker of parliament and one of those being held, called the ruling a political decision.

Israel has detained about 40 Palestinian legislators and cabinet ministers in the West Bank over the past three months. The crackdown began after Palestinian militants seized an Israeli soldier on June 25.

Peacekeepers Have 'Robust' Mandate, Rice Says (NYT)

By Thom Shanker

The New York Times, September 26, 2006

Secretary of State Condoleezza Rice urged the peacekeeping mission in southern Lebanon yesterday to act on what she termed "a very robust" mandate approved by the United Nations that grants international troops authority to challenge anyone who attempts to block their mission, and to use force if necessary.

"The language says that anything and anyone who keeps them from fulfilling their responsibilities is to be challenged on that, and they even have the right to use force if they need to," Ms. Rice said. "That mandate was written in a very robust fashion."

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She acknowledged, however, that "it's always a matter of how it's interpreted."

Members of the international force sent to Lebanon under a United Nations Security Council resolution passed one month ago have said that they cannot set up checkpoints, search cars or trucks, homes or businesses, or detain suspects.

Commanders of the United Nations Interim Force in Lebanon, or Unifil, say the Security Council resolution places Lebanese sovereignty paramount — meaning they first must be authorized to take such actions by the Lebanese Army.

In an interview yesterday with editors and reporters of The New York Times, Ms. Rice said, "I would hope that Unifil would interpret its mission in a way that allows it to really do what it is supposed to do, which is not to allow a return to the status quo ante in the south."

A goal of Security Council Resolution 1701 was to increase the numbers and military punch of the international force in Lebanon, as well as to create the conditions for the Lebanese military to move into the south. Both operations are viewed as important to separate Israeli and Hezbollah forces, halt attacks and prevent Hezbollah from rearming.

The question of how commanders of the international force have interpreted the mandate on the ground "is something we will follow up on," Ms. Rice said.

Ms. Rice noted that the expanded Unifil mission was new and that it was not yet operating with the full number of desired troops. But she stressed that the peacekeepers "certainly got the authority to do whatever they need to do to do their job."

"That's very clear, and it says so," she added. "I think there probably ought to be a conversation with Unifil about how it sees its responsibilities."

In assessing political progress since the resolution was approved, Ms. Rice said that "Lebanon had come to a standstill, politically, well before the Hezbollah attack." Yesterday she said, "I think you could make an argument that after the war things have begun to move — some of them sideways, some of them forward, but they have begun to move. I'm not sure that anything has begun to move backwards."

The political situation in Lebanon "is very fragile," she acknowledged. But the fact that the Lebanese government and the Lebanese armed forces have extended their reach into southern Lebanon "is a major achievement," she said.

Corporate Chiefs Lead Campaign To Aid Lebanon (WSJ)

By Neil King Jr.

The Wall Street Journal, September 26, 2006

WASHINGTON -- President Bush tapped top officials at Cisco Systems Inc., Intel Corp. and two other companies to lead a private-sector rebuilding effort in Lebanon similar to ones the White House launched last year in Pakistan and Central America.

While earlier campaigns followed natural disasters, the Lebanon effort aims to help the country recover from Israel's bombing during the war with the Islamic militant group Hezbollah.

Cisco Chief Executive John Chambers, in an interview after meeting with President Bush, dismissed the idea that postwar Lebanon might be a politically tricky place for a CEO to represent the U.S. government. "The risk of action is a much better alternative to the risk of inaction," he said, describing Lebanon as "the linchpin to many other opportunities around the world."

Mr. Chambers led a presidential delegation to Beirut over the weekend that included Ray Irani, CEO of Occidental Petroleum Corp., and Yousif Ghafari, chairman of Ghafari Inc., an architecture, design and engineering company. Joining the team, but not the trip, is Intel Chairman Craig Barrett.

The group follows administration campaigns to tap companies for help in post-earthquake Pakistan and mudslide-hit Central America, led respectively last year by Pfizer Inc. and Deere & Co.

The four executives handling the Lebanon project chipped in $1 million of their own money to the new U.S.-Lebanon Partnership Fund, while Citibank and the federal Overseas Private Investment Corp. created a $120 million loan facility to offer financing for home repairs, small businesses and long-term mortgages. Cisco is proposing to invest about $10 million in projects in Lebanon, a sum that Mr. Chambers described as "a rounding error in terms of our business."

Mr. Chambers said the companies aren't looking to make big investments in Lebanon but will focus on offering training, venture capital and research-and-development help to Lebanese businesses. "This is not going to be transactional in nature," he said of the fund. "It's about making a difference over the long haul."

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President Bush told reporters after meeting with the four executives in the Oval Office that the goal "is to help Lebanese citizens and Lebanese businesses not only recover, but to flourish, because we believe strongly in the concept of a democracy in Lebanon."

In Lebanon, A War's Lethal Harvest (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, September 26, 2006

Threat of Unexploded Bombs Paralyzes the South

DEIR QANOUN, Lebanon -- The messages scrawled in red on the concrete, stone and cinder-block walls near Ali Saqlawi's house are worded differently but mean the same: "CB," "cb strike," "cluster strike." Arrows point with deceptive precision in every direction. Saqlawi, a mechanic, needs no warning. He has already seen the thousands of bomblets the size of cellphones that littered his town, the detritus from hundreds of cluster bombs fired in the last days of the 33-day war with Israel.

"I saw them where your feet are," he said, pointing to the ground next to the rubble of what was once his house and garage. He waved toward the parched lemon groves across the cratered street. "You'll find them there," he said. He pointed at the olive orchard behind him, awaiting a reluctant harvest by workers too fearful to enter. "It's all bombs over there," he said.

The scourge of munitions from the cluster bombs now littering southern Lebanon, mostly American-made but some manufactured in Israel, will be a "lasting legacy," the United Nations has said. U.N. officials estimate that the Israeli military fired 90 percent of the bombs during the last 72 hours of the conflict, which began on July 12 after Hezbollah fighters seized two Israeli soldiers in a cross-border raid and ended with a cease-fire on Aug. 14. As many as 1 million of the bomblets are unexploded, they say, wounding or killing three people a day. The threat of stumbling across a bomblet has paralyzed life in parts of the south that depend on the harvest of tobacco and now-abandoned groves of bananas, olives and citrus.

"No one's going into the orchards," the 27-year-old Saqlawi said.

His brow sweaty, he watched a bulldozer claw at the wreckage of his house and business. Gray dust billowed up; iron rods still crusted with concrete snapped forward. To the side were the contents of his garage -- mangled car parts and burned tires.

"Rubble and bombs," he said.

International law does not prohibit the use of cluster bombs, which can spread dozens, sometimes hundreds, of smaller munitions, or bomblets, over an area the size of two football fields. But because of their wide dispersal, human rights groups have condemned their use in civilian areas, saying they violate international bans on indiscriminate attacks. The Reagan administration imposed a six-year ban on their sale to Israel after a congressional investigation determined that Israel had misused the weapons during its 1982 invasion of Lebanon. The State Department said it is investigating whether Israel violated agreements with the United States on their use during the conflict this summer.

U.N. officials have said they are still grappling with a problem whose scope has grown by the day. About 100 de-miners on contract to the United Nations are trying to defuse munitions in which as many as two in five of the bomblets failed to detonate. They said many of the bomblets might have failed to explode because they struck soft ground, were snared in trees or other obstructions or were fired too low to the ground to detonate on impact.

Early on, officials estimated that cluster munitions littered 400 sites, anywhere from a house to an entire village. The number now stands at 590, and U.N. officials said they are dumbfounded by the intensity of the firing in the war's last days, when it was clear a cease-fire was approaching.

"It's impossible for me to work out what the logic was," said David Shearer, the U.N. humanitarian coordinator for Lebanon. "To me, it just seems outrageous that it would happen as it did."

Added Chris Clark, the program manager for the U.N. Mine Action Coordination Center: "What we've seen are strikes on top of strikes on top of strikes on top of strikes. It's tantamount to shooting a dead body 20 times."

The Israeli military has limited its statements on the matter, reiterating that the munitions are not banned. Last weekend, a spokesman for the Israel Defense Forces pointed to a public statement first made during the war. "All the weapons and munitions used by the IDF are legal under international law and their use conforms with international standards," it read.

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Hezbollah launched an average of about 100 rockets a day into Israel during much of the conflict, climbing to 240 near the end, with many of the rockets landing in populated civilian areas. Some U.N. officials speculated that the Israeli military's inability to stop the rocket firing led it to use weapons that sprayed across a wider area. The result was what U.N. officials euphemistically refer to as "contamination" -- a density of unexploded munitions higher than that left in Kosovo in 1999 and in Iraq after the 2003 U.S.-led invasion.

In the 2 1/2 years after the Kosovo conflict, de-miners cleared fewer than 25,000 cluster bomblets, Clark said. In four weeks here, they have cleared more than 30,000 bomblets. Adding to the problem, the landscape remains littered with as many as 400,000 land mines left by Israel and its Lebanese allies during the occupation that ended in 2000.

So far, U.N. officials say, exploding cluster bomblets have killed 14 people and wounded 90 since the war ended.

"In the areas where there were strikes, it's the most extensive contamination I've ever seen," said Clark, who has worked in Kosovo, Sudan, Kuwait, Iraq, Bosnia and Afghanistan. It "is just off the scale."

In the town of Majdel Selm, a short distance from where bulldozers were demolishing the bombed-out remnants of houses, Simon Lovell, a de-miner with the British firm Bactec International, pointed to an American-made bomblet that he had marked off with tape and wooden stakes. Farther off, amid peach, orange and olive trees, lay three others, easy to miss with an untrained eye.

"We treat them almost as a minefield," he said.

Lovell, a former naval diver with a tanned face and adrenaline-fueled exuberance, used to disarm sea mines. He pointed out the bomblets, examples of what he called "a pretty unsmart bomb." The coming rains, he said, would bury them deeper, making them even harder to spot. When they are detonated, they can hurl shrapnel 40 yards.

"The task here is going to be immense," he said.

Shrapnel pockmarked the unfinished two-story house perched over the orchard, its windows still broken. The owner, Marwan Abu Taam, said he and his wife, Shirin Rida, stayed with relatives during the war. When he returned, he walked through the field three or four times without seeing the bomblets, despite the tell-tale signs: a piece of white plastic that keeps the bomblets in tidy rows inside the shell and the white ribbon that helps guide them as they fall. His wife and 2-year-old son, Ali, won't walk outside.

"No one can move anywhere on the land," she said, as her son leaned against her leg.

Southern Lebanon, a furrowed land of valleys and rock-strewn hills, is one of the country's poorest regions. Half the population relies entirely on agriculture. Aid officials say some farmers have taken to burning their unharvested crops in hopes of detonating the bomblets.

Along the barren hills outside Majdel Selm, several goats killed by the bomblets were piled up, the stench of their rotting carcasses carried by the breeze.

"You know how you sprinkle seeds on the ground?" asked Hussein Ali, a 47-year-old municipal worker who had brought Lovell to a hilltop where dozens of bomblets lay unexploded. "That's what the bombs are like down here."

Ali and some of his neighbors acknowledged that there were Hezbollah fighters in the town. But as they looked at the bare hillsides, the men wondered aloud about the military logic of targeting such fields with cluster munitions.

"Maybe if there were trees or something," Ali said.

In Saqlawi's village of Deir Qanoun, Lovell found four holes where residents had picked up 1,013 bomblets on their own. Residents said landowners were paying the more daring among them $1 to $2 for each bomblet they disposed of. The bomblets were piled in crates and boxes. Along the road, a tractor driver asked a passerby, "Will I die if I go in there?"

Down the street, Saqlawi hopped among the piles of rubble where he used to live with his wife and 6-month-old son, Hussein.

"Everything's gone," he said, "the house, the trees, the olive harvest. Everything's gone."

He gave a bitter grin. "Praise God," he said.

Correspondent Scott Wilson in Jerusalem contributed to this report.

U.N. Inquiry Into Death Of Lebanon's Ex-Premier Focuses On Killers (NYT)

DOJ_NMG_0069287

By Warren Hoge

The New York Times, September 26, 2006

UNITED NATIONS, Sept. 25 — The director of the United Nations commission investigating the killing of Rafik Hariri, the former prime minister of Lebanon, reported Monday that it had confirmed preliminary findings that the attack was the work of a suicide bomber but was still pursuing the identities of the participants in the highly organized plot.

In a largely technical 22-page report, Serge Brammertz, the prosecutor leading the inquiry, said he had developed evidence from the crime scene about the bombing to a level suitable for presentation to a court and was intent on doing the same thing with evidence pointing to the conspirators.

Mr. Hariri, who opposed Syrian domination of his country, was killed along with 22 others when a huge truck bomb exploded as his convoy was moving along a downtown Beirut street on Feb. 14, 2005. The public outrage and mass street demonstrations that followed led Syria to comply with international demands and a Security Council resolution calling on it to withdraw its troops from Lebanon after a 29-year presence.

Mr. Brammertz is scheduled to brief the Security Council on his report on Friday.

The report was the third from Mr. Brammertz, a Belgian on leave as deputy prosecutor of the International Criminal Court, who succeeded Detlev Mehlis of Germany in January as director of the commission. The Brammertz reports have been more judicial and technical in tone than the two produced by Mr. Mehlis, which read like crime narratives and pointedly accused Syrian intelligence forces of directing the attack and obstructing his inquiry.

Mr. Brammertz said he had a better experience with the Syrians. "The cooperation that the commission has received from the Syrian Arab Republic has remained generally satisfactory, and the commission continues to require its full support in providing information and facilitating interviews with individuals located in Syrian territory," he said in the report.

He said he was also getting "ongoing strong support" from the Lebanese authorities, even during the 34-day war between Israel and Hezbollah this summer. The combat forced the entire international staff of the commission to relocate to Cyprus for safety reasons, he said.

John R. Bolton, the United States ambassador, said Monday that he was impressed by the methodical manner with which Mr. Brammertz was proceeding. He said that from many conversations with Mr. Brammertz, "I know that he's impatient with bureaucratic obstacles and he's pushing ahead."

Mr. Bolton noted that it was important as a case neared trial for a prosecutor to establish reasons for eliminating alternative theories that defense lawyers might pursue as well as to establish the evidence to support the prosecutor's theory of how the incident actually occurred.

The investigation has previously established that the planners of the attack were organized and meticulous and demonstrated a sophisticated knowledge of how to stage such killings.

The commission said it had discovered links between the Hariri bombing and 14 other political assassinations in Lebanon that the Security Council asked it in June to review.

The report suggested that this would help it establish the "political environment" surrounding Mr. Hariri. Before his death, Mr. Hariri had been warned of threats against him from the Syrian government.

The mandate of the commission, created by the Council in December 2005, has been extended once and is scheduled to run until June 15, 2007.

House Passes Bill On Sudan Sanctions (AP)

By Sam Hananel, Associated Press Writer

AP, September 26, 2006

The House on Monday approved a bill that would impose sanctions on the government of Sudan, as lawmakers warned that tougher action is needed to stem the death and suffering in that nation's Darfur region.

The bill, passed by unanimous consent, authorizes sanctions against anyone President Bush determines is responsible for atrocities and war crimes in the conflict that has left more than 200,000 people dead and 2.5 million homeless since 2003.

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The Senate passed a nearly identical measure last week and is expected to endorse the House version this week, sending it to the president's desk for his signature.

Penalties under the measure include blocking assets, refusing to grant Sudanese officials entry to the United States and preventing certain ships from entering U.S. ports. The legislation encourages Bush to deny the government of Sudan oil revenues and access to military equipment.

"This bill will do much to help the death and suffering in Darfur, but we, along with the international community, must do more," said Sen. Sam Brownback, R-Kan., who has championed the measure. "Aid workers are being killed and the people they were helping are disappearing. The situation is growing worse each day and the world must continue to help in any way we can."

The measure also asks the United Nations Security Council to suspend the Sudanese government's rights and privileges of membership in the U.N. until it agrees to halt attacks against its people.

Passage of the sanctions bill had stalled over language in the House version that would have encouraged the growing movement in some states to divest from companies doing business with Sudan. The Bush administration insisted the provision be removed due to legal questions of whether state divestment interferes with foreign policy.

The Darfur conflict began when rebels of ethnic Africans revolted against the Arab-led government. The government responded with a brutal suppression and Arab militias, known as the Janjaweed, attacked villages.

Last month, the U.N. Security Council authorized a peacekeeping force for Darfur of about 20,000 troops to bolster a smaller African Union force that is undermanned and underfunded. But the Sudanese government has refused to consent and the region has become more insecure for aid workers trying to help refugees.

"As we stand here ... the Janjaweed militia is continuing to rape and kill, wiping out generations of people in Darfur," said Rep. Frank Wolf, R-Va., who sponsored the House measure. "It is unacceptable and the world must act."

Bush last week named Andrew Natsios, the former director of the U.S. Agency for International Development, as his special envoy to work for peace in Sudan. Natsios met Monday with Senate Majority Leader Bill Frist, R-Tenn., and other lawmakers to discuss his mission and how Congress can continue to work on the issue.

House Bills Target Violence In Darfur (WT)

By Christina Bellantoni

The Washington Times, September 26, 2006

The House yesterday passed several measures aimed at putting a stop to the genocide in Sudan's Darfur region.

Lawmakers adopted by unanimous consent late last night the Darfur Peace and Accountability Act, which imposes sanctions against "those responsible" for the "war crimes, or genocide" in Darfur.

Also, in an early evening voice vote on a nonbinding resolution, the House urged President Bush to support humanitarian and peace efforts in the African nation.

The Senate has already unanimously agreed to the Darfur Peace and Accountability Act, paving the way, lawmakers said, for action in the genocide-stricken region. They said that with estimates of at least 400,000 killed in the past two years, the U.S. cannot allow the atrocities, mostly the work of Sudan's Islamist central government and pro-Islamist militias, to continue.

"The genocide in Darfur is not just an African crisis," said Rep. Tom Lantos, a Hungarian-born Holocaust survivor. "It is a crisis of all humanity and obligates all of us to act with urgency."

"Lives must be saved," the California Democrat said. "A permanent and just peace must come to Darfur."

The bill includes provisions to block Sudanese assets in the U.S., deny Sudanese officials entry to the U.S. and keep Sudan-related ships from U.S. ports. It also encourages Mr. Bush to deny oil revenues and military equipment to Sudan and asks the U.N. Security Council to deny the Khartoum government the privileges of U.N. membership as long as its Darfur attacks continue.

Congress has a "responsibility to ensure that we do not repeat the mistakes of the past" by focusing only on Darfur, said Rep. Christopher H. Smith, New Jersey Republican.

Rep. Barbara Lee, California Democrat, reminded colleagues that 1 million were killed in the 1994 Rwandan genocide, and promised: "Not on our watch will it happen again."

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Others agreed, noting the envoys to the region must work to secure a "just and equitable peace" in Darfur and to ensure the peace agreement between northern and southern Sudan remains intact.

"We are sick and tired of being sick and tired," said Rep. Donald M. Payne of New Jersey, the ranking Democrat on the International Relations Committee's subcommittee on Africa, global human rights and international operations. "This bill is just the first step."

The Darfur Peace and Accountability Act imposes sanctions on the Sudanese government and supports measures for the protection of civilians and humanitarian operations. Another measure calls for Mr. Bush to take "immediate steps" to improve the region's security by helping transfer an African Union mission to a United Nations-led force and for NATO to send an interim civilian protection force.

"Did we not learn anything from the lessons of Bosnia, Rwanda?" asked House Minority Whip Steny H. Hoyer of Maryland, also noting "the consequences of our negligence in the 1930s."

Mr. Hoyer called Sudan "the world's worst current human rights crisis. We must do more."

Meanwhile yesterday, California Gov. Arnold Schwarzenegger signed bills that impose sanctions on Sudan, including one that bars California's huge public-pension systems from investing in companies with active business in that nation.

"I grew up in Europe after the Second World War so I remember the dark and heavy shadow cast by the Holocaust," the Austrian-born governor said. "It has become clear to me that we cannot turn a blind eye to any genocide."

UN Secures First Pledges For Darfur Peacekeeping Force (AFP)

AFP, September 26, 2006

The United Nations secured its first pledges for a proposed major UN peacekeeping force for the strife-torn Sudanese region of Darfur, officials said.

But about 50 countries that attended a meeting of potential contributors at the UN headquarters were also warned of the many problems that could face any force, including attacks by rebels opposed to a Darfur peace agreement and by Al-Qaeda.

Sudan has strongly objected to the United Nations taking over from an African Union force currently in the western Sudanese region, where at least 200,000 people have died since the war broke out in February 2002, according to UN estimates.

But Jean-Marie Guehenno, the UN under secretary general for peacekeeping operations, said one European country and some developing countries, which he did not name, had offered several battalions for any UN force.

Other UN officials, speaking on condition of anonymity, said Norway, Nigeria, Tanzania and Bangladesh were the first countries to offer troops. Nigeria and Tanzania already have troops in the AU force but they would increase their contingent.

Though there is no firm agreement on a force, Guehenno said the meeting was held because "we do have interest in the mission and we want to keep up that interest."

The UN Security Council passed a resolution in August calling for a UN force to take over from the ill-equipped African Union (AU) force in Darfur.

There are currently about 7,000 AU troops there but the organisation wants to increase that to 11,000 by the end of the year. The AU last week extended the force's mandate until December 31.

Guehenno has set a target of a UN force of over 17,000 troops and 3,300 police to keep the peace and investigate allegations of atrocities in Darfur, where rebels turned against the Khartoum government in 2003 seeking a greater share of the region's wealth.

The troop contributors' meeting was warned that any UN force could face attacks from rebels who oppose a peace accord agreed in May, bandits and even from Al-Qaeda, which has in the past had bases in Sudan, officials said.

In April, Al-Qaeda leader Osama bin Laden called on Muslims to resist "crusader" western forces in Darfur.

Amid reports of renewed intense fighting in Darfur and a statement by a top UN envoy last week that the peace accords were almost dead, the United States has led calls for international pressure on Sudan to accept a UN force.

US Secretary of State Condoleezza Rice said last Friday that "time is running out" to prevent an all-out Sudanese government onslaught against die-hard Darfur rebels.

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"The violence in Darfur must end, and it must end now," she told a special ministerial meeting of two dozen nations plus the European Union and the United Nations in New York.

The meeting discussed sending a delegation to Khartoum in yet another bid to persuade President Omar al-Beshir to drop his opposition to deployment of the UN force.

Beshir told the UN General Assembly last week that the UN force was part of a "Zionist" plot to "dismember" his country and "plunder" his abundant resources, particularly oil.

While waiting for new talks with Khartoum, the Security Council on Friday extended for two weeks the mandate of a 12,273-strong UN force deployed in southern Sudan, which expired Sunday.

Koizumi Ends 5-year Term As Japanese PM (AP)

By Eric Talmadge, Associated Press Writer

AP, September 26, 2006

Five years after taking office for what many analysts had expected to be a short-lived term, Prime Minister Junichiro Koizumi said good-bye to his followers Tuesday and prepared to turn over power to his protege and long-time spokesman, Shinzo Abe.

The transition ends the tenure of one Japan's longest-serving and most popular prime ministers, a term that saw both a gradual recovery of the nation's economy and a rare infusion of lightheartedness — Koizumi waltzing with actor Richard Gere, for example, or serenading U.S. President George W. Bush with an Elvis Presley song at the late singer's Graceland mansion.

Koizumi also, however, left a legacy of discord with neighbors China and South Korea over territorial disputes and his repeated visits to a memorial to Japan's fallen soldiers, including convicted World War II war criminals.

In his final statement, Koizumi stressed the impact of his economic reform program and efforts to trim government spending.

"When I first came to office, Japan's economy was in stagnation and there was a prevalence of pessimistic views," he said. "Today there is a willingness to challenge the new times and a confidence that we can succeed if we try. The bud of reform is beginning to grow into a big tree."

He left his official residence Tuesday to the ringing applause of 150 staff members and senior party leaders, including Abe.

Smiling and relaxed, Koizumi waved to crowd and clutched a bouquet of red and pink roses.

"Thank you," he said.

Koizumi chose the time for his departure and appeared to have no regrets.

He had for several months stressed that he had no intention of seeking re-election when his term as ruling Liberal Democratic Party president ended Sept. 30. He can also be fairly confident that his reforms and basic foreign policy goals will be followed up by Abe, who served as the top spokesman for the Koizumi Cabinet before winning election as party president last week.

Koizumi said he was particularly proud to have maintained high levels of public support. With vows to overhaul the economy and the stagnant ruling party, he started off with record-high approval ratings of about 90 percent. Though in more recent polls that had fallen significantly, to around the 50 percent level, they remained relatively high.

"The economy recovered and people now have the confidence that they can succeed if they try," he said in his parting statement. "I think that was good, because I had the support of the public."

Chinese Official Is Dismissed In Pension Scandal (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, September 26, 2006

Move Against Party Figure Is Highest-Reaching in Years

BEIJING, Sept. 25 -- The Communist Party chief of Shanghai was fired Monday in the highest-level purge of a Chinese official in more than a decade. Analysts called the dismissal an effort by President Hu Jintao to make a bold statement against corruption and consolidate his power in advance of an important party congress.

Chen Liangyu, who presided over China's high-rise and business capital and its 17 million people, sometimes clashing with officials in Beijing, also lost his seat on the country's ruling Politburo.

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The official New China News Agency said Monday that investigators believe that Chen, 59, helped loot the city's pension fund of hundreds of millions of dollars. He helped enrich illegal entrepreneurs, the agency reported, and engaged in cronyism on behalf of family members and his staff, who also severely violated various laws.

There was no public response from Chen on Monday. His photograph and other personal material about him has been removed from the city's Web site.

Official corruption is a prime concern among the Chinese public, and the Communist Party has promised repeatedly to attack it aggressively.

Analysts also saw the dismissal as related to a party congress that will convene late next year. At that meeting, Hu is to pick party leaders who will serve under him during his second five-year term.

Chen was a political protege of former Chinese president Jiang Zemin, who is from Shanghai. In the same way that Jiang tried to shore up his legacy by promoting his own proteges and loyalists, analysts here said, Hu is making room in the ranks for allies in hopes that they will help him govern and retain influence after he steps down.

The apparent struggle between those loyal to the two leaders does not reflect a disagreement in ideology, according to a Western diplomat with extensive experience in Asia. Instead, the elbowing is about patronage and influence.

Liu Xiaobo, a leading political dissident and literary critic, said that "anti-corruption is always a useful tool in the fight for power among high-ranking officials."

Chen, born in October 1946, earned an architectural degree from a People's Liberation Army institute. He joined the Communist Party in 1980, holding a succession of posts before being appointed Shanghai party secretary in 2002. In that job, he oversaw a metropolitan area that is studded with glass office towers and functions as the hub of one of the world's most dynamic economies.

The city's stature suffered a blow in recent years due to corruption scandals -- at least two people were named earlier in the pension fund investigation -- and an overheated real estate market. Chen reportedly clashed with President Hu and Premier Wen Jiabao over Beijing's attempts to slow the city's economic growth.

His removal will bring no change to local economic policies in Shanghai, state media said. Chen is being temporarily replaced as party boss by Shanghai's mayor, Han Zheng.

The last Politburo member to be fired in a corruption case, in 1995, was Chen Xitong, then mayor of Beijing. But his case pales compared with Chen Liangyu's, which involves far greater amounts of money, Liu suggested. Chen Xitong was sentenced to 16 years in prison. After serving eight years, he was released earlier this year for what officials called medical reasons.

Beijing is believed to have sent teams of investigators to Shanghai, where they went around in black cars with tinted windows to question officials. The Communist Party often conducts what turn out to be criminal investigations of its own before it allows municipal authorities to begin formal investigations by prosecutors or police. The party investigators sometimes use a technique known as shuang gui , an extra-legal procedure that involves secret detention and questioning of suspected officials.

Party officials have been increasingly speaking out against corruption recently, but it is unclear whether their rhetoric is filtering down to the local level, where corruption remains rampant.

"We must realize that China is now experiencing a profound system transformation, a profound structural adjustment, and a profound social change," wrote Wu Guanzheng, head of the party's Central Commission for Discipline Inspection, in an article emphasizing anti-corruption efforts in a party journal this month.

"Generally speaking, the party's working style is good, but there are still some serious problems," Wu wrote in the Sept. 16 issue of Qiu Shi magazine. "For example, some party officials lie to their supervisors, some only focus on getting a higher position, some seek illegal benefits using power, some fight the central government's decisions if they conflict with his regional interests, some appropriate public monies, and so on."

Because of upcoming elections of local party officials this year and next year, officials should pay special attention in rooting out the guilty, he said. "We should bring ruin and shame to their political reputation and make them suffer from great financial loss and moral regret."

The New China News Agency report about Chen Liangyu stressed that senior cadres must pay particular attention to "improving their performance." It also called on them "to guard against temptation and to persist in stringent self-discipline."

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China Sacks Shanghai's Top Leader (WSJ)

By James T. Areddy

The Wall Street Journal, September 26, 2006

Beijing Pushes to Tighten Control, Consolidate Power Amid Corruption Scandal

SHANGHAI -- China's government fired Shanghai's top official for his alleged role in a corruption scandal, escalating President Hu Jintao's efforts to consolidate power and restrain economic growth.

The removal of Chen Liangyu from his post as Shanghai's Communist Party secretary marks a push by top leaders in Beijing to assert greater control over a city that has been a showcase for China's economic overhauls and a seat of power for Mr. Hu's rivals.

China's Xinhua news agency said Mr. Chen was fired for corruption discovered in a probe into misuse of Shanghai's $1.2 billion pension fund. Xinhua said he was involved in other "discipline violations," such as "helping further the economic interests of illegal businesspeople," protecting staff who "severely violated laws" and aiding family members "by taking advantage of his official posts."

Mr. Chen's removal sends the message that even Shanghai must fall in line with the central government's agenda. The city of 18 million people accounts for more than 5% of China's economic output and handles a quarter of its national trade, but has become a prime example of economic overheating driven by speculative property investment. The dismissal raised the possibility of a slowdown in approvals for major investments in the city, where more than 120 foreign companies base their China operations. It could also make officials in other cities think twice about granting approval for pet projects.

During Mr. Chen's four-year tenure. Shanghai has seen an explosion in property prices, particularly for luxury developments. The city's pension fund, beginning before Mr. Chen's tenure, helped to fund some of the city's most prominent commercial towers, according to people familiar with the transactions.

"When the central leadership was trying to cool down the economy and the Shanghai real-estate market, the Shanghai authorities were not very obedient," said Joseph Cheng, a professor at City University of Hong Kong.

The pension scandal in Shanghai illustrates a long-running penchant among city officials to bend central-government rules. Shanghai openly flouted Beijing's mandate that social-security funds should hold only ultrasafe investments such as government bonds, and did so in a way that may have helped to inflate local property prices. Shanghai this year also set its own rules for taxing capital gains to ease the pain for home buyers of a central-government directive introduced in an effort to cool the property market.

Shanghai's pension fund entrusted money with a municipal-government-owned bank, Shanghai Pudong Development Bank Co., that established a company in the 1990s, Shanghai Anlian Investment & Development Co., to invest in property, according to people familiar with the matter. Some of Anlian's developments are among the most famous in the city skyline Anlian also gave money to Shui On Land Ltd., a Hong Kong company that redeveloped a historic neighborhood, Xintiandi.

Mr. Chen is one of the most senior leaders to be dismissed for corruption since China began economic reforms nearly three decades ago. Ousting such a senior official, even with allegations of corruption, is extremely delicate in China's consensus-driven political system. The 59-year-old Mr. Chen was one of two dozen members of the party's elite Politburo, and the position he occupied in Shanghai has been a springboard to higher office for officials -- including former President Jiang Zemin.

Political analysts say Mr. Chen's removal marks a major victory in Mr. Hu's efforts to assert authority over Mr. Jiang and his allies ahead of a meeting of party leaders next year at which key personnel appointments, including Mr. Hu's own eventual successor, are to be decided.

There could be further economic repercussions from the pension-fund scandal. The problems in Shanghai's pension system have triggered a nationwide audit, and following Mr. Chen's ouster, shares in a number of Shanghai-based companies declined in trading on the Shanghai Stock Exchange, as investors worried that there could be further fallout from the scandal on local companies and property prices.

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But the impact on foreign investment may be muted. For U.S. businesses, "I would suspect that implications would be minimal," said John Frisbie, chairman of the U.S.-China Business Council, a trade group in Washington. "The post he was in is not one that formulates trade and investment policy,"

Shanghai's 52-year-old mayor, Han Zheng, will temporarily assume the party secretary position held by Mr. Chen. The Communist Party is China's most powerful institution, and party positions are more powerful than their parallel government posts.

Mr. Han was shown on Shanghai TV last night sitting in front of a large party gathering where he vowed to continue development within a framework of macroeconomic controls set by the central government.

The ouster of Mr. Chen is the latest in a series of public crackdowns on corruption that have this year netted a Beijing vice mayor involved in planning for the 2008 Beijing Olympic Games and senior officials from other cities.

Mr. Chen is the first member of the Politburo to be dismissed for corruption since the party secretary of Beijing was forced to resign in 1995. That official, Chen Xitong (no relation to Chen Liangyu), was later sentenced to 16 years in prison. The current case carries other echoes of that earlier affair: Then it was Mr. Jiang, as president, who was seen to be consolidating power by engineering the downfall of an unruly local leader and potential rival.

Investigators began zeroing in on management of Shanghai's pension system, the nation's largest, in July. In August, Zhu Junyi, who ran the system for a decade, was stripped of his job and Communist Party posts. A number of other business and lower-level political officials have also been implicated.

In June, when President Hu made his second visit in two years to Shanghai, he avoided the foreign companies that local officials often point to as proof of the city's development. Instead, the president visited a number of domestic companies, telling Mr. Chen and Mayor Han that he hoped "Shanghai would base itself on current realistic conditions, while having long-term needs in mind."

--Andrew Batson in Beijing contributed to this article.

Shanghai's Party Leader, Mistrusted By Hu, Is Purged (NYT)

By Joseph Kahn

The New York Times, September 26, 2006

BEIJING, Sept. 25 — As the storm clouds of a national anticorruption campaign loomed on the horizon last spring, Chen Liangyu, the Communist Party boss of Shanghai and one of China's most powerful officials, summoned reporters from the main state news agency to his office for a rare interview.

Mr. Chen told the reporters that, as chief of China's wealthy East Coast commercial center, he felt obliged above all "to carry out the orders of the party center," a public pledge of obeisance to President Hu Jintao.

That vow of fidelity came too late to rescue Mr. Chen. As an heir of the influential Shanghai-centered political machine built by Jiang Zemin, China's former top leader, Mr. Chen never won the trust of Mr. Hu, whose own power has grown steadily more formidable, party officials said.

On Sunday, security forces put Mr. Chen, 59, under a form of house arrest. The state news media reported Monday that he had lost his political posts, including his membership in the ruling Politburo, and that he might face criminal charges.

Such purges, common in Mao's time, rarely occur in today's China, which prizes political stability above all and does not generally let factional infighting spill into the public realm. Mr. Chen is the first member of the Politburo to be forced from power since 1995.

The action shows how determined Mr. Hu has become to break up entrenched local fiefs and to replace top officials who rose to prominence under Mr. Jiang with those who answer only to him.

It has also exposed the degree to which Shanghai, China's showcase commercial center, has become a political machine run by a small number of senior officials, who used political power to enrich themselves and their close associates, say people informed about the continuing investigation there.

These people, and all others interviewed for this article, spoke on the condition of anonymity, for fear of official reprisals.

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Party investigators have looked into allegations of a diversion of Shanghai pension funds into real estate and infrastructure projects. Mr. Chen is suspected of aiding illegal business activity, shielding corrupt colleagues and abusing his position to benefit relatives, the official New China News Agency said.

"No matter who, no matter how high ranking, if they've violated party rules or the law, the investigation will be earnest and the punishment severe," the agency said in a report later read verbatim on China Central Television's main nightly news program.

Han Zheng, the mayor of Shanghai, was appointed acting party chief, the top position in the Shanghai region. But party officials said Mr. Hu would most likely replace Mr. Chen with an outsider of his choosing in coming weeks.

The instant the actions against Mr. Chen were announced, all traces of the newly disgraced leader disappeared from official Web sites. Some official photos of the Shanghai leadership were airbrushed to remove Mr. Chen.

Mr. Hu is seeking to reshuffle the Politburo and all major government and provincial posts at the 17th Party Congress, to be held next year, party officials say.

He has sought to sideline opponents before that event, where he also hopes to anoint his own successor, the officials say.

His crackdown on corruption, which has also resulted in the removal of lower-level officials in Beijing, Tianjin, Fujian and Hunan recently, is viewed by observers more as a political maneuver than as a genuine effort to fight graft. Corruption runs so deep in the ruling party that some officials acknowledged that at best it could be managed, not eliminated.

Mr. Chen became Shanghai party chief in 2002, the same year that Mr. Hu became general secretary of the nation's Communist Party.

They were on a collision course from the start, party officials say. Shanghai had been the political base of Mr. Jiang, who rose to prominence as party boss there in the 1980's and promoted many of his associates to top party and government posts when he became China's top leader in 1989.

As the new Shanghai boss, who controls great wealth and enjoys considerable autonomy in many policy matters, Mr. Chen became an important figure in Chinese politics, one who did not owe his rise to Mr. Hu. He joined the 24-man Politburo and, given his relatively young age, was widely viewed as a possible contender for higher positions.

Mr. Chen did not openly oppose Mr. Hu. While some China-watching pundits have speculated that Mr. Jiang's old Shanghai faction challenged the new senior leadership at every turn, it never operated like a cohesive political clique after Mr. Jiang's partial retirement in 2002, party officials say.

For example, officials who were thought loyal to Mr. Jiang were unable to help him much when Mr. Hu forced him to give up his final post, as head of the military, in 2004.

Even within the faction, Mr. Chen had a rocky relationship with Huang Ju, another former Shanghai party boss who is now Mr. Chen's senior as a member of the nine-man Politburo Standing Committee, party officials said.Mr. Huang and Mr. Chen competed to control Shanghai's political appointments in recent years, the officials said, describing the contest as partly over how to divide the spoils of party-backed projects in the city.

Even so, Mr. Chen initially had enough clout to keep Mr. Hu's forces at bay. The city thrived on his watch. He oversaw its winning bid to be the host of the 2010 World Expo and helped attract tens of billions of dollars in foreign investment.

Shanghai now competes with Hong Kong, Tokyo and Singapore for the title of Asia's leading business center.

But it was also beset by scandal. In 2003, Mr. Chen survived a major investigation into the dealings of Zhou Zhengyi, a Shanghai-based property developer, who served a three-year jail term for fraud after he was accused of obtaining lucrative state loans and getting access to government-controlled land under false pretenses.

People informed about the current investigation say that Mr. Chen's younger brother, Chen Liangjun, a close associate of Mr. Zhou, was detained in recent weeks, and that officials reopened the file on that case to explore links to Chen Liangyu.

Last summer, Mr. Hu tried to oust Mr. Chen on the grounds that the Shanghai boss had ignored central government edicts to reduce speculative real estate investment and tamp down economic growth, people familiar with the investigation said.

Mr. Chen and his supporters rebuffed that attempt. But as one party official in Beijing put it at the time, "Sooner or later Chen will fall."

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Beginning early this year, Mr. Chen sought to display loyalty to Mr. Hu, accepting interviews with the state news media in which he emphasized his strong support for the leadership's policy initiatives.

But the investigation into his dealings had not ended in 2003, people informed about the matter said. By this summer, investigators had gathered evidence that several of Mr. Chen's closest aides, including his former secretary, Qin Yu, had overseen the diversion of locally controlled pension funds into a number of real estate and infrastructure projects.

Investigators are said to be examining the possibility that the main beneficiaries of those projects were local businessmen with close ties to Mr. Chen. At least half a dozen local officials and a similar number of businessmen have been detained on suspicion of misusing the pension funds.

If the allegations against Mr. Chen are true, the crackdown would appear to have singled out one of China's most corrupt officials. But party officials say Mr. Hu has yet to show that he intends to follow all the leads turned up in the Shanghai investigation.

People informed about the investigation said officials had also gathered ample evidence that Yu Huiwen, the wife of Mr. Huang, the Politburo committee member, and a major power broker in Shanghai in her own right, also had a role in the diversion of funds.

There has been no public action taken against Mr. Huang or his wife. Mr. Huang had surgery for a case of cancer and disappeared from public life for several months earlier this year. He has since made at least a partial recovery and resumed his duties, suggesting that he does not face an immediate political threat.

Demonstrations Become Clashes After Islamists Take Somali City (NYT)

By Jeffrey Gettleman

The New York Times, September 26, 2006

NAIROBI, Kenya, Sept. 25 — Kismayo, one of the largest cities in Somalia, fell to Islamic forces without a shot on Monday — but then the trouble started.

After the city's warlords fled and hundreds of Islamist fighters poured in, demonstrators took to the streets and hurled stones at the Islamists.

Islamist troops responded with machine guns, opening fire on the demonstrators and killing at least one teenage boy, witnesses said.

"We don't want the Islamic courts!" the demonstrators yelled, referring to the Council of Islamic Somali Courts, the official name of the Islamic forces.

It was the latest episode of turmoil in a country notorious for it. The Islamist forces took over Mogadishu, Somalia's capital, in June and have been expanding their reach ever since. The people of Mogadishu have by and large supported them, thankful for the stability they brought after 15 years of anarchy.

But apparently many in Kismayo did not feel the same way. Kismayo is a major port city on the southern Somali coast, not far from Kenya. It was ruled by warlords called the Jubba Valley Alliance, which had vowed to resist the Islamists.

On Sunday night, as hundreds of Islamist fighters in heavily armed vehicles encircled the city, the warlords fled and their militias evaporated behind them.

On Monday morning, the troops rolled into the center of town and were initially greeted with cheers.

"Welcome to Islam," announced one of the Islamist commanders, Sheik Hassan Turki.

Witnesses reported that a band of fighters then took down a Somali flag and in its place hoisted a black Islamic one. Demonstrations followed, with young men rushing into the streets to burn tires, set up barricades and throw stones.

By nightfall, the situation was calmer, witnesses said, but still edgy.

Adding to the tension were news reports that hundreds of Ethiopian troops had crossed the border into Somalia in what appeared to be a bid to protect the fragile transitional government in Baidoa, a midsize city north of Kismayo.

Islamist leaders in Mogadishu vehemently object to the presence of foreign troops on Somali soil. One reason why they seized Kismayo, they said, was to establish a base to deter any foreign troops from trying to enter Somalia from Kenya.

Indonesian Christians Await Fate Of Muslims (WT)

DOJ_NMG_0069296

By Anton Foek

The Washington Times, September 26, 2006

JAKARTA, Indonesia -- Indonesian Christians, deeply troubled by the executions of three Christians last week, say they are watching closely to see whether the government will be equally firm in dealing with three Muslims facing the ultimate sanction for their roles in the 2002 Bali bombings.

Unless Muslims and Christians are treated equally, they say, there could be a fresh outbreak of sectarian violence that claimed more than 1,000 lives on the island of Sulawesi between 1998 and 2002.

All weekend, Christians across the Indonesian archipelago exchanged telephone text messages requesting prayers for the souls of Fabianus Tibo, Domingus da Silva and Marianus Riwu, who were executed by a firing squad before dawn on Friday.

The simmering tensions were punctuated over the weekend by two small bombs in Poso, a small town at the epicenter of the sectarian violence, where the colorful flowers and abundant coconut palms provide an illusion of calm.

The three executed men had participated in a May 2000 attack on a Muslim school that left 191 persons dead, propelling a slumbering conflict between Christians and Muslims on the lush spice island of Sulawesi into open war.

But Christians, who make up about 8 percent of the population, say the courts have been less aggressive in prosecuting Muslims for similar attacks, noting that only a handful have been convicted and none has been sentenced to more than 15 years in prison.

"Another question is why these three farmers were sentenced to death and were executed, while the real culprits responsible are still alive," said Regina Astuti, a lawyer with the Legal Aid and Human Rights Association.

"Mr. Tibo named 16 former military and police officers he considered responsible for killing Muslims. These people were never called to the witness stand."

Christian pressure groups now are focusing their attention on three Muslims -- Amrozi bin Nurhasyim, Mukhlas Samudra and Imam Samudra -- who have been sentenced to death for the Oct. 12, 2002, bombings in Bali, which killed 202 persons.

The last deadline for their execution passed without comment, and a new date is unlikely to be set while a defense request for a new trial is pending.

"The first question is trying to find an answer about the death penalty in Indonesia in general terms, and more broadly, about justice in this country," said Dewi Sularca, a consultant with a European nongovernmental organization.

Dozens of men were arrested and tried for the Bali bombings, most receiving sentences of up to 30 years. But some received amnesties on the national holiday six weeks ago, causing anger in Australia, home to 88 of the victims.

Canberra was also upset because the pardons and reduced sentences did not extend to Australians and other foreigners in Indonesia's prisons. Four young Australian drug dealers have been sentenced to face a firing squad.

Azyumardi Azra, rector of the Islamic University of Jakarta, argues that the Sulawesi and Bali cases should not be linked.

"In the case of the Christians executed in Sulawesi, religious sentiments were very strong," he said. "That was not and is not the case in the Bali trials. There are no Islamic groups defending the authors of the Bali slaughter."

In a television interview, Vice President Jusuf Kalla also said last week's executions had no religious dimension. "They were the result of our judicial system," he said. "This is the way we work in Indonesia."

Bolton Derides Venezuela Airport Protest (AP)

By Nick Wadhams, Associated Press Writer

AP, September 26, 2006

U.S. Ambassador John Bolton on Monday derided the Venezuelan foreign minister's protest over being detained at a New York airport as "street theater" and propaganda.

Foreign Minister Nicolas Maduro claimed officials tried to frisk and handcuff him at John F. Kennedy International Airport as he left the annual U.N. General Assembly session on Saturday. Screeners grew suspicious when Maduro used cash to purchase a one-way ticket to Miami shortly before the flight was to leave, U.S. officials said.

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The incident capped a visit that further exacerbated ill will between the United States and Venezuela. During a speech to the General Assembly, President Hugo Chavez called U.S. President George W. Bush "the devil" and a "spokesman of imperialism."

Chavez said Sunday that it wasn't his intention to cause an uproar with his remarks.

"Now 'the devil' is in style because it occurred to me to talk about the devil in the United States, and that has caused — I don't know — an uproar in the world, which wasn't my intention," Chavez said during a campaign rally in western Venezuela.

"I simply said what I believe. Now the world is stirred up because Chavez called Bush devil," he said. "Since I called him the devil in his own house, the devil is all worked up... They've threatened us with death. I'm in the hands of God. I'm not afraid of death."

The U.S. State Department has apologized for Maduro's treatment, but Bolton was less conciliatory.

"There was no 'incident' at the airport — this was Venezuelan street theater," Bolton said. "He did not request the courtesies we would have extended to get him through the airport. He purchased his ticket at a time and in a manner and with funding such that he was asked to go to secondary screening and he objected to that."

"And the first thing he did was call the press and speak to them in Spanish, so this is propaganda," Bolton said.

Maduro has called the State Department apology insufficient and said Venezuela would seek a legal challenge. Several dozen people in Caracas protested Maduro's detention Sunday.

The U.S. ambassador to Venezuela, William Brownfield, said Chavez's General Assembly speech should not affect diplomatic relations. Despite political tensions with Washington, Venezuela — the world's fifth-largest oil exporter — remains a major supplier of oil to the United States.

"My government's position is that we are going to ignore, we can ignore and we should ignore the words. It's the actions that count," Brownfield told the Venezuelan TV station Globovision. "This bilateral relation is so important for the two countries that we try to ignore the polemical words, the rhetoric."

Europeans Favor Admitting Romania And Bulgaria, Then Retooling (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 26, 2006

BRUSSELS, Sept. 25 — Romania and Bulgaria will receive qualified endorsement on Tuesday to join the European Union on Jan. 1, but the bloc will warn that expansion must then halt until the organization makes needed structural changes, the European Commission president said Monday.

José Manuel Barroso, the commission president, said that the admission of the two countries was the last phase of integration in a European Union that has been stretched beyond capacity for now.

“The upcoming enlargement with Bulgaria and Romania will be the last stage of enlargement allowing the reunification of Europe,” he said. “We are not in a position to further integrate Europe without further institutional reform. There are limits to our absorption capacity.”

He added that the European Union’s moribund constitution, which proposed a streamlined voting system to accommodate an expanded membership, would have made further enlargement more manageable. But after its emphatic rejection last year in France and the Netherlands, Mr. Barroso said the group either had to revive the charter or make the needed changes another way.

His warning was echoed Monday by Prime Minister Dominique de Villepin of France, who cautioned that further expansion of the bloc — which currently has 25 member nations — risked making it unworkable.

“We need principles on common rules before we can contemplate further stages of enlargement,” he said after meeting in Brussels with Mr. Barroso.

The call to freeze enlargement could affect efforts by Croatia, Serbia, Turkey, Bosnia, Montenegro, Macedonia and Albania to become members. Croatia could be the country most immediately affected. It has been pursuing political and economic changes with the aim of joining the European Union in 2009.

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The statements on Monday reflected what had been called "expansion fatigue" since the union's enlargement in May 2004 from 15 countries to 25, with 470 million people. Skepticism about the benefits of expansion contributed to the "no" votes on the constitution last year in France and the Netherlands, where there was particular concern about admitting Turkey, with its largely Muslim population.

Enlargement has become a symbol of the European Union's remoteness from its people, with many Europeans expressing opposition to further expansion.

Some European countries, led by Britain and with the enthusiastic backing of the United States, have supported further expansion because the promise of European Union membership has accelerated steps like Turkey's revamping of its penal code and the arrest of accused war criminals in Croatia. But countries like France fear that further expansion will undermine their influence while making the bloc so unwieldy it will become paralyzed.

The tougher line on expansion will be reflected in the commission report on Tuesday about Romania and Bulgaria, which will warn of harsh penalties if the countries do not complete required steps, including tackling corruption and organized crime.

The report by the European Commission, the European Union's executive body, will serve as a recommendation on whether to admit the countries, but the ultimate decision rests with European Union member countries, which will decide before the end of the year.

The two countries hope that membership will help raise their per capita income, which is one-third the European Union average.

Where Gorillas And The Antelope Play (NYT)

By Nicholas D. Kristof

The New York Times, September 26, 2006

BAYANGA, Central African Republic

The first thing they tell you here is not to play with the gorillas or the elephants.

A young male elephant gored a young Italian woman here when he attempted to play with her. And if you creep too close to the gorillas, a 375-pound silverback will charge you and, if you're lucky, stop inches from you and slap the ground in rage.

But even if you can't play with the animals, you can ogle them — and there are few places in the world as good for that as this remote jungle where the Central African Republic, Cameroon and the Congo Republic come together. And now the three countries have joined forces to preserve this jungle by establishing adjoining national parks that cover an area the size of Rhode Island and Delaware combined.

It's part of a growing trend that deserves strong support from the West: poor countries seeking economic opportunities by protecting nature rather than pillaging it. The grandest and most unlikely of these experiments is this one, for the Central African Republic may be the single most wretched country in the world: life expectancy is 38, and every year it falls by another six months. One-fifth of children die by the age of 5. Outside the capital, government is only a rumor.

Yet while many national parks in Africa exist primarily on paper, this one is real. Game wardens patrol vigorously: they pursue poachers across international borders, and seized 70,000 snares last year alone.

This is the only place in the world to see western lowland gorillas (even more elusive than the mountain gorillas of Rwanda). Casey Parks, the student journalist traveling with me, and I spent two hours with 13 gorillas.

We stayed at least 30 feet away to avoid being charged, but there was one moment when our guide froze and whispered to us that a female was asking the silverback to charge us. Fortunately, the silverback adopted a typical husband's approach in dealing with a demanding wife: he pretended he didn't hear.

The World Wildlife Fund is nurturing this attempt to develop ecotourism. It has a team, including American student volunteers, hanging out with gorillas all day every day, habituating them so that tourists can see them.

It's a delicate balance, for the tourists could bring diseases that would kill gorillas. It may also be more difficult for a silverback to entice females into his harem if humans are around. Yet if the gorillas can lure rich Westerners here, ecotourism could become a more sustainable economic pillar than slash-and-burn logging. For now, fewer than 1,000 foreigners visit the park each year.

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Many Africans resent the parks, partly because they allocate vast resources to saving animals for rich foreigners to enjoy — in regions where humans routinely die for lack of a few dollars.

"That's where conservation got it wrong in the past," said Chloe Cipolletta, an Italian who has lived with the gorillas for the last nine years. It's crucial, she said, that conservation programs benefit people as well as animals, and so the WWF has hired 31 of the local Bayaka Pygmies as trackers and guides, and others earn money by showing tourists how to catch antelope with nets.

The first night I arrived here, crossing a river from Cameroon in a canoe and then jouncing over ruts to get to a Pygmy village, I was led to somebody I thought was a local chief — and then he stepped from the darkness and turned out to be a tall white man who greeted me in very American English. Louis Sarno, originally from New Jersey, explained that he once heard Pygmy music on the radio and was so entranced that he made a visit 20 years ago — and stayed.

Mr. Sarno married a local woman and learned the language. He endures bouts with malaria, goes on weeks-long hunting trips in the jungle with the others, and fits in remarkably well (except that he's a lousy spear hunter).

Now he has become a fierce advocate for the "forest people," as Pygmies often prefer to be called. Mr. Sarno notes that logging has benefited corrupt leaders while doing nothing for the villagers, and so he welcomes the ecotourism experiment as a last best hope for local people.

Africa can be a grim continent, and the news usually focuses on genocide, corruption and disease. But in the audacious dream to preserve this rain forest and the way of life of people in it, you see Africa's glory, fighting to survive.

The Silk Revolution (NYT)

By Ismail Wolff

The New York Times, September 26, 2006

AROUND 8 last Tuesday night, I was sitting in an Irish pub in the heart of Bangkok. Two friends and I were downing pints of Heineken when a familiar topic came up: How likely is a coup?

We almost felt embarrassed to talk about it. It was unlikely, said one friend, a journalist. I doubt it will happen, said the other, a defense analyst based in Jakarta. I concurred. Suddenly my phone beeped. I had a text message: "Coup under way — rumor." Tanks rolling through the streets of metropolitan Bangkok? Surely not.

My friends agreed. Rumors of a military coup against the government of Prime Minister Thaksin Shinawatra, widely accused of corruption and abuse of power, had circulated for months, and none of us were about to be duped by a late-night text message.

Then there were more phone calls.

I asked the bartender to switch over from ESPN to Thailand's Channel 5, the TV station run by the military. It wasn't showing the normal evening programming. Instead, it ran video of the revered King Bhumibol Adulyadej helping farmers to sow rice and performing other benevolent acts, accompanied by crackly marching music and patriotic songs about the people's love for their nation and monarch.

This, I knew from reading about the 17 previous coups here over the past 60 years, was a telltale sign of a military takeover.

Yet I was still skeptical. As everyone had been saying over the past year, the days of coups were over. Thailand had moved on. It had become a lighthouse for democracy in the region, and its political system was now strong enough to deal with widespread social divisions. As others gathered around the television, watching in disbelief, it seemed that the country's past had just caught up with it.

Suddenly, all the public TV stations, by now under the direction of the military, ran a statement from the army and police commanders. They had "taken control of the situation in Bangkok" and politely asked for the public's cooperation.

"We apologize for any inconvenience," it signed off. Typical Thai politeness, I thought. Is this really what a coup feels like?

My shock, however, was not shared by the rest of the country.

As journalists sprang into action, Bangkok shut down. It happened like clockwork, almost as if a director yelled "Cut!" and a whole city of six million packed up the set and went home.

Street vendors casually closed up their food carts and wheeled them off to the shadows. Bustling streets slowly emptied as bars and restaurants shut up shop early under orders from the new junta. No signs of panic anywhere.

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My friends and I heard that tanks had surrounded the Thai Parliament and so hopped in a three-wheeled tuk-tuk, whose driver charged us about 10 times the normal rate.

At the Parliament building, hundreds of people had surrounded the tanks, chatting and taking photos in the spattering rain. No one seemed dismayed to see armored vehicles rolling through the capital. “This is a good day for our country,” I heard repeatedly.

Many people had been drained by the months of a high-stakes political battle between Mr. Thaksin and his opponents, which had been characterized by huge street protests, random bombings and the posturing over who had the endorsement of the king.

Thais were becoming increasingly divided and weary, without a sitting Parliament since an election six months ago that had been boycotted by the opposition and voided by the courts. They just wanted it to end, even if that meant the military ousting their elected leader, imposing martial law and suspending the nine-year-old Constitution.

As the tanks and troops took up positions across Bangkok the next morning, people came out to show their support for the soldiers, giving them flowers and welcoming them to their neighborhoods. The king also gave his blessing to the new military governing council, which has promised to install a civilian prime minister next week.

The message that Thais kept trying to tell me was that Thai democracy should not be compared to any other country’s.

“Our country will be better for this,” a close friend said to me as we sat smoking cigarettes and staring at troops on the corner by his house. “Today is a better day than yesterday. You may not understand, and may never will, but we needed to create a fresh start, and that is what has happened.”

That attitude prevails nearly a week after the coup. Early yesterday evening, I went to a protest at Thammasat University, where 30 years ago, on Oct. 6, 1976, the military and its henchmen massacred dozens of students at a pro-democracy demonstration, burning many alive, hanging others from trees and mutilating their bodies in front of a large crowd.

Yesterday, though, the mood was calm and there were no soldiers to be seen, even as speakers condemned the new junta’s restrictions on civic and political rights, including holding protests like this one.

But many of the students who stopped to listen as they passed by still said that they believed that the coup was the only way out of a political imbroglio. Nearly everyone I spoke to remained “sabaay jai,” or comfortable at heart with the military takeover. At least on the outside.

As I headed home from the protest, I got caught in a torrential monsoon downpour. I sought shelter with some soldiers guarding a bridge that crosses the Chao Phraya River.

“Were you surprised when you were ordered onto the streets of Bangkok last week?” I asked one of the young soldiers.

“No, it’s what we’re here for,” he told me, smiling. “If the people didn’t want us, then they wouldn’t bring us flowers and food,” he said as he pointed to the large pot of khao tom, or rice soup, being served up for dinner.

As the rain battered down from the heavens and I sat under the canvas sharing khao tom and watching television with the smiling soldiers, I wondered whether they really would have shot someone if they were ordered to. I’m sure they would have. After all, that’s what they’re here to do.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Detainee Measure To Have Fewer Restrictions (WP)

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By R. Jeffrey Smith, Washington Post Staff Writer
The Washington Post, September 26, 2006
White House Reaches Accord With Lawmakers

Republican lawmakers and the White House agreed over the weekend to alter new legislation on military commissions to allow the United States to detain and try a wider range of foreign nationals than an earlier version of the bill permitted, according to government sources.

Lawmakers and administration officials announced last week that they had reached accord on the plan for the detention and military trials of suspected terrorists, and it is scheduled for a vote this week. But in recent days the Bush administration and its House allies successfully pressed for a less restrictive description of how the government could designate civilians as "unlawful enemy combatants," the sources said yesterday. They spoke on the condition of anonymity because of the sensitivity of negotiations over the bill.

The government has maintained since the Sept. 11, 2001, attacks that, based on its reading of the laws of war, anyone it labels an unlawful enemy combatant can be held indefinitely at military or CIA prisons. But Congress has not yet expressed its view on who is an unlawful combatant, and the Supreme Court has not ruled directly on the matter.

As a result, human rights experts expressed concern yesterday that the language in the new provision would be a precedent-setting congressional endorsement for the indefinite detention of anyone who, as the bill states, "has engaged in hostilities or who has purposefully and materially supported hostilities against the United States" or its military allies.

The definition applies to foreigners living inside or outside the United States and does not rule out the possibility of designating a U.S. citizen as an unlawful combatant. It is broader than that in last week's version of the bill, which resulted from lengthy, closed-door negotiations between senior administration officials and dissident Republican senators. That version incorporated a definition backed by the Senate dissidents: those "engaged in hostilities against the United States."

The new provision, which would cover captives held by the CIA, is more expansive than the one incorporated by the Defense Department on Sept. 5 in new rules that govern the treatment of detainees in military custody. The military's definition of unlawful combatants covers only "those who engage in acts against the United States or its coalition partners in violation of the laws of war and customs of war during an armed conflict."

Kate Martin, director of the Center for National Security Studies, said that by including those who "supported hostilities" -- rather than those who "engage in acts" against the United States -- the government intends the legislation to sanction its seizure and indefinite detention of people far from the battlefield.

Martin noted that "the administration kidnapped an innocent German citizen" and "held him incommunicado for months . . . because the CIA or Pentagon wrongly suspected him of terrorist ties." She was referring to Khalid al-Masri, who the Bush administration eventually acknowledged was detained on insufficient grounds.

Nothing in the proposed legislation -- which mostly concerns the creation of new military panels, known as "commissions," to try terrorism suspects -- directly addresses such CIA apprehensions and "renditions."

But the bill's new definition "would give the administration a stronger basis on which to argue that Congress has recognized that the battlefield is wherever the terrorist is, and they can seize people far from the area of combat, label them as unlawful enemy combatants and detain them indefinitely," said Suzanne Spaulding, an assistant general counsel at the CIA from 1989 to 1995.

Traditionally, courts have found it reasonable for parties to armed conflicts to seize or try people they encounter on a battlefield, to keep them from returning to the hostilities, added Spaulding, who was also a general counsel for the House and Senate intelligence committees. "The Supreme Court could potentially look at this and say Congress has now defined how anyone anywhere in the world" is subject to detention and military trial, even when far from an active combat zone, she said.

White House spokeswoman Dana Perino said: "We are satisfied with the definition because it will allow us to prosecute the terrorists, and it also has important limitations that say a terrorist must have purposefully and materially supported terrorism."

Spokesmen for John W. Warner (R-Va.), John McCain (R-Ariz.) and Lindsey O. Graham (R-S.C.) -- the senators leading negotiations with the Bush administration -- did not immediately respond to requests for comment on the new language, but others on Capitol Hill said the three had accepted it.

Under a separate provision, those held by the CIA or the U.S. military as an unlawful enemy combatant would be barred from challenging their detention or the conditions of their treatment in U.S. courts unless they were first tried, convicted and appealed their conviction.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday assailed the provision as an unconstitutional suspension of habeas corpus, which he said was allowable only "in time of rebellion or in time of invasion. And neither is present here."

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He was joined by the committee's senior Democrat, Sen. Patrick J. Leahy (Vt.), who said that under the provision, legal U.S. immigrants could be held "until proven innocent, not until proven guilty."

Bruce Fein, a senior Justice Department official in the Reagan administration, testified against the provision at a Senate hearing. Kenneth W. Starr, a solicitor general under President George H.W. Bush, said in a letter to Specter that he concerned the legislation "may go too far in limiting habeas corpus relief."

Sen. John Cornyn (R-Tex.) defended the provision, saying alien enemy combatants are not "entitled to rights under the United States Constitution similar to those accorded to a defendant in a criminal lawsuit."

Congressional sources said Specter is unlikely to derail the compromise legislation over those objections.

Staff writer Michael A. Fletcher and staff researcher Julie Tate contributed to this report.

Detainee Legislation Deal Draws Protests (AP)

By Laurie Kellman

AP, September 26, 2006

The Bush administration's deal with Senate Republicans over detainee treatment drew protests Monday from former diplomats, lawyers and a GOP committee chairman.

They oppose a provision that would strip federal courts of jurisdiction over cases in which detainees have not been charged with war crimes. The effect, said those opposed, would be to deny terrorism suspects the ability to challenge their detainment, a right afforded defendants in military and criminal courts.

Leading the charge was Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who is planning an effort to delete that provision from the bill, expected to be considered in both the Senate and the House this week.

Specter refused to commit to voting for the bill should his amendment fail.

"I want to see how it shapes up," he said during an appearance at the National Press Club. "I don't make commitments to the president on how I'm going to vote."

The objections didn't appear to be a deal-breaker for the White House.

"We continue to work with the senators on this complicated legislation, and we're confident we'll be able to pull this bill across the finish line," White House spokeswoman Dana Perino said in an e-mail.

Sen. John Cornyn, R-Texas, defended the legislation, saying it provides the possibility of appeals.

But Specter had much support. Thirty-three former diplomats, New York-area lawyers and even Kenneth Starr, the special prosecutor who investigated President Clinton, said in letters to lawmakers that the bill as written would undermine the United States' credibility as it wages war on terrorists.

Whatever the objections, Senate Majority Leader Bill Frist, R-Tenn., late Monday arranged Senate business to ensure that the bill gets a vote in his chamber before week's end, when Congress recesses for the midterm elections. He and Democratic Leader Harry Reid, D-Nev., said they expect to reach agreement on a limited number of amendments Tuesday.

"There's going to be very broad support" for the underlying bill, Frist predicted.

Still to be decided was whether Specter's amendment would be allowed for a vote.

The legislation would set up a court system to prosecute suspected terrorists, a response to a Supreme Court ruling in June that the president needed Congress' blessing to do so. Drawing protests is a provision that would bar detainees from challenging their detentions in court, the right to habeas corpus afforded defendants in military and civilian legal proceedings.

Specter made clear Monday that the deal on detainees, struck with great fanfare by the White House and rebellious Republicans, has not cleared the Republican discord that had mired the proposal for weeks.

Judicial review of the detentions of terror suspects, he said, was needed to maintain the system's credibility in the eyes of the world. He called striking the courts' jurisdiction over such matters "inexplicable."

Specter's position was echoed by a chorus of former diplomats who wrote to senators and House members that denying detainees the ability to challenge their imprisonment would boomerang on Americans representing the United States overseas by implying that "arbitrary arrest is the acceptable norm of the day."

"To deny habeas corpus to our detainees can be seen as prescription for how the captured members of our own military, diplomatic and NGO (non-governmental organization) personnel stationed abroad may be treated," wrote 33 former diplomats. "The Congress has every duty to insure their protection."

In their own letter to members of Congress, several hundred New York lawyers and judges warned that the legislation would afford only those detainees the government is able to charge with full due process while the others, uncharged, would be denied a fair hearing.

Frist said over the weekend that without the legislation, "we cannot have an interrogation program continue that we know has been lifesaving that has uncovered terrorist attacks against the United States."

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Deal On Terror Suspects Hits New Snag (USAT)

By Kathy Kiely And David Jackson

USA Today, September 26, 2006

WASHINGTON — A compromise proposal on trials for terrorism suspects came under fire Monday from a key Republican senator and a former top military lawyer who said the deal would suspend a fundamental legal right against unlawful detention.

Senate Judiciary Chairman Arlen Specter, R-Pa., said he is "strongly opposed" to a provision in proposed legislation that would bar foreigners now held as enemy combatants from challenging their detention in court.

Specter's opposition could complicate efforts to win congressional approval this week for a deal worked out Thursday between the White House and three Republican senators who had balked at President Bush's proposals on interrogations of and military tribunals for terrorism suspects: John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina.

Congress is pressing to complete work on two national security issues before leaving town to campaign for the Nov. 7 elections. House Armed Services Committee Chairman Duncan Hunter, R-Calif., said he expects the House to approve the tribunal legislation Wednesday. Senate debate could begin today.

On the second issue, three Republicans said their concerns about a bill that would establish rules for telephone surveillance of terrorism suspects have been satisfied. Sens. John Sununu of New Hampshire, Larry Craig of Idaho and Lisa Murkowski of Alaska said new provisions requiring more court supervision of wiretaps have persuaded them to support the bill. Democratic Sens. Dick Durbin of Illinois, Russ Feingold of Wisconsin and Ken Salazar of Colorado said they remain concerned that the wiretaps would violate civil liberties.

White House spokeswoman Dana Perino expressed hope that the Republican senators' announcement on the wiretapping deal will spark quick action on "this vital program that helps us detect and prevent terrorist attacks."

The White House, however, is less inclined to satisfy Specter's concerns about the rights of people accused of being terrorists. Perino said the Bush administration opposes giving such suspects "unfettered access" to regular courts to lodge protests. She said all legal complaints should go through the military commissions that would be established under the legislation.

That position drew criticism from a prominent GOP attorney who testified Monday before the Judiciary panel. "Due process should not be crucified on a cross of political expediency," said Bruce Fein, a Justice Department lawyer in the Reagan administration. He urged lawmakers to slow their pre-election rush to set new rules for CIA interrogations of terror suspects and their trials.

At issue is whether foreigners held on suspicion of terrorist activities should have the right to go before a judge to challenge the legality of their detention, a process known as habeas corpus.

John Hutson, a retired rear admiral in the judge advocate general corps, accused the Bush administration of seeking to suspend habeas corpus to "cover up" mistakes at Guantanamo Bay, Cuba, where detainees are now held.

Sen. Patrick Leahy, D-Vt., said that a "significant percentage" of Guantanamo prisoners have been mistakenly imprisoned and that depriving them of court challenges is "un-American."

Pentagon spokesman J.D. Gordon said about 320 detainees have been released from Guantanamo and 130 others have been approved for transfer.

Democrats Say Their Hands Are Tied By Nature Of Intelligence Briefings (HILL)

By Roxana Tiron

The Hill, September 26, 2006

Months — likely years — before news broke that the Central Intelligence Agency was running a secret network of prisons for terrorist suspects, several key members of Congress, including a handful of senior Democrats, were briefed about the their existence, but were sworn to secrecy.

President Bush is required by law to ensure that the congressional intelligence committees are fully informed of the U.S. intelligence activities.

In certain select cases, such as the CIA prisons and the administration's warrantless domestic spying program, the information at first is limited to the so-called Group of Eight, which consists of the Senate and House majority and minority leaders and the chairmen and ranking members of the Senate and House select committees on intelligence and potentially a few other key members of the intelligence committees.

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Despite this policy and an open admission from Bush that he informed members of Congress about the prisons, it's difficult to pin down who knew and what they knew because the lawmakers continue to refuse to acknowledge whether they were briefed or not.

With national security at the forefront in this year's election and tension within the GOP and between the two parties over the treatment and prosecution of detainees in the war on terror on full display (especially when it comes to CIA operations), congressional leaders, especially Democrats who are in the know, find themselves in an awkward position, of being unable to openly criticize some of the Bush administration's policies.

When the White House briefs the Group of Eight on highly sensitive issues, the lawmakers cannot have any staff members with them, cannot take notes and cannot share any of the information with other lawmakers or their staff.

"We go into those briefings alone," said Rep. Jane Harman (D-Calif.), the ranking member of the House Select Committee on Intelligence not long after the New York Times exposed the eavesdropping program. "We have no ability to consult staff. We have no ability to consult constitutional experts or legal experts."

That, in turn, makes it difficult to attempt to change the clandestine policies or conduct proper oversight, Harman said in an interview with The Hill.

"It is very hard to deal with an incomplete deck of cards," she said.

Harman has been trying to expand the number of lawmakers briefed on classified material beyond the select Group of Eight.

"The process has been abused," she said. "This administration is restricting access unfairly."

Still, no matter how critical she may be of the administration's actions, Harman said she would never use the nation's top secrets for political gain.

"But I do not want the process abused by the administration, by denying us the information and by putting us in a box where we can't do enough research and claiming we approved their actions," she said. "I want to make sure that we perform our duties."

Harman said the Bush administration has heeded the objections of several members of the intelligence panel and now briefs more members on the issues.

Almost two years ago, Sen. John Rockefeller (D-W.Va.) started pushing the White House to brief the full

intelligence committee on the CIA's interrogation practices, and at the time the administration asked him to drop the matter.

As part of his series of national security speeches earlier this month, President Bush acknowledged the existence of the prisons and said that he had briefed members of Congress. Rockefeller, however, has complained that he was never fully briefed on the details of the CIA detention program.

The Bush administration on Friday struck a deal with three maverick GOP Senators on the interrogation and trial of terrorism suspects, which in effect will allow the CIA secret interrogation program to continue.

In the past, Rockefeller has said that his committee must have answers to key questions concerning the "alleged clandestine detention facilities...so we can ensure that the intelligence activities of this nation are both effective and lawful."

Others are not nearly as outspoken as Rockefeller. Most members who were briefed about the prisons have kept quiet even after the White House's public acknowledgement because, other than the fact that the president said they existed, everything else about them remains technically highly classified information.

House Minority Leader Nancy Pelosi (D-Calif.) is not necessarily relieved that Bush finally acknowledged the prisons' existence publicly, according to a Democratic source.

"There still are boundaries of classification," the source said. "You can't talk about anything else that has not been declassified."

But that doesn't mean that Democrats and critical GOP members must keep any and all outrage about clandestine operations completely bottled up.

"There are certain things you can do: make the objections known to the others on the committee and the folks who brief you," said a former administration official familiar with the rules governing what lawmakers can and cannot do in relation to classified programs.

"When members had objections or questions, we dealt with them on an individual level, and more times than not, that effort was found to be satisfactory. There are ways to answer those [questions and concerns] internally."

Lawmakers can also address matters as part of the intelligence authorization process, most portions of which are classified, said the former administration official.

"They have an ability to make an impact and that is called telling the agency you can't do it," said the former official. "Did that happen [in the case of the CIA prisons?] We do not know because it is classified."

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Harman said that she cannot acknowledge what she knew about the CIA prisons, but added: “Our entire committee has been exploring oversight of the subject.”

This year some Democratic members of the Senate Select Committee on Intelligence have registered concern about the administration’s covert activities. Sen. Dianne Feinstein (D-Calif.) introduced an amendment that would require more White House briefings on intelligence matters.

When asked whether she knew about the secret prisons, Feinstein declined to answer, saying only: “concerns have been raised. That is why the president has moved everyone into a block facility in Guantanamo and in no other block prison in the world.”

Sen. Ron Wyden (D-Ore.) said it was inappropriate for him to talk about whether he knew about the CIA prisons before the public knew.

However, he has accused the administration of “over-classifying” information, for “political security” reasons and has called for the de-classification of the report into Iraq prewar intelligence.

Another member of the intelligence committee, Sen. Barbara Mikulski (D-Md.), openly admitted that she did not know about the prisons.

In return, GOP members who were aware of the CIA prisons have called for an investigation into who leaked the information to the Washington Post, which first reported the story. Senate Majority Leader Bill Frist (R-Tenn.) and House Speaker Dennis Hastert (R-Ill.) have called on the intelligence committee chairmen in both chambers to conduct an investigation.

Rep. Peter Hoekstra (R-Mich.), chairman of the House committee, took on the responsibility to investigate the leaks. But Democrats jumped on the opportunity to press for investigations into possible leaks of classified information, such as the disclosure of the name of secret CIA operative Valerie Plame.

“If Speaker Hastert and Majority Leader Frist are finally ready to join Democrats’ demands for an investigation of possible abuses of classified information, they must direct the House and Senate intelligence committees to investigate all aspects of that issue,” Pelosi said.

Rep. Harman questioned the timing of Bush’s admission about the prisons.

“The timing is suspicious. He has been compelled to come to Congress because of the Supreme Court decision in Hamdan in June. He could have come to Congress right after that decision. ... He comes now when this month, 24-7, is going to be all terror and nothing but terror,” she said on a CNN news program right after the President announced the existence of those detention centers.

A Case For Appeal (WP)

The Washington Post, September 26, 2006

SEN. JOHN McCAIN (R-Ariz.) declared over the weekend that the compromise on detentions that he and other Republican senators worked out with the White House would bar the most abusive of the CIA's interrogation tactics. Extreme sleep deprivation, induced hypothermia and simulated drownings, he said on CBS's "Face the Nation," would no longer be legal: "I'm confident that some of the abuses that were reportedly committed in the past will be prohibited in the future," he said. We wish we could be as sure.

Mr. McCain's reading of his bill is not implausible; it would define as a crime any interrogation technique "intended to inflict severe or serious physical or mental pain or suffering" on a detainee. But the techniques he cites are not explicitly banned, and the Bush administration's history is one of interpreting limitations on interrogation tactics -- including Mr. McCain's previous legislation banning cruel, inhuman or degrading treatment -- as permitting methods most people regard as torture.

In fact, administration officials have loudly proclaimed that the new bill will allow the CIA's program of secret detention and interrogation to continue -- and the normal means of preventing an extreme interpretation of the law doesn't exist. The compromise bill strips the courts of any jurisdiction to hear cases -- including those cases already pending -- concerning detainee treatment. Unless this provision is changed, the administration will be free to ignore Mr. McCain's interpretation.

This is not the first time Congress has sought to limit judicial supervision of detentions in the war on terrorism. After the Supreme Court's assertion of jurisdiction over Guantanamo Bay, Cuba, in 2004 triggered a series of lawsuits, Congress moved to force their dismissal as part of the Detainee Treatment Act. The court found that the act did not apply to pending cases, leaving the lower courts unable to hear new cases but with jurisdiction over those already filed. The new measure would complete the job, removing jurisdiction over the remaining cases. Judicial review would be limited to appeals of verdicts from the military commissions being created to try detainees and findings of other tribunals that determine a detainee's combatant status.

This is a terrible idea. In general, court-stripping is a nuclear weapon in Congress's relations with the judiciary, one that presents profound constitutional questions and should be used only with the greatest of caution. If Congress passes responsible and lawful policies, judicial review poses no threat but serves to validate their lawfulness. In the context of the war on terrorism,

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judicial review has been the major lever that has forced the administration to moderate its policies and to seek congressional authorization for them.

The pending litigation, while cumbersome for the administration, has in no sense compromised the war effort. The Senate should adopt an amendment by Judiciary Committee Chairman Arlen Specter (R-Pa.) to restore judicial oversight. Preventing further judicial scrutiny would be reckless.

G.O.P. Reaches Tentative Deal On Domestic Spying Legislation (NYT)

By Eric Lichtblau

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Republican leaders said Monday that they had reached a tentative agreement to garner political support for legislation on domestic surveillance, in part by sidestepping the question of whether the president has the constitutional authority to order wiretapping without a court order.

There was wide disagreement about the plan's impact. Supporters billed the most recent version as a way of requiring a court order for most domestic wiretaps. But civil rights advocates and even some administration officials suggested that it would maintain the status quo in allowing the continuation of wiretapping without warrants under a program approved by President Bush.

Senator Arlen Specter, the Pennsylvania Republican who leads the Judiciary Committee, said that in recent negotiations, the White House had agreed to delete language from his bill that critics said would have implicitly acknowledged the president's constitutional authority to order wiretapping without a warrant.

Three Republican senators — Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska — had raised concerns about this and other aspects of the Specter bill, which would submit the wiretapping program to a secret court to rule on its constitutionality. With the changes, they said they could support the legislation, and Mr. Specter predicted he would have enough Senate votes to gain passage.

The three said the new plan would protect "the rights afforded to citizens in the Constitution," in part by requiring that the administration get a court order if it wanted to listen to conversations of an American citizen or others defined as "U.S. persons." In a statement, they said the new plan would require that "in order to conduct electronic surveillance of a U.S. person, a court-ordered warrant is necessary."

Some lawmakers and civil rights advocates said they believed that the three senators had mischaracterized or misinterpreted what they had agreed to and that the White House was retaining the right to order wiretaps without a warrant.

The administration declined to say when it would choose to seek warrants under the new plan.

The program approved by Mr. Bush "does allow for the interception without court order of international communications where one end is within the United States, and this agreement would provide this authority and would establish a process for moving to individualized court orders with respect to individuals within the United States," said Brian Roehrkasse, a Justice Department spokesman. He declined to elaborate.

Some opponents of the wiretapping program said they saw the new plan as a step backward because of technical language that would narrow the definition of what constitutes "electronic surveillance" that requires a court order and would effectively make warrants optional.

"This is a major setback for the Fourth Amendment and civil liberties," said Kate Martin, director of the Center for National Security Studies.

Wiretap Bill Moves Closer To Passage (WP)

By Jonathan Weisman

The Washington Post, September 26, 2006

Last-minute changes to legislation authorizing the National Security Agency's warrantless wiretapping program have won the support of three balking Senate Republicans, improving the chances that a bill expanding the Bush administration's surveillance authority will pass Congress this week.

The Senate Judiciary Committee approved a bill this month that would allow, but not require, the administration to submit its warrantless wiretapping program to a secret national security court for constitutional review. But three Republicans who last year helped delay the renewal of the USA Patriot Act -- Sens. Larry E. Craig (Idaho), John E. Sununu (N.H.) and Lisa Murkowski (Alaska) -- combined forces again to express strong misgivings about the bill's implications for civil liberties.

The senators announced yesterday that those concerns had been met by three changes to the bill, although critics said the changes would not have the impact that the lawmakers claimed.

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The first change removes explicit language referring to the president's inherent "constitutional authority" to pursue national security programs. According to the lawmakers, a second major change would clarify that a decision by the secret Foreign Intelligence Surveillance Court upholding the warrantless surveillance program's legality would not give blanket authorization for the president to pursue wiretaps without court approval.

The lawmakers say a third change is aimed at ensuring that warrantless surveillance of an agent of a foreign power does not include an American. Under the change, the lawmakers said, the administration would be expected to obtain a warrant if the attorney general cannot certify a "reasonable expectation" that the warrantless surveillance will not involve a U.S. citizen.

"We believe the changes we secured will not only uphold . . . vital individual rights but will also ensure that Congress retains its authority to regulate and provide oversight throughout the surveillance process," the three senators said.

But civil libertarians and surveillance experts say the changes are less significant than the senators believe. Kate Martin, director of the Center for National Security Studies, said the legislation still amounts to a sweeping rewrite of federal law to allow the president to conduct "massive warrantless surveillance of Americans" with no court oversight.

Also yesterday, former FBI and CIA director William H. Webster, former FBI director William Sessions, and 12 other former national security officials released a statement opposing the latest Senate proposal, saying it would return surveillance law to "murky waters."

Quick passage of the bill will still be difficult. Republican leaders were struggling yesterday to win the blessing of Rep. Heather A. Wilson (R-N.M.), the author of competing legislation in the House. If Wilson and other House Republicans agree, the House and Senate may bring up identical bills by week's end in hopes of sending legislation to the president before the November elections.

If the two chambers pass different bills, there will be no time to broker a compromise and pass it through the House and Senate again before Congress recesses Friday.

A White House spokeswoman said the administration is pleased with the agreement.

Staff writers Michael A. Fletcher and Dan Eggen contributed to this report.

Wiretap, Tribunal Bills Get Senatorial Shuffle (LAT)

By Richard Simon And Richard B. Schmitt

The Los Angeles Times, September 26, 2006

WASHINGTON — The White House and its allies on Monday chipped away at objections to proposed legislation for its warrantless surveillance activities, winning new support among reluctant Senate members and hoping for passage of the measure before this weekend's congressional recess.

Meanwhile, new resistance to a compromise proposal for detaining and prosecuting terrorism suspects cropped up when Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said the measure improperly tried to prevent federal courts from hearing challenges brought by detainees to the government's right to imprison them.

Specter's plans to amend the legislation could complicate the GOP's hopes of sending a military tribunal bill to President Bush for signing before the November elections. Specter said he would seek to amend the bill when it comes to the Senate floor for a vote this week to give detainees the right to challenge their detention in court. He is expected to be joined by a number of Democrats. The compromise continued to draw criticism.

The tribunal bill is the result of a fragile compromise worked out last week by the White House and a number of Specter's GOP colleagues. One of those, Sen. Lindsey Graham of South Carolina, said that he "probably has the votes" to pass the compromise legislation.

"The way you regulate running a prison in a time of war is not a judicial function," Graham said. "It's a military function."

The proposed legislation on warrantless surveillance won the support of three Republican senators who had joined Democrats in expressing concern about the bill's scope and sweep.

GOP Sens. Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska announced that they had reached agreement with the Bush administration on changes to the surveillance bill.

The bill would constitute an official congressional endorsement of the once-secret surveillance program under which the National Security Agency monitors international phone calls and e-mails in the U.S. involving terrorism suspects.

A surveillance bill introduced Friday by Senate GOP leaders, refining an earlier proposal, would make it clear that the president, in some cases, had the authority under the Constitution to unilaterally order surveillance without a judge's approval.

Craig, Sununu and Murkowski said in a joint statement Monday that the changes would provide "the tools necessary to combat terrorism" while protecting constitutional rights and ensuring that Congress had "authority to regulate and provide oversight throughout the surveillance process."

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Civil liberties groups, Democrats and others said the surveillance legislation still amounted to a fundamental rewriting of a 1978 law, the Foreign Intelligence Surveillance Act, or FISA, that set up a special federal court to review wiretapping in terrorism and espionage cases. The legislation would give the president the right to order surveillance without warrants, which critics said would eviscerate the intent of the original law.

"Ultimately, the legislation would still ratify an unlawful surveillance program," said Democratic Sens. Russell D. Feingold of Wisconsin, Richard J. Durbin of Illinois, and Ken Salazar of Colorado.

The surveillance legislation also was assailed by a group of former national security officials, including two former FBI directors, William H. Webster and William S. Sessions.

The group said that the legislation strayed too far from the original intent of FISA and gave the president too much power to decide when to conduct warrantless surveillance of Americans or foreigners.

"We strongly urge that the requirements of FISA remain just that — requirements, not options," the group said in a prepared statement.

US/EU Near Deal On Air Passenger Data (FT)

By Andrew Bounds And Doug Cameron

Financial Times, September 26, 2006

The US and European Union are close to a deal for sharing airline passenger information that would avert disruption to the world's busiest air traffic routes.

Officials from both sides of the Atlantic have confirmed that a new anti-terrorism agreement is almost certain to be signed on Thursday, two days before the current regime expires.

"This is too big to fail," said a US official. "We have made a lot of progress over the last few days."

The US had been pushing for revisions of an existing accord that was ruled illegal by the EU's top court and expires on September 30.

However, because time is short it has accepted the EU's offer of a similar deal under a different legal basis that would satisfy the judges.

In return the EU has pledged to start almost immediately negotiations on a new framework that could incorporate additional US demands, with the aim of implementing it well before November 2007, when the new deal will expire.

Jonathan Faull, the EU's chief negotiator, arrives in Washington on Wednesday to conclude the accord. Earlier this month he warned of "chaos" if no deal was done.

The agreement under negotiation still allows airlines to pass on more than 30 pieces of information – including dietary requirements, credit card details and family links – to US authorities. But the talks had stumbled on US demands to make it easier for its intelligence agencies to access the information.

"We will try hard to complete a new deal earlier than November 2007," said a senior EU official. However, many EU governments are sceptical about providing blanket information for intelligence agencies to trawl through.

In a further sign that transatlantic rules are being harmonised, US authorities on Monday relaxed a ban, also in place in Britain, on carrying liquids, gels and lotions on flights by allowing items such as toothpaste to be carried in hand baggage, as well as drinks bought in the secure areas of airports.

The move by the Transportation Security Administration is likely to be welcomed by travellers, who will be allowed to carry "travel-size toiletries" – weighing three ounces or less – through security checkpoints in clear zip-top bags.

The US noted the latest change represented "a unified approach" with travel policy in Canada. But it will highlight the divergent policies pursued by global regulators in the wake of last month's alleged plot to bomb US-bound aircraft departing from the UK.

The US agency had joined UK officials in instituting a complete ban on hand- carried liquids and gels in the wake of the alert.

The latest moves will ease some of the pressures on security-screening staff, though some industry officials believe it is only a cosmetic step as there is little, if any, screening of baggage after passengers have passed through the main security checks to reach secure areas of the airport.

The UK continues to ban all liquids and gels in carry-on baggage, except for essential medicines and baby food. Security officials representing EU governments will meet tomorrow in Brussels to try to bridge differences with the UK.

Additional reporting by Jimmy Burns in London

Headline (DEN)

Detroit News, September 26, 2006

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SOUTHFIELD -- Contributions to an Islamic charity in Southfield remain legal despite an FBI raid on Sept. 18, according to federal officials.

The Life for Relief and Development has not been designated by the federal government as an organization that provides support for terrorists, according to Bob Beeckman, a spokesman for the FBI in Detroit.

FBI agents from the Joint Terrorism Task Force raided the offices of the organization Sept. 18, but still unclear are the reasons behind the raid.

"The search warrant is based on criminal statutes, and I can't go any farther," Beeckman said.

Local Muslim leaders said that the information that donations remain legal will help assuage rampant concerns in their community, at the beginning of the holy month of Ramadan, when Muslims are required to make charitable donations, or zakat.

Life for Relief and Development is a popular, 15-year-old charity and one of the largest Muslim relief groups in North America.

Muslims have long considered it safe for donations, especially amid increasing federal scrutiny of Muslim charities in the wake of the terrorist attacks of Sept. 11, 2001.

Federal law enforcement officials said this summer, amid large demonstrations in Metro Detroit against the Israeli bombardment of Lebanon, they would increase enforcement efforts in the wake of public statements in support of the militias of Hezbollah, considered by the United States to be a terrorist group.

"It's a big deal because people in the Muslim community are wondering who they will give their zakat to," said Dawud Walid, executive director of the Council on American Islamic Relations.

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Pakistani Gets 18 Years In San Diego In Drugs-for-missiles Plot (MHCA)

Monterey (CA) Herald, September 26, 2006

SAN DIEGO - A Pakistani man was sentenced Monday to more than 18 years in prison for conspiring with an Indian-born U.S. citizen to obtain and sell Stinger anti-aircraft missiles to the Taliban and al-Qaida.

Syed Mustajab Shah, 55, pleaded guilty last March in federal court to one count of conspiracy to provide material support to terrorists and one count of conspiracy to distribute heroin and hashish.

Shah admitted that he tried to sell five tons of hashish and a half-ton of heroin in exchange for cash and four shoulder-fired Stinger missiles, which he and the other defendants intended to sell to members of the Taliban. Such missiles could be used to shoot down airplanes, including commercial jets, flying at low altitudes.

Shah knew at the time that the Taliban was the same as al-Qaida, prosecutors said.

Two other men pleaded guilty to the same charges in March 2004. Ilyas Ali of St. Paul, Minn., a naturalized U.S. citizen born in India, was sentenced in April to more than five years in prison for his role in the plot. Muhamed Abid Afridi, 32, also was sentenced to nearly five years in prison.

Shah, Ali and Afridi were arrested on Sept. 20, 2002, by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel. Ali also met in April 2002 with an undercover agent in San Diego.

Andrew Nietor, an attorney for Shah, did not respond to a phone message left seeking comment.

Europe Panel Faults Sifting Of Bank Data (NYT)

By Eric Lichtblau

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — A European Union panel has serious doubts about the legality of a Bush administration program that monitors international financial transactions, the group's leader said Monday, and plans to recommend tighter controls to prevent privacy abuses.

"We don't see the legal basis under the European law, and we see the need for some changes," said Peter Schaar, a German official who leads the panel, in a telephone interview. The group is to deliver a final report this week in Brussels, and Mr. Schaar said he expected it to conclude that the program might violate European law restricting government access to confidential banking records.

The program, started by the Bush administration weeks after the Sept. 11 attacks, allows analysts from the Central Intelligence Agency and other American intelligence agencies to search for possible terrorist financing activity among millions of largely international financial transactions that are processed by a banking cooperative known as Swift, which is based in Belgium.

The European Union panel will not call for the program to be stopped, officials said. But it is expected to recommend that additional safeguards be put in place to check how financial records are shared with American intelligence officials. For the last three years, a Washington consulting firm, Booz Allen Hamilton, has audited the program, but Mr. Schaar said his panel would recommend that an outside auditor from Europe be brought in to protect against abuses.

"That's a crucial point for us," he said. "There must be independent supervision. We don't see such independent supervision under the current situation, and this must be established."

The Treasury Department, which oversees the program, declined to comment Monday on the panel's findings.

The Bush administration has strongly defended the effectiveness and legality of the once-secret program as a tool in fighting terrorism, and it sharply criticized The New York Times for disclosing the arrangement in June. Although one government intelligence analyst was removed from the Swift team for conducting improper searches, officials at the Treasury Department and Booz Allen say they have not found any broader instances of abuse in the program.

Critics, including many privacy advocates and some banking industry executives, have questioned the propriety of giving American intelligence officials broad access, without court orders, to private data.

The disclosure of the program prompted several investigations in Europe and Canada. The European Union panel, which includes representatives from 25 countries and is formally known as the Article 29 data protection working party, would be the first international group to weigh in on the legal issues. Its findings, while advisory in nature, are expected to carry considerable influence in Europe in the debate over the program, officials say.

The European Union panel begins meeting in Brussels on Tuesday, and Mr. Schaar said he expected it would adopt a report based on a draft that has already been circulated among the members. While he would not discuss the exact language because it had not been finalized, he said the report would be "critical" of the legal basis for the American government's use of the Swift data.

The panel, which interviewed Swift officials and other banking industry executives over the last several months, has focused on legal and policy issues. A parallel review by banking officials in Belgium is looking more closely at the actual operations of the banking program.

Joe Lockhart, a spokesman for Swift, said the group would await the release of the European Union report before commenting on its findings. But he added that "Swift complied with valid subpoenas issued by the United States Treasury Department and believes it has acted in accordance with U.S. and European data privacy law."

The Treasury Department has used broad administrative subpoenas to get access to transactions from Swift, often millions of records at a time. While a small proportion of the transactions route money entirely within the United States, the program is focused on tracking money coming into and out of the United States or foreign-to-foreign transactions. American officials say the intelligence gleaned from the transactions has been valuable in identifying possible terrorist financiers.

Some legal experts agree with administration officials that the program is legal, while others say it appears to fall into a gray area in American law regarding the protection of confidential banking records.

But legal experts say banking privacy restrictions imposed by the European Union and others in Europe impose tight restrictions on how private banking data can be shared, even in the course of law enforcement and intelligence-gathering investigations.

"The main item from my point of view is that the fundamental civil rights of the European citizens have to be safeguarded," said Mr. Schaar, who also serves as the federal data protection commissioner for Germany. "There are doubts about the legality of this program."

The group's report comes at a time of tensions between Europe and the United States over American counterterrorism policies.

Europeans have objected, for instance, to the C.I.A.'s operation of formerly secret prisons in Europe for the interrogation of "high value" terrorism suspects. And the European Union's highest court in May struck down an agreement giving the United States access to personal details about passengers on trans-Atlantic flights, forcing the United States and its European partners to rework the agreement.

Privacy advocates, who brought formal complaints over the Swift program in 40 countries after its disclosure, say they hope that a critical ruling from the European Union working group will lead to similar changes.

"What we're hoping is that they'll basically tell Swift what they did was illegal," said Gus Hosein, a senior fellow at Privacy International in London, which brought the complaints over the program. He said he expected that a critical report from the Article 29 group could lead to fuller investigations of the program, financial penalties against Swift in those countries where it operates, and possibly a suspension of the program.

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As part of the European Union panel's review, Privacy International and the American Civil Liberties Union prepared a report criticizing Booz Allen's role in monitoring the program. The report raised questions about the firm's objectivity, citing its long history as a government contractor and the fact that former intelligence officials are among its executives.

But Booz Allen rejected such charges on Monday. "What clients are buying from us," said Marie Lerch, a spokeswoman for the firm, "is independence and objectivity."

Guantanamo Gears Up For Ramadan (LAT)

By Rich Connell And Robert J. Lopez

The Los Angeles Times, September 26, 2006

With the beginning of the Islamic holy month of Ramadan, authorities at the Guantanamo Bay detention camp have stepped up efforts to teach guards about the religious observance, amid signs that radical strains of Islam are becoming a potent organizing tool at the facility.

The cellblocks, which now also house 14 suspected al- Qaida leaders, have been rocked by a riot and three suicides in recent months. And many of the disturbances at the camp have involved allegations that guards are not sensitive to the religious practices of the detainees.

A court challenge filed late last week in U.S. District Court in Washington accused the U.S. of illegally denying detainees access to Muslim chaplains, who some religious leaders argue could help calm tensions inside the barbed wire at Guantanamo. The motion was supported by one of the largest U.S. Muslim advocacy organizations.

The military quietly stopped assigning Muslim chaplains to the base in Cuba more than two years ago, after one -- an Army captain -- was targeted in a controversial espionage investigation.

Chris Molnar, a California National Guard soldier who served as senior chaplain at Guantanamo until earlier this year, said managing religion in the politically treacherous and volatile environment at the camp is among the most challenging tasks facing military leaders.

"I saw the command structure struggling to deal with this . . . respecting a person's religion, but not letting them use that as a hammer to beat us over the head," said Molnar, a Lutheran pastor in San Luis Obispo, Calif.

The prominence of religious issues at Guantanamo was underscored in an article by a senior military official that appeared recently on the camp Website and the front page of the base newspaper. The report expressed respect and appreciation for the significance of Ramadan and explained the military's plan to support the Muslim rite of daytime fasting.

Staff would work "around the clock" to provide "Ramadan-specific" meals that include dates, nuts and honey, the official reported, adding that commanders have doubled nighttime portions and provided medical monitoring to ensure that detainees receive adequate nutrients.

Cmdr. Robert Durand, a base spokesman, said the presentations were primarily intended for guards.

"This is an extremely important religious event in the lives of these detainees," Durand said. "... What we're basically trying to say, in educating the guard force, is, `This is what we're doing and why we're doing it.' "

In the court challenge filed Friday in Washington on behalf of a Pakistani detainee, attorney Gaillard T. Hunt said Muslim chaplains would help reduce suicide attempts among detainees, a recurring problem that has fueled calls in the U.S. and abroad to close the camp.

Filing declarations in support of the motion was an official with the Council on American-Islamic Relations, as well as two Muslim chaplains who work in the federal prison system. They, along with a third chaplain, said they were willing to counsel prisoners at Guantanamo.

"Counseling is what disarms them from the very hostile environment they are in. It's very useful in calming tensions," Shakeel Syed, one of the chaplains, said in an interview.

The motion was filed on behalf of Saifullah Paracha, 59, who is accused of being an al-Qaida financier and taking part in a plan to smuggle weapons into the United States. Hunt said Paracha has never been charged with a crime and is "pro-American and anti-terrorist."

A Justice Department spokesman said Monday that officials would not comment on Hunt's chaplain motion because of ongoing litigation. Camp officials say they provide medical and counseling professionals to combat suicides among detainees.

The officials also say that there are not enough Muslim chaplains in the U.S. armed forces to assign to Guantanamo and that detainees would be suspicious of any religious personnel provided by the military. Currently, a civilian Muslim contractor advises camp commanders. He is not a chaplain, officials said, but is available to discuss religious issues with detainees.

Lt. Col. Lora Tucker, a camp spokesperson, said even if a military chaplain were assigned to Guantanamo "he would not be working with the detainees."

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That was not the case in the past. Five military chaplains served continuously in the early years of the camp and counseled detainees on proper interpretations of Islam and suicide prevention.

Indeed, the Defense Department initially publicized its use of Muslim chaplains to work with detainees and defuse tensions, including a 2002 hunger strike among alleged al- Qaida leaders who were angered after guards disrupted a prayer rite.

Durand, the base spokesman, said Muslim chaplains are no longer needed because officials have already incorporated their earlier advice into daily operations.

The last military chaplain to serve on base left in 2004, following the arrest of former Army Capt. James Yee. He was accused of espionage for allegedly taking classified records from the base. In the end, much lesser charges were dropped and Yee received an honorable discharge.

Molnar said that prisoners in lockups at Guantanamo often use religion as a wedge "to get around the desires or authority of those above them."

Other officers and guards go even further, saying detainees have used religion to manipulate camp commanders.

"The deference that was given to them under the guise of religion was unbelievable," said one Army officer who served this year at the base and asked not to be identified because of personal security concerns.

Since the camp opened in January 2002, the most contentious religious issue has been treatment of the Quran, one of the few items detainees are permitted to keep in their cells. A military investigation last year confirmed instances of intentional and accidental desecration of the Quran.

To quell protests about mishandling of the text by non-Muslims, military guards at first were ordered to don medical gloves before touching a Quran. Currently, only civilian Muslim interpreters are allowed to move and inspect the holy texts during cell searches.

Some military officials say it may have been a tactical mistake to stop providing Muslim chaplains. Many of the detainees are poorly educated and look up to those who can read and cite Quranic verses, according to former troops who worked inside the camps. This has opened the way for radical interpretations by religious leaders on the cellblocks and helped justify such actions as suicides, according to personnel who served at the camp.

"There were people who exerted influence," Molnar said. "They had a profound effect on detainees."

Camp spokesperson Tucker disputed that religious leaders have made some detainees more militant. "They came here already radicalized," she said.

Two Terror Cases Expose Bush's Double Standard (USAT)

By Dewayne Wickham

USA Today, September 26, 2006

Four months after President Bush accused Syria of harboring terrorist camps and organizations in June 2002, U.S. authorities secretly handed over to the Damascus regime a man suspected of having ties to a terrorist group.

The awful story of what happened to Maher Arar, a Canadian citizen of Syrian descent, at the hands of Syria's secret police has received a lot of attention since it broke last week. But the troubling contradictions between what the Bush administration says and what it does in its war on terror have not.

“Our enemy is a radical network of terrorists, and every government that supports them,” Bush proclaimed in his address to a joint session of Congress nine days after the 9/11 attacks on this country. “Every nation, in every region, now has a decision to make. Either you are with us or you are with the terrorists.”

But a year later, when Arar was picked up in a New York airport on a tip from Canadian police that he might have terrorist ties, he was detained briefly in this country before being sent to Syria. There, Arar says, he was beaten with a metal cable until he falsely confessed to spending time in a terrorist camp in Afghanistan and he was kept in a coffin-size dungeon cell for 10 months.

In sending Arar — whom a Canadian government commission recently cleared of any terrorist ties — to Syria, the Bush administration had good reason to know he would be brutalized.

“Although torture occurs in prisons, torture is most likely to occur while detainees are being held at one of the many detention centers run by the various security services throughout the country, and particularly while the authorities are attempting to extract a confession or information regarding an alleged crime or alleged accomplices,” the State Department said of Syria in its 2001 Country Reports on Human Rights Practices.

If this doesn't cause you to wonder how committed the Bush administration is to its worldwide war against terrorism, there's more.

While the flimsiest of evidence caused U.S. officials to hustle Arar off to Syria, a mountain of suspicion about Luis Posada Carriles' involvement in a long list of terrorist acts has not been enough to wrench him out of this country's grip.

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Posada is on the lam from Venezuela, where he was awaiting a retrial of charges that he had a hand in the 1976 bombing of a Cuban airliner that killed 73 people. The Cuban exile denies involvement in that heinous crime, but former counterterrorism specialist Carter Cornick said Posada was "up to his eyeballs" in the bombing, The New York Times reported last year.

The newspaper also reported that Posada once bragged of masterminding a series of bombings of tourist hotels in Cuba in the 1990s, an admission he later recanted. An Italian tourist died in one of those blasts.

But instead of spiriting Posada off to Venezuela, the Bush administration is holding him in an immigration detention center. Rather than accuse him of being a terrorist, it simply has charged him with entering this country illegally.

Last year, an immigration judge ruled that Posada couldn't be deported to Venezuela or Cuba — countries the Bush administration considers rogue states — because he might be tortured. During an appearance on Telemundo, a Spanish-language TV station, U.S. Secretary of State Condoleezza Rice was asked whether this decision might affect the world's perception of the Bush administration's worldwide war on terrorism. "We try and intend to apply our standards uniformly, consistently," she said, "but these are issues that have to be decided in the right channels."

In fact, the Bush administration has contradictory standards — one for people who are thought to be enemies of this country, such as Arar, and another for Posada, an accused terrorist, who is the enemy of its enemies.

PATRIOT ACT:

Censored Affidavit Issued In National Security Case (NYT)

By Anemona Hartocollis

The New York Times, September 26, 2006

Federal District Court in Manhattan has made public an affidavit from a plaintiff whose identity cannot be revealed. In the affidavit, he says he has to lie to those close to him to preserve the secrecy of a national security investigation that he believes is morally questionable.

The affidavit, which has been heavily censored, provides vivid details of an upside-down life. The plaintiff, identified only as John Doe, is a businessman who filed a lawsuit in 2004 challenging the constitutionality of federal demands for Internet and telephone records. He describes himself as the former president of an Internet access and consulting business.

Some time ago (the government will not allow him to say when), he received a so-called national security letter from the F.B.I., asking him to provide information about one of his clients in connection with "international terrorism or clandestine intelligence activities." The letter also said he was prohibited from talking with anyone about the investigation.

"Since that time," the John Doe affidavit says, "I have been subject to a gag order that has prevented me from disclosing, among many other things, that I initiated this lawsuit."

Mr. Doe said he resisted the government's demand because he did not want to violate the privacy of his clients. In April 2004, represented by the American Civil Liberties Union, he filed a lawsuit against the attorney general, John Ashcroft, and Robert S. Mueller, the director of the F.B.I. The government gained the right to demand customer information without a court order under a 1986 law, which was expanded by the U.S.A. Patriot Act of 2001 and amended further in March of this year.

In his affidavit, he described a world in which he has been "compelled to systematically deceive" his friends, his family and his girlfriend in order to preserve the secrecy of the investigation.

"The gag put me in a very compromising position, as I did not want to be dishonest in my communications," yet at the same time, he said, he did not want to violate the order. He added: "I do not like the feeling of being conscripted to be a secret informer for the government, especially because I have doubts about the legitimacy of the underlying investigation."

Jameel Jaffer, lead counsel for the civil liberties union, said yesterday that the affidavit was filed on Sept. 8, but was sealed until the government censored a copy, allowing the court to release it on Friday afternoon.

In September 2004, Judge Victor Marrero of Federal District Court ruled in this case that national security letters, which force businesses to turn over customer information without a judge's order or a grand jury subpoena, violated the constitutional prohibition against unreasonable search and seizure.

But earlier this year, as the case was being appealed, Congress amended the law, and the case was sent back to the lower court, where the same plaintiff has filed a new challenge, Mr. Jaffer said.

Mr. Jaffer said the amended law had made the national security letter provision "even more oppressive than it was before," because in the past, courts could hear challenges to such restraints. Now, he said, if the F.B.I. certifies that an order forbidding disclosure is necessary to national security, "the court is required to defer to the F.B.I."

Jeffrey Oestreicher, the assistant United States attorney handling the case, could not be reached for comment last night.

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HOMELAND RESPONSE:

U.S. Doles Out Security Grants To Cities (AP)

By Lara Jakes Jordan

AP, September 26, 2006

The Bush administration doled out nearly $400 million Monday to help protect seaports, commuter trains and other transit systems from terrorists, boosting money to high-risk cities that saw funding cuts earlier this year.

Major winners included New York City, which won $79.5 million to secure its port, subways, bus and rail systems — up from $50 million in 2005.

Losing cities that got no money for 2006 after being on the Homeland Security Department funding list last year included Memphis, Tenn., and Tampa, Fla., which lost funds for ports.

In all, the department distributed $399 million in grants — up from $388 million last year — to secure key buildings, transportation systems and other sites that might seem attractive targets for terrorists. The money follows a furor nearly four months ago after Homeland Security cut funding for New York and Washington, the two cities targeted on Sept. 11, 2001, by 40 percent.

Homeland Security Secretary Michael Chertoff said the new round of department grants was given out based only on risk — and should not be viewed as a competition to see which city gets the most money.

"What we're trying to do is move away from looking at grants as if every year, it's a horse race, and let's see who wins each race for each grant," Chertoff told reporters in Washington. "If you want a horse race, go to Pimlico."

But Chertoff said his department would take new steps to assure cities that future grant applications are understood and thoroughly discussed to prevent a similar outcry. The way Homeland Security announced the earlier grants for high-risk cities, awarded in May, "was not what it should have been," Chertoff said.

Sen. Charles E. Schumer, D-N.Y., said boosting funds for New York ports and rail systems hopefully reflected "a sign of things to come."

If Homeland Security "is finally admitting that they shortchanged New Yorkers and are looking to make recompense, then that is all for the good," Schumer said.

Department officials said many cities — like Houston and Atlanta — asked for fewer funds this year than what they received in 2005 because they no longer needed as much money for security projects that were completed or already under way.

The grants announced Monday included:

_$168 million for seaports.

_$135 million for commuter rail, bus, and ferry systems.

_$48 million for critical infrastructure, like water or electricity systems.

_$25 million for chemical plants.

_$7.2 million for Amtrak.

_$9.5 million for bus companies.

_$4.8 million for trucking companies.

Homeland Security Awards $400M In Anti-terror Funds (USAT)

By Mimi Hall

USA Today, September 26, 2006

WASHINGTON — The Homeland Security Department on Monday awarded nearly $400 million to help cities protect their ports, rail lines, bus routes, buildings and other potential terrorist targets. New York City got the biggest chunk of the cash.

More than three months after the department caused an uproar by cutting funds by 40% in another grant program to New York City and Washington, Homeland Security Secretary Michael Chertoff said his department is reworking the way it distributes such grants. “You're never going to make everybody happy,” he said. “There's never enough money.”

Chertoff said the cuts in June came because Congress shrank the amount of grants. He said risk and consequence always would be the main factors the department uses in handing out federal anti-terrorism money.

Port security accounted for $168 million of the money distributed Monday to 51 cities. The New York-New Jersey port complex received $25.7 million, more than twice as much as Los Angeles-Long Beach, which came in second at $12 million. Funding for Memphis and Tampa was cut.

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White House homeland security adviser Frances Townsend said Monday that members of Congress were "rightly upset" by the earlier cuts for New York and Washington. At the time, Rep. Pete King, R-N.Y., chairman of the House Homeland Security Committee, accused Chertoff of "waging war" on the city.

Chertoff said the new round of grants was given out based on risk.

"What we're trying to do is move away from looking at grants as if every year it's a horse race, and let's see who wins each race for each grant," he said. "If you want a horse race, go to Pimlico."

Sen. Hillary Rodham Clinton, D-N.Y., said she was "encouraged" that Homeland Security was boosting funding for New York's port. She complained, however, that the Bush administration and Congress aren't spending enough.

Other security grants include:

·$136 million to strengthen rail, bus and ferry systems. The New York City area received about $54 million, California about $19 million and Washington about $14 million.

·An additional $9.5 million for bus systems, mostly for training and equipment to guard against explosives.

DHS Grants $191 Million To Defend Cities (WP)

By Spencer S. Hsu

The Washington Post, September 26, 2006

The Department of Homeland Security awarded $191 million in grants yesterday to defend ports, transit systems and bus lines from terrorists, increasing funding for major urban areas in the Northeast and mid-Atlantic states whose funds were slashed earlier this year in a controversial decision.

New York received $25.7 million in port security grants, up from $6.6 million last year; Baltimore was granted $4.8 million, up from $1 million; and Hampton Roads, which received none in 2005, was awarded $3.5 million.

Losers included Los Angeles and Long Beach, Calif., which received $12 million, down from $24.2 million; Houston at $11.6 million, down from $35 million; and San Diego at $139,837, down from $6.5 million.

Together with grants announced in July, the DHS has released $399 million this year to protect critical facilities such as chemical plants, rail systems, nuclear plants, dams and stadiums, up from $388 million in 2005. The grants came in the final week of the fiscal year. DHS leaders acknowledged that the delay hurt cities awaiting the money and vowed to move faster next year.

Homeland Security Secretary Michael Chertoff said the increases were not intended to offset cuts of 40 percent made four months ago to New York and greater Washington, the two locations targeted in the Sept. 11, 2001, terrorist attacks.

He said that the grants to New York, Baltimore and other places were based not only on risk but also on the need for individual projects in each jurisdiction, and that they should not be regarded as an annual competition.

"Risk is not the entire story. What's also important is what is the need that is being satisfied," Chertoff said. "What we're trying to do is move away from looking at grants as if . . . every year it's a horse race. . . . If you want a horse race, you go to Pimlico."

The grants included $168 million for seaports, $13 million for commuter rail, bus, and ferry systems, and $9.5 million for bus companies. In July, the DHS awarded $123 million for transit systems; $48 million for critical infrastructure, such as water and electrical systems; $25 million for chemical plants; $7.2 million for Amtrak; and $4.8 million for trucking companies.

American Public Transportation Association spokeswoman Virginia Miller said the $13 million is helpful, but the industry has identified $6 billion in security needs.

More Security Money For New York (NYT/AP)

The New York Times, September 26, 2006

The Department of Homeland Security doled out $400 million to protect seaports, commuter trains and other transit systems from terrorism, increasing money to high-risk cities that had cuts earlier this year. Major winners included New York City, which won $79.5 million to secure its port, subways, and bus and rail systems, up from $50 million in 2005. Money to protect the perimeters of New York and New Jersey's ports will be increased to $25.7 million, from $6.6 million. Mayor Michael R. Bloomberg said that he was gratified federal officials "are recognizing the risks here and giving us more money." Cities that got no money for 2006 after being on the list last year included Memphis and Tampa, Fla. The announcement follows a furor four months ago after financing for New York and Washington, the two cities attacked on Sept. 11, 2001, was cut.

U.S. To Relax Ban Of Liquids On Planes (AP)

By Leslie Miller

The AP, September 25, 2006

DOJ_NMG_0069319

Passengers will be able to carry lotions and gels onto airliners again after a six-week ban — but only in tiny containers of 3 ounces or less and only if they're in clear zip-top plastic bags.

Starting Tuesday, air travelers also will be able to buy drinks or other liquids or gels at shops inside airport security checkpoints and carry them on board under partially relaxed anti-terror rules.

If a passenger brings a container larger than 3 ounces from outside, it will still have to be put in checked baggage.

The outright ban on such carry-on items, ordered Aug. 10 after an alleged plot to bomb U.S.-bound jetliners was foiled, is no longer needed, Transportation Security Administration chief Kip Hawley said Monday.

The FBI and other laboratories tested a variety of explosives and found that tiny amounts of substances — so small they fit into a quart-size plastic bag — can't blow up an airliner, Hawley said at a news conference at Reagan National Airport.

Lisa Cohen, a congressional staff member who flies weekly between Denver and Washington, said the changes should make flying easier.

"I understand the concerns, but it's been a colossal pain this last several months," Cohen said as she lugged a large carry-on bag through the airport.

At Hartsfield Jackson Atlanta International Airport, Aubrey Hux wasn't as happy to hear the news. Just back from a vacation in Thailand, he said, "You can't have enough security as far as I'm concerned."

Doug Zink, who traveled to Washington from Denver on business, doubted whether the average passenger would remember that containers have to be 3 ounces or less, that plastic bags have to be one quart or less and that the bags have to have a zip top that's closed.

"It's just ridiculous," Zink said.

Up to 4 ounces of a few items will be permitted in carry-on bags: eye drops, saline solution, nonprescription medicine and personal lubricants.

Larger bottles of liquids and gels from outside — including shampoo, suntan lotion, creams and toothpaste — are allowed only in checked baggage.

The Air Transport Association, which represents major airlines, said the TSA has carefully assessed which items can be brought aboard safely.

"It will reduce passenger inconvenience," said ATA President James May.

Passengers will have to take out the clear bags with toiletries in them so they can be checked separately by the X-ray machine. Though the machines can't identify whether a substance is an explosive, they can pick out anomalies that may indicate a substance is intended for use in a bomb.

The TSA is testing new equipment that can detect explosive substances at checkpoints, Hawley said. He said he hopes machines that use magnetic resonance imaging (MRI) technology can be deployed at the nation's 753 checkpoints located in 452 airports.

"A year from now you will know a whole lot more," Hawley said, declining to give a timeline.

He said the TSA has money to pay for such equipment.

However, Massachusetts Rep. Ed Markey, a senior Democrat on the House Homeland Security Committee, criticized the Bush administration for failing to make progress on technology to detect explosives, though a plot to blow up airliners was uncovered 10 years ago.

A Homeland Security spending bill expected to pass this week will provide only a fraction of the money needed for bomb-detection equipment, Markey said.

"Passengers need more than just press conferences, but real progress to upgrade explosive detection equipment at our airports," he said.

Tougher airport screening procedures were put in place in August after British police said they broke up a terrorist plot to assemble and detonate bombs using liquid explosives on airliners crossing the Atlantic Ocean from Britain to the U.S.

At the time, the Homeland Security Department briefly raised the threat level to "red," the highest level, for flights bound to the United States from Britain. All other flights were at "orange" and will remain at orange, the second-highest level, for now.

"Obviously, there's been a lot of unhappiness," said Richard Marchi, senior adviser to the Airports Council International, an airport trade group. "They're right to find a way to ease the burden and maintain a reasonable level of security."

U.S. Eases Rules On Gels And Liquids In Carry-Ons (NYT)

By Eric Lipton

The New York Times, September 26, 2006

DOJ_NMG_0069320

WASHINGTON, Sept. 25 — Aviation security officials eased the ban on carry-on liquids for airline passengers on Monday, after weeks of testing to determine how much of a liquid explosive would be needed to cause catastrophic damage to an airplane.

Beginning on Tuesday morning, passengers can carry three-ounce bottles of liquids and gels onto planes, as long as all items fit into a single quart-size zip-top plastic bag. Passengers will present the bags for inspection at checkpoints.

Testing by the Federal Bureau of Investigation and others showed that a quart-size bag filled with three-ounce containers would not hold enough explosives to destroy a plane, officials said.

"While this novel type of liquid explosives is now an ongoing part of the terrorists' playbook and must be dealt with, we now know enough to say that a total ban is no longer needed from a security point of view," Kip Hawley, the assistant secretary for the Transportation Security Administration, said at a news conference at Reagan National Airport.

Passengers will also be allowed to board with sodas, bottled water or other liquids that they buy after passing the security checkpoints, in the secure area of terminals. Mr. Hawley made clear that the revised rules, and the elevated threat level put into effect last month after the disruption of a plot to bomb planes flying to the United States from London, would most likely continue for many months, if not indefinitely.

That is because the government does not have automated equipment that can check passengers and their carry-on bags for liquid explosives. Developing and deploying this equipment at the 753 airport checkpoints will take months, if not years.

"This is not going to go away," Mr. Hawley said. "Let's build ourselves a sustainable level of security."

The revisions, which are also going into effect for domestic and international flights in Canada and may be adopted in Europe, address many criticisms of the ban on liquids. Because small bottles of perfume or makeup, as well as containers of shaving cream, deodorant and toothpaste, are being allowed in carry-on baggage, passengers can again carry on small bags for short trips. Since the ban started, airlines have dealt with 25 percent more checked bags than usual.

Passengers traveling on Monday through Reagan National across the Potomac River from Washington said they welcomed the change.

"It seems prudent," said John Glaser of Boston, who had left behind his toiletries for a trip to Washington.

Others expressed concern that a terrorist could obtain a liquid explosive that had been sneaked into the secure area and carry it without restriction onto the plane.

"How do you know they bought the bottle there?" asked James Roy of Worcester County, Mass. "Are they going to ask for your receipt?"

Mr. Hawley, asked about that, said that workers at stores beyond the checkpoint had to pass through security and that other maintenance workers were subject to background checks. He added that officers of the Transportation Security Administration would increase random inspections of airport workers.

Ultimately, significant changes will be needed in the checkpoint equipment, because most devices on hand, including X-ray machines and metal detectors, cannot automatically identify liquid or plastics explosives, officials agreed.

The security agency has had trouble installing such devices. Installing the trace detection portal, or puffer machine, which was put in about 35 airports, has been delayed because the machines broke down too often.

Mr. Hawley said the agency intended to test new equipment, including a machine that can evaluate bottles to see whether a liquid inside is explosive, or a machine similar to a CAT scan that can more reliably evaluate carry-on bags to see whether they might have bombs. The problem, he said, is ensuring that the equipment will work as promised by the manufacturers, Mr. Hawley said.

"We don't want to be in the position of, out of the urgent need to do this, we essentially waste the taxpayers' money," he said. "We want to take our time to do it right."

Liquids Not As Risky As First Feared (USAT)

By Thomas Frank

USA Today, September 26, 2006

ARLINGTON, Va. — Passengers will be allowed to carry liquids on airplanes under new security rules prompted by FBI tests that show it's highly unlikely that terrorists could bring down a jet with a bomb made from small amounts of fluids, the nation's airport security chief said Monday.

Travelers may bring liquids and everyday items such as shampoo, toothpaste and makeup through security, provided they're stored in 3-ounce containers that fit in a 1-quart clear bag, Transportation Security Administration chief Kip Hawley said Monday.

Passengers also can carry on liquids and gels in any quantity that they buy in airport shops after passing through security, including at duty-free shops. Drinks and other items are screened before being sold in secure airport areas.

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Testing by the FBI and at government labs showed that small containers of liquids “don't pose a real threat,” Hawley said.

Jim Kapin, head of health and safety for the American Chemical Society, said small quantities of liquids could not seriously damage an airplane. Even if several terrorists smuggled liquid explosives on board, it is “practically speaking, impossible” to make a bomb on an airplane because of the equipment and expertise required, Kapin said.

The TSA banned liquids and gels from carry-on bags Aug. 10 after British authorities reported foiling a plot to destroy U.S.-bound airplanes using liquid explosives. The ban led millions of passengers to check luggage rather than try to carry bags on.

“The total ban is no longer needed from a security point of view,” Hawley said. “It doesn't make sense to have our (screeners) fishing out lip gloss and mascara.”

The Homeland Security Department is no less concerned about liquid explosives, and is keeping in place the heightened security alert that began Aug. 10 for aviation, said Michael Jackson, department deputy secretary.

Easing the ban was hailed by the Air Transport Association, an airline trade group, and the National Business Travel Association. Some airlines reported a loss of business since the liquid ban took effect.

“This is going to make life easier for thousands of business travelers who have been forced since Aug. 10 to check bags on short business trips,” said Caleb Tiller of the travel association.

The amount of checked luggage has increased 20% nationwide since Aug. 10. That has strained TSA systems that screen bags for bombs. Hawley had feared screeners might “cut corners” to keep up with extra bags but said Monday the “system is working OK now.”

Jackson said allowing liquids in carry-ons will “release a little pressure there.”

Hawley said he does not expect the change to lengthen lines at security checkpoints. “People will be well-ingrained” in what they can bring on airplanes, Hawley said.

A.J. Castilla, a screener at Boston's Logan International Airport and spokesman for a screeners union, said the new policy “is more confusing and certainly will add to the lines during the holidays.”

“We're just adding another level of screening to a screening process that was simple,” Castilla said.

Travelers must remove the bags that hold liquids from their carry-ons so they can go through X-ray machines separately and be inspected by screeners. Each traveler may carry only one bag, which can hold several 3-ounce containers.

U.S. Set To Relax Ban On Liquids On Airliners (LAT)

By Johanna Neuman And Mima Mohammed

The Los Angeles Times, September 26, 2006

WASHINGTON — Seven weeks after a foiled terrorist plot prompted the U.S. government to impose severe restrictions on what passengers could carry onto airplanes, the Transportation Security Administration announced today a relaxing of the rules.

The change — described by the Department of Homeland Security as "refinements to security measures" — will allow passengers to bring lip gloss and hand lotion on board, as long the items are put in clear plastic bags. Passengers also will be allowed to purchase liquids such as coffee and water at airport stores — after clearing security — to take with them onto planes.

The relaxed rules allow passengers to bring travel-sized toiletries that are 3 ounces or less and can fit into one clear, quart-sized zip-lock bag that can be shown to the screeners.

The changes were hailed by passengers and by the airline industry.

"It is clear that TSA has performed deliberate and careful risk analysis to identify which items passengers can safely bring on board," said James May, president of the Air Transport Assn., which represents companies that transport 90% of all U.S. airline passenger and cargo traffic. "It will reduce passenger inconvenience."

The tough standards — which forced passengers to dump eyedrops, water bottles and lipstick — were laid out in August after British police broke up a terrorist plot to blow up airliners crossing the Atlantic Ocean from Britain to the United States.

Government Eases Ban Of Liquids On Planes (WSJ)

By Laura Meckler

The Wall Street Journal, September 26, 2006

Air travelers may pack small containers of toiletries and other liquids in their carry-on bags beginning today, federal officials said, in a loosening of a near-complete ban on liquids and gels that was put in place last month.

In addition, travelers will be allowed to bring onto planes beverages and other liquids bought in the secure area of airports, no matter how large.

"A total ban is no longer needed from a security point of view," said Kip Hawley, administrator of the Transportation Security Administration. Small amounts of liquids "don't pose a real threat," he said.

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Under the new rules, travelers may carry on containers with up to three ounces of liquids and gels, including cosmetics, but all must fit comfortably together inside one quart-size clear plastic bag with a zip top. That's a little larger than a typical sandwich bag. Travelers will have to remove these plastic bags from their carry-on luggage for inspection at airport security checkpoints.

The easing of the carry-on rules should come as relief to passengers who have become accustomed to carrying all their luggage into the cabin and, for the past six weeks, have been forced to arrive at airports even earlier to check bags. It also should ease the crunch in checked bags, which have increased by 20% since the liquid and gel ban was instituted Aug. 10, after British authorities said they had foiled a plot to blow up airliners over the Atlantic Ocean.

Michael Jackson, deputy secretary of Homeland Security, said the government issued a wide-ranging ban on the night of Aug. 10, and that "now we're able to go back and look at the science and refine the balance."

Airlines and airports both pressed the TSA to change the rules. U.S. officials said yesterday that the change isn't based on any new intelligence, and the threat level remains high.

Liquid explosives remain a threat that existing airport screening technology cannot detect. But authorities say they now know more about how much liquid poses a threat to aviation. Specifically, the decision was made after FBI testing to determine how much explosive liquid would be needed to do significant damage to an aircraft, Mr. Hawley said.

TSA employees tested the feasibility of these rules by visiting stores and found that many travel-size toiletries are sold in containers of three ounces or less.

Exceptions already in place for baby food and liquid medicines will continue, though passengers must be prepared to present these items at the checkpoint for examination.

Authorities said they considered that terrorists may try to combine small amounts of liquids to make one larger batch, but said they are comfortable with the new limits. "We've analyzed a lot of scenarios," Mr. Hawley said. "For a lot of technical reasons, [combining small amounts of liquids] does not worry us."

Further, mixing liquids in an airport or onboard an airplane isn't easy to do, said Mike Restovich, assistant administrator of the Office of Security Operations at TSA.

Mr. Jackson said he expects that authorities in the United Kingdom and the European Union will soon follow with similar if not identical rules.

The U.S. decision was welcomed not only by travelers but by airlines and airports, whose operations were hampered by the stricter rules. Airport vendors lost considerable revenue as customers stopped buying drinks and, at duty-free shops, bottles of perfume and liquor that were banned from the planes. And airlines had to contend with the sharp increase in checked bags.

"This is certainly a result of input from airports and airlines working with TSA to say this could work better if we made some common-sense changes," said Greg Principato, president of Airports Council International-North America. The Air Transport Association, which represents airlines, issued a statement supportive of the changes as well.

To counter any increased threat of items sold inside airports, Mr. Hawley said TSA would be stepping up random inspections of items sold inside the secure areas of airports and increasing security checks on workers in the areas.

Authorities do not expect more changes to these rules anytime soon. They might relax the rules further if they can upgrade technology so that liquid explosives could be detected by screening equipment at checkpoints. But while the TSA is testing machines that would do this, none is ready to be installed at airports.

Write to Laura Meckler at laura.meckler@wsj.com4

Screeners Allow Small Amounts Of Liquid (WT)

By Audrey Hudson

The Washington Times, September 26, 2006

Homeland Security Department officials are easing the ban on liquids aboard commercial aircraft and beginning today will allow passengers to carry on small amounts of gels and some aerosols, as well as drinks purchased from airport vendors beyond the security checkpoint.

Lipsticks and lotions will be screened and allowed on board, but they must be in containers no larger than 3 ounces and carried in one-quart, sealed plastic bags.

"These new measures will maintain security, while taking a common-sense approach," said Kip Hawley, assistant secretary of the Transportation Security Administration (TSA).

Exceptions will be made for baby and medical needs in quantities larger than 3 ounces. However, travelers must be prepared to present these items for inspection.

"The secret of getting through security smoothly is to de-clutter your bag," he said.

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All liquids were banned in carry-on luggage and passengers were prohibited from bringing beverages aboard aircraft after the arrests last month of numerous terrorist suspects in the Britain. Those arrested were suspected of plotting to bomb trans-Atlantic flights.

Officials at the time raised the advisory system threat level to Code Red, which signals a severe risk of attack, but the alert level has since been reduced to Code Orange, which indicates a high risk.

Canada also will be adjusting rules to reflect changes in the U.S., and Britain is expected to ease its aviation travel rules as well.

"We don't anticipate changing that overall aviation threat level any time in the near future," Homeland Security Deputy Secretary Michael P. Jackson said yesterday at a press conference at Ronald Reagan Washington National Airport.

Officials are increasing inspections of inventory sold by airport vendors in secure areas and performing more employee security checks, Mr. Hawley said.

"It doesn't make sense for us to have our [transportation security officers] out there fishing out lip gloss and mascara in the gate area," he said.

Clark Kent Ervin, former Homeland Security inspector general, criticized the decision to ease the rules.

"Either liquids and gels that are harmless in and of themselves can be combined to make a dangerous bomb or they can't be," Mr. Ervin said.

"If, as TSA warned when the ban was instituted, they can be dangerous, and if the terrorists remain determined to strike the aviation sector, and if we still have no technology to counter this threat, relaxing the ban makes no sense."

It seems, he said, that "TSA is putting the convenience of the traveler ahead of security."

The new rules, Mr. Hawley said, are based on explosives testing and information from the FBI.

"While this novel type of liquid explosives is now an ongoing part of the terrorist playbook and must be dealt with, we now know enough to say that a total ban is no longer needed from a security point of view," he said.

U.S. Eases Carry-On Liquid Ban (WP)

By Del Quentin Wilber

The Washington Post, September 26, 2006

Passengers on commercial airplanes will be allowed to travel with small amounts of liquids and gels in their carry-on luggage starting this morning -- the first major revision of a ban enacted last month in reaction to an alleged transatlantic bomb plot.

Drinks purchased inside secure areas also will be permitted on board.

Top U.S. aviation security officials, under pressure from airline and passenger groups, announced the easing of restrictions yesterday after, they said, they carefully studied the threat posed by liquid bombs. The restrictions, which went into effect on Aug. 10, disrupted travel for many passengers. Travelers complained about long lines to check in luggage, lengthy waits at the baggage carousels and the lack of bottled water on planes. Many took calculated risks and sneaked small amounts of hair gel and toothpaste through security.

Starting at 4 a.m. today, passengers will be allowed to bring on board containers holding three ounces or less of toiletries, such as lip gloss, hair spray, toothpaste and shaving cream. The products must fit "comfortably" inside a single, one-quart clear plastic bag that zips closed, officials said. The bag will be examined by X-ray machines and screeners.

Larger bottles of liquids and gels must be placed in checked bags or left at home, officials said.

After passing through security, passengers will be permitted to buy bottled water and other drinks in "sterile" gate areas and carry them onto planes. Authorities said they made that change because products inside the sterile areas have been screened by security officers and do not pose a threat.

"What you see here today is the prudent balancing of the work that we need to do to protect security and common sense," said Michael P. Jackson, deputy secretary of the Homeland Security Department, at a news conference yesterday at Reagan National Airport.

Airline and passenger groups had been privately pushing authorities to alter the bans, which were implemented after British authorities said they discovered a plot to bring down transatlantic flights with liquid explosives.

Trade groups reacted enthusiastically to the revisions, saying business travelers welcomed the chance to resume carrying on their luggage rather than checking most everything. The volume of checked bags rose 20 percent after the ban was enacted. "It's a really positive change for business travelers . . . because they normally wouldn't have to check their bags to get their toiletries on board," said Caleb Tiller, spokesman for the National Business Travel Association. "This is a very good change. People are pretty pleased."

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James C. May, president of the Air Transport Association, a trade group that represents major U.S. airlines, said the changes "put into place a security regimen that is consistent with the threat."

Top aviation security officials said researchers have studied how liquid explosives can damage aircraft. The tests and the analysis of bomb threats led officials to change the ban, they said.

"We now know enough to say that a total ban is no longer needed from a security point of view," said Kip Hawley, the head of the Transportation Security Administration, which provides security at more than 400 U.S. airports.

Hawley added that the changes made sense because he did not want screeners "fishing around for lip gloss -- there are a whole lot of other things we want our [officers] looking for."

The new policies will be "in place for an indefinite period of time," or until new security procedures or technologies emerge to combat the threat of liquid explosives, Hawley said.

Researchers in New Mexico are testing devices designed to detect liquid explosives. Further tests on more advanced devices are planned for coming months. TSA officials are also considering the purchase of upgraded X-ray machines and more sophisticated screening devices to help them find containers of liquid explosives and other bombs at checkpoints.

Several outside security experts, who had been critical of the TSA, said they generally supported the decision to ease the bans.

Bob Hesselbein, a pilot and the chairman of the Airline Pilots Association's national security committee, said the TSA was "moving in the right direction."

"It's a sensible step on the road to revising the screening to make better sense and be more efficient," Hesselbein said.

Hesselbein and other security experts said, however, that the TSA needs to focus more on people who pose a threat and devote less time to trying to find items. "We are concerned that a great deal of time is going to be spent on whether a liquid or gel is 2 1/2 ounces or 3 ounces," Hesselbein said. "We want to make sure that our security officers are focused on the hard-to-find explosives, and we don't want to see our security diluted."

Mike Boyd, a security consultant, said the new rules were a "knee-jerk" reaction to complaints from travel groups. Boyd said the TSA has been forced to shift tactics because it has not spent enough time or money developing countermeasures. "This ban shouldn't have been in effect at all," he said.

Change In TSA Policy Rewrites Air Travel Do's And Don'ts (USAT)

By Thomas Frank

USA Today, September 26, 2006

Q: When does the new policy on liquids take effect?

A: Today.

Q: What can be carried aboard?

A: Liquids, creams and gels can be taken through security checkpoints if they are in 3-ounce liquid containers, such as many travel-size toiletries. All of the containers must fit in a single, 1-quart, clear plastic bag.

Inside secure areas of airports, travelers can buy liquids of any size and carry them on a flight.

Q: How must liquids be carried through security?

A: They can be in the original packaging or in unmarked 3-ounce containers, which are commonly sold at drugstores.

The bag holding the containers must be removed from carry-on luggage and placed separately through X-ray machines so security screeners can easily examine them.

Q: Will plastic bags be available at security checkpoints?

A: The Transportation Security Administration won't provide bags. Many airports offer them in dispensers positioned along the lines leading to checkpoints.

Q: What about liquid medications?

A: Travelers may take prescription medicines that match the name on a ticket. Other liquids include: 4 ounces of non-prescription medications, such as eye care products; 5 ounces of low-blood-sugar treatments, including juices; and baby formula and breast milk. These items are inspected at checkpoints.

Q: Why are limits in place?

A: A ban on liquids was enforced last month after British authorities said they foiled a plot to blow up jets with liquid explosives. The TSA has eased the rules because it believes small amounts of liquids cannot do serious damage to an aircraft.

Q: How long will the limits remain?

A: “Until there's a significant process or technology improvement we can make” in finding liquid explosives at airport checkpoints, Transportation Security Administration chief Kip Hawley said.

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The TSA is testing new machines that could detect liquid explosives. However, it could be months or more before those machines undergo trials at airports.

Q: What is happening in other countries?

A: Canada adopts a policy today that is almost identical to the new U.S. policy. Some European countries might follow suit.

Keep The Ban (USAT)

By Clark Kent Ervin

USA Today, September 26, 2006

The Transportation Security Administration's (TSA) decision Monday to relax the ban on carrying liquids and gels onto airplanes was as predictable as it was ill-advised.

Since the plot to use liquid explosives to blow up multiple U.S.-bound jetliners was foiled, the issue has faded from the headlines. Many travelers have vigorously opposed yet another imposition on their freedom to travel. TSA tends to relax security measures when threats seem to recede and the public complains of inconvenience.

But, from everything we know, terrorists remain determined to attack our aviation sector, and it is widely agreed explosives pose the greatest danger. That is especially true of the kinds of explosives that can be assembled from liquids and gels that, in and of themselves, are harmless. Though we have known of this threat at least since 1994, our government has yet to develop technology that can effectively counter this threat. Hence, TSA's sensible decision in August to impose a near total ban on liquids and gels.

It would be one thing if TSA had developed an effective counter-technology in the ensuing weeks, but it has not done so. Instead, it says that it has determined that small quantities of liquids and gels pose no harm, and that drinks purchased in the "sterile" areas of airports past the screening checkpoints are likewise harmless.

I am skeptical that TSA has definitively determined that small quantities of liquids and gels pose no threat. Given its track record, it is far likelier that TSA has simply determined that small quantities pose minimal threats. The problem with that is I would have said that small things such as box cutters probably could not be used to kill 3,000 people, and yet, that's what the 9/11 hijackers did.

Moreover, if inherently innocuous items can be mixed to make a bomb, then permitting people to buy such items past the screening checkpoint at the airport and bring them onto airplanes is just as potentially dangerous as allowing people to carry on prefabricated bombs.

Air travel is already enough of a hassle; no one likes being inconvenienced any more than is necessary. Nonetheless, in the post-9/11 world, inconvenience is a small price to pay for greater security.

Clark Kent Ervin, director of the Aspen Institute's homeland security initiative, is former inspector general of the Department of Homeland Security and author of Open Target: Where America is Vulnerable to Attack.

Anthrax Not Weapons-Grade, Official Says (NYT)

By William J. Broad

The New York Times, September 26, 2006

Seeking to clear up public confusion, an F.B.I. official has reiterated the bureau's judgment that the anthrax in the letter attacks five years ago bore no special coatings to increase its deadliness and no hallmarks of a military weapon.

In theory, that finding could widen the pool of potential suspects in the unsolved case since the perpetrator would have required less skill and could have worked with more commonplace materials. What started as the largest criminal investigation in American history now, five years later, appears to be stalled.

The statement by the Federal Bureau of Investigation official contradicts an array of assessments over the years about the anthrax attacks, which in late 2001 killed 5 people and sickened 17 others. Tainted letters were dropped into a mailbox in Princeton, N.J., sending anthrax to offices of several publications and two United States senators.

Soon after, a variety of public and private experts proclaimed the deadly spores to have been specially treated to enhance their ability to float in the air and reach deep into human lungs, where they could germinate and kill their host. Some experts called the anthrax military-grade.

But the bureau official, Douglas J. Beecher, a scientist at the F.B.I. Laboratory in Quantico, Va., disputed such claims as misguided in a recent journal article.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapon production," Dr. Beecher wrote in the August issue of Applied and Environmental Microbiology. "The persistent credence given to this impression fosters erroneous preconceptions, which may misguide research and preparedness efforts and generally detract from the magnitude of hazards posed by simple spore preparations."

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The F.B.I. declined to make available lead scientists in the inquiry.

The Hartford Courant and The Washington Post referred to the Beecher piece in recent articles.

William C. Patrick III, a scientist who once made germ weapons for the American military and is now a private consultant on biological defense, agreed with the F.B.I.'s assessment. "The material was good, but not weapons grade," Mr. Patrick said in an interview. "You can't make that in your basement. It requires sophisticated equipment."

The misconceptions in the case began early, reinforced by edgy public officials and federal scientists struggling to assess an unfamiliar threat quickly. In Washington, the Armed Forces Institute of Pathology studied the anthrax and found what it believed to be added silica, a signature of military anthrax.

"This was a key component," an institute official said at the time. "Silica prevents the anthrax from aggregating, making it easier to aerosolize."

Last year, Edward G. Lake, a retired computer systems analyst in Racine, Wis., self-published a book, "Analyzing the Anthrax Attacks," that documented the silica misunderstanding as well as many other federal and private blunders. "There were," Mr. Lake said in an interview, "a lot of false assumptions."

For its part, the F.B.I. has quietly but fairly consistently argued for a humdrum explanation. In November 2001, it said the culprit was probably a domestic loner with at least limited scientific expertise who was able to use laboratory equipment obtained for as little as $2,500.

Steven J. Hatfill, a former Army biodefense expert, came under intense scrutiny in the case even as he vigorously proclaimed his innocence. His extensive ties to the American military establishment seemed like circumstantial evidence of guilt among those who saw the anthrax as highly refined and possibly of weapons-grade.

In 2003, Dr. Hatfill sued the bureau and the Justice Department, saying leaks to the news media about him and the public description of him by Attorney General John Ashcroft as a "person of interest" in the case had violated his privacy rights. He also has defamation suits pending against The New York Times, Reader's Digest and Vanity Fair.

Joseph Persichini Jr., acting assistant director of the Washington field office of the F.B.I., said in a recent statement that the bureau's "commitment to solving this case is undiminished."

"Despite the frustrations that come with any complex investigation,'' he said, "no one in the F.B.I. has, for a moment, stopped thinking about the innocent victims of these attacks — nor has the effort to solve this case in any way been slowed."

U.S. Rejects Visa For Muslim Scholar (AP)

By Larry Neumeister, Associated Press Writer

The AP, September 25, 2006

The government has rejected a prominent Muslim scholar's application to enter the country, contending that he gave support to a terrorist group, but his attorneys allege the U.S. is using charitable donations he made as a pretext for stifling his views.

Tariq Ramadan, a Swiss citizen who teaches at Oxford University, was denied a temporary business and tourism visa Thursday "based solely on his actions, which constituted providing material support to a terrorist organization," said Janelle Hironimus, a State Department spokeswoman.

Hironimus said she could not reveal specifics about Ramadan's case due to confidentiality rules regarding visa applications.

The American Civil Liberties Union said the U.S. government notified Ramadan he was being excluded because he donated $765 to French and Swiss organizations that provide humanitarian aid to Palestinians.

The ACLU said the organizations are legitimate charities in France, but the Bush administration contends the groups gave funds to the Islamic militant group Hamas, and has invoked a law allowing it to exclude individuals whom it believes have supported terrorism.

The ACLU said the decision to bar Ramadan amounts to censorship.

"This case is really about speech," said Jameel Jaffer, an ACLU lawyer. "The government is using the immigration laws as a means of silencing and stigmatizing a prominent cleric."

Ramadan has said he opposes the U.S. invasion of Iraq and U.S policies in Israel and the Palestinian territories, but that he has no connections to terrorism, opposes Islamic extremism and promotes peaceful solutions.

He said in a statement he was disappointed by the government's decision but was glad that the State Department had abandoned its initial allegation that he endorsed terrorism.

"I think it's clear from the history of this case that the U.S. government's real fear is of my ideas," he said. "I am excluded not because the government truly believes me to be a national security threat, but because of my criticisms of American foreign

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policies in the Middle East; because of my opposition to the invasion of Iraq; and because of my criticism of some of the Bush administration's policies with respect to civil liberties."

Hironimus defended the government's policies, saying the United States "welcomes the exchange of culture and ideas with the Islamic world." She said that in the past three years more than 450 religious scholars and leaders, the vast majority of them Muslim, had visited the United States as guests of the U.S. government.

Jaffer said the ACLU would decide whether to pursue the issue through the courts once it speaks with organizations it represents that filed a lawsuit challenging the government's exclusion of Ramadan.

Ramadan applied for a visa last year that would allow him to temporarily visit the United States to lecture or attend conferences, as he had prior to 2004 when he had spoken at Harvard University, Stanford University and elsewhere.

When the State Department did not rule on the application, the ACLU brought a lawsuit on behalf of several groups which had invited Ramadan to speak to force it to act.

In June, U.S. District Judge Paul A. Crotty in Manhattan ordered the government to rule on Ramadan's application within three months.

WAR NEWS:

Democrats Focus On Terrorism Report In Attacks On Bush (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, September 26, 2006

Democratic lawmakers yesterday seized on elements of a new classified intelligence assessment as validation of their long-standing position that the Iraq war has been a distraction from the broader war against terrorists, seeing the new study as an opportunity to undermine President Bush's determined offensive to turn terrorism to political advantage in the midterm elections.

A classified National Intelligence Estimate, completed in April but disclosed in news reports over the weekend, offers the U.S. intelligence community's first formal evaluation of global trends in terrorism since the April 2003 invasion of Iraq. U.S. officials said the report concludes that the Iraq war has fueled the growth of Islamic extremism and terror groups, but White House officials responded that the reports reflected a selective and distorted interpretation of the study.

Democratic lawmakers said the NIE finding undermines Bush's frequent claim that the toppling of Saddam Hussein's government has made the world more secure and confirms the need for a major change in strategy in Iraq. The findings were featured prominently at a hearing Senate Democrats held yesterday to review the conduct of the war and were cited by several retired generals offering harsh critiques of the administration's preparation for the Iraq war.

"The report underscores that the longer Bush and his enablers . . . keep us in Iraq, the more we undermine our own security," said Democrat Paul Hodes, who is seeking to oust incumbent Rep. Charles Bass (R-N.H.).

After weeks in which White House officials believed they had partly succeeded in reframing the elections around terrorism, rather than Iraq, the new report threatened to reverse those gains. Democrats also sought to benefit from a new interview Bush gave to CNN, in which the president said, "When the final history is written on Iraq, it will look just like a comma, because there is . . . a strong will for democracy." They said it was a sign that he was lightly dismissing the war in Iraq.

Administration officials rejected calls from Democrats -- and some Republicans -- to release an unclassified version of the report, and one official said the NIE discussed how the Iraq war has been used as a propaganda tool by terror groups.

Frances Fragos Townsend, the top White House adviser on terrorism, said one paragraph in nine pages of "key judgments" from the intelligence community discusses how "the war in Iraq is being used by extremists to spread the global extremist message," but added, "It does not say it has made us less safe." The "one thing that would make us less safe" is an immediate withdrawal of U.S. troops from Iraq, she added.

Senate Majority Whip Mitch McConnell (R-Ky.) noted that there have been no attacks on the United States since Sept. 11, 2001, and he described the new reports as "selective leaks put out within five or six weeks of the election designed to help the Democrats get control of the Congress."

According to officials familiar with the classified report interviewed by The Washington Post over the weekend, the study found that rather than contributing to eventual victory in the international counterterrorism struggle, the war in Iraq has worsened the U.S. position. Many experts on terrorism regard that finding as unexceptional -- indeed the CIA predicted it before the Iraq invasion -- but it runs counter to the argument presented by the president and his senior advisers.

Bush has repeatedly claimed that he attacked Iraq to defeat terrorists, accused Hussein of sponsoring terrorists and, as he put it in a speech last month to the American Legion, considers the world "better off" with "the tyrant gone from power" in

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Baghdad. He has described Iraq as the "central front" in the war against terrorists, noting frequently how Osama bin Laden has urged his followers to go to Iraq to fight the Americans.

In a recent round of speeches on terrorism tied to the fifth anniversary of the Sept. 11 attacks, Bush did not directly address the issue of whether the war in Iraq has spawned a surge in Islamic radicalism and terrorism.

White House press secretary Tony Snow declined to say yesterday whether the president agrees with the conclusion that Iraq has made terrorism worse. "I am not going to parse that particular statement," he said. "If we leave before we have a stable democracy, it will certainly embolden terrorist organizations."

One prominent GOP pollster said the new disclosures could put at risk any gains the White House may have made in recent weeks tying the war in Iraq to a broader war on terrorism. "Anything that undermines the connection between the war on terrorism and the war in Iraq is not helpful to us," said pollster Tony Fabrizio. "If nothing else, it puts the president on the defensive."

At yesterday's Democratic hearing, several retired generals said the NIE buttressed their complaints that the administration had prepared inadequately for the Iraq invasion and its aftermath.

"If we had seriously laid out and considered the full range of requirements for the war in Iraq, we would likely have taken a different course of action that would have maintained a clear focus on our main effort in Afghanistan, not fueled Islamic fundamentalism across the globe," said retired Maj. Gen John Batiste, former commander of the Army's 1st Infantry Division.

Senate Intelligence Committee Vice Chairman John D. Rockefeller IV (D-W.V.) called for the report to be declassified, saying its contents would not expose intelligence sources or intelligence-gathering methods. House Minority Leader Nancy Pelosi (D-Calif.) penned a letter to House Speaker J. Dennis Hastert (R-Ill.), demanding hearings on the estimate's conclusions.

Sen Pat Roberts (R-Kan.), chairman of the Intelligence Committee, joined in the call to declassify the new NIE. He said the administration should do so, so "the American people can see the material for themselves and come to their own conclusions," adding: "There is a false impression that the NIE focuses solely on Iraq and terrorism. That is not true. This NIE examines global terrorism in its totality."

Staff writer Walter Pincus contributed to this report.

Replace Rumsfeld, Say Ex-military Men (WT)

By Amy Fagan

The Washington Times, September 26, 2006

Retired military leaders yesterday told Senate Democrats that Defense Secretary Donald H. Rumsfeld should be replaced, saying he botched the war in Iraq.

Democrats said their long-standing criticisms of the administration are validated by a leaked intelligence assessment that reportedly found the Iraq war has helped spur more Islamic radicals.

Senate Minority Leader Harry Reid said April's National Intelligence Estimate (NIE), as described Sunday by the New York Times and The Washington Post, states "what many of us have been saying for months" about U.S. efforts in Iraq.

"It has made us less secure as a nation," the Nevada Democrat said as the Democratic Policy Committee opened it's first in a series of hearings to examine the war's planning and execution, leading up to November's elections.

According to the news stories, the intelligence report found Islamic radicalism has spread across the globe and the war in Iraq has contributed to that.

White House spokesman Tony Snow yesterday said the report "assesses that a variety of factors, in addition to the Iraq war, fuel the spread of jihadism, including longstanding social grievances, slowness of the pace of reform and the use of the Internet."

He said "it also notes that should jihadists be perceived to have failed in Iraq, fewer will be inspired to carry on the fight."

"In short, the news reports contain nothing that the president hasn't said," Mr. Snow told reporters.

Democrats said the administration should make the report public but Carl Kropf, a spokesman for Director of National Intelligence John Negroponte, said in an e-mail message that "there is no indication that this NIE will be declassified."

During yesterday's hearing, three retired military leaders who served in Iraq told several Senate Democrats and one House Republican -- Rep. Walter B. Jones of North Carolina -- that Mr. Rumsfeld must go because he ignored advice for more troops, failed to make a post-invasion plan or equip troops properly and hid information from the public.

"I believe that Secretary Rumsfeld and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq," retired Army Maj. Gen. John R.S. Batiste told the panel. Mr. Batiste, a self-described Republican who has been criticizing Mr. Rumsfeld for months, said the secretary "forbade military planners from developing plans for securing a postwar Iraq" and helped create the current insurgency by ignoring the potential for one, though it was "an absolute certainty."

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Retired Army Maj. Gen.Paul D. Eaton, who criticized Mr. Rumsfeld in the New York Times last spring, said the post-invasion effort in Iraq is about 60,000 troops short of what it needs for success and that the Army "is in terrible shape," lacking proper equipment and resources. He said Mr. Rumsfeld falls short "strategically operationally and tactically."

Retired Marine Col. Thomas X. Hammes said administration leaders have "failed to acknowledge we are in a war" and has not provided sufficient equipment, adequately supported the efforts to train Iraqis or asked Americans to make any wartime sacrifices.

All three of the retired leaders, however, backed up the administration assertion that pulling out of Iraq now would be disastrous and cause a dangerous regional instability. Mr. Rumsfeld said yesterday he has no intention of resigning and Senate Republicans sent out a long list of retired military leaders who strongly and publicly support him.

Republicans called the Democrats' hearing a "stunt" and accused Democrats of ignoring anti-terrorism legislation.

"Today's 'hearing' is an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security," said Sen. John Cornyn, Texas Republican. "I just wish that they would spend as much effort working with Republicans on passing the terrorist surveillance bill, passing military tribunal legislation and approving key anti-terror nominees, as they do on blocking, blaming and holding election-year stunts."

cRowan Scarborough and Bill Gertz contributed to this story.

Senators Call For Release Of Intelligence Estimate On Terrorism (NYT)

By Mark Mazzetti

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — The top Republican and Democratic members of the Senate Intelligence Committee called on Monday for the White House to declassify the National Intelligence Estimate on terrorism that was produced in April.

But Bush administration officials said they did not intend to make the document public.

The existence of the document was disclosed over the weekend by The New York Times. According to American officials who have read the document, its conclusions include a judgment that the American invasion and occupation of Iraq have helped fuel the global jihad movement and that Islamic radicalism has spread since the Sept. 11, 2001, attacks.

Senators Pat Roberts, the Kansas Republican who is committee chairman, and John D. Rockefeller IV of West Virginia, the ranking Democrat, said the report should be released to improve understanding of the terrorism threat that the United States faces.

“I think the administration should declassify this document so the American people can see the material for themselves and come to their own conclusions,” Mr. Roberts said in a statement.

Mr. Roberts and Mr. Rockefeller said the estimate should be stripped of sensitive material before being released.

The estimate also cites progress in attacking terrorist networks throughout the world, particularly efforts to kill or capture Qaeda senior leaders, they said.

White House officials said Monday that making the information public would only help terrorists gain a better understanding of how much the United States knows of their operations.

“What we don’t want to do is tell them what we know so they know how to operate around that,” Frances Townsend, the White House domestic security adviser, said in an interview on CNN. “The leaking of classified documents is always very dangerous, and it’s particularly dangerous in this case.”

The intelligence estimate is the first formal assessment of the terrorism threat by American spy agencies since the Iraq war began in 2003.

It is the consensus of the 16 spy agencies across government.

The counselor to the president, Dan Bartlett, told CNN on Monday that releasing the report would have a chilling effect on the intelligence analysts “who are trying to give very candid advice or very candid estimates.”

In the House, Democrats promised to continue pressing the White House to release the document and wrote a letter to Speaker J. Dennis Hastert of Illinois calling for formal hearings into the findings.

Among those who signed the letter was Representative Jane Harman of California, the top Democrat on the House Intelligence Committee.

U.S. Urged To Release Terror Assessment (AP)

By Katherine Shrader

AP, September 26, 2006

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The top Republican and Democrat on the Senate Intelligence Committee urged the Bush administration Monday to declassify the most recent, high-level intelligence assessment on global terror — a report that has given new fervor to the election-year debate about how the Iraq war has changed security threats.

Chairman Pat Roberts, R-Kan., said the American people should be able to see a public version of the report and draw their own conclusions about its contents. So far, he said, the public discussion has given the "false impression" that the National Intelligence Estimate focuses exclusively on Iraq and terrorism.

"That is not true," Roberts said, noting that the committee has had the report since April. "This NIE examines global terrorism in its totality."

In a letter to National Intelligence Director John Negroponte, West Virginia Sen. Jay Rockefeller, the committee's top Democrat, said declassifying the report's conclusions would provide a complete picture of the report and "contribute greatly to the public debate" on counterterrorism policies.

The report distills the thinking of senior U.S. intelligence analysts working throughout the nation's 16 spy agencies. Its conclusions are considered to be the voice of the U.S. intelligence community.

The New York Times first reported Saturday that the highly classified assessment finds that the U.S. invasion of Iraq has helped fuel a new generation of extremists and that the overall terror threat has grown since the attacks of Sept. 11, 2001 — a conclusion at odds with President Bush's assertions that the nation is safer.

But Bush administration officials including Negroponte are contesting the media accounts, saying they describe only a portion of the conclusions and therefore distort the analysts' findings on trends in global terrorism.

Negroponte was to speak at a dinner in Washington Monday night.

As the November election approaches, the report has touched off an intense political debate about the impact of Iraq on U.S. security and the Bush administration's ability to go after terrorists.

House Minority Leader Nancy Pelosi, D-Calif., said Osama bin Laden and other Sept. 11 planners have not yet been brought to justice and Bush should read the intelligence carefully "before giving another misleading speech about progress in the war on terrorism." She and 10 other Democratic leaders asked House Speaker Dennis Hastert, R-Ill., to hold hearings on the document's findings.

Intelligence officials don't normally discuss such high-level assessments in public before they are declassified. Yet in an unusual statement issued Sunday, Negroponte said the intelligence estimate "highlights the importance of the outcome in Iraq on the future of global jihadism."

He said the document concludes that "should the Iraqi people prevail in establishing a stable political and security environment, the jihadists will be perceived to have failed and fewer jihadists will leave Iraq determined to carry on the fight elsewhere."

At a speech in April, also believed to draw from the intelligence assessment, Negroponte's deputy at the time, Gen. Michael Hayden, said the centrality of the fight in Iraq and the diffusion of radical Islamic groups reinforce each other.

"We must understand the deep underlying realities there, and more importantly how it is routinely portrayed in Islamic media, continues to cultivate supporters for the global jihadist movement," he said.

Hayden said the threat from "self-radicalized" cells that are not necessarily tied to al-Qaida or some other central organization will also grow in importance. "The homeland will not be immune to such cells, but the threat will be especially acute abroad," he said.

Frances Townsend (CSM)

By David Cook

The Christian Science Monitor, September 26, 2006

Frances Townsend, assistant to the president for homeland security and counterterrorism, is a self-described worrier.

At a breakfast Monday with reporters she quipped, "If we were going to go through the long list of things that bother me and that I worry about, we would be here for lunch."

Given the life and death issues she oversees, Townsend's concerns are understandable. Her assignment is coordinating efforts to battle terrorists and protect the nation by a host of disperate government actors, including the fledgling Homeland Security Department, the FBI, the CIA, and the Justice Department.

The youthful and outgoing Townsend is a rarity in Washington - someone who worked in the top reaches of both the Clinton and the Bush administrations. President George Bush has entrusted her with a crucial portfolio. During Bill Clinton's presidency, Townsend rose through a series of increasingly influential Justice Department positions and ended up as counsel to Attorney General Janet Reno for Intelligence Policy.

Townsend spent much of Monday morning responding to a spate of terrorism related stories that broke over the weekend.

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On Saturday, the New York Times website reported that the classified National Intelligence Estimate (NIE) said that the war in Iraq had made the overall problem of terrorism worse by fueling a new generation of Islamic radicalism. The document is a consensus view produced by the 16 spy agencies within the US government.

Townsend's response: "It is not clear to me that the headline we saw ... that America is less safe, is actually contained in the NIE. The statements that were leaked, once again it was classified information, and that is always damaging. And secondly, what I would say ... is most damaging, frankly, as the director of national intelligence said yesterday, [is that] it is taken out of context. This was a multi-page report which looked at the course of the developing enemy and [is] not inconsistent with what the president said, that ... this network is changing. We have not only a centralized structure where Al Qaeda is the most dangerous enemy, but we also have these more dispersed networks."

Townsend was asked why the US should stay in Iraq if the war there makes the problem of terrorism worse. Her response: "To leave Iraq would make us less safe. There is no question based on the statements by [Osama] bin Laden and [Ayman] Zawahiri. They very much view Iraq as the central front on the war on terror."

A number of the questions at the breakfast were triggered by the stormy interview Fox News anchor Chris Wallace had with former President Clinton. The interview aired on Fox News Sunday.

During the interview, Clinton said that the current administration "thinks Afghanistan is one seventh as important as Iraq." He also said that if he were president, he would have more than 20,000 troops looking for Osama bin Laden. "I got closer to killing him than anybody's gotten since. And if I were still president, we'd have more than 20,000 troops there trying to kill him," a visibly angered Clinton told Wallace.

When asked if the Bush administration had misallocated resources in the war on terror by shortchanging efforts in Afghanistan, Townsend responded: "It is not just a question of our allocation of forces, remember we've got NATO and coalition forces there. This is a coalition effort. And yeah, we are satisfied. We are satisfied with the effort there. This has been of primary importance [not only] among our military, but also among our intelligence and law enforcement communities as well."

Townsend said she was offended by some of President Clinton's remarks on Fox News Sunday. When asked why she took offense, Townsend responded: "It is not terribly productive at this stage to spend a whole lot of time looking back. We have the 9/11 Commission Report. We have done that and ... the looking back piece I don't find a terribly fruitful topic of discussion. I think it is unfair to suggest, whatever the agreements or disagreements are between the two administrations in terms of their approach,... that anybody doesn't take this threat seriously, doesn't want to stop the next attack. When I say it offends me, it offends me the notion that anybody wants to see that happen again or isn't doing everything that they believe is legitimately within their power to do. It appeared in the heat of the moment that the president was angry, he felt attacked, and he reacted."

When she was asked about reports, which started in the French press, that Osama bin Laden was either dead or seriously ill, Townsend responded: "The world will be a better, safer place without him however he leaves us, whether that is being brought to justice, being killed, or getting sick. I have not seen any evidence or intelligence to suggest the report is true." Later, Ms. Townsend added, "I can't say anything about his health or his demise because it would require me to get into classified information."

Townsend was asked for an update on the alleged terrorist plot to use liquid explosives to destroy planes traveling between the United Kingdom and the US. Her response: "We have felt mightily constrained in our public comments because of British law. There are Pakistani British citizens and Pakistani immigrants in Great Britain who have come up repeatedly, over and over in terms of these cases. Is that a concern to us? Yes, it is and you can imagine it is even a greater concern to our British allies. Based on my own experience, I will be surprised at the end of the investigation if we don't come to find links back to Al Qaeda, given what we currently know."

Townsend's experience - and rapid rise - is due in part to what she has called her "triple type-A" personality. She is the first person in her family to graduate from high school. She went on to graduate with honors from American University with a BA in political science and then earned her law degree at the University of San Diego. Her legal career began in 1985 as an assistant DA in Brooklyn. Three years later, she was hired by Rudolph Giulani in the Manhattan US Attorney's office and focused on white collar crime.

Ms. Townsend returned to Washington in 1993. Early in the Bush administration, she was assistant commandant of the Coast Guard for intelligence. She moved to the White House in 2003 and assumed her current position in May 2004.

More Leaks, Please (WP)

By Robert Kagan
The Washington Post, September 26, 2006
Questioning the Iraq Intelligence Report

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It's too bad we won't get to see the full National Intelligence Estimate on "Trends in Global Terrorism" selectively leaked to The Post and the New York Times last week. The Times headline read "Spy Agencies Say Iraq War Worsens Terrorism Threat." But there were no quotations from the NIE itself, so all we have are journalists' characterizations of anonymous comments by government officials, whose motives and reliability we can't judge, about intelligence assessments whose logic and argument, as well as factual basis, we have no way of knowing or gauging. Based on the press coverage alone, the NIE's judgment seems both impressionistic and imprecise. On such an important topic, it would be nice to have answers to a few questions.

For instance, what specifically does it mean to say that the Iraq war has worsened the "terrorism threat"? Presumably, the NIE's authors would admit that this is speculation rather than a statement of fact, since the facts suggest otherwise. Before the Iraq war, the United States suffered a series of terrorist attacks: the bombing and destruction of two American embassies in East Africa in 1998, the terrorist attack on the USS Cole in 2000, and the attacks of Sept. 11, 2001. Since the Iraq war started, there have not been any successful terrorist attacks against the United States. That doesn't mean the threat has diminished because of the Iraq war, but it does place the burden of proof on those who argue that it has increased.

Probably what the NIE's authors mean is not that the Iraq war has increased the actual threat. According to the Times, the report is agnostic on whether another terrorist attack is more or less likely. Rather, its authors claim that the war has increased the number of potential terrorists. Unfortunately, neither The Post nor the Times provides any figures to support this. Does the NIE? Or are its authors simply assuming that because Muslims have been angered by the war, some percentage of them must be joining the ranks of terrorists?

As a poor substitute for actual figures, The Post notes that, according to the NIE, members of terrorist cells post messages on their Web sites depicting the Iraq war as "a Western attempt to conquer Islam." No doubt they do. But to move from that observation to the conclusion that the Iraq war has increased the terrorist threat requires answering a few additional questions: How many new terrorists are there? How many of the new terrorists became terrorists because they read the messages on the Web sites? And of those, how many were motivated by the Iraq war as opposed to, say, the war in Afghanistan, or the Danish cartoons, or the Israel-Palestine conflict, or their dislike for the Saudi royal family or Hosni Mubarak, or, more recently, the comments of the pope? Perhaps our intelligence agencies have discovered a way to examine, measure and then rank the motives that drive people to become terrorists, though I tend to doubt it. But any serious and useful assessment of the effect of the Iraq war would, at a minimum, try to isolate the effect of the war from everything else that is and has been going on to stir Muslim anger. Did the NIE attempt to make that calculation?

Such an assessment would also require some estimate of what the terrorist threat would look like today if the war had not happened. For instance, did the authors of the NIE calculate the effect of the Sept. 11 attacks on the recruitment of terrorists or the effect of the bombings in Madrid and London? It is certainly possible that these events produced an increase in would-be terrorists by showing the possibility of sensational success. So if there is an overall increase, how much of it was the result of Iraq or the Danish cartoons or other perceived Western offenses against Islam, and how much of it is a continuing response to al-Qaeda's own terrorist successes before, on and after Sept. 11?

Finally, a serious evaluation of the effect of the Iraq war would have to address the Bush administration's argument that it is better to fight terrorist recruits in Iraq than in the United States. This may or may not be true, although again the administration would seem to have the stronger claim at the moment. But a serious study would have to measure the numbers of terrorists engaged in Iraq, and the numbers who may have been killed in Iraq, against any increase in the numbers of active terrorists outside Iraq as a result of the war. Did the NIE make such a calculation?

There is, in addition to all this, a question of context. What should we do if we believe certain actions might inspire some people to become potential terrorists? Should we always refrain from taking those actions, or are there cases in which we may want to act anyway? We have pretty good reason to believe, for instance, that the Persian Gulf War in 1991, and the continuing presence of American troops in Saudi Arabia after the war, was a big factor in the evolution of Osama bin Laden and al-Qaeda. We are pretty sure that American support of the Afghan mujaheddin against the Soviet occupation forces in the late 1970s and early '80s also contributed to the growth of Islamic terrorism.

Knowing this, would we now say that we made a mistake in each of those cases? Would an NIE argue that we would be safer today if we had not helped drive the Soviets from Afghanistan or Saddam Hussein from Kuwait? The argument in both cases would be at least as sound as the argument about the most recent Iraq war.

In fact, the question of what actions make us safer cannot be answered simply by counting the number of new terrorist recruits those actions may inspire, even if we could make such a count with any confidence. I would worry about an American foreign policy driven only by fear of how our actions might inspire anger, radicalism and violence in others. As in the past, that should be only one calculation in our judgment of what does and does not make us, and the world, safer.

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Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes a monthly column for The Post. His book "Dangerous Nation," a history of American foreign policy, will be published next month.

Declassify The Terrorism NIE (WSJ)

The Wall Street Journal, September 26, 2006

As media scoops go, those based on "classified" information seem to have a special cachet. But judging from the latest, selective intelligence leak about terrorism, we wonder if anyone would bother to read this stuff if it didn't have the word "secret" slapped on it.

That's our reaction to Sunday's New York Times report claiming that a 2006 national intelligence estimate, or NIE, concludes that "the Iraq war has made the overall terrorism problem worse," according to one of the unidentified "intelligence officials" cited in the article. This is supposedly because the war has provoked radical Islamists to hate America even more than they already did before they hijacked airplanes and flew them into buildings. If this is the kind of insight we pay our spooks to generate, we're in more trouble than we thought.

It's impossible to know how true this report is, of course, since the NIE itself hasn't been leaked. The reports are based on what sources claim the NIE says, but we don't know who those sources are and what motivations they might have. Since their spin coincides rather conveniently with the argument made by Democratic critics of the war, and since this leak has also conveniently sprung in high campaign season, wise readers will be skeptical.

The White House responded yesterday by saying the full NIE on "Trends in Global Terrorism" is far more nuanced and complex than the press reports claim. Spokesman Tony Snow added that one "thing the reports do not say is that war in Iraq has made terrorism worse." So here's our suggestion for President Bush: Declassify the entire NIE.

It's not as if NIEs usually contain sensitive raw intelligence. They're more like Council on Foreign Relations reports, full of consensus analysis and glorified by the mere fact of being "secret." To the extent that any passages might compromise sources and methods, those parts could be redacted or summarized. Meanwhile, disclosure would give the American public a valuable window into the thinking that goes on at places like the CIA. Since some of our spooks are leaking selectively to make the President look bad, Mr. Bush should return the favor by letting the public inspect the quality of analysis that their tax dollars are buying.

Releasing the NIE would also show that the White House has learned something since 2003, which is when the last pre-election bout of selective intelligence leaks began. That leak du jour claimed that an October 2002 NIE had contradicted Mr. Bush's claims in his State of the Union address about Iraq seeking uranium in Africa. We happened to gain access to the complete NIE, however, and reported on July 17, 2003, that the leaked accounts were incomplete and misleading. The Senate Intelligence Committee vindicated our account a year later, but the Bush Administration could have reduced the political damage by declassifying that 2002 NIE immediately.

As for the substance of the 2006 NIE's alleged claims, does anyone doubt that many jihadis are rallying against the American presence in Iraq? The newspapers tell us that much every day. Whether the war in Iraq has produced more terrorist hatred than would otherwise exist, however, is a matter of opinion and strategic judgment.

We recall, for example, that one of Osama bin Laden's justifications for declaring war against the U.S. was American enforcement of sanctions and a no-fly zone against Iraq before the 2003 invasion. Bin Laden didn't need the war to hate us. More broadly, the liberation of Iraq and Afghanistan has deprived the jihadis of two safe havens and sources of funds. So while there are still many al Qaeda-type terror cells out there, there's no reason to believe they are any more dangerous now than before April 2003. Abu Musab al-Zarqawi, one of the terrorists who was harbored in Iraq before the war, certainly isn't any more dangerous; he's dead.

The real issue at stake here is a political and policy fight over the future of Iraq. The Democrats claim that Iraq is a "distraction" from the war on terror and so a rapid U.S. withdrawal would leave the U.S. with more resources to fight elsewhere. Mr. Bush says Iraq is now the central front in the war on terror, and that withdrawing would create a vacuum that the Islamists would fill and give them a potential new state-supported base of operations. That's the choice voters really ought to be thinking about as they go to the polls in November, and if the NIE has something useful to say about that debate, Mr. Bush should disarm the selective leakers in his bureaucracy by making it public.

Qaeda Operative, An Escapee In ’05, Is Killed In Iraq (NYT)

By Sabrina Tavernise

The New York Times, September 26, 2006

DOJ_NMG_0069334

BAGHDAD, Sept. 25 — A senior operative of Al Qaeda who engineered a brazen escape from a high-security American prison in Afghanistan last year was killed Monday in a predawn raid by British soldiers in a quiet, wealthy neighborhood in southern Iraq, an American official and an official in Basra said.

About 250 soldiers wearing night-vision goggles and carrying specially equipped rifles stormed a house in the Junainah neighborhood of Basra, intending to capture the operative, whom the spokesman for the British military in Iraq identified as Omar al-Faruq, an Iraqi. They were fired upon as they entered, and shot back, killing Mr. Faruq.

The British military spokesman, Maj. Charles Burbridge, said Mr. Faruq was "a terrorist of considerable significance" who had been hiding in Basra, but declined to say whether he was the same man who had escaped from the American military detention center in Bagram, Afghanistan, in July 2005. An American official in Washington and an official in Basra, neither of whom was authorized to speak publicly on the subject, said Mr. Faruq was the same man.

At the time of his arrest, in Jakarta, Indonesia, in June 2002, Mr. Faruq was described as one of the most important Qaeda figures ever captured by the United States. He told C.I.A. interrogators at Bagram that he had been sent to the region to plan large-scale attacks against American embassies and other targets in Southeast Asia.

Bush administration officials said in 2002 that he had given them information about an impending Qaeda attack in the region that year, not long before a bomb blast on the Indonesian island of Bali killed more than 180 people.

After his arrest, he was transferred to the American detention center at Bagram, 40 miles north of Kabul, where he was held by the military. Military personnel said in an interview last year that he was taken from the detention center by C.I.A. operatives. He had been sent back to Bagram by the time of his escape and was on a list of prisoners marked for transfer to Guantánamo Bay, Cuba, military officials said. In a videotape released on the Internet this year, a man identified as Faruq al-Iraqi, or Faruq the Iraqi, recounted roughly the same chronology.

The escapes embarrassed the United States, and American military officials at Bagram disclosed them only belatedly. The fact that Mr. Faruq was among those who got out emerged much later — during an unrelated Army trial in November 2005 of a sergeant who had been accused of mistreating him in 2002.

Though Iraq is awash with insurgents who identify themselves as members of Al Qaeda, the most senior Qaeda leaders have rarely been Iraqi. Abu Musab al-Zarqawi, killed this year, was a Jordanian, and Ayman al-Zawahri is an Egyptian.

But Mr. Faruq, who was born in 1969 to Iraqi parents, grew up in Kuwait, according to a Basra police official and American and British military officials. In Kuwait, he would have had better access to radical Islamic networks, because Saddam Hussein ran Iraq as a police state and did not allow radical Islam to spread.

Even so, many Iraqis who had lived for years in Kuwait were ejected by that government after Iraq invaded in 1991. Mr. Faruq's family, it appears, was among the returnees: his mother and two brothers live in Iraq, according to a neighbor of the family in Basra, and the spokesman for the Basra police, Col. Abdul Kareem al-Zaidy.

It was not clear how Mr. Faruq came to be in Iraq. Even with his Iraqi roots, it was unusual for him to surface here. Crossing borders — even Iraq's relatively porous ones — would have been tricky because he was so well known in intelligence circles. His choice of hiding places is even more puzzling: southern Iraq is a Shiite region where a small Sunni Arab minority is increasingly persecuted, and moving around in the area would have been difficult.

"It's surprising for someone like him to be able to make it to Iraq, where everyone knows how he looks," said Rita Katz, director of SITE, a Washington group that tracks Islamic militants. "The guy has long Al Qaeda records."

According to the neighbor who lives next door to the house where Mr. Faruq was killed, who gave only his first name, Ali, Mr. Faruq entered Iraq from Kuwait about 20 days ago. He had been staying with a brother, Tariq, in the town of Zubayr, the one large Sunni enclave just south of Basra, about 20 miles from the Kuwait border, Ali said. He said he had learned of Mr. Faruq's return from another of his brothers, Mohamed.

Mr. Faruq's mother, who lives in Basra, had fallen ill, and Mr. Faruq arrived for a visit within the past few days, Ali said.

Major Burbridge said the British soldiers had received intelligence about where Mr. Faruq would be and when, "and acted on it very quickly."

Colonel Zaidy, the Basra police spokesman, said by telephone from Basra on Monday night that in Iraq the man went by a different name, Mahmoud Ahmed Mohamed al-Rashid. The tribal name is common for Sunni Arabs in Basra.

Since his jailbreak in 2005, in which he and three other detainees picked the lock on their cell, changed out of their uniforms and sneaked out of the base to a getaway vehicle, Mr. Faruq appears to have been active among Islamic groups in Afghanistan. He has surfaced in references on Islamist Web sites several times, and was featured in a videotape at least once.

The videotape, released in February 2006, shows a man identified as Faruq al-Iraqi dressed in an Arab headdress and a long-sleeve, button-down white shirt with ammunition strapped to his chest and seated under a leafy tree.

Speaking animatedly and gesturing with a small stick, the man spoke of his experience in the American prison system in Afghanistan. At first, he said, he was asked routine questions and later was transferred to a center nicknamed the "prison of

darkness," because there was no light inside. He said he was abused, with cords tied tightly around his wrists and music played at excruciating volumes.

He said that interrogators accused him of destroying the World Trade Center, and that they would blast the sound of an explosion, saying it was the planes hitting the towers, and then of people screaming. He straightened up and let out a shout to imitate the sound.

More is known about Mr. Faruq's life than about those of many other insurgent leaders, though much of the information has come from the interrogation of Abu Zubaydah, a senior Qaeda operative in American custody. Mr. Faruq was said to have accompanied Mr. Zawahri, Al Qaeda's leading strategist, on a visit to Aceh, Indonesia, and, according to a C.I.A. report cited by Time magazine in 2002, was responsible for a series of bombings in Indonesia in 2000 that killed more than a dozen people.

Ali, the neighbor in Basra, said Mr. Faruq had usually worn a beard but was now clean shaven. He said his family was looking for a wife for him. He was said to have married in Indonesia before his arrest.

Colonel Zaidy said Mr. Faruq's body had been hit with five bullets.

Versions of the raid differed. Major Burbridge said the British soldiers were able to "achieve an element of surprise" in the raid, in part because it was nighttime but also because the neighborhood was quiet and relatively peaceful. He said Mr. Faruq was alone in the house, though Ali said he saw one of Mr. Faruq's relatives outside during the raid. The man asserted that British soldiers had put a bag over his head.

"It's regrettable that as a result of an exchange of fire he died," Major Burbridge said.

Ali said that he heard sounds of a scuffle and that the British soldiers shouted at someone to stop. A man's voice answered "God is great" in Arabic.

Also on Monday, Iraqi members of Parliament began forming committees to discuss new rules that would allow for the creation of large federal regions, an extremely divisive issue here. Politicians decided recently to postpone any detailed new guideline until 2008.

At least eight people were killed in Iraq on Monday, and more than a dozen were wounded, Iraqi officials said.

The American military reported that insurgents shot an American soldier near Mosul on Monday. The soldier later died from the wounds.

British Forces Kill Leading Terrorist (AP-Y)

By Patrick Quinn, Associated Press Writer

AP, September 26, 2006

British forces shot and killed a leading al-Qaida terrorist Monday more than a year after he embarrassed the U.S. military by making an unprecedented escape from a maximum security military prison in Afghanistan, officials said.

Omar al-Farouq was gunned down after he opened fire on British forces during a raid on his home in Basra, 340 miles southeast of Baghdad, British forces spokesman Maj. Charlie Burbridge said.

Burbridge said he could not comment on whether it was the same man who allegedly led al-Qaida's Southeast Asia operations, citing British policy not allowing him to link an individual to a specific organization.

But a Basra police officer, speaking on condition of anonymity for security reasons, said it was the same man. The officer said al-Farouq entered Iraq three months ago, was known to be an expert in bomb making and went by the name Mahmoud Ahmed while in Basra.

Al-Farouq and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, but the Pentagon waited until November to confirm his escape. The delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States.

In Indonesia last November, al-Farouq's wife said the U.S. government should have put her husband on trial.

"My husband was kidnapped by America but they never officially told us ... for more than three years," Mira Agustina said then. "I don't believe that my husband was a terrorist. He is only an ordinary man who cried when he watched movies about violence."

"I was shocked when news broke that my husband was a terrorist wanting to kill many people," she said, adding that she told her two daughters that their father had gone off to America "to work."

But a top security consultant in Indonesia, Ken Conboy, told The Associated Press last year that al-Farouq joined al-Qaida in the early 1990s and trained in Afghanistan for three years before unsuccessfully trying to enroll at a flight school in the Philippines so he could commandeer an airplane on a suicide mission.

He later plotted to stage car and truck bombings at U.S. embassies across Southeast Asia on or near the first anniversary of the Sept. 11 terror attacks, but the plan was thwarted and he was captured, Conboy said.

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It was not known why al-Farouq fled to Iraq, but officials have said he was born in Kuwait to Iraqi parents. In the interview last year, Conboy played down concerns that al-Farouq would go to Southeast Asia.

"He's Iraqi after all. If he's not hiding out (in Afghanistan or Pakistan), he's probably headed to Iraq to join the fight there," Conboy said then.

Al-Farouq and the three other escapees boasted about their breakout from Bagram on a video broadcast in October 2005 on Al-Arabiya television. They claimed to have plotted their escape on a Sunday when many Americans on the base were off duty. One of the four, Muhammad Hassan, said to be Libyan, said he picked the lock of their cell.

In the video, apparently filmed in Afghanistan, the men show fellow militants a map of the base and the location of their cell. Another shot in the video showed Hassan leading a prayer.

Some 250 British troops from the Princess of Wales' Royal Regiment took part in the raid on al-Farouq's home Monday.

"We had information that a terrorist of considerable significance was hiding in Basra. As a result of that information we conducted an operation in an attempt to arrest him," Burbridge told the AP by telephone from southern Iraq. "During the attempted arrest Omar Farouq was killed, which is regrettable because we wanted to arrest him," Burbridge said.

In Baghdad, meanwhile, Iraqi politicians praised a deal Monday among the largest Shiite, Sunni Arab and Kurdish groups that delays a possible division of Iraq until the constitution is amended.

But Iraq's second-largest Sunni group rejected the deal and promised to fight any effort to divide the country now or in the future.

Saleh al-Mutlaq's National Dialogue Front also accused Iraq's biggest Sunni Arab coalition of ignoring "the will of the people" by signing on to the deal and suggested it had betrayed the community for political gain.

Legislators formed a 27-member committee Monday to begin talking about amending the constitution. It will take about a year to review any changes and get them approved — first by parliament and then by referendum.

The separate Shiite-sponsored federalism bill will be read to the legislature Tuesday and debated for two days. It could be voted into law as early as Oct. 5.

Although the deal allows Shiites to gain quick approval for their legislation, it makes them wait 18 months before it can become law. In the meantime, Sunni Arabs have a year to try to hammer out a deal to amend the constitution in an effort to dilute the federalism law.

Sunni Arabs fear that if the constitution is not amended, the legislation will splinter the country and deny them a share of Iraq's oil, which is found in the predominantly Kurdish north and the heavily Shiite south.

The deal was seen by many as a victory for Sunnis. But in many respects it was a pyrrhic victory — any constitutional amendment must be approved in a referendum, which may not be supported by many Shiites or Kurds. Shiites make up 60 percent of Iraq's population of about 26 million. Kurds are about 20 percent and Sunni Arabs 15-20 percent.

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Associated Press writers David Rising and Qassim Abdul-Zahra and Sameer N. Yacoub contributed to this report.

Ex-military Officers Criticize Rumsfeld (AP)

By David Espo

AP, September 26, 2006

Retired military officers on Monday bluntly accused Defense Secretary Donald H. Rumsfeld of bungling the war in Iraq, saying U.S. troops were sent to fight without the best equipment and that critical facts were hidden from the public.

"I believe that Secretary Rumsfeld and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq," retired Maj. Gen. John R. S. Batiste told a forum conducted by Senate Democrats.

A second military leader, retired Maj. Gen. Paul Eaton, assessed Rumsfeld as "incompetent strategically, operationally and tactically."

"Mr. Rumsfeld and his immediate team must be replaced or we will see two more years of extraordinarily bad decision-making," Eaton added at the forum, held six weeks before the Nov. 7 midterm elections, in which the war is a central issue.

Sen. John Cornyn, R-Texas, a member of the Armed Services Committee, dismissed the Democratic-sponsored event as "an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security."

"Today's stunt may rile up the liberal base, but it won't kill a single terrorist or prevent a single attack," Sen. Mitch McConnell, R-Ky., said in a statement. He called Rumsfeld an "excellent secretary of defense."

Senate Judiciary Committee Chairman Arlen Specter, speaking Monday at the National Press Club, said election-season politics may be what's standing in the way of finding a solution to the insurgency in Iraq.

"My instinct is, once the election is over, there will be a lot more hard thinking about what to do about Iraq and a lot more candid observations about it," said Specter, R-Pa.

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The conflict, now in its fourth year, has claimed the lives of more than 2,600 American troops and cost more than $300 billion.

Sen. Byron Dorgan, D-N.D., the committee chairman, told reporters last week that he hoped the hearing would shed light on the planning and conduct of the war. He said majority Republicans had failed to conduct hearings on the issue, adding, "if they won't ... we will."

Since he spoke, a government-produced National Intelligence Estimate became public that concluded the war has helped create a new generation of Islamic radicalism and that the overall terrorist threat has grown since the attacks of Sept. 11, 2001.

Along with several members of the Senate Democratic leadership, one Republican, Rep. Walter Jones of North Carolina, participated. "The American people have a right to know any time that we make a decision to send Americans to die for this country," said Jones, a conservative whose district includes Camp Lejeune Marine base.

It is unusual for retired military officers to criticize the Pentagon while military operations are under way, particularly at a public event likely to draw widespread media attention.

And Senate Republicans circulated a statement by four retired generals that said, "(W)e do not believe that it is appropriate for active duty, or retired, senior military officers to publicly criticize U.S. civilian leadership during war." The group included two three-star generals, John Crosby and Thomas McInerny, and a pair of two-star generals, Burton Moore and Paul Vallely.

But Batiste, Eaton and retired Col. Paul X. Hammes were unsparing in remarks that suggested deep anger at the way the military had been treated. All three served in Iraq, and Batiste also was senior military assistant to then-Deputy Secretary of Defense Paul Wolfowitz.

Batiste, who commanded the Army's 1st Infantry Division in Iraq, also blamed Congress for failing to ask "the tough questions."

He said Rumsfeld at one point threatened to fire the next person who mentioned the need for a postwar plan in Iraq.

Batiste said if full consideration had been given to the requirements for war, it's likely the U.S. would have kept its focus on Afghanistan, "not fueled Islamic fundamentalism across the globe, and not created more enemies than there were insurgents."

Hammes said that not providing the best equipment was a "serious moral failure on the part of our leadership."

The United States "did not ask our soldiers to invade France in 1944 with the same armor they trained on in 1941. Why are we asking our soldiers and Marines to use the same armor we found was insufficient in 2003?" he asked.

Hammes was responsible for establishing bases for the Iraqi armed forces. He served in Iraq in 2004 and is now Marine Senior Military Fellow at the Institute for National Security Studies, National Defense University.

Eaton was responsible for training the Iraqi military and later for rebuilding the Iraqi police force.

He said planning for the postwar period was "amateurish at best, incompetent a better descriptor."

Public opinion polls show widespread dissatisfaction with the way the Bush administration has conducted the war in Iraq, but division about how quickly to withdraw U.S. troops. Democrats hope to tap into the anger in November, without being damaged by Republican charges they favor a policy of "cut and run."

By coincidence, the hearing came a day after public disclosure of the National Intelligence Estimate. The report was completed in April and represented a consensus view of the 16 disparate spy services inside government, according to an intelligence official.

General: Appeals For More Troops Were Denied (LAT)

By Noam N. Levey

The Los Angeles Times, September 26, 2006

WASHINGTON — Adding to criticism of the Bush administration's prosecution of the war in Iraq, a retired senior general who commanded an infantry division in the conflict said Monday that requests by commanders for more soldiers were repeatedly turned down.

"Many of us routinely asked for more troops," retired Maj. Gen. John R.S. Batiste said, contradicting statements by President Bush and his senior aides that the administration had given the military all the resources it had asked for.

"There simply aren't enough troops there to accomplish the task," said Batiste, who has previously called for Defense Secretary Donald H. Rumsfeld to resign. "It's a shell game we're playing in Iraq, and we've been doing it since day one. And we're still doing it today."

The general's remarks, echoed by two other retired soldiers Monday, came at a special hearing called by Democratic senators in what they said was a new initiative to increase oversight of the war effort.

Senior Republican lawmakers dismissed the hearing as a stunt orchestrated with November elections in mind.

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A Pentagon spokesman declined to address Batiste's comments directly, instead pointing to past public statements by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, that Rumsfeld had regularly consulted the senior military leadership on troop levels.

In April, when retired generals including Batiste called for Rumsfeld to resign, Pace said: "We had then [in Iraq invasion planning] and have now every opportunity to speak our minds, and if we do not, shame on us, because the opportunity is there."

Batiste's comments added fuel to questions about how the administration pursued its goals in Iraq and about the war's consequences.

Several newspapers, including The Times, reported Sunday that the nation's intelligence agencies had concluded that the Iraq war intensified the threat of global terrorism.

Administration officials responded that the articles on the war assessment contained in the classified National Intelligence Estimate did not represent the full report.

On Monday, White House Press Secretary Tony Snow continued to discount the news reports. "One thing that the reports do not say is that war in Iraq has made terrorism worse," Snow said.

The senior Republican and Democrat on the Senate Intelligence Committee called Monday for the document to be declassified, a request the administration is resisting.

Senate Minority Leader Harry Reid (D-Nev.) said in a statement that the disclosure of the assessment and the testimony at Democrats' hearing dealt "a fatal blow to any claim that staying the current course is an acceptable strategy for success in Iraq."

Batiste, in his testimony, renewed his April call for Rumsfeld to resign. Joining him were retired Army Maj. Gen. Paul D. Eaton and retired Marine Col. Thomas X. Hammes.

All three of them Iraq veterans, they lambasted what they called the Defense secretary's reluctance to commit more troops and other resources to the war.

"The whole thing is absolutely disingenuous," Batiste said of the administration's position that the number of soldiers deployed was sufficient to secure Iraq. "We started with a strategy and a plan that was under-resourced in soldiers and Marines and airmen and sailors by a factor of three."

A career Army officer — and military aide to then-Deputy Defense Secretary Paul D. Wolfowitz, an architect of the Iraq war — Batiste commanded the 1st Infantry Division from 2002 until his retirement in 2005. Batiste commanded about 22,000 soldiers sent to north-central Iraq from February 2004 to February 2005.

Eaton, who oversaw efforts to train and equip Iraqi security forces in 2003 and 2004, also said he was not given enough U.S. troops to do the job.

About 145,000 American troops are serving in Iraq.

In the run-up to the March 2003 invasion, then-Army Chief of Staff Gen. Eric K. Shinseki drew harsh criticism from administration officials for predicting that "hundreds of thousands" of U.S. troops might be needed to keep the peace in a postwar Iraq.

Batiste and Eaton said Monday that a lack of troops was helping fuel the anti-U.S. insurgency. And Batiste went a step further, suggesting that insufficient troop levels contributed to the abuse of Iraqis by U.S. soldiers at Abu Ghraib prison and other detention facilities.

As the violence in Iraq has continued, the administration has faced increasing criticism that it went to war with an inadequate force and failed to anticipate the problems of rebuilding.

The Pentagon has steadfastly defended its war planning and deployments.

Army Gen. John P. Abizaid, commander of all U.S. troops in the Middle East, has argued that higher troop levels would be counterproductive because they would anger local communities and undercut Iraqi forces' incentive for taking over security responsibilities.

For Democrats — often divided over the war and on the defensive because of White House and Republican congressional leaders' charges that the Democrats want to "cut and run" — Monday's hearing was an attempt to take the offensive.

"I hope this here will be a wake-up call to our Republican colleagues in the House and Senate to start having hearings, to start doing their congressional responsibility," said Sen. Charles Schumer (D-N.Y.), who chairs the Democratic Senatorial Campaign Committee.

Still, the party faces a challenge in formulating an alternative approach.

Responding to questions by Sen. Hillary Rodham Clinton (D-N.Y.), Batiste, Eaton and Hammes strongly warned against an early withdrawal of American forces from Iraq — a position that several leading Democrats in Congress have advocated.

Clinton has not supported early withdrawal but has said that the American troop commitment should not be open-ended.

For Democrats, Welcome Words On Rumsfeld -- If Not The War (WP)

By Dana Milbank

The Washington Post, September 26, 2006

Maj. Gen. John Batiste, the former commander of the Army's 1st Infantry Division in Iraq, had complained loudly about the handling of the Iraq war since he retired 11 months ago -- but no one invited him to present his views to Congress.

"I find that outrageous," the general said. "I have a sense for what I'm talking about."

Yesterday, Batiste got his moment -- sort of. Shunned by the Senate Armed Services Committee, Batiste and two other retired officers spoke before the Senate Democratic Policy Committee, a rump group with little legislative clout but access to a proper Senate hearing room. And Batiste made up for lost time.

"Donald Rumsfeld is not a competent wartime leader," said Batiste, wearing a pinstripe suit, calling himself a "lifelong Republican" and bearing a slight resemblance to Oliver North. "He surrounds himself with like-minded and compliant subordinates who do not grasp the importance of the principles of war, the complexities of Iraq or the human dimension of warfare. . . . Bottom line: His plan allowed the insurgency to take root and metastasize to where it is today."

Further, Batiste charged, Rumsfeld "reduced force levels to unacceptable levels, micromanaged the war" and created an environment where U.S. troops "are doing unconscionable things."

"Our world is much less safe today than it was on September 11," Batiste said, echoing the administration's newly leaked intelligence estimate.

Batiste, who retired in protest rather than accept a three-star promotion, was a persuasive witness -- and Democrats were joyous. "Your statement, I believe, defines the word 'courage,' " Sen. Byron Dorgan (N.D.) gushed. Sen. Charles Schumer (N.Y.) pumped his fist and gave Batiste and his colleagues pats on the biceps. And Senate Minority Leader Harry Reid (Nev.) proclaimed, giddily: "This hearing today could change our country."

Perhaps. But Democrats, while celebrating Batiste's criticism of the administration, exercised some selective listening at the hearing when Batiste and his colleagues offered their solution: more troops, more money and more time in Iraq.

"We must mobilize our country for a protracted challenge," Batiste warned.

"We better be planning for at least a minimum of a decade or longer," contributed retired Marine Col. Thomas Hammes.

"We are, conservatively, 60,000 soldiers short," added retired Army Maj. Gen. Paul Eaton, who was in charge of building the Iraqi Security Forces.

That last remark caused Schumer to shake his head, indicating he was not so sure. And, indeed, the retired officers' recommendations were off-message for the Democrats. Six of the seven Democrats at the hearing supported legislation calling for the start of a troop withdrawal from Iraq this year. One, Richard Durbin (Ill.), voted for the pullout to be mostly complete by next summer.

The officers' bipartisan scolding disappointed some of the antiwar activists in the crowd, who wore colorful shirts with messages such as "Troops Home Fast" and "Say No to War."

"Peace is the solution, not more war," one activist shouted as the session ended.

But on balance, the retired officers' strong words about the war's conduct outweighed their calls for a greater commitment to Iraq. "Secretary Rumsfeld built his team by systematically removing dissension," Batiste said. "At one point, he threatened to fire the next person who talked about the need for a postwar plan."

Rumsfeld "has tried and continues to fight this war on the cheap," Eaton added. "The Army is in terrible shape, and the Marines aren't much better."

"It is time for him to provide the nation the last in a long series of services and step down," Hammes said coolly.

Rumsfeld himself, meeting with Afghanistan's president yesterday, answered the dissidents' calls for his resignation with a two-word answer. "I'm not," he told reporters, and then he asked for a different question.

But those at the hearing practiced no such economy of words. Dorgan twice referred to William Manchester's "Glory and the Dream." Antiwar Rep. Walter Jones (N.C.), the lone Republican participant, quoted Rudyard Kipling: If any question why we died/ Tell them, because our fathers lied.

In between literary allusions, senators worked to squeeze every possible criticism out of the witnesses. When Batiste spoke about the need for strong leadership, Durbin tried to lead the witness. "What I hear you saying," Durbin said, "is we're talking about political competence, too."

"Absolutely," Batiste complied.

The questioners skillfully directed the witnesses toward past failures rather than their expansive prescriptions for the future. A notable exception was the relatively hawkish Hillary Rodham Clinton (N.Y.), who, as the last questioner, invited the officers to comment on the effect of a specific withdrawal date.

"The result will be a civil war of some magnitude that will turn into a regional mess," Batiste said without hesitation.

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As he stood to leave, Batiste worried that this last point -- the need to stay in Iraq -- might be overlooked. "The hard part," he told reporters, "is moving forward."

Did he detect any enthusiasm for making a bigger effort in Iraq?

"God help us if there's not," the general said.

Former Officers Criticize Rumsfeld As Democrats Seek To Put Focus On Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, September 26, 2006

WASHINGTON - Recently retired military officers who served in Iraq blamed Defense Secretary Donald H. Rumsfeld on Monday for the morass there, said he should resign and urged senators to subpoena active generals to testify about their own similar concerns.

In extraordinary testimony from former senior military men during wartime, retired Army Maj. Gen. Paul D. Eaton said Rumsfeld "continues to fight this war on the cheap" and denounced him as "incompetent." Retired Army Major Gen. John Batiste called the United States "arguably less safe now than it was on Sept. 11, 2001." And retired Marine Col. Thomas X. Hammes compared the shifting of insufficient U.S. troops from one Iraq hot spot to the next to a game of "Whac-A-Mole."

The three headlined the first of what Senate Democrats say will be a series of oversight hearings they're holding on the Iraq war. They say Republicans haven't exercised enough oversight since the March 2003 invasion.

But Democrats also are trying to focus public attention back on Iraq because polls show Republicans are vulnerable on it and congressional elections will be held in six weeks. Republicans prefer to emphasize the broader war on terrorism and national security, issues where polls show they command more support.

Democrats said they'd invited Republicans to attend, but only one, Rep. Walter Jones of North Carolina, showed up. His district includes Camp Lejeune Marine base. He's called for a phased withdrawal of troops.

"I do not want history to show that I did not do my job as a congressman in helping people know the truth," Jones said.

Senate Majority Whip Mitch McConnell, R-Ky., denounced the two-hour hearing, packed with anti-war activists and reporters, as "simply another partisan media event. And while it may rile up their liberal base, it won't kill a single terrorist or prevent a single attack."

Democrats repeatedly cited Sunday's New York Times disclosure that a six-month old National Intelligence Estimate concluded that the Iraq war has worsened the threat of global terrorism and inflamed jihadi sentiment throughout the Muslim world. That was the consensus of 16 U.S. intelligence agencies. Democrats called for the report to be declassified.

For the most part, the retired officials' testimony played to the Democrats' strategy of emphasizing disarray in Iraq and the Bush administration's responsibility for it.

Batiste, for example, said Rumsfeld had surrounded himself with "like-minded and compliant subordinates," underestimated the need for ground troops despite arguments to the contrary and was so insistent that there wouldn't be an insurgency that "he threatened to fire the next person who talked about the need for a postwar plan."

Eaton said planning for postwar Iraq had been "amateurish at best."

But Hammes faulted Senate Democrats, too, saying they'd failed to raise important questions before the Iraq invasion because they'd feared being tarred as weak in 2002 elections.

Increasingly, Democrats tend to favor a vague call for an indefinite phased withdrawal of U.S. forces from Iraq, while Republicans decry such calls as "cut-and-run" weakness. In that context, the retired generals' testimony sounded some cautionary notes.

Eaton said more troops are needed on the ground, not less - another 60,000 troops, he estimated, "conservatively."

Hammes predicted that the U.S. military will need to stay in Iraq "at least a decade" to stabilize the nation and its region.

And in response to a question from Sen. Hillary Clinton, D-N.Y., all three said there would be disastrous consequences if U.S. troops withdrew prematurely. Hammes predicted chaos in oil markets and new sanctuaries for terrorists. Said Batiste: "The result will be a civil war of some magnitude, which will turn into a regional mess."

Election Day is Tuesday, Nov. 7. At stake are 33 Senate seats and all 435 seats in the House of Representatives. Republicans currently run both chambers. Democrats must gain six Senate seats or 15 House seats to regain control.

Lott Threatens The Dems (HILL)

By Jonathan Allen

The Hill, September 26, 2006

Sen. Trent Lott (R-Miss.) is threatening to punish Democrats for using an Appropriations Committee room for an unofficial hearing on Iraq oversight if it happens again.

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"They better stop this," the Mississippi Republican said. "This will be the last one or there will be retribution."

Lott suggested that Republicans could hold GOP-only hearings or seek other forms of payback.

But if he is looking for a culprit in abetting the Democratic Policy Committee's (DPC) hearing yesterday, he need look no further than fellow Mississippi Republican Thad Cochran, chairman of the Appropriations Committee, who controls the Dirksen Building room that Democrats used yesterday and have used for past hearings.

"We just call and ask," said DPC spokesman Barry Piatt, a fact confirmed by Senate Appropriations Committee spokeswoman Jenny Manley.

The DPC has held similar hearings on several issues such as Iraq reconstruction and the government's response to Hurricane Katrina, during the 109th Congress.

But Lott and other Republicans are upset that Democrats have gone outside the committee process to highlight the Iraq war before the November election.

"They're abusing the system," Lott said.

The use of committee rooms could be moot, as Democrats plan to take future hearings on the road.

They declined yesterday to name the cities in which they plan to hold field hearings before and after the November election, but aides said they would not be staged in states where Republican and Democratic candidates are locked in tight battles because they hope not to alienate potential witnesses who may be wary of being used as political pawns.

"We want generals to come and give real testimony and not feel like they're part of a partisan [operation]," a senior Democratic aide said.

Retired senior military officers told a DPC panel yesterday that Defense Secretary Donald Rumsfeld's failure to plan adequately for postwar Iraq has fostered the rise of insurgents and that the administration is not focusing enough on training and equipping Iraqi security forces.

"Secretary Rumsfeld ignored 12 years of U.S. Central Command deliberate planning and strategy, dismissed honest dissent, and browbeat subordinates to build 'his plan,'" retired Maj. Gen. John Batiste told several senior Democratic senators and Republican Rep. Walter B. Jones (N.C.), who attended the hearing.

"Bottom line: his plan allowed the insurgency to take root and metastasize to where it is today," Batiste said.

Batiste, retired Army Maj. Gen. Paul Eaton and retired Marine Col. Thomas Hammes called for the removal of Rumsfeld and his inner circle of advisers. But they all opposed a timeline for a withdrawal of American troops because they said it would destabilize the region.

"What would be the consequences of a time-certain for leaving?" Sen. Hillary Rodham Clinton (D-N.Y.) asked.

"Should we pull out of Iraq on some timeline in the future, whatever that turns out to be, without finishing the work that we started, I think that the result would be a civil war of some magnitude which will turn into a regional mess," Batiste said.

The forum was the first of what Democrats say will be a series of five or six hearings intended to shed light on the administration's conduct of the Iraq war. They insist that Republicans, who hold majorities in both chambers, have not been vigorous in their role as overseers of the executive branch and have expressed frustration that Republican chairmen have been reluctant to call witnesses who do not share White House views.

"The administration won't talk straight, and the congressional majority won't hold them accountable," Sen. Minority Leader Harry Reid (D-Nev.) said. "We're going to try."

Senate Republicans denounced Monday's hearing as a political stunt.

"Today's 'hearing' is an election-year smokescreen aimed at obscuring the Democrats' dismal record on national security," Sen. John Cornyn (R-Texas) said in a statement released more than two hours before the hearing began.

"This latest charade may win points with their liberal party base but it accomplishes nothing when it comes to where our focus needs to be – fighting the terrorists and protecting our homeland from another attack," Cornyn said.

But the mostly Democratic panel was not without Republican representation. Jones awoke at 5:45 a.m. in North Carolina, got in his car at 6:30 a.m. and made a nearly five-hour drive to the Capitol to participate in the hearing. Jones, who represents Camp Lejeune, voted to authorize the Iraq war but has criticized its execution.

"To me this is not politics, this is policy issues," he said. "The party that demands the truth is the party that the public respects."

In his opening statement, Jones quoted Rudyard Kipling: "If any question why we died, tell them, because our fathers lied."

Pentagon Extends Iraq Combat Tours For 3,800 Soldiers (USAT)

By William M. Welch

USA Today, September 26, 2006

Brigade to stay extra 46 days

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The Pentagon said Thursday that 3,800 U.S. soldiers will be staying in Iraq about six weeks beyond their one-year combat tours as coalition forces grapple with violence in and around Baghdad.

Soldiers of the Army's 1st Brigade, 1st Armored Division who had planned to return to their home base in Germany in mid-January instead will stay an added 46 days, the Defense Department said.

Another unit, the 4th Brigade, 1st Cavalry Division, will go to Iraq next month, 30 days earlier than scheduled.

Although the Pentagon did not say why the extension was needed, the top commander in the region, Army Gen. John Abizaid, said last week that more troops would be needed to deal with increased sectarian violence around Baghdad.

"This is a unit that has been performing magnificently in Iraq, and their services are going to be needed for a while longer," Bryan Whitman, a Defense Department spokesman, said of the 1st Brigade.

Some Democrats said the move shows incompetence.

"Extended redeployments are just another consequence of the president's mismanagement in Iraq and another reason we must change course," Senate Democratic leader Harry Reid said.

Sen. John Kerry, D-Mass., renewed his call for a deadline to withdraw American troops "to force Iraqis to stand up for Iraq."

"Every time the administration says we'll stay as long as it takes is an excuse for Iraqis to take as long as they want," Kerry said.

Sen. John Cornyn, R-Texas, a member of the Armed Services Committee, said the move was difficult but necessary.

"No one wants to bring our troops home sooner than the president, but if we cut and run now as many Democrats advocate, we will be fighting these terrorists on our home shores instead of in Iraq and elsewhere," he said.

Col. Chester Egert, a chaplain at Fort Hood, Texas, where the 1st Cavalry is stationed, said the change would cause little anxiety among soldiers. "They know this type of thing is always a possibility," he said.

Whitman said the move is meant to ensure "this mission is successful."

"We know that that comes at a tremendous sacrifice not only for (soldiers), but also for their families," he said.

Tour Of Duty Extended For Army Unit In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 26, 2006

WASHINGTON - For the second time in two months, an Army unit in Iraq has had its tour of duty extended, the latest sign of the strain that more than three years of combat has put on the force.

About 4,000 troops with the 1st Brigade Combat Team, 1st Armored Division based in Giessen, Germany, will have their tour of duty extended by 46 days, the military announced Monday. The unit was supposed to end its 12-month combat tour and return home in mid-January 2007, but will now begin its redeployment in late February.

The extension was implemented to ensure that soldiers with the 1st Brigade, 3rd Infantry Division will have at least 12 months at their home base of Fort Stewart, Ga., before they return to Iraq for the third time in January 2007.

Also, the 4th Brigade, 1st Cavalry Division, based at Fort Hood, Texas, will deploy to Iraq 30 days earlier than planned, beginning their deployment in late October.

Pentagon spokesman Bryan Whitman said the changes were in order to maintain 15 combat brigades in Iraq. Last week, Gen. John Abizaid, chief of U.S. Central Command, said that the U.S. military would have to maintain as many as 147,000 troops in Iraq through next spring. U.S. military commanders had hoped to reduce the number of U.S. troops to less than 100,000 by the end of this year, but increasing violence between Shiite and Sunni Muslims has dashed those hopes.

"What these decisions reflect is the flexibility that the United States military has to adjust to a changing environment and a changing situation," Whitman said.

A congressional staffer briefed on the development on Monday said that the Army was moving up the deployment of the 1st Cavalry Division troops by a month so that the 172nd Stryker Brigade's deployment wouldn't be extended again. But an Army spokesman, Lt. Col. Carl Ey, said the two developments weren't necessarily connected.

About 3,500 troops with the Alaska-based 172nd Stryker Brigade were nearing the end of their 12-month combat tour in July when they were informed that they'd have to stay in Iraq for as long as four more months. The troops were moved from a base near Mosul in northern Iraq to Baghdad to help rein in sectarian violence.

This marks the third time that U.S. forces have been notified that they'd have to stay in Iraq beyond their original return date. The first time occurred in December 2004, when more than 12,000 soldiers and Marines were told that they would have stay for two additional months in order to bolster security for Iraq's first round of parliamentary elections. The second was the Stryker Brigade extension in July.

Last month, the Marine Corps announced that it would recall as many 2,500 inactive reservists back to service, the first time the Marines have recalled inactive reservists to duty since the 1991 Gulf War.

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Army policy has been to give units that have served in Iraq a break of at least 12 months at their home base so that soldiers can rest, reunite with their families and have sufficient time to train before they deploy again. The Army at times has violated the policy.

Dan Goure, a defense analyst with the Lexington Institute, a public policy research group in Arlington, Va., said the rotation policy isn't working as planned.

"A month or two here or there isn't that bad, but if you're going to hold them back so that somebody else can get their rest, then the system isn't working," he said.

U.S. Extends Iraq Tour For Another Army Unit (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 26, 2006

Order Reinforces Doubts About Troop Cuts

The Pentagon yesterday delayed for six weeks the return home of about 4,000 U.S. soldiers in Iraq's volatile Anbar province -- the second extension of U.S. forces in Iraq in two months -- as the insurgency and rising sectarian violence exert heavier demands on a stretched American ground force.

A brigade of the Army's 1st Armored Division, operating in Anbar's contested capital of Ramadi, has been ordered to stay on for 46 more days. Another brigade -- from the 1st Cavalry Division based at Fort Hood, Tex. -- will depart a month early, in late October, for a year of combat duty in Iraq.

"There's no question but that any time there's a war, the forces of the countries involved are asked to do a great deal," Defense Secretary Donald H. Rumsfeld said when asked about the troop decisions at the Pentagon yesterday.

According to a Pentagon announcement, the shift is necessary to "maintain the current force structure in Iraq into the spring of next year." That confirms an assessment last week by Gen. John P. Abizaid, the senior U.S. commander in the Middle East, that no cuts in the more than 140,000 U.S. troops in Iraq are likely before the spring of 2007.

It also demonstrates the increasingly tough trade-offs U.S. commanders face between the imperatives of war fighting and the need to retrain and recuperate the taxed Army and Marine Corps.

In this case, commanders had to choose between extending thousands of U.S. troops serving in one of Iraq's deadliest cities -- the 1st Armored Division brigade in Ramadi -- or requiring another combat-hardened unit that has already served two tours in Iraq, a brigade of the 3rd Infantry Division, to return to the desert after less than a year at home. They opted for the former.

"The chief of staff of the Army refuses to compromise on the one-year dwell time," said an Army official, who spoke on the condition of anonymity because he was not authorized to speak on the record. The chief of staff is Gen. Peter J. Schoomaker, and "dwell time" refers to the amount of time troops have at home between deployments to retrain, repair equipment and reconnect with their families.

"If they didn't do this, the . . . dwell time for 3rd Infantry Division would be 11 months, so that's a no-go," the official said.

Still, the extension prolonged the hardship for the 1st Armored Division soldiers, based in Friedberg, Germany, and their families, who were notified yesterday, the official said. The Pentagon statement acknowledged the "continued contributions" of the soldiers in Ramadi and their families, saying the "extension reflects the continued commitment of the United States to the security of the Iraqi people."

In July, the Pentagon extended the Iraq tour of the 172nd Stryker Brigade, based at Fort Wainwright, Alaska, for about four months.

The Army set a goal in 2003 of allowing active-duty soldiers to spend two years at home for every year overseas. But that aim has proved elusive because of the limited number of active-duty combat brigades available to deploy -- currently 36 -- as well as the continued high troop levels in Iraq and Afghanistan. More than 20,000 U.S. troops are now serving in Afghanistan, according to Army figures.

Active-duty soldiers today can expect to spend no more than a year at home between deployments, said Lynn Davis, a senior Rand Corp. analyst and lead author of a 2005 report on Army deployments titled "Stretched Thin." The number of Army combat brigades in Iraq and Afghanistan would have to fall by about half -- to 10 -- to achieve the Army's goal of two years at home, she said. In contrast, soldiers in today's armored, mechanized and Stryker brigades, which are most in demand, can expect to be away from home for "a little over 45 percent of their career," she said.

US Forces In Iraq To Exceed 140,000 (FT)

By Edward Luce

Financial Times, September 26, 2006

DOJ_NMG_0069344

US officials said on Monday that American troop levels in Iraq were likely to remain well above 140,000 for the next few months, although they would not confirm reports that the 3,500-strong First Armoured Division had been ordered to remain in Iraq beyond its official tour of duty.

Growing sectarian conflict between Iraqi militias in the last few months and the continuation of the mostly Sunni insurgency against US forces has complicated the Bush administration's goal of "standing down as the Iraqis stand up". The overall US troop presence in Iraq has risen from 127,000 in July to 142,000 this week.

Last week John Abizaid, the US commander in the region, said that US troop deployment in Iraq was likely to remain at these levels well into 2007 in order to wrest Baghdad and other provinces from the day-to-day control of sectarian death squads and insurgent groups.

In August, General Abizaid, the most senior Arab-American in uniform who has a reputation for being a straight talker, surprised many when he told the Senate armed services committee that Iraq could be heading towards civil war. This contradicted the Bush administration's view that the situation was gradually improving. As many as 20,000 Iraqi civilians have been killed in 2006 – although estimates vary drastically.

"The Bush administration has complicated its task in Iraq by talking up the rhetoric at home of 'standing down as they stand up'," said Tony Cordesmann, a senior analyst at the Center for Strategic and International Studies in Washington. "But in practice Mr Bush has responded to what the commanders are requesting on the ground, which is more troops and, to a lesser extent, more equipment."

However, the increase in deployment comes amid growing complaints from senior generals about the overstretch of US military units, some of which have served more than one tour of duty in Iraq and also in Afghanistan, where US troop levels have also risen this year from 15,800 to 20,000 owing to the resurgence of Taliban forces.

There are also concerns about pressure to send regular military and National Guard units back to Iraq within the one-year pause that is customary. In addition, the army and National Guard have both recently relaxed recruiting standards by raising the maximum age and improving the one-off cash payment as an incentive for new recruits.

Worries about the Bush administration's handling of the increasingly unpopular war in Iraq intensified at the weekend when the New York Times and Washington Post leaked contents of a classified US National Intelligence estimate from April that said America's invasion of Iraq in 2003 had exacerbated the threat from Islamist terrorist groups.

The report, which was submitted to Mr Bush in April, also said that the overall threat from Islamist terror groups had grown since the attacks of September 11 2001.

The disclosure comes just six weeks before critical mid-term elections, where Mr Bush's Republicans face the threat of losing control of the House of Representatives. The opposition Democrats have fielded a number of Iraq war veterans in order to bolster their credibility as patriotic critics of the war in Iraq.

Mr Bush has ignored continuing calls by retired US generals – most recently on Monday – to sack Donald Rumsfeld, secretary of defence, over his handling of the war in Iraq.

Army Extends Troops' Iraq Duty Yet Again (AP-Y)

By Robert Burns, Ap Military Writer

AP, September 26, 2006

The Army is stretched so thin by the war in Iraq that it is again extending the combat tours of thousands of soldiers beyond the promised 12 months — the second such move since August.

Soldiers of the 1st Brigade, 1st Armored Division had been expecting to return to their home base in Germany in mid-January. Instead, they will stay an extra 46 days in Iraq, until late February, the Pentagon announced Monday. The soldiers are operating in western Anbar province, one of the most violent parts of Iraq.

The Pentagon also announced that the 4th Brigade, 1st Cavalry Division will deploy to Iraq 30 days earlier than scheduled, starting in late October. The announcement did not say why the speedup was deemed necessary, but three officials who spoke on condition of anonymity said it is part of a plan to beef up forces in Baghdad, where U.S. and Iraqi troops are struggling to contain insurgent and sectarian violence.

The Pentagon said troop rotations could be changed even further "based upon changes in the security situation." Sectarian killings in Baghdad and continuing insurgent violence elsewhere in Iraq have foiled Pentagon plans to begin a troop reduction this fall.

"The Army is coming to the end of its rope in Iraq," said Loren Thompson, a defense analyst at the Lexington Institute, a private research group. "It simply does not have enough active-duty military personnel to sustain the current level of effort."

Of the 142,000 U.S. troops now in Iraq, nearly 120,000 are Army soldiers.

The tour extension affects about 3,800 soldiers in the 1st Brigade, 1st Armored, officials said.

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Asked about the matter at a news conference with Afghan President Hamid Karzai, Defense Secretary Donald H. Rumsfeld declined to confirm the extension but said that "from time to time there may be" units required to stay in Iraq longer than scheduled. He spoke before the Pentagon issued its written announcement.

Last month, the Army's 172nd Stryker Brigade was ordered to extend its tour in Iraq by up to four months. Some members of that unit had already returned to the brigade's home base in Alaska when the decision was announced. About 300 soldier had to go back to Iraq, drawing public complaints from some families.

Rumsfeld also appeared to hint at other adjustments to the troop rotation plan.

"We're also bringing some other units in earlier, which is another way of dealing with that issue" of how to keep a sufficient number of troops in Iraq with a limited number of combat brigades available, Rumsfeld said.

The extension reflects a dilemma for Army leaders: either keep one group of soldiers in Iraq longer than promised, or replace them with another group that has not yet had its minimum 12 months at home between combat tours. Either choice risks upsetting some soldiers and their families. And the fact that the choice cannot be avoided is a sign that troop rotations in Iraq are squeezing the Army from several directions.

Some members of Congress are expressing concern that the military is over-stretched by the war. On Monday, Sen. Arlen Specter, R-Pa., said the situation in Iraq is "disintegrating" into a civil war. "My instinct is once the (November) election is over there will be a lot more hard thinking about what to do about Iraq and a lot more candid observations about it."

The pinch is evident also in closed-door deliberations between the Army and administration officials over the size of the service's budget for 2008. The Army chief of staff, Gen. Peter Schoomaker, took the highly unusual step in August of delaying submission of the Army's budget plan, arguing that the service requires either a much bigger budget than the administration has proposed or relief from some of its worldwide commitments.

The Los Angeles Times reported in its Monday editions that Schoomaker is seeking $138.8 billion for 2008, or nearly $25 billion more than the limit originally set by Rumsfeld. The Army's budget this year is $98 billion.

The 1st Brigade, 1st Armored Division is being extended in Iraq because the unit that is scheduled to replace them — the 1st Brigade, 3rd Infantry Division, from Fort Stewart, Ga. — needs more time to prepare. If it had deployed as originally scheduled, it would not have had the minimum 12 months at home between combat tours.

The 3rd Infantry has already served two tours in Iraq, including the initial invasion of the country in March 2003.

Last week, the top American commander in the region said the U.S. military is likely to maintain and may even increase its force of more than 140,000 troops in Iraq through next spring. Gen. John Abizaid, head of U.S. Central Command, said he would consider adding troops or extending the Iraq deployments of other units if needed.

The Army has a stated goal of giving active-duty soldiers two years at home between overseas combat tours. However, the Army is unable to achieve that "dwell time," as it's called, because it does not have enough brigades to meet the demands of simultaneous wars in Iraq and Afghanistan. It would not be a problem now if the situation in Iraq had improved enough to allow the Army to reduce its presence as originally planned.

Military Intensifies Troop Deployment (WT)

By Rowan Scarborough

The Washington Times, September 26, 2006

Defense Secretary Donald H. Rumsfeld yesterday said the military will deploy some combat units to Iraq earlier than previously planned, to meet a commander's new need for more than 140,000 troops in country until at least next spring.

Mr. Rumsfeld made the comment to reporters at the Pentagon on the same day it was announced that another Army unit was staying in Iraq beyond its scheduled departure date.

Army Gen. John Abizaid, who heads U.S. Central Command, said last week he needs the increased troop level to deal with sectarian violence in the Baghdad area that could push the country into a civil war if not stopped. The U.S. troop level had been fairly constant at about 130,000 during the summer. Commanders had hoped to announce a big reduction in troop levels, perhaps to as low as 100,000, but those plans are now shelved.

Mr. Rumsfeld said the Pentagon is dealing with the new demand by delaying the departure of some units. He then added, "On the other hand, we're also bringing some other units in earlier, which is another way of dealing with that issue."

The defense chief did not identify the units that will deploy sooner than expected. Pentagon officials say a rotation schedule is likely to be announced in November.

The Washington Times reported yesterday that the Army was looking at accelerating the deployment of some units and adding others to the rotation mix to reach the 140,000-troop level.

"There's no question but that any time there's a war, the forces of the countries involved are asked to do a great deal," Mr. Rumsfeld said.

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The 1st Brigade of the 1st Armored Division was to return to its base in Germany in early January but now will stay several more months.

The Pentagon already revoked the departure of an Army Stryker armored-vehicle brigade and sent it to Baghdad to help quell the violence.

The service already is struggling to meet worldwide commitments and dealing with low-combat readiness among non-deployed units who lack adequate equipment at their home bases.

The Army is wearing out weapons systems so fast in Iraq's harsh environment that it needs more than $40 billion in the next three years to buy replacements.

2 Senior Commanders In Iraq Reassigned (AP)

By Robert Burns

AP, September 26, 2006

Two of the Army's top commanders in Iraq have been selected for new assignments.

The second-in-command in Iraq, Lt. Gen. Peter W. Chiarelli, will become a special assistant to the commander of Central Command with responsibility for developing the military capabilities of nations in the Middle East and Central Asia.

Chiarelli is due to be replaced in Iraq by Lt. Gen. Raymond Odierno when Odierno becomes commander of Multi-National Corps-Iraq early next year. Chiarelli had previously commanded the 1st Cavalry Division in Iraq.

Also moving on from Iraq will be Maj. Gen. James D. Thurman, the 4th Infantry Division commander, who has been chosen for promotion to the rank of lieutenant general and assignment as commander of 5th Corps, the Army's top organization in Europe. Thurman currently is commanding all forces in the Baghdad area.

The 4th Infantry is due to be replaced in Iraq by the 1st Cavalry Division in mid-November.

Lt. Gen. Ricardo Sanchez, who served a tumultuous year in Iraq as 5th Corps commander in 2003-04, relinquished command on Sept. 6 and is retiring soon, according to the U.S. Army Europe Web site. Sanchez had been a candidate to become the next commander of U.S. Southern Command but was passed over after the Abu Ghraib prisoner abuse scandal exploded into an international controversy. Sanchez has not been accused of any misconduct but has been criticized by some for not doing more to avoid mistreatment of Iraqi prisoners.

There has been no announcement about the next assignment for the top U.S. commander in Iraq, Gen. George Casey, but he has indicated in recent months that he may not stay much beyond the end of this year.

Also unclear is the future of Gen. John Abizaid, the top commander for U.S. troops throughout the Middle East.

U.S.: Sadr City Again A Militants' Haven (AP)

By Antonio Castaneda, Associated Press Writer

AP, September 26, 2006

U.S. soldiers trying to calm Baghdad say the sprawling Sadr City slum has once again become a haven for anti-American militants — and the source of most of the gunfire and mortars directed at them.

In the last two weeks, U.S. forces have suffered several casualties from dozens of shootings, mortar attacks and roadside bombings that American troops believe originated from Sadr City.

Yet the Americans have been restrained in their response, as U.S. and Iraqi leaders strive to avoid a third confrontation in two years with firebrand cleric Muqtada al-Sadr and his Mahdi Army — the biggest and most dangerous Shiite militia in Iraq.

Instead of venturing into Sadr City in strength, U.S. troops are concentrating instead on the mostly Shiite neighborhoods that surround the militia stronghold. All the while they are drawing fire from Sadr City.

As a result, some American soldiers believe the only way — in the end — to curb Shiite militias and halt the sectarian violence will be to confront the militia fighters in their sanctuary.

"I just want to see something done about Sadr City," said Staff Sgt. Brian Beem, 29, of Poughkeepsie, N.Y. "Send in the Iraqi army, the U.S. Army — send everyone in. ... They're going to need it. ... Something's going to have to be done about that place."

That won't be easy.

Al-Sadr and his followers managed to rebound from defeats suffered at the hands of the U.S. military during two previous uprisings in 2004 — and have now emerged as a major political force.

Al-Sadr's followers hold 30 of the 275 seats in the national parliament and five posts in Prime Minister Nouri al-Maliki's Cabinet and are a major pillar of the prime minister's political support.

In August, al-Maliki, a Shiite, publicly berated the Americans for a raid on Sadr City.

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With Americans facing political pressure to lay off al-Sadr, it appears unlikely the U.S. command will order a major operation against his base, home to an estimated 2.5 million people, without al-Maliki's approval.

"We notify the prime minister if we've got sensitive targets and we let the prime minister know," Maj. Gen. James D. Thurman, the commander of U.S. forces in Baghdad, told The Associated Press in a recent interview.

"We let him have a say, and we notify people. But if somebody is committing an act of violence, we're going to go deal with it," Thurman said.

In name, Sadr City is under the control of Iraqi forces, not the militia. When U.S. troops formally handed over the area to Iraqi soldiers in March, one Iraqi colonel promised, "We can handle the security inside Sadr City."

But in reality, al-Sadr and his Mahdi militiamen call the shots in Sadr City. Few U.S. troops saw Iraqi troops, most of whom are also Shiites, on the major avenues where they were repeatedly attacked.

All that is frustrating to American soldiers, who believe the militias have a virtual sanctuary in Sadr City.

The Mahdi Army "claims they control Sadr City, and all the attacks are coming from Sadr City. Then (either) the (Mahdi Army) is doing the attacking or allowing others to," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., a troop commander in the 4th Squadron, 14th Cavalry Regiment.

Over the past two weeks, L'Heureux's own soldiers have been regularly targeted by snipers and mortarmen operating from Sadr City.

The inability to fight back frustrates many.

"It's tough for a brigade like us that's been (winning) ... and here it's all touchy-feely and paws off," said 1st Lt. Bernard Gardner, 25, of Kinnear, Wyo.

Last week, al-Sadr delivered a speech urging his followers to take part in nonviolent resistance, possibly a gesture to divert attention away from Sadr City.

But U.S. troops on the ground say they — along with Iraqi troops — have been increasingly targeted by the Mahdi Army, which is growing more aggressive.

"We're seeing more instances, more indications that we have religious militias interfering with the Iraqi army and Iraqi police affairs," said Col. Greg Watt, the chief U.S. trainer for one of two Iraqi divisions in the city.

Some soldiers said they hope another fight could be avoided.

"I'll be honest with you. I hope for a political solution. Sadr can influence more through the mechanism of government than flexing his militia might," L'Heureux said.

But if the order comes to control Sadr City, "We are absolutely prepared to do it," he added. "There's no question about that."

Kurds, Sunni Arabs Clash In North -- A Small Echo Of Larger Dispute (LAT)

By Kim Murphy

The Los Angeles Times, September 26, 2006

BAGHDAD — Kurdish militiamen seized a police station in northern Iraq on Monday to prevent its transfer to a new Sunni Arab commander, igniting a daylong standoff that echoed the parliament's continuing unease over territory-sharing in the final administrative map of Iraq.

The clash in the town of Jalawla underscored the potential for violence as parliament prepared to study the contentious issue of creating autonomous regions in this multiethnic and heavily armed nation.

Though most of the biggest political disputes are likely to center on the oilfields in the south, in largely Shiite Muslim areas, and the northern city of Kirkuk, another oil-rich area claimed by the Kurds, the clash in Jalawla marked an early warning of what many fear could be a turbulent battle for the frontiers of a future Kurdish zone.

Authorities said the former Kurdish police commander in Jalawla, who was recently removed from his job by the Diyala provincial council, arrived at the station Sunday night accompanied by a force of Kurdish armed men and laid siege.

The Kurdish forces opened fire at the police station with heavy machine guns and rocket launchers, police sources said, destroying three cars and finally entering the building. The new commander and his men were reportedly locked in a room, but police had only sporadic communication with the station through the day and did not know whether any officers had been injured or killed.

Authorities in the nearby regional police headquarters had established a command post and were preparing a plan to retake the station, police sources said, speaking on condition of anonymity.

Kurdish leaders say Jalawla, about 80 miles northeast of Baghdad, and about 20 miles from Iran, was primarily a Kurdish town years ago. Hundreds of Kurds were driven out during the 1980s by former President Saddam Hussein's Arabization campaign in northern Iraq.

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Since then, Kurds have been pushing to include such lands within the boundaries of an officially designated and largely autonomous Kurdistan. Most prominent has been Kirkuk, the scene of violence this month when six bombs exploded and killed 24 people. More than 80 others were injured.

The regional parliament of Kurdistan on Sunday forwarded a draft constitution to the government in Baghdad that includes Kirkuk and other disputed areas within Kurdishcontrolled territories. As presently organized, the northern Kurds have their own president, taxing powers and militia, and exercise primary authority over natural resources, including oil and water. Many Shiites would like similar powers in the south.

Like Kirkuk, Jalawla today is a mixed city, with Arabs and Turkmens living alongside Kurds. The local council has insisted that the town, on the southern edge of the Kurdish-dominated north, remain part of the Diyala province and outside an eventual Kurdistan.

As the dispute has mounted in recent months, Arab residents have complained of harsh treatment at the hands of Kurdish militia forces. Those complaints were followed by the Kurdish police chief's ouster Sunday, setting the stage for the clash over the installation of the Arab police commander.

The broader scope of the debate was underway in Baghdad, meanwhile, as the parliament began setting up a committee to review the constitution in preparation for proposed legislation that could clear the way for semi-autonomous regions not only in Kurdistan but elsewhere in Iraq.

Sunni Muslim Arabs, who are concentrated in the resource-poor central and western regions, have sought to block the creation of more federated regions. They fear it will cut them off from oil revenue and splinter the country.

An agreement over the weekend put off a political crisis by calling for the constitutional review and a delay in creating any such regions for at least 18 months after any new federalism law is enacted.

But parliament deputies immediately broke into arguments Monday morning over the timing of the constitutional review. Kurdish deputies at one point walked out in the face of accusations from one lawmaker that Kurds had driven Arabs out of the northern city of Mosul.

The parliament ultimately agreed to the proportional composition of the review committee and was set to name its members today. Parliament speaker Mahmoud Mashadani, a Sunni Arab, urged lawmakers not to lose sight of the significance of the compromise on an issue that had threatened Iraq's 4-month-old national unity government.

"I think the agreement is like a gift presented by parliament to the Iraqi people for Ramadan," he said, referring to the Muslim holy month of fasting that began over the weekend.

A Shiite-sponsored federalism bill is scheduled for debate this week, but under the weekend agreement can't be implemented if it passes until at least 2008. Sunnis are hoping the constitutional review will produce amendments forestalling the federalism process or at least limiting the powers of autonomy granted to federal regions.

Meanwhile, Iraqi President Jalal Talabani warned that Iraq was prepared to "make trouble" with its neighbors if nations such as Iran, Turkey and Syria did not "stop interfering in our internal affairs."

In an interview with NPR's "Morning Edition" to be aired today, Talabani, a Kurd, said Iraq was prepared to support opposition groups in neighboring countries as a recourse for what he said was meddling in Iraq. Iran and Turkey each have sizable Kurdish minorities that have been pushing for increased self-determination.

If foreign governments continue to promote violence in Iraq, he said, "the Iraqi people will respond in the same way — we'll support the opposition of other countries [and] try to make trouble for them as they are doing for us…. Iraq can help opposing forces of our neighboring countries."

In other developments Monday:

· Another police station came under fire in the town of Musayyib. More than 15 mortar shells were lobbed at the Jurf Sakhar police station in the latest of many attacks challenging the control of central authorities.

· In Baghdad, a small bomb exploded under a parked car near a well-known pizzeria, followed by a bigger explosion a few moments later when police came to investigate. Three policemen were injured.

· In the ongoing trial to determine the responsibility of Hussein and some of his lieutenants for a violent campaign against Kurdish guerrillas and civilians in the 1980s, the defense team again boycotted the proceedings. Hussein, represented by stand-in defense lawyers appointed by the court, eventually was ejected from the courtroom.

On Sunday evening, the former mayor of Fallouja was gunned down with his 18-year-old son as they were driving in the eastern part of the city, where U.S. forces have battled heavy insurgent activity since the beginning of the war. Najm Abdallah had served as head of the city council after the killing of his predecessor by unidentified armed men.

Al-Qaeda Figure Killed In Raid In Basra, British Military Says (WP)

By Amit R. Paley, Washington Post Staff Writer

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The Washington Post, September 26, 2006

Prison Escapee Was Believed by U.S. to Be a Top Bin Laden Aide

BAGHDAD, Sept. 25 -- British troops killed a man U.S. officials believed to be a top lieutenant to al-Qaeda leader Osama bin Laden during a pre-dawn raid on Monday in the southern city of Basra, a British military spokesman said.

Omar al-Farouq, an al-Qaeda leader in Southeast Asia who escaped from a prison in Afghanistan last summer, was killed during crossfire that began when he shot at about 200 British troops storming the home where he was hiding, according to the spokesman, Maj. Charlie Burbridge.

"He was a terrorist of considerable significance," Burbridge said.

Farouq's death was announced during another tumultuous day in the genocide trial of ousted president Saddam Hussein, culminating in his expulsion from the courtroom for the second time in as many sessions.

The proceedings began with Hussein and his six co-defendants, who are charged with attempting to annihilate the country's Kurdish minority, vigorously protesting the absence of their attorneys. Last week, the entire defense team boycotted the trial to protest the Iraqi government's dismissal of the chief judge for saying that Hussein was "not a dictator."

The eight new court-appointed defense attorneys appeared to struggle Monday during simple cross-examinations of witnesses. The new chief judge, Mohammed al-Uraibiy, frequently told them to rephrase their questions or simply dismissed their queries as "irrelevant." Ali Hassan al-Majeed, a co-defendant known as "Chemical Ali," complained that his attorney had a weak grasp of military terminology central to the case.

"I don't acknowledge this attorney!" another defendant, Sultan Hashim Ahhmad al-Jabburi al-Tai, shouted as his newly appointed attorney tried to speak. He jabbed his finger in the air. " I don't want to be associated with this lawyer!"

But the most heated clash came after the judge rebuked defendant Sabir Aba al-Aziz al-Duri for referring to al-Tai as a brigadier general.

"Don't mention his title," the judge said. "None of you have a title or rank now."

As Hussein prepared to interject his opinion, the judge instructed him to remain silent and respect the court.

"I'd respect the session if it was a respected court," Hussein retorted.

Then he held up a folded piece of yellow paper that he said was a request not to attend the trial as long as Uraibiy remained the presiding judge. "I don't want to sit inside this cage. It is a shame to be here. It is a dishonor to talk to you," Hussein said.

The judge angrily ordered Hussein to be removed from the courtroom and refused to accept his petition. "I am the one who decides to receive the request or not," he said.

"Take him out!" the judge decreed.

Violence continued to flare across Iraq on Monday. At least 13 people were killed in attacks throughout the country, police said.

The U.S. military also announced that a soldier attached to Task Force Lightning was killed by enemy fire near Mosul on Monday. No further details were released.

Special correspondent Saad Sarhan in Najaf, Iraq, contributed to this report.

Baghdad Isn't Birmingham (WP)

By Eugene Robinson

The Washington Post, September 26, 2006

"Nobody can go back and reinvent the past," Condoleezza Rice told Katie Couric on "60 Minutes" Sunday night. But this nugget of truth came amid a flood of retrospective reinvention in which Rice equated the war in Iraq with the civil rights struggle of the 1960s -- and left me wondering whether I was hearing polished sophistry or a case of total denial.

That quote from the secretary of state came in response to a question about whether the administration would handle Iraq the same way if it had known then what it knows now -- that there were no weapons of mass destruction, among other inconvenient facts. Rice has acknowledged that mistakes were made in the conduct of the war, but she made clear Sunday that even now she would support the decision to invade.

The interview was prerecorded, so Couric didn't get to ask about the new National Intelligence Estimate -- representing the consensus view of the government's 16 spy agencies -- concluding that the Iraq war has poured fuel on the jihadist fire worldwide and that the threat from terrorism is rising, not ebbing. But we can assume that this obvious fact has not escaped Rice's attention, and I wouldn't expect one of the officials who ordered the invasion (she was national security adviser at the time) to confess that the whole thing was a tragic misadventure.

What I would expect from Rice, however, is a better understanding of the history of the civil rights movement and the lessons it taught, or should have taught, the nation and the world.

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Rice famously grew up in Birmingham at the height of the movement. I say famously because she has used her personal biography as a tool of diplomacy, drawing this parallel between the crusade to win freedom and opportunity for African Americans and the U.S. invasion of Iraq.

Rice equates the racists who bombed Birmingham's 16th Street Baptist Church in 1963, killing four young girls -- including Denise McNair, a childhood playmate -- with modern-day suicide bombers who kill in the name of jihad. "Some people say, 'Well, they do it to prove a political point,' " she said. "Then why go after little girls? Or innocent people standing at a bus stop in Britain or in Madrid?"

That sounds good, but when you think about it, it doesn't mean much of anything. Yes, terrorism in every instance is abhorrent. But you don't fight terrorism, you fight terrorists, and not all terrorists are alike.

More to the point, I, too, grew up in the South during the last throes of Jim Crow segregation. I don't see how anyone could come out of that milieu without feeling that the violence waged back then by the Ku Klux Klan and other white racists was a very specific, highly personal form of terrorism.

Just a few hundred yards from my house, three black students were killed in a 1968 demonstration that had begun over a segregated bowling alley. I remember waking up one morning and seeing a dozen highway patrol cars parked across the street, the officers crouched with their rifles trained at a house two doors from mine. They were looking for the supposed "outside agitator" who was stirring up all the local colored folk, but fortunately he was long gone.

That's one essential difference that Rice ignores -- that during the civil rights era, the terrorism was of the kind we would now call "state-sponsored." It was of the powerful over the powerless, not the other way around.

In her interview with Couric, Rice went on to argue that critics of the administration's Middle East policies are like the racists who contended that black Americans were not ready to participate in democracy because they were "kind of childlike" and couldn't handle the vote. But that's a bizarre analogy. The last stand by white racists against integration and voting rights for African Americans wasn't about patronizing attitudes some whites might have held -- it was about power. It was about the knowledge that blacks were not just ready but also determined to exercise the right to vote.

She makes it sound as if those who disagree with the administration are standing in the schoolhouse door. But no one wants to deny Iraqis or anyone else the chance to practice democracy. The question is whether democracy should, or can, be imposed at the point of a gun.

If Rice really believes what she says, then why does she shun the democratically elected Hamas government of the Palestinian Authority? Are the Palestinians childlike and not ready for the vote?

Or is our Middle East policy such a mess that it has to be veiled in rewritten history?

Afghan Leader Slams Musharraf's Policies (WT)

By Sharon Behn

The Washington Times, September 26, 2006

The political divide between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf became increasingly acerbic yesterday, with the Afghan leader accusing his counterpart of pursuing policies that foster terrorism.

The outburst came on the eve of a critical meeting in which the two men will join President Bush in the Oval Office to discuss ways to improve their cooperation in fighting a revitalized Taliban insurgency.

In a reference to Pakistan, Mr. Karzai said in an address at the Woodrow Wilson International Center for Scholars yesterday that there will be no peace in the region until nations stopped using religious extremism as a means of promoting policy.

"For all of us in the world to be safer, we must remove the need for groups, organizations or state entities -- and here I am beginning to be very careful in my remarks -- of reliance on religious radicalism as instruments of policy," he said.

"The increased attacks on Afghanistan and the cross-border activities; the loss of U.S., Canadian soldiers; the burning of mosques and attacks on children ... is the continuing of reliance on radicalism as an instrument of policy," Mr. Karzai said.

Many Taliban fighters escaped into Pakistan when U.S. troops landed in Afghanistan in December 2001 and worked with anti-Taliban Afghan forces to drive the al Qaeda-backed government from Kabul within weeks.

Pakistan, one of three countries that had recognized the Taliban regime, quickly joined the United States in its war on terror. According to Gen. Musharraf's memoirs, published yesterday, Pakistan has handed over hundreds of al Qaeda suspects to the United States.

Gen. Musharraf, in the United States to address the U.N. General Assembly, insisted in an interview on Friday that the problem of terrorism in Afghanistan was rooted in Afghanistan itself.

Pakistani officials also have said that a recent agreement with tribal leaders along the Afghan border should put an end to cross-border raids and Taliban violence. But the pact has done little to stem terrorist attacks in Afghanistan.

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That violence continued yesterday in the southern city of Kandahar, where two men on a motorbike fatally shot Safia Ama Jan, a longtime women's rights advocate who had run an underground school for girls while the Taliban was in power.

The Taliban had outlawed education for girls.

A funeral was held later yesterday at a crowded Shi'ite mosque for Mrs. Ama Jan, a provincial director for the Ministry of Women's Affairs.

"The enemy of Afghanistan killed her, but they should know it will not derail women from the path we are on. We will continue on our way," said Fariba Ahmedi, a parliament member from Kandahar, according to the Associated Press.

In his Washington address yesterday, Mr. Karzai said many of the terrorists afflicting his country get their start in religious schools, or madrassas, in Pakistan.

"Young, poor, unaware, uneducated children from the poorest of families are taken and preached hatred against me, against you, against any other person" in these schools, said Mr. Karzai, who urged Gen. Musharraf to shut down the madrassas and imprison those who teach there.

"Military action in Afghanistan alone is not going to free us of terrorism. Going to the source of terrorism -- where they get trained, motivated, financed and deployed -- is necessary now," he said.

"They are told: 'Go kill yourself in Afghanistan. Commit suicide and kill as many internationals and Afghans as you can, and the instant you are dead you will be in heaven.' To a boy of 7, keep preaching that until he is 14, and you will have a suicide bomber," Mr. Karzai said.

Gunmen Kill Afghan Official Who Backed Women's Rights (NYT)

By Carlotta Gall

The New York Times, September 26, 2006

KANDAHAR, Afghanistan, Sept. 25 — A senior Afghan official specializing in women's rights was gunned down here on her way to work on Monday morning by suspected Taliban gunmen. It was the highest-level assassination of a woman in Afghanistan in the five years since the Taliban were ousted from power.

Safia Amajan, 65, had served as chief of the women's affairs department in Kandahar Province for five years, working for women's rights and education and vocational training. A former teacher and high school principal, she was well known and much liked in Kandahar.

"It is a very tragic loss," said Sonja Bachmann, a United Nations political officer who knew Ms. Amajan well. "She did a good job, she worked in a very low-key way and worked hard to raise awareness about women's issues."

A spokesman claiming to speak for the Taliban claimed responsibility for the killing in a telephone call, [a news organization] reported

Hundreds of women gathered at the city's main Shiite mosque, where Ms. Amajan's body lay wrapped in a white shroud decorated with golden Koranic script, to mourn her loss. "There is no security for anyone now in Kandahar," one woman said, sobbing through her veil.

Ms. Amajan was shot as she was walking from her house up a narrow street to the main road shortly after 7 a.m., said shopkeepers in the area.

A gunman shot her four times with a pistol, said Muhammad Haidar, an official who worked in her office.

Her nephew, Muhammad Asif, 45, said that no one reported seeing the gunmen. "A carpenter was close to the scene and heard the shots and he called people," he said. Her husband also heard the shooting, came out of their house and found her lying in the street, Mr. Asif said.

The police were looking for two men, who escaped by motorcycle, said the provincial governor, Asadullah Khaled, who went to the crime scene. The police found tracks of the motorcycle driving away from the scene, he said.

Ms. Amajan preferred to take a taxi or public transport, even though her office had cars and drivers, her nephew said. "She wanted to keep a low profile," he said. "We wanted her to come and live with us in town, but she used to say, 'If it's God's will, they will take me anywhere.'"

Mr. Haidar said that she had not received specific threats but that everyone in the office knew of the danger posed by the Taliban, who have in the past attacked teachers and government officials. In another recent high-level assassination, a suicide bomber killed the governor of Paktia Province.

But to gun down a woman in the street, in this strictly conservative tribal society, is rare and shocking to many, and it has reinforced the fear in this southern city, which was once the Taliban spiritual headquarters, at the continuing violence and growing Taliban threats. A United Nations official noted that five people were kidnapped Sunday in the city.

"People are scared, of course," Mr. Haidar said. "How can we feel secure when the head of our department is killed in front of her house?"

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Ms. Amajan's relatives and employees ruled out any personal enmity as a motive, saying she was a religious woman, the mother of an 18-year-old son and a person of unimpeachable character.

"She was a poor woman, from a poor background and was very well connected to the local women's networks in Kandahar," Ms. Bachmann said. "In the south things are very difficult, and she worked to improve things for women — and she worked very well with us in the United Nations."

President Hamid Karzai, on a visit to the United States, condemned the killing. "The enemies of Afghanistan are trying to kill those people who are working for the peace and prosperity of Afghanistan," he said in a statement released in Kabul.

DOJ:

Worcester Federal Prosecutor Honored (WORCT)

By Lee Hammel

Worcester (MA) Telegram, September 26, 2006

Helped on Enron

David H. Hennessy, acting chief of the U.S. Attorney's Worcester branch , has been given the Attorney General's Award for Exceptional Service, the Justice Department's highest award.

Mr. Hennessy, an assistant U.S. attorney since 1995, was among two Massachusetts assistant U.S. attorneys and a former assistant U.S. attorney from Massachusetts to be given awards Sept. 12 at DAR Constitution Hall in Washington, D.C. Mr. Hennessy was given the award for his service on the Justice Department's Enron Task Force, which investigated and prosecuted individuals considered most responsible for fraud in the energy company.

Mr. Hennessy served on the task force, which had about 40 prosecutors and FBI agents, from August 2003 through June 2004. The task force had offices in Washington and Houston, Enron's base. During part of that time he continued with some of his duties in the federal courthouse in Worcester, but for much of it he left Worcester early each Monday not to return from Houston until Thursday or Friday.

Mr. Hennessy served on the team that prosecuted Lea Fastow and the so-called Barge case defendants. Ms. Fastow, a former Enron assistant treasurer and wife of Enron chief financial officer Andrew Fastow, was sentenced to a year in prison on a misdemeanor tax charge.

Former officials of Enron and Merrill Lynch were imprisoned for their roles in a sham sale of Nigerian energy-generating barges that enabled Enron to inflate its earnings and boost its stock price.

Referring to the Enron prosecutions, the Justice Department said, "This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions."

Massachusetts U.S. Attorney Michael J. Sullivan said, "These awards are given to a relative handful of recipients nationally and recognize their very high level of commitment and professionalism."

Before arriving in Massachusetts in July 1999, Mr. Hennessy was an assistant U.S. attorney in the Eastern District of New York, centered in Brooklyn, for 4-1/2 years. While in Worcester, he investigates and prosecutes a variety of crimes, including economic, firearms and narcotics violations. Mr. Hennessy specialized in Russian and traditional organized crime in New York.

His role in prosecuting Gambino capo Nicholas "Little Nick" Corozzo in federal court in Brooklyn earned him mention in Jerry Capeci's Gang Land column.

Before that Mr. Hennessy was an assistant district attorney in the Office of the Special Narcotics Prosecutor and the office of District Attorney Robert Morgenthau in New York. Andrew Weissmann, Mr. Hennessy's supervisor in the U.S. attorney's office in Brooklyn, became deputy director of the Enron Task Force and recruited Mr. Hennessy for the Houston court cases.

Mr. Hennessy is a 1985 graduate of Fordham University School of Law and the State University of New York Plattsburgh campus.

CORPORATE SCANDALS:

H-P Is Urged To Overhaul Board In Wake Of Probe (WSJ)

By Don Clark And Joann S. Lublin

The Wall Street Journal, September 26, 2006

Hewlett-Packard Co. should overhaul its board in the wake of the leak-investigation scandal, corporate-governance experts say, and four public pension funds are proposing a way for shareholders to help do that.

The four funds -- representing public workers in Connecticut, New York, North Carolina and Washington, D.C. -- said they filed a proposal asking H-P to change its bylaws to allow any shareholder group holding 3% of the company's stock for at least a year to nominate one or more board candidates.

Backers of the proposal are the New York State Common Retirement Fund, the Connecticut Retirement Plans and Trust Funds, the North Carolina Retirement Systems and the American Federation of State, County and Municipal Employees Pension Funds. Their proposal relies partly on a recent appeals court ruling that sided with AFSCME.

Separately, a House committee studying the H-P imbroglio said it issued subpoenas to two H-P executives and a private investigator it had invited to testify at a hearing Thursday. Several other senior H-P executives -- including Chief Executive Mark Hurd and former Chairman Patricia Dunn -- are expected to appear.

The House Energy and Commerce Committee said it issued subpoenas to H-P Senior Counsel Kevin Hunsaker and H-P Global Security Manager Anthony Gentilucci; an H-P spokesman said Mr. Gentilucci plans to resign today. The other subpoena recipient is Ron DeLia, operator of Security Outsourcing Solutions Inc., a Boston-area private investigation firm that H-P used.

Miles Ehrlich, who represents Mr. Gentilucci, said "we have not decided whether he's going to testify. We will be there at the hearing." A lawyer for Mr. Hunsaker acknowledged receiving the subpoena but declined to make additional comment. Mr. DeLia's lawyer didn't return calls.

Ms. Dunn resigned last week at the request of the board in the wake of disclosures about investigation tactics that have prompted several government probes. Director Thomas Perkins resigned in May to protest the H-P leak investigation; George Keyworth, a focus of the probe, also has resigned.

Mr. Hurd announced Ms. Dunn's immediate resignation Friday at a news conference, outlining a series of tactics used by the company in investigating board leaks, including obtaining phone records of journalists under false pretenses.

Mr. Hurd, who assumed the chairman's role from Ms. Dunn, promised H-P employees earlier this month that he would try to improve the board. "You have a board here right now that is crippled in every way imaginable," said Ralph D. Ward, a Michigan author who publishes a newsletter called Boardroom Insider.

Even before finding new directors, Mr. Ward said, the board should get outside assistance in thoroughly investigating what it did wrong in the leak investigation. He then proposes Mr. Hurd lay out a plan for giving up the chairmanship eventually to an outside director.

H-P should give over about one-third of its board seats to newcomers, said Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara (Calif.) University.

Mr. Perkins expressed his opinions about Ms. Dunn in a July 17 email to Mr. Hurd, being reported by The Wall Street Journal's editorial page today.

HP Officials, Contractor Ordered To Testify For House Panel (WP)

By Ellen Nakashima And Yuki Noguchi, Washington Post Staff Writers

The Washington Post, September 26, 2006

Congressional investigators have subpoenaed two Hewlett-Packard Co. employees and one contractor to testify before a House investigative subcommittee Thursday as part of the panel's probe of an HP spying scandal that has spawned two criminal investigations. The scandal grew out of a series of media-leak investigations at the Silicon Valley computer giant.

The subpoenas, the first issued by the panel in this case, went out over the weekend to HP senior counsel and ethics director Kevin Hunsaker; former HP global security director Anthony Gentilucci; and Ronald R. DeLia, owner of Security Outsourcing Solutions, a Boston investigative firm HP hired to help identify the sources of media leaks.

Hunsaker, who ran HP's leak investigation this year, has been on paid leave for at least a week, said his attorney Michael Pancer.

Gentilucci has resigned effective today, HP spokesman Ryan Donovan said.

Congress is questioning HP executives and its investigators as part of a broader examination into companies that sell or obtain unauthorized access to phone records.

Hunsaker and Gentilucci were both involved in HP's leak probe, which the company has said involved obtaining private phone records by impersonating directors and journalists. Other tactics, documents show, included secretively following board members and journalists, and embedding tracer software in an e-mail sent to a reporter. The legality of some of those techniques is under investigation by the FBI and California attorney general's office.

Thursday, the House Energy and Commerce investigative subcommittee will question HP chief executive Mark V. Hurd, former chairman Patricia C. Dunn and others.

DeLia's lawyer, John Kiernan, did not return a call seeking comment. Hunsaker committed no crime, his lawyer said. "Everything that Kevin did, everything that Hewlett-Packard employees did, was legal and aboveboard," Pancer said. "And by that, I mean it was consistent with approved and usual investigative techniques."

Staff researcher Richard Drezen contributed to this report.

House Panel Subpoenas 3 To Testify In HP Spying Scandal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 26, 2006

(AP) - WASHINGTON-Three people involved in Hewlett-Packard Co.'s efforts to unmask a boardroom leak have been ordered to testify at this week's congressional hearing on the corporate spying scandal that's so far claimed the company's chairwoman and two directors.

The subpoenas are the first issued by the panel in its investigation. They were served over the weekend, according to a congressional aide who asked not to be identified because the investigation is continuing.

Until now, the invitations to testify at Thursday's hearing had been voluntary and other witnesses had accepted them.

The subpoenas from the House Energy and Commerce Committee went to Kevin T. Hunsaker, the technology company's chief ethics officer; Anthony R. Gentilucci, who manages HP's global investigations unit in Boston; and Ron DeLia, the operator of a detective firm hired by HP in the elaborate and intrusive investigation to trace the source of a boardroom leak.

Determined to protect confidential board discussions, then-HP Chairwoman Patricia Dunn hired investigators who impersonated board members, employees and journalists to obtain their phone records. The detectives also spied on an HP director and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

Federal and California prosecutors are pursuing criminal investigations of the company's leak probe.

DeLia, who runs Security Outsourcing Solutions Inc. of Needham, Massachusetts, previously signaled that he would appear at the hearing but might invoke his Fifth Amendment right against self-incrimination and refuse to answer lawmakers' questions. He had requested a subpoena from the committee as a legal formality, the congressional aide said.

Both Hunsaker and Gentilucci are likely to lose their jobs as part of a housecleaning planned by HP's chief executive, Mark Hurd, a person familiar with the matter said Friday. The person asked not to be identified because the terms of their departure are still being negotiated.

DeLia and HP representatives did not return messages seeking comment Monday.

Documents have shown how deeply the investigators intruded into the personal lives of seven HP directors, two employees, nine journalists and family members of the targeted individuals.

Dunn, who authorized the company investigation but has insisted she wasn't aware of the extreme tactics used, resigned Friday. Hurd, who immediately succeeded her while retaining the CEO and president positions, called the investigators' tactics "very disturbing" and apologized to those who were targeted in the investigation.

Dunn and Hurd have agreed to testify at the hearing.

Hunsaker in February pointed DeLia toward two board members he suspected of leaking information to journalists and made specific requests that the hired investigator obtain personal telephone records, a company document obtained by The Associated Press shows.

The Feb. 3 e-mail from Hunsaker to DeLia contrasts with a Jan. 30 message in which Hunsaker, a senior attorney in HP's legal department, expressed his concerns about the legality of the investigators' methods in pursuing the company's leak probe.

"Thanks Ron. I now strongly believe it's Keyworth," Hunsaker wrote, referring to director George Keyworth, who resigned this month. He also suspected another board member, Tom Perkins, who quit the board this spring to protest the investigation's tactics. He also asked DeLia to find out more about Keyworth's wife.

"I also think Perkins is leaking info for personal reasons, but I think BOTH January 23rd articles by Kawamoto were leaked by Keyworth," the e-mail continued. "Can you please see if we can find out Marion Keyworth's cell number and pull those records?"

HP shares, which took a hit Thursday after news reports indicated Hurd might have played a greater role in the probe, gained 60 cents, or 1.7 percent, to close at $35.71 in Monday trading on the New York Stock Exchange.

AP Business Writer Michael Liedtke contributed to this report from San Francisco.

HP Scandal Figure Resigns After Being Subpoenaed (USAT)

By Michelle Kessler

USA Today, September 26, 2006

SAN FRANCISCO — A key player in the Hewlett-Packard spying scandal submitted his resignation Monday hours after he and two others were subpoenaed by federal officials, HP said.

Anthony Gentilucci, a global security manager for the computer giant, was part of a team assigned to find out who inside HP was leaking confidential information to the press. The team, which included HP staffers and outside detectives, used unsavory tactics to obtain confidential phone records, physically tracked board members and reporters, and tried to plant electronic tracking software on a reporter's computer.

The House Energy and Commerce Committee is investigating whether those actions were illegal. Monday, it said it issued subpoenas compelling Gentilucci, HP senior counsel Kevin Hunsaker and outside private investigator Ronald DeLia to appear at a hearing Thursday.

The committee had earlier asked the three men to attend. The subpoenas make the request mandatory. (Witnesses can still decline to answer questions by citing their Fifth Amendment right against self-incrimination.)

Subpoenas can sometimes be used to compel a reluctant witness but can also be a legal formality. Committee spokesman Terry Lane wouldn't say why the subpoenas were issued.

Monday evening, Hunsaker was still employed by HP, spokesman Ryan Donovan said. DeLia did not return e-mail messages.

Six others involved in the scandal have also been asked to appear before the committee but have not been subpoenaed. HP CEO Mark Hurd, former chairman Patricia Dunn, and general counsel Ann Baskins will all testify, HP's Donovan says. He wouldn't comment on whether a fourth HP employee, computer security investigator Fred Adler, would show up.

Also on the list are Larry Sonsini, a prominent Silicon Valley attorney who counts HP as a client, and Joe Depante, owner of Florida detective firm Action Research Group. Sonsini intends to testify. Depante didn't return phone calls.

Several government agencies, including the FBI and the Securities and Exchange Commission, are investigating HP. But the House Committee has been one of the most aggressive. It has a 7-month-old investigation into phone-record fraud and is using the HP scandal to publicize the effort.

This Friday, one day after the HP hearing, the committee has asked representatives from most major cellphone companies to testify about phone fraud. Executives from Verizon Wireless, Sprint Nextel, Cingular Wireless, T-Mobile and US Cellular are among those planning to attend.

Such fraud has been around nearly forever but has been made much easier by the Internet and online bills, says Robert Douglas, a security consultant.

HP shares have fallen 2% since news of the scandal broke earlier this month.

Dunn And Dusted (WSJ)

By Viet D. Dinh

The Wall Street Journal, September 26, 2006

Justice Felix Frankfurter once wrote, "Wisdom too often never comes, and so one ought not to reject it merely because it comes late." So it is with Hewlett-Packard's decision on Friday to come clean with the available facts about Chairman Patricia Dunn's ill-advised investigation into board members and journalists, as well as to replace her with CEO Mark Hurd and appoint respected prosecutor Bart Schwartz to mop up the mess. Belated but welcome, these actions show that Mr. Hurd's steady hand will guide H-P out of the scandal and back to its rightful place as the icon of Silicon Valley.

For me the whole saga started in June with dinner at a London restaurant. The News Corporation was welcoming Spanish President José María Aznar to its board, on which venture capitalist Tom Perkins and I also serve as independent directors. Between drinks and glimpses at a World Cup match, as this paper has reported, Mr. Perkins asked me for advice on a confidential matter. He had resigned several weeks earlier from the H-P board, where he chaired the Nominations and Governance Committee, to protest an investigation into disclosures of board information and the decision to ask a fellow director, George "Jay" Keyworth, to resign.

H-P Sauce

That night and on the plane the next day, Mr. Perkins described a four-month operation instigated by Ms. Dunn, which we now know as Kona, to uncover contacts between members of her board and reporters covering H-P. That investigation, according to Mr. Perkins, pointed to Mr. Keyworth as the unnamed source for a January article on the trade Web site CNET.com.

My immediate reaction was that it was unconscionable for a chairman to spy on her own directors. Having participated in and observed a number of leak investigations as a Justice Department official, I also thought it nearly impossible to uncover a confidential source without using government subpoenas, which H-P did not have, or resorting to likely illegal methods, which at the time was unthinkable. Mr. Perkins asked me to serve as his counsel, and I agreed.

Most perplexing was the supposed trigger for this unfortunate foray into corporate intrigue. The CNET article, if anything, burnished the image of H-P and its management. There was no disclosure of material nonpublic financial information to trigger regulatory or legal issues. Amid banal details about how long the days were and how hard the directors worked were glimpses into the company's general strategic and competitive vision. Mr. Hurd was engineering an impressive turnaround, and the article showed that H-P was not simply cutting costs and laying off workers but rather executing a shrewd strategic plan to best its competitors.

It is difficult to see how a puff piece with nuggets already publicized by H-P could be viewed as harmful. The board has since acknowledged that "at H-P's request, Dr. Keyworth often had contacts with the press to explain H-P's interests. The board does not believe that Dr. Keyworth's contact with CNET in January 2006 was vetted through appropriate channels, but also recognizes that his discussion with the CNET reporter was undertaken in an attempt to further H-P's interests." And there is no general duty of confidentiality for directors, only a duty of loyalty to act in the best interests of the corporation and its shareholders.

So the whole thing boils down to Mr. Keyworth deciding to speak favorably to a reporter without asking for permission. The answer to this question of authority is not self-evident as a legal matter. The chairman of the board is first among equals -- entrusted with the responsibility to set agendas, conduct meetings and interact with management. But each board member individually owes a legal duty to act in the best interests of the corporation, a personal duty that cannot and should not be delegated or transferred to anyone else.

It is true that unauthorized disclosures of board information would violate a mutual commitment of confidentiality that H-P directors made to prevent such disclosures following the ouster of Carly Fiorina as chairman and CEO. This is a serious matter, but one that could and should be handled, as Mr. Perkins suggested to Ms. Dunn early on, by a direct personal conversation with the directors. It is therefore understandable for Mr. Keyworth to reportedly exclaim, when confronted with the CNET investigation results, "I would have told you all about this. Why didn't you just ask?" * * *

Overlaying these minutiae is a broader morality tale for the modern era of corporate governance. Enron and WorldCom prompted Sarbanes-Oxley, SEC regulations and a host of corporate "best practices." These requirements emphasized internal controls, divided corporate authority and instituted checks and balances. Essential as these requirements may be to ensure technical compliance with the new rules, they cannot substitute for the guiding light of director conduct: business judgment.

Patricia Dunn reportedly is a "governance perfectionist." When Mr. Perkins's objections to Ms. Dunn's investigation surfaced publicly, she called the conflict "part of the board's progression from one that was more personality driven to one that is process driven and capable of upholding today's highest governance standards." Her supporters whispered that Mr. Perkins had challenged her proposal for a mandatory director education program on corporate compliance. And in resigning last week she emphasized, "I followed the proper processes by seeking the assistance of H-P security personnel." Left unanswered was whether the sub rosa investigation was a good idea or whether the reaction was reasonable to the infraction.

Meanwhile, in June, Tom Perkins wrote to Larry Sonsini, outside counsel to the H-P board, and passed on my view that the investigation was unconscionable and likely illegal. After conversations with staff, Mr. Sonsini confirmed that Ms. Dunn's Kona investigation "did obtain information regarding phone calls made and received by the cell or home phones of directors" and that it was "done through a third party that made pretext calls to phone service providers." Questions have been raised about Mr. Sonsini's role, but Mr. Perkins's and my impression is that Mr. Sonsini was simply a good, honest lawyer doing his best to represent his client in very difficult situations.

It was Mr. Sonsini's candid acknowledgment of pretexting that prompted Mr. Perkins to contact telephone companies and obtain evidence that his records had been accessed. Wherever responsibility for such actions lie are for prosecutors to determine, but one thing is clear: Using false pretenses to obtain telephone records without the subscriber's consent is illegal under state and federal law.

The Department of Justice wrote to Congress in March that pretexting of telephone records is, under current law, a violation of the Computer Fraud and Abuse Act, the wire fraud statute and the identity theft statute. The Bush administration nevertheless advocated passage of H.R. 4709, the "Law Enforcement and Phone Privacy Protection Act of 2006," because it "would impose sanctions for certain sales of phone records, would criminalize some conduct that is harmful to consumers but that is not addressed by current criminal law." The House heeded the call and unanimously passed the bill, which is currently pending in the Senate.

What happened to Tom Perkins is unique only because of the players involved. Thousands have had their phone records illegally accessed. Ironically, the pervasiveness of the trade in illegally obtained phone records has led many buyers of illicit records to believe that they were not dealing in stolen goods. Perhaps that is one silver lining to this episode: Henceforth, no one, least of all corporate America, should be able to claim that they didn't know that obtaining telephone records without consent is improper and illegal. * * *

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H-P is now charting the right course, with Mark Hurd firmly at the helm. There is no better indication of his commitment to doing the right thing than the appointment of Bart Schwartz as counsel to review and revamp H-P's security processes. "Bart is an outstanding lawyer and investigator with excellent judgment and immense integrity," former FBI director Louie Freeh told me. "He will act independently and provide to H-P a 'best practices' architecture for investigations and procedures which is thorough, fair and sensitive to privacy requirements."

Mr. Hurd himself has frankly acknowledged his specific interactions with Ms. Dunn's investigation. Like any good scandal, Kona has sucked everything and everyone, however peripheral, into its vortex. But based on all available information, I believe that his knowledge was tangential and his involvement indirect. It would be surprising -- and much more disturbing -- if Mr. Hurd had zero knowledge of, or involvement in, actions of H-P employees and contractors under the direction of the board chairman.

One may well ask whether Mr. Hurd should have done less to help or could have done more to stop the investigation. But here, too, I think he should get the benefit of any doubt. As CEO, Mr. Hurd was charged with the management and operations of H-P, in the process engineering one of the most remarkable turnarounds in recent corporate history. Even if he had the will, he did not have the unilateral authority to challenge Ms. Dunn's management of the board. Mr. Hurd was, and should have been, doing his job to increase shareholder value; and the machinations of an increasingly dysfunctional board were a distraction.

Hopefully, those distractions are now over. By stepping aside, Ms. Dunn proved her personal commitment to H-P and its shareholders. It is never easy to let go under pressure, and her decision speaks volumes about her courage, her grace and, in Mr. Hurd's words, "her ability to put the interests of H-P before her personal interests."

In the final analysis, the best thing that the H-P board did was to appoint Mark Hurd as CEO. But then it failed him. Ironically, the three persons most instrumental in recruiting Mr. Hurd -- Patricia Dunn, Jay Keyworth and Tom Perkins -- have all resigned, and he is now in charge of both the company and the board. The task may be more challenging, but the odds are good that he will succeed in leading the board as he did in leading the company.

'Dear Mark'

On July 18, the same day that Tom Perkins formally confirmed his protest to the entire board, he wrote Mr. Hurd a personal email that bears quoting in its entirety:

"Dear Mark: A while back I promised you that we directors would clean up our act, and free you from worries about the H-P board. I am really sorry that I didn't deliver on this, and I apologize for the necessity of raising the issue of illegal activity by the board chairman in today's email to the board. But, it's an extremely serious matter, and I have legal obligations.

"Aside from this, I worry that Pattie, as new chair of N&G, will 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes.

"I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough. I don't wish you bad luck -- but life eventually delivers tough scenarios to CEOs of big companies -- and I doubt if H-P will prove to be the exception.

"Anyway, I am rooting for you still, and I hope everything works out as you wish best.

"Sincerely, -- Tom."

As Mr. Perkins has said, "This, too, shall pass." Hopefully, soon.

Mr. Dinh, a Georgetown law professor and principal of Bancroft Associates PLLC, is the attorney for Tom Perkins. He was assistant attorney general for legal policy in the U.S. Department of Justice from 2001 to 2003.

Hewlett-Packard's Sonsini Hires Ex-Bush Lawyer For Probe Advice (BLOOM)

By Joel Rosenblatt

Bloomberg, September 26, 2006

Sept. 25 (Bloomberg) -- Lawrence W. Sonsini, a legal adviser to Hewlett-Packard Co., hired President Bush's former election counsel Michael Madigan to help him as he faces a Congressional investigation of the company's probe of boardroom leaks.

Sonsini, 65, chairman of the Wilson Sonsini Goodrich & Rosati law firm, hired a team that includes Madigan and former Congressman Bill Paxon, both of the Washington, D.C., office of Akin Gump Strauss Hauer & Feld. Madigan was chief litigation counsel for Bush's campaign in the Florida recount during the 2000 election.

Sonsini and officials at Palo Alto, California-based Hewlett-Packard are scheduled to appear Thursday before a subcommittee of the House Energy and Commerce Committee, which is investigating whether company tactics used to determine the source of news leaks to its board were illegal.

Wilson Sonsini ``is working with Akin Gump, under the leadership of former Congressman Bill Paxon and Mike Madigan to help understand the congressional process," firm spokeswoman Courtney Dorman said in an e-mail.

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Sonsini built Wilson Sonsini from a four-lawyer shop he joined in 1966 to a 600-attorney firm based in Palo Alto. He conducted initial interviews of Hewlett-Packard's board members in January, 2005, to determine the source of news leaks, Dorman said. Results from those interviews proved inconclusive.

Hewlett-Packard then undertook its own inquiry, employing investigators who used fake identities to obtain telephone records of directors, employees and journalists to identify the source of the leaks. California's attorney general Bill Lockyer and the U.S. Justice Department are reviewing the tactics, called pretexting, to see if crimes were committed.

Also scheduled to appear at the hearing are Hewlett-Packard Chairman and Chief Executive Officer Mark Hurd, former Chairwoman Patricia Dunn, General Counsel Ann Baskins, and Fred Adler, a company investigator. Earlier today two other company executives, Kevin Hunsaker, the senior counsel, and Anthony Gentilucci, its global security manager, and an outside investigator were served subpoenas to testify.

Shares of Hewlett-Packard, the world's second-largest personal computer rose 60 cents to $35.71 in New York Stock Exchange composite trading. They've risen 25 percent this year.

To contact the reporter on this story: Joel Rosenblatt in San Francisco at jrosenblatt@bloomberg.net .

Sentencing Of Former Homestore CEO Delayed (INMAN)

Inman News, September 26, 2006

Stuart Wolff faces maximum sentence of 175 years

Sentencing for Stuart Wolff, the former CEO of Homestore Inc. who was convicted in June on charges ranging from conspiracy to fraudulent insider trading, has been delayed until at least Oct. 10.

Assistant U.S. Attorney Michael R. Wilner said today, "At the defense's request, the hearing has been postponed" and could be delayed until Oct. 10 or Oct. 16.

Wolff, 43, reportedly faces a maximum statutory sentence of 175 years in federal prison for the crimes at Homestore, now known as Move Inc. The company operates popular home-search Web site Realtor.com.

Wolff served as CEO and chairman of the board at Homestore from 1997-2002, when he resigned during an internal investigation. A jury found Wolff guilty of conspiracy, filing false statements with the U.S. Securities and Exchange Commission, lying to accountants, fraudulent insider trading, and falsification of corporate books and records.

He had originally been scheduled for sentencing Sept. 11.

There are 11 other defendants who also await sentencing related to past problems at Homestore, including Peter Tafeen, the company's former executive vice president of business development who pleaded guilty in March to one count of securities fraud and organizing fraudulent advertising transactions through which Homestore artificially inflated its revenues.

The SEC and U.S. Justice Department in April 2005 announced criminal and civil cases against Wolff and Tafeen.

Fund Manager Charged In CompuDyne Trading (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 26, 2006

Trades Said to Use Inside Information

NEW YORK, Sept. 25 -- A former hedge fund manager has been charged with criminal insider trading for allegedly profiting from confidential information she had received from Arlington investment firm Friedman Billings Ramsey Group Inc.

Hilary L. Shane, 39, was indicted earlier this month on five counts of securities fraud, and she was arraigned on Monday in U.S. District Court in Manhattan. She pleaded not guilty.

The charges stem from a two-year investigation into a 2001 private stock offering that FBR managed for CompuDyne Corp., a publicly traded Annapolis security company. Such a transaction is known as a private offering in public equity, or PIPE, and plans for them are kept confidential because they can cause the public share price to fall.

Shane, who now lives in Jupiter, Fla., has already paid $1.45 million to settle a civil investigation by the Securities and Exchange Commission and been banned from the industry by the NASD. Her lawyer, Robert Gold, declined to comment outside of the courtroom.

FBR co-founder Emanuel J. Friedman abruptly retired in 2005 during the investigation, and two other top executives resigned. An FBR spokeswoman declined to comment Monday.

According to the indictment, Shane, who was then working for First New York Securities LLC, was contacted by an FBR salesman to see if she would be interested in buying shares in a CompuDyne private equity placement. Shane told the salesman she was interested in buying up to 500,000 shares at up to $14 apiece. At the time, CompuDyne shares were trading above $17.

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Eventually, FBR priced the PIPE at $12 a share, and Shane agreed on Oct. 8, 2001, to buy a total of 475,000 shares, including 237,000 for her personal account. The next day, she began to sell the stock short -- Wall Street slang for selling a promise to deliver shares at a later date, the indictment alleged.

Shane sold 122,900 shares short and received an average of $14.59 per share, the indictment said. She then covered those sales using shares she bought in the PIPE transaction for $12 a share, pocketing the difference of $315,216.

Not Guilty Plea To Illegal Short Selling (NYT/BLOOM)

By Bloomberg News

The New York Times, September 26, 2006

A former New York hedge fund manager pleaded not guilty yesterday to illegally short selling shares of CompuDyne hours before the company announced a private share offering.

An indictment said that Hilary L. Shane, 39, bought shares for herself and her clients, agreeing to keep the offering secret until it was announced. Hours before the announcement in 2001, Ms. Shane sold 122,900 CompuDyne shares short for about $14.59 apiece, according to the indictment, which was dated Sept. 12 and unsealed Thursday. Short sellers borrow shares and sell them, and make money if the stock price falls.

Weeks later, Ms. Shane used shares she had bought in the private offering for $12 each to return the borrowed shares, making a profit of $315,216 for herself and her clients, prosecutors said. Ms. Shane, of Jupiter, Fla., made her plea before Magistrate Judge Henry Pittman of Federal District Court in Manhattan. She was released without bail, and her next court date is Oct. 10, a Justice Department spokeswoman said. A call to CompuDyne, a security system company based in Annapolis, Md., was not returned.

In May 2005, Ms. Shane paid more than $1 million in fines and restitution to settle a Securities and Exchange Commission lawsuit arising from the same transactions, without admitting or denying the accusations, the S.E.C. said.

Scrushy's Lawyers Say Jurors Discussed Case (WSJ)

By Betsy Mckay And Valerie Bauerlein

The Wall Street Journal, September 26, 2006

Some of the jurors in a corruption trial involving HealthSouth Corp. founder and former chief executive Richard M. Scrushy discussed the case in emails before convicting him, and used evidence gleaned from the Internet in their deliberations, defense attorneys said in a motion seeking a new trial.

The motion, filed yesterday in U.S. District Court in Montgomery, Ala., by lawyers for Mr. Scrushy and former Alabama Gov. Donald Siegelman, included copies of four emails that the attorneys said were sent to them anonymously, as well as an affidavit from an unidentified juror alleging that some jurors had introduced information about the case to other jurors that they had gotten off the Internet.

Mr. Scrushy was convicted June 29 of paying $500,000 in bribes in return for a spot on a state regulatory panel. Mr. Scrushy was found guilty on all six charges he faced in the trial, including bribery, conspiracy and mail fraud. Mr. Siegelman was convicted on 10 corruption-related counts.

David A. McDonald, a Mobile lawyer representing Mr. Siegelman, said the defense teams began looking into outside influence after the jury foreman said in a post-verdict news interview that he'd researched his duties on the Internet. At least three jurors discussed the case by email apart from the other jurors, with two of them engaging in dialogue "indicative of an orchestrated effort to ensure that guilty verdicts" would be delivered to Messrs. Scrushy and Siegelman, according to the motion.

U.S. District Judge Mark Fuller admonished jurors repeatedly throughout the trial not to discuss the case among themselves outside of formal deliberations. On May 29, a month before Mr. Scrushy's conviction, one juror, using a Google g-mail account, wrote to another that "some of the kounts r confusing 2 our friends" and that two other jurors were "still off trac."

On June 25, an email from the same Google g-mail account said that "penalty 2 severe ... still unclear on couple of counts against pastor & gov." The term "pastor" appears to refer to Mr. Scrushy, who has a religious cable TV show.

In the affidavit, the unidentified juror recalled being confused by the Internet information others had brought in. "I thought that the governor had put money from HealthSouth in his personal account. But now I know that ain't true," the affidavit said.

The attorneys are asking Judge Fuller for permission to authenticate email addresses and text messages of jurors, Mr. McDonald said. "We are entering an entirely new era where people are so reliant on email and text messaging," he said. "I believe this will be a landmark case."

A spokesman for Mr. Scrushy declined to comment. Louis V. Franklin Sr., the criminal-division chief of the U.S. attorney's office in Montgomery who led the case for the prosecution, couldn't be reached to comment. Messrs. Scrushy and Siegelman

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have until Friday to file additional grounds for requesting a new trial and have not ruled out doing so. Judge Fuller would have two weeks to respond to the request.

Ebbers To Head To Prison Today (USAT)

By Jayne O'donnell

USA Today, September 26, 2006

Bernie Ebbers, the founder and former CEO of one-time telecom giant WorldCom, reports to federal prison today to begin serving a 25-year term for accounting fraud.

It could be a life sentence for Ebbers, who is 65.

It's the harshest sentence in the recent wave of white-collar convictions and is being contested by Ebbers' defense lawyer, Reid Weingarten. But Ebbers was ordered to report to prison anyway.

In August 2005, U.S. District Judge Barbara Jones recommended that Ebbers serve his sentence at the minimum-security prison in Yazoo City, Miss.

Bureau of Prisons officials on Monday would not say where Ebbers will be sent. But because of the sentence length, Ebbers won't be going to a prison camp. Minimum-security prison camps have a more campuslike atmosphere, and inmates are allowed to move somewhat freely on the grounds.

Increasingly, federal prisons are filled — overcrowded, in fact — with young drug- or immigration-law violators. Even low-security prisons house a mix of criminals, including some serving the last few years of sentences for murder.

Ebbers was blamed for the $11 billion accounting fraud at WorldCom, now known as MCI. Other executives shared the blame, but to a lesser extent at sentencing time:

·Former CFO Scott Sullivan, who cooperated with prosecutors, is serving a five-year sentence and is expected to be released in 2010.

·Former controller David Myers has already served his sentence of a year and a day in prison.

·Troy Normand, a former accountant, got three years probation, while his boss, Betty Vinson, got five months in prison.

·Vinson's boss, Buford “Buddy” Yates, is serving a term of a year and a day.

Ebbers was convicted of fraud and conspiracy in March 2005 for his role in the scandal. A three-judge panel for the 2nd U.S. Circuit Court of Appeals in Manhattan upheld the conviction and sentence.

The panel rejected defense arguments that he was denied a fair trial and that his sentence did not fit the crime.

The Jackson, Miss., Clarion-Ledger reports Ebbers can seek a rehearing by the three-judge panel that upheld his sentence and a hearing by the full 2nd U.S. Circuit Court of Appeals. He also can appeal to the U.S. Supreme Court.

Fastow Takes Aim At Banks He Says Helped Enron (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, September 26, 2006

HOUSTON, Sept. 25 -- Former Enron Corp. finance chief Andrew S. Fastow soon may be headed to prison -- but not without a parting shot at the banks that he says helped the company disguise its financial problems.

As he moved to wrap up his personal affairs before he is sentenced Tuesday, Fastow, 44, has agreed to assist lawyers representing shareholders who lost billions of dollars when the energy trader filed for Chapter 11 bankruptcy protection in December 2001, according to documents reviewed by The Washington Post.

Wary of being branded the primary scapegoat for Enron's demise, Fastow is pointing to several investment banks that have rebuffed efforts to settle a class-action shareholder lawsuit. The banks, all of which have denied wrongdoing in court filings, include Merrill Lynch & Co., the Credit Suisse Group, and the Royal Bank of Scotland Group PLC.

Shareholders' lawyers have collected a record $8 billion for Enron investors in settlement agreements with J.P. Morgan Chase & Co., Citigroup Inc. and Bank of America Corp., among others.

But U.S. District Judge Melinda Harmon dealt the shareholders a significant setback earlier this year, when she dismissed Barclays PLC from the case. In legal reasoning embraced by other investment banks still fighting the lawsuit, the judge declared that shareholders had to prove more than just that bankers had aided or abetted Enron in concealing its financial woes.

Instead, the investors' lawyers, led by William S. Lerach, would be required to produce evidence the banks were directly involved in Enron's manipulations of its financial statements or in misleading investors -- a much higher burden of proof.

That's where Fastow, who often dealt with bankers as Enron's finance chief, comes into the picture. Fastow has consented to sit for an extensive deposition with plaintiff lawyers to tell them what he knows and to point them to documents that flesh out the bankers' role in helping Enron in exchange for hundreds of millions of dollars in fees, the documents indicate.

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The former executive has said that he viewed banks as "problem-solvers" and that based on conversations he had with certain bankers, certain banks worked with Enron "intentionally and knowingly" to engineer deals that would affect the company's financial statements and reach technical accounting goals of questionable substance, according to a formal declaration by Fastow to be presented at his sentencing.

A representative from Lerach's firm is expected to appear at Fastow's sentencing Tuesday in Houston, where the lawyer plans to ask the judge for leniency from Fastow's expected 10-year prison sentence, citing the unusual amount of help Fastow is providing investors. Citing Fastow's participation, Lerach's firm said it intends to ask Harmon to reinstate Barclays and Deutsche Bank AG, which also was dismissed earlier this year, as defendants in the shareholders' lawsuit.

A Senate investigations subcommittee and a bankruptcy examiner previously studied the role of banks, which investigators said helped Enron structure billions of dollars in hidden loans and manufacture millions more in cash flow. By aggressively employing accounting tricks, with the assistance of friendly banks, Enron reported $10 billion in debt at the end of 2000, rather than the more accurate figure of $22 billion, according to a 2003 report by examiner R. Neal Batson.

Representatives for banks that have not settled the case, including Credit Suisse and Merrill, declined to comment about Fastow's assistance to plaintiffs. But legal analyst David Berg cast doubt on the credibility of the former Enron executive, who has admitted that he lied to auditors and stole from the company. Berg, a Houston lawyer representing Deutsche Bank, said in an e-mail that "enlisting Fastow is like inviting the devil to dinner."

Lerach, who is spearheading the plaintiffs' case, asserted in an e-mail that Fastow has provided key insights into "how the Enron banks actively participated in the creation of financial structures that were designed to deceive the markets, credit rating agencies and analysts -- and cheat investors out of billions and billions of dollars. Andy Fastow's sworn statements, which are corroborated by contemporaneous documents, directly implicate some of our nation's largest banks in the Enron corruption."

FBI Promises Crackdown On Stock-Option Fraud As Cases Increase (BLOOM)

Bloomberg, September 26, 2006

By Robert Schmidt

Sept. 26 (Bloomberg) -- The FBI is conducting probes of 52 companies that may have illegally backdated stock options and more cases are on the way, its new criminal investigative chief said.

The number of criminal cases has increased 16 percent in less than two months, said Chip Burrus, an assistant director of the Federal Bureau of Investigation. ``We're going to knock that pretty good," he said in an interview. ``We're going to go after those."

Burrus signaled the Justice Department will oppose efforts to water down the corporate-governance overhaul adopted in the wake of the scandals involving Enron Corp., WorldCom Inc. and others. In the interview, he praised the 2002 Sarbanes-Oxley accounting law, which has been under attack from business groups and Wall Street, and said the FBI is paying close attention to fraud in the $1.2 trillion hedge-fund industry.

The FBI is investigating 486 corporate fraud cases this fiscal year, up from 423 in 2005, according to the agency. It has also opened 1,160 securities fraud probes, compared with 1,139 last year. Twenty of the bureau's corporate-fraud cases allegedly involve more than $1 billion.

``There is a general idea that this has sort of gone away," Burrus said. ``It's not going away."

The bureau works closely with the Securities and Exchange Commission, U.S. attorneys' offices, the Justice Department's fraud section and other agencies.

Burrus's comments echo those of Deputy Attorney General Paul McNulty, who said in a June 29 interview that corporate fraud remains a priority for the Justice Department.

FBI at the Door

For executives, Burrus said, a knock on the door from an FBI agent sends a strong message.

``I'm not interested in civil fines," he said. ``If I'm coming in and I'm looking, there are allegations of criminal misconduct. There's obviously a different pucker factor that comes when you start talking to an FBI agent."

Illegal manipulation of stock options is one of the biggest growth areas, Burrus said. Backdating occurs when companies reward executives by retroactively setting the grant date to a time when the stock was cheap, increasing the potential for profit. At least 130 companies have disclosed internal probes or federal investigations into their options practices.

The first criminal charges in the options scandal were brought against former executives of Brocade Communications Systems Inc., based in San Jose, California, and New York-based Comverse Technology Inc.

Admit Wrongdoing

Burrus said the Justice Department is encouraging companies to come forward and admit wrongdoing.

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``Honest corporate executives want fast resolution to this so they can move on with what they do best, and that's the business that they're in," he said. ``If we linger around these things, then it's not good for them, it's not good for us."

On hedge funds, Burrus said the FBI is concerned about the number of smaller investors gaining access, mostly through pension funds, to the private partnerships meant for the wealthy. President George W. Bush's corporate fraud task force, including the FBI, has identified hedge funds as ``an emerging threat."

The assets of largely unregulated hedge funds have more than doubled over the past five years. An attempt by the SEC to set up minimal requirements for the investment pools, such as periodic inspections, was struck down in June by a federal appeals court in Washington.

`Emerging Threat'

``It is an emerging threat because of the dollar value and the number of institutions that are actively taking a look at this," Burrus said. ``People that maybe aren't expecting to have this type of a risky investment in their portfolio end up taking a bath."

Several high-profile hedge funds have collapsed in the past two years, including Stamford, Connecticut-based Bayou Management LLC and Atlanta-based International Management Associates LLC, which counted professional football players among its investors. Earlier this month, Greenwich, Connecticut-based Amaranth Advisors LLC informed clients that it lost $6 billion on natural gas trades.

As the Justice Department's investigative arm, the FBI has some 260 agents working on corporate, securities and commodities fraud cases.

Still, business investigations take a back seat to terrorism and counter-intelligence probes. In Burrus's own division, corporate fraud ranks third in importance behind combating gangs and investigating public corruption, he said.

White-Collar Crime

That doesn't deter Burrus, 49, who said he ``cut his teeth" at the bureau on white-collar criminal investigations in the 1980s and 1990s, especially bank fraud. He joined the FBI in 1983 and rose to head its office in Salt Lake City. Burrus became acting head of the criminal investigative division in February and was appointed to the permanent job last month by FBI Director Robert Mueller.

``Our goal has always been to maintain the integrity of the markets to protect the average investor," Burrus said, citing retirees who ``just get fleeced right and left" and those who lose their jobs due to corporate malfeasance.

Burrus said the agency learned valuable lessons from the accounting scandals, including where to locate resources. Most of the bureau's financial expertise is in major cities like New York, Los Angeles and San Francisco, and the agency was forced to play ``catch up" in places like Clinton, Mississippi, home to WorldCom, and in Houston, where Enron had its headquarters.

``It took us a while to get peddling on Enron and WorldCom," Burrus said.

Response Teams

Karen Spangenberg, chief of the FBI's financial crimes section in Burrus's division, has created four, 10-person regional response teams. They include lawyers, accountants, financial analysts and asset forfeiture specialists. They can be deployed at the first sign of trouble.

``In corporate fraud cases, especially ones that are disintegrating in front of your eyes, there is a real need to quickly get all the evidence," Burrus said.

He also said the 2002 Sarbanes-Oxley law, which increased penalties for financial fraud and required executives to certify that their books are in order, ``has been a big help."

The law ``brings a seriousness to the company's financial statements, where corporate executives are held accountable," Burrus said. ``It puts some real teeth into what they knew, when they knew it. And I think it does a great service to the American investor."

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

Lawyers Get Fat On A Case Of French Fries (WP)

By Cindy Skrzycki

The Washington Post, September 26, 2006

Maybe there's something about the smell of french fries sizzling in a deep-fat fryer that sets off the protectors of the estate of Fleming Cos .

The wholesale food distributor, once the largest in the United States, quickly paid off some $45 million in bills from fresh-fruit and vegetable suppliers after seeking bankruptcy protection in 2003. Among other companies, it paid Chiquita Brands International Inc. $548,326.94 and Dole Fresh Fruit $2.3 million.

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Yet Fleming balked at claims, totaling some $1.6 million, of H.J. Heinz Co. , J.R. Simplot Co. and Cavendish Farms on the grounds that their product -- frozen french fries -- shouldn't be covered by an arcane U.S. Department of Agriculture regulation that falls under the Perishable Agricultural Commodities Act.

The law lets agribusiness suppliers collect first in such cases as long as they provided fresh vegetables. That can mean the difference between getting paid in full or standing with the unsecured creditors and getting pennies on the dollar.

The fries folks had lost claims in earlier bankruptcy cases, so they succeeded in getting "batter and coating" added to the list of processes allowed in the rule governing what constitutes "fresh" vegetables.

A Sept. 14 ruling by a federal judge in Delaware, following earlier court precedents in Texas, handed victory to the frozen spuds industry. It ordered Fleming to pay the three companies some $3 million in claims, interest and attorney fees.

"Billions of dollars of french fries are sold every year," said Michael Keaton , a Chicago lawyer who specializes in PACA claims and represented the fries' makers. "Now, companies don't have to write this off as bad debt. It has been elevated to gold-star status."

He said the lawyers from Chicago-based Kirkland & Ellis LLP representing the Fleming bankruptcy trust probably spent more fighting the issue than the cost of paying the original claims.

"The interest and attorneys' fees are probably closing in on -- if not exceeding -- the amount of the underlying claim," Keaton said.

The law firm responded that the court-appointed trustee for the creditors felt that Fleming's legal position was worth pursuing to try to preserve assets for other claims.

When it filed for bankruptcy, Lewisville, Tex.-based Fleming listed assets of $4.2 billion and $3.5 billion of debt.

It supplied about 45,000 retail locations including supermarkets, convenience stores and big-box retailers such as Kmart . The company reorganized as Core-Mark Holding Co .

In late 2003, long before french fries became a legal sticking point, U.S. Bankruptcy Judge Mary F. Walrath criticized Kirkland & Ellis and another Fleming law firm for what she called "improper" fee requests and inefficient use of resources. She said Kirkland & Ellis was getting more than $400 an hour and that the law firm was billing at twice the monthly rate as the creditors' committee.

Richard Wynne of Kirkland & Ellis, an attorney for the Fleming trust, said the firm reduced its fees by $401,000 in response to the judge's request. He said she approved the final fee request of $31.7 million as well as $2.8 million in expenses without further reductions.

The PACA law that became such a contested issue was passed in 1930 to protect farmers at a time when many made deals with a handshake and never got paid. Over the years, the key to being paid was what qualified as perishable. Curing, cutting, dicing, drying, seed removal, and slicing were allowed by the Department of Agriculture as long as they didn't change the character of the produce.

Therein lies the dispute, which has been going on since the 1960s. Over time, questions have arisen about whether water and oil blanching and battering and coating turned a fresh spud into a cooked fry. On several occasions, the USDA amended the rule to include them.

The potato industry had lost the legal argument in earlier cases. A court decided in 1999 that Long John Silver's Restaurants Inc. didn't have to pay PACA claims because a certain kind of batter coating was really more like breading than blanching.

That was compounded by the bankruptcy of Ameriserve Food Distribution Inc. in 2000. In that case, Ameriserve didn't pay $11 million in frozen french fry claims. Keaton, who also represented the fries' firms then, said: "They walked away and settled cheap."

The Frozen Potato Products Institute went back to the regulatory well, this time asking the USDA to explicitly state in the rule that battering and coating didn't change the character of the product. In 2003, with no opposition, such a rule was issued.

With this new authority in hand, conditions for recovery looked more favorable in the Fleming case.

But Fleming lawyers contested the potato claim in separate court cases twice, and lost an appeal in Texas. In testimony in the Delaware district court case, Fleming and its lawyers brought in Ed O'Neill , a food scientist, who told the court that battering and coating introduces non-potato products into the french fry and oil blanching amounts to beginning the cooking process. In short, he said, the product is not fresh.

Simplot hired its own expert, Charles Berry , who has a doctorate in cereal chemistry, and it secured affidavits from employees who said that after oil blanching, the product remained "raw and perishable."

With U.S. District Judge Sue Robinson in Wilmington ruling for the french fry claims, the long legal battle would seem to be over.

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But not so fast with that ketchup. The Fleming trust attorneys say the court should have looked at the physical and chemical properties to see if the frozen fries were indeed being cooked to some degree.

Christopher Casamassima , a lawyer with Kirkland & Ellis, said, "We're evaluating our options." That sounds as if an appeal might not be out of the question.

Cindy Skrzycki is a regulatory columnist for Bloomberg News.

Judge Delays Sale Of Insurance Exec's Landmark Mansion (CHIT)

By Courtney Flynn

Chicago Tribune, September 26, 2006

A federal judge on Monday gave prosecutors more time to accept offers for the Highland Park estate of convicted insurance executive Michael Segal after an attorney for a developer who won an auction to buy the property expressed concerns about a potential federal historic review process.

Jeffrey Mayer, lawyer for developer Orren Pickell of Lincolnshire, said his client was unaware a historic review might be necessary.

He said a review would have "serious implications" on financing and other issues related to the sale and it could create a breach of an agreement to buy the estate for $17.6 million.

U.S. District Judge Ruben Castillo gave prosecutors, who are seeking to recoup part of the $30 million Segal was ordered to forfeit after his 2004 conviction on racketeering, fraud, embezzlement and other charges, until Oct. 3 to consider other offers. Castillo has not ruled on whether proceedings for historic properties would apply to the Segal property.

Earlier this month, preservationists made a last-minute plea to delay Castillo's approval of the sale pending the federal historic review process, which they maintain is required for the property.

But prosecutors have argued that the historic review process would not apply because the court is to determine what happens to the estate.

Segal's 17-acre lakefront property on Sheridan Road is listed on the National Register of Historic Places and includes grounds designed by landscape architect Jens Jensen and a Prairie-style Tudor Revival home designed by Howard Van Doren Shaw.

Street Sleuth SEC Financial-Reports Database To Undergo $54 Million Upgrade (WSJ)

By Judith Burns And Kara Scannell

The Wall Street Journal, September 26, 2006

WASHINGTON -- Securities regulators are planning a $54 million upgrade of the computer database on corporate financial reports that officials say will revolutionize the public-disclosure system.

The Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system, known as Edgar, will be transformed and likely will be renamed, said SEC chief Christopher Cox.

The overhaul will rely on interactive data "tagging" that makes it easier for investors, analysts and the agency to find, search for and compare information.

For more than a year, Mr. Cox has been pushing interactive data as a way to change how companies communicate information to investors. Mr. Cox hopes to see some changes in six months, with the entire financial-reporting system overhauled within 18 months.

"It's the basic mission of the SEC to provide quality disclosure to investors. There are really only two ways we can improve SEC regulation," said Mr. Cox, in an interview. "One is by reducing the costs of regulation. The other is to improve the quality of the output. Interactive data let us do both," he said.

The SEC awarded Keane Federal Systems Inc., a McLean, Va., subsidiary of Keane Inc., a $48 million three-year contract to overhaul the Edgar system. The contract may be extended for an additional three years. Keane is expected to work with other technology companies on the project.

The SEC also announced separate contracts to Rivet Software and Wall Street on Demand to develop interactive tools that will be available free of charge on the SEC's Web site that allow users to view and analyze corporate financial reports prepared using extensible business reporting language, or XBRL.

To speed development of XBRL, a kind of computer language that "tags" pieces of data, Mr. Cox said the SEC has committed to spending $5.5 million to finish writing taxonomies that define data, so that firms in all industries can file their financial reports using XBRL. He predicts XBRL will cut down on errors and make it easier and less expensive for companies to file results to the SEC, and for SEC staffers to analyze them.

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The SEC's Edgar system, created in the 1980s, receives huge amounts of data each year, but Mr. Cox compared it to a low-tech electronic file cabinet. The SEC's upgrade will convert existing forms to an XBRL format, allowing the forms and information to be searched and downloaded into software applications.

It also will allow users to receive real-time streaming data using RSS feeds and other automated Web tools to receive the latest corporate data from newly-filed corporate reports.

The SEC has urged public companies to voluntarily file their quarterly and annual reports using XBRL, and Mr. Cox said he prefers to "use honey and not vinegar" to encourage broader use of the new data-tagging technology.

He didn't rule out mandating XBRL filing. "That's a decision we'll take down the road."

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Ousted CEOs At Viacom, Kraft Help Set Record For Departures (BLOOM)

By Jason Kelly

Bloomberg, September 26, 2006

Sept. 26 (Bloomberg) -- Chief executive officers are falling faster than ever this year. In just the first 12 days of September, leaders at Bristol-Myers Squibb Co., Ford Motor Co. and Viacom Inc. were deposed -- fueling the breakneck pace in which one CEO departs every six hours.

U.S. companies are on track to fire or lose a record 1,400 chiefs in 2006, up from 1,322 last year and 663 in 2004, says executive recruiting firm Challenger, Gray & Christmas Inc. in Chicago. From Sun Microsystems Inc. and Pfizer Inc. to Kraft Foods Inc. and RadioShack Corp., most types of firms have felt the rash of CEO departures.

Chiefs are being pushed out the door as directors abandon their laissez faire approach to governance following the prosecutions at Enron Corp., WorldCom Inc. and other companies. About 96 percent of companies in the Standard & Poor's 500 Index now have independent lead or presiding directors, up from 36 percent in 2003, says a survey by Spencer Stuart Inc., an executive search firm in Chicago.

``Boards are under a lot more pressure, and they're being hypervigilant," says Donald Hambrick, a management professor at Pennsylvania State University's Smeal College of Business in University Park. ``They are cleansing."

For a price. The average severance package for a departing CEO totaled about $16 million in the past three years, according to the Corporate Library, a governance watchdog group in Portland, Maine.

Trap-Door Treatment

At New York-based Bristol-Myers, a board with nine independent directors pushed out CEO Peter Dolan for botching a deal to keep a generic version of the drugmaker's top-selling heart pill, Plavix, off the market. Dolan, 50, served for five years, an eternity compared with other firings in 2006.

Sumner Redstone, chairman of New York-based Viacom, booted CEO Tom Freston after just eight months. Redstone told investors that Freston's failure to translate the MTV network's success to the Internet helped drive the stock down 7.6 percent during his tenure.

Philip Knight, chairman of Beaverton, Oregon-based Nike Inc., employed the same trap-door treatment on William Perez. Knight hired Perez, 59, to replace him as CEO and canned him one year later, in January.

Leaders don't get the deference once reserved for the likes of former General Electric Co. CEO Jack Welch, says John Challenger, head of Challenger, Gray & Christmas.

``The days where you learn from your mistakes, those days are over," Challenger says. ``The results have to be immediate, strong and consistent."

Mulally's Time

William Clay Ford Jr. failed to get those results after taking over the No. 2 U.S. carmaker in 2001. As global competitors such as Toyota Motor Corp. reduced Ford's market share every year since 1995, its chairman and chief executive set out to cut 30,000 jobs during the next six years.

With that plan sputtering, Ford, 49, handed the CEO job to Alan Mulally, a former executive vice president at Boeing Co., on Sept. 5. Two weeks later, the automaker said it would offer all hourly workers buyouts and finish the previously announced firings four years ahead of schedule.

Mulally, 61, more than doubled operating profit in two years by speeding production and slashing employment by more than half in Boeing's commercial airplane division. At Ford, the first outsider to run the company in 60 years doesn't have much time to show he's capable of a repeat performance.

Options Backdating

``The golden boys get more opportunity and more time, but he still only has about two or three years," says Allan Cohen, a professor who studies chief executives at Wellesley, Massachusetts-based Babson College.

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The year's biggest scandal -- the backdating of stock options -- has added to the executive upheaval. At least three chiefs -- including Comverse Technology Inc.'s Jacob Alexander, a fugitive charged with conspiracy to commit fraud by the U.S. Justice Department -- have quit or been fired because of option issues.

More executives will likely fall following the disclosure by 130 companies of federal or internal investigations into alleged changes in the dates of option grants to increase their value.

As Nortel Networks Corp. discovered, replacing a CEO may please shareholders without boosting a company's performance. After cleaning up an accounting scandal, Nortel named former Motorola Inc. President Mike Zafirovski as its new CEO in October 2005. The shares rose 5.4 percent on the day of the announcement, and the telecommunications equipment maker said the company was on solid footing.

Hurd's Scandal

Seven months later, Zafirovski, 52, said it may take five years to turn around the Brampton, Ontario-based firm. In June, he cut 1,100 jobs. The stock has plunged 25 percent in 2006.

Even leaders who turn around companies are vulnerable. Hewlett-Packard Co. chief Mark Hurd took over the struggling computer maker from CEO and Chairwoman Carly Fiorina last year. Hurd, 49, has taken market share from rival Dell Inc. and boosted the stock price 80 percent from the start of his tenure in April 2005.

``You're rewarded if you turn things around like Hurd," says Daniel Morgan, who helps manage $5.45 billion, including HP and Dell shares, at Synovus Investment Advisors in St. Petersburg, Florida.

Those rewards may be short-lived as the Hewlett-Packard spying scandal engulfs Hurd. The board on Sept. 22 removed Chairwoman Patricia Dunn, who oversaw a probe in which private investigators spied on directors and reporters to stop media leaks.

Dell's Rollins

At a press conference on that day, Hurd revealed details of his involvement, saying he attended a meeting about the investigation and approved the sending of an e-mail from a fictitious employee to a reporter to identify the journalist's source.

The disclosures have worried investors. The shares have fallen 2.9 percent since Sept. 20, the day before the Washington Post reported that the company had understated Hurd's involvement.

Hurd, Dunn and two other Hewlett-Packard executives are set to testify before the U.S. House Energy and Commerce Committee in Washington on Sept. 28. California Attorney General Bill Lockyer said he has collected enough evidence to file criminal charges against officials and outside investigators.

Dell CEO Kevin Rollins is also on shaky ground. Rollins, 53, took charge of Round Rock, Texas-based Dell in 2004. This year, he's facing a stock price that's down 26 percent, plummeting profit and two federal accounting probes.

If Rollins doesn't improve Dell's performance soon, Morgan says, he may become yet another casualty in a year in which directors have given up on the idea of a second chance.

To contact the reporter on this story: Jason Kelly in Atlanta at jkelly14@bloomberg.net .

Regulating Risk (WP)

The Washington Post, September 26, 2006

LAST WEEK it emerged that one Ferrari-driving 32-year-old lost $6 billion of investors' money in less than a month. But this spectacular trouble at Amaranth Advisors LLC, a medium-size hedge fund that specialized in energy trading, did not roil the financial markets or destabilize the banking system. Back in 1998, the loss of a similar fortune at another hedge fund, Long-Term Capital Management, triggered panicky intervention by regulators. This time the world barely hiccuped.

Amaranth's story illustrates both the danger and the safety of hedge funds. These unregulated investment shops can trade in just about anything -- there's one in Portugal that bets on the prospects of soccer players -- and they can magnify their risks by borrowing money. Not surprisingly, their bets can backfire: Last year 848 hedge funds were forced to close up shop, often imposing losses on investors. Because the funds' trading strategies are secret, and because their positions change quickly, regulators can't know when the next Amaranth will blow up.

But the Amaranth story also shows why this might not matter. The rich individuals who invest in these funds understand the risks and should not complain when they lose. Pension funds are also starting to put money into hedge funds, but this might actually reduce the overall volatility of their investments. The worry for regulators is that a huge loss at a hedge fund could not only wipe out investors' money but also leave the fund incapable of repaying bankers. If the banks lose too much, their ability to lend to other clients might suffer, damaging the economy. But in Amaranth's case the banks did not lend dangerous amounts. Hence no panic from the regulators.

Regulators deserve credit for pushing banks to limit their exposure to hedge funds. They are also right to push for improvements in the back offices that settle hedge fund trades; disputes about who sold what to whom could cause chaos in

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markets. But it's equally important to praise regulators for what they haven't regulated, since freewheeling hedge funds do a lot to stabilize the financial system. Because they can invest in anything and can bet on declines in prices as well as increases, hedge funds scour the world for illogically priced assets, and their buying or selling moves prices to a rational level. Hedge funds that believe markets are overvalued can slow the inflation of a dangerous bubble. Hedge funds that believe markets are undervalued can push prices up, reducing the cost of capital to firms. Mutual funds, which don't bet against the market and which mainly aim for average performance, contribute far less to this process of price discovery, which allocates the world's savings to the countries, companies and individuals who are likely to use it best.

CRIMINAL LAW:

Video Maker Pleads Guilty (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, September 26, 2006

The case stems from the use of underage girls in soft-core 'Girls Gone Wild' footage. The judge imposes a $500,000 fine.

Joe Francis, the founder and chief executive of the "Girls Gone Wild" empire, pleaded guilty Monday to two felony counts of violating federal record-keeping laws by failing to document the ages of young women in his racy videos.

The pleas in U.S. District Court in Los Angeles were the result of an agreement announced this month between Francis and the Justice Department after an investigation into whether his Santa Monica companies filmed minors.

Francis agreed to personally pay a $500,000 fine to settle charges that he failed to keep records of the ages and identities of the women who appeared in his soft-core sex videos. Francis earlier this month acknowledged that footage of minors engaging in sexually explicit conduct appeared in at least two DVDs he released.

Francis' Mantra Films Inc. pleaded guilty this month in Panama City, Fla., to 10 felony counts stemming from the same violations and agreed to pay $1.6 million in fines.

MRA Holdings Inc., another company owned by Francis, entered into a so-called deferred prosecution agreement under which the government would dismiss all charges if MRA abided by the accord for three years and hired an outside monitoring company.

The 33-year-old Francis spent about 30 minutes in the downtown Los Angeles courtroom. He stood before U.S. District Judge Margaret M. Morrow with his hands tucked in his pockets, shifting from foot to foot, responding briskly to the judge's questions.

But when Morrow asked Francis if he understood that, given the felonies he was admitting to, he could be sentenced to as many as 10 years in prison, he seemed surprised. "Um, I don't understand that," he said. His lawyer, Aaron S. Dyer, stepped forward, explaining to him that it was not the sentence he would be receiving because of the agreement, but the maximum sentence allowed for the felonies. Under the agreement he will serve no jail time.

Francis admitted that "Girls Gone Wild' videos such as "Totally Exposed Uncensored and Beyond," Volumes 1-12, failed to comply with federal laws requiring producers not only to maintain proof of age and identification for performers but also to carry labels on videos saying where those documents can be found.

Francis' attorneys have said that his companies tightened business practices before the Justice Department launched its investigation, which focused on violations with material filmed and distributed throughout 2002 and part of 2003.

After the arraignment, Dyer reiterated to reporters that the charges were for record-keeping violations, not the intentional sexual exploitation of children.

Dyer said that the underage girls who had appeared in the videos, which feature young women exposing their breasts and engaging in other sexual activities, had lied about their age to the company. "No 17-year-old will ever be allowed to lie to Mantra films to appear on camera again," he said.

Francis, standing beside him, wearing a dark pinstripe suit and a pink tie, said he was happy to put the incident behind him. "It's all over and no one went to jail," he said with a smile.

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*

Times staff writer Charles Duhigg contributed to this report.

'Girls Gone Wild' CEO Pleads Guilty (AP)

AP, September 26, 2006

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LOS ANGELES (AP) - The founder of the company that produces the "Girls Gone Wild" videos of women appearing in sexual situations pleaded guilty Monday to charges of failing to document the ages of young women engaging in sexual acts in the videos.

As part of the plea deal, Joe Francis, 33, agreed to pay a $500,000 fine.

A judge will decide whether to accept or reject the deal at a sentencing hearing scheduled for Dec. 18.

Outside court, Francis told reporters he thought the chances are "pretty slim" that the judge would reject the deal.

"We are thrilled to have this stuff behind us," Francis said.

Francis' attorney, Aaron Dyer, said underage girls who had appeared in the videos had lied about their age to the company.

Francis' Santa Monica-based company, Mantra Films Inc., pleaded guilty earlier this month in U.S. District Court in Florida on similar charges. According to court papers, Mantra Films admitted to violating record keeping and labeling laws while producing and distributing the videos during all of 2002 and part of 2003.

A second company owned by Mantra's founder, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling.

Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines. It must also hire an outside company to monitor its records and production facilities to ensure compliance with federal law.

Separate state charges in Florida alleging that two 17-year-old girls were videotaped by a "Girls Gone Wild" cameraman in sexual situations remain pending against Francis and Mantra Films.

Magistrate Judge OKs Search Of Coca-Cola Theft Suspect's Home (AP)

AP, September 26, 2006

ATLANTA -- A federal magistrate judge has recommended that a former Coca-Cola employee's request to throw out evidence seized from her in a trade secrets theft case be denied.

U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed.

The recommendation to deny Williams' motion goes to a federal district judge for a final decision.

Williams, Ibrahim Dimson and Edmund Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to PepsiCo Inc.

The alleged crime was foiled after Pepsi warned Atlanta-based Coca-Cola, the world's largest beverage maker. The three defendants have pleaded not guilty.

The prosecution says a box containing two undisclosed Coca-Cola product samples and other confidential company documents was found in Duhaney's home during a search on July 5, the day all three were arrested and the same day a $1.5 million transaction was to occur.

Coke has declined to say what product or products the samples relate to.

Williams, who has since been fired as an administrative assistant for Coke's global brand director at its Atlanta headquarters, allegedly took the information from the company and gave it to Dimson and Duhaney.

Williams' lawyer, Janice Singer, had filed a motion asking a judge to suppress evidence seized from her client's Norcross, Ga., home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home.

An inventory of items seized from Williams' home shows agents removed Coca-Cola and Fanta documents and Coca-Cola memos and e-mail, among other things.

Judge Brill said the search was proper.

Daily Briefing (AJC)

The Atlanta Journal-Constitution, September 26, 2006

AUTOMOTIVE: Three-way alliance to be discussed

Carlos Ghosn, the head of Nissan and Renault, and General Motors CEO Richard Wagoner plan to hold talks this week in Paris as they assess the possibility of an alliance among the three automakers, Nissan said Monday.

Chrysler moves away from trucks

Detroit —- Chrysler is moving to become a company that's less reliant on trucks for profits and more competitive internationally with a portfolio of smaller cars, its top executive said Monday. Tom LaSorda, president and chief executive of DaimlerChrysler AG's Chrysler Group, said trucks and bigger sport utility vehicles historically have accounted for more than 70

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percent of Chrysler's U.S. sales. So the company has been hit harder than any other manufacturer by the shift toward more fuel-efficient vehicles, he said.

CORPORATIONS: Burns to run HR consulting firm

M. Michele Burns, the former Delta Air Lines and Mirant executive who got controversial perks from both Atlanta companies, has a new job: chairman and chief executive officer of Mercer Human Resource Consulting. She was named to the post Monday by Marsh & McLennan, which owns Mercer. Burns was hired by Marsh & McLennan in late 2005 as executive vice president and chief financial officer of the insurance and consulting giant. Burns, 48, will give up the CFO post at the parent to take the helm of the Mercer unit. Burns was Delta's CFO during the start of the financial slump that became a crisis in late 2001. She also was part of the Delta executive team that got hefty cash bonuses and protected pension trusts amid deepening losses, sparking a firestorm of criticism and prompting a top management overhaul. She left Delta in 2003 for Mirant and was chief financial officer during a Chapter 11 reorganization at the Atlanta energy company. She left after 20 months, having gotten at least $8.2 million in severance pay, salary, bonuses and other payments, according to reports at the time.

DEALS: VistaScape Security to be acquired

VistaScape Security Systems, an Atlanta provider of automated video analysis technology for use in security systems, is being acquired by Siemens Building Technologies for an undisclosed amount. VistaScape, which was founded in 1999, focuses on providing its clients with surveillance equipment, software intelligence and security applications to protect high-risk environments. The company will operate as a wholly owned subsidiary of Siemens Building Technologies.

Tender offer for Inco extended

Sao Paulo, Brazil —- The purchase of the world's second-largest nickel miner for $19 billion Canadian ($17 billion U.S.) by Brazil's CVRD seemed all but assured Monday as CVRD extended its tender offer for shares of Canada's Inco Ltd. With only regulatory approval pending to seal the deal, Companhia Vale do Rio Doce SA said it would give shareholders until Oct. 16 to tender their shares for $86 Canadian ($76.90 U.S.) each —- beyond the original Thursday deadline.

ECONOMY: New Orleans' job recovery slow

New Orleans —- A year after Hurricane Katrina devastated southeastern Louisiana, the state has 175,100 fewer jobs than it did before the storm, with virtually the entire toll coming from the New Orleans region, the state Labor Department reported Monday. Non-seasonally adjusted job figures for August did indicate something of a comeback in the statewide labor market, which was down more than 234,000 jobs for a time after Katrina hit on Aug. 29, 2005, followed by Hurricane Rita on Sept. 24.

FINANCE: Interest rates fall in Treasury auction

Interest rates on short-term Treasury bills fell in Monday's auction, with rates on six-month bills dropping to the lowest level since early May. The Treasury Department auctioned $18 billion in three-month bills at a discount rate of 4.770 percent, down from 4.815 percent last week. An additional $16 billion in six-month bills was auctioned at a discount rate of 4.810 percent, down from 4.920 percent last week. The three-month rate was the lowest since three-month bills averaged 4.710 percent on June 5. The six-month rate was the lowest since these bills averaged 4.780 percent on May 1.

FOOD / BEVERAGES: Ex-Coke employee likely to lose ruling

A federal magistrate judge has recommended that a former Coca-Cola employee's request to throw out evidence seized from her in a trade secrets theft case be denied. U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed. The recommendation to deny Williams' motion goes to a federal district judge for a final decision.

MARKETS: SEC to upgrade data filing system

The Securities and Exchange Commission has awarded three contracts worth $54 million to maintain and upgrade EDGAR, its electronic filing system, the commission said Monday. The contracts will significantly change how companies and investors access EDGAR by transforming it from a static, text-based system to an interactive database with greater search capabilities, the SEC said in a written statement.

Hedge fund losses don't affect ICE

IntercontinentalExchange, an Atlanta-based online energy trading market best known by its trading symbol, ICE, said Monday its revenue has not been affected by losses of almost $6 billion by the Amaranth Advisors hedge fund. Those losses, announced last week, stemmed from the Greenwich, Conn., fund's investments in the natural gas market, where prices have plummeted. In a brief announcement, ICE said "Amaranth's business is not individually material to ICE's revenue. In addition, Amaranth's losses do not appear to have resulted in any disruption to the operation of the natural gas markets."

MEDIA: Mother-friendly benefits increase

Working Mother magazine released its annual list of the top 100 places to work, with its chief executive touting an improvement in mother-friendly benefits in corporate America. Working Mother CEO Carol Evans, who authored the book "This

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Is How We Do It: The Working Mothers' Manifesto," said that in order to retain female employees, a growing number of companies are offering customized schedules. The magazine used five main criteria as the basis for its judgments: flexibility, leave time for new parents, child care, elder care and the number of women occupying top jobs. The top 10 companies that best satisfied the five criteria were Abbott Laboratories; Bon Secours Richmond Health System; Ernst & Young LLP; HSBC USA Inc.; IBM Corp.; JPMorgan Chase & Co.; Patagonia Inc.; PricewaterhouseCoopers LLP; Principal Financial Group; and S.C. Johnson & Son Inc. Turner Broadcasting and Children's Healthcare of Atlanta joined Columbus insurer Aflac as the Georgia companies on the list.

RETAIL: Walgreen profit up, but stock falls

Chicago — Walgreen Co. posted 25 percent fourth-quarter earnings growth to cap its biggest-ever expansion year, but its stock tumbled on continuing investor concern about fallout for drugstore chains from Wal-Mart's plan to sell discounted generic drugs. The profit gain was fueled by an 18 percent increase in prescription drug sales from a year earlier and a 16 percent jump in total revenue.

SEC probe of Zale yields no charges

Dallas — Zale Corp., the nation's largest jewelry store operator, said a Securities and Exchange Commission inquiry into the company's accounting practices has ended without any penalties recommended. "Although we are clearly focused on the business at hand, we are pleased to put this matter behind us," Chief Executive Betsy Burton said in a statement.

TECHNOLOGY: Dell to hire 500 engineers in Texas

Austin, Texas — Computer maker Dell Inc. plans to hire another 500 engineers to work in its central Texas product development operations, founder and Chairman Michael Dell announced Monday. Dell joined Gov. Rick Perry at the Texas Capitol to announce that the company would immediately begin hiring new electrical, software and mechanical engineers and program managers.

Ex-chief defends Telecom Italia

Milan, Italy — Telecom Italia SpA's former chairman denied on Monday that the company was involved in a massive case of alleged illegal wiretapping and illicit data gathering involving an official at Italy's largest telephone company. An investigation into an alleged spy ring has led to the arrest of 20 people, including former Telecom Italia chief of security Giuliano Tavaroli and Emanuele Cipriani, head of a private investigation agency in Florence, Italy.

Yahoo to close final week of year

Yahoo Inc. plans to close its U.S. offices during the final week of the year, a cost-cutting measure that will require most of the Internet icon's 10,500 workers to use their vacation time if they want to be paid for the time off. It will mark the first time in Yahoo's 11-year history that its U.S. employees have been required to burn up vacation time during the week between Christmas and New Year's — a traditionally slow period for most businesses outside the retailing and hospitality industries.

World Gaming loses 2 from board

Internet gambling company World Gaming PLC said Monday that Chairman James H. Grossman and outside director Clare Roberts resigned from the company's board. World Gaming had announced earlier this month that it was in the early stage of talks with Sportingbet PLC about being taken over in a deal worth about 56 million pounds ($106.4 million).

UTILITIES / ENERGY: New Jersey utility picks next CEO

New Jersey utility executive Ralph Izzo was chosen Monday to head Public Service Enterprise Group Inc., parent company of the state's largest utility, when CEO E. James Ferland retires next year.

US Arrest Fears Spark Gambling Departures (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, September 26, 2006

A retired lawyer in the US who served under former US President George H.W. Bush resigned yesterday as chairman and director of an online gambling company, highlighting fears among executives in the sector that they face arrest by travelling to the US or other countries taking a tough line against gambling.

World Gaming, an Aim-listed company whose operations are almost entirely US-facing, announced the resignation of James Grossman, along with that of Clare Roberts, a fellow non-executive director, after a board meeting of the company, which has offices in Antigua, London and Vancouver.

Mr Grossman, 66, a former practising attorney, was a special representative for the United Nations Development Programme and was appointed by former President Bush in 1992 to the US Foreign Claims Settlement Commission.

The resignations come at a critical time for the gaming industry, hit in the past two months by the arrest in the US and France of four senior executives and non-executives on various anti-gambling charges.

Senators are engaged in a struggle over a bill to tighten US laws against gambling.

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On Thursday, Peter Dicks, former chairman of Sportingbet, the UK-listed company with a US sportsbook, is due in New York for a hearing on whether he should be extradited to Louisiana to face charges of "gambling by computer". Although Mr Grossman is a US citizen and domiciled in the US, it is understood that he has not been living there for months. He had been World Gaming's chairman since 2003.

Like Mr Grossman, Mr Roberts has outside interests that require him to travel frequently to and from the US.

Mr Roberts, born and resident in the Caribbean, is a former attorney-general in Antigua and Barbuda and is president of the Inter-American Commission on Human Rights.

Several online gambling companies have stressed to investors that their executives have either been advised not to make trips to the US or had no plans to do so.

But the arrest of Mr Dicks and the indictment issued by the US justice department in July against UK-listed Betonsports have raised fears in the sector that it may prove impossible to shield executives, non-executive directors or suppliers from anti-gambling legislation.

The resignations at World Gaming are not understood to be connected to continuing talks between the company andSportingBet over a takeover. Those talks, which stalled over the resignation of Mr Dicks, are said to be back on track.

In its last trading update in July, Daniel Moran, chief executive, warned that a change in sentiment by regulatory authorities or new legislation "may severely and adversely impact the business and financial position of online gaming companies" such as World Gaming.

Figure In Pellicano Case Acquitted On 4 Perjury Counts (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, September 26, 2006

The jury finds the former SBC worker not guilty on four counts of lying to a grand jury and deadlocks on a fifth.

In a setback for government prosecutors, a federal jury in Los Angeles on Monday acquitted a former SBC employee on four felony counts of lying about her contacts with a central figure in the wiretapping case against onetime Hollywood private investigator Anthony Pellicano.

The eight-man, four-woman jury also told U.S. District Judge Dale S. Fischer that it was deadlocked on a fifth perjury count against Joann Wiggan of Burbank, who was fired in March after 34 years with the telephone company, now known as AT&T.

Wiggan had been charged with lying to a federal grand jury about her contacts with co-worker Ray Turner, who is awaiting trial with Pellicano for allegedly providing the Hollywood private eye with confidential telephone records used in wiretapping.

Wiggan was not charged with participation in the wiretapping conspiracy and denied any involvement in illegal conduct involving telephone company records.

"In all honesty, I always believed that if you are not guilty you will be found not guilty," Wiggan said later. "When you are in a situation and putting your life in the hands of 12 strangers, you don't know what will happen. But I never believed they would come back with guilty. I always believed I would be exonerated."

Her attorney, David R. Reed, celebrated outside the courtroom as a speechless federal prosecutor and several FBI agents looked on. He compared Wiggan's acquittal after seven hours of deliberation "to David beating Goliath."

"We had a soccer mom who withstood a tremendous amount of pressure [from the government] over this … and it took a jury to extricate her from this nightmare," Reed said.

The U.S. attorney's office released a statement from Daniel Saunders, the government's lead prosecutor.

"We are disappointed by the verdict, but of course we accept the jury's decision," he said, adding that the government would consider the evidence related to the unresolved count and decide in the next few days whether to proceed with the case.

In the statement, Saunders sought to distance Monday's courtroom loss from the larger Pellicano case.

"The charges against Ms. Wiggan are completely different from those contained in the separate indictment against Anthony Pellicano," Saunders said. "Today's verdict does not impact the prosecution or the ongoing investigation of Mr. Pellicano and his associates."

But with the same judge, prosecutors and agents involved in the pending Pellicano racketeering case, several legal observers saw the verdict Monday as a clear setback for the government.

By losing even a tangential prosecution, they said, the government could be hurt in its larger case because Monday's verdicts will embolden attorneys who represent Pellicano and six other defendants and could even affect the government's credibility with the court.

"The fact that you can't win in a peripheral case does not mean you won't win the main case," said Loyola Law School professor Laurie Levenson. "But it is not an auspicious beginning. And it tells the prosecution they better not be overconfident, that they are in for a fight."

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Unlike the two other former phone company employees who admitted helping Turner, Wiggan always insisted that she had not helped Turner and, in fact, had not spoken to him in years. That claim became the foundation of the government's accusations of perjury.

Throughout the four-day trial, Saunders and fellow prosecutor Kevin Lally built their case on a 23-page summary of phone calls that they said proved that Wiggan deliberately and repeatedly lied about her contacts with Turner.

The prosecutors charged that on three separate occasions last October and twice in February, Wiggan committed perjury by telling the grand jury that she had not spoken to Turner since December 2000 and had not retrieved any voice mail messages from him for several years.

Between late 1998 and late 2002, phone records showed, more than 1,000 calls were made from Wiggan's home, office and cell phones to her voice mail. The logs also showed 117 calls from Turner's home number to her office and other calls between phone numbers assigned to Turner and Wiggan.

But Wiggan and her attorney attributed her misstatements to the grand jury to forgetfulness or innocent oversights. Wiggan took the witness stand in her own defense, and Reed called her ex-husband and their oldest son as witnesses to testify that they had called Wiggan's office voice mail on numerous occasions.

In the end, it may have been the high threshold required for a perjury conviction — as much as the disputed evidence — that led to the jury acquitting Wiggan on four counts and being deadlocked 6 to 6 on the remaining count that she had never accessed one voice mail account during the entire time it was assigned to her.

In brief interviews after they were excused, two jurors said that although they and their fellow jurors believed that Wiggan may have misspoken during her grand jury testimony, the government failed to prove that the misstatements were "willful and deliberate," as the law demands.

"We did not see evidence of that," said jury foreman Stephen Cathey, a 31-year-old real estate agent from Lancaster. "We didn't believe [her grand jury testimony] was willfully dishonest."

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Gotti Mom, Prosecutor Exchange Verbal Hits (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 26, 2006

The fur flew at the racketeering trial of John A. Gotti when his mother had sharp words for a woman prosecutor as the jury continued its deliberations.

As assistant U.S. attorney Miriam Rocah was exiting the well of the courtroom yesterday, Victoria Gotti, 65, widow of the late Gambino crime boss and mother of the defendant, stunned the quiet courtroom with a remark to the prosecutor.

"Who the hell do you think you are talking to?" said Victoria Gotti.

A startled Judge Shira Scheindlin overheard the outburst and had a warning for all spectators.

"I ask that you behave in my court room," said Scheindlin.

Gotti's television reality show star daughter Victoria, sister of the defendant, then told her mother to calm down and stay quiet.

Outside the courtroom, the elder Victoria Gotti explained that Rocah gave her a disrespectful remark in court that shocked her.

"'What the hell are you looking at?'" Rocah allegedly said, according to Victoria Gotti. Other spectators heard parts of Rocah's remarks, but not the entire comment.

"I wasn't even looking at her," said Gotti. "What makes her think she is so good-looking that I would look at her? I am not into women."

"Mrs. Gotti's version of events is inaccurate and we are not going to comment beyond that," said a spokeswoman for Manhattan U.S. Attorney Michael Garcia. The spokeswoman declined to elaborate.

The angry flash occurred just after the jury, which finished its fifth full day of deliberations yesterday, asked for a clarification on the law.

Rocah, along with assistant U.S. attorney Victor Hou, has been prosecuting John A. Gotti, 42, in the third trial of his indictment for racketeering. The first two trials ended in mistrials. The defense contends that Gotti withdrew from mob life in July 1999, a date outside the statute of limitations.

After lunch yesterday, the jury sent out a note asking for clarification on two legal points. In one question the jury wanted to know the standard by which the government had to prove Gotti was part of the charged racketeering conspiracy. The jury also

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questioned whether Gotti had to prove that he left the Gambino crime family by July 21, 1999 or just the specific conspiracy charged in the indictment.

Scheindlin answered that the government had the burden of proving "beyond a reasonable doubt" that Gotti was part of the conspiracy beyond the crucial 1999 date. She also said that Gotti didn't have to prove he left the crime family by that date, just that he opted out of the racketeering conspiracy. Scheindlin also noted that Gotti has a lower standard of proof to show that he withdrew from the conspiracy.

Rocah tried unsuccessfully to argue that the Gambino crime family was the enterprise in the conspiracy. Outside the courtroom, defense attorney Charles Carnesi noted that membership in a mob family is not by itself a crime.

3 With Mob Ties Busted In Roundup (BOSH)

By Laurel J. Sweet

Boston Herald, September 26, 2006

Reputed mob boss Arthur Gianelli's bride and two alleged members of his crew were arrested yesterday in connection with a 520-count federal indictment charging their alleged criminal enterprise with illegal gambling, extortion and arson.

Mary Ann Gianelli, 49, an MIT nurse and the sister-in-law of convicted ex-FBI Agent John Connolly Jr., turned herself in to state and federal authorities after reputed loan shark Philip Puopolo was busted at the Revere Businessmen's Association by the state police Organized Crime Unit shortly after noon.

Authorities allege Puopolo, 50, operated illegal video poker machines at the social club.

According to a superseding indictment unsealed yesterday, Puopolo operated a sports betting office for Arthur Gianelli, 49, of Lynnfield and threatened witnesses to lie to a grand jury.

Gianelli's gang reportedly pays "rent" to the New England Mafia in order to stay in business.

Mary Ann Gianelli is charged with laundering the money brought in by her incarcerated husband's "illegal businesses" and of "knowingly" filing false federal income tax returns.

Also arrested yesterday at his home in Revere was Stephen "Moon" Russo, 48, who allegedly managed Puopolo's betting office. The Secretary of State's office lists Russo as the clerk of the Revere Businessmen's Association.

After appearances in U.S. District Court in Boston yesterday, Russo and Mary Ann Gianelli were released on $100,000 unsecured bonds. Puopolo was held pending a Sept. 27 detention hearing.

The Internal Revenue Service and Bureau of Alcohol, Tobacco, Firearms and Explosives assisted with yesterday's roundup.

New Charges, Defendants In Federal Racketeering Probe (BOS)

The Boston Globe, September 26, 2006

BOSTON --A Lynnfield man who is also the brother-in-law of convicted former FBI agent John J. Connolly Jr. is facing additional charges in connection with a federal probe into a racketeering, gambling and extortion ring.

Arthur Gianelli, 49, was charged in an indictment unsealed Tuesday with arson to commit extortion and loansharking. Gianelli and three other men allegedly plotted to burn down a sports bar in an attempt to intimidate the owner into selling them another bar, federal prosecutors said.

Two previous federal indictments returned last year alleged that an offshore gambling ring operated by Gianelli, who is married to the sister of Connolly's wife, thrived because he paid the New England Mafia for protection. Prosecutors also allege the ring tried to bully bar owners into selling their establishments.

The new indictment also names four new defendants on racketeering and other charges. They are Gianelli's wife, Mary Ann Gianelli, 49, of Lynnfield, who also faces money laundering and income tax charges; Michael Pinialis, 48, of Costa Rica; Philip Puopolo, 50, of Revere, who also is charged with loansharking; and Stephen Russo, 25, of Revere.

Mary Ann Gianelli and Russo were released Tuesday on $100,000 bond, while Puopolo was detained pending a detention hearing on Sept. 27.

Mary Ann Gianelli is the sister of Elizabeth Connolly, wife of John J. Connolly Jr. Connolly was convicted in May 2002 of racketeering, obstruction of justice and lying to an FBI agent about his handling of criminal informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

A total of 13 people are charged in the gambling case. The new indictment dropped three defendants who have pleaded guilty and are awaiting sentencing.

Man Charged With Sending Threats To Federal Judges In Tacoma (AP)

AP, September 26, 2006

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SEATTLE -- A man about to be released from state prison after serving several years for harassing a judge has been charged with sending a threatening letter to federal judges in Tacoma.

Charles Gary Felts, 64, had been scheduled to be released from Stafford Creek Corrections Center in Aberdeen over the weekend. Instead, he was charged with mailing threatening communications to U.S. Magistrate Judge J. Kelley Arnold and U.S. District Judge Ronald B. Leighton, in which he said "the people need to delcare marshal (sic) law ... and shoot any and all of you filth on sight or stench."

The letter was sent in June as part of a civil rights claim Felts is pursuing in federal court in Tacoma, aspects of which have come before the judges. Though his complaint is rambling, Felts appears to argue that he was improperly placed in segregated custody after a jail guard found a razor blade affixed to a toothbrush handle in his cell.

In charging papers made public Monday, FBI Special Agent Ryan Bruett said Felts admitted sending the letter, which was signed, "Sincerely, Charles Gary Felts."

Felts signed a statement saying he did not mean to threaten anyone, Bruett said. The letter was a "metaphor" designed to "wake them up and make them think," Felts wrote.

Felts, who also had a 1977 conviction for threatening a federal judge, had been in prison since 2000, when he was convicted in Pierce County Superior Court of intimidating a judge and harassment.

Lawmaker Asks Criminal Probe Of U.S. Reading Program (Update1) (BLOOM)

By Paul Basken

Bloomberg, September 26, 2006

Sept. 25 (Bloomberg) -- A Democratic congressman called for a criminal investigation after an audit found that a $1 billion federal program to improve reading among grade-school children was run by staff who steered contracts to favored publishers.

The Education Department's inspector-general last week recommended an overhaul of the ``Reading First'' program, part of the ``No Child Left Behind'' law, including removing directors and reviewing the propriety of their contract awards.

``The inspector-general's report raises serious questions about whether Education Department officials violated criminal law, and those questions must be pursued by the Justice Department,'' said Representative George Miller of California, the top-ranking Democrat on the House Education Committee.

Miller, in his statement, called the audit part of pattern in which the Education Department under President George W. Bush ``has repeatedly run afoul of ethical standards.''

Miller's office also cited an independent analysis published last year by the Washington-based American Institutes for Research that found the program favored by Reading First directors, a product of the McGraw-Hill Companies Inc., was one of only two programs to receive AIR's highest rating.

Billion-Dollar Program

Reading First distributes about $1 billion a year to states to spend on reading programs that the government agrees have scientifically proven effectiveness.

The head of the program, Chris Doherty, resigned in advance of the release of the audit, and others involved also have left, Education Department spokeswoman Katherine McLane said.

The audit describes Doherty as a former executive director of the Baltimore Curriculum Project, which has implemented the McGraw-Hill product, known as ``Direct Instruction,'' or DI, in the Baltimore schools system since 1996.

Auditors said they reviewed the resumes of 25 people who served on the panels charged with evaluating eligible reading programs. Six of them had ``significant professional connections'' to DI, and Doherty ``personally nominated'' three of them, the audit said.

The audit cited examples such as Massachusetts, where Doherty questioned the quality of reading programs in four school districts, while state authorities approved them. One district refused to change and lost its federal funding; the other three agree to change and kept their funding, the audit said. None use the DI program, said Cheryl Liebling, director of Reading First in Massachusetts.

Liebling said she agreed with Doherty that the programs chosen by the four Massachusetts school districts were of lesser value to struggling readers.

`Highest Regard'

``There was nothing in our situation that would suggest any impropriety,'' Liebling said. ``I have the highest regard for Chris Doherty.''

Michael Petrilli, who helped the administration implement the No Child Left Behind law and now serves as vice president at the Thomas Fordham Foundation, a Washington-based research group, said he believes Education Secretary Margaret Spellings ``is hanging Chris Doherty out to dry.''

Both Petrilli and Liebling said they believe Spellings wanted Doherty to run the program strictly. Federal officials were justifiably rejecting reading programs that emphasize literary skills ahead of those stressing basic skills, which are more important to struggling readers, Liebling said.

Baltimore Program Cited

The report issued last November by the American Institutes for Research gave only DI and the Baltimore-based Success for All program its top rating, ``moderately strong evidence of positive effects,'' out of 22 popular comprehensive elementary school reform models. Miller's office cited the report to highlight Success for All as a quality alternative.

The counsel to the Education Department's inspector-general, Mary Mitchelson, said she could not comment on the findings. At Miller's urging, the inspector-general plans within coming weeks to publish five more reports on the Reading First program, including examinations of its operations in Wisconsin, Georgia and New York.

Education is a prime topic of concern for voters, and such allegations may have some effect on the Nov. 7 congressional elections, especially in states or districts where the incumbent already faces accusations of impropriety, said Larry Sabato, a political scientist at the University of Virginia.

``Reading this makes anyone angry, assuming it's true,'' Sabato said.

McLane today reiterated that Spellings supported Doherty's work and said he left voluntarily.

Spellings's Response

Miller cited investigations last year showing the department used taxpayer dollars to pay media commentators for friendly coverage, and an audit this year showing the department directed education grants to political allies rather than alternatives endorsed by career peer reviewers.

A Justice Department spokeswoman, Jaclyn Lesch, said she had no immediate reaction to Miller's request.

Spellings, in her response to last week's audit, defended the Reading First program as proven effective, while promising to make all changes recommended in the audit.

``I am deeply committed to the highest levels of integrity and ethics for the Department of Education and all its programs,'' Spelling said. Some department actions described in the report ``reflect individual mistakes,'' she said.

``Our reading programs have been successful in driving student achievement for decades, and that's why there are held in such high regard,'' McGraw-Hill spokeswoman Mary Skafidas said.

To contact the reporter on this story: Paul Basken in Washington at pbasken@bloomberg.net

Jury Indicts GUEA Directors, Adds Tax Charges (AP)

AP, September 26, 2006

GARY, Ind. - A federal grand jury indicted two former directors of the Gary Urban Enterprise Association and issued new tax charges against the group's previously indicted former executive director and former fiscal manager, federal prosecutors said Monday.

Former directors Johnnie Wright, 76, and Derrick Earls, 51, both of Gary, have been charged with 10 counts of mail fraud, one count of conspiracy and one count of federal program theft, the Justice Department said in a news release.

Former Director Jojuana Meeks and the group's former fiscal manager, Charmaine Pratchett, were indicted on identical charges in June, accused of embezzling more than $800,000 to pay for cars, trips and funeral expenses.

Wright and Earls were expected to surrender Tuesday, when they are due to have their initial hearings on the charges, said Mary Hatton, a spokeswoman for U.S. Attorney Joseph Van Bokkelen.

Telephone calls to Wright's home went unanswered Monday. Earls does not have a published home telephone number.

The two served as directors from 1999 to 2004 for the group, which was created to attract new investment to the Gary area.

A superseding indictment in the case also charged Meeks with four counts of tax evasion for not filing tax returns for the years 2000 to 2004. It charged Pratchett with four counts of filing false tax returns for the same years.

The indictment said the group's board dissolved itself and no longer reviewed the group's activities, allowing Meeks, Pratchett, Wright and Earls to embezzle funds.

It cited instances in which Wright stole $95,920 and used the money for a variety of personal expenses and in which Earls stole $66,710, using some of the money to pay for a relative to attend modeling school.

Jurors Won't Hear About Bus Blaze (HC)

By James Pinkerton

Houston Chronicle, September 26, 2006

Judge approves defense motion to limit testimony to allegations of mismanagement

MCALLEN - Jurors today will hear about maintenance and safety practices of charter bus company Global Limo Inc. but not about the bus fire that killed 23 nursing home residents evacuated from Houston last year as Hurricane Rita bore down.

U.S. District Judge Ricardo Hinojosa granted a defense motion to limit testimony to alleged mismanagement that occurred during a four-month period before last year's accident.

James H. Maples, president and director of Pharr-based Global, faces charges he falsified driver time records and failed to adequately inspect and maintain his fleet of buses. The company was shut down for safety violations two weeks after the September 2005 accident.

Lawyers for Maples, a 67-year-old retired NFL player, have said that he looks forward to clearing his name.

An eight-woman, four-man jury was selected late Monday after two hours of questioning.

"I believe it's going to a fair and impartial jury," said defense attorney Charles Banker.

During jury selection, Justice Department prosecutors informed the court they plan to call Juan Robles Gutierrez, an undocumented immigrant from Monterrey who was driving the bus when the fire erupted near Dallas. His family has said Robles did all he could to stop the fire, but oxygen bottles needed by many elderly nursing home residents exploded as the fire spread from a rear wheel well.

Based on the judge's statements Monday, it appears testimony from Robles will be limited to his experiences with the company before the accident.

Robles was arrested on an immigration charge — unlawful entry to the U.S. — shortly after the accident, but he has been allowed to remain in Texas to testify.

Maples is accused of conspiring to falsify driver time records. If convicted, he could receive up to five years in prison on that charge alone.

The three-count indictment alleged that Global falsely recorded its drivers as "off-duty" when they were actually riding as passengers, a violation of Federal Motor Carrier Safety Administration regulations.

After the jury was excused Monday, Assistant U.S. Attorney John Kinchen of Houston received permission from the judge to introduce documents Maples signed in 2002 and 2004 acknowledging federal bus safety standards and agreeing to comply with them.

In May, victims of the bus fire reached a $11 million settlement with Global and BusBank, the Chicago travel broker that hired the bus company. At the time of the Sept. 23 fire, Global Limo had filed for bankruptcy.

Drug Lord's Sister Charged With Lying About 1996 Murder (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, September 26, 2006

BRIDGEPORT — The sister of admitted drug lord Frankie Estrada is under arrest and indictment for lying to the federal grand jury investigating the 1996 murder of a local prostitute.

Frances Estrada, 44, was arrested recently in Greenville, N.C., where she now lives. Federal marshals on Monday brought her into U.S. Magistrate Judge William I. Garfinkel's courtroom, where she pleaded not guilty to four perjury charges — each carrying a maximum five-year prison term.

At the request of Assistant U.S. Attorney Karen Peck, Garfinkel ordered Estrada detained without bond pending a hearing Wednesday.

The indictment alleges that Estrada committed perjury while appearing before a federal grand jury in New Haven on May 10, 2005. At the time, the grand jury was investigating the Jan. 30, 1996, murder of Aida Escalara.

The indictment accuses Frances Estrada of lying to the grand jury when she denied knowing Escalara or seeing her on the night of the murder.

It further alleges she lied while denying knowing Eddie Mercado and Billie "The Kid" Gomez, Escalara's convicted murderers.

Finally, the indictment accuses Frances Estrada of lying by telling the grand jury that her daughter, Star, was not living with her at the time of the murder.

During Mercado's trial last fall, there was testimony that Frances Estrada was having a lesbian affair with Escalara, that she knew Gomez and Mercado, and even brought the prostitute to the P.T. Barnum Housing project shortly before the murder.

There also was testimony that Frances Estrada was living in a Poplar Street rooming house with her daughter around the time of the murder.

On several occasions during previous trials, her brother, Frank Estrada, who is cooperating with federal

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authorities, testified that he ordered Mercado and Gomez, two of his enforcers, to kill Escalara as a favor for his attorney, James Ruane Sr. Frank Estrada, Gomez and Mercado all have convictions stemming from the woman's murder and are serving federal prison terms.

Ruane, through his lawyers H. James Pickerstein and Joseph Martini, has repeatedly denied any involvement in the murder. He has never been charged with any crime.

However, Frank Estrada testified, most recently on Nov. 29, 2005, during Mercado's trial, that his sister Frances shot a man, Ralph Green, to death during an argument in a Poplar Street rooming house on Jan. 23, 1996.

After police came looking for his sister and her daughter to question them about Green's death, Frank Estrada said he called Ruane to represent his sister. Estrada claimed Ruane then told him he was busy preparing for a murder trial in which Escalara was to testify for the state.

"I wanted him to take care of my sister Frances' murder case," Frank Estrada testified in court. "He told me if I take care of Aida Escalara he would take care of Frances' case."

Mercado, testifying on his own behalf last November, claimed Frank Estrada, and not Frances Estrada, killed Green. Mercado also maintained he turned down Frank Estrada's order to kill Escalara.

Delivering Small-Town Justice With A Mix Of Trial And Error (NYT)

By William Glaberson

The New York Times, September 26, 2006

DUANE, N.Y. — Gary Betters thought he understood the law as well as any average American. A school psychologist, he wanted $1,588.60 he said the nearby village of Malone owed him for helping run a summer recreation program. When he brought a small claim in Duane Town Court, he expected that the judge would listen to both sides, then rule.

Like many others who go to court across New York State, he got a crash course in the strange ways of small-town justice.

Although no one showed up to defend the village, Justice William J. Gori started the trial anyway. Although the judge had Mr. Betters testify at length, he neglected to have him swear to tell the truth. And although Justice Gori told Mr. Betters he had another week to submit more evidence, the judge went ahead and decided the case anyway.

Mr. Betters received the news in a letter from the court: his case had been dismissed. No reason was given. “I cannot understand how a defendant can win when they don’t even show up,” he said in an interview.

The State Commission on Judicial Conduct figured out how. Justice Gori, it seems, had gone to the village offices in Malone before the trial, interviewed the village’s chief witness, then informed the village lawyer that he had decided to throw out the case.

Justice Gori told the commission that he had never heard of the elementary legal rule that bars a judge, except in the most extraordinary circumstances, from secret contact with one side of a case. “It’s not even explained in my manual,” he said.

An unfamiliarity with basic legal principles is remarkably common in what are known as the justice courts, legacies of the Colonial era that survive in more than 1,000 New York towns and villages.

For generations, justices have hailed them as “poor man’s courts,” where ordinary people can get simple justice with little formality or expense. But there are few more vivid spots to view their shortcomings than here in one of New York’s poorest corners: Franklin County, a place of rugged beauty on the Canadian border where only one of the 32 local justices is a lawyer.

The county’s justices have repeatedly drawn the attention of state judicial conduct officials, with 15 publicly disciplined since the late 1970’s, some twice. Justice Gori’s errors pale in comparison with those of some others: One justice freed a rape suspect on bail as a favor to a friend. Another sentenced a welfare recipient to 89 days in jail after she failed to pay a $1.50 cab fare. Franklin County justices have presided drunk, fixed cases and denied lawyers to defendants. One failed to appoint a lawyer for a 19-year-old mentally retarded alcoholic.

Here in Duane, a speck of a town in the center of the county, Justice Gori is in many ways a typical small-town New York justice.

A bricklayer and a former dog trainer with a high school education, he is an approachable man of 59, in jeans hitched up with suspenders. On Thursday nights he ambles down to the volunteer firehouse to hold court, such as it is. His grasp of the law is somewhat shaky. His temper sometimes gets the better of him.

He has no judge’s bench, few law books and no court clerk. He is something of an accidental judge, occupying the position for nearly a decade largely because no one else wants it, people here say. Although state officials have reprimanded him twice for fundamental lapses in the conduct of his job, few Duane voters seemed to know or care. “Nobody’s ever asked a question about it,” Justice Gori said.

He seems well-intentioned enough. Like many justices, he describes his job as public service, and he says he studies the law for several hours every week.

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But there is evidence that that may not be enough. When the judicial conduct commission called Justice Gori to account for his handling of Mr. Betters's case, his defense was startling, a transcript of the hearing shows. His own lawyer blamed the state for running the justice courts as it does: Judges, he said, with so little training — six days of classes, and a 12-hour refresher course once a year — could not possibly know the basic rules for handling a lawsuit.

The county's district attorney, Derek P. Champagne, says that when he took office five years ago, he had to drop hundreds of criminal cases because justices had failed to take any action for so long. Mr. Champagne says his staff of four full-time prosecutors is too small even to regularly visit the justice courts, which are separated by great distances.

Franklin County is bigger than Rhode Island. But it has only one higher court judge, in the county court in Malone. So the part-time town and village justices — plumbers, meat cutters and school bus drivers — are often the last word on the law here, with the power to issue search warrants, conduct trials, put some people in jail and let friends go free.

"The reality is, you basically have to have no qualifications other than be a voter to put someone in jail, and that's a very alarming situation," Mr. Champagne said. "To throw a layperson — some of whom don't have a high school degree — in that position is just a recipe for disaster."

A Night in Court

"Town of Duane Justice Court is now in session," Justice Gori announced.

Four bare fluorescent bulbs provided the only light in the roughly finished meeting room that becomes a court every few weeks. There was a portable bar against one wall, and a glimpse of the firehouse kitchen, with its jumble of old soda bottles and coffeepots. The American flag tacked to the wall had to be pulled back to allow the judge to get at the thermostat on this icy winter night.

At two pushed-together folding tables sat a nervous teenager, in court to answer speeding tickets, next to his clench-jawed father. A state trooper, there as chief witness against the teenager, doubled as the court security officer.

And behind a battered wooden desk was Justice Gori. Fleshy, with eyes that water at sentimental moments, he was wearing an open brown shirt, his T-shirt visible at the neck.

The court computer that he bought with his own money was at home; it took him two months to figure out how to turn the thing on, he said. He had no judge's robe. They are too expensive, he said. His judicial salary is $3,750 a year.

"There are certain things that are lacking," he said.

He moved to Duane, population 159, from Saratoga County in his 40's after a divorce, enticed by the chance to hunt with his dogs.

"Maybe it's the solitude," said Justice Gori, who has since remarried. "You get up here at night, when the highway quiets down, you don't hear anything."

Yet people cross paths in Franklin County in unlikely and sometimes volatile ways: Mohawk Indians, the owners of lavish new vacation homes, Adirondack tourists and fishermen, and others who cross the border on less savory business. Drugs and domestic violence seem to be on the rise, and state prisons are big employers.

When Justice Gori moved here about 20 years ago, the prison construction boom offered jobs. After years as a dog trainer, "I picked up my tools and went back to the bricklaying, mason trade," he said.

Like a lot of newcomers to small towns, he wanted to get involved. But he didn't like the sight of blood, so that ruled out volunteer firefighting. He was attracted instead to the court in the weathered firehouse. "Law has always been kind of an interesting thing to me," he said.

That interest, however, does not include a fascination with the technicalities that occupy lawyers. "If you look at the laws, it's all common sense," he said.

Most of his work, since his first election in 1997, has been traffic cases. If there were many serious crimes in Duane, he said, they may have gone unnoticed out in the vast Adirondack nights. "Either we're a nice, quiet town or two people duked it out and one won and one lost, they got up and shook hands and nobody knows about it," he said.

There have been a handful of serious cases, the first phases of some felony prosecutions. Once, state troopers tracked him down on a bricklaying job. They said a local man was growing marijuana, and wanted a warrant to search his property. In the dust and cement, it fell to William Gori, dog trainer and mason, to put aside his tools and measure the rights guaranteed under the Constitution. "I sat down," he said. "Read everything. Looked at all the pictures." The troopers got their warrant.

In the makeshift courtroom on this winter night, he was warmly sympathetic to a woman who had forgotten to put the registration sticker on her windshield. Case dismissed.

But the teenager with the speeding tickets saw the stern Justice Gori. The boy had tickets in a half-dozen Franklin County towns, and his lawyer proposed combining the cases in another court.

No way. "What happens in the town of Duane," Justice Gori declared, "stays in the town of Duane."

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That is not always true. The other case that drew the attention of the Commission on Judicial Conduct involved Lucille K. Millett, a Mohawk woman from the reservation that straddles the county's border with Canada. She was outside the Duane court one night in 2004 waiting for her sister, whom she had driven there for a traffic case. Justice Gori summoned Ms. Millett inside, asked for her driver's license and called the state police to run it through their computer.

In an interview, Ms. Millett said she was frightened and embarrassed; no one else was asked for a license. The only sense the sisters could make of it, she said, was that they were the only American Indians in court.

She filed a complaint with the commission, which ruled last year that Justice Gori had no right to demand anything of someone outside his court who faced no charges.

Asked about the case, Justice Gori denied that he harbored any prejudice. He said he thought he was acting within his authority.

"You learn by mistakes," he said. "They say this is improper, I don't do it again."

It is a measure of his isolation that his disciplinary hearings have been among the few times he has had a chance to rub shoulders with the larger legal world. He attends the refresher course each year. But he said the town could not afford to send him to the annual state magistrates' convention, held last year in Niagara Falls, nor could he pay for the trip himself.

Still, he is convinced that he and the other justices across New York are honest people trying to do right. "Economicswise," he added, "you couldn't get the job done any cheaper."

A County at the Edges

The troubles of Mr. Gori and his fellow justices are nothing new. In 1973, the State Commission of Investigation arrived in the Franklin County village of Saranac Lake to examine the work of one justice, a maintenance worker and vacuum-cleaner salesman, whose "inept and mangled handling," it said, had bungled a felony grand larceny case.

What investigators found alarmed them. Money was missing. Records were sloppy. A pile of cash from fines sat in an unlocked drawer. The justice's relationship with the police seemed far too close, and one of his law books was 44 years old.

Astonished, the investigators widened their inquiry to include all the justice courts in the county and then expanded it across New York. Calling for statewide reform, they concluded that "such deficiencies and ineptitude" in the justice courts "simply must not be tolerated."

But little seems to have changed in Franklin County's justice courts since then.

Last November, one longtime village justice, Roy H. Kristoffersen, a salesman, resigned after officials began investigating charges, which he denied, that he "rendered favorable dispositions" for the son of the other village justice — in Saranac Lake, the same place that touched off the investigation 33 years ago.

Another justice, Marie A. Cook, a school-bus driver who is still on the town bench in Chateaugay, not only fixed a speeding ticket at the request of a fellow justice, but she was so oblivious to ethical rules, the commission said last fall, that she made an official record of the fix: "Reduced in the interest of Justice Danny LaClair."

Yet another, the town justice who released a rape suspect on bail as a favor to a friend, tried to explain things to the commission: "Maybe you are not familiar with what goes on in the North Country, but we are all more or less friends up there."

Such cases may only hint at the dimensions of the problem in Franklin's courts. A review for this article of rarely seen appeals files in Franklin County Court showed a disturbing trail of legal blunders and judicial ignorance over the last five years.

One justice seemed not to fully understand that criminal charges must be proved beyond a reasonable doubt, wrote the county court judge, Robert G. Main Jr. Another justice skipped over the matter of the constitutional guarantee of a lawyer. Immediately after a woman charged with fraud said she could not afford an attorney, Judge Main said, the village justice took her guilty plea instead of appointing a lawyer.

Such problems are hardly news to many lawyers who make the rounds of Franklin County's justice courts. Some say they avoid the courts because the justices often have trouble following their arguments.

In a place as poor and remote as Franklin County, the failings of modest courts can loom large. Cases too minor to draw much interest from the rest of the legal system — evictions, misdemeanor charges, disputes between neighbors, driving infractions and applications for bail — come with real consequences for small-town residents who may have little money or access to a lawyer.

Alexander Lesyk, the Franklin County public defender for 15 years until a few months ago, said that while he had some successes for poor clients before local justices, "I don't believe any of them has enough training to handle a trial, to handle constitutional issues, to stand up to and control an attorney on either side when they need to."

But challenging a justice can be bad for business, some lawyers said.

The district attorney, Mr. Champagne, said that when his office hears about justices who stray from the law, it has to be careful. "We're not going to get into a confrontation with a judge we may have to go in front of next week on a very serious preliminary hearing in a murder case," he said.

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A Case of Confusion

When Gary Betters got the letter from Justice Gori in March 1999 saying that his claim for back pay had been dismissed, he was very confused. The message was a single paragraph, and garbled at that. Even the date on it was wrong.

But that was only the start of his troubles.

He wrote to Justice Gori, asking for a mistrial. The justice never replied.

Mr. Betters decided to appeal in county court. But he could not persuade any lawyer to take the case; several, he said, told him it would not be in their interest to take on a town justice.

On his own, Mr. Betters filed a complaint with the Commission on Judicial Conduct, and the truth emerged: The commission's investigators discovered that Justice Gori had gone to the Malone village offices before the trial and interviewed the defense's chief witness, the village treasurer, who told him that Mr. Betters was owed nothing.

Justice Gori told the village attorney that he need not show up for the trial because he had already decided to dismiss the case. The attorney was amazed. "A lot of bells and whistles went off," he told the commission.

But when Justice Gori explained himself to the commission in a closed hearing, he said he had never heard of the rule against contacting one side of a case to discuss the evidence. Further, the commission's lawyer argued, a legal motion filed by the village had completely bewildered Justice Gori, even after he made several calls to the state's help line for town justices.

"The whole concept I didn't understand," Justice Gori testified.

It was a damaging admission, but nothing compared with the case made by his own lawyer, John A. Piasecki. He said his client's error-riddled handling of Mr. Betters's suit was an indictment of the system, which put laymen on the bench, gave them little training and left them to interpret the law.

Mr. Piasecki asked whether the state had ever checked Justice Gori's reading comprehension. (It had not.) He even tried to cross-examine the Malone village attorney to show what he argued was the obvious difference between Justice Gori and someone who actually understood the law.

Mr. Piasecki, a Franklin County lawyer himself, urged a "long-overdue correction" for the justice court system, which he said "undermines confidence in the integrity of the judiciary."

The commission was not moved. Justice Gori, it said, had a duty to learn the law. "Town justices wield enormous power in civil and criminal cases," the commission said, "and it is not unreasonable to expect them to know and follow basic statutory procedures."

Yet Justice Gori received the lightest public penalty the commission can issue, an admonition.

As for Mr. Betters, he never found a lawyer to take his appeal. Today, he still feels that his education in Franklin County law cost him a lot more than $1,588.60.

"It broke down my belief in the justice system," he said.

Business as Usual

The judicial career of William Gori began humbly enough.

"Nobody was jumping out of the woodwork wanting this job," said Justice Gori, who raised his hand for the position in 1997 after the sitting justice announced his retirement.

With no opposition, he won the endorsement of the Republicans and then the Democrats in Duane. The Republican chairwoman, Pamela M. LeMieux, said he impressed party leaders as responsible and "very strict."

In the general election, his only opponent was Gary Anderson, a former accountant who ran as the candidate of what he named the Pine Tree Party. "Nobody wants the job," Mr. Anderson said.

Even the campaign was not especially interesting, Justice Gori recalled. "All I said was: 'I'm Bill Gori. I'm running for town justice and I'm only interested in doing a good job for the town.' " He won, 64 to 39.

If the process was not a model of meticulous judicial selection, that fact may carry an extra punch in Duane. The town, as it happens, was named for its founders, descendants of the first federal judge in New York.

When President George Washington selected the judge, James Duane, a prominent lawyer, for the post in 1789, he used the nomination to lay out his aspirations for selecting judges in a democracy. The choice of who would sit on a nation's courts was a matter of "the first magnitude," Washington wrote, and the judiciary was "the pillar on which our political fabric must rest."

Today, that fabric is a little frayed in Franklin County.

Thomas Catillaz, a former mayor of Saranac Lake, said that when political parties there find a nominee, "It's usually, 'Thank God somebody's running,' " he said. "And if you're in there, you're in there for 20 years."

When justices are publicly disciplined, that is often the end of the matter. As Justice Gori recalls it, when he received his second admonition last year, the local newspaper in Malone "put it way in the back."

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He faced an election after each ruling, but no opponent. Gary Cring, a retired schoolteacher who has lived in Duane for six years, said he had not heard that Justice Gori had been disciplined. Had that been better known, he said, voters might have been less enthusiastic about re-electing him. “People figure he must be doing a good job,” Mr. Cring said.

But Mrs. LeMieux, the Republican chairwoman, said it was not the town’s job to police its justice. “If he did something that was that serious, I figure the court system wouldn’t have allowed him to remain a justice,” she said. “If they didn’t throw him out, then who are we to judge?”

And so Justice Gori is working his way through a third four-year term, learning the job as he goes. He does not appear to share his lawyer’s disdain for how the justice courts are run.

“I really feel the justice courts are the courts closest to the people,” he said, and being a lawyer might interfere with that. “At times, lawyers get hung up in certain things, so that maybe you wouldn’t get true justice in certain cases.”

But a state police report from last year suggested that in Duane, true justice — and empathy for the people — might be works in progress.

It seems that Brandon L. Lucas, a scrawny 19-year-old from the next county, was trying to pay a ticket he had received in Duane for fishing with the wrong kind of bait. Since the firehouse court was empty, as it often is, Mr. Lucas went down the road to Justice Gori’s house.

Soon, Mr. Lucas was in the back of a state trooper’s car in handcuffs, and in tears. An angry Justice Gori had berated him and called the police, the young man recalled when a reporter tracked him down. He had evidently not seen the sign on the judge’s garage: “If you proceed past this point, you are subject to various trespass rules and regulations.”

The district attorney decided not to prosecute. And Mr. Lucas made his own decision about wandering into the jurisdiction of Duane Town Court: Don’t.

“I’ll never go fishing up there again,” he said.

Officers Reach Beyond Beat's Boundaries (WP)

By Jerry Markon

The Washington Post, September 26, 2006

Northern Ohio is a long way from Northern Virginia, and it is especially off the beat for John Chapman, a police officer in the tiny Prince William County town of Dumfries.

Yet Northern Ohio -- a small town called Monroeville, to be precise -- is exactly where Chapman needed to go on a case a few weeks ago. Problem was, his bosses couldn't afford to send him there.

Chapman had just started a unit to use the Internet to investigate crimes against children. In fact, he was the unit, working on his days off or grabbing time between police calls to enter chat rooms, where he posed as a 13-year-old boy. Before long, he had struck up a conversation with an Ohio man, who sent him lots of nude photographs of young boys. It was time to make an arrest.

But the Dumfries Police Department, with just 15 officers including the chief, doesn't have its own dispatcher, much less an extensive travel budget. So Chapman finagled $150 in gas money from the town, and he and his partner, Detective Charlie Gardiner, climbed into Gardiner's red pickup and made the 400-mile trip through the night to Ohio. To save money, they stayed with Gardiner's parents and mooched food off local police.

"I was going to do everything in my power to catch this guy," said Chapman, 41. "If that meant spending my own money, so be it."

To call Dumfries small in the world of law enforcement would be an understatement. A town of 1.6 square miles and about 5,000 people, Dumfries straddles Route 1, about 30 miles south of Washington. The police department is in a tiny, almost ramshackle office in the basement of Town Hall.

Someone hoping to find it must drive to the parking lot in the back of the building, where the police entrance has cracked white paint around the door.

Around town, the chief, Calvin L. Johnson, is known by his first name. His 14 officers handle the usual traffic crashes, fights and domestic violence calls, but anything more serious -- homicides, robberies -- is sent to Prince William police. County police also investigate all sex crimes.

Chapman vowed to change that.

A burly man with speckled gray hair and an easy smile, he has two loves in life: police work and kids.

"I love working with kids," Chapman said in a recent interview. "I'm the type of person who, if I'm driving down the street and I see a lemonade stand, I'll buy the lemonade. If kids come to the door selling candy bars, I'll buy 20. It drives my wife nuts."

Chapman and his wife, Susan, have three children, ages 3 to 12. He manages his older daughter's soccer team, speaks at school career days and, in his spare time, helps train foster parents in Stafford County, where he lives.

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Chapman started his career with the Arlington County Sheriff's Office, then worked for the Dumfries Police Department in the early 1990s before joining Prince William police in 1992. But he missed the small-town environment of Dumfries and came back in April.

So, with support from the chief, he attended a one-week training course run by the Northern Virginia/Washington, D.C. Internet Crimes Against Children task force, which helps local police fight Internet predators.

When he returned in July, he told the chief he'd work part time and come in on his days off. All he needed was a laptop.

"We thought it was a great idea," Johnson said. "We know that the biggest wave of the next horizon of crime is Internet crime, but as a small department, we can't designate someone to do this full time."

Chapman was issued a blue Toshiba laptop, and he set up shop on his desk in the corner of the squad room, known as "the bullpen." In July, he went online, posing first as a 14-year-old girl. He was inundated with propositions from older men.

Sometimes, Chapman has to leave in mid-chat. "If I'm on the computer and a call comes in, we're going to shut the computer down and take care of business," he said. "I'll say, 'I gotta go,' and then hopefully I can find the person online again."

Chapman met one man in a Pokemon chat room who said he was 20 and from Ohio. Soon, Chapman said, the man sent him photographs of nude boys in various sexual poses. The man gave Chapman the password to his Hotmail account, where Chapman said he found more than 200 additional child porn images.

The man also gave Chapman his name and sent a picture of himself in his high school graduation gown. "It had an eagle on the back, and I could barely make out the letters 'ville,' " said Chapman, who quickly discovered the suspect lived in Monroeville.

It was time to go to Ohio. But when Chapman was told that his department couldn't send him, he turned to the Prince William Commonwealth's Attorney's Office.

"We don't have any independent funds for investigations like that," recalled Tom Seaha, a prosecutor who had been tracking Chapman's investigation and said he was sorry he couldn't help. Seaha said he admired Chapman's enthusiasm, but he urged him to turn over the case to Ohio authorities.

"I gave up. But they found a way to go," Seaha said of Chapman and Gardiner. "When everyone told them there was no money, they found a way to go."

Legally, Chapman didn't have to go to Ohio. But he felt a need to eyeball the suspect in the case he had begun. Plus, he said, going might enable him to collect evidence for his investigation of the suspect in Virginia.

The benefactor, of sorts, turned out to be the Dumfries town manager, Dave Whitlow, who responded to the police chief's pleas for help with $150 from the town coffers for gas and tolls.

Driving in the pickup that his partner uses for gang cases, Chapman and Gardiner left at 3 a.m. on Aug. 29. They drove seven hours straight, their only food a bag of chocolate chip and oatmeal raisin cookies that Gardiner's wife made.

Arriving in Monroeville at 10 a.m., Chapman and Gardiner spent the day with Ohio sheriff's investigators typing up an affidavit and getting a search warrant. "It was necessary for them to come here," said Detective Sgt. Dane Howard of the Huron County Sheriff's Office. "I would have been hard-pressed to draft a search warrant on the statements of an officer I had never met."

Ohio officers treated their Northern Virginia colleagues to lunch, and Chapman and Gardiner then drove an hour and 40 minutes that afternoon to Gardiner's parents' home in Concord, Ohio. They put them up in a spare bedroom and cooked them dinner.

Gardiner, 42, said Ohio officers had offered to put them up for the night if his parents hadn't come through. "Yeah, we work on a shoestring budget," Gardiner said, "but I think you'll find that law enforcement helps law enforcement, no matter where you're at."

Their creative financing might have paid off. With help from Ohio sheriff's deputies, they arrested a man, Matthew Hohler, on charges including raping a 12-year-old boy. Prince William and the FBI are investigating the case, said law enforcement sources, who spoke on condition of anonymity because the case is ongoing.

An attorney for Hohler, 20, said his client will enter a plea of not guilty. "At this point, I don't know what the allegations are other than the bare-bones charges," said the attorney, K. Ronald Bailey. "I did hear something to the effect that it had something to do with a contact down in Virginia."

At a time when attention is focused on the growing sexual exploitation of children through the Internet, law enforcement officials said Chapman and his partner went above and beyond the call of duty.

"Those officers . . . who were willing to give up their personal time and money just to make this case, that's a big thing," said Howard of the Huron sheriff's office. "Cops are dedicated, but I don't know that every officer would have done what they did."

The total out-of-pocket expense for the trip: about $20 apiece for Chapman and Gardiner.

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These days, Chapman is back on his laptop, balancing three active child porn investigations with the demands of patrol and police work. He is determined to soldier on, he said, because "we're here to protect the kids."

CIVIL LAW:

Justice Appeals Court Order To Release NRO Documents (FEDTIMES)

By Daniel Friedman

Federal Times, September 26, 2006

The Justice Department is appealing a federal court order requiring the National Reconnaissance Office to release unclassified budget documents.

The Federation of American Scientists filed a Freedom of Information Act request last year for parts of the fiscal 2006 budget justification sent to Congress by NRO, which builds and operates intelligence satellites. NRO rejected the request, claiming that the relevant documents are "operational files," which document scientific and technical means for collecting information. Intelligence agencies can exempt operational files from FOIA.

But a federal judge ruled in July that the exemption did not apply to the NRO budget documents. According to Steven Aftergood, director of the FAS Project on Government Secrecy, NRO initially said it would comply with the decision.

On Sept. 20, however, the Justice Department filed a notice of appeal in U.S. Court of Appeals for the District of Columbia Circuit.

In Secrecy News, an FAS newsletter, Aftergood said the claim that unclassified budget documents represent operational files is new.

"If the operational file exemption were permitted to cover routine administrative documents such as budget records, then an enormous swath of unclassified government records could be unilaterally removed from the reach of the FOIA simply by designating them operational," he wrote.

Citing a 2001 memo from then Attorney General John Ashcroft that states Justice will defend agency decisions to resist FOIA requests, Aftergood argued the appeal is consistent with wider Bush administration policy to limit disclosure.

Justice spokesman Charles Miller confirmed the notice of appeal was filed, but declined to comment on its substance or on FOIA policy.

NRO had no immediate comment.

Judge Allows Suit On 'light' Cigarettes (FT)

By Lauren Foster

Financial Times, September 26, 2006

A US federal judge on Monday dealt a blow to the tobacco industry when he ruled a case involving the big cigarette makers and tens of millions of smokers of "light" cigarettes could proceed to trial as a national class action.

The Schwab claim – filed in 2004 under the federal Racketeer Influenced and Corrupt Organisations Act (Rico) – alleges cigarette companies defrauded smokers into believing "light" cigarettes were safer than regular ones.

The class includes anyone in the US who bought cigarettes that were labelled "light" or "lights" between 1971 and 2006.

Lawyers are seeking as much as $200bn (£105bn) in damages, which would automatically be tripled under Rico.

The ruling by US District Judge Jack Weinstein sent tobacco shares lower. Altria Group, parent of Philip Morris USA, closed down 6.39 per cent at $77.06, while Reynolds American, owner of R.J. Reynolds, ended the day down 3.66 per cent at $59.75.

Altria said the ruling would delay plans to spin-off its 88.1 per cent stake in Kraft Foods.

"Today's decision inevitably delays any restructuring," said William Ohlemeyer, Altria vice-president and associate general counsel.

"The board is committed to the restructuring strategy because it makes good sense for the company and its investors. A prerequisite . . . has been clarity in the overall litigation environment . . . Today's decision, however isolated it is, is not a step toward clarity, it is a step back of sorts."

Judge Weinstein denied the industry's request for a pre-trial appeal of the class certification, which means Schwab will proceed to trial as a national "lights" class action claim. Jury selection is expected to begin in January.

"This is a significant judgment," said Michael Hausfeld, partner at Cohen, Milstein, Hausfeld & Toll, the firm representing the smokers. "It is another condemnation on the merits of the tobacco business practices over more than a quarter of a century,

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and a milestone with respect to the procedures for class action as it certifies the largest class in terms of period, number and potential damages."

PM USA and R.J. Reynolds said they would seek review of the class certification decision to the Second Circuit Court of Appeals – where the industry has a successful record of defending itself – and a stay of the trial court proceedings pending a decision by the appellate court.

Last year the Second Circuit threw out the Simon II class action that Judge Weinstein certified on behalf of millions of US smokers claiming punitive damages against the industry.

"We adamantly believe the 2nd Circuit Court will decertify the class given the past success the tobacco industry has experienced in this court," said Bonnie Herzog, analyst at Citigroup, in a report.

Tobacco Firms Exposed To New $200 Billion Claim (WSJ)

By Vanessa O'connell

The Wall Street Journal, September 26, 2006

A federal judge's decision to grant class-action status to tens of millions of smokers of "light cigarettes" exposes major tobacco companies to a new $200 billion claim for damages and will delay an expected plan by Philip Morris USA parent Altria Group Inc. to spin off its Kraft Foods Inc. unit.

U.S. District Judge Jack B. Weinstein in Brooklyn, N.Y., made the pretrial ruling yesterday in a 2004 lawsuit alleging that Philip Morris USA, Reynolds American Inc.'s R.J. Reynolds Tobacco Co., and Loews Corp.'s Lorillard Tobacco unit, among others, falsely marketed "light" and "low-tar" cigarettes as a lower-risk alternative to conventional higher-tar smokes.

Lawyers for the plaintiffs argued that tobacco companies reaped between $120 billion and $200 billion in additional revenue because of what they describe as a pattern of deceiving the public about the dangers of smoking light cigarettes. Because the suit is being brought under federal racketeering law, the amount of damages in the case could be tripled.

Not only is the judge's decision a legal setback for the tobacco industry, it further delays Altria's expected spinoff of its 88%-owned Kraft unit. The spinoff would be part of a long-planned breakup of Altria into two or three separate entities, but the New York company has put the restructuring on hold while it resolves outstanding legal challenges. Thanks to the tobacco industry's recent winning streak in lawsuits against it, many investors had expected Altria to announce the spinoff at an Oct. 25 board meeting.

At 4 p.m. in New York Stock Exchange composite trading, Altria shares were down $5.26, or 6.4%, to $77.06. Reynolds shares fell $2.27, or 3.7%, to $59.75.

But Judge Weinstein's opinion in the light-cigarette lawsuit, known for lead plaintiff Barbara Schwab, makes it difficult for Altria to proceed with a Kraft spinoff for the moment. "Today's decision inevitably delays any restructuring," William Ohlemeyer, associate general counsel for Altria, said in a conference call with analysts and investors. "Today's decision, however isolated it is, is not a step toward clarity [regarding litigation]; it is a step back of sorts," Mr. Ohlemeyer said.

Plaintiffs in the class-action suit could seek to block the restructuring with a court injunction by arguing that the breakup of Altria might jeopardize their ability to collect any damages they might win. As a result, some observers now believe the board might delay a spinoff until an appellate court reverses Judge Weinstein's class-certification decision, which might not happen for another year -- if at all.

Judge Weinstein, who was appointed to the federal bench in 1967 by President Lyndon B. Johnson, is known for his tendency to embrace novel legal theories to resolve complicated issues. The 85-year-old federal judge has in the past tended to favor class-action suits as an efficient way to force major companies to pay out large sums when massive groups of people have suffered. He is credited with crafting class settlements in litigation over Agent Orange and asbestos, as well as presiding over a 1999 jury trial that found some gun manufacturers liable for violence committed with handguns.

In his decision yesterday, Judge Weinstein denied the companies the right to have him seek an immediate appellate review of his class-certification decision. Past class-action tobacco suits have failed because courts have found smokers too diverse a group to have their claims lumped together. But Judge Weinstein said class-action certification is "critical" to this light-cigarette smokers' case. "The small amount of possible recovery for each smoker could not justify the expensive and time-consuming pretrial and trial procedures required," he wrote.

Plaintiffs' attorney Michael D. Hausfeld estimated that as many as 50 million people in the U.S. could be a part of the class, which represents anyone who purchased cigarettes that were labeled "light" after they were put on the market, beginning in the early 1970s.

Tobacco companies said they would appeal the ruling to the Second U.S. Circuit Court of Appeals in New York. The tobacco companies also will seek a stay of all trial-court proceedings pending a decision by the appellate court. Jury selection in the case is set to begin Jan. 22.

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"There is a real question of whether the ruling will hold up on appeal," says Robert L. Rabin, a professor at Stanford Law School. "Class actions in tobacco haven't fared well, and we have to see whether the Second Circuit will be receptive to Weinstein's action."

Judge Rules Up To 50M Can Sue In Tobacco Case (USAT)

By Elliot Blair Smith

USA Today, September 26, 2006

Up to 50 million Americans who have smoked "light" cigarettes believing them less dangerous to their health than regular cigarettes are eligible to participate in a class-action lawsuit certified Monday.

U.S. District Court Judge Jack Weinstein ruled that plaintiffs attorneys had presented "substantial evidence" to show that eight cigarette makers defrauded U.S. consumers of billions of dollars by using bogus health claims to inflate the prices of low-tar cigarettes.

At issue, Weinstein said, "is not whether a fraud case can be proven, but whether damages can be" calculated for smokers who allegedly were unaware of a fact the tobacco companies have known since the late 1960s: Consumers of low-tar cigarettes smoke more intensively to compensate for their nicotine addictions, putting them at elevated health risks.

Plaintiffs' attorney Michael Hausfeld, who built the smokers' legal claims around a federal racketeering statute, said he will prove damages of $26 billion to $200 billion through statistical models that estimate how much Americans allegedly were overcharged for "light" cigarettes and how much faster they would have quit smoking had not "light" cigarettes been marketed so effectively since the early 1970s.

Unlike state and federal tobacco lawsuits that centered on medical damages, the lawsuit known as Schwab v. Philip Morris states an economic fraud claim. One of the plaintiffs' expert witnesses, Jeffrey Harris, a practicing physician and professor of economics at the Massachusetts Institute of Technology, estimates "light" cigarettes' lose up to 92% of their market value once their health dangers are exposed.

Defendants, including Philip Morris USA, owned by Altria Group, and Reynolds American's R.J. Reynolds Tobacco unit, said they would appeal the judge's ruling. Tobacco lawyers contend the four-year statute of limitations for racketeering claims significantly reduces their financial exposure. They also contend they should not be required to retry issues of fact and law already decided in other courts, including the Justice Department's recently concluded racketeering lawsuit against the tobacco companies in Washington, D.C.

In the Justice Department case, the same defendants were ordered to remove such descriptions as "light" and "ultra light" from their cigarette packaging but did not have to pay $14 billion sought by government prosecutors to counter their marketing efforts.

Altria stock fell 6.4% Monday to $77.06, and Reynolds American's shares dropped 3.7% to $59.75 after the class-action certification was announced. But Citigroup analyst Bonnie Herzog advised the company's clients: "We think the sell-off of all the stocks is overdone, and investors should be buyers."

In an investors' note, Herzog expressed confidence that a federal appeals court would reverse Weinstein's ruling and "decertify" the class of "light" cigarette smokers, "given the past success the tobacco industry has experienced" in contesting the judge's decisions, including one previous class-action lawsuit.

Tobacco Makers Lose Key Ruling On Latest Suits (NYT)

By David Cay Johnston And Melanie Warner

The New York Times, September 26, 2006

In a legal blow to the tobacco industry, a federal judge in Brooklyn ruled yesterday that people who smoked light cigarettes that were often promoted as a safer alternative to regular cigarettes can press their fraud claim as a class-action suit.

Judge Jack B. Weinstein of Federal District Court in Brooklyn found "substantial evidence" that the manufacturers knew that light cigarettes were at least as dangerous as regular cigarettes.

The decision, coming at a time when the tobacco industry felt it was on a legal winning streak, raises the possibility that so-called lights cases will become a major threat to the companies and expose them to potentially significant damages.

The case, first filed in 2004, is against Philip Morris USA, R. J. Reynolds Tobacco, British American Tobacco, Liggett Group, Brown & Williamson and Lorillard Tobacco. It differs from many previous tobacco lawsuits in that it does not claim that smokers suffered personal injury. Instead, the case — called the Schwab case after the lead plaintiff, Barbara Schwab — claims that the industry defrauded consumers beginning as early as 1971, when Philip Morris began selling Marlboro Lights, the first light cigarette.

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Because some 45 percent of smokers currently smoke light cigarettes, potentially vast numbers of people nationwide could be involved.

Michael D. Hausfeld, a partner at Cohen, Milstein, Hausfeld & Toll who is representing the plaintiffs, has said that the class could reach tens of millions of people and involve damages of up to $200 billion. The racketeering law being cited would allow any damage award to be tripled.

Investors yesterday drove down the price of tobacco stocks.

But before the case can proceed to a jury trial, the class-action ruling would have to be upheld by the United States Court of Appeals for the Second Circuit. Some litigation experts expressed strong doubt that it would survive such an appeal.

William S. Ohlemeyer, associate general counsel of Altria, whose Philip Morris division makes half the nation's cigarettes, said "the judge is wrong on the law and wrong on the facts."

Mr. Ohlemeyer said that the government, not tobacco companies, promoted the idea that lights were a safer alternative cigarette.

He added that Supreme Court decisions and court rules prohibit treating fraud cases as class actions because each individual claim of reliance on false statements must be proved.

Still, yesterday's ruling is a setback to what tobacco companies have previously described as an "improving legal environment" for the industry.

Tobacco companies in recent months had won a string of victories. In July, the Florida Supreme Court upheld a decision to toss out a $145 billion judgment in a class-action suit. In December, the Illinois Supreme Court threw out a similar $10 billion judgment against Philip Morris.

Then last month, Judge Gladys Kessler of Federal District Court for the District of Columbia issued a scathing decision in the Department of Justice's landmark racketeering lawsuit. She concluded that the tobacco industry had engaged in a 40-year conspiracy to defraud smokers about the health dangers of tobacco, including deceptions about lights and low-tar cigarettes.

But while Judge Kessler ordered tobacco companies to stop labeling cigarettes as "low tar" or "light" to convey that they were less hazardous than full-flavor cigarettes, she said an earlier ruling prevented her from awarding what could have amounted to $10 billion in damages.

Yesterday's ruling also throws uncertainty into long-running plans by Altria, the parent company of Philip Morris, to separate its Kraft Foods unit from its domestic and foreign tobacco businesses. After several decisions favorable to tobacco companies within the last year, investors had driven up the price of Altria's shares in anticipation that it would spin off Kraft in the coming months.

Shares of Altria fell 6.4 percent yesterday to $77.06.

David Adelman, a tobacco analyst at Morgan Stanley, said in a conference call with investors that Judge Weinstein's ruling would probably delay a restructuring. He said he expects that if tobacco companies are successful in their efforts to get a review of Judge Weinstein's decision before the trial begins, which could be as early as January, a Kraft spin-off could take place by the end of the first quarter of 2007.

Mr. Adelman said that based on past rulings and what he called the "conservative" nature of the Second Circuit appeals court, he expected such a review to be granted. If it is not, the Schwab case will proceed to a jury trial.

While plaintiffs' lawyers have been filing such class-action suits against cigarette makers since the early 1990's, this is the first lights case to be certified as a class action in a federal court. Currently, three other lights cases have received class certification, all in state courts and encompassing fewer numbers of smokers.

Judge Weinstein rejected the defense claim that the case was so "enormous in scope and time and in diverse persons affected" that there was no reasonable and inexpensive way to try the case.

The judge said that a central theme of American justice was that "each right has a remedy" but that it was impractical to try individually the fraud claims of tens of millions of smokers.

The judge took note of past court decisions limiting class-action cases and expressed doubt that litigation has done, or can do, much to reduce the damage done by smoking.

"Nevertheless," Judge Weinstein ruled, "where a cigarette smoker can demonstrate that he or a group of smokers has been damaged by the cigarette industry, the help of the court in resolving the claim and defenses is mandatory."

Judge Weinstein also took note of the agreements the tobacco companies reached with the state governments, suggesting the companies could end up paying damages twice.

"The independent political-economic arrangement" the tobacco companies made with the states "to pay them billions of dollars over many years has not compensated smokers for the individual damages they have allegedly suffered," the judge wrote. He also wrote that widespread "partial acknowledgments" by tobacco companies that cigarettes are dangerous, and their efforts to reduce smoking by children and others "does not negate any liability for past" misconduct.

Judge Weinstein has a history of decisions that favor class actions and proposing novel solutions to settle cases. In an earlier tobacco case, the Second Circuit Court of Appeals overturned his certification of a class.

Professor Geoffrey P. Miller, who teaches class-action litigation at New York University Law School, was among the lawyers who said they expected the Second Circuit Court of Appeals to overturn the class-action certification.

"It is important to remember that it is not a crime per se to lie, nor is it a violation of law to lie," Professor Miller said. Proving fraud requires showing both that the companies lied and that customers relied on those lies, which means that "technically each individual class member has to show reliance on the fraudulent statements," he added.

Victor E. Schwartz, general counsel for the American Tort Reform Association, which seeks major limits on class actions, said that "the flaw in Judge Weinstein's decision is the idea that there is always a remedy for every alleged injury, which simply is not true."

Trying cases one smoker at a time has resulted in a few victories for smokers, but many more victories for cigarette makers.

Philip J. Hilts, author of the 1996 book "Smoke Screen," which relied on internal cigarette industry documents to show that the companies knew cigarettes were addictive and dangerous but did not alert consumers, said that cigarette makers have good reason to fear a class-action lawsuit.

"With a class action you get higher legal firepower and you get the principle discussed, not that this person quit smoking a while ago or says he smoked more than he did or whatever detail diverts from the principle," Mr. Hilts said.

Cigarette smoke contains thousands of chemicals, some of them known carcinogens. Some lights are advertised as having less nicotine, a highly addictive substance.

Light cigarettes are manufactured differently from regular cigarettes. They have microscopic holes that the companies say dilute the smoke. Medical researchers have found that people draw harder and deeper on lights, often filling their lungs with more toxic material than they would get from regular cigarettes, said Dr. Stanton A. Glantz, a cardiologist at the University of California, San Francisco medical school who is a longtime antagonist of the cigarette makers.

Matthew L. Myers, president of the Campaign for Tobacco-Free Kids, an anti-tobacco group, said he thought the latest ruling could embolden plaintiffs' lawyers to file new lights cases.

Judge Weinstein and Judge Kessler's legal decisions have also heightened calls for federal regulation of cigarettes. Senator Frank R. Lautenberg, Democrat of New Jersey, introduced legislation on Sept. 7 that would ban the use of the terms "light'' and "low tar.''

While Mr. Lautenberg is one of 28 Democratic and Republican sponsors of another bill that would give the Food and Drug Administration authority to regulate tobacco, Dan Katz, chief counsel for Mr. Lautenberg, said that this new bill is needed as a more immediate stop-gap measure.

Judge Approves Tobacco Class-Action Suit (WP/AP)

By Tom Hays

The Washington Post, September 26, 2006

NEW YORK, Sept. 25 -- In a blow to the tobacco industry, a federal judge ruled Monday that a jury should decide whether tobacco companies must pay tens of millions of smokers up to $200 billion for allegedly duping them into buying light cigarettes over the past three decades.

The cigarette makers said they would appeal.

Shares of tobacco firms fell on Wall Street as the ruling, granting class-action status to the case, clouded what had appeared to be an improving legal environment for the industry.

Altria Group Inc., the parent of the nation's largest cigarette maker, Philip Morris USA Inc., said the ruling will delay its long-awaited restructuring plan, which includes a divestiture of its controlling stake in Kraft Foods Inc.

In a conference call Monday, a top Altria lawyer, William S. Ohlemeyer, said that a prerequisite to pursuing the company's restructuring plan is clarity in the overall litigation environment.

"Today's decision is not a step toward clarity. It is a step back of sorts," he said.

His comments came hours after U.S. District Judge Jack B. Weinstein granted class-action status to a lawsuit against Marlboro maker Philip Morris USA, its biggest U.S. rival R.J. Reynolds Tobacco Co. and other cigarette manufacturers.

"The plaintiffs are entitled to the chance to prove their allegations," Weinstein said. The tobacco companies prefer trying each case on its own, saying circumstances vary widely from one person to another.

"We obviously disagree with the ruling -- strongly," said Theodore Grossman, an attorney for Reynolds American Inc.'s R.J. Reynolds Tobacco division. "The law doesn't support class certification."

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The suit, filed in 2004, alleges the tobacco companies responded to consumers' mounting health concerns with a marketing scheme to promote light cigarettes as a lower-risk alternative to regular cigarettes, even though their own internal documents showed they knew the risks were about the same.

Smokers' attorney Michael D. Hausfeld said the decision could clear the way for one of the largest class-action cases ever, both in number of plaintiffs and amount of damages. He estimated the class -- consisting of anyone who purchased cigarettes that were labeled "light" or "lights" after they were put on the market in the early 1970s -- could number up to 60 million.

Federal Judge Certifies $200 Billion Light Cigarette Class Action (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, September 26, 2006

A federal judge on Monday certified a $200 billion class action lawsuit against the tobacco industry for its marketing of light cigarettes, saying that no matter how vast and complex the claims, the U.S. Constitution demanded that a jury hear the plaintiffs' case.

Eastern District of New York Judge Jack B. Weinstein's 540-page opinion in Schwab v. Philip Morris USA, Inc., 04-CIV-1945 -- which included an additional 965 pages of appendices for a total of 1,505 pages -- gave tens of millions of smokers an avenue to recover damages from the nations largest tobacco companies, including Philip Morris USA Inc., R.J. Reynolds Tobacco Co., Lorillard Tobacco Co., and Liggett Group, Inc.

The class will include anyone who purchased light cigarettes from the time tobacco companies began selling them in the 1970s. The judge said he even would consider broadening the class, to encompass smokers of all "low tar" brands, not just light cigarettes.

The judge suggested that an expansion of the class could assist the parties in negotiating a global settlement. He set a trial date for Jan. 22, 2007. The plaintiffs intend to seek treble damages.

Two weeks ago, the judge held a final hearing on class certification for the 2004 suit, which alleges that tobacco companies marketed light cigarettes as less risky even though internal documents show that the companies were aware the risks were about equal.

Weinstein has expressed skepticism about the plaintiffs' theory of damages, which alleges that light smokers were defrauded of billions because they believed they were buying a product of greater value because of its health advantages. The judge also questioned the size of the class, as well as the claim that as many as 90 percent of light cigarette smokers chose the cigarettes because they were less harmful.

In his ruling Monday, the judge stressed that while the suit was far from perfect, the evidence warranted that it proceed.

"While evidence of fraud on the class appears to be quite strong -- and defendants have been less than candid in insisting that there was no fraud -- evidence of the percentage of the class which was defrauded and the amount of economic damages it suffered appears to be quite weak -- and plaintiffs have been less than candid in failing to acknowledge that deficiency in their proof," the judge wrote.

He said the jury system -- which he described as the "ultimate focus group of the law" -- was well equipped to sort out the particulars in accordance with Amendment VII of the U.S. Constitution.

"The jury's power and capacity to deal with complex facts and come to a reasonable resolution of a dispute should not be underestimated," Weinstein said.

He added: "Plaintiffs' proof is akin to a pointillist painting by Georges Seurat. When a juror stands back from the canvas and looks at the big picture, he or she may well discern clearly enough an industry allegedly based on fraud and coverup that has taken more than a half century to begin to admit its alleged subtle lies to the public designed to sell its product. Viewed in context, the proof of acts of defendants and the various experts' opinions permits a finding of damages to the class with sufficient precision to allow a jury award."

Weinstein rejected the defendants' claim that the suit was too large in scope and affected different people who smoked for different reasons.

"It is well to recall a central theme of our American legal system: ubi jus, ibi remedium -- each right has a remedy," the judge wrote. "Every violation of a right should have a remedy in court, if that is possible."

APPEAL PLANNED

Weinstein declined to grant an interlocutory appeal to the 2nd U.S. Circuit Court of Appeals.

Theodore M. Grossman of Jones Day in Cleveland, which represents R.J. Reynolds, said the defendants would seek a stay and appeal the class certification under Rule 23(f) of the Federal Rules of Civil Procedure.

"I have come to learn that Judge Weinstein certifies classes," Grossman said. "I think [he] understands the problems in plaintiffs' case, but consistent with prior writings he is looking for an avenue to effect changes in society that he wants."

Grossman took issue with the judge's suggestion that an expanded class might cause the defendants to agree to a settlement.

"This case is not going to be settled," he said. "It's impossible to settle and it will not settle. It would be wrong to settle. And the kind of arm twisting implicit in this opinion is inappropriate."

Michael D. Hausfeld of Cohen, Milstein, Hausfeld & Toll in Washington, D.C., which was appointed co-lead counsel with Finkelstein, Thompson, & Loughran, also in Washington, said that Weinstein had found that the cigarette industry had perpetrated a "massive fraud" on consumers through the marketing of light cigarettes, just as another judge, Judge Gladys Kessler of the U.S. District Court for the District of Columbia, had found last month.

Kessler, ruling in a racketeering suit brought by the U.S. Justice Department, said the tobacco industry had perpetrated a conspiracy on consumers to "further their overarching economic goal: to keep smokers smoking; to stop smokers from quitting; to encourage people ... to start smoking; and to maintain or increase corporate profits" (see United States v. Philip Morris USA, Inc., 2006 WL 2380681).

Weinstein decided against applying the doctrine of collateral estoppel in light of Kessler's ruling, saying it should not be applied "in the interest of fairness to defendants."

Hausfeld said the plaintiffs would be ready for trial in January, if the circuit did not stay the case.

"We think a Brooklyn jury in particular can discern what it means to be lied to," he said. "It may not be simple, but that doesn't mean that they can't do it."

Firm Wants Sisters Silenced (BSH)

By Anita Lee

Biloxi Sun Herald, September 26, 2006

An insurance adjusting firm wants two whistleblowers to stop talking about claims they handled for State Farm insurance, pay damages for economic harm and return records they turned over to federal and state investigators.

The company, Alabama-based E.A. Renfroe, said sisters Cori and Kerri Rigsby also gave copies of the records to attorney Richard "Dickie" Scruggs, whose Scruggs Katrina Group intends to profit from lawsuits filed against State Farm.

Renfroe is suing the Rigsbys, insurance adjusters who claim State Farm manipulated engineering firms to minimize or deny policyholder claims. Renfroe said the Rigsbys breached their employment contract and violated the Alabama Trade Secrets Act by turning over confidential records to federal and state investigators and to Scruggs, for whom they are now working.

The sisters also were interviewed for stories in the Sun Herald and on ABC's "20/20."

Renfroe wants a federal judge in Alabama to stop the Rigsbys' disclosures, award Renfroe damages for breach of contract, allow Renfroe to recover any profits the Rigsbys or Scruggs receive from the records, and award extra damages against the Rigsbys.

The Rigsbys worked from the late 1990s until the spring of 2006 for Renfroe, which State Farm hired to help adjust its claims. Renfroe assigned the Rigsbys, who are from Ocean Springs, to work for State Farm.

The sisters said they left their adjusting jobs because of the wrongdoing they discovered and documented from State Farm claims files. They have accused State Farm of manipulating engineering firms to supply reports attributing hurricane damage to water, covered by national flood insurance, rather than wind, covered under State Farm policies.

Management at State Farm and Renfroe have denied any wrongdoing and said they are cooperating with investigators from the U.S. Justice Department and Mississippi Attorney General's Office.

Federal law protects people who work to document and report illegal activity that might otherwise be covered up, but each case is different, said attorney Stephen Kohn, president of the National Whistleblowers Center and author of "Concepts and Procedures in Whistleblower Law."

"It's a difficult issue, but there are policies and laws which will support a whistleblower who does that," Kohn said. "Those are the types of disclosures that the law would intend to protect."

In its lawsuit against the Rigsbys, Renfroe is also demanding that the sisters return their State Farm jackets. The sisters displayed the jackets on "20/20" to illustrate they represented themselves to policyholders as State Farm employees.

3 AOL Subscribers Sue AOL For Release Of Search Data, Seek End To Data Retention (FINDLAW/AP)

By Anick Jesdanun, Ap Internet Writer

AP, September 26, 2006

(AP) - NEW YORK-Three AOL subscribers who suddenly found records of their Internet searches widely distributed online are suing the company under privacy laws and are seeking an end to its retention of search-related data.

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The lawsuit is believed to be the first in the wake of AOL's intentional release of some 19 million search requests made over a three-month period by more than 650,000 subscribers, including the three plaintiffs - two unnamed Californians and Kasadore Ramkissoon of Richmond County, New York.

Filed Friday in U.S. District Court in Oakland, California, the lawsuit seeks class-action status. It does not specify the amount of damages being sought.

AOL already has apologized for the release, which it blamed on a researcher who had failed to gain proper clearances. The researcher and another AOL employee have been fired, and the company's chief technology officer has resigned. AOL also pledged to name its first chief privacy officer.

John Dominguez, one of the attorneys who filed the lawsuit, said AOL ought to do more.

"People paid AOL with the belief that their privacy was going to be protected," he said Monday. "That's not what happened."

Although AOL had substituted numeric IDs for the subscribers' real user names, the company acknowledged the search queries themselves may contain personally identifiable data, revealing names, credit card numbers and medical conditions.

In fact, The New York Times was able to trace user 4417749 to Thelma Arnold, 62, of Georgia, while The Washington Post tracked down JoAnn Whitman, 55, of Colorado, after she accidentally typed into AOL's search engine an e-commerce order confirmation.

AOL removed the data from its Web site once executives learned of the release, but not before copies were already circulating. Web sites have even been created specifically to query AOL's search database.

Dominguez said AOL ought to at least try to shut down those sites or block them from its own search engines. And he said the company should stop collecting such records and destroy any it already has.

AOL currently keeps data linked to specific subscribers for up to 30 days and other data, such as the search records released, for longer. Data retention is standard practice among Internet search engines, which use such information to refine their services.

AOL LLC, a unit of Time Warner Inc., declined comment on the lawsuit, which alleges violations of the federal Electronic Communications Privacy Act and California consumer-protection laws.

Two privacy advocacy groups, the Electronic Frontier Foundation and the World Privacy Forum, already have filed complaints with the Federal Trade Commission.

CIVIL RIGHTS:

FBI, Gilbert Investigate Possible Hate Crime (AZREP)

By Elias C. Arnold

Arizona Republic, September 26, 2006

GILBERT -- FBI agents have joined a Gilbert police investigation into a possible hate crime in which a Black Barbie doll was found hanging by its neck in the car of an African-American woman.

The 24-year-old woman found the doll July 8 after leaving the vehicle unlocked overnight at her apartment complex in the 1300 block of West Juniper Avenue, according to police.

The act potentially specifically targeted the victim, which could warrant federal charges should investigators determine it was motivated by the victim's race, said Special Agent Deborah McCarley, an FBI spokeswoman.

advertisement

Federal agents learned of the investigation through news media and have been assisting police for several weeks to determine whether federal charges are warranted, McCarley said.

Recent finger print analysis has ruled out at least one investigative lead who lived in the area, according to Gilbert police.

Investigators are re-interviewing the victim's family and friends in hopes of uncovering new or previously undisclosed information, said Sgt. Andrew Duncan, a Gilbert police spokesman.

Supporters Of A.C.L.U. Call For The Ouster Of Its Leaders (NYT)

By Stephanie Strom

The New York Times, September 26, 2006

More than 30 longtime supporters of the American Civil Liberties Union are calling for the ouster of the organization's leadership, saying it has failed to adhere to the principles it demands of others and thus jeopardized the organization's effectiveness.

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The new group is made up of donors, former board and staff members, and the lawyer who won what was perhaps the A.C.L.U.'s most famous legal battle, its defense of the right of Nazis to march through a predominantly Jewish suburb of Chicago.

"We come together now, reluctantly but resolutely, not to injure the A.C.L.U. but to restore its integrity and its consistency of principle,'' the group said in a mission statement to be posted on its Web site, www.savetheaclu.org, which is to go live today.

The statement does not name individual officials that the group wants to see removed, but in the past, criticism has been focused on Anthony D. Romero, the executive director, and Nadine Strossen, the board president, as well as members of the executive committee.

The Web site, which was first reported in The New York Sun in June, initially will feature letters from members and donors who have joined the effort, lists of articles about the A.C.L.U. and ways for readers to join the effort.

"It's a home for A.C.L.U. loyalists who have been shut out of the organization," said Ira Glasser, who was executive director of the organization from 1978 to 2001 and has signed the statement.

Mr. Glasser emphasized that the group, conceived by Alan Kahn, a retired Wall Street executive and longtime A.C.L.U. member, was an informal one.

"We're not starting a new organization," he said. "We're a protest group, trying to get the board to exercise its fiduciary and governing responsibility in a way that it has not. We're loyal to the existing organization and above all to the principles it is intended to advance."

Emily Whitfield, an A.C.L.U. spokeswoman, defended the organization, saying it continued to fight aggressively for the principles of free speech.

"Our programs, both legal and legislative, have never been stronger," Ms. Whitfield said. "And then there's the phenomenal growth of the A.C.L.U., where we've nearly doubled staff, our revenues are higher, membership and donations are higher, and that, to us, tell us where we are right now, in terms of our organization. We're proud of it."

She added, "We're proud to be the leading organization fighting for freedom of speech on the Internet."

Ms. Whitfield noted that the A.C.L.U. would go to court next month to argue that federal efforts to limit access to certain content on the Web to protect children violated the free speech protection in the Constitution.

And she pointed out that other independent Web sites already reported and commented on the A.C.L.U., including acluprocon.org and stoptheaclu.com, among others.

In interviews, some members of the group behind the Web site pointed to internal controversies that have been made public, starting with an agreement that obligated the A.C.L.U. to check its staff against government lists of suspected terrorists to participate in the federal employees' annual fund-raising drive known as the Combined Federal Campaign at the same time it was criticizing the lists.

Since then, controversies have developed over other matters, including questions about the A.C.L.U.'s use of data mining to profile donors, a plan to monitor its employees' e-mail messages and efforts to control board members' access to staff and information.

Donors have confronted the organization over proposals that would have discouraged its board members from publicly criticizing the organization's policies and internal administration.

"Any one of those things by itself is unacceptable, but you could say it was an error in judgment and let it go," said David Goldberger, a law professor at Ohio State University, who defended the Nazis' right to march in Skokie, Ill., when he worked at the A.C.L.U.'s Illinois affiliate. "But when you start to see more than one of these kinds of things emerge, then it's clear that the organization's leadership has let it drift away from its core principles, and without those principles, it has no value."

The A.C.L.U. has backtracked several times in response to public criticism, withdrawing from the federal fund-raising effort, filing a lawsuit to get the requirements changed and returning some grant money, among other things.

Mr. Romero, the executive director, has apologized for "mistakes" but said the organization had never violated its principles. Controversial proposals, like the one to monitor employee e-mail, have been withdrawn for further consideration.

Members of the new group and others, however, say such issues should have never arisen.

"It does something wrong, then it retracts it after it gets bad publicity, which is no way to operate," said Anna Switzer, a longtime A.C.L.U. member from New York who said she signed onto the mission statement reluctantly. "The problem is that some of these things should never have been proposed at all."

John C. Brittain, chief counsel of the Lawyers' Committee for Civil Rights Under the Law, was an A.C.L.U. board member and a member of the executive committee until he was voted out of office last month in what he and others contended was an election manipulated by the leadership. A.C.L.U. leaders denied the accusation.

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"I agreed to sign on to this effort because I have been inside the A.C.L.U. for the past five years, nearly, and I've tried to address some of the concerns from within and been rebuffed," Mr. Brittain said. He said that he did not know about the opposition effort until after the election and that his support for it had nothing to do with his ouster from the board.

"I am truly troubled by the direction and governance of the organization," he said.

Stricter Voting Laws Carve Latest Partisan Divide (NYT)

By Joyce Purnick

The New York Times, September 26, 2006

MESA, Ariz. — Eva Charlene Steele, a recent transplant from Missouri, has no driver's license or other form of state identification. So after voting all her adult life, Mrs. Steele will not be voting in November because of an Arizona law that requires proof of citizenship to register.

"I have mixed emotions," said Mrs. Steele, 57, who uses a wheelchair and lives in a small room in an assisted-living center. "I could see where you would want to keep people who don't belong in the country from voting, but there has to be an easier way."

Russell K. Pearce, a leading proponent of the new requirement, offers no apologies.

"You have to show ID for almost everything — to rent a Blockbuster movie!" said Mr. Pearce, a Republican in the State House of Representatives. "Nobody has the right to cancel my vote by voting illegally. This is about political corruption."

Mrs. Steele and Mr. Pearce are two players in a spreading partisan brawl over new and proposed voting requirements around the country. Republicans say the laws are needed to combat fraud, especially among illegal immigrants. Democrats say there is minimal fraud, if any, and accuse Republicans of suppressing the votes of those least likely to have the required documentation — minorities, the poor and the elderly — who tend to vote for Democrats.

In tight races, Democrats say, the loss of votes could matter in November.

In Maricopa County, Arizona's largest in population, election officials said that 35 percent of new registrations were rejected for insufficient proof of citizenship last year and that 17 percent had been rejected so far this year. It is not known how many of the rejected registrants were not citizens or were unable to prove their citizenship because they had lost or could not locate birth certificates and other documents.

In Indiana, Daniel J. Parker, chairman of the state Democratic Party, said: "Close to 10 percent of registered voters here do not have driver's licenses. Who does that impact most? Seniors and minorities."

A law in Indiana requiring voters to have a state-issued photo ID is being challenged in the federal courts, as are the voting laws in Arizona and in many other states.

Republicans say the Democratic complaints are self-serving.

"Democrats believe they represent stupid people who are not smart enough to vote," said Randy Pullen, a Republican national committeeman from Arizona who championed a statewide initiative on the new requirements. "I do not."

The new measures include tighter controls over absentee balloting and stronger registration rules. The most contentious are laws in three states — Georgia, Indiana and Missouri — where people need government-issued picture ID's to vote, and provisions here in Arizona that tightened voter ID requirements at the polls and imposed the proof-of-citizenship requirement for voter registration.

Several other states are considering similar measures, and the House of Representatives, voting largely along party lines, recently passed a national voter ID measure that is headed for the Senate.

The debate in Washington and the state capitals has been heated, with only one note of agreement: that voting, once burdened by poll taxes and other impediments, is as divisive an issue as ever.

"I have never seen such a sinister plot — I won't say plot, I'll say measure — as to target a group of people to try to make it difficult for them to vote," said Roy E. Barnes, a Democrat and former governor of Georgia who is fighting the new identification law in his state.

Mr. Pearce, the Arizona Republican, said: "We know people are approached to register whether they are illegal or not. We know the left side's agenda."

Underlying the debate is the fundamental question of voter fraud and whether people who are not who they say they are — impostors — are voting. Some suggest that the problem is so widespread that the standard methods of proving identification, like a utility bill and a signature, are no longer adequate.

"I know a lot of allegations of voter fraud, especially by noncitizens, that may have been able to tip the balance in favor of one candidate," said Representative Tom Tancredo, Republican of Colorado and an advocate of tough immigration laws.

The tighter voting rules appeal strongly to people worried about illegal immigration, Mr. Tancredo said.

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There is no data, however, to show more than isolated instances of so-called impostor voting by illegal immigrants or others.

Experts in election law say most voter fraud involves absentee balloting, which is unaffected by the new photo identification laws. Few people, they say, will risk a felony charge to vote illegally at the polls, and few illegal immigrants want to interact with government officials — even people running a polling place.

Of Arizona's 2.7 million registered voters, 238 were believed to have been noncitizens in the last 10 years; only 4 were believed to have voted; and none were impostors, plaintiffs stipulate in their lawsuit to overturn the law, statistics the state has not challenged. Nor is there evidence of impostor voting in Georgia, Indiana or Missouri.

Advocates for the new laws do not dispute the figures — just their relevance.

Thor Hearne, a lawyer for the American Center for Voting Rights, a conservative advocacy group, who was President Bush's election law counsel in 2004, says there is little proof of impostor voting because few have looked for it.

Todd Rokita, the Indiana secretary of state, agrees. "Critics will say there is no wholesale fraud, and to that I say you don't understand the nature of election fraud," said Mr. Rokita, a Republican. "A lot of this goes unreported. Until you have a mechanism in place like photo ID's, you don't have anything to report."

Arizona's new rules were passed as part of Proposition 200, a referendum that denies certain state and local benefits to illegal immigrants. It got 56 percent of the vote two years ago, after Gov. Janet Napolitano, a Democrat, vetoed a Republican-backed measure passed by the Legislature.

Rooted in the state's debates over illegal immigration, the measure is the broadest in the country, requiring a driver's license, a state photo ID or two nonphotographic forms of identification at the polls. Lawyers for the Navajo Nation and other American Indian tribes say the provision particularly discriminates against Indians, many of whom are too poor to drive or are without electricity or telephone bills, alternative forms of identification.

Because the Arizona measures have been in place for less than two years, there is limited documentation of their impact. Lawyers fighting the rules say the measures have prevented thousands of people from registering to vote, particularly in Maricopa County, which includes Phoenix, a city with many Latino voters.

Supporters of the measures say elections have gone smoothly. Critics point to individual cases, like confusion at the polls in the primary elections earlier this month. They say that people without adequate documentation have been turned away or required to file "conditional provisional" ballots that are counted only if voters follow up — and that not all of them do.

Deborah Lopez, a Democratic political consultant in Phoenix, said that the once simple matter of registering voters at a rally or a fiesta now required labor-intensive door-to-door visits.

It was during a registration drive at her assisted-living center, Desert Palms, that Mrs. Steele learned she could not vote. Disabled, with a son, an Army staff sergeant, on active duty, she left Missouri recently to stay with her brother and subsequently moved into the center.

Lacking a driver's license, she could get a new state identity card, but she said she had neither the $12 to pay for it nor, because she uses a wheelchair, the transportation to pick it up.

"It makes me a little angry because my son is fighting now in Iraq for others to have the right to vote, and I can't," said Mrs. Steele, who submitted an affidavit in the suit against the Arizona law.

Asked if she was a Republican or a Democrat, Mrs. Steele said she was neither: "I vote for the best person for the job."

Or, she added, she used to.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 26, 2006

Pause for publicity

Nobody was more delighted than Simon & Schuster imprint Free Press when Pakistani President Pervez Musharraf told a White House press conference Friday that he could not answer a specific question surrounding September 11 because he was "honor bound" by his book contract.

As booksellers know, you can't buy that kind of publicity.

That morning Gen. Musharraf's 368-page "In the Line of Fire: A Memoir" was hovering around No. 1,300 in advance sales on Amazon. By Friday evening, book sales had jumped to No. 120, and yesterday -- the date of its official release -- the memoir leaped to No. 7 in nonfiction.

The boost in book interest began when Gen. Musharraf dodged a reporter's question about a purported post-September 11 threat by the Bush administration to bomb Pakistan "back to the Stone Age."

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The Pakistani president said he was honoring his publisher's request not to discuss anything contained in the memoir -- at which point President Bush interjected, "Buy the book is what he's saying."

Mr. Musharraf's literary agent, Chris Calhoun, told Inside the Beltway yesterday that he thinks Mr. Bush "ought to plug more books."

The New York agent said this is the first time he has represented a sitting president in this type of book deal.

"I had never heard of a sitting president writing a memoir before he leaves office," Mr. Calhoun said. "They've written books, of course, but not memoirs. But his is a special case, because his life is such a dangerous one."

Now that yesterday's release date has come and gone, Gen. Musharraf is telling all. He began his day yesterday, for instance, on the set of NBC's "Today" program. Today, he will sit down with CNN anchor Wolf Blitzer in "The Situation Room," and then appear on Comedy Central's "The Daily Show" with Jon Stewart.

If that's not enough of Gen. Musharraf, he can be heard tomorrow on NPR's "Morning Edition," and seen next Sunday on NBC's "Meet the Press" with Tim Russert.

Packing it in

We told you recently about the U.S. congressman who was riled by French Prime Minister Dominique de Villepin's remark that "against terrorism, what we need is not a war. It is, as France has done for many years, a determined fight based on vigilance at all times and effective cooperation with our partners."

Now, an unlikely ally is defending France, saying it's the Americans, not the French, who are "losing the will to fight."

In the latest issue of the American Conservative, Pat Buchanan recalls France's heroism during World War I, when in a single month -- August 1914 -- French casualties totaled 260,000. In fact, 27,000 Frenchmen died on Aug. 22 alone.

"On Aug. 22, 1914, France lost 10 times as many dead as we [Americans] have lost during the entire Iraq war," Mr. Buchanan notes. "Those who mock alleged French cravenness might reflect: France fought for four more years after that horrible August and lost 1.3 million men. Yet 60 percent of Americans are ready to pack it in in Iraq."

He cites numerous reasons for Americans wanting to cut and run from Baghdad and beyond, not the least being that current generations are "no longer into dying for God and country."

"Western man, including many Americans, is into self-indulgence. Make love, not war," he said.

Expensive lessons

Salary of the White House's new director for lessons learned: $106,641

-- Harper's Index, October 2006

Deck the halls

Say you teach in a public school and you want to celebrate Christmas in your classroom with like-minded students, what's a teacher to do?

Go right ahead, says Education Secretary Margaret Spellings. We've come across a letter sent to the secretary by a teacher named Karen in Salt Lake City. She writes:

"I'm so frustrated with the U.S. trying to get 'Christmas' out of our vocabulary. In a Fox News poll, 96 percent of Americans, people of all faiths, celebrate Christmas. So, my question is: What are we allowed to teach and say in school?

"All of my kids celebrate Christmas, not 'Winter Holiday.' (I asked.) I know I can say Merry Christmas. Can I decorate our room with Christmas stuff? I'm not teaching them about Christ, but I heard that it was OK to say that Christmas is a celebration of Christ's birth for Christians. Thank you."

Mrs. Spellings replied: "Christmas is one of the great joys of the year for many Americans of all ages. In fact, Congress recognized Dec. 25 as a public holiday in 1870.

"Schools and teachers traditionally have celebrated the secular aspects of Christmas and are free to do so today. Educators may also teach students about the religion and history behind Christmas, Hanukkah and other religious holidays. Of course, some students may not wish to participate in Christmas celebrations, and their beliefs should be respected as well. With this in mind, I hope you celebrate and enjoy the season with our students."

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Academy Of P.C. Sciences (NYT)

By John Tierney

The New York Times, September 26, 2006

I've slogged through enough reports from the National Academy of Sciences to know they're often not shining examples of the scientific method. But — call me naïve — I never thought the academy was cynical enough to publish a political tract like "Beyond Bias and Barriers," the new report on discrimination against female scientists and engineers.

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This is the kind of science you expect to find in The Onion: "Academy Forms Committee to Study Gender Discrimination, Bars Men from Participating." Actually, it did allow a total of one man, Robert Birgeneau of Berkeley, on the 18-member committee, but that was presumably because he was already on record agreeing with the report's pre-ordained conclusion: academia must stop favoring male scientists and engineers.

How this favoritism occurs is difficult to discern, particularly if you make it through all 291 pages. Donna Shalala, the Clinton administration veteran who led the committee, begins the report with a story of male chauvinists refusing to give tenure to a promising young scholar (herself) just because she was a woman, but that happened three decades ago. Buried deep in the report is a more recent datum: when a woman is up for tenure today in science or engineering, her odds of being approved are the same as a man's.

The report says that women are discouraged from going into science because of social pressure and "unintentional" and "unconscious" biases — which may well exist. But Shalala's committee is so determined to blame everything on discrimination that it dismisses other factors without giving them a fair hearing.

You can get a sense of its spirit of inquiry from "findings" like this one: "The academic success of girls now equals or exceeds that of boys at the high school and college levels, rendering moot all discussions of the biological and social factors that once produced sex differences in achievement at these levels."

It may seem moot to the Shalala committee, composed mainly of university administrators and scientists who don't study sex differences (or are hostile to the idea that they exist). But it's not moot to the scientists who've documented persistent differences.

I consulted half a dozen of these experts about the report, and they all dismissed it as a triumph of politics over science. It's classic rent-seeking by a special-interest group that stands to get more money and jobs if the recommendations are adopted.

"I am embarrassed," said Linda Gottfredson of the University of Delaware, "that this female-dominated panel of scientists would ignore decades of scientific evidence to justify an already disproved conclusion, namely, that the sexes do not differ in career-relevant interests and abilities."

One well-documented difference is the disproportionately large number of boys scoring in the top percentile of the SAT math test. And when you compare boy math whizzes with girl math whizzes, more differences appear. The boys score much higher on the math portion of the SAT than on the verbal, whereas the girls are more balanced — high on the verbal as well as the math.

The girls have more career options, and they have different priorities than the boys, as the psychologists David Lubinski and Camilla Persson Benbow have demonstrated by tracking students with the exceptional mathematical ability to become top-flight researchers in science and engineering.

As adolescents, the boys are especially interested in abstract theoretical pursuits and "inorganic" disciplines involving things, whereas the girls are more interested in "social values," "people contact" and "organic" disciplines. Plenty of these girls end up going to graduate school, and some become superb physicists and engineers, but many choose law, medicine, education and so-called soft sciences like biology or psychology.

After decades of schools pushing girls into science and universities desperately looking for gender diversity on their faculties, it's insulting to pretend that most female students are too intimidated to know their best interests. As Science magazine reported in 2000, the social scientist Patti Hausman offered a simple explanation for why women don't go into engineering: they don't want to.

"Wherever you go, you will find females far less likely than males to see what is so fascinating about ohms, carburetors or quarks," Hausman said. "Reinventing the curriculum will not make me more interested in learning how my dishwasher works."

ANTITRUST:

Consumer Groups Urge Limits On AT&T-BellSouth Deal (AJC)

By Marilyn Geewax, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 26, 2006

Washington — Consumer advocates and civil libertarians demanded Monday that regulators refrain from approving AT&T's purchase of BellSouth unless the phone companies accept tough restrictions on their $67 billion deal.

Last week, Federal Communications Commission Chairman Kevin Martin recommended that the merger be approved, perhaps as soon as the FCC's regular meeting Oct. 12, according to published reports based on unidentified agency sources. Such approval would be unusual, because the Justice Department has not completed its review of the proposed merger's impact on consumers and competition.

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While the two phone companies want the FCC to move quickly, consumer groups say regulators should not rush to sign off on a combination that could affect consumers for decades.

"This merger will haunt the consumer," Mark Cooper, research director at the Consumers Federation of America, said in a conference call with reporters. When the combined companies strengthen their grip on the marketplace, he said, "they will use it against the public."

The merger would allow Texas-based AT&T to extend its reach across the South to control nearly half the nation's phone lines, spreading over 22 states. It also would gain full control of Cingular Wireless, the nation's largest wireless service provider.

Both BellSouth and Cingular are based in Atlanta.

Consumer groups belonging to the Competition Coalition called on regulators to impose restrictions on the new telecom giant.

For example, they want AT&T to accept rules guaranteeing "net neutrality," meaning the company would have to treat all Internet content in a neutral way. AT&T has expressed interest in charging content providers for speedy delivery of enhanced services, such as video.

Consumer groups say that forcing Internet companies to pay "tolls" for premium delivery of their content would hurt young companies trying to compete against established giants.

"AT&T's approach to the Internet is one which does not bode well for maintaining the Internet as an avenue of innovation, an avenue of free expression, an avenue of political speech," said Andrew Schwartzman, president of the Media Access Project, a nonprofit public interest group.

Martin, an appointee of President Bush, supports the White House's position that tough net neutrality protections are unnecessary for telecom companies.

The consumer groups also said on the conference call that regulators should insist the companies divest themselves of unused airwaves so that potential competitors could use them.

The American Civil Liberties Union also is trying to reshape the proposed merger. Barry Steinhardt, director of the ACLU's Technology and Liberty Program, said the FCC should be investigating the phone companies' possible involvement with the National Security Agency, which conducts surveillance of potential terrorist activities.

"We believe the FCC has both a statutory and a public interest obligation to investigate whether or not AT&T and BellSouth have been engaging in illegal cooperation with the NSA and spying on Americans," Steinhardt said. "We are very disappointed that the FCC has fallen down in its obligation to conduct this investigation."

While Martin may be pushing for quick and unconditional approval of the merger, news reports have said other FCC commissioners plan to include some of the conditions consumer groups want.

On the Web:

Competition Coalition: www.mergermonster.com

Clock Continues To Tick On Wright Bill Resolution (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 26, 2006

Key senator's objections among bill's obstacles as Congress nears recess

WASHINGTON – With four days to go before a congressional recess, Texas lawmakers were still hammering out strategies late Monday to get their Wright amendment legislation past detractors in each chamber.

A packed congressional schedule is complicating plans for a quick resolution, despite a breakthrough last week, when Sen. Kay Bailey Hutchison won the support of a key senator who had objected to parts of the bill.

The House and the Senate could still pass bills this week that would lift federal flight restrictions at Dallas Love Field, though lawmakers said they were unsure exactly how the procedures would play out.

Congress is expected to return for a lame-duck session after the November elections, but passing legislation then would face even more hurdles.

The Wright legislation would clear quickly this week – under a procedure that wouldn't even require a formal recorded vote – if its supporters could overcome the objections of Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee.

Ms. Hutchison, R-Texas, won over the chairman of the committee, Sen. Arlen Specter, R-Pa., by agreeing to remove a phrase exempting the deal from antitrust laws and replacing it with other protective language.

But Mr. Leahy has not signed off. The rules of the Senate allow a single member to stand in the way of legislation, forcing the sponsor to line up votes to maneuver around the opposition.

"He's not ready yet to make a final decision," Ms. Hutchison said after speaking with Mr. Leahy on Monday evening.

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Ms. Hutchison said she's trying to find new language that would satisfy him along with creators of the compromise. It's also possible, she said, "he will agree that we've done so much and we've come so far that he's OK."

Last resort

Forcing a vote on the Senate floor would be a last resort, depending on whether she can secure floor time against competing legislation. "We may be able" to pass the bill this week, she said. "We're still in play. We're just going to keep working it."

House members remained confident of their chances, even though they also faced competition for a calendar packed with dozens of other bills intended to clear this week.

"I think we're going to get it done," said Rep. Pete Sessions, R-Dallas, one of the 18 Texas House members co-sponsoring the bill.

House members from North Texas had planned to move an original version of the bill – with an antitrust exemption – and ignore changes made by the House Judiciary Committee.

If any member objected to the effort on the House floor, the legislation would need a two-thirds vote to pass.

Now, House lawmakers are weighing whether to substitute the latest Senate language or move forward with their original version. If the House and Senate passed different bills, they'd be delayed further by having to call a conference committee to reconcile the versions.

Consumer groups' view

Two prominent consumer groups that oppose the deal, Consumers Union and Consumer Federation of America, wrote to House Democratic leaders Monday to protest the plan to bypass the House Judiciary Committee version of the legislation.

Officials at the consumer groups said the move would "harm consumers and competition in the Southeast and Southwest" and "constitute a breakdown of rational governance."

The legislation in both bodies would repeal the 1979 Wright law in 2014, while immediately allowing one-stop flights anywhere if they first stopped inside the nine-state Wright perimeter.

It would also cut the number of available gates at Love from 32 to 20, part of an effort to compensate for an expected increase in noise and traffic at the Dallas airport. Nineteen gates are now operational.

Competition concerns

The gate reduction has sparked concerns about airline competition in North Texas.

A study released Monday by a law firm representing owners of a six-gate terminal that would be demolished under the agreement said consumers would lose out on at least $343 million in annual savings under the deal.

The figure represents the difference between offering nonstop flights and the one-stop flights outlined in the Wright compromise, according to the study by Northeastern University economist Steven Morrison.

The study used federal data to calculate that consumers would save $726 million annually from full repeal vs. $117 million to $383 million a year from through-ticketing over the eight-year period.

The federal legislation would implement a June compromise by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport.

Their agreement will be voided if Congress doesn't pass legislation by Dec. 31.

"The problem is we're kind of running out of time," said Sen. John Cornyn, R-Texas.

But talks continue to address Mr. Leahy's concerns, Mr. Cornyn said. "And as long as we're having productive conversations, I think hope remains," he said.

Merger Trend Sweeping Big Exchanges Cascades Toward 'Interdealer Brokers' (WSJ)

By Aaron Lucchetti And Alistair Macdonald

The Wall Street Journal, September 26, 2006

The urge to merge among exchanges is spreading.

With NYSE Group Inc. working to finalize its deal with Euronext NV and Nasdaq Stock Market Inc. considering whether to buy the 75% of London Stock Exchange PLC it doesn't already own, exchanges look ready to embark on another new chapter, with exchange-like brokers such as Icap PLC and eSpeed Inc. now lining up as possible partners of bigger, more traditional players.

These firms are lesser-known than the NYSE and the LSE but are key players in the trading of bonds, currencies and derivatives that are increasingly popular among hedge funds, which control a big slice of the trading on Wall Street.

Already a number of deals among these nimble players appear to be percolating. U.S. private-equity firm Hellman & Friedman has held a call with Collins Stewart Tullett, the British financial-services company, about Tullett Prebon, its "interdealer broker" unit that mainly handles trades between large Wall Street firms in bonds and other financial instruments, a person familiar

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with the matter said. While the current state of talks is not known, Hellman & Friedman could use its position as a large shareholder and board member at Nasdaq and a former suitor to Collins Stewart to try to bring the two companies together, a person familiar with the matter said.

Another big Treasury trading firm, eSpeed, held preliminary talks earlier this year with CBOT Holdings Inc., owner of the Chicago Board of Trade, about possible future combinations, people familiar with the matter said. But the two firms didn't specifically discuss a merger and already have a relationship working together in bond trading, one of these people said.

Yesterday, Icap said it held talks with the London Stock Exchange, which have now ended. "This dialogue ... is a real harbinger of the sort of changes we may see in the landscape in the next few years," Michael Spencer, Icap's chief executive, said in an interview with Dow Jones Newswires. "It is an inevitability you will see global exchange groups emerge."

Each interdealer broker tends to focus on one or two key areas, so in some ways it makes sense for them to join forces. Icap embraced electronics early and has broadened its product base in Europe and the U.S. more than its peers.

"It's a natural evolution for there to be some consolidation of interdealer brokers and exchanges," says Jane Wheeler, senior managing director at investment banking firm Evercore Partners. Some bankers predict that the five major interdealer brokers will merge into each other -- continuing an earlier round of consolidation -- leaving fewer players in control of this lucrative corner of Wall Street trading.

Exchanges, flush with cash and high stock price valuations, may parachute in to buy these firms instead. As well, the small firms themselves are fierce rivals that could be reluctant to partner up with each other, leaving the door open for bigger exchanges to make their move.

"We do the same thing an exchange does -- we match buyers and sellers and are paid a commission. We play a neutral role just like an exchange does," says Christopher Giancarlo, executive vice president of corporate development, GFI Group Inc., a large interdealer broker with a big business in credit derivatives. Mr. Giancarlo declined to comment on whether GFI is talking to anyone, but the company's fast-growing business could be attractive for numerous exchange groups including NYSE and Chicago Mercantile Exchange Holdings Inc.

In August 2005, Hellman and two other private-equity firms began takeover talks with Collins Stewart. The talks, which stalled over price, were with Blackstone Group and Kohlberg Kravis Roberts, according to people familiar with the matter. Hellman also owns a big stake in Nasdaq and sits on the company's board. Tullett Prebon is the second-largest interdealer broker after Icap.

London-listed Collins Stewart is currently breaking apart its two main businesses, a stockbroker and the larger interdealer broker Tullett Prebon. Collins Stewart was floated as a public company in October 2000 and expanded rapidly by snapping up interdealer broker Tullett & Tokyo Liberty, becoming the world's second-biggest interdealer broker after buying Prebon in 2004.

ESpeed, a smaller interdealer broker primarily focused on the U.S. Treasury market, could fit better with the CBOT because both firms have a long history in trading Treasury bonds and many customers who use the eSpeed trading platform also do a lot of trading on the CBOT.

Over-the-counter derivatives dwarf exchange trading. The total value of the underlying instruments on derivatives totaled about $285 trillion at the end of 2005, up from about $94 trillion five years before, according to the Bank for International Settlements, an association of central banks based in Switzerland.

While stock exchanges dominate in plain-vanilla stocks, products that trade over the counter like currencies, bonds and their derivatives are becoming popular plays for hedge funds and driving the growth of interdealer brokers.

Derivatives markets have seen the real explosion in growth, as investors use them to hedge risk such as the effects of rising interest rates or the potential for companies to miss payments on debt, and because some funds, such as hedge funds, try to profit on fluctuations in their values.

Most smaller players, including Tullett Prebon, are trying to make more of their business electronic, as opposed to tying up phone lines. They are also being forced to look for ways to diversify their earnings as competition has driven down the fees they collect on trades. Commission rates on trades have been going down 2% every year for the last five years, says Geoff Miller, an analyst at Bridgewell Group PLC in London.

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Hoping To Be A Model, I.B.M. Will Put Its Patent Filings Online (NYT)

By Steve Lohr

The New York Times, September 26, 2006

I.B.M., the nation's largest patent holder, will publish its patent filings on the Web for public review as part of a new policy that the company hopes will be a model for others.

If widely adopted, the policy could help to curb the rising wave of patent disputes and patent litigation.

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The policy, being announced today, includes standards like clearly identifying the corporate ownership of patents, to avoid filings that cloak authorship under the name of an individual or dummy company. It also asserts that so-called business methods alone — broad descriptions of ideas, without technical specifics — should not be patentable.

The move by I.B.M. does carry business risks. Patents typically take three or four years after filing to be approved by the patent office. Companies often try to keep patent applications private for as long as possible, to try to hide their technical intentions from rivals.

"Competitors will know years ahead in some cases what fields we're working on," said John Kelly, senior vice president for technology and intellectual property at I.B.M. "We've decided we'll take that risk and seek our competitive advantage elsewhere."

The more open approach, I.B.M. says, is intended as a step toward improving the quality of patents issued in general because the process of public review should weed out me-too claims that are not genuine innovations.

"The larger picture here is that intellectual property is the crucial capital in a global knowledge economy," said Samuel J. Palmisano, I.B.M.'s chief executive. "If you need a dozen lawyers involved every time you want to do something, it's going to be a huge barrier. We need to make sure that intellectual property is not used as a barrier to growth in the future."

The I.B.M. move is partly a response to what it and other technology companies regard as the slow movement by Congress toward overhauling the patent process.

A patent bill introduced last spring in the Senate, by Patrick J. Leahy, Democrat of Vermont, and Orrin G. Hatch, Republican of Utah, has provisions that encourage patent reviews by eliminating the requirement that applicants give consent. Yet any legislation is not likely to be enacted for another year or two.

"We were hoping that the laws would change more quickly," Mr. Kelly said. "We're not going to wait."

Rapid advances in technology and the rise of industries like software, biotechnology and nanotechnology have resulted in a steep increase in patent applications in recent years. With limited resources, the United States Patent and Trademark Office has been overwhelmed, patent experts say.

The old system of a lone patent examiner weighing the innovative merit of a claim to originality, they say, cannot hope to cope with the surge in patent filings. A result, they note, is that many patents are granted for supposed inventions that are of dubious merit.

The avalanche of patents — many making broad and vague claims — has produced an environment of uncertainty, rich in opportunity for litigation and patent speculators.

The I.B.M. policy seeks to address that problem by taking a page from the open-source style of collaboration over the Internet. Just as open-source software is improved and debugged by a far-flung network of people looking at the code and spotting flaws, I.B.M. hopes that a similar process can improve patent quality.

"This is a creative response to that fundamental issue in the patent system," said Josh Lerner, a professor at the Harvard Business School.

I.B.M. is not the only institution interested in using Internet collaboration to help improve the patent system. Last month, the patent office agreed to try a pilot project of soliciting outside comments on patent filings, including claims of prior art and originality.

I.B.M. is one of several companies that have agreed to submit some patent applications for open peer review as part of the project, beginning early next year. The others include Microsoft, General Electric, Hewlett-Packard, Oracle, Intel and Red Hat.

"These are companies that are stepping up to make a commitment to patent reform," said Beth Noveck, director of the Institute for Information Law and Policy at New York Law School, which will be a partner in the project.

As a company that received 2,974 patents in the United States last year, I.B.M. is trying to walk a careful line. It remains committed, for example, to software patents, which have stirred opposition in Europe and elsewhere. And the company plans to continue to be a leader in patent filings.

I.B.M. also said that its technical experts will spend "thousands of hours" a year scrutinizing the patent filings of other companies.

I.B.M. used Internet collaboration to develop its new patent policy. More than 50 patent and policy experts from the United States, Europe, Japan and China exchanged views for two months in May and June on a wiki, an online site that can be added to and edited collectively. The resulting document is posted on www.ibm.com/gio/ip.

United Reportedly Hires Bank On Strategy (AP)

By Dave Carpenter, AP Business Writer

AP, September 26, 2006

United Reportedly Hires Investment Bank to Review Strategy Amid Merger Speculation

CHICAGO (AP) -- Speculation that United Airlines may be destined for an eventual merger with another U.S. carrier intensified Monday with its reported hiring of Goldman Sachs & Co. to explore strategic options.

United, a unit of UAL Corp., has been advocating more industry consolidation for years under CEO Glenn Tilton and is in better position since leaving bankruptcy in February to take part in it.

The report Monday by Crain's Chicago Business that United had hired an investment banker appeared to add credence to widespread industry talk that it could merge with a carrier such as Continental Airlines or Delta Air Lines.

"It seems to show that United is serious about looking further into it -- it's not just remarks by the CEO," said Standard and Poor's Corp. analyst Philip Baggaley.

Most observers and airlines think industry consolidation is likely at some point, but it's been hard to predict when and with whom.

Goldman is expected to help United assess the value of its domestic and international holdings, advise it on sales or purchases of domestic or international routes and scout for mergers, according to Crain's, citing unidentified people close to United.

United declined comment. "We don't comment on rumors or speculation," spokeswoman Jean Medina said.

Goldman Sachs spokeswoman Andrea Rachman said the New York investment bank also declined comment.

Shares in UAL rose 63 cents, or 2.3 percent, to close at $28.45 on the Nasdaq Stock Market.

Tilton has been increasingly signaling the possible involvement of United, the nation's second-largest carrier, in industry consolidation. He said in Chicago last week that the company is on solid footing to participate in the merger and acquisition market following three years of restructuring in bankruptcy, which ended in February.

He has not speculated on which airlines might come into play, but has said repeatedly that United will consider opportunities that arise.

"As we emerge from a difficult five years, it is time for us to begin to seize new opportunities," he said Monday in a speech to a transportation conference in Memphis. "United fully intends to expand our global reach to compete in the worlds fastest-growing markets."

Continental Airlines Inc., parent of the fifth-largest U.S. carrier, has long been considered a good potential partner for United because of a complementary route network. Delta Air Lines Inc., currently restructuring in bankruptcy, has been speculated about for similar reasons. Either merger would create the largest U.S. airline.

Michael Roach, consultant with the Roach and Sbarra airline consultancy, said US Airways Group Inc. could also make sense as a partner, even though United was rejected in its 2000 bid to acquire US Airways for $4.3 billion cash and $7.3 billion in debt.

A pairing with AMR Corp.'s American Airlines, meanwhile, doesn't make sense because it likely would be scuttled by antitrust regulators as too big, he said. Likewise, Northwest Airlines Corp. would be a problem because United and Northwest control Pacific routes.

Northwest also may be able to block any United-Continental pairing under a November 2000 agreement with Continental that gives it the right to block certain business combinations.

Roach sees a deal of some kind as likely within the next 12 to 18 months, depending on airlines overcoming regulatory and other obstacles.

"There's a lot of impetus for consolidation in the industry," he said. "But these deals are incredibly complicated, both to negotiate and to put together."

The only merger in the past five years occurred last year with America West's acquisition of the bankrupt former US Airways.

Nokia's Loudeye Buyout Gets Regulator OK (AP)

AP, September 26, 2006

Nokia's $60 Million Acquisition of Loudeye Gets Approval From U.S. Regulators

SEATTLE (AP) -- Loudeye Corp., a digital music distributor, on Monday said U.S. regulators approved its acquisition by Finnish cell-phone maker Nokia Inc.

Loudeye said it received early termination of the waiting period from the Federal Trade Commission and the Justice Department.

In early August, Nokia said it would buy Loudeye for about $60 million, as a way to expand its mobile digital music offerings.

The deal is expected to close in the fourth quarter, and is still pending shareholder approval and other conditions.

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Shares of Loudeye closed unchanged at $4.43 on the Nasdaq, then gained 2 cents in after-hours trading on the INET electronic exchange. American shares of Nokia rose 26 cents to close at $19.65 on the New York Stock Exchange and were unchanged in late trading.

EU Shippers To Lose Antitrust Immunity (AP)

AP, September 26, 2006

BRUSSELS, Belgium --European Union governments agreed Monday to open up shipping routes to competition from October 2008, ending a 20-year antitrust immunity law for liner conferences -- groups of shipping companies that strike special trade deals.

These scheduled sea freight transport carriers -- grouped in cartels -- have been fixing prices since the 1870s, enjoying immunity from antitrust laws across the world.

The European Commission said the EU economy as whole stood to benefit from lower transport prices and more competitive exports that should result from liberalizing the market. It expects the cost of sea containers to drop after price-fixing falls away.

It will in the future be able to apply antitrust rules to shipping routes -- both scheduled and unscheduled -- to and from Europe and within the same country.

The EU executive said last year that the cartel exemption should be scrapped because shipping had changed considerably over the past 20 years and it no longer needed special treatment.

It said it realized that liner conferences still receive antitrust immunity in other parts of the world and would urge other governments to liberalize the sector.

These liner carriers transport goods accounting for 40 percent of the EU's external trade income by sea.

Antitrust regulations are usually decided by EU Competition Commissioner Neelie Kroes, but the former Dutch transport minister -- a member of P&O Nedlloyd's supervisory board for 13 years -- bowed out to avoid conflict-of-interest concerns. She resigned from the board when she became commissioner.

ENVIRONMENT:

Judge Blocks Leasing Plan For Alaska (NYT)

By Felicity Barringer

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — The Interior Department's plan to sell oil and natural gas leases within 389,000 acres of shallow lakes and wildlife-rich tundra in northern Alaska was blocked Monday by a federal judge in Anchorage who ruled that the department had failed to do a sufficiently broad analysis of the plan's environmental impact.

The ruling was the most recent in a string of legal setbacks for the Bush administration's public-lands policies. In each case, federal judges said the government had failed to adhere to environmental requirements.

The decision, by Judge James K. Singleton Jr., affects an area in the northeastern part of Alaska's National Petroleum Reserve, 23.5 million acres set aside in 1923 by the government for future energy needs. The area between the Beaufort Sea and Teshekpuk Lake, which dominates a region speckled with hundreds of small lakes, is important to migratory birds from two continents.

It is also part of the range of a large caribou herd that spends its summers near the sea to escape Alaska's aggressive insects.

The Audubon Society, the Alaska Wilderness League and other environmental groups had sued to block former Interior Secretary Gale A. Norton's decision in January to lease parts of the Teshekpuk Lake area that had been placed off limits by earlier interior secretaries, from James Watt in the Reagan administration to Bruce Babbitt in the Clinton administration.

Their claims focused most closely on the potential damage to wildfowl, which use the area to molt and breed. When they have molted and are waiting for their flight feathers to grow, these birds are particularly sensitive, and the groups argued that the protections the Interior Department proposed for the area — including keeping 242,000 acres of the 389,000 off limits to any permanent surface structures other than pipelines — were insufficient.

Judge Singleton, however, was less persuaded by the environmental groups' arguments about wildfowl protection than by the department's failure to assess cumulative environmental effects, particularly on caribou, of energy development throughout the petroleum reserve.

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He also rejected the department's arguments that the final document allowing the lease sales was not, in itself, subject to full environmental analysis. Once sold, Judge Singleton said, the leases "may prove difficult, if not impossible, to change subsequently."

Stan Senner, the president of Audubon Alaska, the lead plaintiff in the suit, said Monday, "Teshekpuk Lake is of critical international importance for migratory birds and other wildlife, and this decision gives us a reprieve and a chance to work for permanent protection of that very special place."

Mayor Edward S. Itta of the North Slope Borough, whose 7,000 residents hunt and fish in the area, was not available for comment. His aides said he had gone whaling.

His spokesman, David Harding, said he was pleased with the decision, but, "We hope that there will be an opportunity to go back to the table and try to work out something that's in everyone's best interest."

The other recent rulings blocked administration efforts to divert water from the Black Canyon of the Gunnison, a national park in Colorado; to allow some logging at Giant Sequoia National Monument in California; and, last week, to open some of the 49 million acres of roadless national forest to logging and mining.

3 State Cases Not Connected To Spinach (WP)

By Dan Morse

The Washington Post, September 26, 2006

Maryland public health officials said yesterday that three of the state's four pending cases of E. coli O157 illness are not linked to a nationwide outbreak caused by bad spinach.

Officials continue to investigate the death of an 86-year-old Hagerstown woman and hope to receive test results within a week. But those results might prove inconclusive, because of problems associated with a sample. All told, only three of the state's 10 cases have conclusively been linked to the bad bagged spinach from California.

The nationwide outbreak, which has infected 175 people in 25 states, has been traced to fresh spinach from three counties in and around Salinas Valley in California, according to the Centers for Disease Control and Prevention. Among those ill, the CDC said, 53 percent were hospitalized; 16 percent developed a type of kidney failure called hemolytic uremic syndrome; and an adult in Wisconsin died. Two other deaths -- a child in Idaho and the Hagerstown woman -- might be linked to the bad spinach.

On Sunday, the Food and Drug Administration said the public "can be confident" that fresh spinach grown outside the implicated areas can be consumed but warned consumers not to eat spinach if they don't didn't know where it is from. The outbreak does not involve frozen or canned spinach.

In Maryland, officials with the Department of Health and Mental Hygiene announced Friday that they had studied 10 recent cases of E. coli O157. As of yesterday, six of the cases were not connected to the spinach; three were connected; and one was inconclusive, officials said. The three positive cases are all children, all of whom are recovering.

State officials, citing privacy concerns, declined to identify where the children reside. Inquiries to county health officials in Maryland also did not reveal where the children live. Five jurisdictions that responded to inquiries -- Montgomery, Charles, Anne Arundel and Baltimore counties as well as Baltimore City -- said the children did not live in their jurisdictions.

Also unclear was the condition and timing of tests taken in the Hagerstown case. Rod MacRae, a spokesman for the Washington County Health Department, said he had been instructed to refer questions to state officials. John Hammond, a spokesman for the health department, said officials there were seeking legal advice on whether privacy rules would allow them to discuss a specific case.

According to family members of June Dunning, the Hagerstown woman who died, Dunning ate bagged spinach Aug. 28, Aug. 30 and Sept. 1. She became sick and on Sept. 2 entered a local hospital, where her condition rapidly deteriorated. Doctors removed part of her colon Sept. 5.

About Sept. 6 or 7, a test showed Dunning had E. coli, according to her son-in-law Warren Swartz. Dunning died Sept. 13. The next day, the U.S. Food and Drug Administration issued an alert about a possible nationwide outbreak linked to bad bagged spinach. Swartz said he was able to obtain leftovers from the bag of spinach his mother-in-law had used, and he gave the sample to local officials.

According to a report published last week in the Hagerstown Herald-Mail, MacRae said Washington County had sent a sample taken from Dunning to a state lab Sept. 19 and sent a sample of the spinach she consumed to a state lab Sept. 20. It is unclear whether any samples were sent sooner.

Corinne Swartz, Dunning's daughter, said that even though tests have not confirmed a connection between her mother's death and the spinach, she believes there is one. Family members described Dunning as relatively healthy, and they noted how quickly she became ill after eating the spinach.

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Study Warns Of Rapid Rise In Earth's Temperature (WSJ)

By Gautam Naik

The Wall Street Journal, September 26, 2006

A study warns that the Earth's temperature is approaching a level not seen in a million years, implying that we are getting close to "dangerous" levels of human pollution.

The study finds that, while the world warmed slowly during the century to 1975, it has warmed at a more rapid rate of about 0.2 degrees Celsius (0.36 degrees Fahrenheit) per decade thereafter. The researchers say the global mean temperature is now within one degree Celsius (1.8 degrees Fahrenheit) of the maximum mean temperature of the past million years. Based on a 0.2-degree-Celsius increase per decade, that high point could be reached within 50 years.

The authors' conclusion: Further warming of one degree Celsius could suggest a critical level after which potential consequences -- such as higher sea levels and species extinction -- might be especially hard to manage.

"If further global warming reaches two or three degrees Celsius, we will likely see changes that make Earth a very different planet from the one we know," said James Hansen, lead author and head of the National Aeronautics and Space Administration's Goddard Institute for Space Studies in New York, in a prepared statement. "The last time it was that warm was in the middle Pliocene, about three million years ago, when sea levels were estimated to have been 25 meters (80 feet) higher than today."

The researchers also suggest that an increased temperature difference between the Western and Eastern Pacific could increase the likelihood of strong El Niños, such as occurred in 1983 and 1998. An El Niño is a large climactic disturbance rooted in the tropical Pacific Ocean that recurs every few years and is linked to extreme weather patterns of rainfall and drought.

Dr. Hansen has taken an active and high-profile role in debating critics of global warming, including the Bush administration. In 1988, he set off alarms by testifying in Congress that a global-warming trend had likely begun. He became a cause célèbre when the White House Office of Management and Budget tried to censor his testimony. Many of his critics concede the planet has warmed but remain skeptical that it is triggered by human activity.

The latest research was published in the Proceedings of the National Academy of Sciences and was led by Dr. Hansen and colleagues from the Columbia University Earth Institute, New York, and the University of California, Santa Barbara.

Many scientists believe that the Earth has warmed partly because greenhouse gases released by humans -- mainly carbon dioxide -- trap energy from the sun. The Proceedings paper notes that the United Nations Framework Convention on Climate Change has the goal of stabilizing greenhouse-gas emissions at a level preventing "dangerous" interference caused by human activity. Although the treaty doesn't specifically define such interference, the authors propose that it be defined in terms of the potentially harmful and irreversible effects caused by sea-level changes and species extinction.

Bay Program Ready To Study Less, Work More (WP)

By David A. Fahrenthold

The Washington Post, September 26, 2006

The Environmental Protection Agency program charged with cleaning the Chesapeake Bay has decided to reorganize itself, a spokesman said yesterday, conceding that crucial goals for restoring the bay's health by 2010 are unlikely to be met without far-reaching changes.

Mike Burke, a spokesman for the 23-year-old Chesapeake Bay Program, said leaders want a greater emphasis on "implementation" -- carrying out plans to solve the bay's problems. Environmentalists have long called for that, saying the program spends too much time studying pollution and too little trying to stop it.

Burke said EPA officials were concerned about their ability to meet promises made amid great fanfare in 2000: a bay with far less pollution and far more crabs, oysters and underwater grass.

"There's no way we're going to get to those goals at the current pace," Burke said yesterday. "If we don't dramatically accelerate implementation, then we will not meet those 2010 goals."

In recent months, program officials had begun interviewing state officials, environmentalists and other outsiders to hear their suggestions for changes, Burke said. A workshop on the subject will be held later this fall, he said. In all, he said, it might be a few months before reorganization details are settled.

Burke said it is too early to provide specific examples of how staffing or funding might change. He added that it is possible that officials would decide that no changes are needed.

The EPA's bay program, headquartered on the Annapolis waterfront, coordinates the efforts of federal and state agencies across the bay's watershed, which extends from southern Virginia to central New York.

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Over the years, it has excelled at discovering the reasons for the bay's ill health, chief among which are nitrogen and phosphorus, pollutants blamed for causing algae blooms and oxygen-poor "dead zones." It has also engineered agreements between governments in 1987, promising to improve the bay by 2000; and in 2000, promising a fix in 10 years.

But where it has failed is in reaching the goals it sets. The Chesapeake Bay Foundation, an environmental group, recently calculated that when 2010 arrives, nitrogen will have been reduced by only half of the promised amount. By its estimate, pledges to restore riverside forests and wetlands will not be met for more than 50 years.

Because of those projections, some of the program's critics are glad to hear about the plans for change.

"The bay program has failed since its creation to meet its most important pollution-reduction goals -- all of them," said Howard R. Ernst, a political science professor at the U.S. Naval Academy and author of the 2003 book "Chesapeake Bay Blues," which is critical of the bay cleanup effort. "I think now to reorganize is an admission of that."

But others said they doubt that changes would make much difference. Bill Matuszeski, the bay program's former director, said the real problem is a lack of funding: The jurisdictions within the bay watershed have pressed the federal government for a multi-billion-dollar Chesapeake Bay restoration fund but have gotten nowhere.

"We know what we have to do," Matuszeski said. "What we don't want to do is pay for it."

Beyond Black And White: Stalking The Skunks Of Martha's Vineyard (NYT)

By Cornelia Dean

The New York Times, September 26, 2006

EDGARTOWN, Mass. — A full moon, big and orange, is setting behind the barrier beach along Katama Bay, and the sun is little more than pink streaks lightening the eastern sky when Luanne Johnson's 1989 Ford Ranger rattles into a small parking lot at the Wasque Reservation on Chappaquiddick, the east end of Martha's Vineyard.

It is 5:30 a.m., time to find some skunks.

From the back of the truck, Ms. Johnson retrieves a backpack, a tackle box and a four-foot stick with a plastic cap on one end, and sets off toward the beach, where last night she set 15 wire mesh traps, each one baited with fish-market scraps and peanut butter. The first two are empty but the third contains a skunk, perhaps 3 or 4 months old. Its tail is in the air, and it stomps its feet at her approach.

"It's letting me know it's upset," Ms. Johnson says softly as she approaches the trap. "It's doing all the skunk body gestures which say 'I am a dangerous animal, pay attention to me.' "

Ms. Johnson removes the plastic cap from the end of the stick, revealing a small syringe, and takes up a dose of sedative from a vial in the red tackle box. She feeds the "jab stick" through the trap's mesh and the needle finds its target. There is the unmistakable odor of skunk. And then the animal reels and collapses in a heap.

Ms. Johnson opens her pack to find a clipboard, a striped beach towel, rubber gloves and other gear. She slides the inert skunk, a male, into a cloth bag, hangs it from a portable scale and notes its weight — 0.725 kilograms, or about 26 ounces. Then she lays it on the towel, measures it (53 centimeters, or 21 inches, end to end) and notes whether it has the typical skunk stripe (yes, a short one) and the typical shock of white tail fur (not yet). His pelt is still too thin for the microchips she implants in older animals, so she clips an identifying tag into his ear.

By now the quick-acting sedative is wearing off and the skunk is beginning to wake up. Ms. Johnson coos to him as she strokes his fur and checks for ticks, which she tweezes off and stashes in a plastic tube for delivery to a scientist studying tick-borne diseases.

Then she lifts the groggy skunk by the nape of the neck and deposits him in the grass, where he staggers away.

This is Ms. Johnson's third year of skunking on Martha's Vineyard, where she tracks and traps the animals here and on Dogfish Bar, a beach in Aquinnah, the west end of the island. By next year, she hopes, the data she has collected will turn into a dissertation for Antioch University New England, where Ms. Johnson is a doctoral student in environmental studies. She jokes that she will title her project "Skunks on the Beach."

Among other things, she hopes to help settle an argument that erupts here every summer — nesting season for piping plovers and other endangered shorebirds, when stretches of beach are closed to four-wheel-drive vehicles. Opponents of the closing say the threat to the birds is not vehicles, but predators like skunks.

"Because skunks are an egg predator of the rare birds, we wanted to know more about them," Ms. Johnson says. "We don't know even simple questions like what kind of resources are they using on the landscape and how do people influence what they do."

Beaches like this one are a good place to study skunks because they are a good place for skunks to live. "Skunks are an edge species," Ms. Johnson says. "They like it in ecotones, places where two different kinds of habitat come together." With its

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salt marshes, sand plains, woods, dunes and patches of huckleberries, blueberries and poison ivy, this beach offers many edges and lots of the eggs, small rodents, berries and insects skunks like to eat.

"They love poison ivy," Ms. Johnson says, pointing to a set of tiny tracks headed into a patch. "I have seen them eating poison ivy berries like birds. I have found them sleeping among the blueberries with little blue lips. Their poop gets full of blueberries this time of year."

Ms. Johnson typically sets her traps at dusk and checks them at dawn. She also tracks 11 skunks fitted with radio collars, so some nights she comes out with a receiver that picks up their signals and a night-vision telescope that allows her to see them in the dark as much as 50 yards away.

"I'll check for a signal and start walking toward the signal," she says. "That could take me to a variety of places. They are not always digging; they are sometimes chasing things like grasshoppers or beetles. Sometimes I find them under someone's bird feeder. Lots of times they are running and pouncing on things, digging, snuffling around with their nose on the ground."

They are accomplished mousers, she says. "If they find them, they will run them down."

Unfortunately, while her research subjects are nocturnal, Ms. Johnson is not. "I am so sleep-deprived," she says.

Ms. Johnson, 40, has worked with animals one way or another since her childhood in Mishawaka, Ind. She volunteered at the Indianapolis Zoo while attending Butler University there, and worked for a few years on the Vineyard, on a nature education program of the Trustees of Reservations, the Massachusetts conservation organization that manages Wasque (pronounced WAY-skwee). Later, she worked in Hawaii as a field supervisor for a bird restoration project run by the biological resources division of the United States Geological Survey and then at a wilderness education program in Washington State.

But eventually, she says, she decided to immerse herself deeply in one research area. And she wanted to find a better way to communicate the knowledge she was acquiring to the public. "I wanted to tell them every choice they make influences what is going on around them," she says. "The general public is so disconnected with nature."

Skunks seemed a good choice, she says, because they are wild mammals that interact often both with people and with birds. Her doctoral program is at Antioch New England, a branch of Antioch University in Ohio, based in Keene, N.H., and specializing in environment-related work.

The skunks of Martha's Vineyard are of the species Mephitis mephitis. "The word means 'malodorous,' " Ms. Johnson says, "just like 'skunk' is an Algonquin word for 'smelly.' "

They typically mate once a year, in February, and kits are born at the end of April or in early May. Except for mating, males live solitary lives; females often den together in winter burrows. But much remains unknown about their denning practices. Eventually, Ms. Johnson says, researchers may be able to analyze skunk DNA to track family patterns and so on.

Once skunks are a year old, they start reproducing, with litters of varying size. "I've seen up to eight," Ms. Johnson says. Their lives are brief — "An old skunk in the wild would be about 4 years old," she says.

Originally, she says, an adviser suggested she study what would happen if skunks were simply removed from the beach. "I said, 'Oh, come on,' " she relates. "If there's a problem, just kill it. That seems to be our response to the world." Instead, her project became an effort to monitor skunk behavior.

David F. Belcher, who manages the Wasque reservation and other reserves on Chappaquiddick, said skunks would definitely go after shorebird eggs if the nests were not fenced, which his staff does every year for endangered plovers, terns and oystercatchers. But once the chicks are on the move, Mr. Belcher said, vehicles are their biggest threat. "Chances are, skunks are not going to be an issue," he said.

Ms. Johnson agrees. She says she would spend this winter, while the skunks enter a kind of semihibernation called dormancy, organizing and collating the information she has been collecting all summer. But so far, she says, "I am not seeing a lot of evidence that skunks are limiting chicks."

By now the sun is up and people — and their pets — are out and about. As she approaches her last trap, Ms. Johnson can see it has a good-size skunk in it. She can also see two women walking toward it with a large chocolate lab, and she warns them to keep away. "Short that leash up," she advises the woman holding the dog.

This skunk is an adult she named Louis, after a friend of hers who runs a restaurant on the Vineyard, and she is glad she has found him. The transmitter on his collar has been signaling erratically, she says, and she wants to replace the collar itself, which she fears may start to get tight as Louis bulks up for winter. Finding him in a trap is a lot easier than tracking him in the dark.

She pulls a scanner out of her pack and scans the skunk for its implanted microchip to confirm his identity. "It is you," she exclaims. "Hello, my little honey-bunny!"

People tell her she should identify the animals she tracks by number and not by name, to avoid anthropomorphizing them. She ignores the advice, in part because she thinks skunks really do have different personalities.

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Gus, named after a Vineyard wildlife expert, is wary, she says. Louis is a snoozer. There are also Debbie, Katie, Rose, Nancy, Babs — all named after friends — and Puanani, which means "flower" in Hawaiian. "This is the third season I have recaptured her," Ms. Johnson says.

A large house is under construction nearby, complete with the kind of grassy lawn not natural to the island. Louis is spending a lot of time there, Ms. Johnson says. "There are just all kinds of insects in there," she says, "beetles, all sorts of things that fly around at night."

But if skunks are not a problem for birds, they do cause problems for people, with their midnight rambles into yards, under decks and even into boats stored on land. More than once, she says, she has left a note warning an unsuspecting boat owner that there may be a skunk under the tarp.

Many of the houses near Wasque are rental properties, she says, and many have overflowing garbage cans.

"I have skunks all over that stuff," she says. "People complain about too many skunks and I say, 'Well, gee....' "

By now, the jab stick has done its work and Louis, seemingly boneless, has been weighed, measured, cleaned of ticks and fitted with a new collar. Ms. Johnson snuggles him next to her face before walking into the brush to set him down on a bed of pine needles under a huckleberry bush, where he will wake up.

"He's a pretty boy," she says as she lets him go.

A Blind Forest Road Policy (LAT)

The Los Angeles Times, September 26, 2006

ROAD-BUILDING IN NATIONAL forests is a double whammy for taxpayers. Not only do they have to pay the cost of the actual roads, which are used mostly by the timber and mining industries, but taxpayers must also bear the less quantifiable cost of the environmental damage to the forests they own.

That's why decisions to build new roads in pristine forests should be made only after careful study and deliberation. That was the policy adopted in the Clinton administration, which, after three years of study and public input, in 2001 banned road-building in 58 million acres of forest. But the Bush administration, in a decision marked by neither study nor deliberation, suspended the so-called roadless rule later that year.

The mad dash to open the forests to more roads — and, oddly, to give states more control over national forests — was what undid the Bush administration's plans. A federal judge ruled last week that the administration had failed to do the environmental studies required under the Endangered Species and National Environmental Policy acts before disregarding the roadless rule in the Lower 48 states.

Several states, including California, have said they want their roadless areas to remain that way. But Idaho, which at 9.3 million acres has by far the single biggest share of roadless forest, last week proposed protecting only about one-third of that land. Regardless of any merits of Idaho's plan, no single state should have so much say over what happens to about 6 million acres of forest that belongs to all U.S. taxpayers.

Just as President Clinton had the power to institute the roadless policy, President Bush has the authority to change it — even to change it for the worse. But he does not have the right to change it without the analysis required by federal law.

The administration has not decided whether to appeal. It would be better off dropping the idea. If the administration still thinks its proposal has merit, it shouldn't mind subjecting it to the same environmental scrutiny all such plans receive.

FBI/DEA/ATF/USMS:

Colombia Extradites Key Cartel Fugitive (WT)

By Jerry Seper, The Washington Times

The Washington Times, September 26, 2006

A federal fugitive considered by U.S. law-enforcement authorities as one of the most violent and dangerous members of Colombia's Norte Valle cocaine-smuggling ring has been extradited to the United States to stand trial.

Homeland Security Assistant Secretary Julie L. Myers, who heads U.S. Immigration and Customs Enforcement (ICE), yesterday said Jhon Eidelber Cano-Correa, 42, arrived in New York on Friday night, where he was formally placed under arrest by ICE agents.

In 2004, the State Department offered a reward of up to $5 million for information leading to the arrest of Cano-Correa and four other Norte Valle Cartel fugitives. He is charged in a July 2004 indictment in New York with drug and money-laundering violations in connection with the Norte Valle Cartel.

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ICE spokeswoman Kadia H. Koroma said Cano-Correa had been flown from Colombia aboard an ICE aircraft, accompanied by ICE agents, and was before U.S. District Court Judge Joanna Seybert yesterday for his initial court appearance.

In October, the Colombian National Police's "Jungla" unit, working with agents from ICE and the U.S. Drug Enforcement Administration (DEA) in Bogota captured Cano-Correa after a brief firefight that left one Colombian official wounded.

Indictments handed up in federal court in New York in 2003 and 2004 describe the Norte Valle Cartel as Colombia's largest and most-feared drug organization.

Between 1990 and 2004, the cartel is accused of exporting more than 1.2 million pounds of cocaine worth more than $10 billion to the U.S. At one time, the cartel was thought to be responsible for between 30 and 50 percent of the cocaine entering the United States.

"The extradition of Jhon Eidelber Cano-Correa, a dangerous ICE criminal fugitive, is yet another example of the unprecedented law-enforcement cooperation between U.S. and Colombian authorities," Mrs. Myers said.

The cartel indictments and Cano-Correa's arrest resulted from a lengthy investigation that began in the mid-1990s and was conducted by the El Dorado Task Force, an ICE-led anti-money-laundering task force in New York, as well as by ICE agents in Colombia and Colombian authorities with the assistance of the Internal Revenue Service and the DEA.

Miss Koroma said the ICE probe initially focused on money-transmitting businesses in New York, after ICE agents determined that three of the companies were owned by Juan Alberto Monsalve, the Norte Valle Cartel's chief drug distributor in New York.

She said Monsalve was responsible for distributing thousands of kilograms of cocaine, laundering more than $70 million, and ordering multiple killings. He was arrested by ICE agents, convicted, and in May 2002, sentenced to life in prison.

The ICE investigation continued, revealing the structure of the Norte Valle Cartel and leading to charges in U.S. District Court in New York against its key leaders.

Narcotics Seizures On Rise Along Border (DMN)

By David Mclemore, The Dallas Morning News

The Dallas Morning News, September 26, 2006

Record amounts of pot, cocaine found, along with more potent meth

On a recent muggy Sunday, a Customs and Border Protection inspector at the Lincoln-Juarez Bridge in Laredo noticed something not quite right with the driver of a 1999 Chevy Suburban crossing in from Mexico.

Within minutes, a drug-sniffing dog found 40 pounds of heroin hidden in a rear-floor compartment.

Less than a mile away – and just a few hours later – another inspector at the Gateway Bridge found 60 pounds of cocaine stuffed under the rear seat of a Mini Cooper.

The seizures netted agents $6 million in drugs and the largest heroin haul by customs officials in Laredo this year.

The Sept. 17 doubleheader was just another day along the border in what appears to be a boom year for drug trafficking. Officers at border crossings, Border Patrol agents at checkpoints and state troopers at traffic stops are finding record amounts of cocaine and marijuana.

With the fiscal year almost over, Customs and Border Protection's Laredo sector saw its heroin seizures jump 40 percent. Seizures of undeclared currency, frequently a measure of illegal drug proceeds headed south, jumped 72 percent to nearly $10 million.

And officials are particularly alarmed that a relatively new kid on the block, a purer and more addictive Mexican-produced methamphetamine, is showing up all over the state in huge amounts.

Why is so much smuggling happening now, when the Texas border bristles with a third more Border Patrol agents and double the Customs and Border Protection inspectors than five years ago?

The answer: With greater enforcement and higher demand, drug trafficking organizations are saturating the border in hopes of getting at least some of their loads across, officials say.

Mario Villarreal, assistant chief for Border Patrol's Rio Grande Valley sector, one of the busiest in the nation, said more officers mean more drugs will be intercepted.

"The increased interdictions are the result of the tremendous work by the men and women agents out on the front lines and improved technology and intelligence," Mr. Villarreal said.

ERICH SCHLEGEL / DMN Customs and Border Protection has seen heroin seizures in its Laredo sector jump 40 percent this fiscal year over last. Some say it points to good police work.

Drug trafficking organizations have been stockpiling the drugs on the Mexican side of the border, waiting to move them across, he added.

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But there's another part to the equation, said Jane Carlisle Maxwell, a specialist in researching drug trafficking trends at the University of Texas in Austin.

More drugs also mean more users.

"We have to understand that more narcotics entering the country means the number of people dependent on drugs is going up," she said. "The traffickers just have more customers."

Alarming rise in meth

The illicit drug marking the biggest increase – and the most alarming, authorities said – is the smokable form of methamphetamine, known as "ice."

This fiscal year, customs inspectors at eight ports of entry between Brownsville and Del Rio have seized 683 pounds of meth as of July 5, the most recent month for which data are available. That compares with 627 pounds for all of fiscal 2005.

DPS agents seized 123 pounds of Mexican meth in the first quarter of fiscal 2006, compared with 28.8 in the same period in the previous. fiscal year.

In June, DEA administrator Karen Tandy told a Senate Foreign Relations subcommittee that about 80 percent of the meth used in the U.S. is distributed by Mexican trafficking organizations and comes from large "super labs" built on the Mexican side of the border. Three are located at Monterrey, Ciudad Acuña and Piedras Negras.

The rise of Mexican ice – purer and more addictive than the meth produced in mom-and-pop clandestine labs in Texas – is due in part to the controlled sale of over-the-counter remedies containing pseudoephedrine, a chemical used in the manufacture of homegrown methamphetamine.

A state law passed in August 2005 limited individual sales of cold medicines to 6 grams, roughly two packages of cold pills, each month. Retailers were also required to move cold medicines behind the counter and record the names of purchasers.

Also Online

Border patrol drug seizures (.pdf)

This year, Congress passed a law similar to the Texas law, requiring all medicines containing pseudoephedrine be kept behind the counter and sold in limited amounts.

"I'm afraid what we did was create a monster," Dr. Maxwell said. "For it opened the doors for the Mexican drug organizations to get into meth manufacture in a big way.

"The Mexican meth is a very scary thing," said Dr. Maxwell. "That could mean people will get addicted much faster. And meth addicts tend to become paranoid and more violent. It's a threat to the entire community."

In her report on substance abuse trends in Texas for 2006 for UT's Center for Social Work Research, Dr. Maxwell found that treatment programs for methamphetamine abuse made up 14 percent of all admissions in 2005, a three-fold increase.

Phone calls about methamphetamine use to state poison control centers rose to 490 last year, compared with 144 a year earlier.

Heroin, long a flat market for traffickers, also is showing signs of resurgence. The 40-pound seizure in Laredo on Sept. 17 brought the total seized by customs officers there to 185 pounds – a 40 percent increase over last year.

Purity levels have also increased, with Mexican black-tar heroin, the generally cheaper, inferior quality product that traffickers sell in Texas, increasing from 26 percent pure to 38.5 percent in less than a year, Dr. Maxwell said.

Agent Villarreal says that the increase in seizures, while alarming, tends to be cyclical. Trafficking tends to be constant over time, he says.

"I don't think we're moving into some new plateau of drug trafficking," he said. "The smugglers have time on their hands to come up with new methods. So we'll continue working our agents in the field, and we'll try to be more creative in our tactics. The more we catch, the more it hurts the traffickers."

Traffic through Texas

The Drug Enforcement Administration estimates 65 percent of all narcotics smuggled into the U.S. enters from Mexico.

Three of the four major distribution pipelines used by Mexican drug cartels pass through Texas.

But for every strategic advance by drug agents, Mexican traffickers try out new ways to bypass law enforcement's attention.

For instance, Border Patrol agents in McAllen caught a man last June with 38 pounds of heroin sewn into a vest.

Inspectors in the Valley find that smugglers are opting for frequency over quantity, running smaller loads across the international bridges more often.

"We now have more people and are better equipped to conduct border inspections faster and more efficiently," said Felix Garza, spokesman for Customs and Border Protection at Pharr. "The smugglers know that, and they're always looking for ways to beat the system."

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And for the area around Laredo, the continuing lethal turf battle between rival drug organizations across the river in Nuevo Laredo plays a key role in the intensified movement of drugs, said Leticia Moran, director of field operations for the Customs and Border Protection's Laredo office, which covers eight ports of entry from Brownsville to Del Rio.

"It appears the organizations are trying to move more hard narcotics in an effort to make more money, " said Ms. Moran. "They try to put more of the smaller loads of the more expensive drugs across."

State officials said the rising number of drug seizures suggests good police work, not a resurgence of trafficking levels to those of the 1980s.

"Law enforcement agencies at the local, state and federal levels are addressing smuggling corridors and hot spots with a strategic analysis that allows us to better utilize our resources," said Tela Mange, spokeswoman for the Texas Department of Public Safety. "As a result, we're having better successes in our interdiction efforts."

Mexican traffickers may have also been able to take advantage of recent political events in Mexico, she said, particularly the reassignment of Mexican law enforcement and military personnel from the border to Mexico City for the presidential elections and Independence Day celebrations.

"These assignments left the border significantly open to smuggling activities from the Mexican side," Ms. Mange said.

Buying Cold Remedies Nothing To Sneeze At (BFP)

Burlington Free Press, September 25, 2006

Buying your favorite cold medicine is about to become a surreal experience in Vermont. In some stores, it already is.

When you walk into a pharmacy in downtown Burlington -- say, Lakeside or Brooks -- in search of plain old, over-the-counter Sudafed, it's not on the shelf, where it used to be. You have to ask for it. Then, you have to show a photo ID, and then, you have to sign a logbook, which details your address and the quantity you're buying.

In an era when you have to go through a similar screening before you walk into a courthouse or onto an airplane, the new cold-medicine routine might not seem so bizarre -- except that it has nothing to do with terrorism.

It has to do, in Vermont, with staving off an epidemic that has swept through the Midwest and has been lapping at New England's borders for several years: methamphetamine addiction.

Beginning Saturday, when the federal Combat Methamphetamine Epidemic Act goes into effect, every retailer in the nation that sells certain cold medicines will have to follow the same restrictions Lakeside and Brooks have imposed. A parallel Vermont law, enacted last spring, also takes effect Saturday.

By restricting the sale of many standard cold medicines, Vermont is ahead of the curve in a region where meth has not become widespread. The new laws are a pre-emptive effort -- or, as State Police Detective Trooper Mike Smith puts it, "a substantial preventative measure to keep the meth problem at bay."

Nationally, the meth problem is fed by clandestine, illegal labs that produce the drug using common decongestants that contain "precursor" substances: ephedrine, pseudoephedrine and phenylpropanolamine.

"These are the key ingredients," Smith said. "Without them, you can't make meth."

The intent behind the new laws is to prevent people from buying massive quantities of these otherwise innocuous pills for use in meth labs. The daily limit for the total of the three listed substances that may be sold to one person is 3.6 grams. For Sudafed "Maximum Strength" Nasal Decongestant, that translates to 146 tablets of the 30 milligram size.

These "precursor" laws, Smith said, were inspired by a similar law in Oklahoma, passed in 2004, that led to a dramatic decline in the number of meth labs seized.

The U.S. Drug Enforcement Administration publishes a national map showing the number of "Clandestine Laboratory Incidents" -- seized labs, chemical and glassware seizures and dump sites. The national total for 2005 was 12,139, of which 2,170 were in Missouri. Just 15 were in New England, and one in Vermont.

That one comprised three cooking sites, where meth was being made, Smith said.

Nevertheless, a Vermont Health Department fact sheet states that meth "is not yet considered a major threat in Vermont."

Retail impact

Last week, the Vermont Department of Health mailed out 1,415 informational packets on the new laws aimed at reaching every retailer in the state believed to sell cold medicine -- pharmacies, supermarkets, general and convenience stores, among others.

Some retailers have adopted the new restrictions, moving the medicines with pseudoephedrine behind the counter. Lakeside Pharmacy, for example, pulled 30 to 40 different packages off the shelf, owner Earl Pease said.

Other retailers, including convenience store managers who had yet to receive or read the packets, still had the medicines on the shelf.

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Still other retailers, who were well aware of the new laws' requirements, were conducting business as usual and waiting until Sept. 30 to make the changes.

Among them was Jim Marmar, manager of the Woodstock Pharmacy. One impact he foresees is the additional time required to implement the laws, in training staff and maintaining logbooks. The federal law mandates staff training on how to comply; the state law mandates an educational campaign by the Health Department.

Jim Harrison of the Vermont Grocers Association said some of his members had decided to discontinue the listed products. Among them is Steven Clayton, owner of the Shelburne Supermarket.

"We're not going to sell it," Clayton said of the restricted cold medicine. "We already do enough paperwork."

Besides, he said, "we've got a Brooks next door, so we can send people there. They'll be happy; we'll be happy."

Clayton's store will still carry cold medicines not covered by the law, however. These new products have begun appearing on shelves in the last few months, many carrying the label "New Formula" or the disclaimer, "Does not contain pseudoephedrine." Their active ingredient is phenylephrine, which cannot be used to make meth.

Some of the "new formula" remedies are more expensive. A spot survey of four Burlington pharmacies last week showed the Sudafed PE, the product containing phenylephrine that's on the shelf, cost 25 percent or more per dose than original Sudafed, which contains pseudoephedrine and is kept behind the counter.

A phone call to the public relations representative of Pfizer, Sudafed's maker, was not returned.

Marmar speculated that some customers might be averse to having to show a passport or driver's license, or sign a logbook, and would avoid all that by having their doctors write prescriptions for the listed remedies.

Lynne Vezina, owner of Vermont Family Pharmacy on North Avenue, said she had put the listed medicines behind the counter but was not requiring signatures. She called the new regulations "just another thing to add to your many burdens."

She added: "I'd rather do this than not do it." She said she was willing to do anything deemed necessary "to prevent meth from becoming a problem."

Police support

As retailers express mixed feelings about the bureaucratic requirement, some law enforcement officers are all for it.

Burlington Police Lt. Rich Long said the fact that the city has not had a meth problem strikes some of his out-of-state colleagues as remarkable. He said the Burlington department has hired several officers from the Midwest over the last few years and that "one thing they marvel about is that we don't have the meth problem."

As for the new restrictions, Long said: "I'm glad to see that this is taking place before it becomes a problem."

Statewide, arrests for possession or selling of meth totaled eight in 2003. The figure rose to 32 in 2004 and dropped to nine the following year.

Smith credits the decline in part to an awareness campaign that began more than two years ago, a collaboration of state agencies to educate first-responders and others. The warning signs of meth activity are more widely known as a result, he said.

"We get tips now," Smith said, "where we weren't getting tips before."

Allergy Season Switch (WP)

By Francesca Lunzer Kritz, Special To The Washington Post

The Washington Post, September 26, 2006

Some Say New Formulations Don't Work Well

It could be a tough fall allergy season, and not just because of the ragweed count. Another problem, say some experts, is an ingredient many drug companies have begun putting in nonprescription decongestants in place of pseudoephedrine.

The active ingredient in Sudafed and other oral decongestants, pseudoephedrine will be subject to new federal sales restrictions starting Saturday. Officials hope the limits -- which require that all pseudoephedrine products be kept behind store counters or in locked cases and that buyers show an ID and have their purchases logged and limited to a few each month -- will curb illegal production of crystal methamphetamine, an addictive drug that is commonly made with pseudoephedrine.

But decongestant manufacturers aren't willing to gamble that millions of people with allergies and colds -- who together spend more than $400 million a year on oral decongestants -- will put up with such inconveniences at the sales counter. So drug companies have been taking the pseudoephedrine out of many over-the-counter products and replacing it with an older ingredient, phenylephrine.

Call it a step up for phenylephrine, which previously had been relegated mostly to shorter-acting decongestant nasal sprays, such as some Neo-Synephrine and Vicks Sinex products.

Phenylephrine had been on the market for decades when the Food and Drug Administration in 1972 reviewed all nonprescription ingredients being sold. An agency review panel published a report in 1976 classifying the drug as "generally recognized as safe and effective" at a 10 milligram dose without calling for any new studies.

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But phenylephrine may not have the punch of the star performer it is replacing. Writing in a prominent allergy journal, two University of Florida research pharmacists recently questioned the effectiveness of the 10 mg dose and the clinical evidence offered in support of the review panel's decision.

In their peer-reviewed letter, published in July in the Journal of Allergy and Clinical Immunology, Leslie Hendeles and Randy Hatton report they were able to track down 11 of the 13 phenylephrine studies -- most of them unpublished -- that the panel reviewed. Of these 11, they found, only four showed the drug to be effective at the 10 mg dose.

After submitting the letter, Hendeles and Hatton found four additional studies. Two, Hendeles says, showed the drug ineffective at the 10 mg dose, one showed borderline effectiveness, and one showed effectiveness at 25 mg, but not at 10.

Rep. Henry Waxman (D-Calif.) the ranking minority member of the House Committee on Government Reform, has asked acting Food and Drug Administration (FDA) commissioner Andrew von Eschenbach to decide whether new studies are needed. The FDA's response, for now, is no, because, according to David W. Boyer, the agency's commissioner for legislation, the FDA is not aware of any data that refute the 1976 report.

The Consumer Healthcare Products Association (CHPA), which represents nonprescription drug manufacturers, has issued a statement defending phenylephrine's effectiveness. "No new data has been presented that disputes FDA's conclusion," wrote the group.

But some experts say data published since the '70s on phenylephrine do raise relevant questions. Some of this data concerns phenylephrine's effect on blood pressure.

Phenylephrine was first marketed as a drug to treat low blood pressure, which it does in the same way it relieves nasal congestion, by constricting blood vessels. A 1988 review article in Medical Toxicology found it would take at least 45 mg of oral phenylephrine to begin to raise blood pressure, an indication of the dose at which the drug starts working.

And a 1982 study in the European Journal of Clinical Pharmacology found that only 38 percent of a phenylephrine dose gets into the bloodstream. William Barr, head of the Center for Clinical Drug Studies at Virginia Commonwealth University, in Richmond, and other researchers say enzymes inactivate much of the phenylephrine dose in the gut, before it reaches the bloodstream from where it travels to the nasal passages -- suggesting a larger dose may be needed to be effective. Pseudoephedrine reaches the bloodstream at about 90 percent of its original strength.

Linda Suydam, president of CHPA, says that with many drugs, a far lower percentage of a given dose than 90 percent is sufficient to be effective.

Questions about phenylephrine's effectiveness stand to affect not only allergy sufferers. Many airline passengers use pseudoephedrine to fend off ear pain when a flight starts its descent. "Ten thousand feet and dropping is no time to find out phenylephrine doesn't work for you," says David Eisenman, an assistant professor at the University of Maryland School of Medicine, who specializes in conditions of the ear.

Meanwhile, other experts have weighed in.

Richard Herrier, a professor of pharmacy practice at the University of Arizona, and Rohit Katial, program director of allergy and immunology at the National Jewish Medical and Research Center in Denver, reviewed the sources cited by Hendeles and Hatton and concluded that the data do not show phenylephrine to be effective at the 10 mg dose. Editors of the 2006 edition of Drug Information, a professional resource published by the American Society of Health-System Pharmacists, were "not able to answer the question as to whether it's as safe and effective as pseudoephedrine," based on published medical literature, according to associate editor Elaine Snow.

Results are due shortly from a 36-patient study testing a 12 mg dose of phenylephrine against pseudoephedrine and placebo. The study was funded by Schering-Plough, which for now has replaced pseudoephedrine in only one decongestant product: a Coricidin version. It has left pseudoephedrine in its Claritin-D (for decongestant) line. One likely reason: Phenylephrine is not available in a long-acting formulation -- it must be taken every four hours for continued effectiveness, according to its label -- while pseudoephedrine is sold in four-to-six-hour, 12-hour and even 24-hour versions.

Erica Jones, a spokeswoman for Pfizer, maker of Sudafed and the newer Sudafed PE (for phenylephrine), says the company has seen repeat sales of the newer product, indicating satisfied customers. But some health-care professionals say they have been getting customer complaints.

"Almost without exception [patients] say, 'I want my Sudafed back,' " says Eric Schenkel, an assistant professor of medicine at the Hahnemann School of Medicine in Philadelphia and director of Valley Allergy and Asthma Treatment Center in Easton, Pa.

And a Web information page about Vicks's reformulated decongestant DayQuil (http://vicks.com/pseudoephederine_faq.shtml) includes this comment, which DayQuil spokesman Ashoke Mitra says customers have left on the company's consumer hotline: "The new version of DayQuil doesn't work as well for me as the old version."

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(The reply posted by the company: "We replaced the decongestant pseudoephedrine, used in the old version of DayQuil, with the decongestant phenylephrine in the new version. Both decongestants have been approved by the FDA and are considered safe and effective when used as directed.")

Patients with stuffy noses who are dissatisfied with phenylephrine and unwilling to put up with the inconvenience of buying pseudoephedrine after Sept. 30, may want to try nasal saline spray, which is available at all pharmacies, suggests Larry Sasich, a consulting pharmacist to Washington-based advocacy group Public Citizen. Nasal decongestant sprays are another alternative, says Schenkel, who advises people to limit use to three days or risk making their symptoms worse. Allergy-caused stuffy noses may respond better to nasal steroid sprays such as Nasonex or Flonase, available only by prescription.

But don't expect pseudoephedrine to go back to being an easy sell. Although only a small percentage of crystal methamphetamine is made with pseudoephedrine pirated from over-the-counter drugs, according to the Drug Enforcement Administration, use of the illegal drug is far lower in states that restrict pseudoephedrine sales to drugstores only than elsewhere. While only a few states, none of them in the Washington area, have that restriction, Congress could also impose this limit. Â·

Francesca Lunzer Kritz is a Washington-area freelance health care writer.

U.S. Gives Boats, Gear To Tajik Guards (AP)

AP, September 25, 2006

DUSHANBE, Tajikistan -- The United States on Monday donated patrol boats and electronic equipment to help Tajikistan guard its borders and stem the flow of heroin from neighboring Afghanistan.

The U.S. Embassy said in a statement that it gave the Tajik Border Protection Committee five patrol boats to be used along the Pyandj River border, as well as more than 100 computers and 60 power generators to be used at desolate checkpoints.

The equipment, worth $585,000 will help the ex-Soviet nation patrol its boundaries more efficiently, U.S. official Paul Shott said during a ceremony.

The mountainous Central Asian state is a major conduit for opium and heroin from Afghanistan, with which it shares an 830-mile border.

Devastated by the 1992-97 civil war, Tajikistan remains one of the world's poorest states plagued by unemployment and economic instability.

Tajikistan, Uzbekistan Want Support Fighting Afghan Drugs Trade (BLOOM)

By Paul Tighe

Bloomberg, September 26, 2006

(Bloomberg) -- Tajikistan and Uzbekistan appealed for international support to help them fight drug trafficking from neighboring Afghanistan, the world's largest producer of opium poppies, used to make heroin.

``An up-to-date, efficient and capable Afghan border service'' is needed to combat drug traffickers, Tajikistan's Foreign Minister Talbak Nazarov told the United nations General Assembly yesterday, according to the UN's Web site.

Drug production is one of the most dangerous problems facing Afghanistan and poses a threat to regional security, Vladimir Norov, Uzbekistan foreign minister, told the assembly.

Afghanistan's opium cultivation increased by 59 percent this year compared with 2005, the UN Office on Drugs and Crime said earlier this month. The money generated from drugs is helping fund the insurgency being mounted by the Taliban in the south and east of the country, the U.S.-led military coalition and the North Atlantic Treaty Organization have said.

An Afghan-Tajik border force could serve as a basis for ``establishing the first section of the security belt around Afghanistan,'' Nazarov said.

Afghanistan's neighbors in Central Asia should play a greater role in the fight against drugs and assisting Afghanistan's reconstruction since the overthrow of the Taliban in 2001, he said.

The amount of drugs seized on the Tajik-Afghan border in the first three months of this year increased by 27 percent, Nazarov said in July during a visit by U.S. Defense Secretary Donald Rumsfeld. Afghanistan shares a 1,206-kilometer (750-mile) with Tajikistan and a 137-kilometer frontier with Uzbekistan.

U.S. Training

The U.S. is providing training and equipment to Tajik forces on the border with Afghanistan, Rumsfeld said during his visit. Tajikistan allows U.S. military aircraft involved in operations in Afghanistan to use its airspace and to refuel.

A record 165,000 hectares (407,700 acres) of land were under opium cultivation in Afghanistan in 2006, the UN said it its report earlier this month. In the southern province of Helmand, a center for Taliban operations, cultivation rose 162 percent.

Afghanistan's poppy crop reached a record 6,100 metric tones this year, accounting for 92 percent of the world supply, it said.

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Taliban fighters have increased attacks, including suicide bombings, in response to Afghan and international forces expanding operations in the south and east.

NATO, which leads the International Security Assistance Force responsible for bringing stability to six southern provinces, has asked for an additional 2,500 soldiers to help the 19,000-strong contingent control the insurgency.

Achilles Heel

Narcotics are going to be ``an albatross around our necks and the Achilles heel in the recovery of Afghanistan" unless the problem is tackled, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 7.

Afghanistan, which has population of 31 million people, according to U.S. government data, shares its borders with China, Iran, Pakistan, Turkmenistan as well as Tajikistan and Uzbekistan.

Tajikistan, with a population of 7.3 million people, and Uzbekistan, which has 27 million people, are landlocked nations in Central Asia.

They have joined Kyrgyzstan and Kazakhstan in forming the Shanghai Cooperation Organization with China and Russia, a group that has pledged to work together to combat terrorism. The Hizbi Tahrir movement and the Islamic Movement of Uzbekistan have been operating in the Ferghana Valley, which runs through Tajikistan, Uzbekistan and Kyrgyzstan, since the late 1990s to try to establish an Islamic state in the region.

Kyrgyzstan is negotiating an extension of a 2001 agreement with the U.S. allowing U.S. forces to use its Manas air base for operations in Afghanistan. Uzbekistan in 2005 told U.S. forces to leave a base used as a transit point for supplies, troops and aircraft coming in and out of Afghanistan.

Where Congress Is Soft On Criminals (NYT)

The New York Times, September 26, 2006

House sycophants of the National Rifle Association are aiming this week to hobble the federal government's power to revoke the licenses of rogue gun dealers who arm the underworld. A shameless proposal would replace existing law with wrist-slapping penalties and an impossible definition of "willful intent" that would hamstring efforts to close lawless marketeers.

The rhetoric of the approaching debate will undoubtedly invoke sportsmen's rights, but the real issue is the rights of sociopaths and terrorists to make future purchases at their friendly local AK-47 dealer. The House proposal, in fact, would have stopped federal agents from ever revoking the license of Lou's Loans, the Pennsylvania dealer that sold battlefield weapons to one of the co-conspirators in the 1993 assault on the World Trade Center.

What makes this gun decontrol measure truly brazen is recent data from the Justice Department, which reported a startling jump of nearly 50 percent last year in gun crime victims, to 477,000. No one can yet say whether this is related to an earlier N.R.A. "victory" — the decision of the Bush administration and Republican leaders in Congress not to renew the 10-year-old ban on the sale of military assault weapons to civilians. Any analysis is hampered by another gun lobby "victory" — Congress's barring the federal gun control agency from searching out criminal trends in its own records of weapon sales.

Without a hint of irony, the looming debate is showcased as part of the Republican majority's "American Values Agenda."

Representative James Sensenbrenner, the Wisconsin Republican so alarmed of late about threats from the immigrant tide at the nation's borders, shows no comparable concern about armed thugs shooting people in the inner cities. "Crybaby!" snarled Mr. Sensenbrenner in excoriating the mayor of Milwaukee for testifying on behalf of more, not less, gun control.

IMMIGRATION:

Lawmakers Agree To Spend $1.2 Billion On Tightening Border (NYT)

By Eric Lipton

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — House and Senate negotiators agreed Monday evening to spend $1.2 billion to install hundreds of miles of fence and vehicle barriers along the Mexican border as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year.

The border security spending is just one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. Others include a mandate for antiterrorism steps at high-risk chemical plants nationwide and the reorganization of the Federal Emergency Management Agency.

The biggest increase in spending in the bill, on which the House and Senate are expected to take final action on this week, is in the area of border security and immigration enforcement, which would get a total of $21.3 billion, an 11 percent jump over this year.

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This includes money to hire 1,500 new Border Patrol agents, increasing the force to 14,800, and to add 6,700 detention beds. The $1.2 billion for border security is designated for a traditional fence, vehicle barriers and a so-called virtual fence made up of cameras and sensors. That money could also be used to help build 700 miles of physical fence along a specific stretch of the Mexican border, a construction project that the House has already approved and the Senate is still considering.

"It is a major step down the road on border security," said Senator Judd Gregg, the New Hampshire Republican who is chairman of the Senate panel that oversees the budget bill.

The bill also sets aside $4.34 billion for port security measures, including money for 450 new cargo inspection officers. That is up $600 million over the current year. The bill would also provide $178 million for new radiation screening equipment at domestic ports, among other initiatives.

The chemical plant security rules — which neither the chemical industry nor environmentalists were satisfied with — would allow the homeland security secretary to require facilities that manufacture, store or use chemicals to conduct security assessments and then take any steps the owners decide are appropriate.

The Homeland Security Department would have the power to inspect plants to determine if the measures are sufficient. While it could not mandate any specific safety improvement, it would have the power to shut down any plant that failed to honor the generic rules.

The language is stronger than what Republican leaders in the Senate first endorsed, but Democrats said Monday that it remained far too friendly to the industry.

"The threat of a chemical release, is real, real, very real," said Senator Robert C. Byrd, Democrat of West Virginia, as he introduced an amendment he said would give Homeland Security the power to impose broader regulations. "We cannot afford to be so vulnerable."

But Republicans rejected that effort, saying that the agreed-upon language was strong enough to improve security, at least for now, because the regulations would expire in three years unless Congress reauthorized them.

"This is the best proposal we can get," Senator Gregg said just before a party-line vote rejecting Mr. Byrd's proposal. "And in my opinion it is significantly better than nothing."

Democrats at the conference committee meeting Monday evening also tried to add about $1 billion in spending for areas including mass transit security, aviation explosives detection research and port security grants.

"I challenge all of us not only to talk the talk on port security but walk the walk," said Mr. Byrd, the minority leader of the appropriations panel, referring to the much-heralded recent action by Congress on a port security bill that called for a larger amount of grants.

But with the Republicans holding a majority, each of the measures that Democrats proposed were defeated, one after the other, in party-line votes.

The Federal Emergency Management Agency will continue to exist under the agreement, though some members of Congress had said it was so discredited it should be abolished and rebuilt from scratch.

Under the agreement, the FEMA director would have a higher rank, still reporting to the secretary of homeland security, but serving as the president's chief adviser on emergency management, in a manner similar to the chairman of the Joint Chiefs of Staff at the Pentagon.

FEMA would also now oversee Homeland Security agencies that focus on preparing for a disaster, instead of just responding to them, and it would have an extra $30 million to hire up to 250 permanent disaster relief employees.

Congressional negotiators also added a measure to the bill that would allow Americans to buy as much as a 90-day supply of prescription drugs in Canada, where they are less expensive, and then return home with them.

Overall spending for Homeland Security under the bill would be up by $2.3 billion, or 7 percent, compared with the current fiscal year, which ends on Saturday.

House-Senate Negotiators Agree To Add Billions For Border Security (WSJ)

By David Rogers

The Wall Street Journal, September 26, 2006

WASHINGTON -- House-Senate negotiators approved a $34.8 billion homeland budget that adds billions for border security in the wake of Congress's failure to enact more-comprehensive legislation addressing illegal immigration.

The political centerpiece for Republicans -- just weeks before the midterm elections -- is an estimated $1.19 billion to help pay for fencing, vehicle barriers and new technology to police the U.S. border with Mexico. Hundreds of millions would also be added to equip the Coast Guard and increase the air and marine capabilities of customs and border patrols.

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"It's a big plus; it's a lot of resources put on the border," said Sen. Judd Gregg (R., N.H.), who has managed the bill on behalf of the Senate. When compared with the same measure last year, border-security-related funding would grow by 20%, a huge increase in an otherwise tight budget year.

Much of this growth can be attributed to the Republican leadership's decision this fall to add $1.8 billion in emergency funds after failing to agree on immigration legislation. About $1.16 billion of this money would go the new-fence account; $492 million is to buy aircraft and X-ray machines to protect U.S. borders and ports of entry, and the Coast Guard is promised $175 million more to help expedite modernization.

Two Republican allies, the chemical and pharmaceutical industries, have their own major stakes in provisions added in the final talks.

For the first time, the secretary of Homeland Security would be given specific authority to regulate chemical-plant security and even shut down a high-risk facility if he judges that it fails to comply with his safety standards. And after years of keeping a tight lid on imported prescription drugs, the pharmaceutical industry will have to live with legislative language that tacitly sanctions Americans' practice of bringing cheaper drugs back from Canada. Mail order, Internet sales and people in the business of importing drugs aren't covered under the exemption, which applies only to "individuals transporting on their person a personal-use quantity" of their medicine -- typically a three-month supply.

Tempers flared as Democrats argued that the same exemption should apply to cheaper prescription medicines that can also be bought in Mexico. And when Rep. Jim Kolbe (R., Ariz.) broke with his Republican colleagues on the issue, Democrats briefly prevailed on a 9-8 vote. But Sen. Gregg said adding Mexico would jeopardize an already-delicate political balance for Republicans, and the Canada-only exemption prevailed.

The Pharmaceutical Research and Manufacturers of America, the industry lobby, has angrily complained that any exemption jeopardizes consumer safety. But when Republicans argued that Canadian pharmacies were less a risk than those in Mexico, it touched off sharp exchanges that echoed of the immigration debate all summer.

"That is the phoniest issue I have heard," said Rep. Marion Berry (D., Ark.) a registered pharmacist before coming to Congress. "The greatest danger is to not get your medicine.... I am here to tell you that the pharmaceutical industry robs the American people to the point where they simply can't afford to buy their medicine in the United States."

Last night's agreement clears the way for final action on the homeland bill this week, and as early as today, the House could take up and send the Senate a larger $447 billion measure funding the Pentagon for the new fiscal year that begins Oct. 1.

Quick passage of the military-appropriations bill, which includes emergency funds for the war in Iraq, also serves to give Speaker Dennis Hastert (R., Ill.) more leverage in a standoff with the Senate over the fate of a companion defense-authorization bill.

Write to David Rogers at david.rogers@wsj.com3

Immigration Reform, In Pieces (NYT)

The New York Times, September 26, 2006

This can't be what President Bush had in mind when he gave a prime-time speech about immigration in May. "An immigration reform bill needs to be comprehensive," he told the nation, "because all elements of this problem must be addressed together, or none of them will be solved at all."

That was then. Now we have the Republican-controlled House passing a pre-election lineup of narrow enforcement measures packaged to give voters a false impression of resolve. Mr. Bush has even given up talking a good game on immigration: he says he will sign the Republican legislation as a "first step" toward the real reform he has said he wants but has done depressingly little to achieve.

Republican leaders want you to think they are hard at work overhauling the broken immigration system in the last days before going home. But don't be fooled by the noise and dust. These are piecemeal rehashes of legislation the House passed last December. They include a 700-mile border fence that would cost more than $2 billion and would not work, and tough-sounding but profoundly undemocratic bills that would allow the indefinite detention of some illegal immigrants seeking asylum, make it easier to deport people without judicial review, and require voters to prove citizenship before participating in federal elections. The latter measure attacks an imaginary problem — voting fraud by illegal immigrants — and would disenfranchise countless Americans who are old and poor.

Among the most poisonous provisions is one that would give state and local police agencies authority to enforce federal immigration laws. Police departments big and small have bristled at the idea, saying they lack the expertise and the resources to enforce immigration law. They say it would cripple crime fighting by severing hard-won relationships with potential victims and witnesses: immigrants who will end up fearing and avoiding them.

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But for every police chief who sees this as a foolish attack on law enforcement, there is a sheriff or local politician, like Steve Levy, the Suffolk County executive on Long Island, who is just itching to seize control of his or her own little corner of the immigration battlefield. It's an every-mayor-for-himself approach that would only worsen the ad hoc incoherence of the national immigration system.

Once again it's up to the Senate to resist the restrictionist free-for-all. Republicans have been trying to make this difficult by seeking to slip their toxic measures into must-pass bills for the Homeland Security and Defense Departments. The senators who have held out for comprehensive reform, which includes giving immigrants a realistic way to work and get right with the law, must stick together to defeat the House campaign.

The House's election hunt for border-security sound bites shows how susceptible to demagoguery the debate can be. Anti-immigrant fervor is a flame that spreads easily. But leadership can help people look beyond resentment and fear. Once upon a time, Mr. Bush was a sense-talking governor from a border state who understood this. Now he has joined the leaders of his party in calling on the nation to cower behind electric fences, searchlights and squad cars. It's painful to see what he has turned into, and frustrating, in these days of immigration panic, to keep waiting for a real leader to emerge.

CONGRESS-ADMINISTRATION:

DOJ SWITCHES SIDES ON 9TH CIRCUIT SPLIT (ABAJ)

By MOLLY McDONOUGH

ABA Journal, September 26, 2006

Wednesday's Testimony the Latest Twist in a 35-Year-Old Debate

After nearly 35 years of debate over dividing the nation's largest federal appellate court, the Justice Department has reversed its previous stance and is now weighing in on the side of a split.

Testifying before the Senate Judiciary Committee on Sept. 20, Rachel Brand, assistant attorney general in the DOJ's Office of Legal Policy, stated the time is right to split the overburdened, oversized 9th U.S. Circuit Court of Appeals, which is based in San Francisco.

The circuit's size—it encompasses nine states with a total population of 58 million people—has resulted in delays and inconsistencies in opinions. Brand testified that the appellate judges are known to quickly turn around decisions after oral argument, but that the circuit takes more than four months longer than others from the point of filing the appeal to final disposition.

Contributing to these inconsistencies is the circuit's unusual en banc procedures, which call for 15 out of the 28 active judges on the court to resolve a dispute en banc, Brand testified. In a close case, eight judges, a minority of the full court, could decide a key issue.

Brand was one of 12 witnesses—six in favor of a split, six opposed—who testified about the legislation, which has been introduced by Sen. Lisa Murkowski, R-Alaska, and Rep. John Ensign, R-Nev. Their bill would leave California and Hawaii in the 9th Circuit and create a 12th Circuit to cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. It also would add seven more judges, likely to remain in the 9th Circuit.

Legislation to split the circuit passed the House last year, but never reached a vote in the Senate.

The Justice Department's new position and a growing interest in Congress in splitting the circuit—seven circuit restructuring bills have been introduced this Congress alone—may indicate a sea change.

The Justice Department is one of the most frequent litigants in the federal courts. In 1998, the last time the department weighed in on the issue, it opposed the split. But Brand said the DOJ has since come to the conclusion that, while the 9th Circuit has responded to its rapidly growing caseload by being "innovative and creative," it has done so in large part by delegating certain functions to nonjudges. That will only work for so long, she said.

Sen. Dianne Feinstein, D-Calif., who serves on the Judiciary Committee and has long opposed calls to split the circuit, challenged Brand on the Justice Department's sudden interest. "I can only conclude that this is political [and] has nothing to do with the performance of the circuit," Feinstein said.

Feinstein was among those who pointed out that, despite the balanced nature of the hearing, there have not been calls for a split from large numbers of lawyers and judges—the people most affected by the issue.

This is in contrast to the circumstances that surrounded the 1981 split of the New Orleans-based 5th Circuit and creation of the Atlanta-based 11th Circuit. Then, judges had asked for the division after a long debate.

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ABA President-elect William H. Neukom also testified against the split, although he spoke in his capacity as a lawyer from Seattle and not as a representative of the ABA. A former legal adviser to Microsoft, Neukom opposes a split in part because, he said, it would disrupt laws of commerce and intellectual property interests.

He urged the committee to review the entire record, which includes letters from groups of law professors, judges and bar associations, all opposed to a split. Indeed, the American Bar Association, most of the state bar associations in the 9th Circuit, a majority of the district judges in that circuit, and as many as 23 of the current 26 active judges on the 9th Circuit oppose a split.

"The overwhelming majority of our court of appeals judges oppose a division of the circuit," Chief Judge Mary Schroeder testified, noting that past and future chief judges appointed by Presidents Eisenhower, Kennedy, Nixon, Carter, Reagan and Clinton share her views. "This has never been a partisan political issue for us."

But some consider political motivations a motivating factor. In 2003, two bills were introduced in the Senate to split the circuit after it declined to rehear en banc a case in which a panel ruled that the Pledge of Allegiance is an unconstitutional endorsement of religion. (The U.S. Supreme Court eventually threw out the case because it determined 8-0 that the plaintiff lacked standing. Elk Grove Unified School District v. Newdow, 542 U.S. 1., 2004.)

The Supreme Court's frequent rejection of 9th Circuit opinions was another argument proponents cited as evidence of a need for a split. Pointing to a study conducted by Chicago-based 7th Circuit Judge Richard Posner, law professor John C. Eastman testified that the 9th Circuit is six times more likely to be unanimously reversed by the Supreme Court than any other circuit. Eastman, who teaches at Chapman University School of Law in Orange, Calif., attributed that to a lack of collegiality because there are so many judges facing enormous workloads in the 9th Circuit.

Chief Judge Schroeder disputed that there is a lack of collegiality and focused on what she considered a more critical flaw in dividing the circuit. California brings 70 percent of the cases to the 9th Circuit. Simply splitting it off and creating a new court infrastructure elsewhere does not resolve the caseload problem, she said. Even with the additional seven judgeships, the proposed division would leave the 9th Circuit with 500 cases per judgeship and the new 12th Circuit with 300 cases per judgeship.

Without the ability to draw in visiting judges from the other states, California and Hawaii, she said, "would be overwhelmed and would need at least 13 additional judges to bring its caseload even with the load of the judges in the new 12th Circuit."

The committee had scheduled the bill for markup Sept. 21 to make any necessary changes or amendments should it decide to recommend the bill to the full Senate, but the committee did not get to the issue. Markups are also slated for this week.

Judicial FREEdom (WSJ)

The Wall Street Journal, September 26, 2006

The conflict-of-interest fetish continues to interfere with normal human relations, so it's a relief when someone sounds rational on the subject. That now includes the Judicial Conference of the U.S., which last week adopted new disclosure rules for federal judges who attend privately funded education seminars.

The Judicial Conference sets ethical standards for the judiciary, and its ruling is a rebuke to activists who have used bogus conflict-of-interest complaints to try to ban judges from attending seminars sponsored by groups out of favor with the political left. This cause has been a special obsession of the Community Rights Counsel (CRC), a Beltway political operation that has tried to get Congress to limit the kinds of seminars judges can attend.

For example, the Foundation for Research on Economics and the Environment (FREE) and Montana State University have for 15 years co-sponsored seminars in Bozeman, where federal judges learn more about the effects and trade-offs of environmental public policy. Such events are common -- typically hosted by universities, public policy institutes or legal groups like the American Bar Association -- and useful in promoting a better-informed judiciary.

The CRC and its political allies have been on a mission to stop federal judges from attending FREE seminars, claiming that these programs are really about brainwashing judges into striking down federal environmental statutes. CRC has filed ethics complaints (later dismissed) against judges on FREE's board, citing the fact that it accepts funding from corporations. It's also coordinated with Democratic Senators John Kerry, Russ Feingold and Pat Leahy to draw up legislation that would regulate seminar attendance by federal judges. That effort has also failed.

Now the Judicial Conference has decided that these privately funded seminars are perfectly reasonable forums to attend, so long as they disclose all sources of support beforehand, along with topics to be covered and the names of speakers. FREE's internal policy guidelines already mandated such disclosure.

The Judicial Conference noted the important role of seminar programs in keeping judges current in law, science, economics and other disciplines. "In view of the compelling need for and many benefits of continuing education," it said, "the committee believes that neither the Judicial Conference nor any other entity should seek to limit judges' access to knowledge or censor their right to increase their knowledge."

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To put it another way, the Democrats should leave FREE alone. And if they really care about legal conflicts of interest, how about going after the trial lawyers who are double dipping on asbestos and silicosis lawsuits? There's a real scandal.

Roberts And Alito Stay In The Cert Pool (LAW)

By Tony Mauro, Legal Times

Legal Times, September 26, 2006

As they enter their second term, the Supreme Court's two newest justices have decided, at least temporarily, to stick with the Court's clerk-pooling arrangement, despite concerns that it gives law clerks too much power.

In brief interviews in recent weeks, both Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. said they will stay in the "cert pool," as it is called, for the current term.

Roberts said he will participate on a "year-to-year basis," and Alito said the same; both indicated they are still weighing the issues that have been raised. But Alito said that during his first term it was apparent to him that certiorari petitions need to be read closely to determine if they are worth granting -- suggesting some need for pooling the workload.

The arrangement, devised in 1972, radically changed what happens when a petition for review or certiorari comes in to the Court. Instead of being reviewed separately by nine clerks and/or nine justices, it is scrutinized for the pool, presumably in greater depth, by one clerk, who then writes a memo for all the justices in the pool.

The pool drew little criticism when only four or five justices participated. But ever since the late Thurgood Marshall left the Court, in 1991, Justice John Paul Stevens has been the only justice outside the pool, preferring to have his clerks take a separate look at petitions, partly as a backstop for the pool.

In a 1997 speech when he was in private practice, Roberts said he found the pool "disquieting" in that it made clerks "a bit too significant" in determining the Court's docket. During his confirmation hearings in January, Alito said he was "aware of the issue" surrounding the pool. He added: "We cannot delegate our judicial responsibility. But ... we need to find ways, and we do find ways, of obtaining assistance from clerks and staff, employees, so that we can deal with the large caseload that we have."

In their new book on the Court's clerks, "Sorcerers' Apprentices," authors Artemus Ward and David Weiden chart the history and impact of the pool. At the same time the pool has increased the power of clerks in the gatekeeping function, they say, it has made clerks less candid and more timid in their recommendations. "The pool writers are going to be less candid than they would be with their own justice," says Ward in an interview. "It has a chilling effect."

The book also asserts that since the pool was created, "the number of separate concurring and dissenting opinions issued by the justices exploded." In other words, by lightening the load of petitions each clerk has to read, the pool frees the clerks to write more opinions for their justices. By the authors' estimate, each clerk in 1970 reviewed an average of 634 petitions, while in 2000 that number was down to 271.

"This is something they know they will have to face sooner or later," says Ward. "They may be just leaving well enough alone until Justice Stevens leaves. Then the question will be whether his successor joins the pool."

Lawmakers Call Again For Federal Food Safety Agency (USAT)

By Robert Davis And Ashley Bleimes

USA Today, September 26, 2006

While the search continues for the origin of an E. coli outbreak in bagged spinach, lawmakers are renewing calls for the creation of a single government agency responsible for the safety of the nation's food supply.

The Centers for Disease Control and Prevention reported Monday that the nationwide outbreak of E. coli O157:H7, believed to have originated on farms in three California counties, has risen to 175 infections in 25 states. One death has been confirmed.

Last year, the Safe Food Act of 2005 was introduced in the Senate by Sen. Dick Durbin, D-Ill., and in the House by Rep. Rosa DeLauro, D-Conn. The bill proposed the creation of a Food Safety Administration to assume all responsibility for food safety and oversight.

Proponents say such an agency would streamline the process of preventing, tracking and containing outbreaks, which is currently handled by 12 federal agencies and subagencies.

But the legislation has remained in congressional committees since its introduction. “In my view, if we already had a consolidated food safety agency … we might already have gotten to the bottom of this latest outbreak,” said DeLauro Monday by e-mail. “Perhaps it never would have occurred in the first place.”

DeLauro has requested a hearing before the House Energy and Commerce Committee before the current session of Congress adjourns on Oct. 6. Durbin has also requested a hearing in the Senate Agriculture, Nutrition and Forestry Committee.

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Contaminated foods kill about 5,000 Americans a year and sicken an additional 76 million, according to the CDC. “It's a big problem, and it's a growing problem,” says Caroline Smith DeWaal, director of food safety at the Center for Science in the Public Interest (CSPI), a Washington, D.C.-based advocacy group.

The U.S. Department of Agriculture is responsible for overseeing meat, poultry and eggs. The FDA is responsible for most other foods, although other federal agencies have lesser roles. They include the Environmental Protection Agency, the Department of Homeland Security and even the Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau.

In part because of safety strides made by the USDA and meat industry, produce is now the leading culprit in food-borne illness, DeWaal says. But the FDA gets only about a third of federal food safety funds, according to a recent government report. The USDA gets about twice as much.

In 2003, when CSPI data showed that the number of people sickened in outbreaks by produce (3,176) was more than triple the number stricken by beef (939), DeWaal urged Congress to boost FDA's resources or create a single federal food safety agency.

A report by the U.S. Government Accountability Office last year called for efforts “to reduce overlap and better leverage resources” in oversight of food safety. The report noted that other nations, including Canada, Germany and the United Kingdom, have combined fragmented systems into a single food safety agency.

Others disagree. “It makes no sense putting the inspection of live animals with the inspection of organic farms. They have nothing in common,” says Peter Barton Hutt, who was FDA's chief counsel in the 1970s. The fix, he says, is more funding.

“The problem is that FDA has been flat-lined in terms of budget for the last 10 years,” he says. “We are strangling the agency to death. The problem is not the lack of ability in the agency. We ought to take a very, very close look at how much money we are spending.”

“Whether a single food agency is the way to go, that is not for me to say,” says the FDA's David Acheson. “We work very cooperatively with our partners at USDA. We each have different regulatory jurisdictions. We talk a lot. We share information a lot. There is a lot of cooperation.”

From his view, he says, “The system is working.”

Bloggers Will Join Bush In Bill-signing Ceremony (WT)

By Stephen Dinan

The Washington Times, September 26, 2006

President Bush has invited bloggers to join him today as he signs into law a bill creating a database of federal spending -- a recognition of their role in forcing the bill through Congress over the objections of senior senators and an indication of how much bloggers are changing the political process.

A coalition of bloggers from the left and the right last month did what the Senate's Republican leadership could not: smoke out obstructing senators, bring public pressure to break their hold and move the bill to the Senate floor, where it passed by a voice vote.

"The bloggers mobilized Congress; Congress did not mobilize bloggers," said John Hart, spokesman for Sen. Tom Coburn, the Oklahoma Republican who teamed with Sen. Barack Obama, Illinois Democrat, to support the bill.

"It really does represent a revival of basic democratic values: that active citizens using tools of technology really can steer the political process," Mr. Hart said. "And what happened was profoundly subversive to the established political order."

The legislation will establish a searchable database of all federal contracts and grants, and most other spending.

The Bush administration supported the database as a way to improve transparency and accountability, but senior senators from both parties blocked the bill through a "secret hold," a parliamentary tradition that allows a single senator to obstruct legislation.

Bloggers mounted a drive to identify the obstructors, asking readers to call their senators and demand to know whether they were the culprits. The obstructors eventually acknowledged their role and relented.

One administration official called the bill the "'Blair Witch Project' version of legislation" because support grew by word of mouth through blogs.

Bill-signing ceremonies give the president, lawmakers and key interest groups a chance to proclaim victory. Bloggers say this is the first time they have been invited as a group.

"There's no doubt in my mind that without the attention paid to the bill by the bloggers it wouldn't be getting signed into law by the president," said Tommy Vietor, a spokesman for Mr. Obama.

"It was a bill that just made so much intuitive sense that no one could understand how Congress could not pass it, which got folks involved and brought a lot of pressure from bloggers on the right and left."

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Some of the bloggers also will have a chance to talk about their work on the bill tomorrow with Clay Johnson, deputy director for management at the Office of Management and Budget.

"They definitely showed a tremendous interest and a dogged determination to see this bill passed, and we are happy to invite them to the White House," said White House spokeswoman Dana Perino.

Glenn Reynolds, who led the charge from the right on his blogs Instapundit.com and Porkbusters.org, said blogs have given a voice to the constituency that wants spending controls and accountability. That means lawmakers can't talk about financial responsibility while getting away with profligate spending on pet projects.

"That's sort of the big news here," Mr. Reynolds said. "What blogs make it hard for people to do in a whole lot of different ways is tell one group of people one thing and tell another group something different, and hope nobody noticed."

Part of the bill's success may be attributed to the unlikely team of Mr. Coburn and Mr. Obama. They first collaborated on good-government efforts over Hurricane Katrina relief spending, and their cooperation on spending issues could be the model for finding agreement on entitlement relief.

Antipork Progress (WSJ)

The Wall Street Journal, September 26, 2006

As Republicans lurch toward November, they're trying to reclaim their birthright as fiscal conservatives. So far they're moved up to a D from an F, with a chance to still grab a gentleman's C.

In the small favors department, the House this month passed an "earmark" reform to bring more transparency to the runaway process of sticking pork into appropriations bills. Give House Majority Leader John Boehner credit for staring down his party's Appropriations Committee barons on this one; that's more than Tom DeLay or Roy Blunt ever did when they ran the majority.

Lawmakers will now have to sign their names to earmark requests, although the loopholes in this requirement are still large. The rule applies only to non-federal earmark recipients, which means that pet projects aimed at, say, the Department of Defense will still be secret. The definition of a "tax earmark" was also deliberately kept narrow, shielding many of those expensive giveaways.

It's also no accident that the new transparency rule won't apply to the 10 spending bills the House has already passed this year. Meanwhile, the Senate has yet to act, and the new House rule expires at the end of this Congress. GOP appropriators figure that they can block its renewal in January, when the election heat is off, assuming their bad spending habits haven't cost Republicans their majority.

In a better sign of progress, President Bush will today sign the "Federal Transparency Act," which will create a searchable public database of some $1 trillion worth of federal grants, contracts and loans. The brainchild of Senators Tom Coburn (R., Oklahoma) and Barack Obama (D., Illinois), the database will help the public identify the lawmakers who sponsor these provisions. The idea is to expose these favors to public scrutiny and force their authors to defend them.

The next test of GOP spending sincerity is whether the Senate will force an up-or-down vote on the "legislative" line-item veto. This would let a President strike out individual spending items from larger legislation, sending them back to Congress for an override vote within 14 legislative days. A simple majority vote would be enough to override, so this item veto isn't as powerful as the one that Republicans gave to Bill Clinton in the 1990s and was declared unconstitutional by the Supreme Court. But it would still give the President more leverage to kill the most egregious earmarks.

The House passed the item veto in June, but the Senate has failed to act. By our count, some 65 current Senators have voted for a version of the line-item veto at some point in the past. Eleven Democrats voted to give it to Mr. Clinton, and four more Democrats voted for a version of it while in the House.

Majority Leader Bill Frist should give Senators the opportunity to pass a bill designed to end the secret earmarking that has helped produce some of the corruption scandals in this Congress. Win or lose on the floor, Republicans would at least show they're trying to swear off their own worst spending excesses.

Anxious Dems Eye Power Of The Purse On Iraq (HILL)

By Bob Cusack

The Hill, September 26, 2006

Rep. Charles Rangel (D-N.Y.) will chair the powerful Ways and Means Committee if Democrats win control of the House next year, but his main goal in 2007 does not fall within his panel's jurisdiction.

"I can't stop this war," a frustrated Rangel said in a recent interview, reiterating his vow to retire from Congress if Democrats fall short of a majority in the House.

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But when pressed on how he could stop the war even if Democrats control the House during the last years of President Bush's second term, Rangel paused before saying, "You've got to be able to pay for the war, don't you?"

Rangel's views on funding the war are shared by many of his colleagues – especially within the 73-member Out of Iraq Caucus.

Some Democratic legislators want to halt funding for the war immediately, while others say they would allocate money for activities such as reconstruction, setting up international security forces, and the ultimate withdrawal of U.S. troops.

"Personally, I wouldn't spend another dime [on the war,]" said Rep. Lynn Woolsey (D-Calif.).

Woolsey is among the Democrats in Congress who are hoping to control the power of the purse in 2007 to force an end to the war. Woolsey and some of her colleagues note that Congress helped force the end of Vietnam War by refusing to pay for it.

Democrats in the House and Senate are united in their effort to conduct more oversight of the Bush administration's management of the Iraq war, but are not on the same page on how to fund it.

While the Senate could switch hands, political analysts say the House is more likely to flip.

Having lost the last two elections in part because of national security issues, Democratic leaders have been reluctant to spell out their exact Iraq war funding strategy.

"I don't think the Democratic leadership should put that out at the moment," Woolsey said.

But Democratic leaders will be under tremendous pressure from campaign donors and activists to take bold steps on Iraq should they be setting the legislative agenda in the 110th Congress.

"If we have the majority, it'll be because of Iraq," said Rep. Neil Abercrombie (D-Hawaii).

House Minority Leader Nancy Pelosi (D-Calif.) and other Democrats have called for a reduction in troops to begin no later than the end of 2006, but as Speaker, she could have significant power over troop levels in 2007.

"[Pelosi] has consistently stated that Congress must ensure that our troops have the resources they need," said Pelosi spokesman Drew Hamill.

Some Democratic congressional candidates have not embraced their leadership's position of a troop withdrawal timetable in Iraq and conservative Democratic members in the House and Senate could also prove problematic in close budget and appropriations votes.

The Out of Iraq Caucus represents less than 40 percent of Democrats in the House. However, the group consists of many senior lawmakers, including a one Democratic leader, Rep. John Larson (D-Conn.), eight who are in line to chair panels, the next head of the Congressional Black Caucus, Rep. Carolyn Kilpatrick (D-Mich.), and eight appropriators.

Rep. John Murtha (D-Pa.), the ranking member of the Appropriations defense subcommittee and the most outspoken Democrat on withdrawing from Iraq, has said he will mount a bid for majority leader should Democrats win the House in November. His bill to redeploy forces from Iraq has 105 cosponsors.

Still, Rep. James McGovern (D-Mass.), who has a bill seeking to prohibit funds to deploy armed forces to Iraq, says Democrats "have various positions on the war" and is skeptical that leadership will adopt an approach similar to his legislation.

He noted that his bill does not have many cosponsors (it has 18), and said despite the influential members of the Out of Iraq Caucus, "we all have one vote."

Republicans are quick to portray talk of withdrawal as a "cut-and-run" strategy as they seek to mock Democrats on homeland security weeks before Nov. 7.

The Bush administration has previously indicated that it presumes that Democrats may attempt to cut off funding for the war if they win control of Congress next year. But the political battle over the war may be fiercer than some White House officials anticipate.

According to a report in The Washington Post last month, White House spokeswoman Dana Perino asked, "How would they force the president to withdraw troops? Yell?"

Battling the White House on the war would be challenging, Democrats say, but they would be emboldened by the election results and Bush's standing as a lame-duck president with low approval ratings.

Abercrombie stressed that Democrats are not going to sever funding for the troops. Cutting off funding is "easy to say and another thing to do," according to Abercrombie.

What's more like likely, he said, is to fund the conflict in a way that will end the war by reallocating money to new initiatives.

"We're going to continue to give the troops everything they need," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.).

A House Democratic leadership aide said, "The bottom line is that should Democrats regain the House, Democrats will leave no soldier left behind in Iraq. As long as there's soldiers in the battlefield, funding will continue."

If Democrats control Congress, that funding likely would have strings attached. Most Senate Democrats backed a nonbinding measure earlier this year crafted by Sens. Carl Levin (D-Mich.) and Jack Reed (D-R.I.) that called for troops to begin

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to withdraw from Iraq, but the amendment did not set a withdrawal deadline. Another amendment offered by Sens. John Kerry (D-Mass.) and Russ Feingold (D-Wis.) set a redeployment of troops to be substantially completed by July 1, 2007 was soundly defeated, attracting only 13 votes. The Levin amendment fell short as well, garnering 39 votes.

Rep. John Spratt (D-S.C.), a Democratic leader in line to become the House Budget Committee chairman if Democrats win control of the House, said last month that he does not favor an immediate withdrawal: "I think we should tell the Iraqis that we're not going to pull out immediately. We're seeking still some positive outcome. We won't leave them in a lurch, but at the same time, we're not going to be there indefinitely or forever…" Spratt is in a challenging race to keep his seat this fall.

Rep. Maxine Waters (D-Calif.), chair of the Out of Iraq Caucus, declined to comment for this article.

For White House, War Of Words, At Least, Is Battle Where It Excels (NYT)

By Jim Rutenberg

The New York Times, September 26, 2006

WASHINGTON, Sept. 24 — Addressing Americans' views of the Iraq war, President Bush recently told an interviewer, "Most people want us to win."

Democrats heard a partisan implication in that statement that left them incredulous. "Like we want to lose?" asked Senator Joseph R. Biden Jr. of Delaware.

After Mr. Bush said at a Republican fund-raising event in Florida on Thursday that when it came to battling terrorists, "I need members of Congress who understand that you can't negotiate with these folks," Democrats were furious at what they heard as a suggestion that they backed a dialogue with Al Qaeda.

"No one in America thinks that," Senator John Kerry of Massachusetts said indignantly.

As the White House intensifies a campaign to paint its opponents as wobbly in the war on terrorism, Democrats say it is engaging in a rhetorical device that subtly distorts their positions to make them seem extreme or misguided, raising phantom positions and implying they belong to Democrats before knocking them down as dangerous.

Current and former administration officials say some cases cited by the Democrats are legitimate interpretations of Democratic positions through a deductive, if Republican, lens. Other times, they say, Democrats were seeing things that were not there.

Each side agrees, however, that the White House is seeking to draw as sharp a distinction between Republicans and Democrats on terrorism as possible, something it has done skillfully in the past two election cycles. And so far this year it has lived up to its reputation of being particularly adept at using carefully chosen language to cast its opponents as unflatteringly as possible — and to define their positions for voters before they can define them themselves.

If President Ronald Reagan was celebrated for his use of dramatic political imagery, and President Bill Clinton for his ability to exude empathy from the stump, this president, not known for particularly smooth oratory, could well be remembered for his perceived use of rhetorical sleight of hand that consistently ensnares and enrages his rivals.

It is a skill at which even Democrats marvel.

"It has been brazen but effective," said Jeff Shesol, a deputy director of speechwriting at the White House under Mr. Clinton.

Like other Democrats interviewed, Mr. Shesol predicted that the potency of Mr. Bush's political oratory would diminish this year. "I think a lot of us were initially caught off-guard by how effective it was," he said.

The White House began its latest rhetorical offensive three weeks ago in an effort to transform the fall elections from a referendum on an unpopular president and war into one on the Democrats and national security.

In what may have been the leading edge of the effort, Defense Secretary Donald H. Rumsfeld, in a speech about the Iraq war to veterans late last month asked pointedly, "Can folks really continue to think that free countries can negotiate a separate peace with terrorists?"

But the Pentagon declined to provide an example of anyone who had proposed peace negotiations with terrorists.

The Pentagon press secretary, Eric Ruff, said Mr. Rumsfeld was speaking rhetorically and had nobody specifically in mind when he raised the questions.

"The secretary's speech was not intended to be a partisan speech," Mr. Ruff said. "It was a speech designed to raise important questions facing the United States and the free democracies around the world."

Similarly, Mr. Bush's press secretary, Tony Snow, said the president was not pointing fingers late last month when he said in an address to the American Legion, "We can decide to stop fighting the terrorists in Iraq and other parts of the world, but they will not decide to stop fighting us."

Democrats took that as an accusation that they were somehow calling for a break in the pursuit of terrorists.

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And Mr. Snow said Mr. Bush did not have Democrats in mind on Thursday when he said at a reception for Gus Bilirakis, a Republican Congressional candidate in the Tampa Bay area, that he needed help from lawmakers who "understand you can't negotiate with" terrorists. Nor was the president impugning Democrats when he told The Wall Street Journal this month that "most people want to win" in Iraq, Mr. Snow said.

In an interview Friday, Mr. Snow accused Democrats of engaging in "exegetical work" in seeking evidence of something that was not there and "protesting too much" in the face of accusations that Mr. Bush was not, in fact, hurling.

"I don't think the president's ever said the Democrats want to negotiate with these people,'' he said. "He's trying to make a dramatic point you can't reason with them. I just don't understand it when you express umbrage at a statement that wasn't aimed at you."

He added, "I defy you to find a directly personal insult from the president that would compare with, or that is as bald or direct as, calling him a loser or a liar."

Mr. Snow was referring to comments from the Senate minority leader, Harry Reid of Nevada. In 2005 Mr. Reid called Mr. Bush "a loser" when speaking to a group of high school students; he called him "a liar" in 2002 over a White House decision to send nuclear waste to a site at Yucca Mountain, Nev.

Jim Manley, a spokesman for Mr. Reid, said, "At least he acknowledged what he said." Mr. Manley also noted that the senator had apologized for the "loser" comment (but not for using the word "liar"). He said that was in contrast with the White House, which, Mr. Manley said, "sets up these straw men that allow them to lodge charges without accepting responsibility for them."

Democrats are trying to use their arguments to their own advantage. In an e-mail message Monday, Representative John P. Murtha of Pennsylvania solicited donations by citing a charged statement recently made by Representative John A. Boehner, Republican of Ohio, who told reporters, "I listen to my Democrats friends, and I wonder if they are more interested in protecting the terrorists than protecting the American people."

The White House is hardly alone in its pointed use of language against political opponents. Democrats have countered the Republican description of their calls for a timetable for withdrawal from Iraq as a "cut-and-run" position with a dismissive description of the president's plan for Iraq as "stay the course." The White House complains that that ignores the regular change in tactics in Iraq that Mr. Bush approves.

Republicans often complained that Bill Clinton used so-called straw-man arguments against them from the Oval Office to great effect. Frank Luntz, a Republican pollster who regularly studies the effect of language on voters, said Mr. Clinton was particularly good as president at attacking Republicans for being "partisan," a partisan argument on its own face.

But Mr. Luntz said of Mr. Bush's White House, "When they are on their game, when they care about their game, no one's better at it."

Adam Levine, a former assistant press secretary for Mr. Bush, described the process as taking opponents' positions to their logical conclusions.

"The way that it works is, you take the other side's view, and you articulate what it sounds like to you," Mr. Levine said. "It also is effective rhetorically because it at least on its face acknowledges the other side's argument, even if it is an extreme version of it."

Democrats say that having the Oval Office behind the accusations can make them harder to combat, because they have no similarly powerful platform from which to rebut them.

"You want to smash your head against the wall when he does it," Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, said of Mr. Bush. "It's remarkably frustrating, like that kid in second grade who puts his finger in your face and says, 'I'm not touching you.' "

But this year, said Mr. Singer's boss, Senator Charles E. Schumer of New York, who heads the committee, "it just won't work as long as Democrats answer back, and answer back strongly."

He will know for certain in six weeks.

GOP Brass Agonizes Over Leadership Votes (HILL)

By Patrick OConnor

The Hill, September 26, 2006

House GOP leaders cannot decide whether to hold leadership elections the week after the midterm elections.

Their uncertainty is a sign of Republican unease and suggests that officeholders may postpone the contests for their jobs if the party suffers heavy losses.

House Republicans elect new leaders during an organizing conference traditionally held the first week after the election, but this year, leaders appear torn on when to hold that conference.

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The House Administration Committee has scheduled a conference meeting for Wednesday, Nov. 15, the week after the midterm, when new lawmakers come to Washington for orientation. But Speaker Dennis Hastert (R-Ill.) said last week that leaders had not yet decided whether to hold elections that day.

The Speaker's office is responsible for convening an organizing conference, according to internal GOP rules for both the 109th and 108th Congresses, but Hastert deferred a question about the the leadership election to Administration Committee Chairman Vernon Ehlers (R-Mich.).

"The chairman is working on that schedule," Hastert said.

But earlier in the month, Ehlers said it was the Speaker and other leaders who would decide the issue. At the time, he said the agenda for the Wednesday conference meeting was not yet set.

"That's the only thing that we haven't gotten together," Ehlers said, adding that that was a question for the leaders to address.

Republican Conference Chairwoman Deborah Pryce (R-Ohio), whose office notified members of the most recent leadership election last January after much internal deliberation, said last week that she was focused on her reelection campaign and her staff would handle preparations for that meeting. The Ohio Republican faces her first uphill election battle in years because the political climate in the Buckeye State strongly favors Democrats.

As questions swirl about the length of a lame-duck session — Senate leaders suggest a short session while House leaders talk of working into December — the week after the election appears to be the most convenient moment to convene an organizing conference before the year ends.

The GOP's rules dictate that the Speaker must schedule an election "not later than the 20th day of December," according to a copy of the manual obtained by The Hill.

A spokesman for the Republican Conference said no members have inquired about the date for leadership elections and that the office has not done any planning for the reorganization session.

Newly elected Republicans, who will have a vote, are scheduled to be in town only in that first week after the Nov. 7 election, so the Speaker or Conference chairman would have to call members back to Washington if leaders postpone the organizing conference.

Members must vote on the eight elected leadership positions, beginning with the Speaker and concluding with the chairman of the National Republican Congressional Committee (NRCC). Each current leaders must stand for reelection.

Hastert and Majority Leader John Boehner (R-Ohio) are not expected to face a challenge if Republicans hold the House. Boehner is widely expected to remain as leader if Hastert retires in the wake of a GOP defeat.

"I would expect John Boehner will stay on," said a senior Republican who has been an occasional critic of the leader, "The conference will give him the benefit of the doubt."

Post-election reorganization could be muddled if Hastert retires because his chief counsel, Ted Van Der Meid, oversees many procedural matters such as the organizing conference or the Republican Steering Committee, which slots the committees, several aides said.

Whatever the outcome in November, rank-and-file Republicans are expected to challenge leaders low on the ladder, but preparations for a run have been muted because Republicans are so focused on retaining control of the House; open solicitations would be viewed as disloyal in that environment, many members have said.

Pryce may not preside over the races even if she does win reelection because "the Speaker, in consultation with the elected leadership, shall designate an officer to preside until such time as the election of a Conference Chair is concluded," the rules state.

Despite a tough reelection fight and constant chatter about her weakened status within the leadership, Pryce has out-raised many of her presumed challengers. She has contributed $708,500 to GOP candidates through her political action committee, Promoting Republicans You Can Elect, as of the end of July.

The Democratic Caucus also has a meeting scheduled for that first Wednesday back, Ehlers said, but their internal rules have a built-in cushion that prevents them from holding leadership elections that day. Caucus rules state, "this meeting shall not be scheduled sooner than nine (9) days after the November election," according to a copy obtained by The Hill.

A spokeswoman for Democratic Caucus Chairman James Clyburn (S.C.), who would preside over the meeting until another caucus chairman is elected, said details of the organizing caucus have not yet been set.

The Democratic leader sets the time and place of that meeting and must inform members of the caucus in writing about details of the process at least seven days before the election.

While Minority Leader Nancy Pelosi (D-Calif.) is expected to remain the highest-ranking Democrat whatever the outcome on Nov. 7, there could be a rush for other positions.

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Rep. John Murtha (D-Pa.) has already declared his intention to challenge Minority Whip Steny Hoyer (D-Md.) for the leader's post if Democrats regain control of the House for the first time since 1994. Other members are expected to mount similar campaigns.

While politics will dominate that first week back, with political Washington chewing over the midterm results in preparation for 2008, much of the schedule deals with procedural matters regarding newly-elected freshmen and legislative matters pending during the lame duck.

The Speaker last week dismissed rumors that members would pass a continuing resolution this week to fund the federal government through the end of the year. Members should therefore be back to at least deal with a large omnibus spending bill.

"Well, it doesn't look like the Senate is going to finish" its appropriations bills, Hastert said, "so we're going to be back."

For freshmen, the week will be full of firsts – as well as some procedural basics, such as seminars on hiring staff and working BlackBerries or the freshman room draw on Friday.

Ehlers said his committee staff sent letters this month to more than 1,800 registered candidates to notify them about orientation week. The session begins that weekend and concludes with the room draw on Friday.

The committee has also scheduled two ethics seminars, one more than in years past, following a spate of revelations about congressional corruption that have plagued the House during the 109th Congress, which includes the recent announcement that former Administration Committee Chairman Bob Ney (R-Ohio) would plead guilt to federal corruption charges for his stint in an alcohol-abuse rehabilitation facility.

— Josephine Hearn contributed to this article.

Medicare Center Names Acting Director (AP)

By Kevin Freking

AP, September 26, 2006

A lawyer who has served in two Bush administrations has been named the acting chief of the Centers for Medicare and Medicaid Services, federal officials said Monday.

Leslie Norwalk, 40, has served on the senior leadership team at the agency for the past five years, currently as the deputy administrator. She will succeed Mark McClellan, who recently announced that he is stepping down.

As the acting director, Norwalk will oversee the government health care programs for the elderly and the poor. The agency is responsible for $1 out of every $3 spent on health care in the United States.

"She is a nationally recognized expert on Medicare issues and played a central role in the successful implementation of the prescription drug benefit and other reforms to Medicare and Medicaid," said Mike Leavitt, secretary of the Health and Human Services Department. "I also tapped her to work with the people of Louisiana in redesigning their health care system in the wake of Hurricane Katrina."

Prior to joining CMS, Norwalk practiced law in the Washington office of Epstein, Becker and Green. She also served in the first Bush administration within the White House Office of Presidential Personnel.

Norwalk could oversee CMS for several months, or even years, depending upon when President Bush nominates a permanent replacement for McClellan. She will assume the acting administrator role effective October 15.

One of Norwalk's first tasks will be overseeing the next enrollment period for the prescription drug benefit, which begins Nov. 15.

Medicare Debacle (HILL)

By Lawrence A. Hunter

The Hill, September 26, 2006

In an attempt to help stop spiraling inflation during 1970's, Congress thought it would try placing price controls on the fees doctors could charge under Medicare. While the increase in doctors' fees was in fact held to about three percent a year after price controls were imposed, the cost balloon swelled out elsewhere: Doctors' claims for services rendered under the program jumped dramatically, and the overall cost of Medicare continued to go up about 10 percent a year. Price controls failed completely to keep Medicare costs down.

Why did this happen? In a free market, the minute controls are imposed to keep prices below market-clearing levels, demand for the good or service in question rises, supply begins to dry up and quality of the goods that are sold declines. Shoddiness develops and shortages emerge. Just the opposite appeared to happen with Medicare. Why?

The reason is, Medicare is not a free market; it is a gigantic welfare program in which the taxes people pay as workers to support the program are completely disconnected from the benefits they receive as Medicare recipients. The Congress would have us believe there is a lot of "competition" in Medicare. It's true that under Medicare Parts A (inpatient and skilled-nursing

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services) and B (physician services), patients may choose their own doctors and hospitals, and under the Part-D Prescription Drug program they may choose from among a wide range of private-sector drug "insurance" plans. But despite this competition on the supply side, these are one-sided markets because while producers compete, someone else is paying the bills for consumers. With no skin in the game, consumers have no effective brake on their demand, and health-care providers under Medicare have every incentive to provide more services.

To be effective, markets require not only competition among producers seeking to maximize profits but also consumers with skin in the game and incentives to optimize product quantity and quality while minimizing their expenditures. Competition among producers without consumers with skin in the game is the economic equivalent of one hand clapping. It takes two to Tango, a pair of hands to clap and producers and consumers alike with skin in the game to make markets work.

In a welfare program like Medicare where government pays the bills for consumers, a surfeit of demand is soon matched by a shortage of supply even though that might not appear to be so initially. When physician fees are capped, the number and complexity (or volume and intensity) of services furnished to Medicare beneficiaries simply increase, including more frequent and intensive office visits, and a rapid increase in the use of imaging techniques, laboratory services, and physician-administered drugs, which will lead to price caps on pills and procedures in fairly short order. (According to a study by the World Bank, for every dollar that price controls reduce doctors' fees under Medicare, physicians recoup 40 cents by increasing volume.)

Yet despite this confirmation of the laws of economics, Congress persists in its hubris to eclipse the economic laws of nature and continues to impose price controls on doctors' fees and now with a too-cute-by half measure reinforces the caps on prices with additional regulatory limitations intended to staunch increases in physician service utilization—all of which goes under the Orwellian euphemism of the "sustainable growth rate system." Under the SGR system, the price-controlled fee the government allows physicians to charge under Medicare is allowed to creep upward each year subject to the sustainable growth rate (SGR) formula, which ties annual fee increases to GDP growth and contains an expenditure target that mandates a reduction in physician payments in the following year if the volume of physician service utilization in the current year exceeds certain volume parameters.

Dr. Hunter is former staff director of the Joint Economic Committee and currently consults for the pharmaceutical industry and serves as Senior Fellow at the Institute for Policy Innovation.

Private Operators Take Calls In A Pinch (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, September 26, 2006

When a Department of Veterans Affairs laptop computer was stolen in May, putting the sensitive personal information of millions of veterans at risk, VA officials sought to quell concerns by providing a toll-free number to call.

The calls poured in, about 250,000 in all. The people answering the phone, though, were not federal civil servants at the department's D.C. headquarters but contract workers in commercial call centers in far-flung places such as North Hollywood, Calif., Lock Haven, Pa., and Sergeant Bluff, Iowa.

Increasingly, federal agencies are outsourcing toll-free lines in times of crisis -- both to ensure that every call from a citizen is answered and to free agency staff members to deal with the crisis itself, federal officials said. Federal contractors routinely field calls from Americans worried about friends or relatives when a hurricane hits, when terrorist bombs go off in places such as Bali, Madrid and London and, most recently, when war broke out in Lebanon.

"The trend seems to be leaning more this way," said Martha Dorris, deputy associate administrator of the General Services Administration's Office of Citizen Services, which arranges emergency call center contracts with private firms for agencies. "We've got everything basically in a template so that we can work with them quickly so they can get [a toll-free line] up as quickly as possible."

The GSA has answered routine public queries about the federal government since 1966, most recently by contracting out the work to a large call center run by ICT Group in Lakeland, Fla. Operators there handle 1.7 million calls to 800-FED-INFO every year, fielding questions about Social Security, veterans' hospitals and other federal benefits and programs.

In 2001, however, shortly after the Sept. 11 terrorist attacks, the State Department asked the GSA for something more: a dedicated line that Americans planning to travel abroad could call to learn about security concerns in various countries.

"The State Department has this information online, but they wanted people to be able to call an agent and get the same information by phone," said Teresa Nasif, director of the GSA's Federal Consumer Information Center, which oversees the service.

In its first year, there were 27,923 calls to the number (888-407-4747), all answered by agents in the National Call Center in Lakeland, Nasif said. The agents handled basic questions and redirected more complex queries to State Department desk officers.

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State officials then asked the contractor to handle calls about other subjects, too, such as international adoption. Most recently the line was used to help Americans in war-torn Lebanon register for evacuation. The line had received nearly 114,000 calls this year even before the Middle East's latest war broke out.

"We answer the phone for the State Department day in and day out," Nasif said.

Soon other agencies began requesting similar help, Nasif said. Beginning in 2004, the GSA assembled a pool of five companies that could be summoned in a pinch to bid on short-term contracts to handle agency calls that spike during emergencies. In addition to ICT, the companies include Datatrac Information Services Inc. of Richardson, Tex., Lockheed Martin Aspen Systems of Rockville, Pearson Government Solutions of Arlington, and TeleTech Government Solutions of Herndon.

All of the agreements require the contractors to use agents based in the United States, Nasif said.

The system got its first test in the summer of 2004, when four hurricanes hit Florida over a six-week period, drawing more than 400,000 calls to the Federal Emergency Management Agency. That was dwarfed, though, by the 1.5 million calls the contractors handled last year in the aftermath of hurricanes Katrina, Rita and Wilma.

Whereas the basic contract for the Lakeland call center pays ICT about $5 million a year, more lucrative emergency contracts have reached as high as $50 million, Nasif said.

Mike Walcoff, associate deputy undersecretary of veterans affairs for field operations, said the toll-free line was a timely and valuable service for veterans in the weeks between the disclosure of the laptop theft and the announcement that the equipment been recovered, the sensitive personal information apparently intact.

"Veterans were able to easily get through on the phone lines," Walcoff said. "The information given to them was accurate. The call centers were responsive to our needs throughout."

Some veterans said they found the hotline and a Web page stocked with similar information helpful. Others complained that the telephone agents appeared to be reading from a script and sometimes did not give direct answers.

"The toll-free number was useful, but its operators were unable to answer every veteran's primary question, which was: 'Am I on the list?' " said Joe Davis, a spokesman for Veterans of Foreign Wars.

Report Offers Improvement Plan For Government Hiring (WP)

By Stephen Barr

The Washington Post, September 26, 2006

Complaints about the federal hiring process are long-standing. Job applicants say it takes too long and is too confusing and that they often wait for much of a year without feedback on where their application stands.

In response, the government has tried to speed up the hiring process. Agencies are increasingly using computers to decrease processing time. The Office of Personnel Management has developed a 45-day hiring model. Still, hiring takes time, in part because many jobs require medical and security clearances (and some background checks can take a year or longer).

The larger question, however, is whether the government is identifying and selecting the best applicants. Public opinion surveys suggest relatively few college graduates see the government as a first choice when job-hunting, and a new study by the Merit Systems Protection Board suggests that the government needs to do a better job of selling itself. The board is a quasi-judicial agency that oversees civil service principles.

"The Government does not do an adequate job of marketing itself to a labor force that currently believes the private and non-profit sectors can provide more rewarding, challenging and developmental experiences," the board's report said. "To compete, the Government needs to sharpen its recruiting skills and improve communications with potential applicants."

To address these challenges, the report recommends that the government tighten hiring procedures to emphasize quality and not just speed.

According to the report, from the board's policy and evaluation office headed by Steve Nelson , the government has some bad habits that may be undermining its goal of hiring the best and brightest.

For example, the report points out that many agencies base hiring decisions on grade point averages, even though research has shown that an applicant's GPA does not indicate whether a person will succeed in the workplace.

The "outstanding scholar program," created in 1981, permits agencies to hire college graduates who have a 3.5 GPA or are in the top 10 percent of their class without requiring them to compete against other applicants -- the traditional civil service hiring practice -- and without any assessment of their ability to do the job.

The MSPB report asserts that not all 3.5 GPA applicants make good employees and that some of them are hired many years after they complete college and may hold degrees with little relevance to their federal job.

The outstanding scholar program was created to help bring minorities into the government, but the report indicates that many agencies use it as a way to bring applicants on board quickly for administrative and professional jobs without regard to their minority status.

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When hiring, agencies should put more emphasis on giving tests that measure spatial, verbal and math skills and on "structured interviews" that solicit consistent types of information from job applicants, the report recommends.

The report urges agencies to look at hiring as a business decision to be made by senior managers. "The actual cost of hiring the wrong person for a job -- including wasted salary, benefits, severance pay, training costs and hiring time -- can be up to three times the employee's salary," according to the report.

Agency leaders "must acknowledge just how much impact the hiring process has on mission accomplishment" and hold subordinates accountable when they do not make top-notch hires, the report recommends.

The report also urges the Office of Personnel Management, which oversees government-wide hiring policies, to work with Congress and an interagency personnel council to review the needs of agencies and to make it easier for job applicants to navigate the hiring process.

OTHER NEWS:

Homes Post Price Drop For August (NYT)

By Jeremy W. Peters

The New York Times, September 26, 2006

Home prices fell in August compared with a year earlier, the first such decline in more than a decade.

The August price data came with a report issued yesterday by the National Association of Realtors that showed further evidence of deterioration in the housing market.

As median sales prices for existing homes slipped to $225,000 from $230,000 in July — pushing them 1.7 percent lower than in August 2005 — sales fell and the backlog of unsold homes continued to rise, the report said. The last time prices fell from their year-earlier level was in April 1995.

But while the market slide is almost certainly not over, the report suggested that it might be beginning to ease. Existing-home sales have been falling steadily in recent months, but the month-to-month decline in August was the smallest since March.

Sales dropped 0.5 percent from July to August, to a seasonally adjusted annual rate of 6.3 million units, the Realtors association said. That compares with a decline from June to July of 4.1 percent.

"I'd expect home sales to continue softening, but perhaps not at the dramatic pace we saw a little earlier," said Celia Chen, director of housing economics at Moody's Economy .com. "The markets are just very overvalued right now.''

If the sales trends are leveling off, however, prices still appear set to fall further.

David A. Lereah, chief economist for the Realtors association, said the price drop was a taste of what the market should expect in the coming months. But he predicted that prices would probably improve next year.

"We're in for a ride right now," Mr. Lereah said. "This is the first of many price corrections for the remaining months of the year — for at least the next three or four months."

Until this year, the housing sector had enjoyed a boom of more than half a decade, chalking up ever higher numbers of sales and rapidly rising prices. But it has been shrinking under the impact of rising mortgage rates and a slowing economy.

As the Realtors and economists see it, falling prices may be just what the housing market needs before sales can revive again. In some regions of the country last month, sales rose where prices fell. In the Northeast, sales rose 1.9 percent as the median price fell 3.9 percent, to $271,000. In the Midwest the pattern was the same: sales were up 0.7 percent and the median price was down 1.1 percent, to $176,000.

The opposite occurred in the West. While prices have held steady there this summer, sales have fallen. In August, sales dropped 2.3 percent while the median price rose 0.3 percent, to $345,000. Compared with a year earlier, sales have fallen 22.8 percent.

"Something's going to give in the West," Mr. Lereah said. "The correction has not occurred in the West yet. Sellers are stubborn there."

In the South, sales volume in August was 0.8 percent lower than July 2006 and 7.4 percent lower than August 2005. The median existing-home price fell 2.6 percent, to $184,000, from July to August.

By comparison, data from the federal government has shown prices leveling off for some time. A report from the Office of Federal Housing Enterprise Oversight released this month showed that prices nationwide increased 1.2 percent in the second quarter, the weakest gain in almost seven years.

Some economists prefer the government's price data because it tries to adjust for changes in the quality and size of homes sold from one year to the next.

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The Realtors association numbers do not take into account incentives by sellers, which could skew their median price numbers higher.

At the end of August, there were so many unsold homes on the market that it would take seven and a half months to sell them all at the current sales pace. The association said that was the biggest backlog since April 1993.

Economists said that as the number of unsold homes on the market continued to rise, sellers would have little choice but to cut prices.

"With the supply of unsold homes reaching yet another record high, there is only one way this market can clear, and that is through even further price falls," wrote Dimitry Fleming, an economist for ING Bank. For all the worries about declining prices, though, Joshua Shapiro, chief United States economist with MFR, said the price decline in August should be viewed in the context of a 111 percent increase in the median single-family home price over the last 11 years.

"The underlying trend here is one of stable to modestly lower prices after the sharp gains seen for many years," he wrote in a research note. "It should not be a huge shock that we are seeing a price correction."

Prices Of Existing Homes Fell In Aug. (WP)

By Tomoeh Murakami Tse

The Washington Post, September 26, 2006

The median price of existing homes fell in August, compared with a year earlier, the first year-over-year drop in 11 years, according to an industry report released yesterday.

The report by the National Association of Realtors also said that home sales fell to the slowest pace in more than two years and that the supply of unsold homes ballooned to the highest level in 13 years.

After a year of cooling activity, the latest signals from the weakening U.S. housing market came as no surprise to analysts, who had expected a slightly larger drop in sales. Many said they expected the market to decline further in coming months, although they differed on the extent.

Existing-home sales dropped 13 percent, compared with August 2005, to a seasonally adjusted annual rate of 6.3 million units from 7.2 million. At the slower sales rate, the 3.9 million homes on the market would take seven and a half months to sell, the largest supply since April 1993.

The median sale price of previously owned homes fell 2 percent to $225,000 in August, compared with $229,000 a year earlier. The median is the point at which half the homes sell for more and the rest for less. The last time the national housing market posted a year-over-year decline in existing home prices was in April 1995, when prices dropped a tenth of a percent.

David Lereah, chief economist for the NAR, said he expects prices to continue declining through the rest of the year and characterized 2007 as "the year of modest recovery."

"Prices got too high," he said. "Buyers are not going to buy unless prices come down. That's the only way the bleeding will stop on the sale side."

Lereah said that has already been happening in the Northeast, where the median price is down by 4 percent, compared with the same period last year. There, the sales pace was up 2 percent compared with July and down 12 percent from a year earlier.

In the South, which includes the Washington region, prices were down 3 percent from August of last year. The sales pace was down 1 percent from July and 7 percent from a year earlier.

John Lonski, chief economist at Moody's Investors Service, also said he expected year-over-year prices to decline through the end of the year.

"I would be very much concerned if home-price deflation lasted into 2007," he said. "If that were to occur, then recession risks would approach 50-50."

Peter Morici, an economist at the University of Maryland at College Park, said prices could keep declining into early next year. Home values will "begin to go up again within a year or two," he said.

"With the kind of appreciation we've been looking at, this is nothing to panic about," he said.

Home Prices Likely To Fall More (USAT)

By Noelle Knox

USA Today, September 26, 2006

Home prices are projected to fall for the rest of the year, the National Association of Realtors said Monday, with sellers being forced to accept a new reality: Buyers now wield the power, with the supply of homes for sale at a 13-year high.

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The median-priced U.S. single-family detached home — half cost more, half less — fell 1.7% in August to $225,700, compared with a year ago. The decline is no doubt jarring to sellers, who haven't seen prices fall nationally since April 1995. The price drop was also sharp, the second-steepest in 38 years.

Sales of existing homes, meantime, fell for the fifth month in a row.

"The housing bubble has burst; this is just the confirmation," says Joel Naroff of Naroff Economic Advisors. "The housing market is in trouble right now. I think it's finally in the process of moving toward finding a bottom," which he expects will take six months.

Sales of new and existing homes, as well as building permits and new construction, are all off 10% to 25% in the past year. The confidence level of builders, who are slashing profit forecasts and seeing their stocks pounded on Wall Street, plunged this month to the lowest in 15 years, the National Association of Home Builders says.

"We have a serious correction taking place in the housing sector," Richard Fisher, the Federal Reserve president in Dallas, said in a speech Monday. Last week, the Fed voted again to hold interest rates steady and said weakness in housing was a key factor in its decision.

"This may be the most overanticipated and overanalyzed downturn in history," Fisher said. "One prominent CEO told me the only situation that's received more intense analysis than the housing market was the birth of Brad Pitt and Angelina Jolie's baby. "

Still, the pace of the downturn has surprised several economists, including Ian Shepherdson of High Frequency Economics.

"The speed of the collapse has been astonishing," Shepherdson says. "This time last year, single-family home prices were up 16.4%. With inventory still rising, there is no chance of any short-term relief. Prices and volumes have a long way to fall."

To bring buyers back into the market, sellers simply have to lower their prices, said David Lereah, the NAR's chief economist.

Lereah has repeatedly cut his forecast for the housing market this year and says he's now unsure how deep the correction will turn out. Sales of existing homes fell 0.5% in August to a seasonally adjusted pace of 6.3 million. There's now a 7.5-month supply of homes for sale, up 60% from last year.

"If we have prices drop for the rest of the year and sales also continue to drop, then we will have a bad situation in housing of balloons popping rather than air coming out," Lereah said.

Either way, he says, "It's a buyer's market."

Data On Homes Cause Jitters (LAT)

By Tom Petruno, Times Staff Writer

The Los Angeles Times, September 26, 2006

Housing prices decline nationally for the first time since 1995 and inventory sets a record. The slump poses two big threats to the economy.

Home prices nationwide declined last month for the first time in more than a decade, raising new concerns about the real estate slump and the damage it might do to the rest of the economy.

The 1.7% decline in the median price of existing homes sold in August was the first year-over-year drop since April 1995, the National Assn. of Realtors said Monday. Also, the number of houses sold fell for a fifth straight month and the supply of unsold homes on the market rose to a record.

The price picture is slightly brighter in Southern California, but home builders, real estate agents and loan brokers here are starting to feel the pain. Los Angeles-based KB Home said last week that new-home orders on the West Coast plunged 58% in the three months ended Aug. 31 compared with a year earlier. Countrywide Financial Corp. of Calabasas, the nation's biggest mortgage lender, warned workers last week to brace for layoffs.

"Things are clearly turning down pretty hard" for residential real estate, said Jan Hatzius, an economist at investment firm Goldman, Sachs & Co. in New York. "You're going to have some payback from this" in the economy overall, he said.

Just how much payback is in store — and how consumer spending may be affected by the downturn — is a matter of growing debate among economists.

Many analysts believe that the economy is strong enough to avoid falling into recession even if housing continues to weaken. "You have to be careful not to exaggerate how much [housing] dampens the economy given that everything else other than the auto sector is doing well," Federal Reserve Bank of Dallas President Richard Fisher said after a speech Monday.

But the real estate boom of the last decade has been unprecedented in size and scope, which raises the risk that the downside also could exceed forecasters' best guesses, said Eric Belsky, executive director of Harvard University's Joint Center for Housing Studies.

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After any boom, "there's a tendency to predict a more gradual unwinding than actually occurs," he said.

Housing's troubles pose two main threats: one to millions of jobs directly dependent on the business, the other to homeowners' willingness and ability to spend if they feel poorer because of the trend in property prices.

About 10 million jobs are tied directly to residential real estate, from construction workers to escrow agents to the clerks at the local hardware store, Goldman Sachs estimates. That's about 7% of total U.S. employment. Some analysts believe the total is closer to 10%.

Soaring job growth in construction, real estate sales, mortgage lending and related businesses helped buoy otherwise anemic employment gains from 2001 to 2004 as companies hired to meet the spectacular appetite for homes.

Some housing-related businesses already have begun to jettison workers. Calabasas-based builder Ryland Group Inc. says it has cut its workforce by 10% this year nationwide to 3,000.

"Everyone is tightening their belts," said Irene Genders, president of the California Escrow Assn. "We're expecting this to be a little while."

Still, employment cuts overall have been modest, at least as measured by government payroll data, which don't pick up freelance workers. Payroll jobs in residential construction totaled 3.31 million in August, off just fractionally from the 3.33 million at the start of the year, Labor Department data show.

Andy Perkins, San Diego branch manager for Orco Construction Supply, said he believed that job losses were just beginning as housing projects finish up and builders find little or no new demand.

More construction equipment is coming back to his stores rather than moving to another job, Perkins said. "San Diego has set the trend for the business falling off the shelf" in single-family homes, he said.

Goldman Sachs estimates that the housing sector nationwide could shed 1.5 million to 2 million jobs over the next several years as the industry retrenches. The result could be to reduce total U.S. employment growth to a monthly average of 100,000 jobs in 2007, from an average of 150,000 a month over the last three years, the firm said.

Direct employment in real-estate-related industries is just part of the equation when measuring the sector's influence on the economy. There also is the so-called wealth effect that housing prices have on consumers' spending.

Rocketing home prices over the last decade provided many Americans with an income windfall, either from the outright sales of houses at a profit or from mortgage refinancings or credit lines that allowed homeowners to cash in some of their accumulated equity.

A study coauthored by then-Federal Reserve Chairman Alan Greenspan last year estimated that mortgage-equity withdrawals tied to surging real estate values added $600 billion to consumers' disposable income in 2004 alone, making up about 7% of the total that year.

But home prices are now slipping. The National Assn. of Realtors said the median price for a previously owned home, including condominiums, fell to $225,000 in August, down 1.7% from a year earlier.

"Prices are going to get worse before they get better," said David Lereah, chief economist at the Realtors' association, citing the glut of homes on the market. The for-sale inventory reached 3.92 million units in August, up 1.5% from July and a 7 1/2 -month supply at current sales rates.

In California, prices are still rising, but more slowly. The statewide median price of a previously owned, detached single-family home was up 1.6% in August from a year earlier, to $576,360, but home sales plunged 30%, the California Assn. of Realtors said Monday.

In Southern California, the median price of all homes and condos rose 2.7% last month from the year-earlier level, to $489,000, according to DataQuick Information Systems.

As home prices level off or decline, the risk is that consumer spending also could weaken significantly. And because that spending accounts for two-thirds of U.S. economic activity, a marked slowdown could threaten to chill the economic expansion that began in 2001.

Hit by record gasoline prices, consumers began to cut back on spending in the second quarter, reducing real U.S. gross domestic product growth to an annualized rate of 2.9%, down from 3.2% for all of 2005.

But predicting how consumers' spending will change because of the end of the housing price explosion is a tough call, many analysts say.

John Silvia, an economist at banking firm Wachovia Corp. in Charlotte, N.C., said that although consumers unquestionably benefited from the housing-appreciation windfall, people's spending patterns generally depended on whether their employment income was rising.

"Consumption is driven by income. As long as that income growth is there, consumers will go back to their spending patterns" in place before any bonuses they enjoyed, Silvia said.

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So far, the psychological hit from ebbing home prices is being tempered by rising personal income and by a relatively low unemployment rate of 4.7%, said Stuart Gabriel, head of the USC Lusk Center for Real Estate.

What's more, the long run-up in home values has given many people a reservoir of untapped equity. "Most people still have a ton of money in their houses," said Scott Simon, a real estate expert at Pacific Investment Management Co. in Newport Beach.

Falling energy prices and lower interest rates also may soften the blow from housing weakness.

Oil prices have dropped 20% since July, paring prices at the pump. And mortgage interest rates have been easing, which could lessen worries about rising home foreclosures in 2007 as some homeowners with floating-rate loans face payment hikes.

Set against a strong U.S. and global economy, the downturn in housing may at worst shave about 1 percentage point off U.S. growth in 2007, many forecasters now say. That could mean growth of about 2% — slow but still respectable for an aging economic expansion.

But Goldman's Hatzius said the risk was that housing could see a much harder landing than now appears reasonable.

"We have never seen the kind of housing boom nationally that we've seen over the last six or seven years," he said. "So to know what's on the other side of the boom is very difficult."

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(INFOBOX BELOW)

Foundation crack?

A glut of homes . . .

. . . bodes ill for jobs in housing sector

Number of jobs tied to the housing market in 2005

(in millions)

Trade contractors: 4.4

Construction workers: 1.8

Real estate agents: 1.4

Property managers: 0.9

Mortgage brokers: 0.8

Furniture manufacturing, retail: 0.7

Sources: Bloomberg News, Goldman Sachs

Median Home Price Takes A Sharp Drop (WT)

By Patrice Hill

The Washington Times, September 26, 2006

The median home price in the United States dropped last month for the first time in 11 years and is expected to keep falling each month until next year in what could be an unprecedented string of declines for the housing market, the National Association of Realtors said yesterday.

The 1.7 percent drop to $225,000 in August was the second largest yearly price decline on record. Economists said more declines will be needed to work off a record backlog of homes for sale -- 7.5 months worth nationwide.

"We have a serious correction taking place in the housing sector," Richard Fisher, president of the Federal Reserve Bank of Dallas said in a speech, singling out housing and autos as sore spots in what otherwise is a "healthy and robust" economy.

The Fed wants to see economic growth downshift, led by the interest-sensitive housing and auto sectors, to cool inflation. Economists hope that recent solid gains in jobs and income and a recent plunge in oil and gas prices will help consumers cope with the rapidly deflating value of their biggest asset and source of wealth.

A year ago, homeowners were enjoying double-digit price gains and were tapping voraciously into their home equity to finance an estimated $500 billion in yearly spending.

David Lereah, chief economist of the Realtors group, predicted prices would continue to decline until next year, but that the development is "healthy" because it will make homes more attractive to buyers and help to boost sales.

Sales fell for a fifth month in a row last month and are 12.6 percent below last year's levels, but the relatively small 0.5 percent decline in August suggests the price cuts are working to move houses, he said.

"This is the price correction we've been expecting," he said. "Sellers are starting to become more realistic, and that could provide some lift to home sales because there is a healthy underlying demand from household growth and job creation."

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Other analysts say any back-to-back decline in home prices of more than two months would be unprecedented in the U.S. and would indicate a deep slump in the housing market that could take years to play out. Top federal regulators testified earlier this month that housing could go through a period of stagnation lasting as long as a decade.

The Realtors' home price figure reflects the median price of homes sold nationwide during the month, and can be influenced by a shift to sales of lower-priced homes as well as price cuts. Another gauge of home prices published each quarter by the federal government attempts to filter out sales shifts by measuring the appraised value of homes. That index has shown no price decline.

Economists say both measures are flawed -- for example, by not factoring in financial give-backs and incentives offered by sellers. Many prefer the Realtors report because it is tied to day-to-day sales in the market where prices ultimately are set.

Joel Naroff of Naroff Economic Advisors said the Realtors report shows a housing market in crisis.

"For months, there has been a debate over whether the housing market bubble has burst or is only slowly deflating," he said. "That debate is now basically irrelevant.

"With inventories so high, there is a lot more adjustment before the existing home market hits bottom. Prices are going to have to fall a lot further and/or sellers are going to have to pull their homes off the market. Until those things happen, the excess supply will pressure prices."

David Wyss, chief economist at Standard & Poor's Corp., said the top 10 metropolitan areas in the country could see price drops of 6 percent in the next year -- including Washington.

"Although we have been predicting a stabilization of housing prices nationwide, we expect declines in the most overpriced areas and those where employment is poor."

Stocks Fly High On Talk Of Fed Rate Cut (USAT)

By Adam Shell

USA Today, September 26, 2006

NEW YORK — The U.S. stock market closed Monday at its highest level in more than 5½ years as investors bet that the economic slowdown won't be severe enough to put a big dent in corporate profit growth.

But the slowdown could warrant an interest rate cut from the Federal Reserve, which would give stocks a boost.

The Standard & Poor's 500 gained 11.59 points, or 0.9%, to 1326.37, topping its May 5 high of 1325.76. It was the best close since Feb. 15, 2001. It is up 6.3% in 2006.

The gains were driven by last-minute buying by portfolio managers at the end of the third quarter and a continued drop in the yield of the 10-year Treasury note, which fell to 4.54%, its lowest since late February.

There was also speculation that the Fed, which has left short-term interest rates unchanged at its past two meetings after 17 straight increases, might be gearing up to reduce rates as signs of a serious housing slowdown mount, says Jack Ablin, chief investment officer at Harris Private Bank. A Realtors group said the price of a median home fell in July vs. a year ago, its first year-over-year decline since 1995. (Story, 1B.)

“Investors are already expecting a cut in short-term rates given that oil prices have retreated about 20%, housing is falling off a cliff and the threat of inflation has abated,” Ablin says.

Other major stock indexes also rallied. The Dow Jones industrial average rose 67.71 points, or 0.6%, to 11,575.81. The Dow, which is up 8% in 2006, is within 148 points of a new high. The Nasdaq composite surged 30.14 points, or 1.4%, to 2249.07.

Dallas Fed President Richard Fisher also helped stocks Monday when he said in a speech that inflation would be dampened by a slowing economy.

Todd Leone, head of listed trading at Cowen & Co., says some of the gains could also be attributed to investors' confidence that the third-quarter earnings season, which kicks into high gear in a few weeks, will show that U.S. companies are still raking in profits.

Companies in the S&P 500 are expected to post earnings growth of 14.2% in the July-through-September quarter, says Thomson Financial. If so, that would be the 13th straight quarter of double-digit profit growth.

“The stock market is telling us that the economy is slowing, but the chances of recession are low,” says Jason Trennert, managing partner at Strategas Research Partners.

Wall Street Rises On Fed Comments (FT)

By John O’Doherty

Financial Times, September 26, 2006

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The S&P 500 closed at its highest level in five years on Monday as investors took heart from comments by a Federal Reserve official that slowing economic growth would probably temper inflation.

Apple Computer gained 3.8 per cent to $75.75 – its highest level since January – after ThinkEquity raised its price target on the stock from $90 to $100, saying the computer maker would benefit from the back-to-school season.

Dell gained 3.4 per cent to $22.16 after it announced it would hire an additional 500 engineers to work in one of its facilities in Texas.

Semiconductor stocks also made strong gains, buoying the Nasdaq. Broadcom rose 9 per cent to $30.36 after BMO Capital Markets raised its 2006 earnings estimate on the company, while Lam Research added 8.9 per cent to $45.04.

Tobacco group Altria sank 6.4 per cent to $77.06, its worst day in more than two years, after a federal judge in New York approved a class-action suit from smokers of "light" cigarettes. Reynolds American, maker of Camel and Winston cigarettes, dropped 3.7 per cent to $59.75.

Drugstore chain Walgreen's shed 5.2 per cent to $44.47 in spite of reporting a 25 per cent increase in fourth quarter profit. After a gain of $7.3m from litigation was stripped out, earnings fell just short of analyst expectations. CVS tumbled 5.8 per cent to $31.10.

Both stocks sank last week after Wal-Mart announced plans to sell generic prescription drugs at $4 for a 30-day supply.

At the close, the S&P 500 was up 0.9 per cent, or 11.59 points, at 1,326.37, its highest close since February 2001.

The Nasdaq Composite was up 1.4 per cent, or 30.14 points, at 2,249.07. The Dow Jones Industrial Average gained 0.6 per cent, or 67.71 points, to 11,575.81.

Stocks traded lower in the morning following a report that showed home prices registering their first year-on-year fall in 11 years. But the major indices bounced back in broad-based gains on comments by Richard Fisher, president of the Dallas Federal Reserve that slowing economic growth should temper inflation.

Philip Dow, director of equity strategy at RBC Dain Rauscher, believes stocks will continue to push higher next week. "Earnings disappointments can still come up, but it's hard for me to envision a whole lot of downside," he said.

Homebuilders surged on Mr Fisher's comments. Pulte gained 4.3 per cent to $32.66 while DR Horton rose 3.8 per cent to $24.39.

American Power Conversion, maker of surge protectors for computers, fell 2.4 per cent to $20.89 after it said it would cut an additional 330 jobs to bring its total layoffs to 7 per cent of its workforce.

Archer Daniels Midland fell 2.2 per cent to $37.62 after Prudential cut its earnings estimate for the group due to falling ethanol prices.

Dow Rises 67.71 As Fed Official Hints At Future (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 26, 2006

Stocks rallied despite hawkish comments on interest rates by a Federal Reserve official and a rise in oil prices.

A report from the National Association of Realtors showed weaker-than-expected existing-home sales and a decline in existing-home prices for the first time in more than 11 years, which some investors took as a sign that the Fed's policy makers would consider cutting interest rates. Lower interest rates are considered good for stocks because they reduce borrowing costs and can raise profits.

But in a speech in Monterrey, Mexico, Richard Fisher, president of the Fed's Dallas bank, said the U.S. economy remains strong despite the housing-market slowdown. He added that he "continues to fret more about inflation than growth," which could indicate a possible rate increase.

At a meeting Wednesday, Fed policy makers left their short-term interest-rate target unchanged at 5.25%. But the move was so widely anticipated by the time the meeting began that investors already had begun to look ahead for signs of what the Fed might do even further down the line.

Ending a two-day losing streak, the Dow Jones Industrial Average rallied 67.71 points, or 0.6%, to 11575.81, up 8% on the year and less than 150 points from its January 2000 record. The blue-chip indicator's gains were held in check by a selloff of Altria Group. The cigarette maker's shares slid more than 6%, to $77.06, after a federal judge granted class-action status to a smokers' lawsuit.

International Business Machines pressed past Altria to become the industrials' biggest component by price after IBM shares rallied 1% to 82.

The broad Standard & Poor's 500-stock index edged up 11.59, or 0.9%, to 1326.37, up 6.3% on the year. The technology-heavy Nasdaq Composite Index rose 30.14, or 1.4%, to 2249.07, up 2% on the year.

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"As the economy slows in the months ahead, I think investors will have fewer places to go to get growth in their portfolios," said Duncan W. Richardson, chief equity investment officer at Eaton Vance Management. "That favors the big-name companies, which should be best positioned to weather the slowdown." However, Sam Stovall, S&P's chief investment strategist, predicted few gains, if any, in the S&P 500 through the end of the year.

November crude futures rose 90 cents, or 1.5%, to $61.45 a barrel on the New York Mercantile Exchange on supply concerns.

Stocks and Bond prices rose: The 10-year note gained 14/32 point, or $4.38 for each $1,000 invested, pushing the yield down to 4.548%.

The dollar was mixed. The dollar fell to 116.50 yen from 116.52. The euro fell to $1.2759 from $1.2788.

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In A Turnaround, Slowing Economy Spurs Bond Rally (WSJ)

By Michael Hudson

The Wall Street Journal, September 26, 2006

In one of the bigger surprises in financial markets this year, a growing sense that the economy is slowing and inflation receding is fueling a rally in the nation's bond markets, pushing Treasury-bond yields to their lowest levels in months.

The rally -- which started 10 weeks ago and has gained momentum in the past few days -- may help to shape the outlook for both the economy and for investments in coming months. Some doubt the rally will last, but if it does, lower interest rates could help buoy stock prices, make it easier for investors to make potentially risky bets with borrowed money, and ultimately help soften the blow from a weaker economy and a cooling housing market.

Because bonds pay fixed interest, their yields go down as investors bid up their prices, and vice versa. Earlier this year, Treasury yields rose as investors fretted that a strong economy would pump up inflation. Inflation eats away at bond returns, so investors dumped Treasurys, which pushed bond prices lower and their yields higher.

Now, in the upside-down world of bond investing, bad news about the economy has investors turning back to bonds, which is pushing yields back down, essentially making it cheaper to borrow money.

In June, a Wall Street Journal survey of 56 private economists showed that all but 13 expected bond yields to finish the year above 5%. Late yesterday afternoon, however, the yield on the 10-year Treasury note hit 4.55%, its lowest level since February and a large drop from 5.25% in late June.

"Looks like I'm wrong again today, right?" said Morgan Stanley economist Richard Berner. "I think the extent of this rally has caught a lot of people by surprise."

Yesterday's yield on the 10-year Treasury note was lower than the 4.65% yield on two-year Treasury notes and lower still than the 4.89% yield on three-month Treasury bills, something that is highly unusual, because investors typically demand higher returns for holding securities with longer maturities. The rate on overnight bank loans, which is driven by the Federal Reserve, is even higher -- at 5.25%.

Because the disparity between these rates is unusually large, some investors say something has to give -- either the Fed will begin cutting short-term rates in response to a weakening economy and low inflation, or the economy will start showing its strength and yields will turn higher.

For now, as the nation's once-hot housing market cools and the economic outlook dims, investors are coming to the conclusion that inflation isn't a worry, and they are gobbling up Treasury notes and bonds, pushing their yield lower.

The latest dose of bad news on housing came from the National Association of Realtors, which said yesterday that sales of existing homes dropped for the fifth straight month in August and that the median price of all homes sold last month declined 1.7% from a year earlier, the first year-to-year decline in more than 11 years.

"People are searching for safety," said Mark Kiesel, a corporate-bond portfolio manager at Pacific Investment Management Co., or Pimco. "I think the story of this [past three months] has basically been the hard landing in housing. That's become apparent to investors, and led to a rally in the bond market as people have realized slow growth is very likely."

The rally's impact could be significant. Perhaps most important, by helping to lower mortgage costs, the decline in bond yields could help buoy home sales and prices at a time when they are under growing downward pressure. The 10-year Treasury note is a benchmark for long-term mortgage rates.

Recent data from the Mortgage Bankers Association suggests that some families have taken advantage of a decline in long-term mortgage rates to refinance their mortgages and lock in lower payments. The association's index of mortgage refinancing applications has risen 27% since mid-July, and now stands at its highest level since February.

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Lower long-term interest rates also send a potentially powerful signal to Federal Reserve policy makers that the bond market's inflation concerns remain contained, which could give Fed Chairman Ben Bernanke leverage to hold short-term interest rates steady in the months ahead, or possibly even reduce them.

The beginnings of the bond market's rally can be traced back to Mr. Bernanke's testimony before Congress on July 19, when he predicted that economic growth and inflation would cool.

Bond prices rallied that day and continued rising, with a few exceptions, as a series of economic reports verified Mr. Bernanke's assessments. "He kind of set things up there in July, and they played out exactly as he set them up," said Roger Bayston, a bond fund manager at Franklin Templeton Investments. "I think that solidified his credibility."

On Aug. 8, Fed officials decided to keep their target for short-term interest rates at 5.25%, breaking a string of 17 straight rate increases dating back to 2004. They held pat again on Sept. 20.

Many market watchers believe the Fed is unlikely to raise rates again this year, and is likely to begin cutting rates next year. That's a contrast to this spring, when they predicted a continued drumbeat of inflation-fighting moves by the Fed.

Investors and Fed officials have puzzled before over the extraordinarily low level of long-term interest rates. Former Fed Chairman Alan Greenspan called them a "conundrum." Typically, rates rise when the economy recovers from bad times, as it has in recent years. Long-term rates also tend to rise when the Fed pushes up short-term rates, as it started to do in 2004, when Mr. Greenspan still ran the Fed.

The low rates that date back to his stewardship have led to an increase in bond issuance by U.S. companies and have helped to fuel a boom in leveraged buyouts by private-equity firms, trends that the current bond rally could intensify, if it lasts.

Data collected by Thomson Financial shows that U.S. companies issued $68 billion in investment-grade bonds in August, a record for the month, as low default rates and flush corporate balance sheets have emboldened both bond issuers and buyers. Pimco's Mr. Kiesel said the slowing economy has yet to breed significant worries that defaults will increase, something that is keeping corporate borrowing costs low.

The housing slowdown isn't the only factor in the bond rally. Falling oil prices have strengthened the view that inflation is contained. Meanwhile, investors tend to flock to Treasury bonds when they worry about risks in other investments. Political turmoil in places like Thailand, Russia and Hungary might be heightening the concerns of some. So might the recent collapse of Amaranth Advisors, a hedge fund that lost billions on bad natural-gas bets.

Morgan Stanley's Mr. Berner noted that, in the near term, interest-rate declines tend to feed upon themselves. That's partly because of a connection between the bond and mortgage markets. Lower rates make homeowners more likely to refinance mortgages, meaning they are keeping their mortgages for a shorter period. These shorter maturities force some investors and big mortgage holders like Fannie Mae and Freddie Mac to adjust their hedging strategies by buying long-dated Treasurys, which puts more downward pressure on bond yields.

As Treasury yields drop, he said, the process can be at least temporarily self-sustaining, because the lower Treasury yields go, the more mortgage-bond investors will put their money into Treasurys, thus driving the government bond yields even lower.

Many economists and traders say the downward march of bond yields can be sustained only if the Fed starts cutting interest rates early next year. But some doubt that will happen. Bear Stearns Cos. economist John Ryding argues that housing worries have been overstated and that the broader economy is on solid footing. Retailers, for instance, appear to have posted healthy sales so far in September.

Mr. Ryding argues that the bond surge is less about economic fundamentals and more of a "technical rally" powered by a shift in momentum sparked by the Fed's July pause in raising interest rates. "These current yields can't hold without a Fed cut," Mr. Ryding said. "I think the rally will fizzle out at some point here."

Write to Michael Hudson at michael.hudson@wsj.com1

Crude Rallies After Fall Below $60 Fails To Stick (WSJ)

By Masood Farivar

The Wall Street Journal, September 26, 2006

Crude-oil futures ended sharply higher after another drop below $60 failed to stick and comments by OPEC's president offered support.

Prices dipped below $60 a barrel for the second time in recent months but quickly rebounded above that psychologically important level as traders were forced to buy back previously sold positions.

The November crude contract on the New York Mercantile Exchange settled 90 cents higher at $61.45 a barrel after hitting an intraday low of $59.52, the lowest level for a front-month crude contract since early March.

Oil prices dipped early in the day on an announcement made by BP PLC late Friday that it would increase oil flows from its Prudhoe Bay field in Alaska.

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"The market seems to dislike trading under $60," said Tom Bentz, an analyst at brokerage BNP Paribas Futures in New York.

The headlines from the Organization of Petroleum Exporting Countries "perhaps spooked the shorts away from getting too bearish."

OPEC President Edmund Daukoru said yesterday he and other oil ministers from the 11-member producer group were mulling the implications of the 20% plunge in oil prices seen over the past six weeks. "I am conferring with some ministers," Mr. Daukoru said.

The comments gave prices some "rhetorical support," said Jim Ritterbusch, president of oil and gas consultants Ritterbusch & Associates in Galena, Ill.

"They're going to talk the market up a bit with statements about meetings, but the chances of a production cut are slim unless we fall" to about $55 a barrel, Mr. Ritterbusch said.

OPEC agreed Sept. 11 to leave its official output ceiling unchanged at 28 million barrels a day but vowed to "respond rapidly to any developments which might jeopardize their interests."

Many traders took that and other recent comments by OPEC officials to suggest that the cartel will cut production to prevent prices from falling significantly below $60 a barrel.

"Guys on the floor were speculating that OPEC was going to protect $60," said Pete Donovan, vice president with Vantage Traders in New York.

While the threat of an OPEC output cut remains alive, "prices could very easily return to new lows unless we can see some upside follow-through" today, Mr. Bentz said.

In other commodity markets:

SUGAR: Futures dropped to 13-month lows on the New York Board of Trade as speculators liquidated previously bought positions and also established short positions, betting that prices will fall further. Sellers were influenced by a recent downdraft in energy markets, since sugar cane is used for ethanol, and by hedge fund Amaranth Advisors's heavy losses in natural gas, traders said. October sugar fell 0.71 cent to 9.75 cents a pound.

NATURAL GAS: Futures settled at their lowest point in nearly three years as demand was on the wane while plenty of gas remained in storage. October futures on the Nymex settled at $4.475 per million British thermal units, down 15.2 cents, or 3.3%. The front-month contract, which expires tomorrow, has lost 39% of its value from a month ago.

COFFEE: Futures at the Nybot rose to 2 ½-week highs as Brazilian groves remain dry during the flowering season, when yields are set, despite recent rain. Speculative buying was seen behind the rise, too. December coffee rose 2.20 cents to $1.0665 a pound.

Opec Considers Drop In Output (FT)

By Kevin Morrison And Javier Blas

Financial Times, September 26, 2006

Oil exporting countries may consider a cut in output after crude prices fell below $60 a barrel on Monday for the first time in six months.

The decline came as global demand fell back from its mid-year peak and tensions over Iran eased.

Ministers from the Organisation of the Petroleum Exporting Countries are understood to be concerned about the drop in oil prices, which are down almost a quarter from their recent peaks.

They have discussed the prospect of trimming production ahead of the oil cartel's next ministerial meeting in Nigeria in December, according to Opec officials.

The oil price fall over the past month has been accompanied by investor selling in oil and other commodity markets, mainly on concerns that economic growth in the US is slowing.

"There is a concern by hedge funds that oil and commodities are no longer the one-way bet they once were," said an Opec official.

Brent, the European benchmark oil price, dropped 50 cents to $59.91 a barrel, down 24 per cent from its record peak of $78.40 reached last month.

The US benchmark oil price, West Texas Intermediate, yesterday hit $59.62, its lowest level since early March, before recovering to $60.54. It was flat on the day.

The WTI is now lower than the level it ended at last year. The magnitude of the decline in percentage terms is the largest in more than three years.

Investors have been selling out of oil futures over the past month, after taking bets earlier in the year on expectations of hurricanes disrupting oil supplies in the Gulf of Mexico.

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But with the Atlantic hurricane season finishing at the end of September, there is little prospect of a repeat of last year's devastating storms.

Opec is not only worried about investor activity in oil markets, but also about preserving high export prices, which underpin government budgets in member countries.

Many Opec producers have embarked on big spending programmes in recent years on the back of the higher oil price.

Opec maintained its quota of 28m barrels a day at its recent meeting in Vienna, and this is close to the cartel's actual production last month.

Saudi Arabia, Opec's linchpin member and the world's largest oil exporter, has been cutting its output since the end of last year.

If Opec does trim its official production ceiling, it would be the first cut since December 2004, when oil prices were close to $42 a barrel.

Oil Contract Dips Briefly Below $60 A Barrel, As Speculators Bet On Lower Prices (NYT)

By Heather Timmons

The New York Times, September 26, 2006

LONDON, Sept. 25 — Crude oil prices dropped below $60 a barrel for the first time in six months on Monday before rebounding a bit as nervous speculators retreated from the commodity markets, spooked by the improving picture for oil supplies and cooling economies.

The market reacted at first to news that Iran was willing to enter negotiations about its nuclear program and that BP would resume pumping oil ahead of schedule from part of its site in Prudhoe Bay, Alaska. But underlying economic jitters, particularly fears about a United States slowdown, also contributed to the price drop, analysts said.

The price of a barrel of light crude oil for delivery in November fell as low as $59.52 a barrel in New York. By late afternoon in London, it was trading at $60.55 and it closed in New York at $61.45, ending up 90 cents. Oil prices have fallen about 20 percent since July, after being driven up by hedge funds and traders concerned about supply squeezes because of geopolitical unrest and hurricanes.

Whether oil prices will drift back up or continue their general slide is a matter of fierce debate.

"The oil market's fundamentals have finally asserted themselves," the Centre for Global Energy Studies in London said in a report on Monday. Markets reached a point recently where "the upward momentum of oil prices disappeared, and it will therefore take a combination of special factors to bring it back," said the group, which was founded by a former Saudi petroleum minister.

Noncommercial buyers, which are generally pension, mutual and hedge funds, poured money into oil and other commodities in recent years, in part because they thought that the growing emerging-market economies had created a so-called supercycle that guaranteed price increases. In recent weeks, they have exited the market rapidly as prices started to fall when the hurricane season proved to be less severe than had been feared and several producers increased supplies or announced new oil discoveries.

The net number of long contracts, not including options, held by noncommercial buyers — bets that the price of crude oil will increase — is 22,000, down from 83,000 on Aug. 15, according to an analysis by PFC Energy of the most recent report from the Commodity Futures Trading Commission. "It is a huge reversal in position," said David Kirsch, an oil markets analyst with PFC in Washington.

Kamal Murari, global head of energy marketing for Dresdner Kleinwort, said: "The move down that's taken place has been sharp and sudden. The fact that it's moved as significantly as it has means that any forced liquidation has been mostly priced into the market," he said. Some of the selling in the oil market may be linked to the recent well-publicized losses in the natural gas markets, Mr. Murari said, as some funds may have been forced to liquidate assets across energy. Most market participants think OPEC will be concerned enough to take steps to stem further declines if the prices fall to $55 a barrel, he said.

The members of the Organization of the Petroleum Exporting Countries, or OPEC, have been in contact by telephone since their last meeting on Sept. 11 to discuss falling prices but have no plans for an emergency meeting on the subject, a spokesman said on Monday. Questions about the future growth of the United States economy are also pushing investors out of the oil market. American consumers are often referred to by economists as the engine that drives the world's markets, and when they stop spending, other economies are affected. United States home prices are cooling down, giving consumers less confidence and stripping them of paper gains.

In the United States, market experts estimate that the falling oil prices will help soften the effect of the weakening housing market. "The sudden change in oil price direction in the last month has reduced the total cost of oil to the United States economy by $40 billion a year," said Lawrence J. Goldstein, the president of the Petroleum Industry Research Foundation. The fall in oil

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prices has added back one-quarter to one-half of a point of growth to the United States gross domestic product, Mr. Goldstein estimates.

The immediate impact of lower oil prices in Europe is bound to be muted unless a sustained decline becomes apparent, economists said. At the pump, prices tend to fluctuate less in Europe than in the United States in large part because of heavy excise taxes.

While prices were on their way up, it made sense to adjust growth prognoses downward, though even then the European economy was proving remarkably resilient to the run-up. Now the picture is even more complex, with Europe poised to benefit from less expensive oil, but facing a slowing of its main export market, the United States.

“Do you want to be nudging your forecasts upwards in Europe when the main reason is a possible slackening of demand in the United States?” said Rob Carnell, an economist at ING Baring in London. “Personally, I would not be touching them right now.”

Rice Boils Over At Bubba (NYPOST)

By Ian Bishop

The New York Post, September 26, 2006

September 25, 2006 -- Secretary of State Condoleezza Rice yesterday accused Bill Clinton of making "flatly false" claims that the Bush administration didn't lift a finger to stop terrorism before the 9/11 attacks.

Rice hammered Clinton, who leveled his charges in a contentious weekend interview with Chris Wallace of Fox News Channel, for his claims that the Bush administration "did not try" to kill Osama bin Laden in the eight months they controlled the White House before the Sept. 11 attacks.

"The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false - and I think the 9/11 commission understood that," Rice said during a wide-ranging meeting with Post editors and reporters.

"What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years," Rice added.

The secretary of state also sharply disputed Clinton's claim that he "left a comprehensive anti-terror strategy" for the incoming Bush team during the presidential transition in 2001.

"We were not left a comprehensive strategy to fight al Qaeda," Rice responded during the hourlong session.

Her strong rebuttal was the Bush administration's first response to Clinton's headline-grabbing interview on Fox on Sunday in which he launched into an over-the-top defense of his handling of terrorism - wagging his finger in the air, leaning forward in his chair and getting red-faced, and even attacking Wallace for improper questioning.

The "Fox News Sunday" show had its best ratings since the capture of Saddam Hussein in December 2003, according to Nielsen Media Research. Two versions of the interview were the two most-watched clips on YouTube yesterday, totaling more than 800,000 views.

After Clinton got angry during the questioning, Wallace said Clinton aide Jay Carson tried to get his producer to stop the interview. Carson said he was concerned that time was running out and that little of the philanthropy efforts of the former president had been addressed.

At The Post, Rice also touched on hot spots around the globe:

On Iran: "There isn't a particularly good, direct way to neutralize the Iranian threat."

On Iraq: "You're never going to have a just Sunni-Shia reconciliation if you don't have a political system in which the interests of all can be represented - and that's what Iraq represents."

On Pakistan: "The future of Pakistan, as [President Pervez] Musharraf and his people fully understand, is to de-radicalize elements of the population."

On the Middle East conflict: "It would help to have a moderate force in the Palestinian territories and to have the beginnings of rapprochement with Israel and the rest of its neighbors."

On the Far East: "I would like to see an improvement in Japanese-China relations." In her pointed rebuttal of Clinton's inflammatory claims about the war on terror, Rice maintained the Bush White House did the best it could to defend against an attack - and expanded on the tools and intelligence it inherited.

"I would just suggest that you go back and read the 9/11 commission report on the efforts of the Bush administration in the eight months - things like working to get an armed Predator [drone] that actually turned out to be extraordinarily important," Rice added.

She also said Clinton's claims that Richard Clarke - the White House anti-terror guru hyped by Clinton as the country's "best guy" - had been demoted by Bush were bogus.

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"Richard Clarke was the counterterrorism czar when 9/11 happened. And he left when he did not become deputy director of homeland security, some several months later," she said.

Rice noted that the world changed after 9/11.

"I would make the divide Sept. 11, 2001, when the attack on this country mobilized us to fight the war on terror in a very different way," Rice said.

Rice cited the final 9/11 commission report to substantiate her claims, while Clinton relied on Clarke's book as the basis for many of his rehashing the events leading up to the Sept. 11 attacks.

"I think this is not a very fruitful discussion. We've been through it. The 9/11 commission has turned over every rock and we know exactly what they said," she added.

Transitioning to the global war on terror, an animated Rice questioned, "When are we going to stop blaming ourselves for the rise of terrorism?"

Asked about recently leaked internal U.S. intelligence estimates that claimed the Iraq war was fueling terrorist recruiting, Rice said: "Now that we're fighting back, of course they are fighting back, too."

"I find it just extraordinary that the argument is, all right, so they're using the fact they're being challenged in the Middle East and challenged in Iraq to recruit, therefore you've made the war on terrorism worse.

"It's as if we were in a good place on Sept. 11. Clearly, we weren't," she added.

"These are people who want to fight against us, and they're going to find a reason. And yes, they will recruit, but it doesn't mean you stop pursuing strategies that are ultimately going to stop them," Rice said.

She insisted U.S. forces must finish the job in Iraq and the wider Middle East to wipe out the "root cause" of violent extremism - not just the terror thugs who carry out the attacks.

"It's a longer-term strategy, and it may even have some short-term down side, but if you don't look at the longer term, you're just leaving the problem to somebody else," she said.

She also said Middle East countries like Saudi Arabia and Pakistan have a "major educational reform" effort under way to root out propaganda literature and extremist brainwashing.

In Latin America, home to outrageous Venezuelan bomb thrower Hugo Chavez, Rice said the U.S. approach is to "spend as little time possible in talking about Chavez and more time talking about our positive agenda in Latin America," including several trade agreements.

The Real Clinton Emerges (HILL)

The Hill, September 26, 2006

From behind the benign façade and the tranquilizing smile, the real Bill Clinton emerged Sunday during Chris Wallace's interview on Fox News Channel. There he was on live television, the man those who have worked for him have come to know – the angry, sarcastic, snarling, self-righteous, bombastic bully, roused to a fever pitch. The truer the accusation, the greater the feigned indignation. Clinton jabbed his finger in Wallace's face, poking his knee, and invading the commentator's space.

But beyond noting the ex-president's non-presidential style, it is important to answer his distortions and misrepresentations. His self-justifications constitute a mangling of the truth which only someone who once quibbled about what the "definition of 'is' is" could perform.

Clinton told Wallace, "There is not a living soul in the world who thought that Osama bin Laden had anything to do with Black Hawk Down." Nobody said there was. The point of citing Somalia in the run up to 9-11 is that bin Laden told Fortune Magazine in a 1999 interview that the precipitous American pullout after Black Hawk Down convinced him that Americans would not stand up to armed resistance.

Clinton said conservatives "were all trying to get me to withdraw from Somalia in 1993 the next day" after the attack which killed American soldiers. But the real question was whether Clinton would honor the military's request to be allowed to stay and avenge the attack, a request he denied. The debate was not between immediate withdrawal and a six-month delay. (Then-first lady, now-Sen. Hillary Clinton (D-N.Y.) favored the first option, by the way). The fight was over whether to attack or pull out eventually without any major offensive operations.

The president told Wallace, "I authorized the CIA to get groups together to try to kill bin Laden." But actually, the 9-11 Commission was clear that the plan to kidnap Osama was derailed by Sandy Berger and George Tenet because Clinton had not yet made a finding authorizing his assassination. They were fearful that Osama would die in the kidnapping and the U.S. would be blamed for using assassination as an instrument of policy.

Clinton claims "the CIA and the FBI refused to certify that bin Laden was responsible [for the Cole bombing] while I was there." But he could replace or direct his employees as he felt. His helplessness was, as usual, self-imposed.

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Why didn't the CIA and FBI realize the extent of bin Laden's involvement in terrorism? Because Clinton never took the 1993 attack on the World Trade Center sufficiently seriously. He never visited the site and his only public comment was to caution against "over-reaction." In his pre-9/11 memoirs, George Stephanopoulos confirms that he and others on the staff saw it as a "failed bombing" and noted that it was far from topic A at the White House. Rather than the full-court press that the first terror attack on American soil deserved, Clinton let the investigation be handled by the FBI on location in New York without making it the national emergency it actually was.

In my frequent phone and personal conversations with both Clintons in 1993, there was never a mention, not one, of the World Trade Center attack. It was never a subject of presidential focus.

Failure to grasp the import of the 1993 attack led to a delay in fingering bin Laden and understanding his danger. This, in turn, led to our failure to seize him when Sudan evicted him and also to our failure to carry through with the plot to kidnap him. And, it was responsible for the failure to "certify" him as the culprit until very late in the Clinton administration.

The former president says, "I worked hard to try to kill him." If so, why did he notify Pakistan of our cruise-missile strike in time for them to warn Osama and allow him to escape? Why did he refuse to allow us to fire cruise missiles to kill bin Laden when we had the best chance, by far, in 1999? The answer to the first question — incompetence; to the second — he was paralyzed by fear of civilian casualties and by accusations that he was wagging the dog. The 9/11 Commission report also attributes the 1999 failure to the fear that we would be labeled trigger-happy having just bombed the Chinese embassy in Belgrade by mistake.

President Clinton assumes that criticism of his failure to kill bin Laden is a "nice little conservative hit job on me." But he has it backwards. It is not because people are right-wingers that they criticize him over the failure to prevent 9/11. It was his failure to catch bin Laden that drove them to the right wing.

The ex-president is fully justified in laying eight months of the blame for the failure to kill or catch bin Laden at the doorstep of George W. Bush. But he should candidly acknowledge that eight years of blame fall on him.

One also has to wonder when the volcanic rage beneath the surface of this would-be statesman will cool. When will the chip on his shoulder finally disappear? When will he feel sufficiently secure in his own legacy and his own skin not to boil over repeatedly in private and occasionally even in public?

Clinton Doth Protest Too Much (LAT)

By Andrew Klavan

The Los Angeles Times, September 26, 2006

THERE'S NO LIMIT to what a man can do," President Reagan used to say, " … if he doesn't care who gets the credit."

Former President Clinton's motto seems to be a little different: "There's no limit to how much credit a man can get, if he doesn't care what he's actually done."

Reagan came to office after the Jimmy Carter catastrophe. He pulled the American economy out of a graveyard spin, restored the country's military and its confidence and helped bring one of the most oppressive empires on Earth to the brink of collapse. But in those days, my children, there was no Internet, no Fox News, no Rush Limbaugh — the media was almost all Colmes and precious little Hannity — and if you got your news from the New York Times, say, or CBS, you would've thought the country was being run by a miserly, warmongering idiot instead of the greatest president of the century's second half.

And yet even after his two terms were over, when left-wing news sources sourly continued to portray his administration solely in terms of its faults, as nothing but a big deficit and the Iran-Contra scandal, I cannot remember Reagan ever "defending his legacy" with anything more than a quip and a smile.

Compare and contrast Clinton. Questioned mildly on his anti-terrorism record by Fox's Chris Wallace on Sunday, President Me went absolutely medieval on the newsman, leaning forward threateningly, rapping his fingers against Wallace's notes and proceeding to, well, lie — and in a very angry voice too!

"And you got that little smirk on your face and you think you're so clever," Clinton told Wallace, sounding for all the world like a 6-year-old girl scolding her playground rival. He then proceeded to try to rewrite his coulda-woulda-shoulda presidency by claiming to have had a much more focused and hard-lined approach to terrorism than any reading of his administration can support. Even Clinton counter-terrorism chief Richard Clarke's book — which Clinton cited repeatedly during his tantrum — shows the president as too weak to order Osama bin Laden's death. Other accounts are much less favorable.

But let the political observers fight that one out. My beat is human psychology and the nature of reality and fiction. It's in those realms that at least one key difference between Reagan and Clinton can be found — a difference that sits at the heart of our current divisions.

Reagan was a man who believed in truth. Not your truth or my truth but "the truth," the one that is out there whether you happen to believe in it or not.

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"I never thought of myself as a great man," he said, "just a man committed to great ideas." Those ideas — our founders' ideas — were great because they recognized a central truth: the good of individual liberty. And they guaranteed human beings those rights endowed in them by the "big truth" — their creator.

Clinton, on the other hand, is a narcissist who finds it difficult to grasp in any real sense that there is a place where his "inner man" ends and the rest of the world begins. Clinton's stock phrase, "I feel your pain," is really the insistence of a man who does not truly feel anyone else's pain, does not truly understand that there are other inner realities as urgent as his own.

Take Clinton's misuse of women. One way to understand it is as a symptom of his inability to come to terms with anything that would not conform to his own desire, imagination and grandiose sense of himself.

To put it in his own terms, Clinton has never understood what the meaning of "is" is, the fact that some things happened and others didn't, that some things are true and others simply are not. He believes that his legacy will be created in the spin cycle of history rather than in the fitful but persistent human search for history's truth.

Of course he panics and rages like a child when the spin goes the wrong way, when he is given his portion of the blame for encouraging Bin Laden through his military retreat from Somalia or for allowing the terrorist to escape by refusing to put a kill order on him.

He thinks reality itself is being wrestled away from him, that he can wrestle it back and mold it into the shape he wants it to have.

But he's wrong. That's just "is" being is. That's just "truth" bearing away the victory.

Security And War Take Center Stage As Campaign Break Nears (NYT)

By Kate Zernike And Carl Hulse

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Republicans and Democrats scrambled Monday to gain the advantage in their final week before breaking to campaign for crucial midterm elections, with Republicans trying to push through bills on national security and Democrats trying to keep the focus on the Bush administration's handling of the war in Iraq.

Though Republicans had resolved a major party disagreement over the treatment and trials for terrorism suspects, a new dispute emerged Monday, as Senator Arlen Specter, Republican of Pennsylvania, the chairman of the Judiciary Committee, said he thought a crucial provision of the legislation was unconstitutional and would doom the bill before the Supreme Court.

Meanwhile, Democrats convened a session with three former high-ranking military officers who harshly criticized Defense Secretary Donald H. Rumsfeld and said the Bush administration's failure to adjust its strategy as the conflict unfolded was immoral.

The Democrats also seized on the newly disclosed National Intelligence Estimate concluding that the war had fueled the threat from terrorists to argue that the war had made the country less safe.

Republicans had hoped to use the month before the campaign break to emphasize their national security initiatives, but they have repeatedly run into trouble.

Last week, a trio of Republican senators, led by John W. Warner of Virginia, reached a compromise with the White House after weeks of fiercely resisting President Bush's push to use the legislation to redefine the nation's obligations under the Geneva Conventions.

But Mr. Specter said Monday that he still had major concerns about a provision in the bill that would deny terrorism suspects a habeas corpus right to challenge their detention in court.

After convening a hearing with lawyers who criticized the provision as un-American and shameful, Mr. Specter said he would seek to amend the legislation on the floor.

"If it comes back to the Supreme Court, the Supreme Court will teach Congress another lesson," Mr. Specter said, referring to a decision in June that struck down the administration's earlier attempt to establish trials for terror suspects. "I don't know that I would support a bill that strips habeas corpus."

But even Mr. Specter said he doubted that his hearing would have any effect on the bill's proceeding to the floor. In the House, Representative Duncan Hunter, Republican of California and chairman of the Armed Services Committee, said he was working with the Senate and the White House and expected to have a bill that would pass the Senate and the House, avoiding the need for a conference between the two. House leaders said the bill would go to the floor on Wednesday.

Senator Bill Frist of Tennessee, the Republican leader, took steps on Monday to ensure there would be enough time to debate the measure, saying debate could begin as early as Tuesday.

But at the Senate judiciary hearing, lawyers urged Mr. Specter to delay any legislation.

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John D. Hutson, a retired rear admiral and the former top uniformed lawyer for the Navy, argued that a habeas right was fundamental to American law and identity. "Without these kinds of protections, we're just another banana republic," Admiral Hutson said.

Many of the prisoners at Guantánamo Bay, Cuba, Admiral Hutson contended, had been caught in a dragnet, and while some may be criminals, he said, it is impossible to know without habeas hearings where the government can produce its evidence.

Thomas P. Sullivan, a former United States attorney in Chicago who has represented detainees at Guantánamo, testified that it was "beyond my capacity to accept" that the Senate would push through a habeas provision "on the eve of elections" with so little public hearing.

"I believe that if this bill is passed with these habeas-stripping provisions in it, then after I am dead and the members of this Senate hearing are dead, an apology will be made," Mr. Sullivan said, "just as we did for the incarceration of the Japanese citizens in the Second World War."

"This is shameful," he added, to the applause of protesters dressed in the orange of Guantánamo jumpsuits, "and it is momentous."

Senator John Cornyn, Republican of Texas, and lawyers who support the provision said that status review hearings served the same purpose as a habeas right. But Admiral Hutson said the review hearings did not give detainees the same rights to lawyers, or to see the evidence against them, and would set a dangerous precedent for Americans captured by other countries.

On Iraq, Democrats have accused Republicans of failing to conduct adequate Congressional oversight of the war. They have conducted their own party committee sessions examining the war, have sought to give them the appearance of formal Congressional hearings, and plan to hold similar events outside Washington after Congress goes into recess.

At the hearing on Monday, three retired officers said Mr. Rumsfeld had browbeat the military, ignored expert advice and allowed American troops to press on in Iraq without needed equipment or manpower while arrogantly refusing to acknowledge any mistakes.

"The disconnect between our rhetoric and our actions is both astonishing and immoral," said Col. Thomas X. Hammes of the Marines. But the officers, all of whom have served in Iraq and have been previously critical of the conduct of the war, did not endorse a withdrawal, with Maj. Gen. Paul D. Eaton of the Army saying, "We very much need to succeed."

The Democrats gained the participation of a Republican, Representative Walter B. Jones of North Carolina, a war opponent who supported the Democratic view that Republicans had not asked enough tough questions on the war.

"I don't want our history to show that I didn't do my job as a congressman in helping the American people know the facts and the truth," Mr. Jones said.

Senator Mitch McConnell of Kentucky, the second-ranking Republican, dismissed the Democratic session as "another partisan media event.''

"And while it may rile up their liberal base," Mr. McConnell said, "it won't kill a single terrorist or prevent a single attack."

Vice President Dick Cheney said Monday that the administration would not let its approach on Iraq be determined by political pressure and took aim at Democratic leaders. "For the sake of our security," Mr. Cheney said, "this nation must reject any strategy of resignation and defeatism in the face of determined enemies."

Senator Harry Reid of Nevada, the Democratic leader, retorted, "When the United States intelligence community confirmed that America is losing the war on terror because of Bush failures in Iraq, this White House lost all credibility on matters of national security."

Battlegrounds (NYT)

By Adam Nagourney

The New York Times, September 26, 2006

Six weeks until Election Day, and in Washington both parties are hitting hard on national security: Republicans by pushing for passage of legislation governing the prosecution of terrorism suspects and Democrats by focusing on an intelligence report that the Iraq war helped increase the terrorism threat. But there is little evidence that Republicans are having success in altering the political climate in the most competitive House and Senate races.

Polls this past weekend showed Republicans trailing in Senate races in Maryland, Ohio and Pennsylvania. In Indiana, Representative John Hostettler, a Republican, is trailing his Democratic opponent by double digits, according to a new poll.

In one bit of good news for Republicans, Senator Robert Menendez, Democrat of New Jersey, may be in trouble; but that may be countered by the problems of Senator George Allen, Republican of Virginia.

With a few exceptions, House Republicans are playing defense rather than offense, spending most of their money to stamp out Democratic challengers in Florida, Indiana, Iowa, New Mexico, Ohio and Pennsylvania. On the Senate side,

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Republicans have put all their advertising money this month, about $3.5 million, into Missouri, Ohio and Tennessee. Winning any of those states would make it almost impossible for Democrats to capture the Senate.

GOP's Uptick Just In Time For Election Day (WT)

By Ralph Z. Hallow

The Washington Times, September 26, 2006

There has been a palpable shift in the mood in Washington in recent weeks. No longer are insiders in both parties sharing predictions of a Democratic rout of Republicans.

Some on both sides had expected an election debacle for the Republicans, driven by the Iraq war, high gas prices and the perception that a Republican-led Washington can neither shoot nor spend straight.

Now those perceptions have changed.

A 58 percent majority of Democratic insiders polled by National Journal, as well as an overwhelming 94 percent of Republican insiders, say the Republican National Committee is doing a better job for November than the Democratic National Committee.

Three weeks past the traditional Labor Day kickoff of campaign season, many Republicans are expressing greater optimism for their party's prospects on Election Day, now just six weeks away.

"This is not an election like 1994 and 1974, when we know the outcome is going to be a massive tsunami for one of the two parties," Republican National Chairman Ken Mehlman says. "If the election were today, we would lose some seats, but keep our majorities."

It's the job of Mr. Mehlman and of his Democratic National Committee counterpart, Chairman Howard Dean, to wave pompoms for their respective teams, but there was no press corps eye-rolling over Mr. Mehlman's hopeful statements at a recent Christian Science Monitor breakfast with reporters.

John Zogby, whose polling until recently forecast a Republican debacle, now says a big reason for the mood shift is that President Bush is regaining crucial support among his party's voter base by emphasizing national security -- his strongest suit -- as often as possible.

In a mid-August Zogby poll, only 62 percent of likely Republican voters gave Mr. Bush an "excellent" or "good job" rating. But by mid-September, Mr. Bush's approval rating among Republicans had reached 76 percent.

"You have to turn out your base for congressional elections, and if the president has 62 percent approval among Republicans, you have a third who don't approve and a lot of people who might stay home," says longtime Republican strategist Charles Black. "When the president has 76 percent Republican approval, it makes it a lot easier."

Bolstered by such developments, Republicans are facing November more confidently -- if still cautiously, as with Sen. John McCain's response yesterday on CBS' "Face the Nation" when asked if he thought the Republicans would maintain control of Congress on Election Day.

"Yes, I do," the Arizona Republican answered, "but I think it's going to be very, very tough ... the off-year of the second term of any president is always a tough election. And of course, Iraq is a very controversial issue with Americans. And there's uncertainty about our future because of globalization. We understand all that, but we also think we have a record we can stand on."

A popular president makes elections a bit easier for his party's candidates, and Mr. Bush's popularity, though still low, has been rising for three months. The latest USA Today/Gallup Poll has his job approval at 44 percent and disapproval at 51 percent -- a deficit of 7 percentage points, but a huge improvement over his numbers in June, when Gallup found 36 percent approval and 57 percent disapproval, a negative 21-point spread.

The president's improved standing has been reflected in voters' views of the congressional elections. The latest USA Today/Gallup poll has Democratic and Republican candidates for Congress splitting the national vote on the so-called "generic ballot" question, 48 percent to 48 percent. The same poll in June had Democrats leading 51 percent to 39 percent.

Mr. Zogby allows that "things could happen, but right now, I think Republicans hold their majority in both houses." He said he doesn't think anger against Mr. Bush is sufficient to turn Congress over to the Democrats.

"The president is slowly but steadily regenerating support among his own base," he says. "I saw him do it before, going from 78 percent Republican approval before the 2004 GOP convention to 91 percent before Election Day."

Comparing the 2006 midterm elections to previous major shifts, Mr. Mehlman says he sees none of the signs that preceded those landslides. In 1974, following the Watergate scandal, there was a surge in the Democratic primary-voter turnout and a decline in Republican voter turnout. The reverse was true before the 1994 Republican sweep of Congress.

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So far this year, there has been no indication of a Democratic surge. In 36 of 39 primaries, the Democratic turnout has been lower than the average of the past 20 years. Only Connecticut, North Dakota and Vermont had higher-than-average Democratic turnouts this year.

Republicans are doing a better job than Democrats of communicating with their core voters, says Mr. Zogby.

"I think Republicans are talking in an effective way to their base, which is particularly concerned about terrorism," says Mr. Zogby. "But Democrats, whose base wants to hear how we get out of Iraq, simply dance around the answer. Democrats are acting like John Kerry in 2004, trying to appeal to swing voters in yet another election in which there are no swing voters."

Republican Campaigns Set To Sling Mud (LAT)

By Janet Hook

The Los Angeles Times, September 26, 2006

WASHINGTON — Sinister characters are scheming in a smoke-filled room, in a television ad that depicts big campaign contributors to Bob Casey, a Democrat running for Senate in Pennsylvania.

After detailing the legal troubles that each donor faces — including an FBI investigation and jail time — the somber narrator asks, "Where does Casey hold his campaign meetings?"

The camera pulls back to show the cigar-smoking "campaign team" — behind bars.

That graphic, personal attack on the candidate challenging Sen. Rick Santorum (R-Pa.) is a particularly sharp-edged example of a key strategy in the Republican political arsenal as the party fights to keep control of Congress: going negative and personal, early and often.

While President Bush and national GOP leaders are attacking Democrats on such big issues as national security and America's role in the world, individual Republicans are hitting their opponents hard — below the belt, some critics say — on personal and local issues.

Negative campaigning is hardly new, and Democrats are dishing dirt against Republicans too. But mudslinging is crucial to the Republican plan for this year's midterm elections, because the party's hold on power will probably hinge on shifting attention from the unpopular war in Iraq and other national issues that cut against them.

"When people are looking at national issues that are not breaking our way, what you want to do is focus on your opponent," said Rep. Tom Cole (R-Okla.), a former Republican National Committee chief of staff. "You've got to play the field's conditions. They demand very tough tactics."

Cole spelled out that approach in a recent strategy memo to House Republicans: "Define your opponent immediately and unrelentingly.... Do not let up — keep the tough ads running right up to election day. Don't make the mistake of pulling your ads in favor of a positive rotation the last weekend."

Republican incumbents this year began running attack ads earlier than ever. But the hardest-hitting are yet to come.

"You haven't seen the majority of the negative ads yet," said Carl Forti, spokesman for the National Republican Congressional Committee, where a staff of 10 has been deployed on opposition research.

The strategy rests on the widely held belief that negative political ads make more of an impression on voters than positive ones.

GOP consultant Terry Nelson said current voter cynicism may be particularly fertile ground for negative advertising because voters expect the worst from politicians.

"Voters are in some ways more ready to accept the negative about politicians than they do the positive," Nelson said. "They often say they would like to see a more reasoned debate in campaigns and more talk about the ideas, but in fact they often respond to negative ads because they tend to find them more credible."

Republican incumbents have moved aggressively to shape early perceptions of their Democratic challengers.

Democratic strategist Peter Fenn said: "You have a blackboard that's not written on very much — what Republicans are trying to do is write all over that blackboard in great big letters before the challengers have a chance to write on it."

In one of the most competitive House races, Rep. Jim Gerlach (R-Pa.) sent about a dozen mailings attacking Democrat Lois Murphy before Labor Day. He aired an ad in August portraying her as a fearsome liberal who wants to raise taxes. His latest ad accuses her of sending illegal campaign mailings, which she denies.

The National Republican Congressional Committee first took to the airwaves back in June. Its first television ad was against Brad Ellsworth, a Democratic sheriff who has mounted a strong challenge to Rep. John Hostettler (R-Ind.). The ad accused Ellsworth of neglecting his duties as sheriff because his department inadvertently released a suspected child rapist — featured in a grainy mug shot — while the Democrat was campaigning in Washington.

Also in Indiana, GOP Rep. Chris Chocola has been on the air for months hammering his Democratic opponent, lawyer and businessman Joe Donnelly. Chocola did not just use the standard GOP line of painting Donnelly as a tax-and-spend liberal; GOP

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researchers also combed through county tax records and found that Donnelly had been delinquent on his property taxes 15 times.

"Joe Donnelly wants to raise our taxes," a Chocola TV ad said in August. "Even worse, he's delinquent paying his own."

In New Mexico, Republican Rep. Heather A. Wilson tried to slow the early momentum of her Democratic challenger, state Atty. Gen. Patricia Madrid, with a tough negative ad. She attacked Madrid's performance as the state's top law officer at a time when corruption scandals spread through the state's upper echelons.

Amy Walter, an analyst with the nonpartisan Cook Political Report, said that ad helped shift the focus of the campaign from Democrats' charges that Wilson is a rubber stamp for Bush, who is unpopular in the swing district.

"For Wilson, by going on the attack, the goal was to make the debate about the two candidates rather than a referendum on the current environment," Walter said. "It succeeded in that."

Madrid may have cut her losses by quickly fighting back with an ad not only defending herself but linking Wilson to resigned House Majority Leader Tom DeLay (R-Texas).

It remains to be seen whether the GOP barrage will do lasting damage, especially since Madrid and other Democrats have made a concerted effort to respond aggressively. Ellsworth countered with an ad attacking Hostettler's record on crime; Donnelly pointed out that Chocola was also once late in paying taxes; Murphy aired an ad challenging Gerlach's claim to be independent of Bush.

Some political operatives say the impact of attack ads may be evident not in today's polls but on election day. Evan Tracey, head of Campaign Media Analysis Group, said negative ads often depressed turnout among voters who might otherwise have supported the candidate under attack.

That underscores why attack ads may be particularly important to Republicans' strategy: Many polls show that Democrats are generally more motivated than Republicans to vote this fall.

But the strategy carries risks: Some voters react badly to a candidate who is seen as smearing another unfairly.

"You're surrounding yourself with live bombs and lighting fuses when you go down this road," said Republican strategist Eddie Mahe Jr. "It is very, very risky."

Some critics say Santorum risks backlash from his ad suggesting that Casey consorts with crooks. The ad uses actors to depict Casey donors, claiming that several are under investigation, one was charged with extortion and another was sentenced to two years in jail. No names are mentioned in the ad, but the Santorum campaign has produced a 70-page document to back up its claims about seven Casey contributors.

G. Terry Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College in Lancaster, Pa., sees the ad as an effort to shake up the race because six weeks of positive ads about Santorum had failed to erase Casey's lead in the polls.

"I think it's over the top," Madonna said. "I think it is unfair."

He said the people in question — whom the ad calls Casey's "campaign team" — donated to previous Casey campaigns but were not working on or contributing to his current campaign.

In fact, two of the seven have also donated to Santorum. One of the seven is dead. And though the ad puts the group behind bars, only one of the seven went to jail.

Santorum spokeswoman Virginia Davis said the ad provided important information about Casey at a time when polls showed that about a third of Pennsylvania voters still did not know enough about Casey to have an opinion about him.

"This ad is about character," said Davis. "It is important that voters know the kinds of people he is surrounding himself with."

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Presidential Face Time Isn't Everything, Except To Big Donors (NYT)

By Sheryl Gay Stolberg

The New York Times, September 26, 2006

CINCINNATI, Sept. 25 — Republicans do not expect to be riding President Bush's record to re-election this fall. But they are trying to ride his gravy train — as quietly as possible.

Mr. Bush scooped up $1.7 million for Republicans in Connecticut and Ohio on Monday, at fund-raisers that, like so many of his events this campaign season, took place in private homes behind closed doors. He lunched in Greenwich, at a home overlooking the Long Island Sound, raising $700,000 for the Connecticut Republican Party before dashing off to Ohio to help Senator Mike DeWine.

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Three House Republicans from Connecticut — Representatives Nancy Johnson, Rob Simmons and Christopher Shays — face tight re-election races, but only one, Mr. Shays, whose district includes Greenwich, showed up for the afternoon affair at the home of the investment banker L. Scott Frantz.

There, 65 wealthy donors dined on Chilean sea bass, ravioli with butter sage sauce and a salad of field greens, while the White House press corps was served the same fare outside — at a respectable distance.

"He is helping us to raise money and get out the vote and that is very helpful," said Mr. Shays, though he acknowledged the downside: "You know and I know that my opponent is running as if President Bush is up for re-election, and he obviously isn't."

In Ohio, Mr. Bush toured a Cincinnati factory that makes gas turbine engines for airplanes and spoke for two and a half minutes about his tax cuts. Then he zipped off to another private event, a dinner at the home of John F. Barrett, chairman of a financial services company, which raised $1 million for Ohio Republicans — $400,000 of it for Mr. DeWine.

Such private events — five are planned for this week alone — give Mr. Bush a chance to mingle with donors out of the earshot of reporters, and far from photographers who might capture him with candidates leery of being viewed as too close to the White House.

Among them is Senator DeWine, who faces a difficult challenge from Representative Sherrod Brown, a Democrat. The senator skipped two presidential visits to Ohio this year but was on hand Monday to give Mr. Bush a hearty — and very public — handshake and clap on the back when Air Force One landed at the Cincinnati airport.

"I appreciate the president coming in," Mr. DeWine said later, on the tarmac at Andrews Air Force Base in Maryland, after flying home with Mr. Bush on Air Force One. "He raised a lot of money. It's always good to be with the president."

Asked if Mr. Bush could do him any good, the senator paused, and repeated himself, "It's always good to be with the president."

One thing Mr. Bush can do — and has done — is raise money for Mr. DeWine; Monday's was his third fund-raiser for the senator. All have been closed to the press, which is the senator's policy.

The Republican National Committee, which tracks Mr. Bush's fund-raising appearances, does not keep statistics on whether he is attending more closed events this year than in the past. The White House says events are closed when they are in private homes.

Democrats, meanwhile, have been quick to point out that so far this election season, Mr. Bush has not done any traditional campaign rallies. "There's a four-letter word Republican candidates are not using: B-U-S-H," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

In Ohio, the Democratic committee is running a television advertisement featuring an image of Mr. DeWine draping his arm around Mr. Bush, with lyrics that take off on a children's song: "The more we work together, together, together, the more we work together, the happier we'll be."

Despite the risk of providing fodder for such advertisements, Republicans can ill afford to keep too much distance from the president. Even with public approval ratings in the 40 percent range, Mr. Bush remains a powerful fund-raising draw. Ken Mehlman, the chairman of the Republican National Committee, told reporters recently that Mr. Bush had more fund-raising invitations for the remaining weeks of the campaign than he could possibly accept.

As of Monday, the committee said, Mr. Bush had raised nearly $176 million for Republican candidates this election cycle.

By week's end, that figure will rise; Mr. Bush's schedule includes an "Iowa, Arkansas and Wisconsin Victory 2006" reception on Tuesday (closed); an event on Wednesday for Bob Corker, the Republican Senate candidate in Tennessee (closed); a reception in Birmingham on Thursday for Alabama's governor, Bob Riley (open); and another Ohio fundraiser on Thursday, for Representative Deborah Pryce (closed).

Tony Snow, the White House press secretary, said the trend would change. "We'll have a lot of open events," he said, talking to reporters in a grove of trees along the waterfront in Greenwich. And in any case, he said, nothing very newsworthy was going on inside: "It's not like the administration is pulling rabbits out of its hat. He's saying things that you've heard before."

Bush Helps GOP Incumbents In Conn., Ohio (AP)

By Will Lester

AP, September 26, 2006

President Bush combined two fundraising trips for threatened GOP incumbents Monday with a tour of a family-run manufacturing business he pointed to as proof that his tax cuts are helping the economy.

But the most powerful economic news could be found at the gas stations all over Cincinnati, where gas could be bought for a little more than $2 a gallon.

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"This economy of ours is strong," Bush said after touring Meyer Tool Inc. in Cincinnati. He said the company is benefiting from those tax cuts and added 125 jobs over the last year.

The president has had trouble convincing the public that the economy is doing well. Only four in 10 people approve of the way he's handling the economy, according to AP-Ipsos polling.

But the rapid drop in gas prices over the last month could attract more attention from the public than countless speeches about economic policy.

White House spokesman Tony Snow said that "everyone notices gas prices." He scoffed at suggestions the administration is pushing prices down just before elections, saying people are crediting Bush "with the kind of magisterial power unknown to any other human being."

But the administration message on Monday was more focused on maintaining business conditions that help companies thrive and create more jobs.

Bush advocated making his tax cuts permanent, a frequent theme at stops around the country. He said such a move would help small businesses like Meyer Tool. During his tour of the plant, Sen. Mike DeWine of Ohio was close by his side. DeWine was criticized when he did not appear with Bush on some earlier visits.

Bush raised almost $1 million for DeWine, who is in a close re-election contest with Democratic Rep. Sherrod Brown.

Earlier in the day, Bush met privately with Republican donors at an estate in Greenwich, Conn., raising almost $800,000 for GOP House members facing tough re-election fights.

About 65 people attended the Connecticut event at the mansion on Long Island Sound. The money was raised to help Republican candidates, but mostly to help GOP Reps. Christopher Shays, Nancy Johnson and Rob Simmons. The three are top targets for Democrats trying to gain the 15 seats needed to take control of the House.

Incumbent Connecticut Sen. Joe Lieberman is running as an independent after losing the Democratic primary to anti-war candidate Ned Lamont. The Republican in the race, former Derby mayor Alan Schlesinger, has been drawing less than 5 percent in the polls and was not invited to Monday's fundraiser.

Republican Gov. M. Jodi Rell was invited but did not attend, citing a previous commitment. It's the second time since becoming governor in 2004 that Rell, who remains popular in the polls, skipped a visit from Bush.

Snow, meanwhile, suggested the White House was staying out of a flap over whether former President Clinton did enough as president to try to kill or capture Osama bin Laden.

In a combative interview on "Fox News Sunday," Clinton defended his handling of the threat posed by bin Laden, and said he tried to have bin Laden killed but was attacked for his efforts by "all of the right-wingers who are attacking me now."

"President Clinton really had strong feelings about this. We're not going to engage," Snow told reporters.

The presidential spokesman also criticized news reports based on a government-produced intelligence assessment suggesting the war in Iraq had worsened the terrorism threat by helping to create a new generation of Islamic radicals.

"The report is not limited to Iraq," Snow said of the still-classified report. He said "a variety of factors in addition to Iraq" had fueled the spread of terrorist activity.

Bush Touts Tax Cuts (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, September 26, 2006

INDIAN HILL -- President Bush wanted to make the point in Cincinnati this afternoon -- he wants part of his legacy as president to be that he cut taxes permanently.

To do it he will need to have Republican senators like Ohio's Mike DeWine re-elected this fall. And that explains why Bush came to Cincinnati: to help DeWine tap once again into Indian Hill's almost bottomless well of Republican campaign money.

So, once again, Air Force One touched down at the Greater Cincinnati-Northern Kentucky International Airport, and the presidential motorcade snaked its way through late afternoon traffic to the Indian Hill home of John Barrett, CEO of Western & Southern Financial Group, for a DeWine fundraising event that was expected to raise at least $1 million for DeWine's tough re-election campaign against Democrat Sherrod Brown.

Bush wasn't here long. Air Force One took off from CVG at 7:25 p.m.

Before heading to Indian Hill and an enthusiastic crowd that had paid $5,000 a piece to hear him, the president stopped in Camp Washington at the Meyer Tool plant, where about 900 workers do machine-tooling for GE and other aviation manufacturers.

At Meyer Tool, with DeWine and company officials at his side, Bush made his case in brief remarks.

It was the Bush tax cuts of 2001 and 2003, the president said, that enabled Meyer to expand and hire more workers.

"They've hired another 125 workers here, and expanded their business, all because of the tax cuts,'' Bush said.

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DeWine didn't speak at the Meyer Tool event, but he has said that he would support making the Bush tax cuts permanent - a pledge that his Democratic opponent, Rep. Sherrod Brown, has said will do little good for middle class working families because most of the tax cuts have gone to the wealthiest Americans.

About 30 protesters greeted Bush in Camp Washington behind a huge banner reading "Mission Not Accomplished."

"George Bush is a war criminal and the worst thing that's ever happened to this country," said Ellen Arnold of Northside. "He's doing the best he can to erode democracy. He's a liar and a cheat."

Said Richard Luken of Green Township: "I'm here because I'm concerned about what I see as the attack on the fundamental principles on which our country was founded."

President Speaks To Donors In 2 States (WP)

By Michael A. Fletcher

The Washington Post, September 26, 2006

President Bush headlined closed-door fundraisers for embattled Republican congressional candidates in Connecticut and Ohio yesterday, events that underscored both his continued ability to attract donations and his continued unpopularity with much of the public.

The president stopped first at a luncheon at a palatial Greenwich, Conn., home overlooking Long Island Sound. The event, hosted by investment banker Scott Franz, was attended by 65 people and raised almost $800,000 for the state GOP's coffers, according to White House press secretary Tony Snow. Most of the money is expected to help Republican Reps. Nancy L. Johnson, Rob Simmons and Christopher Shays, all of whom are locked in tough races with Democratic challengers.

The White House is not supporting the candidacy of Republican Senate candidate Alan Schlesinger. He is running against antiwar Democrat Ned Lamont and incumbent Sen. Joseph I. Lieberman, who lost the Democratic primary and is now running for reelection as an independent.

After the event, the president jetted to Cincinnati, where he took part in a fundraiser for Ohio Sen. Mike DeWine. It marked the third time this year Bush has held a closed-door fundraiser for DeWine, who is in a tight contest with Rep. Sherrod Brown (D).

Although Bush won Ohio during his reelection campaign two years ago, the state's relatively high unemployment rate and growing opposition to the war in Iraq have helped erode the president's popularity there. One television ad for Brown, financed by the Democratic Senatorial Campaign Committee, shows a blurry photograph of a laughing DeWine arm-in-arm with Bush. "Mike DeWine likes working together . . . with George Bush," reads text laid over the photograph.

The situation in Ohio is hardly unique. Bush has been featured in the ads of Democratic congressional candidates across the country who are trying to tie the unpopular president to GOP candidates. At the same time, many Republican candidates have chosen to stay out of public view when with the president, even while seeking his help to raise money. The president's two events yesterday were among five closed fundraisers that he is scheduled to take part in this week.

Snow brushed aside suggestions that Bush was meeting privately with Republicans because of his low approval ratings. "We're having them closed because they are in private homes," he said.

Vice President Cheney also hit the road yesterday, headlining a $140,000 event at a Milwaukee hotel, where he warned that "reckless" Democrats would undermine the nation's security if they win in the fall. Withdrawing from Iraq, Cheney said, would "validate the al-Qaeda strategy and invite even more terrorist attacks in the future."

Cheney then spoke at a rally of Michigan Army National Guard troops at an armory in Wyoming, Mich., with scores of camouflage-clad soldiers standing behind him. Afterward, the vice president headed for a closed-door fundraiser in East Lansing, expected to raise $935,000 for GOP Senate candidate Mike Bouchard and state Republicans.

Staff writer Peter Baker contributed to this report.

No Silent Majority For Bush (WP)

By E. J. Dionne Jr.

The Washington Post, September 26, 2006

What could prove to be the most important factor in the 2006 elections is overlooked because it is unseen: The Republicans cannot try to curry favor with a "silent majority" that favors the Iraq war because a majority of Americans, both vocal and quiet, have come to see the war as a mistake.

President Bush's defenders have cast opponents of the war as weak on terrorism. Yesterday, Vice President Cheney accused Democrats of "resignation and defeatism." But the charges have not taken hold, because most Americans don't agree with the premise linking the war on terror with the war in Iraq.

And blame for the failures in Iraq has fallen not on some liberal coterie supposedly holding our generals back but on the choices of civilians in a conservative administration. Those civilians, and their allies outside the administration, find themselves

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under increasing fire from leaders of the military and the intelligence services for bad planning, flawed analysis and unrealistic expectations.

Moreover, the tone of the opposition to this war is quite different from the tenor of some sections of the movement against the Vietnam War. Reaction to "hippie protesters," as the phrase went, allowed President Richard Nixon to pit a hardworking, patriotic "silent majority" -- it was one of the most politically potent phrases of his presidency -- against the privileged, the young and the media, whom his vice president Spiro Agnew memorably characterized as "effete snobs" and "nattering nabobs of negativism."

As the historian and Nixon biographer Stephen Ambrose noted, tiny minorities -- "they numbered less than 1 percent of the demonstrators," he wrote of a 1969 rally -- "waved Viet Cong flags . . . and even burned American flags" and served as "magnets to the television cameras." They were used to exemplify an entire movement.

By contrast, critics of the Iraq war, deeply influenced by the post-Sept. 11 climate of national solidarity, have been resolutely patriotic and pro-military. They have often chastised the administration for offering American troops too little in the way of body armor and armored vehicles, and for shortchanging veterans.

Among the most visible critics of the administration's approach have been generals, vets, parents with sons and daughters in the military, and foreign policy realists who think of themselves as moderate or even conservative opponents of what they see as the administration's radical direction.

That is why news over the weekend of a National Intelligence Estimate on Iraq is especially troublesome for Republican electoral chances. By finding that the war in Iraq has encouraged global terrorism and spawned a new generation of Islamic radicals, the report by 16 government intelligence services undercuts the administration's central argument that the Iraq war has made the United States safer.

Nor is there any way to dismiss the assessment as partisan, left-wing or unpatriotic. That high-level government officials have offered their own criticisms of the war's impact makes it difficult for Republicans to force the argument into a classic "he said-she said" framework in which facts can be set aside and the claims of critics dismissed as political.

It is no wonder that the administration immediately insisted that news reports were "not representative of the complete document," in the words of a White House spokesman. The phrase was a classic instance of the non-denial denial, a defensive response from an administration that has tried, with some success, to remain on offense on the terrorism issue all month.

The conventional, and accurate, view of this fall's elections is that Iraq is a Democratic issue and the broader war on terrorism is a Republican issue. Accordingly, Democrats such as Senate Minority Leader Harry Reid were understandably eager to point to the report as a commentary on the president's "repeated missteps in Iraq and his stubborn refusal to change course," as Reid put it Sunday.

But beneath the conventional account is a more revealing truth: that over the past four years, the burden of proof on the Iraq war has been turned on its head.

During the 2002 election campaign -- before the war had actually begun -- Democratic candidates all over the country fled the Iraq debate and feared raising any questions about Bush's national security choices. In 2006 it's the administration trying to keep Iraq out of the campaign and to move the public conversation to anything else as an alternative to an accounting for its war decisions that so many middle-of-the-road Americans now regret. There is no silent majority to bail the president out.

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Snow To Raise Money For GOP Candidates (AP)

By Nedra Pickler

AP, September 26, 2006

White House press secretary Tony Snow is taking his gift of gab across the country in the coming weeks to raise money for Republican candidates, an unusual task for the president's top spokesman.

On the job just four months, the former Fox News commentator is in-demand on the GOP circuit. He said he decided to help maintain the party's majority in Congress after some consideration of his proper role — and that doesn't include a lot of red meat rhetoric like some speakers offer at partisan events.

"They asked, and I thought about it a lot and we went back and forth," Snow said. "It's one of those things where I certainly want to help the president. But you have to make sure it's a fine line, and that's why I don't want to get into opponent bashing.

"The approach I'm going to take is not going to be one of going out and whacking Democrats by name, but straightforward comments about what the president has accomplished," Snow said.

Snow already has been speaking at some events with Republican activists, such as an appearance before about 800 with the Pennsylvania Republican Party on Sept. 15. But his first big candidate fundraisers come next week, when he headlines

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fundraisers for Reps. Jean Schmidt in his hometown of Cincinnati and Geoff Davis of a neighboring district in northern Kentucky. Expectations are high, with Republicans hoping for as much as $100,000-$150,000 per appearance.

White House political director Sara Taylor, who handles political scheduling for all senior administration officials, said she's slated Snow for about half a dozen fundraisers in the final month of the campaign and may add more. She said Republicans who have been watching Snow for years on Fox and are intrigued by his new job are eager to meet him.

"This is a new person who is a great messenger, who is very funny, who is very affable and who people like to be around," she said.

Snow said taxpayers will not pay for any of his travel — the bill is being footed by the Republican National Committee. He said fundraising is "fairly unusual ground" for a sitting press secretary, and he won't hesitate to cancel a political appearance if he's needed at the White House.

"If there's a conflict between that and my day job, then the day job wins," he said.

GOP Brass To Meet Lobbyists (RC)

By Kate Ackley And Ben Pershing

Roll Call, September 26, 2006

With only a few days left before they leave town for the campaign trail, House Republican leaders — with an assist from White House strategist Karl Rove — will mount one final push this week for the financial support of GOP lobbyists.

Thursday afternoon at the Capitol Hill Club, Rove will join the top six House GOP leaders to address as many as 200 lobbyists, the first large-scale meeting between lobbyists and leaders in recent months.

“This is a straight-out appeal to [lobbyists] to contribute to Republicans — to remind them what Republicans do not only for their specific industries but for the whole business community,” said a GOP leadership aide. The aide added that the leaders would emphasize that “reports of the Republican majority’s demise have been greatly exaggerated, and we’re coming back.”

Several GOP sources said the leadership also would reiterate a warning against giving to Democrats that was conveyed by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) earlier this month to a smaller group of lobbyists and political action committee directors.

As one aide put it, part of Thursday’s message will be, “if you’re hedging your bets you’re making the wrong decision.”

A leadership aide from another office made the same point, saying that if lobbyists give to Democrats, “they might want to think twice about it.”

For the party’s true believers, the second aide added, the message will be one of comfort — that “they’re going to be on the side that’s going to win.”

Thursday’s gathering will be under the auspices of the “coalitions” effort run by Majority Whip Roy Blunt (R-Mo.) that focuses on outreach to the lobbying community.

Lobbyists said they received an e-mail invitation last week from Keri Ann Hayes, executive director of Blunt’s PAC, to a confab that will include pep talks from Speaker Dennis Hastert (Ill.), Majority Leader John Boehner (Ohio), Reynolds, Blunt, Chief Deputy Majority Whip Eric Cantor (Va.) and Republican Conference Chairwoman Deborah Pryce (Ohio). (Rove was not listed on the invitation, but sources said he’s going to be the “special guest” who was promised to attendees.)

Between 150 and 200 business lobbyists and representatives from interest groups and think tanks are expected to attend.

According to a Republican who had a copy of the agenda, Blunt is scheduled to give the introduction at the meeting. Hastert then will run through the accomplishments of the 109th Congress and Boehner will discuss the party’s vision and “why the majority matters.”

Pryce — who’s in a highly competitive re-election race of her own — will speak on the latest developments on the messaging and polling front, while Reynolds is set to outline the current House election landscape.

Cantor will give an update on the NRCC’s “Battleground” program to aid vulnerable incumbents and Rove will conclude with his own remarks about the importance of the coming elections.

Several lobbyists who said they planned to attend expect a cheerful outlook on the upcoming midterm elections. One lobbyist said he expected a “pep rally atmosphere.”

The event will be modeled after the Whip operation’s coalitions meetings, which had been routine in the past few years. Back then, lobbyists and lawmakers frequently met to talk strategy in Room HC-5 of the Capitol on issues such as passing the Central American Free Trade Agreement and other major pieces of legislation.

But a series of scandals involving lobbyists, Members and Congressional aides sent a chill through such large-scale interactions between K Street and Congress, and the full coalitions team has not met recently.

Recounts, Run-offs To Mark Races In 2006 (AP)

By David Espo

AP, September 26, 2006

It's Nov. 8, the day after the election. The costliest and nastiest campaign for control of the House in history is .... not yet over.

Instead, in this hypothetical case, both parties are short of the 218 seats needed to guarantee control. The outcome will be decided by run-off elections in Louisiana and Texas, recounts in a half-dozen races that are too close to call and perhaps a party switch or two.

Unprecedented? Yes. Impossible? Absolutely not, given an era of polarization that has produced a presidential election so close the Supreme Court had to settle it, and a 50-50 tie in the Senate.

"It means that all of your focus and energy will be on trying to get to 218 in two ways," said Steve Elmendorf, who was chief of staff to Dick Gephardt, former Democratic leader. "One, in recounts and trying to make sure you're throwing every legal strategy and lawyer you can find into try and win the recounts.

"Secondly, you're going to be looking for every potential person on the other side who can switch."

"I have no one in particular in mind," said Speaker Dennis Hastert, R-Ill., asked about Democrats who might be approached to become a Republican. He said he doubted any of his rank-and-file would defect.

Democrats must gain 15 seats to win control of the House, and strategists in both parties agree Republicans are likely to lose at least some ground on Nov. 7.

Looking past election night, the possibility exists for December runoff elections in Louisiana, where state law turns Election Day into an open primary; and in Texas, where a court ruling had the same effect.

Louisiana's 2nd Congressional District has been heavily Democratic and likely to stay that way, despite the exodus of thousands of residents since Hurricane Katrina. Yet Rep. William Jefferson, D-La., is at the center of a federal bribery investigation, and two of his 12 opponents are Republican.

A runoff will be held Dec. 9 if no candidate gains a majority of the votes Nov. 7, and Republicans nurse hopes that the Democratic vote splinters and Jefferson advances along with a GOP contender.

In Texas, the Supreme Court ruled a San Antonio-area district violated the Constitution, and the lines were redrawn to bring it into compliance. Rep. Henry Bonilla, a Republican, has drawn two Democratic opponents, former Rep. Ciro Rodriguez and Lukin Gilliland. Democrats hope to deny Bonilla the 50 percent he needs to win re-election outright on Nov. 7, then beat him in a run-off.

In addition, both parties will be ready for races that are too close to call on Nov. 7.

"On election nights we have six to eight teams of people with their bags packed ready to go," said Carl Forti, a spokesman for the Republican campaign committee. Each team includes a lawyer, a political aide and a communications expert.

For Democrats, "there is a program in place to make sure that if there is a recount in place, there are folks ready to go," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Recounts mean lawyers, and run-offs mean television commercials. The common denominator is money.

Burton said if the battle for control of the House goes into overtime, Democrats will "raise money like crazy for the recount efforts and for the special elections." So will the Republicans.

Both parties also will be on the hunt for lawmakers willing to switch allegiances.

It sounds unlikely, given that the winners on Nov. 7, particularly the newcomers, will have benefited handsomely from party assistance.

But at least one challenger has said he doesn't want to make any pre-election commitments on the choice for speaker.

"I will do my interview process and pick the person that not only fits the best for our district, but also fits our party best," said Heath Shuler, a Democrat challenging Rep. Charles Taylor in North Carolina.

The election of a speaker is the first order of business when a new Congress convenes, and underscores the importance of party control. The majority party also decides what legislation comes to a vote, appoints its own lawmakers committee chairmen, decides what hearings to hold and what investigations to conduct.

The choice of a speaker always falls along party lines, although some Democrats have strayed in recent years.

Rep. Gene Taylor, D-Miss., voted for a Democrat, but not Minority Leader Nancy Pelosi of California in 2005. Interviewed recently, he said, "if it comes out to my vote deciding whether I can be a subcommittee chairman, I'm going to vote in the nation's best interests as well as my own," and go with Pelosi.

Then there are factors beyond the reach of mortals.

Republicans won control of the House by one seat after the votes were counted in 1930, according to Fred Beuttler, deputy historian of the House. Between Election Day and the time Congress convened, 19 lawmakers had died, and special elections to pick replacements delivered control to the Democrats.

Can it happen again?

"Their guys are older than our guys," said one Republican aide.

He was joking, maybe.

Parties Lining Up Lawyers For Election Day Challenges (CCT)

By Andrew Welsh-huggins

The Contra Costa Times, September 26, 2006

COLUMBUS, Ohio - Democrats are openly lining up election-day teams of lawyers around the country to fight what they allege could be GOP efforts to suppress votes.

Republicans quietly say they have their own strategies for potential problems Nov. 7 but won't give specifics. They say Democrats' concerns are overblown.

"They're going to have an awful lot of people standing around with nothing to do," said Bill Todd, a Republican lawyer in Columbus who expects to work for the state GOP on election day.

The parties' efforts come in the wake of the 2000 recount in Florida and irregularities in Ohio's elections two years ago.

Those problems included long lines, a shortage of voting machines and some electronic machines that malfunctioned or miscounted votes. Ohio gave President Bush the White House in 2004.

The goal is that "everyone who is entitled to vote votes, and everyone who votes has their vote counted," said Kent Markus, co-chair of the legal team being assembled by the Ohio Democratic Party.

Scrutiny of vote counting is sure to he high this election with parties fighting in many close congressional races around the country. Republicans are struggling to keep their House majority, while in Ohio Democrats have their best chance in almost a decade to take back the governor's office.

The Democratic National Committee has set up a toll-free hot line for voters having problems and boasts it will have thousands of volunteer lawyers in 18 states available to fight ballot challenges.

Markus said Ohio will have more than 200 lawyers available on election day in all 88 counties.

In Florida, Democrats will have teams of lawyers working around the state beginning Oct. 23 when Florida begins early voting. The party expects Republicans to be on the watch for voter fraud despite Democrats' contention that widespread fraud does not exist.

In Indiana, at least 200 volunteer attorneys will monitor voting in selected legislative races and three closely contested congressional races in which the Democratic Congressional Campaign Committee plans to run campaign ads.

The party is worried about Indiana's new voter identification law, which sets strict limits on the type of photo ID that poll workers can accept, said Kip Tew, an Indianapolis attorney organizing the Democratic lawyers.

The Indiana GOP will have volunteer poll watchers and challengers in place around the state, but says it has no equivalent legal strategy. Republican party spokesman Robert Vane said Democrats are manufacturing a GOP threat to scare voters.

State and national Republicans say only that they're working with state parties and campaigns to make sure every vote is counted.

The Republican National Committee says it's confident it can handle any legal challenges brought by Democrats. But spokesman Aaron McLear said he wasn't going to lay out the party's strategy.

"We want to make that sure every legitimate voter is able to vote and we don't want legitimate votes canceled out by illegitimate votes," he said.

As part of its efforts, the Ohio Democratic Party sued Republican Secretary of State Ken Blackwell, demanding he issue orders to county election boards on how to deal with potential election-day problems.

Those include instructions on securing electronic voting machines, what to do if those machines break and what to do in the case of long lines.

Counties' bipartisan election boards have existing rules in place for handling security, said James Lee, a Blackwell spokesman.

He said the state added $3 million to contracts with voting machine makers Diebold Inc. and Elections System & Software to ensure they have extra employees working election night. He said counties expecting large turnouts are pushing absentee ballots, available for the first time this year for anyone who requests them.

"We have experienced election officials who have proven over and over they can successfully administer elections at the county level," Lee said.

Democrats continue to react to 2000 when they felt outgunned by GOP lawyers in Florida, said Nathaniel Persily, a University of Pennsylvania election law professor.

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"The Democrats are better off now than they were six years ago, but it's still fair to say the Republicans, as in many areas of elections, have a more disciplined legal hierarchy and strategy," Persily said.

That might explain why the GOP isn't saying much about its plans for election day.

"If you run your legal team like an army you don't talk about strategy before the battle," Persily said.

ON THE NET

Ohio Democratic Party: http://www.ohiodems.org/

Ohio Republican Party: http://www.ohiogop.org/

Election Homestretch Yields Surprises (WSJ)

By Jackie Calmes

The Wall Street Journal, September 26, 2006

BELLEVUE, Wash. -- Not long ago, Democrats in Washington state were threatening to abandon Sen. Maria Cantwell to protest her 2002 vote authorizing the war against Iraq. Now, the first-term senator says, "People here never wanted to lose this seat."

The senator spoke after an enthusiastic campaign rally underscored her suggestion that disgruntled Democrats have fallen in behind her, after concluding that their protest would only throw the seat to Republicans. Now, her bridge-building and the mistakes of her Republican rival, Mike McGavick, have Democratic leaders in the East resting easier about a seat that topped their endangered list for much of the year.

Mr. McGavick, a former chief executive of insurance company Safeco, says he is making up ground. In any case, the Washington state race illustrates the fluidity of the fall finale for Senate control as voters tune in. Republicans are struggling in a hostile climate to protect a 55-45 majority on Election Day. Democrats have to seize nearly every Republican target while losing none of their own.

The picture in the final stretch isn't what either side expected when the election cycle began. Republicans have given up on early targets among Democrats from states that backed President Bush's re-election, and are now struggling to keep some of their own red-state seats. Democrats, safe in red states, are campaigning hardest in blue ones, especially New Jersey.

Five Republican incumbents trail in polls. In Tennessee's open-seat contest to succeed retiring Senate Majority Leader Bill Frist, Democratic Rep. Harold Ford yesterday released a poll showing he had overtaken Republican Bob Corker. Two other Republican incumbents -- Virginia's George Allen and Arizona's John Kyl -- have seen their once-formidable leads erode to single digits.

Mr. Allen is perhaps the year's biggest surprise. He began on no one's watch list, but since summer he has been on the defensive -- first for using what some consider a racial slur against an Indian-American aide to Democratic rival Jim Webb and next for reacting angrily to revelations of his Jewish heritage. Even Republicans say he has stoked the controversies by his responses. Yesterday, Mr. Allen was denying new allegations from a college football teammate that he often used a slur to refer to black people and once stuffed a deer's head into a black family's mailbox.

The Senate Democrats' campaign committee is for the first time considering spending significant funds against Mr. Allen. Meanwhile, Democrats have grown less worried about three of their seats. Michigan Sen. Debbie Stabenow and Amy Klobuchar, seeking Minnesota's open spot, showed wide leads in polls released last week. Yesterday in Maryland, a Baltimore Sun poll showed Rep. Ben Cardin up by 11 points over Republican Lt. Gov. Michael Steele. That leaves New Jersey as Democrats' biggest worry. Sen. Robert Menendez, seeking the seat he got last year by appointment, slightly trails Republican Tom Kean Jr., son of the former governor, after allegations of ethical breaches that the Democrat denies.

Nonpartisan analyst Stuart Rothenberg, in revised ratings yesterday, downgraded Republican Allen's prospects, and upgraded those for Democrats Klobuchar and Cantwell.

Last week's Washington primary results confirmed that Ms. Cantwell -- like Sen. Hillary Clinton in New York's Democratic primary the week before -- paid little price among party liberals for her war vote. That was a blow to Republican hopes that Connecticut Democrats' mutiny last month against three-term Sen. Joe Lieberman would prove contagious. (Mr. McGavick sent Mr. Lieberman, now running as an independent, a $1,000 contribution.)

When Washington's mostly mail-in vote was finally tallied late last week, Ms. Cantwell had 91% of the Democratic vote. An unfunded antiwar challenger, Hong Tran, won 5%. The ease of her renomination, and Mrs. Clinton's, suggests that the circumstances behind Mr. Lieberman's defeat were unique. Ms. Cantwell's record has been moderate, not maverick like Mr. Lieberman's; she has been critical of the president when he hasn't, and, perhaps most important, she didn't draw a deep-pocketed antiwar challenger.

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In past election years, Washington's combined Republican and Democratic primary vote has been a clue to what is ahead in November. Democrats' participation was significantly greater than Republicans', and Ms. Cantwell drew 53% of the combined vote to 36% for Mr. McGavick.

Ms. Cantwell has more money than Mr. McGavick, and while Republican leaders had hopes the wealthy businessman would spend more of his own money, he says he has no plans to go beyond the $2 million he has lent his campaign. Mr. McGavick was in Washington, D.C., last week for fund raising, but the first priority of Senate Republicans' campaign committee is helping beleagured incumbents.

Meanwhile, the McGavick campaign cites a poll by the independent Rasmussen Reports last week that has Ms. Cantwell's lead back to six points, as in mid-August -- down from a 17-point edge in a Rasmussen poll earlier this month. But Senate Democrats say their poll gave her a 12-point edge. The 48-year-old Mr. McGavick, a onetime top aide to former Washington Sen. Slade Gorton, says he "is coming back rather nicely" after a self-inflicted wound. In late August, he disclosed on his Web site a 1993 driving-under-the-influence incident, but his account differed significantly from the police report a state newspaper subsequently unearthed.

Ms. Cantwell, who turns 48 next month, ousted Sen. Gorton six years ago by just more than 2,000 votes. That close call, and her businesslike aloofness since, made her seem all the more vulnerable this year. After she refused in January to call her war vote a mistake, liberals' rebelliousness built. Two potentially worrisome candidates surfaced. Meanwhile, state and national pundits were praising Mr. McGavick. By late June, a Seattle paper headlined its poll story, "Cantwell's Lead Nearly Gone."

The senator explains her recovery simply: "We had a lot of meetings with people." She met with groups to let them vent. Supporters promoted Ms. Cantwell's work on other issues important to liberals -- for abortion rights and against drilling in the Arctic National Wildlife Refuge, in particular. In July, the two rival Democrats had joined her campaign, leaving just Ms. Tran. And Ms. Cantwell issued a statement that if she had known the U.S. wouldn't find weapons of mass destruction, she wouldn't have voted for force against Iraq.

Write to Jackie Calmes at jackie.calmes@wsj.com1

In West, GOP No Longer A Shoo-in (USAT)

By Tom Kenworthy

USA Today, September 26, 2006

CASPER, Wyo. — If history is any guide, Democrat Gary Trauner is on a fool's errand as he campaigns door-to-door to unseat six-term Republican Rep. Barbara Cubin.

A Democrat hasn't held Wyoming's at-large House seat since 1979, when Rep. Teno Roncalio retired after five terms — and an up-and-coming politician named Dick Cheney replaced him. In this state where Republicans are 61% of registered voters and Democrats 26%, President Bush won with 69% two years ago, a margin he exceeded only in Utah.

Trauner's campaign may not be entirely quixotic. National publications that track elections such as The Cook Political Report and Congressional Quarterly have started paying attention to what once was regarded as a Republican shoo-in.

In a Republican neighborhood here in Wyoming's second-largest city, Trauner, 47, a businessman, found some traction on a recent weekend even though he's yet to get funding from the Democrats' House campaign committee.

“People really do think it's time for a change,” says Marlene McLain, 61, after Trauner knocks on her door. McLain, a Republican, is critical of Cubin: “She doesn't listen to us. … She's not paying attention.”

Trauner's chances could also be affected by broader changes in the Rocky Mountain West, such as strong population growth. Democrats could build on gains they made in the region in 2002 and 2004.

Republican National Committee spokesman Danny Diaz predicted the GOP is “going to continue to be successful in the Rocky Mountain West because ideologically we stand with voters, while Democrats have taken positions contrary to the views of a majority of voters.”

Throughout the 1980s and 1990s, the West became the most reliably Republican region in the country. But in 2002, Democrats won gubernatorial races in Wyoming, New Mexico and Arizona. In 2004, at least below the president on the ballot, more splotches of blue appeared in the largely red region, as moderate Democrats with strong local ties won key races.

In 2004, Montana Democrats won the race for governor, took control of the state Senate and tied for control of the state House. In Colorado, Democrats won control of the Legislature for the first time in more than 40 years, and Hispanic brothers Ken and John Salazar won seats in the U.S. Senate and House that had been Republican.

Amy Walter of The Cook Political Report attributes the Democratic wins in the West to an influx of new residents, “a big chunk of it Hispanic.” She also believes voters in states like Montana want to balance Republican federal officeholders with Democratic state officials.

Some of the most up-for-grabs elections are in the West:

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·Colorado. Democrats have a chance to win the open governor's race because Bill Owens, a Republican, is retiring because of term limits. Democrat Bill Ritter, a former Denver prosecutor, has a 17-percentage-point lead over U.S. Rep. Bob Beauprez, a Republican, according to a recent Rocky Mountain News poll.

"So far, the Democrats have done everything right, and (Beauprez) has had a lot of trouble getting started," says Bob Loevy, a political science professor at Colorado College.

If Ritter wins, Democrats could be governor in five of the eight Mountain West states. Before the 2002 election, all these states — Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming — had Republican governors.

Also in Colorado, Democrats have one of their "best opportunities in the country" to pick up a House seat, Walter says. In the Denver-area district left vacant by Beauprez's run for governor, Democrat Ed Perlmutter, a former state senator, is running against Republican Rick O'Donnell. Both candidates emphasize tough measures to combat illegal immigration.

·Montana. Republican Sen. Conrad Burns is rated by many analysts as one of the most endangered GOP senators as he battles for a fourth term against Democrat Jon Tester, president of the state Senate. "Despite spending millions, Burns hasn't gained the momentum he wanted," says Craig Wilson, a political scientist at Montana State University-Billings.

Dogged by his ties to disgraced lobbyist Jack Abramoff, Burns has also made a number of highly publicized missteps. He criticized firefighters for their performance in this summer's wildfires. He also asked the governor to declare a fire emergency and activate the National Guard more than a month after the governor had.

·New Mexico. U.S. Rep. Heather Wilson, a Republican, is in a dead heat against Democratic Attorney General Patricia Madrid. Madrid has hammered Wilson for supporting the Iraq war; Wilson has charged Madrid with ignoring a corruption scandal in the treasurer's office.

·Arizona. The House seat of retiring Republican Rep. Jim Kolbe makes most political analysts' lists of possible Democratic pickups. The Republican Party poured $200,000 into the primary campaign of moderate Steve Huffman, who lost Sept. 13 to the more conservative Randy Graf, a former state representative. Graf now faces Democrat Gabrielle Giffords, a former state senator.

In Wyoming, Cubin says she's confident of winning a seventh House term. She says Bush and the Iraq war have more support here than in other areas of the country, and she says voters will recognize her record of helping the state's energy industries. "I'm very optimistic about this race, but I always run as if I'm one vote behind."

Cubin won her August primary with an underwhelming 61% against a little-known opponent. "She's never racked up the numbers you'd expect of a Republican in a predominantly Republican seat," says University of Wyoming political science professor Jim King.

Trauner faces many obstacles, including what he calls the "heavy weight" of the GOP advantage here. He's a New York native in a state that values deep Western roots. As he tells voters that "we need a little fresh air in D.C.," Trauner tries to appear in the mold of moderate Democratic Gov. Dave Freudenthal, who is far ahead in his bid for a second term.

"I'm not a typical Democrat," Trauner says. "I'm pro-gun and pro-business."

Endangered Members Told: Pony Up (HILL)

By Alexander Bolton

The Hill, September 26, 2006

The most endangered House Republican lawmakers have been asked by their leaders to give $75,000 to party coffers, significantly more than was asked of rank-and-file members two years ago, a sign of how desperate party leaders are to raise money when their individual donor receipts are down and lobbyists are increasing their contributions to Democrats.

Rank-and-file Republicans are being asked to give $75,000 to the National Republican Congressional Committee (NRCC): $25,000 or 50 percent more than they were supposed to give in the last election cycle. Committee chairmen have been asked to give $200,000, or $50,000 (33 percent) more than last cycle, according to one chairman.

Even lawmakers who are fighting for their political lives, such as GOP Reps. Jim Gerlach (Pa.) and John Sweeney (N.Y.), have been asked to contribute $75,000 to party coffers.

The increase of individual giving targets is surprising because the overall fundraising goal for the program is the same as in 2004: around $18 million, according to a Republican who helped organize the effort last cycle. At a time when many Republicans feel they are more threatened than two years ago, it appears that leaders have decided that the best way to ensure they reach their fundraising goals is to overreach, knowing that some lawmakers will not hit their targets.

There is new urgency for Republicans to raise money from their members because the NRCC has raised nearly $20 million less from individual donors compared to 2004. Meanwhile, its counterpart, the Democratic Congressional Campaign Committee, has boosted individual receipts by $16 million. Adding to the pressure, lobbyists are reporting that their corporate clients are giving more to Democrats in case they recapture the House this fall.

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The top three House GOP leaders have been asked to give $550,000 each, the rest of the leadership has been asked for $300,000 per lawmaker. The chairmen of the most powerful committees, such as Appropriations, Energy and Commerce, and Ways and Means have been given $350,000 fundraising targets, while the chairmen of the other panels have $200,000 targets.

The heads of powerful subcommittees, such as the Appropriations Energy and Water sub-panel, should give $150,000, and the members of A-list committees have been billed for $100,000. Lawmakers may raise the funds or give them from their campaign accounts, said several participants.

The NRCC has revealed its overall $17.5 target for the fundraising program, known as Battleground, but has not made public the individual targets for lawmakers or how they compare to last cycle's. Lawmakers who've been asked to fund the effort, however, spoke of the goals.

Many lawmakers have yet to reach their new, higher targets, which they were given shortly before the August recess.

But perhaps more unusual, several vulnerable members including Gerlach and Sweeney said they are making every effort to meet the target, even if it means siphoning funds away from their own campaigns to help the party. Sweeney, who is battling in Democratic friendly New York, has vowed to meet his goal.

But other lawmakers say they will not meet their goal, viewing it only as a suggested target, and an expensive one at that. These lawmakers say their focusing on their own races.

"I've got a race back home I've got to finish," said Rep. Jim Ryun (R-Kan.), who won in 2004 with 56 percent of the vote.

Ryun admitted he has not given as much as he would like to the program.

"You do the best you can: if you make it, great, if you don't maybe it was a little high but you do the best you can," he said.

Ryun has given $12,000 to the NRCC as of the end of August.

Some members wish the perpetual money chase would stop, but realize it's part of the business.

"It's always a challenge raising money," said Rep. Scott Garrett (R-N.J.). "I'm not particularly good at it. I wish we didn't have to do it but it's part of the game."

House Republican leaders will remind the rank-and-file how important a part of the game it is this Wednesday at a meeting of the Republican conference. At that meeting leaders will put more pressure on their colleagues to hit their targets.

Battleground is a grueling program for participants and organizers.

Rep. Mike Rogers (R-Mich.) headed the effort in the last cycle and raised $22 million. But he declined to lead it again this year so House leaders drafted Chief Deputy Whip Eric Cantor (R-Va.) to lead it, taking Cantor's staff by surprise.

Cantor said the program is going well and that many of his colleagues have participated enthusiastically.

"The initial goal was $17.5 million," he said. "We're well on our way to exceeding that goal."

A review of party receipts since July, when GOP lawmakers were first given their fundraising goals, reveals those who may be angling to move up in the GOP leadership or gain more powerful committee posts.

Rep. Spencer Bachus (R-Ala.), a senior member of the Financial Services Committee who may replace retiring Rep. Mike Oxley (R-Ohio) as chairman has given $435,500 in excess funds to the NRCC.

Rep. Paul Ryan (R-Wis.), who is running to chair the Budget Committee, gave $200,000. Rep. Jeb Hensarling (R-Texas), who has emerged as a leader of the conservative House Republicans, gave $202,000.

Blue Dog PAC Tops $1 Million (HILL)

By Josephine Hearn

The Hill, September 26, 2006

Looking to shore up their influence in a more evenly divided House next year, conservative Blue Dog Democrats reached a fundraising milestone in August, raising more than $1 million for their PAC for the first time.

The 37-member Blue Dog Coalition has raised nearly $1.1 million for its PAC so far this election cycle and has doled out $600,000 in contributions, dwarfing the fundraising totals of other PACs associated with groups of lawmakers, according to figures recently filed with the Federal Election Commission. The 43-member New Democrat Coalition, in contrast, raised only $490,000 in the same period.

The Blue Dogs' cohesion and visibility among House Democrats has contributed to their fundraising prowess. Most of the group's members are white, conservative Democrats and hail from red states. All share a desire to balance the budget.

The group also sticks together—both politically and in where they choose to congregate on the House floor. They often sit shoulder-to-shoulder in seats bordering the House's center aisle, and they travel en masse to fundraisers. These bonds have long made them among the most unified and active groups in the House Democratic Caucus.

This year, though, they have added cachet. With Democrats predicted to gain seats in November, many corporate PACs are looking to curry favor with Democrats, especially those who have been sympathetic to business interests. (Rep. John Tanner (D-Tenn.), the coalition's co-founder, was an early supporter of the Central America Free Trade Agreement despite Democratic

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leaders' opposition.) Other companies give to the business-friendly Blue Dogs in order to augment the total percentage they contribute to Democrats, a way to start currying favor with Democrats before an dif they gain the majority.

For the Blue Dogs themselves, the newfound popularity is a recognition of the delicate position they may occupy in a Democratic House, that of balancing their own conservative tendencies with the liberal politics of their colleagues.

"We'll play a significant role in terms of agenda setting. That could pose some problems," Tanner said, alluding to the ideological differences. "I don't worry about it; We'll just have to see how things work out. If Democrats win, we'll certainly have a voice to be heard."

Rep. Allen Boyd (D-Fla.), who co-chairs the PAC with Tanner, offered similar sentiments.

"There are those on the left side who want a pure agenda. But if we follow that, we are doomed to be the minority party," Boyd said. "I have heard [House Minority Leader] Nancy Pelosi [D-Calif.] say a number of times that she wants to be Speaker of the House not the Speaker of the Democratic Party. If she does that...then it will work out right."

A number of prime Democratic pick-up opportunities involve conservative candidates the Blue Dogs have endorsed, making it nearly certain that the coalition will expand in the next Congress, perhaps dramatically. The Blue Dogs have endorsed former Reps. Ken Lucas (D-Ky.) and Baron Hill (D-Ind.), as well as Democratic challengers Brad Ellsworth (Ind.), Mike Weaver (Ky.), Heath Shuler (N.C.), Maxine Moul (Neb.), Kirsten Gillibrand (N.Y.), John Cranley (Ohio) and Phil Kellam (Va.). In open seats, they are backing Christine Jennings (Fla.) and Charlie Wilson (Ohio).

Blue Dogs already constitute nearly one fifth of the 201 House Democrats, but they are outnumbered by the Congressional Progressive Caucus (64), the Congressional Black Caucus (43), and the New Democrats (42).

Some of those caucuses are likely to grow as well. The CBC has endorsed candidates Keith Ellison (Minn.), Angie Paccione (Colo.) and Les Miller (Fla.). The 11-member Congressional Asian and Pacific American Caucus (CAPAC) is backing candidates Tammy Duckworth (Ill.) and Mazie Hirono (Hawaii) through its work with the Asian American Action Fund.

The Blue Dogs' fundraising, however, has dramatically outpaced that of similar groups. The CBC had raised $504,000 as of June 30. The House Conservatives Fund, which represents more than 100 conservative Republicans, took in $541,000 as of August 31.

For the Blue Dogs, their robust fundraising bolsters a viable political center in an ever more partisan Congress.

"There's a group of Democrats who aren't going to give their voting card to either leadership," Tanner told The Hill in July.

Teammates: Allen Used "N-word" In College (SAL)

By Michael Scherer

Salon.com, September 26, 2006

Three former college football teammates of Sen. George Allen say that the Virginia Republican repeatedly used an inflammatory racial epithet and demonstrated racist attitudes toward blacks during the early 1970s.

"Allen said he came to Virginia because he wanted to play football in a place where 'blacks knew their place,'" said Dr. Ken Shelton, a white radiologist in North Carolina who played tight end for the University of Virginia football team when Allen was quarterback. "He used the N-word on a regular basis back then."

A second white teammate, who spoke on the condition of anonymity because he feared retribution from the Allen campaign, separately claimed that Allen used the word "nigger" to describe blacks. "It was so common with George when he was among his white friends. This is the terminology he used," the teammate said.

A third white teammate contacted separately, who also spoke on condition of anonymity out of fear of being attacked by the Virginia senator, said he too remembers Allen using the word "nigger," though he said he could not recall a specific conversation in which Allen used the term. "My impression of him was that he was a racist," the third teammate said.

Shelton also told Salon that the future senator gave him the nickname "Wizard," because he shared a last name with Robert Shelton, who served in the 1960s as the imperial wizard of the United Klans of America, a group affiliated with the Ku Klux Klan. The radiologist said he decided earlier this year that he would go public with his concerns about Allen if a reporter ever called. About four months ago, when he heard that Allen was a possible candidate for president in 2008, Shelton began to write down some of the negative memories of his former teammate. He provided Salon excerpts of those notes last week.

On Sunday morning, Salon spoke with David Snepp, a spokesman for Allen's Senate office, to ask for a response to the recollections of the three former teammates. E-mail and phone messages were also left for Bill Bozin, a spokesman for the Allen campaign, and Dick Wadhams, the campaign manager. Though Snepp indicated that the campaign, and probably Wadhams, would respond, eight hours later no one in the Allen camp had replied to Salon. Chris LaCivita, a consultant to the Allen campaign, hung up when a Salon reporter reached him midafternoon Sunday. Additional attempts to contact the campaign were unsuccessful. (Since Salon published this story, Allen has denied to other reporters having ever made such a racial slur.)

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The racial attitudes of Allen, a once formidable presidential contender in 2008, have become an issue in his highly contested reelection campaign against Jim Webb, a former Marine and author. Last month, Allen was videotaped calling an Indian-American college student "macaca," an obscure word for monkey that is also used as a racial epithet in some parts of the world. Allen has since apologized to the student, saying that he made up the word, and did not know its other meanings.

Last week, Allen again created controversy by appearing offended when a reporter asked about the Jewish lineage in his mother's family, which he has since acknowledged. Allen has also faced questions about his affinity for the Confederate flag, which he wore as a pin in a high school yearbook photo and exhibited in his home in Virginia.

In public statements, Allen has said that he realized later in life that the Confederate flag was a symbol of violence for black Americans, and he has expressed some regret. "There are a lot of things that I wish I had learned earlier in life," Allen said in an appearance this month on NBC's "Meet the Press." But Allen has maintained that he never harbored any discriminatory attitudes toward blacks. "Even if your heart is pure, the things you say and do and the symbols you use matter because of how others may take them," he said in the prepared transcript for remarks to a luncheon with black educators on Sept. 13.

Over the past week, Salon has interviewed 19 former teammates and college friends of Allen from the University of Virginia. In addition to the three who said Allen used the word "nigger," two others who were contacted said they remember being bothered by Allen's displaying the Confederate flag in college, but said they do not remember him acting in an overtly racist manner. Seven others said they did not know Allen well outside the football team, but do not remember Allen demonstrating any racist feelings. A separate seven teammates and friends said they knew Allen well and did not believe he held racist views. "I don't believe he was insensitive," said Paul Ryczek, who played center in Allen's year before joining the Atlanta Falcons. "He had no prejudices, biases or anything else."

In the interviews, old teammates generally spoke of him highly, as a good friend, a bright and ambitious student, and a colorful character who embraced Southern culture, listened to country music, and attracted the nickname "Neck," as in redneck. "If a black guy dropped a pass, he would say something to him," said Gerard Mullins, who played defensive back in Allen's year. "If it was a white guy, same thing. It really didn't matter where you were from, who you were, or anything."

The three former teammates, however, painted a very different picture of Allen when he was around his white friends. Shelton said he feels a personal responsibility to tell what he knows about Allen's past, especially now that Allen has been mentioned as a possible presidential candidate. "I got to know Allen a little too well," Shelton said, adding that he does not believe Allen should hold elective office. "He had prejudices that were deep-seated."

Shelton said no political animosity has driven his decision to speak out. He has switched between Democratic and independent registration in recent elections, he said, and does not consider himself politically active. Four years ago, Shelton and his wife donated $1,000 to Sam Neill, the Democratic challenger to Rep. Charles Taylor, R-N.C., because Shelton said they knew Neill and were upset by the allegations of corruption against Taylor, who was reelected. In February, Shelton supported Rick Davis, a current Republican candidate for sheriff, and penned a letter to the editor in the Hendersonville Times-News backing Davis' campaign. Shelton says he does not know much about Allen's political ideology and says he hasn't spoken to him in about 30 years. "There are no personal grudges," Shelton said. "There was no falling out."

Shelton played football with Allen in the 1972 and 1973 seasons, according to the team media guides from those years. Shelton remembers Allen's attitudes about race surfacing early in their relationship. At one point, Shelton says, Allen nicknamed him "Wizard," after United Klans imperial wizard Robert Shelton. "He asked me if I was related at all," Shelton remembers. "I knew of that name, and I said absolutely not." Several former teammates confirmed that Shelton's team nickname was "Wizard," though no one contacted by Salon could confirm firsthand knowledge of the handle's origin. "Everyone called me 'Wizard' that knows me from those days," said Shelton. "My nickname stuck."

Shelton said he also remembers a disturbing deer hunting trip with Allen on land that was owned by the family of Billy Lanahan, a wide receiver on the team. After they had killed a deer, Shelton said he remembers Allen asking Lanahan where the local black residents lived. Shelton said Allen then drove the three of them to that neighborhood with the severed head of the deer. "He proceeded to take the doe's head and stuff it into a mailbox," Shelton said.

Lanahan, a former resident of Richmond, Va., died this year at the age of 53, said his aunt Martha Belle Chisholm of Richmond. In an interview on Thursday, Chisholm said that she remembered Lanahan speaking highly of Allen. "Bill was very complimentary of George Allen," she said. "He said he was just one of the boys." Chisholm also confirmed that the Lanahan family owned hunting land near Bumpass, Va., about 50 miles east of the University of Virginia campus.

Allen, a college quarterback, arrived at Virginia in 1971 as a sophomore transfer from the University of California at Los Angeles, where he had a football scholarship after graduating from nearby Palos Verdes High School. He relocated to Virginia around the same time that his father, also named George Allen, took a job as the head coach of the Washington Redskins. At the time of his arrival, race relations at the University of Virginia were delicate. Allen's graduating class was the first to offer

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scholarships to black athletes, and included the first four black players on the football team and the first black starting quarterback, Harrison Davis, who did not return calls from Salon.

Accusations of racial insensitivity have long dogged Allen's political career. As a member of the Virginia Legislature, Allen opposed a state holiday honoring Rev. Dr. Martin Luther King Jr. As Virginia's governor, Allen issued a proclamation honoring Confederate History Month that contained no mention of slavery. In recent years, however, Allen has made a point to reach out to minority communities, sponsoring legislation to fund historically black colleges and a resolution to condemn the lynching of blacks in the South. In a New Republic article by Ryan Lizza earlier this year, Allen discussed a "civil rights pilgrimage" he had taken to Birmingham, Ala., in 2003. "I wish I had [gone] sooner," the magazine quotes Allen saying. "I was listening to the old civil-rights movement, the strategies, the foundations, the tactics."

Several of Allen's teammates remember him arriving at the University of Virginia in 1971 with long sandy blond hair and surfer stories of the Pacific Ocean. "He was a Californian," remembers Craig Critchley, a family doctor in Ohio who played linebacker in Allen's year, and did not remember the senator displaying racial views. "It was like, 'Wow, man, yeah.'"

Shelton last remembers speaking with Allen in the mid-1970s, in Charlottesville, when Allen, then in law school, played with Shelton, who was in medical school, in an inter-city football league. For Shelton, the memories of Allen's behavior during his football days raise clear questions about the senator's fitness for office. "I just think that someone who attains that level of higher office needs to have higher standards," Shelton said. "He has deep-seated core values that are hard to reverse despite what he says."

By contrast, Allen has pointed to a different lesson from his days of football playing in recent public statements. On "Meet the Press," he said his football career was an experience that taught him racial tolerance. "I grew up in a football family, as you well know, and my parents and those teams taught me a lot," Allen said on the program. "And one of the things that you learn in football is that you don't care about someone's race or ethnicity or religion."

2 Ex-Acquaintances Of Senator Allen Say He Used Slurs (NYT)

By David D. Kirkpatrick

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — Two former acquaintances of Senator George Allen said Monday that he used racist slurs in the 1970's and 1980's, a development that compounded accusations of racial insensitivity that have dogged his re-election campaign in Virginia. Mr. Allen denied that he had ever used such words.

One of the two old acquaintances, Christopher Taylor, now an anthropology professor at the Birmingham campus of the University of Alabama, said he heard Mr. Allen use an epithet to describe African-Americans in the early 1980's.

Mr. Taylor, who is white and was then a graduate student at the University of Virginia, said the term had come up in a conversation about the turtles in a pond near Mr. Allen's property. Mr. Allen, Mr. Taylor said, told him that "around here" the only people who "eat 'em" were African-Americans, whom he described with the notorious epithet for blacks.

Separately, Dr. Ken Shelton, who was a football teammate of the senator at the University of Virginia and who is also white, said that while in college in the early 1970's Mr. Allen often used the same racially charged term. Mr. Shelton, whose account was first reported Sunday night in the online newsmagazine Salon, said Mr. Allen had told him that he had moved to Virginia "because the blacks know their place."

Mr. Shelton, a radiologist now living in North Carolina, said that on a hunting trip Mr. Allen had sought out the home of an African-American and affixed the head of a dead deer to the mailbox. He also said Mr. Allen had called him Wizard, for Robert Shelton, who used the title as a leader of the Ku Klux Klan.

"He wanted to know if I was related," Mr. Shelton recalled in an interview. "I said no."

Mr. Allen, a Republican once considered a front-runner for the party's 2008 presidential nomination, told The Associated Press on Monday that Mr. Shelton's accusations were "ludicrously false." And Dan Allen (no relation), an adviser to the Allen campaign, said the racial slur Mr. Taylor attributed to the senator was "not part of his vocabulary."

In a statement released by the campaign, Anne Waddell, who was George Allen's wife at the time, confirmed Mr. Taylor's visit to the Allen property but also said her former husband would never have used such terms.

In the A.P. interview, conducted before Mr. Taylor came forward, the senator said Mr. Shelton's "comments and assertions in there are completely false."

"I don't remember ever using that word," he said, "and it is absolutely false that that was ever part of my vocabulary."

Mr. Allen's campaign also distributed statements in his defense from three other college football teammates and a former trainer for the team. The three players said Mr. Allen had never used racist slurs, and two of them, as well as the trainer, said Mr. Shelton had been nicknamed Wizard — and not by Mr. Allen — because of his magicianlike football skills.

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"It appears to me that Kenny Shelton has some deep-rooted problems with his self-identity and a rather hyperactive imagination," one former teammate, George Korte, said in his statement.

Until a few weeks ago, Mr. Allen appeared to have a solid advantage in his re-election campaign, in which he faces Jim Webb, secretary of the Navy in the Reagan administration, who is running as a Democrat.

But insinuations of racial insensitivity have hovered in the background of the Allen campaign ever since The New Republic reported last spring that he had worn a Confederate flag pin in his yearbook picture. After that report, two odd episodes in the space of a few weeks this summer prompted new questions and cut into his lead.

The first occurred at a campaign appearance where Mr. Allen called a young Democratic operative of Indian descent "macaca" and welcomed him "to America." Liberals called the term a racist slur derived from the name of a type of monkey. Mr. Allen apologized for any offense and said he had simply made up the word.

A few weeks later Mr. Allen, who is Presbyterian, grew angry at a reporter's question about whether his mother had been born Jewish. Mr. Allen later said that after the question came up, his mother told him for the first time that her family was indeed Jewish. His subsequent statements about the matter — attesting that he still ate ham sandwiches, for example — appeared awkward, even to fellow Republicans.

"His mishandling of a name-calling incident, and his ham-handed denial and subsequent revelation that his mother was raised Jewish, have almost eliminated him from the field of serious presidential candidates and even jeopardized his Senate seat," Matthew Continetti of the conservative Weekly Standard wrote in the magazine's current cover story, "George Allen Monkeys Around."

Previous accusations about Mr. Allen's racial views have centered mostly on symbolism, especially involving the Confederacy.

In addition to the pin in his high school yearbook picture, for example, he later displayed a Confederate flag on his living room wall. As governor of Virginia, he declared a Confederate History Month without reference to slavery. He made a cameo appearance as a Confederate officer in the film "Gods and Generals." And he once opposed the creation of a Virginia state holiday to memorialize the Rev. Dr. Martin Luther King Jr.

Mr. Shelton, who described himself as a political independent, said that reports of the "macaca" comment had reminded him of his college experiences with Mr. Allen and that he had decided he should have come forward long ago.

Mr. Taylor, the Alabama professor, said he was a politically active Democrat. He initially wrote of his recollections in a private e-mail message to a colleague after the "macaca" incident. The message was eventually forwarded to The New York Times, and Mr. Taylor subsequently agreed to discuss his recollections of Mr. Allen with a reporter.

Mr. Taylor said that he had been "kind of taken aback" by Mr. Allen's language because it occurred at their first meeting and that Mr. Allen had known he was talking to a graduate student in anthropology. "Most of us are antiracist," Mr. Taylor said.

Still, he said, he did not give Mr. Allen "a moral lesson." He said he had been visiting Mr. Allen to pick up an Australian shepherd puppy and had simply left with the dog.

Allen Denies Using Racial Slur In School (AP)

By Bob Lewis

AP, September 26, 2006

Sen. George Allen on Monday denounced as "ludicrously false" allegations from a former college football teammate that he frequently used a racial slur to refer to blacks in the early 1970s and that he once stuffed a severed deer head into a black household's mailbox.

Allen's campaign also released statements from four other ex-teammates defending the senator and rejecting Dr. Ken Shelton's claims. Shelton leveled the allegations against the former University of Virginia quarterback in an article published Sunday in the online magazine Salon.com and during an Associated Press interview Sunday night.

"The story and his comments and assertions in there are completely false," Allen said during an interview with AP reporters and editors. "I don't remember ever using that word and it is absolutely false that that was ever part of my vocabulary."

Larry J. Sabato, one of Virginia's most-quoted political science professors and a classmate of Allen's in the early 1970s, said in a televised interview Monday that Allen used the epithet.

"I'm simply going to stay with what I know is the case and the fact is he did use the n-word, whether he's denying it or not," Sabato, now director of the University of Virginia Center for Politics, told Chris Matthews on MSNBC. Sabato would not say whether he had heard Allen say the word, and did not know whether it was true that Allen used the word frequently in college.

Allen, a Republican, has been mentioned as a possible presidential candidate in 2008, but questions about racial insensitivity have dogged him during his re-election bid against Democrat Jim Webb.

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Allen's use of the word "macaca" in referring to a Webb campaign volunteer of Indian descent in August prompted an outcry. The word denotes a genus of monkeys and, in some cultures, is considered an ethnic slur. But the senator insisted he did not know that and had simply made the word up.

Shelton, a Hendersonville, N.C., radiologist who was a tight end and wide receiver for the university in the early 1970s, said Allen used the n-word only around white teammates.

Shelton said the incident with the deer head occurred during their college days when he, Allen and another teammate who has since died were hunting on a farm the third man's family owned near Bumpass, Va., 40 miles east of the university.

Shelton said Allen asked the other teammate where black families lived in the area, then stuffed a deer's head into the mailbox of one of the homes.

"George insisted on taking the severed head, and I was a little shocked by that," Shelton said.

"This was just after the movie `The Godfather' came out with the severed horse's head in the bed," Shelton told the AP.

He said he came forward because of Allen's presidential prospects and the "macaca" incident.

"When I saw the look in his eye in that camera and using the word `macaca,' it just brought back the bullying way I knew from George back then," Shelton said.

Shelton described himself as an independent who has supported Democratic and Republican candidates. He said he regretted that he had not spoken against Allen in the early 1980s, when he was first entering politics. Shelton said he began writing down his recollections as Allen's career "ascended to heights I never could have imagined."

Other former teammates rushed to the senator's defense.

Charlie Hale of Abingdon, a college roommate of Shelton's and an Allen campaign volunteer, said that he had hunted often with Allen, and "there was not even a rumor on the team" about the alleged deer incident.

Doug Jones, another Allen campaign volunteer who said he had roomed with Shelton, also dismissed the allegations. "I never heard George Allen use any racially disparaging word, nor did I ever witness or hear about him acting in a racially insensitive manner," Jones said.

Another former teammate, Gerard R. Mullins of Roanoke, said he recalled nothing racist about Allen.

"George had a strong personality, and I guess that's why he was a quarterback," Mullins, who is not close with Allen, said in a telephone interview.

Sometimes, he said, Allen was confrontational with teammates.

"He would kind of pick on everyone a little just to get a reaction," said Mullins, a defensive back responsible "From a football standpoint, if you were black or white it didn't matter: if you dropped a pass, he'd have something to say to you."

Shelton's claims came a week after a debate in which Allen bristled at questions about his Jewish ancestry. Allen later acknowledged publicly for the first time that his grandfather, a prisoner in a Nazi concentration camp, was Jewish, and on Monday he said both his maternal grandparents were Jews.

Explaining his initial reaction, Allen has said his mother swore him to secrecy when she told him about his ancestry last month.

Allen's father, the late George H. Allen, was a legendary football coach with the Los Angeles Rams and the Washington Redskins. Allen transferred from the University of California, Los Angeles, to Virginia when his father took the Redskins job.

McCain Boosts Allen At Rally (RTD)

Richmond Times-Dispatch, September 26, 2006

U.S. Sen. George Allen yesterday forcefully denied allegations that he used the n-word to describe black people while a football player at the University of Virginia more than 30 years ago.

The Republican denounced as "completely false" a report published Sunday in the online magazine Salon.com, which quotes three U.Va. teammates as saying Allen frequently used the inflammatory racial slur.

"This story and these allegations are false," Allen told reporters after a news conference yesterday morning with mostly black pastors in support of the proposed constitutional amendment to ban same-sex marriage in Virginia.

"I don't ever remember ever using that word. That word was not a part of my vocabulary as was asserted in this article. It wasn't then, it hasn't been since then and it is not now. It is not who I was, and it is not who I am. It is contrary to every fiber of my being."

Two of the former players spoke to Salon.com on the condition of anonymity, fearing retribution from the Allen campaign. The other teammate, Dr. Ken Shelton, a radiologist in Hendersonville, N.C., spoke publicly and stood by his comments in an interview yesterday with The Times-Dispatch.

"He did use the n-word," Shelton said in a phone interview. "He used it often. And it was, I'm sure, intended in a very derogatory manner. George's racial views were fairly obvious by some of his actions, too."

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Shelton played tight end for the Cavaliers when Allen was quarterback in the early 1970s.

In separate interviews, both men described the other as teammates. Allen said he last spoke to Shelton 32 years ago.

Shelton, 53 and a registered inde- pendent, cited a hunting trip where he said Allen stuffed the severed head of a deer in a mailbox in a neighborhood where blacks lived. Allen called that "absolutely false."

He also contended that Allen gave him the nickname "Wizard" because Shelton shared the same surname as Robert Shelton, the imperial wizard of the United Klans of America in the 1960s. Allen said he didn't know how Shelton obtained the moniker: "I assume he got that name because he did make some acrobatic catches. He had good hands."

The Allen campaign yesterday released statements from four other U.Va. teammates and the long-time trainer supporting the senator and rejecting Shelton's assertions.

Doug Jones, who roomed with Shelton and played on the team with Allen during the 1972 and 1973 seasons, said, "During that time I never heard George Allen use any racially disparaging word, nor did I ever witness or hear about him acting in a racially insensitive manner."

Allegations of racial insensitivity have plagued Allen's career. As a state legislator, he voted against a holiday to honor the Rev. Dr. Martin Luther King Jr., the civil-rights leader. As governor, he issued a proclamation recognizing Confederate History and Heritage Month, which generated controversy because it did not mention blacks or the sacrifices of those who fought against slavery and for the union of the country.

As senator, Allen has reached out to minorities. He sponsored legislation to help historically black colleges upgrade technology and a Senate apology for its failure to ban lynching in the early 20th century.

Allen, a former governor and first-term senator, is fighting the political battle of his life against Democrat Jim Webb, a decorated Marine and author. Webb has also had problems during the campaign. Allen has attacked the Democrat for writing a 1979 article in Washingtonian magazine that was critical about women in the military.

Recently, the Allen campaign has made some high-profile stumbles. In August, Allen addressed as "macaca" a Virginia-born Webb volunteer of Indian-American descent; macaca is a genus of monkey which is also considered a racial slur in some parts of the world. Last week, Allen acknowledged, after first refusing to answer, that he has Jewish ancestry.

The Webb campaign had no comment on the Salon.com article.

National publications are speculating about the effects on Allen's 2008 presidential aspirations. A cover story about Allen in the latest edition of The Weekly Standard is titled, "George Allen Monkeys Around. Forget the presidential campaign. Can he still win his Senate race?"

Larry J. Sabato, a political analyst at the University of Virginia, said that in politics, one event can help generate another.

"And the boulder just keeps rolling down hill and gaining momentum," Sabato said. "Fundamentally, one of the basic problems for Allen is that he refused to make a choice between running for the Senate again and running for president. These are two contradictory campaigns, and they have encouraged some of the revelations."

Last night, in a nationally televised interview, Sabato said that Allen had used the epithet. "I'm simply going . . . to stay with what I know is the case and the fact is that he did use the n-word, whether he's denying it now or not," Sabato told Chris Matthews on MSNBC's "Hardball" program. Sabato would not say whether he personally heard Allen use the word.

Christopher J. LaCivita, an Allen strategist, told The Associated Press that Allen and Sabato, who were at U.Va. together, were not friends, nor did they associate with each other in college. "Larry is obviously relying on words he heard from someone else. We believe it's completely inaccurate."

Allen Denies Using Epithet To Describe Blacks (WP)

By Michael D. Shear And Tim Craig

The Washington Post, September 26, 2006

RICHMOND, Sept. 25 -- Virginia Sen. George Allen on Monday denied allegations by a college football teammate and another former acquaintance that the senator used a racial epithet to refer to blacks during and after his time at the University of Virginia in the early 1970s.

The accusations by R. Kendall Shelton, 53, a radiologist in North Carolina, and Christopher C. Taylor, 59, an anthropologist at the University of Alabama, reignited questions about Allen and race as he campaigns for reelection against Democrat James Webb.

Shelton said Allen frequently used the "N-word" to describe blacks and nicknamed him "Wizard" because of the similarity of his name to that of Robert Shelton, a former imperial wizard of the Alabama Knights of the Ku Klux Klan. He also recounted an event from 1973 or 1974 in which he, Allen and a third friend were hunting deer. After the deer was killed, Shelton said, Allen cut off the doe's head, asked for directions to the home of the nearest black person and shoved the head into that person's mailbox.

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Taylor said that during a visit to Allen's Charlottesville house in 1982, Allen pointed to turtles in a pond on his property and said only "the [epithets] eat them."

Allen adviser Chris LaCivita said that Taylor is lying and that "this guy is not credible, period." LaCivita said Taylor is a liberal activist.

In comments Monday to reporters, Allen called Shelton's recollections about the deer incident "absolutely false," "pure fabrication" and "nonsense." He said he called Shelton "Wizard" because of his acrobatic catches on the football field. Allen said he does not recall ever having used the "N-word" or any other racial epithets at the University of Virginia.

"That word was not a part of my vocabulary," the senator said. "It wasn't then. It hasn't been since then. And it is not now. It is not who I was, and it is not who I am. It is contrary to every fiber of my being. This story is an attack piece. It is deplorable, and it is false." Allen was referring to a story posted Sunday night on Salon.com, which first reported Shelton's allegations. Salon.com is an Internet magazine of news and opinion.

Allen's campaign released statements Monday from four former teammates and coaches who defended Allen, saying they never heard him use racial epithets or saw him act insensitively toward blacks. Allen is running for a second term against Webb, a former Navy secretary under President Ronald Reagan.

"I have never known or heard him use racial epithets to describe blacks either in public or in private," George Korte, a linebacker on the U-Va. team from 1970 to 1973, said in the statement. "It appears to me that Kenny Shelton has some deep rooted problems with his self-identity and a rather hyperactive imagination."

Several former teammates interviewed by The Washington Post agreed.

"I have never heard him use that word," said Rob Berce, a wide receiver who graduated in 1976. "He just seemed to be a pretty upfront, good guy."

Jim Grobe, the head football coach at Wake Forest University, said he is "shocked" by Shelton's allegations. "I never heard George say anything like that," Grobe said.

The allegations are the latest to shake the Allen campaign after weeks of negative publicity about his describing a Webb volunteer of Indian descent as "macaca," which is a genus of monkey and a racial slur in some cultures. He has also spent the past week dealing with revelations that his mother was raised Jewish, which he says he did not know until just weeks ago.

Stuart Rothenberg, an independent analyst who edits the Rothenberg Political Report, said the senator is caught in a media frenzy that threatens his campaign and his consideration of a possible run for president in 2008.

"Every day, the campaign is about who George Allen is or what he said," Rothenberg said Monday. "It keeps him totally off message. He's constantly responding to charges and criticisms and his own stumbles."

In interviews with The Post on Sunday night and Monday, Shelton said Allen frequently used the "N-word."

"I have no doubt George was a racist in the early 1970s," said Shelton, who described himself as a former Democrat who is registered as an independent. "I couldn't care less if George was a Democrat or a Republican. He shouldn't be in public office."

Shelton is listed as "unaffiliated" in voter registration records but voted in the state's Republican primaries this year. He was registered as a Democrat from 1988 through 2004, according to the Henderson County, N.C., elections office.

The former tight end and wide receiver said his recollections were jarred by the controversy over Allen's use of "macaca." Shelton said he has felt guilty for years that he didn't stop Allen during the deer incident.

Taylor said he was invited to Allen's house by the senator's first wife, Anne, after they participated in a photo shoot celebrating the expansion of a Charlottesville shopping center. He said she had offered to give him one of the Allens' Australian shepherd puppies.

"I asked him about waterfowl landing at the lake," Taylor recalled. "He said if they hatched out into ducklings, they would all get attacked by the big turtles. I said, 'Why don't you kill and eat these turtles?' He said: 'We don't eat them. The [epithets] eat them.' "

Anne Waddell confirmed that Taylor came to their house to pick a puppy but said: "I can say with absolute certainty that his recollection that George said anything at all that could be considered racially insensitive is completely false. He would never utter such a word."

She said she was "the one who fished for the turtles in our pond because they were eating the young goslings. The person who ate the turtles was our neighbor."

Taylor first offered his account in an e-mail this summer after seeing the tape that caught the "macaca" incident. He repeated the account Monday.

Two other former U-Va. athletes also said they recalled Allen using racial epithets frequently in college. They spoke on condition of anonymity, saying they feared the effect of coming forward on their livelihoods and families.

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Allen struggled for years with questions about his past, including reports that he displayed a Confederate flag and had a noose in his law office. In the past several years, he has sponsored legislation to apologize for slavery and has been endorsed by a leading Democratic black state senator for his efforts to help historically black colleges and universities.

Several black ministers came to his defense Monday after appearing with Allen on behalf of a proposed state constitutional amendment banning gay marriage.

"We're standing for his character and for his integrity," said the Rev. Martin Brown. "We should be focusing on the issues instead of focusing on character assassination."

Staff researcher Meg Smith contributed to this report.

George Allen's Day Of Atonement (RC)

By Mary Ann Akers

Roll Call, September 26, 2006

It looks as though Sen. George Allen (R-Va.) might be embracing his Jewish roots after all.

The Senator long ago had scheduled a field hearing of the Senate Small Business and Entrepreneurship Committee for Monday, Oct. 2, which is Yom Kippur. Last week, Allen moved the date to Oct. 3 to avoid conflict with the high holiday, according to the interest group involved in the hearing.

"He's Jewish and Monday is Yom Kippur," explained Brynn Slate, spokeswoman for the National Association of Women Business Owners, completely matter-of-factly to HOH.

Allen spokesman David Snepp said the date of the hearing, which will explore women-owned businesses vying for federal contracts, was changed at the request of the association. And technically, that's true.

After reading about the blockbuster revelation that Allen is (technically) Jewish, the deputy executive director of the women's business association, Michele Jerome, contacted Allen's staff to see if the Senator would prefer delaying the hearing until after the holiest day of the year for Jews.

"The date was set and then Michele contacted one of his staff because she had read that he had sort of — I don't know what you would call it — he had just announced that he's newly Jewish," Slate told us. "So Michele contacted them to ask if they would want to change it because of the holiday."

Slate said the Allen staffer "got back to" the executive director of the association and "said yes, he'd like to move it to the 3rd."

We ran this explanation past Snepp, Allen's spokesman. He replied, "If the group wanted to change the date of this field hearing in honor of the Jewish holiday, that is certainly appropriate, and Sen. Allen is looking forward to the testimony the following day on how to get more women-owned businesses fairly represented in federal contracts."

Hey, now Allen even has a Jewish nickname. Overheard at a party the other night: "Sen. Macacawitz."

Livin' La Hearing Loca. Sadly, Ricky Martin says he will not go karaoke on us when he testifies this morning before the House International Relations Committee. We were hoping for a live impromptu performance of "She Bangs" or "Livin' La Vida Loca" or something — anything.

"I'm not going to stand up and start dancing," Martin told HOH. "That's not the idea. This is a very, very serious subject that needs to be discussed in front of the media."

Indeed, Martin is testifying about an issue dear to him: human trafficking. Having created the Ricky Martin Foundation to combat human trafficking, the Grammy Award-winning performer is on a quest to create a universal law to make 18 the legal age of adulthood in order to protect children worldwide from sex-slave traffickers.

Asked whether he thought his singing partner President Bush, with whom he danced on stage at W's 2000 inauguration, has done enough on the issue, Martin said, "There's always room for improvement." Though he added politely, "I believe he's done his part."

What about Bush's overall job performance? "I'm here to talk about trafficking," Martin said sheepishly.

"I'm so not political — I hope you understand this," Martin told us. "I want to simplify my life as much as possible. Right now, it's not even about music, it's about my foundation. This is about the children."

Political Confidence. As the clock ticks closer to Election Day, House Democrats are getting cockier by the minute. Plotting — expecting even — to regain the majority, Democrats apparently want to put the "science" back in the House Science Committee.

Just check out the new ad that begins running this week in the official House jobs listing service:

"HOUSE SCIENCE COMMITTEE — Seeking experienced science policy professionals for possible expanded Democratic committee staff in the 110th Congress. Desire to build a nonpartisan staff of experienced and highly motivated professionals.

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Good communication skills and ability to work effectively with a team of credentialed and experienced existing committee staff more important than past Party affiliation."

Now that's what we call putting the House before the carriage!

Mmmm ... Scotch. HOH is heading to the British ambassador's residence this evening to sip rare scotch with Prince Andrew, or, as we prefer to call him, His Royal Highness The Duke of York.

The Distilled Spirits Council and the Scotch Whisky Association is hosting the reception at Ambassador David Manning's residence in honor of Prince Andrew. (We wonder whether he's bringing supermodel Angie Everhart, whom he reportedly was dating over the summer.) Several Members of the Congressional Scottish Caucus are expected to be there.

On Wednesday afternoon, the Duke of York is scheduled to cut the ceremonial ribbon at the dedication of George Washington's Distillery at historic Mount Vernon.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Green Party Candidate For Senate Off Pa. Ballot (WP/AP)

By Martha Raffaele

The Washington Post, September 26, 2006

HARRISBURG, Pa., Sept. 25 -- A judge said Monday that he will remove the Green Party candidate for U.S. Senate from the November ballot because the party did not have enough valid signatures in its nominating petitions.

Carl Romanelli's candidacy for the Pennsylvania seat had been challenged by state Democrats. Romanelli's bid was backed by Sen. Rick Santorum (R), who hoped that Romanelli could siphon votes from his Democratic opponent, state Treasurer Robert P. Casey Jr.

Santorum has consistently trailed Casey in polls.

Commonwealth Court Judge James R. Kelley ruled that Romanelli, a railroad industry consultant from Wilkes-Barre, was 8,931 signatures shy of the 67,070 he needed to qualify as a minor-party candidate.

State law requires minor-party and independent candidates to collect a number of signatures equal to 2 percent of the ballots cast for the largest vote-getter in the last statewide election. This year's requirement was unusually high because it was based on Casey's record vote count in winning the treasurer's office in 2004.

Clifford Levine, an attorney for the Democrats, said the ruling "allows there to be a head-to-head matchup between Bob Casey and Rick Santorum, which is what obviously, in our view, Senator Santorum was trying to avoid."

Santorum campaign spokeswoman Virginia Davis said the lawsuit was an attempt by Casey's campaign to silence a candidate who was willing to debate the issues.

"Rather than focus on the issues, Casey and his crew spent weeks stifling democracy and disenfranchising the tens of thousands of voters who signed Green Party petitions," Davis said.

Romanelli did not attend Monday's hearing. In a statement issued afterward, he said his fate would ultimately depend on an appeal he has made to the state Supreme Court to try to lower the number of signatures required. "The Democrats have a long way to go to get me off the ballot," Romanelli said.

Casey's campaign and the state Democratic Party have accused Santorum of engineering Romanelli's candidacy.

Lieberman Calls For Having More U.S. Troops Training Iraqi Forces (NYT)

By Jennifer Medina

The New York Times, September 26, 2006

EAST HAMPTON, Conn., Sept. 25 — In his first major speech on Iraq since his loss in the primary election, Senator Joseph I. Lieberman called on Monday for the number of United States troops embedded with Iraqi forces to be doubled or tripled, to speed up the training of the Iraqis and help hasten the withdrawal of the Americans.

In a 40-minute speech at a Veterans of Foreign Wars post here, Mr. Lieberman, who has been under attack for his support of the war, said that those troops could be added through redeployments, rather than by committing additional troops in the region.

At the same time, he called for increasing the overall size of the United States Army and Marine Corps, to better prepare for looming conflicts.

"We've got to do that to make sure we are building the numbers and types of units we need to fight and win the kinds of conflicts that we are likely to fight — unconventional conflicts — during this century,'' Mr. Lieberman said.

"This is not going fix the shortages we have now in Iraq, or reduce the strain on our forces," he said. "It will begin over time to give us the greater capabilities we will need."

Mr. Lieberman, a Democrat in his third term in the Senate, is running for re-election as an independent.

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He said that he did not back an open-ended commitment — as the victor in the Democratic primary on Aug. 8, Ned Lamont, has accused him of doing — but that he also opposed setting a timeline for withdrawal.

And he attacked Mr. Lamont, portraying his rival's position on the withdrawal of American troops as "giving up on Iraq."

The Republican candidate, Alan Schlesinger, is far behind in the polls.

Mr. Lieberman's speech came on the heels of the latest National Intelligence Estimate, which concluded that as result of the war in Iraq, the overall terrorist threat to the United States has grown rather than diminished since the Sept. 11 attacks.

Like other Democrats around the country, Mr. Lamont seized on the report, saying it showed that the policies of the Bush administration had failed, and he said that Mr. Lieberman had continued to support them. "Trying to make a military statement there is just making the situation worse," Mr. Lamont said on Monday during a campaign stop in New Haven, adding that Mr. Lieberman was still calling for "more of the same."

But Mr. Lieberman used the news of the intelligence report, which he said he had not read, to argue that a deadline for withdrawal would make the threat of terror "exponentially worse" and give a battle plan to factional militias, insurgents, terrorists, Syria and Iran.

Using his harshest language to date to attack Mr. Lamont, Mr. Lieberman called his opponent's stance "a slippery, deadly slope every step of the way."

"The Lamont plan for immediate withdrawal and an arbitrary deadline is doomed to fail and weaken our security," Mr. Lieberman added. "It will leave our troops more vulnerable to attack while they remain, and will leave Iraq to become a failed state and a terrorist breeding ground when we're gone."

Mr. Lamont has said he would support beginning the immediate withdrawal of "frontline" troops and setting a timeline for the withdrawal of all combat troops.

He has also said that he would have supported a Senate resolution in June that set a deadline of July 1, 2007, for troop withdrawal — a measure supported by 13 Democrats as it went down to defeat.

Mr. Lieberman seized on that on Monday, saying that Mr. Lamont had "fudged" his position by using the terms timeline and deadline interchangeably.

Asked about the senator's comments, Mr. Lamont said that Mr. Lieberman was mischaracterizing his position because he would have supported both the amendment calling for a deadline and another unsuccessful resolution that called for a timeline without setting any dates. Mr. Lieberman was one of a handful of Democrats to oppose both resolutions.

But Mr. Lamont also said that he would still support a similar resolution establishing a deadline if it were to come up in the Senate again. He said that the main issue was not the number of months, but the establishment of some framework for withdrawal.

"I don't care whether it's 6 months, 12 months or 18 months, what is important is that you put in place a process," Mr. Lamont said, adding that he would consult with the Iraqi government and generals in the field to determine an exit strategy.

Mr. Lieberman said he believed "success is possible" because the majority of Iraqis "want a better life." He added: "I have total confidence in the ability of the American military to get the job done and win the war in Iraq."

In his speech, Mr. Lieberman also said he would work to create a "bipartisan working group" with members of the House and Senate committees that monitor national security to meet with President Bush.

Mr. Lieberman said again that Defense Secretary Donald H. Rumsfeld should resign. That, he said, would "reinvigorate" the military and allow a "new dialogue" with allies as well as the public.

Mr. Lieberman has both attacked and defended Mr. Rumsfeld in the past. In 2003, he said that if he were president he would seek Mr. Rumsfeld's resignation. But in 2004, he said Mr. Rumsfeld should not be forced to step down. Last month, he once again said Mr. Rumsfeld should resign.

During his speech on Monday, Mr. Lieberman again expressed his support for the war, saying that he had backed the use of force to remove Saddam Hussein from power in Iraq because he believed Mr. Hussein "was a grave threat to our country, his people, the region and the world."

The Lamont campaign has tried to put Mr. Lieberman on the defensive by talking about his early support of the war, but on Monday, he made it clear that he would not take that bait.

"We don't have the luxury of playing 'what if' games with the past," Mr. Lieberman said, later quoting Winston Churchill: "If the present tries to sit in judgment of the past, it will lose the future."

Highway Backer A Steady Ehrlich Donor (WP)

By Matthew Mosk

The Washington Post, September 26, 2006

DOJ_NMG_0069468

The $4,000 checks started arriving in Gov. Robert L. Ehrlich Jr.'s reelection campaign treasury Jan. 2 from such obscure corporations as Freestate Owner LLC, Muirkirk, Chase Limited and President Street Associates.

By Jan. 3, there were seven of the checks, each from a company directly linked to developer Kingdon Gould III, a descendant of railroad barons who is one of Maryland's most prolific political donors and a vigorous booster for the intercounty connector.

That same day, Ehrlich's transportation secretary signed off on a final study of the controversial highway, an 18-mile ribbon of asphalt that would extend east from Rockville to the gravel pits where Gould plans a massive commercial and residential development called Konterra.

State officials said they had no idea the checks were coming in as they were sending out the long-expected report. Ehrlich (R) said the contributions, and numerous others from Gould and his companies, were based on friendship and a shared belief that the road connecting Interstates 270 and 95 should be built and that Konterra should flourish.

Gould declined to be interviewed for this report; his brother, Caleb Gould, did not return several messages left at his office.

Billed as a future mini-city the size of Reston, the 2,000-acre development site near Laurel has spent two decades stalled at the intersection of commerce and politics. Success has always banked on economic factors and on key decisions made by local and state politicians.

From Ehrlich, who is now seeking reelection, Gould has sought help pushing a series of transportation projects through the pipeline. Among them, a new I-95 exit that would feed directly into Konterra; a well-placed stop along a proposed Metro Green Line extension; and two ramps off the endlessly debated intercounty connector, itself a critical artery for Konterra.

The transportation proposals, and the connector, long predate Ehrlich's tenure as governor.

But records show that Ehrlich has helped move those proposals forward and that the Goulds have had ready access to the governor and his top aides to advocate for the projects. Supporters as well as critics of Ehrlich said they believe that the Goulds' contributions flow only to those who help.

"The connection between contributions and land use is something some people find sinister, but it's nothing new," said Thomas E. Dernoga (D), chairman of the Prince George's County Council and an opponent of the connector. "I always tell people, the battle to get a politician's attention pits your vote against developers' money."

Former governor Parris N. Glendening (D) said Gould was one of his top donors when he first ran for governor in 1994. "But when I started cooling on the idea of the ICC," he said, "the support I was getting from the whole Konterra crew basically evaporated."

When Ehrlich ran in 2002 pledging to build the connector that Glendening had shelved, Gould's companies gave generously. This year, as Ehrlich seeks reelection against Baltimore Mayor Martin O'Malley (D), Gould has plainly pinned his hopes on the Republican incumbent. His corporations have donated $750 to O'Malley since 1999, compared with $50,500 directly to Ehrlich.

Further, they've given $21,000 to Lt. Gov. Michael S. Steele (R), $163,100 to the GOP's state and federal accounts, and $65,000 to other state and local politicians.

If those numbers sound jarring -- Maryland campaign finance laws prohibit donors from giving more than $4,000 to any individual and from donating more than $10,000 in one four-year cycle -- there is an explanation. Gould exploits a well-worn loophole by making his donations through his limited liability corporations.

Gould is not alone. Homebuilder J. William Ruppert gave O'Malley $25,000 through various companies at a Jan. 11 fundraiser, according to a Common Cause Maryland analysis. Aris Mardirossian, developer of Crown Farm at the western end of the intercounty connector, gave $20,000 through relatives and businesses to County Executive Douglas M. Duncan (D) who was running for governor, and $8,000 to Ehrlich, campaign finance records show.

Montgomery County Council member Phil Andrews (D-Gaithersburg-Rockville), a former state Common Cause director, has criticized this practice, saying such donations "make a mockery of the campaign finance laws."

"These contributions unquestionably have a corrupting influence on state government," he said.

Ehrlich disagrees, saying the donations were not intended to exert influence but rather to lend support because of a longtime friendship between the Goulds and first lady Kendel S. Ehrlich.

"Kendel lived with Susan Gould on their property as a bachelorette, and they've been supportive of my campaign all the way along," Ehrlich said last week.

Ehrlich said he has met with the Goulds on "Konterra-related issues" on a couple of occasions, and he wouldn't rule out the possibility that Gould has attempted to press him on various transportation projects over the years.

"Obviously, I mean, does he have credibility? Is he a success? Of course he has credibility," Ehrlich said.

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The governor said he considers the development a terrific project, ideally suited for the expected explosion of jobs from the expansion at nearby Fort Meade. He also supports the intercounty connector, persuading the federal government to "fast track" its approval.

The gravel pits in Laurel that the family bought in 1981 have much to offer a developer. The land sits halfway between Washington and Baltimore. It is not far from a major airport. And it straddles busy I-95 and the CSX rail line used by the state's commuter railway.

Kingdon Gould Jr. first circulated his mini-city proposal in 1982. Early estimates suggested that it could yield at least $500 million in tax revenue for the county, more than $700 million for the state and, ultimately, more than 40,000 jobs.

What has kept the family from building, said former Prince George's county executive Wayne K. Curry (D), is one simple thing: "They don't have the interchanges."

Without major road improvements, said former Montgomery planning chairman Gus B. Bauman, "Konterra can only develop so far."

Under Ehrlich, several projects aimed at resolving those problems have moved ahead. A study published Oct. 14, 2004, for instance, details plans to build a $100 million interchange off I-95 and makes clear the purpose:

"Sufficient access to the Interstate system will be critical for the Konterra property to develop into its full potential," the State Highway Administration report states.

Ehrlich also included $1 million in the budget this year to study extending Metro's Green Line through Konterra. One option would divert the rail line from the CSX tracks into the project's town center.

State Sen. John A. Giannetti Jr. (D-Prince George's), whose legislative district includes Konterra, said he began aggressively pushing the Metro extension after meeting with Caleb Gould.

"He told me someone approached him and asked if he would be interested in a station there," recalled Giannetti, who has received $3,000 in contributions from the family. "I thought, 'Wow, we had never thought about that.' "

Giannetti took the idea to Metro officials and argued for it in the Senate Budget Committee. Transportation Secretary Robert L. Flanagan said it is an idea that has been discussed but that at this early stage virtually every idea will be considered.

Prince George's planners are also discussing the idea but have questioned diverting the rail line through the town center. "Getting off the straight line probably doesn't make a lot of sense," Dernoga said. But the Konterra team is pursuing it aggressively. "They have essentially tried to take the bull by the horns."

No project, though, has been more central to the Goulds' plans than the connector, which was slated to intersect the property before the family owned the land. On master plans going back decades, the road includes off-ramps into the property, and in more recent years, Konterra has been clearly identified as the destination.

One ramp is "needed to provide access to a proposed upscale mall," planning documents say. Another is for access to the "proposed Konterra Town Center area."

As much as the Goulds have sought the highway, though, they are not donating land for the road or its interchanges, as some developers do. State Highway Administrator Neil J. Pedersen said the properties involved are being appraised and that it would be improper for him to estimate the cost to the state.

Pedersen, who signed the final environmental statement, said he knew nothing about the campaign contributions but said the Jan. 3 approval was certainly a momentous occasion.

"This was an indication that they were prepared to approve the intercounty connector," he said. "That's probably how [the Goulds] viewed it, too."

Research database editor Derek Willis, researcher Meg Smith and staff writer Miranda S. Spivack contributed to this report.

In Ohio, A Battle Of Databases (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 26, 2006

CINCINNATI, Sept. 25 -- There is no sexier topic in politics these days than "microtargeting." That's the new science (some say dark art) by which candidates use the latest data-mining technology to vacuum every last scrap of information about voters, then churn out custom-tailored messages designed to herd their supporters to the polls.

Here in Rep. Steve Chabot's campaign headquarters, microtargeting does not seem quite as glamorous as advertised. There are 10 phones arranged neatly on a long wooden table. Nearby sit two stacks of paper, each filled with names, each name assigned a bar code.

Every evening, volunteers file into this room to place waves of phone calls aimed at identifying the people who are most likely to reward this six-term Republican with a seventh. At the end of the evening, the results -- a trove of the likes and dislikes of 1st District voters -- are scanned into a database. It is painstaking work.

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But Chabot and his Democratic challenger, Cincinnati City Council member John Cranley, have placed large bets that it will prove effective. Both candidates have spent months combing through voter lists to find "drop-off" voters -- those who turn out in presidential election years but rarely in midterm contests. In a district as evenly divided as this one -- President Bush won it by just 3,000 votes in 2004 -- the party best equipped to find and persuade these individuals to turn out on Nov. 7 will probably end up on top.

"Elections are not rocket science," said Brad Greenberg, executive director of the Hamilton County Republican Party. "They are about identifying voters who are Republicans and getting them out to the polls."

In the past several elections, especially in Ohio, Republicans have won the ground game, building a vast and constantly growing network of potential voters identified less by their formal party affiliation than their church membership or magazine subscriptions.

The more information a campaign has on who lives at a particular address, the more tailored the pitch that will follow. A suburban mom? Make sure she receives material highlighting the candidate's strong stands on homeland security. An out-of-work pipefitter? Let him know that the candidate supports penalties on businesses that hire undocumented workers.

Ken Mehlman, chairman of the Republican National Committee and one of the principal architects of the GOP turnout apparatus nationwide, said a top-notch voter identification and turnout effort matters more in a congressional race than a presidential one because there is "much less of a public dialogue" about individual House contests. They get less news coverage and are less likely to be talked about in offices and bars. That means targeted information delivered by the campaigns is potentially decisive.

While Chabot's army of phone volunteers searches for new votes each night, Cranley and his team mine voter lists at his headquarters, the former home of People's Community Bank. (It may be the only campaign headquarters in the country with its own vault.) Cranley says his goal is to reach out three times to every 1st District resident who backed Sen. John F. Kerry (D-Mass.) in 2004 but failed to vote in 2002 -- roughly 25,000 people. Thanks to heavy commitments by organized labor and national Democrats, Cranley believes he can corral many of these fall-off voters.

But he acknowledges that Democrats were "late to the game" on turnout in 2004. Visits to the two headquarters and conversations with campaign staff members suggest that Chabot's voter identification and turnout operation is more advanced.

One factor in Cranley's favor is that Democratic voters, not Republicans, are seemingly most energized this fall. When he first ran against Chabot in 2000, Cranley said, people regularly told him that they "hated" President Bill Clinton and could not stomach voting for any Democrat. "You could feel there was this motivation of anger," he said. Six years later, the anger is on the other foot. Cranley says voters approach him constantly, vowing to vote against every Republican on the ballot because they are "so angry at these guys."

Anecdotes aside, national polling bears out this trend. While Bush's job-approval numbers have rebounded slightly of late, there remains a wide disparity between the relatively small number of those who strongly approve of his performance and the number of those who say they strongly disapprove. In Ohio, this national trend merges with voter disgust over ethics scandals surrounding outgoing Gov. Bob Taft (R).

Chabot knows that angry people vote. That helps explain his unrelenting focus on illegal immigration, an ire-inducing issue for conservatives, in this year's campaign. Chabot has run three television advertisements attacking Cranley as a backer of amnesty for illegal immigrants -- and, by insinuation, weak on terrorism. "This is an issue that is very concerning for people in our area," said Chabot spokeswoman Jessica Towhey. "It is not just illegal immigrants but terrorists who are able to exploit our borders."

Cranley has responded with an ad of his own that asks why the incumbent has done nothing about the problem of illegal immigration during his 12 years in Congress. He dismisses Chabot's attacks as feeble attempts to frighten voters. "They are trying to scare up votes on it," Cranley said.

In a district that takes only 25 minutes to drive from end to end, undecided voters will have plenty of chances to sound out the candidates' views on immigration and other issues between now and Election Day. If polling is any indicator, even a few hundred votes could tip the seat one way or another.

While Democrats are confident, they are haunted by memories of 2004. That fall, Democrats were certain they had met all their turnout goals to ensure victory in Ohio for Kerry. On election night, it turned out Bush's campaign had done an even better job of meeting their own goals.

Cranley said his supporters have learned the lesson. "This will be the most targeted field campaign in the country," he boasted.

Panel Recommends Basic Insurance Plan (NYT)

The New York Times, September 26, 2006

DOJ_NMG_0069471

WASHINGTON, Sept. 25 — A federal advisory panel said Monday that Congress should take immediate steps to guarantee that all Americans have access to affordable health care by 2012.

As a first step, the 14-member panel, appointed by the comptroller general of the United States, said, "A national public or private program must be established to ensure protection against very high out-of-pocket medical costs for everyone."

The panel, the Citizens' Health Care Working Group, said Congress should create an independent "public-private entity" to define a basic set of health care benefits and services for all Americans.

While leaving many details to be worked out, the panel declared, "It should be public policy, written in law, that all Americans have affordable access to health care."

The panel was created by the 2003 law that added a drug benefit to Medicare. Under the law, President Bush has 45 days to comment on the recommendations and offer his views in a report to Congress. The citizens' group went to great lengths to solicit opinions from average Americans, in addition to health experts. It tried to forge a consensus after listening to views expressed by more than 7,000 people at 98 community meetings in 37 states.

Obamas Enjoy Good Year (CHIT)

By Mike Dorning

Chicago Tribune, September 26, 2006

WASHINGTON -- Barack Obama's first year in the Senate turned out to be prosperous not only for the newly elected senator but also his wife, according to information Obama released Monday from their joint 2005 tax return.

Shortly after Obama took office, his wife, Michelle, received a promotion from her employer, the not-for-profit University of Chicago Hospitals, nearly tripling her earnings to $316,962 from $121,910 the previous year.

The senator also reached a three-book deal worth $1.9 million with Random House shortly after his 2004 election, with the senator receiving $1.2 million in payments last year.

In all, including Obama's $154,047 Senate salary, the family earned $1.67 million last year, more than the family's combined income for the prior seven years, according to information provided by the senator's office.

Obama released information from the tax return in response to a request from The Associated Press, which first reported the financial details. A spokesman for Obama later confirmed the tax information.

Senate ethics rules require only that members disclose financial information in broad ranges and do not require disclosure of a spouse's salary. But some members of the Senate, including Obama's home-state counterpart, Sen. Dick Durbin (D-Ill.), voluntarily release their annual tax returns, which provide a more complete picture of an office-holder's finances.

Obama press secretary Tommy Vietor attributed the jump in Michelle Obama's earnings in part to additional time she could devote to her work at University of Chicago Hospitals once Obama's Senate campaign was complete.

"After the campaign ended, Michelle was able to accept a more time-consuming and senior position," Vietor said. "She has degrees from Princeton University and Harvard Law, and would be a major asset to any organization."

In March 2005, she was promoted to be the hospitals' vice president for community and external affairs, becoming one of 17 vice presidents for the hospital. She had previously been executive director for community affairs. She does not do any lobbying work for the hospital in her position, Vietor said.

In June 2005, she joined the board of directors of Westchester, Ill.-based TreeHouse Foods, a food processor with various product lines, including pickles, refrigerated salad dressing and non-dairy creamer. For her work as a director, she received $12,000 from TreeHouse and $33,000 from a subsidiary, Bay Valley Foods.

The Obama family paid $545,614 in federal income taxes for 2005, according to the senator's office.

They reported $13,385 in interest income and $2,754 in dividends. The previous year they reported no income in either category.

Their tax forms reported $77,315 in charitable contributions, about 4.6 percent of their total income.

Their largest donations were $25,000 to the Illinois Reading Council; $20,000 for the Michelle Lee Fund, a literacy program; $16,000 for CARE, including funds targeted toward an AIDS project in Kenya, the home country of Obama's father, which the senator recently visited in part to highlight efforts to counter the spread of AIDS; and $5,000 to the Trinity United Church of Christ.

The Obamas also reported payments to care providers for their children, including payment of employer contributions to Social Security on their behalf.

mdorning@tribune.com

Political Wife Edwards Shares Private Pain (USAT)

By Susan Page

DOJ_NMG_0069472

USA Today, September 26, 2006

During the 2004 presidential campaign, Elizabeth Edwards was in many ways the most likable figure among all the contenders for national office and their spouses: unpretentious and direct. Sharp. Funny. Real.

News that the wife of Democratic vice presidential nominee John Edwards had discovered a lump in her breast during the campaign's final push — and was diagnosed with cancer the day after the election — brought 65,000 e-mails from strangers and the promise of a book about how she coped with a national political campaign and a devastating personal diagnosis.

That is not the book Elizabeth Edwards has written.

Instead, the heart of Saving Graces is the story of surviving the central tragedy of her life: the death of her son, Wade, in 1996. At 16, he was killed on his way to the family's beach house when the wind flipped over his car.

She describes the shocking news, the overwhelming sorrow, the long recovery and her continuing grief with raw honesty and the benefit of a decade of reflection.

Surely no parent could read her account without aching in empathy.

For two years, she went to Wade's grave every day, clearing twigs and reading aloud to him. Through that time, Wade's younger sister, Cate, slept in chairs pulled together alongside her parents' bed rather than retreat alone to her room.

And during those days, a community of longtime friends and complete strangers enveloped Edwards in endless conversations and online chats, trying to understand the inexplicable.

Years later on the campaign trail, people, most of them women, would take her aside and say quietly, “I lost a child, too,” instant sisters in a terrible sorority.

In the end, Edwards' resilience and humor reasserted themselves, especially as she struggled to get pregnant again in her late 40s and early 50s. The two rambunctious additions to the family: Emma Claire and Jack.

In the aftermath of that, her account of undergoing chemotherapy, a lumpectomy and radiation — her prognosis is now good, she says — seems almost perfunctory.

With Wade's death, she writes, “we had all been through the worst life could deal us” already.

Edwards is engagingly transparent about her private life but less candid about her political one — though there are a few tidbits. For one, she indicates that before the 2004 campaign began, John Edwards moved away from Democratic superstrategist Bob Shrum, not the other way around. (With some fanfare, Shrum signed on with John Kerry.)

But Elizabeth Edwards generally curbs her wry eye when it comes to the campaign, including her views of Kerry and his wife, Teresa. John Edwards and his future, including an expected bid for the Democratic presidential nomination in 2008, aren't center stage here.

Despite the expectations, this book is not about politics. It's about life and making sense of death.

No Ruling On Clintons Case Yet (WT)

By Jerry Seper

The Washington Times, September 26, 2006

A Los Angeles superior court judge yesterday said he could not rule on a complaint filed by a Hollywood producer in a lawsuit accusing President Clinton and Sen. Hillary Rodham Clinton of reneging on a multimillion-dollar Internet deal until a pending appeal in the case is settled.

State Superior Court Judge Aurelio N. Munoz said he could not rule on the complaint filed by Peter F. Paul until an appeal by Paul challenging a decision granting Mrs. Clinton First Amendment immunity in the case is resolved.

In April, Mrs. Clinton invoked a California law that protects candidates from being silenced by frivolous lawsuits during their election campaigns.

In the complaint, Paul, a convicted felon, said Mrs. Clinton, New York Democrat, orchestrated a scheme to convince him to spend $1.9 million on campaign fundraisers before her November 2000 election to the Senate and then failed to honor promises on the Internet deal.

The complaint seeks $30 million in stock losses and $1.9 million in cash.

Paul has claimed in the lawsuit the Clintons "looted" his business to generate the largest contribution to Mrs. Clinton's 2000 Senate campaign in New York. He said he was "cajoled and then coerced" by Mr. Clinton as "an erstwhile future business partner" to make expenditures to benefit the president and his wife.

He produced and underwrote an August 2000 fundraiser called the "Gala Hollywood Farewell Salute to President William Jefferson Clinton," attended by numerous Hollywood celebrities.

A trial date in the case is set for March 27.

The Clintons' attorney, David Kendall, did not return calls for comment. He previously has declined to talk with reporters about the case.

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Paul also challenged a statement by Mr. Kendall in an affidavit yesterday, saying the Washington lawyer sought to mislead the court with an erroneous claim in a court filing seeking to quash the pending lawsuit.

He said Mr. Kendall wrongly asserted in the filing that Paul admitted during a March 2005 court hearing that he caused the collapse of his company, Stan Lee Media. In his lawsuit, Paul has said Mr. Clinton's refusal to honor an agreement to act as a "rainmaker" for the company led to its demise.

Paul said that in the affidavit, Mr. Kendall misleadingly combined two separate statements to suggest the producer was admitting fault for Stan Lee's demise. Paul said the affidavit joined together his allocution remarks on his guilty plea to a Securities and Exchange Commission violation with a final statement Paul made to the judge at the end of the hearing, which was not part of the allocution.

A federal court ruled in 2003 that Paul's SEC violations did not cause the stock of Stan Lee Media to collapse, but were intended to help the company survive.

Iran Close To Nuclear Suspension (WT)

By Bill Gertz

The Washington Times, September 26, 2006

Iran is close to an agreement that would include a suspension of uranium enrichment but wants the deal to include a provision that the temporary halt be kept secret, according to Bush administration officials.

Javier Solana, the European Union's foreign policy chief, has been working with Iranian nuclear negotiator Ali Larijani on the enrichment-suspension deal that could be completed this week.

Disclosure of talks on the secret element of the arrangement comes as Mr. Solana and Mr. Larijani are set to meet today or tomorrow in Europe when the deal could be completed, said officials opposed to the deal, who spoke on the condition of anonymity.

According to the officials, the suspension of uranium enrichment by Iran would be for 90 days, so additional talks could be held with several European nations.

Many U.S. officials are opposing the agreement as a further concession to Iran, which continues to defy a United Nations' call for a complete halt to uranium enrichment. A Security Council resolution had given Iran until Aug. 31 to stop its enrichment program or face the imposition of international sanctions. Tehran ignored the deadline, but diplomacy has continued.

Some in the State Department are supporting the deal, which they view as a step toward achieving a complete halt to uranium enrichment.

However, other officials said that keeping any suspension secret would be difficult and that it would drag the United States into further negotiations with Iran.

Iran is seeking to continue talks on its nuclear program while attempting to avoid the imposition of sanctions, something the Bush administration favors but that several other key states, including Russia, oppose.

The United States would then be faced with the difficult position of negotiating against the 90-day deadline, a position that favors Iran.

"The Iranians are very good negotiators," said one official close to the issue.

The officials opposed to the deal want any agreement on uranium suspension to be announced publicly.

Also, any suspension of enrichment would require International Atomic Energy Agency (IAEA) inspections to verify that work has stopped at Iranian facilities. The inspections would likely be disclosed, exposing any secret arrangement with Iran on suspension.

Failing to publicly announce the suspension also would be a face-saving measure for the Iranian government.

Officials said President Bush is not happy with the secrecy demand, although he continues to support the use of diplomacy to solve the problem.

Asked about the pending deal, State Department spokesman Tom Casey said in an e-mail, "The terms laid out by the Security Council are clear: Iran needs to suspend its uranium enrichment activities, and it needs to do so in a verifiable way. If it does, we can start negotiations. If it doesn't, we move to sanctions. It is a clear and unambiguous standard."

In New York yesterday, Iran's Foreign Minister Manouchehr Mottaki said that talks between European and Iranian officials were on track and that a negotiated settlement is possible.

"I think very soon they will have the next round of discussions," Mr. Mottaki told the Associated Press, noting that "there was good connection between the two sides" after Iran's Aug. 22 response to a package of incentives offered by six nations -- the United States, Britain, France, Germany, China and Russia -- for a halt in enrichment efforts.

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A recent report by the IAEA said that as late as Aug. 24, Iran had continued to feed uranium hexafluoride into its 164-centrifuge cascade, which is used to enrich uranium. The report also said that Iran is building additional facilities, including a second 164-centrifuge cascade and that work on a plutonium-based heavy-water reactor is continuing.

The Bush administration is convinced that Iran's nuclear program is intended to develop weapons, contrary to repeated statements from Iranian leaders that the program is aimed at producing electrical power for civilian use.

The Bush administration wants to impose internationally approved economic sanctions on Iran in the next several weeks, based on the IAEA report and Iran's missing the deadline to halt enrichment.

Iran Minister: Nuclear Talks 'On Track' (AP)

By Edith M. Lederer And Scheherezade Faramarzi, Associated Press Writers

AP, September 26, 2006

Iran's foreign minister said Monday that talks between top Iranian and European negotiators on his country's disputed nuclear program are "on track" and could pave the way for a negotiated solution to the standoff.

But Foreign Minister Manouchehr Mottaki told The Associated Press in an interview that Iran still believes there should be no conditions on the resumption of negotiations, implicitly rejecting demands that Tehran first suspend uranium enrichment.

European Union foreign policy chief Javier Solana and Iran's top nuclear negotiator Ali Larijani have held two rounds of preliminary talks to discuss Iranian questions about a package of incentives put forward by six key nations if Tehran agrees to suspend its enrichment program and return to full-scale negotiations.

Mottaki said Solana and Larijani will hold their third meeting "very soon," probably in Europe, though he did not have an exact date or location. They had been expected to meet in New York on the sidelines of the U.N. General Assembly ministerial meeting that began last week, but Mottaki said it was not possible because Larijani's deputy and members of his delegation were not given U.S. visas.

"But the last two or three days, they have been in contact and they are coordinating," he said.

The six nations — Britain, France, Germany, the United States, China and Russia — are hoping Tehran will agree quickly to suspend uranium enrichment after it missed an Aug. 31 Security Council deadline and return to negotiations. But they are considering U.N. sanctions if it does not.

Mottaki said "there was good connection between the two sides" after Iran responded on Aug. 22 to the incentives package.

"We had good discussion with most of the parties of the package," he said, adding that Larijani and Solana both called their talks "positive, constructive and another step forward."

"We do believe that (the) case has gone once again to track — on track," Mottaki said. "All the parties should support and make a commitment to support the negotiations, and generally I believe there are possibilities to reach a comprehensive solution based on negotiations for both parties."

Oil-rich Iran says it needs uranium enrichment to produce fuel for nuclear reactors that would generate electricity and insists its program is peaceful. Enrichment can also create weapons-grade material, however, and the United States and other nations have accused Tehran of seeking to develop nuclear bombs.

"We do believe that the time for nuclear weapons is over and we do not need nuclear weapons," Mottaki said. "Nuclear weapons is not in the doctrine of Iran's defense policy and nuclear weapons will not help the countries for the problems which they are facing."

Nuclear weapons could not prevent the collapse of the Soviet Union and did not help "prevent 9/11, and (there are) a lot of examples you can raise. That's why Iran is sincere in its policy — not looking for the nuclear weapons," he said.

Iran's President Mahmoud Ahmadinejad said for the first time at a press conference Thursday that Iran is prepared to negotiate the suspension of its enrichment activities "under fair and just conditions." He was speaking at a news conference at the United Nations in New York where he was attending the annual General Assembly.

Asked what those conditions are that the president referred to, Mottaki laughed and said Ahmadinejad believes that "any condition, any questions, any decision should be based on justice."

How does he define justice?

"In its convenient time, we will explain. I'm sorry," the foreign minister replied.

Asked for comment on Mottaki's remarks, State Department spokesman Tom Casey said, "I'm glad to hear that they may be thinking about it. But what we need to see is an actual decision, and then have that decision implemented in a verifiable way."

Mottaki was asked about Iran's response to a possible compromise proposal from French President Jacques Chirac that would simultaneously have Iran suspend enrichment and the Security Council put off the push for sanctions at the start of negotiations.

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The Iranian minister did not answer directly, but indicated he did not like the French proposal.

"All the elements for a comprehensive solution are there — either in the (incentives) package or in the (Iranian) response," Mottaki said.

"That's why ... we support starting negotiations and let negotiators considers all the items in the agenda, all the items in the package at the same time, all the items in the response of Iran," he said.

One problem Iran had with the incentive package was that it talked about several new nuclear power plants in Iran, Mottaki said. He complained Iran would "have to pay billions of dollars for those power plants."

Mottaki said he had discussed the need for negotiations with French Foreign Minister Philippe Douste-Blazy.

"I told him, `Let the negotiations start and they can go to details. There's no ... barrier to raise any questions, to consider any issue. ... That's why we do believe we should not put any conditions for that," the Iranian minister said.

Mottaki stressed there are two important elements for any solution.

"The first element is recognizing ... the right of Iran to have nuclear technology, of course for peaceful purposes," he said. "The second element is the transparent activities of Iran."

Mottaki reiterated Ahmadinejad's invitation at last year's General Assembly to foreign government-run and private companies "to participate even in the ownership of the site of nuclear activities in Iran" to demonstrate that Iran's activities are transparent.

'An Economic Coalition Of The Willing' (WSJ)

By Ilan Berman

The Wall Street Journal, September 26, 2006

By now, it has become all too clear that when it comes to the Iranian nuclear crisis, the ball is squarely in Washington's court.

Aug. 31 has come and gone, and with it the international deadline for Tehran to halt its uranium enrichment. Iran's ayatollahs, however, have shown no signs of curbing their atomic ambitions. "The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights," Iran's radical president, Mahmoud Ahmadinejad, has defiantly told his supporters. In response, the Bush administration has signaled its commitment to seeking punitive measures against the Islamic Republic, sanctions chief among them. In practice, however, Washington has not yet seriously tackled the economic dimension of the current crisis -- or explored the financial levers by which Iran can be confronted.

This amounts to a critical oversight, because Iran's economy is deeply susceptible to foreign pressure on at least three fronts. All that is necessary is the proper political will to exploit these weaknesses.

Iran's first vulnerability is its dependence on foreign investment. Today, though a bona fide energy superpower that produces some 3.9 million barrels of oil daily, the Islamic Republic still requires sustained international engagement. Studies say that the regime in Tehran currently needs $1 billion a year to maintain current oil output levels, and $1.5 billion to increase them -- and that without it, Iran could quickly become a net energy importer. To be sure, this sum is just a pittance compared to the dozens of billions of dollars that Iran has reaped over the past several years, thanks to the high price of world oil (as much as $50 billion as of March 2006). But, by complicating the flow of foreign investment into Iran, the U.S. and its allies can force the regime to draw down its hard-currency reserves, reducing the resources that it has available to forge ahead with its nuclear program -- or to fund radicalism in the region.

Iran's second weakness stems from its centralized economic hierarchy. For all of its lip service to fiscal reforms and grass-roots prosperity, the vast majority of the regime's wealth remains concentrated in the hands of a very small number of people. The extended family of former Iranian president Ali Akbar Hashemi Rafsanjani, which practically controls copper mining in Iran, the regime's lucrative pistachio trade, and a number of profitable industrial and export-import businesses, is just one example. Another group of key economic players is the Islamic Republic's sprawling charitable foundations, known as bonyads, which control over 30% of Iran's national GDP (and as much as two-thirds of the country's non-oil GDP). By impeding their access to global markets and curtailing their capacity to engage in commerce, the international community can immediately capture the attention of these key decision-makers.

Far and away the biggest chink in Iran's economic armor, however, is its reliance on foreign gasoline. Today, Iran's antiquated, socialist economy -- where a gallon of gas still sells for roughly 40 cents -- has become a major Achilles' heel. Iran now consumes over 64.5 million liters of gasoline a day, with close to 40% coming from foreign sources (among them India, France, Turkey and the Gulf states). This energy habit is expensive; Iran will spend over $3 billion -- and perhaps as much as $8 billion -- on gasoline imports this year alone. And, with just a 45-day domestic supply available, steady supplies from abroad are vital to the continued functioning of the regime. All of which suggests that a comprehensive gas embargo on the Islamic Republic

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could quickly wreak havoc on Iran's industrial sectors -- and, potentially, galvanize serious social unrest on the Iranian street as well.

But the West's window of opportunity to implement such measures is rapidly closing. Already, Iran has begun to make serious economic countermoves, transferring financial assets from Europe to China and Southeast Asia and initiating a large-scale privatization of governmental funds. Most significant of all, the Iranian regime recently approved a new fiscal budget that calls for a halt to gasoline imports and the institution of gasoline rationing beginning this fall. The aim of these efforts is crystal clear: to proactively limit potential economic leverage over its behavior.

Sadly, international diplomacy so far has played directly into Iran's hands. In the best case, serious U.N. Security Council action will still take weeks or months to materialize, buying Iran's ayatollahs valuable time to forge ahead with their nuclear program. What's more, if and when they do eventually emerge, U.N. sanctions are guaranteed to be limited in scope, so as not to offend two of Iran's chief strategic partners, Russia and China. As such, they are not likely to offend Iran's ayatollahs much either.

By hitching itself to this flawed policy, the Bush administration is courting disaster. Instead of relying on the United Nations, the White House should be thinking creatively about another sort of grouping -- an economic "coalition of the willing" capable of implementing the specific financial levers that are most likely to alter Iranian behavior, and of doing so without further delay.

The stakes could not be any higher. If the U.S. and its international allies fail to promptly use their existing economic leverage to curb Iran's nuclear ambitions, they will soon have just two choices: to acquiesce to the emergence of an atomic Iran, or to use military force to prevent it from happening.

Mr. Berman is vice president for policy at the American Foreign Policy Council, and the author of "Tehran Rising: Iran's Challenge to the United States" (Rowman & Littlefield, 2005).

N Korea 'likely To Test Nuclear Bomb' (FT)

By Anna Fifield

Financial Times, September 26, 2006

North Korea will probably test a nuclear weapon, with an even chance of doing so this year, as Kim Jong-il's regime tries to assert its defiance in the face of increasing international pressure, said Richard Armitage, former US deputy secretary of state.

Mr Armitage, who is urging Washington to talk directly to Pyongyang to try and resolve the nuclear stand-off, estimated there was a 50 per cent chance of a test by the end of the year.

"I think it is more likely than not," Mr Armitage, who served in President George W. Bush's first administration, told the Financial Times. This follows weeks of speculation that Pyongyang is preparing to prove its nuclear capability and its resolve to resist US demands.

"I think that in their thought-process it's the next logical escalation. A [North Korean] spy was captured here [in August], there were shots fired in the demilitarised zone and they launched missiles [in July] . . . so their next logical thing is to demonstrate that they actually do have a device," he said in Seoul yesterday.

Pyongyang fired seven missiles, including one unsuccessful long-range rocket, despite repeated warnings against such provocative action. It has suffered little tangible punishment but neither has it gained anything as a result.

South Korean newspapers have for weeks been reporting rumours of preparations for a test. Chung Hyung-keun, a South Korean lawmaker on the national intelligence committee, said last week that North Korea was ready to conduct a test.

"All that is needed is Kim Jong-il's approval," Mr Chung said, citing South Korean intelligence. "If the US continues the financial sanctions and if China also turns up the heat, North Korea will be forced into a corner and will have to resort to a nuclear test."

Selig Harrison, of the Washington-based Center for International Policy, said after returning from Pyongyang at the weekend that North Korea was planning to remove fuel rods from its nuclear reactor within the next three months.

The thousands of rods that North Korea claims to have processed so far could have provided enough fissile material for as many as 10 bombs, although it is impossible to verify whether Pyongyang has been able to build a workable nuclear weapon.

Amid the sabre-rattling, South Korean, Chinese and US diplomats have been trying to restart the six-party talks aimed at persuading North Korea to abandon its nuclear weapons programme. Pyongyang is refusing to return to the talks while Washington imposes financial sanctions that have effectively shut North Korea out of the international banking system.

"I don't hold with the idea that just because we don't like some regime we don't talk to them," Mr Armitage said yesterday. "After all we didn't like the Soviet regime and we talked to them and we didn't like the Mao Zedong regime and we certainly talked to them, and we've all benefited from having done so."

Armitage Expects North Korean Nuclear Test Before Year-end (AFP)

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AFP, September 26, 2006

Former US deputy secretary of state Richard Armitage said that North Korea may test a nuclear weapon by the end of this year, sparking "huge international ramifications."

"As a personal opinion I think you have an even chance of a nuclear device detonation by the end of the year, and that in the longer time it's more likely than not that North Korea will detonate a nuclear device," he told a forum in the South Korean capital Monday.

"I think in their logic it's the next rational escalation point," Armitage said in response to a question from the audience.

"Clearly, this will have huge international ramifications."

In response, Armitage said, he would expect US President George W. Bush to send Secretary of State Condoleezza Rice to consult other countries involved in six-nation talks on North Korea, and simultaneously to take the issue to the United Nations.

"I personally think that if North Korea were to do that (conduct a test), then the United States should move more forces into the area ... to make it clear to North Korea that each time they provoke, they find themselves in a less advantageous military situation."

The six-nation talks, involving the two Koreas, China, Japan, Russia and the United States, are aim at persuading Pyongyang to scrap its nuclear program in exchange for economic and diplomatic benefits and security guarantees.

They have been suspended since November when the North boycotted them in protest at US financial sanctions.

In July the communist state test-fired seven missiles and there have been reports it is preparing a nuclear test.

North Korea declared in February 2005 that it had built nuclear weapons but is not known to have conducted any tests.

In Book, Musharraf Expands On North Korean Nuclear Link (NYT)

By David E. Sanger

The New York Times, September 26, 2006

WASHINGTON, Sept. 25 — President Pervez Musharraf of Pakistan wrote in a memoir published Monday that he now believes that the equipment sent to North Korea several years ago by Pakistan's nuclear chief included some of Pakistan's most technologically advanced nuclear centrifuges.

The assertion deepened the mystery about how much progress North Korea has made in what is often called its second, and very secret, nuclear program.

Mr. Musharraf has been promoting the new book, "In the Line of Fire" (Free Press), everywhere from the East Room of the White House to appearances on the morning talk shows.

In it, he says for the first time that his suspicions about the activities of Abdul Qadeer Khan, the Pakistani nuclear engineer who build an illicit nuclear network that also supplied Iran and Libya, dated from 1999.

"I received a report suggesting that some North Korean nuclear experts, under the guise of missile engineers, had arrived" at Pakistan's nuclear laboratories "and were being given secret briefings," the book says.

The timing is significant, because it was not until more than three years later, in 2002, that the United States gathered solid evidence that North Korea was trying to enrich uranium, a step toward producing nuclear fuel for weapons that requires centrifuge technology. But Mr. Musharraf, who took over as president in 1999 in a coup, apparently never shared his suspicions with the United States.

"It's a significant admission," one senior American intelligence official said, "since the Pakistanis spent years denying that there was any evidence of dealings with North Korea and telling us, 'No problem here.' " The official would not agree to let his name be used and said he had not had time to read the book closely.

North Korea has openly boasted of producing plutonium, a different approach to getting fuel for nuclear weapons, at its main nuclear facility at Yongbyon since it forced international inspectors to leave the country three and a half years ago.

But through much of the 1990's, the plutonium program was frozen under an agreement reached with the Clinton administration. Mr. Musharraf's account — which seems to be based on his own recollections and on Pakistani interrogations of Dr. Khan, who is under house arrest and undergoing treatment for cancer — supports other intelligence reports that North Korea began searching in the 1990's for an alternative way to a bomb.

It settled on the same approach Iran is using: enriching uranium, with prototypes and designs provided by Dr. Khan and his network for tens of millions of dollars. Iran says its enrichment is solely for peaceful purposes.

But American intelligence officials say it is still unclear where in North Korea this uranium enrichment may be under way, or how much progress may have been made.

Indeed, American assessments of North Korea's nuclear programs have been largely guesswork. In late 2002, the Central Intelligence Agency estimated that North Korea could produced a uranium-based atomic weapon by 2004 or 2005. But the widespread assumption now among North Korea experts is that the country is still some time away from that achievement.

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A year ago, Christopher R. Hill, the assistant secretary of state for Asian affairs, said that "where there is not a consensus, is how far they have gone with this."

Part of the mystery surrounds what kind of technology North Korea received. At first it was assumed that it bought Pakistan's cast-offs, like a first-generation centrifuge, the P-1, identical to the kind that Iran is now trying to get running at its main nuclear fuel plant. But Mr. Musharraf's account suggests that North Korea might have leapt ahead to the next generation, the P-2, which can enrich more uranium, and faster.

The Bush administration has said it had no hard evidence of any enrichment effort until 2002, when its negotiators confronted North Korea with evidence they had been cheating on a nuclear-freeze agreement reached with the Clinton administration. The North Koreans seemed to confirm the existence of a secret program to enrich uranium at that time, but since then have said they were misunderstood and have denied any such effort.

Mr. Musharraf's account is important because it suggests that North Korea and Iran are working with the same advanced equipment, at secret locations.

President Mahmoud Ahmadinejad of Iran boasted earlier this year that his engineers are also working on the P-2, in what he termed a "research program." But inspectors from the International Atomic Energy Agency, the United Nations nuclear monitoring agency, have never been shown the advanced machines in either country.

Mr. Musharraf denies in the book that any senior Pakistani officials, himself included, knew about Dr. Khan's illicit activities. He never explains how Dr. Khan was able to fly his goods to North Korea and Iran on Pakistani military aircraft. He describes the engineer as "such a self-centered and abrasive man that he could not be a team player."

"He had a huge ego," Mr. Musharraf writes, adding that, "he had managed to build himself up into Albert Einstein and J. Robert Oppenheimer rolled into one."

Musharraf Tells All In Memoir (WT)

By David R. Sands

The Washington Times, September 26, 2006

Pakistani President Pervez Musharraf's just-released memoir, "In the Line of Fire," breaks sharply with the political tradition of publishing only pablum while still in office.

Gen. Musharraf's tell-all, released yesterday as the Pakistani leader was in the midst of a U.S. visit, has exposed U.S. blustering after September 11, revealed bounties paid for capturing al Qaeda terrorists, and angered India with its account of a still-contested 1999 clash over the disputed Kashmir region.

It has also earned a unique televised endorsement from President Bush at his joint press conference with the general last week and generated a pre-release buzz that a publicist for a rival publishing house called "priceless."

"It's a highly unusual thing for a sitting head of state to do, but it isn't totally out of character for Musharraf," said Walter Andersen, a former top South Asia specialist at the State Department who now teaches at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

"He's cultivated a reputation for blunt talk, for being a military man who's not afraid to be frank," said Mr. Andersen. "I'm sure his publishers are loving it, although I imagine there are some people in his own foreign ministry and intelligence service who are staying up late these days."

Mr. Bush made his semi-serious endorsement at a press briefing in which Gen. Musharraf deflected reporters' questions by saying he was pledged to New York publisher Simon & Schuster not to reveal details of the manuscript before yesterday's official release date.

A senior publicist for another New York publishing house said the exchange amounted to an advertising mother lode for the book.

"I'm listening to this stuff and thinking, 'This kind of talk is priceless,'" she said, speaking on the condition her name not be used.

Gen. Musharraf's account of how U.S. Deputy Secretary of State Richard Armitage issued a threat to bomb Pakistan "back to the Stone Age" if it did not join the post-September 11 U.S. war on terror -- a threat Mr. Armitage has denied making -- has been followed by other revelations as the book has hit the bookstores and has been serialized in the London Times.

According to the book:

·Gen. Musharraf "war-gamed" a confrontation with the United States if he refused to fight the fundamentalist Taliban in neighboring Afghanistan, concluding neither the country's military nor its economy would survive the fight.

·Five units of Pakistani troops -- despite continued denials by Islamabad -- took part in the 1999 clash with Indian troops in Kargil district of Kashmir, a divided land claimed by both nations. Mr. Andersen said Pakistan's official position has long been that only Kashmiri "freedom fighters" took part in the strike.

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Indian military officials, meanwhile, were sharply denying Gen. Musharraf's contention in the book that the battle was a "victory" for Pakistan. The Indian officials said Pakistan-backed forces took heavier casualties and were forced to sue for peace.

·The CIA secretly paid Pakistan "hundreds of millions of dollars in bounties" for the capture of over 350 al Qaeda figures after September 11, according to the London Times' excerpt. The U.S. Justice Department denied any knowledge of the payments, saying such bounties were intended as rewards for individuals, not foreign governments.

·Indian scientists may have used equipment and technology bought from the black-market nuclear network set up by Abdul Qadeer Khan, the Pakistani engineer considered the father of Pakistan's own nuclear bomb.

Mr. Andersen said the book's contents would probably prove "irritating" for the governments involved, including Pakistan itself, but said it was unlikely to have a major impact on the Musharraf government's relations with its key partners, including the United States, India and Afghanistan.

Encounters: Jon Stewart And Pervez Musharraf (NYT)

By Anne E. Kornblut

The New York Times, September 26, 2006

When President Bush informed Pakistan after the Sept. 11 attacks five years ago that it faced a stark choice — to be with us or against us — neither he nor his counterpart, President Pervez Musharraf, could have imagined it would come to this.

Continuing a book tour that would make any American politician envious, General Musharraf is to go where no sitting leader of any nation — certainly not Mr. Bush — has gone before. He is to plug his new memoir, “In the Line of Fire,” tonight on “The Daily Show” on Comedy Central.

There, he will subject himself to questioning by Jon Stewart, the host, whose views on the conduct of foreign policy are unlikely to win him an invitation to the White House anytime soon.

But Mr. Bush must think General Musharraf’s work may reinforce his security message; he told reporters at the White House last week to “buy the book.”

Israeli Premier And Saudi Said To Hold Secret Meeting (NYT)

By Greg Myre

The New York Times, September 26, 2006

JERUSALEM, Sept. 25 — An Israeli newspaper reported Monday that Prime Minister Ehud Olmert held a secret meeting about 10 days ago with a senior Saudi Arabian official to discuss issues that included Iran’s nuclear program and prospects for Israeli-Palestinian negotiations.

In response to the reports, Mr. Olmert and his aides said he did not meet with King Abdullah of Saudi Arabia. However, they declined to answer directly when asked if he met with any other senior Saudi leader.

“I did not meet with the Saudi king and I did not meet with anyone who should cause a sensation in the media,” Mr. Olmert was quoted as saying on Ynetnews.com, a Web site affiliated with Yediot Aharonot, the Israeli newspaper that first carried the story.

If a meeting did take place, it would indicate a significant development for two countries that have never had diplomatic ties. Officials from Israel and Saudi Arabia have quietly shared intelligence information, but have never met publicly, said David Kimche, chief of the Israel Council on Foreign Relations.

Both countries are concerned about Iran and its nuclear program, and — with a majority of Saudi Arabia’s Muslims being Sunnis — are also concerned about links between Shiite Muslim groups stretching from Iran to Lebanon, he said.

Yediot Aharonot, citing unidentified government officials, said Mr. Olmert’s meeting took place with an unidentified official who is close to the Saudi king. It did not say where the talks took place.

Later Monday, the Israeli newspaper Haaretz reported on its Web site that there might have been a meeting between one of Mr. Olmert’s envoys and a Saudi official in a third country.

In Saudi Arabia, there was no official comment.

In recent weeks, Saudi Arabia has sought to revive a 2002 peace initiative that calls on Arab countries to normalize ties with Israel in exchange for the creation of a Palestinian state along Israel’s pre-1967 war borders. Israel has rejected the plan, though Mr. Olmert praised King Abdullah when discussing the proposal.

Israel has full diplomatic relations with just two Arab countries, Egypt and Jordan. There have been lower-level ties with other states, though many of those dealings have been frozen during the Israeli-Palestinian fighting over the past six years. Saudi Arabia is among many Arab countries that have never had official ties with Israel, and even the suggestion of an informal contact is considered an extremely delicate matter.

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"If there was a meeting, and I believe there was, the Saudis obviously thought it would be very discreet," Mr. Kimche said. "I'm sure they are shocked this has come out."

In July, when the Lebanese group Hezbollah staged a cross-border raid, igniting a one-month war with Israel, Saudi Arabia was among several Arab nations that initially criticized Hezbollah. It later criticized Israel for its intense bombardment of Lebanon, which resulted in hundreds of civilian deaths.

Still, Mr. Olmert told Ynetnews.com that Saudi Arabia showed "responsibility and judgment" during the war.

Yediot Aharonot reported last week that Saudi Arabia and Israel began holding discussions during the fighting this summer. In an interview with Mr. Olmert last week, the newspaper asked him whether there had been contacts. "I do not have to answer every question," Mr. Olmert replied.

Olmert Met Secretly With Saudis, Paper Says (WT/AP)

By Ramit Plushnick-masti

The Washington Times, September 26, 2006

JERUSALEM -- An Israeli newspaper reported yesterday that Prime Minister Ehud Olmert secretly met with a senior Saudi Arabian official to discuss Iran's nuclear program and peace between Israel and the Palestinians.

Mr. Olmert later told the Web site of the daily Yediot Ahronot that he didn't hold talks with Saudi King Abdullah, but he did not deny meeting with a high-ranking Saudi.

"I did not meet with the Saudi king and I did not meet with anyone who should cause a media stir," Mr. Olmert said.

In Saudi Arabia, the Foreign Ministry said no one was immediately available to comment on the report.

Since Israel's war against Hezbollah guerrillas in Lebanon ended last month, the leaders of Saudi Arabia, Egypt, Jordan and Syria have been calling for a new push in peacemaking to prevent future conflicts.

The Yediot report quoted an unspecified number of anonymous Israeli officials as saying Mr. Olmert met with Abdullah 10 days ago. It described other officials as hinting that the talks were with a senior official close to the king.

The Israeli daily Ha'aretz later reported that the meeting took place on Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh.

Saudi Arabia, which has no diplomatic ties with Israel, has been trying to revive a regional peace initiative it presented in 2002. Israel rejected the plan at the time, but Mr. Olmert has indicated he might be more open than his predecessor, Ariel Sharon.

Yediot first reported last week that Israel and Saudi Arabia had been holding secret talks since fighting erupted in July between Israel and Hezbollah in Lebanon.

Saudi Arabia's peace initiative called for a full Israeli withdrawal from lands it captured in the 1967 Mideast War in exchange for normalization and relations with all Arab countries. Mr. Sharon rejected it outright, but Mr. Olmert struck a different tone in the interview with Yediot last week.

"I am very impressed with different processes and statements that are connected to Saudi Arabia, some that have been stated publicly and others as well. I am very impressed with King Abdullah's wisdom and sense of responsibility," Mr. Olmert was quoted as saying.

There also were signals from Syrian President Bashar Assad that he might consider renewing peace talks with Israel.

"I don't say that Israel should be wiped off the map. We want to make peace -- peace with Israel," Mr. Assad was quoted as saying in an interview to the German magazine Der Spiegel, which was released over the weekend.

Israel rejected the overture, saying Mr. Assad had to stop supplying arms to Hezbollah and sponsoring Palestinian militants allied with the ruling Hamas party before peace talks would be possible.

Hamas And Fatah Call Off Unity Talks (AP)

By Mark Lavie, Associated Press Writer

AP, September 26, 2006

Rivals Hamas and Fatah called off top-level talks Monday on forming a Palestinian unity government that might ease crippling international sanctions, the latest indication of difficulties in bridging their ideological differences.

With the Palestinians stuck, another channel for Mideast progress appeared to open when Israeli media reported that Prime Minister Ehud Olmert had a secret meeting with a senior official from Saudi Arabia. Both sides predictably denied the reports, as they have no official relations.

Palestinian President Mahmoud Abbas, the head of Fatah, postponed his planned trip to the Gaza Strip for talks with Prime Minister Ismail Haniyeh of Hamas, and both sides said no new date has been set.

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Since a Hamas government took office last March, a cutoff of Western aid has brought the Palestinian Authority to its knees, leaving most public sector workers without pay for months and shutting down vital projects. Israel and the West insisted that Hamas must recognize Israel, renounce violence and accept previous peace accords, but the Islamic militant group has refused to comply.

Hamas trounced Abbas' Fatah in January parliamentary elections, a reflection of voter dissatisfaction with decades of inefficiency, corruption and high-handed rule rather than an endorsement of the Hamas ideology rejecting the existence of Israel.

Thrust into power for the first time, Hamas has refused to bend its main goal — an Islamic Middle East without a Jewish state. During the past decade, dozens of Hamas suicide bombers have killed hundreds of Israelis.

Fatah, under the late Yasser Arafat, recognized Israel and conducted several rounds of peace talks, resulting in some partial agreements. However, a full peace treaty eluded the two sides.

Bringing in Fatah now could provide a way to finesse the ideological impasse, entrusting negotiations with Israel to Abbas' PLO, in keeping with previous peace accords. Hamas would reserve judgment until a deal was reached.

Several times in the past months Hamas and Fatah appeared close to a political agreement based on the "prisoners' document," a plan put together by prominent Palestinians in Israeli prisons that calls for a Palestinian state in the West Bank and Gaza. Some believe that implicitly accepts Israel next door, without stating the recognition.

But the U.S., Europe and Israel have signaled this would not be enough — the new government itself would have to accept the three conditions they set for the resumption of aid — although Europe has softened its line recently.

Neither Hamas nor Fatah would give a reason for the latest delay or speculate about the next move.

Israeli media reported Monday that Olmert met a senior Saudi official. Saudi Arabia won praise from Olmert for its measured stance during the recent Israel-Hezbollah war, and it has revived a peace initiative based on pan-Arab acceptance of Israel in exchange for an Israeli withdrawal from all of the West Bank.

The Yediot Ahronot daily newspaper reported that Olmert and an unidentified top Saudi official met 10 days ago for talks that focused on Iran's disputed nuclear program and the need to achieve peace between Israel and the Palestinians, the newspaper said.

The Israeli daily Haaretz later reported that the meeting took place on Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh.

Olmert replied somewhat cryptically. "I did not meet with the Saudi king and I did not meet with anyone who should cause a media stir," Olmert told Yediot's Ynet Web site later Monday. "I didn't hold any meetings with anyone. All the rest is just imagination and speculation."

A Saudi official, speaking on condition of anonymity because he was not authorized to speak to the media, called the reports of a meeting "a figment of their imagination."

Separately, an Israeli military court ruled Monday that 21 Hamas legislators and Cabinet ministers would remain in Israeli custody, overruling a lower court. Israel rounded up dozens of Hamas officials after Hamas-linked militants captured an Israeli soldier in a cross-border raid from Gaza in late June.

Hamas Lawmakers To Remain In Jail (NYT)

The New York Times, September 26, 2006

JERUSALEM, Sept. 25 — An Israeli military appeals court in the West Bank on Monday reversed an earlier ruling and said that 18 Hamas lawmakers and cabinet ministers would have to remain in jail pending trial.

A military court on Sept. 12 ordered Israel to release the Hamas members, but military prosecutors appealed. The men are charged with belonging to a terrorist organization. Aziz Dweik, the speaker of parliament and one of those being held, called the ruling a political decision.

Israel has detained about 40 Palestinian legislators and cabinet ministers in the West Bank over the past three months. The crackdown began after Palestinian militants seized an Israeli soldier on June 25.

Peacekeepers Have 'Robust' Mandate, Rice Says (NYT)

By Thom Shanker

The New York Times, September 26, 2006

Secretary of State Condoleezza Rice urged the peacekeeping mission in southern Lebanon yesterday to act on what she termed "a very robust" mandate approved by the United Nations that grants international troops authority to challenge anyone who attempts to block their mission, and to use force if necessary.

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"The language says that anything and anyone who keeps them from fulfilling their responsibilities is to be challenged on that, and they even have the right to use force if they need to," Ms. Rice said. "That mandate was written in a very robust fashion."

She acknowledged, however, that "it's always a matter of how it's interpreted."

Members of the international force sent to Lebanon under a United Nations Security Council resolution passed one month ago have said that they cannot set up checkpoints, search cars or trucks, homes or businesses, or detain suspects.

Commanders of the United Nations Interim Force in Lebanon, or Unifil, say the Security Council resolution places Lebanese sovereignty paramount — meaning they first must be authorized to take such actions by the Lebanese Army.

In an interview yesterday with editors and reporters of The New York Times, Ms. Rice said, "I would hope that Unifil would interpret its mission in a way that allows it to really do what it is supposed to do, which is not to allow a return to the status quo ante in the south."

A goal of Security Council Resolution 1701 was to increase the numbers and military punch of the international force in Lebanon, as well as to create the conditions for the Lebanese military to move into the south. Both operations are viewed as important to separate Israeli and Hezbollah forces, halt attacks and prevent Hezbollah from rearming.

The question of how commanders of the international force have interpreted the mandate on the ground "is something we will follow up on," Ms. Rice said.

Ms. Rice noted that the expanded Unifil mission was new and that it was not yet operating with the full number of desired troops. But she stressed that the peacekeepers "certainly got the authority to do whatever they need to do to do their job."

"That's very clear, and it says so," she added. "I think there probably ought to be a conversation with Unifil about how it sees its responsibilities."

In assessing political progress since the resolution was approved, Ms. Rice said that "Lebanon had come to a standstill, politically, well before the Hezbollah attack." Yesterday she said, "I think you could make an argument that after the war things have begun to move — some of them sideways, some of them forward, but they have begun to move. I'm not sure that anything has begun to move backwards."

The political situation in Lebanon "is very fragile," she acknowledged. But the fact that the Lebanese government and the Lebanese armed forces have extended their reach into southern Lebanon "is a major achievement," she said.

Corporate Chiefs Lead Campaign To Aid Lebanon (WSJ)

By Neil King Jr.

The Wall Street Journal, September 26, 2006

WASHINGTON -- President Bush tapped top officials at Cisco Systems Inc., Intel Corp. and two other companies to lead a private-sector rebuilding effort in Lebanon similar to ones the White House launched last year in Pakistan and Central America.

While earlier campaigns followed natural disasters, the Lebanon effort aims to help the country recover from Israel's bombing during the war with the Islamic militant group Hezbollah.

Cisco Chief Executive John Chambers, in an interview after meeting with President Bush, dismissed the idea that postwar Lebanon might be a politically tricky place for a CEO to represent the U.S. government. "The risk of action is a much better alternative to the risk of inaction," he said, describing Lebanon as "the linchpin to many other opportunities around the world."

Mr. Chambers led a presidential delegation to Beirut over the weekend that included Ray Irani, CEO of Occidental Petroleum Corp., and Yousif Ghafari, chairman of Ghafari Inc., an architecture, design and engineering company. Joining the team, but not the trip, is Intel Chairman Craig Barrett.

The group follows administration campaigns to tap companies for help in post-earthquake Pakistan and mudslide-hit Central America, led respectively last year by Pfizer Inc. and Deere & Co.

The four executives handling the Lebanon project chipped in $1 million of their own money to the new U.S.-Lebanon Partnership Fund, while Citibank and the federal Overseas Private Investment Corp. created a $120 million loan facility to offer financing for home repairs, small businesses and long-term mortgages. Cisco is proposing to invest about $10 million in projects in Lebanon, a sum that Mr. Chambers described as "a rounding error in terms of our business."

Mr. Chambers said the companies aren't looking to make big investments in Lebanon but will focus on offering training, venture capital and research-and-development help to Lebanese businesses. "This is not going to be transactional in nature," he said of the fund. "It's about making a difference over the long haul."

President Bush told reporters after meeting with the four executives in the Oval Office that the goal "is to help Lebanese citizens and Lebanese businesses not only recover, but to flourish, because we believe strongly in the concept of a democracy in Lebanon."

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In Lebanon, A War's Lethal Harvest (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, September 26, 2006

Threat of Unexploded Bombs Paralyzes the South

DEIR QANOUN, Lebanon -- The messages scrawled in red on the concrete, stone and cinder-block walls near Ali Saqlawi's house are worded differently but mean the same: "CB," "cb strike," "cluster strike." Arrows point with deceptive precision in every direction. Saqlawi, a mechanic, needs no warning. He has already seen the thousands of bomblets the size of cellphones that littered his town, the detritus from hundreds of cluster bombs fired in the last days of the 33-day war with Israel.

"I saw them where your feet are," he said, pointing to the ground next to the rubble of what was once his house and garage. He waved toward the parched lemon groves across the cratered street. "You'll find them there," he said. He pointed at the olive orchard behind him, awaiting a reluctant harvest by workers too fearful to enter. "It's all bombs over there," he said.

The scourge of munitions from the cluster bombs now littering southern Lebanon, mostly American-made but some manufactured in Israel, will be a "lasting legacy," the United Nations has said. U.N. officials estimate that the Israeli military fired 90 percent of the bombs during the last 72 hours of the conflict, which began on July 12 after Hezbollah fighters seized two Israeli soldiers in a cross-border raid and ended with a cease-fire on Aug. 14. As many as 1 million of the bomblets are unexploded, they say, wounding or killing three people a day. The threat of stumbling across a bomblet has paralyzed life in parts of the south that depend on the harvest of tobacco and now-abandoned groves of bananas, olives and citrus.

"No one's going into the orchards," the 27-year-old Saqlawi said.

His brow sweaty, he watched a bulldozer claw at the wreckage of his house and business. Gray dust billowed up; iron rods still crusted with concrete snapped forward. To the side were the contents of his garage -- mangled car parts and burned tires.

"Rubble and bombs," he said.

International law does not prohibit the use of cluster bombs, which can spread dozens, sometimes hundreds, of smaller munitions, or bomblets, over an area the size of two football fields. But because of their wide dispersal, human rights groups have condemned their use in civilian areas, saying they violate international bans on indiscriminate attacks. The Reagan administration imposed a six-year ban on their sale to Israel after a congressional investigation determined that Israel had misused the weapons during its 1982 invasion of Lebanon. The State Department said it is investigating whether Israel violated agreements with the United States on their use during the conflict this summer.

U.N. officials have said they are still grappling with a problem whose scope has grown by the day. About 100 de-miners on contract to the United Nations are trying to defuse munitions in which as many as two in five of the bomblets failed to detonate. They said many of the bomblets might have failed to explode because they struck soft ground, were snared in trees or other obstructions or were fired too low to the ground to detonate on impact.

Early on, officials estimated that cluster munitions littered 400 sites, anywhere from a house to an entire village. The number now stands at 590, and U.N. officials said they are dumbfounded by the intensity of the firing in the war's last days, when it was clear a cease-fire was approaching.

"It's impossible for me to work out what the logic was," said David Shearer, the U.N. humanitarian coordinator for Lebanon. "To me, it just seems outrageous that it would happen as it did."

Added Chris Clark, the program manager for the U.N. Mine Action Coordination Center: "What we've seen are strikes on top of strikes on top of strikes on top of strikes. It's tantamount to shooting a dead body 20 times."

The Israeli military has limited its statements on the matter, reiterating that the munitions are not banned. Last weekend, a spokesman for the Israel Defense Forces pointed to a public statement first made during the war. "All the weapons and munitions used by the IDF are legal under international law and their use conforms with international standards," it read.

Hezbollah launched an average of about 100 rockets a day into Israel during much of the conflict, climbing to 240 near the end, with many of the rockets landing in populated civilian areas. Some U.N. officials speculated that the Israeli military's inability to stop the rocket firing led it to use weapons that sprayed across a wider area. The result was what U.N. officials euphemistically refer to as "contamination" -- a density of unexploded munitions higher than that left in Kosovo in 1999 and in Iraq after the 2003 U.S.-led invasion.

In the 2 1/2 years after the Kosovo conflict, de-miners cleared fewer than 25,000 cluster bomblets, Clark said. In four weeks here, they have cleared more than 30,000 bomblets. Adding to the problem, the landscape remains littered with as many as 400,000 land mines left by Israel and its Lebanese allies during the occupation that ended in 2000.

So far, U.N. officials say, exploding cluster bomblets have killed 14 people and wounded 90 since the war ended.

"In the areas where there were strikes, it's the most extensive contamination I've ever seen," said Clark, who has worked in Kosovo, Sudan, Kuwait, Iraq, Bosnia and Afghanistan. It "is just off the scale."

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In the town of Majdel Selm, a short distance from where bulldozers were demolishing the bombed-out remnants of houses, Simon Lovell, a de-miner with the British firm Bactec International, pointed to an American-made bomblet that he had marked off with tape and wooden stakes. Farther off, amid peach, orange and olive trees, lay three others, easy to miss with an untrained eye.

"We treat them almost as a minefield," he said.

Lovell, a former naval diver with a tanned face and adrenaline-fueled exuberance, used to disarm sea mines. He pointed out the bomblets, examples of what he called "a pretty unsmart bomb." The coming rains, he said, would bury them deeper, making them even harder to spot. When they are detonated, they can hurl shrapnel 40 yards.

"The task here is going to be immense," he said.

Shrapnel pockmarked the unfinished two-story house perched over the orchard, its windows still broken. The owner, Marwan Abu Taam, said he and his wife, Shirin Rida, stayed with relatives during the war. When he returned, he walked through the field three or four times without seeing the bomblets, despite the tell-tale signs: a piece of white plastic that keeps the bomblets in tidy rows inside the shell and the white ribbon that helps guide them as they fall. His wife and 2-year-old son, Ali, won't walk outside.

"No one can move anywhere on the land," she said, as her son leaned against her leg.

Southern Lebanon, a furrowed land of valleys and rock-strewn hills, is one of the country's poorest regions. Half the population relies entirely on agriculture. Aid officials say some farmers have taken to burning their unharvested crops in hopes of detonating the bomblets.

Along the barren hills outside Majdel Selm, several goats killed by the bomblets were piled up, the stench of their rotting carcasses carried by the breeze.

"You know how you sprinkle seeds on the ground?" asked Hussein Ali, a 47-year-old municipal worker who had brought Lovell to a hilltop where dozens of bomblets lay unexploded. "That's what the bombs are like down here."

Ali and some of his neighbors acknowledged that there were Hezbollah fighters in the town. But as they looked at the bare hillsides, the men wondered aloud about the military logic of targeting such fields with cluster munitions.

"Maybe if there were trees or something," Ali said.

In Saqlawi's village of Deir Qanoun, Lovell found four holes where residents had picked up 1,013 bomblets on their own. Residents said landowners were paying the more daring among them $1 to $2 for each bomblet they disposed of. The bomblets were piled in crates and boxes. Along the road, a tractor driver asked a passerby, "Will I die if I go in there?"

Down the street, Saqlawi hopped among the piles of rubble where he used to live with his wife and 6-month-old son, Hussein.

"Everything's gone," he said, "the house, the trees, the olive harvest. Everything's gone."

He gave a bitter grin. "Praise God," he said.

Correspondent Scott Wilson in Jerusalem contributed to this report.

U.N. Inquiry Into Death Of Lebanon's Ex-Premier Focuses On Killers (NYT)

By Warren Hoge

The New York Times, September 26, 2006

UNITED NATIONS, Sept. 25 — The director of the United Nations commission investigating the killing of Rafik Hariri, the former prime minister of Lebanon, reported Monday that it had confirmed preliminary findings that the attack was the work of a suicide bomber but was still pursuing the identities of the participants in the highly organized plot.

In a largely technical 22-page report, Serge Brammertz, the prosecutor leading the inquiry, said he had developed evidence from the crime scene about the bombing to a level suitable for presentation to a court and was intent on doing the same thing with evidence pointing to the conspirators.

Mr. Hariri, who opposed Syrian domination of his country, was killed along with 22 others when a huge truck bomb exploded as his convoy was moving along a downtown Beirut street on Feb. 14, 2005. The public outrage and mass street demonstrations that followed led Syria to comply with international demands and a Security Council resolution calling on it to withdraw its troops from Lebanon after a 29-year presence.

Mr. Brammertz is scheduled to brief the Security Council on his report on Friday.

The report was the third from Mr. Brammertz, a Belgian on leave as deputy prosecutor of the International Criminal Court, who succeeded Detlev Mehlis of Germany in January as director of the commission. The Brammertz reports have been more judicial and technical in tone than the two produced by Mr. Mehlis, which read like crime narratives and pointedly accused Syrian intelligence forces of directing the attack and obstructing his inquiry.

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Mr. Brammertz said he had a better experience with the Syrians. “The cooperation that the commission has received from the Syrian Arab Republic has remained generally satisfactory, and the commission continues to require its full support in providing information and facilitating interviews with individuals located in Syrian territory,” he said in the report.

He said he was also getting “ongoing strong support” from the Lebanese authorities, even during the 34-day war between Israel and Hezbollah this summer. The combat forced the entire international staff of the commission to relocate to Cyprus for safety reasons, he said.

John R. Bolton, the United States ambassador, said Monday that he was impressed by the methodical manner with which Mr. Brammertz was proceeding. He said that from many conversations with Mr. Brammertz, “I know that he’s impatient with bureaucratic obstacles and he’s pushing ahead.”

Mr. Bolton noted that it was important as a case neared trial for a prosecutor to establish reasons for eliminating alternative theories that defense lawyers might pursue as well as to establish the evidence to support the prosecutor’s theory of how the incident actually occurred.

The investigation has previously established that the planners of the attack were organized and meticulous and demonstrated a sophisticated knowledge of how to stage such killings.

The commission said it had discovered links between the Hariri bombing and 14 other political assassinations in Lebanon that the Security Council asked it in June to review.

The report suggested that this would help it establish the “political environment” surrounding Mr. Hariri. Before his death, Mr. Hariri had been warned of threats against him from the Syrian government.

The mandate of the commission, created by the Council in December 2005, has been extended once and is scheduled to run until June 15, 2007.

House Passes Bill On Sudan Sanctions (AP)

By Sam Hananel, Associated Press Writer

AP, September 26, 2006

The House on Monday approved a bill that would impose sanctions on the government of Sudan, as lawmakers warned that tougher action is needed to stem the death and suffering in that nation's Darfur region.

The bill, passed by unanimous consent, authorizes sanctions against anyone President Bush determines is responsible for atrocities and war crimes in the conflict that has left more than 200,000 people dead and 2.5 million homeless since 2003.

The Senate passed a nearly identical measure last week and is expected to endorse the House version this week, sending it to the president's desk for his signature.

Penalties under the measure include blocking assets, refusing to grant Sudanese officials entry to the United States and preventing certain ships from entering U.S. ports. The legislation encourages Bush to deny the government of Sudan oil revenues and access to military equipment.

"This bill will do much to help the death and suffering in Darfur, but we, along with the international community, must do more," said Sen. Sam Brownback, R-Kan., who has championed the measure. "Aid workers are being killed and the people they were helping are disappearing. The situation is growing worse each day and the world must continue to help in any way we can."

The measure also asks the United Nations Security Council to suspend the Sudanese government's rights and privileges of membership in the U.N. until it agrees to halt attacks against its people.

Passage of the sanctions bill had stalled over language in the House version that would have encouraged the growing movement in some states to divest from companies doing business with Sudan. The Bush administration insisted the provision be removed due to legal questions of whether state divestment interferes with foreign policy.

The Darfur conflict began when rebels of ethnic Africans revolted against the Arab-led government. The government responded with a brutal suppression and Arab militias, known as the Janjaweed, attacked villages.

Last month, the U.N. Security Council authorized a peacekeeping force for Darfur of about 20,000 troops to bolster a smaller African Union force that is undermanned and underfunded. But the Sudanese government has refused to consent and the region has become more insecure for aid workers trying to help refugees.

"As we stand here ... the Janjaweed militia is continuing to rape and kill, wiping out generations of people in Darfur," said Rep. Frank Wolf, R-Va., who sponsored the House measure. "It is unacceptable and the world must act."

Bush last week named Andrew Natsios, the former director of the U.S. Agency for International Development, as his special envoy to work for peace in Sudan. Natsios met Monday with Senate Majority Leader Bill Frist, R-Tenn., and other lawmakers to discuss his mission and how Congress can continue to work on the issue.

House Bills Target Violence In Darfur (WT)

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By Christina Bellantoni

The Washington Times, September 26, 2006

The House yesterday passed several measures aimed at putting a stop to the genocide in Sudan's Darfur region.

Lawmakers adopted by unanimous consent late last night the Darfur Peace and Accountability Act, which imposes sanctions against "those responsible" for the "war crimes, or genocide" in Darfur.

Also, in an early evening voice vote on a nonbinding resolution, the House urged President Bush to support humanitarian and peace efforts in the African nation.

The Senate has already unanimously agreed to the Darfur Peace and Accountability Act, paving the way, lawmakers said, for action in the genocide-stricken region. They said that with estimates of at least 400,000 killed in the past two years, the U.S. cannot allow the atrocities, mostly the work of Sudan's Islamist central government and pro-Islamist militias, to continue.

"The genocide in Darfur is not just an African crisis," said Rep. Tom Lantos, a Hungarian-born Holocaust survivor. "It is a crisis of all humanity and obligates all of us to act with urgency."

"Lives must be saved," the California Democrat said. "A permanent and just peace must come to Darfur."

The bill includes provisions to block Sudanese assets in the U.S., deny Sudanese officials entry to the U.S. and keep Sudan-related ships from U.S. ports. It also encourages Mr. Bush to deny oil revenues and military equipment to Sudan and asks the U.N. Security Council to deny the Khartoum government the privileges of U.N. membership as long as its Darfur attacks continue.

Congress has a "responsibility to ensure that we do not repeat the mistakes of the past" by focusing only on Darfur, said Rep. Christopher H. Smith, New Jersey Republican.

Rep. Barbara Lee, California Democrat, reminded colleagues that 1 million were killed in the 1994 Rwandan genocide, and promised: "Not on our watch will it happen again."

Others agreed, noting the envoys to the region must work to secure a "just and equitable peace" in Darfur and to ensure the peace agreement between northern and southern Sudan remains intact.

"We are sick and tired of being sick and tired," said Rep. Donald M. Payne of New Jersey, the ranking Democrat on the International Relations Committee's subcommittee on Africa, global human rights and international operations. "This bill is just the first step."

The Darfur Peace and Accountability Act imposes sanctions on the Sudanese government and supports measures for the protection of civilians and humanitarian operations. Another measure calls for Mr. Bush to take "immediate steps" to improve the region's security by helping transfer an African Union mission to a United Nations-led force and for NATO to send an interim civilian protection force.

"Did we not learn anything from the lessons of Bosnia, Rwanda?" asked House Minority Whip Steny H. Hoyer of Maryland, also noting "the consequences of our negligence in the 1930s."

Mr. Hoyer called Sudan "the world's worst current human rights crisis. We must do more."

Meanwhile yesterday, California Gov. Arnold Schwarzenegger signed bills that impose sanctions on Sudan, including one that bars California's huge public-pension systems from investing in companies with active business in that nation.

"I grew up in Europe after the Second World War so I remember the dark and heavy shadow cast by the Holocaust," the Austrian-born governor said. "It has become clear to me that we cannot turn a blind eye to any genocide."

UN Secures First Pledges For Darfur Peacekeeping Force (AFP)

AFP, September 26, 2006

The United Nations secured its first pledges for a proposed major UN peacekeeping force for the strife-torn Sudanese region of Darfur, officials said.

But about 50 countries that attended a meeting of potential contributors at the UN headquarters were also warned of the many problems that could face any force, including attacks by rebels opposed to a Darfur peace agreement and by Al-Qaeda.

Sudan has strongly objected to the United Nations taking over from an African Union force currently in the western Sudanese region, where at least 200,000 people have died since the war broke out in February 2002, according to UN estimates.

But Jean-Marie Guehenno, the UN under secretary general for peacekeeping operations, said one European country and some developing countries, which he did not name, had offered several battalions for any UN force.

Other UN officials, speaking on condition of anonymity, said Norway, Nigeria, Tanzania and Bangladesh were the first countries to offer troops. Nigeria and Tanzania already have troops in the AU force but they would increase their contingent.

Though there is no firm agreement on a force, Guehenno said the meeting was held because "we do have interest in the mission and we want to keep up that interest."

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The UN Security Council passed a resolution in August calling for a UN force to take over from the ill-equipped African Union (AU) force in Darfur.

There are currently about 7,000 AU troops there but the organisation wants to increase that to 11,000 by the end of the year. The AU last week extended the force's mandate until December 31.

Guehenno has set a target of a UN force of over 17,000 troops and 3,300 police to keep the peace and investigate allegations of atrocities in Darfur, where rebels turned against the Khartoum government in 2003 seeking a greater share of the region's wealth.

The troop contributors' meeting was warned that any UN force could face attacks from rebels who oppose a peace accord agreed in May, bandits and even from Al-Qaeda, which has in the past had bases in Sudan, officials said.

In April, Al-Qaeda leader Osama bin Laden called on Muslims to resist "crusader" western forces in Darfur.

Amid reports of renewed intense fighting in Darfur and a statement by a top UN envoy last week that the peace accords were almost dead, the United States has led calls for international pressure on Sudan to accept a UN force.

US Secretary of State Condoleezza Rice said last Friday that "time is running out" to prevent an all-out Sudanese government onslaught against die-hard Darfur rebels.

"The violence in Darfur must end, and it must end now," she told a special ministerial meeting of two dozen nations plus the European Union and the United Nations in New York.

The meeting discussed sending a delegation to Khartoum in yet another bid to persuade President Omar al-Beshir to drop his opposition to deployment of the UN force.

Beshir told the UN General Assembly last week that the UN force was part of a "Zionist" plot to "dismember" his country and "plunder" his abundant resources, particularly oil.

While waiting for new talks with Khartoum, the Security Council on Friday extended for two weeks the mandate of a 12,273-strong UN force deployed in southern Sudan, which expired Sunday.

Koizumi Ends 5-year Term As Japanese PM (AP)

By Eric Talmadge, Associated Press Writer

AP, September 26, 2006

Five years after taking office for what many analysts had expected to be a short-lived term, Prime Minister Junichiro Koizumi said good-bye to his followers Tuesday and prepared to turn over power to his protege and long-time spokesman, Shinzo Abe.

The transition ends the tenure of one Japan's longest-serving and most popular prime ministers, a term that saw both a gradual recovery of the nation's economy and a rare infusion of lightheartedness — Koizumi waltzing with actor Richard Gere, for example, or serenading U.S. President George W. Bush with an Elvis Presley song at the late singer's Graceland mansion.

Koizumi also, however, left a legacy of discord with neighbors China and South Korea over territorial disputes and his repeated visits to a memorial to Japan's fallen soldiers, including convicted World War II war criminals.

In his final statement, Koizumi stressed the impact of his economic reform program and efforts to trim government spending.

"When I first came to office, Japan's economy was in stagnation and there was a prevalence of pessimistic views," he said. "Today there is a willingness to challenge the new times and a confidence that we can succeed if we try. The bud of reform is beginning to grow into a big tree."

He left his official residence Tuesday to the ringing applause of 150 staff members and senior party leaders, including Abe.

Smiling and relaxed, Koizumi waved to crowd and clutched a bouquet of red and pink roses.

"Thank you," he said.

Koizumi chose the time for his departure and appeared to have no regrets.

He had for several months stressed that he had no intention of seeking re-election when his term as ruling Liberal Democratic Party president ended Sept. 30. He can also be fairly confident that his reforms and basic foreign policy goals will be followed up by Abe, who served as the top spokesman for the Koizumi Cabinet before winning election as party president last week.

Koizumi said he was particularly proud to have maintained high levels of public support. With vows to overhaul the economy and the stagnant ruling party, he started off with record-high approval ratings of about 90 percent. Though in more recent polls that had fallen significantly, to around the 50 percent level, they remained relatively high.

"The economy recovered and people now have the confidence that they can succeed if they try," he said in his parting statement. "I think that was good, because I had the support of the public."

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Chinese Official Is Dismissed In Pension Scandal (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, September 26, 2006

Move Against Party Figure Is Highest-Reaching in Years

BEIJING, Sept. 25 -- The Communist Party chief of Shanghai was fired Monday in the highest-level purge of a Chinese official in more than a decade. Analysts called the dismissal an effort by President Hu Jintao to make a bold statement against corruption and consolidate his power in advance of an important party congress.

Chen Liangyu, who presided over China's high-rise and business capital and its 17 million people, sometimes clashing with officials in Beijing, also lost his seat on the country's ruling Politburo.

The official New China News Agency said Monday that investigators believe that Chen, 59, helped loot the city's pension fund of hundreds of millions of dollars. He helped enrich illegal entrepreneurs, the agency reported, and engaged in cronyism on behalf of family members and his staff, who also severely violated various laws.

There was no public response from Chen on Monday. His photograph and other personal material about him has been removed from the city's Web site.

Official corruption is a prime concern among the Chinese public, and the Communist Party has promised repeatedly to attack it aggressively.

Analysts also saw the dismissal as related to a party congress that will convene late next year. At that meeting, Hu is to pick party leaders who will serve under him during his second five-year term.

Chen was a political protege of former Chinese president Jiang Zemin, who is from Shanghai. In the same way that Jiang tried to shore up his legacy by promoting his own proteges and loyalists, analysts here said, Hu is making room in the ranks for allies in hopes that they will help him govern and retain influence after he steps down.

The apparent struggle between those loyal to the two leaders does not reflect a disagreement in ideology, according to a Western diplomat with extensive experience in Asia. Instead, the elbowing is about patronage and influence.

Liu Xiaobo, a leading political dissident and literary critic, said that "anti-corruption is always a useful tool in the fight for power among high-ranking officials."

Chen, born in October 1946, earned an architectural degree from a People's Liberation Army institute. He joined the Communist Party in 1980, holding a succession of posts before being appointed Shanghai party secretary in 2002. In that job, he oversaw a metropolitan area that is studded with glass office towers and functions as the hub of one of the world's most dynamic economies.

The city's stature suffered a blow in recent years due to corruption scandals -- at least two people were named earlier in the pension fund investigation -- and an overheated real estate market. Chen reportedly clashed with President Hu and Premier Wen Jiabao over Beijing's attempts to slow the city's economic growth.

His removal will bring no change to local economic policies in Shanghai, state media said. Chen is being temporarily replaced as party boss by Shanghai's mayor, Han Zheng.

The last Politburo member to be fired in a corruption case, in 1995, was Chen Xitong, then mayor of Beijing. But his case pales compared with Chen Liangyu's, which involves far greater amounts of money, Liu suggested. Chen Xitong was sentenced to 16 years in prison. After serving eight years, he was released earlier this year for what officials called medical reasons.

Beijing is believed to have sent teams of investigators to Shanghai, where they went around in black cars with tinted windows to question officials. The Communist Party often conducts what turn out to be criminal investigations of its own before it allows municipal authorities to begin formal investigations by prosecutors or police. The party investigators sometimes use a technique known as shuang gui , an extra-legal procedure that involves secret detention and questioning of suspected officials.

Party officials have been increasingly speaking out against corruption recently, but it is unclear whether their rhetoric is filtering down to the local level, where corruption remains rampant.

"We must realize that China is now experiencing a profound system transformation, a profound structural adjustment, and a profound social change," wrote Wu Guanzheng, head of the party's Central Commission for Discipline Inspection, in an article emphasizing anti-corruption efforts in a party journal this month.

"Generally speaking, the party's working style is good, but there are still some serious problems," Wu wrote in the Sept. 16 issue of Qiu Shi magazine. "For example, some party officials lie to their supervisors, some only focus on getting a higher position, some seek illegal benefits using power, some fight the central government's decisions if they conflict with his regional interests, some appropriate public monies, and so on."

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Because of upcoming elections of local party officials this year and next year, officials should pay special attention in rooting out the guilty, he said. "We should bring ruin and shame to their political reputation and make them suffer from great financial loss and moral regret."

The New China News Agency report about Chen Liangyu stressed that senior cadres must pay particular attention to "improving their performance." It also called on them "to guard against temptation and to persist in stringent self-discipline."

China Sacks Shanghai's Top Leader (WSJ)

By James T. Areddy

The Wall Street Journal, September 26, 2006

Beijing Pushes to Tighten Control, Consolidate Power Amid Corruption Scandal

SHANGHAI -- China's government fired Shanghai's top official for his alleged role in a corruption scandal, escalating President Hu Jintao's efforts to consolidate power and restrain economic growth.

The removal of Chen Liangyu from his post as Shanghai's Communist Party secretary marks a push by top leaders in Beijing to assert greater control over a city that has been a showcase for China's economic overhauls and a seat of power for Mr. Hu's rivals.

China's Xinhua news agency said Mr. Chen was fired for corruption discovered in a probe into misuse of Shanghai's $1.2 billion pension fund. Xinhua said he was involved in other "discipline violations," such as "helping further the economic interests of illegal businesspeople," protecting staff who "severely violated laws" and aiding family members "by taking advantage of his official posts."

Mr. Chen's removal sends the message that even Shanghai must fall in line with the central government's agenda. The city of 18 million people accounts for more than 5% of China's economic output and handles a quarter of its national trade, but has become a prime example of economic overheating driven by speculative property investment. The dismissal raised the possibility of a slowdown in approvals for major investments in the city, where more than 120 foreign companies base their China operations. It could also make officials in other cities think twice about granting approval for pet projects.

During Mr. Chen's four-year tenure. Shanghai has seen an explosion in property prices, particularly for luxury developments. The city's pension fund, beginning before Mr. Chen's tenure, helped to fund some of the city's most prominent commercial towers, according to people familiar with the transactions.

"When the central leadership was trying to cool down the economy and the Shanghai real-estate market, the Shanghai authorities were not very obedient," said Joseph Cheng, a professor at City University of Hong Kong.

The pension scandal in Shanghai illustrates a long-running penchant among city officials to bend central-government rules. Shanghai openly flouted Beijing's mandate that social-security funds should hold only ultrasafe investments such as government bonds, and did so in a way that may have helped to inflate local property prices. Shanghai this year also set its own rules for taxing capital gains to ease the pain for home buyers of a central-government directive introduced in an effort to cool the property market.

Shanghai's pension fund entrusted money with a municipal-government-owned bank, Shanghai Pudong Development Bank Co., that established a company in the 1990s, Shanghai Anlian Investment & Development Co., to invest in property, according to people familiar with the matter. Some of Anlian's developments are among the most famous in the city skyline Anlian also gave money to Shui On Land Ltd., a Hong Kong company that redeveloped a historic neighborhood, Xintiandi.

Mr. Chen is one of the most senior leaders to be dismissed for corruption since China began economic reforms nearly three decades ago. Ousting such a senior official, even with allegations of corruption, is extremely delicate in China's consensus-driven political system. The 59-year-old Mr. Chen was one of two dozen members of the party's elite Politburo, and the position he occupied in Shanghai has been a springboard to higher office for officials -- including former President Jiang Zemin.

Political analysts say Mr. Chen's removal marks a major victory in Mr. Hu's efforts to assert authority over Mr. Jiang and his allies ahead of a meeting of party leaders next year at which key personnel appointments, including Mr. Hu's own eventual successor, are to be decided.

There could be further economic repercussions from the pension-fund scandal. The problems in Shanghai's pension system have triggered a nationwide audit, and following Mr. Chen's ouster, shares in a number of Shanghai-based companies declined in trading on the Shanghai Stock Exchange, as investors worried that there could be further fallout from the scandal on local companies and property prices.

But the impact on foreign investment may be muted. For U.S. businesses, "I would suspect that implications would be minimal," said John Frisbie, chairman of the U.S.-China Business Council, a trade group in Washington. "The post he was in is not one that formulates trade and investment policy,"

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Shanghai's 52-year-old mayor, Han Zheng, will temporarily assume the party secretary position held by Mr. Chen. The Communist Party is China's most powerful institution, and party positions are more powerful than their parallel government posts.

Mr. Han was shown on Shanghai TV last night sitting in front of a large party gathering where he vowed to continue development within a framework of macroeconomic controls set by the central government.

The ouster of Mr. Chen is the latest in a series of public crackdowns on corruption that have this year netted a Beijing vice mayor involved in planning for the 2008 Beijing Olympic Games and senior officials from other cities.

Mr. Chen is the first member of the Politburo to be dismissed for corruption since the party secretary of Beijing was forced to resign in 1995. That official, Chen Xitong (no relation to Chen Liangyu), was later sentenced to 16 years in prison. The current case carries other echoes of that earlier affair: Then it was Mr. Jiang, as president, who was seen to be consolidating power by engineering the downfall of an unruly local leader and potential rival.

Investigators began zeroing in on management of Shanghai's pension system, the nation's largest, in July. In August, Zhu Junyi, who ran the system for a decade, was stripped of his job and Communist Party posts. A number of other business and lower-level political officials have also been implicated.

In June, when President Hu made his second visit in two years to Shanghai, he avoided the foreign companies that local officials often point to as proof of the city's development. Instead, the president visited a number of domestic companies, telling Mr. Chen and Mayor Han that he hoped "Shanghai would base itself on current realistic conditions, while having long-term needs in mind."

--Andrew Batson in Beijing contributed to this article.

Shanghai's Party Leader, Mistrusted By Hu, Is Purged (NYT)

By Joseph Kahn

The New York Times, September 26, 2006

BEIJING, Sept. 25 — As the storm clouds of a national anticorruption campaign loomed on the horizon last spring, Chen Liangyu, the Communist Party boss of Shanghai and one of China's most powerful officials, summoned reporters from the main state news agency to his office for a rare interview.

Mr. Chen told the reporters that, as chief of China's wealthy East Coast commercial center, he felt obliged above all "to carry out the orders of the party center," a public pledge of obeisance to President Hu Jintao.

That vow of fidelity came too late to rescue Mr. Chen. As an heir of the influential Shanghai-centered political machine built by Jiang Zemin, China's former top leader, Mr. Chen never won the trust of Mr. Hu, whose own power has grown steadily more formidable, party officials said.

On Sunday, security forces put Mr. Chen, 59, under a form of house arrest. The state news media reported Monday that he had lost his political posts, including his membership in the ruling Politburo, and that he might face criminal charges.

Such purges, common in Mao's time, rarely occur in today's China, which prizes political stability above all and does not generally let factional infighting spill into the public realm. Mr. Chen is the first member of the Politburo to be forced from power since 1995.

The action shows how determined Mr. Hu has become to break up entrenched local fiefs and to replace top officials who rose to prominence under Mr. Jiang with those who answer only to him.

It has also exposed the degree to which Shanghai, China's showcase commercial center, has become a political machine run by a small number of senior officials, who used political power to enrich themselves and their close associates, say people informed about the continuing investigation there.

These people, and all others interviewed for this article, spoke on the condition of anonymity, for fear of official reprisals.

Party investigators have looked into allegations of a diversion of Shanghai pension funds into real estate and infrastructure projects. Mr. Chen is suspected of aiding illegal business activity, shielding corrupt colleagues and abusing his position to benefit relatives, the official New China News Agency said.

"No matter who, no matter how high ranking, if they've violated party rules or the law, the investigation will be earnest and the punishment severe," the agency said in a report later read verbatim on China Central Television's main nightly news program.

Han Zheng, the mayor of Shanghai, was appointed acting party chief, the top position in the Shanghai region. But party officials said Mr. Hu would most likely replace Mr. Chen with an outsider of his choosing in coming weeks.

The instant the actions against Mr. Chen were announced, all traces of the newly disgraced leader disappeared from official Web sites. Some official photos of the Shanghai leadership were airbrushed to remove Mr. Chen.

Mr. Hu is seeking to reshuffle the Politburo and all major government and provincial posts at the 17th Party Congress, to be held next year, party officials say.

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He has sought to sideline opponents before that event, where he also hopes to anoint his own successor, the officials say.

His crackdown on corruption, which has also resulted in the removal of lower-level officials in Beijing, Tianjin, Fujian and Hunan recently, is viewed by observers more as a political maneuver than as a genuine effort to fight graft. Corruption runs so deep in the ruling party that some officials acknowledged that at best it could be managed, not eliminated.

Mr. Chen became Shanghai party chief in 2002, the same year that Mr. Hu became general secretary of the nation's Communist Party.

They were on a collision course from the start, party officials say. Shanghai had been the political base of Mr. Jiang, who rose to prominence as party boss there in the 1980's and promoted many of his associates to top party and government posts when he became China's top leader in 1989.

As the new Shanghai boss, who controls great wealth and enjoys considerable autonomy in many policy matters, Mr. Chen became an important figure in Chinese politics, one who did not owe his rise to Mr. Hu. He joined the 24-man Politburo and, given his relatively young age, was widely viewed as a possible contender for higher positions.

Mr. Chen did not openly oppose Mr. Hu. While some China-watching pundits have speculated that Mr. Jiang's old Shanghai faction challenged the new senior leadership at every turn, it never operated like a cohesive political clique after Mr. Jiang's partial retirement in 2002, party officials say.

For example, officials who were thought loyal to Mr. Jiang were unable to help him much when Mr. Hu forced him to give up his final post, as head of the military, in 2004.

Even within the faction, Mr. Chen had a rocky relationship with Huang Ju, another former Shanghai party boss who is now Mr. Chen's senior as a member of the nine-man Politburo Standing Committee, party officials said.Mr. Huang and Mr. Chen competed to control Shanghai's political appointments in recent years, the officials said, describing the contest as partly over how to divide the spoils of party-backed projects in the city.

Even so, Mr. Chen initially had enough clout to keep Mr. Hu's forces at bay. The city thrived on his watch. He oversaw its winning bid to be the host of the 2010 World Expo and helped attract tens of billions of dollars in foreign investment.

Shanghai now competes with Hong Kong, Tokyo and Singapore for the title of Asia's leading business center.

But it was also beset by scandal. In 2003, Mr. Chen survived a major investigation into the dealings of Zhou Zhengyi, a Shanghai-based property developer, who served a three-year jail term for fraud after he was accused of obtaining lucrative state loans and getting access to government-controlled land under false pretenses.

People informed about the current investigation say that Mr. Chen's younger brother, Chen Liangjun, a close associate of Mr. Zhou, was detained in recent weeks, and that officials reopened the file on that case to explore links to Chen Liangyu.

Last summer, Mr. Hu tried to oust Mr. Chen on the grounds that the Shanghai boss had ignored central government edicts to reduce speculative real estate investment and tamp down economic growth, people familiar with the investigation said.

Mr. Chen and his supporters rebuffed that attempt. But as one party official in Beijing put it at the time, "Sooner or later Chen will fall."

Beginning early this year, Mr. Chen sought to display loyalty to Mr. Hu, accepting interviews with the state news media in which he emphasized his strong support for the leadership's policy initiatives.

But the investigation into his dealings had not ended in 2003, people informed about the matter said. By this summer, investigators had gathered evidence that several of Mr. Chen's closest aides, including his former secretary, Qin Yu, had overseen the diversion of locally controlled pension funds into a number of real estate and infrastructure projects.

Investigators are said to be examining the possibility that the main beneficiaries of those projects were local businessmen with close ties to Mr. Chen. At least half a dozen local officials and a similar number of businessmen have been detained on suspicion of misusing the pension funds.

If the allegations against Mr. Chen are true, the crackdown would appear to have singled out one of China's most corrupt officials. But party officials say Mr. Hu has yet to show that he intends to follow all the leads turned up in the Shanghai investigation.

People informed about the investigation said officials had also gathered ample evidence that Yu Huiwen, the wife of Mr. Huang, the Politburo committee member, and a major power broker in Shanghai in her own right, also had a role in the diversion of funds.

There has been no public action taken against Mr. Huang or his wife. Mr. Huang had surgery for a case of cancer and disappeared from public life for several months earlier this year. He has since made at least a partial recovery and resumed his duties, suggesting that he does not face an immediate political threat.

Demonstrations Become Clashes After Islamists Take Somali City (NYT)

By Jeffrey Gettleman

DOJ_NMG_0069492

The New York Times, September 26, 2006

NAIROBI, Kenya, Sept. 25 — Kismayo, one of the largest cities in Somalia, fell to Islamic forces without a shot on Monday — but then the trouble started.

After the city's warlords fled and hundreds of Islamist fighters poured in, demonstrators took to the streets and hurled stones at the Islamists.

Islamist troops responded with machine guns, opening fire on the demonstrators and killing at least one teenage boy, witnesses said.

"We don't want the Islamic courts!" the demonstrators yelled, referring to the Council of Islamic Somali Courts, the official name of the Islamic forces.

It was the latest episode of turmoil in a country notorious for it. The Islamist forces took over Mogadishu, Somalia's capital, in June and have been expanding their reach ever since. The people of Mogadishu have by and large supported them, thankful for the stability they brought after 15 years of anarchy.

But apparently many in Kismayo did not feel the same way. Kismayo is a major port city on the southern Somali coast, not far from Kenya. It was ruled by warlords called the Jubba Valley Alliance, which had vowed to resist the Islamists.

On Sunday night, as hundreds of Islamist fighters in heavily armed vehicles encircled the city, the warlords fled and their militias evaporated behind them.

On Monday morning, the troops rolled into the center of town and were initially greeted with cheers.

"Welcome to Islam," announced one of the Islamist commanders, Sheik Hassan Turki.

Witnesses reported that a band of fighters then took down a Somali flag and in its place hoisted a black Islamic one. Demonstrations followed, with young men rushing into the streets to burn tires, set up barricades and throw stones.

By nightfall, the situation was calmer, witnesses said, but still edgy.

Adding to the tension were news reports that hundreds of Ethiopian troops had crossed the border into Somalia in what appeared to be a bid to protect the fragile transitional government in Baidoa, a midsize city north of Kismayo.

Islamist leaders in Mogadishu vehemently object to the presence of foreign troops on Somali soil. One reason why they seized Kismayo, they said, was to establish a base to deter any foreign troops from trying to enter Somalia from Kenya.

Indonesian Christians Await Fate Of Muslims (WT)

By Anton Foek

The Washington Times, September 26, 2006

JAKARTA, Indonesia -- Indonesian Christians, deeply troubled by the executions of three Christians last week, say they are watching closely to see whether the government will be equally firm in dealing with three Muslims facing the ultimate sanction for their roles in the 2002 Bali bombings.

Unless Muslims and Christians are treated equally, they say, there could be a fresh outbreak of sectarian violence that claimed more than 1,000 lives on the island of Sulawesi between 1998 and 2002.

All weekend, Christians across the Indonesian archipelago exchanged telephone text messages requesting prayers for the souls of Fabianus Tibo, Domingus da Silva and Marianus Riwu, who were executed by a firing squad before dawn on Friday.

The simmering tensions were punctuated over the weekend by two small bombs in Poso, a small town at the epicenter of the sectarian violence, where the colorful flowers and abundant coconut palms provide an illusion of calm.

The three executed men had participated in a May 2000 attack on a Muslim school that left 191 persons dead, propelling a slumbering conflict between Christians and Muslims on the lush spice island of Sulawesi into open war.

But Christians, who make up about 8 percent of the population, say the courts have been less aggressive in prosecuting Muslims for similar attacks, noting that only a handful have been convicted and none has been sentenced to more than 15 years in prison.

"Another question is why these three farmers were sentenced to death and were executed, while the real culprits responsible are still alive," said Regina Astuti, a lawyer with the Legal Aid and Human Rights Association.

"Mr. Tibo named 16 former military and police officers he considered responsible for killing Muslims. These people were never called to the witness stand."

Christian pressure groups now are focusing their attention on three Muslims -- Amrozi bin Nurhasyim, Mukhlas Samudra and Imam Samudra -- who have been sentenced to death for the Oct. 12, 2002, bombings in Bali, which killed 202 persons.

The last deadline for their execution passed without comment, and a new date is unlikely to be set while a defense request for a new trial is pending.

"The first question is trying to find an answer about the death penalty in Indonesia in general terms, and more broadly, about justice in this country," said Dewi Sularca, a consultant with a European nongovernmental organization.

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Dozens of men were arrested and tried for the Bali bombings, most receiving sentences of up to 30 years. But some received amnesties on the national holiday six weeks ago, causing anger in Australia, home to 88 of the victims.

Canberra was also upset because the pardons and reduced sentences did not extend to Australians and other foreigners in Indonesia's prisons. Four young Australian drug dealers have been sentenced to face a firing squad.

Azyumardi Azra, rector of the Islamic University of Jakarta, argues that the Sulawesi and Bali cases should not be linked.

"In the case of the Christians executed in Sulawesi, religious sentiments were very strong," he said. "That was not and is not the case in the Bali trials. There are no Islamic groups defending the authors of the Bali slaughter."

In a television interview, Vice President Jusuf Kalla also said last week's executions had no religious dimension. "They were the result of our judicial system," he said. "This is the way we work in Indonesia."

Bolton Derides Venezuela Airport Protest (AP)

By Nick Wadhams, Associated Press Writer

AP, September 26, 2006

U.S. Ambassador John Bolton on Monday derided the Venezuelan foreign minister's protest over being detained at a New York airport as "street theater" and propaganda.

Foreign Minister Nicolas Maduro claimed officials tried to frisk and handcuff him at John F. Kennedy International Airport as he left the annual U.N. General Assembly session on Saturday. Screeners grew suspicious when Maduro used cash to purchase a one-way ticket to Miami shortly before the flight was to leave, U.S. officials said.

The incident capped a visit that further exacerbated ill will between the United States and Venezuela. During a speech to the General Assembly, President Hugo Chavez called U.S. President George W. Bush "the devil" and a "spokesman of imperialism."

Chavez said Sunday that it wasn't his intention to cause an uproar with his remarks.

"Now 'the devil' is in style because it occurred to me to talk about the devil in the United States, and that has caused — I don't know — an uproar in the world, which wasn't my intention," Chavez said during a campaign rally in western Venezuela.

"I simply said what I believe. Now the world is stirred up because Chavez called Bush devil," he said. "Since I called him the devil in his own house, the devil is all worked up... They've threatened us with death. I'm in the hands of God. I'm not afraid of death."

The U.S. State Department has apologized for Maduro's treatment, but Bolton was less conciliatory.

"There was no 'incident' at the airport — this was Venezuelan street theater," Bolton said. "He did not request the courtesies we would have extended to get him through the airport. He purchased his ticket at a time and in a manner and with funding such that he was asked to go to secondary screening and he objected to that."

"And the first thing he did was call the press and speak to them in Spanish, so this is propaganda," Bolton said.

Maduro has called the State Department apology insufficient and said Venezuela would seek a legal challenge. Several dozen people in Caracas protested Maduro's detention Sunday.

The U.S. ambassador to Venezuela, William Brownfield, said Chavez's General Assembly speech should not affect diplomatic relations. Despite political tensions with Washington, Venezuela — the world's fifth-largest oil exporter — remains a major supplier of oil to the United States.

"My government's position is that we are going to ignore, we can ignore and we should ignore the words. It's the actions that count," Brownfield told the Venezuelan TV station Globovision. "This bilateral relation is so important for the two countries that we try to ignore the polemical words, the rhetoric."

Europeans Favor Admitting Romania And Bulgaria, Then Retooling (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 26, 2006

BRUSSELS, Sept. 25 — Romania and Bulgaria will receive qualified endorsement on Tuesday to join the European Union on Jan. 1, but the bloc will warn that expansion must then halt until the organization makes needed structural changes, the European Commission president said Monday.

José Manuel Barroso, the commission president, said that the admission of the two countries was the last phase of integration in a European Union that has been stretched beyond capacity for now.

“The upcoming enlargement with Bulgaria and Romania will be the last stage of enlargement allowing the reunification of Europe,” he said. “We are not in a position to further integrate Europe without further institutional reform. There are limits to our absorption capacity.”

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He added that the European Union's moribund constitution, which proposed a streamlined voting system to accommodate an expanded membership, would have made further enlargement more manageable. But after its emphatic rejection last year in France and the Netherlands, Mr. Barroso said the group either had to revive the charter or make the needed changes another way.

His warning was echoed Monday by Prime Minister Dominique de Villepin of France, who cautioned that further expansion of the bloc — which currently has 25 member nations — risked making it unworkable.

"We need principles on common rules before we can contemplate further stages of enlargement," he said after meeting in Brussels with Mr. Barroso.

The call to freeze enlargement could affect efforts by Croatia, Serbia, Turkey, Bosnia, Montenegro, Macedonia and Albania to become members. Croatia could be the country most immediately affected. It has been pursuing political and economic changes with the aim of joining the European Union in 2009.

The statements on Monday reflected what had been called "expansion fatigue" since the union's enlargement in May 2004 from 15 countries to 25, with 470 million people. Skepticism about the benefits of expansion contributed to the "no" votes on the constitution last year in France and the Netherlands, where there was particular concern about admitting Turkey, with its largely Muslim population.

Enlargement has become a symbol of the European Union's remoteness from its people, with many Europeans expressing opposition to further expansion.

Some European countries, led by Britain and with the enthusiastic backing of the United States, have supported further expansion because the promise of European Union membership has accelerated steps like Turkey's revamping of its penal code and the arrest of accused war criminals in Croatia. But countries like France fear that further expansion will undermine their influence while making the bloc so unwieldy it will become paralyzed.

The tougher line on expansion will be reflected in the commission report on Tuesday about Romania and Bulgaria, which will warn of harsh penalties if the countries do not complete required steps, including tackling corruption and organized crime.

The report by the European Commission, the European Union's executive body, will serve as a recommendation on whether to admit the countries, but the ultimate decision rests with European Union member countries, which will decide before the end of the year.

The two countries hope that membership will help raise their per capita income, which is one-third the European Union average.

Where Gorillas And The Antelope Play (NYT)

By Nicholas D. Kristof

The New York Times, September 26, 2006

BAYANGA, Central African Republic

The first thing they tell you here is not to play with the gorillas or the elephants.

A young male elephant gored a young Italian woman here when he attempted to play with her. And if you creep too close to the gorillas, a 375-pound silverback will charge you and, if you're lucky, stop inches from you and slap the ground in rage.

But even if you can't play with the animals, you can ogle them — and there are few places in the world as good for that as this remote jungle where the Central African Republic, Cameroon and the Congo Republic come together. And now the three countries have joined forces to preserve this jungle by establishing adjoining national parks that cover an area the size of Rhode Island and Delaware combined.

It's part of a growing trend that deserves strong support from the West: poor countries seeking economic opportunities by protecting nature rather than pillaging it. The grandest and most unlikely of these experiments is this one, for the Central African Republic may be the single most wretched country in the world: life expectancy is 38, and every year it falls by another six months. One-fifth of children die by the age of 5. Outside the capital, government is only a rumor.

Yet while many national parks in Africa exist primarily on paper, this one is real. Game wardens patrol vigorously: they pursue poachers across international borders, and seized 70,000 snares last year alone.

This is the only place in the world to see western lowland gorillas (even more elusive than the mountain gorillas of Rwanda). Casey Parks, the student journalist traveling with me, and I spent two hours with 13 gorillas.

We stayed at least 30 feet away to avoid being charged, but there was one moment when our guide froze and whispered to us that a female was asking the silverback to charge us. Fortunately, the silverback adopted a typical husband's approach in dealing with a demanding wife: he pretended he didn't hear.

The World Wildlife Fund is nurturing this attempt to develop ecotourism. It has a team, including American student volunteers, hanging out with gorillas all day every day, habituating them so that tourists can see them.

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It's a delicate balance, for the tourists could bring diseases that would kill gorillas. It may also be more difficult for a silverback to entice females into his harem if humans are around. Yet if the gorillas can lure rich Westerners here, ecotourism could become a more sustainable economic pillar than slash-and-burn logging. For now, fewer than 1,000 foreigners visit the park each year.

Many Africans resent the parks, partly because they allocate vast resources to saving animals for rich foreigners to enjoy — in regions where humans routinely die for lack of a few dollars.

"That's where conservation got it wrong in the past," said Chloe Cipolletta, an Italian who has lived with the gorillas for the last nine years. It's crucial, she said, that conservation programs benefit people as well as animals, and so the WWF has hired 31 of the local Bayaka Pygmies as trackers and guides, and others earn money by showing tourists how to catch antelope with nets.

The first night I arrived here, crossing a river from Cameroon in a canoe and then jouncing over ruts to get to a Pygmy village, I was led to somebody I thought was a local chief — and then he stepped from the darkness and turned out to be a tall white man who greeted me in very American English. Louis Sarno, originally from New Jersey, explained that he once heard Pygmy music on the radio and was so entranced that he made a visit 20 years ago — and stayed.

Mr. Sarno married a local woman and learned the language. He endures bouts with malaria, goes on weeks-long hunting trips in the jungle with the others, and fits in remarkably well (except that he's a lousy spear hunter).

Now he has become a fierce advocate for the "forest people," as Pygmies often prefer to be called. Mr. Sarno notes that logging has benefited corrupt leaders while doing nothing for the villagers, and so he welcomes the ecotourism experiment as a last best hope for local people.

Africa can be a grim continent, and the news usually focuses on genocide, corruption and disease. But in the audacious dream to preserve this rain forest and the way of life of people in it, you see Africa's glory, fighting to survive.

The Silk Revolution (NYT)

By Ismail Wolff

The New York Times, September 26, 2006

AROUND 8 last Tuesday night, I was sitting in an Irish pub in the heart of Bangkok. Two friends and I were downing pints of Heineken when a familiar topic came up: How likely is a coup?

We almost felt embarrassed to talk about it. It was unlikely, said one friend, a journalist. I doubt it will happen, said the other, a defense analyst based in Jakarta. I concurred. Suddenly my phone beeped. I had a text message: "Coup under way — rumor." Tanks rolling through the streets of metropolitan Bangkok? Surely not.

My friends agreed. Rumors of a military coup against the government of Prime Minister Thaksin Shinawatra, widely accused of corruption and abuse of power, had circulated for months, and none of us were about to be duped by a late-night text message.

Then there were more phone calls.

I asked the bartender to switch over from ESPN to Thailand's Channel 5, the TV station run by the military. It wasn't showing the normal evening programming. Instead, it ran video of the revered King Bhumibol Adulyadej helping farmers to sow rice and performing other benevolent acts, accompanied by crackly marching music and patriotic songs about the people's love for their nation and monarch.

This, I knew from reading about the 17 previous coups here over the past 60 years, was a telltale sign of a military takeover.

Yet I was still skeptical. As everyone had been saying over the past year, the days of coups were over. Thailand had moved on. It had become a lighthouse for democracy in the region, and its political system was now strong enough to deal with widespread social divisions. As others gathered around the television, watching in disbelief, it seemed that the country's past had just caught up with it.

Suddenly, all the public TV stations, by now under the direction of the military, ran a statement from the army and police commanders. They had "taken control of the situation in Bangkok" and politely asked for the public's cooperation.

"We apologize for any inconvenience," it signed off. Typical Thai politeness, I thought. Is this really what a coup feels like?

My shock, however, was not shared by the rest of the country.

As journalists sprang into action, Bangkok shut down. It happened like clockwork, almost as if a director yelled "Cut!" and a whole city of six million packed up the set and went home.

Street vendors casually closed up their food carts and wheeled them off to the shadows. Bustling streets slowly emptied as bars and restaurants shut up shop early under orders from the new junta. No signs of panic anywhere.

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My friends and I heard that tanks had surrounded the Thai Parliament and so hopped in a three-wheeled tuk-tuk, whose driver charged us about 10 times the normal rate.

At the Parliament building, hundreds of people had surrounded the tanks, chatting and taking photos in the spattering rain. No one seemed dismayed to see armored vehicles rolling through the capital. “This is a good day for our country,” I heard repeatedly.

Many people had been drained by the months of a high-stakes political battle between Mr. Thaksin and his opponents, which had been characterized by huge street protests, random bombings and the posturing over who had the endorsement of the king.

Thais were becoming increasingly divided and weary, without a sitting Parliament since an election six months ago that had been boycotted by the opposition and voided by the courts. They just wanted it to end, even if that meant the military ousting their elected leader, imposing martial law and suspending the nine-year-old Constitution.

As the tanks and troops took up positions across Bangkok the next morning, people came out to show their support for the soldiers, giving them flowers and welcoming them to their neighborhoods. The king also gave his blessing to the new military governing council, which has promised to install a civilian prime minister next week.

The message that Thais kept trying to tell me was that Thai democracy should not be compared to any other country’s.

“Our country will be better for this,” a close friend said to me as we sat smoking cigarettes and staring at troops on the corner by his house. “Today is a better day than yesterday. You may not understand, and may never will, but we needed to create a fresh start, and that is what has happened.”

That attitude prevails nearly a week after the coup. Early yesterday evening, I went to a protest at Thammasat University, where 30 years ago, on Oct. 6, 1976, the military and its henchmen massacred dozens of students at a pro-democracy demonstration, burning many alive, hanging others from trees and mutilating their bodies in front of a large crowd.

Yesterday, though, the mood was calm and there were no soldiers to be seen, even as speakers condemned the new junta’s restrictions on civic and political rights, including holding protests like this one.

But many of the students who stopped to listen as they passed by still said that they believed that the coup was the only way out of a political imbroglio. Nearly everyone I spoke to remained “sabaay jai,” or comfortable at heart with the military takeover. At least on the outside.

As I headed home from the protest, I got caught in a torrential monsoon downpour. I sought shelter with some soldiers guarding a bridge that crosses the Chao Phraya River.

“Were you surprised when you were ordered onto the streets of Bangkok last week?” I asked one of the young soldiers.

“No, it’s what we’re here for,” he told me, smiling. “If the people didn’t want us, then they wouldn’t bring us flowers and food,” he said as he pointed to the large pot of khao tom, or rice soup, being served up for dinner.

As the rain battered down from the heavens and I sat under the canvas sharing khao tom and watching television with the smiling soldiers, I wondered whether they really would have shot someone if they were ordered to. I’m sure they would have. After all, that’s what they’re here to do.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, September 26, 2006 8:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	FW: Attorney General's News Briefing for Tuesday, September 26, 2006
Attachments:	agnb060926.pdf; agnb060926.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 26, 2006 7:45 AM EDT

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TERRORISM NEWS:

Compromise Plan Could Broaden Definition Of Unlawful Combatants. The Washington Post (9/26, Smith, 748K) reports on its front page that government sources say GOP lawmakers and the White House "agreed over the weekend to alter new legislation on military commissions to allow the United States to detain and try a wider range of foreign nationals than an earlier version of the bill permitted." Congress "has not yet expressed its view on who is an unlawful combatant, and the Supreme Court has not ruled directly on the matter," and human rights advocates are concerned that the "language in the new provision would be a precedent-setting congressional endorsement for the indefinite detention of anyone who, as the bill states, 'has engaged in hostilities or who has purposefully and materially supported hostilities against the United States' or its military allies." The definition "applies to foreigners living inside or outside" the US, "and does not rule out the possibility of designating a U.S. citizen as an unlawful combatant."

Specter Opposes Stripping Courts Of Jurisdiction. The AP (9/25, Kellman) reports Senate Judiciary Chairman Arlen Specter is "leading the charge" against a provision in the compromise plan that would "strip federal courts of jurisdiction over cases in which detainees have not been charged with war crimes." Specter and other opponents say it would "deny terrorism suspects the ability to challenge their detainment, a right afforded defendants in military and criminal courts." USA Today (9/26, 4A, Kiely, Jackson, 2.27M) says Specter's opposition could complicate efforts to win congressional approval for the compromise.

Democrats In "Awkward Position" Due To Intelligence Briefing Secrecy. The Hill (9/26, Tiron) reports some senior congressional Democrats "find themselves in an awkward position" in the debate over detainees, "unable to openly criticize some of the Bush administration's policies" because they were sworn to secrecy after receiving intelligence briefings. House Intelligence ranking Democrat

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Jane Harman says that "makes it difficult to attempt to change the clandestine policies or conduct proper oversight." Harman said, "It is very hard to deal with an incomplete deck of cards."

WPost Calls Court-Stripping "A Terrible Idea." The Washington Post (9/26, A20, 748K) editorializes, "The compromise bill strips the courts of any jurisdiction to hear cases -- including those cases already pending -- concerning detainee treatment. … This is not the first time Congress has sought to limit judicial supervision of detentions in the war on terrorism. After the Supreme Court's assertion of jurisdiction over Guantanamo Bay, Cuba, in 2004 triggered a series of lawsuits, Congress moved to force their dismissal as part of the Detainee Treatment Act. The court found that the act did not apply to pending cases, leaving the lower courts unable to hear new cases but with jurisdiction over those already filed. The new measure would complete the job, removing jurisdiction over the remaining cases. … This is a terrible idea."

Republican Leaders Reach Tentative Deal On Domestic Surveillance Legislation. The New York Times (9/26, Lichtblau) reports, "Republican leaders said Monday that they had reached a tentative agreement to garner political support for legislation on domestic surveillance, in part by sidestepping the question of whether the president has the constitutional authority to order wiretapping without a court order." The Times continues, "There was wide disagreement about the plan's impact. Supporters billed the most recent version as a way of requiring a court order for most domestic wiretaps. But civil rights advocates and even some administration officials suggested that it would maintain the status quo in allowing the continuation of wiretapping without warrants under a program approved by President Bush. … Senator Arlen Specter, the Pennsylvania Republican who leads the Judiciary Committee, said that in recent negotiations, the White House had agreed to delete language from his bill that critics said would have implicitly acknowledged the president's constitutional authority to order wiretapping without a warrant." The Times adds, "Three Republican senators — Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska — had raised concerns about this and other aspects of the Specter bill, which would submit the wiretapping program to a secret court to rule on its constitutionality. With the changes, they said they could support the legislation, and Mr. Specter predicted he would have enough Senate votes to gain passage. … The three said the new plan would protect 'the rights afforded to citizens in the Constitution,' in part by requiring that the administration get a court order if it wanted to listen to conversations of an American citizen or others defined as 'U.S. persons." In a statement, they said the new plan would require that "in order to conduct electronic surveillance of a U.S. person, a court-ordered warrant is necessary.' … Some lawmakers and civil rights advocates said they believed that the three senators had mischaracterized or misinterpreted what they had agreed to and that the White House was retaining the right to order wiretaps without a warrant." The Times notes, "The program approved by Mr. Bush 'does allow for the interception without court order of international communications where one end is within the United States, and this agreement would provide this authority and would establish a process for moving to individualized court orders with respect to individuals within the United States,' said Brian Roehrkasse, a Justice Department spokesman. He declined to elaborate." The Washington Post (9/26, A3, Weisman, 748K) reports the changes "have won the support of three balking Senate Republicans," Larry Craig, Lisa Murkowski, and John Sununu, "improving the chances that a bill expanding the Bush administration's surveillance authority will pass Congress this week." The Los Angeles Times (9/26, Simon, Schmitt, 918K) carries a similar report.

US, EU Close To Agreement On Passenger Data. The Financial Times (9/26, Bounds, Cameron) reports, "The US and European Union are close to a deal for sharing airline passenger information that would avert disruption to the world's busiest air traffic routes. Officials from both sides of the Atlantic have confirmed that a new anti-terrorism agreement is almost certain to be signed on Thursday, two days before the current regime expires." A "US official" said, "This is too big to fail. … We have made a lot of progress over the last few days."

FBI Confirms Legality Of Contributions To Michigan Muslim Charity. The Detroit News (9/26, Krupa) reports, "Contributions to an Islamic charity in Southfield remain legal despite an FBI raid on Sept. 18, according to federal officials. The Life for Relief and Development has not been designated by the federal

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government as an organization that provides support for terrorists, according to Bob Beeckman, a spokesman for the FBI in Detroit. … 'The search warrant is based on criminal statutes, and I can't go any farther,' Beeckman said. Local Muslim leaders said that the information that donations remain legal will help assuage rampant concerns in their community, at the beginning of the holy month of Ramadan, when Muslims are required to make charitable donations."

Pakistani Sentenced To 18 Years In Prison For Al Qaeda Missile Plot. The AP (9/26) reports, "A Pakistani man was sentenced Monday to more than 18 years in prison for conspiring with an Indian-born U.S. citizen to obtain and sell Stinger anti-aircraft missiles to the Taliban and al-Qaida." Syed Mustajab Shah "admitted that he tried to sell five tons of hashish and a half-ton of heroin in exchange for cash and four shoulder-fired Stinger missiles, which he and the other defendants intended to sell to members of the Taliban. … Shah knew at the time that the Taliban was the same as al-Qaida, prosecutors said." The AP notes Shah and co-defendants Ilyas Ali and Muhamed Abid Afridi "were arrested…by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel."

EU Panel Expresses Doubts Over US Financial Transaction Monitoring. The New York Times (9/26, Lichtblau, 1.21M) reports an EU panel "has serious doubts about the legality of a Bush administration program that monitors international financial transactions," according to its German leader. The panel "plans to recommend tighter controls to prevent privacy abuses." The panel "will not call for the program to be stopped," but it is "expected to recommend that additional safeguards be put in place" to check how financial records are shared with US intelligence.

Guantanamo Authorities Strive To Teach Guards About Ramadan. The Los Angeles Times (9/26, Connell, Lopez, 918K) reports that with the beginning of Ramadan, Guantanamo Bay authorities "have stepped up efforts to teach guards about the religious observance, amid signs that radical strains of Islam are becoming a potent organizing tool at the facility." Some military officials "say it may have been a tactical mistake to stop providing Muslim chaplains. Many of the detainees are poorly educated and look up to those who can read and cite Quranic verses, according to former troops who worked inside the camps. This has opened the way for radical interpretations by religious leaders on the cellblocks and helped justify such actions as suicides, according to personnel who served at the camp."

Wickham Says Administration Has Double Standard On Extradition. In his USA Today (9/26, 11A, 2.27M) column, DeWayne Wickham contrasts the Bush Administration's sending of Maher Arar, a Canadian citizen of Syrian descent, to Syria, where "the Bush administration had good reason to know he would be brutalized," with its refusal to send Luis Posada Carriles back to Venezuela. Wickham says, "The Bush administration has contradictory standards -- one for people who are thought to be enemies of this country, such as Arar, and another for Posada, an accused terrorist, who is the enemy of its enemies."

PATRIOT ACT:

Internet Consultant Suing DOJ, FBI Over NSL Gag Order. The New York Times (9/26, Hartocollis, 1.21M) reports, "Federal District Court in Manhattan has made public an affidavit from a plaintiff whose identity cannot be revealed. In the affidavit, he says he has to lie to those close to him to preserve the secrecy of a national security investigation that he believes is morally questionable. … He describes himself as the former president of an Internet access and consulting business. Some time ago (the government will not allow him to say when), he received a so-called national security letter from the F.B.I., asking him to provide information about one of his clients in connection with 'international terrorism or clandestine intelligence activities.' The letter also said he was prohibited from talking with anyone about the investigation." The Times notes, "Mr. Doe said he resisted the government's demand because he did not want to violate the privacy of his clients. In April 2004, represented by the American Civil Liberties Union, he filed a lawsuit against the attorney general, John Ashcroft, and Robert S. Mueller, the director of the F.B.I."

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HOMELAND RESPONSE:

Administration Awards Nearly $400 Million In Security Grants. The AP (9/26, Jordan) reports, "The Bush administration doled out nearly $400 million Monday to help protect seaports, commuter trains and other transit systems from terrorists, boosting money to high-risk cities that saw funding cuts earlier this year. Major winners included New York City, which won $79.5 million to secure its port, subways, bus and rail systems -- up from $50 million in 2005." The AP adds, "Losing cities that got no money for 2006 after being on the Homeland Security Department funding list last year included Memphis, Tenn., and Tampa, Fla., which lost funds for ports."

USA Today (9/26, Hall, 2.27M) reports, "More than three months after the department caused an uproar by cutting funds by 40% in another grant program to New York City and Washington, Homeland Security Secretary Michael Chertoff said his department is reworking the way it distributes such grants. 'You're never going to make everybody happy,' he said. 'There's never enough money.'" Chertoff "said the cuts in June came because Congress shrank the amount of grants. He said risk and consequence always would be the main factors the department uses in handing out federal anti-terrorism money." Port security "accounted for $168 million of the money distributed Monday to 51 cities." The Washington Post (9/26, A3, Hsu, 748K) notes American Public Transportation Association spokeswoman Virginia Miller "said the $13 million is helpful, but the industry has identified $6 billion in security needs."

The New York Times/AP (9/26) reports, "Money to protect the perimeters of New York and New Jersey's ports will be increased to $25.7 million, from $6.6 million." Mayor Michael R. Bloomberg "said that he was gratified federal officials 'are recognizing the risks here and giving us more money.'"

TSA Will Allow Some Liquid Gels And Aerosols On Airplanes. ABC World News (9/25, story 5, 0:30, Gibson) reported, "The government…announced new rules for what airline passengers can bring in their carry-on bags and what they can take on planes. A sweeping ban on liquids and gels was put into effect last month. when a terror plot in Britain was uncovered." But "starting tomorrow, the Transportation Security Administration will allow travel-size toiletries on planes that fit in one small, clear plastic bag as well as drinks, if they are bought in the secure area of the airport."

The AP (9/26, Miller) reports Transportation Security Administration chief Kip Hawley said yesterday "the FBI and other laboratories tested a variety of explosives and found that tiny amounts of substances -- so small they fit into a quart-size plastic bag -- can't blow up an airliner, Hawley said at a news conference at Reagan National Airport."

NBC Nightly News (9/25, story 5, 2:10, Williams, 9.87M) reported, "Some will say this is more confusion in the air. Some will say it's a victory for common sense." NBC (Costello) added that " while airline security has improved dramatically since 9/11, the TSA still doesn't have the technology in place to screen every bag for liquid explosives. A gaping hole, say security experts, in the nation's security blanket." Rick Haan, former FBI explosives expert: "The technology is not there to detect liquid explosives, these are actually precursor chemicals that would be mixed into an explosive mixture onboard the aircraft." NBC added, "Several companies are working to develop the technology, but in the meantime, the TSA's convinced the amounts liquids and gels it's allowing onboard now are too small to pose a risk."

CBS Evening News (9/25, story 6, 2:50, Orr reported, "Critics…say the Transportation Security Administration is years late in developing high-tech scanners…which can tell the difference between a liquid explosive and a bottle of water." CBS added that "the ban on large volumes of carry-on liquids will likely remain in place through the ends of the year. At least with these tweaks…arriving passengers will no longer have to make their first stop a drugstore."

The New York Times (9/26, Lipton, 1.21M) reports Hawley "said the agency intended to test new equipment, including a machine that can evaluate bottles to see whether a liquid inside is explosive, or a machine similar to a CAT scan that can more reliably evaluate carry-on bags to see whether they might have bombs." The problem, he said, is "ensuring that the equipment will work as promised by the manufacturers, Mr. Hawley said. 'We don't want to be in the position of, out of the urgent need to do this, we essentially waste the taxpayers' money,' he said. 'We want to take our time to do it right.'"

USA Today (9/26, Frank, 2.27M) reports A.J. Castilla, "a screener at Boston's Logan International Airport and spokesman for a screeners union, said the new policy "is more confusing and certainly will add to the lines during the

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holidays." 'We're just adding another level of screening to a screening process that was simple,' Castilla said."

The Los Angeles Times (9/26, Neuman, Mohammed, 918K) says "the changes were hailed by passengers and by the airline industry." Likewise, the Wall Street Journal (9/26, Meckler, 2.03M) reports "the US decision was welcomed not only by travelers but by airlines and airports, whose operations were hampered by the stricter rules. Airport vendors lost considerable revenue as customers stopped buying drinks and, at duty-free shops, bottles of perfume and liquor that were banned from the planes. And airlines had to contend with the sharp increase in checked bags."

The Washington Times (9/26, Hudson, 88K) and Washington Post (9/26, A1, Wilber, 748K) run similar reports. USA Today (9/26, Frank, 2.27M) also runs a Q&A section detailing the new policy,

Former DHS IG Opposes Lifting Ban. On USA Today (9/26, 2.27M), Clark Kent Ervin, director of the Aspen Institute's homeland security initiative and former inspector general of the Department of Homeland Security, writes that "it would be one thing if TSA had developed an effective counter-technology in the ensuing weeks, but it has not done so. Instead, it says that it has determined that small quantities of liquids and gels pose no harm, and that drinks purchased in the "sterile" areas of airports past the screening checkpoints are likewise harmless." He adds, "I am skeptical that TSA has definitively determined that small quantities of liquids and gels pose no threat. Given its track record, it is far likelier that TSA has simply determined that small quantities pose minimal threats. The problem with that is I would have said that small things such as box cutters probably could not be used to kill 3,000 people, and yet, that's what the 9/11 hijackers did."

FBI Says 2001 Anthrax Was Not Specially Treated. The New York Times (9/26, Broad, 1.21M) reports, "Seeking to clear up public confusion, an F.B.I. official has reiterated the bureau's judgment that the anthrax in the letter attacks five years ago bore no special coatings to increase its deadliness and no hallmarks of a military weapon." The statement "contradicts an array of assessments over the years," in which a "variety of public and private experts proclaimed the deadly spores to have been specially treated to enhance their ability to float in the air and reach deep into human lungs, where they could germinate and kill their host. … But the bureau official, Douglas J. Beecher, a scientist at the F.B.I. Laboratory in Quantico, Va., disputed such claims as misguided in a recent journal article."

Muslim Scholar Denied Visa To Enter US. The AP (9/25, Neumeister) reported Tariq Ramadan, "a prominent Muslim scholar" and Swiss citizen "was denied a temporary business and tourism visa Thursday 'based solely on his actions, which constituted providing material support to a terrorist organization,' said Janelle Hironimus, a State Department spokeswoman." However, the American Civil Liberties Union, which says Ramadan "was being excluded because he donated $765 to French and Swiss organizations that provide humanitarian aid to Palestinians," argued that the decision "amounts to censorship. 'This case is really about speech,' said Jameel Jaffer, an ACLU lawyer. 'The government is using the immigration laws as a means of silencing and stigmatizing a prominent cleric.'"

WAR NEWS:

Democrats Say Leaked NIE Proves Bush's Iraq Policy Is Flawed. NBC Nightly News (9/25, lead story, 2:45, Williams, 9.87M) reported, "It is a report from the very top of US intelligence and it is meant for the boss -- the President and the very top of our government. The report, called the National Intelligence Estimate, or the NIE, has been leaked to the press. That is bad news for the Bush Administration because of the report's conclusion -- that the war in Iraq has created a new generation of Islamic radicals and the overall terrorist threat is now worse because this war has amounted to a huge recruiting tool for those who would do us harm." NBC added, "For weeks the President has successfully kept public attention on terrorism rather than the war in Iraq. Today, Democrats tried to change that by seizing on intelligence findings that the Iraq war has made the terror threat worse. Mr. Bush got the blame."

ABC World News (9/25, story 3, 1:55, Gibson) reported, "There was no question that this report would cause a political firestorm because it really goes right to the heart of the debate in this country. The President has been arguing for months that fighting terrorists in Iraq has made Americans safer at home. … But the National Intelligence Estimate says the war has created a rallying cry for terrorists, a point Democrats seized on today."

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NBC Nightly News (9/25, story 2, 1:40, Williams, 9.87M) reported, "These conclusions are not a surprise. This is what we've been hearing from the CIA Director and from the Director of National Intelligence, John Negroponte and in their recent speeches. … Some of the other conclusions are interesting. The Internet has helped spread Jihadist ideology. Cyberspace is now a haven for these operatives and they spread beyond their original bases in places like Afghanistan and they're not centrally controlled by Osama bin Laden but they're self-generating cells who are inspired by bin Laden. We've known some of these things but when it comes to Iraq, they don't pull their punches. In the short term the war has become a breeding ground and has made things worse, not better."

The Washington Post (9/26, A3, Abramowitz, Weisman, 748K) reports, "Democratic lawmakers yesterday seized on elements of a new classified intelligence assessment as validation of their long-standing position that the Iraq war has been a distraction from the broader war against terrorists, seeing the new study as an opportunity to undermine President Bush's determined offensive to turn terrorism to political advantage in the midterm elections. … After weeks in which White House officials believed they had partly succeeded in reframing the elections around terrorism, rather than Iraq, the new report threatened to reverse those gains."

The Washington Times (9/26, Fagan, 88K) reports Democrats "said their long-standing criticisms of the administration are validated by a leaked intelligence assessment that reportedly found the Iraq war has helped spur more Islamic radicals. Senate Minority Leader Harry Reid said April's National Intelligence Estimate (NIE), as described Sunday by the New York Times and The Washington Post, states 'what many of us have been saying for months' about U.S. efforts in Iraq. … Democrats said the administration should make the report public but Carl Kropf, a spokesman for Director of National Intelligence John Negroponte, said in an e-mail message that 'there is no indication that this NIE will be declassified.'"

Bartlett Says Leaked Portion Of NIE Does Not Provide A Full Picture. CNN's The Situation Room (9/25, Malveaux) reported, "I talked to the counselor to the President, Dan Bartlett, earlier today who made a couple of important points. First of all, he says that this leaked portion of the NIE portion is just. It's a leaked portion. It does not give the full picture and does not give the full story. … So I asked him, of course, why not just declassify this NIE document? It has been done in the past when the lead up to the Iraq war and making the case for Iraq, weapons of mass destruction, most recently the president talking about his secret CIA detainee program and Bartlett said he did not believe that this rises to the occasion of declassifying that material."

Roberts Seeks Declassification Of NIE. The New York Times (9/26, Mazzetti, 1.21M) reports Senators Pat Roberts and Jay Rockefeller, the top Republican and Democratic members of the Senate Intelligence Committee, "called on Monday for the White House to declassify the National Intelligence Estimate on terrorism that was produced in April. … 'I think the administration should declassify this document so the American people can see the material for themselves and come to their own conclusions,' Mr. Roberts said in a statement. Mr. Roberts and Mr. Rockefeller said the estimate should be stripped of sensitive material before being released." However, the Times adds that White House officials "said making the information public would only help terrorists gain a better understanding of how much the United States knows of their operations. 'What we don't want to do is tell them what we know so they know how to operate around that,' Frances Townsend, the White House domestic security adviser, said in an interview on CNN." Counselor to the president, Dan Bartlett, "told CNN on Monday that releasing the report would have a chilling effect on the intelligence analysts 'who are trying to give very candid advice or very candid estimates.'"

The AP (9/26, Shrader) reports Roberts "said the public discussion has given the 'false impression' that the National Intelligence Estimate focuses exclusively on Iraq and terrorism. 'That is not true,' Roberts said, noting that the committee has had the report since April. 'This NIE examines global terrorism in its totality.'"

CNN's The Situation Room (9/25, Blitzer) reported that "some Democrats are finding aid and comfort in the classified intelligence estimate of the terror threat to the United States. Intelligence and counter-terrorism officials say the report concludes the war in Iraq is giving fuel to Islamic extremism and al Qaeda wannabes. Now some Democrats and Republicans are feuding over the leaked part of the report, and whether it distorts the truth or proves the Iraq war was a failure. And it's all playing out only six weeks before Election Day."

Townsend Makes Case For Keeping NIE Classified. President Bush's Homeland Security Adviser Fran Townsend was asked on CNN's The Situation Room (9/25) why the

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Administration will not declassify the NIE "so the American public will be able to read it in terms of its full context." Townsend said, "Because the problem…is, as usual, with classified documents, the reason they're classified is so we don't share what our understanding is and what our beliefs are about their motives and their capability. What we don't want to do is tell them what we know so they know how to operate around that. And so the leaking of classified documents is always very dangerous and it's particularly dangerous in this case." Townsend added that "having gone through this document, it's a difficult thing to do when you're talking about an assessment of global trends and the development of the enemy."

Townsend made the same case on MSNBC's Hardball (9/25), saying that "you've got a paragraph that's been leaked out of a nine-page summary and a more-than-35-page report that looks at global trends in terrorism. It talks about the jihad in Iraq as being one of the propaganda tools of the jihadists as a method of recruiting, as a method of raising money – that's -- but it's one. There's many historical grievances that they use, and this is one piece." Townsend added, "I don't think there's any question that it's been selectively leaked."

Townsend was also the guest at Monday's Christian Science Monitor (9/26, Cook, 58K) "Monitor Breakfast." The "self-described worrier…quipped, 'If we were going to go through the long list of things that bother me and that I worry about, we would be here for lunch.'" The Monitor says the "youthful and outgoing Townsend is a rarity in Washington -- someone who worked in the top reaches of both the Clinton and the Bush administrations. President George Bush has entrusted her with a crucial portfolio. During Bill Clinton's presidency, Townsend rose through a series of increasingly influential Justice Department positions." Discussing the leaked NIE that said the Iraq war has increased the problem of terrorism, Townsend said, "It is not clear to me that the headline we saw…that America is less safe, is actually contained in the NIE. The statements that were leaked, once again it was classified information, and that is always damaging. And secondly, what I would say…is most damaging, frankly, as the director of national intelligence said yesterday, [is that] it is taken out of context."

Hunter Says NIE Offers An Opinion, Not Evidence. Rep. Duncan Hunter said on CNN's Lou Dobbs Tonight (9/25), "What you're getting from the NIE is not evidence. What you're getting is an opinion. And I disagree with the opinion and I'll tell you why. When we got hit on 9/11, the last two American military operations, major operations had been to save Muslim nations. That was Kuwait and of course Bosnia. So we went in and we saved Muslim nations. And the reward was we got struck on 9/11. So the idea that we've somehow created the enemy, that but for our aggressiveness, guys like al-Zarqawi would not be targeting the United States, that doesn't make any sense."

Talabani Disagrees With NIE's Conclusions. Iraqi President Jalal Talabani was asked on PBS' Newshour with Jim Lehrer (9/25) for his opinions on the NIE. Talabani said, "I don't agree with this. I don't agree at all. I think the liberation of Iraq reduced the danger of terrorism on the United States of America because all terrorist groups are now concentrating on Iraq, focusing in Iraq, sending their troops to Iraq, busy with Iraq; otherwise they're concentrating their efforts against the United States of America."

NIE's Conclusions Questioned. In his monthly column for the Washington Post (9/26, A21, 748K) Robert Kagan writes, "It's too bad we won't get to see the full National Intelligence Estimate on 'Trends in Global Terrorism' selectively leaked to The Post and the New York Times last week. The Times headline read 'Spy Agencies Say Iraq War Worsens Terrorism Threat.' But there were no quotations from the NIE itself, so all we have are journalists' characterizations of anonymous comments by government officials, whose motives and reliability we can't judge, about intelligence assessments whose logic and argument, as well as factual basis, we have no way of knowing or gauging. Based on the press coverage alone, the NIE's judgment seems both impressionistic and imprecise."

WSJournal Urges Bush To Declassify NIE. The Wall Street Journal (9/26, 2.03M), in an editorial, writes, "It's impossible to know how true this report is, of course, since the NIE itself hasn't been leaked. The reports are based on what sources claim the NIE says, but we don't know who those sources are and what motivations they might have. Since their spin coincides rather conveniently with the argument made by Democratic critics of the war, and since this leak has also conveniently sprung in high campaign season, wise readers will be skeptical. … So here's our suggestion for President Bush: Declassify the entire NIE."

Top Al Qaeda Figure Who Escaped From Afghan Prison Killed In Iraq. CBS Evening News (9/25, story 4, 0:15, Couric, 7.66M) reported, "British troops killed a top al Qaeda terrorist who was living in Basra in

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southern Iraq. … He was once thought to head up al Qaeda's operations in southeast Asia." The New York Times (9/26, Tavernise, 1.21M) says Omar al-Faruq was an Iraqi "senior operative of Al Qaeda who engineered a brazen escape from a high-security American prison in Afghanistan last year." He "was killed Monday in a predawn raid by British soldiers in a quiet, wealthy neighborhood in southern Iraq, an American official and an official in Basra said. About 250 soldiers wearing night-vision goggles and carrying specially equipped rifles stormed a house in the Junainah neighborhood of Basra, intending to capture the operative. … They were fired upon as they entered, and shot back, killing Mr. Faruq." A British military spokesman "declined to say whether he was the same man who had escaped from the American military detention center in Bagram, Afghanistan, in July 2005. An American official in Washington and an official in Basra, neither of whom was authorized to speak publicly on the subject, said Mr. Faruq was the same man." The Times notes, "At the time of his arrest, in Jakarta, Indonesia, in June 2002, Mr. Faruq was described as one of the most important Qaeda figures ever captured by the United States."

The AP (9/26, Quinn) reports Farouq "and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, but the Pentagon waited until November to confirm his escape. The delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States. …. Al-Farouq and the three other escapees boasted about their breakout from Bagram on a video broadcast in October 2005 on Al-Arabiya television."

Former Generals Blast Rumsfeld At Democrats' Hearing. ABC World News (9/25, story 2, 0:50, Gibson) reported, "a retired Army General made a stunning declaration. Major General John Batiste said the way the war has been conducted has inflamed Islamic fundamentalism, created more enemies for the US and, in a charge you don't expect to hear from an Army commander said the war needlessly destroyed American lives and he placed the blame on the Defense Secretary." Batiste: "Secretary Rumsfeld's dismal strategic decisions resulted in the unnecessary deaths of American servicemen and women and our allies and good people of Iraq. He was responsible for American or allies going to war with the wrong plan and a strategy that did not address the realities of fighting an insurgency."

NBC Nightly News (9/25, lead story, 2:45, Williams, 9.87M) reported, "today at a hearing organized by Democrats, retired military officers accused Defense Secretary Rumsfeld of fueling terrorism by mismanaging the war." Batiste was shown saying, "Iraq didn't have to be the way it was. We created this insurgency. We let it grow, we let it develop, we let it blossom."

The AP (9/26, Espo) reports the retired officers "bluntly accused" Rumsfeld "of bungling the war in Iraq, saying U.S. troops were sent to fight without the best equipment and that critical facts were hidden from the public." The Democratic Policy Committee's panel heard testimony from Batiste, retired Army Maj. Gen. Paul Eaton and retired Marine Col. Thomas Hammes, all of whom support Secretary of Defense Donald Rumsfeld's ouster. Batiste testified that Rumsfeld "and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq." Batiste also "said Rumsfeld at one point threatened to fire the next person who mentioned the need for a postwar plan in Iraq." Eaton "assessed Rumsfeld as 'incompetent strategically, operationally and tactically.'" Sen. John Cornyn "dismissed the Democratic-sponsored event as 'an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security.'

The Los Angeles Times (9/26, Levey, 918K) reports, "Adding to criticism of the Bush administration's prosecution of the war in Iraq," Batiste "said Monday that requests by commanders for more soldiers were repeatedly turned down." Batiste said, "Many of us routinely asked for more troops." The Times reports that Batiste was "contradicting statements by President Bush and his senior aides that the administration had given the military all the resources it had asked for." Eaton, "who oversaw efforts to train and equip Iraqi security forces in 2003 and 2004, also said he was not given enough U.S. troops to do the job."

Generals Prescribe "More Troops, More Money And More Time In Iraq." The Washington Post's Dana Milbank (9/26, A2) writes Batiste, "who retired in protest rather than accept a three-star promotion, was a persuasive witness -- and Democrats were joyous. 'Your statement, I believe, defines the word "courage,"' Sen. Byron Dorgan gushed." Sen. Charles Schumer "pumped his fist and gave Batiste and his colleagues pats on the biceps." Senate Minority Leader Harry Reid "proclaimed, giddily: 'This hearing today could change our country.' Perhaps. But Democrats, while celebrating Batiste's criticism of the administration, exercised

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some selective listening at the hearing when Batiste and his colleagues offered their solution: more troops, more money and more time in Iraq." Milbank notes Eaton said, "We are, conservatively, 60,000 soldiers short."

The Washington Times (9/26, Fagan, 88K) reports, "all three of the retired leaders, however, backed up the administration assertion that pulling out of Iraq now would be disastrous and cause a dangerous regional instability."

McConnell Calls Hearing "Another Partisan Media Event." McClatchy Newspapers (9/26, Talev) report the testimony came during "the first of what Senate Democrats say will be a series of oversight hearings they're holding on the Iraq war. They say Republicans haven't exercised enough oversight since the March 2003 invasion. But Democrats also are trying to focus public attention back on Iraq because polls show Republicans are vulnerable on it and congressional elections will be held in six weeks." Senate Majority Whip Mitch McConnell "denounced the two-hour hearing, packed with anti-war activists and reporters, as 'simply another partisan media event. And while it may rile up their liberal base, it won't kill a single terrorist or prevent a single attack.'"

Lott Threatens Democrats Over Unofficial Hearings On Iraq. The Hill (9/26, Allen) reports Sen. Trent Lott "is threatening to punish Democrats for using an Appropriations Committee room for an unofficial hearing on Iraq oversight if it happens again." Lott is quoted as saying, "They better stop this. … This will be the last one or there will be retribution." However, The Hill notes that "if he is looking for a culprit in abetting the Democratic Policy Committee's (DPC) hearing yesterday, he need look no further than fellow Mississippi Republican Thad Cochran, chairman of the Appropriations Committee, who controls the Dirksen Building room that Democrats used yesterday and have used for past hearings." According to The Hill, Lott and other Republicans "are upset that Democrats have gone outside the committee process to highlight the Iraq war before the November election."

Jones Attends Democrats' Hearing. The Hill (9/26, Allen) also reports that "the mostly Democratic panel was not without Republican representation." Rep. Walter B. Jones "made a nearly five-hour drive to the Capitol to participate in the hearing. Jones, who represents Camp Lejeune, voted to authorize the Iraq war but has criticized its execution. 'To me this is not politics, this is policy issues,' he said. 'The party that demands the truth is the party that the public respects.' In his opening statement, Jones quoted Rudyard Kipling: 'If any question why we died, tell them, because our fathers lied.'"

Townsend Defends Cheney's Assertions On Iraq. President Bush's Homeland Security Adviser Fran Townsend was asked on MSNBC's Hardball (9/25) about the fact that Vice President Dick Cheney is "on the record as having said that Saddam Hussein was somehow involved in the attack on us on 9/11," but now says that "there was no connection between Saddam Hussein and 9/11." Townsend said, "What I would say to you, when you say that, is Republicans and Democrats -- both administrations -- believed that Iraq was a threat, believed the intelligence on Iraq. The intelligence turned out to be wrong."

Harman Says Cheney Should Correct The Record On Iraq. Rep. Jane Harman said on MSNBC's Hardball (9/25) that Vice President Dick Cheney "refuses even now to correct the record. He was on Meet The Press two weeks ago and he said, We don't know there was this connection between Iraq and al Qaeda before 9/11. There was not. Let me say it definitively, there was not, and he should correct the record."

Matthews Says Cheney Is "Always Wrong." On MSNBC's Hardball (9/25) Chris Matthews commented on Vice President Cheney's claim that the insurgency is in its last throes and that the US would be greeted as liberators in Iraq, saying, "He's been dead wrong, month after month after month. Yet he receives respect of the media. I don't get it." Matthews later added, "Everything he ever said about this war has been wrong, and yet he comes on Sunday television like the prophet himself and everybody stands back and says, oh, he's a wise man. He's very prescient about things. He's always wrong."

Pentagon Extends 3,800 Soldiers' Iraq Tours. CBS Evening News (9/25, lead story, 2:40, Couric, 7.66M) reported, "Remember when US military officials said they were hoping some of the 140,000 troops in Iraq could start coming home by the end of this year? Those hopes were dashed last week when the top commander on the ground said that with the current violence there, it's not going to happen. And today nearly 4,000 soldiers who were due to come home the first of next year were told they're staying a few more weeks. And some other troops will be sent back ahead of schedule. All of this is a tremendous strain on both the military and military families. … The Army is scrambling

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to maintain the number of troops at 140,000 and today a former division commander in Iraq who already is on record as calling for Secretary Rumsfeld's resignation, told members of Congress even that is not enough." Major General John Batiste (ret): "It's a shell game that we play in Iraq and we've been doing it since day one and we're still doing it today. There's simply not enough troops there to accomplish the task."

USA Today (9/26, Welch, 2.27M) reports, "The Pentagon said Thursday that 3,800 U.S. soldiers will be staying in Iraq about six weeks beyond their one-year combat tours as coalition forces grapple with violence in and around Baghdad. … Although the Pentagon did not say why the extension was needed, the top commander in the region, Army Gen. John Abizaid, said last week that more troops would be needed to deal with increased sectarian violence around Baghdad.

McClatchy (9/26, Brown) reports Pentagon spokesman Bryan Whitman "said the changes were in order to maintain 15 combat brigades in Iraq. … 'What these decisions reflect is the flexibility that the United States military has to adjust to a changing environment and a changing situation,' Whitman said. A congressional staffer briefed on the development on Monday said that the Army was moving up the deployment of the 1st Cavalry Division troops by a month so that the 172nd Stryker Brigade's deployment wouldn't be extended again. But an Army spokesman, Lt. Col. Carl Ey, said the two developments weren't necessarily connected."

The Washington Post (9/26, A16, Tyson, 748K) reports the extension "demonstrates the increasingly tough trade-offs U.S. commanders face between the imperatives of war fighting and the need to retrain and recuperate the taxed Army and Marine Corps. In this case, commanders had to choose between extending thousands of U.S. troops serving in one of Iraq's deadliest cities -- the 1st Armored Division brigade in Ramadi -- or requiring another combat-hardened unit that has already served two tours in Iraq, a brigade of the 3rd Infantry Division, to return to the desert after less than a year at home. They opted for the former. 'The chief of staff of the Army refuses to compromise on the one-year dwell time,' said an Army official, who spoke on the condition of anonymity because he was not authorized to speak on the record. The chief of staff is Gen. Peter J. Schoomaker, and 'dwell time' refers to the amount of time troops have at home between deployments to retrain, repair equipment and reconnect with their families."

Army Said To Need An Additional 60,000 Troops. ABC World News (9/25, lead story, 2:30, Gibson) reported, "ABC News has learned that top generals in the Army have come consensus, that to meet its responsibilities the Army has to be larger, more troops are needed, tens of thousands more. It's not a request yesterday or recommendation but senior Army officials have discussed this for weeks and are now in agreement that the army to meet current and future obligations has to have more men and women. Our national security correspondent Jonathan Karl is here." ABC added, "The top Army leadership is saying that the only long term solution is to increase the size of army by about 60,000 troops. That would be a difficult, controversial and costly proposition that could cost $7 billion a year. … Increasing the size of the Army would take time and money. To deal with the strain in the short run, officials are also considering another costly and unpopular idea using more National Guard troops in Iraq. Even without increasing the overall size of the Army these challenges are about to hit taxpayers hard. The Army is pushing for an increase of $20 billion in the next budget."

US Expected To Maintain Troop Levels In Iraq At More Than 140,000. The Financial Times (9/26, Luce) reports US officials "said on Monday that American troop levels in Iraq were likely to remain well above 140,000 for the next few months. … The overall US troop presence in Iraq has risen from 127,000 in July to 142,000 this week."

Army Described As "Stretched Thin" And "Struggling." CBS Evening News (9/25, lead story, 2:40, Martin, 7.66M) reported, "just keeping the current level is stretching the Army to its limit. Its goal is two years at home for every one year in Iraq. The reality has been 18 months, now that's slipped to just 14 months. … The Army is also running short of money. Over the next several years, it will need $66 billion just to repair or replace equipment torn up in Iraq."

The AP (9/26, Burns) reports the Army "is stretched so thin by the war in Iraq that it is again extending the combat tours of thousands of soldiers beyond the promised 12 months — the second such move since August. Soldiers of the 1st Brigade, 1st Armored Division had been expecting to return to their home base in Germany in mid-January. Instead, they will stay an extra 46 days in Iraq, until late February, the Pentagon announced Monday. The soldiers are operating in western Anbar province, one of the most violent parts of Iraq. The Pentagon also announced that the 4th Brigade, 1st Cavalry Division will deploy to Iraq 30 days

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earlier than scheduled, starting in late October. … 'The Army is coming to the end of its rope in Iraq,' said Loren Thompson, a defense analyst at the Lexington Institute, a private research group. 'It simply does not have enough active-duty military personnel to sustain the current level of effort.'"

The Washington Times (9/26, Scarborough, 88K) reports the Army "already is struggling to meet worldwide commitments and dealing with low-combat readiness among non-deployed units who lack adequate equipment at their home bases. The Army is wearing out weapons systems so fast in Iraq's harsh environment that it needs more than $40 billion in the next three years to buy replacements."

Use Of Individual Ready Reservists Called "Back-Door Draft." CBS Evening News (9/25, story 2, 2:15, Couric, 7.66M) reported, "As wrenching as the sudden changes are for active duty troops, they can be down right crushing for some soldiers and Marines who have already put their uniforms in mothballs. CBS added, "The last time we saw US Army Captain Todd McGowan in uniform two years ago he and his wife Tracy thought it was the last time he'd ever need it. … Todd is what the Army calls an IRR, Individual Ready Reservist. Unlike Reservists, they're semi-retired soldiers who thought they were done with the military until this reactivation letter came in the mail. … Reactivated for 545 days, Todd's bound for Iraq, 35 pounds heavier, he hasn't fired a gun in two years." According to CBS, McGowan "and others call it a back-door draft." McGowan's wife was shown saying, "For them to call him back seven months shy of resigning his commission is despicable."

Two Top Army Generals In Iraq Reassigned. The AP (9/26, Burns) reports, "Two of the Army's top commanders in Iraq have been selected for new assignments. The second-in-command in Iraq, Lt. Gen. Peter W. Chiarelli, will become a special assistant to the commander of Central Command with responsibility for developing the military capabilities of nations in the Middle East and Central Asia. Chiarelli is due to be replaced in Iraq by Lt. Gen. Raymond Odierno when Odierno becomes commander of Multi-National Corps-Iraq early next year. Chiarelli had previously commanded the 1st Cavalry Division in Iraq. Also moving on from Iraq will be Maj. Gen. James D. Thurman, the 4th Infantry Division commander, who has been chosen for promotion to the rank of lieutenant general and assignment as commander of 5th Corps, the Army's top organization in Europe. Thurman currently is commanding all forces in the Baghdad area."

US Soldiers Targeted By Militants From Within Sadr City. The AP (9/26, Castaneda) reports, "U.S. soldiers trying to calm Baghdad say the sprawling Sadr City slum has once again become a haven for anti-American militants — and the source of most of the gunfire and mortars directed at them. In the last two weeks, U.S. forces have suffered several casualties from dozens of shootings, mortar attacks and roadside bombings that American troops believe originated from Sadr City. Yet the Americans have been restrained in their response, as U.S. and Iraqi leaders strive to avoid a third confrontation in two years with firebrand cleric Muqtada al-Sadr and his Mahdi Army — the biggest and most dangerous Shiite militia in Iraq." The AP notes, "Al-Sadr's followers hold 30 of the 275 seats in the national parliament and five posts in Prime Minister Nouri al-Maliki's Cabinet and are a major pillar of the prime minister's political support. In August, al-Maliki, a Shiite, publicly berated the Americans for a raid on Sadr City."

Kurds Seize Police Station Slated To Be Handed Over To Sunni Commander. The Los Angeles Times (9/26, Murphy, 918K) reports, "Kurdish militiamen seized a police station in northern Iraq on Monday to prevent its transfer to a new Sunni Arab commander, igniting a daylong standoff that echoed the parliament's continuing unease over territory-sharing in the final administrative map of Iraq. The clash in the town of Jalawla underscored the potential for violence as parliament prepared to study the contentious issue of creating autonomous regions in this multiethnic and heavily armed nation. Though most of the biggest political disputes are likely to center on the oilfields in the south, in largely Shiite Muslim areas, and the northern city of Kirkuk, another oil-rich area claimed by the Kurds, the clash in Jalawla marked an early warning of what many fear could be a turbulent battle for the frontiers of a future Kurdish zone."

Saddam Once Again Removed From Court. The Washington Post (9/26, A16, Paley, 748K) reports on "another tumultuous day in the genocide trial of ousted president Saddam Hussein, culminating in his expulsion from the courtroom for the second time in as many sessions. The proceedings began with Hussein and his six co-defendants…vigorously protesting the absence of their

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attorneys. Last week, the entire defense team boycotted the trial to protest the Iraqi government's dismissal of the chief judge for saying that Hussein was 'not a dictator.' The eight new court-appointed defense attorneys appeared to struggle Monday during simple cross-examinations of witnesses." The new chief judge, Mohammed al-Uraibiy "instructed [Hussein] to remain silent and respect the court. 'I'd respect the session if it was a respected court,' Hussein retorted. Then he held up a folded piece of yellow paper that he said was a request not to attend the trial as long as Uraibiy remained the presiding judge. … The judge angrily ordered Hussein to be removed from the courtroom and refused to accept his petition."

Rice's Use Of Civil Rights Movement As Analogy For Iraq War Derided. The Washington Post's Eugene Robinson (9/26, A21) writes Secretary of State Condoleezza Rice argues that "critics of the administration's Middle East policies are like the racists who contended that black Americans were not ready to participate in democracy because they were 'kind of childlike' and couldn't handle the vote. But that's a bizarre analogy. … She makes it sound as if those who disagree with the administration are standing in the schoolhouse door. But no one wants to deny Iraqis or anyone else the chance to practice democracy. The question is whether democracy should, or can, be imposed at the point of a gun. If Rice really believes what she says, then why does she shun the democratically elected Hamas government of the Palestinian Authority? Are the Palestinians childlike and not ready for the vote?"

Marines Accused Of Murdering Iraqi Civilian Will Not Face Death Penalty. CBS Evening News (9/25, story 3, 0:15, Couric, 7.66M) reported, "Three US Marines accused of dishonoring the nation top our CBS News briefing tonight. They're accused of kidnapping and killing an Iraqi civilian in April west of Baghdad. And today it was decided they will be charged with murder. But the commanding general in the case said he will not seek the death penalty."

Karzai Accuses Musharraf Of Tolerating Presence Of Terrorists. The Washington Times (9/26, Behn, 88K) reports, "The political divide between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf became increasingly acerbic yesterday, with the Afghan leader accusing his counterpart of pursuing policies that foster terrorism. The outburst came on the eve of a critical meeting in which the two men will join President Bush in the Oval Office to discuss ways to improve their cooperation in fighting a revitalized Taliban insurgency. In a reference to Pakistan, Mr. Karzai said in an address at the Woodrow Wilson International Center for Scholars yesterday that there will be no peace in the region until nations stopped using religious extremism as a means of promoting policy. 'For all of us in the world to be safer, we must remove the need for groups, organizations or state entities -- and here I am beginning to be very careful in my remarks -- of reliance on religious radicalism as instruments of policy,' he said."

Afghan Women's Rights Activist Assassinated. The New York Times (9/26, Gall, 1.21M) reports, "A senior Afghan official specializing in women's rights was gunned down here on her way to work on Monday morning by suspected Taliban gunmen. It was the highest-level assassination of a woman in Afghanistan in the five years since the Taliban were ousted from power. Safia Amajan, 65, had served as chief of the women's affairs department in Kandahar Province for five years, working for women's rights and education and vocational training. A former teacher and high school principal, she was well known and much liked in Kandahar.

DOJ:

Massachusetts Federal Prosecutor Receives DOJ Service Award. The Worcester (MA) Telegram (9/26, Hammel) reports, "David H. Hennessy, acting chief of the U.S. Attorney's Worcester branch , has been given the Attorney General's Award for Exceptional Service, the Justice Department's highest award." The Telegram continues, "Mr. Hennessy, an assistant U.S. attorney since 1995, was among two Massachusetts assistant U.S. attorneys and a former assistant U.S. attorney from Massachusetts to be given awards Sept. 12 at DAR Constitution Hall in Washington, D.C. Mr. Hennessy was given the award for his service on the Justice Department's Enron Task Force, which investigated and prosecuted individuals considered most responsible for fraud in the energy company." The Telegram adds, "Mr. Hennessy served on the task force, which had about 40 prosecutors and FBI agents, from August 2003 through June 2004. The task force had

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offices in Washington and Houston, Enron's base. During part of that time he continued with some of his duties in the federal courthouse in Worcester, but for much of it he left Worcester early each Monday not to return from Houston until Thursday or Friday. … Mr. Hennessy served on the team that prosecuted Lea Fastow and the so-called Barge case defendants. Ms. Fastow, a former Enron assistant treasurer and wife of Enron chief financial officer Andrew Fastow, was sentenced to a year in prison on a misdemeanor tax charge. … Referring to the Enron prosecutions, the Justice Department said, 'This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions.'"

CORPORATE SCANDALS:

H-P Urged To Overhaul Its Board. Corporate governance experts say Hewlett-Packard CO. should overhaul its board in the wake of the recent leak investigation scandal. The Wall Street Journal (9/26, Clark, Lublin) reports that "four public pension funds are proposing a way for shareholders to help do that. The four funds -- representing public workers in Connecticut, New York, North Carolina and Washington, D.C. -- said they filed a proposal asking H-P to change its bylaws to allow any shareholder group holding 3% of the company's stock for at least a year to nominate one or more board candidates. Backers of the proposal are the New York State Common Retirement Fund, the Connecticut Retirement Plans and Trust Funds, the North Carolina Retirement Systems and the American Federation of State, County and Municipal Employees Pension Funds. Their proposal relies partly on a recent appeals court ruling that sided with AFSCME." The Journal adds, "Separately, a House committee studying the H-P imbroglio said it issued subpoenas to two H-P executives and a private investigator it had invited to testify at a hearing Thursday. Several other senior H-P executives -- including Chief Executive Mark Hurd and former Chairman Patricia Dunn -- are expected to appear."

House Panel Subpoenas Two Hewlett-Packard Officials, Contractor. The Washington Post (9/26, D12, Nakashima, Noguchi) reports, "Congressional investigators have subpoenaed two Hewlett-Packard Co. employees and one contractor to testify before a House investigative subcommittee Thursday as part of the panel's probe of an HP spying scandal that has spawned two criminal investigations. … The subpoenas, the first issued by the panel in this case, went out over the weekend to HP senior counsel and ethics director Kevin Hunsaker; former HP global security director Anthony Gentilucci; and Ronald R. DeLia, owner of Security Outsourcing Solutions, a Boston investigative firm HP hired to help identify the sources of media leaks." The Post notes, "Congress is questioning HP executives and its investigators as part of a broader examination into companies that sell or obtain unauthorized access to phone records. Hunsaker and Gentilucci were both involved in HP's leak probe, which the company has said involved obtaining private phone records by impersonating directors and journalists. … Thursday, the House Energy and Commerce investigative subcommittee will question HP chief executive Mark V. Hurd, former chairman Patricia C. Dunn and others." The AP (9/26, Gordon) reports, "The subpoenas are the first issued by the panel in its investigation. They were served over the weekend, according to a congressional aide who asked not to be identified because the investigation is continuing. .. . Until now, the invitations to testify at Thursday's hearing had been voluntary and other witnesses had accepted them."

Gentilucci Resigns After Receiving Subpoena. USA Today (9/26, Kessler) reports that Anthony Gentilucci, a global security manager for H-P, submitted his resignation yesterday after he and two others were subpoenaed by federal officials. Gentilucci "was part of a team assigned to find out who inside HP was leaking confidential information to the press. The team, which included HP staffers and outside detectives, used unsavory tactics to obtain confidential phone records, physically tracked board members and reporters, and tried to plant electronic tracking software on a reporter's computer."

Lawyer Praises Dunn's Decision To Step Aside. Viet Dinh, a Georgetown law professor and principal of Bancroft Associates PLLC, and the attorney for Tom Perkins, writes in the Wall Street Journal (9/26), "Justice Felix Frankfurter once wrote, 'Wisdom too often never comes, and so one ought not to reject it merely because it comes late.' So it is with Hewlett-Packard's decision on Friday to come clean with the available facts about Chairman Patricia Dunn's ill-advised investigation into board members and journalists, as well as to replace her with CEO Mark Hurd and appoint respected prosecutor Bart Schwartz to mop up the mess. Belated but welcome, these actions show that Mr. Hurd's

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steady hand will guide H-P out of the scandal and back to its rightful place as the icon of Silicon Valley." Dinh adds, "By stepping aside, Ms. Dunn proved her personal commitment to H-P and its shareholders. It is never easy to let go under pressure, and her decision speaks volumes about her courage, her grace and, in Mr. Hurd's words, 'her ability to put the interests of H-P before her personal interests.'"

Sonsini Hires Former Bush Attorney. Bloomberg (9/26, Rosenblatt) reports, "Lawrence W. Sonsini, a legal adviser to Hewlett-Packard Co., hired President Bush's former election counsel Michael Madigan to help him as he faces a Congressional investigation of the company's probe of boardroom leaks." Bloomberg continues, "Sonsini, 65, chairman of the Wilson Sonsini Goodrich & Rosati law firm, hired a team that includes Madigan and former Congressman Bill Paxon, both of the Washington, D.C., office of Akin Gump Strauss Hauer & Feld. Madigan was chief litigation counsel for Bush's campaign in the Florida recount during the 2000 election." Bloomberg adds, "Sonsini and officials at Palo Alto, California-based Hewlett-Packard are scheduled to appear Thursday before a subcommittee of the House Energy and Commerce Committee, which is investigating whether company tactics used to determine the source of news leaks to its board were illegal. … Wilson Sonsini 'is working with Akin Gump, under the leadership of former Congressman Bill Paxon and Mike Madigan to help understand the congressional process,' firm spokeswoman Courtney Dorman said in an e-mail."

Sentencing Of Ex-Homestore CEO Delayed. Inman News (9/26) reports, "Sentencing for Stuart Wolff, the former CEO of Homestore Inc. who was convicted in June on charges ranging from conspiracy to fraudulent insider trading, has been delayed until at least Oct. 10." Inman continues, "Assistant U.S. Attorney Michael R. Wilner said today, 'At the defense's request, the hearing has been postponed' and could be delayed until Oct. 10 or Oct. 16." Inman adds, "Wolff, 43, reportedly faces a maximum statutory sentence of 175 years in federal prison for the crimes at Homestore, now known as Move Inc. The company operates popular home-search Web site Realtor.com. … Wolff served as CEO and chairman of the board at Homestore from 1997-2002, when he resigned during an internal investigation. A jury found Wolff guilty of conspiracy, filing false statements with the U.S. Securities and Exchange Commission, lying to accountants, fraudulent insider trading, and falsification of corporate books and records. … He had originally been scheduled for sentencing Sept. 11."

Former Hedge Fund Manager Charged With Insider Trading. The Washington Post (9/26, D4, Masters) reports, "A former hedge fund manager has been charged with criminal insider trading for allegedly profiting from confidential information she had received from Arlington investment firm Friedman Billings Ramsey Group Inc. Hilary L. Shane, 39, was indicted earlier this month on five counts of securities fraud, and she was arraigned on Monday in U.S. District Court in Manhattan. She pleaded not guilty." Shane "has already paid $1.45 million to settle a civil investigation by the Securities and Exchange Commission and been banned from the industry by the NASD. Her lawyer, Robert Gold, declined to comment outside of the courtroom."

The New York Times/Bloomberg (9/26) reports that Shane "pleaded not guilty yesterday to illegally short selling shares of CompuDyne hours before the company announced a private share offering." Bloomberg continues, "An indictment said that Hilary L. Shane, 39, bought shares for herself and her clients, agreeing to keep the offering secret until it was announced. Hours before the announcement in 2001, Ms. Shane sold 122,900 CompuDyne shares short for about $14.59 apiece, according to the indictment, which was dated Sept. 12 and unsealed Thursday." Bloomberg adds, "Weeks later, Ms. Shane used shares she had bought in the private offering for $12 each to return the borrowed shares, making a profit of $315,216 for herself and her clients, prosecutors said. Ms. Shane, of Jupiter, Fla., made her plea before Magistrate Judge Henry Pittman of Federal District Court in Manhattan. She was released without bail, and her next court date is Oct. 10, a Justice Department spokeswoman said. A call to CompuDyne, a security system company based in Annapolis, Md., was not returned. … In May 2005, Ms. Shane paid more than $1 million in fines and restitution to settle a Securities and Exchange Commission lawsuit arising from the same transactions, without admitting or denying the accusations, the S.E.C. said."

Scrushy Lawyers Say Jurors Discussed Case In E-Mails. In a motion seeking a new trial for HealthSouth Corp. founder and former chief executive Richard Scrushy say some of the jurors in his corruption trial discussed the case in e-mails before convicting him. The Wall Street Journal (9/26, McKay, Bauerlein) reports, "The

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motion, filed yesterday in U.S. District Court in Montgomery, Ala., by lawyers for Mr. Scrushy and former Alabama Gov. Donald Siegelman, included copies of four emails that the attorneys said were sent to them anonymously, as well as an affidavit from an unidentified juror alleging that some jurors had introduced information about the case to other jurors that they had gotten off the Internet." US District Judge Mark Fuller "admonished jurors repeatedly throughout the trial not to discuss the case among themselves outside of formal deliberations. On May 29, a month before Mr. Scrushy's conviction, one juror, using a Google g-mail account, wrote to another that 'some of the kounts r confusing 2 our friends' and that two other jurors were 'still off trac.' On June 25, an email from the same Google g-mail account said that 'penalty 2 severe ... still unclear on couple of counts against pastor & gov.' The term 'pastor' appears to refer to Mr. Scrushy, who has a religious cable TV show."

Ebbers To Report To Federal Prison Today. WorldCom founder and former CEO Bernie Ebbers will report to federal prison today to being serving a 25-year sentence for accounting fraud. USA Today (9/26, O'Donnell) reports, "It could be a life sentence for Ebbers, who is 65. It's the harshest sentence in the recent wave of white-collar convictions and is being contested by Ebbers' defense lawyer, Reid Weingarten. But Ebbers was ordered to report to prison anyway." USA adds, "Bureau of Prisons officials on Monday would not say where Ebbers will be sent. But because of the sentence length, Ebbers won't be going to a prison camp. Minimum-security prison camps have a more campuslike atmosphere, and inmates are allowed to move somewhat freely on the grounds."

Fastow To Help Prosecutors Pursue Bankers In Enron Case. The Washington Post (9/26, D1, Johnson) reports that Former Enron Corp. finance chief Andrew S. Fastow "has agreed to assist lawyers representing shareholders who lost billions of dollars when the energy trader filed for Chapter 11 bankruptcy protection in December 2001, according to documents reviewed by The Washington Post." Fastow "is pointing to several investment banks that have rebuffed efforts to settle a class-action shareholder lawsuit. The banks, all of which have denied wrongdoing in court filings, include Merrill Lynch & Co., the Credit Suisse Group, and the Royal Bank of Scotland Group PLC." Fastow "has consented to sit for an extensive deposition with plaintiff lawyers to tell them what he knows and to point them to documents that flesh out the bankers' role in helping Enron in exchange for hundreds of millions of dollars in fees, the documents indicate."

FBI Cracking Down On Options Fraud. Bloomberg (9/26, Schmidt) reports, "The FBI is conducting probes of 52 companies that may have illegally backdated stock options and more cases are on the way, its new criminal investigative chief said." Bloomberg continues, "The number of criminal cases has increased 16 percent in less than two months, said Chip Burrus, an assistant director of the Federal Bureau of Investigation. 'We're going to knock that pretty good,' he said in an interview. 'We're going to go after those.'" Bloomberg adds, "Burrus signaled the Justice Department will oppose efforts to water down the corporate-governance overhaul adopted in the wake of the scandals involving Enron Corp., WorldCom Inc. and others. In the interview, he praised the 2002 Sarbanes-Oxley accounting law, which has been under attack from business groups and Wall Street, and said the FBI is paying close attention to fraud in the $1.2 trillion hedge-fund industry. … The FBI is investigating 486 corporate fraud cases this fiscal year, up from 423 in 2005, according to the agency. It has also opened 1,160 securities fraud probes, compared with 1,139 last year. Twenty of the bureau's corporate-fraud cases allegedly involve more than $1 billion. … The bureau works closely with the Securities and Exchange Commission, U.S. attorneys' offices, the Justice Department's fraud section and other agencies. … Burrus's comments echo those of Deputy Attorney General Paul McNulty, who said in a June 29 interview that corporate fraud remains a priority for the Justice Department."

Fleming Cos. Ordered To Pay $3 Million In Claims, Interest And Attorney Fees. The Washington Post (9/26, D1, Skrzycki) reports in its "The Regulators" column that the estate of Fleming Cos. Has "balked at claims, totaling some $1.6 million, of H.J. Heinz Co., J.R. Simplot Co. and Cavendish Farms on the grounds that their product -- frozen french fries -- shouldn't be covered by an arcane U.S. Department of Agriculture regulation that falls under the Perishable Agricultural Commodities Act. The law lets agribusiness suppliers collect first in such cases as long as they provided fresh vegetables. That can mean the difference between getting paid in full or standing with the

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unsecured creditors and getting pennies on the dollar. The fries folks had lost claims in earlier bankruptcy cases, so they succeeded in getting 'batter and coating' added to the list of processes allowed in the rule governing what constitutes 'fresh' vegetables. A Sept. 14 ruling by a federal judge in Delaware, following earlier court precedents in Texas, handed victory to the frozen spuds industry. It ordered Fleming to pay the three companies some $3 million in claims, interest and attorney fees."

Judge Delays Sale Of Segal Estate. The Chicago Tribune (9/26, Flynn) reports, "A federal judge on Monday gave prosecutors more time to accept offers for the Highland Park estate of convicted insurance executive Michael Segal after an attorney for a developer who won an auction to buy the property expressed concerns about a potential federal historic review process. … US District Judge Ruben Castillo gave prosecutors, who are seeking to recoup part of the $30 million Segal was ordered to forfeit after his 2004 conviction on racketeering, fraud, embezzlement and other charges, until Oct. 3 to consider other offers. Castillo has not ruled on whether proceedings for historic properties would apply to the Segal property."

SEC Database To Undergo $54 Million Upgrade. The Wall Street Journal (9/26, Burns, Scannell) reports, "Securities regulators are planning a $54 million upgrade of the computer database on corporate financial reports that officials say will revolutionize the public-disclosure system. The Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system, known as Edgar, will be transformed and likely will be renamed, said SEC chief Christopher Cox. … For more than a year, Mr. Cox has been pushing interactive data as a way to change how companies communicate information to investors. Mr. Cox hopes to see some changes in six months, with the entire financial-reporting system overhauled within 18 months."

Firms Ousting CEOs At Record Pace. Bloomberg (9/26, Kelly) reports, "Chief executive officers are falling faster than ever this year. In just the first 12 days of September, leaders at Bristol-Myers Squibb Co., Ford Motor Co. and Viacom Inc. were deposed -- fueling the breakneck pace in which one CEO departs every six hours." Bloomberg continues, "U.S. companies are on track to fire or lose a record 1,400 chiefs in 2006, up from 1,322 last year and 663 in 2004, says executive recruiting firm Challenger, Gray & Christmas Inc. in Chicago. From Sun Microsystems Inc. and Pfizer Inc. to Kraft Foods Inc. and RadioShack Corp., most types of firms have felt the rash of CEO departures." Bloomberg adds, "Chiefs are being pushed out the door as directors abandon their laissez faire approach to governance following the prosecutions at Enron Corp., WorldCom Inc. and other companies. About 96 percent of companies in the Standard & Poor's 500 Index now have independent lead or presiding directors, up from 36 percent in 2003, says a survey by Spencer Stuart Inc., an executive search firm in Chicago. … 'Boards are under a lot more pressure, and they're being hypervigilant,' says Donald Hambrick, a management professor at Pennsylvania State University's Smeal College of Business in University Park. 'They are cleansing.' … For a price. The average severance package for a departing CEO totaled about $16 million in the past three years, according to the Corporate Library, a governance watchdog group in Portland, Maine."

WPost Says Amaranth Shows Danger And Safety Of Hedge Funds. An editorial in the Washington Post (9/26, A20) says the "spectacular trouble at Amaranth Advisors LLC, a medium-size hedge fund that specialized in energy trading, did not roil the financial markets or destabilize the banking system. … Amaranth's story illustrates both the danger and the safety of hedge funds. … Because they can invest in anything and can bet on declines in prices as well as increases, hedge funds scour the world for illogically priced assets, and their buying or selling moves prices to a rational level. Hedge funds that believe markets are overvalued can slow the inflation of a dangerous bubble. Hedge funds that believe markets are undervalued can push prices up, reducing the cost of capital to firms. Mutual funds, which don't bet against the market and which mainly aim for average performance, contribute far less to this process of price discovery, which allocates the world's savings to the countries, companies and individuals who are likely to use it best."

CRIMINAL LAW:

"Girls Gone Wild" Founder Pleads Guilty To Record-Keeping Violations. The Los Angeles Times (9/26, Hoffman) reports, "Joe Francis, the founder and chief executive of the 'Girls Gone Wild' empire, pleaded guilty

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Monday to two felony counts of violating federal record-keeping laws by failing to document the ages of young women in his racy videos." The Times continues, "The pleas in U.S. District Court in Los Angeles were the result of an agreement announced this month between Francis and the Justice Department after an investigation into whether his Santa Monica companies filmed minors." The Times adds, "Francis agreed to personally pay a $500,000 fine to settle charges that he failed to keep records of the ages and identities of the women who appeared in his soft-core sex videos. Francis earlier this month acknowledged that footage of minors engaging in sexually explicit conduct appeared in at least two DVDs he released. … Francis' Mantra Films Inc. pleaded guilty this month in Panama City, Fla., to 10 felony counts stemming from the same violations and agreed to pay $1.6 million in fines. … MRA Holdings Inc., another company owned by Francis, entered into a so-called deferred prosecution agreement under which the government would dismiss all charges if MRA abided by the accord for three years and hired an outside monitoring company."

The AP (9/26) reports, "Outside court, Francis told reporters he thought the chances are 'pretty slim' that the judge would reject the deal. … 'We are thrilled to have this stuff behind us,' Francis said." The AP adds, "Francis' attorney, Aaron Dyer, said underage girls who had appeared in the videos had lied about their age to the company. … Francis' Santa Monica-based company, Mantra Films Inc., pleaded guilty earlier this month in U.S. District Court in Florida on similar charges. According to court papers, Mantra Films admitted to violating record keeping and labeling laws while producing and distributing the videos during all of 2002 and part of 2003. … Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines. It must also hire an outside company to monitor its records and production facilities to ensure compliance with federal law."

Judge Backs FBI Search Of Coca-Cola Executive's Home. In a widely-distributed story, the AP (9/26, Weber) reports, "A federal magistrate judge has recommended that a former Coca-Cola employee's request to throw out evidence seized from her in a trade secrets theft case be denied. U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed. The recommendation to deny Williams' motion goes to a federal district judge for a final decision." The AP notes, "Williams' lawyer, Janice Singer, had filed a motion asking a judge to suppress evidence seized from her client's…home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home." The Atlanta Journal-Constitution (9/26, 399K) also reports on the ruling in "Daily Briefing."

World Gaming Officials Resign Amid Widening Online Gambling Probe. The Financial Times (9/26, Blitz) reports, "A retired lawyer in the US who served under former US President George H.W. Bush resigned yesterday as chairman and director of an online gambling company, highlighting fears among executives in the sector that they face arrest by travelling to the US or other countries taking a tough line against gambling." The Times continues, "World Gaming, an Aim-listed company whose operations are almost entirely US-facing, announced the resignation of James Grossman, along with that of Clare Roberts, a fellow non-executive director, after a board meeting of the company, which has offices in Antigua, London and Vancouver." The Times adds, "Mr Grossman, 66, a former practising attorney, was a special representative for the United Nations Development Programme and was appointed by former President Bush in 1992 to the US Foreign Claims Settlement Commission. … The resignations come at a critical time for the gaming industry, hit in the past two months by the arrest in the US and France of four senior executives and non-executives on various anti-gambling charges. … Senators are engaged in a struggle over a bill to tighten US laws against gambling."

US Fails To Win Convictions In Pellicano-Related Perjury Trial. The Los Angeles Times (9/26, Krikorian, 918K) reports, "In a setback for government prosecutors, a federal jury in Los Angeles on Monday acquitted a former SBC employee on four felony counts of lying about her contacts with a central figure in the wiretapping case against onetime Hollywood private investigator Anthony Pellicano." The jury "also told U.S. District Judge Dale S. Fischer that it was deadlocked on a fifth perjury count against Joann Wiggan of Burbank, who was fired in March after 34 years with…AT&T." Wiggan's lawyer, David R. Reed, "celebrated outside the courtroom as a

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speechless federal prosecutor and several FBI agents looked on. He compared Wiggan's acquittal after seven hours of deliberation 'to David beating Goliath.'" The Times notes that the US attorney's office "sought to distance Monday's courtroom loss from the larger Pellicano case," but "with the same judge, prosecutors and agents involved in the pending Pellicano racketeering case, several legal observers saw the verdict Monday as a clear setback for the government."

Gotti's Mother Lashes Out At Prosecutor As Jurors Continue Deliberations. Newsday (9/26, DeStefano) reports, "The fur flew at the racketeering trial of John A. Gotti when his mother had sharp words for a woman prosecutor as the jury continued its deliberations. As assistant U.S. attorney Miriam Rocah was exiting the well of the courtroom yesterday, Victoria Gotti…stunned the quiet courtroom with a remark to the prosecutor. 'Who the hell do you think you are talking to?' said Victoria Gotti. … Outside the courtroom, the elder Victoria Gotti explained that Rocah gave her a disrespectful remark in court that shocked her." Newsday adds, "After lunch yesterday, the jury sent out a note asking for clarification on two legal points. In one question the jury wanted to know the standard by which the government had to prove Gotti was part of the charged racketeering conspiracy. The jury also questioned whether Gotti had to prove that he left the Gambino crime family by July 21, 1999 or just the specific conspiracy charged in the indictment."

Three Arrested In Massachusetts Mob Gambling Investigation. The Boston Herald (9/20, Sweet, 203K) reported, "Reputed mob boss Arthur Gianelli's bride and two alleged members of his crew were arrested…in connection with a 520-count federal indictment charging their alleged criminal enterprise with illegal gambling, extortion and arson. Mary Ann Gianelli, 49, an MIT nurse and the sister-in-law of convicted ex-FBI Agent John Connolly Jr., turned herself in to state and federal authorities after reputed loan shark Philip Puopolo was busted at the Revere Businessmen's Association by the state police Organized Crime Unit." The Herald noted Puopolo allegedly "operated a sports betting office for Arthur Gianelli, 49, of Lynnfield and threatened witnesses to lie to a grand jury. Gianelli's gang reportedly pays 'rent' to the New England Mafia in order to stay in business."

The AP (9/20) reported, "Gianelli and three other men allegedly plotted to burn down a sports bar in an attempt to intimidate the owner into selling them another bar, federal prosecutors said. … A total of 13 people are charged in the gambling case. The new indictment dropped three defendants who have pleaded guilty and are awaiting sentencing."

Washington State Inmate Charged With Threatening Judges. The AP (9/26) reports, "A man about to be released from state prison after serving several years for harassing a judge has been charged with sending a threatening letter to federal judges in Tacoma." Charles Gary Felts "was charged with mailing threatening communications to U.S. Magistrate Judge J. Kelley Arnold and U.S. District Judge Ronald B. Leighton, in which he said 'the people need to delcare marshal (sic) law ... and shoot any and all of you filth on sight or stench.' The letter was sent in June as part of a civil rights claim Felts is pursuing in federal court in Tacoma, aspects of which have come before the judges." The AP notes, "In charging papers made public Monday, FBI Special Agent Ryan Bruett said Felts admitted sending the letter," but he "signed a statement saying he did not mean to threaten anyone, Bruett said. The letter was a 'metaphor' designed to 'wake them up and make them think,' Felts wrote."

Miller Seeks Criminal Probe Of Reading Program. Bloomberg (9/26, Basken) reports, "A Democratic congressman called for a criminal investigation after an audit found that a $1 billion federal program to improve reading among grade-school children was run by staff who steered contracts to favored publishers." Bloomberg continues, "The Education Department's inspector-general last week recommended an overhaul of the 'Reading First' program, part of the 'No Child Left Behind' law, including removing directors and reviewing the propriety of their contract awards. … 'The inspector-general's report raises serious questions about whether Education Department officials violated criminal law, and those questions must be pursued by the Justice Department,' said Representative George Miller of California, the top-ranking Democrat on the House Education Committee." Bloomberg adds, "Miller, in his statement, called the audit part of pattern in which the Education Department under President George W. Bush 'has repeatedly run afoul of ethical standards.' … Miller's office

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also cited an independent analysis published last year by the Washington-based American Institutes for Research that found the program favored by Reading First directors, a product of the McGraw-Hill Companies Inc., was one of only two programs to receive AIR's highest rating."

US Indicts Former GUEA Directors With Fraud, Tax Violations. The AP (9/26) reports, "A federal grand jury (in Gary, IN) indicted two former directors of the Gary Urban Enterprise Association and issued new tax charges against the group's previously indicted former executive director and former fiscal manager, federal prosecutors said Monday." The AP continues, "Former directors Johnnie Wright, 76, and Derrick Earls, 51, both of Gary, have been charged with 10 counts of mail fraud, one count of conspiracy and one count of federal program theft, the Justice Department said in a news release. … Former Director Jojuana Meeks and the group's former fiscal manager, Charmaine Pratchett, were indicted on identical charges in June, accused of embezzling more than $800,000 to pay for cars, trips and funeral expenses." The AP adds, "Wright and Earls were expected to surrender Tuesday, when they are due to have their initial hearings on the charges, said Mary Hatton, a spokeswoman for U.S. Attorney Joseph Van Bokkelen. … The two served as directors from 1999 to 2004 for the group, which was created to attract new investment to the Gary area. … A superseding indictment in the case also charged Meeks with four counts of tax evasion for not filing tax returns for the years 2000 to 2004. It charged Pratchett with four counts of filing false tax returns for the same years."

Jurors In Katrina Bus Case Will Not Hear About Deadly Blaze. The Houston Chronicle (9/26, Pinkerton) reports, "Jurors today (in McAllen, TX) will hear about maintenance and safety practices of charter bus company Global Limo Inc. but not about the bus fire that killed 23 nursing home residents evacuated from Houston last year as Hurricane Rita bore down." The Chronicle continues, "U.S. District Judge Ricardo Hinojosa granted a defense motion to limit testimony to alleged mismanagement that occurred during a four-month period before last year's accident. … James H. Maples, president and director of Pharr-based Global, faces charges he falsified driver time records and failed to adequately inspect and maintain his fleet of buses. The company was shut down for safety violations two weeks after the September 2005 accident." The Chronicle adds, "Lawyers for Maples, a 67-year-old retired NFL player, have said that he looks forward to clearing his name. … An eight-woman, four-man jury was selected late Monday after two hours of questioning." The Chronicle notes, "During jury selection, Justice Department prosecutors informed the court they plan to call Juan Robles Gutierrez, an undocumented immigrant from Monterrey who was driving the bus when the fire erupted near Dallas. His family has said Robles did all he could to stop the fire, but oxygen bottles needed by many elderly nursing home residents exploded as the fire spread from a rear wheel well. … Based on the judge's statements Monday, it appears testimony from Robles will be limited to his experiences with the company before the accident. … Robles was arrested on an immigration charge — unlawful entry to the U.S. — shortly after the accident, but he has been allowed to remain in Texas to testify."

Sister Of Connecticut Drug Lord Charged With Lying About 1996 Murder. The Connecticut Post (9/26, Mayko) reports, "The sister of admitted drug lord Frankie Estrada is under arrest and indictment for lying to the federal grand jury investigating the 1996 murder of a local prostitute." The Post continues, "Frances Estrada, 44, was arrested recently in Greenville, N.C., where she now lives. Federal marshals on Monday brought her into U.S. Magistrate Judge William I. Garfinkel's courtroom, where she pleaded not guilty to four perjury charges — each carrying a maximum five-year prison term. … At the request of Assistant U.S. Attorney Karen Peck, Garfinkel ordered Estrada detained without bond pending a hearing Wednesday." The Post adds, "The indictment lleges that Estrada committed perjury while appearing before a federal grand jury in New Haven on May 10, 2005. At the time, the grand jury was investigating the Jan. 30, 1996, murder of Aida Escalara. .. . The indictment accuses Frances Estrada of lying to the grand jury when she denied knowing Escalara or seeing her on the night of the murder. … It further alleges she lied while denying knowing Eddie Mercado and Billie 'The Kid' Gomez, Escalara's convicted murderers. … Finally, the indictment accuses Frances Estrada of lying by telling the grand jury that her daughter, Star, was not living with her at the time of the murder."

Unfamiliarity With Legal Principles Common In New York's Justice Courts. The New York Times (9/26, Glaberson) reports, "An unfamiliarity with basic

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legal principles is remarkably common in what are known as the justice courts, legacies of the Colonial era that survive in more than 1,000 New York towns and villages. For generations, justices have hailed them as 'poor man's courts,' where ordinary people can get simple justice with little formality or expense. But there are few more vivid spots to view their shortcomings than here in one of New York's poorest corners: Franklin County, a place of rugged beauty on the Canadian border where only one of the 32 local justices is a lawyer. The county's justices have repeatedly drawn the attention of state judicial conduct officials, with 15 publicly disciplined since the late 1970's, some twice."

Virginia Police Chief Seeks To Protect Kids From Internet Predators. A front page story in the Washington Post (9/26, A1, Markon) reports on Chief Calvin Johnson of the Dumfries, Virginia police. Around town, Johnson, "is known by his first name. His 14 officers handle the usual traffic crashes, fights and domestic violence calls, but anything more serious -- homicides, robberies -- is sent to Prince William police. County police also investigate all sex crimes. Chapman vowed to change that. … So, with support from the chief, he attended a one-week training course run by the Northern Virginia/Washington, D.C. Internet Crimes Against Children task force, which helps local police fight Internet predators. When he returned in July, he told the chief he'd work part time and come in on his days off. All he needed was a laptop. Chapman was issued a blue Toshiba laptop, and he set up shop on his desk in the corner of the squad room, known as 'the bullpen.' In July, he went online, posing first as a 14-year-old girl. He was inundated with propositions from older men."

CIVIL LAW:

DOJ Appeals Order To Release NRO Budget Documents. The Federal Times (9/26, Friedman) reports, "The Justice Department is appealing a federal court order requiring the National Reconnaissance Office to release unclassified budget documents." The Times continues, "The Federation of American Scientists filed a Freedom of Information Act request last year for parts of the fiscal 2006 budget justification sent to Congress by NRO, which builds and operates intelligence satellites. NRO rejected the request, claiming that the relevant documents are "operational files," which document scientific and technical means for collecting information. Intelligence agencies can exempt operational files from FOIA. .. . But a federal judge ruled in July that the exemption did not apply to the NRO budget documents. According to Steven Aftergood, director of the FAS Project on Government Secrecy, NRO initially said it would comply with the decision." The Times adds, "On Sept. 20, however, the Justice Department filed a notice of appeal in U.S. Court of Appeals for the District of Columbia Circuit. … Justice spokesman Charles Miller confirmed the notice of appeal was filed, but declined to comment on its substance or on FOIA policy."

Judge Rules Suit Over "Light" Cigarettes Can Proceed. ABC World News (9/25, story 9, 0:15, Gibson) reported, "A Federal Judge today dealt a huge blow to big tobacco in a lawsuit over light cigarettes. The judge is allowing the case to go ahead as a class action lawsuit brought by smokers who claim tobacco companies duped them into thinking they were safer."

The Financial Times (9/26, Foster) reports, "A US federal judge on Monday dealt a blow to the tobacco industry when he ruled a case involving the big cigarette makers and tens of millions of smokers of 'light' cigarettes could proceed to trial as a national class action. The Schwab claim – filed in 2004 under the federal Racketeer Influenced and Corrupt Organisations Act (Rico) – alleges cigarette companies defrauded smokers into believing "light" cigarettes were safer than regular ones. The class includes anyone in the US who bought cigarettes that were labelled 'light' or 'lights' between 1971 and 2006. Lawyers are seeking as much as $200bn (£105bn) in damages, which would automatically be tripled under Rico."

The Wall Street Journal (9/26, O'Connell) reports, "U.S. District Judge Jack B. Weinstein in Brooklyn, N.Y., made the pretrial ruling yesterday in a 2004 lawsuit alleging that Philip Morris USA, Reynolds American Inc.'s R.J. Reynolds Tobacco Co., and Loews Corp.'s Lorillard Tobacco unit, among others, falsely marketed 'light' and 'low-tar' cigarettes as a lower-risk alternative to conventional higher-tar smokes."

USA Today (9/26, Smith) reports, "At issue, Weinstein said, 'is not whether a fraud case can be proven, but whether damages can be' calculated for smokers who allegedly were unaware of a fact the tobacco companies have known since the late 1960s: Consumers of low-tar cigarettes smoke more intensively to compensate for their nicotine addictions, putting them at elevated health risks. Plaintiffs' attorney Michael

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Hausfeld, who built the smokers' legal claims around a federal racketeering statute, said he will prove damages of $26 billion to $200 billion through statistical models that estimate how much Americans allegedly were overcharged for 'light' cigarettes and how much faster they would have quit smoking had not 'light' cigarettes been marketed so effectively since the early 1970s."

The New York Times (9/26, Johnston, Warner) calls the decision a "legal blow to the tobacco industry." The Times adds, "The decision, coming at a time when the tobacco industry felt it was on a legal winning streak, raises the possibility that so-called lights cases will become a major threat to the companies and expose them to potentially significant damages."

The Washington Post/AP (9/26, D2, Hays) reports, "Shares of tobacco firms fell on Wall Street as the ruling, granting class-action status to the case, clouded what had appeared to be an improving legal environment for the industry. Altria Group Inc., the parent of the nation's largest cigarette maker, Philip Morris USA Inc., said the ruling will delay its long-awaited restructuring plan, which includes a divestiture of its controlling stake in Kraft Foods Inc."

The New York Law Journal (9/26, Perrotta) reports, "In his ruling Monday, the judge stressed that while the suit was far from perfect, the evidence warranted that it proceed. … 'While evidence of fraud on the class appears to be quite strong -- and defendants have been less than candid in insisting that there was no fraud -- evidence of the percentage of the class which was defrauded and the amount of economic damages it suffered appears to be quite weak -- and plaintiffs have been less than candid in failing to acknowledge that deficiency in their proof,' the judge wrote." The Journal adds, "He said the jury system -- which he described as the 'ultimate focus group of the law' -- was well equipped to sort out the particulars in accordance with Amendment VII of the U.S. Constitution. … 'The jury's power and capacity to deal with complex facts and come to a reasonable resolution of a dispute should not be underestimated,' Weinstein said."

CNN's The Situation Room (9/25, 4:50 p.m.) reported, "It's been called a big blow to tobacco. A federal judge in New York is allowing millions of light cigarette smokers to join in a class action lawsuit. The suit claims nine tobacco companies duped smokers into believing light cigarettes were safer than regular cigarettes. An attorney says the judge's ruling makes this the largest class action lawsuit in U.S. History. The defendants RJ Reynolds tobacco and Phillip Morris plan to appeal."

The decision by a New York federal judge to allow millions of light cigarette smokers to sue cigarette makers received moderate coverage by local newscasts. Overall, the ruling was seen as a big blow to tobacco industry, which said it is going to appeal the judge's decision. Some examples: NC8-TV Washington, DC, (9/25, 10:47 a.m.) reported, "Smokers of light cigarettes, won't be taken lightly in federal court. Today a Brooklyn judge granted class action status to tens of millions of smokers, in a potential 200-billion- dollar suit against tobacco heavyweights Philip Morris and RJ Reynolds, among others. The lawsuit says the defending companies have been duping smokers since the early 70s into believing 'light' brands were safer. The tobacco industry argued unsuccessfully that it's impossible to know individual smokers' motives."

KDFW-TV Dallas, (9/25, 10:19 a.m.) reported, "A federal judge has ruled tobacco companies can be sued by a large group of smokers who satisfied their habit with light cigarettes. The group could personally include tens of millions of the class action lawsuit worth up to 200 billion dollars. Tobacco companies are allegedly duping smokers into believing the brand labeled light was safer."

WWBT-TV Richmond, (9/25, 4:17 p.m.) reported, "The decision was based on a 2004 law lawsuit alleging that Phillip Morris and others fooled consumers and responded to the mounting health concerns with a campaign of lies designed to save money. Phillip Morris says they will appeal. Until that is decided anyone that purchased cigarettes labeled 'Light' after they were put on the market in the early 70s can be part of the lawsuit if it goes forward."

WGN-TV Chicago, (9/25, 8:44 a.m.) reported, "That decision has the potential of costing tobacco companies $200 billion. The suit alleges that cigarette companies mislead smokers into thinking that light cigarettes are safer than regular cigarettes."

KABC-TV Los Angeles, (9/25, 5:26 p.m.) reported, "The suit says smokers were duped by light cigarettes as a low risk alternative even though documents showed they knew the risks were the same. Companies say they plan to appeal."

WGHP-TV Greensboro, (9/25, 6:00 p.m.) reported, "Lawyers for the tobacco companies say it's impossible to determine smokers motives for buying light cigarettes, unless each person was interviewed separately."

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Insurance Adjuster Seeks To Silence Whistleblowing Sisters. The Biloxi (MS) Sun Herald (9/26, Lee) reports, "An insurance adjusting firm wants two whistleblowers to stop talking about claims they handled for State Farm insurance, pay damages for economic harm and return records they turned over to federal and state investigators." The Herald continues, "The company, Alabama-based E.A. Renfroe, said sisters Cori and Kerri Rigsby also gave copies of the records to attorney Richard 'Dickie' Scruggs, whose Scruggs Katrina Group intends to profit from lawsuits filed against State Farm." The Herald adds, "Renfroe is suing the Rigsbys, insurance adjusters who claim State Farm manipulated engineering firms to minimize or deny policyholder claims. Renfroe said the Rigsbys breached their employment contract and violated the Alabama Trade Secrets Act by turning over confidential records to federal and state investigators and to Scruggs, for whom they are now working. … Renfroe wants a federal judge in Alabama to stop the Rigsbys' disclosures, award Renfroe damages for breach of contract, allow Renfroe to recover any profits the Rigsbys or Scruggs receive from the records, and award extra damages against the Rigsbys." The Herald notes, "The Rigsbys worked from the late 1990s until the spring of 2006 for Renfroe, which State Farm hired to help adjust its claims. Renfroe assigned the Rigsbys, who are from Ocean Springs, to work for State Farm. … The sisters said they left their adjusting jobs because of the wrongdoing they discovered and documented from State Farm claims files. They have accused State Farm of manipulating engineering firms to supply reports attributing hurricane damage to water, covered by national flood insurance, rather than wind, covered under State Farm policies."

AOL Sued Over Release Of Search Data. The AP (9/26, Jesdanun) reports, "Three AOL subscribers who suddenly found records of their Internet searches widely distributed online are suing the company under privacy laws and are seeking an end to its retention of search-related data." The AP continues, "The lawsuit is believed to be the first in the wake of AOL's intentional release of some 19 million search requests made over a three-month period by more than 650,000 subscribers, including the three plaintiffs - two unnamed Californians and Kasadore Ramkissoon of Richmond County, New York." The AP adds, "Filed Friday in U.S. District Court in Oakland, California, the lawsuit seeks class-action status. It does not specify the amount of damages being sought. … AOL already has apologized for the release, which it blamed on a researcher who had failed to gain proper clearances. The researcher and another AOL employee have been fired, and the company's chief technology officer has resigned. AOL also pledged to name its first chief privacy officer."

CIVIL RIGHTS:

FBI Investigating Possible Arizona Hate Crime. The Arizona Republic (9/26, Arnold) reports, "FBI agents have joined a Gilbert police investigation into a possible hate crime in which a Black Barbie doll was found hanging by its neck in the car of an African-American woman. The 24-year-old woman found the doll July 8 after leaving the vehicle unlocked overnight at her apartment complex in the 1300 block of West Juniper Avenue, according to police. The act potentially specifically targeted the victim, which could warrant federal charges should investigators determine it was motivated by the victim's race, said Special Agent Deborah McCarley, an FBI spokeswoman. Federal agents learned of the investigation through news media and have been assisting police for several weeks to determine whether federal charges are warranted, McCarley said."

Veteran ACLU Supporters Seek Ouster Of Group's Leadership. The New York Times (9/26, Strom, 1.21M) reports, "More than 30 longtime supporters of the American Civil Liberties Union are calling for the ouster of the organization's leadership, saying it has failed to adhere to the principles it demands of others and thus jeopardized the organization's effectiveness." The statement "does not name individual officials that the group wants to see removed, but in the past, criticism has been focused" on Executive Director Anthony Romero, Board of Directors President Nadine Strossen, and members of the executive committee.

Republicans, Democrats At Odds Over Voter ID Laws. The New York Times (9/26, Purnick, 1.21M) reports on the "spreading partisan brawl over new and proposed voting requirements around the country. Republicans say the laws are needed to combat fraud, especially among illegal immigrants. Democrats say there is minimal fraud, if any, and accuse Republicans of suppressing the votes of those least likely to have the required documentation — minorities, the poor and the elderly — who

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tend to vote for Democrats." Democrats say that in "tight races…the loss of votes could matter in November." In Maricopa County, Arizona's "largest in population, election officials said that 35 percent of new registrations were rejected for insufficient proof of citizenship last year and that 17 percent had been rejected so far this year. It is not known how many of the rejected registrants were not citizens or were unable to prove their citizenship because they had lost or could not locate birth certificates and other documents."

Spellings Letter Encourages Public School Teachers To Celebrate Christmas. The Washington Times (9/26, McCaslin, 88K) reports in its "Inside the Beltway" column, "Say you teach in a public school and you want to celebrate Christmas in your classroom with like-minded students, what's a teacher to do? Go right ahead, says Education Secretary Margaret Spellings. We've come across a letter sent to the secretary by a teacher named Karen in Salt Lake City. She writes: 'I'm so frustrated with the U.S. trying to get "Christmas" out of our vocabulary. In a Fox News poll, 96 percent of Americans, people of all faiths, celebrate Christmas. So, my question is: What are we allowed to teach and say in school?'" Spellings replied: Christmas is one of the great joys of the year for many Americans of all ages. In fact, Congress recognized Dec. 25 as a public holiday in 1870. Schools and teachers traditionally have celebrated the secular aspects of Christmas and are free to do so today."

Tierney Criticizes "Pre-Ordained Conclusion" Of NAS Report On Discrimination In Sciences. In his New York Times (9/26, 1.21M) column, John Tierney writes, "I've slogged through enough reports from the National Academy of Sciences to know they're often not shining examples of the scientific method. But -- call me naïve -- I never thought the academy was cynical enough to publish a political tract like 'Beyond Bias and Barriers,' the new report on discrimination against female scientists and engineers." Tierney says the report had a "pre-ordained conclusion: academia must stop favoring male scientists and engineers." The report "says that women are discouraged from going into science because of social pressure and 'unintentional' and 'unconscious' biases -- which may well exist." But the committee that wrote the report "is so determined to blame everything on discrimination that it dismisses other factors without giving them a fair hearing."

ANTITRUST:

Consumer Groups Urge Limits On Proposed AT&T-BellSouth Merger. The Atlanta Journal-Constitution (9/26, Geewax) reports, "Consumer advocates and civil libertarians demanded Monday that regulators refrain from approving AT&T's purchase of BellSouth unless the phone companies accept tough restrictions on their $67 billion deal." The AJC continues, "Last week, Federal Communications Commission Chairman Kevin Martin recommended that the merger be approved, perhaps as soon as the FCC's regular meeting Oct. 12, according to published reports based on unidentified agency sources. Such approval would be unusual, because the Justice Department has not completed its review of the proposed merger's impact on consumers and competition. … While the two phone companies want the FCC to move quickly, consumer groups say regulators should not rush to sign off on a combination that could affect consumers for decades. … 'This merger will haunt the consumer,' Mark Cooper, research director at the Consumers Federation of America, said in a conference call with reporters. When the combined companies strengthen their grip on the marketplace, he said, 'they will use it against the public.'" The AJC notes, "The merger would allow Texas-based AT&T to extend its reach across the South to control nearly half the nation's phone lines, spreading over 22 states. It also would gain full control of Cingular Wireless, the nation's largest wireless service provider. .. . Consumer groups belonging to the Competition Coalition called on regulators to impose restrictions on the new telecom giant."

Legislative Obstacles Remain For Texas Airfield Bill. The Dallas Morning News (9/26, Reddy) reports, "With four days to go before a congressional recess, Texas lawmakers were still hammering out strategies late Monday to get their Wright amendment legislation past detractors in each chamber." The News continues, "A packed congressional schedule is complicating plans for a quick resolution, despite a breakthrough last week, when Sen. Kay Bailey Hutchison won the support of a key senator who had objected to parts of the bill. … The House and the Senate could still pass bills this week that would lift federal flight restrictions at Dallas Love Field, though lawmakers said

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they were unsure exactly how the procedures would play out." The News adds, "Congress is expected to return for a lame-duck session after the November elections, but passing legislation then would face even more hurdles. … The Wright legislation would clear quickly this week – under a procedure that wouldn't even require a formal recorded vote – if its supporters could overcome the objections of Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee. … Ms. Hutchison, R-Texas, won over the chairman of the committee, Sen. Arlen Specter, R-Pa., by agreeing to remove a phrase exempting the deal from antitrust laws and replacing it with other protective language. … But Mr. Leahy has not signed off. The rules of the Senate allow a single member to stand in the way of legislation, forcing the sponsor to line up votes to maneuver around the opposition."

Brokers Lining Up As Partners To Traditional Players. The Wall Street Journal (9/26, Lucchetti, Macdonald) reports, "With NYSE Group Inc. working to finalize its deal with Euronext NV and Nasdaq Stock Market Inc. considering whether to buy the 75% of London Stock Exchange PLC it doesn't already own, exchanges look ready to embark on another new chapter, with exchange-like brokers such as Icap PLC and eSpeed Inc. now lining up as possible partners of bigger, more traditional players. These firms are lesser-known than the NYSE and the LSE but are key players in the trading of bonds, currencies and derivatives that are increasingly popular among hedge funds, which control a big slice of the trading on Wall Street."

IBM To Publish Patent Filings Online. The New York Times (9/26, Lohr) reports that IBM "will publish its patent filings on the Web for public review as part of a new policy that the company hopes will be a model for others. If widely adopted, the policy could help to curb the rising wave of patent disputes and patent litigation." IBM's new policy "includes standards like clearly identifying the corporate ownership of patents, to avoid filings that cloak authorship under the name of an individual or dummy company. It also asserts that so-called business methods alone — broad descriptions of ideas, without technical specifics — should not be patentable."

United Airlines Retains Bank To Chart Merger Strategy. The AP (9/26, Carpenter) reports, "Speculation that United Airlines may be destined for an eventual merger with another U.S. carrier intensified Monday with its reported hiring of Goldman Sachs & Co. to explore strategic options." The AP continues, "United, a unit of UAL Corp., has been advocating more industry consolidation for years under CEO Glenn Tilton and is in better position since leaving bankruptcy in February to take part in it." The AP adds, "The report Monday by Crain's Chicago Business that United had hired an investment banker appeared to add credence to widespread industry talk that it could merge with a carrier such as Continental Airlines or Delta Air Lines. … 'It seems to show that United is serious about looking further into it -- it's not just remarks by the CEO,' said Standard and Poor's Corp. analyst Philip Baggaley. … Most observers and airlines think industry consolidation is likely at some point, but it's been hard to predict when and with whom." The AP notes, "Tilton has been increasingly signaling the possible involvement of United, the nation's second-largest carrier, in industry consolidation. He said in Chicago last week that the company is on solid footing to participate in the merger and acquisition market following three years of restructuring in bankruptcy, which ended in February."

Loudeye Gets Antitrust Nod For Nokia Buy. The AP (9/26) reports, "Loudeye Corp., a digital music distributor, on Monday said U.S. regulators approved its acquisition by Finnish cell-phone maker Nokia Inc." The AP continues, "Loudeye said it received early termination of the waiting period from the Federal Trade Commission and the Justice Department." The AP adds, "In early August, Nokia said it would buy Loudeye for about $60 million, as a way to expand its mobile digital music offerings. … The deal is expected to close in the fourth quarter, and is still pending shareholder approval and other conditions."

EU Ends Antitrust Immunity For Shippers. The AP (9/26) reports, "European Union governments agreed Monday to open up shipping routes to competition from October 2008, ending a 20-year antitrust immunity law for liner conferences -- groups of shipping companies that strike special trade deals." The AP continues, These scheduled sea freight transport carriers -- grouped in cartels -- have been fixing prices since the 1870s, enjoying immunity from antitrust laws across the world." The AP adds, "The European Commission said the EU economy as whole stood to benefit from lower transport prices and more competitive exports that should result from liberalizing the market. It expects the cost

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of sea containers to drop after price-fixing falls away. … It will in the future be able to apply antitrust rules to shipping routes -- both scheduled and unscheduled -- to and from Europe and within the same country." The AP notes, "The EU executive said last year that the cartel exemption should be scrapped because shipping had changed considerably over the past 20 years and it no longer needed special treatment. … It said it realized that liner conferences still receive antitrust immunity in other parts of the world and would urge other governments to liberalize the sector. … Antitrust regulations are usually decided by EU Competition Commissioner Neelie Kroes, but the former Dutch transport minister -- a member of P&O Nedlloyd's supervisory board for 13 years -- bowed out to avoid conflict-of-interest concerns. She resigned from the board when she became commissioner."

ENVIRONMENT:

Judge Blocks Sale Of Alaska Oil And Gas Leases. The New York Times (9/26, Barringer, 1.21M) reports, "The Interior Department's plan to sell oil and natural gas leases within 389,000 acres of shallow lakes and wildlife-rich tundra in northern Alaska was blocked Monday by a federal judge in Anchorage who ruled that the department had failed to do a sufficiently broad analysis of the plan's environmental impact." The Times says, "The ruling was the most recent in a string of legal setbacks for the Bush administration's public-lands policies. In each case, federal judges said the government had failed to adhere to environmental requirements." The Time reports, "Environmental groups had sued to block former Interior Secretary Gale A. Norton's decision in January to lease parts of the Teshekpuk Lake area that had been placed off limits by earlier interior secretaries, from James Watt in the Reagan administration to Bruce Babbitt in the Clinton administration."

Three Maryland E-Coli Cases Not Linked To Bad Spinach. The Washington Post (9/26, B2, Morse) reports, "Maryland public health officials said yesterday that three of the state's four pending cases of E. coli O157 illness are not linked to a nationwide outbreak caused by bad spinach. Officials continue to investigate the death of an 86-year-old Hagerstown woman and hope to receive test results within a week. But those results might prove inconclusive, because of problems associated with a sample. All told, only three of the state's 10 cases have conclusively been linked to the bad bagged spinach from California." On Friday state officials announced "that they had studied 10 recent cases of E. coli O157. As of yesterday, six of the cases were not connected to the spinach; three were connected; and one was inconclusive, officials said. The three positive cases are all children, all of whom are recovering."

Government Climatologists Warn Of Continuing Global Warming. ABC World News (9/25, story 8, 2:35, Gibson) reported on "a grim prediction today from top scientists whose study global warming. They say global warming has gathered so much momentum there is no way to stop earth's average temperature from rising another two degrees by the year 2050, and that will take it to a level hotter than at any time in a million years. The warning came from one of the government's top climatologists and from the National Academy of Sciences."

CBS Evening News (9/25, story 13, 2:45, Couric, 7.66M) reported, "NASA climate experts reported today that the temperature of the earth has risen so much in the past three decades it's now just two degrees short of its highest temperature in a million years." CBS (Philips) then profiled how the increased temperatures are boosting the British winemaking industry.

The Wall Street Journal (9/26, A2, Naik, 2.03M) says the study "finds that, while the world warmed slowly during the century to 1975, it has warmed at a more rapid rate of about 0.2 degrees Celsius (0.36 degrees Fahrenheit) per decade thereafter. The researchers say the global mean temperature is now within one degree Celsius (1.8 degrees Fahrenheit) of the maximum mean temperature of the past million years."

EPA's Chesapeake Bay Program To Reorganize. The Washington Post (9/26, B1, Fahrenthold) reports, "The Environmental Protection Agency program charged with cleaning the Chesapeake Bay has decided to reorganize itself, a spokesman said yesterday, conceding that crucial goals for restoring the bay's health by 2010 are unlikely to be met without far-reaching changes. Mike Burke, a spokesman for the 23-year-old Chesapeake Bay Program, said leaders want a greater emphasis on 'implementation' -- carrying out plans to solve the bay's problems. Environmentalists have long called for that, saying the program spends too much time studying pollution and too little trying to stop it. Burke said EPA officials were concerned about their ability to meet promises made amid great fanfare

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in 2000: a bay with far less pollution and far more crabs, oysters and underwater grass."

Doctoral Student Examines Skunks' Effect On Martha's Vineyard's Endangered Birds. The New York Times (9/26, Dean) reports on Luanne Johnson, who has been trapping skunks on Martha's Vineyard for three years. By next year, Johnson hopes, "the data she has collected will turn into a dissertation for Antioch University New England, where Ms. Johnson is a doctoral student in environmental studies. She jokes that she will title her project 'Skunks on the Beach.' Among other things, she hopes to help settle an argument that erupts here every summer — nesting season for piping plovers and other endangered shorebirds, when stretches of beach are closed to four-wheel-drive vehicles. Opponents of the closing say the threat to the birds is not vehicles, but predators like skunks."

LATimes Says Bush Must Heed Law On Roadless Forest Policy. The Los Angeles Times (9/26, 918K) editorializes, "Decisions to build new roads in pristine forests should be made only after careful study and deliberation. That was the policy adopted in the Clinton administration, which, after three years of study and public input, in 2001 banned road-building in 58 million acres of forest. But the Bush administration, in a decision marked by neither study nor deliberation, suspended the so-called roadless rule later that year. … Just as President Clinton had the power to institute the roadless policy, President Bush has the authority to change it -- even to change it for the worse. But he does not have the right to change it without the analysis required by federal law."

FBI/DEA/ATF/USMS:

Reputed Norte Valle Ring Member Extradited To US. The Washington Times (9/26, Seper) reports that a federal fugitive "considered by U.S. law-enforcement authorities as one of the most violent and dangerous members of Colombia's Norte Valle cocaine-smuggling ring has been extradited to the United States to stand trial. Jhon Eidelber Cano-Correa, 42, arrived in New York on Friday night, where he was formally placed under arrest by ICE agents. … In October, the Colombian National Police's 'Jungla' unit, working with agents from ICE and the U.S. Drug Enforcement Administration (DEA) in Bogota captured Cano-Correa after a brief firefight that left one Colombian official wounded." Cano-Correa "is charged in a July 2004 indictment in New York with drug and money-laundering violations in connection with the Norte Valle Cartel."

Drug Seizures Along US-Mexico Border Reach Record Amounts. According to the Dallas Morning News (9/25, Mclemore), officers at border crossings, Border Patrol agents and state troopers "are finding record amounts of cocaine and marijuana. … With greater enforcement and higher demand, drug trafficking organizations are saturating the border in hopes of getting at least some of their loads across, officials say." The DEA "estimates 65 percent of all narcotics smuggled into the U.S. enters from Mexico. Three of the four major distribution pipelines used by Mexican drug cartels pass through Texas. But for every strategic advance by drug agents, Mexican traffickers try out new ways to bypass law enforcement's attention." The Morning News notes that in June, Karen Tandy "told a Senate Foreign Relations subcommittee that about 80 percent of the meth used in the U.S. is distributed by Mexican trafficking organizations and comes from large 'super labs' built on the Mexican side of the border."

Federal Anti-Meth Measure To Take Effect. The Burlington (VT) Free Press (9/25) reports, "Beginning Saturday, when the federal Combat Methamphetamine Epidemic Act goes into effect, every retailer in the nation that sells certain cold medicines will have to follow the same restrictions. … By restricting the sale of many standard cold medicines, Vermont is ahead of the curve in a region where meth has not become widespread. The new laws are a pre-emptive effort -- or, as State Police Detective Trooper Mike Smith puts it, 'a substantial preventative measure to keep the meth problem at bay.'"

In the Washington Post (9/26, HE1), Francesca Lunzer Kritz writes, "The active ingredient in Sudafed and other oral decongestants, pseudoephedrine will be subject to new federal sales restrictions starting Saturday. Officials hope the limits…will curb illegal production of crystal methamphetamine." Kritz adds, "Although only a small percentage of crystal methamphetamine is made with pseudoephedrine pirated from over-the-counter drugs, according to the Drug Enforcement Administration, use of the illegal drug is far lower in states that restrict pseudoephedrine sales to drugstores only than elsewhere."

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US Gives Tajikistan Boats, Equipment To Combat Drug Trafficking. The AP (9/25) reports the U.S. on Monday "donated patrol boats and electronic equipment to help Tajikistan guard its borders and stem the flow of heroin from neighboring Afghanistan." The U.S. "gave the Tajik Border Protection Committee five patrol boats to be used along the Pyandj River border, as well as more than 100 computers and 60 power generators to be used at desolate checkpoints."

Drug Production Called One Of Afghanistan's Most Dangerous Problems. Bloomberg (9/26) reports Tajikistan and Uzbekistan "appealed for international support to help them fight drug trafficking from neighboring Afghanistan. 'An up-to-date, efficient and capable Afghan border service' is needed to combat drug traffickers, Tajikistan's Foreign Minister Talbak Nazarov told the United nations General Assembly yesterday. Drug production is one of the most dangerous problems facing Afghanistan and poses a threat to regional security, Vladimir Norov, Uzbekistan foreign minister, told the assembly."

NYTimes Blasts House "Gun Decontrol Measure." The New York Times (9/26, 1.21M) editorializes, "House sycophants of the National Rifle Association are aiming this week to hobble the federal government's power to revoke the licenses of rogue gun dealers who arm the underworld. A shameless proposal would replace existing law with wrist-slapping penalties and an impossible definition of 'willful intent' that would hamstring efforts to close lawless marketeers." The House proposal "would have stopped federal agents from ever revoking the license of Lou's Loans, the Pennsylvania dealer that sold battlefield weapons to one of the co-conspirators in the 1993 assault on the World Trade Center. What makes this gun decontrol measure truly brazen is recent data from the Justice Department, which reported a startling jump of nearly 50 percent last year in gun crime victims, to 477,000."

IMMIGRATION:

House, Senate Negotiators Agree On New Funds To Secure Border. The New York Times (9/26, Lipton, 1.21M) reports, "House and Senate negotiators agreed Monday evening to spend $1.2 billion to install hundreds of miles of fence and vehicle barriers along the Mexican border as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year." The border security spending "is just one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. Others include a mandate for antiterrorism steps at high-risk chemical plants nationwide and the reorganization of the Federal Emergency Management Agency." Democrats at the conference committee meeting "Monday evening also tried to add about $1 billion in spending for areas including mass transit security, aviation explosives detection research and port security grants." But "with the Republicans holding a majority, each of the measures that Democrats proposed were defeated, one after the other, in party-line votes."

The Wall Street Journal (9/26, Rogers, 2.03M) reports, "The political centerpiece for Republicans -- just weeks before the midterm elections -- is an estimated $1.19 billion to help pay for fencing, vehicle barriers and new technology to police the U.S. border with Mexico. Hundreds of millions would also be added to equip the Coast Guard and increase the air and marine capabilities of customs and border patrols."

CQ (9/26, Sandler) reports that "with little time left and little agreement on how to use it, it appears possible that the House GOP's tactic of pushing through narrowly focused border security bills to put political pressure on Democrats might fail to yield either legislative or political results. By Monday night, the fiscal 2007 Homeland Security spending bill (HR 5441) was ruled out as a vehicle for any of the provisions. " House Speaker J. Dennis Hastert "was working to include in the fiscal 2007 defense authorization bill (HR 5122) language that would make it easier to deport or deny entry to immigrant gang members, his spokesman said." Senate Majority Leader Bill Frist "appeared confident that his chamber would clear another bill (HR 6061), which would authorize 700 miles of fencing along the southwestern border with Mexico. He filed a cloture petition, setting up a vote to end debate on the measure for Wednesday." But "even that was not without complications. Frist, working with a tight clock, took procedural steps to attach military tribunal legislation (S 3930) to the fence bill if an agreement cannot be reached on how to consider that measure separately." And "no one is yet ready to say the leadership has the 60 votes necessary to invoke cloture on the fence bill."

NYTimes Blasts Bush, GOP Bills. The New York Times (9/26, 1.21M) editorializes that "the Republican-

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controlled House" is "passing a pre-election lineup of narrow enforcement measures packaged to give voters a false impression of resolve." President Bush "has even given up talking a good game on immigration: he says he will sign the Republican legislation as a 'first step' toward the real reform he has said he wants but has done depressingly little to achieve." The Times adds, "The House's election hunt for border-security sound bites shows how susceptible to demagoguery the debate can be. Anti-immigrant fervor is a flame that spreads easily. But leadership can help people look beyond resentment and fear. Once upon a time, Mr. Bush was a sense-talking governor from a border state who understood this. Now he has joined the leaders of his party in calling on the nation to cower behind electric fences, searchlights and squad cars. It's painful to see what he has turned into, and frustrating, in these days of immigration panic, to keep waiting for a real leader to emerge."

CONGRESS-ADMINISTRATION:

DOJ Support For 9th Circuit Split Seen As Possible Sea Change. The ABA Journal (9/26, McDonough) reports, "After nearly 35 years of debate over dividing the nation's largest federal appellate court, the Justice Department has reversed its previous stance and is now weighing in on the side of a split." The Journal continues, "Testifying before the Senate Judiciary Committee on Sept. 20, Rachel Brand, assistant attorney general in the DOJ's Office of Legal Policy, stated the time is right to split the overburdened, oversized 9th U.S. Circuit Court of Appeals, which is based in San Francisco." The Journal adds, "Brand was one of 12 witnesses—six in favor of a split, six opposed—who testified about the legislation, which has been introduced by Sen. Lisa Murkowski, R-Alaska, and Rep. John Ensign, R-Nev. Their bill would leave California and Hawaii in the 9th Circuit and create a 12th Circuit to cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. It also would add seven more judges, likely to remain in the 9th Circuit. … Legislation to split the circuit passed the House last year, but never reached a vote in the Senate." The Journal notes, "The Justice Department's new position and a growing interest in Congress in splitting the circuit—seven circuit restructuring bills have been introduced this Congress alone—may indicate a sea change. … The Justice Department is one of the most frequent litigants in the federal courts. In 1998, the last time the department weighed in on the issue, it opposed the split. But Brand said the DOJ has since come to the conclusion that, while the 9th Circuit has responded to its rapidly growing caseload by being 'innovative and creative,' it has done so in large part by delegating certain functions to nonjudges. That will only work for so long, she said."

WSJournal Defends FREE Judiciary Seminars. The Wall Street Journal (9/26, A14, 2.03M) editorializes, "The conflict-of-interest fetish continues to interfere with normal human relations, so it's a relief when someone sounds rational on the subject. That now includes the Judicial Conference of the U.S., which last week adopted new disclosure rules for federal judges who attend privately funded education seminars." The Foundation for Research on Economics and the Environment (FREE) and Montana State University "have for 15 years co-sponsored seminars in Bozeman, where federal judges learn more about the effects and trade-offs of environmental public policy. Such events are common -- typically hosted by universities, public policy institutes or legal groups like the American Bar Association -- and useful in promoting a better-informed judiciary." But a group called the Community Rights Counsel has "been on a mission to stop federal judges from attending FREE seminars. … Democrats should leave FREE alone. And if they really care about legal conflicts of interest, how about going after the trial lawyers who are double dipping on asbestos and silicosis lawsuits? There's a real scandal."

Roberts, Alito To Stay In Cert Pool This Term. The Legal Times (9/26, Mauro) reports, "As they enter their second term, the Supreme Court's two newest justices have decided, at least temporarily, to stick with the Court's clerk-pooling arrangement, despite concerns that it gives law clerks too much power." The Times continues, "In brief interviews in recent weeks, both Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. said they will stay in the "cert pool," as it is called, for the current term. … Roberts said he will participate on a 'year-to-year basis,' and Alito said the same; both indicated they are still weighing the issues that have been raised. But Alito said that during his first term it was apparent to him that certiorari petitions need to be read closely to determine if they are worth granting -- suggesting some need for pooling the workload." The Times adds, "The arrangement, devised in 1972, radically changed what happens when a petition for review or certiorari comes in to the Court. Instead of being reviewed separately by nine clerks

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and/or nine justices, it is scrutinized for the pool, presumably in greater depth, by one clerk, who then writes a memo for all the justices in the pool. .. . The pool drew little criticism when only four or five justices participated. But ever since the late Thurgood Marshall left the Court, in 1991, Justice John Paul Stevens has been the only justice outside the pool, preferring to have his clerks take a separate look at petitions, partly as a backstop for the pool."

Lawmakers Urge Creation Of Food Safety Agency. USA Today (9/26, Davis, Bleimes, 2.27M) reports, "While the search continues for the origin of an E. coli outbreak in bagged spinach, lawmakers are renewing calls for the creation of a single government agency responsible for the safety of the nation's food supply." Last year, "the Safe Food Act of 2005 was introduced in the Senate by Sen. Dick Durbin, D-Ill., and in the House by Rep. Rosa DeLauro, D-Conn. The bill proposed the creation of a Food Safety Administration to assume all responsibility for food safety and oversight." USA Today adds, "Proponents say such an agency would streamline the process of preventing, tracking and containing outbreaks, which is currently handled by 12 federal agencies and subagencies." But "the legislation has remained in congressional committees since its introduction." DeLauro "has requested a hearing before the House Energy and Commerce Committee before the current session of Congress adjourns on Oct. 6." Durbin "has also requested a hearing in the Senate Agriculture, Nutrition and Forestry Committee."

Bloggers To Join Bush For Signing Of Spending Database Law. The Washington Times (9/26, Dinan, 88K) reports President Bush "has invited bloggers to join him today as he signs into law a bill creating a database of federal spending -- a recognition of their role in forcing the bill through Congress over the objections of senior senators and an indication of how much bloggers are changing the political process." A spokesman for Sen. Tom Coburn, the driving force behind the bill, said, "The bloggers mobilized Congress. … It really does represent a revival of basic democratic values: that active citizens using tools of technology really can steer the political process. And what happened was profoundly subversive to the established political order."

WSJournal Gives GOP A "D" For Fiscal Conservatism. The Wall Street Journal (9/26, A14, 2.03M) editorializes, "As Republicans lurch toward November, they're trying to reclaim their birthright as fiscal conservatives. So far they're moved up to a D from an F, with a chance to still grab a gentleman's C." The House "passed an 'earmark' reform to bring more transparency to the runaway process of sticking pork into appropriations bills," but it "won't apply to the 10 spending bills the House has already passed this year. Meanwhile, the Senate has yet to act, and the new House rule expires at the end of this Congress. … In a better sign of progress, President Bush will today sign the 'Federal Transparency Act,' which will create a searchable public database of some $1 trillion worth of federal grants, contracts and loans."

Democrats Hope To Use Majority To Force US Withdrawal From Iraq. The Hill (9/26, Cusack) reports Rep. Charles Rangel (D-N.Y.) "will chair the powerful Ways and Means Committee if Democrats win control of the House next year, but his main goal in 2007 does not fall within his panel's jurisdiction." Rangel said, "I can't stop this war." But when "pressed on how he could stop the war even if Democrats control the House during the last years of President Bush's second term, Rangel paused before saying, 'You've got to be able to pay for the war, don't you?'" The Hill adds Rangel's "views on funding the war are shared by many of his colleagues – especially within the 73-member Out of Iraq Caucus." Some Democratic legislators "want to halt funding for the war immediately, while others say they would allocate money for activities such as reconstruction, setting up international security forces, and the ultimate withdrawal of U.S. troops." Rep. Lynne Woolsey "is among the Democrats in Congress who are hoping to control the power of the purse in 2007 to force an end to the war. Woolsey and some of her colleagues note that Congress helped force the end of Vietnam War by refusing to pay for it." But "having lost the last two elections in part because of national security issues, Democratic leaders have been reluctant to spell out their exact Iraq war funding strategy." Rep. Woolsey said, "I don't think the Democratic leadership should put that out at the moment."

Democrats Say White House Rhetoric Distorts War On Terror. In the New York Times' "White House Memo" column (9/26), Jim Rutenberg says that as the White House "intensifies a campaign to paint its opponents as wobbly in the war on terrorism, Democrats say it is engaging in a rhetorical device that subtly distorts their positions to make

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them seem extreme or misguided, raising phantom positions and implying they belong to Democrats before knocking them down as dangerous." Current and former administration officials "say some cases cited by the Democrats are legitimate interpretations of Democratic positions through a deductive, if Republican, lens. Other times, they say, Democrats were seeing things that were not there." Both sides agree "that the White House is seeking to draw as sharp a distinction between Republicans and Democrats on terrorism as possible, something it has done skillfully in the past two election cycles. And so far this year it has lived up to its reputation of being particularly adept at using carefully chosen language to cast its opponents as unflatteringly as possible — and to define their positions for voters before they can define them themselves." President Bush, "not known for particularly smooth oratory, could well be remembered for his perceived use of rhetorical sleight of hand that consistently ensnares and enrages his rivals. It is a skill at which even Democrats marvel." White House press secretary Tony Snow "accused Democrats of engaging in 'exegetical work' in seeking evidence of something that was not there and 'protesting too much' in the face of accusations that Mr. Bush was not, in fact, hurling." Snow said, "I don't think the president's ever said the Democrats want to negotiate with these people. He's trying to make a dramatic point you can't reason with them. I just don't understand it when you express umbrage at a statement that wasn't aimed at you." Snow added, "I defy you to find a directly personal insult from the president that would compare with, or that is as bald or direct as, calling him a loser or a liar."

GOP House Leaders Indecisive On Date For Leadership Elections. The Hill (9/26, O'Connor) reports House GOP leaders "cannot decide whether to hold leadership elections the week after the midterm elections. Their uncertainty is a sign of Republican unease and suggests that officeholders may postpone the contests for their jobs if the party suffers heavy losses." The caucus elects its leadership "during an organizing conference traditionally held the first week after the election, but this year, leaders appear torn on when to hold that conference." The House Administration Committee "has scheduled a conference meeting for Wednesday, Nov. 15, the week after the midterm, when new lawmakers come to Washington for orientation. But Speaker Dennis Hastert (R-Ill.) said last week that leaders had not yet decided whether to hold elections that day."

CMS Names New Acting Director. The AP (9/25, Freking) reports, "A lawyer who has served in two Bush administrations has been named the acting chief of the Centers for Medicare and Medicaid Services, federal officials said Monday. Leslie Norwalk, 40, has served on the senior leadership team at the agency for the past five years, currently as the deputy administrator. She will succeed Mark McClellan, who recently announced that he is stepping down." As the acting director, Norwalk "will oversee the government health care programs for the elderly and the poor. The agency is responsible for $1 out of every $3 spent on health care in the United States."

Congress' Medicare Policy Said To Defy Laws Of Economics. Dr. Lawrence A. Hunter, former staff director of the Joint Economic Committee, wrote in The Hill (9/25), "In an attempt to help stop spiraling inflation during 1970's, Congress thought it would try placing price controls on the fees doctors could charge under Medicare." The price controls "failed completely to keep Medicare costs down." This happened because "Medicare is not a free market; it is a gigantic welfare program in which the taxes people pay as workers to support the program are completely disconnected from the benefits they receive as Medicare recipients." Yet "despite this confirmation of the laws of economics, Congress persists in its hubris to eclipse the economic laws of nature and continues to impose price controls on doctors' fees."

Federal Agencies Hiring Contractors In Times Of Crisis. The Washington Post (9/26, A19, Lee, 748K) reports, "Increasingly, federal agencies are outsourcing toll-free lines in times of crisis -- both to ensure that every call from a citizen is answered and to free agency staff members to deal with the crisis itself, federal officials said. Federal contractors routinely field calls from Americans worried about friends or relatives when a hurricane hits, when terrorist bombs go off in places such as Bali, Madrid and London and, most recently, when war broke out in Lebanon." As an example, the Post notes, "When a Department of Veterans Affairs laptop computer was stolen in May, putting the sensitive personal information of millions of veterans at risk, VA officials sought to quell concerns by providing a toll-free number to call. … The people answering the phone, though, were not federal civil servants at the department's D.C. headquarters but contract workers in commercial call centers in far-flung places such as North Hollywood, Calif., Lock Haven, Pa., and Sergeant Bluff, Iowa."

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Report Suggests Federal Government Tighten Hiring Procedures. The Washington Post (9/26, D4, Barr, 748K) reports in its "Federal Diary" column that in response to complaints about the federal hiring process, the government has tried to speed things up. According to the Post, "Agencies are increasingly using computers to decrease processing time. The Office of Personnel Management has developed a 45-day hiring model. Still, hiring takes time, in part because many jobs require medical and security clearances (and some background checks can take a year or longer)." The Post adds, "The larger question, however, is whether the government is identifying and selecting the best applicants. Public opinion surveys suggest relatively few college graduates see the government as a first choice when job-hunting, and a new study by the Merit Systems Protection Board suggests that the government needs to do a better job of selling itself. … To address these challenges, the report recommends that the government tighten hiring procedures to emphasize quality and not just speed."

Critics Say Capitol Visitor Center Has Become Boondoggle. NBC Nightly News (9/25, story 8, 2:40, Reid, 9.87M) reported, "Critics call it the 'Pig Dig.' A massive construction project they say is pigging out on Federal tax dollars right in Congress' front yard. The Capitol visitor center, now 85% complete, three stories, all underground, state-of-the-art theaters, a great hall, even a 450-seat auditorium. The goal tighter security and an improved learning experience for millions of tourists. The problems, critics say…." Steve Ellis, Government Spending Analyst: "We've created this Taj Mahal on the Capitol grounds, a boondoggle." Reid: "In 1995 it was projected to cost $100 million and to be ready in 1999. But the digging didn't begin until 2002. By then the cost had ballooned to $265 million and kept growing and growing and growing. The latest estimate nearly $600 million. And it won't be ready until late next year at the earliest. Just last week, some members of Congress gave the project their Golden Drain award -- the qualifications?" Rep. Dave Obey: "Pitiful oversight, exploding costs and embarrassing results." Reid: "Supporters of the project say its scope changed after 9/11, necessitating expensive security upgrades."

OTHER NEWS:

Data On Home Prices Add To Evidence Of Cooling Real Estate Market. ABC World News (9/25, story 10, 2:50, Gibson) reported, "New numbers on housing market today highlight on real estate is cooling. The nation's group of realtors says a key measure has fallen for the first time in a decade. Median price sold last month was $225,000, down almost 2% from the same period a year before."

The New York Times (9/26, Peters, 1.21M) reports that "while the market slide is almost certainly not over, the report suggested that it might be beginning to ease. Existing-home sales have been falling steadily in recent months, but the month-to-month decline in August was the smallest since March." Sales "dropped 0.5 percent from July to August, to a seasonally adjusted annual rate of 6.3 million units, the Realtors association said. That compares with a decline from June to July of 4.1 percent. … If the sales trends are leveling off, however, prices still appear set to fall further."

CBS Evening News (9/25, story 9, 2:25, Couric, 7.66M) said that "if you've got a house to sell, the numbers are not exactly going in the right direction. Home prices are down for the first time in more than a decade."

On NBC Nightly News (9/25, story 6, 2:45, Williams, 9.87M), David Lereah, National Association of Realtors chief economist, was shown saying,, "The sellers market has turned into a buyers market. That's why prices have come down over the last 12 months. And that is why they will continue to come down over the next six months." NBC (Thompson) added, "The biggest drop came in the Northeast, a 3.9% decline from August 2005 to this August. Followed by the South and Midwest. Only in the West did prices go up."

The Washington Post (9/26, D1, Tse, 748K) quotes Lereah characterizing 2007 as "the year of modest recovery." He added, "Prices got too high. … Buyers are not going to buy unless prices come down. That's the only way the bleeding will stop on the sale side."

USA Today (9/26, Knox, 2.27M) says home prices "are projected to fall for the rest of the year." The median-priced "US single-family detached home -- half cost more, half less -- fell 1.7% in August to $225,700, compared with a year ago. The decline is no doubt jarring to sellers." The price drop "was also sharp, the second-steepest in 38 years." The Los

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Angeles Times (9/26, Petruno, 918K) runs a similar report under the headline "Homes Data Cause Jitters," while the Washington Times (9/26, Hill, 88K) titles its story "Median Home Price Takes A Sharp Drop."

Stocks Up. NBC Nightly News (9/25, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today the Dow was up more than 67 points [to close at 11,574.81]. The NASDAQ was up more than 30 points [to close at 2,249.07] on today's trading." USA Today (9/26, Shell, 2.27M) reports the Standard & Poor's 500 "gained 11.59 points, or 0.9%, to 1326.37, topping its May 5 high of 1325.76. It was the best close since Feb. 15, 2001. It is up 6.3% in 2006." The Financial Times (9/26, O'Doherty) reports "investors took heart from comments by a Federal Reserve official that slowing economic growth would probably temper inflation." The Wall Street Journal (9/26, McKay, 2.03M), among other newspapers, also reports the stock prices.

Slower Economy Boosting Bonds. The Wall Street Journal (9/26, A1, Hudson, 2.03M) reports, "In one of the bigger surprises in financial markets this year, a growing sense that the economy is slowing and inflation receding is fueling a rally in the nation's bond markets, pushing Treasury-bond yields to their lowest levels in months." The rally "may help to shape the outlook for both the economy and for investments in coming months. Some doubt the rally will last," but "if it does, lower interest rates could help buoy stock prices, make it easier for investors to make potentially risky bets with borrowed money, and ultimately help soften the blow from a weaker economy and a cooling housing market."

Crude Oil Prices Rise Sharply After Dipping Below $60. The Wall Street Journal (9/26, C3, Farivar, 2.03M) reports, "Crude-oil futures ended sharply higher after another drop below $60 failed to stick and comments by OPEC's president offered support. Prices dipped below $60 a barrel for the second time in recent months but quickly rebounded above that psychologically important level as traders were forced to buy back previously sold positions. The November crude contract on the New York Mercantile Exchange settled 90 cents higher at $61.45 a barrel after hitting an intraday low of $59.52, the lowest level for a front-month crude contract since early March." The Journal says, "prices dipped early in the day on an announcement made by BP PLC late Friday that it would increase oil flows from its Prudhoe Bay field in Alaska." However, many traders took "recent comments by OPEC officials to suggest that the cartel will cut production to prevent prices from falling significantly below $60 a barrel.

The Financial Times (9/26, Morrison, Blas) reports, "Oil exporting countries may consider a cut in output after crude prices fell below $60 a barrel on Monday for the first time in six months." OPEC ministers "are understood to be concerned about the drop in oil prices, which are down almost a quarter from their recent peaks. They have discussed the prospect of trimming production ahead of the oil cartel's next ministerial meeting in Nigeria in December, according to Opec officials." The Times says, "The oil price fall over the past month has been accompanied by investor selling in oil and other commodity markets, mainly on concerns that economic growth in the US is slowing."

The New York Times (9/26 , 1.21M) reports, "Whether oil prices will drift back up or continue their general slide is a matter of fierce debate." The Times says, "Noncommercial buyers, which are generally pension, mutual and hedge funds, poured money into oil and other commodities in recent years, in part because they thought that the growing emerging-market economies had created a so-called supercycle that guaranteed price increases. In recent weeks, they have exited the market rapidly as prices started to fall ... ."

Rice Calls Clinton's Statements On Bush And Bin Laden "Flatly False." The New York Post's cover story this morning (9/26, Bishop), titled "Rice Boils Over At Bubba: Rips 'Flatly False' Claim On Bush's Bid To Get Bin Laden," reports Secretary of State Condoleezza Rice "accused Bill Clinton of making 'flatly false' claims that the Bush administration didn't lift a finger to stop terrorism before the 9/11 attacks. Rice hammered Clinton, who leveled his charges in a contentious weekend interview with Chris Wallace of Fox News Channel, for his claims that the Bush administration 'did not try' to kill Osama bin Laden in the eight months they controlled the White House before the Sept. 11 attacks. 'The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false - and I think the 9/11 commission understood that,' Rice said during a wide-ranging meeting with Post editors and reporters. 'What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years,' Rice added." According to the Post, "Her strong rebuttal was the Bush administration's first response to Clinton's headline-grabbing interview on Fox on Sunday."

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The White House Bulletin/US News (9/25) reported, "Already irked at former President Clinton's comments on Fox News Sunday about the Bush administration's handling of the war on Iraq, a senior aide today said she was irked by the ex-president's charge that the Bush team wasn't looking for Osama bin Laden hard enough." Homeland Security Adviser Frances Townsend said, "I take offense at that. I think it's unfair to suggest, for whatever the agreements or disagreements are between the two administrations in terms of their approach, to suggest than anybody just doesn't take this very seriously, doesn't want to stop the next attack -- that's what I say offends me. It offends me, the notion that anybody wants to see that happen again or isn't doing everything they believe that legitimately is in their power to do it." The Bulletin adds Townsend "described the President and administration as deeply involved in the hunt for bin Laden. But she didn't sound angry with Clinton. In fact, she was quite diplomatic in addressing his outburst to Fox host Chris Wallace when he asked if Clinton had done enough to get bin Laden." Townsend said, "It appeared to me that in the heat of the moment the president was angry, he felt attacked and he reacted."

Clinton's Fox "Outburst" May Have Been A Signal To Democrats. ABC and NBC both ran detailed stories on President Clinton's Fox News Sunday interview. ABC World News (9/25, story 4, 2:20, Gibson) said the "issue of terrorism helped provoke an extraordinary outburst" from Clinton. But "was he really mad or using anger to make a larger point?" ABC (Harris) added, "Bill Clinton was visibly irate, leaning forward in his chair…interrupting…even taunting the interviewer, who asked whether he'd done enough as President to get Osama bin Laden." Clinton's advisers "say he was doing more than defending his legacy. He was sending a message to fellow Democrats, they say." Clinton spokesman Jay Carson: "We cannot continue to allow Republicans to use their tactic of smear and fear to win in this next election. President Clinton's not going to allow that to happen. And he thinks Democrats shouldn't, either." Harris: "Unlike Michael Dukakis, Al Gore and John Kerry, who many believe failed to effectively combat efforts to distort their image, the Clintons believe the Democrats have to push back hard."

NBC Nightly News (9/25, story 3, 3:20, Williams, 9.87M) said Clinton "ended up in a combative exchange" with host Chris Wallace. NBC ran a significant clip of the Fox interview, then spoke with David Gergen, who said, "He came off a terrific week as ex-President and raised more than $7 billion for worthy causes and walked into an interview with Wallace which he thought was going to be about the initiative. And he got sandbagged by this question. The question from Chris's point of view was legitimate but from Clinton's point of view was, you're trying to sandbag me with a question that echoes conservative critics that…tried to set me up as the guy who failed to get bin Laden and therefore I'm responsible for 9/11. The President completely rejects that."

Morris Says "Real" Clinton Emerged In Interview. In his column in The Hill (9/26), Dick Morris writes, "From behind the benign façade and the tranquilizing smile, the real Bill Clinton emerged" during the interview. "There he was on live television, the man those who have worked for him have come to know – the angry, sarcastic, snarling, self-righteous, bombastic bully, roused to a fever pitch. The truer the accusation, the greater the feigned indignation. … The ex-president is fully justified in laying eight months of the blame for the failure to kill or catch bin Laden at the doorstep of George W. Bush. But he should candidly acknowledge that eight years of blame fall on him."

Author Says Clinton Does Not Understand Meaning Of Truth. In a Los Angeles Times (9/26, 918K) op-ed, novelist Andrew Klavan says Clinton "has never understood what the meaning of 'is' is, the fact that some things happened and others didn't, that some things are true and others simply are not. He believes that his legacy will be created in the spin cycle of history rather than in the fitful but persistent human search for history's truth. Of course he panics and rages like a child when the spin goes the wrong way, when he is given his portion of the blame for encouraging Bin Laden through his military retreat from Somalia or for allowing the terrorist to escape by refusing to put a kill order on him. He thinks reality itself is being wrestled away from him, that he can wrestle it back and mold it into the shape he wants it to have. But he's wrong. That's just 'is' being is. That's just 'truth' bearing away the victory."

Both Parties Seek Edge On Issues In Congress As Midterm Elections Loom. The New York Times (9/26, Zernike, Hulse, 1.21M) reports Republicans and Democrats "scrambled Monday to gain the advantage in their final week before breaking to campaign for crucial midterm elections, with Republicans trying to push through bills on national security and Democrats trying to keep the focus on the Bush administration's handling of the

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war in Iraq." Though Republicans had "resolved a major party disagreement over the treatment and trials for terrorism suspects, a new dispute emerged," as Judiciary Committee Chairman Arlen Specter "said he thought a crucial provision of the legislation was unconstitutional and would doom the bill before the Supreme Court." Meanwhile, Democrats "convened a session with three former high-ranking military officers who harshly criticized Defense Secretary Donald H. Rumsfeld and said the Bush administration's failure to adjust its strategy as the conflict unfolded was immoral." The Democrats "also seized on the newly disclosed National Intelligence Estimate concluding that the war had fueled the threat from terrorists to argue that the war had made the country less safe." Republicans had "hoped to use the month before the campaign break to emphasize their national security initiatives, but they have repeatedly run into trouble."

The New York Times (9/26, Nagourney, 1.21M) reports, "There is little evidence that Republicans are having success in altering the political climate in the most competitive House and Senate races. Polls this past weekend showed Republicans trailing in Senate races in Maryland, Ohio and Pennsylvania. In Indiana, Representative John Hostettler, a Republican, is trailing his Democratic opponent by double digits, according to a new poll."

GOP Insiders Now Rate Chances Of Holding House At 50-50. The White House Bulletin/US News (9/25) reported, "Many GOP candidates in tough races are being urged by party leaders to end their campaigns this fall on two issues -- economic security and national security. Specifically, they are being encouraged to use the following talking points: President Bush and the Republican majority in Congress will keep America safer in the war on terrorism than the Democrats would, and the Republicans would be better stewards on the economy. A final point that the GOP elders want their candidates to emphasize in the windup of the campaign: Democrats would raise taxes, and Republicans wouldn't." Democratic strategists say "their game plan includes the argument that the war in Iraq has proven that the President and the GOP have stumbled into a dangerous foreign-policy swamp. Attempting to capitalize on today's news reports on the controversial National Intelligence Estimate, the Democrats will argue that the war in Iraq is actually hindering the overall war on terror by diverting resources, over-stretching the military, and stirring up Islamic radicals." Meanwhile, a senior Republican adviser "with strong ties to the White House tells U.S. News and the Bulletin that GOP insiders now rate the prospect of Republicans holding their majority in the House at 50-50. A few weeks, ago, the internal estimate was only 30-70."

The Washington Times (9/26, Hallow, 88K) reports there has been "a palpable shift in the mood in Washington in recent weeks. No longer are insiders in both parties sharing predictions of a Democratic rout of Republicans." Some observers "on both sides had expected an election debacle for the Republicans, driven by the Iraq war, high gas prices and the perception that a Republican-led Washington can neither shoot nor spend straight. Now those perceptions have changed." A "58 percent majority of Democratic insiders polled by National Journal, as well as an overwhelming 94 percent of Republican insiders, say the Republican National Committee is doing a better job for November than the Democratic National Committee."

House Republicans Said To Be Relying On Negative Ads. The Los Angeles Times (9/26, Hook, 918K) reports while President Bush "and national GOP leaders are attacking Democrats on such big issues as national security and America's role in the world, individual Republicans are hitting their opponents hard — below the belt, some critics say — on personal and local issues." Mudslinging is "crucial to the Republican plan for this year's midterm elections, because the party's hold on power will probably hinge on shifting attention from the unpopular war in Iraq and other national issues that cut against them." Rep. Tom Cole (R-Okla.), a former Republican National Committee chief of staff, said, "When people are looking at national issues that are not breaking our way, what you want to do is focus on your opponent. You've got to play the field's conditions. They demand very tough tactics." Cole "spelled out that approach in a recent strategy memo to House Republicans: 'Define your opponent immediately and unrelentingly.... Do not let up — keep the tough ads running right up to election day. Don't make the mistake of pulling your ads in favor of a positive rotation the last weekend.'" The Times adds Republican incumbents "this year began running attack ads earlier than ever. But the hardest-hitting are yet to come." Carl Forti, spokesman for the National Republican Congressional Committee, said, "You haven't seen the majority of the negative ads yet."

Congressional Republicans Not Running From Bush's Fundraising. The New York Times (9/26, Stolberg, 1.21M) reports Republicans "do not expect to

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be riding President Bush's record to re-election this fall. But they are trying to ride his gravy train — as quietly as possible." Bush "scooped up $1.7 million for Republicans in Connecticut and Ohio on Monday, at fund-raisers that, like so many of his events this campaign season, took place in private homes behind closed doors. He lunched in Greenwich, at a home overlooking the Long Island Sound, raising $700,000 for the Connecticut Republican Party before dashing off to Ohio to help Senator Mike DeWine." Three House Republicans "from Connecticut — Representatives Nancy Johnson, Rob Simmons and Christopher Shays — face tight re-election races, but only one, Mr. Shays, whose district includes Greenwich, showed up for the afternoon affair at the home of the investment banker L. Scott Frantz." Shays said, "He is helping us to raise money and get out the vote and that is very helpful. You know and I know that my opponent is running as if President Bush is up for re-election, and he obviously isn't." The Times adds such "private events — five are planned for this week alone — give Mr. Bush a chance to mingle with donors out of the earshot of reporters, and far from photographers who might capture him with candidates leery of being viewed as too close to the White House." As of Monday, the Republican National Committee said, "Mr. Bush had raised nearly $176 million for Republican candidates this election cycle. By week's end, that figure will rise; Mr. Bush's schedule includes an 'Iowa, Arkansas and Wisconsin Victory 2006' reception on Tuesday (closed); an event on Wednesday for Bob Corker, the Republican Senate candidate in Tennessee (closed); a reception in Birmingham on Thursday for Alabama's governor, Bob Riley (open); and another Ohio fundraiser on Thursday, for Representative Deborah Pryce (closed)."

The AP (9/26, Lester) reports President Bush "combined two fundraising trips for threatened GOP incumbents Monday with a tour of a family-run manufacturing business he pointed to as proof that his tax cuts are helping the economy. But the most powerful economic news could be found at the gas stations all over Cincinnati, where gas could be bought for a little more than $2 a gallon." White House spokesman Tony Snow "said that 'everyone notices gas prices.' He scoffed at suggestions the administration is pushing prices down just before elections, saying people are crediting Bush 'with the kind of magisterial power unknown to any other human being.'" The AP adds Bush "advocated making his tax cuts permanent, a frequent theme at stops around the country. He said such a move would help small businesses like Meyer Tool. During his tour of the plant, Sen. Mike DeWine of Ohio was close by his side. DeWine was criticized when he did not appear with Bush on some earlier visits." Bush "raised almost $1 million for DeWine, who is in a close re-election contest with Democratic Rep. Sherrod Brown."

The Cincinnati Enquirer (9/26, Wilkinson, 212K) reports President Bush came to Cincinnati "to help DeWine tap once again into Indian Hill's almost bottomless well of Republican campaign money." Bush traveled "to the Indian Hill home of John Barrett, CEO of Western & Southern Financial Group, for a DeWine fundraising event that was expected to raise at least $1 million for DeWine's tough re-election campaign against Democrat Sherrod Brown."

The Washington Post (9/26, A4, Fletcher, 748K) reports the Connecticut and Ohio events "underscored both his continued ability to attract donations and his continued unpopularity with much of the public." Bush "has been featured in the ads of Democratic congressional candidates across the country who are trying to tie the unpopular president to GOP candidates. At the same time, many Republican candidates have chosen to stay out of public view when with the president, even while seeking his help to raise money. The president's two events yesterday were among five closed fundraisers that he is scheduled to take part in this week."

CNN Poll Finds Bush's Approval Rating At 42%. CNN's The Situation Room (9/25, Blitzer) reported, "In the lead up to the battle for Congress, President Bush's approval rating is holding relatively steady in our brand new poll. Forty-two percent of those surveyed now say they approve of the way Mr. Bush is doing his job. A majority, 55 percent, still disapprove. The President's approval rating has been in the low 40s in our poll since mid-August, increasing from 37 percent back in June."

Bush Said To Lack Backing Of A "Silent Majority." In his Washington Post column (9/26, A21), E.J. Dionne says, "What could prove to be the most important factor in the 2006 elections is overlooked because it is unseen: The Republicans cannot try to curry favor with a 'silent majority' that favors the Iraq war because a majority of Americans, both vocal and quiet, have come to see the war as a mistake. President Bush's defenders have cast opponents of the war as weak on terrorism. Yesterday, Vice President Cheney accused Democrats of 'resignation and defeatism.' But the charges have not taken hold, because most Americans don't

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agree with the premise linking the war on terror with the war in Iraq."

Snow To Raise Funds For GOP Candidates. The AP (9/26, Pickler) reports White House press secretary Tony Snow is "taking his gift of gab across the country in the coming weeks to raise money for Republican candidates, an unusual task for the president's top spokesman." But the "former Fox News commentator is in-demand on the GOP circuit. He said he decided to help maintain the party's majority in Congress after some consideration of his proper role — and that doesn't include a lot of red meat rhetoric like some speakers offer at partisan events." Snow said, "They asked, and I thought about it a lot and we went back and forth. It's one of those things where I certainly want to help the president. But you have to make sure it's a fine line, and that's why I don't want to get into opponent bashing."

House GOP Leaders, Rove To Press Lobbyists For Funds. Roll Call (9/26, Ackley, Ben Pershing) reports with "only a few days left before they leave town for the campaign trail, House Republican leaders — with an assist from White House strategist Karl Rove — will mount one final push this week for the financial support of GOP lobbyists." On Thursday afternoon "at the Capitol Hill Club, Rove will join the top six House GOP leaders to address as many as 200 lobbyists, the first large-scale meeting between lobbyists and leaders in recent months." A GOP leadership aide said, "This is a straight-out appeal to [lobbyists] to contribute to Republicans — to remind them what Republicans do not only for their specific industries but for the whole business community." The aide "added that the leaders would emphasize that 'reports of the Republican majority's demise have been greatly exaggerated, and we're coming back.'" Roll Call adds several GOP sources "said the leadership also would reiterate a warning against giving to Democrats that was conveyed by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) earlier this month to a smaller group of lobbyists and political action committee directors." One said that "part of Thursday's message will be, 'if you're hedging your bets you're making the wrong decision.'"

Control Of House May Not Be Settled In November. The AP (9/26, Espo) reports that it is possible for neither party to emerge from the November 8 election with a House majority: "The outcome will be decided by run-off elections in Louisiana and Texas, recounts in a half-dozen races that are too close to call and perhaps a party switch or two. Unprecedented? Yes. Impossible? Absolutely not, given an era of polarization that has produced a presidential election so close the Supreme Court had to settle it, and a 50-50 tie in the Senate." Steve Elmendorf, who was chief of staff to former House Minority Leader Dick Gephardt, said, "It means that all of your focus and energy will be on trying to get to 218 in two ways. One, in recounts and trying to make sure you're throwing every legal strategy and lawyer you can find into try and win the recounts. Secondly, you're going to be looking for every potential person on the other side who can switch." The AP adds Speaker Dennis Hastert, when "asked about Democrats who might be approached to become a Republican," said, "I have no one in particular in mind." Hastert said "he doubted any of his rank-and-file would defect."

Both Parties Preparing For Possibly Contested Elections. The AP (9/26, Welsh-Huggins) reports Democrats are "openly lining up election-day teams of lawyers around the country to fight what they allege could be GOP efforts to suppress votes." Republicans "quietly say they have their own strategies for potential problems Nov. 7 but won't give specifics. They say Democrats' concerns are overblown." The parties' "efforts come in the wake of the 2000 recount in Florida and irregularities in Ohio's elections two years ago. Those problems included long lines, a shortage of voting machines and some electronic machines that malfunctioned or miscounted votes. Ohio gave President Bush the White House in 2004."

Landscape Of Battle For Senate Shifting. The Wall Street Journal (9/26, A4, Calmes, 2.03M) reports that in Washington state, "disgruntled Democrats have fallen in behind" Democratic Sen. Maria Cantwell "after concluding that their protest would only throw the seat to Republicans. Now, her bridge-building and the mistakes of her Republican rival, Mike McGavick, have Democratic leaders in the East resting easier about a seat that topped their endangered list for much of the year." The Washington state race "illustrates the fluidity of the fall finale for Senate control as voters tune in. Republicans are struggling in a hostile climate to protect a 55-45 majority on Election Day. Democrats have to seize nearly every Republican target while losing none of their own." Republicans have "given up on early targets among Democrats from states that backed President Bush's re-

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election, and are now struggling to keep some of their own red-state seats. Democrats, safe in red states, are campaigning hardest in blue ones, especially New Jersey." Five Republican incumbents "trail in polls. In Tennessee's open-seat contest to succeed retiring Senate Majority Leader Bill Frist, Democratic Rep. Harold Ford yesterday released a poll showing he had overtaken Republican Bob Corker. Two other Republican incumbents -- Virginia's George Allen and Arizona's John Kyl -- have seen their once-formidable leads erode to single digits." Meanwhile, Democrats "have grown less worried about three of their seats. Michigan Sen. Debbie Stabenow and Amy Klobuchar, seeking Minnesota's open spot, showed wide leads in polls released last week. Yesterday in Maryland, a Baltimore Sun poll showed Rep. Ben Cardin up by 11 points over Republican Lt. Gov. Michael Steele. That leaves New Jersey as Democrats' biggest worry."

Democrats Hope To Be Competitive In Western States. USA Today (9/26, Kenworthy, 2.27M) reports Democrat Gary Trauner's campaign to unseat Republican Barbara Cubin in Wyoming "may not be entirely quixotic. National publications that track elections such as The Cook Political Report and Congressional Quarterly have started paying attention to what once was regarded as a Republican shoo-in." Trauner's chances "could also be affected by broader changes in the Rocky Mountain West, such as strong population growth. Democrats could build on gains they made in the region in 2002 and 2004." Republican National Committee spokesman Danny Diaz "predicted the GOP is 'going to continue to be successful in the Rocky Mountain West because ideologically we stand with voters, while Democrats have taken positions contrary to the views of a majority of voters.'" USA adds that still, in 2004, "at least below the president on the ballot, more splotches of blue appeared in the largely red region, as moderate Democrats with strong local ties won key races."

House GOP Boosts Contribution Levy. The Hill (9/26, Bolton) reports the "most endangered House Republican lawmakers have been asked by their leaders to give $75,000 to party coffers, significantly more than was asked of rank-and-file members two years ago, a sign of how desperate party leaders are to raise money when their individual donor receipts are down and lobbyists are increasing their contributions to Democrats." Rank-and-file Republicans "are being asked to give $75,000 to the National Republican Congressional Committee (NRCC): $25,000 or 50 percent more than they were supposed to give in the last election cycle." Committee chairmen have "been asked to give $200,000, or $50,000 (33 percent) more than last cycle, according to one chairman." Even lawmakers "who are fighting for their political lives, such as GOP Reps. Jim Gerlach (Pa.) and John Sweeney (N.Y.), have been asked to contribute $75,000 to party coffers." The increase "of individual giving targets is surprising because the overall fundraising goal for the program is the same as in 2004: around $18 million, according to a Republican who helped organize the effort last cycle."

Blue Dogs' PAC Raises $1 Million For First Time. The Hill (9/26, Hearn) reports, "Looking to shore up their influence in a more evenly divided House next year, conservative Blue Dog Democrats reached a fundraising milestone in August, raising more than $1 million for their PAC for the first time." The 37-member Blue Dog Coalition "has raised nearly $1.1 million for its PAC so far this election cycle and has doled out $600,000 in contributions, dwarfing the fundraising totals of other PACs associated with groups of lawmakers, according to figures recently filed with the Federal Election Commission." The 43-member New Democrat Coalition, "in contrast, raised only $490,000 in the same period." The Blue Dogs' "cohesion and visibility among House Democrats has contributed to their fundraising prowess. Most of the group's members are white, conservative Democrats and hail from red states. All share a desire to balance the budget." The group has "added cachet. With Democrats predicted to gain seats in November, many corporate PACs are looking to curry favor with Democrats, especially those who have been sympathetic to business interests."

Former Allen Acquaintances Say He Used Racist Slurs In 1970s And '80s. Sen. George Allen's campaign faces a new controversy over his alleged use of racial epithets while an undergraduate at the University of Virginia. The story was initially reported by Salon.com, but relied on only one named source, Dr. Ken Shelton. A subsequent New York Times report also named a second source. Salon.com (9/24, Scherer) reported, "Three former college football teammates of Sen. George Allen say that the Virginia Republican repeatedly used an inflammatory racial

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epithet and demonstrated racist attitudes toward blacks during the early 1970s." Dr. Ken Shelton, "a white radiologist in North Carolina who played tight end for the University of Virginia football team when Allen was quarterback," said, "Allen said he came to Virginia because he wanted to play football in a place where 'blacks knew their place.'" Salon continues to report that two other white teammates claimed Allen used a racial slur to describe African Americans.

The New York Times (9/26, Kirkpatrick, 1.21M) reports, "Two former acquaintances of Senator George Allen said Monday that he used racist slurs in the 1970's and 1980's, a development that compounded accusations of racial insensitivity that have dogged his re-election campaign in Virginia." Christopher Taylor, who is white, "now an anthropology professor at the Birmingham campus of the University of Alabama, said he heard Mr. Allen use an epithet to describe African-Americans in the early 1980's." Separately, "Dr. Ken Shelton, who was a football teammate of the senator at the University of Virginia and who is also white, said that while in college in the early 1970's Mr. Allen often used the same racially charged term."

The AP (9/26, Lewis) reports Sen. Allen "denounced as 'ludicrously false' allegations from a former college football teammate that he frequently used a racial slur to refer to blacks in the early 1970s and that he once stuffed a severed deer head into a black household's mailbox." Allen's campaign "also released statements from four other ex-teammates defending the senator and rejecting Dr. Ken Shelton's claims." Meanwhile, Larry J. Sabato, "one of Virginia's most-quoted political science professors and a classmate of Allen's in the early 1970s, said in a televised interview Monday that Allen used the epithet." On MSNBC's Hardball, Sabato said, "I'm simply going to stay with what I know is the case and the fact is he did use the n-word, whether he's denying it or not." Sabato "would not say whether he had heard Allen say the word, and did not know whether it was true that Allen used the word frequently in college."

The Richmond Times-Dispatch (9/26, Stallsmith) reports Allen "forcefully denied allegations that he used the n-word to describe black people while a football player at the University of Virginia more than 30 years ago." Speaking at a "news conference yesterday morning with mostly black pastors in support of the proposed constitutional amendment to ban same-sex marriage in Virginia," Allen "denounced as 'completely false'" the Salon.com report."

The Washington Post (9/26, B1, Shear, Craig, 748K) reports Shelton "said Allen frequently used the 'N-word' to describe blacks and nicknamed him 'Wizard' because of the similarity of his name to that of Robert Shelton, a former imperial wizard of the Alabama Knights of the Ku Klux Klan. He also recounted an event from 1973 or 1974 in which he, Allen and a third friend were hunting deer. After the deer was killed, Shelton said, Allen cut off the doe's head, asked for directions to the home of the nearest black person and shoved the head into that person's mailbox." But Allen adviser Chris LaCivita "said that Taylor is lying and that 'this guy is not credible, period.' LaCivita said Taylor is a liberal activist." The Post adds Stuart Rothenberg, "an independent analyst who edits the Rothenberg Political Report, said the senator is caught in a media frenzy that threatens his campaign and his consideration of a possible run for president in 2008."

Panel Changes Hearing Date From Yom Kippur. Roll Call (9/26, Akers) reports in its "Heard on the Hill" column that it "looks as though" Sen. Allen "might be embracing his Jewish roots after all. The Senator long ago had scheduled a field hearing of the Senate Small Business and Entrepreneurship Committee for Monday, Oct. 2, which is Yom Kippur. Last week, Allen moved the date to Oct. 3 to avoid conflict with the high holiday, according to the interest group involved in the hearing." Brynn Slate, spokeswoman for the National Association of Women Business Owners, said, "He's Jewish and Monday is Yom Kippur." Roll Call adds Allen spokesman David Snepp "said the date of the hearing, which will explore women-owned businesses vying for federal contracts, was changed at the request of the association. And technically, that's true."

Green Party Candidate Will Be Removed From Pennsylvania Senate Ballot. The Washington Post/AP (9/26, A10, Raffaele) reports Commonwealth Court Judge James R. Kelley "said Monday that he will remove the Green Party candidate for U.S. Senate from the November ballot because the party did not have enough valid signatures in its nominating petitions." Carl Romanelli's candidacy "had been challenged by state Democrats. Romanelli's bid was backed by Sen. Rick Santorum (R), who hoped that Romanelli could siphon votes from his Democratic opponent, state Treasurer Robert P. Casey Jr." Judge Kelley "ruled that Romanelli, a railroad industry consultant from Wilkes-Barre, was 8,931 signatures

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shy of the 67,070 he needed to qualify as a minor-party candidate."

Lieberman Calls For Expediting US Training Of Iraqi Forces. The New York Times (9/26, Medina, 1.21M) reports that in his "first major speech on Iraq since his loss in the primary election," Sen. Joseph Lieberman "called on Monday for the number of United States troops embedded with Iraqi forces to be doubled or tripled, to speed up the training of the Iraqis and help hasten the withdrawal of the Americans." In "a 40-minute speech at a Veterans of Foreign Wars post" in East Hampton, Lieberman, "who has been under attack for his support of the war, said that those troops could be added through redeployments, rather than by committing additional troops in the region." At the "same time, he called for increasing the overall size of the United States Army and Marine Corps, to better prepare for looming conflicts." Lieberman "attacked" Democratic nominee Ned Lamont, "portraying his rival's position on the withdrawal of American troops as 'giving up on Iraq.'"

Ehrlich Donor A Major Backer Of Controversial Road Project. The Washington Post (9/26, A1, Mosk, 748K) reports in a front page story that the "$4,000 checks started arriving in Gov. Robert L. Ehrlich Jr.'s reelection campaign treasury Jan. 2 from such obscure corporations as Freestate Owner LLC, Muirkirk, Chase Limited and President Street Associates." By Jan. 3, "there were seven of the checks, each from a company directly linked to developer Kingdon Gould III, a descendant of railroad barons who is one of Maryland's most prolific political donors and a vigorous booster for the intercounty connector. That same day, Ehrlich's transportation secretary signed off on a final study of the controversial highway, an 18-mile ribbon of asphalt that would extend east from Rockville to the gravel pits where Gould plans a massive commercial and residential development called Konterra." State officials said "they had no idea the checks were coming in as they were sending out the long-expected report. Ehrlich (R) said the contributions, and numerous others from Gould and his companies, were based on friendship and a shared belief that the road connecting Interstates 270 and 95 should be built and that Konterra should flourish."

Campaigns Rely On "Microtargeting" To Reach Voters. The Washington Post (9/26, A1, Cillizza, VandeHei, 748K) reports in a front page story that there is "no sexier topic in politics these days than 'microtargeting.' That's the new science (some say dark art) by which candidates use the latest data-mining technology to vacuum every last scrap of information about voters, then churn out custom-tailored messages designed to herd their supporters to the polls." In Ohio's 1st CD, Rep. Steve Chabot "and his Democratic challenger, Cincinnati City Council member John Cranley, have placed large bets that it will prove effective. Both candidates have spent months combing through voter lists to find 'drop-off' voters -- those who turn out in presidential election years but rarely in midterm contests. In a district as evenly divided as this one -- President Bush won it by just 3,000 votes in 2004 -- the party best equipped to find and persuade these individuals to turn out on Nov. 7 will probably end up on top." In the "past several elections, especially in Ohio, Republicans have won the ground game, building a vast and constantly growing network of potential voters identified less by their formal party affiliation than their church membership or magazine subscriptions."

Panel Recommends Course To Affordable Healthcare. The New York Times (9/26, 1.21M) reports a federal advisory panel, the Citizens' Health Care Working Group, "said Monday that Congress should take immediate steps to guarantee that all Americans have access to affordable health care by 2012. As a first step, the 14-member panel, appointed by the comptroller general of the United States, said, 'A national public or private program must be established to ensure protection against very high out-of-pocket medical costs for everyone.'" The panel "said Congress should create an independent "public-private entity" to define a basic set of health care benefits and services for all Americans."

Obama's Household Income Soars In First Year In Senate. The Chicago Tribune (9/26, Dorning, 623K) reports Democratic Sen. Barak Obama's "first year in the Senate turned out to be prosperous not only for the newly elected senator but also his wife, according to information Obama released Monday from their joint 2005 tax return." Shortly after Obama "took office, his wife, Michelle, received a promotion from her employer, the not-for-profit University of Chicago Hospitals, nearly tripling her earnings to $316,962 from $121,910 the previous year." Sen. Obama "also reached a three-book deal worth $1.9 million with Random

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House shortly after his 2004 election, with the senator receiving $1.2 million in payments last year." Including Obama's "$154,047 Senate salary, the family earned $1.67 million last year, more than the family's combined income for the prior seven years, according to information provided by the senator's office."

Elizabeth Edwards' Book Focuses On Tragedy Of Son's Death. USA Today (9/26, Page, 2.27M) reports Elizabeth Edwards' discovery of "a lump in her breast during the campaign's final push" and her diagnosis "with cancer the day after the election — brought 65,000 e-mails from strangers and the promise of a book about how she coped with a national political campaign and a devastating personal diagnosis." But that is "not the book" Mrs. Edwards, the wife of 2004 Democratic vice presidential nominee John Edwards, "has written. Instead, the heart of Saving Graces is the story of surviving the central tragedy of her life: the death of her son, Wade, in 1996. At 16, he was killed on his way to the family's beach house when the wind flipped over his car." In "the aftermath of that, her account of undergoing chemotherapy, a lumpectomy and radiation — her prognosis is now good, she says — seems almost perfunctory. With Wade's death, she writes, 'we had all been through the worst life could deal us' already."

Judge Delays Ruling On Lawsuit Against Clintons. The Washington Times (9/26, Seper, 88K) reports California Superior Court Judge Aurelio Munoz "said he could not rule on a complaint filed by a Hollywood producer in a lawsuit accusing President Clinton and Sen. Hillary Rodham Clinton of reneging on a multimillion-dollar Internet deal until a pending appeal in the case is settled." In April, Sen. Clinton "invoked a California law that protects candidates from being silenced by frivolous lawsuits during their election campaigns."

Superdome's Return Seen As Symbol Of Hope For New Orleans. ABC World News (9/25, story 7, 2:15, Gibson) reported the return of NFL football to the Louisiana Superdome as "a milestone for New Orleans." ESPN's Jeremy Shaap added, "Tonight, for a city that's been through so much, winning is neither everything nor the only thing. Tonight, clearly, is about healing." NBC Nightly News (9/25, story 10, 3:00, Savidge, 9.87M) reported, "No longer a symbol of the past, the Superdome has become a beacon for the future." On CBS Evening News (9/25, story 11, 1:15, Couric, 7.66M), Gov. Kathleen Blanco was shown saying the Superdome is "the symbol of rebirth and recovery."

EU, Iran Said To Be "Close" To Enrichment Suspension Deal. The Washington Times (9/26, Gertz, 88K) reports Iran "is close to an agreement that would include a suspension of uranium enrichment but wants the deal to include a provision that the temporary halt be kept secret." EU foreign policy chief Javier Solana "has been working with Iranian nuclear negotiator Ali Larijani on the enrichment-suspension deal that could be completed this week." The enrichment suspension would last 90 days "so additional talks could be held with several European nations." The Times says Administration "officials are opposing the agreement as a further concession to Iran," but "some in the State Department are supporting the deal, which they view as a step toward achieving a complete halt to uranium enrichment." Other "officials said that keeping any suspension secret would be difficult and that it would drag the United States into further negotiations with Iran. … Also, any suspension of enrichment would require International Atomic Energy Agency (IAEA) inspections to verify that work has stopped at Iranian facilities. The inspections would likely be disclosed, exposing any secret arrangement with Iran on suspension." While Iranian leaders want to keep any suspension secret as "a face-saving measure," Administration "officials said President Bush is not happy with the secrecy demand" but "continues to support the use of diplomacy to solve the problem."

The AP (9/26, Lederer, Faramarzi) notes that, in its interview of Iranian Foreign Minister Manouchehr Mottaki, he said "that talks between top Iranian and European negotiators on his country's disputed nuclear program are 'on track' and could pave the way for a negotiated solution to the standoff." He cautioned "that Iran still believes there should be no conditions on the resumption of negotiations, implicitly rejecting demands that Tehran first suspend uranium enrichment." Mottaki "said Solana and Larijani will hold their third meeting 'very soon,' probably in Europe, though he did not have an exact date or location."

End To Iran Nuclear Impasse Said To Be "Squarely In Washington's Court." In a Wall Street Journal (9/26, A14, 2.03M) op-ed, American Foreign Policy Council Vice President for Policy Ilan Berman writes, "By now, it has become all too clear that when it comes to the Iranian

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nuclear crisis, the ball is squarely in Washington's court. Aug. 31 has come and gone, and with it the international deadline for Tehran to halt its uranium enrichment. Iran's ayatollahs, however, have shown no signs of curbing their atomic ambitions. … Sadly, international diplomacy so far has played directly into Iran's hands. In the best case, serious U.N. Security Council action will still take weeks or months to materialize, buying Iran's ayatollahs valuable time to forge ahead with their nuclear program. What's more, if and when they do eventually emerge, U.N. sanctions are guaranteed to be limited in scope, so as not to offend two of Iran's chief strategic partners, Russia and China. As such, they are not likely to offend Iran's ayatollahs much either."

Armitage Sees "Even Chance" Of North Korean Nuclear Test This Year. The Financial Times (9/26, Fifield) reports remarks by former Deputy Secretary Armitage in Seoul that Pyongyang "will probably test a nuclear weapon, with an even chance of doing so this year, as Kim Jong-il's regime tries to assert its defiance in the face of increasing international pressure." Armitage "is urging Washington to talk directly to Pyongyang to try and resolve the nuclear stand-off," and yesterday "estimated there was a 50 per cent chance of a test by the end of the year." The Times notes, "South Korean newspapers have for weeks been reporting rumours of preparations for a test."

AFP (9/26) adds Armitage "said that North Korea may test a nuclear weapon by the end of this year, sparking 'huge international ramifications.'" He is quoted saying, "I think in their logic it's the next rational escalation point." He later said "he would expect" President Bush and Secretary Rice "to consult other countries involved in six-nation talks on North Korea, and simultaneously to take the issue to the United Nations."

Musharraf Memoir Discusses Khan's Activities. The New York Times (9/26, Sanger, 1.21M) reports, "President Pervez Musharraf of Pakistan wrote in a memoir published Monday that he now believes that the equipment sent to North Korea several years ago by Pakistan's nuclear chief included some of Pakistan's most technologically advanced nuclear centrifuges. The assertion deepened the mystery about how much progress North Korea has made in what is often called its second, and very secret, nuclear program." Musharraf "has been promoting the new book, 'In the Line of Fire' (Free Press), everywhere from the East Room of the White House to appearances on the morning talk shows." In it, "he says for the first time that his suspicions about the activities of Abdul Qadeer Khan, the Pakistani nuclear engineer who build an illicit nuclear network that also supplied Iran and Libya, dated from 1999. … The timing is significant, because it was not until more than three years later, in 2002, that the United States gathered solid evidence that North Korea was trying to enrich uranium."

The Washington Times (9/26, Sands, 88K) says the book "earned a unique televised endorsement from President Bush at his joint press conference with the general last week and generated a pre-release buzz that a publicist for a rival publishing house called 'priceless.'" Bush "made his semi-serious endorsement at a press briefing in which Gen. Musharraf deflected reporters' questions by saying he was pledged to New York publisher Simon & Schuster not to reveal details of the manuscript before yesterday's official release date."

Musharraf Will Promote Book On "The Daily Show." The New York Times (9/26, Kornblut, 1.21M) notes that tonight, Musharraf "is to go where no sitting leader of any nation -- certainly not Mr. Bush -- has gone before. He is to plug his new memoir, 'In the Line of Fire,' tonight on 'The Daily Show' on Comedy Central."

Olmert, Senior Saudi Official Said To Have Met. The New York Times (9/26, Myre, 1.21M) reports, "An Israeli newspaper reported Monday that Prime Minister Ehud Olmert held a secret meeting about 10 days ago with a senior Saudi Arabian official to discuss issues that included Iran's nuclear program and prospects for Israeli-Palestinian negotiations. In response to the reports, Mr. Olmert and his aides said he did not meet with King Abdullah of Saudi Arabia. However, they declined to answer directly when asked if he met with any other senior Saudi leader." The Times adds, "If a meeting did take place, it would indicate a significant development for two countries that have never had diplomatic ties. Officials from Israel and Saudi Arabia have quietly shared intelligence information, but have never met publicly, said David Kimche, chief of the Israel Council on Foreign Relations."

The Washington Times/AP (9/26, Plushnick-Masti) says the Yediot report "described other officials as hinting that the talks were with a senior official close to the king. The Israeli daily Ha'aretz later reported that the meeting took place on

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Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh."

Hamas, Fatah Call Off Talks On Unity Government. The AP (9/26, Lavie) reports, "Rivals Hamas and Fatah called off top-level talks Monday on forming a Palestinian unity government that might ease crippling international sanctions, the latest indication of difficulties in bridging their ideological differences." Palestinian President Mahmoud Abbas, the head of Fatah, "postponed his planned trip to the Gaza Strip for talks with Prime Minister Ismail Haniyeh of Hamas, and both sides said no new date has been set."

Court Rules Hamas Lawmakers Must Remain In Jail. The New York Times (9/26, 1.21M) reports, "An Israeli military appeals court in the West Bank on Monday reversed an earlier ruling and said that 18 Hamas lawmakers and cabinet ministers would have to remain in jail pending trial. A military court on Sept. 12 ordered Israel to release the Hamas members," but "military prosecutors appealed. The men are charged with belonging to a terrorist organization. Aziz Dweik, the speaker of parliament and one of those being held, called the ruling a political decision."

Rice Says UNIFIL Has "Robust Mandate" To Act. The New York Times (9/26, Shanker, 1.21M) reports Secretary Rice "urged the peacekeeping mission in southern Lebanon yesterday to act on what she termed 'a very robust' mandate approved by the United Nations that grants international troops authority to challenge anyone who attempts to block their mission, and to use force if necessary." Rice is quoted saying UNSCR 1701 "says that anything and anyone who keeps them from fulfilling their responsibilities is to be challenged on that, and they even have the right to use force if they need to. That mandate was written in a very robust fashion." Rice "acknowledged, however, that 'it's always a matter of how it's interpreted.'" Rice "noted that the expanded UNIFIL mission was new and that it was not yet operating with the full number of desired troops. But she stressed that the peacekeepers 'certainly got the authority to do whatever they need to do to do their job.'" The Times says UNIFIL commanders believe UNSCR 1701 "places Lebanese sovereignty paramount — meaning they first must be authorized to take such actions by the Lebanese Army." The Times adds that "a goal of" UNSCR 1701 "was to increase the numbers and military punch of the international force in Lebanon, as well as to create the conditions for the Lebanese military to move into the south. Both operations are viewed as important to separate Israeli and Hezbollah forces, halt attacks and prevent Hezbollah from rearming."

Bush Names CEOs To Lebanon Rebuilding Effort. The Wall Street Journal (9/26, A8, King, 2.03M) notes President Bush "tapped top officials at Cisco Systems Inc., Intel Corp. and two other companies to lead a private-sector rebuilding effort in Lebanon similar to ones the White House launched last year in Pakistan and Central America." Cisco Chief Executive John Chambers "led a presidential delegation to Beirut over the weekend that included Ray Irani, CEO of Occidental Petroleum Corp., and Yousif Ghafari, chairman of Ghafari Inc., an architecture, design and engineering company. Joining the team, but not the trip, is Intel Chairman Craig Barrett." The four men "chipped in $1 million of their own money to the new U.S.-Lebanon Partnership Fund, while Citibank and the federal Overseas Private Investment Corp. created a $120 million loan facility to offer financing for home repairs, small businesses and long-term mortgages. Cisco is proposing to invest about $10 million in projects in Lebanon, a sum that Mr. Chambers described as 'a rounding error in terms of our business.'"

Unexploded Bombs Litter Southern Lebanon. The Washington Post (9/26, A1, Shadid, 748K) reports on "the scourge of munitions from the cluster bombs now littering southern Lebanon, mostly American-made but some manufactured in Israel." They "will be a 'lasting legacy,' the United Nations has said. UN officials estimate that the Israeli military fired 90 percent of the bombs during the last 72 hours of the conflict, which began on July 12 after Hezbollah fighters seized two Israeli soldiers in a cross-border raid and ended with a cease-fire on Aug. 14. As many as 1 million of the bomblets are unexploded, they say, wounding or killing three people a day. The threat of stumbling across a bomblet has paralyzed life in parts of the south that depend on the harvest of tobacco and now-abandoned groves of bananas, olives and citrus."

UN Investigator Probing Identity Of Hariri Killers. The New York Times (9/26, Hoge, 1.21M) reports, "The director of the United Nations commission investigating the killing of Rafik Hariri, the former prime minister of Lebanon, reported Monday that it had confirmed preliminary findings that the attack was the work of a suicide bomber but was still pursuing the identities of the participants in the highly organized plot." In "a largely technical 22-page report," Serge

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Brammertz, the prosecutor leading the inquiry, "said he had developed evidence from the crime scene about the bombing to a level suitable for presentation to a court and was intent on doing the same thing with evidence pointing to the conspirators." Brammertz "is scheduled to brief the Security Council on his report on Friday."

Bush Expected To Sign Darfur Sanctions Bill. The AP (9/26, Hananel) reports the US House of Representatives yesterday "approved a bill that would impose sanctions on the government of Sudan, as lawmakers warned that tougher action is needed to stem the death and suffering in that nation's Darfur region." HR3127, "passed by unanimous consent, authorizes sanctions against anyone President Bush determines is responsible for atrocities and war crimes in the conflict that has left more than 200,000 people dead and 2.5 million homeless since 2003. The Senate passed a nearly identical measure last week and is expected to endorse the House version this week, sending it to the president's desk for his signature." The bill includes asset blocking, travel bans and shipping restrictions, and asks Bush to "deny" Khartoum "oil revenues and access to military equipment." It further asks the UNSC to "suspend" Khartoum's "rights and privileges of membership in the U.N. until it agrees to halt attacks against its people."

The Washington Times (9/26, Bellantoni, 88K) reports that also, "in an early evening voice vote on a nonbinding resolution, the House urged President Bush to support humanitarian and peace efforts in the African nation." The Senate has already "unanimously agreed to the Darfur Peace and Accountability Act, paving the way, lawmakers said, for action in the genocide-stricken region."

Countries Begin Committing Troops To UN Darfur Force. AFP (9/26) notes the UN "secured its first pledges for a proposed major UN peacekeeping force for" Darfur. "But about 50 countries that attended a meeting of potential contributors…were also warned of the many problems that could face any force, including attacks by rebels opposed to a Darfur peace agreement and by Al-Qaeda." UN Undersecretary-General for Peacekeeping Jean-Marie Guehenno "said one European country and some developing countries, which he did not name, had offered several battalions for any UN force," while other officials "said Norway, Nigeria, Tanzania and Bangladesh were the first countries to offer troops. Nigeria and Tanzania already have troops in the AU force but they would increase their contingent."

Abe Will Become Japanese Premier Today. The AP (9/26, Talmadge) reports, "Five years after taking office for what many analysts had expected to be a short-lived term, Prime Minister Junichiro Koizumi said good-bye to his followers Tuesday and prepared to turn over power to his protege and long-time spokesman, Shinzo Abe. The transition ends the tenure of one Japan's longest-serving and most popular prime ministers, a term that saw both a gradual recovery of the nation's economy and a rare infusion of lightheartedness." The AP says Koizumi leaves "a legacy of discord with neighbors China and South Korea over territorial disputes and his repeated visits to a memorial to Japan's fallen soldiers, including convicted World War II war criminals." He chose to use his final address to stress "the impact of his economic reform program and efforts to trim government spending."

Hu Removes Scandal-Tainted Shanghai Leader. The Washington Post (9/26, A14, Fan, 748K) reports, "The Communist Party chief of Shanghai was fired Monday in the highest-level purge of a Chinese official in more than a decade. Analysts called the dismissal an effort by President Hu Jintao to make a bold statement against corruption and consolidate his power in advance of an important party congress." Chen Liangyu, who "also lost his seat on the country's ruling Politburo," is under investigation for helping to "loot the city's pension fund of hundreds of millions of dollars." The Wall Street Journal (9/26, Areddy, 2.03M) subtitles its reporting, "Beijing Pushes to Tighten Control, Consolidate Power Amid Corruption Scandal," while the New York Times (9/26, Kahn, 1.21M) titles its story, "Shanghai's Party Leader, Mistrusted By Hu, Is Purged."

Pope Meets With Representatives Of Muslim Nations. ABC World News (9/25, story 6, 0:15, Gibson) reported, "Overseas in Italy, an unprecedented gathering: Pope Benedict met envoys from 20 Muslim nations hoping to end anger over his use of a quote saying Islam was evil and inhuman. Benedict said there faiths must overcome differences and work to reject violence."

Somali City Turns Violent After Islamist Forces Move In. The New York Times (9/26, Gettleman, 1.21M) reports Kismayo, Somalia, one of the nation's largest cities, "fell to Islamic forces without a shot on Monday -- but then the trouble started. After the city's warlords

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fled and hundreds of Islamist fighters poured in, demonstrators took to the streets and hurled stones at the Islamists. Islamist troops responded with machine guns, opening fire on the demonstrators and killing at least one teenage boy."

Indonesian Christians Warily Watching For Response To Bali Bombers. The Washington Times (9/26, Foek, 88K) reports Indonesian Christians, "deeply troubled by the executions of three Christians last week, say they are watching closely to see whether the government will be equally firm in dealing with three Muslims facing the ultimate sanction for their roles in the 2002 Bali bombings. Unless Muslims and Christians are treated equally, they say, there could be a fresh outbreak of sectarian violence that claimed more than 1,000 lives on the island of Sulawesi between 1998 and 2002." The three men were executed for taking part in a "May 2000 attack on a Muslim school that left 191 persons dead." But Christians, "who make up about 8 percent of the population, say the courts have been less aggressive in prosecuting Muslims for similar attacks."

Bolton Critical Of Venezuelan Foreign Minister's Airport Complaint. The AP (9/25, Wadhams) reports UN Ambassador John Bolton "derided" Venezuelan Foreign Minister Nicolas Maduro's "protest over being detained at a New York airport as 'street theater' and propaganda." Maduro said officials at JFK "tried to frisk and handcuff him" as he left the annual UN General Assembly session on Saturday. Screeners "grew suspicious when Maduro used cash to purchase a one-way ticket to Miami shortly before the flight was to leave, U.S. officials said."

EC Chief Says Bulgaria, Romania Will Be Last Two New EU Entrants For Now. The New York Times (9/26, Bilefsky, 1.21M) reports European Commission President José Manuel Barroso said Bulgaria and Romania will "receive qualified endorsement" to join the EU on January 1 today, but the EU "will warn that expansion must then halt until the organization makes needed structural changes." He said the admission of the two nations "was the last phase of integration in a European Union that has been stretched beyond capacity for now."

Kristof Examines Massive New African Park Plan. In his New York Times (9/26, 1.21M) column, Nicholas Kristof writes from the Central African Republic about the "adjoining national parks that cover an area the size of Rhode Island and Delaware combined" that are being established by the CAR, Cameroon, and the Congo Republic. Many Africans "resent the parks, partly because they allocate vast resources to saving animals for rich foreigners to enjoy -- in regions where humans routinely die for lack of a few dollars." But "in the audacious dream to preserve this rain forest and the way of life of people in it, you see Africa's glory, fighting to survive."

Bangkok Writer Recounts Coup. In a New York Times (9/26, 1.21M) op-ed, Ismail Wolff, a freelance reporter based in Bangkok, writes about the coup in Thailand, saying that as the coup took place, "all the public TV stations, by now under the direction of the military, ran a statement from the army and police commanders. They had 'taken control of the situation in Bangkok' and politely asked for the public's cooperation. 'We apologize for any inconvenience,' it signed off. Typical Thai politeness, I thought. Is this really what a coup feels like? My shock, however, was not shared by the rest of the country. … As the rain battered down from the heavens and I sat under the canvas sharing khao tom and watching television with the smiling soldiers, I wondered whether they really would have shot someone if they were ordered to. I'm sure they would have. After all, that's what they're here to do."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Data Oon Homes Cause Jitters."
"A Rare Bloom Is Fading."
"Guantanamo's Uneasy Ramadan."
"Employers Chip Away at Retiree Health Benefits."
"Saints Make It 'Home Sweet Dome.'"
"In Pasadena, 'Smart Growth' Threatens Little Landmarks."

USA Today:

"Do Thin Models Warp Girls' Body Image."
"Rules In Effect Today."
"Liquids Not As Risky As First Feared."
"Pentagon Extends Iraq Combat Tours For 3,800 Soldiers."

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New York Times:
"Tobacco Makers Lose Key Ruling On Latest Suits Tobacco Makers Lose Key Ruling On Latest Suits."
"Qaeda Operative, An Escapee In '05, Is Killed In Iraq."
"Stricter Voting Laws Carve Latest Partisan Divide."
"Europe Panel Faults Sifting Of Bank Data."
"Delivering Small-Town Justice With A Mix Of Trial And Error."
"Baseball's Oldest Old-Timer Opens A Window On The Past."
"Homes Post Price Drop For August."
"2 Ex-Acquaintances Of Senator Allen Say He Used Slurs."
"Shanghai's Party Leader, Mistrusted by Hu, Is Purged."
"U.S. Eases Rules On Gels And Liquids In Carry-Ons."
"Gunmen Kill Afghan Official Who Backed Women's Rights."
"Beyond Black And White: Stalking The Skunks Of Martha's Vineyard."

Washington Post:
"Detainee Measure To Have Fewer Restrictions."
"In Lebanon, A War's Lethal Harvest."
"Mayor Seeks Millions For Health Needs."
"U.S. Eases Carry-On Liquid Ban."
"Officers Reach Beyond Beat's Boundaries."
"Highway Backer A Steady Ehrlich Donor."
"Opening Mars's 'History A Battle Of Databases Book.'"

Washington Times:
"Iran Deal Could Halt Enrichment."
"Pope Reaches Out In Meeting With Muslim Envoys."
"Median Home Price Falls To $225,000."
"GOP's Uptick Just In Time For Election Day."
"Afghan Leader Slams Musharraf's Politics."
"BET Founder Opens Urban bank In District."

Detroit Free Press:
"Renault See Big Payoff In Alliance."
"Inside The Tigers."
"Some Liquids Now Ok In Carrry-On Luggage."
"Gene Therapy Frees Him From Grips Of Cancer."

Atlanta Journal-Constitution:
"The Good Times Roll Call Again In September."
"Carry-On Security Relaxes."
"Panda Checkup: Girl!"
"Lower Energy Prices Cool Off Users' Wallets."
"Fox News ' Birthday Comes With CNN View."

Houston Chronicle:
"Ban On Carry On Liquids Relaxed."
"A Home Game Like No Other."
"Rice Left Stunned By Player's Death."

Story Lineup From Last Night's Network News:
ABC: More Troops Needed-Iraq; Rumsfeld Is Blamed For-Iraq; NIE Report; Fox News-Clinton Interview; Airline Security-New Rules; Benedict Meets Muslim Leaders; Superdome-Reopens; Global Warming; Light Cigarettes Case; Housing Market Cooling; Middle School's Low Scores; Trees Losing Leaves-Fall.
CBS: More Troops To Iraq; Back Door Draft; US Soldiers On Trial-Murder; Al Qaeda Leader Killed; Rocket Launched Crashed; Airline Security-New Rules; Gas Prices; Housing Market Cooling; Bionic Man; New Orleans Superdome; Douglas Brinkley Opinion; Global Warming-Positive Effects.
NBC: NIE Report; NIE Report Analysis; Fox News Clinton Interview; US Soldiers Charged With M; Airline Security-New Rules; California Wildfires; Capitol Visitor Center; Stock Market; Superdome Reopens.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: New Orleans-Superdome Reopens; Existing Home Sales; Bush-Cincinnati Trip; Iraq-NIE Leak.
CBS: New Orleans-Superdome reopens; Negroponte-Hill Testimony; Army-Iraq Tours Of Duty Extended; TSA-Carry On Liquids; Wall Street.
NPR: TSA-Carry On Liquids; Karzai Seeks US Help Closing Madrasas; Existing Home Sales; Wall Street; Canada-Air India Bombing Hearings; Japan-Abe To Be Confirmed As PM.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Signs S.2590 - Federal Funding Accountability and Transparency Act. Room 350, Eisenhower EOB; Meets with President Karzai of Afghanistan, Oval Office; holds joint press availability with President Karzai, East Room; attends an Iowa, Arkansas and Wisconsin Victory 2006 reception, private residence, Washington.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Joy Padgett for Congress reception, Granville Inn, Granville, Ohio; speaks at a Ray Meier for Congress reception. Hotel Utica, Utica, NY.

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US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on combating child hunger. James Kunder, acting deputy administrator, USAID; CDC Administrator Julie Gerberding; George Ward, World Vision; James T. Morris, U.N. World Food Program; Ann Veneman, U.N. Children's Fund. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on illegal insider trading. Associatd Deputy Attorney General Ron Tenpas; Linda Thomsen, SEC; Robert Marchman, New York Stock Exchange; Christopher K. Thomas, Measuredmarkets Inc., Toronto; John Coffee, Columbia Law School; Jonathan R. Macey, Yale University; James Cox, Duke University. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on efforts to develop new Basel Capital Accords. FRB Governor Susan S. Bies; Sheila C. Bair, chairwoman, FDIC; John C. Dugan, comptroller of the currency; John M. Reich, director, Office of Thrift Supervision; Diana L. Taylor, superintendent of banks, New York State Banking Department. Location: Room 538, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on pending nomination of Robert Howard to be Assistant VAD Secretary. Location: Room 418, Russell. Notes: Markup of the nomination following the first roll call vote after Noon in the Reception Room off the Senate floor.

10:45 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on pay-for-performance systems, especially for senior federal executives. OPM Director Linda Springer; Brenda Farrell, GAO; Carol Bonosaro, Senior Executives Association. Location: Room 342, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full Committee. Votes on pending nominations. Location: Room S-116, Capitol.

2:30 p.m. FINANCE _ Subcommittee on Health Care. Hearing on the experience so far with health savings accounts. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal financial Management, Government Information and Internatiuonal Security Subcommittee. Hearing on uncollected taxes and issues of transparency in the tax code. IRS Commissioner Mark Everson; Russell George, inspector general for tax administration, Department of the Treasury; Nina Olsen, national taxpayer advocate, IRS; Jay Soled, Rutgers University; Stephen Entin, president and executive director, Institute for Research on the Economics of Taxation; Jason Furman, New York University. Location: Room 342, Dirksen.

3:15 p.m. COMMERCE, SCIENCE AND TRANSPORTATION AND FOREIGN RELATIONS _ Full Committees. Joint hearing on the International Polar Year. Buck Sharpton, University of Alaska Fairbanks Center for Research Services; Alan Parkinson,Centers for Disease Control and Prevention; Mead Treadwell, U.S. Arctic Research Commission; Robin Bell, Lamont-Doherty Earth Observatory of Columbia University; Arden L. Bement Jr. National Science Foundation; Thomas Armstrong, U.S. Geological Survey. Location: Room 253. Russell.

3:30 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 10 a.m. for legislative business. Highlights: Suspensions (47 bills): 1) H.R. 4766 - Native American Languages Preservation Act of 2006; 2) H.R. 6138 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 3) H. Res. 1009 - Supporting efforts to promote greater public awareness of effective runaway youth prevention programs and the need for safe and productive alternatives, resources, and supports for homeless youth and youth in other high-risk situations; 4) H.Res. 295 - Expressing the sense of the House of Representatives supporting the establishment of September as Campus Fire Safety Month, and for other purposes; 5) H.R. 6142 - Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006; 6) S. 3525 - Children and Family Services Improvement Act of 2006; 7) H.R. 6131 - To permit certain expenditures from the Leaking Underground Storage Tank Trust Fund; 8) H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006; 9) H.R. 6062 - Community Development Investment Enhancements Act of 2006; 10) H.R. 6072 - Financial Services Regulatory Relief Amendments Act of 2006; 11) H.R. 4942 - Promoting Antiterrorism Capabilities Through International Cooperation Act; 12) H.R. 6116 - More Border Patrol Agents Now Act of

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2006; 13) H.R. __ - Secure Border Initiative Financial Accountability Act of 2006; 14) H. Res. 1030 - Expressing the sense of the House of Representatives that the United States Border Patrol is performing an invaluable service to the United States, and that the House of Representatives fully supports the more than 12,000 Border Patrol agents; 15) H. Con. Res. 473 - Supporting the goals and ideals of Gynecologic Cancer Awareness Month; 16) H. Res. 402 - Supporting the goals and ideals of Infant Mortality Awareness Month; 17) H. Res. 748 - Recognizing the 225th anniversary of the American and French victory at Yorktown, Virginia, during the Revolutionary War; 18) H. Res. 991 - Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia, on its victory in the 2006 Little League World Series Championship games; 19) H.R. 5108 - Lance Corporal Robert A. Martinez Post Office Building Designation Act; 20) H.R. 6075 - Robert J. Thompson Post Office Building Designation Act; 21) H.R 6078 - Chuck Fortenberry Post Office Building Designation Act; 22) H. Res. 973 - Recognizing Financial Planning Week, recognizing the significant impact of sound financial planning on achieving life's goals, and honoring families and the financial planning profession for their adherence and dedication to the financial planning process; 23) H.R. 5989 - John J. Sinde Post Office Building Designation Act; 24) H.R. 5990 - Wallace W. Sykes Post Office Building Designation Act; 25) S. 3613 - Major George Quamo Post Office Building Designation Act; 26) S. 3187 - Richard L. Cevoli Post Office; 27) H. Res. 1016 - Encouraging all offices of the House of Representatives to hire disabled veterans; 28) H.R. 5313 - Open Space and Farmland Preservation Act; 29) H.R. 5103 - To provide for the conveyance of the former Konnarock Lutheran Girls School in Smyth County, Virginia, which is currently owned by the United States and administered by the Forest Service, to facilitate the restoration and reuse of the property, and for other purposes.

30) H.R. 4559 - To provide for the conveyance of certain National Forest System land to the towns of Laona and Wabeno, Wisconsin, to authorize the Secretary of Agriculture to convey certain isolated parcels of National Forest System land in Florence and Langlade Counties, Wisconsin, and for other purposes; 31) H.R. 1215 - Green Chemistry Research and Development Act of 2005; 32) H.R. 5074 - Railroad Retirement Technical Improvement Act of 2006; 33) H.R. 4981 - Dam Safety Act of 2006; 34) H.R. 6051 - John F. Seiberling Federal Building Designation Act; 35) H.R. 1556 - Clyde S. Cahill Memorial Park Designation Act; 3) H.R. 5546 - Carroll A. Campbell, Jr. Federal Courthouse Designation Act; 37) H.R. 5606 - William M. Steger Federal Building and United States Courthouse Designation Act; 38) H.R. 5026 - Andres Toro Building Designation Act; 39) H.R. 2322 - Kika de la Garza Federal Building Designation Act; 40) H.R. __ - National Institutes of Health Reform Act of 2006; 41) H.R. 5533 - Biodefense and Pandemic Vaccine and Drug Development Act of 2006; 42) H.R. 4377 - To extend the time required for construction of a hydroelectric project, and for other purposes; 43) H.R. 4417 - To provide for the reinstatement of a license for a certain Federal Energy Regulatory project; 44) S. 244 - A bill to extend the deadline for commencement of construction of a hydroelectric project in the State of Wyoming; 45) S. 176 - A bill to extend the deadline for commencement of construction of a hydroelectric project in the State of Alaska; 46) H.R. 971 - To extend the deadline for commencement of construction of certain hydroelectric projects in Connecticut, and for other purposes; 47) H.R. 5835 - Veterans Identity and Credit Security Act of 2006.

9 a.m. FLOOR SCHEDULE _ Meets for morning business. At 10 a.m. meets for legislative business.

9:30 a.m. AGRICULTURE _ Livestock and Horticulture Subcommittee. Hearing on federal farm policy affecting the speciality crop industry. Kevin Van Dyke, President, Skinner Nurseries, St. Augustine, Fla.; Phil Brumley, San Joaquin Farm Bureau Federation, Escalon, Calif.; Ervin Lineberger, Lineberger's Killdeer Farms, Kings Mountain, N.C.; Dean Okimoto, President, Hawaii Farm Bureau Federation; R. Jay Taylor, Chairman, Florida Fruit and Vegetable Association; Paul E. Dolan, III, President, Mendocino Wine Company, Ukiah, Calif.; Cynthia A. Brown, President, U.S. Dry Bean Council, Menomonie, Wis. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual exploitation of children over the Internet. Anna Carol Salter, psychologist, Madison, Wis.; Andres Hernandez, Director, Bureau of Prisons' Sex Offender Treatment Program; Phillip Jenkins, Pennsylvania State University; Thomas Krawawecz, CEO, Blue Gravity Communications, Inc., Pennsauken, N.J.; Christine Jones, GoDaddy.com, Inc., Scottsdale, Ariz. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on how the FDA regulates the reprocessing of

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supposedly single-use devices. Dr. Daniel G. Schultz, FDA; Don Selvey, Ascent Healthcare Solutions, Inc.; Dennis J. Toussaint, SteriMed, Inc.; Stephen J. Ubl, Advanced Medical Technology Association. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on Homeland Security Department initiatives for 2007. Secretary Chertoff. Location: Room 311, Cannon.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on human trafficking. UNICEF goodwill ambassador Ricky Martin; John Miller, State Department; Assistant HHS Secretary Wade Horn. Location: Room 2172, Rayburn. Notes: Media avaiability with Rep. Christopher Smith and Ricky Martin at 9:45 a.m., Room 2172, Rayburn. Event contact: Patrick Creamer, 202-225-3765.

10 a.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the National Academy of Sciences' plan for aeronautics. Lisa Porter, NASA; William Hoover, chairman of the NAS committee. Location: Room 2318, Rayburn.

10 a.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on tax reform proposals. Location: Room B-318, Rayburn.

11 a.m. EDUCATION AND THE WORKFORCE _ 21st Century Competitiveness Subcommittee. Hearing on how the entertainment industry and higher education are working to combat Internet piracy. University of Maryland Chancellor William E. Kirwan; Dan Glickman, CEO, Motion Picture Association of America; Cary Sherman, president, Recording Industry Association of America; Cheryl Elzy, Illinois State University; William W. Fisher, Harvard Law School. Location: Room 2175, Rayburn.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on current nuclear proliferation challenges. Hans Blix, Chairman, Weapons of Mass Destruction Commission; William Tobey, Energy Department; Andrew Semmel, State Department; Jack David, Defense Department; Gene Aloise, GAO; Amb. Thomas Graham, Jr. Global Security Institute; Baker Spring, Heritage Foundation; Jonathan Granoff, Global Security Institute; Henry Sokolski, Nonproliferation Policy Education Center; Frank von Hippel, International Panel on Fissile Materials. Location: Room 2247, Rayburn.

1 p.m. RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on the National Academy of Sciences icebreaker report. Location: Room 2167, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on Defense Department alternative energy and energy efficiency programs. John Young, Director, Defense Research and Engineering, Department of Defense; Richard Connelly, Director, Defense Energy Support Center; Mike Aimone, Deputy Chief of Staff for Logistics, Installations and Mission Support; Phil Grone, Deputy Undersecretary of Defense for Installations and Environment. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on ``Editing Hollywood's Editors: Cleaning Flicks for Families." Bill Aho, CEO, ClearPlay Inc., Salt Lake City; Allan L. Erb, President, Clean Flicks, Pleasant Grove, Utah; John Feehery, Motion Picture Association of America; Robin Bronk, The Creative Coalition; Jason Schultz, Electronic Frontier Foundation, San Francisco Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on H.R. 5242 - Small Business Paperwork Amnesty Act. Location: Room 2203, Rayburn.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: No public schedule.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 10:20 a.m. Meets with President Bush. Oval Office. 11:40 a.m. Holds joint media availability with President Bush. East Room. 3:30 p.m. Speaks at George Washington University on economic development, with Commerce Secretary Gutierrez. Morton Auditorium, 805 21st St. NW. Note: By invitation and credentialed media only. Media checkin at 1 p.m. Cameras in place by 2 p.m. RSVP required. Event contact: Adela de la Torre, 202-994-6424.

IRAQI PRESIDENT JALAL TALABANI _ Highlights: 10:45 a.m. Meets with Senate Majority Leader Sen. Bill Frist. Alcove, across from the old Senate Chamber. Setup at 10:25 a.m. 2:30 p.m. Speaks at the Wilson International Center for Scholars. 6th floor auditorium, Wilson Center, Reagan Trade

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Bjuilding. Event contact: Sharon McCarter, 2026914016. Note: RSVP required by 4 p.m. Sept. 25.

GREEK FOREIGN MINISTER DORA BAKOYANNIS _ Highlights: 10:30 a.m. Meets with Sen. Hillary Clinton. Room 476, Russell. 12 p.m. Addresses the Center for Strategic and International Studies. JW Marriott Hotel, 1331 Pennsylvania Ave. NW. 3 p.m. Meets with Sen. Chuck Hagel. Room 248, Russell. 5 p.m. Inauguration ceremony for the new chancery of the Greek Embassy. 2217 Massachusetts Ave. NW. 6 p.m. Meets with the House International Relations Committee. Room 2172, Rayburn.

FIREPOWER 2006 _ Institute for Defense and Government Advancement holds Firepower 2006, focusing on the newest weapons and equipment, as well as the future of munitions. Highlights: 11:10 a.m. Appropriations Overview, with Col. Michael Waclawski, Chief, Army Congressional Budget Liaison. Location: Hilton Washington/Silver Spring, 8727 Colesville Road, Silver Spring, Md.

HEALTH INFORMATION TECHNOLOGY _ The eHealth Initiative and Bridges to Excellence co-sponsor the Third Annual (HIT) Health Information Technology Summit for national, regional and state healthcare decision makers, who will consider emerging policy changes related to both quality and HIT emerging from the Administration, Congress, the 50 states, and the private sector. Highlights: 8 a.m. Opening Remarks by Janet M. Marchibroda, Chief Executive Officer eHealth Initiative and Foundation. 9 a.m. Keynote Address by HHS Secretary Michael O. Leavitt. 9:30 a.m. Keynote Presentation by Bill McInturff, Partner and Co-Founder, Public Opinion Strategies; Mark S. Mellman, President and Chief Executive Officer, The Mellman Group. 10:15 a.m. Congressional Health Information Technology Policy Panel with Katy Barr, Professional Staff Member, Committee on Health, Education, Labor and Pensions; others. 1:15 p.m. Concurrent sessions on Federal Administration, other topics. Location: Renaissance Washington Hotel, 999 9th St. NW.

FRANCHISE DAY _ The International Franchise Association holds its 2006 Franchise Appreciation Day. Highlights: 9:30 a.m. Rep. Tom Tancredo. 10:10 a.m. Secretary of Commerce Gutierrez. 10:45 a.m. SBA Administrator Steven Preston. 11:45 a.m. Rep. Mel Watt.. Location: Capital Hilton, 16th and K Sts. NW.

MILITARY INTELLIGENCE _ 8 a.m. - 4:30 p.m. The Joint Military Intelligence College holds a conference, ``Science and Technology Equals Intelligence on Target." Highlights: Location: Defense Intelligence Analysis Center, Bolling AFB.

ALBRIGHT _ 8:30 a.m. The Council on Foreign Relations holds an on-the-record program with former Secretary of State Madeleine Albright. Location: 1779 Massachusetts Ave. NW.

EMPLOYER HEALTH PLANS _ 10 a.m. The Kaiser Family Foundation and the Health Research and Educational Trust hold a media briefing and conference call to release the 2006 Employer Health Benefits Survey. This survey is an in-depth look at trends in health insurance costs and coverage in the workplace. Location: The 9th Floor Conference Room, Kaiser Family Foundation Offices, 1330 G St. NW.

HIV TESTING _ 10 a.m. The National Minority Health Month Foundation, others, hold a telephone briefing to announce an HIV testing campaign and to discuss HIV testing recommendations recently announced by the Centers for Disease Control. Contacts: Hillary Maxwell, 202-572-6205. Notes: Callin number: 800-967-7138; passcode: 1468235.

IRAN-RELIGION _ 10 a.m. Evangelical Christian, Jewish and Muslim religious leaders hold a telephone briefing to call on Congress to use its oversight authority to prevent a preemptive strike on Iran. Contacts: Trevor FitzGibbon, 202-246-5303. Notes: Callin number: 800-795-1259; passcode: Talk to Iran.

MODERN FAMILIES _ 10 a.m. The National Center for Policy Analysis and the National Press Club hold a panel discussion, ``Modern Families: Outdated Laws," with former White House press secretary Dee Dee Myers, Wall Street Journal editorial writer Kim Strassel, author Leslie Morgan Steiner, Lyric Winik of Parade magazine, and Karen Czarnecki of the Labor Department. Location: National Press club.

NATIONAL SECURITY _ 10 a.m. News conference to launch a new progressive national security organization, the National Security Network, with Rand Beers, president and Les Gelb, advisory board chairman, Rep. Jane Harman, and former Secretary of State Madeleine Albright. Location: National Press Club.

TERRORISM INSURANCE _ 10 a.m. The Coalition to Insure Against Terrorism holds a briefing with policyholders and insurers to give an update on the state of the terrorism risk insurance market. Location: National Association of Real Estate Investment Trusts, Suite 600, 1875 ``Eye" St. NW.

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VISA WAIVERS _ 10 a.m. Rep. Dennis Kucinich, ambassadors from the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovak Republic hold a news conference on visa waivers. Location: Cannon Terrace.

IMMIGRATION _ 10:15 a.m. Senators John McCain , Ted Kennedy, Lindsey Graham, and Ken Salazar will be joined by other senators and religious leaders at a press conference to discuss the status of comprehensive immigration reform and the what they say is the need to finalize legislation in this Congress. Location: Room SR-485, Russell Senate Office Building.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner hold a pen and pad only briefing. Location: Room H-107, Capitol.

PEACE-IRAQ _ 10:30 a.m. Interfaith ceremony, procession and nonviolent civil disobedience action organized by the National Campaign for Nonviolent Resistance. Location: Upper Senate Park.

IMMIGRATION _ 11 a.m. Sen. Kay Bailey Hutchison and Rep. Mike Pence discuss their immigration polan at a briefing hosted by former House Majority Leader Richard Armey. Location: Room SC-4, Capitol.

LEBANON-HARIRI _ 11 a.m. The Middle East Institute holds a program with Lebanese member of Parliament Jawad Boulous discussing the UN report on the Hariri assassination. Location: 1761 N St. NW.

RETIREMENT ASSETS _ 11 a.m. Labor Secretary Chao holds a telephone briefing to announce proposed rules on default investment options that will make it easier for fiducaries of 401(k) plans, others to adopt automatic enrollment design features. Contacts: Gloria Della, 202-693-8664.

CHINA TRADE _ 11:30 a.m. Senators Chuck Schumer and Lindsey Graham meet with Treasury Secretary Hank discuss China trade policy and their bill that they say will level the playing field. Location: Room 313, Hart Senate Office Building.

PORTMAN _ 12 p.m. OMB Director Rob Portman speaks to a luncheon of the IBM Center for the Business of Government and the National Academy of Public Administration about the administration's emphasis on performance and results. Location: Ballroom, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

SPELLINGS-HIGHER EDUCATION _ 12:30 p.m. Education Secretary Maragret Spellings announces her plans to make the U.S. higher education system more affordable, accessible and consumer-friendly, based on the recommendations in the final report of the Commission on the Future of Higher Education. Location: National Press Club.

NEPAL-POLITICS _ 2 p.m. Nepalese Deputy Prime Minister and Foreign Minister K.P. Sharma Oli addresses a National Press Club afternoon newsmaker. Topic: ``Political Developments in Nepal and the Peace Process with the Maoists. Location: National Press Club.

POLITICS-RELIGION _ 2 p.m. Brookings Institution holds a briefing on America's polarized politics, with Alan Wolfe of Boston College and Karlyn Bowman of AEI. Location: 1775 Massachusetts Ave. NW.

IRAQ COSTS _ 2 p.m. - 4 p.m. Rep. Lynn Woolsey, D-Calif., hosts a Congressional Forum examining the financial, military, and opportunity costs of the occupation of Iraq. Woolsey will be joined by colleagues in the House, as well as two sets of panelists who will address the different aspects of the costs associated with the continued occupation. Location: Room HC-6, Capitol.

ENDANGERED SPECIES _ 2:15 p.m. Interior Secretary Kempthorne holds a telephone briefing to announce $67 million in grants to conserve habitat for threatened or endangered species. Contacts: Hugh Vickery, 202-501-4633. Notes: Callin number: 888-282-1673; passcode: DOI.

ENERGY-INDONESIA _ 3 p.m. Energy Secretary Bodman meets with Indonesian Energy Minister Purnomo to discuss energy issues of mutual interest and energy security. Closed press. Location: Energy Department.

LEVIN _ 4:30 p.m. The University of Illinois' Institute of Government and Public Affairs presents its 2006 Paul Douglas Ethics in Government Award to Sen. Carl Levin, D-Mich. Location: Madison Building, Library of Congress.

CHENEY PROTEST-TORTURE _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Location: Mass. Ave and 34th St. NW.

RELIGIUOUS-TORTURE _ 5 p.m. - 6:30 p.m. Faith leaders and church members from different denominations participate in a vigil on Massachusetts Avenue outside Vice President Cheney's house. They will be demonstrating to

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urge the Administration and Congress to support the Geneva Conventions and against the torture policies and practices of the last four years. Location: Outside the Vice Presidents House at Massachusetts Avenue and 34th Street NW.

FRANCE-US _ 5 p.m. Former French Amb. Jacques Andeani discusses French and U.S. studies approaches to international crisis, sponsored by the School of Advanced International Studies. Location: Auditorium, 1619 Massachusetts Ave. NW.

PARTISAN POLITICS _ 6:30 p.m. Panel discussion on ``How Partisan is too Partisan'' in politics, sponsored by Pajamasmedia.com, with Michael Barone of US News and World Report, Paul Mirengoff of Powerline Blog, Tom Bevan of Real Clear Politics, others. Location: National Press Club.

WOMEN BROADCASTERS _ 6:30 p.m. The 2006 Alice Award, named after Alice Paul, the founder of the historic National Womans Party, will be presented to a group of nationally recognized women broadcasters. This years prestigious award goes to the women of NPR, including Cokie Roberts, Susan Stamberg, Nina Totenberg and Linda Wertheimer. Location: Sewall-Belmont House and Museum, 144 Constitution Ave. NE.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 26, 2006 7:45 AM EDT

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TERRORISM NEWS:

Compromise Plan Could Broaden Definition Of Unlawful Combatants. The Washington Post (9/26, Smith, 748K) reports on its front page that government sources say GOP lawmakers and the White House "agreed over the weekend to alter new legislation on military commissions to allow the United States to detain and try a wider range of foreign nationals than an earlier version of the bill permitted." Congress "has not yet expressed its view on who is an unlawful combatant, and the Supreme Court has not ruled directly on the matter," and human rights advocates are concerned that the "language in the new provision would be a precedent-setting congressional endorsement for the indefinite detention of anyone who, as the bill states, 'has engaged in hostilities or who has purposefully and materially supported hostilities against the United States' or its military allies." The definition "applies to foreigners living inside or outside" the US, "and does not rule out the possibility of designating a U.S. citizen as an unlawful combatant."

Specter Opposes Stripping Courts Of Jurisdiction. The AP (9/25, Kellman) reports Senate Judiciary Chairman Arlen Specter is "leading the charge" against a provision in the compromise plan that would "strip federal courts of jurisdiction over cases in which detainees have not been charged with war crimes." Specter and other opponents say it would "deny terrorism suspects the ability to challenge their detainment, a right afforded defendants in military and criminal courts." USA Today (9/26, 4A, Kiely, Jackson, 2.27M) says Specter's opposition could complicate efforts to win congressional approval for the compromise.

Democrats In "Awkward Position" Due To Intelligence Briefing Secrecy. The Hill (9/26, Tiron) reports some senior congressional Democrats "find themselves in an awkward position" in the debate over detainees, "unable to openly criticize some of the Bush administration's policies" because they were sworn to secrecy after receiving intelligence briefings. House Intelligence ranking Democrat Jane Harman says that "makes it difficult to attempt to change the clandestine policies or conduct proper oversight." Harman said, "It is very hard to deal with an incomplete deck of cards."

WPost Calls Court-Stripping "A Terrible Idea." The Washington Post (9/26, A20, 748K) editorializes, "The compromise bill strips the courts of any jurisdiction to hear cases -- including those cases already pending -- concerning detainee treatment. … This is not the first time Congress has sought to limit judicial supervision of detentions in the war on terrorism. After the Supreme Court's assertion of jurisdiction over Guantanamo Bay, Cuba, in 2004 triggered a series of lawsuits, Congress moved to force their dismissal as part of the Detainee Treatment Act. The court found that the act did not apply to pending cases, leaving the lower courts unable to hear new cases but with jurisdiction over those already filed. The new measure would complete the job, removing jurisdiction over the remaining cases. … This is a terrible idea."

Republican Leaders Reach Tentative Deal On Domestic Surveillance Legislation. The New York Times (9/26, Lichtblau) reports, "Republican leaders said Monday that they had reached a tentative agreement to garner political support for legislation on domestic surveillance, in part by sidestepping the question of whether the president has the constitutional authority to order wiretapping without a court order." The Times continues, "There was wide disagreement about the plan's impact. Supporters billed the most recent version as a way of requiring a court order for most domestic wiretaps. But civil rights advocates and even some administration officials suggested that it would maintain the status quo in allowing the continuation of wiretapping without warrants under a program approved by President Bush. … Senator Arlen Specter, the Pennsylvania Republican who leads the Judiciary Committee, said that in recent negotiations, the White House had agreed to delete language from his bill that critics said would have implicitly acknowledged the president's constitutional authority to order wiretapping without a warrant." The Times adds, "Three Republican senators — Larry E. Craig of Idaho, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska — had raised concerns about this and other aspects of the Specter bill, which would submit the wiretapping program to a secret court to rule on its constitutionality. With the changes, they said they could support the legislation, and Mr. Specter predicted he would have enough Senate votes to gain passage. … The three said the new plan would protect 'the rights afforded to citizens in the Constitution,' in part by requiring that the administration get a court order if it wanted to listen to conversations of an American citizen or others defined as 'U.S. persons." In a statement, they said the new plan would

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require that "in order to conduct electronic surveillance of a U.S. person, a court-ordered warrant is necessary.' … Some lawmakers and civil rights advocates said they believed that the three senators had mischaracterized or misinterpreted what they had agreed to and that the White House was retaining the right to order wiretaps without a warrant." The Times notes, "The program approved by Mr. Bush 'does allow for the interception without court order of international communications where one end is within the United States, and this agreement would provide this authority and would establish a process for moving to individualized court orders with respect to individuals within the United States,' said Brian Roehrkasse, a Justice Department spokesman. He declined to elaborate." The Washington Post (9/26, A3, Weisman, 748K) reports the changes "have won the support of three balking Senate Republicans," Larry Craig, Lisa Murkowski, and John Sununu, "improving the chances that a bill expanding the Bush administration's surveillance authority will pass Congress this week." The Los Angeles Times (9/26, Simon, Schmitt, 918K) carries a similar report.

US, EU Close To Agreement On Passenger Data. The Financial Times (9/26, Bounds, Cameron) reports, "The US and European Union are close to a deal for sharing airline passenger information that would avert disruption to the world's busiest air traffic routes. Officials from both sides of the Atlantic have confirmed that a new anti-terrorism agreement is almost certain to be signed on Thursday, two days before the current regime expires." A "US official" said, "This is too big to fail. … We have made a lot of progress over the last few days."

FBI Confirms Legality Of Contributions To Michigan Muslim Charity. The Detroit News (9/26, Krupa) reports, "Contributions to an Islamic charity in Southfield remain legal despite an FBI raid on Sept. 18, according to federal officials. The Life for Relief and Development has not been designated by the federal government as an organization that provides support for terrorists, according to Bob Beeckman, a spokesman for the FBI in Detroit. … 'The search warrant is based on criminal statutes, and I can't go any farther,' Beeckman said. Local Muslim leaders said that the information that donations remain legal will help assuage rampant concerns in their community, at the beginning of the holy month of Ramadan, when Muslims are required to make charitable donations."

Pakistani Sentenced To 18 Years In Prison For Al Qaeda Missile Plot. The AP (9/26) reports, "A Pakistani man was sentenced Monday to more than 18 years in prison for conspiring with an Indian-born U.S. citizen to obtain and sell Stinger anti-aircraft missiles to the Taliban and al-Qaida." Syed Mustajab Shah "admitted that he tried to sell five tons of hashish and a half-ton of heroin in exchange for cash and four shoulder-fired Stinger missiles, which he and the other defendants intended to sell to members of the Taliban. … Shah knew at the time that the Taliban was the same as al-Qaida, prosecutors said." The AP notes Shah and co-defendants Ilyas Ali and Muhamed Abid Afridi "were arrested…by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel."

EU Panel Expresses Doubts Over US Financial Transaction Monitoring. The New York Times (9/26, Lichtblau, 1.21M) reports an EU panel "has serious doubts about the legality of a Bush administration program that monitors international financial transactions," according to its German leader. The panel "plans to recommend tighter controls to prevent privacy abuses." The panel "will not call for the program to be stopped," but it is "expected to recommend that additional safeguards be put in place" to check how financial records are shared with US intelligence.

Guantanamo Authorities Strive To Teach Guards About Ramadan. The Los Angeles Times (9/26, Connell, Lopez, 918K) reports that with the beginning of Ramadan, Guantanamo Bay authorities "have stepped up efforts to teach guards about the religious observance, amid signs that radical strains of Islam are becoming a potent organizing tool at the facility." Some military officials "say it may have been a tactical mistake to stop providing Muslim chaplains. Many of the detainees are poorly educated and look up to those who can read and cite Quranic verses, according to former troops who worked inside the camps. This has opened the way for radical interpretations by religious leaders on the cellblocks and helped justify such actions as suicides, according to personnel who served at the camp."

Wickham Says Administration Has Double Standard On Extradition. In his USA Today (9/26, 11A, 2.27M) column, DeWayne Wickham contrasts the Bush Administration's sending of Maher Arar, a Canadian citizen of Syrian descent, to Syria, where "the Bush administration had good reason to know he would be brutalized," with its refusal to send Luis Posada Carriles back to Venezuela. Wickham says, "The Bush administration has contradictory standards -- one for people who are thought to be enemies of this country, such as Arar, and another for Posada, an accused terrorist, who is the enemy of its enemies."

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PATRIOT ACT:

Internet Consultant Suing DOJ, FBI Over NSL Gag Order. The New York Times (9/26, Hartocollis, 1.21M) reports, "Federal District Court in Manhattan has made public an affidavit from a plaintiff whose identity cannot be revealed. In the affidavit, he says he has to lie to those close to him to preserve the secrecy of a national security investigation that he believes is morally questionable. … He describes himself as the former president of an Internet access and consulting business. Some time ago (the government will not allow him to say when), he received a so-called national security letter from the F.B.I., asking him to provide information about one of his clients in connection with 'international terrorism or clandestine intelligence activities.' The letter also said he was prohibited from talking with anyone about the investigation." The Times notes, "Mr. Doe said he resisted the government's demand because he did not want to violate the privacy of his clients. In April 2004, represented by the American Civil Liberties Union, he filed a lawsuit against the attorney general, John Ashcroft, and Robert S. Mueller, the director of the F.B.I."

HOMELAND RESPONSE:

Administration Awards Nearly $400 Million In Security Grants. The AP (9/26, Jordan) reports, "The Bush administration doled out nearly $400 million Monday to help protect seaports, commuter trains and other transit systems from terrorists, boosting money to high-risk cities that saw funding cuts earlier this year. Major winners included New York City, which won $79.5 million to secure its port, subways, bus and rail systems -- up from $50 million in 2005." The AP adds, "Losing cities that got no money for 2006 after being on the Homeland Security Department funding list last year included Memphis, Tenn., and Tampa, Fla., which lost funds for ports."

USA Today (9/26, Hall, 2.27M) reports, "More than three months after the department caused an uproar by cutting funds by 40% in another grant program to New York City and Washington, Homeland Security Secretary Michael Chertoff said his department is reworking the way it distributes such grants. 'You're never going to make everybody happy,' he said. 'There's never enough money.'" Chertoff "said the cuts in June came because Congress shrank the amount of grants. He said risk and consequence always would be the main factors the department uses in handing out federal anti-terrorism money." Port security "accounted for $168 million of the money distributed Monday to 51 cities." The Washington Post (9/26, A3, Hsu, 748K) notes American Public Transportation Association spokeswoman Virginia Miller "said the $13 million is helpful, but the industry has identified $6 billion in security needs."

The New York Times/AP (9/26) reports, "Money to protect the perimeters of New York and New Jersey's ports will be increased to $25.7 million, from $6.6 million." Mayor Michael R. Bloomberg "said that he was gratified federal officials 'are recognizing the risks here and giving us more money.'"

TSA Will Allow Some Liquid Gels And Aerosols On Airplanes. ABC World News (9/25, story 5, 0:30, Gibson) reported, "The government…announced new rules for what airline passengers can bring in their carry-on bags and what they can take on planes. A sweeping ban on liquids and gels was put into effect last month. when a terror plot in Britain was uncovered." But "starting tomorrow, the Transportation Security Administration will allow travel-size toiletries on planes that fit in one small, clear plastic bag as well as drinks, if they are bought in the secure area of the airport."

The AP (9/26, Miller) reports Transportation Security Administration chief Kip Hawley said yesterday "the FBI and other laboratories tested a variety of explosives and found that tiny amounts of substances -- so small they fit into a quart-size plastic bag -- can't blow up an airliner, Hawley said at a news conference at Reagan National Airport."

NBC Nightly News (9/25, story 5, 2:10, Williams, 9.87M) reported, "Some will say this is more confusion in the air. Some will say it's a victory for common sense." NBC (Costello) added that " while airline security has improved dramatically since 9/11, the TSA still doesn't have the technology in place to screen every bag for liquid explosives. A gaping hole, say security experts, in the nation's security blanket." Rick Haan, former FBI explosives expert: "The technology is not there to detect liquid explosives, these are actually precursor chemicals that would be mixed into an explosive mixture onboard the aircraft." NBC added, "Several companies are working to develop the technology, but in the meantime, the TSA's convinced the amounts liquids and gels it's allowing onboard now are too small to pose a risk."

CBS Evening News (9/25, story 6, 2:50, Orr reported, "Critics…say the Transportation Security Administration is years late in developing high-tech scanners…which can tell the difference between a liquid explosive and a bottle of water." CBS added that "the ban on large volumes of carry-on liquids will likely remain in place through the ends of the year. At least with these tweaks…arriving passengers will no longer have to make their first stop a drugstore."

The New York Times (9/26, Lipton, 1.21M) reports Hawley "said the agency intended to test new equipment, including a machine that can evaluate bottles to see whether

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a liquid inside is explosive, or a machine similar to a CAT scan that can more reliably evaluate carry-on bags to see whether they might have bombs." The problem, he said, is "ensuring that the equipment will work as promised by the manufacturers, Mr. Hawley said. 'We don't want to be in the position of, out of the urgent need to do this, we essentially waste the taxpayers' money,' he said. 'We want to take our time to do it right.'"

USA Today (9/26, Frank, 2.27M) reports A.J. Castilla, "a screener at Boston's Logan International Airport and spokesman for a screeners union, said the new policy "is more confusing and certainly will add to the lines during the holidays." 'We're just adding another level of screening to a screening process that was simple,' Castilla said."

The Los Angeles Times (9/26, Neuman, Mohammed, 918K) says "the changes were hailed by passengers and by the airline industry." Likewise, the Wall Street Journal (9/26, Meckler, 2.03M) reports "the US decision was welcomed not only by travelers but by airlines and airports, whose operations were hampered by the stricter rules. Airport vendors lost considerable revenue as customers stopped buying drinks and, at duty-free shops, bottles of perfume and liquor that were banned from the planes. And airlines had to contend with the sharp increase in checked bags."

The Washington Times (9/26, Hudson, 88K) and Washington Post (9/26, A1, Wilber, 748K) run similar reports. USA Today (9/26, Frank, 2.27M) also runs a Q&A section detailing the new policy,

Former DHS IG Opposes Lifting Ban. On USA Today (9/26, 2.27M), Clark Kent Ervin, director of the Aspen Institute's homeland security initiative and former inspector general of the Department of Homeland Security, writes that "it would be one thing if TSA had developed an effective counter-technology in the ensuing weeks, but it has not done so. Instead, it says that it has determined that small quantities of liquids and gels pose no harm, and that drinks purchased in the "sterile" areas of airports past the screening checkpoints are likewise harmless." He adds, "I am skeptical that TSA has definitively determined that small quantities of liquids and gels pose no threat. Given its track record, it is far likelier that TSA has simply determined that small quantities pose minimal threats. The problem with that is I would have said that small things such as box cutters probably could not be used to kill 3,000 people, and yet, that's what the 9/11 hijackers did."

FBI Says 2001 Anthrax Was Not Specially Treated. The New York Times (9/26, Broad, 1.21M) reports, "Seeking to clear up public confusion, an F.B.I. official has reiterated the bureau's judgment that the anthrax in the letter attacks five years ago bore no special coatings to increase its deadliness and no hallmarks of a military weapon." The statement "contradicts an array of assessments over the years," in which a "variety of public and private experts proclaimed the deadly spores to have been specially treated to enhance their ability to float in the air and reach deep into human lungs, where they could germinate and kill their host. … But the bureau official, Douglas J. Beecher, a scientist at the F.B.I. Laboratory in Quantico, Va., disputed such claims as misguided in a recent journal article."

Muslim Scholar Denied Visa To Enter US. The AP (9/25, Neumeister) reported Tariq Ramadan, "a prominent Muslim scholar" and Swiss citizen "was denied a temporary business and tourism visa Thursday 'based solely on his actions, which constituted providing material support to a terrorist organization,' said Janelle Hironimus, a State Department spokeswoman." However, the American Civil Liberties Union, which says Ramadan "was being excluded because he donated $765 to French and Swiss organizations that provide humanitarian aid to Palestinians," argued that the decision "amounts to censorship. 'This case is really about speech,' said Jameel Jaffer, an ACLU lawyer. 'The government is using the immigration laws as a means of silencing and stigmatizing a prominent cleric.'"

WAR NEWS:

Democrats Say Leaked NIE Proves Bush's Iraq Policy Is Flawed. NBC Nightly News (9/25, lead story, 2:45, Williams, 9.87M) reported, "It is a report from the very top of US intelligence and it is meant for the boss -- the President and the very top of our government. The report, called the National Intelligence Estimate, or the NIE, has been leaked to the press. That is bad news for the Bush Administration because of the report's conclusion -- that the war in Iraq has created a new generation of Islamic radicals and the overall terrorist threat is now worse because this war has amounted to a huge recruiting tool for those who would do us harm." NBC added, "For weeks the President has successfully kept public attention on terrorism rather than the war in Iraq. Today, Democrats tried to change that by seizing on intelligence findings that the Iraq war has made the terror threat worse. Mr. Bush got the blame."

ABC World News (9/25, story 3, 1:55, Gibson) reported, "There was no question that this report would cause a political firestorm because it really goes right to the heart of the debate in this country. The President has been arguing for months that fighting terrorists in Iraq has made Americans safer at home. … But the National Intelligence Estimate says the war has created a rallying cry for terrorists, a point Democrats seized on today."

NBC Nightly News (9/25, story 2, 1:40, Williams, 9.87M) reported, "These conclusions are not a surprise. This

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is what we've been hearing from the CIA Director and from the Director of National Intelligence, John Negroponte and in their recent speeches. … Some of the other conclusions are interesting. The Internet has helped spread Jihadist ideology. Cyberspace is now a haven for these operatives and they spread beyond their original bases in places like Afghanistan and they're not centrally controlled by Osama bin Laden but they're self-generating cells who are inspired by bin Laden. We've known some of these things but when it comes to Iraq, they don't pull their punches. In the short term the war has become a breeding ground and has made things worse, not better."

The Washington Post (9/26, A3, Abramowitz, Weisman, 748K) reports, "Democratic lawmakers yesterday seized on elements of a new classified intelligence assessment as validation of their long-standing position that the Iraq war has been a distraction from the broader war against terrorists, seeing the new study as an opportunity to undermine President Bush's determined offensive to turn terrorism to political advantage in the midterm elections. … After weeks in which White House officials believed they had partly succeeded in reframing the elections around terrorism, rather than Iraq, the new report threatened to reverse those gains."

The Washington Times (9/26, Fagan, 88K) reports Democrats "said their long-standing criticisms of the administration are validated by a leaked intelligence assessment that reportedly found the Iraq war has helped spur more Islamic radicals. Senate Minority Leader Harry Reid said April's National Intelligence Estimate (NIE), as described Sunday by the New York Times and The Washington Post, states 'what many of us have been saying for months' about U.S. efforts in Iraq. … Democrats said the administration should make the report public but Carl Kropf, a spokesman for Director of National Intelligence John Negroponte, said in an e-mail message that 'there is no indication that this NIE will be declassified.'"

Bartlett Says Leaked Portion Of NIE Does Not Provide A Full Picture. CNN's The Situation Room (9/25, Malveaux) reported, "I talked to the counselor to the President, Dan Bartlett, earlier today who made a couple of important points. First of all, he says that this leaked portion of the NIE portion is just. It's a leaked portion. It does not give the full picture and does not give the full story. … So I asked him, of course, why not just declassify this NIE document? It has been done in the past when the lead up to the Iraq war and making the case for Iraq, weapons of mass destruction, most recently the president talking about his secret CIA detainee program and Bartlett said he did not believe that this rises to the occasion of declassifying that material."

Roberts Seeks Declassification Of NIE. The New York Times (9/26, Mazzetti, 1.21M) reports Senators Pat Roberts and Jay Rockefeller, the top Republican and Democratic members of the Senate Intelligence Committee, "called on Monday for the White House to declassify the National Intelligence Estimate on terrorism that was produced in April. … 'I think the administration should declassify this document so the American people can see the material for themselves and come to their own conclusions,' Mr. Roberts said in a statement. Mr. Roberts and Mr. Rockefeller said the estimate should be stripped of sensitive material before being released." However, the Times adds that White House officials "said making the information public would only help terrorists gain a better understanding of how much the United States knows of their operations. 'What we don't want to do is tell them what we know so they know how to operate around that,' Frances Townsend, the White House domestic security adviser, said in an interview on CNN." Counselor to the president, Dan Bartlett, "told CNN on Monday that releasing the report would have a chilling effect on the intelligence analysts 'who are trying to give very candid advice or very candid estimates.'"

The AP (9/26, Shrader) reports Roberts "said the public discussion has given the 'false impression' that the National Intelligence Estimate focuses exclusively on Iraq and terrorism. 'That is not true,' Roberts said, noting that the committee has had the report since April. 'This NIE examines global terrorism in its totality.'"

CNN's The Situation Room (9/25, Blitzer) reported that "some Democrats are finding aid and comfort in the classified intelligence estimate of the terror threat to the United States. Intelligence and counter-terrorism officials say the report concludes the war in Iraq is giving fuel to Islamic extremism and al Qaeda wannabes. Now some Democrats and Republicans are feuding over the leaked part of the report, and whether it distorts the truth or proves the Iraq war was a failure. And it's all playing out only six weeks before Election Day."

Townsend Makes Case For Keeping NIE Classified. President Bush's Homeland Security Adviser Fran Townsend was asked on CNN's The Situation Room (9/25) why the Administration will not declassify the NIE "so the American public will be able to read it in terms of its full context." Townsend said, "Because the problem…is, as usual, with classified documents, the reason they're classified is so we don't share what our understanding is and what our beliefs are about their motives and their capability. What we don't want to do is tell them what we know so they know how to operate around that. And so the leaking of classified documents is always very dangerous and it's particularly dangerous in this case." Townsend added that "having gone through this document, it's a difficult thing to do when you're talking about an assessment of global trends and the development of the enemy."

Townsend made the same case on MSNBC's Hardball (9/25), saying that "you've got a paragraph that's been leaked out of a nine-page summary and a more-than-35-page report

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that looks at global trends in terrorism. It talks about the jihad in Iraq as being one of the propaganda tools of the jihadists as a method of recruiting, as a method of raising money – that's -- but it's one. There's many historical grievances that they use, and this is one piece." Townsend added, "I don't think there's any question that it's been selectively leaked."

Townsend was also the guest at Monday's Christian Science Monitor (9/26, Cook, 58K) "Monitor Breakfast." The "self-described worrier…quipped, 'If we were going to go through the long list of things that bother me and that I worry about, we would be here for lunch.'" The Monitor says the "youthful and outgoing Townsend is a rarity in Washington -- someone who worked in the top reaches of both the Clinton and the Bush administrations. President George Bush has entrusted her with a crucial portfolio. During Bill Clinton's presidency, Townsend rose through a series of increasingly influential Justice Department positions." Discussing the leaked NIE that said the Iraq war has increased the problem of terrorism, Townsend said, "It is not clear to me that the headline we saw…that America is less safe, is actually contained in the NIE. The statements that were leaked, once again it was classified information, and that is always damaging. And secondly, what I would say…is most damaging, frankly, as the director of national intelligence said yesterday, [is that] it is taken out of context."

Hunter Says NIE Offers An Opinion, Not Evidence. Rep. Duncan Hunter said on CNN's Lou Dobbs Tonight (9/25), "What you're getting from the NIE is not evidence. What you're getting is an opinion. And I disagree with the opinion and I'll tell you why. When we got hit on 9/11, the last two American military operations, major operations had been to save Muslim nations. That was Kuwait and of course Bosnia. So we went in and we saved Muslim nations. And the reward was we got struck on 9/11. So the idea that we've somehow created the enemy, that but for our aggressiveness, guys like al-Zarqawi would not be targeting the United States, that doesn't make any sense."

Talabani Disagrees With NIE's Conclusions. Iraqi President Jalal Talabani was asked on PBS' Newshour with Jim Lehrer (9/25) for his opinions on the NIE. Talabani said, "I don't agree with this. I don't agree at all. I think the liberation of Iraq reduced the danger of terrorism on the United States of America because all terrorist groups are now concentrating on Iraq, focusing in Iraq, sending their troops to Iraq, busy with Iraq; otherwise they're concentrating their efforts against the United States of America."

NIE's Conclusions Questioned. In his monthly column for the Washington Post (9/26, A21, 748K) Robert Kagan writes, "It's too bad we won't get to see the full National Intelligence Estimate on 'Trends in Global Terrorism' selectively leaked to The Post and the New York Times last week. The Times headline read 'Spy Agencies Say Iraq War Worsens Terrorism Threat.' But there were no quotations from the NIE itself, so all we have are journalists' characterizations of anonymous comments by government officials, whose motives and reliability we can't judge, about intelligence assessments whose logic and argument, as well as factual basis, we have no way of knowing or gauging. Based on the press coverage alone, the NIE's judgment seems both impressionistic and imprecise."

WSJournal Urges Bush To Declassify NIE. The Wall Street Journal (9/26, 2.03M), in an editorial, writes, "It's impossible to know how true this report is, of course, since the NIE itself hasn't been leaked. The reports are based on what sources claim the NIE says, but we don't know who those sources are and what motivations they might have. Since their spin coincides rather conveniently with the argument made by Democratic critics of the war, and since this leak has also conveniently sprung in high campaign season, wise readers will be skeptical. … So here's our suggestion for President Bush: Declassify the entire NIE."

Top Al Qaeda Figure Who Escaped From Afghan Prison Killed In Iraq. CBS Evening News (9/25, story 4, 0:15, Couric, 7.66M) reported, "British troops killed a top al Qaeda terrorist who was living in Basra in southern Iraq. … He was once thought to head up al Qaeda's operations in southeast Asia." The New York Times (9/26, Tavernise, 1.21M) says Omar al-Faruq was an Iraqi "senior operative of Al Qaeda who engineered a brazen escape from a high-security American prison in Afghanistan last year." He "was killed Monday in a predawn raid by British soldiers in a quiet, wealthy neighborhood in southern Iraq, an American official and an official in Basra said. About 250 soldiers wearing night-vision goggles and carrying specially equipped rifles stormed a house in the Junainah neighborhood of Basra, intending to capture the operative. … They were fired upon as they entered, and shot back, killing Mr. Faruq." A British military spokesman "declined to say whether he was the same man who had escaped from the American military detention center in Bagram, Afghanistan, in July 2005. An American official in Washington and an official in Basra, neither of whom was authorized to speak publicly on the subject, said Mr. Faruq was the same man." The Times notes, "At the time of his arrest, in Jakarta, Indonesia, in June 2002, Mr. Faruq was described as one of the most important Qaeda figures ever captured by the United States."

The AP (9/26, Quinn) reports Farouq "and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, but the Pentagon waited until November to confirm his escape. The delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States. …. Al-Farouq and the three other escapees boasted about their breakout from Bagram on a video broadcast in October 2005 on Al-Arabiya television."

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Former Generals Blast Rumsfeld At Democrats' Hearing. ABC World News (9/25, story 2, 0:50, Gibson) reported, "a retired Army General made a stunning declaration. Major General John Batiste said the way the war has been conducted has inflamed Islamic fundamentalism, created more enemies for the US and, in a charge you don't expect to hear from an Army commander said the war needlessly destroyed American lives and he placed the blame on the Defense Secretary." Batiste: "Secretary Rumsfeld's dismal strategic decisions resulted in the unnecessary deaths of American servicemen and women and our allies and good people of Iraq. He was responsible for American or allies going to war with the wrong plan and a strategy that did not address the realities of fighting an insurgency."

NBC Nightly News (9/25, lead story, 2:45, Williams, 9.87M) reported, "today at a hearing organized by Democrats, retired military officers accused Defense Secretary Rumsfeld of fueling terrorism by mismanaging the war." Batiste was shown saying, "Iraq didn't have to be the way it was. We created this insurgency. We let it grow, we let it develop, we let it blossom."

The AP (9/26, Espo) reports the retired officers "bluntly accused" Rumsfeld "of bungling the war in Iraq, saying U.S. troops were sent to fight without the best equipment and that critical facts were hidden from the public." The Democratic Policy Committee's panel heard testimony from Batiste, retired Army Maj. Gen. Paul Eaton and retired Marine Col. Thomas Hammes, all of whom support Secretary of Defense Donald Rumsfeld's ouster. Batiste testified that Rumsfeld "and others in the administration did not tell the American people the truth for fear of losing support for the war in Iraq." Batiste also "said Rumsfeld at one point threatened to fire the next person who mentioned the need for a postwar plan in Iraq." Eaton "assessed Rumsfeld as 'incompetent strategically, operationally and tactically.'" Sen. John Cornyn "dismissed the Democratic-sponsored event as 'an election-year smoke screen aimed at obscuring the Democrats' dismal record on national security.'

The Los Angeles Times (9/26, Levey, 918K) reports, "Adding to criticism of the Bush administration's prosecution of the war in Iraq," Batiste "said Monday that requests by commanders for more soldiers were repeatedly turned down." Batiste said, "Many of us routinely asked for more troops." The Times reports that Batiste was "contradicting statements by President Bush and his senior aides that the administration had given the military all the resources it had asked for." Eaton, "who oversaw efforts to train and equip Iraqi security forces in 2003 and 2004, also said he was not given enough U.S. troops to do the job."

Generals Prescribe "More Troops, More Money And More Time In Iraq." The Washington Post's Dana Milbank (9/26, A2) writes Batiste, "who retired in protest rather than accept a three-star promotion, was a persuasive witness -- and Democrats were joyous. 'Your statement, I believe, defines the word "courage,"' Sen. Byron Dorgan gushed." Sen. Charles Schumer "pumped his fist and gave Batiste and his colleagues pats on the biceps." Senate Minority Leader Harry Reid "proclaimed, giddily: 'This hearing today could change our country.' Perhaps. But Democrats, while celebrating Batiste's criticism of the administration, exercised some selective listening at the hearing when Batiste and his colleagues offered their solution: more troops, more money and more time in Iraq." Milbank notes Eaton said, "We are, conservatively, 60,000 soldiers short."

The Washington Times (9/26, Fagan, 88K) reports, "all three of the retired leaders, however, backed up the administration assertion that pulling out of Iraq now would be disastrous and cause a dangerous regional instability."

McConnell Calls Hearing "Another Partisan Media Event." McClatchy Newspapers (9/26, Talev) report the testimony came during "the first of what Senate Democrats say will be a series of oversight hearings they're holding on the Iraq war. They say Republicans haven't exercised enough oversight since the March 2003 invasion. But Democrats also are trying to focus public attention back on Iraq because polls show Republicans are vulnerable on it and congressional elections will be held in six weeks." Senate Majority Whip Mitch McConnell "denounced the two-hour hearing, packed with anti-war activists and reporters, as 'simply another partisan media event. And while it may rile up their liberal base, it won't kill a single terrorist or prevent a single attack.'"

Lott Threatens Democrats Over Unofficial Hearings On Iraq. The Hill (9/26, Allen) reports Sen. Trent Lott "is threatening to punish Democrats for using an Appropriations Committee room for an unofficial hearing on Iraq oversight if it happens again." Lott is quoted as saying, "They better stop this. … This will be the last one or there will be retribution." However, The Hill notes that "if he is looking for a culprit in abetting the Democratic Policy Committee's (DPC) hearing yesterday, he need look no further than fellow Mississippi Republican Thad Cochran, chairman of the Appropriations Committee, who controls the Dirksen Building room that Democrats used yesterday and have used for past hearings." According to The Hill, Lott and other Republicans "are upset that Democrats have gone outside the committee process to highlight the Iraq war before the November election."

Jones Attends Democrats' Hearing. The Hill (9/26, Allen) also reports that "the mostly Democratic panel was not without Republican representation." Rep. Walter B. Jones "made a nearly five-hour drive to the Capitol to participate in the hearing. Jones, who represents Camp Lejeune, voted to authorize the Iraq war but has criticized its execution. 'To me this is not politics, this is policy issues,' he said. 'The party

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that demands the truth is the party that the public respects.' In his opening statement, Jones quoted Rudyard Kipling: 'If any question why we died, tell them, because our fathers lied.'"

Townsend Defends Cheney's Assertions On Iraq. President Bush's Homeland Security Adviser Fran Townsend was asked on MSNBC's Hardball (9/25) about the fact that Vice President Dick Cheney is "on the record as having said that Saddam Hussein was somehow involved in the attack on us on 9/11," but now says that "there was no connection between Saddam Hussein and 9/11." Townsend said, "What I would say to you, when you say that, is Republicans and Democrats -- both administrations -- believed that Iraq was a threat, believed the intelligence on Iraq. The intelligence turned out to be wrong."

Harman Says Cheney Should Correct The Record On Iraq. Rep. Jane Harman said on MSNBC's Hardball (9/25) that Vice President Dick Cheney "refuses even now to correct the record. He was on Meet The Press two weeks ago and he said, We don't know there was this connection between Iraq and al Qaeda before 9/11. There was not. Let me say it definitively, there was not, and he should correct the record."

Matthews Says Cheney Is "Always Wrong." On MSNBC's Hardball (9/25) Chris Matthews commented on Vice President Cheney's claim that the insurgency is in its last throes and that the US would be greeted as liberators in Iraq, saying, "He's been dead wrong, month after month after month. Yet he receives respect of the media. I don't get it." Matthews later added, "Everything he ever said about this war has been wrong, and yet he comes on Sunday television like the prophet himself and everybody stands back and says, oh, he's a wise man. He's very prescient about things. He's always wrong."

Pentagon Extends 3,800 Soldiers' Iraq Tours. CBS Evening News (9/25, lead story, 2:40, Couric, 7.66M) reported, "Remember when US military officials said they were hoping some of the 140,000 troops in Iraq could start coming home by the end of this year? Those hopes were dashed last week when the top commander on the ground said that with the current violence there, it's not going to happen. And today nearly 4,000 soldiers who were due to come home the first of next year were told they're staying a few more weeks. And some other troops will be sent back ahead of schedule. All of this is a tremendous strain on both the military and military families. … The Army is scrambling to maintain the number of troops at 140,000 and today a former division commander in Iraq who already is on record as calling for Secretary Rumsfeld's resignation, told members of Congress even that is not enough." Major General John Batiste (ret): "It's a shell game that we play in Iraq and we've been doing it since day one and we're still doing it today. There's simply not enough troops there to accomplish the task."

USA Today (9/26, Welch, 2.27M) reports, "The Pentagon said Thursday that 3,800 U.S. soldiers will be staying in Iraq about six weeks beyond their one-year combat tours as coalition forces grapple with violence in and around Baghdad. … Although the Pentagon did not say why the extension was needed, the top commander in the region, Army Gen. John Abizaid, said last week that more troops would be needed to deal with increased sectarian violence around Baghdad.

McClatchy (9/26, Brown) reports Pentagon spokesman Bryan Whitman "said the changes were in order to maintain 15 combat brigades in Iraq. … 'What these decisions reflect is the flexibility that the United States military has to adjust to a changing environment and a changing situation,' Whitman said. A congressional staffer briefed on the development on Monday said that the Army was moving up the deployment of the 1st Cavalry Division troops by a month so that the 172nd Stryker Brigade's deployment wouldn't be extended again. But an Army spokesman, Lt. Col. Carl Ey, said the two developments weren't necessarily connected."

The Washington Post (9/26, A16, Tyson, 748K) reports the extension "demonstrates the increasingly tough trade-offs U.S. commanders face between the imperatives of war fighting and the need to retrain and recuperate the taxed Army and Marine Corps. In this case, commanders had to choose between extending thousands of U.S. troops serving in one of Iraq's deadliest cities -- the 1st Armored Division brigade in Ramadi -- or requiring another combat-hardened unit that has already served two tours in Iraq, a brigade of the 3rd Infantry Division, to return to the desert after less than a year at home. They opted for the former. 'The chief of staff of the Army refuses to compromise on the one-year dwell time,' said an Army official, who spoke on the condition of anonymity because he was not authorized to speak on the record. The chief of staff is Gen. Peter J. Schoomaker, and 'dwell time' refers to the amount of time troops have at home between deployments to retrain, repair equipment and reconnect with their families."

Army Said To Need An Additional 60,000 Troops. ABC World News (9/25, lead story, 2:30, Gibson) reported, "ABC News has learned that top generals in the Army have come consensus, that to meet its responsibilities the Army has to be larger, more troops are needed, tens of thousands more. It's not a request yesterday or recommendation but senior Army officials have discussed this for weeks and are now in agreement that the army to meet current and future obligations has to have more men and women. Our national security correspondent Jonathan Karl is here." ABC added, "The top Army leadership is saying that the only long term solution is to increase the size of army by about 60,000

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troops. That would be a difficult, controversial and costly proposition that could cost $7 billion a year. … Increasing the size of the Army would take time and money. To deal with the strain in the short run, officials are also considering another costly and unpopular idea using more National Guard troops in Iraq. Even without increasing the overall size of the Army these challenges are about to hit taxpayers hard. The Army is pushing for an increase of $20 billion in the next budget."

US Expected To Maintain Troop Levels In Iraq At More Than 140,000. The Financial Times (9/26, Luce) reports US officials "said on Monday that American troop levels in Iraq were likely to remain well above 140,000 for the next few months. … The overall US troop presence in Iraq has risen from 127,000 in July to 142,000 this week."

Army Described As "Stretched Thin" And "Struggling." CBS Evening News (9/25, lead story, 2:40, Martin, 7.66M) reported, "just keeping the current level is stretching the Army to its limit. Its goal is two years at home for every one year in Iraq. The reality has been 18 months, now that's slipped to just 14 months. … The Army is also running short of money. Over the next several years, it will need $66 billion just to repair or replace equipment torn up in Iraq."

The AP (9/26, Burns) reports the Army "is stretched so thin by the war in Iraq that it is again extending the combat tours of thousands of soldiers beyond the promised 12 months — the second such move since August. Soldiers of the 1st Brigade, 1st Armored Division had been expecting to return to their home base in Germany in mid-January. Instead, they will stay an extra 46 days in Iraq, until late February, the Pentagon announced Monday. The soldiers are operating in western Anbar province, one of the most violent parts of Iraq. The Pentagon also announced that the 4th Brigade, 1st Cavalry Division will deploy to Iraq 30 days earlier than scheduled, starting in late October. … 'The Army is coming to the end of its rope in Iraq,' said Loren Thompson, a defense analyst at the Lexington Institute, a private research group. 'It simply does not have enough active-duty military personnel to sustain the current level of effort.'"

The Washington Times (9/26, Scarborough, 88K) reports the Army "already is struggling to meet worldwide commitments and dealing with low-combat readiness among non-deployed units who lack adequate equipment at their home bases. The Army is wearing out weapons systems so fast in Iraq's harsh environment that it needs more than $40 billion in the next three years to buy replacements."

Use Of Individual Ready Reservists Called "Back-Door Draft." CBS Evening News (9/25, story 2, 2:15, Couric, 7.66M) reported, "As wrenching as the sudden changes are for active duty troops, they can be down right crushing for some soldiers and Marines who have already put their uniforms in mothballs. CBS added, "The last time we saw US Army Captain Todd McGowan in uniform two years ago he and his wife Tracy thought it was the last time he'd ever need it. … Todd is what the Army calls an IRR, Individual Ready Reservist. Unlike Reservists, they're semi-retired soldiers who thought they were done with the military until this reactivation letter came in the mail. … Reactivated for 545 days, Todd's bound for Iraq, 35 pounds heavier, he hasn't fired a gun in two years." According to CBS, McGowan "and others call it a back-door draft." McGowan's wife was shown saying, "For them to call him back seven months shy of resigning his commission is despicable."

Two Top Army Generals In Iraq Reassigned. The AP (9/26, Burns) reports, "Two of the Army's top commanders in Iraq have been selected for new assignments. The second-in-command in Iraq, Lt. Gen. Peter W. Chiarelli, will become a special assistant to the commander of Central Command with responsibility for developing the military capabilities of nations in the Middle East and Central Asia. Chiarelli is due to be replaced in Iraq by Lt. Gen. Raymond Odierno when Odierno becomes commander of Multi-National Corps-Iraq early next year. Chiarelli had previously commanded the 1st Cavalry Division in Iraq. Also moving on from Iraq will be Maj. Gen. James D. Thurman, the 4th Infantry Division commander, who has been chosen for promotion to the rank of lieutenant general and assignment as commander of 5th Corps, the Army's top organization in Europe. Thurman currently is commanding all forces in the Baghdad area."

US Soldiers Targeted By Militants From Within Sadr City. The AP (9/26, Castaneda) reports, "U.S. soldiers trying to calm Baghdad say the sprawling Sadr City slum has once again become a haven for anti-American militants — and the source of most of the gunfire and mortars directed at them. In the last two weeks, U.S. forces have suffered several casualties from dozens of shootings, mortar attacks and roadside bombings that American troops believe originated from Sadr City. Yet the Americans have been restrained in their response, as U.S. and Iraqi leaders strive to avoid a third confrontation in two years with firebrand cleric Muqtada al-Sadr and his Mahdi Army — the biggest and most dangerous Shiite militia in Iraq." The AP notes, "Al-Sadr's followers hold 30 of the 275 seats in the national parliament and five posts in Prime Minister Nouri al-Maliki's Cabinet and are a major pillar of the prime minister's political support. In August, al-Maliki, a Shiite, publicly berated the Americans for a raid on Sadr City."

Kurds Seize Police Station Slated To Be Handed Over To Sunni Commander. The Los Angeles Times (9/26, Murphy, 918K) reports, "Kurdish

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militiamen seized a police station in northern Iraq on Monday to prevent its transfer to a new Sunni Arab commander, igniting a daylong standoff that echoed the parliament's continuing unease over territory-sharing in the final administrative map of Iraq. The clash in the town of Jalawla underscored the potential for violence as parliament prepared to study the contentious issue of creating autonomous regions in this multiethnic and heavily armed nation. Though most of the biggest political disputes are likely to center on the oilfields in the south, in largely Shiite Muslim areas, and the northern city of Kirkuk, another oil-rich area claimed by the Kurds, the clash in Jalawla marked an early warning of what many fear could be a turbulent battle for the frontiers of a future Kurdish zone."

Saddam Once Again Removed From Court. The Washington Post (9/26, A16, Paley, 748K) reports on "another tumultuous day in the genocide trial of ousted president Saddam Hussein, culminating in his expulsion from the courtroom for the second time in as many sessions. The proceedings began with Hussein and his six co-defendants…vigorously protesting the absence of their attorneys. Last week, the entire defense team boycotted the trial to protest the Iraqi government's dismissal of the chief judge for saying that Hussein was 'not a dictator.' The eight new court-appointed defense attorneys appeared to struggle Monday during simple cross-examinations of witnesses." The new chief judge, Mohammed al-Uraibiy "instructed [Hussein] to remain silent and respect the court. 'I'd respect the session if it was a respected court,' Hussein retorted. Then he held up a folded piece of yellow paper that he said was a request not to attend the trial as long as Uraibiy remained the presiding judge. … The judge angrily ordered Hussein to be removed from the courtroom and refused to accept his petition."

Rice's Use Of Civil Rights Movement As Analogy For Iraq War Derided. The Washington Post's Eugene Robinson (9/26, A21) writes Secretary of State Condoleezza Rice argues that "critics of the administration's Middle East policies are like the racists who contended that black Americans were not ready to participate in democracy because they were 'kind of childlike' and couldn't handle the vote. But that's a bizarre analogy. … She makes it sound as if those who disagree with the administration are standing in the schoolhouse door. But no one wants to deny Iraqis or anyone else the chance to practice democracy. The question is whether democracy should, or can, be imposed at the point of a gun. If Rice really believes what she says, then why does she shun the democratically elected Hamas government of the Palestinian Authority? Are the Palestinians childlike and not ready for the vote?"

Marines Accused Of Murdering Iraqi Civilian Will Not Face Death Penalty. CBS Evening News (9/25, story 3, 0:15, Couric, 7.66M) reported, "Three US Marines accused of dishonoring the nation top our CBS News briefing tonight. They're accused of kidnapping and killing an Iraqi civilian in April west of Baghdad. And today it was decided they will be charged with murder. But the commanding general in the case said he will not seek the death penalty."

Karzai Accuses Musharraf Of Tolerating Presence Of Terrorists. The Washington Times (9/26, Behn, 88K) reports, "The political divide between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf became increasingly acerbic yesterday, with the Afghan leader accusing his counterpart of pursuing policies that foster terrorism. The outburst came on the eve of a critical meeting in which the two men will join President Bush in the Oval Office to discuss ways to improve their cooperation in fighting a revitalized Taliban insurgency. In a reference to Pakistan, Mr. Karzai said in an address at the Woodrow Wilson International Center for Scholars yesterday that there will be no peace in the region until nations stopped using religious extremism as a means of promoting policy. 'For all of us in the world to be safer, we must remove the need for groups, organizations or state entities -- and here I am beginning to be very careful in my remarks -- of reliance on religious radicalism as instruments of policy,' he said."

Afghan Women's Rights Activist Assassinated. The New York Times (9/26, Gall, 1.21M) reports, "A senior Afghan official specializing in women's rights was gunned down here on her way to work on Monday morning by suspected Taliban gunmen. It was the highest-level assassination of a woman in Afghanistan in the five years since the Taliban were ousted from power. Safia Amajan, 65, had served as chief of the women's affairs department in Kandahar Province for five years, working for women's rights and education and vocational training. A former teacher and high school principal, she was well known and much liked in Kandahar.

DOJ:

Massachusetts Federal Prosecutor Receives DOJ Service Award. The Worcester (MA) Telegram (9/26, Hammel) reports, "David H. Hennessy, acting chief of the U.S. Attorney's Worcester branch , has been given the Attorney General's Award for Exceptional Service, the Justice Department's highest award." The Telegram continues, "Mr. Hennessy, an assistant U.S. attorney since 1995, was among

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two Massachusetts assistant U.S. attorneys and a former assistant U.S. attorney from Massachusetts to be given awards Sept. 12 at DAR Constitution Hall in Washington, D.C. Mr. Hennessy was given the award for his service on the Justice Department's Enron Task Force, which investigated and prosecuted individuals considered most responsible for fraud in the energy company." The Telegram adds, "Mr. Hennessy served on the task force, which had about 40 prosecutors and FBI agents, from August 2003 through June 2004. The task force had offices in Washington and Houston, Enron's base. During part of that time he continued with some of his duties in the federal courthouse in Worcester, but for much of it he left Worcester early each Monday not to return from Houston until Thursday or Friday. … Mr. Hennessy served on the team that prosecuted Lea Fastow and the so-called Barge case defendants. Ms. Fastow, a former Enron assistant treasurer and wife of Enron chief financial officer Andrew Fastow, was sentenced to a year in prison on a misdemeanor tax charge. … Referring to the Enron prosecutions, the Justice Department said, 'This hard-fought battle was won through the dedication of the team members, who devoted years of their professional lives to this effort and, in doing so, made significant personal sacrifices by living away from home for long periods of time and working under stressful conditions.'"

CORPORATE SCANDALS:

H-P Urged To Overhaul Its Board. Corporate governance experts say Hewlett-Packard CO. should overhaul its board in the wake of the recent leak investigation scandal. The Wall Street Journal (9/26, Clark, Lublin) reports that "four public pension funds are proposing a way for shareholders to help do that. The four funds -- representing public workers in Connecticut, New York, North Carolina and Washington, D.C. -- said they filed a proposal asking H-P to change its bylaws to allow any shareholder group holding 3% of the company's stock for at least a year to nominate one or more board candidates. Backers of the proposal are the New York State Common Retirement Fund, the Connecticut Retirement Plans and Trust Funds, the North Carolina Retirement Systems and the American Federation of State, County and Municipal Employees Pension Funds. Their proposal relies partly on a recent appeals court ruling that sided with AFSCME." The Journal adds, "Separately, a House committee studying the H-P imbroglio said it issued subpoenas to two H-P executives and a private investigator it had invited to testify at a hearing Thursday. Several other senior H-P executives -- including Chief Executive Mark Hurd and former Chairman Patricia Dunn -- are expected to appear."

House Panel Subpoenas Two Hewlett-Packard Officials, Contractor. The Washington Post (9/26, D12, Nakashima, Noguchi) reports, "Congressional investigators have subpoenaed two Hewlett-Packard Co. employees and one contractor to testify before a House investigative subcommittee Thursday as part of the panel's probe of an HP spying scandal that has spawned two criminal investigations. … The subpoenas, the first issued by the panel in this case, went out over the weekend to HP senior counsel and ethics director Kevin Hunsaker; former HP global security director Anthony Gentilucci; and Ronald R. DeLia, owner of Security Outsourcing Solutions, a Boston investigative firm HP hired to help identify the sources of media leaks." The Post notes, "Congress is questioning HP executives and its investigators as part of a broader examination into companies that sell or obtain unauthorized access to phone records. Hunsaker and Gentilucci were both involved in HP's leak probe, which the company has said involved obtaining private phone records by impersonating directors and journalists. … Thursday, the House Energy and Commerce investigative subcommittee will question HP chief executive Mark V. Hurd, former chairman Patricia C. Dunn and others." The AP (9/26, Gordon) reports, "The subpoenas are the first issued by the panel in its investigation. They were served over the weekend, according to a congressional aide who asked not to be identified because the investigation is continuing. .. . Until now, the invitations to testify at Thursday's hearing had been voluntary and other witnesses had accepted them."

Gentilucci Resigns After Receiving Subpoena. USA Today (9/26, Kessler) reports that Anthony Gentilucci, a global security manager for H-P, submitted his resignation yesterday after he and two others were subpoenaed by federal officials. Gentilucci "was part of a team assigned to find out who inside HP was leaking confidential information to the press. The team, which included HP staffers and outside detectives, used unsavory tactics to obtain confidential phone records, physically tracked board members and reporters, and tried to plant electronic tracking software on a reporter's computer."

Lawyer Praises Dunn's Decision To Step Aside. Viet Dinh, a Georgetown law professor and principal of Bancroft Associates PLLC, and the attorney for Tom Perkins, writes in the Wall Street Journal (9/26), "Justice Felix Frankfurter once wrote, 'Wisdom too often never comes, and so one ought not to reject it merely because it comes late.' So it is with Hewlett-Packard's decision on Friday to come clean with the available facts about Chairman Patricia Dunn's ill-advised investigation into board members and journalists, as well as to replace her with CEO Mark Hurd and appoint respected prosecutor Bart Schwartz to mop up the mess. Belated but welcome, these actions show that Mr. Hurd's steady hand will guide H-P out of the scandal and back to its rightful place as the icon of Silicon Valley." Dinh adds, "By

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stepping aside, Ms. Dunn proved her personal commitment to H-P and its shareholders. It is never easy to let go under pressure, and her decision speaks volumes about her courage, her grace and, in Mr. Hurd's words, 'her ability to put the interests of H-P before her personal interests.'"

Sonsini Hires Former Bush Attorney. Bloomberg (9/26, Rosenblatt) reports, "Lawrence W. Sonsini, a legal adviser to Hewlett-Packard Co., hired President Bush's former election counsel Michael Madigan to help him as he faces a Congressional investigation of the company's probe of boardroom leaks." Bloomberg continues, "Sonsini, 65, chairman of the Wilson Sonsini Goodrich & Rosati law firm, hired a team that includes Madigan and former Congressman Bill Paxon, both of the Washington, D.C., office of Akin Gump Strauss Hauer & Feld. Madigan was chief litigation counsel for Bush's campaign in the Florida recount during the 2000 election." Bloomberg adds, "Sonsini and officials at Palo Alto, California-based Hewlett-Packard are scheduled to appear Thursday before a subcommittee of the House Energy and Commerce Committee, which is investigating whether company tactics used to determine the source of news leaks to its board were illegal. … Wilson Sonsini 'is working with Akin Gump, under the leadership of former Congressman Bill Paxon and Mike Madigan to help understand the congressional process,' firm spokeswoman Courtney Dorman said in an e-mail."

Sentencing Of Ex-Homestore CEO Delayed. Inman News (9/26) reports, "Sentencing for Stuart Wolff, the former CEO of Homestore Inc. who was convicted in June on charges ranging from conspiracy to fraudulent insider trading, has been delayed until at least Oct. 10." Inman continues, "Assistant U.S. Attorney Michael R. Wilner said today, 'At the defense's request, the hearing has been postponed' and could be delayed until Oct. 10 or Oct. 16." Inman adds, "Wolff, 43, reportedly faces a maximum statutory sentence of 175 years in federal prison for the crimes at Homestore, now known as Move Inc. The company operates popular home-search Web site Realtor.com. … Wolff served as CEO and chairman of the board at Homestore from 1997-2002, when he resigned during an internal investigation. A jury found Wolff guilty of conspiracy, filing false statements with the U.S. Securities and Exchange Commission, lying to accountants, fraudulent insider trading, and falsification of corporate books and records. … He had originally been scheduled for sentencing Sept. 11."

Former Hedge Fund Manager Charged With Insider Trading. The Washington Post (9/26, D4, Masters) reports, "A former hedge fund manager has been charged with criminal insider trading for allegedly profiting from confidential information she had received from Arlington investment firm Friedman Billings Ramsey Group Inc. Hilary L. Shane, 39, was indicted earlier this month on five counts of securities fraud, and she was arraigned on Monday in U.S. District Court in Manhattan. She pleaded not guilty." Shane "has already paid $1.45 million to settle a civil investigation by the Securities and Exchange Commission and been banned from the industry by the NASD. Her lawyer, Robert Gold, declined to comment outside of the courtroom."

The New York Times/Bloomberg (9/26) reports that Shane "pleaded not guilty yesterday to illegally short selling shares of CompuDyne hours before the company announced a private share offering." Bloomberg continues, "An indictment said that Hilary L. Shane, 39, bought shares for herself and her clients, agreeing to keep the offering secret until it was announced. Hours before the announcement in 2001, Ms. Shane sold 122,900 CompuDyne shares short for about $14.59 apiece, according to the indictment, which was dated Sept. 12 and unsealed Thursday." Bloomberg adds, "Weeks later, Ms. Shane used shares she had bought in the private offering for $12 each to return the borrowed shares, making a profit of $315,216 for herself and her clients, prosecutors said. Ms. Shane, of Jupiter, Fla., made her plea before Magistrate Judge Henry Pittman of Federal District Court in Manhattan. She was released without bail, and her next court date is Oct. 10, a Justice Department spokeswoman said. A call to CompuDyne, a security system company based in Annapolis, Md., was not returned. … In May 2005, Ms. Shane paid more than $1 million in fines and restitution to settle a Securities and Exchange Commission lawsuit arising from the same transactions, without admitting or denying the accusations, the S.E.C. said."

Scrushy Lawyers Say Jurors Discussed Case In E-Mails. In a motion seeking a new trial for HealthSouth Corp. founder and former chief executive Richard Scrushy say some of the jurors in his corruption trial discussed the case in e-mails before convicting him. The Wall Street Journal (9/26, McKay, Bauerlein) reports, "The motion, filed yesterday in U.S. District Court in Montgomery, Ala., by lawyers for Mr. Scrushy and former Alabama Gov. Donald Siegelman, included copies of four emails that the attorneys said were sent to them anonymously, as well as an affidavit from an unidentified juror alleging that some jurors had introduced information about the case to other jurors that they had gotten off the Internet." US District Judge Mark Fuller "admonished jurors repeatedly throughout the trial not to discuss the case among themselves outside of formal deliberations. On May 29, a month before Mr. Scrushy's conviction, one juror, using a Google g-mail account, wrote to another that 'some of the kounts r confusing 2 our friends' and that two other jurors were 'still off trac.' On June 25, an email from the same Google g-mail account said that 'penalty 2 severe ... still unclear on couple of counts against pastor &

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gov.' The term 'pastor' appears to refer to Mr. Scrushy, who has a religious cable TV show."

Ebbers To Report To Federal Prison Today. WorldCom founder and former CEO Bernie Ebbers will report to federal prison today to being serving a 25-year sentence for accounting fraud. USA Today (9/26, O'Donnell) reports, "It could be a life sentence for Ebbers, who is 65. It's the harshest sentence in the recent wave of white-collar convictions and is being contested by Ebbers' defense lawyer, Reid Weingarten. But Ebbers was ordered to report to prison anyway." USA adds, "Bureau of Prisons officials on Monday would not say where Ebbers will be sent. But because of the sentence length, Ebbers won't be going to a prison camp. Minimum-security prison camps have a more campuslike atmosphere, and inmates are allowed to move somewhat freely on the grounds."

Fastow To Help Prosecutors Pursue Bankers In Enron Case. The Washington Post (9/26, D1, Johnson) reports that Former Enron Corp. finance chief Andrew S. Fastow "has agreed to assist lawyers representing shareholders who lost billions of dollars when the energy trader filed for Chapter 11 bankruptcy protection in December 2001, according to documents reviewed by The Washington Post." Fastow "is pointing to several investment banks that have rebuffed efforts to settle a class-action shareholder lawsuit. The banks, all of which have denied wrongdoing in court filings, include Merrill Lynch & Co., the Credit Suisse Group, and the Royal Bank of Scotland Group PLC." Fastow "has consented to sit for an extensive deposition with plaintiff lawyers to tell them what he knows and to point them to documents that flesh out the bankers' role in helping Enron in exchange for hundreds of millions of dollars in fees, the documents indicate."

FBI Cracking Down On Options Fraud. Bloomberg (9/26, Schmidt) reports, "The FBI is conducting probes of 52 companies that may have illegally backdated stock options and more cases are on the way, its new criminal investigative chief said." Bloomberg continues, "The number of criminal cases has increased 16 percent in less than two months, said Chip Burrus, an assistant director of the Federal Bureau of Investigation. 'We're going to knock that pretty good,' he said in an interview. 'We're going to go after those.'" Bloomberg adds, "Burrus signaled the Justice Department will oppose efforts to water down the corporate-governance overhaul adopted in the wake of the scandals involving Enron Corp., WorldCom Inc. and others. In the interview, he praised the 2002 Sarbanes-Oxley accounting law, which has been under attack from business groups and Wall Street, and said the FBI is paying close attention to fraud in the $1.2 trillion hedge-fund industry. … The FBI is investigating 486 corporate fraud cases this fiscal year, up from 423 in 2005, according to the agency. It has also opened 1,160 securities fraud probes, compared with 1,139 last year. Twenty of the bureau's corporate-fraud cases allegedly involve more than $1 billion. … The bureau works closely with the Securities and Exchange Commission, U.S. attorneys' offices, the Justice Department's fraud section and other agencies. … Burrus's comments echo those of Deputy Attorney General Paul McNulty, who said in a June 29 interview that corporate fraud remains a priority for the Justice Department."

Fleming Cos. Ordered To Pay $3 Million In Claims, Interest And Attorney Fees. The Washington Post (9/26, D1, Skrzycki) reports in its "The Regulators" column that the estate of Fleming Cos. Has "balked at claims, totaling some $1.6 million, of H.J. Heinz Co., J.R. Simplot Co. and Cavendish Farms on the grounds that their product -- frozen french fries -- shouldn't be covered by an arcane U.S. Department of Agriculture regulation that falls under the Perishable Agricultural Commodities Act. The law lets agribusiness suppliers collect first in such cases as long as they provided fresh vegetables. That can mean the difference between getting paid in full or standing with the unsecured creditors and getting pennies on the dollar. The fries folks had lost claims in earlier bankruptcy cases, so they succeeded in getting 'batter and coating' added to the list of processes allowed in the rule governing what constitutes 'fresh' vegetables. A Sept. 14 ruling by a federal judge in Delaware, following earlier court precedents in Texas, handed victory to the frozen spuds industry. It ordered Fleming to pay the three companies some $3 million in claims, interest and attorney fees."

Judge Delays Sale Of Segal Estate. The Chicago Tribune (9/26, Flynn) reports, "A federal judge on Monday gave prosecutors more time to accept offers for the Highland Park estate of convicted insurance executive Michael Segal after an attorney for a developer who won an auction to buy the property expressed concerns about a potential federal historic review process. … US District Judge Ruben Castillo gave prosecutors, who are seeking to recoup part of the $30 million Segal was ordered to forfeit after his 2004 conviction on racketeering, fraud, embezzlement and other charges, until Oct. 3 to consider other offers. Castillo has not ruled on whether proceedings for historic properties would apply to the Segal property."

SEC Database To Undergo $54 Million Upgrade. The Wall Street Journal (9/26, Burns, Scannell) reports, "Securities regulators are planning a $54 million upgrade of the computer database on corporate financial reports that officials say will revolutionize the public-disclosure system.

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The Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system, known as Edgar, will be transformed and likely will be renamed, said SEC chief Christopher Cox. … For more than a year, Mr. Cox has been pushing interactive data as a way to change how companies communicate information to investors. Mr. Cox hopes to see some changes in six months, with the entire financial-reporting system overhauled within 18 months."

Firms Ousting CEOs At Record Pace. Bloomberg (9/26, Kelly) reports, "Chief executive officers are falling faster than ever this year. In just the first 12 days of September, leaders at Bristol-Myers Squibb Co., Ford Motor Co. and Viacom Inc. were deposed -- fueling the breakneck pace in which one CEO departs every six hours." Bloomberg continues, "U.S. companies are on track to fire or lose a record 1,400 chiefs in 2006, up from 1,322 last year and 663 in 2004, says executive recruiting firm Challenger, Gray & Christmas Inc. in Chicago. From Sun Microsystems Inc. and Pfizer Inc. to Kraft Foods Inc. and RadioShack Corp., most types of firms have felt the rash of CEO departures." Bloomberg adds, "Chiefs are being pushed out the door as directors abandon their laissez faire approach to governance following the prosecutions at Enron Corp., WorldCom Inc. and other companies. About 96 percent of companies in the Standard & Poor's 500 Index now have independent lead or presiding directors, up from 36 percent in 2003, says a survey by Spencer Stuart Inc., an executive search firm in Chicago. … 'Boards are under a lot more pressure, and they're being hypervigilant,' says Donald Hambrick, a management professor at Pennsylvania State University's Smeal College of Business in University Park. 'They are cleansing.' … For a price. The average severance package for a departing CEO totaled about $16 million in the past three years, according to the Corporate Library, a governance watchdog group in Portland, Maine."

WPost Says Amaranth Shows Danger And Safety Of Hedge Funds. An editorial in the Washington Post (9/26, A20) says the "spectacular trouble at Amaranth Advisors LLC, a medium-size hedge fund that specialized in energy trading, did not roil the financial markets or destabilize the banking system. … Amaranth's story illustrates both the danger and the safety of hedge funds. … Because they can invest in anything and can bet on declines in prices as well as increases, hedge funds scour the world for illogically priced assets, and their buying or selling moves prices to a rational level. Hedge funds that believe markets are overvalued can slow the inflation of a dangerous bubble. Hedge funds that believe markets are undervalued can push prices up, reducing the cost of capital to firms. Mutual funds, which don't bet against the market and which mainly aim for average performance, contribute far less to this process of price discovery, which allocates the world's savings to the countries, companies and individuals who are likely to use it best."

CRIMINAL LAW:

"Girls Gone Wild" Founder Pleads Guilty To Record-Keeping Violations. The Los Angeles Times (9/26, Hoffman) reports, "Joe Francis, the founder and chief executive of the 'Girls Gone Wild' empire, pleaded guilty Monday to two felony counts of violating federal record-keeping laws by failing to document the ages of young women in his racy videos." The Times continues, "The pleas in U.S. District Court in Los Angeles were the result of an agreement announced this month between Francis and the Justice Department after an investigation into whether his Santa Monica companies filmed minors." The Times adds, "Francis agreed to personally pay a $500,000 fine to settle charges that he failed to keep records of the ages and identities of the women who appeared in his soft-core sex videos. Francis earlier this month acknowledged that footage of minors engaging in sexually explicit conduct appeared in at least two DVDs he released. … Francis' Mantra Films Inc. pleaded guilty this month in Panama City, Fla., to 10 felony counts stemming from the same violations and agreed to pay $1.6 million in fines. … MRA Holdings Inc., another company owned by Francis, entered into a so-called deferred prosecution agreement under which the government would dismiss all charges if MRA abided by the accord for three years and hired an outside monitoring company."

The AP (9/26) reports, "Outside court, Francis told reporters he thought the chances are 'pretty slim' that the judge would reject the deal. … 'We are thrilled to have this stuff behind us,' Francis said." The AP adds, "Francis' attorney, Aaron Dyer, said underage girls who had appeared in the videos had lied about their age to the company. … Francis' Santa Monica-based company, Mantra Films Inc., pleaded guilty earlier this month in U.S. District Court in Florida on similar charges. According to court papers, Mantra Films admitted to violating record keeping and labeling laws while producing and distributing the videos during all of 2002 and part of 2003. … Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines. It must also hire an outside company to monitor its records and production facilities to ensure compliance with federal law."

Judge Backs FBI Search Of Coca-Cola Executive's Home. In a widely-distributed story, the AP (9/26, Weber) reports, "A federal magistrate judge has recommended that a former Coca-Cola employee's request

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to throw out evidence seized from her in a trade secrets theft case be denied. U.S. Magistrate Judge Gerrilyn Brill said in a report dated Thursday but not entered until Monday that investigators had sufficient probable cause to search Joya Williams' home, and therefore, evidence seized should not be suppressed. The recommendation to deny Williams' motion goes to a federal district judge for a final decision." The AP notes, "Williams' lawyer, Janice Singer, had filed a motion asking a judge to suppress evidence seized from her client's…home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home." The Atlanta Journal-Constitution (9/26, 399K) also reports on the ruling in "Daily Briefing."

World Gaming Officials Resign Amid Widening Online Gambling Probe. The Financial Times (9/26, Blitz) reports, "A retired lawyer in the US who served under former US President George H.W. Bush resigned yesterday as chairman and director of an online gambling company, highlighting fears among executives in the sector that they face arrest by travelling to the US or other countries taking a tough line against gambling." The Times continues, "World Gaming, an Aim-listed company whose operations are almost entirely US-facing, announced the resignation of James Grossman, along with that of Clare Roberts, a fellow non-executive director, after a board meeting of the company, which has offices in Antigua, London and Vancouver." The Times adds, "Mr Grossman, 66, a former practising attorney, was a special representative for the United Nations Development Programme and was appointed by former President Bush in 1992 to the US Foreign Claims Settlement Commission. … The resignations come at a critical time for the gaming industry, hit in the past two months by the arrest in the US and France of four senior executives and non-executives on various anti-gambling charges. … Senators are engaged in a struggle over a bill to tighten US laws against gambling."

US Fails To Win Convictions In Pellicano-Related Perjury Trial. The Los Angeles Times (9/26, Krikorian, 918K) reports, "In a setback for government prosecutors, a federal jury in Los Angeles on Monday acquitted a former SBC employee on four felony counts of lying about her contacts with a central figure in the wiretapping case against onetime Hollywood private investigator Anthony Pellicano." The jury "also told U.S. District Judge Dale S. Fischer that it was deadlocked on a fifth perjury count against Joann Wiggan of Burbank, who was fired in March after 34 years with…AT&T." Wiggan's lawyer, David R. Reed, "celebrated outside the courtroom as a speechless federal prosecutor and several FBI agents looked on. He compared Wiggan's acquittal after seven hours of deliberation 'to David beating Goliath.'" The Times notes that the US attorney's office "sought to distance Monday's courtroom loss from the larger Pellicano case," but "with the same judge, prosecutors and agents involved in the pending Pellicano racketeering case, several legal observers saw the verdict Monday as a clear setback for the government."

Gotti's Mother Lashes Out At Prosecutor As Jurors Continue Deliberations. Newsday (9/26, DeStefano) reports, "The fur flew at the racketeering trial of John A. Gotti when his mother had sharp words for a woman prosecutor as the jury continued its deliberations. As assistant U.S. attorney Miriam Rocah was exiting the well of the courtroom yesterday, Victoria Gotti…stunned the quiet courtroom with a remark to the prosecutor. 'Who the hell do you think you are talking to?' said Victoria Gotti. … Outside the courtroom, the elder Victoria Gotti explained that Rocah gave her a disrespectful remark in court that shocked her." Newsday adds, "After lunch yesterday, the jury sent out a note asking for clarification on two legal points. In one question the jury wanted to know the standard by which the government had to prove Gotti was part of the charged racketeering conspiracy. The jury also questioned whether Gotti had to prove that he left the Gambino crime family by July 21, 1999 or just the specific conspiracy charged in the indictment."

Three Arrested In Massachusetts Mob Gambling Investigation. The Boston Herald (9/20, Sweet, 203K) reported, "Reputed mob boss Arthur Gianelli's bride and two alleged members of his crew were arrested…in connection with a 520-count federal indictment charging their alleged criminal enterprise with illegal gambling, extortion and arson. Mary Ann Gianelli, 49, an MIT nurse and the sister-in-law of convicted ex-FBI Agent John Connolly Jr., turned herself in to state and federal authorities after reputed loan shark Philip Puopolo was busted at the Revere Businessmen's Association by the state police Organized Crime Unit." The Herald noted Puopolo allegedly "operated a sports betting office for Arthur Gianelli, 49, of Lynnfield and threatened witnesses to lie to a grand jury. Gianelli's gang reportedly pays 'rent' to the New England Mafia in order to stay in business."

The AP (9/20) reported, "Gianelli and three other men allegedly plotted to burn down a sports bar in an attempt to intimidate the owner into selling them another bar, federal prosecutors said. … A total of 13 people are charged in the gambling case. The new indictment dropped three defendants who have pleaded guilty and are awaiting sentencing."

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Washington State Inmate Charged With Threatening Judges. The AP (9/26) reports, "A man about to be released from state prison after serving several years for harassing a judge has been charged with sending a threatening letter to federal judges in Tacoma." Charles Gary Felts "was charged with mailing threatening communications to U.S. Magistrate Judge J. Kelley Arnold and U.S. District Judge Ronald B. Leighton, in which he said 'the people need to delcare marshal (sic) law ... and shoot any and all of you filth on sight or stench.' The letter was sent in June as part of a civil rights claim Felts is pursuing in federal court in Tacoma, aspects of which have come before the judges." The AP notes, "In charging papers made public Monday, FBI Special Agent Ryan Bruett said Felts admitted sending the letter," but he "signed a statement saying he did not mean to threaten anyone, Bruett said. The letter was a 'metaphor' designed to 'wake them up and make them think,' Felts wrote."

Miller Seeks Criminal Probe Of Reading Program. Bloomberg (9/26, Basken) reports, "A Democratic congressman called for a criminal investigation after an audit found that a $1 billion federal program to improve reading among grade-school children was run by staff who steered contracts to favored publishers." Bloomberg continues, "The Education Department's inspector-general last week recommended an overhaul of the 'Reading First' program, part of the 'No Child Left Behind' law, including removing directors and reviewing the propriety of their contract awards. … 'The inspector-general's report raises serious questions about whether Education Department officials violated criminal law, and those questions must be pursued by the Justice Department,' said Representative George Miller of California, the top-ranking Democrat on the House Education Committee." Bloomberg adds, "Miller, in his statement, called the audit part of pattern in which the Education Department under President George W. Bush 'has repeatedly run afoul of ethical standards.' … Miller's office also cited an independent analysis published last year by the Washington-based American Institutes for Research that found the program favored by Reading First directors, a product of the McGraw-Hill Companies Inc., was one of only two programs to receive AIR's highest rating."

US Indicts Former GUEA Directors With Fraud, Tax Violations. The AP (9/26) reports, "A federal grand jury (in Gary, IN) indicted two former directors of the Gary Urban Enterprise Association and issued new tax charges against the group's previously indicted former executive director and former fiscal manager, federal prosecutors said Monday." The AP continues, "Former directors Johnnie Wright, 76, and Derrick Earls, 51, both of Gary, have been charged with 10 counts of mail fraud, one count of conspiracy and one count of federal program theft, the Justice Department said in a news release. … Former Director Jojuana Meeks and the group's former fiscal manager, Charmaine Pratchett, were indicted on identical charges in June, accused of embezzling more than $800,000 to pay for cars, trips and funeral expenses." The AP adds, "Wright and Earls were expected to surrender Tuesday, when they are due to have their initial hearings on the charges, said Mary Hatton, a spokeswoman for U.S. Attorney Joseph Van Bokkelen. … The two served as directors from 1999 to 2004 for the group, which was created to attract new investment to the Gary area. … A superseding indictment in the case also charged Meeks with four counts of tax evasion for not filing tax returns for the years 2000 to 2004. It charged Pratchett with four counts of filing false tax returns for the same years."

Jurors In Katrina Bus Case Will Not Hear About Deadly Blaze. The Houston Chronicle (9/26, Pinkerton) reports, "Jurors today (in McAllen, TX) will hear about maintenance and safety practices of charter bus company Global Limo Inc. but not about the bus fire that killed 23 nursing home residents evacuated from Houston last year as Hurricane Rita bore down." The Chronicle continues, "U.S. District Judge Ricardo Hinojosa granted a defense motion to limit testimony to alleged mismanagement that occurred during a four-month period before last year's accident. … James H. Maples, president and director of Pharr-based Global, faces charges he falsified driver time records and failed to adequately inspect and maintain his fleet of buses. The company was shut down for safety violations two weeks after the September 2005 accident." The Chronicle adds, "Lawyers for Maples, a 67-year-old retired NFL player, have said that he looks forward to clearing his name. … An eight-woman, four-man jury was selected late Monday after two hours of questioning." The Chronicle notes, "During jury selection, Justice Department prosecutors informed the court they plan to call Juan Robles Gutierrez, an undocumented immigrant from Monterrey who was driving the bus when the fire erupted near Dallas. His family has said Robles did all he could to stop the fire, but oxygen bottles needed by many elderly nursing home residents exploded as the fire spread from a rear wheel well. … Based on the judge's statements Monday, it appears testimony from Robles will be limited to his experiences with the company before the accident. … Robles was arrested on an immigration charge — unlawful entry to the U.S. — shortly after the accident, but he has been allowed to remain in Texas to testify."

Sister Of Connecticut Drug Lord Charged With Lying About 1996 Murder. The Connecticut Post (9/26, Mayko) reports, "The sister of admitted drug lord

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Frankie Estrada is under arrest and indictment for lying to the federal grand jury investigating the 1996 murder of a local prostitute." The Post continues, "Frances Estrada, 44, was arrested recently in Greenville, N.C., where she now lives. Federal marshals on Monday brought her into U.S. Magistrate Judge William I. Garfinkel's courtroom, where she pleaded not guilty to four perjury charges — each carrying a maximum five-year prison term. … At the request of Assistant U.S. Attorney Karen Peck, Garfinkel ordered Estrada detained without bond pending a hearing Wednesday." The Post adds, "The indictment lleges that Estrada committed perjury while appearing before a federal grand jury in New Haven on May 10, 2005. At the time, the grand jury was investigating the Jan. 30, 1996, murder of Aida Escalara. .. . The indictment accuses Frances Estrada of lying to the grand jury when she denied knowing Escalara or seeing her on the night of the murder. … It further alleges she lied while denying knowing Eddie Mercado and Billie 'The Kid' Gomez, Escalara's convicted murderers. … Finally, the indictment accuses Frances Estrada of lying by telling the grand jury that her daughter, Star, was not living with her at the time of the murder."

Unfamiliarity With Legal Principles Common In New York's Justice Courts. The New York Times (9/26, Glaberson) reports, "An unfamiliarity with basic legal principles is remarkably common in what are known as the justice courts, legacies of the Colonial era that survive in more than 1,000 New York towns and villages. For generations, justices have hailed them as 'poor man's courts,' where ordinary people can get simple justice with little formality or expense. But there are few more vivid spots to view their shortcomings than here in one of New York's poorest corners: Franklin County, a place of rugged beauty on the Canadian border where only one of the 32 local justices is a lawyer. The county's justices have repeatedly drawn the attention of state judicial conduct officials, with 15 publicly disciplined since the late 1970's, some twice."

Virginia Police Chief Seeks To Protect Kids From Internet Predators. A front page story in the Washington Post (9/26, A1, Markon) reports on Chief Calvin Johnson of the Dumfries, Virginia police. Around town, Johnson, "is known by his first name. His 14 officers handle the usual traffic crashes, fights and domestic violence calls, but anything more serious -- homicides, robberies -- is sent to Prince William police. County police also investigate all sex crimes. Chapman vowed to change that. … So, with support from the chief, he attended a one-week training course run by the Northern Virginia/Washington, D.C. Internet Crimes Against Children task force, which helps local police fight Internet predators. When he returned in July, he told the chief he'd work part time and come in on his days off. All he needed was a laptop. Chapman was issued a blue Toshiba laptop, and he set up shop on his desk in the corner of the squad room, known as 'the bullpen.' In July, he went online, posing first as a 14-year-old girl. He was inundated with propositions from older men."

CIVIL LAW:

DOJ Appeals Order To Release NRO Budget Documents. The Federal Times (9/26, Friedman) reports, "The Justice Department is appealing a federal court order requiring the National Reconnaissance Office to release unclassified budget documents." The Times continues, "The Federation of American Scientists filed a Freedom of Information Act request last year for parts of the fiscal 2006 budget justification sent to Congress by NRO, which builds and operates intelligence satellites. NRO rejected the request, claiming that the relevant documents are "operational files," which document scientific and technical means for collecting information. Intelligence agencies can exempt operational files from FOIA. .. . But a federal judge ruled in July that the exemption did not apply to the NRO budget documents. According to Steven Aftergood, director of the FAS Project on Government Secrecy, NRO initially said it would comply with the decision." The Times adds, "On Sept. 20, however, the Justice Department filed a notice of appeal in U.S. Court of Appeals for the District of Columbia Circuit. … Justice spokesman Charles Miller confirmed the notice of appeal was filed, but declined to comment on its substance or on FOIA policy."

Judge Rules Suit Over "Light" Cigarettes Can Proceed. ABC World News (9/25, story 9, 0:15, Gibson) reported, "A Federal Judge today dealt a huge blow to big tobacco in a lawsuit over light cigarettes. The judge is allowing the case to go ahead as a class action lawsuit brought by smokers who claim tobacco companies duped them into thinking they were safer."

The Financial Times (9/26, Foster) reports, "A US federal judge on Monday dealt a blow to the tobacco industry when he ruled a case involving the big cigarette makers and tens of millions of smokers of 'light' cigarettes could proceed to trial as a national class action. The Schwab claim – filed in 2004 under the federal Racketeer Influenced and Corrupt Organisations Act (Rico) – alleges cigarette companies defrauded smokers into believing "light" cigarettes were safer than regular ones. The class includes anyone in the US who bought cigarettes that were labelled 'light' or 'lights' between 1971 and 2006. Lawyers are seeking as much as $200bn (£105bn) in damages, which would automatically be tripled under Rico."

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The Wall Street Journal (9/26, O'Connell) reports, "U.S. District Judge Jack B. Weinstein in Brooklyn, N.Y., made the pretrial ruling yesterday in a 2004 lawsuit alleging that Philip Morris USA, Reynolds American Inc.'s R.J. Reynolds Tobacco Co., and Loews Corp.'s Lorillard Tobacco unit, among others, falsely marketed 'light' and 'low-tar' cigarettes as a lower-risk alternative to conventional higher-tar smokes."

USA Today (9/26, Smith) reports, "At issue, Weinstein said, 'is not whether a fraud case can be proven, but whether damages can be' calculated for smokers who allegedly were unaware of a fact the tobacco companies have known since the late 1960s: Consumers of low-tar cigarettes smoke more intensively to compensate for their nicotine addictions, putting them at elevated health risks. Plaintiffs' attorney Michael Hausfeld, who built the smokers' legal claims around a federal racketeering statute, said he will prove damages of $26 billion to $200 billion through statistical models that estimate how much Americans allegedly were overcharged for 'light' cigarettes and how much faster they would have quit smoking had not 'light' cigarettes been marketed so effectively since the early 1970s."

The New York Times (9/26, Johnston, Warner) calls the decision a "legal blow to the tobacco industry." The Times adds, "The decision, coming at a time when the tobacco industry felt it was on a legal winning streak, raises the possibility that so-called lights cases will become a major threat to the companies and expose them to potentially significant damages."

The Washington Post/AP (9/26, D2, Hays) reports, "Shares of tobacco firms fell on Wall Street as the ruling, granting class-action status to the case, clouded what had appeared to be an improving legal environment for the industry. Altria Group Inc., the parent of the nation's largest cigarette maker, Philip Morris USA Inc., said the ruling will delay its long-awaited restructuring plan, which includes a divestiture of its controlling stake in Kraft Foods Inc."

The New York Law Journal (9/26, Perrotta) reports, "In his ruling Monday, the judge stressed that while the suit was far from perfect, the evidence warranted that it proceed. … 'While evidence of fraud on the class appears to be quite strong -- and defendants have been less than candid in insisting that there was no fraud -- evidence of the percentage of the class which was defrauded and the amount of economic damages it suffered appears to be quite weak -- and plaintiffs have been less than candid in failing to acknowledge that deficiency in their proof,' the judge wrote." The Journal adds, "He said the jury system -- which he described as the 'ultimate focus group of the law' -- was well equipped to sort out the particulars in accordance with Amendment VII of the U.S. Constitution. … 'The jury's power and capacity to deal with complex facts and come to a reasonable resolution of a dispute should not be underestimated,' Weinstein said."

CNN's The Situation Room (9/25, 4:50 p.m.) reported, "It's been called a big blow to tobacco. A federal judge in New York is allowing millions of light cigarette smokers to join in a class action lawsuit. The suit claims nine tobacco companies duped smokers into believing light cigarettes were safer than regular cigarettes. An attorney says the judge's ruling makes this the largest class action lawsuit in U.S. History. The defendants RJ Reynolds tobacco and Phillip Morris plan to appeal."

The decision by a New York federal judge to allow millions of light cigarette smokers to sue cigarette makers received moderate coverage by local newscasts. Overall, the ruling was seen as a big blow to tobacco industry, which said it is going to appeal the judge's decision. Some examples: NC8-TV Washington, DC, (9/25, 10:47 a.m.) reported, "Smokers of light cigarettes, won't be taken lightly in federal court. Today a Brooklyn judge granted class action status to tens of millions of smokers, in a potential 200-billion- dollar suit against tobacco heavyweights Philip Morris and RJ Reynolds, among others. The lawsuit says the defending companies have been duping smokers since the early 70s into believing 'light' brands were safer. The tobacco industry argued unsuccessfully that it's impossible to know individual smokers' motives."

KDFW-TV Dallas, (9/25, 10:19 a.m.) reported, "A federal judge has ruled tobacco companies can be sued by a large group of smokers who satisfied their habit with light cigarettes. The group could personally include tens of millions of the class action lawsuit worth up to 200 billion dollars. Tobacco companies are allegedly duping smokers into believing the brand labeled light was safer."

WWBT-TV Richmond, (9/25, 4:17 p.m.) reported, "The decision was based on a 2004 law lawsuit alleging that Phillip Morris and others fooled consumers and responded to the mounting health concerns with a campaign of lies designed to save money. Phillip Morris says they will appeal. Until that is decided anyone that purchased cigarettes labeled 'Light' after they were put on the market in the early 70s can be part of the lawsuit if it goes forward."

WGN-TV Chicago, (9/25, 8:44 a.m.) reported, "That decision has the potential of costing tobacco companies $200 billion. The suit alleges that cigarette companies mislead smokers into thinking that light cigarettes are safer than regular cigarettes."

KABC-TV Los Angeles, (9/25, 5:26 p.m.) reported, "The suit says smokers were duped by light cigarettes as a low risk alternative even though documents showed they knew the risks were the same. Companies say they plan to appeal."

WGHP-TV Greensboro, (9/25, 6:00 p.m.) reported, "Lawyers for the tobacco companies say it's impossible to determine smokers motives for buying light cigarettes, unless each person was interviewed separately."

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Insurance Adjuster Seeks To Silence Whistleblowing Sisters. The Biloxi (MS) Sun Herald (9/26, Lee) reports, "An insurance adjusting firm wants two whistleblowers to stop talking about claims they handled for State Farm insurance, pay damages for economic harm and return records they turned over to federal and state investigators." The Herald continues, "The company, Alabama-based E.A. Renfroe, said sisters Cori and Kerri Rigsby also gave copies of the records to attorney Richard 'Dickie' Scruggs, whose Scruggs Katrina Group intends to profit from lawsuits filed against State Farm." The Herald adds, "Renfroe is suing the Rigsbys, insurance adjusters who claim State Farm manipulated engineering firms to minimize or deny policyholder claims. Renfroe said the Rigsbys breached their employment contract and violated the Alabama Trade Secrets Act by turning over confidential records to federal and state investigators and to Scruggs, for whom they are now working. … Renfroe wants a federal judge in Alabama to stop the Rigsbys' disclosures, award Renfroe damages for breach of contract, allow Renfroe to recover any profits the Rigsbys or Scruggs receive from the records, and award extra damages against the Rigsbys." The Herald notes, "The Rigsbys worked from the late 1990s until the spring of 2006 for Renfroe, which State Farm hired to help adjust its claims. Renfroe assigned the Rigsbys, who are from Ocean Springs, to work for State Farm. … The sisters said they left their adjusting jobs because of the wrongdoing they discovered and documented from State Farm claims files. They have accused State Farm of manipulating engineering firms to supply reports attributing hurricane damage to water, covered by national flood insurance, rather than wind, covered under State Farm policies."

AOL Sued Over Release Of Search Data. The AP (9/26, Jesdanun) reports, "Three AOL subscribers who suddenly found records of their Internet searches widely distributed online are suing the company under privacy laws and are seeking an end to its retention of search-related data." The AP continues, "The lawsuit is believed to be the first in the wake of AOL's intentional release of some 19 million search requests made over a three-month period by more than 650,000 subscribers, including the three plaintiffs - two unnamed Californians and Kasadore Ramkissoon of Richmond County, New York." The AP adds, "Filed Friday in U.S. District Court in Oakland, California, the lawsuit seeks class-action status. It does not specify the amount of damages being sought. … AOL already has apologized for the release, which it blamed on a researcher who had failed to gain proper clearances. The researcher and another AOL employee have been fired, and the company's chief technology officer has resigned. AOL also pledged to name its first chief privacy officer."

CIVIL RIGHTS:

FBI Investigating Possible Arizona Hate Crime. The Arizona Republic (9/26, Arnold) reports, "FBI agents have joined a Gilbert police investigation into a possible hate crime in which a Black Barbie doll was found hanging by its neck in the car of an African-American woman. The 24-year-old woman found the doll July 8 after leaving the vehicle unlocked overnight at her apartment complex in the 1300 block of West Juniper Avenue, according to police. The act potentially specifically targeted the victim, which could warrant federal charges should investigators determine it was motivated by the victim's race, said Special Agent Deborah McCarley, an FBI spokeswoman. Federal agents learned of the investigation through news media and have been assisting police for several weeks to determine whether federal charges are warranted, McCarley said."

Veteran ACLU Supporters Seek Ouster Of Group's Leadership. The New York Times (9/26, Strom, 1.21M) reports, "More than 30 longtime supporters of the American Civil Liberties Union are calling for the ouster of the organization's leadership, saying it has failed to adhere to the principles it demands of others and thus jeopardized the organization's effectiveness." The statement "does not name individual officials that the group wants to see removed, but in the past, criticism has been focused" on Executive Director Anthony Romero, Board of Directors President Nadine Strossen, and members of the executive committee.

Republicans, Democrats At Odds Over Voter ID Laws. The New York Times (9/26, Purnick, 1.21M) reports on the "spreading partisan brawl over new and proposed voting requirements around the country. Republicans say the laws are needed to combat fraud, especially among illegal immigrants. Democrats say there is minimal fraud, if any, and accuse Republicans of suppressing the votes of those least likely to have the required documentation — minorities, the poor and the elderly — who tend to vote for Democrats." Democrats say that in "tight races…the loss of votes could matter in November." In Maricopa County, Arizona's "largest in population, election officials said that 35 percent of new registrations were rejected for insufficient proof of citizenship last year and that 17 percent had been rejected so far this year. It is not known how many of the rejected registrants were not citizens or were unable to prove their citizenship because they had lost or could not locate birth certificates and other documents."

Spellings Letter Encourages Public School Teachers To Celebrate Christmas. The Washington

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Times (9/26, McCaslin, 88K) reports in its "Inside the Beltway" column, "Say you teach in a public school and you want to celebrate Christmas in your classroom with like-minded students, what's a teacher to do? Go right ahead, says Education Secretary Margaret Spellings. We've come across a letter sent to the secretary by a teacher named Karen in Salt Lake City. She writes: 'I'm so frustrated with the U.S. trying to get "Christmas" out of our vocabulary. In a Fox News poll, 96 percent of Americans, people of all faiths, celebrate Christmas. So, my question is: What are we allowed to teach and say in school?'" Spellings replied: Christmas is one of the great joys of the year for many Americans of all ages. In fact, Congress recognized Dec. 25 as a public holiday in 1870. Schools and teachers traditionally have celebrated the secular aspects of Christmas and are free to do so today."

Tierney Criticizes "Pre-Ordained Conclusion" Of NAS Report On Discrimination In Sciences. In his New York Times (9/26, 1.21M) column, John Tierney writes, "I've slogged through enough reports from the National Academy of Sciences to know they're often not shining examples of the scientific method. But -- call me naïve -- I never thought the academy was cynical enough to publish a political tract like 'Beyond Bias and Barriers,' the new report on discrimination against female scientists and engineers." Tierney says the report had a "pre-ordained conclusion: academia must stop favoring male scientists and engineers." The report "says that women are discouraged from going into science because of social pressure and 'unintentional' and 'unconscious' biases -- which may well exist." But the committee that wrote the report "is so determined to blame everything on discrimination that it dismisses other factors without giving them a fair hearing."

ANTITRUST:

Consumer Groups Urge Limits On Proposed AT&T-BellSouth Merger. The Atlanta Journal-Constitution (9/26, Geewax) reports, "Consumer advocates and civil libertarians demanded Monday that regulators refrain from approving AT&T's purchase of BellSouth unless the phone companies accept tough restrictions on their $67 billion deal." The AJC continues, "Last week, Federal Communications Commission Chairman Kevin Martin recommended that the merger be approved, perhaps as soon as the FCC's regular meeting Oct. 12, according to published reports based on unidentified agency sources. Such approval would be unusual, because the Justice Department has not completed its review of the proposed merger's impact on consumers and competition. … While the two phone companies want the FCC to move quickly, consumer groups say regulators should not rush to sign off on a combination that could affect consumers for decades. … 'This merger will haunt the consumer,' Mark Cooper, research director at the Consumers Federation of America, said in a conference call with reporters. When the combined companies strengthen their grip on the marketplace, he said, 'they will use it against the public.'" The AJC notes, "The merger would allow Texas-based AT&T to extend its reach across the South to control nearly half the nation's phone lines, spreading over 22 states. It also would gain full control of Cingular Wireless, the nation's largest wireless service provider. .. . Consumer groups belonging to the Competition Coalition called on regulators to impose restrictions on the new telecom giant."

Legislative Obstacles Remain For Texas Airfield Bill. The Dallas Morning News (9/26, Reddy) reports, "With four days to go before a congressional recess, Texas lawmakers were still hammering out strategies late Monday to get their Wright amendment legislation past detractors in each chamber." The News continues, "A packed congressional schedule is complicating plans for a quick resolution, despite a breakthrough last week, when Sen. Kay Bailey Hutchison won the support of a key senator who had objected to parts of the bill. … The House and the Senate could still pass bills this week that would lift federal flight restrictions at Dallas Love Field, though lawmakers said they were unsure exactly how the procedures would play out." The News adds, "Congress is expected to return for a lame-duck session after the November elections, but passing legislation then would face even more hurdles. … The Wright legislation would clear quickly this week – under a procedure that wouldn't even require a formal recorded vote – if its supporters could overcome the objections of Sen. Patrick Leahy, D-Vt., the ranking member on the Senate Judiciary Committee. … Ms. Hutchison, R-Texas, won over the chairman of the committee, Sen. Arlen Specter, R-Pa., by agreeing to remove a phrase exempting the deal from antitrust laws and replacing it with other protective language. … But Mr. Leahy has not signed off. The rules of the Senate allow a single member to stand in the way of legislation, forcing the sponsor to line up votes to maneuver around the opposition."

Brokers Lining Up As Partners To Traditional Players. The Wall Street Journal (9/26, Lucchetti, Macdonald) reports, "With NYSE Group Inc. working to finalize its deal with Euronext NV and Nasdaq Stock Market Inc. considering whether to buy the 75% of London Stock Exchange PLC it doesn't already own, exchanges look ready to embark on another new chapter, with exchange-like brokers such as Icap PLC and eSpeed Inc. now lining up as possible partners of bigger, more traditional players. These

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firms are lesser-known than the NYSE and the LSE but are key players in the trading of bonds, currencies and derivatives that are increasingly popular among hedge funds, which control a big slice of the trading on Wall Street."

IBM To Publish Patent Filings Online. The New York Times (9/26, Lohr) reports that IBM "will publish its patent filings on the Web for public review as part of a new policy that the company hopes will be a model for others. If widely adopted, the policy could help to curb the rising wave of patent disputes and patent litigation." IBM's new policy "includes standards like clearly identifying the corporate ownership of patents, to avoid filings that cloak authorship under the name of an individual or dummy company. It also asserts that so-called business methods alone — broad descriptions of ideas, without technical specifics — should not be patentable."

United Airlines Retains Bank To Chart Merger Strategy. The AP (9/26, Carpenter) reports, "Speculation that United Airlines may be destined for an eventual merger with another U.S. carrier intensified Monday with its reported hiring of Goldman Sachs & Co. to explore strategic options." The AP continues, "United, a unit of UAL Corp., has been advocating more industry consolidation for years under CEO Glenn Tilton and is in better position since leaving bankruptcy in February to take part in it." The AP adds, "The report Monday by Crain's Chicago Business that United had hired an investment banker appeared to add credence to widespread industry talk that it could merge with a carrier such as Continental Airlines or Delta Air Lines. … 'It seems to show that United is serious about looking further into it -- it's not just remarks by the CEO,' said Standard and Poor's Corp. analyst Philip Baggaley. … Most observers and airlines think industry consolidation is likely at some point, but it's been hard to predict when and with whom." The AP notes, "Tilton has been increasingly signaling the possible involvement of United, the nation's second-largest carrier, in industry consolidation. He said in Chicago last week that the company is on solid footing to participate in the merger and acquisition market following three years of restructuring in bankruptcy, which ended in February."

Loudeye Gets Antitrust Nod For Nokia Buy. The AP (9/26) reports, "Loudeye Corp., a digital music distributor, on Monday said U.S. regulators approved its acquisition by Finnish cell-phone maker Nokia Inc." The AP continues, "Loudeye said it received early termination of the waiting period from the Federal Trade Commission and the Justice Department." The AP adds, "In early August, Nokia said it would buy Loudeye for about $60 million, as a way to expand its mobile digital music offerings. … The deal is expected to close in the fourth quarter, and is still pending shareholder approval and other conditions."

EU Ends Antitrust Immunity For Shippers. The AP (9/26) reports, "European Union governments agreed Monday to open up shipping routes to competition from October 2008, ending a 20-year antitrust immunity law for liner conferences -- groups of shipping companies that strike special trade deals." The AP continues, These scheduled sea freight transport carriers -- grouped in cartels -- have been fixing prices since the 1870s, enjoying immunity from antitrust laws across the world." The AP adds, "The European Commission said the EU economy as whole stood to benefit from lower transport prices and more competitive exports that should result from liberalizing the market. It expects the cost of sea containers to drop after price-fixing falls away. … It will in the future be able to apply antitrust rules to shipping routes -- both scheduled and unscheduled -- to and from Europe and within the same country." The AP notes, "The EU executive said last year that the cartel exemption should be scrapped because shipping had changed considerably over the past 20 years and it no longer needed special treatment. … It said it realized that liner conferences still receive antitrust immunity in other parts of the world and would urge other governments to liberalize the sector. … Antitrust regulations are usually decided by EU Competition Commissioner Neelie Kroes, but the former Dutch transport minister -- a member of P&O Nedlloyd's supervisory board for 13 years -- bowed out to avoid conflict-of-interest concerns. She resigned from the board when she became commissioner."

ENVIRONMENT:

Judge Blocks Sale Of Alaska Oil And Gas Leases. The New York Times (9/26, Barringer, 1.21M) reports, "The Interior Department's plan to sell oil and natural gas leases within 389,000 acres of shallow lakes and wildlife-rich tundra in northern Alaska was blocked Monday by a federal judge in Anchorage who ruled that the department had failed to do a sufficiently broad analysis of the plan's environmental impact." The Times says, "The ruling was the most recent in a string of legal setbacks for the Bush administration's public-lands policies. In each case, federal judges said the government had failed to adhere to environmental requirements." The Time reports, "Environmental groups had sued to block former Interior Secretary Gale A. Norton's decision in January to lease parts of the Teshekpuk Lake area that had been placed off limits by earlier interior secretaries, from James Watt in the Reagan administration to Bruce Babbitt in the Clinton administration."

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Three Maryland E-Coli Cases Not Linked To Bad Spinach. The Washington Post (9/26, B2, Morse) reports, "Maryland public health officials said yesterday that three of the state's four pending cases of E. coli O157 illness are not linked to a nationwide outbreak caused by bad spinach. Officials continue to investigate the death of an 86-year-old Hagerstown woman and hope to receive test results within a week. But those results might prove inconclusive, because of problems associated with a sample. All told, only three of the state's 10 cases have conclusively been linked to the bad bagged spinach from California." On Friday state officials announced "that they had studied 10 recent cases of E. coli O157. As of yesterday, six of the cases were not connected to the spinach; three were connected; and one was inconclusive, officials said. The three positive cases are all children, all of whom are recovering."

Government Climatologists Warn Of Continuing Global Warming. ABC World News (9/25, story 8, 2:35, Gibson) reported on "a grim prediction today from top scientists whose study global warming. They say global warming has gathered so much momentum there is no way to stop earth's average temperature from rising another two degrees by the year 2050, and that will take it to a level hotter than at any time in a million years. The warning came from one of the government's top climatologists and from the National Academy of Sciences."

CBS Evening News (9/25, story 13, 2:45, Couric, 7.66M) reported, "NASA climate experts reported today that the temperature of the earth has risen so much in the past three decades it's now just two degrees short of its highest temperature in a million years." CBS (Philips) then profiled how the increased temperatures are boosting the British winemaking industry.

The Wall Street Journal (9/26, A2, Naik, 2.03M) says the study "finds that, while the world warmed slowly during the century to 1975, it has warmed at a more rapid rate of about 0.2 degrees Celsius (0.36 degrees Fahrenheit) per decade thereafter. The researchers say the global mean temperature is now within one degree Celsius (1.8 degrees Fahrenheit) of the maximum mean temperature of the past million years."

EPA's Chesapeake Bay Program To Reorganize. The Washington Post (9/26, B1, Fahrenthold) reports, "The Environmental Protection Agency program charged with cleaning the Chesapeake Bay has decided to reorganize itself, a spokesman said yesterday, conceding that crucial goals for restoring the bay's health by 2010 are unlikely to be met without far-reaching changes. Mike Burke, a spokesman for the 23-year-old Chesapeake Bay Program, said leaders want a greater emphasis on 'implementation' -- carrying out plans to solve the bay's problems. Environmentalists have long called for that, saying the program spends too much time studying pollution and too little trying to stop it. Burke said EPA officials were concerned about their ability to meet promises made amid great fanfare in 2000: a bay with far less pollution and far more crabs, oysters and underwater grass."

Doctoral Student Examines Skunks' Effect On Martha's Vineyard's Endangered Birds. The New York Times (9/26, Dean) reports on Luanne Johnson, who has been trapping skunks on Martha's Vineyard for three years. By next year, Johnson hopes, "the data she has collected will turn into a dissertation for Antioch University New England, where Ms. Johnson is a doctoral student in environmental studies. She jokes that she will title her project 'Skunks on the Beach.' Among other things, she hopes to help settle an argument that erupts here every summer — nesting season for piping plovers and other endangered shorebirds, when stretches of beach are closed to four-wheel-drive vehicles. Opponents of the closing say the threat to the birds is not vehicles, but predators like skunks."

LATimes Says Bush Must Heed Law On Roadless Forest Policy. The Los Angeles Times (9/26, 918K) editorializes, "Decisions to build new roads in pristine forests should be made only after careful study and deliberation. That was the policy adopted in the Clinton administration, which, after three years of study and public input, in 2001 banned road-building in 58 million acres of forest. But the Bush administration, in a decision marked by neither study nor deliberation, suspended the so-called roadless rule later that year. … Just as President Clinton had the power to institute the roadless policy, President Bush has the authority to change it -- even to change it for the worse. But he does not have the right to change it without the analysis required by federal law."

FBI/DEA/ATF/USMS:

Reputed Norte Valle Ring Member Extradited To US. The Washington Times (9/26, Seper) reports that a federal fugitive "considered by U.S. law-enforcement authorities as one of the most violent and dangerous members of Colombia's Norte Valle cocaine-smuggling ring has been extradited to the United States to stand trial. Jhon Eidelber Cano-Correa, 42, arrived in New York on Friday night, where he was formally placed under arrest by ICE agents. … In October, the Colombian National Police's 'Jungla' unit, working with agents from ICE and the U.S. Drug Enforcement Administration (DEA) in Bogota captured Cano-

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Correa after a brief firefight that left one Colombian official wounded." Cano-Correa "is charged in a July 2004 indictment in New York with drug and money-laundering violations in connection with the Norte Valle Cartel."

Drug Seizures Along US-Mexico Border Reach Record Amounts. According to the Dallas Morning News (9/25, Mclemore), officers at border crossings, Border Patrol agents and state troopers "are finding record amounts of cocaine and marijuana. … With greater enforcement and higher demand, drug trafficking organizations are saturating the border in hopes of getting at least some of their loads across, officials say." The DEA "estimates 65 percent of all narcotics smuggled into the U.S. enters from Mexico. Three of the four major distribution pipelines used by Mexican drug cartels pass through Texas. But for every strategic advance by drug agents, Mexican traffickers try out new ways to bypass law enforcement's attention." The Morning News notes that in June, Karen Tandy "told a Senate Foreign Relations subcommittee that about 80 percent of the meth used in the U.S. is distributed by Mexican trafficking organizations and comes from large 'super labs' built on the Mexican side of the border."

Federal Anti-Meth Measure To Take Effect. The Burlington (VT) Free Press (9/25) reports, "Beginning Saturday, when the federal Combat Methamphetamine Epidemic Act goes into effect, every retailer in the nation that sells certain cold medicines will have to follow the same restrictions. … By restricting the sale of many standard cold medicines, Vermont is ahead of the curve in a region where meth has not become widespread. The new laws are a pre-emptive effort -- or, as State Police Detective Trooper Mike Smith puts it, 'a substantial preventative measure to keep the meth problem at bay.'"

In the Washington Post (9/26, HE1), Francesca Lunzer Kritz writes, "The active ingredient in Sudafed and other oral decongestants, pseudoephedrine will be subject to new federal sales restrictions starting Saturday. Officials hope the limits…will curb illegal production of crystal methamphetamine." Kritz adds, "Although only a small percentage of crystal methamphetamine is made with pseudoephedrine pirated from over-the-counter drugs, according to the Drug Enforcement Administration, use of the illegal drug is far lower in states that restrict pseudoephedrine sales to drugstores only than elsewhere."

US Gives Tajikistan Boats, Equipment To Combat Drug Trafficking. The AP (9/25) reports the U.S. on Monday "donated patrol boats and electronic equipment to help Tajikistan guard its borders and stem the flow of heroin from neighboring Afghanistan." The U.S. "gave the Tajik Border Protection Committee five patrol boats to be used along the Pyandj River border, as well as more than 100 computers and 60 power generators to be used at desolate checkpoints."

Drug Production Called One Of Afghanistan's Most Dangerous Problems. Bloomberg (9/26) reports Tajikistan and Uzbekistan "appealed for international support to help them fight drug trafficking from neighboring Afghanistan. 'An up-to-date, efficient and capable Afghan border service' is needed to combat drug traffickers, Tajikistan's Foreign Minister Talbak Nazarov told the United nations General Assembly yesterday. Drug production is one of the most dangerous problems facing Afghanistan and poses a threat to regional security, Vladimir Norov, Uzbekistan foreign minister, told the assembly."

NYTimes Blasts House "Gun Decontrol Measure." The New York Times (9/26, 1.21M) editorializes, "House sycophants of the National Rifle Association are aiming this week to hobble the federal government's power to revoke the licenses of rogue gun dealers who arm the underworld. A shameless proposal would replace existing law with wrist-slapping penalties and an impossible definition of 'willful intent' that would hamstring efforts to close lawless marketeers." The House proposal "would have stopped federal agents from ever revoking the license of Lou's Loans, the Pennsylvania dealer that sold battlefield weapons to one of the co-conspirators in the 1993 assault on the World Trade Center. What makes this gun decontrol measure truly brazen is recent data from the Justice Department, which reported a startling jump of nearly 50 percent last year in gun crime victims, to 477,000."

IMMIGRATION:

House, Senate Negotiators Agree On New Funds To Secure Border. The New York Times (9/26, Lipton, 1.21M) reports, "House and Senate negotiators agreed Monday evening to spend $1.2 billion to install hundreds of miles of fence and vehicle barriers along the Mexican border as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year." The border security spending "is just one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. Others include a mandate for antiterrorism steps at high-risk chemical plants nationwide and the reorganization of the Federal Emergency Management Agency." Democrats at the conference committee meeting "Monday evening also tried to add about $1 billion in spending for areas including mass transit security, aviation explosives detection research and port security grants." But "with the Republicans holding a

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majority, each of the measures that Democrats proposed were defeated, one after the other, in party-line votes."

The Wall Street Journal (9/26, Rogers, 2.03M) reports, "The political centerpiece for Republicans -- just weeks before the midterm elections -- is an estimated $1.19 billion to help pay for fencing, vehicle barriers and new technology to police the U.S. border with Mexico. Hundreds of millions would also be added to equip the Coast Guard and increase the air and marine capabilities of customs and border patrols."

CQ (9/26, Sandler) reports that "with little time left and little agreement on how to use it, it appears possible that the House GOP's tactic of pushing through narrowly focused border security bills to put political pressure on Democrats might fail to yield either legislative or political results. By Monday night, the fiscal 2007 Homeland Security spending bill (HR 5441) was ruled out as a vehicle for any of the provisions. " House Speaker J. Dennis Hastert "was working to include in the fiscal 2007 defense authorization bill (HR 5122) language that would make it easier to deport or deny entry to immigrant gang members, his spokesman said." Senate Majority Leader Bill Frist "appeared confident that his chamber would clear another bill (HR 6061), which would authorize 700 miles of fencing along the southwestern border with Mexico. He filed a cloture petition, setting up a vote to end debate on the measure for Wednesday." But "even that was not without complications. Frist, working with a tight clock, took procedural steps to attach military tribunal legislation (S 3930) to the fence bill if an agreement cannot be reached on how to consider that measure separately." And "no one is yet ready to say the leadership has the 60 votes necessary to invoke cloture on the fence bill."

NYTimes Blasts Bush, GOP Bills. The New York Times (9/26, 1.21M) editorializes that "the Republican-controlled House" is "passing a pre-election lineup of narrow enforcement measures packaged to give voters a false impression of resolve." President Bush "has even given up talking a good game on immigration: he says he will sign the Republican legislation as a 'first step' toward the real reform he has said he wants but has done depressingly little to achieve." The Times adds, "The House's election hunt for border-security sound bites shows how susceptible to demagoguery the debate can be. Anti-immigrant fervor is a flame that spreads easily. But leadership can help people look beyond resentment and fear. Once upon a time, Mr. Bush was a sense-talking governor from a border state who understood this. Now he has joined the leaders of his party in calling on the nation to cower behind electric fences, searchlights and squad cars. It's painful to see what he has turned into, and frustrating, in these days of immigration panic, to keep waiting for a real leader to emerge."

CONGRESS-ADMINISTRATION:

DOJ Support For 9th Circuit Split Seen As Possible Sea Change. The ABA Journal (9/26, McDonough) reports, "After nearly 35 years of debate over dividing the nation's largest federal appellate court, the Justice Department has reversed its previous stance and is now weighing in on the side of a split." The Journal continues, "Testifying before the Senate Judiciary Committee on Sept. 20, Rachel Brand, assistant attorney general in the DOJ's Office of Legal Policy, stated the time is right to split the overburdened, oversized 9th U.S. Circuit Court of Appeals, which is based in San Francisco." The Journal adds, "Brand was one of 12 witnesses—six in favor of a split, six opposed—who testified about the legislation, which has been introduced by Sen. Lisa Murkowski, R-Alaska, and Rep. John Ensign, R-Nev. Their bill would leave California and Hawaii in the 9th Circuit and create a 12th Circuit to cover Alaska, Washington, Oregon, Idaho, Montana, Nevada and Arizona. It also would add seven more judges, likely to remain in the 9th Circuit. … Legislation to split the circuit passed the House last year, but never reached a vote in the Senate." The Journal notes, "The Justice Department's new position and a growing interest in Congress in splitting the circuit—seven circuit restructuring bills have been introduced this Congress alone—may indicate a sea change. … The Justice Department is one of the most frequent litigants in the federal courts. In 1998, the last time the department weighed in on the issue, it opposed the split. But Brand said the DOJ has since come to the conclusion that, while the 9th Circuit has responded to its rapidly growing caseload by being 'innovative and creative,' it has done so in large part by delegating certain functions to nonjudges. That will only work for so long, she said."

WSJournal Defends FREE Judiciary Seminars. The Wall Street Journal (9/26, A14, 2.03M) editorializes, "The conflict-of-interest fetish continues to interfere with normal human relations, so it's a relief when someone sounds rational on the subject. That now includes the Judicial Conference of the U.S., which last week adopted new disclosure rules for federal judges who attend privately funded education seminars." The Foundation for Research on Economics and the Environment (FREE) and Montana State University "have for 15 years co-sponsored seminars in Bozeman, where federal judges learn more about the effects and trade-offs of environmental public policy. Such events are common -- typically hosted by universities, public policy institutes or legal groups like the American Bar Association -- and useful in promoting a better-informed judiciary." But a group called the Community Rights Counsel has "been on a

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mission to stop federal judges from attending FREE seminars. … Democrats should leave FREE alone. And if they really care about legal conflicts of interest, how about going after the trial lawyers who are double dipping on asbestos and silicosis lawsuits? There's a real scandal."

Roberts, Alito To Stay In Cert Pool This Term. The Legal Times (9/26, Mauro) reports, "As they enter their second term, the Supreme Court's two newest justices have decided, at least temporarily, to stick with the Court's clerk-pooling arrangement, despite concerns that it gives law clerks too much power." The Times continues, "In brief interviews in recent weeks, both Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. said they will stay in the "cert pool," as it is called, for the current term. … Roberts said he will participate on a 'year-to-year basis,' and Alito said the same; both indicated they are still weighing the issues that have been raised. But Alito said that during his first term it was apparent to him that certiorari petitions need to be read closely to determine if they are worth granting -- suggesting some need for pooling the workload." The Times adds, "The arrangement, devised in 1972, radically changed what happens when a petition for review or certiorari comes in to the Court. Instead of being reviewed separately by nine clerks and/or nine justices, it is scrutinized for the pool, presumably in greater depth, by one clerk, who then writes a memo for all the justices in the pool. .. . The pool drew little criticism when only four or five justices participated. But ever since the late Thurgood Marshall left the Court, in 1991, Justice John Paul Stevens has been the only justice outside the pool, preferring to have his clerks take a separate look at petitions, partly as a backstop for the pool."

Lawmakers Urge Creation Of Food Safety Agency. USA Today (9/26, Davis, Bleimes, 2.27M) reports, "While the search continues for the origin of an E. coli outbreak in bagged spinach, lawmakers are renewing calls for the creation of a single government agency responsible for the safety of the nation's food supply." Last year, "the Safe Food Act of 2005 was introduced in the Senate by Sen. Dick Durbin, D-Ill., and in the House by Rep. Rosa DeLauro, D-Conn. The bill proposed the creation of a Food Safety Administration to assume all responsibility for food safety and oversight." USA Today adds, "Proponents say such an agency would streamline the process of preventing, tracking and containing outbreaks, which is currently handled by 12 federal agencies and subagencies." But "the legislation has remained in congressional committees since its introduction." DeLauro "has requested a hearing before the House Energy and Commerce Committee before the current session of Congress adjourns on Oct. 6." Durbin "has also requested a hearing in the Senate Agriculture, Nutrition and Forestry Committee."

Bloggers To Join Bush For Signing Of Spending Database Law. The Washington Times (9/26, Dinan, 88K) reports President Bush "has invited bloggers to join him today as he signs into law a bill creating a database of federal spending -- a recognition of their role in forcing the bill through Congress over the objections of senior senators and an indication of how much bloggers are changing the political process." A spokesman for Sen. Tom Coburn, the driving force behind the bill, said, "The bloggers mobilized Congress. … It really does represent a revival of basic democratic values: that active citizens using tools of technology really can steer the political process. And what happened was profoundly subversive to the established political order."

WSJournal Gives GOP A "D" For Fiscal Conservatism. The Wall Street Journal (9/26, A14, 2.03M) editorializes, "As Republicans lurch toward November, they're trying to reclaim their birthright as fiscal conservatives. So far they're moved up to a D from an F, with a chance to still grab a gentleman's C." The House "passed an 'earmark' reform to bring more transparency to the runaway process of sticking pork into appropriations bills," but it "won't apply to the 10 spending bills the House has already passed this year. Meanwhile, the Senate has yet to act, and the new House rule expires at the end of this Congress. … In a better sign of progress, President Bush will today sign the 'Federal Transparency Act,' which will create a searchable public database of some $1 trillion worth of federal grants, contracts and loans."

Democrats Hope To Use Majority To Force US Withdrawal From Iraq. The Hill (9/26, Cusack) reports Rep. Charles Rangel (D-N.Y.) "will chair the powerful Ways and Means Committee if Democrats win control of the House next year, but his main goal in 2007 does not fall within his panel's jurisdiction." Rangel said, "I can't stop this war." But when "pressed on how he could stop the war even if Democrats control the House during the last years of President Bush's second term, Rangel paused before saying, 'You've got to be able to pay for the war, don't you?'" The Hill adds Rangel's "views on funding the war are shared by many of his colleagues – especially within the 73-member Out of Iraq Caucus." Some Democratic legislators "want to halt funding for the war immediately, while others say they would allocate money for activities such as reconstruction, setting up international security forces, and the ultimate withdrawal of U.S. troops." Rep. Lynne Woolsey "is among the Democrats in Congress who are hoping to control the power of the purse in 2007 to force an end to the war. Woolsey and some of her colleagues note that Congress helped force the end of Vietnam War by refusing to pay for it." But "having lost the last two elections in part because of national security issues,

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Democratic leaders have been reluctant to spell out their exact Iraq war funding strategy." Rep. Woolsey said, "I don't think the Democratic leadership should put that out at the moment."

Democrats Say White House Rhetoric Distorts War On Terror. In the New York Times' "White House Memo" column (9/26), Jim Rutenberg says that as the White House "intensifies a campaign to paint its opponents as wobbly in the war on terrorism, Democrats say it is engaging in a rhetorical device that subtly distorts their positions to make them seem extreme or misguided, raising phantom positions and implying they belong to Democrats before knocking them down as dangerous." Current and former administration officials "say some cases cited by the Democrats are legitimate interpretations of Democratic positions through a deductive, if Republican, lens. Other times, they say, Democrats were seeing things that were not there." Both sides agree "that the White House is seeking to draw as sharp a distinction between Republicans and Democrats on terrorism as possible, something it has done skillfully in the past two election cycles. And so far this year it has lived up to its reputation of being particularly adept at using carefully chosen language to cast its opponents as unflatteringly as possible — and to define their positions for voters before they can define them themselves." President Bush, "not known for particularly smooth oratory, could well be remembered for his perceived use of rhetorical sleight of hand that consistently ensnares and enrages his rivals. It is a skill at which even Democrats marvel." White House press secretary Tony Snow "accused Democrats of engaging in 'exegetical work' in seeking evidence of something that was not there and 'protesting too much' in the face of accusations that Mr. Bush was not, in fact, hurling." Snow said, "I don't think the president's ever said the Democrats want to negotiate with these people. He's trying to make a dramatic point you can't reason with them. I just don't understand it when you express umbrage at a statement that wasn't aimed at you." Snow added, "I defy you to find a directly personal insult from the president that would compare with, or that is as bald or direct as, calling him a loser or a liar."

GOP House Leaders Indecisive On Date For Leadership Elections. The Hill (9/26, O'Connor) reports House GOP leaders "cannot decide whether to hold leadership elections the week after the midterm elections. Their uncertainty is a sign of Republican unease and suggests that officeholders may postpone the contests for their jobs if the party suffers heavy losses." The caucus elects its leadership "during an organizing conference traditionally held the first week after the election, but this year, leaders appear torn on when to hold that conference." The House Administration Committee "has scheduled a conference meeting for Wednesday, Nov. 15, the week after the midterm, when new lawmakers come to Washington for orientation. But Speaker Dennis Hastert (R-Ill.) said last week that leaders had not yet decided whether to hold elections that day."

CMS Names New Acting Director. The AP (9/25, Freking) reports, "A lawyer who has served in two Bush administrations has been named the acting chief of the Centers for Medicare and Medicaid Services, federal officials said Monday. Leslie Norwalk, 40, has served on the senior leadership team at the agency for the past five years, currently as the deputy administrator. She will succeed Mark McClellan, who recently announced that he is stepping down." As the acting director, Norwalk "will oversee the government health care programs for the elderly and the poor. The agency is responsible for $1 out of every $3 spent on health care in the United States."

Congress' Medicare Policy Said To Defy Laws Of Economics. Dr. Lawrence A. Hunter, former staff director of the Joint Economic Committee, wrote in The Hill (9/25), "In an attempt to help stop spiraling inflation during 1970's, Congress thought it would try placing price controls on the fees doctors could charge under Medicare." The price controls "failed completely to keep Medicare costs down." This happened because "Medicare is not a free market; it is a gigantic welfare program in which the taxes people pay as workers to support the program are completely disconnected from the benefits they receive as Medicare recipients." Yet "despite this confirmation of the laws of economics, Congress persists in its hubris to eclipse the economic laws of nature and continues to impose price controls on doctors' fees."

Federal Agencies Hiring Contractors In Times Of Crisis. The Washington Post (9/26, A19, Lee, 748K) reports, "Increasingly, federal agencies are outsourcing toll-free lines in times of crisis -- both to ensure that every call from a citizen is answered and to free agency staff members to deal with the crisis itself, federal officials said. Federal contractors routinely field calls from Americans worried about friends or relatives when a hurricane hits, when terrorist bombs go off in places such as Bali, Madrid and London and, most recently, when war broke out in Lebanon." As an example, the Post notes, "When a Department of Veterans Affairs laptop computer was stolen in May, putting the sensitive personal information of millions of veterans at risk, VA officials sought to quell concerns by providing a toll-free number to call. … The people answering the phone, though, were not federal civil servants at the department's D.C. headquarters but contract workers in commercial call centers in far-flung places such as North Hollywood, Calif., Lock Haven, Pa., and Sergeant Bluff, Iowa."

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Report Suggests Federal Government Tighten Hiring Procedures. The Washington Post (9/26, D4, Barr, 748K) reports in its "Federal Diary" column that in response to complaints about the federal hiring process, the government has tried to speed things up. According to the Post, "Agencies are increasingly using computers to decrease processing time. The Office of Personnel Management has developed a 45-day hiring model. Still, hiring takes time, in part because many jobs require medical and security clearances (and some background checks can take a year or longer)." The Post adds, "The larger question, however, is whether the government is identifying and selecting the best applicants. Public opinion surveys suggest relatively few college graduates see the government as a first choice when job-hunting, and a new study by the Merit Systems Protection Board suggests that the government needs to do a better job of selling itself. … To address these challenges, the report recommends that the government tighten hiring procedures to emphasize quality and not just speed."

Critics Say Capitol Visitor Center Has Become Boondoggle. NBC Nightly News (9/25, story 8, 2:40, Reid, 9.87M) reported, "Critics call it the 'Pig Dig.' A massive construction project they say is pigging out on Federal tax dollars right in Congress' front yard. The Capitol visitor center, now 85% complete, three stories, all underground, state-of-the-art theaters, a great hall, even a 450-seat auditorium. The goal tighter security and an improved learning experience for millions of tourists. The problems, critics say…." Steve Ellis, Government Spending Analyst: "We've created this Taj Mahal on the Capitol grounds, a boondoggle." Reid: "In 1995 it was projected to cost $100 million and to be ready in 1999. But the digging didn't begin until 2002. By then the cost had ballooned to $265 million and kept growing and growing and growing. The latest estimate nearly $600 million. And it won't be ready until late next year at the earliest. Just last week, some members of Congress gave the project their Golden Drain award -- the qualifications?" Rep. Dave Obey: "Pitiful oversight, exploding costs and embarrassing results." Reid: "Supporters of the project say its scope changed after 9/11, necessitating expensive security upgrades."

OTHER NEWS:

Data On Home Prices Add To Evidence Of Cooling Real Estate Market. ABC World News (9/25, story 10, 2:50, Gibson) reported, "New numbers on housing market today highlight on real estate is cooling. The nation's group of realtors says a key measure has fallen for the first time in a decade. Median price sold last month was $225,000, down almost 2% from the same period a year before."

The New York Times (9/26, Peters, 1.21M) reports that "while the market slide is almost certainly not over, the report suggested that it might be beginning to ease. Existing-home sales have been falling steadily in recent months, but the month-to-month decline in August was the smallest since March." Sales "dropped 0.5 percent from July to August, to a seasonally adjusted annual rate of 6.3 million units, the Realtors association said. That compares with a decline from June to July of 4.1 percent. … If the sales trends are leveling off, however, prices still appear set to fall further."

CBS Evening News (9/25, story 9, 2:25, Couric, 7.66M) said that "if you've got a house to sell, the numbers are not exactly going in the right direction. Home prices are down for the first time in more than a decade."

On NBC Nightly News (9/25, story 6, 2:45, Williams, 9.87M), David Lereah, National Association of Realtors chief economist, was shown saying,, "The sellers market has turned into a buyers market. That's why prices have come down over the last 12 months. And that is why they will continue to come down over the next six months." NBC (Thompson) added, "The biggest drop came in the Northeast, a 3.9% decline from August 2005 to this August. Followed by the South and Midwest. Only in the West did prices go up."

The Washington Post (9/26, D1, Tse, 748K) quotes Lereah characterizing 2007 as "the year of modest recovery." He added, "Prices got too high. … Buyers are not going to buy unless prices come down. That's the only way the bleeding will stop on the sale side."

USA Today (9/26, Knox, 2.27M) says home prices "are projected to fall for the rest of the year." The median-priced "US single-family detached home -- half cost more, half less -- fell 1.7% in August to $225,700, compared with a year ago. The decline is no doubt jarring to sellers." The price drop "was also sharp, the second-steepest in 38 years." The Los Angeles Times (9/26, Petruno, 918K) runs a similar report under the headline "Homes Data Cause Jitters," while the Washington Times (9/26, Hill, 88K) titles its story "Median Home Price Takes A Sharp Drop."

Stocks Up. NBC Nightly News (9/25, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today the Dow was up more than 67 points [to close at 11,574.81]. The NASDAQ was up more than 30 points [to close at 2,249.07] on today's trading." USA Today (9/26, Shell, 2.27M) reports the Standard & Poor's 500 "gained 11.59 points, or 0.9%, to 1326.37, topping its May 5 high of 1325.76. It was the best close since Feb. 15, 2001. It is up 6.3% in 2006." The Financial Times (9/26, O'Doherty) reports "investors took heart from comments by a Federal Reserve official that slowing economic growth would probably temper inflation."

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The Wall Street Journal (9/26, McKay, 2.03M), among other newspapers, also reports the stock prices.

Slower Economy Boosting Bonds. The Wall Street Journal (9/26, A1, Hudson, 2.03M) reports, "In one of the bigger surprises in financial markets this year, a growing sense that the economy is slowing and inflation receding is fueling a rally in the nation's bond markets, pushing Treasury-bond yields to their lowest levels in months." The rally "may help to shape the outlook for both the economy and for investments in coming months. Some doubt the rally will last," but "if it does, lower interest rates could help buoy stock prices, make it easier for investors to make potentially risky bets with borrowed money, and ultimately help soften the blow from a weaker economy and a cooling housing market."

Crude Oil Prices Rise Sharply After Dipping Below $60. The Wall Street Journal (9/26, C3, Farivar, 2.03M) reports, "Crude-oil futures ended sharply higher after another drop below $60 failed to stick and comments by OPEC's president offered support. Prices dipped below $60 a barrel for the second time in recent months but quickly rebounded above that psychologically important level as traders were forced to buy back previously sold positions. The November crude contract on the New York Mercantile Exchange settled 90 cents higher at $61.45 a barrel after hitting an intraday low of $59.52, the lowest level for a front-month crude contract since early March." The Journal says, "prices dipped early in the day on an announcement made by BP PLC late Friday that it would increase oil flows from its Prudhoe Bay field in Alaska." However, many traders took "recent comments by OPEC officials to suggest that the cartel will cut production to prevent prices from falling significantly below $60 a barrel.

The Financial Times (9/26, Morrison, Blas) reports, "Oil exporting countries may consider a cut in output after crude prices fell below $60 a barrel on Monday for the first time in six months." OPEC ministers "are understood to be concerned about the drop in oil prices, which are down almost a quarter from their recent peaks. They have discussed the prospect of trimming production ahead of the oil cartel's next ministerial meeting in Nigeria in December, according to Opec officials." The Times says, "The oil price fall over the past month has been accompanied by investor selling in oil and other commodity markets, mainly on concerns that economic growth in the US is slowing."

The New York Times (9/26 , 1.21M) reports, "Whether oil prices will drift back up or continue their general slide is a matter of fierce debate." The Times says, "Noncommercial buyers, which are generally pension, mutual and hedge funds, poured money into oil and other commodities in recent years, in part because they thought that the growing emerging-market economies had created a so-called supercycle that guaranteed price increases. In recent weeks, they have exited the market rapidly as prices started to fall ... ."

Rice Calls Clinton's Statements On Bush And Bin Laden "Flatly False." The New York Post's cover story this morning (9/26, Bishop), titled "Rice Boils Over At Bubba: Rips 'Flatly False' Claim On Bush's Bid To Get Bin Laden," reports Secretary of State Condoleezza Rice "accused Bill Clinton of making 'flatly false' claims that the Bush administration didn't lift a finger to stop terrorism before the 9/11 attacks. Rice hammered Clinton, who leveled his charges in a contentious weekend interview with Chris Wallace of Fox News Channel, for his claims that the Bush administration 'did not try' to kill Osama bin Laden in the eight months they controlled the White House before the Sept. 11 attacks. 'The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false - and I think the 9/11 commission understood that,' Rice said during a wide-ranging meeting with Post editors and reporters. 'What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years,' Rice added." According to the Post, "Her strong rebuttal was the Bush administration's first response to Clinton's headline-grabbing interview on Fox on Sunday."

The White House Bulletin/US News (9/25) reported, "Already irked at former President Clinton's comments on Fox News Sunday about the Bush administration's handling of the war on Iraq, a senior aide today said she was irked by the ex-president's charge that the Bush team wasn't looking for Osama bin Laden hard enough." Homeland Security Adviser Frances Townsend said, "I take offense at that. I think it's unfair to suggest, for whatever the agreements or disagreements are between the two administrations in terms of their approach, to suggest than anybody just doesn't take this very seriously, doesn't want to stop the next attack -- that's what I say offends me. It offends me, the notion that anybody wants to see that happen again or isn't doing everything they believe that legitimately is in their power to do it." The Bulletin adds Townsend "described the President and administration as deeply involved in the hunt for bin Laden. But she didn't sound angry with Clinton. In fact, she was quite diplomatic in addressing his outburst to Fox host Chris Wallace when he asked if Clinton had done enough to get bin Laden." Townsend said, "It appeared to me that in the heat of the moment the president was angry, he felt attacked and he reacted."

Clinton's Fox "Outburst" May Have Been A Signal To Democrats. ABC and NBC both ran detailed stories on President Clinton's Fox News Sunday interview. ABC World News (9/25, story 4, 2:20, Gibson) said the "issue of terrorism helped provoke an extraordinary outburst" from Clinton. But

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"was he really mad or using anger to make a larger point?" ABC (Harris) added, "Bill Clinton was visibly irate, leaning forward in his chair…interrupting…even taunting the interviewer, who asked whether he'd done enough as President to get Osama bin Laden." Clinton's advisers "say he was doing more than defending his legacy. He was sending a message to fellow Democrats, they say." Clinton spokesman Jay Carson: "We cannot continue to allow Republicans to use their tactic of smear and fear to win in this next election. President Clinton's not going to allow that to happen. And he thinks Democrats shouldn't, either." Harris: "Unlike Michael Dukakis, Al Gore and John Kerry, who many believe failed to effectively combat efforts to distort their image, the Clintons believe the Democrats have to push back hard."

NBC Nightly News (9/25, story 3, 3:20, Williams, 9.87M) said Clinton "ended up in a combative exchange" with host Chris Wallace. NBC ran a significant clip of the Fox interview, then spoke with David Gergen, who said, "He came off a terrific week as ex-President and raised more than $7 billion for worthy causes and walked into an interview with Wallace which he thought was going to be about the initiative. And he got sandbagged by this question. The question from Chris's point of view was legitimate but from Clinton's point of view was, you're trying to sandbag me with a question that echoes conservative critics that…tried to set me up as the guy who failed to get bin Laden and therefore I'm responsible for 9/11. The President completely rejects that."

Morris Says "Real" Clinton Emerged In Interview. In his column in The Hill (9/26), Dick Morris writes, "From behind the benign façade and the tranquilizing smile, the real Bill Clinton emerged" during the interview. "There he was on live television, the man those who have worked for him have come to know – the angry, sarcastic, snarling, self-righteous, bombastic bully, roused to a fever pitch. The truer the accusation, the greater the feigned indignation. … The ex-president is fully justified in laying eight months of the blame for the failure to kill or catch bin Laden at the doorstep of George W. Bush. But he should candidly acknowledge that eight years of blame fall on him."

Author Says Clinton Does Not Understand Meaning Of Truth. In a Los Angeles Times (9/26, 918K) op-ed, novelist Andrew Klavan says Clinton "has never understood what the meaning of 'is' is, the fact that some things happened and others didn't, that some things are true and others simply are not. He believes that his legacy will be created in the spin cycle of history rather than in the fitful but persistent human search for history's truth. Of course he panics and rages like a child when the spin goes the wrong way, when he is given his portion of the blame for encouraging Bin Laden through his military retreat from Somalia or for allowing the terrorist to escape by refusing to put a kill order on him. He thinks reality itself is being wrestled away from him, that he can wrestle it back and mold it into the shape he wants it to have. But he's wrong. That's just 'is' being is. That's just 'truth' bearing away the victory."

Both Parties Seek Edge On Issues In Congress As Midterm Elections Loom. The New York Times (9/26, Zernike, Hulse, 1.21M) reports Republicans and Democrats "scrambled Monday to gain the advantage in their final week before breaking to campaign for crucial midterm elections, with Republicans trying to push through bills on national security and Democrats trying to keep the focus on the Bush administration's handling of the war in Iraq." Though Republicans had "resolved a major party disagreement over the treatment and trials for terrorism suspects, a new dispute emerged," as Judiciary Committee Chairman Arlen Specter "said he thought a crucial provision of the legislation was unconstitutional and would doom the bill before the Supreme Court." Meanwhile, Democrats "convened a session with three former high-ranking military officers who harshly criticized Defense Secretary Donald H. Rumsfeld and said the Bush administration's failure to adjust its strategy as the conflict unfolded was immoral." The Democrats "also seized on the newly disclosed National Intelligence Estimate concluding that the war had fueled the threat from terrorists to argue that the war had made the country less safe." Republicans had "hoped to use the month before the campaign break to emphasize their national security initiatives, but they have repeatedly run into trouble."

The New York Times (9/26, Nagourney, 1.21M) reports, "There is little evidence that Republicans are having success in altering the political climate in the most competitive House and Senate races. Polls this past weekend showed Republicans trailing in Senate races in Maryland, Ohio and Pennsylvania. In Indiana, Representative John Hostettler, a Republican, is trailing his Democratic opponent by double digits, according to a new poll."

GOP Insiders Now Rate Chances Of Holding House At 50-50. The White House Bulletin/US News (9/25) reported, "Many GOP candidates in tough races are being urged by party leaders to end their campaigns this fall on two issues -- economic security and national security. Specifically, they are being encouraged to use the following talking points: President Bush and the Republican majority in Congress will keep America safer in the war on terrorism than the Democrats would, and the Republicans would be better stewards on the economy. A final point that the GOP elders want their candidates to emphasize in the windup of the campaign: Democrats would raise taxes, and Republicans wouldn't." Democratic strategists say "their game plan includes the argument that the war in Iraq has proven that the President and the GOP have stumbled into a dangerous foreign-policy swamp. Attempting to capitalize on today's

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news reports on the controversial National Intelligence Estimate, the Democrats will argue that the war in Iraq is actually hindering the overall war on terror by diverting resources, over-stretching the military, and stirring up Islamic radicals." Meanwhile, a senior Republican adviser "with strong ties to the White House tells U.S. News and the Bulletin that GOP insiders now rate the prospect of Republicans holding their majority in the House at 50-50. A few weeks, ago, the internal estimate was only 30-70."

The Washington Times (9/26, Hallow, 88K) reports there has been "a palpable shift in the mood in Washington in recent weeks. No longer are insiders in both parties sharing predictions of a Democratic rout of Republicans." Some observers "on both sides had expected an election debacle for the Republicans, driven by the Iraq war, high gas prices and the perception that a Republican-led Washington can neither shoot nor spend straight. Now those perceptions have changed." A "58 percent majority of Democratic insiders polled by National Journal, as well as an overwhelming 94 percent of Republican insiders, say the Republican National Committee is doing a better job for November than the Democratic National Committee."

House Republicans Said To Be Relying On Negative Ads. The Los Angeles Times (9/26, Hook, 918K) reports while President Bush "and national GOP leaders are attacking Democrats on such big issues as national security and America's role in the world, individual Republicans are hitting their opponents hard — below the belt, some critics say — on personal and local issues." Mudslinging is "crucial to the Republican plan for this year's midterm elections, because the party's hold on power will probably hinge on shifting attention from the unpopular war in Iraq and other national issues that cut against them." Rep. Tom Cole (R-Okla.), a former Republican National Committee chief of staff, said, "When people are looking at national issues that are not breaking our way, what you want to do is focus on your opponent. You've got to play the field's conditions. They demand very tough tactics." Cole "spelled out that approach in a recent strategy memo to House Republicans: 'Define your opponent immediately and unrelentingly.... Do not let up — keep the tough ads running right up to election day. Don't make the mistake of pulling your ads in favor of a positive rotation the last weekend.'" The Times adds Republican incumbents "this year began running attack ads earlier than ever. But the hardest-hitting are yet to come." Carl Forti, spokesman for the National Republican Congressional Committee, said, "You haven't seen the majority of the negative ads yet."

Congressional Republicans Not Running From Bush's Fundraising. The New York Times (9/26, Stolberg, 1.21M) reports Republicans "do not expect to be riding President Bush's record to re-election this fall. But they are trying to ride his gravy train — as quietly as possible." Bush "scooped up $1.7 million for Republicans in Connecticut and Ohio on Monday, at fund-raisers that, like so many of his events this campaign season, took place in private homes behind closed doors. He lunched in Greenwich, at a home overlooking the Long Island Sound, raising $700,000 for the Connecticut Republican Party before dashing off to Ohio to help Senator Mike DeWine." Three House Republicans "from Connecticut — Representatives Nancy Johnson, Rob Simmons and Christopher Shays — face tight re-election races, but only one, Mr. Shays, whose district includes Greenwich, showed up for the afternoon affair at the home of the investment banker L. Scott Frantz." Shays said, "He is helping us to raise money and get out the vote and that is very helpful. You know and I know that my opponent is running as if President Bush is up for re-election, and he obviously isn't." The Times adds such "private events — five are planned for this week alone — give Mr. Bush a chance to mingle with donors out of the earshot of reporters, and far from photographers who might capture him with candidates leery of being viewed as too close to the White House." As of Monday, the Republican National Committee said, "Mr. Bush had raised nearly $176 million for Republican candidates this election cycle. By week's end, that figure will rise; Mr. Bush's schedule includes an 'Iowa, Arkansas and Wisconsin Victory 2006' reception on Tuesday (closed); an event on Wednesday for Bob Corker, the Republican Senate candidate in Tennessee (closed); a reception in Birmingham on Thursday for Alabama's governor, Bob Riley (open); and another Ohio fundraiser on Thursday, for Representative Deborah Pryce (closed)."

The AP (9/26, Lester) reports President Bush "combined two fundraising trips for threatened GOP incumbents Monday with a tour of a family-run manufacturing business he pointed to as proof that his tax cuts are helping the economy. But the most powerful economic news could be found at the gas stations all over Cincinnati, where gas could be bought for a little more than $2 a gallon." White House spokesman Tony Snow "said that 'everyone notices gas prices.' He scoffed at suggestions the administration is pushing prices down just before elections, saying people are crediting Bush 'with the kind of magisterial power unknown to any other human being.'" The AP adds Bush "advocated making his tax cuts permanent, a frequent theme at stops around the country. He said such a move would help small businesses like Meyer Tool. During his tour of the plant, Sen. Mike DeWine of Ohio was close by his side. DeWine was criticized when he did not appear with Bush on some earlier visits." Bush "raised almost $1 million for DeWine, who is in a close re-election contest with Democratic Rep. Sherrod Brown."

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The Cincinnati Enquirer (9/26, Wilkinson, 212K) reports President Bush came to Cincinnati "to help DeWine tap once again into Indian Hill's almost bottomless well of Republican campaign money." Bush traveled "to the Indian Hill home of John Barrett, CEO of Western & Southern Financial Group, for a DeWine fundraising event that was expected to raise at least $1 million for DeWine's tough re-election campaign against Democrat Sherrod Brown."

The Washington Post (9/26, A4, Fletcher, 748K) reports the Connecticut and Ohio events "underscored both his continued ability to attract donations and his continued unpopularity with much of the public." Bush "has been featured in the ads of Democratic congressional candidates across the country who are trying to tie the unpopular president to GOP candidates. At the same time, many Republican candidates have chosen to stay out of public view when with the president, even while seeking his help to raise money. The president's two events yesterday were among five closed fundraisers that he is scheduled to take part in this week."

CNN Poll Finds Bush's Approval Rating At 42%. CNN's The Situation Room (9/25, Blitzer) reported, "In the lead up to the battle for Congress, President Bush's approval rating is holding relatively steady in our brand new poll. Forty-two percent of those surveyed now say they approve of the way Mr. Bush is doing his job. A majority, 55 percent, still disapprove. The President's approval rating has been in the low 40s in our poll since mid-August, increasing from 37 percent back in June."

Bush Said To Lack Backing Of A "Silent Majority." In his Washington Post column (9/26, A21), E.J. Dionne says, "What could prove to be the most important factor in the 2006 elections is overlooked because it is unseen: The Republicans cannot try to curry favor with a 'silent majority' that favors the Iraq war because a majority of Americans, both vocal and quiet, have come to see the war as a mistake. President Bush's defenders have cast opponents of the war as weak on terrorism. Yesterday, Vice President Cheney accused Democrats of 'resignation and defeatism.' But the charges have not taken hold, because most Americans don't agree with the premise linking the war on terror with the war in Iraq."

Snow To Raise Funds For GOP Candidates. The AP (9/26, Pickler) reports White House press secretary Tony Snow is "taking his gift of gab across the country in the coming weeks to raise money for Republican candidates, an unusual task for the president's top spokesman." But the "former Fox News commentator is in-demand on the GOP circuit. He said he decided to help maintain the party's majority in Congress after some consideration of his proper role — and that doesn't include a lot of red meat rhetoric like some speakers offer at partisan events." Snow said, "They asked, and I thought about it a lot and we went back and forth. It's one of those things where I certainly want to help the president. But you have to make sure it's a fine line, and that's why I don't want to get into opponent bashing."

House GOP Leaders, Rove To Press Lobbyists For Funds. Roll Call (9/26, Ackley, Ben Pershing) reports with "only a few days left before they leave town for the campaign trail, House Republican leaders — with an assist from White House strategist Karl Rove — will mount one final push this week for the financial support of GOP lobbyists." On Thursday afternoon "at the Capitol Hill Club, Rove will join the top six House GOP leaders to address as many as 200 lobbyists, the first large-scale meeting between lobbyists and leaders in recent months." A GOP leadership aide said, "This is a straight-out appeal to [lobbyists] to contribute to Republicans — to remind them what Republicans do not only for their specific industries but for the whole business community." The aide "added that the leaders would emphasize that 'reports of the Republican majority's demise have been greatly exaggerated, and we're coming back.'" Roll Call adds several GOP sources "said the leadership also would reiterate a warning against giving to Democrats that was conveyed by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) earlier this month to a smaller group of lobbyists and political action committee directors." One said that "part of Thursday's message will be, 'if you're hedging your bets you're making the wrong decision.'"

Control Of House May Not Be Settled In November. The AP (9/26, Espo) reports that it is possible for neither party to emerge from the November 8 election with a House majority: "The outcome will be decided by run-off elections in Louisiana and Texas, recounts in a half-dozen races that are too close to call and perhaps a party switch or two. Unprecedented? Yes. Impossible? Absolutely not, given an era of polarization that has produced a presidential election so close the Supreme Court had to settle it, and a 50-50 tie in the Senate." Steve Elmendorf, who was chief of staff to former House Minority Leader Dick Gephardt, said, "It means that all of your focus and energy will be on trying to get to 218 in two ways. One, in recounts and trying to make sure you're throwing every legal strategy and lawyer you can find into try and win the recounts. Secondly, you're going to be looking for every potential person on the other side who can switch." The AP adds Speaker Dennis Hastert, when "asked about Democrats who might be approached to become a Republican," said, "I have no one in particular in mind." Hastert said "he doubted any of his rank-and-file would defect."

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Both Parties Preparing For Possibly Contested Elections. The AP (9/26, Welsh-Huggins) reports Democrats are "openly lining up election-day teams of lawyers around the country to fight what they allege could be GOP efforts to suppress votes." Republicans "quietly say they have their own strategies for potential problems Nov. 7 but won't give specifics. They say Democrats' concerns are overblown." The parties' "efforts come in the wake of the 2000 recount in Florida and irregularities in Ohio's elections two years ago. Those problems included long lines, a shortage of voting machines and some electronic machines that malfunctioned or miscounted votes. Ohio gave President Bush the White House in 2004."

Landscape Of Battle For Senate Shifting. The Wall Street Journal (9/26, A4, Calmes, 2.03M) reports that in Washington state, "disgruntled Democrats have fallen in behind" Democratic Sen. Maria Cantwell "after concluding that their protest would only throw the seat to Republicans. Now, her bridge-building and the mistakes of her Republican rival, Mike McGavick, have Democratic leaders in the East resting easier about a seat that topped their endangered list for much of the year." The Washington state race "illustrates the fluidity of the fall finale for Senate control as voters tune in. Republicans are struggling in a hostile climate to protect a 55-45 majority on Election Day. Democrats have to seize nearly every Republican target while losing none of their own." Republicans have "given up on early targets among Democrats from states that backed President Bush's re-election, and are now struggling to keep some of their own red-state seats. Democrats, safe in red states, are campaigning hardest in blue ones, especially New Jersey." Five Republican incumbents "trail in polls. In Tennessee's open-seat contest to succeed retiring Senate Majority Leader Bill Frist, Democratic Rep. Harold Ford yesterday released a poll showing he had overtaken Republican Bob Corker. Two other Republican incumbents -- Virginia's George Allen and Arizona's John Kyl -- have seen their once-formidable leads erode to single digits." Meanwhile, Democrats "have grown less worried about three of their seats. Michigan Sen. Debbie Stabenow and Amy Klobuchar, seeking Minnesota's open spot, showed wide leads in polls released last week. Yesterday in Maryland, a Baltimore Sun poll showed Rep. Ben Cardin up by 11 points over Republican Lt. Gov. Michael Steele. That leaves New Jersey as Democrats' biggest worry."

Democrats Hope To Be Competitive In Western States. USA Today (9/26, Kenworthy, 2.27M) reports Democrat Gary Trauner's campaign to unseat Republican Barbara Cubin in Wyoming "may not be entirely quixotic. National publications that track elections such as The Cook Political Report and Congressional Quarterly have started paying attention to what once was regarded as a Republican shoo-in." Trauner's chances "could also be affected by broader changes in the Rocky Mountain West, such as strong population growth. Democrats could build on gains they made in the region in 2002 and 2004." Republican National Committee spokesman Danny Diaz "predicted the GOP is 'going to continue to be successful in the Rocky Mountain West because ideologically we stand with voters, while Democrats have taken positions contrary to the views of a majority of voters.'" USA adds that still, in 2004, "at least below the president on the ballot, more splotches of blue appeared in the largely red region, as moderate Democrats with strong local ties won key races."

House GOP Boosts Contribution Levy. The Hill (9/26, Bolton) reports the "most endangered House Republican lawmakers have been asked by their leaders to give $75,000 to party coffers, significantly more than was asked of rank-and-file members two years ago, a sign of how desperate party leaders are to raise money when their individual donor receipts are down and lobbyists are increasing their contributions to Democrats." Rank-and-file Republicans "are being asked to give $75,000 to the National Republican Congressional Committee (NRCC): $25,000 or 50 percent more than they were supposed to give in the last election cycle." Committee chairmen have "been asked to give $200,000, or $50,000 (33 percent) more than last cycle, according to one chairman." Even lawmakers "who are fighting for their political lives, such as GOP Reps. Jim Gerlach (Pa.) and John Sweeney (N.Y.), have been asked to contribute $75,000 to party coffers." The increase "of individual giving targets is surprising because the overall fundraising goal for the program is the same as in 2004: around $18 million, according to a Republican who helped organize the effort last cycle."

Blue Dogs' PAC Raises $1 Million For First Time. The Hill (9/26, Hearn) reports, "Looking to shore up their influence in a more evenly divided House next year, conservative Blue Dog Democrats reached a fundraising milestone in August, raising more than $1 million for their PAC for the first time." The 37-member Blue Dog Coalition "has raised nearly $1.1 million for its PAC so far this election cycle and has doled out $600,000 in contributions, dwarfing the fundraising totals of other PACs associated with groups of lawmakers, according to figures recently filed with the Federal Election Commission." The 43-member New Democrat Coalition, "in contrast, raised only $490,000 in the same period." The Blue Dogs' "cohesion and visibility among House Democrats has contributed to their fundraising prowess. Most of the group's members are white, conservative Democrats and hail from red states. All share a desire to balance the budget." The group has "added cachet.

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With Democrats predicted to gain seats in November, many corporate PACs are looking to curry favor with Democrats, especially those who have been sympathetic to business interests."

Former Allen Acquaintances Say He Used Racist Slurs In 1970s And '80s. Sen. George Allen's campaign faces a new controversy over his alleged use of racial epithets while an undergraduate at the University of Virginia. The story was initially reported by Salon.com, but relied on only one named source, Dr. Ken Shelton. A subsequent New York Times report also named a second source. Salon.com (9/24, Scherer) reported, "Three former college football teammates of Sen. George Allen say that the Virginia Republican repeatedly used an inflammatory racial epithet and demonstrated racist attitudes toward blacks during the early 1970s." Dr. Ken Shelton, "a white radiologist in North Carolina who played tight end for the University of Virginia football team when Allen was quarterback," said, "Allen said he came to Virginia because he wanted to play football in a place where 'blacks knew their place.'" Salon continues to report that two other white teammates claimed Allen used a racial slur to describe African Americans.

The New York Times (9/26, Kirkpatrick, 1.21M) reports, "Two former acquaintances of Senator George Allen said Monday that he used racist slurs in the 1970's and 1980's, a development that compounded accusations of racial insensitivity that have dogged his re-election campaign in Virginia." Christopher Taylor, who is white, "now an anthropology professor at the Birmingham campus of the University of Alabama, said he heard Mr. Allen use an epithet to describe African-Americans in the early 1980's." Separately, "Dr. Ken Shelton, who was a football teammate of the senator at the University of Virginia and who is also white, said that while in college in the early 1970's Mr. Allen often used the same racially charged term."

The AP (9/26, Lewis) reports Sen. Allen "denounced as 'ludicrously false' allegations from a former college football teammate that he frequently used a racial slur to refer to blacks in the early 1970s and that he once stuffed a severed deer head into a black household's mailbox." Allen's campaign "also released statements from four other ex-teammates defending the senator and rejecting Dr. Ken Shelton's claims." Meanwhile, Larry J. Sabato, "one of Virginia's most-quoted political science professors and a classmate of Allen's in the early 1970s, said in a televised interview Monday that Allen used the epithet." On MSNBC's Hardball, Sabato said, "I'm simply going to stay with what I know is the case and the fact is he did use the n-word, whether he's denying it or not." Sabato "would not say whether he had heard Allen say the word, and did not know whether it was true that Allen used the word frequently in college."

The Richmond Times-Dispatch (9/26, Stallsmith) reports Allen "forcefully denied allegations that he used the n-word to describe black people while a football player at the University of Virginia more than 30 years ago." Speaking at a "news conference yesterday morning with mostly black pastors in support of the proposed constitutional amendment to ban same-sex marriage in Virginia," Allen "denounced as 'completely false'" the Salon.com report."

The Washington Post (9/26, B1, Shear, Craig, 748K) reports Shelton "said Allen frequently used the 'N-word' to describe blacks and nicknamed him 'Wizard' because of the similarity of his name to that of Robert Shelton, a former imperial wizard of the Alabama Knights of the Ku Klux Klan. He also recounted an event from 1973 or 1974 in which he, Allen and a third friend were hunting deer. After the deer was killed, Shelton said, Allen cut off the doe's head, asked for directions to the home of the nearest black person and shoved the head into that person's mailbox." But Allen adviser Chris LaCivita "said that Taylor is lying and that 'this guy is not credible, period.' LaCivita said Taylor is a liberal activist." The Post adds Stuart Rothenberg, "an independent analyst who edits the Rothenberg Political Report, said the senator is caught in a media frenzy that threatens his campaign and his consideration of a possible run for president in 2008."

Panel Changes Hearing Date From Yom Kippur. Roll Call (9/26, Akers) reports in its "Heard on the Hill" column that it "looks as though" Sen. Allen "might be embracing his Jewish roots after all. The Senator long ago had scheduled a field hearing of the Senate Small Business and Entrepreneurship Committee for Monday, Oct. 2, which is Yom Kippur. Last week, Allen moved the date to Oct. 3 to avoid conflict with the high holiday, according to the interest group involved in the hearing." Brynn Slate, spokeswoman for the National Association of Women Business Owners, said, "He's Jewish and Monday is Yom Kippur." Roll Call adds Allen spokesman David Snepp "said the date of the hearing, which will explore women-owned businesses vying for federal contracts, was changed at the request of the association. And technically, that's true."

Green Party Candidate Will Be Removed From Pennsylvania Senate Ballot. The Washington Post/AP (9/26, A10, Raffaele) reports Commonwealth Court Judge James R. Kelley "said Monday that he will remove the Green Party candidate for U.S. Senate from the November ballot because the party did not have enough valid signatures in its nominating petitions." Carl Romanelli's candidacy "had been challenged by state Democrats. Romanelli's bid was backed by Sen. Rick Santorum (R), who hoped that

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Romanelli could siphon votes from his Democratic opponent, state Treasurer Robert P. Casey Jr." Judge Kelley "ruled that Romanelli, a railroad industry consultant from Wilkes-Barre, was 8,931 signatures shy of the 67,070 he needed to qualify as a minor-party candidate."

Lieberman Calls For Expediting US Training Of Iraqi Forces. The New York Times (9/26, Medina, 1.21M) reports that in his "first major speech on Iraq since his loss in the primary election," Sen. Joseph Lieberman "called on Monday for the number of United States troops embedded with Iraqi forces to be doubled or tripled, to speed up the training of the Iraqis and help hasten the withdrawal of the Americans." In "a 40-minute speech at a Veterans of Foreign Wars post" in East Hampton, Lieberman, "who has been under attack for his support of the war, said that those troops could be added through redeployments, rather than by committing additional troops in the region." At the "same time, he called for increasing the overall size of the United States Army and Marine Corps, to better prepare for looming conflicts." Lieberman "attacked" Democratic nominee Ned Lamont, "portraying his rival's position on the withdrawal of American troops as 'giving up on Iraq.'"

Ehrlich Donor A Major Backer Of Controversial Road Project. The Washington Post (9/26, A1, Mosk, 748K) reports in a front page story that the "$4,000 checks started arriving in Gov. Robert L. Ehrlich Jr.'s reelection campaign treasury Jan. 2 from such obscure corporations as Freestate Owner LLC, Muirkirk, Chase Limited and President Street Associates." By Jan. 3, "there were seven of the checks, each from a company directly linked to developer Kingdon Gould III, a descendant of railroad barons who is one of Maryland's most prolific political donors and a vigorous booster for the intercounty connector. That same day, Ehrlich's transportation secretary signed off on a final study of the controversial highway, an 18-mile ribbon of asphalt that would extend east from Rockville to the gravel pits where Gould plans a massive commercial and residential development called Konterra." State officials said "they had no idea the checks were coming in as they were sending out the long-expected report. Ehrlich (R) said the contributions, and numerous others from Gould and his companies, were based on friendship and a shared belief that the road connecting Interstates 270 and 95 should be built and that Konterra should flourish."

Campaigns Rely On "Microtargeting" To Reach Voters. The Washington Post (9/26, A1, Cillizza, VandeHei, 748K) reports in a front page story that there is "no sexier topic in politics these days than 'microtargeting.' That's the new science (some say dark art) by which candidates use the latest data-mining technology to vacuum every last scrap of information about voters, then churn out custom-tailored messages designed to herd their supporters to the polls." In Ohio's 1st CD, Rep. Steve Chabot "and his Democratic challenger, Cincinnati City Council member John Cranley, have placed large bets that it will prove effective. Both candidates have spent months combing through voter lists to find 'drop-off' voters -- those who turn out in presidential election years but rarely in midterm contests. In a district as evenly divided as this one -- President Bush won it by just 3,000 votes in 2004 -- the party best equipped to find and persuade these individuals to turn out on Nov. 7 will probably end up on top." In the "past several elections, especially in Ohio, Republicans have won the ground game, building a vast and constantly growing network of potential voters identified less by their formal party affiliation than their church membership or magazine subscriptions."

Panel Recommends Course To Affordable Healthcare. The New York Times (9/26, 1.21M) reports a federal advisory panel, the Citizens' Health Care Working Group, "said Monday that Congress should take immediate steps to guarantee that all Americans have access to affordable health care by 2012. As a first step, the 14-member panel, appointed by the comptroller general of the United States, said, 'A national public or private program must be established to ensure protection against very high out-of-pocket medical costs for everyone.'" The panel "said Congress should create an independent "public-private entity" to define a basic set of health care benefits and services for all Americans."

Obama's Household Income Soars In First Year In Senate. The Chicago Tribune (9/26, Dorning, 623K) reports Democratic Sen. Barak Obama's "first year in the Senate turned out to be prosperous not only for the newly elected senator but also his wife, according to information Obama released Monday from their joint 2005 tax return." Shortly after Obama "took office, his wife, Michelle, received a promotion from her employer, the not-for-profit University of Chicago Hospitals, nearly tripling her earnings to $316,962 from $121,910 the previous year." Sen. Obama "also reached a three-book deal worth $1.9 million with Random House shortly after his 2004 election, with the senator receiving $1.2 million in payments last year." Including Obama's "$154,047 Senate salary, the family earned $1.67 million last year, more than the family's combined income for the prior seven years, according to information provided by the senator's office."

Elizabeth Edwards' Book Focuses On Tragedy Of Son's Death. USA Today (9/26, Page, 2.27M) reports

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Elizabeth Edwards' discovery of "a lump in her breast during the campaign's final push" and her diagnosis "with cancer the day after the election — brought 65,000 e-mails from strangers and the promise of a book about how she coped with a national political campaign and a devastating personal diagnosis." But that is "not the book" Mrs. Edwards, the wife of 2004 Democratic vice presidential nominee John Edwards, "has written. Instead, the heart of Saving Graces is the story of surviving the central tragedy of her life: the death of her son, Wade, in 1996. At 16, he was killed on his way to the family's beach house when the wind flipped over his car." In "the aftermath of that, her account of undergoing chemotherapy, a lumpectomy and radiation — her prognosis is now good, she says — seems almost perfunctory. With Wade's death, she writes, 'we had all been through the worst life could deal us' already."

Judge Delays Ruling On Lawsuit Against Clintons. The Washington Times (9/26, Seper, 88K) reports California Superior Court Judge Aurelio Munoz "said he could not rule on a complaint filed by a Hollywood producer in a lawsuit accusing President Clinton and Sen. Hillary Rodham Clinton of reneging on a multimillion-dollar Internet deal until a pending appeal in the case is settled." In April, Sen. Clinton "invoked a California law that protects candidates from being silenced by frivolous lawsuits during their election campaigns."

Superdome's Return Seen As Symbol Of Hope For New Orleans. ABC World News (9/25, story 7, 2:15, Gibson) reported the return of NFL football to the Louisiana Superdome as "a milestone for New Orleans." ESPN's Jeremy Shaap added, "Tonight, for a city that's been through so much, winning is neither everything nor the only thing. Tonight, clearly, is about healing." NBC Nightly News (9/25, story 10, 3:00, Savidge, 9.87M) reported, "No longer a symbol of the past, the Superdome has become a beacon for the future." On CBS Evening News (9/25, story 11, 1:15, Couric, 7.66M), Gov. Kathleen Blanco was shown saying the Superdome is "the symbol of rebirth and recovery."

EU, Iran Said To Be "Close" To Enrichment Suspension Deal. The Washington Times (9/26, Gertz, 88K) reports Iran "is close to an agreement that would include a suspension of uranium enrichment but wants the deal to include a provision that the temporary halt be kept secret." EU foreign policy chief Javier Solana "has been working with Iranian nuclear negotiator Ali Larijani on the enrichment-suspension deal that could be completed this week." The enrichment suspension would last 90 days "so additional talks could be held with several European nations." The Times says Administration "officials are opposing the agreement as a further concession to Iran," but "some in the State Department are supporting the deal, which they view as a step toward achieving a complete halt to uranium enrichment." Other "officials said that keeping any suspension secret would be difficult and that it would drag the United States into further negotiations with Iran. … Also, any suspension of enrichment would require International Atomic Energy Agency (IAEA) inspections to verify that work has stopped at Iranian facilities. The inspections would likely be disclosed, exposing any secret arrangement with Iran on suspension." While Iranian leaders want to keep any suspension secret as "a face-saving measure," Administration "officials said President Bush is not happy with the secrecy demand" but "continues to support the use of diplomacy to solve the problem."

The AP (9/26, Lederer, Faramarzi) notes that, in its interview of Iranian Foreign Minister Manouchehr Mottaki, he said "that talks between top Iranian and European negotiators on his country's disputed nuclear program are 'on track' and could pave the way for a negotiated solution to the standoff." He cautioned "that Iran still believes there should be no conditions on the resumption of negotiations, implicitly rejecting demands that Tehran first suspend uranium enrichment." Mottaki "said Solana and Larijani will hold their third meeting 'very soon,' probably in Europe, though he did not have an exact date or location."

End To Iran Nuclear Impasse Said To Be "Squarely In Washington's Court." In a Wall Street Journal (9/26, A14, 2.03M) op-ed, American Foreign Policy Council Vice President for Policy Ilan Berman writes, "By now, it has become all too clear that when it comes to the Iranian nuclear crisis, the ball is squarely in Washington's court. Aug. 31 has come and gone, and with it the international deadline for Tehran to halt its uranium enrichment. Iran's ayatollahs, however, have shown no signs of curbing their atomic ambitions. … Sadly, international diplomacy so far has played directly into Iran's hands. In the best case, serious U.N. Security Council action will still take weeks or months to materialize, buying Iran's ayatollahs valuable time to forge ahead with their nuclear program. What's more, if and when they do eventually emerge, U.N. sanctions are guaranteed to be limited in scope, so as not to offend two of Iran's chief strategic partners, Russia and China. As such, they are not likely to offend Iran's ayatollahs much either."

Armitage Sees "Even Chance" Of North Korean Nuclear Test This Year. The Financial Times (9/26, Fifield) reports remarks by former Deputy Secretary Armitage in Seoul that Pyongyang "will probably test a nuclear weapon, with an even chance of doing so this year, as Kim Jong-il's regime tries to assert its defiance in the face of increasing international pressure." Armitage "is urging Washington to

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talk directly to Pyongyang to try and resolve the nuclear stand-off," and yesterday "estimated there was a 50 per cent chance of a test by the end of the year." The Times notes, "South Korean newspapers have for weeks been reporting rumours of preparations for a test."

AFP (9/26) adds Armitage "said that North Korea may test a nuclear weapon by the end of this year, sparking 'huge international ramifications.'" He is quoted saying, "I think in their logic it's the next rational escalation point." He later said "he would expect" President Bush and Secretary Rice "to consult other countries involved in six-nation talks on North Korea, and simultaneously to take the issue to the United Nations."

Musharraf Memoir Discusses Khan's Activities. The New York Times (9/26, Sanger, 1.21M) reports, "President Pervez Musharraf of Pakistan wrote in a memoir published Monday that he now believes that the equipment sent to North Korea several years ago by Pakistan's nuclear chief included some of Pakistan's most technologically advanced nuclear centrifuges. The assertion deepened the mystery about how much progress North Korea has made in what is often called its second, and very secret, nuclear program." Musharraf "has been promoting the new book, 'In the Line of Fire' (Free Press), everywhere from the East Room of the White House to appearances on the morning talk shows." In it, "he says for the first time that his suspicions about the activities of Abdul Qadeer Khan, the Pakistani nuclear engineer who build an illicit nuclear network that also supplied Iran and Libya, dated from 1999. … The timing is significant, because it was not until more than three years later, in 2002, that the United States gathered solid evidence that North Korea was trying to enrich uranium."

The Washington Times (9/26, Sands, 88K) says the book "earned a unique televised endorsement from President Bush at his joint press conference with the general last week and generated a pre-release buzz that a publicist for a rival publishing house called 'priceless.'" Bush "made his semi-serious endorsement at a press briefing in which Gen. Musharraf deflected reporters' questions by saying he was pledged to New York publisher Simon & Schuster not to reveal details of the manuscript before yesterday's official release date."

Musharraf Will Promote Book On "The Daily Show." The New York Times (9/26, Kornblut, 1.21M) notes that tonight, Musharraf "is to go where no sitting leader of any nation -- certainly not Mr. Bush -- has gone before. He is to plug his new memoir, 'In the Line of Fire,' tonight on 'The Daily Show' on Comedy Central."

Olmert, Senior Saudi Official Said To Have Met. The New York Times (9/26, Myre, 1.21M) reports, "An Israeli newspaper reported Monday that Prime Minister Ehud Olmert held a secret meeting about 10 days ago with a senior Saudi Arabian official to discuss issues that included Iran's nuclear program and prospects for Israeli-Palestinian negotiations. In response to the reports, Mr. Olmert and his aides said he did not meet with King Abdullah of Saudi Arabia. However, they declined to answer directly when asked if he met with any other senior Saudi leader." The Times adds, "If a meeting did take place, it would indicate a significant development for two countries that have never had diplomatic ties. Officials from Israel and Saudi Arabia have quietly shared intelligence information, but have never met publicly, said David Kimche, chief of the Israel Council on Foreign Relations."

The Washington Times/AP (9/26, Plushnick-Masti) says the Yediot report "described other officials as hinting that the talks were with a senior official close to the king. The Israeli daily Ha'aretz later reported that the meeting took place on Sept. 13, and Israel's Army Radio said the talks were held in the royal palace in Riyadh."

Hamas, Fatah Call Off Talks On Unity Government. The AP (9/26, Lavie) reports, "Rivals Hamas and Fatah called off top-level talks Monday on forming a Palestinian unity government that might ease crippling international sanctions, the latest indication of difficulties in bridging their ideological differences." Palestinian President Mahmoud Abbas, the head of Fatah, "postponed his planned trip to the Gaza Strip for talks with Prime Minister Ismail Haniyeh of Hamas, and both sides said no new date has been set."

Court Rules Hamas Lawmakers Must Remain In Jail. The New York Times (9/26, 1.21M) reports, "An Israeli military appeals court in the West Bank on Monday reversed an earlier ruling and said that 18 Hamas lawmakers and cabinet ministers would have to remain in jail pending trial. A military court on Sept. 12 ordered Israel to release the Hamas members," but "military prosecutors appealed. The men are charged with belonging to a terrorist organization. Aziz Dweik, the speaker of parliament and one of those being held, called the ruling a political decision."

Rice Says UNIFIL Has "Robust Mandate" To Act. The New York Times (9/26, Shanker, 1.21M) reports Secretary Rice "urged the peacekeeping mission in southern Lebanon yesterday to act on what she termed 'a very robust' mandate approved by the United Nations that grants international troops authority to challenge anyone who attempts to block their mission, and to use force if necessary." Rice is quoted saying UNSCR 1701 "says that anything and anyone who keeps them from fulfilling their responsibilities is to be challenged on that, and they even have the right to use force if they need to. That mandate was written in a very robust fashion." Rice "acknowledged,

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however, that 'it's always a matter of how it's interpreted.'" Rice "noted that the expanded UNIFIL mission was new and that it was not yet operating with the full number of desired troops. But she stressed that the peacekeepers 'certainly got the authority to do whatever they need to do to do their job.'" The Times says UNIFIL commanders believe UNSCR 1701 "places Lebanese sovereignty paramount — meaning they first must be authorized to take such actions by the Lebanese Army." The Times adds that "a goal of" UNSCR 1701 "was to increase the numbers and military punch of the international force in Lebanon, as well as to create the conditions for the Lebanese military to move into the south. Both operations are viewed as important to separate Israeli and Hezbollah forces, halt attacks and prevent Hezbollah from rearming."

Bush Names CEOs To Lebanon Rebuilding Effort. The Wall Street Journal (9/26, A8, King, 2.03M) notes President Bush "tapped top officials at Cisco Systems Inc., Intel Corp. and two other companies to lead a private-sector rebuilding effort in Lebanon similar to ones the White House launched last year in Pakistan and Central America." Cisco Chief Executive John Chambers "led a presidential delegation to Beirut over the weekend that included Ray Irani, CEO of Occidental Petroleum Corp., and Yousif Ghafari, chairman of Ghafari Inc., an architecture, design and engineering company. Joining the team, but not the trip, is Intel Chairman Craig Barrett." The four men "chipped in $1 million of their own money to the new U.S.-Lebanon Partnership Fund, while Citibank and the federal Overseas Private Investment Corp. created a $120 million loan facility to offer financing for home repairs, small businesses and long-term mortgages. Cisco is proposing to invest about $10 million in projects in Lebanon, a sum that Mr. Chambers described as 'a rounding error in terms of our business.'"

Unexploded Bombs Litter Southern Lebanon. The Washington Post (9/26, A1, Shadid, 748K) reports on "the scourge of munitions from the cluster bombs now littering southern Lebanon, mostly American-made but some manufactured in Israel." They "will be a 'lasting legacy,' the United Nations has said. UN officials estimate that the Israeli military fired 90 percent of the bombs during the last 72 hours of the conflict, which began on July 12 after Hezbollah fighters seized two Israeli soldiers in a cross-border raid and ended with a cease-fire on Aug. 14. As many as 1 million of the bomblets are unexploded, they say, wounding or killing three people a day. The threat of stumbling across a bomblet has paralyzed life in parts of the south that depend on the harvest of tobacco and now-abandoned groves of bananas, olives and citrus."

UN Investigator Probing Identity Of Hariri Killers. The New York Times (9/26, Hoge, 1.21M) reports, "The director of the United Nations commission investigating the killing of Rafik Hariri, the former prime minister of Lebanon, reported Monday that it had confirmed preliminary findings that the attack was the work of a suicide bomber but was still pursuing the identities of the participants in the highly organized plot." In "a largely technical 22-page report," Serge Brammertz, the prosecutor leading the inquiry, "said he had developed evidence from the crime scene about the bombing to a level suitable for presentation to a court and was intent on doing the same thing with evidence pointing to the conspirators." Brammertz "is scheduled to brief the Security Council on his report on Friday."

Bush Expected To Sign Darfur Sanctions Bill. The AP (9/26, Hananel) reports the US House of Representatives yesterday "approved a bill that would impose sanctions on the government of Sudan, as lawmakers warned that tougher action is needed to stem the death and suffering in that nation's Darfur region." HR3127, "passed by unanimous consent, authorizes sanctions against anyone President Bush determines is responsible for atrocities and war crimes in the conflict that has left more than 200,000 people dead and 2.5 million homeless since 2003. The Senate passed a nearly identical measure last week and is expected to endorse the House version this week, sending it to the president's desk for his signature." The bill includes asset blocking, travel bans and shipping restrictions, and asks Bush to "deny" Khartoum "oil revenues and access to military equipment." It further asks the UNSC to "suspend" Khartoum's "rights and privileges of membership in the U.N. until it agrees to halt attacks against its people."

The Washington Times (9/26, Bellantoni, 88K) reports that also, "in an early evening voice vote on a nonbinding resolution, the House urged President Bush to support humanitarian and peace efforts in the African nation." The Senate has already "unanimously agreed to the Darfur Peace and Accountability Act, paving the way, lawmakers said, for action in the genocide-stricken region."

Countries Begin Committing Troops To UN Darfur Force. AFP (9/26) notes the UN "secured its first pledges for a proposed major UN peacekeeping force for" Darfur. "But about 50 countries that attended a meeting of potential contributors…were also warned of the many problems that could face any force, including attacks by rebels opposed to a Darfur peace agreement and by Al-Qaeda." UN Undersecretary-General for Peacekeeping Jean-Marie Guehenno "said one European country and some developing countries, which he did not name, had offered several battalions for any UN force," while other officials "said Norway, Nigeria, Tanzania and Bangladesh were the first countries to offer troops. Nigeria and Tanzania already have troops in the AU force but they would increase their contingent."

Abe Will Become Japanese Premier Today. The AP (9/26, Talmadge) reports, "Five years after taking office

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for what many analysts had expected to be a short-lived term, Prime Minister Junichiro Koizumi said good-bye to his followers Tuesday and prepared to turn over power to his protege and long-time spokesman, Shinzo Abe. The transition ends the tenure of one Japan's longest-serving and most popular prime ministers, a term that saw both a gradual recovery of the nation's economy and a rare infusion of lightheartedness." The AP says Koizumi leaves "a legacy of discord with neighbors China and South Korea over territorial disputes and his repeated visits to a memorial to Japan's fallen soldiers, including convicted World War II war criminals." He chose to use his final address to stress "the impact of his economic reform program and efforts to trim government spending."

Hu Removes Scandal-Tainted Shanghai Leader. The Washington Post (9/26, A14, Fan, 748K) reports, "The Communist Party chief of Shanghai was fired Monday in the highest-level purge of a Chinese official in more than a decade. Analysts called the dismissal an effort by President Hu Jintao to make a bold statement against corruption and consolidate his power in advance of an important party congress." Chen Liangyu, who "also lost his seat on the country's ruling Politburo," is under investigation for helping to "loot the city's pension fund of hundreds of millions of dollars." The Wall Street Journal (9/26, Areddy, 2.03M) subtitles its reporting, "Beijing Pushes to Tighten Control, Consolidate Power Amid Corruption Scandal," while the New York Times (9/26, Kahn, 1.21M) titles its story, "Shanghai's Party Leader, Mistrusted By Hu, Is Purged."

Pope Meets With Representatives Of Muslim Nations. ABC World News (9/25, story 6, 0:15, Gibson) reported, "Overseas in Italy, an unprecedented gathering: Pope Benedict met envoys from 20 Muslim nations hoping to end anger over his use of a quote saying Islam was evil and inhuman. Benedict said there faiths must overcome differences and work to reject violence."

Somali City Turns Violent After Islamist Forces Move In. The New York Times (9/26, Gettleman, 1.21M) reports Kismayo, Somalia, one of the nation's largest cities, "fell to Islamic forces without a shot on Monday -- but then the trouble started. After the city's warlords fled and hundreds of Islamist fighters poured in, demonstrators took to the streets and hurled stones at the Islamists. Islamist troops responded with machine guns, opening fire on the demonstrators and killing at least one teenage boy."

Indonesian Christians Warily Watching For Response To Bali Bombers. The Washington Times (9/26, Foek, 88K) reports Indonesian Christians, "deeply troubled by the executions of three Christians last week, say they are watching closely to see whether the government will be equally firm in dealing with three Muslims facing the ultimate sanction for their roles in the 2002 Bali bombings. Unless Muslims and Christians are treated equally, they say, there could be a fresh outbreak of sectarian violence that claimed more than 1,000 lives on the island of Sulawesi between 1998 and 2002." The three men were executed for taking part in a "May 2000 attack on a Muslim school that left 191 persons dead." But Christians, "who make up about 8 percent of the population, say the courts have been less aggressive in prosecuting Muslims for similar attacks."

Bolton Critical Of Venezuelan Foreign Minister's Airport Complaint. The AP (9/25, Wadhams) reports UN Ambassador John Bolton "derided" Venezuelan Foreign Minister Nicolas Maduro's "protest over being detained at a New York airport as 'street theater' and propaganda." Maduro said officials at JFK "tried to frisk and handcuff him" as he left the annual UN General Assembly session on Saturday. Screeners "grew suspicious when Maduro used cash to purchase a one-way ticket to Miami shortly before the flight was to leave, U.S. officials said."

EC Chief Says Bulgaria, Romania Will Be Last Two New EU Entrants For Now. The New York Times (9/26, Bilefsky, 1.21M) reports European Commission President José Manuel Barroso said Bulgaria and Romania will "receive qualified endorsement" to join the EU on January 1 today, but the EU "will warn that expansion must then halt until the organization makes needed structural changes." He said the admission of the two nations "was the last phase of integration in a European Union that has been stretched beyond capacity for now."

Kristof Examines Massive New African Park Plan. In his New York Times (9/26, 1.21M) column, Nicholas Kristof writes from the Central African Republic about the "adjoining national parks that cover an area the size of Rhode Island and Delaware combined" that are being established by the CAR, Cameroon, and the Congo Republic. Many Africans "resent the parks, partly because they allocate vast resources to saving animals for rich foreigners to enjoy -- in regions where humans routinely die for lack of a few dollars." But "in the audacious dream to preserve this rain forest and the way of life of people in it, you see Africa's glory, fighting to survive."

Bangkok Writer Recounts Coup. In a New York Times (9/26, 1.21M) op-ed, Ismail Wolff, a freelance reporter based in Bangkok, writes about the coup in Thailand, saying that as the coup took place, "all the public TV stations, by now under the direction of the military, ran a statement from

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the army and police commanders. They had 'taken control of the situation in Bangkok' and politely asked for the public's cooperation. 'We apologize for any inconvenience,' it signed off. Typical Thai politeness, I thought. Is this really what a coup feels like? My shock, however, was not shared by the rest of the country. … As the rain battered down from the heavens and I sat under the canvas sharing khao tom and watching television with the smiling soldiers, I wondered whether they really would have shot someone if they were ordered to. I'm sure they would have. After all, that's what they're here to do."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Data Oon Homes Cause Jitters."
"A Rare Bloom Is Fading."
"Guantanamo's Uneasy Ramadan."
"Employers Chip Away at Retiree Health Benefits."
"Saints Make It 'Home Sweet Dome.'"
"In Pasadena, 'Smart Growth' Threatens Little Landmarks."

USA Today:
"Do Thin Models Warp Girls' Body Image."
"Rules In Effect Today."
"Liquids Not As Risky As First Feared."
"Pentagon Extends Iraq Combat Tours For 3,800 Soldiers."

New York Times:
"Tobacco Makers Lose Key Ruling On Latest Suits Tobacco Makers Lose Key Ruling On Latest Suits."
"Qaeda Operative, An Escapee In '05, Is Killed In Iraq."
"Stricter Voting Laws Carve Latest Partisan Divide."
"Europe Panel Faults Sifting Of Bank Data."
"Delivering Small-Town Justice With A Mix Of Trial And Error."
"Baseball's Oldest Old-Timer Opens A Window On The Past."
"Homes Post Price Drop For August."
"2 Ex-Acquaintances Of Senator Allen Say He Used Slurs."
"Shanghai's Party Leader, Mistrusted by Hu, Is Purged."
"U.S. Eases Rules On Gels And Liquids In Carry-Ons."
"Gunmen Kill Afghan Official Who Backed Women's Rights."
"Beyond Black And White: Stalking The Skunks Of Martha's Vineyard."

Washington Post:
"Detainee Measure To Have Fewer Restrictions."
"In Lebanon, A War's Lethal Harvest."
"Mayor Seeks Millions For Health Needs."
"U.S. Eases Carry-On Liquid Ban."
"Officers Reach Beyond Beat's Boundaries."
"Highway Backer A Steady Ehrlich Donor."
"Opening Mars's 'History A Battle Of Databases Book.'"

Washington Times:
"Iran Deal Could Halt Enrichment."
"Pope Reaches Out In Meeting With Muslim Envoys."
"Median Home Price Falls To $225,000."
"GOP's Uptick Just In Time For Election Day."
"Afghan Leader Slams Musharraf's Politics."
"BET Founder Opens Urban bank In District."

Detroit Free Press:
"Renault See Big Payoff In Alliance."
"Inside The Tigers."
"Some Liquids Now Ok In Carrry-On Luggage."
"Gene Therapy Frees Him From Grips Of Cancer."

Atlanta Journal-Constitution:
"The Good Times Roll Call Again In September."
"Carry-On Security Relaxes."
"Panda Checkup: Girl!"
"Lower Energy Prices Cool Off Users' Wallets."
"Fox News ' Birthday Comes With CNN View."

Houston Chronicle:
"Ban On Carry On Liquids Relaxed."
"A Home Game Like No Other."
"Rice Left Stunned By Player's Death."

Story Lineup From Last Night's Network News:
ABC: More Troops Needed-Iraq; Rumsfeld Is Blamed For-Iraq; NIE Report; Fox News-Clinton Interview; Airline Security-New Rules; Benedict Meets Muslim Leaders; Superdome-Reopens; Global Warming; Light Cigarettes Case; Housing Market Cooling; Middle School's Low Scores; Trees Losing Leaves-Fall.
CBS: More Troops To Iraq; Back Door Draft; US Soldiers On Trial-Murder; Al Qaeda Leader Killed; Rocket Launched Crashed; Airline Security-New Rules; Gas Prices; Housing Market Cooling; Bionic Man; New Orleans Superdome; Douglas Brinkley Opinion; Global Warming-Positive Effects.
NBC: NIE Report; NIE Report Analysis; Fox News Clinton Interview; US Soldiers Charged With M; Airline Security-New Rules; California Wildfires; Capitol Visitor Center; Stock Market; Superdome Reopens.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: New Orleans-Superdome Reopens; Existing Home Sales; Bush-Cincinnati Trip; Iraq-NIE Leak.
CBS: New Orleans-Superdome reopens; Negroponte-Hill Testimony; Army-Iraq Tours Of Duty Extended; TSA-Carry On Liquids; Wall Street.
NPR: TSA-Carry On Liquids; Karzai Seeks US Help Closing Madrasas; Existing Home Sales; Wall Street; Canada-Air India Bombing Hearings; Japan-Abe To Be Confirmed As PM.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs S.2590 - Federal Funding Accountability and Transparency Act. Room 350, Eisenhower EOB; Meets with President Karzai of Afghanistan, Oval Office; holds joint press availability with President Karzai, East Room; attends an Iowa, Arkansas and Wisconsin Victory 2006 reception, private residence, Washington.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Joy Padgett for Congress reception, Granville Inn, Granville, Ohio; speaks at a Ray Meier for Congress reception. Hotel Utica, Utica, NY.

US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on combating child hunger. James Kunder, acting deputy administrator, USAID; CDC Administrator Julie Gerberding; George Ward, World Vision; James T. Morris, U.N. World Food Program; Ann Veneman, U.N. Children's Fund. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on illegal insider trading. Associatd Deputy Attorney General Ron Tenpas; Linda Thomsen, SEC; Robert Marchman, New York Stock Exchange; Christopher K. Thomas, Measuredmarkets Inc., Toronto; John Coffee, Columbia Law School; Jonathan R. Macey, Yale University; James Cox, Duke University. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on efforts to develop new Basel Capital Accords. FRB Governor Susan S. Bies; Sheila C. Bair, chairwoman, FDIC; John C. Dugan, comptroller of the currency; John M. Reich, director, Office of Thrift Supervision; Diana L. Taylor, superintendent of banks, New York State Banking Department. Location: Room 538, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on pending nomination of Robert Howard to be Assistant VAD Secretary. Location: Room 418, Russell. Notes: Markup of the nomination following the first roll call vote after Noon in the Reception Room off the Senate floor.

10:45 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on pay-for-performance systems, especially for senior federal executives. OPM Director Linda Springer; Brenda Farrell, GAO; Carol Bonosaro, Senior Executives Association. Location: Room 342, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full Committee. Votes on pending nominations. Location: Room S-116, Capitol.

2:30 p.m. FINANCE _ Subcommittee on Health Care. Hearing on the experience so far with health savings accounts. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal financial Management, Government Information and Internatiuonal Security Subcommittee. Hearing on uncollected taxes and issues of transparency in the tax code. IRS Commissioner Mark Everson; Russell George, inspector general for tax administration, Department of the Treasury; Nina Olsen, national taxpayer advocate, IRS; Jay Soled, Rutgers University; Stephen Entin, president and executive director, Institute for Research on the Economics of Taxation; Jason Furman, New York University. Location: Room 342, Dirksen.

3:15 p.m. COMMERCE, SCIENCE AND TRANSPORTATION AND FOREIGN RELATIONS _ Full Committees. Joint hearing on the International Polar Year. Buck Sharpton, University of Alaska Fairbanks Center for Research Services; Alan Parkinson,Centers for Disease Control and Prevention; Mead Treadwell, U.S. Arctic Research Commission; Robin Bell, Lamont-Doherty Earth Observatory of Columbia University; Arden L. Bement Jr. National Science Foundation; Thomas Armstrong, U.S. Geological Survey. Location: Room 253. Russell.

3:30 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 10 a.m. for legislative business. Highlights: Suspensions (47 bills): 1) H.R. 4766 - Native American Languages Preservation Act of 2006; 2) H.R. 6138 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 3) H. Res. 1009 - Supporting efforts to promote greater public awareness of effective runaway youth prevention programs and the need for safe and productive alternatives, resources, and supports for homeless youth and youth in other high-risk situations; 4) H.Res. 295 - Expressing the sense of the House of Representatives supporting the establishment of September as Campus Fire Safety Month, and for other purposes; 5) H.R. 6142 - Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006; 6) S. 3525 - Children and Family Services Improvement Act of 2006; 7) H.R. 6131 - To permit certain expenditures from the Leaking Underground Storage Tank Trust Fund; 8) H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006; 9) H.R. 6062 - Community Development Investment Enhancements

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Act of 2006; 10) H.R. 6072 - Financial Services Regulatory Relief Amendments Act of 2006; 11) H.R. 4942 - Promoting Antiterrorism Capabilities Through International Cooperation Act; 12) H.R. 6116 - More Border Patrol Agents Now Act of 2006; 13) H.R. __ - Secure Border Initiative Financial Accountability Act of 2006; 14) H. Res. 1030 - Expressing the sense of the House of Representatives that the United States Border Patrol is performing an invaluable service to the United States, and that the House of Representatives fully supports the more than 12,000 Border Patrol agents; 15) H. Con. Res. 473 - Supporting the goals and ideals of Gynecologic Cancer Awareness Month; 16) H. Res. 402 - Supporting the goals and ideals of Infant Mortality Awareness Month; 17) H. Res. 748 - Recognizing the 225th anniversary of the American and French victory at Yorktown, Virginia, during the Revolutionary War; 18) H. Res. 991 - Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia, on its victory in the 2006 Little League World Series Championship games; 19) H.R. 5108 - Lance Corporal Robert A. Martinez Post Office Building Designation Act; 20) H.R. 6075 - Robert J. Thompson Post Office Building Designation Act; 21) H.R 6078 - Chuck Fortenberry Post Office Building Designation Act; 22) H. Res. 973 - Recognizing Financial Planning Week, recognizing the significant impact of sound financial planning on achieving life's goals, and honoring families and the financial planning profession for their adherence and dedication to the financial planning process; 23) H.R. 5989 - John J. Sinde Post Office Building Designation Act; 24) H.R. 5990 - Wallace W. Sykes Post Office Building Designation Act; 25) S. 3613 - Major George Quamo Post Office Building Designation Act; 26) S. 3187 - Richard L. Cevoli Post Office; 27) H. Res. 1016 - Encouraging all offices of the House of Representatives to hire disabled veterans; 28) H.R. 5313 - Open Space and Farmland Preservation Act; 29) H.R. 5103 - To provide for the conveyance of the former Konnarock Lutheran Girls School in Smyth County, Virginia, which is currently owned by the United States and administered by the Forest Service, to facilitate the restoration and reuse of the property, and for other purposes.

30) H.R. 4559 - To provide for the conveyance of certain National Forest System land to the towns of Laona and Wabeno, Wisconsin, to authorize the Secretary of Agriculture to convey certain isolated parcels of National Forest System land in Florence and Langlade Counties, Wisconsin, and for other purposes; 31) H.R. 1215 - Green Chemistry Research and Development Act of 2005; 32) H.R. 5074 - Railroad Retirement Technical Improvement Act of 2006; 33) H.R. 4981 - Dam Safety Act of 2006; 34) H.R. 6051 - John F. Seiberling Federal Building Designation Act; 35) H.R. 1556 - Clyde S. Cahill Memorial Park Designation Act; 3) H.R. 5546 - Carroll A. Campbell, Jr. Federal Courthouse Designation Act; 37) H.R. 5606 - William M. Steger Federal Building and United States Courthouse Designation Act; 38) H.R. 5026 - Andres Toro Building Designation Act; 39) H.R. 2322 - Kika de la Garza Federal Building Designation Act; 40) H.R. __ - National Institutes of Health Reform Act of 2006; 41) H.R. 5533 - Biodefense and Pandemic Vaccine and Drug Development Act of 2006; 42) H.R. 4377 - To extend the time required for construction of a hydroelectric project, and for other purposes; 43) H.R. 4417 - To provide for the reinstatement of a license for a certain Federal Energy Regulatory project; 44) S. 244 - A bill to extend the deadline for commencement of construction of a hydroelectric project in the State of Wyoming; 45) S. 176 - A bill to extend the deadline for commencement of construction of a hydroelectric project in the State of Alaska; 46) H.R. 971 - To extend the deadline for commencement of construction of certain hydroelectric projects in Connecticut, and for other purposes; 47) H.R. 5835 - Veterans Identity and Credit Security Act of 2006.

9 a.m. FLOOR SCHEDULE _ Meets for morning business. At 10 a.m. meets for legislative business.

9:30 a.m. AGRICULTURE _ Livestock and Horticulture Subcommittee. Hearing on federal farm policy affecting the speciality crop industry. Kevin Van Dyke, President, Skinner Nurseries, St. Augustine, Fla.; Phil Brumley, San Joaquin Farm Bureau Federation, Escalon, Calif.; Ervin Lineberger, Lineberger's Killdeer Farms, Kings Mountain, N.C.; Dean Okimoto, President, Hawaii Farm Bureau Federation; R. Jay Taylor, Chairman, Florida Fruit and Vegetable Association; Paul E. Dolan, III, President, Mendocino Wine Company, Ukiah, Calif.; Cynthia A. Brown, President, U.S. Dry Bean Council, Menomonie, Wis. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual exploitation of children over the Internet. Anna Carol Salter, psychologist, Madison, Wis.; Andres Hernandez, Director, Bureau of Prisons' Sex Offender Treatment Program; Phillip Jenkins, Pennsylvania State University; Thomas Krawawecz, CEO, Blue Gravity Communications, Inc., Pennsauken, N.J.; Christine Jones, GoDaddy.com, Inc., Scottsdale, Ariz. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on how the FDA regulates the reprocessing of supposedly single-use devices. Dr. Daniel G. Schultz, FDA; Don Selvey, Ascent Healthcare Solutions, Inc.; Dennis J. Toussaint, SteriMed, Inc.; Stephen J. Ubl, Advanced Medical Technology Association. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on Homeland Security Department initiatives for 2007. Secretary Chertoff. Location: Room 311, Cannon.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on human trafficking. UNICEF goodwill ambassador Ricky Martin; John Miller, State Department;

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Assistant HHS Secretary Wade Horn. Location: Room 2172, Rayburn. Notes: Media avaiability with Rep. Christopher Smith and Ricky Martin at 9:45 a.m., Room 2172, Rayburn. Event contact: Patrick Creamer, 202-225-3765.

10 a.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the National Academy of Sciences' plan for aeronautics. Lisa Porter, NASA; William Hoover, chairman of the NAS committee. Location: Room 2318, Rayburn.

10 a.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on tax reform proposals. Location: Room B-318, Rayburn.

11 a.m. EDUCATION AND THE WORKFORCE _ 21st Century Competitiveness Subcommittee. Hearing on how the entertainment industry and higher education are working to combat Internet piracy. University of Maryland Chancellor William E. Kirwan; Dan Glickman, CEO, Motion Picture Association of America; Cary Sherman, president, Recording Industry Association of America; Cheryl Elzy, Illinois State University; William W. Fisher, Harvard Law School. Location: Room 2175, Rayburn.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on current nuclear proliferation challenges. Hans Blix, Chairman, Weapons of Mass Destruction Commission; William Tobey, Energy Department; Andrew Semmel, State Department; Jack David, Defense Department; Gene Aloise, GAO; Amb. Thomas Graham, Jr. Global Security Institute; Baker Spring, Heritage Foundation; Jonathan Granoff, Global Security Institute; Henry Sokolski, Nonproliferation Policy Education Center; Frank von Hippel, International Panel on Fissile Materials. Location: Room 2247, Rayburn.

1 p.m. RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on the National Academy of Sciences icebreaker report. Location: Room 2167, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on Defense Department alternative energy and energy efficiency programs. John Young, Director, Defense Research and Engineering, Department of Defense; Richard Connelly, Director, Defense Energy Support Center; Mike Aimone, Deputy Chief of Staff for Logistics, Installations and Mission Support; Phil Grone, Deputy Undersecretary of Defense for Installations and Environment. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on ``Editing Hollywood's Editors: Cleaning Flicks for Families." Bill Aho, CEO, ClearPlay Inc., Salt Lake City; Allan L. Erb, President, Clean Flicks, Pleasant Grove, Utah; John Feehery, Motion Picture Association of America; Robin Bronk, The Creative Coalition; Jason Schultz, Electronic Frontier Foundation, San Francisco Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on H.R. 5242 - Small Business Paperwork Amnesty Act. Location: Room 2203, Rayburn.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: No public schedule.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 10:20 a.m. Meets with President Bush. Oval Office. 11:40 a.m. Holds joint media availability with President Bush. East Room. 3:30 p.m. Speaks at George Washington University on economic development, with Commerce Secretary Gutierrez. Morton Auditorium, 805 21st St. NW. Note: By invitation and credentialed media only. Media checkin at 1 p.m. Cameras in place by 2 p.m. RSVP required. Event contact: Adela de la Torre, 202-994-6424.

IRAQI PRESIDENT JALAL TALABANI _ Highlights: 10:45 a.m. Meets with Senate Majority Leader Sen. Bill Frist. Alcove, across from the old Senate Chamber. Setup at 10:25 a.m. 2:30 p.m. Speaks at the Wilson International Center for Scholars. 6th floor auditorium, Wilson Center, Reagan Trade Bjuilding. Event contact: Sharon McCarter, 2026914016. Note: RSVP required by 4 p.m. Sept. 25.

GREEK FOREIGN MINISTER DORA BAKOYANNIS _ Highlights: 10:30 a.m. Meets with Sen. Hillary Clinton. Room 476, Russell. 12 p.m. Addresses the Center for Strategic and International Studies. JW Marriott Hotel, 1331 Pennsylvania Ave. NW. 3 p.m. Meets with Sen. Chuck Hagel. Room 248, Russell. 5 p.m. Inauguration ceremony for the new chancery of the Greek Embassy. 2217 Massachusetts Ave. NW. 6 p.m. Meets with the House International Relations Committee. Room 2172, Rayburn.

FIREPOWER 2006 _ Institute for Defense and Government Advancement holds Firepower 2006, focusing on the newest weapons and equipment, as well as the future of munitions. Highlights: 11:10 a.m. Appropriations Overview, with Col. Michael Waclawski, Chief, Army Congressional Budget Liaison. Location: Hilton Washington/Silver Spring, 8727 Colesville Road, Silver Spring, Md.

HEALTH INFORMATION TECHNOLOGY _ The eHealth Initiative and Bridges to Excellence co-sponsor the Third Annual (HIT) Health Information Technology Summit for national, regional and state healthcare decision makers, who will consider emerging policy changes related to both quality

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and HIT emerging from the Administration, Congress, the 50 states, and the private sector. Highlights: 8 a.m. Opening Remarks by Janet M. Marchibroda, Chief Executive Officer eHealth Initiative and Foundation. 9 a.m. Keynote Address by HHS Secretary Michael O. Leavitt. 9:30 a.m. Keynote Presentation by Bill McInturff, Partner and Co-Founder, Public Opinion Strategies; Mark S. Mellman, President and Chief Executive Officer, The Mellman Group. 10:15 a.m. Congressional Health Information Technology Policy Panel with Katy Barr, Professional Staff Member, Committee on Health, Education, Labor and Pensions; others. 1:15 p.m. Concurrent sessions on Federal Administration, other topics. Location: Renaissance Washington Hotel, 999 9th St. NW.

FRANCHISE DAY _ The International Franchise Association holds its 2006 Franchise Appreciation Day. Highlights: 9:30 a.m. Rep. Tom Tancredo. 10:10 a.m. Secretary of Commerce Gutierrez. 10:45 a.m. SBA Administrator Steven Preston. 11:45 a.m. Rep. Mel Watt.. Location: Capital Hilton, 16th and K Sts. NW.

MILITARY INTELLIGENCE _ 8 a.m. - 4:30 p.m. The Joint Military Intelligence College holds a conference, ``Science and Technology Equals Intelligence on Target." Highlights: Location: Defense Intelligence Analysis Center, Bolling AFB.

ALBRIGHT _ 8:30 a.m. The Council on Foreign Relations holds an on-the-record program with former Secretary of State Madeleine Albright. Location: 1779 Massachusetts Ave. NW.

EMPLOYER HEALTH PLANS _ 10 a.m. The Kaiser Family Foundation and the Health Research and Educational Trust hold a media briefing and conference call to release the 2006 Employer Health Benefits Survey. This survey is an in-depth look at trends in health insurance costs and coverage in the workplace. Location: The 9th Floor Conference Room, Kaiser Family Foundation Offices, 1330 G St. NW.

HIV TESTING _ 10 a.m. The National Minority Health Month Foundation, others, hold a telephone briefing to announce an HIV testing campaign and to discuss HIV testing recommendations recently announced by the Centers for Disease Control. Contacts: Hillary Maxwell, 202-572-6205. Notes: Callin number: 800-967-7138; passcode: 1468235.

IRAN-RELIGION _ 10 a.m. Evangelical Christian, Jewish and Muslim religious leaders hold a telephone briefing to call on Congress to use its oversight authority to prevent a preemptive strike on Iran. Contacts: Trevor FitzGibbon, 202-246-5303. Notes: Callin number: 800-795-1259; passcode: Talk to Iran.

MODERN FAMILIES _ 10 a.m. The National Center for Policy Analysis and the National Press Club hold a panel discussion, ``Modern Families: Outdated Laws," with former White House press secretary Dee Dee Myers, Wall Street Journal editorial writer Kim Strassel, author Leslie Morgan Steiner, Lyric Winik of Parade magazine, and Karen Czarnecki of the Labor Department. Location: National Press club.

NATIONAL SECURITY _ 10 a.m. News conference to launch a new progressive national security organization, the National Security Network, with Rand Beers, president and Les Gelb, advisory board chairman, Rep. Jane Harman, and former Secretary of State Madeleine Albright. Location: National Press Club.

TERRORISM INSURANCE _ 10 a.m. The Coalition to Insure Against Terrorism holds a briefing with policyholders and insurers to give an update on the state of the terrorism risk insurance market. Location: National Association of Real Estate Investment Trusts, Suite 600, 1875 ``Eye" St. NW.

VISA WAIVERS _ 10 a.m. Rep. Dennis Kucinich, ambassadors from the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovak Republic hold a news conference on visa waivers. Location: Cannon Terrace.

IMMIGRATION _ 10:15 a.m. Senators John McCain , Ted Kennedy, Lindsey Graham, and Ken Salazar will be joined by other senators and religious leaders at a press conference to discuss the status of comprehensive immigration reform and the what they say is the need to finalize legislation in this Congress. Location: Room SR-485, Russell Senate Office Building.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner hold a pen and pad only briefing. Location: Room H-107, Capitol.

PEACE-IRAQ _ 10:30 a.m. Interfaith ceremony, procession and nonviolent civil disobedience action organized by the National Campaign for Nonviolent Resistance. Location: Upper Senate Park.

IMMIGRATION _ 11 a.m. Sen. Kay Bailey Hutchison and Rep. Mike Pence discuss their immigration polan at a briefing hosted by former House Majority Leader Richard Armey. Location: Room SC-4, Capitol.

LEBANON-HARIRI _ 11 a.m. The Middle East Institute holds a program with Lebanese member of Parliament Jawad Boulous discussing the UN report on the Hariri assassination. Location: 1761 N St. NW.

RETIREMENT ASSETS _ 11 a.m. Labor Secretary Chao holds a telephone briefing to announce proposed rules on default investment options that will make it easier for fiducaries of 401(k) plans, others to adopt automatic enrollment design features. Contacts: Gloria Della, 202-693-8664.

CHINA TRADE _ 11:30 a.m. Senators Chuck Schumer and Lindsey Graham meet with Treasury Secretary Hank discuss China trade policy and their bill that they say will level the playing field. Location: Room 313, Hart Senate Office Building.

PORTMAN _ 12 p.m. OMB Director Rob Portman speaks to a luncheon of the IBM Center for the Business of

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Government and the National Academy of Public Administration about the administration's emphasis on performance and results. Location: Ballroom, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

SPELLINGS-HIGHER EDUCATION _ 12:30 p.m. Education Secretary Maragret Spellings announces her plans to make the U.S. higher education system more affordable, accessible and consumer-friendly, based on the recommendations in the final report of the Commission on the Future of Higher Education. Location: National Press Club.

NEPAL-POLITICS _ 2 p.m. Nepalese Deputy Prime Minister and Foreign Minister K.P. Sharma Oli addresses a National Press Club afternoon newsmaker. Topic: ``Political Developments in Nepal and the Peace Process with the Maoists. Location: National Press Club.

POLITICS-RELIGION _ 2 p.m. Brookings Institution holds a briefing on America's polarized politics, with Alan Wolfe of Boston College and Karlyn Bowman of AEI. Location: 1775 Massachusetts Ave. NW.

IRAQ COSTS _ 2 p.m. - 4 p.m. Rep. Lynn Woolsey, D-Calif., hosts a Congressional Forum examining the financial, military, and opportunity costs of the occupation of Iraq. Woolsey will be joined by colleagues in the House, as well as two sets of panelists who will address the different aspects of the costs associated with the continued occupation. Location: Room HC-6, Capitol.

ENDANGERED SPECIES _ 2:15 p.m. Interior Secretary Kempthorne holds a telephone briefing to announce $67 million in grants to conserve habitat for threatened or endangered species. Contacts: Hugh Vickery, 202-501-4633. Notes: Callin number: 888-282-1673; passcode: DOI.

ENERGY-INDONESIA _ 3 p.m. Energy Secretary Bodman meets with Indonesian Energy Minister Purnomo to discuss energy issues of mutual interest and energy security. Closed press. Location: Energy Department.

LEVIN _ 4:30 p.m. The University of Illinois' Institute of Government and Public Affairs presents its 2006 Paul Douglas Ethics in Government Award to Sen. Carl Levin, D-Mich. Location: Madison Building, Library of Congress.

CHENEY PROTEST-TORTURE _ 5 p.m. - 6:30 p.m. Washington Region Religious Campaign Against Torture holds one in series of vigils outside Vice President Cheney's house. They're pushing for the Administration and Congress to support the Geneva Conventions and anti-torture policies. Location: Mass. Ave and 34th St. NW.

RELIGIUOUS-TORTURE _ 5 p.m. - 6:30 p.m. Faith leaders and church members from different denominations participate in a vigil on Massachusetts Avenue outside Vice President Cheney's house. They will be demonstrating to urge the Administration and Congress to support the Geneva Conventions and against the torture policies and practices of the last four years. Location: Outside the Vice Presidents House at Massachusetts Avenue and 34th Street NW.

FRANCE-US _ 5 p.m. Former French Amb. Jacques Andeani discusses French and U.S. studies approaches to international crisis, sponsored by the School of Advanced International Studies. Location: Auditorium, 1619 Massachusetts Ave. NW.

PARTISAN POLITICS _ 6:30 p.m. Panel discussion on ``How Partisan is too Partisan'' in politics, sponsored by Pajamasmedia.com, with Michael Barone of US News and World Report, Paul Mirengoff of Powerline Blog, Tom Bevan of Real Clear Politics, others. Location: National Press Club.

WOMEN BROADCASTERS _ 6:30 p.m. The 2006 Alice Award, named after Alice Paul, the founder of the historic National Womans Party, will be presented to a group of nationally recognized women broadcasters. This years prestigious award goes to the women of NPR, including Cokie Roberts, Susan Stamberg, Nina Totenberg and Linda Wertheimer. Location: Sewall-Belmont House and Museum, 144 Constitution Ave. NE.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 27, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Detainee Measure Likely To Pass, But Eavesdropping Action Looks Unlikely. The New York Times (9/27, Hulse, Zernike, 1.21M) reports Congress "was headed toward a split decision on President Bush's pre-election national security agenda, moving closer to passage of legislation on the handling of terrorism suspects while all but giving up hope of agreeing on a final bill to authorize the administration's eavesdropping program. Lawmakers in both the House and Senate said it now appeared doubtful that bills covering the National Security Agency's eavesdropping program could pass both houses and be reconciled before Congress adjourns this weekend, an outcome that would deny Republicans one of the main achievements they hoped to take into the election." CQ (9/26, Starks) reports Democrats said the NIE offered "evidence that Iraq has been a distracting and dangerous misadventure." The Washington Post (9/27, A4, Weisman, Leonnig, 748K) reports congressional Democrats said that, after November, "without the political pressure of a looming election and with a strengthened hand coming in the next Congress, Senate Democrats would probably filibuster Republican wiretapping legislation this year."

The Washington Post (9/27, A4, Smith, Babington, 748K) reports National Security Adviser Stephen Hadley and Republican senators met Tuesday to continue negotiations over military trials of terrorism suspects, but "they did not resolve a dispute over whether the captives should have access to U.S. courts." The Post says the "complex measure…nonetheless appears likely to win approval by the time Congress adjourns at the end of this week. A vote is expected in the House today on a version of the legislation that the White House supports. It was unclear yesterday evening whether Republican leaders would allow any amendments to it." The Christian Science Monitor (9/27, Chaddock, 58K) says Congress is "rushing to pass new

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legislation" on how to bring detainees "to trial -- or not. It's the 'not' -- President Bush's claim that any 'enemy combatant' can be detained indefinitely, without access to US courts -- that is the last obstacle to finishing a bill this week."

More Commentary. The Washington Post (9/27, A26, 748K) editorializes, "What's important is that any legal system approved by Congress pass the tests set by Sen. John W. Warner (R-Va.) months ago: that the United States can be proud of it, that the world will see it as fair and humane, and that the Supreme Court can uphold it. … White House pressure may have persuaded many in Congress that the easiest course is to quickly approve the detention bill in its present form and leave town. If so, their actions almost surely will come back to haunt them. Until this country adopts a legal system for the war on terrorism that meets Mr. Warner's standard, the war itself will be unwinnable."

Human rights advocate Natan Sharansky appeared in the CBS Evening News (9/26, story 9, 2:15, Couric, 7.66M) "Free Speech" segment, saying, "After nine years in the Soviet gulag, and 400 days in the cells, I know that sleep deprivation, exposure to cold, are forms of torture. Maintaining our principles in the face of terror is sometimes dangerous. Abandoning those principles would be even more dangerous. Still, I'm deeply concerned that some of those who insist that America not see the moral high ground don't recognize that America stands on the moral high ground. Those who abused at Abu Ghraib or Guantanamo Bay, accuse America of being no different than the Soviet Union or Saddam's regime have lost all sense of moral clarity. America is different because your citizens can protest without going to prison. America is different because your courts can defend rights, and your press can expose injustice. America is different because your Congress can hold hearings, and because your people can hold your leaders accountable. America is different because America is free. In standing up against torture, I hope that all Americans will remember the profound moral divide that separates the free world from the world of fear and work to advance a broad, the very principles you so rightly cherish at home."

In a USA Today (9/27, 13A, 2.27M) op-ed, Nat Hentoff, author of "The War on the Bill of Rights and the Gathering Resistance," writes, "The Constitution is being undermined, and the world still can't be assured that prisoners held by the U.S. are being humanely treated. So where are the winners? … Despite all the purported obeisance to the Geneva Conventions in this agreement that ended the McCain-Warner-Graham mutiny, there will be no way for Americans or the world to know whether these 'enemy combatants' -- many of whom might be innocent -- have been subjected to the same outrages upon personal dignity that this epic struggle by the three senators presumably prevents."

EU To Investigate Belgian Firm's Data-Sharing With US. The AP (9/26, Brand) reports the EU will investigate allegations that the Belgian company SWIFT's "sharing of confidential banking records with U.S. authorities for anti-terror probes could have violated EU laws." EU data protection officers said the "problem raised 'immediate concerns about the lack of transparency which has surrounded' a secret transfer deal between the U.S. Treasury" and SWIFT. The New York Times (9/27, 1.21M) reports EU spokesman Friso Roscam Abbing said the officials "would meet again in November and would then issue an opinion."

Bush Exchange With Reporter Over EU Counterterror Spokesman Recounted. In a "Verbatim" item, the Washington Post (9/27, A25, 748K) details the exchange at Tuesday's news conference between President Bush and al-Arabiya's Nadia Bilbassy-Charters, who asked Bush about comments by EU "counterterrorism chief European spokesman who said today that the international support for terrorism has receded. Do you agree with that?" Bush: "First of all, I didn't -- what was this person a spokesman for?" Bilbassy-Charters: "Counterterrorism chief in Europe." Bush: "Some obscure spokesman?" Bilbassy-Charters: "No, actually, he has a name." Bush: "Okay, he's a got a name. Well, no, I don't agree with the spokesman for the obscure organization that said that the international commitment to fighting terror is declining."

US Makes Adjustments At Guantanamo For Ramadan. The AP (9/27, Melia) reports, "Muslim detainees at Guantanamo Bay entered Ramadan with traditional sweets, dates and honey — but without a military chaplain to lead them in prayer during Islam's holy month." The AP continues, "Nearly all the alleged al-Qaida and Taliban members held at the detention center in Cuba are observing Ramadan, officials said Tuesday. Meals are offered before dawn and after sunset to accommodate their fasting during daylight hours. … The adjustments for Ramadan, which began Saturday, come as the U.S. prison faces accusations of religious insensitivity." The AP adds, "A court challenge seeking the return of a full-time Muslim

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chaplain to the base has been filed by one detainee's attorney, who said that regular religious services would help 'preserve the sanity' of the detainees. … 'I think it would preserve order and discourage these suicides that are happening there,' attorney Gaillard Hunt said. … A Justice Department spokesman declined to comment Tuesday on the motion, citing ongoing litigation."

HOMELAND RESPONSE:

US Will Not Appeal Ruling On DHS Labor Rules. Government Executive (9/27, Rutzick) reports, "Government officials on Monday night passed up their last chance to seek reversal of a court decision blocking proposed labor relations reforms at the Homeland Security Department." GE continues, "The solicitor general's office, which brings cases to the Supreme Court on behalf of government agencies, let a midnight deadline pass without filing an appeal at the high court. … 'We're OK with that because it allows the department to move forward in implementing our labor relations flexibilities rather than spending additional time in the litigation process,' said Larry Orluskie, a DHS spokesman." GE adds, "In June, an appeals panel unanimously upheld, and even broadened, an earlier ruling that the proposed system would illegally curtail collective bargaining rights for employees by giving management the ability to cancel negotiated agreements. DHS and Justice Department officials in August decided against challenging that decision before the full appellate court, but left open the option for a Supreme Court appeal. … A Justice Department spokesman declined to comment on why the solicitor general chose not to pursue the Supreme Court appeal."

Federal Computer Week (9/27, Chan) reports, "The decision allows the agency to move forward to 'pursue labor relations flexibilities rather than spending additional time in litigation,' Orluskie said. … 'If we go to the Supreme Court, we'd go on and on and on,' he said. 'What we're going to do is engage with our other partners, with the components, OPM, sit down with the unions and consider all available options.'"

The Federal Times (9/27, Kauffman) reports, "The government had until midnight Sept. 25 to appeal the case to the Supreme Court. … The focus now will shift to figuring out how to proceed from here, Orluskie said, adding that Homeland Security soon will meet with officials from inside the department, the Office of Personnel Management and the unions to begin those discussions." The Times adds, "The June 27 decision from the U.S. Court of Appeals for the District of Columbia Circuit invalidated changes the department had proposed making to the Title 5 rules governing collective bargaining, labor management procedures, and employee appeals of disciplinary actions. … The department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the reformed personnel system, and another 6,700 managers and supervisors will convert on Oct. 1, Orluskie said."

The Washington Post (9/27, D04, Barr) reports, "Administration officials declined to discuss what Clement's decision means for the Defense Department, which also has been stopped by a federal court from trying to curb union rights as part of the new National Security Personnel System. The Pentagon has appealed the court ruling, but Mark Roth , general counsel for the American Federation of Government Employees, said that the Defense Department 'would be smart to end this now.'" The Post adds, "Four years ago, Congress gave the Homeland Security Department a green light to overhaul how it pays, promotes and disciplines about 110,000 employees as part of the larger reorganization to strengthen homeland security and fight terrorism. But the rollout of the new system was slowed by legal setbacks in the past two years, and the department no longer has "a hard timeline," as one official put it, for completing the new personnel system. … About 4,000 supervisors and nonunion employees at Homeland Security headquarters, Immigration and Customs Enforcement, and the Federal Law Enforcement Training Center have been placed under a new performance-management system. An additional 6,700 managers and supervisors at Citizenship and Immigration Services and Customs and Border Protection will convert to the new performance system next month."

Chertoff, Democrats Spar Over 100% Screening At Foreign Ports. The Washington Times (9/27, Hudson, 88K) reports DHS Secretary Michael Chertoff "sparred" with Democratic members of the House Homeland Security Committee yesterday "over the feasibility of scanning cargo for nuclear materials at foreign ports before ships depart for the United States." Chertoff said "that total screening is unrealistic and that other measures are being implemented to protect US ports from such terrorist

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threats." Rep. Peter A. DeFazio argued that the US could refuse the entry of cargo from countries unwilling to have containers screened at their ports and "proposed a three-year period to implement such a strategy, but Mr. Chertoff balked and called it an 'artificial deadline' that would be 'as unrealistic as passing a law that says in three years cancer has to be cured.'"

New Carry-On Rules Cause Some Confusion, Delays. In an article appearing on at least 56 news websites, the AP (9/26, Yee) reported, "Happy that new security rules have cleared their liquids and gels for takeoff, air travelers presented small, clear plastic bags filled with toiletries for inspection Tuesday, but long lines grew at some airports as others confused about the changes filled trash cans with containers that were too large." DHS Secretary Michael Chertoff said the new rules, announced Monday by the TSA, "'are likely to be with us for the foreseeable future.' Testifying before the House Homeland Security Committee, Chertoff said the new rules would be in place for at least six weeks, but he declined to say whether they would remain as long as six months."

USA Today (9/27, Frank, Copeland, 2.27M) reports "occasional long lines and strict security" left some passengers wondering whether "their toothpaste was worth the trouble." Some "said they were confused by a requirement that the bottles fit in the 1-quart plastic bag. Others stumbled over a policy limiting each traveler to one bag. And a few were frustrated with trying to find the right size of bag. … The new rules caused logjams of more than double the normal wait times at the security checkpoints at Hartsfield-Jackson from 7 to 8:30 a.m., according to Christopher White, TSA spokesman for the Southeastern region." However, "TSA chief Kip Hawley said he felt 'everything went smoothly across the country' on the first day since the ban was relaxed."

The Washington Times (9/27, Lengell, 88K) reports many passengers decided yesterday that "it was more convenient to forgo their new rights." Some "said it was too confusing keeping up with rules, particularly because the Homeland Security Department just announced them Monday." The Times adds, "Passengers weren't the only ones getting used to the new rules. Transportation Security Administration officials at Reagan Airport regularly deferred to clipboards with the updated regulations. And a sign outside an hourly parking garage at the airport still informed passengers that all liquids were banned on board flights, ignoring the updated rules."

The Washington Post (9/27, A12, Wilber, 748K) reports, "Security was relatively smooth at US airports yesterday, as travelers adjusted to new rules allowing them to bring aboard planes small amounts of liquids and gels in their carry-on bags. But it took some flexibility on the part of authorities to make things work." The Post recounts how former ABC "Nightline" host Ted Koppel had to be given a plastic bag by a TSA supervisor at Washington's Reagan National Airport. Likewise, the Los Angeles Times (9/27, Khalil, 918K) reports, "On the first day of the relaxed transportation safety rules, travelers and security personnel at LAX spent much of the morning working through minor kinks and confusion caused by the new guidelines."

NYTimes Fears Carry-On Rules Eased In Reaction To Airline, Business Pressure. Under the headline "A Retreat On Carry-On Liquids," the New York Times (9/27, 1.21M) editorializes "we sure wish we could be confident that the Transportation Security Administration was not simply trying to placate airlines and other businesses concerned about possible loss of revenues. … The head of the TSA said the near total ban was no longer needed because extensive testing by the FBI and others had found that small containers don't pose a real threat and because items bought in the airport's secure area have already been screened on the way in." However, "It would seem relatively easy for a small group of terrorists to combine their liquids after all have passed through security checkpoints, either in the airport's secure area or even aboard the plane." The Times states, "A safer course of action would retain the near total ban on liquids and let the airlines supply passengers with ample beverages."

WAR NEWS:

Bush Declassifies Portion Of NIE, Calls War Critics "Naïve." President Bush's declassification of certain portions of the National Intelligence Estimate on Iraq received heavy media coverage last night and this morning, with Bush generally portrayed as taking the initiative and being on the offensive on the issue. The AP (9/26, Shrader) reports Bush said "critics who believe the Iraq war has worsened terrorism are naïve" as he ordered the partial declassification of the analysis, which "has stirred heated election-season argument on the subject." At a joint news conference with visiting Afghan President Hamid Karzai, Bush

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"rejected any suggestion that the war was a mistake." Bush said, "I think it's naïve. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe."

All three networks led with the story. ABC World News (9/26, lead story, 2:55, Gibson) said Bush "made public parts of a classified intelligence report that his opponents have been using to attack and discredit the way he's waged the war on terror." ABC (Raddatz) added, "This is the report that was released today. Three pages of a 40-page report. But the three-plus pages are very sobering. The report concludes that 'the global jihadist movement is spreading and adapting to counterterrorism efforts.' And if the trend continues, it will lead to 'increasing attacks worldwide,' including to US interests."

CBS Evening News (9/26, lead story, 2:40, Couric, 7.66M) reported, "Bush has long insisted the war in Iraq is making us safer, so when a classified intelligence review was leaked and suggested the war had created more terrorism, his critics pounced. Fighting back today, a President known for aggressively guarding government secrets decided to take a gamble. He released more of that classified document to try to make his case."

NBC Nightly News (9/26, lead story, 5:00, Williams, 9.87M) reported, "It's a report that was never meant to be public but it's out now. First it was leaked to the press and written about, and today the President, saying this is no way to do business, decided to declassify more of it and then release it officially. The intelligence report backs up the President's own position in part. But large portions of it are damaging to the Bush Administration, painting the Iraq war as a giant recruitment poster for would-be terrorists."

In a CBS Evening News (9/26, story 2, 1:15, Couric, 7.66M) interview, former CIA National Counter-Terrorism Center Director John Brennan said, "Clearly the Islamic extremist elements within Iraq have taken a primary role within the insurgency, and theatre ones that are organizing a lot of attacks taking place against Iraqis, as well as against US forces. In addition, there's just a ready propaganda tool that the Islamic extremists use by showing the footage of the continuation of the struggle inside Iraq."

CNN's The Situation Room (9/26, Blitzer) reported Bush "says he'll declassify key judgments" of the NIE, which "reportedly concludes the Iraq mission has made the terror threat worse. CNN's The Situation Room (9/26, Quijano) also said Bush "used the formal setting of the White House East Room to launch a full-throated political defense, attacking what he called the politically motivated leaking" of the NIE. The Los Angeles Times (9/27, Miller, 918K) reports Bush "took the highly unusual step of releasing key findings" of the NIE "in an attempt to blunt a growing furor in Washington."

The Chicago Tribune (9/27, Silva, 623K) says the President "attempted to blunt criticism that the war in Iraq has emboldened a new generation of terrorists" with the partial release. The Tribune says a "carefully screened summary of the NIE concludes that a holy war in Iraq is 'shaping a new generation of terrorist leaders and operatives.' It reports that the conflict has become 'the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement.'"

The New York Times (9/27, Mazzetti, 1.21M) reports the NIE "identified the jihad in Iraq as one of four underlying factors fueling the spread of the Islamic radicalism, along with entrenched grievances, the slow pace of reform and pervasive anti-American sentiment." The NIE "said American-led counterterrorism efforts in the past five years had 'seriously damaged the leadership of Al Qaeda and disrupted its operations,'" but it also said al Qaeda "continued to pose the greatest threat to American interests among terrorism organizations, and that the global jihadist movement overall was 'spreading and adapting to counterterrorism efforts.'"

Bush Sees Election-Season Motive Behind Leak Of NIE. The Los Angeles Times (9/27, Wallsten, 918K) says Bush "accused unnamed people" of perpetrating the leak "as an act of political sabotage, intended to 'create confusion in the minds of the American people' in advance of the November elections." His comments and declassification decision "were the clearest signs yet that the ongoing debate over the Iraq war and its effect on U.S. security has grown to a fever pitch as the two parties struggle to shape public opinion before election day." Bush said, "Here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper. Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

The Wall Street Journal (9/27, A3, Solomon, Lueck, 2.03M) says "leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S." While President Bush "called those

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who believe the war has worsened terrorism 'naïve,' and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world," Senate Intelligence senior Democrat Jay Rockefeller "countered that, 'The reality is, the war in Iraq has inflamed Islamic extremism…and it has created a training ground for the next generation of terrorists.'" CQ (9/26, Starks) reports Democrats said the NIE offered "evidence that Iraq has been a distracting and dangerous misadventure."

Under the headline "Bush On Offensive Over Leaked Iraq Report," the Financial Times (9/27, Daniel) says the declassification "marked a White House effort to limit the political fallout from the admission that the Iraq war had fostered terrorism and to show that the findings were just one part of a wider analysis of terrorism trends." And the Washington Times (9/27, Curl, 88K) reports under the headline "Bush Hits 'Political' Leak" that "an angry" Bush said the NIE "had been leaked for 'political purposes' and disputed that the classified report had concluded the Iraq war is spreading Islamic extremism across the world."

NIE Calls Iraq War "Cause Celebre" For Jihadists. The Washington Post (9/27, Fletcher, 748K) reports on its front page that the NIE says the Iraq war "has become a 'cause celebre' for jihadists, breeding resentment of U.S. involvement in the Muslim world and drawing new adherents to the movement." But it also says the "jihadist movement is potentially limited by its ultra-conservative interpretation of Islam and could be slowed by democratic reforms in the Muslim world." Still, the NIE says, terrorists "with experience constructing roadside bombs and other deadly devices in Iraq 'are a potential source' of leadership in attacks elsewhere." USA Today (9/27, 4A, Nichols, Jackson, 2.27M) puts the "cause célèbre" quote in the lead sentence of its report, and the AP (9/26, Shrader, Loven) also carries a story led by the phrase.

NYTimes, WPost Analyses Suggest NIE Shows US Failing To Quash Terrorism. Under the headline "Waging The War On Terror: Report Belies Optimistic View," the New York Times (9/27, Sanger, 1.21M) writes that in 2003, Defense Secretary Donald Rumsfeld "wrote a memo to his colleagues in the Pentagon posing a critical question in the 'long war' against terrorism: Is Washington's strategy successfully killing or capturing terrorists faster than new enemies are being created? Until Tuesday, the government had not publicly issued an authoritative answer." But the NIE "does exactly that, and it concludes that the administration has failed the Rumsfeld test."

The Washington Post (9/27, A21, DeYoung, Pincus, 748K) says Bush "said he agreed with the document's conclusion 'that because of our successes against the leadership of al-Qaeda, the enemy is becoming more diffuse and independent.'" But the Post says the NIE "posits no such cause and effect. Instead, while it notes that counterterrorism efforts have seriously damaged and disrupted al-Qaeda's leadership, it describes the spreading 'global jihadist movement' as fueled largely by forces that al-Qaeda exploits but is not actively directing. They include Iraq, corrupt and unjust governments in Muslim-majority countries, and 'pervasive anti-U.S. sentiment among most Muslims.'" The Post says the "overall estimate is bleak, with minor notes of optimism."

More Commentary. The Wall Street Journal (9/27, A18, 2.03M) editorializes, "We're happy to take credit for the suggestion made in our editorial yesterday, 'Declassify the Terrorism NIE.' But of course it was hardly rocket science to come to this decision. … We will hold an election in this country in six weeks and a bigger one in 2008. The war on terror -- with or without Iraq -- will be central to those votes. If declassifying this national intelligence estimate helps voters in that decision, so much the better."

The New York Times (9/27, 1.21M) editorializes, "It's hard to think of a president and an administration more devoted to secrecy than President Bush and his team. Except, that is, when it suits Mr. Bush politically to give the public a glimpse of the secrets. And so, yesterday, he ordered the declassification. … Bush said he wanted to release the document so voters would not be confused about terrorism or the war when they voted for Congressional candidates in November. But the three declassified pages from what is certainly a voluminous report told us what any American with a newspaper, television or Internet connection should already know. The invasion of Iraq was a cataclysmic disaster. The current situation will get worse if American forces leave. Unfortunately, neither the report nor the president provide even a glimmer of a suggestion about how to avoid that inevitable disaster."

In his Washington Post (9/27, A27, 748K) column, David Ignatius writes, "No matter how you slice it," the NIE "is big trouble for President Bush and his party in this election year. It goes to the heart of Bush's argument for invading Iraq, which was that it would make America safer. Many Democrats act

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as if that's the end of the discussion. … That is understandable, given the partisanship of Republican attacks, but it isn't right. The issue raised" by the NIE "is much grimmer than the domestic political game. Iraq has fostered a new generation of terrorists. The question is what to do about that threat."

Gonzales Says DOJ To Follow "Standard Procedure" On NIE Leak. USA Today (9/26, 4A, 2.27M) reports, "Attorney General Alberto Gonzales said Tuesday that the Justice Department will determine whether to investigate the weekend leak of an intelligence assessment that found the war in Iraq is exacerbating terrorism. 'We have a standard procedure in place that is followed with respect to leaks of classified information,' Gonzales said when asked at a news conference whether a criminal investigation would be launched, as it was in the case of an earlier leak of warrantless eavesdropping on suspected terrorists by the National Security Agency. 'I suspect that standard procedure will be followed in this case,' he said. That procedure requires the agency that classified the document to request a criminal investigation and then to answer 11 questions about how widely the document was circulated and how much the agency is willing to divulge in court if a case is brought to trial."

Bush Will Try To Mediate Between Karzai, Musharraf At White House Dinner. ABC World News (9/26, story 3, 2:45, Gibson) reported that Presidents Musharraf and Karzai "are having dinner" tonight "with President Bush. The rift between the Presidents of Pakistan and Afghanistan is getting quite bitter. And the presidents are anticipating a spirited evening tomorrow. Presidents Bush and Karzai spoke about it when they met with reporters at the White House today." President Bush: "It will be interesting for me to watch the body language of these two leaders to determine how tense things are. Yeah. I'm teasing about the body language for the dinner tomorrow night. But it's going to be a good dinner. It's an important dinner."

The Washington Post (9/27, A22, Kessler, Abramowitz, 748K) reports, "Tonight, joined by Vice President Cheney and" Secretary Rice," Bush "will bring both men into the old family dining room of the White House for a private chat." The Post says the "intimate dinner has all the earmarks of a peace conference. Karzai and Musharraf have been sniping at each other from long-distance for months, and Rice was dispatched to Kabul and Islamabad last June to try to ease tensions. The meeting comes as chaos is increasing in southern Afghanistan," while Musharraf "recently signed a deal with tribal chiefs that many experts believe turned over much of the area along Afghanistan's border to the control of Pakistani-based Taliban forces." Administration officials "noted that this is the second meeting Bush has brokered between the two men, and it was an effort to build a common strategy between two countries that have been at odds for decades."

The AP (9/27, Gearan) reports that yesterday, Bush "Bush reassured Afghanistan's leader…that the United States will stick by him five years into a democratic experiment that both men acknowledged has suffered setbacks." Karzai "said the insurgent violence in his country can be tamed, and he called the staggering growth in Afghanistan's illegal drug production an embarrassment. 'You got a tough job,' Bush told his guest at the start of a White House press conference. 'Sometimes it is,' a slightly rueful Karzai agreed."

The Financial Times (9/27, Daniel) says Karzai "expressed scepticism about a key agreement to stop potential insurgents from crossing the Pakistani border, saying he would 'wait and see' how it would be implemented." Of Musharraf's deal with border-area chieftains, Karzai is quoted saying, "My initial impression was that this was a deal signed by the Taliban – and then later I learned that they actually signed with the tribal chiefs. It will have a different meaning if it is signed with the tribal chiefs." The Times says, "in the past few days," both men "have added to tensions," with Musharraf having "suggested the root cause of Afghanistan's problems is its own history," and Karzai having "blamed outsiders."

USA Today (9/27, Jackson, 2.27M) runs a similar report under the headline "Bush Guests Are Both Allies -- Of The US, At Least." Bush, says USA Today, "tests his mediation skills today when he brings together a pair of feuding neighbors who are both essential to the US war on terrorism." The White House dinner "is an attempt at trilateral negotiations for Bush."

In an editorial, the Los Angeles Times (9/27, 918K) says, "Bush's famously personal approach to diplomacy hasn't always worked out -- the last leader into whose eyes he gazed, Russian President Vladimir V. Putin, has not turned out to be a reliable ally of the US or of democracy -- and it will be tested tonight. Somewhere between Karzai's and Musharraf's competing versions of the truth, and within the

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borders of the lands they nominally control, lie the leaders of the Taliban and Al Qaeda -- the original enemies in this war." The Times concludes, "Maybe Bush can trade on his friendships with Karzai and Musharraf to come up with a coordinated plan to fight the Taliban and reduce its havens in Afghanistan and Pakistan. Otherwise, he will have to explain how those countries can continue to harbor terrorists yet not be considered hostile regimes."

US Intel Picked Up Signs Of Sudden Activity In Pakistan's Mountain Regions Two Months Ago. CNN's The Situation Room (9/26, Starr) reported, "US intelligence sources tell CNN that two months ago there were signs of sudden activity in the remote mountain regions of Pakistan where Osama bin Laden is thought to be hiding. Analysts describe signs of people and movement in an area where the pace of activity is normally predictable. Part of the movement may have been Arab fighters or Taliban trying to avoid the Pakistani military. But according to one official, there was a source in the region who saw someone, possibly bin Laden himself. There have been tips before. But this time it was all enough to persuade the US intelligence community to once again order reconnaissance assets into a particular area of the tribal border region. The high-tech hunt using spy planes and sensors essentially is aimed at putting an electronic fence around an area where bin Laden might be. Spy satellites are used to look for changes in the landscape below. For example, fresh tire tracks on a mountain pass could mean medical aid is being brought to bin Laden."

Musharraf Sidesteps Question About US Entering Pakistan In Pursue Of Bin Laden. Musharraf was asked on CNN's The Situation Room (9/26) about President Bush's comment that he would go into Pakistan to get bin Laden if he knew where he was. Musharraf said, "My comments are -- I have been giving my comments that this is a sensitive area. And our decision is that we operate on our side of the border and US forces and allies operate on the other side. Now, having said that, we are hunting Osama and Zawahiri together. We are on the hunt, we are on the lookout for him. When we locate him, we have to take action, we have to take effective action to do away with him." Asked what would be wrong with is the US tried to capture kill bin Laden or al-Zawahiri in Pakistan, Musharraf said, "It is a very sensitive issue. We should not be discussing how and who is to deliver the blow, but whenever we locate him, we have to deal with him. And let's leave it at that and let's not get into the sensitivities of who and how it will be done."

Musharraf Appears On "Daily Show." The Washington Post (9/27, C1, Copeland, 748K) reports Musharraf "appeared on Comedy Central's 'Daily Show' with Jon Stewart, where he demonstrated both a sense of humor and a deep desire to sell 'In the Line of Fire,' which, incidentally, is now available on Amazon.com for the low, low price of $16.80, plus shipping and handling." Stewart "asked Musharraf why he hadn't made much reference in his book to America's war in Iraq. 'Is that because you felt like it was such a smart move, and has gone so well that to mention it would be gloating?' Stewart asked. Musharraf laughed and said of the war, 'It has led certainly to more extremism and terrorism around the world.'"

Suicide Bomber Kills 18 In Afghanistan. CBS Evening News (9/26, story 3, 0:15, Couric, 7.66M) reported that in Afghanistan, "violence is on the rise. A suicide bomber struck outside a governor's compound in the south. The governor was not hurt, but 18 other people were killed, including several who were there to get papers for a pilgrimage to Mecca." NBC Nightly News (9/26, story 3, 0:20, Williams, 9.87M) also noted the violence.

The AP (9/27, Khaleq) reports "the blast at the doorstep of Helmand Gov. Mohammed Daoud Safi's compound came on the same day a bombing against a NATO patrol in the Kabul area killed an Italian soldier and a child, and two weeks after militants assassinated a governor in eastern Afghanistan who had been a Karzai confidant." The New York Times (9/27, Gall, 1.21M) says the latest violence provides "another sign of the increasing size and power of suicide attacks and roadside bombs by insurgents."

Five People Killed In Baghdad As Violence Continues. CBS Evening News (9/26, story 8, 2:55, Couric, 7.66M) reported, "Bombs went off in several parts of Baghdad today. Five people were killed. The police found 23 bodies of men apparently killed by death squads."

Talabani Says Iraq Won't Descend Into Civil War. The AP (9/27, Schweid) reports, "Iraqi President Jalal Talabani disputed on Tuesday reports of growing violence in his country and declared, 'I can assure you there will be no civil war.'" At a news conference, Talabani also "leveled a warning to Iraq's neighbors that interference will not be tolerated. 'Iraq is not so weak our neighbors can do anything and we will remain silent,' Talabani said after delivering an

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upbeat speech at the Woodrow Wilson International Center for Scholars."

Mixed Shiite-Sunni Neighborhood Is Consumed By Distrust. The Washington Post (9/27, Raghavan, 748K) in a 2,727-word front page article reports, "Across the capital, mixed Sunni-Shiite neighborhoods have become battlegrounds of sectarian hostilities. West of the Tigris River, hundreds of Shiite families have fled mostly Sunni neighborhoods such as Amiriyah and Ghazaliya. In the east, hundreds of Sunni families have fled mostly Shiite areas such as Amin and Shaab. Increasingly, the strife is spreading into central Baghdad. In still-mixed neighborhoods such as Tobji, nestled in north-central Baghdad, political and militant Islam is clashing with tribal customs and a shared Arab and Muslim identity that have bonded Sunnis and Shiites for decades." The Post describes the fighting and killings that occur in the Tobji neighborhood of Baghdad over a 10-day span.

Poll Finds Most Iraqis Want Immediate US Withdrawal. The Washington Post (9/27, Paley, 748K) reports, "A strong majority of Iraqis want U.S.-led military forces to immediately withdraw from the country, saying their swift departure would make Iraq more secure and decrease sectarian violence, according to new polls by the State Department and independent researchers. In Baghdad, for example, nearly three-quarters of residents polled said they would feel safer if U.S. and other foreign forces left Iraq, with 65 percent of those asked favoring an immediate pullout." The University of Maryland Program on International Policy Attitudes will announce on Wednesday "that 71 percent of Iraqis questioned want the Iraqi government to ask foreign forces to depart within a year. By large margins, though, Iraqis believed that the U.S. government would refuse the request, with 77 percent of those polled saying the United States intends to keep permanent military bases in the country." The "stark" poll results, "among the most negative attitudes toward U.S.-led forces since they invaded Iraq in 2003, contrast sharply with views expressed by the government of Prime Minister Nouri al-Maliki."

Saddam Removed From Courtroom. McClatchy (9/27, Brunswick) reports, "For the second time in as many days in his genocide and war crimes trial, former Iraqi dictator Saddam Hussein was ordered tossed from the courtroom on Tuesday, sparking an eruption from the other defendants and briefly shutting down the court. … Two other defendants were led out of the courtroom after Saddam, who barely concealed a smile on his face as he made his way to the door."

The New York Times (9/27, Oppel, Mizher, 1.21M) reports that "after throwing Saddam Hussein out of court again, the judge hearing the deposed dictator's genocide trial abruptly postponed the case until Oct. 9, so Mr. Hussein and his co-defendants could consult with lawyers who are boycotting the trial or find new ones."

Oil-For-Food Inquiry Finds Australian Wheat Exporter Was Warned. The AP (9/27) reports Australian wheat exporter AWB Ltd. was "repeatedly warned" by lawyers that funneling money to Saddam Hussein's regime "could be illegal and breach U.N. sanctions on Iraq," according to evidence released by a government-commissioned inquiry Tuesday. The documents "contradicted" testimony by company executives that the monopoly exporter, formerly the government-owned Australian Wheat Board, "did not knowingly pay $222 million in bribes to the Iraq government under the corruption-riddled U.N. oil-for-food program." The documents are among 900 that AWB fought to withhold from the inquiry, but were ordered to be turned over last week by Australia's Federal Court.

West Point Buries First Female Graduate To Die In Iraq. The Washington Post (9/27, Partlow, Parker, 748K) reports in a front page article on the funeral at West Point of Emily Perez, "the first female graduate…to die in Iraq. Perez, a platoon leader, was killed while patrolling southern Iraq near Najaf on Sept. 12 when a roadside bomb exploded under her Humvee." Perez was mentioned in a Sunday New York Times piece on the increasing number of women killed in combat. The article quotes people who knew her and chronicles the funeral.

CORPORATE SCANDALS:

Fastow Sentenced To Six Years In Prison. CBS Evening News (9/26, story 5, 0:15, Couric) reported, "It will be six years in prison for Andrew Fastow for masterminding the financial fraud at Enron. The former CFO could have faced ten years but the judge opted for leniency. Thousands of employees lost their jobs and pensions and many stockholders lost their life savings when Enron collapsed in 2001."

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The Los Angeles Times (9/27, Hart) reports that due to Fastow's cooperation with the investigation, US District Judge Kenneth Hoyt stopped short of sentencing him to the maximum term. In 2004, Fastow "had agreed to serve as long as 10 years in exchange for testifying against the former top executives of the fallen energy company." The Times adds, "Hoyt imposed no fine in meting out his sentence to Fastow, noting that under terms of the plea agreement he had already forfeited $23.8 million and pleaded guilty to two counts of conspiracy. Hoyt sentenced Fastow to two years of supervised release upon completing his prison term. The judge recommended a minimum-security prison for Fastow, as well as drug treatment for the anti-anxiety medication he has been taking."

The Washington Post (9/27, D1, Johnson) reports that Hoyt said that Fastow "had been 'the subject of great persecution,' including threats and religious slurs, as the primary scapegoat for an accounting fraud that cost thousands of employees of the Houston energy company their jobs and retirement savings."

The Wall Street Journal (9/27, Emshwiller, Biers) reports, "Some found the reduced sentence for Mr. Fastow troubling. 'I was very surprised,' said Leslie Caldwell, the original director of the special Justice Department task force that investigated the Enron scandal. Ms. Caldwell, who is currently a partner with Morgan, Lewis & Bockius in New York, said the 10-year sentence included in the 2004 plea deal contemplated that he would provide full cooperation."

USA Today (9/27, Krantz) reports, "Fastow, 44, who also is barred from serving as an officer or director of a public company, could shave a year from his prison term by joining a drug-treatment program. The judge recommended Fastow to serve at the federal prison in Bastrop, Texas, followed by a two-year probation."

The New York Times (9/27, Murphy) reports, "Although Mr. Fastow's lawyers and government prosecutors asked that he be allowed to surrender voluntarily after the Yom Kippur holiday on Monday, Judge Hoyt refused. Mr. Fastow was allowed to briefly embrace his wife before U.S. Marshals escorted him from the courtroom in handcuffs. … 'We're very disappointed he was remanded into custody,' said Chris Patti, counsel for the University of California, which is a plaintiff in pending shareholder litigation. 'I'm not sure what this will mean for us.' … Mr. Patti and other lawyers involved in Enron civil cases had asked the judge at today's hearing to allow Mr. Fastow to remain free until at least October 23, the date they hoped to conclude his deposition. October 23 is also the date Enron's former chief executive, Jeffrey Skilling, will be sentenced." The Times adds, "Another lawyer representing shareholders, Lawrence Irving, testified that Mr. Fastow was 'critical' to their case. Referring to Mr. Fastow's testimony in the trials against his former bosses Mr. Skilling and Kenneth Lay, Mr. Irving said, 'I have never seen a more impressive witness.' Mr. Lay died of a heart attack in July before serving any jail time. … United States Attorney John Hueston testified that the cases against Mr. Skilling and Mr. Lay were weak until Mr. Fastow agreed to help the Justice Department's Enron Task Force: 'He allowed the U.S. government to bring jurors inside the executive suite.'"

The AP (9/27, Lozano) reports, "Fastow was originally indicted on 98 counts, including fraud, insider trading and money laundering. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. He also surrendered nearly $30 million in cash and property. … At their trial, Fastow testified Lay and Skilling were aware of fraudulent financial structures engineered by Fastow and his staff."

Fastow Accuses Investment Banks Of Aiding Enron Fraud. Fastow has accused 10 investment banks of helping Enron falsify its books in exchange for large advisory fees. The Financial Times (9/27, White, McNulty) reports, "The accusations came in a 24-page legal declaration filed by Mr Fastow in support of a class action lawsuit against the banks brought on behalf of Enron's shareholders." Fastow's declaration "could put new pressure on banks that have not yet settled in the class-action case. … Mr Fastow singled out Merrill Lynch, Credit Suisse, RBS and Barclays as especially involved with creating what he described as deceptive structures."

The Texas Lawyer (9/27, Jeffreys) reports, "Tuesday, lawyers in the shareholder securities suit, In Re: Enron Corp. Securities Litigation filed a declaration from Fastow in connection with the civil litigation. In that declaration, Fastow alleges that some of the banks that did business with Enron when he was CFO 'understood that some of the transactions were done primarily for generating certain accounting benefits and financial-reporting objections for Enron, including higher funds flow from operations, lower debt and increased [current period] income.' … G. Paul Howes, a lawyer for the lead plaintiff in the securities litigation, told Hoyt during the hearing that Fastow has agreed to testify during the

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upcoming trial in the securities litigation and will provide crucial testimony to tie banks to the downfall of Enron."

Local Television. U.S. District Judge Kenneth Hoyt Judge decision to sentence former Enron CFO Andrew Fastow to six years in prison received reasonable coverage by Texas local newscasts. All newscasts agreed that Fastow's help in the prosecution of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling helped him receive a lenient sentence. Some examples: KHOU-TV Houston, (9/26, 10:05 p.m.) reported. "Despite what it seemed, sentencing day turned out to be a pretty good day for Andrew Fastow. He came to court facing ten years, but found Judge Kenneth Hoyt to be lenient, giving Fastow only six years in prison. Plus if he enters a drug treatment program for anxiety medication he takes, Fastow could get a year shaved off that."

WFAA-TV Dallas, (9/26, 12:14 p.m.) reported. "Judge has granted leniency for former Enron CFO Andrew Fastow. He was expecting a 10-year sentence. The sentence is reduced now and it will be six years, not ten."

WOAI-TV San Antonio, (9/26, 06:11 p.m.) reported, "Lawyers for the 44- year-old pushed for the lesser sentence after he testified in the trials of Enron founder Kenneth lay and former CEO Jeffrey Skilling."

KHWB-TV Houston, (9/26, 9:04 p.m.) reported. "Today U.S. District Judge Ken Hoyt granted his attorney's request for leniency citing his cooperation in the investigation. Hoyt says Fastow's family has suffered enough, and that Fastow has been persecuted as the scapegoat in the Enron collapse."

KXAN-TV Austin, (9/26, 10:00 p.m.) reported. "Fastow will also face 2-years of court supervision when he is released."

KPRC-TV Houston, (9/26, 06:02 p.m.) reported. "Andrew Fastow's leverage in pending Enron cases spared him four long years behind bars."

KPRC-TV Houston, (9/26, 04:01 p.m.) reported. "One person who was happy to see a lighter sentence for Fastow was whistle blower Sherron Watkins. She helped shed light on the problems. She went to Fastow during her time and says that the work he has done since the plea deal earned a lighter sentence."

Ebbers Reports To Prison. Former WorldCom CEO Bernie Ebbers reported yesterday to a medium security federal prison in Louisiana to begin serving a 25 year sentence, USA Today (9/27) reports. Ebbers was "convicted in 2005 for his role in the company's $11 billion accounting fraud, the biggest in corporate history."

The Washington Post (9/27, D1, Masters, Joyce) reports, "Ebbers will spend at least the next 21 years in prison. The federal system does not have parole, but inmates can receive up to 15 percent off their sentences for good behavior. Ebbers is appealing his conviction and sentence to the Supreme Court."

Attorneys To Discuss Scrushy Request For A New Trial. US District Court Judge Mark Fuller has ordered prosecutors and defense attorneys to a non conference call today to discuss former HealthSouth Chief Executive Richard Scrushy's request for a new trial on political corruption charges. The Wall Street Journal (9/27) reports, "Attorneys for Mr. Scrushy and former Alabama Gov. Don Siegelman say their June convictions should be thrown out because some jury members may have communicated with one another via email outside the courtroom before and during deliberations. Defense attorneys also say the jurors improperly viewed articles and information on the Internet during deliberations."

Jenkins Says H-P Scandal Is "Devoid Of Larger Meaning." Holman Jenkins Jr. writes in the Wall Street Journal (9/27) that the Hewlett-Packard saga "is devoid of larger meaning, but the snafu now has its own consequences, hence the unusual suspense, and unusual stakes, of tomorrow's spectacle before a House committee concerned with data privacy. The questions only begin with which executives will invoke the Fifth (likely only those directly involved in the record filching). Will [board chair Patricia] Dunn take full responsibility for driving the investigation or seek to share it with CEO Mark Hurd? … Another element of suspense is Congress. Will it confine itself to what the H-P saga has to say about 'pretexting' -- the scamming of phone companies and others into allowing unauthorized access to records? This subject was on the committee's radar screen already. Or will H-P become an excuse to become even more prescriptive on corporate governance along the lines of the poorly considered Sarbanes-Oxley law in the wake of Enron?"

Pegoraro Says Consumer Punishment Of H-P Won't Deter Other Corporate Criminals. Rob Pegoraro writes in the Washington Post (9/27, D1) that "HP awaits your judgment the next time you walk into any computer or

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electronics store. What do you do? … Do you give HP your business or not? Does its vile conduct outweigh the finer points of its products?" Pegoraro adds, "The brain trust at HP let its megalomania outweigh any other considerations, like common decency or simply the desire not to look like felons when the whole sorry operation inevitably came to light. If this doesn't affect HP's bottom line, how much lower does a company have to sink before its customers rebel? … Go ahead, make HP your punching bag the next time you shop for a printer or a computer. Just don't overestimate the deterrent effect that might have on the rest of corporate America."

Options Probes Hit Investors In Bottom Line. Bloomberg (9/27, Green) reports, "The scandal over backdating stock options, used by companies to reward top executives with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value." Bloomberg continues, "More than two-thirds of 117 companies that announced investigations into their options grants by Aug. 31 fell in the stock market the next day, data compiled by Bloomberg show. The declines sliced an average 2.6 percent from their market value, 2.5 percentage points more than the average return on the same day for Standard & Poor's and Bloomberg indexes of similar companies." Bloomberg adds, "The losses add grist to 220 investor lawsuits against 70 companies, including Apple Computer Inc. and Home Depot Inc., which demand restitution and damages. The inquiry into backdating and fortuitous timing of option grants rivals the probe three years ago into improper mutual-fund trading, which led to $4.3 billion in penalties. … Companies grant options to give executives an incentive to boost the stock price. The U.S. Securities and Exchange Commission and the Justice Department are looking at whether the companies backdated grants to coincide with days when the stock price was low, giving recipients a built-in profit, and cases where they may have failed to properly account for awards."

CRIMINAL LAW:

Plame Probe Has Cost $1.4 Million So Far. The New York Times/AP (9/27, Press) reports, "Prosecutors said Tuesday that they had spent $1.44 million investigating the leak of a Central Intelligence Agency officer's identity in 2003. Because the special prosecutor, Patrick J. Fitzgerald, and other lawyers in the case were already on the government payroll, most of the costs were covered as a 'paper transfer' from one government account to another, Mr. Fitzgerald's office said." The AP adds, "The only additional cost to taxpayers was $333,000, mostly for travel and contractual services like research and court recorders. Investigators did not rent office space here, eliminating an expense that drove up costs for other investigations of top officials."

The Washington Post (9/28, A12, Leonnig, 748K) headlines its story "CIA Leak Probe Relatively Inexpensive," saying the $1.4 million figure "establishes him as remarkably frugal in the ranks of recent special investigators." Independent Counsel Kenneth W. Starr's "investigations of President Bill Clinton's affair with Monica S. Lewinsky and his ties to the failed Whitewater land investment cost $71.5 million and took eight years. Independent Counsel David M. Barrett's examination of Clinton housing secretary Henry G. Cisneros over an extramarital affair and potential illegal payments cost $21 million and lasted 10 years."

Judge To Consider "Crucial Issue" For Libby Trial. The AP (9/27, Apuzzo) reports, "A closed-door hearing beginning Wednesday will deal with a crucial issue in the trial of a former White House aide: whether President Bush's daily terrorism briefings and other sensitive documents should be disclosed in the CIA leak case." The hearing, "which could last several days, will help establish what classified information is relevant to the case against Vice President Dick Cheney's former chief of staff, I. Lewis 'Scooter' Libby." Libby "wants to use the daily intelligence briefings and terrorism threat assessments as evidence to show he had important things on his mind and honestly didn't remember details about his conversations with reporters." Prosecutors "have said Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed. It's a legal tactic known as 'graymail.'"

Gotti Jurors Tell Judge They Are Deadlocked. The New York Times (9/27, Williams) reports, "The federal jury in the racketeering conspiracy trial of John A. Gotti sent a note to the judge this afternoon saying they were deadlocked and unable to reach a unanimous verdict." The Times continues, "Judge Shira A. Scheindlin read the panel the Allen charge, an instruction meant to encourage juries to continue working until they reach a

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verdict, and sent them back to continue deliberating. … It is unclear how long the jurors — seven women and five men — will continue to deliberate, but Judge Scheindlin told them if they felt they were close to reaching a verdict by later this afternoon that the court would pay for dinner and give them rides home." The Times adds, "If the jury is unable to reach a verdict, it would be the third mistrial on the racketeering charges in the past year for Mr. Gotti. This is the sixth day of this jury's deliberations. In Mr. Gotti's first trial, the jury deliberated for eight days. In the second, the deliberations lasted one and a half days. … The jurors did say that of the four counts Mr. Gotti is facing, they had been able to reach a decision on only part of one of the racketeering conspiracy charges: the kidnapping of Curtis Sliwa, the Guardian Angels founder and radio talk show host. … The jury's note did not say what decision it had reached on that count."

The AP (9/27, Neumeister) reports, "From the start, the jury has sought evidence aimed at deciding whether Gotti quit the Gambino crime family before July 1991, as he claims. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004. … The jury was in its sixth day of deliberations. It had asked for some evidence to be read back as it deliberated over the last week, but the panel has not been particularly noisy in a courthouse where jurors can sometimes be heard shouting at one another." The AP adds that Judge Scheindlin "encouraged the jurors to give it another try, saying the case would likely have to be tried again and it was unlikely that another jury would be better able to judge the evidence. Two previous juries in the last year wound up deadlocked, with resulting mistrials."

Local Television. Only a few local newscasts reported that the jury in the third racketeering trial of John Gotti is unable to agree on a verdict. WSMH-TV Flint, (9/26, 10:24 p.m.) reported, "The jury in the third racketeering trial of John 'junior' Gotti is deadlocked just like the two prior trials. A New York federal judge is telling jurors to keep trying."

WLUK-TV Green Bay, (9/26, 05:36 p.m.) reported, "The jury in John Gotti's latest trial is deadlocked – just like the first two juries. The judge in the case told jurors to keep trying. Gotti has already had two mistrials because of hung juries. If convicted, he faces 30 years in prison on racketeering charges."

WANE-TV Ft. Wayne, (9/26, 11:13 p.m.) reported, "Six days of deliberations and jurors are deadlocked in the third racketeering trial of John 'junior' Gotti. The federal judge trying the case is urging jurors to keep trying. She says if they can't come to a decision there will probably be another trial."

WABC-TV New York, (9/26, 05:04 p.m.) reported, "Another day of deliberations for a jury deciding the fate of John Jr. Gotti. This is Gotti's third trial on racketeering charges in the last year. … The jury must decide if Gotti quit the Gambino crime family as he claimed, if so a five-year statute of limitations would have expired before the charges were filed."

Senate To Cooperate With DOJ On Probe Of Former FDA Head. Roll Call (9/27, Bresnahan) reports the Senate Health, Education, Labor and Pensions Committee "has agreed to turn over documents and allow three staffers to provide testimony to the Justice Department as part of the federal investigation into Lester Crawford, the former head of the Food and Drug Administration." The US Attorney's office "in the District of Columbia is conducting a probe into Crawford's statements about his financial holdings during confirmation hearings before the panel in 2005."

Former Westinghouse Electric Nuclear Engineer Pleads Guilty To Federal Charges. Under the headline, "Nuclear Engineer Guilty Of Conspiracy, Tax Evasion," the Pittsburgh Post-Gazette (9/26, Ward, 241K) reported, "A nuclear engineer who formerly worked for Westinghouse Electric Corp. pleaded guilty yesterday in federal court to conspiracy and tax evasion. Initially, Mark M. Kaushansky, 55, of Monroeville, was charged with helping Russia's former atomic energy minister steal more than $9 million in aid money from the US Department of Energy. But the plea before Senior US District Judge Maurice B. Cohill included just nine of the original 20 counts against him, and they all related to tax evasion." The Post-Gazette added that according to the US attorney's office, Mr. Kaushansky and Dr. Adamov began working together" and "incorporated two businesses, one in Pennsylvania and another in Delaware, and used two shell investment companies, with accounts in the United States, France and Monaco, to divert some of the money earmarked for NIKIET, a Russian nuclear research institute headed by Dr. Adamov."

The Pittsburgh Tribune-Review (9/26, Cato) reported that Kaushansky "will try to prove during a four-day hearing in February that he owes significantly less than the $5 million prosecutors say he owes. That could earn him significantly less time in prison than the approximately five years he faces

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if the government is right. In pleading guilty to nine counts of conspiracy and tax evasion, Kaushansky avoided more serious offenses of money laundering and interstate transportation of stolen property. He maintains his long-standing argument that he was not involved in an international scheme to rip off the United States with Adamov." Prosecutors say "Kaushansky and Adamov routed $15 million provided by the United States and other countries to bank accounts in Pittsburgh, Delaware and Monaco between 1993 and 2003."

The AP (9/26, Nephin) reported, "US Attorney Mary Beth Buchanan said in a statement that the indictment alleges Adamov was primarily responsible for diverting the money, but that Kaushansky 'was most directly involved with the concealment and expenditure of those funds.' US prosecutors wanted to try Adamov here, but Russian officials said he should face trial in his home country. He has denied the charges against him and awaits trial in Russia."

Stevens Reveals FBI Made Second Search Of Alaska Office. The Anchorage Daily News (9/26, Mauer, Demer) reported, "FBI agents returned last week to the legislative office of Senate President Ben Stevens and seized more evidence, including a copy of a sworn statement that implicated Stevens in an alleged payment scheme involving fisheries legislation brought by his father, U.S. Sen. Ted Stevens. Word of the second search, and what was taken by the FBI, came from Ben Stevens himself, who disclosed the information in a letter to the Daily News dated Sept. 22. In his letter, Stevens denied a request by the newspaper for a copy of any FBI search warrants which may have been served on him or his office," but he did provide "what he said was a 'complete listing of what was obtained from my legislative offices.'" The Daily News noted, "Though much has been made of the FBI's apparent interest in the relationship between legislators and the politically active oil field service and construction company Veco…Stevens listed only a single Veco document taken by the FBI: an undated memo to Veco president Pete Leathard."

Judge Sentences Ailing Gambino Capo To 12 Years In Prison. In a widely-distributed story, the AP (9/27, Neumeister) reports, "An ailing 74-year-old Gambino crime family captain who once recommended an undercover FBI agent for mob membership asked a judge for leniency Tuesday but received more than 12 years in prison instead. 'Give me one more shot,' Gregory DePalma…asked U.S. District Judge Alvin K. Hellerstein," but the judge replied, "If you were in my shoes, I don't think you would." Hellerstein, "calling DePalma 'a man thoroughly immersed in criminal activity,' said he could not be lenient because leniency toward DePalma in the past had not led him to avoid crime when he was out of prison." The New York Daily News (9/27, Zambito, 729K) notes, "In addition to the prison time, Hellerstein ordered DePalma to pay some $70,000 in restitution to two extortion victims. 'How much?' DePalma asked. 'Can I give them my Social Security check?' DePalma's motor-mouth was intercepted by a bug the FBI placed in his cell phone with the help of undercover agent Joaquin Garcia, who so deeply infiltrated the mob that DePalma was ready to sponsor his Mafia induction."

Lawmakers Seek Data Retention By Web Hosts. CNET News (9/27, Broache) reports, "Politicians on Tuesday urged domain name registries and Web hosting companies to do more to keep illicit child pornography off the Internet and indicated mandatory retention of user records is an option under consideration." CNET continues, "At a hearing here convened by a U.S. House of Representatives subcommittee on oversight and investigations, Michigan Rep. Bart Stupak, the panel's top-ranking Democrat, asked company representatives how they would feel about being subject to a law in the works that would require Internet service providers to retain customer records for one year. … 'If we do compel data retention, is there any reason Web hosting sites should be treated differently than ISPs?' Stupak asked the general counsel for GoDaddy.com, which bills itself as the largest domain name registrar in the world, and the CEO of Blue Gravity Communications, a New Jersey-based Web hosting firm. Both executives were participants on a panel at the latest in a series of hearings on the topic of online child exploitation. … 'A year might be a little long,' replied Thomas Krwawecz, Blue Gravity's CEO, later adding: 'It would be something we would definitely be open to if there were some guidelines for maintaining that data for a specific period of time.'" CNET adds, "Christine Jones, general counsel for GoDaddy, said requirements to maintain particular customer data for hosting companies and ISPs alike would be 'productive' for law enforcement. But the data, she added, should be limited to identifying information about subscribers, such as IP addresses and credit card numbers, and should not include the content of their communications.

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… Privacy and industry groups have generally voiced opposition to calls for mandatory data retention, which have become a fixture on the congressional agenda ever since Attorney General Alberto Gonzales touted the practice's necessity earlier this year."

Police Seize Electronics From Home Where DC Attorney Was Killed. The Legal Times (9/27, Schwartz) reports, "Police have seized computers and other electronics from the Dupont Circle home in Northwest Washington where lawyer Robert Wone was stabbed to death Aug. 2, according to an affidavit in a search warrant for the house that was recently made public." The Times continues, "The evidence, which included two laptops, a desktop computer, diskettes and USB drives, was among the material police confiscated during their monthlong search of the home at 1509 Swann St. N.W." The Times adds, "Wone, 32, who was the general counsel for Radio Free Asia, was found shortly before midnight "showing no signs of life" in the second-floor bedroom of the house, owned by his college friend Joseph Price, a partner at Arent Fox, according to the Aug. 4 affidavit by Detective William Xanten III. Price's partner, Victor Zaborsky, a marketing manager at the International Dairy Foods Association, co-owns the house. A third man, Dylan Ward, also lived there. All three were home the night of the murder."

SCOTUS To Consider Appeal In Arizona Death Penalty Case. The AP (9/27) reports, "The Supreme Court accepted an appeal Tuesday from Arizona, which wants to execute a twice-convicted killer who says his lawyer didn't do enough to ward off a death sentence." The AP continues, "Justices said they would review a decision by the 9th U.S. Circuit Court of Appeals, which said a lower court should consider Jeffrey Landrigan's claims that his lawyer was ineffective." The AP adds, "Landrigan escaped from an Oklahoma prison in 1989, where he was serving a 20-year term for murdering an acquaintance. A month later, he killed Chester Dyer, who picked up men on the Phoenix streets by flashing large sums of money. … As Landrigan and the man were drinking beer in the victim's Phoenix apartment, Landrigan strangled Dyer with an electrical cord and repeatedly punctured him with a screwdriver. He was convicted of killing Dyer and sentenced to death. .. Dale Baich, who represents Landrigan in his appeals, said his client might have won a life term instead of a death sentence if his trial lawyer had submitted evidence that he was predisposed to violence and suffered brain damage that made him unable to appreciate his crimes. … The Arizona Supreme Court, a federal district judge and a three-judge panel of the 9th Circuit all rejected Landrigan's claims before the full appellate decided otherwise in March."

Biker Brawlers Go On Trial In Law Vegas. The AP (9/27, Ritter) reports, "Videotape images show rival motorcycle gang members wielding guns, knives, wrenches and chairs in a brawl that killed three and injured at least a dozen in a southern Nevada casino in 2002." The AP continues, "The footage is among hundreds of hours of videotape jurors may view during the trial of 11 Hells Angels charged in the deadly casino brawl." The AP adds, "Federal prosecutors are expected on Tuesday to tell jurors that the bikers plotted to attack the rival Mongols gang at the Harrah's Laughlin hotel-casino after years of friction erupted into violence at a crowded motorcycle rally. … They are the first of 42 men - from California, Washington, Arizona, Alaska and Nevada, and ranging in age from 28 to 63 - to stand trial in the brawl. All face the possibility of life in prison if convicted of the most serious charge, racketeering-attempted murder." The AP notes, "Each has pleaded not guilty, and defense lawyers say the men will argue they were attacked first. … 'The tapes are going to reveal clearly that the Hells Angels were threatened and were engaged in lawful self-defense,' said lawyer David Chesnoff, who represents defendant Calvin Schaefer of Chandler, Ariz. … Chesnoff has argued previously that police knew trouble was brewing and federal agents missed a chance to prevent violence at the 2002 Laughlin rally, an annual event that draws tens of thousands of motorcycle enthusiasts to the Colorado River resort town about 100 miles southeast of Las Vegas."

Many Business Web Sites Vulnerable To Cyber Crime. The New York Times (9/27, Strom, 1.21M) reports, "When Ralph Nader wrote 'Unsafe at Any Speed' in 1965, he exposed how certain design decisions had made some automobiles inherently unsafe. Much the same can be said for Web sites these days. Many sites contain inherent design flaws that leave them ripe for exploitation. Unlike lack of seat belts in cars, these flaws are not immediately obvious and the fixes are not simple. … 'A business owner has risks even if they aren't doing e-commerce and if they just have a Web site,' said Shena Crowe, an agent in the F.B.I.'s San

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Francisco field office who has helped prosecute cybercriminals who used Google hacks and other techniques. 'Once you are plugged into the Web, your backyard can become open, and it is easy to have your information taken from you.'"

Analyst Finds Few Cases Of ID Theft Despite Surge In Data Losses. The New York Times (9/27, Lohr, 1.21M) reports, "In the last 12 months alone, the personal records of nearly 73 million people, from Social Security numbers to credit-card accounts, have been lost or stolen, in reported incidents compiled by ID Analytics, a San Diego company that provides fraud-detection services to banks, cellphone operators and other companies. … But while high-profile data breaches are common, there is no evidence of a surge in identity theft or financial fraud as a result. In fact, there is scant evidence that identity theft and financial fraud have increased at all. … 'The threat of identity theft from data losses is being greatly exaggerated,' said Fred H. Cate, the director of the Center for Applied Cybersecurity Research at Indiana University in Bloomington. 'And that's because a lot of people have fallen into the trap of equating data loss with identity theft.'"

US Seeks Death Penalty For Two In DC Drug Conspiracy. The Washington Times (9/27, Mcelhatton) reports, "Federal prosecutors have filed a notice of intent to seek the death penalty against two D.C. men charged with running a violent drug gang in Southeast." The Times continues, "The men, Antwuan Ball and David Wilson, reportedly led the Congress Park Crew, which authorities say dealt hundreds of kilograms of crack cocaine in Southeast for more than a decade. The gang resorted to homicide, assault and armed robbery, authorities said." The Times adds, "The move to seek the death penalty marks the second time in a year that the U.S. Department of Justice has declared it will seek capital punishment in the District. … In the other case, Larry Gooch, described as an enforcer in the M Street Crew in Northeast, has been charged in five killings and is expected to go to trial in January. … Only two capital murder cases have gone to trial in the District since the death penalty was reinstated in 1976. The District has no statute for the death penalty, but capital punishment can be pursued in federal cases if authorized by the U.S. attorney general. … However, there are questions about whether the move to seek the death penalty against Ball and Wilson came too late. … Last week, U.S. District Judge Richard W. Roberts issued a ruling barring the death penalty in the case." The Times notes, "Judge Roberts wrote that the Justice Department did not comply with his order setting a Sept. 15 deadline for a decision on whether to seek capital punishment. On Monday, the U.S. attorney's office filed the notice to seek the death penalty and asked Judge Roberts to reconsider. … 'The process took as long as it did not because the government was insensitive to the speedy trial rights of the defendants, but because we were giving additional and extra careful consideration to defendants' interests,' Assistant U.S. Attorneys Glenn S. Leon and Ann H. Petalas told Judge Roberts in a memo."

Gambling Companies Warned Not To Accept Bets In Louisiana. The Financial Times (9/27, Ward, Blitz) reports, "Louisiana police have warned all online gambling companies to stop accepting bets in the state or risk having their executives and directors arrested if they visit the US. The police official responsible for the arrest of Peter Dicks, former chairman of Sportingbet, on a Louisiana warrant in New York three weeks ago, said the state was pressing ahead with its clampdown, in spite of what appears to be a rethink about the case in other political jurisdictions." The Times adds, "It is understood Louisiana has sealed warrants against more than 50 people working or connected to at least a dozen online gambling or related companies. … Louisiana is one of several US states that has its own laws prohibiting internet gambling."

Conspiracy Trial Begins For Two Alleged MS-13 Members. The Baltimore Sun (9/27, Dolan) reports that the racketeering conspiracy trial of two alleged members of La Mara Salvatrucha, a violent street gang known as MS-13, began Tuesday with allegations that the two men, Edgar Alberto Ayala, known as "Pony," and Oscar Ramos Velasquez, known as "Casper" "participated in a well-oiled criminal organization responsible for at least six homicides and five attempted killings." The Sun adds, "Formed in California by Salvadoran immigrants who have spread eastward, MS-13 'is without any doubt a criminal enterprise,' Assistant U.S. Attorney Sandra Wilkinson told jurors Tuesday. 'The objective of this gang is to kill people.' Dubbed one of the nation's most violent and fastest-growing gangs, MS-13 has a relatively low profile outside of the Washington suburbs. But experts say its strength is growing throughout Maryland as the overall Hispanic population

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expands its reach beyond Prince George's and Montgomery counties."

The Washington Post (9/27, B7, Castaneda) reports that MS-13 "has rules that include a standing edict to kill rival gang members, Assistant U.S. Attorney Sandra Wilkinson said in her opening statement in U.S. District Court in Greenbelt. … Prosecutors said in court papers that the gang has 10,000 members in 10 states and the District, as well as in El Salvador, Honduras and Mexico. Wilkinson said MS-13 has many cliques, which she compared to business franchises. … MS-13 gang members have conspired to commit murder, rape, kidnapping and robbery and to obstruct justice by attacking or intimidating witnesses, federal prosecutors allege in their original indictment and two superseding indictments."

Murders Of Three Teens Raises Alarms Across DC. The Washington Post (9/27, B1, Klein, Weil) reports that the murders of three teenagers in a 24 hour period in DC has raised "alarm across the city. DC police said none of the three cases appears to be related, but all three are homicides. That raises to 15 the number of slayings of victims in the city this year who were younger than 18. In all of last year there were 12. Police Chief Charles H. Ramsey said last night that a man, about 50, had been taken into custody in the death of the 15-year-old, Dominick A. Dixon. Ramsey said the man had made a statement about the killing to police. No arrests have been reported in the other two killings. Police said last night that Dixon's death was a homicide. But they did not say how he was slain, and autopsy results had not been released."

Thieves Killed Cutting Into Power Lines For Copper. USA Today (9/27, Koch) reports, "At least seven men in five states have been fatally electrocuted since July while hacking through power lines to steal wire made of copper, which has been commanding near-record prices, police say. … Nationwide, police report copper thieves stealing wires from air conditioning units, exposed pipes from underneath homes, vases from graveyards in Sumter, S.C., and bells from a church in Yonkers, N.Y." USA adds, "Police have reported three deaths since July in Fort Worth, Pineville, W.Va., and Aurora, Colo. There are no national figures, but the number of copper thefts and related deaths is 'probably at the highest level it's ever been,' says Kenneth Geremia, spokesman for the Copper Development Association, a trade group. He says copper is completely recyclable and can sell for $3 a pound at scrap yards."

Philadelphia Man Charged With Defrauding Victim-Assistance Program. The Philadelphia Inquirer (9/27, Shiffman, 399K) reports, "A Philadelphia man was charged yesterday with staging fake armed robberies in scams that netted $385,000 from the state's victim-assistance program." David Toomer "is accused of staging robberies from 2000 to 2002, then enlisting the help of a former accomplice, an unnamed chiropractor, to help him stage fake accidents this year." The Inquirer notes, "Toomer was arrested by the FBI on April 28 in the parking lot of the Holiday Inn on Packer Avenue as he allegedly conspired with an unnamed chiropractor to stage a fake accident. By then, the chiropractor had begun cooperating with authorities, according to an affidavit by FBI Agent Therese Nestor, and had been audiotaped and videotaped discussing the scam." The Philadelphia Daily Mail (9/27, Hinkelman) adds, "Toomer, who used at least two aliases during the alleged scheme, was charged with mail fraud and health-care fraud. His attorney said yesterday that Toomer plans to plead guilty. … Authorities said the investigation is continuing. Toomer is out on bail."

Seven In Three States Indicted On Katrina Aid Fraud Charges. The Detroit News (9/27, Egan) reports, "Five Detroit-area women, an Indiana man and a Mississippi woman fraudulently obtained nearly $30,000 in relief money intended for Hurricane Katrina victims and used the cash to buy cars, narcotics and other items, the federal government alleged in criminal complaints filed Tuesday. … None was directly affected by the…storm," but "each obtained between $2,000 and $12,750 in Federal Emergency Management Agency aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to complaints filed in U.S. District Court." Defendants Pamela Reason and Curtisine Ingram "told investigators they used some of the Katrina money to buy narcotics," and "other items allegedly purchased with the $28,182 include two cars, clothing, eyeglasses and food." The AP (9/27) also reports on the indictments.

Paper Executive Sentenced To 15 Years In Prison For $300-Million Fraud. Newsday (9/26, Kessler) reported, "The former head of a Hauppauge-based

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national paper manufacturing conglomerate was sentenced" Monday "to 15 years in prison for a $300-million fraud involving his firm, American Tissue, which was once the nation's fourth-largest producer of paper towels, tissues and toilet paper." Iranian immigrant "Mehdi Gabayzadeh, 62, of Great Neck also was ordered to make restitution of $65 million and serve five years' supervised release by U.S. District Judge Joanna Seybert in Central Islip." Newsday notes that "a drop in paper prices resulted in sharp financial losses that Gabayzadeh attempted to cover up by lying to lenders, and then to creditors after the company was forced into bankruptcy." The Manchester Union-Leader (9/26, Colquhoun) reports that in addition to prison, Gabayzadeh "must make $65 million in restitution and will be on probation for five years after he serves his prison term. … 'It's not enough time, but we have to put it behind us and move on,' said Gorham [NH] Town Manager Bill Jackson. 'It was more than I expected him to get, but it wasn't enough,' said Berlin [NH] Mayor Bob Danderson. … 'He exemplifies the worst of American greed.'"

The AP (9/27, Eltman) reports, "In seeking a stiff sentence, prosecutors had compared Mehdi Gabayzadeh's misdeeds to those of better-known white-collar corporate criminals, including Adelphia Communications Corp. founder John Rigas and former WorldCom Corp. chief Bernard Ebbers. 'The purpose of this sentence is to demonstrate that white-collar crime hurts just as much as blue-collar crime,' said U.S. District Court Judge Joanna Seybert. … Prosecutors estimated 2,700 people across the country, including Wisconsin, Vermont and Tennessee, lost their jobs" when American Tissue bankrupted. The New York Times/Bloomberg (9/27) also briefly reported on Gabayzadeh's sentencing.

New York Man Sentenced To 20 Months In Prison For Investment Fraud. The Lynchburg (VA) News & Advance (9/22, Busse) reported, "A New York man will serve one year and eight months in prison for his role in an investment scheme that bilked a Lynchburg resident out of more than $385,000." Dennis Testa "was convicted in March of conspiracy to commit money laundering. He was sentenced Friday in U.S. District Court in Charlottesville." The News & Advance noted co-conspirator Nicholas Lanza "was sentenced Sept. 1 to 2½ years in prison and ordered to pay $30,000 in restitution. … The Lynchburg resident was the biggest victim of the scam. In all, the pair took more than $400,000 from seven people in five states."

New York's Local Courts Survive Despite A Century Of Criticism. The New York Times (9/27, Glaberson) reports that over the last century, at least nine commissions other state bodies have denounced New York State's town and village courts. The Times adds, "Although they are key institutions of justice in more than 1,000 small towns and suburbs across New York, trying misdemeanor cases and lawsuits, a vast majority of the justices who run them are not lawyers, and receive only a few days' legal training. The justices are often elected in low-turnout races, keep few records and operate largely without supervision — leaving a long trail of injustices and mangled rulings. Yet these justice courts, as they are known, remain essentially as they were when New Yorkers started complaining nearly a century ago."

Officials Use Forensic Techniques To Diagnose Elder Abuse. The New York Times (9/27, Gross) reports that public health and law enforcement officials "are learning to speak the same language and using the same forensic techniques as those popularized on the three C.S.I. television series to diagnose elder abuse and neglect. For decades, the techniques have been the state-of-the-art approach for investigating child abuse and domestic violence. But elder abuse has lagged far behind, suffering from a lack of financing, research and data. Now change is in the air, and forensic techniques are just one of many new initiatives nationwide to protect the elderly." The Times adds, "Congress is also expected to consider, before the October recess, the Elder Justice Act of 2006, which would create the first nationwide database on elder abuse, replacing inconsistent or unavailable data. The legislation, which has bipartisan support, also assigns a federal official to coordinate projects and technical assistance."

Internet Revives Land Scams. USA Today (9/27, El Nasser) reports that the Internet "is reviving a grand old American tradition: land scams. Thousands of lots in phantom subdivisions that were sold decades ago to people who hoped to build retirement homes in warm states are reappearing on online sites such as the Internet giant eBay. The new wave of land scams has the potential to snooker millions more around the world because of the Internet's broad and instantaneous reach. Many of the lots being sold

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have never been developed because they are on swampland in Florida or isolated desert ranchland in Texas and Arizona. There is no road access, water or power. The land might be developed someday, but county officials who are busy processing a surge in deed transfers are skeptical."

"Girls Gone Wild" Founder Enters Guilty Plea. The Washington Times (9/27, Seper) reports that Jospeh Francis, founder of the "Girls Gone Wild" video series "has pleaded guilty to charges of failing to create and maintain age and identity documents for performers in his sexually explicit films." Francis "entered the guilty plea Monday before U.S. District Judge Margaret Morrow in Los Angeles. Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Francis pleaded guilty to two counts filed under a law passed by Congress to prevent sexual exploitation of children. … Under the agreements, she said, Francis agreed to pay the maximum fine of $500,000 and his two companies agreed to pay an additional $1.6 million in fines and restitution."

Tennessee Man Sentenced For Removing Classified Data. The Knoxville (TN) News-Sentinel (9/27, Satterfield) reports, "Retired U.S. Navy man Everett Ashley Blauvelt Jr. had no intention of betraying his country when he played fast and loose with 'secret restricted data' at the Y-12 National Security Complex in Oak Ridge, defense attorney Tom Dillard said Tuesday. … 'It was just a bad mistake,' Dillard said." The News-Sentinel continues, "Blauvelt, 61, pleaded guilty before U.S. Magistrate Judge Bruce Guyton to a misdemeanor charge he removed classified information from Y-12, where components for the country's nuclear weapons arsenal are made, while working there as an employee of contractor BWXT in 2000. … Guyton sentenced Blauvelt to a one-year probationary term." The News-Sentinel adds, "According to documents filed Tuesday in U.S. District Court by Assistant U.S. Attorney David Dake, Blauvelt worked for BWXT as a 'shift technical adviser' and 'held secret and Q-security clearances.' … His job gave him access to classified information including documents labeled 'secret restricted data' because of references to nuclear weapon making and the potential to cause 'serious damage' to national security, Dake told Guyton. … The exact nature of the information at issue in Blauvelt's case was not disclosed in court records, although some of it apparently involved data on fellow employees. … At some point in late 2000, an allegation was made to Blauvelt's bosses that he had 'compiled a database containing detailed personal and sensitive information about co-workers,' Dake wrote. … It's not clear why Blauvelt broke the security rules, but Dillard insisted -- and the Justice Department agreed in allowing a misdemeanor plea -- that there is no proof that Blauvelt intended to market the classified information."

Resolution Of San Diego Pension Fund Scandal Criticized. The Wall Street Journal (9/27, 2.03M) says in an editorial that San Diego "is approaching the bitter end-game on its pension-fund scandal, with the Securities and Exchange Commission expected to release its own report on the city council's decade-long bender of overpromising benefits and underfunding its pension fund. The SEC is likely to require the city's government to take steps to ensure that the fiasco isn't repeated, allowing it to re-enter the municipal-bond market." But the "nightmare won't end there for San Diego taxpayers, who are left holding the bag for the misfeasance of the city council. For them, two big issues remain: Will the extravagant promises to city employees be honored without regard to their cost or the improprieties involved in making those promises? Second, will the city council be held accountable for creating this mess?"

CIVIL LAW:

High Court To Rule On Use Of Union Dues For Political Activity. The Washington Post (9/27, A8, Lane, 748K) reports that the Supreme Court has announced that it will decide "whether states may require organized labor to ask some workers for permission to spend their union fees on political activity. The case addresses the agency fees that some states require workers to pay to labor organizations for representation, even if they chose not to join the unions. The court said it would review a Washington state Supreme Court ruling that struck down a state law barring the use of those fees for political purposes without workers' consent. … The law had been adopted by Washington voters as part of a referendum on campaign finance reform." But "the state's high court ruled 6 to 3 earlier this year that the law violated unions' First Amendment rights because it presumes workers would object to labor leaders' spending choices."

The Washington Times (9/27, Dinan, 88K) reports, "The dispute actually involves two cases. One is an appeal by

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the state's attorney general defending the law, and the other is an appeal on behalf of teachers." Stefan Gleason, vice president of the Fairfax-based National Right to Work Foundation, "which is working on behalf of the teachers, said the case has big stakes because the state court's ruling could be seen to create a right to collect money even from nonunion teachers."

The New York Times (9/27, Greenhouse, 1.21M) reports, "From the labor unions' point of view, the difference between permitting nonmembers to 'opt out' and requiring them to 'opt in' is substantial." They "argue that it is burdensome to have to seek permission from nonmembers, and that nonmembers who do not exercise their opt-out rights should be seen as acquiescing in the expenditures."

LATimes Criticizes Class Action Light Cigarette Lawsuit. The Los Angeles Times (9/27, 918K) says in an editorial that an appeals court "must decide whether, as a matter of law, a federal judge in Brooklyn erred in refusing to block a class-action racketeering lawsuit against tobacco companies on behalf of millions of smokers of 'light' cigarettes. But lay people are likely to scratch their heads over District Judge Jack B. Weinstein's decision to let this lawsuit proceed — especially when they learn that the damage supposedly caused by the tobacco industry was to smokers' wallets, not their lungs." If Weinstein "isn't overruled, his decision will be a windfall for lawyers, a disaster for tobacco companies — which already have agreed to pay out billions of dollars as part of a settlement with state attorneys general — and a travesty for the cause of due process."

CIVIL RIGHTS:

Rohrabacher Asks For DOJ Probe Of Border Agents' Prosecution. The Washington Times (9/27, Seper) reports, "Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called 'the exceedingly harsh prosecution' of two U.S. Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks. … 'This proceeding has garnered national attention calling into question the administration's commitment to secure our borders,' said Mr. Rohrabacher, adding that the two agents -- Ignacio Ramos and Jose Alonso Compean – 'were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler.'" The Times continues, "The California Republican's letter also called for the agents' sentencing next month to be postponed 'due to significant concerns over the circumstances surrounding' their prosecution. … Mr. Rohrabacher joins a growing list of Democrats and Republicans on Capitol Hill who have asked for congressional hearings and reviews by the White House and Justice Department into the prosecution. … 'It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts,' Sen. Dianne Feinstein, California Democrat, said in a letter last month to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter. … 'Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties,' she said."

Boston Police Officer Charged With Violating Civil Rights Of Prostitute. The Boston Globe (9/27, Murphy, 425K) reports, "A 19-year-old prostitute feared that no one would believe her if she said an off-duty Boston police officer kept forcing her to perform sex in his car. So one night, she fled his car with a key piece of evidence: his badge," and "when Officer Michael LoPriore called the woman to get his badge back, the FBI was listening, too. LoPriore, 37, of Everett, was charged in federal court yesterday with depriving the woman of her rights by using his position as a police officer to coerce her to perform sex in September 2004. According to a plea agreement filed with the court by the US attorney's public corruption unit, LoPriore, a 12-year Boston police veteran, will plead guilty, resign from the department, and never seek another job as a police officer in Massachusetts." The Boston Herald (927, Sweet, McPhee, 203K) notes acting Boston police Commissioner Albert Goslin said, "Getting rid of characters of his ilk can't be done quick enough. We don't make excuses for anybody." The AP (9/27) also reports on the charges against Lopriore.

Missouri Ice Cream Company Managers Indicted On Human Trafficking Charges. The Kansas City Star (9/21, Rizzo, 278K) reported, "Two managers of a Kansas City ice cream company were indicted…on new charges related to the alleged forced labor of Russian students who drove ice cream trucks." David L. Carslake and David H. Mackintosh "were among five men charged…in U.S. District Court in Kansas City with violating federal human trafficking laws," then "a grand jury in

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Springfield indicted Carslake and Mackintosh on a charge of document servitude for allegedly confiscating the passports and other identification documents of the eight young Russian men identified as victims in the human trafficking case. Carslake was also indicted on a charge of visa fraud for allegedly making false statements in federal immigration documents concerning the status of the Russian students."

The AP (9/21) noted, "Authorities said the men collaborated to force the students to work for Frosty Treats ice cream truck company of Kansas City by telling them they would be seriously harmed if they refused. All five are charged with aiding and abetting each other from Jan. 1 to Sept. 17 to obtain forced labor. … The eight students from Voronozh, Russia, were recruited under a summer work program run by the Russian company InterAir, according to an affidavit filed in support of the case."

Cambodia Cracks Down On Child Sex Trade. The Christian Science Monitor (9/27, Piore) reports that Cambodia is cracking down on the child sex trade. This year, officials "have arrested at least 12 foreigners on charges of sexually abusing children - more than twice the amount snagged all of last year. In addition to three Americans, they've caught four Germans, an elderly Swiss man, a Belgium national, and at least three Vietnamese nationals who helped the foreigners procure children." The Monitor adds, "It's a trend that's been in the offing since at least 2000, when Cambodia first launched a major initiative funded by foreign donors aimed at targeting the exploitation of women and children and set up a hotline to receive tips."

Racist Graffiti Forces Charles County To Confront Race Relations Problem. The Washington Post (9/27, B1, Rucker, Wan) reports, "A wave of offensive graffiti and vandalism in the past seven weeks" is forcing Charles County, Maryland to confront "what some residents say has existed for years: a race relations problem. As Charles transforms from a land of sprawling tobacco farms to a far-flung exurb of Washington, few have spoken openly about what one black resident calls 'the browning of Charles County' -- the movement of large numbers of middle-class black families to an area that not long ago was predominantly white." The Post adds, "At least 10 incidences of racist graffiti or vandalism, all classified as hate crimes, have occurred in Charles since mid-August. … FBI agents are planning to join authorities in their search for the vandals at the request of Rep. Steny H. Hoyer, the House Democratic whip, whose district includes Southern Maryland."

Judge Says Louisiana Parish Schools On Target For Release From Federal Oversight. The Baton Rouge Advocate (9/27, Burgess) reports, "The St. Landry Parish school system is on track to be released from federal oversight by the end of next year, the federal judge handling the parish's desegregation case said Tuesday." The Advocate continues, "U.S. District Judge Tucker Melancon made the comments during a quarterly meeting in Lafayette with St. Landry Parish school system officials and School Board members. … 'My intention in this case is to get it over as soon as possible,' Melancon said. '… Barring some unforeseen circumstance, it's going to happen next December (2007).'" The Advocate adds, "Melancon said he hopes to convene court in Opelousas — the St. Landry Parish seat — for the formal hearing to declare the school system "unitary," or free from discrimination. … Several legal hurdles remain. … To be freed from federal oversight, school officials must show discrimination has been eliminated in six areas. … Melancon ruled last year that three areas were unitary: transportation, faculty assignment and extracurricular activities. … The school system still must show discrimination does not affect decisions on the quality of education offered to students, the quality of facilities and student assignment." The Advocate notes, "A hearing was set for Tuesday on a motion by the School Board for unitary status in the area of quality of education. … That hearing was delayed to allow Justice Department attorneys time to review a forthcoming report from the state with information about racial balance in special-education programs, an issue raised in St. Landry Parish."

House Passes Parental Notification Bill. The New York Times/AP (9/27) reports, "Accompanying a minor across a state line to obtain an abortion and avoid parental notification in the girl's home state would become a federal crime under a bill the House passed Tuesday on a vote of 264 to 153." Supporters of the legislation "argued that it made no sense that minors who need parental permission to get an aspirin at school or to go on field trips can get an abortion without telling their parents." The bill's sponsor, GOP Rep. Ileana Ros-Lehtinen, said, "It protects minors from exploitation from the abortion industry, it promotes strong family ties and it helps foster respect for state laws."

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Opponents "argued that it would result in the arrests of grandparents and others who were trying to shield girls from abusive parents." The AP adds, "Chances are slim that the House and the Senate, which approved a more limited version of the bill in July, will devise a compromise they can send to the president before the end of this session of Congress. But the House vote gives conservatives something to showcase when they return home next week to campaign for the midterm elections."

The Los Angeles Times (9/27, Levey, 918K) says that "in a mark of the majority party's struggles with its 'values' agenda, Senate Republicans may run out of time to vote on the measure before lawmakers leave town at the end of the week." That "would leave Republicans with few trophies to show their socially conservative base as they try to motivate voters in the final six weeks of the fiercely contested 2006 campaign." The Times adds, "Some strategists fear that failure to win final passage of the bill could hamper efforts to spur turnout of a reliably Republican voting bloc — which might mean the difference in key races around the country." The bill "that the House passed Tuesday by a vote of 264 to 153 was the latest initiative in a more than decade-long campaign to chip away at abortion rights." But "aides to senior Senate Republicans said Tuesday that they could not be sure the measure would make it to the floor for a vote."

The Washington Times (9/27, Fagan, Bellantoni, 88K) notes the House action is a story titled "GOP Pushes 'Values' Legislation," in which it says Senate Democrats "have blocked the final negotiations, seeking, among other things, changes to limit the notification rights of fathers who rape their daughters. It was not clear yesterday whether the Senate would act on the bill this week, but if it does, the bill would likely pass and could then go on to President Bush, supporters said."

House Approves Bill On Religious Lawsuits. The AP (9/27, Abrams) reports, "House Republicans, carrying out their election-year values agenda, on Tuesday pushed through legislation cutting off financial awards for lawsuits successfully filed against expressions of religion such as Christmas displays on government grounds." The bill, "passed 244-173, denies the awarding of attorney's fees or monetary damages to a party that wins a court case based on the establishment clause in the Constitution that is used to argue a separation of church and state." The AP adds, "There is no companion Senate bill and little chance the Senate would consider it in the waning days of this session, but the House vote was a reminder to the GOP's conservative base that their issues are not being ignored."

The Washington Post (9/27, A4, Cooperman, 748K) reports, "Caroline Fredrickson, director of the ACLU's Washington legislative office, said the measure is 'election-year red meat for the Christian right, because they've been complaining they haven't gotten enough from this Congress.'" The American Legion, the Southern Baptist Convention "and other conservative groups began pushing for the legislation after a Pennsylvania judge awarded $2 million to the ACLU of Pennsylvania and Americans United for Separation of Church and State. The two groups had successfully sued the school board in Dover, Pa., for requiring science teachers to teach "intelligent design" alongside evolution. The award was later reduced to $1 million." The Washington Times (9/27, Fagan, Bellantoni, 88K) notes the House action is a story titled "GOP Pushes 'Values' Legislation," in which it says "if the Public Expression of Religion Act were to become law, groups like the American Civil Liberties Union would be barred from receiving legal fees if they prevail in a court battle."

Texas Court Case Tests Limits Of Legal Intervention In Church Affairs. The New York Times (9/27, Blumenthal, 1.21M) reports Peggy Lee Penley of Fort Worth, Texas sought marriage counseling from her pastor, C.L. Westbrook, Jr., who "disclosed her 'biblically inappropriate relationship'" with another man "to church elders" and eventually "the full congregation of the church." In 2001, Ms. Penley "sued her pastor for defamation and negligence, saying he had violated his responsibilities as a professional counselor. Her lawsuit has attracted considerable attention from church groups trying to prevent court intervention in religious matters. The case went before the Texas Supreme Court on Tuesday, and the outcome will once again help define the evolving line between church and state." While courts "have long held that religious practices and discipline are immune from court review under a legal doctrine known as 'ecclesiastical abstention,' secular misconduct by religious figures is not automatically protected." Church groups "have leapt into the case, submitting briefs that warn of growing attacks on religious autonomy."

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ANTITRUST:

Wright Bill Backers Press For Compromise. The Dallas Morning News (9/27, Reddy) reports, "Legislation to lift restrictions on long-haul flights at Dallas Love Field could come down to the wire to clear both the House and Senate before a pre-election recess." The News continues, "Finding a procedural path for the Wright legislation has proven elusive on both sides of the Capitol as congressional leaders try to rush through major legislation before returning home Saturday to campaign for the November elections. … Still, lawmakers from North Texas weren't conceding Tuesday that the issue would have to fall into the lame-duck session. … Getting the bill cleared Friday or early Saturday remained a possibility. … 'It's not dead for this week, but it's still in flux,' said Rep. Kay Granger, R-Fort Worth." The News adds, "The legislation would implement a June compromise to repeal the 1979 Wright amendment. … The bill needs to be enacted by the end of the year, or the agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport will expire. … The House is awaiting action on an original version of the legislation and one amended by the House Judiciary Committee that removes an exemption from antitrust laws."

Bill Faces More Opposition. The Dallas Business Journal (9/27) reports, "Opposition to the Wright Amendment compromise bill continues to mount locally, as a new study says the bill will cost consumers billions, and two consumer groups have written House Democratic leaders to protest the bill." The Journal continues, "The study was conducted by Steven A. Morrison, a member of the Department of Economics at Northeastern University and editor in chief of the Journal of Transport Economics and Policy. The study was solicited by the law firm of Bickel & Brewer, which represents Love Terminal Partners, which has filed a lawsuit over the local agreement that the Wright compromise bill is based on. … In the report, Morrison looked at U.S. Department of Transportation data on airline fares and passenger volume to estimate the effects on consumers of full repeal versus the proposed agreement. … He said by fully repealing the bill consumers would recognize $726 million annually, compared to between $117 million and $383 million annually from through ticketing."

Johnson & Johnson Sues Boston Scientific Over Guidant Deal. The AP (9/27, Johnson) reports, "Months after Johnson & Johnson lost a bidding war for medical-device maker Guidant, J&J is suing the winner, Boston Scientific, and Abbott Laboratories, alleging the two companies induced Guidant to breach its agreement with J&J." The AP continues, New Brunswick.-based Johnson & Johnson is seeking $5.5 billion in damages, according to the lawsuit, filed Monday in U.S. District Court in New York. The lawsuit also seeks reimbursement for court costs, attorney fees and interest." The AP adds, "The suit asks the court to rule that Indianapolis-based Guidant Corp. breached the companies' merger agreement and that Boston Scientific Corp. and Abbott Laboratories Inc. intentionally interfered with the deal and induced Guidant to breach it. … Natick, Mass.-based Boston Scientific trumped Johnson & Johnson's final $24.2 billion offer with a $27.2 billion bid to acquire Guidant and its portfolio of stents, defibrillators, pacemakers and other medical devices. … Guidant paid Johnson & Johnson a $705 million breakup fee after it opted to accept Boston Scientific's offer in late January. To eliminate possible antitrust snags, Boston Scientific agreed to sell Guidant's stent and vascular business to Abbott for $4.1 billion and a $900 million loan."

UPI (9/27) reports, "Johnson & Johnson alleges in its New York federal lawsuit, which also names Abbott Laboratories, that Boston Scientific prevailed 'only because Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott,' Boston Business Journal said. … Once Guidant had done so, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, 'which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review,' the suit says."

Bloomberg (9/27, Glovin, Goldstein) reports, "Since defeating J&J, Boston Scientific has been buffeted by product recalls, falling sales, profit warnings, analyst downgrades and growing legal risks, driving the company's market value down to $21.8 billion from $31.2 billion in less than five months. … J&J lost the deal in January, when Abbott made financing agreement that enabled Boston Scientific to snatch Guidant, the lawsuit said. Guidant accepted the bid as superior to J&J's offer, and J&J promptly received a $705 million termination fee from Guidant."

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Judge Dismisses Part Of AMD's Claim Against Intel. The Wall Street Journal (9/27, Clark) reports, "A federal judge dismissed major portions of Advanced Micro Devices Inc.'s high-profile antitrust suit against Intel Corp., accepting Intel's argument that many of AMD's claims are beyond the reach of U.S. law." AMD "accuses Intel of illegally maintaining a monopoly in the market for microprocessor chips that act as the brains in most personal computers. Its suit, filed in June 2005 in federal court in Delaware, questions Intel's business tactics in several countries, including Britain, Germany and Japan. Intel, of Santa Clara, Calif., asked the judge to dismiss AMD claims that are based on the foreign effect of Intel's alleged tactics. … US District Judge Joseph Farnan sided with Intel. He ruled that AMD 'has not demonstrated that the alleged foreign conduct of Intel has direct, substantial and foreseeable effects in the United States which gives rise to its claim.'"

DeCode Genetics Sues Former Employees For Stealing Trade Secrets. The Wall Street Journal (9/27, Regalado) reports that Icelandic gene hunting company DeCode Genetics Inc. is suing five ex-employees for stealing trade secrets and breach of contract. The Journal reports that the case "may threaten a major US project to study the DNA of children." Four of the five former employees of DeCode Genetics Inc. "now work for Children's Hospital of Philadelphia, which in June announced a high-profile plan to collect and study DNA from some 100,000 children. … In its suit, filed in U.S. District Court in Philadelphia, DeCode asked the court to prevent CHOP or its former employees from using any of its trade secrets. In a statement, CHOP officials said the 'hospital believes that the claims against its researchers are without merit and that they will prevail in the lawsuit.' The hospital said it would 'vigorously' defend its employees and its own research program."

Think Tank Director Says Microsoft Can't Be Guilty Of A Crime Before It Commits It. Alberto Mingardi, director general of Istituto Bruno Leoni, a Milan-based free-market think tank, writes in the Wall Street Journal (9/27), "Quarrels between the European Commission and Microsoft seem to be the daily bread in Brussels. … Since March, the Commission has expressed concerns about Vista, the new version of Windows, ready to be released in a few months but waiting for an informal greenlight from Brussels. … The new operating system's alleged future dominance is merely a prediction, albeit a reasonable one based on the history of previous iterations of Windows. Still, there can be no evidence of the size of Vista's market share until it is released and sold." Mingardi adds, "You cannot be 'guilty' of any crime before you have committed it and been accused, much less proven, of having committed it. This is a basic tenant of legal certainty as we know it. Why should it not continue to apply to competition policy?"

FTC Gives Antitrust Nod To Regent Radio Station Buy. The AP (9/27) reports, "Radio broadcasting company Regent Communications Inc. received antitrust approval from the Federal Trade Commission to buy five radio stations serving the Buffalo, N.Y., market from CBS Corp. for $125 million in cash." The AP continues, "The FTC on Monday granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law, according to the agency's Web site." The AP adds, "Cincinnati-based Regent announced on Sept. 5 that it planned to operate the Buffalo stations -- WBLK-FM, WBUF-FM, WJYE-FM, WYRK-FM and WECK-AM -- through a local marketing agreement starting in October. … After the deal closes, Regent will own and operate 19 radio stations in the Upstate New York region including stations in the Buffalo, Albany, Utica/Rome and Watertown markets."

Kroes Claims US Lobbied Her Over Microsoft Fine. CNET News (9/27, Thurston) reports, "The U.S. government sought to influence the European Commission over Microsoft's antitrust case, according to Competition Commissioner Neelie Kroes." CNET continues, "Kroes said the U.S. Embassy in Brussels, Belgium, had asked her to be 'nicer' to Microsoft ahead of her decision to fine the software giant 280 million euros ($357 million) in July. … The commissioner criticized the approach. 'This is of course an intervention which is not possible,' Kroes told Dutch newspaper Financieele Dagblad this week." CNET adds, "When asked if she was annoyed by the embassy's approach, she said: 'In my work, I cannot have a preference. I have, however, a personal opinion, but that is for Saturday night.' … Kroes' representative added in an e-mail to CNET News.com's sister site ZDNet UK on Tuesday: 'We can confirm that she was lobbied and that she did not appreciate it.'" CNET notes, "Microsoft declined to comment on Kroes'

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claims, but an insider insisted that the company had not tried to influence discussions between the U.S. government and the EC. … The U.S. Embassy had not responded to requests for comment at the time of writing."

New Jersey MLS Withdraws Display Policy. Inman News (9/27, Roberts) reports, "The New Jersey Multiple Listing Service, a regional MLS in Northern New Jersey that is owned and operated by two local Realtor organizations, has withdrawn a policy that prevented some property listings from reaching Realtor.com and several other home-search Web sites." Inman continues, "While New Jersey MLS officials were reportedly contacted by representatives for the U.S. Federal Trade Commission -- an agency that has been investigating similar policies at more than a dozen other MLSs across the country -- MLS officials stated in a communication to members this month that the decision to rescind the rule was in response to the practices of neighboring MLSs. … National Association of Realtors general counsel Laurie Janik announced earlier this year that 14 separate government investigations had been launched over MLS policies that prevent some property listings information from being publicly displayed on some public Web sites. The Realtors Association of Northeast Wisconsin MLS changed its restrictions relating to the public display of some property listings in late August after an FTC investigation." Inman notes, "The Northern New England Real Estate Network and Austin Board of Realtors in Texas also lifted similar restrictions, and both of these groups announced agreements with the FTC in response to investigations."

ENVIRONMENT:

Judge Allows California Auto Emissions Suit To Proceed. The AP (9/27, Thompson) reports, "Automakers can continue their lawsuit seeking to block strict vehicle emission standards adopted two years ago by California regulators, a federal judge ruled." The AP continues, "U.S. District Judge Anthony Ishii sided preliminarily with a coalition of automakers on their three major arguments against the state law, which was passed in 2002 and adopted two years later by the state air board. In a ruling Monday,Ishii threw out two lesser arguments, but ruled the suit should go to trial Jan. 30." The AP adds, "The tailpipe standards adopted by the California Air Resources Board were designed to cut greenhouse gas emissions from cars and light trucks by 25 percent and from sport utility vehicles by 18 percent starting in 2009. Ten other U.S. states have since adopted the California standard. … The automobile industry sued in U.S. District Court in Fresno, California, arguing that the state law amounts to an attempt to set new fuel-economy standards, something it says can be done only by the federal government. .. . The judge ruled that automakers can continue with their argument that allowing states to set their own emission standards would violate two federal laws that reserve that power to the federal government. Ishii also allowed an argument by the automakers that California's regulations would undermine the federal government's ability to conduct a uniform foreign policy."

NOAA Researchers Accuse White House Of Blocking Warming Report. USA Today/AP (9/27) reports, "The Bush administration has blocked release of a report that suggests global warming is contributing to the frequency and strength of hurricanes, the journal Nature reported Tuesday. The National Oceanic and Atmospheric Administration disputed the Nature article, saying there was not a report but a two-page fact sheet about the topic. The information was to be included in a press kit to be distributed in May as the annual hurricane season approached but wasn't ready." NOAA spokesman Jordan St. John said, responding to the Nature article, "The White House never saw it, so they didn't block it."

Seattle Law Firm Represents 76 Clients In Tainted Spinach Lawsuits. The Wall Street Journal (9/27, Tesoriero, Lattman) reports on the Seattle law firm Marler Clark which had filed its first bad spinach lawsuit before health officials warned the public about possibly tainted spinach. As "word of the bacteria outbreak began to spread this month, lawyers at the firm posted messages on the firm's E. coli blog, www.ecoliblog.com1. They reached out to reporters and waited for the calls and emails to stream in. Now Marler Clark is representing 76 clients. Bill Marler, a 49-year-old partner in the firm, tracks them with Post-it Notes on a US map hanging in his office." The Journal adds, "A tiny firm with six attorneys, a staff epidemiologist and a nurse, Marler Clark has in the past eight years established itself as the go-to place for victims of food-borne illnesses. The firm's niche practice requires it to connect quickly with new, often widely dispersed clients as an outbreak unfolds, making effective marketing paramount. The firm has pursued an

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aggressive brand-building campaign, including speaking engagements, media interviews and an extensive Internet presence."

Ohio Town Has Been A Test Lab On Air Pollution Since 1970's. The New York Times (9/27, Barringer) reports that since the 1970's residents of Steubenville, Ohio have been providing "details about their lung function and cardiac rhythms, about the manner of their lives and the cause of their deaths, to the science on which 21st-century air pollution policies are built. Data from Steubenville have played a central role in many decisions by the Environmental Protection Agency on air pollution regulations, including two of the more controversial — one in 2005 setting the first limits on mercury emissions, and another last week to tighten one but not both of the standards for lethal fine soot particles." The Post adds, "Three decades ago, Steubenville's reputation for having the country's foulest air made it a magnet for researchers in the young field of environmental epidemiology. … Much of that pollution, along with a noxious odor that seemed part burnt toast and part burnt metal, has disappeared along with the jobs at the larger steel plant, across the river in Weirton, W.Va. As the pollution receded, mortality rates declined."

FBI/DEA/ATF/USMS:

Reputed Cali Cartel Leaders Get 30-Year Prison Sentences. There are more than 400 media references to the guilty pleas and sentencing of two reputed leaders of the Cali drug cartel, which authorities say supplied most of the cocaine in the U.S. in the 1990s. Some examples: USA Today (9/27, Johnson) reports the surviving leaders of the Cali drug cartel, which authorities "say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets." Attorney General Alberto Gonzales "said brothers Miguel and Gilberto Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade." While they were sentenced in Miami, 28 other family members "reached a separate pact with the government to surrender their worldwide assets. … 'It doesn't get any bigger than today,' said…Karen Tandy. She said the guilty pleas represented the 'last nail in the coffin of the Cali cartel.'"

The Washington Post (9/27, Eggen, A8) notes that because of the plea agreement, half a dozen of the brothers' relatives "will not face prosecution. In addition, U.S. officials said, 28 people with ties to the pair will have a chance to be removed from a Treasury Department list that freezes the assets of 'specially designated narcotics traffickers' if they relinquish property tainted by drug money."

Bloomberg (9/26) reports Gonzales said the two men "were responsible for importing more than 200 tons of cocaine into the U.S."

The AP (9/26) reports John Walters said the cartel "had operated by terrorizing Colombian society and killing prosecutors, judges and political candidates and was responsible for 'the torture and murder of more than 100 people' whose bodies were dumped in a Colombian river to keep others downstream in fear of the gang."

In Miami, the AP (9/27) also reports the brothers "agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. Neither brother is required to cooperate in any current or future criminal investigations, according to the plea agreement." A version of the AP story was used by MSNBC, Forbes, the Wall Street Journal, Houston Chronicle, Boston Globe, Gainesville Sun, Seattle Times, and other newspapers.

The New York Times (9/26) reports Walters "praised President Uribe for his 'courage' in helping to bring down the two formidable drug kingpins. 'People in the past talked about the Cali cartel as the peaceful cartel, but their reign of terror and blood, their war with Pablo Escobar in the early 90's, still haunts the collective memory of many in Colombia and many in this country that worked against them,' he said. 'The Cali cartel was one of the most powerful criminal organizations ever, seeking to buy or kill anybody that got in their way.'"

The Miami Herald (9/27) reports that on Tuesday, the Rodríguez Orejuela brothers "pleaded guilty to conspiring to smuggle tons of cocaine into the United States. The brothers also agreed to plead guilty to a separate indictment filed in New York that charged them with conspiring to launder their drug profits."

The Washington Times/UPI (9/26) cites the Miami Herald story and also reports that both brothers "are in their 60s and the sentences mean they are likely to die in federal prison."

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On its Web site, CBS News/AP (9/26) reports, "It's estimated the Orejuelas controlled 80 percent of the cocaine market in the 1990s largely because of the corporate mentality of the two brothers and the ingenious ways in which they hid drugs, such as in frozen broccoli. The Drug Enforcement Administration believes the successor organizations are fractured and will never have the clout of Cali."

BBC News (9/27) reports the brothers "were accused of organizing drug trafficking and money laundering from the Colombian prison in which they had been held since 1995." McClatchy Newspapers (9/27, Blum) also reports this story.

Significant "Drug War" Challenges Remain. ABC News (9/26) reports on its Web site that despite the latest developments in the Cali cartel case, "significant challenges remain in the drug war and the Colombian government's efforts against the FARC narco-terrorist rebel group. … According to the DEA, the FARC rebels…control large parts of the coca production areas in Colombia and are responsible for supplying more than 50 percent of the world's cocaine and more than 60 percent of the cocaine that enters the United States."

Network TV Coverage. The CBS Evening News (9/26, story 4, 0:15, Couric) reported, "It's being called a major blow to the world's biggest supplier of cocaine. Two brothers struck a deal with U.S. prosecutors. They will forfeit $2 billion in drug money and likely spend the rest of their lives in prison, but their families won't be prosecuted."

Cable TV Coverage. CNN (9/26, 3:00 p.m.) reported, "While the men, who are in their 60s, have agreed to plea deals that will likely keep them behind bars for the rest of their lives; a side deal protects half a dozen of their relatives in Colombia from facing charges. The Cali cartel once was responsible for up to 80% of the cocaine smuggled into the U.S."

FOX News (9/26, 6:00 p.m.) reported, "Anyone who bought cocaine on the streets of the United States in the 1990's was likely buying it from the two men who were in court…in Miami today -- two Colombian brothers head of the Cali cartel and today after a 15 year effort, U.S. Justice Department officials brought them to justice. They got terms of 30 years in prison. They got to payback $2 billion in cocaine profits as part of their deal."

CBC Evening News (9/26, 6:35 p.m.) reported, "It's being called a major blow to the world's biggest supplier of cocaine. Two brothers, who once headed the Cali cartel in Columbia, struck a deal with U.S. Prosecutors. They will forfeit $2 billion in drug money and likely spend the rest of their lives in prison, but their families won't be prosecuted."

Local TV Coverage. WTVT-TV, Tampa-St Petersburg-Sarasota (9/26, 5:00 p.m.) reported, "Both men are in their 60's and will get sentences that will most likely keep them in prison for life. The Cali cartel was once responsible for as much as 80% of the cocaine smuggled into America."

WINK-TV, Ft. Myers-Naples (9/26, 5:00 p.m.) reported, "Drug kingpins pled guilty to charges in Miami. The brothers are accused of building Colombia's Cali cartel into the world's top cocaine supplier during the 1990s. Today's plea agreement was reached after months of negotiations with several U.S. agencies."

KJRH-TV TULSA, (9/26, 5:01 p.m.) reported, "A major milestone in the U.S. government's war on drugs. Two Colombians, who headed the powerful Cali cocaine cartel, pleaded guilty in Miami today to drug trafficking and money laundering charges. A federal judge immediately sentenced Miguel and Gilberto Rodriguez- Orejuela to 30- years in prison. The brothers also agreed to forfeit billions of dollars in drug money. The Cali cartel was once responsible for as much as 80-percent of the cocaine smuggled into the U.S."

WBRE-TV Wilkes Barre, (9/26, 11:19 p.m.) reported, "Two Colombian drug kingpins appeared in a Miami courtroom today. Gilberto and Miguel Rodriguez Orejuela, founders of the Cali drug cartel, pleaded guilty to charges of drug trafficking and money laundering. The brothers, who are in their 60's, were each sentenced to 30 years in a U.S prison. As part of a complex deal, the brothers agreed to turn over billions of dollars in assets connected to their drug business."

KCAL-TV Los Angeles, (9/26, 4:33 p.m.) reported, "There is no doubt that if these two brother drug lords were legitimate, they would had been in the top tier of the Forbes list of the richest people in this world."

WBFS-TV Miami, (9/26, 10:10 p.m.) reported, "In Washington, a cartel of cabinet level brass declared today's plea bargain a victory. These criminals rank as the highest level drug figures to ever occupy a U.S. jail cell. The brothers admitted to supplying most of the coke that was consumed in the U.S. in the 1990s. At its zenith, their cocaine network was shipping nearly five tons of the white powder every month most of it through south Florida, inside fence posts, shipments of ceramic tiles but all that is history now."

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KTSM-TV El Paso, (9/26, 5:13 p.m.) reported, "Attorney general Alberto Gonzales says the brothers' guilty pleas effectively signal a final, fatal blow to the powerful Cali cartel."

WCIV-TV Charleston, (9/26, 11:20 p.m.) reported, "Gilberto and Miguel Rodriguez Orejuela, ages 67 and 63, each… are two of more than 300 drug traffickers extradited to the U.S. from Columbia as part of a 1997 treaty."

Pakistani Man Gets 18-Year Sentence In Drugs-For-Weapons Scheme. The Los Angeles Times (9/26) reports a Pakistani man "was sentenced Monday to an 18-year federal prison term for his role in an international drugs-for-weapons scheme foiled by undercover U.S. agents. Syed Mustajab Shah, 55, admitted conspiring with two co-defendants to trade 5 tons of hashish and 600 kilograms of heroin for four Stinger antiaircraft missiles, which they intended to sell to the Taliban. He was arrested in Hong Kong in 2002."

Beheadings Seen As Mexican Drug Cartels' New Method Of Intimidation. The San Antonio Express-News (9/26) reports Mexican drug cartels are adopting a method of intimidation made notorious by Middle Eastern terrorist groups. Already this year, at least 26 people have been decapitated in Mexico, with heads stuck on fences, dumped in trash piles and -- most recently -- tossed onto a nightclub dance floor. … In Mexico, as crime bosses fall and turf shifts, the pattern of killing is changing. The infamous Gulf and Sinaloa cartels and their smaller offshoots are fighting for control of smuggling routes from the southern border with Guatemala to the northern border with the United States."

President-elect Says Violence Fueled By Drug Smuggling Overwhelms Key Areas. The AP (9/26) reports Mexico's president-elect "says murder and mayhem fueled by drug smuggling have overwhelmed the governments of the nation's capital and key states across the country. Felipe Calderon said the wave of bloodshed knows no politics; it is ravaging state governments controlled by each of Mexico's three major parties." Calderon "will take office Dec. 1. … Authorities say more than 1,500 people have died in Mexican drug violence so far this year."

Plan Colombia Under Scrutiny Following Killing Of US-Trained Counternarcotics Team. The Christian Science Monitor (9/27, Harman) reports on what it calls the "calculated massacre of one of Colombia's best counternarcotics police teams." The Monitor says seven of the men on the team were members of a group of about 200 police trained by the DEA. According to the Monitor, the investigation of last May's killings in Jamundí "suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia…and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs." USA Today has posted this story on its Web site.

House Approves New Gun Show Rules. The Richmond Times-Dispatch (9/27, Hardin) reports, "The House of Representatives yesterday passed a bill to revamp federal enforcement rules for gun dealers, born in part from complaints about agents' tactics at Richmond-area gun shows." The Times-Dispatch continues, "The bipartisan bill would give the Bureau of Alcohol, Tobacco, Firearms and Explosives more tools to punish federally licensed gun dealers who break U.S. firearm-sale rules. It was passed on a vote of 277-131." The Times-Dispatch adds, "Its chief proponents, including Virginia Rep. Robert C. Scott, D-3rd, labeled the bill a balanced approach to provide needed intermediate penalties, including civil penalties or a license suspension, that fall short of revoking a dealer's license. … Warnings and revocation of licenses are the only punishments for dealers under current law." The Times-Dispatch notes, "As many as 98 percent of gun dealers' federal violations now result in nothing more than a letter of reprimand, or a meeting with ATF officials in their offices, Scott said during debate of the bill Monday."

ATF Seeks Creation Of Gang Field Office In Seattle Area. The AP (9/27) reports, "The local head of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says he hopes to establish a permanent gang investigation field office here, part of a growing law enforcement response to gang activity statewide." The AP continues, "Kelvin Crenshaw, special agent in charge of the ATF's Seattle office, told The Seattle Times he plans to ask his bosses in Washington, D.C., this fall for permission to establish the gang office, which he said would mean more agents and funding for complex investigations." The AP adds,

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"The plan is part of a response to what law enforcement officials see as a recent increase in gang activity. In Seattle, a regional hub of such crime, 101 cases were referred to the police department's gang unit between Jan. 1 and Aug. 31 of this year - more than the 94 cases in all of 2005. … The ATF has been compiling a regional database of gang members, and last year formed a violent gang task force with members from the FBI, Seattle Police and the King County sheriff's office. Crenshaw's second-in-command, Doug Dawson, said the database will also help officials determine what cases meet the threshold for federal prosecution, determined in part by firearm use and the amount of drugs involved."

IMMIGRATION:

High Court To Consider California Immigrant Car Theft Case. The Los Angeles Times (9/27, Savage) reports, "The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported." The Times continues, "A strict federal immigration reform law passed in 1996 says that immigrants, including permanent residents, who commit an 'aggravated felony' in the U.S. must be sent home, regardless of how long they have lived here or whether they have a family and a job. … But the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies." The Times adds, "Next week, the Supreme Court will take up a separate South Dakota case to determine whether immigrants who are convicted of drug possession can be deported as felons. The outcome is expected to affect tens of thousands of immigrants across the country." The Times notes, "The case before the court involves a California law on auto thefts, but government lawyers said all 50 states have similar measures. … Four years ago, Luis Alexander Duenas-Alvarez, a native of Peru who became a legal U.S. resident, pleaded guilty to stealing a 2002 Honda Accord in Marin County, near San Francisco, and was sentenced to three years in prison. Federal authorities took him into custody for deportation. … The 1996 law has a list of aggravated felonies that lead to deportation, including any theft that carries a prison sentence of more than a year. … Government lawyers contend that any immigrant convicted of auto theft in California should be deported under that law. … But earlier this year, the 9th U.S. Circuit Court of Appeals disagreed. The court ruled that the California law is too broad to fit the definition of theft in the federal law because it includes accomplices to auto theft. … The government counters that all states have laws that allow accomplices to be charged with auto theft. … In their appeal on behalf of U.S. Attorney General Alberto Gonzales, government lawyers said the 9th Circuit was wrong on two points. First, Duenas-Alvarez stole the car and therefore was a thief. And second, Congress meant to include accomplices to the crime when it wrote the federal law."

Fort Bragg ID Sweep Nets 28 Detentions. The Fayetteville (NC) Observer (9/27, Willett) reports, "Fort Bragg officials this morning detained 28 people, mostly construction workers, as they tried to enter post with false or fraudulently obtained identification." The Observer continues, "The operation — the second this year — was conducted at the All American Freeway access-control point between 6 and 8 a.m. … In July, 58 people were detained at the Knox Street and Randolph Street entrances to Fort Bragg." The Observer adds, "Tom McCollum, a Fort Bragg spokesman, said the 28 were taken to a immigration detention center in Cary. … People caught in the sweep could be charged with presenting a false or fraudulently obtained federal or state identification and criminal trespassing, according to a statement about today's operation. … Following the July 18 sweep, all but 10 of the 58 people detained were charged with illegal entry into the United States. Six people received federal jail sentences in August, and the other 42 each pleaded guilty to a single charge related to their illegal status. … Agencies involved in today's sweep included: Fort Bragg's Directorate of Security and Emergency Services, U.S. Immigration and Customs Enforcement, U.S. Marshals, the Defense Criminal Investigation Service, the FBI and the U.S. Attorney's Office in Raleigh."

Judge Orders Deportation Of Three Egyptian Students. The AP (9/27, Ross) reports from Omaha, NE, "Three Egyptian students who sparked a nationwide search when they failed to show up for a university exchange program last month were ordered deported Monday." The AP continues, "The students - Mohamed Ibrahim El Sayed El Moghazy, 20; Ahmed Refaat Saad El Moghazi El Laket, 19; and Moustafa Wagdy Moustafa El Gafary, 18 - had admitted they violated U.S. immigration laws and asked Judge James Fujimoto to allow them to return home voluntarily." The AP adds, "Fujimoto, who presided over the hearing via teleconference from Chicago, denied the

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request and ordered the three deported, citing their brief time in the United States, lack of long-term and family ties here and decision to flee immediately upon entering the country. … In the future, the three will need special permission to ever re-enter the U.S., which they would not have needed if they were allowed to leave voluntarily. … The three were among 17 students from Mansoura University in Egypt invited to a monthlong exchange program at Montana State University. Only six students showed up to the program, prompting U.S. authorities to issue a nationwide search for the remaining 11 students. All were detained, but none were considered a terrorism risk."

McCain Says He Is Inclined To Vote For Narrower Immigration Bill. CNN's The Situation Room (9/26, Blitzer) reported that Sen. John McCain "joined with some Senate colleagues today to make a final likely futile push for comprehensive [immigration] reform this year. But later McCain told CNN he is inclined to vote for a far narrower bill now before the Senate to build a 700-mile security fence along the US-Mexico border. A short while ago, Democrat Ted Kennedy went to the Senate floor to blast that security fence bill. McCain and Kennedy are sponsors of a farther reaching bill that has been stalled in the Senate because of opposition to a key position -- a path to citizenship for many illegal immigrants."

The New York Times (9/27, Swarns, 1.21M) reports McCain and Sens. Arlen Specter and Lindsey Graham "said they supported border security, including a measure to add fencing to the border with Mexico. But they said that such measures alone would fail to deal with the illegal residence in this country of about 11 million immigrants as well as labor shortages in particular industries."

Meanwhile, USA Today/AP (9/27, Gamboa) reports, "A senior GOP senator blocked Republican leaders Tuesday in their efforts to add immigration, handgun and Internet gambling measures to a defense bill." Sen. John Warner, chairman of the Senate Armed Services Committee, "rejected requests from Senate Majority Leader Bill Frist and House Speaker Dennis Hastert to add the items to his bill on military pay." Warner "said in a memo to Frist he is 'firmly opposed' to including unrelated measures in the defense bill."

Supreme Court To Examine Provision In 1996 Reform. The Los Angeles Times (9/27, Savage, 918K) reports, "The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported." A "strict federal immigration reform law passed in 1996" says that "immigrants, including permanent residents, who commit an 'aggravated felony' in the US must be sent home, regardless of how long they have lived here or whether they have a family and a job." But "the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies."

States, Municipalities Now Enforcing Immigration Laws. The Washington Post (9/27, A1, Whoriskey, 748K) reports from Charlotte, NC, "Police here operated for years under what amounts to a 'don't ask, don't tell' policy toward illegal immigrants. As elsewhere in the United States, law enforcement officers did not check the immigration status of people they came into contact with, and in the vast majority of cases, a run-in with the law carried little threat of deportation." But "that accommodation for the burgeoning illegal population ended abruptly in April, when the Mecklenburg County sheriff's office began to enforce immigration law, placing more than 100 people a month into deportation proceedings. Some of them had been charged with violent crimes, others with traffic infractions." The Post adds, "Besides Mecklenburg, six other state and local law enforcement agencies have started similar programs in recent years. A dozen more are being worked out with U.S. Immigration and Customs Enforcement. And in the past three months, hundreds of state and local departments have inquired about similar efforts, said Robert J. Hines, who heads the program for the ICE."

Rohrabacher Asks Gonzales To Reassess Prosecution Of Border Patrol Agents. The Washington Times (9/27, Seper, 88K) reports, "Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called 'the exceedingly harsh prosecution' of two US Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks." Said the lawmaker, "This proceeding has garnered national attention calling into question the administration's commitment to secure our borders. He added that "the two agents -- Ignacio Ramos and Jose Alonso Compean – 'were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler.'" The California Republican's letter also "called for the agents' sentencing next month to be postponed 'due to significant concerns over the circumstances surrounding' their prosecution."

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TAX:

Rangel Says Eliminating Tax Cuts Is On Table. The Washington Times (9/27, Harper, 88K) reports in its "Inside Politics" column, "Rep. Charles B. Rangel of New York, the top Democrat on the tax-writing Ways and Means Committee, said yesterday he wouldn't rule out killing any of President Bush's tax cuts in order to alleviate the dreaded Alternative Minimum Tax and balance the budget, Congress Daily reported. Mr. Rangel stipulated that 'everything has to be on the table' when considering which tax cuts must go, and when asked if he'd consider tax increases across the income spectrum, he answered, 'No question about it.' His remarks caused an immediate outburst among Republicans, claiming the Democrat had just admitted his party will indeed raise taxes if it comes to power in November."

CONGRESS-ADMINISTRATION:

Congress Poised To Approve $448 Billion Defense Budget. The AP (9/27, Taylor) reports, "Just days before leaving Washington to campaign, Congress is moving to provide $70 billion more for military operations in Iraq and Afghanistan as part of a record $448 billion Pentagon budget. With Iraq alone costing about $8 billion a month, another infusion of funds will be needed next spring." After final passage (the Senate has not acted yet), "Congress will have approved $507 billion for Iraq, Afghanistan and heightened security at overseas military bases since the Sept. 11 attacks five years ago, according to the Congressional Research Service. The growing price tag of the Iraq conflict is partly driven by the need to repair and replace military equipment worn out in harsh, dusty conditions in Iraq and Afghanistan or destroyed in battle. ... While the measure enjoys sweeping support, the brief debate sparked partisan exchanges over the Iraq war." House Democrat Jerrold Nadler and House Republican Tom Cole are quoted. The Washington Post/AP (9/27) runs a shorter version of this article.

Senate Democrats Seek To Block GOP Legislative Priorities. The Washington Times (9/27, Hurt, 88K) reports, "Senate Democrats are blocking Republicans from passing several of their top legislative priorities this week, including new border fencing, two of the Bush administration's key counterterrorism programs and a drastic reduction in the estate tax. 'The legislative corner they've painted themselves in is very difficult,' Senate Minority Leader Harry Reid, Nevada Democrat, told reporters yesterday." Democrats, "while accusing Republicans of presiding over a 'do-nothing' Congress, are slow-walking legislation but appear unlikely to kill outright any of the security measures as elections approach." Asked yesterday "whether Democrats will take advantage of Senate rules that allow lawmakers to demand 30 hours of debate on each bill, Mr. Reid replied: 'Well, unless there's some agreement, we're going to go ahead and do the 30 hours.'" Roll Call (9/27, Billings) says Reid "is looking ahead to the next session, when he expects to have a stronger hand to play and share more in common with his Republican counterpart." In "a wide-ranging interview," Reid "said he has high expectations for both the upcoming midterm elections and the 110th Congress itself. He also expressed optimism about working with the man all but certain to be the next Senate Republican leader, Majority Whip Mitch McConnell (Ky.)."

Mann, Ornstein Criticize 109th Congress. In a Los Angeles Times op-ed (9/27), Thomas Mann of the Brookings Institution and Norman Ornstein of the American Enterprise Institute say, "Even those of us with strong stomachs are getting indigestion from the farcical end of the 109th Congress, slated for early Saturday. This Congress hit the ground stumbling and has not lifted itself into an upright position. With few accomplishments and an overloaded agenda, it is set to finish its tenure with the fewest number of days in session in our lifetimes, falling well below 100 days this year." This "part-time Congress has other parallels to the famous 'Do-Nothing 80th Congress' that Harry Truman ran against successfully in 1948. The output of the 109th is pathetic measured against its predecessors and considering its priorities, which included a comprehensive immigration bill, tax reform and the research and development tax credit, lobbying and ethics reform, healthcare costs and insurance coverage, trade agreements, procedures for the detention and trial of suspected terrorists, and regulations for the oversight of domestic wiretaps, among many others. With just days to go before Congress adjourns and the fiscal year begins, not a single one of the 11 appropriations bills that make up the range of government programs has been enacted into law." But the "big problem with this Congress is not what it didn't do, it is what it did, and did badly. As of

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Tuesday, there were three must-pass pieces of legislation pending: defense and homeland security appropriations and the annual Department of Defense authorization."

Bush Signs Bill Creating Online Database Of Federal Spending. USA Today (9/27, 2.27M) says "President Bush yesterday "signed legislation to create an online database for tracking about $1 trillion in government spending on grants and contracts. The law is intended to prevent wasteful spending by opening the federal budget to greater scrutiny." The AP (9/27, Pickler) reports Bush said in his signing statement, "Information on earmarks will no longer be hidden deep in the pages of a federal budget bill, but just a few clicks away. … This legislation will give the American people a new tool to hold their government accountable for spending decisions. When those decisions are made in broad daylight, they will be wiser and they will be more restrained."

The Washington Times (9/27, Dinan, 88K) reports, "Written by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the legislation creates a database available to the public through a Web site. It will list every entity receiving federal funds, along with information about the amount and purpose of the spending." Clay Johnson, deputy director for management at the White House Office of Management and Budget, "said the information already exists, but now the administration must collect and compile it into a consistent format."

Johanns Says Bush Administration Wants Say In Next Farm Bill. The Dow Jones Newswire (9/27) reports Agriculture Secretary Mike Johanns Tuesday said the Bush Administration wants to "have an impact" on how the next farm bill is written in 2007. While acknowledging that Congress will write the next farm bill, Johanns "stressed that it'll be President George W. Bush who either approves or vetoes it." The USDA will publish its proposal for the next farm bill in January, and Johanns told a farm group luncheon that "first on his list" is the "fair" distribution of farm subsidies and the reform of "inequities" in the system. Johanns said US farm policy needs to be "beyond challenge" by member countries of the World Trade Organization. However, Dow Jones says the Bush administration's positions have placed it at odds with some of the largest farm organizations. Farm Bureau President Bob Stallman said, "For the short term, and until we get a WTO negotiation…we ought to forgo major changes to our farm policy."

Spellings Outlines Higher Education Reforms. U.S. Secretary of Education Margaret Spellings received widespread coverage for her National Press Club address on a report by the Commission on the Future of Higher Education. Coverage focused on proposals for increasing the Pell Grant, establishing a student database and testing at colleges. The AP (9/27, Feller) reports, "Handed a plan to shake up college life in America, Education Secretary Margaret Spellings is endorsing some of its key ideas and promising to get moving on them. Her overarching theme is to make everything about college -- choosing one, affording one, succeeding in one -- easier for families."

McClatchy (9/27, Douglas) says the Bush administration is "looking to extend its education policies into America's colleges and universities." But "some higher-education officials fear" the plans "will lead to standardized testing at the collegiate level and trample on students' privacy." The proposals would "extend to colleges the principles from President Bush's No Child Left Behind program." And "even before Spellings spoke, several higher-education officials had blasted the proposals, saying they menace student privacy, potentially offer a one-size-fits-all approach to testing and don't sufficiently address student financial aid."

The Wall Street Journal (9/27, Chaker, 2.03M) reports the proposals would "impose tighter standards on colleges and universities" while trying to make "the college process simpler for families" and "colleges more accountable for the services they provide. That causes some in the higher-education community to bristle." The proposals are "prompting questions about the scope of a federal department's authority" and "may prompt conflict with Congress."

The New York Times (9/27, Dillon, 1.21M) reports Spellings "hoped to jolt American higher education out of a dangerous complacency." Spellings called the proposals "the beginning of a process of long-overdue reform." But "many educators opposed the testing proposal, calling it misguided."

The Washington Post (9/27, A8, Romano, 748K) reports Spellings "called yesterday for greater fiscal and academic accountability in higher education and endorsed a

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controversial plan to keep long-term records on students that would track performance from the time they enter the system in grade school to show how their educations progress." Yet Spellings "largely sidestepped the commission's bold proposal for a substantial increase in need-based Pell Grants."

USA Today (9/27, Marklein, 2.27M) reports Spellings "called Tuesday for greater accountability by colleges and universities, including the creation of a national database to track how well students learn." The proposed "database has been among the commission's most controversial proposals, mostly because of concerns about student privacy."

Bloomberg (9/27, Basken) reports Spellings "called on the nation's 3,700 colleges to cut costs while doing a better job of proving how well they teach." She "also promised to ask Congress for more aid for low-income students, without endorsing the panel's specific suggestion of a 50 percent increase." Colleges "have resisted the idea of standardized tests, saying school provides an experience too diverse to be measured by any uniform means."

Swagel Nominated To Be Assistant Treasury Secretary. The Wall Street Journal (9/27, 2.03M) reports, "The White House nominated Phillip Swagel, an economist at the American Enterprise Institute, to be assistant secretary of the Treasury for economic policy." Swagel, "a former chief of staff at the White House's Council of Economic Advisers, was tapped as part of Treasury Secretary Henry Paulson's personnel makeover. … If confirmed by the Senate, Mr. Swagel would succeed Mark Warshawsky, who left Treasury this year to join consulting firm Watson Wyatt Worldwide."

GAO Criticizes DOD Travel Booking System. The Washington Post (9/27, Williamson, 748K) reports, "After a decade and more than $500 million in costs, the Defense Department's new travel booking system doesn't work, it doesn't save money, and most staff members don't use it," according to the GAO. The GAO said "that defense officials offered a credit card company news release as sole proof for its claim that the system saves millions of dollars each year." Senator Tom Coburn complained of "very effective lobbying by the contractor," Northrop Grumman. Senator Norm Coleman is also quoted complaining of "unconscionable waste," while Undersecretary David S. C. Chu "strongly objected to criticism of the Pentagon's estimates of personnel cost savings

Cheney's Helicopter Left Sitting On Tarmac As Bush's Takes Off First. The Washington Post (9/27, A25, Kamen, 748K) reports in its "In the Loop" column that there may now be a new rule for Washington Residents "Never get in the way of President Bush heading for his soft down pillow. Seems Vice President Cheney , in Grand Rapids, Mich., on Monday, landed at Andrews Air Force Base at 8:10 p.m. -- a full two minutes before Air Force One touched down. But being president means never having to wait your turn. So Bush bounded down the steps, our colleague Peter Baker reports, and onto his chopper before Cheney's entourage even realized what was happening. Marine One quickly powered up, forcing Marine Two to sit on the tarmac until the top bird lifted off."

Website Publishing Congressional Aide Salary Information. The Washington Post (9/27, A25, Goldfarb, 748K) reports a Website "documenting the salaries of the roughly 20,000 Capitol Hill employees went live last week -- and almost as soon came crashing down." By law, "the salaries of Hill staffers have long been available in thick books in the offices of the House and Senate clerks. The site came down because of the rush of traffic from computers housed in Congress -- and elsewhere." It was "a sign of the intense interest percolating on Capitol Hill and political blogs about the just-launched LegiStorm (http://www.legistorm.com). The site quickly went back online, offering a window for Hill staff and strangers alike into what everyone -- from senior senators' chiefs of staff to the House barber -- earns per year." The LegiStorm data "show that slightly more than 200 Senate staffers earn $150,000 per year. Close to 300 House staffers make that amount, many of them on the House Appropriations Committee. Most employees seem to make about $50,000 to $60,000 per year. Many paid interns -- which Hill aides often start their careers as -- take home barely $200 per month."

O'Connor Criticizes Atmosphere Of Judicial Intimidation. In a Wall Street Journal op-ed (9/27), former Justice Sandra Day O'Connor sys, "In November, South Dakotans will vote on a state constitutional amendment being advocated by a national group called 'JAIL 4 Judges.' If the amendment passes, it would eliminate judicial immunity, and enable a special grand jury to censure judges for their official legal determinations." Although the amendment's supporters "claim they seek a 'judicial accountability initiative

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law' (JAIL), they aspire to something far more sinister -- judicial intimidation. Indeed, the national Web site of JAIL 4 Judges boasts with striking candor that the organization 'has that intimidation factor flowing through the judicial system.'" While it is "tempting to dismiss this proposed amendment as merely an isolated bout of anti-judge angst," it is "far from alone in expressing skepticism of the judiciary. In addition to South Dakota, this election cycle has witnessed efforts in at least three other states that are designed to rein in judges who have supposedly 'run amok.'" Congress has "also has engaged in recent efforts to police the judiciary." But "all of society has a keen interest in countering threats to judicial independence. Judges who are afraid -- whether they fear for their jobs or fear for their lives -- cannot adequately fulfill the considerable responsibilities that the position demands."

Congress Urged To Pass Bill Aiding Disadvantaged Youth. In a Washington Times op-ed (9/27), Karen Burke Morison, former staff director for the White House Task Force for Disadvantaged Youth, says, "Congress has an opportunity to fix some costly problems that affect the hundreds of federal programs that target disadvantaged youth, by passing the Federal Youth Coordination Act. These problems were aptly identified by the White House Task Force for Disadvantaged Youth, a group created by President Bush in late 2002." The task force "reported that there were more than 300 such programs scattered throughout 12 agencies. They also found the total spending for these programs was significant ($223.5 billion in fiscal 2003), about one-tenth of the federal budget." Coordination should "be mandatory with children's programs, because it's about what services an agency offers as well as who receives them." The Federal Youth Coordination Act (H.R. 856/S. 409) "was passed by the House in late 2005 with a strong bipartisan majority. But the bill, which recently received the endorsement of the American Bar Association, has been stalled in the Senate. There is no good reason not to pass this bill, which could put some sanity into the process."

OTHER NEWS:

Consumer Confidence Up. The Financial Times (9/27, Pimlott) reports, "US consumer confidence recovered from August's nine-month low to post a stronger than expected gain this month as prices at petrol pumps fell sharply." The consumer confidence index "rose to 104.5, up from 100.2 in August. September's data came in above economists' expectations, according to Bloomberg, that this month's figure would stand at 103. Consumers told researchers that there were more jobs available and that they expected to earn more in the coming months."

The Wall Street Journal (9/27, McAuley, 2.03M) reports, "Consumer expectations for the state of economic activity over the next six months increased to 89.0 from 84.4 in August." The Conference Board "noted in the report that respondents who assess economic conditions as 'good' increased to 27.4% in September from 26.2%, while those who termed current conditions as 'bad' slipped to 15.4% from the 16.6% who held that view in August."

USA Today (9/27, Kirchhoff, 2.27M) says that though consumer confidence "rebounded from a nine-month low in September," it is "still hovering near one of the lowest levels of the year, according to Tuesday reports indicating moderate economic growth."

World Economic Forum Ranks US As Sixth-Most Competitive Economy. The Wall Street Journal (9/27, Walker, 2.03M) reports, "The US's huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, an institute in Switzerland. The institute's annual study of global competitiveness says the US economy is the sixth most-competitive in the world, slipping from first place in last year's ranking, a result of mediocre scores for its public finances." Switzerland "ranks No. 1 in this year's survey, thanks to what the forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries -- Finland, Sweden and Denmark -- come next, followed by Singapore and the US."

Steven Pearlstein writes in the Washington Post (9/27, D1, 748K), "The predictable response from the business community will be to use these studies to warn of impending economic ruin unless the government adopts the Republican agenda of less regulation, lower taxes, tort reform, and relieving companies of health-care and pension costs. Don't be fooled. These reports speak to the embarrassing failure of a decade of Republican rule in improving US competitiveness." Business taxes, "as a percentage of anything you want to measure, are at their lowest level in decades. The Bush White House has subjected new regulations to rigorous cost-benefit analysis. Several reforms make it less attractive for shareholders, workers and

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consumers to file frivolous lawsuits, but not necessarily for businesses. And in case you hadn't noticed, businesses have already made tremendous strides in shifting health-care and pension costs to workers."

Stocks Up; Dow At Second-Highest Closing Ever. ABC World News (9/26, story 5, 0:10, Gibson) reported, "Wall Street's powerful September rally kept going today, pushing the Dow Jones Industrial Average to their second-highest close ever. The Dow pushed up 93 points to 11,669. That's just 54 points below its all-time high. Rising consumer confidence also held the NASDAQ, which gained 12 points." The Wall Street Journal (9/27, Browning, 2.03M) says "the broad Standard & Poor's 500-stock index finished at a 5½-year high of 1336.34, up 0.8%, or 9.97 points. It is up 7.1% this year and 5.2% so far this quarter."

NBC Nightly News (9/26, story 4, 1:50, Williams, 9.87M) showed Maria Bartiromo of CNBC saying, "There really is a growing sense of optimism among investors. It has so much to do with the price of oil. Had you look at gasoline it is way down from the more than $3 a gallon we saw just a couple of months ago across the country. Oil prices, crude oil, close to $80 a barrel just a few months ago. Now they're down at $61 a barrel. I think people are looking at that drop-off in oil and thinking, well, this economy is growing. It is not too hot but it is growing and going into the last quarter of the year where we have the important holiday shopping season, people do have the ability to spend money because they don't have that pressure from the price of oil and that will certainly bode well for corporate profits. That was really behind it."

Hillary Clinton Defends Husband's Fox Interview Performance. ABC World News (9/26, story 2, 2:30, Gibson) reported, "The battle over terrorism and national security has also become a political scrap between the Clintons, both Mr. and Mrs., and the Bush Administration, over who deserves more blame for not preventing the 9/11 attacks. In recent days, the words have become more bitter, more personal." ABC (Tapper) added, "Republicans have won the last two elections on national security issues. The question is, can Democrats fighting back so aggressively break that streak? Or does it just bring attention to what's been a losing issue for them?"

NBC Nightly News (9/26, story 2, 3:40, Williams, 9.87M) reported, "It's not as if we can bring anyone back who was lost on 9/11, but suddenly, both sides are debating over which president did what to try to kill or capture Osama bin Laden and head off the al Qaeda threat. Today Sen. Hillary Clinton of New York praised heir husband's performance in that combative TV interview over the weekend, defending his record on terrorism and pursuing Osama bin Laden. Then she took her own swing at the Bush Administration."

The AP (9/26, Humbert) reports ex-President Clinton's "angry response to questions about Osama bin Laden has partisans of every persuasion certain it will energize voters in the elections and affect a possible presidential bid by his wife." Conservatives "immediately labeled the interview a prime example of the soap opera that would run daily should another Democrat -- say, for example, Sen. Hillary Rodham Clinton -- win the White House." But Democrats "argued the former president's feisty dressing-down of Fox News' Chris Wallace is just the wake-up call the party's liberal base needed six weeks before the election, a pointed criticism of the Bush administration's bungled search for bin Laden. Either way, don't expect the furor to subside any time soon."

The AP (9/26) reports Sen. Clinton "hit back at Secretary of State Condoleezza Rice on Tuesday as the political fighting escalated over which president -- Bill Clinton or George W. Bush -- missed more opportunities to prevent the Sept. 11 attacks." Sen. Clinton said, "I think my husband did a great job in demonstrating that Democrats are not going to take these attacks. I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined To Attack Inside the United States' he would have taken it more seriously than history suggests it was taken by our current president and his national security team." CNN's The Situation Room (9/26, Blitzer) reported Sen. Clinton "is praising her husband's performance in that feisty television interview."

The New York Times (9/27, Hernandez, 1.21M) says the "war of words between the Bush administration and the Clintons intensified on Tuesday" as Sen. Clinton "suggested that her husband would have reacted differently as president if he had heard the same warnings." In "unusually blunt terms," she "questioned the current administration's response" to the Bin Laden Attack intelligence briefing, and "ratcheted up an already bitter exchange of charges between the Bush and Clinton camps over how the two administrations responded to the threat posed by Al Qaeda before the attacks." Meanwhile, the Washington Post (9/27, A12, Baker, 748K) reports Bush "complained yesterday that Clinton was engaging in 'finger-pointing' by attacking the current administration's actions

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before the hijackings. 'I don't have enough time to finger-point,' Bush said."

More Commentary. In her New York Times (9/27, 1.21M) column, Maureen Dowd writes, "Hillary is morphing from workhorse back to show horse, paving the way for her historic presidential race with a series of big policy speeches. And she is taking on the other dynasty more energetically" with her defense of her husband.

In a Wall Street Journal (9/27, A18, 2.03M) op-ed, Richard Minister of the Hudson Institute writes, "Bill Clinton's outburst on Fox News was something of a public service, launching a debate about the antiterror policies of his administration. This is important because every George W. Bush policy that arouses the ire of Democrats -- the Patriot Act, extraordinary rendition, detention without trial, pre-emptive war -- is a departure from his predecessor. Where policies overlap -- air attacks on infrastructure, secret presidential orders to kill terrorists, intelligence sharing with allies, freezing bank accounts, using police to arrest terror suspects -- there is little friction. The question, then, is whether America should return to Mr. Clinton's policies or soldier on with Mr. Bush's. … While it is easy to look back in hindsight and blame Bill Clinton, the full scale and nature of the terrorist threat was not widely appreciated until 9/11. Still: Bill Clinton did not fully grasp that he was at war. Nor did he intuit that war requires overcoming bureaucratic objections and a democracy's natural reluctance to use force. That is a hard lesson. But it is better to learn it from studying the Clinton years than reliving them."

Midterm Election Ads Seen As "Most Toxic" In Memory. The New York Times (9/27, Nagourney, 1.21M) reports Republicans and Democrats "began showing at least 30 new campaign advertisements in contested House and Senate districts across the country on Tuesday. Of those, three were positive." For Republicans, "it was the leading edge of a wave of negative advertisements against Democratic candidates, the product of more than a year of research into the personal and professional backgrounds of Democratic challengers." For Democrats, it "was part of a barrage intended to tie Republican incumbents to an unpopular Congress, criticize their voting records, portray them as captives to special interests and highlight embarrassing moments from their business histories." The "result of the dueling accusations has been what both sides described on Tuesday as the most toxic midterm campaign environment in memory." Democratic and Republican strategists "said they expected over 90 percent of the advertisements to be broadcast by Nov. 7 to be negative."

Some Conservatives Prefer Democratic Congressional Majority. The Wall Street Journal (9/27, A4, Dreazen, 2.03M) reports a "small but vocal band of conservative iconoclasts say they would prefer to see their own party lose" control of Congress in the midterm elections. The "array of former members of Congress and officials from Republican administrations dating to the 1970s are using opinion articles, speeches and interviews to make the surprising -- and, to many of their friends and colleagues, near-heretical -- argument that it would be better for the country if their party lost." The Republican "rebels say the modern Republican Party has so abandoned its conservative beliefs that it deserves to be defeated by the Democrats." The WSJ identifies "three factors" that "are driving the conservative backlash." Fiscal hawks "are furious about the growth of the federal government. Conservative lawyers such as Bruce Fein, who worked in the Nixon Justice Department and Reagan Federal Communications Commission, are upset that Congress allowed President Bush to claim expansive powers to eavesdrop on American citizens and detain suspected militants without trial. Others say the war in Iraq is a costly diversion from the war on terror." Other Republicans "couch their desire for Republican losses in political terms, arguing that Democratic control of Congress for at least two years would increase the chances of Republicans retaining the presidency in 2008."

Marriage "Gap" Could Play Role In House Elections. USA Today (9/27, Cauchon, 2.27M) reports a USA TODAY analysis of 2005 Census data shows "House districts held by Republicans are full of married people. Democratic districts are stacked with people who have never married. This 'marriage gap' could play a role in the Nov. 7 congressional elections." Twenty-seven "of the 38 Republican-held districts with seats considered vulnerable by independent political analysts have fewer married people than found in the average GOP district." The USA TODAY analysis also shows that Republicans "control 49 of the 50 districts with the highest rates of married people." Democrats "represent all 50 districts that have the highest rates of adults who have never married." The "political tug-of-war is between people who are married and those who have never

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been. The 'never married' group covers a variety of groups who form the Democratic base: young people, those who marry late in life, single parents, gays, and heterosexuals who live together."

USA Today (9/27, Cauchon, 2.27M) also runs an extended analysis of the "marriage gap" phenomenon, noting GOP Congress members "represent 39.2 million children younger than 18, about 7 million more than Democrats. Republicans average 7,000 more children per district." Democratic districts "that have large numbers of children tend to be predominantly Hispanic or, to a lesser extent, African-American. This 'fertility gap' is crucial to understanding the differences between liberals and conservatives, says Arthur Brooks, a professor of public administration at Syracuse University. These childbearing patterns shape divisions over issues such as welfare, education and child tax credits, he says." Brooks says, "Republicans are congenial to traditional families, which is clearly the best way for kids to grow up. But there are some kids who don't have that advantage, and Democrats are very concerned with helping those kids."

Cheney Attends His 100th Fundraiser Of Midterm Cycle. CNN's The Situation Room (9/26, Roberts) reported, "The Vice President hit a milestone this week, his 100th fund-raiser of the midterm election cycle -- not far behind, President Bush, with just under 70 now. In total, Republican candidates and campaign committees have so far raised more than $870 million."

Democrats Seek Lobbyist Contributions. The Hill (9/27, Bolton) reports House Democrats "are making an intense final push to raise inside-the-Beltway money before Congress adjourns, collecting most of it from the lobbying industry they have distanced themselves from this election cycle." Lobbyists "representing corporate clients are an important source of political contributions — funding that is vital to their chances of capturing the chamber. At the same time, Democrats have spent a lot of time and effort asserting that Republican rule has created a 'Culture of Corruption' because of close ties between the GOP and certain special interests." The "dynamic has created awkwardness for some Democrats." Democratic leaders "asked their entire caucus to come into the Democratic Congressional Campaign Committee (DCCC) headquarters" on Tuesday and Thursday "to make fundraising calls." On Tuesday night, "the DCCC held a fundraiser at Bistro Bis, a high-end restaurant a short walk from the Capitol, featuring lawmakers poised to take over as the chairmen of House committees." Apart from "the event held by the party fundraising committee, the Democratic ranking members of committees and subcommittees have been raised money aggressively. Several senior Democrats have held multiple fundraisers since Labor Day, collecting money for their party and Democratic candidates but also giving lobbyists and representatives of the business community opportunities to renew old acquaintances or forge new ones."

Challenger Seeks Investigation Of Murtha's Links To Lobbying Firms. Roll Call (9/27, Bresnahan) reports the Republican challenger "to Rep. John Murtha (D-Pa.) has asked the Justice Department to investigate whether Murtha traded appropriations earmarks for hundreds of thousands of dollars in campaign contributions from the clients of lobbying firms with close ties to the veteran lawmaker, including one where his brother works." Washington County Commissioner Diana Irey, "Murtha's GOP opponent, delivered a letter to Mary Beth Buchanan, the U.S. attorney for the Western District of Pennsylvania, requesting that Justice begin a probe of Murtha immediately." A Murtha spokesman "denied Irey's accusations, calling it a political stunt by a long-shot challenger." Roll Call adds the "allegations about Murtha's relationship with the PMA Group and KSA Consulting — a lobbying firm that employs Murtha's brother, Kit Murtha, as well as a former aide — were first reported by the Los Angeles Times in June 2005." Since then, "some House Republicans have called publicly for an ethics probe of Murtha, although no GOP lawmakers have stepped forward to officially file a complaint against him. Citizens for Responsibility and Ethics in Washington recently included Murtha on a list of the most corrupt Members of Congress."

Third Acquaintance Claims Allen Used Racist Slur. The New York Times (9/27, Kirkpatrick, 1.21M) reports, "Another acquaintance of Senator George Allen," Ellen G. Hawkins, said "she heard him use a racial slur in 1976, contradicting a statement he made Monday in an effort to tamp down similar accusations." Allen campaign manager, Dick Wadhams, "called the account by" Hawkins "another false accusation." Hawkins, who "described herself as a rural Virginia housewife and an active Democrat, said in

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an interview Tuesday that she heard Mr. Allen use the slur repeatedly at a party on election night in 1976." She said Allen "used the term while deprecating the intelligence of the black players on the Washington Redskins football team, which Mr. Allen's father coached. Recalling remarks about its star running back, Larry Brown, Mrs. Hawkins said that Mr. Allen 'started in effect bad-mouthing him, saying what a shiftless you-know-what' he was." She said "she remembered the conversation because she was a big fan of the team and was shocked. She said Mr. Allen's statement on Monday was 'just plain a lie.'"

CNN's The Situation Room (9/25, Blitzer) reported, "For the third time in recent weeks," Allen "is getting a crash course in damage control. The embattled Virginia Republican is vehemently denying that he has used racial slurs against blacks or that he's a racist. But today the allegations persist." CNN (Franken) added the "poisonous drum beat has transformed what was supposed to be an easy reelection for Allen. One of his top campaign officials tells CNN this race is competitive now. At their behest, other teammates have stepped forward to vigorously deny Allen was ever racist."

MSNBC's Hardball (9/26, Shuster) reported that Allen "is now facing a political death by a thousand cuts. The latest came today in the New York Times and Washington Post. On the heels of a story first written by Salon.com, the papers reported that three former classmates of Allen at the University of Virginia say he used the N-word to refer to blacks in the early 1970s. Allen denies the charge," but "noted political scientist, Larry Sabato, who went to college with Allen, said Allen's accusers are telling the truth."

Webb Campaign Said To Be Surging. MSNBC's Hardball (9/26, Shuster) reported that "the campaign of Democratic challenger Jim Webb is surging, raising more than $1 million last month alone. Webb has had his own challenges but he seems to be handling them far better than Allen. When Webb was asked about an article he wrote 27 years ago calling for women to be kept out of the service academies, Webb took responsibility immediately and apologized."

Webb Declines To Say If He Used Racist Slur. The AP (9/27, Espo) reports Democrat Jim Webb "declined to say definitively Tuesday whether he had ever used a common derogatory term to describe blacks, stepping carefully after watching his campaign rival confront charges of racism." Webb said, "I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time or another in their life." The AP adds Webb "referred to his novel, 'Fields of Fire,' which aides said includes occurrences of the n-word as part of character dialogue. But he added: 'I have never issued a racial or ethnic slur.'" Asked for "clarification of his original answer, spokeswoman Jessica Smith quoted Webb as saying, 'I have never used that word in my general vocabulary or in any derogatory way.'"

Virginia Republicans Want Allen To Focus On Accomplishments. The Washington Times (9/27, McLaughlin, 88K) reports Virginia Republicans say Allen's "floundering campaign" should "concentrate more on his accomplishments than on attacking his opponent or responding to charges of ethnic insensitivity." House Majority Leader H. Morgan Griffith said, "He really rewrote Virginia history with welfare reform, education reform, the abolition of parole -- those are three big items."

Steele Quickly Responds To First Negative DSCC Ad. The Washington Times (9/27, Ward, 88K) reports, "National Democrats yesterday ran their first TV ad against Maryland Lt. Gov. Michael S. Steele's U.S. Senate bid, prompting an immediate response ad from Mr. Steele." The Democratic Senatorial Campaign Committee (DSCC) ad "says Mr. Steele 'likes puppies, but he loves President Bush,' showing a picture of Mr. Steele and Mr. Bush in a heart-shaped frame." Steele "responded by releasing an ad that criticizes his Democratic opponent, Rep. Benjamin L. Cardin, for taking money from drug companies and voting against the importation of prescription drugs from Canada." The DSCC's "mention of puppies refers to an ad Mr. Steele released earlier this month warning of negative campaign ads from 'the Washington crowd.' Saying that he will be accused of 'hating puppies,' Mr. Steele says, 'For the record, I love puppies,' in the ad."

The Washington Post (9/27, B5, Marimow, 748K) reports Democrats "began airing an ad that called such puppy talk a diversion from Steele's relationship with President Bush and his position on issues such as abortion and stem cell research. Steele, and the growling puppy, were on the air hours later, decrying the Democratic spot as the work of Washington insiders, particularly his Democratic opponent, Rep. Benjamin L. Cardin (D)." The DSCC ad "is a direct jab at Steele's much-talked-about spot that cast the lieutenant governor as a different kind of politician. In that ad,

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Steele, looking more like a talk show host than a politician, warns viewers of forthcoming negative ads." Steele's "quick retort yesterday labels the Democratic spots as 'nasty ads from the Washington crowd.' He brings back the puppy, which growls in agreement."

Chafee Criticized For Supporting GOP Leaders. In his Washington Post column (9/27, A27), Harold Meyerson says Sen. Lincoln Chafee "is seeking reelection in his heavily Democratic state by insisting he's not really a Republican, or at least not part of the gang responsible for the decade's debacles." But "big deal. It matters not a damn whom Lincoln Chafee chose to support for president." The election "in which his vote did matter was that for majority leader of the Senate. There, he was one of just 100 electors, in a Senate nearly evenly divided. After this November's elections, control of the Senate may well hang by a single vote. And if Chafee truly wished to alter the course of his party and his country in the spirit of his vote for Poppy Bush, he would, if reelected, cast his vote for majority leader when the new Senate convenes for Bob Dole or Howard Baker -- former Republican leaders who showed a decent respect for reality and an interest in doing the nation's business. Rather than support an administration lapdog such as Kentucky's Mitch McConnell, the Republican whip, whom his party will probably put forth to run the Senate next January, Chafee would vote for some old-school GOP pol." Meyerson continues to criticize "moderate" Republicans such as Olympia Snowe and Mike DeWine, who also would probably vote for McConnell in the leadership elections.

RNC Devoting One-Third Of Fall Ad Budget To Three Senate Races. Roll Call (9/27, Kane) reports the Republican National Committee "already has devoted close to a third of its advertising budget this fall to just three critical Senate races, with all indications that the committee hopes to build a firewall around those states to ensure the chamber's GOP majority." The RNC is "focusing its nearly $30 million advertising war chest on the battleground Senate races in Ohio, Missouri and Tennessee, according to Federal Election Commission records and interviews with a handful of top Republican operatives." While aides "warned that the state of play could change in the final six weeks of the campaign, several GOP strategists said that the current plan was for the RNC to continue focusing its television campaign on those three states." FEC records "bear out that plan so far, with the RNC showering more than $3.8 million in independent expenditures in those states in recent weeks — $2.8 million of that aimed at Rep. Sherrod Brown (D-Ohio), who is trying to unseat Sen. Mike DeWine (R)." Democratic sources "involved in media purchases" also said "the RNC also has reserved another $4.7 million worth of ads in Missouri, Ohio and Tennessee, devoting more than $8.5 million worth of independent expenditures reserved for just those states so far."

NRCC Wades Into MN6 To Bash Wetterling. Roll Call (9/27, Duran) reports Republicans "believe Minnesota's 6th Congressional district is solid GOP turf, but given the unfavorable political climate they have endured this cycle, they are not taking it for granted." The National Republican Congressional Committee "paid more than $310,000 to begin running ads Monday in the suburban and exurban Twin Cities district to bash Democratic nominee Patty Wetterling." Wetterling, who "gained national prominence as a child safety advocate after her son was kidnapped in 1989, lost to Rep. Mark Kennedy (R) 54 percent to 46 percent in 2004." Despite the "drubbing Kennedy gave Wetterling and Republicans' public confidence in their nominee to replace him, state Sen. Michele Bachmann, the NRCC has spent almost $500,000 on ads and direct-mail pieces hammering Wetterling since mid-August." The Democratic Congressional Campaign Committee "has yet to run independent ads or drop mail pieces in the district." EMILY's List, the "pro-abortion rights political action committee backing Wetterling, is releasing a survey it commissioned on the race today, presumably finding Wetterling hot on Bachmann's heels if not leading."

Padgett Gets Welcome Boost From First Lady In OH18. The Washington Post (9/27, A3, VandeHei, Cillizza, 748K) reports that in Ohio's 18th CD, Republican Joy Padgett, who is running to replace convicted Rep. Bob Ney, "has been in a jam when it comes to finding a big-name Republican who could come to town and bring more than trouble." This "helps explains Padgett's excitement Tuesday as her lunchtime guest of honor took to the podium outside the historic Granville Inn. It was first lady Laura Bush. The president's approval ratings may be in the drain, but the first lady still regularly scores in the high sixties." Democrats are "pressing the scandal issue relentlessly, and it appears to be working with some voters." In a year "when

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Republicans are battling low poll numbers nationally, there are few places where the GOP brand is more scuffed than in Ohio, where, since President Bush's election-night triumph here two years ago, national and local scandals have polluted the political atmosphere for GOP candidates."

Ohio Hosts Key House, Senate Races. Time.com (9/27, Bacon) reports Gov. Bob Taft's low approval ratings and Rep. Bob Ney's guilty plea in the Abramoff scandal are "not all the problems for the G.O.P. in Ohio." Peter Brown, who surveys Ohio races for the Quinnipiac University Polling Institute, said, "You've got a national anti-Republican, anti-incumbent sentiment that wasn't there two years ago." Voters "aren't happy about the economy, Iraq or President Bush here either." Time adds Democratic chances "of winning key races here are so high that top officials are trying to guard against activists getting complacent." And Democrats "remain worried that the G.O.P. will outperform them at getting voters to the polls, much as the Republican turnout operation helped defy the oddsmakers in 2004. Both Democrats and Republicans say a ballot initiative to allow slot machine casino gambling in the state may help to turn out conservatives who would oppose it, although liberals may show up to support a proposed minimum wage increase also on the ballot." The Ohio races "are critical. Democrats need 15 seats to win back the House, and three of their best chances are in Ohio. In the Senate, where they need six seats, this is a place where they could win one." In the 15th CD, Republican Rep. Deborah Pryce faces Democrat Mary Joe Kilroy. If Kilroy, "a Franklin County Commissioner, wins this race, it would be the biggest individual victory for the House Democrats on election night, because Pryce, as the chairman of the House Republicans, is the No. 4 member of the leadership team." In the 1st CD, Republican Rep. Steve Chabot faces Democrat John Cranley, who is "trying to keep voters focused on the problems at hand, running ads blaming Chabot for high gas prices and linking his opponent with voters' frustrations on other issues such as the increasing national debt."

Hospital Officials Defend Salary Increase For Obama's Wife. The Chicago Tribune (9/27, Dorning, 623K) reports officials "at the University of Chicago Hospitals on Tuesday explained a large salary jump for Sen. Barack Obama's wife shortly after he took office as a normal promotion that reflected expanded duties in her job as a liaison with the South Side community surrounding the medical center." Michelle Obama "was promoted to vice president for external affairs in March 2005, two months after her husband took office in the Senate. According to a tax return released by the senator this week, the promotion nearly tripled her income from the hospitals from $121,910 in 2004 to $316,962 in 2005." Hospitals spokesman John Easton "said Obama's salary was in line with the compensation received by the not-for-profit medical center's 16 other vice presidents." Easton said "the hospitals' management had discussed a promotion to vice president with Obama previously but that she had been reluctant to undertake the commitment until her husband's Senate campaign was finished. In part, she wanted to wait until her family had made a decision on whether to maintain their primary residence in Illinois, which they did, and she had a better sense of the demands on her time as a senator's wife, he said."

Democrats Propose Reimbursing States For Backup Paper Ballots. The New York Times (9/27, Urbina, 1.21M) reports three Senate Democrats "proposed emergency legislation on Tuesday to reimburse states for printing paper ballots in case of problems with electronic voting machines on Nov. 7." The proposal "is a response to grass-roots pressures and growing concern by local and state officials about touch-screen machines. An estimated 40 percent of voters will use those machines in the election." Sen. Barbra Boxer, who is co-sponsoring the measure with Sens. Christopher Dodd and Russell Feingold, said, "If someone asks for a paper ballot, they ought to be able to have it." The Times adds Republican leadership aides were skeptical about the prospects for the measure. It would have to advance without opposition from any senator and then make it through the House in the short time available before Election Day."

Ensign To Chair NRSC. Roll Call (9/27, Bresnahan, Billings) reports Sen. John Ensign "will take the helm of the National Republican Senatorial Committee at the start of the 110th Congress, putting the Nevada Republican on the front line of what is certain to be a difficult election cycle for the GOP." Republican leaders "have been scrambling for nearly two months to recruit the next NRSC chairman after Sen. John Thune (S.D.), who was expected to assume the post, opted against a bid. Thune shocked the GOP Conference in early August when he announced he wasn't interested in the position, citing the travel burden and family commitments."

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Ensign, "who also declined the NRSC post when initially approached by party leaders, said he changed his mind after consulting with friends, colleagues, and his wife, Darlene." Twenty-one Republican Senators "are up for re-election in 2008, versus just 12 Democrats. When combined with the certain competition for donor dollars from a presidential campaign and a renewed battle for the House, the NRSC's ability to raise money and elect its candidates will be tested severely."

Richardson Hints At 2008 Campaign. McClatchy (9/27, Thomma) reports New Mexico Gov. Bill Richardson "insists that he's focused only on helping Democrats win elections this year and won't decide until next year whether to run for president. But over scrambled eggs and sausage Tuesday morning, he gave reporters a preview of the distinctive campaign he'd run - and how much he'd differ from likely rival Sen. Hillary Rodham Clinton of New York." Richardson "boasts a decidedly different resume. He's arguably more candid. And he's definitely funnier." In his remarks, Richardson "ticked off the changes in the Democratic presidential primary calendar and how Western states could play a bigger role in picking the 2008 nominee - states that happen to be in his backyard." Asked if he was "already mapping his campaign? 'I'm just kind of observing how it happens,' he said, his smile giving way to a knowing laugh." Richardson "came to Washington to talk about his work as chairman of the Democratic Governors Association and the prospects for this year's 36 gubernatorial elections," and he himself is "coasting toward re-election to a second term." Richardson "acknowledged that, if the election were held today, Democrats would pick up governors' offices in states such as Colorado, Massachusetts, New York and Ohio, but fall short in such states as California, Florida, Georgia, Idaho, Minnesota, South Carolina and Texas."

The Christian Science Monitor (9/27, Cook, 58K) reports that at the Monitor breakfast, Richardson "talked up his party's prospects in the 36 statehouse races that will be decided this November." Richardson said, "I believe we will win the House of Representatives, the Senate probably [is] a little more difficult. I can honestly say I believe we will win a majority of governorships this year.... We will win in New York. We will win in Massachusetts. We will win in Colorado. We will win in Ohio. We will win in Arkansas. We have some very competitive toss ups in Nevada [and] Florida. We will win in Maryland. I would put Maryland in the 'feel confident' [category]." The Monitor adds Richardson was "also in Washington as someone pondering a move from the state house to the White House. The governor told reporters at the breakfast that he 'will make a decision early next year' on whether to run for president. But he is already clearly preparing for a presidential run."

Bass Aide Resigns After Posing As Liberal Blogger. Roll Call (9/27, Akers) reports in its "Heard on the Hill" column, "A top aide to Rep. Charles Bass (R-N.H.) was forced to resign Tuesday for using Congressional office computers to pose as a liberal on political blogs, in an apparent attempt to undermine Bass' Democratic challenger. Bass asked longtime aide Tad Furtado to resign after HOH revealed Monday that the operators of two liberal blogs in New Hampshire had traced the suspicious poster's Internet protocol address to the House of Representatives' computer server." House ethics rules prohibit employees from using government resources to engage in campaign activity. Furtado "posted blog comments under the pseudonym 'IndyNH' and 'IndieNH.' He pretended to be a liberal who didn't think Bass' opponent, Paul Hodes, could win."

Iraq War Protesters Arrested At Hart Senate Building. The Washington Post (9/27, A14, Boorstein, 748K) reports, "The quiet, sunny atrium of the Hart Senate Office Building was transformed into a chaotic scene yesterday when dozens of war protesters filed into the lobby, formed a prayer circle, shouted Scripture and eventually were arrested as Senate staffers hung over railings and crammed glass-walled offices to watch." The Post adds, "Employees in the building and longtime area activists said they had never seen police allow such a demonstration in a government office building, with activists one and two stories up reading the names of the Iraq war dead, civilian and military."

Justices To Examine Links Between Credit Ratings, Insurance Rates. The Wall Street Journal (9/27, Anderson, 2.03M) reports, "The Supreme Court agreed to decide whether insurance companies must tell consumers that their low credit scores resulted in higher rates for coverage." Insurance companies "have faced a wave of class-action lawsuits alleging they violated the Fair Credit Reporting Act by not telling consumers that their low credit scores resulted in higher quotes for insurance coverage."

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Surveys Find Health Premiums Rising Twice As Fast As Inflation. The Wall Street Journal (9/27, A2, Fuhrmans, 2.03M) reports two nationwide surveys by Kaiser Family Foundation and the Health Research and Educational Trust show that "the health-care premiums of employers and their workers have climbed twice as fast as wages and inflation in 2006 -- to nearly double their cost in 2000 -- and they look to rise at a similar clip next year." That said, "the pace of increase is about half what it was just a few years ago." According to the surveys, "the average family premium rose 7.7% in 2006. That compared with a 3.8% rise in wages and inflation of around 3.5%. Even so, the 7.7% increase marks the third year that employer health-care cost increases have decelerated since soaring nearly 14% in 2003."

USA Today (9/27, Appleby, 2.27M) reports, "High-deductible health insurance policies coupled with savings accounts — touted by proponents as an answer to rising medical costs — did not grow in popularity among employers this year, even as premiums for insurance continued to rise. … Despite those policies being the biggest buzz among benefit consultants," the Foundation "found that only 7% of employers offered them this year, a percentage statistically unchanged since 2005." Drew Altman, president of the non-profit research group, noted, "This shows that the debate in the media and in Washington health policy circles is way out in front of the reality."

In addition, the Washington Post (9/27, D2, Day, 748K) quotes Altman as stating, "Nobody's celebrating, and nobody should be celebrating. … A modest reduction in an already high rate of increase hardly looks like salvation to working people and businesses, who have been getting hammered by high health-care costs year after year." The Post adds, "About 61 percent of companies questioned offer health-care coverage to at least some employees, about the same as last year. And workers at bigger companies continued to fare better: The study found that while nearly all companies with 200 or more workers offered coverage, fewer than half of the smallest companies surveyed did, those with from three to nine workers."

The New York Times (9/27, Freudenheim, 1.21M) notes, "'It's slightly good news,' said Helen Darling, president of the National Business Group on Health, a large employers' research and trade group in Washington. 'It could have been worse but we certainly haven't solved all the problems.'" She added, "The workers of the United States continue to give their pay raises to the health system." Still, "some business leaders took a more upbeat view of the survey results." Katie Mahoney, health policy director of the United States Chamber of Commerce, said, "It's a very positive sign that the increases were lower than the previous year."

"Piggyback Laws" Fail To Address Health Care Crisis. In an editorial, the New York Times (9/27, 1.21M) writes, "Many middle-class young adults are staying on their parents' health insurance long after college these days." So "the troubled American health-insurance system finds itself in a vicious circle as a result. The higher premiums climb (twice as fast as wages this year, according to a new study), the less likely the young and healthy are to participate. That, in turn, skews the pool of the insured even older and more infirm, making coverage still more expensive and less appealing to those who bet they can do without." The "piggyback laws" just make "life easier for those who have the most political influence and resources, reduce elected officials' incentive to do what is really needed and find a more comprehensive national solution."

WSJournal Celebrates Possible South Carolina Move Toward School Choice. The Wall Street Journal (9/27, 2.03M) writes in an editorial, "Fed-up South Carolina Democrats are blowing the whistle on the state's public-school system, one of the nation's worst." But "the good news is that the Palmetto State may be reaching a tipping point." Gov. Mark Sanford (R) "is already a supporter of broad-based school choice. The problem has been the Republican-controlled legislature." But "that is starting to change." In June, "three incumbent state legislators were defeated in primaries for opposing school choice" and "in November reformers could pick up the seats they need in the house to pass education scholarships and tax credits for parents with kids in failing schools."

Russia Will Begin Nuclear Fuel Shipments To Iran In March. The New York Times/AP (9/27) notes Moscow media reports that "Russia will ship fuel to a nuclear power plant it is building in Iran by March under an agreement signed by the two countries on Tuesday." The deal "represents a small victory for Iran, but seems certain to inflame Western anxiety over Iran's nuclear ambitions." It was "signed by Sergei Shmatko, head of Russia's state-run company Atomstroiexport, and Mahmoud Hanatian, vice president of Iran's Atomic Energy Organization. An additional

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protocol sets out a time frame for starting up an $800 million plant in Bushehr, which will be Iran's first." The AP notes "the fuel could be enriched to create weapons-grade material," and adds, "To try to ease Western concerns over Bushehr, Russia has agreed with Iran that Tehran will ship spent fuel back to Russia."

Iran Denies Reports It's Negotiating Secret Uranium-Enrichment Suspension. The Washington Times (9/27, Gertz, 88K) reports, "Iran yesterday said it is not negotiating a secret temporary shutdown of its uranium-enrichment program as part of ongoing talks with the European Union, rebutting Bush administration sources who told The Washington Times that such a deal is being discussed." Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, when asked about the report in The Times, "said chief Iranian negotiator Ali Larijani and chief European Union negotiator Javier Solana will discuss what has been proposed already."

Jailed Former Iranian Lawmaker Says He IS Being Tortured. The Washington Post (9/27, A20, Boustany, 748K) reports, "Ali Akbar Mousavi Khoini, a former Iranian lawmaker who has been jailed without charges in Tehran for more than 100 days, was briefly released from detention last Thursday to attend a memorial service, where he shouted out allegations of torture and other harsh treatment, according to his lawyers and other witnesses quoted by a human rights organization." He said, "For the past 20 days, prison officials have chained my hands and feet. I am being tortured. … I am held in solitary confinement and interrogated four times a day. … They wake me up in the middle of the night to interrogate me. They are trying to turn me to a mental patient.." The Post adds, "Calls to the Iranian mission to the United Nations in New York, seeking comment, were not returned."

Rice Eyes Trip To Northeast Asia, Says Pyongyang's Time Running Out. AFP (9/27) reports Secretary Rice "said she would travel to Asia in the next six weeks to see whether to make 'one last push' to convince North Korea to return to multilateral negotiations on ending its nuclear weapons program." She "said in an interview released Monday that time was running out to bring North Korea back to the negotiating table." Rice added that, "in light of North Korea's continued refusal to return to the negotiating table, further action was needed." She "said that in the meantime, Washington would continue its financial measures 'because they do relate to illicit North Korean activities.'" Rice "also sought to counter suggestions of a growing rift between the United States and South Korea over how to approach the crisis, with Seoul seen as favoring more diplomacy rather than threats of sanctions against its volatile neighbor. … She said South Korea had told allies…of efforts it was making to put pressure on the North, including cutting back badly needed food assistance and fertilizer supplies. She said those measures could be intensified and threaten overall North-South economic ties if North Korea goes ahead with the rumored nuclear weapons test."

IDF Expects To Withdraw From Lebanon Before Sunday. The New York Times (9/27, Erlanger, 1.21M) reports IDF forces "are expected to be out of Lebanon before the Jewish holy day of Yom Kippur begins on Sunday night." Israeli Defense Minister Amir Peretz "told Parliament that Israel hoped to complete its withdrawal from Lebanon under a United Nations resolution 'during this week or at the latest several days later," while UNIFIL Maj. Gen. Alain Pellegrini is quoted saying, "It is my belief that with the necessary cooperation by both parties we should see the I.D.F. leave south Lebanon by the end of this month." However, "Israeli officials suggested that some of [related] issues remained unresolved, including how to deal with protests along the border and whether [UNIFIL] would act against Hezbollah if necessary or simply inform the Lebanese Army about violations." The Times notes the IDF "had said it wanted to leave Lebanon by the end of last week, before the Jewish New Year, but delayed, saying [UNIFIL was] not up to strength."

Bush Signs US-Oman Trade Pact. AFP (9/27) reports President George W. Bush Tuesday signed the US-Oman Free Trade Agreement, the fifth such pact with a Middle Eastern country since he took office. US Trade Representative Susan Schwab said in a statement that the accord was "good news for the United States, Oman, and our efforts to promote economic opportunity in the Middle East." Schwab also touted the agreement as "a milestone in strengthening ties and promoting freedom in the Middle East."

Korean Seen As Leading Candidate To Replace Annan. The Washington Times (9/27, Pisik, 88K) reports, "The race for United Nations secretary-general is moving into its final weeks with South Korean Foreign Minister Ban Ki-moon well in front, but the late entry of Latvian

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President Vaira Vike-Freiberga, who would be the first woman in the post, muddles the odds." Seven declared candidates "are now in the running to succeed Kofi Annan in January, and more could enter. They include a UN official who writes novels, the deputy prime minister of a recently deposed government, an ambassador with a passion for disarmament, a prince with peacekeeping experience, and a former World Bank executive from a shattered nation. All the declared candidates are from Asia -- which under an informal rotation system expects to field the next secretary-general -- except Mrs. Vike-Freiberga, whose candidacy could sink on the geographic considerations despite the fact that several nations would like to see a woman in the post." China "signaled early that it would not accept a candidate from a country outside Asia."

The Christian Science Monitor (9/27, LaFranchi, 58K), meanwhile, says that "while candidates are already campaigning for the post, no consensus has formed around any one of them -- in part because UN members, in particular on the powerful Security Council, have different views of what is most needed for the job."

Japan To Continue Push For Permanent UNSC Seat. AFP (9/27) reports Tokyo "has vowed to pursue its campaign for reform of the [UNSC] from which it hopes to secure a permanent seat on the key body despite opposition from some of its neighbours." Representative Kenzo Oshima "said the Security Council risked seeing its credibility further damaged if it did not change." Oshima "added that most countries wanted change 'with a sense of urgency' and 'Japan is determined to continue to take the initiative in this critical endeavour.'" AFP says Tokyo, Berlin and Brasilia "have pressed to become permanent members but opposition has come from" Washington and Beijing.

Major newspapers reported extensively on Japanese Prime Minister Shinzo Abe's first day in office. The New York Times (9/27, Fackler, 1.21M) says Abe "seeks a Japan with muscle and a voice," adding that he "has vowed to make Japan more assertive globally" and "appointed a cabinet on Tuesday packed with social conservatives and foreign-policy hawks." Abe's "ascension appears to be a changing of the guard in a country that has kept a low profile in international affairs since its defeat in 1945. He enters office riding a crest of popularity, as his message of renewed national pride has found followers amid the resurgence of Japan's long dormant economy." The Financial Times (9/27, Pilling) says Abe's cabinet picks "reflected an independent streak," while the Wall Street Journal (9/27, Hayashi, 2.03, 2.03M) said they "indicated he would follow many of the policies of his predecessor." Abe "pledged to speed up fiscal overhauls to keep the country's economic recovery on track, and to improve ties with China." In addition, he reappointed Foreign Minister Taro Aso.

Plan Colombia Under Scrutiny Following Killing Of US-Trained Counternarcotics Team. The Christian Science Monitor (9/27, Harman, 58K) reports on what it calls the "calculated massacre of one of Colombia's best counternarcotics police teams." The Monitor says seven of the men on the team were members of a group of about 200 police trained by the DEA. According to the Monitor, the investigation of last May's killings in Jamundí "suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia…and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs."

Reputed Cali Drug Cartel Leaders Get 30-Year Prison Sentences. There are more than 400 media references this morning to the guilty pleas and sentencing of two reputed leaders of the Cali drug cartel, which authorities say supplied most of the cocaine in the U.S. in the 1990s. For example, USA Today (9/27, Johnson, 2.27M) reports the surviving leaders of the Cali drug cartel, which authorities "say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets." Attorney General Alberto Gonzales "said brothers Miguel and Gilberto Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade." While they were sentenced in Miami, 28 other family members "reached a separate pact with the government to surrender their worldwide assets."

In Labor Address, Blair Does Not Clarify Departure Date. The New York Times (9/27, Cowell, 1.21M) notes, "With some wisecracks and familiar rhetorical flourishes, Prime Minister Tony Blair delivered his final speech as Labor leader to the party's annual conference on

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Tuesday," in which he "offered no formal endorsement of his presumptive heir, Gordon Brown, …and did not set a date for his own departure, suggesting that he would pursue a Middle East peace initiative and other projects for 'months' to come." The Times says Blair and Brown were "politically bruised" by Labor infighting three weeks ago, and yesterday's "speech was closely watched for signs that they had reached some kind of peace, particularly since Mr. Brown offered Mr. Blair fulsome praise in a similarly scrutinized speech on Monday." The Times adds, "Mr. Blair's deft handling of the Labor crowd — drawn from a party that supposedly wants to be rid of him — showed the extent to which Labor has relied on his oratory as a vote winner."

The Financial Times (9/27, Blitz) describes Blair's speech as "tough but tender," noting he declared "he loved his party – but that it must not retreat into a leftwing 'comfort zone' of politics after he is gone." In "a dazzling final address to the Labour conference that left many delegates in tears," Blair "said he wanted to heal the divisions with Gordon Brown, the chancellor, whom he praised as 'a remarkable man, a remarkable servant to this country.'"

USA Today/AP (9/27) reports Blair "noted Tuesday that the domestic issues that once dominated the agenda had been replaced by global challenges such as climate change, organized crime and religious extremism. 'We used to feel we could shut our front doors on the problems and conflicts of the wider world. Not anymore. The British people today are reluctant global citizens. We have to make them confident ones.'"

The Washington Times/AP (9/27, Quinn) says Brown is "a man who is much admired for his policy acumen but now seems fated to struggle to replace Blair and may ultimately even watch the post slip through his fingers." The Los Angeles Times (9/27, Stobart, 918K) and Washington Post (9/27, Jordan, 748K) run similar stories.

New Conservative Party Examined. The Wall Street Journal (9/27, Patrick, 2.03M) analyzes changes within the Conservative Party under David Cameron's leadership. "By concentrating on social and environmental issues, Mr. Cameron hopes to shed the image of Conservatives as right-wingers determined to lower taxes for the wealthy and cut welfare. He reasons that by shifting the party to the center of the political spectrum, he will pick up swing voters who previously supported" Blair. "While elections are as long as three years away, it looks like Mr. Cameron, 39 years old, has the best chance in a decade to put the party of Margaret Thatcher back in government." His "decision to rework the Conservative Party's image came in response to surveys showing the party was seen as out of touch." Those "efforts with British voters are paying dividends, putting his party consistently ahead of Labour in opinion polls for the first time in more than a decade."

Senate Vote On China Tariffs May Be Delayed. In its "Washington Wire" column on its web site, the Wall Street Journal (9/26, 2.03M) reported, "Leading China critics in the Senate said they may again delay action on a bill to slap a big tariff on Chinese-made goods, signaling a willingness to avoid a confrontation over a long simmering currency dispute. … Lead sponsors of the legislation, Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.), had been pointing toward a vote this week, raising alarms in the Bush administration that the US's free-trade credentials abroad could be undermined. But after meeting with Treasury Secretary Henry Paulson, the senators suggested they would be willing to put off action, pending further discussions with Treasury over the next day or two about the administration's new strategy engagement with China on economic issues." The Wall Street Journal (9/27, Hitt, 2.03M) runs a similar report on its print edition.

Calpers Considers Investing In China. The Financial Times (9/27, Gangahar, Guerrera) reports, "The California Public Employees Retirement System, the largest US public pension fund, is considering investing for the first time in Chinese companies, aiming both to capitalise on the country's booming economy and to raise its exposure to emerging markets." The Times adds, "Such a move by Calpers, which has not invested any of its $208bn (€164bn) portfolio in Chinese companies because of poor corporate governance standards, could have a ripple effect on other US public pension funds and increase demand for Chinese shares." In an interview with the Financial Times, "Russell Read, Calpers' recently appointed chief investment officer, indicated that the fund could begin by investing in Chinese companies with US or international listings through American Depository Receipts and Global Depository Receipts."

German Opera House Cancels Mozart Opera That Could Be Offensive To Muslims. The New York Times (9/27, Dempsey, Landler, 1.21M) reports, "A leading German opera house has canceled performances of a Mozart opera because of security fears stirred by a scene

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that depicts the severed head of the Prophet Muhammad, prompting a storm of protest here about what many see as the surrender of artistic freedom." The Deutsche Oper Berlin "said Tuesday that it had pulled 'Idomeneo' from its fall schedule after the police warned of an 'incalculable risk' to the performers and the audience." The company's director, Kirsten Harms, "said she regretted the decision but felt she had no choice. She said she was told in August that the police had received an anonymous threat, but she acted only after extensive deliberations." The Times adds, "Political and cultural figures throughout Germany condemned the cancellation. Some said it recalled the decision of European newspapers not to reprint satirical cartoons about Muhammad, after their publication in Denmark generated a furor among Muslims."

The Washington Times (9/27, Sands, 88K) reports, "The 1781 original told the tale of a king of Crete at the time of the Trojan War, but the production by director Hans Neuenfels inserts a scene in which the severed heads of Muhammad, Jesus and Buddha are placed on chairs alongside the head of the Greek sea god Poseidon." The Los Angeles Times (9/27, Fleishman, 918K) and Washington Post (9/27, Whitlock, 748K) also report the story.

Bulgaria, Romania Will Join EU. The Washington Times (9/27, Kralev, 88K) reports, "The European Union will welcome Bulgaria and Romania, two of Washington's strongest allies on the Continent, as full members on Jan. 1, but the strings attached to their accession will be the toughest in the organization's history, EU officials said yesterday." The officials also "indicated that further enlargement will have to wait until member states find a compromise on the EU constitution, whose adoption last year was derailed by French and Dutch rejection in high-profile referendums." The Bush Administration "praised the decision on Bulgaria and Romania, which joined NATO in 2004, but State Department spokesman Sean McCormack urged 'the EU to continue to keep open a European horizon for a number of states, including those in the Balkans, and Turkey as well.'" The Washington Post (9/27, A21, Anderson, 748K) also reports the story.

Photographer Chronicles Darfur Genocide. A front page story in USA Today (9/27, Hampson, 2.27M) reports on Brian Steidle, a former US representative on an African Union observation team to Darfur. Steidle "has become the most vivid chronicler of one of the world's worst humanitarian catastrophes. His photographs…have helped make Americans care about a complex crisis in a faraway place of little economic or strategic value." USA adds, "He applied for a job monitoring Darfur's shaky cease-fire under the auspices of the African Union, the association of African nations whose mission in Darfur receives financial support from the United States and other nations. He'd have no power or authority to stop the violence, not even a sidearm. But Steidle did not go unarmed. Photography had been his hobby; now he bought the best digital camera he could afford: a professional-grade Canon EOS 1D Mark II. In Darfur, it would prove more powerful, and more dangerous, than a gun."

Many Cubans Say They Haven't Seen US' Anti-Castro Broadcasts. The New York Times (4/27, Goodnough, 1.21M) reports that soon after Fidel Castro announced his illness in July, the Bush Administration "stepped up its anti-Castro television broadcasts to Cuba with a new $10 million system. For the last two months, a twin-engine plane has beamed the signal of the American broadcast, called TV Martí, toward the island from over the Straits of Florida for four hours a day, six days a week, up from four hours of transmission from an Air Force plane on Saturdays. … But in interviews in the past two weeks, many Cubans said they still saw just snowy interference where the TV Martí broadcasts should be. About a dozen people in Havana said they still had never glimpsed the station even after the expanded airborne broadcasts began, raising questions about the usefulness of the $10 million expenditure. Some said they would not watch the station even if they could, because they assumed that it would be biased."

Estranged Couple Face In Battle For Brazilian Congressional Seat. A front page story in the Wall Street Journal (9/27, A1, Moffett, 2.03M) reports that Maria Christina Mendes Caldeira and Valdemar Costa Neto married in 2003, but "the union soon flamed out. In July of 2004, Mr. Costa had the water and electricity cut off in the mansion they had shared in Brasilia to force Ms. Caldeira to move out, which she eventually did." Caldeira "found a way to strike back, personally and politically. During nationally televised congressional hearings last year about an alleged political slush fund, she stepped forward to testify that she had seen Mr. Costa stowing big stacks of cash in a secret safe. Facing possible impeachment and a ban on holding office,

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Mr. Costa resigned his seat." The pair are now running against each other in Sunday's election approaches. Costa is seeking a new four-year congressional term. Caldeira "has become his chief opponent as candidate of the Green Party." The Journal adds, "More than just a story of romance gone sour, the contest between the estranged couple goes to the heart of the big question looming over Brazil's election: How much do voters really care about political corruption?"

Freidman Says Bush Has Done Nothing To Stop "Petro-Authoritarianism." Thomas Friedman writes in the New York Times (9/27, 1.21M) that Venezuelan President Hugo Chávez's speech to the UN, Iranian President Mahmoud Ahmadinejad's US trip and China's UN ambassador, Wang Guangya, effort to block a UN resolution calling for the deployment of peacekeeping troops to Sudan have in common "today's most infectious geopolitical disease: petro-authoritarianism." As oil "has moved to $60 to $70 a barrel, it has fostered a counterwave — a wave of authoritarian leaders who are not only able to ensconce themselves in power because of huge oil profits but also to use their oil wealth to poison the global system." Chávez, Ahmadinejad "and all their petrolist pals think we are weak and will never bite the bullet. … They know that Mr. Bush is a phony — that he always presents himself as this guy ready to make the 'tough' calls, but in reality he has not asked his party, the Congress, the people, or US industry to do one single hard thing to reduce our dependence on foreign oil." Friedman concludes that the Bush years will be remembered as "the moment when petro-authoritarianism — not freedom and democracy — spread like a wildfire and he did nothing serious to stop it."

Links To Kazakhstan Called US' Most Promising Relations With Muslim World. S. Frederick Starr, chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies, writes in the Washington Post (9/27, A27, 748K) that Kazakhstan's President Nursultan Nazarbayev will mark his country's 15th year of independence with a visit to the US next week. But whereas "the State Department sees Kazakhstan as a successful "corridor of reform," critics claim that it's just another corrupt petro-state and Nazarbayev himself a repressive, authoritarian ruler. The fact that Vice President Cheney recently visited the Kazakh capital of Astana only confirms their darkest suspicions: It's all about oil, and probably about Halliburton as well." Starr adds that US "links with Kazakhstan are among this country's most promising relations in the Muslim world. Developed over 15 years under both Democratic and Republican administrations, they are the fruit of hard work by US agencies, businesses, educational institutions and scores of nongovernmental organizations. They are creating a successful model of economic and social development for majority-Muslim societies. What a contrast to what we see daily in the Arab world."

NYTimes Says Abe Should Men Japan's Relations With China. The New York Times (9/27, 1.21M) editorializes, "If Japan's new prime minister, Shinzo Abe, hopes to be as popular and successful as his departing predecessor, Junichiro Koizumi, he needs to be equally daring in breaking with failed policies of the past. The obvious place to start is by rebuilding Japan's badly damaged relations with China. … The first step should be declaring that he will not continue Mr. Koizumi's provocative practice of visiting the Yasukuni Shrine, where the spirits of convicted war criminals are honored. The shrine controversy, and the failure of Japanese textbooks to deal honestly with the wartime behavior of Japanese troops, complicate the nation's ability to handle contemporary military issues, like the emerging debate over amending the pacifist constitution that America imposed on it after World War II. There is no reason Japan should not be able to make that change. But unless it first comes to terms with its history and its neighbors, such a step would be poorly received by other Asian nations."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush Goes Public With Terror Study."
"Sorry, Cupcake, You're Not Welcome In Class."
"Rap's Captive Audience."
"Drug Offenders To Be Banned From Skid Row."
"Security Shaping Campaign."
"Abortion Vote In House May Be Too Late To Boost GOP."
"Germans Jeering Opera's Bow To Islamic Extremists."

USA Today:

"College Overhaul Called 'Overdue.'"

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"Through Lens In Darfur, 'I Was A Witness To Genocide.'"
"Marriage Gap Could Sway Elections."

New York Times:

"Backing Policy, President Issues Terror Estimate."
"How A Reviled Court System Has Outlasted Many Critics."
"New York City Plans Sharp Limits On Restaurants' Use Of Trans Fats."
"New Campaign Ads Have A Theme: Don't Be Nice."
"Opera Canceled Over A Depiction Of Muhammad."
"Forensic Skills Seek To Uncover Hidden Patterns Of Elder Abuse."

Washington Post:

"Part Of Iraq Intelligence report Is Released."
"West Point Mourns A Font Of Energy, Laid To Rest By War."
"States, Counties Begin To Enforce Immigration Law."
"Distrust Breaks The Bonds Of A Baghdad Neighborhood."
"Deaths Of 3 D.C. Teens In 24 Hours Shock City
"Teens' T-Shirts Make Educators Squirm."

Detroit Free Press:

"Stockholders Rise Up, Push GM Changes."
"Partying Like Hell."
"Doctor Charged In Wife's 1968 Death."
"Hard To Hide."

Atlanta Journal-Constitution:

"Germans Gripe: This Bud's Not For Us."
"Details Of Plot Shock Canada."
"Stopping To Help? Be Careful."
"Boy, 9, Hacked To Death; Was Right Man Shot?"
"Fragile Digital Data In Danger Of Fading Past History's Reach."

Houston Chronicle:

"Gang Attack Kills Teen Rival In Park."
"Schools Might Get To Make The Call On Cell Phones."
"First-Class Night Down In Class A."
"Baby's Body At The Center Of Alleged Corpse Scam."
"Report: Storms Left New Human Landscape."

Story Lineup From Last Night's Network News:

ABC: NIE Report; Blame For Al Qaeda; Afghanistan Violence; Health Care Cost; Stock Market; Race Car Crash; The Mona Lisa; Byron Nelson Obit; World War I Soldier Buried.

CBS: NIE Report; NIE Report Analysis; Afghanistan Violence; Cocaine Suppliers Forfeit $2 Million; Fastow Goes To Prison; Heating Bills Going Down; Student Loans; Iraq-Sectarian Violence; Natan Sharansky-Opinion; Byron Nelson Obit; World War I Burial-Arlington.

NBC: NIE Report; Clinton Vs Bush-Al Qaeda Blame; Afghanistan Violence; Stock Market; Fastow & Ebbers Now in Prison; New Orleans Clean Up; California Wildfires; Hood Blimp Crash; Immigration Debate-Colorado; World War I Burial-Arlington.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Bush Declassifies NIE; CA-Wildfire.

CBS: Bush Declassifies NIE; Nelson Obit.; Fastow Sentenced; Ebbers Reports To Prison; Wall Street; CA-Wildfire; Hilton Charged With Drunk Driving.

NPR: Bush Declassifies NIE; Talabani-Washington Visit; Rumsfeld-Albania Visit; US Nuclear Reprocessing Factory Project; Fastow Sentenced; Ebbers Reports To Prison.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Bob Corker for US Senate and Tennessee Republican Party luncheon, Private residence, Memphis; Meets with President Musharraf of Pakistan and Afghan President Karzai.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. ARMED SERVICES _ Readiness and Management Subcommittee. Hearing on U.S. policy and practice on the use of riot control agents by the armed forces. Assistant Defense Secretary Peter Flory; Rear Adm. Anthony Winns, vice director for operations, J-3, Joint Staff. Location: Room 232A, Russell. Notes: Closed session follows in Room 222, Russell.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meeting on pending nominations and legislation. Location: Room 562, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on development of an artificial pancreas. Griffin Rogers, Acting Director, National Institute of Diabetes and Digestive and Kidney Diseases; Chris Dudley, Dudley Foundation; Arnold Donald, Juvenile Diabetes Research Foundation

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International; Caroline Sweeney, Gray, Maine. Location: Room 342, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on pending nomination of Robert Howard to be Assistant VAD Secretary. Location: Room 418, Russell. Notes: Markup of the nomination following the first roll call vote after Noon in the Reception Room off the Senate floor.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

2:30 p.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on improvement to emergency medical care. Frederick Blum, president, American College of Emergency Physicians; Margaret van Amringe, Joint Commission on Accreditation of Healthcare Organizations; Nancy Bonalumi, President, Emergency Nurses Association; Leon Haley, Jr., Grady Health Systems; Robert Bass, President, National Association of EMS officials. Location: Room 430, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

3 p.m. JUDICIARY _ Immigration, Border Security and Citizenship Subcommittee. Oversight hearing on refugee admissions and policies. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (37 bills): 1) H.R. 6138 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 2) H.R. 4766 - Native American Languages Preservation Act of 2006; 3) H. Res. 1009 - Supporting efforts to promote greater public awareness of effective runaway youth prevention programs and the need for safe and productive alternatives, resources, and supports for homeless youth and youth in other high-risk situations; 4) H.R. 6106 - To extend the waiver authority for the Secretary of Education under title IV, section 105, of Public Law 109-148; 5) H.Res. 295 - Expressing the sense of the House of Representatives supporting the establishment of September as Campus Fire Safety Month, and for other purposes; 6) H.Con.Res. 478 - Supporting the goals and ideals of ``Lights On Afterschool!", a national celebration of after-school programs; 7) H.R. 5483 - Railroad Retirement Disability Earnings Act; 8) H.R. 4981 - Dam Safety Act of 2006; 9) H.R. 5546 - Carroll A. Campbell, Jr. Federal Courthouse Designation Act; 10) H.R. 5606 - William M. Steger Federal Building and United States Courthouse Designation Act; 11) H.R. 5026 - Andres Toro Building Designation Act; 12) H.R. 6051 - John F. Seiberling Federal Building Designation Act; 13) H.R. 1556 - Clyde S. Cahill Memorial Park Designation Act; 14) H.R. 2322 - Kika de la Garza Federal Building Designation Act; 15) H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006; 16) S. 3850 - Credit Rating Agency Reform Act of 2006; 17) H.R. 5347 - HOPE VI Reauthorization Act of 2006; 18) H.R. 6079 - Hedge Fund Study Act; 19) H.R. 5503 - FHA Multifamily Loan Limit Adjustment Act of 2006; 20) H.R. 5585 - Financial Netting Improvements Act of 2006; 21) H.R. 6062 - Community Development Investment Enhancements Act of 2006; 22) H.R. 6072 - Financial Services Regulatory Relief Amendments Act of 2006; 23) H.R. 6162 - Secure Border Initiative Financial Accountability Act of 2006; 24) H. Con. Res. 473 - Supporting the goals and ideals of Gynecologic Cancer Awareness Month; 25) H. Res. 402 - Supporting the goals and ideals of Infant Mortality Awareness Month; 26) H. Res. 748 - Recognizing the 225th anniversary of the American and French victory at Yorktown, Virginia, during the Revolutionary War; 27) H. Con. Res. 222 - Supporting the goals and ideals of National Pregnancy and Infant Loss Remembrance Day; 28) H. Res. 991 - Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia, on its victory in the 2006 Little League World Series Championship games; 29) H.R. 5108 - Lance Corporal Robert A. Martinez Post Office Building Designation Act; 30) H.R. 6075 - Robert J. Thompson Post Office Building Designation Act; 31) H.R 6078 - Chuck Fortenberry Post Office Building Designation Act; 32) H.R. 4720 - Beverly J. Wilson Post Office Building Designation Act; 33) H. Res. 973 - Recognizing Financial Planning Week, recognizing the significant impact of sound financial planning on achieving life's goals, and honoring families and the financial planning profession for their adherence and dedication to the financial planning process; 34) H.R. 5989 - John J. Sinde Post Office Building Designation Act; 35) H.R. 5990 - Wallace W. Sykes Post Office Building Designation Act; 36) S. 3613 - Major George Quamo Post Office Building Designation Act; 37) S. 3187 - Richard L. Cevoli Post Office.

10 a.m. ARMED SERVICES AND VETERANS AFFAIRS _ Military Personnel Subcommittee and Economic Opportunity Subcommittee. Joint Hearing on the ``Montgomery GI Bill for Members of the Select Reserve." Michael Dominguez, Defense Department; Keith Wilson, VA;

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retired Vice Adm. Norbert Ryan, Military Officers Association of America; Steve Kime, Servicemembers Opportunity College. Location: Room 2118, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises and the Oversight and Investigations Subcommittee. Joint hearing on protecting Americans from catastrophic terrorism risk. Edmund F. (Ted) Kelly, CEO, Liberty Mutual Insurance Co.; Ramani Ayer, Chairman, President, and Chief Executive Officer, Hartford Financial Services Group; Gregory C. Case, President and Chief Executive Officer, Aon Corporation; Jacques E. Dubois, Chairman and Chief Executive Officer, Swiss Re America Holding Company; Christopher J. Nassetta, President and Chief Executive Officer, Host Hotels and Resorts, Inc.; Sharon Emek, Partner, CBS Coverage Group, Inc.; Warren Heck, Chairman and Chief Executive Officer, Greater New York Mutual Insurance Company; Janice M. Abraham, President and Chief Executive Officer, United Educators Insurance; Edwin L. Harper, Senior Vice President, Assurant, Inc.; Ira Shapiro, on behalf of the Real Estate Board of New York; Jonathan W. Knipe, World Trade Center Properties LLC. Location: Room 2128, Rayburn.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the House's 10-year IT vision. Kathy Goldschmidt, Congressional Management Foundation; consultant Larry Bradley; Jim Cornell, inspector general, House of Representatives; Wilson S. Livingood, sergeant-at-arms, House of Representatives; Karen Haas, clerk, House of Representatives; Pope Barrow, legislative counsel, House of Representatives; James Eagen, chief administrative officer, House of Representatives. Location: Room 1310, Longworth.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on the pension programs operated by the VA. Location: Room 334, Cannon.

10:15 a.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence reform. Location: Room H-405, Capitol.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Education Reform Subcommittee. Hearing on early childhood visitation programs. Debroah Daro, University of Chicago; Michele Ridge, Family Nurse Partnership; Anna Scovell, Lake Forest School District, Delmar, Del. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 6134 - Health Opportunity Patient Empowerment Act. Location: Room 1100, Longworth.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Continued hearing on Internet child pornography and exploitation. Keith Wallace, Families Thru International Adoption, Evansville, Ind.; Jeannene Smith, founder, Reaching Out Thru International Adoption, Somerdale, N.J.; Richard L. Baird, Jr., Adiago Health, Inc., Pittsburgh; Carol Eiferman, Reaching Out Thru Adoption, Mount Laurel, N.J.; Serguei Dymtchenko, Toms River, N.J.; Marlene Seamans-Conn, former Executive Director, Reaching Out Thru International Adoption, Sewell, N.J.; Hannah Druger, Reaching Out Thru International Adoption, Medford, N.J.; Jared Rolsky, Joint Council on International Children's Services, Alexandria, Va.; Trish Maskew, Ethica, Inc., Silver Spring, Md. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on banks in real estate and the Office of the Comptroller of the Currency's December 2005 ruling. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on rebalancing the carbon cycle. Location: Room 2154, Rayburn.

2 p.m. SMALL BUSINESS _ Full Committee. Hearing on improving security and commerce at the nation's ports. Philip Byrd, Sr., Bulldog Highway Express, Charleston, S.C.; Debbie Gosselin, Chesapeake Marine Tours, Annapolis, Md.; George Leavell, Wepfer Marine, Memphis; Danny Schnautz, Clark Freight Lines, Pasadena, Texas. Location: Room 2360, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation subcommittee. Oversight hearing on ``Next Generation Air Transportation System Financing Options." Gerald Dillingham, GAO; Acting CBO Director Donald Marron; R. John Hansman, MIT; Ellen Jewett, Goldman, Sachs and Co. Location: Room 2167, Rayburn.

2:30 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on irregular warfare. Mario Mancuso, Deputy Assistant Defense Secretary; Vice Adm. Eric Olson, U.S. Special Operations Command; Brig. Gen. O.G. Mannon, Deputy Director, Special Operations, Joint Chiefs of Staff. Location: Room 2118, Rayburn.

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2:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on U.S.-Republic of Korea relations. Assistant Secretary of State Christopher Hill; Deputy Undersecretary of Defense Richard Lawless; Balbina Hwang, Heritage Foundation; L. Gordon Flake, Maureen and Mike Mansfield Foundation; Joshua Stanton, former judge advocate, U.S. Army. Location: Room 2172, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: 7:30 p.m. Meets with President Bush and Afdghan President Karzai. White House.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 7:30 p.m. Meets with President Bush and Pakistani President Musharraf. White House.

GREEK FOREIGN MINISTER DORA BAKOYANNIS _ Highlights: 9 a.m. Meets with Energy Secretary Bodman. Energy Department. 10 a.m. Holds briefing for Greek media. At the Embassy. 11 a.m. Gives a speech on ``The Evolution of Europe and the U.S.: Synthesis or Antithesis?". Gaston Hall, Georgetown University. 3:15 p.m. Meets with Secretary of State Rice. State Department. 4:30 p.m. Meets with National Security Adviser Stephen Hadley. White House. 5:30 p.m. Attends inauguration of a new chair in Hellenic studies. Healy Hall, Georgetown University.

AIR FORCE EXPO _ Air Force Association holds Air & Space Conference 2006 and Technology Exposition. Highlights: 8:30 a.m. Role of Congress in Providing for the National Defense, Rep. Curt Weldon (R-PA). 11 a.m. Conference Address on the Future of Air and Space Power by General T. Michael Moseley. Location: Marriott Wardman Park Hotel, Washington.

NATIONAL SECURITY _ 9 a.m. - 2 p.m. The New America Foundation holds a program on the nation's strategic challenges and to launch the Princeton Project on National Security Report. Highlights: 10 a.m. Session on whether a new strategy is needed, with James Dobbins, RAND Corp., publisher Mortimer Zuckerman, G. John Ikenberry of Princeton University. 11 a.m. Panel on the economic dimensions of national security, with David Rubenstein of the Carlyle Group, former CBO Director Douglas holtz-Eakin, others. 12 p.m. Sen. Chuck Hagel. 12:30 p.m. Luncheon discussion on national security in the 21st century, with John Bellinger of the State Department, others. Location: Room G-50, Dirksen.

HEALTH CARE _ 10 a.m. The Amgen Foundation holds a symposium on improving health care. Highlights: 10:20 a.m. CMMS Administrator Mark McClellan. 12 p.m. Donald Berwick, Institute for Healthcare Improvement. Location: Jordan Conference Center, Kaiser Family Foundation, 1330 G St. NW.

BUSINESS COSTS _ 9 a.m. The National Association of Manufacturers and the Manufacturing Institute hold a news conference to release a cost study showing structural costs sharply increasing. Location: Suite 600, NAM, 1331 Pennsylvania Ave. NW.

FEDERAL CONTRACTING _ 9 a.m. The US Chamber of Commerce holds a federal procurement business forum, with GSA Administrator Lurita Doan. Location: 1615 H St. NW.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Capitol Hill Club. Notes: Stakeout at 10 a.m.

HEALTH CARE _ 9:30 a.m. AARP and the American Hospital Association hold a program with former Sen. John Breaux, Rick Pollack of AHA, John rother of AARP, others, on health care reform. Location: National Press Club.

HOUSE CANDIDATES _ 9:45 a.m. Twelve veterans running for Congress as Democrats and Rep. John Murtha discuss the administration's military policy, Democratic support for troops and veterans assistance. Location: Phoenix Hotel, 520 N. Capitol St.

COMMUNISM MEMORIAL _ 10 a.m. Groundbreaking for the Victims of Communism Memorial, with Undersecretary of State Paula Dobriansky as the featured speaker. Location: Massachusetts and New Jersey Aves. and G St. NW. Notes: Reception follows in room HC-5, Capitol.

LINE ITEM VETO _ 10 a.m. The Council for Citizens Against Government Waste holds a news conference in support of the line item veto, with OMB Director Rob Portman. Location: National Press Club.

PHYSICIANS RALLY _ 10 a.m. Family doctors hold a rally to call on the next Congress to fix the nation's health care system. Location: West Lawn, Capitol.

SUPREME COURT _ 10 a.m. Environmental Defense holds a telephone briefing on two clean air cases upcoming on the Supreme Court calendar this term. Notes: Callin number: 800-903-0258; passcode: Supreme Court.

DEMOCRATS-BUSH AGENDA _ 10:30 a.m. House Democratic Leader Nancy Pelosi, Senate Democratic Leader Harry Reid, and other Democratic House and Senate Democrats hold a press briefing to say the will hold the Republican Congress accountable for what they see as its

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rubberstamping of the Bush Administration's ``misguided" agenda. Location: Room S-211, Capitol.

NATIONAL PREPAREDNESS _ 11 a.m. George Mason University School of Law sponsors a discussion with Undersecretary of Homeland Security George Foresman on the future of critical infrastructure protection, followed by a panel discussion with Johanna Schneider of The Business Roundtable, David Eisner of the Corporation for National and Community Service, Paul Kurtz of the Cyber Security Industry Alliance, others. Location: National Press Club.

RELIGION-FOREIGN POLICY _ 11 a.m. The Council on Foreign Relations holds an on-the-record media conference call with Walter Russell Mead discussing his article on evangelical Christians and U.S. foreign policy. Contacts: n/a, 212-434-9537. Notes: Callin number: 800-290-9461. passcode: Religion. RSVP required to NYpressRSVPcfr.org. Open to media only.

SUBURBAN BILLS _ 11:30 a.m. The Congressional Suburban Caucus unveils its ``7 Bills for 2007" agenda. Location: Room HC-6, Capitol.

YUCCA MOUNTAIN _ 10 a.m. Senate Energy and Natural Resources Committee nuclear policy staff and counsel and E&W Appropriations staff hold a briefing on the Yucca Mountain Bill to be introduced by Senator Domenici. Location: Room 328, Senate Hart Office Building.

BABY BOOMERS _ 12 p.m. The National Association of Area Agencies on Aging and other organizations hold a press conference to release the report ``Will America Be Ready?," foucsing on the maturing of America and assessing the nation's preparedness for the aging baby boomer population. Location: National Press Club.

DEMOCRATS-BUDGET _ 12 p.m. Sen. Kent Conrad and Rep. John Spratt hold a news conference to discuss the GOP budget and appropriations processes. Location: Senate Radio-TV Gallery.

HEALTH INSURANCE _ 12 p.m. The Economic Policy Institute holds a telephone briefing on a report showing more Americans are going without health insurance as employers drop health plans. Contacts: Nancy Coleman, 202-775-8810.

HIGHER EDUCATION _ 12 p.m. The Cato Institute holds a forum on reform of higher education, with Charles Miller of the Secretary of Education's Commission on the Future of Higher Education, President Christopher Nelson of St. John's college, others. Location: 1000 Massachusetts Ave. NW.

JORDAN _ 12 p.m. Linda Jordan gives the kickoff speech in the I King Jordan Lecture Series. Location: Swindells Auditorium, Kellogg Conference Hotel, Gallaudet University.

VOTER PLEDGE _ 1 p.m. National watchdog organizations hold a telephone briefing to release signers of the ``Voters First" pledge. Notes: Callin number: 888-868-9079; passcode: 7900382.

CHILD OBESITY _ 2 p.m. Sen. Sam Brownback, FCC Chairman Kevin Martin, others, announce a task force Media and Childhood Obesity: Today and Tomorrow. Location: Room SC-6, Capitol.

TORTURE _ 2 p.m. Rep. Cynthia McKinney holds a briefing on the history, techniques, training and use of torture by the U.S. government. Location: Room HC-6, Capitol.

CLEAN ENERGY _ 2:30 p.m. - 4 p.m. The Environmental and Energy Study Institute hosts a congressional briefing on a recently released report from the Western Governors Association, and association of 19 states and three US-flag Pacific islands, ttitled, ``Clean Energy, a Strong Economy and a Healthy Environment." Location: Room 340, Cannon House Office Building.

ROTARY INTERNATIONAL _ 3 p.m. Rotary International President Bill Boyd addresses a National Press Club afternoon newsmaker. Boyd will discuss the mobilization of Rotarians in 162 countries to promote international cooperation in addressing problems in the developing world. Location: National Press Club, Zenger Room.

AGRICULTURE _ 3 p.m. - 5 p.m. The Institute for International Economics and the Chicago Council on Foreign Relations meets to examine US agricultural policy and present news reforms to revive the Doha Round and ensure the long-term competetiveness of the US agricultural sector. Location: 1750 Massachusetts Ave. NW.

BAGHDAD ER _ 5 p.m. The School of Advanced International Studies holds a screening for the documentary, ``Baghdad ER," a look at emergency care in Baghdad. Location: Auditorium, 1619 Massachusetts Ave. NW.

BHATT HONORED _ 6 p.m. Senator Hillary Rodham Clinton; AFL-CIO President John Sweeney; Inez McCormack, former President of the Irish Congress of Trade Unions, and other leaders from the union, women's rights, international financial and academic communities will gather to honor Ela Bhatt, founder and former General Secretary of the Self-Employed Women's Association (SEWA). Location: AFL-CIO Headquarters, 815 16th St, NW.

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CONGRESSIONAL HISPANIC _ 7 p.m. The Congressional Hispanic Leadership Institute holds its 2nd annual Hispanic Heritage Month gala. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 27, 2006 7:45 AM EDT

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TERRORISM NEWS:

Detainee Measure Likely To Pass, But Eavesdropping Action Looks Unlikely. The New York Times (9/27, Hulse, Zernike, 1.21M) reports Congress "was headed toward a split decision on President Bush's pre-election national security agenda, moving closer to passage of legislation on the handling of terrorism suspects while all but giving up hope of agreeing on a final bill to authorize the administration's eavesdropping program. Lawmakers in both the House and Senate said it now appeared doubtful that bills covering the National Security Agency's eavesdropping program could pass both houses and be reconciled before Congress adjourns this weekend, an outcome that would deny Republicans one of the main achievements they hoped to take into the election." CQ (9/26, Starks) reports Democrats said the NIE offered "evidence that Iraq has been a distracting and dangerous misadventure." The Washington Post (9/27, A4, Weisman, Leonnig, 748K) reports congressional Democrats said that, after November, "without the political pressure of a looming election and with a strengthened hand coming in the next Congress, Senate Democrats would probably filibuster Republican wiretapping legislation this year."

The Washington Post (9/27, A4, Smith, Babington, 748K) reports National Security Adviser Stephen Hadley and Republican senators met Tuesday to continue negotiations over military trials of terrorism suspects, but "they did not resolve a dispute over whether the captives should have access to U.S. courts." The Post says the "complex measure…nonetheless appears likely to win approval by the time Congress adjourns at the end of this week. A vote is expected in the House today on a version of the legislation that the White House supports. It was unclear yesterday evening whether Republican leaders would allow any amendments to it." The Christian Science Monitor (9/27, Chaddock, 58K) says Congress is "rushing to pass new legislation" on how to bring detainees "to trial -- or not. It's the 'not' -- President Bush's claim that any 'enemy combatant' can be detained indefinitely, without access to US courts -- that is the last obstacle to finishing a bill this week."

More Commentary. The Washington Post (9/27, A26, 748K) editorializes, "What's important is that any legal system approved by Congress pass the tests set by Sen. John W. Warner (R-Va.) months ago: that the United States can be proud of it, that the world will see it as fair and humane, and that the Supreme Court can uphold it. … White House pressure may have persuaded many in Congress that the easiest course is to quickly approve the detention bill in its present form and leave town. If so, their actions almost surely will come back to haunt them. Until this country adopts a legal system for the war on terrorism that meets Mr. Warner's standard, the war itself will be unwinnable."

Human rights advocate Natan Sharansky appeared in the CBS Evening News (9/26, story 9, 2:15, Couric, 7.66M) "Free Speech" segment, saying, "After nine years in the Soviet gulag, and 400 days in the cells, I know that sleep deprivation, exposure to cold, are forms of torture. Maintaining our principles in the face of terror is sometimes dangerous. Abandoning those principles would be even more dangerous. Still, I'm deeply concerned that some of those who insist that America not see the moral high ground don't recognize that America stands on the moral high ground. Those who abused at Abu Ghraib or Guantanamo Bay, accuse America of being no different than the Soviet Union or Saddam's regime have lost all sense of moral clarity. America is different because your citizens can protest without going to prison. America is different because your courts can defend rights, and your press can expose injustice. America is different because your Congress can hold hearings, and because your people can hold your leaders accountable. America is different because America is free. In standing up against torture, I hope that all Americans will remember the profound moral divide that separates the free world from the world of fear and work to advance a broad, the very principles you so rightly cherish at home."

In a USA Today (9/27, 13A, 2.27M) op-ed, Nat Hentoff, author of "The War on the Bill of Rights and the Gathering Resistance," writes, "The Constitution is being undermined, and the world still can't be assured that prisoners held by the U.S. are being humanely treated. So where are the winners? … Despite all the purported obeisance to the Geneva Conventions in this agreement that ended the McCain-Warner-Graham mutiny, there will be no way for Americans or the world to know whether these 'enemy combatants' -- many of whom might be innocent -- have been subjected to the same outrages upon personal dignity that this epic struggle by the three senators presumably prevents."

EU To Investigate Belgian Firm's Data-Sharing With US. The AP (9/26, Brand) reports the EU will investigate allegations that the Belgian company SWIFT's "sharing of confidential banking records with U.S. authorities for anti-terror probes could have violated EU laws." EU data protection officers said the "problem raised 'immediate concerns about the lack of transparency which has

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surrounded' a secret transfer deal between the U.S. Treasury" and SWIFT. The New York Times (9/27, 1.21M) reports EU spokesman Friso Roscam Abbing said the officials "would meet again in November and would then issue an opinion."

Bush Exchange With Reporter Over EU Counterterror Spokesman Recounted. In a "Verbatim" item, the Washington Post (9/27, A25, 748K) details the exchange at Tuesday's news conference between President Bush and al-Arabiya's Nadia Bilbassy-Charters, who asked Bush about comments by EU "counterterrorism chief European spokesman who said today that the international support for terrorism has receded. Do you agree with that?" Bush: "First of all, I didn't -- what was this person a spokesman for?" Bilbassy-Charters: "Counterterrorism chief in Europe." Bush: "Some obscure spokesman?" Bilbassy-Charters: "No, actually, he has a name." Bush: "Okay, he's a got a name. Well, no, I don't agree with the spokesman for the obscure organization that said that the international commitment to fighting terror is declining."

US Makes Adjustments At Guantanamo For Ramadan. The AP (9/27, Melia) reports, "Muslim detainees at Guantanamo Bay entered Ramadan with traditional sweets, dates and honey — but without a military chaplain to lead them in prayer during Islam's holy month." The AP continues, "Nearly all the alleged al-Qaida and Taliban members held at the detention center in Cuba are observing Ramadan, officials said Tuesday. Meals are offered before dawn and after sunset to accommodate their fasting during daylight hours. … The adjustments for Ramadan, which began Saturday, come as the U.S. prison faces accusations of religious insensitivity." The AP adds, "A court challenge seeking the return of a full-time Muslim chaplain to the base has been filed by one detainee's attorney, who said that regular religious services would help 'preserve the sanity' of the detainees. … 'I think it would preserve order and discourage these suicides that are happening there,' attorney Gaillard Hunt said. … A Justice Department spokesman declined to comment Tuesday on the motion, citing ongoing litigation."

HOMELAND RESPONSE:

US Will Not Appeal Ruling On DHS Labor Rules. Government Executive (9/27, Rutzick) reports, "Government officials on Monday night passed up their last chance to seek reversal of a court decision blocking proposed labor relations reforms at the Homeland Security Department." GE continues, "The solicitor general's office, which brings cases to the Supreme Court on behalf of government agencies, let a midnight deadline pass without filing an appeal at the high court. … 'We're OK with that because it allows the department to move forward in implementing our labor relations flexibilities rather than spending additional time in the litigation process,' said Larry Orluskie, a DHS spokesman." GE adds, "In June, an appeals panel unanimously upheld, and even broadened, an earlier ruling that the proposed system would illegally curtail collective bargaining rights for employees by giving management the ability to cancel negotiated agreements. DHS and Justice Department officials in August decided against challenging that decision before the full appellate court, but left open the option for a Supreme Court appeal. … A Justice Department spokesman declined to comment on why the solicitor general chose not to pursue the Supreme Court appeal."

Federal Computer Week (9/27, Chan) reports, "The decision allows the agency to move forward to 'pursue labor relations flexibilities rather than spending additional time in litigation,' Orluskie said. … 'If we go to the Supreme Court, we'd go on and on and on,' he said. 'What we're going to do is engage with our other partners, with the components, OPM, sit down with the unions and consider all available options.'"

The Federal Times (9/27, Kauffman) reports, "The government had until midnight Sept. 25 to appeal the case to the Supreme Court. … The focus now will shift to figuring out how to proceed from here, Orluskie said, adding that Homeland Security soon will meet with officials from inside the department, the Office of Personnel Management and the unions to begin those discussions." The Times adds, "The June 27 decision from the U.S. Court of Appeals for the District of Columbia Circuit invalidated changes the department had proposed making to the Title 5 rules governing collective bargaining, labor management procedures, and employee appeals of disciplinary actions. … The department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the reformed personnel system, and another 6,700 managers and supervisors will convert on Oct. 1, Orluskie said."

The Washington Post (9/27, D04, Barr) reports, "Administration officials declined to discuss what Clement's decision means for the Defense Department, which also has been stopped by a federal court from trying to curb union rights as part of the new National Security Personnel System. The Pentagon has appealed the court ruling, but Mark Roth , general counsel for the American Federation of Government Employees, said that the Defense Department 'would be smart to end this now.'" The Post adds, "Four years ago, Congress gave the Homeland Security Department a green light to overhaul how it pays, promotes and disciplines about 110,000 employees as part of the larger reorganization to

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strengthen homeland security and fight terrorism. But the rollout of the new system was slowed by legal setbacks in the past two years, and the department no longer has "a hard timeline," as one official put it, for completing the new personnel system. … About 4,000 supervisors and nonunion employees at Homeland Security headquarters, Immigration and Customs Enforcement, and the Federal Law Enforcement Training Center have been placed under a new performance-management system. An additional 6,700 managers and supervisors at Citizenship and Immigration Services and Customs and Border Protection will convert to the new performance system next month."

Chertoff, Democrats Spar Over 100% Screening At Foreign Ports. The Washington Times (9/27, Hudson, 88K) reports DHS Secretary Michael Chertoff "sparred" with Democratic members of the House Homeland Security Committee yesterday "over the feasibility of scanning cargo for nuclear materials at foreign ports before ships depart for the United States." Chertoff said "that total screening is unrealistic and that other measures are being implemented to protect US ports from such terrorist threats." Rep. Peter A. DeFazio argued that the US could refuse the entry of cargo from countries unwilling to have containers screened at their ports and "proposed a three-year period to implement such a strategy, but Mr. Chertoff balked and called it an 'artificial deadline' that would be 'as unrealistic as passing a law that says in three years cancer has to be cured.'"

New Carry-On Rules Cause Some Confusion, Delays. In an article appearing on at least 56 news websites, the AP (9/26, Yee) reported, "Happy that new security rules have cleared their liquids and gels for takeoff, air travelers presented small, clear plastic bags filled with toiletries for inspection Tuesday, but long lines grew at some airports as others confused about the changes filled trash cans with containers that were too large." DHS Secretary Michael Chertoff said the new rules, announced Monday by the TSA, "'are likely to be with us for the foreseeable future.' Testifying before the House Homeland Security Committee, Chertoff said the new rules would be in place for at least six weeks, but he declined to say whether they would remain as long as six months."

USA Today (9/27, Frank, Copeland, 2.27M) reports "occasional long lines and strict security" left some passengers wondering whether "their toothpaste was worth the trouble." Some "said they were confused by a requirement that the bottles fit in the 1-quart plastic bag. Others stumbled over a policy limiting each traveler to one bag. And a few were frustrated with trying to find the right size of bag. … The new rules caused logjams of more than double the normal wait times at the security checkpoints at Hartsfield-Jackson from 7 to 8:30 a.m., according to Christopher White, TSA spokesman for the Southeastern region." However, "TSA chief Kip Hawley said he felt 'everything went smoothly across the country' on the first day since the ban was relaxed."

The Washington Times (9/27, Lengell, 88K) reports many passengers decided yesterday that "it was more convenient to forgo their new rights." Some "said it was too confusing keeping up with rules, particularly because the Homeland Security Department just announced them Monday." The Times adds, "Passengers weren't the only ones getting used to the new rules. Transportation Security Administration officials at Reagan Airport regularly deferred to clipboards with the updated regulations. And a sign outside an hourly parking garage at the airport still informed passengers that all liquids were banned on board flights, ignoring the updated rules."

The Washington Post (9/27, A12, Wilber, 748K) reports, "Security was relatively smooth at US airports yesterday, as travelers adjusted to new rules allowing them to bring aboard planes small amounts of liquids and gels in their carry-on bags. But it took some flexibility on the part of authorities to make things work." The Post recounts how former ABC "Nightline" host Ted Koppel had to be given a plastic bag by a TSA supervisor at Washington's Reagan National Airport. Likewise, the Los Angeles Times (9/27, Khalil, 918K) reports, "On the first day of the relaxed transportation safety rules, travelers and security personnel at LAX spent much of the morning working through minor kinks and confusion caused by the new guidelines."

NYTimes Fears Carry-On Rules Eased In Reaction To Airline, Business Pressure. Under the headline "A Retreat On Carry-On Liquids," the New York Times (9/27, 1.21M) editorializes "we sure wish we could be confident that the Transportation Security Administration was not simply trying to placate airlines and other businesses concerned about possible loss of revenues. … The head of the TSA said the near total ban was no longer needed because extensive testing by the FBI and others had found that small containers don't pose a real threat and because items bought in the airport's secure area have already been screened on the way in." However, "It would seem relatively easy for a small group of terrorists to combine their liquids after all have passed through security checkpoints, either in the airport's secure area or even aboard the plane." The Times states, "A safer course of action would retain the near total ban on liquids and let the airlines supply passengers with ample beverages."

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WAR NEWS:

Bush Declassifies Portion Of NIE, Calls War Critics "Naïve." President Bush's declassification of certain portions of the National Intelligence Estimate on Iraq received heavy media coverage last night and this morning, with Bush generally portrayed as taking the initiative and being on the offensive on the issue. The AP (9/26, Shrader) reports Bush said "critics who believe the Iraq war has worsened terrorism are naïve" as he ordered the partial declassification of the analysis, which "has stirred heated election-season argument on the subject." At a joint news conference with visiting Afghan President Hamid Karzai, Bush "rejected any suggestion that the war was a mistake." Bush said, "I think it's naïve. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe."

All three networks led with the story. ABC World News (9/26, lead story, 2:55, Gibson) said Bush "made public parts of a classified intelligence report that his opponents have been using to attack and discredit the way he's waged the war on terror." ABC (Raddatz) added, "This is the report that was released today. Three pages of a 40-page report. But the three-plus pages are very sobering. The report concludes that 'the global jihadist movement is spreading and adapting to counterterrorism efforts.' And if the trend continues, it will lead to 'increasing attacks worldwide,' including to US interests."

CBS Evening News (9/26, lead story, 2:40, Couric, 7.66M) reported, "Bush has long insisted the war in Iraq is making us safer, so when a classified intelligence review was leaked and suggested the war had created more terrorism, his critics pounced. Fighting back today, a President known for aggressively guarding government secrets decided to take a gamble. He released more of that classified document to try to make his case."

NBC Nightly News (9/26, lead story, 5:00, Williams, 9.87M) reported, "It's a report that was never meant to be public but it's out now. First it was leaked to the press and written about, and today the President, saying this is no way to do business, decided to declassify more of it and then release it officially. The intelligence report backs up the President's own position in part. But large portions of it are damaging to the Bush Administration, painting the Iraq war as a giant recruitment poster for would-be terrorists."

In a CBS Evening News (9/26, story 2, 1:15, Couric, 7.66M) interview, former CIA National Counter-Terrorism Center Director John Brennan said, "Clearly the Islamic extremist elements within Iraq have taken a primary role within the insurgency, and theatre ones that are organizing a lot of attacks taking place against Iraqis, as well as against US forces. In addition, there's just a ready propaganda tool that the Islamic extremists use by showing the footage of the continuation of the struggle inside Iraq."

CNN's The Situation Room (9/26, Blitzer) reported Bush "says he'll declassify key judgments" of the NIE, which "reportedly concludes the Iraq mission has made the terror threat worse. CNN's The Situation Room (9/26, Quijano) also said Bush "used the formal setting of the White House East Room to launch a full-throated political defense, attacking what he called the politically motivated leaking" of the NIE. The Los Angeles Times (9/27, Miller, 918K) reports Bush "took the highly unusual step of releasing key findings" of the NIE "in an attempt to blunt a growing furor in Washington."

The Chicago Tribune (9/27, Silva, 623K) says the President "attempted to blunt criticism that the war in Iraq has emboldened a new generation of terrorists" with the partial release. The Tribune says a "carefully screened summary of the NIE concludes that a holy war in Iraq is 'shaping a new generation of terrorist leaders and operatives.' It reports that the conflict has become 'the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement.'"

The New York Times (9/27, Mazzetti, 1.21M) reports the NIE "identified the jihad in Iraq as one of four underlying factors fueling the spread of the Islamic radicalism, along with entrenched grievances, the slow pace of reform and pervasive anti-American sentiment." The NIE "said American-led counterterrorism efforts in the past five years had 'seriously damaged the leadership of Al Qaeda and disrupted its operations,'" but it also said al Qaeda "continued to pose the greatest threat to American interests among terrorism organizations, and that the global jihadist movement overall was 'spreading and adapting to counterterrorism efforts.'"

Bush Sees Election-Season Motive Behind Leak Of NIE. The Los Angeles Times (9/27, Wallsten, 918K) says Bush "accused unnamed people" of perpetrating the leak "as an act of political sabotage, intended to 'create confusion in the minds of the American people' in advance of the November elections." His comments and declassification decision "were the clearest signs yet that the ongoing debate over the Iraq war and its effect on U.S. security has grown to a fever pitch as the two parties struggle to shape public opinion before election day." Bush said, "Here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper. Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

The Wall Street Journal (9/27, A3, Solomon, Lueck, 2.03M) says "leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S." While President Bush "called those

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who believe the war has worsened terrorism 'naïve,' and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world," Senate Intelligence senior Democrat Jay Rockefeller "countered that, 'The reality is, the war in Iraq has inflamed Islamic extremism…and it has created a training ground for the next generation of terrorists.'" CQ (9/26, Starks) reports Democrats said the NIE offered "evidence that Iraq has been a distracting and dangerous misadventure."

Under the headline "Bush On Offensive Over Leaked Iraq Report," the Financial Times (9/27, Daniel) says the declassification "marked a White House effort to limit the political fallout from the admission that the Iraq war had fostered terrorism and to show that the findings were just one part of a wider analysis of terrorism trends." And the Washington Times (9/27, Curl, 88K) reports under the headline "Bush Hits 'Political' Leak" that "an angry" Bush said the NIE "had been leaked for 'political purposes' and disputed that the classified report had concluded the Iraq war is spreading Islamic extremism across the world."

NIE Calls Iraq War "Cause Celebre" For Jihadists. The Washington Post (9/27, Fletcher, 748K) reports on its front page that the NIE says the Iraq war "has become a 'cause celebre' for jihadists, breeding resentment of U.S. involvement in the Muslim world and drawing new adherents to the movement." But it also says the "jihadist movement is potentially limited by its ultra-conservative interpretation of Islam and could be slowed by democratic reforms in the Muslim world." Still, the NIE says, terrorists "with experience constructing roadside bombs and other deadly devices in Iraq 'are a potential source' of leadership in attacks elsewhere." USA Today (9/27, 4A, Nichols, Jackson, 2.27M) puts the "cause célèbre" quote in the lead sentence of its report, and the AP (9/26, Shrader, Loven) also carries a story led by the phrase.

NYTimes, WPost Analyses Suggest NIE Shows US Failing To Quash Terrorism. Under the headline "Waging The War On Terror: Report Belies Optimistic View," the New York Times (9/27, Sanger, 1.21M) writes that in 2003, Defense Secretary Donald Rumsfeld "wrote a memo to his colleagues in the Pentagon posing a critical question in the 'long war' against terrorism: Is Washington's strategy successfully killing or capturing terrorists faster than new enemies are being created? Until Tuesday, the government had not publicly issued an authoritative answer." But the NIE "does exactly that, and it concludes that the administration has failed the Rumsfeld test."

The Washington Post (9/27, A21, DeYoung, Pincus, 748K) says Bush "said he agreed with the document's conclusion 'that because of our successes against the leadership of al-Qaeda, the enemy is becoming more diffuse and independent.'" But the Post says the NIE "posits no such cause and effect. Instead, while it notes that counterterrorism efforts have seriously damaged and disrupted al-Qaeda's leadership, it describes the spreading 'global jihadist movement' as fueled largely by forces that al-Qaeda exploits but is not actively directing. They include Iraq, corrupt and unjust governments in Muslim-majority countries, and 'pervasive anti-U.S. sentiment among most Muslims.'" The Post says the "overall estimate is bleak, with minor notes of optimism."

More Commentary. The Wall Street Journal (9/27, A18, 2.03M) editorializes, "We're happy to take credit for the suggestion made in our editorial yesterday, 'Declassify the Terrorism NIE.' But of course it was hardly rocket science to come to this decision. … We will hold an election in this country in six weeks and a bigger one in 2008. The war on terror -- with or without Iraq -- will be central to those votes. If declassifying this national intelligence estimate helps voters in that decision, so much the better."

The New York Times (9/27, 1.21M) editorializes, "It's hard to think of a president and an administration more devoted to secrecy than President Bush and his team. Except, that is, when it suits Mr. Bush politically to give the public a glimpse of the secrets. And so, yesterday, he ordered the declassification. … Bush said he wanted to release the document so voters would not be confused about terrorism or the war when they voted for Congressional candidates in November. But the three declassified pages from what is certainly a voluminous report told us what any American with a newspaper, television or Internet connection should already know. The invasion of Iraq was a cataclysmic disaster. The current situation will get worse if American forces leave. Unfortunately, neither the report nor the president provide even a glimmer of a suggestion about how to avoid that inevitable disaster."

In his Washington Post (9/27, A27, 748K) column, David Ignatius writes, "No matter how you slice it," the NIE "is big trouble for President Bush and his party in this election year. It goes to the heart of Bush's argument for invading Iraq, which was that it would make America safer. Many Democrats act as if that's the end of the discussion. … That is understandable, given the partisanship of Republican attacks, but it isn't right. The issue raised" by the NIE "is much grimmer than the domestic political game. Iraq has fostered a new generation of terrorists. The question is what to do about that threat."

Gonzales Says DOJ To Follow "Standard Procedure" On NIE Leak. USA Today (9/26, 4A, 2.27M) reports, "Attorney General Alberto Gonzales said Tuesday that the Justice Department will determine whether to investigate the weekend leak of an intelligence assessment that found the war in Iraq is exacerbating terrorism. 'We have a standard procedure in place that is

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followed with respect to leaks of classified information,' Gonzales said when asked at a news conference whether a criminal investigation would be launched, as it was in the case of an earlier leak of warrantless eavesdropping on suspected terrorists by the National Security Agency. 'I suspect that standard procedure will be followed in this case,' he said. That procedure requires the agency that classified the document to request a criminal investigation and then to answer 11 questions about how widely the document was circulated and how much the agency is willing to divulge in court if a case is brought to trial."

Bush Will Try To Mediate Between Karzai, Musharraf At White House Dinner. ABC World News (9/26, story 3, 2:45, Gibson) reported that Presidents Musharraf and Karzai "are having dinner" tonight "with President Bush. The rift between the Presidents of Pakistan and Afghanistan is getting quite bitter. And the presidents are anticipating a spirited evening tomorrow. Presidents Bush and Karzai spoke about it when they met with reporters at the White House today." President Bush: "It will be interesting for me to watch the body language of these two leaders to determine how tense things are. Yeah. I'm teasing about the body language for the dinner tomorrow night. But it's going to be a good dinner. It's an important dinner."

The Washington Post (9/27, A22, Kessler, Abramowitz, 748K) reports, "Tonight, joined by Vice President Cheney and" Secretary Rice," Bush "will bring both men into the old family dining room of the White House for a private chat." The Post says the "intimate dinner has all the earmarks of a peace conference. Karzai and Musharraf have been sniping at each other from long-distance for months, and Rice was dispatched to Kabul and Islamabad last June to try to ease tensions. The meeting comes as chaos is increasing in southern Afghanistan," while Musharraf "recently signed a deal with tribal chiefs that many experts believe turned over much of the area along Afghanistan's border to the control of Pakistani-based Taliban forces." Administration officials "noted that this is the second meeting Bush has brokered between the two men, and it was an effort to build a common strategy between two countries that have been at odds for decades."

The AP (9/27, Gearan) reports that yesterday, Bush "Bush reassured Afghanistan's leader…that the United States will stick by him five years into a democratic experiment that both men acknowledged has suffered setbacks." Karzai "said the insurgent violence in his country can be tamed, and he called the staggering growth in Afghanistan's illegal drug production an embarrassment. 'You got a tough job,' Bush told his guest at the start of a White House press conference. 'Sometimes it is,' a slightly rueful Karzai agreed."

The Financial Times (9/27, Daniel) says Karzai "expressed scepticism about a key agreement to stop potential insurgents from crossing the Pakistani border, saying he would 'wait and see' how it would be implemented." Of Musharraf's deal with border-area chieftains, Karzai is quoted saying, "My initial impression was that this was a deal signed by the Taliban – and then later I learned that they actually signed with the tribal chiefs. It will have a different meaning if it is signed with the tribal chiefs." The Times says, "in the past few days," both men "have added to tensions," with Musharraf having "suggested the root cause of Afghanistan's problems is its own history," and Karzai having "blamed outsiders."

USA Today (9/27, Jackson, 2.27M) runs a similar report under the headline "Bush Guests Are Both Allies -- Of The US, At Least." Bush, says USA Today, "tests his mediation skills today when he brings together a pair of feuding neighbors who are both essential to the US war on terrorism." The White House dinner "is an attempt at trilateral negotiations for Bush."

In an editorial, the Los Angeles Times (9/27, 918K) says, "Bush's famously personal approach to diplomacy hasn't always worked out -- the last leader into whose eyes he gazed, Russian President Vladimir V. Putin, has not turned out to be a reliable ally of the US or of democracy -- and it will be tested tonight. Somewhere between Karzai's and Musharraf's competing versions of the truth, and within the borders of the lands they nominally control, lie the leaders of the Taliban and Al Qaeda -- the original enemies in this war." The Times concludes, "Maybe Bush can trade on his friendships with Karzai and Musharraf to come up with a coordinated plan to fight the Taliban and reduce its havens in Afghanistan and Pakistan. Otherwise, he will have to explain how those countries can continue to harbor terrorists yet not be considered hostile regimes."

US Intel Picked Up Signs Of Sudden Activity In Pakistan's Mountain Regions Two Months Ago. CNN's The Situation Room (9/26, Starr) reported, "US intelligence sources tell CNN that two months ago there were signs of sudden activity in the remote mountain regions of Pakistan where Osama bin Laden is thought to be hiding. Analysts describe signs of people and movement in an area where the pace of activity is normally predictable. Part of the movement may have been Arab fighters or Taliban trying to avoid the Pakistani military. But according to one official, there was a source in the region who saw someone, possibly bin Laden himself. There have been tips before. But this time it was all enough to persuade the US intelligence community to once again order reconnaissance assets into a particular area of the tribal border region. The high-tech hunt using spy planes and sensors essentially is aimed at putting an electronic fence around an area where bin Laden might be. Spy satellites are used to look for changes in the landscape

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below. For example, fresh tire tracks on a mountain pass could mean medical aid is being brought to bin Laden."

Musharraf Sidesteps Question About US Entering Pakistan In Pursue Of Bin Laden. Musharraf was asked on CNN's The Situation Room (9/26) about President Bush's comment that he would go into Pakistan to get bin Laden if he knew where he was. Musharraf said, "My comments are -- I have been giving my comments that this is a sensitive area. And our decision is that we operate on our side of the border and US forces and allies operate on the other side. Now, having said that, we are hunting Osama and Zawahiri together. We are on the hunt, we are on the lookout for him. When we locate him, we have to take action, we have to take effective action to do away with him." Asked what would be wrong with is the US tried to capture kill bin Laden or al-Zawahiri in Pakistan, Musharraf said, "It is a very sensitive issue. We should not be discussing how and who is to deliver the blow, but whenever we locate him, we have to deal with him. And let's leave it at that and let's not get into the sensitivities of who and how it will be done."

Musharraf Appears On "Daily Show." The Washington Post (9/27, C1, Copeland, 748K) reports Musharraf "appeared on Comedy Central's 'Daily Show' with Jon Stewart, where he demonstrated both a sense of humor and a deep desire to sell 'In the Line of Fire,' which, incidentally, is now available on Amazon.com for the low, low price of $16.80, plus shipping and handling." Stewart "asked Musharraf why he hadn't made much reference in his book to America's war in Iraq. 'Is that because you felt like it was such a smart move, and has gone so well that to mention it would be gloating?' Stewart asked. Musharraf laughed and said of the war, 'It has led certainly to more extremism and terrorism around the world.'"

Suicide Bomber Kills 18 In Afghanistan. CBS Evening News (9/26, story 3, 0:15, Couric, 7.66M) reported that in Afghanistan, "violence is on the rise. A suicide bomber struck outside a governor's compound in the south. The governor was not hurt, but 18 other people were killed, including several who were there to get papers for a pilgrimage to Mecca." NBC Nightly News (9/26, story 3, 0:20, Williams, 9.87M) also noted the violence.

The AP (9/27, Khaleq) reports "the blast at the doorstep of Helmand Gov. Mohammed Daoud Safi's compound came on the same day a bombing against a NATO patrol in the Kabul area killed an Italian soldier and a child, and two weeks after militants assassinated a governor in eastern Afghanistan who had been a Karzai confidant." The New York Times (9/27, Gall, 1.21M) says the latest violence provides "another sign of the increasing size and power of suicide attacks and roadside bombs by insurgents."

Five People Killed In Baghdad As Violence Continues. CBS Evening News (9/26, story 8, 2:55, Couric, 7.66M) reported, "Bombs went off in several parts of Baghdad today. Five people were killed. The police found 23 bodies of men apparently killed by death squads."

Talabani Says Iraq Won't Descend Into Civil War. The AP (9/27, Schweid) reports, "Iraqi President Jalal Talabani disputed on Tuesday reports of growing violence in his country and declared, 'I can assure you there will be no civil war.'" At a news conference, Talabani also "leveled a warning to Iraq's neighbors that interference will not be tolerated. 'Iraq is not so weak our neighbors can do anything and we will remain silent,' Talabani said after delivering an upbeat speech at the Woodrow Wilson International Center for Scholars."

Mixed Shiite-Sunni Neighborhood Is Consumed By Distrust. The Washington Post (9/27, Raghavan, 748K) in a 2,727-word front page article reports, "Across the capital, mixed Sunni-Shiite neighborhoods have become battlegrounds of sectarian hostilities. West of the Tigris River, hundreds of Shiite families have fled mostly Sunni neighborhoods such as Amiriyah and Ghazaliya. In the east, hundreds of Sunni families have fled mostly Shiite areas such as Amin and Shaab. Increasingly, the strife is spreading into central Baghdad. In still-mixed neighborhoods such as Tobji, nestled in north-central Baghdad, political and militant Islam is clashing with tribal customs and a shared Arab and Muslim identity that have bonded Sunnis and Shiites for decades." The Post describes the fighting and killings that occur in the Tobji neighborhood of Baghdad over a 10-day span.

Poll Finds Most Iraqis Want Immediate US Withdrawal. The Washington Post (9/27, Paley, 748K) reports, "A strong majority of Iraqis want U.S.-led military forces to immediately withdraw from the country, saying their swift departure would make Iraq more secure and decrease sectarian violence, according to new polls by the State Department and independent researchers. In Baghdad, for example, nearly three-quarters of residents polled said they would feel safer if U.S. and other foreign forces left Iraq, with 65 percent of those asked favoring an immediate pullout." The University of Maryland Program on International Policy Attitudes will announce on Wednesday "that 71 percent of Iraqis questioned want the Iraqi government to ask foreign forces to depart within a year. By large margins, though, Iraqis believed that the U.S. government would refuse the request, with 77 percent of those polled saying the United States intends to keep permanent military bases in the country." The "stark" poll results, "among the most negative attitudes toward U.S.-led forces since they invaded Iraq in 2003, contrast sharply with views expressed by the government of Prime Minister Nouri al-Maliki."

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Saddam Removed From Courtroom. McClatchy (9/27, Brunswick) reports, "For the second time in as many days in his genocide and war crimes trial, former Iraqi dictator Saddam Hussein was ordered tossed from the courtroom on Tuesday, sparking an eruption from the other defendants and briefly shutting down the court. … Two other defendants were led out of the courtroom after Saddam, who barely concealed a smile on his face as he made his way to the door."

The New York Times (9/27, Oppel, Mizher, 1.21M) reports that "after throwing Saddam Hussein out of court again, the judge hearing the deposed dictator's genocide trial abruptly postponed the case until Oct. 9, so Mr. Hussein and his co-defendants could consult with lawyers who are boycotting the trial or find new ones."

Oil-For-Food Inquiry Finds Australian Wheat Exporter Was Warned. The AP (9/27) reports Australian wheat exporter AWB Ltd. was "repeatedly warned" by lawyers that funneling money to Saddam Hussein's regime "could be illegal and breach U.N. sanctions on Iraq," according to evidence released by a government-commissioned inquiry Tuesday. The documents "contradicted" testimony by company executives that the monopoly exporter, formerly the government-owned Australian Wheat Board, "did not knowingly pay $222 million in bribes to the Iraq government under the corruption-riddled U.N. oil-for-food program." The documents are among 900 that AWB fought to withhold from the inquiry, but were ordered to be turned over last week by Australia's Federal Court.

West Point Buries First Female Graduate To Die In Iraq. The Washington Post (9/27, Partlow, Parker, 748K) reports in a front page article on the funeral at West Point of Emily Perez, "the first female graduate…to die in Iraq. Perez, a platoon leader, was killed while patrolling southern Iraq near Najaf on Sept. 12 when a roadside bomb exploded under her Humvee." Perez was mentioned in a Sunday New York Times piece on the increasing number of women killed in combat. The article quotes people who knew her and chronicles the funeral.

CORPORATE SCANDALS:

Fastow Sentenced To Six Years In Prison. CBS Evening News (9/26, story 5, 0:15, Couric) reported, "It will be six years in prison for Andrew Fastow for masterminding the financial fraud at Enron. The former CFO could have faced ten years but the judge opted for leniency. Thousands of employees lost their jobs and pensions and many stockholders lost their life savings when Enron collapsed in 2001."

The Los Angeles Times (9/27, Hart) reports that due to Fastow's cooperation with the investigation, US District Judge Kenneth Hoyt stopped short of sentencing him to the maximum term. In 2004, Fastow "had agreed to serve as long as 10 years in exchange for testifying against the former top executives of the fallen energy company." The Times adds, "Hoyt imposed no fine in meting out his sentence to Fastow, noting that under terms of the plea agreement he had already forfeited $23.8 million and pleaded guilty to two counts of conspiracy. Hoyt sentenced Fastow to two years of supervised release upon completing his prison term. The judge recommended a minimum-security prison for Fastow, as well as drug treatment for the anti-anxiety medication he has been taking."

The Washington Post (9/27, D1, Johnson) reports that Hoyt said that Fastow "had been 'the subject of great persecution,' including threats and religious slurs, as the primary scapegoat for an accounting fraud that cost thousands of employees of the Houston energy company their jobs and retirement savings."

The Wall Street Journal (9/27, Emshwiller, Biers) reports, "Some found the reduced sentence for Mr. Fastow troubling. 'I was very surprised,' said Leslie Caldwell, the original director of the special Justice Department task force that investigated the Enron scandal. Ms. Caldwell, who is currently a partner with Morgan, Lewis & Bockius in New York, said the 10-year sentence included in the 2004 plea deal contemplated that he would provide full cooperation."

USA Today (9/27, Krantz) reports, "Fastow, 44, who also is barred from serving as an officer or director of a public company, could shave a year from his prison term by joining a drug-treatment program. The judge recommended Fastow to serve at the federal prison in Bastrop, Texas, followed by a two-year probation."

The New York Times (9/27, Murphy) reports, "Although Mr. Fastow's lawyers and government prosecutors asked that he be allowed to surrender voluntarily after the Yom Kippur holiday on Monday, Judge Hoyt refused. Mr. Fastow was allowed to briefly embrace his wife before U.S. Marshals escorted him from the courtroom in handcuffs. … 'We're very disappointed he was remanded into custody,' said Chris Patti, counsel for the University of California, which is a plaintiff in pending shareholder litigation. 'I'm not sure what this will mean for us.' … Mr. Patti and other lawyers involved in Enron civil cases had asked the judge at today's hearing to allow Mr. Fastow to remain free until at least October 23, the date they hoped to conclude his deposition. October 23 is also the date Enron's former chief executive, Jeffrey Skilling, will be sentenced." The Times adds, "Another lawyer representing shareholders, Lawrence Irving, testified that Mr. Fastow was 'critical' to their case. Referring to Mr. Fastow's

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testimony in the trials against his former bosses Mr. Skilling and Kenneth Lay, Mr. Irving said, 'I have never seen a more impressive witness.' Mr. Lay died of a heart attack in July before serving any jail time. … United States Attorney John Hueston testified that the cases against Mr. Skilling and Mr. Lay were weak until Mr. Fastow agreed to help the Justice Department's Enron Task Force: 'He allowed the U.S. government to bring jurors inside the executive suite.'"

The AP (9/27, Lozano) reports, "Fastow was originally indicted on 98 counts, including fraud, insider trading and money laundering. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. He also surrendered nearly $30 million in cash and property. … At their trial, Fastow testified Lay and Skilling were aware of fraudulent financial structures engineered by Fastow and his staff."

Fastow Accuses Investment Banks Of Aiding Enron Fraud. Fastow has accused 10 investment banks of helping Enron falsify its books in exchange for large advisory fees. The Financial Times (9/27, White, McNulty) reports, "The accusations came in a 24-page legal declaration filed by Mr Fastow in support of a class action lawsuit against the banks brought on behalf of Enron's shareholders." Fastow's declaration "could put new pressure on banks that have not yet settled in the class-action case. … Mr Fastow singled out Merrill Lynch, Credit Suisse, RBS and Barclays as especially involved with creating what he described as deceptive structures."

The Texas Lawyer (9/27, Jeffreys) reports, "Tuesday, lawyers in the shareholder securities suit, In Re: Enron Corp. Securities Litigation filed a declaration from Fastow in connection with the civil litigation. In that declaration, Fastow alleges that some of the banks that did business with Enron when he was CFO 'understood that some of the transactions were done primarily for generating certain accounting benefits and financial-reporting objections for Enron, including higher funds flow from operations, lower debt and increased [current period] income.' … G. Paul Howes, a lawyer for the lead plaintiff in the securities litigation, told Hoyt during the hearing that Fastow has agreed to testify during the upcoming trial in the securities litigation and will provide crucial testimony to tie banks to the downfall of Enron."

Local Television. U.S. District Judge Kenneth Hoyt Judge decision to sentence former Enron CFO Andrew Fastow to six years in prison received reasonable coverage by Texas local newscasts. All newscasts agreed that Fastow's help in the prosecution of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling helped him receive a lenient sentence. Some examples: KHOU-TV Houston, (9/26, 10:05 p.m.) reported. "Despite what it seemed, sentencing day turned out to be a pretty good day for Andrew Fastow. He came to court facing ten years, but found Judge Kenneth Hoyt to be lenient, giving Fastow only six years in prison. Plus if he enters a drug treatment program for anxiety medication he takes, Fastow could get a year shaved off that."

WFAA-TV Dallas, (9/26, 12:14 p.m.) reported. "Judge has granted leniency for former Enron CFO Andrew Fastow. He was expecting a 10-year sentence. The sentence is reduced now and it will be six years, not ten."

WOAI-TV San Antonio, (9/26, 06:11 p.m.) reported, "Lawyers for the 44- year-old pushed for the lesser sentence after he testified in the trials of Enron founder Kenneth lay and former CEO Jeffrey Skilling."

KHWB-TV Houston, (9/26, 9:04 p.m.) reported. "Today U.S. District Judge Ken Hoyt granted his attorney's request for leniency citing his cooperation in the investigation. Hoyt says Fastow's family has suffered enough, and that Fastow has been persecuted as the scapegoat in the Enron collapse."

KXAN-TV Austin, (9/26, 10:00 p.m.) reported. "Fastow will also face 2-years of court supervision when he is released."

KPRC-TV Houston, (9/26, 06:02 p.m.) reported. "Andrew Fastow's leverage in pending Enron cases spared him four long years behind bars."

KPRC-TV Houston, (9/26, 04:01 p.m.) reported. "One person who was happy to see a lighter sentence for Fastow was whistle blower Sherron Watkins. She helped shed light on the problems. She went to Fastow during her time and says that the work he has done since the plea deal earned a lighter sentence."

Ebbers Reports To Prison. Former WorldCom CEO Bernie Ebbers reported yesterday to a medium security federal prison in Louisiana to begin serving a 25 year sentence, USA Today (9/27) reports. Ebbers was "convicted in 2005 for his role in the company's $11 billion accounting fraud, the biggest in corporate history."

The Washington Post (9/27, D1, Masters, Joyce) reports, "Ebbers will spend at least the next 21 years in prison. The federal system does not have parole, but inmates can receive up to 15 percent off their sentences for good behavior. Ebbers is appealing his conviction and sentence to the Supreme Court."

Attorneys To Discuss Scrushy Request For A New Trial. US District Court Judge Mark Fuller has ordered prosecutors and defense attorneys to a non conference call today to discuss former HealthSouth Chief Executive Richard Scrushy's request for a new trial on political corruption charges. The Wall Street Journal (9/27) reports, "Attorneys for Mr. Scrushy and former Alabama Gov. Don Siegelman say their June convictions should be thrown out because some jury members may have communicated

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with one another via email outside the courtroom before and during deliberations. Defense attorneys also say the jurors improperly viewed articles and information on the Internet during deliberations."

Jenkins Says H-P Scandal Is "Devoid Of Larger Meaning." Holman Jenkins Jr. writes in the Wall Street Journal (9/27) that the Hewlett-Packard saga "is devoid of larger meaning, but the snafu now has its own consequences, hence the unusual suspense, and unusual stakes, of tomorrow's spectacle before a House committee concerned with data privacy. The questions only begin with which executives will invoke the Fifth (likely only those directly involved in the record filching). Will [board chair Patricia] Dunn take full responsibility for driving the investigation or seek to share it with CEO Mark Hurd? … Another element of suspense is Congress. Will it confine itself to what the H-P saga has to say about 'pretexting' -- the scamming of phone companies and others into allowing unauthorized access to records? This subject was on the committee's radar screen already. Or will H-P become an excuse to become even more prescriptive on corporate governance along the lines of the poorly considered Sarbanes-Oxley law in the wake of Enron?"

Pegoraro Says Consumer Punishment Of H-P Won't Deter Other Corporate Criminals. Rob Pegoraro writes in the Washington Post (9/27, D1) that "HP awaits your judgment the next time you walk into any computer or electronics store. What do you do? … Do you give HP your business or not? Does its vile conduct outweigh the finer points of its products?" Pegoraro adds, "The brain trust at HP let its megalomania outweigh any other considerations, like common decency or simply the desire not to look like felons when the whole sorry operation inevitably came to light. If this doesn't affect HP's bottom line, how much lower does a company have to sink before its customers rebel? … Go ahead, make HP your punching bag the next time you shop for a printer or a computer. Just don't overestimate the deterrent effect that might have on the rest of corporate America."

Options Probes Hit Investors In Bottom Line. Bloomberg (9/27, Green) reports, "The scandal over backdating stock options, used by companies to reward top executives with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value." Bloomberg continues, "More than two-thirds of 117 companies that announced investigations into their options grants by Aug. 31 fell in the stock market the next day, data compiled by Bloomberg show. The declines sliced an average 2.6 percent from their market value, 2.5 percentage points more than the average return on the same day for Standard & Poor's and Bloomberg indexes of similar companies." Bloomberg adds, "The losses add grist to 220 investor lawsuits against 70 companies, including Apple Computer Inc. and Home Depot Inc., which demand restitution and damages. The inquiry into backdating and fortuitous timing of option grants rivals the probe three years ago into improper mutual-fund trading, which led to $4.3 billion in penalties. … Companies grant options to give executives an incentive to boost the stock price. The U.S. Securities and Exchange Commission and the Justice Department are looking at whether the companies backdated grants to coincide with days when the stock price was low, giving recipients a built-in profit, and cases where they may have failed to properly account for awards."

CRIMINAL LAW:

Plame Probe Has Cost $1.4 Million So Far. The New York Times/AP (9/27, Press) reports, "Prosecutors said Tuesday that they had spent $1.44 million investigating the leak of a Central Intelligence Agency officer's identity in 2003. Because the special prosecutor, Patrick J. Fitzgerald, and other lawyers in the case were already on the government payroll, most of the costs were covered as a 'paper transfer' from one government account to another, Mr. Fitzgerald's office said." The AP adds, "The only additional cost to taxpayers was $333,000, mostly for travel and contractual services like research and court recorders. Investigators did not rent office space here, eliminating an expense that drove up costs for other investigations of top officials."

The Washington Post (9/28, A12, Leonnig, 748K) headlines its story "CIA Leak Probe Relatively Inexpensive," saying the $1.4 million figure "establishes him as remarkably frugal in the ranks of recent special investigators." Independent Counsel Kenneth W. Starr's "investigations of President Bill Clinton's affair with Monica S. Lewinsky and his ties to the failed Whitewater land investment cost $71.5 million and took eight years. Independent Counsel David M. Barrett's examination of Clinton housing secretary Henry G. Cisneros over an extramarital affair and potential illegal payments cost $21 million and lasted 10 years."

Judge To Consider "Crucial Issue" For Libby Trial. The AP (9/27, Apuzzo) reports, "A closed-door hearing beginning Wednesday will deal with a crucial issue in the trial of a former White House aide: whether President Bush's daily terrorism briefings and other sensitive documents should be disclosed in the CIA leak case." The hearing, "which could last several days, will help establish what classified information is relevant to the case against Vice President Dick Cheney's former chief of staff, I. Lewis 'Scooter' Libby." Libby "wants to use the daily intelligence briefings and terrorism threat assessments as evidence to show he had important things on his mind and honestly didn't remember

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details about his conversations with reporters." Prosecutors "have said Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed. It's a legal tactic known as 'graymail.'"

Gotti Jurors Tell Judge They Are Deadlocked. The New York Times (9/27, Williams) reports, "The federal jury in the racketeering conspiracy trial of John A. Gotti sent a note to the judge this afternoon saying they were deadlocked and unable to reach a unanimous verdict." The Times continues, "Judge Shira A. Scheindlin read the panel the Allen charge, an instruction meant to encourage juries to continue working until they reach a verdict, and sent them back to continue deliberating. … It is unclear how long the jurors — seven women and five men — will continue to deliberate, but Judge Scheindlin told them if they felt they were close to reaching a verdict by later this afternoon that the court would pay for dinner and give them rides home." The Times adds, "If the jury is unable to reach a verdict, it would be the third mistrial on the racketeering charges in the past year for Mr. Gotti. This is the sixth day of this jury's deliberations. In Mr. Gotti's first trial, the jury deliberated for eight days. In the second, the deliberations lasted one and a half days. … The jurors did say that of the four counts Mr. Gotti is facing, they had been able to reach a decision on only part of one of the racketeering conspiracy charges: the kidnapping of Curtis Sliwa, the Guardian Angels founder and radio talk show host. … The jury's note did not say what decision it had reached on that count."

The AP (9/27, Neumeister) reports, "From the start, the jury has sought evidence aimed at deciding whether Gotti quit the Gambino crime family before July 1991, as he claims. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004. … The jury was in its sixth day of deliberations. It had asked for some evidence to be read back as it deliberated over the last week, but the panel has not been particularly noisy in a courthouse where jurors can sometimes be heard shouting at one another." The AP adds that Judge Scheindlin "encouraged the jurors to give it another try, saying the case would likely have to be tried again and it was unlikely that another jury would be better able to judge the evidence. Two previous juries in the last year wound up deadlocked, with resulting mistrials."

Local Television. Only a few local newscasts reported that the jury in the third racketeering trial of John Gotti is unable to agree on a verdict. WSMH-TV Flint, (9/26, 10:24 p.m.) reported, "The jury in the third racketeering trial of John 'junior' Gotti is deadlocked just like the two prior trials. A New York federal judge is telling jurors to keep trying."

WLUK-TV Green Bay, (9/26, 05:36 p.m.) reported, "The jury in John Gotti's latest trial is deadlocked – just like the first two juries. The judge in the case told jurors to keep trying. Gotti has already had two mistrials because of hung juries. If convicted, he faces 30 years in prison on racketeering charges."

WANE-TV Ft. Wayne, (9/26, 11:13 p.m.) reported, "Six days of deliberations and jurors are deadlocked in the third racketeering trial of John 'junior' Gotti. The federal judge trying the case is urging jurors to keep trying. She says if they can't come to a decision there will probably be another trial."

WABC-TV New York, (9/26, 05:04 p.m.) reported, "Another day of deliberations for a jury deciding the fate of John Jr. Gotti. This is Gotti's third trial on racketeering charges in the last year. … The jury must decide if Gotti quit the Gambino crime family as he claimed, if so a five-year statute of limitations would have expired before the charges were filed."

Senate To Cooperate With DOJ On Probe Of Former FDA Head. Roll Call (9/27, Bresnahan) reports the Senate Health, Education, Labor and Pensions Committee "has agreed to turn over documents and allow three staffers to provide testimony to the Justice Department as part of the federal investigation into Lester Crawford, the former head of the Food and Drug Administration." The US Attorney's office "in the District of Columbia is conducting a probe into Crawford's statements about his financial holdings during confirmation hearings before the panel in 2005."

Former Westinghouse Electric Nuclear Engineer Pleads Guilty To Federal Charges. Under the headline, "Nuclear Engineer Guilty Of Conspiracy, Tax Evasion," the Pittsburgh Post-Gazette (9/26, Ward, 241K) reported, "A nuclear engineer who formerly worked for Westinghouse Electric Corp. pleaded guilty yesterday in federal court to conspiracy and tax evasion. Initially, Mark M. Kaushansky, 55, of Monroeville, was charged with helping Russia's former atomic energy minister steal more than $9 million in aid money from the US Department of Energy. But the plea before Senior US District Judge Maurice B. Cohill included just nine of the original 20 counts against him, and they all related to tax evasion." The Post-Gazette added that according to the US attorney's office, Mr. Kaushansky and Dr. Adamov began working together" and "incorporated two businesses, one in Pennsylvania and another in Delaware, and used two shell investment companies, with accounts in the United States, France and Monaco, to divert some of the money earmarked for NIKIET, a Russian nuclear research institute headed by Dr. Adamov."

The Pittsburgh Tribune-Review (9/26, Cato) reported that Kaushansky "will try to prove during a four-day hearing in February that he owes significantly less than the $5 million

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prosecutors say he owes. That could earn him significantly less time in prison than the approximately five years he faces if the government is right. In pleading guilty to nine counts of conspiracy and tax evasion, Kaushansky avoided more serious offenses of money laundering and interstate transportation of stolen property. He maintains his long-standing argument that he was not involved in an international scheme to rip off the United States with Adamov." Prosecutors say "Kaushansky and Adamov routed $15 million provided by the United States and other countries to bank accounts in Pittsburgh, Delaware and Monaco between 1993 and 2003."

The AP (9/26, Nephin) reported, "US Attorney Mary Beth Buchanan said in a statement that the indictment alleges Adamov was primarily responsible for diverting the money, but that Kaushansky 'was most directly involved with the concealment and expenditure of those funds.' US prosecutors wanted to try Adamov here, but Russian officials said he should face trial in his home country. He has denied the charges against him and awaits trial in Russia."

Stevens Reveals FBI Made Second Search Of Alaska Office. The Anchorage Daily News (9/26, Mauer, Demer) reported, "FBI agents returned last week to the legislative office of Senate President Ben Stevens and seized more evidence, including a copy of a sworn statement that implicated Stevens in an alleged payment scheme involving fisheries legislation brought by his father, U.S. Sen. Ted Stevens. Word of the second search, and what was taken by the FBI, came from Ben Stevens himself, who disclosed the information in a letter to the Daily News dated Sept. 22. In his letter, Stevens denied a request by the newspaper for a copy of any FBI search warrants which may have been served on him or his office," but he did provide "what he said was a 'complete listing of what was obtained from my legislative offices.'" The Daily News noted, "Though much has been made of the FBI's apparent interest in the relationship between legislators and the politically active oil field service and construction company Veco…Stevens listed only a single Veco document taken by the FBI: an undated memo to Veco president Pete Leathard."

Judge Sentences Ailing Gambino Capo To 12 Years In Prison. In a widely-distributed story, the AP (9/27, Neumeister) reports, "An ailing 74-year-old Gambino crime family captain who once recommended an undercover FBI agent for mob membership asked a judge for leniency Tuesday but received more than 12 years in prison instead. 'Give me one more shot,' Gregory DePalma…asked U.S. District Judge Alvin K. Hellerstein," but the judge replied, "If you were in my shoes, I don't think you would." Hellerstein, "calling DePalma 'a man thoroughly immersed in criminal activity,' said he could not be lenient because leniency toward DePalma in the past had not led him to avoid crime when he was out of prison." The New York Daily News (9/27, Zambito, 729K) notes, "In addition to the prison time, Hellerstein ordered DePalma to pay some $70,000 in restitution to two extortion victims. 'How much?' DePalma asked. 'Can I give them my Social Security check?' DePalma's motor-mouth was intercepted by a bug the FBI placed in his cell phone with the help of undercover agent Joaquin Garcia, who so deeply infiltrated the mob that DePalma was ready to sponsor his Mafia induction."

Lawmakers Seek Data Retention By Web Hosts. CNET News (9/27, Broache) reports, "Politicians on Tuesday urged domain name registries and Web hosting companies to do more to keep illicit child pornography off the Internet and indicated mandatory retention of user records is an option under consideration." CNET continues, "At a hearing here convened by a U.S. House of Representatives subcommittee on oversight and investigations, Michigan Rep. Bart Stupak, the panel's top-ranking Democrat, asked company representatives how they would feel about being subject to a law in the works that would require Internet service providers to retain customer records for one year. … 'If we do compel data retention, is there any reason Web hosting sites should be treated differently than ISPs?' Stupak asked the general counsel for GoDaddy.com, which bills itself as the largest domain name registrar in the world, and the CEO of Blue Gravity Communications, a New Jersey-based Web hosting firm. Both executives were participants on a panel at the latest in a series of hearings on the topic of online child exploitation. … 'A year might be a little long,' replied Thomas Krwawecz, Blue Gravity's CEO, later adding: 'It would be something we would definitely be open to if there were some guidelines for maintaining that data for a specific period of time.'" CNET adds, "Christine Jones, general counsel for GoDaddy, said requirements to maintain particular customer data for hosting companies and ISPs alike would be 'productive' for law enforcement. But the data, she added, should be limited to identifying information about subscribers, such as IP addresses and credit card numbers, and should not include the content of their communications. … Privacy and industry groups have generally voiced opposition to calls for mandatory data retention, which have become a fixture on the congressional agenda ever since Attorney General Alberto Gonzales touted the practice's necessity earlier this year."

Police Seize Electronics From Home Where DC Attorney Was Killed. The Legal Times (9/27, Schwartz) reports, "Police have seized computers and other electronics from the Dupont Circle home in Northwest

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Washington where lawyer Robert Wone was stabbed to death Aug. 2, according to an affidavit in a search warrant for the house that was recently made public." The Times continues, "The evidence, which included two laptops, a desktop computer, diskettes and USB drives, was among the material police confiscated during their monthlong search of the home at 1509 Swann St. N.W." The Times adds, "Wone, 32, who was the general counsel for Radio Free Asia, was found shortly before midnight "showing no signs of life" in the second-floor bedroom of the house, owned by his college friend Joseph Price, a partner at Arent Fox, according to the Aug. 4 affidavit by Detective William Xanten III. Price's partner, Victor Zaborsky, a marketing manager at the International Dairy Foods Association, co-owns the house. A third man, Dylan Ward, also lived there. All three were home the night of the murder."

SCOTUS To Consider Appeal In Arizona Death Penalty Case. The AP (9/27) reports, "The Supreme Court accepted an appeal Tuesday from Arizona, which wants to execute a twice-convicted killer who says his lawyer didn't do enough to ward off a death sentence." The AP continues, "Justices said they would review a decision by the 9th U.S. Circuit Court of Appeals, which said a lower court should consider Jeffrey Landrigan's claims that his lawyer was ineffective." The AP adds, "Landrigan escaped from an Oklahoma prison in 1989, where he was serving a 20-year term for murdering an acquaintance. A month later, he killed Chester Dyer, who picked up men on the Phoenix streets by flashing large sums of money. … As Landrigan and the man were drinking beer in the victim's Phoenix apartment, Landrigan strangled Dyer with an electrical cord and repeatedly punctured him with a screwdriver. He was convicted of killing Dyer and sentenced to death. .. Dale Baich, who represents Landrigan in his appeals, said his client might have won a life term instead of a death sentence if his trial lawyer had submitted evidence that he was predisposed to violence and suffered brain damage that made him unable to appreciate his crimes. … The Arizona Supreme Court, a federal district judge and a three-judge panel of the 9th Circuit all rejected Landrigan's claims before the full appellate decided otherwise in March."

Biker Brawlers Go On Trial In Law Vegas. The AP (9/27, Ritter) reports, "Videotape images show rival motorcycle gang members wielding guns, knives, wrenches and chairs in a brawl that killed three and injured at least a dozen in a southern Nevada casino in 2002." The AP continues, "The footage is among hundreds of hours of videotape jurors may view during the trial of 11 Hells Angels charged in the deadly casino brawl." The AP adds, "Federal prosecutors are expected on Tuesday to tell jurors that the bikers plotted to attack the rival Mongols gang at the Harrah's Laughlin hotel-casino after years of friction erupted into violence at a crowded motorcycle rally. … They are the first of 42 men - from California, Washington, Arizona, Alaska and Nevada, and ranging in age from 28 to 63 - to stand trial in the brawl. All face the possibility of life in prison if convicted of the most serious charge, racketeering-attempted murder." The AP notes, "Each has pleaded not guilty, and defense lawyers say the men will argue they were attacked first. … 'The tapes are going to reveal clearly that the Hells Angels were threatened and were engaged in lawful self-defense,' said lawyer David Chesnoff, who represents defendant Calvin Schaefer of Chandler, Ariz. … Chesnoff has argued previously that police knew trouble was brewing and federal agents missed a chance to prevent violence at the 2002 Laughlin rally, an annual event that draws tens of thousands of motorcycle enthusiasts to the Colorado River resort town about 100 miles southeast of Las Vegas."

Many Business Web Sites Vulnerable To Cyber Crime. The New York Times (9/27, Strom, 1.21M) reports, "When Ralph Nader wrote 'Unsafe at Any Speed' in 1965, he exposed how certain design decisions had made some automobiles inherently unsafe. Much the same can be said for Web sites these days. Many sites contain inherent design flaws that leave them ripe for exploitation. Unlike lack of seat belts in cars, these flaws are not immediately obvious and the fixes are not simple. … 'A business owner has risks even if they aren't doing e-commerce and if they just have a Web site,' said Shena Crowe, an agent in the F.B.I.'s San Francisco field office who has helped prosecute cybercriminals who used Google hacks and other techniques. 'Once you are plugged into the Web, your backyard can become open, and it is easy to have your information taken from you.'"

Analyst Finds Few Cases Of ID Theft Despite Surge In Data Losses. The New York Times (9/27, Lohr, 1.21M) reports, "In the last 12 months alone, the personal records of nearly 73 million people, from Social Security numbers to credit-card accounts, have been lost or stolen, in reported incidents compiled by ID Analytics, a San Diego company that provides fraud-detection services to banks, cellphone operators and other companies. … But while high-profile data breaches are common, there is no evidence of a surge in identity theft or financial fraud as a result. In fact, there is scant evidence that identity theft and financial fraud have increased at all. … 'The threat of identity theft from data losses is being greatly exaggerated,' said Fred H. Cate, the director of the Center for Applied Cybersecurity Research at Indiana University in Bloomington. 'And that's because a lot of people have fallen into the trap of equating data loss with identity theft.'"

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US Seeks Death Penalty For Two In DC Drug Conspiracy. The Washington Times (9/27, Mcelhatton) reports, "Federal prosecutors have filed a notice of intent to seek the death penalty against two D.C. men charged with running a violent drug gang in Southeast." The Times continues, "The men, Antwuan Ball and David Wilson, reportedly led the Congress Park Crew, which authorities say dealt hundreds of kilograms of crack cocaine in Southeast for more than a decade. The gang resorted to homicide, assault and armed robbery, authorities said." The Times adds, "The move to seek the death penalty marks the second time in a year that the U.S. Department of Justice has declared it will seek capital punishment in the District. … In the other case, Larry Gooch, described as an enforcer in the M Street Crew in Northeast, has been charged in five killings and is expected to go to trial in January. … Only two capital murder cases have gone to trial in the District since the death penalty was reinstated in 1976. The District has no statute for the death penalty, but capital punishment can be pursued in federal cases if authorized by the U.S. attorney general. … However, there are questions about whether the move to seek the death penalty against Ball and Wilson came too late. … Last week, U.S. District Judge Richard W. Roberts issued a ruling barring the death penalty in the case." The Times notes, "Judge Roberts wrote that the Justice Department did not comply with his order setting a Sept. 15 deadline for a decision on whether to seek capital punishment. On Monday, the U.S. attorney's office filed the notice to seek the death penalty and asked Judge Roberts to reconsider. … 'The process took as long as it did not because the government was insensitive to the speedy trial rights of the defendants, but because we were giving additional and extra careful consideration to defendants' interests,' Assistant U.S. Attorneys Glenn S. Leon and Ann H. Petalas told Judge Roberts in a memo."

Gambling Companies Warned Not To Accept Bets In Louisiana. The Financial Times (9/27, Ward, Blitz) reports, "Louisiana police have warned all online gambling companies to stop accepting bets in the state or risk having their executives and directors arrested if they visit the US. The police official responsible for the arrest of Peter Dicks, former chairman of Sportingbet, on a Louisiana warrant in New York three weeks ago, said the state was pressing ahead with its clampdown, in spite of what appears to be a rethink about the case in other political jurisdictions." The Times adds, "It is understood Louisiana has sealed warrants against more than 50 people working or connected to at least a dozen online gambling or related companies. … Louisiana is one of several US states that has its own laws prohibiting internet gambling."

Conspiracy Trial Begins For Two Alleged MS-13 Members. The Baltimore Sun (9/27, Dolan) reports that the racketeering conspiracy trial of two alleged members of La Mara Salvatrucha, a violent street gang known as MS-13, began Tuesday with allegations that the two men, Edgar Alberto Ayala, known as "Pony," and Oscar Ramos Velasquez, known as "Casper" "participated in a well-oiled criminal organization responsible for at least six homicides and five attempted killings." The Sun adds, "Formed in California by Salvadoran immigrants who have spread eastward, MS-13 'is without any doubt a criminal enterprise,' Assistant U.S. Attorney Sandra Wilkinson told jurors Tuesday. 'The objective of this gang is to kill people.' Dubbed one of the nation's most violent and fastest-growing gangs, MS-13 has a relatively low profile outside of the Washington suburbs. But experts say its strength is growing throughout Maryland as the overall Hispanic population expands its reach beyond Prince George's and Montgomery counties."

The Washington Post (9/27, B7, Castaneda) reports that MS-13 "has rules that include a standing edict to kill rival gang members, Assistant U.S. Attorney Sandra Wilkinson said in her opening statement in U.S. District Court in Greenbelt. … Prosecutors said in court papers that the gang has 10,000 members in 10 states and the District, as well as in El Salvador, Honduras and Mexico. Wilkinson said MS-13 has many cliques, which she compared to business franchises. … MS-13 gang members have conspired to commit murder, rape, kidnapping and robbery and to obstruct justice by attacking or intimidating witnesses, federal prosecutors allege in their original indictment and two superseding indictments."

Murders Of Three Teens Raises Alarms Across DC. The Washington Post (9/27, B1, Klein, Weil) reports that the murders of three teenagers in a 24 hour period in DC has raised "alarm across the city. DC police said none of the three cases appears to be related, but all three are homicides. That raises to 15 the number of slayings of victims in the city this year who were younger than 18. In all of last year there were 12. Police Chief Charles H. Ramsey said last night that a man, about 50, had been taken into custody in the death of the 15-year-old, Dominick A. Dixon. Ramsey said the man had made a statement about the killing to police. No arrests have been reported in the other two killings. Police said last night that Dixon's death was a homicide. But they did not say how he was slain, and autopsy results had not been released."

Thieves Killed Cutting Into Power Lines For Copper. USA Today (9/27, Koch) reports, "At least seven men in five states have been fatally electrocuted since July

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while hacking through power lines to steal wire made of copper, which has been commanding near-record prices, police say. … Nationwide, police report copper thieves stealing wires from air conditioning units, exposed pipes from underneath homes, vases from graveyards in Sumter, S.C., and bells from a church in Yonkers, N.Y." USA adds, "Police have reported three deaths since July in Fort Worth, Pineville, W.Va., and Aurora, Colo. There are no national figures, but the number of copper thefts and related deaths is 'probably at the highest level it's ever been,' says Kenneth Geremia, spokesman for the Copper Development Association, a trade group. He says copper is completely recyclable and can sell for $3 a pound at scrap yards."

Philadelphia Man Charged With Defrauding Victim-Assistance Program. The Philadelphia Inquirer (9/27, Shiffman, 399K) reports, "A Philadelphia man was charged yesterday with staging fake armed robberies in scams that netted $385,000 from the state's victim-assistance program." David Toomer "is accused of staging robberies from 2000 to 2002, then enlisting the help of a former accomplice, an unnamed chiropractor, to help him stage fake accidents this year." The Inquirer notes, "Toomer was arrested by the FBI on April 28 in the parking lot of the Holiday Inn on Packer Avenue as he allegedly conspired with an unnamed chiropractor to stage a fake accident. By then, the chiropractor had begun cooperating with authorities, according to an affidavit by FBI Agent Therese Nestor, and had been audiotaped and videotaped discussing the scam." The Philadelphia Daily Mail (9/27, Hinkelman) adds, "Toomer, who used at least two aliases during the alleged scheme, was charged with mail fraud and health-care fraud. His attorney said yesterday that Toomer plans to plead guilty. … Authorities said the investigation is continuing. Toomer is out on bail."

Seven In Three States Indicted On Katrina Aid Fraud Charges. The Detroit News (9/27, Egan) reports, "Five Detroit-area women, an Indiana man and a Mississippi woman fraudulently obtained nearly $30,000 in relief money intended for Hurricane Katrina victims and used the cash to buy cars, narcotics and other items, the federal government alleged in criminal complaints filed Tuesday. … None was directly affected by the…storm," but "each obtained between $2,000 and $12,750 in Federal Emergency Management Agency aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to complaints filed in U.S. District Court." Defendants Pamela Reason and Curtisine Ingram "told investigators they used some of the Katrina money to buy narcotics," and "other items allegedly purchased with the $28,182 include two cars, clothing, eyeglasses and food." The AP (9/27) also reports on the indictments.

Paper Executive Sentenced To 15 Years In Prison For $300-Million Fraud. Newsday (9/26, Kessler) reported, "The former head of a Hauppauge-based national paper manufacturing conglomerate was sentenced" Monday "to 15 years in prison for a $300-million fraud involving his firm, American Tissue, which was once the nation's fourth-largest producer of paper towels, tissues and toilet paper." Iranian immigrant "Mehdi Gabayzadeh, 62, of Great Neck also was ordered to make restitution of $65 million and serve five years' supervised release by U.S. District Judge Joanna Seybert in Central Islip." Newsday notes that "a drop in paper prices resulted in sharp financial losses that Gabayzadeh attempted to cover up by lying to lenders, and then to creditors after the company was forced into bankruptcy." The Manchester Union-Leader (9/26, Colquhoun) reports that in addition to prison, Gabayzadeh "must make $65 million in restitution and will be on probation for five years after he serves his prison term. … 'It's not enough time, but we have to put it behind us and move on,' said Gorham [NH] Town Manager Bill Jackson. 'It was more than I expected him to get, but it wasn't enough,' said Berlin [NH] Mayor Bob Danderson. … 'He exemplifies the worst of American greed.'"

The AP (9/27, Eltman) reports, "In seeking a stiff sentence, prosecutors had compared Mehdi Gabayzadeh's misdeeds to those of better-known white-collar corporate criminals, including Adelphia Communications Corp. founder John Rigas and former WorldCom Corp. chief Bernard Ebbers. 'The purpose of this sentence is to demonstrate that white-collar crime hurts just as much as blue-collar crime,' said U.S. District Court Judge Joanna Seybert. … Prosecutors estimated 2,700 people across the country, including Wisconsin, Vermont and Tennessee, lost their jobs" when American Tissue bankrupted. The New York Times/Bloomberg (9/27) also briefly reported on Gabayzadeh's sentencing.

New York Man Sentenced To 20 Months In Prison For Investment Fraud. The Lynchburg (VA) News & Advance (9/22, Busse) reported, "A New York man will serve one year and eight months in prison for his role in an investment scheme that bilked a Lynchburg resident out of more than $385,000." Dennis Testa "was convicted in March of conspiracy to commit money laundering. He was sentenced Friday in U.S. District Court in Charlottesville." The News & Advance noted co-conspirator Nicholas Lanza "was sentenced Sept. 1 to 2½ years in prison and ordered to pay $30,000 in restitution. … The Lynchburg resident was

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the biggest victim of the scam. In all, the pair took more than $400,000 from seven people in five states."

New York's Local Courts Survive Despite A Century Of Criticism. The New York Times (9/27, Glaberson) reports that over the last century, at least nine commissions other state bodies have denounced New York State's town and village courts. The Times adds, "Although they are key institutions of justice in more than 1,000 small towns and suburbs across New York, trying misdemeanor cases and lawsuits, a vast majority of the justices who run them are not lawyers, and receive only a few days' legal training. The justices are often elected in low-turnout races, keep few records and operate largely without supervision — leaving a long trail of injustices and mangled rulings. Yet these justice courts, as they are known, remain essentially as they were when New Yorkers started complaining nearly a century ago."

Officials Use Forensic Techniques To Diagnose Elder Abuse. The New York Times (9/27, Gross) reports that public health and law enforcement officials "are learning to speak the same language and using the same forensic techniques as those popularized on the three C.S.I. television series to diagnose elder abuse and neglect. For decades, the techniques have been the state-of-the-art approach for investigating child abuse and domestic violence. But elder abuse has lagged far behind, suffering from a lack of financing, research and data. Now change is in the air, and forensic techniques are just one of many new initiatives nationwide to protect the elderly." The Times adds, "Congress is also expected to consider, before the October recess, the Elder Justice Act of 2006, which would create the first nationwide database on elder abuse, replacing inconsistent or unavailable data. The legislation, which has bipartisan support, also assigns a federal official to coordinate projects and technical assistance."

Internet Revives Land Scams. USA Today (9/27, El Nasser) reports that the Internet "is reviving a grand old American tradition: land scams. Thousands of lots in phantom subdivisions that were sold decades ago to people who hoped to build retirement homes in warm states are reappearing on online sites such as the Internet giant eBay. The new wave of land scams has the potential to snooker millions more around the world because of the Internet's broad and instantaneous reach. Many of the lots being sold have never been developed because they are on swampland in Florida or isolated desert ranchland in Texas and Arizona. There is no road access, water or power. The land might be developed someday, but county officials who are busy processing a surge in deed transfers are skeptical."

"Girls Gone Wild" Founder Enters Guilty Plea. The Washington Times (9/27, Seper) reports that Jospeh Francis, founder of the "Girls Gone Wild" video series "has pleaded guilty to charges of failing to create and maintain age and identity documents for performers in his sexually explicit films." Francis "entered the guilty plea Monday before U.S. District Judge Margaret Morrow in Los Angeles. Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Francis pleaded guilty to two counts filed under a law passed by Congress to prevent sexual exploitation of children. … Under the agreements, she said, Francis agreed to pay the maximum fine of $500,000 and his two companies agreed to pay an additional $1.6 million in fines and restitution."

Tennessee Man Sentenced For Removing Classified Data. The Knoxville (TN) News-Sentinel (9/27, Satterfield) reports, "Retired U.S. Navy man Everett Ashley Blauvelt Jr. had no intention of betraying his country when he played fast and loose with 'secret restricted data' at the Y-12 National Security Complex in Oak Ridge, defense attorney Tom Dillard said Tuesday. … 'It was just a bad mistake,' Dillard said." The News-Sentinel continues, "Blauvelt, 61, pleaded guilty before U.S. Magistrate Judge Bruce Guyton to a misdemeanor charge he removed classified information from Y-12, where components for the country's nuclear weapons arsenal are made, while working there as an employee of contractor BWXT in 2000. … Guyton sentenced Blauvelt to a one-year probationary term." The News-Sentinel adds, "According to documents filed Tuesday in U.S. District Court by Assistant U.S. Attorney David Dake, Blauvelt worked for BWXT as a 'shift technical adviser' and 'held secret and Q-security clearances.' … His job gave him access to classified information including documents labeled 'secret restricted data' because of references to nuclear weapon making and the potential to cause 'serious damage' to national security, Dake told Guyton. … The exact nature of the information at issue in Blauvelt's case was not disclosed in court records, although some of it apparently involved data on fellow employees. … At some point in late 2000, an allegation was made to Blauvelt's bosses that he had 'compiled a database containing detailed personal and sensitive information about co-workers,' Dake wrote. … It's not clear why Blauvelt broke the security rules, but Dillard insisted -- and the Justice Department agreed in allowing a misdemeanor plea -- that there is no proof that Blauvelt intended to market the classified information."

Resolution Of San Diego Pension Fund Scandal Criticized. The Wall Street Journal (9/27, 2.03M) says in an editorial that San Diego "is approaching the

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bitter end-game on its pension-fund scandal, with the Securities and Exchange Commission expected to release its own report on the city council's decade-long bender of overpromising benefits and underfunding its pension fund. The SEC is likely to require the city's government to take steps to ensure that the fiasco isn't repeated, allowing it to re-enter the municipal-bond market." But the "nightmare won't end there for San Diego taxpayers, who are left holding the bag for the misfeasance of the city council. For them, two big issues remain: Will the extravagant promises to city employees be honored without regard to their cost or the improprieties involved in making those promises? Second, will the city council be held accountable for creating this mess?"

CIVIL LAW:

High Court To Rule On Use Of Union Dues For Political Activity. The Washington Post (9/27, A8, Lane, 748K) reports that the Supreme Court has announced that it will decide "whether states may require organized labor to ask some workers for permission to spend their union fees on political activity. The case addresses the agency fees that some states require workers to pay to labor organizations for representation, even if they chose not to join the unions. The court said it would review a Washington state Supreme Court ruling that struck down a state law barring the use of those fees for political purposes without workers' consent. … The law had been adopted by Washington voters as part of a referendum on campaign finance reform." But "the state's high court ruled 6 to 3 earlier this year that the law violated unions' First Amendment rights because it presumes workers would object to labor leaders' spending choices."

The Washington Times (9/27, Dinan, 88K) reports, "The dispute actually involves two cases. One is an appeal by the state's attorney general defending the law, and the other is an appeal on behalf of teachers." Stefan Gleason, vice president of the Fairfax-based National Right to Work Foundation, "which is working on behalf of the teachers, said the case has big stakes because the state court's ruling could be seen to create a right to collect money even from nonunion teachers."

The New York Times (9/27, Greenhouse, 1.21M) reports, "From the labor unions' point of view, the difference between permitting nonmembers to 'opt out' and requiring them to 'opt in' is substantial." They "argue that it is burdensome to have to seek permission from nonmembers, and that nonmembers who do not exercise their opt-out rights should be seen as acquiescing in the expenditures."

LATimes Criticizes Class Action Light Cigarette Lawsuit. The Los Angeles Times (9/27, 918K) says in an editorial that an appeals court "must decide whether, as a matter of law, a federal judge in Brooklyn erred in refusing to block a class-action racketeering lawsuit against tobacco companies on behalf of millions of smokers of 'light' cigarettes. But lay people are likely to scratch their heads over District Judge Jack B. Weinstein's decision to let this lawsuit proceed — especially when they learn that the damage supposedly caused by the tobacco industry was to smokers' wallets, not their lungs." If Weinstein "isn't overruled, his decision will be a windfall for lawyers, a disaster for tobacco companies — which already have agreed to pay out billions of dollars as part of a settlement with state attorneys general — and a travesty for the cause of due process."

CIVIL RIGHTS:

Rohrabacher Asks For DOJ Probe Of Border Agents' Prosecution. The Washington Times (9/27, Seper) reports, "Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called 'the exceedingly harsh prosecution' of two U.S. Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks. … 'This proceeding has garnered national attention calling into question the administration's commitment to secure our borders,' said Mr. Rohrabacher, adding that the two agents -- Ignacio Ramos and Jose Alonso Compean – 'were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler.'" The Times continues, "The California Republican's letter also called for the agents' sentencing next month to be postponed 'due to significant concerns over the circumstances surrounding' their prosecution. … Mr. Rohrabacher joins a growing list of Democrats and Republicans on Capitol Hill who have asked for congressional hearings and reviews by the White House and Justice Department into the prosecution. … 'It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts,' Sen. Dianne Feinstein, California Democrat, said in a letter last month to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter. … 'Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties,' she said."

Boston Police Officer Charged With Violating Civil Rights Of Prostitute. The Boston Globe (9/27, Murphy, 425K) reports, "A 19-year-old prostitute feared that no one would believe her if she said an off-duty Boston police officer kept forcing her to perform sex in his car. So one night, she fled his car with a key piece of evidence: his

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badge," and "when Officer Michael LoPriore called the woman to get his badge back, the FBI was listening, too. LoPriore, 37, of Everett, was charged in federal court yesterday with depriving the woman of her rights by using his position as a police officer to coerce her to perform sex in September 2004. According to a plea agreement filed with the court by the US attorney's public corruption unit, LoPriore, a 12-year Boston police veteran, will plead guilty, resign from the department, and never seek another job as a police officer in Massachusetts." The Boston Herald (927, Sweet, McPhee, 203K) notes acting Boston police Commissioner Albert Goslin said, "Getting rid of characters of his ilk can't be done quick enough. We don't make excuses for anybody." The AP (9/27) also reports on the charges against Lopriore.

Missouri Ice Cream Company Managers Indicted On Human Trafficking Charges. The Kansas City Star (9/21, Rizzo, 278K) reported, "Two managers of a Kansas City ice cream company were indicted…on new charges related to the alleged forced labor of Russian students who drove ice cream trucks." David L. Carslake and David H. Mackintosh "were among five men charged…in U.S. District Court in Kansas City with violating federal human trafficking laws," then "a grand jury in Springfield indicted Carslake and Mackintosh on a charge of document servitude for allegedly confiscating the passports and other identification documents of the eight young Russian men identified as victims in the human trafficking case. Carslake was also indicted on a charge of visa fraud for allegedly making false statements in federal immigration documents concerning the status of the Russian students."

The AP (9/21) noted, "Authorities said the men collaborated to force the students to work for Frosty Treats ice cream truck company of Kansas City by telling them they would be seriously harmed if they refused. All five are charged with aiding and abetting each other from Jan. 1 to Sept. 17 to obtain forced labor. … The eight students from Voronozh, Russia, were recruited under a summer work program run by the Russian company InterAir, according to an affidavit filed in support of the case."

Cambodia Cracks Down On Child Sex Trade. The Christian Science Monitor (9/27, Piore) reports that Cambodia is cracking down on the child sex trade. This year, officials "have arrested at least 12 foreigners on charges of sexually abusing children - more than twice the amount snagged all of last year. In addition to three Americans, they've caught four Germans, an elderly Swiss man, a Belgium national, and at least three Vietnamese nationals who helped the foreigners procure children." The Monitor adds, "It's a trend that's been in the offing since at least 2000, when Cambodia first launched a major initiative funded by foreign donors aimed at targeting the exploitation of women and children and set up a hotline to receive tips."

Racist Graffiti Forces Charles County To Confront Race Relations Problem. The Washington Post (9/27, B1, Rucker, Wan) reports, "A wave of offensive graffiti and vandalism in the past seven weeks" is forcing Charles County, Maryland to confront "what some residents say has existed for years: a race relations problem. As Charles transforms from a land of sprawling tobacco farms to a far-flung exurb of Washington, few have spoken openly about what one black resident calls 'the browning of Charles County' -- the movement of large numbers of middle-class black families to an area that not long ago was predominantly white." The Post adds, "At least 10 incidences of racist graffiti or vandalism, all classified as hate crimes, have occurred in Charles since mid-August. … FBI agents are planning to join authorities in their search for the vandals at the request of Rep. Steny H. Hoyer, the House Democratic whip, whose district includes Southern Maryland."

Judge Says Louisiana Parish Schools On Target For Release From Federal Oversight. The Baton Rouge Advocate (9/27, Burgess) reports, "The St. Landry Parish school system is on track to be released from federal oversight by the end of next year, the federal judge handling the parish's desegregation case said Tuesday." The Advocate continues, "U.S. District Judge Tucker Melancon made the comments during a quarterly meeting in Lafayette with St. Landry Parish school system officials and School Board members. … 'My intention in this case is to get it over as soon as possible,' Melancon said. '… Barring some unforeseen circumstance, it's going to happen next December (2007).'" The Advocate adds, "Melancon said he hopes to convene court in Opelousas — the St. Landry Parish seat — for the formal hearing to declare the school system "unitary," or free from discrimination. … Several legal hurdles remain. … To be freed from federal oversight, school officials must show discrimination has been eliminated in six areas. … Melancon ruled last year that three areas were unitary: transportation, faculty assignment and extracurricular activities. … The school system still must show discrimination does not affect decisions on the quality of education offered to students, the quality of facilities and student assignment." The Advocate notes, "A hearing was set for Tuesday on a motion by the School Board for unitary status in the area of quality of education. … That hearing was delayed to allow Justice Department attorneys time to review a forthcoming report from the state with information about racial balance in special-education programs, an issue raised in St. Landry Parish."

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House Passes Parental Notification Bill. The New York Times/AP (9/27) reports, "Accompanying a minor across a state line to obtain an abortion and avoid parental notification in the girl's home state would become a federal crime under a bill the House passed Tuesday on a vote of 264 to 153." Supporters of the legislation "argued that it made no sense that minors who need parental permission to get an aspirin at school or to go on field trips can get an abortion without telling their parents." The bill's sponsor, GOP Rep. Ileana Ros-Lehtinen, said, "It protects minors from exploitation from the abortion industry, it promotes strong family ties and it helps foster respect for state laws." Opponents "argued that it would result in the arrests of grandparents and others who were trying to shield girls from abusive parents." The AP adds, "Chances are slim that the House and the Senate, which approved a more limited version of the bill in July, will devise a compromise they can send to the president before the end of this session of Congress. But the House vote gives conservatives something to showcase when they return home next week to campaign for the midterm elections."

The Los Angeles Times (9/27, Levey, 918K) says that "in a mark of the majority party's struggles with its 'values' agenda, Senate Republicans may run out of time to vote on the measure before lawmakers leave town at the end of the week." That "would leave Republicans with few trophies to show their socially conservative base as they try to motivate voters in the final six weeks of the fiercely contested 2006 campaign." The Times adds, "Some strategists fear that failure to win final passage of the bill could hamper efforts to spur turnout of a reliably Republican voting bloc — which might mean the difference in key races around the country." The bill "that the House passed Tuesday by a vote of 264 to 153 was the latest initiative in a more than decade-long campaign to chip away at abortion rights." But "aides to senior Senate Republicans said Tuesday that they could not be sure the measure would make it to the floor for a vote."

The Washington Times (9/27, Fagan, Bellantoni, 88K) notes the House action is a story titled "GOP Pushes 'Values' Legislation," in which it says Senate Democrats "have blocked the final negotiations, seeking, among other things, changes to limit the notification rights of fathers who rape their daughters. It was not clear yesterday whether the Senate would act on the bill this week, but if it does, the bill would likely pass and could then go on to President Bush, supporters said."

House Approves Bill On Religious Lawsuits. The AP (9/27, Abrams) reports, "House Republicans, carrying out their election-year values agenda, on Tuesday pushed through legislation cutting off financial awards for lawsuits successfully filed against expressions of religion such as Christmas displays on government grounds." The bill, "passed 244-173, denies the awarding of attorney's fees or monetary damages to a party that wins a court case based on the establishment clause in the Constitution that is used to argue a separation of church and state." The AP adds, "There is no companion Senate bill and little chance the Senate would consider it in the waning days of this session, but the House vote was a reminder to the GOP's conservative base that their issues are not being ignored."

The Washington Post (9/27, A4, Cooperman, 748K) reports, "Caroline Fredrickson, director of the ACLU's Washington legislative office, said the measure is 'election-year red meat for the Christian right, because they've been complaining they haven't gotten enough from this Congress.'" The American Legion, the Southern Baptist Convention "and other conservative groups began pushing for the legislation after a Pennsylvania judge awarded $2 million to the ACLU of Pennsylvania and Americans United for Separation of Church and State. The two groups had successfully sued the school board in Dover, Pa., for requiring science teachers to teach "intelligent design" alongside evolution. The award was later reduced to $1 million." The Washington Times (9/27, Fagan, Bellantoni, 88K) notes the House action is a story titled "GOP Pushes 'Values' Legislation," in which it says "if the Public Expression of Religion Act were to become law, groups like the American Civil Liberties Union would be barred from receiving legal fees if they prevail in a court battle."

Texas Court Case Tests Limits Of Legal Intervention In Church Affairs. The New York Times (9/27, Blumenthal, 1.21M) reports Peggy Lee Penley of Fort Worth, Texas sought marriage counseling from her pastor, C.L. Westbrook, Jr., who "disclosed her 'biblically inappropriate relationship'" with another man "to church elders" and eventually "the full congregation of the church." In 2001, Ms. Penley "sued her pastor for defamation and negligence, saying he had violated his responsibilities as a professional counselor. Her lawsuit has attracted considerable attention from church groups trying to prevent court intervention in religious matters. The case went before the Texas Supreme Court on Tuesday, and the outcome will once again help define the evolving line between church and state." While courts "have long held that religious practices and discipline are immune from court review under a legal doctrine known as 'ecclesiastical abstention,' secular misconduct by religious figures is not automatically protected." Church groups "have leapt into the case, submitting briefs that warn of growing attacks on religious autonomy."

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ANTITRUST:

Wright Bill Backers Press For Compromise. The Dallas Morning News (9/27, Reddy) reports, "Legislation to lift restrictions on long-haul flights at Dallas Love Field could come down to the wire to clear both the House and Senate before a pre-election recess." The News continues, "Finding a procedural path for the Wright legislation has proven elusive on both sides of the Capitol as congressional leaders try to rush through major legislation before returning home Saturday to campaign for the November elections. … Still, lawmakers from North Texas weren't conceding Tuesday that the issue would have to fall into the lame-duck session. … Getting the bill cleared Friday or early Saturday remained a possibility. … 'It's not dead for this week, but it's still in flux,' said Rep. Kay Granger, R-Fort Worth." The News adds, "The legislation would implement a June compromise to repeal the 1979 Wright amendment. … The bill needs to be enacted by the end of the year, or the agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport will expire. … The House is awaiting action on an original version of the legislation and one amended by the House Judiciary Committee that removes an exemption from antitrust laws."

Bill Faces More Opposition. The Dallas Business Journal (9/27) reports, "Opposition to the Wright Amendment compromise bill continues to mount locally, as a new study says the bill will cost consumers billions, and two consumer groups have written House Democratic leaders to protest the bill." The Journal continues, "The study was conducted by Steven A. Morrison, a member of the Department of Economics at Northeastern University and editor in chief of the Journal of Transport Economics and Policy. The study was solicited by the law firm of Bickel & Brewer, which represents Love Terminal Partners, which has filed a lawsuit over the local agreement that the Wright compromise bill is based on. … In the report, Morrison looked at U.S. Department of Transportation data on airline fares and passenger volume to estimate the effects on consumers of full repeal versus the proposed agreement. … He said by fully repealing the bill consumers would recognize $726 million annually, compared to between $117 million and $383 million annually from through ticketing."

Johnson & Johnson Sues Boston Scientific Over Guidant Deal. The AP (9/27, Johnson) reports, "Months after Johnson & Johnson lost a bidding war for medical-device maker Guidant, J&J is suing the winner, Boston Scientific, and Abbott Laboratories, alleging the two companies induced Guidant to breach its agreement with J&J." The AP continues, New Brunswick.-based Johnson & Johnson is seeking $5.5 billion in damages, according to the lawsuit, filed Monday in U.S. District Court in New York. The lawsuit also seeks reimbursement for court costs, attorney fees and interest." The AP adds, "The suit asks the court to rule that Indianapolis-based Guidant Corp. breached the companies' merger agreement and that Boston Scientific Corp. and Abbott Laboratories Inc. intentionally interfered with the deal and induced Guidant to breach it. … Natick, Mass.-based Boston Scientific trumped Johnson & Johnson's final $24.2 billion offer with a $27.2 billion bid to acquire Guidant and its portfolio of stents, defibrillators, pacemakers and other medical devices. … Guidant paid Johnson & Johnson a $705 million breakup fee after it opted to accept Boston Scientific's offer in late January. To eliminate possible antitrust snags, Boston Scientific agreed to sell Guidant's stent and vascular business to Abbott for $4.1 billion and a $900 million loan."

UPI (9/27) reports, "Johnson & Johnson alleges in its New York federal lawsuit, which also names Abbott Laboratories, that Boston Scientific prevailed 'only because Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott,' Boston Business Journal said. … Once Guidant had done so, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, 'which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review,' the suit says."

Bloomberg (9/27, Glovin, Goldstein) reports, "Since defeating J&J, Boston Scientific has been buffeted by product recalls, falling sales, profit warnings, analyst downgrades and growing legal risks, driving the company's market value down to $21.8 billion from $31.2 billion in less than five months. … J&J lost the deal in January, when Abbott made financing agreement that enabled Boston Scientific to snatch Guidant, the lawsuit said. Guidant accepted the bid as superior to J&J's offer, and J&J promptly received a $705 million termination fee from Guidant."

Judge Dismisses Part Of AMD's Claim Against Intel. The Wall Street Journal (9/27, Clark) reports, "A federal judge dismissed major portions of Advanced Micro Devices Inc.'s high-profile antitrust suit against Intel Corp., accepting Intel's argument that many of AMD's claims are beyond the reach of U.S. law." AMD "accuses Intel of illegally maintaining a monopoly in the market for microprocessor chips that act as the brains in most personal computers. Its suit, filed in June 2005 in federal court in Delaware, questions Intel's business tactics in several countries, including Britain, Germany and Japan. Intel, of Santa Clara, Calif., asked the judge to dismiss AMD claims that are based on the foreign effect of Intel's alleged tactics. … US District Judge Joseph

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Farnan sided with Intel. He ruled that AMD 'has not demonstrated that the alleged foreign conduct of Intel has direct, substantial and foreseeable effects in the United States which gives rise to its claim.'"

DeCode Genetics Sues Former Employees For Stealing Trade Secrets. The Wall Street Journal (9/27, Regalado) reports that Icelandic gene hunting company DeCode Genetics Inc. is suing five ex-employees for stealing trade secrets and breach of contract. The Journal reports that the case "may threaten a major US project to study the DNA of children." Four of the five former employees of DeCode Genetics Inc. "now work for Children's Hospital of Philadelphia, which in June announced a high-profile plan to collect and study DNA from some 100,000 children. … In its suit, filed in U.S. District Court in Philadelphia, DeCode asked the court to prevent CHOP or its former employees from using any of its trade secrets. In a statement, CHOP officials said the 'hospital believes that the claims against its researchers are without merit and that they will prevail in the lawsuit.' The hospital said it would 'vigorously' defend its employees and its own research program."

Think Tank Director Says Microsoft Can't Be Guilty Of A Crime Before It Commits It. Alberto Mingardi, director general of Istituto Bruno Leoni, a Milan-based free-market think tank, writes in the Wall Street Journal (9/27), "Quarrels between the European Commission and Microsoft seem to be the daily bread in Brussels. … Since March, the Commission has expressed concerns about Vista, the new version of Windows, ready to be released in a few months but waiting for an informal greenlight from Brussels. … The new operating system's alleged future dominance is merely a prediction, albeit a reasonable one based on the history of previous iterations of Windows. Still, there can be no evidence of the size of Vista's market share until it is released and sold." Mingardi adds, "You cannot be 'guilty' of any crime before you have committed it and been accused, much less proven, of having committed it. This is a basic tenant of legal certainty as we know it. Why should it not continue to apply to competition policy?"

FTC Gives Antitrust Nod To Regent Radio Station Buy. The AP (9/27) reports, "Radio broadcasting company Regent Communications Inc. received antitrust approval from the Federal Trade Commission to buy five radio stations serving the Buffalo, N.Y., market from CBS Corp. for $125 million in cash." The AP continues, "The FTC on Monday granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law, according to the agency's Web site." The AP adds, "Cincinnati-based Regent announced on Sept. 5 that it planned to operate the Buffalo stations -- WBLK-FM, WBUF-FM, WJYE-FM, WYRK-FM and WECK-AM -- through a local marketing agreement starting in October. … After the deal closes, Regent will own and operate 19 radio stations in the Upstate New York region including stations in the Buffalo, Albany, Utica/Rome and Watertown markets."

Kroes Claims US Lobbied Her Over Microsoft Fine. CNET News (9/27, Thurston) reports, "The U.S. government sought to influence the European Commission over Microsoft's antitrust case, according to Competition Commissioner Neelie Kroes." CNET continues, "Kroes said the U.S. Embassy in Brussels, Belgium, had asked her to be 'nicer' to Microsoft ahead of her decision to fine the software giant 280 million euros ($357 million) in July. … The commissioner criticized the approach. 'This is of course an intervention which is not possible,' Kroes told Dutch newspaper Financieele Dagblad this week." CNET adds, "When asked if she was annoyed by the embassy's approach, she said: 'In my work, I cannot have a preference. I have, however, a personal opinion, but that is for Saturday night.' … Kroes' representative added in an e-mail to CNET News.com's sister site ZDNet UK on Tuesday: 'We can confirm that she was lobbied and that she did not appreciate it.'" CNET notes, "Microsoft declined to comment on Kroes' claims, but an insider insisted that the company had not tried to influence discussions between the U.S. government and the EC. … The U.S. Embassy had not responded to requests for comment at the time of writing."

New Jersey MLS Withdraws Display Policy. Inman News (9/27, Roberts) reports, "The New Jersey Multiple Listing Service, a regional MLS in Northern New Jersey that is owned and operated by two local Realtor organizations, has withdrawn a policy that prevented some property listings from reaching Realtor.com and several other home-search Web sites." Inman continues, "While New Jersey MLS officials were reportedly contacted by representatives for the U.S. Federal Trade Commission -- an agency that has been investigating similar policies at more than a dozen other MLSs across the country -- MLS officials stated in a communication to members this month that the decision to rescind the rule was in response to the practices of neighboring MLSs. … National Association of Realtors general counsel Laurie Janik announced earlier this year that 14 separate government investigations had been launched over MLS policies that prevent some property listings information from being publicly displayed on some public Web sites. The Realtors Association of Northeast Wisconsin MLS changed its restrictions relating to the public display of some property listings in late August after an FTC investigation." Inman notes, "The Northern New England Real Estate Network and Austin Board of Realtors in Texas also

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lifted similar restrictions, and both of these groups announced agreements with the FTC in response to investigations."

ENVIRONMENT:

Judge Allows California Auto Emissions Suit To Proceed. The AP (9/27, Thompson) reports, "Automakers can continue their lawsuit seeking to block strict vehicle emission standards adopted two years ago by California regulators, a federal judge ruled." The AP continues, "U.S. District Judge Anthony Ishii sided preliminarily with a coalition of automakers on their three major arguments against the state law, which was passed in 2002 and adopted two years later by the state air board. In a ruling Monday,Ishii threw out two lesser arguments, but ruled the suit should go to trial Jan. 30." The AP adds, "The tailpipe standards adopted by the California Air Resources Board were designed to cut greenhouse gas emissions from cars and light trucks by 25 percent and from sport utility vehicles by 18 percent starting in 2009. Ten other U.S. states have since adopted the California standard. … The automobile industry sued in U.S. District Court in Fresno, California, arguing that the state law amounts to an attempt to set new fuel-economy standards, something it says can be done only by the federal government. .. . The judge ruled that automakers can continue with their argument that allowing states to set their own emission standards would violate two federal laws that reserve that power to the federal government. Ishii also allowed an argument by the automakers that California's regulations would undermine the federal government's ability to conduct a uniform foreign policy."

NOAA Researchers Accuse White House Of Blocking Warming Report. USA Today/AP (9/27) reports, "The Bush administration has blocked release of a report that suggests global warming is contributing to the frequency and strength of hurricanes, the journal Nature reported Tuesday. The National Oceanic and Atmospheric Administration disputed the Nature article, saying there was not a report but a two-page fact sheet about the topic. The information was to be included in a press kit to be distributed in May as the annual hurricane season approached but wasn't ready." NOAA spokesman Jordan St. John said, responding to the Nature article, "The White House never saw it, so they didn't block it."

Seattle Law Firm Represents 76 Clients In Tainted Spinach Lawsuits. The Wall Street Journal (9/27, Tesoriero, Lattman) reports on the Seattle law firm Marler Clark which had filed its first bad spinach lawsuit before health officials warned the public about possibly tainted spinach. As "word of the bacteria outbreak began to spread this month, lawyers at the firm posted messages on the firm's E. coli blog, www.ecoliblog.com1. They reached out to reporters and waited for the calls and emails to stream in. Now Marler Clark is representing 76 clients. Bill Marler, a 49-year-old partner in the firm, tracks them with Post-it Notes on a US map hanging in his office." The Journal adds, "A tiny firm with six attorneys, a staff epidemiologist and a nurse, Marler Clark has in the past eight years established itself as the go-to place for victims of food-borne illnesses. The firm's niche practice requires it to connect quickly with new, often widely dispersed clients as an outbreak unfolds, making effective marketing paramount. The firm has pursued an aggressive brand-building campaign, including speaking engagements, media interviews and an extensive Internet presence."

Ohio Town Has Been A Test Lab On Air Pollution Since 1970's. The New York Times (9/27, Barringer) reports that since the 1970's residents of Steubenville, Ohio have been providing "details about their lung function and cardiac rhythms, about the manner of their lives and the cause of their deaths, to the science on which 21st-century air pollution policies are built. Data from Steubenville have played a central role in many decisions by the Environmental Protection Agency on air pollution regulations, including two of the more controversial — one in 2005 setting the first limits on mercury emissions, and another last week to tighten one but not both of the standards for lethal fine soot particles." The Post adds, "Three decades ago, Steubenville's reputation for having the country's foulest air made it a magnet for researchers in the young field of environmental epidemiology. … Much of that pollution, along with a noxious odor that seemed part burnt toast and part burnt metal, has disappeared along with the jobs at the larger steel plant, across the river in Weirton, W.Va. As the pollution receded, mortality rates declined."

FBI/DEA/ATF/USMS:

Reputed Cali Cartel Leaders Get 30-Year Prison Sentences. There are more than 400 media references to the guilty pleas and sentencing of two reputed leaders of the Cali drug cartel, which authorities say supplied most of the cocaine in the U.S. in the 1990s. Some examples: USA Today (9/27, Johnson) reports the surviving leaders of the Cali drug cartel, which authorities "say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets." Attorney General Alberto Gonzales "said brothers Miguel and Gilberto

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Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade." While they were sentenced in Miami, 28 other family members "reached a separate pact with the government to surrender their worldwide assets. … 'It doesn't get any bigger than today,' said…Karen Tandy. She said the guilty pleas represented the 'last nail in the coffin of the Cali cartel.'"

The Washington Post (9/27, Eggen, A8) notes that because of the plea agreement, half a dozen of the brothers' relatives "will not face prosecution. In addition, U.S. officials said, 28 people with ties to the pair will have a chance to be removed from a Treasury Department list that freezes the assets of 'specially designated narcotics traffickers' if they relinquish property tainted by drug money."

Bloomberg (9/26) reports Gonzales said the two men "were responsible for importing more than 200 tons of cocaine into the U.S."

The AP (9/26) reports John Walters said the cartel "had operated by terrorizing Colombian society and killing prosecutors, judges and political candidates and was responsible for 'the torture and murder of more than 100 people' whose bodies were dumped in a Colombian river to keep others downstream in fear of the gang."

In Miami, the AP (9/27) also reports the brothers "agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. Neither brother is required to cooperate in any current or future criminal investigations, according to the plea agreement." A version of the AP story was used by MSNBC, Forbes, the Wall Street Journal, Houston Chronicle, Boston Globe, Gainesville Sun, Seattle Times, and other newspapers.

The New York Times (9/26) reports Walters "praised President Uribe for his 'courage' in helping to bring down the two formidable drug kingpins. 'People in the past talked about the Cali cartel as the peaceful cartel, but their reign of terror and blood, their war with Pablo Escobar in the early 90's, still haunts the collective memory of many in Colombia and many in this country that worked against them,' he said. 'The Cali cartel was one of the most powerful criminal organizations ever, seeking to buy or kill anybody that got in their way.'"

The Miami Herald (9/27) reports that on Tuesday, the Rodríguez Orejuela brothers "pleaded guilty to conspiring to smuggle tons of cocaine into the United States. The brothers also agreed to plead guilty to a separate indictment filed in New York that charged them with conspiring to launder their drug profits."

The Washington Times/UPI (9/26) cites the Miami Herald story and also reports that both brothers "are in their 60s and the sentences mean they are likely to die in federal prison."

On its Web site, CBS News/AP (9/26) reports, "It's estimated the Orejuelas controlled 80 percent of the cocaine market in the 1990s largely because of the corporate mentality of the two brothers and the ingenious ways in which they hid drugs, such as in frozen broccoli. The Drug Enforcement Administration believes the successor organizations are fractured and will never have the clout of Cali."

BBC News (9/27) reports the brothers "were accused of organizing drug trafficking and money laundering from the Colombian prison in which they had been held since 1995." McClatchy Newspapers (9/27, Blum) also reports this story.

Significant "Drug War" Challenges Remain. ABC News (9/26) reports on its Web site that despite the latest developments in the Cali cartel case, "significant challenges remain in the drug war and the Colombian government's efforts against the FARC narco-terrorist rebel group. … According to the DEA, the FARC rebels…control large parts of the coca production areas in Colombia and are responsible for supplying more than 50 percent of the world's cocaine and more than 60 percent of the cocaine that enters the United States."

Network TV Coverage. The CBS Evening News (9/26, story 4, 0:15, Couric) reported, "It's being called a major blow to the world's biggest supplier of cocaine. Two brothers struck a deal with U.S. prosecutors. They will forfeit $2 billion in drug money and likely spend the rest of their lives in prison, but their families won't be prosecuted."

Cable TV Coverage. CNN (9/26, 3:00 p.m.) reported, "While the men, who are in their 60s, have agreed to plea deals that will likely keep them behind bars for the rest of their lives; a side deal protects half a dozen of their relatives in Colombia from facing charges. The Cali cartel once was responsible for up to 80% of the cocaine smuggled into the U.S."

FOX News (9/26, 6:00 p.m.) reported, "Anyone who bought cocaine on the streets of the United States in the 1990's was likely buying it from the two men who were in court…in Miami today -- two Colombian brothers head of the Cali cartel and today after a 15 year effort, U.S. Justice Department officials brought them to justice. They got terms of 30 years in prison. They got to payback $2 billion in cocaine profits as part of their deal."

CBC Evening News (9/26, 6:35 p.m.) reported, "It's being called a major blow to the world's biggest supplier of cocaine. Two brothers, who once headed the Cali cartel in Columbia, struck a deal with U.S. Prosecutors. They will forfeit $2 billion in drug money and likely spend the rest of their lives in prison, but their families won't be prosecuted."

Local TV Coverage. WTVT-TV, Tampa-St Petersburg-Sarasota (9/26, 5:00 p.m.) reported, "Both men are in their

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60's and will get sentences that will most likely keep them in prison for life. The Cali cartel was once responsible for as much as 80% of the cocaine smuggled into America."

WINK-TV, Ft. Myers-Naples (9/26, 5:00 p.m.) reported, "Drug kingpins pled guilty to charges in Miami. The brothers are accused of building Colombia's Cali cartel into the world's top cocaine supplier during the 1990s. Today's plea agreement was reached after months of negotiations with several U.S. agencies."

KJRH-TV TULSA, (9/26, 5:01 p.m.) reported, "A major milestone in the U.S. government's war on drugs. Two Colombians, who headed the powerful Cali cocaine cartel, pleaded guilty in Miami today to drug trafficking and money laundering charges. A federal judge immediately sentenced Miguel and Gilberto Rodriguez- Orejuela to 30- years in prison. The brothers also agreed to forfeit billions of dollars in drug money. The Cali cartel was once responsible for as much as 80-percent of the cocaine smuggled into the U.S."

WBRE-TV Wilkes Barre, (9/26, 11:19 p.m.) reported, "Two Colombian drug kingpins appeared in a Miami courtroom today. Gilberto and Miguel Rodriguez Orejuela, founders of the Cali drug cartel, pleaded guilty to charges of drug trafficking and money laundering. The brothers, who are in their 60's, were each sentenced to 30 years in a U.S prison. As part of a complex deal, the brothers agreed to turn over billions of dollars in assets connected to their drug business."

KCAL-TV Los Angeles, (9/26, 4:33 p.m.) reported, "There is no doubt that if these two brother drug lords were legitimate, they would had been in the top tier of the Forbes list of the richest people in this world."

WBFS-TV Miami, (9/26, 10:10 p.m.) reported, "In Washington, a cartel of cabinet level brass declared today's plea bargain a victory. These criminals rank as the highest level drug figures to ever occupy a U.S. jail cell. The brothers admitted to supplying most of the coke that was consumed in the U.S. in the 1990s. At its zenith, their cocaine network was shipping nearly five tons of the white powder every month most of it through south Florida, inside fence posts, shipments of ceramic tiles but all that is history now."

KTSM-TV El Paso, (9/26, 5:13 p.m.) reported, "Attorney general Alberto Gonzales says the brothers' guilty pleas effectively signal a final, fatal blow to the powerful Cali cartel."

WCIV-TV Charleston, (9/26, 11:20 p.m.) reported, "Gilberto and Miguel Rodriguez Orejuela, ages 67 and 63, each… are two of more than 300 drug traffickers extradited to the U.S. from Columbia as part of a 1997 treaty."

Pakistani Man Gets 18-Year Sentence In Drugs-For-Weapons Scheme. The Los Angeles Times (9/26) reports a Pakistani man "was sentenced Monday to an 18-year federal prison term for his role in an international drugs-for-weapons scheme foiled by undercover U.S. agents. Syed Mustajab Shah, 55, admitted conspiring with two co-defendants to trade 5 tons of hashish and 600 kilograms of heroin for four Stinger antiaircraft missiles, which they intended to sell to the Taliban. He was arrested in Hong Kong in 2002."

Beheadings Seen As Mexican Drug Cartels' New Method Of Intimidation. The San Antonio Express-News (9/26) reports Mexican drug cartels are adopting a method of intimidation made notorious by Middle Eastern terrorist groups. Already this year, at least 26 people have been decapitated in Mexico, with heads stuck on fences, dumped in trash piles and -- most recently -- tossed onto a nightclub dance floor. … In Mexico, as crime bosses fall and turf shifts, the pattern of killing is changing. The infamous Gulf and Sinaloa cartels and their smaller offshoots are fighting for control of smuggling routes from the southern border with Guatemala to the northern border with the United States."

President-elect Says Violence Fueled By Drug Smuggling Overwhelms Key Areas. The AP (9/26) reports Mexico's president-elect "says murder and mayhem fueled by drug smuggling have overwhelmed the governments of the nation's capital and key states across the country. Felipe Calderon said the wave of bloodshed knows no politics; it is ravaging state governments controlled by each of Mexico's three major parties." Calderon "will take office Dec. 1. … Authorities say more than 1,500 people have died in Mexican drug violence so far this year."

Plan Colombia Under Scrutiny Following Killing Of US-Trained Counternarcotics Team. The Christian Science Monitor (9/27, Harman) reports on what it calls the "calculated massacre of one of Colombia's best counternarcotics police teams." The Monitor says seven of the men on the team were members of a group of about 200 police trained by the DEA. According to the Monitor, the investigation of last May's killings in Jamundí "suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia…and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs." USA Today has posted this story on its Web site.

House Approves New Gun Show Rules. The Richmond Times-Dispatch (9/27, Hardin) reports, "The House of Representatives yesterday passed a bill to revamp federal enforcement rules for gun dealers, born in part from complaints about agents' tactics at Richmond-area gun

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shows." The Times-Dispatch continues, "The bipartisan bill would give the Bureau of Alcohol, Tobacco, Firearms and Explosives more tools to punish federally licensed gun dealers who break U.S. firearm-sale rules. It was passed on a vote of 277-131." The Times-Dispatch adds, "Its chief proponents, including Virginia Rep. Robert C. Scott, D-3rd, labeled the bill a balanced approach to provide needed intermediate penalties, including civil penalties or a license suspension, that fall short of revoking a dealer's license. … Warnings and revocation of licenses are the only punishments for dealers under current law." The Times-Dispatch notes, "As many as 98 percent of gun dealers' federal violations now result in nothing more than a letter of reprimand, or a meeting with ATF officials in their offices, Scott said during debate of the bill Monday."

ATF Seeks Creation Of Gang Field Office In Seattle Area. The AP (9/27) reports, "The local head of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says he hopes to establish a permanent gang investigation field office here, part of a growing law enforcement response to gang activity statewide." The AP continues, "Kelvin Crenshaw, special agent in charge of the ATF's Seattle office, told The Seattle Times he plans to ask his bosses in Washington, D.C., this fall for permission to establish the gang office, which he said would mean more agents and funding for complex investigations." The AP adds, "The plan is part of a response to what law enforcement officials see as a recent increase in gang activity. In Seattle, a regional hub of such crime, 101 cases were referred to the police department's gang unit between Jan. 1 and Aug. 31 of this year - more than the 94 cases in all of 2005. … The ATF has been compiling a regional database of gang members, and last year formed a violent gang task force with members from the FBI, Seattle Police and the King County sheriff's office. Crenshaw's second-in-command, Doug Dawson, said the database will also help officials determine what cases meet the threshold for federal prosecution, determined in part by firearm use and the amount of drugs involved."

IMMIGRATION:

High Court To Consider California Immigrant Car Theft Case. The Los Angeles Times (9/27, Savage) reports, "The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported." The Times continues, "A strict federal immigration reform law passed in 1996 says that immigrants, including permanent residents, who commit an 'aggravated felony' in the U.S. must be sent home, regardless of how long they have lived here or whether they have a family and a job. … But the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies." The Times adds, "Next week, the Supreme Court will take up a separate South Dakota case to determine whether immigrants who are convicted of drug possession can be deported as felons. The outcome is expected to affect tens of thousands of immigrants across the country." The Times notes, "The case before the court involves a California law on auto thefts, but government lawyers said all 50 states have similar measures. … Four years ago, Luis Alexander Duenas-Alvarez, a native of Peru who became a legal U.S. resident, pleaded guilty to stealing a 2002 Honda Accord in Marin County, near San Francisco, and was sentenced to three years in prison. Federal authorities took him into custody for deportation. … The 1996 law has a list of aggravated felonies that lead to deportation, including any theft that carries a prison sentence of more than a year. … Government lawyers contend that any immigrant convicted of auto theft in California should be deported under that law. … But earlier this year, the 9th U.S. Circuit Court of Appeals disagreed. The court ruled that the California law is too broad to fit the definition of theft in the federal law because it includes accomplices to auto theft. … The government counters that all states have laws that allow accomplices to be charged with auto theft. … In their appeal on behalf of U.S. Attorney General Alberto Gonzales, government lawyers said the 9th Circuit was wrong on two points. First, Duenas-Alvarez stole the car and therefore was a thief. And second, Congress meant to include accomplices to the crime when it wrote the federal law."

Fort Bragg ID Sweep Nets 28 Detentions. The Fayetteville (NC) Observer (9/27, Willett) reports, "Fort Bragg officials this morning detained 28 people, mostly construction workers, as they tried to enter post with false or fraudulently obtained identification." The Observer continues, "The operation — the second this year — was conducted at the All American Freeway access-control point between 6 and 8 a.m. … In July, 58 people were detained at the Knox Street and Randolph Street entrances to Fort Bragg." The Observer adds, "Tom McCollum, a Fort Bragg spokesman, said the 28 were taken to a immigration detention center in Cary. … People caught in the sweep could be charged with presenting a false or fraudulently obtained federal or state identification and criminal trespassing, according to a statement about today's operation. … Following the July 18 sweep, all but 10 of the 58 people detained were charged with illegal entry into the United States. Six people received federal jail sentences in August, and the other 42 each pleaded guilty to a single charge related to their illegal status. … Agencies involved in today's sweep included: Fort Bragg's Directorate of Security and Emergency Services, U.S. Immigration and Customs Enforcement, U.S. Marshals, the Defense Criminal

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Investigation Service, the FBI and the U.S. Attorney's Office in Raleigh."

Judge Orders Deportation Of Three Egyptian Students. The AP (9/27, Ross) reports from Omaha, NE, "Three Egyptian students who sparked a nationwide search when they failed to show up for a university exchange program last month were ordered deported Monday." The AP continues, "The students - Mohamed Ibrahim El Sayed El Moghazy, 20; Ahmed Refaat Saad El Moghazi El Laket, 19; and Moustafa Wagdy Moustafa El Gafary, 18 - had admitted they violated U.S. immigration laws and asked Judge James Fujimoto to allow them to return home voluntarily." The AP adds, "Fujimoto, who presided over the hearing via teleconference from Chicago, denied the request and ordered the three deported, citing their brief time in the United States, lack of long-term and family ties here and decision to flee immediately upon entering the country. … In the future, the three will need special permission to ever re-enter the U.S., which they would not have needed if they were allowed to leave voluntarily. … The three were among 17 students from Mansoura University in Egypt invited to a monthlong exchange program at Montana State University. Only six students showed up to the program, prompting U.S. authorities to issue a nationwide search for the remaining 11 students. All were detained, but none were considered a terrorism risk."

McCain Says He Is Inclined To Vote For Narrower Immigration Bill. CNN's The Situation Room (9/26, Blitzer) reported that Sen. John McCain "joined with some Senate colleagues today to make a final likely futile push for comprehensive [immigration] reform this year. But later McCain told CNN he is inclined to vote for a far narrower bill now before the Senate to build a 700-mile security fence along the US-Mexico border. A short while ago, Democrat Ted Kennedy went to the Senate floor to blast that security fence bill. McCain and Kennedy are sponsors of a farther reaching bill that has been stalled in the Senate because of opposition to a key position -- a path to citizenship for many illegal immigrants."

The New York Times (9/27, Swarns, 1.21M) reports McCain and Sens. Arlen Specter and Lindsey Graham "said they supported border security, including a measure to add fencing to the border with Mexico. But they said that such measures alone would fail to deal with the illegal residence in this country of about 11 million immigrants as well as labor shortages in particular industries."

Meanwhile, USA Today/AP (9/27, Gamboa) reports, "A senior GOP senator blocked Republican leaders Tuesday in their efforts to add immigration, handgun and Internet gambling measures to a defense bill." Sen. John Warner, chairman of the Senate Armed Services Committee, "rejected requests from Senate Majority Leader Bill Frist and House Speaker Dennis Hastert to add the items to his bill on military pay." Warner "said in a memo to Frist he is 'firmly opposed' to including unrelated measures in the defense bill."

Supreme Court To Examine Provision In 1996 Reform. The Los Angeles Times (9/27, Savage, 918K) reports, "The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported." A "strict federal immigration reform law passed in 1996" says that "immigrants, including permanent residents, who commit an 'aggravated felony' in the US must be sent home, regardless of how long they have lived here or whether they have a family and a job." But "the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies."

States, Municipalities Now Enforcing Immigration Laws. The Washington Post (9/27, A1, Whoriskey, 748K) reports from Charlotte, NC, "Police here operated for years under what amounts to a 'don't ask, don't tell' policy toward illegal immigrants. As elsewhere in the United States, law enforcement officers did not check the immigration status of people they came into contact with, and in the vast majority of cases, a run-in with the law carried little threat of deportation." But "that accommodation for the burgeoning illegal population ended abruptly in April, when the Mecklenburg County sheriff's office began to enforce immigration law, placing more than 100 people a month into deportation proceedings. Some of them had been charged with violent crimes, others with traffic infractions." The Post adds, "Besides Mecklenburg, six other state and local law enforcement agencies have started similar programs in recent years. A dozen more are being worked out with U.S. Immigration and Customs Enforcement. And in the past three months, hundreds of state and local departments have inquired about similar efforts, said Robert J. Hines, who heads the program for the ICE."

Rohrabacher Asks Gonzales To Reassess Prosecution Of Border Patrol Agents. The Washington Times (9/27, Seper, 88K) reports, "Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called 'the exceedingly harsh prosecution' of two US Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks." Said the lawmaker, "This proceeding has garnered national attention calling into question the administration's commitment to secure our borders. He added that "the two agents -- Ignacio Ramos and Jose Alonso Compean – 'were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler.'" The California Republican's letter also "called for the agents' sentencing

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next month to be postponed 'due to significant concerns over the circumstances surrounding' their prosecution."

TAX:

Rangel Says Eliminating Tax Cuts Is On Table. The Washington Times (9/27, Harper, 88K) reports in its "Inside Politics" column, "Rep. Charles B. Rangel of New York, the top Democrat on the tax-writing Ways and Means Committee, said yesterday he wouldn't rule out killing any of President Bush's tax cuts in order to alleviate the dreaded Alternative Minimum Tax and balance the budget, Congress Daily reported. Mr. Rangel stipulated that 'everything has to be on the table' when considering which tax cuts must go, and when asked if he'd consider tax increases across the income spectrum, he answered, 'No question about it.' His remarks caused an immediate outburst among Republicans, claiming the Democrat had just admitted his party will indeed raise taxes if it comes to power in November."

CONGRESS-ADMINISTRATION:

Congress Poised To Approve $448 Billion Defense Budget. The AP (9/27, Taylor) reports, "Just days before leaving Washington to campaign, Congress is moving to provide $70 billion more for military operations in Iraq and Afghanistan as part of a record $448 billion Pentagon budget. With Iraq alone costing about $8 billion a month, another infusion of funds will be needed next spring." After final passage (the Senate has not acted yet), "Congress will have approved $507 billion for Iraq, Afghanistan and heightened security at overseas military bases since the Sept. 11 attacks five years ago, according to the Congressional Research Service. The growing price tag of the Iraq conflict is partly driven by the need to repair and replace military equipment worn out in harsh, dusty conditions in Iraq and Afghanistan or destroyed in battle. ... While the measure enjoys sweeping support, the brief debate sparked partisan exchanges over the Iraq war." House Democrat Jerrold Nadler and House Republican Tom Cole are quoted. The Washington Post/AP (9/27) runs a shorter version of this article.

Senate Democrats Seek To Block GOP Legislative Priorities. The Washington Times (9/27, Hurt, 88K) reports, "Senate Democrats are blocking Republicans from passing several of their top legislative priorities this week, including new border fencing, two of the Bush administration's key counterterrorism programs and a drastic reduction in the estate tax. 'The legislative corner they've painted themselves in is very difficult,' Senate Minority Leader Harry Reid, Nevada Democrat, told reporters yesterday." Democrats, "while accusing Republicans of presiding over a 'do-nothing' Congress, are slow-walking legislation but appear unlikely to kill outright any of the security measures as elections approach." Asked yesterday "whether Democrats will take advantage of Senate rules that allow lawmakers to demand 30 hours of debate on each bill, Mr. Reid replied: 'Well, unless there's some agreement, we're going to go ahead and do the 30 hours.'" Roll Call (9/27, Billings) says Reid "is looking ahead to the next session, when he expects to have a stronger hand to play and share more in common with his Republican counterpart." In "a wide-ranging interview," Reid "said he has high expectations for both the upcoming midterm elections and the 110th Congress itself. He also expressed optimism about working with the man all but certain to be the next Senate Republican leader, Majority Whip Mitch McConnell (Ky.)."

Mann, Ornstein Criticize 109th Congress. In a Los Angeles Times op-ed (9/27), Thomas Mann of the Brookings Institution and Norman Ornstein of the American Enterprise Institute say, "Even those of us with strong stomachs are getting indigestion from the farcical end of the 109th Congress, slated for early Saturday. This Congress hit the ground stumbling and has not lifted itself into an upright position. With few accomplishments and an overloaded agenda, it is set to finish its tenure with the fewest number of days in session in our lifetimes, falling well below 100 days this year." This "part-time Congress has other parallels to the famous 'Do-Nothing 80th Congress' that Harry Truman ran against successfully in 1948. The output of the 109th is pathetic measured against its predecessors and considering its priorities, which included a comprehensive immigration bill, tax reform and the research and development tax credit, lobbying and ethics reform, healthcare costs and insurance coverage, trade agreements, procedures for the detention and trial of suspected terrorists, and regulations for the oversight of domestic wiretaps, among many others. With just days to go before Congress adjourns and the fiscal year begins, not a single one of the 11 appropriations bills that make up the range of government programs has been enacted into law." But the "big problem with this Congress is not what it didn't do, it is what it did, and did badly. As of Tuesday, there were three must-pass pieces of legislation pending: defense and homeland security appropriations and the annual Department of Defense authorization."

Bush Signs Bill Creating Online Database Of Federal Spending. USA Today (9/27, 2.27M) says "President Bush yesterday "signed legislation to create an online database for tracking about $1 trillion in government spending on grants and contracts. The law is intended to prevent wasteful spending by opening the federal budget to

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greater scrutiny." The AP (9/27, Pickler) reports Bush said in his signing statement, "Information on earmarks will no longer be hidden deep in the pages of a federal budget bill, but just a few clicks away. … This legislation will give the American people a new tool to hold their government accountable for spending decisions. When those decisions are made in broad daylight, they will be wiser and they will be more restrained."

The Washington Times (9/27, Dinan, 88K) reports, "Written by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the legislation creates a database available to the public through a Web site. It will list every entity receiving federal funds, along with information about the amount and purpose of the spending." Clay Johnson, deputy director for management at the White House Office of Management and Budget, "said the information already exists, but now the administration must collect and compile it into a consistent format."

Johanns Says Bush Administration Wants Say In Next Farm Bill. The Dow Jones Newswire (9/27) reports Agriculture Secretary Mike Johanns Tuesday said the Bush Administration wants to "have an impact" on how the next farm bill is written in 2007. While acknowledging that Congress will write the next farm bill, Johanns "stressed that it'll be President George W. Bush who either approves or vetoes it." The USDA will publish its proposal for the next farm bill in January, and Johanns told a farm group luncheon that "first on his list" is the "fair" distribution of farm subsidies and the reform of "inequities" in the system. Johanns said US farm policy needs to be "beyond challenge" by member countries of the World Trade Organization. However, Dow Jones says the Bush administration's positions have placed it at odds with some of the largest farm organizations. Farm Bureau President Bob Stallman said, "For the short term, and until we get a WTO negotiation…we ought to forgo major changes to our farm policy."

Spellings Outlines Higher Education Reforms. U.S. Secretary of Education Margaret Spellings received widespread coverage for her National Press Club address on a report by the Commission on the Future of Higher Education. Coverage focused on proposals for increasing the Pell Grant, establishing a student database and testing at colleges. The AP (9/27, Feller) reports, "Handed a plan to shake up college life in America, Education Secretary Margaret Spellings is endorsing some of its key ideas and promising to get moving on them. Her overarching theme is to make everything about college -- choosing one, affording one, succeeding in one -- easier for families."

McClatchy (9/27, Douglas) says the Bush administration is "looking to extend its education policies into America's colleges and universities." But "some higher-education officials fear" the plans "will lead to standardized testing at the collegiate level and trample on students' privacy." The proposals would "extend to colleges the principles from President Bush's No Child Left Behind program." And "even before Spellings spoke, several higher-education officials had blasted the proposals, saying they menace student privacy, potentially offer a one-size-fits-all approach to testing and don't sufficiently address student financial aid."

The Wall Street Journal (9/27, Chaker, 2.03M) reports the proposals would "impose tighter standards on colleges and universities" while trying to make "the college process simpler for families" and "colleges more accountable for the services they provide. That causes some in the higher-education community to bristle." The proposals are "prompting questions about the scope of a federal department's authority" and "may prompt conflict with Congress."

The New York Times (9/27, Dillon, 1.21M) reports Spellings "hoped to jolt American higher education out of a dangerous complacency." Spellings called the proposals "the beginning of a process of long-overdue reform." But "many educators opposed the testing proposal, calling it misguided."

The Washington Post (9/27, A8, Romano, 748K) reports Spellings "called yesterday for greater fiscal and academic accountability in higher education and endorsed a controversial plan to keep long-term records on students that would track performance from the time they enter the system in grade school to show how their educations progress." Yet Spellings "largely sidestepped the commission's bold proposal for a substantial increase in need-based Pell Grants."

USA Today (9/27, Marklein, 2.27M) reports Spellings "called Tuesday for greater accountability by colleges and universities, including the creation of a national database to track how well students learn." The proposed "database has been among the commission's most controversial proposals, mostly because of concerns about student privacy."

Bloomberg (9/27, Basken) reports Spellings "called on the nation's 3,700 colleges to cut costs while doing a better job of proving how well they teach." She "also promised to ask Congress for more aid for low-income students, without endorsing the panel's specific suggestion of a 50 percent increase." Colleges "have resisted the idea of standardized tests, saying school provides an experience too diverse to be measured by any uniform means."

Swagel Nominated To Be Assistant Treasury Secretary. The Wall Street Journal (9/27, 2.03M) reports, "The White House nominated Phillip Swagel, an economist at the American Enterprise Institute, to be assistant secretary of the Treasury for economic policy." Swagel, "a former chief of staff at the White House's Council of Economic Advisers, was

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tapped as part of Treasury Secretary Henry Paulson's personnel makeover. … If confirmed by the Senate, Mr. Swagel would succeed Mark Warshawsky, who left Treasury this year to join consulting firm Watson Wyatt Worldwide."

GAO Criticizes DOD Travel Booking System. The Washington Post (9/27, Williamson, 748K) reports, "After a decade and more than $500 million in costs, the Defense Department's new travel booking system doesn't work, it doesn't save money, and most staff members don't use it," according to the GAO. The GAO said "that defense officials offered a credit card company news release as sole proof for its claim that the system saves millions of dollars each year." Senator Tom Coburn complained of "very effective lobbying by the contractor," Northrop Grumman. Senator Norm Coleman is also quoted complaining of "unconscionable waste," while Undersecretary David S. C. Chu "strongly objected to criticism of the Pentagon's estimates of personnel cost savings

Cheney's Helicopter Left Sitting On Tarmac As Bush's Takes Off First. The Washington Post (9/27, A25, Kamen, 748K) reports in its "In the Loop" column that there may now be a new rule for Washington Residents "Never get in the way of President Bush heading for his soft down pillow. Seems Vice President Cheney , in Grand Rapids, Mich., on Monday, landed at Andrews Air Force Base at 8:10 p.m. -- a full two minutes before Air Force One touched down. But being president means never having to wait your turn. So Bush bounded down the steps, our colleague Peter Baker reports, and onto his chopper before Cheney's entourage even realized what was happening. Marine One quickly powered up, forcing Marine Two to sit on the tarmac until the top bird lifted off."

Website Publishing Congressional Aide Salary Information. The Washington Post (9/27, A25, Goldfarb, 748K) reports a Website "documenting the salaries of the roughly 20,000 Capitol Hill employees went live last week -- and almost as soon came crashing down." By law, "the salaries of Hill staffers have long been available in thick books in the offices of the House and Senate clerks. The site came down because of the rush of traffic from computers housed in Congress -- and elsewhere." It was "a sign of the intense interest percolating on Capitol Hill and political blogs about the just-launched LegiStorm (http://www.legistorm.com). The site quickly went back online, offering a window for Hill staff and strangers alike into what everyone -- from senior senators' chiefs of staff to the House barber -- earns per year." The LegiStorm data "show that slightly more than 200 Senate staffers earn $150,000 per year. Close to 300 House staffers make that amount, many of them on the House Appropriations Committee. Most employees seem to make about $50,000 to $60,000 per year. Many paid interns -- which Hill aides often start their careers as -- take home barely $200 per month."

O'Connor Criticizes Atmosphere Of Judicial Intimidation. In a Wall Street Journal op-ed (9/27), former Justice Sandra Day O'Connor sys, "In November, South Dakotans will vote on a state constitutional amendment being advocated by a national group called 'JAIL 4 Judges.' If the amendment passes, it would eliminate judicial immunity, and enable a special grand jury to censure judges for their official legal determinations." Although the amendment's supporters "claim they seek a 'judicial accountability initiative law' (JAIL), they aspire to something far more sinister -- judicial intimidation. Indeed, the national Web site of JAIL 4 Judges boasts with striking candor that the organization 'has that intimidation factor flowing through the judicial system.'" While it is "tempting to dismiss this proposed amendment as merely an isolated bout of anti-judge angst," it is "far from alone in expressing skepticism of the judiciary. In addition to South Dakota, this election cycle has witnessed efforts in at least three other states that are designed to rein in judges who have supposedly 'run amok.'" Congress has "also has engaged in recent efforts to police the judiciary." But "all of society has a keen interest in countering threats to judicial independence. Judges who are afraid -- whether they fear for their jobs or fear for their lives -- cannot adequately fulfill the considerable responsibilities that the position demands."

Congress Urged To Pass Bill Aiding Disadvantaged Youth. In a Washington Times op-ed (9/27), Karen Burke Morison, former staff director for the White House Task Force for Disadvantaged Youth, says, "Congress has an opportunity to fix some costly problems that affect the hundreds of federal programs that target disadvantaged youth, by passing the Federal Youth Coordination Act. These problems were aptly identified by the White House Task Force for Disadvantaged Youth, a group created by President Bush in late 2002." The task force "reported that there were more than 300 such programs scattered throughout 12 agencies. They also found the total spending for these programs was significant ($223.5 billion in fiscal 2003), about one-tenth of the federal budget." Coordination should "be mandatory with children's programs, because it's about what services an agency offers as well as who receives them." The Federal Youth Coordination Act (H.R. 856/S. 409) "was passed by the House in late 2005 with a strong bipartisan majority. But the bill, which recently received the endorsement of the American Bar Association, has been stalled in the Senate. There is no good reason not to pass this bill, which could put some sanity into the process."

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OTHER NEWS:

Consumer Confidence Up. The Financial Times (9/27, Pimlott) reports, "US consumer confidence recovered from August's nine-month low to post a stronger than expected gain this month as prices at petrol pumps fell sharply." The consumer confidence index "rose to 104.5, up from 100.2 in August. September's data came in above economists' expectations, according to Bloomberg, that this month's figure would stand at 103. Consumers told researchers that there were more jobs available and that they expected to earn more in the coming months."

The Wall Street Journal (9/27, McAuley, 2.03M) reports, "Consumer expectations for the state of economic activity over the next six months increased to 89.0 from 84.4 in August." The Conference Board "noted in the report that respondents who assess economic conditions as 'good' increased to 27.4% in September from 26.2%, while those who termed current conditions as 'bad' slipped to 15.4% from the 16.6% who held that view in August."

USA Today (9/27, Kirchhoff, 2.27M) says that though consumer confidence "rebounded from a nine-month low in September," it is "still hovering near one of the lowest levels of the year, according to Tuesday reports indicating moderate economic growth."

World Economic Forum Ranks US As Sixth-Most Competitive Economy. The Wall Street Journal (9/27, Walker, 2.03M) reports, "The US's huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, an institute in Switzerland. The institute's annual study of global competitiveness says the US economy is the sixth most-competitive in the world, slipping from first place in last year's ranking, a result of mediocre scores for its public finances." Switzerland "ranks No. 1 in this year's survey, thanks to what the forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries -- Finland, Sweden and Denmark -- come next, followed by Singapore and the US."

Steven Pearlstein writes in the Washington Post (9/27, D1, 748K), "The predictable response from the business community will be to use these studies to warn of impending economic ruin unless the government adopts the Republican agenda of less regulation, lower taxes, tort reform, and relieving companies of health-care and pension costs. Don't be fooled. These reports speak to the embarrassing failure of a decade of Republican rule in improving US competitiveness." Business taxes, "as a percentage of anything you want to measure, are at their lowest level in decades. The Bush White House has subjected new regulations to rigorous cost-benefit analysis. Several reforms make it less attractive for shareholders, workers and consumers to file frivolous lawsuits, but not necessarily for businesses. And in case you hadn't noticed, businesses have already made tremendous strides in shifting health-care and pension costs to workers."

Stocks Up; Dow At Second-Highest Closing Ever. ABC World News (9/26, story 5, 0:10, Gibson) reported, "Wall Street's powerful September rally kept going today, pushing the Dow Jones Industrial Average to their second-highest close ever. The Dow pushed up 93 points to 11,669. That's just 54 points below its all-time high. Rising consumer confidence also held the NASDAQ, which gained 12 points." The Wall Street Journal (9/27, Browning, 2.03M) says "the broad Standard & Poor's 500-stock index finished at a 5½-year high of 1336.34, up 0.8%, or 9.97 points. It is up 7.1% this year and 5.2% so far this quarter."

NBC Nightly News (9/26, story 4, 1:50, Williams, 9.87M) showed Maria Bartiromo of CNBC saying, "There really is a growing sense of optimism among investors. It has so much to do with the price of oil. Had you look at gasoline it is way down from the more than $3 a gallon we saw just a couple of months ago across the country. Oil prices, crude oil, close to $80 a barrel just a few months ago. Now they're down at $61 a barrel. I think people are looking at that drop-off in oil and thinking, well, this economy is growing. It is not too hot but it is growing and going into the last quarter of the year where we have the important holiday shopping season, people do have the ability to spend money because they don't have that pressure from the price of oil and that will certainly bode well for corporate profits. That was really behind it."

Hillary Clinton Defends Husband's Fox Interview Performance. ABC World News (9/26, story 2, 2:30, Gibson) reported, "The battle over terrorism and national security has also become a political scrap between the Clintons, both Mr. and Mrs., and the Bush Administration, over who deserves more blame for not preventing the 9/11 attacks. In recent days, the words have become more bitter, more personal." ABC (Tapper) added, "Republicans have won the last two elections on national security issues. The question is, can Democrats fighting back so aggressively break that streak? Or does it just bring attention to what's been a losing issue for them?"

NBC Nightly News (9/26, story 2, 3:40, Williams, 9.87M) reported, "It's not as if we can bring anyone back who was lost on 9/11, but suddenly, both sides are debating over which president did what to try to kill or capture Osama bin Laden and head off the al Qaeda threat. Today Sen. Hillary Clinton of New York praised heir husband's performance in that combative TV interview over the weekend, defending his record on terrorism and pursuing Osama bin Laden. Then she took her own swing at the Bush Administration."

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The AP (9/26, Humbert) reports ex-President Clinton's "angry response to questions about Osama bin Laden has partisans of every persuasion certain it will energize voters in the elections and affect a possible presidential bid by his wife." Conservatives "immediately labeled the interview a prime example of the soap opera that would run daily should another Democrat -- say, for example, Sen. Hillary Rodham Clinton -- win the White House." But Democrats "argued the former president's feisty dressing-down of Fox News' Chris Wallace is just the wake-up call the party's liberal base needed six weeks before the election, a pointed criticism of the Bush administration's bungled search for bin Laden. Either way, don't expect the furor to subside any time soon."

The AP (9/26) reports Sen. Clinton "hit back at Secretary of State Condoleezza Rice on Tuesday as the political fighting escalated over which president -- Bill Clinton or George W. Bush -- missed more opportunities to prevent the Sept. 11 attacks." Sen. Clinton said, "I think my husband did a great job in demonstrating that Democrats are not going to take these attacks. I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined To Attack Inside the United States' he would have taken it more seriously than history suggests it was taken by our current president and his national security team." CNN's The Situation Room (9/26, Blitzer) reported Sen. Clinton "is praising her husband's performance in that feisty television interview."

The New York Times (9/27, Hernandez, 1.21M) says the "war of words between the Bush administration and the Clintons intensified on Tuesday" as Sen. Clinton "suggested that her husband would have reacted differently as president if he had heard the same warnings." In "unusually blunt terms," she "questioned the current administration's response" to the Bin Laden Attack intelligence briefing, and "ratcheted up an already bitter exchange of charges between the Bush and Clinton camps over how the two administrations responded to the threat posed by Al Qaeda before the attacks." Meanwhile, the Washington Post (9/27, A12, Baker, 748K) reports Bush "complained yesterday that Clinton was engaging in 'finger-pointing' by attacking the current administration's actions before the hijackings. 'I don't have enough time to finger-point,' Bush said."

More Commentary. In her New York Times (9/27, 1.21M) column, Maureen Dowd writes, "Hillary is morphing from workhorse back to show horse, paving the way for her historic presidential race with a series of big policy speeches. And she is taking on the other dynasty more energetically" with her defense of her husband.

In a Wall Street Journal (9/27, A18, 2.03M) op-ed, Richard Minister of the Hudson Institute writes, "Bill Clinton's outburst on Fox News was something of a public service, launching a debate about the antiterror policies of his administration. This is important because every George W. Bush policy that arouses the ire of Democrats -- the Patriot Act, extraordinary rendition, detention without trial, pre-emptive war -- is a departure from his predecessor. Where policies overlap -- air attacks on infrastructure, secret presidential orders to kill terrorists, intelligence sharing with allies, freezing bank accounts, using police to arrest terror suspects -- there is little friction. The question, then, is whether America should return to Mr. Clinton's policies or soldier on with Mr. Bush's. … While it is easy to look back in hindsight and blame Bill Clinton, the full scale and nature of the terrorist threat was not widely appreciated until 9/11. Still: Bill Clinton did not fully grasp that he was at war. Nor did he intuit that war requires overcoming bureaucratic objections and a democracy's natural reluctance to use force. That is a hard lesson. But it is better to learn it from studying the Clinton years than reliving them."

Midterm Election Ads Seen As "Most Toxic" In Memory. The New York Times (9/27, Nagourney, 1.21M) reports Republicans and Democrats "began showing at least 30 new campaign advertisements in contested House and Senate districts across the country on Tuesday. Of those, three were positive." For Republicans, "it was the leading edge of a wave of negative advertisements against Democratic candidates, the product of more than a year of research into the personal and professional backgrounds of Democratic challengers." For Democrats, it "was part of a barrage intended to tie Republican incumbents to an unpopular Congress, criticize their voting records, portray them as captives to special interests and highlight embarrassing moments from their business histories." The "result of the dueling accusations has been what both sides described on Tuesday as the most toxic midterm campaign environment in memory." Democratic and Republican strategists "said they expected over 90 percent of the advertisements to be broadcast by Nov. 7 to be negative."

Some Conservatives Prefer Democratic Congressional Majority. The Wall Street Journal (9/27, A4, Dreazen, 2.03M) reports a "small but vocal band of conservative iconoclasts say they would prefer to see their own party lose" control of Congress in the midterm elections. The "array of former members of Congress and officials from Republican administrations dating to the 1970s are using opinion articles, speeches and interviews to make the surprising -- and, to many of their friends and colleagues, near-heretical -- argument that it would be better for the country if their party lost." The Republican "rebels say the modern Republican Party has so abandoned its conservative beliefs that it deserves to be defeated by the Democrats." The WSJ identifies "three factors" that "are driving the conservative backlash." Fiscal hawks "are furious about the

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growth of the federal government. Conservative lawyers such as Bruce Fein, who worked in the Nixon Justice Department and Reagan Federal Communications Commission, are upset that Congress allowed President Bush to claim expansive powers to eavesdrop on American citizens and detain suspected militants without trial. Others say the war in Iraq is a costly diversion from the war on terror." Other Republicans "couch their desire for Republican losses in political terms, arguing that Democratic control of Congress for at least two years would increase the chances of Republicans retaining the presidency in 2008."

Marriage "Gap" Could Play Role In House Elections. USA Today (9/27, Cauchon, 2.27M) reports a USA TODAY analysis of 2005 Census data shows "House districts held by Republicans are full of married people. Democratic districts are stacked with people who have never married. This 'marriage gap' could play a role in the Nov. 7 congressional elections." Twenty-seven "of the 38 Republican-held districts with seats considered vulnerable by independent political analysts have fewer married people than found in the average GOP district." The USA TODAY analysis also shows that Republicans "control 49 of the 50 districts with the highest rates of married people." Democrats "represent all 50 districts that have the highest rates of adults who have never married." The "political tug-of-war is between people who are married and those who have never been. The 'never married' group covers a variety of groups who form the Democratic base: young people, those who marry late in life, single parents, gays, and heterosexuals who live together."

USA Today (9/27, Cauchon, 2.27M) also runs an extended analysis of the "marriage gap" phenomenon, noting GOP Congress members "represent 39.2 million children younger than 18, about 7 million more than Democrats. Republicans average 7,000 more children per district." Democratic districts "that have large numbers of children tend to be predominantly Hispanic or, to a lesser extent, African-American. This 'fertility gap' is crucial to understanding the differences between liberals and conservatives, says Arthur Brooks, a professor of public administration at Syracuse University. These childbearing patterns shape divisions over issues such as welfare, education and child tax credits, he says." Brooks says, "Republicans are congenial to traditional families, which is clearly the best way for kids to grow up. But there are some kids who don't have that advantage, and Democrats are very concerned with helping those kids."

Cheney Attends His 100th Fundraiser Of Midterm Cycle. CNN's The Situation Room (9/26, Roberts) reported, "The Vice President hit a milestone this week, his 100th fund-raiser of the midterm election cycle -- not far behind, President Bush, with just under 70 now. In total, Republican candidates and campaign committees have so far raised more than $870 million."

Democrats Seek Lobbyist Contributions. The Hill (9/27, Bolton) reports House Democrats "are making an intense final push to raise inside-the-Beltway money before Congress adjourns, collecting most of it from the lobbying industry they have distanced themselves from this election cycle." Lobbyists "representing corporate clients are an important source of political contributions — funding that is vital to their chances of capturing the chamber. At the same time, Democrats have spent a lot of time and effort asserting that Republican rule has created a 'Culture of Corruption' because of close ties between the GOP and certain special interests." The "dynamic has created awkwardness for some Democrats." Democratic leaders "asked their entire caucus to come into the Democratic Congressional Campaign Committee (DCCC) headquarters" on Tuesday and Thursday "to make fundraising calls." On Tuesday night, "the DCCC held a fundraiser at Bistro Bis, a high-end restaurant a short walk from the Capitol, featuring lawmakers poised to take over as the chairmen of House committees." Apart from "the event held by the party fundraising committee, the Democratic ranking members of committees and subcommittees have been raised money aggressively. Several senior Democrats have held multiple fundraisers since Labor Day, collecting money for their party and Democratic candidates but also giving lobbyists and representatives of the business community opportunities to renew old acquaintances or forge new ones."

Challenger Seeks Investigation Of Murtha's Links To Lobbying Firms. Roll Call (9/27, Bresnahan) reports the Republican challenger "to Rep. John Murtha (D-Pa.) has asked the Justice Department to investigate whether Murtha traded appropriations earmarks for hundreds of thousands of dollars in campaign contributions from the clients of lobbying firms with close ties to the veteran lawmaker, including one where his brother works." Washington County Commissioner Diana Irey, "Murtha's GOP opponent, delivered a letter to Mary Beth Buchanan, the U.S. attorney for the Western District of Pennsylvania, requesting that Justice begin a probe of Murtha immediately." A Murtha spokesman "denied Irey's accusations, calling it a political stunt by a long-shot challenger." Roll Call adds the "allegations about Murtha's relationship with the PMA Group and KSA Consulting — a lobbying firm that employs Murtha's brother, Kit Murtha, as well as a former aide — were first reported by the Los Angeles Times in June 2005." Since then, "some House Republicans have called publicly for an ethics probe of Murtha, although no GOP lawmakers have stepped forward to officially file a complaint against him.

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Citizens for Responsibility and Ethics in Washington recently included Murtha on a list of the most corrupt Members of Congress."

Third Acquaintance Claims Allen Used Racist Slur. The New York Times (9/27, Kirkpatrick, 1.21M) reports, "Another acquaintance of Senator George Allen," Ellen G. Hawkins, said "she heard him use a racial slur in 1976, contradicting a statement he made Monday in an effort to tamp down similar accusations." Allen campaign manager, Dick Wadhams, "called the account by" Hawkins "another false accusation." Hawkins, who "described herself as a rural Virginia housewife and an active Democrat, said in an interview Tuesday that she heard Mr. Allen use the slur repeatedly at a party on election night in 1976." She said Allen "used the term while deprecating the intelligence of the black players on the Washington Redskins football team, which Mr. Allen's father coached. Recalling remarks about its star running back, Larry Brown, Mrs. Hawkins said that Mr. Allen 'started in effect bad-mouthing him, saying what a shiftless you-know-what' he was." She said "she remembered the conversation because she was a big fan of the team and was shocked. She said Mr. Allen's statement on Monday was 'just plain a lie.'"

CNN's The Situation Room (9/25, Blitzer) reported, "For the third time in recent weeks," Allen "is getting a crash course in damage control. The embattled Virginia Republican is vehemently denying that he has used racial slurs against blacks or that he's a racist. But today the allegations persist." CNN (Franken) added the "poisonous drum beat has transformed what was supposed to be an easy reelection for Allen. One of his top campaign officials tells CNN this race is competitive now. At their behest, other teammates have stepped forward to vigorously deny Allen was ever racist."

MSNBC's Hardball (9/26, Shuster) reported that Allen "is now facing a political death by a thousand cuts. The latest came today in the New York Times and Washington Post. On the heels of a story first written by Salon.com, the papers reported that three former classmates of Allen at the University of Virginia say he used the N-word to refer to blacks in the early 1970s. Allen denies the charge," but "noted political scientist, Larry Sabato, who went to college with Allen, said Allen's accusers are telling the truth."

Webb Campaign Said To Be Surging. MSNBC's Hardball (9/26, Shuster) reported that "the campaign of Democratic challenger Jim Webb is surging, raising more than $1 million last month alone. Webb has had his own challenges but he seems to be handling them far better than Allen. When Webb was asked about an article he wrote 27 years ago calling for women to be kept out of the service academies, Webb took responsibility immediately and apologized."

Webb Declines To Say If He Used Racist Slur. The AP (9/27, Espo) reports Democrat Jim Webb "declined to say definitively Tuesday whether he had ever used a common derogatory term to describe blacks, stepping carefully after watching his campaign rival confront charges of racism." Webb said, "I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time or another in their life." The AP adds Webb "referred to his novel, 'Fields of Fire,' which aides said includes occurrences of the n-word as part of character dialogue. But he added: 'I have never issued a racial or ethnic slur.'" Asked for "clarification of his original answer, spokeswoman Jessica Smith quoted Webb as saying, 'I have never used that word in my general vocabulary or in any derogatory way.'"

Virginia Republicans Want Allen To Focus On Accomplishments. The Washington Times (9/27, McLaughlin, 88K) reports Virginia Republicans say Allen's "floundering campaign" should "concentrate more on his accomplishments than on attacking his opponent or responding to charges of ethnic insensitivity." House Majority Leader H. Morgan Griffith said, "He really rewrote Virginia history with welfare reform, education reform, the abolition of parole -- those are three big items."

Steele Quickly Responds To First Negative DSCC Ad. The Washington Times (9/27, Ward, 88K) reports, "National Democrats yesterday ran their first TV ad against Maryland Lt. Gov. Michael S. Steele's U.S. Senate bid, prompting an immediate response ad from Mr. Steele." The Democratic Senatorial Campaign Committee (DSCC) ad "says Mr. Steele 'likes puppies, but he loves President Bush,' showing a picture of Mr. Steele and Mr. Bush in a heart-shaped frame." Steele "responded by releasing an ad that criticizes his Democratic opponent, Rep. Benjamin L. Cardin, for taking money from drug companies and voting against the importation of prescription drugs from Canada." The DSCC's "mention of puppies refers to an ad Mr. Steele released earlier this month warning of negative campaign ads from 'the Washington crowd.' Saying that he will be accused of 'hating puppies,' Mr. Steele says, 'For the record, I love puppies,' in the ad."

The Washington Post (9/27, B5, Marimow, 748K) reports Democrats "began airing an ad that called such puppy talk a diversion from Steele's relationship with President Bush and his position on issues such as abortion and stem cell research. Steele, and the growling puppy, were on the air hours later, decrying the Democratic spot as the work of Washington insiders, particularly his Democratic opponent, Rep. Benjamin L. Cardin (D)." The DSCC ad "is a

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direct jab at Steele's much-talked-about spot that cast the lieutenant governor as a different kind of politician. In that ad, Steele, looking more like a talk show host than a politician, warns viewers of forthcoming negative ads." Steele's "quick retort yesterday labels the Democratic spots as 'nasty ads from the Washington crowd.' He brings back the puppy, which growls in agreement."

Chafee Criticized For Supporting GOP Leaders. In his Washington Post column (9/27, A27), Harold Meyerson says Sen. Lincoln Chafee "is seeking reelection in his heavily Democratic state by insisting he's not really a Republican, or at least not part of the gang responsible for the decade's debacles." But "big deal. It matters not a damn whom Lincoln Chafee chose to support for president." The election "in which his vote did matter was that for majority leader of the Senate. There, he was one of just 100 electors, in a Senate nearly evenly divided. After this November's elections, control of the Senate may well hang by a single vote. And if Chafee truly wished to alter the course of his party and his country in the spirit of his vote for Poppy Bush, he would, if reelected, cast his vote for majority leader when the new Senate convenes for Bob Dole or Howard Baker -- former Republican leaders who showed a decent respect for reality and an interest in doing the nation's business. Rather than support an administration lapdog such as Kentucky's Mitch McConnell, the Republican whip, whom his party will probably put forth to run the Senate next January, Chafee would vote for some old-school GOP pol." Meyerson continues to criticize "moderate" Republicans such as Olympia Snowe and Mike DeWine, who also would probably vote for McConnell in the leadership elections.

RNC Devoting One-Third Of Fall Ad Budget To Three Senate Races. Roll Call (9/27, Kane) reports the Republican National Committee "already has devoted close to a third of its advertising budget this fall to just three critical Senate races, with all indications that the committee hopes to build a firewall around those states to ensure the chamber's GOP majority." The RNC is "focusing its nearly $30 million advertising war chest on the battleground Senate races in Ohio, Missouri and Tennessee, according to Federal Election Commission records and interviews with a handful of top Republican operatives." While aides "warned that the state of play could change in the final six weeks of the campaign, several GOP strategists said that the current plan was for the RNC to continue focusing its television campaign on those three states." FEC records "bear out that plan so far, with the RNC showering more than $3.8 million in independent expenditures in those states in recent weeks — $2.8 million of that aimed at Rep. Sherrod Brown (D-Ohio), who is trying to unseat Sen. Mike DeWine (R)." Democratic sources "involved in media purchases" also said "the RNC also has reserved another $4.7 million worth of ads in Missouri, Ohio and Tennessee, devoting more than $8.5 million worth of independent expenditures reserved for just those states so far."

NRCC Wades Into MN6 To Bash Wetterling. Roll Call (9/27, Duran) reports Republicans "believe Minnesota's 6th Congressional district is solid GOP turf, but given the unfavorable political climate they have endured this cycle, they are not taking it for granted." The National Republican Congressional Committee "paid more than $310,000 to begin running ads Monday in the suburban and exurban Twin Cities district to bash Democratic nominee Patty Wetterling." Wetterling, who "gained national prominence as a child safety advocate after her son was kidnapped in 1989, lost to Rep. Mark Kennedy (R) 54 percent to 46 percent in 2004." Despite the "drubbing Kennedy gave Wetterling and Republicans' public confidence in their nominee to replace him, state Sen. Michele Bachmann, the NRCC has spent almost $500,000 on ads and direct-mail pieces hammering Wetterling since mid-August." The Democratic Congressional Campaign Committee "has yet to run independent ads or drop mail pieces in the district." EMILY's List, the "pro-abortion rights political action committee backing Wetterling, is releasing a survey it commissioned on the race today, presumably finding Wetterling hot on Bachmann's heels if not leading."

Padgett Gets Welcome Boost From First Lady In OH18. The Washington Post (9/27, A3, VandeHei, Cillizza, 748K) reports that in Ohio's 18th CD, Republican Joy Padgett, who is running to replace convicted Rep. Bob Ney, "has been in a jam when it comes to finding a big-name Republican who could come to town and bring more than trouble." This "helps explains Padgett's excitement Tuesday as her lunchtime guest of honor took to the podium outside the historic Granville Inn. It was first lady Laura Bush. The president's approval ratings may be in the drain, but the first lady still regularly scores in the high sixties." Democrats are "pressing the scandal issue relentlessly, and it appears to be working with some voters." In a year "when Republicans are battling low poll numbers nationally, there are few places where the GOP brand is more scuffed than in Ohio, where, since President Bush's election-night triumph here two years ago, national and local scandals have polluted the political atmosphere for GOP candidates."

Ohio Hosts Key House, Senate Races. Time.com (9/27, Bacon) reports Gov. Bob Taft's low approval ratings and Rep. Bob Ney's guilty plea in the Abramoff scandal are "not all the problems for the G.O.P. in Ohio." Peter Brown, who surveys Ohio races for the Quinnipiac University Polling Institute, said, "You've got a national anti-Republican, anti-incumbent sentiment that wasn't there two years ago."

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Voters "aren't happy about the economy, Iraq or President Bush here either." Time adds Democratic chances "of winning key races here are so high that top officials are trying to guard against activists getting complacent." And Democrats "remain worried that the G.O.P. will outperform them at getting voters to the polls, much as the Republican turnout operation helped defy the oddsmakers in 2004. Both Democrats and Republicans say a ballot initiative to allow slot machine casino gambling in the state may help to turn out conservatives who would oppose it, although liberals may show up to support a proposed minimum wage increase also on the ballot." The Ohio races "are critical. Democrats need 15 seats to win back the House, and three of their best chances are in Ohio. In the Senate, where they need six seats, this is a place where they could win one." In the 15th CD, Republican Rep. Deborah Pryce faces Democrat Mary Joe Kilroy. If Kilroy, "a Franklin County Commissioner, wins this race, it would be the biggest individual victory for the House Democrats on election night, because Pryce, as the chairman of the House Republicans, is the No. 4 member of the leadership team." In the 1st CD, Republican Rep. Steve Chabot faces Democrat John Cranley, who is "trying to keep voters focused on the problems at hand, running ads blaming Chabot for high gas prices and linking his opponent with voters' frustrations on other issues such as the increasing national debt."

Hospital Officials Defend Salary Increase For Obama's Wife. The Chicago Tribune (9/27, Dorning, 623K) reports officials "at the University of Chicago Hospitals on Tuesday explained a large salary jump for Sen. Barack Obama's wife shortly after he took office as a normal promotion that reflected expanded duties in her job as a liaison with the South Side community surrounding the medical center." Michelle Obama "was promoted to vice president for external affairs in March 2005, two months after her husband took office in the Senate. According to a tax return released by the senator this week, the promotion nearly tripled her income from the hospitals from $121,910 in 2004 to $316,962 in 2005." Hospitals spokesman John Easton "said Obama's salary was in line with the compensation received by the not-for-profit medical center's 16 other vice presidents." Easton said "the hospitals' management had discussed a promotion to vice president with Obama previously but that she had been reluctant to undertake the commitment until her husband's Senate campaign was finished. In part, she wanted to wait until her family had made a decision on whether to maintain their primary residence in Illinois, which they did, and she had a better sense of the demands on her time as a senator's wife, he said."

Democrats Propose Reimbursing States For Backup Paper Ballots. The New York Times (9/27, Urbina, 1.21M) reports three Senate Democrats "proposed emergency legislation on Tuesday to reimburse states for printing paper ballots in case of problems with electronic voting machines on Nov. 7." The proposal "is a response to grass-roots pressures and growing concern by local and state officials about touch-screen machines. An estimated 40 percent of voters will use those machines in the election." Sen. Barbra Boxer, who is co-sponsoring the measure with Sens. Christopher Dodd and Russell Feingold, said, "If someone asks for a paper ballot, they ought to be able to have it." The Times adds Republican leadership aides were skeptical about the prospects for the measure. It would have to advance without opposition from any senator and then make it through the House in the short time available before Election Day."

Ensign To Chair NRSC. Roll Call (9/27, Bresnahan, Billings) reports Sen. John Ensign "will take the helm of the National Republican Senatorial Committee at the start of the 110th Congress, putting the Nevada Republican on the front line of what is certain to be a difficult election cycle for the GOP." Republican leaders "have been scrambling for nearly two months to recruit the next NRSC chairman after Sen. John Thune (S.D.), who was expected to assume the post, opted against a bid. Thune shocked the GOP Conference in early August when he announced he wasn't interested in the position, citing the travel burden and family commitments." Ensign, "who also declined the NRSC post when initially approached by party leaders, said he changed his mind after consulting with friends, colleagues, and his wife, Darlene." Twenty-one Republican Senators "are up for re-election in 2008, versus just 12 Democrats. When combined with the certain competition for donor dollars from a presidential campaign and a renewed battle for the House, the NRSC's ability to raise money and elect its candidates will be tested severely."

Richardson Hints At 2008 Campaign. McClatchy (9/27, Thomma) reports New Mexico Gov. Bill Richardson "insists that he's focused only on helping Democrats win elections this year and won't decide until next year whether to run for president. But over scrambled eggs and sausage Tuesday morning, he gave reporters a preview of the distinctive campaign he'd run - and how much he'd differ from likely rival Sen. Hillary Rodham Clinton of New York." Richardson "boasts a decidedly different resume. He's arguably more candid. And he's definitely funnier." In his remarks, Richardson "ticked off the changes in the Democratic presidential primary calendar and how Western states could play a bigger role in picking the 2008 nominee -

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states that happen to be in his backyard." Asked if he was "already mapping his campaign? 'I'm just kind of observing how it happens,' he said, his smile giving way to a knowing laugh." Richardson "came to Washington to talk about his work as chairman of the Democratic Governors Association and the prospects for this year's 36 gubernatorial elections," and he himself is "coasting toward re-election to a second term." Richardson "acknowledged that, if the election were held today, Democrats would pick up governors' offices in states such as Colorado, Massachusetts, New York and Ohio, but fall short in such states as California, Florida, Georgia, Idaho, Minnesota, South Carolina and Texas."

The Christian Science Monitor (9/27, Cook, 58K) reports that at the Monitor breakfast, Richardson "talked up his party's prospects in the 36 statehouse races that will be decided this November." Richardson said, "I believe we will win the House of Representatives, the Senate probably [is] a little more difficult. I can honestly say I believe we will win a majority of governorships this year.... We will win in New York. We will win in Massachusetts. We will win in Colorado. We will win in Ohio. We will win in Arkansas. We have some very competitive toss ups in Nevada [and] Florida. We will win in Maryland. I would put Maryland in the 'feel confident' [category]." The Monitor adds Richardson was "also in Washington as someone pondering a move from the state house to the White House. The governor told reporters at the breakfast that he 'will make a decision early next year' on whether to run for president. But he is already clearly preparing for a presidential run."

Bass Aide Resigns After Posing As Liberal Blogger. Roll Call (9/27, Akers) reports in its "Heard on the Hill" column, "A top aide to Rep. Charles Bass (R-N.H.) was forced to resign Tuesday for using Congressional office computers to pose as a liberal on political blogs, in an apparent attempt to undermine Bass' Democratic challenger. Bass asked longtime aide Tad Furtado to resign after HOH revealed Monday that the operators of two liberal blogs in New Hampshire had traced the suspicious poster's Internet protocol address to the House of Representatives' computer server." House ethics rules prohibit employees from using government resources to engage in campaign activity. Furtado "posted blog comments under the pseudonym 'IndyNH' and 'IndieNH.' He pretended to be a liberal who didn't think Bass' opponent, Paul Hodes, could win."

Iraq War Protesters Arrested At Hart Senate Building. The Washington Post (9/27, A14, Boorstein, 748K) reports, "The quiet, sunny atrium of the Hart Senate Office Building was transformed into a chaotic scene yesterday when dozens of war protesters filed into the lobby, formed a prayer circle, shouted Scripture and eventually were arrested as Senate staffers hung over railings and crammed glass-walled offices to watch." The Post adds, "Employees in the building and longtime area activists said they had never seen police allow such a demonstration in a government office building, with activists one and two stories up reading the names of the Iraq war dead, civilian and military."

Justices To Examine Links Between Credit Ratings, Insurance Rates. The Wall Street Journal (9/27, Anderson, 2.03M) reports, "The Supreme Court agreed to decide whether insurance companies must tell consumers that their low credit scores resulted in higher rates for coverage." Insurance companies "have faced a wave of class-action lawsuits alleging they violated the Fair Credit Reporting Act by not telling consumers that their low credit scores resulted in higher quotes for insurance coverage."

Surveys Find Health Premiums Rising Twice As Fast As Inflation. The Wall Street Journal (9/27, A2, Fuhrmans, 2.03M) reports two nationwide surveys by Kaiser Family Foundation and the Health Research and Educational Trust show that "the health-care premiums of employers and their workers have climbed twice as fast as wages and inflation in 2006 -- to nearly double their cost in 2000 -- and they look to rise at a similar clip next year." That said, "the pace of increase is about half what it was just a few years ago." According to the surveys, "the average family premium rose 7.7% in 2006. That compared with a 3.8% rise in wages and inflation of around 3.5%. Even so, the 7.7% increase marks the third year that employer health-care cost increases have decelerated since soaring nearly 14% in 2003."

USA Today (9/27, Appleby, 2.27M) reports, "High-deductible health insurance policies coupled with savings accounts — touted by proponents as an answer to rising medical costs — did not grow in popularity among employers this year, even as premiums for insurance continued to rise. … Despite those policies being the biggest buzz among benefit consultants," the Foundation "found that only 7% of employers offered them this year, a percentage statistically unchanged since 2005." Drew Altman, president of the non-profit research group, noted, "This shows that the debate in the media and in Washington health policy circles is way out in front of the reality."

In addition, the Washington Post (9/27, D2, Day, 748K) quotes Altman as stating, "Nobody's celebrating, and nobody should be celebrating. … A modest reduction in an already high rate of increase hardly looks like salvation to working people and businesses, who have been getting hammered by high health-care costs year after year." The Post adds, "About 61 percent of companies questioned offer health-care coverage to at least some employees, about the same as last year. And workers at bigger companies continued to fare

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better: The study found that while nearly all companies with 200 or more workers offered coverage, fewer than half of the smallest companies surveyed did, those with from three to nine workers."

The New York Times (9/27, Freudenheim, 1.21M) notes, "'It's slightly good news,' said Helen Darling, president of the National Business Group on Health, a large employers' research and trade group in Washington. 'It could have been worse but we certainly haven't solved all the problems.'" She added, "The workers of the United States continue to give their pay raises to the health system." Still, "some business leaders took a more upbeat view of the survey results." Katie Mahoney, health policy director of the United States Chamber of Commerce, said, "It's a very positive sign that the increases were lower than the previous year."

"Piggyback Laws" Fail To Address Health Care Crisis. In an editorial, the New York Times (9/27, 1.21M) writes, "Many middle-class young adults are staying on their parents' health insurance long after college these days." So "the troubled American health-insurance system finds itself in a vicious circle as a result. The higher premiums climb (twice as fast as wages this year, according to a new study), the less likely the young and healthy are to participate. That, in turn, skews the pool of the insured even older and more infirm, making coverage still more expensive and less appealing to those who bet they can do without." The "piggyback laws" just make "life easier for those who have the most political influence and resources, reduce elected officials' incentive to do what is really needed and find a more comprehensive national solution."

WSJournal Celebrates Possible South Carolina Move Toward School Choice. The Wall Street Journal (9/27, 2.03M) writes in an editorial, "Fed-up South Carolina Democrats are blowing the whistle on the state's public-school system, one of the nation's worst." But "the good news is that the Palmetto State may be reaching a tipping point." Gov. Mark Sanford (R) "is already a supporter of broad-based school choice. The problem has been the Republican-controlled legislature." But "that is starting to change." In June, "three incumbent state legislators were defeated in primaries for opposing school choice" and "in November reformers could pick up the seats they need in the house to pass education scholarships and tax credits for parents with kids in failing schools."

Russia Will Begin Nuclear Fuel Shipments To Iran In March. The New York Times/AP (9/27) notes Moscow media reports that "Russia will ship fuel to a nuclear power plant it is building in Iran by March under an agreement signed by the two countries on Tuesday." The deal "represents a small victory for Iran, but seems certain to inflame Western anxiety over Iran's nuclear ambitions." It was "signed by Sergei Shmatko, head of Russia's state-run company Atomstroiexport, and Mahmoud Hanatian, vice president of Iran's Atomic Energy Organization. An additional protocol sets out a time frame for starting up an $800 million plant in Bushehr, which will be Iran's first." The AP notes "the fuel could be enriched to create weapons-grade material," and adds, "To try to ease Western concerns over Bushehr, Russia has agreed with Iran that Tehran will ship spent fuel back to Russia."

Iran Denies Reports It's Negotiating Secret Uranium-Enrichment Suspension. The Washington Times (9/27, Gertz, 88K) reports, "Iran yesterday said it is not negotiating a secret temporary shutdown of its uranium-enrichment program as part of ongoing talks with the European Union, rebutting Bush administration sources who told The Washington Times that such a deal is being discussed." Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, when asked about the report in The Times, "said chief Iranian negotiator Ali Larijani and chief European Union negotiator Javier Solana will discuss what has been proposed already."

Jailed Former Iranian Lawmaker Says He IS Being Tortured. The Washington Post (9/27, A20, Boustany, 748K) reports, "Ali Akbar Mousavi Khoini, a former Iranian lawmaker who has been jailed without charges in Tehran for more than 100 days, was briefly released from detention last Thursday to attend a memorial service, where he shouted out allegations of torture and other harsh treatment, according to his lawyers and other witnesses quoted by a human rights organization." He said, "For the past 20 days, prison officials have chained my hands and feet. I am being tortured. … I am held in solitary confinement and interrogated four times a day. … They wake me up in the middle of the night to interrogate me. They are trying to turn me to a mental patient.." The Post adds, "Calls to the Iranian mission to the United Nations in New York, seeking comment, were not returned."

Rice Eyes Trip To Northeast Asia, Says Pyongyang's Time Running Out. AFP (9/27) reports Secretary Rice "said she would travel to Asia in the next six weeks to see whether to make 'one last push' to convince North Korea to return to multilateral negotiations on ending its nuclear weapons program." She "said in an interview released Monday that time was running out to bring North Korea back to the negotiating table." Rice added that, "in light of North Korea's continued refusal to return to the negotiating table, further action was needed." She "said that in the meantime, Washington would continue its financial measures 'because they do relate to illicit North Korean activities.'" Rice "also sought to counter suggestions of a growing rift between the United States and South Korea over

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how to approach the crisis, with Seoul seen as favoring more diplomacy rather than threats of sanctions against its volatile neighbor. … She said South Korea had told allies…of efforts it was making to put pressure on the North, including cutting back badly needed food assistance and fertilizer supplies. She said those measures could be intensified and threaten overall North-South economic ties if North Korea goes ahead with the rumored nuclear weapons test."

IDF Expects To Withdraw From Lebanon Before Sunday. The New York Times (9/27, Erlanger, 1.21M) reports IDF forces "are expected to be out of Lebanon before the Jewish holy day of Yom Kippur begins on Sunday night." Israeli Defense Minister Amir Peretz "told Parliament that Israel hoped to complete its withdrawal from Lebanon under a United Nations resolution 'during this week or at the latest several days later," while UNIFIL Maj. Gen. Alain Pellegrini is quoted saying, "It is my belief that with the necessary cooperation by both parties we should see the I.D.F. leave south Lebanon by the end of this month." However, "Israeli officials suggested that some of [related] issues remained unresolved, including how to deal with protests along the border and whether [UNIFIL] would act against Hezbollah if necessary or simply inform the Lebanese Army about violations." The Times notes the IDF "had said it wanted to leave Lebanon by the end of last week, before the Jewish New Year, but delayed, saying [UNIFIL was] not up to strength."

Bush Signs US-Oman Trade Pact. AFP (9/27) reports President George W. Bush Tuesday signed the US-Oman Free Trade Agreement, the fifth such pact with a Middle Eastern country since he took office. US Trade Representative Susan Schwab said in a statement that the accord was "good news for the United States, Oman, and our efforts to promote economic opportunity in the Middle East." Schwab also touted the agreement as "a milestone in strengthening ties and promoting freedom in the Middle East."

Korean Seen As Leading Candidate To Replace Annan. The Washington Times (9/27, Pisik, 88K) reports, "The race for United Nations secretary-general is moving into its final weeks with South Korean Foreign Minister Ban Ki-moon well in front, but the late entry of Latvian President Vaira Vike-Freiberga, who would be the first woman in the post, muddles the odds." Seven declared candidates "are now in the running to succeed Kofi Annan in January, and more could enter. They include a UN official who writes novels, the deputy prime minister of a recently deposed government, an ambassador with a passion for disarmament, a prince with peacekeeping experience, and a former World Bank executive from a shattered nation. All the declared candidates are from Asia -- which under an informal rotation system expects to field the next secretary-general -- except Mrs. Vike-Freiberga, whose candidacy could sink on the geographic considerations despite the fact that several nations would like to see a woman in the post." China "signaled early that it would not accept a candidate from a country outside Asia."

The Christian Science Monitor (9/27, LaFranchi, 58K), meanwhile, says that "while candidates are already campaigning for the post, no consensus has formed around any one of them -- in part because UN members, in particular on the powerful Security Council, have different views of what is most needed for the job."

Japan To Continue Push For Permanent UNSC Seat. AFP (9/27) reports Tokyo "has vowed to pursue its campaign for reform of the [UNSC] from which it hopes to secure a permanent seat on the key body despite opposition from some of its neighbours." Representative Kenzo Oshima "said the Security Council risked seeing its credibility further damaged if it did not change." Oshima "added that most countries wanted change 'with a sense of urgency' and 'Japan is determined to continue to take the initiative in this critical endeavour.'" AFP says Tokyo, Berlin and Brasilia "have pressed to become permanent members but opposition has come from" Washington and Beijing.

Major newspapers reported extensively on Japanese Prime Minister Shinzo Abe's first day in office. The New York Times (9/27, Fackler, 1.21M) says Abe "seeks a Japan with muscle and a voice," adding that he "has vowed to make Japan more assertive globally" and "appointed a cabinet on Tuesday packed with social conservatives and foreign-policy hawks." Abe's "ascension appears to be a changing of the guard in a country that has kept a low profile in international affairs since its defeat in 1945. He enters office riding a crest of popularity, as his message of renewed national pride has found followers amid the resurgence of Japan's long dormant economy." The Financial Times (9/27, Pilling) says Abe's cabinet picks "reflected an independent streak," while the Wall Street Journal (9/27, Hayashi, 2.03, 2.03M) said they "indicated he would follow many of the policies of his predecessor." Abe "pledged to speed up fiscal overhauls to keep the country's economic recovery on track, and to improve ties with China." In addition, he reappointed Foreign Minister Taro Aso.

Plan Colombia Under Scrutiny Following Killing Of US-Trained Counternarcotics Team. The Christian Science Monitor (9/27, Harman, 58K) reports on what it calls the "calculated massacre of one of Colombia's best counternarcotics police teams." The Monitor says seven of the men on the team were members of a group of about 200 police trained by the DEA. According to the Monitor, the

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investigation of last May's killings in Jamundí "suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia…and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs."

Reputed Cali Drug Cartel Leaders Get 30-Year Prison Sentences. There are more than 400 media references this morning to the guilty pleas and sentencing of two reputed leaders of the Cali drug cartel, which authorities say supplied most of the cocaine in the U.S. in the 1990s. For example, USA Today (9/27, Johnson, 2.27M) reports the surviving leaders of the Cali drug cartel, which authorities "say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets." Attorney General Alberto Gonzales "said brothers Miguel and Gilberto Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade." While they were sentenced in Miami, 28 other family members "reached a separate pact with the government to surrender their worldwide assets."

In Labor Address, Blair Does Not Clarify Departure Date. The New York Times (9/27, Cowell, 1.21M) notes, "With some wisecracks and familiar rhetorical flourishes, Prime Minister Tony Blair delivered his final speech as Labor leader to the party's annual conference on Tuesday," in which he "offered no formal endorsement of his presumptive heir, Gordon Brown, …and did not set a date for his own departure, suggesting that he would pursue a Middle East peace initiative and other projects for 'months' to come." The Times says Blair and Brown were "politically bruised" by Labor infighting three weeks ago, and yesterday's "speech was closely watched for signs that they had reached some kind of peace, particularly since Mr. Brown offered Mr. Blair fulsome praise in a similarly scrutinized speech on Monday." The Times adds, "Mr. Blair's deft handling of the Labor crowd — drawn from a party that supposedly wants to be rid of him — showed the extent to which Labor has relied on his oratory as a vote winner."

The Financial Times (9/27, Blitz) describes Blair's speech as "tough but tender," noting he declared "he loved his party – but that it must not retreat into a leftwing 'comfort zone' of politics after he is gone." In "a dazzling final address to the Labour conference that left many delegates in tears," Blair "said he wanted to heal the divisions with Gordon Brown, the chancellor, whom he praised as 'a remarkable man, a remarkable servant to this country.'"

USA Today/AP (9/27) reports Blair "noted Tuesday that the domestic issues that once dominated the agenda had been replaced by global challenges such as climate change, organized crime and religious extremism. 'We used to feel we could shut our front doors on the problems and conflicts of the wider world. Not anymore. The British people today are reluctant global citizens. We have to make them confident ones.'"

The Washington Times/AP (9/27, Quinn) says Brown is "a man who is much admired for his policy acumen but now seems fated to struggle to replace Blair and may ultimately even watch the post slip through his fingers." The Los Angeles Times (9/27, Stobart, 918K) and Washington Post (9/27, Jordan, 748K) run similar stories.

New Conservative Party Examined. The Wall Street Journal (9/27, Patrick, 2.03M) analyzes changes within the Conservative Party under David Cameron's leadership. "By concentrating on social and environmental issues, Mr. Cameron hopes to shed the image of Conservatives as right-wingers determined to lower taxes for the wealthy and cut welfare. He reasons that by shifting the party to the center of the political spectrum, he will pick up swing voters who previously supported" Blair. "While elections are as long as three years away, it looks like Mr. Cameron, 39 years old, has the best chance in a decade to put the party of Margaret Thatcher back in government." His "decision to rework the Conservative Party's image came in response to surveys showing the party was seen as out of touch." Those "efforts with British voters are paying dividends, putting his party consistently ahead of Labour in opinion polls for the first time in more than a decade."

Senate Vote On China Tariffs May Be Delayed. In its "Washington Wire" column on its web site, the Wall Street Journal (9/26, 2.03M) reported, "Leading China critics in the Senate said they may again delay action on a bill to slap a big tariff on Chinese-made goods, signaling a willingness to avoid a confrontation over a long simmering currency dispute. … Lead sponsors of the legislation, Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.), had been pointing toward a vote this week, raising alarms in the Bush administration that the US's free-trade credentials abroad could be undermined. But after meeting with Treasury Secretary Henry Paulson, the senators suggested they would be willing to put off action, pending further discussions with Treasury over the next day or two about the administration's new strategy engagement with China on economic issues." The Wall Street Journal (9/27, Hitt, 2.03M) runs a similar report on its print edition.

Calpers Considers Investing In China. The Financial Times (9/27, Gangahar, Guerrera) reports, "The California Public Employees Retirement System, the largest US public pension fund, is considering investing for the first time in

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Chinese companies, aiming both to capitalise on the country's booming economy and to raise its exposure to emerging markets." The Times adds, "Such a move by Calpers, which has not invested any of its $208bn (€164bn) portfolio in Chinese companies because of poor corporate governance standards, could have a ripple effect on other US public pension funds and increase demand for Chinese shares." In an interview with the Financial Times, "Russell Read, Calpers' recently appointed chief investment officer, indicated that the fund could begin by investing in Chinese companies with US or international listings through American Depository Receipts and Global Depository Receipts."

German Opera House Cancels Mozart Opera That Could Be Offensive To Muslims. The New York Times (9/27, Dempsey, Landler, 1.21M) reports, "A leading German opera house has canceled performances of a Mozart opera because of security fears stirred by a scene that depicts the severed head of the Prophet Muhammad, prompting a storm of protest here about what many see as the surrender of artistic freedom." The Deutsche Oper Berlin "said Tuesday that it had pulled 'Idomeneo' from its fall schedule after the police warned of an 'incalculable risk' to the performers and the audience." The company's director, Kirsten Harms, "said she regretted the decision but felt she had no choice. She said she was told in August that the police had received an anonymous threat, but she acted only after extensive deliberations." The Times adds, "Political and cultural figures throughout Germany condemned the cancellation. Some said it recalled the decision of European newspapers not to reprint satirical cartoons about Muhammad, after their publication in Denmark generated a furor among Muslims."

The Washington Times (9/27, Sands, 88K) reports, "The 1781 original told the tale of a king of Crete at the time of the Trojan War, but the production by director Hans Neuenfels inserts a scene in which the severed heads of Muhammad, Jesus and Buddha are placed on chairs alongside the head of the Greek sea god Poseidon." The Los Angeles Times (9/27, Fleishman, 918K) and Washington Post (9/27, Whitlock, 748K) also report the story.

Bulgaria, Romania Will Join EU. The Washington Times (9/27, Kralev, 88K) reports, "The European Union will welcome Bulgaria and Romania, two of Washington's strongest allies on the Continent, as full members on Jan. 1, but the strings attached to their accession will be the toughest in the organization's history, EU officials said yesterday." The officials also "indicated that further enlargement will have to wait until member states find a compromise on the EU constitution, whose adoption last year was derailed by French and Dutch rejection in high-profile referendums." The Bush Administration "praised the decision on Bulgaria and Romania, which joined NATO in 2004, but State Department spokesman Sean McCormack urged 'the EU to continue to keep open a European horizon for a number of states, including those in the Balkans, and Turkey as well.'" The Washington Post (9/27, A21, Anderson, 748K) also reports the story.

Photographer Chronicles Darfur Genocide. A front page story in USA Today (9/27, Hampson, 2.27M) reports on Brian Steidle, a former US representative on an African Union observation team to Darfur. Steidle "has become the most vivid chronicler of one of the world's worst humanitarian catastrophes. His photographs…have helped make Americans care about a complex crisis in a faraway place of little economic or strategic value." USA adds, "He applied for a job monitoring Darfur's shaky cease-fire under the auspices of the African Union, the association of African nations whose mission in Darfur receives financial support from the United States and other nations. He'd have no power or authority to stop the violence, not even a sidearm. But Steidle did not go unarmed. Photography had been his hobby; now he bought the best digital camera he could afford: a professional-grade Canon EOS 1D Mark II. In Darfur, it would prove more powerful, and more dangerous, than a gun."

Many Cubans Say They Haven't Seen US' Anti-Castro Broadcasts. The New York Times (4/27, Goodnough, 1.21M) reports that soon after Fidel Castro announced his illness in July, the Bush Administration "stepped up its anti-Castro television broadcasts to Cuba with a new $10 million system. For the last two months, a twin-engine plane has beamed the signal of the American broadcast, called TV Martí, toward the island from over the Straits of Florida for four hours a day, six days a week, up from four hours of transmission from an Air Force plane on Saturdays. … But in interviews in the past two weeks, many Cubans said they still saw just snowy interference where the TV Martí broadcasts should be. About a dozen people in Havana said they still had never glimpsed the station even after the expanded airborne broadcasts began, raising questions about the usefulness of the $10 million expenditure. Some said they would not watch the station even if they could, because they assumed that it would be biased."

Estranged Couple Face In Battle For Brazilian Congressional Seat. A front page story in the Wall Street Journal (9/27, A1, Moffett, 2.03M) reports that Maria Christina Mendes Caldeira and Valdemar Costa Neto married in 2003, but "the union soon flamed out. In July of 2004, Mr. Costa had the water and electricity cut off in the mansion they had shared in Brasilia to force Ms. Caldeira to move out,

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which she eventually did." Caldeira "found a way to strike back, personally and politically. During nationally televised congressional hearings last year about an alleged political slush fund, she stepped forward to testify that she had seen Mr. Costa stowing big stacks of cash in a secret safe. Facing possible impeachment and a ban on holding office, Mr. Costa resigned his seat." The pair are now running against each other in Sunday's election approaches. Costa is seeking a new four-year congressional term. Caldeira "has become his chief opponent as candidate of the Green Party." The Journal adds, "More than just a story of romance gone sour, the contest between the estranged couple goes to the heart of the big question looming over Brazil's election: How much do voters really care about political corruption?"

Freidman Says Bush Has Done Nothing To Stop "Petro-Authoritarianism." Thomas Friedman writes in the New York Times (9/27, 1.21M) that Venezuelan President Hugo Chávez's speech to the UN, Iranian President Mahmoud Ahmadinejad's US trip and China's UN ambassador, Wang Guangya, effort to block a UN resolution calling for the deployment of peacekeeping troops to Sudan have in common "today's most infectious geopolitical disease: petro-authoritarianism." As oil "has moved to $60 to $70 a barrel, it has fostered a counterwave — a wave of authoritarian leaders who are not only able to ensconce themselves in power because of huge oil profits but also to use their oil wealth to poison the global system." Chávez, Ahmadinejad "and all their petrolist pals think we are weak and will never bite the bullet. … They know that Mr. Bush is a phony — that he always presents himself as this guy ready to make the 'tough' calls, but in reality he has not asked his party, the Congress, the people, or US industry to do one single hard thing to reduce our dependence on foreign oil." Friedman concludes that the Bush years will be remembered as "the moment when petro-authoritarianism — not freedom and democracy — spread like a wildfire and he did nothing serious to stop it."

Links To Kazakhstan Called US' Most Promising Relations With Muslim World. S. Frederick Starr, chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies, writes in the Washington Post (9/27, A27, 748K) that Kazakhstan's President Nursultan Nazarbayev will mark his country's 15th year of independence with a visit to the US next week. But whereas "the State Department sees Kazakhstan as a successful "corridor of reform," critics claim that it's just another corrupt petro-state and Nazarbayev himself a repressive, authoritarian ruler. The fact that Vice President Cheney recently visited the Kazakh capital of Astana only confirms their darkest suspicions: It's all about oil, and probably about Halliburton as well." Starr adds that US "links with Kazakhstan are among this country's most promising relations in the Muslim world. Developed over 15 years under both Democratic and Republican administrations, they are the fruit of hard work by US agencies, businesses, educational institutions and scores of nongovernmental organizations. They are creating a successful model of economic and social development for majority-Muslim societies. What a contrast to what we see daily in the Arab world."

NYTimes Says Abe Should Men Japan's Relations With China. The New York Times (9/27, 1.21M) editorializes, "If Japan's new prime minister, Shinzo Abe, hopes to be as popular and successful as his departing predecessor, Junichiro Koizumi, he needs to be equally daring in breaking with failed policies of the past. The obvious place to start is by rebuilding Japan's badly damaged relations with China. … The first step should be declaring that he will not continue Mr. Koizumi's provocative practice of visiting the Yasukuni Shrine, where the spirits of convicted war criminals are honored. The shrine controversy, and the failure of Japanese textbooks to deal honestly with the wartime behavior of Japanese troops, complicate the nation's ability to handle contemporary military issues, like the emerging debate over amending the pacifist constitution that America imposed on it after World War II. There is no reason Japan should not be able to make that change. But unless it first comes to terms with its history and its neighbors, such a step would be poorly received by other Asian nations."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Goes Public With Terror Study."
"Sorry, Cupcake, You're Not Welcome In Class."
"Rap's Captive Audience."
"Drug Offenders To Be Banned From Skid Row."
"Security Shaping Campaign."
"Abortion Vote In House May Be Too Late To Boost GOP."
"Germans Jeering Opera's Bow To Islamic Extremists."

USA Today:
"College Overhaul Called 'Overdue.'"
"Through Lens In Darfur, 'I Was A Witness To Genocide.'"
"Marriage Gap Could Sway Elections."

New York Times:
"Backing Policy, President Issues Terror Estimate."
"How A Reviled Court System Has Outlasted Many Critics."

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"New York City Plans Sharp Limits On Restaurants' Use Of Trans Fats."
"New Campaign Ads Have A Theme: Don't Be Nice."
"Opera Canceled Over A Depiction Of Muhammad."
"Forensic Skills Seek To Uncover Hidden Patterns Of Elder Abuse."

Washington Post:
"Part Of Iraq Intelligence report Is Released."
"West Point Mourns A Font Of Energy, Laid To Rest By War."
"States, Counties Begin To Enforce Immigration Law."
"Distrust Breaks The Bonds Of A Baghdad Neighborhood."
"Deaths Of 3 D.C. Teens In 24 Hours Shock City
"Teens' T-Shirts Make Educators Squirm."

Detroit Free Press:
"Stockholders Rise Up, Push GM Changes."
"Partying Like Hell."
"Doctor Charged In Wife's 1968 Death."
"Hard To Hide."

Atlanta Journal-Constitution:
"Germans Gripe: This Bud's Not For Us."
"Details Of Plot Shock Canada."
"Stopping To Help? Be Careful."
"Boy, 9, Hacked To Death; Was Right Man Shot?"
"Fragile Digital Data In Danger Of Fading Past History's Reach."

Houston Chronicle:
"Gang Attack Kills Teen Rival In Park."
"Schools Might Get To Make The Call On Cell Phones."
"First-Class Night Down In Class A."
"Baby's Body At The Center Of Alleged Corpse Scam."
"Report: Storms Left New Human Landscape."

Story Lineup From Last Night's Network News:
ABC: NIE Report; Blame For Al Qaeda; Afghanistan Violence; Health Care Cost; Stock Market; Race Car Crash; The Mona Lisa; Byron Nelson Obit; World War I Soldier Buried.
CBS: NIE Report; NIE Report Analysis; Afghanistan Violence; Cocaine Suppliers Forfeit $2 Million; Fastow Goes To Prison; Heating Bills Going Down; Student Loans; Iraq-Sectarian Violence; Natan Sharansky-Opinion; Byron Nelson Obit; World War I Burial-Arlington.
NBC: NIE Report; Clinton Vs Bush-Al Qaeda Blame; Afghanistan Violence; Stock Market; Fastow & Ebbers Now in Prison; New Orleans Clean Up; California Wildfires; Hood Blimp Crash; Immigration Debate-Colorado; World War I Burial-Arlington.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush Declassifies NIE; CA-Wildfire.
CBS: Bush Declassifies NIE; Nelson Obit.; Fastow Sentenced; Ebbers Reports To Prison; Wall Street; CA-Wildfire; Hilton Charged With Drunk Driving.
NPR: Bush Declassifies NIE; Talabani-Washington Visit; Rumsfeld-Albania Visit; US Nuclear Reprocessing Factory Project; Fastow Sentenced; Ebbers Reports To Prison.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Bob Corker for US Senate and Tennessee Republican Party luncheon, Private residence, Memphis; Meets with President Musharraf of Pakistan and Afghan President Karzai.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. ARMED SERVICES _ Readiness and Management Subcommittee. Hearing on U.S. policy and practice on the use of riot control agents by the armed forces. Assistant Defense Secretary Peter Flory; Rear Adm. Anthony Winns, vice director for operations, J-3, Joint Staff. Location: Room 232A, Russell. Notes: Closed session follows in Room 222, Russell.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Meeting on pending nominations and legislation. Location: Room 562, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on development of an artificial pancreas. Griffin Rogers, Acting Director, National Institute of Diabetes and Digestive and Kidney Diseases; Chris Dudley, Dudley Foundation; Arnold Donald, Juvenile Diabetes Research Foundation International; Caroline Sweeney, Gray, Maine. Location: Room 342, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on pending nomination of Robert Howard to be Assistant VAD Secretary. Location: Room 418, Russell. Notes: Markup of the nomination following the first roll call vote after Noon in the Reception Room off the Senate floor.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

2:30 p.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on improvement to emergency medical care. Frederick Blum, president, American College of Emergency Physicians; Margaret van Amringe, Joint Commission on Accreditation of Healthcare Organizations;

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Nancy Bonalumi, President, Emergency Nurses Association; Leon Haley, Jr., Grady Health Systems; Robert Bass, President, National Association of EMS officials. Location: Room 430, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

3 p.m. JUDICIARY _ Immigration, Border Security and Citizenship Subcommittee. Oversight hearing on refugee admissions and policies. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (37 bills): 1) H.R. 6138 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 2) H.R. 4766 - Native American Languages Preservation Act of 2006; 3) H. Res. 1009 - Supporting efforts to promote greater public awareness of effective runaway youth prevention programs and the need for safe and productive alternatives, resources, and supports for homeless youth and youth in other high-risk situations; 4) H.R. 6106 - To extend the waiver authority for the Secretary of Education under title IV, section 105, of Public Law 109-148; 5) H.Res. 295 - Expressing the sense of the House of Representatives supporting the establishment of September as Campus Fire Safety Month, and for other purposes; 6) H.Con.Res. 478 - Supporting the goals and ideals of ``Lights On Afterschool!", a national celebration of after-school programs; 7) H.R. 5483 - Railroad Retirement Disability Earnings Act; 8) H.R. 4981 - Dam Safety Act of 2006; 9) H.R. 5546 - Carroll A. Campbell, Jr. Federal Courthouse Designation Act; 10) H.R. 5606 - William M. Steger Federal Building and United States Courthouse Designation Act; 11) H.R. 5026 - Andres Toro Building Designation Act; 12) H.R. 6051 - John F. Seiberling Federal Building Designation Act; 13) H.R. 1556 - Clyde S. Cahill Memorial Park Designation Act; 14) H.R. 2322 - Kika de la Garza Federal Building Designation Act; 15) H.R. 5637 - Nonadmitted and Reinsurance Reform Act of 2006; 16) S. 3850 - Credit Rating Agency Reform Act of 2006; 17) H.R. 5347 - HOPE VI Reauthorization Act of 2006; 18) H.R. 6079 - Hedge Fund Study Act; 19) H.R. 5503 - FHA Multifamily Loan Limit Adjustment Act of 2006; 20) H.R. 5585 - Financial Netting Improvements Act of 2006; 21) H.R. 6062 - Community Development Investment Enhancements Act of 2006; 22) H.R. 6072 - Financial Services Regulatory Relief Amendments Act of 2006; 23) H.R. 6162 - Secure Border Initiative Financial Accountability Act of 2006; 24) H. Con. Res. 473 - Supporting the goals and ideals of Gynecologic Cancer Awareness Month; 25) H. Res. 402 - Supporting the goals and ideals of Infant Mortality Awareness Month; 26) H. Res. 748 - Recognizing the 225th anniversary of the American and French victory at Yorktown, Virginia, during the Revolutionary War; 27) H. Con. Res. 222 - Supporting the goals and ideals of National Pregnancy and Infant Loss Remembrance Day; 28) H. Res. 991 - Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia, on its victory in the 2006 Little League World Series Championship games; 29) H.R. 5108 - Lance Corporal Robert A. Martinez Post Office Building Designation Act; 30) H.R. 6075 - Robert J. Thompson Post Office Building Designation Act; 31) H.R 6078 - Chuck Fortenberry Post Office Building Designation Act; 32) H.R. 4720 - Beverly J. Wilson Post Office Building Designation Act; 33) H. Res. 973 - Recognizing Financial Planning Week, recognizing the significant impact of sound financial planning on achieving life's goals, and honoring families and the financial planning profession for their adherence and dedication to the financial planning process; 34) H.R. 5989 - John J. Sinde Post Office Building Designation Act; 35) H.R. 5990 - Wallace W. Sykes Post Office Building Designation Act; 36) S. 3613 - Major George Quamo Post Office Building Designation Act; 37) S. 3187 - Richard L. Cevoli Post Office.

10 a.m. ARMED SERVICES AND VETERANS AFFAIRS _ Military Personnel Subcommittee and Economic Opportunity Subcommittee. Joint Hearing on the ``Montgomery GI Bill for Members of the Select Reserve." Michael Dominguez, Defense Department; Keith Wilson, VA; retired Vice Adm. Norbert Ryan, Military Officers Association of America; Steve Kime, Servicemembers Opportunity College. Location: Room 2118, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises and the Oversight and Investigations Subcommittee. Joint hearing on protecting Americans from catastrophic terrorism risk. Edmund F. (Ted) Kelly, CEO, Liberty Mutual Insurance Co.; Ramani Ayer, Chairman, President, and Chief Executive Officer, Hartford Financial Services Group; Gregory C. Case, President and Chief Executive Officer, Aon Corporation; Jacques E. Dubois, Chairman and Chief Executive Officer, Swiss Re America Holding Company; Christopher J. Nassetta, President and Chief Executive Officer, Host Hotels and Resorts, Inc.; Sharon Emek, Partner, CBS Coverage Group, Inc.; Warren Heck, Chairman and Chief Executive Officer, Greater New York Mutual Insurance Company; Janice M. Abraham, President and Chief Executive Officer, United Educators Insurance; Edwin L. Harper, Senior Vice President, Assurant, Inc.; Ira Shapiro, on behalf of the Real Estate Board of New York; Jonathan W. Knipe, World Trade Center Properties LLC. Location: Room 2128, Rayburn.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the House's 10-year IT vision. Kathy Goldschmidt, Congressional Management Foundation; consultant Larry Bradley; Jim Cornell, inspector general, House of Representatives; Wilson S. Livingood, sergeant-at-arms, House of Representatives; Karen Haas, clerk, House of Representatives; Pope Barrow, legislative counsel, House of

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Representatives; James Eagen, chief administrative officer, House of Representatives. Location: Room 1310, Longworth.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on the pension programs operated by the VA. Location: Room 334, Cannon.

10:15 a.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence reform. Location: Room H-405, Capitol.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Education Reform Subcommittee. Hearing on early childhood visitation programs. Debroah Daro, University of Chicago; Michele Ridge, Family Nurse Partnership; Anna Scovell, Lake Forest School District, Delmar, Del. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 6134 - Health Opportunity Patient Empowerment Act. Location: Room 1100, Longworth.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Continued hearing on Internet child pornography and exploitation. Keith Wallace, Families Thru International Adoption, Evansville, Ind.; Jeannene Smith, founder, Reaching Out Thru International Adoption, Somerdale, N.J.; Richard L. Baird, Jr., Adiago Health, Inc., Pittsburgh; Carol Eiferman, Reaching Out Thru Adoption, Mount Laurel, N.J.; Serguei Dymtchenko, Toms River, N.J.; Marlene Seamans-Conn, former Executive Director, Reaching Out Thru International Adoption, Sewell, N.J.; Hannah Druger, Reaching Out Thru International Adoption, Medford, N.J.; Jared Rolsky, Joint Council on International Children's Services, Alexandria, Va.; Trish Maskew, Ethica, Inc., Silver Spring, Md. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on banks in real estate and the Office of the Comptroller of the Currency's December 2005 ruling. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on rebalancing the carbon cycle. Location: Room 2154, Rayburn.

2 p.m. SMALL BUSINESS _ Full Committee. Hearing on improving security and commerce at the nation's ports. Philip Byrd, Sr., Bulldog Highway Express, Charleston, S.C.; Debbie Gosselin, Chesapeake Marine Tours, Annapolis, Md.; George Leavell, Wepfer Marine, Memphis; Danny Schnautz, Clark Freight Lines, Pasadena, Texas. Location: Room 2360, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation subcommittee. Oversight hearing on ``Next Generation Air Transportation System Financing Options." Gerald Dillingham, GAO; Acting CBO Director Donald Marron; R. John Hansman, MIT; Ellen Jewett, Goldman, Sachs and Co. Location: Room 2167, Rayburn.

2:30 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on irregular warfare. Mario Mancuso, Deputy Assistant Defense Secretary; Vice Adm. Eric Olson, U.S. Special Operations Command; Brig. Gen. O.G. Mannon, Deputy Director, Special Operations, Joint Chiefs of Staff. Location: Room 2118, Rayburn.

2:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on U.S.-Republic of Korea relations. Assistant Secretary of State Christopher Hill; Deputy Undersecretary of Defense Richard Lawless; Balbina Hwang, Heritage Foundation; L. Gordon Flake, Maureen and Mike Mansfield Foundation; Joshua Stanton, former judge advocate, U.S. Army. Location: Room 2172, Rayburn.

Other: PAKISTANI PRESIDENT MUSHARRAF _ Highlights: 7:30 p.m. Meets with President Bush and Afdghan President Karzai. White House.

AFGHAN PRESIDENT HAMID KARZAI _ Highlights: 7:30 p.m. Meets with President Bush and Pakistani President Musharraf. White House.

GREEK FOREIGN MINISTER DORA BAKOYANNIS _ Highlights: 9 a.m. Meets with Energy Secretary Bodman. Energy Department. 10 a.m. Holds briefing for Greek media. At the Embassy. 11 a.m. Gives a speech on ``The Evolution of Europe and the U.S.: Synthesis or Antithesis?". Gaston Hall, Georgetown University. 3:15 p.m. Meets with Secretary of State Rice. State Department. 4:30 p.m. Meets with National Security Adviser Stephen Hadley. White House. 5:30 p.m. Attends inauguration of a new chair in Hellenic studies. Healy Hall, Georgetown University.

AIR FORCE EXPO _ Air Force Association holds Air & Space Conference 2006 and Technology Exposition. Highlights: 8:30 a.m. Role of Congress in Providing for the National Defense, Rep. Curt Weldon (R-PA). 11 a.m. Conference Address on the Future of Air and Space Power by General T. Michael Moseley. Location: Marriott Wardman Park Hotel, Washington.

NATIONAL SECURITY _ 9 a.m. - 2 p.m. The New America Foundation holds a program on the nation's strategic challenges and to launch the Princeton Project on National Security Report. Highlights: 10 a.m. Session on whether a new strategy is needed, with James Dobbins, RAND Corp., publisher Mortimer Zuckerman, G. John Ikenberry of Princeton University. 11 a.m. Panel on the economic dimensions of national security, with David Rubenstein of the Carlyle Group, former CBO Director Douglas holtz-Eakin, others. 12 p.m. Sen. Chuck Hagel. 12:30 p.m. Luncheon discussion on national security in the 21st century, with John Bellinger of the State Department, others. Location: Room G-50, Dirksen.

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HEALTH CARE _ 10 a.m. The Amgen Foundation holds a symposium on improving health care. Highlights: 10:20 a.m. CMMS Administrator Mark McClellan. 12 p.m. Donald Berwick, Institute for Healthcare Improvement. Location: Jordan Conference Center, Kaiser Family Foundation, 1330 G St. NW.

BUSINESS COSTS _ 9 a.m. The National Association of Manufacturers and the Manufacturing Institute hold a news conference to release a cost study showing structural costs sharply increasing. Location: Suite 600, NAM, 1331 Pennsylvania Ave. NW.

FEDERAL CONTRACTING _ 9 a.m. The US Chamber of Commerce holds a federal procurement business forum, with GSA Administrator Lurita Doan. Location: 1615 H St. NW.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Capitol Hill Club. Notes: Stakeout at 10 a.m.

HEALTH CARE _ 9:30 a.m. AARP and the American Hospital Association hold a program with former Sen. John Breaux, Rick Pollack of AHA, John rother of AARP, others, on health care reform. Location: National Press Club.

HOUSE CANDIDATES _ 9:45 a.m. Twelve veterans running for Congress as Democrats and Rep. John Murtha discuss the administration's military policy, Democratic support for troops and veterans assistance. Location: Phoenix Hotel, 520 N. Capitol St.

COMMUNISM MEMORIAL _ 10 a.m. Groundbreaking for the Victims of Communism Memorial, with Undersecretary of State Paula Dobriansky as the featured speaker. Location: Massachusetts and New Jersey Aves. and G St. NW. Notes: Reception follows in room HC-5, Capitol.

LINE ITEM VETO _ 10 a.m. The Council for Citizens Against Government Waste holds a news conference in support of the line item veto, with OMB Director Rob Portman. Location: National Press Club.

PHYSICIANS RALLY _ 10 a.m. Family doctors hold a rally to call on the next Congress to fix the nation's health care system. Location: West Lawn, Capitol.

SUPREME COURT _ 10 a.m. Environmental Defense holds a telephone briefing on two clean air cases upcoming on the Supreme Court calendar this term. Notes: Callin number: 800-903-0258; passcode: Supreme Court.

DEMOCRATS-BUSH AGENDA _ 10:30 a.m. House Democratic Leader Nancy Pelosi, Senate Democratic Leader Harry Reid, and other Democratic House and Senate Democrats hold a press briefing to say the will hold the Republican Congress accountable for what they see as its rubberstamping of the Bush Administration's ``misguided'' agenda. Location: Room S-211, Capitol.

NATIONAL PREPAREDNESS _ 11 a.m. George Mason University School of Law sponsors a discussion with Undersecretary of Homeland Security George Foresman on the future of critical infrastructure protection, followed by a panel discussion with Johanna Schneider of The Business Roundtable, David Eisner of the Corporation for National and Community Service, Paul Kurtz of the Cyber Security Industry Alliance, others. Location: National Press Club.

RELIGION-FOREIGN POLICY _ 11 a.m. The Council on Foreign Relations holds an on-the-record media conference call with Walter Russell Mead discussing his article on evangelical Christians and U.S. foreign policy. Contacts: n/a, 212-434-9537. Notes: Callin number: 800-290-9461. passcode: Religion. RSVP required to NYpressRSVPcfr.org. Open to media only.

SUBURBAN BILLS _ 11:30 a.m. The Congressional Suburban Caucus unveils its ``7 Bills for 2007'' agenda. Location: Room HC-6, Capitol.

YUCCA MOUNTAIN _ 10 a.m. Senate Energy and Natural Resources Committee nuclear policy staff and counsel and E&W Appropriations staff hold a briefing on the Yucca Mountain Bill to be introduced by Senator Domenici. Location: Room 328, Senate Hart Office Building.

BABY BOOMERS _ 12 p.m. The National Association of Area Agencies on Aging and other organizations hold a press conference to release the report ``Will America Be Ready?,'' foucsing on the maturing of America and assessing the nation's preparedness for the aging baby boomer population. Location: National Press Club.

DEMOCRATS-BUDGET _ 12 p.m. Sen. Kent Conrad and Rep. John Spratt hold a news conference to discuss the GOP budget and appropriations processes. Location: Senate Radio-TV Gallery.

HEALTH INSURANCE _ 12 p.m. The Economic Policy Institute holds a telephone briefing on a report showing more Americans are going without health insurance as employers drop health plans. Contacts: Nancy Coleman, 202-775-8810.

HIGHER EDUCATION _ 12 p.m. The Cato Institute holds a forum on reform of higher education, with Charles Miller of the Secretary of Education's Commission on the Future of Higher Education, President Christopher Nelson of St. John's college, others. Location: 1000 Massachusetts Ave. NW.

JORDAN _ 12 p.m. Linda Jordan gives the kickoff speech in the I King Jordan Lecture Series. Location: Swindells Auditorium, Kellogg Conference Hotel, Gallaudet University.

VOTER PLEDGE _ 1 p.m. National watchdog organizations hold a telephone briefing to release signers of the ``Voters First'' pledge. Notes: Callin number: 888-868-9079; passcode: 7900382.

CHILD OBESITY _ 2 p.m. Sen. Sam Brownback, FCC Chairman Kevin Martin, others, announce a task force Media and Childhood Obesity: Today and Tomorrow. Location: Room SC-6, Capitol.

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TORTURE _ 2 p.m. Rep. Cynthia McKinney holds a briefing on the history, techniques, training and use of torture by the U.S. government. Location: Room HC-6, Capitol.

CLEAN ENERGY _ 2:30 p.m. - 4 p.m. The Environmental and Energy Study Institute hosts a congressional briefing on a recently released report from the Western Governors Association, and association of 19 states and three US-flag Pacific islands, ttitled, ``Clean Energy, a Strong Economy and a Healthy Environment." Location: Room 340, Cannon House Office Building.

ROTARY INTERNATIONAL _ 3 p.m. Rotary International President Bill Boyd addresses a National Press Club afternoon newsmaker. Boyd will discuss the mobilization of Rotarians in 162 countries to promote international cooperation in addressing problems in the developing world. Location: National Press Club, Zenger Room.

AGRICULTURE _ 3 p.m. - 5 p.m. The Institute for International Economics and the Chicago Council on Foreign Relations meets to examine US agricultural policy and present news reforms to revive the Doha Round and ensure the long-term competetiveness of the US agricultural sector. Location: 1750 Massachusetts Ave. NW.

BAGHDAD ER _ 5 p.m. The School of Advanced International Studies holds a screening for the documentary, ``Baghdad ER," a look at emergency care in Baghdad. Location: Auditorium, 1619 Massachusetts Ave. NW.

BHATT HONORED _ 6 p.m. Senator Hillary Rodham Clinton; AFL-CIO President John Sweeney; Inez McCormack, former President of the Irish Congress of Trade Unions, and other leaders from the union, women's rights, international financial and academic communities will gather to honor Ela Bhatt, founder and former General Secretary of the Self-Employed Women's Association (SEWA). Location: AFL-CIO Headquarters, 815 16th St, NW.

CONGRESSIONAL HISPANIC _ 7 p.m. The Congressional Hispanic Leadership Institute holds its 2nd annual Hispanic Heritage Month gala. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, September 27, 2006 8:18 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, September 27, 2006
Attachments:	dojclips060927.pdf; dojclips060927.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Deal Is Likely On Detainees But Not On Eavesdropping (NYT)

By Carl Hulse And Kate Zernike

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Congress on Tuesday was headed toward a split decision on President Bush's pre-election national security agenda, moving closer to passage of legislation on the handling of terrorism suspects while all but giving up hope of agreeing on a final bill to authorize the administration's eavesdropping program.

Lawmakers in both the House and Senate said it now appeared doubtful that bills covering the National Security Agency's eavesdropping program could pass both houses and be reconciled before Congress adjourns this weekend, an outcome that would deny Republicans one of the main achievements they hoped to take into the election.

"We would like to, but I think that might be a stretch," said Representative John A. Boehner, the House majority leader, about getting a final agreement. He said the House would still proceed with its own measure this week in hopes of working out disagreements with the Senate after the election.

But Republicans were optimistic about eliminating last-minute concerns over a separate measure laying out rules for interrogating terrorism suspects and trying them before military tribunals. They said they were hoping to send the bill to Mr. Bush by the end of the week for a signing ceremony that could help them kick off the home stretch of the campaign with a message that Republicans were taking strong steps to protect the nation from terror attacks.

"I think we are good to go," said Senator Lindsey Graham, Republican of South Carolina and one of three Republican senators who last week forced the administration into negotiations over the detainee measure.

Democrats, while being careful to say that they had made no decision to block the detainee bill, expressed rising concerns about changes to the proposal that they said went beyond what Senator Bill Frist of Tennessee, the Republican leader, had described Monday as merely "technical changes."

The changes had been made over the weekend, as negotiators from the House and White House adjusted a compromise that had been reached between the White House and Senate Republicans on Thursday.

In one change, the original language said that a suspect had the right to "examine and respond to" all evidence used against him. Mr. Graham and his colleagues in resisting the White House, Senators John W. Warner of Virginia and John McCain of Arizona, had insisted that the provision was necessary to prevent so-called secret trials. The bill submitted late Monday dropped the word "examine" and left only "respond to," reviving complaints about secret trials, this time from Democrats.

In another, the original compromise said that evidence seized "outside the United States" could be admitted in court even if it had been obtained without a search warrant, a provision Republicans and Democrats agreed was necessary to deal with the unusual circumstances of seizing evidence on the battlefield.

The bill introduced Monday dropped the words "outside the United States," which Democrats said meant that prosecutors could ignore American legal standards on search warrants within the country. The bill also broadened the definition of an unlawful enemy combatant, from anyone "engaged in hostilities against the United States" to include anyone who "has purposefully and materially supported hostilities against the United States."

"These are significant changes, not technical changes," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, where the original bill backed by Senators Warner, McCain and Graham was approved. "It's hard to know how to vote on a bill that's this much in motion."

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Republicans and the White House defended the change on unlawful combatants. It is narrower than the definition originally proposed by the White House, which said that anyone who materially supported hostilities could be prosecuted because it added the phrase "intentionally and purposefully." Senate and White House staff members said this would resolve the problem of what one Senate aide described as "the grandmother in Switzerland" who writes a check for charity that ends up going to a terrorist organization.

"Most of us feel if someone is engaged in actively assisting Al Qaeda or terrorists that they should fall under this legislation," Mr. McCain said.

Republicans and the White House explained the change to the provision about viewing evidence as, in Mr. Graham's words, "literally just a drafting error," and said the word "examine" would be restored.

Republicans also said they were trying to reach a compromise on the habeas corpus provision of the bill, which would deny a suspect the right to challenge his detention in court.

Democrats, who have found themselves on the losing end of the national security debate the past two national elections, said the changes to the bill had not yet reached a level that would cause them to try to block it altogether.

"We want to do this," said Senator Harry Reid of Nevada, the Democratic leader. "And we want to do it in compliance with the direction from the Supreme Court. We want to do it in compliance with the Constitution."

Though there was momentum in both the House and Senate for the surveillance legislation, lawmakers were taking different approaches, and those involved said it had become apparent that a final resolution could not be quickly achieved. As a result, senators said they doubted that scarce floor time would be consumed moving it through the Senate before the recess when a final bill was out of reach.

"I don't think it is likely we will address it this week," said Senator John E. Sununu, Republican of New Hampshire and one of the lawmakers who has been negotiating the legislation with the Department of Justice.

The House bill, sponsored by Representative Heather Wilson, a New Mexico Republican who serves on the Intelligence Committee, could reach the House floor for a vote on Thursday. It seeks to "modernize" wiretapping law but, in the view of critics, would also give the president broader authority to conduct surveillance without court orders as long as he reported to Congress after doing so.

The bill has major differences from a Senate plan that would submit the entire wiretapping program to the Foreign Intelligence Surveillance Court to rule on its constitutionality.

No Compromise On Wiretap Bill (WP)

By Jonathan Weisman And Carol D. Leonnig

The Washington Post, September 27, 2006

A high-profile Republican effort to clarify the legality of President Bush's warrantless wiretapping program will almost certainly not pass before Congress recesses at week's end for the fall campaign, leaving the legislation in deep trouble, congressional leaders conceded yesterday.

Efforts to reach agreement on a single version of the bill that could be brought before the Senate and House this week foundered yesterday on the insistence of key House members that they vote on a House version that they say is significantly tougher than the Senate's. House Republican leaders are deferring to the House bill's primary author, Rep. Heather A. Wilson (R-N.M.), who is locked in one of the tightest House election contests of the season.

"I don't think that's possible," Wilson said of the House and Senate reaching agreement on a compromise bill. "Our focus has to be on passing the House bill."

House Majority Leader John A. Boehner (R-Ohio) said GOP leaders would still like to pass a bill this week "but that may be a bit of a stretch."

Failure to act this week would jeopardize Congress's ability to ever authorize the National Security Agency's surveillance efforts, which Republicans see as vital to national security but which many Democrats and civil libertarians regard as unconstitutional. GOP leaders say that if legislation is not completed, they will revisit the issue in a lame-duck session of Congress that will be convened after the Nov. 7 elections.

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But most independent political analysts expect Democrats to pick up between three and five seats in the Senate, and possibly more. Without the political pressure of a looming election and with a strengthened hand coming in the next Congress, Senate Democrats would probably filibuster Republican wiretapping legislation this year, congressional Democrats said.

Rep. Jane Harman (Calif.), the ranking Democrat on the House Permanent Select Committee on Intelligence, warned that a bill could still appear Friday night or Saturday morning, appended to other legislation. But she added, "If it doesn't happen at 3 a.m. Saturday, it will be become much harder for them to pass a bad bill."

Bills to authorize warrantless wiretapping and military commissions were supposed to pass this month as the twin centerpieces of a legislative agenda designed to bolster the party's national security credentials. But the surveillance bill was in trouble from the start.

White House officials never thought they needed congressional action to continue the NSA's warrantless surveillance, but Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and White House officials did work out legislation that would allow but not require the administration to submit the program to a secret court for constitutional review. Specter maintains that his bill would restore judicial review to a program that President Bush has made the domain of the executive branch alone.

But criticism of the Specter measure has been bipartisan. Opponents say a broad review of the program's constitutionality will do nothing to restore oversight of individual wiretaps. And recent changes to the bill have raised still more questions.

At administration insistence, Senate negotiators agreed to steer legal rulings about the president's broad surveillance to the Court of Review, a little-known appeals court created by the Foreign Intelligence Surveillance Act. The three-judge court has rendered only one opinion in its 30-year history, and that opinion included its view that the president has inherent constitutional authority to eavesdrop without warrants as part of the U.S. effort against terrorism.

The Court of Review's commentary in its 2002 ruling has become the language cited by Bush and Attorney General Alberto R. Gonzales as proof the program passes constitutional muster.

Members of the Senate and administration have repeatedly said in public statements since June that their surveillance legislation would submit the president's program to the Foreign Intelligence Surveillance Court for review. But the FISA court and the Court of Review are quite dissimilar.

The 10-member FISA court does a brisk, nearly daily business considering whether to allow the government secret warrants to surveil terrorism and international-spying suspects. And several of the FISA court's members were disturbed last year to learn the president had authorized spying behind the court's back; some have pointedly questioned the program's legality in private discussions with top Justice Department officials.

Wilson drafted legislation that she said would restore some congressional oversight to the wiretapping program and maintain the Foreign Intelligence Surveillance Court's right to issue warrants on wiretaps.

Detainee Bill In Final Stages (WP)

By R. Jeffrey Smith And Charles Babington

The Washington Post, September 27, 2006

White House national security adviser Stephen J. Hadley met with Republican senators yesterday in an effort to reach final agreement on legislation that would govern the military trials of terrorism suspects, but they did not resolve a dispute over whether the captives should have access to U.S. courts.

The complex measure, which President Bush has called a top legislative priority, nonetheless appears likely to win approval by the time Congress adjourns at the end of this week. A vote is expected in the House today on a version of the legislation that the White House supports. It was unclear yesterday evening whether Republican leaders would allow any amendments to it.

The Senate-White House negotiations centered on what is known as a "court-stripping" provision that bars U.S. courts from considering habeas corpus filings by detainees over their confinement and treatment. It affirms the Bush administration's assertion that it has an incontestable right to hold persons detained as "unlawful enemy combatants" for the duration of the battle against terrorism.

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"Habeas has to be resolved," and it will most likely be addressed on the Senate floor, John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, told reporters after meeting with Hadley. Senate Republican leadership aides said that the floor debate could begin today and that the legislation setting rules for military commissions, as they are known, might be combined with a bill to create a new fence along the U.S.-Mexico border.

Three foes of the habeas corpus provision -- Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), Sen. Patrick J. Leahy (D-Vt.) and Sen. Gordon Smith (R-Ore.) -- introduced yesterday an amendment to overturn the administration-backed provision by allowing foreign nationals in military or CIA custody to challenge the legality of their detentions after one year.

Sen. Lindsey O. Graham (R-S.C.), who supports the suspension of the habeas corpus process, predicted that the Specter amendment "will be defeated, I think, in a bipartisan fashion, with a solid vote." But Graham said he has been exploring a different amendment on the matter, which he declined to describe.

Administration officials have said that the controversial provision is warranted because "unlawful enemy combatants" are not entitled to the same rights as regular soldiers or U.S. citizens; because isolation and the threat of indefinite detention aid U.S. interrogations; and because habeas corpus petitions could obstruct or delay the military trials of detainees.

But human rights groups and defense lawyers have condemned the provision as unconstitutional. They said it could leave detainees "to rot" in jail.

Thirty-one former ambassadors, including 20 who served in Republican administrations, jointly wrote Congress this week that "to eliminate habeas corpus relief for the citizens of other countries who have fallen into our hands cannot but make a mockery" of the administration's efforts to promote democracy. They also said that it would set a precedent that could jeopardize U.S. diplomats and military personnel overseas.

The negotiators also discussed yesterday a recent administration-backed change in the legislation to broaden the definition of potential unlawful enemy combatants in a way that would allow the government to detain and try a wider range of foreign nationals than envisioned earlier.

Other recent changes to the bill aroused controversy yesterday. In one, the administration and its House allies would give the defense secretary wide latitude to depart, without independent judicial scrutiny, from the rules and detainee protections the legislation would create. It would allow him to do so whenever he deems it "practicable or consistent with military or intelligence activities."

Georgetown University law professor Neal K. Katyal, who represented Salim Ahmed Hamdan in a case in which the Supreme Court overturned in June the administration's previous military-trial procedures, said the discretion, as written, is broad enough for the Defense Department to suspend a presumption of innocence for defendants. The new rules "themselves build in all the flexibility the secretary of defense needs to depart massively," Katyal said.

Other defense lawyers criticized yesterday recent changes that make it easier for prosecutors to introduce evidence without challenge and that eliminate defendants' right to examine all the evidence presented against them. The draft bill would, however, preserve defendants' right to respond to that evidence.

A Last Hurdle For Bill On Detainees: Access To US Court (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 27, 2006

WASHINGTON

Some 56 months after the first terrorism suspects arrived at the US prison camp at Guantánamo Bay, Cuba, Congress is rushing to pass new legislation on how to bring them to trial - or not.

It's the "not" - President Bush's claim that any "enemy combatant" can be detained indefinitely, without access to US courts - that is the last obstacle to finishing a bill this week.

The White House and a trio of Republican senators already resolved how trials would handle secret evidence and evidence obtained using harsh interrogation techniques, allowing detainees to see evidence against them, but in redacted form. Sens. John McCain of Arizona, John Warner of Virginia, and Lindsey Graham of South Carolina also forced the White House to

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back off its intent to reinterpret terms of the 1949 Geneva Conventions, especially the ban on "humiliating and degrading treatment."

But the deal did not affect a provision that critics say is a more fundamental threat to the rule of law and the nation's reputation: a bid to strip federal courts of jurisdiction to hear cases brought by "unlawful enemy combatants" seeking to challenge their detainment.

Supporters say the action is needed because a flood of pending habeas cases is a distraction from the war on terror and strains military resources. Critics say that's no justification for curbing a fundamental constitutional right.

"A persuasive argument can be made that the Writ of Habeas Corpus, the Great Writ, is the single most important bulwark in protecting our rights and freedoms ... and those who have suspended it have often been treated harshly by history," said John Huston, a retired rear admiral and former top lawyer in the Navy, at a hearing called Monday by the Senate Judiciary Committee.

"It is too facile to say that the men detained in Guantánamo 'are all terrorists,' 'the worst of the worst,' and 'all killers.' Maybe they are. Maybe they aren't. The point of habeas corpus is to answer those questions," he adds.

Monday's hearing, attended by three senators, marks the only hearing on the habeas corpus provision before the House and Senate vote on the bill. The legislation may come before the full House as early as Wednesday.

"This is momentous, far-reaching legislation, which is being rushed through on the eve of elections," added Thomas Sullivan, a former US Attorney for the northern district of Illinois, who has represented 10 Guantánamo detainees, three of whom were released in May 2006.

Judiciary Committee chairman Arlen Specter (R) of Pennsylvania, who called Monday's hearing after reviewing last week's deal on military commissions, says he wants to offer an amendment simply deleting the provision eliminating habeas corpus.

The US Constitution says there are only two conditions for abolishing habeas corpus: rebellion or invasion when "the public safety may require it." Senator Specter and some conservative critics of the draft bill on military commissions say that neither condition is currently met.

"The United States is neither in a state of rebellion nor invasion. Consequently, it would be problematic for Congress to modify the constitutionally protected writ of habeas corpus under current events," Kenneth Starr, the former independent prosecutor on the Whitewater investigation during the Clinton presidency, wrote in a letter to Specter.

The issues involved in this legislation are complex and important, say those on both sides. Sen. John Cornyn (R) of Texas, who backs the legislation, said annual status review hearings, called for under the Detainee Treatment Act, give war-on-terror detainees the same access to meaningful review as habeas corpus.

"The level of due process that the detainees are getting far exceeds the level of due process accorded to any combatants - captured combatants, lawful or unlawful - in any war in human history," says David Rivkin, a Washington attorney who consults with the White House on detainee issues. It's a "fair and balanced approach to judicial review, eliminating repetitive challenges, banning forum shopping, and yet preserving the necessary essentials of a judicial review for detained unlawful combatants," he adds.

In debate this week, both sides will be watching how aggressively Democrats defend the habeas provision. Sen. Patrick Leahy (D) of Vermont, the ranking Democrat on the Judiciary Committee, was the only member of his party to attend Monday's hearings. He says he worries that only about 5 percent of the Guantánamo detainees were picked up by US troops on the battlefield, and that some innocents may have been turned over to the US to "settle a score" or for a bounty.

The issue has the potential to affect every American, says Eric Freedman, a constitutional lawyer at Hofstra Law School and author of a book on habeas corpus. "Every story about an innocent business traveler or tourist picked up through error is [one] that could happen to anybody," he says. "The whole concept of checks and balances is that when the executive branch acts as judge, jury, and executioner, government power is going to be exercised wrongly."

Rush To Error (WP)

The Washington Post, September 27, 2006

AFTER BARELY three weeks of debate, the Senate today will take up a momentous piece of legislation that would set new legal rules for the detention, interrogation and trial of accused terrorists. We have argued that the only remedy to the mess made

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by the Bush administration in holding hundreds of detainees without charge at Guantanamo Bay and elsewhere since 2001 was congressional action. Yet rather than carefully weigh the issues, Congress has allowed itself to be stampeded into a vote on hastily written but far-reaching legal provisions, in a preelection climate in which dissenters risk being labeled as soft on terrorism.

As we have said before, there is no need for Congress to act immediately. No terrorist suspects are being held in the CIA detention "program" that President Bush has so vigorously defended. Justice for the al-Qaeda suspects he has delivered to Guantanamo has already been delayed for years by the administration's actions and can wait a few more months. What's important is that any legal system approved by Congress pass the tests set by Sen. John W. Warner (R-Va.) months ago: that the United States can be proud of it, that the world will see it as fair and humane, and that the Supreme Court can uphold it.

The compromise legislation cobbled together in the past week by administration officials and a group of Republican senators, including Mr. Warner, doesn't pass those tests. It would improve greatly on the administration's past practices as well as its original plans for trials of enemy combatants, but critical flaws remain. If these are not corrected, U.S. treatment of foreign prisoners is likely to remain a source of global controversy that undermines the war against terrorism. Senators -- and this includes Democrats who have been largely and cravenly absent from this month's debate -- would do best to postpone action on the bill. Failing that, they should support amendments to correct the worst problems.

Foremost among these is the legislation's attempt to prevent U.S. courts from ruling on the treatment of prisoners in the future, including any procedures the Bush administration might adopt for interrogations. Sen. John McCain (R-Ariz.) fought for language in the bill that he believes would stop practices such as simulated drowning, prolonged sleep deprivation and induced hypothermia, but many lawyers believe the administration could interpret the law to permit such abuse. Normally the courts would provide a check on administration policies, but the bill would prevent this by banning prisoners from bringing lawsuits over their detention and treatment. Sen. Arlen Specter (R-Pa.) has promised an amendment to restore judicial oversight. Without it, the Bush administration's abuse of detainees is likely to continue.

A second major problem with the bill is its definition of who could be regarded as an enemy combatant and thus be subject to the exceptional detention and trial procedures. Another hasty agreement over the weekend would allow foreign civilians in the United States or even U.S. citizens to be arrested and held without charge indefinitely on grounds that they "supported hostilities against the United States." This goes far beyond current case law, which reserves unlawful-combatant status for detainees engaged in an armed conflict against the United States or its allies. Endorsement of this standard by Congress would give extraordinary power to the Defense Department to arrest and hold foreigners and Americans without charge, and it would set a dangerous precedent for other nations. It's not hard to imagine civilian American aid workers being arrested by foreign governments as "enemy combatants" for helping people deemed to be terrorists.

White House pressure may have persuaded many in Congress that the easiest course is to quickly approve the detention bill in its present form and leave town. If so, their actions almost surely will come back to haunt them. Until this country adopts a legal system for the war on terrorism that meets Mr. Warner's standard, the war itself will be unwinnable.

Detainees Compromise: Lose-lose (USAT)

By Nat Hentoff

USA Today, September 27, 2006

The rebellion by Republican Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina against the president's proposed legislation to comply with the Supreme Court's June decision on the treatment of enemy combatants (Hamdan v. Rumsfeld) has ended — with fanfare — in a “compromise.”

McCain, who has insisted that the principles he fought for are more important than his chances for the presidency, declared: “There's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved.” He also said, “We got what we wanted.”

But the Supreme Court, in rebuking the president for having violated Common Article 3 of the 1949 Geneva Conventions (to which the United States is a signatory), made plain both the letter and spirit of this minimal standard of “humane treatment.”

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Article 3 prohibits "at any time and in any place whatsoever … cruel treatment and torture … (and) outrages upon personal dignity, in particular, humiliating and degrading treatment."

The president is also pleased with this compromise because, he says, it preserves "the CIA program to question the world's most dangerous terrorists and to get their secrets."

The CIA program involved, as the president has said, "alternative techniques" of interrogation — details of which have been revealed by human rights groups, reporters and McCain himself as specifically and vividly violating the letter and spirit of Article 3.

How, then, does this compromise, as McCain says, result in no losers, only winners and winners? The agreement prohibits — under our own 1996 War Crimes Act — such "grave breaches" of the Geneva Conventions as torture, rape and murder. (These are actual war crimes under that 1996 statute.)

But, in this three-card-monte game of compromise, it is the president who will have the dominant role in deciding, by executive order, which alternative techniques are grave breaches. How will we know whether the CIA, or any of our interrogators, are committing these war crimes? We won't know all of them, and maybe none.

National security adviser Stephen Hadley points out that "specific techniques" used on terrorism suspects are classified. (We can't let the terrorists know what's in store for them once they're taken into custody.)

As for practitioners of such "coercive" interrogations that could lead to charges of war crimes under American law, the "compromise" protects them from prosecution for past violations. This is known in our lingo as a "get-out-of-jail-free card."

Logically, I would think this amnesty would also include those all the way up the chain of command who authorized "alternative techniques" constituting "grave breaches" of the Conventions.

I'm not surprised that the CIA also agrees with the main belligerents that there are no losers in this agreement. And CIA operatives who have been buying government-funded liability insurance for fear of prosecution under the War Crimes Act need worry no longer.

This pact's most radical failure to adhere not only to the Geneva Conventions but also to a core right in our Constitution is in its allowing the three celebrated senators and the president to revoke habeas corpus petitions on conditions of confinement by any alien detainee — not only those at Guantanamo Bay, Cuba — designated, with or without charges, as an "enemy combatant."

This view of The Great Writ as an irritating inconvenience in the war on terrorism — particularly denounced by Graham for "clogging the courts" with detainee petitions — is embedded in the renowned Senate Armed Services Committee bill generated by McCain, Warner and Graham. It is also included in House legislation dealing with detainees and will be enfolded in the compromise produced by the same three senators applauded by some civil libertarians for standing up to the president.

The result will be that hundreds of detainees, among them many who have never been charged with any crime, will no longer have lawyers to bring their claims of cruel, inhuman and degrading treatment by guards and interrogators. This is contrary to the Supreme Court having authorized such habeas petitions in the 2004 Rasul v. Bush ruling and Hamdan v. Rumsfeld.

Despite all the purported obeisance to the Geneva Conventions in this agreement that ended the McCain-Warner-Graham mutiny, there will be no way for Americans or the world to know whether these "enemy combatants" — many of whom might be innocent — have been subjected to the same outrages upon personal dignity that this epic struggle by the three senators presumably prevents.

During a previous "victory" by McCain over the president — much publicized around the world — he secured an amendment in the Detainee Treatment Act of 2005 banning "cruel, inhumane and degrading" treatment of prisoners.

But in moving that legislation, including the famous McCain amendment, into law, the president added one of his elastic "signing statements" that he would not necessarily implement the amendment if it interfered with national security.

President Bush needn't slip in a signing statement this time around. With the elimination of habeas petitions on conditions of confinement, all of our interrogation centers around the world in which alien detainees are held as enemy combatants will become "black sites" — wholly outside of laws.

There will be losers after all.

Nat Hentoff is an authority on the U.S. Constitution and author of The War on the Bill of Rights and the Gathering Resistance.

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EU To Probe Bank Data Monitoring By U.S. (AP)

By Constant Brand

AP, September 26, 2006

European data protection officials agreed Tuesday to investigate further allegations that a Belgian-based company's sharing of confidential banking records with U.S. authorities for anti-terror probes could have violated EU laws.

After their talks, the European Union's 25 national data protection officers said the problem raised "immediate concerns about the lack of transparency which has surrounded" a secret transfer deal between the U.S. Treasury and Belgian-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT.

"The issue is complex, both factually and legally," said a statement issued by the panel's vice-chair, Jose Luis Pinar Manas, director of Spain's data protection agency. "Recognizing the seriousness of the questions that have been raised, the working party agreed to continue fact-finding and conduct further analysis based on all relevant factual and legal elements."

EU spokesman Friso Roscam Abbing said the EU experts will meet again in November and would then issue an opinion, including possible stronger safeguards that EU governments should adopt to prevent the misuse of trans-Atlantic transfer of private banking records.

The November meeting will also assess an investigation the Belgian data privacy commission has launched into the SWIFT case, to see whether the firm violated Belgian privacy rules and similar EU rules. The Belgian report is due in a few weeks.

The review is in response to questions about the legality of SWIFT's sharing of banking records with U.S. authorities for use in anti-terror investigations.

The U.S. Treasury has acknowledged that since the Sept. 11 attacks it has tracked millions of confidential financial transactions handled by SWIFT.

SWIFT routes about 11 million financial transactions daily between 7,800 banks and other financial institutions in 200 countries, recording customer names, account numbers and other identifying information.

Before Tuesday's panel talks, German Data Protection Commissioner Peter Schaar said all clients of financial institutions "have a right to know" what happens to their confidential data.

Both SWIFT and the U.S. authorities say records were subpoenaed as part of targeted investigations into suspected terrorist activity.

In its defense, SWIFT reiterated on Monday that it received "significant protections and assurances" that the data transferred to the U.S. was used confidentially.

In a statement signed by SWIFT's CEO Leonard H. Schrank, the company said the U.S. Treasury does not have unlimited access to data stored by SWIFT, and the information it got was used only "for the exclusive purpose of terrorism investigations."

The European Parliament has demanded that EU governments, the European Central Bank and the European Commission fully explain the extent to which they were aware of the secret data transfer deal, and has put pressure on them to prevent such transfers if they violate EU law.

The commission and Finland, which currently holds the EU presidency, have said their hands were tied and that it was up to the Belgian authorities to make sure their data protection laws were in line with EU regulations.

The Belgian government said in June that Washington had subpoenaed data only from SWIFT's U.S. office — but not its global headquarters outside Brussels.

EU Justice and Home Affairs Commissioner Franco Frattini said he had never been informed about SWIFT's program.

Europe Panel Defers Report On Bank Data Sifting (NYT/AP)

The New York Times, September 27, 2006

BRUSSELS, Sept. 26 — A panel of European data security officials on Tuesday put off a final report on the legality of an American program to monitor millions of international banking transactions. But they said they had “immediate concerns” about the arrangement.

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The officials agreed to investigate further whether European Union laws were being violated by a Belgium consortium's sharing of confidential banking records with American counterterrorism officials.

After their meeting here, the European officials said they had concerns about "the lack of transparency" of the arrangement between the Treasury Department and the banking consortium, known as Swift, which stands for the Society for Worldwide Interbank Financial Telecommunication.

"The issue is complex, both factually and legally," said a statement issued by the panel's vice chairman, José Luis Piñar Mañas, director of Spain's data security agency. The data officers "agreed to continue fact-finding and conduct further analysis based on all relevant factual and legal elements." Some officials had pushed for a report this week.

A spokesman for the European Union, Friso Roscam Abbing, said the data officials would meet again in November and would then issue an opinion, including possible recommendations for safeguards that union governments should adopt to prevent the improper trans-Atlantic transfer of private banking records.

The November meeting will also assess an investigation into the Swift case by the Belgian National Bank, to see whether the banking consortium violated Belgian privacy policies and similar European Union rules. The Belgian report is due in a few weeks.

The review comes in response to questions about the legality of Swift's sharing of banking records with American authorities for use in antiterror investigations.

The Treasury has acknowledged that since the Sept. 11 attacks it has tracked millions of confidential financial transactions handled by Swift. The banking consortium routes about 11 million financial transactions daily between 7,800 banks and other financial institutions in 200 countries, recording customer names, account numbers and other identifying information.

Disputing An 'Obscure' Organization's Spokesman (WP)

The Washington Post, September 27, 2006

When Nadia Bilbassy-Charters, Washington correspondent for the Dubai-based newspaper al-Arabiya, was called on by President Bush at yesterday's news conference, she asked about remarks attributed to Gijs de Vries, the European Union's antiterrorism coordinator.

Bilbassy-Charters: If I may, Mr. President, do you agree with the analysis from the counter chief European -- counterterrorism chief European spokesman who said today that the international support for terrorism has receded. Do you agree with that?

Bush : . . . First of all, I didn't -- what was this person a spokesman for?

Bilbassy-Charters: Counterterrorism chief in Europe.

Bush : Some obscure spokesman?

Bilbassy-Charters: No, actually, he has a name.

Bush : Okay, he's a got a name. Well, no, I don't agree with the spokesman for the obscure organization that said that the international commitment to fighting terror is declining.

Guantanamo Makes Adjustments For Ramadan (AP)

By Michael Melia, Associated Press Writer

AP, September 27, 2006

Muslim detainees at Guantanamo Bay entered Ramadan with traditional sweets, dates and honey — but without a military chaplain to lead them in prayer during Islam's holy month.

Nearly all the alleged al-Qaida and Taliban members held at the detention center in Cuba are observing Ramadan, officials said Tuesday. Meals are offered before dawn and after sunset to accommodate their fasting during daylight hours.

The adjustments for Ramadan, which began Saturday, come as the U.S. prison faces accusations of religious insensitivity.

A court challenge seeking the return of a full-time Muslim chaplain to the base has been filed by one detainee's attorney, who said that regular religious services would help "preserve the sanity" of the detainees.

"I think it would preserve order and discourage these suicides that are happening there," attorney Gaillard Hunt said.

A Justice Department spokesman declined to comment Tuesday on the motion, citing ongoing litigation.

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Muslim chaplains — who regularly counseled detainees in the prison's early years — have been assigned to U.S. commands with larger numbers of Islamic service members, said Navy Cmdr. Robert Durand.

"The detainee population generally rejects outside religious guidance," he said.

Detainees meet their religious needs primarily by relying on each other, with cell blocks designating an imam or prayer leader, he said.

Ramadan arrived this year with elevated security following three suicides in June.

A newspaper published for soldiers on the U.S. base ran a front-page article earlier this month stressing Ramadan's significance to Muslims.

Fasting detainees will have a meal before dawn, and a "double portion" meal in the evening to ensure they receive enough nutrition. Medical personnel will monitor their health, Durand said.

Guantanamo does have an Islamic cultural advisor who meets with the detainees to discuss their concerns, and chaplains are available to come in and handle delicate tasks, such as the Islamic funeral prayer for the suicide victims in June, Durand said.

Separately, a Red Cross delegation that began a two-week visit to the Guantanamo prison on Monday has met with base officials and was hoping to get a first glimpse of 14 high-level terror suspects previously locked up in CIA secret prisons.

Simon Schorno, a spokesman for the Red Cross in Washington, said the delegation would interview other detainees as it waits for the newest arrivals, including alleged Sept. 11 mastermind Khalid Sheikh Mohammed, to accept their offer for a meeting.

U.S. Army Gen. Bantz J. Craddock said last week that the detainees would be made available around Oct. 1.

HOMELAND RESPONSE:

Officials Forgo Supreme Court Appeal In DHS Labor Case (GOVEXEC)

By Karen Rutzick

Government Executive, September 27, 2006

Government officials on Monday night passed up their last chance to seek reversal of a court decision blocking proposed labor relations reforms at the Homeland Security Department.

The solicitor general's office, which brings cases to the Supreme Court on behalf of government agencies, let a midnight deadline pass without filing an appeal at the high court.

"We're OK with that because it allows the department to move forward in implementing our labor relations flexibilities rather than spending additional time in the litigation process," said Larry Orluskie, a DHS spokesman.

In June, an appeals panel unanimously upheld, and even broadened, an earlier ruling that the proposed system would illegally curtail collective bargaining rights for employees by giving management the ability to cancel negotiated agreements. DHS and Justice Department officials in August decided against challenging that decision before the full appellate court, but left open the option for a Supreme Court appeal.

A Justice Department spokesman declined to comment on why the solicitor general chose not to pursue the Supreme Court appeal.

Orluskie said DHS officials will begin talks soon on how to rework the system so it meets legal standards.

"What we're going to do moving forward is sit down with our component agencies, sit down with the unions, and discuss how we move forward and where we go from here," Orluskie said.

Representatives of the federal employee unions that brought the case were pleased at the government's decision.

"DHS has made the right decision," said Colleen Kelley, president of the National Treasury Employees Union. "It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people."

"This is the smartest thing DHS has done in quite some time," said Mark Roth, a lawyer for the American Federation of Government Employees. "DHS management was in a battle they knew they couldn't win."

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If DHS wants to rework its collective bargaining scheme, it must re-enter the meet-and-confer process with the unions representing its employees and resubmit the regulations to the Federal Register. The department is free, however, to move ahead with personnel changes that don't involve labor relations.

"We are working full-on with performance management," Orluskie said. He noted that DHS has trained 11,000 managers and supervisors on the new system, which focuses on job performance and will eventually link pay raises to performance ratings.

"It is my expectation that DHS will now engage in meaningful discussions with unions and management associations [on labor relations plans]," said Sen. Daniel Akaka, D-Hawaii, ranking member of a Senate federal workforce oversight subcommittee, in a statement Tuesday.

The law that created DHS, and allowed officials to rewrite personnel rules, gave the department five years for labor relations changes. As a result, department's authorization to modify the bargaining system ends in January 2009.

No Supreme Court Appeal For MaxHR (FCW)

By Wade-Hahn Chan

Federal Computer Week, September 27, 2006

The Homeland Security Department has decided not to pursue an appeal to the Supreme Court for the MaxHR human resources system. The agency has now passed on all available options for appeal regarding the labor-relations portions of the pay-for-performance system.

Larry Orluskie, a DHS spokesman, said the decision came from the Justice Department's Office of the Solicitor General late Sept. 25. The decision allows the agency to move forward to "pursue labor relations flexibilities rather than spending additional time in litigation," Orluskie said.

"If we go to the Supreme Court, we'd go on and on and on," he said. "What we're going to do is engage with our other partners, with the components, OPM, sit down with the unions and consider all available options."

MaxHR had been tied down in courts because of problems with ensuring collective bargaining rights for employees. The original court decision, in August 2005, blocked labor-relations portions of MaxHR and was eventually reaffirmed by an appeals court in June.

Unions applauded the decision and agreed with DHS on the need to move past the court battles.

"DHS has made the right decision — for itself, for its employees and for our nation," said Colleen Kelley, president of the National Treasury Employees Union. The union led the fight against MaxHR in court. "It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people."

"DHS management was in a battle they knew they couldn't win," said Mark Roth, general counsel of the American Federation of Government Employees. "The decision not to appeal was the right thing to do for management, and more importantly for DHS employees."

Currently, nearly 11,000 managers and supervisors are subject to MaxHR's performance management program, with almost 4,000 nonbargaining unit employees under the program. An additional 6,700 managers and employees will convert from the General Schedule system to MaxHR in October.

Administration Opts Not To Appeal Court Rejection Of DHS Personnel System (FEDTIMES)

By Tim Kauffman

Federal Times, September 27, 2006

The Bush administration won't appeal a June court decision striking down key parts of the Homeland Security Department's personnel system, a department spokesman said.

The government had until midnight Sept. 25 to appeal the case to the Supreme Court. The decision not to appeal was made by the Justice Department, which was representing Homeland Security in the case, Homeland Security spokesman Larry Orluskie said.

Justice had no comment.

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The focus now will shift to figuring out how to proceed from here, Orluskie said, adding that Homeland Security soon will meet with officials from inside the department, the Office of Personnel Management and the unions to begin those discussions.

The department will "consider all available options in going forward from here," Orluskie said.

The head of the National Treasury Employees Union, which led a coalition of five unions that sued the department over the personnel changes, said the government made the right decision.

"It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people," NTEU National President Colleen Kelley said.

The June 27 decision from the U.S. Court of Appeals for the District of Columbia Circuit invalidated changes the department had proposed making to the Title 5 rules governing collective bargaining, labor management procedures, and employee appeals of disciplinary actions.

The department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the reformed personnel system, and another 6,700 managers and supervisors will convert on Oct. 1, Orluskie said.

Similar changes to the labor management and appeals systems designed for the Defense Department were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia; an appeal of that decision is scheduled to be argued this fall.

Homeland Security Department Ends Litigation On Workplace Rules (WP)

By Stephen Barr

The Washington Post, September 27, 2006

At the Department of Homeland Security, litigation over new workplace rules is out.

The Bush administration, after losing three times to a labor coalition led by the National Treasury Employees Union, has decided not to file a petition at the Supreme Court, a spokesman for the department said yesterday.

The union had argued in federal district court and before a three-judge appeals panel that the administration's plan would gut the collective-bargaining rights of Homeland Security Department employees and undermine their rights to fair hearings when they sought to appeal major disciplinary action.

The courts found that the department had overreached and blocked the introduction of key parts of the new rules.

"I am very pleased," Colleen M. Kelley, president of the union, said of the decision not to continue litigation. "I think they did the right thing for the department, the employees and the country. We are looking forward to working with them on the priorities for the department."

Larry Orluskie, a spokesman for Homeland Security, said that Paul D. Clement, solicitor general at the Justice Department, informed officials late Monday that he would not take the case to the high court.

"This decision is okay with the Department of Homeland Security because it allows us to move forward toward implementing labor-relations flexibility rather than spending additional time in litigation," Orluskie said. "We will continue to engage with our components and partners in the unions to consider all options in moving forward."

Administration officials declined to discuss what Clement's decision means for the Defense Department, which also has been stopped by a federal court from trying to curb union rights as part of the new National Security Personnel System. The Pentagon has appealed the court ruling, but Mark Roth, general counsel for the American Federation of Government Employees, said that the Defense Department "would be smart to end this now."

Four years ago, Congress gave the Homeland Security Department a green light to overhaul how it pays, promotes and disciplines about 110,000 employees as part of the larger reorganization to strengthen homeland security and fight terrorism. But the rollout of the new system was slowed by legal setbacks in the past two years, and the department no longer has "a hard timeline," as one official put it, for completing the new personnel system.

About 4,000 supervisors and nonunion employees at Homeland Security headquarters, Immigration and Customs Enforcement, and the Federal Law Enforcement Training Center have been placed under a new performance-management

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system. An additional 6,700 managers and supervisors at Citizenship and Immigration Services and Customs and Border Protection will convert to the new performance system next month.

Under the new system, managers and employees set goals, link those goals to the department's objectives, and measure how well they meet expectations laid out for their performance. About 11,000 people have been trained on the new system.

The department hopes to use the system to tie job performance ratings to pay raises and bonuses but has no deadline for shifting employees to performance-based pay.

Rollout of the new pay system also has suffered from turnover in the department. Almost all officials who designed or planned the new workplace rules have retired or left the government. Marta Brito Perez, who had served as a top policy official at the Office of Personnel Management, was recently named as the top personnel adviser to Homeland Security Secretary Michael Chertoff and will play a key role in deciding the department's next steps.

Union officials said they envision that the department and unions will meet to discuss possible options for replacing the rules blocked by the courts. Administration officials declined to discuss their next steps but did not rule out more talking, making changes through a presidential order or returning to Congress for a change in law.

Sen. Susan Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, "is hopeful" that the department and unions "will approach the next round of discussions with an open mind," a spokeswoman said.

In a statement, Sen. Daniel K. Akaka (Hawaii), the ranking Democrat on the Senate's federal workforce subcommittee, said, "it is my expectation that DHS will now engage in meaningful discussions with unions and management associations."

Chertoff, Democrats Disagree Over Cargo Scans (WT)

By Audrey Hudson

The Washington Times, September 27, 2006

Homeland Security Secretary Michael Chertoff yesterday sparred with Democratic lawmakers over the feasibility of scanning cargo for nuclear materials at foreign ports before ships depart for the United States.

Mr. Chertoff told the House Homeland Security Committee that total screening is unrealistic and that other measures are being implemented to protect U.S. ports from such terrorist threats.

Cargo is screened by manifest and cargo lists, but is not scanned for radiation until it reaches U.S. ports, where Mr. Chertoff said the goal is to screen 80 percent of the cargo by year's end.

"Why can't we do it on the other side of the ocean before they depart?" asked Rep. Peter A. DeFazio of Oregon. "Why has there been resistance on the part of the administration and the majority here, to screening all the containers on the other side of the ocean?"

In response, Mr. Chertoff said, "For one thing, we don't own foreign ports, Congressman."

The hearing focused on the department's goals for 2007, including border protection, and members on both sides of the aisle asked that grants to various cities, including Washington, be increased.

Mr. Chertoff said U.S. and foreign officials soon will conduct some screening at the ship's point of departure, but the answer did not satisfy Mr. DeFazio.

"We retain the right of sovereignty in international trade and we can refuse the entry of any cargo," said the Oregon Democrat. "The Chinese regularly do this for commercial purposes; we can sure as heck do it for homeland security purposes.

"Anybody who isn't cooperating with us, we say, 'Well, that's fine, but guess what? Nothing's leaving your port to the United States of America anymore.' It's pretty simple."

Such action, Mr. Chertoff said, would cut off 75 percent of international trade and lead to a depressed economy.

Mr. DeFazio proposed a three-year period to implement such a strategy, but Mr. Chertoff balked and called it an "artificial deadline" that would be "as unrealistic as passing a law that says in three years cancer has to be cured."

Rep. Edward J. Markey, Massachusetts Democrat, called Mr. Chertoff's statements "a terrible message."

"You are saying that after the terrorists are in the air coming to the United States from another country that it's already too late, that the same thing is also true with a nuclear bomb in a ship heading for a port in the United States," he said.

The Homeland Security secretary said officials are meeting with shippers and foreign governments to better secure cargo.

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One constraint is that some ports are on land already "full of radioactive material" that would constantly set off false alarms.

"We all would desire to have radiation scanning before things are loaded on ships," Mr. Chertoff said. "But I'm not going to sell the American people pie in the sky. I'm going to give something that's realistic, actionable and produces real results."

Air Travelers Glad To Have Liquids, Gels Back (AP)

By Daniel Yee

The AP, September 26, 2006

ATLANTA - Happy that new security rules have cleared their liquids and gels for takeoff, air travelers presented small, clear plastic bags filled with toiletries for inspection Tuesday, but long lines grew at some airports as others confused about the changes filled trash cans with containers that were too large.

Most toiletries can be in containers no larger than 3 ounces, and they must be zipped up in plastic bags that are quart-sized or smaller. Those limits threw off passengers who scrambled at security checkpoints to toss out bottles of shaving cream and hand lotion or to find the proper plastic bags.

"It's an inconvenience," said Ginni Dewbray, whose husband finally found a bag to carry a small bottle of lotion after asking several fellow travelers in a security line at Chicago's O'Hare International Airport.

"If they're going to stand there and ask you to have plastic bags, they should give them out. They're not that expensive," she said.

Trash bins outside airport security checkpoints filled up with forbidden items, though not as much as they did last month when a broader ban was put in place. Many travelers were grateful for the relaxed rules, which allow them to carry drinks, makeup and other items on board their flights.

"I was glad to see (the changes)," said Vicki McGowan, a professional meeting planner at Oakland International Airport for a flight to Reno, Nev. "How can lipstick or mascara put people at risk?"

The new rules, announced Monday by the federal Transportation Security Administration, allow travel-sized toiletries to be carried aboard flights in a sealable clear plastic bag. Some items are permitted in any amount: saline solution, eye drops and prescription and nonprescription medicine, according to Transportation Security Administration spokesman Christopher White.

Drinks, liquids and gels purchased in airport stores inside security checkpoints can be carried into passenger cabins. Baby formula is allowed but must be inspected.

The rules replace an outright ban on liquids, lotions and gels ordered Aug. 10 after an alleged plot to bomb U.S.-bound jetliners was foiled.

TSA chief Kip Hawley said the stricter ban is no longer needed, and that he was pleased Tuesday's transition to the new rules went as smoothly as it did.

"I woke up scared to death this morning," Hawley told reporters in Washington. "It went great today."

Parents were some of the happiest beneficiaries of the new rules, glad to have regained some of their tools in the challenging job of keeping young children content on a plane.

Leslie Walker of Plano, Texas, was planning to carry drinks for her 5-year-old daughter and 18-month-old son onto their flight from Dallas-Fort Worth International Airport to El Paso.

"It was really a relief to know that I didn't have to get here this morning and repack everything. It saved me a little time," she said.

Airport retailers were thrilled at the news, and some had already begun stocking up on plastic, zip-top bags. The Paradies Shops, an Atlanta-based company with more than 500 stores in 60 airports across the U.S. and Canada, will hand out clear plastic bags to customers for free.

"It's good news for everybody," said Bobbi Passavanti, the company's spokeswoman. "It's great for the traveler."

San Francisco airport spokeswoman Kandace Bender said it was too early to tell if sales are up but concessionaires selling liquids beyond security checkpoints were "very happy campers," on Tuesday.

The rules were too much bother for some passengers, such as Pat Henderson, of Palm Coast, Fla., who threw away the deodorant and toothpaste in his carryon before entering the security check line at the Atlanta airport.

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"It's not worth the hassle," he said. "I just don't want to deal with it."

By 8 a.m., a trash bin at a checkpoint in Atlanta was 3 feet deep with water bottles and 16-ounce containers of toiletries, including shaving gel and hand lotion. But TSA officials there were going easy on travelers the first day of the new rules, allowing them to carry proper-sized toiletries in gallon-sized plastic bags.

After testing a variety of explosives, the FBI and other laboratories found that tiny amounts of substances - so small they fit into a quart-size plastic bag - can't blow up an airliner.

In Washington, Homeland Security Secretary Michael Chertoff said the new rules "are likely to be with us for the foreseeable future." Testifying before the House Homeland Security Committee, Chertoff said the new rules would be in place for at least six weeks, but he declined to say whether they would remain as long as six months.

Fliers Allowed Liquids, But Some Get Frustration (USAT)

By Thomas Frank And Larry Copeland

USA Today, September 27, 2006

Travelers went to airports Tuesday with the right to carry liquids and toiletries on planes again, but they also found occasional long lines and strict security rules that made some wonder if their toothpaste was worth the trouble.

New rules allow passengers to bring small amounts of liquids, gels and travel-size toiletries through checkpoints, provided the items are in 1-quart clear plastic bags.

"For all practical purposes, you still have to put everything in a checked bag," Matt Daniels said as he waited for his luggage at the baggage carousel in Hartsfield-Jackson Atlanta International Airport. "Who goes around carrying liquids in plastic bags?"

Some passengers said they were confused by a requirement that the bottles fit in the 1-quart plastic bag. Others stumbled over a policy limiting each traveler to one bag. And a few were frustrated with trying to find the right size of bag.

Mike Pattani, who owns a Candy Express store at Hartsfield-Jackson, gave 80 to 100 bags to travelers who came in frantically looking for Transportation Security Administration (TSA)-approved toiletry storage. Then he started charging 25 cents a bag.

"So many people were asking for them, I had to start charging," Pattani said.

The new rules caused logjams of more than double the normal wait times at the security checkpoints at Hartsfield-Jackson from 7 to 8:30 a.m., according to Christopher White, TSA spokesman for the Southeastern region. The usual wait time on Tuesday morning is no more than 20 minutes. Passengers waited in line for 45 minutes Tuesday, he said.

"Anytime we change procedures, there is a period of time before the public is fully aware of them and used to using them," White said, noting that Atlanta wait times returned to normal by 9 a.m.

Several airports saw routine lines and conditions. At Washington's Ronald Reagan National Airport, an airport employee stood near the security checkpoint handing out 1-quart plastic bags. TSA screener Chloe Oxendine asked everyone entering the checkpoint area, "Do you have liquids, creams or gels?" and checked them for appropriate size before people got in line.

Cyril Daniel, a screener at National, said 40%-50% of travelers were bringing liquids through security Tuesday, but many carried them in containers or bags that exceeded size limits. When Daniel told travelers the items weren't allowed, "they didn't make much of a fuss about it."

Gloria Cabe was one of the travelers who got it right. She says she read every word of the newspaper coverage of the rule change Tuesday before boarding her flight from Washington to White Plains, N.Y., for an overnight trip.

"It makes an unspeakable difference," Cabe gushed about her ability to carry on toiletries. "There's not an adequate word to describe the difference."

TSA chief Kip Hawley said he felt "everything went smoothly across the country" on the first day since the ban was relaxed. The ban had been put in place seven weeks ago after authorities announced they had foiled a plot by terrorists to blow up several trans-Atlantic planes with liquid bombs.

Hawley said FBI tests have since shown that small amounts of liquids on planes are extremely unlikely to be used to bring down a plane.

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For travelers who don't want to carry their liquids or toiletries through checkpoints, the new rules allow passengers to bring toiletries or drinks of any size on to a plane — provided they have been purchased at shops located in secure airport areas. But frequent traveler Jon Morris of Devon, Pa., said he's worried about price-gouging.

"Prices are already sky-high for water and other toiletries" at airports, he said. "They probably will increase prices until there is an outcry about that as well."

Carolyn Wright discovered a surprising nuance when she showed up Tuesday morning at Austin-Bergstrom International Airport in Texas. Wright figured that her half-empty 6-ounce toothpaste tube would comply with the 3-ounce limit.

She had no luck. A screener confiscated it. Wright was too startled to complain. "I just said, "You can have it. I'll buy a new one." Frank reported in Washington; Copeland in Atlanta. Contributing: Martin Kasindorf in Los Angeles.

Air Travelers Make Dry Runs Despite Rules (WT)

By Sean Lengell

The Washington Times, September 27, 2006

Many air travelers, given the opportunity to once again bring toothpaste, shampoo and other toiletries aboard flights, yesterday decided instead it was more convenient to forgo their new rights.

"I stuck to my old routine, it's just easier," said Laura Zlomek of Frostburg, Md., who was flying from Baltimore-Washington International Thurgood Marshall Airport to attend a wedding in Hilton Head Island, S.C. "This way I don't have to say I have any liquids."

Many passengers coming or going from Washington-area airports yesterday echoed Miss Zlomek's rationale.

"We were scared to bother to even try," said Donna Joule, 43, of McAllen, Texas, at Ronald Reagan Washington National Airport. "When I learned of the ban a few weeks ago I thought, 'Oh, now we can't bring liquids anymore.' But then I realized we really didn't need that stuff anyway."

At BWI, "I just got in the habit of checking my bags, it's just easier that way," said Kia Baskerville, 34, of Annapolis, before boarding a flight. "I appreciate the security measures, and I accept the rules as they are."

Lauren Harvard, 18, of Olney, said she has no plans to take any liquids on board in the near future.

"I'll just have to wait and see," said Miss Harvard while waiting for a United Airlines flight to Chicago's O'Hare International Airport. "I knew the ban was being lifted, but I didn't want to take any chances."

Beginning yesterday, liquid, lipstick, and gel and cream toiletries in 3-ounce containers or smaller were allowed on commercial flights if they are in a clear, plastic, quart-size or smaller reclosable bag. Only one plastic bag per passenger is allowed.

Some items are permitted in any amount: saline solution, eye drops and prescription and nonprescription medicine, the Transportation Security Administration said.

Drinks, liquids and gels bought in airport stores inside security checkpoints can be carried into passenger cabins; baby formula is allowed but will be inspected.

Some passengers said it was too confusing keeping up with rules, particularly because the Homeland Security Department just announced them Monday.

Irene Riker of Marietta, Ga., sat sipping a can of Coca-Cola before a flight at BWI yesterday after being told that she couldn't bring it past the security checkpoint.

"I heard about the new rules last night, but I didn't have time to read any papers," Mrs. Riker said. "I don't have a problem with [the rules] as long as they keep us informed. It would've been nice if they could've e-mailed ticket-holders about it."

Terry Townsend, 56, of Chattanooga, Tenn., said he applauds the tighter security but is frustrated because of inconsistencies among airports.

"I fly a lot, and some airports let you take some stuff on and others wouldn't -- you just wouldn't know," he said at Reagan Airport. "That's the biggest frustration I have."

Patricia French, 55, who arrived at BWI yesterday from Atlanta, successfully carried small bottles of hair spray and contact lens solution on board a flight from the Georgia capital. But some of her fellow passengers weren't as fortunate.

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"They were very strict about the size of the bag -- I saw them make people throw some away because they were too large," Mrs. French said.

Security lines generally moved briskly at Washington-area airports. That wasn't the case, however, in Atlanta, Mrs. French said.

"I've never waited in security lines as long as I have today in Atlanta," she said. "If they would've asked me one more time about my bag, I would've thrown it away."

Passengers weren't the only ones getting used to the new rules. Transportation Security Administration officials at Reagan Airport regularly deferred to clipboards with the updated regulations. And a sign outside an hourly parking garage at the airport still informed passengers that all liquids were banned on board flights, ignoring the updated rules.

Teresa Usher, 44, of Bel Air, Md., said the relaxed rules almost seemed too good to be true. So just in case they weren't, she wasn't going to risk losing any expensive cosmetics while going through security at BWI.

"I just took my lipstick; put it in my pocket so if they told me I couldn't take it, I could just throw it away," she said before boarding a United Airlines flight to see her mother in Portland, Ore. "Everything else I left at home. I just didn't want to take any chances."

Airport Security Adjusts To New Rules On Liquids (WP)

By Del Quentin Wilber

The Washington Post, September 27, 2006

Security was relatively smooth at U.S. airports yesterday, as travelers adjusted to new rules allowing them to bring aboard planes small amounts of liquids and gels in their carry-on bags. But it took some flexibility on the part of authorities to make things work. Many people did not know about revisions to month-long rules banning most liquids and gels from passenger cabins.

For example, consider Ted Koppel and the requirement that containers of 3 ounces or less had to fit easily into clear plastic bags.

The former host of ABC's "Nightline" arrived at Washington's Reagan National Airport yesterday morning for a flight to Dallas without a clear plastic bag and a too-large tube of toothpaste in his shaving kit.

A supervisor with the Transportation Security Administration rushed to the rescue. She gave Koppel the necessary plastic bag and determined that he had already used enough of the toothpaste to meet the new limits for such gels. He put the tube into the plastic bag and sailed through security.

Under the rules that went into effect yesterday morning, passengers are allowed to board with small amounts of toiletries in containers of 3 ounces or less, as long as the items are visible in a clear plastic 1-quart bag. The bags have to be pulled out of carry-on luggage to be examined separately at security checkpoints. Under the new rules, passengers may purchase drinks in secure areas and bring those aboard planes.

The TSA banned nearly all liquids and gels from passenger cabins in August after British authorities said they uncovered a terrorist plot to blow up transatlantic airliners with liquid bombs. Large containers of liquids and gels still must be checked or left behind, officials said.

TSA officials said they eased the rules because they had studied the threat and were confident that the revisions balanced the risk of attack against inconvenience for travelers.

TSA officials said they worked hard yesterday to help travelers make it through security, even if they didn't meet the letter of the new requirements.

"It went great today," said Kip Hawley, director of the TSA, before speaking at the Aero Club of Washington's monthly luncheon. "Everything I have heard suggests it went smoothly across the country . . . We worked with the security officers so they have discretion, particularly on the first day."

Hawley said officials rolled out the revisions on a Tuesday because it usually is one the least busy for passengers. Security lines were fairly short at National yesterday morning.

Rob Yingling, a spokesman for the Washington Metropolitan Airports Authority, which runs National and Washington Dulles International airports, declined to comment on security lines at either airport or how the new rules affected travelers. He referred

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calls to the TSA. Security lines "moved very efficiently" at Baltimore-Washington Thurgood Marshall International Airport, an airport spokesman said.

At National, passengers said they were happy that the TSA eased the restrictions, though several didn't know about the changes until they were told by a reporter.

Susan Garfield, 33, a director of women's health for a biotech company, called the original ban a "pain in the rear end" because it forced her to check her luggage and wait 40 minutes at the carousel after her flight.

But Garfield said her frustration largely evaporated yesterday when she packed her toothpaste, lip gloss and nail polish into a clear cosmetics bag with a zipper -- technically, a violation of the new rules -- and whipped through security at Boston's Logan International Airport.

"This seems like a much better approach," Garfield said.

Elliot Kash, 34, a salesman for a car-rental agency who travels between New York and the District twice a week, said he heard about the revisions yesterday and immediately bought a small silver mesh case for his toiletries -- not the clear bag the TSA requires.

Screeners at LaGuardia Airport allowed him to pass through security anyway, he said. As he opened his luggage to show a reporter the bag at National, he realized that he had toothpaste, spray-on deodorant and some cream jammed in other parts of his bag -- missed or ignored by the screeners. He said he had forgotten the items were there.

Latest Airport Security Rules Trip Up Travelers In L.A. (LAT)

By Ashraf Khalil, Times Staff Writer

The Los Angeles Times, September 27, 2006

Some passengers discover that the end of a ban on carry-on liquids doesn't mean shampoo gets a free ride.

Dave Johnson heard about the new flight safety rules as he was preparing to leave for Washington, D.C. He thought he had come to Los Angeles International Airport properly prepared, with all his toiletries in a large plastic sack the size of a freezer storage bag.

But when he reached the X-ray line, the security checker did a double-take.

"Whoa! OK, sir that's much too big! That's much larger than we allow."

"Well, do you have a smaller one?" asked Johnson, a 65-year-old program manager with the Navy.

"Sorry, we don't supply the bags, sir."

"Well, where can I get one?"

Nowhere at the airport, actually, and Johnson was forced to rush back to the ticket counter to check one of his carry-on bags along with the toiletries.

As Johnson left, the man who had been behind him in line held up a similarly oversized plastic bag and said, "I probably have the same problem."

On the first day of the relaxed transportation safety rules, travelers and security personnel at LAX spent much of the morning working through minor kinks and confusion caused by the new guidelines.

Though liquids and gels such as shampoo, toothpaste and shaving cream now are allowed in carry-on bags, no bottles, tubes or jars larger than 3 ounces are permitted and all must fit into a clear plastic container the size of a quart bag.

Many travelers simply heard the words "clear bag" and assumed that any clear bag would do.

Others brought several clear bags packed with things, but only one per person is allowed.

"Basically, you can bring anything you want as long as it's 3 ounces and as long as it's in a Baggie," said a Transportation Security Administration checker named Chris, who declined to give his full name because of agency regulations. Passengers are allowed to bring on more than 3 ounces of medicine or infant formula if they receive clearance from the TSA checker on the scene.

"By tomorrow, the word will be out through the media and everything will be better," Chris said.

On Tuesday, however, many people had either misunderstood the clear-bag rule or misjudged how much the restrictions had been eased.

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"I assumed that today all the restrictions were gone," said a man flying home to San Francisco. He had bought a travel-sized tube of toothpaste the night before but had no plastic bag to put it in.

"I'm going to take it up there and see if they'll let me through," said the passenger, who declined to give his name.

TSA spokesman Nico Melendez spent several hours at LAX on Tuesday morning and said the new travel measures didn't seem to create significant additional delays or longer lines. He encouraged all travelers to check the TSA's website, http://www.tsa.gov for precise information on the new rules.

"We expect a bit of a learning curve," Melendez said. "Whenever we do something like this, it's a couple days' process to get the word out and get everyone on the same page."

The lack of available plastic bags at the airport created a bit of a bottleneck. Anthony Bourke, who had flown into L.A. early Tuesday, noted that airport officials in San Francisco were passing out plastic bags to travelers who needed them.

More than one traveler said a clever entrepreneur could have made good money by simply bringing sandwich bags to the airport and selling them for $1 each.

Still, a healthy percentage of the passengers did show up in step with the new rules. One man, who described himself as a "120,000-mile-per-year traveler," came with a regulation-sized plastic bag that even bore his initials in black marker.

Most of the others, however, were in the clear simply because they had long since abandoned taking any liquids or gels onto the plane.

"I'm traveling every week," said Marion Lowry, who was flying to San Francisco, "and I've come to the conclusion that I'm just bringing no toiletries, no belt, and wearing slip-on shoes."

*

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A Retreat On Carry-On Liquids (NYT)

The New York Times, September 27, 2006

The federal government's relaxation of the rules for carrying liquids and gels aboard airplanes is being greeted with sighs of relief by many passengers, airlines, airports and businesses that sell bottled beverages or other liquids at the airport. But we sure wish we could be confident that the Transportation Security Administration was not simply trying to placate airlines and other businesses concerned about possible loss of revenues.

The new rules that went into effect yesterday allow passengers to carry liquids in three-ounce containers provided they all fit comfortably into a single quart-sized, clear plastic, zip-top bag. The rules also permit passengers to carry aboard beverages and other items purchased in the secure area of the airport, after they have passed through the security screening checkpoints.

The head of the T.S.A. said the near total ban was no longer needed because extensive testing by the F.B.I. and others had found that small containers don't pose a real threat and because items bought in the airport's secure area have already been screened on the way in.

But even an amateur can see holes in that argument. It would seem relatively easy for a small group of terrorists to combine their liquids after all have passed through security checkpoints, either in the airport's secure area or even aboard the plane. And one has to wonder whether a corrupt worker or terrorist might find a way to sneak a liquid bomb into the secure area despite enhanced surveillance and background checks.

Perhaps officials have really worked all this out in a methodical and disinterested manner. But it is disquieting that a former inspector general of the Department of Homeland Security, writing in USA Today, declared himself "skeptical" that such a determination had been made. A safer course of action would retain the near total ban on liquids and let the airlines supply passengers with ample beverages.

WAR NEWS:

Bush Orders Intel Report Declassified (AP)

By Katherine Shrader

DOJ_NMG_0069725

The AP, September 26, 2006

WASHINGTON - President Bush said Tuesday that critics who believe the Iraq war has worsened terrorism are naive, and he ordered the partial declassification of a high-level intelligence analysis that has stirred heated election-season argument on the subject.

At a White House news conference, Bush acknowledged that the fighting in Iraq has been used as a recruitment tool for extremists - one finding of the intelligence assessment that suggests the Iraq war has nourished terrorists' ranks.

But he rejected any suggestion that the war was a mistake. "I think it's naive. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe," Bush said, standing alongside Afghan President Hamid Karzai.

Many Democrats have argued that the U.S. needs to chart a new course to stabilize Iraqi society and eventually shift American military forces away.

After three days of criticism concerning leaked portions of the intelligence analysis, Bush asked National Intelligence Director John Negroponte to declassify key judgments of the 30-page assessment from the nation's top analysts who are spread across 16 different spy agencies.

The document's leaked contents had sparked an intense debate.

Democrats saw the conclusions - particularly that the overall terror threat has grown since the attacks of Sept. 11, 2001 - as political ammunition. Sens. Hillary Clinton of New York and Carl Levin of Michigan both said release of the key findings alone wouldn't give Americans enough information, and they accused the administration of selective declassification.

House Minority Leader Nancy Pelosi, D-Calif., sought a rare secret session of the House to discuss the report's classified findings. Her request was rejected - 217-171 - on a nearly straight party-line vote.

Such a session hasn't occurred in the House since July 1983, when the chamber went into a closed session to discuss U.S. support for paramilitary operations in Nicaragua.

In an interview, Pelosi said the secret session was needed to allow members to better understand the intelligence community's most recent assessment on global terrorism. Judging by media reports, she said, the intelligence estimate "is the administration's worst nightmare. It is not a corroboration of what the president is saying. It is a contradiction of what the president is saying."

In a sometimes-testy exchange with reporters, Bush said the document was leaked "coming right down the stretch in this campaign in order to create confusion in the minds of the American people."

He rejected the suggestion that his decision to release a version of the report was a political act, as well. "I want you to read the document so you don't speculate about what it says ... as opposed to relying on gossip," he said.

Bush listed a number of terrorist attacks that predated the U.S.-led invasion of Iraq: the hijackings of Sept. 11, 2001, the 2000 attack on the USS Cole, the 1998 bombings on U.S. embassies in East Africa and the 1993 World Trade Center bombing.

"To suggest that if we weren't in Iraq we would see a rosier scenario, with fewer extremists joining the radical movement, requires us to ignore 20 years of experience," Bush said.

Bush Goes Public With Terror Study (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 27, 2006

After its findings are leaked in news stories, part of an intelligence report calling the Iraq war a 'cause celebre' for jihadists is declassified.

WASHINGTON — Declassified portions of a high-level intelligence report released Tuesday describe the war in Iraq as a major catalyst for Islamic radicalism around the world, while also citing other causes for the expanding terrorist threat.

President Bush took the highly unusual step of releasing key findings of the classified intelligence study in an attempt to blunt a growing furor in Washington over news reports this week in which intelligence officials described sections of the document that indicate the war in Iraq has made the terrorism problem worse. The White House said the initial news stories

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about the National Intelligence Estimate, a report offering a consensus view of U.S. intelligence agencies, did not represent the whole document.

But the release of its principal findings appeared likely to fuel the election-season debate over the impact of the war in Iraq, and provided scant support for the president's position that the U.S. occupation of the country has made America safer.

At a White House news conference, Bush lashed out at what he suggested was a politically motivated leak of the report's conclusions, and at critics who have cited the intelligence estimate to question his administration's course in Iraq and argue that the drawn-out conflict is adding to the danger of terrorism.

"Some people have, you know, guessed what's in the report and have concluded that going into Iraq was a mistake," Bush said, appearing alongside Afghan President Hamid Karzai. "I strongly disagree. I think it's naive. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe."

The section released by the White House does not include an explicit conclusion that the war in Iraq has increased the terrorist threat to Americans. But the thrust of the report's "key judgments" is that the terrorist danger is morphing and growing and that the Iraq war is a major contributing force in that trend.

"We assess that the Iraq jihad is shaping a new generation of terrorist leaders and operatives," reads one of the main conclusions of the report.

"The Iraq conflict has become the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

Among other findings, the report said that Al Qaeda was exploiting the war in Iraq to attract new donors and recruits; that fighters with experience in Iraq were likely to function as leaders in a new generation of militants; and that foreign Al Qaeda fighters were free to leave the country and focus on other targets as more Iraqi militants took their place within Iraq.

Bush did not say who he thought leaked the classified report. Atty. Gen Alberto R. Gonzales indicated Tuesday that the Justice Department could investigate the disclosure once the agency that classified the report — in this case the director of national intelligence — reported the leak.

Bush said he ordered the key judgments declassified — four pages out of the 30-page document — so that "everybody can draw their own conclusions about what the report says." Other officials said it was designed to bolster statements from administration officials in recent days that the report was wide-ranging, and that assessing the impact of the Iraq war was not its main focus.

The portion made public includes six references to the conflict in Iraq, describing it as a recruiting tool for Islamic fundamentalists, a training ground for Muslim fighters and a laboratory for lethal new terrorist methods that are increasingly being exported to other countries.

Overall, the excerpt offers a bleak assessment of the evolving terrorist threat.

Although counter-terrorism operations have damaged the leadership of Al Qaeda, the report concludes that the global jihadist movement "is spreading and adapting to counter-terrorism efforts," and that if current trends continue, "threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide."

The threat from "self-radicalized cells will grow in importance to U.S. counter-terrorism efforts," according to the report, which described Europe as "an important venue for attacking Western interests."

The document even warns that rising anti-U.S. sentiment could fuel other radical ideologies, prompting leftist, nationalist or separatist groups in other parts of the world "to adopt terrorist methods to attack U.S. interests."

The National Intelligence Estimate represents the U.S. intelligence community's most authoritative and comprehensive examination of global terrorism trends. The document was produced by a senior group of analysts under the direction of National Intelligence Director John D. Negroponte.

The report, titled "Trends in Global Terrorism: Implications for the United States" was completed in April. Some members of Congress were briefed on the report this year, but its conclusions on Iraq were not publicly disclosed until this week, when The Times and other news organizations published articles based on accounts from government officials familiar with its contents.

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The NIE lists other factors contributing to the growth in Islamic fundamentalism, including "entrenched grievances" among Muslims such as "fear of Western domination" as well as the slow pace of economic, social and political reforms in many Muslim nations.

It identifies factors that could curb the spread of Islamic extremism, including the limited appeal of militant ideology. The document also indicates that a string of setbacks for insurgents in Iraq could mean that "fewer fighters will be inspired to carry on the fight."

Frances Fragos Townsend, assistant to Bush for homeland security, told reporters that suggestion "underscores the president's point about the importance of our winning in Iraq."

Even so, the excerpt concludes that the "factors fueling the spread of the movement outweigh its vulnerabilities," suggesting that Islamic radicalization is likely to grow in strength.

Democrats pounced on the report.

"What I conclude from it is that our failed strategy in Iraq has made the world more dangerous," said Rep. Jane Harman (D-Venice), the ranking Democrat on the House Intelligence Committee. Harman said the declassification of the document could have immediate repercussions, shifting debate on Capitol Hill away from the White House agenda.

Sen. John D. "Jay" Rockefeller IV (D-W.Va.), the ranking Democrat on the Senate Intelligence Committee, said the report's judgments "make it clear that the intelligence community — all 16 agencies — believe the war in Iraq has fueled terrorism."

Republicans downplayed the report's language on Iraq, and pointed out that most of the document's findings are consistent with previous reports and testimony describing terrorist networks as increasingly decentralized.

"Despite Democrats' dubious claims, the NIE report indicates that America's success against Al Qaeda has led to the enemy becoming more diffuse and independent," said House Majority Leader John A. Boehner (R-Ohio).

In his news conference with Karzai, Bush sought to refute the suggestion that the war was exacerbating the terror problem by ticking off attacks against American targets before the invasion. He mentioned the 1993 car bombing of the World Trade Center, the 1998 bombings of American embassies in east Africa, and the 2000 attack on the U.S. warship Cole in a Yemen harbor.

"To suggest that if we weren't in Iraq we would see a rosier scenario with fewer extremists joining the radical movement requires us to ignore 20 years of experience," Bush said. "The best way to protect America is defeat these killers overseas so we do not have to face them here at home."

But the implication that there was a connection between Baghdad and any of those attacks — or the Al Qaeda terrorist network — was not supported by intelligence estimates before the war, and has been widely discredited since.

At one point, Bush defended the invasion by saying the war on terrorism requires "going on the offense against people that want to do harm to the American people."

However, the most comprehensive intelligence estimate on Iraq before the war — a National Intelligence Estimate published in October 2002 — concluded that Baghdad was "drawing a line short of conducting terrorist attacks" against the United States, and that only "if sufficiently desperate" was Hussein likely to seek a partnership with a terrorist organization such as Al Qaeda.

More recently, the Republican-controlled Senate Intelligence Committee concluded a two-year investigation that turned up no evidence that Hussein had ties to Al Qaeda or was plotting against the United States. Instead, the report found that the Iraqi leader had issued a general order barring anyone in his government from having dealings with the terrorist network.

American intelligence agencies are working on an NIE that focuses exclusively on the conflict in Iraq. Townsend said the report is scheduled to be completed in January. Harman said she is concerned that the administration is seeking to delay release of the document until after the November elections.

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Bush Declassifies Some Iraq Intelligence Documents (CHIT)

By Mark Silva

DOJ_NMG_0069728

Chicago Tribune, September 27, 2006

WASHINGTON -- President Bush on Tuesday attempted to blunt criticism that the war in Iraq has emboldened a new generation of terrorists, ordering the release of a select summary of a classified National Intelligence Estimate concluding that U.S.-led counter-terrorism efforts have "seriously damaged" the leadership of Al Qaeda and disrupted its operations.

At the same time, a carefully screened summary of the NIE concludes that a holy war in Iraq is "shaping a new generation of terrorist leaders and operatives." It reports that the conflict has become "the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

While reports of a small portion of the NIE revealed by weekend newspapers focused on the war in Iraq serving as a recruiting and breeding ground for Islamic radicals, the president maintained that the assessment released Tuesday supports his contention that the U.S. and its allies have succeeded in weakening terrorist networks, dispersing their operatives and undermining their plans.

Nonetheless, the intelligence community's assessment that the war in Iraq has spawned new terrorism and inflamed anti-U.S. sentiment in the Muslim world served to buttress opposition to the war in Congress as the critical Nov. 7 elections approach.

The NIE is a consensus report of 16 government intelligence agencies. Director of National Intelligence John Negroponte released a select, four-page summary after screening it for sensitive intelligence, although the White House had described the still-classified summary of the report's "key judgments" as a nine-page document.

The report's most alarming finding—that the war in Iraq has generated new terrorism—serves as a powerful challenge to the president's insistence that removing Saddam Hussein from power in Iraq has made the world safer. This is the argument Bush has embraced for the U.S.-led invasion since pre-war intelligence about suspected weapons of mass destruction in Iraq proved to be wrong.

"Some people have, you know, guessed what's in the report and have concluded that going into Iraq was a mistake," Bush said during a White House press conference with Afghan President Hamid Karzai. "I strongly disagree. I think it's naive.

"To suggest that, if we weren't in Iraq, we would see a rosier scenario with fewer extremists joining the radical movement requires us to ignore 20 years of experience," Bush said. He cited a series of terrorist attacks that occurred before the invasion of Iraq, including both the 1993 and Sept. 11, 2001, attacks on the World Trade Center in New York.

The revelation of first a portion of the NIE that was produced in April and now the broader, declassified summary is likely to stir new debate over the war in Iraq at a time when the president and fellow Republicans are attempting to maintain control of Congress in November, contending the GOP is the party most committed to national security.

Citing the NIE as evidence, Sen. Jack Reed (D-R.I.), declared, "Iraq was a strategic mistake. The Bush administration's mishandling of the war has increased the number of radical Islamic fundamentalists and resentment and hatred of the United States."

Bush angrily denounced whoever revealed the report's findings before he decided to declassify a summary of it.

"You know, what's interesting about the NIE… it was an intelligence report done last April," Bush told reporters in the East Room. "And here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper. Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

The White House complained that news reports focused on one paragraph taken "wildly out of context" from a nine-page summary of the NIE known as the "key judgments." Still, much of the four-page summary released Tuesday focuses on the role that Iraq has played in fomenting terrorism.

Among the judgments of the April report released by Negroponte:

* U.S.-led counter-terrorism has "seriously damaged the leadership of Al Qaeda and disrupted its operations," but Al Qaeda continues to pose the greatest threat to the U.S.

* The global jihadist movement is spreading, and adapting to counter-terrorism efforts, and should this continue "threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide." Yet the movement is "decentralized, lacks a coherent strategy and is becoming more diffuse."

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* The Iraq jihad is "shaping a new generation of terrorist leaders and operatives," and perceived success there would inspire more fighters elsewhere. The Iraq conflict has become "the cause celebre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

* Al Qaeda, merged with the network of then-elusive Abu Musab al Zarqawi in Iraq, is "exploiting the situation in Iraq to attract new recruits and donors." Zarqawi was later killed.

* As jihadist groups use improvised explosive devices and suicide attacks in urban centers, fighters with experience in Iraq are "a potential source of leadership" for jihadists, and with anti-American sentiment on the rise, this could prompt other groups to adopt terrorist methods for attacking the U.S.

* This "radicalization… is occurring more quickly, more widely and more anonymously in the Internet age," making the likelihood of surprise attacks by unknown groups more likely.

Negroponte, calling the report a comprehensive assessment based on a series of judgments, maintained that "characterizing only a small handful of those judgments distorts the broad strategic framework the NIE is assessing—in this case, trends in global terrorism."

Yet Bush's critics contended that releasing select portions of the NIE, formally titled "Trends in Global Terrorism: Implications for the United States," withholds information that would enable the public to fully judge the report.

"For more than three years, President Bush and the Republican Congress have repeatedly claimed the war in Iraq is making America safer," said Sen. Edward Kennedy (D-Mass.). "The American people deserve the full story, not those parts of it that the Bush administration selects. The last thing we need is another selective declassification of portions of the report in a desperate attempt by the administration to avoid disclosing the truth."

While complaining of election-season politics in the leak of a portion of a report, the president was asked if his own release of a summary of the NIE is also a political act.

"I want you to read the documents, so you don't speculate about what it says… as opposed to relying upon gossip and somebody, you know, who may or may not have seen the document trying to classify the war in Iraq one way or the other," Bush said, with apparent frustration over leaks. "I guess it's just Washington—where… there's no such thing as classification anymore, hardly."

Backing Policy, President Issues Terror Estimate (NYT)

By Mark Mazzetti

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Portions of a National Intelligence Estimate on terrorism that the White House released under pressure on Tuesday said that Muslim jihadists were “increasing in both number and geographic dispersion” and that current trends could lead to increasing attacks around the globe.

The report, a comprehensive assessment of terrorism produced in April by American intelligence agencies, said the invasion and occupation of Iraq had become a “cause célèbre” for jihadists. It identified the jihad in Iraq as one of four underlying factors fueling the spread of the Islamic radicalism, along with entrenched grievances, the slow pace of reform and pervasive anti-American sentiment.

The intelligence estimate said American-led counterterrorism efforts in the past five years had “seriously damaged the leadership of Al Qaeda and disrupted its operations.” But it said that Al Qaeda continued to pose the greatest threat to American interests among terrorism organizations, and that the global jihadist movement overall was “spreading and adapting to counterterrorism efforts.” [Text and news analysis, Page A16.]

The estimate predicted that over the next five years the factors fueling the spread of global jihad were likely to be more powerful than those that might slow it.

The White House ordered portions of the intelligence estimate declassified to counter what it described as mischaracterizations about its findings in news reports.

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The Bush administration had initially resisted releasing the document but changed course after being pressured to declassify the report by Republicans, including Senator Pat Roberts of Kansas, chairman of the Senate intelligence committee, and by the conservative editorial page of The Wall Street Journal.

At a news conference on Tuesday where he announced the release of portions of the document, President Bush suggested forcefully that news reports in the past two days about the document had been based on politically motivated leaks.

"You know, to suggest that if we weren't in Iraq we would see a rosier scenario, with fewer extremists joining the radical movement, requires us to ignore 20 years of experience," Mr. Bush said. He added: "My judgment is: The only way to protect this country is to stay on the offense."

The intelligence estimate says that if jihadists who leave Iraq perceive themselves, or are perceived by others, to have failed, fewer fighters will be inspired to keep fighting.

Democrats seized on the document's conclusions as proof that the invasion of Iraq was a mistake.

"The war in Iraq has made us less safe," said Senator John D. Rockefeller IV of West Virginia, the top Democrat on the Senate intelligence committee. Mr. Rockefeller said the judgments contained in the intelligence estimate "make it clear that the intelligence community — all 16 agencies — believe the war in Iraq has fueled terrorism."

The estimate was the first formal appraisal of the terrorism threat by American intelligence agencies since the invasion of Iraq began in March 2003. The public release of any portion of such a document is highly unusual. The White House declassified fewer than 4 pages of what officials described as a document of more than 30 pages, saying that to release more of it would endanger intelligence sources and methods.

The release of the findings added fuel to an intense political debate about the administration's record in combating terrorism. Mr. Bush used the news conference to reassert his view that the Iraq war was not to blame for the growth of Islamic radicalism.

He also attributed the disclosure of some of the assessment findings to what he said were government officials leaking classified information to "create confusion in the minds of the American people" weeks before an important Congressional election.

The first article on the findings was published Sunday in The New York Times after more than five weeks of reporting. More than a dozen United States government officials and outside experts were interviewed for the article, including employees of several government agencies and both supporters and critics of the Bush administration.

Democrats also criticized the White House for only declassifying part of the report, and the House minority leader, Nancy Pelosi of California, tried and failed to persuade Republicans to agree to a vote that would have shut the doors of the House of Representatives to allow members to read the entire classified report.

Officials who have read the entire document said the still-classified portion contained a more detailed analysis of the impact of the Iraq war on the global jihad movement. Representative Jane Harman of California, the top Democrat on the House intelligence committee, said that what the White House released Tuesday was broadly consistent with the classified portion of the report.

National intelligence estimates are the most authoritative documents that American intelligence agencies produce on a specific national security issue. They represent the consensus view of the 16 intelligence agencies in government, and are approved by John D. Negroponte, director of national intelligence.

The release on Tuesday of portions of the document was the second time that the Bush administration had come under political pressure to declassify a national intelligence estimate.

In July 2003, the White House released the principal judgments of an October 2002 National Intelligence Estimate about Iraq's weapons programs in an attempt to address a furor over the origins of President Bush's statement, made in a State of the Union address, that Saddam Hussein had been trying to buy nuclear materials in Niger.

In recent months, without disclosing the existence of the intelligence estimate on terrorism, some senior American intelligence officials have given glimpses into its conclusions. During a speech in San Antonio in April, Gen. Michael V. Hayden, who was then Mr. Negroponte's deputy, said new jihadist networks and cells were increasingly likely to emerge.

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"If this trend continues, threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide," General Hayden said, using the exact language of the intelligence assessment made public on Tuesday. General Hayden is now director of the Central Intelligence Agency.

But the intelligence assessment paints a starker picture of the role that the Iraq war is playing in shaping a new generation of terrorist leaders than that presented either in recent White House documents or in speeches by President Bush tied to the fifth anniversary of the Sept. 11 attacks.

The intelligence report specifically cited the role of the Jordanian terrorist Abu Musab al-Zarqawi, who led the Iraqi group Al Qaeda in Mesopotamia, in attracting new recruits for the jihad cause in Iraq, and stated that "should al-Zarqawi continue to evade capture and scale back attacks against Muslims, we assess he could broaden his popular appeal and present a global threat."

He was killed by American forces in June.

Frances Fragos Townsend, the president's homeland security adviser, suggested to reporters on Tuesday that the killing of Mr. Zarqawi might ultimately help dampen the appeal of jihad in Iraq.

At the same time, the report concludes that the increased role of Iraqis in managing the operations of Al Qaeda in Mesopotamia "might lead veteran foreign jihadists to focus their efforts on external operations."

To be successful in combating the spread of a radical ideology, the assessment states, the United States government "must go well beyond operations to capture or kill terrorist leaders."

Bush's Leak Comments Heighten Debate Over Security (LAT)

By Peter Wallsten

The Los Angeles Times, September 27, 2006

WASHINGTON -- President Bush on Tuesday accused unnamed people of leaking part of a classified intelligence report on Iraq as an act of political sabotage, intended to "create confusion in the minds of the American people" in advance of the November elections.

Bush's assertion, along with his decision to release portions of the same report in response to the leaks, were the clearest signs yet that the ongoing debate over the Iraq war and its effect on U.S. security has grown to a fever pitch as the two parties struggle to shape public opinion before election day.

"Here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper," Bush said, referring to news stories Sunday on the intelligence report, which said the Iraq war, among other factors, was fueling an expansion of Islamic terrorism. "Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

Bush's comments marked the latest in a string of highly public and politically charged clashes over national security that both major parties believe have implications for the elections. They have included a fight over whether President Clinton took sufficient anti-terrorism steps while in office, disputes on Capitol Hill over interrogation and domestic wiretapping laws, and differing interpretations of the classified intelligence report.

With Congress entering its final days before adjourning for the fall election campaign, the two parties are fighting over which image will be uppermost in voters' minds Nov. 7: That the U.S. has taken on the terrorism challenge by invading Iraq, or that the invasion and its bloody aftermath have left the United States less safe.

Clinton has become embroiled in the debate, marking a rare foray by a former president into a present-day political fight. Clinton used a Sunday interview with the Fox News Channel to defend his efforts to stop Osama bin Laden and, in an unusually sharp rebuke of Bush's policies, to argue that the Republicans who followed him in office had ignored bin Laden until the Sept. 11 attacks.

Secretary of State Condoleezza Rice accused Clinton of making "flatly false" claims about the Bush administration's efforts against bin Laden, when asked about the former president's remarks Monday by the New York Post.

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Democrats have been reluctant to challenge the GOP on national security matters, because the issue has benefited Republicans in recent cycles and Democrats have been divided on Iraq. On Tuesday, they made it clear they intended to fully engage on the security front this time.

House Minority Leader Nancy Pelosi, D-Calif., argued -- albeit unsuccessfully -- for the House to go into private session to discuss the intelligence report on terrorism and call for a full declassification. And Sen. Hillary Rodham Clinton, D-N.Y., the former first lady and a possible candidate for president in 2008, not only defended her husband's handling of terrorism but suggested he would have heeded warnings signs that she said were ignored by the Bush White House.

Republicans have sought to portray Democrats as inadequate to the job of protecting the nation, pursuing an election-year strategy of trying to mobilize conservative voters in key districts by arguing that Democrats would "cut and run" from Iraq and thus embolden terrorists.

Democrats, citing shrinking public support for Bush and the Iraq war, have tried to portray the administration as incompetent. However, disagreements among leading Democrats over whether to embrace a troop withdrawal plan in Iraq have left the party with a muted message. This week, citing the intelligence report and other questions about Bush's leadership, the party is attempting to overcome that disunity and beat the GOP at its own game.

"There was a debate as recently as two weeks ago about whether Iraq is advancing or debilitating America's interests," said Illinois Rep. Rahm Emanuel, who leads Democratic strategy for House campaigns. "You have now the best the minds of American intelligence saying it's debilitating, and that is affecting the political terrain for this election."

In a sense, former President Clinton's appearance Sunday and Bush's news conference Tuesday offered a split screen debate between each party's most influential leader.

Clinton accused Bush of spending billions of dollars in Iraq and losing focus on capturing bin Laden in Afghanistan. "If I were still president, we'd have more than 20,000 troops there trying to kill him," Clinton said.

"Now, I've never criticized President Bush, and I don't think this is useful," Clinton added. "But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Clinton also offered a critique of Bush's broader agenda of promoting democracy overseas, subtly contesting the current president's frequent argument that free elections in Iraq and Afghanistan are signs of progress.

"Democracy is about way more than majority rule," Clinton said. "Democracy is about minority rights, individual rights, restraints on power. ... But I don't think that's all we can do in the Muslim world. I think they have to see us as trying to get a just and lasting peace in the Middle East. I think they have to see us as willing to talk to people who see the world differently than we do."

Bush declined to respond directly to Clinton's comments, turning aside a question about the former president by saying his administration is working to make the country safer.

"I've watched all this finger-pointing and naming of names, and all that stuff," Bush said. "Our objective is to secure the country. ... So I'm not going to comment on other comments."

White House Releases Portions Of Iraq-War Critique (WSJ)

By Jay Solomon And Sarah Lueck

The Wall Street Journal, September 27, 2006

WASHINGTON -- The White House, under mounting pressure from Congress, released declassified portions of a government intelligence report that concludes the Iraq war is a "cause célèbre" shaping a new generation of militant Islamists and terrorists.

The four pages of findings from the National Intelligence Estimate, representing the input of 16 government agencies, follow days of criticism sparked by portions that were leaked last week. They also come in the run-up to midterm elections in which the conflict has become a defining issue. In them, analysts conclude that while the leadership of al Qaeda has suffered serious damage in Iraq and the wider war on terror, the threat from Islamic extremists has spread in numbers and geographic reach.

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Leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S.

President Bush called those who believe the war has worsened terrorism "naïve," and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world.

Sen. Jay Rockefeller (D., W.Va.) senior Democrat on the Senate Intelligence Committee, countered that, "The reality is, the war in Iraq has inflamed Islamic extremism ... and it has created a training ground for the next generation of terrorists."

The White House initially sought to dismiss the NIE's leaked portions on Iraq as being mischaracterized, but ultimately agreed to release the report's "Key Judgments." None of the conclusions about Iraq had been redacted, said Francis Fragos Townsend, Mr. Bush's top counter-terrorism official.

The NIE seeks to assess the near-term capabilities of al Qaeda and other militant Islamist groups. It said U.S.-led counter-terrorism operations have "seriously damaged" al Qaeda's senior leadership, but the group continues to spread its ideology by breaking into more diffuse cells and communicating through the Internet. The NIE said Islamists have made particular gains in spreading their influence into Europe, and warned that non-Muslim groups in Latin America and Asia who share al Qaeda's anti-American agenda could also resort to terrorist activities.

President George Bush and Afghan President4 Hamid Karzai hold a joint press conference to discuss the Iraq policy and the leaking of classified information for political purposes.

On Iraq, the report said the war has aided al Qaeda's efforts to recruit globally by "breeding a deep resentment of U.S. involvement in the Muslim world." It said U.S. success in stabilizing Iraq and promoting democracy, however, could ultimately bring fewer fighters into the fight. "We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities" in the near term, the report said.

As the White House and its critics traded charges over the findings, Congress was poised to approve rules for interrogating and prosecuting suspected foreign combatants, as Democrats eager to avoid political fallout before the elections said they aren't likely to block the measure. The House will take up its bill today and the Senate could follow today or tomorrow.

Some critics of the legislation, which would set up military commissions to try "enemy combatants," want to propose changes. But even without those revisions, Democrats aren't likely to filibuster and many might decide to vote for it, Senate aides said.

One sticking point is a change made in recent days that expands the definition of "enemy combatant." Sen. Carl Levin (D., Mich.) called it "much broader than anyone simply caught in terrorist activity." Another is a provision that would prevent suspects held at Guantanamo Bay from challenging their detention with a habeas corpus petition. Human-rights groups have said this would invite abuse of prisoners and allow the government to hold suspects indefinitely.

In related action, the House approved a $447 billion Pentagon budget for the new fiscal year that begins Oct. 1, including $70 billion in emergency funding for military operations overseas. But a companion defense authorization bill remains stymied by a standoff between Speaker Dennis Hastert (R., Ill.) and the Senate.

Bush On Offensive Over Leaked Iraq Report (FT)

By Caroline Daniel

Financial Times, September 27, 2006

The Bush administration on Tuesday formally declassified parts of the leaked National Intelligence Estimate, revealing that Iraq had become a “cause célèbre for jihadists” and warning that an increasing number of Muslims identified themselves with the cause.

Publishing the key judgments in the NIE marked a White House effort to limit the political fallout from the admission that the Iraq war had fostered terrorism and to show that the findings were just one part of a wider analysis of terrorism trends.

President George W. Bush said he had declassified parts of the report as he wanted to “stop all the speculation, all the politics about somebody saying something about Iraq”. But he angrily denounced the leak as an effort to influence the election and “confuse the American people about the nature of this enemy”.

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"We are coming down the stretch in an election campaign and it's on the front page of your newspapers. Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes," he said, in some of his most pointed political remarks of the mid-term election campaign.

The four-page NIE document said that a small but growing percentage of Muslims identified themselves as jihadist. It warned that Iraq was breeding deep resentment of US involvement in the Muslim world and that fighters trained there could become leaders elsewhere.

Yet it affirmed that, if these fighters failed in Iraq, "we judge fewer . . . will be inspired to carry on the fight".

Mr Bush took a direct swipe at critics who have called for an immediate withdrawal from Iraq. He said it was "naive and a mistake" to suggest that if the US was not in Iraq "we would see a rosier scenario, with fewer extremists joining the radical movement. It requires us to ignore 20 years of experience".

Leaks from the classified document that was written in April were published at the weekend. News reports drew attention to the fact that the Iraq war had exacerbated Islamic terrorism and that the dangers had increased after September 11 2001. Democrats have seized on the leaked NIE report to suggest that the Iraq war has undermined the "war on terror" and made the US less safe.

The National Strategy for Combating Terrorism, issued by the White House last month, had played down the threat posed by Iraq. In a list of seven challenges it cited, concerns about Iraq came sixth. "The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry," it said.

Democrats in the House of Representatives tried on Tuesday to force a rare closed session to discuss intelligence on terrorism, but the Republican-controlled body rejected their move.

Mr Bush declined to respond to comments made in a Fox News interview this weekend by former President Bill Clinton who said that in the first nine months in office the Bush administration had held no meetings on the threat from Osama bin Laden. "I don't have enough time to finger-point," he said.

Bush Hits 'Political' Leak (WT)

By Joseph Curl

The Washington Times, September 27, 2006

An angry President Bush said yesterday that a secret terrorism assessment had been leaked for "political purposes" and disputed that the classified report had concluded the Iraq war is spreading Islamic extremism across the world.

But despite misgivings that it "would be a bad habit for our government to declassify every time there's a leak," the president ordered National Intelligence Director John D. Negroponte to declassify key judgments on terrorism in Iraq from the 30-page document, drafted by the nation's top analysts in 16 spy agencies.

The four-page section declassified yesterday calls the Iraq war a "cause celebre" for Islamic terrorists and says that despite U.S. troops' wreaking serious damage on al Qaeda leadership, the number of terrorists is spreading in number and geographic dispersion.

"If this trend continues, threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide," the document says. "The confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups."

Although the report -- completed in April and based on data collected through February -- states that the "global jihadist movement is decentralized, lacks a coherent global strategy and is becoming more diffuse," the document also says that new jihadist networks are increasingly likely to emerge and that they will be harder to track or infiltrate.

But at the White House, the president called critics who say the Iraq war was a mistake "naive."

"I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe," he said.

He also took issue with the conclusion that the Iraq war is responsible for creating new terrorists, saying that those who "see a rosier scenario with fewer extremists joining the radical movement" if not for the Iraq war are ignoring 20 years of history.

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"We weren't in Iraq when we got attacked on September 11. We weren't in Iraq when thousands of fighters were trained in terror camps," Mr. Bush said. "We weren't in Iraq when they first attacked the World Trade Center in 1993. We weren't in Iraq when they bombed the Cole. We weren't in Iraq when they blew up our embassies in Kenya and Tanzania."

At a joint press conference with Mr. Bush, Afghan President Hamid Karzai echoed the president's sentiment.

"They came to America on September 11th, but they were attacking you before September 11th in other parts of the world. We are a witness in Afghanistan to what they are and how they can hurt. You are a witness in New York. Do you forget people jumping off the 80th floor or 70th floor when the planes hit them? Can you imagine what it will be for a man or a woman to jump off that high?" he said.

In a pointed jab at Democrats just six weeks before the midterm congressional elections, Mr. Bush said that politics was behind the sudden leaking of a five-month-old document.

"Here we are, coming down the stretch in an election campaign, and it's on the front page of your newspapers," the president said. "Isn't that interesting? Somebody has taken it upon themselves to leak classified information for political purposes," he said of the story, which first appeared Sunday in the New York Times.

Mr. Bush charged that political opponents had disclosed only select parts of the National Intelligence Estimate (NIE), the administration's assessment on global terrorism. To counter those opponents, the president announced in the East Room that he would declassify the document "because I want you to read the documents so you don't speculate about what it says."

"We'll stop all the speculation, all the politics about somebody saying something about Iraq, somebody trying to confuse the American people about the nature of this enemy," Mr. Bush said. "Then everybody can draw their own conclusions about what the report says."

Democrats on Capitol Hill, meanwhile, failed to win a motion for a closed House session to discuss classified intelligence from the NIE. The proposal from House Minority Leader Nancy Pelosi, California Democrat, was denied by a vote of 217-171.

Key Democrats issued a slew of coordinated statements calling on Mr. Bush to declassify the entire report, not just the portions that help the administration's position.

"The American people deserve the full story, not those parts of it that the Bush administration selects," Sen. Edward M. Kennedy of Massachusetts said. "The last thing we need is another selective declassification of portions of the report in a desperate attempt by the administration to avoid disclosing the truth."

"It's high time for this administration to ... acknowledge that Iraq is undermining the security" of Americans, said Rep. Jane Harman, California Democrat.

Mrs. Harman, the ranking member of the House intelligence committee, also said she hears there is a second, more recent NIE report and that "its contents are grim."

Although the redacted report had several bleak assertions, it also said:

•"Should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight."

•"The underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the" next five years.

•A newly increased role of Iraqis in fighting al Qaeda could lead the terror group's veteran foreign fighters to focus their efforts outside the country.

•Iran and Syria are the most active state sponsors of terror, but many other countries will be unable to prevent their resources from being exploited by terrorists.

•Four underlying factors are fueling the spread of the jihadist movement -- entrenched grievances, such as corruption, injustice, and fear of Western domination, leading to anger, humiliation, and a sense of powerlessness; the Iraq war; the slow pace of real and sustained economic, social, and political reforms in many Muslim majority nations; and pervasive anti-U.S. sentiment among most Muslims.

"Exposing the religious and political straitjacket that is implied by the jihadists' propaganda would help to divide them from the audiences they seek to persuade," the report says.

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Looking ahead, the report also predicts that the loss of key leaders -- Osama bin Laden, Ayman al-Zawahri and Abu Musab Zarqawi, killed in June -- in "rapid succession" would likely split central leadership and cause the group to fracture.

Part Of Iraq Intelligence Report Is Released (WP)

By Michael A. Fletcher

The Washington Post, September 27, 2006

The Bush administration yesterday released portions of a classified intelligence estimate that says the global jihadist movement is growing and being fueled by the war in Iraq even as it becomes more decentralized, making it harder to identify potential terrorists and prevent attacks.

The war in Iraq has become a "cause celebre" for jihadists, breeding resentment of U.S. involvement in the Muslim world and drawing new adherents to the movement, the assessment says. The growth in the number of potential terrorists is also being fed by corruption, slow-moving political reform in many Muslim countries and "pervasive" anti-American sentiment, according to the report.

The jihadist movement is potentially limited by its ultra-conservative interpretation of Islam and could be slowed by democratic reforms in the Muslim world, says the document, which reflects the collective judgment of the nation's 16 intelligence agencies. In addition, it asserts that if jihadists are perceived to be defeated in Iraq, "fewer fighters would be inspired to carry on the fight."

Still, terrorists with experience constructing roadside bombs and other deadly devices in Iraq "are a potential source" of leadership in attacks elsewhere, the report says.

President Bush took the extraordinary step of releasing portions of the classified report, which was completed in April, to counter assertions made after information from the document was leaked to media outlets over the weekend. Articles based on those leaks said the report blames the war in Iraq for worsening the global terrorist threat -- an interpretation that the administration calls a distortion of its contents.

Speaking at a White House news conference with Afghan President Hamid Karzai, Bush angrily called the leak a political act intended to affect the upcoming midterm elections. "Somebody has taken it upon themselves to leak classified information for political purposes," he said.

The president added that it is naive to think that terrorism would be any less pervasive if the United States had not invaded Iraq, repeating his oft-made point that extremists attacked U.S. interests around the world long before the start of the war.

"My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," Bush said. "They kill in order to achieve their objectives."

Bush said he reluctantly ordered the release of the National Intelligence Estimate so people can form their own conclusions about it. "You can read it for yourself," he said. "We'll stop all the speculation, all the politics about somebody saying something about Iraq, somebody trying to confuse the American people about the nature of this enemy."

Disclosure of parts of the document, which represents the U.S. intelligence community's first formal assessment of terrorist threats since the March 2003 invasion of Iraq, did nothing to quell the partisan storm that has been brewing since the first stories about it surfaced.

Democrats have seized on the document to bolster their contention that the war in Iraq has been a debacle that has hindered broader anti-terrorism efforts, even as the administration calls Iraq the central front in a global struggle.

For the third straight day, Democrats sought to draw attention to the issue with news conferences and political maneuvers. House Minority Leader Nancy Pelosi (Calif.) moved to put the House into secret session to discuss the intelligence estimate, but the motion was defeated along party lines.

"With such a devastating and authoritative analysis of the Bush administration's failures in Iraq, the president and the Republican-controlled Congress now have a choice to make," said Senate Minority Leader Harry M. Reid (Nev.). "Will they stubbornly follow a failed stay-the-course strategy that America's intelligence community has concluded makes America less safe, or will they finally admit their mistakes and change course?"

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Democrats challenged the White House to release the full report. "The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward M. Kennedy (Mass.). "President Bush should declassify the entire NIE as the Republican chairman of the Senate intelligence committee has suggested so the American people can read the plain facts for themselves."

Bush announced his decision to declassify parts of the terrorism assessment after a meeting with Karzai. During the meeting, he told the Afghan leader that the United States will stand by him in his battle against a resurgent Taliban and other Islamic extremists.

"I know there are some in your country who wonder whether or not America has got the will to do the hard work necessary to help you succeed," Bush told Karzai. "We have got that will."

Bush restated his commitment to help the Afghan government as he is working to warm the increasingly frosty relations between Karzai and another critical ally in the U.S. anti-terrorism efforts, Gen. Pervez Musharraf, president of neighboring Pakistan. Bush met with Musharraf on Friday, and the three leaders are scheduled to meet and have dinner this evening at the White House.

The fruitless search for al-Qaeda leader Osama bin Laden and the surging violence by Taliban fighters, particularly in southern Afghanistan, have contributed to friction between Karzai and Musharraf. They have blamed each other for the continued trouble, with Karzai suggesting that Musharraf is not doing enough to find bin Laden, who is widely believed to be hiding in one of the remote tribal-controlled areas of Pakistan.

Musharraf counters that Karzai has not done enough to address the grievances of Afghan people who have joined the Taliban or who support it.

Although the intelligence report offers a sobering picture of the global terrorist threat, it points to counterterrorism successes, including the killing or capture of much of the al-Qaeda leadership, and the condemnation of extremist views by "a few notable Muslim clerics."

It also says that a backlash could develop against Islamic radicals if they continue to kill fellow Muslims.

Still, the assessment warns, the underlying factors fueling the spread of jihadists' radical ideology "outweigh its vulnerabilities," a situation the report says is likely to continue for some time.

Karzai, speaking at the news conference, offered passionate support for Bush's efforts to combat terrorism. "These extremist forces were killing people in Afghanistan and around for years," he said. ". . . They came to America on September 11th, but they were attacking you before September 11th in other parts of the world. . . . Should we wait for them to come and kill us again?"

Intel Report: Iraq War Cultivating Militancy (USAT)

By Bill Nichols And David Jackson

USA Today, September 27, 2006

WASHINGTON — The Iraq war has become the “cause célèbre” for Islamic militants, breeding resentment in Muslim nations and cultivating supporters worldwide, according to portions of a secret intelligence study the Bush administration released Tuesday.

The administration report also says that the militant Islamic movement is “spreading and adapting” to counterterrorism efforts and militants are “increasing both in number and geographic dispersion.”

If this trend continues, the report warns, “threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide.”

However, it also echoes President Bush's insistence on succeeding in Iraq. “Should jihadists leaving Iraq perceive themselves … to have failed, we judge fewer fighters will be inspired to carry on the fight.”

Bush ordered more than three pages of the National Intelligence Estimate on global terrorism made public Tuesday after several days of Democratic attacks based on media reports about the classified document.

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Democrats have trumpeted the report, completed in April and a reflection of the analysis of the 16-agency U.S. intelligence community, as the first admission by the administration itself that Bush's policy in Iraq has made the problem of global terrorism worse.

Senate Minority Leader Harry Reid, D-Nev., said the report confirms "what the American people have long believed: The Bush administration's failed policies in Iraq are fueling global terrorism and making America less safe."

The "key judgments" of the report released Tuesday cite the Iraq war for "breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

Fran Townsend, the president's counterterrorism adviser, emphasized the more positive aspects of the document to reporters. An example: U.S. counterterrorism efforts have "seriously damaged the leadership of al-Qaeda and disrupted its operations," the report says.

As for the Iraq war's impact, Townsend said, "The fact is they were fighting us long before we were in Iraq."

Leading Democrats such as Sen. Carl Levin, D-Mich., called for the entire intelligence document to be released. "The entire report should be declassified — period," Levin said.

House Minority Leader Nancy Pelosi, D-Calif., tried unsuccessfully Tuesday to call for a closed House session to debate the report. The move failed, 217-171.

Iraq Is 'Cause Celebre' For Extremists (AP-Y)

By Katherine Shrader And Jennifer Loven

AP, September 26, 2006

The war in Iraq has become a "cause celebre" for Islamic extremists, breeding deep resentment of the U.S. that probably will get worse before it gets better, federal intelligence analysts conclude in a report at odds with President Bush's portrayal of a world growing safer.

In the bleak report, declassified and released Tuesday on Bush's orders, the nation's most veteran analysts conclude that despite serious damage to the leadership of al-Qaida, the threat from Islamic extremists has spread both in numbers and in geographic reach.

Bush and his top advisers have said the formerly classified assessment of global terrorism supported their arguments that the world is safer because of the war. But more than three pages of stark judgments warning about the spread of terrorism contrasted with the administration's glass-half-full declarations.

"If this trend continues, threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide," the document says. "The confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups."

The intelligence assessment, completed in April, has stirred a heated election-season argument over the course of U.S. national security in the years following the 2003 U.S.-led invasion of Iraq.

Virtually all assessments of the current situation were bad news. The report's few positive notes were couched in conditional terms, depending on successful completion of difficult tasks ahead for the U.S. and its allies. In one example, analysts concluded that more responsive political systems in Muslim nations could erode support for jihadist extremists.

Bush ordered a declassified section of the secret report released after several days of criticism sparked by portions that were leaked to the news media over the weekend.

At a news conference, Bush said critics who believe the Iraq war has worsened terrorism are naive and mistaken, noting that al-Qaida and other groups have found inspiration to attack for more than a decade. "My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," he said.

The unclassified document said:

• The increased role of Iraqis in opposing al-Qaida in Iraq might lead the terror group's veteran foreign fighters to refocus their efforts outside that country.

• While Iran and Syria are the most active state sponsors of terror, many other countries will be unable to prevent their resources from being exploited by terrorists.

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• The underlying factors that are fueling the spread of the extremist Muslim movement outweigh its vulnerabilities. These factors are entrenched grievances and a slow pace of reform in home countries, rising anti-U.S. sentiment and the Iraq war.

• Groups "of all stripes" will increasingly use the Internet to communicate, train, recruit and obtain support.

Pakistani President Pervez Musharraf, a U.S. ally in Washington for a Thursday meeting with Bush, found himself drawn into the political dispute. He was asked in a CNN interview about an assertion in his new book that he opposed the invasion of Iraq because he feared that it would only encourage extremists and leave the world less safe.

"I stand by it, absolutely," Musharraf said. "It has made the world a more dangerous place."

White House homeland security adviser Frances Fragos Townsend took issue with one of the report's most damning conclusions: that the number of jihadists has increased.

"I don't think there's any question that there's an increase in rhetoric," she said. But "I think it's difficult to count the number of true jihadists that are willing to commit murder or kill themselves in the process."

The intelligence assessment also lays out weaknesses of the movement that analysts say must be exploited if its spread is to be slowed. For instance, they note that extremists want to see the establishment of strict Islamic governments in the Arab world — a development they say would be unpopular with most Muslims.

The report also argues that the loss of key al-Qaida leaders — Osama bin Laden, Ayman al-Zawahri and Abu Musab al-Zarqawi — in "rapid succession" would probably cause the group to fracture. Al-Zarqawi was killed in June, but the top two al-Qaida leaders have remained elusive for years.

National intelligence estimates are compilations of the best thinking of U.S. intelligence agencies, meant to provide the broadest guidance to government policymakers.

But they can be wrong. A 2002 assessment, for example, concluded that Iraq had continued its development of weapons of mass destruction, held arsenals of chemical and biological weapons and "probably will have a nuclear weapon during this decade." None of those assertions turned out to be true.

Hours before the terrorism report was made public, Democrats seized on the political ammunition. Sens. Hillary Clinton of New York and Carl Levin of Michigan both said release of the key findings alone wouldn't give Americans enough information, and they accused the administration of selective declassification.

House Minority Leader Nancy Pelosi, D-Calif., sought a rare secret session of the House to discuss the report's classified findings. Her request was rejected — 217-171 — on a nearly straight party-line vote. In an interview, she said the intelligence estimate "is not a corroboration of what the president is saying. It is a contradiction of what the president is saying."

Waging The War On Terror: Report Belies Optimistic View (NYT)

By David E. Sanger

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Three years ago, Secretary of Defense Donald H. Rumsfeld wrote a memo to his colleagues in the Pentagon posing a critical question in the “long war’’ against terrorism: Is Washington’s strategy successfully killing or capturing terrorists faster than new enemies are being created?

Until Tuesday, the government had not publicly issued an authoritative answer. But the newly declassified National Intelligence Estimate on terrorism does exactly that, and it concludes that the administration has failed the Rumsfeld test.

Portions of the report appear to bolster Mr. Bush’s argument that the only way to defeat the terrorists is to keep unrelenting military pressure on them. But nowhere in the assessment is any evidence to support Mr. Bush’s confident-sounding assertion this month in Atlanta that “America is winning the war on terror.’’

While the spread of self-described jihadists is hard to measure, the report says, the terrorists “are increasing in both number and geographic dispersion.”

It says that a continuation of that trend would lead “to increasing attacks worldwide’’ and that “the underlying factors fueling the spread of the movement outweigh its vulnerabilities.’’

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On Tuesday evening the White House issued what it called a fact sheet lining up the intelligence estimate's findings with President Bush's own words in recent months, comparing, for example, the report's account of the the spread of new terror cells independent of Al Qaeda to Mr. Bush's references to "homegrown terrorists'' from Madrid to Britain.

But there is a difference in tone between Mr. Bush's public statements and the classified assessment that is unmistakable.

The report says that over the next five years "the confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups.''

It also suggests that while democratization and "exposing the religious and political straitjacket that is implied by the jihadists' propaganda'' might dim the appeal of the terrorist groups, those factors are now outweighed by the dangerous brew of fear of Western domination, the battle for Iraq's future and the slow pace of real economic or political progress.

Yet the intelligence report bears none of Mr. Bush's long-range optimism. Rather it dwells on Mr. Rumsfeld's darker question, which he put cheekily as, "Is our current situation such that 'the harder we work, the behinder we get?' "

Tuesday's declassified report asked a more subtle version of that question. It notes that while democratization might "begin to slow the spread'' of extremism, the "destabilizing transitions'' caused by political change "will create new opportunities for jihadists to exploit.''

And while Mr. Bush talks often of transforming the Middle East, the report speaks of the "vulnerabilities'' created by the fact that "anti-U.S. and antiglobalization sentiment is on the rise and fueling other radical ideologies.''

The result, it said, was that other groups around the world are radicalizing "more quickly, more widely and more anonymously in the Internet age.''

In short, it describes a jihadist movement that, for now, is simply outpacing Mr. Bush's counterattacks.

"I guess the overall conclusion that you get from it is that we don't have enough bullets given all the enemies we are creating,'' said Bruce Hoffman, a professor of security studies at Georgetown University.

What was most remarkable about the intelligence estimate, several experts said, was the unremarkable nature of its conclusions.

"At one level it is unsurprising stuff,'' said Paul Pillar, who was the national intelligence officer for the Near East and South Asia on the intelligence council until last year. "But there is definitely much there that you haven't heard the president say,'' he added, "including the role that Iraq has played'' in inspiring disaffected Muslims to join an anti-American jihadist movement.

Administration officials expressed their certainty on Tuesday that the leak of parts of the report was an example of politically inspired cherry picking, to use a term from earlier arguments over intelligence about unconventional weapons.

"Here we are, coming down the stretch in an election campaign, and it's on the front page of your newspapers,'' Mr. Bush said at a news conference with President Hamid Karzai of Afghanistan. "Isn't that interesting? Somebody has taken it upon themselves to leak classified information for political purposes.''

And at the center of the political debate is Iraq. Frances Fragos Townsend, the director of homeland security at the White House, used a conference call with reporters on Tuesday evening to call attention to the intelligence finding that "the Iraq conflict has become a cause célèbre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world, and cultivating supporters for the global jihadist movement.''

"Should jihadists leaving Iraq perceive themselves and be perceived to have failed,'' the findings went on, "we judge fewer fighters will be inspired to carry on the fight.''

Ms. Townsend argued that "this really underscores the President's point about the importance of our winning in Iraq,'' she said.

As a political matter, at least for the next few weeks, the intelligence findings will only fuel the argument over Iraq on both sides. Mr. Bush has grown increasingly insistent that nothing he has done in Iraq has worsened terrorism. America was not in Iraq during the first World Trade Center attack in 1993, he said, or during the bombings of the U.S.S. Cole or embassies in Africa, or on 9/11.

But that argument steps around the implicit question raised by the intelligence finding: whether postponing the confrontation with Saddam Hussein and focusing instead on securing Afghanistan, or dealing with issues like Iran's nascent

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nuclear capability or the Middle East peace process, might have created a different playing field, one in which jihadists were deprived of daily images of carnage in Iraq to rally their sympathizers.

Sobering Conclusions On Why Jihad Has Spread (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, September 27, 2006

In announcing yesterday that he would release the key judgments of a controversial National Intelligence Estimate, President Bush said he agreed with the document's conclusion "that because of our successes against the leadership of al-Qaeda, the enemy is becoming more diffuse and independent."

But the estimate itself posits no such cause and effect. Instead, while it notes that counterterrorism efforts have seriously damaged and disrupted al-Qaeda's leadership, it describes the spreading "global jihadist movement" as fueled largely by forces that al-Qaeda exploits but is not actively directing. They include Iraq, corrupt and unjust governments in Muslim-majority countries, and "pervasive anti-U.S. sentiment among most Muslims."

The overall estimate is bleak, with minor notes of optimism. It depicts a movement that is likely to grow more quickly than the West's ability to counter it over the next five years, as the Iraq war continues to breed "deep resentment" throughout the Muslim world, shaping a new generation of terrorist leaders and cultivating new supporters for their ideology.

In describing Iraq as "the 'cause celebre' for jihadists," the document judges that real and perceived insurgent successes there will "inspire more fighters to continue the struggle elsewhere," while losses would have the opposite effect. It predicts that the elimination of al-Qaeda leaders, particularly Osama bin Laden, Ayman al-Zawahiri and Abu Musab al-Zarqawi, who was killed after the estimate was completed in April, would probably leave that organization splintered into disparate groups that "for at least a time, pose a less serious threat to U.S. interests" than the current al-Qaeda structure.

On the relative bright side, the assessment notes the unpopularity with "the vast majority of Muslims" of the jihadists' brutal tactics and ultraconservative ideology. Democratic reforms and peaceful political alternatives in Muslim countries will also counter terrorist aims, it says.

But "the underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the duration of the timeframe of this estimate," the report notes. An intelligence official who was not authorized to speak on the record said the time frame is until early 2011.

The key judgments released yesterday made up slightly more than three pages of a much longer document that includes supporting background information. The judgments were intact except for what the official called "a small amount, and I emphasize small, of sensitive text" that was removed "to protect sources or address sensitivities" of allied intelligence agencies, or to "protect tactical recommendations that could become a part of future policy actions."

"What you're seeing here is really the key judgments," the official said.

Descriptions of the unseen document in media reports last weekend quoted intelligence officials as saying it described a global terrorist threat that was worsening as a result of the Iraq war. The reports led to an explosion of reaction, with the Bush administration and leading congressional Republicans saying that the published portions did not reflect the document's balanced view of successes and remaining challenges. It was no accident, Bush charged, that selective and potentially damaging parts had been "leaked" on the eve of the midterm elections.

Democrats, sensing advantage, contended that the administration had withheld a negative assessment for political reasons and demanded its release. The clamor apparently led Bush, in a meeting yesterday with Director of National Intelligence John D. Negroponte, to authorize publication of the judgments.

Democratic claims of an administration coverup seemed less justified yesterday as it became apparent that the complete classified report had been made available to lawmakers within days of its completion in April.

Copies of the NIE were sent to the House and Senate intelligence, armed services and foreign affairs committees at the time, through normal electronic information channels available to all members, intelligence and congressional sources said. It arrived at the Senate Select Committee on Intelligence on April 26.

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In the House, "there was a bit of a snafu with this particular document," said a spokesman for Rep. Peter Hoekstra (R-Mich.), the intelligence committee chairman. "We had a massive computer failure on our classified side." The first that the committee knew of its existence was late last week, when "it was requested specifically by a member. That was when it was found and scanned into our system."

Whether the document was ignored or disappeared into cyberspace, however, it seemed to have made little impact on Capitol Hill at the time. No one in either chamber, on either side of the aisle, requested a briefing or any further information on its conclusions until now, the sources said.

The intelligence community has had its own problems with the attention the document is now receiving. Several active and retired intelligence officials stressed that the judgments were nothing new and followed a series of similar assessments made since early 2003 about the impact of the Iraq war on global terrorism.

"This is very much mainstream stuff," said Paul R. Pillar, the CIA's national intelligence officer for the Near East and South Asia from 2000 to 2005. "There are no surprises."

Several active and retired intelligence officials, who were not authorized to speak on behalf of the intelligence community, expressed resentment at the administration's decision to have Negroponte issue the first official reaction to the weekend reports. They said he should not have become involved in what quickly became a political battle.

Decision To Declassify (WSJ)

The Wall Street Journal, September 27, 2006

President Bush yesterday released a summary of the National Intelligence Estimate on terror, and we're happy to take credit for the suggestion made in our editorial yesterday, "Declassify the Terrorism NIE." But of course it was hardly rocket science to come to this decision.

In its umpteenth such "leak" story Sunday, the New York Times acknowledged the NIE was the product of 16 intel agencies, and then, based wholly on conversations, shrunk the whole document down to: The Iraq war made terrorism worse. So Mr. Bush deserves some credit in now giving the whole country the opportunity, if it is so inclined, to look at one of these multi-bureaucracy, on-the-one-hand, on-the-other-hand NIEs.

The one policymaker who appears to have been swept away on the basis of the leak is House Minority Leader Nancy Pelosi. After Mr. Bush made his announcement, Ms. Pelosi called for the House to go into a "closed" session -- the first since 1983 -- to discuss the NIE. We'll set aside the manifest absurdity of the House going into "secret session" to discuss a classified document being made public. The point of Ms. Pelosi's stunt is to gain traction for the Democratic campaign strategy of telescoping the national-security debate down to her party's proposal to withdraw from Iraq, thereby neutralizing the GOP's advantage when the debate is on the broader war on terror.

We reprint nearby Mr. Bush's remarks on all this at his news conference yesterday because, amid all the flak thrown up by this subject, we think it is a succinct summary of the policy course he has chosen since 9/11. On balance, we have supported that policy, just as we have supported a more robust, pro-active policy against Islamic terror since its emergence more than three decades ago at the Munich Olympics.

We will hold an election in this country in six weeks and a bigger one in 2008. The war on terror -- with or without Iraq -- will be central to those votes. If declassifying this national intelligence estimate helps voters in that decision, so much the better.

The Fine Art Of Declassification (NYT)

The New York Times, September 27, 2006

It's hard to think of a president and an administration more devoted to secrecy than President Bush and his team. Except, that is, when it suits Mr. Bush politically to give the public a glimpse of the secrets. And so, yesterday, he ordered the declassification of a fraction of a report by United States intelligence agencies on the global terrorist threat.

Mr. Bush said he wanted to release the document so voters would not be confused about terrorism or the war when they voted for Congressional candidates in November. But the three declassified pages from what is certainly a voluminous report told us what any American with a newspaper, television or Internet connection should already know. The invasion of Iraq was a

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cataclysmic disaster. The current situation will get worse if American forces leave. Unfortunately, neither the report nor the president provide even a glimmer of a suggestion about how to avoid that inevitable disaster.

Despite what Secretary of State Condoleezza Rice and John Negroponte, the director of national intelligence, have tried to make everyone believe, one of the key findings of the National Intelligence Estimate, which represents the consensus of the 16 intelligence agencies, was indeed that the war in Iraq has greatly increased the threat from terrorism by "shaping a new generation of terrorist leaders and operatives."

It said Iraq has become "the cause célèbre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement." It listed the war in Iraq as the second most important factor in the spread of terrorism — after "entrenched grievances such as corruption, injustice and fear of Western domination." And that was before April, when the report was completed. Since then, things have got much worse. (The report was written before the killing in June of Abu Musab al-Zarqawi, the leader of Al Qaeda in Iraq. The authors thought such an event would diminish the danger in Iraq. It has not.)

Mr. Bush decided to release this small, selected chunk of the report in reaction to an article on the intelligence assessment that appeared in The Times over the weekend. As a defense of his policies, it serves only to highlight the maddening circular logic that passes for a White House rationale. It goes like this: The invasion of Iraq has created an entire new army of terrorists who will be emboldened by an American withdrawal. Therefore, the United States has to stay indefinitely and keep fighting those terrorists.

By that logic, the more the United States fights, the longer the war stretches on.

It's obvious why Mr. Bush did not want this report out, and why it is taking so long for the intelligence agencies to complete another report, solely on Iraq, that was requested by Congress in late July. It's not credible that more time is needed to do the job. In 2002, the intelligence agencies completed a report on Iraq's weapons of mass destruction in less time. Mr. Bush also made selected passages of that report public to buttress his arguments for war with Iraq, most of which proved to be based on fairy tales.

Then, Mr. Bush wanted Americans to focus on how dangerous Saddam Hussein was, and not on the obvious consequences of starting a war in the Middle East. Now, he wants voters to focus on how dangerous the world is, and not on his utter lack of ideas for what to do about it.

The Big Question Democrats Are Ducking (WP)

By David Ignatius

The Washington Post, September 27, 2006

No matter how you slice it, the National Intelligence Estimate warning that the Iraq war has spawned more terrorism is big trouble for President Bush and his party in this election year. It goes to the heart of Bush's argument for invading Iraq, which was that it would make America safer.

Many Democrats act as if that's the end of the discussion: A mismanaged occupation has created a breeding ground for terrorists, so we should withdraw and let the Iraqis sort out the mess. Some extreme war critics are so angry at Bush they seem almost eager for America to lose, to prove a political point. Even among mainstream Democrats, the focus is "gotcha!" rather than "what next?" That is understandable, given the partisanship of Republican attacks, but it isn't right.

The issue raised by the National Intelligence Estimate is much grimmer than the domestic political game. Iraq has fostered a new generation of terrorists. The question is what to do about that threat. How can America prevent Iraq from becoming a safe haven where the newly hatched terrorists will plan Sept. 11-scale attacks that could kill thousands of Americans? How do we restabilize a Middle East that today is dangerously unbalanced because of America's blunders in Iraq?

This should be the Democrats' moment, if they can translate the national anger over Iraq into a coherent strategy for that country. But with a few notable exceptions, the Democrats are mostly ducking the hard question of what to do next. They act as if all those America-hating terrorists will evaporate back into the sands of Anbar province if the United States pulls out its troops. Alas, that is not the case. That is the problem with Iraq -- it is not an easy mistake to fix.

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An example of the Democrats' fudge on Iraq was highlighted yesterday by Post columnist Dana Milbank in his description of retired Maj. Gen. John Batiste's appearance before the Senate Democratic Policy Committee. Senators cheered Batiste's evisceration of Defense Secretary Donald Rumsfeld but tuned out Batiste's call for more troops and more patience in Iraq, and his admonition: "We must mobilize our country for a protracted challenge."

Here's a reality check for the Democrats: There is not a single government in the Middle East, with the possible exceptions of Iran and Syria, that favors a rapid U.S. pullout from Iraq. Why? The consensus in the region is that a retreat now would have disastrous consequences for America and its allies. Yet withdrawal is the Iraq strategy you hear from most congressional Democrats, whether they call it "strategic redeployment" or something else.

I wish Democrats (and Republicans, for that matter) were asking this question: How do we prevent Iraq from becoming a failed state? Many critics of the war would argue that the worst has already happened -- Iraq has unraveled. Unfortunately, as bad as things are, they could get considerably worse. Following a rapid American pullout, Iraq could descend into a full-blown civil war, with Sunni-Shiite violence spreading throughout the region. In this chaos, oil supplies could be threatened, sending prices well above $100 a barrel. Turkey, Iran and Jordan would intervene to protect their interests. James Fallows titled his collection of prescient essays warning about the Iraq war "Blind Into Baghdad." We shouldn't compound the error by being "blind out of Baghdad," too.

The Democrat who has tried hardest to think through these problems is Sen. Joseph Biden. He argues that the current government of national unity isn't succeeding in holding Iraq together and that America should instead embrace a policy of "federalism plus" that will devolve power to the Shiite, Sunni and Kurdish regions. Iraqis are already voting for sectarian solutions, Biden argues, and America won't stabilize Iraq unless it aligns its policy with this reality. I disagree with some of the senator's conclusions, but he's asking the right question: How do we fix Iraq?

America needs to reckon with the message of the National Intelligence Estimate. Iraq has compounded Muslim rage and created a dangerous crisis for the United States. The Democrats understandably want to treat Iraq as George Bush's war and wash their hands of it. But the damage of Iraq can be mitigated only if it again becomes the nation's war -- with the whole country invested in finding a way out of the morass that doesn't leave us permanently in greater peril. If the Democrats could lead that kind of debate about security, they would become the nation's governing party. But what you hear from most Democrats these days is: Gotcha.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

Justice Dept. Might Probe Leak (USAT)

USA Today, September 27, 2006

WASHINGTON — Attorney General Alberto Gonzales said Tuesday that the Justice Department will determine whether to investigate the weekend leak of an intelligence assessment that found the war in Iraq is exacerbating terrorism.

“We have a standard procedure in place that is followed with respect to leaks of classified information,” Gonzales said when asked at a news conference whether a criminal investigation would be launched, as it was in the case of an earlier leak of warrantless eavesdropping on suspected terrorists by the National Security Agency.

“I suspect that standard procedure will be followed in this case,” he said. That procedure requires the agency that classified the document to request a criminal investigation and then to answer 11 questions about how widely the document was circulated and how much the agency is willing to divulge in court if a case is brought to trial. The answers usually determine whether an investigation is opened.

Bush Brings Afghanistan, Pakistan To The Table (WP)

By Glenn Kessler And Michael Abramowitz

The Washington Post, September 27, 2006

President Bush met yesterday with Afghanistan President Harmid Karzai and last Friday with Pakistan's president, Gen. Pervez Musharraf. Tonight, joined by Vice President Cheney and Secretary of State Condoleezza Rice, he will bring both men

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into the old family dining room of the White House for a private chat. "It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Bush told reporters.

Bush said he was "kind of teasing" about watching the body language, but the intimate dinner has all the earmarks of a peace conference. Karzai and Musharraf have been sniping at each other from long-distance for months, and Rice was dispatched to Kabul and Islamabad last June to try to ease tensions.

The meeting comes as chaos is increasing in southern Afghanistan, as the Taliban grows bolder and the Afghan government's grip on power weakens. Meanwhile, Musharraf recently signed a deal with tribal chiefs that many experts believe turned over much of the area along Afghanistan's border to the control of Pakistani-based Taliban forces.

"Our interests coincide," Bush said yesterday, saying both Karzai and Musharraf want Osama bin Laden captured. "There is an understanding that by working together it is more likely that all of us can achieve common objectives, which are stable societies that are hopeful societies, that prevent extremists from stopping progress and denying people a hopeful world."

Administration officials noted that this is the second meeting Bush has brokered between the two men, and it was an effort to build a common strategy between two countries that have been at odds for decades. "When the three leaders sit down, they will not be talking about the short-term tactics," said an administration official, speaking on the condition of anonymity because the meeting had not taken place. "They are talking about the long-term situation that helps those two countries put their relations on a sound footing."

Carlos Pascual, vice president at the Brookings Institution and former coordinator for Reconstruction and Stabilization at the State Department, said the dinner is necessary for setting the foundation for greater cooperation on their borders. He said both the Taliban and drug lords now move at will across the border, which is potentially destabilizing to both countries.

"This summit is an American effort to try to make Karzai and Musharraf recognize each other's problems," said Husain Haqqani, director of the Center for International Relations at Boston University and a former Pakistani government official and journalist. "I think what Bush hopes to achieve -- he wants to look Musharraf in the eye once again, and he wants to look Karzai in the eye -- and he wants them to make promises to one another."

But Haqqani said such personal diplomacy "can only succeed if it is followed by detailed and meticulous intelligence work and diligent diplomacy at a lower level," adding: "It's not like sitting down with two quarrelling kids and saying let's forget about it and move on. . . . Both sides have historic agendas, problems and issues."

All three presidents have faced difficulties and disappointments in their fight against the Taliban this year.

The United States has turned over the southern part of Afghanistan to NATO forces. But NATO forces have come under unexpected attack from Taliban forces, potentially delaying a reduction of U.S. troops.

Meanwhile, U.S. aid to Afghanistan has gotten crunched as it has become more difficult to fund through emergency appropriations. In the fiscal year ending this month, the administration requested $3.3 billion for Afghan reconstruction and the buildup of security forces (including a supplemental request), down from $4.35 billion in fiscal 2005. For 2007, the administration has requested $1.1 billion, though some experts feel the current crisis will require yet another emergency spending bill.

Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. He has complained that he is being undercut by Islamabad's failure to rein in jihadists operating out of Pakistan, a charge Musharraf disputes.

"My fear is that Afghanistan is beginning to look like Iraq -- we're seeing the beginning Iraqification of Afghanistan," said Richard N. Haass, president of the Council on Foreign Relations and a senior State Department official in Bush's first term.

Musharraf's peace deal with tribal chiefs comes as elections are scheduled for next year in Pakistan -- and after three assassination attempts against him. The fight against the Taliban has resulted in high casualties among the Pakistani military and is unpopular among Pakistanis.

There are signs that Musharraf -- who seized power in a bloodless coup nearly seven years ago -- is maneuvering to extend his presidential term. U.S. officials have been wary about pressing Musharraf too hard, seeking to balance demands for action against extremist groups with tangible U.S. rewards, such as sales of F-16 fighter jets.

Bush Reiterates U.S. Support For Karzai (AP-Y)

DOJ_NMG_0069746

By Anne Gearan

AP, September 26, 2006

President Bush reassured Afghanistan's leader on Tuesday that the United States will stick by him five years into a democratic experiment that both men acknowledged has suffered setbacks.

Afghan President Hamid Karzai said the insurgent violence in his country can be tamed, and he called the staggering growth in Afghanistan's illegal drug production an embarrassment.

"You got a tough job," Bush told his guest at the start of a White House press conference.

"Sometimes it is," a slightly rueful Karzai agreed.

Karzai lives under constant threat of assassination and has seen his popularity slide at home while Taliban violence and illegal drug production spike. Suicide bombings, once unknown in Afghanistan, have spread to the capital Kabul.

Afghanistan is a tough job for the Bush administration as well, as American support for the war slips and some of the hard-fought democratic gains in Afghanistan appear threatened. The White House is trying to contain the damage ahead of midterm elections this fall.

Afghanistan is suffering its heaviest insurgent attacks since the Taliban was toppled in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have died so far this year in violence nationwide. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

Bush lamented the killing "in cold blood" Monday of a teacher and women's rights advocate who ran an underground school for girls during Taliban rule. Safia Ama Jan's assassination underscored the increasingly brazen attacks by militants on government officials and schools in Afghanistan.

"Our country will stand with the free people of Afghanistan," Bush told Karzai, adding that he knows some in Afghanistan question American resolve to finish the job of securing and rebuilding the country.

"We have got that will," Bush said.

"Wonderful," Karzai replied.

Afghanistan stands as the best success story in the Bush administration's twin drives to rout terrorism and seed democracy in the Muslim world, with a constitutional democracy in place where the repressive Taliban militants had ruled until their ouster by a U.S.-led force.

Democrats and other critics claim that Bush took his eyes off the ball soon after, and that the war in Iraq bled resources from Afghanistan's reconstruction. Although the Bush administration vigorously denies the charge, Karzai's presence, and the joint visit on Wednesday of Karzai and Pakistani President General Pervez Musharraf, underscore the changed circumstances in Afghanistan.

The United States views both leaders and their region as crucial to stopping terrorism. U.S. officials have been irritated at recent feuding between Karzai and Musharraf over who is doing more to combat terrorism and whose country is bin Laden's likely hiding place.

"I'll be good," Karzai joked ahead of the three-way White House meeting.

Bush and Karzai said they had a frank discussion of the narcotics problem in Afghanistan, where opium cultivation rose 59 percent this year to produce a record 6,100 tons of opium — a massive 92 percent of total world supply. The Taliban had all but eradicated poppy cultivation.

The U.N.'s Office on Drugs and Crime said this month only six of Afghanistan's 34 provinces are opium-free. It said some 2.9 million people were involved in growing opium, representing 12.6 percent of the Afghan population, and that revenue from this year's harvest was predicted to hit more than $3 billion.

"It is an embarrassment to Afghanistan," Karzai said.

Militants have stepped up attacks in southern Afghanistan in recent months, including the use of roadside and suicide bombs. Most of the fighting is in the country's volatile south, where some 8,000 NATO forces took military control from the U.S.-

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led coalition on Aug. 1. NATO commanders are calling for up to 2,500 more troops, plus greater air support to crush the Taliban threat more quickly.

The Taliban-led militants increasingly have been using Iraqi-style tactics, including suicide, car and roadside bombings, in a bid to topple the U.S.-backed Karzai government. That includes attacks on Afghan officials, like the governor of eastern Paktia province, a friend of Karzai's, who was killed in a Sept. 10 suicide bombing.

Suicide bombings have killed 173 people in Afghanistan this year, NATO announced this month.

"Now we are at a stage of bringing more stability and trying to get rid of them forever," Karzai said of the militants.

"The desire is to do that sooner, but a desire is not always what you get," he added. "So it will take time, and we must have the patience to have the time spent on getting rid of them for good."

Karzai Questions Pakistan Peace Deal (FT)

By Caroline Daniel

Financial Times, September 27, 2006

On the eve of a White House effort to address rising Taliban violence in Afghanistan, Hamid Karzai, Afghanistan's president, expressed scepticism about a key agreement to stop potential insurgents from crossing the Pakistani border, saying he would "wait and see" how it would be implemented.

Referring to a recent peace agreement struck by President Pervez Musharraf of Pakistan related to the North Waziristan region, which borders Afghanistan, Mr Karzai said: "My initial impression was that this was a deal signed by the Taliban – and then later I learned that they actually signed with the tribal chiefs. It will have a different meaning if it is signed with the tribal chiefs."

On Wednesday President George W. Bush will host a White House dinner for Mr Karzai and Gen Musharraf. "It will be interesting for me to watch the body language between these two leaders to determine how tense things are," Mr Bush said.

In the past few days Gen Musharraf and Mr Karzai have added to tensions. Gen Musharraf has suggested the root cause of Afghanistan's problems is its own history. On Monday Mr Karzai, blamed outsiders: "We must remove the need for groups, organisations or state entities – and here I am beginning to be very careful in my remarks – of reliance on religious radicalism as instruments of policy."

US Democrats have been seeking to refocus attention on Afghanistan as the central front of the "war on terror". At the weekend, Bill Clinton said that if he were still president, "we'd have more than 20,000 troops there".

Robert Templer, director of the Asia programme at the International Crisis Group, was pessimistic about the prospects for a breakthrough in relations at the dinner: "Musharraf and Karzai absolutely hate each other. Musharraf sees him as a jumped-up nobody who was plucked from obscurity, while he regards himself as an extraordinary historic figure, the indispensable man who saves Pakistan."

Bush Guests Are Both Allies — Of The U.S., At Least (USAT)

By David Jackson

USA Today, September 27, 2006

WASHINGTON — President Bush tests his mediation skills today when he brings together a pair of feuding neighbors who are both essential to the U.S. war on terrorism: Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan.

The White House dinner is an attempt at trilateral negotiations for Bush, who wants the two leaders to work on clearing out Taliban insurgents who camp in Pakistan and launch attacks in Afghanistan. He also wants to focus on areas where national interests coincide, including the capture of al-Qaeda leader Osama bin Laden.

"It will be a chance for us to work on how to secure the border," Bush said Tuesday after a meeting with Karzai.

The Taliban militia gained control of nearly all of Afghanistan in 1996 after a civil war that followed the withdrawal of Soviet forces. The Taliban ruled the country with Pakistan's backing until the regime was toppled by a U.S.-led coalition in 2001, after the Sept. 11 terrorist attacks.

Relations between Karzai, the Afghan president since shortly after the fall of the Taliban, and Musharraf, his Pakistani counterpart, have been testy at best.

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Karzai has accused Musharraf and Pakistan of allowing safe havens for Taliban insurgents across the border from Afghanistan. Musharraf has said Karzai needs to look within his own country to quell the rising Taliban insurgency.

That insurgent violence threatens to undermine the post-9/11 victory over the Taliban, analysts say. "Afghanistan is on the brink of becoming a failed state once again," said Beth DeGrasse, senior program officer with the U.S. Institute of Peace, a non-partisan think tank funded by Congress. "It's ours to lose again."

DeGrasse said the Bush administration deserves a share of the blame for growing problems in Afghanistan, along with NATO, which leads the international stabilization force there, and other coalition members such as Britain, Germany and Italy.

"No one's in charge," she said. "It's an uncoordinated mess."

James Dobbins, a U.S. envoy to Afghanistan from 2001 to 2002, said the United States should do more to help Afghanistan pressure Pakistan to crack down on Taliban operations in Pakistani territory.

"It's better that we be the bad cop, and Karzai be the good cop," Dobbins said, "because the Karzai government is weaker."

Dobbins also said the United States and its allies "failed to take advantage of a period of relative tranquility" after their victory in 2001. He said a resurgent Taliban is "taking advantage of a weak government and a very light international troop presence."

The U.S.-led coalition dislodged the ruling Taliban for harboring al-Qaeda, which carried out the 9/11 attacks.

About 20,000 U.S. troops remain in Afghanistan; the Pentagon has reported at least 335 American deaths since October 2001.

Bush met one-on-one with Karzai on Tuesday. They discussed a variety of challenges to the new democracy in Afghanistan, including production of opium and the illegal drug trade and the need to develop schools and hospitals.

Bush met with Musharraf on Friday, before the Pakistani leader told an audience at George Washington University that his government is in the process of "mainstreaming" religious schools in his country that breed extremism.

Karzai has protested these Islamic schools, called madrassas, in which he says young, poor children are "preached hatred and hatred alone."

"They are told, 'Go, kill yourself in Afghanistan, commit suicide and kill as many as you can of the international community or Afghans,' " Karzai said Monday.

In another shot at his neighbors, Musharraf charged in a speech Monday that more Afghans may be helping the Taliban with its attacks: "As soon as President Karzai understands his own country's environment, the easier it will be for him."

Given his guests' rhetoric, Bush said he is looking forward to the meeting. "It will be interesting for me to watch the body language of these two leaders to determine how tense things are," he said.

Get Musharraf And Karzai On Same Page (LAT)

The Los Angeles Times, September 27, 2006

THE WAR ON TERROR BEGAN not as a fuzzy, open-ended concept but as a U.S. military offensive against two specific entities: Al Qaeda and the Taliban. Almost exactly five years ago, President Bush promised to drive them "from place to place until there is no refuge," and he warned that "any nation that continues to harbor or support" terrorist organizations "will be regarded by the United States as a hostile regime."

Tonight, the president will host a dinner for the heads of the two nations, Afghanistan and Pakistan, that harbor the most fighters from Al Qaeda and the Taliban. Yet these are not hostile regimes; they are important U.S. allies. In fact, if there's any hostility, it's between their presidents, Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan, who have spent the last few days blaming each other for the Taliban's resurgence. Both men have a case.

Karzai's government has been losing control of Afghanistan's southern and eastern provinces, where an estimated 4,000 Taliban loyalists are operating. Suicide bombings are up — including one Tuesday that killed 18 people — and NATO forces in the country have suffered more fatalities in 2006 (about 150, including more than 30 this month) than they did from 2001 to 2003. When Musharraf says that Karzai doesn't know what's going on in his own country and that the Taliban problem "lies in Afghanistan," he has a point.

He's also trying to change the subject. Musharraf raised hackles around the world this month by signing a truce with tribal extremists on the Afghan border, essentially withdrawing Pakistan's security presence there in exchange for a promise to cease

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cross-border raids and reduce the influence of the Taliban there. Karzai slammed the deal as creating "terrorist sanctuaries," while Musharraf defended it as a "holistic approach" to fighting terrorism.

Where does Bush stand on all this? Not with the most confidence-inspiring of testimonials. When Musharraf "looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be Al Qaeda," the president said, "I believe him, you know?"

Bush's famously personal approach to diplomacy hasn't always worked out — the last leader into whose eyes he gazed, Russian President Vladimir V. Putin, has not turned out to be a reliable ally of the U.S. or of democracy — and it will be tested tonight. Somewhere between Karzai's and Musharraf's competing versions of the truth, and within the borders of the lands they nominally control, lie the leaders of the Taliban and Al Qaeda — the original enemies in this war.

Maybe Bush can trade on his friendships with Karzai and Musharraf to come up with a coordinated plan to fight the Taliban and reduce its havens in Afghanistan and Pakistan. Otherwise, he will have to explain how those countries can continue to harbor terrorists yet not be considered hostile regimes.

Punch Lines For Pakistan's President (WP)

By Libby Copeland

The Washington Post, September 27, 2006

The president of Pakistan has been in the United States lately to discuss matters of global importance and -- in his spare time -- to flog a memoir. Last night he appeared on Comedy Central's "Daily Show" with Jon Stewart, where he demonstrated both a sense of humor and a deep desire to sell "In the Line of Fire," which, incidentally, is now available on Amazon.com for the low, low price of $16.80, plus shipping and handling.

Following Pakistani custom, Stewart started off by offering Gen. Pervez Musharraf some tea. He also gave Musharraf the "American delicacy" known as a Twinkie.

"Is it good?" Stewart asked, then followed up with: "Where's Osama bin Laden?"

"I don't know," Musharraf replied, as the audience roared with laughter. " You know where he is? You lead on, we'll follow you."

Has it really come to this? In recent days, Musharraf has promoted his memoir, published Monday, on "Hannity & Colmes," "Today," "60 Minutes" and "Charlie Rose." He has engaged in long discussions of his country's foreign policy and endured the occasional moment of awkwardness in service to the greater good of book sales.

For example, on "Charlie Rose":

Rose: " 'In the Line of Fire" seems an appropriate title for your memoir, does it not?"

Musharraf: "I think so. That's why I selected it."

Last night was the first appearance of any sitting president on "The Daily Show," and the best lines, as usual, belonged to Stewart. He asked his guest ("Mr. President") about two attempts on his life, which took place on the same bridge.

"I'd come up with a new way to go to work," Stewart advised his guest.

As usual, much of Stewart's humor was rooted in criticism of the U.S. administration. If Musharraf felt such jokes put him in an awkward position with his ally President Bush -- with whom he met on Friday and is scheduled to meet again today -- he did not say so. Rather, he chuckled and played along. For example, Stewart asked Musharraf if Bush ran against bin Laden in a low-level election in Pakistan, who would win. Musharraf responded that both would "lose miserably."

Stewart asked Musharraf why he hadn't made much reference in his book to America's war in Iraq.

"Is that because you felt like it was such a smart move, and has gone so well that to mention it would be gloating?" Stewart asked.

Musharraf laughed and said of the war, "It has led certainly to more extremism and terrorism around the world."

"So we're safer?" Stewart pressed.

Musharraf laughed again. "No, we're not."

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Stewart also asked if Bush pays attention when Musharraf meets with him, or whether he might be, say, watching television or sleeping with his eyes open. The president of Pakistan said the president of the United States paid close attention during their last meeting.

Book tours can benefit greatly from juicy details released in advance of publication, and this has proved no less true for Musharraf's book. Last week, it came to light that Musharraf claimed that former deputy secretary of state Richard L. Armitage threatened to bomb his country "back to the Stone Age" if Pakistan did not cooperate in the war on terror. (Armitage has since denied making such a threat.)

Asked about the "Stone Age" quote at a news conference with Bush on Friday, the Pakistani president said he could not discuss his book before it came out, citing an agreement with his publisher.

"In other words, buy the book is what he's saying," Bush said.

Is there any publicity better than that? Of course -- Oprah.

Taliban Bombs Afghan Official's Compound (AP)

By Abdul Khaleq

AP, September 26, 2006

A Taliban suicide bomber killed 18 people outside a provincial governor's compound Tuesday, including several Muslim pilgrims set to travel to Mecca — another in a series of attacks directed at senior figures in President Hamid Karzai's U.S.-backed government.

The blast at the doorstep of Helmand Gov. Mohammed Daoud Safi's compound came on the same day a bombing against a NATO patrol in the Kabul area killed an Italian soldier and a child, and two weeks after militants assassinated a governor in eastern Afghanistan who had been a Karzai confidant.

Safi was inside the compound in Lashkar Gah but was not injured. Karzai was in Washington on Tuesday, meeting with President Bush.

Afghan soldiers stopped the bomber at the compound's security gate, where he detonated his explosives, said the governor's spokesman, Ghulam Muhiddin. The attacker had been walking toward a vehicle of the private military contractors who provide security for Safi, said Squadron Leader Jason Chalk, a NATO spokesman.

Nine Afghan soldiers and nine civilians were killed, said Rahmatullah Mohammdi, director of the hospital in Lashkar Gah. Seventeen people were wounded, he said.

Among the civilians waiting outside the compound were pilgrims seeking permission to travel to Mecca in Saudi Arabia, Muhiddin said. The main mosque in Lashkar Gah is across from the compound.

Qari Yousaf Ahmadi, who claims to be a spokesman for Taliban affairs in southern Afghanistan, contacted The Associated Press and said the militant group was responsible for the attack. Ahmadi's exact ties to the militants are not known.

Militants have stepped up attacks in southern Afghanistan in recent months, including the use of roadside and suicide bombs. Twenty-one people were killed in Lashkar Gah in August by a suicide bomber, and last week militants killed 19 construction workers riding on a bus in neighboring Kandahar province.

Although Muhiddin said he believed "innocent civilians and Afghan soldiers" were the targets Tuesday, the blast appeared to be another broadside fired toward a senior government figure.

Violent extremists have also been increasingly targeting Afghan officials, including the governor of eastern Paktia province — a friend of Karzai's — who was killed in a Sept. 10 suicide bombing. A women's rights activist, who was the Kandahar provincial director for Afghanistan's Ministry of Women's Affairs, was killed Monday in a drive-by shooting.

Karzai sent Safi, a former member of Afghanistan's National Security Council and like the president an ethnic Pashtun, to Helmand province last year to take over a region in the heart of the booming drug trade and the Taliban resurgence. Helmand's former governor, Sher Mohammed Akhunzada, has been accused of having links to drug gangs; he is now a lawmaker.

Two people were detained for questioning after Tuesday's attack on the NATO patrol five miles south of Kabul.

A remote-control bomb planted under a bridge detonated when a three-vehicle military convoy passed by, said Ali Shah Paktiawal, the city's police criminal director.

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Chief Corp. Maj. Giorgio Langella was killed in the blast, and five Italian soldiers were wounded, two seriously, the Italian Defense Ministry said in Rome. A child riding in a car behind the NATO convoy was killed, NATO said. Four other civilians in the car were wounded.

Italy has some 1,600 troops in the 20,000-strong NATO-led force in Afghanistan.

An Italian soldier died and two were injured on Sept. 20 when their armored vehicle overturned on a steep incline near Kabul. Four Italian soldiers were wounded Sept. 8 by a roadside bomb in the western Farah province.

Although Taliban-linked militants have stepped up their attacks across Afghanistan the last several months, attacks in Kabul are still far rarer than in the country's south — the focus of the most intense fighting since the ouster of the Taliban regime in a U.S.-led military campaign five years ago.

Attacks in the capital are mostly aimed at foreign military troops. On Sept. 8, a suicide car bomber rammed into a U.S. Humvee, killing 16 people, including two U.S. soldiers. That attack was Kabul's deadliest since the 2001 toppling of the Taliban.

In other violence, seven armed men died in Paktika province Monday when an explosives vest one of them was carrying detonated in the Yousef Kheil district, said Gov. Mohammad Akram Akhpelwak. There were no other casualties.

A suicide bomber on foot killed himself Tuesday while trying to attack a vehicle carrying security workers traveling to the border in Khost province, in eastern Afghanistan, said Gen. Mohammad Ayub, the provincial police chief. No one else was wounded in the blast, he said.

Attacks In Afghanistan Grow More Frequent And Lethal (NYT)

By Carlotta Gall

The New York Times, September 27, 2006

KANDAHAR, Afghanistan, Sept. 26 — Afghanistan suffered two deadly bombings on Tuesday that killed 20 people, providing another sign of the increasing size and power of suicide attacks and roadside bombs by insurgents.

The more devastating attack occurred when the police stopped a suicide bomber as he approached a security checkpoint near the governor's office in Lashkar Gah, in southern Helmand Province, and he detonated explosives strapped to his chest.

The bomber killed 18 people, 6 of them policemen and soldiers. The rest of the casualties, including a woman, were civilians who had gathered at a central mosque to sign up for the Hajj pilgrimage to Mecca, said the police chief of Helmand, Gen. Muhammad Nabi Mullahkhel.

South of Kabul, the capital, a bomb planted under a bridge struck a NATO military vehicle, killing an Italian soldier and an Afghan child nearby.

The suicide attack in Lashkar Gah was the second there in a month, and one of more than 60 in Afghanistan this year, United Nations officials said. The tactic was rarely used by insurgents a year ago.

Civilians increasingly have been paying the price of the more frequent and devastating attacks. More than 150 civilians have been killed by suicide bombings this year, the head of the United Nations mission in Afghanistan, Tom Koenigs, said recently, before the attacks on Tuesday.

The bombings, once relatively ineffective, now increasingly claim casualties in the double digits. On Aug. 3, a suicide bomber struck in the district bazaar of Panjwai, near Kandahar, killing 21. A suicide attack killed another 21 people in Lashkar Gah on Aug. 28.

On Sept. 18, a bomber in Kabul rammed his car into an American military convoy, causing a huge explosion that ripped apart an armored Humvee and killed 16 people, 2 of them American soldiers and the rest passers-by.

The use of roadside bombs has also increased. Two powerful bombs were laid on roads close to Kabul in recent weeks.

The bomb bomb near the capital, positioned under a bridge less than 10 miles south of Kabul, also wounded five soldiers and five civilians, according to officials. The hurt civilians were driving in a car behind the convoy.

Military and intelligence officials in Afghanistan are divided about whether the tactics and technology used in suicide bombings and roadside bombs have been brought from Iraq, where they are so common, or if insurgents here are simply copying those tactics.

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Canadian and American soldiers on operations in the southern province of Kandahar last week said they saw a clear connection with tactics in Iraq. One called it the "Iraqization" of the insurgency here, whether through personal contacts or the Internet.

Canadian soldiers, for instance, said they recently found a scarecrow by a roadside rigged with explosives. In Iraq, insurgents have rigged corpses beside roads with explosives.

Suicide bombers are also now using explosive vests, which are far more powerful than before, the soldiers said. In another bombing on Sept. 18, a man on a bicycle who rode up to Canadian soldiers handing out gifts to children in the southern village of Char Kota, in Pashmul, had on a vest rigged with explosives. The detonation killed four soldiers and injured several more who were in full body armor, as well as wounding two dozen children.

There are signs of more careful training as well. The bomber who killed the governor of Paktia Province on Sept. 10 managed to penetrate security by claiming to have a letter of recommendation addressed to the governor.

He then threw himself onto the hood of the governor's car, detonating his explosive vest up against the windshield and killing everyone inside the car, according to government and military officials.

The high level of civilian casualties has appeared to cause a split in the Taliban, with some apparently opposed to suicide bombing, NATO military officials said.

Taliban fighters who occupied the Panjwai district in July and August tried to distance themselves from the suicide bombing that killed so many civilians and damaged shops in August. They posted leaflets saying that outsiders, or "foreign Taliban," were responsible for the suicide bombing and that such violators would receive capital punishment.

"They were worried about their image," said Olli-Pekka Nissinen, a NATO media operations officer.

Villagers and farmers in the Panjwai area, where heavy fighting has taken place over the past three weeks, also blamed foreigners or outsiders for the suicide bombing, and said that ordinary Taliban were just intent on fighting NATO forces.

A witness of the Sept. 18 suicide bombing in nearby Pashmul, Khair Muhammad, whose two daughters were wounded in the blast, said the bomber appeared to be an Arab.

Talabani: Iraq Won't Have Civil War (AP)

By Barry Schweid

AP, September 26, 2006

Iraqi President Jalal Talabani disputed on Tuesday reports of growing violence in his country and declared, "I can assure you there will be no civil war."

At a news conference, Talabani also leveled a warning to Iraq's neighbors that interference will not be tolerated.

"Iraq is not so weak our neighbors can do anything and we will remain silent," Talabani said after delivering an upbeat speech at the Woodrow Wilson International Center for Scholars.

In Baghdad, the Iraqi capital, gunmen assaulted two Sunni mosques and sprayed bullets into the homes of Sunni Muslims. Three people were killed and 15 wounded.

Police in the capital also found the bodies of 23 men apparently slain by sectarian death squads.

Talabani projected a vastly different account of the security situation. He said it had improved since last year when many areas were in the control of terrorists.

Last year, he said by way of example, there were 10 to 14 car bombings a day in Baghdad and this year one to four.

Most of the fighting is centered in Baghdad, and since most media are in the capital they provide a slanted picture of Iraq's situation, Talabani said.

"The media is only focusing on the negative and exaggerating it," he said.

Talabani declined, meanwhile, to specify which neighboring countries were the intended target of his warning against interference. "We are asking all our neighbors not to interfere in our internal affairs," he said.

"We cannot tolerate more interference of our neighbors," he said at another point, with evident anger.

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Talabani also denounced as "a big lie" a report last week by Manfred Nowak, the U.N. special investigator on torture, that torture in Iraq may be worse than it was under Saddam Hussein, with militias, terror groups and government forces disregarding rules on the humane treatment of prisoners.

Talabani said Iraq's constitution provides human-rights safeguards.

On Capitol Hill, meanwhile, Talabani told a group of six senators that setting a deadline for withdrawal of U.S. troops would be a tragedy for Iraq as it works to build its military and police forces, Sen. Joe Lieberman, D-Conn., said in a conference call with reporters.

Pulling out now would "encourage the militias and the enemies of a free and independent and unified Iraq," Lieberman quoted Talabani as saying.

However, Lieberman said, "he said, 'We look forward to the day when we can take over ourselves, and most of the American troops can go home.'"

Distrust Breaks The Bonds Of A Baghdad Neighborhood (WP)

By Sudarsan Raghavan

The Washington Post, September 27, 2006

BAGHDAD -- It began with a dispute over the price of ice and erupted into full-scale violence over the sighting of two strange cars cruising the neighborhood. A week later, the scars of sectarian strife were visible everywhere in Tobji.

Short concrete blocks and long coils of razor wire barred entry into every block. Stores stood shuttered, and black banners mourned the dead. Women and children stayed inside their sunbaked houses. And young men stood on corners, their eyes darting suspiciously at every car that drove through their divided neighborhood.

The scars were also heard in the perplexed voice of Ibrahim Abdul Sattar, a Sunni Arab whose mother and wife, as well as three-quarters of his friends, are Shiite Muslims. He and so many others in Tobji are trapped in a war that is reshaping the identity of their neighborhood and their shared way of life.

"We have been living together for 30 years. We've never had such tensions like this before," he said. "We are fearing for our future."

Across the capital, mixed Sunni-Shiite neighborhoods have become battlegrounds of sectarian hostilities. West of the Tigris River, hundreds of Shiite families have fled mostly Sunni neighborhoods such as Amiriyah and Ghazaliya. In the east, hundreds of Sunni families have fled mostly Shiite areas such as Amin and Shaab. Increasingly, the strife is spreading into central Baghdad. In still-mixed neighborhoods such as Tobji, nestled in north-central Baghdad, political and militant Islam is clashing with tribal customs and a shared Arab and Muslim identity that have bonded Sunnis and Shiites for decades.

The latest conflagration in Tobji, which is officially named Salaam, or peace, began Aug. 8. What unfolded over a period of 10 days illuminates the way sectarian tension spreads in mixed neighborhoods, as well as the murky forces that drive it. This article is based on interviews with Sunni and Shiite residents, Sunni tribal elders, Shiite militiamen and Iraqi army commanders as the events unfolded in Tobji, as well as visits to the area during and after the tensions.The Prelude

Abu Mohammed, a short man with a trim beard and crooked teeth, has spent his whole life in Tobji. He is a Shiite; his next-door neighbor was a Sunni. Growing up, sect never mattered. He played, studied and socialized with Sunnis.

Now, sect means everything. After the ouster of President Saddam Hussein, Abu Mohammed joined the Mahdi Army, the militia of radical anti-American cleric Moqtada al-Sadr, whose shadowy death squads are widely believed to exact street justice under the cloak of Islam, something Sadr has denied. As the chaos deepened, Abu Mohammed became more suspicious of his Sunni neighbors, particularly after the bombing of a Shiite holy shrine in Samarra in February.

Three months ago, Mahdi Army militiamen erected checkpoints at each end of Tobji's main thoroughfare, lined with shops and small restaurants. The Iraqi army soldiers who patrol the area and are widely believed to be sympathetic to Shiites did nothing to stop them, residents said.

At the checkpoints, the militiamen targeted members of the Sunni Egheidat tribe. They demanded to see residents' identification cards before they could enter their own neighborhood. The militiamen viewed the Egheidat as sympathetic to Sunni radicals who have waged a three-year insurgency against Iraq's Shiite-led government and its American backers.

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"The imam's army is a dogmatic people's army to keep order, prevent killings and chaos, and to spread Islam," said Abu Mohammed, who asked that his full name not be used. "The Egheidat are terrorists."

Moments later, as if to demonstrate his influence, he pulled out an Iraqi Interior Ministry identification card, showing his real name and his police commando unit, the Wolf Brigade. The card was evidence that members of the Mahdi Army had infiltrated the Interior Ministry's elite forces, as has long been suspected. Then he flashed his license to legally carry a firearm.

Soon after the checkpoints went up, the Egheidat began to arm themselves. They had lived in the neighborhood for decades, and controlled the ice factories and a cooking oil distributorship. They believed fervently in the Sunni interpretation of Islam, in which the caliphs who succeeded the prophet Muhammad are seen as Islam's rightful rulers.

"We've lived with Egheidat for 50 years," said Abdul Sattar, who is not an Egheidat. "I'm not sure if they are making bombs. They are a religious people, and they are always praying. This is a reason they are targeted, maybe."

"Maybe also the reason is economic," he continued. "The Egheidat are wealthy."

Last month, Abu Mohammed and his comrades confronted an Egheidat businessman who sold ice -- a precious commodity in a city plagued by furnace-like heat, constant electricity outages and soaring prices for fuel to power generators.

"He was selling a block of ice for 20,000 dinars. Its actual price is 5,000 dinars," said Abu Mohammed. "When we told him he should lower the price, he slapped one of our guys. We didn't like that. So we beat him up as punishment."

Shortly afterward, unfamiliar cars started to drive toward the Egheidat section of Tobji, Abu Mohammed said. Then came the rumors: The cars were to be used for drive-by attacks or suicide bombings.Day One

Rumors filled the streets: A BMW and a Land Cruiser were making their way along the sweltering streets of Tobji toward the green and tan Haji Zeidan mosque, run by the Egheidat. Word of the unfamiliar cars soon reached Sadr's local office, located opposite a parking lot filled with junked cars on the main road in Tobji. A group of Mahdi Army militiamen, including Abu Mohammed, headed toward the mosque. Outside, clutching their weapons, they called out to the mosque guards.

"We told them they should hand over the strange cars so that we could hand them over to the Iraqi army," Abu Mohammed recalled. "Then we came under heavy gunfire."

A battle erupted, forcing the militiamen to retreat. Two of their men were wounded. Egheidat community leaders gave a different account. They said the militiamen taunted the guards with slurs, then shot at their guard on the roof. Forty to 50 gunmen emerged firing, but only over the heads of the militiamen.

"We were on rooftops, and they were on the street. If we wanted to kill them, then none of them would have left alive," said Muhammed Jamal al-Egheidi, 40, a leader of the Egheidat tribe.Day Two

At checkpoints, the Mahdi Army men took into custody eight Egheidat men and beat them with rubber-coated electrical cables, several Egheidat tribal leaders said. Abu Mohammed, who often did duty at the checkpoints, did not deny the men were taken, but he said they were handed over to Iraqi soldiers.

"In the streets, we set up checkpoints with the Iraqi army," he said. "I am there to serve the neighborhood. I would point people out -- only those who hurt Iraq."

That day, a group of concerned tribal elders and businessmen, both Sunnis and Shiites, met to discuss ways to stop the violence from escalating.

"They came and said this violence will never end unless we reconcile," Egheidi said. "Many of them were Shia in the neighborhood, and they knew us very well. We knew they were on our side."

The group decided to hold a tribal reconciliation gathering, a traditional mechanism used to solve conflict among Iraq's tribes. The grievances of both the Egheidat and the Mahdi Army would be addressed through negotiations and the payment of fasil , or blood money. Both sides agreed to meet the next day.Day Three

An hour before the meeting, gunmen attacked a Mahdi Army checkpoint and killed four of its men, including Abu Mohammed's 16-year-old nephew, Omar. The Mahdi Army immediately blamed the Egheidat.

"They killed our men, and then kicked them to see if they were still alive," said Abu Mohammed. "Then they shot them in the head to make sure they were dead."

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Abu Mohammed recalled that he and his men ran straight to the Egheidat area. "We opened fire on them," he said matter-of-factly. A gun battle followed. "They were shooting at us from the mosque. This is God's home. They defiled the house of God. So we shot at it with an RPG, and the minaret was hit."

The fighting raged until U.S. and Iraqi soldiers entered the fray and sealed off the neighborhood.

"The militiamen, when they saw the American army, they fled at extraordinary speed," said Abdul Sattar, who was too afraid to leave his house to go to work this day. "They jumped into houses. One woman saw one of them in her house and fainted."

Abu Mohammed described jumping into houses as a tactical move that the Mahdi Army often uses because its members know U.S. troops rarely remain long inside a neighborhood. "We didn't want to confront them," he said.

When Abu Mohammed returned to his home, enraged, he fired at the houses of his Sunni neighbors, even though they were not Egheidat. A Sunni neighbor, on hearing the gunfire, came out clutching an AK-47 assault rifle.

"I shot at him," said Abu Mohammed. "He bent down, and the bullet struck his mother in the arm. Then I walked out into the neighborhood and shouted: 'Any Sunni I see in the street is my enemy. No Sunni will stay in Tobji. The Sunnis are infidels.' " Egheidat tribal leaders denied any involvement in the attack on the checkpoint, blaming radical Sunni insurgents seeking to deepen the divisions in Tobji.

"We'll pay 10 times the amount -- not four times, as tradition dictates -- if what they are saying is true," Egheidi said, referring to blood money. The reconciliation meeting was postponed. That night and the following day, the streets lay silent.Day Five

Fierce gun battles between the Mahdi Army and the Egheidat erupted again. Once more, U.S. and Iraqi troops entered the neighborhood, and the fighting subsided.

The tribal reconciliation meeting was held at the neighborhood municipal council office under the protection of the Iraqi army, which cordoned off the office with its tan camouflage Humvees and soldiers.

With U.S. soldiers by his side, Brig. Gen. Abdul Jaleel Kahlaiaf, commander of the Iraqi 6th Division's 1st Brigade, met with the parties. Such neighborhood reconciliation meetings, he said in an interview later, are crucial in helping to defuse Baghdad's sectarian violence. He also denied that his mostly Shiite forces were sympathetic to the Mahdi Army.

The Mahdi Army demanded that the Egheidat hand over the men who wounded their two militiamen, as well as their weapons, and pay a fasil of 4 million dinars, or $2,700, to each of the families of the wounded.

The matter of the four dead Mahdi Army militiamen was not discussed, since the identities of their killers were unknown, said Fadil Khalifa Jassam, a Sunni imam who served as one of the mediators. "There will be another tribal gathering for the four killed," he said. At the end of the meeting, the Egheidat were given time to consider the Mahdi Army's demands, and an atwa , or truce, was declared for three days.Day Six

On the first day of the truce, Egheidi, the Sunni tribal leader, was worried. "The Mahdi Army is now going around the neighborhood saying they are going to eliminate us," he said. "We are not going to work. We're afraid we'll get captured at the checkpoints. At the market, they are not selling to Egheidat anymore. They say, 'You are terrorists.' How can we be terrorists when we stay inside our homes?"

Then he added, "How can you reconcile when you are sending people into our neighborhood to shoot us?"

The conversation turned to the U.S. troops. A year ago, Egheidi refused to accept the U.S. occupation. Now, after watching the violence in Tobji unfold, he said he has concluded that Shiite extremists are the greater enemy.

"When the Americans are in my neighborhood, I can put my head in my pillow and sleep," said Egheidi. "If they stay, there will be security. If they leave, there will not only be civil war. There will be a house-to-house war."Day Seven

On the second day of the truce, Abu Mohammed, the Sadr militiaman, was angry. "Our wounds are still fresh," he said as he puffed on a cigarette. Coloring his language was a sense of entitlement and a belief that the U.S. occupation had ruptured the cohesiveness of the sects in his community.

"Before the entrance of the Americans, we lived like brothers," Abu Mohammed said. "They married us. We married them. Saddam's regime was unjust but he didn't create divisions. We didn't have civil war. . . . The American intention is to dismember Islam."

His thoughts soon turned back to Tobji, and his nephew Omar. He wanted the Egheidat to leave. "We will not take their houses by force," he said. "They will sell them and buy in other areas. The important thing is they get out of my neighborhood."

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At 4 p.m., the normally busy streets lay quiet.Day Eight

At 10 a.m., the Mahdi Army and the Egheidat reached an agreement. The Egheidat would hand over some weapons to the Mahdi Army and pay the fasil. Each side would stay out of the other's section of Tobji in order not to inflame tensions. All sides hugged and congratulated, Jassam recalled. It seemed as if the Tobji they knew had united. "Even up to this moment, we still have feelings of brotherhood," said Amar Ali, a trader.

"It was a success," said Kahlaiaf, the Iraqi army commander. Sunni and Shiite mosques in Tobji announced the news over loudspeakers. Egheidat residents came out of their homes and handed out sweets and juice to their neighbors. Then "they brought a truckload of ice cubes and distributed to the people -- for free," said Ali Laith, 19, a tall, slim student. Later in the day, shops reopened and residents ventured onto the streets.

But at 7:55 p.m., a mortar shell struck the parking lot with the battered old cars less than 100 yards from the Sadr office. It landed on a rusting Volkswagen Passat, witnesses said, killing an elderly man and a child, and wounding others.

"There are some people who don't like for things to be quiet in Tobji," said Abu Ahmed, a shopkeeper whose store was less than 200 yards from where the shell hit. He asked that his full name not be used because of the potential for more violence.

That night, six Egheidat elders visited the Mahdi Army's representatives to assure them they were not behind the attack.Day Nine

At 10:40 a.m., Nabil Ibrahim was open for business. Two women in black abayas and a girl were in his store. Did he think Tobji would slide back into violence?

"It's in God's hands, inshallah ," Ibrahim said. As he spoke, Haidar Muhammad Latif, 22, entered the store. He was short, with close-cropped hair, and wore a blue shirt. And he soon revealed his allegiance: "We are from Sayyid Moqtada Sadr's army," he said, using an honorific for the cleric.

He asserted that the mortar attack had targeted the militia and proclaimed "God is great" because the mortar did not hit the Sadr office. Asked who was behind the attack, he answered without hesitation. "I expect it was the Egheidat who did it," he said. "I wish I could trust them."

Two blocks away, a funeral tent was erected next to the parking lot.Day 10

On this day, Abu Mohammed, still angry, was thinking about revenge. He, too, believed the Egheidat had fired the mortar two days before. But now he had a more pressing goal. He said he and his comrades had identified three Sunnis, including one Egheidat, who they believed were involved in the killings of the four members of the Mahdi Army, including his nephew. Now, he said, he was planning to create a death squad to carry out the justice the tribal negotiations didn't bring.

Asked how he knew the three men were guilty, Abu Mohammed said witnesses told him that the men were inside one of the cars that rushed the checkpoint. "We only take blood for blood," he said.

Asked if the three men lived in Tobji, Abu Mohammed replied: "Yes, they are our neighbors. Now their houses are empty, and they have fled."

Most Iraqis Favor Immediate U.S. Pullout, Polls Show (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, September 27, 2006

Leaders' Views Out of Step With Public

BAGHDAD, Sept. 26 -- A strong majority of Iraqis want U.S.-led military forces to immediately withdraw from the country, saying their swift departure would make Iraq more secure and decrease sectarian violence, according to new polls by the State Department and independent researchers.

In Baghdad, for example, nearly three-quarters of residents polled said they would feel safer if U.S. and other foreign forces left Iraq, with 65 percent of those asked favoring an immediate pullout, according to State Department polling results obtained by The Washington Post.

Another new poll, scheduled to be released on Wednesday by the Program on International Policy Attitudes at the University of Maryland, found that 71 percent of Iraqis questioned want the Iraqi government to ask foreign forces to depart within a year. By

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large margins, though, Iraqis believed that the U.S. government would refuse the request, with 77 percent of those polled saying the United States intends keep permanent military bases in the country.

The stark assessments, among the most negative attitudes toward U.S.-led forces since they invaded Iraq in 2003, contrast sharply with views expressed by the government of Prime Minister Nouri al-Maliki. Last week at the United Nations, President Jalal Talabani said coalition troops should remain in the country until Iraqi security forces are "capable of putting an end to terrorism and maintaining stability and security."

"Only then will it be possible to talk about a timetable for the withdrawal of the multinational forces from Iraq," he said.

Recent polls show many Iraqis in nearly every part of the country disagree.

"Majorities in all regions except Kurdish areas state that the Multi-National Force-Iraq (MNF-I) should withdraw immediately, adding that the MNF-I's departure would make them feel safer and decrease violence," concludes the 20-page State Department report, titled "Iraq Civil War Fears Remain High in Sunni and Mixed Areas." The report was based on 1,870 face-to-face interviews conducted from June 26 to July 6.

The Program on International Policy Attitudes poll, which was conducted over the first three days of September for WorldPublicOpinion.org, found that support among Sunnis for a withdrawal of all U.S.-led forces within six months dropped to 57 percent in September from 83 percent in January.

"There is a kind of softening of Sunni attitudes toward the U.S.," said Steven Kull, director of PIPA and editor of WorldPublicOpinion.org. "But you can't go so far as to say the majority of Sunnis don't want the U.S. out. They do. They're just not quite in the same hurry as they were before."

The PIPA poll, which has a margin of error of 3 percent, was carried out by Iraqis in all 18 provinces who conducted interviews with more than 1,000 randomly selected Iraqis in their homes.

Using complex sampling methods based on data from Iraq's Planning Ministry, the pollsters selected streets to conduct interviews. They then contacted every third house on the left side of the road. When they selected a home, the interviewers then collected the names and birth dates of everyone who lived there and polled the person with the most recent birthday.

Matthew Warshaw, a senior research manager at D3 Systems, which helped conduct the poll, said he didn't think Iraqis were any less likely to share their true opinions with pollsters than Americans. "It's a concern you run up against in Iowa or in Iraq," he said. "But for the most part we're asking questions that people want to give answers to. People want to have their voice heard." The greatest risk, he said, was the safety of the interviewers. Two pollsters for another Iraqi firm were recently killed because of their work.

The State Department report did not give a detailed methodology for its poll, which it said was carried out by an unnamed Iraqi polling firm. Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, said he could not comment on the public opinion surveys.

The director of another Iraqi polling firm, who spoke on condition of anonymity because he feared being killed, said public opinion surveys he conducted last month showed that 80 percent of Iraqis who were questioned favored an immediate withdrawal. Eight-five percent of Sunnis in that poll supported an immediate withdrawal, a number virtually unchanged in the past two years, except for the two months after the Samarra bombing, when the number fell to about 70 percent, the poll director said.

"The very fact that there is such a low support for American forces has to do with the American failure to do basically anything for Iraqis," said Mansoor Moaddel, a professor of sociology at Eastern Michigan University, who commissioned a poll earlier this year that also found widespread support for a withdrawal. "It's part of human nature. People respect authority and power. But the U.S. so far has been unable to establish any real authority."

Interviews with two dozen Baghdad residents in recent weeks suggest one central cause for Iraqi distrust of the Americans: They believe the U.S. government has deliberately thrown the country into chaos.

The most common theory heard on the streets of Baghdad is that the American military is creating a civil war to create an excuse to keep its forces here.

"Do you really think it's possible that America -- the greatest country in the world -- cannot manage a small country like this?" Mohammad Ali, 42, an unemployed construction worker, said as he sat in his friend's electronics shop on a recent afternoon. "No! They have not made any mistakes. They brought people here to destroy Iraq, not to build Iraq."

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As he drew on a cigarette and two other men in the store nodded in agreement, Ali said the U.S. government was purposely depriving the Iraqi people of electricity, water, gasoline and security, to name just a few of the things that most people in this country lack.

"They could fix everything in one hour if they wanted!" he said, jabbing his finger in the air for emphasis.

Mohammed Kadhem al-Dulaimi, 54, a Sunni Arab who used to be a professional soccer player, said he thought the United States was creating chaos in the country as a pretext to stay in Iraq as long as it has stayed in Germany.

"All bad things that are happening in Iraq are just because of the Americans," he said, sipping a tiny cup of sweet tea in a cafe. "When should they leave? As soon as possible. Every Iraqi will tell you this."

Many Iraqi political leaders, on the other hand, have been begging the Americans to stay, especially since the February bombing of a Shiite Muslim shrine in Samarra, which touched off the current round of sectarian reprisal killings between Sunnis and Shiites.

The most dramatic about-face came from Sunni leaders, initially some of the staunchest opponents to the U.S. occupation, who said coalition forces were the only buffer preventing Shiite militias from slaughtering Sunnis.

Mahmoud al-Mashhadani, the outspoken Sunni speaker of parliament who this summer said that "the U.S. occupation is the work of butchers," now supports the U.S. military staying in Iraq for as long as a decade.

"Don't let them go before they have corrected what they have done," he said in an interview this month. "They should stay for four years. This is the minimum. Maybe 10 years."

Particularly in mixed neighborhoods here in the capital, some Sunnis say the departure of U.S. forces could trigger a genocide. Hameed al-Kassi, 24, a recent college graduate who lives in the Yarmouk district of Baghdad, worried that rampages by Shiite militias could cause "maybe 60 to 70 percent of the Sunnis to be killed, even the women, old and the young."

"There will be lakes of blood," Kassi said. "Of course we want the Americans to leave, but if they do, it will be a great disaster for us."

In a barbershop in the capital's Karrada district Tuesday afternoon, a group of men discussed some of the paradoxical Iraqi opinions of coalition troops. They recognized that the departure of U.S.-led forces could trigger more violence, and yet they harbored deep-rooted anger toward the Americans.

"I really don't like the Americans who patrol on the street. They should all go away," said a young boy as he swept up hair on the shop's floor. "But I do like the one who guards my church. He should stay!"

Sitting in a neon-orange chair as he waited for a haircut, Firas Adnan, a 27-year-old music student, said, "I really don't know what I want. If the Americans leave right now, there is going to be a massacre in Iraq. But if they don't leave, there will be more problems. From my point of view, though, it would be better for them to go out today than tomorrow."

He paused for a moment, then said, "We just want to go back and live like we did before."

Saddam's Trial Has Shouting, Then He Is Removed (MCT)

By Mark Brunswick

McClatchy Newspapers, September 27, 2006

BAGHDAD, Iraq - For the second time in as many days in his genocide and war crimes trial, former Iraqi dictator Saddam Hussein was ordered tossed from the courtroom on Tuesday, sparking an eruption from the other defendants and briefly shutting down the court.

"You let the prosecutor comment and I'm not? Is this the justice you exercise? Damn this justice you are trying to serve in this court," Saddam shouted at the chief judge, the second to preside over the trial since it began in August.

"Don't use bad words," the judge shouted back, ordering guards to surround Saddam and escort him out of the courtroom.

Two other defendants were led out of the courtroom after Saddam, who barely concealed a smile on his face as he made his way to the door.

Saddam and his six co-defendants have been on trial since Aug. 21 for their roles in a 1987-1988 crackdown on Kurdish rebels that has become known as the Anfal campaign, a reference to a verse in the Quran meaning roughly "the spoils of war."

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They are accused of killing as many 180,000 people, mostly civilians in a military offensive that included the use of chemical weapons. The defendants could face the death penalty if convicted.

Saddam was ordered removed from the trial on Monday when he protested the court's appointment of lawyers to defend him. His own defense team boycotted the proceedings as a protest over the appointment of Mohammed Oreibi al Khalifa as the presiding judge.

The latest exchange, watched on television by entertainment-deprived Iraqis like it was a morning soap opera, fueled rumors that Khalifa might soon be sacked and a third judge appointed. While no one was claiming to be pining for the days of Saddam's regime, it also seemed to give the average Iraqi a brief in-your-face respite to the sectarian violence and lack of services that make up today's Iraq.

Things started rocky on Tuesday when Saddam entered the court and immediately asked to leave. Khalifa began a long speech, talking about the Iraqi justice system and how it was developed over centuries.

"If you want to defend yourself, submit your arguments. We are a court. It has no connection to politics. When you want to leave the legal framework, we will not allow you," he said. "Try to cope with the session requirements and you will see how much time you will get to defend yourself. Humiliation and abuse of the court will take you nowhere."

At that point, Saddam pulled a piece of paper from his Quran and began reading. The judge ordered microphones turned off as Saddam continued reading for 14 minutes. After the reading, the judge and Saddam exchanged what appeared to be often heated words toward each other, each pointing fingers and shaking fists.

Saddam stood up during testimony of the second witness of the day, a Sulaimaniyah resident in his mid-60s who talked of having his village destroyed in the Anfal campaign. Khalifa asked him if he had a question. Saddam said he did not.

"OK, sit down," the judge ordered. That started the fireworks.

"You are a defendant and I'm a judge," Khalifa said as Saddam interrupted. "Shut up. No one talk. The court has decided to eject Saddam Hussein from court."

As Saddam was led from the room, the other defendants, almost on cue, stood and demanded to leave as well. The judge ordered them to sit, but they refused. "I don't how to deal with you," the judge shouted.

Defendant Sultan Hashim Ahmad al Tai a former defense minister, shouted back in anger, "Don't shout at us. We are not children. We defended this country. It is not you who is teaching us to be polite. We are teaching you."

At that point, he was escorted out, continuing to yell.

The next, Hussein Rashid Mohammed, a former chief of staff of the Iraqi Army, said: "I served Iraq for 44 years. If you want to execute us, execute us. You can't insult us with these charges. We have dignity." He was removed, with two guards very physically holding both his arms.

The other defendants remained standing as guards surrounded their cages in the courtroom. The judge ordered the curtains to the press gallery closed and a recess. When the afternoon session resumed, the defendants' cages were empty. The court recessed until Oct. 9.

Judge Postpones Hussein Trial As Lawyers Continue Boycott (NYT)

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, September 27, 2006

BAGHDAD, Sept. 26 — After throwing Saddam Hussein out of court again, the judge hearing the deposed dictator's genocide trial abruptly postponed the case until Oct. 9, so Mr. Hussein and his co-defendants could consult with lawyers who are boycotting the trial or find new ones.

The court session on Tuesday degenerated into a shouting match with the angry judge, Muhammad al-Uraibi, barking at Mr. Hussein and his co-defendants to "sit down" and "shut up." The men, charged with killing tens of thousands of Kurds in 1988, shouted back that the judge was not respecting them and had already decided their guilt.

The trial of Mr. Hussein has been in turmoil for a week, since Prime Minister Nuri Kamal al-Maliki fired the previous judge, who prosecutors had complained was biased in favor of the defendants. In protest, defense lawyers have been boycotting the trial.

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After Judge Uraibi ejected Mr. Hussein from the courtroom on Tuesday, the other defendants rose in anger, and the judge demanded: "Shut up. Nobody talk."

After more testimony, the judge said he would postpone the case for nearly two weeks.

Elsewhere, insurgents and militiamen across central Iraq attacked mosques, police officers and, with one large blast, lunchtime diners who the police said had apparently been singled out because they could be seen eating in a public place during the Ramadan fast.

All told, news agencies reported that more than 20 people were killed in or around the capital. An Interior Ministry official also said 15 new dead bodies were discovered in Baghdad, the latest victims in the capital's continuing violence.

On Monday morning, insurgents staged a coordinated attack with mortars and a car bomb on a newly opened police station in northern Babil Province, south of the capital, killing at least two Iraqi police officers and wounding four policemen.

The attack on the Jurf al-Sakhr police station, which opened earlier this month at a cost of $440,000, began when a white car drove through the gates of the station and then exploded when it rammed the northwest corner of the building, the United States military said.

Other insurgents simultaneously attacked guard towers nearby with machine guns and mortars. Eight American soldiers suffered minor wounds but were returned to duty, the military said.

In Baghdad, the attacks began early Tuesday. At 7 a.m., gunmen used explosives to severely damage a Sunni mosque in the southeastern part of the city, the Interior Ministry said.

Shortly before noon, a motorcycle packed with explosives detonated near Communist Party offices and a restaurant in central Baghdad. Four people were killed and 18 wounded, all of whom had been at or near the restaurant, an Interior Ministry official said.

Clashes raged in the western Baghdad neighborhood of Amil, killing at least three people. Two bombs exploded in Mahmudiya, south of Baghdad, killing five people and wounding eight. Two American soldiers also died in what the military described as a "noncombat incident" southwest of Baghdad on Tuesday. No other details were provided.

In the heavily fortified Green Zone, Iraqi lawmakers shouted at one another as debate proceeded over how quickly to allow provinces to become autonomous states.

Sunni political leaders had agreed to allow a bill, defining how these states would be formed, to come up for debate this week. The bill is backed by a large faction of Shiites and Kurds, but is opposed by many Sunnis, who say it will strip them of a share of the country's oil wealth.

In return for Sunnis' agreeing to a debate, the Shiite and Kurdish factions agreed to the creation of a constitutional committee to examine amendments sought by Sunnis, and to postpone any actual move toward autonomous regions until at least 2008.

But a number of Sunni legislators made it clear on Tuesday that they would fight the proposal no matter what. One top Sunni legislator, Dhafir al-Ani, quit in protest as chairman of the committee scheduled to hear the proposal.

Inquiry: Australian Wheat Exporter Warned (AP)

AP, September 27, 2006

SYDNEY, Australia — Australian wheat exporter AWB Ltd. was repeatedly warned by lawyers that funneling money to Saddam Hussein's regime could be illegal and breach U.N. sanctions on Iraq, according to evidence released by a corruption inquiry Tuesday.

The documents, released by a government-commissioned inquiry into the kickbacks scandal, contradicted testimony by company executives that the monopoly exporter, formerly the government-owned Australian Wheat Board, did not knowingly pay $222 million in bribes to the Iraq government under the corruption-riddled U.N. oil-for-food program.

The documents are among 900 that AWB fought to withhold from the inquiry headed by retired judge Terrence Cole.

But the Federal Court ruled last week that 360 of those documents must be handed to the Cole commission because they are not protected by legal professional privilege.

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The commission is examining whether company officials broke any Australian laws when AWB paid bogus transport fees for wheat to a Jordanian trucking company partially owned by the Iraqi government.

Under U.N. sanctions against Iraq, companies were banned from making payments to the Iraqi government.

Legal advice from the Australian corporate law firm Blake Dawson Waldron, as well as top barristers, between 2003 and 2005 warned AWB the payments were questionable, documents revealed.

In mid 2003 when American wheat exporters were claiming AWB was inflating its wheat prices for Iraq in breach of the U.N. oil-for-food program rules, AWB's in-house legal team set up an inquiry, known as Project Rose.

As part of that inquiry, Blake Dawson Waldron warned AWB "it is possible" the trucking fees AWB was paying the trucking company Alia breached Australian federal and state criminal laws.

The law firm said it appeared "in a broad sense" AWB paid the trucking fees to influence the Iraqi Grain Board, which was owned by Saddam's government.

"It is possible that AWB's conduct has resulted in a contravention by Australia of U.N. resolution 986 (1995)," the advice added.

AWB was the largest single supplier of humanitarian goods under the oil-for-food program. From 1997-2003, the company sold 6.8 million tons of wheat to Iraq and received payments from the U.N. of more than $2.3 billion.

West Point Mourns A Font Of Energy, Laid To Rest By War (WP)

By Joshua Partlow And Lonnae O'Neal Parker

The Washington Post, September 27, 2006

WEST POINT, N.Y., Sept. 26 -- They remember Emily Perez in her many bursts of motion: the diminutive young woman calling out orders to the freshman cadets on the castled military campus of West Point.

They see her sprinting the third leg for Army's 400-meter relay team. Or in the school's gospel choir, filling her lungs and opening her mouth to sing.

Emily J.T. Perez, a determined 23-year-old from Prince George's County, rose to the top of her high school class and then became the first minority female command sergeant in the history of the U.S. Military Academy.

Now she has another distinction. The second lieutenant was buried Tuesday at the academy, the first female graduate of West Point to die in Iraq. Perez, a platoon leader, was killed while patrolling southern Iraq near Najaf on Sept. 12 when a roadside bomb exploded under her Humvee.

And at the service on the high bluffs along the Hudson River, her former fellow cadets, the younger women who looked up to Perez and now are preparing to follow her path, were still learning from her.

"The fact that she's died -- it makes what's going on in the Middle [East] . . . so much more real. I mean, here at West Point, it's kind of like Camelot, you know -- everything just seems to work," Sylvia Amegashie, 21, of Woodbridge, co-captain of West Point's track team, said as she stood on the cemetery grass, holding back tears. "What happened to her, being out there in Iraq, it's real. Her death really makes everything seem more like it's going to happen."

"For me, yeah, like, it's just an eye-opener," agreed Meghan Venable-Thomas, 21, a senior who also ran track and sang in the choir with Perez, who graduated last year. "She was like a little superwoman . . . so full of energy and life, and she was just willing to do anything."

Perez was born into a military family in Heidelberg, Germany, and moved to Fort Washington in 1998. A woman repeatedly described as focused, tenacious and passionate, she was an avid reader from a young age and eventually finished near the top of her class at Oxon Hill High School. From early on, she wanted to be a soldier, her friends recalled, and she became wing commander of Junior ROTC at Oxon Hill.

"She was the cream of the crop," said Nathaniel Laney, Perez's high school track coach and now assistant principal at Oxon Hill. "This wasn't some average Joe."

Her nickname was Kobe, family friend E. Faith Bell said, because everyone knew she could make the shots, in whatever she did.

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While in high school, working with the District's Peace Baptist Church, Perez helped begin an HIV-AIDS ministry after family members contracted the virus.

One of her mentors, Roger Pollard, who worked with her when she volunteered with the Alexandria Red Cross HIV-AIDS peer education program, recalled her remarkable ability to stay focused -- always on time, always ready to work. She shared with other teenagers her stories about people close to her living with the depression and stigma of AIDS.

"She was sensitive to the suffering of others" but tough-minded, Pollard said. "I clearly remember thinking that she would definitely be the first female president of this country."

After graduating from West Point, she was assigned to the Army's 204th Support Battalion, 2nd Brigade, 4th Infantry Division and deployed to Iraq in December. Before she left, she spoke with Laney, her high school track coach. He gave her a journal to write everything down when she wanted to clear her head.

"She was like, 'I'll be okay. Don't worry about me.' That was just the confidence she had in herself," he said.

Her godfather, the pastor of Peace Baptist Church, remembered that same time in Perez's life.

"She was resilient. Her spirit was calm. She was resolute. She believed . . . the real tragedy is to not live while you are alive," said the Rev. Michael Bell, Faith Bell's husband.

She was the 64th female member of the U.S. military to be killed in Iraq or Afghanistan and the 40th West Point graduate killed since Sept. 11, 2001. Another female West Point graduate, Laura M. Walker of the Class of 2003, was killed in Afghanistan last year.

Her family chose to hold the funeral at West Point because of Perez's reverence for the institution that challenged her physically and mentally, Michael Bell said.

At the cemetery, in a quiet corner of campus beneath Storm King Mountain, the warm September sun glinted off the silver tubas of the marching band and lighted the rustling leaves' various shades of flame.

Dozens of uniformed men and women gathered in the crowd: West Point's track team, its gospel choir, former classmates and fellow soldiers. When the hearse pulled up to Perez's grave site -- in Section 36, near those of several other young graduates -- the crowd saluted the flag-draped coffin in near perfect unison.

The family, including parents Vicki and Daniel Perez, sat on 10 folding chairs under a small tent facing the coffin, daubing their eyes.

"Honor guard! Attention!"

The guard assembled around the coffin.

"Do not stand at my grave and weep, I am not there, I do not sleep," Michael Bell read from a poem. "I am a thousand winds that blow. I am the diamond glint of snow. I am the sunlight on ripened grain. I am the gentle autumn rain."

Then West Point Chaplain Darrell Thomsen addressed Perez.

"In your short time here, you stood the watch with duty, with honor," he said. "Your work on earth is done."

Five guns fired in unison three times. The bugler and the drummer played taps. The bagpiper wailed "Amazing Grace." The marching band finished with the "Alma Mater."

After it was over, Faith Bell reflected on what Perez will be remembered for.

"Her tenacity," Bell said. "Her passion for life. One of the things that was important to Emily was not the fear of death but the fear of not living."

CORPORATE SCANDALS:

Enron's Fastow To Serve 6 Years (LAT)

By Lianne Hart

The Los Angeles Times, September 27, 2006

HOUSTON — A federal judge sentenced former Enron Corp. Chief Financial Officer Andrew S. Fastow to six years in prison Tuesday for his role in running the fraudulent, off-the-books dealings that brought down the company while he made millions.

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But the judge stopped short of the maximum term, citing Fastow's contrition and his cooperation with the government.

In 2004 Fastow had agreed to serve as long as 10 years in exchange for testifying against the former top executives of the fallen energy company. U.S. District Judge Kenneth Hoyt said that although Fastow was once "drunk on the wine of greed," he has since demonstrated remorse by fully cooperating with government and civil lawyers in lawsuits against Enron.

"These factors call for mercy," the judge said.

Fastow's sentencing turns another page in the saga of Enron, which came to symbolize the wave of corporate accounting scandals of this decade. One of the bosses he testified against, former Chief Executive Jeffrey K. Skilling, will be sentenced on fraud and conspiracy charges next month.

And the same day Fastow was led off in handcuffs and shackles, former WorldCom Inc. Chief Executive Bernard J. Ebbers reported to federal prison to begin serving a 25-year term for leading a massive accounting fraud.

Hoyt imposed no fine in meting out his sentence to Fastow, noting that under terms of the plea agreement he had already forfeited $23.8 million and pleaded guilty to two counts of conspiracy. Hoyt sentenced Fastow to two years of supervised release upon completing his prison term. The judge recommended a minimum-security prison for Fastow, as well as drug treatment for the anti-anxiety medication he has been taking.

Fastow, 44, hugged his wife, Lea, a former Enron executive who had done prison time for tax fraud, before he was handcuffed by marshals and led from the courtroom.

His departure ended an emotional hearing punctuated by sobs from his family and friends who packed the courtroom. A parade of lawyers spoke in favor of a reduced sentence, all noting Fastow's willingness to lay out Enron's fraudulent deals in excruciating detail. In addressing the court, he paused often to maintain his composure.

"When I pled guilty I was consumed by despair and shame by what I had done," Fastow said, his voice cracking. "I know I deserve punishment. I accept it without bitterness."

Federal prosecutor John C. Hueston said no one "has cooperated more thoroughly and extensively than Mr. Fastow." Without his assistance, Hueston said, the government would not have obtained convictions against Skilling and the late Kenneth L. Lay, the company's founder and longtime chairman.

Fastow's attorney, John Keker, said that Scott D. Sullivan, the former WorldCom chief financial officer in a "parallel situation" to Fastow's, received a five-year sentence for his crimes.

"Nobody is asking he not get any punishment," Keker said of his client. Instead, he asked Hoyt to show mercy to a man "disgusted" with his deeds and "desperate to make amends."

Investor Brian Durbin was the only person to speak against reducing Fastow's sentence. When he bought a few thousand dollars of Enron stock, he said, the company appeared to be in prime financial health. But when Enron collapsed, he watched with growing resentment as friends lost their jobs and retirement savings.

"I'm here to convey my personal anger at the management of Enron," Durbin said, looking at Fastow, who returned his gaze. "We were the victims of a scam."

Former Enron employee Tracy Michel, when told of the sentencing, said Fastow should have gotten a longer sentence.

"It's not enough. He got off easy," she said. "But so much time has passed, I guess they hoped people will forgive and forget and move on. I'm sure he's humiliated, so hopefully this is hitting him hard."

Fastow's sentence was fair, given his willingness to cooperate with prosecutors, said Barry Boss, a Washington-based white-collar defense attorney. "People have lost perspective on how long six years is," said Boss, former co-chairman of the U.S. Sentencing Commission's Practitioners Advisory Group.

The sentence could open the door for Skilling to say he should get similar consideration, Boss said.

"Skilling's lawyers may argue that Fastow is the most culpable party. But they tried to play this card before and the jury didn't believe it," he said.

Said Anthony Sabino, professor of law and business at St. John's University in New York: "The sentence will have no effect on Skilling's sentencing. Jeff Skilling is going away for a long, long time."

Tuesday's 75-minute hearing capped a four-year legal battle for Fastow, a Northwestern University business school graduate once regarded as a talented, hard-charging comer.

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Federal indictments handed down in October 2002 took a different view of the brash executive and the complex financial deals that set him apart. From 1997 to July 2001, prosecutors said, Fastow engineered a complex series of "clandestine transactions" that hid staggering Enron debt, inflated profit and diverted millions of dollars to himself, his family and his friends.

As the fraudulent partnerships began to unravel, Enron stock collapsed. In December 2001, the company filed for Chapter 11 bankruptcy protection.

In 2002, Fastow was indicted on 78 counts of fraud, money laundering, insider trading and other charges. He pleaded not guilty but changed his mind after the government brought charges against his wife for signing a tax return that failed to declare her husband's improperly pocketed gains as income. Lea Fastow, a former Enron assistant treasurer, served a one-year sentence. The couple sought to stagger their prison time so that one parent could remain with their two sons.

In March, Fastow testified against Lay and Skilling at their federal fraud trial. Both defendants were convicted in May. Lay died of a heart attack in July. Skilling is to be sentenced Oct. 23.

Enron's Fastow Gets 6 Years (WP)

By Carrie Johnson

The Washington Post, September 27, 2006

HOUSTON, Sept. 26 -- Andrew S. Fastow, the finance chief who helped Enron Corp. mislead investors at the same time he stole millions of dollars from the company, was sentenced Tuesday to six years in prison by a judge who said Fastow deserved mercy because of "exceptional" government cooperation and the toll on his family.

U.S. District Judge Kenneth M. Hoyt significantly discounted the 10-year prison term spelled out in Fastow's plea deal with the Justice Department two years ago. The judge said that Fastow, 44, had been "the subject of great persecution," including threats and religious slurs, as the primary scapegoat for an accounting fraud that cost thousands of employees of the Houston energy company their jobs and retirement savings.

Disclosures nearly five years ago about Fastow's questionable business partnerships foreshadowed not only Enron's bankruptcy but also a string of corporate fraud cases across the country. Federal prosecutors said Tuesday that the Enron debacle remained the largest such investigation in history and that Fastow's help unlocked the case, giving them a priceless window onto the 50th floor of the company's gleaming office tower.

The judge acknowledged Fastow's efforts to repair the harm he has done. Fastow's wife, Lea, who sometimes nodded along with the judge's remarks, already served nearly a year in prison after pleading guilty to underreporting the couple's income. Criminal charges against Lea Fastow helped pressure her husband to cooperate with investigators.

"Seldom does a man's public fall cause an equally public fall for his wife," the judge said.

Rejecting a request that Fastow remain free until next month to assist shareholders pursuing a lawsuit against banks that are accused of helping Enron conceal its debt, Hoyt nonetheless allowed the couple a few moments to embrace before a U.S. marshal cuffed Fastow's hands behind his back. Until the Bureau of Prisons decides where Fastow will serve his term for the two conspiracy counts, he will spend his days in Houston's high-security federal detention center, the same place his wife served the bulk of her sentence.

Clad in a gray suit, white shirt and dark tie, a withered, snowy-haired Fastow showed none of the blinding confidence he wore with pride in the years before Enron collapsed. During the 1990s, Fastow reaped awards and collected tens of millions of dollars in salary and bonuses for engineering the company's unflagging revenue growth.

But the past five years have taken a personal and physical toll. Struggling to keep his composure, Fastow walked slowly into the 11th-floor courtroom crowded with more than two dozen friends and relatives, including his parents, in-laws and brother, who sat in the front row. The judge recommended that Fastow be placed in a residential drug treatment program administered by prison officials, to help wean him from the undisclosed substances he used to mask his anxiety.

In the most emotional moment of the proceeding, Fastow broke down as he apologized to employees and shareholders, including one who told the judge he bought Enron stock as a "no-brainer" investment. Fastow pivoted to speak directly to Brian Durbin, an engineer whose wife worked at Enron and who lost money when the company filed for bankruptcy protection in

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December 2001: "To Mr. Durbin especially, and to all the victims, I apologize to you. I wish I could undo what I did at Enron, but I can't."

Earlier, Durbin expressed anger and condemned the company's leaders for engaging in an "elaborate scam, if not outright theft."

"When theft and fraud occur from within the company, what chance does an investor have?" Durbin asked.

Hoyt said he received letters from about a dozen others who wrote about the loss of their jobs or insurance policies, difficulties in supporting their children, and "the bankruptcy of spirit that has entered their lives." One unidentified former employee wrote that he is working three part-time jobs to replace his tattered retirement savings account. "I'm not guilty of anything, but my sentence will be longer than Fastow's," the former employee wrote.

The substantial reduction in Fastow's sentence underscores the importance of insiders, who can help prosecutors unravel complex business cases. Fastow was sentenced the same day WorldCom Inc. founder Bernard J. Ebbers reported to a Louisiana prison to serve a 25-year sentence. With time off for good behavior and the successful completion of the drug rehabilitation program, Fastow could cut more than a year from his sentence.

Assistant U.S. Attorney John C. Hueston said Tuesday that without 1,000 hours of briefings and "unflappable, remarkably consistent" testimony by Fastow, the government never would have been able to convict former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay in a fraud trial that ended earlier this year.

Lay, whose lawyer, Michael W. Ramsey, scowled at Fastow from a seat in the jury box Tuesday, died of heart disease in July. Skilling faces decades in prison when he is sentenced Oct. 23.

The Fastows -- who have two sons, ages 8 and 11 -- and their relatives have already forfeited nearly $30 million to the government, and their lawyer, John W. Keker, said the couple "will be living in a barrel if these civil cases continue." Fastow on Tuesday pledged to help shareholder lawyers recover even more money from companies that he says helped Enron manipulate its financial reports. In recent weeks, Fastow has spent hundreds of hours guiding them through the company's byzantine business partnerships.

"Man cannot earn mercy," the judge said, reading from prepared remarks. "It comes to a man who is shipwrecked, whose back has been broken . . . who finds himself in a conspiracy of circumstances."

Rabbi Shaul Osadchey, who married the Fastows and who appeared at the courthouse with them Tuesday, told reporters that he had spoken to Fastow a day earlier. "I think he felt he was ready to be sentenced, that he was ready to move on and see an end to this."

Fastow Gets Six Years As Judge Calls For Mercy (WSJ)

By John R. Emshwiller And John M. Biers

The Wall Street Journal, September 27, 2006

Andrew Fastow, Enron Corp.'s former chief financial officer and a central figure in the scandal at the fallen energy giant, received a surprisingly lenient sentence of six years in prison followed by two years of community service.

The sentence, handed down in a Houston federal court by Judge Kenneth Hoyt, was significantly less than the 10 years of imprisonment that had been envisioned in the 2004 plea agreement between Mr. Fastow and federal prosecutors, who were investigating Enron following its December 2001 collapse into bankruptcy proceedings. The lower sentence apparently reflects the extensive cooperation the 44-year-old Mr. Fastow provided to government investigators following his plea agreement. Under federal rules, the determination of a sentence is up to a judge.

Judge Hoyt ordered Mr. Fastow be immediately taken into custody yesterday.

Mr. Fastow was a major prosecution witness in the criminal trial this year in Houston federal court of Kenneth Lay, Enron's former chairman, and Jeffrey Skilling, its former president. Both men were convicted in May of conspiracy and fraud charges. Mr. Lay died of heart-related problems in July. Mr. Skilling is scheduled to be sentenced on Oct. 23 in Houston by Judge Sim Lake. Observers believe Mr. Skilling could receive a sentence of about 20 years.

Some found the reduced sentence for Mr. Fastow troubling. "I was very surprised," said Leslie Caldwell, the original director of the special Justice Department task force that investigated the Enron scandal. Ms. Caldwell, who is currently a partner

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with Morgan, Lewis & Bockius in New York, said the 10-year sentence included in the 2004 plea deal contemplated that he would provide full cooperation. In return for that cooperation and his pleading guilty to two felony counts, the government dropped a 98-count indictment against Mr. Fastow that could have sent him to prison for 20 years.

At yesterday's sentencing hearing, prosecutor John Hueston described Mr. Fastow's cooperation as a "key breakthrough" in the probe. Mr. Fastow was "critical" to winning the convictions of Messrs. Lay and Skilling, said Mr. Hueston, who was one of the three lead prosecutors in that trial.

Mr. Fastow also received robust praise from plaintiffs attorneys representing the University of California and other investors in civil litigation against financial institutions that helped to created some of Enron's most controversial deals. They said Mr. Fastow had provided helpful information about some of those dealings, including a 25-page declaration that he signed just Monday. But plaintiffs attorneys were unsuccessful in requesting that Mr. Fastow's prison sentence be delayed until next month, so he could be deposed.

In his written declaration, Mr. Fastow said several of Enron's bankers helped to devise structures that they knew "created the false appearance" of financial health at the company. Mr. Fastow added that he and other Enron executives had provided assurances to the financial institutions of a guaranteed return in certain transactions. Such a guarantee can nullify the legitimacy of a deal for financial accounting purposes and leave the participants open to criminal charges.

The statements in Mr. Fastow's declaration are similar to conclusions reached previously by others. For instance, a 2003 report by a court-appointed examiner in the Enron bankruptcy proceeding said there was evidence that major financial institutions had knowingly "aided and abetted" company executives in transactions aimed at manipulating the energy giant's financial results.

A person familiar with the Enron criminal investigation said the information in the Fastow declaration has long been known to federal investigators and isn't viewed as likely to produce any new criminal charges. In late 2004, four former Merrill Lynch & Co. officials were convicted of conspiracy and fraud in a Houston federal court in connection with a 1999 deal involving the sale of some Enron electricity barges. Those convictions were recently overturned on appeal.

When he addressed the court yesterday at his sentencing hearing, Mr. Fastow, his voice cracking, said: "I wish I could undo the harm I caused," adding, "I am trying to be the best person I can be going forward."

Judge Hoyt noted that Enron's collapse had caused widespread damage. Thousands of company employees were laid off and billions of dollars were wiped out as Enron's stock fell to zero. Nonetheless, Mr. Fastow's cooperation, along with his very public fall from grace, "calls for mercy" in sentencing, Judge Hoyt said.

Mr. Fastow has been a much vilified figure. While Enron's chief financial officer, he also ran and partly owned two private partnerships, known as LJM1 and LJM2, which prosecutors subsequently identified as major tools for illegally manipulating the company's financial statements.

Coincidentally, former WorldCom Inc. Chief Executive Bernard Ebbers also started his incarceration yesterday. The 65-year-old Mr. Ebbers reported to a federal prison in Oakdale, La., to begin serving a 25-year sentence for his role in the $11 billion accounting fraud at the telecommunications giant. Mr. Ebbers was convicted by a jury in New York federal court last year of securities fraud and other crimes. He had remained free pending an appeal that was recently turned down by one higher court. His attorney has said Mr. Ebbers will continue to appeal.

Mr. Ebbers left his home near Jackson, Miss., yesterday morning and drove through the gates of the prison in his Mercedes in the afternoon, shielding his face from reporters and photographers.

Fastow Gets Lighter Prison Sentence Of Six Years (USAT)

By Matt Krantz

USA Today, September 27, 2006

Andrew Fastow, designer of the infamous accounting tricks that destroyed former energy giant Enron, was sentenced Tuesday to a six-year prison term.

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The sentence was lighter than the 10-year term the former chief financial officer of Enron agreed to in 2004. Fastow pleaded guilty to conspiracy to commit wire fraud and securities fraud and agreed to cooperate with prosecutors to build a case against other executives.

The judge, U.S. District Judge Kenneth Hoyt, said Fastow deserved a more lenient punishment because he and his family had suffered enough. Fastow has turned over nearly $30 million in cash and property. "Prosecution is appropriate, but persecution is not," Hoyt said.

Fastow, 44, who also is barred from serving as an officer or director of a public company, could shave a year from his prison term by joining a drug-treatment program. The judge recommended Fastow to serve at the federal prison in Bastrop, Texas, followed by a two-year probation.

"I'm ashamed of what I did," a crying Fastow said in court. "I wish I could undo what I did at Enron, but I can't. I understand that I deserve punishment."

Fastow's wife, Lea, served a year in jail for not reporting the income received from his Enron partnerships. The toll on the family factored into the judge's sentencing. "Your family has taken a particularly acrimonious hit," Hoyt said. "That calls for mercy."

Enron lingers as one of the biggest frauds in U.S. history. The energy company had been worth more than $68 billion. Its failure wiped out the savings and retirement funds of thousands of employees who also lost their jobs.

Some were surprised Fastow's sentence was reduced. "Enron was such a notorious fraud," says Michael Perino, professor at St. John's University School of Law.

But the sentencing decision speaks to how the judge was convinced Fastow has already suffered, says Bill O'Neill, partner at Latham & Watkins. "All of us are surprised by this, but not all of us are sitting where the judge is sitting," he says. "If someone is honestly contrite, and an experienced judge sees contrition, he will grant leniency."

Meanwhile, in a sign of the legal battles still to come, Fastow said in a filing Tuesday as part of an investors' securities-fraud case that Enron banks Merrill Lynch, Credit Suisse, Royal Bank of Scotland (RBS), Deutsche Bank and Barclays all knew of his schemes. Merrill, Credit Suisse and Deutsche declined comment.

Spokeswoman Carolyn McAdam said RBS will defend itself vigorously. David Braff, lawyer for Barclays at Sullivan & Cromwell, called the credibility of Fastow's filing "highly suspect."

Enron's Fastow Is Sentenced To Six Years In Jail (NYT)

By Kate Murphy

The New York Times, September 27, 2006

HOUSTON, Sept. 26 — In a courtroom crowded with teary family and friends, Enron's former chief financial officer, Andrew Fastow, was sentenced to six years in jail today for his role in the collapse of what was once the world's largest energy company.

He will serve two additional years at home under court supervision. The total sentence of eight years is two years less than the maximum provided in his plea agreement with government prosecutors.

Judge Kenneth M. Hoyt of the Federal District Court in Houston set the sentence after three lawyers representing Enron shareholders said Mr. Fastow, who pleaded guilty to two counts of wire and securities fraud in 2004, was a crucial witness in their cases against several banks that allegedly participated in fraudulent deals to conceal Enron's massive debt.

While thousands of people lost their jobs and savings when the company declared bankruptcy in 2001, only one disgruntled investor appeared in court to argue against leniency. Brian Durbin said he and his family had been "victims of an elaborate scam" and said Mr. Fastow should serve no less than the 10 years specified in his plea agreement. "A deal's a deal," he said, though he said he had prepared his statement before he knew Mr. Fastow was cooperating in the shareholder lawsuits.

In explaining his decision, Judge Hoyt said he had to "examine the relationship between justice and mercy." Although Mr. Fastow had "drunk the wine of greed," he said, the former high-flying executive had been the "subject of great persecution" including anti-Semitic slurs and personal threats.

The judge also cited the incarceration of Mr. Fastow's wife, Lea. She served a year in jail for her role in a fraudulent Enron tax return. During that time, Mr. Fastow was left to care for his two young sons alone. Acknowledging Mr. Fastow's devotion to his

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family and community service while simultaneously working to redress his crimes at Enron, Judge Hoyt said, "The best evidence of remorse is what you do going forward."

Although Mr. Fastow's lawyers and government prosecutors asked that he be allowed to surrender voluntarily after the Yom Kippur holiday on Monday, Judge Hoyt refused. Mr. Fastow was allowed to briefly embrace his wife before U.S. Marshals escorted him from the courtroom in handcuffs.

"We're very disappointed he was remanded into custody," said Chris Patti, counsel for the University of California, which is a plaintiff in pending shareholder litigation. "I'm not sure what this will mean for us."

Mr. Patti and other lawyers involved in Enron civil cases had asked the judge at today's hearing to allow Mr. Fastow to remain free until at least October 23, the date they hoped to conclude his deposition. October 23 is also the date Enron's former chief executive, Jeffrey Skilling, will be sentenced.

Another lawyer representing shareholders, Lawrence Irving, testified that Mr. Fastow was "critical" to their case. Referring to Mr. Fastow's testimony in the trials against his former bosses Mr. Skilling and Kenneth Lay, Mr. Irving said, "I have never seen a more impressive witness." Mr. Lay died of a heart attack in July before serving any jail time.

United States Attorney John Hueston testified that the cases against Mr. Skilling and Mr. Lay were weak until Mr. Fastow agreed to help the Justice Department's Enron Task Force: "He allowed the U.S. government to bring jurors inside the executive suite."

Mr. Hueston said Mr. Fastow worked with prosecutors for "in excess of 1,000 hours to untangle the web" of deceit and proved "credible, contrite and truthful" on the witness stand. Moreover, Mr. Hueston said Mr. Fastow was "truly repentant" and "not the same person introduced to the Task Force in 2003."

Mr. Hueston requested that Mr. Fastow be imprisoned in a federal penitentiary in Bastrop, Texas, where he can be treated for his dependency on anti-anxiety medication. The judge said he would recommend that facility but that the decision would be made by the Bureau of Prisons. During his remarks, Mr. Hueston did not argue for or against the maximum 10-year sentence.

Mr. Fastow also addressed Judge Hoyt. Choking back tears, he said he felt shame and regret for his actions. Turning to face Mr. Durbin, the shareholder, Mr. Fastow apologized. Speaking of his friends and family, he said, "I've failed them and have to work everyday of my life to regain their trust."

Former Enron Financial Officer Fastow Sentenced To 6 Years In Prison (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, September 27, 2006

(AP) - HOUSTON-Andrew Fastow, the former Enron Corp. financial whiz, was sentenced Tuesday to six years in prison for his role in the energy company's collapse that wiped out thousands of jobs and millions of dollars in retirement savings.

Fastow, Enron's former chief financial officer, had agreed to serve a maximum 10-year term when he pleaded guilty in 2004.

His attorneys, David Gerger and John Keker, on Tuesday asked for a lesser sentence, citing Fastow's admission of his guilt and his help in the federal government's successful prosecution of Enron founder Kenneth Lay and the former chief executive, Jeffrey Skilling.

Enron, once the seventh-largest U.S. company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out more than $60 billion (now â,¬47.3 billion) in market value along with thousands of jobs and more than $2 billion (â,¬1.6 billion) in pension plans.

Fastow was originally indicted on 98 counts, including fraud, insider trading and money laundering. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. He also surrendered nearly $30 million (â,¬23.6 million) in cash and property.

At their trial, Fastow testified Lay and Skilling were aware of fraudulent financial structures engineered by Fastow and his staff.

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Skilling and Lay were convicted in May of conspiracy and fraud. Lay's attorneys are working to erase his convictions since his July 5 death from heart disease. Skilling is to be sentenced next month.

Fastow's wife, Lea, pleaded guilty in 2004 to a misdemeanor tax crime and served a year in prison for helping him hide ill-gotten gains from his schemes.

Fastow Accuses Enron Bankers (FT)

By Ben White And Sheila McNulty

Financial Times, September 27, 2006

Andrew Fastow, the former chief financial officer of Enron, has accused 10 leading investment banks of helping the now-bankrupt energy group falsify its books in return for big advisory fees.

The accusations came in a 24-page legal declaration filed by Mr Fastow in support of a class action lawsuit against the banks brought on behalf of Enron's shareholders.

The declaration from Mr Fastow, who was sentenced on Tuesday to six years in prison for his role in Enron's collapse, could put new pressure on banks that have not yet settled in the class-action case.

In his statement, Mr Fastow said he viewed Enron's bankers as well-paid "problem-solvers" who knowingly helped Enron created financial structures that made the energy trading company seem more profitable than it really was.

Mr Fastow singled out Merrill Lynch, Credit Suisse, RBS and Barclays as especially involved with creating what he described as deceptive structures.

Attorneys for Enron shareholders, led by Lerach Coughlin, have already won $8bn in settlements from a group of banks including Citigroup, Bank of America and JP Morgan Chase.

A federal judge has previously dismissed Deutsche Bank and Barclays from the class action suit. But William Lerach, the lead attorney in the case, plans to ask that the two banks be reinstated in light of the declaration.

G. Paul Howes, an attorney for the Enron plaintiffs, spoke on Mr Fastow's behalf at the sentencing hearing in Houston on Thursday, asking for leniency to reflect his co-operation with the shareholders' suit.

Legal experts noted that Mr Fastow's statements were tainted by his desire for leniency and his admission of falsifying financial statements.

However, experts also said that Mr Fastow was well positioned to describe Enron's dealings. Mr Fastow was deeply involved in creating the off-balance-sheet partnerships that helped cloak Enron's mounting debt.

"He is in the best position to know exactly what was said or not said and what kinds of winks and nods were going on," said Henry Hu, professor of law and business at the University of Texas.

Mr Hu added that Mr Fastow's co-operation with the shareholders' suit would increase pressure on the remaining banks to settle.

Mr Lerach defended Mr Fastow's credibility: "Everything Fastow will say is documented by the damning and incredible e-mails these bankers wrote to each other when these schemes were going on," Mr Lerach said.

Mr Fastow, 44, broke down repeatedly when addressing the federal court, saying: "I wish I could undo what I did at Enron, but I can't."

Fastow Sentenced To Six Years In Federal Prison (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, September 27, 2006

After listening to a tearful Andrew Fastow, the former chief financial officer at Houston's Enron Corp., express remorse for his actions that led in part to the downfall of the energy company, U.S. District Judge Kenneth Hoyt of Houston on Tuesday sentenced Fastow to six years in federal prison and two years of supervised release.

The sentencing, shortly after noon, came nearly three years after Fastow pleaded guilty to one count of conspiracy to commit securities fraud and one count of conspiracy to commit wire fraud. The plea bargain he agreed to in January 2004 in United States of America v. Andrew S. Fastow called for a sentence of up to 10 years in prison.

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After briefly hugging his wife, Lea, Fastow was handcuffed and led out of the courtroom, as Lea and other family members and friends watched. Hoyt turned down a request from Fastow's lawyers to let the 44-year-old voluntarily surrender to federal custody in October to give the former Enron CFO opportunity to give a deposition in Enron civil litigation.

Hoyt told Fastow voluntary surrender would be "inappropriate under the circumstances."

In brief remarks to Hoyt, Fastow said he has been "consumed with despair and shame" for what he did at Enron. He has admitted to conspiring with other Enron executives to manipulate the company's financial reports and admitted to enriching himself. He forfeited about $24 million.

During the sentencing hearing, John Keker, a defense attorney for Fastow, asked Hoyt to sentence Fastow to five years in prison and three years of supervised release. Keker suggested that Fastow should spend those final three years doing full-time community service.

Keker told Hoyt during the hearing that Fastow has profoundly changed since Keker first met him, from a man in denial to a man who has faced what he's done.

"He is disgusted by it," Keker, a partner in Keker & Van Nest in San Francisco, told Hoyt.

Keker told Hoyt that Fastow has accepted responsibility for his actions and that Fastow's cooperation with federal prosecutors in criminal prosecutions of former Enron officials Kenneth Lay, Jeffrey Skilling and Richard Causey was "extraordinary." Keker also pointed out that Fastow has now pledged to help the plaintiffs in the shareholder securities class action filed by disgruntled Enron investors.

Tuesday, lawyers in the shareholder securities suit, In Re: Enron Corp. Securities Litigation filed a declaration from Fastow in connection with the civil litigation. In that declaration, Fastow alleges that some of the banks that did business with Enron when he was CFO "understood that some of the transactions were done primarily for generating certain accounting benefits and financial-reporting objections for Enron, including higher funds flow from operations, lower debt and increased [current period] income."

G. Paul Howes, a lawyer for the lead plaintiff in the securities litigation, told Hoyt during the hearing that Fastow has agreed to testify during the upcoming trial in the securities litigation and will provide crucial testimony to tie banks to the downfall of Enron.

Howes, a partner in plaintiffs firm Lerach Coughlin Stoia Geller Rudman & Robbins in San Diego, told Hoyt, "Mr. Fastow ... is the one person who can tell the story that hasn't been told: the role of the banks."

Howes, who said Fastow's testimony could help the plaintiffs recover billions of dollars from defendant banks in the shareholder securities suit, also urged Hoyt to allow Fastow to remain free from federal custody so he could give the civil deposition in October.

Prosecutor John Hueston, an Assistant U.S. Attorney who is a member of the Enron Task Force, told Hoyt that Fastow's decision to cooperate with the government in the Enron investigation was a "key breakthrough" that allowed the government to bring criminal charges against Causey, the former chief accounting officer; against Skilling, the former chief executive officer; and finally against Lay, the former chairman of Enron.

Causey pleaded guilty to a securities fraud charge and is awaiting sentencing.

Skilling and Lay were convicted in May of criminal charges. Lay was found guilty of one count of conspiracy to commit wire and securities fraud, two counts of wire fraud for making false and misleading statements and three counts of securities fraud. Skilling was found guilty on one count of conspiracy to commit wire and securities fraud, 12 counts of securities fraud, five counts of making false statements to auditors, and one count of insider trading. Lay died in July following a heart attack, but Skilling's sentencing is set for Oct. 23.

Fastow was "thoroughly debriefed" by the government, Hueston said.

Like Keker, Hueston told Hoyt that Fastow has changed immeasurably since the time when he was introduced to the Enron Task Force in 2003, and he's now "truly repentant."

In explaining his sentence, Hoyt said that Fastow received justice in court, but he also deserves mercy, because he is helping Enron shareholders in the civil litigation, because he was the subject of "great persecution" for the collapse of Enron, and

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because his family took a "particularly acrimonious hit" when his wife, Lea, was also prosecuted. Lea Fastow spent one year in prison after pleading guilty to one misdemeanor count of filing a false tax return.

"Seldom does a man's public fall cause an equally public fall for his wife," Hoyt noted.

Talking through tears, Fastow said, "I'm ashamed of what I did. I wish I could undo what I did at Enron, but I can't."

Ebbers Reports To Prison In Mercedes (USAT)

USA Today, September 27, 2006

Former WorldCom CEO Bernie Ebbers — convicted in 2005 for his role in the company's $11 billion accounting fraud, the biggest in corporate history — reported Tuesday to a medium-security federal prison in Oakdale, La., to begin serving a 25-year sentence. Ebbers drove his Mercedes to prison.

Ebbers Starts 25-Year Term For Fraud At WorldCom (WP)

By Brooke A. Masters And Amy Joyce, Washington Post Staff Writers

The Washington Post, September 27, 2006

Former WorldCom Inc. chief executive Bernard J. Ebbers reported yesterday to a federal prison in central Louisiana to begin serving a 25-year sentence for his role in the $11 billion accounting fraud that laid low the nation's second-largest telecommunications company.

Ebbers, 65, arrived at 1:18 p.m. at the low-security facility in Oakdale, according to a spokeswoman for the federal Bureau of Prisons. The facility, which has 1,400 inmates, is more than 200 miles from Ebbers's family's home outside Jackson, Miss. Officials said Ebbers will probably be housed in a double-bunk cell with a steel door.

For the onetime billionaire, prison marks the end of an extraordinary arc, and it left former WorldCom employees and investors wondering whether the weight of the punishment suited the crime. A former milkman and high school basketball coach, Ebbers built a tiny Mississippi long-distance company into a powerhouse and dazzled Wall Street with down-home rhetoric and extraordinary profit margins. During the late 1990s, rival phone companies were excoriated by Wall Street for failing to match WorldCom's dizzying growth.

But it all came crashing down when the company announced in June 2002 that its chief financial officer, Scott D. Sullivan, had been boosting the bottom line by secretly reclassifying the firm's operating expenses as capital expenditures. WorldCom filed for bankruptcy protection the next month, and eventually 20,000 jobs were wiped out, including 4,000 in the Washington region. Hundreds of thousands of investors lost billions of dollars, and the fraud -- along with the 2001 collapse of Enron Corp. -- helped spark a major revision of corporate accountability laws.

Ebbers will spend at least the next 21 years in prison. The federal system does not have parole, but inmates can receive up to 15 percent off their sentences for good behavior. Ebbers is appealing his conviction and sentence to the Supreme Court.

Sullivan, 45, cut a deal with prosecutors and became the chief government witness at Ebbers's 2005 trial. He is serving a five-year sentence at a medium-security facility in Jesup, Ga., and is scheduled to be released in 2010.

The contrast between Ebbers's sentence and that of Sullivan and other high profile white-collar felons, such as former Enron finance chief Andrew S. Fastow -- who was sentenced yesterday to six years in prison -- preoccupied Ebbers's attorney Reid H. Weingarten.

"A very, very sad day," Weingarten wrote in a brief e-mail. "That sullivan gets 5 and now fastow 6 and bernie faces 25 makes me crazy . . . somehow, someway justice will be done here."

Former WorldCom employee Gayle Dennis, 39, has mellowed somewhat in her views toward Ebbers in the years since the fraud was revealed, but she still says he belongs in prison.

"He may not have actively said, 'Book these fraudulent entries,' " she said. "But he created the environment and the culture to encourage that behavior and almost require that behavior."

Dennis, who worked in the company's finance unit from 1993 to 2006, estimates that she lost $50,000 to $100,000 in retirement savings and stock options. And after the fraud was uncovered, she spent a spent a year helping clean up the books, working seven days a week, often until midnight.

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"During those times, I was very anti-Bernie as well as anti-Scott Sullivan," she said. "They weren't my favorite people at that time."

In Clinton, Miss., where WorldCom had its headquarters before the scandal and which once proudly claimed to be the smallest city to host a Fortune 500 company, Mayor Rosemary Aultman took a more charitable view.

"I feel for his family," she said, adding that Ebbers's sentence seemed excessive compared with the penalties handed to other top executives convicted of similar crimes.

Ebbers had originally asked to be sent to a prison in Yazoo City, Miss., which is much closer to his family's home in Ridgeland, just north of Jackson. But yesterday, he left his home in the gated community of Bridgewater shortly before 8 a.m. and reported to Oakdale Federal Correctional Institution a little more than five hours later.

In addition to serving a lengthy prison sentence, Ebbers has also been forced to forfeit assets to a restitution fund for WorldCom investors and former employees. Liquidating Ebbers's assets, including a timber farm and a variety of other businesses, has raised $40 million so far, according to lawyers who are preparing to distribute a fund totaling $6.2 billion. That fund also includes money from settlements with WorldCom's bankers, accountants and directors, along with assets forfeited by Sullivan.

A team of class-action lawyers led by John P. "Sean" Coffey has processed 1 million WorldCom claims and found about 700,000 to be valid. The checks are expected to start rolling out in late October or early November, Coffey said. Holders of WorldCom stock will receive only pennies on the dollar for their losses. Bondholders will do far better because WorldCom's underwriters paid large settlements to avoid being on the hook for the company's default. Some bondholders will receive as much as 66 cents on the dollar. WorldCom, which emerged from bankruptcy protection as MCI Inc., has since been bought by Verizon Communications Inc.

There is a second pot of settlement money: the $750 million recovered by the Securities and Exchange Commission as part of its settlement with WorldCom. The distribution plan for those funds has been challenged by a group of WorldCom creditors and is tied up in litigation, SEC spokesman John Nester said.

No matter how those claims are processed, former WorldCom employee Andy Sharp said he felt a sense of relief yesterday as he heard Ebbers was about to start serving his sentence. "I'm less bitter about it . . . and even a little less bitter today now that he's arriving at jail," he said.

Sharp started working for WorldCom subsidiary UUNet Technologies Inc. in 1997 and left in June 2003 because he worried every morning that he would be laid off. His wife, Kristen Stahl-Sharp, who also worked there, was let go in 2002.

Andy Sharp, who now works in business development for a software company in State College, Pa., said he has tried to forget about how much money the two of them lost. He views his tumultuous years with WorldCom more as an experience and less as a catastrophe.

"When things were good, they were good," he said. "It's just too bad it had to end the way it did."

Special correspondent Katherine R. Dougan in Jackson, Miss., contributed to this report.

Lawyers Discuss Scrushy's New-Trial Request (WSJ)

The Wall Street Journal, September 27, 2006

A federal judge ordered defense attorneys and prosecutors to a noon conference call today to discuss HealthSouth Corp. founder and former Chief Executive Richard M. Scrushy's request for a new trial on political-corruption charges.

Attorneys for Mr. Scrushy and former Alabama Gov. Don Siegelman say their June convictions should be thrown out because some jury members may have communicated with one another via email outside the courtroom before and during deliberations. Defense attorneys also say the jurors improperly viewed articles and information on the Internet during deliberations.

Copies of the defense attorneys' motion, including copies of purported email exchanges, briefly appeared in the public online docket when filed Monday before U.S. District Court Judge Mark Fuller placed them under seal. The email copies and separate affidavits from a juror and his wife and pastor gave names and other details that made it possible to identify jurors.

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Mr. Scrushy was convicted of six counts, including conspiracy, in connection with paying $500,000 in bribes in return for a spot on a state regulatory panel. Mr. Siegelman was convicted on 10 political-corruption counts, six related to Mr. Scrushy.

The Hurd And Dunn Show (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, September 27, 2006

Now leaks are a serious breach of board collegiality and confidentiality. In principle, something should be done about them. But you've heard nothing like the Hewlett-Packard saga before, and that's no accident.

GM Chief Rick Wagoner merely contented himself with venting to the L.A. Times a few weeks ago about his own leaking board, though the GM leaks were more manipulative than any that came from H-P. Coke's board, which then featured investing legend Warren Buffett, was a veritable leakfest two years ago during its hunt for a CEO, when one name after another surfaced in the press prematurely, including that of Gillette's James Kilts, who abruptly withdrew from consideration.

This produced tsk-tsks all around but no gumshoes to root out the offending parties.

Or take the case of Ira Stepanian, bounced from his job as Bank of Boston's chief. He showed up at the company's annual meetings for years afterward to make speeches about the need to investigate the board leaks that preceded his firing. His replacement CEO acknowledged the leak problem, said the board had discussed it, but concluded the bank's interests wouldn't be served by an investigation.

H-P followed a different wisdom. Its board chairwoman, Patricia Dunn, beset by leaks through four years of strategic and leadership turmoil, decided to get proactive. She sponsored private investigators to track down the leakers, leading to a boardroom rupture when it emerged that these sleuths had (in vernacular terms, if not legal terms) stolen the phone bills of directors and reporters in an attempt to discover who blabbed to whom.

A rule of journalism is that a story that on Day One is "man bites dog" must be flipped 180 degrees on Day Two: It must be given deeper significance. It must represent a trend: Men are biting dogs all over.

The H-P snafu is devoid of larger meaning, but the snafu now has its own consequences, hence the unusual suspense, and unusual stakes, of tomorrow's spectacle before a House committee concerned with data privacy.

The questions only begin with which executives will invoke the Fifth (likely only those directly involved in the record filching). Will Ms. Dunn take full responsibility for driving the investigation or seek to share it with CEO Mark Hurd? Until now, the markets have viewed the H-P scandal as a board scandal, and tellingly, of little relevance for the company's shares. Then an email revealed Mr. Hurd had given his blessing to a plan for a fake email leak to a reporter in hopes of ferreting out the real leakers.

His Friday press conference was not a triumph. He seemed to admit what he couldn't deny, and minimized: He approved the email scam but "doesn't recall" approving a tracking software attachment (though it's hard to see how the scheme made sense otherwise). He was in a meeting, "briefly"; he received a report but "didn't read it." He takes "full accountablity" for what happens next, not for what happened before.

But Mr. Hurd was new on the job, Ms. Dunn's investigation was already underway when he arrived, and he had his hands full turning around H-P's business (which he seems to have done admirably). Shareholders would not like to see him go. In the last two days, a unspoken deal has glimmered in the comments of the corporate governance crowd and its media helpmates. They see a chance to pleasure themselves by remaking the H-P board to their specifications as a test bed for various nostrums of "good governance." In return, they signal a willingness to treat the scandal as primarily a "board scandal." Expect Mr. Hurd to take them up in tomorrow's hearing.

Another element of suspense is Congress. Will it confine itself to what the H-P saga has to say about "pretexting" -- the scamming of phone companies and others into allowing unauthorized access to records?

This subject was on the committee's radar screen already. Or will H-P become an excuse to become even more prescriptive on corporate governance along the lines of the poorly considered Sarbanes-Oxley law in the wake of Enron?

That corporate snafus are evidence of a "crisis" of governance, calling for a straitjacket to be lowered over companies presumably to prevent future snafus and improve corporate performance, is already being brutally repudiated by reality as public companies and executive talent flee to private equity.

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More SOX is the last thing America needs. Even a company that otherwise qualifies as a "monopoly" in the good or service it provides must compete with the entire world for investment dollars. There are 11,000 public companies in America, each competing with 10,999 others for investor interest. That's not including thousands of foreign companies, Danish housing bonds, unleaded gas futures and every other contender for investor cash.

The right answer to the question (a renewed favorite in the wake of the H-P shakeup) of whether the chairman's job and the CEO's job should be separate is: Yes, in the case of companies where separation is a good idea, and no, in cases where it's a bad idea.

Most corporate governance questions (including executive compensation questions) can be answered in the same vein. It depends. Companies should be left to figure out for themselves what's best, try one thing and then another, in the unceasing quest to gain the confidence of investors who have nearly infinite choice about where to put their money.

To Buy Or Not To Buy HP? A Question Of Ethics (WP)

By Rob Pegoraro

The Washington Post, September 27, 2006

Few corporations deserve to be equated to Richard Nixon's White House or Enron, but Hewlett-Packard seems richly entitled to that comparison. And unlike those two arch-villains, HP awaits your judgment the next time you walk into any computer or electronics store. What do you do?

In case you missed it, from March 2005 to May 2006 the onetime Silicon Valley icon engaged in an orgy of intrusive, probably illegal surveillance as it tried to find the source of leaks about its board meetings. It sicced investigators on its board members, its board members' families, its own spokespeople, its former chief executive, reporters and their spouses, and even one reporter's father.

HP's hired goons pursued those suspects in a variety of creepy ways. They employed pretexting -- a tool of identity thieves more generally known as lying -- to gather people's telephone records. They considered planting spies in the newsrooms of the Wall Street Journal and Cnet and even attempted to infect a journalist's computer with spyware that would record to whom she forwarded an attachment.

A public apology finally came on Friday, but the only person to be punished was Chairman Patricia Dunn: She had already agreed to quit, but HP kicked her out immediately instead of letting her stick around until January. Meanwhile, chief executive Mark Hurd -- who should have been aware of what was being done in his name but apparently was not -- was given Dunn's old job while keeping his current gig. Nice work if you can get it, huh?

So, Nixonian or Enronesque? You pick the adjective. And you pick the response: Do you give HP your business or not? Does its vile conduct outweigh the finer points of its products?

That question can come up in any consumer transaction -- whether it's deciding between buying a steak at Safeway, Whole Foods or the farmer's market or choosing between trekking out to Costco or Wal-Mart for the next bulk purchase of toilet paper -- but it has been coming up more often in the tech industry.

Just picking out a Web search engine can involve a complicated moral calculus. Google's Chinese subsidiary censors search results to suit the dictates of the Chinese government -- but Yahoo has turned over the names of Chinese dissidents who used its Web-mail service.

Lest you throw up your hands and say this is just business, not a moral issue, remember that most companies want to be judged on this level. That's why they go to the trouble of putting testimonials to their "corporate citizenship" and "core values" up on their Web sites and sponsoring NPR and local symphony orchestras. (For a cheap laugh, visit http://www.hp.com/hpinfo/globalcitizenship .) It's only fair to take up a company on such a clearly expressed offer and evaluate its character.

Not all corporate misdeeds require a consumer response. It's possible to like a product even when its manufacturer can act like a jerk at times. Apple has engaged in thuggish -- but, fortunately, unsuccessful -- lawsuits against Web sites that published leaked information about upcoming products, but that hasn't stopped the iPod from dominating the music-player

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market. And then there's Microsoft: Being nailed for repeated antitrust violations didn't seem to make any meaningful dent in its sales.

But some conduct begs for retribution at the cash register. The brain trust at HP let its megalomania outweigh any other considerations, like common decency or simply the desire not to look like felons when the whole sorry operation inevitably came to light. If this doesn't affect HP's bottom line, how much lower does a company have to sink before its customers rebel?

In one respect, HP faces more trouble than most companies that run afoul of the law. Like most manufacturers of Windows computers, it doesn't make anything that you can't easily get from another source. It builds commodity products with only a few minor tweaks. Replacing an HP with a Dell or a Sony entails far less distress than boycotting an airline, a vacation destination or a particular make of car.

Unfortunately, punishing HP or the next corporate criminal doesn't mean you can expect to move your business to a truly upstanding firm, as opposed to one that's merely less evil. The "my company right or wrong" mind-set rules too many corporations these days, and no place more decidedly than in their executive suites -- where leaders first demand to be compensated as if they alone deserve credit for the company's success, then cry about the unfairness of laws like Sarbanes-Oxley that hold them directly responsible for the company's misdeeds.

Go ahead, make HP your punching bag the next time you shop for a printer or a computer. Just don't overestimate the deterrent effect that might have on the rest of corporate America.

Living with technology, or trying to? E-mail Rob Pegoraro atrobp@washpost.com.

Options Probe Has Cost Investors $7.9 Billion In Market Value (BLOOM)

By Rick Green

Bloomberg, September 27, 2006

Sept. 27 (Bloomberg) -- The scandal over backdating stock options, used by companies to reward top executives with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value.

More than two-thirds of 117 companies that announced investigations into their options grants by Aug. 31 fell in the stock market the next day, data compiled by Bloomberg show. The declines sliced an average 2.6 percent from their market value, 2.5 percentage points more than the average return on the same day for Standard & Poor's and Bloomberg indexes of similar companies.

The losses add grist to 220 investor lawsuits against 70 companies, including Apple Computer Inc. and Home Depot Inc., which demand restitution and damages. The inquiry into backdating and fortuitous timing of option grants rivals the probe three years ago into improper mutual-fund trading, which led to $4.3 billion in penalties.

``It's yesterday coming back to haunt you today," said Howard Silverblatt, equity market analyst at Standard & Poor's in New York. ``It's another blow against corporate governance and another reason why individuals will find it difficult to have trust and faith in management."

Companies grant options to give executives an incentive to boost the stock price. The U.S. Securities and Exchange Commission and the Justice Department are looking at whether the companies backdated grants to coincide with days when the stock price was low, giving recipients a built-in profit, and cases where they may have failed to properly account for awards.

Probe Costs Jobs

Backdated options that aren't disclosed can hide compensation costs from shareholders, distort income taxes and earnings and thus obscure a company's financial statements, prosecutors and regulators said. At least 19 companies including Broadcom Corp. and Applied Micro Circuits Corp. already have restated profits by $2.5 billion. More than 30 companies have said they may revise earnings, among them Cablevision Systems Corp. and Cheesecake Factory Inc.

Probes also have cost about 20 executives and directors their jobs at more than a dozen companies, such as Gregory Reyes, chief executive officer at San Jose, California-based Brocade Communications Systems Inc., the world's largest maker of switches for storage networks, and Kent Roberts, general counsel at McAfee Inc., the Santa Clara, California-based maker of anti-virus software.

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Five former executives at two companies face criminal charges, including Reyes and Kobi Alexander, ex-CEO of New York- based Comverse Technology Inc.

Peer Performance

Investment returns are based on a Bloomberg analysis of companies that disclosed probes from Jan. 1 to Aug. 31. Companies that announced probes before 2006 or after August weren't included. Stock prices were measured for a day, a week and a month, starting from the day the company first disclosed an investigation through Sept. 1.

The analysis then compared those returns to a peer group using an S&P index composed of similar companies. In three cases where an S&P peer group didn't match closely, a Bloomberg index was substituted. Houston-based Crown Castle International Corp. and Boston-based American Tower Inc., which own communications towers, were compared with the 110-member Bloomberg U.S. Communications Index. Stolt-Nielsen SA, a London-based shipping company, was compared with the 13-member Bloomberg Dry Ships Index.

Some of a stock's movement might have been explained by issues affecting the entire industry or market. To account for this, the calculation of how much a stock rose or fell, and how much its market value changed, was adjusted by subtracting the movement of market indexes of similar stocks on the same day.

Monster Decline

In the case of Monster Worldwide Inc., the New York-based job service, the stock's 8.1 percent loss on June 12 cut the company's market value by $433.9 million. Since its peers lost 1.8 percent that day, just 6.3 percentage points were attributed to the options announcement, reducing the loss of market value to $339.7 million, according to Bloomberg data.

The adjusted decline in market value totaled $7.9 billion for all companies on the first day of trading. Unadjusted, the total would have been $10.8 billion.

The review didn't consider the effect of accusations made by researchers, news reports and lawsuits -- many of them unsubstantiated -- which sent some stocks tumbling before formal announcements.

First-Day Trading

Shares of 78 of 117 companies fell in the first trading day, and 80 trailed their peers. The biggest declines included QuickLogic Corp., a Sunnyvale, California-based developer of low-power programmable microchips, on July 27, and SafeNet Inc., a Belcamp, Maryland-based maker of products to protect computer communications, on May 19. Their shares tumbled 22 percent on days when indexes of similar companies were little changed.

After a week, 62 of 114 stocks hadn't recovered and 71 of them lagged behind their peers. The entire group posted an average weekly loss of 2 percent, trailing their respective peers by 2.6 percentage points.

In addition to SafeNet and QuickLogic, the worst performers included Comverse, the world's largest maker of voice-mail software. Its shares fell more than 21 percent in the week following the company's March disclosure, and trailed the 115-member S&P Supercomposite Technology Hardware and Equipment Index by 26 percentage points.

The stocks slid an average 5.6 percent after a month, and trailed their peers by 4.3 percentage points. Shares of 53 of 79 companies that compiled 30-day records by the review's cut-off date sold for less than their pre-announcement levels, and 51 lagged behind their benchmarks.

Fleeting Damage

Vitesse Semiconductor Corp. fell the most, losing 52 percent in the 30 days after the Camarillo, California-based designer of microchips for computer networks said on April 18 it was investigating its options grants. The 39-member S&P Supercomposite Semiconductors Sub-Industry Index fell 4 percent, according to Bloomberg data.

For some companies, the damage proved fleeting. Asyst Technologies Inc., a company in Fremont, California, that makes semiconductor equipment, fell 4 percent June 14, a day when similar companies rose 1.7 percent. The gap with its peers widened to 8.6 percentage points after a week. By mid-July, though, Asyst shares were 11 percent above the pre-announcement level, and almost 13 percentage points ahead of its rivals.

The shock value of the revelations may also be wearing off. The average one-day loss for the first 30 companies to disclose investigations, from March 14 to May 25, was 2.9 percent, or 2.8 percentage points worse than their peers. The last 30 disclosures as of Aug. 31 prompted an average decline of 1 percent, trailing peers by 1.2 percentage points.

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Hardest Hit

Some of the hardest-hit companies, including Comverse and Vitesse, have changed their top management. Alexander, Comverse's founder, became a fugitive after failing to appear to face charges in August stemming from the backdating probe. Vitesse, which fired CEO Louis Tomasetta and two other top officers on May 17, faces probes by an internal panel, the SEC and the Justice Department, more than a dozen investor lawsuits and pressure from hedge funds to repay debt immediately because it violated bond agreements.

Price declines reflect doubts by investors about management's integrity, said Charles Di Bona, a software analyst at Sanford C. Bernstein & Co. in New York. He said investors remain wary even after top executives have been replaced.

``Companies that are inclined to do this don't necessarily have shareholders' interests at heart," said Di Bona, ranked among the industry's top three analysts by Institutional Investor magazine. ``There are easier ways to make money than taking a gamble that conditions have changed."

Most Are Honest

The problems remind investors of ``greedy and venal" executives, said Bill Riegel, chief equity manager at New York-based TIAA-CREF, which oversees $380 billion of assets. ``It gives me some pause."

Most managers are honest, Riegel said, and that might make the declines of some companies a chance to buy. He cited shares of Apple Computer, the Cupertino, California-based maker of iPods and computers, which TIAA-CREF already owns.

Apple said June 29 it was investigating stock-option grants, including an award to CEO Steve Jobs. The stock dropped more than 6 percent in the next week. The stock has since gained 37 percent, compared with 9.7 percent for the S&P index that tracks computer and peripheral equipment makers.

``The market has a tendency to overshoot on fear," Riegel said.

CRIMINAL LAW:

Prosecutors In C.I.A. Leak Put Spending At $1.4 Million (AP)

The Associated Press, September 27, 2006

WASHINGTON, Sept. 26 (AP) — Prosecutors said Tuesday that they had spent $1.44 million investigating the leak of a Central Intelligence Agency officer's identity in 2003.

Because the special prosecutor, Patrick J. Fitzgerald, and other lawyers in the case were already on the government payroll, most of the costs were covered as a "paper transfer" from one government account to another, Mr. Fitzgerald's office said.

The only additional cost to taxpayers was $333,000, mostly for travel and contractual services like research and court recorders. Investigators did not rent office space here, eliminating an expense that drove up costs for other investigations of top officials.

"We do believe we were very conscientious with the expenditure of taxpayer funds," a spokesman for Mr. Fitzgerald's office, Randall Samborn, said.

Since 2003, Mr. Fitzgerald has been investigating the leak of the identity of Valerie Wilson, who says her name was disclosed as retribution for her husband's criticism of the Bush administration's intelligence before the Iraq invasion.

Nobody has been charged with leaking her name. The sole person charged in the case, I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, faces charges of perjury and obstruction of justice. Mr. Fitzgerald's costs were compiled and reported to the Government Accountability Office, which audits special prosecutors two times a year. The G.A.O. is expected to release a report Friday on Mr. Fitzgerald's spending for the last six months.

His office released the total, current through Aug. 31, in response to a request on Tuesday by The Associated Press.

For comparison, another independent counsel, David M. Barrett, spent more than $20 million in an investigation of former Housing Secretary Henry G. Cisneros that lasted a decade. The investigation of President Clinton's business dealings cost about $70 million after evolving into an examination of his sexual behavior that resulted in his impeachment.

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Independent and special prosecutors are not required to include Federal Bureau of Investigation salaries in their figures. Neither the C.I.A. leak case nor the Cisneros investigation included those costs. The Clinton investigation totals included the F.B.I. salaries.

Mr. Libby is due in court on Wednesday for a closed hearing over whether he can use President Bush's daily terrorism briefings and other classified documents as evidence. He wants to show that he did not lie to the authorities, saying he simply did not remember because he had more weighty issues on his mind.

Prosecutors have said Mr. Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed.

CIA Leak Probe Relatively Inexpensive (WP)

By Carol D. Leonnig

The Washington Post, September 27, 2006

Special Counsel Patrick J. Fitzgerald, who investigated whether senior Bush administration officials illegally leaked the name of a CIA operative for political payback, has spent $1.4 million in his probe over the past three years, his office reported yesterday -- a figure that establishes him as remarkably frugal in the ranks of recent special investigators.

Independent Counsel Kenneth W. Starr's investigations of President Bill Clinton's affair with Monica S. Lewinsky and his ties to the failed Whitewater land investment cost $71.5 million and took eight years. Independent Counsel David M. Barrett's examination of Clinton housing secretary Henry G. Cisneros over an extramarital affair and potential illegal payments cost $21 million and lasted 10 years.

Nevertheless, some are already arguing about whether the parsimonious prosecutor's expenditures in the Valerie Plame case were worth the results.

Fitzgerald's probe roiled the White House, laid bare an Oval Office intent on squelching a critic of the Iraq war and forced reporters to do the unthinkable -- name their confidential sources. Though Fitzgerald debated for months whether to charge Bush Deputy Chief of Staff Karl Rove with a crime, the investigation eventually led to no charges of a criminal leak.

Instead, Vice President Cheney's chief of staff was charged with obstruction of justice, perjury and lying to investigators. I. Lewis "Scooter" Libby, who resigned his post the day he was indicted in October 2005, is scheduled to stand trial in January.

The true cost to taxpayers of Fitzgerald's operation is actually $333,000, according to his spokesman Randall Samborn, because Fitzgerald has relied on a handful of federal prosecutors in Chicago, where he is the U.S. attorney, and in the Justice Department in Washington, and made use of government offices in both locations.

The government would pay rent and utilities for that office space anyway, and those prosecutors would be getting a government paycheck even if they weren't now spending their work hours marshaling evidence against Libby and duking it out with his defense lawyers in pretrial skirmishes. The probe's salary and building costs total $1.1 million.

Judge To Weigh Evidence In CIA Leak Case (AP)

By Matt Apuzzo

The Associated Press, September 26, 2006

A closed-door hearing beginning Wednesday will deal with a crucial issue in the trial of a former White House aide: whether President Bush's daily terrorism briefings and other sensitive documents should be disclosed in the CIA leak case.

The hearing, which could last several days, will help establish what classified information is relevant to the case against Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby.

He is accused of perjury, obstruction and lying to the FBI about his conversations in 2003 with reporters regarding CIA operative Valerie Plame.

Libby wants to use the daily intelligence briefings and terrorism threat assessments as evidence to show he had important things on his mind and honestly didn't remember details about his conversations with reporters.

Prosecutors have said Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed. It's a legal tactic known as "graymail."

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Special Prosecutor Patrick Fitzgerald argued in court papers filed late Monday that the intelligence briefings fall outside the rules of evidence and should not be allowed as evidence.

Fitzgerald was less opposed to Libby's request for records regarding former Ambassador Joseph Wilson's trip to Niger, saying they could be considered on a case-by-case basis. Wilson, Plame's husband, discounted reports that Saddam Hussein sought to buy uranium from the African country — a claim Bush later included in his State of the Union address.

After the hearing, U.S. District Judge Reggie B. Walton will decide what documents should be allowed as evidence. He will then hold a second hearing, which also could take days, to decide how the documents should be blacked out or summarized to protect national security.

If, after those hearings, government officials still believe national security would be jeopardized, they can refuse to release the classified information. That could lead to the case being dismissed before trial starts in January.

Gotti Jurors Say They're Deadlocked (NYT)

By Timothy Williams

The New York Times, September 27, 2006

The federal jury in the racketeering conspiracy trial of John A. Gotti sent a note to the judge this afternoon saying they were deadlocked and unable to reach a unanimous verdict.

Judge Shira A. Scheindlin read the panel the Allen charge, an instruction meant to encourage juries to continue working until they reach a verdict, and sent them back to continue deliberating.

It is unclear how long the jurors — seven women and five men — will continue to deliberate, but Judge Scheindlin told them if they felt they were close to reaching a verdict by later this afternoon that the court would pay for dinner and give them rides home.

If the jury is unable to reach a verdict, it would be the third mistrial on the racketeering charges in the past year for Mr. Gotti. This is the sixth day of this jury's deliberations. In Mr. Gotti's first trial, the jury deliberated for eight days. In the second, the deliberations lasted one and a half days.

"We have vigorously debated each charge," read the note from the jury to Judge Scheindlin. "We have been unable to reach a unanimous verdict."

The jurors did say that of the four counts Mr. Gotti is facing, they had been able to reach a decision on only part of one of the racketeering conspiracy charges: the kidnapping of Curtis Sliwa, the Guardian Angels founder and radio talk show host.

The jury's note did not say what decision it had reached on that count.

Mr. Gotti, known as Junior, faces two racketeering counts, as well as counts of witness tampering and conspiracy to commit construction industry extortion.

During the deliberations, it became apparent from the notes seeking explanation from Judge Scheindlin that the jury was having a difficult time reaching a verdict on the key element of the case — whether Mr. Gotti had quit the Gambino organized-crime family at some point before July 1999.

If Mr. Gotti did withdraw from the crime family before that date, he would be immune from prosecution because the five-year statute of limitations on the racketeering charges would have expired. Mr. Gotti's defense is that he did, in effect, resign from the mob in 1999 after receiving permission from his father, John J. Gotti, who was known as the Dapper Don. The elder Gotti, who was the boss of the Gambino family from the mid-1980's to the late 1990's, died in prison in 2002.

During the current trial for the younger Gotti, both the government and the defense played F.B.I. recordings of Mr. Gotti while he was serving a prison sentence on unrelated racketeering charges from 1999 to 2004 in Ray Brook federal penitentiary in upstate New York.

During some of the tapes, Mr. Gotti is heard telling visitors that he had left his previous life of crime behind. In others, it sounds as if Mr. Gotti still had a role in the Gambino family, even behind bars. Prosecutors said that Mr. Gotti was aware he was being recorded when he made remarks about having quit the Gambino family, but Mr. Gotti's lawyers said his remarks had been heartfelt.

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After the jury's note was read today, prosecutors left the courtroom with grim faces, while Charles Carnesi, Mr. Gotti's lead lawyer, flashed a broad smile.

There has been a gag order during the trial, which bars lawyers from discussing the case.

Jury In 3rd Gotti Trial Deadlocked (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 27, 2006

(AP) - NEW YORK-A jury deliberating the fate of John "Junior" Gotti at his third racketeering trial told the judge Tuesday it was unable to agree on a verdict. The judge asked the jury to try again.

The jury released a note after noon saying it had only been able to agree on one of two acts it must decide before reaching a verdict on the racketeering charge.

"We have been unable to reach a unanimous verdict on all charges," the jury said. "We feel we are deadlocked."

From the start, the jury has sought evidence aimed at deciding whether Gotti quit the Gambino crime family before July 1991, as he claims. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

The jury was in its sixth day of deliberations. It had asked for some evidence to be read back as it deliberated over the last week, but the panel has not been particularly noisy in a courthouse where jurors can sometimes be heard shouting at one another.

U.S. District Judge Shira Scheindlin encouraged the jurors to give it another try, saying the case would likely have to be tried again and it was unlikely that another jury would be better able to judge the evidence. Two previous juries in the last year wound up deadlocked, with resulting mistrials.

"I know it's been long but there's still no hurry," she said. "I ask you with great respect that you continue your deliberations and I await your word whatever it may be."

Prosecutors say the jury should conclude Gotti continued to receive mob money after 1999 and thus was part of a racketeering conspiracy.

Defense lawyers say Gotti paid a large fine when he pleaded guilty to a racketeering charge in another case in 1999 and was permitted to keep the property and businesses which remained, regardless of where the money originated.

Gotti has also been accused of ordering two 1992 attacks on radio talk show host Curtis Sliwa, including one in which Sliwa was shot twice before he escaped out the window of a car.

Prosecutors have said Gotti was retaliating for on-air attacks against his father, John Gotti, who was sentenced in 1992 to life in prison without parole. He died in prison in 2002.

If convicted, Gotti could face up to 30 years in prison. He is free on $7 million bail.

DOJ Can Question Staffers In Crawford Probe (RC)

By John Bresnahan

Roll Call, September 27, 2006

The Senate Health, Education, Labor and Pensions Committee has agreed to turn over documents and allow three staffers to provide testimony to the Justice Department as part of the federal investigation into Lester Crawford, the former head of the Food and Drug Administration.

The U.S. attorney's office in the District of Columbia is conducting a probe into Crawford's statements about his financial holdings during confirmation hearings before the panel in 2005.

The Senate approved a resolution on Monday authorizing the committee to cooperate with the federal investigation. Under Senate rules, no evidence in the Senate's possession may be turned over to an outside body unless the full chamber approves it.

"Chairman [Mike] Enzi (R-Wyo.) and the committee staff are working to be helpful to the U.S. attorney's office and cooperating fully with their investigation at this point," said Craig Orfield, communications director for the panel.

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Crawford resigned as head of the FDA in September 2005 after only two months on the job. Prior to his resignation, Crawford sold more than $50,000 in stock in a company regulated by the agency, according to The Associated Press. Crawford now works at the lobbying firm Policy Directions Inc.

Crawford, who held several senior posts at the FDA before becoming commissioner in July 2005, has refused to testify in a lawsuit that challenges the FDA's handling of the controversial contraceptive drug known as the "morning-after pill" or "Plan B," which is manufactured by Barr Pharmaceuticals.

Crawford's lawyer told reporters earlier this year that he would not testify in the case because it might incriminate him in a grand jury probe of his financial holdings. The attorney, Biz Van Gelder, could not be reached for comment Tuesday.

Nuclear Engineer Guilty Of Conspiracy, Tax Evasion (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 26, 2006

A nuclear engineer who formerly worked for Westinghouse Electric Corp. pleaded guilty yesterday in federal court to conspiracy and tax evasion.

Initially, Mark M. Kaushansky, 55, of Monroeville, was charged with helping Russia's former atomic energy minister steal more than $9 million in aid money from the U.S. Department of Energy.

But the plea before Senior U.S. District Judge Maurice B. Cohill included just nine of the original 20 counts against him, and they all related to tax evasion.

"He admitted there's some tax problems," said Mr. Kaushansky's defense attorney, Fred Thieman. "It's been our position from the beginning: We denied there was a scheme to skim money from the energy contracts with Russia."

Now the question will be how much money Mr. Kaushansky owes in unpaid taxes.

The government contends the amount is more than $5 million, dating to the mid-1990s. Mr. Thieman, believes, however, that the loss is "substantially lower."

"We intend to show it's neither the magnitude [nor] underlying scheme the government alleged," Mr. Thieman said.

He hopes to convince the judge at Mr. Kaushansky's sentencing hearing in February that the money the government alleges was involved in the case is not taxable in the United States.

At a loss between $2.5 million and $7 million, Mr. Kaushansky would likely face a prison term of 46 to 57 months.

The sentencing hearing, scheduled to begin on Feb. 5, is expected to last at least four days for both sides to dispute that figure.

Mr. Kaushansky came to the United States from Ukraine in 1979. He met his co-defendant, Dr. Yevgeny Adamov, in 1990 when acting as a translator for him in talks with Westinghouse officials.

According to the U.S. attorney's office, Mr. Kaushansky and Dr. Adamov began working together. They incorporated two businesses, one in Pennsylvania and another in Delaware, and used two shell investment companies, with accounts in the United States, France and Monaco, to divert some of the money earmarked for NIKIET, a Russian nuclear research institute headed by Dr. Adamov.

That institute was designed to modernize nuclear reactors in Russia and Eastern Europe like the one at Chernobyl where there was a meltdown in 1986. Sixteen different countries contributed funds to it, including the United States.

As part of his plea agreement, Mr. Kaushansky agreed to forfeit any proceeds in the bank accounts in Monaco. He did not, however, agree to cooperate in the government's case against Dr. Adamov.

The Adamov case has been put on an indefinite hold since Swiss officials ruled in December that Dr. Adamov would be returned to Russia to stand trial instead of being extradited to the United States.

Man With Russian Ties Pleads Guilty In Fraud (PTR)

By Jason Cato

Pittsburgh Tribune-Review, September 26, 2006

DOJ_NMG_0069782

The Monroeville business partner of former Russian nuclear energy minister Yevgeny Adamov pleaded guilty Monday in federal court to conspiring to defraud the United States and to a litany of tax evasion charges, though he disagrees with prosecutors about how much he owes.

Mark Kaushansky, 55, will try to prove during a four-day hearing in February that he owes significantly less than the $5 million prosecutors say he owes. That could earn him significantly less time in prison than the approximately five years he faces if the government is right.

In pleading guilty to nine counts of conspiracy and tax evasion, Kaushansky avoided more serious offenses of money laundering and interstate transportation of stolen property. He maintains his long-standing argument that he was not involved in an international scheme to rip off the United States with Adamov.

"I just decided to admit that some irregularities were made," Kaushansky told U.S. District Judge Maurice Cohill when asked why he was pleading guilty. He originally pleaded innocent in May 2005, when he and Adamov were indicted and accused of stealing more than $9 million intended to upgrade security at Russian nuclear plants.

Prior to serving as Russia's nuclear energy minister from 1998 to 2001, Adamov headed a secret Russian energy technology institute known as NIKIET. The institute was to handle the international money earmarked for nuclear plant improvements.

Prosecutors say Kaushansky and Adamov routed $15 million provided by the United States and other countries to bank accounts in Pittsburgh, Delaware and Monaco between 1993 and 2003.

Kaushansky's lawyer, former U.S. Attorney Fred Thieman, said instability in Russia at the time caused his client and Adamov to move the money the way they did. Otherwise, it would have been at risk if kept in Russian banks.

Charges against Adamov will not be dropped, although prosecutors doubt he will ever come to the United States to stand trial.

Adamov, 67, was the main target of the federal investigation.

The U.S. had him arrested in Switzerland in May 2005, but lost an extradition battle with Russia. Adamov was returned to Moscow, where he faces fraud and abuse-of-office charges.

Kaushansky moved to the United States from the Soviet Union in 1979. He was working as a nuclear power plant engineer at Westinghouse Electric Corp. when he met Adamov in the early 1990s.

Man Pleads In Russia Nuclear Cash Case (WP/AP)

By Dan Nephin, The Associated Press

The Washington Post, September 26, 2006

PITTSBURGH -- A former nuclear engineer accused of helping a former Russian official steal more than $9 million earmarked for improving the safety of that country's Chernobyl-style reactors pleaded guilty Monday to conspiracy and tax evasion.

Mark M. Kaushansky, of Monroeville, pleaded guilty to conspiracy to defraud the U.S. government and eight tax evasion counts. Like former Russian nuclear energy minister Yevgeny Adamov, he also has been charged with additional conspiracy counts and money laundering, but Kaushansky's attorney, Fred Thieman, said he expected those charges to be dropped at sentencing.

Asked by the judge why he was pleading guilty, Kaushansky said, "I just decided to admit that some tax-related irregularities were made."

Kaushansky had a business partnership with Adamov, whom Russian President Vladimir Putin fired in 2001. Prosecutors allege the defendants stole $9 million from the U.S., other countries and corporations by setting up corporations in the U.S. to funnel money to themselves that was intended to improve Russia's nuclear safety.

U.S. Attorney Mary Beth Buchanan said in a statement that the indictment alleges Adamov was primarily responsible for diverting the money, but that Kaushansky "was most directly involved with the concealment and expenditure of those funds."

U.S. prosecutors wanted to try Adamov here, but Russian officials said he should face trial in his home country. He has denied the charges against him and awaits trial in Russia.

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Kaushansky, who emigrated from the Soviet Union in 1979, was working as a researcher at Westinghouse Electric Corp. and as a translator when he met Adamov, according to the indictment.

Kaushansky's sentencing hearing was scheduled for Feb. 5, but is expected to take several days because both sides will present evidence about the amount of income for which he tried to evade taxes. Prosecutors say the counts involve income of more than $5 million, but Thieman said it is a fraction of that figure.

In 1986, a shattered reactor at the Chernobyl nuclear power plant spewed radiation across much of Europe, contaminated 77,220 square miles and forced the Soviet government to permanently evacuate more than 300,000 people. Dozens died within months, and the U.N. health agency estimated last year that the ultimate death toll from Chernobyl-related cancers will be more than 9,000.

FBI Returns For More From Stevens' Office (ADN)

By RICHARD MAUER And LISA DEMER

Anchorage Daily News, September 27, 2006

FBI agents returned last week to the legislative office of Senate President Ben Stevens and seized more evidence, including a copy of a sworn statement that implicated Stevens in an alleged payment scheme involving fisheries legislation brought by his father, U.S. Sen. Ted Stevens.

Word of the second search, and what was taken by the FBI, came from Ben Stevens himself, who disclosed the information in a letter to the Daily News dated Sept. 22. In his letter, Stevens denied a request by the newspaper for a copy of any FBI search warrants which may have been served on him or his office, and the government's receipts for items seized. But Stevens provided what he said was a "complete listing of what was obtained from my legislative offices" on Aug. 31 and Sept. 18.

Stevens, a Republican who is not seeking re-election this year, said he voluntarily consented to the two FBI searches, though federal agents said they had a judge's warrant for the Aug. 31 search.

Among the material hauled off by agents, Stevens said, were binders on the proposed natural gas pipeline and revised oil taxes, as well as information on a board that doled out federal marketing money to fisheries companies, some of which paid him as a consultant. Stevens was chairman of that board until about six months ago.

The vast majority of items on Stevens' list were public records that could have been obtained by anyone, sometimes under a formal public information request, sometimes just for asking. For instance, the FBI seized the 2006 Legislative directory, the 2003 Legislative Ethics Training Manual, federal and state laws governing North Slope gas, and a "piece of paper" with the tax identification number for Stevens' consulting firm, Stevens and Associates.

Though much has been made of the FBI's apparent interest in the relationship between legislators and the politically active oil field service and construction company Veco -- the company itself was searched, and it was mentioned in other search warrants -- Stevens listed only a single Veco document taken by the FBI: an undated memo to Veco president Pete Leathard.

Stevens' list couldn't be independently verified and he wouldn't elaborate on anything. The FBI has said little about its investigation, aside from acknowledging serving 24 search warrants Aug. 31 and Sept. 1. The offices of six legislators were targeted Aug. 31, and Stevens is the only one the FBI returned to for a second round, said FBI spokesman Eric Gonzalez. No one has been charged.

It was also impossible to determine the significance of any particular item seized -- whether it was scooped up to determine its relevance later, or central to the inquiry. That's normal in a federal investigation, said former U.S. Attorney Wev Shea, now in private practice in Anchorage. FBI agents will seize records through a warrant rather than simply ask for them as public records to make sure they are getting everything, he said. Plus, the drama of the FBI raids themselves may have been designed to stir things up and get people talking as the investigation continues.

"They don't know what phones are tapped. Nor do they know who is wired," said Shea, who added that he doesn't have inside information of the case.

The FBI has been asking some state legislators about the debate on the gas pipeline and oil taxes, and those subjects make up the largest haul from Stevens' office Aug. 31.

The government also seized Stevens' Rolodex containing business cards and a phone log, made a copy of the hard drive of a Gateway computer, and took an 80-gigabyte hard drive, an untitled compact disc and something described as an "e-mail found on printer."

Some of the material goes beyond issues known to be important to Veco like the gas pipeline and touch on fishery subjects that involve Ben's father, long-time U.S. Sen. Ted Stevens, R-Alaska. Since 2005, Ted Stevens has chaired the Senate Commerce Committee, through which all fisheries legislation passes. Before that, he chaired the Senate Appropriations Committee, one of the most powerful seats in Congress.

Among fishery-related items, Ben Stevens reported that in the second search, the FBI seized "Victor Smith affidavit" and a 2004 "UFA" letter -- United Fishermen of Alaska. Agents also took two April 2006 letters he wrote to the U.S. Department of Commerce regarding the Alaska Fisheries Marketing Board, which he headed from its creation by Ted Stevens in 2003 until his resignation earlier this year.

The second search also yielded a Jan. 23 fax to Ted Stevens along with "unknown documents of Ted Stevens with a cover page dated 6/5/06 bearing the United States Senate seal."

Through a spokesman, Ted Stevens said he had no comment.

Ben Stevens, a former crab-boat captain, has maintained an active fisheries consulting business since being named to a vacant Senate seat in 2001, disclosing $775,435 in income from nine companies and associations since then. He has never publicly said what he has done for the money.

Victor Smith, a former Southeast Alaska salmon fisherman who now operates a barge in north Puget Sound, said Monday he has signed three affidavits regarding Ben Stevens. The affidavits helped form the basis of complaints brought against Ben Stevens at the Alaska Public Offices Commission and other agencies by Ray Metcalfe, a government watchdog and founder of the independent Republican Moderate Party in Alaska.

It could not be determined which of Smith's affidavits the agents seized. In one, he reported attending a 2004 meeting of the Purse Seine Vessel Owners Association in which officials of that organization and the Southeast Alaska Seiners Association discussed how it would pay Ben Stevens after congressional passage of a $50 million loan program to reduce the seine fleet.

Smith said he learned Ben Stevens was supposed to be paid "through convoluted accounting" $5,000 a month to secure a plan, and $10,000 a month if successful, until he was paid $500,000.

While the loan program passed Congress and was enacted into law, fishermen complained it was too expensive for them to use.

Bob Thorstenson Jr., executive director of the seiners association and president of the United Fishermen of Alaska, denied paying Ben Stevens to lobby Ted Stevens. In an interview last year, he said the payments of $3,000 a month were made starting in June 2004 to an Anchorage company, Advance North, in which Stevens and one of his father's former aides, Trevor McCabe, were 50-50 partners. McCabe became sole owner of the company in October 2005.

In both searches of Stevens' offices, FBI agents seized documents involving the Alaska Fisheries Marketing Board. The organization was created in 2003 in legislation by Ted Stevens to provide federal grants to companies to promote Alaska seafood. It has distributed between $5 million and nearly $10 million a year in grants.

At least three of the beneficiaries of grants from the board paid consulting fees to Ben Stevens. Metcalfe complained to the APOC last year that those fees were thinly disguised "kickbacks," but the commission only ruled on a technicality: Ben Stevens' failure to disclose his chairmanship of the board in 2004. It fined him $150.

Ben Stevens resigned from the marketing board about six months ago, according to its executive director, Bill Hines. Hines wouldn't say whether he has recently spoken to federal agents.

"I think that's between me and the FBI," said Hines, an employee of the U.S. Commerce Department.

Ben Stevens was a member of the Senate Ethics Committee and some of the seized documents were connected to that committee, including a 2003 ethics complaint against former Sen. Jerry Ward. An investigation concluded the complaint was without merit.

Daily News reporter Richard Mauer can be reached at rmauer@adn.com or 257-4345 and Daily News reporter Lisa Demer can be reached a ldemer@adn.com or 257-4390.

No Leniency: Ailing Gambino Captain Sent To Prison For 12 Years (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 27, 2006

NEW YORK -- An ailing 74-year-old Gambino crime family captain who once recommended an undercover FBI agent for mob membership asked a judge for leniency Tuesday but received more than 12 years in prison instead.

"Give me one more shot," Gregory DePalma, who uses a wheelchair, asked U.S. District Judge Alvin K. Hellerstein, who presided over a trial in which DePalma was convicted of racketeering.

"If you were in my shoes," the judge replied, "I don't think you would."

"You gotta do what you gotta do, so let's do it," DePalma then grumbled shortly before he was sentenced to 12 years and seven months in prison for crimes he committed after he was freed from prison in early 2003.

When the judge rejected the Department of Probation's suggestion that DePalma receive less than the minimum of 12 years called for by sentencing guidelines and imposed the sentence, DePalma said, "I'll be dead maybe in about five."

The judge, calling DePalma "a man thoroughly immersed in criminal activity," said he could not be lenient because leniency toward DePalma in the past had not led him to avoid crime when he was out of prison.

DePalma was convicted June 6 by a jury in a case that featured the exploits of Joaquin Garcia, a rotund FBI agent who capped a career of disguises by posing as "Big Jack" Falcone.

DePalma believed Garcia's act enough that he recommended he be made a member of the crime family. Before that could happen, DePalma and 31 others were arrested.

DePalma's lawyers had protested the government's use of sophisticated bugging devices placed in their client's cellular telephone that enabled investigators to listen to conversations even when the telephone was off.

Lawyer John L. Pollok had accused the government of turning DePalma into a "human microphone" with the eavesdropping devices.

The judge said the government received proper approval from courts as it steadily increased the scope of its audio surveillance, trying to destroy the new leadership of the crime family during a three-year probe.

The ruling cleared the way for the government's use of parts of 5,000 hours of taped conversations showing DePalma working energetically from 2003 to 2005 extorting restaurants, construction companies and a Bronx topless nightclub, where he was introduced to the undercover agent.

DePalma once was photographed with Frank Sinatra and enjoyed exaggerating or boasting of his connections.

On tapes, DePalma described getting a former manager for Liza Minnelli to finance a $12,000 eight-day trip for mob wives to Las Vegas. Prosecutors called the man one of DePalma's victims.

At a trial in which DePalma used an oxygen tube in his nose, prosecutors made his health an issue, telling jurors he had boasted after a 1999 racketeering guilty plea that he had duped the judge with an illness act worthy of an Academy Award.

They played tapes of him bragging that he wore an oxygen mask and did not shave for a week before sentencing, leading the judge to say he had never sentenced a man so sick.

On Tuesday, DePalma told the judge he wanted to show prosecutors his swollen legs to prove how ill he remained from heart and lung problems.

The judge disallowed it, but he did engage DePalma in conversation in which both of them alluded to their military careers and talked about the perils of aging.

DePalma said the 72-year-old judge seemed in better health than he was, a fact the judge did not deny.

"Then again," the judge told DePalma, "I haven't lived your life."

Judge Has No Mercy For Gambino Gabber (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 27, 2006

Gabby Gambino capo Greg DePalma had a few things to say before a Manhattan federal judge sentenced him to 12 years and seven months in prison on racketeering charges yesterday.

"Give me one more shot," DePalma said in asking for leniency.

"If you were in my shoes," Judge Alvin Hellerstein replied, "I don't think you would."

Hellerstein noted that DePalma, 74, had returned to a life of crime after pleading guilty to racketeering charges in 1999 and receiving a break at sentencing then.

DePalma, who in his salad days posed beside Frank Sinatra and fellow wiseguys for an infamous 1976 photo, was brought into court in a wheelchair, hooked up to an oxygen tank.

He has had a lung removed and suffers from a heart ailment that has left his legs swollen and cracked. Attorney John Meringolo asked that DePalma be allowed to show the judge his legs but was turned down.

"I'll be dead, maybe in about five [years]," DePalma predicted.

In addition to the prison time, Hellerstein ordered DePalma to pay some $70,000 in restitution to two extortion victims.

"How much?" DePalma asked. "Can I give them my Social Security check?"

DePalma's motor-mouth was intercepted by a bug the FBI placed in his cell phone with the help of undercover agent Joaquin Garcia, who so deeply infiltrated the mob that DePalma was ready to sponsor his Mafia induction.

Defense attorney Martin Geduldig told Hellerstein that his client could never again return to a life of crime because the recordings had implicated so many mobsters that DePalma's life was in jeopardy.

"Five thousand hours of recorded conversations had the effect of making him an informant for the FBI," Geduldig said. "He's put himself in a position where he can't go back to some of his old compatriots."

Politicos Mull Data Retention By Web Hosts, Registrars (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 27, 2006

Broadening their inquiry beyond ISPs, they ponder mandates for storage of user records to aid child porn investigators.

WASHINGTON--Politicians on Tuesday urged domain name registries and Web hosting companies to do more to keep illicit child pornography off the Internet and indicated mandatory retention of user records is an option under consideration.

At a hearing here convened by a U.S. House of Representatives subcommittee on oversight and investigations, Michigan Rep. Bart Stupak, the panel's top-ranking Democrat, asked company representatives how they would feel about being subject to a law in the works that would require Internet service providers to retain customer records for one year.

"If we do compel data retention, is there any reason Web hosting sites should be treated differently than ISPs?" Stupak asked the general counsel for GoDaddy.com, which bills itself as the largest domain name registrar in the world, and the CEO of Blue Gravity Communications, a New Jersey-based Web hosting firm. Both executives were participants on a panel at the latest in a series of hearings on the topic of online child exploitation.

"A year might be a little long," replied Thomas Krwawecz, Blue Gravity's CEO, later adding: "It would be something we would definitely be open to if there were some guidelines for maintaining that data for a specific period of time."

Christine Jones, general counsel for GoDaddy, said requirements to maintain particular customer data for hosting companies and ISPs alike would be "productive" for law enforcement. But the data, she added, should be limited to identifying information about subscribers, such as IP addresses and credit card numbers, and should not include the content of their communications.

Privacy and industry groups have generally voiced opposition to calls for mandatory data retention, which have become a fixture on the congressional agenda ever since Attorney General Alberto Gonzales touted the practice's necessity earlier this year.

Opponents to the mandate argue that existing laws already provide law enforcement with ample tools. For instance, a 1996 federal law called the Electronic Communication Transactional Records Act requires a practice known as "data preservation"--that is, Internet providers must retain any "record" in their possession for 90 days "upon the request of a governmental entity." Another federal law requires Internet service providers to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

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Some companies, such as Comcast, already voluntarily retain user data for longer periods. Blue Gravity, which hosts primarily adult pornography sites, retains data for seven to 14 days but plans to increase that window to 30 days to keep up with prevailing industry practices, Krwawecz said.

Last week, Rep. Diana DeGette, a Colorado Democrat, said she hoped to introduce by the end of this week a proposal that would require Internet service companies to retain customer records for a period of one year. She described the proposal, whose language is still not finalized, as requiring maintenance only of information useful in locating a customer, such as an IP address, and not about the content of his or her communications.

A DeGette spokesman said Tuesday that the congresswoman continues to negotiate the language with Republican Reps. Joe Barton and Ed Whitfield. He could not predict exactly when the bill would be introduced or what its precise language would be.

At least two possibilities could be in play. One form of data retention legislation could require Internet providers and perhaps social networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

With or without such a mandate, the hosting and domain name firms should conduct more self-policing of the sites that live on their servers, said Whitfield, chairman of the oversight and investigations subcommittee. "Is there any kind of technology to monitor (for child pornography sites) that would be available for either GoDaddy or Blue Gravity?" he asked. "Is there technology you could acquire to do this in a more proactive manner?"

"If I had a staff of 1,000 people that could go and review all of our hosted pages every day, we would," said GoDaddy's Jones, adding that the company did investigate nearly 2,000 customers over allegations of child pornography or inappropriate child modeling Web sites in the last year. "But at $1.99 per month for a hosting account, the economics are not really there for us to do that."

D.C. Police Seize Electronics From Home Where Lawyer Was Killed (LAW)

By Emma Schwartz, Legal Times

Legal Times, September 27, 2006

Police have seized computers and other electronics from the Dupont Circle home in Northwest Washington where lawyer Robert Wone was stabbed to death Aug. 2, according to an affidavit in a search warrant for the house that was recently made public.

The evidence, which included two laptops, a desktop computer, diskettes and USB drives, was among the material police confiscated during their monthlong search of the home at 1509 Swann St. N.W.

Wone, 32, who was the general counsel for Radio Free Asia, was found shortly before midnight "showing no signs of life" in the second-floor bedroom of the house, owned by his college friend Joseph Price, a partner at Arent Fox, according to the Aug. 4 affidavit by Detective William Xanten III. Price's partner, Victor Zaborsky, a marketing manager at the International Dairy Foods Association, co-owns the house. A third man, Dylan Ward, also lived there. All three were home the night of the murder.

One of the occupants told police that an intruder had come through the back door, but police say there were no signs of forced entry.

After their initial search of the house, police asked the court for an additional search warrant for electronic equipment because Wone and "one of the occupants" had e-mailed before the visit and had made phone calls in the "recent time period before the decedent was killed," according to the affidavit. In a separate search warrant for Price's office computer, police say that Price had spoken with Wone before he was killed.

But the material collected by police has not led to any arrests. Police believe the crime scene was tampered with before they arrived and are awaiting the results of forensic tests that will identify the blood that appeared to have been cleaned up in the area where Wone was found.

Supreme Court Accepts Arizona Death Penalty Case (LAW/AP)

The Associated Press

DOJ_NMG_0069788

AP, September 27, 2006

The Supreme Court accepted an appeal Tuesday from Arizona, which wants to execute a twice-convicted killer who says his lawyer didn't do enough to ward off a death sentence.

Justices said they would review a decision by the 9th U.S. Circuit Court of Appeals, which said a lower court should consider Jeffrey Landrigan's claims that his lawyer was ineffective.

Landrigan escaped from an Oklahoma prison in 1989, where he was serving a 20-year term for murdering an acquaintance. A month later, he killed Chester Dyer, who picked up men on the Phoenix streets by flashing large sums of money.

As Landrigan and the man were drinking beer in the victim's Phoenix apartment, Landrigan strangled Dyer with an electrical cord and repeatedly punctured him with a screwdriver. He was convicted of killing Dyer and sentenced to death.

Dale Baich, who represents Landrigan in his appeals, said his client might have won a life term instead of a death sentence if his trial lawyer had submitted evidence that he was predisposed to violence and suffered brain damage that made him unable to appreciate his crimes.

Landrigan's father, Darrel Wayne Hill, had been on death row in Arkansas until he died of natural causes last year.

Arizona Attorney General Terry Goddard said Landrigan told the trial judge he did not want his lawyer to introduce evidence that would have mitigated against a sentence of death.

The Arizona Supreme Court, a federal district judge and a three-judge panel of the 9th Circuit all rejected Landrigan's claims before the full appellate decided otherwise in March.

The case is Schriro v. Landrigan, 05-1575.

Biker Brawl Trial Opens In Las Vegas (FINDLAW/AP)

By Ken Ritter, Associated Press Writer

AP, September 27, 2006

(AP) - LAS VEGAS-Videotape images show rival motorcycle gang members wielding guns, knives, wrenches and chairs in a brawl that killed three and injured at least a dozen in a southern Nevada casino in 2002.

The footage is among hundreds of hours of videotape jurors may view during the trial of 11 Hells Angels charged in the deadly casino brawl.

Federal prosecutors are expected on Tuesday to tell jurors that the bikers plotted to attack the rival Mongols gang at the Harrah's Laughlin hotel-casino after years of friction erupted into violence at a crowded motorcycle rally.

They are the first of 42 men - from California, Washington, Arizona, Alaska and Nevada, and ranging in age from 28 to 63 - to stand trial in the brawl. All face the possibility of life in prison if convicted of the most serious charge, racketeering-attempted murder.

Each has pleaded not guilty, and defense lawyers say the men will argue they were attacked first.

"The tapes are going to reveal clearly that the Hells Angels were threatened and were engaged in lawful self-defense," said lawyer David Chesnoff, who represents defendant Calvin Schaefer of Chandler, Ariz.

Chesnoff has argued previously that police knew trouble was brewing and federal agents missed a chance to prevent violence at the 2002 Laughlin rally, an annual event that draws tens of thousands of motorcycle enthusiasts to the Colorado River resort town about 100 miles southeast of Las Vegas.

Two Hells Angels were shot to death and a Mongols member died of stab wounds at the event. Another Hells Angels member was later found shot to death near his wrecked Harley-Davidson motorcycle on Interstate 40 in California, about 100 miles from Laughlin.

Court officials say the trial could take three months or more, with 11 defense lawyers questioning witnesses.

Federal prosecutors declined comment Monday through a spokeswoman for the U.S. Attorney's Office in Las Vegas.

One defendant in the case remains a fugitive.

How A Google Search Can Become A Security Threat (NYT)

By David Strom

The New York Times, September 27, 2006

DOJ_NMG_0069789

WHEN Ralph Nader wrote “Unsafe at Any Speed” in 1965, he exposed how certain design decisions had made some automobiles inherently unsafe. Much the same can be said for Web sites these days.

Many sites contain inherent design flaws that leave them ripe for exploitation. Unlike lack of seat belts in cars, these flaws are not immediately obvious and the fixes are not simple.

One widespread vulnerability can be exploited through a practice that has come to be known as Google hacking. The term refers to the use of an Internet search site — Yahoo, Ask, Google or any other — to uncover useful and compromising information that has been inadvertently left on a Web site.

“Some Web site owners may simply not understand that their sites aren’t as secure as they think,” said Jeff Williams, chief executive of a Columbia, Md., consulting company, Aspect Security. Mr. Williams is also the chairman of the Open Web Application Security Project, a Web site that describes many of the vulnerabilities and provides tips on how to prevent or fix them.

Examples of the material that can be uncovered include the locations of Web security cameras, administrator passwords for applications like payroll or other personnel matters, private phone numbers for company executives and even the contents of Internet commerce transactions.

In most cases, intruders can enter sites and extract data without leaving a trace because the information is already indexed and stored on the servers of various Internet search sites.

These hacks require no special tools and little skill.

All that is needed is a Web-connectedPC and a few keywords to look for, like “filetype:sql password” or “index.of.pass word.”

“There is a lot of privileged informa- tion that wasn’t supposed to be played out in the public that is available with these sorts of attacks,” said Jeff Pettorino, a senior consultant in the Global Security Consulting department of VeriSign and a former p olice officer in Colorado.

Much of the data indexed by the search sites can be used for nefarious means, and site owners may not realize that sensitive or confidential information is so readily available as part of a search index.

“If you are dealing with sensitive data or data that you care about, you have to think about these exploits,” said Michael Howard, a senior security program manager at Microsoft in Redmond, Wash.

As more businesses put up Web sites, the chances increase that more of this information is available.

“A business owner has risks even if they aren’t doing e-commerce and if they just have a Web site,” said Shena Crowe, an agent in the F.B.I.’s San Francisco field office who has helped prosecute cybercriminals who used Google hacks and other techniques. “Once you are plugged into the Web, your backyard can become open, and it is easy to have your information taken from you.”

While it isn’t the only way Web sites are exposed, it is one of the easiest and most common methods to gain unauthorized information.

“At any given time, you can find thousands of sites that are subject to Google hacks,” says Howard Schmidt, a former White House cybersecurity adviser and now a private security consultant in Issaquah, Wash.

Johnny Long, a security researcher with the Computer Sciences Corporation in El Segundo, Calif., said he had found vulnerabilities “in every Web site and application I have audited.”

Mr. Long, who maintains a Web site cataloging Web security vulnerabilities, johnny.ihackstuff.com, added, “Some Google hacking style vulnerabilities are more revealing than others, but it is a pervasive threat.”

Google acknowledges that its index can be misused. “Search engines reflect what is on the Web,” said Barry Schnitt, a Google spokesman. “We still work to try to prevent and stop exploits and encourage Webmasters to employ best practices and effective security for their Web sites.” On Google’s site you can find tips on how to remove sensitive data from its index, for example.

Law enforcement is just stepping up to the challenges presented by search-based Web site intrusions.

“This is very underreported,” says Kevin Patten, network services manager with the Florida Department of Law Enforcement in Tallahassee. “There are far more site breaches that take place than are actually reported. It is an embarrassing incident, and to report it could be monetarily devastating for a company.”

Google hacks are an issue for both large and small businesses, but for different reasons.

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Smaller companies generally have simpler sites but may be less sophisticated when it comes to auditing their software. And smaller businesses often rely on independent Web contractors that may not have the ability to build secure applications.

Larger companies usually have better security practices, but they use hundreds or even thousands of Web applications, which must be maintained by more people — some of whom may try to get at sensitive information they shouldn't see.

"Google hacking can find application vulnerabilities in many applications at once, so it works better as a shotgun than a rifle," Mr. Williams of Aspect Security said. "These vulnerabilities can be found and exploited with a minimum of effort by relatively unskilled attackers."

One way for businesses to protect themselves is to try the Google hacking methods themselves, using tips at johnny.ihackstuff.com and on the Owasp.org sites.

There are also free scanning tools that are available from numerous sites, including SPIdynamics.com, Qualys.com and ScanAlert.com. The tools check for open ports that allow outside communication with particular software programs or points of entry that could be used to compromise a Web site.

But using scanners is just the first step.

Business owners need to specifically address the security audits and testing services when they hire outside programmers to build their sites.

"What you have to get across," said Mr. Schmidt the security consultant, "is that 'I am not buying a service, I am buying a secure service.' " The Owasp site, he said, offers boilerplate contract language that can be used in dealing with programmers.

And the vigilance must be continuous. "It is always an arms race between security professionals and cybercriminals," said Scott Larson, a former F.B.I. computer intrusion manager who now works at Stroz Friedberg, a technical services firm in New York.

Even after "Unsafe at Any Speed" shook up the automobile industry, it took a while for Detroit to make safety a priority in designing cars. "And it's going to take years for the software industry to start building applications that adequately address security," said Mr. Williams of Aspect Security.

For wary business owners, it's time to buckle up.

Surging Losses, But Few Victims In Data Breaches (NYT)

By Steve Lohr

The New York Times, September 27, 2006

THE theft last May seemed scary. The personal information of more than 26 million military veterans was stolen from the home of an employee at the Department of Veterans Affairs. The personal details on the worker's laptop and an extra hard drive included veterans' names, birth dates and Social Security numbers — the nuggets most sought after by identity thieves.

Privacy groups warned darkly that 26 million people could become victims, politicians voiced outrage, and Attorney General Alberto R. Gonzales vowed to show "zero tolerance" in cases of identity theft traced to the lost data of veterans.

Last month, the case was solved, when three teenagers were charged in what proved to be a routine residential burglary in suburban Maryland. They had taken jewelry and cash, along with the laptop and hard drive. "They were a bunch of young thieves breaking into homes," said Lt. Mike Mancuso, deputy director for the major crime division of the Montgomery County Police Department. "They didn't know what they had."

The veterans' laptop episode underscores the crucial distinction between data loss and malicious data theft — a distinction that has often been glossed over or ignored in the recent wave of alarming disclosures of data breaches at government agencies, universities, companies and hospitals. In most cases, the consequences — financial and otherwise — of the data losses have been slight.

In the last 12 months alone, the personal records of nearly 73 million people, from Social Security numbers to credit-card accounts, have been lost or stolen, in reported incidents compiled by ID Analytics, a San Diego company that provides fraud-detection services to banks, cellphone operators and other companies. The total is the equivalent of nearly one in four Americans.

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But while high-profile data breaches are common, there is no evidence of a surge in identity theft or financial fraud as a result. In fact, there is scant evidence that identity theft and financial fraud have increased at all. Even when computer networks are cracked into, and troves of personal information intentionally stolen, fraudsters can typically exploit only a tiny fraction of it.

Credit-card fraud is the most common crime of identity thieves, accounting for about two-thirds of cases. Banks and credit-card systems like Visa and MasterCard say they have seen surprisingly little fraud traceable to incidents of computer data lost or stolen.

"The threat of identity theft from data losses is being greatly exaggerated," said Fred H. Cate, the director of the Center for Applied Cybersecurity Research at Indiana University in Bloomington. "And that's because a lot of people have fallen into the trap of equating data loss with identity theft."

There may be a longer-than-expected lag between data breaches and online crime, law enforcement authorities concede. But all the personal information lost or stolen recently, they warn, is an ominous development. "We don't have the correlation to crime yet, but the potential is certainly there," said Raul Roldan, a special agent at the Federal Bureau of Investigation and section chief at the government's Internet Crime Complaint Center.

"Look at the crime on the Internet," Mr. Roldan said. "Most all of it is initiated by misusing identity information to disguise, mislead or impersonate someone else" — from pornography to phishing, a common fraud that usually involves using phony e-mail messages or Web sites to get a person's bank account or credit-card numbers.

One explanation as to why there has not been more crime recently, some computer security experts say, is that the volume of personal information lost or stolen might not have increased much over the last year or two. What has changed, they contend, is the attention given to data breaches.

The environment changed after the disclosure in February 2005 that thieves had duped the world's largest commercial data broker, ChoicePoint, into handing over personal information on more than 150,000 consumers.

In the aftermath, anxiety about the security of private consumer information rose, as did political pressure to take steps to help consumers. There has been a proliferation of state laws requiring companies to publicly disclose security breaches. By now, laws requiring companies to notify consumers when personal data has been lost or stolen have been adopted in 32 states.

"What's happened in the last 18 months is not an explosion in data loss and data theft," said Mark Rasch, a former Justice Department prosecutor who is now a legal consultant in Bethesda, Md., specializing in computer security. "It's an explosion of laws requiring notification of data loss."

Identity theft is not predominantly a computer crime, at least not yet. The most common forms of data loss, surveys say, are lost or stolen credit cards, wallets or checkbooks. In the majority of cases, identity thieves are family members, relatives, neighbors and co-workers. It seems that toxic social networks — not leaky computer networks — are the real hazard.

"Even if you solve the data breach problem, you will solve only a small part of the identity theft problem," said Mike Cook, a co-founder of ID Analytics.

Yet Mr. Cook, like other security experts, predicts a looming problem as more commerce moves to the Internet, a virtual marketplace of faceless transactions and instant credit. Lost and stolen consumer records, he said, can only worsen the problem.

Data breaches vary considerably, and so does the risk that financial fraud or identity theft may result. Customer or employee records on a computer disk or tape that have simply been lost in shipment — fallen off a truck, for example — are at little risk, computer security experts note.

Not all thefts are the same, either. Criminals who are after computer hardware, as in the Veterans Affairs case, are unlikely to exploit the personal information that happens to be stored inside. But the thefts that carry more risk, security experts say, involve criminals whose target is personal information, as in the ChoicePoint incident. Or when computer hackers last year got the account information of 40 million credit-card holders from CardSystems Solutions, a payment processor.

The kind of personal information stolen is also important. Pilfered credit-card accounts can be used to make fraudulent purchases, but those numbers alone are not enough to create false identities to open new credit or bank accounts. Federal law limits a consumer's liability to $50 for purchases made with a stolen credit card, and major card companies, including Visa, MasterCard and American Express, have zero liability policies.

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Regardless of the data breach, a rise in financial fraud has not surfaced. Visa and MasterCard report that about 2 percent of the card accounts lost or stolen in the last 18 months have been used to make fraudulent purchases. That is within the range of the 1.5 percent and 4 percent of consumers who reported being victims of financial fraud or identity theft, surveys say.

Card companies say that fraud losses in 2005 over all were about 6 cents per $100 for merchandise bought on credit, a low level that has varied little in the last few years. (Numbers were much higher years ago; for example, in 1992, losses accounted for nearly 16 cents per $100 for merchandise bought on credit.)

"The amount of fraud from these data breaches is remarkably small," said Chris Thom, the chief risk officer for MasterCard.

In recent years, the card companies have used increasingly sophisticated computer technologies — like predictive modeling and neural network software — to track and curb fraud. Such tools can spot suspicious purchasing patterns, even as the purchases are being made. A result is that fraud rates have been cut by more than half over the years. "Despite the data breaches, we've been able to keep fraud at very low levels," said Nancy Hilgers, the vice president of processing and emerging products at Visa. "That shows that the technologies we use to control fraud are working."

Credit-card fraud cost banks in the United States $1.1 billion last year, according to bank reports compiled by The Nilson Report, a card-industry newsletter. That is a large but manageable number for the banking world, and it is a figure that raises questions about some alarming estimates of the nation's losses from identity theft, like a study issued by the Federal Trade Commission in 2003 that placed the annual loss at $48 billion.

Not all financial losses from identity theft are credit-card fraud. Merchant losses from fraud, for example, are estimated to be more than banks' losses, perhaps up to twice as much. But most industry analysts are skeptical that the actual losses are near the $48 billion estimate, which is widely quoted.

A study earlier this year by the Justice Department's Bureau of Justice Statistics came up with a far lower figure: $3.2 billion in identity theft losses during the six-month period it studied.

The data breaches of the past year or so still point to a worrying vulnerability. "It shows that punks and the criminal fraternity do have the ability to steal personal information," said Mr. Thom, the risk specialist at MasterCard.

There are already illicit Web sites that trade and sell stolen credit-card and personal information. The fear is that this cottage industry in crime will develop rapidly — exploiting the low costs and global reach of the Internet — into a broader, deeper and highly efficient worldwide market for fraud, said Naomi B. Lefkovitz, a lawyer with the F.T.C.'s division of privacy and identity protection. Combating the threat, she said, will require steady improvement in industry countermeasures, law enforcement and consumer awareness.

Even today's skeptics have qualms. "I do think the challenge to the future of computer security is tremendous," said Mr. Cate of Indiana University's cybersecurity center. "My concern is that by overstating the current problem, we will end up paying less attention and responding less effectively when far more serious problems do surface. It's like the boy who cried wolf."

Execution Sought For Two D.C. Men (WT)

By Jim McElhatton

The Washington Times, September 27, 2006

Federal prosecutors have filed a notice of intent to seek the death penalty against two D.C. men charged with running a violent drug gang in Southeast.

The men, Antwuan Ball and David Wilson, reportedly led the Congress Park Crew, which authorities say dealt hundreds of kilograms of crack cocaine in Southeast for more than a decade. The gang resorted to homicide, assault and armed robbery, authorities said.

The move to seek the death penalty marks the second time in a year that the U.S. Department of Justice has declared it will seek capital punishment in the District.

In the other case, Larry Gooch, described as an enforcer in the M Street Crew in Northeast, has been charged in five killings and is expected to go to trial in January.

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Only two capital murder cases have gone to trial in the District since the death penalty was reinstated in 1976. The District has no statute for the death penalty, but capital punishment can be pursued in federal cases if authorized by the U.S. attorney general.

However, there are questions about whether the move to seek the death penalty against Ball and Wilson came too late.

Last week, U.S. District Judge Richard W. Roberts issued a ruling barring the death penalty in the case.

Judge Roberts wrote that the Justice Department did not comply with his order setting a Sept. 15 deadline for a decision on whether to seek capital punishment. On Monday, the U.S. attorney's office filed the notice to seek the death penalty and asked Judge Roberts to reconsider.

"The process took as long as it did not because the government was insensitive to the speedy trial rights of the defendants, but because we were giving additional and extra careful consideration to defendants' interests," Assistant U.S. Attorneys Glenn S. Leon and Ann H. Petalas told Judge Roberts in a memo.

The filings also state that additional deliberations in the case and the fifth anniversary of the September 11 attacks contributed to the delay.

Attorneys for Ball and Wilson could not be reached for comment yesterday.

Richard Dieter, executive director of the District-based nonprofit Death Penalty Information Center, said yesterday that the Bush administration seems to have pursued death-penalty cases in jurisdictions where capital punishment is banned.

"There is a lot of discretion," Mr. Dieter said. "The current distraction appears more aggressive than the prior administration in seeking the death penalty in jurisdictions that don't have their own death penalty."

Mr. Dieter also said gang-related cases seem to be getting more attention in recent years.

"Gangs are not just one of the highlighted areas in the federal system, but states are looking at them, too," he said.

In Greenbelt, federal prosecutors have begun putting on trial those suspected of belonging to the MS-13 gang, including nine defendants facing the death penalty.

In the District, prosecutors filed charges against Ball, Wilson and more than a dozen other Congress Park Crew suspects under the federal Racketeer Influenced and Corrupt Organizations Act, which was passed more than 30 years ago to target organized crime. The indictment includes four first-degree murder charges.

Prosecutors said Ball fatally shot Troy Lewis on Jan. 23, 1996. Ball and Wilson also are accused of conspiring to kill members of a rival gang, the 10th Place/Trenton Place Crew. Authorities said the two gangs have fought turf wars since the mid-1990s.

In addition, prosecutors said Ball used "intimidation and physical force" to keep witnesses to slayings silent.

Prosecutors said Ball used to be a lieutenant in the 1-5 Mob, whose leader, Tommy Edelin, faced the death penalty but was sentenced to life in prison in 2004.

The only other death-penalty case to go to trial in the District ended last year with the defendants sentenced to life in prison. Jurors deadlocked on giving the death penalty to Murder Inc. gang members Kevin L. Gray and Rodney Moore.

US Arrest Threat To Gambling Executives (FT)

By Andrew Ward And Roger Blitz

Financial Times, September 27, 2006

Louisiana police have warned all online gambling companies to stop accepting bets in the state or risk having their executives and directors arrested if they visit the US.

The police official responsible for the arrest of Peter Dicks, former chairman of Sportingbet, on a Louisiana warrant in New York three weeks ago, said the state was pressing ahead with its clampdown, in spite of what appears to be a rethink about the case in other political jurisdictions.

In his first interview since the arrest, Captain Joe Lentini, head of the casino section of Louisiana's Police Gaming Enforcement division, said the state had issued four arrest warrants for individuals associated with Sportingbet, including Mr Dicks.

He would not name the other three but said it was reasonable to assume they were executives or directors.

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Other online gambling companies were also under investigation and their executives and directors were also at risk of arrest, said Mr Lentini, without naming which companies.

It is understood Louisiana has sealed warrants against more than 50 people working or connected to at least a dozen online gambling or related companies.

"We have agents all over the state working this daily," he said. "There are other sites we're looking into."

Louisiana is one of several US states that has its own laws prohibiting internet gambling.

Mr Lentini's comments came as lawyers continued to wrangle over the fate of Mr Dicks, who is scheduled to appear in a New York court on Thursday to learn whether he will be extradited to Louisiana.

Mr Dicks was allowed to return to the UK on bail two weeks ago to give New York and Louisiana authorities time to examine questions about the legitimacy of the arrest warrant.

George Pataki, governor of New York, has withdrawn the New York warrant required for his arrest and extradition. The case has also reached the office of Kathleen Blanco, governor of Louisiana, which last week said it was "doing due diligence on the case and reviewing the entire situation".

The New York hearing comes at a critical time for the industry, as the US Senate prepares to decide whether to pass a bill tightening federal laws against online gambling. The bill is being championed by Bill Frist, the Senate majority leader, who is trying to get an online gambling provision attached to a weighty bill, such as defence or security.

Mr Lentini said the hold-up in the Dicks case was caused by a "glitch" in New York state laws that appeared to allow extradition only in cases where the alleged crime was committed in one of the two states involved.

Mr Dicks' lawyers have argued that their client cannot be extradited because he has not been in Louisiana for more than 20 years and therefore cannot have committed a crime there.

But Mr Lentini said his agency would press ahead with its pursuit of online gambling companies, even if Mr Dicks wins his bid to avoid extradition.

Gang Named In Violent Spell (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 27, 2006

2 alleged members of growing Hispanic group on trial for conspiracy

Mata, viola, controla.

The Spanish words for "murder," "rape" and "control" are the battle cry for La Mara Salvatrucha, a violent street gang known as MS-13 and responsible for a recent wave of attacks across Southern Maryland, according to federal prosecutors.

The racketeering conspiracy trial against two alleged MS-13 members -- Edgar Alberto Ayala, known as "Pony," and Oscar Ramos Velasquez, known as "Casper" -- started Tuesday with allegations that the men participated in a well-oiled criminal organization responsible for at least six homicides and five attempted killings.

Formed in California by Salva doran immigrants who have spread eastward, MS-13 "is without any doubt a criminal enterprise," Assistant U.S. Attorney Sandra Wilkinson told jurors Tuesday. "The objective of this gang is to kill people."

Dubbed one of the nation's most violent and fastest-growing gangs, MS-13 has a relatively low profile outside of the Washington suburbs. But experts say its strength is growing throughout Maryland as the overall Hispanic population expands its reach beyond Prince George's and Montgomery counties.

"We know that they've moved up into the Laurel area," said Gaithersburg police Detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network. "They keep inching their way north."

Last month, Baltimore County police charged four suspected MS-13 gang members, accusing them in the stabbing deaths of two men whose bodies were found near a school in Arbutus in January. Officials say the killings are the first related to MS-13 activity in the county.

Substantial signs of the gang's activity have also been seen in Howard County. Anne Arundel, Baltimore and Harford counties recently formed new efforts to combat gang activity, concerned in part about MS-13 as well as other violent street groups moving in.

The federal trial under way in Greenbelt is expected to last up to two months, and the inner workings of MS-13 in Maryland might be exposed in a courtroom for the first time. Prosecutors indicted nearly two dozen suspects in the case, including a Baltimore carpenter. Three have pleaded guilty.

The lead prosecutor Tuesday described Velasquez and Ayala as integral players -- or at least knowing bystanders -- in murders, rapes and assaults against gang rivals as well as new recruits between 2001 and this year.

Wilkinson promised to show jurors over the course of the trial how the gang operated nationally and locally.

Showing jurors pictures of both men supposedly flashing gang hand signs in the shape of a claw, Wilkinson described the pair as members of different cliques but bonded by a similar MS-13 mission.

"The cliques are nothing more than franchises," Wilkinson said.

They all pledge allegiance to the gang by attacking sworn rivals, wearing gang colors of blue and white, paying dues, attending meetings and initiating new members through a violent beating ritual that lasts 13 seconds. The head of each clique, the prosecutors said, is known as "the word."

Neither Velasquez nor Ayala was identified as a leader, but Wilkinson said witnesses for the prosecution would finger them as participants or observers in retaliatory murders and gang rapes of teenage girls.

Defense attorneys told jurors Tuesday that being gang members would not be enough to prove the conspiracy charges outlined in the seven-count rack eteering indictment.

"My client never killed any one," Ayala's attorney Gary Ticknor said. "My client has never raped anyone."

The defense lawyers also drew comparisons in the case to a pope who had been a member of the Hitler Youth and a presi dent who had been a member of the Ku Klux Klan, saying that all members are not necessarily guilty of all crimes committed in a group's name.

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MS-13's Primary Goal Is Killing, Prosecutor Says At Start Of Trial (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, September 27, 2006

Members of the MS-13 street gang live by the motto "We kill, we rape, we control" and follow the orders of leaders known as "The Word," a prosecutor said yesterday as the federal racketeering trial of two alleged gang members began.

MS-13, a violent Latino gang also known as Mara Salvatrucha, has rules that include a standing edict to kill rival gang members, Assistant U.S. Attorney Sandra Wilkinson said in her opening statement in U.S. District Court in Greenbelt.

"The objective of the gang is to kill people," Wilkinson said.

Prosecutors said in court papers that the gang has 10,000 members in 10 states and the District, as well as in El Salvador, Honduras and Mexico. Wilkinson said MS-13 has many cliques, which she compared to business franchises.

Each clique has a leader, "The Word," and each leader has a top lieutenant, "The Second," Wilkinson said.

The defendants, Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 28, of Suitland, are the first two of 19 scheduled to go on trial. They are being tried under the federal RICO law, which was enacted in the early 1970s to target Mafia groups.

MS-13 gang members have conspired to commit murder, rape, kidnapping and robbery and to obstruct justice by attacking or intimidating witnesses, federal prosecutors allege in their original indictment and two superseding indictments.

The original indictment charges the gang with six homicides and four attempted murders between April 2003 and June 2005. Eight of the attacks were in Prince George's County, the other two in Montgomery County.

A superseding murder indictment handed up last week cites an additional case, from January 2005, when, it alleges, two MS-13 gang members fired into a group of youths sitting outside an apartment building in Fairfax County. One man was killed and two juveniles were wounded in that assault.

Neither Velasquez nor Ayala is charged with murder. Neither faces the possibility of the death penalty if convicted, although nine defendants do.

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In their opening arguments, defense attorneys for Velasquez and Ayala said prosecutors were trying to convict their clients for the actions of others.

Gary A. Ticknor, Ayala's defense attorney, told jurors that President Harry S. Truman was a member of the Ku Klux Klan for a time. "You can be a member of a horrible organization and be a decent human being," he said.

Richard C. Bittner, Velasquez's attorney, said the government's case against his client amounts to "guilt by association."

According to prosecutors, Velasquez and others accused of being MS-13 members sexually assaulted two teenage girls at a "skipping party" -- in which students ditch school -- May 12, 2003. In her opening statement, Wilkinson said Velasquez wielded a gun during the assault, adding that the victims were 15 and 16 at the time.

Velasquez is also accused of helping assault rival gang members outside a Langley Park nightclub in September 2004 and of attending an MS-13 meeting at which dues were paid.

Ayala is accused of driving with fellow gang members to the Fairfax County apartment building where a man was fatally shot. Ayala is also accused of giving false testimony to a Prince George's grand jury that investigated the beating death of Ashley Antonio Urias in May 2004. Wilkinson said in her initial statement that Ayala was covering up for MS-13 members.

Deaths Of 3 D.C. Teens Shock City (WP)

By Allison Klein And Martin Weil

The Washington Post, September 27, 2006

First there was a 14-year-old shot in the back in a public housing complex. About 13 hours later, police found a lifeless 15-year-old at a construction site. And seven hours after that, a 16-year-old died after he was shot in the head.

The teenagers were found dead in a 24-hour span in the District on Sunday and Monday, raising alarm across the city. D.C. police said none of the three cases appears to be related, but all three are homicides. That raises to 15 the number of slayings of victims in the city this year who were younger than 18. In all of last year there were 12.

Police Chief Charles H. Ramsey said last night that a man, about 50, had been taken into custody in the death of the 15-year-old, Dominick A. Dixon. Ramsey said the man had made a statement about the killing to police.

No arrests have been reported in the other two killings. Police said last night that Dixon's death was a homicide. But they did not say how he was slain, and autopsy results had not been released.

After a search near where Dixon's body was found Monday, police discovered a knife late last night. The youth's mother, Gloria Dixon, said police indicated to her that the small folding knife was "part of the crime."

The teenager's body was found in boxer shorts at a work site near his home. His mother has said she thought he had been strangled. Even after the discovery of the knife last night, she said she had not seen knife wounds on her son's body.

Dixon also said police indicated to her that the man whom they were questioning apparently had been at an abandoned house near where the body was found.

She said she believed she had spoken to the man yesterday. She said the man had expressed sympathy for her son's death and told her, " 'I don't know who could have done this.' "

She added: "Maybe me talking to him made him" give a statement to police

Ramsey said he could not recall a 24-hour period that claimed so many young lives. "You hope it's something that's just an aberration," said Ramsey, in his ninth year as chief.

All but two of this year's juvenile victims were teenagers. The others were a 2-year-old boy and a five-month-old boy. Only one victim was female: Cynthia Gray, 17, killed last month after shielding her godson from bullets on a Southeast Washington street.

The uptick in juvenile homicides echoes the horrific toll of 2004, when 24 youths were slain in the city, causing great concern among residents, community activists, D.C. police and the D.C. Council, which held a hearing that explored the root causes of youth violence.

Two adults were slain in the same 24-hour stretch this week.

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The burst of violence comes toward the end of the city's crime emergency, which was declared in July after a spike in homicides and robberies. As part of the emergency, the city pushed back its juvenile curfew to 10 p.m., and police got $8 million for overtime and increased patrols across the city.

Ramsey and other police officials said the steps have had an impact on street violence. But he said he is not ready to ask for the crime emergency to be prolonged and added: "This runs a whole lot deeper than police deployment."

Mayor Anthony A. Williams (D) said yesterday that he expects to extend the earlier curfew hours when they expire tomorrow and to introduce legislation to extend other provisions of the crime emergency legislation.

Council member Adrian M. Fenty (D-Ward 4), the Democratic mayoral nominee, said in a statement that he wants more than short-term fixes. He voted last summer against the crime emergency package.

Council member Marion Barry (D-Ward 8) is planning a candlelight vigil tonight at the site of the first in the spate of homicides, which happened Sunday night in the 3400 block of 13th Place SE.

Police said 14-year-old Andre Pee and 32-year-old Curtis Watkins were fatally shot about 11 p.m. on the dead-end block, which is notorious for drug dealing and gunfire. A 15-year-old was slain on the same block on New Year's Eve.

Pee had just started his first year at Ballou Senior High School. Police said they had picked him up twice this year for curfew violations.

On Monday, while authorities were sorting out what happened to Pee and Watkins, police were called to the work site near 51st Street and Sheriff Road NE, and found Dixon. He had been missing since Saturday. A family friend had found him with purple marks around his neck and wrists.

Dixon began the school year at Ronald H. Brown Middle School but was to start classes this week at Spingarn Senior High.

Police have released few details about his death.

The third juvenile victim was CeQuawn Brown, 16, who was found shot in his head in the 5300 block of Astor Place SE at 7:20 Monday night.

His mother, Nika Brown, said she had moved her son out of that neighborhood about a year earlier because she didn't think it was a safe place for him. But he went back there because that's where his friends were, she said.

Brown said she believes her son, an 11th-grader at Eastern High School, was targeted by someone in the neighborhood with whom he had an ongoing dispute.

"I just think that society is going against one another and taking matters into their own hands," Brown said.

The fifth killing in the 24-hour stretch happened Monday night, when William Downing, 25, of the 300 block of 44th Street SE was discovered in the 1900 block of 17th Street about 11:40 p.m.

Ronald Moten, co-founder of Peaceoholics, said yesterday that he thinks school being back in session is contributing to the violence. "A lot of people are clashing with each other, they are seeing each other again," he said. "When school starts up, they have to cross different paths and things are ignited once again."

Copper Thieves Get Killed Cutting Into Power Lines (USAT)

By Wendy Koch

USA Today, September 27, 2006

At least seven men in five states have been fatally electrocuted since July while hacking through power lines to steal wire made of copper, which has been commanding near-record prices, police say.

“It is a growing problem with the rise in the price of metals,” says Lt. Shea Smith of the Greenville County Sheriff's Office in South Carolina. Smith says one thief died Aug. 30 and another July 7. Both were found with wire cutters and other tools that suggested their intent. He says at least 30 more copper thefts have occurred in the county so far this year.

Nationwide, police report copper thieves stealing wires from air conditioning units, exposed pipes from underneath homes, vases from graveyards in Sumter, S.C., and bells from a church in Yonkers, N.Y.

“It's surprising to find two deaths in such a short time frame,” Shea says. “Most people who steal copper find the easiest way to do it,” such as taking it from a construction site.

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"It's three (deaths) this year alone" in Detroit, says 2nd Deputy Chief James Tate of the city's police. On Monday, he says, the body of Walter Marihugh, 24, was discovered after he apparently tried to cut cables from a public lighting box in a vacant lot. Tate says a similar electrocution occurred two months ago and a third earlier in the year.

Police have reported three deaths since July in Fort Worth, Pineville, W.Va., and Aurora, Colo. There are no national figures, but the number of copper thefts and related deaths is "probably at the highest level it's ever been," says Kenneth Geremia, spokesman for the Copper Development Association, a trade group. He says copper is completely recyclable and can sell for $3 a pound at scrap yards. Demand from China, India and other countries for copper for use in housing and industry has doubled the metal's value in a year.

Thieves don't always take precautions.

"It's a Russian roulette kind of situation. If they cut the wrong wire, they're at risk," says Stan Partlow, director of physical security for American Electric Power, a utility with 5 million customers in 11 states.

He says a rise in thefts from its power lines and substations has left the public and utility workers with power outages, loose wires or exposed equipment and has caused the deaths of two thieves in Boone County, W.Va., and Pike County, Ky.

"It's very difficult" to tell if scrap copper is stolen, because much of it is very commonly used material, says Bryan McGannon, spokesman for the Institute of Scrap Recycling Industries, an association of 3,000 scrap yards. He says workers are trained to look for stolen items, and his group alerts scrap dealers by e-mail of large thefts.

Man Charged In Fake-robbery Scams (PHI)

By John Shiffman

The Philadelphia Inquirer, September 27, 2006

A Philadelphia man was charged yesterday with staging fake armed robberies in scams that netted $385,000 from the state's victim-assistance program.

David Toomer, 36, is accused of staging robberies from 2000 to 2002, then enlisting the help of a former accomplice, an unnamed chiropractor, to help him stage fake accidents this year.

The money Toomer netted was about half of the $385,000 he sought to fraudulently obtain, said U.S. Attorney Patrick L. Meehan, who announced the charges yesterday at a news conference outside the state victim-assistance office on Cherry Street.

"When you steal from this program, you contribute to the suffering of crime victims," Meehan said. "The compensation program exists to ease the burden of those victims."

The state crime victim-assistance program was created in 1976 and offers up to $35,000 to help victims and their families cope with injuries.

Toomer's first alleged scam occurred in September 2000, when he told Philadelphia police that he had been robbed of $10,000 worth of jewelry and $1,000 in cash. He obtained $35,000 from the victim-assistance fund.

In April 2001, authorities said, Toomer repeated the crime, enlisting three others to act as additional victims. Each received $35,000 from the victim fund.

In April 2002, Toomer allegedly staged his third crime - a mugging at gunpoint in which he and four others were supposedly beaten. Each supposed victim netted $35,000.

Toomer was arrested by the FBI on April 28 in the parking lot of the Holiday Inn on Packer Avenue as he allegedly conspired with an unnamed chiropractor to stage a fake accident.

By then, the chiropractor had begun cooperating with authorities, according to an affidavit by FBI Agent Therese Nestor, and had been audiotaped and videotaped discussing the scam.

Assistant U.S. Attorney Lewis D. Lappen filed a criminal information against Toomer yesterday, a process prosecutors often use when a defendant is expected to plead guilty.

Also yesterday, federal authorities charged a mortgage broker with defrauding mortgage companies. Nicholas Piscitelli, 39, of Broomall, owns Old City Mortgage in Philadelphia.

He was accused of creating a fake company to give mortgage companies the false impression that certain customers had good credit.

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Feds Charge Repeat 'Victim' (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 27, 2006

Federal prosecutors yesterday charged a Philadelphia man with staging fake armed robberies to defraud the state's Crime Victims Compensation Assistance Program to the tune of $175,000.

The program reimburses crime victims for medical expenses not paid by health insurers for injuries suffered in the crime.

The feds alleged that David Toomer, 36, of Watkins Street near S. 22nd Street, faked four robberies in which he claimed he and others were the victims.

Toomer, who used at least two aliases during the alleged scheme, was charged with mail fraud and health-care fraud. His attorney said yesterday that Toomer plans to plead guilty.

The scheme lasted from September 2000 until April 28 this year, the feds said.

In September 2000, Toomer allegedly told cops that two armed men rear-ended his car and robbed him of $10,000 in jewelry, $1,000 cash and credit cards.

On another occasion, in April 2001, Toomer used an alias, "David Garvin," and allegedly told cops that he and three companions had been accosted by seven males outside a bar and robbed of cash and jewelry. He told officers that one of the perps had wielded a gun, the charging papers said.

Toomer would report the fake armed robberies to police, who then processed the necessary paperwork to support his claims.

He would then file claims with the victims-compensation fund to recover medical expenses for injuries he claimed to have suffered in the fake crimes.

The state fund caps individual benefits at $35,000.

The feds said Toomer aimed to collect $385,000 in benefits intended for real crime victims, but the scheme actually netted about $175,000.

"When you steal from this program, you contribute to the suffering of crime victims," said U.S. Attorney Patrick Meehan. "The compensation program exists to ease the burden of those victims. This is a theft against them."

The feds said Toomer also arranged to stage two fake vehicle accidents involving numerous "victims" in a separate scheme in April to defraud insurance companies.

Toomer used various healthcare providers including three doctors and at least one hospital, the feds said. The providers were identified only by their initials.

Unbeknownst to Toomer, one provider was a local chiropractor cooperating in the investigation.

Toomer made arrangements with the chiropractor to bill insurers for medical treatment that purportedly would be provided to the phony accident victims.

According to the feds, Toomer agreed to split the proceeds with the chiropractor.

Toomer later arranged to obtain two vehicles and auto insurance for the scheme. When he couldn't get the second vehicle, Toomer had the chiropractor deliver a vehicle to him. That's when FBI agents arrested him.

Authorities said the investigation is continuing. Toomer is out on bail.

Feds: Seven Scammed Katrina Aid (DEN)

Detroit News, September 27, 2006

About $30K in relief funds were accepted by residents of Metro area to buy drugs, cars, U.S. says.

Five Detroit-area women, an Indiana man and a Mississippi woman fraudulently obtained nearly $30,000 in relief money intended for Hurricane Katrina victims and used the cash to buy cars, narcotics and other items, the federal government alleged in criminal complaints filed Tuesday.

"Disasters and crises of this nature most often bring out the best in people," said Detroit U.S. Postal Inspector D.L. Carter, whose agency investigated the alleged crimes.

"Unfortunately, they also bring out the worst."

Charged with fraud are: Pamela L. Reason, 45, of Detroit; Krystal P. Hubbard, 23, of Southfield; Curtisine Ingram, 52, of Detroit; Krystal J. Young, 21, of Detroit; Andrea J. Johnson Reason, 53, who recently moved from Detroit to Indiana; Dwight V. Reason, 35, of Bloomington, Ind.; and Patricia A. Hubbard, 48, of Bude, Miss.

None was directly affected by the Aug. 29, 2005, storm that slammed the Gulf Coast, killing more than 1,800 people and leaving tens of thousands homeless, the government alleges.

But each obtained between $2,000 and $12,750 in Federal Emergency Management Agency aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to complaints filed in U.S. District Court.

Two of the women -- Johnson Reason and Ingram -- told investigators they used some of the Katrina money to buy narcotics, according to the complaints and Carter.

Other items allegedly purchased with the $28,182 include two cars, clothing, eyeglasses and food.

Young, who said she used some of the $12,750 she received to buy a car and pay living expenses, told The Detroit News she got involved in the fraud because others she knew were doing it.

"Everybody was in my ear," about obtaining the benefits, she said after her arraignment.

"I feel bad for what I did."

The accused were released and ordered to return to court Oct. 16.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

7 Charged With Obtaining Fraudulent Katrina Relief From FEMA (AP)

AP, September 27, 2006

DETROIT -- Seven people have been charged with fraudulently obtaining nearly $30,000 in relief money intended for Hurricane Katrina victims.

In criminal complaints filed Tuesday in U.S. District Court in Detroit, federal authorities accused the suspects of using the money from the Federal Emergency Management Agency to buy cars, clothing, drugs and other items.

"Disasters and crises of this nature most often bring out the best in people," said U.S. Postal Inspector D.L. Carter, whose agency investigated the case. "Unfortunately, they also bring out the worst," he told The Detroit News.

Among those charged with fraud are: Pamela L. Reason, 45, of Detroit; Krystal P. Hubbard, 23, of Southfield; Curtisine Ingram, 52, of Detroit; Krystal J. Young, 21, of Detroit; Andrea J. Johnson Reason, 53, who recently moved from Detroit to Bloomington, Ind.; Dwight V. Reason, 35, of Bloomington, Ind.; and Patricia A. Hubbard, 48, of Bude, Miss.

Authorities said none of the suspects was directly affected by the Aug. 29, 2005, hurricane that slammed the Gulf Coast, killing more than 1,800 people and leaving tens of thousands homeless. But each obtained between $2,000 and $12,750 in FEMA aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to the complaints.

The suspects were ordered to return to court Oct. 16.

Ex-paper Chief Sent To Prison (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 27, 2006

Former head of American Tissue in Hauppauge gets 15 years for $300M fraud that cost 4,700 jobs

The former head of a Hauppauge-based national paper manufacturing conglomerate was sentenced yesterday to 15 years in prison for a $300-million fraud involving his firm, American Tissue, which was once the nation's fourth-largest producer of paper towels, tissues and toilet paper.

Mehdi Gabayzadeh, 62, of Great Neck also was ordered to make restitution of $65 million and serve five years' supervised release by U.S. District Judge Joanna Seybert in Central Islip.

Gabayzadeh was convicted last year of fraud, conspiracy to commit perjury, and obstruction of justice in the scheme, which cost investors and suppliers $193million - after his company's assets were liquidated in bankruptcy - and resulted in the loss of 4,700 jobs, 800 on Long Island.

"I'm very sorry for my family and the United States of America for my criminal conduct," Gabayzadeh said before he was sentenced.

Gabayzadeh, a paper manufacturer in his native Iran, fled that country after the fall of the shah in the 1970s and began a relatively small operation in Hauppauge, which mushroomed in size, acquiring many small paper manufacturers around the country and selling $1-billion worth of goods a year. One of the companies he took over, AmPad, is credited with inventing the yellow legal pad.

But a drop in paper prices resulted in sharp financial losses that Gabayzadeh attempted to cover up by lying to lenders, and then to creditors after the company was forced into bankruptcy, according to prosecutors.

Among the scams: moving huge toilet-paper manufacturing machines between Mexican and U.S. locations, ahead of creditors seeking to seize them; fabricating fraudulent sales and inventory documents to obtain loans; and lying as well as getting employees to lie to investigators.

Gabayzadeh could have theoretically been sentenced to life in prison because of the large monetary loss to investors and suppliers under advisory sentencing guidelines.

Federal prosecutors and probation officials had recommended that Gabayzadeh be sentenced to 20 years. Defense attorneys urged 10 years on the grounds that Gabayzadeh was ill with heart problems, diabetes and bipolar disorder.

A number of his former employees wrote to the court asking for the stiffest possible sentence for Gabayzadeh.

One of them, Gerard Coulombe of New Berlin, N.H., said that after Gabayzadeh's former paper mill there was forced to close, a number of his 800 employees went bankrupt themselves and were forced to sell their homes. Several also found that they owed tens of thousands of dollars in medical bills, Coulombe said. They had been paying medical premiums to the mill's self-insurance plan, but there were no funds after the bankruptcy, Coulombe said, adding that the small town itself has been devastated by the loss of workers who have been forced to find employment elsewhere.

A new firm has taken over the plant's operation, but it employs only 350 workers, said Coulombe, who was a millwright at the plant and is now the head of the local chapter of the United Steel, Paper and Forestry Workers union.

In imposing the sentence, Seybert said that the federal prison was capable of caring for Gabayzadeh's illnesses. "The purpose of this sentence is to [show] that white-collar crime hurts as much as blue-collar crime," Seybert said.

Afterward, Gabayzadeh's attorneys, Raymond Perini and Benjamin Brafman, said he might consider an appeal.

Brafman said he found the sentence too harsh, "but post-Enron we have come to expect double-digit sentences in white-collar crimes."

Federal prosecutors James Miskiewicz and John Martin declined to comment.

In a telephone interview, after the sentence was imposed, Coulombe said: "For what he did, 20 years was not enough. He should have gotten life."

He Destroyed North Country Mills, Now He's In Jail (MANUL)

By Lorna Colquhoun, Union Leader Correspondent

Manchester Union-Leader, September 27, 2006

Berlin – Five years after he declared bankruptcy that forced the closure of two North Country paper mills, the CEO of what was once the fourth largest tissue maker in the country was sentenced yesterday in a New York court for a $300 million fraud scheme.

Mehdi Gabayzadeh, 61, who was simply known in the region with a bite of disdain and loathing as "Mehdi," was the owner of the pulp mill in Berlin and the paper mill in Gorham.

He will spend the next 15 years in a federal penitentiary, must make $65 million in restitution and will be on probation for five years after he serves his prison term. He could have faced up to 60 years.

"It's not enough time, but we have to put it behind us and move on," said Gorham Town Manager Bill Jackson.

"It was more than I expected him to get, but it wasn't enough," said Berlin Mayor Bob Danderson. "I'd like to see him spend the rest of his life there because that's what he deserves. He exemplifies the worst of American greed."

Gabayzadeh was convicted in April 2005 in U.S. District Court in Islip, N.Y., on eight counts of bank and securities fraud and conspiracy.

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His sentencing hearing was postponed a number of times for health reasons. His attorneys said Gabayzadeh suffered diabetes, high cholesterol, depression and bipolar schizophrenia that caused him to lose 60 pounds after his trial and had asked for leniency in sentencing.

"To think this guy is depressed," U.S. District Court Judge Joanna Seybert said of Gabayzadeh. "He has no idea what depressed is."

The summer of 2001 was one of uncertainty and apprehension in Berlin and Gorham, communities whose roots are in the paper industry. Paychecks and tax payments bounced and other financial obligations were not met. Gabayzadeh was accused of inflating sales and inventory to obtain loans to keep the company going.

In late August 2001, the pulp mill, followed by the paper mill, shut down, putting nearly 900 people out of work.

Yesterday's sentencing was a relief, said Gerry Coulombe, president of the paper workers union.

"At least he got something," he said. "I wish he had gotten more time."

Prior to sentencing yesterday, Gabayzadeh apologized, according Newsday.

"I'm very sorry to my family and to the United States of America," he said. "I'm very embarrassed; I beg for mercy." The newspaper also reported that the court received more than 100 letters from millworkers and others before the sentencing hearing.

Jackson wrote two of those letters, on behalf of the town of Gorham; Coulombe wrote another last May.

"My fellow brothers and sisters were devastated by Mehdi and his illegal actions of lying and stealing their medical insurance, vacation pay and other monies owed to them," Coulombe wrote. "This man was responsible for the breakdown of so many people's lives here in the North Country."

The union workers were among 2,700 people in Wisconsin, Vermont and Tennessee who lost their jobs when the mills closed.

The mills in Berlin and Gorham were bought by Fraser Paper in May 2002 and eventually both reopened, with a smaller work force. The pulp mill, which had dominated the economy and landscape of Berlin, closed permanently last May.

"We had hoped the judge would not show any leniency because of the damage he has done to families in Berlin and Gorham," Jackson said. "They deserved that satisfaction. He never apologized."

Defense attorney Raymond Perini portrayed Gabayzadeh as a hard-working Iranian immigrant duped by others, but Assistant U.S. Attorney John G. Martin said in his closing arguments it was "simply unreasonable to believe, to accept or even consider that the CEO ... simply steps back and doesn't get involved."

Coulombe said yesterday afternoon that there has been great anticipation around Gabayzadeh's sentencing.

"People have been very curious -- people have been stopping me on the street to ask about it," he said. "This is something that affected the whole city and the whole North Country. It has finally come to an end. I wish he could have gotten more time."

Danderson was curious to know where Gabayzadeh would serve his prison time. One of the initiatives that came about after the closure of the mills in 2001 was bringing a federal prison to Berlin, a project that could break ground at the beginning of the year.

The Associated Press contributed to this report.

Former American Tissue CEO Sentenced To 15 Years (AP)

By Frank Eltman, The Associated Press

AP, September 27, 2006

CENTRAL ISLIP, N.Y. – The former CEO of one of the nation's largest makers of paper products was sentenced Monday to 15 years in prison after being convicted last year of engineering a $300 million fraud in a fruitless bid to save the failing company from bankruptcy.

In seeking a stiff sentence, prosecutors had compared Mehdi Gabayzadeh's misdeeds to those of better-known white-collar corporate criminals, including Adelphia Communications Corp. founder John Rigas and former WorldCom Corp. chief Bernard Ebbers.

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"The purpose of this sentence is to demonstrate that white-collar crime hurts just as much as blue-collar crime," said U.S. District Court Judge Joanna Seybert.

Gabayzadeh was convicted in April 2005 of all charges in an eight-count indictment, including bank and securities fraud and conspiracy, following a nine-week trial on Long Island.

His sentencing had been delayed numerous times because Gabayzadeh suffers from several ailments, his attorneys said.

They sought to have his sentence reduced because of his health. Those efforts continued Monday with defense attorneys saying that Gabayzadeh suffers from diabetes, high cholesterol and bipolar schizophrenia, and that he has lost more than 60 pounds since his conviction.

But Seybert said to him, "I can't predict how long you're going to live any more than the court could predict how long Mr. Rigas would live, any more than anyone could have predicted how long Mr. Lay was going to live."

Kenneth Lay, the disgraced founder of Enron, died in July, several weeks after being convicted of fraud.

Gabayzadeh was ordered to pay $65 million in restitution and sentenced to five years' probation after his prison term.

Gabayzadeh, 61, of Great Neck, was accused of swindling banks, financial institutions and investors of nearly $300 million while he was chief executive officer of American Tissue Inc., once the nation's fourth-largest maker of toilet tissue and other paper products.

He was accused of inflating American Tissue sales and inventory in an effort to defraud a group of banks that loaned the company $145 million, and bondholders who in 1999 purchased $165 million in American Tissue bonds.

The company's failure caused mills in Berlin and Gorham, N.H., to close in September 2001.

Prosecutors estimated 2,700 people across the country, including Wisconsin, Vermont and Tennessee, lost their jobs.

"I'm very sorry to my family and to the United States of America," Gabayzadeh said before being sentenced. "I'm very embarrassed; I beg for mercy."

Another company reopened the mills in June 2002, but in May 2006, the Berlin mill was permanently closed after the operator cited rising costs of wood, energy and chemicals.

The mill workers' union and others wrote to the judge, hoping she understood how Gabayzadeh's crimes affected individual workers and their families.

Seybert, who said she received more than 100 letters, alluded to one from a single mother who said she was being evicted from her home and wondered how she would feed her children after losing her job at one of Gabayzadeh's plants.

"To think this guy is depressed," Seybert said of Gabayzadeh. "He has no idea what depressed is."

Gabayzadeh's participation in a series of complex deals – including the creation of phony documents indicating the company had sold million-dollar pulp contracts that didn't exist – ultimately led to American Tissue's collapse.

"Like Gabayzadeh, Rigas lied to public investors about Adelphia's financial and operational performance," U.S. Attorney Roslynn Mauskopf wrote in a pre-sentencing letter. "Like Gabayzadeh, Ebbers claimed at trial that the frauds at his company were perpetrated solely by his employees, including the company's CFO, and that he was unaware of them."

Defense attorney Raymond Perini portrayed Gabayzadeh as a hardworking Iranian immigrant duped by others, but Assistant U.S. Attorney John G. Martin said in his closing arguments it was "simply unreasonable to believe, to accept or even consider that the CEO . . . simply steps back and doesn't get involved."

The bogus deals were documented in part to help American Tissue keep open a revolving line of credit it enjoyed with LaSalle Bank of Chicago, prosecutors said.

Without the line of credit, the company was doomed to fail, according to Ed Stein, the company's former chief financial officer who testified for the prosecution after pleading guilty to two federal charges of securities and bank fraud in 2003.

Ex-Paper Chief Gets 15-Year Term In Fraud (NYT)

By Bloomberg News

The New York Times, September 27, 2006

The former chief executive of American Tissue, Mehdi Gabayzadeh, was sentenced yesterday to 15 years in prison for organizing a fraud that cost banks and investors almost $300 million when the paper manufacturer collapsed.

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Judge Joanna Seybert of Federal District Court in Central Islip, N.Y., who sentenced Mr. Gabayzadeh, also ordered him to pay $65 million. Mr. Gabayzadeh was convicted of eight criminal charges, including conspiracy and wire fraud, after a 10-week trial last year.

"This case involved a massive corporate fraud and breach of trust that led to the bankruptcy of a major corporation, hundreds of millions of dollars in losses to lenders and investors and the elimination of jobs for thousands of former employees," Roslynn R. Mauskopf, a United States attorney in Brooklyn, said in a statement.

Prosecutors said Mr. Gabayzadeh, 61, inflated American Tissue's accounts receivable and net income in an effort to defraud both a group of banks that loaned the company $145 million and the purchasers of $165 million in bonds from American Tissue, based in Hauppauge, N.Y.

Mr. Gabayzadeh's lawyer, Raymond Perini, did not return a call seeking comment.

Money Laundering Conspiracy Sends Man To Prison (LYNNA)

Lynchburg (VA) News & Advance, September 27, 2006

A New York man will serve one year and eight months in prison for his role in an investment scheme that bilked a Lynchburg resident out of more than $385,000.

Dennis Testa, 47, of Queens, was convicted in March of conspiracy to commit money laundering. He was sentenced Friday in U.S. District Court in Charlottesville.

Testa will be ordered to pay some restitution, but the exact amount hasn't yet been set, according to Heidi Coy, spokeswoman for U.S. Attorney John Brownlee.

A co-conspirator, Nicholas Lanza, 44, of Staten Island, was convicted in March of the same offense. He was sentenced Sept. 1 to 2½ years in prison and ordered to pay $30,000 in restitution.

The pair's scheme began in 1997, according to the U.S. Attorney's Office. They used a bank account, mailing service and phone-answering service to fool people into thinking they were purchasing stock for a New York company.

The company didn't exist. Checks sent in by the victims paid for the services used to keep up the ruse while the rest were made out to cash or to the defendants.

The Lynchburg resident was the biggest victim of the scam. In all, the pair took more than $400,000 from seven people in five states.

How A Reviled Court System Has Outlasted Many Critics (NYT)

By William Glaberson

The New York Times, September 27, 2006

"A farce in these days," Gov. Alfred E. Smith pronounced New York State's town and village courts in 1926.

"An outworn system," said his successor, Franklin D. Roosevelt, not long after a state commission called it "a feeble office respected by no one." A few years after that, another commission said the local court system had "lost all contact with reality."

In all, at least nine commissions, conferences or other state bodies — including representatives of both major political parties and all three branches of government — have denounced the local courts over the last century, joined by at least two governors and several senior judges.

Their language has often been blistering, and their point has been the same: These courts, with their often primitive trappings and amateur judges, are an anachronism that desperately needs to be overhauled or discarded.

Although they are key institutions of justice in more than 1,000 small towns and suburbs across New York, trying misdemeanor cases and lawsuits, a vast majority of the justices who run them are not lawyers, and receive only a few days' legal training. The justices are often elected in low-turnout races, keep few records and operate largely without supervision — leaving a long trail of injustices and mangled rulings.

Yet these justice courts, as they are known, remain essentially as they were when New Yorkers started complaining nearly a century ago. In recent weeks, state officials have decided to take some steps to increase training, supervision and record-keeping. But the cries for any sweeping change have all but died out over the last few decades, even as the abuses have continued.

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One way to understand why a much-criticized institution has come to seem so entrenched is to revisit three big battles over the justice courts. In each, the people seeking to change the system tried in a different arena: the Legislature, the voting booths and the higher courts. And each time, their defeat was so stinging that it effectively killed any further discussion there:

¶In 1962, state leaders accomplished something they had been trying to do for more than a century, revamping a state court system that was badly out of date. But in several back-room political maneuvers, they left the justice courts untouched, passed the task of altering the system to local governments, and added a maze of procedural barriers that made any major change difficult.

¶In 1967, local activists took up the cause in Rockland County, one of the few counties where a push to replace the justice courts made some headway; a referendum was held on the issue. But a fiercely emotional campaign vanquished the proposal, and helped create a sense in other counties that fighting the system was futile.

¶And in 1983, a challenge to the system's constitutionality reached the state's highest court, the Court of Appeals. Attorneys for an upstate teenager facing a jail sentence argued that the right to a lawyer, guaranteed by the Constitution, was meaningless if the judge lacked the training to understand the lawyer's arguments.

That appeal failed by a single vote. New Yorkers, the majority on the seven-member court decreed, do not have to be tried by a judge schooled in the law — a ruling that has stood ever since.

In interviews, people who were deeply involved in these episodes — including political deal-making that took place out of public view and was never reported — pointed to a battery of forces that have doomed change: The powerful idea that communities should choose their own destinies, including their own judges. The considerable costs of updating courtrooms and hiring lawyers to preside. The always-popular calls to keep lawyers out of people's lives. And, not least, the power of the justices, who are often important players in local politics, wired into the same party mechanisms that produce the state's lawmakers, judges and governors.

Dale C. Robbins, a former Republican supervisor of Busti, a small town in western New York, said he and others who tried to replace the justice courts in the 1990's ran into a buzz saw of resistance from local justices fighting for their jobs, and something of a populist uprising fueled by suspicion of the lawyers who would be judges in any new system.

He said the defeat was typical of the gridlock on many big issues in New York. "Nothing gets done," he said. "Who wants to face this battle when there are so many other battles you have to fight?"

A Moment in Albany

It was January 1959. The new governor and political star, Nelson A. Rockefeller, was making his first address to the Legislature in Albany. "The highest priority" of his administration, he promised, would be modernizing the state court system.

Court reform, he knew, was a popular issue he could ride, yellowing papers in the Rockefeller archive show. People across the state were sick of the slow, confusingly organized system and the patronage appointees — many of them unqualified, unresponsive or corrupt — who filled it from top to bottom. Complaints that had been pouring in for decades had reached critical mass in recent years, as the latest state panel to tackle court reform, known as the Tweed Commission, drew up detailed proposals for change.

Soon after his speech to lawmakers, Governor Rockefeller appointed his young counsel, Robert MacCrate, to draw up amendments to the State Constitution that would be needed to reorganize the courts, and then to marshal support in the Legislature.

But Mr. MacCrate quickly learned that the lowliest part of the court system posed one of the highest political hurdles.

Governor Rockefeller, with his elite background and downstate roots, had to be careful not to offend the rural upstate powers in his own party, whom he was trying to convince that he was a real Republican. And, Mr. MacCrate said in an interview for this article, any effort to change the justice courts, a prime source of the party's patronage, would be "really shaking the tree."

Upstate Republicans often spoke as if criticism of the system was an attack on a way of life. "You boys from New York City have never seen a justice court," State Senator Austin W. Erwin, a central player in the courts battle, said during a debate that year. "These justices are the backbone of honest-to-God human justice in our state."

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Governor Rockefeller, for all his talk of change, was surrounded by staunch defenders of the justice courts. Many were former justices, including Senator Erwin and L. Judson Morhouse, then the state Republican chairman and one of the governor's earliest supporters.

The justices of the peace "were inside the system," Elizabeth T. Schack, who led the League of Women Voters' lobbying for court reform, said in an interview. Back in the legislators' districts, too, the justices were powers to be reckoned with. "They were often people of importance and influence" who knew the lawmakers personally, Mrs. Schack said. "And you don't like to go up against your friends."

Most important, Mr. MacCrate said, upstate Republicans held such power in the Legislature that the administration knew that court reform could not pass without them. "We would find a way to bring them around," he said.

They didn't have to find a way; it came to them. Mr. MacCrate said that Fred Young, an influential state Court of Claims judge whom Governor Rockefeller would later choose as state Republican chairman, soon approached with an offer.

"Bob, if you take out that provision about abolishing the justices of the peace," Mr. MacCrate recalled him saying, "I'll have the votes for you" to approve statewide court reform that day or the next.

The deal was made.

That breakthrough would allow the entire court structure in New York to be streamlined and brought for the first time under centralized control. Yet while it included a requirement that local justices receive some basic training, it largely ensured there would be no other change in the biggest piece of the system: the hundreds of town and village courts.

"That was a turning point in terms of understanding how strong the opposition was," recalled Fern Schair, the former chairwoman of the state's leading court-reform group, the Committee for Modern Courts.

But the justices and their supporters did not stop there. To keep future legislatures from tampering with the system, they persuaded the administration to adopt language requiring a local referendum for any move to replace the town courts with more professional district courts. And for that referendum to pass, a simple majority of votes would not suffice; whether in a county or part of one, the proposal would have to win separate majorities in both urban and rural areas, so city dwellers could not impose modern courts on their country neighbors.

Even that, it turned out, was not enough. A year later, as Mr. MacCrate moved to secure approval from lawmakers, supporters of the justice courts demanded a provision requiring a majority vote in each town, Mr. MacCrate wrote in a memo. Towns where the referendum was defeated would be left out of any new system — a complication that would further discourage any reform effort.

They got their provision.

New Yorkers approved the court-reform amendment at the polls, and to this day, those protections for the justice courts are enshrined in the State Constitution. No place in New York has replaced its town and village courts since western Suffolk County began a district court system in 1962 — the year Governor Rockefeller signed his reforms into law.

A Showdown in Rockland

"If you oppose 'school busing,' Expanded Welfare, Down zoning, Charter Government, Mob rule legislation, Crime in the Street, Black Power," vote no on Proposition No. 1, said the newspaper advertisement by the Conservative Party.

But Proposition No. 1 was not about any of those things. It was a ballot proposal to replace justice courts with a system of district courts in which the judges would be lawyers. After all the battles in Albany, it was the people's turn to decide.

This was 1967 in Rockland County, a rural place fast becoming a suburb as new residents arrived by the carload from nearby New York City. Some newcomers were alarmed by their encounters with eccentric justices who could wield sweeping powers over people's lives.

"The feeling was, they weren't professionals and they were too closely connected to people who brought their cases to court," Gloria English, a New City resident who worked for the proposal as a member of the League of Women Voters, said in a recent interview. "They often heard their friends' cases."

The league had several potent allies, including the county bar association and some leaders of both major political parties. The Democratic Party sponsored an ad saying it was high time the courts were modernized. The leading newspaper in the county ran editorials urging that the justice courts be brought into the 20th century.

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On the other side were the justices and their supporters, including leaders of the county Conservative Party. They warned that the fancy new courts and their lawyer judges would cost more. The bar association estimated that expense at about $200,000 a year countywide, about $50,000 more than justice courts cost at the time. "I used that to bring to the attention of people: 'It's just another boondoggle,' " William E. Vines, then a justice in Clarkstown with a local insurance business, recalled in a recent interview.

There was also grass-roots backing for the justice courts, particularly among longtime residents. Arnold Becker, who was county public defender, said some people felt that familiar local justices would be more lenient than professional district judges.

But the campaign also played on emotions that had little to do with law or money.

The referendum's opponents were not shy about fanning resentment toward outsiders. The warnings about mob rule and black power spoke to fears about turmoil in the cities, and about the city people moving in. There were stirring appeals to patriotism.

"Justice courts are as much of your American heritage as those Stars and Stripes," one justice told a group of Jaycees two weeks before the election. "Don't let them take it away."

Adele Garber, then a young mother who had moved up from Queens and gone door to door on behalf of the ballot proposal, said that kind of passion easily overpowered her side's arguments about fairness and efficiency. Voters without a vested interest in the justice courts, she said, did not seem to care much.

"It's not a nice, sexy issue," she said.

The referendum lost by a 2-to-1 ratio.

Mrs. Garber said the experience left her cynical, and she was not the only one. The Rockland vote and similar defeats in other counties helped create the impression that such fights are impossible to win.

Because of a change in state policy since then, if a county adopted a district court system today, the state would pick up the cost. Statewide, that expense could be significant, perhaps tens of millions of dollars.

County governments, though, might save millions by consolidating their many justice courts into fewer, more centralized district courts. But change has been stymied.

Keith D. Ahlstrom, chairman of the Chautauqua County Legislature, said that while he and others have long seen a need to modernize the courts there, the referendum process was so cumbersome it would almost certainly fail. For now, he and other officials are backing a state bill that would permit a few justice courts to merge to cut costs.

"We need to have a small success," he said.

A Near-Miss in Court

The case was unremarkable: a teenager was arrested in Conesus, near Rochester, in 1981 and charged with menacing and trespassing. He was identified only as Charles F. because he was a minor. He faced up to a year in jail.

But his lawyer, J. Michael Jones, saw that the case had the potential to bring down the justice-court system in New York, and possibly in other states. The United States Supreme Court had ruled 20 years earlier that any defendant facing a jail sentence was entitled to a lawyer. But what good was that right, he asked, if the judge — like the town justice Charles F. faced — could not follow the lawyer's arguments?

In a recent interview, Mr. Jones recalled that he spent thousands of dollars out of his own pocket taking the case through the appeals courts. "I thought this was a perfect opportunity for us to upgrade the local court system," he said.

The time seemed ripe. In recent years, there had been a nationwide movement to recognize defendants' rights. Justice courts around the country had been revamped after a 1967 presidential crime commission noted their long record of "incompetence."

Some of the biggest changes were prompted by the courts. In 1974, the California Supreme Court ruled that imprisonment by a judge who did not have legal training was a violation of due process, and essentially ordered an end to the state's justice courts.

"It seemed there was an opportunity, a movement afoot that was going to provide a court remedy where there had never been a legislative solution," said Rene H. Reixach Jr., a Rochester lawyer who wrote a friend-of-the-court brief in the Charles F. case for the New York Civil Liberties Union.

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A United States Supreme Court ruling in 1976 appeared to offer the means for challenging New York's system. The court upheld the jailing of a Kentucky man by a justice who was a coal miner with no legal training, but only because state law guaranteed defendants tried by nonlawyer justices the automatic right to a new trial before a judge who was a lawyer.

In New York, however, there is no such right. A defendant can ask a county judge to take the case, but the judge can refuse — as happened in the Charles F. case.

When the case reached the state's top court, the Court of Appeals, in 1983, Charles F.'s lawyers argued that in an era of increasingly complex legal protections for defendants, it was basic fairness that a person facing jail should have a judge trained to understand those protections. At the court's chamber in Albany, Mr. Jones remembered, "we had lawyers from New York City who couldn't believe we had this system."

The court, which was developing a reputation for protecting defendants' rights, seemed receptive. On it was the state's chief judge at the time, Lawrence H. Cooke, and the two judges who would succeed him: Sol Wachtler and Judith S. Kaye.

Mr. Wachtler, in a recent interview, said the three strongly agreed that the state's use of justices without law schooling was a problem. "There was unquestionably a sentiment on our parts that this is just not right," he said.

But when the vote came, they were on the losing side of a 4-to-3 decision. New Yorkers, the majority ruled, had no absolute right to be heard by a judge trained in the law.

Richard D. Simons, the only surviving judge in that majority, said in an interview that the case posed a narrow legal issue: whether New York provided sufficient opportunity for a higher-court trial. The larger matter of the justice courts' fairness, he said, was for the Legislature to decide.

Mr. Wachtler said he believed that the case would have gone the other way if it had come to the Court of Appeals just a year or two later, given changes in the court's makeup and stance on defendants' rights.

But the court has not grappled with the issue since. Mr. Reixach, the Rochester lawyer, said the ruling discouraged him and others from raising further challenges. "The Charles F. case, whether you agreed with it or not," he said, "sealed the fate of the justice-court system in the state for a very long time."

Judge Kaye, who wrote the dissenting opinion, has since become a champion of court reform as New York's chief judge, heading the Court of Appeals and the administration of all the courts. But the legislation she has proposed to modernize the system since taking office in 1993 has consistently omitted the justice courts.

Only this summer did Judge Kaye address problems in the local courts, after the state comptroller warned that they could be mishandling millions of dollars, and after a commission she created to study legal services for the poor reported that those courts were routinely trampling on people's rights.

Her office has said that while it has limited control over the justice courts, it would begin trying to remedy some of their flaws, with measures that do not require legislative approval.

Those steps are the most ambitious attempted in several decades, but their very nature underscores the courts' deficiencies: Justices, according to the state's plan, will get two weeks of initial training instead of six days. For the first time, all justices will be given computers, fax machines and tape recorders, and be required to tape proceedings. A supervising judge will be named in each judicial district to oversee them.

And the improvements do not touch what critics of the justice courts have repeatedly said are their gravest defects: the use of part-time justices who are not lawyers, the reliance on towns and villages to finance the courts, and the state's weak authority over the courts.

Tackling those issues would involve the Legislature — and invite another battle. Judge Kaye declined requests for an interview.

One of the justice courts' most powerful defenders has been the State Association of Towns. Its executive director, G. Jeffrey Haber, said the group would be ready for another fight.

"If it came up," he said, "we would take the same position that we did before."

Forensic Skills Seek To Uncover Hidden Patterns Of Elder Abuse (NYT)

By Jane Gross

DOJ_NMG_0069809

The New York Times, September 27, 2006

SANTA ANA, Calif. — The elderly man in the emergency room was covered with bruises, some purple and others fading to yellow. Despite signs of dementia, he told the same story over and over: His wife's burly home health aide had beaten him. But the health aide and the wife insisted he had fallen. Now it was up to the members of Orange County's Elder Abuse Forensic Center to decide which story was true.

As the man lay on a gurney, he was interviewed by a team from the center: a geriatrician, a social worker and an investigator from the sheriff's office. The bruises on the man's chest, they determined, were the result of being punched. There were bloody outlines of a shoe on the man's leg. His clear, consistent story, and cognitive tests, persuaded the prosecutor to charge the aide with a felony.

At the center here, public health and law enforcement officials are learning to speak the same language and using the same forensic techniques as those popularized on the three C.S.I. television series to diagnose elder abuse and neglect. For decades, the techniques have been the state-of-the-art approach for investigating child abuse and domestic violence. But elder abuse has lagged far behind, suffering from a lack of financing, research and data.

Now change is in the air, and forensic techniques are just one of many new initiatives nationwide to protect the elderly. Geriatricians at the Baylor College of Medicine in Houston, for example, review county autopsy reports looking for suspicious themes. Bank tellers at Wachovia branches nationwide are learning to detect irregular transactions in the accounts of elderly customers.

Congress is also expected to consider, before the October recess, the Elder Justice Act of 2006, which would create the first nationwide database on elder abuse, replacing inconsistent or unavailable data. The legislation, which has bipartisan support, also assigns a federal official to coordinate projects and technical assistance and helps replicate programs like Orange County's.

The legislation moved from committee to the full Senate on a unanimous vote within days of a celebrity scandal involving elder abuse accusations against the son of Brooke Astor, 104, the grand dame of New York society. The accusations against Mrs. Astor's son, Anthony D. Marshall, himself 82, include mismanagement of her fortune for his own enrichment and neglect as a result of cutting back on her care. Mr. Marshall has denied those accusations.

Mrs. Astor's situation is not exceptional. She is a member of the fastest-growing segment of the American population, those 85 and older. Half in that age group suffer from dementia and are often incapable of informed consent. The fact that the elderly control 70 percent of the nation's wealth makes them tempting targets for greedy relatives or swindlers.

Those are the circumstances that set the stage for most elder abuse, experts say. The most common form is physical neglect, like untended bedsores, dehydration or the reek of urine. A family member who is providing care, most often an adult child, is usually the guilty party. Greed is generally the motive, whether there is a multimillion-dollar inheritance or a monthly Social Security check at stake.

All this was well known to the assorted professionals in Orange County, but before the forensic center was established, each had to improvise without easy access to others' expertise. A social worker might need a public guardian to sort out conflicting claims from adult children over who had power of attorney. The social worker might also need advice from a detective about securing evidence, but calls to colleagues often went unreturned for weeks, and there was likely to be no doctor to consult because few were trained to detect elder abuse.

Now, in Orange County, such professionals meet face-to-face at least once a week, with a doctor at the helm, and often speak daily.

"It's a no-brainer," said Rebecca Guider, the director of adult services and assistance programs in Orange County. "Almost every case benefits from this approach."

Some 6,000 cases of elder abuse are reported annually in Orange County. In California, 100,000 reports were filed in 2003, accounting for 20 percent of the 500,000 reports nationwide. But there is widespread agreement among professionals that those numbers may be low. In a 1996 study, only one in 14 cases of physical abuse and neglect were reported and one in 100 of financial exploitation.

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In Orange County, Craig M. Cazares, a deputy district attorney, reviews about 120 cases a year that are considered potential crimes, twice the number before the creation of the forensic team. Half of the cases are prosecuted, Mr. Cazares said, with a 90 percent conviction rate including plea deals.

The team approach, he said, can lead to pitched battles because doctors and social workers "don't understand that not everything they want to be criminal is criminal."

Nevertheless, Mr. Cazares added, "we can make borderline cases better" because of shared information and, most important, the medical expertise to assess physical injury and mental capacity.

Confidentiality laws prohibit outsiders at team meetings at the Elder Abuse Forensic Center. But in interviews, members discussed three cases, one involving neglect, one abuse and one financial exploitation.

In the neglect case a 60-year-old woman had been providing substandard care to her 96-year-old husband, who has heart disease and dementia and uses a wheelchair. After home visits by a physician, a social worker, a detective, a public guardian, a mental health expert and an array of outside social service agencies, no criminal charges were filed.

When the team took the case, reported by a neighbor, the husband had an open wound on his thigh from a kitchen accident and showed signs of malnourishment. But Dr. Lisa Gibbs said the wife had not intended harm. "So we worked with her, educated her, sent in a lot of social services and she is trying to do a better job," Dr. Gibbs said.

In the abuse case, involving the elderly man in the emergency room, the home health aide first accepted a plea deal that would send him to jail for a year, but is now vacillating. If found guilty at trial, the aide could be sentenced to up to nine years in state prison.

The financial exploitation case, a classic sweetheart scam, ended when Jennifer Mitchell was sentenced to four years in a state prison and her husband, Anthony, an accessory, was given 12 months in the Orange County jail. Ms. Mitchell, described by investigators as "an attractive young woman," was convicted of defrauding three elderly men of a total of $300,000 by feigning romantic interest in them. Dr. Laura Mosqueda and Dr. Gibbs established that mental impairment, depression and isolation had made all three men vulnerable.

The couple was charged with multiple counts of financial abuse, which carry heavy prison sentences. But the judge offered a plea deal demanding full restitution.

"This case wasn't about the sentence," said Kenneth W. Johns, the deputy public guardian for Orange County. "These men needed their money back so they can be taken care of."

Some members of the team, including Kenneth Smith, a veteran investigator, say the typical abuser tends to be the "weak link" in a family, without a career or a home. The abuser often has mental health or substance abuse problems.

Mr. Smith said other family members were relieved to delegate the task of caring for an elderly person and turned a blind eye to incompetence and other factors that raised the risk of abuse, like the need for money.

Dr. Mosqueda fiercely objects to that stereotype, which ignores the stress on those taking care of the elderly. A police investigator may never encounter loving and attentive adult children driven to the brink, she said, because the police work at the margins of society, after other interventions have failed.

Dr. Mosqueda said she saw caretakers in her office every day and asked them, directly, if they had ever yelled at or struck the person in their care or even been afraid they might.

"If your mother has Alzheimer's," Dr. Mosqueda said, "and she's belittling you all the time, screaming, asking the same questions over and over, and you have a husband and kids and a job, at some point you're going to say, 'If she asks me that same damn question one more time, I'm going to hit her.' "

Dr. Mosqueda continued, " 'I'm doing the best I can' isn't an excuse, but sometimes it's really true, and it's our job to know the difference and help families solve it so it doesn't ever get to the team at the forensic center."

Old-fashioned Land Scams Go High-tech (USAT)

By Haya El Nasser

USA Today, September 27, 2006

DOJ_NMG_0069811

An elderly woman from the East Coast roams the Arizona desert in search of her land. She's looking for a tidy lot in a subdivision and instead finds an arid wasteland in the middle of nowhere. She gets lost, runs out of gas and water and has to be rescued by a rancher.

She had bought the land on the Internet, sight unseen, according to Mary Utley, spokeswoman with the Arizona Department of Real Estate.

The Internet is reviving a grand old American tradition: land scams. Thousands of lots in phantom subdivisions that were sold decades ago to people who hoped to build retirement homes in warm states are reappearing on online sites such as the Internet giant eBay.

The new wave of land scams has the potential to snooker millions more around the world because of the Internet's broad and instantaneous reach.

Many of the lots being sold have never been developed because they are on swampland in Florida or isolated desert ranchland in Texas and Arizona. There is no road access, water or power. The land might be developed someday, but county officials who are busy processing a surge in deed transfers are skeptical.

"If someone does buy one of these parcels thinking they're going to build their dream home on it now, that's really a problem," says Bart Medley, attorney for Texas' Jeff Davis County.

Land scams are surfacing in:

•Florida. The state has a long history of bogus land deals. In Flagler County, a scam that began in the 1970s was revived recently when the same lots in a subdivision that has yet to be built appeared on eBay. Some paid $5,000 for parcels worth $500, Daytona Beach land-use lawyer Glenn Storch says.

•West Texas. Land there is plentiful, but not always hospitable. Arid acreage in Jeff Davis, Hudspeth and Culberson counties has been auctioned online to some unsuspecting buyers.

"Much of the property was advertised with photos showing things like running water, green trees and green grass — things that simply don't exist in that particular location," Medley says.

•Arizona. "A huge problem," says Utley, whose agency monitors real estate agents and developers. "We actually don't even have enough staff to address it."

Most online land auctions are legitimate and much of the land sold can be developed. Interspersed among those listings, however, are offers for 2-acre and 5-acre lots tagged as "investment property."

Online sites say they just provide the vehicle to list properties. "The actual transaction happens directly between the buyer and seller," says Catherine England, spokeswoman for eBay, which lists and auctions properties in its real estate section.

In the 1960s, large land companies set up sales kiosks in cities around the world such as Hong Kong or Singapore, Storch says, "but you had to come to the kiosk to hear the sales pitch." Now, all of it can be done online from the comfort of home and at any hour in any time zone.

Medley has gotten calls from as far away as Belgium.

There is nothing illegal about selling worthless land to someone who's willing to pay. The key is to tell them what they're getting, Storch says.

West Texas is particularly attractive to land-scam artists. There is plenty of land, and county governments are small and ill-equipped to crack down.

The county clerk in Jeff Davis County is processing dozens of deed transfers on ranchland that can't be reached by car. The same lots were sold years ago to unsuspecting buyers who stopped paying property taxes when they realized they owned a worthless patch of dirt. The county took possession and sold the lots in one chunk. The new owner is selling the lots online.

"We're going to wind up taking some of these plots back," Medley says. "Eventually, we'll have to clean up the mess. … These scams are defrauding people out of their hard-earned money."

Kit Bramblett, county attorney in neighboring Hudspeth County, says cracking down on bad sales is tough.

"Even though I can't find your land out there, I can't find any laws that will allow me to jump on anybody," he says. "I can't make a criminal act out of that."

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Some of the Internet sales listings make it clear that the land can't be built on unless the owners find a way to supply water, sewer service and electricity. Others don't. Many tantalize with beautiful descriptions and pictures.

Medley cites the old adage that beauty is in the eye of the beholder, but "I want to meet the person who looks at this (land) and thinks it's beautiful."

Arizona state law requires anyone selling more than five lots in a subdivision to file an application and public report listing details such as road access and utilities.

"A lot of times, one lot will be sold three or four times over the Internet," Utley says. The agency is investigating numerous complaints filed in the past two years.

A Texas law prohibits subdividing land for residential use into small parcels without providing water, sewer, electricity and road access, Medley says.

"Many of these people are reselling these plots for the third or fourth time and they have absolutely no idea they're breaking the law," Medley says — especially someone in another country.

Until there's a complaint, he says, he can't get an injunction to stop the transactions.

The government scrutinizes companies that do large-scale developments more closely than individuals who sell single plots, says Tom Collier of the Better Business Bureau of Southern Arizona.

"That's when the buyer really, really needs to beware," Collier says. "People fancy themselves out on their porch watching the deer and antelope play."

'Girls Gone Wild' Filmmaker Fined $2.1 Million (WT)

By Jerry Seper

The Washington Times, September 27, 2006

The founder and owner of "Girls Gone Wild" has pleaded guilty to charges of failing to create and maintain age and identity documents for performers in his sexually explicit films.

Joseph Francis entered the guilty plea Monday before U.S. District Judge Margaret Morrow in Los Angeles. Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Francis pleaded guilty to two counts filed under a law passed by Congress to prevent sexual exploitation of children.

The law protects against the use of minors in the production of sexually explicit material by requiring producers to create and maintain age and identity records for every performer.

Under the agreements, she said, Francis agreed to pay the maximum fine of $500,000 and his two companies agreed to pay an additional $1.6 million in fines and restitution.

Santa Monica-based Mantra Films Inc., which is owned and operated by Francis, entered a plea agreement on Sept. 12 at U.S. District Court in Panama City, Fla. A related company, MRA Holdings Inc., also entered a deferred prosecution agreement the same day. Sentencing in the case is scheduled for Dec. 18.

Mrs. Fisher said Francis, Mantra and MRA Holdings will make a public acknowledgment of criminal wrongdoing and have agreed to fully comply with the record-keeping laws.

MRA Holdings also agreed that for three years it will employ an independent, outside monitor selected by the government who will have complete access to the books, records and production facilities to ensure the company's compliance with federal law.

In statements filed in court, Francis admitted that "Girls Gone Wild," acting under his direction, filmed performers engaging in sexually explicit conduct and produced and distributed sexually explicit video materials during all of 2002 and part of 2003 while violating the record-keeping and labeling laws.

In May, Attorney General Alberto R. Gonzales asked the FBI to begin conducting regular inspections of records kept by producers of sexually explicit material.

Producers are required to keep records on performers that include true name and date of birth and to produce these records on demand, in order to prevent the hiring of minors.

BWXT Worker Pleads Guilty (KNOXNS)

DOJ_NMG_0069813

By Jamie Satterfield, Satterfield@knews.com

Knoxville News Sentinel (TN), September 27, 2006

Man sentenced to 1-year probation for removing classified data from Y-12

Stupid? Probably.

Spy? Never.

Retired U.S. Navy man Everett Ashley Blauvelt Jr. had no intention of betraying his country when he played fast and loose with "secret restricted data" at the Y-12 National Security Complex in Oak Ridge, defense attorney Tom Dillard said Tuesday.

"It was just a bad mistake," Dillard said.

Blauvelt, 61, pleaded guilty before U.S. Magistrate Judge Bruce Guyton to a misdemeanor charge he removed classified information from Y-12, where components for the country's nuclear weapons arsenal are made, while working there as an employee of contractor BWXT in 2000.

Guyton sentenced Blauvelt to a one-year probationary term.

"He's relieved that his six-year ordeal is over," Dillard said after the hearing. "He's certainly sorry for what happened."

According to documents filed Tuesday in U.S. District Court by Assistant U.S. Attorney David Dake, Blauvelt worked for BWXT as a "shift technical adviser" and "held secret and Q-security clearances."

His job gave him access to classified information including documents labeled "secret restricted data" because of references to nuclear weapon making and the potential to cause "serious damage" to national security, Dake told Guyton.

The exact nature of the information at issue in Blauvelt's case was not disclosed in court records, although some of it apparently involved data on fellow employees.

"Mr. Blauvelt was familiar with the rules and regulations concerning access to and possession, use and storage of classified information," Dake wrote. "He served in the United States Navy for 27 years, held a security clearance and dealt with classified information."

At some point in late 2000, an allegation was made to Blauvelt's bosses that he had "compiled a database containing detailed personal and sensitive information about co-workers," Dake wrote.

A search of Blauvelt's office revealed "two diskettes containing personal and potentially compromising information," including "information classified at the secret restricted data level," according to court records.

The search also yielded "the presence of an unauthorized device on an unclassified and networked computer that would permit sending and receiving emails outside of the authorized and monitored system," Dake wrote. "Classified information was also found on this unclassified and networked computer, a strictly forbidden practice."

According to court records, Blauvelt was escorted off the Y-12 complex on Dec. 12, 2000. When agents with the FBI and the Department of Energy's Counterintelligence Unit showed up at his home armed with a search warrant, they found Blauvelt "attempting to erase data from his computer," Dake wrote.

It's not clear why Blauvelt broke the security rules, but Dillard insisted -- and the Justice Department agreed in allowing a misdemeanor plea -- that there is no proof that Blauvelt intended to market the classified information.

San Diego And The SEC (WSJ)

The Wall Street Journal, September 27, 2006

San Diego is approaching the bitter end-game on its pension-fund scandal, with the Securities and Exchange Commission expected to release its own report on the city council's decade-long bender of overpromising benefits and underfunding its pension fund. The SEC is likely to require the city's government to take steps to ensure that the fiasco isn't repeated, allowing it to re-enter the municipal-bond market.

But the nightmare won't end there for San Diego taxpayers, who are left holding the bag for the misfeasance of the city council. For them, two big issues remain: Will the extravagant promises to city employees be honored without regard to their cost or the improprieties involved in making those promises? Second, will the city council be held accountable for creating this mess?

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Michael Aguirre, the pugnacious city attorney, has brought suit in federal court to have some of the benefits granted since 1996 rolled back on grounds that they violated federal conflict-of-interest laws. A self-described liberal Democrat, Mr. Aguirre deserves kudos for risking the wrath of the public-sector unions, but his prospects for success are uncertain.

If he loses, reining in the liabilities will become a matter of negotiation with the unions. Good luck with that. A victory, on the other hand, would send a signal that unfunded promises for public-sector employees are not etched in stone, which would be a valuable signal for other state and local governments grappling with extravagant retirement packages for public employees. As Mr. Aguirre points out, current retirees "are drawing 100 cents on the dollar from a pension fund that is only 60% funded." If this were a private company, creditors would demand a haircut for those lucky few. But it's a municipal government, so they're getting away with it.

The city council is another matter. Four of its current members were identified by name as "negligent" in the report on San Diego finances issued by former SEC Chairman Arthur Levitt last month: Toni Atkins, James Madaffer, Brian Maienshein and Council President Scott Peters. Mr. Aguirre argues that Mr. Levitt didn't go far enough, and contends that the council members may be criminally culpable for ratcheting up pension benefits and intentionally withholding legally required contributions to the fund to pay for those benefits.

Both men would like to see those council members called to account, but the mechanism for doing so is less than clear. The SEC seems to be taking the position that it has little authority to discipline local politicians, and it may have a point. But San Diego needs access to the capital markets to issue bonds, and this gives the SEC a lever. At the moment, according to those who have reviewed the SEC's draft order, the pension underfunding is described as something that happened, not something that specific people caused to happen through deliberate acts. "They don't name names and that's wrong," Mr. Levitt told us. "These actions didn't occur by themselves."

Fingering the council members would at least offer a small measure of personal accountability. The SEC is justifiably wary of taking unprecedented steps against a local government, but the present system offers no enforcement mechanism at all against local politicians who have put their taxpayers on the hook for over $1 billion in unfunded liabilities. Identifying the culprits would at least signal that this sort of dereliction is as serious when it occurs at a public institution as it would be if it had happened at a private company.

San Diego's pension fund is now underfunded by some $1.5 billion, or about 30%. And its liabilities will grow by 8% a year for the foreseeable future, so it will take a great deal of money in addition to some stellar investment performance if San Diego is ever to climb out of the hole its city council has dug. Mr. Aguirre estimates that his lawsuit could reduce that liability by $500 million, but that still leaves a chasm in the budget. At the moment, 30% of San Diego's budget is going toward retirement benefits, a figure that could rise to 40% over time. Fingering the guilty is the first step back toward honest local government.

CIVIL LAW:

Justices To Decide On Use Of Union Fees For Politics (WP)

By Charles Lane

The Washington Post, September 27, 2006

The Supreme Court announced yesterday that it will decide whether states may require organized labor to ask some workers for permission to spend their union fees on political activity.

The case addresses the agency fees that some states require workers to pay to labor organizations for representation, even if they chose not to join the unions. The court said it would review a Washington state Supreme Court ruling that struck down a state law barring the use of those fees for political purposes without workers' consent.

The case pits the state of Washington and national right-to-work advocates, backed by campaign finance reformers, against organized labor. At stake, potentially, is much of the money that unions rely on to help fund their state-level political activities.

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The law had been adopted by Washington voters as part of a referendum on campaign finance reform. But the state's high court ruled 6 to 3 earlier this year that the law violated unions' First Amendment rights because it presumes workers would object to labor leaders' spending choices.

Washington's state government and a group of five teachers appealed to the U.S. Supreme Court. They argue the real free-speech violation lies in spending teachers' mandatory contributions to their union on candidates or causes they do not necessarily support -- and Washington's law is an appropriate means of preventing that.

The teachers in the case do not belong to the Washington Education Association, but they are represented by the union in collective bargaining and they receive the benefits and pay called for in the union's contract with the state's public schools. For that reason, Washington law requires them to pay the union an "agency fee" in lieu of union dues.

The specific question in the case is what the union must do before it spends those nonmember "agency fees" on politics.

The U.S. Supreme Court has upheld agency fee arrangements in general. But it ruled in 1986 that unions must tell those who pay an agency fee how much of it goes to non-collective-bargaining purposes and offer them a refund for that amount.

Washington's law, though, goes further, in that it places the burden on unions, not individual workers, to make sure that no agency fees are being used contrary to fee-payers' wishes.

That was the feature of the law that the Washington Supreme Court majority found unconstitutional.

The Washington Education Association, urging the court not to review that decision, said its impact would not extend beyond the state.

But a friend-of-the-court brief filed by the Campaign Legal Center, a D.C.-based nonprofit group that supports campaign-finance regulation, argued that the Washington decision, if left in place and followed by other state courts, could be used "as authority to strike down state law 'opt-in' restrictions on labor union political activity" in 14 other states.

The court will hear two consolidated cases, Washington v. Washington Education Association , No. 05-1657, and Davenport v. Washington Education Association , No. 05-1589. Oral argument is expected to take place in December, and a decision should come by July.

Top Court To Hear Union Fees Case (WT)

By Stephen Dinan

The Washington Times, September 27, 2006

The Supreme Court said yesterday that it will decide whether a teachers union can collect fees from nonunion members and spend their money on political activity without their prior permission.

The court also agreed to hear a case that could determine whether the government may deport up to 8,000 criminal aliens, and accepted an appeal from Arizona to reinstate the death penalty against a two-time killer who says his attorney was ineffective.

In the union case, the court will decide whether the Washington Education Association (WEA) can spend money, collected from 3,000 nonunion teachers, on political activity without their prior consent. The teachers are required to pay fees to the union even if they don't belong to it because they are deemed to benefit from collective bargaining.

Washington state's Supreme Court ruled that the requirement is unconstitutional because it puts too much burden on the union to check with every nonmember.

The dispute actually involves two cases. One is an appeal by the state's attorney general defending the law, and the other is an appeal on behalf of teachers.

Stefan Gleason, vice president of the Fairfax-based National Right to Work Foundation, which is working on behalf of the teachers, said the case has big stakes because the state court's ruling could be seen to create a right to collect money even from nonunion teachers.

"We're trying to get the state Supreme Court overturned not necessarily because the underlying law is all that helpful, but particularly because of the bad precedent that was created," he said.

Charles Hasse, president of WEA, said that opponents are trying to turn the case "into a cause celebre" but that the union has taken steps to segregate nonmembers' fees so they don't pay for political activity. He said that means even if the high court overturns the state court ruling, the outcome will not penalize the union.

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"We feel confident the courts will find we complied with the law as best anyone can with such a poorly worded initiative," he said.

The Supreme Court also agreed to hear a challenge to an appeals court ruling that the government says could prevent deportation of up to 8,000 criminal aliens. The case involves a Peruvian citizen who holds a green card, signifying legal permanent residence in the United States, and turns on whether aiding in a theft is a serious enough crime to warrant deportation.

In the death penalty appeal, the court said it would hear the case of a man who was serving time for murder in Oklahoma, escaped prison and a month later killed a man in Phoenix.

His death sentence was overturned on appeal when a court ruled his attorney should have made a better effort to submit evidence that he was predisposed to violence and suffered brain damage that made him unable to understand the criminal nature of his acts. But Arizona argued that the man, Jeffrey Landrigan, told the trial court that he didn't want to introduce evidence that would have argued against a death sentence.

Both the criminal alien and death penalty disputes are appeals of cases decided in the 9th U.S. Circuit Court of Appeals, as is another set of cases the court agreed to hear -- on whether companies are doing enough to notify customers about penalties or rate increases they assess because of adverse information in credit reports.

Justices To Hear Case On Use Of Union Fees (NYT)

By Linda Greenhouse

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — The Supreme Court on Tuesday began the months-long process of filling in its calendar for the new term that begins next week, selecting nine cases from among the nearly 2,000 that accumulated over the summer recess.

The most prominent among the nine cases, which will be argued in December and January, is a constitutional dispute over anti-union measures known as “paycheck protection” laws, which restrict how labor unions can use the fees that nonmembers are often required to pay.

The court’s precedents make clear that nonmembers who object to their fees being used for politics may request a rebate of the amount spent on those activities. The question in the new case, from Washington State, is whether a state may go further and require affirmative consent from nonmembers before the union can spend any part of their fees on political activity.

From the labor unions’ point of view, the difference between permitting nonmembers to “opt out” and requiring them to “opt in” is substantial. They argue that it is burdensome to have to seek permission from nonmembers, and that nonmembers who do not exercise their opt-out rights should be seen as acquiescing in the expenditures.

Washington adopted the consent requirement in a voter initiative in 1992, the first such measure to be adopted in the country. Last year, after a heated campaign, California voters narrowly defeated a similar provision that would have applied only to public employee unions.

The Washington Supreme Court, finding that the affirmative consent requirement imposed an “extremely costly” and “significant” burden on a labor union’s political activities, declared it unconstitutional in March. By establishing a “presumption of dissent,” the court ruled, the measure violated the First Amendment rights of free speech and association.

The justices agreed on Tuesday to hear two appeals from that ruling, consolidated for a single argument. One, Washington v. Washington Education Association, No. 05-1657, was filed by the state, which had brought an enforcement action against the union that is the exclusive bargaining agent for 70,000 teachers.

Of those teachers, some 3,500 have chosen not to join the union, and therefore pay “agency fees” rather than union dues. The state sued the Washington Education Association in response to a complaint that the union was violating the 1992 law by failing to get authorization from the nonmembers before using part of their fees for political activities.

The second appeal, Davenport v. Washington Education Association, No. 05-1589, was filed by the National Right to Work Legal Defense Foundation on behalf of five teachers who had brought a class-action lawsuit to recover fees they alleged the union had spent improperly.

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The foundation, which describes itself as dedicated to fighting “the abuses of compulsory unionism,” told the justices in its appeal that “while the power to persuade is protected by the First Amendment, the power to compel conformity (and financial support) is not.”

The union told the justices that the rights of objecting nonmembers were “fully protected” by advising them of their right to opt out.

The initiative added the labor union provision to Washington’s campaign finance law. Washington permits unions to use their general treasuries for political activities. Federal law, by contrast, requires labor unions to set up special segregated funds for political activity, to which members may make voluntary contributions.

The Supreme Court’s decision, consequently, will have no impact on the federal campaign law. According to one of the briefs in the case, five other states — Idaho, Michigan, Ohio, Utah and Wyoming — have laws prohibiting the use of union members’ dues for political purposes without their affirmative consent.

Another of the new cases the justices accepted on Tuesday was an appeal filed by the State of Arizona of a federal appeals court’s decision to permit a death row inmate to challenge his sentence on the ground that he had not received the effective assistance of counsel.

The state argues that the decision by the United States Court of Appeals for the Ninth Circuit to permit the defendant, Jeffrey Landrigan, to proceed with his habeas corpus petition failed to give proper deference to the Arizona courts’ finding that it was Mr. Landrigan himself who had obstructed his lawyer’s effort to present mitigating evidence that might have spared his life.

Mr. Landrigan was convicted of killing a man in Phoenix in 1989, after escaping from an Oklahoma prison where he was serving a term for murder. His lawyer had called Mr. Landrigan’s mother and his former wife to testify on his behalf during the sentencing phase. But Mr. Landrigan instructed them not to testify, telling the judge: “I think if you want to give me the death penalty, just bring it right on. I’m ready for it.”

When the judge tried to clarify his position, Mr. Landrigan asserted that he did not want to present any mitigating evidence.

The question in the appeal, Schriro v. Landrigan, No. 05-1575, is whether the Ninth Circuit exceeded its authority under a 1996 federal law, the Antiterrorism and Effective Death Penalty Act, in reopening the case rather than deferring to the Arizona courts’ conclusion that Mr. Landrigan’s complaint about his lawyer’s performance was “frivolous.”

Wacky Tobacco Lawsuit (LAT)

The Los Angeles Times, September 27, 2006

AN APPEALS COURT MUST DECIDE whether, as a matter of law, a federal judge in Brooklyn erred in refusing to block a class-action racketeering lawsuit against tobacco companies on behalf of millions of smokers of "light" cigarettes. But lay people are likely to scratch their heads over District Judge Jack B. Weinstein's decision to let this lawsuit proceed — especially when they learn that the damage supposedly caused by the tobacco industry was to smokers' wallets, not their lungs.

That's right, the lawsuit certified by Weinstein alleges not that smokers of "light" cigarettes were made sick by the cigarettes they purchased but that they were misled into thinking that "light" and "low tar" cigarette designations meant they were safer. It's much easier to allege that people were duped by marketing than to show that they got sick from smoking. The lawyers bringing the suit seek to force tobacco companies to disgorge their "ill-gotten gains."

In allowing the suit to proceed, Weinstein referred to the plaintiffs' legal theory as "elegant." That's an understatement. How do you prove that millions of people bought a specific kind of cigarette because of a specific claim made on its behalf? And how do you hold tobacco companies liable for marketing campaigns that were regulated by the government? Such questions led the Illinois Supreme Court to throw out a $10-billion verdict against Philip Morris USA Inc. in a similar case last December.

Because this is a class-action suit, most "victims" will not have to come forward to explain how they specifically were snookered into paying for cigarettes that were more harmful than advertised.

If Weinstein isn't overruled, his decision will be a windfall for lawyers, a disaster for tobacco companies — which already have agreed to pay out billions of dollars as part of a settlement with state attorneys general — and a travesty for the cause of due process.

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This case has little to do with ameliorating the health effects of smoking. In a refreshingly candid section of his opinion, Weinstein noted that "this, and other suits like it, probably have had only a minimal value in reducing what even defendants now concede are the enormous costs to public health of widespread cigarette smoking. More effective in alleviating smoking dangers are probably such legislative and administrative efforts as prohibiting smoking in public and commercial areas and raising prices, primarily through taxes."

Private litigation is a poor excuse for enlightened legislation. If elected representatives are unwilling to do more than they have done already to discourage smoking, federal courts shouldn't be expected to pick up the slack — especially on the basis of "elegant" theories like this one.

CIVIL RIGHTS:

Gonzales Asked To Probe Prosecution Of Agents (WT)

By Jerry Seper

The Washington Times, September 27, 2006

Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called "the exceedingly harsh prosecution" of two U.S. Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks.

"This proceeding has garnered national attention calling into question the administration's commitment to secure our borders," said Mr. Rohrabacher, adding that the two agents -- Ignacio Ramos and Jose Alonso Compean -- "were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler."

The California Republican's letter also called for the agents' sentencing next month to be postponed "due to significant concerns over the circumstances surrounding" their prosecution.

Mr. Rohrabacher joins a growing list of Democrats and Republicans on Capitol Hill who have asked for congressional hearings and reviews by the White House and Justice Department into the prosecution.

"It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts," Sen. Dianne Feinstein, California Democrat, said in a letter last month to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter.

"Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties," she said.

In March, a federal jury convicted Ramos, 37, and Compean, 28, of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence, and a civil rights violation. The shooting occurred Feb. 17, 2005, near Fabens, Texas, about 30 miles southeast of El Paso.

Osbaldo Aldrete-Davila, a Mexican national, was wounded as he ran from the agents along the Rio Grande. The agents said Mr. Aldrete-Davila had pointed at them what appeared to be a gun. Nearly 800 pounds of marijuana, worth $1 million, was found in the van Mr. Aldrete-Davila abandoned at the river's edge, the Border Patrol said.

Mr. Aldrete-Davila, who was given immunity by prosecutors to testify in the case, received care at William Beaumont Army Medical Center in El Paso. He is suing the government for $5 million for violating his civil rights.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, has called for a congressional investigation and open hearings on the case. The investigation is expected to begin before the end of the year.

Rep. John Hostettler, Indiana Republican and chairman of the House Judiciary subcommittee on immigration, border security and claims, has said that if the arrest, trial and conviction of the agents resulted in a chilling effect on others, "then it's definitely something we should know about."

Records show that after Mr. Aldrete-Davila was spotted in his van near the Rio Grande, Ramos gave chase while Compean circled around to head off the suspect. When Mr. Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said that when he arrived, he saw Compean on the ground and chased Mr. Aldrete-Davila to the river, where the suspect suddenly turned toward him and pointed what looked like a gun.

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Ramos said he did not think the suspect was hit. He said Mr. Aldrete-Davila ran through the bush, jumped into an awaiting van in Mexico and sped off.

An investigator from the Department of Homeland Security's Office of Inspector General found Mr. Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony.

"This case represents the worst kind of distorted and upside-down values," Mr. Rohrabacher said. "The drug smugglers are treated like innocent victims and the good guys protecting our borders are given the harshest possible punishment."

She Took Badge To Nab Hub Officer (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 27, 2006

Woman says she was forced to have sex

A 19-year-old prostitute feared that no one would believe her if she said an off-duty Boston police officer kept forcing her to perform sex in his car. So one night, she fled his car with a key piece of evidence: his badge.

It was a bold move, the woman's lawyer said yesterday. And later, the lawyer said, when Officer Michael LoPriore called the woman to get his badge back, the FBI was listening, too.

LoPriore, 37, of Everett, was charged in federal court yesterday with depriving the woman of her rights by using his position as a police officer to coerce her to perform sex in September 2004.

According to a plea agreement filed with the court by the US attorney's public corruption unit, LoPriore, a 12-year Boston police veteran, will plead guilty, resign from the department, and never seek another job as a police officer in Massachusetts.

Prosecutors will recommend that he serve a year in prison, but LoPriore's lawyer may seek probation. A plea date has not yet been set.

His lawyer, Thomas Drechsler, declined to comment on the case yesterday, saying only, ``I hope the matter will be resolved shortly."

Boston lawyer John Swomley, who represents the woman, said she came to his office in the fall of 2004. She is not identified in court documents.

``She plopped down a badge in a black leather case and said, ``Oh, my God, what do I do?" Swomley said.

He said she told him that ``this guy has been making me give him [oral sex] whenever he sees me, and I just got sick of it. . . . When his pants were down around his ankles, I just took his badge."

The woman said LoPriore, who was assigned to East Boston, stopped her in Boston's Combat Zone while he was off duty. He was driving in his personal car with a child's car seat strapped in the back.

He flashed his badge, ordered her into the car, and drove her to various locations, where he forced her to perform oral sex, Swomley said.

His client was very troubled, too, that the officer refused to wear a condom, the lawyer said.

Swomley said he gave the black leather case containing LoPriore's badge, police identification photo, license to carry a firearm, and Social Security card to the FBI. Later, he said, agents secretly recorded the telephone call between his client and LoPriore.

Albert Goslin, the Police Department's acting commissioner, said that the FBI notified the department about the allegations in October 2004 and that LoPriore was placed on restricted duty, performing clerical work inside a station without a firearm.

While the FBI investigation was underway, LoPriore was charged with felony larceny in state court for allegedly forging signatures on timecards and collecting $1,102 pay for detail shifts he never worked at an East Boston construction site in 2004. That case, brought by Suffolk District Attorney Daniel F. Conley, is pending.

``Obviously it is important to us that I get someone of this ilk removed from the Police Department," said Goslin, adding that Boston police worked with federal authorities to craft language in the plea agreement that says LoPriore will waive all rights to reinstatement, appeal, or lost pay associated with his resignation.

He said the department, which worked with the FBI during the probe, was restricted by law from suspending LoPriore while the investigation into the sexual allegations was ongoing.

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LoPriore, whose resignation becomes effective today, has had a history of complaints involving women.

While on duty in March 2002 , LoPriore transported an intoxicated woman in his cruiser without notifying operations or a supervisor, according to Boston Police Department records.

And in August 2002, LoPriore and another officer were outside their assigned patrol area when they saw a disturbance involving an intoxicated woman outside a club. The officers took the woman into their cruiser, drove her to Charlestown, and left her there, according to police records.

Under an agreement that settled both complaints, LoPriore served 20 days of a 60-day suspension.

In a statement announcing yesterday's charges against LoPriore, US Attorney Michael J. Sullivan called the officer's conduct ``reprehensible."

``While only a minuscule percentage of law enforcement officers abuse their power," Sullivan said, ``such incidents unfairly taint the reputation of law enforcement professionals everywhere."

Disgraced Cop Quits Force (BOSH)

By Laurel J. Sweet And Michele McPhee

Boston Herald, September 27, 2006

A Boston cop awaiting trial on charges of cashing in on details he reportedly never worked resigned yesterday after pleading guilty to using his badge to bargain for sex.

Sources said the alleged trysts between Michael Lopriore, 37, and a woman identified only as "JT" are believed to have occurred in September 2004 while he was both on duty and off.

"Getting rid of characters of his ilk can't be done quick enough," acting Boston police Commissioner Albert Goslin said. "We don't make excuses for anybody."

In exchange for no more than one year in prison, Lopriore, a 12-year veteran of the force who was assigned to East Boston, admitted to a federal charge of violating JT's civil rights. He will be formally sentenced at a later date.

The disgraced cop was not charged with rape.

"It is a misdemeanor," said Lopriore's attorney, Thomas Drechsler. "I'm hoping the matter will be resolved quickly."

U.S. Attorney Michael Sullivan released few details except to say Lopriore unlawfully detained JT and used "his official authority to coerce her into performing a sex act."

He called Lopriore's behavior "reprehensible."

Meanwhile, Lopriore still faces a 2005 state charge of larceny for allegedly pocketing $1,102 for detail jobs he never showed up for.

Because Lopriore was never indicted, Goslin said he was placed on desk duty at District A-7, where a supervisor could keep an eye on him.

Lopriore has been a habitual thorn in the department's side, personnel records indicate.

In 2003, he was suspended for 20 days after it was found he had picked up a drunk clubgoer in his cruiser and gave her a lift to Charlestown without notifying the department.

In 1995, while still a rookie, he was suspended for three days for violating multiple department rules and procedures.

Boston Police Officer Facing Civil Rights Charges (AP)

AP, September 27, 2006

BOSTON— A 12-year veteran of the Boston Police Department was charged in federal court Tuesday with violating the civil rights of a woman he allegedly coerced to perform a sex act.

Michael Lopriore, 37, of Everett allegedly misused his official authority as an officer, prosecutors said.

He has agreed to plead guilty, resign, and never seek another job as a police officer in Massachusetts, according to a plea agreement filed with U.S. attorney's office, The Boston Globe reported on its Web site.

An attorney for Lopriore did not immediately return telephone messages Monday night. A telephone listing for Lopriore could not immediately be found.

Lopriore had been placed on administrative leave, acting Boston Police Commissioner Albert Goslin said in a statement.

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Lopriore faces a maximum of one year in prison.

Forced Labor Case Expanded (KCS)

By Tony Rizzo

The Kansas City Star, September 27, 2006

Two managers of a Kansas City ice cream company were indicted Wednesday on new charges related to the alleged forced labor of Russian students who drove ice cream trucks.

David L. Carslake, 55, and David H. Mackintosh, 45, were among five men charged Monday in U.S. District Court in Kansas City with violating federal human trafficking laws.

On Wednesday, a grand jury in Springfield indicted Carslake and Mackintosh on a charge of document servitude for allegedly confiscating the passports and other identification documents of the eight young Russian men identified as victims in the human trafficking case.

Carslake was also indicted on a charge of visa fraud for allegedly making false statements in federal immigration documents concerning the status of the Russian students.

Federal prosecutors allege that the college-age students were forced to work long hours for little pay driving ice cream trucks for Kansas City-based Frosty Treats. The men were led to believe that they would suffer "serious harm" if they did not do as they were told, according to the indictment and supporting documents.

Carl Long, CEO of Frosty Treats, which operates ice cream trucks in cities throughout the country, said Wednesday that he was confident the company will be cleared of wrongdoing.

"We have a dispute over the factual pleadings brought forward by the government," Long said.

The company has provided jobs to foreign students for many years, he said, and has never had problems before.

The other defendants named in the indictment are Jeffrey S. Guinn, 45, of Kansas City, and Evgeny Filimonov, 20, and Vadim Aleksandvovich-Tokarev, 21, both citizens of Russia.

Men Charged With Forced Labor Of Russian Students (BVND)

The Belleville News Democrat, September 27, 2006

KANSAS CITY, Mo. - Three Kansas City men and two Russian nationals were charged in federal court with forcing eight Russian students to deliver ice cream for a local truck company, U.S. Attorney Bradley J. Schlozman said Tuesday.

David L. Carslake, 55, David H. Mackintosh, 45, and Jeffrey S. Guinn, 45, all of Kansas City, and Evgeny Sergeyevich Filimonov, 20, and Vadim Aleksandvovich-Tokarev, 21, both Russian citizens, were charged in a criminal complaint unsealed Tuesday after their arrest, Schlozman said in a news release.

Authorities said the men collaborated to force the students to work for Frosty Treats ice cream truck company of Kansas City by telling them they would be seriously harmed if they refused.

All five are charged with aiding and abetting each other from Jan. 1 to Sept. 17 to obtain forced labor. Schlozman said the case would go before a federal jury.

The eight students from Voronozh, Russia, were recruited under a summer work program run by the Russian company InterAir, according to an affidavit filed in support of the case. Frosty Treats employee Filimonov allegedly worked in Russia with Aleksandvovich-Tokarev to recruit the students, none of whom had traveled to the U.S. before and some of whom spoke no English, Schlozman said.

The students signed employment contracts to get work visas and each borrowed $2,500 to pay for their trips, Schlozman said.

Carslake and Mackintosh, the managers of Frosty Treats, are accused of threatening the students both psychologically and financially once they came to Missouri, forcing them to deliver ice cream. Guinn, the maintenance worker at the complex where the students lived, allegedly monitored their activities in the apartments.

The students were promised a "financially rewarding summer," but were forced to work 13 hours a day, seven days a week, sometimes for just 87 cents per hour, the affidavit said. The defendants forced six of them to live in a one-bedroom apartment, where they weren't allowed to use the telephone, Schlozman said.

DOJ_NMG_0069822

Cambodia Gets Tough On Child Sex Trade (CSM)

By Adam Piore

The Christian Science Monitor, September 27, 2006

PHNOM PENH, CAMBODIA

Cambodian police this year have arrested at least 12 foreigners on charges of sexually abusing children - more than twice the amount snagged all of last year.

In addition to three Americans, they've caught four Germans, an elderly Swiss man, a Belgium national, and at least three Vietnamese nationals who helped the foreigners procure children.

For those who have long fought pedophilia here, the spike is actually cause for celebration. Most agree the increase from just five arrests last year probably has little to do with the prevalence of the crimes. Rather it's a function of increased political will, effort, and skill - encouraged by foreign governments like the US - on the part of Cambodia's police, who have for years been accused of allowing foreign pedophiles to operate with impunity.

"They are more reactive, more willing to work on this," says Beatrice Magnier, director of Action Pour Les Enfants, (APLE), a French nongovernmental organization that works to combat the child sex trade.

Khieu Sopheak, spokesman for the Ministry of Interior, says, "The authorities have increased their knowledge and skills after cooperation with NGOs. The implementation of the law gets better from one day to the next."

It's a trend that's been in the offing since at least 2000, when Cambodia first launched a major initiative funded by foreign donors aimed at targeting the exploitation of women and children and set up a hotline to receive tips. In 2002, Cambodia established a department in the Ministry of Interior specifically devoted to combating human trafficking and protecting at-risk juveniles.

But obstacles of apathy, corruption, and poverty prove to be constant challenges, NGO workers say. After all, many of the former leaders of the genocidal Khmer Rouge regime continue to live freely in Cambodia's northwestern provinces, unrepentant for crimes that killed 2 million Cambodians between the years 1975-1979. In Phnom Penh, angry mobs routinely beat thieves to death on the streets, because few trust the police to prosecute them. And corruption can often buy freedom for even the most heinous crimes.

But in recent years, foreign governments have gotten more serious about cracking down on the problem, and made it more difficult for Cambodian authorities to ignore.

In 2003, the US Congress passed the Child Protect Act, which allows the US to prosecute American citizens in the US for crimes against children committed overseas. Penalties can reach 30 years in prison. Canada, among others, recently enacted a similar law.

Since 2003, Cambodia has arrested and deported at least six Americans to face charges there, under the new law. One was Michael John Koklich, a California native who fled Cambodian police on his motorbike in February, before crashing into a barricade, and taking down Phnom Penh's deputy municipal antitrafficking police chief in the process.

"Cambodia has become a valuable ally in arresting the worst of all sexual predators, pedophiles," US Ambassador Joseph Mussomeli says. "We are very pleased with the excellent cooperation we have received."

And there are other encouraging signs. For years, pedophiles flocked to Svay Pak, the brothel village on the outskirts of Phnom Penh, bragging about exploits at coffeehouses and bars. NGOs and foreign governments tried in vain to convince Cambodia to do something about the child prostitution, which operated with impunity there. The government shut it down in 2004.

Nowadays in the countryside, even in remote areas, signs abound bearing the hotline number and the slogan: "Turn a sex tourist into an ex-tourist." The signs show a white hand holding the hand of a child in one picture, and the white hand in hand cuffs next.

Still, most agree there is a lot of work to be done. Even as Cambodia has taken steps forward, some point to recent missteps. Police arrested Terry Darrell Smith on July 31 and, according to the International Justice Mission (IJM), found evidence he was involved with two Vietnamese girls in their early teens.

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But earlier this month, a Cambodian court released him and, says IJM, a US group working to end the underage sex trade, he disappeared for weeks. Police rearrested him last Wednesday following public outcry and diplomatic pressure, according to local newspaper reports. Authorities now plan to deport him to his home state of Oregon where he will face criminal charges. "The policies are improving, but the court is still very weak," says APLE's Mr. Magnier.

Recently, Cambodia apparently granted citizenship to Thomas Frank White, a millionaire from San Francisco currently in a Mexican jail on child sex charges. He's also wanted in the US for violating the Protect Act and has been accused by Thai officials of abusing children there.

Suspected pedophiles often come to Cambodia hoping to find anonymity. Fifteen years ago in Oregon, Mr. Smith had been "convicted of multiple charges that he used children in displays of sexual acts," The Oregonian reported last week. Belgian national Bessape Philippe, also arrested recently, had spent three years in a Belgian prison for abusing three Belgian boys aged 14 to 16.

APLE's Magnier says it's difficult to stop pedophiles operating in remote provinces. Perpetrators are often residents or long-term tourists who insinuate themselves into the lives of families, and develop the role of financial benefactors. They will prey on the child and use their financial leverage to prevent the family from taking action, he says.

Many of the recent cases came to light only because the perpetrators were careless and reported by groups like APLE, or cruel enough to make a scene. In the others, NGO workers used detective work: following tips, tracking suspects, interviewing victims, and turning cases over to the police.

Hate Crimes Wake Charles's Sleeping Giant (WP)

By Philip Rucker And William Wan, Washington Post Staff Writers

The Washington Post, September 27, 2006

Rash of Race-Based Incidents Stems From Anger Over Shift in Demographics, Some Residents Say

A wave of offensive graffiti and vandalism in the past seven weeks has opened a public dialogue about the impact of a dramatic demographic shift in Charles County and has led officials to begin combating what some residents say has existed for years: a race relations problem.

As Charles transforms from a land of sprawling tobacco farms to a far-flung exurb of Washington, few have spoken openly about what one black resident calls "the browning of Charles County" -- the movement of large numbers of middle-class black families to an area that not long ago was predominantly white.

"There have been underlying feelings about racism in this county for many years," said Sandra Washington, a black woman who has lived in the Southern Maryland county for 25 years and helps run an alliance of African American ministers.

"So much of that has been bottled up in people," Washington said. "These are things that are exploding now."

At least 10 incidences of racist graffiti or vandalism, all classified as hate crimes, have occurred in Charles since mid-August. This month, police found "KKK" and disturbing symbols spray-painted on the doors and sign of a predominantly black Baptist church.

"When they're spraying 'white pride' and 'KKK,' that's not a perception problem. That's a real problem, and it's something that needs to be stopped," said Sheriff Frederick E. Davis, a Republican who is running for reelection.

FBI agents are planning to join authorities in their search for the vandals at the request of Rep. Steny H. Hoyer, the House Democratic whip, whose district includes Southern Maryland.

Wayne Cooper (D), president of the county Board of Commissioners, asked Hoyer last week to help get the federal government involved. "This is too much, and it's happening too fast," Cooper said.

State legislators representing Charles have pledged to review Maryland's hate crime laws, and county leaders plan town hall forums to promote racial tolerance and encourage discussion.

Charles is the fastest-growing Maryland county in the Washington region, and its growth has been fueled almost exclusively by blacks and other minorities.

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Although the white population remained relatively stagnant between 2000 and 2005 -- decreasing by about 1,300 people -- the black population increased by more than 50 percent, jumping from about 31,000 to 47,500, according to census estimates. African Americans make up about 34 percent of Charles's approximately 139,000 residents.

Many of the new black residents are prosperous professionals who have left Prince George's County, Charles's neighbor to the north. Drawn by the county's relatively affordable homes, schools and rural character, many of these new residents have bought half-million-dollar homes in subdivisions that have sprouted on land where tobacco used to grow and slavery once thrived.

"There's the browning of Charles County. It's happening, and everybody's not on board with it happening," said Washington, executive director of Lifestyles Inc., a nonprofit community services organization based in La Plata.

Some leaders think the recent vandalism -- coupled with memories of the 2004 arson that destroyed or damaged 27 new houses in the Hunters Brooke subdivision, many of them bought by black families -- threatens to thwart the county's aggressive efforts to woo businesses and higher-paying jobs.

"It's a very urgent problem," Commissioner Candice Quinn Kelly (R-La Plata) said of the lingering notion of Charles as racist. "We're working hard to shed that image."

"Who would want to bring their company or business to a place where their employees may feel unrest?" Commissioner Edith J. Patterson (D-Pomfret) asked. "Who would want to move here if they're afraid they'll open their doors at night and be attacked either by graffiti or other means? . . .

"We need to send a resounding message that this is not Charles County, this is not who we are and this is not what we want to represent."

The recent crimes have frustrated law enforcement officials. It takes only seconds to spray-paint the letters "KKK" on a building, authorities say, and, in a county where homes and churches are sometimes separated by miles, officers can cover only so much territory.

The county commissioners are offering $5,000 to find the vandals, and the sheriff's office is offering $1,000, but police have named suspects in only one incident.

The county sheriff's department announced yesterday the arrests of two 15-year-old Waldorf boys in a Sept. 9 incident. Authorities charged the juveniles, both of whom are white, with multiple counts of hate crime and malicious destruction of property in the spray-painting of two residences and a vehicle with racist graffiti in Waldorf.

Authorities said they do not believe that incident is related to the others.

When Zion Baptist Church was vandalized in rural Welcome on Sept. 10, officers said, they responded within 12 minutes of a triggered burglar alarm. They canvassed the neighborhood but found no suspects or significant clues.

"It's a frustrating kind of investigation," Davis said. "In some cases where they're spray-painting 'white pride' on the road, these people could just pull over . . . jump back in and get going in less than a minute."

Motives for the crimes are just as elusive. No known members of the Ku Klux Klan are in the county, said Capt. Joseph C. Montminy of the sheriff's office. The vandals could be members of radical organizations, he said, or they could be neighborhood teenagers.

"Some may be copycats, seeing someone who did this a few weeks ago and deciding to do it, too," Montminy said. "But until we're able to make any arrests, we just don't know."

The crimes have alarmed many residents. Patterson, who became the county's first black commissioner last year and is one of two African American candidates for the five-member board this fall, said unrest over hate crimes "is in its own way a form of terrorism."

William Braxton, the local NAACP president, moved to Charles from Prince George's in 1973. When he arrived, he said, "the 'N-word' was common to use."

White residents didn't know how to react to their new black neighbors and hoped that any awkwardness would go away if they stayed quiet, he said.

He said racial tensions have remained in the county and likened them to a "sleeping giant."

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For white residents, some say, it took awhile for the migration of black families to the county in the late 1990s and early 2000s to sink in -- and even longer before people discussed it.

"They started looking around the restaurants, and a majority of the people eating there were black," Braxton said. "When they went to the mall and looked around and there were African Americans everywhere. It's like one day they just woke up, and there it was."

Change in a community is always difficult to handle, Kelly said.

"You have the newcomer thing going on, plus the fact that the newcomers are of a different race," Kelly said. "I'm sure there is a certain interpersonal struggle that takes place when you see the place you were born and raised changing. That's just the reality."

Staff researcher Meg Smith contributed to this report.

Judge Says St. Landry School Case On Target (BRADV)

By Richard Burgess, Acadiana Bureau

Baton Rouge Advocate, September 27, 2006

LAFAYETTE — The St. Landry Parish school system is on track to be released from federal oversight by the end of next year, the federal judge handling the parish's desegregation case said Tuesday.

U.S. District Judge Tucker Melancon made the comments during a quarterly meeting in Lafayette with St. Landry Parish school system officials and School Board members.

"My intention in this case is to get it over as soon as possible," Melancon said. "… Barring some unforeseen circumstance, it's going to happen next December (2007)."

Melancon said he hopes to convene court in Opelousas — the St. Landry Parish seat — for the formal hearing to declare the school system "unitary," or free from discrimination.

Several legal hurdles remain.

To be freed from federal oversight, school officials must show discrimination has been eliminated in six areas.

Melancon ruled last year that three areas were unitary: transportation, faculty assignment and extracurricular activities.

The school system still must show discrimination does not affect decisions on the quality of education offered to students, the quality of facilities and student assignment.

A hearing was set for Tuesday on a motion by the School Board for unitary status in the area of quality of education.

That hearing was delayed to allow Justice Department attorneys time to review a forthcoming report from the state with information about racial balance in special-education programs, an issue raised in St. Landry Parish.

The hearing is expected to be taken up later this year.

In other business, school system officials reported $8 million has been spent on new construction and renovation to meet goals in a school facilities plan outlined in the desegregation case.

House Passes Abortion Bill On Minors (NYT/AP)

By The Associated Press

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 (AP) — Accompanying a minor across a state line to obtain an abortion and avoid parental notification in the girl's home state would become a federal crime under a bill the House passed Tuesday on a vote of 264 to 153.

Supporters of the legislation argued that it made no sense that minors who need parental permission to get an aspirin at school or to go on field trips can get an abortion without telling their parents.

The bill's sponsor, Representative Ileana Ros-Lehtinen, Republican of Florida, said, "It protects minors from exploitation from the abortion industry, it promotes strong family ties and it helps foster respect for state laws."

Opponents argued that it would result in the arrests of grandparents and others who were trying to shield girls from abusive parents.

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Chances are slim that the House and the Senate, which approved a more limited version of the bill in July, will devise a compromise they can send to the president before the end of this session of Congress. But the House vote gives conservatives something to showcase when they return home next week to campaign for the midterm elections.

The interstate abortion bill, long a priority of anti-abortion groups, was one of the top items on conservative agendas this year, along with stem cell research.

The House on Tuesday passed another bill on that agenda, a measure that would cut off financial awards to plaintiffs who bring successful lawsuits against expressions of religion like Christmas displays on government grounds. The aim of the measure, approved 244 to 173, is to discourage lawsuits against local, state and federal governments over issues of separation of church and state.

There is no companion Senate bill and little chance the Senate will consider the House bill this session. The House vote was a reminder to the Republican Party's conservative base, however, that their issues were not being ignored.

Despite intense partisan divisions over the course of the Iraq war, the House on Tuesday easily approved $70 billion more for military operations there and in Afghanistan. Lawmakers also adopted a record $448 billion budget for the Pentagon.

With Iraq alone costing about $8 billion a month, another infusion of money will be needed next spring.

The House passed the Pentagon appropriations bill by a 394-to-22 vote Tuesday night, and the Senate is expected to act before adjourning this weekend.

Abortion Vote In House May Be Too Late To Boost GOP (LAT)

By Noam N. Levey

The Los Angeles Times, September 27, 2006

WASHINGTON — Scrambling to pass anti-abortion legislation before they recess for fall congressional elections, House Republicans on Tuesday won passage of a bill that would make it a federal crime to evade one state's parental consent laws by taking a minor to another state for an abortion.

But in a mark of the majority party's struggles with its "values" agenda, Senate Republicans may run out of time to vote on the measure before lawmakers leave town at the end of the week.

That would leave Republicans with few trophies to show their socially conservative base as they try to motivate voters in the final six weeks of the fiercely contested 2006 campaign.

Some strategists fear that failure to win final passage of the bill could hamper efforts to spur turnout of a reliably Republican voting bloc — which might mean the difference in key races around the country.

"This could be a problem," said Marjorie Dannenfelser, president of the Susan B. Anthony List, an anti-abortion group that is working to mobilize female voters opposed to abortion in six states seen as central to the fight for control of Congress.

Dannenfelser's warning came just days after national evangelical leaders met in Washington to intensify their push to persuade conservative voters to look past Republican legislative failures and go to the polls in November to support the party's candidates.

The bill that the House passed Tuesday by a vote of 264 to 153 was the latest initiative in a more than decade-long campaign to chip away at abortion rights.

But aides to senior Senate Republicans said Tuesday that they could not be sure the measure would make it to the floor for a vote.

Senate Majority Leader Bill Frist (R-Tenn.), who is fending off attacks by Democrats that he has presided over a "do-nothing" Congress, is under pressure in the session's waning days to pass crucial legislation funding the military, setting up tribunals for suspected terrorists and strengthening border security.

Faced with these priorities, consideration of the parental consent bill may have to wait until a lame-duck session after November's election.

Republican congressional leaders had not planned to be in this position six weeks before election day. In the aftermath of the party's 2004 electoral triumphs, in which socially conservative voters played a large role, the GOP agenda included initiatives to ban gay marriage and flag burning and to further limit abortions.

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But the Bush administration focused on other issues in 2005. This year, a bid to ban gay marriage through a constitutional amendment foundered in June, as moderate Republicans in the Senate joined Democrats to block a vote on the issue.

Later that month, the Senate by one vote rejected a constitutional amendment that would have given Congress the power to ban flag burning.

The campaign to restrict access to abortions, meanwhile, has produced fewer successes than many conservatives had hoped.

"Have we had victories? Not enough," said Rep. Steve Chabot (R-Ohio), a leading abortion foe who championed congressional passage of the controversial ban on what opponents term "partial birth" abortion three years ago.

Chabot said he could point to only two major legislative accomplishments since 1994, when Republicans took control of Congress: the abortion ban, which has been tied up in the courts, and a 2002 measure that requires a doctor who performs an abortion in which the fetus survives to turn the case over to another doctor or call 911 to have the baby transferred to a hospital.

Backers of the parental consent measure remain optimistic that it will become law, if not quite as quickly as they had hoped.

For years, state legislatures have been passing laws that require pregnant minors to notify or seek permission from a parent before they get an abortion.

About 35 states have a version of the measure on the books, which supporters say appropriately involves parents in the significant reproductive decisions of their children. Californians last year narrowly rejected such a law; Proposition 85 will put the issue before voters again in November.

Despite the proliferation of the notification measures, abortion opponents complain that some adults are helping an unknown number of minors skirt the laws by taking them to states that do not have the requirements.

In July, the Senate passed legislation that would criminalize that practice. President Bush said that he would sign the measure.

Instead of accepting the Senate bill, however, the House passed a modified version. Its author, Rep. Ileana Ros-Lehtinen (R-Fla.), said that she wanted a stronger version of the measure.

Along with making it a crime for anyone to take a minor across state lines for an abortion without parental consent, the House bill added a provision requiring the abortion provider to give one of the girl's parents or a legal guardian 24 hours' notice before the operation is performed.

The change means the bill cannot become law without going back to the Senate for another vote.

On Tuesday, abortion opponents converged on Capitol Hill to urge the Senate to act.

"We've never been this close. I see victory," said Ros-Lehtinen, who sent Frist and Senate Minority Leader Harry Reid (D-Nev.) a strongly worded plea to agree to have a Senate vote before Congress recesses.

The plea was echoed by the president of the Family Research Council, Tony Perkins, who said in a statement: "This is the only pro-life legislation considered by Congress this session, and the Senate must get it done."

Nancy Keenan, president of NARAL Pro-Choice America, charged that House Republicans were pushing the bill as a political ploy.

"It's clear that anti-choice congressional leaders are using this controversial legislation to rally their far-right base only a few weeks before the midterm election," Keenan said.

Critics of the bill said family problems make it difficult for some minors who want an abortion to communicate with their parents.

Joining 215 Republicans in voting for the bill were 49 Democrats; opposing it were 143 Democrats, nine Republicans and one independent.

All 20 Republican members of California's House delegation supported the measure. All of the state's 33 Democrats opposed the bill except Reps. Dennis Cardoza of Atwater and Jim Costa of Fresno, who supported it, and Juanita Millender-McDonald of Carson, who did not vote.

GOP Pushes 'Values' Legislation (WT)

DOJ_NMG_0069828

By Amy Fagan And Christina Bellantoni

The Washington Times, September 27, 2006

House Republican leaders yesterday sought to invigorate their conservative base with election-year legislation aimed at protecting both the religious freedom of municipalities and a parent's role in a minor's abortion decision.

The House passed a revised parental-notification bill and legislation limiting legal damages against cities and towns that lose lawsuits for violating the Constitution's ban on the establishment of religion.

"They help our members back home," a House Republican leadership aide said of the two bills. "Some of our members have constituents in their districts who really want this legislation."

The parental-notification bill, approved 264-153, would establish fines or up to a year in prison for anyone who knowingly skirts a state's parental-notification or parental-consent law by taking a pregnant minor to another state to have an abortion.

Both chambers approved different versions of the bill earlier this year, but Senate Democrats have blocked the final negotiations, seeking, among other things, changes to limit the notification rights of fathers who rape their daughters.

It was not clear yesterday whether the Senate would act on the bill this week, but if it does, the bill would likely pass and could then go on to President Bush, supporters said.

The House also approved, on a 244-173 vote, another element of the Republican "American Values Agenda" -- the Public Expression of Religion Act, which would deny legal fees to groups who win lawsuits against cities or towns found to have violated separation of church and state.

Supporters said municipalities currently feel pressured to remove public displays of religion such as monuments of the Ten Commandments from city halls because they would need to spend "millions" in taxpayer dollars to defend themselves.

If the Public Expression of Religion Act were to become law, groups like the American Civil Liberties Union would be barred from receiving legal fees if they prevail in a court battle.

"It would be a win for those that understand our Constitution guarantees freedom of religion, not freedom from religion," said Rep. Joe Pitts, Pennsylvania Republican.

The ACLU said it would discourage enforcement of the religious element of the Bill of Rights.

"This legislation would in fact weaken the very freedom they claim to be protecting," said Caroline Fredrickson, director of the ACLU's Washington legislative office.

Meanwhile, Tom McClusky, vice president for government affairs at the Family Research Council, said the Election Day motivation of the Republican base is "mixed" right now, and it would help if Congress were to approve these two bills.

He said it would also help if language being negotiated in the defense authorization bill would allow military chaplains to publicly pray as they see fit, including using Jesus' name.

"They help with the base," he said of the bills. "It helps them to know Congress is caring about the issues they care about."

Democrats said Republicans are rightfully scared that they'll lose their majority in November, but added their efforts are too little too late.

"It's not going to work. They're looking for a lifesaver," said Rep. Charles B. Rangel, New York Democrat.

He said that, unlike a few years ago, Republicans now face a public that's unhappy about the Iraq war, the handling of Hurricane Katrina and a large budget deficit. "If saying that you appreciate religion is going to turn that around, I'd like to see it," he said.

The parental-notification bill approved by the House yesterday differs from the Senate version because it would require the doctor performing the abortion to contact at least one of the girl's parents if the minor is from out of state.

To accommodate the Senate, House leaders also added a Senate provision, backed by Democrat Sen. Barbara Boxer of California, clarifying that a father who rapes his underage daughter couldn't sue someone who transports her out of state for an abortion. And if that father transports her, he would be subject to the bill's penalties.

House OKs Bill On Religious Expression (AP-Y)

By Jim Abrams

AP, September 26, 2006

DOJ_NMG_0069829

House Republicans, carrying out their election-year values agenda, on Tuesday pushed through legislation cutting off financial awards for lawsuits successfully filed against expressions of religion such as Christmas displays on government grounds.

The bill, passed 244-173, denies the awarding of attorney's fees or monetary damages to a party that wins a court case based on the establishment clause in the Constitution that is used to argue a separation of church and state.

There is no companion Senate bill and little chance the Senate would consider it in the waning days of this session, but the House vote was a reminder to the GOP's conservative base that their issues are not being ignored.

"We cannot continue to allow frivolous and, frankly, unwarranted lawsuits to stifle the beliefs and self-determination of our great communities," said Rep. Phil Gingrey, R-Ga.

Democratic opponents saw the bill as a serious infringement of constitutional rights.

"This bill would make it more difficult for ordinary Americans to defend their religious freedom against intrusion by government," said Rep. Chet Edwards, D-Texas. "There's nothing benign about this bill."

"Singling out one class of cases for the denial of attorney's fees when every other one gets them does seem to me an odd way to run a constitution," said Rep. Barney Frank, D-Mass.

Backers of the legislation cited cases contesting the use of religious symbols, such as crosses in veterans' cemeteries, the display of the Ten Commandments in public buildings or using public land to host the Boy Scouts, who require participants to declare belief in God.

They said local and state governments, unable to match the financial resources of civil liberties groups such as the American Civil Liberties Union and unwilling to pay costly attorney's fees in losing cases, often accede to demands to remove religious symbols.

"This is an issue of allowing the cases to go to court and not to have the threat or intimidation by the ACLU and their minions to hang over all of these heads," said Rep. John Hostettler, R-Ind., sponsor of the bill.

"With this bill we will close a loophole that has allowed liberal groups like the ACLU to prey on taxpayers for far too long," said Rep. Ginny Brown-Waite, R-Fla.

Caroline Fredrickson, director of the ACLU Washington legislative office, said passage of the bill "would isolate and discourage enforcement of a specific piece of our Bill of Rights." The legislation, she said, "would, in fact, weaken the very freedom they claim to be protecting."

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The bill is H.R. 2679

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On the Net:

Congress: http://thomas.loc.gov/

House Passes Measure On Religion Suits (WP)

By Alan Cooperman

The Washington Post, September 27, 2006

The House passed a bill yesterday that would bar judges from awarding legal fees to the American Civil Liberties Union and similar groups that sue municipalities for violating the Constitution's ban on government establishment of religion.

Though the bill would prevent plaintiffs from recovering legal costs in any lawsuit based on the Establishment Clause, House Republicans said during a floor debate that it was particularly aimed at organizations that force the removal of Nativity scenes and Ten Commandments monuments from public property.

"Liberal groups . . . scour the country looking to sue cities and states with any kind of religious display, regardless of how popular these displays are," said Rep. Ginny Brown-Waite (R-Fla.). Because judges often require municipalities that lose such lawsuits to reimburse their opponents' legal fees, "citizens' precious monuments are being eroded with their own tax dollars," she added.

The bill, called the Public Expressions of Religion Protection Act, passed 244 to 173 on a mostly party-line vote.

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Caroline Fredrickson, director of the ACLU's Washington legislative office, said the measure is "election-year red meat for the Christian right, because they've been complaining they haven't gotten enough from this Congress."

Fredrickson added that it appears unlikely the Senate will pass the bill.

"But we're watching it, because it is designed to do real damage to First Amendment protections," she said. "What the backers of this legislation are leaving out of the discussion is that fees are only awarded when we've been successful in showing that someone's constitutional rights have been violated."

The American Legion, the Southern Baptist Convention and other conservative groups began pushing for the legislation after a Pennsylvania judge awarded $2 million to the ACLU of Pennsylvania and Americans United for Separation of Church and State. The two groups had successfully sued the school board in Dover, Pa., for requiring science teachers to teach "intelligent design" alongside evolution. The award was later reduced to $1 million.

Conservative groups were also irked when a judge awarded $550,000 to three groups -- Americans United, the Southern Poverty Law Center and the ACLU of Alabama -- after they prevailed in a lawsuit against former Alabama chief justice Roy S. Moore's display of the Ten Commandments.

The bill's sponsor, Rep. John N. Hostettler (R-Ind.), said the ACLU and similar groups are "profiteering" as well as seeking "to remove every vestige of our religious heritage from public places."

Texas Case Involving Marital Counseling Is Latest To Test Line Between Church And State (NYT)

By Ralph Blumenthal

The New York Times, September 27, 2006

HOUSTON, Sept. 26 — Peggy Lee Penley's marriage was going sour when she turned to her pastor. They had been friends for years and had started a Bible church together in Fort Worth. He was more than Ms. Penley's spiritual shepherd, also serving as a licensed professional counselor, and had helped her before.

But Ms. Penley says that after she confided her sexual relationship with another man and her plans for divorce, the pastor, C. L. Westbrook Jr., disclosed her "biblically inappropriate relationship" to church elders. Mr. Westbrook eventually informed the full congregation of the church, CrossLand Community Bible, she says, shaming her publicly and urging members to discipline her by shunning her.

In 2001, Ms. Penley sued her pastor for defamation and negligence, saying he had violated his responsibilities as a professional counselor. Her lawsuit has attracted considerable attention from church groups trying to prevent court intervention in religious matters. The case went before the Texas Supreme Court on Tuesday, and the outcome will once again help define the evolving line between church and state.

While courts have long held that religious practices and discipline are immune from court review under a legal doctrine known as "ecclesiastical abstention," secular misconduct by religious figures is not automatically protected.

Ms. Penley's lawyer, Darrell L. Keith of Dallas, told the court that the issue was simply a matter of professional negligence by a counselor.

"She believed that she was talking to him in a confidential setting as her secular marital counselor, not as her pastor," Mr. Keith said. "And she didn't believe she was at risk."

Mr. Westbrook's lawyer, Kelly J. Shackelford, told the judges that Ms. Penley "obviously knew what she signed on for" and that the court was being asked to enter "the internal processes of the church," where it did not belong.

"Since 1871, the U.S. Supreme Court has said courts can't enter these cases," said Mr. Shackelford, chief counsel for the Liberty Legal Institute in Plano, a conservative group that often represents churches in religious freedom cases. Church discipline and doctrine, he said, are inherently ecclesiastical.

"The very entry of the court into these areas is a violation and causes entanglement," he said.

A lower court had dismissed Ms. Penley's suit, but an appeals court revived it, leaving Mr. Westbrook to appeal to the state's highest civil court to bar the way to a trial.

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Ms. Penley, who has married the man she became involved with and now lives on the East Coast, was not in court on Tuesday, and Mr. Keith said she would have no comment.

Mr. Westbrook was present but stayed silent. "He's trying not to say anything and get in the middle of everything," Mr. Shackelford said after the hearing. "The fact that they took this appeal and heard this case means there's a chance that we'll have protection, not only for Pastor Westbrook, but for all churches and all pastors, not to have to go through that kind of thing."

Church groups have leapt into the case, submitting briefs that warn of growing attacks on religious autonomy.

"For a church to be compelled to submit to extensive discovery and an invasive public trial before a jury, that alone can chill religious freedom — even if the church is eventually vindicated by the court," said a brief filed by the National Association of Evangelicals in support of Mr. Westbrook.

According to their briefs, Ms. Penley and Mr. Westbrook say that in 1998, Ms. Penley and her husband at the time, Benny Stone, consulted Mr. Westbrook in his office about their marital troubles. They paid him a fee for his services.

The following year, Mr. Westbrook and his wife, the Stones and several other couples founded the CrossLand Community Bible Church, with Mr. Westbrook as pastor. Ms. Penley said she and other couples attended group counseling sessions at the pastor's home in 2000. Then, realizing her marriage was over, she says, she "engaged in a sexual relationship" with her current husband, Bobby Penley, while she was in Tennessee.

She says that she told the pastor of the relationship upon her return and said to him that she was planning to divorce her husband, and that Mr. Westbrook recommended a lawyer.

But when the pastor discussed disciplining her, Ms. Penley's brief says, she told him she was leaving the church and wrote a letter of resignation. It was after that, the brief says, that the pastor told the elders and issued a letter to the congregation to "shun and ostracize" her.

Mr. Westbrook says that he learned of her infidelity from others and that his counseling as pastor was not part of her earlier professional visits. He also says she agreed in writing to submit to church discipline, including an injunction from Matthew 18:17: "If he refuses to listen to them, tell it to the church."

In the hearing on Tuesday, the nine justices struggled with the nuances, and there were indications that they found the case difficult.

"If the damages arise from the ecclesiastical act," Justice Harriet O'Neill said, "then really, we're dancing on the head of a pin in terms of trying to parse the secular versus pastoral counseling." A ruling could take a year or more.

Recent legal records are thick with thorny ecclesiastical cases.

In Mississippi, the former wife of the governor sued her Episcopal priest and her church after learning that the priest had taped her admission of adultery for use against her in a custody case by her ex-husband. The case was dismissed. In Royal Oak, Mich., outside Detroit, a man who had left his church sued his pastor for revealing the confidence that he had been with prostitutes. That case was also dismissed.

Courts have had no trouble convicting religious figures of sexual misconduct, since the charges involve clearly secular actions that by their nature fall outside accepted religious practices.

ANTITRUST:

Wright Backers Hopeful (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 27, 2006

There's still time for a deal, North Texas lawmakers say

WASHINGTON – Legislation to lift restrictions on long-haul flights at Dallas Love Field could come down to the wire to clear both the House and Senate before a pre-election recess.

FILE 2005/AP Sen. Patrick Leahy, D-Vt., has objected to language in the Wright bill that could help protect the legislation from a court fight under antitrust law.

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Finding a procedural path for the Wright legislation has proven elusive on both sides of the Capitol as congressional leaders try to rush through major legislation before returning home Saturday to campaign for the November elections.

Still, lawmakers from North Texas weren't conceding Tuesday that the issue would have to fall into the lame-duck session.

Getting the bill cleared Friday or early Saturday remained a possibility.

"It's not dead for this week, but it's still in flux," said Rep. Kay Granger, R-Fort Worth.

The legislation would implement a June compromise to repeal the 1979 Wright amendment.

The bill needs to be enacted by the end of the year, or the agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport will expire.

The House is awaiting action on an original version of the legislation and one amended by the House Judiciary Committee that removes an exemption from antitrust laws.

The exemption was intended to protect the deal in court.

House members from North Texas have been hoping to pass their original Wright bill under suspension of normal rules, a procedure usually used for legislation that's considered uncontroversial.

The bill could conceivably clear without a recorded vote under that path, though objections from any members would force the North Texas lawmakers to corral two-thirds of the chamber to get it passed.

But the Wright bill still hasn't won a place on the House calendar for this week.

"We've got the votes for that version," Ms. Granger said. As for the tight timeline, she said, "it's narrowing, but there's time."

Several paths ahead

The legislation faces several potential paths, which lawmakers were contemplating as competing priorities limited their options.

"We do not have a date, a time or the exact vehicle yet," said Rep. Pete Sessions, R-Dallas.

"We are going to be here for long days and long nights, and it is my belief that we're going to come up with an answer that doesn't exist at this time."

The Wright legislation would repeal the Wright law in 2014, while immediately allowing flights anywhere in the U.S. as long as they first stop in one of nine states that make up the existing Wright perimeter.

The plan would also demolish 12 of the 32 gates at Love to prevent growth in air traffic, noise and pollution.

Nineteen gates at the Dallas airport are now operational.

Members of Stop-and-Think, a community group from North Texas formed by residents living near Love Field, visited Capitol Hill Tuesday to meet with North Texas lawmakers about the Wright deal.

Founders of the group, which received its initial funding from American Airlines, said they wanted to convey their concerns about neighborhood issues and voice support for the local compromise plan with its gate limitations and other aspects.

The gate reduction drew attention on Capitol Hill this summer from key lawmakers who oversee antitrust laws.

The language

A Senate version of the bill to lift flight restrictions at Love Field continues to be held up by Sen. Patrick Leahy, D-Vt., the top Democrat on the Senate Judiciary Committee who has objected to language that could help protect the legislation from a court fight under antitrust law.

Sen. Kay Bailey Hutchison, R-Texas, removed an outright antitrust exemption from the bill last week, replacing it with other protective language, to win over the chair of the judiciary committee, Sen. Arlen Specter, R-Pa.

Mr. Leahy told The Dallas Morning News Tuesday that the number of gates at the Dallas airport is "entirely up to them" but said he has concerns about the antitrust implications.

"I just don't want to rewrite on the back of the envelope our antitrust laws," he said.

Mr. Leahy, who has offered his own suggested wording for the bill, said he hasn't seen the changes that Mr. Specter signed off on last week.

A spokesman for Ms. Hutchison said the language has been shared with Mr. Leahy's staff and others on the Senate Judiciary Committee.

Consumer groups write

Consumers Union and Consumer Federation of America, two consumer groups opposing the deal, wrote to Mr. Leahy Tuesday thanking him for his stance against what they called an anti-consumer deal that would "divide up the airline market for Dallas at the expense of the flying public."

Even if lawmakers find a way to get their bills to the House and Senate floors this week, they'll need to reconcile the two versions and get a final bill cleared again in both chambers.

Lawmakers were considering whether to pass the original House bill and let the Senate make an amendment substituting Ms. Hutchison's new language.

The House would then have to sign off on the revisions before the bill could be sent to President Bush.

If both chambers independently pass different versions, the bill could be forced into a time-consuming conference committee.

And if the legislation doesn't get through this week, lawmakers would be forced to try again in a lame-duck session.

What Congress can accomplish during that post-election period in November and December remains uncertain, especially given the chance that Democrats could win enough races to retake control of the House.

But lawmakers said they remained hopeful even if they couldn't get the legislation cleared this week.

"I'm still pretty optimistic that there's time," said Rep. Kenny Marchant, R-Coppell.

"If we have to go to the lame-duck session with this bill, I don't think it dooms it in the least."

Dallas Mayor Laura Miller said, "I still think we have a good chance whether it's now or in November or December."

Staff writer Emily Ramshaw contributed to this report from Dallas.

Wright Compromise Bill Faces More Opposition (DALLASBIZ)

Dallas Business Journal, September 27, 2006

Opposition to the Wright Amendment compromise bill continues to mount locally, as a new study says the bill will cost consumers billions, and two consumer groups have written House Democratic leaders to protest the bill.

The study was conducted by Steven A. Morrison, a member of the Department of Economics at Northeastern University and editor in chief of the Journal of Transport Economics and Policy. The study was solicited by the law firm of Bickel & Brewer, which represents Love Terminal Partners, which has filed a lawsuit over the local agreement that the Wright compromise bill is based on.

In the report, Morrison looked at U.S. Department of Transportation data on airline fares and passenger volume to estimate the effects on consumers of full repeal versus the proposed agreement.

He said by fully repealing the bill consumers would recognize $726 million annually, compared to between $117 million and $383 million annually from through ticketing.

The Wright compromise bill calls for a repeal of the Wright restrictions after eight years. In the meantime, the bill allows for immediate through ticketing. Through-ticketing involves making a layover stop when traveling to long-distance destinations. The compromise bill also calls for the gates at Dallas Love Field Airport to be reduced from 32 gates to 20.

"A conservative estimate is that consumers will be worse off by $2.7 billion over the next eight years because the agreement will keep airfares higher compared with full repeal," Morrison said.

Two consumers groups, the Consumers Union and the Consumer Federation of America also sent letters Monday to House Minority Leader Nancy Pelosi and House Minority Whip Steny H. Hoyer, urging House Democratic leaders to oppose the plan to circumvent the House Judiciary Committee version of the bill, which removed antitrust immunity for American and Southwest Airlines.

"Erasing the important work of the committee charged with protecting consumers from anticompetitive behavior would constitute a breakdown of rational governance in the House of Representatives," the groups said in the letters.

Sen. Kay Bailey Hutchison, R-Texas, the sponsor of the bill, has hotlined the bill, which is a formal way of getting unanimous consent that doesn't require a formal vote to pass the bill.

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Hutchison, late last week won over a major detractor of the Wright compromise bill, Sen. Arlen Specter, R-Pa., by agreeing to take out wording that exempted the bill from antitrust laws. The wording was replaced with other protective language, Hutchison's reps said at the time.

A spokeswoman for Hutchison said Tuesday that there was a hold on the bill in Senate, signaling that someone had objections to the bill. Hutchison is working through the legislative process and working with staff to work through concerns and the reasons why someone might have a hold on the bill.

If Congress doesn't pass the agreement by Dec. 31 it will be voided.

J&J Sues Boston Sci, Abbott Over Guidant (AP)

By Linda A. Johnson, AP Business Writer

AP, September 27, 2006

J&J Alleges Breach of Guidant Deal, Sues Boston Sci, Abbott Seeking $5.5 Billion

TRENTON, N.J. (AP) -- Months after Johnson & Johnson lost a bidding war for medical-device maker Guidant, J&J is suing the winner, Boston Scientific, and Abbott Laboratories, alleging the two companies induced Guidant to breach its agreement with J&J.

New Brunswick.-based Johnson & Johnson is seeking $5.5 billion in damages, according to the lawsuit, filed Monday in U.S. District Court in New York. The lawsuit also seeks reimbursement for court costs, attorney fees and interest.

The suit asks the court to rule that Indianapolis-based Guidant Corp. breached the companies' merger agreement and that Boston Scientific Corp. and Abbott Laboratories Inc. intentionally interfered with the deal and induced Guidant to breach it.

Natick, Mass.-based Boston Scientific trumped Johnson & Johnson's final $24.2 billion offer with a $27.2 billion bid to acquire Guidant and its portfolio of stents, defibrillators, pacemakers and other medical devices.

Guidant paid Johnson & Johnson a $705 million breakup fee after it opted to accept Boston Scientific's offer in late January. To eliminate possible antitrust snags, Boston Scientific agreed to sell Guidant's stent and vascular business to Abbott for $4.1 billion and a $900 million loan.

Randy Katz, a merger and acquisitions specialist at law firm Bryan Cave LLP, said J&J won't receive anywhere near the $5.5 billion, and that the case likely will be settled out of court.

"J&J feels that it needs to put a dent in Boston Scientific and Abbott," financially and by distracting management of its two competitors, Katz said.

J&J said it would have no comment beyond the court filing.

The lawsuit alleges Boston Scientific only won the takeover battle because "Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott."

"Based on these disclosures," the lawsuit states, "Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review."

J&J had offered in December 2004 to pay $25.4 billion for Guidant, whose shareholders approved that deal. J&J reduced its offer to $21.5 billion after a series of recalls and warnings involving thousands of Guidant pacemakers and defibrillators. The two companies amended their merger deal in November 2005. Guidant was barred from soliciting other offers and, if it received an unsolicited bid, from giving confidential information to any third parties.

Paul Donovan, spokesman for Boston Scientific, said his company "complied with all the terms of the J&J/Guidant merger agreement. We believe the suit is meritless."

"We find it curious that J&J has chosen to sue eight months after Boston Scientific entered into a definitive agreement with Guidant, and five months after the transaction closed," Donovan said.

Katz said it likely "took J&J a fair amount of time to put together all the puzzle pieces about what they allege."

Melissa Brotz, a spokeswoman for Abbott Laboratories Inc. of North Chicago, Ill., also said the "lawsuit is without merit." She declined further comment.

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Guidant's former chief executive officer, James Cornelius, now is interim CEO at Bristol-Myers Squibb Co., which said he was not available for comment.

Also Tuesday, Standard & Poor's Ratings Services changed its outlook for Boston Scientific's credit rating from stable to negative, but affirmed its current ratings. S&P cited numerous factors, including Boston Scientific increasing its debt from $2 billion to $9 billion to acquire Guidant.

S&P also said Boston Scientific had lower-than-expected preliminary third-quarter sales because of continued weak demand for its cardiac devices and an unexpected weakening in sales of drug-coated stents, tiny metal scaffolds that keep heart arteries open after blockages have been cleared.

Boston Scientific leads J&J in the U.S. market for those stents, with about 55 percent of sales to J&J's 45 percent. When J&J proposed buying Guidant, Guidant, Abbott and a third company all were preparing to get their own drug-coated stents on the market. That was one reason J&J wanted Guidant, which also would have given it entry into the lucrative market for implantable pacemakers and defibrillators.

In trading on the New York Stock Exchange, shares of J&J rose 48 cents to close at $64.67, while shares of Boston Scientific fell 15 cents or 1 percent to close at $14.80 and Abbott Labs rose 12 cents to close at $48.07.

AP Business writers Mark Jewell in Boston and Ashley Heher in Chicago contributed to this report.

J&J Sues Boston Scientific Over Guidant (UPI)

UPI, September 27, 2006

New Jersey's Johnson & Johnson is suing Boston Scientific Corp. for $5.5 billion, alleging improprieties in its purchase of Guidant Corp.

Both Boston Scientific and J&J had sought to acquire Guidant, but the Massachusetts firm's $27.5 billion offer won.

Johnson & Johnson alleges in its New York federal lawsuit, which also names Abbott Laboratories, that Boston Scientific prevailed "only because Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott," Boston Business Journal said.

Once Guidant had done so, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, "which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review," the suit says.

J&J Sues Boston Scientific Over Guidant Acquisition (Update7) (BLOOM)

By David Glovin And Avram Goldstein

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- Johnson & Johnson, which lost a battle to buy heart-device maker Guidant Corp., sued winning bidder Boston Scientific Corp. for $5.5 billion, saying the deal was tainted by a leak of confidential information.

Boston Scientific was able to buy Guidant for $27.5 billion because Guidant secretly allowed Abbott Laboratories to review Guidant's finances, according to a complaint filed yesterday in New York federal court. Abbott agreed to buy part of Guidant's business to help Boston Scientific avoid antitrust problems, the suit said. Guidant and Abbott were named defendants.

The lawsuit shows that the fierce rivalry between Natick, Massachusetts-based Boston Scientific, the second largest maker of heart stents, and New Brunswick, New Jersey-based J&J, the world's biggest medical device maker, isn't cooling down.

``I don't think it ever ends," said Jan David Wald, an analyst with A.G. Edwards & Sons in Boston in a telephone interview today. ``I think there is acrimony between the founders of Boston Scientific and the management of J&J. It's so longstanding that it's hard to see it going away."

Since defeating J&J, Boston Scientific has been buffeted by product recalls, falling sales, profit warnings, analyst downgrades and growing legal risks, driving the company's market value down to $21.8 billion from $31.2 billion in less than five months.

``Isn't that amazing?" said Wald. ``I think the valuation is way too low. There's risk there, and investors are still thinking about it instead of jumping in. Overall I think it is an undervalued company."

`Meritless'

J&J lost the deal in January, when Abbott made financing agreement that enabled Boston Scientific to snatch Guidant, the lawsuit said. Guidant accepted the bid as superior to J&J's offer, and J&J promptly received a $705 million termination fee from Guidant.

``Throughout this process, we complied with all the terms of the J&J-Guidant merger agreement," said Boston Scientific spokesman Paul Donovan in an e-mailed statement today. ``We believe the suit is meritless."

Boston Scientific found it ``curious" that the suit was filed five months after the transaction was completed, Donovan said. Melissa Brotz, a spokeswoman for Abbott Park, Illinois- based Abbott, said the lawsuit ``is without merit."

Johnson & Johnson spokesman Jeff Leebaw declined to comment beyond the lawsuit.

Shares

J&J shares rose 48 cents to $64.67 in composite trading on the New York Stock Exchange as of 4:01 p.m. Boston Scientific shares fell 15 cents to $14.80 hares of Abbott Park, Illinois- based Abbott Labs fell 12 cents to $48.07.

In December 2004, Johnson & Johnson agreed to acquire Guidant for $25.4 billion. In June 2005, Guidant recalled 109,000 implantable electronic heart defibrillators with faulty batteries linked to seven deaths. The $30,000 devices are implanted to automatically restart stopped hearts.

In October 2005, J&J said the recall contributed to a material change in the value of Guidant and it reduced its offer to $21.5 billion. The agreement barred Guidant from soliciting other offers or providing confidential information to another company, the suit said.

In December as the merger awaited regulatory review, Boston Scientific made a $25 billion bid for Guidant that was ``fraught with uncertainty," the suit said. Guidant then improperly allowed Abbott to review its finances to see whether Abbott would agree to buy some of its businesses in the event Boston Scientific prevailed, the suit said.

Stents

Abbott's agreement to buy Guidant's heart stent business enabled Boston Scientific, the world's second largest stent maker, to sidestep antitrust hurdles, according to the complaint. Stents are tiny tube-like devices doctors use to keep open arteries cleared of blockage.

``Without a pre-packaged divestiture agreement, Boston Scientific could not have made a proposal that would have been acceptable to Guidant's board," the suit claimed.

Since the acquisition was completed in April, Boston Scientific has recalled another 27,600 defibrillators and the worldwide defibrillator market dropped for the first time.

While J&J may be happy it didn't acquire Guidant's electronic heart devices, it is extremely unhappy about losing the stent franchise to Abbott, said Bruce Nudell, an analyst with Sanford C. Bernstein & Co. in New York.

``It's going to be painful for J&J to have Abbott be probably the foremost stent vendor in the world and Boston also have access to an Abbott stent that is potent" while continuing to sell its own U.S.-market leading stents, he said.

The lawsuit is Johnson & Johnson v. Guidant, 06-CV-7685, U.S. District Court for the Southern District of New York.

To contact the reporters on this story: David Glovin in New York at dglovin@bloomberg.net ; Avram Goldstein in Washington at agoldstein1@bloomberg.net .

Judge Dismisses Parts Of AMD's Case Against Intel (WSJ)

By Don Clark

The Wall Street Journal, September 27, 2006

SAN FRANCISCO -- A federal judge dismissed major portions of Advanced Micro Devices Inc.'s high-profile antitrust suit against Intel Corp., accepting Intel's argument that many of AMD's claims are beyond the reach of U.S. law.

AMD, based in Sunnyvale, Calif., accuses Intel of illegally maintaining a monopoly in the market for microprocessor chips that act as the brains in most personal computers. Its suit, filed in June 2005 in federal court in Delaware, questions Intel's business tactics in several countries, including Britain, Germany and Japan.

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Intel, of Santa Clara, Calif., asked the judge to dismiss AMD claims that are based on the foreign effect of Intel's alleged tactics. Intel pointed out, among other things, that AMD's chips are manufactured in Germany and assembled into final products in Malaysia, Singapore and China.

Intel argued that AMD is seeking damages for lost sales of those foreign-made microprocessors in foreign markets, and was separately seeking redress in European, Asian and South Korean courts. As a result, Intel contended that the U.S. federal court lacks jurisdiction over AMD's "foreign commerce" claims.

AMD, in response, argued that that the microprocessor market is global, and that it was not making any "foreign commerce" claims.

U.S. District Judge Joseph Farnan sided with Intel. He ruled that AMD "has not demonstrated that the alleged foreign conduct of Intel has direct, substantial and foreseeable effects in the United States which gives rise to its claim."

Chuck Mulloy, an Intel spokesman, said, "We are pleased that Judge Farnan appears to have agreed with our legal analysis and argument." He said the company would refrain from further comment until a hearing with the judge Wednesday.

An AMD spokesman, Michael Silverman, said the company is studying the ruling, but noted that much of the case still remains.

"Notwithstanding the judge's ruling today, Intel cannot escape antitrust scrutiny for its conduct--wherever in the world it occurs," Mr. Silverman said. "As this U.S. litigation is joined by global antitrust investigations, it is clear that Intel cannot escape the consequences of its illegal monopoly abuses."

DeCode Genetics Sues Ex-Workers, Claiming Trade-Secret Violations (WSJ)

By Antonio Regalado

The Wall Street Journal, September 27, 2006

In a case that may threaten a major U.S. project to study the DNA of children, an Icelandic gene-hunting company said it was suing five ex-employees for stealing trade secrets and breach of contract.

Four of the five former employees of DeCode Genetics Inc., based in Reykjavik, now work for Children's Hospital of Philadelphia, which in June announced a high-profile plan to collect and study DNA from some 100,000 children.

The hospital, known as CHOP, intends to use the database of DNA profiles to find links between genes and common conditions like obesity. Publicly traded DeCode operates a similar database in Iceland.

In its suit, filed in U.S. District Court in Philadelphia, DeCode asked the court to prevent CHOP or its former employees from using any of its trade secrets.

In a statement, CHOP officials said the "hospital believes that the claims against its researchers are without merit and that they will prevail in the lawsuit." The hospital said it would "vigorously" defend its employees and its own research program.

DeCode alleges in the suit that its former vice president of business development, Hakon Hakonarson, and four other former employees provided CHOP with proprietary information, including business plans and research results. Dr. Hakonarson, who left DeCode in May after more than seven years of employment, now leads a new genomics center at CHOP.

Dr. Hakonarson didn't return a phone message yesterday. In an interview this summer, he said the facility was "going to perform genotyping on the industrial scale within academia."

The conflict arises as scores of research teams compete to use new DNA maps and DNA-reading devices to discover the causes of common diseases. Although the Iceland database has generated a string of high-profile scientific results for DeCode, it remains unprofitable.

Microsoft's Precrimes (WSJ)

By Alberto Mingardi

The Wall Street Journal, September 27, 2006

Quarrels between the European Commission and Microsoft seem to be the daily bread in Brussels. In the beginning there was Mario Monti, who as EU antitrust chief in 2004 fined Microsoft a record €497 million for a series of violations, including its "bundling" of Media Player with its Windows operating system. Mr. Monti's successor, Neelie Kroes, didn't trade the iron fist for a

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velvet glove: Earlier this year she fined the software giant another €280.5 million for not having complied with the Commission's orders. It is worth noting that the latter fine came even though the original case is still under judicial review.

Above and beyond this fumus persecutionis, another dispute that's coming out into the open between Ms. Kroes and Microsoft entails possibly significant consequences for the very essence of competition regulation, which is at risk of becoming antitrust policing.

Since March, the Commission has expressed concerns about Vista, the new version of Windows, ready to be released in a few months but waiting for an informal greenlight from Brussels. Ms. Kroes has said that she expects Microsoft to apply "the general principle" of the Commission's 2004 ruling to future Windows versions.

This claim is based on the assumption that the original ruling can be a source of legal restraint far above its original scope. Leaving aside its merits or shortcomings, the Monti decision on Media Player orders Microsoft only to "refrain from using any technological, commercial, contractual or any other means which would have the equivalent effect of tying [Media Player] to Windows."

Ms. Kroes's objections do not seem to take into account the general trend in information technology to marry previously independent functions. Among others, Google is showing this to be the way forward by integrating plenty of formerly independent functions -- from daily planners to spreadsheets -- into its email service, and by piling up ever more functions into its search engine. Dictating business strategies should not be a regulator's job.

Furthermore, from a mere procedural point of view, the situation today is not comparable to the one that led to Mr. Monti's original ruling. Though first developed in 1998, Microsoft's Media Player was integrated in Windows XP in 2001. This led to complaints by the then major supplier of analogous software, RealNetworks, on both the sides of the Atlantic. RealNetworks won the game in Europe, and Mr. Monti forced Microsoft to release a version of XP without Media Player.

Real's complaints in Europe and the U.S. also led to a business agreement that the two companies signed in October 2005. One of the peace treaty's key points concerns Vista: The new program will redirect users to a Web site to download the Real software needed to play Real media files. The Media Player dispute really seems to be over for the litigants -- if not for the regulator. * * *

The case of Vista is unprecedented in another way as well. The Commission is threatening Microsoft not to violate the "spirit" of an older decision -- i.e., not to bundle too many new features with its new operating system. In a subtle way, this time it is the regulator that is casting the first stone.

As Brussels ponders a revamping of its monopoly policies, there is a demand among experts for the Commission to focus more on consumer welfare per se than on the form that a particular business practice takes (e.g., exclusive deals or bundling). However, forms cannot be bypassed.

Vista is not the same program that the EU has already ruled about -- and this is not merely a matter of "forms." The new operating system's alleged future dominance is merely a prediction, albeit a reasonable one based on the history of previous iterations of Windows. Still, there can be no evidence of the size of Vista's market share until it is released and sold.

What's more, the Commission already has shown little success in predicting the future when it comes to Microsoft. Two years on, it seems clear that Mr. Monti's concerns about Media Player's becoming dominant in its market segment were greatly exaggerated. In spite of its integration within Windows, Media Player had to face aggressive competition, and there is no sign that RealAudio or Apple's iTunes could not grow their market shares because they were not bundled with Windows (iTunes is of course bundled in Apple's Mac OS). In fact, the opposite has proven true: A recent Nielsen/NetRatings survey found that Apple's iTunes Web site and software reach 14% of Internet users world-wide -- up 241% in just one year. What's more, the market demand for the Media Player-less version of Windows XL was so minimal as to be an embarrassment for Mr. Monti, who had cited consumer choices as one reason for ruling against Microsoft in 2004.

Ms. Kroes's apparent desire to apply the old Monti ruling to an as-yet-unreleased Vista raises an obvious question. As far as antitrust cases, the Commission is already prosecutor, judge and jury. Shall its powers expand over the boundaries of time, too? * * *

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In "Minority Report," a 1956 Philip K. Dick short story made famous by a Steven Spielberg film a few years ago, murders are prevented before they happen thanks to three mutants who foresee the future. The system initially works, but quickly collapses as a former policeman proved it incompatible with justice and the rule of law.

Neelie Kroes has said it would be desirable for the newer Windows "to avoid the problems we are facing now." In a nutshell, this is the cornerstone of a new approach to competition policy: a doctrine of harm pre-emption, so to speak. Whether such a doctrine is to be applied to cases other than Microsoft's remains to be seen.

But "Minority Report" reminds us of a simple, stubborn fact: You cannot be "guilty" of any crime before you have commited it and been accused, much less proven, of having committed it. This is a basic tenant of legal certainty as we know it. Why should it not continue to apply to competition policy?

Mr. Mingardi is director general of Istituto Bruno Leoni, a Milan-based free-market think tank.

FTC Clears Regent Buy Of 5 CBS Stations (AP)

AP, September 27, 2006

NEW YORK --Radio broadcasting company Regent Communications Inc. received antitrust approval from the Federal Trade Commission to buy five radio stations serving the Buffalo, N.Y., market from CBS Corp. for $125 million in cash.

The FTC on Monday granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law, according to the agency's Web site.

Cincinnati-based Regent announced on Sept. 5 that it planned to operate the Buffalo stations -- WBLK-FM, WBUF-FM, WJYE-FM, WYRK-FM and WECK-AM -- through a local marketing agreement starting in October.

After the deal closes, Regent will own and operate 19 radio stations in the Upstate New York region including stations in the Buffalo, Albany, Utica/Rome and Watertown markets.

The transaction is being funded through $240 million of senior credit facilities being arranged by Banc of America Securities.

Shares of Regent fell 5 cents to $3.85 on the Nasdaq, while those of New York-based CBS fell 35 cents to $28.30 on the New York Stock Exchange.

U.S. 'lobbied' The EC Over Microsoft Fine (CNET)

By Richard Thurston, Special to CNET News.com

CNET News, September 27, 2006

European Commissioner Neelie Kroes reveals that U.S. Embassy pressured her over the Microsoft antitrust case.

The U.S. government sought to influence the European Commission over Microsoft's antitrust case, according to Competition Commissioner Neelie Kroes.

Kroes said the U.S. Embassy in Brussels, Belgium, had asked her to be "nicer" to Microsoft ahead of her decision to fine the software giant 280 million euros ($357 million) in July.

The commissioner criticized the approach. "This is of course an intervention which is not possible," Kroes told Dutch newspaper Financieele Dagblad this week.

When asked if she was annoyed by the embassy's approach, she said: "In my work, I cannot have a preference. I have, however, a personal opinion, but that is for Saturday night."

Kroes' representative added in an e-mail to CNET News.com's sister site ZDNet UK on Tuesday: "We can confirm that she was lobbied and that she did not appreciate it."

Microsoft declined to comment on Kroes' claims, but an insider insisted that the company had not tried to influence discussions between the U.S. government and the EC.

The U.S. Embassy had not responded to requests for comment at the time of writing.

Microsoft was hit with the fine for failing to comply with the Commission's landmark antitrust ruling of 2004.

The Commission had ordered the software giant to open up its code to help rivals develop server software that is fully compatible with Windows.

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Microsoft has previously denied failing to comply with the terms of the antitrust ruling. Two months ago, it submitted a lengthy document which it said proved it had opened up its server interoperability protocols, as demanded by the EC.

Richard Thurston of ZDNet UK reported from London.

New Jersey MLS Tosses Restrictions For Display Of Listings (INMAN)

By Glenn Roberts Jr.

Inman News, September 27, 2006

Several MLSs reverse policies amid FTC investigations

The New Jersey Multiple Listing Service, a regional MLS in Northern New Jersey that is owned and operated by two local Realtor organizations, has withdrawn a policy that prevented some property listings from reaching Realtor.com and several other home-search Web sites.

While New Jersey MLS officials were reportedly contacted by representatives for the U.S. Federal Trade Commission -- an agency that has been investigating similar policies at more than a dozen other MLSs across the country -- MLS officials stated in a communication to members this month that the decision to rescind the rule was in response to the practices of neighboring MLSs.

National Association of Realtors general counsel Laurie Janik announced earlier this year that 14 separate government investigations had been launched over MLS policies that prevent some property listings information from being publicly displayed on some public Web sites. The Realtors Association of Northeast Wisconsin MLS changed its restrictions relating to the public display of some property listings in late August after an FTC investigation.

The Northern New England Real Estate Network and Austin Board of Realtors in Texas also lifted similar restrictions, and both of these groups announced agreements with the FTC in response to investigations.

In March 2005, the New Jersey MLS announced in a newsletter that "exclusive agency" property listings would no longer be sent to public home-search Web sites, including NJMLS.com and Realtor.com, as of April 1, 2005.

In exclusive agency listing agreements, home sellers are not obligated to pay their agent if they locate a buyer on their own, and sellers can actively market their own properties. The MLS did not place similar restrictions on the more common "exclusive right to sell" property-listing agreement, which provides that a seller must pay the agent or broker who listed the property even if the seller personally located the buyer for the property.

Subscribers of the New Jersey MLS reported that they received a notice from the MLS this month stating that the exclusive agency restrictions had been lifted. According to the notice from the New Jersey MLS, "The board of directors determined at their monthly meeting that surrounding MLSs are sending exclusive agency listings to public Web sites. In the spirit of keeping our members competitive and informed, effective immediately all exclusive agency listings will be sent to the following public Web sites: Realtor.com, NJMLS.com, IDX sites."

IDX refers to Internet Data Exchange, a format for sharing online listings among brokers who are members of an MLS.

Tina Griffin, executive director for the New Jersey MLS, did not respond to Inman News' requests for comment. Tom Beritelli, president for the New Jersey MLS board of directors, and board vice president Nelson Chen also refused to comment for the article.

New Jersey MLS, which has about 8,600 members, is owned and operated by the Eastern Bergen County Board of Realtors and the RealSource Association of Realtors. Bob White, association executive for the Eastern Bergen Realtor board, said he had no comment about the MLS board's decision to change the exclusive agency restrictions.

Meanwhile, the New Jersey MLS Web site, NewJerseyMLS.com, still stated (as of Tuesday, Sept. 26) that exclusive agency listings "will not be sent to the public Internet (i.e. njmls.com public Web site, Realtor.com, member Web sites with IDX agreements)."

In 2004, Derek Eisenberg, president of Continental Real Estate Group in Hackensack, N.J., and the creator of a flat-fee real estate network, told Inman News that a similar policy change on exclusive agency listings by the Monmouth-Ocean MLS in New Jersey led him to restructure his operations. That MLS and others have maintained that the policy changes for exclusive agency listings were intended to prevent confusion when an agent and a seller were separately marketing the same property, as

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prospective buyers may see a property simultaneously advertised as a for-sale-by-owner property and as an agent-represented property.

Eisenberg said that he believes there is another motive for such policies -- to make exclusive agency listings less appealing to sellers. "It's a bad-spirited rule," he said of the New Jersey MLS policy, adding that it may have led some brokers to place exclusive agency property listings in other MLSs to avoid the New Jersey MLS restrictions and get the listings onto the Realtor.com site.

As a result of restrictions on exclusive agency listings, he said he faced increasing liability in some transactions that led to higher insurance costs for those transactions.

Gary Ragusa, owner of Realmart Realty, a flat-fee real estate company in South Amboy, N.J., said that he has been in contact with the FTC about MLS policies, and he believes that the FTC may have influenced the MLS's decision to reverse its policy on exclusive agency listings. "The FTC has been pretty aggressive and has been pursuing (this issue)," he said. Ragusa said the exclusive agency listings policy didn't impact his business, as he works with all of his seller clients through exclusive right to sell agreements.

He said that other MLSs in the area, too, have also changed their policies relating to exclusive agency listings.

The FTC and U.S. Department of Justice, working separately or in cooperation, have also taken action on a range of other industry policies and practices over the past couple of years -- forcing some states to withdraw bans on real estate rebates to consumers, for example, and opposing legislation in a number of states that requires all real estate licensees to perform a specific range of services for their clients, even if their clients do not want or need those services.

Last year, the Justice Department filed an antitrust lawsuit against the U.S. Department of Justice, charging that the trade group's policies for the sharing and display of online property listings information are too restrictive. The Realtor association has held that its policies are legal and provide for the sharing of a huge volume of property listings information. The Justice Department has issued subpoenas to several MLSs related to the lawsuit, the Realtor association has announced.

FTC officials have not disclosed a full list of MLSs that it has targeted in its investigations of exclusive agency listings policies, and the National Association of Realtors has also not revealed the full list of MLSs under investigation.

Steve Cook, a spokesman for the National Association of Realtors, said in a statement, "We don't speak for the boards and MLSs involved in these cases." The association is not providing any legal advice to its local boards and MLSs relating to the FTC investigations, Cook also stated.

ENVIRONMENT:

U.S. Judge Says Lawsuit Over California Auto Emissions Can Go Forward (FINDLAW/AP)

By Don Thompson, Associated Press Writer

AP, September 27, 2006

(AP) - SACRAMENTO-Automakers can continue their lawsuit seeking to block strict vehicle emission standards adopted two years ago by California regulators, a federal judge ruled.

U.S. District Judge Anthony Ishii sided preliminarily with a coalition of automakers on their three major arguments against the state law, which was passed in 2002 and adopted two years later by the state air board. In a ruling Monday,Ishii threw out two lesser arguments, but ruled the suit should go to trial Jan. 30.

The tailpipe standards adopted by the California Air Resources Board were designed to cut greenhouse gas emissions from cars and light trucks by 25 percent and from sport utility vehicles by 18 percent starting in 2009. Ten other U.S. states have since adopted the California standard.

The automobile industry sued in U.S. District Court in Fresno, California, arguing that the state law amounts to an attempt to set new fuel-economy standards, something it says can be done only by the federal government.

The judge ruled that automakers can continue with their argument that allowing states to set their own emission standards would violate two federal laws that reserve that power to the federal government. Ishii also allowed an argument by the automakers that California's regulations would undermine the federal government's ability to conduct a uniform foreign policy.

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The judge prohibited automakers from arguing that the California law would impede interstate commerce or business competition.

"We're disappointed because it's going to cost taxpayers a lot of money to defend California laws. But we're prepared to do that because it's a really important law, worth fighting for," said Teresa Schilling, a spokeswoman for state Attorney General Bill Lockyer.

An attorney representing the lawsuit's main plaintiff, Central Valley Chrysler-Jeep Inc., declined comment, citing the continuing litigation.

The automakers told Ishii during a hearing this month that the higher fuel-economy standards required by the California regulations cannot be reasonably adopted in the United States and would sharply boost vehicle costs.

State lawyers argued that automakers can meet the standards by using new technology or alternate fuels.

Limiting vehicle exhaust is part of California's larger effort to reduce its emissions of gases that contribute to global warming.

Gov. Arnold Schwarzenegger has set a goal of cutting the amount of such gases to 1990 levels by 2020. On Wednesday, he is expected to sign a bill forcing factories, power plants and refineries to cut their emissions of greenhouse gases.

On the Net:

California Air Resources Board, http://www.arb.ca.gov

Alliance of Automobile Manufacturers, http://www.autoalliance.org

White House Said To Bar Hurricane Report (AP)

AP, September 27, 2006

WASHINGTON (AP) — The Bush administration has blocked release of a report that suggests global warming is contributing to the frequency and strength of hurricanes, the journal Nature reported Tuesday.

The National Oceanic and Atmospheric Administration disputed the Nature article, saying there was not a report but a two-page fact sheet about the topic. The information was to be included in a press kit to be distributed in May as the annual hurricane season approached but wasn't ready.

"The document wasn't done in time for the rollout," NOAA spokesman Jordan St. John said in responding to the Nature article. "The White House never saw it, so they didn't block it."

The possibility that warming conditions may cause storms to become stronger has generated debate among climate and weather experts, particularly in the wake of the Hurricane Katrina disaster.

In the new case, Nature said weather experts at the National Oceanic and Atmospheric Administration — part of the Commerce Department — in February set up a seven-member panel to prepare a consensus report on the views of agency scientists about global warming and hurricanes.

According to Nature, a draft of the statement said that warming may be having an effect.

In May, when the report was expected to be released, panel chair Ants Leetmaa received an e-mail from a Commerce official saying the report needed to be made less technical and was not to be released, Nature reported.

Leetmaa, head of NOAA's Geophysical Fluid Dynamics Laboratory in New Jersey, did not immediately respond to calls seeking comment.

NOAA Administrator Conrad Lautenbacher is currently out of the country, but Nature quoted him as saying the report was merely an internal document and could not be released because the agency could not take an official position on the issue.

However, the journal said in its online report that the study was merely a discussion of the current state of hurricane science and did not contain any policy or position statements.

The report drew a prompt response from Sen. Frank R. Lautenberg, D-N.J., who charged that "the administration has effectively declared war on science and truth to advance its anti-environment agenda ... the Bush administration continues to censor scientists who have documented the current impacts of global warming."

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A series of studies over the past year or so have shown an increase in the power of hurricanes in the Atlantic and Pacific oceans, a strengthening that many storm experts say is tied to rising sea-surface temperatures.

Just two weeks ago, researchers said that most of the increase in ocean temperature that feeds more intense hurricanes is a result of human-induced global warming, a study one researcher said "closes the loop" between climate change and powerful storms like Katrina.

Not all agree, however, with opponents arguing that many other factors affect storms, which can increase and decrease in cycles.

The possibility of global warming affecting hurricanes is politically sensitive because the administration has resisted proposals to restrict release of gases that can cause warming conditions.

In February, a NASA political appointee who worked in the space agency's public relations department resigned after reportedly trying to restrict access to Jim Hansen, a NASA climate scientist who has been active in global warming research.

How A Tiny Law Firm Made Hay Out Of Tainted Spinach (WSJ)

By Heather Won Tesoriero And Peter Lattman

The Wall Street Journal, September 27, 2006

Before health officials warned the public about bad spinach, before grocers yanked fresh spinach off their shelves, before consumers cleaned out their refrigerators, the Seattle law firm Marler Clark had filed its first bad-spinach lawsuit.

Then, as word of the bacteria outbreak began to spread this month, lawyers at the firm posted messages on the firm's E. coli blog, www.ecoliblog.com1. They reached out to reporters and waited for the calls and emails to stream in. Now Marler Clark is representing 76 clients. Bill Marler, a 49-year-old partner in the firm, tracks them with Post-it Notes on a U.S. map hanging in his office.

This latest outbreak of E. coli isn't the biggest food catastrophe in recent years, in terms of the number of cases, but it is significant for its geographic reach. Extending far beyond just one restaurant or company, it has reared its head in 26 states and Canada and prompted a massive recall of fresh spinach. As of last night, it had affected 183 people and resulted in 95 hospitalizations, one death -- and five lawsuits filed by Marler Clark clients.

The Food and Drug Administration has traced the outbreak to spinach grown in three counties in California; it is advising people against eating any fresh spinach grown there, which may have been packaged elsewhere, or any spinach whose origin can't be verified. The agency says frozen and canned spinach can be safely eaten.

A tiny firm with six attorneys, a staff epidemiologist and a nurse, Marler Clark has in the past eight years established itself as the go-to place for victims of food-borne illnesses. The firm's niche practice requires it to connect quickly with new, often widely dispersed clients as an outbreak unfolds, making effective marketing paramount. The firm has pursued an aggressive brand-building campaign, including speaking engagements, media interviews and an extensive Internet presence.

A crucial part of the strategy -- and one that appears to have worked with the spinach outbreak -- is being among the first to the courthouse. People familiar with such cases say filing first is crucial to getting visibility and attracting more clients. The more people a lawyer represents, says Mr. Marler, the more leverage the lawyer has at the negotiating table with the defense.

"Bill is a good guy and a good lawyer. He's done a fantastic job of promoting himself and his firm and has done a good job for his clients," says Fred Pritzker, at rival plaintiff shop Pritzker Ruohonen & Associates, in Minneapolis. "Bill is great at putting press releases out, writing editorials and filing lawsuits early on."

Less-severe E. coli cases, with symptoms such as diarrhea, vomiting and dehydration, are usually worth between $25,000 and $500,000 when they are settled, Mr. Marler says. Those involving hemolytic uremic syndrome, or HUS, a potentially life-threatening disease that affects the kidneys and occurs in about 5% to 15% of E. coli patients, can run from $1 million to his highest HUS settlement of $15.6 million.

Marler Clark typically takes a 25% contingency fee in cases involving children, and 35% in cases involving adults. In cases he gets from other attorneys' referrals, he shares the fee.

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With the spinach outbreak, all five of the firm's suits name as a defendant Natural Selection Foods LLC; four also name Dole Food Co. The vast majority of Marler Clark's clients identified a Dole product, and a couple of clients identified Earthbound Farm, the private label for Natural Selection.

In a Sept. 15 statement, Dole encouraged consumers to dispose of certain packaged fresh spinach products as a precaution; it also said it is working with public-health agencies and expressed sympathies to those affected. Dole declined to comment further.

Natural Selection, a processor and packager of Dole spinach, initiated a recall as a precaution and said it would work with the government. It didn't return a call seeking comment.

Marler Clark's first spinach cases came to it via the Internet. Gwyn Wellborn, a 27-year-old escrow officer, was hospitalized in late August with a potentially life-threatening complication from the E. coli bacteria. Her husband, David Wellborn, went online looking for more information on the condition. Clicking around the Internet, he came across a Marler Clark Web site. "It was a really good Web site," he says. He canceled an appointment he had made with a local lawyer and phoned the firm.

Drew Falkenstein, a firm associate, took the call. Mr. Wellborn mentioned that his wife had eaten Dole spinach. Six days later, Mr. Falkenstein says, a Wisconsin attorney referred a local case involving a family whose two children had E. coli; the mother suspected it was from Dole spinach.

Two mentions of Dole spinach struck Mr. Falkenstein and Patti Waller, the firm's epidemiologist. They walked into Mr. Marler's office, and he immediately suspected an outbreak. On Sept. 13 and 14, the families called the firm with results of DNA tests, which confirmed that their E. coli bacteria were from the same strain. On Sept. 14, just before government officials announced the news of the sullied spinach, Marler Clark had filed its first case on the Wellborns' behalf.

Mr. Marler made his name in food-poisoning litigation in the early 1990s representing hundreds of plaintiffs against the Jack in the Box hamburger chain. His largest settlement was $15.6 million for a nine-year-old girl who developed acute HUS.

The firm has tried exactly one case -- against a school district in eastern Washington state, where 11 children got E. coli from cafeteria food. Marler won a $4.6 million verdict. Marler says that in 13 years, he has settled cases worth more than $250 million.

Mr. Marler says he and his partner, Bruce Clark, age 50, "know more about [food-borne illness cases] than any two lawyers on the planet." He points to a bound document running some 600 pages; it is a case workup laying out the science of the disease, a child's injuries and the estimated damages, which he will soon be sending to a manufacturer and retailer of contaminated products in a recent E. coli case. He also included a DVD of a day in the life of the child, meant to give the potential defense a picture of the injuries.

To those who call him an ambulance chaser, Mr. Marler points to industry reforms he says came about after he locked horns with companies. Jack in the Box Inc. raised its minimum burger-cooking temperatures to 155° from 140°; the company says the change was unrelated to the legal action. The Centers for Disease Control and Prevention requires hospitals to report HUS cases. Odwalla, another defendant in a Marler Clark suit, began pasteurizing its juices following a 1996 E. coli outbreak.

Some lawyers question how great Marler Clark's impact has been. "Food safety was a priority long before Marler began bringing lawsuits," says David Ernst, a defense attorney at Bullivant Houser Bailey, in Portland, Ore., who has litigated against Mr. Marler in food-poisoning cases for more than 10 years. "These are not lawyer-driven reforms."

Still, Mr. Ernst and other defense lawyers say they respect Mr. Marler's expertise. Mr. Ernst says Mr. Marler takes a reasonable approach to valuing cases and tries to avoid protracted litigation. They also call him a master marketer.

Oddly enough, the first headline on Mr. Marler's blog two years ago was "E. coli food poisoning cases drop." Now, the firm has 33 blogs and Web sites covering 14 food-borne illnesses. Mr. Marler says his firm's Web sites started out as sources of information for potential clients; now other firms involved in the spinach matter are following his firm's approach, he says. "This might be the first time when other lawyers say, 'We've got to get Marler off the front page of Google.'"

In 1998, the law firm started a nonprofit called OutBreak, which consults directly with companies on ways to keep food safe. While Mr. Marler says the consulting is part of the firm's mission, critics say it is simply a way to win future plaintiffs. "You generate business by raising your profile," says Ted Frank, a tort-reform advocate with the American Enterprise Institute. "If you have a niche in the law, you're going to want to push your expertise out there."

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Some marketing still gets done the old-fashioned way. Mr. Marler's wife, Julie, says she was recently approached in a parking lot by a man asking whether her husband was an attorney. How did he guess? Her lime-green Volkswagen Bug bears the license plate ECOLI.

As A Test Lab On Dirty Air, An Ohio Town Has Changed (NYT)

By Felicity Barringer

The New York Times, September 27, 2006

STEUBENVILLE, Ohio, Sept. 23 — For three generations, people here commuted beneath the scraggly bluffs along the Ohio River to jobs where they made the steel from which 20th-century America — the cars, the skyscrapers, the cans — was built.

Then, starting in the 1970's, Steubenville residents began contributing more personal raw material to a different sort of endeavor. They provided details about their lung function and cardiac rhythms, about the manner of their lives and the cause of their deaths, to the science on which 21st-century air pollution policies are built.

Data from Steubenville have played a central role in many decisions by the Environmental Protection Agency on air pollution regulations, including two of the more controversial — one in 2005 setting the first limits on mercury emissions, and another last week to tighten one but not both of the standards for lethal fine soot particles.

Three decades ago, Steubenville's reputation for having the country's foulest air made it a magnet for researchers in the young field of environmental epidemiology.

"Steubenville is a perfect environmental laboratory," said James Slater, a chemistry professor at Franciscan University of Steubenville. Two large steel mills and two plants that turned coal into furnace-ready coke for those plants operated nearby, he said, and the Ohio River Valley is prone to temperature inversions that trap polluted air. "We have it all," Dr. Slater said.

They had it worse, a half-century ago. Much of that pollution, along with a noxious odor that seemed part burnt toast and part burnt metal, has disappeared along with the jobs at the larger steel plant, across the river in Weirton, W.Va. As the pollution receded, mortality rates declined.

This trend factored into seminal studies on the health consequences of air pollution, including an oft-cited 14-year research project on the health impact of soot concentrations in six industrial cities. Douglas Dockery, a professor at the Harvard School of Public Health, led the research. Between the first period of the study, from 1974 to 1989, and an eight-year follow-up period, from 1990 to 1998, soot concentrations declined 24 percent and mortality rates dropped 19 percent.

Steubenville "provided the benchmark that we compared everything else to," Dr. Dockery said, and the study was a crucial underpinning of the first federal regulations on soot, which went into effect in 1987.

In Steubenville and the other cities, Dr. Dockery recruited older adults and first graders.

"I loved it when we got pulled out of class," said Dr. Slater's daughter Beth Atkinson, now 38 and a homemaker in Skaneateles, N.Y. She remembered her classmates filing up to the stage of the Steubenville elementary school.

"There were three different machines, three different lines," Ms. Atkinson said. "You had your own tube. They hooked it up to each machine." Then, "when you blew on it, the plastic part would go up."

As the daughter of a chemist, she said she had an idea that the people with stronger lungs could make the plastic rise higher in the tube, and she wondered about the harm caused by the pollution.

"I'd picture some 'Little House on the Prairie' place," with clear air and blue skies, she said. "I'd imagine those children blowing into the machine. I'd wonder how much they could blow. I'd wonder if our lungs would be as good as theirs."

The studies — at least three are under way right now — have been going on so long they have involved two generations. In the late 1990's, Ms. Atkinson's nephew, Wesley Myers, then about 9, lugged a small air-sniffing backpack everywhere he went for two weeks. "Every half-hour I had to write where I was, what I was doing," said Wesley, now a senior at Catholic Central High School in Steubenville. "I did it for the money" — $100 — he said.

Dr. Slater, Wesley's grandfather, is the scientist on the scene for researchers from Harvard and the University of Michigan. He tends a cluster of monitors on the Franciscan campus, harvesting the data.

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He takes visiting scientists to the Hunan restaurant in the old downtown, where Alice Wong, the proprietor, remembers the visitors' tastes, if not their names. "The Harvard people, they liked vegetable fried rice," she said.

Other residents, who remember when the air was dirtier and the streets and their bank accounts were fuller, speak of the scientists and their science less fondly, linking them to the town's decline. From 1980 to 2000, census figures show, the Steubenville-Weirton population dropped faster than that of any urban area in the nation.

Franciscan University's executive vice president, Bob Philby, recalled that when the subject of pollution came up among steel mill workers in the 1970's, "They would say: Don't go there. That's pay dirt." Since then, 9 of 10 steel jobs have vanished.

Jim DiGregory, whose family owns a garden center, was born in Steubenville in 1926, nine years after the entertainer Dean Martin. Mr. DiGregory and his wife, Loretta, were part of the original Harvard study.

Decades ago, the air "didn't smell too good," Mr. DiGregory said. "Maybe people died from it. But who knew what they died from then? They'd say, 'He died of old age.' They'd say it if he was 60 years old."

His wife died in 1988 from a rare heart ailment, becoming part of the studies' mortality statistics. He still fills out postcards the researchers send to see if he is still alive. Is the air cleaner? "Yes." Is it worth the trade-offs? "I don't think so."

The town of 19,000 has half the population it did 60 years ago, and the outlook of many residents has changed. "Certainly 30 years ago, that was a prevailing sense here in the valley that if there's dirt on the air there's food on the table,'' said Adam Scurti, 61, a lawyer. "Now, that would not be tolerated."

FBI/DEA/ATF/USMS:

Cali Drug Chiefs Given 30-year Prison Terms (USAT)

By Kevin Johnson

USA Today, September 27, 2006

WASHINGTON — The surviving leaders of the Cali drug cartel, which federal law enforcement agencies say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets.

As part of the plea agreement, U.S. Attorney General Alberto Gonzales said, brothers Miguel and Gilberto Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade.

While Miguel, 62, and Gilberto, 67, were sentenced in Miami, 28 other family members reached a separate pact with the government to surrender their worldwide assets, which court papers say include luxury homes, boats, investment accounts and businesses obtained with drug money.

Although the assets represent the largest drug-related forfeiture in U.S. history, there are no firm estimates of how much the brothers accumulated during their reign of the cartel. None of the relatives was named in the criminal charges.

"It doesn't get any bigger than today," said Drug Enforcement Administrator Karen Tandy. She said the guilty pleas represented the "last nail in the coffin of the Cali cartel."

Tandy said the brothers "defined the word 'kingpins' " with their ruthless oversight of a drug empire. Carolina Barco, Colombia's ambassador to the United States, said the cartel wars claimed hundreds of lives — including those of prosecutors, police and judges — in the South American nation.

Barco, reading a statement from Colombia's attorney general, described the cartel's reign as "one of the most painful chapters in our history."

Since the demise of the Cali group in recent years, there have been signs that the cocaine supply on U.S. streets has declined, said John Walters, director of the White House's Office of National Drug Control Policy. However, he said, smaller groups have taken over many drug-running operations.

Gonzales said the brothers imported more than 200 tons of cocaine into the USA over 20 years. He said the family's assets would go to the countries where they are seized, primarily Colombia.

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With Guilty Pleas, Cali Cartel Finished, U.S. Says (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 27, 2006

Two brothers who headed Colombia's powerful Cali cocaine cartel pleaded guilty yesterday to drug trafficking charges in Miami and agreed to turn over billions in assets.

As part of a plea agreement with federal prosecutors, Gilberto RodrÃ-guez Orejuela, 67, and Miguel RodrÃ-guez Orejuela, 62, were each sentenced to 30 years in prison and agreed to forfeit $2.1 billion worth of assets linked to the drug trade, officials said. The pair also agreed to plead guilty later to separate money-laundering charges filed against them in New York.

In exchange, half a dozen of the brothers' relatives will not face prosecution. In addition, U.S. officials said, 28 people with ties to the pair will have a chance to be removed from a Treasury Department list that freezes the assets of "specially designated narcotics traffickers" if they relinquish property tainted by drug money, officials said.

Government officials said the agreements bring an end to the Cali cartel, which by the early 1990s had eclipsed its archrival, the MedellÃ-n cartel, as the world's leading cocaine-distribution ring. The family was once estimated to be responsible for up to 80 percent of the cocaine smuggled into the United States, and it invested its proceeds in scores of legitimate businesses in Colombia and worldwide.

"The brothers' guilty pleas effectively signal the final, fatal blow to the powerful Cali cartel," Attorney General Alberto R. Gonzales said at a Washington news conference. "There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement."

But drug trafficking experts and U.S. law enforcement officials say the cartel's defeat began at least a decade ago -- after the RodrÃ-guez brothers were imprisoned in Colombia -- and the group has been little more than a shadow of its former self in recent years. The Colombian cocaine trade is now controlled by a more fractured constellation of criminal organizations that work with, and sometimes for, the Mexican cartels that control smuggling operations into the United States, experts say.

"We're moving into a whole new phase of the drug war, because they are decentralizing, smaller and harder to catch than their predecessors," said Ron Chepesiuk, who wrote "Drug Lords: The Rise and Fall of the Cali Cartel."

Gilberto RodrÃ-guez was known as "the Chess Player" for his role in planning the cartel's strategy, while his younger brother was dubbed "the Master" for inventing new ways to hide drugs. Techniques by the Cali cartel included smuggling cocaine in shipments of coffee, frozen vegetables, concrete posts, and ceramic tiles and lumber, among other things, usually using Mexico as a transit point.

Gonzales -- joined in Washington by U.S. law enforcement officials and the Colombian ambassador -- said the RodrÃ-guez brothers "were responsible for the importation of over 200,000 kilograms of cocaine" to the United States from 1990 to 2002, including years when they ran the organization from a Colombian prison.

Miguel RodrÃ-guez's son, William, was sentenced to more than 21 years in prison earlier this year in Miami for his role in helping to run the cartel while his father and uncle were behind bars.

Chepesiuk noted that the assets to be turned over by the RodrÃ-guez brothers amount to a small fraction of the money that was earned by the Cali cartel, which in its heyday was estimated to bring in $5 billion to $7 billion a year. The family's investments included a credit card company, a pharmaceutical firm and a chain of 350 drugstores.

Staff researcher Julie Tate contributed to this report.

Colombian Drug Cartel Leaders Plead Guilty In Miami (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- The former leaders of Colombia's Cali cocaine cartel pleaded guilty to drug charges in Miami and agreed to forfeit $2.1 billion in assets.

Miguel and Gilberto Rodriguez Orejuela, who are brothers, were sentenced to 30 years in prison on their guilty pleas to one count each of conspiring to import cocaine into the U.S., the Justice Department said. The men, 62 and 67 years old, also agreed to plead guilty later to a New York charge of conspiring to commit money laundering, the government said.

The two men were responsible for importing more than 200 tons of cocaine into the U.S., Attorney General Alberto Gonzales said at a news conference in Washington.

``The brothers' guilty pleas effectively signals the final, fatal blow to the powerful Cali cartel," Gonzales said.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

U.S. Officials Say Guilty Pleas By Colombian Brothers Put An End To Infamous Cali Drug Cartel (AP)

AP, September 26, 2006

WASHINGTON Two Colombians who headed the Cali cartel pleaded guilty Tuesday to drug trafficking and money laundering in a complex deal that U.S. officials said marked the end of the gang that once terrorized Colombia and dominated cocaine smuggling into the United States.

As part of their plea deal — reached after months of negotiations with U.S. agencies — Gilberto Orejuela, 67, and his brother Miguel Rodriguez Orejuela, 63, agreed to forfeit billions of dollars in assets linked to their drug trade.

Wearing pinstriped business suits and shackled at the ankles, each was sentenced to 30 years in a U.S. prison during the pleading in a Miami courtroom.

"The brothers' guilty pleas effectively signals the final, fatal blow to the powerful Cali cartel," Attorney General Alberto Gonzales said at a Washington news conference. "This is a day of pride for the people of Colombia and for international law enforcement."

A separate deal described in court will protect six of the brothers' relatives in Colombia from prosecution on obstruction of justice and money laundering charges. That agreement also could permit 28 people with ties to the brothers to keep property and other assets not tainted by drug money.

As described by Gonzales and Adam J. Szubin, director of the Foreign Assets Control office at the Treasury Department, the 28 people will be required to turn over any assets — such as houses, bank accounts, and businesses — acquired with drug trafficking. Once those assets are surrendered, the Arejuela family members could eventually be removed from a U.S. list freezing their assets and blocking them from doing business with U.S. entities.

U.S. District Judge Federico Moreno accepted the guilty pleas and approved the sentencing agreement between prosecutors and defense lawyers.

The brothers agreed to forfeit to the United States $2.1 billion (€1.65 billion) in assets linked to drug trafficking, but the two clearly made many times that amount during the cartel's heyday in the 1990s. Gonzales and the eight other U.S. and Colombian officials at the news conference were unable to estimate how many illegal billions of dollars the cartel made during the more than 20 years the two brothers ran it.

The forfeited assets were detailed in an 11-page list and included properties and businesses around the world. But neither brother is being required to cooperate in any ongoing or future criminal investigations, according to the plea agreement.

White House drug czar John Walters told the news conference that the cartel had operated by terrorizing Colombian society and killing prosecutors, judges and political candidates and was responsible for "the torture and murder of more than 100 people" whose bodies were dumped in a Colombian river to keep others downstream in fear of the gang.

Assistant Homeland Security Secretary Julie L. Myers said the pair would be "the highest-level drug figures to ever occupy a U.S. jail cell." The only other contender for that honor might be Carlos Lehder, who helped found an earlier Colombian drug gang, the Medellin cartel. He was sentenced to 55 years in federal prison in a 1992 plea bargain.

"Are you sure?" Moreno asked Gilberto Rodriguez Orejuela when he entered his plea.

"Very sure," he replied.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and Medellin top kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

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The Cali cartel was once responsible for as much as 80 percent of the cocaine smuggled into the United States. It was known for its ingenious smuggling methods, hiding cocaine in such things as hollowed-out lumber and cylinders of chlorine, even shipments of frozen broccoli and okra.

Miguel became known as "The Master" for his inventiveness in finding new ways to hide drugs, while Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including the Colombian discount drug store chain Drogas La Rebaja.

William Rodriguez Abadia, Miguel's son and Gilberto's nephew, agreed to forfeit about $300 million (€236.3 million) in worldwide assets after pleading guilty in March to U.S. charges and agreeing to testify against his father and uncle.

The Rodriguez Orejuela brothers were convicted in Colombia of drug charges in 1995, but were indicted in 2003 in Miami on charges that they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in late 2004 and Miguel Rodriguez Orejuela in early 2005, the highest-ranking of more than 300 drug traffickers extradited since the U.S. and Colombia signed a new treaty in 1997.

U.S. Immigration and Customs Enforcement, Drug Enforcement Administration agents and others have investigated the Cali cartel since 1991, resulting in more than 100 convictions, the seizure of more than 50 tons of cocaine and $15 million in cash.

All told, the Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s. A recent DEA analysis said that several Colombian organizations now control that country's cocaine trade, increasingly in concert with Mexican organizations that distribute the drug in the United States.

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Associated Press writer Michael J. Sniffen contributed to this report from Washington.

Two Brothers Who Ran Cartel Plead Guilty (AP)

By Curt Anderson, Associated Press Writer

AP, September 26, 2006

MIAMI — In what the government called "the final, fatal blow" to the world's biggest cocaine supplier, two Colombian brothers who helped found the infamous Cali cartel pleaded guilty Tuesday to drug trafficking, agreed to forfeit billions in tainted assets, and received what could amount to a life sentence.

Gilberto and Miguel Rodriguez Orejuela, ages 67 and 63, were each sentenced to 30 years in prison. They were the highest-ranking of more than 300 drug traffickers extradited to this country since the United States and Colombia signed a new treaty in 1997.

The brothers also struck a deal with prosecutors to protect six of their relatives in Colombia from prosecution on obstruction and money laundering charges. Twenty-eight family members will be permitted to keep some assets not tainted by drug money and could be removed from a Treasury Department list that has kept their property and bank accounts frozen since 1995.

"They sacrificed themselves for their family," said David O. Markus, attorney for Gilberto Rodriguez Orejuela.

The Cali cartel, once responsible for as much as 80 percent of the cocaine brought into the United States, was known for its ingenious smuggling methods: hiding the drug in such things as hollowed-out lumber, cylinders of chlorine, even shipments of frozen broccoli and okra.

The brothers' pleas "effectively signal the final, fatal blow to the powerful Cali cartel," Attorney General Alberto Gonzales said in Washington. "This is a day of pride for the people of Colombia and for international law enforcement."

Miguel was known as "The Master" for his inventiveness in finding ways to hide drugs. Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including a Colombian discount drugstore chain with more than 400 stores.

In court, Miguel Rodriguez Orejuela issued an apology "to the people of the United States and to all individuals in authority. I am doing this from the bottom of my heart."

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The brothers agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. Neither brother is required to cooperate in any current or future criminal investigations, according to the plea agreement.

The Miami attorney for the family members, Marc Seitles, said the deal would allow the relatives to escape the cartel's shadow. "They are going to get the benefit of a new day, of starting a new life," Seitles said.

Colombia's chief prosecutor, Mario Iguaran, praised the agreement in a statement, saying it "concludes one the most painful chapters of our recent history" which resulted in the death of numerous government officials, innocent citizens and the undermining of Colombia's crime-fighting institutions.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and its kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

The brothers were convicted in Colombia of drug charges in 1995 but were indicted in 2003 in Miami on charges they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in 2004 and Miguel Rodriguez Orejuela in 2005.

In March, William Rodriguez Abadia, Miguel's son, agreed to forfeit about $300 million in worldwide assets after pleading guilty to U.S. charges and agreeing to testify against his father and uncle.

The Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s.

Colombia continues to provide some 80 percent of the world's cocaine. Despite record eradication and extradition numbers, the supply continues to be robust, and the traffickers are said to include right-wing paramilitary chiefs and leftist rebels.

Colombian Drug Cartel Leaders Plead Guilty (NYT)

By Maria Newman

The New York Times, September 27, 2006

Two leaders of the Colombian drug trade were sentenced to 30 years in prison today after they pleaded guilty to charges of conspiracy to import cocaine into the United States. Federal officials heralded their imprisonment as the end of the notorious Cali drug cartel.

At a hearing in a federal court in Miami, the brothers Miguel and Gilberto Rodríguez Orejuela, who prosecutors said directed the Cali drug cartel in Colombia for more than 20 years, also agreed to plead guilty to a charge of conspiracy to commit money laundering by hiding the proceeds of narcotics trafficking.

Federal prosecutors believe these sentences to be so significant that they were announced in Washington by Attorney General Alberto Gonzales and other top-level federal and state officials.

“These two men were responsible for importing more than 200 tons of cocaine into this country over the course of many years,” Mr. Gonzales said. “While at the height of their power, the intimidation and violence of their cartel held the people of the Colombian countryside hostage to fear.”

Mr. Gonzales said the two brothers also agreed to pay $2.1 billion in forfeiture.

“The brothers’ guilty plea effectively signaled the final, fatal blow to the powerful Cali cartel,” Mr. Gonzales said. “There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement.”

In a separate deal, prosecutors agreed not to bring obstruction of justice and money laundering charges against six children of the two brothers, in return for they and 22 other members of the Rodríguez Orejuela family agreeing to forfeit all of their assets anywhere in the world “that were obtained directly or indirectly with narcotics proceeds.” They will also give up all assets in the United States, no matter how they were acquired.

“None of the 28 family members are involved with narcotics trafficking,’’ said Alexander Acosta, the United States attorney for the Southern District of Florida.

At a hearing this morning, the brothers apologized for their actions.

“I am willingly submitting myself to American justice,” Gilberto Rodríguez Orejuela, 67, said at the hearing, according to The Miami Herald.

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”It is an honor to be before this court,” said his brother, who, like Gilberto Rodríguez, was dressed in a dark business suit and was shackled at the ankles. “I want to apologize to my family and ask for forgiveness for any suffering I may have caused them.”

Mr. Gonzales said the prosecution of the two came about only with the cooperation of the government of President Álvaro Uribe Vélez of Colombia, who agreed to extradite the two. Carolina Barco, Colombia’s ambassador to the United States, was at the news conference today.

“Together we have proven that Colombia will not be held hostage by drug lords, and that those who seek to flood the neighborhoods of the United States with the poison of illegal drugs will be held accountable, they will be discovered and they will be brought to justice,” Mr. Gonzales said.

John Walters, the director of the White House Office of National Drug Control Policy, who was also at the news conference, praised President Uribe for his “courage” in helping to bring down the two formidable drug kingpins.

“People in the past talked about the Cali cartel as the peaceful cartel, but their reign of terror and blood, their war with Pablo Escobar in the early 90’s, still haunts the collective memory of many in Colombia and many in this country that worked against them,” he said. “The Cali cartel was one of the most powerful criminal organizations ever, seeking to buy or kill anybody that got in their way.”

Officials said at the news conference that there has been a significant drop in the amount of cocaine produced in the Andes region of South America, including Colombia. But they acknowledged that even with the Cali cartel out of the way, hundreds of other smaller cartels, some of them left-wing groups, have filled the vaccuum.

Julie Myers, an assistant secretary of homeland security, said that the Cali cartel’s methods evolved, in the 15 years they were under investigation by American authorities, to avoid detection. In the same way, she said, investigators know that the current drug dealers are finding new ways to smuggle their trade, like hiding illicit drugs “in frozen broccoli, put it in ceramic tiles, operating from jail cells.’’

“But law enforcement continued, and that’s what we’ll do for smaller cartels or for big cartels is, we’ll work together as a group to dismantle these,’’ she said.

Cartel Leaders Plead Guilty (MH)

By Jay Weaver

The Miami Herald, September 27, 2006

The Colombian kingpins who revolutionized the global cocaine trade appeared as mere mortals in Miami federal court on Tuesday in pleading guilty to smuggling-conspiracy charges and apologizing for their life of crime.

Gilberto and Miguel Rodríguez Orejuela stood in dark businesses suits before U.S. District Judge Federico Moreno as he sentenced the Cali cartel founders to 30 years in prison and ordered them to forfeit $2.1 billion in assets from their once-powerful empire.

"I am willingly submitting myself to American justice," Gilberto Rodríguez Orejuela, 67, who was shackled at the ankles, told the judge.

Said Miguel Rodríguez Orejuela, 63, who was also cuffed: ``I want to apologize to my family and ask for forgiveness for any suffering I may have caused them. . . . I'm doing this fully convinced it will bring something better."

So significant was the case of the Colombian brothers -- responsible for 80 percent of the cocaine sold in the United States in the 1990s -- that U.S. Attorney General Alberto Gonzales and South Florida's U.S. Attorney R. Alexander Acosta took the rare opportunity to hold a news conference in Washington on Tuesday afternoon.

`FATAL BLOW'

'The brothers' guilty pleas effectively signal the final, fatal blow to the powerful Cali Cartel," Gonzales said. ``There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement."

Indeed, last March, Gonzales publicized a crackdown on another Colombian narco-network that controls a big chunk of the cocaine trade from South America through Mexico to the United States. He announced the indictment of the entire top

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leadership and dozens of other commanders of Colombia's FARC guerrillas on charges of running a $25 billion drug operation responsible for 60 percent of the cocaine on U.S. streets.

On Tuesday, the Rodríguez Orejuela brothers pleaded guilty to conspiring to smuggle tons of cocaine into the United States. The brothers also agreed to plead guilty to a separate indictment filed in New York that charged them with conspiring to launder their drug profits.

Assistant U.S. Attorney Matt Axelrod estimated that the figure was "over 200,000 kilograms" -- imported to South Florida and other parts of the country from 1990 to July 2002. The brothers packed the white powder in concrete posts, frozen vegetables, coffee and ceramic tile, among other creative ways.

The brothers faced up to 30 years in prison because they conspired to import more than 150 kilos of cocaine -- even after they were arrested by Colombian authorities in 1995 and were incarcerated in Bogotá until their extraditions to Miami in 2004-05.

The judge, known for his wit, drew laughs from the packed courtroom when he responded to Axelrod's smuggling estimate: ``I think that would probably meet the threshold."

RELATIVES SPARED

Their plea deal came with some benefits: The brothers don't have to worry about the fate of other family members who allegedly were linked to their narcotics enterprise.

As part of their plea deal, 28 family members -- including sons, daughters and cousins -- signed a separate agreement that removes them from a U.S. Treasury Department list that designated them as part of the Cali operation, according to their attorney, Marc Seitles. Of those, six family members won't be prosecuted on drug-related charges of obstruction of justice or money laundering.

The agreement allows the brothers' family members to keep some of their wealth that was untainted by drug profits, such as real estate in Spain. "The best chess players understand that every now and then you must sacrifice some important pieces for the safety and security of the entire board," said Miami lawyer David O. Markus, who represented Gilberto Rodríguez Orejuela, while attorney Roy Kahn represented the brother Miguel.

The brothers' syndicate reached its zenith in the early 1990s, when they allegedly exported more than 4,000 kilos of cocaine per month to the United States. Despite their incarceration, prosecutors said Miguel Rodríguez Orejuela's son, William Rodríguez Abadia, a Colombian-trained lawyer, continued the family narcotics business through 2000. The son, who pleaded guilty in March, agreed to testify against his father and uncle at a trial scheduled for November.

Their prosecution capped an investigation that began almost two decades ago by Immigration and Customs Enforcement agent Ed Kacerosky and assistant U.S. Attorney Ed Ryan. Upwards of 100 Cali cartel members were convicted as part of Operation Cornerstone in the United States and Colombia.

Founders Of Cali Cartel Plead Guilty (WT/UPI)

The Washington Times/UPI, September 26, 2006

The Colombian brothers believed to have founded the Cali cartel pleaded guilty to drug trafficking Tuesday in Miami and were sentenced to 30 years in prison.

Gilberto and Miguel Rodr?guez Orejuela apologized to their families and to the people of the United States for their activities, the Miami Herald reported.

"It is an honor to be before this court," said Miguel Rodr?guez Orejuela. "I want to apologize to my family and ask for forgiveness for any suffering I may have caused them. ... I'm doing this fully convinced it will bring something better."

Both brothers are in their 60s and the sentences mean they are likely to die in federal prison. Under the plea agreement, the government agreed not to prosecute six other members of their family and allowed them to keep some assets not related to drug trafficking, including real estate in Spain, the Herald said.

In the mid 1990s, the Cali cartel is believed to have smuggled several tons of cocaine a month into the United States.

Cali Cartel Drug Kingpins Plead GuiltyColombian Brothers Get 30 Years, Also Agree To Forfeit $2.1B In Assets (CBS/AP)

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CBS News/AP, September 26, 2006

(CBS/AP) Two Colombian brothers pleaded guilty Tuesday to U.S. drug trafficking and money laundering charges stemming from their roles as founders of the Cali cocaine cartel, and agreed to forfeit billions of dollars of assets linked to their drug trade.

The pleas cap a 15-year effort to dismantle the Cali cartel, reports CBS News' Stephanie Lambidakis. It started as a Customs' investigation in 1991 when a drug dog sniffed cocaine at the Miami seaport. The drugs were found in concrete posts.

Gilberto, 67, and Miguel Rodriguez Orejuela, 63, made their pleas in an agreement reached after months of negotiations with several U.S. agencies. The two brothers who once ran the world's top cocaine supplier could now spend the rest of their lives in prison; each received a 30-year sentence.

One person describes Cali as the Wal-Mart of the drug world in terms of sheer volume and dominance of the market, says Lambidakis. It's estimated the Orejuelas controlled 80 percent of the cocaine market in the 1990s largely because of the corporate mentality of the two brothers and the ingenious ways in which they hid drugs, such as in frozen broccoli. The Drug Enforcement Administration believes the successor organizations are fractured and will never have the clout of Cali.

Miguel became known as "The Master" for his inventiveness in finding new ways to hide drugs, while Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including the Colombian discount drug store chain Drogas La Rebaja.

A separate deal described in court will protect six of the brothers' relatives in Colombia from prosecution on obstruction of justice and money laundering charges. That agreement also could permit 28 people with ties to the brothers to keep property and other assets not tainted by drug money. The 28 could eventually be removed from a U.S. list freezing their assets and blocking them from doing business with U.S. entities.

U.S. District Judge Federico Moreno accepted the guilty pleas and approved the sentencing agreement between prosecutors and defense lawyers.

The brothers agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. The forfeited assets were detailed in an 11-page list of items and included properties and businesses around the world.

But neither brother is being required to cooperate in any ongoing or future criminal investigations, according to the plea agreement.

"Are you sure?" Moreno asked Gilberto Rodriguez Orejuela as he entered his plea.

"Very sure," he replied, appearing with his brother wearing pinstriped business suits instead of the usual tan prison garb. They were shackled at the ankles.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and Medellin top kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

The Cali cartel avoided that violence and tried to look like legitimate business people. It showered their largess in Colombia by building soccer stadiums and did other "good works."

According to Immigrations and Customs Enforcement, while in prison in Colombia, the Orejuelas kept running the enterprise. The extraditions really seemed to help the U.S. government turn the corner on ending the Cali cartel.

William Rodriguez Abadia, Miguel's son and Gilberto's nephew, agreed to forfeit about $300 million in worldwide assets after pleading guilty in March to U.S. charges and agreeing to testify against his father and uncle.

The Rodriguez Orejuela brothers were convicted in Colombia of drug charges in 1995, but were indicted in 2003 in Miami on charges that they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in late 2004 and Miguel Rodriguez Orejuela in early 2005, the highest-ranking of more than 300 drug traffickers extradited since the U.S. and Colombia signed a new treaty in 1997.

U.S. Immigration and Customs Enforcement, Drug Enforcement Administration agents and others have investigated the Cali cartel since 1991, resulting in more than 100 convictions, the seizure of more than 50 tons of cocaine and $15 million in cash.

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All told, the Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s. A recent DEA analysis said that several Colombian organizations now control that country's cocaine trade, increasingly in concert with Mexican organizations that distribute the drug in the United States.

Colombian Drug Lords Jailed In US (BBC)

BBC News, September 27, 2006

The brothers were once among the world's most powerful criminals Two brothers who led Colombia's infamous Cali drug cartel have each been sentenced to 30 years in US jails.

Gilberto and Miguel Rodriguez Orejuela pleaded guilty in a federal court in Miami to conspiring to import 200,000kg (441,000lb) of cocaine into the US.

The sentencing came after the pair reached a plea agreement to forfeit $2.1bn (£1.1bn) while charges against some of their relatives were dropped.

The US attorney general said the deal was the cartel's final, fatal blow.

"This is a day of pride for the people of Colombia and for international law enforcement," Alberto Gonzales said.

Empire run from jail

The brothers founded the cartel and were once considered among the world's most powerful criminals.

The BBC's Jeremy Mc Dermott in Bogota says they were always family-orientated and that, in the end, was the reason for their guilty plea.

They struck a deal with prosecutors to protect six relatives from money-laundering and obstruction charges. Twenty-eight family members will be allowed to hold onto some assets not tainted by drugs.

"The brothers are happy that their families are taken care of," said Roy Kahn, a lawyer for the family.

"And to them, whether it's 30, 20 or 15 years - to them it's going to be a lifetime in jail. But they're willing to do that for their family's future and their family's welfare."

Clever traffickers

The Cali cartel was once responsible for up to 80% of the cocaine smuggled into the US, and was known for its ingenious smuggling methods that hid cocaine in hollowed-out timber, cylinders of chlorine, and even shipments of frozen broccoli and okra.

Miguel, 63, was extradited to the US in March, three months after his brother Gilberto, 67, was flown to Miami. Both initially pleaded not guilty.

The brothers were accused of organising drug-trafficking and money-laundering from the Colombian prison in which they had been held since 1995.

In March, William Rodriguez Abadia, Gilberto's son, was sentenced to more than 20 years in prison by a judge in Miami, after he agreed to co-operate against his father and his uncle.

Abadia, a lawyer, is alleged to have led the cartel after the pair were arrested in 1995.

Judge Sentences Founders Of Cali Cartel To 30 Years (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 27, 2006

MIAMI - Wearing business suits and ankle cuffs, the two brothers who once ran the world's largest drug trafficking organization said the words Tuesday U.S. prosecutors had waited more than a decade to hear.

The aging drug kingpins pleaded guilty in Miami federal court to smuggling more than 200 tons of cocaine into the United States. They agreed to turn over companies, bank accounts and other assets connected to the drug trade worth more than $2 billion.

Now, Gilberto and Miguel Rodriguez-Orejuela, who turned cocaine running into a sophisticated, multibillion-dollar business as leaders of the notorious Cali Cartel, will spend 30 years in prison.

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To reach the plea agreement - which closes the book on the last of Colombia's mega-cocaine trafficking organizations - government lawyers entered an unusual deal to protect 28 family members in Colombia from being permanently labeled as drug traffickers.

In exchange, Gilberto and Miguel Rodriguez-Orejuela admitted to smuggling massive amounts of cocaine into U.S. ports throughout the 1990s, including shipments hidden inside concrete posts, frozen vegetables, coffee, ceramic tiles, chlorine gas tanks and crates of pumpkins.

They also agreed to plead guilty to money laundering charges in a criminal case pending in New York.

"I have admitted all the charges, and I will submit myself to American justice," said Gilberto Rodriguez-Orejuela, 67, known as "the Chess Player".

Miguel Rodriguez-Orejuela, 63 - known as "El Senor" - apologized to his family, the people of the United States and to U.S. law enforcement.

"I'm doing this fully convinced this is to bring something better," he said.

After the proceeding, federal law enforcement officials declared victory over the Cali organization.

"The brothers' guilty pleas effectively signal the final fatal blow to the powerful Cali Cartel," said Attorney General Alberto Gonzales at a news conference in Washington, D.C.

Drug policy experts say any victory for law enforcement is largely symbolic.

The demise of the cartel did little to reduce the flow of cocaine into the United States, said Adam Isacson, head of the Colombia project at the Center of International Policy in Washington, D.C. Instead, it cleared the path for a new generation of mini-cartels, more fragmented and often more dangerous than their predecessors, he said.

"Instead of Al Capone, you've got a bunch of little guys," Isacson said. "They stay local. They keep their heads down. It's much harder to pin down."

The Rodriguez-Orejuela brothers created the Cali Cartel in the 1980s with a third man named Jose Santacruz Londono. After a bloody war with the Medellin Cartel run by Pablo Escobar, the group took control of the cocaine trade in the early 1990s.

The organization ran every step of the drug trafficking business, including production, transportation, distribution and money laundering.

Unlike the flashy Escobar, who was gunned down in 1993, the Cali leaders operated their crime syndicate like businessmen. They cloaked themselves in respectability by funneling millions of dollars in drug proceeds through a worldwide network of legitimate companies, including major retail pharmacy and pharmaceutical laboratory chains in Colombia.

The cartel allegedly bought security with payments to Colombian politicians, including a donation of nearly $6 million to the campaign of former President Ernesto Samper.

Samper turned on the cartel under increasing pressure from the U.S. government. In 1995, Colombian authorities arrested Gilberto and Miguel Rodriguez-Orejuela in Cali. Both were serving sentences in a Bogota prison when a 2003 federal grand jury in Miami indicted them.

The U.S. indictment alleged conspiracies to import and distribute cocaine, launder money and obstruct justice through bribes and murder. According to prosecutors, Gilberto and Miguel Rodriguez-Orejuela continued to run the family business from prison, turning over day-to-day operations to Miguel's eldest son, William Rodriguez-Abadia.

In March, Rodriguez-Abadia, 40, pleaded guilty and agreed to testify for the government against his father and uncle.

Miami attorneys Roy Kahn and David O. Markus, who represent the brothers, argued that under the terms of their extradition they could not be prosecuted for criminal activity prior to Dec. 17, 1997 - the date the Colombian constitution was amended to permit foreign extraditions.

Tuesday's plea deal ended that debate. U.S. District Judge Federico Moreno made it clear he was imposing 30-year sentences on the men for their illegal activities after 1997.

Assistant U.S. Attorney Matthew Axelrod said his office would recommend the men serve their sentences in a Florida medium-security prison.

As part of their contract with the 28 family members, prosecutors agreed not to charge six of the men's grown children in Colombia with obstruction of justice and money laundering for past conduct.

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The agreement also permits those family members to retain modest assets. If they refrain from illegal conduct, the U.S. Treasury Department would remove the 28 relatives from a list of suspected drug traffickers subject to economic sanctions. Illegal activity would invalidate the deal.

Marc Seitles, who represented the relatives, praised the deal.

"Their only crime is being sons and daughters of the founders of the Cali Cartel," he said.

The U.S. investigation into Gilberto and Miguel Rodriguez-Orejuela began in 1991 with the detection of 12,000 kilograms of cocaine at the Port of Miami. The discovery spawned a massive investigation known as Operation Cornerstone that would lead to the convictions of more than 100 people.

The investigation drove Colombian drug traffickers to change their operations and find new smuggling routes.

Today, cocaine shipments are generally smaller and come into the United States across the southwest border with Mexico, instead of into South Florida ports, said John McKenna, a special agent with the federal Drug Enforcement Administration.

"When the Cali Cartel was operating you might see shipments of 2,500 kilograms at a time," McKenna said. "You don't see that anymore."

Despite Cali Cartel Plea Deal, Challenges Remain In Colombian Drug War (ABC)

By Jason Ryan

ABC News, September 26, 2006

Although U.S. and Colombian officials claimed a final victory over the Cali cartel following the guilty plea by its two founding members, significant challenges remain in the drug war and the Colombian government's efforts against the FARC narco-terrorist rebel group.

At a news conference, the Colombian ambassador to the United States, Carolina Barco, said, "For Colombia, the drug problem has been its major challenge, and we have been fighting this since the 1980s, with great conviction and at great cost."

According to the DEA, the FARC rebels (Revolutionary Armed Forces of Colombia) control large parts of the coca production areas in Colombia and are responsible for supplying more than 50 percent of the world's cocaine and more than 60 percent of the cocaine that enters the United States. They have provided it to many Mexican trafficking organizations and according to some U.S. officials, have recently begun to shift their trafficking networks into Venezuela.

FARC guerrillas use the proceeds to purchase weapons and munitions for their war against the Colombian government. The insurgent group has been active in the country since the 1940s, but fighting intensified in the late 1990s when the FARC gained more territory and had several key victories over the national military.

Barco described the struggle that has gripped the country for years and the consequences of the drug trade, saying, "As a Colombian, I think we all need to continue to speak out to what drug trafficking means to any country, because it is that terrible combination of incredible amounts of money, which breed corruption, and incredible amounts of violence."

'Top Extradition Partner'

Despite increased eradication flights, which U.S. and Colombian officials say are having an effect, coca production in Colombia and other Andean nations remains high. However, cultivation levels have dropped drastically since the mid to late 1990s.

A report by the United Nations Office of Drugs and Crime found that coca production in Colombia increased by 8 percent over last year.

Pakistani Gets 18 Years In Missile Scheme (LAT)

From Times Staff Reports

The Los Angeles Times, September 26, 2006

A Pakistani man was sentenced Monday to an 18-year federal prison term for his role in an international drugs-for-weapons scheme foiled by undercover U.S. agents.

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Syed Mustajab Shah, 55, admitted conspiring with two co-defendants to trade 5 tons of hashish and 600 kilograms of heroin for four Stinger antiaircraft missiles, which they intended to sell to the Taliban. He was arrested in Hong Kong in 2002 after a meeting with agents posing as drug dealers.

Mexican Drug Cartels' New Scare Tactic: Beheadings (SAEN)

San Antonio Express-News, September 26, 2006

Mexico City -- To send a chilling message to their underworld rivals, Mexican drug cartels are adopting a method of intimidation made notorious by Middle Eastern terrorist groups.

Already this year, at least 26 people have been decapitated in Mexico, with heads stuck on fences, dumped in trash piles and -- most recently -- tossed onto a nightclub dance floor.

Although beheading goes back centuries as a form of execution, it has become the latest tactical escalation of a turf war that gets nastier all the time, with hit men looking for new ways to instill fear.

"Before, they tortured the hell out of people, but they didn't throw their heads out in public," said James Kuykendall, a retired U.S. Drug Enforcement Administration agent.

Why this form of murder and mutilation is being used now is anyone's guess.

Beheadings have had a high international profile in recent years, as the tool of radical Islamist groups that release videos of hostages being executed.

In Mexico, as crime bosses fall and turf shifts, the pattern of killing is changing.

The infamous Gulf and Sinaloa cartels and their smaller offshoots are fighting for control of smuggling routes from the southern border with Guatemala to the northern border with the United States.

"It is clearly a message for the living. What they are trying do with these beheadings is leave an impression on their enemies," said Jorge Chabat, a Mexico City analyst who studies drug trafficking. "This is a sign the war is spreading and it is getting more horrible."

Police, wise guys and lawyers are among the dead, but most of the victims remain unidentified. Some were blindfolded or showed signs of torture.

The boldest strike came this month when five heads were scattered on the dance floor of a bar in the state of Michoacan -- a region west of Mexico City notorious for drug trafficking.

"The family does not kill for pay, does not kill women and does not kill innocents," read a handwritten sign left beside the heads. "The only ones who die deserve to die, and all the people know that this is divine justice."

Saying the attacks were too delicate a topic, Mexican police and federal prosecutors refused to discuss the beheadings in more than the most general terms.

They point to the Zetas -- a group of highly trained Mexican army deserters -- and the Maras -- Central American gangsters known for their brutality and extravagant facial tattoos -- who work for the cartels as hit men.

No arrests for the killings have been announced. Beheadings reportedly have occurred in the states of Guerrero, Michoacan, Baja California and Nuevo Leon.

The crimes are every bit as chilling a calling card as the old "Colombian necktie," used by cartels in that country, which involved slicing a person's throat and pulling the tongue through the wound.

Mexico's first narco-decapitation came in April in Acapulco. The heads of two police officers were stuck in plastic bags and mounted on a fence that surrounds government offices.

The cartels are saying there is now a higher price to pay than the traditional gangster death for opposing them, said Bruce Bagley, a University of Miami analyst who studies Latin American drug traffickers.

"Filling people full of bullets is old hat -- this has really been an attention-getter and it has clearly scared the hell out of people," he said.

Mexico's Calderon: Key Areas Overwhelmed By Drug Violence (AP)

AP, September 26, 2006

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MEXICO CITY (AP)--Mexico's president-elect says murder and mayhem fueled by drug smuggling have overwhelmed the governments of the nation's capital and key states across the country.

Felipe Calderon said the wave of bloodshed knows no politics; it is ravaging state governments controlled by each of Mexico's three major parties. He singled out the capital, the northern states of Sinaloa and Tamaulipas, the southern state of Guerrero and his home state of Michoacan, as being especially hard-hit.

"It seems to me that drug violence has overwhelmed the governments of the PAN, the PRI and the PRD," Calderon said in a radio interview.

The PAN is the ruling National Action Party, while the Institutional Revolutionary Party, or PRI, controlled Mexico's presidency from 1929 until losing to President Vicente Fox in 2000. In the July 2 presidential election, Calderon barely beat leftist former Andres Manuel Lopez Obrador of the PRD, or Democratic Revolution Party.

Calderon called for legislative and law-enforcement efforts across party lines "in a very coordinated way."

Fox spokesman Ruben Aguilar agreed with Calderon on Tuesday, saying "we coincide completely with the president-elect."

He said during his daily briefing with reporters at Los Pinos, the Mexican equivalent of the White House. "The fight has not been overwhelmed, but there's still much to do."

Calderon will take office Dec. 1, replacing the term-limited Fox.

The U.S. Embassy in Mexico City has long expressed concern about the growing wave of violence along the northern border, where people are gunned down with automatic weapons almost daily, and dozens of Americans have been kidnapped.

Authorities say more than 1,500 people have died in Mexican drug violence so far this year.

Narcotics investigators on both sides of the border attribute the spike in killings to a territorial war between drug gangs battling for control of lucrative smuggling corridors into the United States.

But U.S. Ambassador Tony Garza recently extended warnings to say Americans should use extreme caution when traveling anywhere in Mexico.

"The bottom line is that we simply cannot allow drug traffickers to place in jeopardy the lives of our citizens and the safety of our communities," Garza said in a statement Sept. 14.

Calderon said drug violence "is generating much more diplomatic pressure" from Washington, adding that upcoming U.S. congressional elections have made Mexico even more of a hot issue than usual.

Violence has sometimes reached spectacular level in Calderon's native state of Michoacan in central Mexico, west of the capital.

On Sept. 6, gunmen with their faces covered burst into a seedy nightclub in the Michoacan city of Uruapan, fired guns in the air and rolled five severed human heads onto the dance floor.

Investigators say Michoacan is a base for powerful cocaine, marijuana and methamphetamine smugglers with ties to some of the country's largest and most-violent drug gangs.

Beheadings also have occurred in Guerrero state, home to the Pacific resort of Acapulco, and in Baja California, where the violent border city of Tijuana is located.

The War On Drugs: Ambushed In Jamund? (CSM)

By Danna Harman

The Christian Science Monitor, September 27, 2006

JAMUNDÍ, COLOMBIA

Arcesio Morales Buitrago is in charge of the keys at Mi Casita. A soft-spoken man diagnosed as schizophrenic, he is the doyen of the patients at the leafy psychiatric home.

On May 22, right after the Monday afternoon bingo game, three cars skidded to a halt on the road that dead ends at Mi Casita. Ten men in blue jeans and police vests and one man in a ski mask piled out.

"Judicial police! Open up!" they shouted.

Mr. Morales, as the one responsible for the keys, hurried down the path to comply.

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As he reached the green iron gate, however, Sergio Berrio, the administrator of the home, leaned out from the balcony above and screeched: "Stay back! Don't open!"

Morales froze. That's when the shooting started: a torrent of bullets and grenades rained down on the police from the nearby forest. "The war came here," Morales recalls incredulously, "...all the way here."

What followed in the next 45 minutes was the calculated massacre of one of Colombia's best counternarcotics police teams - all hand-picked and trained by the US. None survived.

This is a story of those policemen - of the members of Colombia's military that killed them - and of the narcotraffickers that, according to Colombia's attorney general, ordered the hit.

The investigation of the Jamundí massacre to date suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia, the $4.7 billion effort to stop the illicit drug trade - and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs.

* * *

"Three thousand Americans a year die from Colombian drugs," says US Ambassador to Colombia William Wood. "That's like suffering a World Trade Towers attack every year."

Talking about drugs in terms of an attack on the US is not new. President Richard Nixon coined the term "war on drugs" in 1971, and President Ronald Regan popularized it in the 1980s, as crack cocaine was devastating America's inner cities. Then, with the cold war drawing to a close, illicit substances and those who trafficked them became the new international enemy - and the countries that produced them became battlefields. Colombia has emerged as the biggest battlefield of all.

An estimated 5.5 million Americans have used cocaine at least once in the past 12 months, roughly the same number as were doing so in 2002, according to the annual US Department of Health and Human Services survey. More than 2.3 million Americans are "current" users, defined as consuming the drug within the last month - a slightly higher number than the regular users counted in 2002.

Cocaine consumption is rising faster in Europe, but the US still has the highest rate of cocaine use anywhere in the world.

And while Ambassador Wood's 3,000 US deaths related to cocaine use is debated, the source of the narcotic is not. Colombia supplies an estimated 80 percent of cocaine worldwide, and more than 90 percent of the cocaine (and half the heroin) in the US, according to the State Department.

Three years after President Reagan defined drugs as a national security threat, President George H. W. Bush intensified this war. Under the 1989 Andean Initiative, aid to the region was boosted and US training and support for counter narcotics military and police was sanctioned.

Bolivia and Peru, the world's two other major coca-producing nations, received sharply increased assistance too - but the majority of the drug-war funds went to Colombia. In 1989, Colombia got $18 million for military and police assistance. A year later, US funding increased five-fold, making it the Western Hemisphere's No. 1 recipient of US security assistance, a distinction it maintains today.

Plan Colombia, the counternarcotics program conceived by Colombian President Andres Pastrana, modified and launched by President Bill Clinton in 2000, and since embraced by President George W. Bush, carried this commitment to new levels.

In its first 18 months, Plan Colombia spent $1.3 billion in the region, the vast majority - $860 million - in Colombia. Of that aid, some 75 percent - $642 million - went toward security - including the formation of a new counternarcotics brigade within the Colombian army whose job was to ease the way for the massive aerial herbicide spraying of coca crops. Since its launch, Plan Colombia has cost the US $4.7 billion, of which 75-80 percent has gone to the security forces.

The plan has achieved significant results in terms of coca fields eradicated, clandestine drug laboratories burned and tons of drugs seized. Thousands of people involved in the drug trade have been caught, killed, put behind bars, or extradited to the US.

Further, the decades-old drug-fueled conflict between right-wing paramilitaries, leftist guerrillas, and the government has abated perceptibly, say analysts. A halting process of demobilizing the paramilitaries is under way, and the rebel Revolutionary

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Armed Forces of Colombia (FARC) has lost ground to the army. President Alvaro Uribe was re-elected this May in a landslide thanks to his success in improving security in the country.

But the drug trade and the war against it continue to spawn violence, massive displacements of population, and high levels of corruption here, tearing at the social fabric of the country. And Colombia continues to be heavily, some say dangerously, militarized, with its army taking on internal security roles that would be prohibited in the US and many other democracies.

Now the Jamundí ambush is forcing some officials in Colombia (the No. 1 producer of cocaine in the world) and the US (the No. 1 consumer) to reevaluate their approach.

"We have spent $4.7 billion in Colombia ... and we brush under the rug a host of uncomfortable questions - about the military ... degrees of corruption, and overall efficacy of the drug war effort," says Bruce Bagley, an expert on drug trafficking at the University of Miami. "And then, along comes a Jamundí and calls the entire presumption of this war on drugs into question."

* * *

When the shooting started near the psychiatric home, Morales dove into a wide gutter along the driveway, covering his ears with his hands and pressing his face as close to the concrete as he could bear. When he finally emerged, he saw more than a dozen Colombian soldiers from the alpine battalion of the Army's 3rd Brigade descending from the hills. On the ground outside the gate were 11 bodies, riddled with bullets.

"They were my most effective, trustworthy, elite group," laments Brig. Gen. Oscar Naranjo, director of the judicial police. Seven of the men in the team were members of the police's top counternarcotics unit: a group of approximately 200 police who have gone through rigorous vetting and training by the US Drug Enforcement Administration (DEA).

Those seven killed in Jamundí were part of a 15-person team that had, in the past 18 months, smashed 15 drug rings, captured 205 traffickers, including 23 wanted for extradition to the US, and seized nearly 4.4 tons of cocaine.

That day in May, they had come to the Cauca Valley, 195 miles southwest of the nation's capital, together with an informant and three police specialists, on a tip that 440 poundsof cocaine were stashed in the psychiatric home.

A tragic case of "friendly fire," is how Army commander Gen. Mario Montoya originally described the "shoot out," protesting that the troops had no advance knowledge of an undercover operation and had mistaken the police for kidnappers.

But as the smoke cleared, a different narrative began to take shape.

"This was not a mistake, this was a crime; this was a deliberate decision, a criminal decision," Attorney General Mario Iguarán announced a few days later. The soldiers, he bluntly charged, "...were doing the bidding of a drug trafficker." Eight of the policemen were shot in the head, and two were shot in the back, according to forensic reports. "This is one of the gravest cases in our history," says General Naranjo. "This is active corruption, and my men are dead. This cannot be tolerated."

According to a senior official investigating the case, speaking on condition of anonymity, the police unit that day may have been looking not just for drugs, but for a specific drug trafficker: Diego Montoya Sánchez, a reputed head of the Norte del Valle (North Valley) cartel.

Since the dismantling of the Medellín and Cali cartels in the 1980s and early 1990s, the Norte del Valle Cartel has become Colombia's most powerful drug ring. Officials say that the two factions of the cartel are behind 30 percent of the cocaine sent to the US, and Montoya is on the FBI's 10-most-wanted list, right beside Osama bin Laden, with a bounty of $5 million on his head. According to the investigator, the police unit had been told Montoya was hiding in the psychiatric home, posing as a patient.

The Mi Casita administrators, who lost almost half their private funding after the media reports linked them to Montoya, deny any connection to narcotrafficking. The police investigation has turned up no drugs or evidence that a drug lord had been at the home. The police, says the investigator, may well have been on a wild goose chase set up by the army unit, acting on behalf of Montoya.

Fifteen soldiers, including rising Army star commander Col. Bayron Carvajal, were soon arrested - and the investigation, say officials in the attorney general's office, is likely to reach higher in the military ranks and will possibly include the police or even politicians.

Colonel Carvajal's younger brother, Juan Carlos, maintains the soldiers' innocence, suggesting instead the police might be the corrupt ones in the story. "Uribe needed to blame someone," says Carvajal, arguing that Colombia's president could not afford

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to have the DEA's top trained police unit implicated in any scandal - especially not in late May, right before the presidential elections. "My brother and the others are political pawns. They are being made to take the fall," he insists.

In fact, Carvajal's allegations are not considered to be too far a stretch - the Norte del Valle group is known for its connections to the police. Former cartel leaders such as Danilo González, Victor Patiño, and Patiño's half-brother Luís Ocampo were all former policemen - as is Wilber Varela, currently Montoya's biggest internal rival.

But, evidence against the soldiers is mounting. The most damning is a series of electronic text messages allegedly sent between Carvajal - who was not at Jamundí at the time - and his lieutenant on the ground immediately before the massacre. "Everything is set for tonight," reads one message leaked by authorities. "Get ready for the group to come with the chicken so you can get it," reads another, referring to the nickname of the civilian informant who was leading the police that day.

And now, one senior official close to the investigation says investigators have heard a tape recording of Carvajal speaking on the phone with narcotraffickers to arrange payment for his defense lawyers.

"Jamundí is the tip of the iceberg," says Professor Bagley, arguing the massacre is indicative of the serious gap between Plan Colombia's promise to train a modern, professional military and the realities of the day. The events of that May afternoon, he says, should serve as a serious wake-up call: "This is a disaster for [President] Uribe and Plan Colombia."

At Mi Casita, more than three months later, many of the patients remain traumatized by the massacre. One woman yells out "Police, police...open up!" at the slightest provocation. Another bites herself whenever she hears loud bangs. And Morales, the only eyewitness to the killings, hears the voices of the policemen crying out for mercy when he tries to sleep at night. "Was it my fault?" Morales asks, wringing his hands. "I talk to my saints and ask them for forgiveness."

Mr. Berrio, the administrator at Mi Casita tries to calm Morales, "We can't escape this war. And we can't win it either," he consoles the flustered man and himself at once. "But you did the best thing you could. You kept your head down. That's all any of us would have done."

• Coming next: Is Plan Colombia working? Why Diego Montoya Sánchez is worth $5 million to the FBI

He likes fast cars (but police seized his personal mini racetrack last year, along with 74 ranches and eight houses). He has a flare for the macabre (his men once ambushed a rival group and then piled the corpses in a pyramid on a road). And, he reportedly likes it when people call him "El Señor de la Guerra," or Mr. War.

Heavyset and gruff, Diego Montoya Sánchez is one of the reputed leaders of Colombia's Norte del Valle cartel. He has a $5 million bounty on his head and is on the FBI's "10 most wanted list" for drug trafficking, conspiracy to import with intent to deliver drugs to the US, money laundering, and racketeering.

In the late 1990s, the Norte del Valle cartel - named for a valley in western Colombia - trafficked about half of the cocaine sold in the US. Today, officials estimate that the cartel holds about 30 percent of the market.

For the past two years, the cartel has been riven by a brutal internal power struggle between Mr. Montoya and his rival Wilber Varela, a.k.a. "Jabon" or Soap. Each faction leader has turned to different sides of Colombia's civil war for support: Varela is reportedly allied with the guerrillas of the Revolutionary Armed Forces of Colombia (FARC). Montoya reportedly has ties to the right-wing paramilitaries.

House OKs New Gun-show Rules (RTD)

By Peter Hardin, TIMES-DISPATCH WASHINGTON CORRESPONDENT

Richmond Times-Dispatch, September 27, 2006

ATF agents' tactics in Richmond area led to bill; Scott vote decried

WASHINGTON -- The House of Representatives yesterday passed a bill to revamp federal enforcement rules for gun dealers, born in part from complaints about agents' tactics at Richmond-area gun shows.

The bipartisan bill would give the Bureau of Alcohol, Tobacco, Firearms and Explosives more tools to punish federally licensed gun dealers who break U.S. firearm-sale rules. It was passed on a vote of 277-131.

Its chief proponents, including Virginia Rep. Robert C. Scott, D-3rd, labeled the bill a balanced approach to provide needed intermediate penalties, including civil penalties or a license suspension, that fall short of revoking a dealer's license.

Warnings and revocation of licenses are the only punishments for dealers under current law.

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As many as 98 percent of gun dealers' federal violations now result in nothing more than a letter of reprimand, or a meeting with ATF officials in their offices, Scott said during debate of the bill Monday.

The bill "will result in improved, fair and meaningful enforcement of our gun laws," said Scott, who had teamed with Rep. Howard Coble, R-N.C., to draft the bill and push it to passage.

But foes painted the bill as potentially gutting the ATF's power to go after corrupt gun dealers.

Rep. Chris Van Hollen, D-Md., referred to correspondence from former ATF officials, including two former directors, opposing the bill.

"ATF already faces severe constraints in its ability to crack down on gun dealers who violate the law. [The bill] would further jeopardize ATF's ability to enforce the law against these rogue elements," former ATF officials wrote in a letter dated Friday.

They contended that a legal standard set in the bill for revoking gun dealers' licenses would be virtually impossible to meet.

"This is a misguided piece of legislation that allows a small minority of corrupt gun sellers to continue to sell guns to criminals without penalties," said Rep. Carolyn McCarthy, D-N.Y.

The National Rifle Association supported the bill while the Brady Campaign to Prevent Gun Violence fought it.

"Why Congressman Scott is part of this surprises and disappoints us," said Paul Helmke, president of the Brady Campaign.

Scott has compiled a generally liberal record. He is the senior Democrat on the House subcommittee on crime, terrorism and homeland security. Coble heads that panel.

At a subcommittee hearing earlier, complaints were lodged against ATF for questionable law-enforcement practices at gun shows in the Richmond area.

"Neither Mr. Scott nor I is interested in ham-stringing the ATF," Coble said Monday. "But I note for a fact that in some instances the ATF agents became heavy-handed, maybe even unruly, in the Virginia situation; I think this will address that problem."

Andrew Arulanandam, a spokesman for the NRA, recently called Scott's support for the bill "a testament to the legislation that this is, in fact, reform that is needed."

The bill also directs the inspector general for the Justice Department to review the ATF's gun-show enforcement program.

Contact staff writer Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

ATF Seeks To Create Gang Field Office In Seattle Area (AP)

AP, September 27, 2006

SEATTLE (AP) - The local head of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says he hopes to establish a permanent gang investigation field office here, part of a growing law enforcement response to gang activity statewide.

Kelvin Crenshaw, special agent in charge of the ATF's Seattle office, told The Seattle Times he plans to ask his bosses in Washington, D.C., this fall for permission to establish the gang office, which he said would mean more agents and funding for complex investigations.

The plan is part of a response to what law enforcement officials see as a recent increase in gang activity. In Seattle, a regional hub of such crime, 101 cases were referred to the police department's gang unit between Jan. 1 and Aug. 31 of this year - more than the 94 cases in all of 2005.

The ATF has been compiling a regional database of gang members, and last year formed a violent gang task force with members from the FBI, Seattle Police and the King County sheriff's office. Crenshaw's second-in-command, Doug Dawson, said the database will also help officials determine what cases meet the threshold for federal prosecution, determined in part by firearm use and the amount of drugs involved.

Meanwhile, the state attorney general's office has set out to conduct a statewide "threat assessment" under the belief that Western Washington gangs have been moving into Eastern Washington cities, said Chris Johnson, policy director for Attorney General Rob McKenna.

McKenna could suggest that legislators create sentencing enhancements for crimes committed by known gang members, Johnson said.

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According to police and gang experts nationwide, increasing criminal sophistication, demand for drugs, demographics, migration patterns and generational conflicts have all played roles in the violence.

Quantifying any increase in gang-related violence is tough, though, because there isn't a nationally accepted definition of what constitutes a gang. Many law enforcement agencies, including the King County sheriff's office, don't categorize or track the number of crimes committed by suspected gang members.

That's because it's not illegal to be a gang member. Instead, many agencies focus on criminal behavior.

"I don't want to say gangs are running wild in the city, but I don't want to close an eye" to the issue either, Seattle Police Chief Gil Kerlikowske said.

"Gangs aren't just a Seattle problem - there's a lot of concern right now," both locally and nationally about rising levels of gang violence, Kerlikowske said.

Between 30 and 60 street gangs operate in Seattle and its suburbs, police estimate. Gentrification and housing costs have pushed gangs into cities like Kent, Auburn, Federal Way and SeaTac, where a growing number of suburban kids are being lured into the gang lifestyle, said Gabe Morales, a gang consultant from Des Moines who teaches police, corrections officials and local school district officials about gangs and gang-prevention strategies.

Also at play are turf wars involving so-called OGs - original gangsters - who are returning to business after a decade or more in prison and fighting with younger gang members, experts say.

An ongoing war between gang members in Seattle's Central Area and rivals in the Rainier Valley has featured such intergenerational fighting, said Morales and Lt. Eric Sano, who until last week was commander of the SPD's gang unit.

IMMIGRATION:

Supreme Court To Rule On Immigrant Car Theft (LAT)

By David G. Savage

The Los Angeles Times, September 27, 2006

WASHINGTON -- The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported.

A strict federal immigration reform law passed in 1996 says that immigrants, including permanent residents, who commit an "aggravated felony" in the U.S. must be sent home, regardless of how long they have lived here or whether they have a family and a job.

But the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies.

Next week, the Supreme Court will take up a separate South Dakota case to determine whether immigrants who are convicted of drug possession can be deported as felons. The outcome is expected to affect tens of thousands of immigrants across the country.

This week, the justices met for the first time since late June, and they announced they had agreed to hear nine of about 1,900 pending appeals, including the government's claim that auto thieves and their accomplices are guilty of a deportable crime.

The case before the court involves a California law on auto thefts, but government lawyers said all 50 states have similar measures.

Four years ago, Luis Alexander Duenas-Alvarez, a native of Peru who became a legal U.S. resident, pleaded guilty to stealing a 2002 Honda Accord in Marin County, near San Francisco, and was sentenced to three years in prison. Federal authorities took him into custody for deportation.

The 1996 law has a list of aggravated felonies that lead to deportation, including any theft that carries a prison sentence of more than a year.

Government lawyers contend that any immigrant convicted of auto theft in California should be deported under that law.

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But earlier this year, the 9th U.S. Circuit Court of Appeals disagreed. The court ruled that the California law is too broad to fit the definition of theft in the federal law because it includes accomplices to auto theft.

The government counters that all states have laws that allow accomplices to be charged with auto theft.

In their appeal on behalf of U.S. Attorney General Alberto Gonzales, government lawyers said the 9th Circuit was wrong on two points. First, Duenas-Alvarez stole the car and therefore was a thief. And second, Congress meant to include accomplices to the crime when it wrote the federal law.

The government said at least 8,000 deportation cases in the nine Western states in the 9th Circuit would be affected by the court's ruling. The oral argument in Gonzales vs. Duenas-Alvarez was set for Dec. 5.

The justices also said Tuesday they would reconsider the 9th Circuit Court's decision to reverse the death penalty that was given to an Arizona murderer who refused in 1990 to have mitigating evidence presented.

Once on Death Row, Jeffrey Landrigan, the murderer, appealed his sentence and claimed his lawyer failed to present mitigating evidence on his behalf. In March, the 9th Circuit agreed with his claim in a 9-2 decision.

In June, Arizona Attorney General Terry Goddard asked the Supreme Court to take up the case, arguing that federal judges should defer to state courts in most instances. And in this case, the state judges concluded that the defendant, not his lawyer, was responsible for his plight. The high court will hear the case in January.

The justices also said they would consider reviving a Washington state law that shields school teachers from having their dues used for political purposes without their permission.

In the past, the court has said unionized workers can be forced to pay their fair share of the cost of bargaining with managers, but they had a right not to pay for political efforts. In 1992, Washington's voters adopted a measure that requires public employee unions to seek permission before any of a member's dues can be used for politics.

But earlier this year, the Washington Supreme Court said this requirement violated the union's free-speech rights. The state and several teachers appealed.

Although the case of Washington vs. Washington Education Association raises questions about politics and the First Amendment, the ruling is likely to affect only one state's law.

More Than Two Dozen People Detained On Fort Bragg (FAYOBS)

By Justin Willett, Staff writer

Fayetteville (NC) Observer, September 27, 2006

Fort Bragg officials this morning detained 28 people, mostly construction workers, as they tried to enter post with false or fraudulently obtained identification.

The operation — the second this year — was conducted at the All American Freeway access-control point between 6 and 8 a.m.

In July, 58 people were detained at the Knox Street and Randolph Street entrances to Fort Bragg.

Tom McCollum, a Fort Bragg spokesman, said the 28 were taken to a immigration detention center in Cary.

People caught in the sweep could be charged with presenting a false or fraudulently obtained federal or state identification and criminal trespassing, according to a statement about today's operation.

?C;If it is shown that employers knowingly hired these people, the employer can be cited with aiding and abetting and or conspiracy charges,?D; the statement said.

Fort Bragg's garrison commander can also bar contractors from working on post, McCollum said.

Following the July 18 sweep, all but 10 of the 58 people detained were charged with illegal entry into the United States. Six people received federal jail sentences in August, and the other 42 each pleaded guilty to a single charge related to their illegal status.

McCollum said that since July, Fort Bragg has detained 14 people trying to enter post with false or fraudulently obtained identification.

In the past year, Fort Bragg has detained 224 people, mostly construction workers, trying to enter the post under false pretenses, according to the Fort Bragg statement.

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Agencies involved in today's sweep included: Fort Bragg's Directorate of Security and Emergency Services, U.S. Immigration and Customs Enforcement, U.S. Marshals, the Defense Criminal Investigation Service, the FBI and the U.S. Attorney's Office in Raleigh.

U.S. Judge Orders Deportation Of 3 Egyptian Students Who Disappeared From University Exchange Program (FINDLAW/AP)

By Timberly Ross, Associated Press Writer

AP, September 27, 2006

(AP) - OMAHA, Nebraska-Three Egyptian students who sparked a nationwide search when they failed to show up for a university exchange program last month were ordered deported Monday.

The students - Mohamed Ibrahim El Sayed El Moghazy, 20; Ahmed Refaat Saad El Moghazi El Laket, 19; and Moustafa Wagdy Moustafa El Gafary, 18 - had admitted they violated U.S. immigration laws and asked Judge James Fujimoto to allow them to return home voluntarily.

Fujimoto, who presided over the hearing via teleconference from Chicago, denied the request and ordered the three deported, citing their brief time in the United States, lack of long-term and family ties here and decision to flee immediately upon entering the country.

In the future, the three will need special permission to ever re-enter the U.S., which they would not have needed if they were allowed to leave voluntarily.

"Voluntary departure has been granted in thousands of other cases, and this one is not unique," the students' lawyer, Amy Peck, said after the decision was announced.

Peck has said the three said they feared they would be sent home if anyone in the group did not show up to the exchange program. She said when some students left the group after arriving in New York, her clients decided to go sightseeing in San Francisco. They then took a bus to Des Moines, Iowa, and used fake names, she said.

Peck did not know if they would appeal the decision.

The three were among 17 students from Mansoura University in Egypt invited to a monthlong exchange program at Montana State University. Only six students showed up to the program, prompting U.S. authorities to issue a nationwide search for the remaining 11 students. All were detained, but none were considered a terrorism risk.

Senators Criticize Border Security Measures (NYT)

By Rachel L. Swarns

The New York Times, September 27, 2006

The Republican architects of the Senate immigration bill criticized the border security measures under consideration in Congress as piecemeal and inadequate. Senators John McCain of Arizona, Arlen Specter of Pennsylvania and Lindsey Graham of South Carolina said they supported border security, including a measure to add fencing to the border with Mexico. But they said that such measures alone would fail to deal with the illegal residence in this country of about 11 million immigrants as well as labor shortages in particular industries. The senators called for an approach similar to the Senate bill, which would tighten border security, toughen penalties for employers who hire illegal immigrants, put most illegal immigrants on a path to citizenship and create a guest-worker plan to address labor shortages. They acknowledged that passage of such legislation was unlikely before the elections.

Senator Rejects Immigration Addition To Defense Bill (USAT/AP)

By Suzanne Gamboa, The Associated Press

USA Today, September 27, 2006

WASHINGTON — A senior GOP senator blocked Republican leaders Tuesday in their efforts to add immigration, handgun and Internet gambling measures to a defense bill.

Virginia Sen. John Warner, chairman of the Senate Armed Services Committee, rejected requests from Senate Majority Leader Bill Frist and House Speaker Dennis Hastert to add the items to his bill on military pay.

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Warner said in a memo to Frist he is “firmly opposed” to including unrelated measures in the defense bill.

Hastert wants to add to the defense bill a measure the House passed last week that would make it easier to deport illegal immigrants who are members of violent criminal street gangs.

“It's my hope the Senate will live up to its word so that we can send this measure to the president for his signature,” Hastert said.

Hastert also wanted to use the defense bill as a way to get a vote in the Senate on a House measure that would allow judges to carry handguns and bolster courthouse security. The proposal came in response to the murder of a Chicago federal judge's husband and mother last year.

Warner balked, saying he wanted to keep the defense bill bipartisan while U.S. troops are at war. Warner said he, along with Democrats and at least two other Republicans, would not sign off on the request.

Senate Democrats, including Minority Whip Dick Durbin, D-Ill., support tightening court security, but the House bill on judges carrying concealed weapons cooled their support.

Hastert said Tuesday that he has offered to drop the provision that would allow judges to carry a concealed weapon.

Frist has been pushing for the Internet gambling crackdown. Among other things, the provision would ban the use of credit cards, checks and other forms of payment to settle online wagers.

Other immigration measures passed by the House this month also have stalled as senators refused to add them to the Homeland Security spending bill. Among them are prison sentences for those who build or finance tunnels across U.S. borders, and a bill proposing a 700-mile fence.

States, Counties Begin To Enforce Immigration Law (WP)

By Peter Whoriskey

The Washington Post, September 27, 2006

CHARLOTTE -- Police here operated for years under what amounts to a "don't ask, don't tell" policy toward illegal immigrants.

As elsewhere in the United States, law enforcement officers did not check the immigration status of people they came into contact with, and in the vast majority of cases, a run-in with the law carried little threat of deportation.

But that accommodation for the burgeoning illegal population ended abruptly in April, when the Mecklenburg County sheriff's office began to enforce immigration law, placing more than 100 people a month into deportation proceedings. Some of them had been charged with violent crimes, others with traffic infractions.

The program takes one of the most aggressive stances in the United States toward illegal immigrants, and officials in scores of communities, including Herndon and Loudoun County, have been considering adopting their own version. The House earlier this month was weighing a measure "reaffirming" the authority of local law enforcement agencies to arrest people on suspicion of violating immigration laws.

Some Latino leaders say the program here is contributing to a discriminatory climate in which Hispanic drivers feel as if they are being "hunted" by police. And some law enforcement agencies elsewhere have shied away from enforcing immigration laws, saying that doing so would rupture any trust they have developed in Latino neighborhoods.

But advocates see it as a way to catch illegal immigrants who slip through porous federal enforcement measures and then run afoul of state or local police.

Mecklenburg County Sheriff Jim Pendergraph says there should be little sympathy for illegal immigrants caught by his program: They have already broken the law once by being here illegally, and then been arrested on suspicion of another crime.

"When any of them cross that border without proper documentation, they've violated the law -- however insignificant it may seem to some people," he said. "I've heard sad stories about folks wanting to come up here and have a better life and earn money for their family. I've arrested bank robbers who've had the same excuse."

While the program has led to the removal of many illegal immigrants charged with felonies, people arrested for lesser charges such as traffic violations are also subject to deportation. That, according to Hispanic leaders, has created a constant worry for people who are in the United States illegally and now fear deportation after a simple traffic stop.

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Many illegal immigrants lack valid licenses. As a result, they now risk not only arrest but also deportation whenever they drive.

"It's tense, very tense," said Angeles Ortega-Moore, director of the Latin American Coalition in Charlotte. "It used to be everybody here loved the Latinos. They would say, 'We like you more than the blacks.' Now we're like the Big Bad Wolf."

"The law enforcement community is split on this issue," said Gene Voegtlin, legislative counsel for the International Association of Chiefs of Police. The local agencies against enforcing immigration law "are concerned about the chilling effect it will have on immigrants' cooperation with law enforcement," he said.

In Mecklenburg County, about 1,200 foreign-born people have been arrested since April, on charges ranging from traffic violations and trespassing to sex crimes, and nearly 600 have been found to be here illegally.

Among those snared earlier this month was Guadalupe Lara, an 18-year-old Mexican carpenter.

The fifth of eight children born to farmworkers in Queretaro, he walked across the border when he was 16 to find work. Two years later, he has only a wispy beard and stands 5-foot-3.

He makes $7.50 an hour and lives with four others in a small, sparsely furnished apartment. Though they lack beds, they have a television on which Lara watches his favorite telenovela, "Heridas de Amor." He sends money home monthly and calls home every week.

"It's difficult," he said in Spanish. "When I call they say 'How are you?' I say 'I am fine.' " On Monday night, Lara was pulled over by police after buying a pack of cigarettes. He was not drunk but had an open bottle of beer in the car. He also lacked a license. He was arrested and when asked admitted he had no papers.

Had he been detained elsewhere, his illegal status may not have mattered.

But in Mecklenburg, two sergeants and 10 deputies at the jail are trained to handle immigration infractions, running checks in databases and holding people in custody if necessary.

Some of those arrested face immediate deportation. Some are held on bond pending an immigration hearing. Lara was relatively lucky. Because he had no prior immigration or criminal charges, he was given a notice to appear before an immigration judge in Atlanta and released. He is likely to be ordered deported.

Lara says police now unfairly target Latinos. More than 90 percent of the illegal immigrants discovered in Mecklenburg are from Latin America.

"The police are just looking for problems with Hispanics," Lara said. "They know we don't have driver's licenses -- we can't get them -- and so they pull us over."

Liliana "La Chula" Ramos, a host on local Spanish radio, said: "A lot of people here are very afraid because they think the police will pull them over for anything. It's very difficult for people to get licenses now, and people have to go to work, so they're out there driving."

Philip Turtletaub, a Charlotte immigration lawyer, says he sometimes receives six or seven calls a day from relatives of illegal immigrants caught by the program. He tells them not to waste their money.

"Most people I can't do anything for," he said.

While he ventured no opinion on the program's fairness, he said he thinks it could make life as an illegal immigrant in the region so uncomfortable that fewer illegal immigrants would choose to live there.

"They're putting the pressure on these people. They're scaring them. People say we can't deport 10 million. But you don't have to. If you deport enough of them, others will go back voluntarily because they don't want to live in these conditions."

Besides Mecklenburg, six other state and local law enforcement agencies have started similar programs in recent years. A dozen more are being worked out with U.S. Immigration and Customs Enforcement. And in the past three months, hundreds of state and local departments have inquired about similar efforts, said Robert J. Hines, who heads the program for the ICE.

"When you are removing the criminal element from the community, it's hard to point a finger and say it's a bad thing," Hines said.

Loudoun County Sheriff Stephen O. Simpson said his department is considering participating. Early this morning, the Herndon Town Council was to vote on Police Chief Toussaint E. Summers Jr.'s request to apply for such a program.

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Officials in Alexandria, Arlington, Fairfax and Prince William said they are not considering the idea, and police officials in suburban Maryland say there is lukewarm interest in deputizing officers to enforce immigration laws.

"In the Montgomery County area, we've taken more the track that we celebrate diversity," said Gaithersburg Police Chief Mary Ann Viverette, who is also the president of the International Association of Chiefs of Police. Immigration is "not an issue we want to enforce."

In federal testimony from August, Pendergraph, the Mecklenburg County sheriff, said "political correctness" is preventing some communities from adopting the program, and that "will eventually be the downfall of this country if someone doesn't wake up."

Like much of the mid-Atlantic region, Charlotte has seen a rapid rise in the number of Latino immigrants over the past 15 years, many of them here illegally. Between 2000 and 2005, the estimated number of illegal immigrants in North Carolina rose 38 percent, from 260,000 to 360,000, according to a Department of Homeland Security report.

The influx, particularly conspicuous in a metropolis clinging to its small-town past, has caused ripples of concern.

"Texas, New York and California might be used to large influxes of illegal immigrants -- but we're not," said Mecklenburg County Commissioner Bill James, who favors stronger enforcement. "James Carville had it right: We're just Mayberry with a major airport."

Local support for broad enforcement coalesced in July 2005 after a truck driven by an illegal immigrant whose blood-alcohol level was nearly triple the legal limit, hit a car, killing a local teacher and leaving the teacher's wife in a vegetative state. The accident resulted in Ramiro Gallegos's fifth impaired-driving charge in five years -- and led to the new enforcement policy.

"No more excuses," U.S. Rep. Sue Myrick (R) said at a news conference at the time, calling for tougher enforcement. "You're drunk. You're driving. You're illegal. You're deported. Period."

TAX:

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 27, 2006

Et tu, ACLU?

Things are fractious indeed at the American Civil Liberties Union (ACLU). More than 30 longtime ACLU heavyweights are calling for the ouster of the organization's leadership, claiming it failed to uphold "principles" it inflicts upon everyone else.

"We come together now, reluctantly but resolutely, not to injure the ACLU, but to restore its integrity and its consistency of principle," the group of former board members, staffers, donors and a lawyer said in a mission statement, according to the New York Times yesterday.

The group is irked that the ACLU checked its staffers against government lists of suspected terrorists during a fundraising drive, used data-mining to profile donors and planned to monitor staff e-mails. Criticism has been focused on Executive Director Anthony Romero and board President Nadine Strossen.

"It's clear that the organization's leadership has let it drift away from its core principles," said David Goldberger, an Ohio State University law professor who once defended the right of Nazis to march through a Jewish suburb of Chicago.

An ACLU spokeswoman says the group still fights "aggressively for the principles of free speech." The disgruntled protesters are certainly exercising theirs: They have set up a Web site -- www.savetheaclu.org -- which went live yesterday.

"It is a home for ACLU loyalists who have been shut out of the organization," said Ira Glasser, ACLU director from 1978 to 2001.

Round two

In the big Wallace vs. Bubba match this weekend, "Fox News Sunday" garnered its best ratings in three years, according to Nielsen, and the two combatants -- host Chris Wallace and former President Bill Clinton -- got a lot of buzz. Both political parties now claim the squabble "energized" their respective bases.

The match even attracted those who make wagers.

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BetCRIS Sportsbook has posted the odds on whether Mr. Clinton will duke it out again with Mr. Wallace. The New York-based online betting group reveals that odds are running 4-to-1 that Mr. Clinton will return for another bout in the next 90 days, 3-to-1 in the next 120 days, 2-to-1 within 150 days and 1-to-1 within the next six months.

"Politicians are trained in the art of keeping cool and levelheaded," spokesman Mickey Richardson said. "When the opportunity arises to watch a former president become so easily roused, you can't help but stare. I would like to see him go head-to-head with Chris Wallace again. I just don't think he will."

Moral relativism

The Republican candidate for Arizona governor says the state's new September 11 memorial should be torn down, calling it an insult to America.

"It reminds us of American failings and American mistakes, real and imagined, before and after 9/11. This memorial is a tribute to moral relativism," Len Munsil said yesterday, according the Associated Press.

The memorial features such quotations as, "You don't win battles of terrorism with more battles" and "Erroneous U.S. air strike kills 46 Afghanistan civilians," among other things.

"Only in the relativistic context of left-wing protesters holding 'Bush is a terrorist' signs do such inscriptions make any sense," said Mr. Munsil, founder of the Center for Arizona Politics.

"It explains why despite the outpouring of public prayer and the bipartisan singing of 'God Bless America' on the steps of the U.S. Capitol, there is not a single mention of God in this memorial," Mr. Munsil said.

"I'm just sorry that they're trying to politicize 9/11. That's just wrong," Democratic Gov. Janet Napolitano said.

Adios, Republicans?

New Mexico Gov. Bill Richardson says neither party will win votes at the ballot box this year on the issue of illegal border crossing.

"You don't get any votes on this either way," Mr. Richardson said during a meeting with the press in Washington yesterday, reports The Washington Times' Eric Pfeiffer. "In the end, voters look at bread-and-butter issues."

Mr. Richardson, a Democrat who is Hispanic and considering a run for the White House in 2008, said that any potential gains for Republicans will be offset by Hispanic voters who feel alienated by the party and an overall "2 percent surge" at the ballot box in the favor of Democrats over issues such as Iraq.

"President Bush did make some inroads with Hispanics in 2004," Mr. Richardson said. "The surge in Hispanics going Republican was because of President Bush, not because of any policies."

Mr. Richardson also said he doesn't expect immigration opponents to reward Republicans this fall, since Congress is not likely to pass an immigration-reform bill before it leaves Washington for the campaign trail. "When you control the White House and Congress, you only have one party to blame," he said.

Taxing situation

Rep. Charles B. Rangel of New York, the top Democrat on the tax-writing Ways and Means Committee, said yesterday he wouldn't rule out killing any of President Bush's tax cuts in order to alleviate the dreaded Alternative Minimum Tax and balance the budget, Congress Daily reported.

Mr. Rangel stipulated that "everything has to be on the table" when considering which tax cuts must go, and when asked if he'd consider tax increases across the income spectrum, he answered, "No question about it."

His remarks caused an immediate outburst among Republicans, claiming the Democrat had just admitted his party will indeed raise taxes if it comes to power in November.

"This is the first time since Walter Mondale that a national Democrat leader has openly called for across-the-board tax hikes," said Jonathan Collegio of the National Republican Congressional Committee. "In a single breath, Rangel made the notion of a Democrat Congress into a profoundly local pocketbook issue."

A Kinky moment

Former Minnesota Gov. Jesse Ventura is campaigning for Kinky Friedman, who aspires to be the first independent candidate to win the Texas governorship since Sam Houston 150 years ago.

"Do Texans have the guts to elect this guy?" Mr. Ventura asked a raucous San Antonio crowd yesterday.

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"Texans love the Kinkster," Mr. Friedman chimed in, according to the Minneapolis Star-Tribune.

The two swaggering politicos have both received campaigning advice from Dean Barkley and Bill Hillsman, who created ads for Mr. Ventura and the late Paul Wellstone.

"Kinky's a great campaigner. Better than Jesse," Mr. Barkley said.

"Both Kinky and I shoot from the hip," Mr. Ventura countered, brandishing his newly brunette, shoulder-length braids. "But I'm the only former governor in the United States of America who can look like this."

CONGRESS-ADMINISTRATION:

House OKs $70B For Iraq, Afghanistan (AP)

By Andrew Taylor

AP, September 27, 2006

Just days before leaving Washington to campaign, Congress is moving to provide $70 billion more for military operations in Iraq and Afghanistan as part of a record $448 billion Pentagon budget.

With Iraq alone costing about $8 billion a month, another infusion of funds will be needed next spring. Opinion polls show the war continues to be unpopular with voters, but even Democratic opponents of the war generally embrace the Pentagon measure, since it provides funding for body armor and other support for U.S. troops overseas.

The House passed the Pentagon appropriations bill Tuesday night on a 394-22 vote, and the Senate could clear the bill for President Bush as early as Wednesday or Thursday.

The House-Senate compromise bill provides $378 billion for core Pentagon programs, about a 5 percent increase, though not quite as much as Bush requested. The $70 billion for Iraq and Afghanistan is a down payment on war costs the White House has estimated will hit $110 billion for the budget year beginning Oct. 1.

With final passage of the bill, Congress will have approved $507 billion for Iraq, Afghanistan and heightened security at overseas military bases since the Sept. 11 attacks five years ago, according to the Congressional Research Service.

The growing price tag of the Iraq conflict is partly driven by the need to repair and replace military equipment destroyed in battle or simply worn out in harsh, dusty conditions in Iraq and Afghanistan.

Almost $23 billion was approved for Army, Marine Corps and National Guard equipment such as helicopters, armored Humvees, Bradley Armored Fighting Vehicles, radios and night-vision equipment.

Another $1.9 billion is for new jammers to counter improvised explosive devices in Iraq and Afghanistan and $1 billion is provided for body armor and other personal protective gear.

The measure includes a Democratic-sponsored provision against establishing permanent military bases in Iraq. GOP leaders dropped identical language from an Iraq funding bill this June.

While the measure enjoys sweeping support, the brief debate sparked partisan exchanges over the Iraq war.

"If the president had told us the truth, that Iraq and Saddam Hussein ... presented no real threat to us, that there was no likelihood of weapons of mass destruction, that there was no connection to al-Qaida ... would this Congress have voted for war?" said Rep. Jerrold Nadler, D-N.Y. "I don't think so."

"Is the world better or worse off without (Hussein)?" said Rep. Tom Cole, R-Okla. "I think it's better, and it took American action."

The bill would be the first of 11 spending bills to clear Congress for the new budget year.

So little progress has been made on other bills that the Pentagon measure also carries a stopgap funding bill to keep open, through Nov. 17, agencies whose funding bills won't have passed. Only the homeland security measure is expected to also pass before Congress leaves Washington to campaign.

The core bill contains $86 billion for personnel costs, enough to support 482,000 Army soldiers and 175,000 Marines. That would provide for a 2.2 percent pay increase for the military as Bush requested in his February budget.

Another $120 billion would go to operations and maintenance costs, slightly less than the Pentagon request. And $81 billion is provided to buy new weapons, with another $76 billion dedicated to research and development costs.

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That's still not enough for the White House, which requested $4 billion more. But House appropriators diverted that money to ease cuts in domestic programs. Earlier this year, the Senate passed a version shifting $9 billion to domestic programs but backed off in the face of a White House veto threat.

The sprawling measure contains good news for lawmakers from Maine, California and Missouri, among others. The bill includes $2.6 billion for two super-modern Navy DD(X) destroyers. That is significant because it would allow Bath Iron Works in Maine and Northrop Grumman's Ingalls Shipbuilding in Mississippi to build one ship each.

A House-passed defense policy bill had called for only one DD(X) ship, to be built in Mississippi.

The measure also almost triples Bush's request for eight C-17 cargo planes, providing for 22 of the aircraft, which are built in Long Beach, Calif. Several components are manufactured at Boeing's St. Louis-based defense company.

But Lockheed Martin's F-35 Joint Strike Fighter, which is assembled in Fort Worth, Texas, would face cuts. Bush requested five planes, but lawmakers cut that back to two, though funds are provided for advanced purchases of parts for 12 more.

House OKs $70B For Iraq, Afghanistan (WP/AP)

By Andrew Taylor, The Associated Press

The Washington Post, September 27, 2006

WASHINGTON -- Despite intense partisan divisions over the course of the Iraq war, the House on Tuesday easily approved $70 billion more for military operations there and in Afghanistan. Lawmakers also adopted a record $448 billion budget for the Pentagon.

With Iraq alone costing about $8 billion a month, another infusion of money will be needed next spring.

The House passed the Pentagon appropriations bill by a 394-22 vote Tuesday night, and the Senate is due to cat before adjourning this weekend for the fall campaign.

The House-Senate compromise bill provides $378 billion for core Pentagon programs, about a 5 percent increase, though not quite as much as President Bush asked for. The $70 billion for Iraq and Afghanistan is a down payment on war costs the White House has estimated will hit $110 billion for the budget year beginning Oct. 1.

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On the Net:

House Appropriations Committee: http://appropriations.house.gov

Democrats Delay GOP Bills In Senate (WT)

By Charles Hurt

The Washington Times, September 27, 2006

Senate Democrats are blocking Republicans from passing several of their top legislative priorities this week, including new border fencing, two of the Bush administration's key counterterrorism programs and a drastic reduction in the estate tax.

"The legislative corner they've painted themselves in is very difficult," Senate Minority Leader Harry Reid, Nevada Democrat, told reporters yesterday.

Democrats, while accusing Republicans of presiding over a "do-nothing" Congress, are slow-walking legislation but appear unlikely to kill outright any of the security measures as elections approach.

Asked yesterday whether Democrats will take advantage of Senate rules that allow lawmakers to demand 30 hours of debate on each bill, Mr. Reid replied: "Well, unless there's some agreement, we're going to go ahead and do the 30 hours."

Democrats have been far less successful in delaying action in the House, where priority measures either have been passed or are expected to be this week.

Still, Minority Whip Steny H. Hoyer, Maryland Democrat, says Republicans have achieved little in this Congress.

House Majority Leader John A. Boehner, Ohio Republican, replied by saying, "It may be a do-nothing Congress for Mr. Hoyer and the Democrats because by and large they stand on the sidelines and do nothing."

Last night, the House was able to pass, on a 394-22 vote, the military appropriations bill. The proposal allocates $448 billion: $70 billion for the wars in Afghanistan and Iraq and $378 billion for general defense spending. The Senate is scheduled to pass the bill this week, before it adjourns for the November elections.

Democrats spent much of yesterday discussing the National Intelligence Estimate, which determined that the war in Iraq is fueling terrorism worldwide.

"It's obvious that Republicans are trying to shift the focus away from the administration's failures in Iraq to other issues," Sen. Hillary Rodham Clinton, New York Democrat, said at a press conference. "They may not have a plan to complete, successfully, the mission in Iraq, but they do have a plan to win elections here at home."

Mrs. Clinton was asked about the "Fox News Sunday" interview with her husband, former President Bill Clinton, who responded angrily to a question from host Chris Wallace about whether he could have done more to stop Osama bin Laden from launching a terrorist strike on the United States.

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"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," she said. "All you have to do is read the 9/11 commission [report] to know what he and his administration did to protect Americans and prevent terrorist attacks against our country."

She leveled a pointed attack on the Bush administration for its response to a classified report before the September 11 attacks titled "Bin Laden Determined to Attack Inside the United States."

"I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said.

Reid Sees New Beginning (RC)

By Erin P. Billings

Roll Call, September 27, 2006

With the clock still running on the 109th Congress, Senate Minority Leader Harry Reid (D-Nev.) is looking ahead to the next session, when he expects to have a stronger hand to play and share more in common with his Republican counterpart.

In a wide-ranging interview, Reid said he has high expectations for both the upcoming midterm elections and the 110th Congress itself. He also expressed optimism about working with the man all but certain to be the next Senate Republican leader, Majority Whip Mitch McConnell (Ky.).

His outlook is bright enough that Reid, speaking in his Capitol office, said he's planning to talk to McConnell in the coming days about working together to restore a level of comity to the Senate that he believes has been lacking in the reign of Majority Leader Bill Frist (R-Tenn.).

"Prior to the Nov. 7 election, I'm going to reach out to Mitch," Reid said. "I think what we should do when we get back here is sit down on a bipartisan basis and see if we can start doing some things like we used to do around here."

Reid's veiled condemnation is a clear indicator of his disdain, not for Frist the man, but rather for the current Majority Leader's style. Frist spent just eight years in the chamber before becoming leader and, unlike many of his predecessors, has shown a penchant for taking risks in passing legislation, often sending controversial measures to the floor without the certainty of having the 60 votes necessary to beat back a filibuster.

"As a person, I like Bill Frist," Reid said. "I think he's in public service for the right reasons. But I felt his lack of an institutional memory, knowledge of the Senate, didn't bode well in my opinion."

While Frist has received mixed marks in his tenure, Reid isn't without his critics, either. As the foremost brake on a Republican-dominated government, he has established a reputation during his two years as Minority Leader for tossing aside bipartisanship as well when it was convenient, preventing bills from coming to the floor and dropping procedural surprises on his colleagues.

Republicans say they are still reeling from Reid's infamous memorandum earlier this year questioning the ethics of 33 GOP Senators. While Reid later apologized, aides and Senators still insist the move went over the line and has not been forgotten.

Sen. John Thune (R-S.D.) said it is easy to blame Frist or McConnell — as the leaders of the majority party — for allowing relations across the aisle to deteriorate. But Thune argued that they have consistently made a good-faith effort to work with Democrats, and Reid holds the power to change things come January.

"It's largely up to him," Thune said. "He's in a position to throw grenades and blow things up or he's in a position to make things work."

"The issue is not Bill Frist's institutional knowledge or whether or not he could get things done," added a Senate GOP leadership aide. "The issue is that Democrats — since George Bush was elected president and throughout Bill Frist's tenure — never acknowledged Republicans were the governing party."

It remains to be seen if Reid and his fellow Senate Democrats will enjoy a more civil atmosphere with McConnell next session, but at the very least, Reid may find a character connection with the prospective GOP leader.

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Both Reid and McConnell are in their fourth term in the Senate, and worked their way up in the chamber as quiet operators known more for their poker faces than their charisma and love of the spotlight. Reid, like McConnell, considers himself a creature of the Senate, and is at times more obsessed with procedure than partisanship.

"I believe he has an institutional understanding — having been here a long time in the Senate," Reid said. "I think that will make my job more meaningful because Sen. Frist did not have an institutional knowledge of the Senate."

By any measure, Reid's first two years as Minority Leader haven't been easy.

"It's a difficult job anytime you have a diverse group like the Democratic Caucus," said Sen. Ben Nelson (D-Neb.), adding that Reid has won his party's respect and admiration across the board.

Minority Whip Dick Durbin (Ill.), the chamber's No. 2 Democrat, said Reid, who succeeded then-Minority Leader Tom Daschle (S.D.) after a stunning electoral loss, has certainly brought his own style to the top Democratic post. But Durbin said Reid has proven his worth, deserving credit for stopping Republican efforts to reform Social Security and bar the use of the filibuster on judicial nominations by invoking the so-called nuclear option.

"I'm amazed by how well he brought us together, and how quickly we started working as a unit again," Durbin said.

Sen. Charles Schumer (N.Y.), the Democratic Senatorial Campaign Committee chairman and one of Reid's closest Senate allies, likened Reid to former President Harry Truman, calling him strong, loyal and direct.

"Nobody can work with the other side of the aisle like Harry Reid," Schumer said. "He knows the rules of the floor, his word is good and he understands you have to be bipartisan to get things done."

Despite his colleagues' confidence, Reid won't grade his own performance to this point, and is even loath to talk about individual successes and failures. But ask the veteran Nevada Democrat about the challenges he's faced, and he doesn't hesitate — even appearing shaken as he discusses what he calls the lowest point in his 20-year Senate career — Frist's threat last year to invoke the nuclear option and force up-or-down votes on judicial nominees. That standoff, Reid said, trumps all other legislative fights he had, on or off the floor.

"That was more than me, more than the Democratic Caucus. I thought that was an attack on our Constitution," Reid said. "I frankly have to tell you that I lost so much respect for my counterparts in the Republican Senate leadership as a result of that. ... I will never, ever forget what they tried to do to our country."

The winner of the nuclear option battle differs depending on whom you ask, but in the end Reid believes the minority came out the victor even though he "gave up some bad judges." In the end, a bipartisan group of moderate Senators dubbed the "Gang of 14" brokered the deal to keep the filibuster option intact while advancing a handful of controversial nominees.

Looking ahead to Nov. 7, Reid predicted that if the election were held today, Democrats would pick up five seats, just shy of the six needed to take control of the chamber. The entire election has turned on the Iraq War, Reid said, and public unrest over the conflict has given voters new reason to look to Democrats, and their agenda, as an alternative.

"I am more optimistic than I was six months ago," Reid said. "I've never said we'd take control of the Senate ... . It's a heavy, heavy lift. We realize that."

But taking a snapshot of today's political landscape, Reid said he believes Senate Democrats have a solid shot to pick up GOP-held seats in Pennsylvania, Missouri, Ohio, Montana and Rhode Island. Three others are potentially in play including Virginia, Tennessee and Arizona, he said.

On the Democratic side, Reid sees few windows for the GOP to knock off incumbents, but he did concede there is at least one vulnerable Democratic Senator this cycle, Sen. Bob Menendez (D-N.J.). Menendez, appointed in January to finish out the term of now-Gov. Jon Corzine, is facing an ever-more competitive bid to stave off GOP challenger, state Sen. Tom Kean Jr.

Menendez, Reid acknowledged, "is the only one we're going to worry about."

A self-described pessimist, Reid said he refuses to over-hype Democrats chances this November, nor will he entertain the possibility that his party could win the Senate and put him in charge of the chamber. But he does say that if not this cycle, 2008 will be the year of the Senate Democrat.

"We're in really good shape for the next election," Reid said. "We're going to get the majority. It's a question of whether we do it this time or next time."

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Next cycle could be Reid's best and worst chapter, given at least six of his Senate Democrats are eyeing a run at 1600 Pennsylvania Ave. Keeping his Caucus together will be more of a test in the 110th, but at least for now, Reid says Democrats have rallied as a unit — even with the constant media frenzy surrounding Sen. Hillary Rodham Clinton (D-N.Y.).

"To this point, to be very honest with you and I say this candidly, I just think it hasn't been a problem," he said.

There has even been talk that Reid has offered up his own job as the Democratic leader to Clinton if she would agree to abandon an anticipated campaign for the White House. Those rumors — perpetuated in some blogs and by some political observers — are "just ridiculous," according to Reid.

"That's one of the most foolish things I've ever heard," Reid said.

Foolish or not, the gossip persists, but Reid insists he will not weigh in on his party's nominating process. Reid says he's talked to each of the would-be presidents about their plans, but none has asked for his endorsement and he isn't going to give it.

"I'm available to whomever wants to talk to me about the Nevada caucuses," Reid said. "But I'm not going to pick sides no matter how I feel personally."

"I don't think it would set well with those people that I don't endorse," Reid added. "I try to be fair to everybody.

Our Pathetic Congress (LAT)

By Thomas Mann And Norman Ornstein, Thomas Mann, A Senior Fellow At The Brookings Institution, And Norman Ornstein, A Resident Scholar A

The Los Angeles Times, September 27, 2006

Little has been accomplished, too much will be left hanging and what was done was often done badly.

THE FINAL DAYS of any Congress are never pretty, as lawmakers scramble to finish a string of bills while getting out of town as early as possible to hit the campaign trail. After 37 years in Washington — 18 elections — we are pretty well inured to these shenanigans. But even those of us with strong stomachs are getting indigestion from the farcical end of the 109th Congress, slated for early Saturday.

This Congress hit the ground stumbling and has not lifted itself into an upright position. With few accomplishments and an overloaded agenda, it is set to finish its tenure with the fewest number of days in session in our lifetimes, falling well below 100 days this year.

This new modern record is even more staggering when one realizes that more than 25 of those days had no votes scheduled before 6:30 p.m., making them half- or quarter-days at best. The typical workweek in Congress (when there is a week spent in Washington) starts late Tuesday evening and finishes by noon Thursday. No wonder satirist Mark Russell closes many of his shows by telling his audiences what members of Congress tell their colleagues every Wednesday: "Have a nice weekend."

This part-time Congress has other parallels to the famous "Do-Nothing 80th Congress" that Harry Truman ran against successfully in 1948. The output of the 109th is pathetic measured against its predecessors and considering its priorities, which included a comprehensive immigration bill, tax reform and the research and development tax credit, lobbying and ethics reform, healthcare costs and insurance coverage, trade agreements, procedures for the detention and trial of suspected terrorists, and regulations for the oversight of domestic wiretaps, among many others. With just days to go before Congress adjourns and the fiscal year begins, not a single one of the 11 appropriations bills that make up the range of government programs has been enacted into law.

But the big problem with this Congress is not what it didn't do, it is what it did, and did badly. As of Tuesday, there were three must-pass pieces of legislation pending: defense and homeland security appropriations and the annual Department of Defense authorization. Each year, when the few must-pass bills move forward, there is a major temptation to throw on all kinds of extraneous provisions; when lawmakers can identify a train that is both leaving the station and sure to reach its destination, everyone has baggage they try to toss on board. Each year, responsible party leaders resist most of these measures, to preserve the integrity of the process and to keep shoddy bills with no vetting and no broad support from either being railroaded or inserted surreptitiously.

This year, Senate Armed Services Committee Chairman John W. Warner (R-Va.) has vowed to protect the defense authorization bill — but House Speaker J. Dennis Hastert (R-Ill.) has other ideas. Hastert says he will kill the bill, doing damage to

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the Department of Defense and conceivably to troops in the field, unless Warner and his fellow senators cave and tack on an entire federal court security bill and another House anti-immigration bill.

The anti-immigration bill would allow indefinite detention of illegal immigrants protected under political asylum provisions, and it would deny court access to many. Hastert and his fellow House Republicans have refused to say exactly what they will include in the 300-page court security bill, but by most insider accounts, it will include not just commendable, bipartisan provisions to protect judges and law enforcement officials from threats but provisions to federalize the death penalty for murders of law enforcement officials, judicial employees or state and local employees, bypassing the law in states that have no death penalty.

It also reportedly would sharply restrict habeas corpus by, for the first time, singling out a special class of victims (judges and police officers); bypass hearings for juveniles charged with gang-related offenses and automatically have them tried as adults; and allow judges and prosecutors to carry concealed weapons, even where banned by state law.

Most of these measures have had no hearings — or cursory ones — much less debate or votes by the full House or Senate. Many are sharply opposed by states, which complain about the federal government trampling their laws and sovereignty.

IF THIS WERE ONE isolated instance of a Congress pushing through sloppy and ill-considered legislation to score political points before an election, we would wince but move on. But this breach of the normal legislative process is all too typical of today's Congress. Over the last five years, Congress has abandoned the web of rules and norms that have long governed how a bill is considered, how votes take place and how outcomes are decided. The infamous three-hour vote to pass the Medicare prescription drug bill two years ago — a vote supposed to last 15 minutes — stretched from 3 a.m. to 6 a.m. It was held open until the leaders could squeeze out enough votes to make a majority and resulted in several members, including then-House Majority Leader Tom DeLay, being rebuked by the Ethics Committee. But the truth is, rigging the rules for partisan advantage has become routine.

To be sure, efforts to close off debate and play hardball when votes are tight is not new; Democrats played these games when they were in the majority in the 1980s and early 1990s. But abuses of the regular order that used to be occasional and average — a six on a scale from one to 10 — are now chronic and sometimes hit 11.

The framers wanted Congress to move slowly and deliberately. But today, it is common to spring on the House and Senate a 1,000-page bill that has not been through any vetting process. With little notice and no time for anyone to read the bill, much less absorb or analyze it, with no amendments allowed, the leadership demands a party-line, up-or-down vote. This is a formula for poor oversight and worse law.

This November, will the public demand more from Congress, the first branch of government and the linchpin of American democracy?

Spending Data Going Online With New Law (USAT)

USA Today, September 27, 2006

President Bush signed legislation to create an online database for tracking about $1 trillion in government spending on grants and contracts. The law is intended to prevent wasteful spending by opening the federal budget to greater scrutiny. The law calls for the data to be online by Jan. 1, 2008. Budget information has been available to the public, but the website will make it easier to access. “This legislation will give the American people a new tool to hold their government accountable,” Bush said. Information on earmarks will be “just a few clicks away,” he said. Earmarks are items that lawmakers put into bills to target spending to a company or project in their districts. Citizens Against Government Waste, a taxpayer watchdog group, said such projects in fiscal year 2006 bills cost $29 billion.

Bush demurs on Clinton criticism

President Bush dismissed as “finger-pointing” criticism from former president Bill Clinton that the Bush administration hadn't been vigorous enough in going after al-Qaeda and its leader, Osama bin Laden. “We'll let history judge,” Bush said when asked at a news conference about Clinton's comments. Clinton said on Fox News Sunday that he left the new administration “battle plans” for going into Afghanistan, overthrowing the Taliban and searching for bin Laden. “They did not try” before the 9/11

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terrorist attacks, Clinton said. Secretary of State Condoleezza Rice disputed his comments, telling the New York Post, “We were not left a comprehensive strategy to fight al-Qaeda.”

Seized-property bill fails in House

The House fell short of the votes needed to pass legislation that would have given people faster access to federal courts when fighting state or local governments that have seized their property. The vote was 234-172 in favor of the bill, but it needed a two-thirds majority under the special rules used to bring the measure to the floor. The vote was largely along party lines: Republicans in favor and Democrats opposed.

New Law To Create Online Budget Database (AP-Y)

By Nedra Pickler

AP, September 26, 2006

President Bush said Tuesday that Americans will now be able to "Google their tax dollars," as he signed a law to create an online database for tracking about $1 trillion in government spending on grants and contracts.

The law is aimed preventing wasteful spending by opening the federal budget to greater scrutiny. The information is already available, but the Web site would make it easier for those who aren't experts on the process to see how taxpayer dollars are being spent.

"Information on earmarks will no longer be hidden deep in the pages of a federal budget bill, but just a few clicks away," Bush said in a signing ceremony. "This legislation will give the American people a new tool to hold their government accountable for spending decisions. When those decisions are made in broad daylight, they will be wiser and they will be more restrained."

Bush signed the bill in the Old Executive Office Building next to the White House, sitting before lawmakers and Internet bloggers who helped get it through Congress.

Senate leaders had tried to pass the bill in early August but Rep. Ted Stevens, R-Alaska, and Sen. Robert Byrd, D-W.Va., blocked passage by lodging secret "holds" on the bill. The bloggers tracked down those responsible for the delay and the senators let the bill advance under the pressure.

The law calls for the Web site to go online by Jan. 1, 2008. It will list federal grants and contracts greater than $25,000, except for those classified for national security reasons.

"The Web site will allow our citizens to go online, type in the name of any company, association, or state or locality and find out exactly what grants and contracts they've been awarded," Bush said.

"By allowing Americans to Google their tax dollars, this new law will help taxpayers demand greater fiscal discipline," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Bill To Create Spending Database (WT)

By Stephen Dinan

The Washington Times, September 27, 2006

President Bush yesterday signed legislation creating a Web-based searchable database of federal government spending, calling it a first step in making the government more accountable to taxpayers.

The database, championed by bloggers, taxpayer groups and editorial writers nationwide, will allow people to search records for hundreds of billions of dollars worth of federal contracts and grants -- or, as Mr. Bush said, "to Google their tax dollars."

"We spend a lot of time and a lot of effort collecting your money, and we should show the same amount of effort in reporting how we spend it," the president said during a signing ceremony attended by lawmakers, congressional staff, columnists and bloggers.

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Written by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the legislation creates a database available to the public through a Web site. It will list every entity receiving federal funds, along with information about the amount and purpose of the spending.

The federal government issues more than $400 billion in grants and $300 billion in contracts each year to businesses, associations and state and local governments.

Clay Johnson, deputy director for management at the White House Office of Management and Budget, said the information already exists, but now the administration must collect and compile it into a consistent format.

The law gives the administration until 2008 to have the database in full operation. Mr. Johnson said OMB will consult with key lawmakers and produce a plan for the database at the beginning of next year.

The Bush administration backed the bill during summer negotiations as a tool to improve government transparency and accountability.

A more limited bill sponsored by House Majority Whip Roy Blunt, Missouri Republican, and Rep. Thomas M. Davis III, Virginia Republican, passed the House in June, but the Coburn-Obama bill was blocked in the Senate by a "secret hold." This Senate tradition allows a single member to obstruct a bill's progress anonymously.

Bloggers from the left and right formed a coalition last month to expose the obstructors by urging readers call their senators and demand to know whether they had placed the secret hold. The senators relented under public pressure.

After brief negotiations, the bill passed both chambers of Congress.

Mr. Coburn and Mr. Obama, in a joint statement, gave "all the credit and praise" for the bill's passage to bloggers, editorial writers and citizens. Mr. Johnson said the campaign showed that the public has the power to demand tools for good governance.

"The public have spoken is the lesson here, and when the public speaks, things happen, and when the public wants something to happen, the Congress listens," Mr. Johnson said.

Bush Admin Wants To Have Say In Next Farm Bill -USDA Secy (DJ)

Dow Jones Newswire, September 27, 2006

WASHINGTON (Dow Jones)--The Bush Administration wants to "have an impact" on how the next farm bill is written in 2007, U.S. Department of Agriculture Secretary Mike Johanns said Tuesday.

While acknowledging that Congress will write the next farm bill - a multi-year blueprint for U.S. agriculture policy that includes billions of dollars worth of subsidies - Johanns stressed that it'll be President George W. Bush who either approves or vetoes it.

The USDA will publish its proposal for the next farm bill in January, Johanns told a farm group and reporters over lunch, laying out some of his priorities.

First on his list is the fair distribution of farm subsidies and the reform of "inequities" in the system. Currently, Johanns said, the five crops that get 90% of government subsidies - corn, cotton, wheat, soybeans and rice - only represent 21% of farm cash receipts. Specialty crops, such as fruits and vegetables, are mostly left out.

Government subsidies also must change in order to avoid provoking new complaints by member countries of the World Trade Organization. U.S. farm policy, he said, needs to be "beyond challenge."

Johanns highlighted Brazil's recent successful WTO challenge against U.S. cotton subsidies and stressed the country and others will continue to hammer at U.S. policy.

"We have to be realistic," he said about future challenges.

The Bush administration's positions, though, have placed it at odds with some of the largest farm organizations.

The American Farm Bureau Federation is lobbying Congress to extend the current 2002 farm bill by at least a year instead of overhauling policy in 2007.

The Farm Bureau had been willing to accept changes to the structure of subsidies, but only in return for substantial reductions in foreign tariffs on U.S. agricultural goods. That type of trade had seemed imminent while WTO countries were still negotiating a massive agreement, but those talks broke down and suspended indefinitely in July.

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Farm Bureau President Bob Stallman told a gathering of reporters last week: "We're saying we want to extend the major structure and components of this farm bill. For the short term, and until we get a WTO negotiation, for the most part we ought to forgo major changes to our farm policy."

Spellings Back Ideas To Shake Up College (AP)

By Ben Feller, Ap Education Writer

AP, September 27, 2006

Handed a plan to shake up college life in America, Education Secretary Margaret Spellings is endorsing some of its key ideas and promising to get moving on them.

Her overarching theme is to make everything about college — choosing one, affording one, succeeding in one — easier for families. Parents should be able to shop for a college as simply as they shop for a car, she said, with a clear expectation of what they will get.

But higher education in the United States is a diverse field, and finding the will and the money for the agenda may prove difficult.

High on her list is the creation of a massive information system — a way to judge how colleges and universities are doing in helping students succeed. It would require a vast collection of data on students, with a promise that their privacy will be protected.

The Education Department would work with states and colleges to make that happen, Spellings said Monday, commenting for the first time on a national commission's ideas.

The department would then use the data to overhaul its college Web site. The idea is for people to compare one school to another, right down to the typical salaries of graduates.

She also pledged to make applying for financial aid easier and speedier.

"Some of this stuff is so commonsensical, and the urgency is so great," Spellings told The Associated Press. "We need to get going on this."

Spellings outlined her plans ahead of a Tuesday speech at the National Press Club. The Bush administration is getting more aggressive on college issues, a popular area for voters.

Spellings would not commit to one of her advisory panel's most specific ideas: increasing Pell Grants to cover at least 70 percent of in-state tuition costs. Pell Grants, the main form of federal aid for low-income students, now cover less than half the costs.

The idea would cost billions of dollars, either in new spending or cuts elsewhere.

Spellings said she supports more financial aid for poor families. But she would not get specific, wary of pre-empting President Bush before his next budget plan is released.

Ultimately, Spellings said she embraced recommendations that she can do something about. She said she will work with Congress and states on the others.

One, for example, called for a total restructuring of financial aid. It would mean consolidating dozens of programs that the commission found to be confusing and inefficient.

"I'm for it," Spellings said. "But obviously I understand that Congress needs to weigh in."

Spellings said she also wants to:

_Provide matching federal money to states, colleges and universities that report how well their students are performing. The money will be offered as an incentive for candor.

_Call together groups that accredit universities and try to change the standards upon which schools are judged. The goal would be to put more emphasis on student performance.

_Align high school standards with college work, another commission recommendation. But Spellings wants to do this by extending the No Child Left Behind law into high schools. The Bush administration has been proposing that for two years with little interest from Congress.

Spellings didn't touch other recommendations, based on her prepared comments.

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There was no mention of reforming student visa rules for foreign students. Or of leading a national strategy to make learning easier for nontraditional students, especially adults.

The commission, led by investor Charles Miller, called the U.S. higher education system one of the nation's biggest successes. But it also called it complacent and overly expensive, with little accountable for its students and poor access for minority students.

Spellings walked that line, too. She called higher education here the envy of the world, but then said the nation has turned into a leader, not a follower, in education competition.

Miller said he thinks Spellings has responded fairly to his group's recommendations.

"People tend to think you can run over to the Capitol and everyone there gets to decide," Miller said. "We have a national system, but it's not a federal system. She's got the right balance on that. She needs to get help from a lot of others. I think she'll engage them."

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On The Net:

Commission on the Future of Higher Education:

http://www.ed.gov/about/bdscomm/list/hiedfuture/index.html

Spellings Outlines New Proposals For Higher Education (MCT)

By William Douglas

McClatchy Newspapers, September 27, 2006

WASHINGTON - Looking to extend its education policies into America's colleges and universities, the Bush administration outlined new proposals Tuesday that some higher-education officials fear will lead to standardized testing at the collegiate level and trample on students' privacy.

Education Secretary Margaret Spellings said sweeping changes were needed to make higher education more affordable, accountable and understandable to Americans who were shelling out tens of thousands of dollars annually to pursue college degrees.

In a speech at the National Press Club, she laid out a series of proposals developed by her Commission on the Future of U.S. Higher Education, which she appointed a year ago. In concept they'd extend to colleges the principles from President Bush's No Child Left Behind program, which seeks greater accountability from America's elementary schools by requiring them to impose standardized tests and publicize their results.

Even before Spellings spoke, several higher-education officials had blasted the proposals, saying they menace student privacy, potentially offer a one-size-fits-all approach to testing and don't sufficiently address student financial aid.

"It seems to me there is an encroachment here to substitute the judgment on higher-education matters that ought to be made by (college) presidents and faculty rather than legislators and commissions," said David L. Warren, the president of the National Association of Independent Colleges and Universities, which represents about 1,000 schools. "There is an ever-increasing reach into the academy."

Seeking to reassure nervous educators, Spellings said the White House had no interest in federalizing the country's 3,706 public and private two-year and four-year institutions. Instead, Spellings said, she wants a transparent system that makes shopping for colleges and universities as easy as shopping for cars.

"And let me be clear: At the end of it we neither envision, nor want, a national system of higher education," Spellings told the audience, largely educators. "On the contrary, one of the greatest assets of our system is its diversity, something we must protect and preserve."

Many academics question the wisdom and motive for perhaps the most controversial proposal from Spellings' commission: a massive database, even one with requisite privacy measures, to track students as they progress on campus.

The tracking process would be similar to the way students from kindergarten through 12th grade are monitored, Spellings said. Information from the database would help illustrate how colleges and universities are performing.

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"Information will not only help with decision-making, it will also hold schools accountable for quality," she said. "As the commission wrote: `Higher education must change from a system primarily based on reputation to one based on performance.' "

Warren and other higher education officials said such a database could intrude on students' privacy.

"They're creating a data system that, if you breach the system, it can track back to the student, that will have everything from the student's life in college, K-through-12 and far beyond," he said.

Spellings also said that America's colleges and universities needed to improve measurements of student performance through testing. The commission's report mentions the Collegiate Learning Assessment, an exam that 134 colleges have used since 2002, and the Measure of Academic Proficiency and Progress as two good gauges of academic progress.

Several colleges and higher education groups say they have no objection to testing if comparisons are made on a peer-school basis. But they fear that the commission is steering toward standardized testing and a uniform comparison of institutions.

Commission member David Ward, the president of the American Council on Education, refused to sign the commission's report, saying it projects a "false sense of crisis" and appears to suggest a "one size fits all approach."

"A drive for such comparisons will inevitably lead to the attempt to adopt a single test," Warren wrote to commission Chairman Charles Miller last month.

Spellings also discussed trying to make college more affordable. But she didn't address the commission's suggestion to increase Pell Grants - the main federal aid for low-income students - to cover at least 70 percent of in-state tuition costs.

Spellings Aims To Impose New Standards On Colleges (WSJ)

By Anne Marie Chaker

The Wall Street Journal, September 27, 2006

WASHINGTON -- U.S. Education Secretary Margaret Spellings announced plans to impose tighter standards on colleges and universities, saying the current higher-education system is too unaccountable to students and families who pay the bills.

In a speech addressing recommendations handed over last week by her 19-member Commission on the Future of Higher Education, Ms. Spellings called for making the college process simpler for families, from scrapping the current financial-aid system to creating a database of student information, and making colleges more accountable for the services they provide. That causes some in the higher-education community to bristle. "We're perplexed when she says there's not much information on accountability," says David Warren, president of the National Association of Independent Colleges and Universities. "Our Web sites are overflowing with information."

Ms. Spellings said her department would implement some recommendations on its own and work with Congress on making others reality. But her actions are prompting questions about the scope of a federal department's authority over the decentralized and largely autonomous higher-education system.

"For most families, this is one of the most expensive investments we make," she said. "Yet there is little to no information on why costs are so high and what we're getting in return." She said she wants to create a database of individual student data to allow parents and policy makers to evaluate the performance of institutions. The commission has said that personal information such as names and Social Security numbers would be protected.

The plan has privacy advocates concerned, following revelations several weeks ago that the Education Department shared information on student financial-aid applicants with the Federal Bureau of Investigation as part of the government's counterterrorism work.

Ms. Spellings also said she wants to encourage "outcome" testing to understand what students get out of school. She said she wants matching funds provided to colleges, universities and states that collect and publicly report these outcomes, and that the results should be part of the accreditation system of higher education.

Charles Miller, who chaired the advisory commission, has said he envisions an approach that wouldn't be so prescriptive as to require schools to use one particular test. That said, the panel's report points to such examples as the Collegiate Learning Assessment, used by more than 100 colleges, and the Measure of Academic Proficiency and Progress, which measures college-level reading, math, writing and critical thinking, and which 350 colleges use for their own self-assessment or

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accreditation. (The CLA is owned by New York nonprofit Council for Aid to Education, and the MAPP test is owned by the nonprofit Educational Testing Service, Princeton, N.J.)

The plan may prompt conflict with Congress, where members suggest it exceeds the Education Department's powers. Recently, the department sought to use a regulatory process to propose some rules arising out of the commission's report. The process, called "negotiated rulemaking," typically comes after legislation is passed, and prompted a letter to Ms. Spellings from leaders of the Senate education panel. "The draft recommendations...are broad and will likely require legislative action before they could be appropriately included in regulations," read the letter.

In her response to the senators, she said she had "no intention" of acting on any proposals that require statutory changes.

Secretary Vows To Improve Results Of Higher Education (NYT)

By Sam Dillon

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Saying she hoped to jolt American higher education out of a dangerous complacency, Secretary of Education Margaret Spellings vowed Tuesday to help finance state universities that administer standardized tests, establish a national database to track students' progress toward a degree and cut the red tape surrounding federal student aid.

In a speech, Ms. Spellings emphasized those and a few other measures from among dozens of recommendations issued recently by a federal panel, the Commission on the Future of Higher Education.

"This is the beginning of a process of long-overdue reform," Ms. Spellings told a crowd of university presidents, business executives, lobbyists and journalists in a speech that her department billed as one in which she would outline her agenda for change at the nation's colleges and universities.

The commission, convened by Ms. Spellings, completed work in August on a report that warned that American universities, while still the finest in the world, were losing their edge against heightened global competition.

In one of its most highly debated recommendations, the report called on public universities to measure learning with standardized tests, and listed two by name: the Collegiate Learning Assessment and the Measure of Academic Proficiency and Progress. During the panel's deliberations, many educators opposed the testing proposal, calling it misguided for the federal government to require the nation's more than 3,000 colleges, universities and trade schools to test and compare learning outcomes among such disparate students as physics scholars at Caltech and dance majors at Juilliard.

In her speech, Ms. Spellings moved forward with the testing proposal, but cautiously.

"No current ranking system of colleges and universities directly measures the most critical point, student performance and learning," she said. "We absolutely should. And Action 4 under my plan will provide matching funds to colleges and universities and states that collect and publicly report student learning outcomes."

In response to a question after her speech, Ms. Spellings said, "Nobody envisions a one-size-fits-all test of student ability."

David Ward, president of the American Council on Education, the largest association of colleges and universities, expressed approval for Ms. Spellings's proposal to provide federal matching money to institutions that already, voluntarily, are experimenting with standardized testing. Mr. Ward declined last month to sign the panel's report because, among other concerns, he said it could lead to government-imposed testing.

"I thought today's speech was very important for addressing anxieties," he said. "Now I can see she's not going to rush into some simple-minded solutions. I feel much better."

Ms. Spellings established the 19-member panel last year, including current and former administrators and faculty members from large research universities, community colleges, liberal arts colleges and for-profit trade schools as well as executives from Boeing, I.B.M. and other corporations. She asked them to examine the accessibility, affordability and accountability of the nation's colleges and universities.

In its final report, the commission recommended that the entire federal student aid system, which has 17 programs, be scrapped in favor of one that is more user-friendly.

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Ms. Spellings said Tuesday that only Congress could carry out such a fundamental overhaul. But she said the department would seek to streamline the process immediately and cut the application time for federal loans and grants in half. She offered few specifics, however.

At the insistence of former Gov. James B. Hunt Jr. of North Carolina, the panel included in its final report a recommendation for bolstering the program of Pell Grants, which are the basic building block of federal aid, by making them cover a larger percentage of public college tuition. One university group estimated recently that that proposal could cost the nation $9 billion to $12 billion.

Ms. Spellings did not mention that proposal on Tuesday. But Mr. Hunt said she told him and other commission members in a conference call on Tuesday that she was "working with the Office of Management and Budget to see what could be done."

"So I think she's given a strong commitment," Mr. Hunt said.

Ms. Spellings also promised action on Tuesday on another commission recommendation: that the Education Department collect student data from colleges and universities and use it to create a "higher education information system."

Such a federal data system, she said, could provide new consumer-friendly information to parents and students looking for the right college. It could also be used to hold colleges and universities accountable for the number of students that they graduate and other measures of institutional performance, she said.

Ms. Spellings suggested that the higher education establishment would consider her proposals to be bitter medicine.

"After some of what I've said today, commencement speaker invitations may suddenly get lost in the mail," she said.

But the reaction from several university presidents and lobbyists who had previously expressed fears that the commission's work would bring new federal interference in higher education, seemed generally to be one of relief.

Richard Vedder, an Ohio University economist, who also served on the panel and had hoped it would lead to far-reaching measures to control university costs, said on Tuesday that he worried that the panel's year of study and hearings had produced a fog of rhetoric and little else.

"I'm concerned with a certain vagueness to it all at this point," Dr. Vedder said. "There's been a lot of platitudes — 'increase affordability, control costs' — but we've not come up with much that's specific about how to do that."

Spellings Calls For Tracking Of Students' Performance (WP)

By Lois Romano, Washington Post Staff Writer

The Washington Post, September 27, 2006

College Accountability Needed, Education Chief Says

Education Secretary Margaret Spellings called yesterday for greater fiscal and academic accountability in higher education and endorsed a controversial plan to keep long-term records on students that would track performance from the time they enter the system in grade school to show how their educations progress.

Responding to the final report from her Commission on the Future of Higher Education, Spellings also implored schools to hold costs down for low-income students. She pledged to seek more financial aid for students but largely sidestepped the commission's bold proposal for a substantial increase in need-based Pell Grants.

The commission, which Spellings appointed, in general painted a bleak picture of a prohibitively expensive higher education system that serves the wealthy and whose schools are not held accountable for student performance.

The panel proposed that college students undergo testing to ensure that the schools are meeting their academic promises and goals, the results of which would be part of a public database that would help students and parents assess and choose schools. Spellings made the point that few objective measures for judging the quality of a school are available to parents.

At the commission's recommendation, Spellings is offering financial incentives to schools that voluntarily report student assessments.

"Our universities are known as the best in the world, and a lot of people will tell you things are going just fine," she said in a speech at the National Press Club. "But when 90 percent of the fastest-growing jobs require postsecondary education, and fewer and fewer Americans are getting one, are we satisfied with just fine?"

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The commission recommended increasing the value of Pell Grants to cover 70 percent of the average in-state tuition at public colleges; the grants now cover only 48 percent of tuition. Spellings did call for a complete overhaul and streamlining of the unwieldy college aid system and acknowledged that more money is needed, but she stopped short of endorsing increases in Pell Grants.

David L. Warren, president of the National Association of Independent Colleges and Universities, said: "I found that quite remarkable, because it was the key recommendation from the commission. Yet she endorsed a unit record database, which would be enormously expensive to implement."

The association and other school groups oppose a data collecting system that would track individual students, because they worry it would infringe on privacy. But Warren acknowledged that some form of data collecting is needed to improve the system.

Sen. Edward M. Kennedy (D-Mass.), the senior Democrat on the education committee, criticized Spellings for not embracing the Pell Grant proposal and for not addressing the massive student loan industry, which he called "the most troubling aspect of higher education today."

Some advocacy groups complained that Spellings put too much of the blame for high costs on schools and not enough on government. "State support is the lowest it's been in 25 years, and public colleges are turning to parents to bridge the gap," said Lawrence Gold, director of higher education for the American Federation of Teachers.

Still others expressed concern about Spellings's suggestion to increase use of adjunct professors over tenured teachers to cut costs.

"Although I agree with the secretary that more research is needed on the teaching effectiveness of adjunct professors, I strongly believe that we will not dramatically improve the quality of postsecondary education with a part-time teaching force," Lee S. Shulman, president of the Carnegie Foundation for the Advancement of Teaching, wrote in an e-mail.

Educators have also balked at the commission's call for colleges to conduct student assessments and make them public, saying it would be virtually impossible to develop a uniform national academic measure because of the many diverse subject disciplines and concentrations.

But Mark G. Yudof, chancellor of the University of Texas system, argued that there should be "as much disclosure as possible, as much data as possible."

In an interview with Washington Post editors and reporters yesterday, Yudof said school presidents who oppose academic assessments "are wrong."

"I think they're dead wrong to say [higher education is] too ephemeral," he said. "I think this is going to happen with or without" them.

Staff writer Susan Kinzie contributed to this report.

College Overhaul Called 'overdue' (USAT)

By Mary Beth Marklein

USA Today, September 27, 2006

WASHINGTON — Education Secretary Margaret Spellings called Tuesday for greater accountability by colleges and universities, including the creation of a national database to track how well students learn.

She also called for an overhaul of the financial aid process and an increase in need-based aid.

Spellings' plans are in response to recommendations by a 19-member commission she created last year about the future of U.S. higher education. The commission said colleges and universities have slipped into "unwarranted complacency" and that higher education's financing system is "increasingly dysfunctional."

"This is the beginning of a process of long-overdue reform," she said. "Over the years, we've invested tens of billions of dollars in taxpayer money and just hoped for the best. We deserve better."

The development of a database has been among the commission's most controversial proposals, mostly because of concerns about student privacy.

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Known as a “unit record” system, it would track the progress of individual — but unidentified — students over time as a way to better assess and compare the educational performance of institutions.

Although President Bush said in a statement that he strongly supports “the thrust of this important report,” Spellings will need approval from Congress to implement the database, and she could face an uphill battle. The House passed a bill in March that would prohibit a “unit record” system. Buck McKeon, R-Calif., chairman of the House Education Committee, didn't address the database question in his response Tuesday to Spellings' speech but said, “As she and I have discussed, I expect the department to work cooperatively with Congress.”

Proponents of a database that tracks students, including the State Higher Education Executive Officers, say federal data on graduation rates gives an inaccurate picture because it doesn't account for transfers to other schools. And though many schools keep their own records, they don't necessarily make the data public. About 35 states have systems in place, but they operate as “islands unto themselves,” Spellings said.

Spellings said her plan would make information available to parents, policymakers and others in an easy-to-understand format. Data could include students' majors, costs after student aid and how quickly they graduate. To protect privacy, the commission recommended that the database use anonymous identification numbers, not Social Security numbers.

Estimates for the federal cost to create the system infrastructure range from $10 million to more than $100 million, says the American Council on Education, an umbrella group for higher education. That doesn't account for costs to states or to institutions.

Leaders of a number of higher-education groups say they support such a database. But “the devil is in the details,” said Robert Berdahl, president of the Association of American Universities, which represents large research universities.

Spellings offered few details about the database Tuesday but told commission members Monday that she was open to testing such a database as a pilot project, said David Ward, president of the American Council on Education. Education officials said the department would begin with a voluntary, opt-in system for states and institutions.

Ward was the one commission member who did not sign the report, arguing that the commission was looking for “quick solutions.” But because Spellings said she would work with higher-education groups, he said, “my anxieties were actually substantially reduced.”

Lee Shulman, president of the Carnegie Foundation for the Advancement of Teaching, said in an e-mail that aside from the privacy question, there has been “far too little discussion of whether such a (database) system is worth creating … if the data it records is not worth using. Really poor and misleading data is far more dangerous than no data at all.”

Spellings Presses U.S. Colleges To Prove Their Worth (Update2) (BLOOM)

By Paul Basken

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- U.S. Education Secretary Margaret Spellings called on the nation's 3,700 colleges to cut costs while doing a better job of proving how well they teach.

Spellings, responding to the final report of her yearlong Commission on the Future of Higher Education, also promised to ask Congress for more aid for low-income students, without endorsing the panel's specific suggestion of a 50 percent increase.

The Bush administration formed the commission with the hope of making U.S. higher education more affordable and more capable of providing the workers, especially in science fields, seen as necessary to maintaining U.S. economic competitiveness.

``Our universities are known as the best in the world, and a lot of people will tell you things are going just fine," Spellings said in remarks prepared for delivery today in Washington. ``But when 90 percent of the fastest-growing jobs require post-secondary education, and fewer and fewer Americans are getting one, are we satisfied with `just' fine?"

The commission, in one of its most specific and costly recommendations, suggested Congress increase the value of the Pell Grant, the main federal grant for low-income students, to cover 70 percent of the average in-state tuition at public four- year colleges, up from 48 percent in the 2004-05 school year.

It offered that proposal on the condition that college tuition not rise faster than the growth in median family income.

More Aid Urged

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Spellings said Congress ``must increase need-based aid,'' while warning it would make no difference to students ``if states and institutions don't do their part to keep costs in line.''

Senator Edward Kennedy of Massachusetts, the top-ranking Democrat on the Senate's Education Committee, criticized Spellings for failing to propose a Pell Grant increase and for failing to address problems with the student loan industry, which he called ``the most troubling aspect of higher education today.''

``That system squanders billions each year to provide corporate welfare to big lenders, rather than serving the best interests of our students,'' Kennedy said in a statement.

The commission also urged colleges take new steps to measure student performance and make that information publicly available as a means for prospective students and others to compare schools. In addition, it endorsed administration suggestions for a computerized system of tracking students over their lifetimes, another means of getting better measures of college performance.

Funds for Database

Spellings today proposed providing matching funds to states and institutions ``that collect and publicly report student learning outcomes,'' without elaborating in her prepared remarks.

The proposal for a computer database to track students has created controversy among universities, with some raising privacy concerns and others arguing they are shortchanged by current estimates of graduation rates.

A group of six associations representing U.S. universities, announcing steps they would take in response to the commission report, promised last week they would find a way to create the database.

``We are collectively holding hands on this issue,'' said David Warren, president of National Association of Independent Colleges and Universities, which represents private schools including all Ivy League colleges and has been a leading opponent of the idea.

Hoping for Accountability

Spellings, in the prepared text of her address today at the National Press Club, said she hopes to bring to colleges the same principles of accountability that the ``No Child Left Behind'' law has brought to elementary and secondary schools.

Colleges, however, have resisted the idea of standardized tests, saying school provides an experience too diverse to be measured by any uniform means. Both the commission and the university associations instead have made general references to the need for colleges to show more ``accountability.''

Spellings, whose daughter attends Davidson College in North Carolina, said she wants prospective students and their families to have a far better sense of their options when choosing colleges.

``I, too, experienced the confusion and frustration many parents face with the college selection process,'' she said. ``I found it almost impossible to get my questions answered, and I'm the Secretary of Education!''

Spellings also endorsed commission suggestions to simplify the process of applying apply for federal financial aid, to improve high school programs that prepare students for college and to improve procedures for accrediting colleges.

Problem Areas Seen

More specific suggestions, such as the proposed Pell Grant increase, may be more difficult to implement, said Becky Timmons, director of government relations at the American Council of Education, which represents about 1,800 U.S. colleges.

The commission's proposed increase to 70 percent of in-state tuition would cost taxpayers almost $9 billion a year, as the maximum Pell Grant rises to $6,150 and the average grant reaches $3,845, up from the current maximum of $4,050 and average of $2,445, Timmons said.

That increased cost would become more than $10 billion a year if colleges realize the 7.5 percent increase in enrollment that the Education Department expects between 2006 and 2011, Timmons said in an analysis prepared by her association.

Congress has failed so far so far this year to act on a $10 billion-a-year plan backed by President George W. Bush, lawmakers from both parties and U.S. corporate leaders aimed at increasing U.S. economic competitiveness through programs such as research- related tax breaks and scholarships for science students.

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A coalition of lawmakers will introduce a new version of that plan today, hoping for passage before Congress adjourns, said Jack Finn, spokesman for Senator John Ensign, a Republican of Nevada. ``It's important to get something done this year," Finn said.

To contact the reporter on this story: Paul Basken in Washington at pbasken@bloomberg.net

Swagel Nominated To Treasury Post (WSJ)

The Wall Street Journal, September 27, 2006

WASHINGTON -- The White House nominated Phillip Swagel, an economist at the American Enterprise Institute, to be assistant secretary of the Treasury for economic policy.

Mr. Swagel, a former chief of staff at the White House's Council of Economic Advisers, was tapped as part of Treasury Secretary Henry Paulson's personnel makeover. The former Goldman Sachs chief executive has made a series of hires since taking Treasury's reins July 10, including former Goldman colleague Robert Steel, who could be confirmed by the Senate as early as this week to be Treasury's top financial policy adviser.

If confirmed by the Senate, Mr. Swagel would succeed Mark Warshawsky, who left Treasury this year to join consulting firm Watson Wyatt Worldwide.

Report Criticizes Pentagon's New Travel Booking System (WP)

By Elizabeth Williamson

The Washington Post, September 27, 2006

After a decade and more than $500 million in costs, the Defense Department's new travel booking system doesn't work, it doesn't save money, and most staff members don't use it, a new study says.

A Government Accountability Office report released yesterday slams the Northrop Grumman-designed Defense Travel System and calls Pentagon estimates of usage and cost savings into serious question. So poor is the Pentagon's analysis of the system's merits, the report says, that defense officials offered a credit card company news release as sole proof for its claim that the system saves millions of dollars each year.

"We requested, but the [Pentagon] could not provide, any analysis of travel data to support the assertion" of savings, the report says. Further, it says, "The department does not have reasonable [data] to measure the extent to which DTS is actually being used."

This is the second GAO report on the travel system, whose delays and cost overruns have made it subject to repeated attempts in Congress to kill it. Launched in 1998, the system was supposed to have been fully operational four years ago, yet as of this year it was difficult to tell who was actually using it, the report says.

Northrop Grumman spokeswoman Janis Lamar said the company has not yet had time to review the report. But she said, "We built a great system, and it's saving money." She said the system has been deployed to all 270 major military installations and is being used today by over 50,000 personnel on a daily basis.

"It's been a pig," said Sen. Tom Coburn (R-Okla.), chairman of the Senate Homeland Security and Government Affairs subcommittee on federal financial management, who is trying to kill the travel system contract.

The Defense Department has spent more than $500 million on the program since 1998, an overrun of about $200 million, according to figures compiled by Congress from GAO and Defense Department reports.

"It's one big mistake after another . . . that Congress hasn't paid attention to because of very effective lobbying by the contractor," Coburn said. Los Angeles-based Northrop Grumman has spent $72 million in federal lobbying efforts since 1998, Political Money Line reported, and contributed $6.2 million to federal candidates and parties over the past 10 years, according to the Center for Responsive Politics.

Northrop "ought to give some of our money back," Coburn said. "Even if [the system] rolls out, it's never going to pay for itself. It doesn't even get the best fare."

The system was born of a 1995 Pentagon task force recommendation to replace the department's outmoded, chaotic travel procedures with one standardized system for booking official travel, from airlines to hotels. But technical problems have foiled efforts to coax employees to use it.

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The Pentagon estimates that the system will save $54 million a year, mostly by automating work once handled by employees. The report calls that estimate "unrealistic," partly because staff would be reassigned, but mostly, because the Pentagon could provide no backup for its claims.

Asked for proof that its system would save $31 million yearly in personnel costs, the Pentagon provided a copy of an American Express news release that discussed savings achieved through a completely different booking system, in a private company.

In a written response to the report, Undersecretary of Defense David S.C. Chu strongly objected to criticism of the Pentagon's estimates of personnel cost savings. "The Department is facing an enormous challenge and must successfully prosecute today's war while still making investments that safeguard the future," he wrote.

"It's time to close this program down," said Sen. Norm Coleman (R-Minn.), who chairs the Senate's Homeland Security and Governmental Affairs Committee's investigations panel, which held a hearing last year on the bill.

"DOD has spent more than 500 million of American taxpayers' dollars on a travel system that was supposed to save money . . . It's an unconscionable waste."

In the Loop (WP)

By Al Kamen

The Washington Post, September 27, 2006

RHIP, Mr. VP

Health and safety rules in Washington have for years warned residents never to get between Sen. Charles Schumer (D-N.Y.) and a camera.

There may now be a new rule: Never get in the way of President Bush heading for his soft down pillow.

Seems Vice President Cheney , in Grand Rapids, Mich., on Monday, landed at Andrews Air Force Base at 8:10 p.m . -- a full two minutes before Air Force One touched down.

But being president means never having to wait your turn. So Bush bounded down the steps, our colleague Peter Baker reports, and onto his chopper before Cheney's entourage even realized what was happening. Marine One quickly powered up, forcing Marine Two to sit on the tarmac until the top bird lifted off.

Marine Two waited barely a minute longer before taking off, producing a rare moment when both presidential and vice presidential helicopters were in the air, flying almost in tandem back into the city.

Cheney may have been disoriented after engaging in an unusual activity -- actually hanging with reporters on his plane during a "surprise" celebration of his 100th fundraiser this election cycle. His staff got a cake marked "100 -- on to victory," and when everyone was in place, summoned the veep from his private cabin to party.

He cut one piece of cake and stayed for a minute or so. A reporter asked which of the 100 was the most memorable. Cheney thought for a moment and said: "Stuff from 30 years ago is easier to remember. The rest is a blur." Then he returned to his cabin.

Unclear if he had any cake, but, if he did, might have slowed him on the tarmac.

Hill Salary Site Proves Too Big A Hit (WP)

By Zachary A. Goldfarb

The Washington Post, September 27, 2006

A Web site documenting the salaries of the roughly 20,000 Capitol Hill employees went live last week -- and almost as soon came crashing down.

No, it didn't get shut down by a judge's order claiming that private information had been leaked. By law, the salaries of Hill staffers have long been available in thick books in the offices of the House and Senate clerks. The site came down because of the rush of traffic from computers housed in Congress -- and elsewhere.

It was a sign of the intense interest percolating on Capitol Hill and political blogs about the just-launched LegiStorm (http://www.legistorm.com). The site quickly went back online, offering a window for Hill staff and strangers alike into what everyone -- from senior senators' chiefs of staff to the House barber -- earns per year. It's popular trivia that the president earns

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$400,000 per year and representatives and senators earn about $160,000 per year, but the information on staff salaries hasn't been so publicly available before.

"These kinds of records . . . were the bread and butter of reporting on the Hill for me," said Jock Friedly, a former Capitol Hill reporter who is behind LegiStorm. "I thought it was about time it was put on the Web."

Friedly said information kept in obscure House and Senate offices wasn't helpful to citizens or reporters doing research on Congress from outside Washington. "The goal is simply to make Congress a little more transparent." he said. Friedly, who runs a business selling government documents, said the site has only a few text advertisements so far.

The LegiStorm data show that slightly more than 200 Senate staffers earn $150,000 per year. Close to 300 House staffers make that amount, many of them on the House Appropriations Committee. Most employees seem to make about $50,000 to $60,000 per year. Many paid interns -- which Hill aides often start their careers as -- take home barely $200 per month.

"I've heard some people say they're gong to use this information as leverage," said a House staffer who has worked on the Hill for six years. "There's no uniformity to what people make."

Another House aide said he wished the site was available when he was negotiating his job three years ago. "Negotiating a salary for a new job is never a totally comfortable process, and this information would certainly give you a leg up as a job candidate," the aide said.

Some Hill staffers expressed gripes about LegiStorm. Because salaries are reported in quarterly increments, they might contain a year-end bonus that would overstate the aide's regular income.

Some staff members who work in district offices outside Washington were worried that their neighbors would take a look at their salaries, a piece of information not publicly available for most of the nation's workers, said Rick Shapiro, executive director of the Congressional Management Foundation, which consults with House and Senate offices on effective management strategies.

"I was concerned that having the American public having ready access to what everybody in Congress would make would lead to bashing people when you don't understand what the cost of living in Washington, D.C., is," Shapiro said. "If you're from North Dakota or other areas where the cost of living is much smaller, you might look at salaries and say this is outrageous."

The Threat To Judicial Independence (WSJ)

By Sandra Day O'Connor

The Wall Street Journal, September 27, 2006

In November, South Dakotans will vote on a state constitutional amendment being advocated by a national group called "JAIL 4 Judges." If the amendment passes, it would eliminate judicial immunity, and enable a special grand jury to censure judges for their official legal determinations. Although the amendment's supporters claim they seek a "judicial accountability initiative law" (JAIL), they aspire to something far more sinister -- judicial intimidation. Indeed, the national Web site of JAIL 4 Judges boasts with striking candor that the organization "has that intimidation factor flowing through the judicial system."

It is tempting to dismiss this proposed amendment as merely an isolated bout of anti-judge angst. But while the JAIL 4 Judges initiative is unusually venomous, it is far from alone in expressing skepticism of the judiciary. In addition to South Dakota, this election cycle has witnessed efforts in at least three other states that are designed to rein in judges who have supposedly "run amok."

Not to be completely outdone, Congress also has engaged in recent efforts to police the judiciary. Seeking to constrain the legal sources that are available to judges, some members of Congress have advocated measures that would forbid judges from citing foreign law when they are interpreting the Constitution. In addition, bills have been introduced in both houses of Congress supporting the creation of an inspector general to investigate and monitor the federal bench. Finally, the House of Representatives passed legislation over the summer that would prohibit the Supreme Court from considering whether the Pledge of Allegiance's inclusion of the words "under God" violates the First Amendment. * * *

Directing anger toward judges enjoys a long -- if not exactly venerable -- tradition in our nation. President Thomas Jefferson, for instance, was a particularly spirited antagonist of judges appointed by the Federalists. Moreover, President Franklin D. Roosevelt sought to increase the number of Supreme Court justices because the court invalidated several pieces of New Deal

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legislation. And I can distinctly remember seeing lawns and highways across the country that featured signs demanding the impeachment of Chief Justice Earl Warren.

But while scorn for certain judges is not an altogether new phenomenon, the breadth and intensity of rage currently being leveled at the judiciary may be unmatched in American history. The ubiquitous "activist judges" who "legislate from the bench" have become central villains on today's domestic political landscape. Elected officials routinely score cheap points by railing against the "elitist judges," who are purported to be of touch with ordinary citizens and their values. Several jeremiads are published every year warning of the dangers of judicial supremacy and judicial tyranny. Though these attacks generally emit more heat than light, using judges as punching bags presents a grave threat to the independent judiciary.

Troublingly, attacks on the judiciary are now being launched by judges themselves. Earlier this year, Alabama Supreme Court Justice Tom Parker excoriated his colleagues for faithfully applying the Supreme Court's precedent in Roper v. Simmons, which prohibited imposition of the death penalty for crimes committed by minors. Offering a bold reinterpretation of the Constitution's supremacy clause, Justice Parker advised state judges to avoid following Supreme Court opinions "simply because they are 'precedents.'" Justice Parker supported his criticism of "activist federal judges" by asserting that "the liberals on the U.S. Supreme Court . . . look down on the pro-family policies, Southern heritage, evangelical Christianity, and other blessings of our great state."

It should come as no surprise that the increased scapegoating of the judiciary has coincided with an increase in anger directed toward individual judges. In the last decade, threats and inappropriate communications directed toward the federal bench have more than quadrupled. According to the U.S. Marshals Service, complaints about such behavior were being logged at a record-setting pace this year. And while it is encouraging that Congress recently set aside funds for federal judges to have home security systems installed, it is deeply dispiriting that the demand for the systems among the judges was so high. Judge David B. Sentelle of the U.S. Court of Appeals for the D.C. Circuit was quite right when he observed, "Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families."

Given the escalating criticism that is leveled at judges, it seems appropriate to bear in mind the reasons that the Framers initially established an independent judicial branch. In Federalist No. 78, Alexander Hamilton explained why, in our constitutional system, "the complete independence of the courts of justice is peculiarly essential." Hamilton contended that the judiciary needed to be distinct from the legislative and executive branches because that was the best way to guarantee "a steady, upright, and impartial administration of the laws." Hamilton also believed that judicial independence was necessary in order to safeguard against "injury of the private rights of particular classes of citizens, by unjust and partial laws." It is well worth remembering that, far more often than not in modern times, the judiciary has admirably performed these two vital tasks: checking the other two branches and protecting minority rights.

An independent judiciary does not mean, of course, that it is somehow improper to criticize judicial decisions. To the contrary, it is a healthy sign for democracy that the public is engaged with the workings of the judicial system. Judges can -- and do -- sometimes render erroneous decisions, but that is why appeals are allowed to higher courts. Moreover, judges can be -- and are -- subjected to discipline for legitimate reasons. Members of the judiciary cannot sincerely believe that they should be regarded as above the very laws that they are charged with interpreting. Ours is, after all, a nation of laws, not men -- or even women.

Nonetheless, we must be more vigilant in making sure that criticism does not cross over into intimidation. Judges and lawyers certainly play essential roles in opposing attacks on the judiciary. Indeed, later this week, I -- along with Justice Stephen Breyer -- am co-chairing a conference on judicial independence at Georgetown University Law Center. But the legal community needs help from other sectors of society to ensure that the current mood of cynicism does not end up compromising the rule of law. This includes members of the business community. Adam Smith, writing in "The Wealth of Nations," well understood the importance of an independent judiciary: "[U]pon the impartial administration of justice depends the liberty of every individual, the sense which he has of his own security." Without judicial independence, Smith warned, "it is scarce[ly] possible that justice should not frequently be sacrificed to what is vulgarly called politics."

More broadly, of course, all of society has a keen interest in countering threats to judicial independence. Judges who are afraid -- whether they fear for their jobs or fear for their lives -- cannot adequately fulfill the considerable responsibilities that the

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position demands. In these challenging and difficult times, we must recommit ourselves to maintaining the independent judiciary that the Framers sought to establish.

Justice O'Connor is a retired associate justice of the Supreme Court of the United States.

Help Youths In Need (WT)

By Karen Burke Morison

The Washington Times, September 27, 2006

Congress has an opportunity to fix some costly problems that affect the hundreds of federal programs that target disadvantaged youth, by passing the Federal Youth Coordination Act.

These problems were aptly identified by the White House Task Force for Disadvantaged Youth, a group created by President Bush in late 2002. The president directed the group of 12 top federal officials to develop a complete picture of what the federal government was doing for disadvantaged youth and to figure out how it could be done better.

The task force, led by presidential policy advisers Margaret Spellings and John Bridgeland, reported that there were more than 300 such programs scattered throughout 12 agencies. They also found the total spending for these programs was significant ($223.5 billion in fiscal 2003), about one-tenth of the federal budget.

Big government spending often passes for compassion, but for that to be accurate, the programs need to work. But policy-makers seemed content to create these programs and keep them operating. Their effectiveness rarely entered the discussion.

Each department has also allowed "mission creep" to invade, leaving the programs far afield from their original congressional mandates. The task force determined that the program activities were dictated by their enabling statutes only 30 percent of the time. The agencies themselves accounted for the other 70 percent of the spending decisions, thanks to Congress' latest attempt to target the latest urgent problem with a broadly worded mandate, leaving the important details to the bureaucracy. Like a newly licensed driver with gas, a credit card and the car keys, the bureaucracy ran with this discretion, freely experimenting with this approach and that methodology, but rarely stopping to ask whether they were producing any measurable results. And so the number of programs, the amounts spent and the types of services offered grew and spread throughout government.

How this happened is not a mystery. The temptation arises in every administration as bureaucrats strive to show how their programs might be supportive of and relevant to the initiative du jour coming from whomever occupies the White House or secretary's office. This helps them avoid severe reductions, the redirection of their funds elsewhere or receiving the ax. Contrary to conservatives' beliefs that the bureaucracy is unresponsive, the task force found them to be almost overly so.

The reality of this system is a mess. Over time, with this carte-blanche authority, the agencies began offering services in which they had no expertise. For example, the Departments of Defense and Agriculture are operating programs with pregnancy-prevention services. Health and Human Services offers academic services and job-training programs. Housing and Urban Development is running a youth-employment program. Meanwhile, pretty much everyone is funding their own substance-abuse prevention programs. These problems exist in every youth-serving agency.

A considerable bipartisan consensus has developed in support of the final report of the task force, with almost 350 groups from around the country mobilizing to express their support for a "Youth Initiative" to be established within the White House, one of the report's key recommendations. The new office (or coordinating council) would develop and coordinate policy, maximize interagency collaboration to use the significant expertise within specific agencies, coordinate federal research (the results of which are almost never fed back into future programs), and identify and elevate models that work. With this process, ineffective and duplicative programs could be identified and eliminated, and money could be saved.

Coordination should be mandatory with children's programs, because it's about what services an agency offers as well as who receives them. So while HHS is designed to house health and welfare programs, and Education has academic programs, both departments lay claim to serving migrant youth. And foster kids. And kids in the juvenile justice system. And Indian youth. And so on. Yet the agencies almost never talk to each other, nor are they fully aware of what the others are doing. Given this environment, it would be surprising if there were not any duplication, overlap and gaps in communication.

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The Federal Youth Coordination Act (H.R. 856/S. 409) was passed by the House in late 2005 with a strong bipartisan majority. But the bill, which recently received the endorsement of the American Bar Association, has been stalled in the Senate. There is no good reason not to pass this bill, which could put some sanity into the process.

Karen Burke Morison served as staff director for the White House Task Force for Disadvantaged Youth and recently co-authored the "The Silent Epidemic: Perspectives of High School Dropouts."

OTHER NEWS:

Cheaper Oil Lifts US Consumer Confidence (FT)

By Daniel Pimlott

Financial Times, September 27, 2006

US consumer confidence recovered from August's nine-month low to post a stronger than expected gain this month as prices at petrol pumps fell sharply.

The consumer confidence index rose to 104.5, up from 100.2 in August. September's data came in above economists' expectations, according to Bloomberg, that this month's figure would stand at 103.

Consumers told researchers that there were more jobs available and that they expected to earn more in the coming months.

"The improvement is not a big surprise when placed in the context of the sharp slippage in gas prices at the pump recently," said Alan Ruskin, chief international strategist at RBS Greenwich Capital.

Oil prices reached an all time high in July and continued at a very high level through much of August. But on Tuesday futures in Brent crude hit their lowest level in six months.

"If there is any disappointing signal, it is tucked away in the plans to buy within 6 months section, where plans to buy homes new or lived in look very soft," Mr Ruskin said.

The slowdown in the housing market is continuing; on Monday data showed that prices of homes already built fell for the first time in 11 years.

The Federal Reserve has said that it decided to stop raising interest rates partly because it thought a correction in housing markets would help slow growth and bring down inflation.

But analysts said that, as yet, falling demand for new and lived-in housing and some evidence of price falls have failed to seriously effect the US economy.

"Though today's reported confidence bounce was hardly a surprise, it adds to the evidence that housing sector weakness is at least thus far still contained to this narrow sector," said Mike Englund of Action Economics. "If the drop in real estate market prospects is to have a psychological impact on consumer spending, then presumably it should similarly impact confidence."

The authors of the survey said that indications of a more buoyant mood among consumers would nevertheless have relatively little impact.

"Even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006," said Lynn Franco, director of the Conference Board Consumer Research Center.

Consumer Confidence Rebounds Amid Declines In Gasoline Prices (WSJ)

By John McAuley

The Wall Street Journal, September 27, 2006

NEW YORK -- U.S. consumer confidence rebounded solidly in September although it failed to regain all of the ground lost in August, as consumers responded favorably to the decline in gasoline prices, a report released Tuesday indicated.

The Conference Board, a private research group, said its index of consumer confidence for September rose to 104.5 compared with the upward-revised 100.2 seen in August. The August number stood at 99.6 before the revision. The current month's reading was just above economists' expectations for a reading of 104.0, according to a survey of 23 economists conducted by Dow Jones Newswires.

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"A more favorable assessment of current conditions coupled with a less pessimistic short-term outlook boosted consumer confidence this month," said Lynn Franco, who directed the survey. "However, even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006."

The present situation index, a gauge of consumers' assessment of current economic conditions, rose to 127.7 from 123.9 the prior month. Consumer expectations for the state of economic activity over the next six months increased to 89.0 from 84.4 in August.

The Conference Board noted in the report that respondents who assess economic conditions as "good" increased to 27.4% in September from 26.2%, while those who termed current conditions as "bad" slipped to 15.4% from the 16.6% who held that view in August.

In a welcome development, consumers' outlook for the economy's performance over the next six months also edged higher in September. Those expecting economic conditions to worsen slipped to 10.6% from 12.9% in August, while those expecting improved business conditions increased to 16.3% from 16.2%.

The report noted that the outlook for labor market conditions was also a bit more favorable. Consumers expecting fewer jobs to become available in coming months decreased to 17.1% in September from 18.1% in the prior month, while those expecting more jobs edged up to 14.4% from 14.2%.

Assessment of current labor market conditions also improved. The share of respondents saying that jobs are "plentiful" increased to 25.9% from 24.5%, but those saying that jobs are "hard to get" also edged up to 21.3% from 21.1%.

The conference Board report is based on a survey of 5,000 households, conducted by mail. The deadline for responses was Sept. 19.

Consumers' Outlook On The Economy Slightly More Upbeat (USAT)

By Sue Kirchhoff

USA Today, September 27, 2006

WASHINGTON — Consumer confidence rebounded from a nine-month low in September, though still hovering near one of the lowest levels of the year, according to Tuesday reports indicating moderate economic growth.

The New York-based Conference Board's consumer confidence index rose to 104.5 in September from 100.2 in August. The index had tumbled in late summer as gas prices rose.

The index, based on a monthly telephone survey of 5,000 households, showed consumers more upbeat about both current conditions and the outlook for six months from now. But survey officials said the improvement didn't spell an economic surge.

“Even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006,” said Lynn Franco, director of the Conference Board Consumer Research Center.

The Federal Reserve has said it expects the economy to downshift through the end of the year and into 2007. What's unknown is the extent of the softening and whether it will work to gradually reduce inflation, as the Fed predicts.

The share of consumers calling conditions “good” rose to 27.4% from 26.2%. Those assessing conditions as “bad” slipped to 15.4% from 16.6%.

But the number of consumers expecting to buy a house in the next six months slipped from 3.8% to 2.8%, the lowest in nine months. And the share expecting to buy major appliances or autos fell.

In some good news for the Fed, the report shows consumers expect lower inflation in the future than they did in August.

Steven Wood, chief economist of Insight Economics, says that while the numbers are an improvement, the longer-term trend indicates consumers are “much more optimistic about the present but still quite worried about the future.”

Consumer spending accounts for about two-thirds of the economy.

Also Tuesday, the Federal Reserve Bank of Richmond said manufacturing activity in its area rose in September from the previous month, with strong new orders and shipments. At the same time, material costs were up and expected to keep increasing.

Last week, the Philadelphia Fed reported a slowdown in business activity in its region.

Economic Forum Warns U.S. Of Budget Deficit's Ill Effects (WSJ)

DOJ_NMG_0069894

By Marcus Walker

The Wall Street Journal, September 27, 2006

The U.S.'s huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, an institute in Switzerland.

The institute's annual study of global competitiveness says the U.S. economy is the sixth most-competitive in the world, slipping from first place in last year's ranking, a result of mediocre scores for its public finances.

Switzerland ranks No. 1 in this year's survey, thanks to what the forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries -- Finland, Sweden and Denmark -- come next, followed by Singapore and the U.S. (See the full rankings1 and more from the report2.)

COUNTRY RANKINGS 2006-2007

1. Switzerland
2. Finland
3. Sweden
4. Denmark
5. Singapore
6. U.S.
7. Japan
8. Germany
9. Netherlands
10. U.K.
11. Hong Kong
12. Norway
13. Taiwan, China
14. Iceland
15. Israel

Source: Global Competitiveness Report, World Economic Forum

The competitiveness study ranks countries according to a range of criteria -- including macroeconomic policies, market regulations, technological development, education systems and public institutions -- that the forum believes influence an economy's level of productivity, and thereby its ability to sustain economic growth over many years. The ranking combines economic indicators with the findings from a survey of business executives.

"The U.S. remains a very competitive economy," said Augusto Lopez-Claros, the forum's chief economist. "It leads in innovation and patent registrations, has some of the best universities in the world, and it has extremely high levels of collaboration between universities and industry," he said. "However, how you manage your public finances is very important."

Serial budget deficits in the U.S. have led to rising public debt, which means an increasing portion of government spending goes toward debt service. That means less money is available for spending on infrastructure, schools or other investments that could boost productivity. Heavy government borrowing, which means competing for money in financial markets with the private sector, also tends to drive up businesses' borrowing costs.

Middling scores were awarded to the fast-growing emerging economies of the world considered to be changing the economic balance of power: India ranks 43rd out of 125 countries in the survey, China ranks 54th, Russia 62nd and Brazil 66th.

Russia and China, despite good scores for macroeconomic management, are marked down for a lack of transparency and even-handedness in their public institutions, including their bureaucracy and judiciary, and for protections for property rights. Brazil is making progress on improving its public finances, but at too slow a pace, according to Mr. Lopez-Claros. Of the four countries, only India improved its ranking in the survey this year.

Although many economists and investors believe economic output in these four countries will overtake that of most of the world's established economic powers by midcentury, the World Economic Forum is unfashionably downbeat, warning that the emerging economies' growth could hit barriers unless they develop more-efficient public institutions.

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"There is maybe a bit of hype about these countries," Mr. Lopez-Claros said.

No Longer No. 1, And No Wonder (WP)

By Steven Pearlstein

The Washington Post, September 27, 2006

On the surface, two studies out this week seem to raise warning flags about the competitiveness of the U.S. economy.

One, the annual ranking from the World Economic Forum -- the elite business organization that runs the annual winter schmooze-fest in Davos, Switzerland -- finds that the United States has fallen from No. 1, a position it shared with Finland for most of a decade, to an unsettling sixth place.

And the National Association of Manufacturers, along with the Manufacturers Alliance, is scheduled to release an update of an earlier study today showing that the burdens of regulation, taxation, litigation and health care are even greater than they were in 2002, when the "cost gap" between U.S. companies and those of our largest trading partners was 22.4 percent.

The predictable response from the business community will be to use these studies to warn of impending economic ruin unless the government adopts the Republican agenda of less regulation, lower taxes, tort reform, and relieving companies of health-care and pension costs.

Don't be fooled. These reports speak to the embarrassing failure of a decade of Republican rule in improving U.S. competitiveness. Business taxes, as a percentage of anything you want to measure, are at their lowest level in decades. The Bush White House has subjected new regulations to rigorous cost-benefit analysis. Several reforms make it less attractive for shareholders, workers and consumers to file frivolous lawsuits, but not necessarily for businesses. And in case you hadn't noticed, businesses have already made tremendous strides in shifting health-care and pension costs to workers.

In fact, an alternative reading of the new reports suggests that the business community needs to do some serious thinking about competitiveness and economic policy.

Let's take the legal system, a negative in both reports. It ought to be obvious to anyone who has followed the asbestos debacle or the medical malpractice issue that litigation has become an inefficient way to police the behavior of companies, executives and service professionals. But the only realistic alternative is regulation by government, which the business community opposes. You can't have it both ways.

You can't, for example, just tell smokers they have no recourse against tobacco companies that market products they know to be deadly if you don't have a Food and Drug Administration with power to regulate unsafe tobacco products. You can't tell shareholders they have no right to sue management if you oppose regulations that might give shareholders a voice in who runs the company. You can't tell workers not to sue employers for unsafe workplaces while you're busy neutering the Occupational Safety and Health Administration.

This isn't an economic argument so much as a political one. A totalitarian state such as China may be able to duck these kinds of trade-offs, and there is no doubt Chinese exporters are more competitive as a result. But that is not realistic for an advanced democracy whose citizens prefer to use some wealth, or forgo some economic efficiency, in exchange for safer products and workplaces and more responsive corporate governance.

Or consider the manufacturers' legitimate complaint that they are at a disadvantage because of health-care and pension costs that, in other countries, are borne largely by government. Having raised the issue, however, it is hypocritical for the business lobby to oppose any tax increase that might be used to socialize these costs. Their phony solution -- that average Americans should essentially fund their own pensions and health care, with no increase in wages -- is so unfair and unreliable that Americans have roundly rejected it.

Indeed, a reasonable inference from the World Economic Forum rankings is that the best way to compete is to adopt the Nordic model of high taxes, a generous social safety net and lightly regulated labor markets. Scandinavian government spending accounts for more than half the economy, as opposed to a third in the United States. But the reason the Nordic countries score higher in the WEF study is that their governments run surpluses instead of deficits, cave in to special interests less often, operate efficiently and spend their money wisely.

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In contrast to the WEF study, the manufacturers' analysis is pretty lame. Comparing the regulatory and tax regimes of an advanced industrial country with those of developing Asian countries is specious. I assure you that no NAM member would have his children breathe Beijing's foul air for long. I also find it hard to believe that manufacturing executives pine for the tax and regulatory regimes of Europe or even Japan. The study's comparison of wholesale energy costs conveniently ignores the large fuel taxes imposed by European governments. And no doubt you'll be shocked to learn that the higher costs of U.S. executive compensation were left out of the analysis.

The business community's fantasy is that the United States would soar to the top of the rankings if only we had Ireland's tax regime, China's environmental controls, Singapore's legal system and Chile's social-safety net. Each policy is part of a complex social and economic model that includes features that Americans, and American business, would find unacceptable. These are package deals, not individual offerings at a dim sum lunch.

This is a crucial moment for the business lobby. Its close allies in the Republican Party may soon lose their exclusive grip on Washington's policy levers. Business leaders can stick with a reflexive anti-government, anti-tax, anti-regulation agenda that has hit a brick wall lately. Or they can move toward the bipartisan center, where they might actually strike a deal or two that could make their companies, and the country, more competitive.

Steven Pearlstein will host a Web discussion at 11 a.m. today athttp://washingtonpost.com. He can be reached atpearlsteins@washpost.com.

Dow's Rally Puts It In Range To Strike Record (WSJ)

By E.S. Browning

The Wall Street Journal, September 27, 2006

Continuing a steady march higher that has stunned some Wall Street pundits, the Dow Jones Industrial Average surged to its second-highest finish, within 54 points of the record that dates from more than six years ago.

The immediate spur was a pair of U.S. economic reports that hinted at a desired "Goldilocks" economy -- not too hot and not too cold. The Dow industrials responded with a gain of 93.58 points, or 0.8%, to 11669.39. That surpassed the six-year high hit this past May and was the best close since the Dow industrials finished at their record 11722.98 on Jan. 14, 2000.

Investors seem to have overcome dueling fears that the economy would prove too hot -- forcing the Federal Reserve to continue raising interest rates and stifle growth -- or too cold, leading to disappointing corporate profits. Instead, recent inflation figures have come in slightly below expectations and recent data on consumer spending have been stronger than expected.

Yesterday, the Conference Board released its September survey of consumer sentiment, which was more robust than expected. The report reinforced recent hopes that falling gasoline prices will help keep consumer spending afloat despite the slumping housing market. Later in the day, the Federal Reserve Bank of Richmond said economic activity in the Southeast has been improving. In addition, oil futures resumed their recent declines, falling 44 cents to $61.01 a barrel.

Investors looked past some signs of trouble, notably in the housing business. Home builder Lennar reported a 39% quarterly profit drop and cut its forecast for the new quarter, saying the worst probably isn't over. Home-improvement concern Lowe's said profits this year would be at the low end of expectations. Reflecting the market optimism, both stocks rose despite the news, as investors bet that falling mortgage rates and falling oil prices would give demand a lift.

A number of stock analysts have been surprised by the market's steady gains, which began in mid-July as investors rightly anticipated that the Fed was about to pause in its campaign of interest-rate increases. Skeptical analysts lately have been warning clients that, with the Dow industrials already up 8.9% for 2006, and with most of those gains logged in the past two months, stocks could be poised for a pullback.

With three trading days left in the quarter, the Dow industrials are up 2.5% for September and up 4.7% for the quarter. That means September is likely to be one of the year's strongest months, even though, on average, it historically has been the weakest month.

"People fear the train has left the station and they are running to jump on," said Alfred Kugel, chief investment strategist at Chicago investment-management group Atlantic Trust/Stein Roe. Two months ago, many investors feared that the economy was overheating, that inflation could force the Federal Reserve to raise interest rates higher, and that tensions with Iran could keep oil

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prices oppressively high, he said. Today, the economy has moderated, the Fed appears to be done raising rates, and oil prices are falling. People are buying stocks "because of the bad things that didn't happen," Mr. Kugel said, and that has created a "stealth rally" since mid-July.

The day's upbeat economic numbers stifled the recent bond rally, at least temporarily, since it was fears of economic weakness that had driven people to buy bonds. Bond prices fell and yields rose. But the yield of the 10-year Treasury note, at 4.589%, remained near the seven-month low hit on Monday. Bond yields influence other market interest rates, and their decline has been good news for businesses and consumers alike, making borrowing cheaper in many markets including parts of the mortgage market.

The broad Standard & Poor's 500-stock index finished at a 5½-year high of 1336.34, up 0.8%, or 9.97 points. It is up 7.1% this year and 5.2% so far this quarter. The Nasdaq Composite Index advanced 0.55%, or 12.27 points, to 2261.34, up 2.5% this year. It is up 4.1% for the quarter, having recovered some of its lost ground from the first half of the year. The S&P 500 and the Nasdaq composite both fell more heavily than the Dow during the bear market, however, and neither is near a record.

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 2,137 stocks rose and 1,188 fell. Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.29%, or 0.62 point, to 217.22.

Bond prices declined. The 10-year Treasury note fell 11/32, or $3.44 for each $1,000 invested, pushing the yield up to 4.589%. The 30-year bond was down 14/32 to yield 4.718%.

The dollar strengthened. Late in New York, it traded at 117.15 yen, up from 116.50, while the euro fell against the dollar to $1.2690 from $1.2759.

Clinton TV Interview Energizes GOP, Dems (AP-Y)

By Marc Humbert

AP, September 26, 2006

Former President Clinton's angry response to questions about Osama bin Laden has partisans of every persuasion certain it will energize voters in the elections and affect a possible presidential bid by his wife.

Conservatives immediately labeled the interview a prime example of the soap opera that would run daily should another Democrat — say, for example, Sen. Hillary Rodham Clinton — win the White House.

Not so, countered Democrats. They argued the former president's feisty dressing-down of Fox News' Chris Wallace is just the wake-up call the party's liberal base needed six weeks before the election, a pointed criticism of the Bush administration's bungled search for bin Laden.

Either way, don't expect the furor to subside any time soon.

"We should replay that interview as often as possible," chortled Republican strategist Nelson Warfield on Tuesday.

"In this election there's been a lot of worry among Republicans about whether our base is motivated and is going to turn out to vote," Warfield said. "Nothing motivates the Republican base more than some puffy pontification from Bill Clinton. When he has a little fit on TV, it reminds us of the future that awaits if the Democrats should ever win another national election."

In the exchange with Wallace, the former president contended that, unlike him, the newly installed Bush administration ignored bin Laden until the Sept. 11, 2001 terrorist attacks.

"They ridiculed me for trying. They had eight months to try, they did not try," Clinton said in the interview broadcast Sunday. Clinton also attacked Wallace for a "conservative hit job" by asking about his administration's failure to get bin Laden.

In the wake of the interview, the Clinton camp denied he had lost his cool.

"That wasn't a question, it was an accusation," said Clinton spokesman Jay Carson. "He knew exactly what he was doing and we knew exactly what we were going to do if he did that, as we suspected he would. But it's not what we wanted."

President Bush did not respond directly to Clinton's charges at a news conference Tuesday, saying, "I've watched all this, you know, fingerpointing and, you know, namings of names and all that stuff. Our objective is to secure the country."

Secretary of State Condoleezza Rice challenged Clinton's claim that he did more than many of his conservative critics to pursue bin Laden and accused the former president of leaving no comprehensive plan to fight al-Qaida.

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On the Democratic side, party chairman Howard Dean praised Clinton for taking on "the right-wing propaganda machine."

Sen. Clinton, often mentioned as the leading Democrat for a 2008 run, said her husband's fire will help Democrats as they try to take control of the House in November.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," the New York senator, who polls show is headed for easy re-election, said Tuesday.

The former president largely is seen as an asset to his wife if she seeks the Democratic nomination, a potential drawback in a general election in which the name Clinton elicits strong feelings on both sides.

Still immensely popular with the party's base, he is a key draw at fundraisers and a masterful political strategist. In fact, the heated exchange represented something of a departure for an ex-president who, in recent months, has been largely content to boost his wife's stature.

"I do believe that if elected she would be magnificent" as president, he told the New Yorker magazine just before she crushed anti-Iraq war activist Jonathan Tasini in a September primary.

There is a lack of agreement on whether the former president really did know what he was up to by taking on Wallace with such vehemence.

Conservative columnist John Podhoretz, writing in Tuesday's New York Post, called it "the Bubba blowup" and "a full-bore tantrum on the small screen."

But fellow conservative William Kristol, writing Monday for The Weekly Standard, suggested Clinton might have been laying out a battle plan for Democrats to fight Republican charges that they are "unreliable in the war on terror."

And, as Kristol noted, "Hillary Clinton has been having problems with the left wing of the Democratic Party. With this interview, Bill Clinton has the entire left wing of the Democratic Party rallying to him."

Still others say Clinton's outburst could cut both ways.

"I think he knew what he was doing. And, I think he lost his temper," said Democratic strategist Hank Sheinkopf, who worked on Clinton's successful 1996 re-election effort.

Sheinkopf called Clinton's performance "a two-edged sword" for Democrats, reminding voters of charges that the party is soft on terrorism but also demonstrating that the last Democratic president wasn't against using force.

"Clinton had no option but to defend the Democrats and defend his performance," Sheinkopf said.

If nothing else, the interview served to again put the other Clinton back in the spotlight at a time when much of the attention has shifted to his wife.

No big deal, said Sheinkopf.

"We're two years away from 2008," the Democrat said.

Warfield disagreed.

"It's part of this huge collection of baggage she hauls with her into a national campaign," the GOP strategist said. "Do voters really want to go back into four years of the national soap opera that is the Clintons in the White House?"

Sen. Clinton Hits Back At Rice Over 9/11 (AP-Y)

AP, September 26, 2006

New York Sen. Hillary Rodham Clinton hit back at Secretary of State Condoleezza Rice on Tuesday as the political fighting escalated over which president — Bill Clinton or George W. Bush — missed more opportunities to prevent the Sept. 11 attacks.

Clinton, D-N.Y., took aim at President Bush and Rice over their roles in 2001 before the attacks, part of the growing argument touched off after Bill Clinton gave a combative interview on "Fox News Sunday" in which he defended his efforts to kill Osama bin Laden.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," Hillary Clinton said. "I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined To Attack Inside the United States' he would have taken it more seriously than history suggests it was taken by our current president and his national security team."

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The senator was referring to a classified brief given to Bush in August 2001, one that Democrats say showed the Bush administration did not do enough to combat the growing threat from al-Qaida.

When the brief was delivered, Rice was Bush's national security adviser, and Clinton's response was clearly designed to implicate her in the same criticisms that have been made of Bush.

Clinton's response came a day after Rice denied Bill Clinton's claim in the television interview that the Bush administration had not aggressively pursued al-Qaida before the attacks of 2001.

"What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years," Rice said during a meeting with editors and reporters at the New York Post. "The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false, and I think the 9/11 commission understood that."

Rice also took exception to Clinton's statement that he "left a comprehensive anti-terror strategy" for incoming officials when he left office.

"We were not left a comprehensive strategy to fight al-Qaida," she told the newspaper, which is owned by News Corp., the company that owns Fox News Channel.

The former president became furious during the television interview when asked why he did not do more to fight al-Qaida.

"That's the difference in me and some, including all of the right-wingers who are attacking me now," Clinton said in the interview. "They ridiculed me for trying. They had eight months to try. They did not try."

The interview has been the focus of much attention, earning the show its best ratings in nearly three years.

Rice questioned the value of the dialogue.

"I think this is not a very fruitful discussion," she said. "We've been through it. The 9/11 commission has turned over every rock, and we know exactly what they said."

Clinton Defends Husband's Tack, Adding That All Democrats Should Take A Hint (NYT)

By Raymond Hernandez

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — The war of words between the Bush administration and the Clintons intensified on Tuesday as Senator Hillary Rodham Clinton suggested that her husband would have reacted differently as president if he had heard the same warnings about Osama bin Laden's plans that President Bush had access to before 9/11.

In unusually blunt terms, Senator Clinton questioned the current administration's response to an intelligence briefing President Bush received about a month before the 9/11 attacks. It mentioned that Al Qaeda was intent on striking the United States using hijacked planes.

"I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said during an appearance on Capitol Hill.

The comments by Senator Clinton ratcheted up an already bitter exchange of charges between the Bush and Clinton camps over how the two administrations responded to the threat posed by Al Qaeda before the attacks, which occurred nearly eight months into the Bush presidency.

In her remarks, Senator Clinton also suggested that Bill Clinton's animated defense of his own national security record as president, delivered only a few days earlier, provided a powerful example for Democrats, whom Republicans have sought to portray in recent national elections as too weak to lead the country in such perilous times.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," she said.

The skirmishing began on Sunday, when Mr. Clinton, in a combative interview on "Fox News Sunday," vigorously defended his handling of the threat posed by Mr. bin Laden, then suggested that the Bush administration had failed to grasp the threat in the months leading to 9/11.

Then, on Monday, in a meeting with editors and reporters of The New York Post, Mr. Bush's secretary of state, Condoleezza Rice, struck back. She accused Mr. Clinton of making "flatly false" claims about the Bush administration's efforts to stop Mr. bin

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Laden and disputing Mr. Clinton's assertion that he had "left a comprehensive antiterror strategy" for Mr. Bush and his advisers as they prepared to take office in 2001.

The battle between the Clintons and the Bush administration comes against the backdrop of the Congressional elections, with some Republican leaders arguing that their party's tough antiterror policies have helped protect the nation against further attacks.

In his television appearance, a visibly angry Mr. Clinton said that the Bush administration demoted his terrorism czar, Richard A. Clarke, who had argued for aggressive action against Al Qaeda and Mr. bin Laden before 9/11.

Mr. Clinton also accused his interviewer, Chris Wallace of Fox News, of orchestrating "a conservative hit job" on him by raising questions about his antiterrorism efforts.

"I want to know how many people in the Bush administration you asked, 'Why didn't you do anything about the Cole?' " Mr. Clinton said, referring to the bombing in October 2000 of the United States destroyer Cole in Yemen. Mr. bin Laden and Al Qaeda have been linked to that attack.

President Bush refused to respond directly to Mr. Clinton's criticism on Tuesday, saying instead: "I've watched all this finger-pointing and naming of names and all that stuff. I don't have enough time to finger-point. I've got to do my job, which comes home every day in the Oval Office, and that is to protect the American people from further attack."

The Republican National Committee mocked Senator Clinton's defense of her husband's administration. "For Mrs. Clinton to insinuate that the same administration that repeatedly missed opportunities to stop bin Laden would be better equipped to protect America is absurd," said Tracey Schmitt, a spokeswoman for the committee.

But Philippe Reines, a spokesman for Senator Clinton, noted that the 9/11 Commission Report found that after President Clinton received intelligence warnings in 1998, he immediately mobilized his National Security Council, the C.I.A. and the F.B.I. while also increasing security and putting airports and airlines on high alert. By contrast, he said, the commission found no indication of any further discussion before Sept. 11 among President Bush and his top advisers of the possibility of a threat of an attack by Al Qaeda in the United States, even after Mr. Bush received an August 2001 briefing that Mr. bin Laden intended to attack inside the United States.

"President Clinton saw the warnings and took action,'' Mr. Reines said. "President Bush saw the warnings and took no action.''

For Senator Clinton, who is considered a possible contender for the presidency in 2008, her comments on Tuesday were unusually personal in tone. But Howard Wolfson, one of her chief advisers, made it clear that Senator Clinton would be taking an increasingly aggressive posture to thwart any Republican attempts to cast Democrats as timid on national defense this election season.

"She is not going to allow her party, her husband or herself to get Swift-boated," he said, referring to the Swift Boat Veterans for Truth, a group that attacked the Vietnam War record of Senator John Kerry when he was the Democrats' presidential nominee in 2004. "Democrats have to stand up and go toe to toe with Republicans on national security."

Senator Clinton made her comments at a news conference on the Hill, where Democrats argued that President Bush's handling of the war in Iraq and its aftermath had actually made America more vulnerable to terrorist attacks.

"Their policies are failing, our military is breaking and the American people are demanding a change," she said. "The administration has lost focus on winning the war on Iraq, and all Washington Republicans can focus on is winning elections here at home."

Bush And Clinton Teams Debate Pre-9/11 Efforts (WP)

By Peter Baker

The Washington Post, September 27, 2006

The election-year debate over terrorism has triggered a full-blown spat between the camps of President Bush and former president Bill Clinton as the two sides trade barbs over who was more responsible for failing to disrupt al-Qaeda before it could attack the United States on Sept. 11, 2001.

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Bush complained yesterday that Clinton was engaging in "finger-pointing" by attacking the current administration's actions before the hijackings. "I don't have enough time to finger-point," Bush said. But Secretary of State Condoleezza Rice did, calling Clinton's version of events "flatly false." Sen. Hillary Rodham Clinton (D-N.Y.) returned fire on his behalf, asserting that he would have paid more attention to intelligence warnings in the weeks before the attacks than Bush did.

The unusual crossfire over the past few days effectively broke a tacit peace between the 42nd and 43rd presidents that has reigned for most of the past two years. Ever since Bush tapped Bill Clinton to work with his father, George H.W. Bush, on relief efforts after the Asian tsunamis of December 2004, the two have grown closer. Clinton and the older Bush teamed up again on Hurricane Katrina relief, and the president talked about growing to like his predecessor.

But with the hotly contested midterm elections just weeks away, Bush has tried to focus the nation's attention on the threat of terrorism, and Clinton has become more irritated at what he sees as attacks on his performance. The recent ABC miniseries "Path to 9/11" especially irked the former president because of what he saw as a skewed portrayal blaming him for not doing more to get Osama bin Laden.

Clinton, when asked about the matter on "Fox News Sunday," erupted in an angry, red-faced, finger-jabbing performance that has electrified the left and outraged the right. Clinton said that though he failed, at least he tried to kill bin Laden while Bush did not. "They had eight months to try," Clinton said. "They did not try. I tried."

Rice bristled at that in an interview in yesterday's New York Post. "The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false, and I think the 9/11 commission understood that," she said. "What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years."

Hillary Clinton pointed to the intelligence memo presented to Bush in August 2001. "I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said.

And Jay Carson, a spokesman for Bill Clinton, rejected Rice's contention: "Every single fact that President Clinton stated in his interview is backed up by the historical record -- including the 9/11 commission report. Everything President Clinton said was flatly correct."

Some of Clinton's statements on Fox have drawn scrutiny. He said that after the bombing of the USS Cole in 2000, "I had battle plans drawn to go into Afghanistan, overthrow the Taliban and launch a full-scale attack search for bin Laden. But we needed basing rights in Uzbekistan." The Sept. 11 commission, though, found no plans for an invasion of Afghanistan or for an operation to topple the Taliban, just more limited options such as plans for attacks with cruise missiles or Special Forces. And nothing in the panel's report indicated that a lack of basing rights in Uzbekistan prevented a military response.

Clinton also asserted that the Bush administration "didn't have a single meeting about bin Laden for the nine months after I left office." In fact, the Bush team held several meetings on terrorism through the interagency group known as the deputies committee and one on Sept. 4, 2001, through the principals committee composed of Cabinet officers. What Clinton may have been referring to was counterterrorism chief Richard A. Clarke's frustration that the principals disregarded his urgent calls to meet sooner because of a months-long policy review.

Rice came under fire for her assertion that "we were not left a comprehensive strategy to fight al-Qaeda" by Clinton's team. In fact, Clarke sent Rice an al-Qaeda memo on Jan. 25, 2001, along with a strategy to "roll back" the terrorist network, but the Bush team decided to conduct the policy review.

Another Clinton Seduction (NYT)

By Maureen Dowd

The New York Times, September 27, 2006

At least Jerry Falwell didn't say Hillary smelled of sulfur.

But he did say that if she runs for president, she will bedevil evangelicals and fire them up to vote Republican with a dark force exceeding even Lucifer.

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I suppose, since Senator Clinton's shrill right-wing critics usually portray her as a witch, being promoted to devil can count as a feminist triumph. And she's in good bipartisan company with the president, who was also cast as the devil by a world-class nutbar.

Hillary is morphing from workhorse back to show horse, paving the way for her historic presidential race with a series of big policy speeches. And she is taking on the other dynasty more energetically.

"I'm certain that if my husband and his security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she crisply told reporters on Capitol Hill yesterday.

Forty years after feminism brashly burst forth, female leaders are still struggling to figure out how to blend sexuality and strength in a way that will not backfire. Consider Hewlett-Packard, the progressive Silicon Valley company. Carly Fiorina was fired as chairman and chief executive after a stereotypically alpha male reign, while Patricia Dunn lost her job as chairman after she used what some critics called a stereotypical "Mean Girls" subterfuge to spy on male board members rather than confronting them directly over leaks.

Hillary is also trying different methods, searching for the key that would allow her to break into the ultimate mahogany-paneled men's club at 1600 Penn. She will try to get back to the West Wing based not on what she has done in the Senate, but on how she has done it.

She has been like a silent-film star, lacking a voice in this chilling time when the Bush administration has Photoshopped the Constitution, portrayed critics as traitors, and spurred terrorism with a misconceived and mismanaged war in Iraq.

Explaining why she had not taken any unpopular stances and championed no big ideas, Hillary answered Joshua Green more like diva than devil in the upcoming cover story for The Atlantic Monthly: "Everything I do carries political risk because nobody gets the scrutiny that I get. It's not like I have any margin for error whatsoever."

She has transformed her method from bulldozing alpha in the White House — high-handed, unilateral and insensitive on health care — to coalition-building gamma in Congress. Now the woman who hated being called first lady charms with the most handkerchief-dropping feminine wiles and stratagems, from fetching coffee for senior male Senate colleagues to stepping to the background so that preening male peacocks can hog the live shot.

As one of her male aides bragged to Mr. Green, it's so effective because the men who tried to impeach her husband don't expect the former first lady of the United States "to ask if you want two lumps of sugar."

"Fetching coffee, I think, is too much," said Michael Morris of the Columbia Business School. "But any good politician is a good flirt. Bill Clinton seduced every woman and every man he met."

One Hillary aide recently crowed to me about the surprising number of her male colleagues who have crushes on her. And the Rev. Falwell may have missed her bonding with conservative lawmakers at Hill prayer breakfasts. As Mr. Green writes, Hillary and Sam Brownback worked together on legislation after the Kansas conservative gave testimony at a prayer breakfast that he realized it was a sin to have trashed her.

It may not be turning the other cheek for Hillary, so much as triangulating the other cheek. "The Warrior," as her staff calls her, has not forgotten what she learned from her consort. The Clintons once polled on where to go on vacation when they were in the White House (Dick Morris advised that a camping trip would play well with swing voters), and now Mr. Green reports that the Clintons moved to Chappaqua at least partly in response to polling data.

He also writes that in 2003, the pollster Mark Penn created a 007-secret team to determine whether Hillary could break her pledge to serve a full Senate term and still have enough political clout to wage a presidential run — an assertion that Mr. Penn neither confirmed nor denied.

It may not smell of sulfur, but it smacks of truth.

What President Clinton Didn't Do . . . (WSJ)

By Richard Miniter

The Wall Street Journal, September 27, 2006

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Bill Clinton's outburst on Fox News was something of a public service, launching a debate about the antiterror policies of his administration. This is important because every George W. Bush policy that arouses the ire of Democrats -- the Patriot Act, extraordinary rendition, detention without trial, pre-emptive war -- is a departure from his predecessor. Where policies overlap -- air attacks on infrastructure, secret presidential orders to kill terrorists, intelligence sharing with allies, freezing bank accounts, using police to arrest terror suspects -- there is little friction. The question, then, is whether America should return to Mr. Clinton's policies or soldier on with Mr. Bush's.

It is vital that this debate be honest, but so far this has not been the case. Both Mr. Clinton's outrage at Chris Wallace's questioning and the ABC docudrama "The Path to 9/11" are attempts to polarize the nation's memory. While this divisiveness may be good for Mr. Clinton's reputation, it is ultimately unhealthy for the country. What we need, instead, is a cold-eyed look at what works against terrorists and what does not. The policies of the Clinton and Bush administrations ought to be put to the same iron test.

With that in mind, let us examine Mr. Clinton's war on terror. Some 38 days after he was sworn in, al Qaeda attacked the World Trade Center. He did not visit the twin towers that year, even though four days after the attack he was just across the Hudson River in New Jersey, talking about job training. He made no attempt to rally the public against terrorism. His only public speech on the bombing was a few paragraphs inserted into a radio address mostly devoted an economic stimulus package. Those stray paragraphs were limited to reassuring the public and thanking the rescuers, the kinds of things governors say after hurricanes. He did not even vow to bring the bombers to justice. Instead, he turned the first terrorist attack on American soil over to the FBI.

In his Fox interview, Mr. Clinton said "no one knew that al Qaeda existed" in October 1993, during the tragic events in Somalia. But his national security adviser, Tony Lake, told me that he first learned of bin Laden "sometime in 1993," when he was thought of as a terror financier. U.S. Army Capt. James Francis Yacone, a black hawk squadron commander in Somalia, later testified that radio intercepts of enemy mortar crews firing at Americans were in Arabic, not Somali, suggesting the work of bin Laden's agents (who spoke Arabic), not warlord Farah Aideed's men (who did not). CIA and DIA reports also placed al Qaeda operatives in Somalia at the time.

By the end of Mr. Clinton's first year, al Qaeda had apparently attacked twice. The attacks would continue for every one of the Clinton years.

• In 1994, Khalid Sheikh Mohammed (who would later plan the 9/11 attacks) launched "Operation Bojinka" to down 11 U.S. planes simultaneously over the Pacific. A sharp-eyed Filipina police officer foiled the plot. The sole American response: increased law-enforcement cooperation with the Philippines.

• In 1995, al Qaeda detonated a 220-pound car bomb outside the Office of Program Manager in Riyadh, Saudi Arabia, killing five Americans and wounding 60 more. The FBI was sent in.

• In 1996, al Qaeda bombed the barracks of American pilots patrolling the "no-fly zones" over Iraq, killing 19. Again, the FBI responded.

• In 1997, al Qaeda consolidated its position in Afghanistan and bin Laden repeatedly declared war on the U.S. In February, bin Laden told an Arab TV network: "If someone can kill an American soldier, it is better than wasting time on other matters." No response from the Clinton administration.

• In 1998, al Qaeda simultaneously bombed U.S. embassies in Kenya and Tanzania, killing 224, including 12 U.S. diplomats. Mr. Clinton ordered cruise-missile strikes on Afghanistan and Sudan in response. Here Mr. Clinton's critics are wrong: The president was right to retaliate when America was attacked, irrespective of the Monica Lewinsky case.

Still, "Operation Infinite Reach" was weakened by Clintonian compromise. The State Department feared that Pakistan might spot the American missiles in its air space and misinterpret it as an Indian attack. So Mr. Clinton told Gen. Joe Ralston, vice chairman of Joint Chiefs of Staff, to notify Pakistan's army minutes before the Tomahawks passed over Pakistan. Given Pakistan's links to jihadis at the time, it is not surprising that bin Laden was tipped off, fleeing some 45 minutes before the missiles arrived.

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• In 1999, the Clinton administration disrupted al Qaeda's Millennium plots, a series of bombings stretching from Amman to Los Angeles. This shining success was mostly the work of Richard Clarke, a NSC senior director who forced agencies to work together. But the Millennium approach was shortlived. Over Mr. Clarke's objections, policy reverted to the status quo.

• In January 2000, al Qaeda tried and failed to attack the U.S.S. The Sullivans off Yemen. (Their boat sank before they could reach their target.) But in October 2000, an al Qaeda bomb ripped a hole in the hull of the U.S.S. Cole, killing 17 sailors and wounding another 39.

When Mr. Clarke presented a plan to launch a massive cruise missile strike on al Qaeda and Taliban facilities in Afghanistan, the Clinton cabinet voted against it. After the meeting, a State Department counterterrorism official, Michael Sheehan, sought out Mr. Clarke. Both told me that they were stunned. Mr. Sheehan asked Mr. Clarke: "What's it going to take to get them to hit al Qaeda in Afghanistan? Does al Qaeda have to attack the Pentagon?"

There is much more to Mr. Clinton's record -- how Predator drones, which spotted bin Laden three times in 1999 and 2000, were grounded by bureaucratic infighting; how a petty dispute with an Arizona senator stopped the CIA from hiring more Arabic translators. While it is easy to look back in hindsight and blame Bill Clinton, the full scale and nature of the terrorist threat was not widely appreciated until 9/11. Still: Bill Clinton did not fully grasp that he was at war. Nor did he intuit that war requires overcoming bureaucratic objections and a democracy's natural reluctance to use force. That is a hard lesson. But it is better to learn it from studying the Clinton years than reliving them.

Mr. Miniter, a fellow at the Hudson Institute, is author of "Disinformation: 22 Media Myths that Undermine the War on Terror" (Regnery, 2005).

New Campaign Ads Have A Theme: Don't Be Nice (NYT)

By Adam Nagourney

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Republicans and Democrats began showing at least 30 new campaign advertisements in contested House and Senate districts across the country on Tuesday. Of those, three were positive.

For Republicans, it was the leading edge of a wave of negative advertisements against Democratic candidates, the product of more than a year of research into the personal and professional backgrounds of Democratic challengers.

"What do we really know about Angie Paccione?" an announcer asks about a Democratic challenger in Colorado. "Angie Paccione had 10 legal claims against her for bad debts and campaign violations. A court even ordered her wages garnished."

For Democrats, it was part of a barrage intended to tie Republican incumbents to an unpopular Congress, criticize their voting records, portray them as captives to special interests and highlight embarrassing moments from their business histories.

In Tennessee, Democrats attacked Bob Corker, a Republican candidate for Senate, saying his construction company had hired illegal immigrants "while he looked the other way."

The result of the dueling accusations has been what both sides described on Tuesday as the most toxic midterm campaign environment in memory. It is a jarring blend of shadowy images, breathless announcers, jagged music and a dizzying array of statistics, counterstatistics and vote citations — all intended to present the members of Congress and their challengers in the worst possible light. Democratic and Republican strategists said they expected over 90 percent of the advertisements to be broadcast by Nov. 7 to be negative.

At the national level, the two parties are battling over issues like national security and the war in Iraq. But Congressional races play out on local airwaves, and the flood of commercials amounts to a parallel campaign, one that is often about the characters of individual challengers and obscure votes cast by incumbents. Frequently lost in the back-and-forth are the protests of candidates who say the negative advertisements are full of deliberate distortions and exaggerations.

While Democrats have largely concentrated their efforts on the political records of Republicans, the Republicans have zeroed in more on candidates' personal backgrounds.

Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, said his investigators had been looking into prospective Democratic challengers since the summer of 2005.

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"These candidates have been out there doing other things — they have never seen anything like this before," Mr. Reynolds said of the Democratic challengers.

"We haven't even begun to unload this freight train," Mr. Reynolds said.

Democrats are learning just how deeply the Republicans have been digging. John Yarmuth, a Kentucky Democrat who is running for a House seat, has spent much of the past few days trying to explain editorials unearthed by Republican researchers and spotlighted in new advertisements. Mr. Yarmuth wrote the editorials for his student newspapers, and in them he advocated the legalization of marijuana, among other things.

Across the airwaves, Democratic challengers are being attacked for having defaulted on student loans, declaring bankruptcy, skipping out on tax bills, and being a lobbyist, a trial lawyer or, even worse, a liberal.

Steve Kagan, a doctor and Democrat running for Congress in Wisconsin, is being attacked for having sued patients who did not pay their bills. "Why not just tell the truth, Dr. Millionaire?" said an advertisement shown Tuesday.

Heath Shuler, the former Washington Redskins quarterback running for Congress as a Democrat in North Carolina, is being attacked in advertisements for owning a business that was late in paying $69,000 in back taxes.

Democrats are equally aggressive in their advertisements, going after Republicans on votes, ties to campaign contributors and, in the case of challengers, their own personal foibles. In one Democratic advertisement, the disgraced lobbyist Jack Abramoff is shown in shadows wearing a hat as an announcer notes that he made contributions to Representative J. D. Hayworth, Republican of Arizona.

Democrats are even attacking Republicans on what should be their signature issue, taxes, most recently in an upstate New York race between State Senator Raymond A. Meier, a Republican, and Michael A. Arcuri, a Democrat, to fill an open Republican seat. "Raymond Meier raised taxes in Oneida County," the announcer says. "Meier raised taxes in Albany. What do you think he'll do" in Washington?

Representative Rahm Emanuel of Illinois, the chairman of the Democratic Congressional Campaign Committee, said that relatively inexperienced candidates might be vulnerable, but that Republicans had even worse problems this year, with a record of votes that he said had provided a steady stream of damaging information for Democratic campaigns.

"Let me tell you: candidates with lesser name identification are vulnerable to being defined," Mr. Emanuel said. "But candidates who are associated with an institution are also vulnerable. There are two sides to this sword."

While some public officials have criticized negative advertisements as destructive and blamed them for discouraging voter turnout, other analysts say they have come, if only by default, to play an important role. At a time of diminishing local news coverage of House and Senate races, they are one of the few ways in which voters learn about the candidates and their positions.

"Negative ads are more likely to talk about policy than positive ads," said Joel Rivlin, deputy director of the Wisconsin Advertising Project, which monitors political advertising. "How else do you find out about the flaws of a candidate besides a negative ad?"

Incumbent Republicans and, to a lesser extent, Democrats are being attacked on their voting records and positions taken on issues large and small.

With dollar figures scrolling across the screen, Democrats belittled Republicans for taking money from oil companies, suggesting that was a reason for high gasoline prices. "Drake voted for billions in tax breaks for the oil and gas industry," said a Democratic advertisement aimed at Representative Thelma Drake, Republican of Virginia. "She gets her way, big oil and gas get theirs."

In a blizzard of conflicting advertisements, Republicans and Democrats in all regions of the country are accusing one another of supporting amnesty for illegal immigrants or providing government benefits to them.

Bruce Braley, a Democratic candidate for a House seat in Iowa, attacked his opponent, Mike Whalen, on Social Security. "He actually backed George Bush's half-baked plan to privatize Social Security," an advertisement said. Mr. Whalen accused Mr. Braley, in his own advertisement, of wanting to pull out of Iraq and thus "risk the safety of our troops to advance his extreme liberal agenda."

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Mr. Emanuel said he had warned his candidates about this part of the campaign, though he made a practice of waiting until after they had signed on to run. “I tell them: ‘I’m glad you’re running. Now get ready. This is a tough business. This is the hellfire you are going to go through,’ ” he said.

Mr. Reynolds has long believed that it would be this kind of information about Democratic challengers and not voter opinion on, say, President Bush or the war in Iraq that would determine whether Republicans held Congress this year. By way of example, he pointed to the case of Mr. Shuler.

“When he was a quarterback, it didn’t matter that he wasn’t paying $69,000 in taxes,” Mr. Reynolds said. “When you run for Congress, it matters.”

Mr. Reynolds burst out laughing when asked why he was not using more positive advertisements. “If they moved things to the extent that negative ads move things, there would be more of them,” he said.

Why Some Republicans Want To Lose (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 27, 2006

WASHINGTON -- As the White House and its Republican allies on Capitol Hill work to retain control of Congress in November's elections, a small but vocal band of conservative iconoclasts say they would prefer to see their own party lose.

The array of former members of Congress and officials from Republican administrations dating to the 1970s are using opinion articles, speeches and interviews to make the surprising -- and, to many of their friends and colleagues, near-heretical -- argument that it would be better for the country if their party lost. Some say they plan to vote Democratic for the first time in their lives. The Republican rebels say the modern Republican Party has so abandoned its conservative beliefs that it deserves to be defeated by the Democrats.

Three factors are driving the conservative backlash against the Republican-led Congress. Fiscal hawks are furious about the growth of the federal government. Conservative lawyers such as Bruce Fein, who worked in the Nixon Justice Department and Reagan Federal Communications Commission, are upset that Congress allowed President Bush to claim expansive powers to eavesdrop on American citizens and detain suspected militants without trial. Others say the war in Iraq is a costly diversion from the war on terror.

Other Republicans couch their desire for Republican losses in political terms, arguing that Democratic control of Congress for at least two years would increase the chances of Republicans retaining the presidency in 2008, by giving Republican candidates high-profile Democratic targets.

"Every Republican I know thinks Nancy Pelosi and Harry Reid are the best things they have going for them," wrote Bruce Bartlett, a Treasury Department official during the presidency of Mr. Bush's father, referring to the top-ranking Democrats in the House and Senate. "Giving these inept leaders higher profiles would be a gift to conservatives everywhere," he added in an essay, part of a series by conservatives published recently in Washington Monthly magazine, under the heading: "Time for us to go."

"Republicans need a wake-up call," Joe Scarborough, a former Republican congressman who now hosts an MSNBC talk show, says in an interview. "We ran in 1994 against runaway spending, exploding deficits and corruption. But with Republicans in charge of both sides of Pennsylvania Avenue, what do we have? The same runaway spending, record deficits and culture of corruption." He uses his show as a forum for those views and has published two essays on the theme.

Most Republicans, of course, don't think it is time for the party to go anywhere and are irked at those who suggest otherwise. Mr. Scarborough says that after his essay was published in Washington Monthly, his invitation to serve as master of ceremonies at a congressional fund-raiser with President Bush was revoked under White House pressure. A White House spokeswoman says the administration decided "that there were better options for an emcee" at the event.

Even many conservative critics of the current Congress say they plan to hold their noses and work to retain Republican majorities in the House and the Senate, arguing that Democrats can't be trusted to keep the country safe from terrorism or to sustain economic growth.

And White House officials wouldn't welcome the stream of subpoenas and investigations that could come from Democratic-controlled congressional committees.

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The Club for Growth, a conservative economic-policy advocacy group, says it will give $20 million this election cycle to Republicans who share its antitax beliefs, regardless of the candidates' chances of winning a general election. The group backed conservative challenger Steve Laffey's unsuccessful primary campaign against moderate Republican Sen. Lincoln Chafee of Rhode Island, despite the Republican establishment's belief that Mr. Laffey was unelectable.

Pat Toomey, president of the Club for Growth, says the group would be happy to see Republican moderates lose -- Club for Growth declines to support Mr. Chafee in what is expected to be a tight race against his Democratic challenger -- but stops short of campaigning against Mr. Chafee and other Republicans in the general election,

"Being Republican has to stand for more than having an 'R' after your name, and if that puts some seats in jeopardy, so be it," Mr. Toomey says. "But accept losing the Republican majority altogether? I just can't quite go there yet."

Mr. Scarborough, for his part, says he can "build a strong intellectual argument" for voting Democratic but can't bring himself to actually do so.

For the moment, Democrats appear less fractured than their rivals across the aisle. Many Democrats are so eager for an electoral victory that they are pragmatically backing candidates they once might have shunned.

Some Republicans, by contrast, having tasted congressional power for 12 years now -- and control of the House, the Senate and the White House for nearly six -- are ready to try being the opposition. Mr. Fein, the former Reagan and Nixon appointee, describes himself as a lifelong conservative who has voted for Republican candidates all his life and is disgusted by Democratic support for affirmative action -- which he sees as institutionalized racism -- and economic populism.

But he says that congressional Republicans have forfeited their right to control both chambers by failing to confront Mr. Bush over his expression of executive power, his interpretation of due process and habeas corpus, and his willingness to ignore legislation that he sees as an infringement of his war-fighting powers.

"A Democratic Congress will obviously not be promoting a conservative agenda, but at least they'll have the incentive, which is critical right now, to exercise oversight and restraint on the president," he says. "And that's much, much more than you can say for the Republicans who currently run Congress."

Mr. Fein recently bought a home in Florida and says he is scrambling to register to vote there in November, when he plans to do something he has never done before: cast a ballot for a Democrat. He says Democratic candidate Christine Jennings, who is running to fill the House seat vacated by Republican Senate candidate Katherine Harris, is "just the type of moderate I like."

Marriage Gap Could Sway Elections (USAT)

By Dennis Cauchon

USA Today, September 27, 2006

The wedding band could be crucial in this fall's congressional elections, according to a USA TODAY analysis of 2005 Census data.

House districts held by Republicans are full of married people. Democratic districts are stacked with people who have never married. This “marriage gap” could play a role in the Nov. 7 congressional elections. Democrats need a net gain of 15 seats to take control of the House of Representatives.

Twenty-seven of the 38 Republican-held districts with seats considered vulnerable by independent political analysts have fewer married people than found in the average GOP district. The USA TODAY analysis also shows that:

•Republicans control 49 of the 50 districts with the highest rates of married people.

•Democrats represent all 50 districts that have the highest rates of adults who have never married.

The political tug-of-war is between people who are married and those who have never been.

The “never married” group covers a variety of groups who form the Democratic base: young people, those who marry late in life, single parents, gays, and heterosexuals who live together.

The marriage divide drew attention in the 2004 presidential race. President Bush beat John Kerry by 15 percentage points among married people and lost by 18 percentage points among unmarried people, according to an exit poll conducted by national news media organizations.

Most serious Democratic challenges this fall are in Republican-controlled House districts that have lower marriage rates.

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For example, the two seats most likely to switch from Republican to Democratic are Arizona's 8th District and Colorado's 7th District, according to the non-partisan National Journal. The districts — in which Republican incumbents are not seeking re-election — rank 251st and 307th respectively in marriage rates among the 435 districts.

Of the five Republicans who have the lowest rates of married people in their districts, four are in tough battles with Democrats. On the other side, Rep. Melissa Bean, D-Ill., whose district has a high marriage rate, faces a strong GOP challenge.

Rep. John Linder, R-Ga., whose district has the highest marriage rate (66.1%), says the gap exists because "people get more conservative when they settle down." Democratic pollster Mark Mellman says the gap is magnified because a greater percentage of married people vote than unmarried people.

'Fertility Gap' Helps Explain Political Divide (USAT)

By Dennis Cauchon

USA Today, September 27, 2006

House Democratic leader Nancy Pelosi, a Catholic mother of five from San Francisco, has fewer children in her district than any other member of Congress: 87,727.

Rep. Chris Cannon, R-Utah, a Mormon father of eight, represents the most children: 278,398.

These two extremes reflect a stark demographic divide between the congressional districts controlled by the major political parties.

Republican House members overwhelmingly come from districts that have high percentages of married people and lots of children, according to a USA TODAY analysis of 2005 Census Bureau data released last month.

GOP Congress members represent 39.2 million children younger than 18, about 7 million more than Democrats. Republicans average 7,000 more children per district.

Many Democrats represent areas that have many single people and relatively few children. Democratic districts that have large numbers of children tend to be predominantly Hispanic or, to a lesser extent, African-American.

This "fertility gap" is crucial to understanding the differences between liberals and conservatives, says Arthur Brooks, a professor of public administration at Syracuse University. These childbearing patterns shape divisions over issues such as welfare, education and child tax credits, he says.

"Both sides are very pro-kids. They just express it in different ways," Brooks says. "Republicans are congenial to traditional families, which is clearly the best way for kids to grow up. But there are some kids who don't have that advantage, and Democrats are very concerned with helping those kids."

Children in Democratic districts are far more likely to live in poverty and with single parents than kids in GOP districts.

Rep. José Serrano, D-N.Y., has 227,246 children in his Bronx district, the 10th most in the House. Only 29% of those children live with married parents.

By contrast, 84% of children in Cannon's central Utah district live with married parents.

"These numbers are amazing," Cannon says. "I see now where José is coming from."

Cannon used to have a locker next to Serrano at the congressional gym and considers him a friend. "The needs of kids in his district are just not the same as the needs of children in my district," Cannon says.

Marriage and parenthood define what's different about Democratic and Republican districts even more clearly than race, income, education or geography, USA TODAY's analysis of Census data found.

For example, Republicans represent seven of the 50 districts that have the highest concentrations of blacks. Both parties are well represented among affluent and well-educated districts.

Democrats control only one of the 50 districts with the highest marriage rates.

Rep. Rush Holt, D-N.J., who represents the most-married Democratic district (32nd overall), discounts the importance of the marriage rates. "It's a statistic without meaning," he says. "If you look at numbers from enough different angles, you can see almost anything."

Pelosi says in speeches that her most important concern is "the children, the children, the children," says her spokesman, Drew Hammill. That's why she wants to raise the minimum wage to help low-income parents, he says.

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The stay-at-home mom is uncommon in all congressional districts. Mothers work at the same rate — about 71% — in Republican and Democratic districts.

Nevertheless, a big difference in family life is clear:

•Democrats represent 59 districts in which less than half of adults are married. Republicans represent only two.

•Democrats represent 30 districts in which less than half of children live with married parents. Republicans represent none.

"The biggest gaps in American politics are religion, race and marital status," says Democratic pollster Anna Greenberg.

Dems Seek K St. Cash (HILL)

By Alexander Bolton

The Hill, September 27, 2006

House Democrats are making an intense final push to raise inside-the-Beltway money before Congress adjourns, collecting most of it from the lobbying industry they have distanced themselves from this election cycle.

Democrats realize that lobbyists representing corporate clients are an important source of political contributions — funding that is vital to their chances of capturing the chamber. At the same time, Democrats have spent a lot of time and effort asserting that Republican rule has created a "Culture of Corruption" because of close ties between the GOP and certain special interests. The dynamic has created awkwardness for some Democrats.

Democratic leaders asked their entire caucus to come into the Democratic Congressional Campaign Committee (DCCC) headquarters yesterday and tomorrow to make fundraising calls. And last night, the DCCC held a fundraiser at Bistro Bis, a high-end restaurant a short walk from the Capitol, featuring lawmakers poised to take over as the chairmen of House committees.

Apart from the event held by the party fundraising committee, the Democratic ranking members of committees and subcommittees have been raised money aggressively. Several senior Democrats have held multiple fundraisers since Labor Day, collecting money for their party and Democratic candidates but also giving lobbyists and representatives of the business community opportunities to renew old acquaintances or forge new ones.

Lobbyists are key players on the Washington fundraising scene because they advise clients where to send their political contributions. That is especially true of lobbyists representing corporate clients because corporations are usually less politically savvy and experienced than labor unions or single-issue advocacy groups, such as environmental groups.

"Is there more interest in showing up at a Democratic fundraiser than three months ago? Absolutely," said Rep. Bart Stupak (D-Mich.), who would become chairman of the oversight and investigations subcommittee of the Energy and Commerce Committee. "I've found it easier to do the fundraising than it was three or four months ago."

Democratic staff and allied lobbyists report that there has been heavy interest in attending Democratic fundraisers this month.

For example, a fundraising luncheon that Rep. John Dingell (Mich.), the ranking Democrat on the Energy and Commerce Committee, held for the DCCC yesterday was originally geared toward representatives of the energy industry. But organizers later made the decision to open it up to all interest sectors and it was well attended, drawing about 35 participants, most of them lobbyists.

One Democratic lobbyist representing energy sector clients said that in recent weeks he has received calls from many of them looking to give money for Democratic candidates.

"It's been surprising," said the lobbyist. "In years past it's been really difficult to write checks to any Democrat."

Tomorrow, Democrats will wrap up the cram-packed week with a large fundraiser hosted by House Democratic chiefs of staff at the Columbus Club at Union Station. The title of the event, "Countdown to the Majority," reminds many of the lobbyists who will attend that the aides hosting the party could be pulling the strings of power if Democrats win control of the House this fall.

The invitation lists nearly 30 chiefs of staff who will be present at the event, including Elizabeth Sears Smith, chief of staff in the personal office of Rep. Rahm Emaneul (D-Ill.), who chairs the DCCC.

A Democratic lobbyist planning to attend the event, however, explained that the event is not a secret. The lobbyist explained the low-dollar event, which only costs $250 per person, would enable lobbyists who are friendly with Democrats on the Hill but not

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able to write $1,000 personal checks to participate. Most fundraising events hosted by lawmakers charge more than many of the intended participants can give, he said.

But the lobbyist also acknowledged that the event would strengthen relationships between Democratic aides and the K-Street community.

Democrats may be shy about discussing the mingling between lobbyists and veteran aides in preparation of a possible Democratic takeover of the House because strengthening relationships with the lobbying community does not fit smoothly with their political message for much of this year.

"The Republicans have turned Congress into an auction house, for sale to the highest bidder," said House Minority Leader Nancy Pelosi (D-Calif.), when Democrats unveiled their Honest Leadership and Open Government initiative at the beginning of the year. "You have to pay to play. That's just not right."

"When a prescription drug bill puts pharmaceutical companies first, senior citizens pay the price for their prescription drugs," she said. "When an energy bill gives tax breaks to oil companies already making historic and obscene profits, Americans pay the price at the pump and with record bills for their home heating oil."

Republicans have attempted to exploit the Democrats' strong rhetoric on lobbyists by warning that Democratic control of the House would be bad for the business community. Republican-allied lobbyists have perpetuated that argument among their business clients.

But Democrats have fought back, in large part by holding meetings between veteran lawmakers and staff and representatives of the business community.

Several ranking Democrats have held multiple fundraisers in D.C. since Labor Day, even though they are not facing tough elections this fall. Rep. John Conyers (Mich.), the ranking Democrat on the House Judiciary Committee, held two fundraisers last week. Dingell has held about a half dozen since the end of August, both for his own campaign and the DCCC.

Rep. Jim Oberstar (D-Minn.) has also held several fundraisers this month, but his campaign spokesman said he could not find out how many.

And last week, Democratic leadership aides and senior committees aides held a meeting with business community lobbyists to put their fears at ease.

A lobbyist who attended said that Republicans have been spreading word that a Democratic majority would be "awful on taxes and new regulations."

He said the purpose of the meeting was to "disabuse [the business community] of that notion," and to show that Democrats would in fact be friendly.

GOP Opponent Asks DOJ For Murtha Probe (RC)

By John Bresnahan

Roll Call, September 27, 2006

A Republican challenger to Rep. John Murtha (D-Pa.) has asked the Justice Department to investigate whether Murtha traded appropriations earmarks for hundreds of thousands of dollars in campaign contributions from the clients of lobbying firms with close ties to the veteran lawmaker, including one where his brother works.

On Tuesday, Washington County Commissioner Diana Irey, Murtha's GOP opponent, delivered a letter to Mary Beth Buchanan, the U.S. attorney for the Western District of Pennsylvania, requesting that Justice begin a probe of Murtha immediately.

"This is a troubling development — an elected official should never undertake any activity that calls into question his motives," Irey said in a statement. "Nor should he undertake any activity that raises the possibility that he is trading his office for campaign cash."

A Murtha spokesman denied Irey's accusations, calling it a political stunt by a long-shot challenger.

"This is coming from a very desperate political candidate who is hanging on by her fingernails to try to stay in this race," said Ed Mitchell, Murtha's spokesman.

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The allegations about Murtha's relationship with the PMA Group and KSA Consulting — a lobbying firm that employs Murtha's brother, Kit Murtha, as well as a former aide — were first reported by the Los Angeles Times in June 2005.

Since then, some House Republicans have called publicly for an ethics probe of Murtha, although no GOP lawmakers have stepped forward to officially file a complaint against him. Citizens for Responsibility and Ethics in Washington recently included Murtha on a list of the most corrupt Members of Congress.

Taxpayers for Common Sense, another government watchdog group, analyzed the 2006 Defense spending bill and found at least 60 earmarks for PMA clients worth more than $95 million. Murtha is the ranking member of the House Appropriations subcommittee on Defense.

"Over the last six years, officials and clients of the PMA Group have contributed roughly $800,000 to Congressman Murtha's campaign fund," Irey said. "In return, they have received at least $95 million in federal contracts, loans, and grants. That's a better than 100-to-1 return on investment."

Mitchell said it was not surprising that defense companies, which make up the bulk of PMA's clients, would give to Murtha due to his position on the Defense subcommittee and his reputation as a strong supporter of national security, despite his more recent turn against the Iraq War.

Rep. Alan Mollohan (D-W.Va.), a Murtha ally, became the subject of a federal investigation after a conservative organization wrote the Justice Department seeking a probe of his personal financial holdings. Mollohan was later forced to step down as ranking member of the House ethics committee, but he has kept his seat on the powerful Appropriations Committee.

New Report That Senator Uttered Slurs (NYT)

By David D. Kirkpatrick

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Another acquaintance of Senator George Allen said Tuesday that she heard him use a racial slur in 1976, contradicting a statement he made Monday in an effort to tamp down similar accusations.

Mr. Allen's campaign manager, Dick Wadhams, called the account by the woman, Ellen G. Hawkins, "another false accusation."

Mr. Allen, a Virginia Republican whose re-election campaign has been knocked off balance by the accusations, said Monday that he did not remember ever using the term and that "it is absolutely false that that was ever part of my vocabulary."

Mrs. Hawkins, who described herself as a rural Virginia housewife and an active Democrat, said in an interview Tuesday that she heard Mr. Allen use the slur repeatedly at a party on election night in 1976. She said Mr. Allen used the term while deprecating the intelligence of the black players on the Washington Redskins football team, which Mr. Allen's father coached. Recalling remarks about its star running back, Larry Brown, Mrs. Hawkins said that Mr. Allen "started in effect bad-mouthing him, saying what a shiftless you-know-what" he was.

She said she remembered the conversation because she was a big fan of the team and was shocked. She said Mr. Allen's statement on Monday was "just plain a lie."

She described her recollections in an e-mail message forwarded to The New York Times. Her former husband, who she said was at the party, did not return a call for comment.

Mr. Wadhams said the encounter "did not happen." He said that Mr. Allen remained "very good friends" with Mr. Brown and that as governor of Virginia, Mr. Allen had appointed Mr. Brown to the board of visitors at George Mason University.

Mrs. Hawkins is the third acquaintance in two days to recount hearing Mr. Allen use racist slurs. The accusations are the latest twist in events set off when Mr. Allen called a young Democratic campaign operative of Indian descent "macaca." Critics said the term was a racial pejorative derived from the name of a monkey species. Mr. Allen apologized for any offense and said he had just made up the word.

A college football teammate, Dr. Ken Shelton, has said Mr. Allen used racial slurs and engaged in a racist prank in college in the early 70's.

An anthropology professor, Christopher Taylor, said that as a graduate student at the University of Virginia he heard Mr. Allen use the epithet.

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Mr. Allen's campaign issued former teammates' statements saying they did not remember his using the term. The campaign also issued a statement from his former wife, Anne Waddell, who confirmed meeting Mr. Taylor but disputed his recollection. She said Mr. Allen "would never utter such a word."

Webb Dodges Question On Racial Epithet (AP)

By David Espo

AP, September 26, 2006

Democratic Senate challenger Jim Webb declined to say definitively Tuesday whether he had ever used a common derogatory term to describe blacks, stepping carefully after watching his campaign rival confront charges of racism.

"I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time or another in their life," Webb told reporters.

Webb referred to his novel, "Fields of Fire," which aides said includes occurrences of the n-word as part of character dialogue. But he added: "I have never issued a racial or ethnic slur."

Asked for clarification of his original answer, spokeswoman Jessica Smith quoted Webb as saying, "I have never used that word in my general vocabulary or in any derogatory way."

She declined to say whether he had ever used the word apart from when he wrote his book.

Webb fielded questions on the issue after two days of racially charged controversy surrounding Sen. George Allen, a first-term Republican seeking re-election in what has become an unexpectedly close race.

A college teammate of the senator stirred controversy this week when he said that a generation ago, Allen frequently used the n-word when referring to blacks.

Ken Shelton, a receiver on University of Virginia teams quarterbacked by Allen in the early 1970s, also said his teammate once stuffed a severed deer head into a mailbox belonging to a family he knew was black.

"The story and his comments and assertions in there are completely false," Allen responded in an interview with The Associated Press on Tuesday.

"I don't remember ever using that word, and it is absolutely false that that was ever part of my vocabulary."

Last month, Allen's use of the word "macaca" in referring to a Webb campaign volunteer of Indian descent caused an outcry. The word is considered an ethnic slur in some cultures, but Allen said he did not know that and had simply made up the word.

Webb has generally avoided commenting on the controversy surrounding Allen, telling reporters it was irrelevant to his attempt to illustrate differences in leadership styles.

Webb is the son of a military family, and he moved frequently during his childhood. Smith said he spent considerable time in the South during childhood summers because his father's family owned land in Virginia.

Webb campaigned during the day with John Edwards, the 2004 Democratic vice presidential candidate and a potential White House contender in 2008.

Edwards said the allegations lodged against Allen were "very troubling." He noted that the senator has denied them and said voters will have to decide for themselves where the truth lies.

On Tuesday, political analyst Larry J. Sabato said he didn't personally hear Allen use the epithet when they were classmates at Virginia. In a television interview a day earlier he had said he knew Allen had used the word.

Sabato, director of the University of Virginia's Center for Politics, wrote in an e-mail to The Associated Press: "I didn't personally hear GFA (Allen's initials) say the n-word. My conclusion is based on the very credible testimony I have heard for weeks, mainly from people I personally know and knew in the '70s."

Allen Urged To Focus On Successful Record (WT)

By Seth McLaughlin

The Washington Times, September 27, 2006

Virginia Republicans say the floundering campaign of U.S. Sen. George Allen should concentrate more on his accomplishments than on attacking his opponent or responding to charges of ethnic insensitivity.

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"I have to believe that some of [Democratic nominee James H. Webb Jr.'s] folks are stirring things up behind the scenes, but I think the majority of the blame falls with the Allen camp," said House Majority Leader H. Morgan Griffith, Salem Republican.

"I think you have to look at some of this stuff and wonder why they don't have him ready to talk about his positive achievements. That's all he has to talk about -- the things George Allen has done," Mr. Griffith said. "He really rewrote Virginia history with welfare reform, education reform, the abolition of parole -- those are three big items."

The Allen campaign yesterday was defending the senator against accusations by a former college football teammate that Mr. Allen regularly used "the N word" to refer to blacks and once crammed a severed deer head into a black family's mailbox after a hunting trip.

Ken Shelton, a radiologist who was a receiver for the University of Virginia in the 1970s when Mr. Allen was quarterback, made the accusations in an article on Salon.com.

In addition, political scientist Larry Sabato said Monday on MSNBC's "Hardball" with Chris Matthews that he thinks that Mr. Allen has used the slur.

Mr. Allen and his campaign staff have denied the accusations.

"The story and [Dr. Shelton's] comments and assertions in there are completely false," Mr. Allen told the Associated Press. "I don't remember ever using that word, and it is absolutely false that that was ever part of my vocabulary."

Allen strategist Christopher J. LaCivita said the senator and Mr. Sabato were not friends and did not associate with each other at the University of Virginia.

"Larry is obviously relying on words he heard from someone else," Mr. LaCivita said. "We believe it's completely inaccurate."

Testimonials from other teammates "contradicting the media's latest salvo" were posted yesterday on the Allen campaign Web site (www.georgeallen.com), which does not highlight the senator's record.

The Allen campaign had been in damage-control mode since the senator's frequent apologies for calling a Democratic staffer "macaca" and Mr. Allen's reaction to a reporter's question about his Jewish heritage.

"Nobody is getting information about issues they might care about," said state Sen. Kenneth Cuccinelli II, Fairfax Republican, adding that the media have driven stories questioning Mr. Allen's character.

"A strong feeling among many experienced campaigners is that you fight the fight where it arises," Mr. Cuccinelli said. "It isn't so much that there is a desire to carry on the campaign this way. This is how it has devolved. ... In my view, the way you deal with the negative, you project positiveness and success."

"From the other side's perspective, the beauty of this is they don't have to talk about issues -- they don't have anything to talk about," he says.

Mr. Cuccinelli said it is interesting that accusations of racial insensitivity are being made now.

"It's not like George Allen just popped up on the scene," he said.

Allen campaign manager Dick Wadhams, who guided John Thune to a 2004 win against U.S. Senate Minority Leader Tom Daschle in South Dakota, said the press has given Mr. Webb a "free pass."

Early on, Mr. Allen's positive TV messages shaped his campaign, and he enjoyed a double-digit lead in the polls. He had been one of the Republican Party's most likely presidential candidates in 2008.

Then, at a campaign rally in Southwest Virginia on Aug. 11, he singled out a dark-skinned staffer for Mr. Webb, called him a macaca and told him, "Welcome to America and the real world of Virginia."

Macaca is a racial slur in some European cultures.

Democrats Snarl At Steele In TV Ad, But He Bites Back (WT)

By Jon Ward

The Washington Times, September 27, 2006

National Democrats yesterday ran their first TV ad against Maryland Lt. Gov. Michael S. Steele's U.S. Senate bid, prompting an immediate response ad from Mr. Steele.

The ad by the Democratic Senatorial Campaign Committee (DSCC) says Mr. Steele "likes puppies, but he loves President Bush," showing a picture of Mr. Steele and Mr. Bush in a heart-shaped frame.

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Mr. Steele, a Republican, responded by releasing an ad that criticizes his Democratic opponent, Rep. Benjamin L. Cardin, for taking money from drug companies and voting against the importation of prescription drugs from Canada.

The DSCC's mention of puppies refers to an ad Mr. Steele released earlier this month warning of negative campaign ads from "the Washington crowd."

Saying that he will be accused of "hating puppies," Mr. Steele says, "For the record, I love puppies," in the ad.

The Steele campaign's strategy has been to pre-empt Democratic attacks, which he says were telegraphed in an internal memo released this spring that advised Democrats to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate."

Mr. Steele is the first black to win statewide office in Maryland.

The DSCC ads had been scheduled to begin airing a month from now and run up to the Nov. 7 general election.

But last week, the DSCC moved up its $1 million ad purchase by one month and presumably will run ads against Mr. Steele for six weeks instead of two weeks.

DSCC spokesman Phil Singer has declined to comment about his group's "strategic decisions."

The DSCC ad features playful music to criticize Mr. Steele for supporting the war in Iraq, backing the president's veto of embryonic stem-cell research and opposing abortion.

In his response ad, Mr. Steele says, "You knew they were coming, nasty ads from the Washington crowd." He says that one of the "real differences" between himself and Mr. Cardin is that he supports "cheaper medicine from Canada."

"Congressman Cardin took money from drug companies and voted against cheaper medicine," Mr. Steele says.

Mr. Cardin's spokesman responded last night that "Michael Steele has taken more special-interest money in nine years than Ben Cardin has taken in 22 years.

"If Steele is against gifts from lobbyists, then why does he accept them?" said Oren Shur. "He says he wants to be a different kind of senator? This sounds like the same old Washington hypocrisy to me."

Democrats Dismiss Steele's Puppy Commercial (WP)

By Ann E. Marimow

The Washington Post, September 27, 2006

The Boston terrier that has figured so prominently in Republican Michael S. Steele's television ad campaign reappeared yesterday in dueling commercials for Maryland's high-profile U.S. Senate contest.

Democrats began airing an ad that called such puppy talk a diversion from Steele's relationship with President Bush and his position on issues such as abortion and stem cell research. Steele, and the growling puppy, were on the air hours later, decrying the Democratic spot as the work of Washington insiders, particularly his Democratic opponent, Rep. Benjamin L. Cardin (D).

The ad, released by the Democratic Senatorial Campaign Committee, is a direct jab at Steele's much-talked-about spot that cast the lieutenant governor as a different kind of politician. In that ad, Steele, looking more like a talk show host than a politician, warns viewers of forthcoming negative ads:

"Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies," Steele says, puppy in hand. "And I think you deserve better -- some real ideas for change."

The Democratic response pokes fun at that approach. "It's nice that Steele likes puppies, but he's running for the United States Senate, and it's important to know where he stands on the issues."

The screen repeatedly flashes a photo of Steele and Bush shoulder to shoulder as the announcer tells viewers that Steele supports the Iraq war, opposes abortion and backed the president's decision to veto a bill that would have increased federal funding for embryonic stem cell research.

"Michael Steele: He likes puppies, but he loves George Bush," the announcer concludes as the photo of Steele and Bush is framed in a heart.

The effort to link the Republican candidate to the unpopular president is echoed in contests across the country and in Baltimore Mayor Martin O'Malley's challenge to Gov. Robert L. Ehrlich Jr. (R).

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In a state in which Democrats outnumber Republicans in voter registration by nearly 2 to 1, Steele has consistently played down his party affiliation and support from the White House. He held a rally for Democratic supporters last week in Baltimore and unveiled signs with the logo "Steele Democrat."

Steele's quick retort yesterday labels the Democratic spots as "nasty ads from the Washington crowd." He brings back the puppy, which growls in agreement.

The 30-second ad mentions Cardin by name, along with his photo, as Steele talks about what he says are "real differences":

Steele says he wants to legalize the importation of cheaper prescription drugs from Canada, while Cardin voted against such a measure in Congress. He points out that Cardin has raised campaign cash from special interests, including pharmaceutical companies. Steele goes on to say that he would ban lawmakers from accepting gifts from lobbyists -- although he doesn't address campaign contributions.

"Want more of the same? I'm not your candidate," Steele says. "But if you're ready for change, then I'm your man."

Oren Shur, a spokesman for Cardin, called the assertions in the ad "blatantly hypocritical," noting that the Ehrlich administration did nothing to support Democratic efforts to import Canadian drugs and that Steele has taken gifts from lobbyists.

Both Cardin and Steele have raised campaign money from drug companies and collected hundreds of thousands of dollars from political action committees. Steele's fundraising efforts have also been helped by "Team Steele," a group of lobbyists assigned to bundle PAC contributions.

The 'Moderate Republican' Scam (WP)

By Harold Meyerson

The Washington Post, September 27, 2006

Sen. Lincoln Chafee, Republican of Rhode Island, is seeking reelection in his heavily Democratic state by insisting he's not really a Republican, or at least not part of the gang responsible for the decade's debacles. He didn't even vote for George W. Bush in 2004, he protests. He cast his vote for George H.W. Bush -- a kinder, gentler, more prudent, less strident Republican.

Big deal.

It matters not a damn whom Lincoln Chafee chose to support for president. His vote was one of roughly 435,000 cast in Rhode Island in the 2004 presidential election, and roughly 122 million cast nationwide. The election in which his vote did matter was that for majority leader of the Senate. There, he was one of just 100 electors, in a Senate nearly evenly divided. After this November's elections, control of the Senate may well hang by a single vote.

And if Chafee truly wished to alter the course of his party and his country in the spirit of his vote for Poppy Bush, he would, if reelected, cast his vote for majority leader when the new Senate convenes for Bob Dole or Howard Baker -- former Republican leaders who showed a decent respect for reality and an interest in doing the nation's business.

Rather than support an administration lapdog such as Kentucky's Mitch McConnell, the Republican whip, whom his party will probably put forth to run the Senate next January, Chafee would vote for some old-school GOP pol. Rather than just announce he's against the war and appalled by torture, he'd vote to put the Senate in the hands of someone with enough gumption and wisdom to stand up to a president who's hellbent on a war that's lost its purpose and who believes America should torture its prisoners either because it makes a nifty wedge issue to use against the Democrats or because he actually believes torture is an acceptable U.S. policy. (Or, to give the president the benefit of the doubt, both.)

Chafee and Maine's Olympia Snowe and such deathbed converts to moderation as Ohio's Mike DeWine are seeking reelection to the Senate by claiming that they represent a Republicanism less rabid than the Bush-Rove strain. They point to individual votes in which they broke with the president and flouted the party line. But those votes have been negated a hundred times over by their votes to make Bill Frist the majority leader, just as they would be negated when the new Senate takes office in 2007 if the moderates backed any Republican unwilling to make a fundamental break with Bush and Bushism.

The issue isn't the individual voting records of Frist and McConnell, which are indistinguishable from each other and define the mainstream of today's gorge-the-rich, drown-the-poor, stay-the-course Republicanism. The issue is that under the control of the Republicans, both the Senate and the House have abandoned their constitutionally mandated obligation to oversee executive

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branch endeavors, most especially endeavors gone as awry as the war in Iraq. The issue is that under Republican control, both houses have abandoned any effort to address America's real problems.

The House and Senate vote to ban flag-burning and gay marriage but never quite find the time to slow the rising costs of health care or raise the minimum wage or mandate fuel efficiency standards lest the polar ice cap melt. Chafee, Snowe and DeWine readily admit that a melted polar ice cap would be troublesome; they will fight it tooth and nail. But come time to vote for majority leader, they always vote for a leader of a party in thrall to big oil.

Problem is, Chafee and his moderate band are an ever weaker force in a party whose very essence is extreme, whose electoral strategy is solely to mobilize its base, whose legislative strategy is never to seek votes across party lines. And unless these moderates boldly go where they have not gone before and cast their vote for majority leader (and I don't mean in caucus, I mean on the Senate floor) for someone other than the nominee of their party caucus, they are not moderates at all. They are loyal and indispensable foot soldiers in the Republicans' continuing campaign to drag the nation rightward and backward.

And guess what. The moderates will vote for the extremist. "Moderate," after all, is only an adjective; "Republican" is a noun. Chafee, Snowe, the whole lot of them, are moderate enablers of an extremist party. That leaves those voters in Rhode Island, Maine, Ohio and other states where these self-proclaimed Republican moderates are running only one choice if they seek a Congress to check and balance the president, if they want a more moderate nation: Vote for the Democrat.

RNC Takes Lead In Key Senate Tilts (RC)

By Paul Kane

Roll Call, September 27, 2006

The Republican National Committee already has devoted close to a third of its advertising budget this fall to just three critical Senate races, with all indications that the committee hopes to build a firewall around those states to ensure the chamber's GOP majority.

In the division of financial labor among the three national GOP committees, the RNC is focusing its nearly $30 million advertising war chest on the battleground Senate races in Ohio, Missouri and Tennessee, according to Federal Election Commission records and interviews with a handful of top Republican operatives.

While aides warned that the state of play could change in the final six weeks of the campaign, several GOP strategists said that the current plan was for the RNC to continue focusing its television campaign on those three states.

FEC records bear out that plan so far, with the RNC showering more than $3.8 million in independent expenditures in those states in recent weeks — $2.8 million of that aimed at Rep. Sherrod Brown (D-Ohio), who is trying to unseat Sen. Mike DeWine (R).

According to Democratic sources involved in media purchases, the RNC also has reserved another $4.7 million worth of ads in Missouri, Ohio and Tennessee, devoting more than $8.5 million worth of independent expenditures reserved for just those states so far.

Aides at the RNC declined to confirm or deny the spending figures for the independent expenditure program, citing laws that mandate it be run as a separate entity by separate workers, but noted that the committee plans an aggressive financial push in Congressional races.

RNC Chairman Ken Mehlman publicly has declared that he will spend at least $60 million on Congressional midterms this fall, with the money about evenly split between financing get-out-the-vote efforts for all federal races and for the television air wars. But Mehlman and his aides have declined to spell out where their resources — which are vastly larger than the Democratic National Committee's — would be spent.

"We're going to be spending north of $60 million on politics this fall. We'll be using our financial advantage to help make sure that we maintain our majorities in the House and the Senate," said Brian Jones, an RNC spokesman.

However, other strategists said this week that the RNC would be spending its entire independent expenditure allocation on Senate races.

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The RNC will be helping out House Republican candidates through the more than $30 million it is spending on the GOTV effort, known as the 72-hour program, and the committee also is helping House candidates by giving many campaigns $77,000 in coordinated expenditures that national committees are allowed to contribute.

The National Republican Congressional Committee has its own IE unit, which will be the sole vehicle for ads emanating from Washington, D.C., for House races, according to several sources.

"It's equal financial help for both [the NRSC and NRCC]. It's just easier for the RNC to help for an IE unit for Senate races," one GOP strategist explained, noting that several dozen House races remain highly competitive in the home stretch of the campaign.

Some aides explained the decision of RNC officials to focus its ad budget on the Senate races in Ohio, Missouri and Tennessee as both practical and politically expedient given the importance of keeping the chamber's majority.

Independent analysts, as well as party operatives when speaking privately, rate Sens. Rick Santorum (Pa.), Conrad Burns (Mont.) and Lincoln Chafee (R.I.) as the most endangered Republican incumbents. However, even if all three of those GOP Senators were to lose, Democrats would still have only 48 seats.

In addition to winning those three GOP seats, Democrats must hold all of their seats — including the suddenly endangered seat in New Jersey — and also claim Ohio, Missouri and Tennessee to reach 51. GOP strategists realize that winning two of the three seats guarantees their majority — a big part of the reason the RNC is taking a major role in support of DeWine, Sen. Jim Talent (Mo.) and Chattanooga Mayor Bob Corker, the GOP nominee in Tennessee.

With the RNC leveraging up to $30 million on TV in Senate races, that would more than negate the financial edge that the Democratic Senatorial Campaign Committee has enjoyed over the National Republican Senatorial Committee. At the end of July, the DSCC had a more than $15 million cash-on-hand advantage over the NRSC, and, with a spending spree beginning in August, held an $11 million advantage at the end of last month.

The RNC's independent expenditures are being marshalled by Terry Nelson, who served as the political director for Bush-Cheney '04, while the NRSC's program is being run by Curt Anderson.

The NRSC's IE program is going to be spread across many states, with a focus on states such as Pennsylvania, Rhode Island and Montana, as well as other competitive races, such as New Jersey and Maryland, where the GOP believes it has pickup chances. "We're going to put more into more states overall," one Senate Republican strategist said.

The future IE allocations for both the RNC and NRSC could shift because of the political chess match that Republicans are engaging in with Sen. Charles Schumer (N.Y.), the DSCC chairman.

The DSCC announced a new round of ads Tuesday in Tennessee, Rhode Island and Maryland. To date, Schumer has not sent any of his committee's IE money into Virginia, where Sen. George Allen (R) has suffered a series of self-inflicted mistakes that have allowed his opponent, Jim Webb (D), to make it a very close race. While Virginia previously had been considered safe ground for Allen by both parties, Democrats may want to put money into the Old Dominion, which might prompt a counter-action by one of the GOP committees.

However, Republicans anxiously are eyeing New Jersey, the most expensive race in the nation this year, where Sen. Bob Menendez (D-N.J.) has found himself trailing in the polls to state Sen. Tom Kean Jr. (R). GOP operatives are waiting to see if the DSCC has to shift dollars away from a GOP-held seat to defend Menendez.

The RNC-NRSC effort was most successful so far in Rhode Island, where Chafee beat back a primary challenge from Cranston Mayor Stephen Laffey (R).

While the RNC ran the GOTV effort, the NRSC spent more than $500,000 in the campaign's waning days from its IE budget on TV ads, ad production and polling in support of Chafee, according to a database of IE expenses compiled from FEC reports by PoliticalMoneyLine.

In addition, the NRSC spent almost $60,000 on direct mail against Laffey, who national Republicans dubbed too conservative to have a chance at winning in liberal-leaning Rhode Island.

Whether the IE finances are coming from the RNC or the NRSC, each state with a critical Senate race has the same team of media consultants, pollsters and direct-mail firms working in it. In Tennessee, for example, where Rep. Harold Ford Jr. (D) is squaring off against Corker, the media consultant for IE spending is Scott Howell, while the Tarrance Group is handling polling.

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In some instances, the RNC and NRSC will spend in the same state, as is the case in Missouri, where the NRSC just launched a more than $1 million campaign largely focused on attacking Democratic nominee Claire McCaskill.

Also, at the end of August, the NRSC dropped more than $600,000 worth of attack ads in Ohio against Brown.

In total, the two GOP committees have spent at least $3.3 million against Brown, with millions more in reserve.

Bachmann: NRCC Overdrive (RC)

By Nicole Duran

Roll Call, September 27, 2006

Republicans believe Minnesota's 6th Congressional district is solid GOP turf, but given the unfavorable political climate they have endured this cycle, they are not taking it for granted.

The National Republican Congressional Committee paid more than $310,000 to begin running ads Monday in the suburban and exurban Twin Cities district to bash Democratic nominee Patty Wetterling.

Wetterling, who gained national prominence as a child safety advocate after her son was kidnapped in 1989, lost to Rep. Mark Kennedy (R) 54 percent to 46 percent in 2004.

Despite the drubbing Kennedy gave Wetterling and Republicans' public confidence in their nominee to replace him, state Sen. Michele Bachmann, the NRCC has spent almost $500,000 on ads and direct-mail pieces hammering Wetterling since mid-August.

The Democratic Congressional Campaign Committee has yet to run independent ads or drop mail pieces in the district.

"Outside groups have been pouring money into this race on behalf of Patty Wetterling," Jonathan Collegio, a NRCC spokesman, explained. "This is an important race for the NRCC, and in the end we want to be decisive with our win."

Tom Horner, a veteran GOP operative in Minnesota who is not working on any campaigns, said the NRCC is just being smart.

"I don't think any race for an open seat in Minnesota is a slam dunk for Republicans in 2006," Horner said. "I think Minnesota still is a state closely divided.

"With that kind of an electorate in this kind of an environment where there is at least the potential for a Republican backlash ... no Republican can take anything for granted," said Horner, who is now a partner with the Minnesota-based public affairs firm Himle Horner.

Horner said 6th district voters definitely lean Republican and, more importantly, tend to be socially conservative.

"I do think though that right now Michele Bachmann is the leader and remains the favorite," he said. "Issues like abortion and same-sex marriage are more important in the 6th," which plays to Bachmann's strengths, he said.

Bachmann is an ardent social conservative and championed amending the state constitution to bar same-sex marriage or civil unions during her tenure in the statehouse.

But Wetterling is a well-known and well-liked figure in the district and the state, Republicans concede.

Democrats contend that Wetterling's record of advocacy for families and children trumps Bachmann's voting record in the Legislature.

"National Republicans are desperately attacking Patty Wetterling because they know that the choice in this race between Michele Bachmann, who has a record of broken promises on raising taxes, and Patty Wetterling, who is committed to real tax relief for middle-class families, is an easy one for Minnesota voters," said Kate Bedingfield, a DCCC spokeswoman.

Since July, the NRCC has spent almost $27,000 on polling in the district, including about $10,500 on Sept. 13, according to independent expenditure reports filed with the Federal Election Commission. But the committee has declined to release any results.

EMILY's List, a pro-abortion rights political action committee backing Wetterling, is releasing a survey it commissioned on the race today, presumably finding Wetterling hot on Bachmann's heels if not leading.

Collegio said the NRCC's heavy spending in the district is just a counter measure.

"EMILY's List has directed enormous amounts of money to Wetterling's campaign and our expenditures are there to even the playing field," Collegio said.

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But when it comes to PAC largesse, Bachmann actually has benefited more than Wetterling.

According to an analysis by PoliticalMoneyLine, about $348,000 of the more than $1.1 million Bachmann raised for the race through Aug. 23 came from PACs. In contrast, about $138,000 of the $1.3 million Wetterling raised came from PACs.

Through Aug. 23, Wetterling had $801,000 left to spend, while Bachmann had more than $666,000.

Horner said another factor in the NRCC's desire to bolster Bachmann could be Kennedy's Senate campaign.

Currently he trails Hennepin County Attorney Amy Klobuchar (D) by a substantial margin in the Gopher State's open-seat Senate contest.

"The conventional wisdom going in would have been Michele Bachmann would benefit from Mark Kennedy's service in Congress in that district but as his race is at least perceived to be struggling ... then you start to worry, does it have the opposite effect?" Horner said.

GOP Scandals Dog Ohio Candidate (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 27, 2006

GRANVILLE, Ohio, Sept. 26 -- Joy Padgett, the GOP's new congressional candidate in Ohio, has been in a jam when it comes to finding a big-name Republican who could come to town and bring more than trouble.

Gov. Bob Taft? He was convicted of illegally accepting gifts. GOP gubernatorial candidate Ken Blackwell? He is getting trounced in the polls. Bob Ney, the current congressman? He admitted taking bribes and then checked himself in for alcohol rehabilitation.

This helps explains Padgett's excitement Tuesday as her lunchtime guest of honor took to the podium outside the historic Granville Inn. It was first lady Laura Bush. The president's approval ratings may be in the drain, but the first lady still regularly scores in the high sixties. She was in town to raise money for Padgett, and to offer the candidate at least a one-day respite from the troubles that her radioactive party affiliation is causing in Ohio's 18th District.

"Joy, who as I just told you was a schoolteacher for 20 years, owns custom-made brass knuckles," the first lady tells an overflow crowd of people who contributed between $100 and $1,000 to Padgett to attend the event. "When Joy says she's a tough campaigner and that she will fight for the people of Ohio, she really means it."

Padgett could use the endorsement. Earlier this month, she won the GOP primary to replace Ney on the November ballot in a district that, under normal circumstances, Republicans win comfortably. But Zack Space, the Democratic candidate, sometimes seems like the least of her problems.

"I am not going to downplay it: Voters are skeptical of everything" in the current political climate, Padgett said in an interview.

Democrats are pressing the scandal issue relentlessly, and it appears to be working with some voters. Vicki Sugar, a Granville resident who attended the Bush fundraiser, said: "This is the first time I have ever felt like I wanted to back out. Does it really matter if I vote Democrat and Republican?"

In a year when Republicans are battling low poll numbers nationally, there are few places where the GOP brand is more scuffed than in Ohio, where, since President Bush's election-night triumph here two years ago, national and local scandals have polluted the political atmosphere for GOP candidates.

A poll released this week by the Columbus Dispatch indicated Democrats could sweep races for U.S. Senate as well as Ohio governor, auditor, treasurer and secretary of state. This would be a remarkable turnaround after 16 years in which Republicans have enjoyed uninterrupted control of the governorship and dominated most statewide races.

In House races, Deborah Pryce, the fourth-ranking Republican leader, is facing the toughest race of her career and Padgett, battling in a district President Bush carried with 57 percent of the vote in 2004, is regarded as far from a lock to succeed Ney.

Nationally, it is the Iraq war, excessive spending and other issues that analysts generally regard as the root of the GOP's problems. In the Ohio River Valley, however, troubles can also be attributed to missteps and scandals at the state level. In Indiana, Gov. Mitchell E. Daniels Jr. infuriated voters by privatizing a toll road -- turning the work over to foreign companies -- and

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trying to adjust the time zone. In Kentucky, Gov. Ernie Fletcher has been dogged by a hiring scandal. They are two of the least popular governors in the country -- and they do nothing but harm GOP candidates in their sates.

Padgett, a 59-year-old state lawmaker from Coshocton, is trying to force the debate away from her party's problems toward policy issues such as immigration that she hopes will offer more favorable terrain. "I am a first-generation -- legal -- American," she said. She supports House legislation to tighten border security and says illegal immigrants should be forced to leave. "They have to come back legally," she said.

Padgett, who has represented 14 of the district's 16 counties, is counting on voters to overlook her self-described "casual" and "not social" relationship with the prison-bound Ney.

"Democrats want to make a lot out of it because they need an issue," she said. "He might be a factor if people chose for him to be."

This is the kind of district Republicans usually dominate in state politics. The Ohio 18th, a mix of small-town farms and mines, stretches from Appalachia to the Columbus suburbs. Margaret Jensen, from nearby Newark, said the GOP troubles are "unfortunate." But she quickly added: "We are die-hard Republicans. We'll never go over to the other side, no matter what."

Space, a 45-year-old lawyer, said the Ohio Republican party and the Iraq war have softened many "nevers" into "maybes." His strategy is to link the GOP hopeful with the GOP congressman so that voters will see "Padgett" on the ballot and think "Ney."

The Democratic candidate said that while he has been trying for months to focus voters' attention on the ethical transgressions committed by Ney, it was not until the lawmaker's recent agreement to plead guilty that it hit home. "The reaction among constituents is that he lied to them," said Space. "It constitutes a betrayal."

Space said voters now are beginning to understand that Ney's actions are not simply the result of one bad seed but rather are indicative of the stranglehold special interests have on the Republican majority. "It is a manifestation of something more malicious," the candidate said.

And, though Padgett rarely mentions Ney by name, Space is convinced that her ties to the legislator will complicate her campaign. Space said that Ney "anointed" Padgett as his replacement. She has said that is not true -- but she has to deny it over and over, underscoring the predicament of Republicans in a year when bad breaks outnumber good by a wide margin.

Campaign 2006: The Battle For Ohio, Round Two (TIME)

By Perry Bacon, Jr

Time, September 27, 2006

Just as in 2004, this year's election might come down to what happens in Ohio. But two years later, that's about the only thing that remains the same. A corruption scandal that implicated Republican Governor Bob Taft has sunk his approval ratings to 19%, making him the second-lowest-ranked governor in the country, according to Survey USA. Another corruption scandal forced G.O.P. Congressman Bob Ney to plead guilty to charges of accepting free gifts and meals from lobbyist Jack Abramoff. He's not seeking reelection, putting his House seat in danger for Republicans. And that's not all the problems for the G.O.P. in Ohio. "You've got a national anti-Republican, anti-incumbent sentiment that wasn't there two years ago," says Peter Brown, who surveys Ohio races for the Quinnipiac University Polling Institute. Voters aren't happy about the economy, Iraq or President Bush here either. Even Neil Clark, a veteran G.O.P. lobbyist and former top Republican state senate official, says "The state is poised to have a very bad day for Republicans."

Democratic chances of winning key races here are so high that top officials are trying to guard against activists getting complacent. "There is a danger that we may be too overly confident that there is going to be change," said Susan Gwinn, chairman of the Athens County Democratic Party in southeastern Ohio. "That's my biggest concern. I think, frankly, tighter numbers for us at the top of the ticket would probably be more mobilizing. I've heard people who say, 'I am not going to give any more money to that person, because he is so far ahead." And Democrats remain worried that the G.O.P. will outperform them at getting voters to the polls, much as the Republican turnout operation helped defy the oddsmakers in 2004. Both Democrats and Republicans say a ballot initiative to allow slot machine casino gambling in the state may help to turn out conservatives who would oppose it, although liberals may show up to support a proposed minimum wage increase also on the ballot.

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These Ohio races are critical. Democrats need 15 seats to win back the House, and three of their best chances are in Ohio. In the Senate, where they need six seats, this is a place where they could win one. And both parties want the governor on their side come 2008, when the Presidential election could again be decided here. Not surprisingly, each party is active in the state, and outside groups are heavily involved as well. Both the liberal MoveOn.org and the conservative Chamber of Commerce have been running ads in the key races, and party operatives will be on the ground in the next few weeks. Here's a closer look at some of the key Ohio races:

SENATE

Rep. Sherrod Brown (D) v. Senator Mike DeWine (R): This race will say a lot about how both parties will perform at the polls in 2006, and perhaps 2008 as well. That's because there's nothing particularly compelling about the personal stories of either one of these candidates; they're both career politicians — DeWine served in the state senate, the U.S. House and was lieutenant governor, while Brown was a longtime state representative and the Ohio secretary of state. So it's a straight-ahead battle between two candidates who are emphasizing the same themes their parties are offering nationwide. DeWine and the national Republicans are running ads attacking Brown for his opposition to the Patriot Act, the Bush tax cuts and some measures the G.O.P. has pushed to stop illegal immigration, such as the immigration bill the House passed last year that didn't have a guest worker program. Brown is attacking DeWine for supporting trade agreements like NAFTA that he says have cost jobs in Ohio, backing President Bush on the war and not doing enough to hold down the cost of prescription drugs. Brown has long been a critic of these trade deals, which more moderate Democrats such as President Clinton have in the past supported, and if his populist rhetoric works, expect to see other candidates adopt such anti-trade rhetoric in the Midwest in 2008 to appeal to voters worried about the continuing decline of manufacturing jobs. DeWine has a history of winning close races, and for all the attention focused on it as a swing state, Ohio has long had two Republican senators and a Republican governor. But nearly all the polls over the last two months have shown Brown ahead.

HOUSE

Rep. Deborah Pryce (R) vs. Mary Joe Kilroy (D)

If Kilroy, a Franklin County Commissioner, wins this race, it would be the biggest individual victory for the House Democrats on election night, because Pryce, as the chairman of the House Republicans, is the No. 4 member of the leadership team. The Democrats see this district in Central Ohio as an opportunity to make a huge splash, as MoveOn.org and Americans United for Change, which opposes Bush's plan to revamp Social Security with private accounts, have been among the groups attacking Pryce in ads.

This race gets at one of the central questions of this campaign: will voters choose to dump incumbents who they think are perfectly nice people and good members to send a message to Washington and President Bush? Pryce is well-liked in the district and won 62% of the vote there in 2004, even while Bush and Kerry were split about evenly. And over the last few months, she's tried to reassure voters of her centrist views, by voting for and bragging about her support of embryonic stem cell research and raising the minimum wage, which most of the House Republican leadership opposed. Of course, on almost all the big issues, starting with the Iraq War, Pryce has supported Bush, and that's what Kilroy is hoping can sink the seven-term incumbent.

GOVERNOR

Ohio Secretary of State Kenneth Blackwell (R) vs. Rep. Ted Strickland (D)

This was supposed to be one of the most interesting races in the country, as the two candidates both have resumes that make them stick out in their parties. Blackwell is the controversial Ohio Secretary of State, whom many Democrats blame for problems some voters had, such as long lines at polling places, on Election Day in 2004. He's one of the major figures in the rise of the conservative, evangelical wing of the Ohio Republican Party and won a difficult primary over a more moderate opponent. And he's one of the few African-American Republicans running statewide in the country. Democrats are often unfairly described as a party that doesn't appeal to religious voters, as African Americans attend church in high numbers and tend to vote Democratic, but Ted Strickland is an unusual candidate as well: the congressman has a master's degree in divinity, has worked as an administrator at a Methodist children's home and talks openly about his faith in campaign ads. Both candidates were supposed to reshuffle the usual voting patterns, as Blackwell has showed up in black churches while Strickland has appealed to evangelicals who normally back Republicans. Only Strickland has succeeded so far. In polls, Strickland is getting 40% of the

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vote from self-described white evangelical Christians; John Kerry got fewer than 25% in 2004. By contrast, recent polls show Blackwell getting from 15% to 20% of the black vote, about the same as Bush got. Of course, this is the race most affected by the Taft scandal, since Blackwell is running to keep the governor's office in Republican hands. Barring a stunning turnaround, he won't: polls show Strickland ahead by 12 to 21 points.

HOUSE

Rep. Steve Chabot (R) vs. John Cranley (D)

The Democrats have adopted a risky strategy in a few key races: having a guy who already lost to the incumbent once try again. Cranley won only 45% of the vote in 2000 in this district near Cincinnati when he took on Chabot the first time. The six-term Chabot won 60% of the vote in 2004, but this is a close district in which Bush got about 51% of the vote in 2004. This is also a much more difficult year for Republicans, and Cranley has had six more years to establish himself as a city councilman in Cincinnati.

So Chabot, like other Republicans in tight races, is changing the subject from Iraq. He's touting his work to cut wasteful spending, while accusing Cranley of supporting "amnesty" for illegal immigration. Cranley is trying to keep voters focused on the problems at hand, running ads blaming Chabot for high gas prices and linking his opponent with voters' frustrations on other issues such as the increasing national debt.

HOUSE

Zach Space (D) v. Joy Padgett (R)

In the race to replace Bob Ney, State Senator Joy Padgett has one advantage; a conservative district in eastern Ohio where President Bush won 57% of the vote in 2004. The challenge for her will be to not allow Space to define her as being close to the Bobs. Space, a lawyer, will be trying hard, as ad an he started running last week calls Padgett "Bob Taft and Bob Ney's handpicked candidate."

Hospital Defends Promotion, Raise For Senator's Wife (CHIT)

By Mike Dorning

Chicago Tribune, September 27, 2006

WASHINGTON -- Officials at the University of Chicago Hospitals on Tuesday explained a large salary jump for Sen. Barack Obama's wife shortly after he took office as a normal promotion that reflected expanded duties in her job as a liaison with the South Side community surrounding the medical center.

Michelle Obama was promoted to vice president for external affairs in March 2005, two months after her husband took office in the Senate. According to a tax return released by the senator this week, the promotion nearly tripled her income from the hospitals from $121,910 in 2004 to $316,962 in 2005.

Hospitals spokesman John Easton said Obama's salary was in line with the compensation received by the not-for-profit medical center's 16 other vice presidents.

A tax return for the hospitals covering the 12 months ended June 30, 2005, shows most of the organization's vice presidents earning between $291,000 and $362,000.

Easton said the hospitals had made a determined effort to deepen their connections to the surrounding community, beginning in 2002, when Obama was hired for the new position of executive director for community affairs.

"There was a real initiative by the university and the hospitals to have a real relationship with the community," Easton said. "Over time, she developed a staff. … It went from zero staff to Michelle and 10 staff."

Michael Riordan, who was University of Chicago Hospitals president at the time, said he had planned early on for the position to evolve into a vice president's post as a way of showing the organization's commitment to community outreach.

"I knew where I wanted to go with this position," said Riordan, who now is the top executive of the Greenville Hospital System in South Carolina. "I wanted to identify someone to grow into it."

Riordan said Obama's promotion had nothing to do with her husband becoming a U.S. senator.

"She was hired before Barack was Barack," Riordan said. "She is worth her weight in gold, and she is just terrific."

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Easton said the hospitals' management had discussed a promotion to vice president with Obama previously but that she had been reluctant to undertake the commitment until her husband's Senate campaign was finished. In part, she wanted to wait until her family had made a decision on whether to maintain their primary residence in Illinois, which they did, and she had a better sense of the demands on her time as a senator's wife, he said.

At the time Obama was promoted to vice president, Easton added, she also had "at least one other, more lucrative offer" from a potential employer, though he declined to identify the competing organization.

Easton said the hospital management believed she merited the promotion based on a series of achievements. They included expansion of the institution's women and minority vendor purchases, rejuvenation of its volunteer program and work she did to help set up a collaborative effort with South Side clinics and doctors' offices to provide primary care for low-income residents who otherwise would seek treatment at the emergency room.

In explaining her salary increase, Easton and a spokesman for the senator both stressed her educational background, which includes an undergraduate degree from Princeton University and a law degree from Harvard.

Obama's new salary is significantly higher than her annual earnings during the seven prior years for which the Obamas have released their taxes. During those years, her wages ranged from a low of $50,343 in 1999 to a high of $121,910 in 2004.

After Obama's graduation from Harvard Law School in 1988, she worked for a few years as an associate at the corporate law firm Sidley Austin in Chicago. Such law practices typically pay lucrative salaries.

But after a few years, Obama moved into a series of positions in local government and non-profit organizations, which typically pay lower salaries.

According to a biography supplied by the medical center, she moved from the law firm to work first as an assistant to Chicago Mayor Richard Daley and then as the assistant commissioner of planning and development.

In 1993 she became the founding executive director of Public Allies Chicago, an AmeriCorps national service program. She later worked as an associate dean of student services at the University of Chicago, a position she held until she was hired by the University of Chicago Hospitals.

Bill Would Reimburse States For Printing Alternate Ballots (NYT)

By Ian Urbina

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Three Senate Democrats proposed emergency legislation on Tuesday to reimburse states for printing paper ballots in case of problems with electronic voting machines on Nov. 7.

The proposal is a response to grass-roots pressures and growing concern by local and state officials about touch-screen machines. An estimated 40 percent of voters will use those machines in the election.

“If someone asks for a paper ballot, they ought to be able to have it,” said Senator Barbara Boxer of California, a co-sponsor of the measure with Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin.

Republican leadership aides were skeptical about the prospects for the measure. It would have to advance without opposition from any senator and then make it through the House in the short time available before Election Day.

Dozens of states are using optical-scan and touch-screen machines to comply with federal laws intended to phase out lever and punch-card machines after the hanging-chads confusion of the 2000 presidential election. Widespread problems were reported with the new technology and with the poll workers using them this year in primaries in Arkansas, Illinois, Maryland, Ohio and elsewhere.

Local and state officials have expressed concern that the new systems might not be ready to handle increased turnouts. Election experts fear that the lack of a paper trail with most touch-screen machines will leave no way to verify votes in case of fraud or computer failure.

Last week, Gov. Robert L. Ehrlich Jr. of Maryland, a Republican, joined the skeptics, saying he lacked confidence in his state’s new $106 million electronic system and suggesting that state officials offer all voters paper ballots as an alternative.

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The proposed federal bill would provide 75 cents for each backup paper ballot that a precinct prints. If ballots are printed for half the 27 million voters expected to use touch-screen machines, Ms. Boxer said, her bill would cost Washington no more than $10.1 million.

Barbara Burt, vice president and director of election reform programs at Common Cause, a good-governance advocacy group, said that the bill would have been stronger if it had required precincts to provide paper ballots in federal elections, but that it was a step in the right direction.

"Lack of funding has been the main excuse that local election officials have used to avoid implementing paper precautions," Ms. Burt said. "This takes that excuse away from them entirely."

Ms. Boxer said mandating all precincts to provide paper ballots would have been impractical.

"I think Big Brother dictating something to local jurisdictions is a big mistake, because they will balk at it," she said. "What we're saying here is that you run your own elections, and we are going to help you run it properly. If local officials don't take advantage of the option to take precautions, then they're the ones on the line."

Brad Friedman, a liberal blogger and longtime critic of electronic voting, said that incentives to print paper ballots would help, but that without a federal mandate some voters would still have no choice but to use touch-screens.

On Thursday the Committee on House Administration, which has a role in overseeing election procedures, will hold a hearing to consider whether all voting equipment should produce a paper record that lets voters verify how they voted.

Ensign To Lead NRSC (RC)

By John Bresnahan And Erin P. Billings

Roll Call, September 27, 2006

Sen. John Ensign will take the helm of the National Republican Senatorial Committee at the start of the 110th Congress, putting the Nevada Republican on the front line of what is certain to be a difficult election cycle for the GOP.

Republican leaders have been scrambling for nearly two months to recruit the next NRSC chairman after Sen. John Thune (S.D.), who was expected to assume the post, opted against a bid. Thune shocked the GOP Conference in early August when he announced he wasn't interested in the position, citing the travel burden and family commitments.

Ensign, who also declined the NRSC post when initially approached by party leaders, said he changed his mind after consulting with friends, colleagues, and his wife, Darlene.

"It's a big challenge, there's no question, it's a big challenge, but it's an important job," Ensign said in an interview Tuesday. "I think it's a job that I'm up to. I feel very privileged to even serve in a position like that."

Ensign added: "Nobody likes asking for money, that's the reason that a lot of people don't want to do it. I think it's an important job, and you have to raise the resources to get your folks elected."

The 48-year-old Ensign, who was first elected to the Senate in 2000 after two terms in the House, openly acknowledged the hurdles he will face as NRSC chairman next cycle.

Twenty-one Republican Senators are up for re-election in 2008, versus just 12 Democrats. When combined with the certain competition for donor dollars from a presidential campaign and a renewed battle for the House, the NRSC's ability to raise money and elect its candidates will be tested severely.

"I know I'm up against it," Ensign said. "It's a tough cycle. Twenty-one [GOP Senators] up. I realize that. I realize all the negative parts about it, and that makes it all the more exciting to me because it makes it that much more difficult."

The Nevada Republican offered praise for Sen. Charles Schumer (D-N.Y.), the current chairman of the Democratic Senatorial Campaign Committee. Schumer, who has been able to pull the Democrats into financial parity with the NRSC after years of trailing in the money race, is believed in some quarters to be prepared to return to the DSCC for another cycle, although no formal decision has been announced yet.

"Chuck Schumer is a very worthy opponent," Ensign said.

Ensign said his original decision not to accept the NRSC position was based more on the fact that it would keep him away from his family when the Senate was out of session, rather than any lack of desire to serve in the GOP leadership.

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"I wasn't interested because of personal considerations, not because I didn't want the job," Ensign said. I always wanted to do the job."

The Nevada Republican said he talked with several former NRSC chairmen about the demands of the job and was reassured that he could tailor it to fit his own personal style.

"Some chairman traveled very little, some traveled a lot," said Ensign, who has three children. Ensign said he and his wife "spent the last couple weeks exploring it, what's entailed, and I laid it all out for her. She's very enthusiastic in her support and that was very critical for me."

Several people close to Ensign, whom he would not identify, also told him to accept the post.

"It was personal friends of mine who told me to reconsider," he said. Ensign then held further discussions with some of his Senate colleagues, and by last weekend, had decided to inform party leaders that he would accept the job.

Ensign met with Majority Whip Mitch McConnell (R-Ky.), the presumptive Senate Republican leader in the next Congress, on Tuesday. The two huddled for about 30 minutes, during which Ensign "laid out his plan for 2008 and the role of the NRSC chair," said Don Stewart, McConnell's spokesman.

"I have discussed this with Sen. McConnell," Ensign admitted, although he would not go into further detail, including any discussions he may have had with retiring Senate Majority Leader Bill Frist (R-Tenn.).

While McConnell has declined to endorse anyone for a leadership position heading into 2007, and the GOP Conference still must formally approve Ensign as the NRSC chairman, no other Republicans have thrown their hat in the ring, making it Ensign's by default. Senators who are "in cycle" are ineligible for the post, eliminating a huge chunk of the conference from consideration.

"This is an outstanding choice," said Brian Nick, spokesman for Sen. Elizabeth Dole (R-N.C.), current chairwoman of the NRSC. "Sen. Ensign is already a star in the Republican Conference. And his willingness to step up to the plate to tackle this incredibly challenging endeavor will be a huge benefit to Republicans."

Ensign's decision to seek the NRSC post leaves the vice chairman position open to Sen. John Cornyn (R-Texas), the only other candidate for that job, at least for the time being.

Many in the Republican Conference viewed Cornyn as the frontrunner for the position, a sentiment which could have tipped Ensign's decision to vie for the NRSC slot.

But in itself, the NRSC chairmanship can be a stepping stone to elected leadership. Both Frist and McConnell served stints as NRSC chairman, and Ensign's decision to accept what is sure to be a tough role in a difficult election cycle may earn him support within the Conference.

Ensign, a 1981 graduate of Oregon State, was a veterinarian before first coming to Congress in 1994. A born-again Christian, Ensign narrowly lost a bitter 1998 Senate race to now Minority Leader Harry Reid (D-Nev.), falling by just 428 votes following a statewide recount.

In February 1999, former Sen. Dick Bryan (D-Nev.), announced that he would not seek re-election in 2000. Ensign immediately jumped into the race, and won a solid 10 point victory over Democratic lawyer Ed Bernstein.

Ensign is facing Jack Carter, son of former President Jimmy Carter, this November. Recent polls. A recent poll for the Las Vegas Review-Journal showed Ensign holding a 23-point lead over Carter.

Richardson Emerges As Possible Democratic Presidential Candidate (MCT)

By Steven Thomma

McClatchy Newspapers, September 27, 2006

WASHINGTON - Gov. Bill Richardson of New Mexico insists that he's focused only on helping Democrats win elections this year and won't decide until next year whether to run for president.

But over scrambled eggs and sausage Tuesday morning, he gave reporters a preview of the distinctive campaign he'd run - and how much he'd differ from likely rival Sen. Hillary Rodham Clinton of New York.

He boasts a decidedly different resume. He's arguably more candid. And he's definitely funnier.

"I haven't made a decision," said Richardson, 58. "I will make a decision early next year."

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Later, however, he ticked off the changes in the Democratic presidential primary calendar and how Western states could play a bigger role in picking the 2008 nominee - states that happen to be in his backyard. Was he already mapping his campaign? "I'm just kind of observing how it happens," he said, his smile giving way to a knowing laugh.

Richardson came to Washington to talk about his work as chairman of the Democratic Governors Association and the prospects for this year's 36 gubernatorial elections.

He's on the ballot himself. But he's coasting toward re-election to a second term, confident enough that he can tour the country helping other candidates for governor - and coincidentally earning the gratitude of potentially powerful pols who might be able to help him in 2008.

As governor, he's built a record that could serve as the centerpiece of a presidential campaign aimed at holding blue states and picking up red states. He's cut taxes. He declared an illegal immigration state of emergency. He dramatically increased death benefits for his state's National Guardsmen killed in Iraq, a move being followed by 36 other states.

"Being a governor is the best job I've ever had," he said. "A governor can actually do things. You can build schools. You can create jobs. You can give health care to little kids. We were able in New Mexico to insure every child under 5."

Richardson is keenly aware that the country tends to elect governors, not senators, to the presidency. Four of the last five presidents were governors first. No senator has been elected since John F. Kennedy in 1960.

"When you're in Congress, you don't have to worry about fiscal issues, about management. You're kind of voting, you're floating around," he said.

Richardson wouldn't be the only governor in the Democratic race. Iowa Gov. Tom Vilsack and former Virginia Gov. Mark Warner are eyeing campaigns, as is Sen. Evan Bayh of Indiana, a former governor.

But Richardson would be the only one who also has foreign policy experience - often a weakness for governors. He served as U.S. ambassador to the United Nations in 1997-98 and keeps his hand in international affairs. This summer, he flew to Sudan to win the release of two journalists who were arrested while reporting in Darfur.

Personally, Richardson is very different from Clinton and other potential rivals.

For one, he's more candid.

As DGA chairman, he laughed that he came to the press breakfast "to give you the most positive spin, in case you haven't figured that out."

Belying that jest, he acknowledged that, if the election were held today, Democrats would pick up governors' offices in states such as Colorado, Massachusetts, New York and Ohio, but fall short in such states as California, Florida, Georgia, Idaho, Minnesota, South Carolina and Texas.

He insisted that Democrats could and would prevail in many of those states - but not all politicians would concede that their party would lose in them if the elections were today.

Finally, Richardson likes to share a laugh.

Take his comments on the growing voting power of Hispanics. "They're everywhere. I was just in Maine. I met the three of them. They came to the airport to see me," said Richardson, whose mother is Mexican.

The candor and laughs could fade if Richardson gets in the race and starts getting the much tougher scrutiny that probably helped turn Clinton defensive. But it's also possible that his warmer personality could help him weather the onslaught better.

Bill Richardson (CSM)

By David Cook

The Christian Science Monitor, September 27, 2006

New Mexico Governor Bill Richardson came to a Monitor sponsored breakfast on Tuesday in two roles - chairman of the Democratic Governors' Association and potential presidential candidate.

As chairman of the Democratic Governors' Association, Richardson talked up his party's prospects in the 36 statehouse races that will be decided this November.

"I believe we will win the House of Representatives, the Senate probably [is] a little more difficult," Richardson said. "I can honestly say I believe we will win a majority of governorships this year.... We will win in New York. We will win in Massachusetts.

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We will win in Colorado. We will win in Ohio. We will win in Arkansas. We have some very competitive toss ups in Nevada [and] Florida. We will win in Maryland. I would put Maryland in the 'feel confident' [category]."

Another governor's race where Richardson is confident is New Mexico. Although he is running for reelection, Richardson felt confident enough to take time out for a swing through several Eastern states to campaign for Democratic gubernatorial candidates.

Richardson was also in Washington as someone pondering a move from the state house to the White House. The governor told reporters at the breakfast that he "will make a decision early next year" on whether to run for president. But he is already clearly preparing for a presidential run.

For example, Richardson instantly offered up a highly detailed plan when asked what he would do about Iraq if he were president.

Here is a key portion of his response: "I would set a timetable for withdrawal. I would couple that with a political solution of the three ethic groups forcing them to have a political solution. There is no military solution. Specifically, I would divide up the oil revenue, the cabinet ministries and force them to come up with a new political framework. I would also study Senator Biden's federation [proposal]. I think that may be ultimately the right solution."

Richardson continued: "I would set up a Middle East peace conference that would deal with civil administration and reconstruction of Iraq.... Muslim and European nations would be part of that. I would then redeploy [US] troops, leave a residual force in Iraq [and] put [troops] where we really need them, [in] Afghanistan. I would put others in Gulf States to deal with international terrorism threats. And I would also use a large part of those financial budgets and reserves that we use in Iraq on homeland security in this country. This country is not fully protected. I would emphasize port security. I would emphasize security of our subways [and] our aircraft. I would put money in detection of those liquids that became such a problem...."

Iraq is playing a role in this year's governors races, Richardson said. He said Democrats are riding what he called a "2 percent wave" of voter preference in which the war in Iraq plays a key role.

"I think the Iraq war has a large part to do with that 2 percent, frustration over the Iraq war, frustration over the competence of the Republican administration," Richardson said. "I think all of that combines to help candidates at the state and federal level.... I think the Iraq war also is a factor in governors races. Not that every governor has a position on it. But I do think the Iraq war has coat tails ... that are benefiting Democrats. It is sort of a 'Republicans have been in office too long and they have botched this war and [voters are] going to take it out on Republican candidates.' I see that across the board."

In the longer term, Richardson expects the growth in the country's Hispanic population to help Democrats. "I think President Bush did make some inroads with Hispanic voters in the last election. Maybe 4 percent," Richardson said.

But he added, "I believe that is going to be eroded with a national perception of Hispanics seeing Republicans on the immigration bill wanting to criminalize aliens, wanting to build a fence, wanting to take citizenship away from undocumented workers' kids and having sort of a harsh attitude. So that is the flip side of the wedge issue. And in states with substantial Hispanic populations ... that is going to turn those voters into Democrats and it is going to give Democrats advantages in those states...."

Referring to states with growing Hispanic populations, Richardson said, "My view is that the West is the future of the democratic party - Nevada, Colorado, New Mexico, Arizona, Utah."

There has been a controversy in the Democratic party over Democratic National Committee chairman Howard Dean spending to rebuild the party in every state. Dean's critics charge that he should focus resources on states with close races. Richardson said, "I am on Dean's side. I think what Howard Dean is doing makes sense.... That is what we should concentrate on. The DNC's role is to rebuild the state Democratic party. For instance in New Mexico ... because of the DNC we have 4 extra full-time campaign workers that have been there. That is helpful."

Ready To Rumble (RC)

By Mary Ann Akers

Roll Call, September 27, 2006

Gotta love it when Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) accidentally come within touching distance and can't escape, but, because other people are watching, have to pretend to be nice to each other.

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One such occasion occurred Tuesday, just outside the House Radio-Television Correspondents' Gallery studio where lawmakers often hold press conferences.

Hastert and other Republicans were inside the studio denouncing immigrant gang violence while Pelosi and her gang of Democrats were outside, waiting to get inside, to talk about the new National Intelligence Estimate report showing that the Iraq War has actually expanded terrorism rather than reduced it.

Pelosi, joined by Rep. John Murtha (Pa.), the leader of the Democratic drum beat against the Iraq War, and other Democrats were twiddling their thumbs waiting for Republicans to finish their spiel on gangs when the door opened. Hastert walked out and — voila! — suddenly found himself standing very, very close to Pelosi, who was wearing her signature perma-grin.

Struggling for pleasantries, Hastert said, "Fancy meeting you here!"

Pelosi, still smiling, responded in kind.

"We were talking about gang violence," Hastert said.

"We may have some right here," Pelosi replied. (Yes, still smiling.)

Everyone had a little chuckle, and Hastert went on his way. But we couldn't help but wonder: Who would take whom in a fight between the Speaker and the Minority Leader?

"The wrestling coach still has sharp skills," a GOP leadership aide said, without a trace of partisan bias, of course.

Phony Blogger Fired. A top aide to Rep. Charles Bass (R-N.H.) was forced to resign Tuesday for using Congressional office computers to pose as a liberal on political blogs, in an apparent attempt to undermine Bass' Democratic challenger.

Bass asked longtime aide Tad Furtado to resign after HOH revealed Monday that the operators of two liberal blogs in New Hampshire had traced the suspicious poster's Internet protocol address to the House of Representatives' computer server.

"Tad Furtado posted to political Web sites from my office without my knowledge or authorization and in violation of my office policy," Bass said in a statement. He added that he was referring the matter to the House Committee on Standards of Official Conduct "for their review."

House ethics rules prohibit employees from using government resources to engage in campaign activity. Furtado, who had worked for Bass since 1998, posted blog comments under the pseudonym "IndyNH" and "IndieNH." He pretended to be a liberal who didn't think Bass' opponent, Paul Hodes, could win. He suggested that "fellow" liberals follow him by investing their time and money elsewhere — "maybe CT or NY for me — they are at least close by."

Owners of the sites Blue Granite and NH-02 became suspicious and easily traced IndieNH's IP address to the House, where they figured very few offices, and perhaps only one, would have interest in the New Hampshire 2nd district race.

Reid Cherlin, a spokesman for Hodes, the Democratic challenger, told HOH, "This is the No. 2 staffer in Bass' office, and that's very serious. [Resigning] was the appropriate thing to do."

Cherlin wondered whether Furtado was conducting opposition research from Bass' office. Bass spokesman John Billings said categorically that Furtado "was not conducting opposition research from the office."

Bass said in his statement that he had "no knowledge" of his aide's activities, but that "I must ultimately accept responsibility for the actions of my staff. I sincerely apologize to anyone whose websites may have been disrupted by these posts."

Dialing for Dollars. At least we know where Minority Leader Pelosi gets some of her work done: at George's Salon in Georgetown. She was spotted there Saturday getting her hair done while talking a mile a minute on her cell phone, making fundraising calls for the Democratic Congressional Campaign Committee.

An aide had papers splayed out all over the floor around Pelosi to help her out with the pitch. (No wonder she's the single largest fundraiser for Congressional Democrats, having raised more than $45 million so far this cycle.)

"She's working so hard she can't even get a haircut in peace!" said Pelosi spokeswoman Jennifer Crider.

Lantos Hearts Ricky. None of them got to dance with the Latin American pop star, but members of the House International Relations Committee did heap a whole lotta lovin' on "Ambassador" Ricky Martin when he testified before the panel on Tuesday about combating human trafficking.

No one — not even the women on the committee — seemed quite as smitten with the 34-year-old Martin as Rep. Tom Lantos (D-Calif.), the panel's ranking member. It was clear: Lantos had a man crush. He was diggin' la vida loca. Big time.

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"Let me just say that while my wife of 56 years considers you devastatingly handsome, I think your true beauty lies inside," Lantos said. "Thank you very much, Ricky."

At press time, we were unable to confirm where Lantos and Martin plan to go on their first boys' weekend trip together.

Police Stop Protest At Senate Building (WP)

By Michelle Boorstein

The Washington Post, September 27, 2006

The quiet, sunny atrium of the Hart Senate Office Building was transformed into a chaotic scene yesterday when dozens of war protesters filed into the lobby, formed a prayer circle, shouted Scripture and eventually were arrested as Senate staffers hung over railings and crammed glass-walled offices to watch.

Employees in the building and longtime area activists said they had never seen police allow such a demonstration in a government office building, with activists one and two stories up reading the names of the Iraq war dead, civilian and military. The names rang loudly through improvised megaphones into the building's open center. Dozens of police streamed into the atrium and arrested about 35 people, including Rick Ufford-Chase, who until recently was a top official of the Presbyterian Church (USA).

"I've been working here nine years, and I've never seen this much police activity -- except during the anthrax scare," said an employee who did not give his name because he said he had not been authorized to talk to the media.

Sgt. Kimberly Schneider, a spokeswoman for the U.S. Capitol Police, said: "We don't encourage people to demonstrate in the buildings. . . . I'm not aware of anything unusual about how it was handled on our end."

Thirty-five additional antiwar demonstrators were arrested yesterday around the U.S. Capitol in related protests. Hundreds of antiwar actions have taken place across the country this week as faith-based and other groups push for a timetable for the United States to leave Iraq. Thirty-four people affiliated with the umbrella organization coordinating this week's efforts, Declaration of Peace, were arrested Thursday after they refused to leave the White House without talking with President Bush.

Although leaders of major U.S. denominations have spoken against the Iraq war since it began, such proclamations are becoming louder and more prominent.

"Today was the first time national-level leaders were participating -- not just themselves but calling on members of denominations to join them," said Gordon Clark, coordinator of the D.C.-based National Campaign for Nonviolent Resistance. "And there's a big difference between going to a protest and putting your body on the line and resisting arrest. And that's what they haven't been doing before."

Participating yesterday was Rabbi Arthur Waskow, head of an interfaith dialogue center in Philadelphia and a leader of the Jewish Renewal movement. Arrested in addition to Ufford-Chase was the Rev. Jackie Lynn, president of the Chicago-based Episcopal Peace Fellowship.

Senate staffers watching the demonstration showed neither support nor opposition, simply gawking and taking photos with their cellphones as protesters below sang "We Shall Overcome," read from the Book of Jeremiah and lay on the cold floor as police filed in with plastic handcuffs.

High Court Will Examine Role Of Credit Ratings In Insurance (WSJ)

By Mark H. Anderson

The Wall Street Journal, September 27, 2006

WASHINGTON -- The Supreme Court agreed to decide whether insurance companies must tell consumers that their low credit scores resulted in higher rates for coverage.

Insurance companies have faced a wave of class-action lawsuits alleging they violated the Fair Credit Reporting Act by not telling consumers that their low credit scores resulted in higher quotes for insurance coverage. The insurance industry often reviews credit scores in setting coverage rates.

The appeal, filed by Safeco Corp.'s Safeco Insurance Co. of America unit, Berkshire Hathaway Inc.'s Geico General Insurance Co. unit and other insurers, was one of nine that the court yesterday added to its workload before its term starts Monday. The companies are challenging a decision by the Ninth Circuit Court of Appeals in San Francisco that said companies

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must tell consumers when credit scores result in higher insurance rates. The lower court also said companies can be found liable for violating federal credit laws even without meeting a tougher "willful" legal standard that requires the companies know they were breaking the law. Companies face up to $1,000 in actual damages plus punitive damages for violation of the federal law.

Safeco Insurance v. Burr and Geico General Insurance v. Edo

The high court also said it will decide whether county municipalities can force trash haulers to bring waste to publicly owned facilities for processing. The case involves challenges by six trash-hauling companies that challenged the solid-waste flow-control laws of Oneida and Herkimer counties in upstate New York. The two counties had passed laws requiring haulers operating in the area to bring trash to waste facilities the municipalities owned.

The Supreme Court already ruled in a 1994 decision that municipalities can't direct solid-waste disposal to private waste-disposal companies that hold government contracts. But lower courts in this case decided it was fine for county governments to mandate trash business for facilities they own.

United Haulers Association v. Oneida-Herkimer Solid Waste Management Authority

The court also agreed to hear a case on whether public-employee unions must get special permission before spending some workers' dues on political causes. The case, from Washington state, involves fees paid to the Washington Education Association by teachers who decline to join the union.

Those workers still can be charged union dues to help pay for labor negotiations that affect them. But they can't be forced to pay for the union's political activities, under a string of Supreme Court rulings that reach back nearly 30 years.

At issue is whether the union needs teachers to say "yes" before the fees can be used for political causes or whether teachers must specifically object to having a portion of their fees spent for that purpose.

The court will hear arguments in the case, as well as a related lawsuit by five teachers to recover their fees, early next year.

Gary Davenport v. Washington Education Association and Washington v. Washington Education Association

--Associated Press

Health-Care Premiums Rise 7.7%, Outpacing Wages And Inflation (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, September 27, 2006

The health-care premiums of employers and their workers have climbed twice as fast as wages and inflation in 2006 -- to nearly double their cost in 2000 -- and they look to rise at a similar clip next year, two nationwide surveys show. That said, the pace of increase is about half what it was just a few years ago.

The average family premium rose 7.7% in 2006. That compared with a 3.8% rise in wages and inflation of around 3.5%. Even so, the 7.7% increase marks the third year that employer health-care cost increases have decelerated since soaring nearly 14% in 2003, according to a 2,122-employer survey by the Kaiser Family Foundation, and by the Health Research and Educational Trust. (See the survey's findings1.)

The cost for family coverage under an employer health plan is now $11,480, well over what a minimum-wage worker would earn in a year and beyond what many companies and their workers can afford. While 98% of companies with more than 200 workers still provide some sort of employee health benefits, only 60% of smaller businesses do. That's little changed from last year but down from 68% in 2000.

"A modest reduction in an already high rate of increase hardly looks like salvation for employers and workers who've been getting hammered by high health-care costs year after year," said Drew Altman, president of the Kaiser Family Foundation, a nonprofit health-policy research group in Menlo Park, Calif.

Even when employers do offer health insurance, not all workers get it or can afford it. On average, only 78% of employees are eligible at these companies, either because they don't work full-time or fail to meet other eligibility requirements. And given that employers require workers to pay an average 27% of the total premium -- or $2,973 for family coverage -- many employees can't afford to accept the coverage. Indeed, the share of workers covered by health insurance through their own employer has slipped to 59%, down from 60% last year and 63% in 2000, according to the Kaiser survey.

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Most people falling out of the employer-sponsored health insurance system are lower-income workers, but they tend to be healthier workers more willing to risk going without coverage, which raises the costs for the remaining, sicker pool of employees. And ultimately employers pay more as uninsured employees forgo preventive care and wind up in emergency rooms when they do get sick, says David Guilmette, managing director of Towers Perrin's health-benefits group.

The employee-benefits consultancy's own survey of 167 companies finds that larger employers expect their increases in health-care costs to slow again in 2007 to 6%, from the 7% increase they reported last year. A large-employer survey published earlier this month by Mercer Health & Benefits LLC, a rival firm, projected similar increases next year. It added that the more-moderate increase will result from increasing employees' deductibles and other cost-sharing measures.

More of the larger firms also say they're adding "consumer-directed" plans, which combine deductibles of typically more than $1,000 and some sort of tax-saving account to make employees have a more financial stake in their health-care spending.

Overall, however, relatively few companies plan to enroll in these plans next year, the Kaiser study says. Only 2.7 million people are enrolled in one through an employer, about 4% of covered workers.

High-deductible Health Policies Don't See Growth (USAT)

By Julie Appleby

USA Today, September 27, 2006

High-deductible health insurance policies coupled with savings accounts — touted by proponents as an answer to rising medical costs — did not grow in popularity among employers this year, even as premiums for insurance continued to rise.

The Kaiser Family Foundation annual employer survey reported Tuesday that what employers paid for health insurance premiums rose 7.7% this year among all types of health insurance, the smallest increase since 1999, but more than twice general inflation.

Employers did not substantially raise deductibles or co-payments made by employees, or the employees' share of premiums. Still, workers are paying more because the overall premiums rose.

"Working people are still feeling the pain," says Drew Altman, president of the non-profit research group in Menlo Park, Calif.

The most common type of insurance, a preferred provider organization plan, averaged $11,765 for a family and $4,385 for single employees.

While high-deductible policies have always been sold, the new twist in the market came when Congress in late 2003 allowed certain policies to be coupled with tax-free "health savings accounts." Money not used for deductibles and other medical care can roll over and be used in future years for medical care.

Despite those policies being the biggest buzz among benefit consultants, Kaiser's annual employment survey found that only 7% of employers offered them this year, a percentage statistically unchanged since 2005.

"This shows that the debate in the media and in Washington health policy circles is way out in front of the reality," Altman says.

The Kaiser survey found that the average annual deductible for health savings account plans offered by employers was $2,011 for singles and $4,008 for families. Sixty-three percent of employers contribute something toward the savings account.

While such accounts have lower premiums, the Kaiser survey found that most employers don't save money on them compared with other types of insurance, once employer contributions to those savings accounts are added to premium costs.

Asset Resources in Minneapolis, a 10-employee debt collection firm, switched to a high-deductible plan after facing several years of 17% increases in its health insurance premiums.

"The broker said we might be able to cut some costs and afford some employees an opportunity from a tax point of view," says Mark Wallerius, vice president. "It seemed a win-win at the time."

Instead of a $500 annual deductible and a $15 co-pay at the doctor's office, the new policies had an annual deductible of $1,250. For most office visits, employees had to pay the full cost of the visit until they reached the deductible.

"They were pretty disgruntled," says Wallerius, who said the employees voted to go back to a lower-deductible plan this year.

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Health Premiums Rise More Slowly (WP)

By Kathleen Day

The Washington Post, September 27, 2006

Increases in health insurance premiums for working families slowed for the third straight year in 2006 but still rose at a rate more than double that of inflation and growth in workers' pay, an annual nationwide survey by the Kaiser Family Foundation shows.

Premiums for workers rose 7.7 percent this year -- the lowest increase since 2000 -- down from 9.2 percent in 2005 and almost half the recent peak of 13.9 percent in 2003, according to an in-depth survey released yesterday of about 2,100 companies with three or more workers. At the end of April, when the survey was completed, wages had increased 3.8 percent from a year earlier, and the rate of inflation had increased 3.5 percent.

"Nobody's celebrating, and nobody should be celebrating," said Drew E. Altman, head of the foundation, a nonprofit organization that studies health-care issues. "A modest reduction in an already high rate of increase hardly looks like salvation to working people and businesses, who have been getting hammered by high health-care costs year after year."

Since 2000, workers' health insurance premiums have risen 84 percent, while their wages have increased 20 percent and inflation has risen 18 percent, according to the study, which was conducted with the Health Research and Educational Trust, a nonprofit research affiliate of the American Hospital Association. Kaiser and HRET have done the study since 1999.

Annual health insurance premiums for a family of four average $11,480 this year, with workers paying $2,973 of that amount, $1,354 more than six years ago, the study finds. For individuals, premiums average $4,242, with the employee having to pay $627.

About 61 percent of companies questioned offer health-care coverage to at least some employees, about the same as last year. And workers at bigger companies continued to fare better: The study found that while nearly all companies with 200 or more workers offered coverage, fewer than half of the smallest companies surveyed did, those with from three to nine workers.

Employees with health coverage at companies with up to 199 workers tend to pay more out of pocket for premiums -- $3,550 on average for family coverage -- than workers at larger firms, who pay $2,658 on average for family coverage.

Health care has been a trouble spot for U.S. companies and workers for nearly two decades, as escalating costs have forced many firms to choose between layoffs or cuts in benefits to stay competitive. As costs have risen, so have the number of uninsured Americans under the age of 65: at least 46 million in 2005, up by 6 million from 2000. About 81 percent, or 37 million, are uninsured workers and their families, said Diane Rowland, the Kaiser Family Foundation's expert on the uninsured.

Uninsured people often cost the health-care system more than their insured counterparts because they tend to wait until they are sick before seeking help, requiring more expensive intervention than they might have needed if they had been treated earlier or been given preventive care. That helps drive up health-care costs for everyone, Rowland said.

"Insurance is simply becoming less and less affordable," said Gary Claxton, one of the study's authors. "What happens to people who can't afford it, it's hard to say, but we do see a continued march upward of the number of uninsured."

The survey also found that employers and employees have not embraced what the health-care community calls "consumer-driven" plans. These are health programs with high deductibles that give a tax break to workers who save specifically for medical expenses. Only 7 percent of employers offered them this year, and only 4 percent of workers signed up for them.

Two other studies on health insurance costs were also released this week. The benefits consulting firm Towers Perrin, whose clients include the largest U.S. employers, released a study yesterday estimating that the trend in rising premiums will continue, running at 6 percent next year. While that would be the fourth year of consecutive declines in the rate of growth in premium costs, the study concluded that the cumulative increase in all health care costs, which it estimated at 60 percent in the past five years, means more employees cannot afford to pay the portion their employer doesn't.

Towers Perrin also found variations in costs of as much as several thousand dollars per employee among similarly sized firms, largely because some firms are more aggressive at measuring costs and bargaining with providers while giving employees incentives to cut costs, such as large co-payments for prescription drugs.

It found that these companies are not lowering costs by shifting them to workers. Instead, their employees often pay lower premiums than do those at similarly sized, but less-aggressive, firms.

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America's Health Insurance Plans, an insurance-industry trade group, on Monday released its first study on health insurance costs for small employers, defined as companies with 50 or fewer workers and including self-employed individuals. It found that premiums ranged widely from state to state, with higher prices often attributable to more mandates -- such as requiring that certain drugs or procedures be covered -- that put the price of insurance out of reach for many smaller employers, said Karen Ignagni, chief executive of AHIP.

Health Care Costs Rise Twice As Much As Inflation (NYT)

By Milt Freudenheim

The New York Times, September 27, 2006

The cost of living keeps going up, but the cost of healthy living is going up even faster.

A widely followed national survey reported yesterday that the cost of employee health care coverage rose 7.7 percent this year, more than double the overall inflation rate and well ahead of the increase in the incomes of workers.

The 7.7 percent increase was the lowest since 1999. But the average cost to employees continued an upward trend, reaching $2,973 annually for family coverage out of a total cost of $11,481.

Since 2000, the cost of family coverage has risen 87 percent while consumer prices are up 18 percent and the pay of workers has increased 20 percent, the survey noted. That is without counting the cost of deductibles and other out-of-pocket payments, which have also been rising.

"The cost trend is moderating but nobody is celebrating," said Drew Altman, president of the Kaiser Family Foundation, which sponsored the survey with the Health Research and Educational Trust. "Businesses and workers are still being slammed year after year by rising health costs."

Despite the increasing costs, about 6 out of 10 employers still offer health coverage to attract and retain workers. But the growth in premiums is making it harder and harder for companies to raise wages and salaries.

The telephone survey of 3,159 randomly selected employers, ranging in size from three to more than 300,000 employees, was completed last May.

The continuing rise in the cost of benefits has slowed since the annual double-digit increases that peaked at nearly 14 percent in 2003. Last year's increase was 9.2 percent, the Kaiser survey said.

"It's slightly good news," said Helen Darling, president of the National Business Group on Health, a large employers' research and trade group in Washington. "It could have been worse but we certainly haven't solved all the problems."

She added, "The workers of the United States continue to give their pay raises to the health system."

Some business leaders took a more upbeat view of the survey results. "It's a very positive sign that the increases were lower than the previous year," said Katie Mahoney, health policy director of the United States Chamber of Commerce.

Smaller employers, with fewer than 200 workers, faced larger increases than big companies, the survey said.

"We were looking at an increase of about 18 percent for 2006," said Mitch Flinchman, controller of Triangle Grading & Paving, a construction company with 100 employees in Burlington, N.C. The company switched to a different insurer but "still ended up with about an 8 percent increase, and it will probably go up more next year," he said.

The national cost trend would probably have been higher, analysts said, but regulators in a number of states were able to push nonprofit Blue Cross plans that are prosperous to hold down their increases, at least for a while.

In fact, the nonprofit Blue Cross plans actually had a 27 percent decline in operating profits in the first half of the year, compared with the period in 2005, said Matthew Borsch, a health care analyst at Goldman Sachs.

Tom Zimmerman said his family-owned business in Livonia, Mich., had been paying double-digit increases every year to Michigan Blue Cross and Blue Shield, until this year, when premiums rose only 2 percent. Even so, his company, Spectrum Automation, is spending $250,000 this year to cover 20 employees, he said.

"Our wages have stagnated while Mr. Blue Cross and Blue Shield takes our raises," Mr. Zimmerman said.

Employees pay about 16 percent of premiums, or about $3,497 of an average total of $11,793, for smaller companies with fewer than 200 workers in preferred provider networks, the most common type of health plan. Workers in larger companies contributed less to premiums: $2,628, and employers put in $9,124 for a total of $11,752.

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The lowest premiums were for high-deductible health plans, sometimes tied to pretax savings accounts. The White House has been pushing these plans as a way to slow costs by giving consumers more say over their medical treatments. Business groups and health care consultants support the plans.

The workers' share of premiums for family coverage in these plans was $2,247, on average. The high-deductible plans covered 2.7 million workers, including 1.4 million in the newer health savings account plans.

Mr. Altman said that despite "all the talk and debate about these plans, only a very modest number of workers are in these consumer-driven arrangements. It is still early," he added. "They are likely to grow, but how fast and how much is still very much an open question."

Douglass Community Services, a nonprofit agency with 120 employees that manages the Head Start early childhood learning program in northeast Missouri, switched to a high-deductible plan this year, rather than face a 20 percent increase in premiums for its preferred provider organization.

Janeane Reis, human resources director of the agency in Hannibal, Mo., said its premiums increased by 10 percent, even with the high deductible plan. Employees pay all of their costs up to $1,000. Then, the agency covers them for the next $1,500, she said. Above that, they are covered for 80 percent of medical fees in a preferred provider network and 50 percent if they go to doctors outside the network.

"We will probably stay with this at least another year," she said. "It's tough being in a rural area. We don't have many choices and being a not-for-profit, we work on a very slim margin."

It can be even more difficult for individuals with health problems.

Billy Lassiter, an independent inspector of oil rigs in the Gulf of Mexico, had to give up his coverage for a year after his insurer raised the premiums to $1,800 a month and refused to pay about $5,000 in medical bills, according to Faye Lassiter, who keeps the accounts for her husband, who has overcome several bouts with lung cancer.

"They wouldn't hardly pay anything," she said. The couple were not able to find a new insurer until they persuaded their son Shannon, a railroad conductor, to join them. As a three-person business in Atmore, Ala., they were able to obtain coverage from Blue Cross and Blue Shield of Alabama, she said.

Premiums were $800 a month last year and increased $100, or 12.5 percent for 2006. She said Mr. Lassiter had to skip his annual CT scan last fall while he waited a year before the new coverage kicked in. "We couldn't afford the cost of the scan," Mrs. Lassiter said.

Passing The Buck To Mom And Dad (NYT)

The New York Times, September 27, 2006

Many middle-class young adults are staying on their parents' health insurance long after college these days. It's an interesting trend. But in no way is it a solution to the growing problem of the uninsured. If anything, it is a stopgap measure that helps the more fortunate while sapping the political will for sweeping change.

With 47 million Americans uninsured, the nation's health system is in crisis. More and more people are seeking treatment in emergency rooms because they have nowhere else to go. By one estimate, unpaid hospital bills have reached $45 billion annually, raising the cost of health insurance by 8.5 percent for those who are insured.

Among the uninsured are more than a quarter of adults between ages 18 and 34. As Jennifer Lee reported recently in The Times, states are responding to the problem with legislation to allow children to stay on their parents' health insurance longer. New Jersey is one of eight states that have passed such a "piggyback" statute just since 2003.

College graduates in fields like media and computer technology are at the leading edge of the changing American economy, where the individual carries the bulk of the risk. For young American workers, benefits have become negotiable rather than part of the social contract. Many end up opting out of health insurance entirely, choosing to wager on their relative good health to avoid spending the hundreds of dollars a month that self-insuring can cost.

But the troubled American health-insurance system finds itself in a vicious circle as a result. The higher premiums climb (twice as fast as wages this year, according to a new study), the less likely the young and healthy are to participate. That, in turn,

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skews the pool of the insured even older and more infirm, making coverage still more expensive and less appealing to those who bet they can do without.

The families that can best afford to take advantage of the piggyback laws are those that could already pay for separate coverage anyway. And these laws, by making life easier for those who have the most political influence and resources, reduce elected officials' incentive to do what is really needed and find a more comprehensive national solution.

Change Comes To A Carolina (WSJ)

The Wall Street Journal, September 27, 2006

South Carolina civil-rights advocate Dewey Tullis explained to reporters a few weeks ago why he's supporting a Republican running for the state's top education job, Karen Floyd: "Frankly, I'm tired of seeing our young black men graduate high school without knowing how to read and write."

Mr. Tullis is joining more than a dozen African-American Democrats in the effort. Also crossing party lines to support Ms. Floyd is State Representative Harold Mitchell Jr., from urban Spartanburg. Referring to a documentary made about the state's failing schools along the interstate, Representative Mitchell tells us, "It really is a 'corridor of shame.'"

What's going on here? Fed-up South Carolina Democrats are blowing the whistle on the state's public-school system, one of the nation's worst. A recent study published by Education Week found that South Carolina has the highest drop-out rate of any state; half of its students fail to graduate from high school in four years. The state ranks 49th in both SAT and ACT scores. State achievement tests released this month show that fewer than 30% of eighth graders are proficient in English, math, science or social studies. Among African-American eighth graders, only 13% were proficient in English and less than 9% in math. These kids aren't being left behind; they're never making it to the starting line.

The state's return on educational investment is appalling. Over two decades it has increased education spending 137% -- the third largest increase in the nation -- and now spends more than $10,000 per student (including capital costs). It's of little comfort to parents that the state masks its underperformance by claiming that nearly 73% of eighth graders meet what it considers a "basic standard" in English. The state only reaches that inflated number by defining its standard as something less than "proficient."

The good news is that the Palmetto State may be reaching a tipping point that could upend the public education establishment. Reform advocates have been building grassroots support for vouchers, tax credits, charter schools -- almost anything that will give parents more options on where to send their children. Governor Mark Sanford, a Republican, is already a supporter of broad-based school choice. The problem has been the Republican-controlled legislature. A handful of GOP members (many from districts with good schools) have lined up with Democrats to oppose anything that might empower parents over the system's bureaucrats.

That is starting to change. Under intense pressure, the legislature this year passed two school-choice bills. One made it easier to open charter schools. The other created vouchers for a new early-kindergarten pilot program to allow some low-income parents to send their four-year-old children to almost any public or private school. That's left parents wondering why they don't have the same options for primary and secondary education.

The state's reformist residents are also sending a message in the one way pols can't duck -- at the ballot box. In June, three incumbent state legislators were defeated in primaries for opposing school choice. Several other incumbents, including House Education Committee Chairman Ronny Townsend, decided to retire rather than risk being turned out of office. South Carolinians for Responsible Government, a non-profit advocacy group in Columbia, estimates that in November reformers could pick up the seats they need in the house to pass education scholarships and tax credits for parents with kids in failing schools. These reforms failed this year by seven votes.

It's a long way to November. Representative Mitchell, for one, is now distancing himself from school choice, but remains undeterred in his support for Ms. Floyd. He waves off the swipes he's taken from fellow Democrats and the write-in challenger he's drawn since announcing his school-reform endorsement. "Some people really don't know the issues, or they just don't care." In South Carolina, that may finally be changing.

Russia Agrees To Send Fuel For Iran Nuclear Plant (NYT/AP)

DOJ_NMG_0069936

By AP

The New York Times, September 27, 2006

MOSCOW, Sept. 26 — Russia will ship fuel to a nuclear power plant it is building in Iran by March under an agreement signed by the two countries on Tuesday, Russian news agencies reported.

The agreement, signed by senior Russian and Iranian nuclear officials, represents a small victory for Iran, but seems certain to inflame Western anxiety over Iran's nuclear ambitions.

Iran says it needs the fuel for a peaceful nuclear program to generate electricity.

But the fuel could also be enriched to create weapons-grade material, and the United States and other nations have accused Iran of using its nuclear program to develop atomic weapons.

The European Union's foreign policy chief is scheduled to meet Iran's top nuclear negotiator soon for talks on a package of incentives that Britain, France, Germany, the United States, China and Russia are hoping will encourage Iran to suspend uranium enrichment and enter negotiations.

If it does not, the United States would like to push for sanctions against Iran, though there is not full agreement with the other nations on such a course.

Iran has already missed an Aug. 31 deadline to suspend its uranium enrichment activities.

Russian news agencies reported that the deal on Tuesday had been signed by Sergei Shmatko, head of Russia's state-run company Atomstroiexport, and Mahmoud Hanatian, vice president of Iran's Atomic Energy Organization.

An additional protocol sets out a time frame for starting up an $800 million plant in Bushehr, which will be Iran's first.

"The document provides for supplying Russian fuel for the atomic energy plant in March, physical start-up in September 2007 and electric generation by November 2007," Mr. Hanatian said, according to Itar-Tass.

Mr. Shmatko said about 80 tons of fuel would be supplied, according to Interfax and Itar-Tass.

Western nations fear that Tehran could try to divert nuclear fuel used at the Bushehr plant and seek to enrich it further for potential use in a weapon.

To try to ease Western concerns over Bushehr, Russia has agreed with Iran that Tehran will ship spent fuel back to Russia.

However, Iran has resisted Russia's proposal to conduct all of Iran's uranium enrichment on Russian soil.

Tehran Denies Secret Nuke Deal (WT)

By Bill Gertz

The Washington Times, September 27, 2006

Iran yesterday said it is not negotiating a secret temporary shutdown of its uranium-enrichment program as part of ongoing talks with the European Union, rebutting Bush administration sources who told The Washington Times that such a deal is being discussed.

Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, when asked about the report in The Times, said chief Iranian negotiator Ali Larijani and chief European Union negotiator Javier Solana will discuss what has been proposed already.

"These are not the issues to be discussed in the future negotiations, and as Mr. Larijani has said before, the P5+1 proposal will be the basis of the future negotiations with the representatives of the P5+1," Mr. Saeedi said.

"The P5+1" is shorthand for the group of the United States, France, Russia, China and Britain, all permanent members of the U.N. Security Council, plus Germany. The nations have offered Iran a series of concessions if Iran agrees to stop developing its uranium-enrichment program.

The Times reported yesterday that Bush administration officials say Mr. Solana has been negotiating a deal with Mr. Larijani that calls for Iran to suspend uranium enrichment for 90 days and to keep it secret, so additional talks could be held with several European nations.

The officials oppose such an agreement as a further concession to Iran, which continues to defy a United Nations' call for a halt to uranium enrichment, an essential step in developing nuclear weapons.

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A Security Council resolution had given Iran until Aug. 31 to stop its enrichment program or face the imposition of international sanctions. Tehran ignored the deadline, but diplomacy has continued.

John R. Bolton, U.S. ambassador to the United Nations, said Mr. Solana will hold talks on the Iran nuclear issue as early as today, but Mr. Solana has not reported back on the latest discussions.

"He will be meeting shortly with Larijani, and I think we'll hear from him at that point," Mr. Bolton told reporters in New York.

A spokeswoman for Mr. Solana declined to comment on the report in The Times. Diplomatic sources said Mr. Solana and Mr. Larijani likely would meet today in Brussels.

The group of nations has demanded that Iran suspend all enrichment before new talks on the incentives can be held.

The Iranians say the enrichment is for nuclear-powered electricity-generating stations, but the United States and the International Atomic Energy Agency (IAEA) suspect Iran is working on making nuclear weapons.

The White House said the U.S. is not negotiating a secret suspension of Iranian nuclear activity. The administration has called for a verifiable suspension, which it says must therefore be public.

"What the United States has asked for repeatedly and in every instance when we talked about this is a verifiable suspension of enrichment," said Frederick Jones, spokesman for the National Security Council.

EU spokeswoman Cristina Gallach said senior EU official Robert Cooper and Iranian official Javad Vaeedi held talks in Paris on Monday.

"We are working on the meeting with Larijani, but I will not say when nor where until it really happens," she said. "We continue to engage with the Iranians in order to create the conditions for these negotiations."

At the State Department, spokesman Sean McCormack said the administration hopes Iran will agree to suspend enrichment when Mr. Larijani meets with Mr. Solona, but he said "the United States will not be at the table for any negotiations absent a suspension as outlined by the IAEA and the Security Council."

"That means there has to be a verifiable suspension, and suspension means suspension means suspension," he said.

Asked about the deal for Iran to conduct a 90-day halt, Mr. McCormack said the answer would require having "clear and accurate insight" into Iranian decision-making, something the administration lacks.

"We'll see. We can only judge them on what it is that they do," he said.

"We certainly hope that the answer is: 'Yes, we will suspend, we will verifiably suspend in order to get to negotiations.' That's what we want. ... But we are fully prepared, along with the other members of the P5+1, to go down the track of sanctions, if that, in fact, is not the answer."

The State Department is consulting with allies on imposing sanctions on Iran if Tehran fails to stop the enrichment, he said.

Mr. McCormack said it would be "very tricky" for international inspectors to conduct inspections in Iran in secret and that the press would likely discover the inspection.

Iran may want to call a suspension "something else," but for the United States to rejoin talks, it would have to be a fully verifiable halt, he said. The Bush administration is convinced that Iran is deceiving the world about its intentions to develop uranium enrichment for electrical power generation and believes the effort is to develop nuclear weapons, specifically warheads for Iran's medium-range missiles.

Iranian Ex-Lawmaker Alleges Torture (WP)

By Nora Boustany

The Washington Post, September 27, 2006

Ali Akbar Mousavi Khoini, a former Iranian lawmaker who has been jailed without charges in Tehran for more than 100 days, was briefly released from detention last Thursday to attend a memorial service, where he shouted out allegations of torture and other harsh treatment, according to his lawyers and other witnesses quoted by a human rights organization.

"For the past 20 days, prison officials have chained my hands and feet. I am being tortured," Khoini loudly announced to bystanders at the memorial service for Khoini's father, according to several people at the event who relayed the incident to New York-based Human Rights Watch.

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"I am held in solitary confinement and interrogated four times a day," Khoini reportedly shouted. "They wake me up in the middle of the night to interrogate me. They are trying to turn me to a mental patient." Referring to Iran's supreme leader, Ayatollah Ali Khamenei, he added, "They are forcing me to denounce my beliefs, to repent for my activities, and to ask forgiveness from Khamenei."

Calls to the Iranian mission to the United Nations in New York, seeking comment, were not returned.

Khoini, the son of a cleric and a member of Iran's reformist bloc, had long challenged Iran's judiciary and intelligence services for human rights abuses during his tenure as a legislator from 2000 to 2004. He made frequent visits to prisons and publicly searched for secret detention centers in his efforts to expose what he called inhumane practices. He was disqualified by conservative clerics from seeking reelection.

He was arrested at a rally June 12 and has been held at Tehran's Evin prison with no access to lawyers, according to Human Rights Watch officials and attorneys working for his release.

Iranian news reports said Khoini's wife, Zohreh Islamian, has not been allowed to see him for the past month and only once has been able to speak to him by telephone. At the memorial service, held to mark the 40th day after his father's death, security guards prevented Khoini from seeing his wife when he arrived, according to witnesses cited by Human Rights Watch. One of Khoini's lawyers, Mohammad Sharif, told [a] news agency in Tehran that "Khoini's wife had noticed signs of physical impact, especially on his head."

[That news agency] also quoted Sharif as saying Khoini was under pressure to write a letter requesting a pardon.

Human Rights Watch called on Khamenei to order the immediate and unconditional release of Khoini. "Iran's leaders have held Mousavi Khoini for more than 100 days without charge," according to Joe Stork, the group's deputy Middle East director. "Iran has a notorious record when it comes to getting political prisoners to 'repent' under torture," he added.

"The same intelligence apparatus that he tried to hold accountable is subjecting him to torture," Stork said. "The authorities should end this vendetta immediately and release him."

Since July 30, two prisoners incarcerated for what the Iranian government considers subversive political beliefs have died under suspicious conditions in Iranian jails, according to Human Rights Watch.

Hadi Ghaemi, another official with the group, interviewed by telephone in New York, said, "The Tehran government was looking for the opportune moment to seize him when he was spotted at a women's rally on June 12 and carried away."

Ali Afshari, a former Iranian student leader, said he was greatly pained by the report of Khoini's treatment.

Afshari, 33, who came to the United States 10 months ago and is working with the Washington-based National Endowment for Democracy, had himself served several prison terms over three years in Iran, including 400 days of solitary confinement.

"This is all very bitter," he said. "When I heard of Ali Akbar's torture, my own experience came to life. I can feel what he is going through." He and Khoini, 36, had come together 10 years ago as central committee members in the Islamic Student Association, which grouped university student activists.

The Islamic Student Association was one of the organizations created by supporters of the late Ayatollah Ruhollah Khomeini, leader of the Islamic republic, and the group later became a vehicle for reformists, like Khoini and Afshari, to challenge what they considered heavy-handed tactics by the Iranian authorities.

An online journal called Gozaar, meaning Transition, devoted to the discussion of democracy and human rights in Iran, and launched this month in Persian and English, will feature an interview with Khoini's wife and the wives of other detained political activists, according to Mariam Memarsadeghi of the group Freedom House.

Rice Gives North Korea Nuclear Talks Effort Six Weeks To Resume (AFP)

AFP, September 27, 2006

US Secretary of State Condoleezza Rice said she would travel to Asia in the next six weeks to see whether to make "one last push" to convince North Korea to return to multilateral negotiations on ending its nuclear weapons program.

North Korea agreed to join the negotiations with China, Japan, Russia, South Korea and the United States a year ago but began boycotting the talks two months later.

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Amid reports the reclusive regime could be planning its first test of a nuclear bomb, Rice said in an interview released Monday that time was running out to bring North Korea back to the negotiating table.

"This current situation isn't really acceptable," she said in the interview with The Wall Street Journal, a transcript of which was released by the State Department.

She said a UN Security Council resolution adopted unanimously after North Korea carried out a series of missile tests in July "sent some shockwaves through the North."

The resolution demanded that Pyongyang stop missile-related activities, confirm its moratorium on missile launches and return unconditionally to the six-way talks.

Rice said in light of North Korea's continued refusal to return to the negotiating table, further action was needed.

"We are in discussions now with South Korea, Japan, and I suspect I'll go to Asia sometime in the next month to six weeks, probably next six weeks or so, to take stock and see whether or not one last push to get the six-party talks back on can be made," she said.

North Korea said its boycott of the six-party talks was a reaction to financial sanctions imposed by the United States on a Macau bank allegedly used to launder money and finance illicit North Korean activities.

Since July's UN resolution, Japan and Australia have also imposed sanctions on firms suspected of involvement in North Korean weapons programs.

Pyongyang has also demanded that Washington engage it in direct negotiations, rather than deal only through the six-party forum.

While Washington has rejected direct negotiations, Rice said her top envoy on the North Korea issue, Assistant Secretary of State Christopher Hill, has met with his North Korean counterpart on the sidelines of previous six-party meetings.

"We've had situations where the night before the six-party talks, a couple nights before, Chris Hill sat with his North Korean counterpart and talked," she said.

"There's no absence of an opportunity to talk, it's that the North Koreans haven't been willing to show up at the forum in which to talk," she said.

Rice said that in the meantime, Washington would continue its financial measures "because they do relate to illicit North Korean activities."

Rice also sought to counter suggestions of a growing rift between the United States and South Korea over how to approach the crisis, with Seoul seen as favoring more diplomacy rather than threats of sanctions against its volatile neighbor.

"South Korea has been more helpful than you might think," she said.

She said South Korea had told allies during meetings on the sidelines of the UN General Assembly here last week of efforts it was making to put pressure on the North, including cutting back badly needed food assistance and fertilizer supplies.

She said those measures could be intensified and threaten overall North-South economic ties if North Korea goes ahead with the rumored nuclear weapons test.

"The South Koreans have been very clear, if the North were somehow to have a nuclear test, to have a missile test, that would put a lot at risk in their relationship," she said.

Israel Sets Goal Of Pulling Troops Out Of Lebanon By Sunday (NYT)

By Steven Erlanger

The New York Times, September 27, 2006

TEL AVIV, Sept. 26 — Israeli troops are expected to be out of Lebanon before the Jewish holy day of Yom Kippur begins on Sunday night, according to Israeli officials and the United Nations after a meeting in Naqura, Lebanon, on Tuesday.

“It is my belief that with the necessary cooperation by both parties we should see the I.D.F. leave south Lebanon by the end of this month,” Maj. Gen. Alain Pellegrini, commander of the United Nations forces in Lebanon, said of the Israeli Defense Forces.

In Jerusalem, the Israeli defense minister, Amir Peretz, told Parliament that Israel hoped to complete its withdrawal from Lebanon under a United Nations resolution “during this week or at the latest several days later.”

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Mr. Peretz said Israel wanted reassurances about the rules of engagement for both the United Nations and Israel in the case of cease-fire violations by the Shiite militia group Hezbollah.

Later Tuesday, however, Israeli officials suggested that some of those issues remained unresolved, including how to deal with protests along the border and whether the United Nations forces would act against Hezbollah if necessary or simply inform the Lebanese Army about violations.

The resolution, passed some six weeks ago, put an end to 34 days of fighting between Hezbollah and Israel that included bombings of southern Beirut and some 4,000 Hezbollah rockets fired on the cities of northern Israel.

Israel had said it wanted to leave Lebanon by the end of last week, before the Jewish New Year, but delayed, saying the United Nations forces, which are supposed to reinforce the Lebanese Army, were not up to strength. They number barely more than 5,000 now, only about 3,000 more than when the war ended and far short of the 15,000 called for under the resolution.

But the Israeli Army also did not want to pull out of Lebanon before a big Hezbollah rally last Friday, when its leader, Sheik Hassan Nasrallah, appeared in public for the first time to declare a divine victory.

Israel also said it would continue aerial surveillance over Lebanon to prevent the resupply of weapons to Hezbollah until the resolution was fully carried out. That includes the release of two captured Israeli soldiers and the monitoring of the largely unmarked border between Lebanon and Syria, which helped to supply Hezbollah with sophisticated arms from Iran and Syria itself.

The United Nations forces say that such flights constitute Israeli violations of the cease-fire.

Israeli forces have now left approximately 90 percent of the buffer zone in southern Lebanon captured during the war, handing over areas to the Lebanese Army and the United Nations force.

But Israel has also left behind what United Nations officials said could be as many as a million unexploded bomblets from cluster bombs fired by artillery during the last days of the war, the United Nations said.

On Tuesday, Arjun Jain of the Office of the United Nations High Commissioner for Refugees said in Beirut that 200,000 Lebanese displaced by the Israel-Hezbollah war were being delayed from returning home because of the unexploded bomblets.

"Displacement is going to continue for many months to come," Mr. Jain said.

Since the cease-fire, 14 Lebanese have been killed and 90 injured by the bomblets, the United Nations said, while about 40,000 of the bomblets have been cleared. The officials estimate that about 40 percent of the cluster bombs failed to explode.

In one of a series of New Year interviews, Prime Minister Ehud Olmert has again dismissed the idea of peace talks with Syria. "As long as I serve as prime minister, the Golan Heights will remain in our hands because it is an integral part of the state of Israel," Mr. Olmert said.

Israel captured the strategic plateau in the 1967 war and unilaterally annexed it in 1981. Some Israelis have suggested that given the threat from Iran, Israel should accept a Syrian offer for peace talks to try to wean Syria, a Sunni country, away from its alliance with Tehran.

In an attack on Tuesday, Palestinians fired rockets into Sderot, wounding a soldier. [(A news organization) reported that hospital officials said Israeli forces bombed a house in Rafah in the Gaza Strip on Wednesday, killing a teenage Palestinian girl in a nearby building and wounding 10 others.]

In Gaza, hopes for a unity government including Hamas and Fatah dimmed a bit more when a prominent Hamas leader, Mahmoud Zahar, said, "We won't recognize Israel and the previous signed agreements."

He added, "Such agreements have been a burden to Palestinian daily lives, and the government won't let Israel's hand strike against us in all directions while we depend on unfruitful negotiations."

The Palestinian president, Mahmoud Abbas, is expected to travel to Cairo for talks with the Egyptians.

Bush Signs US-Oman Trade Pact (AFP)

AFP, September 27, 2006

US President George W. Bush signed the US-Oman Free Trade Agreement, the fifth such extensive trade pact with a Middle Eastern country since he took office.

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US Trade Representative Susan Schwab said in a statement that the accord was "good news for the United States, Oman, and our efforts to promote economic opportunity in the Middle East."

"The agreement also marks a milestone in strengthening ties and promoting freedom in the Middle East," she said after Bush signed the accord into law.

The FTA with Oman is part of an effort by Washington to create a Middle East Free Trade Area (MEFTA) by 2013, building on existing agreements with Israel, Jordan, Morocco and Bahrain.

Bush has said he wants greater trade with the Middle East not just for the commercial benefits to US companies but for the political openness he believes could result in one of the world's most restive regions.

Critics led by Democratic opponents in Congress have argued the Oman trade pact would erode labor rights both in the United States and in other countries.

Korean Leads Race To Succeed Annan (WT)

By Betsy Pisik

The Washington Times, September 27, 2006

NEW YORK -- The race for United Nations secretary-general is moving into its final weeks with South Korean Foreign Minister Ban Ki-moon well in front, but the late entry of Latvian President Vaira Vike-Freiberga, who would be the first woman in the post, muddles the odds.

Seven declared candidates are now in the running to succeed Kofi Annan in January, and more could enter. They include a U.N. official who writes novels, the deputy prime minister of a recently deposed government, an ambassador with a passion for disarmament, a prince with peacekeeping experience, and a former World Bank executive from a shattered nation.

All the declared candidates are from Asia -- which under an informal rotation system expects to field the next secretary-general -- except Mrs. Vike-Freiberga, whose candidacy could sink on the geographic considerations despite the fact that several nations would like to see a woman in the post.

China, a veto-wielding permanent member of the U.N. Security Council, signaled early that it would not accept a candidate from a country outside Asia.

Singapore's ambassador to the United States, Heng Chee Chan, has been widely mentioned as a highly qualified Asian woman who could satisfy nearly everyone. She is well- thought-of by Washington, and regarded as particularly strong in trade and economic issues, and familiar with the United Nations, having been the Singaporean ambassador to the world body before she came to Washington a decade ago. But she and her government insist that she is not a candidate.

Mrs. Vike-Freiberga's prospects will become clearer after a straw poll among Security Council members tomorrow. Mr. Ban topped two previous polls.

The Asian and African groups agree that the next secretary-general must be from Asia. Washington appears to have accepted that it cannot win approval for someone outside Asia, however qualified, without a bruising fight.

New candidates can still come forward until the Security Council members make their selection, something they hope to do in the next three weeks. Under U.N. rules, the council chooses a single candidate whose selection must be ratified by the General Assembly.

Mr. Annan steps down at the end of the year after a decade in a job that frustrates description. The U.N. secretary-general is both an administrator and mediator, a global conscience and a figurehead.

The job pays approximately $275,000 a year, with a mansion overlooking the East River in Manhattan. Unless one of the five permanent members of the Security Council wants the secretary-general out, the successful candidate can expect to serve a second five-year term.

The Americans have made clear that they want someone who will be more "secretary" than "general," with excellent management skills and a commitment to transparency and fiscal reform. "A decaffeinated Kofi Annan," as some have put it.

Based on their resumes and public statements, candidates who fill that description include the front-running Mr. Ban, a soft-spoken South Korean who has promised to heal rifts between member states and pursue efforts to streamline the 61-year-old international organization.

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His public persona is more soothing than passionate, leading some private organizations to worry that he would not challenge governments on human rights and other internal issues. He is increasingly seen as the candidate the five veto-bearing permanent members can live with, rather than anyone's first choice.

Ashraf Ghani, 57, a new entrant who was Afghan finance minister during the post-Taliban period, also may have some traction. He drafted a reconstruction plan that raised nearly $30 billion in 2001, and is well-known to State Department and White House officials. American educated, he also has had a global career at the World Bank.

But he is not nearly as well known as Shashi Tharoor, the telegenic Indian author and U.N. communications czar who placed second in the last straw poll. Mr. Tharoor, 50, has been campaigning vigorously, courting foreign officials, American Jewish groups and worldwide popular opinion.

Mr. Tharoor's dedication to the United Nations the past 25 years may work against him, because U.S. and British diplomats say a career officer may not be the best person to reform the organization.

Surakiart Sathirathai, 48, the former deputy prime minister of Thailand, has been lining up support for almost two years, a campaign that was derailed by a coup in his homeland last week.

His formal support from the Association of Southeast Asian Nations has effectively shut out candidates from nine other nations, including Singapore's Mrs. Chan. Nonetheless, council ambassadors want more candidates to come forward to give them a wider choice.

After Annan, What Kind Of UN Leader? (CSM)

By Howard Lafranchi

The Christian Science Monitor, September 27, 2006

UNITED NATIONS, N.Y.

As Kofi Annan prepares to wrap up 10 years at the helm of the United Nations, admirers say the soft-spoken Ghanaian has overseen an expansion of the secretary-general's role into "the world's top diplomat."

Critics are more apt to point to the deteriorating esteem that much of the world holds for its largest international organization, or to the scandals that have rocked its walls, and conclude that a truer moniker might be "world's worst manager."

Now, as Mr. Annan approaches the end of his second five-year term in December, his accomplishments and shortcomings are defining the search for his successor, who could be selected as early as next month. Does the world need most a globe-trotting arbiter and executive - or someone who will put the house in order?

Two schools of thought have opened up on what the next secretary-general should be, says Edward Luck, a UN expert who teaches at Columbia University in New York: "a spokesman for the world, a kind of secular pope," or "someone who learns the lesson of Kofi's legacy and is careful not to overstretch the bounds of the office - but focuses instead on managing and leading the institution."

While candidates are already campaigning for the post, no consensus has formed around any one of them - in part because UN members, in particular on the powerful Security Council, have different views of what is most needed for the job.

Almost no one challenges the notion that Annan has presided over the UN during a decade of deep global change, or that an institution gathering 192 nations under its umbrella has evolved from the world's biggest convener of conferences to much more of a "doer" organization - managing more peacekeepers than ever, spearheading development efforts, fighting AIDS.

"The UN under Kofi Annan has begun to adapt to a very different world and a very different mission" than that of the world body's first half century, says Lee Feinstein, a UN expert at the Council on Foreign Relations in Washington. "It's much less a talk shop, much more a place that does things."

But the UN's reputation is also badly tarnished in the wake of the oil-for-food probe and other scandals. Some critics believe the UN under Annan has aligned itself too closely with American foreign policy, while others, notably among US conservatives, say Annan has presided over the transformation of the UN into a den of inefficiency, corruption, and anti-Western thinking. President Bush recently noted that support for the UN among Americans is at it lowest level ever.

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Annan has not shied away from addressing previously "taboo" topics for the secretary-general, such as the promotion of democracy, individual rights versus those of government, the individual's right to protection, inequitable wealth distribution, and genocide, Mr. Feinstein says.

Yet despite that, the UN has suffered from failing to operate effectively or efficiently as it has expanded its workload, he adds. "And part of that is because Kofi Annan has not been an effective and efficient manager," he says.

That view, widely held among Annan admirers and detractors alike, has led many analysts to conclude that what the UN needs most now is not so much the "world's top diplomat" as a manager with a laser focus on internal operations who will make the organization work better.

"Yes, you need the well-respected international figure, but beyond that, what is needed as secretary-general is someone who is tremendously focused on reforming a highly flawed institution," says Nile Gardiner, an expert in international institutions at the Heritage Foundation in Washington.

"You need someone who won't just preside over a deep well of corruption but will dig in and do something about it," he adds, "someone who will challenge time-honored practices like hiring and promotion rules that too often yield the lowest common denominator."

Annan did launch a major reform effort in March 2005 that was to be the capstone of his tenure. But to some observers, it was fanciful to think that an ambitious overhaul including broad management reforms, expansion of the Security Council, and the addition of new tasks could be accomplished in the wary and distrustful atmosphere of the post-Iraq-invasion period.

"No one thought it was a propitious moment for such a wide-ranging undertaking," says Professor Luck of Annan's reform agenda. "When oil-for-food hit, he should have pared it down to focus on management," he says, adding, "Kofi is a decent man with many talents, but managing people isn't one of them. He seems to want everyone to like him."

Though it was hardly the sole responsibility of Annan, management reform stalled last year and is unlikely to go anywhere by December - and that means it will fall on the plate of whoever replaces Annan.

"Fiscal management, patronage within the UN system: Those are issues that Kofi Annan tried to address but that the next secretary-general will have to pick up," says Karl Inderfurth, a former State Department official who now teaches international relations at George Washington University in Washington.

While he agrees that management will have to be fixed if the UN is to succeed at its many and multiplying tasks, he says the next secretary-general will have to be mindful as well of the world's greater expectations of the UN in global security.

"Especially in the years of Kofi Annan, the world has come to look at the UN as the global 911," Mr. Inderfurth says, "So the new secretary-general will come in having to deal with those expectations."

That will mean tackling the thorny issue of Security Council reform, something Annan attempted but got nowhere with fast. For starters, says Inderfurth, who is a former US undersecretary for South Asian affairs, that will mean adding two new Asian members, Japan and India, to the Council's five permanent members, with other members likely to be added.

Annan "didn't get the updating of the Security Council that he wanted," Inderfurth says, "but it's something his successor will have to accomplish if the UN is to reflect not the world of the cold war but the world of the 21st century." Who's who in the race to be next UN chief

As the hunt for the next secretary-general at the United Nations heats up, the latest question to dominate the deliberations is this: Does it hurt a candidate if his country has just undergone a military coup?

Surakiart Sathirathai, Thailand's ousted deputy prime minister and one of seven announced candidates to succeed Kofi Annan, should know the answer this Thursday, when the 15-member Security Council takes another in a series of straw polls on the secretary-general's race.

In the last informal vote earlier this month, Mr. Surakiart came in third - but that was before military leaders overthrew Thailand's elected government, including him. Since then, the military leaders have said they support Surakiart's candidacy. But China - a veto-wielding member of the Security Council - has said the coup "complicates" the Thai's campaign to lead the UN.

If Surakiart is down, then it would seem to follow that other candidates are up. They include South Korean Foreign Minister Ban Ki-Moon, generally considered the leading contender; Shashi Tharoor of India, a longtime UN diplomat and currently the UN undersecretary-general for public information, who came in second in the last straw poll; Jordan's UN Ambassador Prince

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Zeid Raad Zeid al-Hussein, who played a key role in establishing the International Criminal Court; and Jayantha Dhanapala of Sri Lanka, a former UN undersecretary-general for disarmament affairs.

Two candidates have emerged since the last straw poll on Sept. 14: Afghanistan's former finance minister, Ashraf Ghani; and Latvian President Vaira Vike-Freiberga.

Some countries say the eventual winner may not have even emerged yet - though UN ambassadors hope to settle on a candidate in October and avoid a repeat of the down-to-the-wire election of Mr. Annan in 1995. He vacates his post at the end of the year.

Attention in the selection is focused on the 15-member Security Council, because the Council sends its nominee to the 192-member General Assembly for an up-or-down vote.

All the announced candidates to date are from the Asia region, except Ms. Vike-Freiberga. That is in line with a UN tradition of rotating the regions represented in the secretary-general's office - a rotation that would dictate an Asian holding the next five-year term.

China is known in the halls of the UN headquarters in New York to be pressing strongly for the tradition to be followed - and many outsiders agree, saying the economic and political rise of Asia warrants an Asian holding the job. On the other hand, the United States, which has not yet made any preference known, has said the best candidate should hold the job regardless of regional origin.

One thing seems certain, however: The next "SG," as UN regulars refer to the organization's chief, won't be Bill Clinton.

Rumors flew a year ago that the globally popular former American president was a top contender for the post, but since then, Mr. Clinton has poured cold water on the idea.

Japan Vows To Step Up Bid For Security Council Expansion (AFP)

AFP, September 27, 2006

Japan has vowed to pursue its campaign for reform of the UN Security Council from which it hopes to secure a permanent seat on the key body despite opposition from some of its neighbours.

Giving Japan's speech to the UN General Assembly, the country's UN envoy Kenzo Oshima said the Security Council risked seeing its credibility further damaged if it did not change.

"Perhaps a limited few might find it in their interest to leave the Security Council configured in the way it was in 1945," Oshima said.

"It is clear, however, that no-one stands to gain from the waning credibility of the council that failure to reform it could entail."

The current council has five permanent members -- Britain, China, France, Russia and the United States -- each of which can veto any resolution passed by the body.

Japan, Germany, India and Brazil have pressed to become permanent members but opposition has come from the United States and China.

"The need for a more effective, representative and transparent Security Council that can live up to the demands of the new century is not a mere rhetoric but is real and urgent," said Oshima.

He added that most countries wanted change "with a sense of urgency" and "Japan is determined to continue to take the initiative in this critical endeavour."

The United States has said it favours Japan's permanent membership of the council but China has expressed opposition, because of Japan's wartime past.

North Korea spoke strongly at the assembly against Japan becoming a permanent member.

The North's Deputy Foreign Minister Choe Su Hon said Tuesday: "With regard to the expansion of permanent membership, a country like Japan, the war criminal which invaded Asian countries and committed a massacre of innocent people, but has been distorting its aggressive history instead of liquidating it, should never be allowed to become a permanent member."

New Premier Seeks A Japan With Muscle And A Voice (NYT)

DOJ_NMG_0069945

By Martin Fackler

The New York Times, September 27, 2006

TOKYO, Sept. 26 — In his first act after being installed as prime minister, Shinzo Abe, a popular nationalist who has vowed to make Japan more assertive globally, appointed a cabinet on Tuesday packed with social conservatives and foreign-policy hawks.

Mr. Abe, 52, bowed deeply in front of lawmakers after winning 339 votes in the 476-member lower house, which selects the prime minister.

Earlier in the day, Mr. Abe's predecessor and political mentor, Junichiro Koizumi, vacated the prime minister's residence in central Tokyo after nearly five and a half years. Mr. Abe had been virtually guaranteed to succeed Mr. Koizumi, 64, since winning last week's leadership election in the Liberal Democratic Party, which has governed Japan for most of the past half-century.

Mr. Abe is Japan's youngest prime minister since World War II and the first to be born after the war. His ascension appears to be a changing of the guard in a country that has kept a low profile in international affairs since its defeat in 1945. He enters office riding a crest of popularity, as his message of renewed national pride has found followers amid the resurgence of Japan's long dormant economy.

"Japan must be a country that shows leadership and that is respected and loved by the countries of the world," Mr. Abe said Tuesday in his first news conference as prime minister. "I want to make Japan a country that shows its identity to the world."

At the same time, Mr. Abe (pronounced AH-bay) said he wanted to improve relations with South Korea and China, which soured after Mr. Koizumi paid visits to a Shinto shrine honoring Japan's war dead.

Mr. Abe called on the leaders of South Korea and China to meet with him, something both countries refused to do with Mr. Koizumi. So far, Mr. Abe has been vague about whether he will visit the shrine.

He told reporters that one goal of his administration was to revise Japan's pacifist Constitution, written after World War II by American occupation forces, to permit a full-fledged military. He also indicated that he favored closer military cooperation with Washington. These goals have alarmed many here who worry that any upgrading of the status of the armed forces could damage ties with Asian neighbors, which fear a revival of Japanese militarism.

After winning leadership of the governing party last week, Mr. Abe reportedly spent several days holed up in his country retreat near Mount Fuji, drawing up his cabinet. His choices, said Tomoaki Iwai, a professor of politics at Nihon University, and others, gave a decidedly hawkish bent to the new administration.

Mr. Abe increased the number of advisers to the prime minister, adding new posts for national security, education and the issue of Japanese citizens kidnapped by North Korea. Many of his appointees are in their 50's, a decade younger than most cabinet ministers in the past.

One of the most watched appointments was to the new job of national security adviser, which went to Yuriko Koike, 54, a former television reporter. Ms. Koike has been a vocal supporter of the economic sanctions on North Korea linked to its refusal to provide more information on the fate of Japanese citizens kidnapped two decades ago.

Another was the education adviser, Eriko Yamatani, 56, a critic of sex education and the teaching of "excessive" equality of the sexes in schools.

The new state minister in charge of sex equality, Sanae Takaichi, 45, has opposed allowing women to have different legal family names from their husbands, a freedom women sued to win in the late 1980's.

The defense agency chief, Fumio Kyuma, a 65-year-old party veteran and a friend of Mr. Abe's, and the foreign minister, Taro Aso, 66, who ran against Mr. Abe in last week's leadership vote, retained their positions.

There are few political heavyweights in top economic posts, reflecting what some economists and political scientists said was a shift in priorities toward foreign policy and national security. Mr. Koizumi, in contrast, filled economic posts with prominent reformers like Heizo Takenaka, a former economics professor credited with fixing Japan's debt-ridden banking system.

Mr. Abe said he wanted to continue Mr. Koizumi's market-oriented reforms but also pledged to fight the growing discrepancies in incomes and opportunities that they have helped create. Mr. Koizumi's critics blasted him for turning egalitarian Japan into an American-style society of winners and losers.

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But Mr. Abe seemed to speak most forcefully on security issues, and on the need for Japan to have a larger voice in global affairs. One of his goals, he said, will be getting Japan a permanent seat on the United Nations Security Council.

Japan PM Vows To Speed Up Reforms (FT)

By David Pilling

Financial Times, September 27, 2006

Shinzo Abe, Japan's new prime minister, named a cabinet of mainly like-minded conservatives on Tuesday. The line-up reflects the priorities of his ruling Liberal Democratic party as well as his own desire to surround himself with ideological friends.

Analysts said the cabinet of Mr Abe, who was sworn in by parliament on Tuesday, reflected an independent streak, though not as much as his predecessor Junichiro Koizumi, who revelled in ignoring party protocol and bringing in outsiders.

Mr Abe named 11 freshmen to his cabinet, signalling a generational shift. At 52, he is the first prime minister born since the war and the youngest in 65 years.

Youngsters – by Japanese standards – in the cabinet and among senior party officials include Yasuhisa Shiozaki, 55, chief cabinet secretary, Shoichi Nakagawa, 53, LDP policy chief, and Nobuteru Ishihara, 49, deputy secretary-general.

Mr Nakagawa, in particular, is considered close to Mr Abe, sharing views that Japan needs to defend its national interest more vigorously, rewrite its US-written pacifist constitution and make education more patriotic.

Mr Shiozaki, another close friend, will also have special responsibility for people kidnapped by North Korea, an emotive issue that helped propel Mr Abe to the top slot.

On the economy, Mr Abe balanced youth with experience, nominating Koji Omi, 73, a former trade ministry bureaucrat, as finance minister. Mr Omi, who rallied older parliamentarian support for Mr Abe, will be expected to seek spending cuts in line with the premier's pledge to trim bureaucratic fat before considering tax increases.

Kaoru Yosano, the economy and financial services minister tipped for a top cabinet post, was passed over, possibly because his reputation as a fiscal hawk conflicted with Mr Abe's emphasis on promoting growth, analysts said.

Takao Toshikawa, a political commentator, said the cabinet was largely in Mr Abe's image and not unduly influenced by LDP backroom dealing – the way cabinets were formed before Mr Koizumi. It was stacked with people who might be seen as "neo-cons or rightwingers", Mr Toshikawa said, but he stressed that Mr Abe's conviction politics were tempered by a strong streak of pragmatism.

The new prime minister, for example, had sent strong signals to China about getting relations back on track. No summits between the leaders of Asia's two biggest economies took place during Mr Koizumi's 5½ year tenure, largely over the issue of Mr Koizumi's visits to a controversial war memorial.

As foreign minister Mr Abe stuck with Taro Aso, the incumbent, who ran against him for the premiership. Mr Aso is considered a hawk not obviously suited to the role of improving relations with China, but he has emphasised his willingness to meet Chinese leaders without conditions.

Mr Aso has also floated what he says are long-term solutions to the diplomatic controversy over the Yasukuni shrine.

Abe's Cabinet Picks Indicate A Steady Course (WSJ)

By Yuka Hayashi

The Wall Street Journal, September 27, 2006

New Prime Minister Vows to Concentrate On Economy, China

TOKYO -- Shinzo Abe was elected prime minister of Japan yesterday and announced a cabinet lineup that indicated he would follow many of the policies of his predecessor, Junichiro Koizumi.

Mr. Koizumi's five years in power were defined by moves to reduce the size of the government -- through spending cuts and privatization programs -- and to give Japan a more-assertive foreign policy. Yesterday, Mr. Abe pledged to speed up these fiscal overhauls to keep the country's economic recovery on track, and to improve ties with China.

Eurasia Group's Ross Schaap explains2 the economic issues facing Japan's youngest prime minister, Shinzo Abe, who was elected Tuesday.

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The new prime minister appointed some old hands for foreign and defense posts, but he made some unexpected choices for important economic positions. The economy minister will be Hiroko Ota, who sat on the Council on Economic and Fiscal Policy during Mr. Koizumi's term, when the committee decided major economic policies. She also has close ties to Heizo Takanaka, who was the architect of Mr. Koizumi's economic policies but is leaving politics.

Mr. Abe's finance minister will be Koji Omi, 73 years old, a long-serving politician who has held various economic jobs in the government in the past, though not for several years. As economy-planning minister in 1997, Mr. Omi wrongly predicted that Japan's economy would recover "around the time cherry blossoms bloom" in the spring. Japan's economy continued to deteriorate for years.

"Most of these names will be unknown to a foreign audience," wrote Richard Jerram, an economist for Macquarie Securities, in a report. He speculated that the appointments could indicate that economic policies "will not be an important focus for the new administration."

Mr. Abe reappointed Taro Aso as foreign minister. Mr. Aso, who was one of Mr. Abe's contenders for the premiership, will assist the new prime minister as he strives to repair relations with China and South Korea. These ties soured under Mr. Koizumi's rule partly because he paid annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as wells as conscripted soldiers.

Mr. Abe is a supporter of the shrine and has paid his respects there in the past, but he hasn't said whether he will visit as prime minister.

Mr. Aso, who also has visited Yasukuni in the past, has suggested bringing the shrine under government control, a move that might help defuse the controversy surrounding it.

Mr. Abe is also an advocate of close military ties with the U.S. and a bigger military role for Japan -- both policies that Mr. Koizumi promoted. Fumio Kyuma, who served as defense minister from 1996 and 1998, was appointed to that post for a second time.

Mr. Abe had been voted leader of the ruling Liberal Democratic Party last week, and yesterday, both houses of Parliament elected him prime minister. At 52, Mr. Abe is set to be the nation's youngest prime minister since World War II.

After being voted LDP president last week, he pledged to continue with Mr. Koizumi's economic policies of reining in public spending while generating higher tax revenues through strong economic growth.

Yesterday, Mr. Abe took the symbolic step of cutting his own pay by 30% to help trim the budget.

In Valedictory Speech, Blair Declines To Name Departure Date (NYT)

By Alan Cowell

The New York Times, September 27, 2006

MANCHESTER, England, Sept. 26 — With some wisecracks and familiar rhetorical flourishes, Prime Minister Tony Blair delivered his final speech as Labor leader to the party's annual conference on Tuesday, saying it was "hard to let go" but "right to let go."

He offered no formal endorsement of his presumptive heir, Gordon Brown, however, and did not set a date for his own departure, suggesting that he would pursue a Middle East peace initiative and other projects for "months" to come.

Mr. Blair's appearance was his first major address since he bowed three weeks ago to a sustained campaign by Mr. Brown's supporters to force him to step down. At that time, he said he would leave office within a year. The power struggle left both men politically bruised.

The speech was closely watched for signs that they had reached some kind of peace, particularly since Mr. Brown offered Mr. Blair fulsome praise in a similarly scrutinized speech on Monday.

Mr. Blair described Mr. Brown, his longtime rival, partner and would-be successor, as "a remarkable man. A remarkable servant to this country."

"I know New Labor would never have happened, and three election victories would never have been secured, without Gordon Brown," he said as Mr. Brown, the chancellor of the exchequer, sat close by against a flame-red backdrop. The two men did not shake hands after the speech, suggesting there was little warmth between them.

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Some delegates leaving the hall said Mr. Blair had been less than generous to his finance minister, who has presided over sustained economic growth. "Gordon gave more to Tony than Tony gave to Gordon," said one delegate, Peter Riddle, from the northwestern city of Carlisle.

Others said Mr. Blair had delivered a fitting farewell for loyalists, like Maurice Epstein, a Labor activist from Brighton, who called Mr. Blair "my God, the greatest prime minister." He added, "I'm heartbroken that he's going."

For many Laborites the valedictory address — choreographed as much as a victory rally as an adieu — offered the beginnings of a transition after almost a decade in power, during which Mr. Blair alienated voters because of his support of the White House in Iraq, Afghanistan and the campaign against terrorism. Some said Mr. Blair should announce a date to leave soon.

"Gordon Brown needs no acclaim from Tony Blair because he's the leader in waiting," said Steve Barber, a Labor Party member from Nottingham, in the English Midlands. "It would be better if Tony Blair named a date, sooner rather than later. His one failing was Iraq, and it was an error that I still hold against him."

British newspapers on Tuesday trumpeted an episode on Monday when, according to the Bloomberg news agency, Cherie Booth, the wife of the prime minister, was overheard remarking that Mr. Brown was a liar for saying it had been a privilege to work under Mr. Blair.

Bloomberg said it stood by the article. British officials denied it, but the episode illustrated what even Mr. Blair indicated Tuesday was a rocky relationship between Ms. Booth and Mr. Brown, whose office is next door to the Blairs' on Downing Street. "At least," Mr. Blair said in his speech, "I don't have to worry about her running off with the bloke next door."

Mr. Blair's speech drew longer and more passionate applause than Mr. Brown's address on Monday, emboldening some of the prime minister's followers to say that he should not be hurried out of office, as Mr. Brown's supporters had been seeking. "I don't really see why he should go before the next conference," said Marsha Healy, a Labor party member from Manchester.

Mr. Blair's deft handling of the Labor crowd — drawn from a party that supposedly wants to be rid of him — showed the extent to which Labor has relied on his oratory as a vote winner. Supporters held up placards with slogans like "Too young to retire," and ''Things got better."

Mr. Blair used his speech to try to energize the faithful to fight and win a fourth election, possibly in 2009. "The scale of the challenges now dwarf what we faced in 1997," he said, referring to the year Labor came to power. "In 1997, the challenges we faced were essentially British. Today, they are essentially global."

Mr. Blair dwelt on the campaign against terrorism, saying, "We will not win until we shake ourselves free of the wretched capitulation to the propaganda of the enemy, that somehow we are the ones responsible. This terrorism isn't our fault. We didn't cause it."

He also defended actions by Britain as an ally of the United States in Afghanistan and Iraq. "If we retreat now, hand Iraq over to Al Qaeda and sectarian death squads and Afghanistan back to Al Qaeda and the Taliban, we won't be safer. We will be committing a craven act of surrender that will put our future security in the deepest peril."

Blair In Tough And Tender Farewell (FT)

By James Blitz

Financial Times, September 27, 2006

Tony Blair on Tuesday bade farewell to the Labour conference with a tough but tender speech, declaring he loved his party – but that it must not retreat into a leftwing "comfort zone" of politics after he is gone.

In a dazzling final address to the Labour conference that left many delegates in tears, the prime minister said he wanted to heal the divisions with Gordon Brown, the chancellor, whom he praised as "a remarkable man, a remarkable servant to this country".

In spite of accusations that Mr Blair has been forced out in a coup orchestrated by the chancellor's allies, the prime minister told the conference: "Of course it is hard to go. But it is also right to go – for the country and for you, the party."

However, Mr Blair – as expected – stopped short of endorsing Mr Brown as his successor.

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He also declared that he wanted to stay at Downing Street into next year, saying his energies "over the coming months" would be focused on trying to boost the peace process between Israel and the Palestinians.

Mr Blair's main goal in the hour-long speech was to advise Labour on how it must set about winning the next general election – something that he described as the "only legacy that has ever mattered to me".

Mr Blair said that after a decade in power Britain was "a changed country", that the party had "changed the terms of the political debate".

But he said Britain still needed to meet the challenge of globalisation. "The British people are reluctant global citizens," he said. "We must make them confident ones."

Meeting this challenge meant his successor would have to be courageous. "A governing party has confidence, self-belief. It sees the tough decision and thinks it should be taking it."

Mr Blair outlined a string of tasks for the party in the years ahead.

On the reform of health and education sectors, he said the issue at the next election would be which party would put "the patient and the parent" first.

On foreign policy, he also insisted Labour must have the right outlook internationally. "Nothing we strive for . . . can be solved without America or without Europe," Mr Blair said.

He said that to give up these alliances would significantly reduce Britain's "power, weight and influence".

One of Mr Blair's main aims was to reject claims that he had always been a "closet Tory".

He said: "They say I hate the party and its traditions. I don't. I love this party. There's only one tradition I ever hated: it was losing."

But he drew the loudest applause when he made a quip about how his wife Cherie had reportedly expressed disgust in the middle of Mr Brown's speech on Monday: "At least I don't have to worry about her running off with the bloke next door."

Peter Mandelson, the European commissioner, said after the speech: "Once again he has shown himself to be the best politician by a mile in this country – and he always will be."

Blair: Strong Ties With U.S. Essential (USAT/AP)

By The Associated Press

USA Today, September 27, 2006

MANCHESTER, England — Prime Minister Tony Blair, in his final address to his governing Labor Party, said Tuesday that being the United States' strongest ally can be difficult, but it is crucial to stay close to the United States in the war on terrorism.

During his turbulent 12 years as prime minister, British troops were sent into battle in Iraq and Afghanistan and suicide terrorists attacked on British soil.

"Yes, it's hard sometimes to be America's strongest ally," he said. "At the moment, I know people only see the price of these alliances. Give them up and the cost in terms of power, weight and influence for Britain would be infinitely greater. Distance this country, and you may find it's a long way back."

The speech, his last at a Labor Party annual conference as party leader, was a chance for Blair to remind detractors of his accomplishments and urge his party to stay on course when he leaves office in the next year.

Under his leadership, Labor swept into power in 1997 for the first time in 18 years. He forced the left-leaning party into the center and emphasized such issues as health care, fiscal discipline and crime fighting. Blair, 53, and Labor were re-elected in 2001.

He noted Tuesday that the domestic issues that once dominated the agenda had been replaced by global challenges such as climate change, organized crime and religious extremism.

"We used to feel we could shut our front doors on the problems and conflicts of the wider world. Not anymore. The British people today are reluctant global citizens. We have to make them confident ones."

Blair's Farewell Stresses Alliance (WT/AP)

By Jennifer Quinn, Associated Press

The Washington Times, September 27, 2006

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MANCHESTER, England -- Tony Blair gave his last address to his Labor Party as prime minister yesterday, saying it is important to stay close to Washington in the fight against terrorism even though it can be hard to be the United States' strongest ally.

The 53-year-old leader acknowledged it would be difficult for him to leave office, but that it was the right thing to do.

In a wistful but forward-looking speech, Mr. Blair told the party it must remain bold if it is to hold onto power and said the only legacy he cared about was his Labor Party winning a fourth term.

Delegates, grateful for the three straight election victories to which Mr. Blair led their party, listened raptly as he spoke and frequently interrupted him with cheers. Many waved supportive placards reading "Too young to retire" and "Tony, you made Britain better."

Mr. Blair fondly recalled his start in politics as a young parliamentary candidate in 1983, and said Labor had changed the terms of debate in British politics during his time as leader.

"The truth is, you can't go on forever," he said. "That's why it is right that this is my last conference as leader."

Although Mr. Blair has long had a love-hate relationship with a party he has remade since taking its helm in 1994, he said he would always watch Labor's achievements with pride -- whether or not it took his parting advice.

Mr. Blair said fighting terrorism would remain a tough challenge for Britain in the years after he leaves office, but that it was crucial to stay close to the United States -- despite the severe political damage he suffered for his tight relationship with President Bush and his support for the U.S.-led war in Iraq.

"Yes, it's hard sometimes to be America's strongest ally," he said, adding that close involvement in the European Union could also be difficult. "At the moment, I know people only see the price of these alliances. Give them up and the cost in terms of power, weight and influence for Britain would be infinitely greater.

"Distance this country and you may find it's a long way back," he said.

Mr. Blair gave in to a fierce rebellion in the party to announce on Sept. 7 that he would step down within a year, although he has not set a date.

He offered warm praise for Treasury chief Gordon Brown, the man expected to succeed him, but stopped short of making an endorsement. Mr. Blair said Labor would never have won its three terms without Mr. Brown's contributions, but acknowledged their relationship had been strained at times.

"In no relationship at the top of any walk of life is it always easy, least of all in politics," he said. "[Mr. Brown] is a remarkable man, a remarkable servant to this country. And that is the truth."

Labor, he said, had so succeeded in remaking British politics that the opposition Conservative Party has moved away from the right and toward the center in response.

The address came a day after Mr. Brown strengthened his claim to the top job with a self-confident speech setting out a centrist vision for the party.

Blair Bids Fellow Laborites Farewell (LAT)

By Janet Stobart

The Los Angeles Times, September 27, 2006

LONDON — British Prime Minister Tony Blair took an emotional leave of his Labor Party on Tuesday with a speech that defended his transatlantic alliance with President Bush and touted his government's achievements at home.

In an address that was frequently interrupted by applause and followed by a standing ovation, Blair acknowledged recent criticisms of his foreign policy. But he told delegates at the party's annual conference in Manchester that battling terrorism meant entering into partnerships that were not easy "for a sovereign nation like Britain."

"It's hard sometimes to be America's strongest ally. Europe can be a political headache," he said in the televised remarks. "But there are not halfhearted allies of America today and no semidetached partners in Europe. And the truth is that nothing we strive for, from the world trade talks to global warming, to terrorism and Palestine, can be solved without America, or without Europe."

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Blair, 53, who announced this month that he would step down as party leader and prime minister before the next party conference in September 2007, began his address by offering thanks to "the Labor Party for giving me the extraordinary privilege of leading you these past 12 years."

He also thanked his family, particularly his wife, Cherie, using humor in an attempt to ease controversy over a comment attributed to her. Bloomberg News quoted her Monday as muttering "that's a lie" during an address by treasury chief Gordon Brown, Blair's likely political heir, as Brown spoke of his warm ties with the prime minister.

"At least I won't have to worry about her running off with the bloke next door," Blair quipped. The Brown family lives in No. 11 Downing Street, next door to the prime minister's official residence.

In a brief tribute, Blair said the party's victories in the three last national elections "would never have been secured without Gordon Brown. He is a remarkable man, a remarkable servant of the people."

Blair finished his tour of gratitude with a nod to the British people.

"Leaders lead, but in the end it's people who deliver," contributing to his government's achievements since Labor seized power from the Conservatives in 1997, he said. It was people and not politics, he said, whose efforts had created new hospitals, schools, cities and businesses.

Long applause greeted his vow that Labor would achieve a fourth term in power in national elections to be held by 2009. Before then, Brown is expected to succeed Blair as party leader and prime minister.

Compared with 1997, Blair noted, Britain's future had become more tightly bound to international politics, and that has brought new insecurities.

"Ten years ago, immigration was hardly raised and terrorism meant the IRA," he said, referring to the Irish Republican Army. "Not anymore.

"Globalization, climate change, organized crime, suicide bombers born and bred in Britain who bring carnage to the streets of London in the name of religion" are just some of the issues he said are now facing Britons.

"The British people today are reluctant global citizens; I want them to be confident ones," he said.

Britain could be still more competitive in areas such as technology, financial services and bio-science. "America does not want stem cell research. We do, we welcome it here," he said.

The war on terrorism "is a struggle that I believe will last a generation or more," he said, while rejecting the criticism that the U.S. and British military presence in Iraq and Afghanistan was encouraging Islamic militancy.

"This is not our war against Islam," he added, "this is a war fought by extremists who pervert the true faith of Islam. It is not British soldiers who are sending car bombs into Baghdad or Kabul to slaughter the innocents."

The Anglo-American alliance, and particularly Blair's strong personal relationship with Bush, is still a stumbling block for the prime minister's legacy, said Michael Cox, professor of international relations at the London School of Economics.

"For the first time since the Suez crisis of the '50s, foreign policy is a major issue behind the fall in a prime minister's popularity," Cox said. "It is a major cause of unease in the Muslim world."

Yet there was little criticism offered by the party faithful Tuesday, despite recent complaints over both Blair's foreign policy and his unwillingness to commit to a date for stepping down as prime minister.

Blair's farewell was "highly emotional but not remotely sentimental," said Charles Falconer, the lord chancellor. "He constantly challenged the party to move forward and face challenges like Middle East peace, the war on terror. We have all got to move to respond to these challenges."

In Parting Words, Advice For Labor (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, September 27, 2006

Blair Urges Perseverance In Fight Against Terrorism

MANCHESTER, England, Sept. 26 -- Prime Minister Tony Blair, addressing his Labor Party's annual conference for the last time, warned Britain that if it retreats from Iraq and Afghanistan after he leaves office, "we will be committing a craven act of surrender."

DOJ_NMG_0069952

In an emotional hour-long address, Blair spoke of a continued need for a strong alliance with the United States and for British commitment to a global fight against terrorism that "will last a generation and more."

Blair, 53, recently said he would resign within a year. Pressure in his own party has been building for him to make way for a new leader. Since he became prime minister in 1997, his sky-high popularity ratings have plummeted because of domestic scandals, fatigue with a third-term government, his backing of the Iraq war and his closeness to President Bush.

But Blair won a sustained standing ovation after a televised address that seemed like the beginning of the country's goodbye to him. "Of course, it's hard to let go," he said. Many in the audience dabbed tears. One held a handwritten sign that said "Too Young to Retire."

In what some interpreted as a reference to his much-criticized decision to go to war in Iraq, Blair said: "The British people will, sometimes, forgive a wrong decision. But you know something, they won't forgive not deciding. They know the choices are hard."

"Yes, it's hard sometimes to be America's strongest ally," Blair said. "But believe me, there are no halfhearted allies of America today." He said strong ties are needed with Europe and the United States, though "at the moment I know people only see the price of these alliances."

"Nothing we strive for, from the world trade talks to global warming to terrorism and Palestine can be solved without America or without Europe," he said. Give up these alliances, he said "and the cost in terms of power, weight and influence for Britain would be infinitely greater."

"It's sad to see him go," said Wendy Nichols, 48, a party supporter from Yorkshire.

But others at the convention of 20,000 Labor party members, journalists and guests in Manchester's city center were not won over by Blair's eloquence. "He has made a lot of mistakes," said Mary Clarkson, a city councilwoman from Oxford. "I think the time has come" for his resignation. She said she would be very happy if Gordon Brown, the finance minister and leading candidate to succeed Blair, took over.

Blair praised Brown, though the relationship between the two men has soured recently amid reports that Brown may have directed -- or at least not stopped -- his loyalists from campaigning for Blair's resignation.

On Monday, a reporter wrote that she overheard Blair's wife, Cherie, saying, "Well, that's a lie," when Brown spoke of what a privilege it has been to work with Blair. Although she denied saying those words, they became front-page headlines, reviving talk about a feud between the two men, who live beside each other in London at 10 and 11 Downing Street.

Blair brought down the house when he joked: "At least I don't have to worry about her running off with the bloke next door."

Recapping achievements of his tenure, including enacting new rights for gay couples, shepherding economic growth, reducing poverty and banning fox hunting, Blair offered what he called his "advice" to the party.

He said it needed to resist any urge to move back to the left and should keep the center ground. And, he said, it needed to be fully aware that the world had changed: "We used to feel we could shut our front door on the problems and conflicts of the wider world. Not anymore. Not when suicide bombers born and bred in Britain bring carnage to the streets of London in the name of religion."

He went on: "If we retreat now, hand Iraq over to al-Qaeda and sectarian death squads, and Afghanistan back to al-Qaeda and the Taliban, we won't be safer. We will be committing a craven act of surrender that will put our future security in the deepest peril."

He said he would "dedicate" his waning days as prime minister to trying to broker peace between Israelis and Palestinians. In a distancing from Bush administration policy, he said Britain should strive to lead in bioscience: "If America does not want stem cell research -- we do."

"He is the political phenomenon of our age," Michael Smyth, a partner at a London-based law firm, said after Blair left the stage. To many, a feeling hung in the hall that an era was ending.

The Rebranding Of British Conservatives (WSJ)

By Aaron O. Patrick

The Wall Street Journal, September 27, 2006

DOJ_NMG_0069953

LONDON -- Since David Cameron became leader of Britain's Conservative Party late last year, he has been on a marketing blitz worthy of the public-relations executive he once was.

Traveling on dog sleds, he visited a Norwegian glacier in April to demonstrate his concern about global warming. This month, he toured impoverished areas of India. He has created an "A-list" of 160 political candidates, including an openly gay soap-opera actor, whom he is pushing for seats in Parliament's House of Commons, saying Conservatives need more diversity among its representatives. The party's new logo is an oak tree, symbolizing strength and endurance.

By concentrating on social and environmental issues, Mr. Cameron hopes to shed the image of Conservatives as right-wingers determined to lower taxes for the wealthy and cut welfare. He reasons that by shifting the party to the center of the political spectrum, he will pick up swing voters who previously supported Prime Minister Tony Blair's Labour Party.

While elections are as long as three years away, it looks like Mr. Cameron, 39 years old, has the best chance in a decade to put the party of Margaret Thatcher back in government.

Mr. Blair, after nine years in office, outlasting four Conservative Party leaders, has said he will step down early next year. That will set the stage for Mr. Cameron and Mr. Blair's successor -- most likely Chancellor of the Exchequer Gordon Brown -- to go head to head in the next general election, which must be held by early 2010.

Mr. Cameron's decision to rework the Conservative Party's image came in response to surveys showing the party was seen as out of touch. Last year, polling company Populus U.K. Ltd. asked 1,509 people if they agreed with a plan to tighten immigration controls. One group was told the idea came from the Conservative Party. Another group wasn't. The latter group liked the policy more.

The findings, along with other research, helped persuade Mr. Cameron he needed to change the Conservative Party's image, or "brand," says Michael Moszynski, a director at the M&C Saatchi advertising agency who supervised the party's ads in the last election.

"When other people have said, 'We just have to work our way through our policies,' he realizes that won't be enough," Mr. Moszynski says. "His objective is to change the way people feel about the Conservative Party. That has to come before the policies." Mr. Cameron declined to be interviewed for this article.

Mr. Cameron's main policy document -- an 11-page "statement of values" -- is so generic it is impossible to know how his rhetorical shift will shape the Conservative Party's position on issues like adoption of the euro, nuclear power and health spending. The document includes the sentence: "We believe that there is more to life than money."

Mr. Cameron's efforts with British voters are paying dividends, putting his party consistently ahead of Labour in opinion polls for the first time in more than a decade. Mr. Blair, in an emotional farewell speech to Labour's annual party conference yesterday, warned the party it would lose the next national elections if it slipped leftward to satisfy its core voters instead of fighting Mr. Cameron for the center.

"David Cameron's Tories? My advice: Get after them," he said, before painting Mr. Cameron as a policy lightweight. Mr. Blair attacked Mr. Cameron for "pandering to anti-Americanism" and his professed dislike of the European Union, hesitating over whether to end Britain's moratorium on building nuclear-power stations, and promising to cut taxes as well as increase government spending.

"The Tories haven't thought it through. They think it's all about image," Mr. Blair said. "If we can't take this lot apart in the next few years, we shouldn't be in the business of politics at all."

Labour has reason to be concerned. In local government elections in May, the Conservative Party received more votes than it had in 14 years. Polls show Mr. Cameron is more popular than Mr. Blair. In a Guardian newspaper poll last week, when respondents were asked which party they would vote for with Mr. Brown as Labour leader versus Mr. Cameron's Conservatives, 31% said Labour and 37% said Conservative.

While Mr. Cameron, a former head of corporate affairs at a British television network, Carlton Communications PLC, had a privileged upbringing -- he attended Eton, then Oxford, and is part a group of Conservatives known as the Notting Hill set for the tony London district where many of them live -- his message is pitched at middle-class voters. In speeches, Mr. Cameron often concentrates on education, environmental issues and social justice. He has dropped the Conservative Party's rhetoric on

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immigration, taxes and crime. He has distanced himself from the administration of President Bush, saying arguments for the war on terrorism are "unrealistic and simplistic," a big step for a party that has long been closely aligned with U.S. Republicans.

Mr. Cameron frequently bikes to work and is installing a wind turbine, solar panels and rainwater tank at his family's London home where he lives with his wife, Samantha, creative director of a luxury stationery and leather-goods shop, Smythson of Bond Street. And, in a country where health care is a huge political issue, he speaks often about his experiences in public hospitals looking after his 5-year-old son, who has cerebral palsy.

Jill Diver, a 49-year-old television engineer from North London, says she is considering voting for Mr. Cameron, ending her lifelong support of the Labour Party. "I think he genuinely believes what he says on Green issues," she says. "I think he's trying very hard, and I think he's very genuine."

His political opponents note he has yet to lay out policy details. "I think he's done a clever repositioning of his brand, but his changes are very much skin deep," says Hazel Blears, chairman of Mr. Blair's Labour Party.

Next month, Mr. Cameron will have an opportunity to detail his vision for the country when he gives the keynote speech at the Conservative Party's annual conference. He won't announce any major policies, his office says.

Washington Wire (WSJ)

Wall Street Journal, September 27, 2006

September 26, 2006, 6:44 pm

Party Games

Election year politics appear to be a common factor in splitting Republicans.

In the case of the terrorist surveillance bill, for example, the House leadership wants to give a lead role to Rep. Heather Wilson (R., N.M.), who faces a tough re-election at home and is eager to show her independence from the White House. Debate this week provides such a window, but then precludes a quick deal with the Senate. House Majority Leader John Boehner (R., Ohio) acknowledged as much today, saying it is unlikely the warrantless wiretaps legislation will get to the White House before the elections. “We would like to, but I think that might be a stretch,” Mr. Boehner said.

In the case of the stymied defense authorization bill, House Speaker Dennis Hastert of Illinois wants to add legislation that would make it easier to deport illegal aliens found to be members of criminal gangs. That’s a serious issue with Virginia House members, who turned out in support of the speaker at a news conference today. But Virginia Sen. John Warner, chairman of the Armed Services Committee, has argued that the issue shouldn’t be added at this late stage to a measure for national defense. – David Rogers

Read more: Global, Campaign 2006, Congress, Homeland Security, White House

Permalink | Trackbacks September 26, 2006, 5:29 pm

Spellings Higher Ed Plan Gets Mixed Grades

Education Secretary Margaret Spellings wants to make colleges more accountable to students and their parents, and to that end has proposed setting up an extensive database of student demographics and performance.

Charles Miller, who chaired an Education Department advisory commission, has said he envisions an approach that would require colleges to submit students’ scores on standardized tests. The panel’s report points to such examples as the Collegiate Learning Assessment, currently used by more than 100 colleges, and the Measure of Academic Proficiency and Progress, a gauge of reading, math, writing and critical thinking used by 350 colleges for their own self-assessment or accreditation.

The idea for the database has raised hackles among privacy advocates following disclosures that the Education Department shared information on student financial aid applicants with the Federal Bureau of Investigation as part of the government’s counterterrorism work.

Members of the higher education community aren’t happy, either. “We’re perplexed when she says there’s not much information on accountability,” says David Warren, president of the National Association of Independent Colleges and Universities. “Our Web sites are overflowing with information.”

Spellings argues that college is a major investment. “For most families this is one of the most expensive investments we make,” she said. “Yet there is little to no information on why costs are so high and what we’re getting in return.”

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Spellings might not have the last word. Key senators led by Mike Enzi of Wyoming, chairman of the Health, Education, Labor and Pensions Committee and Edward Kennedy of Massachusetts, the committee's ranking Democrat, warned Spellings that she could be called to the principal's office. "The draft recommendations. . .are broad and will likely require legislative action before they could be appropriately included in regulations," they wrote. –Anne Marie Chaker

Read more: Global, Education

Permalink | Comments | Trackbacks September 26, 2006, 4:25 pm

FCC Keeps Lid on Media Ownership Hearing

In a week, the five-member Federal Communications Commission is scheduled to hit the road for the first of six public hearings on the contentious media ownership issue. So far, we know the hearing will be in the Los Angeles area and it will be on Tuesday. All of the other details, including where it will be and who will speak, still haven't been released.

Media interest groups are fuming about the delay as FCC officials continue to bicker over the details. One holdup is that new Republican commissioner Robert McDowell is pressing to hold the hearing in the Los Angeles suburb of El Segundo, where his brother happens to be mayor. Other FCC officials want to hold the event closer to downtown Los Angeles, perhaps the University of Southern California campus. Details are expected to be announced late Tuesday or on Wednesday, two FCC officials said.

UPDATE: Late today, the FCC said it would hold its ownership hearing in two different places: the USC Campus from 1 p.m. to 4:30 p.m. and the El Segundo High School from 6:30 p.m. to 10 p.m. A list of panelists would be released "prior to the hearing" and the public will be able to participate "via open microphone." –Amy Schatz

Read more: Global, Business

Permalink | Comments | Trackbacks September 26, 2006, 4:04 pm

No Laughing Matter

The World Bank plans brown-bag breakfasts next week on management of public toilets in developing nations. "There are 2.6 billion people without toilets of any kind," says senior water and sanitation specialist Peter Kolsky. "If they had a latrine, I'd be a happy camper."

Neighborhood facilities are common in such cities as Nairobi and Bombay; the problem is making sure they're cleaned and maintained. "If it belongs to everybody, it belongs to nobody," Kolsky says. China, India and Kenya provide possible models for other countries.

Kolsky says he is still firming up the timing of a brown-bag lunch on fecal sludge. –Michael M. Phillips

Read more: Global

Permalink | Comments | Trackbacks September 26, 2006, 4:02 pm

Senate May Delay Vote on China Tariffs

Leading China critics in the Senate said they may again delay action on a bill to slap a big tariff on Chinese-made goods, signaling a willingness to avoid a confrontation over a long simmering currency dispute. The measure reflects wide concern on Capitol Hill with China's currency practices and is intended to raise pressure on Beijing to loosen control of the yuan. Critics contend Beijing pushes the value of its currency artificially low as part of a concerted strategy to give Chinese companies an unfair advantage in world markets.

Lead sponsors of the legislation, Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.), had been pointing toward a vote this week, raising alarms in the Bush administration that the U.S.'s free-trade credentials abroad could be undermined. But after meeting with Treasury Secretary Henry Paulson, the senators suggested they would be willing to put off action, pending further discussions with Treasury over the next day or two about the administration's new strategy engagement with China on economic issues. They stressed that no final decision had been made. –Greg Hitt

Read more: Global, Economy, Trade

Permalink | Comments | Trackbacks September 26, 2006, 2:07 pm

Puppy Love

Earlier this month, Republican Michael Steele, who's running for Maryland's open Senate seat, made a prediction:

DOJ_NMG_0069956

"Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies. And worse,'" he warned. "For the record, I love puppies."

Washington Wire loves puppies, too, and the doggie in the commercial was a cutie.

It was perhaps a little surprising that it took 11 days for Steele's prediction to come true. Today, the Democratic Senatorial Campaign Committee released a new ad which went on the air in several broadcast markets around Maryland.

"It's nice that Michael Steele likes puppies, but he's running for the United States Senate, and it's important to know where he stands on the issues," the announcer intones, before panning through photos of the candidate with President Bush, ending on a heart-shaped photo of the two together.

The ad is scheduled to run at least a week, DSCC spokesman Phil Singer said, although he declined to say how big the ad buy is.

Steele's race against Democratic Rep. Benjamin Cardin is capturing a lot of attention and money from both parties. A poll released Sunday by the Baltimore Sun, however, showed Cardin with an 11-percentage point lead over Steele. The survey of 815 likely voters put Cardin at 51% to Steele's 40%.

Steele's puppy ad was among a series of chatty, light spots that have tried to introduce him to Maryland voters as a different kind of candidate. In such a competitive election season, where it seems like every ad is already negative even though the election is still five weeks away, is humor the way to go? –Amy Schatz

Read more: Global, Campaign 2006

Permalink | Comments | Trackbacks September 26, 2006, 11:39 am

Another Week, Another Blow for Allen

It must feel like Christmas morning every day in the Arlington, Va., campaign headquarters of Democratic senatorial candidate Jim Webb.

Allen

His opponent, Republican Sen. George Allen, has battled charges of racism for calling a Webb campaign worker "Macaca" and that he denied his Jewish heritage. His campaign went into crisis PR mode, after Salon.com released a story Sunday night which featured three former football teammates at the University of Virginia accusing Allen of using racial epithets when describing black players in the early 1970s.

Allen and his campaign staff vigorously denied the charges, releasing statements from four other ex-teammates that refute the claims. But the story was picked up by national media outlets, including the Washington Post and ABC News.

In some ways, the story took a slightly more serious turn for the Allen camp last night, when well-respected (and widely, widely quoted) University of Virginia political science professor Larry Sabato told Chris Matthews on MSNBC's "Hardball" last night that "I'm simply going…to stay with what I know is the case and the fact is that he did use the n-word, whether he's denying it now or not." Reporters may not know any of Allen's former teammates, but Sabato has returned a lot of phone calls over the years.

Christopher J. LaCivita, senior consultant with the Allen campaign, told the Richmond Times Dispatch that "Allen and Sabato, who were classmates at U.Va., were not friends in college and did not travel in the same social circle." –Amy Schatz

Read more: Global, Campaign 2006

Permalink | Comments | Trackbacks September 26, 2006, 11:02 am

McClellan Deputy Is Picked to Be Acting CMS Administrator

Leslie Norwalk, deputy administrator of the Center for Medicare and Medicaid Services, has been chosen to be the acting administrator once Mark McClellan leaves the post Oct. 14. In selecting her, Health and Human Services Secretary Michael Leavitt said she "played a central role" in implementing Medicare's new drug benefit and is also helping redesign Louisiana's health care system after Hurricane Katrina.

Norwalk, a lawyer, said in an email to her agency staff today that "CMS has been my home for the past five years.… I am committed to a stable, seamless transition and will work to move forward as quickly as possible." She said that Herb Kuhn, director of Center for Medicare Management, will become her deputy. In his current job, he has been responsible for developing Medicare reimbursement policies and regulations. –Jane Zhang

Read more: Global, Health

DOJ_NMG_0069957

Permalink | Comments | Trackbacks September 26, 2006, 9:38 am

U.S. Loses Top Spot in Global Competitiveness Survey

The U.S.'s huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, a Switzerland-based institute. The Forum's annual study of global competitiveness says the U.S. is only the sixth most competitive economy in the world, slipping from first place in last year's ranking thanks to mediocre scores for its public finances.

The competitiveness study ranks countries around the world according to a range of criteria — including macroeconomic policies, market regulations, technological development, education systems and public institutions — which the Forum believes influence an economy's level of productivity, and thereby its ability to sustain economic growth over many years. The ranking combines economic indicators with the findings from a survey of business executives.

Switzerland ranks No. 1 in this year's survey, thanks to what the Forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries — Finland, Sweden and Denmark — come next, followed by Singapore and the U.S. Read the full article. –Marcus Walker

Read more: Global, Economy

Permalink | Comments (1) | Trackbacks

Senate May Delay Vote On Punitive Tariffs On China (WSJ)

By Greg Hitt

The Wall Street Journal, September 27, 2006

WASHINGTON -- Two of the Senate's leading China critics signaled a willingness to avoid confrontation in a long-simmering currency dispute, after a fresh appeal from the Bush administration to delay action on a bill to impose a hefty tariff on Chinese-made goods.

The legislation reflects widespread concern on Capitol Hill about China's currency practices and is intended to raise pressure on Beijing to loosen control of its currency, the yuan. Critics contend Beijing keeps the currency's value artificially low as part of a strategy to give Chinese companies an unfair advantage in world markets.

The lead sponsors of the legislation, Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, had been pushing for a vote this week, raising alarms in the Bush administration that action on the measure could tarnish the U.S.'s free-trade credentials.

But after meeting yesterday with Treasury Secretary Henry Paulson, the senators suggested they would be willing to delay action pending further discussions with the Treasury in the next day or two about the Bush administration's new strategy of engagement with China on economic issues. They stressed that no final decision had been made.

For both lawmakers, a critical issue in piloting the legislation is how to maximize their influence in the broader China debate. They might win a victory by forcing a vote on the legislation before Congress leaves town for midterm elections, but that victory might prove ephemeral given the uncertain fate the measure faces in the House and President Bush's opposition to it. On the other hand, carrying the issue forward into this fall's lame-duck session or into the new Congress to be seated next year might give them a better chance of continuing their sway in the debate.

Both lawmakers suggested they were impressed by Mr. Paulson's command of the myriad issues roiling the U.S.-China economic relationship and his commitment to change. "He's of the opinion the Chinese are embarking on real reform," Sen. Graham said. "It may not go as fast as we would like. But I need to absorb what he said and see if I can validate it in my own mind."

On a visit to China last week, Mr. Paulson launched a high-level dialogue aimed at addressing the flashpoints in the relationship between the two countries, including the U.S.'s currency complaints. During the visit, he held face-to-face meetings with Chinese President Hu Jintao and Premier Wen Jiabao. Treasury officials cited the sessions as evidence the new Treasury secretary is able to command the attention of Chinese officialdom in ways his predecessor couldn't.

"We're going to have to weigh this in terms of our long-term strategy of opening up China. Where America has a competitive advantage, we want to make sure that they open up," Sen. Schumer said. "We need to see real progress, and a path to progress."

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The Schumer-Graham measure, which would levy a 27.5% tariff on Chinese goods if Beijing doesn't act to relax its control of the yuan, enjoys wide support in the Senate. But Sens. Schumer and Graham have put off an up-or-down vote on the bill three times before, amid urgent appeals from the Bush administration to give the Chinese more time to move on the currency front. In contrast to previous occasions when the issue was coming to a head, the senators this time had specified that they wanted a vote this week, voicing frustration with the slow pace of action in Beijing.

Calpers Looks At Investing In China (FT)

By Anuj Gangahar And Francesco Guerrera

Financial Times, September 27, 2006

The California Public Employees Retirement System, the largest US public pension fund, is considering investing for the first time in Chinese companies, aiming both to capitalise on the country's booming economy and to raise its exposure to emerging markets.

Such a move by Calpers, which has not invested any of its $208bn (€164bn) portfolio in Chinese companies because of poor corporate governance standards, could have a ripple effect on other US public pension funds and increase demand for Chinese shares.

In an interview with the Financial Times, Russell Read, Calpers' recently appointed chief investment officer, indicated that the fund could begin by investing in Chinese companies with US or international listings through American Depository Receipts and Global Depository Receipts.

He said the pension fund's staff could recommend the strategy to Calpers' board in the coming months.

Mr Read, who shaken up Calpers' investment strategy since joining in June, said the issue of how to invest in China and other emerging markets was a primary focus for the Sacramento-based fund. "Investing properly in the emerging markets . . . is fundamental to our investment success," he said.

Calpers, which has a reputation as a tough guardian of shareholders' rights, has so far excluded China from its list of investable markets.

The list is updated yearly and is up for re-evaluation by the Calpers board in February, although permission to invest in ADRs and GDRs could come sooner.

In spite of China's fast-growing economy, its capital markets have proved disappointing to foreign investors. The local stock markets have been volatile and are closed to all but a small group of investors picked by the Chinese government.

However, several big companies, including the state oil giants Petrochina and CNOOC and telecommunications operators China Telecom and China Mobile, have listings in Hong Kong and trade ADRs in the US.

Calpers has some real estate holdings in China. Other US public pension funds also have a degree of exposure to China, although in most cases it appears to be limited to real estate.

Opera Canceled Over A Depiction Of Muhammad (NYT)

By Judy Dempsey And Mark Landler

The New York Times, September 27, 2006

BERLIN, Sept. 26 — A leading German opera house has canceled performances of a Mozart opera because of security fears stirred by a scene that depicts the severed head of the Prophet Muhammad, prompting a storm of protest here about what many see as the surrender of artistic freedom.

The Deutsche Oper Berlin said Tuesday that it had pulled "Idomeneo" from its fall schedule after the police warned of an "incalculable risk" to the performers and the audience.

The company's director, Kirsten Harms, said she regretted the decision but felt she had no choice. She said she was told in August that the police had received an anonymous threat, but she acted only after extensive deliberations.

Political and cultural figures throughout Germany condemned the cancellation. Some said it recalled the decision of European newspapers not to reprint satirical cartoons about Muhammad, after their publication in Denmark generated a furor among Muslims.

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Wolfgang Börnsen, a culture spokesman for Chancellor Angela Merkel's conservative bloc in Parliament, accused the opera house of "falling on its knees before the terrorists."

"It is a signal to other stages in Germany, or even elsewhere in Europe, to put no works on their programs that criticize Islam," he said.

The disputed scene is not part of Mozart's opera, but was added by the director, Hans Neuenfels. In it, the king of Crete, Idomeneo, carries the heads of Muhammad, Jesus, Buddha and Poseidon on to the stage, placing each on a stool.

"Idomeneo," first performed in 1781, tells a mythical story of Poseidon, or Neptune, the god of the sea, who toys with men's lives and demands spiteful sacrifice.

The cancellation of the performances fanned a debate in Europe about whether the West is compromising values like free expression to avoid stoking anger in the Muslim world.

Already in Germany, there is growing sentiment that Pope Benedict XVI may have overdone his contrition for a recent speech in Bavaria, in which he cited a historical reference to Islam as "evil and inhuman." The speech set off waves of protests in Muslim countries.

The interior minister, Wolfgang Schäuble, who has defended the pope and called for more dialogue with Muslims in Europe, said canceling the opera was unacceptable and "crazy."

Michael Naumann, a former German culture minister, said, "It's a slap in the face of artistic freedom, by the artists themselves." Mr. Naumann, now the publisher of the weekly newspaper Die Zeit, added, "The pope showed the way by being so extraordinarily apologetic."

The sulfurous public reaction prompted some people to speculate that the decision might eventually be reversed.

Ms. Harms said the "Idomeneo" production, which was first staged by the Deutsche Oper in 2003, would remain on the opera's program. It could be performed later, she said, though she would have to consider the political and diplomatic aspects of "this complex issue."

The scene with the severed heads aroused controversy among Muslims and Christians when the Deutsche Oper first staged it. But the company was not the target of any organized protests, and the Deutsche Oper put four performances on its calendar for this November.

Then, in August, came the anonymous threat.

"All this came in light of the cartoon controversy," said a police spokesman, Uwe Kozelnik. "We started to investigate and finally concluded that disturbances could not be ruled out."

While the police said they did not pressure the Deutsche Oper to cancel the opera, they supported the decision.

Berlin's chief security official, Ehrhart Körting, drew a parallel between the decision and that of German newspapers earlier this year to resist reprinting the cartoons depicting Muhammad.

"Even the German journalists' association criticized the reprinting of the cartoons because their publication could hurt the religious feelings of one group of people," Mr. Körting said in a statement.

Muslim leaders in Germany reacted cautiously. Several planned to participate in a conference on Wednesday organized by the government to foster a better dialogue with Germany's 3.2 million Muslims.

The leader of the Islamic Council, Ali Kizilkaya, told a radio station in Berlin that he welcomed the cancellation, saying a depiction of decapitated Muhammad "could certainly offend Muslims."

"Nevertheless, of course, I think it is horrible that one has to be afraid," Mr. Kizilkaya said, according to The Associated Press. "That is not the right way to open dialogue."

The head of the Central Council of Muslims in Germany, Ayyub Axel Köhler, declined to comment on the decision, saying he wanted to learn more about the circumstances.

Those circumstances appear to be in some dispute.

At a news conference on Tuesday, Ms. Harms said she broached the possibility of removing the offending scene with Mr. Neuenfels. When he resisted, she let the matter drop.

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However, a lawyer for Mr. Neuenfels, Peter Raue, said Ms. Harms telephoned the director on Sept. 9 to tell him she planned to cancel the performances. The issue of tinkering with the ending never came up, Mr. Raue said, and in any event, "you couldn't change it; it is part of the story."

The scene devised by Mr. Neuenfels puts a sanguinary ending on an opera that, in the way Mozart wrote it, ends with King Idomeneo giving up his throne to appease the god of the sea, and blessing the romantic union of his son Idamante with the Greek princess Ilia.

The severed heads of the religious figures, Mr. Raue said, was meant by Mr. Neuenfels to make a point that "all the founders of religions were figures that didn't bring peace to the world."

André Kraft, spokesman for Komische Oper, a more adventurous opera house where Mr. Neuenfels is engaged in another Mozart production, described the 65-year-old director as "a secularist who does not believe religion solves the problems of the world."

For the Deutsche Oper, the cancellation is a major crisis for a prestigious opera company that has been in transition. Founded in 1912 as the Deutsches Opernhaus, the company moved to its present building in western Berlin in 1961, opening with a production of Mozart's "Don Giovanni."

Ms. Harms was appointed director in 2004, coming from a less prominent opera house in the northern German city of Kiel. While there, she said, she faced a bomb threat to the opera house. Ms. Harms plans to present her first production, a little-known work by Alberto Franchetti called "Germania," on Oct. 15.

Some critics of the decision to cancel said it revealed the weaknesses of Berlin's generously supported cultural institutions.

"Because they are subsidized by the German state, there is a great deal of artistic independence, but also a lack of accountability and intellectual rigor," said Gary Smith, the director of the American Academy in Berlin.

The practice of updating classical operas — often with current political or social themes — is common in Germany. But the cancellation of "Idomeneo" could make this production a landmark of another kind.

"I've never heard of something like this, or even similar to it," said Nikolaus Lehnhoff, a prominent German opera director. "I have seen many politically incorrect performances in Berlin. I think the reaction to the pope's speech has sensitized the cultural scene."

Opera Canceled For Fear Of Muslim Ire (WT)

By David R. Sands

The Washington Times, September 27, 2006

Germany's top security official yesterday sharply criticized a Berlin opera house's cancellation of a performance of Mozart's "Idomeneo" for fear of Muslim reaction to a scene showing the severed head of the prophet Muhammad.

"We will tend to become crazy if we start forbidding Mozart in opera houses," German Interior Minister Wolfgang Schaeuble said on a Washington visit, calling the cancellation an "unacceptable" violation of the principle of freedom of speech.

The Deutsche Opera, one of the capital's three main opera houses, announced late Monday that it was scrubbing plans for a revival of a December 2003 production of the Mozart work.

The 1781 original told the tale of a king of Crete at the time of the Trojan War, but the production by director Hans Neuenfels inserts a scene in which the severed heads of Muhammad, Jesus and Buddha are placed on chairs alongside the head of the Greek sea god Poseidon.

When Mr. Neuenfels refused to alter the production, Deutsche Opera manager Kirsten Harms said, she canceled plans for four new shows in November after receiving a warning from police.

"We were alerted by the police that all the press publicity surrounding the play would severely heighten the security risk to this opera," she said at a Berlin press conference.

Opera house officials cited the violent reaction across the Muslim world earlier this year to the publication in several European newspapers of Danish political cartoons, which Islamic leaders say mocked Muhammad. Danish embassies and businesses were targeted and more than two dozen people died in the subsequent protests.

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"We know the consequences of the conflict over the [Danish] caricatures," Deutsche Opera said. "We believe that needs to be taken very seriously and hope for your support."

Berlin Police Chief Dieter Glietsch told a German radio interviewer that "one can find nothing wrong" in calling off the production "in a climate that's already tense between Islam and the Western world."

But Mr. Schaeuble, who oversees Germany's police and legal systems, compared the cancellation to the furor generated by some Islamic leaders earlier this month in response to an address by German-born Pope Benedict XVI at the University of Regensburg.

In an aside, the pope in his talk cited a 14th-century Byzantine emperor who criticized Muhammad for promoting violence as a way to spread the faith.

Mr. Schaeuble said some Islamic leaders "tend to use anything to go crazy." If Western officials and artists censor themselves for fear of the reaction of extremists, he added, "we will never convince anyone that freedom of speech and tolerance are a better way."

Ali Kizilkaya, head of the German Islamic Council, welcomed the cancellation, saying the sight of Muhammad's severed head on stage "would certainly offend Muslims."

But, he added in a radio interview, "of course it is horrid that one has to be afraid. That is not the way to start a dialogue."

Berlin Mayor Klaus Wowereit, federal Culture Minister Bernd Neumann and numerous other politicians criticized the opera house's decision.

"If concern about possible protests already leads to self-censorship, then the democratic culture of free speech is in danger," Mr. Neumann said.

Peter Ramsauer, head of the conservative Christian Social Union party in Germany's parliament, called the cancellation "naked fear of violence."

"That's nothing but pure cowardice," he said.

Monika Griefahn, cultural spokeswoman for the leftist Social Democrats, said, "If we weigh security issues against artistic freedom, it makes me wonder if the fundamentalists haven't already won."

Mr. Schaeuble and other German leaders will attend a major summit today aimed at promoting dialogue with Germany's 3.2 million Muslims.

Germans Jeering Opera's Bow To Islamic Extremists (LAT)

By Jeffrey Fleishman

The Los Angeles Times, September 27, 2006

BERLIN — Mozart has survived grandiose conductors and abstract interpretations, but the librettos for his operas never cast Islamic radicals threatening a skittish theater company.

On a day of messy drama and furious debate over free speech, German Opera in Berlin reaffirmed Tuesday its decision not to revive a production of Mozart's "Idomeneo" out of fear of inciting Islamic extremists over a scene showing the severed head of the prophet Muhammad.

The cancellation of a work that has run intermittently since 2003 drew a rebuke from politicians and theater critics, who regarded it as a defeat for creative expression and a victory for militant Islamists over liberal European tradition.

The opera company's decision comes as Muslim tensions in Europe have risen since the publication last year of Danish cartoon caricatures of Muhammad and recent comments by Pope Benedict XVI about Islam and violence.

"There have been no concrete terrorist threats against the opera," said Michael Nerkle, a Berlin police spokesman. "We received an anonymous call that certain scenes might be offensive to Muslims. In light of what happened against the Muhammad cartoons, it was appropriate to inform the opera house," he said, referring to the outbreaks of violence that followed publication of the caricatures.

In a terse news conference, German Opera Manager Kirsten Harms said she canceled the show after security officials informed her there would be "incalculable risks" if the production reopened in November.

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"If I would ignore this everyone would say, 'She has ignored a clear warning,' " said Harms, adding that director Hans Neuenfels has refused to restage the show. "It is always easy to say, 'This is the decision of a coward.' But as head of this opera house, I had to decide like that."

"Idomeneo" is the ancient story of the king of Crete's pact with the Greek god Poseidon to sacrifice his son. The production by Neuenfels, known for his controversial interpretations, is a meditation on enlightenment that shows the king lifting the severed heads of Poseidon, Jesus, Buddha and Muhammad to suggest that overreliance on religion can endanger the human spirit.

"Closing this opera is very alarming," said Markus Schwering, a critic for Koelner Stadt-Anzeiger, a Cologne newspaper. "The production is anti-religious, but it must be allowed in a free society. It's not a singular attack on Islam. It says religion in general can produce inhumanity and superstition.

"The danger I see now is that theaters may stifle provocative art. We need to have a real and very serious debate on this in Germany."

Mixing satire with anger, Wolfgang Boernsen, cultural spokesman for the Christian Democratic Union, the nation's leading conservative party, said:

"Hurray, we are capitulating. To drop a production critical toward religion out of fear from possible terrorist attacks is hurting the freedom of art.

"With the Berlin opera decision, which is a bow before terrorists, the radical scene is encouraged to continue to pressure and threaten Western culture and Christianity."

Most Muslim organizations were unaware of the opera.

Ali Kizilkaya, the leader of Germany's Islamic Council, said the production would offend Muslims, but he told Berlin's Radio Multikulti, "Nevertheless, of course, I think it's horrible one has to be afraid. That is not the right way to open dialogue."

Kenan Kolat, national chairman of the Turkish Union in Germany, which represents immigrants, expressed similar sentiments. "I recommend that all Muslims accept certain things. Art has to stay free," Kolat told a news website.

A poll by the German television network N24 found that 92% of those questioned opposed canceling the production.

The opera company's announcement comes the same week that the government is holding a conference to improve relations with Muslim leaders. The sponsor of the conference, Interior Minister Wolfgang Schaeuble, was in Washington on Tuesday. When he heard of the opera company's decision, he told reporters, "That is crazy. This is unacceptable."

Neuenfels could not be reached for comment. He told the Berlin daily Der Tagesspiegel, "Where will we end if, in the future, we allow ourselves, in foresighted obedience, to be artistically blackmailed?"

Neuenfels' reading of "Idomeneo" and the depiction of beheaded divinities infuriated the largely Christian audience when the show opened in 2003.

"They cried and smashed doors. It was a typical Berlin theater scandal," said Schwering, the Cologne critic. "It lasted two or three days and then died down. No one called for canceling the show."

But Europe has experienced terrorist bombings in Madrid and London and increasing problems with integration. In August, German authorities arrested two Lebanese students in an alleged plot to blow up trains. Such an atmosphere has led to intense police surveillance and growing suspicions between Europeans and immigrant Muslims.

Kay Kuntze, director of the Berlin Chamber Opera, said, "If we give up the central point of our culture — the freedom of art — we end up giving up our entire culture."

Fear Of Muslim Backlash Cancels Opera (WP)

By Craig Whitlock

The Washington Post, September 27, 2006

BERLIN, Sept. 26 -- German lawmakers and cultural leaders assailed a Berlin opera house Tuesday for canceling a production that included a scene of the severed head of the prophet Muhammad, saying it was caving in to fears about religious extremism.

Officials with the world-renowned Deutsche Oper decided late Monday that the show -- an avant-garde remake of Mozart's "Idomeneo" -- could not go on after police warned that it could result in a violent backlash from Muslim fundamentalists. Opera

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officials said they were worried about a repeat of the worldwide protests that erupted this year after a Danish newspaper published cartoons satirizing Muhammad.

Kirsten Harms, general manager of the Deutsche Oper, said Tuesday that top Berlin police officials had said the production would "pose an incalculable security risk to the public and employees."

"If I had paid no attention and something had happened, everyone would rightly say that I had ignored the warnings of security officials," she said at a news conference.

Director Hans Neuenfels declined to cut the scene, and so the production was canceled.

The mayor of Berlin, federal officials and other lawmakers panned the decision, arguing that it was wrong to squelch artistic expression, even if it risked offending Muslims. "Our ideas about openness, tolerance and freedom must be lived on the offensive," Mayor Klaus Wowereit said.

German Interior Minister Wolfgang Schaeuble called the cancellation "crazy" and "unacceptable" during a visit to Washington. In a meeting with Washington Post reporters and editors, he added: "We have to be very, very clear -- we will not begin to discuss it. Otherwise we will not be convincing. Tolerance needs a clear position."

The show premiered at the Deutsche Oper in March 2003 and drew some jeers -- but no violence -- for a scene in which Idomeneo, the king of Crete, balks at making sacrifices to the gods and instead produces the severed heads of Muhammad, Jesus, Buddha and Poseidon, god of the sea.

Set in ancient Greece, the opera is considered a forceful critique of theological dogma and wars conducted in the name of religion. Neuenfels's three-act, Italian-language production was last at the Deutsche Oper in 2004.

Islamic tradition bans depictions of Muhammad and other prophets. About 5 percent of Germany's 83 million people are Muslim.

Coincidentally, the German government is sponsoring a conference on Islamic relations Wednesday a few blocks from the Deutsche Oper. The event is intended to aid the assimilation of Muslim immigrants in German culture and bolster religious tolerance.

Ali Kizilkaya, chairman of the Islamic Council for Germany, praised the decision to cancel the opera, saying that "it could certainly offend Muslims."

"Nevertheless, of course I think it is horrible that one has to be afraid," he added in a radio interview. "That is not the right way to open dialogue."

Germany has a strong tradition of free speech developed largely in response to the censorship policies enforced by the Third Reich.

In fact, the Nazis took control of the Deutsche Oper after they came to power in 1933. Propaganda Minister Joseph Goebbels oversaw the programming, and a box was reserved for Adolf Hitler.

Bulgaria, Romania To Join EU (WT)

By Nicholas Kralev

The Washington Times, September 27, 2006

The European Union will welcome Bulgaria and Romania, two of Washington's strongest allies on the Continent, as full members on Jan. 1, but the strings attached to their accession will be the toughest in the organization's history, EU officials said yesterday.

The officials also indicated that further enlargement will have to wait until member states find a compromise on the EU constitution, whose adoption last year was derailed by French and Dutch rejection in high-profile referendums.

The Bush administration praised the decision on Bulgaria and Romania, which joined NATO in 2004, but State Department spokesman Sean McCormack urged "the EU to continue to keep open a European horizon for a number of states, including those in the Balkans, and Turkey as well."

The fifth wave of EU expansion caps seven years of negotiations with the two Balkan countries and brings the bloc's membership to 27 and its population to about half a billion.

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"The accession of Bulgaria and Romania will mark a historic achievement. Their readiness is a direct result of the sustained progress both countries have made," said European Commission President Jose Manuel Barroso.

Enlargement Commissioner Olli Rehn called the EU's approach fair and rigorous. "It is fair because we recognized the progress that has been achieved, and we gave credit where it is due. It is rigorous because we established the necessary mechanism to accompany Bulgaria and Romania on their reform path, in the interest of the two countries and of the EU as a whole."

The commission proposed close monitoring of areas where it determined reforms have not been sufficient -- justice and home affairs, food safety and disbursement of EU subsidies -- and will require progress reports every six months, beginning in March.

Serious crime is of particular concern in Bulgaria, whose judiciary has been criticized as sluggish and graft-prone, and it was asked to change its constitution to ensure the independence and accountability of its judicial system.

Romania is required to establish an anti-corruption agency to examine government officials' potential conflict of interests. Both countries will have to guarantee a more transparent and efficient judicial process.

They must also eradicate swine fever to be able to sell pork in the rest of the bloc without restrictions, and improve safety of dairy products. They need to set up proper mechanisms to distribute billions in farm subsidies and other economic aid.

"Payments can be interrupted, suspended or canceled if the commission detects cases of irregularities, fraud or corrupt practices," Mr. Rehn said, but he added that the commission hoped sanctions would be unnecessary.

Both countries also will face restrictions on access to other EU markets for their work force. Britain, Ireland and Sweden, which have complained of a flood of workers from Poland, the Baltic states and other countries that joined the EU in 2004, are considering the strictest rules.

But the Bulgarian ambassador to Britain, Lachezar Matev, told London's Sunday Telegraph last week that Bulgarians are not likely to rush to Britain, because "we don't like the climate, it's every expensive and our medical services are better."

Bulgarian Prime Minister Sergei Stanishev said yesterday that EU membership was "the final fall of the Berlin Wall" for his country.

Romania, Bulgaria Favored To Join E.U. (WP)

By John Ward Anderson

The Washington Post, September 27, 2006

PARIS, Sept. 26 -- The European Commission recommended Tuesday that Romania and Bulgaria be admitted to the European Union on Jan. 1 but attached unprecedented conditions, signaling that there is still deep unease about the union's expansion eastward and the potential economic and political problems that go with it.

The addition of the two Balkan nations would bring the bloc's membership to 27 countries, raise its population by 30 million to 490 million and expand its borders to the Black Sea. Analysts expect the recommendation by the commission, the E.U.'s executive arm, to win final approval of European leaders next month.

Commission President JosÃ© Manuel Barroso, underscoring the ambivalence toward future expansion, said that following the two countries' entry, he would favor freezing membership until the union resolves a controversy over its proposed constitution, which voters in France and the Netherlands rejected last year.

Many of those no votes reflected popular fatigue with continuing enlargement after 10 countries -- most from the former Soviet bloc -- joined in 2004.

Many citizens of affluent Western Europe express concern about the potential impact that poor, new members from the East could have on immigration, unemployment and terrorism threats. In France and the Netherlands, voters said they particularly opposed the proposed membership of Turkey, which would be the only E.U. country with a Muslim majority.

Fifteen countries have approved the constitution, but adoption requires unanimous acceptance by member states.

Katinka Barysch, a political scientist at the Center for European Reform in London, said Barroso's proposed freeze was a message to the current 25 E.U. governments that "guys, we really need to get together and we really need to make progress on internal reforms." It also served to reassure the European public that enlargement "is not a policy that will continue regardless."

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For most countries, the membership process brings on years of painful political, judicial, electoral and economic change. Supporters of continued expansion say this compels nations to rise to European standards and enhances regional security. Embracing Turkey as part of the E.U., they say, could make it an example of moderation for Muslim countries around the world.

In an interview with [a] news agency last week, Romanian President Traian Basescu warned that barring Turkey would aggravate a standoff between the West and Islamic fundamentalists and undermine Europe's security. "Keeping Turkey out means that it would become Islamist," he said.

Croatia and Macedonia are also candidates for membership.

Many European political analysts say they expect little progress on what to do about the E.U.'s proposed constitution until after French presidential elections in May.

Romania and Bulgaria are now members of the NATO alliance, with troops in Iraq and Afghanistan. Their entry to the E.U. would come with significant strings attached, constituting the toughest monitoring of new members. The conditions are meant not only to mollify skeptics in old E.U. countries but to encourage the two newcomers, which would be among the union's poorest member states, to accelerate and deepen reform.

Both nations would be required to curb corruption, money laundering and organized crime, improve food and aviation safety and continue with judicial and agricultural reforms, according to a report released Tuesday in Brussels on the preparedness of the two countries to meet the criteria for membership.

If they do not continue to improve in agriculture, the E.U. could withhold billions of dollars in agricultural subsidies, according to the report. And if judicial reform and corruption suppression stall, other E.U. states might not have to recognize decisions by their courts, the report said. Bulgaria, in particular, needs to improve aviation safety, the report says, or its airlines may be banned from E.U. airspace, it said.

Despite the continuing concerns, the report said both countries had made substantial progress in reaching E.U. standards. Barroso told the European Parliament that their membership would be "a historic achievement" on the path to "reunification of our European family."

Bulgarian Prime Minister Sergei Stanishev said that for his country, it would mark "the final fall of the Berlin Wall."

Through Lens In Darfur, 'I Was A Witness To Genocide' (USAT)

By Rick Hampson

USA Today, September 27, 2006

As an admiral's son and a former Marine officer, Brian Steidle believed that following orders and doing the right thing were one and the same. Then he went to Darfur.

As an official international monitor of the vicious conflict in western Sudan, he faced a choice: respect authority and honor a code of silence or show the world what he'd seen and kiss his career goodbye. He puckered up … and blew the whistle.

"I was a witness to genocide," he says. "I wanted to make a difference."

Since returning last year from Darfur, where he was a U.S. representative on an African Union observation team, Steidle has become the most vivid chronicler of one of the world's worst humanitarian catastrophes. His photographs — which were supposed to be for his superiors' eyes only — have helped make Americans care about a complex crisis in a faraway place of little economic or strategic value.

Jerry Fowler of the U.S. Holocaust Museum in Washington says Steidle "has given people images of Darfur they can hold onto": a soldier standing next to the store he's just torched; a military helicopter firing on a village; a baby with a bullet in her back.

Since 2003, when war broke out between the Sudanese government and Darfuri rebels, about 200,000 civilians have died. Another 2.5 million, a third of Darfur's population, have been driven from home. American food has helped stave off famine and U.S. diplomacy has fostered a partial cease-fire, but it has not been enough.

The Sudanese government refuses to admit 20,000 United Nations troops to relieve a poorly equipped 7,000-member African Union force. Since May, when the government and one of several rebel factions signed a peace agreement, Darfur has become even more violent and lawless.

Steidle is a compact, intense 29-year-old. He lives on a sailboat in southern Maine, where he's writing a memoir.

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He's the son of retired rear admiral Craig Steidle, a Naval Academy graduate who flew fighters off carriers in Vietnam, tested experimental planes and trained test pilots, and directed the Defense Department's biggest aircraft program. Then he became associate administrator of NASA in charge of space exploration planning. “He was the best at everything,” his son says, “and we had to try to live up to that.”

That's what he was trying to do in Darfur. “Brian told a story others could not,” says David Del Conte, an American humanitarian worker who met Steidle in south Darfur. “He moved Darfur onto the front page. He saved thousands of lives.”

Steidle says he went to Darfur for several reasons. Mostly, he went because of what he saw one day in 2004 on a computer screen.

He was in the Nuba Mountains in south-central Sudan, working for the international commission supervising a cease-fire in another civil war, between the government and another rebel group.

He was bored. Promotions had put him behind a desk. That's why he'd left the Marines in 2003 after more than four years, having served in Kosovo, made captain and risen to company commander.

That day, a colleague was back from a trip to Darfur. Steidle had heard reports of atrocities against African farmers, who supported Darfur's rebels, by nomadic Arab militias armed and supported by the government. The raiders were called Janjaweed — “devil on horseback."

How was Darfur? Steidle asked his colleague. The man flipped around the laptop on his desk, clicked up a slide show and invited Steidle to take a look.

Steidle had never seen anything like it — schoolgirls, bound together with makeshift handcuffs and burned alive. He was shocked, then outraged, then intrigued. He wanted to see for himself.

Today, when asked why he volunteered for a situation from which most would flee, he sticks his chin out: “I heard there was shooting, and I run toward bullets.” Or he'll cite “selfish reasons” — money ($3,500 a week tax-free, paid by a private company under contract with the State Department) and adventure.

That month he wrote an e-mail to his sister Gretchen, which she shared with USA TODAY. It suggested another motive:

“I have to write to you to get this out of my mind. I have seen these photos from a confidential report. I am not permitted to send them, nor do I wish on you the same dreams that I have as a result. … Why are we sitting here letting this happen? This is not the doing of humans, this is the work of the devil. We as humans, all races, religions, colors, creeds, etc., have to stand up for what is right.”

He applied for a job monitoring Darfur's shaky cease-fire under the auspices of the African Union, the association of African nations whose mission in Darfur receives financial support from the United States and other nations. He'd have no power or authority to stop the violence, not even a sidearm.

But Steidle did not go unarmed. Photography had been his hobby; now he bought the best digital camera he could afford: a professional-grade Canon EOS 1D Mark II. In Darfur, it would prove more powerful, and more dangerous, than a gun.

Steidle believed the world needed information to prick its conscience. If the classified photos he'd seen had been released to the public, he wrote Gretchen, “there would be troops in here in a matter of days.”

Photography was a touchy subject. Although then-Secretary of State Colin Powell had just described what was happening in Darfur as genocide, there had been virtually no pictures of Janjaweed attacks on civilians; Steidle says he was warned the Sudanese government wanted to keep it that way.

A few photos of atrocities had been leaked outside official channels, so African Union commanders — not wanting to offend the host government — were suspicious of the new man with the camera that could zoom in on a face on the ground from 500 feet in the air.

It took Steidle several weeks to win their trust before he was allowed to use his camera. That was Oct. 20, 2004, when his team visited a village that the Janjaweed had torched. They found some women and children huddled under a tree.

A woman handed Steidle a 1-year-old girl. This was Mihad Hamid. Her mother had been shot to death while fleeing with Mihad in her arms. Mihad was shot in the back. She was having trouble breathing. She probably didn't live the night, he says.

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There were many days like that. On the worst, he counted smoke from attacks on 37 villages. On another, he stood next to a Sudanese army commander, who watched as soldiers looted a village. Steidle says that when he asked Brig. Gen. Ahmed El Hajer Mohammed why he didn't stop them, the general said they weren't his men — anyone could put on a uniform.

He heard Janjaweed riders explain that they destroyed villages over stolen cattle. He saw neither regret nor remorse: "It was like looking into the devil's eyes."

"My reports," Steidle used to say, "are my ammunition." He soon realized he was firing blanks.

His photos and descriptions vanished into the AU's bureaucracy; others reached the AU's sponsors, including the U.S. government, months late. In secret, he began to send reports directly to the U.S. Embassy in Khartoum.

After a mission, he'd head straight to his tent to download all his images on his laptop. Only then would he go to the operations tent, download into the AU computer and delete the images from his own camera as required.

He became increasingly frustrated with the AU's impotence. By charting Janjaweed attacks, movements and motives, "We got to where we knew where the next attack would be," he says. "But I couldn't stop the attacks I was predicting." Some attac ks were deterred by the AU observers' presence. The top commanders, however, refused to systematically place teams in the way of attacks.

Steidle says he knew why. The AU was in Darfur with the government's permission, and anything that antagonized Khartoum — especially taking sides against its Janjaweed proxies — threatened the AU's ability to function. "The attitude was, 'We gotta tread lightly,' " Steidle says.

(The AU did not respond to a request for comment. In the past, the AU has emphasized the legal, logistical and financial constraints on its operations in Darfur.)

In January, he predicted — based on Janjaweed movements — that the town of Hamada would be attacked within two weeks. When it was hit 10 days later, Steidle says he refused to go with the observation team: "I knew what they were going to see. I said, 'I've seen enough.' "

The team found babies with their faces bashed in. When members came back to the post, "they were like zombies," Steidle recalls. "A guy who'd usually brief me just held up his hand and said, 'I must go pray.' "

The people he'd hoped to help were furious. "They'd say, 'Leave if you can't protect us.' I thought, 'What are you doin' here? Just here makin' money?' "

He returned to the USA in February 2005 with hundreds of images, including those of a man castrated and left to bleed to death, people with their ears cut off and eyes plucked out and an aerial view of government troops joining ranks with the Janjaweed.

Steidle planned to make public his photos, not his identity or affiliation. "It was never his intention to speak out," Gretch en says, "even when he quit."

He'd break the trust of AU commanders and make them less likely to share intelligence with the humanitarian agencies for whom AU patrols were eyes and ears.

He'd ruffle the U.S. State Department, which had not authorized him to go public. He'd throw away a lucrative career doing freelance military and security work overseas.

"Did I promise not to release anything? No. Do I own the copyright to my photos? Yes. I took them with my own camera," he says. "But I was apprehensive. I was paid to do what I was told, keep my mouth shut, and go home."

Gretchen put him in touch with New York Times columnist Nicholas Kristof. Steidle gave him some photos but said not to use his name.

After the Times printed the photos Feb. 23, Steidle says, Kristof called. "He said, 'Everybody's asking me where I got these photos. Can I use your name?' "

His father says Brian struggled with the decision. "He felt he gave his word." But Steidle thought about what his sister — the family's social conscience — had asked: "Who has the right to keep genocide a secret?"

He thought about the impact of personal testimony. People could look at a photo, but unless there was a witness to tell them that this girl's name was Mihad Hamid and that her mother was shot in the back, it was just a picture.

"I thought about if for a few days," Steidle says, "and I told Nick, 'Go ahead.' "

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Back in Darfur, some of his comrades felt Steidle had broken trust.

In May 2005, USA TODAY spoke with Dale Fage, a former U.S. Army officer who served with Steidle on the AU force, at the airport in south Darfur.

When Steidle's name came up, Fage's face hardened. “Brian was only here five months,” Fage said. “He didn't take all those photos himself.” (Photos of the attack on Hamada had been taken by another photographer.) “What he did created problems for people here.” Having vented his frustration, Fage relented. “He's a good kid,” he said. “He just wanted to do the right thing.”

For the past 18 months, Steidle has shown his photos, told his story and asked people to lobby the Bush administration and the U.N. to stop the carnage in Darfur.

He has taken his message to Congress and the British House of Commons, to an audience of 35 on a college campus in San Antonio and to 100 people at church in Fort Wayne, Ind. Wherever he goes, a newspaper story or broadcast interview usually follows.

(Khalid Musa, spokesman for the Sudanese Embassy in Washington, did not respond to a request for comment on Steidle.)

Sometimes he seems haunted by his photos, like the ones on display last week for a Darfur benefit at a gallery in New York City: “The whole thing comes back to me, not just that image, but the whole scene — the smell, the sound, everything. When I look at … that burned guy that I (photographed) who was burned alive in his hut, I smell him every time I look at that photo.”

As the situation there has grown more desperate, so has he.

“I've been banging my head against the wall,” he told The Philadelphia Inquirer in February during a stop on a national speaking tour. “It's like screaming in a dream, and no sound comes out.”

He says he has no regrets about going public. Neither does his father. “I knew he'd make the right decision,” Craig Steidle says. “I'm proud of him.”

U.S. Pushes Anti-Castro TV, But Is Anyone Watching? (NYT)

By Abby Goodnough

The New York Times, September 27, 2006

MIAMI, Sept. 26 — Soon after Fidel Castro announced his mysterious illness in July, the Bush administration stepped up its anti-Castro television broadcasts to Cuba with a new $10 million system.

For the last two months, a twin-engine plane has beamed the signal of the American broadcast, called TV Martí, toward the island from over the Straits of Florida for four hours a day, six days a week, up from four hours of transmission from an Air Force plane on Saturdays. Because the plane flies at 20,000 feet, administration officials say, the Cuban government cannot jam the signal as easily as in the past, when a blimp tethered 10,000 feet over the Florida Keys did the transmitting.

But in interviews in the past two weeks, many Cubans said they still saw just snowy interference where the TV Martí broadcasts should be. About a dozen people in Havana said they still had never glimpsed the station even after the expanded airborne broadcasts began, raising questions about the usefulness of the $10 million expenditure.

Some said they would not watch the station even if they could, because they assumed that it would be biased.

“In my opinion, that is wasted money,” said a 35-year-old homemaker in Havana who, like all those interviewed, asked that her name not be used. “It’s propaganda.”

She and her husband said many Cubans tried to pick up commercial programs broadcast from Florida, but what they wanted was Spanish soap operas, not TV Martí.

A few Cubans in the interior of the island, away from Havana, said they were able to pick up the signal, but others said they could not.

Nonetheless, Representative Ileana Ros-Lehtinen, Republican of Florida, who has long championed TV Martí and its sister station, Radio Martí, said the government had received some promising anecdotal reports about the new plane, which started flying on Aug. 5.

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"The U.S. has received reports from Havana and Matanzas that it is being seen every day," Ms. Ros-Lehtinen said of TV Martí, "and it's getting better as the equipment is being fine-tuned." The government, however, has no hard evidence of the station's popularity.

The federal International Broadcasting Bureau, which also operates the Voice of America, says the purpose of Radio and TV Martí is to broadcast "accurate and objective news and information" to Cuba, where news is tightly controlled by the government.

The stations, which have broad political support among Mr. Castro's many opponents in southern Florida, hope to have legions of Cubans tune in to pro-democracy news and talk programs and others like "Office of the Chief," a laugh-track comedy with Cuban exile actors playing dimwitted versions of Mr. Castro and his brother Raúl.

Cuban exiles in Miami do most of the writing and acting for TV Martí, which was moved here from Washington in 1996 after intense lobbying by exile leaders. On a recent episode of "Office of the Chief," which TV Martí calls its most popular show, an actor playing Raúl Castro said he would mummify Fidel Castro when he died by wrapping him in the pages of a book by Karl Marx, then display him on Havana's seaside boulevard.

The laugh track went wild.

For years, though, critics of the stations have called them overly blunt tools in what should be a nuanced campaign to promote democracy in Cuba.

"The really shrill, outrageous kind of stuff they broadcast has no credibility in Cuba," said John Nichols, a communications professor at Pennsylvania State University who studies Radio and TV Martí.

Mr. Nichols said elected officials in Washington would not dare to anger Miami's 350,000 Cuban-American voters by eliminating a popular anti-Castro program, even if it was largely symbolic.

"It's a litmus test of support for a certain policy on Cuba," he said. "Few right-minded politicians or government bureaucrats are willing to take that on. So essentially we've created a pork-barrel patronage system and the policy is hands-off."

Both stations have been accused of shoddy journalism and hiring practices, especially since the move to Miami, where some say they are primarily a jobs program for hard-line exiles.

In 1999, the inspector general of the State Department told Congress that the stations had "problems with balance, fairness, objectivity and adequate sourcing that impacted credibility."

Another inspector general's report, in 2003, criticized the hiring practices and program quality at the Office of Cuba Broadcasting, prompting its director to resign. His successor, Pedro Roig, says he has improved Radio and TV Martí by hiring freelance professional journalists and broadcasting more news and youth-oriented programming like music videos. But this month, three journalists moonlighting at the stations were fired by El Nuevo Herald, the Spanish-language affiliate of The Miami Herald, after the newspaper's publisher learned of the arrangement and called it a conflict of interest.

Rob Carr, the director of engineering services for the journalism school at the University of Florida, said airborne broadcasts could be easy to jam because the signal output from planes was generally weak.

Mr. Roig declined to be interviewed, but Joe O'Connell, a spokesman for the International Broadcasting Bureau, said TV Martí relied on correspondence from Cuba and reports from recent immigrants to gauge viewership. A telephone survey commissioned by the International Broadcasting Bureau in 2005 found that 13 people out of the 1,589 respondents had seen TV Martí in the past year. Mr. O'Connell said the real number was probably higher, because many Cubans are afraid to admit they watch the station.

In addition to the initial $10 million expense to begin the new airborne broadcasts, he said, the Office of Cuba Broadcasting has requested about $6 million a year to operate and maintain the plane. It is also replacing the blimp, which was destroyed in a hurricane last year.

Altogether, the Office of Cuba Broadcasting received about $38 million this fiscal year, up from $27 million in 2005. The office spends nearly $400,000 to broadcast TV Martí by satellite, a more reliable transmission but one that only a few Cubans with illegal satellite dishes receive.

Several Cubans interviewed said they saw Radio and TV Martí primarily as a source of income for well-connected exiles in Miami, a view shared by José Basulto, founder of Brothers to the Rescue, a strongly anti-Castro exile group.

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"The joke goes on," Mr. Basulto said. "They pay individuals who are instrumental in making the lives of United States politicians easier come election time."

One man in Havana said his neighbor knew people who had seen TV Martí in Matanzas, a province east of the capital. Some reports suggest that the Cuban government focuses it jamming efforts in Havana.

Most of the Cubans interviewed said that while TV Martí remained inaccessible, they were able to receive Radio Martí, albeit with interference that sounded like heavy rain. Some said Radio Martí used to be an important news source — such as when the Cuban government regime sank a tugboat hijacked by would-be migrants in 1994 — but that many more options existed now.

Shortwave radios — which are not sold in Cuba but are smuggled in — can pick up Radio Canada, Radio Netherlands and the BBC, several said. Satellite dishes, while illegal and rare, can pick up television broadcasts from South Florida, Mexico and the Caribbean.

Unhappy Couple Run Against Each Other For Congress In Brazil (WSJ)

By Matt Moffett

The Wall Street Journal, September 27, 2006

SÃO PAULO, Brazil -- They came from different worlds. Maria Christina Mendes Caldeira was the daughter of an old-money real-estate magnate. She had studied in Europe and loved polo. Valdemar Costa Neto was the son of a provincial mayor who grew up in smoke-filled political halls on his way to becoming a powerful Brazilian congressman.

They married in 2003, on New Year's Eve in Las Vegas. But the union soon flamed out. In July of 2004, Mr. Costa had the water and electricity cut off in the mansion they had shared in Brasilia to force Ms. Caldeira to move out, which she eventually did.

But his wife found a way to strike back, personally and politically. During nationally televised congressional hearings last year about an alleged political slush fund, she stepped forward to testify that she had seen Mr. Costa stowing big stacks of cash in a secret safe. Facing possible impeachment and a ban on holding office, Mr. Costa resigned his seat.

The couple, still in court over the terms of their separation, are now fighting in a different arena as Sunday's election approaches. Mr. Costa, president of the influential Liberal Party, is campaigning for a new four-year congressional term. His estranged wife has become his chief opponent as candidate of the Green Party. It's an uphill struggle for Ms. Caldeira, who lacks Mr. Costa's fund-raising ability and the political chits he picked up in his 14-year congressional career.

Last Saturday, she led a group of protesters armed with brooms and buckets in a symbolic "cleaning" of Liberal Party headquarters in Mr. Costa's hometown of Mogi das Cruzes. When a woman loyal to the Liberal Party hit Ms. Caldeira with a shoe, the candidate doused the woman with a bucket of water. After police cruisers came and Ms. Caldeira didn't immediately hand over her ID to an officer, she was taken away and held at precinct headquarters for several hours. "Valdemar sent you!" she shouted at one policeman.

More than just a story of romance gone sour, the contest between the estranged couple goes to the heart of the big question looming over Brazil's election: How much do voters really care about political corruption?

Brazil has rarely seen political scandals that compare with those of the past few years, yet the electorate hardly seems to care. President Luiz Inácio Lula da Silva is set to win re-election easily, even though several close allies were forced out of office by scandal. Federal authorities charge the officials operated an illicit fund to buy support for the government in Congress.

Political consultant Gaudêncio Torquato says he expects about 70% of Congress to be returned to office, including Mr. Costa and several others who allegedly received or distributed payments. He says the government, flush with cash generated by Brazil's mining and agricultural exports, has mollified voters on the subject of corruption with heavy spending on welfare programs and public works.

In the race between Mr. Costa and Ms. Caldeira, Mogi das Cruzes retiree João Batista Savio opts for Mr. Costa, who is known as Boy. (Some people use it as an allusion to "playboy," others to distinguish him from his father, who was well known as a mayor here.) "I have to vote for what's best for my city, and Boy has built things here," says Mr. Savio, pointing to a $25 million water-treatment project and a viaduct. Mr. Savio says Ms. Caldeira should keep her nose out of politics. "Women are emotional, and maybe she attacks Boy because she's jealous," the voter said. "I don't think he did anything seriously wrong."

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As part of an indictment brought against 40 politicians in April, Mr. Costa was charged with racketeering, corruption and money laundering in allegedly receiving $4.9 million from the slush fund.

Mr. Costa, 57, hasn't been talking to reporters in his campaign. In a videotaped ad, he says the questionable funds were reimbursements for his party's campaign expenses from its coalition partner, the governing Workers Party. Mr. Costa insists no public money was involved, an assertion that congressional investigators dispute. Mr. Costa said: "I erred and there were only two paths left to me: abandon public life, or stay, recognize the error and start all over."

According to electoral records, Mr. Costa is running one of Brazil's best-financed congressional campaigns, with $350,000 in contributions.

His disaffected wife, on the other hand, is running a shoestring campaign. One Saturday earlier this month, Ms. Caldeira, 40, was passing out fliers from her campaign vehicle, a bright green 1984 Volkswagen motor home emblazoned with her slogan "Tenho Atitude" ("I've Got Attitude"). But the vehicle was having mechanical problems and its balky speaker system wouldn't even let her play her campaign song. Undaunted, the candidate, stylish in boots and a riding jacket, started buttonholing voters on the street. "Vote for me. I denounced Boy," she said. "I'm his ex-wife."

Hairdresser Elena Maria da Silva excitedly embraced Ms. Caldeira. "I saw her on TV," Ms. da Silva said. "She's very brave." But some other passersby went out of their way to avoid Ms. Caldeira or discreetly crumpled her fliers after walking a few steps.

Over the course of his political career, Mr. Costa developed a raffish reputation. During Rio de Janeiro's 1994 Carnaval, for instance, he introduced a young model named Lilian Ramos to then President Itamar Franco. That twosome became internationally famous when photographers captured the scantily clad model standing alongside the president.

His marriage to Ms. Caldeira had long since fallen apart by the time last June when a congressman accused Mr. Costa of slush-fund involvement. Ms. Caldeira supported the accusations to the congressional committee, where she characterized Mr. Costa as a heavy gambler whose personality would change from "Dr. Jekyll to Mr. Hyde." She said he kept stacks of cash in a "big safe...not a little piggy bank."

Mr. Costa and a Liberal Party associate have filed defamation suits against Ms. Caldeira. "The judicial system is scrutinizing her words," a spokesman for Mr. Costa says.

The Green Party invited Ms. Caldeira to run for Congress, hoping to capitalize on her celebrity and to shake voters out of their lethargy over government corruption.

Benedito Faustino Taubaté Guimaraes, a Mogi das Cruzes councilman, scoffs at the notion that Ms. Caldeira can topple Mr. Costa, who is famous for helping constituents. "People want solutions to their problems, not a socialite who wants to talk over coffee," he said. Mr. Guimaraes shows a testimonial letter written by an adolescent, Fabinho Dorneles, who says that after an accident left him in a wheelchair, Mr. Costa pulled strings to get him treated at a top hospital.

But Brazilian politics are hard to predict. In the country's system of proportional representation, each party gets a quota of congressional seats that varies with its share of the popular vote. The top vote getters within each party fill the quota. So it's possible that both Ms. Caldeira and Mr. Costa could be elected, meaning they'd be back together again, in Congress.

Fill 'Er Up With Dictators (NYT)

By Thomas L. Friedman

The New York Times, September 27, 2006

Are you having fun yet?

What's a matter? No sense of humor? You didn't enjoy watching Venezuelan President Hugo Chávez addressing the U.N. General Assembly and saying of President Bush: "The devil came here yesterday, right here. It smells of sulfur still today." Many U.N. delegates roared with laughter.

Oh well then, you must have enjoyed watching Iran's President Mahmoud Ahmadinejad breezing through New York City, lecturing everyone from the U.N. to the Council on Foreign Relations on the evils of American power and how the Holocaust was just a myth.

C'mon then, you had to at least have gotten a chuckle out of China's U.N. ambassador, Wang Guangya, trying to block a U.N. resolution calling for the deployment of peacekeeping troops to Sudan to halt the genocide in Darfur. I'm sure it had nothing

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to do with the fact that the China National Petroleum Corporation owns 40 percent of the Sudan consortium that pumps over 300,000 barrels of oil a day from Sudanese wells.

No? You're not having fun? Well, you'd better start seeing the humor in all this, because what all these stories have in common is today's most infectious geopolitical disease: petro-authoritarianism.

Yes, we thought that the fall of the Berlin Wall was going to unleash an unstoppable wave of free markets and free people, and it did for about a decade, when oil prices were low. But as oil has moved to $60 to $70 a barrel, it has fostered a counterwave — a wave of authoritarian leaders who are not only able to ensconce themselves in power because of huge oil profits but also to use their oil wealth to poison the global system — to get it to look the other way at genocide, or ignore an Iranian leader who says from one side of his mouth that the Holocaust is a myth and from the other that Iran would never dream of developing nuclear weapons, or to indulge a buffoon like Chávez, who uses Venezuela's oil riches to try to sway democratic elections in Latin America and promote an economic populism that will eventually lead his country into a ditch.

For a lot of reasons — some cyclical, some technical and some having to do with the emergence of alternative fuels and conservation — the price of crude oil has fallen lately to around $60 a barrel. Yes, in the long run, we want the global price of oil to go down. But we don't want the price of gasoline to go down in America just when $3 a gallon has started to stimulate large investments in alternative energies. That is exactly what OPEC wants — let the price fall for a while, kill the alternatives, and then bring it up again.

For now, we still need to make sure, either with a gasoline tax or a tariff on imported oil, that we keep the price at the pump at $3 or more — to stimulate various alternative energy programs, more conservation and a structural shift by car buyers and makers to more fuel-efficient vehicles.

"If Bush were the leader he claims to be, he would impose an import fee right now to keep gasoline prices high, and reduce the tax rate on Social Security for low-income workers, so they would get an offsetting increase in income," argued Philip Verleger Jr., the veteran energy economist.

That is how we can permanently break our oil addiction, and OPEC, and free ourselves from having to listen to these petro-authoritarians, who are all so smug — not because they are educating their people or building competitive modern economies, but because they happen to sit on oil.

According to Bloomberg.com, in 2005 Iran earned $44.6 billion from crude oil exports, its main source of income. In the same year, the mullahs spent $25 billion on subsidies to buy off the population. Bring the price of oil down to $30 and guess what happens: All of Iran's income goes to subsidies. That would put a terrible strain on Ahmadinejad, who would have to reach out to the world for investment. Trust me, at $30 a barrel, the Holocaust isn't a myth anymore.

But right now, Chávez, Ahmadinejad and all their petrolist pals think we are weak and will never bite the bullet. They have our number. They know that Mr. Bush is a phony — that he always presents himself as this guy ready to make the "tough" calls, but in reality he has not asked his party, the Congress, the people, or U.S. industry to do one single hard thing to reduce our dependence on foreign oil.

Mr. Bush prattles on about spreading democracy and freedom, but history will actually remember the Bush years as the moment when petro-authoritarianism — not freedom and democracy — spread like a wildfire and he did nothing serious to stop it.

Don't Play Politics With Kazakhstan (WP)

By S. Frederick Starr

The Washington Post, September 27, 2006

The president of Kazakhstan will be visiting the United States soon, and the critics are already sharpening their pens. The trip by President Nursultan Nazarbayev will mark 15 years of independence for his country as well as a growing strategic partnership with the United States. But whereas the State Department sees Kazakhstan as a successful "corridor of reform," critics claim that it's just another corrupt petro-state and Nazarbayev himself a repressive, authoritarian ruler. The fact that Vice President Cheney recently visited the Kazakh capital of Astana only confirms their darkest suspicions: It's all about oil, and probably about Halliburton as well.

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To be sure, Kazakhstan has oil and a lot of it. Russia and China have been buying as much of it as they can get, and Europe and the United States are eager to do the same. American firms, including Halliburton, have made big investments there, but so have the Chinese, Italians, British and Dutch. Shouldn't the United States be pursuing this prospect?

Those who say no point to widespread corruption in Kazakhstan. Indeed, corruption thrives in nearly all the countries that were formerly under communist rule. That is why the Kazakh government set up a national fund in 2000 that makes the management of oil revenue more transparent, why its banking system will meet E.U. standards by 2008 and why it has signed on with Britain's rigorous Extractive Industries Transparency Initiative. This year alone it has successfully prosecuted several dozen high- and mid-level officials for corrupt practices.

U.S. critics brush this aside and point instead to the case of an American, James H. Giffen, who is on trial in New York for allegedly arranging massive bribes to senior Kazakh officials over a decade ago. But in spite of much finger-pointing, the only person being prosecuted so far is Giffen. In light of this, should Kazakhstan start refusing U.S. investments?

Under both Democrats and Republicans, the U.S. approach toward Kazakhstan has been to work with the government to reform its laws and courts. The American Bar Association, Freedom House, Counterpart Consortium and the U.S. Agency for International Development have made much headway in this regard. We should be exploring how to continue and expand this fruitful collaboration. Accusations from our side will only strengthen the hand of hard-core nationalists and others in Kazakhstan who defend the old practices.

The majority of Kazak citizens are Muslims. Fundamentalists from the Persian Gulf states and elsewhere are eager to exploit the situation. A few years back members of a group with links to al-Qaeda penetrated the country. But so far Kazakhstan has shown remarkable success in addressing the social conditions that can feed extremism. The Asian Development Bank reports that the poverty rate has been cut by half in five years. A large middle class is rapidly forming, thanks in part to a revised tax code that favors small and mid-size businesses. The government now spends a respectable 4 percent of gross domestic product on modern, Western-style education and pays the full cost of sending its top 3,000 high school graduates for study in the United States, Europe, Japan and other developed countries. Graduates of this program are accustomed to modern freedoms and expect their country to embrace them.

Granting this, critics point to what they politely term Kazakhstan's "democratic deficit." They're right. The Organization for Security and Cooperation in Europe (OSCE) has drawn the same negative assessment of Kazakh elections that it has of all elections in the former Soviet Union except for the three Baltic countries: They fail to meet European standards. But the OSCE has acknowledged that recent revisions in Kazakhstan's electoral law represent "significant progress." It also concluded that the Central Election Commission managed the crucial run-up to the 2005 elections in a "generally transparent manner." For all the problems that remain, this argues for continuing a quiet process of engagement on electoral reform.

Kazakhstan merits our support for another reason. For a decade the United States has watched helplessly as India, then Pakistan and now Iran developed nuclear weapons. The trajectory is chilling. Contrast this with Kazakhstan, which inherited a large nuclear arsenal from the Soviet Union and -- with U.S. support -- voluntarily got rid of it.

Moreover, Kazakhstan has managed to do what no other country has: maintain cordial and balanced strategic partnerships with China, Russia and the United States. Its links with Washington go far beyond the ceremonial; Kazakh troops stand with ours in Afghanistan. Its contingent in Iraq has destroyed more than 3 million land mines. And the Kazakhs are working closely with the United States in opening up Afghanistan to continental trade.

All this suggests that U.S. links with Kazakhstan are among this country's most promising relations in the Muslim world. Developed over 15 years under both Democratic and Republican administrations, they are the fruit of hard work by U.S. agencies, businesses, educational institutions and scores of nongovernmental organizations. They are creating a successful model of economic and social development for majority-Muslim societies. What a contrast to what we see daily in the Arab world.

U.S. critics of Kazakhstan have every right to remind us that the country still falls short in many respects. But in the eyes of some Kazakhs, the United States may be a less than perfect partner as well. If either of these groups succeeds in damaging the basis of our partnership, further progress in Kazakh social policy and legal and electoral reform will be the first to suffer. And Kazakh oil will then flow mainly to China and other countries that pay their bills and ask no questions.

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The writer is chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies.

Shinzo Abe's Asian Challenge (NYT)

The New York Times, September 27, 2006

If Japan's new prime minister, Shinzo Abe, hopes to be as popular and successful as his departing predecessor, Junichiro Koizumi, he needs to be equally daring in breaking with failed policies of the past. The obvious place to start is by rebuilding Japan's badly damaged relations with China.

Nothing is more important to Japan's prosperity and security than normal relations with its giant neighbor. An ugly, but increasingly distant, history of Japanese aggression and war crimes stands in the way. Mr. Koizumi, in one of the greatest errors of his administration, deliberately glorified this history, playing into the hands of Chinese leaders who often use nationalism to distract their people from official corruption and political repression.

Mr. Abe needs to extricate Japan from this destructive dynamic. The first step should be declaring that he will not continue Mr. Koizumi's provocative practice of visiting the Yasukuni Shrine, where the spirits of convicted war criminals are honored. The shrine controversy, and the failure of Japanese textbooks to deal honestly with the wartime behavior of Japanese troops, complicate the nation's ability to handle contemporary military issues, like the emerging debate over amending the pacifist constitution that America imposed on it after World War II. There is no reason Japan should not be able to make that change. But unless it first comes to terms with its history and its neighbors, such a step would be poorly received by other Asian nations.

Japan has a great deal to be proud of, including an increasingly vital democracy, a revived economy and the difficult but necessary economic reforms that Mr. Koizumi began to push through and that Mr. Abe will now need to take further. It does not need to glorify the darkest period of its recent history and the war criminals most responsible for that terrible aberration.

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TERRORISM NEWS:

Deal Is Likely On Detainees But Not On Eavesdropping (NYT)

By Carl Hulse And Kate Zernike

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Congress on Tuesday was headed toward a split decision on President Bush's pre-election national security agenda, moving closer to passage of legislation on the handling of terrorism suspects while all but giving up hope of agreeing on a final bill to authorize the administration's eavesdropping program.

Lawmakers in both the House and Senate said it now appeared doubtful that bills covering the National Security Agency's eavesdropping program could pass both houses and be reconciled before Congress adjourns this weekend, an outcome that would deny Republicans one of the main achievements they hoped to take into the election.

"We would like to, but I think that might be a stretch," said Representative John A. Boehner, the House majority leader, about getting a final agreement. He said the House would still proceed with its own measure this week in hopes of working out disagreements with the Senate after the election.

But Republicans were optimistic about eliminating last-minute concerns over a separate measure laying out rules for interrogating terrorism suspects and trying them before military tribunals. They said they were hoping to send the bill to Mr. Bush by the end of the week for a signing ceremony that could help them kick off the home stretch of the campaign with a message that Republicans were taking strong steps to protect the nation from terror attacks.

"I think we are good to go," said Senator Lindsey Graham, Republican of South Carolina and one of three Republican senators who last week forced the administration into negotiations over the detainee measure.

Democrats, while being careful to say that they had made no decision to block the detainee bill, expressed rising concerns about changes to the proposal that they said went beyond what Senator Bill Frist of Tennessee, the Republican leader, had described Monday as merely "technical changes."

The changes had been made over the weekend, as negotiators from the House and White House adjusted a compromise that had been reached between the White House and Senate Republicans on Thursday.

In one change, the original language said that a suspect had the right to "examine and respond to" all evidence used against him. Mr. Graham and his colleagues in resisting the White House, Senators John W. Warner of Virginia and John McCain of Arizona, had insisted that the provision was necessary to prevent so-called secret trials. The bill submitted late Monday dropped the word "examine" and left only "respond to," reviving complaints about secret trials, this time from Democrats.

In another, the original compromise said that evidence seized "outside the United States" could be admitted in court even if it had been obtained without a search warrant, a provision Republicans and Democrats agreed was necessary to deal with the unusual circumstances of seizing evidence on the battlefield.

The bill introduced Monday dropped the words "outside the United States," which Democrats said meant that prosecutors could ignore American legal standards on search warrants within the country. The bill also broadened the definition of an unlawful enemy combatant, from anyone "engaged in hostilities against the United States" to include anyone who "has purposefully and materially supported hostilities against the United States."

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"These are significant changes, not technical changes," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, where the original bill backed by Senators Warner, McCain and Graham was approved. "It's hard to know how to vote on a bill that's this much in motion."

Republicans and the White House defended the change on unlawful combatants. It is narrower than the definition originally proposed by the White House, which said that anyone who materially supported hostilities could be prosecuted because it added the phrase "intentionally and purposefully." Senate and White House staff members said this would resolve the problem of what one Senate aide described as "the grandmother in Switzerland" who writes a check for charity that ends up going to a terrorist organization.

"Most of us feel if someone is engaged in actively assisting Al Qaeda or terrorists that they should fall under this legislation," Mr. McCain said.

Republicans and the White House explained the change to the provision about viewing evidence as, in Mr. Graham's words, "literally just a drafting error," and said the word "examine" would be restored.

Republicans also said they were trying to reach a compromise on the habeas corpus provision of the bill, which would deny a suspect the right to challenge his detention in court.

Democrats, who have found themselves on the losing end of the national security debate the past two national elections, said the changes to the bill had not yet reached a level that would cause them to try to block it altogether.

"We want to do this," said Senator Harry Reid of Nevada, the Democratic leader. "And we want to do it in compliance with the direction from the Supreme Court. We want to do it in compliance with the Constitution."

Though there was momentum in both the House and Senate for the surveillance legislation, lawmakers were taking different approaches, and those involved said it had become apparent that a final resolution could not be quickly achieved. As a result, senators said they doubted that scarce floor time would be consumed moving it through the Senate before the recess when a final bill was out of reach.

"I don't think it is likely we will address it this week," said Senator John E. Sununu, Republican of New Hampshire and one of the lawmakers who has been negotiating the legislation with the Department of Justice.

The House bill, sponsored by Representative Heather Wilson, a New Mexico Republican who serves on the Intelligence Committee, could reach the House floor for a vote on Thursday. It seeks to "modernize" wiretapping law but, in the view of critics, would also give the president broader authority to conduct surveillance without court orders as long as he reported to Congress after doing so.

The bill has major differences from a Senate plan that would submit the entire wiretapping program to the Foreign Intelligence Surveillance Court to rule on its constitutionality.

No Compromise On Wiretap Bill (WP)

By Jonathan Weisman And Carol D. Leonnig

The Washington Post, September 27, 2006

A high-profile Republican effort to clarify the legality of President Bush's warrantless wiretapping program will almost certainly not pass before Congress recesses at week's end for the fall campaign, leaving the legislation in deep trouble, congressional leaders conceded yesterday.

Efforts to reach agreement on a single version of the bill that could be brought before the Senate and House this week foundered yesterday on the insistence of key House members that they vote on a House version that they say is significantly tougher than the Senate's. House Republican leaders are deferring to the House bill's primary author, Rep. Heather A. Wilson (R-N.M.), who is locked in one of the tightest House election contests of the season.

"I don't think that's possible," Wilson said of the House and Senate reaching agreement on a compromise bill. "Our focus has to be on passing the House bill."

House Majority Leader John A. Boehner (R-Ohio) said GOP leaders would still like to pass a bill this week "but that may be a bit of a stretch."

Failure to act this week would jeopardize Congress's ability to ever authorize the National Security Agency's surveillance efforts, which Republicans see as vital to national security but which many Democrats and civil libertarians regard as unconstitutional. GOP leaders say that if legislation is not completed, they will revisit the issue in a lame-duck session of Congress that will be convened after the Nov. 7 elections.

But most independent political analysts expect Democrats to pick up between three and five seats in the Senate, and possibly more. Without the political pressure of a looming election and with a strengthened hand coming in the next Congress, Senate Democrats would probably filibuster Republican wiretapping legislation this year, congressional Democrats said.

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Rep. Jane Harman (Calif.), the ranking Democrat on the House Permanent Select Committee on Intelligence, warned that a bill could still appear Friday night or Saturday morning, appended to other legislation. But she added, "If it doesn't happen at 3 a.m. Saturday, it will be become much harder for them to pass a bad bill."

Bills to authorize warrantless wiretapping and military commissions were supposed to pass this month as the twin centerpieces of a legislative agenda designed to bolster the party's national security credentials. But the surveillance bill was in trouble from the start.

White House officials never thought they needed congressional action to continue the NSA's warrantless surveillance, but Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and White House officials did work out legislation that would allow but not require the administration to submit the program to a secret court for constitutional review. Specter maintains that his bill would restore judicial review to a program that President Bush has made the domain of the executive branch alone.

But criticism of the Specter measure has been bipartisan. Opponents say a broad review of the program's constitutionality will do nothing to restore oversight of individual wiretaps. And recent changes to the bill have raised still more questions.

At administration insistence, Senate negotiators agreed to steer legal rulings about the president's broad surveillance to the Court of Review, a little-known appeals court created by the Foreign Intelligence Surveillance Act. The three-judge court has rendered only one opinion in its 30-year history, and that opinion included its view that the president has inherent constitutional authority to eavesdrop without warrants as part of the U.S. effort against terrorism.

The Court of Review's commentary in its 2002 ruling has become the language cited by Bush and Attorney General Alberto R. Gonzales as proof the program passes constitutional muster.

Members of the Senate and administration have repeatedly said in public statements since June that their surveillance legislation would submit the president's program to the Foreign Intelligence Surveillance Court for review. But the FISA court and the Court of Review are quite dissimilar.

The 10-member FISA court does a brisk, nearly daily business considering whether to allow the government secret warrants to surveil terrorism and international-spying suspects. And several of the FISA court's members were disturbed last year to learn the president had authorized spying behind the court's back; some have pointedly questioned the program's legality in private discussions with top Justice Department officials.

Wilson drafted legislation that she said would restore some congressional oversight to the wiretapping program and maintain the Foreign Intelligence Surveillance Court's right to issue warrants on wiretaps.

Detainee Bill In Final Stages (WP)

By R. Jeffrey Smith And Charles Babington

The Washington Post, September 27, 2006

White House national security adviser Stephen J. Hadley met with Republican senators yesterday in an effort to reach final agreement on legislation that would govern the military trials of terrorism suspects, but they did not resolve a dispute over whether the captives should have access to U.S. courts.

The complex measure, which President Bush has called a top legislative priority, nonetheless appears likely to win approval by the time Congress adjourns at the end of this week. A vote is expected in the House today on a version of the legislation that the White House supports. It was unclear yesterday evening whether Republican leaders would allow any amendments to it.

The Senate-White House negotiations centered on what is known as a "court-stripping" provision that bars U.S. courts from considering habeas corpus filings by detainees over their confinement and treatment. It affirms the Bush administration's assertion that it has an incontestable right to hold persons detained as "unlawful enemy combatants" for the duration of the battle against terrorism.

"Habeas has to be resolved," and it will most likely be addressed on the Senate floor, John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, told reporters after meeting with Hadley. Senate Republican leadership aides said that the floor debate could begin today and that the legislation setting rules for military commissions, as they are known, might be combined with a bill to create a new fence along the U.S.-Mexico border.

Three foes of the habeas corpus provision -- Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), Sen. Patrick J. Leahy (D-Vt.) and Sen. Gordon Smith (R-Ore.) -- introduced yesterday an amendment to overturn the administration-backed provision by allowing foreign nationals in military or CIA custody to challenge the legality of their detentions after one year.

Sen. Lindsey O. Graham (R-S.C.), who supports the suspension of the habeas corpus process, predicted that the Specter amendment "will be defeated, I think, in a bipartisan fashion, with a solid vote." But Graham said he has been exploring a different amendment on the matter, which he declined to describe.

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Administration officials have said that the controversial provision is warranted because "unlawful enemy combatants" are not entitled to the same rights as regular soldiers or U.S. citizens; because isolation and the threat of indefinite detention aid U.S. interrogations; and because habeas corpus petitions could obstruct or delay the military trials of detainees.

But human rights groups and defense lawyers have condemned the provision as unconstitutional. They said it could leave detainees "to rot" in jail.

Thirty-one former ambassadors, including 20 who served in Republican administrations, jointly wrote Congress this week that "to eliminate habeas corpus relief for the citizens of other countries who have fallen into our hands cannot but make a mockery" of the administration's efforts to promote democracy. They also said that it would set a precedent that could jeopardize U.S. diplomats and military personnel overseas.

The negotiators also discussed yesterday a recent administration-backed change in the legislation to broaden the definition of potential unlawful enemy combatants in a way that would allow the government to detain and try a wider range of foreign nationals than envisioned earlier.

Other recent changes to the bill aroused controversy yesterday. In one, the administration and its House allies would give the defense secretary wide latitude to depart, without independent judicial scrutiny, from the rules and detainee protections the legislation would create. It would allow him to do so whenever he deems it "practicable or consistent with military or intelligence activities."

Georgetown University law professor Neal K. Katyal, who represented Salim Ahmed Hamdan in a case in which the Supreme Court overturned in June the administration's previous military-trial procedures, said the discretion, as written, is broad enough for the Defense Department to suspend a presumption of innocence for defendants. The new rules "themselves build in all the flexibility the secretary of defense needs to depart massively," Katyal said.

Other defense lawyers criticized yesterday recent changes that make it easier for prosecutors to introduce evidence without challenge and that eliminate defendants' right to examine all the evidence presented against them. The draft bill would, however, preserve defendants' right to respond to that evidence.

A Last Hurdle For Bill On Detainees: Access To US Court (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 27, 2006

WASHINGTON

Some 56 months after the first terrorism suspects arrived at the US prison camp at Guantánamo Bay, Cuba, Congress is rushing to pass new legislation on how to bring them to trial - or not.

It's the "not" - President Bush's claim that any "enemy combatant" can be detained indefinitely, without access to US courts - that is the last obstacle to finishing a bill this week.

The White House and a trio of Republican senators already resolved how trials would handle secret evidence and evidence obtained using harsh interrogation techniques, allowing detainees to see evidence against them, but in redacted form. Sens. John McCain of Arizona, John Warner of Virginia, and Lindsey Graham of South Carolina also forced the White House to back off its intent to reinterpret terms of the 1949 Geneva Conventions, especially the ban on "humiliating and degrading treatment."

But the deal did not affect a provision that critics say is a more fundamental threat to the rule of law and the nation's reputation: a bid to strip federal courts of jurisdiction to hear cases brought by "unlawful enemy combatants" seeking to challenge their detainment.

Supporters say the action is needed because a flood of pending habeas cases is a distraction from the war on terror and strains military resources. Critics say that's no justification for curbing a fundamental constitutional right.

"A persuasive argument can be made that the Writ of Habeas Corpus, the Great Writ, is the single most important bulwark in protecting our rights and freedoms ... and those who have suspended it have often been treated harshly by history," said John Huston, a retired rear admiral and former top lawyer in the Navy, at a hearing called Monday by the Senate Judiciary Committee.

"It is too facile to say that the men detained in Guantánamo 'are all terrorists,' 'the worst of the worst,' and 'all killers.' Maybe they are. Maybe they aren't. The point of habeas corpus is to answer those questions," he adds.

Monday's hearing, attended by three senators, marks the only hearing on the habeas corpus provision before the House and Senate vote on the bill. The legislation may come before the full House as early as Wednesday.

"This is momentous, far-reaching legislation, which is being rushed through on the eve of elections," added Thomas Sullivan, a former US Attorney for the northern district of Illinois, who has represented 10 Guantánamo detainees, three of whom were released in May 2006.

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Judiciary Committee chairman Arlen Specter (R) of Pennsylvania, who called Monday's hearing after reviewing last week's deal on military commissions, says he wants to offer an amendment simply deleting the provision eliminating habeas corpus.

The US Constitution says there are only two conditions for abolishing habeas corpus: rebellion or invasion when "the public safety may require it." Senator Specter and some conservative critics of the draft bill on military commissions say that neither condition is currently met.

"The United States is neither in a state of rebellion nor invasion. Consequently, it would be problematic for Congress to modify the constitutionally protected writ of habeas corpus under current events," Kenneth Starr, the former independent prosecutor on the Whitewater investigation during the Clinton presidency, wrote in a letter to Specter.

The issues involved in this legislation are complex and important, say those on both sides. Sen. John Cornyn (R) of Texas, who backs the legislation, said annual status review hearings, called for under the Detainee Treatment Act, give war-on-terror detainees the same access to meaningful review as habeas corpus.

"The level of due process that the detainees are getting far exceeds the level of due process accorded to any combatants - captured combatants, lawful or unlawful - in any war in human history," says David Rivkin, a Washington attorney who consults with the White House on detainee issues. It's a "fair and balanced approach to judicial review, eliminating repetitive challenges, banning forum shopping, and yet preserving the necessary essentials of a judicial review for detained unlawful combatants," he adds.

In debate this week, both sides will be watching how aggressively Democrats defend the habeas provision. Sen. Patrick Leahy (D) of Vermont, the ranking Democrat on the Judiciary Committee, was the only member of his party to attend Monday's hearings. He says he worries that only about 5 percent of the Guantánamo detainees were picked up by US troops on the battlefield, and that some innocents may have been turned over to the US to "settle a score" or for a bounty.

The issue has the potential to affect every American, says Eric Freedman, a constitutional lawyer at Hofstra Law School and author of a book on habeas corpus. "Every story about an innocent business traveler or tourist picked up through error is [one] that could happen to anybody," he says. "The whole concept of checks and balances is that when the executive branch acts as judge, jury, and executioner, government power is going to be exercised wrongly."

Rush To Error (WP)

The Washington Post, September 27, 2006

AFTER BARELY three weeks of debate, the Senate today will take up a momentous piece of legislation that would set new legal rules for the detention, interrogation and trial of accused terrorists. We have argued that the only remedy to the mess made by the Bush administration in holding hundreds of detainees without charge at Guantanamo Bay and elsewhere since 2001 was congressional action. Yet rather than carefully weigh the issues, Congress has allowed itself to be stampeded into a vote on hastily written but far-reaching legal provisions, in a preelection climate in which dissenters risk being labeled as soft on terrorism.

As we have said before, there is no need for Congress to act immediately. No terrorist suspects are being held in the CIA detention "program" that President Bush has so vigorously defended. Justice for the al-Qaeda suspects he has delivered to Guantanamo has already been delayed for years by the administration's actions and can wait a few more months. What's important is that any legal system approved by Congress pass the tests set by Sen. John W. Warner (R-Va.) months ago: that the United States can be proud of it, that the world will see it as fair and humane, and that the Supreme Court can uphold it.

The compromise legislation cobbled together in the past week by administration officials and a group of Republican senators, including Mr. Warner, doesn't pass those tests. It would improve greatly on the administration's past practices as well as its original plans for trials of enemy combatants, but critical flaws remain. If these are not corrected, U.S. treatment of foreign prisoners is likely to remain a source of global controversy that undermines the war against terrorism. Senators -- and this includes Democrats who have been largely and cravenly absent from this month's debate -- would do best to postpone action on the bill. Failing that, they should support amendments to correct the worst problems.

Foremost among these is the legislation's attempt to prevent U.S. courts from ruling on the treatment of prisoners in the future, including any procedures the Bush administration might adopt for interrogations. Sen. John McCain (R-Ariz.) fought for language in the bill that he believes would stop practices such as simulated drowning, prolonged sleep deprivation and induced hypothermia, but many lawyers believe the administration could interpret the law to permit such abuse. Normally the courts would provide a check on administration policies, but the bill would prevent this by banning prisoners from bringing lawsuits over their detention and treatment. Sen. Arlen Specter (R-Pa.) has promised an amendment to restore judicial oversight. Without it, the Bush administration's abuse of detainees is likely to continue.

A second major problem with the bill is its definition of who could be regarded as an enemy combatant and thus be subject to the exceptional detention and trial procedures. Another hasty agreement over the weekend would allow foreign civilians in the

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United States or even U.S. citizens to be arrested and held without charge indefinitely on grounds that they "supported hostilities against the United States." This goes far beyond current case law, which reserves unlawful-combatant status for detainees engaged in an armed conflict against the United States or its allies. Endorsement of this standard by Congress would give extraordinary power to the Defense Department to arrest and hold foreigners and Americans without charge, and it would set a dangerous precedent for other nations. It's not hard to imagine civilian American aid workers being arrested by foreign governments as "enemy combatants" for helping people deemed to be terrorists.

White House pressure may have persuaded many in Congress that the easiest course is to quickly approve the detention bill in its present form and leave town. If so, their actions almost surely will come back to haunt them. Until this country adopts a legal system for the war on terrorism that meets Mr. Warner's standard, the war itself will be unwinnable.

Detainees Compromise: Lose-lose (USAT)

By Nat Hentoff

USA Today, September 27, 2006

The rebellion by Republican Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina against the president's proposed legislation to comply with the Supreme Court's June decision on the treatment of enemy combatants (Hamdan v. Rumsfeld) has ended — with fanfare — in a "compromise."

McCain, who has insisted that the principles he fought for are more important than his chances for the presidency, declared: "There's no doubt that the integrity and letter and spirit of the Geneva Conventions have been preserved." He also said, "We got what we wanted."

But the Supreme Court, in rebuking the president for having violated Common Article 3 of the 1949 Geneva Conventions (to which the United States is a signatory), made plain both the letter and spirit of this minimal standard of "humane treatment."

Article 3 prohibits "at any time and in any place whatsoever … cruel treatment and torture … (and) outrages upon personal dignity, in particular, humiliating and degrading treatment."

The president is also pleased with this compromise because, he says, it preserves "the CIA program to question the world's most dangerous terrorists and to get their secrets."

The CIA program involved, as the president has said, "alternative techniques" of interrogation — details of which have been revealed by human rights groups, reporters and McCain himself as specifically and vividly violating the letter and spirit of Article 3.

How, then, does this compromise, as McCain says, result in no losers, only winners and winners? The agreement prohibits — under our own 1996 War Crimes Act — such "grave breaches" of the Geneva Conventions as torture, rape and murder. (These are actual war crimes under that 1996 statute.)

But, in this three-card-monte game of compromise, it is the president who will have the dominant role in deciding, by executive order, which alternative techniques are grave breaches. How will we know whether the CIA, or any of our interrogators, are committing these war crimes? We won't know all of them, and maybe none.

National security adviser Stephen Hadley points out that "specific techniques" used on terrorism suspects are classified. (We can't let the terrorists know what's in store for them once they're taken into custody.)

As for practitioners of such "coercive" interrogations that could lead to charges of war crimes under American law, the "compromise" protects them from prosecution for past violations. This is known in our lingo as a "get-out-of-jail-free card."

Logically, I would think this amnesty would also include those all the way up the chain of command who authorized "alternative techniques" constituting "grave breaches" of the Conventions.

I'm not surprised that the CIA also agrees with the main belligerents that there are no losers in this agreement. And CIA operatives who have been buying government-funded liability insurance for fear of prosecution under the War Crimes Act need worry no longer.

This pact's most radical failure to adhere not only to the Geneva Conventions but also to a core right in our Constitution is in its allowing the three celebrated senators and the president to revoke habeas corpus petitions on conditions of confinement by any alien detainee — not only those at Guantanamo Bay, Cuba — designated, with or without charges, as an "enemy combatant."

This view of The Great Writ as an irritating inconvenience in the war on terrorism — particularly denounced by Graham for "clogging the courts" with detainee petitions — is embedded in the renowned Senate Armed Services Committee bill generated by McCain, Warner and Graham. It is also included in House legislation dealing with detainees and will be enfolded in the compromise produced by the same three senators applauded by some civil libertarians for standing up to the president.

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The result will be that hundreds of detainees, among them many who have never been charged with any crime, will no longer have lawyers to bring their claims of cruel, inhuman and degrading treatment by guards and interrogators. This is contrary to the Supreme Court having authorized such habeas petitions in the 2004 Rasul v. Bush ruling and Hamdan v. Rumsfeld.

Despite all the purported obeisance to the Geneva Conventions in this agreement that ended the McCain-Warner-Graham mutiny, there will be no way for Americans or the world to know whether these "enemy combatants" — many of whom might be innocent — have been subjected to the same outrages upon personal dignity that this epic struggle by the three senators presumably prevents.

During a previous "victory" by McCain over the president — much publicized around the world — he secured an amendment in the Detainee Treatment Act of 2005 banning "cruel, inhumane and degrading" treatment of prisoners.

But in moving that legislation, including the famous McCain amendment, into law, the president added one of his elastic "signing statements" that he would not necessarily implement the amendment if it interfered with national security.

President Bush needn't slip in a signing statement this time around. With the elimination of habeas petitions on conditions of confinement, all of our interrogation centers around the world in which alien detainees are held as enemy combatants will become "black sites" — wholly outside of laws.

There will be losers after all.

Nat Hentoff is an authority on the U.S. Constitution and author of The War on the Bill of Rights and the Gathering Resistance.

EU To Probe Bank Data Monitoring By U.S. (AP)

By Constant Brand

AP, September 26, 2006

European data protection officials agreed Tuesday to investigate further allegations that a Belgian-based company's sharing of confidential banking records with U.S. authorities for anti-terror probes could have violated EU laws.

After their talks, the European Union's 25 national data protection officers said the problem raised "immediate concerns about the lack of transparency which has surrounded" a secret transfer deal between the U.S. Treasury and Belgian-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT.

"The issue is complex, both factually and legally," said a statement issued by the panel's vice-chair, Jose Luis Pinar Manas, director of Spain's data protection agency. "Recognizing the seriousness of the questions that have been raised, the working party agreed to continue fact-finding and conduct further analysis based on all relevant factual and legal elements."

EU spokesman Friso Roscam Abbing said the EU experts will meet again in November and would then issue an opinion, including possible stronger safeguards that EU governments should adopt to prevent the misuse of trans-Atlantic transfer of private banking records.

The November meeting will also assess an investigation the Belgian data privacy commission has launched into the SWIFT case, to see whether the firm violated Belgian privacy rules and similar EU rules. The Belgian report is due in a few weeks.

The review is in response to questions about the legality of SWIFT's sharing of banking records with U.S. authorities for use in anti-terror investigations.

The U.S. Treasury has acknowledged that since the Sept. 11 attacks it has tracked millions of confidential financial transactions handled by SWIFT.

SWIFT routes about 11 million financial transactions daily between 7,800 banks and other financial institutions in 200 countries, recording customer names, account numbers and other identifying information.

Before Tuesday's panel talks, German Data Protection Commissioner Peter Schaar said all clients of financial institutions "have a right to know" what happens to their confidential data.

Both SWIFT and the U.S. authorities say records were subpoenaed as part of targeted investigations into suspected terrorist activity.

In its defense, SWIFT reiterated on Monday that it received "significant protections and assurances" that the data transferred to the U.S. was used confidentially.

In a statement signed by SWIFT's CEO Leonard H. Schrank, the company said the U.S. Treasury does not have unlimited access to data stored by SWIFT, and the information it got was used only "for the exclusive purpose of terrorism investigations."

The European Parliament has demanded that EU governments, the European Central Bank and the European Commission fully explain the extent to which they were aware of the secret data transfer deal, and has put pressure on them to prevent such transfers if they violate EU law.

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The commission and Finland, which currently holds the EU presidency, have said their hands were tied and that it was up to the Belgian authorities to make sure their data protection laws were in line with EU regulations.

The Belgian government said in June that Washington had subpoenaed data only from SWIFT's U.S. office — but not its global headquarters outside Brussels.

EU Justice and Home Affairs Commissioner Franco Frattini said he had never been informed about SWIFT's program.

Europe Panel Defers Report On Bank Data Sifting (NYT/AP)

The New York Times, September 27, 2006

BRUSSELS, Sept. 26 — A panel of European data security officials on Tuesday put off a final report on the legality of an American program to monitor millions of international banking transactions. But they said they had "immediate concerns" about the arrangement.

The officials agreed to investigate further whether European Union laws were being violated by a Belgium consortium's sharing of confidential banking records with American counterterrorism officials.

After their meeting here, the European officials said they had concerns about "the lack of transparency" of the arrangement between the Treasury Department and the banking consortium, known as Swift, which stands for the Society for Worldwide Interbank Financial Telecommunication.

"The issue is complex, both factually and legally," said a statement issued by the panel's vice chairman, José Luis Piñar Mañas, director of Spain's data security agency. The data officers "agreed to continue fact-finding and conduct further analysis based on all relevant factual and legal elements." Some officials had pushed for a report this week.

A spokesman for the European Union, Friso Roscam Abbing, said the data officials would meet again in November and would then issue an opinion, including possible recommendations for safeguards that union governments should adopt to prevent the improper trans-Atlantic transfer of private banking records.

The November meeting will also assess an investigation into the Swift case by the Belgian National Bank, to see whether the banking consortium violated Belgian privacy policies and similar European Union rules. The Belgian report is due in a few weeks.

The review comes in response to questions about the legality of Swift's sharing of banking records with American authorities for use in antiterror investigations.

The Treasury has acknowledged that since the Sept. 11 attacks it has tracked millions of confidential financial transactions handled by Swift. The banking consortium routes about 11 million financial transactions daily between 7,800 banks and other financial institutions in 200 countries, recording customer names, account numbers and other identifying information.

Disputing An 'Obscure' Organization's Spokesman (WP)

The Washington Post, September 27, 2006

When Nadia Bilbassy-Charters, Washington correspondent for the Dubai-based newspaper al-Arabiya, was called on by President Bush at yesterday's news conference, she asked about remarks attributed to Gijs de Vries, the European Union's antiterrorism coordinator.

Bilbassy-Charters: If I may, Mr. President, do you agree with the analysis from the counter chief European -- counterterrorism chief European spokesman who said today that the international support for terrorism has receded. Do you agree with that?

Bush : . . . First of all, I didn't -- what was this person a spokesman for?

Bilbassy-Charters: Counterterrorism chief in Europe.

Bush : Some obscure spokesman?

Bilbassy-Charters: No, actually, he has a name.

Bush : Okay, he's a got a name. Well, no, I don't agree with the spokesman for the obscure organization that said that the international commitment to fighting terror is declining.

Guantanamo Makes Adjustments For Ramadan (AP)

By Michael Melia, Associated Press Writer

AP, September 27, 2006

Muslim detainees at Guantanamo Bay entered Ramadan with traditional sweets, dates and honey — but without a military chaplain to lead them in prayer during Islam's holy month.

Nearly all the alleged al-Qaida and Taliban members held at the detention center in Cuba are observing Ramadan, officials said Tuesday. Meals are offered before dawn and after sunset to accommodate their fasting during daylight hours.

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The adjustments for Ramadan, which began Saturday, come as the U.S. prison faces accusations of religious insensitivity.

A court challenge seeking the return of a full-time Muslim chaplain to the base has been filed by one detainee's attorney, who said that regular religious services would help "preserve the sanity" of the detainees.

"I think it would preserve order and discourage these suicides that are happening there," attorney Gaillard Hunt said.

A Justice Department spokesman declined to comment Tuesday on the motion, citing ongoing litigation.

Muslim chaplains — who regularly counseled detainees in the prison's early years — have been assigned to U.S. commands with larger numbers of Islamic service members, said Navy Cmdr. Robert Durand.

"The detainee population generally rejects outside religious guidance," he said.

Detainees meet their religious needs primarily by relying on each other, with cell blocks designating an imam or prayer leader, he said.

Ramadan arrived this year with elevated security following three suicides in June.

A newspaper published for soldiers on the U.S. base ran a front-page article earlier this month stressing Ramadan's significance to Muslims.

Fasting detainees will have a meal before dawn, and a "double portion" meal in the evening to ensure they receive enough nutrition. Medical personnel will monitor their health, Durand said.

Guantanamo does have an Islamic cultural advisor who meets with the detainees to discuss their concerns, and chaplains are available to come in and handle delicate tasks, such as the Islamic funeral prayer for the suicide victims in June, Durand said.

Separately, a Red Cross delegation that began a two-week visit to the Guantanamo prison on Monday has met with base officials and was hoping to get a first glimpse of 14 high-level terror suspects previously locked up in CIA secret prisons.

Simon Schorno, a spokesman for the Red Cross in Washington, said the delegation would interview other detainees as it waits for the newest arrivals, including alleged Sept. 11 mastermind Khalid Sheikh Mohammed, to accept their offer for a meeting.

U.S. Army Gen. Bantz J. Craddock said last week that the detainees would be made available around Oct. 1.

HOMELAND RESPONSE:

Officials Forgo Supreme Court Appeal In DHS Labor Case (GOVEXEC)

By Karen Rutzick

Government Executive, September 27, 2006

Government officials on Monday night passed up their last chance to seek reversal of a court decision blocking proposed labor relations reforms at the Homeland Security Department.

The solicitor general's office, which brings cases to the Supreme Court on behalf of government agencies, let a midnight deadline pass without filing an appeal at the high court.

"We're OK with that because it allows the department to move forward in implementing our labor relations flexibilities rather than spending additional time in the litigation process," said Larry Orluskie, a DHS spokesman.

In June, an appeals panel unanimously upheld, and even broadened, an earlier ruling that the proposed system would illegally curtail collective bargaining rights for employees by giving management the ability to cancel negotiated agreements. DHS and Justice Department officials in August decided against challenging that decision before the full appellate court, but left open the option for a Supreme Court appeal.

A Justice Department spokesman declined to comment on why the solicitor general chose not to pursue the Supreme Court appeal.

Orluskie said DHS officials will begin talks soon on how to rework the system so it meets legal standards.

"What we're going to do moving forward is sit down with our component agencies, sit down with the unions, and discuss how we move forward and where we go from here," Orluskie said.

Representatives of the federal employee unions that brought the case were pleased at the government's decision.

"DHS has made the right decision," said Colleen Kelley, president of the National Treasury Employees Union. "It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people."

"This is the smartest thing DHS has done in quite some time," said Mark Roth, a lawyer for the American Federation of Government Employees. "DHS management was in a battle they knew they couldn't win."

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If DHS wants to rework its collective bargaining scheme, it must re-enter the meet-and-confer process with the unions representing its employees and resubmit the regulations to the Federal Register. The department is free, however, to move ahead with personnel changes that don't involve labor relations.

"We are working full-on with performance management," Orluskie said. He noted that DHS has trained 11,000 managers and supervisors on the new system, which focuses on job performance and will eventually link pay raises to performance ratings.

"It is my expectation that DHS will now engage in meaningful discussions with unions and management associations [on labor relations plans]," said Sen. Daniel Akaka, D-Hawaii, ranking member of a Senate federal workforce oversight subcommittee, in a statement Tuesday.

The law that created DHS, and allowed officials to rewrite personnel rules, gave the department five years for labor relations changes. As a result, department's authorization to modify the bargaining system ends in January 2009.

No Supreme Court Appeal For MaxHR (FCW)

By Wade-Hahn Chan

Federal Computer Week, September 27, 2006

The Homeland Security Department has decided not to pursue an appeal to the Supreme Court for the MaxHR human resources system. The agency has now passed on all available options for appeal regarding the labor-relations portions of the pay-for-performance system.

Larry Orluskie, a DHS spokesman, said the decision came from the Justice Department's Office of the Solicitor General late Sept. 25. The decision allows the agency to move forward to "pursue labor relations flexibilities rather than spending additional time in litigation," Orluskie said.

"If we go to the Supreme Court, we'd go on and on and on," he said. "What we're going to do is engage with our other partners, with the components, OPM, sit down with the unions and consider all available options."

MaxHR had been tied down in courts because of problems with ensuring collective bargaining rights for employees. The original court decision, in August 2005, blocked labor-relations portions of MaxHR and was eventually reaffirmed by an appeals court in June.

Unions applauded the decision and agreed with DHS on the need to move past the court battles.

"DHS has made the right decision — for itself, for its employees and for our nation," said Colleen Kelley, president of the National Treasury Employees Union. The union led the fight against MaxHR in court. "It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people."

"DHS management was in a battle they knew they couldn't win," said Mark Roth, general counsel of the American Federation of Government Employees. "The decision not to appeal was the right thing to do for management, and more importantly for DHS employees."

Currently, nearly 11,000 managers and supervisors are subject to MaxHR's performance management program, with almost 4,000 nonbargaining unit employees under the program. An additional 6,700 managers and employees will convert from the General Schedule system to MaxHR in October.

Administration Opts Not To Appeal Court Rejection Of DHS Personnel System (FEDTIMES)

By Tim Kauffman

Federal Times, September 27, 2006

The Bush administration won't appeal a June court decision striking down key parts of the Homeland Security Department's personnel system, a department spokesman said.

The government had until midnight Sept. 25 to appeal the case to the Supreme Court. The decision not to appeal was made by the Justice Department, which was representing Homeland Security in the case, Homeland Security spokesman Larry Orluskie said.

Justice had no comment.

The focus now will shift to figuring out how to proceed from here, Orluskie said, adding that Homeland Security soon will meet with officials from inside the department, the Office of Personnel Management and the unions to begin those discussions.

The department will "consider all available options in going forward from here," Orluskie said.

The head of the National Treasury Employees Union, which led a coalition of five unions that sued the department over the personnel changes, said the government made the right decision.

"It is now time for DHS to put this adversarial proceeding behind it and to join with NTEU in focusing solely on the agency's critical mission of protecting the American people," NTEU National President Colleen Kelley said.

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The June 27 decision from the U.S. Court of Appeals for the District of Columbia Circuit invalidated changes the department had proposed making to the Title 5 rules governing collective bargaining, labor management procedures, and employee appeals of disciplinary actions.

The department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the reformed personnel system, and another 6,700 managers and supervisors will convert on Oct. 1, Orluskie said.

Similar changes to the labor management and appeals systems designed for the Defense Department were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia; an appeal of that decision is scheduled to be argued this fall.

Homeland Security Department Ends Litigation On Workplace Rules (WP)

By Stephen Barr

The Washington Post, September 27, 2006

At the Department of Homeland Security, litigation over new workplace rules is out.

The Bush administration, after losing three times to a labor coalition led by the National Treasury Employees Union, has decided not to file a petition at the Supreme Court, a spokesman for the department said yesterday.

The union had argued in federal district court and before a three-judge appeals panel that the administration's plan would gut the collective-bargaining rights of Homeland Security Department employees and undermine their rights to fair hearings when they sought to appeal major disciplinary action.

The courts found that the department had overreached and blocked the introduction of key parts of the new rules.

"I am very pleased," Colleen M. Kelley , president of the union, said of the decision not to continue litigation. "I think they did the right thing for the department, the employees and the country. We are looking forward to working with them on the priorities for the department."

Larry Orluskie , a spokesman for Homeland Security, said that Paul D. Clement , solicitor general at the Justice Department, informed officials late Monday that he would not take the case to the high court.

"This decision is okay with the Department of Homeland Security because it allows us to move forward toward implementing labor-relations flexibility rather than spending additional time in litigation," Orluskie said. "We will continue to engage with our components and partners in the unions to consider all options in moving forward."

Administration officials declined to discuss what Clement's decision means for the Defense Department, which also has been stopped by a federal court from trying to curb union rights as part of the new National Security Personnel System. The Pentagon has appealed the court ruling, but Mark Roth , general counsel for the American Federation of Government Employees, said that the Defense Department "would be smart to end this now."

Four years ago, Congress gave the Homeland Security Department a green light to overhaul how it pays, promotes and disciplines about 110,000 employees as part of the larger reorganization to strengthen homeland security and fight terrorism. But the rollout of the new system was slowed by legal setbacks in the past two years, and the department no longer has "a hard timeline," as one official put it, for completing the new personnel system.

About 4,000 supervisors and nonunion employees at Homeland Security headquarters, Immigration and Customs Enforcement, and the Federal Law Enforcement Training Center have been placed under a new performance-management system. An additional 6,700 managers and supervisors at Citizenship and Immigration Services and Customs and Border Protection will convert to the new performance system next month.

Under the new system, managers and employees set goals, link those goals to the department's objectives, and measure how well they meet expectations laid out for their performance. About 11,000 people have been trained on the new system.

The department hopes to use the system to tie job performance ratings to pay raises and bonuses but has no deadline for shifting employees to performance-based pay.

Rollout of the new pay system also has suffered from turnover in the department. Almost all officials who designed or planned the new workplace rules have retired or left the government. Marta Brito Perez , who had served as a top policy official at the Office of Personnel Management, was recently named as the top personnel adviser to Homeland Security Secretary Michael Chertoff and will play a key role in deciding the department's next steps.

Union officials said they envision that the department and unions will meet to discuss possible options for replacing the rules blocked by the courts. Administration officials declined to discuss their next steps but did not rule out more talking, making changes through a presidential order or returning to Congress for a change in law.

Sen. Susan Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, "is hopeful" that the department and unions "will approach the next round of discussions with an open mind," a spokeswoman said.

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In a statement, Sen. Daniel K. Akaka (Hawaii), the ranking Democrat on the Senate's federal workforce subcommittee, said, "it is my expectation that DHS will now engage in meaningful discussions with unions and management associations."

Chertoff, Democrats Disagree Over Cargo Scans (WT)

By Audrey Hudson

The Washington Times, September 27, 2006

Homeland Security Secretary Michael Chertoff yesterday sparred with Democratic lawmakers over the feasibility of scanning cargo for nuclear materials at foreign ports before ships depart for the United States.

Mr. Chertoff told the House Homeland Security Committee that total screening is unrealistic and that other measures are being implemented to protect U.S. ports from such terrorist threats.

Cargo is screened by manifest and cargo lists, but is not scanned for radiation until it reaches U.S. ports, where Mr. Chertoff said the goal is to screen 80 percent of the cargo by year's end.

"Why can't we do it on the other side of the ocean before they depart?" asked Rep. Peter A. DeFazio of Oregon. "Why has there been resistance on the part of the administration and the majority here, to screening all the containers on the other side of the ocean?"

In response, Mr. Chertoff said, "For one thing, we don't own foreign ports, Congressman."

The hearing focused on the department's goals for 2007, including border protection, and members on both sides of the aisle asked that grants to various cities, including Washington, be increased.

Mr. Chertoff said U.S. and foreign officials soon will conduct some screening at the ship's point of departure, but the answer did not satisfy Mr. DeFazio.

"We retain the right of sovereignty in international trade and we can refuse the entry of any cargo," said the Oregon Democrat. "The Chinese regularly do this for commercial purposes; we can sure as heck do it for homeland security purposes.

"Anybody who isn't cooperating with us, we say, 'Well, that's fine, but guess what? Nothing's leaving your port to the United States of America anymore.' It's pretty simple."

Such action, Mr. Chertoff said, would cut off 75 percent of international trade and lead to a depressed economy.

Mr. DeFazio proposed a three-year period to implement such a strategy, but Mr. Chertoff balked and called it an "artificial deadline" that would be "as unrealistic as passing a law that says in three years cancer has to be cured."

Rep. Edward J. Markey, Massachusetts Democrat, called Mr. Chertoff's statements "a terrible message."

"You are saying that after the terrorists are in the air coming to the United States from another country that it's already too late, that the same thing is also true with a nuclear bomb in a ship heading for a port in the United States," he said.

The Homeland Security secretary said officials are meeting with shippers and foreign governments to better secure cargo.

One constraint is that some ports are on land already "full of radioactive material" that would constantly set off false alarms.

"We all would desire to have radiation scanning before things are loaded on ships," Mr. Chertoff said. "But I'm not going to sell the American people pie in the sky. I'm going to give something that's realistic, actionable and produces real results."

Air Travelers Glad To Have Liquids, Gels Back (AP)

By Daniel Yee

The AP, September 26, 2006

ATLANTA - Happy that new security rules have cleared their liquids and gels for takeoff, air travelers presented small, clear plastic bags filled with toiletries for inspection Tuesday, but long lines grew at some airports as others confused about the changes filled trash cans with containers that were too large.

Most toiletries can be in containers no larger than 3 ounces, and they must be zipped up in plastic bags that are quart-sized or smaller. Those limits threw off passengers who scrambled at security checkpoints to toss out bottles of shaving cream and hand lotion or to find the proper plastic bags.

"It's an inconvenience," said Ginni Dewbray, whose husband finally found a bag to carry a small bottle of lotion after asking several fellow travelers in a security line at Chicago's O'Hare International Airport.

"If they're going to stand there and ask you to have plastic bags, they should give them out. They're not that expensive," she said.

Trash bins outside airport security checkpoints filled up with forbidden items, though not as much as they did last month when a broader ban was put in place. Many travelers were grateful for the relaxed rules, which allow them to carry drinks, makeup and other items on board their flights.

"I was glad to see (the changes)," said Vicki McGowan, a professional meeting planner at Oakland International Airport for a flight to Reno, Nev. "How can lipstick or mascara put people at risk?"

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The new rules, announced Monday by the federal Transportation Security Administration, allow travel-sized toiletries to be carried aboard flights in a sealable clear plastic bag. Some items are permitted in any amount: saline solution, eye drops and prescription and nonprescription medicine, according to Transportation Security Administration spokesman Christopher White.

Drinks, liquids and gels purchased in airport stores inside security checkpoints can be carried into passenger cabins. Baby formula is allowed but must be inspected.

The rules replace an outright ban on liquids, lotions and gels ordered Aug. 10 after an alleged plot to bomb U.S.-bound jetliners was foiled.

TSA chief Kip Hawley said the stricter ban is no longer needed, and that he was pleased Tuesday's transition to the new rules went as smoothly as it did.

"I woke up scared to death this morning," Hawley told reporters in Washington. "It went great today."

Parents were some of the happiest beneficiaries of the new rules, glad to have regained some of their tools in the challenging job of keeping young children content on a plane.

Leslie Walker of Plano, Texas, was planning to carry drinks for her 5-year-old daughter and 18-month-old son onto their flight from Dallas-Fort Worth International Airport to El Paso.

"It was really a relief to know that I didn't have to get here this morning and repack everything. It saved me a little time," she said.

Airport retailers were thrilled at the news, and some had already begun stocking up on plastic, zip-top bags. The Paradies Shops, an Atlanta-based company with more than 500 stores in 60 airports across the U.S. and Canada, will hand out clear plastic bags to customers for free.

"It's good news for everybody," said Bobbi Passavanti, the company's spokeswoman. "It's great for the traveler."

San Francisco airport spokeswoman Kandace Bender said it was too early to tell if sales are up but concessionaires selling liquids beyond security checkpoints were "very happy campers," on Tuesday.

The rules were too much bother for some passengers, such as Pat Henderson, of Palm Coast, Fla., who threw away the deodorant and toothpaste in his carryon before entering the security check line at the Atlanta airport.

"It's not worth the hassle," he said. "I just don't want to deal with it."

By 8 a.m., a trash bin at a checkpoint in Atlanta was 3 feet deep with water bottles and 16-ounce containers of toiletries, including shaving gel and hand lotion. But TSA officials there were going easy on travelers the first day of the new rules, allowing them to carry proper-sized toiletries in gallon-sized plastic bags.

After testing a variety of explosives, the FBI and other laboratories found that tiny amounts of substances - so small they fit into a quart-size plastic bag - can't blow up an airliner.

In Washington, Homeland Security Secretary Michael Chertoff said the new rules "are likely to be with us for the foreseeable future." Testifying before the House Homeland Security Committee, Chertoff said the new rules would be in place for at least six weeks, but he declined to say whether they would remain as long as six months.

Fliers Allowed Liquids, But Some Get Frustration (USAT)

By Thomas Frank And Larry Copeland

USA Today, September 27, 2006

Travelers went to airports Tuesday with the right to carry liquids and toiletries on planes again, but they also found occasional long lines and strict security rules that made some wonder if their toothpaste was worth the trouble.

New rules allow passengers to bring small amounts of liquids, gels and travel-size toiletries through checkpoints, provided the items are in 1-quart clear plastic bags.

"For all practical purposes, you still have to put everything in a checked bag," Matt Daniels said as he waited for his luggage at the baggage carousel in Hartsfield-Jackson Atlanta International Airport. "Who goes around carrying liquids in plastic bags?"

Some passengers said they were confused by a requirement that the bottles fit in the 1-quart plastic bag. Others stumbled over a policy limiting each traveler to one bag. And a few were frustrated with trying to find the right size of bag.

Mike Pattani, who owns a Candy Express store at Hartsfield-Jackson, gave 80 to 100 bags to travelers who came in frantically looking for Transportation Security Administration (TSA)-approved toiletry storage. Then he started charging 25 cents a bag.

"So many people were asking for them, I had to start charging," Pattani said.

The new rules caused logjams of more than double the normal wait times at the security checkpoints at Hartsfield-Jackson from 7 to 8:30 a.m., according to Christopher White, TSA spokesman for the Southeastern region. The usual wait time on Tuesday morning is no more than 20 minutes. Passengers waited in line for 45 minutes Tuesday, he said.

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"Anytime we change procedures, there is a period of time before the public is fully aware of them and used to using them," White said, noting that Atlanta wait times returned to normal by 9 a.m.

Several airports saw routine lines and conditions. At Washington's Ronald Reagan National Airport, an airport employee stood near the security checkpoint handing out 1-quart plastic bags. TSA screener Chloe Oxendine asked everyone entering the checkpoint area, "Do you have liquids, creams or gels?" and checked them for appropriate size before people got in line.

Cyril Daniel, a screener at National, said 40%-50% of travelers were bringing liquids through security Tuesday, but many carried them in containers or bags that exceeded size limits. When Daniel told travelers the items weren't allowed, "they didn't make much of a fuss about it."

Gloria Cabe was one of the travelers who got it right. She says she read every word of the newspaper coverage of the rule change Tuesday before boarding her flight from Washington to White Plains, N.Y., for an overnight trip.

"It makes an unspeakable difference," Cabe gushed about her ability to carry on toiletries. "There's not an adequate word to describe the difference."

TSA chief Kip Hawley said he felt "everything went smoothly across the country" on the first day since the ban was relaxed. The ban had been put in place seven weeks ago after authorities announced they had foiled a plot by terrorists to blow up several trans-Atlantic planes with liquid bombs.

Hawley said FBI tests have since shown that small amounts of liquids on planes are extremely unlikely to be used to bring down a plane.

For travelers who don't want to carry their liquids or toiletries through checkpoints, the new rules allow passengers to bring toiletries or drinks of any size on to a plane — provided they have been purchased at shops located in secure airport areas. But frequent traveler Jon Morris of Devon, Pa., said he's worried about price-gouging.

"Prices are already sky-high for water and other toiletries" at airports, he said. "They probably will increase prices until there is an outcry about that as well."

Carolyn Wright discovered a surprising nuance when she showed up Tuesday morning at Austin-Bergstrom International Airport in Texas. Wright figured that her half-empty 6-ounce toothpaste tube would comply with the 3-ounce limit.

She had no luck. A screener confiscated it. Wright was too startled to complain. "I just said, "You can have it. I'll buy a new one." Frank reported in Washington; Copeland in Atlanta. Contributing: Martin Kasindorf in Los Angeles.

Air Travelers Make Dry Runs Despite Rules (WT)

By Sean Lengell

The Washington Times, September 27, 2006

Many air travelers, given the opportunity to once again bring toothpaste, shampoo and other toiletries aboard flights, yesterday decided instead it was more convenient to forgo their new rights.

"I stuck to my old routine, it's just easier," said Laura Zlomek of Frostburg, Md., who was flying from Baltimore-Washington International Thurgood Marshall Airport to attend a wedding in Hilton Head Island, S.C. "This way I don't have to say I have any liquids."

Many passengers coming or going from Washington-area airports yesterday echoed Miss Zlomek's rationale.

"We were scared to bother to even try," said Donna Joule, 43, of McAllen, Texas, at Ronald Reagan Washington National Airport. "When I learned of the ban a few weeks ago I thought, 'Oh, now we can't bring liquids anymore.' But then I realized we really didn't need that stuff anyway."

At BWI, "I just got in the habit of checking my bags, it's just easier that way," said Kia Baskerville, 34, of Annapolis, before boarding a flight. "I appreciate the security measures, and I accept the rules as they are."

Lauren Harvard, 18, of Olney, said she has no plans to take any liquids on board in the near future.

"I'll just have to wait and see," said Miss Harvard while waiting for a United Airlines flight to Chicago's O'Hare International Airport. "I knew the ban was being lifted, but I didn't want to take any chances."

Beginning yesterday, liquid, lipstick, and gel and cream toiletries in 3-ounce containers or smaller were allowed on commercial flights if they are in a clear, plastic, quart-size or smaller reclosable bag. Only one plastic bag per passenger is allowed.

Some items are permitted in any amount: saline solution, eye drops and prescription and nonprescription medicine, the Transportation Security Administration said.

Drinks, liquids and gels bought in airport stores inside security checkpoints can be carried into passenger cabins; baby formula is allowed but will be inspected.

Some passengers said it was too confusing keeping up with rules, particularly because the Homeland Security Department just announced them Monday.

Irene Riker of Marietta, Ga., sat sipping a can of Coca-Cola before a flight at BWI yesterday after being told that she couldn't bring it past the security checkpoint.

"I heard about the new rules last night, but I didn't have time to read any papers," Mrs. Riker said. "I don't have a problem with [the rules] as long as they keep us informed. It would've been nice if they could've e-mailed ticket-holders about it."

Terry Townsend, 56, of Chattanooga, Tenn., said he applauds the tighter security but is frustrated because of inconsistencies among airports.

"I fly a lot, and some airports let you take some stuff on and others wouldn't -- you just wouldn't know," he said at Reagan Airport. "That's the biggest frustration I have."

Patricia French, 55, who arrived at BWI yesterday from Atlanta, successfully carried small bottles of hair spray and contact lens solution on board a flight from the Georgia capital. But some of her fellow passengers weren't as fortunate.

"They were very strict about the size of the bag -- I saw them make people throw some away because they were too large," Mrs. French said.

Security lines generally moved briskly at Washington-area airports. That wasn't the case, however, in Atlanta, Mrs. French said.

"I've never waited in security lines as long as I have today in Atlanta," she said. "If they would've asked me one more time about my bag, I would've thrown it away."

Passengers weren't the only ones getting used to the new rules. Transportation Security Administration officials at Reagan Airport regularly deferred to clipboards with the updated regulations. And a sign outside an hourly parking garage at the airport still informed passengers that all liquids were banned on board flights, ignoring the updated rules.

Teresa Usher, 44, of Bel Air, Md., said the relaxed rules almost seemed too good to be true. So just in case they weren't, she wasn't going to risk losing any expensive cosmetics while going through security at BWI.

"I just took my lipstick; put it in my pocket so if they told me I couldn't take it, I could just throw it away," she said before boarding a United Airlines flight to see her mother in Portland, Ore. "Everything else I left at home. I just didn't want to take any chances."

Airport Security Adjusts To New Rules On Liquids (WP)

By Del Quentin Wilber

The Washington Post, September 27, 2006

Security was relatively smooth at U.S. airports yesterday, as travelers adjusted to new rules allowing them to bring aboard planes small amounts of liquids and gels in their carry-on bags. But it took some flexibility on the part of authorities to make things work. Many people did not know about revisions to month-long rules banning most liquids and gels from passenger cabins.

For example, consider Ted Koppel and the requirement that containers of 3 ounces or less had to fit easily into clear plastic bags.

The former host of ABC's "Nightline" arrived at Washington's Reagan National Airport yesterday morning for a flight to Dallas without a clear plastic bag and a too-large tube of toothpaste in his shaving kit.

A supervisor with the Transportation Security Administration rushed to the rescue. She gave Koppel the necessary plastic bag and determined that he had already used enough of the toothpaste to meet the new limits for such gels. He put the tube into the plastic bag and sailed through security.

Under the rules that went into effect yesterday morning, passengers are allowed to board with small amounts of toiletries in containers of 3 ounces or less, as long as the items are visible in a clear plastic 1-quart bag. The bags have to be pulled out of carry-on luggage to be examined separately at security checkpoints. Under the new rules, passengers may purchase drinks in secure areas and bring those aboard planes.

The TSA banned nearly all liquids and gels from passenger cabins in August after British authorities said they uncovered a terrorist plot to blow up transatlantic airliners with liquid bombs. Large containers of liquids and gels still must be checked or left behind, officials said.

TSA officials said they eased the rules because they had studied the threat and were confident that the revisions balanced the risk of attack against inconvenience for travelers.

TSA officials said they worked hard yesterday to help travelers make it through security, even if they didn't meet the letter of the new requirements.

"It went great today," said Kip Hawley, director of the TSA, before speaking at the Aero Club of Washington's monthly luncheon. "Everything I have heard suggests it went smoothly across the country . . . We worked with the security officers so they have discretion, particularly on the first day."

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Hawley said officials rolled out the revisions on a Tuesday because it usually is one the least busy for passengers. Security lines were fairly short at National yesterday morning.

Rob Yingling, a spokesman for the Washington Metropolitan Airports Authority, which runs National and Washington Dulles International airports, declined to comment on security lines at either airport or how the new rules affected travelers. He referred calls to the TSA. Security lines "moved very efficiently" at Baltimore-Washington Thurgood Marshall International Airport, an airport spokesman said.

At National, passengers said they were happy that the TSA eased the restrictions, though several didn't know about the changes until they were told by a reporter.

Susan Garfield, 33, a director of women's health for a biotech company, called the original ban a "pain in the rear end" because it forced her to check her luggage and wait 40 minutes at the carousel after her flight.

But Garfield said her frustration largely evaporated yesterday when she packed her toothpaste, lip gloss and nail polish into a clear cosmetics bag with a zipper -- technically, a violation of the new rules -- and whipped through security at Boston's Logan International Airport.

"This seems like a much better approach," Garfield said.

Elliot Kash, 34, a salesman for a car-rental agency who travels between New York and the District twice a week, said he heard about the revisions yesterday and immediately bought a small silver mesh case for his toiletries -- not the clear bag the TSA requires.

Screeners at LaGuardia Airport allowed him to pass through security anyway, he said. As he opened his luggage to show a reporter the bag at National, he realized that he had toothpaste, spray-on deodorant and some cream jammed in other parts of his bag -- missed or ignored by the screeners. He said he had forgotten the items were there.

Latest Airport Security Rules Trip Up Travelers In L.A. (LAT)

By Ashraf Khalil, Times Staff Writer

The Los Angeles Times, September 27, 2006

Some passengers discover that the end of a ban on carry-on liquids doesn't mean shampoo gets a free ride.

Dave Johnson heard about the new flight safety rules as he was preparing to leave for Washington, D.C. He thought he had come to Los Angeles International Airport properly prepared, with all his toiletries in a large plastic sack the size of a freezer storage bag.

But when he reached the X-ray line, the security checker did a double-take.

"Whoa! OK, sir that's much too big! That's much larger than we allow."

"Well, do you have a smaller one?" asked Johnson, a 65-year-old program manager with the Navy.

"Sorry, we don't supply the bags, sir."

"Well, where can I get one?"

Nowhere at the airport, actually, and Johnson was forced to rush back to the ticket counter to check one of his carry-on bags along with the toiletries.

As Johnson left, the man who had been behind him in line held up a similarly oversized plastic bag and said, "I probably have the same problem."

On the first day of the relaxed transportation safety rules, travelers and security personnel at LAX spent much of the morning working through minor kinks and confusion caused by the new guidelines.

Though liquids and gels such as shampoo, toothpaste and shaving cream now are allowed in carry-on bags, no bottles, tubes or jars larger than 3 ounces are permitted and all must fit into a clear plastic container the size of a quart bag.

Many travelers simply heard the words "clear bag" and assumed that any clear bag would do.

Others brought several clear bags packed with things, but only one per person is allowed.

"Basically, you can bring anything you want as long as it's 3 ounces and as long as it's in a Baggie," said a Transportation Security Administration checker named Chris, who declined to give his full name because of agency regulations. Passengers are allowed to bring on more than 3 ounces of medicine or infant formula if they receive clearance from the TSA checker on the scene.

"By tomorrow, the word will be out through the media and everything will be better," Chris said.

On Tuesday, however, many people had either misunderstood the clear-bag rule or misjudged how much the restrictions had been eased.

"I assumed that today all the restrictions were gone," said a man flying home to San Francisco. He had bought a travel-sized tube of toothpaste the night before but had no plastic bag to put it in.

"I'm going to take it up there and see if they'll let me through," said the passenger, who declined to give his name.

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TSA spokesman Nico Melendez spent several hours at LAX on Tuesday morning and said the new travel measures didn't seem to create significant additional delays or longer lines. He encouraged all travelers to check the TSA's website, http://www.tsa.gov for precise information on the new rules.

"We expect a bit of a learning curve," Melendez said. "Whenever we do something like this, it's a couple days' process to get the word out and get everyone on the same page."

The lack of available plastic bags at the airport created a bit of a bottleneck. Anthony Bourke, who had flown into L.A. early Tuesday, noted that airport officials in San Francisco were passing out plastic bags to travelers who needed them.

More than one traveler said a clever entrepreneur could have made good money by simply bringing sandwich bags to the airport and selling them for $1 each.

Still, a healthy percentage of the passengers did show up in step with the new rules. One man, who described himself as a "120,000-mile-per-year traveler," came with a regulation-sized plastic bag that even bore his initials in black marker.

Most of the others, however, were in the clear simply because they had long since abandoned taking any liquids or gels onto the plane.

"I'm traveling every week," said Marion Lowry, who was flying to San Francisco, "and I've come to the conclusion that I'm just bringing no toiletries, no belt, and wearing slip-on shoes."

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A Retreat On Carry-On Liquids (NYT)

The New York Times, September 27, 2006

The federal government's relaxation of the rules for carrying liquids and gels aboard airplanes is being greeted with sighs of relief by many passengers, airlines, airports and businesses that sell bottled beverages or other liquids at the airport. But we sure wish we could be confident that the Transportation Security Administration was not simply trying to placate airlines and other businesses concerned about possible loss of revenues.

The new rules that went into effect yesterday allow passengers to carry liquids in three-ounce containers provided they all fit comfortably into a single quart-sized, clear plastic, zip-top bag. The rules also permit passengers to carry aboard beverages and other items purchased in the secure area of the airport, after they have passed through the security screening checkpoints.

The head of the T.S.A. said the near total ban was no longer needed because extensive testing by the F.B.I. and others had found that small containers don't pose a real threat and because items bought in the airport's secure area have already been screened on the way in.

But even an amateur can see holes in that argument. It would seem relatively easy for a small group of terrorists to combine their liquids after all have passed through security checkpoints, either in the airport's secure area or even aboard the plane. And one has to wonder whether a corrupt worker or terrorist might find a way to sneak a liquid bomb into the secure area despite enhanced surveillance and background checks.

Perhaps officials have really worked all this out in a methodical and disinterested manner. But it is disquieting that a former inspector general of the Department of Homeland Security, writing in USA Today, declared himself "skeptical" that such a determination had been made. A safer course of action would retain the near total ban on liquids and let the airlines supply passengers with ample beverages.

WAR NEWS:

Bush Orders Intel Report Declassified (AP)

By Katherine Shrader

The AP, September 26, 2006

WASHINGTON - President Bush said Tuesday that critics who believe the Iraq war has worsened terrorism are naive, and he ordered the partial declassification of a high-level intelligence analysis that has stirred heated election-season argument on the subject.

At a White House news conference, Bush acknowledged that the fighting in Iraq has been used as a recruitment tool for extremists - one finding of the intelligence assessment that suggests the Iraq war has nourished terrorists' ranks.

But he rejected any suggestion that the war was a mistake. "I think it's naive. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe," Bush said, standing alongside Afghan President Hamid Karzai.

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Many Democrats have argued that the U.S. needs to chart a new course to stabilize Iraqi society and eventually shift American military forces away.

After three days of criticism concerning leaked portions of the intelligence analysis, Bush asked National Intelligence Director John Negroponte to declassify key judgments of the 30-page assessment from the nation's top analysts who are spread across 16 different spy agencies.

The document's leaked contents had sparked an intense debate.

Democrats saw the conclusions - particularly that the overall terror threat has grown since the attacks of Sept. 11, 2001 - as political ammunition. Sens. Hillary Clinton of New York and Carl Levin of Michigan both said release of the key findings alone wouldn't give Americans enough information, and they accused the administration of selective declassification.

House Minority Leader Nancy Pelosi, D-Calif., sought a rare secret session of the House to discuss the report's classified findings. Her request was rejected - 217-171 - on a nearly straight party-line vote.

Such a session hasn't occurred in the House since July 1983, when the chamber went into a closed session to discuss U.S. support for paramilitary operations in Nicaragua.

In an interview, Pelosi said the secret session was needed to allow members to better understand the intelligence community's most recent assessment on global terrorism. Judging by media reports, she said, the intelligence estimate "is the administration's worst nightmare. It is not a corroboration of what the president is saying. It is a contradiction of what the president is saying."

In a sometimes-testy exchange with reporters, Bush said the document was leaked "coming right down the stretch in this campaign in order to create confusion in the minds of the American people."

He rejected the suggestion that his decision to release a version of the report was a political act, as well. "I want you to read the document so you don't speculate about what it says ... as opposed to relying on gossip," he said.

Bush listed a number of terrorist attacks that predated the U.S.-led invasion of Iraq: the hijackings of Sept. 11, 2001, the 2000 attack on the USS Cole, the 1998 bombings on U.S. embassies in East Africa and the 1993 World Trade Center bombing.

"To suggest that if we weren't in Iraq we would see a rosier scenario, with fewer extremists joining the radical movement, requires us to ignore 20 years of experience," Bush said.

Bush Goes Public With Terror Study (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, September 27, 2006

After its findings are leaked in news stories, part of an intelligence report calling the Iraq war a 'cause celebre' for jihadists is declassified.

WASHINGTON — Declassified portions of a high-level intelligence report released Tuesday describe the war in Iraq as a major catalyst for Islamic radicalism around the world, while also citing other causes for the expanding terrorist threat.

President Bush took the highly unusual step of releasing key findings of the classified intelligence study in an attempt to blunt a growing furor in Washington over news reports this week in which intelligence officials described sections of the document that indicate the war in Iraq has made the terrorism problem worse. The White House said the initial news stories about the National Intelligence Estimate, a report offering a consensus view of U.S. intelligence agencies, did not represent the whole document.

But the release of its principal findings appeared likely to fuel the election-season debate over the impact of the war in Iraq, and provided scant support for the president's position that the U.S. occupation of the country has made America safer.

At a White House news conference, Bush lashed out at what he suggested was a politically motivated leak of the report's conclusions, and at critics who have cited the intelligence estimate to question his administration's course in Iraq and argue that the drawn-out conflict is adding to the danger of terrorism.

"Some people have, you know, guessed what's in the report and have concluded that going into Iraq was a mistake," Bush said, appearing alongside Afghan President Hamid Karzai. "I strongly disagree. I think it's naive. I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe."

The section released by the White House does not include an explicit conclusion that the war in Iraq has increased the terrorist threat to Americans. But the thrust of the report's "key judgments" is that the terrorist danger is morphing and growing and that the Iraq war is a major contributing force in that trend.

"We assess that the Iraq jihad is shaping a new generation of terrorist leaders and operatives," reads one of the main conclusions of the report.

"The Iraq conflict has become the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

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Among other findings, the report said that Al Qaeda was exploiting the war in Iraq to attract new donors and recruits; that fighters with experience in Iraq were likely to function as leaders in a new generation of militants; and that foreign Al Qaeda fighters were free to leave the country and focus on other targets as more Iraqi militants took their place within Iraq.

Bush did not say who he thought leaked the classified report. Atty. Gen Alberto R. Gonzales indicated Tuesday that the Justice Department could investigate the disclosure once the agency that classified the report — in this case the director of national intelligence — reported the leak.

Bush said he ordered the key judgments declassified — four pages out of the 30-page document — so that "everybody can draw their own conclusions about what the report says." Other officials said it was designed to bolster statements from administration officials in recent days that the report was wide-ranging, and that assessing the impact of the Iraq war was not its main focus.

The portion made public includes six references to the conflict in Iraq, describing it as a recruiting tool for Islamic fundamentalists, a training ground for Muslim fighters and a laboratory for lethal new terrorist methods that are increasingly being exported to other countries.

Overall, the excerpt offers a bleak assessment of the evolving terrorist threat.

Although counter-terrorism operations have damaged the leadership of Al Qaeda, the report concludes that the global jihadist movement "is spreading and adapting to counter-terrorism efforts," and that if current trends continue, "threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide."

The threat from "self-radicalized cells will grow in importance to U.S. counter-terrorism efforts," according to the report, which described Europe as "an important venue for attacking Western interests."

The document even warns that rising anti-U.S. sentiment could fuel other radical ideologies, prompting leftist, nationalist or separatist groups in other parts of the world "to adopt terrorist methods to attack U.S. interests."

The National Intelligence Estimate represents the U.S. intelligence community's most authoritative and comprehensive examination of global terrorism trends. The document was produced by a senior group of analysts under the direction of National Intelligence Director John D. Negroponte.

The report, titled "Trends in Global Terrorism: Implications for the United States" was completed in April. Some members of Congress were briefed on the report this year, but its conclusions on Iraq were not publicly disclosed until this week, when The Times and other news organizations published articles based on accounts from government officials familiar with its contents.

The NIE lists other factors contributing to the growth in Islamic fundamentalism, including "entrenched grievances" among Muslims such as "fear of Western domination" as well as the slow pace of economic, social and political reforms in many Muslim nations.

It identifies factors that could curb the spread of Islamic extremism, including the limited appeal of militant ideology. The document also indicates that a string of setbacks for insurgents in Iraq could mean that "fewer fighters will be inspired to carry on the fight."

Frances Fragos Townsend, assistant to Bush for homeland security, told reporters that suggestion "underscores the president's point about the importance of our winning in Iraq."

Even so, the excerpt concludes that the "factors fueling the spread of the movement outweigh its vulnerabilities," suggesting that Islamic radicalization is likely to grow in strength.

Democrats pounced on the report.

"What I conclude from it is that our failed strategy in Iraq has made the world more dangerous," said Rep. Jane Harman (D-Venice), the ranking Democrat on the House Intelligence Committee. Harman said the declassification of the document could have immediate repercussions, shifting debate on Capitol Hill away from the White House agenda.

Sen. John D. "Jay" Rockefeller IV (D-W.Va.), the ranking Democrat on the Senate Intelligence Committee, said the report's judgments "make it clear that the intelligence community — all 16 agencies — believe the war in Iraq has fueled terrorism."

Republicans downplayed the report's language on Iraq, and pointed out that most of the document's findings are consistent with previous reports and testimony describing terrorist networks as increasingly decentralized.

"Despite Democrats' dubious claims, the NIE report indicates that America's success against Al Qaeda has led to the enemy becoming more diffuse and independent," said House Majority Leader John A. Boehner (R-Ohio).

In his news conference with Karzai, Bush sought to refute the suggestion that the war was exacerbating the terror problem by ticking off attacks against American targets before the invasion. He mentioned the 1993 car bombing of the World Trade Center, the 1998 bombings of American embassies in east Africa, and the 2000 attack on the U.S. warship Cole in a Yemen harbor.

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"To suggest that if we weren't in Iraq we would see a rosier scenario with fewer extremists joining the radical movement requires us to ignore 20 years of experience," Bush said. "The best way to protect America is defeat these killers overseas so we do not have to face them here at home."

But the implication that there was a connection between Baghdad and any of those attacks — or the Al Qaeda terrorist network — was not supported by intelligence estimates before the war, and has been widely discredited since.

At one point, Bush defended the invasion by saying the war on terrorism requires "going on the offense against people that want to do harm to the American people."

However, the most comprehensive intelligence estimate on Iraq before the war — a National Intelligence Estimate published in October 2002 — concluded that Baghdad was "drawing a line short of conducting terrorist attacks" against the United States, and that only "if sufficiently desperate" was Hussein likely to seek a partnership with a terrorist organization such as Al Qaeda.

More recently, the Republican-controlled Senate Intelligence Committee concluded a two-year investigation that turned up no evidence that Hussein had ties to Al Qaeda or was plotting against the United States. Instead, the report found that the Iraqi leader had issued a general order barring anyone in his government from having dealings with the terrorist network.

American intelligence agencies are working on an NIE that focuses exclusively on the conflict in Iraq. Townsend said the report is scheduled to be completed in January. Harman said she is concerned that the administration is seeking to delay release of the document until after the November elections.

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Bush Declassifies Some Iraq Intelligence Documents (CHIT)

By Mark Silva

Chicago Tribune, September 27, 2006

WASHINGTON -- President Bush on Tuesday attempted to blunt criticism that the war in Iraq has emboldened a new generation of terrorists, ordering the release of a select summary of a classified National Intelligence Estimate concluding that U.S.-led counter-terrorism efforts have "seriously damaged" the leadership of Al Qaeda and disrupted its operations.

At the same time, a carefully screened summary of the NIE concludes that a holy war in Iraq is "shaping a new generation of terrorist leaders and operatives." It reports that the conflict has become "the 'cause celebre' for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

While reports of a small portion of the NIE revealed by weekend newspapers focused on the war in Iraq serving as a recruiting and breeding ground for Islamic radicals, the president maintained that the assessment released Tuesday supports his contention that the U.S. and its allies have succeeded in weakening terrorist networks, dispersing their operatives and undermining their plans.

Nonetheless, the intelligence community's assessment that the war in Iraq has spawned new terrorism and inflamed anti-U.S. sentiment in the Muslim world served to buttress opposition to the war in Congress as the critical Nov. 7 elections approach.

The NIE is a consensus report of 16 government intelligence agencies. Director of National Intelligence John Negroponte released a select, four-page summary after screening it for sensitive intelligence, although the White House had described the still-classified summary of the report's "key judgments" as a nine-page document.

The report's most alarming finding—that the war in Iraq has generated new terrorism—serves as a powerful challenge to the president's insistence that removing Saddam Hussein from power in Iraq has made the world safer. This is the argument Bush has embraced for the U.S.-led invasion since pre-war intelligence about suspected weapons of mass destruction in Iraq proved to be wrong.

"Some people have, you know, guessed what's in the report and have concluded that going into Iraq was a mistake," Bush said during a White House press conference with Afghan President Hamid Karzai. "I strongly disagree. I think it's naive.

"To suggest that, if we weren't in Iraq, we would see a rosier scenario with fewer extremists joining the radical movement requires us to ignore 20 years of experience," Bush said. He cited a series of terrorist attacks that occurred before the invasion of Iraq, including both the 1993 and Sept. 11, 2001, attacks on the World Trade Center in New York.

The revelation of first a portion of the NIE that was produced in April and now the broader, declassified summary is likely to stir new debate over the war in Iraq at a time when the president and fellow Republicans are attempting to maintain control of Congress in November, contending the GOP is the party most committed to national security.

Citing the NIE as evidence, Sen. Jack Reed (D-R.I.), declared, "Iraq was a strategic mistake. The Bush administration's mishandling of the war has increased the number of radical Islamic fundamentalists and resentment and hatred of the United States."

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Bush angrily denounced whoever revealed the report's findings before he decided to declassify a summary of it.

"You know, what's interesting about the NIE… it was an intelligence report done last April," Bush told reporters in the East Room. "And here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper. Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

The White House complained that news reports focused on one paragraph taken "wildly out of context" from a nine-page summary of the NIE known as the "key judgments." Still, much of the four-page summary released Tuesday focuses on the role that Iraq has played in fomenting terrorism.

Among the judgments of the April report released by Negroponte:

* U.S.-led counter-terrorism has "seriously damaged the leadership of Al Qaeda and disrupted its operations," but Al Qaeda continues to pose the greatest threat to the U.S.

* The global jihadist movement is spreading, and adapting to counter-terrorism efforts, and should this continue "threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide." Yet the movement is "decentralized, lacks a coherent strategy and is becoming more diffuse."

* The Iraq jihad is "shaping a new generation of terrorist leaders and operatives," and perceived success there would inspire more fighters elsewhere. The Iraq conflict has become "the cause celebre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement."

* Al Qaeda, merged with the network of then-elusive Abu Musab al Zarqawi in Iraq, is "exploiting the situation in Iraq to attract new recruits and donors." Zarqawi was later killed.

* As jihadist groups use improvised explosive devices and suicide attacks in urban centers, fighters with experience in Iraq are "a potential source of leadership" for jihadists, and with anti-American sentiment on the rise, this could prompt other groups to adopt terrorist methods for attacking the U.S.

* This "radicalization… is occurring more quickly, more widely and more anonymously in the Internet age," making the likelihood of surprise attacks by unknown groups more likely.

Negroponte, calling the report a comprehensive assessment based on a series of judgments, maintained that "characterizing only a small handful of those judgments distorts the broad strategic framework the NIE is assessing—in this case, trends in global terrorism."

Yet Bush's critics contended that releasing select portions of the NIE, formally titled "Trends in Global Terrorism: Implications for the United States," withholds information that would enable the public to fully judge the report.

"For more than three years, President Bush and the Republican Congress have repeatedly claimed the war in Iraq is making America safer," said Sen. Edward Kennedy (D-Mass.). "The American people deserve the full story, not those parts of it that the Bush administration selects. The last thing we need is another selective declassification of portions of the report in a desperate attempt by the administration to avoid disclosing the truth."

While complaining of election-season politics in the leak of a portion of a report, the president was asked if his own release of a summary of the NIE is also a political act.

"I want you to read the documents, so you don't speculate about what it says… as opposed to relying upon gossip and somebody, you know, who may or may not have seen the document trying to classify the war in Iraq one way or the other," Bush said, with apparent frustration over leaks. "I guess it's just Washington—where… there's no such thing as classification anymore, hardly."

Backing Policy, President Issues Terror Estimate (NYT)

By Mark Mazzetti

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Portions of a National Intelligence Estimate on terrorism that the White House released under pressure on Tuesday said that Muslim jihadists were “increasing in both number and geographic dispersion” and that current trends could lead to increasing attacks around the globe.

The report, a comprehensive assessment of terrorism produced in April by American intelligence agencies, said the invasion and occupation of Iraq had become a “cause célèbre” for jihadists. It identified the jihad in Iraq as one of four underlying factors fueling the spread of the Islamic radicalism, along with entrenched grievances, the slow pace of reform and pervasive anti-American sentiment.

The intelligence estimate said American-led counterterrorism efforts in the past five years had “seriously damaged the leadership of Al Qaeda and disrupted its operations.” But it said that Al Qaeda continued to pose the greatest threat to American interests among terrorism organizations, and that the global jihadist movement overall was “spreading and adapting to counterterrorism efforts.” [Text and news analysis, Page A16.]

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The estimate predicted that over the next five years the factors fueling the spread of global jihad were likely to be more powerful than those that might slow it.

The White House ordered portions of the intelligence estimate declassified to counter what it described as mischaracterizations about its findings in news reports.

The Bush administration had initially resisted releasing the document but changed course after being pressured to declassify the report by Republicans, including Senator Pat Roberts of Kansas, chairman of the Senate intelligence committee, and by the conservative editorial page of The Wall Street Journal.

At a news conference on Tuesday where he announced the release of portions of the document, President Bush suggested forcefully that news reports in the past two days about the document had been based on politically motivated leaks.

"You know, to suggest that if we weren't in Iraq we would see a rosier scenario, with fewer extremists joining the radical movement, requires us to ignore 20 years of experience," Mr. Bush said. He added: "My judgment is: The only way to protect this country is to stay on the offense."

The intelligence estimate says that if jihadists who leave Iraq perceive themselves, or are perceived by others, to have failed, fewer fighters will be inspired to keep fighting.

Democrats seized on the document's conclusions as proof that the invasion of Iraq was a mistake.

"The war in Iraq has made us less safe," said Senator John D. Rockefeller IV of West Virginia, the top Democrat on the Senate intelligence committee. Mr. Rockefeller said the judgments contained in the intelligence estimate "make it clear that the intelligence community — all 16 agencies — believe the war in Iraq has fueled terrorism."

The estimate was the first formal appraisal of the terrorism threat by American intelligence agencies since the invasion of Iraq began in March 2003. The public release of any portion of such a document is highly unusual. The White House declassified fewer than 4 pages of what officials described as a document of more than 30 pages, saying that to release more of it would endanger intelligence sources and methods.

The release of the findings added fuel to an intense political debate about the administration's record in combating terrorism. Mr. Bush used the news conference to reassert his view that the Iraq war was not to blame for the growth of Islamic radicalism.

He also attributed the disclosure of some of the assessment findings to what he said were government officials leaking classified information to "create confusion in the minds of the American people" weeks before an important Congressional election.

The first article on the findings was published Sunday in The New York Times after more than five weeks of reporting. More than a dozen United States government officials and outside experts were interviewed for the article, including employees of several government agencies and both supporters and critics of the Bush administration.

Democrats also criticized the White House for only declassifying part of the report, and the House minority leader, Nancy Pelosi of California, tried and failed to persuade Republicans to agree to a vote that would have shut the doors of the House of Representatives to allow members to read the entire classified report.

Officials who have read the entire document said the still-classified portion contained a more detailed analysis of the impact of the Iraq war on the global jihad movement. Representative Jane Harman of California, the top Democrat on the House intelligence committee, said that what the White House released Tuesday was broadly consistent with the classified portion of the report.

National intelligence estimates are the most authoritative documents that American intelligence agencies produce on a specific national security issue. They represent the consensus view of the 16 intelligence agencies in government, and are approved by John D. Negroponte, director of national intelligence.

The release on Tuesday of portions of the document was the second time that the Bush administration had come under political pressure to declassify a national intelligence estimate.

In July 2003, the White House released the principal judgments of an October 2002 National Intelligence Estimate about Iraq's weapons programs in an attempt to address a furor over the origins of President Bush's statement, made in a State of the Union address, that Saddam Hussein had been trying to buy nuclear materials in Niger.

In recent months, without disclosing the existence of the intelligence estimate on terrorism, some senior American intelligence officials have given glimpses into its conclusions. During a speech in San Antonio in April, Gen. Michael V. Hayden, who was then Mr. Negroponte's deputy, said new jihadist networks and cells were increasingly likely to emerge.

"If this trend continues, threats to the U.S. at home and abroad will become more diverse and that could lead to increasing attacks worldwide," General Hayden said, using the exact language of the intelligence assessment made public on Tuesday. General Hayden is now director of the Central Intelligence Agency.

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But the intelligence assessment paints a starker picture of the role that the Iraq war is playing in shaping a new generation of terrorist leaders than that presented either in recent White House documents or in speeches by President Bush tied to the fifth anniversary of the Sept. 11 attacks.

The intelligence report specifically cited the role of the Jordanian terrorist Abu Musab al-Zarqawi, who led the Iraqi group Al Qaeda in Mesopotamia, in attracting new recruits for the jihad cause in Iraq, and stated that "should al-Zarqawi continue to evade capture and scale back attacks against Muslims, we assess he could broaden his popular appeal and present a global threat."

He was killed by American forces in June.

Frances Fragos Townsend, the president's homeland security adviser, suggested to reporters on Tuesday that the killing of Mr. Zarqawi might ultimately help dampen the appeal of jihad in Iraq.

At the same time, the report concludes that the increased role of Iraqis in managing the operations of Al Qaeda in Mesopotamia "might lead veteran foreign jihadists to focus their efforts on external operations."

To be successful in combating the spread of a radical ideology, the assessment states, the United States government "must go well beyond operations to capture or kill terrorist leaders."

Bush's Leak Comments Heighten Debate Over Security (LAT)

By Peter Wallsten

The Los Angeles Times, September 27, 2006

WASHINGTON -- President Bush on Tuesday accused unnamed people of leaking part of a classified intelligence report on Iraq as an act of political sabotage, intended to "create confusion in the minds of the American people" in advance of the November elections.

Bush's assertion, along with his decision to release portions of the same report in response to the leaks, were the clearest signs yet that the ongoing debate over the Iraq war and its effect on U.S. security has grown to a fever pitch as the two parties struggle to shape public opinion before election day.

"Here we are, coming down the stretch of an election campaign, and it's on the front page of your newspaper," Bush said, referring to news stories Sunday on the intelligence report, which said the Iraq war, among other factors, was fueling an expansion of Islamic terrorism. "Isn't that interesting? Somebody's taken it upon themselves to leak classified information for political purposes."

Bush's comments marked the latest in a string of highly public and politically charged clashes over national security that both major parties believe have implications for the elections. They have included a fight over whether President Clinton took sufficient anti-terrorism steps while in office, disputes on Capitol Hill over interrogation and domestic wiretapping laws, and differing interpretations of the classified intelligence report.

With Congress entering its final days before adjourning for the fall election campaign, the two parties are fighting over which image will be uppermost in voters' minds Nov. 7: That the U.S. has taken on the terrorism challenge by invading Iraq, or that the invasion and its bloody aftermath have left the United States less safe.

Clinton has become embroiled in the debate, marking a rare foray by a former president into a present-day political fight. Clinton used a Sunday interview with the Fox News Channel to defend his efforts to stop Osama bin Laden and, in an unusually sharp rebuke of Bush's policies, to argue that the Republicans who followed him in office had ignored bin Laden until the Sept. 11 attacks.

Secretary of State Condoleezza Rice accused Clinton of making "flatly false" claims about the Bush administration's efforts against bin Laden, when asked about the former president's remarks Monday by the New York Post.

Democrats have been reluctant to challenge the GOP on national security matters, because the issue has benefited Republicans in recent cycles and Democrats have been divided on Iraq. On Tuesday, they made it clear they intended to fully engage on the security front this time.

House Minority Leader Nancy Pelosi, D-Calif., argued -- albeit unsuccessfully -- for the House to go into private session to discuss the intelligence report on terrorism and call for a full declassification. And Sen. Hillary Rodham Clinton, D-N.Y., the former first lady and a possible candidate for president in 2008, not only defended her husband's handling of terrorism but suggested he would have heeded warnings signs that she said were ignored by the Bush White House.

Republicans have sought to portray Democrats as inadequate to the job of protecting the nation, pursuing an election-year strategy of trying to mobilize conservative voters in key districts by arguing that Democrats would "cut and run" from Iraq and thus embolden terrorists.

Democrats, citing shrinking public support for Bush and the Iraq war, have tried to portray the administration as incompetent. However, disagreements among leading Democrats over whether to embrace a troop withdrawal plan in Iraq have

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left the party with a muted message. This week, citing the intelligence report and other questions about Bush's leadership, the party is attempting to overcome that disunity and beat the GOP at its own game.

"There was a debate as recently as two weeks ago about whether Iraq is advancing or debilitating America's interests," said Illinois Rep. Rahm Emanuel, who leads Democratic strategy for House campaigns. "You have now the best the minds of American intelligence saying it's debilitating, and that is affecting the political terrain for this election."

In a sense, former President Clinton's appearance Sunday and Bush's news conference Tuesday offered a split screen debate between each party's most influential leader.

Clinton accused Bush of spending billions of dollars in Iraq and losing focus on capturing bin Laden in Afghanistan. "If I were still president, we'd have more than 20,000 troops there trying to kill him," Clinton said.

"Now, I've never criticized President Bush, and I don't think this is useful," Clinton added. "But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Clinton also offered a critique of Bush's broader agenda of promoting democracy overseas, subtly contesting the current president's frequent argument that free elections in Iraq and Afghanistan are signs of progress.

"Democracy is about way more than majority rule," Clinton said. "Democracy is about minority rights, individual rights, restraints on power. ... But I don't think that's all we can do in the Muslim world. I think they have to see us as trying to get a just and lasting peace in the Middle East. I think they have to see us as willing to talk to people who see the world differently than we do."

Bush declined to respond directly to Clinton's comments, turning aside a question about the former president by saying his administration is working to make the country safer.

"I've watched all this finger-pointing and naming of names, and all that stuff," Bush said. "Our objective is to secure the country. ... So I'm not going to comment on other comments."

White House Releases Portions Of Iraq-War Critique (WSJ)

By Jay Solomon And Sarah Lueck

The Wall Street Journal, September 27, 2006

WASHINGTON -- The White House, under mounting pressure from Congress, released declassified portions of a government intelligence report that concludes the Iraq war is a "cause célèbre" shaping a new generation of militant Islamists and terrorists.

The four pages of findings from the National Intelligence Estimate, representing the input of 16 government agencies, follow days of criticism sparked by portions that were leaked last week. They also come in the run-up to midterm elections in which the conflict has become a defining issue. In them, analysts conclude that while the leadership of al Qaeda has suffered serious damage in Iraq and the wider war on terror, the threat from Islamic extremists has spread in numbers and geographic reach.

Leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S.

President Bush called those who believe the war has worsened terrorism "naïve," and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world.

Sen. Jay Rockefeller (D., W.Va.) senior Democrat on the Senate Intelligence Committee, countered that, "The reality is, the war in Iraq has inflamed Islamic extremism ... and it has created a training ground for the next generation of terrorists."

The White House initially sought to dismiss the NIE's leaked portions on Iraq as being mischaracterized, but ultimately agreed to release the report's "Key Judgments." None of the conclusions about Iraq had been redacted, said Francis Fragos Townsend, Mr. Bush's top counter-terrorism official.

The NIE seeks to assess the near-term capabilities of al Qaeda and other militant Islamist groups. It said U.S.-led counter-terrorism operations have "seriously damaged" al Qaeda's senior leadership, but the group continues to spread its ideology by breaking into more diffuse cells and communicating through the Internet. The NIE said Islamists have made particular gains in spreading their influence into Europe, and warned that non-Muslim groups in Latin America and Asia who share al Qaeda's anti-American agenda could also resort to terrorist activities.

President George Bush and Afghan President4 Hamid Karzai hold a joint press conference to discuss the Iraq policy and the leaking of classified information for political purposes.

On Iraq, the report said the war has aided al Qaeda's efforts to recruit globally by "breeding a deep resentment of U.S. involvement in the Muslim world." It said U.S. success in stabilizing Iraq and promoting democracy, however, could ultimately bring fewer fighters into the fight. "We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities" in the near term, the report said.

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As the White House and its critics traded charges over the findings, Congress was poised to approve rules for interrogating and prosecuting suspected foreign combatants, as Democrats eager to avoid political fallout before the elections said they aren't likely to block the measure. The House will take up its bill today and the Senate could follow today or tomorrow.

Some critics of the legislation, which would set up military commissions to try "enemy combatants," want to propose changes. But even without those revisions, Democrats aren't likely to filibuster and many might decide to vote for it, Senate aides said.

One sticking point is a change made in recent days that expands the definition of "enemy combatant." Sen. Carl Levin (D., Mich.) called it "much broader than anyone simply caught in terrorist activity." Another is a provision that would prevent suspects held at Guantanamo Bay from challenging their detention with a habeas corpus petition. Human-rights groups have said this would invite abuse of prisoners and allow the government to hold suspects indefinitely.

In related action, the House approved a $447 billion Pentagon budget for the new fiscal year that begins Oct. 1, including $70 billion in emergency funding for military operations overseas. But a companion defense authorization bill remains stymied by a standoff between Speaker Dennis Hastert (R., Ill.) and the Senate.

Bush On Offensive Over Leaked Iraq Report (FT)

By Caroline Daniel

Financial Times, September 27, 2006

The Bush administration on Tuesday formally declassified parts of the leaked National Intelligence Estimate, revealing that Iraq had become a “cause célèbre for jihadists” and warning that an increasing number of Muslims identified themselves with the cause.

Publishing the key judgments in the NIE marked a White House effort to limit the political fallout from the admission that the Iraq war had fostered terrorism and to show that the findings were just one part of a wider analysis of terrorism trends.

President George W. Bush said he had declassified parts of the report as he wanted to “stop all the speculation, all the politics about somebody saying something about Iraq”. But he angrily denounced the leak as an effort to influence the election and “confuse the American people about the nature of this enemy”.

“We are coming down the stretch in an election campaign and it’s on the front page of your newspapers. Isn’t that interesting? Somebody’s taken it upon themselves to leak classified information for political purposes,” he said, in some of his most pointed political remarks of the mid-term election campaign.

The four-page NIE document said that a small but growing percentage of Muslims identified themselves as jihadist. It warned that Iraq was breeding deep resentment of US involvement in the Muslim world and that fighters trained there could become leaders elsewhere.

Yet it affirmed that, if these fighters failed in Iraq, “we judge fewer . . . will be inspired to carry on the fight”.

Mr Bush took a direct swipe at critics who have called for an immediate withdrawal from Iraq. He said it was “naive and a mistake” to suggest that if the US was not in Iraq “we would see a rosier scenario, with fewer extremists joining the radical movement. It requires us to ignore 20 years of experience”.

Leaks from the classified document that was written in April were published at the weekend. News reports drew attention to the fact that the Iraq war had exacerbated Islamic terrorism and that the dangers had increased after September 11 2001. Democrats have seized on the leaked NIE report to suggest that the Iraq war has undermined the “war on terror” and made the US less safe.

The National Strategy for Combating Terrorism, issued by the White House last month, had played down the threat posed by Iraq. In a list of seven challenges it cited, concerns about Iraq came sixth. “The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry,” it said.

Democrats in the House of Representatives tried on Tuesday to force a rare closed session to discuss intelligence on terrorism, but the Republican-controlled body rejected their move.

Mr Bush declined to respond to comments made in a Fox News interview this weekend by former President Bill Clinton who said that in the first nine months in office the Bush administration had held no meetings on the threat from Osama bin Laden. “I don’t have enough time to finger-point,” he said.

Bush Hits 'Political' Leak (WT)

By Joseph Curl

The Washington Times, September 27, 2006

An angry President Bush said yesterday that a secret terrorism assessment had been leaked for "political purposes" and disputed that the classified report had concluded the Iraq war is spreading Islamic extremism across the world.

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But despite misgivings that it "would be a bad habit for our government to declassify every time there's a leak," the president ordered National Intelligence Director John D. Negroponte to declassify key judgments on terrorism in Iraq from the 30-page document, drafted by the nation's top analysts in 16 spy agencies.

The four-page section declassified yesterday calls the Iraq war a "cause celebre" for Islamic terrorists and says that despite U.S. troops' wreaking serious damage on al Qaeda leadership, the number of terrorists is spreading in number and geographic dispersion.

"If this trend continues, threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide," the document says. "The confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups."

Although the report -- completed in April and based on data collected through February -- states that the "global jihadist movement is decentralized, lacks a coherent global strategy and is becoming more diffuse," the document also says that new jihadist networks are increasingly likely to emerge and that they will be harder to track or infiltrate.

But at the White House, the president called critics who say the Iraq war was a mistake "naive."

"I think it's a mistake for people to believe that going on the offense against people that want to do harm to the American people makes us less safe," he said.

He also took issue with the conclusion that the Iraq war is responsible for creating new terrorists, saying that those who "see a rosier scenario with fewer extremists joining the radical movement" if not for the Iraq war are ignoring 20 years of history.

"We weren't in Iraq when we got attacked on September 11. We weren't in Iraq when thousands of fighters were trained in terror camps," Mr. Bush said. "We weren't in Iraq when they first attacked the World Trade Center in 1993. We weren't in Iraq when they bombed the Cole. We weren't in Iraq when they blew up our embassies in Kenya and Tanzania."

At a joint press conference with Mr. Bush, Afghan President Hamid Karzai echoed the president's sentiment.

"They came to America on September 11th, but they were attacking you before September 11th in other parts of the world. We are a witness in Afghanistan to what they are and how they can hurt. You are a witness in New York. Do you forget people jumping off the 80th floor or 70th floor when the planes hit them? Can you imagine what it will be for a man or a woman to jump off that high?" he said.

In a pointed jab at Democrats just six weeks before the midterm congressional elections, Mr. Bush said that politics was behind the sudden leaking of a five-month-old document.

"Here we are, coming down the stretch in an election campaign, and it's on the front page of your newspapers," the president said. "Isn't that interesting? Somebody has taken it upon themselves to leak classified information for political purposes," he said of the story, which first appeared Sunday in the New York Times.

Mr. Bush charged that political opponents had disclosed only select parts of the National Intelligence Estimate (NIE), the administration's assessment on global terrorism. To counter those opponents, the president announced in the East Room that he would declassify the document "because I want you to read the documents so you don't speculate about what it says."

"We'll stop all the speculation, all the politics about somebody saying something about Iraq, somebody trying to confuse the American people about the nature of this enemy," Mr. Bush said. "Then everybody can draw their own conclusions about what the report says."

Democrats on Capitol Hill, meanwhile, failed to win a motion for a closed House session to discuss classified intelligence from the NIE. The proposal from House Minority Leader Nancy Pelosi, California Democrat, was denied by a vote of 217-171.

Key Democrats issued a slew of coordinated statements calling on Mr. Bush to declassify the entire report, not just the portions that help the administration's position.

"The American people deserve the full story, not those parts of it that the Bush administration selects," Sen. Edward M. Kennedy of Massachusetts said. "The last thing we need is another selective declassification of portions of the report in a desperate attempt by the administration to avoid disclosing the truth."

"It's high time for this administration to ... acknowledge that Iraq is undermining the security" of Americans, said Rep. Jane Harman, California Democrat.

Mrs. Harman, the ranking member of the House intelligence committee, also said she hears there is a second, more recent NIE report and that "its contents are grim."

Although the redacted report had several bleak assertions, it also said:

·"Should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight."

·"The underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the" next five years.

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·A newly increased role of Iraqis in fighting al Qaeda could lead the terror group's veteran foreign fighters to focus their efforts outside the country.

·Iran and Syria are the most active state sponsors of terror, but many other countries will be unable to prevent their resources from being exploited by terrorists.

·Four underlying factors are fueling the spread of the jihadist movement -- entrenched grievances, such as corruption, injustice, and fear of Western domination, leading to anger, humiliation, and a sense of powerlessness; the Iraq war; the slow pace of real and sustained economic, social, and political reforms in many Muslim majority nations; and pervasive anti-U.S. sentiment among most Muslims.

"Exposing the religious and political straitjacket that is implied by the jihadists' propaganda would help to divide them from the audiences they seek to persuade," the report says.

Looking ahead, the report also predicts that the loss of key leaders -- Osama bin Laden, Ayman al-Zawahri and Abu Musab Zarqawi, killed in June -- in "rapid succession" would likely split central leadership and cause the group to fracture.

Part Of Iraq Intelligence Report Is Released (WP)

By Michael A. Fletcher

The Washington Post, September 27, 2006

The Bush administration yesterday released portions of a classified intelligence estimate that says the global jihadist movement is growing and being fueled by the war in Iraq even as it becomes more decentralized, making it harder to identify potential terrorists and prevent attacks.

The war in Iraq has become a "cause celebre" for jihadists, breeding resentment of U.S. involvement in the Muslim world and drawing new adherents to the movement, the assessment says. The growth in the number of potential terrorists is also being fed by corruption, slow-moving political reform in many Muslim countries and "pervasive" anti-American sentiment, according to the report.

The jihadist movement is potentially limited by its ultra-conservative interpretation of Islam and could be slowed by democratic reforms in the Muslim world, says the document, which reflects the collective judgment of the nation's 16 intelligence agencies. In addition, it asserts that if jihadists are perceived to be defeated in Iraq, "fewer fighters would be inspired to carry on the fight."

Still, terrorists with experience constructing roadside bombs and other deadly devices in Iraq "are a potential source" of leadership in attacks elsewhere, the report says.

President Bush took the extraordinary step of releasing portions of the classified report, which was completed in April, to counter assertions made after information from the document was leaked to media outlets over the weekend. Articles based on those leaks said the report blames the war in Iraq for worsening the global terrorist threat -- an interpretation that the administration calls a distortion of its contents.

Speaking at a White House news conference with Afghan President Hamid Karzai, Bush angrily called the leak a political act intended to affect the upcoming midterm elections. "Somebody has taken it upon themselves to leak classified information for political purposes," he said.

The president added that it is naive to think that terrorism would be any less pervasive if the United States had not invaded Iraq, repeating his oft-made point that extremists attacked U.S. interests around the world long before the start of the war.

"My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," Bush said. "They kill in order to achieve their objectives."

Bush said he reluctantly ordered the release of the National Intelligence Estimate so people can form their own conclusions about it. "You can read it for yourself," he said. "We'll stop all the speculation, all the politics about somebody saying something about Iraq, somebody trying to confuse the American people about the nature of this enemy."

Disclosure of parts of the document, which represents the U.S. intelligence community's first formal assessment of terrorist threats since the March 2003 invasion of Iraq, did nothing to quell the partisan storm that has been brewing since the first stories about it surfaced.

Democrats have seized on the document to bolster their contention that the war in Iraq has been a debacle that has hindered broader anti-terrorism efforts, even as the administration calls Iraq the central front in a global struggle.

For the third straight day, Democrats sought to draw attention to the issue with news conferences and political maneuvers. House Minority Leader Nancy Pelosi (Calif.) moved to put the House into secret session to discuss the intelligence estimate, but the motion was defeated along party lines.

"With such a devastating and authoritative analysis of the Bush administration's failures in Iraq, the president and the Republican-controlled Congress now have a choice to make," said Senate Minority Leader Harry M. Reid (Nev.). "Will they

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stubbornly follow a failed stay-the-course strategy that America's intelligence community has concluded makes America less safe, or will they finally admit their mistakes and change course?"

Democrats challenged the White House to release the full report. "The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward M. Kennedy (Mass.). "President Bush should declassify the entire NIE as the Republican chairman of the Senate intelligence committee has suggested so the American people can read the plain facts for themselves."

Bush announced his decision to declassify parts of the terrorism assessment after a meeting with Karzai. During the meeting, he told the Afghan leader that the United States will stand by him in his battle against a resurgent Taliban and other Islamic extremists.

"I know there are some in your country who wonder whether or not America has got the will to do the hard work necessary to help you succeed," Bush told Karzai. "We have got that will."

Bush restated his commitment to help the Afghan government as he is working to warm the increasingly frosty relations between Karzai and another critical ally in the U.S. anti-terrorism efforts, Gen. Pervez Musharraf, president of neighboring Pakistan. Bush met with Musharraf on Friday, and the three leaders are scheduled to meet and have dinner this evening at the White House.

The fruitless search for al-Qaeda leader Osama bin Laden and the surging violence by Taliban fighters, particularly in southern Afghanistan, have contributed to friction between Karzai and Musharraf. They have blamed each other for the continued trouble, with Karzai suggesting that Musharraf is not doing enough to find bin Laden, who is widely believed to be hiding in one of the remote tribal-controlled areas of Pakistan.

Musharraf counters that Karzai has not done enough to address the grievances of Afghan people who have joined the Taliban or who support it.

Although the intelligence report offers a sobering picture of the global terrorist threat, it points to counterterrorism successes, including the killing or capture of much of the al-Qaeda leadership, and the condemnation of extremist views by "a few notable Muslim clerics."

It also says that a backlash could develop against Islamic radicals if they continue to kill fellow Muslims.

Still, the assessment warns, the underlying factors fueling the spread of jihadists' radical ideology "outweigh its vulnerabilities," a situation the report says is likely to continue for some time.

Karzai, speaking at the news conference, offered passionate support for Bush's efforts to combat terrorism. "These extremist forces were killing people in Afghanistan and around for years," he said. ". . . They came to America on September 11th, but they were attacking you before September 11th in other parts of the world. . . . Should we wait for them to come and kill us again?"

Intel Report: Iraq War Cultivating Militancy (USAT)

By Bill Nichols And David Jackson

USA Today, September 27, 2006

WASHINGTON — The Iraq war has become the “cause célèbre” for Islamic militants, breeding resentment in Muslim nations and cultivating supporters worldwide, according to portions of a secret intelligence study the Bush administration released Tuesday.

The administration report also says that the militant Islamic movement is “spreading and adapting” to counterterrorism efforts and militants are “increasing both in number and geographic dispersion.”

If this trend continues, the report warns, “threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide.”

However, it also echoes President Bush's insistence on succeeding in Iraq. “Should jihadists leaving Iraq perceive themselves … to have failed, we judge fewer fighters will be inspired to carry on the fight.”

Bush ordered more than three pages of the National Intelligence Estimate on global terrorism made public Tuesday after several days of Democratic attacks based on media reports about the classified document.

Democrats have trumpeted the report, completed in April and a reflection of the analysis of the 16-agency U.S. intelligence community, as the first admission by the administration itself that Bush's policy in Iraq has made the problem of global terrorism worse.

Senate Minority Leader Harry Reid, D-Nev., said the report confirms “what the American people have long believed: The Bush administration's failed policies in Iraq are fueling global terrorism and making America less safe.”

The “key judgments” of the report released Tuesday cite the Iraq war for “breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement.”

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Fran Townsend, the president's counterterrorism adviser, emphasized the more positive aspects of the document to reporters. An example: U.S. counterterrorism efforts have “seriously damaged the leadership of al-Qaeda and disrupted its operations,” the report says.

As for the Iraq war's impact, Townsend said, “The fact is they were fighting us long before we were in Iraq.”

Leading Democrats such as Sen. Carl Levin, D-Mich., called for the entire intelligence document to be released. “The entire report should be declassified — period,” Levin said.

House Minority Leader Nancy Pelosi, D-Calif., tried unsuccessfully Tuesday to call for a closed House session to debate the report. The move failed, 217-171.

Iraq Is 'Cause Celebre' For Extremists (AP-Y)

By Katherine Shrader And Jennifer Loven

AP, September 26, 2006

The war in Iraq has become a "cause celebre" for Islamic extremists, breeding deep resentment of the U.S. that probably will get worse before it gets better, federal intelligence analysts conclude in a report at odds with President Bush's portrayal of a world growing safer.

In the bleak report, declassified and released Tuesday on Bush's orders, the nation's most veteran analysts conclude that despite serious damage to the leadership of al-Qaida, the threat from Islamic extremists has spread both in numbers and in geographic reach.

Bush and his top advisers have said the formerly classified assessment of global terrorism supported their arguments that the world is safer because of the war. But more than three pages of stark judgments warning about the spread of terrorism contrasted with the administration's glass-half-full declarations.

"If this trend continues, threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide," the document says. "The confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups."

The intelligence assessment, completed in April, has stirred a heated election-season argument over the course of U.S. national security in the years following the 2003 U.S.-led invasion of Iraq.

Virtually all assessments of the current situation were bad news. The report's few positive notes were couched in conditional terms, depending on successful completion of difficult tasks ahead for the U.S. and its allies. In one example, analysts concluded that more responsive political systems in Muslim nations could erode support for jihadist extremists.

Bush ordered a declassified section of the secret report released after several days of criticism sparked by portions that were leaked to the news media over the weekend.

At a news conference, Bush said critics who believe the Iraq war has worsened terrorism are naive and mistaken, noting that al-Qaida and other groups have found inspiration to attack for more than a decade. "My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," he said.

The unclassified document said:

· The increased role of Iraqis in opposing al-Qaida in Iraq might lead the terror group's veteran foreign fighters to refocus their efforts outside that country.

· While Iran and Syria are the most active state sponsors of terror, many other countries will be unable to prevent their resources from being exploited by terrorists.

· The underlying factors that are fueling the spread of the extremist Muslim movement outweigh its vulnerabilities. These factors are entrenched grievances and a slow pace of reform in home countries, rising anti-U.S. sentiment and the Iraq war.

· Groups "of all stripes" will increasingly use the Internet to communicate, train, recruit and obtain support.

Pakistani President Pervez Musharraf, a U.S. ally in Washington for a Thursday meeting with Bush, found himself drawn into the political dispute. He was asked in a CNN interview about an assertion in his new book that he opposed the invasion of Iraq because he feared that it would only encourage extremists and leave the world less safe.

"I stand by it, absolutely," Musharraf said. "It has made the world a more dangerous place."

White House homeland security adviser Frances Fragos Townsend took issue with one of the report's most damning conclusions: that the number of jihadists has increased.

"I don't think there's any question that there's an increase in rhetoric," she said. But "I think it's difficult to count the number of true jihadists that are willing to commit murder or kill themselves in the process."

The intelligence assessment also lays out weaknesses of the movement that analysts say must be exploited if its spread is to be slowed. For instance, they note that extremists want to see the establishment of strict Islamic governments in the Arab world — a development they say would be unpopular with most Muslims.

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The report also argues that the loss of key al-Qaida leaders — Osama bin Laden, Ayman al-Zawahri and Abu Musab al-Zarqawi — in "rapid succession" would probably cause the group to fracture. Al-Zarqawi was killed in June, but the top two al-Qaida leaders have remained elusive for years.

National intelligence estimates are compilations of the best thinking of U.S. intelligence agencies, meant to provide the broadest guidance to government policymakers.

But they can be wrong. A 2002 assessment, for example, concluded that Iraq had continued its development of weapons of mass destruction, held arsenals of chemical and biological weapons and "probably will have a nuclear weapon during this decade." None of those assertions turned out to be true.

Hours before the terrorism report was made public, Democrats seized on the political ammunition. Sens. Hillary Clinton of New York and Carl Levin of Michigan both said release of the key findings alone wouldn't give Americans enough information, and they accused the administration of selective declassification.

House Minority Leader Nancy Pelosi, D-Calif., sought a rare secret session of the House to discuss the report's classified findings. Her request was rejected — 217-171 — on a nearly straight party-line vote. In an interview, she said the intelligence estimate "is not a corroboration of what the president is saying. It is a contradiction of what the president is saying."

Waging The War On Terror: Report Belies Optimistic View (NYT)

By David E. Sanger

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Three years ago, Secretary of Defense Donald H. Rumsfeld wrote a memo to his colleagues in the Pentagon posing a critical question in the "long war'' against terrorism: Is Washington's strategy successfully killing or capturing terrorists faster than new enemies are being created?

Until Tuesday, the government had not publicly issued an authoritative answer. But the newly declassified National Intelligence Estimate on terrorism does exactly that, and it concludes that the administration has failed the Rumsfeld test.

Portions of the report appear to bolster Mr. Bush's argument that the only way to defeat the terrorists is to keep unrelenting military pressure on them. But nowhere in the assessment is any evidence to support Mr. Bush's confident-sounding assertion this month in Atlanta that "America is winning the war on terror.''

While the spread of self-described jihadists is hard to measure, the report says, the terrorists "are increasing in both number and geographic dispersion."

It says that a continuation of that trend would lead "to increasing attacks worldwide'' and that "the underlying factors fueling the spread of the movement outweigh its vulnerabilities.''

On Tuesday evening the White House issued what it called a fact sheet lining up the intelligence estimate's findings with President Bush's own words in recent months, comparing, for example, the report's account of the the spread of new terror cells independent of Al Qaeda to Mr. Bush's references to "homegrown terrorists'' from Madrid to Britain.

But there is a difference in tone between Mr. Bush's public statements and the classified assessment that is unmistakable.

The report says that over the next five years "the confluence of shared purpose and dispersed actors will make it harder to find and undermine jihadist groups.''

It also suggests that while democratization and "exposing the religious and political straitjacket that is implied by the jihadists' propaganda'' might dim the appeal of the terrorist groups, those factors are now outweighed by the dangerous brew of fear of Western domination, the battle for Iraq's future and the slow pace of real economic or political progress.

Yet the intelligence report bears none of Mr. Bush's long-range optimism. Rather it dwells on Mr. Rumsfeld's darker question, which he put cheekily as, "Is our current situation such that 'the harder we work, the behinder we get?' "

Tuesday's declassified report asked a more subtle version of that question. It notes that while democratization might "begin to slow the spread'' of extremism, the "destabilizing transitions'' caused by political change "will create new opportunities for jihadists to exploit.''

And while Mr. Bush talks often of transforming the Middle East, the report speaks of the "vulnerabilities'' created by the fact that "anti-U.S. and antiglobalization sentiment is on the rise and fueling other radical ideologies.''

The result, it said, was that other groups around the world are radicalizing "more quickly, more widely and more anonymously in the Internet age.''

In short, it describes a jihadist movement that, for now, is simply outpacing Mr. Bush's counterattacks.

"I guess the overall conclusion that you get from it is that we don't have enough bullets given all the enemies we are creating,'' said Bruce Hoffman, a professor of security studies at Georgetown University.

What was most remarkable about the intelligence estimate, several experts said, was the unremarkable nature of its conclusions.

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"At one level it is unsurprising stuff,'' said Paul Pillar, who was the national intelligence officer for the Near East and South Asia on the intelligence council until last year. "But there is definitely much there that you haven't heard the president say,'' he added, "including the role that Iraq has played'' in inspiring disaffected Muslims to join an anti-American jihadist movement.

Administration officials expressed their certainty on Tuesday that the leak of parts of the report was an example of politically inspired cherry picking, to use a term from earlier arguments over intelligence about unconventional weapons.

"Here we are, coming down the stretch in an election campaign, and it's on the front page of your newspapers,'' Mr. Bush said at a news conference with President Hamid Karzai of Afghanistan. "Isn't that interesting? Somebody has taken it upon themselves to leak classified information for political purposes.''

And at the center of the political debate is Iraq. Frances Fragos Townsend, the director of homeland security at the White House, used a conference call with reporters on Tuesday evening to call attention to the intelligence finding that "the Iraq conflict has become a cause célèbre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world, and cultivating supporters for the global jihadist movement.''

"Should jihadists leaving Iraq perceive themselves and be perceived to have failed,'' the findings went on, "we judge fewer fighters will be inspired to carry on the fight.''

Ms. Townsend argued that "this really underscores the President's point about the importance of our winning in Iraq,'' she said.

As a political matter, at least for the next few weeks, the intelligence findings will only fuel the argument over Iraq on both sides. Mr. Bush has grown increasingly insistent that nothing he has done in Iraq has worsened terrorism. America was not in Iraq during the first World Trade Center attack in 1993, he said, or during the bombings of the U.S.S. Cole or embassies in Africa, or on 9/11.

But that argument steps around the implicit question raised by the intelligence finding: whether postponing the confrontation with Saddam Hussein and focusing instead on securing Afghanistan, or dealing with issues like Iran's nascent nuclear capability or the Middle East peace process, might have created a different playing field, one in which jihadists were deprived of daily images of carnage in Iraq to rally their sympathizers.

Sobering Conclusions On Why Jihad Has Spread (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, September 27, 2006

In announcing yesterday that he would release the key judgments of a controversial National Intelligence Estimate, President Bush said he agreed with the document's conclusion "that because of our successes against the leadership of al-Qaeda, the enemy is becoming more diffuse and independent."

But the estimate itself posits no such cause and effect. Instead, while it notes that counterterrorism efforts have seriously damaged and disrupted al-Qaeda's leadership, it describes the spreading "global jihadist movement" as fueled largely by forces that al-Qaeda exploits but is not actively directing. They include Iraq, corrupt and unjust governments in Muslim-majority countries, and "pervasive anti-U.S. sentiment among most Muslims."

The overall estimate is bleak, with minor notes of optimism. It depicts a movement that is likely to grow more quickly than the West's ability to counter it over the next five years, as the Iraq war continues to breed "deep resentment" throughout the Muslim world, shaping a new generation of terrorist leaders and cultivating new supporters for their ideology.

In describing Iraq as "the 'cause celebre' for jihadists," the document judges that real and perceived insurgent successes there will "inspire more fighters to continue the struggle elsewhere," while losses would have the opposite effect. It predicts that the elimination of al-Qaeda leaders, particularly Osama bin Laden, Ayman al-Zawahiri and Abu Musab al-Zarqawi, who was killed after the estimate was completed in April, would probably leave that organization splintered into disparate groups that "for at least a time, pose a less serious threat to U.S. interests" than the current al-Qaeda structure.

On the relative bright side, the assessment notes the unpopularity with "the vast majority of Muslims" of the jihadists' brutal tactics and ultraconservative ideology. Democratic reforms and peaceful political alternatives in Muslim countries will also counter terrorist aims, it says.

But "the underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the duration of the timeframe of this estimate," the report notes. An intelligence official who was not authorized to speak on the record said the time frame is until early 2011.

The key judgments released yesterday made up slightly more than three pages of a much longer document that includes supporting background information. The judgments were intact except for what the official called "a small amount, and I emphasize small, of sensitive text" that was removed "to protect sources or address sensitivities" of allied intelligence agencies, or to "protect tactical recommendations that could become a part of future policy actions."

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"What you're seeing here is really the key judgments," the official said.

Descriptions of the unseen document in media reports last weekend quoted intelligence officials as saying it described a global terrorist threat that was worsening as a result of the Iraq war. The reports led to an explosion of reaction, with the Bush administration and leading congressional Republicans saying that the published portions did not reflect the document's balanced view of successes and remaining challenges. It was no accident, Bush charged, that selective and potentially damaging parts had been "leaked" on the eve of the midterm elections.

Democrats, sensing advantage, contended that the administration had withheld a negative assessment for political reasons and demanded its release. The clamor apparently led Bush, in a meeting yesterday with Director of National Intelligence John D. Negroponte, to authorize publication of the judgments.

Democratic claims of an administration coverup seemed less justified yesterday as it became apparent that the complete classified report had been made available to lawmakers within days of its completion in April.

Copies of the NIE were sent to the House and Senate intelligence, armed services and foreign affairs committees at the time, through normal electronic information channels available to all members, intelligence and congressional sources said. It arrived at the Senate Select Committee on Intelligence on April 26.

In the House, "there was a bit of a snafu with this particular document," said a spokesman for Rep. Peter Hoekstra (R-Mich.), the intelligence committee chairman. "We had a massive computer failure on our classified side." The first that the committee knew of its existence was late last week, when "it was requested specifically by a member. That was when it was found and scanned into our system."

Whether the document was ignored or disappeared into cyberspace, however, it seemed to have made little impact on Capitol Hill at the time. No one in either chamber, on either side of the aisle, requested a briefing or any further information on its conclusions until now, the sources said.

The intelligence community has had its own problems with the attention the document is now receiving. Several active and retired intelligence officials stressed that the judgments were nothing new and followed a series of similar assessments made since early 2003 about the impact of the Iraq war on global terrorism.

"This is very much mainstream stuff," said Paul R. Pillar, the CIA's national intelligence officer for the Near East and South Asia from 2000 to 2005. "There are no surprises."

Several active and retired intelligence officials, who were not authorized to speak on behalf of the intelligence community, expressed resentment at the administration's decision to have Negroponte issue the first official reaction to the weekend reports. They said he should not have become involved in what quickly became a political battle.

Decision To Declassify (WSJ)

The Wall Street Journal, September 27, 2006

President Bush yesterday released a summary of the National Intelligence Estimate on terror, and we're happy to take credit for the suggestion made in our editorial yesterday, "Declassify the Terrorism NIE." But of course it was hardly rocket science to come to this decision.

In its umpteenth such "leak" story Sunday, the New York Times acknowledged the NIE was the product of 16 intel agencies, and then, based wholly on conversations, shrunk the whole document down to: The Iraq war made terrorism worse. So Mr. Bush deserves some credit in now giving the whole country the opportunity, if it is so inclined, to look at one of these multi-bureaucracy, on-the-one-hand, on-the-other-hand NIEs.

The one policymaker who appears to have been swept away on the basis of the leak is House Minority Leader Nancy Pelosi. After Mr. Bush made his announcement, Ms. Pelosi called for the House to go into a "closed" session -- the first since 1983 -- to discuss the NIE. We'll set aside the manifest absurdity of the House going into "secret session" to discuss a classified document being made public. The point of Ms. Pelosi's stunt is to gain traction for the Democratic campaign strategy of telescoping the national-security debate down to her party's proposal to withdraw from Iraq, thereby neutralizing the GOP's advantage when the debate is on the broader war on terror.

We reprint nearby Mr. Bush's remarks on all this at his news conference yesterday because, amid all the flak thrown up by this subject, we think it is a succinct summary of the policy course he has chosen since 9/11. On balance, we have supported that policy, just as we have supported a more robust, pro-active policy against Islamic terror since its emergence more than three decades ago at the Munich Olympics.

We will hold an election in this country in six weeks and a bigger one in 2008. The war on terror -- with or without Iraq -- will be central to those votes. If declassifying this national intelligence estimate helps voters in that decision, so much the better.

The Fine Art Of Declassification (NYT)

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The New York Times, September 27, 2006

It's hard to think of a president and an administration more devoted to secrecy than President Bush and his team. Except, that is, when it suits Mr. Bush politically to give the public a glimpse of the secrets. And so, yesterday, he ordered the declassification of a fraction of a report by United States intelligence agencies on the global terrorist threat.

Mr. Bush said he wanted to release the document so voters would not be confused about terrorism or the war when they voted for Congressional candidates in November. But the three declassified pages from what is certainly a voluminous report told us what any American with a newspaper, television or Internet connection should already know. The invasion of Iraq was a cataclysmic disaster. The current situation will get worse if American forces leave. Unfortunately, neither the report nor the president provide even a glimmer of a suggestion about how to avoid that inevitable disaster.

Despite what Secretary of State Condoleezza Rice and John Negroponte, the director of national intelligence, have tried to make everyone believe, one of the key findings of the National Intelligence Estimate, which represents the consensus of the 16 intelligence agencies, was indeed that the war in Iraq has greatly increased the threat from terrorism by "shaping a new generation of terrorist leaders and operatives."

It said Iraq has become "the cause célèbre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement." It listed the war in Iraq as the second most important factor in the spread of terrorism — after "entrenched grievances such as corruption, injustice and fear of Western domination." And that was before April, when the report was completed. Since then, things have got much worse. (The report was written before the killing in June of Abu Musab al-Zarqawi, the leader of Al Qaeda in Iraq. The authors thought such an event would diminish the danger in Iraq. It has not.)

Mr. Bush decided to release this small, selected chunk of the report in reaction to an article on the intelligence assessment that appeared in The Times over the weekend. As a defense of his policies, it serves only to highlight the maddening circular logic that passes for a White House rationale. It goes like this: The invasion of Iraq has created an entire new army of terrorists who will be emboldened by an American withdrawal. Therefore, the United States has to stay indefinitely and keep fighting those terrorists.

By that logic, the more the United States fights, the longer the war stretches on.

It's obvious why Mr. Bush did not want this report out, and why it is taking so long for the intelligence agencies to complete another report, solely on Iraq, that was requested by Congress in late July. It's not credible that more time is needed to do the job. In 2002, the intelligence agencies completed a report on Iraq's weapons of mass destruction in less time. Mr. Bush also made selected passages of that report public to buttress his arguments for war with Iraq, most of which proved to be based on fairy tales.

Then, Mr. Bush wanted Americans to focus on how dangerous Saddam Hussein was, and not on the obvious consequences of starting a war in the Middle East. Now, he wants voters to focus on how dangerous the world is, and not on his utter lack of ideas for what to do about it.

The Big Question Democrats Are Ducking (WP)

By David Ignatius

The Washington Post, September 27, 2006

No matter how you slice it, the National Intelligence Estimate warning that the Iraq war has spawned more terrorism is big trouble for President Bush and his party in this election year. It goes to the heart of Bush's argument for invading Iraq, which was that it would make America safer.

Many Democrats act as if that's the end of the discussion: A mismanaged occupation has created a breeding ground for terrorists, so we should withdraw and let the Iraqis sort out the mess. Some extreme war critics are so angry at Bush they seem almost eager for America to lose, to prove a political point. Even among mainstream Democrats, the focus is "gotcha!" rather than "what next?" That is understandable, given the partisanship of Republican attacks, but it isn't right.

The issue raised by the National Intelligence Estimate is much grimmer than the domestic political game. Iraq has fostered a new generation of terrorists. The question is what to do about that threat. How can America prevent Iraq from becoming a safe haven where the newly hatched terrorists will plan Sept. 11-scale attacks that could kill thousands of Americans? How do we restabilize a Middle East that today is dangerously unbalanced because of America's blunders in Iraq?

This should be the Democrats' moment, if they can translate the national anger over Iraq into a coherent strategy for that country. But with a few notable exceptions, the Democrats are mostly ducking the hard question of what to do next. They act as if all those America-hating terrorists will evaporate back into the sands of Anbar province if the United States pulls out its troops. Alas, that is not the case. That is the problem with Iraq -- it is not an easy mistake to fix.

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An example of the Democrats' fudge on Iraq was highlighted yesterday by Post columnist Dana Milbank in his description of retired Maj. Gen. John Batiste's appearance before the Senate Democratic Policy Committee. Senators cheered Batiste's evisceration of Defense Secretary Donald Rumsfeld but tuned out Batiste's call for more troops and more patience in Iraq, and his admonition: "We must mobilize our country for a protracted challenge."

Here's a reality check for the Democrats: There is not a single government in the Middle East, with the possible exceptions of Iran and Syria, that favors a rapid U.S. pullout from Iraq. Why? The consensus in the region is that a retreat now would have disastrous consequences for America and its allies. Yet withdrawal is the Iraq strategy you hear from most congressional Democrats, whether they call it "strategic redeployment" or something else.

I wish Democrats (and Republicans, for that matter) were asking this question: How do we prevent Iraq from becoming a failed state? Many critics of the war would argue that the worst has already happened -- Iraq has unraveled. Unfortunately, as bad as things are, they could get considerably worse. Following a rapid American pullout, Iraq could descend into a full-blown civil war, with Sunni-Shiite violence spreading throughout the region. In this chaos, oil supplies could be threatened, sending prices well above $100 a barrel. Turkey, Iran and Jordan would intervene to protect their interests. James Fallows titled his collection of prescient essays warning about the Iraq war "Blind Into Baghdad." We shouldn't compound the error by being "blind out of Baghdad," too.

The Democrat who has tried hardest to think through these problems is Sen. Joseph Biden. He argues that the current government of national unity isn't succeeding in holding Iraq together and that America should instead embrace a policy of "federalism plus" that will devolve power to the Shiite, Sunni and Kurdish regions. Iraqis are already voting for sectarian solutions, Biden argues, and America won't stabilize Iraq unless it aligns its policy with this reality. I disagree with some of the senator's conclusions, but he's asking the right question: How do we fix Iraq?

America needs to reckon with the message of the National Intelligence Estimate. Iraq has compounded Muslim rage and created a dangerous crisis for the United States. The Democrats understandably want to treat Iraq as George Bush's war and wash their hands of it. But the damage of Iraq can be mitigated only if it again becomes the nation's war -- with the whole country invested in finding a way out of the morass that doesn't leave us permanently in greater peril. If the Democrats could lead that kind of debate about security, they would become the nation's governing party. But what you hear from most Democrats these days is: Gotcha.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

Justice Dept. Might Probe Leak (USAT)

USA Today, September 27, 2006

WASHINGTON — Attorney General Alberto Gonzales said Tuesday that the Justice Department will determine whether to investigate the weekend leak of an intelligence assessment that found the war in Iraq is exacerbating terrorism.

“We have a standard procedure in place that is followed with respect to leaks of classified information,” Gonzales said when asked at a news conference whether a criminal investigation would be launched, as it was in the case of an earlier leak of warrantless eavesdropping on suspected terrorists by the National Security Agency.

“I suspect that standard procedure will be followed in this case,” he said. That procedure requires the agency that classified the document to request a criminal investigation and then to answer 11 questions about how widely the document was circulated and how much the agency is willing to divulge in court if a case is brought to trial. The answers usually determine whether an investigation is opened.

Bush Brings Afghanistan, Pakistan To The Table (WP)

By Glenn Kessler And Michael Abramowitz

The Washington Post, September 27, 2006

President Bush met yesterday with Afghanistan President Harmid Karzai and last Friday with Pakistan's president, Gen. Pervez Musharraf. Tonight, joined by Vice President Cheney and Secretary of State Condoleezza Rice, he will bring both men into the old family dining room of the White House for a private chat. "It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Bush told reporters.

Bush said he was "kind of teasing" about watching the body language, but the intimate dinner has all the earmarks of a peace conference. Karzai and Musharraf have been sniping at each other from long-distance for months, and Rice was dispatched to Kabul and Islamabad last June to try to ease tensions.

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The meeting comes as chaos is increasing in southern Afghanistan, as the Taliban grows bolder and the Afghan government's grip on power weakens. Meanwhile, Musharraf recently signed a deal with tribal chiefs that many experts believe turned over much of the area along Afghanistan's border to the control of Pakistani-based Taliban forces.

"Our interests coincide," Bush said yesterday, saying both Karzai and Musharraf want Osama bin Laden captured. "There is an understanding that by working together it is more likely that all of us can achieve common objectives, which are stable societies that are hopeful societies, that prevent extremists from stopping progress and denying people a hopeful world."

Administration officials noted that this is the second meeting Bush has brokered between the two men, and it was an effort to build a common strategy between two countries that have been at odds for decades. "When the three leaders sit down, they will not be talking about the short-term tactics," said an administration official, speaking on the condition of anonymity because the meeting had not taken place. "They are talking about the long-term situation that helps those two countries put their relations on a sound footing."

Carlos Pascual, vice president at the Brookings Institution and former coordinator for Reconstruction and Stabilization at the State Department, said the dinner is necessary for setting the foundation for greater cooperation on their borders. He said both the Taliban and drug lords now move at will across the border, which is potentially destabilizing to both countries.

"This summit is an American effort to try to make Karzai and Musharraf recognize each other's problems," said Husain Haqqani, director of the Center for International Relations at Boston University and a former Pakistani government official and journalist. "I think what Bush hopes to achieve -- he wants to look Musharraf in the eye once again, and he wants to look Karzai in the eye -- and he wants them to make promises to one another."

But Haqqani said such personal diplomacy "can only succeed if it is followed by detailed and meticulous intelligence work and diligent diplomacy at a lower level," adding: "It's not like sitting down with two quarrelling kids and saying let's forget about it and move on. . . . Both sides have historic agendas, problems and issues."

All three presidents have faced difficulties and disappointments in their fight against the Taliban this year.

The United States has turned over the southern part of Afghanistan to NATO forces. But NATO forces have come under unexpected attack from Taliban forces, potentially delaying a reduction of U.S. troops.

Meanwhile, U.S. aid to Afghanistan has gotten crunched as it has become more difficult to fund through emergency appropriations. In the fiscal year ending this month, the administration requested $3.3 billion for Afghan reconstruction and the buildup of security forces (including a supplemental request), down from $4.35 billion in fiscal 2005. For 2007, the administration has requested $1.1 billion, though some experts feel the current crisis will require yet another emergency spending bill.

Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. He has complained that he is being undercut by Islamabad's failure to rein in jihadists operating out of Pakistan, a charge Musharraf disputes.

"My fear is that Afghanistan is beginning to look like Iraq -- we're seeing the beginning Iraqification of Afghanistan," said Richard N. Haass, president of the Council on Foreign Relations and a senior State Department official in Bush's first term.

Musharraf's peace deal with tribal chiefs comes as elections are scheduled for next year in Pakistan -- and after three assassination attempts against him. The fight against the Taliban has resulted in high casualties among the Pakistani military and is unpopular among Pakistanis.

There are signs that Musharraf -- who seized power in a bloodless coup nearly seven years ago -- is maneuvering to extend his presidential term. U.S. officials have been wary about pressing Musharraf too hard, seeking to balance demands for action against extremist groups with tangible U.S. rewards, such as sales of F-16 fighter jets.

Bush Reiterates U.S. Support For Karzai (AP-Y)

By Anne Gearan

AP, September 26, 2006

President Bush reassured Afghanistan's leader on Tuesday that the United States will stick by him five years into a democratic experiment that both men acknowledged has suffered setbacks.

Afghan President Hamid Karzai said the insurgent violence in his country can be tamed, and he called the staggering growth in Afghanistan's illegal drug production an embarrassment.

"You got a tough job," Bush told his guest at the start of a White House press conference.

"Sometimes it is," a slightly rueful Karzai agreed.

Karzai lives under constant threat of assassination and has seen his popularity slide at home while Taliban violence and illegal drug production spike. Suicide bombings, once unknown in Afghanistan, have spread to the capital Kabul.

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Afghanistan is a tough job for the Bush administration as well, as American support for the war slips and some of the hard-fought democratic gains in Afghanistan appear threatened. The White House is trying to contain the damage ahead of midterm elections this fall.

Afghanistan is suffering its heaviest insurgent attacks since the Taliban was toppled in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have died so far this year in violence nationwide. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

Bush lamented the killing "in cold blood" Monday of a teacher and women's rights advocate who ran an underground school for girls during Taliban rule. Safia Ama Jan's assassination underscored the increasingly brazen attacks by militants on government officials and schools in Afghanistan.

"Our country will stand with the free people of Afghanistan," Bush told Karzai, adding that he knows some in Afghanistan question American resolve to finish the job of securing and rebuilding the country.

"We have got that will," Bush said.

"Wonderful," Karzai replied.

Afghanistan stands as the best success story in the Bush administration's twin drives to rout terrorism and seed democracy in the Muslim world, with a constitutional democracy in place where the repressive Taliban militants had ruled until their ouster by a U.S.-led force.

Democrats and other critics claim that Bush took his eyes off the ball soon after, and that the war in Iraq bled resources from Afghanistan's reconstruction. Although the Bush administration vigorously denies the charge, Karzai's presence, and the joint visit on Wednesday of Karzai and Pakistani President General Pervez Musharraf, underscore the changed circumstances in Afghanistan.

The United States views both leaders and their region as crucial to stopping terrorism. U.S. officials have been irritated at recent feuding between Karzai and Musharraf over who is doing more to combat terrorism and whose country is bin Laden's likely hiding place.

"I'll be good," Karzai joked ahead of the three-way White House meeting.

Bush and Karzai said they had a frank discussion of the narcotics problem in Afghanistan, where opium cultivation rose 59 percent this year to produce a record 6,100 tons of opium — a massive 92 percent of total world supply. The Taliban had all but eradicated poppy cultivation.

The U.N.'s Office on Drugs and Crime said this month only six of Afghanistan's 34 provinces are opium-free. It said some 2.9 million people were involved in growing opium, representing 12.6 percent of the Afghan population, and that revenue from this year's harvest was predicted to hit more than $3 billion.

"It is an embarrassment to Afghanistan," Karzai said.

Militants have stepped up attacks in southern Afghanistan in recent months, including the use of roadside and suicide bombs. Most of the fighting is in the country's volatile south, where some 8,000 NATO forces took military control from the U.S.-led coalition on Aug. 1. NATO commanders are calling for up to 2,500 more troops, plus greater air support to crush the Taliban threat more quickly.

The Taliban-led militants increasingly have been using Iraqi-style tactics, including suicide, car and roadside bombings, in a bid to topple the U.S.-backed Karzai government. That includes attacks on Afghan officials, like the governor of eastern Paktia province, a friend of Karzai's, who was killed in a Sept. 10 suicide bombing.

Suicide bombings have killed 173 people in Afghanistan this year, NATO announced this month.

"Now we are at a stage of bringing more stability and trying to get rid of them forever," Karzai said of the militants.

"The desire is to do that sooner, but a desire is not always what you get," he added. "So it will take time, and we must have the patience to have the time spent on getting rid of them for good."

Karzai Questions Pakistan Peace Deal (FT)

By Caroline Daniel

Financial Times, September 27, 2006

On the eve of a White House effort to address rising Taliban violence in Afghanistan, Hamid Karzai, Afghanistan's president, expressed scepticism about a key agreement to stop potential insurgents from crossing the Pakistani border, saying he would "wait and see" how it would be implemented.

Referring to a recent peace agreement struck by President Pervez Musharraf of Pakistan related to the North Waziristan region, which borders Afghanistan, Mr Karzai said: "My initial impression was that this was a deal signed by the Taliban – and

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then later I learned that they actually signed with the tribal chiefs. It will have a different meaning if it is signed with the tribal chiefs."

On Wednesday President George W. Bush will host a White House dinner for Mr Karzai and Gen Musharraf. "It will be interesting for me to watch the body language between these two leaders to determine how tense things are," Mr Bush said.

In the past few days Gen Musharraf and Mr Karzai have added to tensions. Gen Musharraf has suggested the root cause of Afghanistan's problems is its own history. On Monday Mr Karzai, blamed outsiders: "We must remove the need for groups, organisations or state entities – and here I am beginning to be very careful in my remarks – of reliance on religious radicalism as instruments of policy."

US Democrats have been seeking to refocus attention on Afghanistan as the central front of the "war on terror". At the weekend, Bill Clinton said that if he were still president, "we'd have more than 20,000 troops there".

Robert Templer, director of the Asia programme at the International Crisis Group, was pessimistic about the prospects for a breakthrough in relations at the dinner: "Musharraf and Karzai absolutely hate each other. Musharraf sees him as a jumped-up nobody who was plucked from obscurity, while he regards himself as an extraordinary historic figure, the indispensable man who saves Pakistan."

Bush Guests Are Both Allies — Of The U.S., At Least (USAT)

By David Jackson

USA Today, September 27, 2006

WASHINGTON — President Bush tests his mediation skills today when he brings together a pair of feuding neighbors who are both essential to the U.S. war on terrorism: Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan.

The White House dinner is an attempt at trilateral negotiations for Bush, who wants the two leaders to work on clearing out Taliban insurgents who camp in Pakistan and launch attacks in Afghanistan. He also wants to focus on areas where national interests coincide, including the capture of al-Qaeda leader Osama bin Laden.

"It will be a chance for us to work on how to secure the border," Bush said Tuesday after a meeting with Karzai.

The Taliban militia gained control of nearly all of Afghanistan in 1996 after a civil war that followed the withdrawal of Soviet forces. The Taliban ruled the country with Pakistan's backing until the regime was toppled by a U.S.-led coalition in 2001, after the Sept. 11 terrorist attacks.

Relations between Karzai, the Afghan president since shortly after the fall of the Taliban, and Musharraf, his Pakistani counterpart, have been testy at best.

Karzai has accused Musharraf and Pakistan of allowing safe havens for Taliban insurgents across the border from Afghanistan. Musharraf has said Karzai needs to look within his own country to quell the rising Taliban insurgency.

That insurgent violence threatens to undermine the post-9/11 victory over the Taliban, analysts say. "Afghanistan is on the brink of becoming a failed state once again," said Beth DeGrasse, senior program officer with the U.S. Institute of Peace, a non-partisan think tank funded by Congress. "It's ours to lose again."

DeGrasse said the Bush administration deserves a share of the blame for growing problems in Afghanistan, along with NATO, which leads the international stabilization force there, and other coalition members such as Britain, Germany and Italy.

"No one's in charge," she said. "It's an uncoordinated mess."

James Dobbins, a U.S. envoy to Afghanistan from 2001 to 2002, said the United States should do more to help Afghanistan pressure Pakistan to crack down on Taliban operations in Pakistani territory.

"It's better that we be the bad cop, and Karzai be the good cop," Dobbins said, "because the Karzai government is weaker."

Dobbins also said the United States and its allies "failed to take advantage of a period of relative tranquility" after their victory in 2001. He said a resurgent Taliban is "taking advantage of a weak government and a very light international troop presence."

The U.S.-led coalition dislodged the ruling Taliban for harboring al-Qaeda, which carried out the 9/11 attacks.

About 20,000 U.S. troops remain in Afghanistan; the Pentagon has reported at least 335 American deaths since October 2001.

Bush met one-on-one with Karzai on Tuesday. They discussed a variety of challenges to the new democracy in Afghanistan, including production of opium and the illegal drug trade and the need to develop schools and hospitals.

Bush met with Musharraf on Friday, before the Pakistani leader told an audience at George Washington University that his government is in the process of "mainstreaming" religious schools in his country that breed extremism.

Karzai has protested these Islamic schools, called madrassas, in which he says young, poor children are "preached hatred and hatred alone."

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"They are told, 'Go, kill yourself in Afghanistan, commit suicide and kill as many as you can of the international community or Afghans,' " Karzai said Monday.

In another shot at his neighbors, Musharraf charged in a speech Monday that more Afghans may be helping the Taliban with its attacks: "As soon as President Karzai understands his own country's environment, the easier it will be for him."

Given his guests' rhetoric, Bush said he is looking forward to the meeting. "It will be interesting for me to watch the body language of these two leaders to determine how tense things are," he said.

Get Musharraf And Karzai On Same Page (LAT)

The Los Angeles Times, September 27, 2006

THE WAR ON TERROR BEGAN not as a fuzzy, open-ended concept but as a U.S. military offensive against two specific entities: Al Qaeda and the Taliban. Almost exactly five years ago, President Bush promised to drive them "from place to place until there is no refuge," and he warned that "any nation that continues to harbor or support" terrorist organizations "will be regarded by the United States as a hostile regime."

Tonight, the president will host a dinner for the heads of the two nations, Afghanistan and Pakistan, that harbor the most fighters from Al Qaeda and the Taliban. Yet these are not hostile regimes; they are important U.S. allies. In fact, if there's any hostility, it's between their presidents, Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan, who have spent the last few days blaming each other for the Taliban's resurgence. Both men have a case.

Karzai's government has been losing control of Afghanistan's southern and eastern provinces, where an estimated 4,000 Taliban loyalists are operating. Suicide bombings are up — including one Tuesday that killed 18 people — and NATO forces in the country have suffered more fatalities in 2006 (about 150, including more than 30 this month) than they did from 2001 to 2003. When Musharraf says that Karzai doesn't know what's going on in his own country and that the Taliban problem "lies in Afghanistan," he has a point.

He's also trying to change the subject. Musharraf raised hackles around the world this month by signing a truce with tribal extremists on the Afghan border, essentially withdrawing Pakistan's security presence there in exchange for a promise to cease cross-border raids and reduce the influence of the Taliban there. Karzai slammed the deal as creating "terrorist sanctuaries," while Musharraf defended it as a "holistic approach" to fighting terrorism.

Where does Bush stand on all this? Not with the most confidence-inspiring of testimonials. When Musharraf "looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be Al Qaeda," the president said, "I believe him, you know?"

Bush's famously personal approach to diplomacy hasn't always worked out — the last leader into whose eyes he gazed, Russian President Vladimir V. Putin, has not turned out to be a reliable ally of the U.S. or of democracy — and it will be tested tonight. Somewhere between Karzai's and Musharraf's competing versions of the truth, and within the borders of the lands they nominally control, lie the leaders of the Taliban and Al Qaeda — the original enemies in this war.

Maybe Bush can trade on his friendships with Karzai and Musharraf to come up with a coordinated plan to fight the Taliban and reduce its havens in Afghanistan and Pakistan. Otherwise, he will have to explain how those countries can continue to harbor terrorists yet not be considered hostile regimes.

Punch Lines For Pakistan's President (WP)

By Libby Copeland

The Washington Post, September 27, 2006

The president of Pakistan has been in the United States lately to discuss matters of global importance and -- in his spare time -- to flog a memoir. Last night he appeared on Comedy Central's "Daily Show" with Jon Stewart, where he demonstrated both a sense of humor and a deep desire to sell "In the Line of Fire," which, incidentally, is now available on Amazon.com for the low, low price of $16.80, plus shipping and handling.

Following Pakistani custom, Stewart started off by offering Gen. Pervez Musharraf some tea. He also gave Musharraf the "American delicacy" known as a Twinkie.

"Is it good?" Stewart asked, then followed up with: "Where's Osama bin Laden?"

"I don't know," Musharraf replied, as the audience roared with laughter. " You know where he is? You lead on, we'll follow you."

Has it really come to this? In recent days, Musharraf has promoted his memoir, published Monday, on "Hannity & Colmes," "Today," "60 Minutes" and "Charlie Rose." He has engaged in long discussions of his country's foreign policy and endured the occasional moment of awkwardness in service to the greater good of book sales.

For example, on "Charlie Rose":

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Rose: " 'In the Line of Fire" seems an appropriate title for your memoir, does it not?"

Musharraf: "I think so. That's why I selected it."

Last night was the first appearance of any sitting president on "The Daily Show," and the best lines, as usual, belonged to Stewart. He asked his guest ("Mr. President") about two attempts on his life, which took place on the same bridge.

"I'd come up with a new way to go to work," Stewart advised his guest.

As usual, much of Stewart's humor was rooted in criticism of the U.S. administration. If Musharraf felt such jokes put him in an awkward position with his ally President Bush -- with whom he met on Friday and is scheduled to meet again today -- he did not say so. Rather, he chuckled and played along. For example, Stewart asked Musharraf if Bush ran against bin Laden in a low-level election in Pakistan, who would win. Musharraf responded that both would "lose miserably."

Stewart asked Musharraf why he hadn't made much reference in his book to America's war in Iraq.

"Is that because you felt like it was such a smart move, and has gone so well that to mention it would be gloating?" Stewart asked.

Musharraf laughed and said of the war, "It has led certainly to more extremism and terrorism around the world."

"So we're safer?" Stewart pressed.

Musharraf laughed again. "No, we're not."

Stewart also asked if Bush pays attention when Musharraf meets with him, or whether he might be, say, watching television or sleeping with his eyes open. The president of Pakistan said the president of the United States paid close attention during their last meeting.

Book tours can benefit greatly from juicy details released in advance of publication, and this has proved no less true for Musharraf's book. Last week, it came to light that Musharraf claimed that former deputy secretary of state Richard L. Armitage threatened to bomb his country "back to the Stone Age" if Pakistan did not cooperate in the war on terror. (Armitage has since denied making such a threat.)

Asked about the "Stone Age" quote at a news conference with Bush on Friday, the Pakistani president said he could not discuss his book before it came out, citing an agreement with his publisher.

"In other words, buy the book is what he's saying," Bush said.

Is there any publicity better than that? Of course -- Oprah.

Taliban Bombs Afghan Official's Compound (AP)

By Abdul Khaleq

AP, September 26, 2006

A Taliban suicide bomber killed 18 people outside a provincial governor's compound Tuesday, including several Muslim pilgrims set to travel to Mecca — another in a series of attacks directed at senior figures in President Hamid Karzai's U.S.-backed government.

The blast at the doorstep of Helmand Gov. Mohammed Daoud Safi's compound came on the same day a bombing against a NATO patrol in the Kabul area killed an Italian soldier and a child, and two weeks after militants assassinated a governor in eastern Afghanistan who had been a Karzai confidant.

Safi was inside the compound in Lashkar Gah but was not injured. Karzai was in Washington on Tuesday, meeting with President Bush.

Afghan soldiers stopped the bomber at the compound's security gate, where he detonated his explosives, said the governor's spokesman, Ghulam Muhiddin. The attacker had been walking toward a vehicle of the private military contractors who provide security for Safi, said Squadron Leader Jason Chalk, a NATO spokesman.

Nine Afghan soldiers and nine civilians were killed, said Rahmatullah Mohammdi, director of the hospital in Lashkar Gah. Seventeen people were wounded, he said.

Among the civilians waiting outside the compound were pilgrims seeking permission to travel to Mecca in Saudi Arabia, Muhiddin said. The main mosque in Lashkar Gah is across from the compound.

Qari Yousaf Ahmadi, who claims to be a spokesman for Taliban affairs in southern Afghanistan, contacted The Associated Press and said the militant group was responsible for the attack. Ahmadi's exact ties to the militants are not known.

Militants have stepped up attacks in southern Afghanistan in recent months, including the use of roadside and suicide bombs. Twenty-one people were killed in Lashkar Gah in August by a suicide bomber, and last week militants killed 19 construction workers riding on a bus in neighboring Kandahar province.

Although Muhiddin said he believed "innocent civilians and Afghan soldiers" were the targets Tuesday, the blast appeared to be another broadside fired toward a senior government figure.

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Violent extremists have also been increasingly targeting Afghan officials, including the governor of eastern Paktia province — a friend of Karzai's — who was killed in a Sept. 10 suicide bombing. A women's rights activist, who was the Kandahar provincial director for Afghanistan's Ministry of Women's Affairs, was killed Monday in a drive-by shooting.

Karzai sent Safi, a former member of Afghanistan's National Security Council and like the president an ethnic Pashtun, to Helmand province last year to take over a region in the heart of the booming drug trade and the Taliban resurgence. Helmand's former governor, Sher Mohammed Akhunzada, has been accused of having links to drug gangs; he is now a lawmaker.

Two people were detained for questioning after Tuesday's attack on the NATO patrol five miles south of Kabul.

A remote-control bomb planted under a bridge detonated when a three-vehicle military convoy passed by, said Ali Shah Paktiawal, the city's police criminal director.

Chief Corp. Maj. Giorgio Langella was killed in the blast, and five Italian soldiers were wounded, two seriously, the Italian Defense Ministry said in Rome. A child riding in a car behind the NATO convoy was killed, NATO said. Four other civilians in the car were wounded.

Italy has some 1,600 troops in the 20,000-strong NATO-led force in Afghanistan.

An Italian soldier died and two were injured on Sept. 20 when their armored vehicle overturned on a steep incline near Kabul. Four Italian soldiers were wounded Sept. 8 by a roadside bomb in the western Farah province.

Although Taliban-linked militants have stepped up their attacks across Afghanistan the last several months, attacks in Kabul are still far rarer than in the country's south — the focus of the most intense fighting since the ouster of the Taliban regime in a U.S.-led military campaign five years ago.

Attacks in the capital are mostly aimed at foreign military troops. On Sept. 8, a suicide car bomber rammed into a U.S. Humvee, killing 16 people, including two U.S. soldiers. That attack was Kabul's deadliest since the 2001 toppling of the Taliban.

In other violence, seven armed men died in Paktika province Monday when an explosives vest one of them was carrying detonated in the Yousef Kheil district, said Gov. Mohammad Akram Akhpelwak. There were no other casualties.

A suicide bomber on foot killed himself Tuesday while trying to attack a vehicle carrying security workers traveling to the border in Khost province, in eastern Afghanistan, said Gen. Mohammad Ayub, the provincial police chief. No one else was wounded in the blast, he said.

Attacks In Afghanistan Grow More Frequent And Lethal (NYT)

By Carlotta Gall

The New York Times, September 27, 2006

KANDAHAR, Afghanistan, Sept. 26 — Afghanistan suffered two deadly bombings on Tuesday that killed 20 people, providing another sign of the increasing size and power of suicide attacks and roadside bombs by insurgents.

The more devastating attack occurred when the police stopped a suicide bomber as he approached a security checkpoint near the governor's office in Lashkar Gah, in southern Helmand Province, and he detonated explosives strapped to his chest.

The bomber killed 18 people, 6 of them policemen and soldiers. The rest of the casualties, including a woman, were civilians who had gathered at a central mosque to sign up for the Hajj pilgrimage to Mecca, said the police chief of Helmand, Gen. Muhammad Nabi Mullahkhel.

South of Kabul, the capital, a bomb planted under a bridge struck a NATO military vehicle, killing an Italian soldier and an Afghan child nearby.

The suicide attack in Lashkar Gah was the second there in a month, and one of more than 60 in Afghanistan this year, United Nations officials said. The tactic was rarely used by insurgents a year ago.

Civilians increasingly have been paying the price of the more frequent and devastating attacks. More than 150 civilians have been killed by suicide bombings this year, the head of the United Nations mission in Afghanistan, Tom Koenigs, said recently, before the attacks on Tuesday.

The bombings, once relatively ineffective, now increasingly claim casualties in the double digits. On Aug. 3, a suicide bomber struck in the district bazaar of Panjwai, near Kandahar, killing 21. A suicide attack killed another 21 people in Lashkar Gah on Aug. 28.

On Sept. 18, a bomber in Kabul rammed his car into an American military convoy, causing a huge explosion that ripped apart an armored Humvee and killed 16 people, 2 of them American soldiers and the rest passers-by.

The use of roadside bombs has also increased. Two powerful bombs were laid on roads close to Kabul in recent weeks.

The bomb bomb near the capital, positioned under a bridge less than 10 miles south of Kabul, also wounded five soldiers and five civilians, according to officials. The hurt civilians were driving in a car behind the convoy.

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Military and intelligence officials in Afghanistan are divided about whether the tactics and technology used in suicide bombings and roadside bombs have been brought from Iraq, where they are so common, or if insurgents here are simply copying those tactics.

Canadian and American soldiers on operations in the southern province of Kandahar last week said they saw a clear connection with tactics in Iraq. One called it the "Iraqization" of the insurgency here, whether through personal contacts or the Internet.

Canadian soldiers, for instance, said they recently found a scarecrow by a roadside rigged with explosives. In Iraq, insurgents have rigged corpses beside roads with explosives.

Suicide bombers are also now using explosive vests, which are far more powerful than before, the soldiers said. In another bombing on Sept. 18, a man on a bicycle who rode up to Canadian soldiers handing out gifts to children in the southern village of Char Kota, in Pashmul, had on a vest rigged with explosives. The detonation killed four soldiers and injured several more who were in full body armor, as well as wounding two dozen children.

There are signs of more careful training as well. The bomber who killed the governor of Paktia Province on Sept. 10 managed to penetrate security by claiming to have a letter of recommendation addressed to the governor.

He then threw himself onto the hood of the governor's car, detonating his explosive vest up against the windshield and killing everyone inside the car, according to government and military officials.

The high level of civilian casualties has appeared to cause a split in the Taliban, with some apparently opposed to suicide bombing, NATO military officials said.

Taliban fighters who occupied the Panjwai district in July and August tried to distance themselves from the suicide bombing that killed so many civilians and damaged shops in August. They posted leaflets saying that outsiders, or "foreign Taliban," were responsible for the suicide bombing and that such violators would receive capital punishment.

"They were worried about their image," said Olli-Pekka Nissinen, a NATO media operations officer.

Villagers and farmers in the Panjwai area, where heavy fighting has taken place over the past three weeks, also blamed foreigners or outsiders for the suicide bombing, and said that ordinary Taliban were just intent on fighting NATO forces.

A witness of the Sept. 18 suicide bombing in nearby Pashmul, Khair Muhammad, whose two daughters were wounded in the blast, said the bomber appeared to be an Arab.

Talabani: Iraq Won't Have Civil War (AP)

By Barry Schweid

AP, September 26, 2006

Iraqi President Jalal Talabani disputed on Tuesday reports of growing violence in his country and declared, "I can assure you there will be no civil war."

At a news conference, Talabani also leveled a warning to Iraq's neighbors that interference will not be tolerated.

"Iraq is not so weak our neighbors can do anything and we will remain silent," Talabani said after delivering an upbeat speech at the Woodrow Wilson International Center for Scholars.

In Baghdad, the Iraqi capital, gunmen assaulted two Sunni mosques and sprayed bullets into the homes of Sunni Muslims. Three people were killed and 15 wounded.

Police in the capital also found the bodies of 23 men apparently slain by sectarian death squads.

Talabani projected a vastly different account of the security situation. He said it had improved since last year when many areas were in the control of terrorists.

Last year, he said by way of example, there were 10 to 14 car bombings a day in Baghdad and this year one to four.

Most of the fighting is centered in Baghdad, and since most media are in the capital they provide a slanted picture of Iraq's situation, Talabani said.

"The media is only focusing on the negative and exaggerating it," he said.

Talabani declined, meanwhile, to specify which neighboring countries were the intended target of his warning against interference. "We are asking all our neighbors not to interfere in our internal affairs," he said.

"We cannot tolerate more interference of our neighbors," he said at another point, with evident anger.

Talabani also denounced as "a big lie" a report last week by Manfred Nowak, the U.N. special investigator on torture, that torture in Iraq may be worse than it was under Saddam Hussein, with militias, terror groups and government forces disregarding rules on the humane treatment of prisoners.

Talabani said Iraq's constitution provides human-rights safeguards.

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On Capitol Hill, meanwhile, Talabani told a group of six senators that setting a deadline for withdrawal of U.S. troops would be a tragedy for Iraq as it works to build its military and police forces, Sen. Joe Lieberman, D-Conn., said in a conference call with reporters.

Pulling out now would "encourage the militias and the enemies of a free and independent and unified Iraq," Lieberman quoted Talabani as saying.

However, Lieberman said, "he said, 'We look forward to the day when we can take over ourselves, and most of the American troops can go home.'"

Distrust Breaks The Bonds Of A Baghdad Neighborhood (WP)

By Sudarsan Raghavan

The Washington Post, September 27, 2006

BAGHDAD -- It began with a dispute over the price of ice and erupted into full-scale violence over the sighting of two strange cars cruising the neighborhood. A week later, the scars of sectarian strife were visible everywhere in Tobji.

Short concrete blocks and long coils of razor wire barred entry into every block. Stores stood shuttered, and black banners mourned the dead. Women and children stayed inside their sunbaked houses. And young men stood on corners, their eyes darting suspiciously at every car that drove through their divided neighborhood.

The scars were also heard in the perplexed voice of Ibrahim Abdul Sattar, a Sunni Arab whose mother and wife, as well as three-quarters of his friends, are Shiite Muslims. He and so many others in Tobji are trapped in a war that is reshaping the identity of their neighborhood and their shared way of life.

"We have been living together for 30 years. We've never had such tensions like this before," he said. "We are fearing for our future."

Across the capital, mixed Sunni-Shiite neighborhoods have become battlegrounds of sectarian hostilities. West of the Tigris River, hundreds of Shiite families have fled mostly Sunni neighborhoods such as Amiriyah and Ghazaliya. In the east, hundreds of Sunni families have fled mostly Shiite areas such as Amin and Shaab. Increasingly, the strife is spreading into central Baghdad. In still-mixed neighborhoods such as Tobji, nestled in north-central Baghdad, political and militant Islam is clashing with tribal customs and a shared Arab and Muslim identity that have bonded Sunnis and Shiites for decades.

The latest conflagration in Tobji, which is officially named Salaam, or peace, began Aug. 8. What unfolded over a period of 10 days illuminates the way sectarian tension spreads in mixed neighborhoods, as well as the murky forces that drive it. This article is based on interviews with Sunni and Shiite residents, Sunni tribal elders, Shiite militiamen and Iraqi army commanders as the events unfolded in Tobji, as well as visits to the area during and after the tensions.The Prelude

Abu Mohammed, a short man with a trim beard and crooked teeth, has spent his whole life in Tobji. He is a Shiite; his next-door neighbor was a Sunni. Growing up, sect never mattered. He played, studied and socialized with Sunnis.

Now, sect means everything. After the ouster of President Saddam Hussein, Abu Mohammed joined the Mahdi Army, the militia of radical anti-American cleric Moqtada al-Sadr, whose shadowy death squads are widely believed to exact street justice under the cloak of Islam, something Sadr has denied. As the chaos deepened, Abu Mohammed became more suspicious of his Sunni neighbors, particularly after the bombing of a Shiite holy shrine in Samarra in February.

Three months ago, Mahdi Army militiamen erected checkpoints at each end of Tobji's main thoroughfare, lined with shops and small restaurants. The Iraqi army soldiers who patrol the area and are widely believed to be sympathetic to Shiites did nothing to stop them, residents said.

At the checkpoints, the militiamen targeted members of the Sunni Egheidat tribe. They demanded to see residents' identification cards before they could enter their own neighborhood. The militiamen viewed the Egheidat as sympathetic to Sunni radicals who have waged a three-year insurgency against Iraq's Shiite-led government and its American backers.

"The imam's army is a dogmatic people's army to keep order, prevent killings and chaos, and to spread Islam," said Abu Mohammed, who asked that his full name not be used. "The Egheidat are terrorists."

Moments later, as if to demonstrate his influence, he pulled out an Iraqi Interior Ministry identification card, showing his real name and his police commando unit, the Wolf Brigade. The card was evidence that members of the Mahdi Army had infiltrated the Interior Ministry's elite forces, as has long been suspected. Then he flashed his license to legally carry a firearm.

Soon after the checkpoints went up, the Egheidat began to arm themselves. They had lived in the neighborhood for decades, and controlled the ice factories and a cooking oil distributorship. They believed fervently in the Sunni interpretation of Islam, in which the caliphs who succeeded the prophet Muhammad are seen as Islam's rightful rulers.

"We've lived with Egheidat for 50 years," said Abdul Sattar, who is not an Egheidat. "I'm not sure if they are making bombs. They are a religious people, and they are always praying. This is a reason they are targeted, maybe."

"Maybe also the reason is economic," he continued. "The Egheidat are wealthy."

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Last month, Abu Mohammed and his comrades confronted an Egheidat businessman who sold ice -- a precious commodity in a city plagued by furnace-like heat, constant electricity outages and soaring prices for fuel to power generators.

"He was selling a block of ice for 20,000 dinars. Its actual price is 5,000 dinars," said Abu Mohammed. "When we told him he should lower the price, he slapped one of our guys. We didn't like that. So we beat him up as punishment."

Shortly afterward, unfamiliar cars started to drive toward the Egheidat section of Tobji, Abu Mohammed said. Then came the rumors: The cars were to be used for drive-by attacks or suicide bombings.Day One

Rumors filled the streets: A BMW and a Land Cruiser were making their way along the sweltering streets of Tobji toward the green and tan Haji Zeidan mosque, run by the Egheidat. Word of the unfamiliar cars soon reached Sadr's local office, located opposite a parking lot filled with junked cars on the main road in Tobji. A group of Mahdi Army militiamen, including Abu Mohammed, headed toward the mosque. Outside, clutching their weapons, they called out to the mosque guards.

"We told them they should hand over the strange cars so that we could hand them over to the Iraqi army," Abu Mohammed recalled. "Then we came under heavy gunfire."

A battle erupted, forcing the militiamen to retreat. Two of their men were wounded. Egheidat community leaders gave a different account. They said the militiamen taunted the guards with slurs, then shot at their guard on the roof. Forty to 50 gunmen emerged firing, but only over the heads of the militiamen.

"We were on rooftops, and they were on the street. If we wanted to kill them, then none of them would have left alive," said Muhammed Jamal al-Egheidi, 40, a leader of the Egheidat tribe.Day Two

At checkpoints, the Mahdi Army men took into custody eight Egheidat men and beat them with rubber-coated electrical cables, several Egheidat tribal leaders said. Abu Mohammed, who often did duty at the checkpoints, did not deny the men were taken, but he said they were handed over to Iraqi soldiers.

"In the streets, we set up checkpoints with the Iraqi army," he said. "I am there to serve the neighborhood. I would point people out -- only those who hurt Iraq."

That day, a group of concerned tribal elders and businessmen, both Sunnis and Shiites, met to discuss ways to stop the violence from escalating.

"They came and said this violence will never end unless we reconcile," Egheidi said. "Many of them were Shia in the neighborhood, and they knew us very well. We knew they were on our side."

The group decided to hold a tribal reconciliation gathering, a traditional mechanism used to solve conflict among Iraq's tribes. The grievances of both the Egheidat and the Mahdi Army would be addressed through negotiations and the payment of fasil , or blood money. Both sides agreed to meet the next day.Day Three

An hour before the meeting, gunmen attacked a Mahdi Army checkpoint and killed four of its men, including Abu Mohammed's 16-year-old nephew, Omar. The Mahdi Army immediately blamed the Egheidat.

"They killed our men, and then kicked them to see if they were still alive," said Abu Mohammed. "Then they shot them in the head to make sure they were dead."

Abu Mohammed recalled that he and his men ran straight to the Egheidat area. "We opened fire on them," he said matter-of-factly. A gun battle followed. "They were shooting at us from the mosque. This is God's home. They defiled the house of God. So we shot at it with an RPG, and the minaret was hit."

The fighting raged until U.S. and Iraqi soldiers entered the fray and sealed off the neighborhood.

"The militiamen, when they saw the American army, they fled at extraordinary speed," said Abdul Sattar, who was too afraid to leave his house to go to work this day. "They jumped into houses. One woman saw one of them in her house and fainted."

Abu Mohammed described jumping into houses as a tactical move that the Mahdi Army often uses because its members know U.S. troops rarely remain long inside a neighborhood. "We didn't want to confront them," he said.

When Abu Mohammed returned to his home, enraged, he fired at the houses of his Sunni neighbors, even though they were not Egheidat. A Sunni neighbor, on hearing the gunfire, came out clutching an AK-47 assault rifle.

"I shot at him," said Abu Mohammed. "He bent down, and the bullet struck his mother in the arm. Then I walked out into the neighborhood and shouted: 'Any Sunni I see in the street is my enemy. No Sunni will stay in Tobji. The Sunnis are infidels.' " Egheidat tribal leaders denied any involvement in the attack on the checkpoint, blaming radical Sunni insurgents seeking to deepen the divisions in Tobji.

"We'll pay 10 times the amount -- not four times, as tradition dictates -- if what they are saying is true," Egheidi said, referring to blood money. The reconciliation meeting was postponed. That night and the following day, the streets lay silent.Day Five

Fierce gun battles between the Mahdi Army and the Egheidat erupted again. Once more, U.S. and Iraqi troops entered the neighborhood, and the fighting subsided.

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The tribal reconciliation meeting was held at the neighborhood municipal council office under the protection of the Iraqi army, which cordoned off the office with its tan camouflage Humvees and soldiers.

With U.S. soldiers by his side, Brig. Gen. Abdul Jaleel Kahlaiaf, commander of the Iraqi 6th Division's 1st Brigade, met with the parties. Such neighborhood reconciliation meetings, he said in an interview later, are crucial in helping to defuse Baghdad's sectarian violence. He also denied that his mostly Shiite forces were sympathetic to the Mahdi Army.

The Mahdi Army demanded that the Egheidat hand over the men who wounded their two militiamen, as well as their weapons, and pay a fasil of 4 million dinars, or $2,700, to each of the families of the wounded.

The matter of the four dead Mahdi Army militiamen was not discussed, since the identities of their killers were unknown, said Fadil Khalifa Jassam, a Sunni imam who served as one of the mediators. "There will be another tribal gathering for the four killed," he said. At the end of the meeting, the Egheidat were given time to consider the Mahdi Army's demands, and an atwa , or truce, was declared for three days.Day Six

On the first day of the truce, Egheidi, the Sunni tribal leader, was worried. "The Mahdi Army is now going around the neighborhood saying they are going to eliminate us," he said. "We are not going to work. We're afraid we'll get captured at the checkpoints. At the market, they are not selling to Egheidat anymore. They say, 'You are terrorists.' How can we be terrorists when we stay inside our homes?"

Then he added, "How can you reconcile when you are sending people into our neighborhood to shoot us?"

The conversation turned to the U.S. troops. A year ago, Egheidi refused to accept the U.S. occupation. Now, after watching the violence in Tobji unfold, he said he has concluded that Shiite extremists are the greater enemy.

"When the Americans are in my neighborhood, I can put my head in my pillow and sleep," said Egheidi. "If they stay, there will be security. If they leave, there will not only be civil war. There will be a house-to-house war."Day Seven

On the second day of the truce, Abu Mohammed, the Sadr militiaman, was angry. "Our wounds are still fresh," he said as he puffed on a cigarette. Coloring his language was a sense of entitlement and a belief that the U.S. occupation had ruptured the cohesiveness of the sects in his community.

"Before the entrance of the Americans, we lived like brothers," Abu Mohammed said. "They married us. We married them. Saddam's regime was unjust but he didn't create divisions. We didn't have civil war. . . . The American intention is to dismember Islam."

His thoughts soon turned back to Tobji, and his nephew Omar. He wanted the Egheidat to leave. "We will not take their houses by force," he said. "They will sell them and buy in other areas. The important thing is they get out of my neighborhood."

At 4 p.m., the normally busy streets lay quiet.Day Eight

At 10 a.m., the Mahdi Army and the Egheidat reached an agreement. The Egheidat would hand over some weapons to the Mahdi Army and pay the fasil. Each side would stay out of the other's section of Tobji in order not to inflame tensions. All sides hugged and congratulated, Jassam recalled. It seemed as if the Tobji they knew had united. "Even up to this moment, we still have feelings of brotherhood," said Amar Ali, a trader.

"It was a success," said Kahlaiaf, the Iraqi army commander. Sunni and Shiite mosques in Tobji announced the news over loudspeakers. Egheidat residents came out of their homes and handed out sweets and juice to their neighbors. Then "they brought a truckload of ice cubes and distributed to the people -- for free," said Ali Laith, 19, a tall, slim student. Later in the day, shops reopened and residents ventured onto the streets.

But at 7:55 p.m., a mortar shell struck the parking lot with the battered old cars less than 100 yards from the Sadr office. It landed on a rusting Volkswagen Passat, witnesses said, killing an elderly man and a child, and wounding others.

"There are some people who don't like for things to be quiet in Tobji," said Abu Ahmed, a shopkeeper whose store was less than 200 yards from where the shell hit. He asked that his full name not be used because of the potential for more violence.

That night, six Egheidat elders visited the Mahdi Army's representatives to assure them they were not behind the attack.Day Nine

At 10:40 a.m., Nabil Ibrahim was open for business. Two women in black abayas and a girl were in his store. Did he think Tobji would slide back into violence?

"It's in God's hands, inshallah ," Ibrahim said. As he spoke, Haidar Muhammad Latif, 22, entered the store. He was short, with close-cropped hair, and wore a blue shirt. And he soon revealed his allegiance: "We are from Sayyid Moqtada Sadr's army," he said, using an honorific for the cleric.

He asserted that the mortar attack had targeted the militia and proclaimed "God is great" because the mortar did not hit the Sadr office. Asked who was behind the attack, he answered without hesitation. "I expect it was the Egheidat who did it," he said. "I wish I could trust them."

Two blocks away, a funeral tent was erected next to the parking lot.Day 10

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On this day, Abu Mohammed, still angry, was thinking about revenge. He, too, believed the Egheidat had fired the mortar two days before. But now he had a more pressing goal. He said he and his comrades had identified three Sunnis, including one Egheidat, who they believed were involved in the killings of the four members of the Mahdi Army, including his nephew. Now, he said, he was planning to create a death squad to carry out the justice the tribal negotiations didn't bring.

Asked how he knew the three men were guilty, Abu Mohammed said witnesses told him that the men were inside one of the cars that rushed the checkpoint. "We only take blood for blood," he said.

Asked if the three men lived in Tobji, Abu Mohammed replied: "Yes, they are our neighbors. Now their houses are empty, and they have fled."

Most Iraqis Favor Immediate U.S. Pullout, Polls Show (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, September 27, 2006

Leaders' Views Out of Step With Public

BAGHDAD, Sept. 26 -- A strong majority of Iraqis want U.S.-led military forces to immediately withdraw from the country, saying their swift departure would make Iraq more secure and decrease sectarian violence, according to new polls by the State Department and independent researchers.

In Baghdad, for example, nearly three-quarters of residents polled said they would feel safer if U.S. and other foreign forces left Iraq, with 65 percent of those asked favoring an immediate pullout, according to State Department polling results obtained by The Washington Post.

Another new poll, scheduled to be released on Wednesday by the Program on International Policy Attitudes at the University of Maryland, found that 71 percent of Iraqis questioned want the Iraqi government to ask foreign forces to depart within a year. By large margins, though, Iraqis believed that the U.S. government would refuse the request, with 77 percent of those polled saying the United States intends keep permanent military bases in the country.

The stark assessments, among the most negative attitudes toward U.S.-led forces since they invaded Iraq in 2003, contrast sharply with views expressed by the government of Prime Minister Nouri al-Maliki. Last week at the United Nations, President Jalal Talabani said coalition troops should remain in the country until Iraqi security forces are "capable of putting an end to terrorism and maintaining stability and security."

"Only then will it be possible to talk about a timetable for the withdrawal of the multinational forces from Iraq," he said.

Recent polls show many Iraqis in nearly every part of the country disagree.

"Majorities in all regions except Kurdish areas state that the Multi-National Force-Iraq (MNF-I) should withdraw immediately, adding that the MNF-I's departure would make them feel safer and decrease violence," concludes the 20-page State Department report, titled "Iraq Civil War Fears Remain High in Sunni and Mixed Areas." The report was based on 1,870 face-to-face interviews conducted from June 26 to July 6.

The Program on International Policy Attitudes poll, which was conducted over the first three days of September for WorldPublicOpinion.org, found that support among Sunnis for a withdrawal of all U.S.-led forces within six months dropped to 57 percent in September from 83 percent in January.

"There is a kind of softening of Sunni attitudes toward the U.S.," said Steven Kull, director of PIPA and editor of WorldPublicOpinion.org. "But you can't go so far as to say the majority of Sunnis don't want the U.S. out. They do. They're just not quite in the same hurry as they were before."

The PIPA poll, which has a margin of error of 3 percent, was carried out by Iraqis in all 18 provinces who conducted interviews with more than 1,000 randomly selected Iraqis in their homes.

Using complex sampling methods based on data from Iraq's Planning Ministry, the pollsters selected streets to conduct interviews. They then contacted every third house on the left side of the road. When they selected a home, the interviewers then collected the names and birth dates of everyone who lived there and polled the person with the most recent birthday.

Matthew Warshaw, a senior research manager at D3 Systems, which helped conduct the poll, said he didn't think Iraqis were any less likely to share their true opinions with pollsters than Americans. "It's a concern you run up against in Iowa or in Iraq," he said. "But for the most part we're asking questions that people want to give answers to. People want to have their voice heard." The greatest risk, he said, was the safety of the interviewers. Two pollsters for another Iraqi firm were recently killed because of their work.

The State Department report did not give a detailed methodology for its poll, which it said was carried out by an unnamed Iraqi polling firm. Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, said he could not comment on the public opinion surveys.

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The director of another Iraqi polling firm, who spoke on condition of anonymity because he feared being killed, said public opinion surveys he conducted last month showed that 80 percent of Iraqis who were questioned favored an immediate withdrawal. Eight-five percent of Sunnis in that poll supported an immediate withdrawal, a number virtually unchanged in the past two years, except for the two months after the Samarra bombing, when the number fell to about 70 percent, the poll director said.

"The very fact that there is such a low support for American forces has to do with the American failure to do basically anything for Iraqis," said Mansoor Moaddel, a professor of sociology at Eastern Michigan University, who commissioned a poll earlier this year that also found widespread support for a withdrawal. "It's part of human nature. People respect authority and power. But the U.S. so far has been unable to establish any real authority."

Interviews with two dozen Baghdad residents in recent weeks suggest one central cause for Iraqi distrust of the Americans: They believe the U.S. government has deliberately thrown the country into chaos.

The most common theory heard on the streets of Baghdad is that the American military is creating a civil war to create an excuse to keep its forces here.

"Do you really think it's possible that America -- the greatest country in the world -- cannot manage a small country like this?" Mohammad Ali, 42, an unemployed construction worker, said as he sat in his friend's electronics shop on a recent afternoon. "No! They have not made any mistakes. They brought people here to destroy Iraq, not to build Iraq."

As he drew on a cigarette and two other men in the store nodded in agreement, Ali said the U.S. government was purposely depriving the Iraqi people of electricity, water, gasoline and security, to name just a few of the things that most people in this country lack.

"They could fix everything in one hour if they wanted!" he said, jabbing his finger in the air for emphasis.

Mohammed Kadhem al-Dulaimi, 54, a Sunni Arab who used to be a professional soccer player, said he thought the United States was creating chaos in the country as a pretext to stay in Iraq as long as it has stayed in Germany.

"All bad things that are happening in Iraq are just because of the Americans," he said, sipping a tiny cup of sweet tea in a cafe. "When should they leave? As soon as possible. Every Iraqi will tell you this."

Many Iraqi political leaders, on the other hand, have been begging the Americans to stay, especially since the February bombing of a Shiite Muslim shrine in Samarra, which touched off the current round of sectarian reprisal killings between Sunnis and Shiites.

The most dramatic about-face came from Sunni leaders, initially some of the staunchest opponents to the U.S. occupation, who said coalition forces were the only buffer preventing Shiite militias from slaughtering Sunnis.

Mahmoud al-Mashhadani, the outspoken Sunni speaker of parliament who this summer said that "the U.S. occupation is the work of butchers," now supports the U.S. military staying in Iraq for as long as a decade.

"Don't let them go before they have corrected what they have done," he said in an interview this month. "They should stay for four years. This is the minimum. Maybe 10 years."

Particularly in mixed neighborhoods here in the capital, some Sunnis say the departure of U.S. forces could trigger a genocide. Hameed al-Kassi, 24, a recent college graduate who lives in the Yarmouk district of Baghdad, worried that rampages by Shiite militias could cause "maybe 60 to 70 percent of the Sunnis to be killed, even the women, old and the young."

"There will be lakes of blood," Kassi said. "Of course we want the Americans to leave, but if they do, it will be a great disaster for us."

In a barbershop in the capital's Karrada district Tuesday afternoon, a group of men discussed some of the paradoxical Iraqi opinions of coalition troops. They recognized that the departure of U.S.-led forces could trigger more violence, and yet they harbored deep-rooted anger toward the Americans.

"I really don't like the Americans who patrol on the street. They should all go away," said a young boy as he swept up hair on the shop's floor. "But I do like the one who guards my church. He should stay!"

Sitting in a neon-orange chair as he waited for a haircut, Firas Adnan, a 27-year-old music student, said, "I really don't know what I want. If the Americans leave right now, there is going to be a massacre in Iraq. But if they don't leave, there will be more problems. From my point of view, though, it would be better for them to go out today than tomorrow."

He paused for a moment, then said, "We just want to go back and live like we did before."

Saddam's Trial Has Shouting, Then He Is Removed (MCT)

By Mark Brunswick

McClatchy Newspapers, September 27, 2006

BAGHDAD, Iraq - For the second time in as many days in his genocide and war crimes trial, former Iraqi dictator Saddam Hussein was ordered tossed from the courtroom on Tuesday, sparking an eruption from the other defendants and briefly shutting down the court.

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"You let the prosecutor comment and I'm not? Is this the justice you exercise? Damn this justice you are trying to serve in this court," Saddam shouted at the chief judge, the second to preside over the trial since it began in August.

"Don't use bad words," the judge shouted back, ordering guards to surround Saddam and escort him out of the courtroom.

Two other defendants were led out of the courtroom after Saddam, who barely concealed a smile on his face as he made his way to the door.

Saddam and his six co-defendants have been on trial since Aug. 21 for their roles in a 1987-1988 crackdown on Kurdish rebels that has become known as the Anfal campaign, a reference to a verse in the Quran meaning roughly "the spoils of war."

They are accused of killing as many 180,000 people, mostly civilians in a military offensive that included the use of chemical weapons. The defendants could face the death penalty if convicted.

Saddam was ordered removed from the trial on Monday when he protested the court's appointment of lawyers to defend him. His own defense team boycotted the proceedings as a protest over the appointment of Mohammed Oreibi al Khalifa as the presiding judge.

The latest exchange, watched on television by entertainment-deprived Iraqis like it was a morning soap opera, fueled rumors that Khalifa might soon be sacked and a third judge appointed. While no one was claiming to be pining for the days of Saddam's regime, it also seemed to give the average Iraqi a brief in-your-face respite to the sectarian violence and lack of services that make up today's Iraq.

Things started rocky on Tuesday when Saddam entered the court and immediately asked to leave. Khalifa began a long speech, talking about the Iraqi justice system and how it was developed over centuries.

"If you want to defend yourself, submit your arguments. We are a court. It has no connection to politics. When you want to leave the legal framework, we will not allow you," he said. "Try to cope with the session requirements and you will see how much time you will get to defend yourself. Humiliation and abuse of the court will take you nowhere."

At that point, Saddam pulled a piece of paper from his Quran and began reading. The judge ordered microphones turned off as Saddam continued reading for 14 minutes. After the reading, the judge and Saddam exchanged what appeared to be often heated words toward each other, each pointing fingers and shaking fists.

Saddam stood up during testimony of the second witness of the day, a Sulaimaniyah resident in his mid-60s who talked of having his village destroyed in the Anfal campaign. Khalifa asked him if he had a question. Saddam said he did not.

"OK, sit down," the judge ordered. That started the fireworks.

"You are a defendant and I'm a judge," Khalifa said as Saddam interrupted. "Shut up. No one talk. The court has decided to eject Saddam Hussein from court."

As Saddam was led from the room, the other defendants, almost on cue, stood and demanded to leave as well. The judge ordered them to sit, but they refused. "I don't how to deal with you," the judge shouted.

Defendant Sultan Hashim Ahmad al Tai a former defense minister, shouted back in anger, "Don't shout at us. We are not children. We defended this country. It is not you who is teaching us to be polite. We are teaching you."

At that point, he was escorted out, continuing to yell.

The next, Hussein Rashid Mohammed, a former chief of staff of the Iraqi Army, said: "I served Iraq for 44 years. If you want to execute us, execute us. You can't insult us with these charges. We have dignity." He was removed, with two guards very physically holding both his arms.

The other defendants remained standing as guards surrounded their cages in the courtroom. The judge ordered the curtains to the press gallery closed and a recess. When the afternoon session resumed, the defendants' cages were empty. The court recessed until Oct. 9.

Judge Postpones Hussein Trial As Lawyers Continue Boycott (NYT)

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, September 27, 2006

BAGHDAD, Sept. 26 — After throwing Saddam Hussein out of court again, the judge hearing the deposed dictator's genocide trial abruptly postponed the case until Oct. 9, so Mr. Hussein and his co-defendants could consult with lawyers who are boycotting the trial or find new ones.

The court session on Tuesday degenerated into a shouting match with the angry judge, Muhammad al-Uraibi, barking at Mr. Hussein and his co-defendants to "sit down" and "shut up." The men, charged with killing tens of thousands of Kurds in 1988, shouted back that the judge was not respecting them and had already decided their guilt.

The trial of Mr. Hussein has been in turmoil for a week, since Prime Minister Nuri Kamal al-Maliki fired the previous judge, who prosecutors had complained was biased in favor of the defendants. In protest, defense lawyers have been boycotting the trial.

After Judge Uraibi ejected Mr. Hussein from the courtroom on Tuesday, the other defendants rose in anger, and the judge demanded: "Shut up. Nobody talk."

After more testimony, the judge said he would postpone the case for nearly two weeks.

Elsewhere, insurgents and militiamen across central Iraq attacked mosques, police officers and, with one large blast, lunchtime diners who the police said had apparently been singled out because they could be seen eating in a public place during the Ramadan fast.

All told, news agencies reported that more than 20 people were killed in or around the capital. An Interior Ministry official also said 15 new dead bodies were discovered in Baghdad, the latest victims in the capital's continuing violence.

On Monday morning, insurgents staged a coordinated attack with mortars and a car bomb on a newly opened police station in northern Babil Province, south of the capital, killing at least two Iraqi police officers and wounding four policemen.

The attack on the Jurf al-Sakhr police station, which opened earlier this month at a cost of $440,000, began when a white car drove through the gates of the station and then exploded when it rammed the northwest corner of the building, the United States military said.

Other insurgents simultaneously attacked guard towers nearby with machine guns and mortars. Eight American soldiers suffered minor wounds but were returned to duty, the military said.

In Baghdad, the attacks began early Tuesday. At 7 a.m., gunmen used explosives to severely damage a Sunni mosque in the southeastern part of the city, the Interior Ministry said.

Shortly before noon, a motorcycle packed with explosives detonated near Communist Party offices and a restaurant in central Baghdad. Four people were killed and 18 wounded, all of whom had been at or near the restaurant, an Interior Ministry official said.

Clashes raged in the western Baghdad neighborhood of Amil, killing at least three people. Two bombs exploded in Mahmudiya, south of Baghdad, killing five people and wounding eight. Two American soldiers also died in what the military described as a "noncombat incident" southwest of Baghdad on Tuesday. No other details were provided.

In the heavily fortified Green Zone, Iraqi lawmakers shouted at one another as debate proceeded over how quickly to allow provinces to become autonomous states.

Sunni political leaders had agreed to allow a bill, defining how these states would be formed, to come up for debate this week. The bill is backed by a large faction of Shiites and Kurds, but is opposed by many Sunnis, who say it will strip them of a share of the country's oil wealth.

In return for Sunnis' agreeing to a debate, the Shiite and Kurdish factions agreed to the creation of a constitutional committee to examine amendments sought by Sunnis, and to postpone any actual move toward autonomous regions until at least 2008.

But a number of Sunni legislators made it clear on Tuesday that they would fight the proposal no matter what. One top Sunni legislator, Dhafir al-Ani, quit in protest as chairman of the committee scheduled to hear the proposal.

Inquiry: Australian Wheat Exporter Warned (AP)

AP, September 27, 2006

SYDNEY, Australia — Australian wheat exporter AWB Ltd. was repeatedly warned by lawyers that funneling money to Saddam Hussein's regime could be illegal and breach U.N. sanctions on Iraq, according to evidence released by a corruption inquiry Tuesday.

The documents, released by a government-commissioned inquiry into the kickbacks scandal, contradicted testimony by company executives that the monopoly exporter, formerly the government-owned Australian Wheat Board, did not knowingly pay $222 million in bribes to the Iraq government under the corruption-riddled U.N. oil-for-food program.

The documents are among 900 that AWB fought to withhold from the inquiry headed by retired judge Terrence Cole.

But the Federal Court ruled last week that 360 of those documents must be handed to the Cole commission because they are not protected by legal professional privilege.

The commission is examining whether company officials broke any Australian laws when AWB paid bogus transport fees for wheat to a Jordanian trucking company partially owned by the Iraqi government.

Under U.N. sanctions against Iraq, companies were banned from making payments to the Iraqi government.

Legal advice from the Australian corporate law firm Blake Dawson Waldron, as well as top barristers, between 2003 and 2005 warned AWB the payments were questionable, documents revealed.

In mid 2003 when American wheat exporters were claiming AWB was inflating its wheat prices for Iraq in breach of the U.N. oil-for-food program rules, AWB's in-house legal team set up an inquiry, known as Project Rose.

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As part of that inquiry, Blake Dawson Waldron warned AWB "it is possible" the trucking fees AWB was paying the trucking company Alia breached Australian federal and state criminal laws.

The law firm said it appeared "in a broad sense" AWB paid the trucking fees to influence the Iraqi Grain Board, which was owned by Saddam's government.

"It is possible that AWB's conduct has resulted in a contravention by Australia of U.N. resolution 986 (1995)," the advice added.

AWB was the largest single supplier of humanitarian goods under the oil-for-food program. From 1997-2003, the company sold 6.8 million tons of wheat to Iraq and received payments from the U.N. of more than $2.3 billion.

West Point Mourns A Font Of Energy, Laid To Rest By War (WP)

By Joshua Partlow And Lonnae O'Neal Parker

The Washington Post, September 27, 2006

WEST POINT, N.Y., Sept. 26 -- They remember Emily Perez in her many bursts of motion: the diminutive young woman calling out orders to the freshman cadets on the castled military campus of West Point.

They see her sprinting the third leg for Army's 400-meter relay team. Or in the school's gospel choir, filling her lungs and opening her mouth to sing.

Emily J.T. Perez, a determined 23-year-old from Prince George's County, rose to the top of her high school class and then became the first minority female command sergeant in the history of the U.S. Military Academy.

Now she has another distinction. The second lieutenant was buried Tuesday at the academy, the first female graduate of West Point to die in Iraq. Perez, a platoon leader, was killed while patrolling southern Iraq near Najaf on Sept. 12 when a roadside bomb exploded under her Humvee.

And at the service on the high bluffs along the Hudson River, her former fellow cadets, the younger women who looked up to Perez and now are preparing to follow her path, were still learning from her.

"The fact that she's died -- it makes what's going on in the Middle [East] . . . so much more real. I mean, here at West Point, it's kind of like Camelot, you know -- everything just seems to work," Sylvia Amegashie, 21, of Woodbridge, co-captain of West Point's track team, said as she stood on the cemetery grass, holding back tears. "What happened to her, being out there in Iraq, it's real. Her death really makes everything seem more like it's going to happen."

"For me, yeah, like, it's just an eye-opener," agreed Meghan Venable-Thomas, 21, a senior who also ran track and sang in the choir with Perez, who graduated last year. "She was like a little superwoman . . . so full of energy and life, and she was just willing to do anything."

Perez was born into a military family in Heidelberg, Germany, and moved to Fort Washington in 1998. A woman repeatedly described as focused, tenacious and passionate, she was an avid reader from a young age and eventually finished near the top of her class at Oxon Hill High School. From early on, she wanted to be a soldier, her friends recalled, and she became wing commander of Junior ROTC at Oxon Hill.

"She was the cream of the crop," said Nathaniel Laney, Perez's high school track coach and now assistant principal at Oxon Hill. "This wasn't some average Joe."

Her nickname was Kobe, family friend E. Faith Bell said, because everyone knew she could make the shots, in whatever she did.

While in high school, working with the District's Peace Baptist Church, Perez helped begin an HIV-AIDS ministry after family members contracted the virus.

One of her mentors, Roger Pollard, who worked with her when she volunteered with the Alexandria Red Cross HIV-AIDS peer education program, recalled her remarkable ability to stay focused -- always on time, always ready to work. She shared with other teenagers her stories about people close to her living with the depression and stigma of AIDS.

"She was sensitive to the suffering of others" but tough-minded, Pollard said. "I clearly remember thinking that she would definitely be the first female president of this country."

After graduating from West Point, she was assigned to the Army's 204th Support Battalion, 2nd Brigade, 4th Infantry Division and deployed to Iraq in December. Before she left, she spoke with Laney, her high school track coach. He gave her a journal to write everything down when she wanted to clear her head.

"She was like, 'I'll be okay. Don't worry about me.' That was just the confidence she had in herself," he said.

Her godfather, the pastor of Peace Baptist Church, remembered that same time in Perez's life.

"She was resilient. Her spirit was calm. She was resolute. She believed . . . the real tragedy is to not live while you are alive," said the Rev. Michael Bell, Faith Bell's husband.

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She was the 64th female member of the U.S. military to be killed in Iraq or Afghanistan and the 40th West Point graduate killed since Sept. 11, 2001. Another female West Point graduate, Laura M. Walker of the Class of 2003, was killed in Afghanistan last year.

Her family chose to hold the funeral at West Point because of Perez's reverence for the institution that challenged her physically and mentally, Michael Bell said.

At the cemetery, in a quiet corner of campus beneath Storm King Mountain, the warm September sun glinted off the silver tubas of the marching band and lighted the rustling leaves' various shades of flame.

Dozens of uniformed men and women gathered in the crowd: West Point's track team, its gospel choir, former classmates and fellow soldiers. When the hearse pulled up to Perez's grave site -- in Section 36, near those of several other young graduates -- the crowd saluted the flag-draped coffin in near perfect unison.

The family, including parents Vicki and Daniel Perez, sat on 10 folding chairs under a small tent facing the coffin, daubing their eyes.

"Honor guard! Attention!"

The guard assembled around the coffin.

"Do not stand at my grave and weep, I am not there, I do not sleep," Michael Bell read from a poem. "I am a thousand winds that blow. I am the diamond glint of snow. I am the sunlight on ripened grain. I am the gentle autumn rain."

Then West Point Chaplain Darrell Thomsen addressed Perez.

"In your short time here, you stood the watch with duty, with honor," he said. "Your work on earth is done."

Five guns fired in unison three times. The bugler and the drummer played taps. The bagpiper wailed "Amazing Grace." The marching band finished with the "Alma Mater."

After it was over, Faith Bell reflected on what Perez will be remembered for.

"Her tenacity," Bell said. "Her passion for life. One of the things that was important to Emily was not the fear of death but the fear of not living."

CORPORATE SCANDALS:

Enron's Fastow To Serve 6 Years (LAT)

By Lianne Hart

The Los Angeles Times, September 27, 2006

HOUSTON — A federal judge sentenced former Enron Corp. Chief Financial Officer Andrew S. Fastow to six years in prison Tuesday for his role in running the fraudulent, off-the-books dealings that brought down the company while he made millions.

But the judge stopped short of the maximum term, citing Fastow's contrition and his cooperation with the government.

In 2004 Fastow had agreed to serve as long as 10 years in exchange for testifying against the former top executives of the fallen energy company. U.S. District Judge Kenneth Hoyt said that although Fastow was once "drunk on the wine of greed," he has since demonstrated remorse by fully cooperating with government and civil lawyers in lawsuits against Enron.

"These factors call for mercy," the judge said.

Fastow's sentencing turns another page in the saga of Enron, which came to symbolize the wave of corporate accounting scandals of this decade. One of the bosses he testified against, former Chief Executive Jeffrey K. Skilling, will be sentenced on fraud and conspiracy charges next month.

And the same day Fastow was led off in handcuffs and shackles, former WorldCom Inc. Chief Executive Bernard J. Ebbers reported to federal prison to begin serving a 25-year term for leading a massive accounting fraud.

Hoyt imposed no fine in meting out his sentence to Fastow, noting that under terms of the plea agreement he had already forfeited $23.8 million and pleaded guilty to two counts of conspiracy. Hoyt sentenced Fastow to two years of supervised release upon completing his prison term. The judge recommended a minimum-security prison for Fastow, as well as drug treatment for the anti-anxiety medication he has been taking.

Fastow, 44, hugged his wife, Lea, a former Enron executive who had done prison time for tax fraud, before he was handcuffed by marshals and led from the courtroom.

His departure ended an emotional hearing punctuated by sobs from his family and friends who packed the courtroom. A parade of lawyers spoke in favor of a reduced sentence, all noting Fastow's willingness to lay out Enron's fraudulent deals in excruciating detail. In addressing the court, he paused often to maintain his composure.

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"When I pled guilty I was consumed by despair and shame by what I had done," Fastow said, his voice cracking. "I know I deserve punishment. I accept it without bitterness."

Federal prosecutor John C. Hueston said no one "has cooperated more thoroughly and extensively than Mr. Fastow." Without his assistance, Hueston said, the government would not have obtained convictions against Skilling and the late Kenneth L. Lay, the company's founder and longtime chairman.

Fastow's attorney, John Keker, said that Scott D. Sullivan, the former WorldCom chief financial officer in a "parallel situation" to Fastow's, received a five-year sentence for his crimes.

"Nobody is asking he not get any punishment," Keker said of his client. Instead, he asked Hoyt to show mercy to a man "disgusted" with his deeds and "desperate to make amends."

Investor Brian Durbin was the only person to speak against reducing Fastow's sentence. When he bought a few thousand dollars of Enron stock, he said, the company appeared to be in prime financial health. But when Enron collapsed, he watched with growing resentment as friends lost their jobs and retirement savings.

"I'm here to convey my personal anger at the management of Enron," Durbin said, looking at Fastow, who returned his gaze. "We were the victims of a scam."

Former Enron employee Tracy Michel, when told of the sentencing, said Fastow should have gotten a longer sentence.

"It's not enough. He got off easy," she said. "But so much time has passed, I guess they hoped people will forgive and forget and move on. I'm sure he's humiliated, so hopefully this is hitting him hard."

Fastow's sentence was fair, given his willingness to cooperate with prosecutors, said Barry Boss, a Washington-based white-collar defense attorney. "People have lost perspective on how long six years is," said Boss, former co-chairman of the U.S. Sentencing Commission's Practitioners Advisory Group.

The sentence could open the door for Skilling to say he should get similar consideration, Boss said.

"Skilling's lawyers may argue that Fastow is the most culpable party. But they tried to play this card before and the jury didn't believe it," he said.

Said Anthony Sabino, professor of law and business at St. John's University in New York: "The sentence will have no effect on Skilling's sentencing. Jeff Skilling is going away for a long, long time."

Tuesday's 75-minute hearing capped a four-year legal battle for Fastow, a Northwestern University business school graduate once regarded as a talented, hard-charging comer.

Federal indictments handed down in October 2002 took a different view of the brash executive and the complex financial deals that set him apart. From 1997 to July 2001, prosecutors said, Fastow engineered a complex series of "clandestine transactions" that hid staggering Enron debt, inflated profit and diverted millions of dollars to himself, his family and his friends.

As the fraudulent partnerships began to unravel, Enron stock collapsed. In December 2001, the company filed for Chapter 11 bankruptcy protection.

In 2002, Fastow was indicted on 78 counts of fraud, money laundering, insider trading and other charges. He pleaded not guilty but changed his mind after the government brought charges against his wife for signing a tax return that failed to declare her husband's improperly pocketed gains as income. Lea Fastow, a former Enron assistant treasurer, served a one-year sentence. The couple sought to stagger their prison time so that one parent could remain with their two sons.

In March, Fastow testified against Lay and Skilling at their federal fraud trial. Both defendants were convicted in May. Lay died of a heart attack in July. Skilling is to be sentenced Oct. 23.

Enron's Fastow Gets 6 Years (WP)

By Carrie Johnson

The Washington Post, September 27, 2006

HOUSTON, Sept. 26 -- Andrew S. Fastow, the finance chief who helped Enron Corp. mislead investors at the same time he stole millions of dollars from the company, was sentenced Tuesday to six years in prison by a judge who said Fastow deserved mercy because of "exceptional" government cooperation and the toll on his family.

U.S. District Judge Kenneth M. Hoyt significantly discounted the 10-year prison term spelled out in Fastow's plea deal with the Justice Department two years ago. The judge said that Fastow, 44, had been "the subject of great persecution," including threats and religious slurs, as the primary scapegoat for an accounting fraud that cost thousands of employees of the Houston energy company their jobs and retirement savings.

Disclosures nearly five years ago about Fastow's questionable business partnerships foreshadowed not only Enron's bankruptcy but also a string of corporate fraud cases across the country. Federal prosecutors said Tuesday that the Enron debacle remained the largest such investigation in history and that Fastow's help unlocked the case, giving them a priceless window onto the 50th floor of the company's gleaming office tower.

The judge acknowledged Fastow's efforts to repair the harm he has done. Fastow's wife, Lea, who sometimes nodded along with the judge's remarks, already served nearly a year in prison after pleading guilty to underreporting the couple's income. Criminal charges against Lea Fastow helped pressure her husband to cooperate with investigators.

"Seldom does a man's public fall cause an equally public fall for his wife," the judge said.

Rejecting a request that Fastow remain free until next month to assist shareholders pursuing a lawsuit against banks that are accused of helping Enron conceal its debt, Hoyt nonetheless allowed the couple a few moments to embrace before a U.S. marshal cuffed Fastow's hands behind his back. Until the Bureau of Prisons decides where Fastow will serve his term for the two conspiracy counts, he will spend his days in Houston's high-security federal detention center, the same place his wife served the bulk of her sentence.

Clad in a gray suit, white shirt and dark tie, a withered, snowy-haired Fastow showed none of the blinding confidence he wore with pride in the years before Enron collapsed. During the 1990s, Fastow reaped awards and collected tens of millions of dollars in salary and bonuses for engineering the company's unflagging revenue growth.

But the past five years have taken a personal and physical toll. Struggling to keep his composure, Fastow walked slowly into the 11th-floor courtroom crowded with more than two dozen friends and relatives, including his parents, in-laws and brother, who sat in the front row. The judge recommended that Fastow be placed in a residential drug treatment program administered by prison officials, to help wean him from the undisclosed substances he used to mask his anxiety.

In the most emotional moment of the proceeding, Fastow broke down as he apologized to employees and shareholders, including one who told the judge he bought Enron stock as a "no-brainer" investment. Fastow pivoted to speak directly to Brian Durbin, an engineer whose wife worked at Enron and who lost money when the company filed for bankruptcy protection in December 2001: "To Mr. Durbin especially, and to all the victims, I apologize to you. I wish I could undo what I did at Enron, but I can't."

Earlier, Durbin expressed anger and condemned the company's leaders for engaging in an "elaborate scam, if not outright theft."

"When theft and fraud occur from within the company, what chance does an investor have?" Durbin asked.

Hoyt said he received letters from about a dozen others who wrote about the loss of their jobs or insurance policies, difficulties in supporting their children, and "the bankruptcy of spirit that has entered their lives." One unidentified former employee wrote that he is working three part-time jobs to replace his tattered retirement savings account. "I'm not guilty of anything, but my sentence will be longer than Fastow's," the former employee wrote.

The substantial reduction in Fastow's sentence underscores the importance of insiders, who can help prosecutors unravel complex business cases. Fastow was sentenced the same day WorldCom Inc. founder Bernard J. Ebbers reported to a Louisiana prison to serve a 25-year sentence. With time off for good behavior and the successful completion of the drug rehabilitation program, Fastow could cut more than a year from his sentence.

Assistant U.S. Attorney John C. Hueston said Tuesday that without 1,000 hours of briefings and "unflappable, remarkably consistent" testimony by Fastow, the government never would have been able to convict former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay in a fraud trial that ended earlier this year.

Lay, whose lawyer, Michael W. Ramsey, scowled at Fastow from a seat in the jury box Tuesday, died of heart disease in July. Skilling faces decades in prison when he is sentenced Oct. 23.

The Fastows -- who have two sons, ages 8 and 11 -- and their relatives have already forfeited nearly $30 million to the government, and their lawyer, John W. Keker, said the couple "will be living in a barrel if these civil cases continue." Fastow on Tuesday pledged to help shareholder lawyers recover even more money from companies that he says helped Enron manipulate its financial reports. In recent weeks, Fastow has spent hundreds of hours guiding them through the company's byzantine business partnerships.

"Man cannot earn mercy," the judge said, reading from prepared remarks. "It comes to a man who is shipwrecked, whose back has been broken . . . who finds himself in a conspiracy of circumstances."

Rabbi Shaul Osadchey, who married the Fastows and who appeared at the courthouse with them Tuesday, told reporters that he had spoken to Fastow a day earlier. "I think he felt he was ready to be sentenced, that he was ready to move on and see an end to this."

Fastow Gets Six Years As Judge Calls For Mercy (WSJ)

By John R. Emshwiller And John M. Biers

The Wall Street Journal, September 27, 2006

Andrew Fastow, Enron Corp.'s former chief financial officer and a central figure in the scandal at the fallen energy giant, received a surprisingly lenient sentence of six years in prison followed by two years of community service.

The sentence, handed down in a Houston federal court by Judge Kenneth Hoyt, was significantly less than the 10 years of imprisonment that had been envisioned in the 2004 plea agreement between Mr. Fastow and federal prosecutors, who were investigating Enron following its December 2001 collapse into bankruptcy proceedings. The lower sentence apparently reflects the extensive cooperation the 44-year-old Mr. Fastow provided to government investigators following his plea agreement. Under federal rules, the determination of a sentence is up to a judge.

Judge Hoyt ordered Mr. Fastow be immediately taken into custody yesterday.

Mr. Fastow was a major prosecution witness in the criminal trial this year in Houston federal court of Kenneth Lay, Enron's former chairman, and Jeffrey Skilling, its former president. Both men were convicted in May of conspiracy and fraud charges. Mr. Lay died of heart-related problems in July. Mr. Skilling is scheduled to be sentenced on Oct. 23 in Houston by Judge Sim Lake. Observers believe Mr. Skilling could receive a sentence of about 20 years.

Some found the reduced sentence for Mr. Fastow troubling. "I was very surprised," said Leslie Caldwell, the original director of the special Justice Department task force that investigated the Enron scandal. Ms. Caldwell, who is currently a partner with Morgan, Lewis & Bockius in New York, said the 10-year sentence included in the 2004 plea deal contemplated that he would provide full cooperation. In return for that cooperation and his pleading guilty to two felony counts, the government dropped a 98-count indictment against Mr. Fastow that could have sent him to prison for 20 years.

At yesterday's sentencing hearing, prosecutor John Hueston described Mr. Fastow's cooperation as a "key breakthrough" in the probe. Mr. Fastow was "critical" to winning the convictions of Messrs. Lay and Skilling, said Mr. Hueston, who was one of the three lead prosecutors in that trial.

Mr. Fastow also received robust praise from plaintiffs attorneys representing the University of California and other investors in civil litigation against financial institutions that helped to created some of Enron's most controversial deals. They said Mr. Fastow had provided helpful information about some of those dealings, including a 25-page declaration that he signed just Monday. But plaintiffs attorneys were unsuccessful in requesting that Mr. Fastow's prison sentence be delayed until next month, so he could be deposed.

In his written declaration, Mr. Fastow said several of Enron's bankers helped to devise structures that they knew "created the false appearance" of financial health at the company. Mr. Fastow added that he and other Enron executives had provided assurances to the financial institutions of a guaranteed return in certain transactions. Such a guarantee can nullify the legitimacy of a deal for financial accounting purposes and leave the participants open to criminal charges.

The statements in Mr. Fastow's declaration are similar to conclusions reached previously by others. For instance, a 2003 report by a court-appointed examiner in the Enron bankruptcy proceeding said there was evidence that major financial institutions had knowingly "aided and abetted" company executives in transactions aimed at manipulating the energy giant's financial results.

A person familiar with the Enron criminal investigation said the information in the Fastow declaration has long been known to federal investigators and isn't viewed as likely to produce any new criminal charges. In late 2004, four former Merrill Lynch & Co. officials were convicted of conspiracy and fraud in a Houston federal court in connection with a 1999 deal involving the sale of some Enron electricity barges. Those convictions were recently overturned on appeal.

When he addressed the court yesterday at his sentencing hearing, Mr. Fastow, his voice cracking, said: "I wish I could undo the harm I caused," adding, "I am trying to be the best person I can be going forward."

Judge Hoyt noted that Enron's collapse had caused widespread damage. Thousands of company employees were laid off and billions of dollars were wiped out as Enron's stock fell to zero. Nonetheless, Mr. Fastow's cooperation, along with his very public fall from grace, "calls for mercy" in sentencing, Judge Hoyt said.

Mr. Fastow has been a much vilified figure. While Enron's chief financial officer, he also ran and partly owned two private partnerships, known as LJM1 and LJM2, which prosecutors subsequently identified as major tools for illegally manipulating the company's financial statements.

Coincidentally, former WorldCom Inc. Chief Executive Bernard Ebbers also started his incarceration yesterday. The 65-year-old Mr. Ebbers reported to a federal prison in Oakdale, La., to begin serving a 25-year sentence for his role in the $11 billion accounting fraud at the telecommunications giant. Mr. Ebbers was convicted by a jury in New York federal court last year of securities fraud and other crimes. He had remained free pending an appeal that was recently turned down by one higher court. His attorney has said Mr. Ebbers will continue to appeal.

Mr. Ebbers left his home near Jackson, Miss., yesterday morning and drove through the gates of the prison in his Mercedes in the afternoon, shielding his face from reporters and photographers.

Fastow Gets Lighter Prison Sentence Of Six Years (USAT)

By Matt Krantz

USA Today, September 27, 2006

Andrew Fastow, designer of the infamous accounting tricks that destroyed former energy giant Enron, was sentenced Tuesday to a six-year prison term.

The sentence was lighter than the 10-year term the former chief financial officer of Enron agreed to in 2004. Fastow pleaded guilty to conspiracy to commit wire fraud and securities fraud and agreed to cooperate with prosecutors to build a case against other executives.

The judge, U.S. District Judge Kenneth Hoyt, said Fastow deserved a more lenient punishment because he and his family had suffered enough. Fastow has turned over nearly $30 million in cash and property. "Prosecution is appropriate, but persecution is not," Hoyt said.

Fastow, 44, who also is barred from serving as an officer or director of a public company, could shave a year from his prison term by joining a drug-treatment program. The judge recommended Fastow to serve at the federal prison in Bastrop, Texas, followed by a two-year probation.

"I'm ashamed of what I did," a crying Fastow said in court. "I wish I could undo what I did at Enron, but I can't. I understand that I deserve punishment."

Fastow's wife, Lea, served a year in jail for not reporting the income received from his Enron partnerships. The toll on the family factored into the judge's sentencing. "Your family has taken a particularly acrimonious hit," Hoyt said. "That calls for mercy."

Enron lingers as one of the biggest frauds in U.S. history. The energy company had been worth more than $68 billion. Its failure wiped out the savings and retirement funds of thousands of employees who also lost their jobs.

Some were surprised Fastow's sentence was reduced. "Enron was such a notorious fraud," says Michael Perino, professor at St. John's University School of Law.

But the sentencing decision speaks to how the judge was convinced Fastow has already suffered, says Bill O'Neill, partner at Latham & Watkins. "All of us are surprised by this, but not all of us are sitting where the judge is sitting," he says. "If someone is honestly contrite, and an experienced judge sees contrition, he will grant leniency."

Meanwhile, in a sign of the legal battles still to come, Fastow said in a filing Tuesday as part of an investors' securities-fraud case that Enron banks Merrill Lynch, Credit Suisse, Royal Bank of Scotland (RBS), Deutsche Bank and Barclays all knew of his schemes. Merrill, Credit Suisse and Deutsche declined comment.

Spokeswoman Carolyn McAdam said RBS will defend itself vigorously. David Braff, lawyer for Barclays at Sullivan & Cromwell, called the credibility of Fastow's filing "highly suspect."

Enron's Fastow Is Sentenced To Six Years In Jail (NYT)

By Kate Murphy

The New York Times, September 27, 2006

HOUSTON, Sept. 26 — In a courtroom crowded with teary family and friends, Enron's former chief financial officer, Andrew Fastow, was sentenced to six years in jail today for his role in the collapse of what was once the world's largest energy company.

He will serve two additional years at home under court supervision. The total sentence of eight years is two years less than the maximum provided in his plea agreement with government prosecutors.

Judge Kenneth M. Hoyt of the Federal District Court in Houston set the sentence after three lawyers representing Enron shareholders said Mr. Fastow, who pleaded guilty to two counts of wire and securities fraud in 2004, was a crucial witness in their cases against several banks that allegedly participated in fraudulent deals to conceal Enron's massive debt.

While thousands of people lost their jobs and savings when the company declared bankruptcy in 2001, only one disgruntled investor appeared in court to argue against leniency. Brian Durbin said he and his family had been "victims of an elaborate scam" and said Mr. Fastow should serve no less than the 10 years specified in his plea agreement. "A deal's a deal," he said, though he said he had prepared his statement before he knew Mr. Fastow was cooperating in the shareholder lawsuits.

In explaining his decision, Judge Hoyt said he had to "examine the relationship between justice and mercy." Although Mr. Fastow had "drunk the wine of greed," he said, the former high-flying executive had been the "subject of great persecution" including anti-Semitic slurs and personal threats.

The judge also cited the incarceration of Mr. Fastow's wife, Lea. She served a year in jail for her role in a fraudulent Enron tax return. During that time, Mr. Fastow was left to care for his two young sons alone. Acknowledging Mr. Fastow's devotion to his family and community service while simultaneously working to redress his crimes at Enron, Judge Hoyt said, "The best evidence of remorse is what you do going forward."

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Although Mr. Fastow's lawyers and government prosecutors asked that he be allowed to surrender voluntarily after the Yom Kippur holiday on Monday, Judge Hoyt refused. Mr. Fastow was allowed to briefly embrace his wife before U.S. Marshals escorted him from the courtroom in handcuffs.

"We're very disappointed he was remanded into custody," said Chris Patti, counsel for the University of California, which is a plaintiff in pending shareholder litigation. "I'm not sure what this will mean for us."

Mr. Patti and other lawyers involved in Enron civil cases had asked the judge at today's hearing to allow Mr. Fastow to remain free until at least October 23, the date they hoped to conclude his deposition. October 23 is also the date Enron's former chief executive, Jeffrey Skilling, will be sentenced.

Another lawyer representing shareholders, Lawrence Irving, testified that Mr. Fastow was "critical" to their case. Referring to Mr. Fastow's testimony in the trials against his former bosses Mr. Skilling and Kenneth Lay, Mr. Irving said, "I have never seen a more impressive witness." Mr. Lay died of a heart attack in July before serving any jail time.

United States Attorney John Hueston testified that the cases against Mr. Skilling and Mr. Lay were weak until Mr. Fastow agreed to help the Justice Department's Enron Task Force: "He allowed the U.S. government to bring jurors inside the executive suite."

Mr. Hueston said Mr. Fastow worked with prosecutors for "in excess of 1,000 hours to untangle the web" of deceit and proved "credible, contrite and truthful" on the witness stand. Moreover, Mr. Hueston said Mr. Fastow was "truly repentant" and "not the same person introduced to the Task Force in 2003."

Mr. Hueston requested that Mr. Fastow be imprisoned in a federal penitentiary in Bastrop, Texas, where he can be treated for his dependency on anti-anxiety medication. The judge said he would recommend that facility but that the decision would be made by the Bureau of Prisons. During his remarks, Mr. Hueston did not argue for or against the maximum 10-year sentence.

Mr. Fastow also addressed Judge Hoyt. Choking back tears, he said he felt shame and regret for his actions. Turning to face Mr. Durbin, the shareholder, Mr. Fastow apologized. Speaking of his friends and family, he said, "I've failed them and have to work everyday of my life to regain their trust."

Former Enron Financial Officer Fastow Sentenced To 6 Years In Prison (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, September 27, 2006

(AP) - HOUSTON-Andrew Fastow, the former Enron Corp. financial whiz, was sentenced Tuesday to six years in prison for his role in the energy company's collapse that wiped out thousands of jobs and millions of dollars in retirement savings.

Fastow, Enron's former chief financial officer, had agreed to serve a maximum 10-year term when he pleaded guilty in 2004.

His attorneys, David Gerger and John Keker, on Tuesday asked for a lesser sentence, citing Fastow's admission of his guilt and his help in the federal government's successful prosecution of Enron founder Kenneth Lay and the former chief executive, Jeffrey Skilling.

Enron, once the seventh-largest U.S. company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out more than $60 billion (now â,¬47.3 billion) in market value along with thousands of jobs and more than $2 billion (â,¬1.6 billion) in pension plans.

Fastow was originally indicted on 98 counts, including fraud, insider trading and money laundering. He pleaded guilty to two counts of conspiracy, admitting to running various schemes to hide Enron debt and inflate profits while enriching himself. He also surrendered nearly $30 million (â,¬23.6 million) in cash and property.

At their trial, Fastow testified Lay and Skilling were aware of fraudulent financial structures engineered by Fastow and his staff.

Skilling and Lay were convicted in May of conspiracy and fraud. Lay's attorneys are working to erase his convictions since his July 5 death from heart disease. Skilling is to be sentenced next month.

Fastow's wife, Lea, pleaded guilty in 2004 to a misdemeanor tax crime and served a year in prison for helping him hide ill-gotten gains from his schemes.

Fastow Accuses Enron Bankers (FT)

By Ben White And Sheila McNulty

Financial Times, September 27, 2006

Andrew Fastow, the former chief financial officer of Enron, has accused 10 leading investment banks of helping the now-bankrupt energy group falsify its books in return for big advisory fees.

The accusations came in a 24-page legal declaration filed by Mr Fastow in support of a class action lawsuit against the banks brought on behalf of Enron's shareholders.

The declaration from Mr Fastow, who was sentenced on Tuesday to six years in prison for his role in Enron's collapse, could put new pressure on banks that have not yet settled in the class-action case.

In his statement, Mr Fastow said he viewed Enron's bankers as well-paid "problem-solvers" who knowingly helped Enron created financial structures that made the energy trading company seem more profitable than it really was.

Mr Fastow singled out Merrill Lynch, Credit Suisse, RBS and Barclays as especially involved with creating what he described as deceptive structures.

Attorneys for Enron shareholders, led by Lerach Coughlin, have already won $8bn in settlements from a group of banks including Citigroup, Bank of America and JP Morgan Chase.

A federal judge has previously dismissed Deutsche Bank and Barclays from the class action suit. But William Lerach, the lead attorney in the case, plans to ask that the two banks be reinstated in light of the declaration.

G. Paul Howes, an attorney for the Enron plaintiffs, spoke on Mr Fastow's behalf at the sentencing hearing in Houston on Thursday, asking for leniency to reflect his co-operation with the shareholders' suit.

Legal experts noted that Mr Fastow's statements were tainted by his desire for leniency and his admission of falsifying financial statements.

However, experts also said that Mr Fastow was well positioned to describe Enron's dealings. Mr Fastow was deeply involved in creating the off-balance-sheet partnerships that helped cloak Enron's mounting debt.

"He is in the best position to know exactly what was said or not said and what kinds of winks and nods were going on," said Henry Hu, professor of law and business at the University of Texas.

Mr Hu added that Mr Fastow's co-operation with the shareholders' suit would increase pressure on the remaining banks to settle.

Mr Lerach defended Mr Fastow's credibility: "Everything Fastow will say is documented by the damning and incredible e-mails these bankers wrote to each other when these schemes were going on," Mr Lerach said.

Mr Fastow, 44, broke down repeatedly when addressing the federal court, saying: "I wish I could undo what I did at Enron, but I can't."

Fastow Sentenced To Six Years In Federal Prison (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, September 27, 2006

After listening to a tearful Andrew Fastow, the former chief financial officer at Houston's Enron Corp., express remorse for his actions that led in part to the downfall of the energy company, U.S. District Judge Kenneth Hoyt of Houston on Tuesday sentenced Fastow to six years in federal prison and two years of supervised release.

The sentencing, shortly after noon, came nearly three years after Fastow pleaded guilty to one count of conspiracy to commit securities fraud and one count of conspiracy to commit wire fraud. The plea bargain he agreed to in January 2004 in United States of America v. Andrew S. Fastow called for a sentence of up to 10 years in prison.

After briefly hugging his wife, Lea, Fastow was handcuffed and led out of the courtroom, as Lea and other family members and friends watched. Hoyt turned down a request from Fastow's lawyers to let the 44-year-old voluntarily surrender to federal custody in October to give the former Enron CFO opportunity to give a deposition in Enron civil litigation.

Hoyt told Fastow voluntary surrender would be "inappropriate under the circumstances."

In brief remarks to Hoyt, Fastow said he has been "consumed with despair and shame" for what he did at Enron. He has admitted to conspiring with other Enron executives to manipulate the company's financial reports and admitted to enriching himself. He forfeited about $24 million.

During the sentencing hearing, John Keker, a defense attorney for Fastow, asked Hoyt to sentence Fastow to five years in prison and three years of supervised release. Keker suggested that Fastow should spend those final three years doing full-time community service.

Keker told Hoyt during the hearing that Fastow has profoundly changed since Keker first met him, from a man in denial to a man who has faced what he's done.

"He is disgusted by it," Keker, a partner in Keker & Van Nest in San Francisco, told Hoyt.

Keker told Hoyt that Fastow has accepted responsibility for his actions and that Fastow's cooperation with federal prosecutors in criminal prosecutions of former Enron officials Kenneth Lay, Jeffrey Skilling and Richard Causey was "extraordinary." Keker also pointed out that Fastow has now pledged to help the plaintiffs in the shareholder securities class action filed by disgruntled Enron investors.

Tuesday, lawyers in the shareholder securities suit, In Re: Enron Corp. Securities Litigation filed a declaration from Fastow in connection with the civil litigation. In that declaration, Fastow alleges that some of the banks that did business with Enron when he was CFO "understood that some of the transactions were done primarily for generating certain accounting benefits and financial-reporting objections for Enron, including higher funds flow from operations, lower debt and increased [current period] income."

G. Paul Howes, a lawyer for the lead plaintiff in the securities litigation, told Hoyt during the hearing that Fastow has agreed to testify during the upcoming trial in the securities litigation and will provide crucial testimony to tie banks to the downfall of Enron.

Howes, a partner in plaintiffs firm Lerach Coughlin Stoia Geller Rudman & Robbins in San Diego, told Hoyt, "Mr. Fastow ... is the one person who can tell the story that hasn't been told: the role of the banks."

Howes, who said Fastow's testimony could help the plaintiffs recover billions of dollars from defendant banks in the shareholder securities suit, also urged Hoyt to allow Fastow to remain free from federal custody so he could give the civil deposition in October.

Prosecutor John Hueston, an Assistant U.S. Attorney who is a member of the Enron Task Force, told Hoyt that Fastow's decision to cooperate with the government in the Enron investigation was a "key breakthrough" that allowed the government to bring criminal charges against Causey, the former chief accounting officer; against Skilling, the former chief executive officer; and finally against Lay, the former chairman of Enron.

Causey pleaded guilty to a securities fraud charge and is awaiting sentencing.

Skilling and Lay were convicted in May of criminal charges. Lay was found guilty of one count of conspiracy to commit wire and securities fraud, two counts of wire fraud for making false and misleading statements and three counts of securities fraud. Skilling was found guilty on one count of conspiracy to commit wire and securities fraud, 12 counts of securities fraud, five counts of making false statements to auditors, and one count of insider trading. Lay died in July following a heart attack, but Skilling's sentencing is set for Oct. 23.

Fastow was "thoroughly debriefed" by the government, Hueston said.

Like Keker, Hueston told Hoyt that Fastow has changed immeasurably since the time when he was introduced to the Enron Task Force in 2003, and he's now "truly repentant."

In explaining his sentence, Hoyt said that Fastow received justice in court, but he also deserves mercy, because he is helping Enron shareholders in the civil litigation, because he was the subject of "great persecution" for the collapse of Enron, and because his family took a "particularly acrimonious hit" when his wife, Lea, was also prosecuted. Lea Fastow spent one year in prison after pleading guilty to one misdemeanor count of filing a false tax return.

"Seldom does a man's public fall cause an equally public fall for his wife," Hoyt noted.

Talking through tears, Fastow said, "I'm ashamed of what I did. I wish I could undo what I did at Enron, but I can't."

Ebbers Reports To Prison In Mercedes (USAT)

USA Today, September 27, 2006

Former WorldCom CEO Bernie Ebbers — convicted in 2005 for his role in the company's $11 billion accounting fraud, the biggest in corporate history — reported Tuesday to a medium-security federal prison in Oakdale, La., to begin serving a 25-year sentence. Ebbers drove his Mercedes to prison.

Ebbers Starts 25-Year Term For Fraud At WorldCom (WP)

By Brooke A. Masters And Amy Joyce, Washington Post Staff Writers

The Washington Post, September 27, 2006

Former WorldCom Inc. chief executive Bernard J. Ebbers reported yesterday to a federal prison in central Louisiana to begin serving a 25-year sentence for his role in the $11 billion accounting fraud that laid low the nation's second-largest telecommunications company.

Ebbers, 65, arrived at 1:18 p.m. at the low-security facility in Oakdale, according to a spokeswoman for the federal Bureau of Prisons. The facility, which has 1,400 inmates, is more than 200 miles from Ebbers's family's home outside Jackson, Miss. Officials said Ebbers will probably be housed in a double-bunk cell with a steel door.

For the onetime billionaire, prison marks the end of an extraordinary arc, and it left former WorldCom employees and investors wondering whether the weight of the punishment suited the crime. A former milkman and high school basketball coach, Ebbers built a tiny Mississippi long-distance company into a powerhouse and dazzled Wall Street with down-home rhetoric and extraordinary profit margins. During the late 1990s, rival phone companies were excoriated by Wall Street for failing to match WorldCom's dizzying growth.

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But it all came crashing down when the company announced in June 2002 that its chief financial officer, Scott D. Sullivan, had been boosting the bottom line by secretly reclassifying the firm's operating expenses as capital expenditures. WorldCom filed for bankruptcy protection the next month, and eventually 20,000 jobs were wiped out, including 4,000 in the Washington region. Hundreds of thousands of investors lost billions of dollars, and the fraud -- along with the 2001 collapse of Enron Corp. -- helped spark a major revision of corporate accountability laws.

Ebbers will spend at least the next 21 years in prison. The federal system does not have parole, but inmates can receive up to 15 percent off their sentences for good behavior. Ebbers is appealing his conviction and sentence to the Supreme Court.

Sullivan, 45, cut a deal with prosecutors and became the chief government witness at Ebbers's 2005 trial. He is serving a five-year sentence at a medium-security facility in Jesup, Ga., and is scheduled to be released in 2010.

The contrast between Ebbers's sentence and that of Sullivan and other high profile white-collar felons, such as former Enron finance chief Andrew S. Fastow -- who was sentenced yesterday to six years in prison -- preoccupied Ebbers's attorney Reid H. Weingarten.

"A very, very sad day," Weingarten wrote in a brief e-mail. "That sullivan gets 5 and now fastow 6 and bernie faces 25 makes me crazy . . . somehow, someway justice will be done here."

Former WorldCom employee Gayle Dennis, 39, has mellowed somewhat in her views toward Ebbers in the years since the fraud was revealed, but she still says he belongs in prison.

"He may not have actively said, 'Book these fraudulent entries,' " she said. "But he created the environment and the culture to encourage that behavior and almost require that behavior."

Dennis, who worked in the company's finance unit from 1993 to 2006, estimates that she lost $50,000 to $100,000 in retirement savings and stock options. And after the fraud was uncovered, she spent a spent a year helping clean up the books, working seven days a week, often until midnight.

"During those times, I was very anti-Bernie as well as anti-Scott Sullivan," she said. "They weren't my favorite people at that time."

In Clinton, Miss., where WorldCom had its headquarters before the scandal and which once proudly claimed to be the smallest city to host a Fortune 500 company, Mayor Rosemary Aultman took a more charitable view.

"I feel for his family," she said, adding that Ebbers's sentence seemed excessive compared with the penalties handed to other top executives convicted of similar crimes.

Ebbers had originally asked to be sent to a prison in Yazoo City, Miss., which is much closer to his family's home in Ridgeland, just north of Jackson. But yesterday, he left his home in the gated community of Bridgewater shortly before 8 a.m. and reported to Oakdale Federal Correctional Institution a little more than five hours later.

In addition to serving a lengthy prison sentence, Ebbers has also been forced to forfeit assets to a restitution fund for WorldCom investors and former employees. Liquidating Ebbers's assets, including a timber farm and a variety of other businesses, has raised $40 million so far, according to lawyers who are preparing to distribute a fund totaling $6.2 billion. That fund also includes money from settlements with WorldCom's bankers, accountants and directors, along with assets forfeited by Sullivan.

A team of class-action lawyers led by John P. "Sean" Coffey has processed 1 million WorldCom claims and found about 700,000 to be valid. The checks are expected to start rolling out in late October or early November, Coffey said. Holders of WorldCom stock will receive only pennies on the dollar for their losses. Bondholders will do far better because WorldCom's underwriters paid large settlements to avoid being on the hook for the company's default. Some bondholders will receive as much as 66 cents on the dollar. WorldCom, which emerged from bankruptcy protection as MCI Inc., has since been bought by Verizon Communications Inc.

There is a second pot of settlement money: the $750 million recovered by the Securities and Exchange Commission as part of its settlement with WorldCom. The distribution plan for those funds has been challenged by a group of WorldCom creditors and is tied up in litigation, SEC spokesman John Nester said.

No matter how those claims are processed, former WorldCom employee Andy Sharp said he felt a sense of relief yesterday as he heard Ebbers was about to start serving his sentence. "I'm less bitter about it . . . and even a little less bitter today now that he's arriving at jail," he said.

Sharp started working for WorldCom subsidiary UUNet Technologies Inc. in 1997 and left in June 2003 because he worried every morning that he would be laid off. His wife, Kristen Stahl-Sharp, who also worked there, was let go in 2002.

Andy Sharp, who now works in business development for a software company in State College, Pa., said he has tried to forget about how much money the two of them lost. He views his tumultuous years with WorldCom more as an experience and less as a catastrophe.

"When things were good, they were good," he said. "It's just too bad it had to end the way it did."

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Special correspondent Katherine R. Dougan in Jackson, Miss., contributed to this report.

Lawyers Discuss Scrushy's New-Trial Request (WSJ)

The Wall Street Journal, September 27, 2006

A federal judge ordered defense attorneys and prosecutors to a noon conference call today to discuss HealthSouth Corp. founder and former Chief Executive Richard M. Scrushy's request for a new trial on political-corruption charges.

Attorneys for Mr. Scrushy and former Alabama Gov. Don Siegelman say their June convictions should be thrown out because some jury members may have communicated with one another via email outside the courtroom before and during deliberations. Defense attorneys also say the jurors improperly viewed articles and information on the Internet during deliberations.

Copies of the defense attorneys' motion, including copies of purported email exchanges, briefly appeared in the public online docket when filed Monday before U.S. District Court Judge Mark Fuller placed them under seal. The email copies and separate affidavits from a juror and his wife and pastor gave names and other details that made it possible to identify jurors.

Mr. Scrushy was convicted of six counts, including conspiracy, in connection with paying $500,000 in bribes in return for a spot on a state regulatory panel. Mr. Siegelman was convicted on 10 political-corruption counts, six related to Mr. Scrushy.

The Hurd And Dunn Show (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, September 27, 2006

Now leaks are a serious breach of board collegiality and confidentiality. In principle, something should be done about them. But you've heard nothing like the Hewlett-Packard saga before, and that's no accident.

GM Chief Rick Wagoner merely contented himself with venting to the L.A. Times a few weeks ago about his own leaking board, though the GM leaks were more manipulative than any that came from H-P. Coke's board, which then featured investing legend Warren Buffett, was a veritable leakfest two years ago during its hunt for a CEO, when one name after another surfaced in the press prematurely, including that of Gillette's James Kilts, who abruptly withdrew from consideration.

This produced tsk-tsks all around but no gumshoes to root out the offending parties.

Or take the case of Ira Stepanian, bounced from his job as Bank of Boston's chief. He showed up at the company's annual meetings for years afterward to make speeches about the need to investigate the board leaks that preceded his firing. His replacement CEO acknowledged the leak problem, said the board had discussed it, but concluded the bank's interests wouldn't be served by an investigation.

H-P followed a different wisdom. Its board chairwoman, Patricia Dunn, beset by leaks through four years of strategic and leadership turmoil, decided to get proactive. She sponsored private investigators to track down the leakers, leading to a boardroom rupture when it emerged that these sleuths had (in vernacular terms, if not legal terms) stolen the phone bills of directors and reporters in an attempt to discover who blabbed to whom.

A rule of journalism is that a story that on Day One is "man bites dog" must be flipped 180 degrees on Day Two: It must be given deeper significance. It must represent a trend: Men are biting dogs all over.

The H-P snafu is devoid of larger meaning, but the snafu now has its own consequences, hence the unusual suspense, and unusual stakes, of tomorrow's spectacle before a House committee concerned with data privacy.

The questions only begin with which executives will invoke the Fifth (likely only those directly involved in the record filching). Will Ms. Dunn take full responsibility for driving the investigation or seek to share it with CEO Mark Hurd? Until now, the markets have viewed the H-P scandal as a board scandal, and tellingly, of little relevance for the company's shares. Then an email revealed Mr. Hurd had given his blessing to a plan for a fake email leak to a reporter in hopes of ferreting out the real leakers.

His Friday press conference was not a triumph. He seemed to admit what he couldn't deny, and minimized: He approved the email scam but "doesn't recall" approving a tracking software attachment (though it's hard to see how the scheme made sense otherwise). He was in a meeting, "briefly"; he received a report but "didn't read it." He takes "full accountablity" for what happens next, not for what happened before.

But Mr. Hurd was new on the job, Ms. Dunn's investigation was already underway when he arrived, and he had his hands full turning around H-P's business (which he seems to have done admirably). Shareholders would not like to see him go. In the last two days, a unspoken deal has glimmered in the comments of the corporate governance crowd and its media helpmates. They see a chance to pleasure themselves by remaking the H-P board to their specifications as a test bed for various nostrums of "good governance." In return, they signal a willingness to treat the scandal as primarily a "board scandal." Expect Mr. Hurd to take them up in tomorrow's hearing.

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Another element of suspense is Congress. Will it confine itself to what the H-P saga has to say about "pretexting" -- the scamming of phone companies and others into allowing unauthorized access to records?

This subject was on the committee's radar screen already. Or will H-P become an excuse to become even more prescriptive on corporate governance along the lines of the poorly considered Sarbanes-Oxley law in the wake of Enron?

That corporate snafus are evidence of a "crisis" of governance, calling for a straitjacket to be lowered over companies presumably to prevent future snafus and improve corporate performance, is already being brutally repudiated by reality as public companies and executive talent flee to private equity.

More SOX is the last thing America needs. Even a company that otherwise qualifies as a "monopoly" in the good or service it provides must compete with the entire world for investment dollars. There are 11,000 public companies in America, each competing with 10,999 others for investor interest. That's not including thousands of foreign companies, Danish housing bonds, unleaded gas futures and every other contender for investor cash.

The right answer to the question (a renewed favorite in the wake of the H-P shakeup) of whether the chairman's job and the CEO's job should be separate is: Yes, in the case of companies where separation is a good idea, and no, in cases where it's a bad idea.

Most corporate governance questions (including executive compensation questions) can be answered in the same vein. It depends. Companies should be left to figure out for themselves what's best, try one thing and then another, in the unceasing quest to gain the confidence of investors who have nearly infinite choice about where to put their money.

To Buy Or Not To Buy HP? A Question Of Ethics (WP)

By Rob Pegoraro

The Washington Post, September 27, 2006

Few corporations deserve to be equated to Richard Nixon's White House or Enron, but Hewlett-Packard seems richly entitled to that comparison. And unlike those two arch-villains, HP awaits your judgment the next time you walk into any computer or electronics store. What do you do?

In case you missed it, from March 2005 to May 2006 the onetime Silicon Valley icon engaged in an orgy of intrusive, probably illegal surveillance as it tried to find the source of leaks about its board meetings. It sicced investigators on its board members, its board members' families, its own spokespeople, its former chief executive, reporters and their spouses, and even one reporter's father.

HP's hired goons pursued those suspects in a variety of creepy ways. They employed pretexting -- a tool of identity thieves more generally known as lying -- to gather people's telephone records. They considered planting spies in the newsrooms of the Wall Street Journal and Cnet and even attempted to infect a journalist's computer with spyware that would record to whom she forwarded an attachment.

A public apology finally came on Friday, but the only person to be punished was Chairman Patricia Dunn: She had already agreed to quit, but HP kicked her out immediately instead of letting her stick around until January. Meanwhile, chief executive Mark Hurd -- who should have been aware of what was being done in his name but apparently was not -- was given Dunn's old job while keeping his current gig. Nice work if you can get it, huh?

So, Nixonian or Enronesque? You pick the adjective. And you pick the response: Do you give HP your business or not? Does its vile conduct outweigh the finer points of its products?

That question can come up in any consumer transaction -- whether it's deciding between buying a steak at Safeway, Whole Foods or the farmer's market or choosing between trekking out to Costco or Wal-Mart for the next bulk purchase of toilet paper -- but it has been coming up more often in the tech industry.

Just picking out a Web search engine can involve a complicated moral calculus. Google's Chinese subsidiary censors search results to suit the dictates of the Chinese government -- but Yahoo has turned over the names of Chinese dissidents who used its Web-mail service.

Lest you throw up your hands and say this is just business, not a moral issue, remember that most companies want to be judged on this level. That's why they go to the trouble of putting testimonials to their "corporate citizenship" and "core values" up on their Web sites and sponsoring NPR and local symphony orchestras. (For a cheap laugh, visit http://www.hp.com/hpinfo/globalcitizenship .) It's only fair to take up a company on such a clearly expressed offer and evaluate its character.

Not all corporate misdeeds require a consumer response. It's possible to like a product even when its manufacturer can act like a jerk at times. Apple has engaged in thuggish -- but, fortunately, unsuccessful -- lawsuits against Web sites that published leaked information about upcoming products, but that hasn't stopped the iPod from dominating the music-player market. And then there's Microsoft: Being nailed for repeated antitrust violations didn't seem to make any meaningful dent in its sales.

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But some conduct begs for retribution at the cash register. The brain trust at HP let its megalomania outweigh any other considerations, like common decency or simply the desire not to look like felons when the whole sorry operation inevitably came to light. If this doesn't affect HP's bottom line, how much lower does a company have to sink before its customers rebel?

In one respect, HP faces more trouble than most companies that run afoul of the law. Like most manufacturers of Windows computers, it doesn't make anything that you can't easily get from another source. It builds commodity products with only a few minor tweaks. Replacing an HP with a Dell or a Sony entails far less distress than boycotting an airline, a vacation destination or a particular make of car.

Unfortunately, punishing HP or the next corporate criminal doesn't mean you can expect to move your business to a truly upstanding firm, as opposed to one that's merely less evil. The "my company right or wrong" mind-set rules too many corporations these days, and no place more decidedly than in their executive suites -- where leaders first demand to be compensated as if they alone deserve credit for the company's success, then cry about the unfairness of laws like Sarbanes-Oxley that hold them directly responsible for the company's misdeeds.

Go ahead, make HP your punching bag the next time you shop for a printer or a computer. Just don't overestimate the deterrent effect that might have on the rest of corporate America.

Living with technology, or trying to? E-mail Rob Pegoraro atrobp@washpost.com.

Options Probe Has Cost Investors $7.9 Billion In Market Value (BLOOM)

By Rick Green

Bloomberg, September 27, 2006

Sept. 27 (Bloomberg) -- The scandal over backdating stock options, used by companies to reward top executives with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value.

More than two-thirds of 117 companies that announced investigations into their options grants by Aug. 31 fell in the stock market the next day, data compiled by Bloomberg show. The declines sliced an average 2.6 percent from their market value, 2.5 percentage points more than the average return on the same day for Standard & Poor's and Bloomberg indexes of similar companies.

The losses add grist to 220 investor lawsuits against 70 companies, including Apple Computer Inc. and Home Depot Inc., which demand restitution and damages. The inquiry into backdating and fortuitous timing of option grants rivals the probe three years ago into improper mutual-fund trading, which led to $4.3 billion in penalties.

``It's yesterday coming back to haunt you today," said Howard Silverblatt, equity market analyst at Standard & Poor's in New York. ``It's another blow against corporate governance and another reason why individuals will find it difficult to have trust and faith in management."

Companies grant options to give executives an incentive to boost the stock price. The U.S. Securities and Exchange Commission and the Justice Department are looking at whether the companies backdated grants to coincide with days when the stock price was low, giving recipients a built-in profit, and cases where they may have failed to properly account for awards.

Probe Costs Jobs

Backdated options that aren't disclosed can hide compensation costs from shareholders, distort income taxes and earnings and thus obscure a company's financial statements, prosecutors and regulators said. At least 19 companies including Broadcom Corp. and Applied Micro Circuits Corp. already have restated profits by $2.5 billion. More than 30 companies have said they may revise earnings, among them Cablevision Systems Corp. and Cheesecake Factory Inc.

Probes also have cost about 20 executives and directors their jobs at more than a dozen companies, such as Gregory Reyes, chief executive officer at San Jose, California-based Brocade Communications Systems Inc., the world's largest maker of switches for storage networks, and Kent Roberts, general counsel at McAfee Inc., the Santa Clara, California-based maker of anti-virus software.

Five former executives at two companies face criminal charges, including Reyes and Kobi Alexander, ex-CEO of New York- based Comverse Technology Inc.

Peer Performance

Investment returns are based on a Bloomberg analysis of companies that disclosed probes from Jan. 1 to Aug. 31. Companies that announced probes before 2006 or after August weren't included. Stock prices were measured for a day, a week and a month, starting from the day the company first disclosed an investigation through Sept. 1.

The analysis then compared those returns to a peer group using an S&P index composed of similar companies. In three cases where an S&P peer group didn't match closely, a Bloomberg index was substituted. Houston-based Crown Castle International Corp. and Boston-based American Tower Inc., which own communications towers, were compared with the 110-

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member Bloomberg U.S. Communications Index. Stolt-Nielsen SA, a London-based shipping company, was compared with the 13-member Bloomberg Dry Ships Index.

Some of a stock's movement might have been explained by issues affecting the entire industry or market. To account for this, the calculation of how much a stock rose or fell, and how much its market value changed, was adjusted by subtracting the movement of market indexes of similar stocks on the same day.

Monster Decline

In the case of Monster Worldwide Inc., the New York-based job service, the stock's 8.1 percent loss on June 12 cut the company's market value by $433.9 million. Since its peers lost 1.8 percent that day, just 6.3 percentage points were attributed to the options announcement, reducing the loss of market value to $339.7 million, according to Bloomberg data.

The adjusted decline in market value totaled $7.9 billion for all companies on the first day of trading. Unadjusted, the total would have been $10.8 billion.

The review didn't consider the effect of accusations made by researchers, news reports and lawsuits -- many of them unsubstantiated -- which sent some stocks tumbling before formal announcements.

First-Day Trading

Shares of 78 of 117 companies fell in the first trading day, and 80 trailed their peers. The biggest declines included QuickLogic Corp., a Sunnyvale, California-based developer of low-power programmable microchips, on July 27, and SafeNet Inc., a Belcamp, Maryland-based maker of products to protect computer communications, on May 19. Their shares tumbled 22 percent on days when indexes of similar companies were little changed.

After a week, 62 of 114 stocks hadn't recovered and 71 of them lagged behind their peers. The entire group posted an average weekly loss of 2 percent, trailing their respective peers by 2.6 percentage points.

In addition to SafeNet and QuickLogic, the worst performers included Comverse, the world's largest maker of voice-mail software. Its shares fell more than 21 percent in the week following the company's March disclosure, and trailed the 115-member S&P Supercomposite Technology Hardware and Equipment Index by 26 percentage points.

The stocks slid an average 5.6 percent after a month, and trailed their peers by 4.3 percentage points. Shares of 53 of 79 companies that compiled 30-day records by the review's cut-off date sold for less than their pre-announcement levels, and 51 lagged behind their benchmarks.

Fleeting Damage

Vitesse Semiconductor Corp. fell the most, losing 52 percent in the 30 days after the Camarillo, California-based designer of microchips for computer networks said on April 18 it was investigating its options grants. The 39-member S&P Supercomposite Semiconductors Sub-Industry Index fell 4 percent, according to Bloomberg data.

For some companies, the damage proved fleeting. Asyst Technologies Inc., a company in Fremont, California, that makes semiconductor equipment, fell 4 percent June 14, a day when similar companies rose 1.7 percent. The gap with its peers widened to 8.6 percentage points after a week. By mid-July, though, Asyst shares were 11 percent above the pre-announcement level, and almost 13 percentage points ahead of its rivals.

The shock value of the revelations may also be wearing off. The average one-day loss for the first 30 companies to disclose investigations, from March 14 to May 25, was 2.9 percent, or 2.8 percentage points worse than their peers. The last 30 disclosures as of Aug. 31 prompted an average decline of 1 percent, trailing peers by 1.2 percentage points.

Hardest Hit

Some of the hardest-hit companies, including Comverse and Vitesse, have changed their top management. Alexander, Comverse's founder, became a fugitive after failing to appear to face charges in August stemming from the backdating probe. Vitesse, which fired CEO Louis Tomasetta and two other top officers on May 17, faces probes by an internal panel, the SEC and the Justice Department, more than a dozen investor lawsuits and pressure from hedge funds to repay debt immediately because it violated bond agreements.

Price declines reflect doubts by investors about management's integrity, said Charles Di Bona, a software analyst at Sanford C. Bernstein & Co. in New York. He said investors remain wary even after top executives have been replaced.

``Companies that are inclined to do this don't necessarily have shareholders' interests at heart," said Di Bona, ranked among the industry's top three analysts by Institutional Investor magazine. ``There are easier ways to make money than taking a gamble that conditions have changed."

Most Are Honest

The problems remind investors of ``greedy and venal" executives, said Bill Riegel, chief equity manager at New York-based TIAA-CREF, which oversees $380 billion of assets. ``It gives me some pause."

Most managers are honest, Riegel said, and that might make the declines of some companies a chance to buy. He cited shares of Apple Computer, the Cupertino, California-based maker of iPods and computers, which TIAA-CREF already owns.

Apple said June 29 it was investigating stock-option grants, including an award to CEO Steve Jobs. The stock dropped more than 6 percent in the next week. The stock has since gained 37 percent, compared with 9.7 percent for the S&P index that tracks computer and peripheral equipment makers.

``The market has a tendency to overshoot on fear," Riegel said.

CRIMINAL LAW:

Prosecutors In C.I.A. Leak Put Spending At $1.4 Million (AP)

The Associated Press, September 27, 2006

WASHINGTON, Sept. 26 (AP) — Prosecutors said Tuesday that they had spent $1.44 million investigating the leak of a Central Intelligence Agency officer's identity in 2003.

Because the special prosecutor, Patrick J. Fitzgerald, and other lawyers in the case were already on the government payroll, most of the costs were covered as a "paper transfer" from one government account to another, Mr. Fitzgerald's office said.

The only additional cost to taxpayers was $333,000, mostly for travel and contractual services like research and court recorders. Investigators did not rent office space here, eliminating an expense that drove up costs for other investigations of top officials.

"We do believe we were very conscientious with the expenditure of taxpayer funds," a spokesman for Mr. Fitzgerald's office, Randall Samborn, said.

Since 2003, Mr. Fitzgerald has been investigating the leak of the identity of Valerie Wilson, who says her name was disclosed as retribution for her husband's criticism of the Bush administration's intelligence before the Iraq invasion.

Nobody has been charged with leaking her name. The sole person charged in the case, I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, faces charges of perjury and obstruction of justice. Mr. Fitzgerald's costs were compiled and reported to the Government Accountability Office, which audits special prosecutors two times a year. The G.A.O. is expected to release a report Friday on Mr. Fitzgerald's spending for the last six months.

His office released the total, current through Aug. 31, in response to a request on Tuesday by The Associated Press.

For comparison, another independent counsel, David M. Barrett, spent more than $20 million in an investigation of former Housing Secretary Henry G. Cisneros that lasted a decade. The investigation of President Clinton's business dealings cost about $70 million after evolving into an examination of his sexual behavior that resulted in his impeachment.

Independent and special prosecutors are not required to include Federal Bureau of Investigation salaries in their figures. Neither the C.I.A. leak case nor the Cisneros investigation included those costs. The Clinton investigation totals included the F.B.I. salaries.

Mr. Libby is due in court on Wednesday for a closed hearing over whether he can use President Bush's daily terrorism briefings and other classified documents as evidence. He wants to show that he did not lie to the authorities, saying he simply did not remember because he had more weighty issues on his mind.

Prosecutors have said Mr. Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed.

CIA Leak Probe Relatively Inexpensive (WP)

By Carol D. Leonnig

The Washington Post, September 27, 2006

Special Counsel Patrick J. Fitzgerald, who investigated whether senior Bush administration officials illegally leaked the name of a CIA operative for political payback, has spent $1.4 million in his probe over the past three years, his office reported yesterday -- a figure that establishes him as remarkably frugal in the ranks of recent special investigators.

Independent Counsel Kenneth W. Starr's investigations of President Bill Clinton's affair with Monica S. Lewinsky and his ties to the failed Whitewater land investment cost $71.5 million and took eight years. Independent Counsel David M. Barrett's examination of Clinton housing secretary Henry G. Cisneros over an extramarital affair and potential illegal payments cost $21 million and lasted 10 years.

Nevertheless, some are already arguing about whether the parsimonious prosecutor's expenditures in the Valerie Plame case were worth the results.

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Fitzgerald's probe roiled the White House, laid bare an Oval Office intent on squelching a critic of the Iraq war and forced reporters to do the unthinkable -- name their confidential sources. Though Fitzgerald debated for months whether to charge Bush Deputy Chief of Staff Karl Rove with a crime, the investigation eventually led to no charges of a criminal leak.

Instead, Vice President Cheney's chief of staff was charged with obstruction of justice, perjury and lying to investigators. I. Lewis "Scooter" Libby, who resigned his post the day he was indicted in October 2005, is scheduled to stand trial in January.

The true cost to taxpayers of Fitzgerald's operation is actually $333,000, according to his spokesman Randall Samborn, because Fitzgerald has relied on a handful of federal prosecutors in Chicago, where he is the U.S. attorney, and in the Justice Department in Washington, and made use of government offices in both locations.

The government would pay rent and utilities for that office space anyway, and those prosecutors would be getting a government paycheck even if they weren't now spending their work hours marshaling evidence against Libby and duking it out with his defense lawyers in pretrial skirmishes. The probe's salary and building costs total $1.1 million.

Judge To Weigh Evidence In CIA Leak Case (AP)

By Matt Apuzzo

The Associated Press, September 26, 2006

A closed-door hearing beginning Wednesday will deal with a crucial issue in the trial of a former White House aide: whether President Bush's daily terrorism briefings and other sensitive documents should be disclosed in the CIA leak case.

The hearing, which could last several days, will help establish what classified information is relevant to the case against Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby.

He is accused of perjury, obstruction and lying to the FBI about his conversations in 2003 with reporters regarding CIA operative Valerie Plame.

Libby wants to use the daily intelligence briefings and terrorism threat assessments as evidence to show he had important things on his mind and honestly didn't remember details about his conversations with reporters.

Prosecutors have said Libby is trying to sabotage the case by requesting so much classified information that the government will be forced to withhold it and let the case be dismissed. It's a legal tactic known as "graymail."

Special Prosecutor Patrick Fitzgerald argued in court papers filed late Monday that the intelligence briefings fall outside the rules of evidence and should not be allowed as evidence.

Fitzgerald was less opposed to Libby's request for records regarding former Ambassador Joseph Wilson's trip to Niger, saying they could be considered on a case-by-case basis. Wilson, Plame's husband, discounted reports that Saddam Hussein sought to buy uranium from the African country — a claim Bush later included in his State of the Union address.

After the hearing, U.S. District Judge Reggie B. Walton will decide what documents should be allowed as evidence. He will then hold a second hearing, which also could take days, to decide how the documents should be blacked out or summarized to protect national security.

If, after those hearings, government officials still believe national security would be jeopardized, they can refuse to release the classified information. That could lead to the case being dismissed before trial starts in January.

Gotti Jurors Say They're Deadlocked (NYT)

By Timothy Williams

The New York Times, September 27, 2006

The federal jury in the racketeering conspiracy trial of John A. Gotti sent a note to the judge this afternoon saying they were deadlocked and unable to reach a unanimous verdict.

Judge Shira A. Scheindlin read the panel the Allen charge, an instruction meant to encourage juries to continue working until they reach a verdict, and sent them back to continue deliberating.

It is unclear how long the jurors — seven women and five men — will continue to deliberate, but Judge Scheindlin told them if they felt they were close to reaching a verdict by later this afternoon that the court would pay for dinner and give them rides home.

If the jury is unable to reach a verdict, it would be the third mistrial on the racketeering charges in the past year for Mr. Gotti. This is the sixth day of this jury's deliberations. In Mr. Gotti's first trial, the jury deliberated for eight days. In the second, the deliberations lasted one and a half days.

"We have vigorously debated each charge," read the note from the jury to Judge Scheindlin. "We have been unable to reach a unanimous verdict."

The jurors did say that of the four counts Mr. Gotti is facing, they had been able to reach a decision on only part of one of the racketeering conspiracy charges: the kidnapping of Curtis Sliwa, the Guardian Angels founder and radio talk show host.

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The jury's note did not say what decision it had reached on that count.

Mr. Gotti, known as Junior, faces two racketeering counts, as well as counts of witness tampering and conspiracy to commit construction industry extortion.

During the deliberations, it became apparent from the notes seeking explanation from Judge Scheindlin that the jury was having a difficult time reaching a verdict on the key element of the case — whether Mr. Gotti had quit the Gambino organized-crime family at some point before July 1999.

If Mr. Gotti did withdraw from the crime family before that date, he would be immune from prosecution because the five-year statute of limitations on the racketeering charges would have expired. Mr. Gotti's defense is that he did, in effect, resign from the mob in 1999 after receiving permission from his father, John J. Gotti, who was known as the Dapper Don. The elder Gotti, who was the boss of the Gambino family from the mid-1980's to the late 1990's, died in prison in 2002.

During the current trial for the younger Gotti, both the government and the defense played F.B.I. recordings of Mr. Gotti while he was serving a prison sentence on unrelated racketeering charges from 1999 to 2004 in Ray Brook federal penitentiary in upstate New York.

During some of the tapes, Mr. Gotti is heard telling visitors that he had left his previous life of crime behind. In others, it sounds as if Mr. Gotti still had a role in the Gambino family, even behind bars. Prosecutors said that Mr. Gotti was aware he was being recorded when he made remarks about having quit the Gambino family, but Mr. Gotti's lawyers said his remarks had been heartfelt.

After the jury's note was read today, prosecutors left the courtroom with grim faces, while Charles Carnesi, Mr. Gotti's lead lawyer, flashed a broad smile.

There has been a gag order during the trial, which bars lawyers from discussing the case.

Jury In 3rd Gotti Trial Deadlocked (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 27, 2006

(AP) - NEW YORK-A jury deliberating the fate of John "Junior" Gotti at his third racketeering trial told the judge Tuesday it was unable to agree on a verdict. The judge asked the jury to try again.

The jury released a note after noon saying it had only been able to agree on one of two acts it must decide before reaching a verdict on the racketeering charge.

"We have been unable to reach a unanimous verdict on all charges," the jury said. "We feel we are deadlocked."

From the start, the jury has sought evidence aimed at deciding whether Gotti quit the Gambino crime family before July 1991, as he claims. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

The jury was in its sixth day of deliberations. It had asked for some evidence to be read back as it deliberated over the last week, but the panel has not been particularly noisy in a courthouse where jurors can sometimes be heard shouting at one another.

U.S. District Judge Shira Scheindlin encouraged the jurors to give it another try, saying the case would likely have to be tried again and it was unlikely that another jury would be better able to judge the evidence. Two previous juries in the last year wound up deadlocked, with resulting mistrials.

"I know it's been long but there's still no hurry," she said. "I ask you with great respect that you continue your deliberations and I await your word whatever it may be."

Prosecutors say the jury should conclude Gotti continued to receive mob money after 1999 and thus was part of a racketeering conspiracy.

Defense lawyers say Gotti paid a large fine when he pleaded guilty to a racketeering charge in another case in 1999 and was permitted to keep the property and businesses which remained, regardless of where the money originated.

Gotti has also been accused of ordering two 1992 attacks on radio talk show host Curtis Sliwa, including one in which Sliwa was shot twice before he escaped out the window of a car.

Prosecutors have said Gotti was retaliating for on-air attacks against his father, John Gotti, who was sentenced in 1992 to life in prison without parole. He died in prison in 2002.

If convicted, Gotti could face up to 30 years in prison. He is free on $7 million bail.

DOJ Can Question Staffers In Crawford Probe (RC)

By John Bresnahan

Roll Call, September 27, 2006

The Senate Health, Education, Labor and Pensions Committee has agreed to turn over documents and allow three staffers to provide testimony to the Justice Department as part of the federal investigation into Lester Crawford, the former head of the Food and Drug Administration.

The U.S. attorney's office in the District of Columbia is conducting a probe into Crawford's statements about his financial holdings during confirmation hearings before the panel in 2005.

The Senate approved a resolution on Monday authorizing the committee to cooperate with the federal investigation. Under Senate rules, no evidence in the Senate's possession may be turned over to an outside body unless the full chamber approves it.

"Chairman [Mike] Enzi (R-Wyo.) and the committee staff are working to be helpful to the U.S. attorney's office and cooperating fully with their investigation at this point," said Craig Orfield, communications director for the panel.

Crawford resigned as head of the FDA in September 2005 after only two months on the job. Prior to his resignation, Crawford sold more than $50,000 in stock in a company regulated by the agency, according to The Associated Press. Crawford now works at the lobbying firm Policy Directions Inc.

Crawford, who held several senior posts at the FDA before becoming commissioner in July 2005, has refused to testify in a lawsuit that challenges the FDA's handling of the controversial contraceptive drug known as the "morning-after pill" or "Plan B," which is manufactured by Barr Pharmaceuticals.

Crawford's lawyer told reporters earlier this year that he would not testify in the case because it might incriminate him in a grand jury probe of his financial holdings. The attorney, Biz Van Gelder, could not be reached for comment Tuesday.

Nuclear Engineer Guilty Of Conspiracy, Tax Evasion (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 26, 2006

A nuclear engineer who formerly worked for Westinghouse Electric Corp. pleaded guilty yesterday in federal court to conspiracy and tax evasion.

Initially, Mark M. Kaushansky, 55, of Monroeville, was charged with helping Russia's former atomic energy minister steal more than $9 million in aid money from the U.S. Department of Energy.

But the plea before Senior U.S. District Judge Maurice B. Cohill included just nine of the original 20 counts against him, and they all related to tax evasion.

"He admitted there's some tax problems," said Mr. Kaushansky's defense attorney, Fred Thieman. "It's been our position from the beginning: We denied there was a scheme to skim money from the energy contracts with Russia."

Now the question will be how much money Mr. Kaushansky owes in unpaid taxes.

The government contends the amount is more than $5 million, dating to the mid-1990s. Mr. Thieman, believes, however, that the loss is "substantially lower."

"We intend to show it's neither the magnitude [nor] underlying scheme the government alleged," Mr. Thieman said.

He hopes to convince the judge at Mr. Kaushansky's sentencing hearing in February that the money the government alleges was involved in the case is not taxable in the United States.

At a loss between $2.5 million and $7 million, Mr. Kaushansky would likely face a prison term of 46 to 57 months.

The sentencing hearing, scheduled to begin on Feb. 5, is expected to last at least four days for both sides to dispute that figure.

Mr. Kaushansky came to the United States from Ukraine in 1979. He met his co-defendant, Dr. Yevgeny Adamov, in 1990 when acting as a translator for him in talks with Westinghouse officials.

According to the U.S. attorney's office, Mr. Kaushansky and Dr. Adamov began working together. They incorporated two businesses, one in Pennsylvania and another in Delaware, and used two shell investment companies, with accounts in the United States, France and Monaco, to divert some of the money earmarked for NIKIET, a Russian nuclear research institute headed by Dr. Adamov.

That institute was designed to modernize nuclear reactors in Russia and Eastern Europe like the one at Chernobyl where there was a meltdown in 1986. Sixteen different countries contributed funds to it, including the United States.

As part of his plea agreement, Mr. Kaushansky agreed to forfeit any proceeds in the bank accounts in Monaco. He did not, however, agree to cooperate in the government's case against Dr. Adamov.

The Adamov case has been put on an indefinite hold since Swiss officials ruled in December that Dr. Adamov would be returned to Russia to stand trial instead of being extradited to the United States.

Man With Russian Ties Pleads Guilty In Fraud (PTR)

DOJ_NMG_0070044

By Jason Cato

Pittsburgh Tribune-Review, September 26, 2006

The Monroeville business partner of former Russian nuclear energy minister Yevgeny Adamov pleaded guilty Monday in federal court to conspiring to defraud the United States and to a litany of tax evasion charges, though he disagrees with prosecutors about how much he owes.

Mark Kaushansky, 55, will try to prove during a four-day hearing in February that he owes significantly less than the $5 million prosecutors say he owes. That could earn him significantly less time in prison than the approximately five years he faces if the government is right.

In pleading guilty to nine counts of conspiracy and tax evasion, Kaushansky avoided more serious offenses of money laundering and interstate transportation of stolen property. He maintains his long-standing argument that he was not involved in an international scheme to rip off the United States with Adamov.

"I just decided to admit that some irregularities were made," Kaushansky told U.S. District Judge Maurice Cohill when asked why he was pleading guilty. He originally pleaded innocent in May 2005, when he and Adamov were indicted and accused of stealing more than $9 million intended to upgrade security at Russian nuclear plants.

Prior to serving as Russia's nuclear energy minister from 1998 to 2001, Adamov headed a secret Russian energy technology institute known as NIKIET. The institute was to handle the international money earmarked for nuclear plant improvements.

Prosecutors say Kaushansky and Adamov routed $15 million provided by the United States and other countries to bank accounts in Pittsburgh, Delaware and Monaco between 1993 and 2003.

Kaushansky's lawyer, former U.S. Attorney Fred Thieman, said instability in Russia at the time caused his client and Adamov to move the money the way they did. Otherwise, it would have been at risk if kept in Russian banks.

Charges against Adamov will not be dropped, although prosecutors doubt he will ever come to the United States to stand trial.

Adamov, 67, was the main target of the federal investigation.

The U.S. had him arrested in Switzerland in May 2005, but lost an extradition battle with Russia. Adamov was returned to Moscow, where he faces fraud and abuse-of-office charges.

Kaushansky moved to the United States from the Soviet Union in 1979. He was working as a nuclear power plant engineer at Westinghouse Electric Corp. when he met Adamov in the early 1990s.

Man Pleads In Russia Nuclear Cash Case (WP/AP)

By Dan Nephin, The Associated Press

The Washington Post, September 26, 2006

PITTSBURGH -- A former nuclear engineer accused of helping a former Russian official steal more than $9 million earmarked for improving the safety of that country's Chernobyl-style reactors pleaded guilty Monday to conspiracy and tax evasion.

Mark M. Kaushansky, of Monroeville, pleaded guilty to conspiracy to defraud the U.S. government and eight tax evasion counts. Like former Russian nuclear energy minister Yevgeny Adamov, he also has been charged with additional conspiracy counts and money laundering, but Kaushansky's attorney, Fred Thieman, said he expected those charges to be dropped at sentencing.

Asked by the judge why he was pleading guilty, Kaushansky said, "I just decided to admit that some tax-related irregularities were made."

Kaushansky had a business partnership with Adamov, whom Russian President Vladimir Putin fired in 2001. Prosecutors allege the defendants stole $9 million from the U.S., other countries and corporations by setting up corporations in the U.S. to funnel money to themselves that was intended to improve Russia's nuclear safety.

U.S. Attorney Mary Beth Buchanan said in a statement that the indictment alleges Adamov was primarily responsible for diverting the money, but that Kaushansky "was most directly involved with the concealment and expenditure of those funds."

U.S. prosecutors wanted to try Adamov here, but Russian officials said he should face trial in his home country. He has denied the charges against him and awaits trial in Russia.

Kaushansky, who emigrated from the Soviet Union in 1979, was working as a researcher at Westinghouse Electric Corp. and as a translator when he met Adamov, according to the indictment.

Kaushansky's sentencing hearing was scheduled for Feb. 5, but is expected to take several days because both sides will present evidence about the amount of income for which he tried to evade taxes. Prosecutors say the counts involve income of more than $5 million, but Thieman said it is a fraction of that figure.

In 1986, a shattered reactor at the Chernobyl nuclear power plant spewed radiation across much of Europe, contaminated 77,220 square miles and forced the Soviet government to permanently evacuate more than 300,000 people. Dozens died within months, and the U.N. health agency estimated last year that the ultimate death toll from Chernobyl-related cancers will be more than 9,000.

FBI Returns For More From Stevens' Office (ADN)

By RICHARD MAUER And LISA DEMER

Anchorage Daily News, September 27, 2006

FBI agents returned last week to the legislative office of Senate President Ben Stevens and seized more evidence, including a copy of a sworn statement that implicated Stevens in an alleged payment scheme involving fisheries legislation brought by his father, U.S. Sen. Ted Stevens.

Word of the second search, and what was taken by the FBI, came from Ben Stevens himself, who disclosed the information in a letter to the Daily News dated Sept. 22. In his letter, Stevens denied a request by the newspaper for a copy of any FBI search warrants which may have been served on him or his office, and the government's receipts for items seized. But Stevens provided what he said was a "complete listing of what was obtained from my legislative offices" on Aug. 31 and Sept. 18.

Stevens, a Republican who is not seeking re-election this year, said he voluntarily consented to the two FBI searches, though federal agents said they had a judge's warrant for the Aug. 31 search.

Among the material hauled off by agents, Stevens said, were binders on the proposed natural gas pipeline and revised oil taxes, as well as information on a board that doled out federal marketing money to fisheries companies, some of which paid him as a consultant. Stevens was chairman of that board until about six months ago.

The vast majority of items on Stevens' list were public records that could have been obtained by anyone, sometimes under a formal public information request, sometimes just for asking. For instance, the FBI seized the 2006 Legislative directory, the 2003 Legislative Ethics Training Manual, federal and state laws governing North Slope gas, and a "piece of paper" with the tax identification number for Stevens' consulting firm, Stevens and Associates.

Though much has been made of the FBI's apparent interest in the relationship between legislators and the politically active oil field service and construction company Veco -- the company itself was searched, and it was mentioned in other search warrants -- Stevens listed only a single Veco document taken by the FBI: an undated memo to Veco president Pete Leathard.

Stevens' list couldn't be independently verified and he wouldn't elaborate on anything. The FBI has said little about its investigation, aside from acknowledging serving 24 search warrants Aug. 31 and Sept. 1. The offices of six legislators were targeted Aug. 31, and Stevens is the only one the FBI returned to for a second round, said FBI spokesman Eric Gonzalez. No one has been charged.

It was also impossible to determine the significance of any particular item seized -- whether it was scooped up to determine its relevance later, or central to the inquiry. That's normal in a federal investigation, said former U.S. Attorney Wev Shea, now in private practice in Anchorage. FBI agents will seize records through a warrant rather than simply ask for them as public records to make sure they are getting everything, he said. Plus, the drama of the FBI raids themselves may have been designed to stir things up and get people talking as the investigation continues.

"They don't know what phones are tapped. Nor do they know who is wired," said Shea, who added that he doesn't have inside information of the case.

The FBI has been asking some state legislators about the debate on the gas pipeline and oil taxes, and those subjects make up the largest haul from Stevens' office Aug. 31.

The government also seized Stevens' Rolodex containing business cards and a phone log, made a copy of the hard drive of a Gateway computer, and took an 80-gigabyte hard drive, an untitled compact disc and something described as an "e-mail found on printer."

Some of the material goes beyond issues known to be important to Veco like the gas pipeline and touch on fishery subjects that involve Ben's father, long-time U.S. Sen. Ted Stevens, R-Alaska. Since 2005, Ted Stevens has chaired the Senate Commerce Committee, through which all fisheries legislation passes. Before that, he chaired the Senate Appropriations Committee, one of the most powerful seats in Congress.

Among fishery-related items, Ben Stevens reported that in the second search, the FBI seized "Victor Smith affidavit" and a 2004 "UFA" letter -- United Fishermen of Alaska. Agents also took two April 2006 letters he wrote to the U.S. Department of Commerce regarding the Alaska Fisheries Marketing Board, which he headed from its creation by Ted Stevens in 2003 until his resignation earlier this year.

DOJ_NMG_0070046

The second search also yielded a Jan. 23 fax to Ted Stevens along with "unknown documents of Ted Stevens with a cover page dated 6/5/06 bearing the United States Senate seal."

Through a spokesman, Ted Stevens said he had no comment.

Ben Stevens, a former crab-boat captain, has maintained an active fisheries consulting business since being named to a vacant Senate seat in 2001, disclosing $775,435 in income from nine companies and associations since then. He has never publicly said what he has done for the money.

Victor Smith, a former Southeast Alaska salmon fisherman who now operates a barge in north Puget Sound, said Monday he has signed three affidavits regarding Ben Stevens. The affidavits helped form the basis of complaints brought against Ben Stevens at the Alaska Public Offices Commission and other agencies by Ray Metcalfe, a government watchdog and founder of the independent Republican Moderate Party in Alaska.

It could not be determined which of Smith's affidavits the agents seized. In one, he reported attending a 2004 meeting of the Purse Seine Vessel Owners Association in which officials of that organization and the Southeast Alaska Seiners Association discussed how it would pay Ben Stevens after congressional passage of a $50 million loan program to reduce the seine fleet.

Smith said he learned Ben Stevens was supposed to be paid "through convoluted accounting" $5,000 a month to secure a plan, and $10,000 a month if successful, until he was paid $500,000.

While the loan program passed Congress and was enacted into law, fishermen complained it was too expensive for them to use.

Bob Thorstenson Jr., executive director of the seiners association and president of the United Fishermen of Alaska, denied paying Ben Stevens to lobby Ted Stevens. In an interview last year, he said the payments of $3,000 a month were made starting in June 2004 to an Anchorage company, Advance North, in which Stevens and one of his father's former aides, Trevor McCabe, were 50-50 partners. McCabe became sole owner of the company in October 2005.

In both searches of Stevens' offices, FBI agents seized documents involving the Alaska Fisheries Marketing Board. The organization was created in 2003 in legislation by Ted Stevens to provide federal grants to companies to promote Alaska seafood. It has distributed between $5 million and nearly $10 million a year in grants.

At least three of the beneficiaries of grants from the board paid consulting fees to Ben Stevens. Metcalfe complained to the APOC last year that those fees were thinly disguised "kickbacks," but the commission only ruled on a technicality: Ben Stevens' failure to disclose his chairmanship of the board in 2004. It fined him $150.

Ben Stevens resigned from the marketing board about six months ago, according to its executive director, Bill Hines. Hines wouldn't say whether he has recently spoken to federal agents.

"I think that's between me and the FBI," said Hines, an employee of the U.S. Commerce Department.

Ben Stevens was a member of the Senate Ethics Committee and some of the seized documents were connected to that committee, including a 2003 ethics complaint against former Sen. Jerry Ward. An investigation concluded the complaint was without merit.

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No Leniency: Ailing Gambino Captain Sent To Prison For 12 Years (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 27, 2006

NEW YORK -- An ailing 74-year-old Gambino crime family captain who once recommended an undercover FBI agent for mob membership asked a judge for leniency Tuesday but received more than 12 years in prison instead.

"Give me one more shot," Gregory DePalma, who uses a wheelchair, asked U.S. District Judge Alvin K. Hellerstein, who presided over a trial in which DePalma was convicted of racketeering.

"If you were in my shoes," the judge replied, "I don't think you would."

"You gotta do what you gotta do, so let's do it," DePalma then grumbled shortly before he was sentenced to 12 years and seven months in prison for crimes he committed after he was freed from prison in early 2003.

When the judge rejected the Department of Probation's suggestion that DePalma receive less than the minimum of 12 years called for by sentencing guidelines and imposed the sentence, DePalma said, "I'll be dead maybe in about five."

The judge, calling DePalma "a man thoroughly immersed in criminal activity," said he could not be lenient because leniency toward DePalma in the past had not led him to avoid crime when he was out of prison.

DePalma was convicted June 6 by a jury in a case that featured the exploits of Joaquin Garcia, a rotund FBI agent who capped a career of disguises by posing as "Big Jack" Falcone.

DePalma believed Garcia's act enough that he recommended he be made a member of the crime family. Before that could happen, DePalma and 31 others were arrested.

DePalma's lawyers had protested the government's use of sophisticated bugging devices placed in their client's cellular telephone that enabled investigators to listen to conversations even when the telephone was off.

Lawyer John L. Pollok had accused the government of turning DePalma into a "human microphone" with the eavesdropping devices.

The judge said the government received proper approval from courts as it steadily increased the scope of its audio surveillance, trying to destroy the new leadership of the crime family during a three-year probe.

The ruling cleared the way for the government's use of parts of 5,000 hours of taped conversations showing DePalma working energetically from 2003 to 2005 extorting restaurants, construction companies and a Bronx topless nightclub, where he was introduced to the undercover agent.

DePalma once was photographed with Frank Sinatra and enjoyed exaggerating or boasting of his connections.

On tapes, DePalma described getting a former manager for Liza Minnelli to finance a $12,000 eight-day trip for mob wives to Las Vegas. Prosecutors called the man one of DePalma's victims.

At a trial in which DePalma used an oxygen tube in his nose, prosecutors made his health an issue, telling jurors he had boasted after a 1999 racketeering guilty plea that he had duped the judge with an illness act worthy of an Academy Award.

They played tapes of him bragging that he wore an oxygen mask and did not shave for a week before sentencing, leading the judge to say he had never sentenced a man so sick.

On Tuesday, DePalma told the judge he wanted to show prosecutors his swollen legs to prove how ill he remained from heart and lung problems.

The judge disallowed it, but he did engage DePalma in conversation in which both of them alluded to their military careers and talked about the perils of aging.

DePalma said the 72-year-old judge seemed in better health than he was, a fact the judge did not deny.

"Then again," the judge told DePalma, "I haven't lived your life."

Judge Has No Mercy For Gambino Gabber (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 27, 2006

Gabby Gambino capo Greg DePalma had a few things to say before a Manhattan federal judge sentenced him to 12 years and seven months in prison on racketeering charges yesterday.

"Give me one more shot," DePalma said in asking for leniency.

"If you were in my shoes," Judge Alvin Hellerstein replied, "I don't think you would."

Hellerstein noted that DePalma, 74, had returned to a life of crime after pleading guilty to racketeering charges in 1999 and receiving a break at sentencing then.

DePalma, who in his salad days posed beside Frank Sinatra and fellow wiseguys for an infamous 1976 photo, was brought into court in a wheelchair, hooked up to an oxygen tank.

He has had a lung removed and suffers from a heart ailment that has left his legs swollen and cracked. Attorney John Meringolo asked that DePalma be allowed to show the judge his legs but was turned down.

"I'll be dead, maybe in about five [years]," DePalma predicted.

In addition to the prison time, Hellerstein ordered DePalma to pay some $70,000 in restitution to two extortion victims.

"How much?" DePalma asked. "Can I give them my Social Security check?"

DePalma's motor-mouth was intercepted by a bug the FBI placed in his cell phone with the help of undercover agent Joaquin Garcia, who so deeply infiltrated the mob that DePalma was ready to sponsor his Mafia induction.

Defense attorney Martin Geduldig told Hellerstein that his client could never again return to a life of crime because the recordings had implicated so many mobsters that DePalma's life was in jeopardy.

"Five thousand hours of recorded conversations had the effect of making him an informant for the FBI," Geduldig said. "He's put himself in a position where he can't go back to some of his old compatriots."

Politicos Mull Data Retention By Web Hosts, Registrars (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 27, 2006

Broadening their inquiry beyond ISPs, they ponder mandates for storage of user records to aid child porn investigators.

DOJ_NMG_0070048

WASHINGTON--Politicians on Tuesday urged domain name registries and Web hosting companies to do more to keep illicit child pornography off the Internet and indicated mandatory retention of user records is an option under consideration.

At a hearing here convened by a U.S. House of Representatives subcommittee on oversight and investigations, Michigan Rep. Bart Stupak, the panel's top-ranking Democrat, asked company representatives how they would feel about being subject to a law in the works that would require Internet service providers to retain customer records for one year.

"If we do compel data retention, is there any reason Web hosting sites should be treated differently than ISPs?" Stupak asked the general counsel for GoDaddy.com, which bills itself as the largest domain name registrar in the world, and the CEO of Blue Gravity Communications, a New Jersey-based Web hosting firm. Both executives were participants on a panel at the latest in a series of hearings on the topic of online child exploitation.

"A year might be a little long," replied Thomas Krwawecz, Blue Gravity's CEO, later adding: "It would be something we would definitely be open to if there were some guidelines for maintaining that data for a specific period of time."

Christine Jones, general counsel for GoDaddy, said requirements to maintain particular customer data for hosting companies and ISPs alike would be "productive" for law enforcement. But the data, she added, should be limited to identifying information about subscribers, such as IP addresses and credit card numbers, and should not include the content of their communications.

Privacy and industry groups have generally voiced opposition to calls for mandatory data retention, which have become a fixture on the congressional agenda ever since Attorney General Alberto Gonzales touted the practice's necessity earlier this year.

Opponents to the mandate argue that existing laws already provide law enforcement with ample tools. For instance, a 1996 federal law called the Electronic Communication Transactional Records Act requires a practice known as "data preservation"--that is, Internet providers must retain any "record" in their possession for 90 days "upon the request of a governmental entity." Another federal law requires Internet service providers to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

Some companies, such as Comcast, already voluntarily retain user data for longer periods. Blue Gravity, which hosts primarily adult pornography sites, retains data for seven to 14 days but plans to increase that window to 30 days to keep up with prevailing industry practices, Krwawecz said.

Last week, Rep. Diana DeGette, a Colorado Democrat, said she hoped to introduce by the end of this week a proposal that would require Internet service companies to retain customer records for a period of one year. She described the proposal, whose language is still not finalized, as requiring maintenance only of information useful in locating a customer, such as an IP address, and not about the content of his or her communications.

A DeGette spokesman said Tuesday that the congresswoman continues to negotiate the language with Republican Reps. Joe Barton and Ed Whitfield. He could not predict exactly when the bill would be introduced or what its precise language would be.

At least two possibilities could be in play. One form of data retention legislation could require Internet providers and perhaps social networking sites and search engines to record for a year or two which IP address is used by which user. The other form would be far broader, requiring companies to record data such as the identities of e-mail correspondents, logs of who sent and received instant messages (but not the content of those communications), and the addresses of Web pages visited.

With or without such a mandate, the hosting and domain name firms should conduct more self-policing of the sites that live on their servers, said Whitfield, chairman of the oversight and investigations subcommittee. "Is there any kind of technology to monitor (for child pornography sites) that would be available for either GoDaddy or Blue Gravity?" he asked. "Is there technology you could acquire to do this in a more proactive manner?"

"If I had a staff of 1,000 people that could go and review all of our hosted pages every day, we would," said GoDaddy's Jones, adding that the company did investigate nearly 2,000 customers over allegations of child pornography or inappropriate child modeling Web sites in the last year. "But at $1.99 per month for a hosting account, the economics are not really there for us to do that."

D.C. Police Seize Electronics From Home Where Lawyer Was Killed (LAW)

By Emma Schwartz, Legal Times

Legal Times, September 27, 2006

Police have seized computers and other electronics from the Dupont Circle home in Northwest Washington where lawyer Robert Wone was stabbed to death Aug. 2, according to an affidavit in a search warrant for the house that was recently made public.

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The evidence, which included two laptops, a desktop computer, diskettes and USB drives, was among the material police confiscated during their monthlong search of the home at 1509 Swann St. N.W.

Wone, 32, who was the general counsel for Radio Free Asia, was found shortly before midnight "showing no signs of life" in the second-floor bedroom of the house, owned by his college friend Joseph Price, a partner at Arent Fox, according to the Aug. 4 affidavit by Detective William Xanten III. Price's partner, Victor Zaborsky, a marketing manager at the International Dairy Foods Association, co-owns the house. A third man, Dylan Ward, also lived there. All three were home the night of the murder.

One of the occupants told police that an intruder had come through the back door, but police say there were no signs of forced entry.

After their initial search of the house, police asked the court for an additional search warrant for electronic equipment because Wone and "one of the occupants" had e-mailed before the visit and had made phone calls in the "recent time period before the decedent was killed," according to the affidavit. In a separate search warrant for Price's office computer, police say that Price had spoken with Wone before he was killed.

But the material collected by police has not led to any arrests. Police believe the crime scene was tampered with before they arrived and are awaiting the results of forensic tests that will identify the blood that appeared to have been cleaned up in the area where Wone was found.

Supreme Court Accepts Arizona Death Penalty Case (LAW/AP)

The Associated Press

AP, September 27, 2006

The Supreme Court accepted an appeal Tuesday from Arizona, which wants to execute a twice-convicted killer who says his lawyer didn't do enough to ward off a death sentence.

Justices said they would review a decision by the 9th U.S. Circuit Court of Appeals, which said a lower court should consider Jeffrey Landrigan's claims that his lawyer was ineffective.

Landrigan escaped from an Oklahoma prison in 1989, where he was serving a 20-year term for murdering an acquaintance. A month later, he killed Chester Dyer, who picked up men on the Phoenix streets by flashing large sums of money.

As Landrigan and the man were drinking beer in the victim's Phoenix apartment, Landrigan strangled Dyer with an electrical cord and repeatedly punctured him with a screwdriver. He was convicted of killing Dyer and sentenced to death.

Dale Baich, who represents Landrigan in his appeals, said his client might have won a life term instead of a death sentence if his trial lawyer had submitted evidence that he was predisposed to violence and suffered brain damage that made him unable to appreciate his crimes.

Landrigan's father, Darrel Wayne Hill, had been on death row in Arkansas until he died of natural causes last year.

Arizona Attorney General Terry Goddard said Landrigan told the trial judge he did not want his lawyer to introduce evidence that would have mitigated against a sentence of death.

The Arizona Supreme Court, a federal district judge and a three-judge panel of the 9th Circuit all rejected Landrigan's claims before the full appellate decided otherwise in March.

The case is Schriro v. Landrigan, 05-1575.

Biker Brawl Trial Opens In Las Vegas (FINDLAW/AP)

By Ken Ritter, Associated Press Writer

AP, September 27, 2006

(AP) - LAS VEGAS-Videotape images show rival motorcycle gang members wielding guns, knives, wrenches and chairs in a brawl that killed three and injured at least a dozen in a southern Nevada casino in 2002.

The footage is among hundreds of hours of videotape jurors may view during the trial of 11 Hells Angels charged in the deadly casino brawl.

Federal prosecutors are expected on Tuesday to tell jurors that the bikers plotted to attack the rival Mongols gang at the Harrah's Laughlin hotel-casino after years of friction erupted into violence at a crowded motorcycle rally.

They are the first of 42 men - from California, Washington, Arizona, Alaska and Nevada, and ranging in age from 28 to 63 - to stand trial in the brawl. All face the possibility of life in prison if convicted of the most serious charge, racketeering-attempted murder.

Each has pleaded not guilty, and defense lawyers say the men will argue they were attacked first.

"The tapes are going to reveal clearly that the Hells Angels were threatened and were engaged in lawful self-defense," said lawyer David Chesnoff, who represents defendant Calvin Schaefer of Chandler, Ariz.

Chesnoff has argued previously that police knew trouble was brewing and federal agents missed a chance to prevent violence at the 2002 Laughlin rally, an annual event that draws tens of thousands of motorcycle enthusiasts to the Colorado River resort town about 100 miles southeast of Las Vegas.

Two Hells Angels were shot to death and a Mongols member died of stab wounds at the event. Another Hells Angels member was later found shot to death near his wrecked Harley-Davidson motorcycle on Interstate 40 in California, about 100 miles from Laughlin.

Court officials say the trial could take three months or more, with 11 defense lawyers questioning witnesses.

Federal prosecutors declined comment Monday through a spokeswoman for the U.S. Attorney's Office in Las Vegas.

One defendant in the case remains a fugitive.

How A Google Search Can Become A Security Threat (NYT)

By David Strom

The New York Times, September 27, 2006

WHEN Ralph Nader wrote "Unsafe at Any Speed" in 1965, he exposed how certain design decisions had made some automobiles inherently unsafe. Much the same can be said for Web sites these days.

Many sites contain inherent design flaws that leave them ripe for exploitation. Unlike lack of seat belts in cars, these flaws are not immediately obvious and the fixes are not simple.

One widespread vulnerability can be exploited through a practice that has come to be known as Google hacking. The term refers to the use of an Internet search site — Yahoo, Ask, Google or any other — to uncover useful and compromising information that has been inadvertently left on a Web site.

"Some Web site owners may simply not understand that their sites aren't as secure as they think," said Jeff Williams, chief executive of a Columbia, Md., consulting company, Aspect Security. Mr. Williams is also the chairman of the Open Web Application Security Project, a Web site that describes many of the vulnerabilities and provides tips on how to prevent or fix them.

Examples of the material that can be uncovered include the locations of Web security cameras, administrator passwords for applications like payroll or other personnel matters, private phone numbers for company executives and even the contents of Internet commerce transactions.

In most cases, intruders can enter sites and extract data without leaving a trace because the information is already indexed and stored on the servers of various Internet search sites.

These hacks require no special tools and little skill.

All that is needed is a Web-connectedPC and a few keywords to look for, like "filetype:sql password" or "index.of.pass word."

"There is a lot of privileged informa- tion that wasn't supposed to be played out in the public that is available with these sorts of attacks," said Jeff Pettorino, a senior consultant in the Global Security Consulting department of VeriSign and a former police officer in Colorado.

Much of the data indexed by the search sites can be used for nefarious means, and site owners may not realize that sensitive or confidential information is so readily available as part of a search index.

"If you are dealing with sensitive data or data that you care about, you have to think about these exploits," said Michael Howard, a senior security program manager at Microsoft in Redmond, Wash.

As more businesses put up Web sites, the chances increase that more of this information is available.

"A business owner has risks even if they aren't doing e-commerce and if they just have a Web site," said Shena Crowe, an agent in the F.B.I.'s San Francisco field office who has helped prosecute cybercriminals who used Google hacks and other techniques. "Once you are plugged into the Web, your backyard can become open, and it is easy to have your information taken from you."

While it isn't the only way Web sites are exposed, it is one of the easiest and most common methods to gain unauthorized information.

"At any given time, you can find thousands of sites that are subject to Google hacks," says Howard Schmidt, a former White House cybersecurity adviser and now a private security consultant in Issaquah, Wash.

Johnny Long, a security researcher with the Computer Sciences Corporation in El Segundo, Calif., said he had found vulnerabilities "in every Web site and application I have audited."

Mr. Long, who maintains a Web site cataloging Web security vulnerabilities, johnny.ihackstuff.com, added, "Some Google hacking style vulnerabilities are more revealing than others, but it is a pervasive threat."

Google acknowledges that its index can be misused. "Search engines reflect what is on the Web," said Barry Schnitt, a Google spokesman. "We still work to try to prevent and stop exploits and encourage Webmasters to employ best practices and

effective security for their Web sites." On Google's site you can find tips on how to remove sensitive data from its index, for example.

Law enforcement is just stepping up to the challenges presented by search-based Web site intrusions.

"This is very underreported," says Kevin Patten, network services manager with the Florida Department of Law Enforcement in Tallahassee. "There are far more site breaches that take place than are actually reported. It is an embarrassing incident, and to report it could be monetarily devastating for a company."

Google hacks are an issue for both large and small businesses, but for different reasons.

Smaller companies generally have simpler sites but may be less sophisticated when it comes to auditing their software. And smaller businesses often rely on independent Web contractors that may not have the ability to build secure applications.

Larger companies usually have better security practices, but they use hundreds or even thousands of Web applications, which must be maintained by more people — some of whom may try to get at sensitive information they shouldn't see.

"Google hacking can find application vulnerabilities in many applications at once, so it works better as a shotgun than a rifle," Mr. Williams of Aspect Security said. "These vulnerabilities can be found and exploited with a minimum of effort by relatively unskilled attackers."

One way for businesses to protect themselves is to try the Google hacking methods themselves, using tips at johnny.ihackstuff.com and on the Owasp.org sites.

There are also free scanning tools that are available from numerous sites, including SPIdynamics.com, Qualys.com and ScanAlert.com. The tools check for open ports that allow outside communication with particular software programs or points of entry that could be used to compromise a Web site.

But using scanners is just the first step.

Business owners need to specifically address the security audits and testing services when they hire outside programmers to build their sites.

"What you have to get across," said Mr. Schmidt the security consultant, "is that 'I am not buying a service, I am buying a secure service.' " The Owasp site, he said, offers boilerplate contract language that can be used in dealing with programmers.

And the vigilance must be continuous. "It is always an arms race between security professionals and cybercriminals," said Scott Larson, a former F.B.I. computer intrusion manager who now works at Stroz Friedberg, a technical services firm in New York.

Even after "Unsafe at Any Speed" shook up the automobile industry, it took a while for Detroit to make safety a priority in designing cars. "And it's going to take years for the software industry to start building applications that adequately address security," said Mr. Williams of Aspect Security.

For wary business owners, it's time to buckle up.

Surging Losses, But Few Victims In Data Breaches (NYT)

By Steve Lohr

The New York Times, September 27, 2006

THE theft last May seemed scary. The personal information of more than 26 million military veterans was stolen from the home of an employee at the Department of Veterans Affairs. The personal details on the worker's laptop and an extra hard drive included veterans' names, birth dates and Social Security numbers — the nuggets most sought after by identity thieves.

Privacy groups warned darkly that 26 million people could become victims, politicians voiced outrage, and Attorney General Alberto R. Gonzales vowed to show "zero tolerance" in cases of identity theft traced to the lost data of veterans.

Last month, the case was solved, when three teenagers were charged in what proved to be a routine residential burglary in suburban Maryland. They had taken jewelry and cash, along with the laptop and hard drive. "They were a bunch of young thieves breaking into homes," said Lt. Mike Mancuso, deputy director for the major crime division of the Montgomery County Police Department. "They didn't know what they had."

The veterans' laptop episode underscores the crucial distinction between data loss and malicious data theft — a distinction that has often been glossed over or ignored in the recent wave of alarming disclosures of data breaches at government agencies, universities, companies and hospitals. In most cases, the consequences — financial and otherwise — of the data losses have been slight.

In the last 12 months alone, the personal records of nearly 73 million people, from Social Security numbers to credit-card accounts, have been lost or stolen, in reported incidents compiled by ID Analytics, a San Diego company that provides fraud-detection services to banks, cellphone operators and other companies. The total is the equivalent of nearly one in four Americans.

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But while high-profile data breaches are common, there is no evidence of a surge in identity theft or financial fraud as a result. In fact, there is scant evidence that identity theft and financial fraud have increased at all. Even when computer networks are cracked into, and troves of personal information intentionally stolen, fraudsters can typically exploit only a tiny fraction of it.

Credit-card fraud is the most common crime of identity thieves, accounting for about two-thirds of cases. Banks and credit-card systems like Visa and MasterCard say they have seen surprisingly little fraud traceable to incidents of computer data lost or stolen.

"The threat of identity theft from data losses is being greatly exaggerated," said Fred H. Cate, the director of the Center for Applied Cybersecurity Research at Indiana University in Bloomington. "And that's because a lot of people have fallen into the trap of equating data loss with identity theft."

There may be a longer-than-expected lag between data breaches and online crime, law enforcement authorities concede. But all the personal information lost or stolen recently, they warn, is an ominous development. "We don't have the correlation to crime yet, but the potential is certainly there," said Raul Roldan, a special agent at the Federal Bureau of Investigation and section chief at the government's Internet Crime Complaint Center.

"Look at the crime on the Internet," Mr. Roldan said. "Most all of it is initiated by misusing identity information to disguise, mislead or impersonate someone else" — from pornography to phishing, a common fraud that usually involves using phony e-mail messages or Web sites to get a person's bank account or credit-card numbers.

One explanation as to why there has not been more crime recently, some computer security experts say, is that the volume of personal information lost or stolen might not have increased much over the last year or two. What has changed, they contend, is the attention given to data breaches.

The environment changed after the disclosure in February 2005 that thieves had duped the world's largest commercial data broker, ChoicePoint, into handing over personal information on more than 150,000 consumers.

In the aftermath, anxiety about the security of private consumer information rose, as did political pressure to take steps to help consumers. There has been a proliferation of state laws requiring companies to publicly disclose security breaches. By now, laws requiring companies to notify consumers when personal data has been lost or stolen have been adopted in 32 states.

"What's happened in the last 18 months is not an explosion in data loss and data theft," said Mark Rasch, a former Justice Department prosecutor who is now a legal consultant in Bethesda, Md., specializing in computer security. "It's an explosion of laws requiring notification of data loss."

Identity theft is not predominantly a computer crime, at least not yet. The most common forms of data loss, surveys say, are lost or stolen credit cards, wallets or checkbooks. In the majority of cases, identity thieves are family members, relatives, neighbors and co-workers. It seems that toxic social networks — not leaky computer networks — are the real hazard.

"Even if you solve the data breach problem, you will solve only a small part of the identity theft problem," said Mike Cook, a co-founder of ID Analytics.

Yet Mr. Cook, like other security experts, predicts a looming problem as more commerce moves to the Internet, a virtual marketplace of faceless transactions and instant credit. Lost and stolen consumer records, he said, can only worsen the problem.

Data breaches vary considerably, and so does the risk that financial fraud or identity theft may result. Customer or employee records on a computer disk or tape that have simply been lost in shipment — fallen off a truck, for example — are at little risk, computer security experts note.

Not all thefts are the same, either. Criminals who are after computer hardware, as in the Veterans Affairs case, are unlikely to exploit the personal information that happens to be stored inside. But the thefts that carry more risk, security experts say, involve criminals whose target is personal information, as in the ChoicePoint incident. Or when computer hackers last year got the account information of 40 million credit-card holders from CardSystems Solutions, a payment processor.

The kind of personal information stolen is also important. Pilfered credit-card accounts can be used to make fraudulent purchases, but those numbers alone are not enough to create false identities to open new credit or bank accounts. Federal law limits a consumer's liability to $50 for purchases made with a stolen credit card, and major card companies, including Visa, MasterCard and American Express, have zero liability policies.

Regardless of the data breach, a rise in financial fraud has not surfaced. Visa and MasterCard report that about 2 percent of the card accounts lost or stolen in the last 18 months have been used to make fraudulent purchases. That is within the range of the 1.5 percent and 4 percent of consumers who reported being victims of financial fraud or identity theft, surveys say.

Card companies say that fraud losses in 2005 over all were about 6 cents per $100 for merchandise bought on credit, a low level that has varied little in the last few years. (Numbers were much higher years ago; for example, in 1992, losses accounted for nearly 16 cents per $100 for merchandise bought on credit.)

"The amount of fraud from these data breaches is remarkably small," said Chris Thom, the chief risk officer for MasterCard.

In recent years, the card companies have used increasingly sophisticated computer technologies — like predictive modeling and neural network software — to track and curb fraud. Such tools can spot suspicious purchasing patterns, even as the purchases are being made. A result is that fraud rates have been cut by more than half over the years. "Despite the data breaches, we've been able to keep fraud at very low levels," said Nancy Hilgers, the vice president of processing and emerging products at Visa. "That shows that the technologies we use to control fraud are working."

Credit-card fraud cost banks in the United States $1.1 billion last year, according to bank reports compiled by The Nilson Report, a card-industry newsletter. That is a large but manageable number for the banking world, and it is a figure that raises questions about some alarming estimates of the nation's losses from identity theft, like a study issued by the Federal Trade Commission in 2003 that placed the annual loss at $48 billion.

Not all financial losses from identity theft are credit-card fraud. Merchant losses from fraud, for example, are estimated to be more than banks' losses, perhaps up to twice as much. But most industry analysts are skeptical that the actual losses are near the $48 billion estimate, which is widely quoted.

A study earlier this year by the Justice Department's Bureau of Justice Statistics came up with a far lower figure: $3.2 billion in identity theft losses during the six-month period it studied.

The data breaches of the past year or so still point to a worrying vulnerability. "It shows that punks and the criminal fraternity do have the ability to steal personal information," said Mr. Thom, the risk specialist at MasterCard.

There are already illicit Web sites that trade and sell stolen credit-card and personal information. The fear is that this cottage industry in crime will develop rapidly — exploiting the low costs and global reach of the Internet — into a broader, deeper and highly efficient worldwide market for fraud, said Naomi B. Lefkovitz, a lawyer with the F.T.C.'s division of privacy and identity protection. Combating the threat, she said, will require steady improvement in industry countermeasures, law enforcement and consumer awareness.

Even today's skeptics have qualms. "I do think the challenge to the future of computer security is tremendous," said Mr. Cate of Indiana University's cybersecurity center. "My concern is that by overstating the current problem, we will end up paying less attention and responding less effectively when far more serious problems do surface. It's like the boy who cried wolf."

Execution Sought For Two D.C. Men (WT)

By Jim McElhatton

The Washington Times, September 27, 2006

Federal prosecutors have filed a notice of intent to seek the death penalty against two D.C. men charged with running a violent drug gang in Southeast.

The men, Antwuan Ball and David Wilson, reportedly led the Congress Park Crew, which authorities say dealt hundreds of kilograms of crack cocaine in Southeast for more than a decade. The gang resorted to homicide, assault and armed robbery, authorities said.

The move to seek the death penalty marks the second time in a year that the U.S. Department of Justice has declared it will seek capital punishment in the District.

In the other case, Larry Gooch, described as an enforcer in the M Street Crew in Northeast, has been charged in five killings and is expected to go to trial in January.

Only two capital murder cases have gone to trial in the District since the death penalty was reinstated in 1976. The District has no statute for the death penalty, but capital punishment can be pursued in federal cases if authorized by the U.S. attorney general.

However, there are questions about whether the move to seek the death penalty against Ball and Wilson came too late.

Last week, U.S. District Judge Richard W. Roberts issued a ruling barring the death penalty in the case.

Judge Roberts wrote that the Justice Department did not comply with his order setting a Sept. 15 deadline for a decision on whether to seek capital punishment. On Monday, the U.S. attorney's office filed the notice to seek the death penalty and asked Judge Roberts to reconsider.

"The process took as long as it did not because the government was insensitive to the speedy trial rights of the defendants, but because we were giving additional and extra careful consideration to defendants' interests," Assistant U.S. Attorneys Glenn S. Leon and Ann H. Petalas told Judge Roberts in a memo.

The filings also state that additional deliberations in the case and the fifth anniversary of the September 11 attacks contributed to the delay.

Attorneys for Ball and Wilson could not be reached for comment yesterday.

Richard Dieter, executive director of the District-based nonprofit Death Penalty Information Center, said yesterday that the Bush administration seems to have pursued death-penalty cases in jurisdictions where capital punishment is banned.

"There is a lot of discretion," Mr. Dieter said. "The current distraction appears more aggressive than the prior administration in seeking the death penalty in jurisdictions that don't have their own death penalty."

Mr. Dieter also said gang-related cases seem to be getting more attention in recent years.

"Gangs are not just one of the highlighted areas in the federal system, but states are looking at them, too," he said.

In Greenbelt, federal prosecutors have begun putting on trial those suspected of belonging to the MS-13 gang, including nine defendants facing the death penalty.

In the District, prosecutors filed charges against Ball, Wilson and more than a dozen other Congress Park Crew suspects under the federal Racketeer Influenced and Corrupt Organizations Act, which was passed more than 30 years ago to target organized crime. The indictment includes four first-degree murder charges.

Prosecutors said Ball fatally shot Troy Lewis on Jan. 23, 1996. Ball and Wilson also are accused of conspiring to kill members of a rival gang, the 10th Place/Trenton Place Crew. Authorities said the two gangs have fought turf wars since the mid-1990s.

In addition, prosecutors said Ball used "intimidation and physical force" to keep witnesses to slayings silent.

Prosecutors said Ball used to be a lieutenant in the 1-5 Mob, whose leader, Tommy Edelin, faced the death penalty but was sentenced to life in prison in 2004.

The only other death-penalty case to go to trial in the District ended last year with the defendants sentenced to life in prison. Jurors deadlocked on giving the death penalty to Murder Inc. gang members Kevin L. Gray and Rodney Moore.

US Arrest Threat To Gambling Executives (FT)

By Andrew Ward And Roger Blitz

Financial Times, September 27, 2006

Louisiana police have warned all online gambling companies to stop accepting bets in the state or risk having their executives and directors arrested if they visit the US.

The police official responsible for the arrest of Peter Dicks, former chairman of Sportingbet, on a Louisiana warrant in New York three weeks ago, said the state was pressing ahead with its clampdown, in spite of what appears to be a rethink about the case in other political jurisdictions.

In his first interview since the arrest, Captain Joe Lentini, head of the casino section of Louisiana's Police Gaming Enforcement division, said the state had issued four arrest warrants for individuals associated with Sportingbet, including Mr Dicks.

He would not name the other three but said it was reasonable to assume they were executives or directors.

Other online gambling companies were also under investigation and their executives and directors were also at risk of arrest, said Mr Lentini, without naming which companies.

It is understood Louisiana has sealed warrants against more than 50 people working or connected to at least a dozen online gambling or related companies.

"We have agents all over the state working this daily," he said. "There are other sites we're looking into."

Louisiana is one of several US states that has its own laws prohibiting internet gambling.

Mr Lentini's comments came as lawyers continued to wrangle over the fate of Mr Dicks, who is scheduled to appear in a New York court on Thursday to learn whether he will be extradited to Louisiana.

Mr Dicks was allowed to return to the UK on bail two weeks ago to give New York and Louisiana authorities time to examine questions about the legitimacy of the arrest warrant.

George Pataki, governor of New York, has withdrawn the New York warrant required for his arrest and extradition. The case has also reached the office of Kathleen Blanco, governor of Louisiana, which last week said it was "doing due diligence on the case and reviewing the entire situation".

The New York hearing comes at a critical time for the industry, as the US Senate prepares to decide whether to pass a bill tightening federal laws against online gambling. The bill is being championed by Bill Frist, the Senate majority leader, who is trying to get an online gambling provision attached to a weighty bill, such as defence or security.

Mr Lentini said the hold-up in the Dicks case was caused by a "glitch" in New York state laws that appeared to allow extradition only in cases where the alleged crime was committed in one of the two states involved.

Mr Dicks' lawyers have argued that their client cannot be extradited because he has not been in Louisiana for more than 20 years and therefore cannot have committed a crime there.

But Mr Lentini said his agency would press ahead with its pursuit of online gambling companies, even if Mr Dicks wins his bid to avoid extradition.

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Gang Named In Violent Spell (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 27, 2006

2 alleged members of growing Hispanic group on trial for conspiracy

Mata, viola, controla.

The Spanish words for "murder," "rape" and "control" are the battle cry for La Mara Salvatrucha, a violent street gang known as MS-13 and responsible for a recent wave of attacks across Southern Maryland, according to federal prosecutors.

The racketeering conspiracy trial against two alleged MS-13 members -- Edgar Alberto Ayala, known as "Pony," and Oscar Ramos Velasquez, known as "Casper" -- started Tuesday with allegations that the men participated in a well-oiled criminal organization responsible for at least six homicides and five attempted killings.

Formed in California by Salva doran immigrants who have spread eastward, MS-13 "is without any doubt a criminal enterprise," Assistant U.S. Attorney Sandra Wilkinson told jurors Tuesday. "The objective of this gang is to kill people."

Dubbed one of the nation's most violent and fastest-growing gangs, MS-13 has a relatively low profile outside of the Washington suburbs. But experts say its strength is growing throughout Maryland as the overall Hispanic population expands its reach beyond Prince George's and Montgomery counties.

"We know that they've moved up into the Laurel area," said Gaithersburg police Detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network. "They keep inching their way north."

Last month, Baltimore County police charged four suspected MS-13 gang members, accusing them in the stabbing deaths of two men whose bodies were found near a school in Arbutus in January. Officials say the killings are the first related to MS-13 activity in the county.

Substantial signs of the gang's activity have also been seen in Howard County. Anne Arundel, Baltimore and Harford counties recently formed new efforts to combat gang activity, concerned in part about MS-13 as well as other violent street groups moving in.

The federal trial under way in Greenbelt is expected to last up to two months, and the inner workings of MS-13 in Maryland might be exposed in a courtroom for the first time. Prosecutors indicted nearly two dozen suspects in the case, including a Baltimore carpenter. Three have pleaded guilty.

The lead prosecutor Tuesday described Velasquez and Ayala as integral players -- or at least knowing bystanders -- in murders, rapes and assaults against gang rivals as well as new recruits between 2001 and this year.

Wilkinson promised to show jurors over the course of the trial how the gang operated nationally and locally.

Showing jurors pictures of both men supposedly flashing gang hand signs in the shape of a claw, Wilkinson described the pair as members of different cliques but bonded by a similar MS-13 mission.

"The cliques are nothing more than franchises," Wilkinson said.

They all pledge allegiance to the gang by attacking sworn rivals, wearing gang colors of blue and white, paying dues, attending meetings and initiating new members through a violent beating ritual that lasts 13 seconds. The head of each clique, the prosecutors said, is known as "the word."

Neither Velasquez nor Ayala was identified as a leader, but Wilkinson said witnesses for the prosecution would finger them as participants or observers in retaliatory murders and gang rapes of teenage girls.

Defense attorneys told jurors Tuesday that being gang members would not be enough to prove the conspiracy charges outlined in the seven-count rack eteering indictment.

"My client never killed any one," Ayala's attorney Gary Ticknor said. "My client has never raped anyone."

The defense lawyers also drew comparisons in the case to a pope who had been a member of the Hitler Youth and a presi dent who had been a member of the Ku Klux Klan, saying that all members are not necessarily guilty of all crimes committed in a group's name.

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MS-13's Primary Goal Is Killing, Prosecutor Says At Start Of Trial (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, September 27, 2006

Members of the MS-13 street gang live by the motto "We kill, we rape, we control" and follow the orders of leaders known as "The Word," a prosecutor said yesterday as the federal racketeering trial of two alleged gang members began.

MS-13, a violent Latino gang also known as Mara Salvatrucha, has rules that include a standing edict to kill rival gang members, Assistant U.S. Attorney Sandra Wilkinson said in her opening statement in U.S. District Court in Greenbelt.

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"The objective of the gang is to kill people," Wilkinson said.

Prosecutors said in court papers that the gang has 10,000 members in 10 states and the District, as well as in El Salvador, Honduras and Mexico. Wilkinson said MS-13 has many cliques, which she compared to business franchises.

Each clique has a leader, "The Word," and each leader has a top lieutenant, "The Second," Wilkinson said.

The defendants, Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 28, of Suitland, are the first two of 19 scheduled to go on trial. They are being tried under the federal RICO law, which was enacted in the early 1970s to target Mafia groups.

MS-13 gang members have conspired to commit murder, rape, kidnapping and robbery and to obstruct justice by attacking or intimidating witnesses, federal prosecutors allege in their original indictment and two superseding indictments.

The original indictment charges the gang with six homicides and four attempted murders between April 2003 and June 2005. Eight of the attacks were in Prince George's County, the other two in Montgomery County.

A superseding murder indictment handed up last week cites an additional case, from January 2005, when, it alleges, two MS-13 gang members fired into a group of youths sitting outside an apartment building in Fairfax County. One man was killed and two juveniles were wounded in that assault.

Neither Velasquez nor Ayala is charged with murder. Neither faces the possibility of the death penalty if convicted, although nine defendants do.

In their opening arguments, defense attorneys for Velasquez and Ayala said prosecutors were trying to convict their clients for the actions of others.

Gary A. Ticknor, Ayala's defense attorney, told jurors that President Harry S. Truman was a member of the Ku Klux Klan for a time. "You can be a member of a horrible organization and be a decent human being," he said.

Richard C. Bittner, Velasquez's attorney, said the government's case against his client amounts to "guilt by association."

According to prosecutors, Velasquez and others accused of being MS-13 members sexually assaulted two teenage girls at a "skipping party" -- in which students ditch school -- May 12, 2003. In her opening statement, Wilkinson said Velasquez wielded a gun during the assault, adding that the victims were 15 and 16 at the time.

Velasquez is also accused of helping assault rival gang members outside a Langley Park nightclub in September 2004 and of attending an MS-13 meeting at which dues were paid.

Ayala is accused of driving with fellow gang members to the Fairfax County apartment building where a man was fatally shot. Ayala is also accused of giving false testimony to a Prince George's grand jury that investigated the beating death of Ashley Antonio Urias in May 2004. Wilkinson said in her initial statement that Ayala was covering up for MS-13 members.

Deaths Of 3 D.C. Teens Shock City (WP)

By Allison Klein And Martin Weil

The Washington Post, September 27, 2006

First there was a 14-year-old shot in the back in a public housing complex. About 13 hours later, police found a lifeless 15-year-old at a construction site. And seven hours after that, a 16-year-old died after he was shot in the head.

The teenagers were found dead in a 24-hour span in the District on Sunday and Monday, raising alarm across the city. D.C. police said none of the three cases appears to be related, but all three are homicides. That raises to 15 the number of slayings of victims in the city this year who were younger than 18. In all of last year there were 12.

Police Chief Charles H. Ramsey said last night that a man, about 50, had been taken into custody in the death of the 15-year-old, Dominick A. Dixon. Ramsey said the man had made a statement about the killing to police.

No arrests have been reported in the other two killings. Police said last night that Dixon's death was a homicide. But they did not say how he was slain, and autopsy results had not been released.

After a search near where Dixon's body was found Monday, police discovered a knife late last night. The youth's mother, Gloria Dixon, said police indicated to her that the small folding knife was "part of the crime."

The teenager's body was found in boxer shorts at a work site near his home. His mother has said she thought he had been strangled. Even after the discovery of the knife last night, she said she had not seen knife wounds on her son's body.

Dixon also said police indicated to her that the man whom they were questioning apparently had been at an abandoned house near where the body was found.

She said she believed she had spoken to the man yesterday. She said the man had expressed sympathy for her son's death and told her, " 'I don't know who could have done this.' "

She added: "Maybe me talking to him made him" give a statement to police

Ramsey said he could not recall a 24-hour period that claimed so many young lives. "You hope it's something that's just an aberration," said Ramsey, in his ninth year as chief.

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All but two of this year's juvenile victims were teenagers. The others were a 2-year-old boy and a five-month-old boy. Only one victim was female: Cynthia Gray, 17, killed last month after shielding her godson from bullets on a Southeast Washington street.

The uptick in juvenile homicides echoes the horrific toll of 2004, when 24 youths were slain in the city, causing great concern among residents, community activists, D.C. police and the D.C. Council, which held a hearing that explored the root causes of youth violence.

Two adults were slain in the same 24-hour stretch this week.

The burst of violence comes toward the end of the city's crime emergency, which was declared in July after a spike in homicides and robberies. As part of the emergency, the city pushed back its juvenile curfew to 10 p.m., and police got $8 million for overtime and increased patrols across the city.

Ramsey and other police officials said the steps have had an impact on street violence. But he said he is not ready to ask for the crime emergency to be prolonged and added: "This runs a whole lot deeper than police deployment."

Mayor Anthony A. Williams (D) said yesterday that he expects to extend the earlier curfew hours when they expire tomorrow and to introduce legislation to extend other provisions of the crime emergency legislation.

Council member Adrian M. Fenty (D-Ward 4), the Democratic mayoral nominee, said in a statement that he wants more than short-term fixes. He voted last summer against the crime emergency package.

Council member Marion Barry (D-Ward 8) is planning a candlelight vigil tonight at the site of the first in the spate of homicides, which happened Sunday night in the 3400 block of 13th Place SE.

Police said 14-year-old Andre Pee and 32-year-old Curtis Watkins were fatally shot about 11 p.m. on the dead-end block, which is notorious for drug dealing and gunfire. A 15-year-old was slain on the same block on New Year's Eve.

Pee had just started his first year at Ballou Senior High School. Police said they had picked him up twice this year for curfew violations.

On Monday, while authorities were sorting out what happened to Pee and Watkins, police were called to the work site near 51st Street and Sheriff Road NE, and found Dixon. He had been missing since Saturday. A family friend had found him with purple marks around his neck and wrists.

Dixon began the school year at Ronald H. Brown Middle School but was to start classes this week at Spingarn Senior High.

Police have released few details about his death.

The third juvenile victim was CeQuawn Brown, 16, who was found shot in his head in the 5300 block of Astor Place SE at 7:20 Monday night.

His mother, Nika Brown, said she had moved her son out of that neighborhood about a year earlier because she didn't think it was a safe place for him. But he went back there because that's where his friends were, she said.

Brown said she believes her son, an 11th-grader at Eastern High School, was targeted by someone in the neighborhood with whom he had an ongoing dispute.

"I just think that society is going against one another and taking matters into their own hands," Brown said.

The fifth killing in the 24-hour stretch happened Monday night, when William Downing, 25, of the 300 block of 44th Street SE was discovered in the 1900 block of 17th Street about 11:40 p.m.

Ronald Moten, co-founder of Peaceoholics, said yesterday that he thinks school being back in session is contributing to the violence. "A lot of people are clashing with each other, they are seeing each other again," he said. "When school starts up, they have to cross different paths and things are ignited once again."

Copper Thieves Get Killed Cutting Into Power Lines (USAT)

By Wendy Koch

USA Today, September 27, 2006

At least seven men in five states have been fatally electrocuted since July while hacking through power lines to steal wire made of copper, which has been commanding near-record prices, police say.

“It is a growing problem with the rise in the price of metals,” says Lt. Shea Smith of the Greenville County Sheriff's Office in South Carolina. Smith says one thief died Aug. 30 and another July 7. Both were found with wire cutters and other tools that suggested their intent. He says at least 30 more copper thefts have occurred in the county so far this year.

Nationwide, police report copper thieves stealing wires from air conditioning units, exposed pipes from underneath homes, vases from graveyards in Sumter, S.C., and bells from a church in Yonkers, N.Y.

“It's surprising to find two deaths in such a short time frame,” Shea says. “Most people who steal copper find the easiest way to do it,” such as taking it from a construction site.

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"It's three (deaths) this year alone" in Detroit, says 2nd Deputy Chief James Tate of the city's police. On Monday, he says, the body of Walter Marihugh, 24, was discovered after he apparently tried to cut cables from a public lighting box in a vacant lot. Tate says a similar electrocution occurred two months ago and a third earlier in the year.

Police have reported three deaths since July in Fort Worth, Pineville, W.Va., and Aurora, Colo. There are no national figures, but the number of copper thefts and related deaths is "probably at the highest level it's ever been," says Kenneth Geremia, spokesman for the Copper Development Association, a trade group. He says copper is completely recyclable and can sell for $3 a pound at scrap yards. Demand from China, India and other countries for copper for use in housing and industry has doubled the metal's value in a year.

Thieves don't always take precautions.

"It's a Russian roulette kind of situation. If they cut the wrong wire, they're at risk," says Stan Partlow, director of physical security for American Electric Power, a utility with 5 million customers in 11 states.

He says a rise in thefts from its power lines and substations has left the public and utility workers with power outages, loose wires or exposed equipment and has caused the deaths of two thieves in Boone County, W.Va., and Pike County, Ky.

"It's very difficult" to tell if scrap copper is stolen, because much of it is very commonly used material, says Bryan McGannon, spokesman for the Institute of Scrap Recycling Industries, an association of 3,000 scrap yards. He says workers are trained to look for stolen items, and his group alerts scrap dealers by e-mail of large thefts.

Man Charged In Fake-robbery Scams (PHI)

By John Shiffman

The Philadelphia Inquirer, September 27, 2006

A Philadelphia man was charged yesterday with staging fake armed robberies in scams that netted $385,000 from the state's victim-assistance program.

David Toomer, 36, is accused of staging robberies from 2000 to 2002, then enlisting the help of a former accomplice, an unnamed chiropractor, to help him stage fake accidents this year.

The money Toomer netted was about half of the $385,000 he sought to fraudulently obtain, said U.S. Attorney Patrick L. Meehan, who announced the charges yesterday at a news conference outside the state victim-assistance office on Cherry Street.

"When you steal from this program, you contribute to the suffering of crime victims," Meehan said. "The compensation program exists to ease the burden of those victims."

The state crime victim-assistance program was created in 1976 and offers up to $35,000 to help victims and their families cope with injuries.

Toomer's first alleged scam occurred in September 2000, when he told Philadelphia police that he had been robbed of $10,000 worth of jewelry and $1,000 in cash. He obtained $35,000 from the victim-assistance fund.

In April 2001, authorities said, Toomer repeated the crime, enlisting three others to act as additional victims. Each received $35,000 from the victim fund.

In April 2002, Toomer allegedly staged his third crime - a mugging at gunpoint in which he and four others were supposedly beaten. Each supposed victim netted $35,000.

Toomer was arrested by the FBI on April 28 in the parking lot of the Holiday Inn on Packer Avenue as he allegedly conspired with an unnamed chiropractor to stage a fake accident.

By then, the chiropractor had begun cooperating with authorities, according to an affidavit by FBI Agent Therese Nestor, and had been audiotaped and videotaped discussing the scam.

Assistant U.S. Attorney Lewis D. Lappen filed a criminal information against Toomer yesterday, a process prosecutors often use when a defendant is expected to plead guilty.

Also yesterday, federal authorities charged a mortgage broker with defrauding mortgage companies. Nicholas Piscitelli, 39, of Broomall, owns Old City Mortgage in Philadelphia.

He was accused of creating a fake company to give mortgage companies the false impression that certain customers had good credit.

Feds Charge Repeat 'Victim' (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 27, 2006

Federal prosecutors yesterday charged a Philadelphia man with staging fake armed robberies to defraud the state's Crime Victims Compensation Assistance Program to the tune of $175,000.

The program reimburses crime victims for medical expenses not paid by health insurers for injuries suffered in the crime.

The feds alleged that David Toomer, 36, of Watkins Street near S. 22nd Street, faked four robberies in which he claimed he and others were the victims.

Toomer, who used at least two aliases during the alleged scheme, was charged with mail fraud and health-care fraud. His attorney said yesterday that Toomer plans to plead guilty.

The scheme lasted from September 2000 until April 28 this year, the feds said.

In September 2000, Toomer allegedly told cops that two armed men rear-ended his car and robbed him of $10,000 in jewelry, $1,000 cash and credit cards.

On another occasion, in April 2001, Toomer used an alias, "David Garvin," and allegedly told cops that he and three companions had been accosted by seven males outside a bar and robbed of cash and jewelry. He told officers that one of the perps had wielded a gun, the charging papers said.

Toomer would report the fake armed robberies to police, who then processed the necessary paperwork to support his claims.

He would then file claims with the victims-compensation fund to recover medical expenses for injuries he claimed to have suffered in the fake crimes.

The state fund caps individual benefits at $35,000.

The feds said Toomer aimed to collect $385,000 in benefits intended for real crime victims, but the scheme actually netted about $175,000.

"When you steal from this program, you contribute to the suffering of crime victims," said U.S. Attorney Patrick Meehan. "The compensation program exists to ease the burden of those victims. This is a theft against them."

The feds said Toomer also arranged to stage two fake vehicle accidents involving numerous "victims" in a separate scheme in April to defraud insurance companies.

Toomer used various healthcare providers including three doctors and at least one hospital, the feds said. The providers were identified only by their initials.

Unbeknownst to Toomer, one provider was a local chiropractor cooperating in the investigation.

Toomer made arrangements with the chiropractor to bill insurers for medical treatment that purportedly would be provided to the phony accident victims.

According to the feds, Toomer agreed to split the proceeds with the chiropractor.

Toomer later arranged to obtain two vehicles and auto insurance for the scheme. When he couldn't get the second vehicle, Toomer had the chiropractor deliver a vehicle to him. That's when FBI agents arrested him.

Authorities said the investigation is continuing. Toomer is out on bail.

Feds: Seven Scammed Katrina Aid (DEN)

Detroit News, September 27, 2006

About $30K in relief funds were accepted by residents of Metro area to buy drugs, cars, U.S. says.

Five Detroit-area women, an Indiana man and a Mississippi woman fraudulently obtained nearly $30,000 in relief money intended for Hurricane Katrina victims and used the cash to buy cars, narcotics and other items, the federal government alleged in criminal complaints filed Tuesday.

"Disasters and crises of this nature most often bring out the best in people," said Detroit U.S. Postal Inspector D.L. Carter, whose agency investigated the alleged crimes.

"Unfortunately, they also bring out the worst."

Charged with fraud are: Pamela L. Reason, 45, of Detroit; Krystal P. Hubbard, 23, of Southfield; Curtisine Ingram, 52, of Detroit; Krystal J. Young, 21, of Detroit; Andrea J. Johnson Reason, 53, who recently moved from Detroit to Indiana; Dwight V. Reason, 35, of Bloomington, Ind.; and Patricia A. Hubbard, 48, of Bude, Miss.

None was directly affected by the Aug. 29, 2005, storm that slammed the Gulf Coast, killing more than 1,800 people and leaving tens of thousands homeless, the government alleges.

But each obtained between $2,000 and $12,750 in Federal Emergency Management Agency aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to complaints filed in U.S. District Court.

Two of the women -- Johnson Reason and Ingram -- told investigators they used some of the Katrina money to buy narcotics, according to the complaints and Carter.

Other items allegedly purchased with the $28,182 include two cars, clothing, eyeglasses and food.

Young, who said she used some of the $12,750 she received to buy a car and pay living expenses, told The Detroit News she got involved in the fraud because others she knew were doing it.

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"Everybody was in my ear," about obtaining the benefits, she said after her arraignment.

"I feel bad for what I did."

The accused were released and ordered to return to court Oct. 16.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

7 Charged With Obtaining Fraudulent Katrina Relief From FEMA (AP)

AP, September 27, 2006

DETROIT -- Seven people have been charged with fraudulently obtaining nearly $30,000 in relief money intended for Hurricane Katrina victims.

In criminal complaints filed Tuesday in U.S. District Court in Detroit, federal authorities accused the suspects of using the money from the Federal Emergency Management Agency to buy cars, clothing, drugs and other items.

"Disasters and crises of this nature most often bring out the best in people," said U.S. Postal Inspector D.L. Carter, whose agency investigated the case. "Unfortunately, they also bring out the worst," he told The Detroit News.

Among those charged with fraud are: Pamela L. Reason, 45, of Detroit; Krystal P. Hubbard, 23, of Southfield; Curtisine Ingram, 52, of Detroit; Krystal J. Young, 21, of Detroit; Andrea J. Johnson Reason, 53, who recently moved from Detroit to Bloomington, Ind.; Dwight V. Reason, 35, of Bloomington, Ind.; and Patricia A. Hubbard, 48, of Bude, Miss.

Authorities said none of the suspects was directly affected by the Aug. 29, 2005, hurricane that slammed the Gulf Coast, killing more than 1,800 people and leaving tens of thousands homeless. But each obtained between $2,000 and $12,750 in FEMA aid, mainly by falsely claiming they lived in New Orleans when the storm hit, according to the complaints.

The suspects were ordered to return to court Oct. 16.

Ex-paper Chief Sent To Prison (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 27, 2006

Former head of American Tissue in Hauppauge gets 15 years for $300M fraud that cost 4,700 jobs

The former head of a Hauppauge-based national paper manufacturing conglomerate was sentenced yesterday to 15 years in prison for a $300-million fraud involving his firm, American Tissue, which was once the nation's fourth-largest producer of paper towels, tissues and toilet paper.

Mehdi Gabayzadeh, 62, of Great Neck also was ordered to make restitution of $65 million and serve five years' supervised release by U.S. District Judge Joanna Seybert in Central Islip.

Gabayzadeh was convicted last year of fraud, conspiracy to commit perjury, and obstruction of justice in the scheme, which cost investors and suppliers $193million - after his company's assets were liquidated in bankruptcy - and resulted in the loss of 4,700 jobs, 800 on Long Island.

"I'm very sorry for my family and the United States of America for my criminal conduct," Gabayzadeh said before he was sentenced.

Gabayzadeh, a paper manufacturer in his native Iran, fled that country after the fall of the shah in the 1970s and began a relatively small operation in Hauppauge, which mushroomed in size, acquiring many small paper manufacturers around the country and selling $1-billion worth of goods a year. One of the companies he took over, AmPad, is credited with inventing the yellow legal pad.

But a drop in paper prices resulted in sharp financial losses that Gabayzadeh attempted to cover up by lying to lenders, and then to creditors after the company was forced into bankruptcy, according to prosecutors.

Among the scams: moving huge toilet-paper manufacturing machines between Mexican and U.S. locations, ahead of creditors seeking to seize them; fabricating fraudulent sales and inventory documents to obtain loans; and lying as well as getting employees to lie to investigators.

Gabayzadeh could have theoretically been sentenced to life in prison because of the large monetary loss to investors and suppliers under advisory sentencing guidelines.

Federal prosecutors and probation officials had recommended that Gabayzadeh be sentenced to 20 years. Defense attorneys urged 10 years on the grounds that Gabayzadeh was ill with heart problems, diabetes and bipolar disorder.

A number of his former employees wrote to the court asking for the stiffest possible sentence for Gabayzadeh.

One of them, Gerard Coulombe of New Berlin, N.H., said that after Gabayzadeh's former paper mill there was forced to close, a number of his 800 employees went bankrupt themselves and were forced to sell their homes. Several also found that they owed tens of thousands of dollars in medical bills, Coulombe said. They had been paying medical premiums to the mill's

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self-insurance plan, but there were no funds after the bankruptcy, Coulombe said, adding that the small town itself has been devastated by the loss of workers who have been forced to find employment elsewhere.

A new firm has taken over the plant's operation, but it employs only 350 workers, said Coulombe, who was a millwright at the plant and is now the head of the local chapter of the United Steel, Paper and Forestry Workers union.

In imposing the sentence, Seybert said that the federal prison was capable of caring for Gabayzadeh's illnesses. "The purpose of this sentence is to [show] that white-collar crime hurts as much as blue-collar crime," Seybert said.

Afterward, Gabayzadeh's attorneys, Raymond Perini and Benjamin Brafman, said he might consider an appeal.

Brafman said he found the sentence too harsh, "but post-Enron we have come to expect double-digit sentences in white-collar crimes."

Federal prosecutors James Miskiewicz and John Martin declined to comment.

In a telephone interview, after the sentence was imposed, Coulombe said: "For what he did, 20 years was not enough. He should have gotten life."

He Destroyed North Country Mills, Now He's In Jail (MANUL)

By Lorna Colquhoun, Union Leader Correspondent

Manchester Union-Leader, September 27, 2006

Berlin – Five years after he declared bankruptcy that forced the closure of two North Country paper mills, the CEO of what was once the fourth largest tissue maker in the country was sentenced yesterday in a New York court for a $300 million fraud scheme.

Mehdi Gabayzadeh, 61, who was simply known in the region with a bite of disdain and loathing as "Mehdi," was the owner of the pulp mill in Berlin and the paper mill in Gorham.

He will spend the next 15 years in a federal penitentiary, must make $65 million in restitution and will be on probation for five years after he serves his prison term. He could have faced up to 60 years.

"It's not enough time, but we have to put it behind us and move on," said Gorham Town Manager Bill Jackson.

"It was more than I expected him to get, but it wasn't enough," said Berlin Mayor Bob Danderson. "I'd like to see him spend the rest of his life there because that's what he deserves. He exemplifies the worst of American greed."

Gabayzadeh was convicted in April 2005 in U.S. District Court in Islip, N.Y., on eight counts of bank and securities fraud and conspiracy.

His sentencing hearing was postponed a number of times for health reasons. His attorneys said Gabayzadeh suffered diabetes, high cholesterol, depression and bipolar schizophrenia that caused him to lose 60 pounds after his trial and had asked for leniency in sentencing.

"To think this guy is depressed," U.S. District Court Judge Joanna Seybert said of Gabayzadeh. "He has no idea what depressed is."

The summer of 2001 was one of uncertainty and apprehension in Berlin and Gorham, communities whose roots are in the paper industry. Paychecks and tax payments bounced and other financial obligations were not met. Gabayzadeh was accused of inflating sales and inventory to obtain loans to keep the company going.

In late August 2001, the pulp mill, followed by the paper mill, shut down, putting nearly 900 people out of work.

Yesterday's sentencing was a relief, said Gerry Coulombe, president of the paper workers union.

"At least he got something," he said. "I wish he had gotten more time."

Prior to sentencing yesterday, Gabayzadeh apologized, according Newsday.

"I'm very sorry to my family and to the United States of America," he said. "I'm very embarrassed; I beg for mercy." The newspaper also reported that the court received more than 100 letters from millworkers and others before the sentencing hearing.

Jackson wrote two of those letters, on behalf of the town of Gorham; Coulombe wrote another last May.

"My fellow brothers and sisters were devastated by Mehdi and his illegal actions of lying and stealing their medical insurance, vacation pay and other monies owed to them," Coulombe wrote. "This man was responsible for the breakdown of so many people's lives here in the North Country."

The union workers were among 2,700 people in Wisconsin, Vermont and Tennessee who lost their jobs when the mills closed.

The mills in Berlin and Gorham were bought by Fraser Paper in May 2002 and eventually both reopened, with a smaller work force. The pulp mill, which had dominated the economy and landscape of Berlin, closed permanently last May.

"We had hoped the judge would not show any leniency because of the damage he has done to families in Berlin and Gorham," Jackson said. "They deserved that satisfaction. He never apologized."

Defense attorney Raymond Perini portrayed Gabayzadeh as a hard-working Iranian immigrant duped by others, but Assistant U.S. Attorney John G. Martin said in his closing arguments it was "simply unreasonable to believe, to accept or even consider that the CEO ... simply steps back and doesn't get involved."

Coulombe said yesterday afternoon that there has been great anticipation around Gabayzadeh's sentencing.

"People have been very curious -- people have been stopping me on the street to ask about it," he said. "This is something that affected the whole city and the whole North Country. It has finally come to an end. I wish he could have gotten more time."

Danderson was curious to know where Gabayzadeh would serve his prison time. One of the initiatives that came about after the closure of the mills in 2001 was bringing a federal prison to Berlin, a project that could break ground at the beginning of the year.

The Associated Press contributed to this report.

Former American Tissue CEO Sentenced To 15 Years (AP)

By Frank Eltman, The Associated Press

AP, September 27, 2006

CENTRAL ISLIP, N.Y. – The former CEO of one of the nation's largest makers of paper products was sentenced Monday to 15 years in prison after being convicted last year of engineering a $300 million fraud in a fruitless bid to save the failing company from bankruptcy.

In seeking a stiff sentence, prosecutors had compared Mehdi Gabayzadeh's misdeeds to those of better-known white-collar corporate criminals, including Adelphia Communications Corp. founder John Rigas and former WorldCom Corp. chief Bernard Ebbers.

"The purpose of this sentence is to demonstrate that white-collar crime hurts just as much as blue-collar crime," said U.S. District Court Judge Joanna Seybert.

Gabayzadeh was convicted in April 2005 of all charges in an eight-count indictment, including bank and securities fraud and conspiracy, following a nine-week trial on Long Island.

His sentencing had been delayed numerous times because Gabayzadeh suffers from several ailments, his attorneys said.

They sought to have his sentence reduced because of his health. Those efforts continued Monday with defense attorneys saying that Gabayzadeh suffers from diabetes, high cholesterol and bipolar schizophrenia, and that he has lost more than 60 pounds since his conviction.

But Seybert said to him, "I can't predict how long you're going to live any more than the court could predict how long Mr. Rigas would live, any more than anyone could have predicted how long Mr. Lay was going to live."

Kenneth Lay, the disgraced founder of Enron, died in July, several weeks after being convicted of fraud.

Gabayzadeh was ordered to pay $65 million in restitution and sentenced to five years' probation after his prison term.

Gabayzadeh, 61, of Great Neck, was accused of swindling banks, financial institutions and investors of nearly $300 million while he was chief executive officer of American Tissue Inc., once the nation's fourth-largest maker of toilet tissue and other paper products.

He was accused of inflating American Tissue sales and inventory in an effort to defraud a group of banks that loaned the company $145 million, and bondholders who in 1999 purchased $165 million in American Tissue bonds.

The company's failure caused mills in Berlin and Gorham, N.H., to close in September 2001.

Prosecutors estimated 2,700 people across the country, including Wisconsin, Vermont and Tennessee, lost their jobs.

"I'm very sorry to my family and to the United States of America," Gabayzadeh said before being sentenced. "I'm very embarrassed; I beg for mercy."

Another company reopened the mills in June 2002, but in May 2006, the Berlin mill was permanently closed after the operator cited rising costs of wood, energy and chemicals.

The mill workers' union and others wrote to the judge, hoping she understood how Gabayzadeh's crimes affected individual workers and their families.

Seybert, who said she received more than 100 letters, alluded to one from a single mother who said she was being evicted from her home and wondered how she would feed her children after losing her job at one of Gabayzadeh's plants.

"To think this guy is depressed," Seybert said of Gabayzadeh. "He has no idea what depressed is."

Gabayzadeh's participation in a series of complex deals – including the creation of phony documents indicating the company had sold million-dollar pulp contracts that didn't exist – ultimately led to American Tissue's collapse.

"Like Gabayzadeh, Rigas lied to public investors about Adelphia's financial and operational performance," U.S. Attorney Roslynn Mauskopf wrote in a pre-sentencing letter. "Like Gabayzadeh, Ebbers claimed at trial that the frauds at his company were perpetrated solely by his employees, including the company's CFO, and that he was unaware of them."

Defense attorney Raymond Perini portrayed Gabayzadeh as a hardworking Iranian immigrant duped by others, but Assistant U.S. Attorney John G. Martin said in his closing arguments it was "simply unreasonable to believe, to accept or even consider that the CEO . . . simply steps back and doesn't get involved."

The bogus deals were documented in part to help American Tissue keep open a revolving line of credit it enjoyed with LaSalle Bank of Chicago, prosecutors said.

Without the line of credit, the company was doomed to fail, according to Ed Stein, the company's former chief financial officer who testified for the prosecution after pleading guilty to two federal charges of securities and bank fraud in 2003.

Ex-Paper Chief Gets 15-Year Term In Fraud (NYT)

By Bloomberg News

The New York Times, September 27, 2006

The former chief executive of American Tissue, Mehdi Gabayzadeh, was sentenced yesterday to 15 years in prison for organizing a fraud that cost banks and investors almost $300 million when the paper manufacturer collapsed.

Judge Joanna Seybert of Federal District Court in Central Islip, N.Y., who sentenced Mr. Gabayzadeh, also ordered him to pay $65 million. Mr. Gabayzadeh was convicted of eight criminal charges, including conspiracy and wire fraud, after a 10-week trial last year.

"This case involved a massive corporate fraud and breach of trust that led to the bankruptcy of a major corporation, hundreds of millions of dollars in losses to lenders and investors and the elimination of jobs for thousands of former employees," Roslynn R. Mauskopf, a United States attorney in Brooklyn, said in a statement.

Prosecutors said Mr. Gabayzadeh, 61, inflated American Tissue's accounts receivable and net income in an effort to defraud both a group of banks that loaned the company $145 million and the purchasers of $165 million in bonds from American Tissue, based in Hauppauge, N.Y.

Mr. Gabayzadeh's lawyer, Raymond Perini, did not return a call seeking comment.

Money Laundering Conspiracy Sends Man To Prison (LYNNA)

Lynchburg (VA) News & Advance, September 27, 2006

A New York man will serve one year and eight months in prison for his role in an investment scheme that bilked a Lynchburg resident out of more than $385,000.

Dennis Testa, 47, of Queens, was convicted in March of conspiracy to commit money laundering. He was sentenced Friday in U.S. District Court in Charlottesville.

Testa will be ordered to pay some restitution, but the exact amount hasn't yet been set, according to Heidi Coy, spokeswoman for U.S. Attorney John Brownlee.

A co-conspirator, Nicholas Lanza, 44, of Staten Island, was convicted in March of the same offense. He was sentenced Sept. 1 to 2½ years in prison and ordered to pay $30,000 in restitution.

The pair's scheme began in 1997, according to the U.S. Attorney's Office. They used a bank account, mailing service and phone-answering service to fool people into thinking they were purchasing stock for a New York company.

The company didn't exist. Checks sent in by the victims paid for the services used to keep up the ruse while the rest were made out to cash or to the defendants.

The Lynchburg resident was the biggest victim of the scam. In all, the pair took more than $400,000 from seven people in five states.

How A Reviled Court System Has Outlasted Many Critics (NYT)

By William Glaberson

The New York Times, September 27, 2006

"A farce in these days," Gov. Alfred E. Smith pronounced New York State's town and village courts in 1926.

"An outworn system," said his successor, Franklin D. Roosevelt, not long after a state commission called it "a feeble office respected by no one." A few years after that, another commission said the local court system had "lost all contact with reality."

In all, at least nine commissions, conferences or other state bodies — including representatives of both major political parties and all three branches of government — have denounced the local courts over the last century, joined by at least two governors and several senior judges.

Their language has often been blistering, and their point has been the same: These courts, with their often primitive trappings and amateur judges, are an anachronism that desperately needs to be overhauled or discarded.

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Although they are key institutions of justice in more than 1,000 small towns and suburbs across New York, trying misdemeanor cases and lawsuits, a vast majority of the justices who run them are not lawyers, and receive only a few days' legal training. The justices are often elected in low-turnout races, keep few records and operate largely without supervision — leaving a long trail of injustices and mangled rulings.

Yet these justice courts, as they are known, remain essentially as they were when New Yorkers started complaining nearly a century ago. In recent weeks, state officials have decided to take some steps to increase training, supervision and record-keeping. But the cries for any sweeping change have all but died out over the last few decades, even as the abuses have continued.

One way to understand why a much-criticized institution has come to seem so entrenched is to revisit three big battles over the justice courts. In each, the people seeking to change the system tried in a different arena: the Legislature, the voting booths and the higher courts. And each time, their defeat was so stinging that it effectively killed any further discussion there:

¶In 1962, state leaders accomplished something they had been trying to do for more than a century, revamping a state court system that was badly out of date. But in several back-room political maneuvers, they left the justice courts untouched, passed the task of altering the system to local governments, and added a maze of procedural barriers that made any major change difficult.

¶In 1967, local activists took up the cause in Rockland County, one of the few counties where a push to replace the justice courts made some headway; a referendum was held on the issue. But a fiercely emotional campaign vanquished the proposal, and helped create a sense in other counties that fighting the system was futile.

¶And in 1983, a challenge to the system's constitutionality reached the state's highest court, the Court of Appeals. Attorneys for an upstate teenager facing a jail sentence argued that the right to a lawyer, guaranteed by the Constitution, was meaningless if the judge lacked the training to understand the lawyer's arguments.

That appeal failed by a single vote. New Yorkers, the majority on the seven-member court decreed, do not have to be tried by a judge schooled in the law — a ruling that has stood ever since.

In interviews, people who were deeply involved in these episodes — including political deal-making that took place out of public view and was never reported — pointed to a battery of forces that have doomed change: The powerful idea that communities should choose their own destinies, including their own judges. The considerable costs of updating courtrooms and hiring lawyers to preside. The always-popular calls to keep lawyers out of people's lives. And, not least, the power of the justices, who are often important players in local politics, wired into the same party mechanisms that produce the state's lawmakers, judges and governors.

Dale C. Robbins, a former Republican supervisor of Busti, a small town in western New York, said he and others who tried to replace the justice courts in the 1990's ran into a buzz saw of resistance from local justices fighting for their jobs, and something of a populist uprising fueled by suspicion of the lawyers who would be judges in any new system.

He said the defeat was typical of the gridlock on many big issues in New York. "Nothing gets done," he said. "Who wants to face this battle when there are so many other battles you have to fight?"

A Moment in Albany

It was January 1959. The new governor and political star, Nelson A. Rockefeller, was making his first address to the Legislature in Albany. "The highest priority" of his administration, he promised, would be modernizing the state court system.

Court reform, he knew, was a popular issue he could ride, yellowing papers in the Rockefeller archive show. People across the state were sick of the slow, confusingly organized system and the patronage appointees — many of them unqualified, unresponsive or corrupt — who filled it from top to bottom. Complaints that had been pouring in for decades had reached critical mass in recent years, as the latest state panel to tackle court reform, known as the Tweed Commission, drew up detailed proposals for change.

Soon after his speech to lawmakers, Governor Rockefeller appointed his young counsel, Robert MacCrate, to draw up amendments to the State Constitution that would be needed to reorganize the courts, and then to marshal support in the Legislature.

But Mr. MacCrate quickly learned that the lowliest part of the court system posed one of the highest political hurdles.

Governor Rockefeller, with his elite background and downstate roots, had to be careful not to offend the rural upstate powers in his own party, whom he was trying to convince that he was a real Republican. And, Mr. MacCrate said in an interview for this article, any effort to change the justice courts, a prime source of the party's patronage, would be "really shaking the tree."

Upstate Republicans often spoke as if criticism of the system was an attack on a way of life. "You boys from New York City have never seen a justice court," State Senator Austin W. Erwin, a central player in the courts battle, said during a debate that year. "These justices are the backbone of honest-to-God human justice in our state."

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Governor Rockefeller, for all his talk of change, was surrounded by staunch defenders of the justice courts. Many were former justices, including Senator Erwin and L. Judson Morhouse, then the state Republican chairman and one of the governor's earliest supporters.

The justices of the peace "were inside the system," Elizabeth T. Schack, who led the League of Women Voters' lobbying for court reform, said in an interview. Back in the legislators' districts, too, the justices were powers to be reckoned with. "They were often people of importance and influence" who knew the lawmakers personally, Mrs. Schack said. "And you don't like to go up against your friends."

Most important, Mr. MacCrate said, upstate Republicans held such power in the Legislature that the administration knew that court reform could not pass without them. "We would find a way to bring them around," he said.

They didn't have to find a way; it came to them. Mr. MacCrate said that Fred Young, an influential state Court of Claims judge whom Governor Rockefeller would later choose as state Republican chairman, soon approached with an offer.

"Bob, if you take out that provision about abolishing the justices of the peace," Mr. MacCrate recalled him saying, "I'll have the votes for you" to approve statewide court reform that day or the next.

The deal was made.

That breakthrough would allow the entire court structure in New York to be streamlined and brought for the first time under centralized control. Yet while it included a requirement that local justices receive some basic training, it largely ensured there would be no other change in the biggest piece of the system: the hundreds of town and village courts.

"That was a turning point in terms of understanding how strong the opposition was," recalled Fern Schair, the former chairwoman of the state's leading court-reform group, the Committee for Modern Courts.

But the justices and their supporters did not stop there. To keep future legislatures from tampering with the system, they persuaded the administration to adopt language requiring a local referendum for any move to replace the town courts with more professional district courts. And for that referendum to pass, a simple majority of votes would not suffice; whether in a county or part of one, the proposal would have to win separate majorities in both urban and rural areas, so city dwellers could not impose modern courts on their country neighbors.

Even that, it turned out, was not enough. A year later, as Mr. MacCrate moved to secure approval from lawmakers, supporters of the justice courts demanded a provision requiring a majority vote in each town, Mr. MacCrate wrote in a memo. Towns where the referendum was defeated would be left out of any new system — a complication that would further discourage any reform effort.

They got their provision.

New Yorkers approved the court-reform amendment at the polls, and to this day, those protections for the justice courts are enshrined in the State Constitution. No place in New York has replaced its town and village courts since western Suffolk County began a district court system in 1962 — the year Governor Rockefeller signed his reforms into law.

A Showdown in Rockland

"If you oppose 'school busing,' Expanded Welfare, Down zoning, Charter Government, Mob rule legislation, Crime in the Street, Black Power," vote no on Proposition No. 1, said the newspaper advertisement by the Conservative Party.

But Proposition No. 1 was not about any of those things. It was a ballot proposal to replace justice courts with a system of district courts in which the judges would be lawyers. After all the battles in Albany, it was the people's turn to decide.

This was 1967 in Rockland County, a rural place fast becoming a suburb as new residents arrived by the carload from nearby New York City. Some newcomers were alarmed by their encounters with eccentric justices who could wield sweeping powers over people's lives.

"The feeling was, they weren't professionals and they were too closely connected to people who brought their cases to court," Gloria English, a New City resident who worked for the proposal as a member of the League of Women Voters, said in a recent interview. "They often heard their friends' cases."

The league had several potent allies, including the county bar association and some leaders of both major political parties. The Democratic Party sponsored an ad saying it was high time the courts were modernized. The leading newspaper in the county ran editorials urging that the justice courts be brought into the 20th century.

On the other side were the justices and their supporters, including leaders of the county Conservative Party. They warned that the fancy new courts and their lawyer judges would cost more. The bar association estimated that expense at about $200,000 a year countywide, about $50,000 more than justice courts cost at the time. "I used that to bring to the attention of people: 'It's just another boondoggle,' " William E. Vines, then a justice in Clarkstown with a local insurance business, recalled in a recent interview.

There was also grass-roots backing for the justice courts, particularly among longtime residents. Arnold Becker, who was county public defender, said some people felt that familiar local justices would be more lenient than professional district judges.

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But the campaign also played on emotions that had little to do with law or money.

The referendum's opponents were not shy about fanning resentment toward outsiders. The warnings about mob rule and black power spoke to fears about turmoil in the cities, and about the city people moving in. There were stirring appeals to patriotism.

"Justice courts are as much of your American heritage as those Stars and Stripes," one justice told a group of Jaycees two weeks before the election. "Don't let them take it away."

Adele Garber, then a young mother who had moved up from Queens and gone door to door on behalf of the ballot proposal, said that kind of passion easily overpowered her side's arguments about fairness and efficiency. Voters without a vested interest in the justice courts, she said, did not seem to care much.

"It's not a nice, sexy issue," she said.

The referendum lost by a 2-to-1 ratio.

Mrs. Garber said the experience left her cynical, and she was not the only one. The Rockland vote and similar defeats in other counties helped create the impression that such fights are impossible to win.

Because of a change in state policy since then, if a county adopted a district court system today, the state would pick up the cost. Statewide, that expense could be significant, perhaps tens of millions of dollars.

County governments, though, might save millions by consolidating their many justice courts into fewer, more centralized district courts. But change has been stymied.

Keith D. Ahlstrom, chairman of the Chautauqua County Legislature, said that while he and others have long seen a need to modernize the courts there, the referendum process was so cumbersome it would almost certainly fail. For now, he and other officials are backing a state bill that would permit a few justice courts to merge to cut costs.

"We need to have a small success," he said.

A Near-Miss in Court

The case was unremarkable: a teenager was arrested in Conesus, near Rochester, in 1981 and charged with menacing and trespassing. He was identified only as Charles F. because he was a minor. He faced up to a year in jail.

But his lawyer, J. Michael Jones, saw that the case had the potential to bring down the justice-court system in New York, and possibly in other states. The United States Supreme Court had ruled 20 years earlier that any defendant facing a jail sentence was entitled to a lawyer. But what good was that right, he asked, if the judge — like the town justice Charles F. faced — could not follow the lawyer's arguments?

In a recent interview, Mr. Jones recalled that he spent thousands of dollars out of his own pocket taking the case through the appeals courts. "I thought this was a perfect opportunity for us to upgrade the local court system," he said.

The time seemed ripe. In recent years, there had been a nationwide movement to recognize defendants' rights. Justice courts around the country had been revamped after a 1967 presidential crime commission noted their long record of "incompetence."

Some of the biggest changes were prompted by the courts. In 1974, the California Supreme Court ruled that imprisonment by a judge who did not have legal training was a violation of due process, and essentially ordered an end to the state's justice courts.

"It seemed there was an opportunity, a movement afoot that was going to provide a court remedy where there had never been a legislative solution," said Rene H. Reixach Jr., a Rochester lawyer who wrote a friend-of-the-court brief in the Charles F. case for the New York Civil Liberties Union.

A United States Supreme Court ruling in 1976 appeared to offer the means for challenging New York's system. The court upheld the jailing of a Kentucky man by a justice who was a coal miner with no legal training, but only because state law guaranteed defendants tried by nonlawyer justices the automatic right to a new trial before a judge who was a lawyer.

In New York, however, there is no such right. A defendant can ask a county judge to take the case, but the judge can refuse — as happened in the Charles F. case.

When the case reached the state's top court, the Court of Appeals, in 1983, Charles F.'s lawyers argued that in an era of increasingly complex legal protections for defendants, it was basic fairness that a person facing jail should have a judge trained to understand those protections. At the court's chamber in Albany, Mr. Jones remembered, "we had lawyers from New York City who couldn't believe we had this system."

The court, which was developing a reputation for protecting defendants' rights, seemed receptive. On it was the state's chief judge at the time, Lawrence H. Cooke, and the two judges who would succeed him: Sol Wachtler and Judith S. Kaye.

Mr. Wachtler, in a recent interview, said the three strongly agreed that the state's use of justices without law schooling was a problem. "There was unquestionably a sentiment on our parts that this is just not right," he said.

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But when the vote came, they were on the losing side of a 4-to-3 decision. New Yorkers, the majority ruled, had no absolute right to be heard by a judge trained in the law.

Richard D. Simons, the only surviving judge in that majority, said in an interview that the case posed a narrow legal issue: whether New York provided sufficient opportunity for a higher-court trial. The larger matter of the justice courts' fairness, he said, was for the Legislature to decide.

Mr. Wachtler said he believed that the case would have gone the other way if it had come to the Court of Appeals just a year or two later, given changes in the court's makeup and stance on defendants' rights.

But the court has not grappled with the issue since. Mr. Reixach, the Rochester lawyer, said the ruling discouraged him and others from raising further challenges. "The Charles F. case, whether you agreed with it or not," he said, "sealed the fate of the justice-court system in the state for a very long time."

Judge Kaye, who wrote the dissenting opinion, has since become a champion of court reform as New York's chief judge, heading the Court of Appeals and the administration of all the courts. But the legislation she has proposed to modernize the system since taking office in 1993 has consistently omitted the justice courts.

Only this summer did Judge Kaye address problems in the local courts, after the state comptroller warned that they could be mishandling millions of dollars, and after a commission she created to study legal services for the poor reported that those courts were routinely trampling on people's rights.

Her office has said that while it has limited control over the justice courts, it would begin trying to remedy some of their flaws, with measures that do not require legislative approval.

Those steps are the most ambitious attempted in several decades, but their very nature underscores the courts' deficiencies: Justices, according to the state's plan, will get two weeks of initial training instead of six days. For the first time, all justices will be given computers, fax machines and tape recorders, and be required to tape proceedings. A supervising judge will be named in each judicial district to oversee them.

And the improvements do not touch what critics of the justice courts have repeatedly said are their gravest defects: the use of part-time justices who are not lawyers, the reliance on towns and villages to finance the courts, and the state's weak authority over the courts.

Tackling those issues would involve the Legislature — and invite another battle. Judge Kaye declined requests for an interview.

One of the justice courts' most powerful defenders has been the State Association of Towns. Its executive director, G. Jeffrey Haber, said the group would be ready for another fight.

"If it came up," he said, "we would take the same position that we did before."

Forensic Skills Seek To Uncover Hidden Patterns Of Elder Abuse (NYT)

By Jane Gross

The New York Times, September 27, 2006

SANTA ANA, Calif. — The elderly man in the emergency room was covered with bruises, some purple and others fading to yellow. Despite signs of dementia, he told the same story over and over: His wife's burly home health aide had beaten him. But the health aide and the wife insisted he had fallen. Now it was up to the members of Orange County's Elder Abuse Forensic Center to decide which story was true.

As the man lay on a gurney, he was interviewed by a team from the center: a geriatrician, a social worker and an investigator from the sheriff's office. The bruises on the man's chest, they determined, were the result of being punched. There were bloody outlines of a shoe on the man's leg. His clear, consistent story, and cognitive tests, persuaded the prosecutor to charge the aide with a felony.

At the center here, public health and law enforcement officials are learning to speak the same language and using the same forensic techniques as those popularized on the three C.S.I. television series to diagnose elder abuse and neglect. For decades, the techniques have been the state-of-the-art approach for investigating child abuse and domestic violence. But elder abuse has lagged far behind, suffering from a lack of financing, research and data.

Now change is in the air, and forensic techniques are just one of many new initiatives nationwide to protect the elderly. Geriatricians at the Baylor College of Medicine in Houston, for example, review county autopsy reports looking for suspicious themes. Bank tellers at Wachovia branches nationwide are learning to detect irregular transactions in the accounts of elderly customers.

Congress is also expected to consider, before the October recess, the Elder Justice Act of 2006, which would create the first nationwide database on elder abuse, replacing inconsistent or unavailable data. The legislation, which has bipartisan

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support, also assigns a federal official to coordinate projects and technical assistance and helps replicate programs like Orange County's.

The legislation moved from committee to the full Senate on a unanimous vote within days of a celebrity scandal involving elder abuse accusations against the son of Brooke Astor, 104, the grand dame of New York society. The accusations against Mrs. Astor's son, Anthony D. Marshall, himself 82, include mismanagement of her fortune for his own enrichment and neglect as a result of cutting back on her care. Mr. Marshall has denied those accusations.

Mrs. Astor's situation is not exceptional. She is a member of the fastest-growing segment of the American population, those 85 and older. Half in that age group suffer from dementia and are often incapable of informed consent. The fact that the elderly control 70 percent of the nation's wealth makes them tempting targets for greedy relatives or swindlers.

Those are the circumstances that set the stage for most elder abuse, experts say. The most common form is physical neglect, like untended bedsores, dehydration or the reek of urine. A family member who is providing care, most often an adult child, is usually the guilty party. Greed is generally the motive, whether there is a multimillion-dollar inheritance or a monthly Social Security check at stake.

All this was well known to the assorted professionals in Orange County, but before the forensic center was established, each had to improvise without easy access to others' expertise. A social worker might need a public guardian to sort out conflicting claims from adult children over who had power of attorney. The social worker might also need advice from a detective about securing evidence, but calls to colleagues often went unreturned for weeks, and there was likely to be no doctor to consult because few were trained to detect elder abuse.

Now, in Orange County, such professionals meet face-to-face at least once a week, with a doctor at the helm, and often speak daily.

"It's a no-brainer," said Rebecca Guider, the director of adult services and assistance programs in Orange County. "Almost every case benefits from this approach."

Some 6,000 cases of elder abuse are reported annually in Orange County. In California, 100,000 reports were filed in 2003, accounting for 20 percent of the 500,000 reports nationwide. But there is widespread agreement among professionals that those numbers may be low. In a 1996 study, only one in 14 cases of physical abuse and neglect were reported and one in 100 of financial exploitation.

In Orange County, Craig M. Cazares, a deputy district attorney, reviews about 120 cases a year that are considered potential crimes, twice the number before the creation of the forensic team. Half of the cases are prosecuted, Mr. Cazares said, with a 90 percent conviction rate including plea deals.

The team approach, he said, can lead to pitched battles because doctors and social workers "don't understand that not everything they want to be criminal is criminal."

Nevertheless, Mr. Cazares added, "we can make borderline cases better" because of shared information and, most important, the medical expertise to assess physical injury and mental capacity.

Confidentiality laws prohibit outsiders at team meetings at the Elder Abuse Forensic Center. But in interviews, members discussed three cases, one involving neglect, one abuse and one financial exploitation.

In the neglect case a 60-year-old woman had been providing substandard care to her 96-year-old husband, who has heart disease and dementia and uses a wheelchair. After home visits by a physician, a social worker, a detective, a public guardian, a mental health expert and an array of outside social service agencies, no criminal charges were filed.

When the team took the case, reported by a neighbor, the husband had an open wound on his thigh from a kitchen accident and showed signs of malnourishment. But Dr. Lisa Gibbs said the wife had not intended harm. "So we worked with her, educated her, sent in a lot of social services and she is trying to do a better job," Dr. Gibbs said.

In the abuse case, involving the elderly man in the emergency room, the home health aide first accepted a plea deal that would send him to jail for a year, but is now vacillating. If found guilty at trial, the aide could be sentenced to up to nine years in state prison.

The financial exploitation case, a classic sweetheart scam, ended when Jennifer Mitchell was sentenced to four years in a state prison and her husband, Anthony, an accessory, was given 12 months in the Orange County jail. Ms. Mitchell, described by investigators as "an attractive young woman," was convicted of defrauding three elderly men of a total of $300,000 by feigning romantic interest in them. Dr. Laura Mosqueda and Dr. Gibbs established that mental impairment, depression and isolation had made all three men vulnerable.

The couple was charged with multiple counts of financial abuse, which carry heavy prison sentences. But the judge offered a plea deal demanding full restitution.

"This case wasn't about the sentence," said Kenneth W. Johns, the deputy public guardian for Orange County. "These men needed their money back so they can be taken care of."

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Some members of the team, including Kenneth Smith, a veteran investigator, say the typical abuser tends to be the "weak link" in a family, without a career or a home. The abuser often has mental health or substance abuse problems.

Mr. Smith said other family members were relieved to delegate the task of caring for an elderly person and turned a blind eye to incompetence and other factors that raised the risk of abuse, like the need for money.

Dr. Mosqueda fiercely objects to that stereotype, which ignores the stress on those taking care of the elderly. A police investigator may never encounter loving and attentive adult children driven to the brink, she said, because the police work at the margins of society, after other interventions have failed.

Dr. Mosqueda said she saw caretakers in her office every day and asked them, directly, if they had ever yelled at or struck the person in their care or even been afraid they might.

"If your mother has Alzheimer's," Dr. Mosqueda said, "and she's belittling you all the time, screaming, asking the same questions over and over, and you have a husband and kids and a job, at some point you're going to say, 'If she asks me that same damn question one more time, I'm going to hit her.' "

Dr. Mosqueda continued, " 'I'm doing the best I can' isn't an excuse, but sometimes it's really true, and it's our job to know the difference and help families solve it so it doesn't ever get to the team at the forensic center."

Old-fashioned Land Scams Go High-tech (USAT)

By Haya El Nasser

USA Today, September 27, 2006

An elderly woman from the East Coast roams the Arizona desert in search of her land. She's looking for a tidy lot in a subdivision and instead finds an arid wasteland in the middle of nowhere. She gets lost, runs out of gas and water and has to be rescued by a rancher.

She had bought the land on the Internet, sight unseen, according to Mary Utley, spokeswoman with the Arizona Department of Real Estate.

The Internet is reviving a grand old American tradition: land scams. Thousands of lots in phantom subdivisions that were sold decades ago to people who hoped to build retirement homes in warm states are reappearing on online sites such as the Internet giant eBay.

The new wave of land scams has the potential to snooker millions more around the world because of the Internet's broad and instantaneous reach.

Many of the lots being sold have never been developed because they are on swampland in Florida or isolated desert ranchland in Texas and Arizona. There is no road access, water or power. The land might be developed someday, but county officials who are busy processing a surge in deed transfers are skeptical.

"If someone does buy one of these parcels thinking they're going to build their dream home on it now, that's really a problem," says Bart Medley, attorney for Texas' Jeff Davis County.

Land scams are surfacing in:

·Florida. The state has a long history of bogus land deals. In Flagler County, a scam that began in the 1970s was revived recently when the same lots in a subdivision that has yet to be built appeared on eBay. Some paid $5,000 for parcels worth $500, Daytona Beach land-use lawyer Glenn Storch says.

·West Texas. Land there is plentiful, but not always hospitable. Arid acreage in Jeff Davis, Hudspeth and Culberson counties has been auctioned online to some unsuspecting buyers.

"Much of the property was advertised with photos showing things like running water, green trees and green grass — things that simply don't exist in that particular location," Medley says.

·Arizona. "A huge problem," says Utley, whose agency monitors real estate agents and developers. "We actually don't even have enough staff to address it."

Most online land auctions are legitimate and much of the land sold can be developed. Interspersed among those listings, however, are offers for 2-acre and 5-acre lots tagged as "investment property."

Online sites say they just provide the vehicle to list properties. "The actual transaction happens directly between the buyer and seller," says Catherine England, spokeswoman for eBay, which lists and auctions properties in its real estate section.

In the 1960s, large land companies set up sales kiosks in cities around the world such as Hong Kong or Singapore, Storch says, "but you had to come to the kiosk to hear the sales pitch." Now, all of it can be done online from the comfort of home and at any hour in any time zone.

Medley has gotten calls from as far away as Belgium.

There is nothing illegal about selling worthless land to someone who's willing to pay. The key is to tell them what they're getting, Storch says.

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West Texas is particularly attractive to land-scam artists. There is plenty of land, and county governments are small and ill-equipped to crack down.

The county clerk in Jeff Davis County is processing dozens of deed transfers on ranchland that can't be reached by car. The same lots were sold years ago to unsuspecting buyers who stopped paying property taxes when they realized they owned a worthless patch of dirt. The county took possession and sold the lots in one chunk. The new owner is selling the lots online.

"We're going to wind up taking some of these plots back," Medley says. "Eventually, we'll have to clean up the mess. … These scams are defrauding people out of their hard-earned money."

Kit Bramblett, county attorney in neighboring Hudspeth County, says cracking down on bad sales is tough.

"Even though I can't find your land out there, I can't find any laws that will allow me to jump on anybody," he says. "I can't make a criminal act out of that."

Some of the Internet sales listings make it clear that the land can't be built on unless the owners find a way to supply water, sewer service and electricity. Others don't. Many tantalize with beautiful descriptions and pictures.

Medley cites the old adage that beauty is in the eye of the beholder, but "I want to meet the person who looks at this (land) and thinks it's beautiful."

Arizona state law requires anyone selling more than five lots in a subdivision to file an application and public report listing details such as road access and utilities.

"A lot of times, one lot will be sold three or four times over the Internet," Utley says. The agency is investigating numerous complaints filed in the past two years.

A Texas law prohibits subdividing land for residential use into small parcels without providing water, sewer, electricity and road access, Medley says.

"Many of these people are reselling these plots for the third or fourth time and they have absolutely no idea they're breaking the law," Medley says — especially someone in another country.

Until there's a complaint, he says, he can't get an injunction to stop the transactions.

The government scrutinizes companies that do large-scale developments more closely than individuals who sell single plots, says Tom Collier of the Better Business Bureau of Southern Arizona.

"That's when the buyer really, really needs to beware," Collier says. "People fancy themselves out on their porch watching the deer and antelope play."

'Girls Gone Wild' Filmmaker Fined $2.1 Million (WT)

By Jerry Seper

The Washington Times, September 27, 2006

The founder and owner of "Girls Gone Wild" has pleaded guilty to charges of failing to create and maintain age and identity documents for performers in his sexually explicit films.

Joseph Francis entered the guilty plea Monday before U.S. District Judge Margaret Morrow in Los Angeles. Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Francis pleaded guilty to two counts filed under a law passed by Congress to prevent sexual exploitation of children.

The law protects against the use of minors in the production of sexually explicit material by requiring producers to create and maintain age and identity records for every performer.

Under the agreements, she said, Francis agreed to pay the maximum fine of $500,000 and his two companies agreed to pay an additional $1.6 million in fines and restitution.

Santa Monica-based Mantra Films Inc., which is owned and operated by Francis, entered a plea agreement on Sept. 12 at U.S. District Court in Panama City, Fla. A related company, MRA Holdings Inc., also entered a deferred prosecution agreement the same day. Sentencing in the case is scheduled for Dec. 18.

Mrs. Fisher said Francis, Mantra and MRA Holdings will make a public acknowledgment of criminal wrongdoing and have agreed to fully comply with the record-keeping laws.

MRA Holdings also agreed that for three years it will employ an independent, outside monitor selected by the government who will have complete access to the books, records and production facilities to ensure the company's compliance with federal law.

In statements filed in court, Francis admitted that "Girls Gone Wild," acting under his direction, filmed performers engaging in sexually explicit conduct and produced and distributed sexually explicit video materials during all of 2002 and part of 2003 while violating the record-keeping and labeling laws.

In May, Attorney General Alberto R. Gonzales asked the FBI to begin conducting regular inspections of records kept by producers of sexually explicit material.

Producers are required to keep records on performers that include true name and date of birth and to produce these records on demand, in order to prevent the hiring of minors.

BWXT Worker Pleads Guilty (KNOXNS)

By Jamie Satterfield, Satterfield@knews.com

Knoxville News Sentinel (TN), September 27, 2006

Man sentenced to 1-year probation for removing classified data from Y-12

Stupid? Probably.

Spy? Never.

Retired U.S. Navy man Everett Ashley Blauvelt Jr. had no intention of betraying his country when he played fast and loose with "secret restricted data" at the Y-12 National Security Complex in Oak Ridge, defense attorney Tom Dillard said Tuesday.

"It was just a bad mistake," Dillard said.

Blauvelt, 61, pleaded guilty before U.S. Magistrate Judge Bruce Guyton to a misdemeanor charge he removed classified information from Y-12, where components for the country's nuclear weapons arsenal are made, while working there as an employee of contractor BWXT in 2000.

Guyton sentenced Blauvelt to a one-year probationary term.

"He's relieved that his six-year ordeal is over," Dillard said after the hearing. "He's certainly sorry for what happened."

According to documents filed Tuesday in U.S. District Court by Assistant U.S. Attorney David Dake, Blauvelt worked for BWXT as a "shift technical adviser" and "held secret and Q-security clearances."

His job gave him access to classified information including documents labeled "secret restricted data" because of references to nuclear weapon making and the potential to cause "serious damage" to national security, Dake told Guyton.

The exact nature of the information at issue in Blauvelt's case was not disclosed in court records, although some of it apparently involved data on fellow employees.

"Mr. Blauvelt was familiar with the rules and regulations concerning access to and possession, use and storage of classified information," Dake wrote. "He served in the United States Navy for 27 years, held a security clearance and dealt with classified information."

At some point in late 2000, an allegation was made to Blauvelt's bosses that he had "compiled a database containing detailed personal and sensitive information about co-workers," Dake wrote.

A search of Blauvelt's office revealed "two diskettes containing personal and potentially compromising information," including "information classified at the secret restricted data level," according to court records.

The search also yielded "the presence of an unauthorized device on an unclassified and networked computer that would permit sending and receiving emails outside of the authorized and monitored system," Dake wrote. "Classified information was also found on this unclassified and networked computer, a strictly forbidden practice."

According to court records, Blauvelt was escorted off the Y-12 complex on Dec. 12, 2000. When agents with the FBI and the Department of Energy's Counterintelligence Unit showed up at his home armed with a search warrant, they found Blauvelt "attempting to erase data from his computer," Dake wrote.

It's not clear why Blauvelt broke the security rules, but Dillard insisted -- and the Justice Department agreed in allowing a misdemeanor plea -- that there is no proof that Blauvelt intended to market the classified information.

San Diego And The SEC (WSJ)

The Wall Street Journal, September 27, 2006

San Diego is approaching the bitter end-game on its pension-fund scandal, with the Securities and Exchange Commission expected to release its own report on the city council's decade-long bender of overpromising benefits and underfunding its pension fund. The SEC is likely to require the city's government to take steps to ensure that the fiasco isn't repeated, allowing it to re-enter the municipal-bond market.

But the nightmare won't end there for San Diego taxpayers, who are left holding the bag for the misfeasance of the city council. For them, two big issues remain: Will the extravagant promises to city employees be honored without regard to their cost or the improprieties involved in making those promises? Second, will the city council be held accountable for creating this mess?

Michael Aguirre, the pugnacious city attorney, has brought suit in federal court to have some of the benefits granted since 1996 rolled back on grounds that they violated federal conflict-of-interest laws. A self-described liberal Democrat, Mr. Aguirre deserves kudos for risking the wrath of the public-sector unions, but his prospects for success are uncertain.

If he loses, reining in the liabilities will become a matter of negotiation with the unions. Good luck with that. A victory, on the other hand, would send a signal that unfunded promises for public-sector employees are not etched in stone, which would be a

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valuable signal for other state and local governments grappling with extravagant retirement packages for public employees. As Mr. Aguirre points out, current retirees "are drawing 100 cents on the dollar from a pension fund that is only 60% funded." If this were a private company, creditors would demand a haircut for those lucky few. But it's a municipal government, so they're getting away with it.

The city council is another matter. Four of its current members were identified by name as "negligent" in the report on San Diego finances issued by former SEC Chairman Arthur Levitt last month: Toni Atkins, James Madaffer, Brian Maienshein and Council President Scott Peters. Mr. Aguirre argues that Mr. Levitt didn't go far enough, and contends that the council members may be criminally culpable for ratcheting up pension benefits and intentionally withholding legally required contributions to the fund to pay for those benefits.

Both men would like to see those council members called to account, but the mechanism for doing so is less than clear. The SEC seems to be taking the position that it has little authority to discipline local politicians, and it may have a point. But San Diego needs access to the capital markets to issue bonds, and this gives the SEC a lever. At the moment, according to those who have reviewed the SEC's draft order, the pension underfunding is described as something that happened, not something that specific people caused to happen through deliberate acts. "They don't name names and that's wrong," Mr. Levitt told us. "These actions didn't occur by themselves."

Fingering the council members would at least offer a small measure of personal accountability. The SEC is justifiably wary of taking unprecedented steps against a local government, but the present system offers no enforcement mechanism at all against local politicians who have put their taxpayers on the hook for over $1 billion in unfunded liabilities. Identifying the culprits would at least signal that this sort of dereliction is as serious when it occurs at a public institution as it would be if it had happened at a private company.

San Diego's pension fund is now underfunded by some $1.5 billion, or about 30%. And its liabilities will grow by 8% a year for the foreseeable future, so it will take a great deal of money in addition to some stellar investment performance if San Diego is ever to climb out of the hole its city council has dug. Mr. Aguirre estimates that his lawsuit could reduce that liability by $500 million, but that still leaves a chasm in the budget. At the moment, 30% of San Diego's budget is going toward retirement benefits, a figure that could rise to 40% over time. Fingering the guilty is the first step back toward honest local government.

CIVIL LAW:

Justices To Decide On Use Of Union Fees For Politics (WP)

By Charles Lane

The Washington Post, September 27, 2006

The Supreme Court announced yesterday that it will decide whether states may require organized labor to ask some workers for permission to spend their union fees on political activity.

The case addresses the agency fees that some states require workers to pay to labor organizations for representation, even if they chose not to join the unions. The court said it would review a Washington state Supreme Court ruling that struck down a state law barring the use of those fees for political purposes without workers' consent.

The case pits the state of Washington and national right-to-work advocates, backed by campaign finance reformers, against organized labor. At stake, potentially, is much of the money that unions rely on to help fund their state-level political activities.

The law had been adopted by Washington voters as part of a referendum on campaign finance reform. But the state's high court ruled 6 to 3 earlier this year that the law violated unions' First Amendment rights because it presumes workers would object to labor leaders' spending choices.

Washington's state government and a group of five teachers appealed to the U.S. Supreme Court. They argue the real free-speech violation lies in spending teachers' mandatory contributions to their union on candidates or causes they do not necessarily support -- and Washington's law is an appropriate means of preventing that.

The teachers in the case do not belong to the Washington Education Association, but they are represented by the union in collective bargaining and they receive the benefits and pay called for in the union's contract with the state's public schools. For that reason, Washington law requires them to pay the union an "agency fee" in lieu of union dues.

The specific question in the case is what the union must do before it spends those nonmember "agency fees" on politics.

The U.S. Supreme Court has upheld agency fee arrangements in general. But it ruled in 1986 that unions must tell those who pay an agency fee how much of it goes to non-collective-bargaining purposes and offer them a refund for that amount.

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Washington's law, though, goes further, in that it places the burden on unions, not individual workers, to make sure that no agency fees are being used contrary to fee-payers' wishes.

That was the feature of the law that the Washington Supreme Court majority found unconstitutional.

The Washington Education Association, urging the court not to review that decision, said its impact would not extend beyond the state.

But a friend-of-the-court brief filed by the Campaign Legal Center, a D.C.-based nonprofit group that supports campaign-finance regulation, argued that the Washington decision, if left in place and followed by other state courts, could be used "as authority to strike down state law 'opt-in' restrictions on labor union political activity" in 14 other states.

The court will hear two consolidated cases, Washington v. Washington Education Association , No. 05-1657, and Davenport v. Washington Education Association , No. 05-1589. Oral argument is expected to take place in December, and a decision should come by July.

Top Court To Hear Union Fees Case (WT)

By Stephen Dinan

The Washington Times, September 27, 2006

The Supreme Court said yesterday that it will decide whether a teachers union can collect fees from nonunion members and spend their money on political activity without their prior permission.

The court also agreed to hear a case that could determine whether the government may deport up to 8,000 criminal aliens, and accepted an appeal from Arizona to reinstate the death penalty against a two-time killer who says his attorney was ineffective.

In the union case, the court will decide whether the Washington Education Association (WEA) can spend money, collected from 3,000 nonunion teachers, on political activity without their prior consent. The teachers are required to pay fees to the union even if they don't belong to it because they are deemed to benefit from collective bargaining.

Washington state's Supreme Court ruled that the requirement is unconstitutional because it puts too much burden on the union to check with every nonmember.

The dispute actually involves two cases. One is an appeal by the state's attorney general defending the law, and the other is an appeal on behalf of teachers.

Stefan Gleason, vice president of the Fairfax-based National Right to Work Foundation, which is working on behalf of the teachers, said the case has big stakes because the state court's ruling could be seen to create a right to collect money even from nonunion teachers.

"We're trying to get the state Supreme Court overturned not necessarily because the underlying law is all that helpful, but particularly because of the bad precedent that was created," he said.

Charles Hasse, president of WEA, said that opponents are trying to turn the case "into a cause celebre" but that the union has taken steps to segregate nonmembers' fees so they don't pay for political activity. He said that means even if the high court overturns the state court ruling, the outcome will not penalize the union.

"We feel confident the courts will find we complied with the law as best anyone can with such a poorly worded initiative," he said.

The Supreme Court also agreed to hear a challenge to an appeals court ruling that the government says could prevent deportation of up to 8,000 criminal aliens. The case involves a Peruvian citizen who holds a green card, signifying legal permanent residence in the United States, and turns on whether aiding in a theft is a serious enough crime to warrant deportation.

In the death penalty appeal, the court said it would hear the case of a man who was serving time for murder in Oklahoma, escaped prison and a month later killed a man in Phoenix.

His death sentence was overturned on appeal when a court ruled his attorney should have made a better effort to submit evidence that he was predisposed to violence and suffered brain damage that made him unable to understand the criminal nature of his acts. But Arizona argued that the man, Jeffrey Landrigan, told the trial court that he didn't want to introduce evidence that would have argued against a death sentence.

Both the criminal alien and death penalty disputes are appeals of cases decided in the 9th U.S. Circuit Court of Appeals, as is another set of cases the court agreed to hear -- on whether companies are doing enough to notify customers about penalties or rate increases they assess because of adverse information in credit reports.

Justices To Hear Case On Use Of Union Fees (NYT)

By Linda Greenhouse

DOJ_NMG_0070074

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — The Supreme Court on Tuesday began the months-long process of filling in its calendar for the new term that begins next week, selecting nine cases from among the nearly 2,000 that accumulated over the summer recess.

The most prominent among the nine cases, which will be argued in December and January, is a constitutional dispute over anti-union measures known as "paycheck protection" laws, which restrict how labor unions can use the fees that nonmembers are often required to pay.

The court's precedents make clear that nonmembers who object to their fees being used for politics may request a rebate of the amount spent on those activities. The question in the new case, from Washington State, is whether a state may go further and require affirmative consent from nonmembers before the union can spend any part of their fees on political activity.

From the labor unions' point of view, the difference between permitting nonmembers to "opt out" and requiring them to "opt in" is substantial. They argue that it is burdensome to have to seek permission from nonmembers, and that nonmembers who do not exercise their opt-out rights should be seen as acquiescing in the expenditures.

Washington adopted the consent requirement in a voter initiative in 1992, the first such measure to be adopted in the country. Last year, after a heated campaign, California voters narrowly defeated a similar provision that would have applied only to public employee unions.

The Washington Supreme Court, finding that the affirmative consent requirement imposed an "extremely costly" and "significant" burden on a labor union's political activities, declared it unconstitutional in March. By establishing a "presumption of dissent," the court ruled, the measure violated the First Amendment rights of free speech and association.

The justices agreed on Tuesday to hear two appeals from that ruling, consolidated for a single argument. One, Washington v. Washington Education Association, No. 05-1657, was filed by the state, which had brought an enforcement action against the union that is the exclusive bargaining agent for 70,000 teachers.

Of those teachers, some 3,500 have chosen not to join the union, and therefore pay "agency fees" rather than union dues. The state sued the Washington Education Association in response to a complaint that the union was violating the 1992 law by failing to get authorization from the nonmembers before using part of their fees for political activities.

The second appeal, Davenport v. Washington Education Association, No. 05-1589, was filed by the National Right to Work Legal Defense Foundation on behalf of five teachers who had brought a class-action lawsuit to recover fees they alleged the union had spent improperly.

The foundation, which describes itself as dedicated to fighting "the abuses of compulsory unionism," told the justices in its appeal that "while the power to persuade is protected by the First Amendment, the power to compel conformity (and financial support) is not."

The union told the justices that the rights of objecting nonmembers were "fully protected" by advising them of their right to opt out.

The initiative added the labor union provision to Washington's campaign finance law. Washington permits unions to use their general treasuries for political activities. Federal law, by contrast, requires labor unions to set up special segregated funds for political activity, to which members may make voluntary contributions.

The Supreme Court's decision, consequently, will have no impact on the federal campaign law. According to one of the briefs in the case, five other states — Idaho, Michigan, Ohio, Utah and Wyoming — have laws prohibiting the use of union members' dues for political purposes without their affirmative consent.

Another of the new cases the justices accepted on Tuesday was an appeal filed by the State of Arizona of a federal appeals court's decision to permit a death row inmate to challenge his sentence on the ground that he had not received the effective assistance of counsel.

The state argues that the decision by the United States Court of Appeals for the Ninth Circuit to permit the defendant, Jeffrey Landrigan, to proceed with his habeas corpus petition failed to give proper deference to the Arizona courts' finding that it was Mr. Landrigan himself who had obstructed his lawyer's effort to present mitigating evidence that might have spared his life.

Mr. Landrigan was convicted of killing a man in Phoenix in 1989, after escaping from an Oklahoma prison where he was serving a term for murder. His lawyer had called Mr. Landrigan's mother and his former wife to testify on his behalf during the sentencing phase. But Mr. Landrigan instructed them not to testify, telling the judge: "I think if you want to give me the death penalty, just bring it right on. I'm ready for it."

When the judge tried to clarify his position, Mr. Landrigan asserted that he did not want to present any mitigating evidence.

The question in the appeal, Schriro v. Landrigan, No. 05-1575, is whether the Ninth Circuit exceeded its authority under a 1996 federal law, the Antiterrorism and Effective Death Penalty Act, in reopening the case rather than deferring to the Arizona courts' conclusion that Mr. Landrigan's complaint about his lawyer's performance was "frivolous."

Wacky Tobacco Lawsuit (LAT)

The Los Angeles Times, September 27, 2006

AN APPEALS COURT MUST DECIDE whether, as a matter of law, a federal judge in Brooklyn erred in refusing to block a class-action racketeering lawsuit against tobacco companies on behalf of millions of smokers of "light" cigarettes. But lay people are likely to scratch their heads over District Judge Jack B. Weinstein's decision to let this lawsuit proceed — especially when they learn that the damage supposedly caused by the tobacco industry was to smokers' wallets, not their lungs.

That's right, the lawsuit certified by Weinstein alleges not that smokers of "light" cigarettes were made sick by the cigarettes they purchased but that they were misled into thinking that "light" and "low tar" cigarette designations meant they were safer. It's much easier to allege that people were duped by marketing than to show that they got sick from smoking. The lawyers bringing the suit seek to force tobacco companies to disgorge their "ill-gotten gains."

In allowing the suit to proceed, Weinstein referred to the plaintiffs' legal theory as "elegant." That's an understatement. How do you prove that millions of people bought a specific kind of cigarette because of a specific claim made on its behalf? And how do you hold tobacco companies liable for marketing campaigns that were regulated by the government? Such questions led the Illinois Supreme Court to throw out a $10-billion verdict against Philip Morris USA Inc. in a similar case last December.

Because this is a class-action suit, most "victims" will not have to come forward to explain how they specifically were snookered into paying for cigarettes that were more harmful than advertised.

If Weinstein isn't overruled, his decision will be a windfall for lawyers, a disaster for tobacco companies — which already have agreed to pay out billions of dollars as part of a settlement with state attorneys general — and a travesty for the cause of due process.

This case has little to do with ameliorating the health effects of smoking. In a refreshingly candid section of his opinion, Weinstein noted that "this, and other suits like it, probably have had only a minimal value in reducing what even defendants now concede are the enormous costs to public health of widespread cigarette smoking. More effective in alleviating smoking dangers are probably such legislative and administrative efforts as prohibiting smoking in public and commercial areas and raising prices, primarily through taxes."

Private litigation is a poor excuse for enlightened legislation. If elected representatives are unwilling to do more than they have done already to discourage smoking, federal courts shouldn't be expected to pick up the slack — especially on the basis of "elegant" theories like this one.

CIVIL RIGHTS:

Gonzales Asked To Probe Prosecution Of Agents (WT)

By Jerry Seper

The Washington Times, September 27, 2006

Rep. Dana Rohrabacher yesterday asked Attorney General Alberto R. Gonzales to investigate what he called "the exceedingly harsh prosecution" of two U.S. Border Patrol agents now facing 20 years in prison for shooting a suspected drug smuggler in the buttocks.

"This proceeding has garnered national attention calling into question the administration's commitment to secure our borders," said Mr. Rohrabacher, adding that the two agents -- Ignacio Ramos and Jose Alonso Compean -- "were simply doing their jobs to guard our homeland by attempting to apprehend an illegal drug smuggler."

The California Republican's letter also called for the agents' sentencing next month to be postponed "due to significant concerns over the circumstances surrounding" their prosecution.

Mr. Rohrabacher joins a growing list of Democrats and Republicans on Capitol Hill who have asked for congressional hearings and reviews by the White House and Justice Department into the prosecution.

"It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts," Sen. Dianne Feinstein, California Democrat, said in a letter last month to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter.

"Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties," she said.

In March, a federal jury convicted Ramos, 37, and Compean, 28, of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence, and a civil rights violation. The shooting occurred Feb. 17, 2005, near Fabens, Texas, about 30 miles southeast of El Paso.

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Osbaldo Aldrete-Davila, a Mexican national, was wounded as he ran from the agents along the Rio Grande. The agents said Mr. Aldrete-Davila had pointed at them what appeared to be a gun. Nearly 800 pounds of marijuana, worth $1 million, was found in the van Mr. Aldrete-Davila abandoned at the river's edge, the Border Patrol said.

Mr. Aldrete-Davila, who was given immunity by prosecutors to testify in the case, received care at William Beaumont Army Medical Center in El Paso. He is suing the government for $5 million for violating his civil rights.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, has called for a congressional investigation and open hearings on the case. The investigation is expected to begin before the end of the year.

Rep. John Hostettler, Indiana Republican and chairman of the House Judiciary subcommittee on immigration, border security and claims, has said that if the arrest, trial and conviction of the agents resulted in a chilling effect on others, "then it's definitely something we should know about."

Records show that after Mr. Aldrete-Davila was spotted in his van near the Rio Grande, Ramos gave chase while Compean circled around to head off the suspect. When Mr. Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said that when he arrived, he saw Compean on the ground and chased Mr. Aldrete-Davila to the river, where the suspect suddenly turned toward him and pointed what looked like a gun.

Ramos said he did not think the suspect was hit. He said Mr. Aldrete-Davila ran through the bush, jumped into an awaiting van in Mexico and sped off.

An investigator from the Department of Homeland Security's Office of Inspector General found Mr. Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony.

"This case represents the worst kind of distorted and upside-down values," Mr. Rohrabacher said. "The drug smugglers are treated like innocent victims and the good guys protecting our borders are given the harshest possible punishment."

She Took Badge To Nab Hub Officer (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 27, 2006

Woman says she was forced to have sex

A 19-year-old prostitute feared that no one would believe her if she said an off-duty Boston police officer kept forcing her to perform sex in his car. So one night, she fled his car with a key piece of evidence: his badge.

It was a bold move, the woman's lawyer said yesterday. And later, the lawyer said, when Officer Michael LoPriore called the woman to get his badge back, the FBI was listening, too.

LoPriore, 37, of Everett, was charged in federal court yesterday with depriving the woman of her rights by using his position as a police officer to coerce her to perform sex in September 2004.

According to a plea agreement filed with the court by the US attorney's public corruption unit, LoPriore, a 12-year Boston police veteran, will plead guilty, resign from the department, and never seek another job as a police officer in Massachusetts.

Prosecutors will recommend that he serve a year in prison, but LoPriore's lawyer may seek probation. A plea date has not yet been set.

His lawyer, Thomas Drechsler, declined to comment on the case yesterday, saying only, ``I hope the matter will be resolved shortly."

Boston lawyer John Swomley, who represents the woman, said she came to his office in the fall of 2004. She is not identified in court documents.

``She plopped down a badge in a black leather case and said, ``Oh, my God, what do I do?" Swomley said.

He said she told him that ``this guy has been making me give him [oral sex] whenever he sees me, and I just got sick of it. . . . When his pants were down around his ankles, I just took his badge."

The woman said LoPriore, who was assigned to East Boston, stopped her in Boston's Combat Zone while he was off duty. He was driving in his personal car with a child's car seat strapped in the back.

He flashed his badge, ordered her into the car, and drove her to various locations, where he forced her to perform oral sex, Swomley said.

His client was very troubled, too, that the officer refused to wear a condom, the lawyer said.

Swomley said he gave the black leather case containing LoPriore's badge, police identification photo, license to carry a firearm, and Social Security card to the FBI. Later, he said, agents secretly recorded the telephone call between his client and LoPriore.

Albert Goslin, the Police Department's acting commissioner, said that the FBI notified the department about the allegations in October 2004 and that LoPriore was placed on restricted duty, performing clerical work inside a station without a firearm.

While the FBI investigation was underway, LoPriore was charged with felony larceny in state court for allegedly forging signatures on timecards and collecting $1,102 pay for detail shifts he never worked at an East Boston construction site in 2004. That case, brought by Suffolk District Attorney Daniel F. Conley, is pending.

``Obviously it is important to us that I get someone of this ilk removed from the Police Department," said Goslin, adding that Boston police worked with federal authorities to craft language in the plea agreement that says LoPriore will waive all rights to reinstatement, appeal, or lost pay associated with his resignation.

He said the department, which worked with the FBI during the probe, was restricted by law from suspending LoPriore while the investigation into the sexual allegations was ongoing.

LoPriore, whose resignation becomes effective today, has had a history of complaints involving women.

While on duty in March 2002 , LoPriore transported an intoxicated woman in his cruiser without notifying operations or a supervisor, according to Boston Police Department records.

And in August 2002, LoPriore and another officer were outside their assigned patrol area when they saw a disturbance involving an intoxicated woman outside a club. The officers took the woman into their cruiser, drove her to Charlestown, and left her there, according to police records.

Under an agreement that settled both complaints, LoPriore served 20 days of a 60-day suspension.

In a statement announcing yesterday's charges against LoPriore, US Attorney Michael J. Sullivan called the officer's conduct ``reprehensible."

``While only a minuscule percentage of law enforcement officers abuse their power," Sullivan said, ``such incidents unfairly taint the reputation of law enforcement professionals everywhere."

Disgraced Cop Quits Force (BOSH)

By Laurel J. Sweet And Michele McPhee

Boston Herald, September 27, 2006

A Boston cop awaiting trial on charges of cashing in on details he reportedly never worked resigned yesterday after pleading guilty to using his badge to bargain for sex.

Sources said the alleged trysts between Michael Lopriore, 37, and a woman identified only as “JT” are believed to have occurred in September 2004 while he was both on duty and off.

“Getting rid of characters of his ilk can’t be done quick enough,” acting Boston police Commissioner Albert Goslin said. “We don’t make excuses for anybody.”

In exchange for no more than one year in prison, Lopriore, a 12-year veteran of the force who was assigned to East Boston, admitted to a federal charge of violating JT’s civil rights. He will be formally sentenced at a later date.

The disgraced cop was not charged with rape.

“It is a misdemeanor,” said Lopriore’s attorney, Thomas Drechsler. “I’m hoping the matter will be resolved quickly.”

U.S. Attorney Michael Sullivan released few details except to say Lopriore unlawfully detained JT and used “his official authority to coerce her into performing a sex act.”

He called Lopriore’s behavior “reprehensible.”

Meanwhile, Lopriore still faces a 2005 state charge of larceny for allegedly pocketing $1,102 for detail jobs he never showed up for.

Because Lopriore was never indicted, Goslin said he was placed on desk duty at District A-7, where a supervisor could keep an eye on him.

Lopriore has been a habitual thorn in the department’s side, personnel records indicate.

In 2003, he was suspended for 20 days after it was found he had picked up a drunk clubgoer in his cruiser and gave her a lift to Charlestown without notifying the department.

In 1995, while still a rookie, he was suspended for three days for violating multiple department rules and procedures.

Boston Police Officer Facing Civil Rights Charges (AP)

AP, September 27, 2006

BOSTON— A 12-year veteran of the Boston Police Department was charged in federal court Tuesday with violating the civil rights of a woman he allegedly coerced to perform a sex act.

Michael Lopriore, 37, of Everett allegedly misused his official authority as an officer, prosecutors said.

He has agreed to plead guilty, resign, and never seek another job as a police officer in Massachusetts, according to a plea agreement filed with U.S. attorney's office, The Boston Globe reported on its Web site.

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An attorney for Lopriore did not immediately return telephone messages Monday night. A telephone listing for Lopriore could not immediately be found.

Lopriore had been placed on administrative leave, acting Boston Police Commissioner Albert Goslin said in a statement.

Lopriore faces a maximum of one year in prison.

Forced Labor Case Expanded (KCS)

By Tony Rizzo

The Kansas City Star, September 27, 2006

Two managers of a Kansas City ice cream company were indicted Wednesday on new charges related to the alleged forced labor of Russian students who drove ice cream trucks.

David L. Carslake, 55, and David H. Mackintosh, 45, were among five men charged Monday in U.S. District Court in Kansas City with violating federal human trafficking laws.

On Wednesday, a grand jury in Springfield indicted Carslake and Mackintosh on a charge of document servitude for allegedly confiscating the passports and other identification documents of the eight young Russian men identified as victims in the human trafficking case.

Carslake was also indicted on a charge of visa fraud for allegedly making false statements in federal immigration documents concerning the status of the Russian students.

Federal prosecutors allege that the college-age students were forced to work long hours for little pay driving ice cream trucks for Kansas City-based Frosty Treats. The men were led to believe that they would suffer “serious harm” if they did not do as they were told, according to the indictment and supporting documents.

Carl Long, CEO of Frosty Treats, which operates ice cream trucks in cities throughout the country, said Wednesday that he was confident the company will be cleared of wrongdoing.

“We have a dispute over the factual pleadings brought forward by the government,” Long said.

The company has provided jobs to foreign students for many years, he said, and has never had problems before.

The other defendants named in the indictment are Jeffrey S. Guinn, 45, of Kansas City, and Evgeny Filimonov, 20, and Vadim Aleksandvovich-Tokarev, 21, both citizens of Russia.

Men Charged With Forced Labor Of Russian Students (BVND)

The Belleville News Democrat, September 27, 2006

KANSAS CITY, Mo. - Three Kansas City men and two Russian nationals were charged in federal court with forcing eight Russian students to deliver ice cream for a local truck company, U.S. Attorney Bradley J. Schlozman said Tuesday.

David L. Carslake, 55, David H. Mackintosh, 45, and Jeffrey S. Guinn, 45, all of Kansas City, and Evgeny Sergeyevich Filimonov, 20, and Vadim Aleksandvovich-Tokarev, 21, both Russian citizens, were charged in a criminal complaint unsealed Tuesday after their arrest, Schlozman said in a news release.

Authorities said the men collaborated to force the students to work for Frosty Treats ice cream truck company of Kansas City by telling them they would be seriously harmed if they refused.

All five are charged with aiding and abetting each other from Jan. 1 to Sept. 17 to obtain forced labor. Schlozman said the case would go before a federal jury.

The eight students from Voronozh, Russia, were recruited under a summer work program run by the Russian company InterAir, according to an affidavit filed in support of the case. Frosty Treats employee Filimonov allegedly worked in Russia with Aleksandvovich-Tokarev to recruit the students, none of whom had traveled to the U.S. before and some of whom spoke no English, Schlozman said.

The students signed employment contracts to get work visas and each borrowed $2,500 to pay for their trips, Schlozman said.

Carslake and Mackintosh, the managers of Frosty Treats, are accused of threatening the students both psychologically and financially once they came to Missouri, forcing them to deliver ice cream. Guinn, the maintenance worker at the complex where the students lived, allegedly monitored their activities in the apartments.

The students were promised a "financially rewarding summer," but were forced to work 13 hours a day, seven days a week, sometimes for just 87 cents per hour, the affidavit said. The defendants forced six of them to live in a one-bedroom apartment, where they weren't allowed to use the telephone, Schlozman said.

Cambodia Gets Tough On Child Sex Trade (CSM)

By Adam Piore

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The Christian Science Monitor, September 27, 2006

PHNOM PENH, CAMBODIA

Cambodian police this year have arrested at least 12 foreigners on charges of sexually abusing children - more than twice the amount snagged all of last year.

In addition to three Americans, they've caught four Germans, an elderly Swiss man, a Belgium national, and at least three Vietnamese nationals who helped the foreigners procure children.

For those who have long fought pedophilia here, the spike is actually cause for celebration. Most agree the increase from just five arrests last year probably has little to do with the prevalence of the crimes. Rather it's a function of increased political will, effort, and skill - encouraged by foreign governments like the US - on the part of Cambodia's police, who have for years been accused of allowing foreign pedophiles to operate with impunity.

"They are more reactive, more willing to work on this," says Beatrice Magnier, director of Action Pour Les Enfants, (APLE), a French nongovernmental organization that works to combat the child sex trade.

Khieu Sopheak, spokesman for the Ministry of Interior, says, "The authorities have increased their knowledge and skills after cooperation with NGOs. The implementation of the law gets better from one day to the next."

It's a trend that's been in the offing since at least 2000, when Cambodia first launched a major initiative funded by foreign donors aimed at targeting the exploitation of women and children and set up a hotline to receive tips. In 2002, Cambodia established a department in the Ministry of Interior specifically devoted to combating human trafficking and protecting at-risk juveniles.

But obstacles of apathy, corruption, and poverty prove to be constant challenges, NGO workers say. After all, many of the former leaders of the genocidal Khmer Rouge regime continue to live freely in Cambodia's northwestern provinces, unrepentant for crimes that killed 2 million Cambodians between the years 1975-1979. In Phnom Penh, angry mobs routinely beat thieves to death on the streets, because few trust the police to prosecute them. And corruption can often buy freedom for even the most heinous crimes.

But in recent years, foreign governments have gotten more serious about cracking down on the problem, and made it more difficult for Cambodian authorities to ignore.

In 2003, the US Congress passed the Child Protect Act, which allows the US to prosecute American citizens in the US for crimes against children committed overseas. Penalties can reach 30 years in prison. Canada, among others, recently enacted a similar law.

Since 2003, Cambodia has arrested and deported at least six Americans to face charges there, under the new law. One was Michael John Koklich, a California native who fled Cambodian police on his motorbike in February, before crashing into a barricade, and taking down Phnom Penh's deputy municipal antitrafficking police chief in the process.

"Cambodia has become a valuable ally in arresting the worst of all sexual predators, pedophiles," US Ambassador Joseph Mussomeli says. "We are very pleased with the excellent cooperation we have received."

And there are other encouraging signs. For years, pedophiles flocked to Svay Pak, the brothel village on the outskirts of Phnom Penh, bragging about exploits at coffeehouses and bars. NGOs and foreign governments tried in vain to convince Cambodia to do something about the child prostitution, which operated with impunity there. The government shut it down in 2004.

Nowadays in the countryside, even in remote areas, signs abound bearing the hotline number and the slogan: "Turn a sex tourist into an ex-tourist." The signs show a white hand holding the hand of a child in one picture, and the white hand in hand cuffs next.

Still, most agree there is a lot of work to be done. Even as Cambodia has taken steps forward, some point to recent missteps. Police arrested Terry Darrell Smith on July 31 and, according to the International Justice Mission (IJM), found evidence he was involved with two Vietnamese girls in their early teens.

But earlier this month, a Cambodian court released him and, says IJM, a US group working to end the underage sex trade, he disappeared for weeks. Police rearrested him last Wednesday following public outcry and diplomatic pressure, according to local newspaper reports. Authorities now plan to deport him to his home state of Oregon where he will face criminal charges. "The policies are improving, but the court is still very weak," says APLE's Mr. Magnier.

Recently, Cambodia apparently granted citizenship to Thomas Frank White, a millionaire from San Francisco currently in a Mexican jail on child sex charges. He's also wanted in the US for violating the Protect Act and has been accused by Thai officials of abusing children there.

Suspected pedophiles often come to Cambodia hoping to find anonymity. Fifteen years ago in Oregon, Mr. Smith had been "convicted of multiple charges that he used children in displays of sexual acts," The Oregonian reported last week. Belgian

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national Bessape Philippe, also arrested recently, had spent three years in a Belgian prison for abusing three Belgian boys aged 14 to 16.

APLE's Magnier says it's difficult to stop pedophiles operating in remote provinces. Perpetrators are often residents or long-term tourists who insinuate themselves into the lives of families, and develop the role of financial benefactors. They will prey on the child and use their financial leverage to prevent the family from taking action, he says.

Many of the recent cases came to light only because the perpetrators were careless and reported by groups like APLE, or cruel enough to make a scene. In the others, NGO workers used detective work: following tips, tracking suspects, interviewing victims, and turning cases over to the police.

Hate Crimes Wake Charles's Sleeping Giant (WP)

By Philip Rucker And William Wan, Washington Post Staff Writers

The Washington Post, September 27, 2006

Rash of Race-Based Incidents Stems From Anger Over Shift in Demographics, Some Residents Say

A wave of offensive graffiti and vandalism in the past seven weeks has opened a public dialogue about the impact of a dramatic demographic shift in Charles County and has led officials to begin combating what some residents say has existed for years: a race relations problem.

As Charles transforms from a land of sprawling tobacco farms to a far-flung exurb of Washington, few have spoken openly about what one black resident calls "the browning of Charles County" -- the movement of large numbers of middle-class black families to an area that not long ago was predominantly white.

"There have been underlying feelings about racism in this county for many years," said Sandra Washington, a black woman who has lived in the Southern Maryland county for 25 years and helps run an alliance of African American ministers.

"So much of that has been bottled up in people," Washington said. "These are things that are exploding now."

At least 10 incidences of racist graffiti or vandalism, all classified as hate crimes, have occurred in Charles since mid-August. This month, police found "KKK" and disturbing symbols spray-painted on the doors and sign of a predominantly black Baptist church.

"When they're spraying 'white pride' and 'KKK,' that's not a perception problem. That's a real problem, and it's something that needs to be stopped," said Sheriff Frederick E. Davis, a Republican who is running for reelection.

FBI agents are planning to join authorities in their search for the vandals at the request of Rep. Steny H. Hoyer, the House Democratic whip, whose district includes Southern Maryland.

Wayne Cooper (D), president of the county Board of Commissioners, asked Hoyer last week to help get the federal government involved. "This is too much, and it's happening too fast," Cooper said.

State legislators representing Charles have pledged to review Maryland's hate crime laws, and county leaders plan town hall forums to promote racial tolerance and encourage discussion.

Charles is the fastest-growing Maryland county in the Washington region, and its growth has been fueled almost exclusively by blacks and other minorities.

Although the white population remained relatively stagnant between 2000 and 2005 -- decreasing by about 1,300 people -- the black population increased by more than 50 percent, jumping from about 31,000 to 47,500, according to census estimates. African Americans make up about 34 percent of Charles's approximately 139,000 residents.

Many of the new black residents are prosperous professionals who have left Prince George's County, Charles's neighbor to the north. Drawn by the county's relatively affordable homes, schools and rural character, many of these new residents have bought half-million-dollar homes in subdivisions that have sprouted on land where tobacco used to grow and slavery once thrived.

"There's the browning of Charles County. It's happening, and everybody's not on board with it happening," said Washington, executive director of Lifestyles Inc., a nonprofit community services organization based in La Plata.

Some leaders think the recent vandalism -- coupled with memories of the 2004 arson that destroyed or damaged 27 new houses in the Hunters Brooke subdivision, many of them bought by black families -- threatens to thwart the county's aggressive efforts to woo businesses and higher-paying jobs.

"It's a very urgent problem," Commissioner Candice Quinn Kelly (R-La Plata) said of the lingering notion of Charles as racist. "We're working hard to shed that image."

"Who would want to bring their company or business to a place where their employees may feel unrest?" Commissioner Edith J. Patterson (D-Pomfret) asked. "Who would want to move here if they're afraid they'll open their doors at night and be attacked either by graffiti or other means? . . .

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"We need to send a resounding message that this is not Charles County, this is not who we are and this is not what we want to represent."

The recent crimes have frustrated law enforcement officials. It takes only seconds to spray-paint the letters "KKK" on a building, authorities say, and, in a county where homes and churches are sometimes separated by miles, officers can cover only so much territory.

The county commissioners are offering $5,000 to find the vandals, and the sheriff's office is offering $1,000, but police have named suspects in only one incident.

The county sheriff's department announced yesterday the arrests of two 15-year-old Waldorf boys in a Sept. 9 incident. Authorities charged the juveniles, both of whom are white, with multiple counts of hate crime and malicious destruction of property in the spray-painting of two residences and a vehicle with racist graffiti in Waldorf.

Authorities said they do not believe that incident is related to the others.

When Zion Baptist Church was vandalized in rural Welcome on Sept. 10, officers said, they responded within 12 minutes of a triggered burglar alarm. They canvassed the neighborhood but found no suspects or significant clues.

"It's a frustrating kind of investigation," Davis said. "In some cases where they're spray-painting 'white pride' on the road, these people could just pull over . . . jump back in and get going in less than a minute."

Motives for the crimes are just as elusive. No known members of the Ku Klux Klan are in the county, said Capt. Joseph C. Montminy of the sheriff's office. The vandals could be members of radical organizations, he said, or they could be neighborhood teenagers.

"Some may be copycats, seeing someone who did this a few weeks ago and deciding to do it, too," Montminy said. "But until we're able to make any arrests, we just don't know."

The crimes have alarmed many residents. Patterson, who became the county's first black commissioner last year and is one of two African American candidates for the five-member board this fall, said unrest over hate crimes "is in its own way a form of terrorism."

William Braxton, the local NAACP president, moved to Charles from Prince George's in 1973. When he arrived, he said, "the 'N-word' was common to use."

White residents didn't know how to react to their new black neighbors and hoped that any awkwardness would go away if they stayed quiet, he said.

He said racial tensions have remained in the county and likened them to a "sleeping giant."

For white residents, some say, it took awhile for the migration of black families to the county in the late 1990s and early 2000s to sink in -- and even longer before people discussed it.

"They started looking around the restaurants, and a majority of the people eating there were black," Braxton said. "When they went to the mall and looked around and there were African Americans everywhere. It's like one day they just woke up, and there it was."

Change in a community is always difficult to handle, Kelly said.

"You have the newcomer thing going on, plus the fact that the newcomers are of a different race," Kelly said. "I'm sure there is a certain interpersonal struggle that takes place when you see the place you were born and raised changing. That's just the reality."

Staff researcher Meg Smith contributed to this report.

Judge Says St. Landry School Case On Target (BRADV)

By Richard Burgess, Acadiana Bureau

Baton Rouge Advocate, September 27, 2006

LAFAYETTE — The St. Landry Parish school system is on track to be released from federal oversight by the end of next year, the federal judge handling the parish's desegregation case said Tuesday.

U.S. District Judge Tucker Melancon made the comments during a quarterly meeting in Lafayette with St. Landry Parish school system officials and School Board members.

"My intention in this case is to get it over as soon as possible," Melancon said. "… Barring some unforeseen circumstance, it's going to happen next December (2007)."

Melancon said he hopes to convene court in Opelousas — the St. Landry Parish seat — for the formal hearing to declare the school system "unitary," or free from discrimination.

Several legal hurdles remain.

To be freed from federal oversight, school officials must show discrimination has been eliminated in six areas.

Melancon ruled last year that three areas were unitary: transportation, faculty assignment and extracurricular activities.

The school system still must show discrimination does not affect decisions on the quality of education offered to students, the quality of facilities and student assignment.

A hearing was set for Tuesday on a motion by the School Board for unitary status in the area of quality of education.

That hearing was delayed to allow Justice Department attorneys time to review a forthcoming report from the state with information about racial balance in special-education programs, an issue raised in St. Landry Parish.

The hearing is expected to be taken up later this year.

In other business, school system officials reported $8 million has been spent on new construction and renovation to meet goals in a school facilities plan outlined in the desegregation case.

House Passes Abortion Bill On Minors (NYT/AP)

By The Associated Press

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 (AP) — Accompanying a minor across a state line to obtain an abortion and avoid parental notification in the girl's home state would become a federal crime under a bill the House passed Tuesday on a vote of 264 to 153.

Supporters of the legislation argued that it made no sense that minors who need parental permission to get an aspirin at school or to go on field trips can get an abortion without telling their parents.

The bill's sponsor, Representative Ileana Ros-Lehtinen, Republican of Florida, said, "It protects minors from exploitation from the abortion industry, it promotes strong family ties and it helps foster respect for state laws."

Opponents argued that it would result in the arrests of grandparents and others who were trying to shield girls from abusive parents.

Chances are slim that the House and the Senate, which approved a more limited version of the bill in July, will devise a compromise they can send to the president before the end of this session of Congress. But the House vote gives conservatives something to showcase when they return home next week to campaign for the midterm elections.

The interstate abortion bill, long a priority of anti-abortion groups, was one of the top items on conservative agendas this year, along with stem cell research.

The House on Tuesday passed another bill on that agenda, a measure that would cut off financial awards to plaintiffs who bring successful lawsuits against expressions of religion like Christmas displays on government grounds. The aim of the measure, approved 244 to 173, is to discourage lawsuits against local, state and federal governments over issues of separation of church and state.

There is no companion Senate bill and little chance the Senate will consider the House bill this session. The House vote was a reminder to the Republican Party's conservative base, however, that their issues were not being ignored.

Despite intense partisan divisions over the course of the Iraq war, the House on Tuesday easily approved $70 billion more for military operations there and in Afghanistan. Lawmakers also adopted a record $448 billion budget for the Pentagon.

With Iraq alone costing about $8 billion a month, another infusion of money will be needed next spring.

The House passed the Pentagon appropriations bill by a 394-to-22 vote Tuesday night, and the Senate is expected to act before adjourning this weekend.

Abortion Vote In House May Be Too Late To Boost GOP (LAT)

By Noam N. Levey

The Los Angeles Times, September 27, 2006

WASHINGTON — Scrambling to pass anti-abortion legislation before they recess for fall congressional elections, House Republicans on Tuesday won passage of a bill that would make it a federal crime to evade one state's parental consent laws by taking a minor to another state for an abortion.

But in a mark of the majority party's struggles with its "values" agenda, Senate Republicans may run out of time to vote on the measure before lawmakers leave town at the end of the week.

That would leave Republicans with few trophies to show their socially conservative base as they try to motivate voters in the final six weeks of the fiercely contested 2006 campaign.

Some strategists fear that failure to win final passage of the bill could hamper efforts to spur turnout of a reliably Republican voting bloc — which might mean the difference in key races around the country.

"This could be a problem," said Marjorie Dannenfelser, president of the Susan B. Anthony List, an anti-abortion group that is working to mobilize female voters opposed to abortion in six states seen as central to the fight for control of Congress.

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Dannenfelser's warning came just days after national evangelical leaders met in Washington to intensify their push to persuade conservative voters to look past Republican legislative failures and go to the polls in November to support the party's candidates.

The bill that the House passed Tuesday by a vote of 264 to 153 was the latest initiative in a more than decade-long campaign to chip away at abortion rights.

But aides to senior Senate Republicans said Tuesday that they could not be sure the measure would make it to the floor for a vote.

Senate Majority Leader Bill Frist (R-Tenn.), who is fending off attacks by Democrats that he has presided over a "do-nothing" Congress, is under pressure in the session's waning days to pass crucial legislation funding the military, setting up tribunals for suspected terrorists and strengthening border security.

Faced with these priorities, consideration of the parental consent bill may have to wait until a lame-duck session after November's election.

Republican congressional leaders had not planned to be in this position six weeks before election day. In the aftermath of the party's 2004 electoral triumphs, in which socially conservative voters played a large role, the GOP agenda included initiatives to ban gay marriage and flag burning and to further limit abortions.

But the Bush administration focused on other issues in 2005. This year, a bid to ban gay marriage through a constitutional amendment foundered in June, as moderate Republicans in the Senate joined Democrats to block a vote on the issue.

Later that month, the Senate by one vote rejected a constitutional amendment that would have given Congress the power to ban flag burning.

The campaign to restrict access to abortions, meanwhile, has produced fewer successes than many conservatives had hoped.

"Have we had victories? Not enough," said Rep. Steve Chabot (R-Ohio), a leading abortion foe who championed congressional passage of the controversial ban on what opponents term "partial birth" abortion three years ago.

Chabot said he could point to only two major legislative accomplishments since 1994, when Republicans took control of Congress: the abortion ban, which has been tied up in the courts, and a 2002 measure that requires a doctor who performs an abortion in which the fetus survives to turn the case over to another doctor or call 911 to have the baby transferred to a hospital.

Backers of the parental consent measure remain optimistic that it will become law, if not quite as quickly as they had hoped.

For years, state legislatures have been passing laws that require pregnant minors to notify or seek permission from a parent before they get an abortion.

About 35 states have a version of the measure on the books, which supporters say appropriately involves parents in the significant reproductive decisions of their children. Californians last year narrowly rejected such a law; Proposition 85 will put the issue before voters again in November.

Despite the proliferation of the notification measures, abortion opponents complain that some adults are helping an unknown number of minors skirt the laws by taking them to states that do not have the requirements.

In July, the Senate passed legislation that would criminalize that practice. President Bush said that he would sign the measure.

Instead of accepting the Senate bill, however, the House passed a modified version. Its author, Rep. Ileana Ros-Lehtinen (R-Fla.), said that she wanted a stronger version of the measure.

Along with making it a crime for anyone to take a minor across state lines for an abortion without parental consent, the House bill added a provision requiring the abortion provider to give one of the girl's parents or a legal guardian 24 hours' notice before the operation is performed.

The change means the bill cannot become law without going back to the Senate for another vote.

On Tuesday, abortion opponents converged on Capitol Hill to urge the Senate to act.

"We've never been this close. I see victory," said Ros-Lehtinen, who sent Frist and Senate Minority Leader Harry Reid (D-Nev.) a strongly worded plea to agree to have a Senate vote before Congress recesses.

The plea was echoed by the president of the Family Research Council, Tony Perkins, who said in a statement: "This is the only pro-life legislation considered by Congress this session, and the Senate must get it done."

Nancy Keenan, president of NARAL Pro-Choice America, charged that House Republicans were pushing the bill as a political ploy.

"It's clear that anti-choice congressional leaders are using this controversial legislation to rally their far-right base only a few weeks before the midterm election," Keenan said.

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Critics of the bill said family problems make it difficult for some minors who want an abortion to communicate with their parents.

Joining 215 Republicans in voting for the bill were 49 Democrats; opposing it were 143 Democrats, nine Republicans and one independent.

All 20 Republican members of California's House delegation supported the measure. All of the state's 33 Democrats opposed the bill except Reps. Dennis Cardoza of Atwater and Jim Costa of Fresno, who supported it, and Juanita Millender-McDonald of Carson, who did not vote.

GOP Pushes 'Values' Legislation (WT)

By Amy Fagan And Christina Bellantoni

The Washington Times, September 27, 2006

House Republican leaders yesterday sought to invigorate their conservative base with election-year legislation aimed at protecting both the religious freedom of municipalities and a parent's role in a minor's abortion decision.

The House passed a revised parental-notification bill and legislation limiting legal damages against cities and towns that lose lawsuits for violating the Constitution's ban on the establishment of religion.

"They help our members back home," a House Republican leadership aide said of the two bills. "Some of our members have constituents in their districts who really want this legislation."

The parental-notification bill, approved 264-153, would establish fines or up to a year in prison for anyone who knowingly skirts a state's parental-notification or parental-consent law by taking a pregnant minor to another state to have an abortion.

Both chambers approved different versions of the bill earlier this year, but Senate Democrats have blocked the final negotiations, seeking, among other things, changes to limit the notification rights of fathers who rape their daughters.

It was not clear yesterday whether the Senate would act on the bill this week, but if it does, the bill would likely pass and could then go on to President Bush, supporters said.

The House also approved, on a 244-173 vote, another element of the Republican "American Values Agenda" -- the Public Expression of Religion Act, which would deny legal fees to groups who win lawsuits against cities or towns found to have violated separation of church and state.

Supporters said municipalities currently feel pressured to remove public displays of religion such as monuments of the Ten Commandments from city halls because they would need to spend "millions" in taxpayer dollars to defend themselves.

If the Public Expression of Religion Act were to become law, groups like the American Civil Liberties Union would be barred from receiving legal fees if they prevail in a court battle.

"It would be a win for those that understand our Constitution guarantees freedom of religion, not freedom from religion," said Rep. Joe Pitts, Pennsylvania Republican.

The ACLU said it would discourage enforcement of the religious element of the Bill of Rights.

"This legislation would in fact weaken the very freedom they claim to be protecting," said Caroline Fredrickson, director of the ACLU's Washington legislative office.

Meanwhile, Tom McClusky, vice president for government affairs at the Family Research Council, said the Election Day motivation of the Republican base is "mixed" right now, and it would help if Congress were to approve these two bills.

He said it would also help if language being negotiated in the defense authorization bill would allow military chaplains to publicly pray as they see fit, including using Jesus' name.

"They help with the base," he said of the bills. "It helps them to know Congress is caring about the issues they care about."

Democrats said Republicans are rightfully scared that they'll lose their majority in November, but added their efforts are too little too late.

"It's not going to work. They're looking for a lifesaver," said Rep. Charles B. Rangel, New York Democrat.

He said that, unlike a few years ago, Republicans now face a public that's unhappy about the Iraq war, the handling of Hurricane Katrina and a large budget deficit. "If saying that you appreciate religion is going to turn that around, I'd like to see it," he said.

The parental-notification bill approved by the House yesterday differs from the Senate version because it would require the doctor performing the abortion to contact at least one of the girl's parents if the minor is from out of state.

To accommodate the Senate, House leaders also added a Senate provision, backed by Democrat Sen. Barbara Boxer of California, clarifying that a father who rapes his underage daughter couldn't sue someone who transports her out of state for an abortion. And if that father transports her, he would be subject to the bill's penalties.

House OKs Bill On Religious Expression (AP-Y)

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By Jim Abrams
AP, September 26, 2006

House Republicans, carrying out their election-year values agenda, on Tuesday pushed through legislation cutting off financial awards for lawsuits successfully filed against expressions of religion such as Christmas displays on government grounds.

The bill, passed 244-173, denies the awarding of attorney's fees or monetary damages to a party that wins a court case based on the establishment clause in the Constitution that is used to argue a separation of church and state.

There is no companion Senate bill and little chance the Senate would consider it in the waning days of this session, but the House vote was a reminder to the GOP's conservative base that their issues are not being ignored.

"We cannot continue to allow frivolous and, frankly, unwarranted lawsuits to stifle the beliefs and self-determination of our great communities," said Rep. Phil Gingrey, R-Ga.

Democratic opponents saw the bill as a serious infringement of constitutional rights.

"This bill would make it more difficult for ordinary Americans to defend their religious freedom against intrusion by government," said Rep. Chet Edwards, D-Texas. "There's nothing benign about this bill."

"Singling out one class of cases for the denial of attorney's fees when every other one gets them does seem to me an odd way to run a constitution," said Rep. Barney Frank, D-Mass.

Backers of the legislation cited cases contesting the use of religious symbols, such as crosses in veterans' cemeteries, the display of the Ten Commandments in public buildings or using public land to host the Boy Scouts, who require participants to declare belief in God.

They said local and state governments, unable to match the financial resources of civil liberties groups such as the American Civil Liberties Union and unwilling to pay costly attorney's fees in losing cases, often accede to demands to remove religious symbols.

"This is an issue of allowing the cases to go to court and not to have the threat or intimidation by the ACLU and their minions to hang over all of these heads," said Rep. John Hostettler, R-Ind., sponsor of the bill.

"With this bill we will close a loophole that has allowed liberal groups like the ACLU to prey on taxpayers for far too long," said Rep. Ginny Brown-Waite, R-Fla.

Caroline Fredrickson, director of the ACLU Washington legislative office, said passage of the bill "would isolate and discourage enforcement of a specific piece of our Bill of Rights." The legislation, she said, "would, in fact, weaken the very freedom they claim to be protecting."

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The bill is H.R. 2679

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On the Net:
Congress: http://thomas.loc.gov/

House Passes Measure On Religion Suits (WP)

By Alan Cooperman
The Washington Post, September 27, 2006

The House passed a bill yesterday that would bar judges from awarding legal fees to the American Civil Liberties Union and similar groups that sue municipalities for violating the Constitution's ban on government establishment of religion.

Though the bill would prevent plaintiffs from recovering legal costs in any lawsuit based on the Establishment Clause, House Republicans said during a floor debate that it was particularly aimed at organizations that force the removal of Nativity scenes and Ten Commandments monuments from public property.

"Liberal groups . . . scour the country looking to sue cities and states with any kind of religious display, regardless of how popular these displays are," said Rep. Ginny Brown-Waite (R-Fla.). Because judges often require municipalities that lose such lawsuits to reimburse their opponents' legal fees, "citizens' precious monuments are being eroded with their own tax dollars," she added.

The bill, called the Public Expressions of Religion Protection Act, passed 244 to 173 on a mostly party-line vote.

Caroline Fredrickson, director of the ACLU's Washington legislative office, said the measure is "election-year red meat for the Christian right, because they've been complaining they haven't gotten enough from this Congress."

Fredrickson added that it appears unlikely the Senate will pass the bill.

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"But we're watching it, because it is designed to do real damage to First Amendment protections," she said. "What the backers of this legislation are leaving out of the discussion is that fees are only awarded when we've been successful in showing that someone's constitutional rights have been violated."

The American Legion, the Southern Baptist Convention and other conservative groups began pushing for the legislation after a Pennsylvania judge awarded $2 million to the ACLU of Pennsylvania and Americans United for Separation of Church and State. The two groups had successfully sued the school board in Dover, Pa., for requiring science teachers to teach "intelligent design" alongside evolution. The award was later reduced to $1 million.

Conservative groups were also irked when a judge awarded $550,000 to three groups -- Americans United, the Southern Poverty Law Center and the ACLU of Alabama -- after they prevailed in a lawsuit against former Alabama chief justice Roy S. Moore's display of the Ten Commandments.

The bill's sponsor, Rep. John N. Hostettler (R-Ind.), said the ACLU and similar groups are "profiteering" as well as seeking "to remove every vestige of our religious heritage from public places."

Texas Case Involving Marital Counseling Is Latest To Test Line Between Church And State (NYT)

By Ralph Blumenthal

The New York Times, September 27, 2006

HOUSTON, Sept. 26 — Peggy Lee Penley's marriage was going sour when she turned to her pastor. They had been friends for years and had started a Bible church together in Fort Worth. He was more than Ms. Penley's spiritual shepherd, also serving as a licensed professional counselor, and had helped her before.

But Ms. Penley says that after she confided her sexual relationship with another man and her plans for divorce, the pastor, C. L. Westbrook Jr., disclosed her "biblically inappropriate relationship" to church elders. Mr. Westbrook eventually informed the full congregation of the church, CrossLand Community Bible, she says, shaming her publicly and urging members to discipline her by shunning her.

In 2001, Ms. Penley sued her pastor for defamation and negligence, saying he had violated his responsibilities as a professional counselor. Her lawsuit has attracted considerable attention from church groups trying to prevent court intervention in religious matters. The case went before the Texas Supreme Court on Tuesday, and the outcome will once again help define the evolving line between church and state.

While courts have long held that religious practices and discipline are immune from court review under a legal doctrine known as "ecclesiastical abstention," secular misconduct by religious figures is not automatically protected.

Ms. Penley's lawyer, Darrell L. Keith of Dallas, told the court that the issue was simply a matter of professional negligence by a counselor.

"She believed that she was talking to him in a confidential setting as her secular marital counselor, not as her pastor," Mr. Keith said. "And she didn't believe she was at risk."

Mr. Westbrook's lawyer, Kelly J. Shackelford, told the judges that Ms. Penley "obviously knew what she signed on for" and that the court was being asked to enter "the internal processes of the church," where it did not belong.

"Since 1871, the U.S. Supreme Court has said courts can't enter these cases," said Mr. Shackelford, chief counsel for the Liberty Legal Institute in Plano, a conservative group that often represents churches in religious freedom cases. Church discipline and doctrine, he said, are inherently ecclesiastical.

"The very entry of the court into these areas is a violation and causes entanglement," he said.

A lower court had dismissed Ms. Penley's suit, but an appeals court revived it, leaving Mr. Westbrook to appeal to the state's highest civil court to bar the way to a trial.

Ms. Penley, who has married the man she became involved with and now lives on the East Coast, was not in court on Tuesday, and Mr. Keith said she would have no comment.

Mr. Westbrook was present but stayed silent. "He's trying not to say anything and get in the middle of everything," Mr. Shackelford said after the hearing. "The fact that they took this appeal and heard this case means there's a chance that we'll have protection, not only for Pastor Westbrook, but for all churches and all pastors, not to have to go through that kind of thing."

Church groups have leapt into the case, submitting briefs that warn of growing attacks on religious autonomy.

"For a church to be compelled to submit to extensive discovery and an invasive public trial before a jury, that alone can chill religious freedom — even if the church is eventually vindicated by the court," said a brief filed by the National Association of Evangelicals in support of Mr. Westbrook.

According to their briefs, Ms. Penley and Mr. Westbrook say that in 1998, Ms. Penley and her husband at the time, Benny Stone, consulted Mr. Westbrook in his office about their marital troubles. They paid him a fee for his services.

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The following year, Mr. Westbrook and his wife, the Stones and several other couples founded the CrossLand Community Bible Church, with Mr. Westbrook as pastor. Ms. Penley said she and other couples attended group counseling sessions at the pastor's home in 2000. Then, realizing her marriage was over, she says, she "engaged in a sexual relationship" with her current husband, Bobby Penley, while she was in Tennessee.

She says that she told the pastor of the relationship upon her return and said to him that she was planning to divorce her husband, and that Mr. Westbrook recommended a lawyer.

But when the pastor discussed disciplining her, Ms. Penley's brief says, she told him she was leaving the church and wrote a letter of resignation. It was after that, the brief says, that the pastor told the elders and issued a letter to the congregation to "shun and ostracize" her.

Mr. Westbrook says that he learned of her infidelity from others and that his counseling as pastor was not part of her earlier professional visits. He also says she agreed in writing to submit to church discipline, including an injunction from Matthew 18:17: "If he refuses to listen to them, tell it to the church."

In the hearing on Tuesday, the nine justices struggled with the nuances, and there were indications that they found the case difficult.

"If the damages arise from the ecclesiastical act," Justice Harriet O'Neill said, "then really, we're dancing on the head of a pin in terms of trying to parse the secular versus pastoral counseling." A ruling could take a year or more.

Recent legal records are thick with thorny ecclesiastical cases.

In Mississippi, the former wife of the governor sued her Episcopal priest and her church after learning that the priest had taped her admission of adultery for use against her in a custody case by her ex-husband. The case was dismissed. In Royal Oak, Mich., outside Detroit, a man who had left his church sued his pastor for revealing the confidence that he had been with prostitutes. That case was also dismissed.

Courts have had no trouble convicting religious figures of sexual misconduct, since the charges involve clearly secular actions that by their nature fall outside accepted religious practices.

ANTITRUST:

Wright Backers Hopeful (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 27, 2006

There's still time for a deal, North Texas lawmakers say

WASHINGTON – Legislation to lift restrictions on long-haul flights at Dallas Love Field could come down to the wire to clear both the House and Senate before a pre-election recess.

FILE 2005/AP Sen. Patrick Leahy, D-Vt., has objected to language in the Wright bill that could help protect the legislation from a court fight under antitrust law.

Finding a procedural path for the Wright legislation has proven elusive on both sides of the Capitol as congressional leaders try to rush through major legislation before returning home Saturday to campaign for the November elections.

Still, lawmakers from North Texas weren't conceding Tuesday that the issue would have to fall into the lame-duck session.

Getting the bill cleared Friday or early Saturday remained a possibility.

"It's not dead for this week, but it's still in flux," said Rep. Kay Granger, R-Fort Worth.

The legislation would implement a June compromise to repeal the 1979 Wright amendment.

The bill needs to be enacted by the end of the year, or the agreement by the cities of Dallas and Fort Worth, American Airlines Inc., Southwest Airlines Co. and Dallas/Fort Worth International Airport will expire.

The House is awaiting action on an original version of the legislation and one amended by the House Judiciary Committee that removes an exemption from antitrust laws.

The exemption was intended to protect the deal in court.

House members from North Texas have been hoping to pass their original Wright bill under suspension of normal rules, a procedure usually used for legislation that's considered uncontroversial.

The bill could conceivably clear without a recorded vote under that path, though objections from any members would force the North Texas lawmakers to corral two-thirds of the chamber to get it passed.

But the Wright bill still hasn't won a place on the House calendar for this week.

"We've got the votes for that version," Ms. Granger said. As for the tight timeline, she said, "it's narrowing, but there's time."

Several paths ahead

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The legislation faces several potential paths, which lawmakers were contemplating as competing priorities limited their options.

"We do not have a date, a time or the exact vehicle yet," said Rep. Pete Sessions, R-Dallas.

"We are going to be here for long days and long nights, and it is my belief that we're going to come up with an answer that doesn't exist at this time."

The Wright legislation would repeal the Wright law in 2014, while immediately allowing flights anywhere in the U.S. as long as they first stop in one of nine states that make up the existing Wright perimeter.

The plan would also demolish 12 of the 32 gates at Love to prevent growth in air traffic, noise and pollution.

Nineteen gates at the Dallas airport are now operational.

Members of Stop-and-Think, a community group from North Texas formed by residents living near Love Field, visited Capitol Hill Tuesday to meet with North Texas lawmakers about the Wright deal.

Founders of the group, which received its initial funding from American Airlines, said they wanted to convey their concerns about neighborhood issues and voice support for the local compromise plan with its gate limitations and other aspects.

The gate reduction drew attention on Capitol Hill this summer from key lawmakers who oversee antitrust laws.

The language

A Senate version of the bill to lift flight restrictions at Love Field continues to be held up by Sen. Patrick Leahy, D-Vt., the top Democrat on the Senate Judiciary Committee who has objected to language that could help protect the legislation from a court fight under antitrust law.

Sen. Kay Bailey Hutchison, R-Texas, removed an outright antitrust exemption from the bill last week, replacing it with other protective language, to win over the chair of the judiciary committee, Sen. Arlen Specter, R-Pa.

Mr. Leahy told The Dallas Morning News Tuesday that the number of gates at the Dallas airport is "entirely up to them" but said he has concerns about the antitrust implications.

"I just don't want to rewrite on the back of the envelope our antitrust laws," he said.

Mr. Leahy, who has offered his own suggested wording for the bill, said he hasn't seen the changes that Mr. Specter signed off on last week.

A spokesman for Ms. Hutchison said the language has been shared with Mr. Leahy's staff and others on the Senate Judiciary Committee.

Consumer groups write

Consumers Union and Consumer Federation of America, two consumer groups opposing the deal, wrote to Mr. Leahy Tuesday thanking him for his stance against what they called an anti-consumer deal that would "divide up the airline market for Dallas at the expense of the flying public."

Even if lawmakers find a way to get their bills to the House and Senate floors this week, they'll need to reconcile the two versions and get a final bill cleared again in both chambers.

Lawmakers were considering whether to pass the original House bill and let the Senate make an amendment substituting Ms. Hutchison's new language.

The House would then have to sign off on the revisions before the bill could be sent to President Bush.

If both chambers independently pass different versions, the bill could be forced into a time-consuming conference committee.

And if the legislation doesn't get through this week, lawmakers would be forced to try again in a lame-duck session.

What Congress can accomplish during that post-election period in November and December remains uncertain, especially given the chance that Democrats could win enough races to retake control of the House.

But lawmakers said they remained hopeful even if they couldn't get the legislation cleared this week.

"I'm still pretty optimistic that there's time," said Rep. Kenny Marchant, R-Coppell.

"If we have to go to the lame-duck session with this bill, I don't think it dooms it in the least."

Dallas Mayor Laura Miller said, "I still think we have a good chance whether it's now or in November or December."

Staff writer Emily Ramshaw contributed to this report from Dallas.

Wright Compromise Bill Faces More Opposition (DALLASBIZ)

Dallas Business Journal, September 27, 2006

Opposition to the Wright Amendment compromise bill continues to mount locally, as a new study says the bill will cost consumers billions, and two consumer groups have written House Democratic leaders to protest the bill.

The study was conducted by Steven A. Morrison, a member of the Department of Economics at Northeastern University and editor in chief of the Journal of Transport Economics and Policy. The study was solicited by the law firm of Bickel & Brewer,

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which represents Love Terminal Partners, which has filed a lawsuit over the local agreement that the Wright compromise bill is based on.

In the report, Morrison looked at U.S. Department of Transportation data on airline fares and passenger volume to estimate the effects on consumers of full repeal versus the proposed agreement.

He said by fully repealing the bill consumers would recognize $726 million annually, compared to between $117 million and $383 million annually from through ticketing.

The Wright compromise bill calls for a repeal of the Wright restrictions after eight years. In the meantime, the bill allows for immediate through ticketing. Through-ticketing involves making a layover stop when traveling to long-distance destinations. The compromise bill also calls for the gates at Dallas Love Field Airport to be reduced from 32 gates to 20.

"A conservative estimate is that consumers will be worse off by $2.7 billion over the next eight years because the agreement will keep airfares higher compared with full repeal," Morrison said.

Two consumers groups, the Consumers Union and the Consumer Federation of America also sent letters Monday to House Minority Leader Nancy Pelosi and House Minority Whip Steny H. Hoyer, urging House Democratic leaders to oppose the plan to circumvent the House Judiciary Committee version of the bill, which removed antitrust immunity for American and Southwest Airlines.

"Erasing the important work of the committee charged with protecting consumers from anticompetitive behavior would constitute a breakdown of rational governance in the House of Representatives," the groups said in the letters.

Sen. Kay Bailey Hutchison, R-Texas, the sponsor of the bill, has hotlined the bill, which is a formal way of getting unanimous consent that doesn't require a formal vote to pass the bill.

Hutchison, late last week won over a major detractor of the Wright compromise bill, Sen. Arlen Specter, R-Pa., by agreeing to take out wording that exempted the bill from antitrust laws. The wording was replaced with other protective language, Hutchison's reps said at the time.

A spokeswoman for Hutchison said Tuesday that there was a hold on the bill in Senate, signaling that someone had objections to the bill. Hutchison is working through the legislative process and working with staff to work through concerns and the reasons why someone might have a hold on the bill.

If Congress doesn't pass the agreement by Dec. 31 it will be voided.

J&J Sues Boston Sci, Abbott Over Guidant (AP)

By Linda A. Johnson, AP Business Writer

AP, September 27, 2006

J&J Alleges Breach of Guidant Deal, Sues Boston Sci, Abbott Seeking $5.5 Billion

TRENTON, N.J. (AP) -- Months after Johnson & Johnson lost a bidding war for medical-device maker Guidant, J&J is suing the winner, Boston Scientific, and Abbott Laboratories, alleging the two companies induced Guidant to breach its agreement with J&J.

New Brunswick.-based Johnson & Johnson is seeking $5.5 billion in damages, according to the lawsuit, filed Monday in U.S. District Court in New York. The lawsuit also seeks reimbursement for court costs, attorney fees and interest.

The suit asks the court to rule that Indianapolis-based Guidant Corp. breached the companies' merger agreement and that Boston Scientific Corp. and Abbott Laboratories Inc. intentionally interfered with the deal and induced Guidant to breach it.

Natick, Mass.-based Boston Scientific trumped Johnson & Johnson's final $24.2 billion offer with a $27.2 billion bid to acquire Guidant and its portfolio of stents, defibrillators, pacemakers and other medical devices.

Guidant paid Johnson & Johnson a $705 million breakup fee after it opted to accept Boston Scientific's offer in late January. To eliminate possible antitrust snags, Boston Scientific agreed to sell Guidant's stent and vascular business to Abbott for $4.1 billion and a $900 million loan.

Randy Katz, a merger and acquisitions specialist at law firm Bryan Cave LLP, said J&J won't receive anywhere near the $5.5 billion, and that the case likely will be settled out of court.

"J&J feels that it needs to put a dent in Boston Scientific and Abbott," financially and by distracting management of its two competitors, Katz said.

J&J said it would have no comment beyond the court filing.

The lawsuit alleges Boston Scientific only won the takeover battle because "Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott."

"Based on these disclosures," the lawsuit states, "Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review."

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J&J had offered in December 2004 to pay $25.4 billion for Guidant, whose shareholders approved that deal. J&J reduced its offer to $21.5 billion after a series of recalls and warnings involving thousands of Guidant pacemakers and defibrillators. The two companies amended their merger deal in November 2005. Guidant was barred from soliciting other offers and, if it received an unsolicited bid, from giving confidential information to any third parties.

Paul Donovan, spokesman for Boston Scientific, said his company "complied with all the terms of the J&J/Guidant merger agreement. We believe the suit is meritless."

"We find it curious that J&J has chosen to sue eight months after Boston Scientific entered into a definitive agreement with Guidant, and five months after the transaction closed," Donovan said.

Katz said it likely "took J&J a fair amount of time to put together all the puzzle pieces about what they allege."

Melissa Brotz, a spokeswoman for Abbott Laboratories Inc. of North Chicago, Ill., also said the "lawsuit is without merit." She declined further comment.

Guidant's former chief executive officer, James Cornelius, now is interim CEO at Bristol-Myers Squibb Co., which said he was not available for comment.

Also Tuesday, Standard & Poor's Ratings Services changed its outlook for Boston Scientific's credit rating from stable to negative, but affirmed its current ratings. S&P cited numerous factors, including Boston Scientific increasing its debt from $2 billion to $9 billion to acquire Guidant.

S&P also said Boston Scientific had lower-than-expected preliminary third-quarter sales because of continued weak demand for its cardiac devices and an unexpected weakening in sales of drug-coated stents, tiny metal scaffolds that keep heart arteries open after blockages have been cleared.

Boston Scientific leads J&J in the U.S. market for those stents, with about 55 percent of sales to J&J's 45 percent. When J&J proposed buying Guidant, Guidant, Abbott and a third company all were preparing to get their own drug-coated stents on the market. That was one reason J&J wanted Guidant, which also would have given it entry into the lucrative market for implantable pacemakers and defibrillators.

In trading on the New York Stock Exchange, shares of J&J rose 48 cents to close at $64.67, while shares of Boston Scientific fell 15 cents or 1 percent to close at $14.80 and Abbott Labs rose 12 cents to close at $48.07.

AP Business writers Mark Jewell in Boston and Ashley Heher in Chicago contributed to this report.

J&J Sues Boston Scientific Over Guidant (UPI)

UPI, September 27, 2006

New Jersey's Johnson & Johnson is suing Boston Scientific Corp. for $5.5 billion, alleging improprieties in its purchase of Guidant Corp.

Both Boston Scientific and J&J had sought to acquire Guidant, but the Massachusetts firm's $27.5 billion offer won.

Johnson & Johnson alleges in its New York federal lawsuit, which also names Abbott Laboratories, that Boston Scientific prevailed "only because Guidant leaked confidential information to a third party, Abbott, for the purpose of arranging a prepackaged divestiture of significant Guidant businesses to Abbott," Boston Business Journal said.

Once Guidant had done so, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific, "which allowed Boston Scientific to make an offer for Guidant that would not require a lengthy and uncertain antitrust review," the suit says.

J&J Sues Boston Scientific Over Guidant Acquisition (Update7) (BLOOM)

By David Glovin And Avram Goldstein

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- Johnson & Johnson, which lost a battle to buy heart-device maker Guidant Corp., sued winning bidder Boston Scientific Corp. for $5.5 billion, saying the deal was tainted by a leak of confidential information.

Boston Scientific was able to buy Guidant for $27.5 billion because Guidant secretly allowed Abbott Laboratories to review Guidant's finances, according to a complaint filed yesterday in New York federal court. Abbott agreed to buy part of Guidant's business to help Boston Scientific avoid antitrust problems, the suit said. Guidant and Abbott were named defendants.

The lawsuit shows that the fierce rivalry between Natick, Massachusetts-based Boston Scientific, the second largest maker of heart stents, and New Brunswick, New Jersey-based J&J, the world's biggest medical device maker, isn't cooling down.

``I don't think it ever ends," said Jan David Wald, an analyst with A.G. Edwards & Sons in Boston in a telephone interview today. ``I think there is acrimony between the founders of Boston Scientific and the management of J&J. It's so longstanding that it's hard to see it going away."

Since defeating J&J, Boston Scientific has been buffeted by product recalls, falling sales, profit warnings, analyst downgrades and growing legal risks, driving the company's market value down to $21.8 billion from $31.2 billion in less than five months.

``Isn't that amazing?'' said Wald. ``I think the valuation is way too low. There's risk there, and investors are still thinking about it instead of jumping in. Overall I think it is an undervalued company.''

`Meritless'

J&J lost the deal in January, when Abbott made financing agreement that enabled Boston Scientific to snatch Guidant, the lawsuit said. Guidant accepted the bid as superior to J&J's offer, and J&J promptly received a $705 million termination fee from Guidant.

``Throughout this process, we complied with all the terms of the J&J-Guidant merger agreement,'' said Boston Scientific spokesman Paul Donovan in an e-mailed statement today. ``We believe the suit is meritless.''

Boston Scientific found it ``curious'' that the suit was filed five months after the transaction was completed, Donovan said. Melissa Brotz, a spokeswoman for Abbott Park, Illinois- based Abbott, said the lawsuit ``is without merit.''

Johnson & Johnson spokesman Jeff Leebaw declined to comment beyond the lawsuit.

Shares

J&J shares rose 48 cents to $64.67 in composite trading on the New York Stock Exchange as of 4:01 p.m. Boston Scientific shares fell 15 cents to $14.80 hares of Abbott Park, Illinois- based Abbott Labs fell 12 cents to $48.07.

In December 2004, Johnson & Johnson agreed to acquire Guidant for $25.4 billion. In June 2005, Guidant recalled 109,000 implantable electronic heart defibrillators with faulty batteries linked to seven deaths. The $30,000 devices are implanted to automatically restart stopped hearts.

In October 2005, J&J said the recall contributed to a material change in the value of Guidant and it reduced its offer to $21.5 billion. The agreement barred Guidant from soliciting other offers or providing confidential information to another company, the suit said.

In December as the merger awaited regulatory review, Boston Scientific made a $25 billion bid for Guidant that was ``fraught with uncertainty,'' the suit said. Guidant then improperly allowed Abbott to review its finances to see whether Abbott would agree to buy some of its businesses in the event Boston Scientific prevailed, the suit said.

Stents

Abbott's agreement to buy Guidant's heart stent business enabled Boston Scientific, the world's second largest stent maker, to sidestep antitrust hurdles, according to the complaint. Stents are tiny tube-like devices doctors use to keep open arteries cleared of blockage.

``Without a pre-packaged divestiture agreement, Boston Scientific could not have made a proposal that would have been acceptable to Guidant's board,'' the suit claimed.

Since the acquisition was completed in April, Boston Scientific has recalled another 27,600 defibrillators and the worldwide defibrillator market dropped for the first time.

While J&J may be happy it didn't acquire Guidant's electronic heart devices, it is extremely unhappy about losing the stent franchise to Abbott, said Bruce Nudell, an analyst with Sanford C. Bernstein & Co. in New York.

``It's going to be painful for J&J to have Abbott be probably the foremost stent vendor in the world and Boston also have access to an Abbott stent that is potent'' while continuing to sell its own U.S.-market leading stents, he said.

The lawsuit is Johnson & Johnson v. Guidant, 06-CV-7685, U.S. District Court for the Southern District of New York.

To contact the reporters on this story: David Glovin in New York at dglovin@bloomberg.net ; Avram Goldstein in Washington at agoldstein1@bloomberg.net .

Judge Dismisses Parts Of AMD's Case Against Intel (WSJ)

By Don Clark

The Wall Street Journal, September 27, 2006

SAN FRANCISCO -- A federal judge dismissed major portions of Advanced Micro Devices Inc.'s high-profile antitrust suit against Intel Corp., accepting Intel's argument that many of AMD's claims are beyond the reach of U.S. law.

AMD, based in Sunnyvale, Calif., accuses Intel of illegally maintaining a monopoly in the market for microprocessor chips that act as the brains in most personal computers. Its suit, filed in June 2005 in federal court in Delaware, questions Intel's business tactics in several countries, including Britain, Germany and Japan.

Intel, of Santa Clara, Calif., asked the judge to dismiss AMD claims that are based on the foreign effect of Intel's alleged tactics. Intel pointed out, among other things, that AMD's chips are manufactured in Germany and assembled into final products in Malaysia, Singapore and China.

Intel argued that AMD is seeking damages for lost sales of those foreign-made microprocessors in foreign markets, and was separately seeking redress in European, Asian and South Korean courts. As a result, Intel contended that the U.S. federal court lacks jurisdiction over AMD's "foreign commerce" claims.

AMD, in response, argued that that the microprocessor market is global, and that it was not making any "foreign commerce" claims.

U.S. District Judge Joseph Farnan sided with Intel. He ruled that AMD "has not demonstrated that the alleged foreign conduct of Intel has direct, substantial and foreseeable effects in the United States which gives rise to its claim."

Chuck Mulloy, an Intel spokesman, said, "We are pleased that Judge Farnan appears to have agreed with our legal analysis and argument." He said the company would refrain from further comment until a hearing with the judge Wednesday.

An AMD spokesman, Michael Silverman, said the company is studying the ruling, but noted that much of the case still remains.

"Notwithstanding the judge's ruling today, Intel cannot escape antitrust scrutiny for its conduct--wherever in the world it occurs," Mr. Silverman said. "As this U.S. litigation is joined by global antitrust investigations, it is clear that Intel cannot escape the consequences of its illegal monopoly abuses."

DeCode Genetics Sues Ex-Workers, Claiming Trade-Secret Violations (WSJ)

By Antonio Regalado

The Wall Street Journal, September 27, 2006

In a case that may threaten a major U.S. project to study the DNA of children, an Icelandic gene-hunting company said it was suing five ex-employees for stealing trade secrets and breach of contract.

Four of the five former employees of DeCode Genetics Inc., based in Reykjavik, now work for Children's Hospital of Philadelphia, which in June announced a high-profile plan to collect and study DNA from some 100,000 children.

The hospital, known as CHOP, intends to use the database of DNA profiles to find links between genes and common conditions like obesity. Publicly traded DeCode operates a similar database in Iceland.

In its suit, filed in U.S. District Court in Philadelphia, DeCode asked the court to prevent CHOP or its former employees from using any of its trade secrets.

In a statement, CHOP officials said the "hospital believes that the claims against its researchers are without merit and that they will prevail in the lawsuit." The hospital said it would "vigorously" defend its employees and its own research program.

DeCode alleges in the suit that its former vice president of business development, Hakon Hakonarson, and four other former employees provided CHOP with proprietary information, including business plans and research results. Dr. Hakonarson, who left DeCode in May after more than seven years of employment, now leads a new genomics center at CHOP.

Dr. Hakonarson didn't return a phone message yesterday. In an interview this summer, he said the facility was "going to perform genotyping on the industrial scale within academia."

The conflict arises as scores of research teams compete to use new DNA maps and DNA-reading devices to discover the causes of common diseases. Although the Iceland database has generated a string of high-profile scientific results for DeCode, it remains unprofitable.

Microsoft's Precrimes (WSJ)

By Alberto Mingardi

The Wall Street Journal, September 27, 2006

Quarrels between the European Commission and Microsoft seem to be the daily bread in Brussels. In the beginning there was Mario Monti, who as EU antitrust chief in 2004 fined Microsoft a record €497 million for a series of violations, including its "bundling" of Media Player with its Windows operating system. Mr. Monti's successor, Neelie Kroes, didn't trade the iron fist for a velvet glove: Earlier this year she fined the software giant another €280.5 million for not having complied with the Commission's orders. It is worth noting that the latter fine came even though the original case is still under judicial review.

Above and beyond this fumus persecutionis, another dispute that's coming out into the open between Ms. Kroes and Microsoft entails possibly significant consequences for the very essence of competition regulation, which is at risk of becoming antitrust policing.

Since March, the Commission has expressed concerns about Vista, the new version of Windows, ready to be released in a few months but waiting for an informal greenlight from Brussels. Ms. Kroes has said that she expects Microsoft to apply "the general principle" of the Commission's 2004 ruling to future Windows versions.

This claim is based on the assumption that the original ruling can be a source of legal restraint far above its original scope. Leaving aside its merits or shortcomings, the Monti decision on Media Player orders Microsoft only to "refrain from using any

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technological, commercial, contractual or any other means which would have the equivalent effect of tying [Media Player] to Windows."

Ms. Kroes's objections do not seem to take into account the general trend in information technology to marry previously independent functions. Among others, Google is showing this to be the way forward by integrating plenty of formerly independent functions -- from daily planners to spreadsheets -- into its email service, and by piling up ever more functions into its search engine. Dictating business strategies should not be a regulator's job.

Furthermore, from a mere procedural point of view, the situation today is not comparable to the one that led to Mr. Monti's original ruling. Though first developed in 1998, Microsoft's Media Player was integrated in Windows XP in 2001. This led to complaints by the then major supplier of analogous software, RealNetworks, on both the sides of the Atlantic. RealNetworks won the game in Europe, and Mr. Monti forced Microsoft to release a version of XP without Media Player.

Real's complaints in Europe and the U.S. also led to a business agreement that the two companies signed in October 2005. One of the peace treaty's key points concerns Vista: The new program will redirect users to a Web site to download the Real software needed to play Real media files. The Media Player dispute really seems to be over for the litigants -- if not for the regulator. * * *

The case of Vista is unprecedented in another way as well. The Commission is threatening Microsoft not to violate the "spirit" of an older decision -- i.e., not to bundle too many new features with its new operating system. In a subtle way, this time it is the regulator that is casting the first stone.

As Brussels ponders a revamping of its monopoly policies, there is a demand among experts for the Commission to focus more on consumer welfare per se than on the form that a particular business practice takes (e.g., exclusive deals or bundling). However, forms cannot be bypassed.

Vista is not the same program that the EU has already ruled about -- and this is not merely a matter of "forms." The new operating system's alleged future dominance is merely a prediction, albeit a reasonable one based on the history of previous iterations of Windows. Still, there can be no evidence of the size of Vista's market share until it is released and sold.

What's more, the Commission already has shown little success in predicting the future when it comes to Microsoft. Two years on, it seems clear that Mr. Monti's concerns about Media Player's becoming dominant in its market segment were greatly exaggerated. In spite of its integration within Windows, Media Player had to face aggressive competition, and there is no sign that RealAudio or Apple's iTunes could not grow their market shares because they were not bundled with Windows (iTunes is of course bundled in Apple's Mac OS). In fact, the opposite has proven true: A recent Nielsen/NetRatings survey found that Apple's iTunes Web site and software reach 14% of Internet users world-wide -- up 241% in just one year. What's more, the market demand for the Media Player-less version of Windows XL was so minimal as to be an embarrassment for Mr. Monti, who had cited consumer choices as one reason for ruling against Microsoft in 2004.

Ms. Kroes's apparent desire to apply the old Monti ruling to an as-yet-unreleased Vista raises an obvious question. As far as antitrust cases, the Commission is already prosecutor, judge and jury. Shall its powers expand over the boundaries of time, too? * * *

In "Minority Report," a 1956 Philip K. Dick short story made famous by a Steven Spielberg film a few years ago, murders are prevented before they happen thanks to three mutants who foresee the future. The system initially works, but quickly collapses as a former policeman proved it incompatible with justice and the rule of law.

Neelie Kroes has said it would be desirable for the newer Windows "to avoid the problems we are facing now." In a nutshell, this is the cornerstone of a new approach to competition policy: a doctrine of harm pre-emption, so to speak. Whether such a doctrine is to be applied to cases other than Microsoft's remains to be seen.

But "Minority Report" reminds us of a simple, stubborn fact: You cannot be "guilty" of any crime before you have commited it and been accused, much less proven, of having committed it. This is a basic tenant of legal certainty as we know it. Why should it not continue to apply to competition policy?

Mr. Mingardi is director general of Istituto Bruno Leoni, a Milan-based free-market think tank.

FTC Clears Regent Buy Of 5 CBS Stations (AP)

AP, September 27, 2006

NEW YORK --Radio broadcasting company Regent Communications Inc. received antitrust approval from the Federal Trade Commission to buy five radio stations serving the Buffalo, N.Y., market from CBS Corp. for $125 million in cash.

The FTC on Monday granted early termination of the waiting period required under the Hart-Scott-Rodino antitrust law, according to the agency's Web site.

Cincinnati-based Regent announced on Sept. 5 that it planned to operate the Buffalo stations -- WBLK-FM, WBUF-FM, WJYE-FM, WYRK-FM and WECK-AM -- through a local marketing agreement starting in October.

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After the deal closes, Regent will own and operate 19 radio stations in the Upstate New York region including stations in the Buffalo, Albany, Utica/Rome and Watertown markets.

The transaction is being funded through $240 million of senior credit facilities being arranged by Banc of America Securities.

Shares of Regent fell 5 cents to $3.85 on the Nasdaq, while those of New York-based CBS fell 35 cents to $28.30 on the New York Stock Exchange.

U.S. 'lobbied' The EC Over Microsoft Fine (CNET)

By Richard Thurston, Special to CNET News.com

CNET News, September 27, 2006

European Commissioner Neelie Kroes reveals that U.S. Embassy pressured her over the Microsoft antitrust case.

The U.S. government sought to influence the European Commission over Microsoft's antitrust case, according to Competition Commissioner Neelie Kroes.

Kroes said the U.S. Embassy in Brussels, Belgium, had asked her to be "nicer" to Microsoft ahead of her decision to fine the software giant 280 million euros ($357 million) in July.

The commissioner criticized the approach. "This is of course an intervention which is not possible," Kroes told Dutch newspaper Financieele Dagblad this week.

When asked if she was annoyed by the embassy's approach, she said: "In my work, I cannot have a preference. I have, however, a personal opinion, but that is for Saturday night."

Kroes' representative added in an e-mail to CNET News.com's sister site ZDNet UK on Tuesday: "We can confirm that she was lobbied and that she did not appreciate it."

Microsoft declined to comment on Kroes' claims, but an insider insisted that the company had not tried to influence discussions between the U.S. government and the EC.

The U.S. Embassy had not responded to requests for comment at the time of writing.

Microsoft was hit with the fine for failing to comply with the Commission's landmark antitrust ruling of 2004.

The Commission had ordered the software giant to open up its code to help rivals develop server software that is fully compatible with Windows.

Microsoft has previously denied failing to comply with the terms of the antitrust ruling. Two months ago, it submitted a lengthy document which it said proved it had opened up its server interoperability protocols, as demanded by the EC.

Richard Thurston of ZDNet UK reported from London.

New Jersey MLS Tosses Restrictions For Display Of Listings (INMAN)

By Glenn Roberts Jr.

Inman News, September 27, 2006

Several MLSs reverse policies amid FTC investigations

The New Jersey Multiple Listing Service, a regional MLS in Northern New Jersey that is owned and operated by two local Realtor organizations, has withdrawn a policy that prevented some property listings from reaching Realtor.com and several other home-search Web sites.

While New Jersey MLS officials were reportedly contacted by representatives for the U.S. Federal Trade Commission -- an agency that has been investigating similar policies at more than a dozen other MLSs across the country -- MLS officials stated in a communication to members this month that the decision to rescind the rule was in response to the practices of neighboring MLSs.

National Association of Realtors general counsel Laurie Janik announced earlier this year that 14 separate government investigations had been launched over MLS policies that prevent some property listings information from being publicly displayed on some public Web sites. The Realtors Association of Northeast Wisconsin MLS changed its restrictions relating to the public display of some property listings in late August after an FTC investigation.

The Northern New England Real Estate Network and Austin Board of Realtors in Texas also lifted similar restrictions, and both of these groups announced agreements with the FTC in response to investigations.

In March 2005, the New Jersey MLS announced in a newsletter that "exclusive agency" property listings would no longer be sent to public home-search Web sites, including NJMLS.com and Realtor.com, as of April 1, 2005.

In exclusive agency listing agreements, home sellers are not obligated to pay their agent if they locate a buyer on their own, and sellers can actively market their own properties. The MLS did not place similar restrictions on the more common

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"exclusive right to sell" property-listing agreement, which provides that a seller must pay the agent or broker who listed the property even if the seller personally located the buyer for the property.

Subscribers of the New Jersey MLS reported that they received a notice from the MLS this month stating that the exclusive agency restrictions had been lifted. According to the notice from the New Jersey MLS, "The board of directors determined at their monthly meeting that surrounding MLSs are sending exclusive agency listings to public Web sites. In the spirit of keeping our members competitive and informed, effective immediately all exclusive agency listings will be sent to the following public Web sites: Realtor.com, NJMLS.com, IDX sites."

IDX refers to Internet Data Exchange, a format for sharing online listings among brokers who are members of an MLS.

Tina Griffin, executive director for the New Jersey MLS, did not respond to Inman News' requests for comment. Tom Beritelli, president for the New Jersey MLS board of directors, and board vice president Nelson Chen also refused to comment for the article.

New Jersey MLS, which has about 8,600 members, is owned and operated by the Eastern Bergen County Board of Realtors and the RealSource Association of Realtors. Bob White, association executive for the Eastern Bergen Realtor board, said he had no comment about the MLS board's decision to change the exclusive agency restrictions.

Meanwhile, the New Jersey MLS Web site, NewJerseyMLS.com, still stated (as of Tuesday, Sept. 26) that exclusive agency listings "will not be sent to the public Internet (i.e. njmls.com public Web site, Realtor.com, member Web sites with IDX agreements)."

In 2004, Derek Eisenberg, president of Continental Real Estate Group in Hackensack, N.J., and the creator of a flat-fee real estate network, told Inman News that a similar policy change on exclusive agency listings by the Monmouth-Ocean MLS in New Jersey led him to restructure his operations. That MLS and others have maintained that the policy changes for exclusive agency listings were intended to prevent confusion when an agent and a seller were separately marketing the same property, as prospective buyers may see a property simultaneously advertised as a for-sale-by-owner property and as an agent-represented property.

Eisenberg said that he believes there is another motive for such policies -- to make exclusive agency listings less appealing to sellers. "It's a bad-spirited rule," he said of the New Jersey MLS policy, adding that it may have led some brokers to place exclusive agency property listings in other MLSs to avoid the New Jersey MLS restrictions and get the listings onto the Realtor.com site.

As a result of restrictions on exclusive agency listings, he said he faced increasing liability in some transactions that led to higher insurance costs for those transactions.

Gary Ragusa, owner of Realmart Realty, a flat-fee real estate company in South Amboy, N.J., said that he has been in contact with the FTC about MLS policies, and he believes that the FTC may have influenced the MLS's decision to reverse its policy on exclusive agency listings. "The FTC has been pretty aggressive and has been pursuing (this issue)," he said. Ragusa said the exclusive agency listings policy didn't impact his business, as he works with all of his seller clients through exclusive right to sell agreements.

He said that other MLSs in the area, too, have also changed their policies relating to exclusive agency listings.

The FTC and U.S. Department of Justice, working separately or in cooperation, have also taken action on a range of other industry policies and practices over the past couple of years -- forcing some states to withdraw bans on real estate rebates to consumers, for example, and opposing legislation in a number of states that requires all real estate licensees to perform a specific range of services for their clients, even if their clients do not want or need those services.

Last year, the Justice Department filed an antitrust lawsuit against the U.S. Department of Justice, charging that the trade group's policies for the sharing and display of online property listings information are too restrictive. The Realtor association has held that its policies are legal and provide for the sharing of a huge volume of property listings information. The Justice Department has issued subpoenas to several MLSs related to the lawsuit, the Realtor association has announced.

FTC officials have not disclosed a full list of MLSs that it has targeted in its investigations of exclusive agency listings policies, and the National Association of Realtors has also not revealed the full list of MLSs under investigation.

Steve Cook, a spokesman for the National Association of Realtors, said in a statement, "We don't speak for the boards and MLSs involved in these cases." The association is not providing any legal advice to its local boards and MLSs relating to the FTC investigations, Cook also stated.

ENVIRONMENT:

U.S. Judge Says Lawsuit Over California Auto Emissions Can Go Forward (FINDLAW/AP)

By Don Thompson, Associated Press Writer

AP, September 27, 2006

(AP) - SACRAMENTO-Automakers can continue their lawsuit seeking to block strict vehicle emission standards adopted two years ago by California regulators, a federal judge ruled.

U.S. District Judge Anthony Ishii sided preliminarily with a coalition of automakers on their three major arguments against the state law, which was passed in 2002 and adopted two years later by the state air board. In a ruling Monday,Ishii threw out two lesser arguments, but ruled the suit should go to trial Jan. 30.

The tailpipe standards adopted by the California Air Resources Board were designed to cut greenhouse gas emissions from cars and light trucks by 25 percent and from sport utility vehicles by 18 percent starting in 2009. Ten other U.S. states have since adopted the California standard.

The automobile industry sued in U.S. District Court in Fresno, California, arguing that the state law amounts to an attempt to set new fuel-economy standards, something it says can be done only by the federal government.

The judge ruled that automakers can continue with their argument that allowing states to set their own emission standards would violate two federal laws that reserve that power to the federal government. Ishii also allowed an argument by the automakers that California's regulations would undermine the federal government's ability to conduct a uniform foreign policy.

The judge prohibited automakers from arguing that the California law would impede interstate commerce or business competition.

"We're disappointed because it's going to cost taxpayers a lot of money to defend California laws. But we're prepared to do that because it's a really important law, worth fighting for," said Teresa Schilling, a spokeswoman for state Attorney General Bill Lockyer.

An attorney representing the lawsuit's main plaintiff, Central Valley Chrysler-Jeep Inc., declined comment, citing the continuing litigation.

The automakers told Ishii during a hearing this month that the higher fuel-economy standards required by the California regulations cannot be reasonably adopted in the United States and would sharply boost vehicle costs.

State lawyers argued that automakers can meet the standards by using new technology or alternate fuels.

Limiting vehicle exhaust is part of California's larger effort to reduce its emissions of gases that contribute to global warming.

Gov. Arnold Schwarzenegger has set a goal of cutting the amount of such gases to 1990 levels by 2020. On Wednesday, he is expected to sign a bill forcing factories, power plants and refineries to cut their emissions of greenhouse gases.

On the Net:

California Air Resources Board, http://www.arb.ca.gov

Alliance of Automobile Manufacturers, http://www.autoalliance.org

White House Said To Bar Hurricane Report (AP)

AP, September 27, 2006

WASHINGTON (AP) — The Bush administration has blocked release of a report that suggests global warming is contributing to the frequency and strength of hurricanes, the journal Nature reported Tuesday.

The National Oceanic and Atmospheric Administration disputed the Nature article, saying there was not a report but a two-page fact sheet about the topic. The information was to be included in a press kit to be distributed in May as the annual hurricane season approached but wasn't ready.

"The document wasn't done in time for the rollout," NOAA spokesman Jordan St. John said in responding to the Nature article. "The White House never saw it, so they didn't block it."

The possibility that warming conditions may cause storms to become stronger has generated debate among climate and weather experts, particularly in the wake of the Hurricane Katrina disaster.

In the new case, Nature said weather experts at the National Oceanic and Atmospheric Administration — part of the Commerce Department — in February set up a seven-member panel to prepare a consensus report on the views of agency scientists about global warming and hurricanes.

According to Nature, a draft of the statement said that warming may be having an effect.

In May, when the report was expected to be released, panel chair Ants Leetmaa received an e-mail from a Commerce official saying the report needed to be made less technical and was not to be released, Nature reported.

Leetmaa, head of NOAA's Geophysical Fluid Dynamics Laboratory in New Jersey, did not immediately respond to calls seeking comment.

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NOAA Administrator Conrad Lautenbacher is currently out of the country, but Nature quoted him as saying the report was merely an internal document and could not be released because the agency could not take an official position on the issue.

However, the journal said in its online report that the study was merely a discussion of the current state of hurricane science and did not contain any policy or position statements.

The report drew a prompt response from Sen. Frank R. Lautenberg, D-N.J., who charged that "the administration has effectively declared war on science and truth to advance its anti-environment agenda ... the Bush administration continues to censor scientists who have documented the current impacts of global warming."

A series of studies over the past year or so have shown an increase in the power of hurricanes in the Atlantic and Pacific oceans, a strengthening that many storm experts say is tied to rising sea-surface temperatures.

Just two weeks ago, researchers said that most of the increase in ocean temperature that feeds more intense hurricanes is a result of human-induced global warming, a study one researcher said "closes the loop" between climate change and powerful storms like Katrina.

Not all agree, however, with opponents arguing that many other factors affect storms, which can increase and decrease in cycles.

The possibility of global warming affecting hurricanes is politically sensitive because the administration has resisted proposals to restrict release of gases that can cause warming conditions.

In February, a NASA political appointee who worked in the space agency's public relations department resigned after reportedly trying to restrict access to Jim Hansen, a NASA climate scientist who has been active in global warming research.

How A Tiny Law Firm Made Hay Out Of Tainted Spinach (WSJ)

By Heather Won Tesoriero And Peter Lattman

The Wall Street Journal, September 27, 2006

Before health officials warned the public about bad spinach, before grocers yanked fresh spinach off their shelves, before consumers cleaned out their refrigerators, the Seattle law firm Marler Clark had filed its first bad-spinach lawsuit.

Then, as word of the bacteria outbreak began to spread this month, lawyers at the firm posted messages on the firm's E. coli blog, www.ecoliblog.com1. They reached out to reporters and waited for the calls and emails to stream in. Now Marler Clark is representing 76 clients. Bill Marler, a 49-year-old partner in the firm, tracks them with Post-it Notes on a U.S. map hanging in his office.

This latest outbreak of E. coli isn't the biggest food catastrophe in recent years, in terms of the number of cases, but it is significant for its geographic reach. Extending far beyond just one restaurant or company, it has reared its head in 26 states and Canada and prompted a massive recall of fresh spinach. As of last night, it had affected 183 people and resulted in 95 hospitalizations, one death -- and five lawsuits filed by Marler Clark clients.

The Food and Drug Administration has traced the outbreak to spinach grown in three counties in California; it is advising people against eating any fresh spinach grown there, which may have been packaged elsewhere, or any spinach whose origin can't be verified. The agency says frozen and canned spinach can be safely eaten.

A tiny firm with six attorneys, a staff epidemiologist and a nurse, Marler Clark has in the past eight years established itself as the go-to place for victims of food-borne illnesses. The firm's niche practice requires it to connect quickly with new, often widely dispersed clients as an outbreak unfolds, making effective marketing paramount. The firm has pursued an aggressive brand-building campaign, including speaking engagements, media interviews and an extensive Internet presence.

A crucial part of the strategy -- and one that appears to have worked with the spinach outbreak -- is being among the first to the courthouse. People familiar with such cases say filing first is crucial to getting visibility and attracting more clients. The more people a lawyer represents, says Mr. Marler, the more leverage the lawyer has at the negotiating table with the defense.

"Bill is a good guy and a good lawyer. He's done a fantastic job of promoting himself and his firm and has done a good job for his clients," says Fred Pritzker, at rival plaintiff shop Pritzker Ruohonen & Associates, in Minneapolis. "Bill is great at putting press releases out, writing editorials and filing lawsuits early on."

Less-severe E. coli cases, with symptoms such as diarrhea, vomiting and dehydration, are usually worth between $25,000 and $500,000 when they are settled, Mr. Marler says. Those involving hemolytic uremic syndrome, or HUS, a potentially life-threatening disease that affects the kidneys and occurs in about 5% to 15% of E. coli patients, can run from $1 million to his highest HUS settlement of $15.6 million.

Marler Clark typically takes a 25% contingency fee in cases involving children, and 35% in cases involving adults. In cases he gets from other attorneys' referrals, he shares the fee.

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With the spinach outbreak, all five of the firm's suits name as a defendant Natural Selection Foods LLC; four also name Dole Food Co. The vast majority of Marler Clark's clients identified a Dole product, and a couple of clients identified Earthbound Farm, the private label for Natural Selection.

In a Sept. 15 statement, Dole encouraged consumers to dispose of certain packaged fresh spinach products as a precaution; it also said it is working with public-health agencies and expressed sympathies to those affected. Dole declined to comment further.

Natural Selection, a processor and packager of Dole spinach, initiated a recall as a precaution and said it would work with the government. It didn't return a call seeking comment.

Marler Clark's first spinach cases came to it via the Internet. Gwyn Wellborn, a 27-year-old escrow officer, was hospitalized in late August with a potentially life-threatening complication from the E. coli bacteria. Her husband, David Wellborn, went online looking for more information on the condition. Clicking around the Internet, he came across a Marler Clark Web site. "It was a really good Web site," he says. He canceled an appointment he had made with a local lawyer and phoned the firm.

Drew Falkenstein, a firm associate, took the call. Mr. Wellborn mentioned that his wife had eaten Dole spinach. Six days later, Mr. Falkenstein says, a Wisconsin attorney referred a local case involving a family whose two children had E. coli; the mother suspected it was from Dole spinach.

Two mentions of Dole spinach struck Mr. Falkenstein and Patti Waller, the firm's epidemiologist. They walked into Mr. Marler's office, and he immediately suspected an outbreak. On Sept. 13 and 14, the families called the firm with results of DNA tests, which confirmed that their E. coli bacteria were from the same strain. On Sept. 14, just before government officials announced the news of the sullied spinach, Marler Clark had filed its first case on the Wellborns' behalf.

Mr. Marler made his name in food-poisoning litigation in the early 1990s representing hundreds of plaintiffs against the Jack in the Box hamburger chain. His largest settlement was $15.6 million for a nine-year-old girl who developed acute HUS.

The firm has tried exactly one case -- against a school district in eastern Washington state, where 11 children got E. coli from cafeteria food. Marler won a $4.6 million verdict. Marler says that in 13 years, he has settled cases worth more than $250 million.

Mr. Marler says he and his partner, Bruce Clark, age 50, "know more about [food-borne illness cases] than any two lawyers on the planet." He points to a bound document running some 600 pages; it is a case workup laying out the science of the disease, a child's injuries and the estimated damages, which he will soon be sending to a manufacturer and retailer of contaminated products in a recent E. coli case. He also included a DVD of a day in the life of the child, meant to give the potential defense a picture of the injuries.

To those who call him an ambulance chaser, Mr. Marler points to industry reforms he says came about after he locked horns with companies. Jack in the Box Inc. raised its minimum burger-cooking temperatures to 155° from 140°; the company says the change was unrelated to the legal action. The Centers for Disease Control and Prevention requires hospitals to report HUS cases. Odwalla, another defendant in a Marler Clark suit, began pasteurizing its juices following a 1996 E. coli outbreak.

Some lawyers question how great Marler Clark's impact has been. "Food safety was a priority long before Marler began bringing lawsuits," says David Ernst, a defense attorney at Bullivant Houser Bailey, in Portland, Ore., who has litigated against Mr. Marler in food-poisoning cases for more than 10 years. "These are not lawyer-driven reforms."

Still, Mr. Ernst and other defense lawyers say they respect Mr. Marler's expertise. Mr. Ernst says Mr. Marler takes a reasonable approach to valuing cases and tries to avoid protracted litigation. They also call him a master marketer.

Oddly enough, the first headline on Mr. Marler's blog two years ago was "E. coli food poisoning cases drop." Now, the firm has 33 blogs and Web sites covering 14 food-borne illnesses. Mr. Marler says his firm's Web sites started out as sources of information for potential clients; now other firms involved in the spinach matter are following his firm's approach, he says. "This might be the first time when other lawyers say, 'We've got to get Marler off the front page of Google.'"

In 1998, the law firm started a nonprofit called OutBreak, which consults directly with companies on ways to keep food safe. While Mr. Marler says the consulting is part of the firm's mission, critics say it is simply a way to win future plaintiffs. "You generate business by raising your profile," says Ted Frank, a tort-reform advocate with the American Enterprise Institute. "If you have a niche in the law, you're going to want to push your expertise out there."

Some marketing still gets done the old-fashioned way. Mr. Marler's wife, Julie, says she was recently approached in a parking lot by a man asking whether her husband was an attorney. How did he guess? Her lime-green Volkswagen Bug bears the license plate ECOLI.

As A Test Lab On Dirty Air, An Ohio Town Has Changed (NYT)

By Felicity Barringer

The New York Times, September 27, 2006

STEUBENVILLE, Ohio, Sept. 23 — For three generations, people here commuted beneath the scraggly bluffs along the Ohio River to jobs where they made the steel from which 20th-century America — the cars, the skyscrapers, the cans — was built.

Then, starting in the 1970's, Steubenville residents began contributing more personal raw material to a different sort of endeavor. They provided details about their lung function and cardiac rhythms, about the manner of their lives and the cause of their deaths, to the science on which 21st-century air pollution policies are built.

Data from Steubenville have played a central role in many decisions by the Environmental Protection Agency on air pollution regulations, including two of the more controversial — one in 2005 setting the first limits on mercury emissions, and another last week to tighten one but not both of the standards for lethal fine soot particles.

Three decades ago, Steubenville's reputation for having the country's foulest air made it a magnet for researchers in the young field of environmental epidemiology.

"Steubenville is a perfect environmental laboratory," said James Slater, a chemistry professor at Franciscan University of Steubenville. Two large steel mills and two plants that turned coal into furnace-ready coke for those plants operated nearby, he said, and the Ohio River Valley is prone to temperature inversions that trap polluted air. "We have it all," Dr. Slater said.

They had it worse, a half-century ago. Much of that pollution, along with a noxious odor that seemed part burnt toast and part burnt metal, has disappeared along with the jobs at the larger steel plant, across the river in Weirton, W.Va. As the pollution receded, mortality rates declined.

This trend factored into seminal studies on the health consequences of air pollution, including an oft-cited 14-year research project on the health impact of soot concentrations in six industrial cities. Douglas Dockery, a professor at the Harvard School of Public Health, led the research. Between the first period of the study, from 1974 to 1989, and an eight-year follow-up period, from 1990 to 1998, soot concentrations declined 24 percent and mortality rates dropped 19 percent.

Steubenville "provided the benchmark that we compared everything else to," Dr. Dockery said, and the study was a crucial underpinning of the first federal regulations on soot, which went into effect in 1987.

In Steubenville and the other cities, Dr. Dockery recruited older adults and first graders.

"I loved it when we got pulled out of class," said Dr. Slater's daughter Beth Atkinson, now 38 and a homemaker in Skaneateles, N.Y. She remembered her classmates filing up to the stage of the Steubenville elementary school.

"There were three different machines, three different lines," Ms. Atkinson said. "You had your own tube. They hooked it up to each machine." Then, "when you blew on it, the plastic part would go up."

As the daughter of a chemist, she said she had an idea that the people with stronger lungs could make the plastic rise higher in the tube, and she wondered about the harm caused by the pollution.

"I'd picture some 'Little House on the Prairie' place," with clear air and blue skies, she said. "I'd imagine those children blowing into the machine. I'd wonder how much they could blow. I'd wonder if our lungs would be as good as theirs."

The studies — at least three are under way right now — have been going on so long they have involved two generations. In the late 1990's, Ms. Atkinson's nephew, Wesley Myers, then about 9, lugged a small air-sniffing backpack everywhere he went for two weeks. "Every half-hour I had to write where I was, what I was doing," said Wesley, now a senior at Catholic Central High School in Steubenville. "I did it for the money" — $100 — he said.

Dr. Slater, Wesley's grandfather, is the scientist on the scene for researchers from Harvard and the University of Michigan. He tends a cluster of monitors on the Franciscan campus, harvesting the data.

He takes visiting scientists to the Hunan restaurant in the old downtown, where Alice Wong, the proprietor, remembers the visitors' tastes, if not their names. "The Harvard people, they liked vegetable fried rice," she said.

Other residents, who remember when the air was dirtier and the streets and their bank accounts were fuller, speak of the scientists and their science less fondly, linking them to the town's decline. From 1980 to 2000, census figures show, the Steubenville-Weirton population dropped faster than that of any urban area in the nation.

Franciscan University's executive vice president, Bob Philby, recalled that when the subject of pollution came up among steel mill workers in the 1970's, "They would say: Don't go there. That's pay dirt." Since then, 9 of 10 steel jobs have vanished.

Jim DiGregory, whose family owns a garden center, was born in Steubenville in 1926, nine years after the entertainer Dean Martin. Mr. DiGregory and his wife, Loretta, were part of the original Harvard study.

Decades ago, the air "didn't smell too good," Mr. DiGregory said. "Maybe people died from it. But who knew what they died from then? They'd say, 'He died of old age.' They'd say it if he was 60 years old."

His wife died in 1988 from a rare heart ailment, becoming part of the studies' mortality statistics. He still fills out postcards the researchers send to see if he is still alive. Is the air cleaner? "Yes." Is it worth the trade-offs? "I don't think so."

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The town of 19,000 has half the population it did 60 years ago, and the outlook of many residents has changed. “Certainly 30 years ago, that was a prevailing sense here in the valley that if there’s dirt on the air there’s food on the table,’’ said Adam Scurti, 61, a lawyer. “Now, that would not be tolerated.”

FBI/DEA/ATF/USMS:

Cali Drug Chiefs Given 30-year Prison Terms (USAT)

By Kevin Johnson

USA Today, September 27, 2006

WASHINGTON — The surviving leaders of the Cali drug cartel, which federal law enforcement agencies say once supplied up to 80% of the cocaine in the USA, pleaded guilty Tuesday to trafficking charges as the government took steps to seize an estimated $2.1 billion in cartel assets.

As part of the plea agreement, U.S. Attorney General Alberto Gonzales said, brothers Miguel and Gilberto Rodriguez Orejuela were sentenced to 30 years in prison, effectively ending a 20-year period in which they were key players in Colombia's violent drug trade.

While Miguel, 62, and Gilberto, 67, were sentenced in Miami, 28 other family members reached a separate pact with the government to surrender their worldwide assets, which court papers say include luxury homes, boats, investment accounts and businesses obtained with drug money.

Although the assets represent the largest drug-related forfeiture in U.S. history, there are no firm estimates of how much the brothers accumulated during their reign of the cartel. None of the relatives was named in the criminal charges.

“It doesn't get any bigger than today,” said Drug Enforcement Administrator Karen Tandy. She said the guilty pleas represented the “last nail in the coffin of the Cali cartel.”

Tandy said the brothers “defined the word ‘kingpins' ” with their ruthless oversight of a drug empire. Carolina Barco, Colombia's ambassador to the United States, said the cartel wars claimed hundreds of lives — including those of prosecutors, police and judges — in the South American nation.

Barco, reading a statement from Colombia's attorney general, described the cartel's reign as “one of the most painful chapters in our history.”

Since the demise of the Cali group in recent years, there have been signs that the cocaine supply on U.S. streets has declined, said John Walters, director of the White House's Office of National Drug Control Policy. However, he said, smaller groups have taken over many drug-running operations.

Gonzales said the brothers imported more than 200 tons of cocaine into the USA over 20 years. He said the family's assets would go to the countries where they are seized, primarily Colombia.

With Guilty Pleas, Cali Cartel Finished, U.S. Says (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 27, 2006

Two brothers who headed Colombia's powerful Cali cocaine cartel pleaded guilty yesterday to drug trafficking charges in Miami and agreed to turn over billions in assets.

As part of a plea agreement with federal prosecutors, Gilberto RodrÃ-guez Orejuela, 67, and Miguel RodrÃ-guez Orejuela, 62, were each sentenced to 30 years in prison and agreed to forfeit $2.1 billion worth of assets linked to the drug trade, officials said. The pair also agreed to plead guilty later to separate money-laundering charges filed against them in New York.

In exchange, half a dozen of the brothers' relatives will not face prosecution. In addition, U.S. officials said, 28 people with ties to the pair will have a chance to be removed from a Treasury Department list that freezes the assets of "specially designated narcotics traffickers" if they relinquish property tainted by drug money, officials said.

Government officials said the agreements bring an end to the Cali cartel, which by the early 1990s had eclipsed its archrival, the MedellÃ-n cartel, as the world's leading cocaine-distribution ring. The family was once estimated to be responsible for up to 80 percent of the cocaine smuggled into the United States, and it invested its proceeds in scores of legitimate businesses in Colombia and worldwide.

"The brothers' guilty pleas effectively signal the final, fatal blow to the powerful Cali cartel," Attorney General Alberto R. Gonzales said at a Washington news conference. "There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement."

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But drug trafficking experts and U.S. law enforcement officials say the cartel's defeat began at least a decade ago -- after the RodrÃ-guez brothers were imprisoned in Colombia -- and the group has been little more than a shadow of its former self in recent years. The Colombian cocaine trade is now controlled by a more fractured constellation of criminal organizations that work with, and sometimes for, the Mexican cartels that control smuggling operations into the United States, experts say.

"We're moving into a whole new phase of the drug war, because they are decentralizing, smaller and harder to catch than their predecessors," said Ron Chepesiuk, who wrote "Drug Lords: The Rise and Fall of the Cali Cartel."

Gilberto RodrÃ-guez was known as "the Chess Player" for his role in planning the cartel's strategy, while his younger brother was dubbed "the Master" for inventing new ways to hide drugs. Techniques by the Cali cartel included smuggling cocaine in shipments of coffee, frozen vegetables, concrete posts, and ceramic tiles and lumber, among other things, usually using Mexico as a transit point.

Gonzales -- joined in Washington by U.S. law enforcement officials and the Colombian ambassador -- said the RodrÃ-guez brothers "were responsible for the importation of over 200,000 kilograms of cocaine" to the United States from 1990 to 2002, including years when they ran the organization from a Colombian prison.

Miguel RodrÃ-guez's son, William, was sentenced to more than 21 years in prison earlier this year in Miami for his role in helping to run the cartel while his father and uncle were behind bars.

Chepesiuk noted that the assets to be turned over by the RodrÃ-guez brothers amount to a small fraction of the money that was earned by the Cali cartel, which in its heyday was estimated to bring in $5 billion to $7 billion a year. The family's investments included a credit card company, a pharmaceutical firm and a chain of 350 drugstores.

Staff researcher Julie Tate contributed to this report.

Colombian Drug Cartel Leaders Plead Guilty In Miami (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- The former leaders of Colombia's Cali cocaine cartel pleaded guilty to drug charges in Miami and agreed to forfeit $2.1 billion in assets.

Miguel and Gilberto Rodriguez Orejuela, who are brothers, were sentenced to 30 years in prison on their guilty pleas to one count each of conspiring to import cocaine into the U.S., the Justice Department said. The men, 62 and 67 years old, also agreed to plead guilty later to a New York charge of conspiring to commit money laundering, the government said.

The two men were responsible for importing more than 200 tons of cocaine into the U.S., Attorney General Alberto Gonzales said at a news conference in Washington.

``The brothers' guilty pleas effectively signals the final, fatal blow to the powerful Cali cartel," Gonzales said.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

U.S. Officials Say Guilty Pleas By Colombian Brothers Put An End To Infamous Cali Drug Cartel (AP)

AP, September 26, 2006

WASHINGTON Two Colombians who headed the Cali cartel pleaded guilty Tuesday to drug trafficking and money laundering in a complex deal that U.S. officials said marked the end of the gang that once terrorized Colombia and dominated cocaine smuggling into the United States.

As part of their plea deal — reached after months of negotiations with U.S. agencies — Gilberto Orejuela, 67, and his brother Miguel Rodriguez Orejuela, 63, agreed to forfeit billions of dollars in assets linked to their drug trade.

Wearing pinstriped business suits and shackled at the ankles, each was sentenced to 30 years in a U.S. prison during the pleading in a Miami courtroom.

"The brothers' guilty pleas effectively signals the final, fatal blow to the powerful Cali cartel," Attorney General Alberto Gonzales said at a Washington news conference. "This is a day of pride for the people of Colombia and for international law enforcement."

A separate deal described in court will protect six of the brothers' relatives in Colombia from prosecution on obstruction of justice and money laundering charges. That agreement also could permit 28 people with ties to the brothers to keep property and other assets not tainted by drug money.

As described by Gonzales and Adam J. Szubin, director of the Foreign Assets Control office at the Treasury Department, the 28 people will be required to turn over any assets — such as houses, bank accounts, and businesses — acquired with drug trafficking. Once those assets are surrendered, the Arejuela family members could eventually be removed from a U.S. list freezing their assets and blocking them from doing business with U.S. entities.

U.S. District Judge Federico Moreno accepted the guilty pleas and approved the sentencing agreement between prosecutors and defense lawyers.

The brothers agreed to forfeit to the United States $2.1 billion (€1.65 billion) in assets linked to drug trafficking, but the two clearly made many times that amount during the cartel's heyday in the 1990s. Gonzales and the eight other U.S. and Colombian officials at the news conference were unable to estimate how many illegal billions of dollars the cartel made during the more than 20 years the two brothers ran it.

The forfeited assets were detailed in an 11-page list and included properties and businesses around the world. But neither brother is being required to cooperate in any ongoing or future criminal investigations, according to the plea agreement.

White House drug czar John Walters told the news conference that the cartel had operated by terrorizing Colombian society and killing prosecutors, judges and political candidates and was responsible for "the torture and murder of more than 100 people" whose bodies were dumped in a Colombian river to keep others downstream in fear of the gang.

Assistant Homeland Security Secretary Julie L. Myers said the pair would be "the highest-level drug figures to ever occupy a U.S. jail cell." The only other contender for that honor might be Carlos Lehder, who helped found an earlier Colombian drug gang, the Medellin cartel. He was sentenced to 55 years in federal prison in a 1992 plea bargain.

"Are you sure?" Moreno asked Gilberto Rodriguez Orejuela when he entered his plea.

"Very sure," he replied.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and Medellin top kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

The Cali cartel was once responsible for as much as 80 percent of the cocaine smuggled into the United States. It was known for its ingenious smuggling methods, hiding cocaine in such things as hollowed-out lumber and cylinders of chlorine, even shipments of frozen broccoli and okra.

Miguel became known as "The Master" for his inventiveness in finding new ways to hide drugs, while Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including the Colombian discount drug store chain Drogas La Rebaja.

William Rodriguez Abadia, Miguel's son and Gilberto's nephew, agreed to forfeit about $300 million (€236.3 million) in worldwide assets after pleading guilty in March to U.S. charges and agreeing to testify against his father and uncle.

The Rodriguez Orejuela brothers were convicted in Colombia of drug charges in 1995, but were indicted in 2003 in Miami on charges that they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in late 2004 and Miguel Rodriguez Orejuela in early 2005, the highest-ranking of more than 300 drug traffickers extradited since the U.S. and Colombia signed a new treaty in 1997.

U.S. Immigration and Customs Enforcement, Drug Enforcement Administration agents and others have investigated the Cali cartel since 1991, resulting in more than 100 convictions, the seizure of more than 50 tons of cocaine and $15 million in cash.

All told, the Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s. A recent DEA analysis said that several Colombian organizations now control that country's cocaine trade, increasingly in concert with Mexican organizations that distribute the drug in the United States.

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Associated Press writer Michael J. Sniffen contributed to this report from Washington.

Two Brothers Who Ran Cartel Plead Guilty (AP)

By Curt Anderson, Associated Press Writer

AP, September 26, 2006

MIAMI — In what the government called "the final, fatal blow" to the world's biggest cocaine supplier, two Colombian brothers who helped found the infamous Cali cartel pleaded guilty Tuesday to drug trafficking, agreed to forfeit billions in tainted assets, and received what could amount to a life sentence.

Gilberto and Miguel Rodriguez Orejuela, ages 67 and 63, were each sentenced to 30 years in prison. They were the highest-ranking of more than 300 drug traffickers extradited to this country since the United States and Colombia signed a new treaty in 1997.

The brothers also struck a deal with prosecutors to protect six of their relatives in Colombia from prosecution on obstruction and money laundering charges. Twenty-eight family members will be permitted to keep some assets not tainted by drug money and could be removed from a Treasury Department list that has kept their property and bank accounts frozen since 1995.

"They sacrificed themselves for their family," said David O. Markus, attorney for Gilberto Rodriguez Orejuela.

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The Cali cartel, once responsible for as much as 80 percent of the cocaine brought into the United States, was known for its ingenious smuggling methods: hiding the drug in such things as hollowed-out lumber, cylinders of chlorine, even shipments of frozen broccoli and okra.

The brothers' pleas "effectively signal the final, fatal blow to the powerful Cali cartel," Attorney General Alberto Gonzales said in Washington. "This is a day of pride for the people of Colombia and for international law enforcement."

Miguel was known as "The Master" for his inventiveness in finding ways to hide drugs. Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including a Colombian discount drugstore chain with more than 400 stores.

In court, Miguel Rodriguez Orejuela issued an apology "to the people of the United States and to all individuals in authority. I am doing this from the bottom of my heart."

The brothers agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. Neither brother is required to cooperate in any current or future criminal investigations, according to the plea agreement.

The Miami attorney for the family members, Marc Seitles, said the deal would allow the relatives to escape the cartel's shadow. "They are going to get the benefit of a new day, of starting a new life," Seitles said.

Colombia's chief prosecutor, Mario Iguaran, praised the agreement in a statement, saying it "concludes one the most painful chapters of our recent history" which resulted in the death of numerous government officials, innocent citizens and the undermining of Colombia's crime-fighting institutions.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and its kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

The brothers were convicted in Colombia of drug charges in 1995 but were indicted in 2003 in Miami on charges they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in 2004 and Miguel Rodriguez Orejuela in 2005.

In March, William Rodriguez Abadia, Miguel's son, agreed to forfeit about $300 million in worldwide assets after pleading guilty to U.S. charges and agreeing to testify against his father and uncle.

The Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s.

Colombia continues to provide some 80 percent of the world's cocaine. Despite record eradication and extradition numbers, the supply continues to be robust, and the traffickers are said to include right-wing paramilitary chiefs and leftist rebels.

Colombian Drug Cartel Leaders Plead Guilty (NYT)

By Maria Newman

The New York Times, September 27, 2006

Two leaders of the Colombian drug trade were sentenced to 30 years in prison today after they pleaded guilty to charges of conspiracy to import cocaine into the United States. Federal officials heralded their imprisonment as the end of the notorious Cali drug cartel.

At a hearing in a federal court in Miami, the brothers Miguel and Gilberto Rodríguez Orejuela, who prosecutors said directed the Cali drug cartel in Colombia for more than 20 years, also agreed to plead guilty to a charge of conspiracy to commit money laundering by hiding the proceeds of narcotics trafficking.

Federal prosecutors believe these sentences to be so significant that they were announced in Washington by Attorney General Alberto Gonzales and other top-level federal and state officials.

“These two men were responsible for importing more than 200 tons of cocaine into this country over the course of many years,” Mr. Gonzales said. “While at the height of their power, the intimidation and violence of their cartel held the people of the Colombian countryside hostage to fear.”

Mr. Gonzales said the two brothers also agreed to pay $2.1 billion in forfeiture.

“The brothers’ guilty plea effectively signaled the final, fatal blow to the powerful Cali cartel,” Mr. Gonzales said. “There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement.”

In a separate deal, prosecutors agreed not to bring obstruction of justice and money laundering charges against six children of the two brothers, in return for they and 22 other members of the Rodríguez Orejuela family agreeing to forfeit all of their assets anywhere in the world “that were obtained directly or indirectly with narcotics proceeds.” They will also give up all assets in the United States, no matter how they were acquired.

“None of the 28 family members are involved with narcotics trafficking,’’ said Alexander Acosta, the United States attorney for the Southern District of Florida.

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At a hearing this morning, the brothers apologized for their actions.

"I am willingly submitting myself to American justice," Gilberto Rodríguez Orejuela, 67, said at the hearing, according to The Miami Herald.

"It is an honor to be before this court," said his brother, who, like Gilberto Rodríguez, was dressed in a dark business suit and was shackled at the ankles. "I want to apologize to my family and ask for forgiveness for any suffering I may have caused them."

Mr. Gonzales said the prosecution of the two came about only with the cooperation of the government of President Álvaro Uribe Vélez of Colombia, who agreed to extradite the two. Carolina Barco, Colombia's ambassador to the United States, was at the news conference today.

"Together we have proven that Colombia will not be held hostage by drug lords, and that those who seek to flood the neighborhoods of the United States with the poison of illegal drugs will be held accountable, they will be discovered and they will be brought to justice," Mr. Gonzales said.

John Walters, the director of the White House Office of National Drug Control Policy, who was also at the news conference, praised President Uribe for his "courage" in helping to bring down the two formidable drug kingpins.

"People in the past talked about the Cali cartel as the peaceful cartel, but their reign of terror and blood, their war with Pablo Escobar in the early 90's, still haunts the collective memory of many in Colombia and many in this country that worked against them," he said. "The Cali cartel was one of the most powerful criminal organizations ever, seeking to buy or kill anybody that got in their way."

Officials said at the news conference that there has been a significant drop in the amount of cocaine produced in the Andes region of South America, including Colombia. But they acknowledged that even with the Cali cartel out of the way, hundreds of other smaller cartels, some of them left-wing groups, have filled the vaccuum.

Julie Myers, an assistant secretary of homeland security, said that the Cali cartel's methods evolved, in the 15 years they were under investigation by American authorities, to avoid detection. In the same way, she said, investigators know that the current drug dealers are finding new ways to smuggle their trade, like hiding illicit drugs "in frozen broccoli, put it in ceramic tiles, operating from jail cells.''

"But law enforcement continued, and that's what we'll do for smaller cartels or for big cartels is, we'll work together as a group to dismantle these,'' she said.

Cartel Leaders Plead Guilty (MH)

By Jay Weaver

The Miami Herald, September 27, 2006

The Colombian kingpins who revolutionized the global cocaine trade appeared as mere mortals in Miami federal court on Tuesday in pleading guilty to smuggling-conspiracy charges and apologizing for their life of crime.

Gilberto and Miguel Rodríguez Orejuela stood in dark businesses suits before U.S. District Judge Federico Moreno as he sentenced the Cali cartel founders to 30 years in prison and ordered them to forfeit $2.1 billion in assets from their once-powerful empire.

"I am willingly submitting myself to American justice," Gilberto Rodríguez Orejuela, 67, who was shackled at the ankles, told the judge.

Said Miguel Rodríguez Orejuela, 63, who was also cuffed: ``I want to apologize to my family and ask for forgiveness for any suffering I may have caused them. . . . I'm doing this fully convinced it will bring something better."

So significant was the case of the Colombian brothers -- responsible for 80 percent of the cocaine sold in the United States in the 1990s -- that U.S. Attorney General Alberto Gonzales and South Florida's U.S. Attorney R. Alexander Acosta took the rare opportunity to hold a news conference in Washington on Tuesday afternoon.

`FATAL BLOW'

'The brothers' guilty pleas effectively signal the final, fatal blow to the powerful Cali Cartel," Gonzales said. ``There are always other traffickers and thus continuing challenges for law enforcement, but this is a day of pride for the people of Colombia and for international law enforcement."

Indeed, last March, Gonzales publicized a crackdown on another Colombian narco-network that controls a big chunk of the cocaine trade from South America through Mexico to the United States. He announced the indictment of the entire top leadership and dozens of other commanders of Colombia's FARC guerrillas on charges of running a $25 billion drug operation responsible for 60 percent of the cocaine on U.S. streets.

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On Tuesday, the Rodríguez Orejuela brothers pleaded guilty to conspiring to smuggle tons of cocaine into the United States. The brothers also agreed to plead guilty to a separate indictment filed in New York that charged them with conspiring to launder their drug profits.

Assistant U.S. Attorney Matt Axelrod estimated that the figure was "over 200,000 kilograms" -- imported to South Florida and other parts of the country from 1990 to July 2002. The brothers packed the white powder in concrete posts, frozen vegetables, coffee and ceramic tile, among other creative ways.

The brothers faced up to 30 years in prison because they conspired to import more than 150 kilos of cocaine -- even after they were arrested by Colombian authorities in 1995 and were incarcerated in Bogotá until their extraditions to Miami in 2004-05.

The judge, known for his wit, drew laughs from the packed courtroom when he responded to Axelrod's smuggling estimate: ``I think that would probably meet the threshold."

RELATIVES SPARED

Their plea deal came with some benefits: The brothers don't have to worry about the fate of other family members who allegedly were linked to their narcotics enterprise.

As part of their plea deal, 28 family members -- including sons, daughters and cousins -- signed a separate agreement that removes them from a U.S. Treasury Department list that designated them as part of the Cali operation, according to their attorney, Marc Seitles. Of those, six family members won't be prosecuted on drug-related charges of obstruction of justice or money laundering.

The agreement allows the brothers' family members to keep some of their wealth that was untainted by drug profits, such as real estate in Spain. "The best chess players understand that every now and then you must sacrifice some important pieces for the safety and security of the entire board," said Miami lawyer David O. Markus, who represented Gilberto Rodríguez Orejuela, while attorney Roy Kahn represented the brother Miguel.

The brothers' syndicate reached its zenith in the early 1990s, when they allegedly exported more than 4,000 kilos of cocaine per month to the United States. Despite their incarceration, prosecutors said Miguel Rodríguez Orejuela's son, William Rodríguez Abadia, a Colombian-trained lawyer, continued the family narcotics business through 2000. The son, who pleaded guilty in March, agreed to testify against his father and uncle at a trial scheduled for November.

Their prosecution capped an investigation that began almost two decades ago by Immigration and Customs Enforcement agent Ed Kacerosky and assistant U.S. Attorney Ed Ryan. Upwards of 100 Cali cartel members were convicted as part of Operation Cornerstone in the United States and Colombia.

Founders Of Cali Cartel Plead Guilty (WT/UPI)

The Washington Times/UPI, September 26, 2006

The Colombian brothers believed to have founded the Cali cartel pleaded guilty to drug trafficking Tuesday in Miami and were sentenced to 30 years in prison.

Gilberto and Miguel Rodr?guez Orejuela apologized to their families and to the people of the United States for their activities, the Miami Herald reported.

"It is an honor to be before this court," said Miguel Rodr?guez Orejuela. "I want to apologize to my family and ask for forgiveness for any suffering I may have caused them. ... I'm doing this fully convinced it will bring something better."

Both brothers are in their 60s and the sentences mean they are likely to die in federal prison. Under the plea agreement, the government agreed not to prosecute six other members of their family and allowed them to keep some assets not related to drug trafficking, including real estate in Spain, the Herald said.

In the mid 1990s, the Cali cartel is believed to have smuggled several tons of cocaine a month into the United States.

Cali Cartel Drug Kingpins Plead GuiltyColombian Brothers Get 30 Years, Also Agree To Forfeit $2.1B In Assets (CBS/AP)

CBS News/AP, September 26, 2006

(CBS/AP) Two Colombian brothers pleaded guilty Tuesday to U.S. drug trafficking and money laundering charges stemming from their roles as founders of the Cali cocaine cartel, and agreed to forfeit billions of dollars of assets linked to their drug trade.

The pleas cap a 15-year effort to dismantle the Cali cartel, reports CBS News' Stephanie Lambidakis. It started as a Customs' investigation in 1991 when a drug dog sniffed cocaine at the Miami seaport. The drugs were found in concrete posts.

Gilberto, 67, and Miguel Rodriguez Orejuela, 63, made their pleas in an agreement reached after months of negotiations with several U.S. agencies. The two brothers who once ran the world's top cocaine supplier could now spend the rest of their lives in prison; each received a 30-year sentence.

One person describes Cali as the Wal-Mart of the drug world in terms of sheer volume and dominance of the market, says Lambidakis. It's estimated the Orejuelas controlled 80 percent of the cocaine market in the 1990s largely because of the corporate mentality of the two brothers and the ingenious ways in which they hid drugs, such as in frozen broccoli. The Drug Enforcement Administration believes the successor organizations are fractured and will never have the clout of Cali.

Miguel became known as "The Master" for his inventiveness in finding new ways to hide drugs, while Gilberto's nickname was "The Chess Player" for his role as the cartel's strategic thinker. Their family invested in dozens of legitimate businesses around the world, including the Colombian discount drug store chain Drogas La Rebaja.

A separate deal described in court will protect six of the brothers' relatives in Colombia from prosecution on obstruction of justice and money laundering charges. That agreement also could permit 28 people with ties to the brothers to keep property and other assets not tainted by drug money. The 28 could eventually be removed from a U.S. list freezing their assets and blocking them from doing business with U.S. entities.

U.S. District Judge Federico Moreno accepted the guilty pleas and approved the sentencing agreement between prosecutors and defense lawyers.

The brothers agreed to forfeit to the United States $2.1 billion in assets linked to drug trafficking, but the two probably made many times that amount during the cartel's heyday in the 1990s. The forfeited assets were detailed in an 11-page list of items and included properties and businesses around the world.

But neither brother is being required to cooperate in any ongoing or future criminal investigations, according to the plea agreement.

"Are you sure?" Moreno asked Gilberto Rodriguez Orejuela as he entered his plea.

"Very sure," he replied, appearing with his brother wearing pinstriped business suits instead of the usual tan prison garb. They were shackled at the ankles.

The Cali cartel became the world's leading cocaine smuggling ring after eclipsing the rival Medellin cartel, which fell apart when several top members were arrested and Medellin top kingpin Pablo Escobar was killed in a 1993 shootout with Colombian police.

The Cali cartel avoided that violence and tried to look like legitimate business people. It showered their largess in Colombia by building soccer stadiums and did other "good works."

According to Immigrations and Customs Enforcement, while in prison in Colombia, the Orejuelas kept running the enterprise. The extraditions really seemed to help the U.S. government turn the corner on ending the Cali cartel.

William Rodriguez Abadia, Miguel's son and Gilberto's nephew, agreed to forfeit about $300 million in worldwide assets after pleading guilty in March to U.S. charges and agreeing to testify against his father and uncle.

The Rodriguez Orejuela brothers were convicted in Colombia of drug charges in 1995, but were indicted in 2003 in Miami on charges that they continued to run their cocaine empire from behind bars. Gilberto Rodriguez Orejuela was extradited in late 2004 and Miguel Rodriguez Orejuela in early 2005, the highest-ranking of more than 300 drug traffickers extradited since the U.S. and Colombia signed a new treaty in 1997.

U.S. Immigration and Customs Enforcement, Drug Enforcement Administration agents and others have investigated the Cali cartel since 1991, resulting in more than 100 convictions, the seizure of more than 50 tons of cocaine and $15 million in cash.

All told, the Cali cartel is estimated to have smuggled more than 250 tons of cocaine into the United States since the 1970s. A recent DEA analysis said that several Colombian organizations now control that country's cocaine trade, increasingly in concert with Mexican organizations that distribute the drug in the United States.

Colombian Drug Lords Jailed In US (BBC)

BBC News, September 27, 2006

The brothers were once among the world's most powerful criminals Two brothers who led Colombia's infamous Cali drug cartel have each been sentenced to 30 years in US jails.

Gilberto and Miguel Rodriguez Orejuela pleaded guilty in a federal court in Miami to conspiring to import 200,000kg (441,000lb) of cocaine into the US.

The sentencing came after the pair reached a plea agreement to forfeit $2.1bn (£1.1bn) while charges against some of their relatives were dropped.

The US attorney general said the deal was the cartel's final, fatal blow.

"This is a day of pride for the people of Colombia and for international law enforcement," Alberto Gonzales said.

Empire run from jail

The brothers founded the cartel and were once considered among the world's most powerful criminals.

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The BBC's Jeremy Mc Dermott in Bogota says they were always family-orientated and that, in the end, was the reason for their guilty plea.

They struck a deal with prosecutors to protect six relatives from money-laundering and obstruction charges. Twenty-eight family members will be allowed to hold onto some assets not tainted by drugs.

"The brothers are happy that their families are taken care of," said Roy Kahn, a lawyer for the family.

"And to them, whether it's 30, 20 or 15 years - to them it's going to be a lifetime in jail. But they're willing to do that for their family's future and their family's welfare."

Clever traffickers

The Cali cartel was once responsible for up to 80% of the cocaine smuggled into the US, and was known for its ingenious smuggling methods that hid cocaine in hollowed-out timber, cylinders of chlorine, and even shipments of frozen broccoli and okra.

Miguel, 63, was extradited to the US in March, three months after his brother Gilberto, 67, was flown to Miami. Both initially pleaded not guilty.

The brothers were accused of organising drug-trafficking and money-laundering from the Colombian prison in which they had been held since 1995.

In March, William Rodriguez Abadia, Gilberto's son, was sentenced to more than 20 years in prison by a judge in Miami, after he agreed to co-operate against his father and his uncle.

Abadia, a lawyer, is alleged to have led the cartel after the pair were arrested in 1995.

Judge Sentences Founders Of Cali Cartel To 30 Years (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 27, 2006

MIAMI - Wearing business suits and ankle cuffs, the two brothers who once ran the world's largest drug trafficking organization said the words Tuesday U.S. prosecutors had waited more than a decade to hear.

The aging drug kingpins pleaded guilty in Miami federal court to smuggling more than 200 tons of cocaine into the United States. They agreed to turn over companies, bank accounts and other assets connected to the drug trade worth more than $2 billion.

Now, Gilberto and Miguel Rodriguez-Orejuela, who turned cocaine running into a sophisticated, multibillion-dollar business as leaders of the notorious Cali Cartel, will spend 30 years in prison.

To reach the plea agreement - which closes the book on the last of Colombia's mega-cocaine trafficking organizations - government lawyers entered an unusual deal to protect 28 family members in Colombia from being permanently labeled as drug traffickers.

In exchange, Gilberto and Miguel Rodriguez-Orejuela admitted to smuggling massive amounts of cocaine into U.S. ports throughout the 1990s, including shipments hidden inside concrete posts, frozen vegetables, coffee, ceramic tiles, chlorine gas tanks and crates of pumpkins.

They also agreed to plead guilty to money laundering charges in a criminal case pending in New York.

"I have admitted all the charges, and I will submit myself to American justice," said Gilberto Rodriguez-Orejuela, 67, known as "the Chess Player".

Miguel Rodriguez-Orejuela, 63 - known as "El Senor" - apologized to his family, the people of the United States and to U.S. law enforcement.

"I'm doing this fully convinced this is to bring something better," he said.

After the proceeding, federal law enforcement officials declared victory over the Cali organization.

"The brothers' guilty pleas effectively signal the final fatal blow to the powerful Cali Cartel," said Attorney General Alberto Gonzales at a news conference in Washington, D.C.

Drug policy experts say any victory for law enforcement is largely symbolic.

The demise of the cartel did little to reduce the flow of cocaine into the United States, said Adam Isacson, head of the Colombia project at the Center of International Policy in Washington, D.C. Instead, it cleared the path for a new generation of mini-cartels, more fragmented and often more dangerous than their predecessors, he said.

"Instead of Al Capone, you've got a bunch of little guys," Isacson said. "They stay local. They keep their heads down. It's much harder to pin down."

The Rodriguez-Orejuela brothers created the Cali Cartel in the 1980s with a third man named Jose Santacruz Londono. After a bloody war with the Medellin Cartel run by Pablo Escobar, the group took control of the cocaine trade in the early 1990s.

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The organization ran every step of the drug trafficking business, including production, transportation, distribution and money laundering.

Unlike the flashy Escobar, who was gunned down in 1993, the Cali leaders operated their crime syndicate like businessmen. They cloaked themselves in respectability by funneling millions of dollars in drug proceeds through a worldwide network of legitimate companies, including major retail pharmacy and pharmaceutical laboratory chains in Colombia.

The cartel allegedly bought security with payments to Colombian politicians, including a donation of nearly $6 million to the campaign of former President Ernesto Samper.

Samper turned on the cartel under increasing pressure from the U.S. government. In 1995, Colombian authorities arrested Gilberto and Miguel Rodriguez-Orejuela in Cali. Both were serving sentences in a Bogota prison when a 2003 federal grand jury in Miami indicted them.

The U.S. indictment alleged conspiracies to import and distribute cocaine, launder money and obstruct justice through bribes and murder. According to prosecutors, Gilberto and Miguel Rodriguez-Orejuela continued to run the family business from prison, turning over day-to-day operations to Miguel's eldest son, William Rodriguez-Abadia.

In March, Rodriguez-Abadia, 40, pleaded guilty and agreed to testify for the government against his father and uncle.

Miami attorneys Roy Kahn and David O. Markus, who represent the brothers, argued that under the terms of their extradition they could not be prosecuted for criminal activity prior to Dec. 17, 1997 - the date the Colombian constitution was amended to permit foreign extraditions.

Tuesday's plea deal ended that debate. U.S. District Judge Federico Moreno made it clear he was imposing 30-year sentences on the men for their illegal activities after 1997.

Assistant U.S. Attorney Matthew Axelrod said his office would recommend the men serve their sentences in a Florida medium-security prison.

As part of their contract with the 28 family members, prosecutors agreed not to charge six of the men's grown children in Colombia with obstruction of justice and money laundering for past conduct.

The agreement also permits those family members to retain modest assets. If they refrain from illegal conduct, the U.S. Treasury Department would remove the 28 relatives from a list of suspected drug traffickers subject to economic sanctions. Illegal activity would invalidate the deal.

Marc Seitles, who represented the relatives, praised the deal.

"Their only crime is being sons and daughters of the founders of the Cali Cartel," he said.

The U.S. investigation into Gilberto and Miguel Rodriguez-Orejuela began in 1991 with the detection of 12,000 kilograms of cocaine at the Port of Miami. The discovery spawned a massive investigation known as Operation Cornerstone that would lead to the convictions of more than 100 people.

The investigation drove Colombian drug traffickers to change their operations and find new smuggling routes.

Today, cocaine shipments are generally smaller and come into the United States across the southwest border with Mexico, instead of into South Florida ports, said John McKenna, a special agent with the federal Drug Enforcement Administration.

"When the Cali Cartel was operating you might see shipments of 2,500 kilograms at a time," McKenna said. "You don't see that anymore."

Despite Cali Cartel Plea Deal, Challenges Remain In Colombian Drug War (ABC)

By Jason Ryan

ABC News, September 26, 2006

Although U.S. and Colombian officials claimed a final victory over the Cali cartel following the guilty plea by its two founding members, significant challenges remain in the drug war and the Colombian government's efforts against the FARC narco-terrorist rebel group.

At a news conference, the Colombian ambassador to the United States, Carolina Barco, said, "For Colombia, the drug problem has been its major challenge, and we have been fighting this since the 1980s, with great conviction and at great cost."

According to the DEA, the FARC rebels (Revolutionary Armed Forces of Colombia) control large parts of the coca production areas in Colombia and are responsible for supplying more than 50 percent of the world's cocaine and more than 60 percent of the cocaine that enters the United States. They have provided it to many Mexican trafficking organizations and according to some U.S. officials, have recently begun to shift their trafficking networks into Venezuela.

FARC guerrillas use the proceeds to purchase weapons and munitions for their war against the Colombian government. The insurgent group has been active in the country since the 1940s, but fighting intensified in the late 1990s when the FARC gained more territory and had several key victories over the national military.

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Barco described the struggle that has gripped the country for years and the consequences of the drug trade, saying, "As a Colombian, I think we all need to continue to speak out to what drug trafficking means to any country, because it is that terrible combination of incredible amounts of money, which breed corruption, and incredible amounts of violence."

'Top Extradition Partner'

Despite increased eradication flights, which U.S. and Colombian officials say are having an effect, coca production in Colombia and other Andean nations remains high. However, cultivation levels have dropped drastically since the mid to late 1990s.

A report by the United Nations Office of Drugs and Crime found that coca production in Colombia increased by 8 percent over last year.

Pakistani Gets 18 Years In Missile Scheme (LAT)

From Times Staff Reports

The Los Angeles Times, September 26, 2006

A Pakistani man was sentenced Monday to an 18-year federal prison term for his role in an international drugs-for-weapons scheme foiled by undercover U.S. agents.

Syed Mustajab Shah, 55, admitted conspiring with two co-defendants to trade 5 tons of hashish and 600 kilograms of heroin for four Stinger antiaircraft missiles, which they intended to sell to the Taliban. He was arrested in Hong Kong in 2002 after a meeting with agents posing as drug dealers.

Mexican Drug Cartels' New Scare Tactic: Beheadings (SAEN)

San Antonio Express-News, September 26, 2006

Mexico City -- To send a chilling message to their underworld rivals, Mexican drug cartels are adopting a method of intimidation made notorious by Middle Eastern terrorist groups.

Already this year, at least 26 people have been decapitated in Mexico, with heads stuck on fences, dumped in trash piles and -- most recently -- tossed onto a nightclub dance floor.

Although beheading goes back centuries as a form of execution, it has become the latest tactical escalation of a turf war that gets nastier all the time, with hit men looking for new ways to instill fear.

"Before, they tortured the hell out of people, but they didn't throw their heads out in public," said James Kuykendall, a retired U.S. Drug Enforcement Administration agent.

Why this form of murder and mutilation is being used now is anyone's guess.

Beheadings have had a high international profile in recent years, as the tool of radical Islamist groups that release videos of hostages being executed.

In Mexico, as crime bosses fall and turf shifts, the pattern of killing is changing.

The infamous Gulf and Sinaloa cartels and their smaller offshoots are fighting for control of smuggling routes from the southern border with Guatemala to the northern border with the United States.

"It is clearly a message for the living. What they are trying do with these beheadings is leave an impression on their enemies," said Jorge Chabat, a Mexico City analyst who studies drug trafficking. "This is a sign the war is spreading and it is getting more horrible."

Police, wise guys and lawyers are among the dead, but most of the victims remain unidentified. Some were blindfolded or showed signs of torture.

The boldest strike came this month when five heads were scattered on the dance floor of a bar in the state of Michoacan -- a region west of Mexico City notorious for drug trafficking.

"The family does not kill for pay, does not kill women and does not kill innocents," read a handwritten sign left beside the heads. "The only ones who die deserve to die, and all the people know that this is divine justice."

Saying the attacks were too delicate a topic, Mexican police and federal prosecutors refused to discuss the beheadings in more than the most general terms.

They point to the Zetas -- a group of highly trained Mexican army deserters -- and the Maras -- Central American gangsters known for their brutality and extravagant facial tattoos -- who work for the cartels as hit men.

No arrests for the killings have been announced. Beheadings reportedly have occurred in the states of Guerrero, Michoacan, Baja California and Nuevo Leon.

The crimes are every bit as chilling a calling card as the old "Colombian necktie," used by cartels in that country, which involved slicing a person's throat and pulling the tongue through the wound.

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Mexico's first narco-decapitation came in April in Acapulco. The heads of two police officers were stuck in plastic bags and mounted on a fence that surrounds government offices.

The cartels are saying there is now a higher price to pay than the traditional gangster death for opposing them, said Bruce Bagley, a University of Miami analyst who studies Latin American drug traffickers.

"Filling people full of bullets is old hat -- this has really been an attention-getter and it has clearly scared the hell out of people," he said.

Mexico's Calderon: Key Areas Overwhelmed By Drug Violence (AP)

AP, September 26, 2006

MEXICO CITY (AP)--Mexico's president-elect says murder and mayhem fueled by drug smuggling have overwhelmed the governments of the nation's capital and key states across the country.

Felipe Calderon said the wave of bloodshed knows no politics; it is ravaging state governments controlled by each of Mexico's three major parties. He singled out the capital, the northern states of Sinaloa and Tamaulipas, the southern state of Guerrero and his home state of Michoacan, as being especially hard-hit.

"It seems to me that drug violence has overwhelmed the governments of the PAN, the PRI and the PRD," Calderon said in a radio interview.

The PAN is the ruling National Action Party, while the Institutional Revolutionary Party, or PRI, controlled Mexico's presidency from 1929 until losing to President Vicente Fox in 2000. In the July 2 presidential election, Calderon barely beat leftist former Andres Manuel Lopez Obrador of the PRD, or Democratic Revolution Party.

Calderon called for legislative and law-enforcement efforts across party lines "in a very coordinated way."

Fox spokesman Ruben Aguilar agreed with Calderon on Tuesday, saying "we coincide completely with the president-elect."

He said during his daily briefing with reporters at Los Pinos, the Mexican equivalent of the White House. "The fight has not been overwhelmed, but there's still much to do."

Calderon will take office Dec. 1, replacing the term-limited Fox.

The U.S. Embassy in Mexico City has long expressed concern about the growing wave of violence along the northern border, where people are gunned down with automatic weapons almost daily, and dozens of Americans have been kidnapped.

Authorities say more than 1,500 people have died in Mexican drug violence so far this year.

Narcotics investigators on both sides of the border attribute the spike in killings to a territorial war between drug gangs battling for control of lucrative smuggling corridors into the United States.

But U.S. Ambassador Tony Garza recently extended warnings to say Americans should use extreme caution when traveling anywhere in Mexico.

"The bottom line is that we simply cannot allow drug traffickers to place in jeopardy the lives of our citizens and the safety of our communities," Garza said in a statement Sept. 14.

Calderon said drug violence "is generating much more diplomatic pressure" from Washington, adding that upcoming U.S. congressional elections have made Mexico even more of a hot issue than usual.

Violence has sometimes reached spectacular level in Calderon's native state of Michoacan in central Mexico, west of the capital.

On Sept. 6, gunmen with their faces covered burst into a seedy nightclub in the Michoacan city of Uruapan, fired guns in the air and rolled five severed human heads onto the dance floor.

Investigators say Michoacan is a base for powerful cocaine, marijuana and methamphetamine smugglers with ties to some of the country's largest and most-violent drug gangs.

Beheadings also have occurred in Guerrero state, home to the Pacific resort of Acapulco, and in Baja California, where the violent border city of Tijuana is located.

The War On Drugs: Ambushed In Jamund? (CSM)

By Danna Harman

The Christian Science Monitor, September 27, 2006

JAMUNDÍ, COLOMBIA

Arcesio Morales Buitrago is in charge of the keys at Mi Casita. A soft-spoken man diagnosed as schizophrenic, he is the doyen of the patients at the leafy psychiatric home.

On May 22, right after the Monday afternoon bingo game, three cars skidded to a halt on the road that dead ends at Mi Casita. Ten men in blue jeans and police vests and one man in a ski mask piled out.

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"Judicial police! Open up!" they shouted.

Mr. Morales, as the one responsible for the keys, hurried down the path to comply.

As he reached the green iron gate, however, Sergio Berrio, the administrator of the home, leaned out from the balcony above and screeched: "Stay back! Don't open!"

Morales froze. That's when the shooting started: a torrent of bullets and grenades rained down on the police from the nearby forest. "The war came here," Morales recalls incredulously, "...all the way here."

What followed in the next 45 minutes was the calculated massacre of one of Colombia's best counternarcotics police teams - all hand-picked and trained by the US. None survived.

This is a story of those policemen - of the members of Colombia's military that killed them - and of the narcotraffickers that, according to Colombia's attorney general, ordered the hit.

The investigation of the Jamundí massacre to date suggests the reach that Colombia's drug lords maintain today, and has shaken officials in Washington and Bogotá. The US Congress has temporarily frozen funding for Plan Colombia, the $4.7 billion effort to stop the illicit drug trade - and a chorus of disappointed and angry voices in both capitals is demanding an honest evaluation of the US' most expensive foreign aid program outside of the Middle East, six years after it set out to win the war on drugs.

* * *

"Three thousand Americans a year die from Colombian drugs," says US Ambassador to Colombia William Wood. "That's like suffering a World Trade Towers attack every year."

Talking about drugs in terms of an attack on the US is not new. President Richard Nixon coined the term "war on drugs" in 1971, and President Ronald Regan popularized it in the 1980s, as crack cocaine was devastating America's inner cities. Then, with the cold war drawing to a close, illicit substances and those who trafficked them became the new international enemy - and the countries that produced them became battlefields. Colombia has emerged as the biggest battlefield of all.

An estimated 5.5 million Americans have used cocaine at least once in the past 12 months, roughly the same number as were doing so in 2002, according to the annual US Department of Health and Human Services survey. More than 2.3 million Americans are "current" users, defined as consuming the drug within the last month - a slightly higher number than the regular users counted in 2002.

Cocaine consumption is rising faster in Europe, but the US still has the highest rate of cocaine use anywhere in the world.

And while Ambassador Wood's 3,000 US deaths related to cocaine use is debated, the source of the narcotic is not. Colombia supplies an estimated 80 percent of cocaine worldwide, and more than 90 percent of the cocaine (and half the heroin) in the US, according to the State Department.

Three years after President Reagan defined drugs as a national security threat, President George H. W. Bush intensified this war. Under the 1989 Andean Initiative, aid to the region was boosted and US training and support for counter narcotics military and police was sanctioned.

Bolivia and Peru, the world's two other major coca-producing nations, received sharply increased assistance too - but the majority of the drug-war funds went to Colombia. In 1989, Colombia got $18 million for military and police assistance. A year later, US funding increased five-fold, making it the Western Hemisphere's No. 1 recipient of US security assistance, a distinction it maintains today.

Plan Colombia, the counternarcotics program conceived by Colombian President Andres Pastrana, modified and launched by President Bill Clinton in 2000, and since embraced by President George W. Bush, carried this commitment to new levels.

In its first 18 months, Plan Colombia spent $1.3 billion in the region, the vast majority - $860 million - in Colombia. Of that aid, some 75 percent - $642 million - went toward security - including the formation of a new counternarcotics brigade within the Colombian army whose job was to ease the way for the massive aerial herbicide spraying of coca crops. Since its launch, Plan Colombia has cost the US $4.7 billion, of which 75-80 percent has gone to the security forces.

The plan has achieved significant results in terms of coca fields eradicated, clandestine drug laboratories burned and tons of drugs seized. Thousands of people involved in the drug trade have been caught, killed, put behind bars, or extradited to the US.

Further, the decades-old drug-fueled conflict between right-wing paramilitaries, leftist guerrillas, and the government has abated perceptibly, say analysts. A halting process of demobilizing the paramilitaries is under way, and the rebel Revolutionary Armed Forces of Colombia (FARC) has lost ground to the army. President Alvaro Uribe was re-elected this May in a landslide thanks to his success in improving security in the country.

But the drug trade and the war against it continue to spawn violence, massive displacements of population, and high levels of corruption here, tearing at the social fabric of the country. And Colombia continues to be heavily, some say dangerously, militarized, with its army taking on internal security roles that would be prohibited in the US and many other democracies.

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Now the Jamundí ambush is forcing some officials in Colombia (the No. 1 producer of cocaine in the world) and the US (the No. 1 consumer) to reevaluate their approach.

"We have spent $4.7 billion in Colombia ... and we brush under the rug a host of uncomfortable questions - about the military ... degrees of corruption, and overall efficacy of the drug war effort," says Bruce Bagley, an expert on drug trafficking at the University of Miami. "And then, along comes a Jamundí and calls the entire presumption of this war on drugs into question."

* * *

When the shooting started near the psychiatric home, Morales dove into a wide gutter along the driveway, covering his ears with his hands and pressing his face as close to the concrete as he could bear. When he finally emerged, he saw more than a dozen Colombian soldiers from the alpine battalion of the Army's 3rd Brigade descending from the hills. On the ground outside the gate were 11 bodies, riddled with bullets.

"They were my most effective, trustworthy, elite group," laments Brig. Gen. Oscar Naranjo, director of the judicial police. Seven of the men in the team were members of the police's top counternarcotics unit: a group of approximately 200 police who have gone through rigorous vetting and training by the US Drug Enforcement Administration (DEA).

Those seven killed in Jamundí were part of a 15-person team that had, in the past 18 months, smashed 15 drug rings, captured 205 traffickers, including 23 wanted for extradition to the US, and seized nearly 4.4 tons of cocaine.

That day in May, they had come to the Cauca Valley, 195 miles southwest of the nation's capital, together with an informant and three police specialists, on a tip that 440 poundsof cocaine were stashed in the psychiatric home.

A tragic case of "friendly fire," is how Army commander Gen. Mario Montoya originally described the "shoot out," protesting that the troops had no advance knowledge of an undercover operation and had mistaken the police for kidnappers.

But as the smoke cleared, a different narrative began to take shape.

"This was not a mistake, this was a crime; this was a deliberate decision, a criminal decision," Attorney General Mario Iguarán announced a few days later. The soldiers, he bluntly charged, "...were doing the bidding of a drug trafficker." Eight of the policemen were shot in the head, and two were shot in the back, according to forensic reports. "This is one of the gravest cases in our history," says General Naranjo. "This is active corruption, and my men are dead. This cannot be tolerated."

According to a senior official investigating the case, speaking on condition of anonymity, the police unit that day may have been looking not just for drugs, but for a specific drug trafficker: Diego Montoya Sánchez, a reputed head of the Norte del Valle (North Valley) cartel.

Since the dismantling of the Medellín and Cali cartels in the 1980s and early 1990s, the Norte del Valle Cartel has become Colombia's most powerful drug ring. Officials say that the two factions of the cartel are behind 30 percent of the cocaine sent to the US, and Montoya is on the FBI's 10-most-wanted list, right beside Osama bin Laden, with a bounty of $5 million on his head. According to the investigator, the police unit had been told Montoya was hiding in the psychiatric home, posing as a patient.

The Mi Casita administrators, who lost almost half their private funding after the media reports linked them to Montoya, deny any connection to narcotrafficking. The police investigation has turned up no drugs or evidence that a drug lord had been at the home. The police, says the investigator, may well have been on a wild goose chase set up by the army unit, acting on behalf of Montoya.

Fifteen soldiers, including rising Army star commander Col. Bayron Carvajal, were soon arrested - and the investigation, say officials in the attorney general's office, is likely to reach higher in the military ranks and will possibly include the police or even politicians.

Colonel Carvajal's younger brother, Juan Carlos, maintains the soldiers' innocence, suggesting instead the police might be the corrupt ones in the story. "Uribe needed to blame someone," says Carvajal, arguing that Colombia's president could not afford to have the DEA's top trained police unit implicated in any scandal - especially not in late May, right before the presidential elections. "My brother and the others are political pawns. They are being made to take the fall," he insists.

In fact, Carvajal's allegations are not considered to be too far a stretch - the Norte del Valle group is known for its connections to the police. Former cartel leaders such as Danilo González, Victor Patiño, and Patiño's half-brother Luís Ocampo were all former policemen - as is Wilber Varela, currently Montoya's biggest internal rival.

But, evidence against the soldiers is mounting. The most damning is a series of electronic text messages allegedly sent between Carvajal - who was not at Jamundí at the time - and his lieutenant on the ground immediately before the massacre. "Everything is set for tonight," reads one message leaked by authorities. "Get ready for the group to come with the chicken so you can get it," reads another, referring to the nickname of the civilian informant who was leading the police that day.

And now, one senior official close to the investigation says investigators have heard a tape recording of Carvajal speaking on the phone with narcotraffickers to arrange payment for his defense lawyers.

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"Jamundí is the tip of the iceberg," says Professor Bagley, arguing the massacre is indicative of the serious gap between Plan Colombia's promise to train a modern, professional military and the realities of the day. The events of that May afternoon, he says, should serve as a serious wake-up call: "This is a disaster for [President] Uribe and Plan Colombia."

At Mi Casita, more than three months later, many of the patients remain traumatized by the massacre. One woman yells out "Police, police...open up!" at the slightest provocation. Another bites herself whenever she hears loud bangs. And Morales, the only eyewitness to the killings, hears the voices of the policemen crying out for mercy when he tries to sleep at night. "Was it my fault?" Morales asks, wringing his hands. "I talk to my saints and ask them for forgiveness."

Mr. Berrio, the administrator at Mi Casita tries to calm Morales, "We can't escape this war. And we can't win it either," he consoles the flustered man and himself at once. "But you did the best thing you could. You kept your head down. That's all any of us would have done."

· Coming next: Is Plan Colombia working? Why Diego Montoya Sánchez is worth $5 million to the FBI

He likes fast cars (but police seized his personal mini racetrack last year, along with 74 ranches and eight houses). He has a flare for the macabre (his men once ambushed a rival group and then piled the corpses in a pyramid on a road). And, he reportedly likes it when people call him "El Señor de la Guerra," or Mr. War.

Heavyset and gruff, Diego Montoya Sánchez is one of the reputed leaders of Colombia's Norte del Valle cartel. He has a $5 million bounty on his head and is on the FBI's "10 most wanted list" for drug trafficking, conspiracy to import with intent to deliver drugs to the US, money laundering, and racketeering.

In the late 1990s, the Norte del Valle cartel - named for a valley in western Colombia - trafficked about half of the cocaine sold in the US. Today, officials estimate that the cartel holds about 30 percent of the market.

For the past two years, the cartel has been riven by a brutal internal power struggle between Mr. Montoya and his rival Wilber Varela, a.k.a. "Jabon" or Soap. Each faction leader has turned to different sides of Colombia's civil war for support: Varela is reportedly allied with the guerrillas of the Revolutionary Armed Forces of Colombia (FARC). Montoya reportedly has ties to the right-wing paramilitaries.

House OKs New Gun-show Rules (RTD)

By Peter Hardin, TIMES-DISPATCH WASHINGTON CORRESPONDENT

Richmond Times-Dispatch, September 27, 2006

ATF agents' tactics in Richmond area led to bill; Scott vote decried

WASHINGTON -- The House of Representatives yesterday passed a bill to revamp federal enforcement rules for gun dealers, born in part from complaints about agents' tactics at Richmond-area gun shows.

The bipartisan bill would give the Bureau of Alcohol, Tobacco, Firearms and Explosives more tools to punish federally licensed gun dealers who break U.S. firearm-sale rules. It was passed on a vote of 277-131.

Its chief proponents, including Virginia Rep. Robert C. Scott, D-3rd, labeled the bill a balanced approach to provide needed intermediate penalties, including civil penalties or a license suspension, that fall short of revoking a dealer's license.

Warnings and revocation of licenses are the only punishments for dealers under current law.

As many as 98 percent of gun dealers' federal violations now result in nothing more than a letter of reprimand, or a meeting with ATF officials in their offices, Scott said during debate of the bill Monday.

The bill "will result in improved, fair and meaningful enforcement of our gun laws," said Scott, who had teamed with Rep. Howard Coble, R-N.C., to draft the bill and push it to passage.

But foes painted the bill as potentially gutting the ATF's power to go after corrupt gun dealers.

Rep. Chris Van Hollen, D-Md., referred to correspondence from former ATF officials, including two former directors, opposing the bill.

"ATF already faces severe constraints in its ability to crack down on gun dealers who violate the law. [The bill] would further jeopardize ATF's ability to enforce the law against these rogue elements," former ATF officials wrote in a letter dated Friday.

They contended that a legal standard set in the bill for revoking gun dealers' licenses would be virtually impossible to meet.

"This is a misguided piece of legislation that allows a small minority of corrupt gun sellers to continue to sell guns to criminals without penalties," said Rep. Carolyn McCarthy, D-N.Y.

The National Rifle Association supported the bill while the Brady Campaign to Prevent Gun Violence fought it.

"Why Congressman Scott is part of this surprises and disappoints us," said Paul Helmke, president of the Brady Campaign.

Scott has compiled a generally liberal record. He is the senior Democrat on the House subcommittee on crime, terrorism and homeland security. Coble heads that panel.

At a subcommittee hearing earlier, complaints were lodged against ATF for questionable law-enforcement practices at gun shows in the Richmond area.

"Neither Mr. Scott nor I is interested in ham-stringing the ATF," Coble said Monday. "But I note for a fact that in some instances the ATF agents became heavy-handed, maybe even unruly, in the Virginia situation; I think this will address that problem."

Andrew Arulanandam, a spokesman for the NRA, recently called Scott's support for the bill "a testament to the legislation that this is, in fact, reform that is needed."

The bill also directs the inspector general for the Justice Department to review the ATF's gun-show enforcement program.

Contact staff writer Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

ATF Seeks To Create Gang Field Office In Seattle Area (AP)

AP, September 27, 2006

SEATTLE (AP) - The local head of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says he hopes to establish a permanent gang investigation field office here, part of a growing law enforcement response to gang activity statewide.

Kelvin Crenshaw, special agent in charge of the ATF's Seattle office, told The Seattle Times he plans to ask his bosses in Washington, D.C., this fall for permission to establish the gang office, which he said would mean more agents and funding for complex investigations.

The plan is part of a response to what law enforcement officials see as a recent increase in gang activity. In Seattle, a regional hub of such crime, 101 cases were referred to the police department's gang unit between Jan. 1 and Aug. 31 of this year - more than the 94 cases in all of 2005.

The ATF has been compiling a regional database of gang members, and last year formed a violent gang task force with members from the FBI, Seattle Police and the King County sheriff's office. Crenshaw's second-in-command, Doug Dawson, said the database will also help officials determine what cases meet the threshold for federal prosecution, determined in part by firearm use and the amount of drugs involved.

Meanwhile, the state attorney general's office has set out to conduct a statewide "threat assessment" under the belief that Western Washington gangs have been moving into Eastern Washington cities, said Chris Johnson, policy director for Attorney General Rob McKenna.

McKenna could suggest that legislators create sentencing enhancements for crimes committed by known gang members, Johnson said.

According to police and gang experts nationwide, increasing criminal sophistication, demand for drugs, demographics, migration patterns and generational conflicts have all played roles in the violence.

Quantifying any increase in gang-related violence is tough, though, because there isn't a nationally accepted definition of what constitutes a gang. Many law enforcement agencies, including the King County sheriff's office, don't categorize or track the number of crimes committed by suspected gang members.

That's because it's not illegal to be a gang member. Instead, many agencies focus on criminal behavior.

"I don't want to say gangs are running wild in the city, but I don't want to close an eye" to the issue either, Seattle Police Chief Gil Kerlikowske said.

"Gangs aren't just a Seattle problem - there's a lot of concern right now," both locally and nationally about rising levels of gang violence, Kerlikowske said.

Between 30 and 60 street gangs operate in Seattle and its suburbs, police estimate. Gentrification and housing costs have pushed gangs into cities like Kent, Auburn, Federal Way and SeaTac, where a growing number of suburban kids are being lured into the gang lifestyle, said Gabe Morales, a gang consultant from Des Moines who teaches police, corrections officials and local school district officials about gangs and gang-prevention strategies.

Also at play are turf wars involving so-called OGs - original gangsters - who are returning to business after a decade or more in prison and fighting with younger gang members, experts say.

An ongoing war between gang members in Seattle's Central Area and rivals in the Rainier Valley has featured such intergenerational fighting, said Morales and Lt. Eric Sano, who until last week was commander of the SPD's gang unit.

IMMIGRATION:

Supreme Court To Rule On Immigrant Car Theft (LAT)

By David G. Savage

DOJ_NMG_0070115

The Los Angeles Times, September 27, 2006

WASHINGTON -- The Supreme Court agreed Tuesday to hear a California case to decide whether immigrants convicted of stealing a car must be deported.

A strict federal immigration reform law passed in 1996 says that immigrants, including permanent residents, who commit an "aggravated felony" in the U.S. must be sent home, regardless of how long they have lived here or whether they have a family and a job.

But the Justice Department and some lower courts have disagreed on which crimes, including auto theft, are aggravated felonies.

Next week, the Supreme Court will take up a separate South Dakota case to determine whether immigrants who are convicted of drug possession can be deported as felons. The outcome is expected to affect tens of thousands of immigrants across the country.

This week, the justices met for the first time since late June, and they announced they had agreed to hear nine of about 1,900 pending appeals, including the government's claim that auto thieves and their accomplices are guilty of a deportable crime.

The case before the court involves a California law on auto thefts, but government lawyers said all 50 states have similar measures.

Four years ago, Luis Alexander Duenas-Alvarez, a native of Peru who became a legal U.S. resident, pleaded guilty to stealing a 2002 Honda Accord in Marin County, near San Francisco, and was sentenced to three years in prison. Federal authorities took him into custody for deportation.

The 1996 law has a list of aggravated felonies that lead to deportation, including any theft that carries a prison sentence of more than a year.

Government lawyers contend that any immigrant convicted of auto theft in California should be deported under that law.

But earlier this year, the 9th U.S. Circuit Court of Appeals disagreed. The court ruled that the California law is too broad to fit the definition of theft in the federal law because it includes accomplices to auto theft.

The government counters that all states have laws that allow accomplices to be charged with auto theft.

In their appeal on behalf of U.S. Attorney General Alberto Gonzales, government lawyers said the 9th Circuit was wrong on two points. First, Duenas-Alvarez stole the car and therefore was a thief. And second, Congress meant to include accomplices to the crime when it wrote the federal law.

The government said at least 8,000 deportation cases in the nine Western states in the 9th Circuit would be affected by the court's ruling. The oral argument in Gonzales vs. Duenas-Alvarez was set for Dec. 5.

The justices also said Tuesday they would reconsider the 9th Circuit Court's decision to reverse the death penalty that was given to an Arizona murderer who refused in 1990 to have mitigating evidence presented.

Once on Death Row, Jeffrey Landrigan, the murderer, appealed his sentence and claimed his lawyer failed to present mitigating evidence on his behalf. In March, the 9th Circuit agreed with his claim in a 9-2 decision.

In June, Arizona Attorney General Terry Goddard asked the Supreme Court to take up the case, arguing that federal judges should defer to state courts in most instances. And in this case, the state judges concluded that the defendant, not his lawyer, was responsible for his plight. The high court will hear the case in January.

The justices also said they would consider reviving a Washington state law that shields school teachers from having their dues used for political purposes without their permission.

In the past, the court has said unionized workers can be forced to pay their fair share of the cost of bargaining with managers, but they had a right not to pay for political efforts. In 1992, Washington's voters adopted a measure that requires public employee unions to seek permission before any of a member's dues can be used for politics.

But earlier this year, the Washington Supreme Court said this requirement violated the union's free-speech rights. The state and several teachers appealed.

Although the case of Washington vs. Washington Education Association raises questions about politics and the First Amendment, the ruling is likely to affect only one state's law.

More Than Two Dozen People Detained On Fort Bragg (FAYOBS)

By Justin Willett, Staff writer

Fayetteville (NC) Observer, September 27, 2006

Fort Bragg officials this morning detained 28 people, mostly construction workers, as they tried to enter post with false or fraudulently obtained identification.

The operation — the second this year — was conducted at the All American Freeway access-control point between 6 and 8 a.m.

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In July, 58 people were detained at the Knox Street and Randolph Street entrances to Fort Bragg.

Tom McCollum, a Fort Bragg spokesman, said the 28 were taken to a immigration detention center in Cary.

People caught in the sweep could be charged with presenting a false or fraudulently obtained federal or state identification and criminal trespassing, according to a statement about today's operation.

?C;If it is shown that employers knowingly hired these people, the employer can be cited with aiding and abetting and or conspiracy charges,?D; the statement said.

Fort Bragg's garrison commander can also bar contractors from working on post, McCollum said.

Following the July 18 sweep, all but 10 of the 58 people detained were charged with illegal entry into the United States. Six people received federal jail sentences in August, and the other 42 each pleaded guilty to a single charge related to their illegal status.

McCollum said that since July, Fort Bragg has detained 14 people trying to enter post with false or fraudulently obtained identification.

In the past year, Fort Bragg has detained 224 people, mostly construction workers, trying to enter the post under false pretenses, according to the Fort Bragg statement.

Agencies involved in today's sweep included: Fort Bragg's Directorate of Security and Emergency Services, U.S. Immigration and Customs Enforcement, U.S. Marshals, the Defense Criminal Investigation Service, the FBI and the U.S. Attorney's Office in Raleigh.

U.S. Judge Orders Deportation Of 3 Egyptian Students Who Disappeared From University Exchange Program (FINDLAW/AP)

By Timberly Ross, Associated Press Writer

AP, September 27, 2006

(AP) - OMAHA, Nebraska-Three Egyptian students who sparked a nationwide search when they failed to show up for a university exchange program last month were ordered deported Monday.

The students - Mohamed Ibrahim El Sayed El Moghazy, 20; Ahmed Refaat Saad El Moghazi El Laket, 19; and Moustafa Wagdy Moustafa El Gafary, 18 - had admitted they violated U.S. immigration laws and asked Judge James Fujimoto to allow them to return home voluntarily.

Fujimoto, who presided over the hearing via teleconference from Chicago, denied the request and ordered the three deported, citing their brief time in the United States, lack of long-term and family ties here and decision to flee immediately upon entering the country.

In the future, the three will need special permission to ever re-enter the U.S., which they would not have needed if they were allowed to leave voluntarily.

"Voluntary departure has been granted in thousands of other cases, and this one is not unique," the students' lawyer, Amy Peck, said after the decision was announced.

Peck has said the three said they feared they would be sent home if anyone in the group did not show up to the exchange program. She said when some students left the group after arriving in New York, her clients decided to go sightseeing in San Francisco. They then took a bus to Des Moines, Iowa, and used fake names, she said.

Peck did not know if they would appeal the decision.

The three were among 17 students from Mansoura University in Egypt invited to a monthlong exchange program at Montana State University. Only six students showed up to the program, prompting U.S. authorities to issue a nationwide search for the remaining 11 students. All were detained, but none were considered a terrorism risk.

Senators Criticize Border Security Measures (NYT)

By Rachel L. Swarns

The New York Times, September 27, 2006

The Republican architects of the Senate immigration bill criticized the border security measures under consideration in Congress as piecemeal and inadequate. Senators John McCain of Arizona, Arlen Specter of Pennsylvania and Lindsey Graham of South Carolina said they supported border security, including a measure to add fencing to the border with Mexico. But they said that such measures alone would fail to deal with the illegal residence in this country of about 11 million immigrants as well as labor shortages in particular industries. The senators called for an approach similar to the Senate bill, which would tighten border security, toughen penalties for employers who hire illegal immigrants, put most illegal immigrants on a path to citizenship and create a guest-worker plan to address labor shortages. They acknowledged that passage of such legislation was unlikely before the elections.

DOJ_NMG_0070117

Senator Rejects Immigration Addition To Defense Bill (USAT/AP)

By Suzanne Gamboa, The Associated Press

USA Today, September 27, 2006

WASHINGTON — A senior GOP senator blocked Republican leaders Tuesday in their efforts to add immigration, handgun and Internet gambling measures to a defense bill.

Virginia Sen. John Warner, chairman of the Senate Armed Services Committee, rejected requests from Senate Majority Leader Bill Frist and House Speaker Dennis Hastert to add the items to his bill on military pay.

Warner said in a memo to Frist he is “firmly opposed” to including unrelated measures in the defense bill.

Hastert wants to add to the defense bill a measure the House passed last week that would make it easier to deport illegal immigrants who are members of violent criminal street gangs.

“It's my hope the Senate will live up to its word so that we can send this measure to the president for his signature,” Hastert said.

Hastert also wanted to use the defense bill as a way to get a vote in the Senate on a House measure that would allow judges to carry handguns and bolster courthouse security. The proposal came in response to the murder of a Chicago federal judge's husband and mother last year.

Warner balked, saying he wanted to keep the defense bill bipartisan while U.S. troops are at war. Warner said he, along with Democrats and at least two other Republicans, would not sign off on the request.

Senate Democrats, including Minority Whip Dick Durbin, D-Ill., support tightening court security, but the House bill on judges carrying concealed weapons cooled their support.

Hastert said Tuesday that he has offered to drop the provision that would allow judges to carry a concealed weapon.

Frist has been pushing for the Internet gambling crackdown. Among other things, the provision would ban the use of credit cards, checks and other forms of payment to settle online wagers.

Other immigration measures passed by the House this month also have stalled as senators refused to add them to the Homeland Security spending bill. Among them are prison sentences for those who build or finance tunnels across U.S. borders, and a bill proposing a 700-mile fence.

States, Counties Begin To Enforce Immigration Law (WP)

By Peter Whoriskey

The Washington Post, September 27, 2006

CHARLOTTE -- Police here operated for years under what amounts to a "don't ask, don't tell" policy toward illegal immigrants.

As elsewhere in the United States, law enforcement officers did not check the immigration status of people they came into contact with, and in the vast majority of cases, a run-in with the law carried little threat of deportation.

But that accommodation for the burgeoning illegal population ended abruptly in April, when the Mecklenburg County sheriff's office began to enforce immigration law, placing more than 100 people a month into deportation proceedings. Some of them had been charged with violent crimes, others with traffic infractions.

The program takes one of the most aggressive stances in the United States toward illegal immigrants, and officials in scores of communities, including Herndon and Loudoun County, have been considering adopting their own version. The House earlier this month was weighing a measure "reaffirming" the authority of local law enforcement agencies to arrest people on suspicion of violating immigration laws.

Some Latino leaders say the program here is contributing to a discriminatory climate in which Hispanic drivers feel as if they are being "hunted" by police. And some law enforcement agencies elsewhere have shied away from enforcing immigration laws, saying that doing so would rupture any trust they have developed in Latino neighborhoods.

But advocates see it as a way to catch illegal immigrants who slip through porous federal enforcement measures and then run afoul of state or local police.

Mecklenburg County Sheriff Jim Pendergraph says there should be little sympathy for illegal immigrants caught by his program: They have already broken the law once by being here illegally, and then been arrested on suspicion of another crime.

"When any of them cross that border without proper documentation, they've violated the law -- however insignificant it may seem to some people," he said. "I've heard sad stories about folks wanting to come up here and have a better life and earn money for their family. I've arrested bank robbers who've had the same excuse."

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While the program has led to the removal of many illegal immigrants charged with felonies, people arrested for lesser charges such as traffic violations are also subject to deportation. That, according to Hispanic leaders, has created a constant worry for people who are in the United States illegally and now fear deportation after a simple traffic stop.

Many illegal immigrants lack valid licenses. As a result, they now risk not only arrest but also deportation whenever they drive.

"It's tense, very tense," said Angeles Ortega-Moore, director of the Latin American Coalition in Charlotte. "It used to be everybody here loved the Latinos. They would say, 'We like you more than the blacks.' Now we're like the Big Bad Wolf."

"The law enforcement community is split on this issue," said Gene Voegtlin, legislative counsel for the International Association of Chiefs of Police. The local agencies against enforcing immigration law "are concerned about the chilling effect it will have on immigrants' cooperation with law enforcement," he said.

In Mecklenburg County, about 1,200 foreign-born people have been arrested since April, on charges ranging from traffic violations and trespassing to sex crimes, and nearly 600 have been found to be here illegally.

Among those snared earlier this month was Guadalupe Lara, an 18-year-old Mexican carpenter.

The fifth of eight children born to farmworkers in Queretaro, he walked across the border when he was 16 to find work. Two years later, he has only a wispy beard and stands 5-foot-3.

He makes $7.50 an hour and lives with four others in a small, sparsely furnished apartment. Though they lack beds, they have a television on which Lara watches his favorite telenovela, "Heridas de Amor." He sends money home monthly and calls home every week.

"It's difficult," he said in Spanish. "When I call they say 'How are you?' I say 'I am fine.' " On Monday night, Lara was pulled over by police after buying a pack of cigarettes. He was not drunk but had an open bottle of beer in the car. He also lacked a license. He was arrested and when asked admitted he had no papers.

Had he been detained elsewhere, his illegal status may not have mattered.

But in Mecklenburg, two sergeants and 10 deputies at the jail are trained to handle immigration infractions, running checks in databases and holding people in custody if necessary.

Some of those arrested face immediate deportation. Some are held on bond pending an immigration hearing. Lara was relatively lucky. Because he had no prior immigration or criminal charges, he was given a notice to appear before an immigration judge in Atlanta and released. He is likely to be ordered deported.

Lara says police now unfairly target Latinos. More than 90 percent of the illegal immigrants discovered in Mecklenburg are from Latin America.

"The police are just looking for problems with Hispanics," Lara said. "They know we don't have driver's licenses -- we can't get them -- and so they pull us over."

Liliana "La Chula" Ramos, a host on local Spanish radio, said: "A lot of people here are very afraid because they think the police will pull them over for anything. It's very difficult for people to get licenses now, and people have to go to work, so they're out there driving."

Philip Turtletaub, a Charlotte immigration lawyer, says he sometimes receives six or seven calls a day from relatives of illegal immigrants caught by the program. He tells them not to waste their money.

"Most people I can't do anything for," he said.

While he ventured no opinion on the program's fairness, he said he thinks it could make life as an illegal immigrant in the region so uncomfortable that fewer illegal immigrants would choose to live there.

"They're putting the pressure on these people. They're scaring them. People say we can't deport 10 million. But you don't have to. If you deport enough of them, others will go back voluntarily because they don't want to live in these conditions."

Besides Mecklenburg, six other state and local law enforcement agencies have started similar programs in recent years. A dozen more are being worked out with U.S. Immigration and Customs Enforcement. And in the past three months, hundreds of state and local departments have inquired about similar efforts, said Robert J. Hines, who heads the program for the ICE.

"When you are removing the criminal element from the community, it's hard to point a finger and say it's a bad thing," Hines said.

Loudoun County Sheriff Stephen O. Simpson said his department is considering participating. Early this morning, the Herndon Town Council was to vote on Police Chief Toussaint E. Summers Jr.'s request to apply for such a program.

Officials in Alexandria, Arlington, Fairfax and Prince William said they are not considering the idea, and police officials in suburban Maryland say there is lukewarm interest in deputizing officers to enforce immigration laws.

"In the Montgomery County area, we've taken more the track that we celebrate diversity," said Gaithersburg Police Chief Mary Ann Viverette, who is also the president of the International Association of Chiefs of Police. Immigration is "not an issue we want to enforce."

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In federal testimony from August, Pendergraph, the Mecklenburg County sheriff, said "political correctness" is preventing some communities from adopting the program, and that "will eventually be the downfall of this country if someone doesn't wake up."

Like much of the mid-Atlantic region, Charlotte has seen a rapid rise in the number of Latino immigrants over the past 15 years, many of them here illegally. Between 2000 and 2005, the estimated number of illegal immigrants in North Carolina rose 38 percent, from 260,000 to 360,000, according to a Department of Homeland Security report.

The influx, particularly conspicuous in a metropolis clinging to its small-town past, has caused ripples of concern.

"Texas, New York and California might be used to large influxes of illegal immigrants -- but we're not," said Mecklenburg County Commissioner Bill James, who favors stronger enforcement. "James Carville had it right: We're just Mayberry with a major airport."

Local support for broad enforcement coalesced in July 2005 after a truck driven by an illegal immigrant whose blood-alcohol level was nearly triple the legal limit, hit a car, killing a local teacher and leaving the teacher's wife in a vegetative state. The accident resulted in Ramiro Gallegos's fifth impaired-driving charge in five years -- and led to the new enforcement policy.

"No more excuses," U.S. Rep. Sue Myrick (R) said at a news conference at the time, calling for tougher enforcement. "You're drunk. You're driving. You're illegal. You're deported. Period."

TAX:

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 27, 2006

Et tu, ACLU?

Things are fractious indeed at the American Civil Liberties Union (ACLU). More than 30 longtime ACLU heavyweights are calling for the ouster of the organization's leadership, claiming it failed to uphold "principles" it inflicts upon everyone else.

"We come together now, reluctantly but resolutely, not to injure the ACLU, but to restore its integrity and its consistency of principle," the group of former board members, staffers, donors and a lawyer said in a mission statement, according to the New York Times yesterday.

The group is irked that the ACLU checked its staffers against government lists of suspected terrorists during a fundraising drive, used data-mining to profile donors and planned to monitor staff e-mails. Criticism has been focused on Executive Director Anthony Romero and board President Nadine Strossen.

"It's clear that the organization's leadership has let it drift away from its core principles," said David Goldberger, an Ohio State University law professor who once defended the right of Nazis to march through a Jewish suburb of Chicago.

An ACLU spokeswoman says the group still fights "aggressively for the principles of free speech." The disgruntled protesters are certainly exercising theirs: They have set up a Web site -- www.savetheaclu.org -- which went live yesterday.

"It is a home for ACLU loyalists who have been shut out of the organization," said Ira Glasser, ACLU director from 1978 to 2001.

Round two

In the big Wallace vs. Bubba match this weekend, "Fox News Sunday" garnered its best ratings in three years, according to Nielsen, and the two combatants -- host Chris Wallace and former President Bill Clinton -- got a lot of buzz. Both political parties now claim the squabble "energized" their respective bases.

The match even attracted those who make wagers.

BetCRIS Sportsbook has posted the odds on whether Mr. Clinton will duke it out again with Mr. Wallace. The New York-based online betting group reveals that odds are running 4-to-1 that Mr. Clinton will return for another bout in the next 90 days, 3-to-1 in the next 120 days, 2-to-1 within 150 days and 1-to-1 within the next six months.

"Politicians are trained in the art of keeping cool and levelheaded," spokesman Mickey Richardson said. "When the opportunity arises to watch a former president become so easily roused, you can't help but stare. I would like to see him go head-to-head with Chris Wallace again. I just don't think he will."

Moral relativism

The Republican candidate for Arizona governor says the state's new September 11 memorial should be torn down, calling it an insult to America.

"It reminds us of American failings and American mistakes, real and imagined, before and after 9/11. This memorial is a tribute to moral relativism," Len Munsil said yesterday, according the Associated Press.

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The memorial features such quotations as, "You don't win battles of terrorism with more battles" and "Erroneous U.S. air strike kills 46 Afghanistan civilians," among other things.

"Only in the relativistic context of left-wing protesters holding 'Bush is a terrorist' signs do such inscriptions make any sense," said Mr. Munsil, founder of the Center for Arizona Politics.

"It explains why despite the outpouring of public prayer and the bipartisan singing of 'God Bless America' on the steps of the U.S. Capitol, there is not a single mention of God in this memorial," Mr. Munsil said.

"I'm just sorry that they're trying to politicize 9/11. That's just wrong," Democratic Gov. Janet Napolitano said.

Adios, Republicans?

New Mexico Gov. Bill Richardson says neither party will win votes at the ballot box this year on the issue of illegal border crossing.

"You don't get any votes on this either way," Mr. Richardson said during a meeting with the press in Washington yesterday, reports The Washington Times' Eric Pfeiffer. "In the end, voters look at bread-and-butter issues."

Mr. Richardson, a Democrat who is Hispanic and considering a run for the White House in 2008, said that any potential gains for Republicans will be offset by Hispanic voters who feel alienated by the party and an overall "2 percent surge" at the ballot box in the favor of Democrats over issues such as Iraq.

"President Bush did make some inroads with Hispanics in 2004," Mr. Richardson said. "The surge in Hispanics going Republican was because of President Bush, not because of any policies."

Mr. Richardson also said he doesn't expect immigration opponents to reward Republicans this fall, since Congress is not likely to pass an immigration-reform bill before it leaves Washington for the campaign trail. "When you control the White House and Congress, you only have one party to blame," he said.

Taxing situation

Rep. Charles B. Rangel of New York, the top Democrat on the tax-writing Ways and Means Committee, said yesterday he wouldn't rule out killing any of President Bush's tax cuts in order to alleviate the dreaded Alternative Minimum Tax and balance the budget, Congress Daily reported.

Mr. Rangel stipulated that "everything has to be on the table" when considering which tax cuts must go, and when asked if he'd consider tax increases across the income spectrum, he answered, "No question about it."

His remarks caused an immediate outburst among Republicans, claiming the Democrat had just admitted his party will indeed raise taxes if it comes to power in November.

"This is the first time since Walter Mondale that a national Democrat leader has openly called for across-the-board tax hikes," said Jonathan Collegio of the National Republican Congressional Committee. "In a single breath, Rangel made the notion of a Democrat Congress into a profoundly local pocketbook issue."

A Kinky moment

Former Minnesota Gov. Jesse Ventura is campaigning for Kinky Friedman, who aspires to be the first independent candidate to win the Texas governorship since Sam Houston 150 years ago.

"Do Texans have the guts to elect this guy?" Mr. Ventura asked a raucous San Antonio crowd yesterday.

"Texans love the Kinkster," Mr. Friedman chimed in, according to the Minneapolis Star-Tribune.

The two swaggering politicos have both received campaigning advice from Dean Barkley and Bill Hillsman, who created ads for Mr. Ventura and the late Paul Wellstone.

"Kinky's a great campaigner. Better than Jesse," Mr. Barkley said.

"Both Kinky and I shoot from the hip," Mr. Ventura countered, brandishing his newly brunette, shoulder-length braids. "But I'm the only former governor in the United States of America who can look like this."

CONGRESS-ADMINISTRATION:

House OKs $70B For Iraq, Afghanistan (AP)

By Andrew Taylor

AP, September 27, 2006

Just days before leaving Washington to campaign, Congress is moving to provide $70 billion more for military operations in Iraq and Afghanistan as part of a record $448 billion Pentagon budget.

With Iraq alone costing about $8 billion a month, another infusion of funds will be needed next spring. Opinion polls show the war continues to be unpopular with voters, but even Democratic opponents of the war generally embrace the Pentagon measure, since it provides funding for body armor and other support for U.S. troops overseas.

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The House passed the Pentagon appropriations bill Tuesday night on a 394-22 vote, and the Senate could clear the bill for President Bush as early as Wednesday or Thursday.

The House-Senate compromise bill provides $378 billion for core Pentagon programs, about a 5 percent increase, though not quite as much as Bush requested. The $70 billion for Iraq and Afghanistan is a down payment on war costs the White House has estimated will hit $110 billion for the budget year beginning Oct. 1.

With final passage of the bill, Congress will have approved $507 billion for Iraq, Afghanistan and heightened security at overseas military bases since the Sept. 11 attacks five years ago, according to the Congressional Research Service.

The growing price tag of the Iraq conflict is partly driven by the need to repair and replace military equipment destroyed in battle or simply worn out in harsh, dusty conditions in Iraq and Afghanistan.

Almost $23 billion was approved for Army, Marine Corps and National Guard equipment such as helicopters, armored Humvees, Bradley Armored Fighting Vehicles, radios and night-vision equipment.

Another $1.9 billion is for new jammers to counter improvised explosive devices in Iraq and Afghanistan and $1 billion is provided for body armor and other personal protective gear.

The measure includes a Democratic-sponsored provision against establishing permanent military bases in Iraq. GOP leaders dropped identical language from an Iraq funding bill this June.

While the measure enjoys sweeping support, the brief debate sparked partisan exchanges over the Iraq war.

"If the president had told us the truth, that Iraq and Saddam Hussein ... presented no real threat to us, that there was no likelihood of weapons of mass destruction, that there was no connection to al-Qaida ... would this Congress have voted for war?" said Rep. Jerrold Nadler, D-N.Y. "I don't think so."

"Is the world better or worse off without (Hussein)?" said Rep. Tom Cole, R-Okla. "I think it's better, and it took American action."

The bill would be the first of 11 spending bills to clear Congress for the new budget year.

So little progress has been made on other bills that the Pentagon measure also carries a stopgap funding bill to keep open, through Nov. 17, agencies whose funding bills won't have passed. Only the homeland security measure is expected to also pass before Congress leaves Washington to campaign.

The core bill contains $86 billion for personnel costs, enough to support 482,000 Army soldiers and 175,000 Marines. That would provide for a 2.2 percent pay increase for the military as Bush requested in his February budget.

Another $120 billion would go to operations and maintenance costs, slightly less than the Pentagon request. And $81 billion is provided to buy new weapons, with another $76 billion dedicated to research and development costs.

That's still not enough for the White House, which requested $4 billion more. But House appropriators diverted that money to ease cuts in domestic programs. Earlier this year, the Senate passed a version shifting $9 billion to domestic programs but backed off in the face of a White House veto threat.

The sprawling measure contains good news for lawmakers from Maine, California and Missouri, among others. The bill includes $2.6 billion for two super-modern Navy DD(X) destroyers. That is significant because it would allow Bath Iron Works in Maine and Northrop Grumman's Ingalls Shipbuilding in Mississippi to build one ship each.

A House-passed defense policy bill had called for only one DD(X) ship, to be built in Mississippi.

The measure also almost triples Bush's request for eight C-17 cargo planes, providing for 22 of the aircraft, which are built in Long Beach, Calif. Several components are manufactured at Boeing's St. Louis-based defense company.

But Lockheed Martin's F-35 Joint Strike Fighter, which is assembled in Fort Worth, Texas, would face cuts. Bush requested five planes, but lawmakers cut that back to two, though funds are provided for advanced purchases of parts for 12 more.

House OKs $70B For Iraq, Afghanistan (WP/AP)

By Andrew Taylor, The Associated Press

The Washington Post, September 27, 2006

WASHINGTON -- Despite intense partisan divisions over the course of the Iraq war, the House on Tuesday easily approved $70 billion more for military operations there and in Afghanistan. Lawmakers also adopted a record $448 billion budget for the Pentagon.

With Iraq alone costing about $8 billion a month, another infusion of money will be needed next spring.

The House passed the Pentagon appropriations bill by a 394-22 vote Tuesday night, and the Senate is due to cat before adjourning this weekend for the fall campaign.

The House-Senate compromise bill provides $378 billion for core Pentagon programs, about a 5 percent increase, though not quite as much as President Bush asked for. The $70 billion for Iraq and Afghanistan is a down payment on war costs the White House has estimated will hit $110 billion for the budget year beginning Oct. 1.

With final passage of the bill, Congress will have approved $507 billion for Iraq, Afghanistan and heightened security at overseas military bases since the Sept. 11, 2001, attacks, according to the Congressional Research Service.

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On the Net:

House Appropriations Committee: http://appropriations.house.gov

Democrats Delay GOP Bills In Senate (WT)

By Charles Hurt

The Washington Times, September 27, 2006

Senate Democrats are blocking Republicans from passing several of their top legislative priorities this week, including new border fencing, two of the Bush administration's key counterterrorism programs and a drastic reduction in the estate tax.

"The legislative corner they've painted themselves in is very difficult," Senate Minority Leader Harry Reid, Nevada Democrat, told reporters yesterday.

Democrats, while accusing Republicans of presiding over a "do-nothing" Congress, are slow-walking legislation but appear unlikely to kill outright any of the security measures as elections approach.

Asked yesterday whether Democrats will take advantage of Senate rules that allow lawmakers to demand 30 hours of debate on each bill, Mr. Reid replied: "Well, unless there's some agreement, we're going to go ahead and do the 30 hours."

Democrats have been far less successful in delaying action in the House, where priority measures either have been passed or are expected to be this week.

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Still, Minority Whip Steny H. Hoyer, Maryland Democrat, says Republicans have achieved little in this Congress.

House Majority Leader John A. Boehner, Ohio Republican, replied by saying, "It may be a do-nothing Congress for Mr. Hoyer and the Democrats because by and large they stand on the sidelines and do nothing."

Last night, the House was able to pass, on a 394-22 vote, the military appropriations bill. The proposal allocates $448 billion: $70 billion for the wars in Afghanistan and Iraq and $378 billion for general defense spending. The Senate is scheduled to pass the bill this week, before it adjourns for the November elections.

Democrats spent much of yesterday discussing the National Intelligence Estimate, which determined that the war in Iraq is fueling terrorism worldwide.

"It's obvious that Republicans are trying to shift the focus away from the administration's failures in Iraq to other issues," Sen. Hillary Rodham Clinton, New York Democrat, said at a press conference. "They may not have a plan to complete, successfully, the mission in Iraq, but they do have a plan to win elections here at home."

Mrs. Clinton was asked about the "Fox News Sunday" interview with her husband, former President Bill Clinton, who responded angrily to a question from host Chris Wallace about whether he could have done more to stop Osama bin Laden from launching a terrorist strike on the United States.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," she said. "All you have to do is read the 9/11 commission [report] to know what he and his administration did to protect Americans and prevent terrorist attacks against our country."

She leveled a pointed attack on the Bush administration for its response to a classified report before the September 11 attacks titled "Bin Laden Determined to Attack Inside the United States."

"I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said.

Reid Sees New Beginning (RC)

By Erin P. Billings

Roll Call, September 27, 2006

With the clock still running on the 109th Congress, Senate Minority Leader Harry Reid (D-Nev.) is looking ahead to the next session, when he expects to have a stronger hand to play and share more in common with his Republican counterpart.

In a wide-ranging interview, Reid said he has high expectations for both the upcoming midterm elections and the 110th Congress itself. He also expressed optimism about working with the man all but certain to be the next Senate Republican leader, Majority Whip Mitch McConnell (Ky.).

His outlook is bright enough that Reid, speaking in his Capitol office, said he's planning to talk to McConnell in the coming days about working together to restore a level of comity to the Senate that he believes has been lacking in the reign of Majority Leader Bill Frist (R-Tenn.).

"Prior to the Nov. 7 election, I'm going to reach out to Mitch," Reid said. "I think what we should do when we get back here is sit down on a bipartisan basis and see if we can start doing some things like we used to do around here."

Reid's veiled condemnation is a clear indicator of his disdain, not for Frist the man, but rather for the current Majority Leader's style. Frist spent just eight years in the chamber before becoming leader and, unlike many of his predecessors, has shown a penchant for taking risks in passing legislation, often sending controversial measures to the floor without the certainty of having the 60 votes necessary to beat back a filibuster.

"As a person, I like Bill Frist," Reid said. "I think he's in public service for the right reasons. But I felt his lack of an institutional memory, knowledge of the Senate, didn't bode well in my opinion."

While Frist has received mixed marks in his tenure, Reid isn't without his critics, either. As the foremost brake on a Republican-dominated government, he has established a reputation during his two years as Minority Leader for tossing aside bipartisanship as well when it was convenient, preventing bills from coming to the floor and dropping procedural surprises on his colleagues.

Republicans say they are still reeling from Reid's infamous memorandum earlier this year questioning the ethics of 33 GOP Senators. While Reid later apologized, aides and Senators still insist the move went over the line and has not been forgotten.

Sen. John Thune (R-S.D.) said it is easy to blame Frist or McConnell — as the leaders of the majority party — for allowing relations across the aisle to deteriorate. But Thune argued that they have consistently made a good-faith effort to work with Democrats, and Reid holds the power to change things come January.

"It's largely up to him," Thune said. "He's in a position to throw grenades and blow things up or he's in a position to make things work."

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"The issue is not Bill Frist's institutional knowledge or whether or not he could get things done," added a Senate GOP leadership aide. "The issue is that Democrats — since George Bush was elected president and throughout Bill Frist's tenure — never acknowledged Republicans were the governing party."

It remains to be seen if Reid and his fellow Senate Democrats will enjoy a more civil atmosphere with McConnell next session, but at the very least, Reid may find a character connection with the prospective GOP leader.

Both Reid and McConnell are in their fourth term in the Senate, and worked their way up in the chamber as quiet operators known more for their poker faces than their charisma and love of the spotlight. Reid, like McConnell, considers himself a creature of the Senate, and is at times more obsessed with procedure than partisanship.

"I believe he has an institutional understanding — having been here a long time in the Senate," Reid said. "I think that will make my job more meaningful because Sen. Frist did not have an institutional knowledge of the Senate."

By any measure, Reid's first two years as Minority Leader haven't been easy.

"It's a difficult job anytime you have a diverse group like the Democratic Caucus," said Sen. Ben Nelson (D-Neb.), adding that Reid has won his party's respect and admiration across the board.

Minority Whip Dick Durbin (Ill.), the chamber's No. 2 Democrat, said Reid, who succeeded then-Minority Leader Tom Daschle (S.D.) after a stunning electoral loss, has certainly brought his own style to the top Democratic post. But Durbin said Reid has proven his worth, deserving credit for stopping Republican efforts to reform Social Security and bar the use of the filibuster on judicial nominations by invoking the so-called nuclear option.

"I'm amazed by how well he brought us together, and how quickly we started working as a unit again," Durbin said.

Sen. Charles Schumer (N.Y.), the Democratic Senatorial Campaign Committee chairman and one of Reid's closest Senate allies, likened Reid to former President Harry Truman, calling him strong, loyal and direct.

"Nobody can work with the other side of the aisle like Harry Reid," Schumer said. "He knows the rules of the floor, his word is good and he understands you have to be bipartisan to get things done."

Despite his colleagues' confidence, Reid won't grade his own performance to this point, and is even loath to talk about individual successes and failures. But ask the veteran Nevada Democrat about the challenges he's faced, and he doesn't hesitate — even appearing shaken as he discusses what he calls the lowest point in his 20-year Senate career — Frist's threat last year to invoke the nuclear option and force up-or-down votes on judicial nominees. That standoff, Reid said, trumps all other legislative fights he had, on or off the floor.

"That was more than me, more than the Democratic Caucus. I thought that was an attack on our Constitution," Reid said. "I frankly have to tell you that I lost so much respect for my counterparts in the Republican Senate leadership as a result of that. ... I will never, ever forget what they tried to do to our country."

The winner of the nuclear option battle differs depending on whom you ask, but in the end Reid believes the minority came out the victor even though he "gave up some bad judges." In the end, a bipartisan group of moderate Senators dubbed the "Gang of 14" brokered the deal to keep the filibuster option intact while advancing a handful of controversial nominees.

Looking ahead to Nov. 7, Reid predicted that if the election were held today, Democrats would pick up five seats, just shy of the six needed to take control of the chamber. The entire election has turned on the Iraq War, Reid said, and public unrest over the conflict has given voters new reason to look to Democrats, and their agenda, as an alternative.

"I am more optimistic than I was six months ago," Reid said. "I've never said we'd take control of the Senate ... . It's a heavy, heavy lift. We realize that."

But taking a snapshot of today's political landscape, Reid said he believes Senate Democrats have a solid shot to pick up GOP-held seats in Pennsylvania, Missouri, Ohio, Montana and Rhode Island. Three others are potentially in play including Virginia, Tennessee and Arizona, he said.

On the Democratic side, Reid sees few windows for the GOP to knock off incumbents, but he did concede there is at least one vulnerable Democratic Senator this cycle, Sen. Bob Menendez (D-N.J.). Menendez, appointed in January to finish out the term of now-Gov. Jon Corzine, is facing an ever-more competitive bid to stave off GOP challenger, state Sen. Tom Kean Jr.

Menendez, Reid acknowledged, "is the only one we're going to worry about."

A self-described pessimist, Reid said he refuses to over-hype Democrats chances this November, nor will he entertain the possibility that his party could win the Senate and put him in charge of the chamber. But he does say that if not this cycle, 2008 will be the year of the Senate Democrat.

"We're in really good shape for the next election," Reid said. "We're going to get the majority. It's a question of whether we do it this time or next time."

Next cycle could be Reid's best and worst chapter, given at least six of his Senate Democrats are eyeing a run at 1600 Pennsylvania Ave. Keeping his Caucus together will be more of a test in the 110th, but at least for now, Reid says Democrats have rallied as a unit — even with the constant media frenzy surrounding Sen. Hillary Rodham Clinton (D-N.Y.).

"To this point, to be very honest with you and I say this candidly, I just think it hasn't been a problem," he said.

There has even been talk that Reid has offered up his own job as the Democratic leader to Clinton if she would agree to abandon an anticipated campaign for the White House. Those rumors — perpetuated in some blogs and by some political observers — are "just ridiculous," according to Reid.

"That's one of the most foolish things I've ever heard," Reid said.

Foolish or not, the gossip persists, but Reid insists he will not weigh in on his party's nominating process. Reid says he's talked to each of the would-be presidents about their plans, but none has asked for his endorsement and he isn't going to give it.

"I'm available to whomever wants to talk to me about the Nevada caucuses," Reid said. "But I'm not going to pick sides no matter how I feel personally."

"I don't think it would set well with those people that I don't endorse," Reid added. "I try to be fair to everybody.

Our Pathetic Congress (LAT)

By Thomas Mann And Norman Ornstein, Thomas Mann, A Senior Fellow At The Brookings Institution, And Norman Ornstein, A Resident Scholar A

The Los Angeles Times, September 27, 2006

Little has been accomplished, too much will be left hanging and what was done was often done badly.

THE FINAL DAYS of any Congress are never pretty, as lawmakers scramble to finish a string of bills while getting out of town as early as possible to hit the campaign trail. After 37 years in Washington — 18 elections — we are pretty well inured to these shenanigans. But even those of us with strong stomachs are getting indigestion from the farcical end of the 109th Congress, slated for early Saturday.

This Congress hit the ground stumbling and has not lifted itself into an upright position. With few accomplishments and an overloaded agenda, it is set to finish its tenure with the fewest number of days in session in our lifetimes, falling well below 100 days this year.

This new modern record is even more staggering when one realizes that more than 25 of those days had no votes scheduled before 6:30 p.m., making them half- or quarter-days at best. The typical workweek in Congress (when there is a week spent in Washington) starts late Tuesday evening and finishes by noon Thursday. No wonder satirist Mark Russell closes many of his shows by telling his audiences what members of Congress tell their colleagues every Wednesday: "Have a nice weekend."

This part-time Congress has other parallels to the famous "Do-Nothing 80th Congress" that Harry Truman ran against successfully in 1948. The output of the 109th is pathetic measured against its predecessors and considering its priorities, which included a comprehensive immigration bill, tax reform and the research and development tax credit, lobbying and ethics reform, healthcare costs and insurance coverage, trade agreements, procedures for the detention and trial of suspected terrorists, and regulations for the oversight of domestic wiretaps, among many others. With just days to go before Congress adjourns and the fiscal year begins, not a single one of the 11 appropriations bills that make up the range of government programs has been enacted into law.

But the big problem with this Congress is not what it didn't do, it is what it did, and did badly. As of Tuesday, there were three must-pass pieces of legislation pending: defense and homeland security appropriations and the annual Department of Defense authorization. Each year, when the few must-pass bills move forward, there is a major temptation to throw on all kinds of extraneous provisions; when lawmakers can identify a train that is both leaving the station and sure to reach its destination, everyone has baggage they try to toss on board. Each year, responsible party leaders resist most of these measures, to preserve the integrity of the process and to keep shoddy bills with no vetting and no broad support from either being railroaded or inserted surreptitiously.

This year, Senate Armed Services Committee Chairman John W. Warner (R-Va.) has vowed to protect the defense authorization bill — but House Speaker J. Dennis Hastert (R-Ill.) has other ideas. Hastert says he will kill the bill, doing damage to the Department of Defense and conceivably to troops in the field, unless Warner and his fellow senators cave and tack on an entire federal court security bill and another House anti-immigration bill.

The anti-immigration bill would allow indefinite detention of illegal immigrants protected under political asylum provisions, and it would deny court access to many. Hastert and his fellow House Republicans have refused to say exactly what they will include in the 300-page court security bill, but by most insider accounts, it will include not just commendable, bipartisan provisions to protect judges and law enforcement officials from threats but provisions to federalize the death penalty for murders of law enforcement officials, judicial employees or state and local employees, bypassing the law in states that have no death penalty.

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It also reportedly would sharply restrict habeas corpus by, for the first time, singling out a special class of victims (judges and police officers); bypass hearings for juveniles charged with gang-related offenses and automatically have them tried as adults; and allow judges and prosecutors to carry concealed weapons, even where banned by state law.

Most of these measures have had no hearings — or cursory ones — much less debate or votes by the full House or Senate. Many are sharply opposed by states, which complain about the federal government trampling their laws and sovereignty.

IF THIS WERE ONE isolated instance of a Congress pushing through sloppy and ill-considered legislation to score political points before an election, we would wince but move on. But this breach of the normal legislative process is all too typical of today's Congress. Over the last five years, Congress has abandoned the web of rules and norms that have long governed how a bill is considered, how votes take place and how outcomes are decided. The infamous three-hour vote to pass the Medicare prescription drug bill two years ago — a vote supposed to last 15 minutes — stretched from 3 a.m. to 6 a.m. It was held open until the leaders could squeeze out enough votes to make a majority and resulted in several members, including then-House Majority Leader Tom DeLay, being rebuked by the Ethics Committee. But the truth is, rigging the rules for partisan advantage has become routine.

To be sure, efforts to close off debate and play hardball when votes are tight is not new; Democrats played these games when they were in the majority in the 1980s and early 1990s. But abuses of the regular order that used to be occasional and average — a six on a scale from one to 10 — are now chronic and sometimes hit 11.

The framers wanted Congress to move slowly and deliberately. But today, it is common to spring on the House and Senate a 1,000-page bill that has not been through any vetting process. With little notice and no time for anyone to read the bill, much less absorb or analyze it, with no amendments allowed, the leadership demands a party-line, up-or-down vote. This is a formula for poor oversight and worse law.

This November, will the public demand more from Congress, the first branch of government and the linchpin of American democracy?

Spending Data Going Online With New Law (USAT)

USA Today, September 27, 2006

President Bush signed legislation to create an online database for tracking about $1 trillion in government spending on grants and contracts. The law is intended to prevent wasteful spending by opening the federal budget to greater scrutiny. The law calls for the data to be online by Jan. 1, 2008. Budget information has been available to the public, but the website will make it easier to access. “This legislation will give the American people a new tool to hold their government accountable,” Bush said. Information on earmarks will be “just a few clicks away,” he said. Earmarks are items that lawmakers put into bills to target spending to a company or project in their districts. Citizens Against Government Waste, a taxpayer watchdog group, said such projects in fiscal year 2006 bills cost $29 billion.

Bush demurs on Clinton criticism

President Bush dismissed as “finger-pointing” criticism from former president Bill Clinton that the Bush administration hadn't been vigorous enough in going after al-Qaeda and its leader, Osama bin Laden. “We'll let history judge,” Bush said when asked at a news conference about Clinton's comments. Clinton said on Fox News Sunday that he left the new administration “battle plans” for going into Afghanistan, overthrowing the Taliban and searching for bin Laden. “They did not try” before the 9/11 terrorist attacks, Clinton said. Secretary of State Condoleezza Rice disputed his comments, telling the New York Post, “We were not left a comprehensive strategy to fight al-Qaeda.”

Seized-property bill fails in House

The House fell short of the votes needed to pass legislation that would have given people faster access to federal courts when fighting state or local governments that have seized their property. The vote was 234-172 in favor of the bill, but it needed a two-thirds majority under the special rules used to bring the measure to the floor. The vote was largely along party lines: Republicans in favor and Democrats opposed.

New Law To Create Online Budget Database (AP-Y)

By Nedra Pickler

AP, September 26, 2006

President Bush said Tuesday that Americans will now be able to "Google their tax dollars," as he signed a law to create an online database for tracking about $1 trillion in government spending on grants and contracts.

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The law is aimed preventing wasteful spending by opening the federal budget to greater scrutiny. The information is already available, but the Web site would make it easier for those who aren't experts on the process to see how taxpayer dollars are being spent.

"Information on earmarks will no longer be hidden deep in the pages of a federal budget bill, but just a few clicks away," Bush said in a signing ceremony. "This legislation will give the American people a new tool to hold their government accountable for spending decisions. When those decisions are made in broad daylight, they will be wiser and they will be more restrained."

Bush signed the bill in the Old Executive Office Building next to the White House, sitting before lawmakers and Internet bloggers who helped get it through Congress.

Senate leaders had tried to pass the bill in early August but Rep. Ted Stevens, R-Alaska, and Sen. Robert Byrd, D-W.Va., blocked passage by lodging secret "holds" on the bill. The bloggers tracked down those responsible for the delay and the senators let the bill advance under the pressure.

The law calls for the Web site to go online by Jan. 1, 2008. It will list federal grants and contracts greater than $25,000, except for those classified for national security reasons.

"The Web site will allow our citizens to go online, type in the name of any company, association, or state or locality and find out exactly what grants and contracts they've been awarded," Bush said.

"By allowing Americans to Google their tax dollars, this new law will help taxpayers demand greater fiscal discipline," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Bill To Create Spending Database (WT)

By Stephen Dinan

The Washington Times, September 27, 2006

President Bush yesterday signed legislation creating a Web-based searchable database of federal government spending, calling it a first step in making the government more accountable to taxpayers.

The database, championed by bloggers, taxpayer groups and editorial writers nationwide, will allow people to search records for hundreds of billions of dollars worth of federal contracts and grants -- or, as Mr. Bush said, "to Google their tax dollars."

"We spend a lot of time and a lot of effort collecting your money, and we should show the same amount of effort in reporting how we spend it," the president said during a signing ceremony attended by lawmakers, congressional staff, columnists and bloggers.

Written by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the legislation creates a database available to the public through a Web site. It will list every entity receiving federal funds, along with information about the amount and purpose of the spending.

The federal government issues more than $400 billion in grants and $300 billion in contracts each year to businesses, associations and state and local governments.

Clay Johnson, deputy director for management at the White House Office of Management and Budget, said the information already exists, but now the administration must collect and compile it into a consistent format.

The law gives the administration until 2008 to have the database in full operation. Mr. Johnson said OMB will consult with key lawmakers and produce a plan for the database at the beginning of next year.

The Bush administration backed the bill during summer negotiations as a tool to improve government transparency and accountability.

A more limited bill sponsored by House Majority Whip Roy Blunt, Missouri Republican, and Rep. Thomas M. Davis III, Virginia Republican, passed the House in June, but the Coburn-Obama bill was blocked in the Senate by a "secret hold." This Senate tradition allows a single member to obstruct a bill's progress anonymously.

Bloggers from the left and right formed a coalition last month to expose the obstructors by urging readers call their senators and demand to know whether they had placed the secret hold. The senators relented under public pressure.

After brief negotiations, the bill passed both chambers of Congress.

Mr. Coburn and Mr. Obama, in a joint statement, gave "all the credit and praise" for the bill's passage to bloggers, editorial writers and citizens. Mr. Johnson said the campaign showed that the public has the power to demand tools for good governance.

"The public have spoken is the lesson here, and when the public speaks, things happen, and when the public wants something to happen, the Congress listens," Mr. Johnson said.

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Bush Admin Wants To Have Say In Next Farm Bill -USDA Secy (DJ)

Dow Jones Newswire, September 27, 2006

WASHINGTON (Dow Jones)--The Bush Administration wants to "have an impact" on how the next farm bill is written in 2007, U.S. Department of Agriculture Secretary Mike Johanns said Tuesday.

While acknowledging that Congress will write the next farm bill - a multi-year blueprint for U.S. agriculture policy that includes billions of dollars worth of subsidies - Johanns stressed that it'll be President George W. Bush who either approves or vetoes it.

The USDA will publish its proposal for the next farm bill in January, Johanns told a farm group and reporters over lunch, laying out some of his priorities.

First on his list is the fair distribution of farm subsidies and the reform of "inequities" in the system. Currently, Johanns said, the five crops that get 90% of government subsidies - corn, cotton, wheat, soybeans and rice - only represent 21% of farm cash receipts. Specialty crops, such as fruits and vegetables, are mostly left out.

Government subsidies also must change in order to avoid provoking new complaints by member countries of the World Trade Organization. U.S. farm policy, he said, needs to be "beyond challenge."

Johanns highlighted Brazil's recent successful WTO challenge against U.S. cotton subsidies and stressed the country and others will continue to hammer at U.S. policy.

"We have to be realistic," he said about future challenges.

The Bush administration's positions, though, have placed it at odds with some of the largest farm organizations.

The American Farm Bureau Federation is lobbying Congress to extend the current 2002 farm bill by at least a year instead of overhauling policy in 2007.

The Farm Bureau had been willing to accept changes to the structure of subsidies, but only in return for substantial reductions in foreign tariffs on U.S. agricultural goods. That type of trade had seemed imminent while WTO countries were still negotiating a massive agreement, but those talks broke down and suspended indefinitely in July.

Farm Bureau President Bob Stallman told a gathering of reporters last week: "We're saying we want to extend the major structure and components of this farm bill. For the short term, and until we get a WTO negotiation, for the most part we ought to forgo major changes to our farm policy."

Spellings Back Ideas To Shake Up College (AP)

By Ben Feller, Ap Education Writer

AP, September 27, 2006

Handed a plan to shake up college life in America, Education Secretary Margaret Spellings is endorsing some of its key ideas and promising to get moving on them.

Her overarching theme is to make everything about college — choosing one, affording one, succeeding in one — easier for families. Parents should be able to shop for a college as simply as they shop for a car, she said, with a clear expectation of what they will get.

But higher education in the United States is a diverse field, and finding the will and the money for the agenda may prove difficult.

High on her list is the creation of a massive information system — a way to judge how colleges and universities are doing in helping students succeed. It would require a vast collection of data on students, with a promise that their privacy will be protected.

The Education Department would work with states and colleges to make that happen, Spellings said Monday, commenting for the first time on a national commission's ideas.

The department would then use the data to overhaul its college Web site. The idea is for people to compare one school to another, right down to the typical salaries of graduates.

She also pledged to make applying for financial aid easier and speedier.

"Some of this stuff is so commonsensical, and the urgency is so great," Spellings told The Associated Press. "We need to get going on this."

Spellings outlined her plans ahead of a Tuesday speech at the National Press Club. The Bush administration is getting more aggressive on college issues, a popular area for voters.

Spellings would not commit to one of her advisory panel's most specific ideas: increasing Pell Grants to cover at least 70 percent of in-state tuition costs. Pell Grants, the main form of federal aid for low-income students, now cover less than half the costs.

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The idea would cost billions of dollars, either in new spending or cuts elsewhere.

Spellings said she supports more financial aid for poor families. But she would not get specific, wary of pre-empting President Bush before his next budget plan is released.

Ultimately, Spellings said she embraced recommendations that she can do something about. She said she will work with Congress and states on the others.

One, for example, called for a total restructuring of financial aid. It would mean consolidating dozens of programs that the commission found to be confusing and inefficient.

"I'm for it," Spellings said. "But obviously I understand that Congress needs to weigh in."

Spellings said she also wants to:

_Provide matching federal money to states, colleges and universities that report how well their students are performing. The money will be offered as an incentive for candor.

_Call together groups that accredit universities and try to change the standards upon which schools are judged. The goal would be to put more emphasis on student performance.

_Align high school standards with college work, another commission recommendation. But Spellings wants to do this by extending the No Child Left Behind law into high schools. The Bush administration has been proposing that for two years with little interest from Congress.

Spellings didn't touch other recommendations, based on her prepared comments.

There was no mention of reforming student visa rules for foreign students. Or of leading a national strategy to make learning easier for nontraditional students, especially adults.

The commission, led by investor Charles Miller, called the U.S. higher education system one of the nation's biggest successes. But it also called it complacent and overly expensive, with little accountable for its students and poor access for minority students.

Spellings walked that line, too. She called higher education here the envy of the world, but then said the nation has turned into a leader, not a follower, in education competition.

Miller said he thinks Spellings has responded fairly to his group's recommendations.

"People tend to think you can run over to the Capitol and everyone there gets to decide," Miller said. "We have a national system, but it's not a federal system. She's got the right balance on that. She needs to get help from a lot of others. I think she'll engage them."

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On The Net:

Commission on the Future of Higher Education:

http://www.ed.gov/about/bdscomm/list/hiedfuture/index.html

Spellings Outlines New Proposals For Higher Education (MCT)

By William Douglas

McClatchy Newspapers, September 27, 2006

WASHINGTON - Looking to extend its education policies into America's colleges and universities, the Bush administration outlined new proposals Tuesday that some higher-education officials fear will lead to standardized testing at the collegiate level and trample on students' privacy.

Education Secretary Margaret Spellings said sweeping changes were needed to make higher education more affordable, accountable and understandable to Americans who were shelling out tens of thousands of dollars annually to pursue college degrees.

In a speech at the National Press Club, she laid out a series of proposals developed by her Commission on the Future of U.S. Higher Education, which she appointed a year ago. In concept they'd extend to colleges the principles from President Bush's No Child Left Behind program, which seeks greater accountability from America's elementary schools by requiring them to impose standardized tests and publicize their results.

Even before Spellings spoke, several higher-education officials had blasted the proposals, saying they menace student privacy, potentially offer a one-size-fits-all approach to testing and don't sufficiently address student financial aid.

"It seems to me there is an encroachment here to substitute the judgment on higher-education matters that ought to be made by (college) presidents and faculty rather than legislators and commissions," said David L. Warren, the president of the National Association of Independent Colleges and Universities, which represents about 1,000 schools. "There is an ever-increasing reach into the academy."

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Seeking to reassure nervous educators, Spellings said the White House had no interest in federalizing the country's 3,706 public and private two-year and four-year institutions. Instead, Spellings said, she wants a transparent system that makes shopping for colleges and universities as easy as shopping for cars.

"And let me be clear: At the end of it we neither envision, nor want, a national system of higher education," Spellings told the audience, largely educators. "On the contrary, one of the greatest assets of our system is its diversity, something we must protect and preserve."

Many academics question the wisdom and motive for perhaps the most controversial proposal from Spellings' commission: a massive database, even one with requisite privacy measures, to track students as they progress on campus.

The tracking process would be similar to the way students from kindergarten through 12th grade are monitored, Spellings said. Information from the database would help illustrate how colleges and universities are performing.

"Information will not only help with decision-making, it will also hold schools accountable for quality," she said. "As the commission wrote: `Higher education must change from a system primarily based on reputation to one based on performance.' "

Warren and other higher education officials said such a database could intrude on students' privacy.

"They're creating a data system that, if you breach the system, it can track back to the student, that will have everything from the student's life in college, K-through-12 and far beyond," he said.

Spellings also said that America's colleges and universities needed to improve measurements of student performance through testing. The commission's report mentions the Collegiate Learning Assessment, an exam that 134 colleges have used since 2002, and the Measure of Academic Proficiency and Progress as two good gauges of academic progress.

Several colleges and higher education groups say they have no objection to testing if comparisons are made on a peer-school basis. But they fear that the commission is steering toward standardized testing and a uniform comparison of institutions.

Commission member David Ward, the president of the American Council on Education, refused to sign the commission's report, saying it projects a "false sense of crisis" and appears to suggest a "one size fits all approach."

"A drive for such comparisons will inevitably lead to the attempt to adopt a single test," Warren wrote to commission Chairman Charles Miller last month.

Spellings also discussed trying to make college more affordable. But she didn't address the commission's suggestion to increase Pell Grants - the main federal aid for low-income students - to cover at least 70 percent of in-state tuition costs.

Spellings Aims To Impose New Standards On Colleges (WSJ)

By Anne Marie Chaker

The Wall Street Journal, September 27, 2006

WASHINGTON -- U.S. Education Secretary Margaret Spellings announced plans to impose tighter standards on colleges and universities, saying the current higher-education system is too unaccountable to students and families who pay the bills.

In a speech addressing recommendations handed over last week by her 19-member Commission on the Future of Higher Education, Ms. Spellings called for making the college process simpler for families, from scrapping the current financial-aid system to creating a database of student information, and making colleges more accountable for the services they provide. That causes some in the higher-education community to bristle. "We're perplexed when she says there's not much information on accountability," says David Warren, president of the National Association of Independent Colleges and Universities. "Our Web sites are overflowing with information."

Ms. Spellings said her department would implement some recommendations on its own and work with Congress on making others reality. But her actions are prompting questions about the scope of a federal department's authority over the decentralized and largely autonomous higher-education system.

"For most families, this is one of the most expensive investments we make," she said. "Yet there is little to no information on why costs are so high and what we're getting in return." She said she wants to create a database of individual student data to allow parents and policy makers to evaluate the performance of institutions. The commission has said that personal information such as names and Social Security numbers would be protected.

The plan has privacy advocates concerned, following revelations several weeks ago that the Education Department shared information on student financial-aid applicants with the Federal Bureau of Investigation as part of the government's counterterrorism work.

Ms. Spellings also said she wants to encourage "outcome" testing to understand what students get out of school. She said she wants matching funds provided to colleges, universities and states that collect and publicly report these outcomes, and that the results should be part of the accreditation system of higher education.

Charles Miller, who chaired the advisory commission, has said he envisions an approach that wouldn't be so prescriptive as to require schools to use one particular test. That said, the panel's report points to such examples as the Collegiate Learning

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Assessment, used by more than 100 colleges, and the Measure of Academic Proficiency and Progress, which measures college-level reading, math, writing and critical thinking, and which 350 colleges use for their own self-assessment or accreditation. (The CLA is owned by New York nonprofit Council for Aid to Education, and the MAPP test is owned by the nonprofit Educational Testing Service, Princeton, N.J.)

The plan may prompt conflict with Congress, where members suggest it exceeds the Education Department's powers. Recently, the department sought to use a regulatory process to propose some rules arising out of the commission's report. The process, called "negotiated rulemaking," typically comes after legislation is passed, and prompted a letter to Ms. Spellings from leaders of the Senate education panel. "The draft recommendations...are broad and will likely require legislative action before they could be appropriately included in regulations," read the letter.

In her response to the senators, she said she had "no intention" of acting on any proposals that require statutory changes.

Secretary Vows To Improve Results Of Higher Education (NYT)

By Sam Dillon

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Saying she hoped to jolt American higher education out of a dangerous complacency, Secretary of Education Margaret Spellings vowed Tuesday to help finance state universities that administer standardized tests, establish a national database to track students' progress toward a degree and cut the red tape surrounding federal student aid.

In a speech, Ms. Spellings emphasized those and a few other measures from among dozens of recommendations issued recently by a federal panel, the Commission on the Future of Higher Education.

"This is the beginning of a process of long-overdue reform," Ms. Spellings told a crowd of university presidents, business executives, lobbyists and journalists in a speech that her department billed as one in which she would outline her agenda for change at the nation's colleges and universities.

The commission, convened by Ms. Spellings, completed work in August on a report that warned that American universities, while still the finest in the world, were losing their edge against heightened global competition.

In one of its most highly debated recommendations, the report called on public universities to measure learning with standardized tests, and listed two by name: the Collegiate Learning Assessment and the Measure of Academic Proficiency and Progress. During the panel's deliberations, many educators opposed the testing proposal, calling it misguided for the federal government to require the nation's more than 3,000 colleges, universities and trade schools to test and compare learning outcomes among such disparate students as physics scholars at Caltech and dance majors at Juilliard.

In her speech, Ms. Spellings moved forward with the testing proposal, but cautiously.

"No current ranking system of colleges and universities directly measures the most critical point, student performance and learning," she said. "We absolutely should. And Action 4 under my plan will provide matching funds to colleges and universities and states that collect and publicly report student learning outcomes."

In response to a question after her speech, Ms. Spellings said, "Nobody envisions a one-size-fits-all test of student ability."

David Ward, president of the American Council on Education, the largest association of colleges and universities, expressed approval for Ms. Spellings's proposal to provide federal matching money to institutions that already, voluntarily, are experimenting with standardized testing. Mr. Ward declined last month to sign the panel's report because, among other concerns, he said it could lead to government-imposed testing.

"I thought today's speech was very important for addressing anxieties," he said. "Now I can see she's not going to rush into some simple-minded solutions. I feel much better."

Ms. Spellings established the 19-member panel last year, including current and former administrators and faculty members from large research universities, community colleges, liberal arts colleges and for-profit trade schools as well as executives from Boeing, I.B.M. and other corporations. She asked them to examine the accessibility, affordability and accountability of the nation's colleges and universities.

In its final report, the commission recommended that the entire federal student aid system, which has 17 programs, be scrapped in favor of one that is more user-friendly.

Ms. Spellings said Tuesday that only Congress could carry out such a fundamental overhaul. But she said the department would seek to streamline the process immediately and cut the application time for federal loans and grants in half. She offered few specifics, however.

At the insistence of former Gov. James B. Hunt Jr. of North Carolina, the panel included in its final report a recommendation for bolstering the program of Pell Grants, which are the basic building block of federal aid, by making them cover a larger percentage of public college tuition. One university group estimated recently that that proposal could cost the nation $9 billion to $12 billion.

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Ms. Spellings did not mention that proposal on Tuesday. But Mr. Hunt said she told him and other commission members in a conference call on Tuesday that she was "working with the Office of Management and Budget to see what could be done."

"So I think she's given a strong commitment," Mr. Hunt said.

Ms. Spellings also promised action on Tuesday on another commission recommendation: that the Education Department collect student data from colleges and universities and use it to create a "higher education information system."

Such a federal data system, she said, could provide new consumer-friendly information to parents and students looking for the right college. It could also be used to hold colleges and universities accountable for the number of students that they graduate and other measures of institutional performance, she said.

Ms. Spellings suggested that the higher education establishment would consider her proposals to be bitter medicine.

"After some of what I've said today, commencement speaker invitations may suddenly get lost in the mail," she said.

But the reaction from several university presidents and lobbyists who had previously expressed fears that the commission's work would bring new federal interference in higher education, seemed generally to be one of relief.

Richard Vedder, an Ohio University economist, who also served on the panel and had hoped it would lead to far-reaching measures to control university costs, said on Tuesday that he worried that the panel's year of study and hearings had produced a fog of rhetoric and little else.

"I'm concerned with a certain vagueness to it all at this point," Dr. Vedder said. "There's been a lot of platitudes — 'increase affordability, control costs' — but we've not come up with much that's specific about how to do that."

Spellings Calls For Tracking Of Students' Performance (WP)

By Lois Romano, Washington Post Staff Writer

The Washington Post, September 27, 2006

College Accountability Needed, Education Chief Says

Education Secretary Margaret Spellings called yesterday for greater fiscal and academic accountability in higher education and endorsed a controversial plan to keep long-term records on students that would track performance from the time they enter the system in grade school to show how their educations progress.

Responding to the final report from her Commission on the Future of Higher Education, Spellings also implored schools to hold costs down for low-income students. She pledged to seek more financial aid for students but largely sidestepped the commission's bold proposal for a substantial increase in need-based Pell Grants.

The commission, which Spellings appointed, in general painted a bleak picture of a prohibitively expensive higher education system that serves the wealthy and whose schools are not held accountable for student performance.

The panel proposed that college students undergo testing to ensure that the schools are meeting their academic promises and goals, the results of which would be part of a public database that would help students and parents assess and choose schools. Spellings made the point that few objective measures for judging the quality of a school are available to parents.

At the commission's recommendation, Spellings is offering financial incentives to schools that voluntarily report student assessments.

"Our universities are known as the best in the world, and a lot of people will tell you things are going just fine," she said in a speech at the National Press Club. "But when 90 percent of the fastest-growing jobs require postsecondary education, and fewer and fewer Americans are getting one, are we satisfied with just fine?"

The commission recommended increasing the value of Pell Grants to cover 70 percent of the average in-state tuition at public colleges; the grants now cover only 48 percent of tuition. Spellings did call for a complete overhaul and streamlining of the unwieldy college aid system and acknowledged that more money is needed, but she stopped short of endorsing increases in Pell Grants.

David L. Warren, president of the National Association of Independent Colleges and Universities, said: "I found that quite remarkable, because it was the key recommendation from the commission. Yet she endorsed a unit record database, which would be enormously expensive to implement."

The association and other school groups oppose a data collecting system that would track individual students, because they worry it would infringe on privacy. But Warren acknowledged that some form of data collecting is needed to improve the system.

Sen. Edward M. Kennedy (D-Mass.), the senior Democrat on the education committee, criticized Spellings for not embracing the Pell Grant proposal and for not addressing the massive student loan industry, which he called "the most troubling aspect of higher education today."

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Some advocacy groups complained that Spellings put too much of the blame for high costs on schools and not enough on government. "State support is the lowest it's been in 25 years, and public colleges are turning to parents to bridge the gap," said Lawrence Gold, director of higher education for the American Federation of Teachers.

Still others expressed concern about Spellings's suggestion to increase use of adjunct professors over tenured teachers to cut costs.

"Although I agree with the secretary that more research is needed on the teaching effectiveness of adjunct professors, I strongly believe that we will not dramatically improve the quality of postsecondary education with a part-time teaching force," Lee S. Shulman, president of the Carnegie Foundation for the Advancement of Teaching, wrote in an e-mail.

Educators have also balked at the commission's call for colleges to conduct student assessments and make them public, saying it would be virtually impossible to develop a uniform national academic measure because of the many diverse subject disciplines and concentrations.

But Mark G. Yudof, chancellor of the University of Texas system, argued that there should be "as much disclosure as possible, as much data as possible."

In an interview with Washington Post editors and reporters yesterday, Yudof said school presidents who oppose academic assessments "are wrong."

"I think they're dead wrong to say [higher education is] too ephemeral," he said. "I think this is going to happen with or without" them.

Staff writer Susan Kinzie contributed to this report.

College Overhaul Called 'overdue' (USAT)

By Mary Beth Marklein

USA Today, September 27, 2006

WASHINGTON — Education Secretary Margaret Spellings called Tuesday for greater accountability by colleges and universities, including the creation of a national database to track how well students learn.

She also called for an overhaul of the financial aid process and an increase in need-based aid.

Spellings' plans are in response to recommendations by a 19-member commission she created last year about the future of U.S. higher education. The commission said colleges and universities have slipped into "unwarranted complacency" and that higher education's financing system is "increasingly dysfunctional."

"This is the beginning of a process of long-overdue reform," she said. "Over the years, we've invested tens of billions of dollars in taxpayer money and just hoped for the best. We deserve better."

The development of a database has been among the commission's most controversial proposals, mostly because of concerns about student privacy.

Known as a "unit record" system, it would track the progress of individual — but unidentified — students over time as a way to better assess and compare the educational performance of institutions.

Although President Bush said in a statement that he strongly supports "the thrust of this important report," Spellings will need approval from Congress to implement the database, and she could face an uphill battle. The House passed a bill in March that would prohibit a "unit record" system. Buck McKeon, R-Calif., chairman of the House Education Committee, didn't address the database question in his response Tuesday to Spellings' speech but said, "As she and I have discussed, I expect the department to work cooperatively with Congress."

Proponents of a database that tracks students, including the State Higher Education Executive Officers, say federal data on graduation rates gives an inaccurate picture because it doesn't account for transfers to other schools. And though many schools keep their own records, they don't necessarily make the data public. About 35 states have systems in place, but they operate as "islands unto themselves," Spellings said.

Spellings said her plan would make information available to parents, policymakers and others in an easy-to-understand format. Data could include students' majors, costs after student aid and how quickly they graduate. To protect privacy, the commission recommended that the database use anonymous identification numbers, not Social Security numbers.

Estimates for the federal cost to create the system infrastructure range from $10 million to more than $100 million, says the American Council on Education, an umbrella group for higher education. That doesn't account for costs to states or to institutions.

Leaders of a number of higher-education groups say they support such a database. But "the devil is in the details," said Robert Berdahl, president of the Association of American Universities, which represents large research universities.

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Spellings offered few details about the database Tuesday but told commission members Monday that she was open to testing such a database as a pilot project, said David Ward, president of the American Council on Education. Education officials said the department would begin with a voluntary, opt-in system for states and institutions.

Ward was the one commission member who did not sign the report, arguing that the commission was looking for "quick solutions." But because Spellings said she would work with higher-education groups, he said, "my anxieties were actually substantially reduced."

Lee Shulman, president of the Carnegie Foundation for the Advancement of Teaching, said in an e-mail that aside from the privacy question, there has been "far too little discussion of whether such a (database) system is worth creating … if the data it records is not worth using. Really poor and misleading data is far more dangerous than no data at all."

Spellings Presses U.S. Colleges To Prove Their Worth (Update2) (BLOOM)

By Paul Basken

Bloomberg, September 27, 2006

Sept. 26 (Bloomberg) -- U.S. Education Secretary Margaret Spellings called on the nation's 3,700 colleges to cut costs while doing a better job of proving how well they teach.

Spellings, responding to the final report of her yearlong Commission on the Future of Higher Education, also promised to ask Congress for more aid for low-income students, without endorsing the panel's specific suggestion of a 50 percent increase.

The Bush administration formed the commission with the hope of making U.S. higher education more affordable and more capable of providing the workers, especially in science fields, seen as necessary to maintaining U.S. economic competitiveness.

``Our universities are known as the best in the world, and a lot of people will tell you things are going just fine," Spellings said in remarks prepared for delivery today in Washington. ``But when 90 percent of the fastest-growing jobs require post-secondary education, and fewer and fewer Americans are getting one, are we satisfied with `just' fine?"

The commission, in one of its most specific and costly recommendations, suggested Congress increase the value of the Pell Grant, the main federal grant for low-income students, to cover 70 percent of the average in-state tuition at public four- year colleges, up from 48 percent in the 2004-05 school year.

It offered that proposal on the condition that college tuition not rise faster than the growth in median family income.

More Aid Urged

Spellings said Congress ``must increase need-based aid," while warning it would make no difference to students ``if states and institutions don't do their part to keep costs in line."

Senator Edward Kennedy of Massachusetts, the top-ranking Democrat on the Senate's Education Committee, criticized Spellings for failing to propose a Pell Grant increase and for failing to address problems with the student loan industry, which he called ``the most troubling aspect of higher education today."

``That system squanders billions each year to provide corporate welfare to big lenders, rather than serving the best interests of our students," Kennedy said in a statement.

The commission also urged colleges take new steps to measure student performance and make that information publicly available as a means for prospective students and others to compare schools. In addition, it endorsed administration suggestions for a computerized system of tracking students over their lifetimes, another means of getting better measures of college performance.

Funds for Database

Spellings today proposed providing matching funds to states and institutions ``that collect and publicly report student learning outcomes," without elaborating in her prepared remarks.

The proposal for a computer database to track students has created controversy among universities, with some raising privacy concerns and others arguing they are shortchanged by current estimates of graduation rates.

A group of six associations representing U.S. universities, announcing steps they would take in response to the commission report, promised last week they would find a way to create the database.

``We are collectively holding hands on this issue," said David Warren, president of National Association of Independent Colleges and Universities, which represents private schools including all Ivy League colleges and has been a leading opponent of the idea.

Hoping for Accountability

Spellings, in the prepared text of her address today at the National Press Club, said she hopes to bring to colleges the same principles of accountability that the ``No Child Left Behind" law has brought to elementary and secondary schools.

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Colleges, however, have resisted the idea of standardized tests, saying school provides an experience too diverse to be measured by any uniform means. Both the commission and the university associations instead have made general references to the need for colleges to show more ``accountability."

Spellings, whose daughter attends Davidson College in North Carolina, said she wants prospective students and their families to have a far better sense of their options when choosing colleges.

``I, too, experienced the confusion and frustration many parents face with the college selection process," she said. ``I found it almost impossible to get my questions answered, and I'm the Secretary of Education!"

Spellings also endorsed commission suggestions to simplify the process of applying apply for federal financial aid, to improve high school programs that prepare students for college and to improve procedures for accrediting colleges.

Problem Areas Seen

More specific suggestions, such as the proposed Pell Grant increase, may be more difficult to implement, said Becky Timmons, director of government relations at the American Council of Education, which represents about 1,800 U.S. colleges.

The commission's proposed increase to 70 percent of in-state tuition would cost taxpayers almost $9 billion a year, as the maximum Pell Grant rises to $6,150 and the average grant reaches $3,845, up from the current maximum of $4,050 and average of $2,445, Timmons said.

That increased cost would become more than $10 billion a year if colleges realize the 7.5 percent increase in enrollment that the Education Department expects between 2006 and 2011, Timmons said in an analysis prepared by her association.

Congress has failed so far so far this year to act on a $10 billion-a-year plan backed by President George W. Bush, lawmakers from both parties and U.S. corporate leaders aimed at increasing U.S. economic competitiveness through programs such as research- related tax breaks and scholarships for science students.

A coalition of lawmakers will introduce a new version of that plan today, hoping for passage before Congress adjourns, said Jack Finn, spokesman for Senator John Ensign, a Republican of Nevada. ``It's important to get something done this year," Finn said.

To contact the reporter on this story: Paul Basken in Washington at pbasken@bloomberg.net

Swagel Nominated To Treasury Post (WSJ)

The Wall Street Journal, September 27, 2006

WASHINGTON -- The White House nominated Phillip Swagel, an economist at the American Enterprise Institute, to be assistant secretary of the Treasury for economic policy.

Mr. Swagel, a former chief of staff at the White House's Council of Economic Advisers, was tapped as part of Treasury Secretary Henry Paulson's personnel makeover. The former Goldman Sachs chief executive has made a series of hires since taking Treasury's reins July 10, including former Goldman colleague Robert Steel, who could be confirmed by the Senate as early as this week to be Treasury's top financial policy adviser.

If confirmed by the Senate, Mr. Swagel would succeed Mark Warshawsky, who left Treasury this year to join consulting firm Watson Wyatt Worldwide.

Report Criticizes Pentagon's New Travel Booking System (WP)

By Elizabeth Williamson

The Washington Post, September 27, 2006

After a decade and more than $500 million in costs, the Defense Department's new travel booking system doesn't work, it doesn't save money, and most staff members don't use it, a new study says.

A Government Accountability Office report released yesterday slams the Northrop Grumman-designed Defense Travel System and calls Pentagon estimates of usage and cost savings into serious question. So poor is the Pentagon's analysis of the system's merits, the report says, that defense officials offered a credit card company news release as sole proof for its claim that the system saves millions of dollars each year.

"We requested, but the [Pentagon] could not provide, any analysis of travel data to support the assertion" of savings, the report says. Further, it says, "The department does not have reasonable [data] to measure the extent to which DTS is actually being used."

This is the second GAO report on the travel system, whose delays and cost overruns have made it subject to repeated attempts in Congress to kill it. Launched in 1998, the system was supposed to have been fully operational four years ago, yet as of this year it was difficult to tell who was actually using it, the report says.

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Northrop Grumman spokeswoman Janis Lamar said the company has not yet had time to review the report. But she said, "We built a great system, and it's saving money." She said the system has been deployed to all 270 major military installations and is being used today by over 50,000 personnel on a daily basis.

"It's been a pig," said Sen. Tom Coburn (R-Okla.), chairman of the Senate Homeland Security and Government Affairs subcommittee on federal financial management, who is trying to kill the travel system contract.

The Defense Department has spent more than $500 million on the program since 1998, an overrun of about $200 million, according to figures compiled by Congress from GAO and Defense Department reports.

"It's one big mistake after another . . . that Congress hasn't paid attention to because of very effective lobbying by the contractor," Coburn said. Los Angeles-based Northrop Grumman has spent $72 million in federal lobbying efforts since 1998, Political Money Line reported, and contributed $6.2 million to federal candidates and parties over the past 10 years, according to the Center for Responsive Politics.

Northrop "ought to give some of our money back," Coburn said. "Even if [the system] rolls out, it's never going to pay for itself. It doesn't even get the best fare."

The system was born of a 1995 Pentagon task force recommendation to replace the department's outmoded, chaotic travel procedures with one standardized system for booking official travel, from airlines to hotels. But technical problems have foiled efforts to coax employees to use it.

The Pentagon estimates that the system will save $54 million a year, mostly by automating work once handled by employees. The report calls that estimate "unrealistic," partly because staff would be reassigned, but mostly, because the Pentagon could provide no backup for its claims.

Asked for proof that its system would save $31 million yearly in personnel costs, the Pentagon provided a copy of an American Express news release that discussed savings achieved through a completely different booking system, in a private company.

In a written response to the report, Undersecretary of Defense David S.C. Chu strongly objected to criticism of the Pentagon's estimates of personnel cost savings. "The Department is facing an enormous challenge and must successfully prosecute today's war while still making investments that safeguard the future," he wrote.

"It's time to close this program down," said Sen. Norm Coleman (R-Minn.), who chairs the Senate's Homeland Security and Governmental Affairs Committee's investigations panel, which held a hearing last year on the bill.

"DOD has spent more than 500 million of American taxpayers' dollars on a travel system that was supposed to save money . . . It's an unconscionable waste."

In the Loop (WP)

By Al Kamen

The Washington Post, September 27, 2006

RHIP, Mr. VP

Health and safety rules in Washington have for years warned residents never to get between Sen. Charles Schumer (D-N.Y.) and a camera.

There may now be a new rule: Never get in the way of President Bush heading for his soft down pillow.

Seems Vice President Cheney , in Grand Rapids, Mich., on Monday, landed at Andrews Air Force Base at 8:10 p.m. -- a full two minutes before Air Force One touched down.

But being president means never having to wait your turn. So Bush bounded down the steps, our colleague Peter Baker reports, and onto his chopper before Cheney's entourage even realized what was happening. Marine One quickly powered up, forcing Marine Two to sit on the tarmac until the top bird lifted off.

Marine Two waited barely a minute longer before taking off, producing a rare moment when both presidential and vice presidential helicopters were in the air, flying almost in tandem back into the city.

Cheney may have been disoriented after engaging in an unusual activity -- actually hanging with reporters on his plane during a "surprise" celebration of his 100th fundraiser this election cycle. His staff got a cake marked "100 -- on to victory," and when everyone was in place, summoned the veep from his private cabin to party.

He cut one piece of cake and stayed for a minute or so. A reporter asked which of the 100 was the most memorable. Cheney thought for a moment and said: "Stuff from 30 years ago is easier to remember. The rest is a blur." Then he returned to his cabin.

Unclear if he had any cake, but, if he did, might have slowed him on the tarmac.

Hill Salary Site Proves Too Big A Hit (WP)

DOJ_NMG_0070137

By Zachary A. Goldfarb

The Washington Post, September 27, 2006

A Web site documenting the salaries of the roughly 20,000 Capitol Hill employees went live last week -- and almost as soon came crashing down.

No, it didn't get shut down by a judge's order claiming that private information had been leaked. By law, the salaries of Hill staffers have long been available in thick books in the offices of the House and Senate clerks. The site came down because of the rush of traffic from computers housed in Congress -- and elsewhere.

It was a sign of the intense interest percolating on Capitol Hill and political blogs about the just-launched LegiStorm (http://www.legistorm.com). The site quickly went back online, offering a window for Hill staff and strangers alike into what everyone -- from senior senators' chiefs of staff to the House barber -- earns per year. It's popular trivia that the president earns $400,000 per year and representatives and senators earn about $160,000 per year, but the information on staff salaries hasn't been so publicly available before.

"These kinds of records . . . were the bread and butter of reporting on the Hill for me," said Jock Friedly, a former Capitol Hill reporter who is behind LegiStorm. "I thought it was about time it was put on the Web."

Friedly said information kept in obscure House and Senate offices wasn't helpful to citizens or reporters doing research on Congress from outside Washington. "The goal is simply to make Congress a little more transparent." he said. Friedly, who runs a business selling government documents, said the site has only a few text advertisements so far.

The LegiStorm data show that slightly more than 200 Senate staffers earn $150,000 per year. Close to 300 House staffers make that amount, many of them on the House Appropriations Committee. Most employees seem to make about $50,000 to $60,000 per year. Many paid interns -- which Hill aides often start their careers as -- take home barely $200 per month.

"I've heard some people say they're gong to use this information as leverage," said a House staffer who has worked on the Hill for six years. "There's no uniformity to what people make."

Another House aide said he wished the site was available when he was negotiating his job three years ago. "Negotiating a salary for a new job is never a totally comfortable process, and this information would certainly give you a leg up as a job candidate," the aide said.

Some Hill staffers expressed gripes about LegiStorm. Because salaries are reported in quarterly increments, they might contain a year-end bonus that would overstate the aide's regular income.

Some staff members who work in district offices outside Washington were worried that their neighbors would take a look at their salaries, a piece of information not publicly available for most of the nation's workers, said Rick Shapiro, executive director of the Congressional Management Foundation, which consults with House and Senate offices on effective management strategies.

"I was concerned that having the American public having ready access to what everybody in Congress would make would lead to bashing people when you don't understand what the cost of living in Washington, D.C., is," Shapiro said. "If you're from North Dakota or other areas where the cost of living is much smaller, you might look at salaries and say this is outrageous."

The Threat To Judicial Independence (WSJ)

By Sandra Day O'Connor

The Wall Street Journal, September 27, 2006

In November, South Dakotans will vote on a state constitutional amendment being advocated by a national group called "JAIL 4 Judges." If the amendment passes, it would eliminate judicial immunity, and enable a special grand jury to censure judges for their official legal determinations. Although the amendment's supporters claim they seek a "judicial accountability initiative law" (JAIL), they aspire to something far more sinister -- judicial intimidation. Indeed, the national Web site of JAIL 4 Judges boasts with striking candor that the organization "has that intimidation factor flowing through the judicial system."

It is tempting to dismiss this proposed amendment as merely an isolated bout of anti-judge angst. But while the JAIL 4 Judges initiative is unusually venomous, it is far from alone in expressing skepticism of the judiciary. In addition to South Dakota, this election cycle has witnessed efforts in at least three other states that are designed to rein in judges who have supposedly "run amok."

Not to be completely outdone, Congress also has engaged in recent efforts to police the judiciary. Seeking to constrain the legal sources that are available to judges, some members of Congress have advocated measures that would forbid judges from citing foreign law when they are interpreting the Constitution. In addition, bills have been introduced in both houses of Congress supporting the creation of an inspector general to investigate and monitor the federal bench. Finally, the House of Representatives passed legislation over the summer that would prohibit the Supreme Court from considering whether the Pledge of Allegiance's inclusion of the words "under God" violates the First Amendment. * * *

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Directing anger toward judges enjoys a long -- if not exactly venerable -- tradition in our nation. President Thomas Jefferson, for instance, was a particularly spirited antagonist of judges appointed by the Federalists. Moreover, President Franklin D. Roosevelt sought to increase the number of Supreme Court justices because the court invalidated several pieces of New Deal legislation. And I can distinctly remember seeing lawns and highways across the country that featured signs demanding the impeachment of Chief Justice Earl Warren.

But while scorn for certain judges is not an altogether new phenomenon, the breadth and intensity of rage currently being leveled at the judiciary may be unmatched in American history. The ubiquitous "activist judges" who "legislate from the bench" have become central villains on today's domestic political landscape. Elected officials routinely score cheap points by railing against the "elitist judges," who are purported to be of touch with ordinary citizens and their values. Several jeremiads are published every year warning of the dangers of judicial supremacy and judicial tyranny. Though these attacks generally emit more heat than light, using judges as punching bags presents a grave threat to the independent judiciary.

Troublingly, attacks on the judiciary are now being launched by judges themselves. Earlier this year, Alabama Supreme Court Justice Tom Parker excoriated his colleagues for faithfully applying the Supreme Court's precedent in Roper v. Simmons, which prohibited imposition of the death penalty for crimes committed by minors. Offering a bold reinterpretation of the Constitution's supremacy clause, Justice Parker advised state judges to avoid following Supreme Court opinions "simply because they are 'precedents.'" Justice Parker supported his criticism of "activist federal judges" by asserting that "the liberals on the U.S. Supreme Court . . . look down on the pro-family policies, Southern heritage, evangelical Christianity, and other blessings of our great state."

It should come as no surprise that the increased scapegoating of the judiciary has coincided with an increase in anger directed toward individual judges. In the last decade, threats and inappropriate communications directed toward the federal bench have more than quadrupled. According to the U.S. Marshals Service, complaints about such behavior were being logged at a record-setting pace this year. And while it is encouraging that Congress recently set aside funds for federal judges to have home security systems installed, it is deeply dispiriting that the demand for the systems among the judges was so high. Judge David B. Sentelle of the U.S. Court of Appeals for the D.C. Circuit was quite right when he observed, "Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families."

Given the escalating criticism that is leveled at judges, it seems appropriate to bear in mind the reasons that the Framers initially established an independent judicial branch. In Federalist No. 78, Alexander Hamilton explained why, in our constitutional system, "the complete independence of the courts of justice is peculiarly essential." Hamilton contended that the judiciary needed to be distinct from the legislative and executive branches because that was the best way to guarantee "a steady, upright, and impartial administration of the laws." Hamilton also believed that judicial independence was necessary in order to safeguard against "injury of the private rights of particular classes of citizens, by unjust and partial laws." It is well worth remembering that, far more often than not in modern times, the judiciary has admirably performed these two vital tasks: checking the other two branches and protecting minority rights.

An independent judiciary does not mean, of course, that it is somehow improper to criticize judicial decisions. To the contrary, it is a healthy sign for democracy that the public is engaged with the workings of the judicial system. Judges can -- and do -- sometimes render erroneous decisions, but that is why appeals are allowed to higher courts. Moreover, judges can be -- and are -- subjected to discipline for legitimate reasons. Members of the judiciary cannot sincerely believe that they should be regarded as above the very laws that they are charged with interpreting. Ours is, after all, a nation of laws, not men -- or even women.

Nonetheless, we must be more vigilant in making sure that criticism does not cross over into intimidation. Judges and lawyers certainly play essential roles in opposing attacks on the judiciary. Indeed, later this week, I -- along with Justice Stephen Breyer -- am co-chairing a conference on judicial independence at Georgetown University Law Center. But the legal community needs help from other sectors of society to ensure that the current mood of cynicism does not end up compromising the rule of law. This includes members of the business community. Adam Smith, writing in "The Wealth of Nations," well understood the importance of an independent judiciary: "[U]pon the impartial administration of justice depends the liberty of every individual, the sense which he has of his own security." Without judicial independence, Smith warned, "it is scarce[ly] possible that justice should not frequently be sacrificed to what is vulgarly called politics."

More broadly, of course, all of society has a keen interest in countering threats to judicial independence. Judges who are afraid -- whether they fear for their jobs or fear for their lives -- cannot adequately fulfill the considerable responsibilities that the position demands. In these challenging and difficult times, we must recommit ourselves to maintaining the independent judiciary that the Framers sought to establish.

Justice O'Connor is a retired associate justice of the Supreme Court of the United States.

DOJ_NMG_0070139

Help Youths In Need (WT)

By Karen Burke Morison

The Washington Times, September 27, 2006

Congress has an opportunity to fix some costly problems that affect the hundreds of federal programs that target disadvantaged youth, by passing the Federal Youth Coordination Act.

These problems were aptly identified by the White House Task Force for Disadvantaged Youth, a group created by President Bush in late 2002. The president directed the group of 12 top federal officials to develop a complete picture of what the federal government was doing for disadvantaged youth and to figure out how it could be done better.

The task force, led by presidential policy advisers Margaret Spellings and John Bridgeland, reported that there were more than 300 such programs scattered throughout 12 agencies. They also found the total spending for these programs was significant ($223.5 billion in fiscal 2003), about one-tenth of the federal budget.

Big government spending often passes for compassion, but for that to be accurate, the programs need to work. But policy-makers seemed content to create these programs and keep them operating. Their effectiveness rarely entered the discussion.

Each department has also allowed "mission creep" to invade, leaving the programs far afield from their original congressional mandates. The task force determined that the program activities were dictated by their enabling statutes only 30 percent of the time. The agencies themselves accounted for the other 70 percent of the spending decisions, thanks to Congress' latest attempt to target the latest urgent problem with a broadly worded mandate, leaving the important details to the bureaucracy. Like a newly licensed driver with gas, a credit card and the car keys, the bureaucracy ran with this discretion, freely experimenting with this approach and that methodology, but rarely stopping to ask whether they were producing any measurable results. And so the number of programs, the amounts spent and the types of services offered grew and spread throughout government.

How this happened is not a mystery. The temptation arises in every administration as bureaucrats strive to show how their programs might be supportive of and relevant to the initiative du jour coming from whomever occupies the White House or secretary's office. This helps them avoid severe reductions, the redirection of their funds elsewhere or receiving the ax. Contrary to conservatives' beliefs that the bureaucracy is unresponsive, the task force found them to be almost overly so.

The reality of this system is a mess. Over time, with this carte-blanche authority, the agencies began offering services in which they had no expertise. For example, the Departments of Defense and Agriculture are operating programs with pregnancy-prevention services. Health and Human Services offers academic services and job-training programs. Housing and Urban Development is running a youth-employment program. Meanwhile, pretty much everyone is funding their own substance-abuse prevention programs. These problems exist in every youth-serving agency.

A considerable bipartisan consensus has developed in support of the final report of the task force, with almost 350 groups from around the country mobilizing to express their support for a "Youth Initiative" to be established within the White House, one of the report's key recommendations. The new office (or coordinating council) would develop and coordinate policy, maximize interagency collaboration to use the significant expertise within specific agencies, coordinate federal research (the results of which are almost never fed back into future programs), and identify and elevate models that work. With this process, ineffective and duplicative programs could be identified and eliminated, and money could be saved.

Coordination should be mandatory with children's programs, because it's about what services an agency offers as well as who receives them. So while HHS is designed to house health and welfare programs, and Education has academic programs, both departments lay claim to serving migrant youth. And foster kids. And kids in the juvenile justice system. And Indian youth. And so on. Yet the agencies almost never talk to each other, nor are they fully aware of what the others are doing. Given this environment, it would be surprising if there were not any duplication, overlap and gaps in communication.

The Federal Youth Coordination Act (H.R. 856/S. 409) was passed by the House in late 2005 with a strong bipartisan majority. But the bill, which recently received the endorsement of the American Bar Association, has been stalled in the Senate. There is no good reason not to pass this bill, which could put some sanity into the process.

Karen Burke Morison served as staff director for the White House Task Force for Disadvantaged Youth and recently co-authored the "The Silent Epidemic: Perspectives of High School Dropouts."

OTHER NEWS:

Cheaper Oil Lifts US Consumer Confidence (FT)

By Daniel Pimlott

Financial Times, September 27, 2006

DOJ_NMG_0070140

US consumer confidence recovered from August's nine-month low to post a stronger than expected gain this month as prices at petrol pumps fell sharply.

The consumer confidence index rose to 104.5, up from 100.2 in August. September's data came in above economists' expectations, according to Bloomberg, that this month's figure would stand at 103.

Consumers told researchers that there were more jobs available and that they expected to earn more in the coming months.

"The improvement is not a big surprise when placed in the context of the sharp slippage in gas prices at the pump recently," said Alan Ruskin, chief international strategist at RBS Greenwich Capital.

Oil prices reached an all time high in July and continued at a very high level through much of August. But on Tuesday futures in Brent crude hit their lowest level in six months.

"If there is any disappointing signal, it is tucked away in the plans to buy within 6 months section, where plans to buy homes new or lived in look very soft," Mr Ruskin said.

The slowdown in the housing market is continuing; on Monday data showed that prices of homes already built fell for the first time in 11 years.

The Federal Reserve has said that it decided to stop raising interest rates partly because it thought a correction in housing markets would help slow growth and bring down inflation.

But analysts said that, as yet, falling demand for new and lived-in housing and some evidence of price falls have failed to seriously effect the US economy.

"Though today's reported confidence bounce was hardly a surprise, it adds to the evidence that housing sector weakness is at least thus far still contained to this narrow sector," said Mike Englund of Action Economics. "If the drop in real estate market prospects is to have a psychological impact on consumer spending, then presumably it should similarly impact confidence."

The authors of the survey said that indications of a more buoyant mood among consumers would nevertheless have relatively little impact.

"Even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006," said Lynn Franco, director of the Conference Board Consumer Research Center.

Consumer Confidence Rebounds Amid Declines In Gasoline Prices (WSJ)

By John McAuley

The Wall Street Journal, September 27, 2006

NEW YORK -- U.S. consumer confidence rebounded solidly in September although it failed to regain all of the ground lost in August, as consumers responded favorably to the decline in gasoline prices, a report released Tuesday indicated.

The Conference Board, a private research group, said its index of consumer confidence for September rose to 104.5 compared with the upward-revised 100.2 seen in August. The August number stood at 99.6 before the revision. The current month's reading was just above economists' expectations for a reading of 104.0, according to a survey of 23 economists conducted by Dow Jones Newswires.

"A more favorable assessment of current conditions coupled with a less pessimistic short-term outlook boosted consumer confidence this month," said Lynn Franco, who directed the survey. "However, even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006."

The present situation index, a gauge of consumers' assessment of current economic conditions, rose to 127.7 from 123.9 the prior month. Consumer expectations for the state of economic activity over the next six months increased to 89.0 from 84.4 in August.

The Conference Board noted in the report that respondents who assess economic conditions as "good" increased to 27.4% in September from 26.2%, while those who termed current conditions as "bad" slipped to 15.4% from the 16.6% who held that view in August.

In a welcome development, consumers' outlook for the economy's performance over the next six months also edged higher in September. Those expecting economic conditions to worsen slipped to 10.6% from 12.9% in August, while those expecting improved business conditions increased to 16.3% from 16.2%.

The report noted that the outlook for labor market conditions was also a bit more favorable. Consumers expecting fewer jobs to become available in coming months decreased to 17.1% in September from 18.1% in the prior month, while those expecting more jobs edged up to 14.4% from 14.2%.

Assessment of current labor market conditions also improved. The share of respondents saying that jobs are "plentiful" increased to 25.9% from 24.5%, but those saying that jobs are "hard to get" also edged up to 21.3% from 21.1%.

DOJ_NMG_0070141

The conference Board report is based on a survey of 5,000 households, conducted by mail. The deadline for responses was Sept. 19.

Consumers' Outlook On The Economy Slightly More Upbeat (USAT)

By Sue Kirchhoff

USA Today, September 27, 2006

WASHINGTON — Consumer confidence rebounded from a nine-month low in September, though still hovering near one of the lowest levels of the year, according to Tuesday reports indicating moderate economic growth.

The New York-based Conference Board's consumer confidence index rose to 104.5 in September from 100.2 in August. The index had tumbled in late summer as gas prices rose.

The index, based on a monthly telephone survey of 5,000 households, showed consumers more upbeat about both current conditions and the outlook for six months from now. But survey officials said the improvement didn't spell an economic surge.

"Even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006," said Lynn Franco, director of the Conference Board Consumer Research Center.

The Federal Reserve has said it expects the economy to downshift through the end of the year and into 2007. What's unknown is the extent of the softening and whether it will work to gradually reduce inflation, as the Fed predicts.

The share of consumers calling conditions "good" rose to 27.4% from 26.2%. Those assessing conditions as "bad" slipped to 15.4% from 16.6%.

But the number of consumers expecting to buy a house in the next six months slipped from 3.8% to 2.8%, the lowest in nine months. And the share expecting to buy major appliances or autos fell.

In some good news for the Fed, the report shows consumers expect lower inflation in the future than they did in August.

Steven Wood, chief economist of Insight Economics, says that while the numbers are an improvement, the longer-term trend indicates consumers are "much more optimistic about the present but still quite worried about the future."

Consumer spending accounts for about two-thirds of the economy.

Also Tuesday, the Federal Reserve Bank of Richmond said manufacturing activity in its area rose in September from the previous month, with strong new orders and shipments. At the same time, material costs were up and expected to keep increasing.

Last week, the Philadelphia Fed reported a slowdown in business activity in its region.

Economic Forum Warns U.S. Of Budget Deficit's Ill Effects (WSJ)

By Marcus Walker

The Wall Street Journal, September 27, 2006

The U.S.'s huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, an institute in Switzerland.

The institute's annual study of global competitiveness says the U.S. economy is the sixth most-competitive in the world, slipping from first place in last year's ranking, a result of mediocre scores for its public finances.

Switzerland ranks No. 1 in this year's survey, thanks to what the forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries -- Finland, Sweden and Denmark -- come next, followed by Singapore and the U.S. (See the full rankings1 and more from the report2.)

COUNTRY RANKINGS 2006-2007

1. Switzerland
2. Finland
3. Sweden
4. Denmark
5. Singapore
6. U.S.
7. Japan
8. Germany
9. Netherlands
10. U.K.
11. Hong Kong
12. Norway
13. Taiwan, China

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14. Iceland
15. Israel

Source: Global Competitiveness Report, World Economic Forum

The competitiveness study ranks countries according to a range of criteria -- including macroeconomic policies, market regulations, technological development, education systems and public institutions -- that the forum believes influence an economy's level of productivity, and thereby its ability to sustain economic growth over many years. The ranking combines economic indicators with the findings from a survey of business executives.

"The U.S. remains a very competitive economy," said Augusto Lopez-Claros, the forum's chief economist. "It leads in innovation and patent registrations, has some of the best universities in the world, and it has extremely high levels of collaboration between universities and industry," he said. "However, how you manage your public finances is very important."

Serial budget deficits in the U.S. have led to rising public debt, which means an increasing portion of government spending goes toward debt service. That means less money is available for spending on infrastructure, schools or other investments that could boost productivity. Heavy government borrowing, which means competing for money in financial markets with the private sector, also tends to drive up businesses' borrowing costs.

Middling scores were awarded to the fast-growing emerging economies of the world considered to be changing the economic balance of power: India ranks 43rd out of 125 countries in the survey, China ranks 54th, Russia 62nd and Brazil 66th.

Russia and China, despite good scores for macroeconomic management, are marked down for a lack of transparency and even-handedness in their public institutions, including their bureaucracy and judiciary, and for protections for property rights. Brazil is making progress on improving its public finances, but at too slow a pace, according to Mr. Lopez-Claros. Of the four countries, only India improved its ranking in the survey this year.

Although many economists and investors believe economic output in these four countries will overtake that of most of the world's established economic powers by midcentury, the World Economic Forum is unfashionably downbeat, warning that the emerging economies' growth could hit barriers unless they develop more-efficient public institutions.

"There is maybe a bit of hype about these countries," Mr. Lopez-Claros said.

No Longer No. 1, And No Wonder (WP)

By Steven Pearlstein

The Washington Post, September 27, 2006

On the surface, two studies out this week seem to raise warning flags about the competitiveness of the U.S. economy.

One, the annual ranking from the World Economic Forum -- the elite business organization that runs the annual winter schmooze-fest in Davos, Switzerland -- finds that the United States has fallen from No. 1, a position it shared with Finland for most of a decade, to an unsettling sixth place.

And the National Association of Manufacturers, along with the Manufacturers Alliance, is scheduled to release an update of an earlier study today showing that the burdens of regulation, taxation, litigation and health care are even greater than they were in 2002, when the "cost gap" between U.S. companies and those of our largest trading partners was 22.4 percent.

The predictable response from the business community will be to use these studies to warn of impending economic ruin unless the government adopts the Republican agenda of less regulation, lower taxes, tort reform, and relieving companies of health-care and pension costs.

Don't be fooled. These reports speak to the embarrassing failure of a decade of Republican rule in improving U.S. competitiveness. Business taxes, as a percentage of anything you want to measure, are at their lowest level in decades. The Bush White House has subjected new regulations to rigorous cost-benefit analysis. Several reforms make it less attractive for shareholders, workers and consumers to file frivolous lawsuits, but not necessarily for businesses. And in case you hadn't noticed, businesses have already made tremendous strides in shifting health-care and pension costs to workers.

In fact, an alternative reading of the new reports suggests that the business community needs to do some serious thinking about competitiveness and economic policy.

Let's take the legal system, a negative in both reports. It ought to be obvious to anyone who has followed the asbestos debacle or the medical malpractice issue that litigation has become an inefficient way to police the behavior of companies, executives and service professionals. But the only realistic alternative is regulation by government, which the business community opposes. You can't have it both ways.

You can't, for example, just tell smokers they have no recourse against tobacco companies that market products they know to be deadly if you don't have a Food and Drug Administration with power to regulate unsafe tobacco products. You can't tell shareholders they have no right to sue management if you oppose regulations that might give shareholders a voice in who runs

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the company. You can't tell workers not to sue employers for unsafe workplaces while you're busy neutering the Occupational Safety and Health Administration.

This isn't an economic argument so much as a political one. A totalitarian state such as China may be able to duck these kinds of trade-offs, and there is no doubt Chinese exporters are more competitive as a result. But that is not realistic for an advanced democracy whose citizens prefer to use some wealth, or forgo some economic efficiency, in exchange for safer products and workplaces and more responsive corporate governance.

Or consider the manufacturers' legitimate complaint that they are at a disadvantage because of health-care and pension costs that, in other countries, are borne largely by government. Having raised the issue, however, it is hypocritical for the business lobby to oppose any tax increase that might be used to socialize these costs. Their phony solution -- that average Americans should essentially fund their own pensions and health care, with no increase in wages -- is so unfair and unreliable that Americans have roundly rejected it.

Indeed, a reasonable inference from the World Economic Forum rankings is that the best way to compete is to adopt the Nordic model of high taxes, a generous social safety net and lightly regulated labor markets. Scandinavian government spending accounts for more than half the economy, as opposed to a third in the United States. But the reason the Nordic countries score higher in the WEF study is that their governments run surpluses instead of deficits, cave in to special interests less often, operate efficiently and spend their money wisely.

In contrast to the WEF study, the manufacturers' analysis is pretty lame. Comparing the regulatory and tax regimes of an advanced industrial country with those of developing Asian countries is specious. I assure you that no NAM member would have his children breathe Beijing's foul air for long. I also find it hard to believe that manufacturing executives pine for the tax and regulatory regimes of Europe or even Japan. The study's comparison of wholesale energy costs conveniently ignores the large fuel taxes imposed by European governments. And no doubt you'll be shocked to learn that the higher costs of U.S. executive compensation were left out of the analysis.

The business community's fantasy is that the United States would soar to the top of the rankings if only we had Ireland's tax regime, China's environmental controls, Singapore's legal system and Chile's social-safety net. Each policy is part of a complex social and economic model that includes features that Americans, and American business, would find unacceptable. These are package deals, not individual offerings at a dim sum lunch.

This is a crucial moment for the business lobby. Its close allies in the Republican Party may soon lose their exclusive grip on Washington's policy levers. Business leaders can stick with a reflexive anti-government, anti-tax, anti-regulation agenda that has hit a brick wall lately. Or they can move toward the bipartisan center, where they might actually strike a deal or two that could make their companies, and the country, more competitive.

Steven Pearlstein will host a Web discussion at 11 a.m. today athttp://washingtonpost.com. He can be reached atpearlsteins@washpost.com.

Dow's Rally Puts It In Range To Strike Record (WSJ)

By E.S. Browning

The Wall Street Journal, September 27, 2006

Continuing a steady march higher that has stunned some Wall Street pundits, the Dow Jones Industrial Average surged to its second-highest finish, within 54 points of the record that dates from more than six years ago.

The immediate spur was a pair of U.S. economic reports that hinted at a desired "Goldilocks" economy -- not too hot and not too cold. The Dow industrials responded with a gain of 93.58 points, or 0.8%, to 11669.39. That surpassed the six-year high hit this past May and was the best close since the Dow industrials finished at their record 11722.98 on Jan. 14, 2000.

Investors seem to have overcome dueling fears that the economy would prove too hot -- forcing the Federal Reserve to continue raising interest rates and stifle growth -- or too cold, leading to disappointing corporate profits. Instead, recent inflation figures have come in slightly below expectations and recent data on consumer spending have been stronger than expected.

Yesterday, the Conference Board released its September survey of consumer sentiment, which was more robust than expected. The report reinforced recent hopes that falling gasoline prices will help keep consumer spending afloat despite the slumping housing market. Later in the day, the Federal Reserve Bank of Richmond said economic activity in the Southeast has been improving. In addition, oil futures resumed their recent declines, falling 44 cents to $61.01 a barrel.

Investors looked past some signs of trouble, notably in the housing business. Home builder Lennar reported a 39% quarterly profit drop and cut its forecast for the new quarter, saying the worst probably isn't over. Home-improvement concern Lowe's said profits this year would be at the low end of expectations. Reflecting the market optimism, both stocks rose despite the news, as investors bet that falling mortgage rates and falling oil prices would give demand a lift.

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A number of stock analysts have been surprised by the market's steady gains, which began in mid-July as investors rightly anticipated that the Fed was about to pause in its campaign of interest-rate increases. Skeptical analysts lately have been warning clients that, with the Dow industrials already up 8.9% for 2006, and with most of those gains logged in the past two months, stocks could be poised for a pullback.

With three trading days left in the quarter, the Dow industrials are up 2.5% for September and up 4.7% for the quarter. That means September is likely to be one of the year's strongest months, even though, on average, it historically has been the weakest month.

"People fear the train has left the station and they are running to jump on," said Alfred Kugel, chief investment strategist at Chicago investment-management group Atlantic Trust/Stein Roe. Two months ago, many investors feared that the economy was overheating, that inflation could force the Federal Reserve to raise interest rates higher, and that tensions with Iran could keep oil prices oppressively high, he said. Today, the economy has moderated, the Fed appears to be done raising rates, and oil prices are falling. People are buying stocks "because of the bad things that didn't happen," Mr. Kugel said, and that has created a "stealth rally" since mid-July.

The day's upbeat economic numbers stifled the recent bond rally, at least temporarily, since it was fears of economic weakness that had driven people to buy bonds. Bond prices fell and yields rose. But the yield of the 10-year Treasury note, at 4.589%, remained near the seven-month low hit on Monday. Bond yields influence other market interest rates, and their decline has been good news for businesses and consumers alike, making borrowing cheaper in many markets including parts of the mortgage market.

The broad Standard & Poor's 500-stock index finished at a 5½-year high of 1336.34, up 0.8%, or 9.97 points. It is up 7.1% this year and 5.2% so far this quarter. The Nasdaq Composite Index advanced 0.55%, or 12.27 points, to 2261.34, up 2.5% this year. It is up 4.1% for the quarter, having recovered some of its lost ground from the first half of the year. The S&P 500 and the Nasdaq composite both fell more heavily than the Dow during the bear market, however, and neither is near a record.

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 2,137 stocks rose and 1,188 fell. Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.29%, or 0.62 point, to 217.22.

Bond prices declined. The 10-year Treasury note fell 11/32, or $3.44 for each $1,000 invested, pushing the yield up to 4.589%. The 30-year bond was down 14/32 to yield 4.718%.

The dollar strengthened. Late in New York, it traded at 117.15 yen, up from 116.50, while the euro fell against the dollar to $1.2690 from $1.2759.

Clinton TV Interview Energizes GOP, Dems (AP-Y)

By Marc Humbert

AP, September 26, 2006

Former President Clinton's angry response to questions about Osama bin Laden has partisans of every persuasion certain it will energize voters in the elections and affect a possible presidential bid by his wife.

Conservatives immediately labeled the interview a prime example of the soap opera that would run daily should another Democrat — say, for example, Sen. Hillary Rodham Clinton — win the White House.

Not so, countered Democrats. They argued the former president's feisty dressing-down of Fox News' Chris Wallace is just the wake-up call the party's liberal base needed six weeks before the election, a pointed criticism of the Bush administration's bungled search for bin Laden.

Either way, don't expect the furor to subside any time soon.

"We should replay that interview as often as possible," chortled Republican strategist Nelson Warfield on Tuesday.

"In this election there's been a lot of worry among Republicans about whether our base is motivated and is going to turn out to vote," Warfield said. "Nothing motivates the Republican base more than some puffy pontification from Bill Clinton. When he has a little fit on TV, it reminds us of the future that awaits if the Democrats should ever win another national election."

In the exchange with Wallace, the former president contended that, unlike him, the newly installed Bush administration ignored bin Laden until the Sept. 11, 2001 terrorist attacks.

"They ridiculed me for trying. They had eight months to try, they did not try," Clinton said in the interview broadcast Sunday. Clinton also attacked Wallace for a "conservative hit job" by asking about his administration's failure to get bin Laden.

In the wake of the interview, the Clinton camp denied he had lost his cool.

"That wasn't a question, it was an accusation," said Clinton spokesman Jay Carson. "He knew exactly what he was doing and we knew exactly what we were going to do if he did that, as we suspected he would. But it's not what we wanted."

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President Bush did not respond directly to Clinton's charges at a news conference Tuesday, saying, "I've watched all this, you know, fingerpointing and, you know, namings of names and all that stuff. Our objective is to secure the country."

Secretary of State Condoleezza Rice challenged Clinton's claim that he did more than many of his conservative critics to pursue bin Laden and accused the former president of leaving no comprehensive plan to fight al-Qaida.

On the Democratic side, party chairman Howard Dean praised Clinton for taking on "the right-wing propaganda machine."

Sen. Clinton, often mentioned as the leading Democrat for a 2008 run, said her husband's fire will help Democrats as they try to take control of the House in November.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," the New York senator, who polls show is headed for easy re-election, said Tuesday.

The former president largely is seen as an asset to his wife if she seeks the Democratic nomination, a potential drawback in a general election in which the name Clinton elicits strong feelings on both sides.

Still immensely popular with the party's base, he is a key draw at fundraisers and a masterful political strategist. In fact, the heated exchange represented something of a departure for an ex-president who, in recent months, has been largely content to boost his wife's stature.

"I do believe that if elected she would be magnificent" as president, he told the New Yorker magazine just before she crushed anti-Iraq war activist Jonathan Tasini in a September primary.

There is a lack of agreement on whether the former president really did know what he was up to by taking on Wallace with such vehemence.

Conservative columnist John Podhoretz, writing in Tuesday's New York Post, called it "the Bubba blowup" and "a full-bore tantrum on the small screen."

But fellow conservative William Kristol, writing Monday for The Weekly Standard, suggested Clinton might have been laying out a battle plan for Democrats to fight Republican charges that they are "unreliable in the war on terror."

And, as Kristol noted, "Hillary Clinton has been having problems with the left wing of the Democratic Party. With this interview, Bill Clinton has the entire left wing of the Democratic Party rallying to him."

Still others say Clinton's outburst could cut both ways.

"I think he knew what he was doing. And, I think he lost his temper," said Democratic strategist Hank Sheinkopf, who worked on Clinton's successful 1996 re-election effort.

Sheinkopf called Clinton's performance "a two-edged sword" for Democrats, reminding voters of charges that the party is soft on terrorism but also demonstrating that the last Democratic president wasn't against using force.

"Clinton had no option but to defend the Democrats and defend his performance," Sheinkopf said.

If nothing else, the interview served to again put the other Clinton back in the spotlight at a time when much of the attention has shifted to his wife.

No big deal, said Sheinkopf.

"We're two years away from 2008," the Democrat said.

Warfield disagreed.

"It's part of this huge collection of baggage she hauls with her into a national campaign," the GOP strategist said. "Do voters really want to go back into four years of the national soap opera that is the Clintons in the White House?"

Sen. Clinton Hits Back At Rice Over 9/11 (AP-Y)

AP, September 26, 2006

New York Sen. Hillary Rodham Clinton hit back at Secretary of State Condoleezza Rice on Tuesday as the political fighting escalated over which president — Bill Clinton or George W. Bush — missed more opportunities to prevent the Sept. 11 attacks.

Clinton, D-N.Y., took aim at President Bush and Rice over their roles in 2001 before the attacks, part of the growing argument touched off after Bill Clinton gave a combative interview on "Fox News Sunday" in which he defended his efforts to kill Osama bin Laden.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," Hillary Clinton said. "I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined To Attack Inside the United States' he would have taken it more seriously than history suggests it was taken by our current president and his national security team."

The senator was referring to a classified brief given to Bush in August 2001, one that Democrats say showed the Bush administration did not do enough to combat the growing threat from al-Qaida.

When the brief was delivered, Rice was Bush's national security adviser, and Clinton's response was clearly designed to implicate her in the same criticisms that have been made of Bush.

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Clinton's response came a day after Rice denied Bill Clinton's claim in the television interview that the Bush administration had not aggressively pursued al-Qaida before the attacks of 2001.

"What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years," Rice said during a meeting with editors and reporters at the New York Post. "The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false, and I think the 9/11 commission understood that."

Rice also took exception to Clinton's statement that he "left a comprehensive anti-terror strategy" for incoming officials when he left office.

"We were not left a comprehensive strategy to fight al-Qaida," she told the newspaper, which is owned by News Corp., the company that owns Fox News Channel.

The former president became furious during the television interview when asked why he did not do more to fight al-Qaida.

"That's the difference in me and some, including all of the right-wingers who are attacking me now," Clinton said in the interview. "They ridiculed me for trying. They had eight months to try. They did not try."

The interview has been the focus of much attention, earning the show its best ratings in nearly three years.

Rice questioned the value of the dialogue.

"I think this is not a very fruitful discussion," she said. "We've been through it. The 9/11 commission has turned over every rock, and we know exactly what they said."

Clinton Defends Husband's Tack, Adding That All Democrats Should Take A Hint (NYT)

By Raymond Hernandez

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — The war of words between the Bush administration and the Clintons intensified on Tuesday as Senator Hillary Rodham Clinton suggested that her husband would have reacted differently as president if he had heard the same warnings about Osama bin Laden's plans that President Bush had access to before 9/11.

In unusually blunt terms, Senator Clinton questioned the current administration's response to an intelligence briefing President Bush received about a month before the 9/11 attacks. It mentioned that Al Qaeda was intent on striking the United States using hijacked planes.

"I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said during an appearance on Capitol Hill.

The comments by Senator Clinton ratcheted up an already bitter exchange of charges between the Bush and Clinton camps over how the two administrations responded to the threat posed by Al Qaeda before the attacks, which occurred nearly eight months into the Bush presidency.

In her remarks, Senator Clinton also suggested that Bill Clinton's animated defense of his own national security record as president, delivered only a few days earlier, provided a powerful example for Democrats, whom Republicans have sought to portray in recent national elections as too weak to lead the country in such perilous times.

"I think my husband did a great job in demonstrating that Democrats are not going to take these attacks," she said.

The skirmishing began on Sunday, when Mr. Clinton, in a combative interview on "Fox News Sunday," vigorously defended his handling of the threat posed by Mr. bin Laden, then suggested that the Bush administration had failed to grasp the threat in the months leading to 9/11.

Then, on Monday, in a meeting with editors and reporters of The New York Post, Mr. Bush's secretary of state, Condoleezza Rice, struck back. She accused Mr. Clinton of making "flatly false" claims about the Bush administration's efforts to stop Mr. bin Laden and disputing Mr. Clinton's assertion that he had "left a comprehensive antiterror strategy" for Mr. Bush and his advisers as they prepared to take office in 2001.

The battle between the Clintons and the Bush administration comes against the backdrop of the Congressional elections, with some Republican leaders arguing that their party's tough antiterror policies have helped protect the nation against further attacks.

In his television appearance, a visibly angry Mr. Clinton said that the Bush administration demoted his terrorism czar, Richard A. Clarke, who had argued for aggressive action against Al Qaeda and Mr. bin Laden before 9/11.

Mr. Clinton also accused his interviewer, Chris Wallace of Fox News, of orchestrating "a conservative hit job" on him by raising questions about his antiterrorism efforts.

"I want to know how many people in the Bush administration you asked, 'Why didn't you do anything about the Cole?' " Mr. Clinton said, referring to the bombing in October 2000 of the United States destroyer Cole in Yemen. Mr. bin Laden and Al Qaeda have been linked to that attack.

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President Bush refused to respond directly to Mr. Clinton's criticism on Tuesday, saying instead: "I've watched all this finger-pointing and naming of names and all that stuff. I don't have enough time to finger-point. I've got to do my job, which comes home every day in the Oval Office, and that is to protect the American people from further attack."

The Republican National Committee mocked Senator Clinton's defense of her husband's administration. "For Mrs. Clinton to insinuate that the same administration that repeatedly missed opportunities to stop bin Laden would be better equipped to protect America is absurd," said Tracey Schmitt, a spokeswoman for the committee.

But Philippe Reines, a spokesman for Senator Clinton, noted that the 9/11 Commission Report found that after President Clinton received intelligence warnings in 1998, he immediately mobilized his National Security Council, the C.I.A. and the F.B.I. while also increasing security and putting airports and airlines on high alert. By contrast, he said, the commission found no indication of any further discussion before Sept. 11 among President Bush and his top advisers of the possibility of a threat of an attack by Al Qaeda in the United States, even after Mr. Bush received an August 2001 briefing that Mr. bin Laden intended to attack inside the United States.

"President Clinton saw the warnings and took action,'' Mr. Reines said. "President Bush saw the warnings and took no action.''

For Senator Clinton, who is considered a possible contender for the presidency in 2008, her comments on Tuesday were unusually personal in tone. But Howard Wolfson, one of her chief advisers, made it clear that Senator Clinton would be taking an increasingly aggressive posture to thwart any Republican attempts to cast Democrats as timid on national defense this election season.

"She is not going to allow her party, her husband or herself to get Swift-boated," he said, referring to the Swift Boat Veterans for Truth, a group that attacked the Vietnam War record of Senator John Kerry when he was the Democrats' presidential nominee in 2004. "Democrats have to stand up and go toe to toe with Republicans on national security."

Senator Clinton made her comments at a news conference on the Hill, where Democrats argued that President Bush's handling of the war in Iraq and its aftermath had actually made America more vulnerable to terrorist attacks.

"Their policies are failing, our military is breaking and the American people are demanding a change," she said. "The administration has lost focus on winning the war on Iraq, and all Washington Republicans can focus on is winning elections here at home."

Bush And Clinton Teams Debate Pre-9/11 Efforts (WP)

By Peter Baker

The Washington Post, September 27, 2006

The election-year debate over terrorism has triggered a full-blown spat between the camps of President Bush and former president Bill Clinton as the two sides trade barbs over who was more responsible for failing to disrupt al-Qaeda before it could attack the United States on Sept. 11, 2001.

Bush complained yesterday that Clinton was engaging in "finger-pointing" by attacking the current administration's actions before the hijackings. "I don't have enough time to finger-point," Bush said. But Secretary of State Condoleezza Rice did, calling Clinton's version of events "flatly false." Sen. Hillary Rodham Clinton (D-N.Y.) returned fire on his behalf, asserting that he would have paid more attention to intelligence warnings in the weeks before the attacks than Bush did.

The unusual crossfire over the past few days effectively broke a tacit peace between the 42nd and 43rd presidents that has reigned for most of the past two years. Ever since Bush tapped Bill Clinton to work with his father, George H.W. Bush, on relief efforts after the Asian tsunamis of December 2004, the two have grown closer. Clinton and the older Bush teamed up again on Hurricane Katrina relief, and the president talked about growing to like his predecessor.

But with the hotly contested midterm elections just weeks away, Bush has tried to focus the nation's attention on the threat of terrorism, and Clinton has become more irritated at what he sees as attacks on his performance. The recent ABC miniseries "Path to 9/11" especially irked the former president because of what he saw as a skewed portrayal blaming him for not doing more to get Osama bin Laden.

Clinton, when asked about the matter on "Fox News Sunday," erupted in an angry, red-faced, finger-jabbing performance that has electrified the left and outraged the right. Clinton said that though he failed, at least he tried to kill bin Laden while Bush did not. "They had eight months to try," Clinton said. "They did not try. I tried."

Rice bristled at that in an interview in yesterday's New York Post. "The notion somehow for eight months the Bush administration sat there and didn't do that is just flatly false, and I think the 9/11 commission understood that," she said. "What we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years."

Hillary Clinton pointed to the intelligence memo presented to Bush in August 2001. "I'm certain that if my husband and his national security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he

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would have taken it more seriously than history suggests it was taken by our current president and his national security team," she said.

And Jay Carson, a spokesman for Bill Clinton, rejected Rice's contention: "Every single fact that President Clinton stated in his interview is backed up by the historical record -- including the 9/11 commission report. Everything President Clinton said was flatly correct."

Some of Clinton's statements on Fox have drawn scrutiny. He said that after the bombing of the USS Cole in 2000, "I had battle plans drawn to go into Afghanistan, overthrow the Taliban and launch a full-scale attack search for bin Laden. But we needed basing rights in Uzbekistan." The Sept. 11 commission, though, found no plans for an invasion of Afghanistan or for an operation to topple the Taliban, just more limited options such as plans for attacks with cruise missiles or Special Forces. And nothing in the panel's report indicated that a lack of basing rights in Uzbekistan prevented a military response.

Clinton also asserted that the Bush administration "didn't have a single meeting about bin Laden for the nine months after I left office." In fact, the Bush team held several meetings on terrorism through the interagency group known as the deputies committee and one on Sept. 4, 2001, through the principals committee composed of Cabinet officers. What Clinton may have been referring to was counterterrorism chief Richard A. Clarke's frustration that the principals disregarded his urgent calls to meet sooner because of a months-long policy review.

Rice came under fire for her assertion that "we were not left a comprehensive strategy to fight al-Qaeda" by Clinton's team. In fact, Clarke sent Rice an al-Qaeda memo on Jan. 25, 2001, along with a strategy to "roll back" the terrorist network, but the Bush team decided to conduct the policy review.

Another Clinton Seduction (NYT)

By Maureen Dowd

The New York Times, September 27, 2006

At least Jerry Falwell didn't say Hillary smelled of sulfur.

But he did say that if she runs for president, she will bedevil evangelicals and fire them up to vote Republican with a dark force exceeding even Lucifer.

I suppose, since Senator Clinton's shrill right-wing critics usually portray her as a witch, being promoted to devil can count as a feminist triumph. And she's in good bipartisan company with the president, who was also cast as the devil by a world-class nutbar.

Hillary is morphing from workhorse back to show horse, paving the way for her historic presidential race with a series of big policy speeches. And she is taking on the other dynasty more energetically.

"I'm certain that if my husband and his security team had been shown a classified report entitled 'Bin Laden Determined to Attack Inside the United States,' he would have taken it more seriously than history suggests it was taken by our current president and his national security team," she crisply told reporters on Capitol Hill yesterday.

Forty years after feminism brashly burst forth, female leaders are still struggling to figure out how to blend sexuality and strength in a way that will not backfire. Consider Hewlett-Packard, the progressive Silicon Valley company. Carly Fiorina was fired as chairman and chief executive after a stereotypically alpha male reign, while Patricia Dunn lost her job as chairman after she used what some critics called a stereotypical "Mean Girls" subterfuge to spy on male board members rather than confronting them directly over leaks.

Hillary is also trying different methods, searching for the key that would allow her to break into the ultimate mahogany-paneled men's club at 1600 Penn. She will try to get back to the West Wing based not on what she has done in the Senate, but on how she has done it.

She has been like a silent-film star, lacking a voice in this chilling time when the Bush administration has Photoshopped the Constitution, portrayed critics as traitors, and spurred terrorism with a misconceived and mismanaged war in Iraq.

Explaining why she had not taken any unpopular stances and championed no big ideas, Hillary answered Joshua Green more like diva than devil in the upcoming cover story for The Atlantic Monthly: "Everything I do carries political risk because nobody gets the scrutiny that I get. It's not like I have any margin for error whatsoever."

She has transformed her method from bulldozing alpha in the White House — high-handed, unilateral and insensitive on health care — to coalition-building gamma in Congress. Now the woman who hated being called first lady charms with the most handkerchief-dropping feminine wiles and stratagems, from fetching coffee for senior male Senate colleagues to stepping to the background so that preening male peacocks can hog the live shot.

As one of her male aides bragged to Mr. Green, it's so effective because the men who tried to impeach her husband don't expect the former first lady of the United States "to ask if you want two lumps of sugar."

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"Fetching coffee, I think, is too much," said Michael Morris of the Columbia Business School. "But any good politician is a good flirt. Bill Clinton seduced every woman and every man he met."

One Hillary aide recently crowed to me about the surprising number of her male colleagues who have crushes on her. And the Rev. Falwell may have missed her bonding with conservative lawmakers at Hill prayer breakfasts. As Mr. Green writes, Hillary and Sam Brownback worked together on legislation after the Kansas conservative gave testimony at a prayer breakfast that he realized it was a sin to have trashed her.

It may not be turning the other cheek for Hillary, so much as triangulating the other cheek. "The Warrior," as her staff calls her, has not forgotten what she learned from her consort. The Clintons once polled on where to go on vacation when they were in the White House (Dick Morris advised that a camping trip would play well with swing voters), and now Mr. Green reports that the Clintons moved to Chappaqua at least partly in response to polling data.

He also writes that in 2003, the pollster Mark Penn created a 007-secret team to determine whether Hillary could break her pledge to serve a full Senate term and still have enough political clout to wage a presidential run — an assertion that Mr. Penn neither confirmed nor denied.

It may not smell of sulfur, but it smacks of truth.

What President Clinton Didn't Do . . . (WSJ)

By Richard Miniter

The Wall Street Journal, September 27, 2006

Bill Clinton's outburst on Fox News was something of a public service, launching a debate about the antiterror policies of his administration. This is important because every George W. Bush policy that arouses the ire of Democrats -- the Patriot Act, extraordinary rendition, detention without trial, pre-emptive war -- is a departure from his predecessor. Where policies overlap -- air attacks on infrastructure, secret presidential orders to kill terrorists, intelligence sharing with allies, freezing bank accounts, using police to arrest terror suspects -- there is little friction. The question, then, is whether America should return to Mr. Clinton's policies or soldier on with Mr. Bush's.

It is vital that this debate be honest, but so far this has not been the case. Both Mr. Clinton's outrage at Chris Wallace's questioning and the ABC docudrama "The Path to 9/11" are attempts to polarize the nation's memory. While this divisiveness may be good for Mr. Clinton's reputation, it is ultimately unhealthy for the country. What we need, instead, is a cold-eyed look at what works against terrorists and what does not. The policies of the Clinton and Bush administrations ought to be put to the same iron test.

With that in mind, let us examine Mr. Clinton's war on terror. Some 38 days after he was sworn in, al Qaeda attacked the World Trade Center. He did not visit the twin towers that year, even though four days after the attack he was just across the Hudson River in New Jersey, talking about job training. He made no attempt to rally the public against terrorism. His only public speech on the bombing was a few paragraphs inserted into a radio address mostly devoted an economic stimulus package. Those stray paragraphs were limited to reassuring the public and thanking the rescuers, the kinds of things governors say after hurricanes. He did not even vow to bring the bombers to justice. Instead, he turned the first terrorist attack on American soil over to the FBI.

In his Fox interview, Mr. Clinton said "no one knew that al Qaeda existed" in October 1993, during the tragic events in Somalia. But his national security adviser, Tony Lake, told me that he first learned of bin Laden "sometime in 1993," when he was thought of as a terror financier. U.S. Army Capt. James Francis Yacone, a black hawk squadron commander in Somalia, later testified that radio intercepts of enemy mortar crews firing at Americans were in Arabic, not Somali, suggesting the work of bin Laden's agents (who spoke Arabic), not warlord Farah Aideed's men (who did not). CIA and DIA reports also placed al Qaeda operatives in Somalia at the time.

By the end of Mr. Clinton's first year, al Qaeda had apparently attacked twice. The attacks would continue for every one of the Clinton years.

· In 1994, Khalid Sheikh Mohammed (who would later plan the 9/11 attacks) launched "Operation Bojinka" to down 11 U.S. planes simultaneously over the Pacific. A sharp-eyed Filipina police officer foiled the plot. The sole American response: increased law-enforcement cooperation with the Philippines.

· In 1995, al Qaeda detonated a 220-pound car bomb outside the Office of Program Manager in Riyadh, Saudi Arabia, killing five Americans and wounding 60 more. The FBI was sent in.

· In 1996, al Qaeda bombed the barracks of American pilots patrolling the "no-fly zones" over Iraq, killing 19. Again, the FBI responded.

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· In 1997, al Qaeda consolidated its position in Afghanistan and bin Laden repeatedly declared war on the U.S. In February, bin Laden told an Arab TV network: "If someone can kill an American soldier, it is better than wasting time on other matters." No response from the Clinton administration.

· In 1998, al Qaeda simultaneously bombed U.S. embassies in Kenya and Tanzania, killing 224, including 12 U.S. diplomats. Mr. Clinton ordered cruise-missile strikes on Afghanistan and Sudan in response. Here Mr. Clinton's critics are wrong: The president was right to retaliate when America was attacked, irrespective of the Monica Lewinsky case.

Still, "Operation Infinite Reach" was weakened by Clintonian compromise. The State Department feared that Pakistan might spot the American missiles in its air space and misinterpret it as an Indian attack. So Mr. Clinton told Gen. Joe Ralston, vice chairman of Joint Chiefs of Staff, to notify Pakistan's army minutes before the Tomahawks passed over Pakistan. Given Pakistan's links to jihadis at the time, it is not surprising that bin Laden was tipped off, fleeing some 45 minutes before the missiles arrived.

· In 1999, the Clinton administration disrupted al Qaeda's Millennium plots, a series of bombings stretching from Amman to Los Angeles. This shining success was mostly the work of Richard Clarke, a NSC senior director who forced agencies to work together. But the Millennium approach was shortlived. Over Mr. Clarke's objections, policy reverted to the status quo.

· In January 2000, al Qaeda tried and failed to attack the U.S.S. The Sullivans off Yemen. (Their boat sank before they could reach their target.) But in October 2000, an al Qaeda bomb ripped a hole in the hull of the U.S.S. Cole, killing 17 sailors and wounding another 39.

When Mr. Clarke presented a plan to launch a massive cruise missile strike on al Qaeda and Taliban facilities in Afghanistan, the Clinton cabinet voted against it. After the meeting, a State Department counterterrorism official, Michael Sheehan, sought out Mr. Clarke. Both told me that they were stunned. Mr. Sheehan asked Mr. Clarke: "What's it going to take to get them to hit al Qaeda in Afghanistan? Does al Qaeda have to attack the Pentagon?"

There is much more to Mr. Clinton's record -- how Predator drones, which spotted bin Laden three times in 1999 and 2000, were grounded by bureaucratic infighting; how a petty dispute with an Arizona senator stopped the CIA from hiring more Arabic translators. While it is easy to look back in hindsight and blame Bill Clinton, the full scale and nature of the terrorist threat was not widely appreciated until 9/11. Still: Bill Clinton did not fully grasp that he was at war. Nor did he intuit that war requires overcoming bureaucratic objections and a democracy's natural reluctance to use force. That is a hard lesson. But it is better to learn it from studying the Clinton years than reliving them.

Mr. Miniter, a fellow at the Hudson Institute, is author of "Disinformation: 22 Media Myths that Undermine the War on Terror" (Regnery, 2005).

New Campaign Ads Have A Theme: Don't Be Nice (NYT)

By Adam Nagourney

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Republicans and Democrats began showing at least 30 new campaign advertisements in contested House and Senate districts across the country on Tuesday. Of those, three were positive.

For Republicans, it was the leading edge of a wave of negative advertisements against Democratic candidates, the product of more than a year of research into the personal and professional backgrounds of Democratic challengers.

"What do we really know about Angie Paccione?" an announcer asks about a Democratic challenger in Colorado. "Angie Paccione had 10 legal claims against her for bad debts and campaign violations. A court even ordered her wages garnished."

For Democrats, it was part of a barrage intended to tie Republican incumbents to an unpopular Congress, criticize their voting records, portray them as captives to special interests and highlight embarrassing moments from their business histories.

In Tennessee, Democrats attacked Bob Corker, a Republican candidate for Senate, saying his construction company had hired illegal immigrants "while he looked the other way."

The result of the dueling accusations has been what both sides described on Tuesday as the most toxic midterm campaign environment in memory. It is a jarring blend of shadowy images, breathless announcers, jagged music and a dizzying array of statistics, counterstatistics and vote citations — all intended to present the members of Congress and their challengers in the worst possible light. Democratic and Republican strategists said they expected over 90 percent of the advertisements to be broadcast by Nov. 7 to be negative.

At the national level, the two parties are battling over issues like national security and the war in Iraq. But Congressional races play out on local airwaves, and the flood of commercials amounts to a parallel campaign, one that is often about the characters of individual challengers and obscure votes cast by incumbents. Frequently lost in the back-and-forth are the protests of candidates who say the negative advertisements are full of deliberate distortions and exaggerations.

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While Democrats have largely concentrated their efforts on the political records of Republicans, the Republicans have zeroed in more on candidates' personal backgrounds.

Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, said his investigators had been looking into prospective Democratic challengers since the summer of 2005.

"These candidates have been out there doing other things — they have never seen anything like this before," Mr. Reynolds said of the Democratic challengers.

"We haven't even begun to unload this freight train," Mr. Reynolds said.

Democrats are learning just how deeply the Republicans have been digging. John Yarmuth, a Kentucky Democrat who is running for a House seat, has spent much of the past few days trying to explain editorials unearthed by Republican researchers and spotlighted in new advertisements. Mr. Yarmuth wrote the editorials for his student newspapers, and in them he advocated the legalization of marijuana, among other things.

Across the airwaves, Democratic challengers are being attacked for having defaulted on student loans, declaring bankruptcy, skipping out on tax bills, and being a lobbyist, a trial lawyer or, even worse, a liberal.

Steve Kagan, a doctor and Democrat running for Congress in Wisconsin, is being attacked for having sued patients who did not pay their bills. "Why not just tell the truth, Dr. Millionaire?" said an advertisement shown Tuesday.

Heath Shuler, the former Washington Redskins quarterback running for Congress as a Democrat in North Carolina, is being attacked in advertisements for owning a business that was late in paying $69,000 in back taxes.

Democrats are equally aggressive in their advertisements, going after Republicans on votes, ties to campaign contributors and, in the case of challengers, their own personal foibles. In one Democratic advertisement, the disgraced lobbyist Jack Abramoff is shown in shadows wearing a hat as an announcer notes that he made contributions to Representative J. D. Hayworth, Republican of Arizona.

Democrats are even attacking Republicans on what should be their signature issue, taxes, most recently in an upstate New York race between State Senator Raymond A. Meier, a Republican, and Michael A. Arcuri, a Democrat, to fill an open Republican seat. "Raymond Meier raised taxes in Oneida County," the announcer says. "Meier raised taxes in Albany. What do you think he'll do" in Washington?

Representative Rahm Emanuel of Illinois, the chairman of the Democratic Congressional Campaign Committee, said that relatively inexperienced candidates might be vulnerable, but that Republicans had even worse problems this year, with a record of votes that he said had provided a steady stream of damaging information for Democratic campaigns.

"Let me tell you: candidates with lesser name identification are vulnerable to being defined," Mr. Emanuel said. "But candidates who are associated with an institution are also vulnerable. There are two sides to this sword."

While some public officials have criticized negative advertisements as destructive and blamed them for discouraging voter turnout, other analysts say they have come, if only by default, to play an important role. At a time of diminishing local news coverage of House and Senate races, they are one of the few ways in which voters learn about the candidates and their positions.

"Negative ads are more likely to talk about policy than positive ads," said Joel Rivlin, deputy director of the Wisconsin Advertising Project, which monitors political advertising. "How else do you find out about the flaws of a candidate besides a negative ad?"

Incumbent Republicans and, to a lesser extent, Democrats are being attacked on their voting records and positions taken on issues large and small.

With dollar figures scrolling across the screen, Democrats belittled Republicans for taking money from oil companies, suggesting that was a reason for high gasoline prices. "Drake voted for billions in tax breaks for the oil and gas industry," said a Democratic advertisement aimed at Representative Thelma Drake, Republican of Virginia. "She gets her way, big oil and gas get theirs."

In a blizzard of conflicting advertisements, Republicans and Democrats in all regions of the country are accusing one another of supporting amnesty for illegal immigrants or providing government benefits to them.

Bruce Braley, a Democratic candidate for a House seat in Iowa, attacked his opponent, Mike Whalen, on Social Security. "He actually backed George Bush's half-baked plan to privatize Social Security," an advertisement said. Mr. Whalen accused Mr. Braley, in his own advertisement, of wanting to pull out of Iraq and thus "risk the safety of our troops to advance his extreme liberal agenda."

Mr. Emanuel said he had warned his candidates about this part of the campaign, though he made a practice of waiting until after they had signed on to run. "I tell them: 'I'm glad you're running. Now get ready. This is a tough business. This is the hellfire you are going to go through,' " he said.

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Mr. Reynolds has long believed that it would be this kind of information about Democratic challengers and not voter opinion on, say, President Bush or the war in Iraq that would determine whether Republicans held Congress this year. By way of example, he pointed to the case of Mr. Shuler.

"When he was a quarterback, it didn't matter that he wasn't paying $69,000 in taxes," Mr. Reynolds said. "When you run for Congress, it matters."

Mr. Reynolds burst out laughing when asked why he was not using more positive advertisements. "If they moved things to the extent that negative ads move things, there would be more of them," he said.

Why Some Republicans Want To Lose (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 27, 2006

WASHINGTON -- As the White House and its Republican allies on Capitol Hill work to retain control of Congress in November's elections, a small but vocal band of conservative iconoclasts say they would prefer to see their own party lose.

The array of former members of Congress and officials from Republican administrations dating to the 1970s are using opinion articles, speeches and interviews to make the surprising -- and, to many of their friends and colleagues, near-heretical -- argument that it would be better for the country if their party lost. Some say they plan to vote Democratic for the first time in their lives. The Republican rebels say the modern Republican Party has so abandoned its conservative beliefs that it deserves to be defeated by the Democrats.

Three factors are driving the conservative backlash against the Republican-led Congress. Fiscal hawks are furious about the growth of the federal government. Conservative lawyers such as Bruce Fein, who worked in the Nixon Justice Department and Reagan Federal Communications Commission, are upset that Congress allowed President Bush to claim expansive powers to eavesdrop on American citizens and detain suspected militants without trial. Others say the war in Iraq is a costly diversion from the war on terror.

Other Republicans couch their desire for Republican losses in political terms, arguing that Democratic control of Congress for at least two years would increase the chances of Republicans retaining the presidency in 2008, by giving Republican candidates high-profile Democratic targets.

"Every Republican I know thinks Nancy Pelosi and Harry Reid are the best things they have going for them," wrote Bruce Bartlett, a Treasury Department official during the presidency of Mr. Bush's father, referring to the top-ranking Democrats in the House and Senate. "Giving these inept leaders higher profiles would be a gift to conservatives everywhere," he added in an essay, part of a series by conservatives published recently in Washington Monthly magazine, under the heading: "Time for us to go."

"Republicans need a wake-up call," Joe Scarborough, a former Republican congressman who now hosts an MSNBC talk show, says in an interview. "We ran in 1994 against runaway spending, exploding deficits and corruption. But with Republicans in charge of both sides of Pennsylvania Avenue, what do we have? The same runaway spending, record deficits and culture of corruption." He uses his show as a forum for those views and has published two essays on the theme.

Most Republicans, of course, don't think it is time for the party to go anywhere and are irked at those who suggest otherwise. Mr. Scarborough says that after his essay was published in Washington Monthly, his invitation to serve as master of ceremonies at a congressional fund-raiser with President Bush was revoked under White House pressure. A White House spokeswoman says the administration decided "that there were better options for an emcee" at the event.

Even many conservative critics of the current Congress say they plan to hold their noses and work to retain Republican majorities in the House and the Senate, arguing that Democrats can't be trusted to keep the country safe from terrorism or to sustain economic growth.

And White House officials wouldn't welcome the stream of subpoenas and investigations that could come from Democratic-controlled congressional committees.

The Club for Growth, a conservative economic-policy advocacy group, says it will give $20 million this election cycle to Republicans who share its antitax beliefs, regardless of the candidates' chances of winning a general election. The group backed conservative challenger Steve Laffey's unsuccessful primary campaign against moderate Republican Sen. Lincoln Chafee of Rhode Island, despite the Republican establishment's belief that Mr. Laffey was unelectable.

Pat Toomey, president of the Club for Growth, says the group would be happy to see Republican moderates lose -- Club for Growth declines to support Mr. Chafee in what is expected to be a tight race against his Democratic challenger -- but stops short of campaigning against Mr. Chafee and other Republicans in the general election,

"Being Republican has to stand for more than having an 'R' after your name, and if that puts some seats in jeopardy, so be it," Mr. Toomey says. "But accept losing the Republican majority altogether? I just can't quite go there yet."

Mr. Scarborough, for his part, says he can "build a strong intellectual argument" for voting Democratic but can't bring himself to actually do so.

For the moment, Democrats appear less fractured than their rivals across the aisle. Many Democrats are so eager for an electoral victory that they are pragmatically backing candidates they once might have shunned.

Some Republicans, by contrast, having tasted congressional power for 12 years now -- and control of the House, the Senate and the White House for nearly six -- are ready to try being the opposition. Mr. Fein, the former Reagan and Nixon appointee, describes himself as a lifelong conservative who has voted for Republican candidates all his life and is disgusted by Democratic support for affirmative action -- which he sees as institutionalized racism -- and economic populism.

But he says that congressional Republicans have forfeited their right to control both chambers by failing to confront Mr. Bush over his expression of executive power, his interpretation of due process and habeas corpus, and his willingness to ignore legislation that he sees as an infringement of his war-fighting powers.

"A Democratic Congress will obviously not be promoting a conservative agenda, but at least they'll have the incentive, which is critical right now, to exercise oversight and restraint on the president," he says. "And that's much, much more than you can say for the Republicans who currently run Congress."

Mr. Fein recently bought a home in Florida and says he is scrambling to register to vote there in November, when he plans to do something he has never done before: cast a ballot for a Democrat. He says Democratic candidate Christine Jennings, who is running to fill the House seat vacated by Republican Senate candidate Katherine Harris, is "just the type of moderate I like."

Marriage Gap Could Sway Elections (USAT)

By Dennis Cauchon

USA Today, September 27, 2006

The wedding band could be crucial in this fall's congressional elections, according to a USA TODAY analysis of 2005 Census data.

House districts held by Republicans are full of married people. Democratic districts are stacked with people who have never married. This “marriage gap” could play a role in the Nov. 7 congressional elections. Democrats need a net gain of 15 seats to take control of the House of Representatives.

Twenty-seven of the 38 Republican-held districts with seats considered vulnerable by independent political analysts have fewer married people than found in the average GOP district. The USA TODAY analysis also shows that:

·Republicans control 49 of the 50 districts with the highest rates of married people.

·Democrats represent all 50 districts that have the highest rates of adults who have never married.

The political tug-of-war is between people who are married and those who have never been.

The “never married” group covers a variety of groups who form the Democratic base: young people, those who marry late in life, single parents, gays, and heterosexuals who live together.

The marriage divide drew attention in the 2004 presidential race. President Bush beat John Kerry by 15 percentage points among married people and lost by 18 percentage points among unmarried people, according to an exit poll conducted by national news media organizations.

Most serious Democratic challenges this fall are in Republican-controlled House districts that have lower marriage rates.

For example, the two seats most likely to switch from Republican to Democratic are Arizona's 8th District and Colorado's 7th District, according to the non-partisan National Journal. The districts — in which Republican incumbents are not seeking re-election — rank 251st and 307th respectively in marriage rates among the 435 districts.

Of the five Republicans who have the lowest rates of married people in their districts, four are in tough battles with Democrats. On the other side, Rep. Melissa Bean, D-Ill., whose district has a high marriage rate, faces a strong GOP challenge.

Rep. John Linder, R-Ga., whose district has the highest marriage rate (66.1%), says the gap exists because “people get more conservative when they settle down.” Democratic pollster Mark Mellman says the gap is magnified because a greater percentage of married people vote than unmarried people.

‘Fertility Gap' Helps Explain Political Divide (USAT)

By Dennis Cauchon

USA Today, September 27, 2006

House Democratic leader Nancy Pelosi, a Catholic mother of five from San Francisco, has fewer children in her district than any other member of Congress: 87,727.

Rep. Chris Cannon, R-Utah, a Mormon father of eight, represents the most children: 278,398.

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These two extremes reflect a stark demographic divide between the congressional districts controlled by the major political parties.

Republican House members overwhelmingly come from districts that have high percentages of married people and lots of children, according to a USA TODAY analysis of 2005 Census Bureau data released last month.

GOP Congress members represent 39.2 million children younger than 18, about 7 million more than Democrats. Republicans average 7,000 more children per district.

Many Democrats represent areas that have many single people and relatively few children. Democratic districts that have large numbers of children tend to be predominantly Hispanic or, to a lesser extent, African-American.

This "fertility gap" is crucial to understanding the differences between liberals and conservatives, says Arthur Brooks, a professor of public administration at Syracuse University. These childbearing patterns shape divisions over issues such as welfare, education and child tax credits, he says.

"Both sides are very pro-kids. They just express it in different ways," Brooks says. "Republicans are congenial to traditional families, which is clearly the best way for kids to grow up. But there are some kids who don't have that advantage, and Democrats are very concerned with helping those kids."

Children in Democratic districts are far more likely to live in poverty and with single parents than kids in GOP districts.

Rep. José Serrano, D-N.Y., has 227,246 children in his Bronx district, the 10th most in the House. Only 29% of those children live with married parents.

By contrast, 84% of children in Cannon's central Utah district live with married parents.

"These numbers are amazing," Cannon says. "I see now where José is coming from."

Cannon used to have a locker next to Serrano at the congressional gym and considers him a friend. "The needs of kids in his district are just not the same as the needs of children in my district," Cannon says.

Marriage and parenthood define what's different about Democratic and Republican districts even more clearly than race, income, education or geography, USA TODAY's analysis of Census data found.

For example, Republicans represent seven of the 50 districts that have the highest concentrations of blacks. Both parties are well represented among affluent and well-educated districts.

Democrats control only one of the 50 districts with the highest marriage rates.

Rep. Rush Holt, D-N.J., who represents the most-married Democratic district (32nd overall), discounts the importance of the marriage rates. "It's a statistic without meaning," he says. "If you look at numbers from enough different angles, you can see almost anything."

Pelosi says in speeches that her most important concern is "the children, the children, the children," says her spokesman, Drew Hammill. That's why she wants to raise the minimum wage to help low-income parents, he says.

The stay-at-home mom is uncommon in all congressional districts. Mothers work at the same rate — about 71% — in Republican and Democratic districts.

Nevertheless, a big difference in family life is clear:

·Democrats represent 59 districts in which less than half of adults are married. Republicans represent only two.

·Democrats represent 30 districts in which less than half of children live with married parents. Republicans represent none.

"The biggest gaps in American politics are religion, race and marital status," says Democratic pollster Anna Greenberg.

Dems Seek K St. Cash (HILL)

By Alexander Bolton

The Hill, September 27, 2006

House Democrats are making an intense final push to raise inside-the-Beltway money before Congress adjourns, collecting most of it from the lobbying industry they have distanced themselves from this election cycle.

Democrats realize that lobbyists representing corporate clients are an important source of political contributions — funding that is vital to their chances of capturing the chamber. At the same time, Democrats have spent a lot of time and effort asserting that Republican rule has created a "Culture of Corruption" because of close ties between the GOP and certain special interests. The dynamic has created awkwardness for some Democrats.

Democratic leaders asked their entire caucus to come into the Democratic Congressional Campaign Committee (DCCC) headquarters yesterday and tomorrow to make fundraising calls. And last night, the DCCC held a fundraiser at Bistro Bis, a high-end restaurant a short walk from the Capitol, featuring lawmakers poised to take over as the chairmen of House committees.

Apart from the event held by the party fundraising committee, the Democratic ranking members of committees and subcommittees have been raised money aggressively. Several senior Democrats have held multiple fundraisers since Labor

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Day, collecting money for their party and Democratic candidates but also giving lobbyists and representatives of the business community opportunities to renew old acquaintances or forge new ones.

Lobbyists are key players on the Washington fundraising scene because they advise clients where to send their political contributions. That is especially true of lobbyists representing corporate clients because corporations are usually less politically savvy and experienced than labor unions or single-issue advocacy groups, such as environmental groups.

"Is there more interest in showing up at a Democratic fundraiser than three months ago? Absolutely," said Rep. Bart Stupak (D-Mich.), who would become chairman of the oversight and investigations subcommittee of the Energy and Commerce Committee. "I've found it easier to do the fundraising than it was three or four months ago."

Democratic staff and allied lobbyists report that there has been heavy interest in attending Democratic fundraisers this month.

For example, a fundraising luncheon that Rep. John Dingell (Mich.), the ranking Democrat on the Energy and Commerce Committee, held for the DCCC yesterday was originally geared toward representatives of the energy industry. But organizers later made the decision to open it up to all interest sectors and it was well attended, drawing about 35 participants, most of them lobbyists.

One Democratic lobbyist representing energy sector clients said that in recent weeks he has received calls from many of them looking to give money for Democratic candidates.

"It's been surprising," said the lobbyist. "In years past it's been really difficult to write checks to any Democrat."

Tomorrow, Democrats will wrap up the cram-packed week with a large fundraiser hosted by House Democratic chiefs of staff at the Columbus Club at Union Station. The title of the event, "Countdown to the Majority," reminds many of the lobbyists who will attend that the aides hosting the party could be pulling the strings of power if Democrats win control of the House this fall.

The invitation lists nearly 30 chiefs of staff who will be present at the event, including Elizabeth Sears Smith, chief of staff in the personal office of Rep. Rahm Emaneul (D-Ill.), who chairs the DCCC.

A Democratic lobbyist planning to attend the event, however, explained that the event is not a secret. The lobbyist explained the low-dollar event, which only costs $250 per person, would enable lobbyists who are friendly with Democrats on the Hill but not able to write $1,000 personal checks to participate. Most fundraising events hosted by lawmakers charge more than many of the intended participants can give, he said.

But the lobbyist also acknowledged that the event would strengthen relationships between Democratic aides and the K-Street community.

Democrats may be shy about discussing the mingling between lobbyists and veteran aides in preparation of a possible Democratic takeover of the House because strengthening relationships with the lobbying community does not fit smoothly with their political message for much of this year.

"The Republicans have turned Congress into an auction house, for sale to the highest bidder," said House Minority Leader Nancy Pelosi (D-Calif.), when Democrats unveiled their Honest Leadership and Open Government initiative at the beginning of the year. "You have to pay to play. That's just not right."

"When a prescription drug bill puts pharmaceutical companies first, senior citizens pay the price for their prescription drugs," she said. "When an energy bill gives tax breaks to oil companies already making historic and obscene profits, Americans pay the price at the pump and with record bills for their home heating oil."

Republicans have attempted to exploit the Democrats' strong rhetoric on lobbyists by warning that Democratic control of the House would be bad for the business community. Republican-allied lobbyists have perpetuated that argument among their business clients.

But Democrats have fought back, in large part by holding meetings between veteran lawmakers and staff and representatives of the business community.

Several ranking Democrats have held multiple fundraisers in D.C. since Labor Day, even though they are not facing tough elections this fall. Rep. John Conyers (Mich.), the ranking Democrat on the House Judiciary Committee, held two fundraisers last week. Dingell has held about a half dozen since the end of August, both for his own campaign and the DCCC.

Rep. Jim Oberstar (D-Minn.) has also held several fundraisers this month, but his campaign spokesman said he could not find out how many.

And last week, Democratic leadership aides and senior committees aides held a meeting with business community lobbyists to put their fears at ease.

A lobbyist who attended said that Republicans have been spreading word that a Democratic majority would be "awful on taxes and new regulations."

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He said the purpose of the meeting was to "disabuse [the business community] of that notion," and to show that Democrats would in fact be friendly.

GOP Opponent Asks DOJ For Murtha Probe (RC)

By John Bresnahan

Roll Call, September 27, 2006

A Republican challenger to Rep. John Murtha (D-Pa.) has asked the Justice Department to investigate whether Murtha traded appropriations earmarks for hundreds of thousands of dollars in campaign contributions from the clients of lobbying firms with close ties to the veteran lawmaker, including one where his brother works.

On Tuesday, Washington County Commissioner Diana Irey, Murtha's GOP opponent, delivered a letter to Mary Beth Buchanan, the U.S. attorney for the Western District of Pennsylvania, requesting that Justice begin a probe of Murtha immediately.

"This is a troubling development — an elected official should never undertake any activity that calls into question his motives," Irey said in a statement. "Nor should he undertake any activity that raises the possibility that he is trading his office for campaign cash."

A Murtha spokesman denied Irey's accusations, calling it a political stunt by a long-shot challenger.

"This is coming from a very desperate political candidate who is hanging on by her fingernails to try to stay in this race," said Ed Mitchell, Murtha's spokesman.

The allegations about Murtha's relationship with the PMA Group and KSA Consulting — a lobbying firm that employs Murtha's brother, Kit Murtha, as well as a former aide — were first reported by the Los Angeles Times in June 2005.

Since then, some House Republicans have called publicly for an ethics probe of Murtha, although no GOP lawmakers have stepped forward to officially file a complaint against him. Citizens for Responsibility and Ethics in Washington recently included Murtha on a list of the most corrupt Members of Congress.

Taxpayers for Common Sense, another government watchdog group, analyzed the 2006 Defense spending bill and found at least 60 earmarks for PMA clients worth more than $95 million. Murtha is the ranking member of the House Appropriations subcommittee on Defense.

"Over the last six years, officials and clients of the PMA Group have contributed roughly $800,000 to Congressman Murtha's campaign fund," Irey said. "In return, they have received at least $95 million in federal contracts, loans, and grants. That's a better than 100-to-1 return on investment."

Mitchell said it was not surprising that defense companies, which make up the bulk of PMA's clients, would give to Murtha due to his position on the Defense subcommittee and his reputation as a strong supporter of national security, despite his more recent turn against the Iraq War.

Rep. Alan Mollohan (D-W.Va.), a Murtha ally, became the subject of a federal investigation after a conservative organization wrote the Justice Department seeking a probe of his personal financial holdings. Mollohan was later forced to step down as ranking member of the House ethics committee, but he has kept his seat on the powerful Appropriations Committee.

New Report That Senator Uttered Slurs (NYT)

By David D. Kirkpatrick

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Another acquaintance of Senator George Allen said Tuesday that she heard him use a racial slur in 1976, contradicting a statement he made Monday in an effort to tamp down similar accusations.

Mr. Allen's campaign manager, Dick Wadhams, called the account by the woman, Ellen G. Hawkins, "another false accusation."

Mr. Allen, a Virginia Republican whose re-election campaign has been knocked off balance by the accusations, said Monday that he did not remember ever using the term and that "it is absolutely false that that was ever part of my vocabulary."

Mrs. Hawkins, who described herself as a rural Virginia housewife and an active Democrat, said in an interview Tuesday that she heard Mr. Allen use the slur repeatedly at a party on election night in 1976. She said Mr. Allen used the term while deprecating the intelligence of the black players on the Washington Redskins football team, which Mr. Allen's father coached. Recalling remarks about its star running back, Larry Brown, Mrs. Hawkins said that Mr. Allen "started in effect bad-mouthing him, saying what a shiftless you-know-what" he was.

She said she remembered the conversation because she was a big fan of the team and was shocked. She said Mr. Allen's statement on Monday was "just plain a lie."

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She described her recollections in an e-mail message forwarded to The New York Times. Her former husband, who she said was at the party, did not return a call for comment.

Mr. Wadhams said the encounter “did not happen.” He said that Mr. Allen remained “very good friends” with Mr. Brown and that as governor of Virginia, Mr. Allen had appointed Mr. Brown to the board of visitors at George Mason University.

Mrs. Hawkins is the third acquaintance in two days to recount hearing Mr. Allen use racist slurs. The accusations are the latest twist in events set off when Mr. Allen called a young Democratic campaign operative of Indian descent “macaca.” Critics said the term was a racial pejorative derived from the name of a monkey species. Mr. Allen apologized for any offense and said he had just made up the word.

A college football teammate, Dr. Ken Shelton, has said Mr. Allen used racial slurs and engaged in a racist prank in college in the early 70’s.

An anthropology professor, Christopher Taylor, said that as a graduate student at the University of Virginia he heard Mr. Allen use the epithet.

Mr. Allen’s campaign issued former teammates’ statements saying they did not remember his using the term. The campaign also issued a statement from his former wife, Anne Waddell, who confirmed meeting Mr. Taylor but disputed his recollection. She said Mr. Allen “would never utter such a word.”

Webb Dodges Question On Racial Epithet (AP)

By David Espo

AP, September 26, 2006

Democratic Senate challenger Jim Webb declined to say definitively Tuesday whether he had ever used a common derogatory term to describe blacks, stepping carefully after watching his campaign rival confront charges of racism.

"I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time or another in their life," Webb told reporters.

Webb referred to his novel, "Fields of Fire," which aides said includes occurrences of the n-word as part of character dialogue. But he added: "I have never issued a racial or ethnic slur."

Asked for clarification of his original answer, spokeswoman Jessica Smith quoted Webb as saying, "I have never used that word in my general vocabulary or in any derogatory way."

She declined to say whether he had ever used the word apart from when he wrote his book.

Webb fielded questions on the issue after two days of racially charged controversy surrounding Sen. George Allen, a first-term Republican seeking re-election in what has become an unexpectedly close race.

A college teammate of the senator stirred controversy this week when he said that a generation ago, Allen frequently used the n-word when referring to blacks.

Ken Shelton, a receiver on University of Virginia teams quarterbacked by Allen in the early 1970s, also said his teammate once stuffed a severed deer head into a mailbox belonging to a family he knew was black.

"The story and his comments and assertions in there are completely false," Allen responded in an interview with The Associated Press on Tuesday.

"I don't remember ever using that word, and it is absolutely false that that was ever part of my vocabulary."

Last month, Allen's use of the word "macaca" in referring to a Webb campaign volunteer of Indian descent caused an outcry. The word is considered an ethnic slur in some cultures, but Allen said he did not know that and had simply made up the word.

Webb has generally avoided commenting on the controversy surrounding Allen, telling reporters it was irrelevant to his attempt to illustrate differences in leadership styles.

Webb is the son of a military family, and he moved frequently during his childhood. Smith said he spent considerable time in the South during childhood summers because his father's family owned land in Virginia.

Webb campaigned during the day with John Edwards, the 2004 Democratic vice presidential candidate and a potential White House contender in 2008.

Edwards said the allegations lodged against Allen were "very troubling." He noted that the senator has denied them and said voters will have to decide for themselves where the truth lies.

On Tuesday, political analyst Larry J. Sabato said he didn't personally hear Allen use the epithet when they were classmates at Virginia. In a television interview a day earlier he had said he knew Allen had used the word.

Sabato, director of the University of Virginia's Center for Politics, wrote in an e-mail to The Associated Press: "I didn't personally hear GFA (Allen's initials) say the n-word. My conclusion is based on the very credible testimony I have heard for weeks, mainly from people I personally know and knew in the '70s."

Allen Urged To Focus On Successful Record (WT)

By Seth McLaughlin

The Washington Times, September 27, 2006

Virginia Republicans say the floundering campaign of U.S. Sen. George Allen should concentrate more on his accomplishments than on attacking his opponent or responding to charges of ethnic insensitivity.

"I have to believe that some of [Democratic nominee James H. Webb Jr.'s] folks are stirring things up behind the scenes, but I think the majority of the blame falls with the Allen camp," said House Majority Leader H. Morgan Griffith, Salem Republican.

"I think you have to look at some of this stuff and wonder why they don't have him ready to talk about his positive achievements. That's all he has to talk about -- the things George Allen has done," Mr. Griffith said. "He really rewrote Virginia history with welfare reform, education reform, the abolition of parole -- those are three big items."

The Allen campaign yesterday was defending the senator against accusations by a former college football teammate that Mr. Allen regularly used "the N word" to refer to blacks and once crammed a severed deer head into a black family's mailbox after a hunting trip.

Ken Shelton, a radiologist who was a receiver for the University of Virginia in the 1970s when Mr. Allen was quarterback, made the accusations in an article on Salon.com.

In addition, political scientist Larry Sabato said Monday on MSNBC's "Hardball" with Chris Matthews that he thinks that Mr. Allen has used the slur.

Mr. Allen and his campaign staff have denied the accusations.

"The story and [Dr. Shelton's] comments and assertions in there are completely false," Mr. Allen told the Associated Press. "I don't remember ever using that word, and it is absolutely false that that was ever part of my vocabulary."

Allen strategist Christopher J. LaCivita said the senator and Mr. Sabato were not friends and did not associate with each other at the University of Virginia.

"Larry is obviously relying on words he heard from someone else," Mr. LaCivita said. "We believe it's completely inaccurate."

Testimonials from other teammates "contradicting the media's latest salvo" were posted yesterday on the Allen campaign Web site (www.georgeallen.com), which does not highlight the senator's record.

The Allen campaign had been in damage-control mode since the senator's frequent apologies for calling a Democratic staffer "macaca" and Mr. Allen's reaction to a reporter's question about his Jewish heritage.

"Nobody is getting information about issues they might care about," said state Sen. Kenneth Cuccinelli II, Fairfax Republican, adding that the media have driven stories questioning Mr. Allen's character.

"A strong feeling among many experienced campaigners is that you fight the fight where it arises," Mr. Cuccinelli said. "It isn't so much that there is a desire to carry on the campaign this way. This is how it has devolved. ... In my view, the way you deal with the negative, you project positiveness and success."

"From the other side's perspective, the beauty of this is they don't have to talk about issues -- they don't have anything to talk about," he says.

Mr. Cuccinelli said it is interesting that accusations of racial insensitivity are being made now.

"It's not like George Allen just popped up on the scene," he said.

Allen campaign manager Dick Wadhams, who guided John Thune to a 2004 win against U.S. Senate Minority Leader Tom Daschle in South Dakota, said the press has given Mr. Webb a "free pass."

Early on, Mr. Allen's positive TV messages shaped his campaign, and he enjoyed a double-digit lead in the polls. He had been one of the Republican Party's most likely presidential candidates in 2008.

Then, at a campaign rally in Southwest Virginia on Aug. 11, he singled out a dark-skinned staffer for Mr. Webb, called him a macaca and told him, "Welcome to America and the real world of Virginia."

Macaca is a racial slur in some European cultures.

Democrats Snarl At Steele In TV Ad, But He Bites Back (WT)

By Jon Ward

The Washington Times, September 27, 2006

National Democrats yesterday ran their first TV ad against Maryland Lt. Gov. Michael S. Steele's U.S. Senate bid, prompting an immediate response ad from Mr. Steele.

The ad by the Democratic Senatorial Campaign Committee (DSCC) says Mr. Steele "likes puppies, but he loves President Bush," showing a picture of Mr. Steele and Mr. Bush in a heart-shaped frame.

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Mr. Steele, a Republican, responded by releasing an ad that criticizes his Democratic opponent, Rep. Benjamin L. Cardin, for taking money from drug companies and voting against the importation of prescription drugs from Canada.

The DSCC's mention of puppies refers to an ad Mr. Steele released earlier this month warning of negative campaign ads from "the Washington crowd."

Saying that he will be accused of "hating puppies," Mr. Steele says, "For the record, I love puppies," in the ad.

The Steele campaign's strategy has been to pre-empt Democratic attacks, which he says were telegraphed in an internal memo released this spring that advised Democrats to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate."

Mr. Steele is the first black to win statewide office in Maryland.

The DSCC ads had been scheduled to begin airing a month from now and run up to the Nov. 7 general election.

But last week, the DSCC moved up its $1 million ad purchase by one month and presumably will run ads against Mr. Steele for six weeks instead of two weeks.

DSCC spokesman Phil Singer has declined to comment about his group's "strategic decisions."

The DSCC ad features playful music to criticize Mr. Steele for supporting the war in Iraq, backing the president's veto of embryonic stem-cell research and opposing abortion.

In his response ad, Mr. Steele says, "You knew they were coming, nasty ads from the Washington crowd." He says that one of the "real differences" between himself and Mr. Cardin is that he supports "cheaper medicine from Canada."

"Congressman Cardin took money from drug companies and voted against cheaper medicine," Mr. Steele says.

Mr. Cardin's spokesman responded last night that "Michael Steele has taken more special-interest money in nine years than Ben Cardin has taken in 22 years.

"If Steele is against gifts from lobbyists, then why does he accept them?" said Oren Shur. "He says he wants to be a different kind of senator? This sounds like the same old Washington hypocrisy to me."

Democrats Dismiss Steele's Puppy Commercial (WP)

By Ann E. Marimow

The Washington Post, September 27, 2006

The Boston terrier that has figured so prominently in Republican Michael S. Steele's television ad campaign reappeared yesterday in dueling commercials for Maryland's high-profile U.S. Senate contest.

Democrats began airing an ad that called such puppy talk a diversion from Steele's relationship with President Bush and his position on issues such as abortion and stem cell research. Steele, and the growling puppy, were on the air hours later, decrying the Democratic spot as the work of Washington insiders, particularly his Democratic opponent, Rep. Benjamin L. Cardin (D).

The ad, released by the Democratic Senatorial Campaign Committee, is a direct jab at Steele's much-talked-about spot that cast the lieutenant governor as a different kind of politician. In that ad, Steele, looking more like a talk show host than a politician, warns viewers of forthcoming negative ads:

"Grainy pictures and spooky music saying, 'Steele hates puppies' -- and worse. For the record, I love puppies," Steele says, puppy in hand. "And I think you deserve better -- some real ideas for change."

The Democratic response pokes fun at that approach. "It's nice that Steele likes puppies, but he's running for the United States Senate, and it's important to know where he stands on the issues."

The screen repeatedly flashes a photo of Steele and Bush shoulder to shoulder as the announcer tells viewers that Steele supports the Iraq war, opposes abortion and backed the president's decision to veto a bill that would have increased federal funding for embryonic stem cell research.

"Michael Steele: He likes puppies, but he loves George Bush," the announcer concludes as the photo of Steele and Bush is framed in a heart.

The effort to link the Republican candidate to the unpopular president is echoed in contests across the country and in Baltimore Mayor Martin O'Malley's challenge to Gov. Robert L. Ehrlich Jr. (R).

In a state in which Democrats outnumber Republicans in voter registration by nearly 2 to 1, Steele has consistently played down his party affiliation and support from the White House. He held a rally for Democratic supporters last week in Baltimore and unveiled signs with the logo "Steele Democrat."

Steele's quick retort yesterday labels the Democratic spots as "nasty ads from the Washington crowd." He brings back the puppy, which growls in agreement.

The 30-second ad mentions Cardin by name, along with his photo, as Steele talks about what he says are "real differences":

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Steele says he wants to legalize the importation of cheaper prescription drugs from Canada, while Cardin voted against such a measure in Congress. He points out that Cardin has raised campaign cash from special interests, including pharmaceutical companies. Steele goes on to say that he would ban lawmakers from accepting gifts from lobbyists -- although he doesn't address campaign contributions.

"Want more of the same? I'm not your candidate," Steele says. "But if you're ready for change, then I'm your man."

Oren Shur, a spokesman for Cardin, called the assertions in the ad "blatantly hypocritical," noting that the Ehrlich administration did nothing to support Democratic efforts to import Canadian drugs and that Steele has taken gifts from lobbyists.

Both Cardin and Steele have raised campaign money from drug companies and collected hundreds of thousands of dollars from political action committees. Steele's fundraising efforts have also been helped by "Team Steele," a group of lobbyists assigned to bundle PAC contributions.

The 'Moderate Republican' Scam (WP)

By Harold Meyerson

The Washington Post, September 27, 2006

Sen. Lincoln Chafee, Republican of Rhode Island, is seeking reelection in his heavily Democratic state by insisting he's not really a Republican, or at least not part of the gang responsible for the decade's debacles. He didn't even vote for George W. Bush in 2004, he protests. He cast his vote for George H.W. Bush -- a kinder, gentler, more prudent, less strident Republican.

Big deal.

It matters not a damn whom Lincoln Chafee chose to support for president. His vote was one of roughly 435,000 cast in Rhode Island in the 2004 presidential election, and roughly 122 million cast nationwide. The election in which his vote did matter was that for majority leader of the Senate. There, he was one of just 100 electors, in a Senate nearly evenly divided. After this November's elections, control of the Senate may well hang by a single vote.

And if Chafee truly wished to alter the course of his party and his country in the spirit of his vote for Poppy Bush, he would, if reelected, cast his vote for majority leader when the new Senate convenes for Bob Dole or Howard Baker -- former Republican leaders who showed a decent respect for reality and an interest in doing the nation's business.

Rather than support an administration lapdog such as Kentucky's Mitch McConnell, the Republican whip, whom his party will probably put forth to run the Senate next January, Chafee would vote for some old-school GOP pol. Rather than just announce he's against the war and appalled by torture, he'd vote to put the Senate in the hands of someone with enough gumption and wisdom to stand up to a president who's hellbent on a war that's lost its purpose and who believes America should torture its prisoners either because it makes a nifty wedge issue to use against the Democrats or because he actually believes torture is an acceptable U.S. policy. (Or, to give the president the benefit of the doubt, both.)

Chafee and Maine's Olympia Snowe and such deathbed converts to moderation as Ohio's Mike DeWine are seeking reelection to the Senate by claiming that they represent a Republicanism less rabid than the Bush-Rove strain. They point to individual votes in which they broke with the president and flouted the party line. But those votes have been negated a hundred times over by their votes to make Bill Frist the majority leader, just as they would be negated when the new Senate takes office in 2007 if the moderates backed any Republican unwilling to make a fundamental break with Bush and Bushism.

The issue isn't the individual voting records of Frist and McConnell, which are indistinguishable from each other and define the mainstream of today's gorge-the-rich, drown-the-poor, stay-the-course Republicanism. The issue is that under the control of the Republicans, both the Senate and the House have abandoned their constitutionally mandated obligation to oversee executive branch endeavors, most especially endeavors gone as awry as the war in Iraq. The issue is that under Republican control, both houses have abandoned any effort to address America's real problems.

The House and Senate vote to ban flag-burning and gay marriage but never quite find the time to slow the rising costs of health care or raise the minimum wage or mandate fuel efficiency standards lest the polar ice cap melt. Chafee, Snowe and DeWine readily admit that a melted polar ice cap would be troublesome; they will fight it tooth and nail. But come time to vote for majority leader, they always vote for a leader of a party in thrall to big oil.

Problem is, Chafee and his moderate band are an ever weaker force in a party whose very essence is extreme, whose electoral strategy is solely to mobilize its base, whose legislative strategy is never to seek votes across party lines. And unless these moderates boldly go where they have not gone before and cast their vote for majority leader (and I don't mean in caucus, I mean on the Senate floor) for someone other than the nominee of their party caucus, they are not moderates at all. They are loyal and indispensable foot soldiers in the Republicans' continuing campaign to drag the nation rightward and backward.

And guess what. The moderates will vote for the extremist. "Moderate," after all, is only an adjective; "Republican" is a noun. Chafee, Snowe, the whole lot of them, are moderate enablers of an extremist party. That leaves those voters in Rhode

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Island, Maine, Ohio and other states where these self-proclaimed Republican moderates are running only one choice if they seek a Congress to check and balance the president, if they want a more moderate nation: Vote for the Democrat.

RNC Takes Lead In Key Senate Tilts (RC)

By Paul Kane

Roll Call, September 27, 2006

The Republican National Committee already has devoted close to a third of its advertising budget this fall to just three critical Senate races, with all indications that the committee hopes to build a firewall around those states to ensure the chamber's GOP majority.

In the division of financial labor among the three national GOP committees, the RNC is focusing its nearly $30 million advertising war chest on the battleground Senate races in Ohio, Missouri and Tennessee, according to Federal Election Commission records and interviews with a handful of top Republican operatives.

While aides warned that the state of play could change in the final six weeks of the campaign, several GOP strategists said that the current plan was for the RNC to continue focusing its television campaign on those three states.

FEC records bear out that plan so far, with the RNC showering more than $3.8 million in independent expenditures in those states in recent weeks — $2.8 million of that aimed at Rep. Sherrod Brown (D-Ohio), who is trying to unseat Sen. Mike DeWine (R).

According to Democratic sources involved in media purchases, the RNC also has reserved another $4.7 million worth of ads in Missouri, Ohio and Tennessee, devoting more than $8.5 million worth of independent expenditures reserved for just those states so far.

Aides at the RNC declined to confirm or deny the spending figures for the independent expenditure program, citing laws that mandate it be run as a separate entity by separate workers, but noted that the committee plans an aggressive financial push in Congressional races.

RNC Chairman Ken Mehlman publicly has declared that he will spend at least $60 million on Congressional midterms this fall, with the money about evenly split between financing get-out-the-vote efforts for all federal races and for the television air wars. But Mehlman and his aides have declined to spell out where their resources — which are vastly larger than the Democratic National Committee's — would be spent.

"We're going to be spending north of $60 million on politics this fall. We'll be using our financial advantage to help make sure that we maintain our majorities in the House and the Senate," said Brian Jones, an RNC spokesman.

However, other strategists said this week that the RNC would be spending its entire independent expenditure allocation on Senate races.

The RNC will be helping out House Republican candidates through the more than $30 million it is spending on the GOTV effort, known as the 72-hour program, and the committee also is helping House candidates by giving many campaigns $77,000 in coordinated expenditures that national committees are allowed to contribute.

The National Republican Congressional Committee has its own IE unit, which will be the sole vehicle for ads emanating from Washington, D.C., for House races, according to several sources.

"It's equal financial help for both [the NRSC and NRCC]. It's just easier for the RNC to help for an IE unit for Senate races," one GOP strategist explained, noting that several dozen House races remain highly competitive in the home stretch of the campaign.

Some aides explained the decision of RNC officials to focus its ad budget on the Senate races in Ohio, Missouri and Tennessee as both practical and politically expedient given the importance of keeping the chamber's majority.

Independent analysts, as well as party operatives when speaking privately, rate Sens. Rick Santorum (Pa.), Conrad Burns (Mont.) and Lincoln Chafee (R.I.) as the most endangered Republican incumbents. However, even if all three of those GOP Senators were to lose, Democrats would still have only 48 seats.

In addition to winning those three GOP seats, Democrats must hold all of their seats — including the suddenly endangered seat in New Jersey — and also claim Ohio, Missouri and Tennessee to reach 51. GOP strategists realize that winning two of the three seats guarantees their majority — a big part of the reason the RNC is taking a major role in support of DeWine, Sen. Jim Talent (Mo.) and Chattanooga Mayor Bob Corker, the GOP nominee in Tennessee.

With the RNC leveraging up to $30 million on TV in Senate races, that would more than negate the financial edge that the Democratic Senatorial Campaign Committee has enjoyed over the National Republican Senatorial Committee. At the end of July, the DSCC had a more than $15 million cash-on-hand advantage over the NRSC, and, with a spending spree beginning in August, held an $11 million advantage at the end of last month.

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The RNC's independent expenditures are being marshalled by Terry Nelson, who served as the political director for Bush-Cheney '04, while the NRSC's program is being run by Curt Anderson.

The NRSC's IE program is going to be spread across many states, with a focus on states such as Pennsylvania, Rhode Island and Montana, as well as other competitive races, such as New Jersey and Maryland, where the GOP believes it has pickup chances. "We're going to put more into more states overall," one Senate Republican strategist said.

The future IE allocations for both the RNC and NRSC could shift because of the political chess match that Republicans are engaging in with Sen. Charles Schumer (N.Y.), the DSCC chairman.

The DSCC announced a new round of ads Tuesday in Tennessee, Rhode Island and Maryland. To date, Schumer has not sent any of his committee's IE money into Virginia, where Sen. George Allen (R) has suffered a series of self-inflicted mistakes that have allowed his opponent, Jim Webb (D), to make it a very close race. While Virginia previously had been considered safe ground for Allen by both parties, Democrats may want to put money into the Old Dominion, which might prompt a counter-action by one of the GOP committees.

However, Republicans anxiously are eyeing New Jersey, the most expensive race in the nation this year, where Sen. Bob Menendez (D-N.J.) has found himself trailing in the polls to state Sen. Tom Kean Jr. (R). GOP operatives are waiting to see if the DSCC has to shift dollars away from a GOP-held seat to defend Menendez.

The RNC-NRSC effort was most successful so far in Rhode Island, where Chafee beat back a primary challenge from Cranston Mayor Stephen Laffey (R).

While the RNC ran the GOTV effort, the NRSC spent more than $500,000 in the campaign's waning days from its IE budget on TV ads, ad production and polling in support of Chafee, according to a database of IE expenses compiled from FEC reports by PoliticalMoneyLine.

In addition, the NRSC spent almost $60,000 on direct mail against Laffey, who national Republicans dubbed too conservative to have a chance at winning in liberal-leaning Rhode Island.

Whether the IE finances are coming from the RNC or the NRSC, each state with a critical Senate race has the same team of media consultants, pollsters and direct-mail firms working in it. In Tennessee, for example, where Rep. Harold Ford Jr. (D) is squaring off against Corker, the media consultant for IE spending is Scott Howell, while the Tarrance Group is handling polling.

In some instances, the RNC and NRSC will spend in the same state, as is the case in Missouri, where the NRSC just launched a more than $1 million campaign largely focused on attacking Democratic nominee Claire McCaskill.

Also, at the end of August, the NRSC dropped more than $600,000 worth of attack ads in Ohio against Brown.

In total, the two GOP committees have spent at least $3.3 million against Brown, with millions more in reserve.

Bachmann: NRCC Overdrive (RC)

By Nicole Duran

Roll Call, September 27, 2006

Republicans believe Minnesota's 6th Congressional district is solid GOP turf, but given the unfavorable political climate they have endured this cycle, they are not taking it for granted.

The National Republican Congressional Committee paid more than $310,000 to begin running ads Monday in the suburban and exurban Twin Cities district to bash Democratic nominee Patty Wetterling.

Wetterling, who gained national prominence as a child safety advocate after her son was kidnapped in 1989, lost to Rep. Mark Kennedy (R) 54 percent to 46 percent in 2004.

Despite the drubbing Kennedy gave Wetterling and Republicans' public confidence in their nominee to replace him, state Sen. Michele Bachmann, the NRCC has spent almost $500,000 on ads and direct-mail pieces hammering Wetterling since mid-August.

The Democratic Congressional Campaign Committee has yet to run independent ads or drop mail pieces in the district.

"Outside groups have been pouring money into this race on behalf of Patty Wetterling," Jonathan Collegio, a NRCC spokesman, explained. "This is an important race for the NRCC, and in the end we want to be decisive with our win."

Tom Horner, a veteran GOP operative in Minnesota who is not working on any campaigns, said the NRCC is just being smart.

"I don't think any race for an open seat in Minnesota is a slam dunk for Republicans in 2006," Horner said. "I think Minnesota still is a state closely divided.

"With that kind of an electorate in this kind of an environment where there is at least the potential for a Republican backlash ... no Republican can take anything for granted," said Horner, who is now a partner with the Minnesota-based public affairs firm Himle Horner.

Horner said 6th district voters definitely lean Republican and, more importantly, tend to be socially conservative.

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"I do think though that right now Michele Bachmann is the leader and remains the favorite," he said. "Issues like abortion and same-sex marriage are more important in the 6th," which plays to Bachmann's strengths, he said.

Bachmann is an ardent social conservative and championed amending the state constitution to bar same-sex marriage or civil unions during her tenure in the statehouse.

But Wetterling is a well-known and well-liked figure in the district and the state, Republicans concede.

Democrats contend that Wetterling's record of advocacy for families and children trumps Bachmann's voting record in the Legislature.

"National Republicans are desperately attacking Patty Wetterling because they know that the choice in this race between Michele Bachmann, who has a record of broken promises on raising taxes, and Patty Wetterling, who is committed to real tax relief for middle-class families, is an easy one for Minnesota voters," said Kate Bedingfield, a DCCC spokeswoman.

Since July, the NRCC has spent almost $27,000 on polling in the district, including about $10,500 on Sept. 13, according to independent expenditure reports filed with the Federal Election Commission. But the committee has declined to release any results.

EMILY's List, a pro-abortion rights political action committee backing Wetterling, is releasing a survey it commissioned on the race today, presumably finding Wetterling hot on Bachmann's heels if not leading.

Collegio said the NRCC's heavy spending in the district is just a counter measure.

"EMILY's List has directed enormous amounts of money to Wetterling's campaign and our expenditures are there to even the playing field," Collegio said.

But when it comes to PAC largesse, Bachmann actually has benefited more than Wetterling.

According to an analysis by PoliticalMoneyLine, about $348,000 of the more than $1.1 million Bachmann raised for the race through Aug. 23 came from PACs. In contrast, about $138,000 of the $1.3 million Wetterling raised came from PACs.

Through Aug. 23, Wetterling had $801,000 left to spend, while Bachmann had more than $666,000.

Horner said another factor in the NRCC's desire to bolster Bachmann could be Kennedy's Senate campaign.

Currently he trails Hennepin County Attorney Amy Klobuchar (D) by a substantial margin in the Gopher State's open-seat Senate contest.

"The conventional wisdom going in would have been Michele Bachmann would benefit from Mark Kennedy's service in Congress in that district but as his race is at least perceived to be struggling ... then you start to worry, does it have the opposite effect?" Horner said.

GOP Scandals Dog Ohio Candidate (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 27, 2006

GRANVILLE, Ohio, Sept. 26 -- Joy Padgett, the GOP's new congressional candidate in Ohio, has been in a jam when it comes to finding a big-name Republican who could come to town and bring more than trouble.

Gov. Bob Taft? He was convicted of illegally accepting gifts. GOP gubernatorial candidate Ken Blackwell? He is getting trounced in the polls. Bob Ney, the current congressman? He admitted taking bribes and then checked himself in for alcohol rehabilitation.

This helps explains Padgett's excitement Tuesday as her lunchtime guest of honor took to the podium outside the historic Granville Inn. It was first lady Laura Bush. The president's approval ratings may be in the drain, but the first lady still regularly scores in the high sixties. She was in town to raise money for Padgett, and to offer the candidate at least a one-day respite from the troubles that her radioactive party affiliation is causing in Ohio's 18th District.

"Joy, who as I just told you was a schoolteacher for 20 years, owns custom-made brass knuckles," the first lady tells an overflow crowd of people who contributed between $100 and $1,000 to Padgett to attend the event. "When Joy says she's a tough campaigner and that she will fight for the people of Ohio, she really means it."

Padgett could use the endorsement. Earlier this month, she won the GOP primary to replace Ney on the November ballot in a district that, under normal circumstances, Republicans win comfortably. But Zack Space, the Democratic candidate, sometimes seems like the least of her problems.

"I am not going to downplay it: Voters are skeptical of everything" in the current political climate, Padgett said in an interview.

Democrats are pressing the scandal issue relentlessly, and it appears to be working with some voters. Vicki Sugar, a Granville resident who attended the Bush fundraiser, said: "This is the first time I have ever felt like I wanted to back out. Does it really matter if I vote Democrat and Republican?"

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In a year when Republicans are battling low poll numbers nationally, there are few places where the GOP brand is more scuffed than in Ohio, where, since President Bush's election-night triumph here two years ago, national and local scandals have polluted the political atmosphere for GOP candidates.

A poll released this week by the Columbus Dispatch indicated Democrats could sweep races for U.S. Senate as well as Ohio governor, auditor, treasurer and secretary of state. This would be a remarkable turnaround after 16 years in which Republicans have enjoyed uninterrupted control of the governorship and dominated most statewide races.

In House races, Deborah Pryce, the fourth-ranking Republican leader, is facing the toughest race of her career and Padgett, battling in a district President Bush carried with 57 percent of the vote in 2004, is regarded as far from a lock to succeed Ney.

Nationally, it is the Iraq war, excessive spending and other issues that analysts generally regard as the root of the GOP's problems. In the Ohio River Valley, however, troubles can also be attributed to missteps and scandals at the state level. In Indiana, Gov. Mitchell E. Daniels Jr. infuriated voters by privatizing a toll road -- turning the work over to foreign companies -- and trying to adjust the time zone. In Kentucky, Gov. Ernie Fletcher has been dogged by a hiring scandal. They are two of the least popular governors in the country -- and they do nothing but harm GOP candidates in their sates.

Padgett, a 59-year-old state lawmaker from Coshocton, is trying to force the debate away from her party's problems toward policy issues such as immigration that she hopes will offer more favorable terrain. "I am a first-generation -- legal -- American," she said. She supports House legislation to tighten border security and says illegal immigrants should be forced to leave. "They have to come back legally," she said.

Padgett, who has represented 14 of the district's 16 counties, is counting on voters to overlook her self-described "casual" and "not social" relationship with the prison-bound Ney.

"Democrats want to make a lot out of it because they need an issue," she said. "He might be a factor if people chose for him to be."

This is the kind of district Republicans usually dominate in state politics. The Ohio 18th, a mix of small-town farms and mines, stretches from Appalachia to the Columbus suburbs. Margaret Jensen, from nearby Newark, said the GOP troubles are "unfortunate." But she quickly added: "We are die-hard Republicans. We'll never go over to the other side, no matter what."

Space, a 45-year-old lawyer, said the Ohio Republican party and the Iraq war have softened many "nevers" into "maybes." His strategy is to link the GOP hopeful with the GOP congressman so that voters will see "Padgett" on the ballot and think "Ney."

The Democratic candidate said that while he has been trying for months to focus voters' attention on the ethical transgressions committed by Ney, it was not until the lawmaker's recent agreement to plead guilty that it hit home. "The reaction among constituents is that he lied to them," said Space. "It constitutes a betrayal."

Space said voters now are beginning to understand that Ney's actions are not simply the result of one bad seed but rather are indicative of the stranglehold special interests have on the Republican majority. "It is a manifestation of something more malicious," the candidate said.

And, though Padgett rarely mentions Ney by name, Space is convinced that her ties to the legislator will complicate her campaign. Space said that Ney "anointed" Padgett as his replacement. She has said that is not true -- but she has to deny it over and over, underscoring the predicament of Republicans in a year when bad breaks outnumber good by a wide margin.

Campaign 2006: The Battle For Ohio, Round Two (TIME)

By Perry Bacon, Jr

Time, September 27, 2006

Just as in 2004, this year's election might come down to what happens in Ohio. But two years later, that's about the only thing that remains the same. A corruption scandal that implicated Republican Governor Bob Taft has sunk his approval ratings to 19%, making him the second-lowest-ranked governor in the country, according to Survey USA. Another corruption scandal forced G.O.P. Congressman Bob Ney to plead guilty to charges of accepting free gifts and meals from lobbyist Jack Abramoff. He's not seeking reelection, putting his House seat in danger for Republicans. And that's not all the problems for the G.O.P. in Ohio. "You've got a national anti-Republican, anti-incumbent sentiment that wasn't there two years ago," says Peter Brown, who surveys Ohio races for the Quinnipiac University Polling Institute. Voters aren't happy about the economy, Iraq or President Bush here either. Even Neil Clark, a veteran G.O.P. lobbyist and former top Republican state senate official, says "The state is poised to have a very bad day for Republicans."

Democratic chances of winning key races here are so high that top officials are trying to guard against activists getting complacent. "There is a danger that we may be too overly confident that there is going to be change," said Susan Gwinn, chairman of the Athens County Democratic Party in southeastern Ohio. "That's my biggest concern. I think, frankly, tighter numbers for us at the top of the ticket would probably be more mobilizing. I've heard people who say, 'I am not going to give any

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more money to that person, because he is so far ahead." And Democrats remain worried that the G.O.P. will outperform them at getting voters to the polls, much as the Republican turnout operation helped defy the oddsmakers in 2004. Both Democrats and Republicans say a ballot initiative to allow slot machine casino gambling in the state may help to turn out conservatives who would oppose it, although liberals may show up to support a proposed minimum wage increase also on the ballot.

These Ohio races are critical. Democrats need 15 seats to win back the House, and three of their best chances are in Ohio. In the Senate, where they need six seats, this is a place where they could win one. And both parties want the governor on their side come 2008, when the Presidential election could again be decided here. Not surprisingly, each party is active in the state, and outside groups are heavily involved as well. Both the liberal MoveOn.org and the conservative Chamber of Commerce have been running ads in the key races, and party operatives will be on the ground in the next few weeks. Here's a closer look at some of the key Ohio races:

SENATE

Rep. Sherrod Brown (D) v. Senator Mike DeWine (R): This race will say a lot about how both parties will perform at the polls in 2006, and perhaps 2008 as well. That's because there's nothing particularly compelling about the personal stories of either one of these candidates; they're both career politicians — DeWine served in the state senate, the U.S. House and was lieutenant governor, while Brown was a longtime state representative and the Ohio secretary of state. So it's a straight-ahead battle between two candidates who are emphasizing the same themes their parties are offering nationwide. DeWine and the national Republicans are running ads attacking Brown for his opposition to the Patriot Act, the Bush tax cuts and some measures the G.O.P. has pushed to stop illegal immigration, such as the immigration bill the House passed last year that didn't have a guest worker program. Brown is attacking DeWine for supporting trade agreements like NAFTA that he says have cost jobs in Ohio, backing President Bush on the war and not doing enough to hold down the cost of prescription drugs. Brown has long been a critic of these trade deals, which more moderate Democrats such as President Clinton have in the past supported, and if his populist rhetoric works, expect to see other candidates adopt such anti-trade rhetoric in the Midwest in 2008 to appeal to voters worried about the continuing decline of manufacturing jobs. DeWine has a history of winning close races, and for all the attention focused on it as a swing state, Ohio has long had two Republican senators and a Republican governor. But nearly all the polls over the last two months have shown Brown ahead.

HOUSE

Rep. Deborah Pryce (R) vs. Mary Joe Kilroy (D)

If Kilroy, a Franklin County Commissioner, wins this race, it would be the biggest individual victory for the House Democrats on election night, because Pryce, as the chairman of the House Republicans, is the No. 4 member of the leadership team. The Democrats see this district in Central Ohio as an opportunity to make a huge splash, as MoveOn.org and Americans United for Change, which opposes Bush's plan to revamp Social Security with private accounts, have been among the groups attacking Pryce in ads.

This race gets at one of the central questions of this campaign: will voters choose to dump incumbents who they think are perfectly nice people and good members to send a message to Washington and President Bush? Pryce is well-liked in the district and won 62% of the vote there in 2004, even while Bush and Kerry were split about evenly. And over the last few months, she's tried to reassure voters of her centrist views, by voting for and bragging about her support of embryonic stem cell research and raising the minimum wage, which most of the House Republican leadership opposed. Of course, on almost all the big issues, starting with the Iraq War, Pryce has supported Bush, and that's what Kilroy is hoping can sink the seven-term incumbent.

GOVERNOR

Ohio Secretary of State Kenneth Blackwell (R) vs. Rep. Ted Strickland (D)

This was supposed to be one of the most interesting races in the country, as the two candidates both have resumes that make them stick out in their parties. Blackwell is the controversial Ohio Secretary of State, whom many Democrats blame for problems some voters had, such as long lines at polling places, on Election Day in 2004. He's one of the major figures in the rise of the conservative, evangelical wing of the Ohio Republican Party and won a difficult primary over a more moderate opponent. And he's one of the few African-American Republicans running statewide in the country. Democrats are often unfairly described as a party that doesn't appeal to religious voters, as African Americans attend church in high numbers and tend to vote Democratic, but Ted Strickland is an unusual candidate as well: the congressman has a master's degree in divinity, has worked as an administrator at a Methodist children's home and talks openly about his faith in campaign ads. Both candidates were supposed to reshuffle the usual voting patterns, as Blackwell has showed up in black churches while Strickland has appealed to evangelicals who normally back Republicans. Only Strickland has succeeded so far. In polls, Strickland is getting 40% of the vote from self-described white evangelical Christians; John Kerry got fewer than 25% in 2004. By contrast, recent polls show Blackwell getting from 15% to 20% of the black vote, about the same as Bush got. Of course, this is the race most affected by

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the Taft scandal, since Blackwell is running to keep the governor's office in Republican hands. Barring a stunning turnaround, he won't: polls show Strickland ahead by 12 to 21 points.

HOUSE

Rep. Steve Chabot (R) vs. John Cranley (D)

The Democrats have adopted a risky strategy in a few key races: having a guy who already lost to the incumbent once try again. Cranley won only 45% of the vote in 2000 in this district near Cincinnati when he took on Chabot the first time. The six-term Chabot won 60% of the vote in 2004, but this is a close district in which Bush got about 51% of the vote in 2004. This is also a much more difficult year for Republicans, and Cranley has had six more years to establish himself as a city councilman in Cincinnati.

So Chabot, like other Republicans in tight races, is changing the subject from Iraq. He's touting his work to cut wasteful spending, while accusing Cranley of supporting "amnesty" for illegal immigration. Cranley is trying to keep voters focused on the problems at hand, running ads blaming Chabot for high gas prices and linking his opponent with voters' frustrations on other issues such as the increasing national debt.

HOUSE

Zach Space (D) v. Joy Padgett (R)

In the race to replace Bob Ney, State Senator Joy Padgett has one advantage; a conservative district in eastern Ohio where President Bush won 57% of the vote in 2004. The challenge for her will be to not allow Space to define her as being close to the Bobs. Space, a lawyer, will be trying hard, as ad an he started running last week calls Padgett "Bob Taft and Bob Ney's handpicked candidate."

Hospital Defends Promotion, Raise For Senator's Wife (CHIT)

By Mike Dorning

Chicago Tribune, September 27, 2006

WASHINGTON -- Officials at the University of Chicago Hospitals on Tuesday explained a large salary jump for Sen. Barack Obama's wife shortly after he took office as a normal promotion that reflected expanded duties in her job as a liaison with the South Side community surrounding the medical center.

Michelle Obama was promoted to vice president for external affairs in March 2005, two months after her husband took office in the Senate. According to a tax return released by the senator this week, the promotion nearly tripled her income from the hospitals from $121,910 in 2004 to $316,962 in 2005.

Hospitals spokesman John Easton said Obama's salary was in line with the compensation received by the not-for-profit medical center's 16 other vice presidents.

A tax return for the hospitals covering the 12 months ended June 30, 2005, shows most of the organization's vice presidents earning between $291,000 and $362,000.

Easton said the hospitals had made a determined effort to deepen their connections to the surrounding community, beginning in 2002, when Obama was hired for the new position of executive director for community affairs.

"There was a real initiative by the university and the hospitals to have a real relationship with the community," Easton said. "Over time, she developed a staff. … It went from zero staff to Michelle and 10 staff."

Michael Riordan, who was University of Chicago Hospitals president at the time, said he had planned early on for the position to evolve into a vice president's post as a way of showing the organization's commitment to community outreach.

"I knew where I wanted to go with this position," said Riordan, who now is the top executive of the Greenville Hospital System in South Carolina. "I wanted to identify someone to grow into it."

Riordan said Obama's promotion had nothing to do with her husband becoming a U.S. senator.

"She was hired before Barack was Barack," Riordan said. "She is worth her weight in gold, and she is just terrific."

Easton said the hospitals' management had discussed a promotion to vice president with Obama previously but that she had been reluctant to undertake the commitment until her husband's Senate campaign was finished. In part, she wanted to wait until her family had made a decision on whether to maintain their primary residence in Illinois, which they did, and she had a better sense of the demands on her time as a senator's wife, he said.

At the time Obama was promoted to vice president, Easton added, she also had "at least one other, more lucrative offer" from a potential employer, though he declined to identify the competing organization.

Easton said the hospital management believed she merited the promotion based on a series of achievements. They included expansion of the institution's women and minority vendor purchases, rejuvenation of its volunteer program and work she did to help set up a collaborative effort with South Side clinics and doctors' offices to provide primary care for low-income residents who otherwise would seek treatment at the emergency room.

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In explaining her salary increase, Easton and a spokesman for the senator both stressed her educational background, which includes an undergraduate degree from Princeton University and a law degree from Harvard.

Obama's new salary is significantly higher than her annual earnings during the seven prior years for which the Obamas have released their taxes. During those years, her wages ranged from a low of $50,343 in 1999 to a high of $121,910 in 2004.

After Obama's graduation from Harvard Law School in 1988, she worked for a few years as an associate at the corporate law firm Sidley Austin in Chicago. Such law practices typically pay lucrative salaries.

But after a few years, Obama moved into a series of positions in local government and non-profit organizations, which typically pay lower salaries.

According to a biography supplied by the medical center, she moved from the law firm to work first as an assistant to Chicago Mayor Richard Daley and then as the assistant commissioner of planning and development.

In 1993 she became the founding executive director of Public Allies Chicago, an AmeriCorps national service program. She later worked as an associate dean of student services at the University of Chicago, a position she held until she was hired by the University of Chicago Hospitals.

Bill Would Reimburse States For Printing Alternate Ballots (NYT)

By Ian Urbina

The New York Times, September 27, 2006

WASHINGTON, Sept. 26 — Three Senate Democrats proposed emergency legislation on Tuesday to reimburse states for printing paper ballots in case of problems with electronic voting machines on Nov. 7.

The proposal is a response to grass-roots pressures and growing concern by local and state officials about touch-screen machines. An estimated 40 percent of voters will use those machines in the election.

"If someone asks for a paper ballot, they ought to be able to have it," said Senator Barbara Boxer of California, a co-sponsor of the measure with Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin.

Republican leadership aides were skeptical about the prospects for the measure. It would have to advance without opposition from any senator and then make it through the House in the short time available before Election Day.

Dozens of states are using optical-scan and touch-screen machines to comply with federal laws intended to phase out lever and punch-card machines after the hanging-chads confusion of the 2000 presidential election. Widespread problems were reported with the new technology and with the poll workers using them this year in primaries in Arkansas, Illinois, Maryland, Ohio and elsewhere.

Local and state officials have expressed concern that the new systems might not be ready to handle increased turnouts. Election experts fear that the lack of a paper trail with most touch-screen machines will leave no way to verify votes in case of fraud or computer failure.

Last week, Gov. Robert L. Ehrlich Jr. of Maryland, a Republican, joined the skeptics, saying he lacked confidence in his state's new $106 million electronic system and suggesting that state officials offer all voters paper ballots as an alternative.

The proposed federal bill would provide 75 cents for each backup paper ballot that a precinct prints. If ballots are printed for half the 27 million voters expected to use touch-screen machines, Ms. Boxer said, her bill would cost Washington no more than $10.1 million.

Barbara Burt, vice president and director of election reform programs at Common Cause, a good-governance advocacy group, said that the bill would have been stronger if it had required precincts to provide paper ballots in federal elections, but that it was a step in the right direction.

"Lack of funding has been the main excuse that local election officials have used to avoid implementing paper precautions," Ms. Burt said. "This takes that excuse away from them entirely."

Ms. Boxer said mandating all precincts to provide paper ballots would have been impractical.

"I think Big Brother dictating something to local jurisdictions is a big mistake, because they will balk at it," she said. "What we're saying here is that you run your own elections, and we are going to help you run it properly. If local officials don't take advantage of the option to take precautions, then they're the ones on the line."

Brad Friedman, a liberal blogger and longtime critic of electronic voting, said that incentives to print paper ballots would help, but that without a federal mandate some voters would still have no choice but to use touch-screens.

On Thursday the Committee on House Administration, which has a role in overseeing election procedures, will hold a hearing to consider whether all voting equipment should produce a paper record that lets voters verify how they voted.

Ensign To Lead NRSC (RC)

By John Bresnahan And Erin P. Billings

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Roll Call, September 27, 2006

Sen. John Ensign will take the helm of the National Republican Senatorial Committee at the start of the 110th Congress, putting the Nevada Republican on the front line of what is certain to be a difficult election cycle for the GOP.

Republican leaders have been scrambling for nearly two months to recruit the next NRSC chairman after Sen. John Thune (S.D.), who was expected to assume the post, opted against a bid. Thune shocked the GOP Conference in early August when he announced he wasn't interested in the position, citing the travel burden and family commitments.

Ensign, who also declined the NRSC post when initially approached by party leaders, said he changed his mind after consulting with friends, colleagues, and his wife, Darlene.

"It's a big challenge, there's no question, it's a big challenge, but it's an important job," Ensign said in an interview Tuesday. "I think it's a job that I'm up to. I feel very privileged to even serve in a position like that."

Ensign added: "Nobody likes asking for money, that's the reason that a lot of people don't want to do it. I think it's an important job, and you have to raise the resources to get your folks elected."

The 48-year-old Ensign, who was first elected to the Senate in 2000 after two terms in the House, openly acknowledged the hurdles he will face as NRSC chairman next cycle.

Twenty-one Republican Senators are up for re-election in 2008, versus just 12 Democrats. When combined with the certain competition for donor dollars from a presidential campaign and a renewed battle for the House, the NRSC's ability to raise money and elect its candidates will be tested severely.

"I know I'm up against it," Ensign said. "It's a tough cycle. Twenty-one [GOP Senators] up. I realize that. I realize all the negative parts about it, and that makes it all the more exciting to me because it makes it that much more difficult."

The Nevada Republican offered praise for Sen. Charles Schumer (D-N.Y.), the current chairman of the Democratic Senatorial Campaign Committee. Schumer, who has been able to pull the Democrats into financial parity with the NRSC after years of trailing in the money race, is believed in some quarters to be prepared to return to the DSCC for another cycle, although no formal decision has been announced yet.

"Chuck Schumer is a very worthy opponent," Ensign said.

Ensign said his original decision not to accept the NRSC position was based more on the fact that it would keep him away from his family when the Senate was out of session, rather than any lack of desire to serve in the GOP leadership.

"I wasn't interested because of personal considerations, not because I didn't want the job," Ensign said. I always wanted to do the job."

The Nevada Republican said he talked with several former NRSC chairmen about the demands of the job and was reassured that he could tailor it to fit his own personal style.

"Some chairman traveled very little, some traveled a lot," said Ensign, who has three children. Ensign said he and his wife "spent the last couple weeks exploring it, what's entailed, and I laid it all out for her. She's very enthusiastic in her support and that was very critical for me."

Several people close to Ensign, whom he would not identify, also told him to accept the post.

"It was personal friends of mine who told me to reconsider," he said. Ensign then held further discussions with some of his Senate colleagues, and by last weekend, had decided to inform party leaders that he would accept the job.

Ensign met with Majority Whip Mitch McConnell (R-Ky.), the presumptive Senate Republican leader in the next Congress, on Tuesday. The two huddled for about 30 minutes, during which Ensign "laid out his plan for 2008 and the role of the NRSC chair," said Don Stewart, McConnell's spokesman.

"I have discussed this with Sen. McConnell," Ensign admitted, although he would not go into further detail, including any discussions he may have had with retiring Senate Majority Leader Bill Frist (R-Tenn.).

While McConnell has declined to endorse anyone for a leadership position heading into 2007, and the GOP Conference still must formally approve Ensign as the NRSC chairman, no other Republicans have thrown their hat in the ring, making it Ensign's by default. Senators who are "in cycle" are ineligible for the post, eliminating a huge chunk of the conference from consideration.

"This is an outstanding choice," said Brian Nick, spokesman for Sen. Elizabeth Dole (R-N.C.), current chairwoman of the NRSC. "Sen. Ensign is already a star in the Republican Conference. And his willingness to step up to the plate to tackle this incredibly challenging endeavor will be a huge benefit to Republicans."

Ensign's decision to seek the NRSC post leaves the vice chairman position open to Sen. John Cornyn (R-Texas), the only other candidate for that job, at least for the time being.

Many in the Republican Conference viewed Cornyn as the frontrunner for the position, a sentiment which could have tipped Ensign's decision to vie for the NRSC slot.

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But in itself, the NRSC chairmanship can be a stepping stone to elected leadership. Both Frist and McConnell served stints as NRSC chairman, and Ensign's decision to accept what is sure to be a tough role in a difficult election cycle may earn him support within the Conference.

Ensign, a 1981 graduate of Oregon State, was a veterinarian before first coming to Congress in 1994. A born-again Christian, Ensign narrowly lost a bitter 1998 Senate race to now Minority Leader Harry Reid (D-Nev.), falling by just 428 votes following a statewide recount.

In February 1999, former Sen. Dick Bryan (D-Nev.), announced that he would not seek re-election in 2000. Ensign immediately jumped into the race, and won a solid 10 point victory over Democratic lawyer Ed Bernstein.

Ensign is facing Jack Carter, son of former President Jimmy Carter, this November. Recent polls. A recent poll for the Las Vegas Review-Journal showed Ensign holding a 23-point lead over Carter.

Richardson Emerges As Possible Democratic Presidential Candidate (MCT)

By Steven Thomma

McClatchy Newspapers, September 27, 2006

WASHINGTON - Gov. Bill Richardson of New Mexico insists that he's focused only on helping Democrats win elections this year and won't decide until next year whether to run for president.

But over scrambled eggs and sausage Tuesday morning, he gave reporters a preview of the distinctive campaign he'd run - and how much he'd differ from likely rival Sen. Hillary Rodham Clinton of New York.

He boasts a decidedly different resume. He's arguably more candid. And he's definitely funnier.

"I haven't made a decision," said Richardson, 58. "I will make a decision early next year."

Later, however, he ticked off the changes in the Democratic presidential primary calendar and how Western states could play a bigger role in picking the 2008 nominee - states that happen to be in his backyard. Was he already mapping his campaign? "I'm just kind of observing how it happens," he said, his smile giving way to a knowing laugh.

Richardson came to Washington to talk about his work as chairman of the Democratic Governors Association and the prospects for this year's 36 gubernatorial elections.

He's on the ballot himself. But he's coasting toward re-election to a second term, confident enough that he can tour the country helping other candidates for governor - and coincidentally earning the gratitude of potentially powerful pols who might be able to help him in 2008.

As governor, he's built a record that could serve as the centerpiece of a presidential campaign aimed at holding blue states and picking up red states. He's cut taxes. He declared an illegal immigration state of emergency. He dramatically increased death benefits for his state's National Guardsmen killed in Iraq, a move being followed by 36 other states.

"Being a governor is the best job I've ever had," he said. "A governor can actually do things. You can build schools. You can create jobs. You can give health care to little kids. We were able in New Mexico to insure every child under 5."

Richardson is keenly aware that the country tends to elect governors, not senators, to the presidency. Four of the last five presidents were governors first. No senator has been elected since John F. Kennedy in 1960.

"When you're in Congress, you don't have to worry about fiscal issues, about management. You're kind of voting, you're floating around," he said.

Richardson wouldn't be the only governor in the Democratic race. Iowa Gov. Tom Vilsack and former Virginia Gov. Mark Warner are eyeing campaigns, as is Sen. Evan Bayh of Indiana, a former governor.

But Richardson would be the only one who also has foreign policy experience - often a weakness for governors. He served as U.S. ambassador to the United Nations in 1997-98 and keeps his hand in international affairs. This summer, he flew to Sudan to win the release of two journalists who were arrested while reporting in Darfur.

Personally, Richardson is very different from Clinton and other potential rivals.

For one, he's more candid.

As DGA chairman, he laughed that he came to the press breakfast "to give you the most positive spin, in case you haven't figured that out."

Belying that jest, he acknowledged that, if the election were held today, Democrats would pick up governors' offices in states such as Colorado, Massachusetts, New York and Ohio, but fall short in such states as California, Florida, Georgia, Idaho, Minnesota, South Carolina and Texas.

He insisted that Democrats could and would prevail in many of those states - but not all politicians would concede that their party would lose in them if the elections were today.

Finally, Richardson likes to share a laugh.

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Take his comments on the growing voting power of Hispanics. "They're everywhere. I was just in Maine. I met the three of them. They came to the airport to see me," said Richardson, whose mother is Mexican.

The candor and laughs could fade if Richardson gets in the race and starts getting the much tougher scrutiny that probably helped turn Clinton defensive. But it's also possible that his warmer personality could help him weather the onslaught better.

Bill Richardson (CSM)

By David Cook

The Christian Science Monitor, September 27, 2006

New Mexico Governor Bill Richardson came to a Monitor sponsored breakfast on Tuesday in two roles - chairman of the Democratic Governors' Association and potential presidential candidate.

As chairman of the Democratic Governors' Association, Richardson talked up his party's prospects in the 36 statehouse races that will be decided this November.

"I believe we will win the House of Representatives, the Senate probably [is] a little more difficult," Richardson said. "I can honestly say I believe we will win a majority of governorships this year.... We will win in New York. We will win in Massachusetts. We will win in Colorado. We will win in Ohio. We will win in Arkansas. We have some very competitive toss ups in Nevada [and] Florida. We will win in Maryland. I would put Maryland in the 'feel confident' [category]."

Another governor's race where Richardson is confident is New Mexico. Although he is running for reelection, Richardson felt confident enough to take time out for a swing through several Eastern states to campaign for Democratic gubernatorial candidates.

Richardson was also in Washington as someone pondering a move from the state house to the White House. The governor told reporters at the breakfast that he "will make a decision early next year" on whether to run for president. But he is already clearly preparing for a presidential run.

For example, Richardson instantly offered up a highly detailed plan when asked what he would do about Iraq if he were president.

Here is a key portion of his response: "I would set a timetable for withdrawal. I would couple that with a political solution of the three ethic groups forcing them to have a political solution. There is no military solution. Specifically, I would divide up the oil revenue, the cabinet ministries and force them to come up with a new political framework. I would also study Senator Biden's federation [proposal]. I think that may be ultimately the right solution."

Richardson continued: "I would set up a Middle East peace conference that would deal with civil administration and reconstruction of Iraq.... Muslim and European nations would be part of that. I would then redeploy [US] troops, leave a residual force in Iraq [and] put [troops] where we really need them, [in] Afghanistan. I would put others in Gulf States to deal with international terrorism threats. And I would also use a large part of those financial budgets and reserves that we use in Iraq on homeland security in this country. This country is not fully protected. I would emphasize port security. I would emphasize security of our subways [and] our aircraft. I would put money in detection of those liquids that became such a problem...."

Iraq is playing a role in this year's governors races, Richardson said. He said Democrats are riding what he called a "2 percent wave" of voter preference in which the war in Iraq plays a key role.

"I think the Iraq war has a large part to do with that 2 percent, frustration over the Iraq war, frustration over the competence of the Republican administration," Richardson said. "I think all of that combines to help candidates at the state and federal level.... I think the Iraq war also is a factor in governors races. Not that every governor has a position on it. But I do think the Iraq war has coat tails ... that are benefiting Democrats. It is sort of a 'Republicans have been in office too long and they have botched this war and [voters are] going to take it out on Republican candidates.' I see that across the board."

In the longer term, Richardson expects the growth in the country's Hispanic population to help Democrats. "I think President Bush did make some inroads with Hispanic voters in the last election. Maybe 4 percent," Richardson said.

But he added, "I believe that is going to be eroded with a national perception of Hispanics seeing Republicans on the immigration bill wanting to criminalize aliens, wanting to build a fence, wanting to take citizenship away from undocumented workers' kids and having sort of a harsh attitude. So that is the flip side of the wedge issue. And in states with substantial Hispanic populations ... that is going to turn those voters into Democrats and it is going to give Democrats advantages in those states...."

Referring to states with growing Hispanic populations, Richardson said, "My view is that the West is the future of the democratic party - Nevada, Colorado, New Mexico, Arizona, Utah."

There has been a controversy in the Democratic party over Democratic National Committee chairman Howard Dean spending to rebuild the party in every state. Dean's critics charge that he should focus resources on states with close races. Richardson said, "I am on Dean's side. I think what Howard Dean is doing makes sense.... That is what we should concentrate

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on. The DNC's role is to rebuild the state Democratic party. For instance in New Mexico ... because of the DNC we have 4 extra full-time campaign workers that have been there. That is helpful."

Ready To Rumble (RC)

By Mary Ann Akers

Roll Call, September 27, 2006

Gotta love it when Speaker Dennis Hastert (R-Ill.) and Minority Leader Nancy Pelosi (D-Calif.) accidentally come within touching distance and can't escape, but, because other people are watching, have to pretend to be nice to each other.

One such occasion occurred Tuesday, just outside the House Radio-Television Correspondents' Gallery studio where lawmakers often hold press conferences.

Hastert and other Republicans were inside the studio denouncing immigrant gang violence while Pelosi and her gang of Democrats were outside, waiting to get inside, to talk about the new National Intelligence Estimate report showing that the Iraq War has actually expanded terrorism rather than reduced it.

Pelosi, joined by Rep. John Murtha (Pa.), the leader of the Democratic drum beat against the Iraq War, and other Democrats were twiddling their thumbs waiting for Republicans to finish their spiel on gangs when the door opened. Hastert walked out and — voila! — suddenly found himself standing very, very close to Pelosi, who was wearing her signature perma-grin.

Struggling for pleasantries, Hastert said, "Fancy meeting you here!"

Pelosi, still smiling, responded in kind.

"We were talking about gang violence," Hastert said.

"We may have some right here," Pelosi replied. (Yes, still smiling.)

Everyone had a little chuckle, and Hastert went on his way. But we couldn't help but wonder: Who would take whom in a fight between the Speaker and the Minority Leader?

"The wrestling coach still has sharp skills," a GOP leadership aide said, without a trace of partisan bias, of course.

Phony Blogger Fired. A top aide to Rep. Charles Bass (R-N.H.) was forced to resign Tuesday for using Congressional office computers to pose as a liberal on political blogs, in an apparent attempt to undermine Bass' Democratic challenger.

Bass asked longtime aide Tad Furtado to resign after HOH revealed Monday that the operators of two liberal blogs in New Hampshire had traced the suspicious poster's Internet protocol address to the House of Representatives' computer server.

"Tad Furtado posted to political Web sites from my office without my knowledge or authorization and in violation of my office policy," Bass said in a statement. He added that he was referring the matter to the House Committee on Standards of Official Conduct "for their review."

House ethics rules prohibit employees from using government resources to engage in campaign activity. Furtado, who had worked for Bass since 1998, posted blog comments under the pseudonym "IndyNH" and "IndieNH." He pretended to be a liberal who didn't think Bass' opponent, Paul Hodes, could win. He suggested that "fellow" liberals follow him by investing their time and money elsewhere — "maybe CT or NY for me — they are at least close by."

Owners of the sites Blue Granite and NH-02 became suspicious and easily traced IndieNH's IP address to the House, where they figured very few offices, and perhaps only one, would have interest in the New Hampshire 2nd district race.

Reid Cherlin, a spokesman for Hodes, the Democratic challenger, told HOH, "This is the No. 2 staffer in Bass' office, and that's very serious. [Resigning] was the appropriate thing to do."

Cherlin wondered whether Furtado was conducting opposition research from Bass' office. Bass spokesman John Billings said categorically that Furtado "was not conducting opposition research from the office."

Bass said in his statement that he had "no knowledge" of his aide's activities, but that "I must ultimately accept responsibility for the actions of my staff. I sincerely apologize to anyone whose websites may have been disrupted by these posts."

Dialing for Dollars. At least we know where Minority Leader Pelosi gets some of her work done: at George's Salon in Georgetown. She was spotted there Saturday getting her hair done while talking a mile a minute on her cell phone, making fundraising calls for the Democratic Congressional Campaign Committee.

An aide had papers splayed out all over the floor around Pelosi to help her out with the pitch. (No wonder she's the single largest fundraiser for Congressional Democrats, having raised more than $45 million so far this cycle.)

"She's working so hard she can't even get a haircut in peace!" said Pelosi spokeswoman Jennifer Crider.

Lantos Hearts Ricky. None of them got to dance with the Latin American pop star, but members of the House International Relations Committee did heap a whole lotta lovin' on "Ambassador" Ricky Martin when he testified before the panel on Tuesday about combating human trafficking.

No one — not even the women on the committee — seemed quite as smitten with the 34-year-old Martin as Rep. Tom Lantos (D-Calif.), the panel's ranking member. It was clear: Lantos had a man crush. He was diggin' la vida loca. Big time.

"Let me just say that while my wife of 56 years considers you devastatingly handsome, I think your true beauty lies inside," Lantos said. "Thank you very much, Ricky."

At press time, we were unable to confirm where Lantos and Martin plan to go on their first boys' weekend trip together.

Police Stop Protest At Senate Building (WP)

By Michelle Boorstein

The Washington Post, September 27, 2006

The quiet, sunny atrium of the Hart Senate Office Building was transformed into a chaotic scene yesterday when dozens of war protesters filed into the lobby, formed a prayer circle, shouted Scripture and eventually were arrested as Senate staffers hung over railings and crammed glass-walled offices to watch.

Employees in the building and longtime area activists said they had never seen police allow such a demonstration in a government office building, with activists one and two stories up reading the names of the Iraq war dead, civilian and military. The names rang loudly through improvised megaphones into the building's open center. Dozens of police streamed into the atrium and arrested about 35 people, including Rick Ufford-Chase, who until recently was a top official of the Presbyterian Church (USA).

"I've been working here nine years, and I've never seen this much police activity -- except during the anthrax scare," said an employee who did not give his name because he said he had not been authorized to talk to the media.

Sgt. Kimberly Schneider, a spokeswoman for the U.S. Capitol Police, said: "We don't encourage people to demonstrate in the buildings. . . . I'm not aware of anything unusual about how it was handled on our end."

Thirty-five additional antiwar demonstrators were arrested yesterday around the U.S. Capitol in related protests. Hundreds of antiwar actions have taken place across the country this week as faith-based and other groups push for a timetable for the United States to leave Iraq. Thirty-four people affiliated with the umbrella organization coordinating this week's efforts, Declaration of Peace, were arrested Thursday after they refused to leave the White House without talking with President Bush.

Although leaders of major U.S. denominations have spoken against the Iraq war since it began, such proclamations are becoming louder and more prominent.

"Today was the first time national-level leaders were participating -- not just themselves but calling on members of denominations to join them," said Gordon Clark, coordinator of the D.C.-based National Campaign for Nonviolent Resistance. "And there's a big difference between going to a protest and putting your body on the line and resisting arrest. And that's what they haven't been doing before."

Participating yesterday was Rabbi Arthur Waskow, head of an interfaith dialogue center in Philadelphia and a leader of the Jewish Renewal movement. Arrested in addition to Ufford-Chase was the Rev. Jackie Lynn, president of the Chicago-based Episcopal Peace Fellowship.

Senate staffers watching the demonstration showed neither support nor opposition, simply gawking and taking photos with their cellphones as protesters below sang "We Shall Overcome," read from the Book of Jeremiah and lay on the cold floor as police filed in with plastic handcuffs.

High Court Will Examine Role Of Credit Ratings In Insurance (WSJ)

By Mark H. Anderson

The Wall Street Journal, September 27, 2006

WASHINGTON -- The Supreme Court agreed to decide whether insurance companies must tell consumers that their low credit scores resulted in higher rates for coverage.

Insurance companies have faced a wave of class-action lawsuits alleging they violated the Fair Credit Reporting Act by not telling consumers that their low credit scores resulted in higher quotes for insurance coverage. The insurance industry often reviews credit scores in setting coverage rates.

The appeal, filed by Safeco Corp.'s Safeco Insurance Co. of America unit, Berkshire Hathaway Inc.'s Geico General Insurance Co. unit and other insurers, was one of nine that the court yesterday added to its workload before its term starts Monday. The companies are challenging a decision by the Ninth Circuit Court of Appeals in San Francisco that said companies must tell consumers when credit scores result in higher insurance rates. The lower court also said companies can be found liable for violating federal credit laws even without meeting a tougher "willful" legal standard that requires the companies know they were breaking the law. Companies face up to $1,000 in actual damages plus punitive damages for violation of the federal law.

Safeco Insurance v. Burr and Geico General Insurance v. Edo

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The high court also said it will decide whether county municipalities can force trash haulers to bring waste to publicly owned facilities for processing. The case involves challenges by six trash-hauling companies that challenged the solid-waste flow-control laws of Oneida and Herkimer counties in upstate New York. The two counties had passed laws requiring haulers operating in the area to bring trash to waste facilities the municipalities owned.

The Supreme Court already ruled in a 1994 decision that municipalities can't direct solid-waste disposal to private waste-disposal companies that hold government contracts. But lower courts in this case decided it was fine for county governments to mandate trash business for facilities they own.

United Haulers Association v. Oneida-Herkimer Solid Waste Management Authority

The court also agreed to hear a case on whether public-employee unions must get special permission before spending some workers' dues on political causes. The case, from Washington state, involves fees paid to the Washington Education Association by teachers who decline to join the union.

Those workers still can be charged union dues to help pay for labor negotiations that affect them. But they can't be forced to pay for the union's political activities, under a string of Supreme Court rulings that reach back nearly 30 years.

At issue is whether the union needs teachers to say "yes" before the fees can be used for political causes or whether teachers must specifically object to having a portion of their fees spent for that purpose.

The court will hear arguments in the case, as well as a related lawsuit by five teachers to recover their fees, early next year.

Gary Davenport v. Washington Education Association and Washington v. Washington Education Association

--Associated Press

Health-Care Premiums Rise 7.7%, Outpacing Wages And Inflation (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, September 27, 2006

The health-care premiums of employers and their workers have climbed twice as fast as wages and inflation in 2006 -- to nearly double their cost in 2000 -- and they look to rise at a similar clip next year, two nationwide surveys show. That said, the pace of increase is about half what it was just a few years ago.

The average family premium rose 7.7% in 2006. That compared with a 3.8% rise in wages and inflation of around 3.5%. Even so, the 7.7% increase marks the third year that employer health-care cost increases have decelerated since soaring nearly 14% in 2003, according to a 2,122-employer survey by the Kaiser Family Foundation, and by the Health Research and Educational Trust. (See the survey's findings1.)

The cost for family coverage under an employer health plan is now $11,480, well over what a minimum-wage worker would earn in a year and beyond what many companies and their workers can afford. While 98% of companies with more than 200 workers still provide some sort of employee health benefits, only 60% of smaller businesses do. That's little changed from last year but down from 68% in 2000.

"A modest reduction in an already high rate of increase hardly looks like salvation for employers and workers who've been getting hammered by high health-care costs year after year," said Drew Altman, president of the Kaiser Family Foundation, a nonprofit health-policy research group in Menlo Park, Calif.

Even when employers do offer health insurance, not all workers get it or can afford it. On average, only 78% of employees are eligible at these companies, either because they don't work full-time or fail to meet other eligibility requirements. And given that employers require workers to pay an average 27% of the total premium -- or $2,973 for family coverage -- many employees can't afford to accept the coverage. Indeed, the share of workers covered by health insurance through their own employer has slipped to 59%, down from 60% last year and 63% in 2000, according to the Kaiser survey.

Most people falling out of the employer-sponsored health insurance system are lower-income workers, but they tend to be healthier workers more willing to risk going without coverage, which raises the costs for the remaining, sicker pool of employees. And ultimately employers pay more as uninsured employees forgo preventive care and wind up in emergency rooms when they do get sick, says David Guilmette, managing director of Towers Perrin's health-benefits group.

The employee-benefits consultancy's own survey of 167 companies finds that larger employers expect their increases in health-care costs to slow again in 2007 to 6%, from the 7% increase they reported last year. A large-employer survey published earlier this month by Mercer Health & Benefits LLC, a rival firm, projected similar increases next year. It added that the more-moderate increase will result from increasing employees' deductibles and other cost-sharing measures.

More of the larger firms also say they're adding "consumer-directed" plans, which combine deductibles of typically more than $1,000 and some sort of tax-saving account to make employees have a more financial stake in their health-care spending.

Overall, however, relatively few companies plan to enroll in these plans next year, the Kaiser study says. Only 2.7 million people are enrolled in one through an employer, about 4% of covered workers.

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High-deductible Health Policies Don't See Growth (USAT)

By Julie Appleby

USA Today, September 27, 2006

High-deductible health insurance policies coupled with savings accounts — touted by proponents as an answer to rising medical costs — did not grow in popularity among employers this year, even as premiums for insurance continued to rise.

The Kaiser Family Foundation annual employer survey reported Tuesday that what employers paid for health insurance premiums rose 7.7% this year among all types of health insurance, the smallest increase since 1999, but more than twice general inflation.

Employers did not substantially raise deductibles or co-payments made by employees, or the employees' share of premiums. Still, workers are paying more because the overall premiums rose.

"Working people are still feeling the pain," says Drew Altman, president of the non-profit research group in Menlo Park, Calif.

The most common type of insurance, a preferred provider organization plan, averaged $11,765 for a family and $4,385 for single employees.

While high-deductible policies have always been sold, the new twist in the market came when Congress in late 2003 allowed certain policies to be coupled with tax-free "health savings accounts." Money not used for deductibles and other medical care can roll over and be used in future years for medical care.

Despite those policies being the biggest buzz among benefit consultants, Kaiser's annual employment survey found that only 7% of employers offered them this year, a percentage statistically unchanged since 2005.

"This shows that the debate in the media and in Washington health policy circles is way out in front of the reality," Altman says.

The Kaiser survey found that the average annual deductible for health savings account plans offered by employers was $2,011 for singles and $4,008 for families. Sixty-three percent of employers contribute something toward the savings account.

While such accounts have lower premiums, the Kaiser survey found that most employers don't save money on them compared with other types of insurance, once employer contributions to those savings accounts are added to premium costs.

Asset Resources in Minneapolis, a 10-employee debt collection firm, switched to a high-deductible plan after facing several years of 17% increases in its health insurance premiums.

"The broker said we might be able to cut some costs and afford some employees an opportunity from a tax point of view," says Mark Wallerius, vice president. "It seemed a win-win at the time."

Instead of a $500 annual deductible and a $15 co-pay at the doctor's office, the new policies had an annual deductible of $1,250. For most office visits, employees had to pay the full cost of the visit until they reached the deductible.

"They were pretty disgruntled," says Wallerius, who said the employees voted to go back to a lower-deductible plan this year.

Health Premiums Rise More Slowly (WP)

By Kathleen Day

The Washington Post, September 27, 2006

Increases in health insurance premiums for working families slowed for the third straight year in 2006 but still rose at a rate more than double that of inflation and growth in workers' pay, an annual nationwide survey by the Kaiser Family Foundation shows.

Premiums for workers rose 7.7 percent this year -- the lowest increase since 2000 -- down from 9.2 percent in 2005 and almost half the recent peak of 13.9 percent in 2003, according to an in-depth survey released yesterday of about 2,100 companies with three or more workers. At the end of April, when the survey was completed, wages had increased 3.8 percent from a year earlier, and the rate of inflation had increased 3.5 percent.

"Nobody's celebrating, and nobody should be celebrating," said Drew E. Altman, head of the foundation, a nonprofit organization that studies health-care issues. "A modest reduction in an already high rate of increase hardly looks like salvation to working people and businesses, who have been getting hammered by high health-care costs year after year."

Since 2000, workers' health insurance premiums have risen 84 percent, while their wages have increased 20 percent and inflation has risen 18 percent, according to the study, which was conducted with the Health Research and Educational Trust, a nonprofit research affiliate of the American Hospital Association. Kaiser and HRET have done the study since 1999.

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Annual health insurance premiums for a family of four average $11,480 this year, with workers paying $2,973 of that amount, $1,354 more than six years ago, the study finds. For individuals, premiums average $4,242, with the employee having to pay $627.

About 61 percent of companies questioned offer health-care coverage to at least some employees, about the same as last year. And workers at bigger companies continued to fare better: The study found that while nearly all companies with 200 or more workers offered coverage, fewer than half of the smallest companies surveyed did, those with from three to nine workers.

Employees with health coverage at companies with up to 199 workers tend to pay more out of pocket for premiums -- $3,550 on average for family coverage -- than workers at larger firms, who pay $2,658 on average for family coverage.

Health care has been a trouble spot for U.S. companies and workers for nearly two decades, as escalating costs have forced many firms to choose between layoffs or cuts in benefits to stay competitive. As costs have risen, so have the number of uninsured Americans under the age of 65: at least 46 million in 2005, up by 6 million from 2000. About 81 percent, or 37 million, are uninsured workers and their families, said Diane Rowland, the Kaiser Family Foundation's expert on the uninsured.

Uninsured people often cost the health-care system more than their insured counterparts because they tend to wait until they are sick before seeking help, requiring more expensive intervention than they might have needed if they had been treated earlier or been given preventive care. That helps drive up health-care costs for everyone, Rowland said.

"Insurance is simply becoming less and less affordable," said Gary Claxton, one of the study's authors. "What happens to people who can't afford it, it's hard to say, but we do see a continued march upward of the number of uninsured."

The survey also found that employers and employees have not embraced what the health-care community calls "consumer-driven" plans. These are health programs with high deductibles that give a tax break to workers who save specifically for medical expenses. Only 7 percent of employers offered them this year, and only 4 percent of workers signed up for them.

Two other studies on health insurance costs were also released this week. The benefits consulting firm Towers Perrin, whose clients include the largest U.S. employers, released a study yesterday estimating that the trend in rising premiums will continue, running at 6 percent next year. While that would be the fourth year of consecutive declines in the rate of growth in premium costs, the study concluded that the cumulative increase in all health care costs, which it estimated at 60 percent in the past five years, means more employees cannot afford to pay the portion their employer doesn't.

Towers Perrin also found variations in costs of as much as several thousand dollars per employee among similarly sized firms, largely because some firms are more aggressive at measuring costs and bargaining with providers while giving employees incentives to cut costs, such as large co-payments for prescription drugs.

It found that these companies are not lowering costs by shifting them to workers. Instead, their employees often pay lower premiums than do those at similarly sized, but less-aggressive, firms.

America's Health Insurance Plans, an insurance-industry trade group, on Monday released its first study on health insurance costs for small employers, defined as companies with 50 or fewer workers and including self-employed individuals. It found that premiums ranged widely from state to state, with higher prices often attributable to more mandates -- such as requiring that certain drugs or procedures be covered -- that put the price of insurance out of reach for many smaller employers, said Karen Ignagni, chief executive of AHIP.

Health Care Costs Rise Twice As Much As Inflation (NYT)

By Milt Freudenheim

The New York Times, September 27, 2006

The cost of living keeps going up, but the cost of healthy living is going up even faster.

A widely followed national survey reported yesterday that the cost of employee health care coverage rose 7.7 percent this year, more than double the overall inflation rate and well ahead of the increase in the incomes of workers.

The 7.7 percent increase was the lowest since 1999. But the average cost to employees continued an upward trend, reaching $2,973 annually for family coverage out of a total cost of $11,481.

Since 2000, the cost of family coverage has risen 87 percent while consumer prices are up 18 percent and the pay of workers has increased 20 percent, the survey noted. That is without counting the cost of deductibles and other out-of-pocket payments, which have also been rising.

“The cost trend is moderating but nobody is celebrating,” said Drew Altman, president of the Kaiser Family Foundation, which sponsored the survey with the Health Research and Educational Trust. “Businesses and workers are still being slammed year after year by rising health costs.”

Despite the increasing costs, about 6 out of 10 employers still offer health coverage to attract and retain workers. But the growth in premiums is making it harder and harder for companies to raise wages and salaries.

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The telephone survey of 3,159 randomly selected employers, ranging in size from three to more than 300,000 employees, was completed last May.

The continuing rise in the cost of benefits has slowed since the annual double-digit increases that peaked at nearly 14 percent in 2003. Last year's increase was 9.2 percent, the Kaiser survey said.

"It's slightly good news," said Helen Darling, president of the National Business Group on Health, a large employers' research and trade group in Washington. "It could have been worse but we certainly haven't solved all the problems."

She added, "The workers of the United States continue to give their pay raises to the health system."

Some business leaders took a more upbeat view of the survey results. "It's a very positive sign that the increases were lower than the previous year," said Katie Mahoney, health policy director of the United States Chamber of Commerce.

Smaller employers, with fewer than 200 workers, faced larger increases than big companies, the survey said.

"We were looking at an increase of about 18 percent for 2006," said Mitch Flinchman, controller of Triangle Grading & Paving, a construction company with 100 employees in Burlington, N.C. The company switched to a different insurer but "still ended up with about an 8 percent increase, and it will probably go up more next year," he said.

The national cost trend would probably have been higher, analysts said, but regulators in a number of states were able to push nonprofit Blue Cross plans that are prosperous to hold down their increases, at least for a while.

In fact, the nonprofit Blue Cross plans actually had a 27 percent decline in operating profits in the first half of the year, compared with the period in 2005, said Matthew Borsch, a health care analyst at Goldman Sachs.

Tom Zimmerman said his family-owned business in Livonia, Mich., had been paying double-digit increases every year to Michigan Blue Cross and Blue Shield, until this year, when premiums rose only 2 percent. Even so, his company, Spectrum Automation, is spending $250,000 this year to cover 20 employees, he said.

"Our wages have stagnated while Mr. Blue Cross and Blue Shield takes our raises," Mr. Zimmerman said.

Employees pay about 16 percent of premiums, or about $3,497 of an average total of $11,793, for smaller companies with fewer than 200 workers in preferred provider networks, the most common type of health plan. Workers in larger companies contributed less to premiums: $2,628, and employers put in $9,124 for a total of $11,752.

The lowest premiums were for high-deductible health plans, sometimes tied to pretax savings accounts. The White House has been pushing these plans as a way to slow costs by giving consumers more say over their medical treatments. Business groups and health care consultants support the plans.

The workers' share of premiums for family coverage in these plans was $2,247, on average. The high-deductible plans covered 2.7 million workers, including 1.4 million in the newer health savings account plans.

Mr. Altman said that despite "all the talk and debate about these plans, only a very modest number of workers are in these consumer-driven arrangements. It is still early," he added. "They are likely to grow, but how fast and how much is still very much an open question."

Douglass Community Services, a nonprofit agency with 120 employees that manages the Head Start early childhood learning program in northeast Missouri, switched to a high-deductible plan this year, rather than face a 20 percent increase in premiums for its preferred provider organization.

Janeane Reis, human resources director of the agency in Hannibal, Mo., said its premiums increased by 10 percent, even with the high deductible plan. Employees pay all of their costs up to $1,000. Then, the agency covers them for the next $1,500, she said. Above that, they are covered for 80 percent of medical fees in a preferred provider network and 50 percent if they go to doctors outside the network.

"We will probably stay with this at least another year," she said. "It's tough being in a rural area. We don't have many choices and being a not-for-profit, we work on a very slim margin."

It can be even more difficult for individuals with health problems.

Billy Lassiter, an independent inspector of oil rigs in the Gulf of Mexico, had to give up his coverage for a year after his insurer raised the premiums to $1,800 a month and refused to pay about $5,000 in medical bills, according to Faye Lassiter, who keeps the accounts for her husband, who has overcome several bouts with lung cancer.

"They wouldn't hardly pay anything," she said. The couple were not able to find a new insurer until they persuaded their son Shannon, a railroad conductor, to join them. As a three-person business in Atmore, Ala., they were able to obtain coverage from Blue Cross and Blue Shield of Alabama, she said.

Premiums were $800 a month last year and increased $100, or 12.5 percent for 2006. She said Mr. Lassiter had to skip his annual CT scan last fall while he waited a year before the new coverage kicked in. "We couldn't afford the cost of the scan," Mrs. Lassiter said.

Passing The Buck To Mom And Dad (NYT)

The New York Times, September 27, 2006

Many middle-class young adults are staying on their parents' health insurance long after college these days. It's an interesting trend. But in no way is it a solution to the growing problem of the uninsured. If anything, it is a stopgap measure that helps the more fortunate while sapping the political will for sweeping change.

With 47 million Americans uninsured, the nation's health system is in crisis. More and more people are seeking treatment in emergency rooms because they have nowhere else to go. By one estimate, unpaid hospital bills have reached $45 billion annually, raising the cost of health insurance by 8.5 percent for those who are insured.

Among the uninsured are more than a quarter of adults between ages 18 and 34. As Jennifer Lee reported recently in The Times, states are responding to the problem with legislation to allow children to stay on their parents' health insurance longer. New Jersey is one of eight states that have passed such a "piggyback" statute just since 2003.

College graduates in fields like media and computer technology are at the leading edge of the changing American economy, where the individual carries the bulk of the risk. For young American workers, benefits have become negotiable rather than part of the social contract. Many end up opting out of health insurance entirely, choosing to wager on their relative good health to avoid spending the hundreds of dollars a month that self-insuring can cost.

But the troubled American health-insurance system finds itself in a vicious circle as a result. The higher premiums climb (twice as fast as wages this year, according to a new study), the less likely the young and healthy are to participate. That, in turn, skews the pool of the insured even older and more infirm, making coverage still more expensive and less appealing to those who bet they can do without.

The families that can best afford to take advantage of the piggyback laws are those that could already pay for separate coverage anyway. And these laws, by making life easier for those who have the most political influence and resources, reduce elected officials' incentive to do what is really needed and find a more comprehensive national solution.

Change Comes To A Carolina (WSJ)

The Wall Street Journal, September 27, 2006

South Carolina civil-rights advocate Dewey Tullis explained to reporters a few weeks ago why he's supporting a Republican running for the state's top education job, Karen Floyd: "Frankly, I'm tired of seeing our young black men graduate high school without knowing how to read and write."

Mr. Tullis is joining more than a dozen African-American Democrats in the effort. Also crossing party lines to support Ms. Floyd is State Representative Harold Mitchell Jr., from urban Spartanburg. Referring to a documentary made about the state's failing schools along the interstate, Representative Mitchell tells us, "It really is a 'corridor of shame.'"

What's going on here? Fed-up South Carolina Democrats are blowing the whistle on the state's public-school system, one of the nation's worst. A recent study published by Education Week found that South Carolina has the highest drop-out rate of any state; half of its students fail to graduate from high school in four years. The state ranks 49th in both SAT and ACT scores. State achievement tests released this month show that fewer than 30% of eighth graders are proficient in English, math, science or social studies. Among African-American eighth graders, only 13% were proficient in English and less than 9% in math. These kids aren't being left behind; they're never making it to the starting line.

The state's return on educational investment is appalling. Over two decades it has increased education spending 137% -- the third largest increase in the nation -- and now spends more than $10,000 per student (including capital costs). It's of little comfort to parents that the state masks its underperformance by claiming that nearly 73% of eighth graders meet what it considers a "basic standard" in English. The state only reaches that inflated number by defining its standard as something less than "proficient."

The good news is that the Palmetto State may be reaching a tipping point that could upend the public education establishment. Reform advocates have been building grassroots support for vouchers, tax credits, charter schools -- almost anything that will give parents more options on where to send their children. Governor Mark Sanford, a Republican, is already a supporter of broad-based school choice. The problem has been the Republican-controlled legislature. A handful of GOP members (many from districts with good schools) have lined up with Democrats to oppose anything that might empower parents over the system's bureaucrats.

That is starting to change. Under intense pressure, the legislature this year passed two school-choice bills. One made it easier to open charter schools. The other created vouchers for a new early-kindergarten pilot program to allow some low-income parents to send their four-year-old children to almost any public or private school. That's left parents wondering why they don't have the same options for primary and secondary education.

The state's reformist residents are also sending a message in the one way pols can't duck -- at the ballot box. In June, three incumbent state legislators were defeated in primaries for opposing school choice. Several other incumbents, including

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House Education Committee Chairman Ronny Townsend, decided to retire rather than risk being turned out of office. South Carolinians for Responsible Government, a non-profit advocacy group in Columbia, estimates that in November reformers could pick up the seats they need in the house to pass education scholarships and tax credits for parents with kids in failing schools. These reforms failed this year by seven votes.

It's a long way to November. Representative Mitchell, for one, is now distancing himself from school choice, but remains undeterred in his support for Ms. Floyd. He waves off the swipes he's taken from fellow Democrats and the write-in challenger he's drawn since announcing his school-reform endorsement. "Some people really don't know the issues, or they just don't care." In South Carolina, that may finally be changing.

Russia Agrees To Send Fuel For Iran Nuclear Plant (NYT/AP)

By AP

The New York Times, September 27, 2006

MOSCOW, Sept. 26 — Russia will ship fuel to a nuclear power plant it is building in Iran by March under an agreement signed by the two countries on Tuesday, Russian news agencies reported.

The agreement, signed by senior Russian and Iranian nuclear officials, represents a small victory for Iran, but seems certain to inflame Western anxiety over Iran's nuclear ambitions.

Iran says it needs the fuel for a peaceful nuclear program to generate electricity.

But the fuel could also be enriched to create weapons-grade material, and the United States and other nations have accused Iran of using its nuclear program to develop atomic weapons.

The European Union's foreign policy chief is scheduled to meet Iran's top nuclear negotiator soon for talks on a package of incentives that Britain, France, Germany, the United States, China and Russia are hoping will encourage Iran to suspend uranium enrichment and enter negotiations.

If it does not, the United States would like to push for sanctions against Iran, though there is not full agreement with the other nations on such a course.

Iran has already missed an Aug. 31 deadline to suspend its uranium enrichment activities.

Russian news agencies reported that the deal on Tuesday had been signed by Sergei Shmatko, head of Russia's state-run company Atomstroiexport, and Mahmoud Hanatian, vice president of Iran's Atomic Energy Organization.

An additional protocol sets out a time frame for starting up an $800 million plant in Bushehr, which will be Iran's first.

"The document provides for supplying Russian fuel for the atomic energy plant in March, physical start-up in September 2007 and electric generation by November 2007," Mr. Hanatian said, according to Itar-Tass.

Mr. Shmatko said about 80 tons of fuel would be supplied, according to Interfax and Itar-Tass.

Western nations fear that Tehran could try to divert nuclear fuel used at the Bushehr plant and seek to enrich it further for potential use in a weapon.

To try to ease Western concerns over Bushehr, Russia has agreed with Iran that Tehran will ship spent fuel back to Russia.

However, Iran has resisted Russia's proposal to conduct all of Iran's uranium enrichment on Russian soil.

Tehran Denies Secret Nuke Deal (WT)

By Bill Gertz

The Washington Times, September 27, 2006

Iran yesterday said it is not negotiating a secret temporary shutdown of its uranium-enrichment program as part of ongoing talks with the European Union, rebutting Bush administration sources who told The Washington Times that such a deal is being discussed.

Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, when asked about the report in The Times, said chief Iranian negotiator Ali Larijani and chief European Union negotiator Javier Solana will discuss what has been proposed already.

"These are not the issues to be discussed in the future negotiations, and as Mr. Larijani has said before, the P5+1 proposal will be the basis of the future negotiations with the representatives of the P5+1," Mr. Saeedi said.

"The P5+1" is shorthand for the group of the United States, France, Russia, China and Britain, all permanent members of the U.N. Security Council, plus Germany. The nations have offered Iran a series of concessions if Iran agrees to stop developing its uranium-enrichment program.

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The Times reported yesterday that Bush administration officials say Mr. Solana has been negotiating a deal with Mr. Larijani that calls for Iran to suspend uranium enrichment for 90 days and to keep it secret, so additional talks could be held with several European nations.

The officials oppose such an agreement as a further concession to Iran, which continues to defy a United Nations' call for a halt to uranium enrichment, an essential step in developing nuclear weapons.

A Security Council resolution had given Iran until Aug. 31 to stop its enrichment program or face the imposition of international sanctions. Tehran ignored the deadline, but diplomacy has continued.

John R. Bolton, U.S. ambassador to the United Nations, said Mr. Solana will hold talks on the Iran nuclear issue as early as today, but Mr. Solana has not reported back on the latest discussions.

"He will be meeting shortly with Larijani, and I think we'll hear from him at that point," Mr. Bolton told reporters in New York.

A spokeswoman for Mr. Solana declined to comment on the report in The Times. Diplomatic sources said Mr. Solana and Mr. Larijani likely would meet today in Brussels.

The group of nations has demanded that Iran suspend all enrichment before new talks on the incentives can be held.

The Iranians say the enrichment is for nuclear-powered electricity-generating stations, but the United States and the International Atomic Energy Agency (IAEA) suspect Iran is working on making nuclear weapons.

The White House said the U.S. is not negotiating a secret suspension of Iranian nuclear activity. The administration has called for a verifiable suspension, which it says must therefore be public.

"What the United States has asked for repeatedly and in every instance when we talked about this is a verifiable suspension of enrichment," said Frederick Jones, spokesman for the National Security Council.

EU spokeswoman Cristina Gallach said senior EU official Robert Cooper and Iranian official Javad Vaeedi held talks in Paris on Monday.

"We are working on the meeting with Larijani, but I will not say when nor where until it really happens," she said. "We continue to engage with the Iranians in order to create the conditions for these negotiations."

At the State Department, spokesman Sean McCormack said the administration hopes Iran will agree to suspend enrichment when Mr. Larijani meets with Mr. Solona, but he said "the United States will not be at the table for any negotiations absent a suspension as outlined by the IAEA and the Security Council."

"That means there has to be a verifiable suspension, and suspension means suspension means suspension," he said.

Asked about the deal for Iran to conduct a 90-day halt, Mr. McCormack said the answer would require having "clear and accurate insight" into Iranian decision-making, something the administration lacks.

"We'll see. We can only judge them on what it is that they do," he said.

"We certainly hope that the answer is: 'Yes, we will suspend, we will verifiably suspend in order to get to negotiations.' That's what we want. ... But we are fully prepared, along with the other members of the P5+1, to go down the track of sanctions, if that, in fact, is not the answer."

The State Department is consulting with allies on imposing sanctions on Iran if Tehran fails to stop the enrichment, he said.

Mr. McCormack said it would be "very tricky" for international inspectors to conduct inspections in Iran in secret and that the press would likely discover the inspection.

Iran may want to call a suspension "something else," but for the United States to rejoin talks, it would have to be a fully verifiable halt, he said. The Bush administration is convinced that Iran is deceiving the world about its intentions to develop uranium enrichment for electrical power generation and believes the effort is to develop nuclear weapons, specifically warheads for Iran's medium-range missiles.

Iranian Ex-Lawmaker Alleges Torture (WP)

By Nora Boustany

The Washington Post, September 27, 2006

Ali Akbar Mousavi Khoini, a former Iranian lawmaker who has been jailed without charges in Tehran for more than 100 days, was briefly released from detention last Thursday to attend a memorial service, where he shouted out allegations of torture and other harsh treatment, according to his lawyers and other witnesses quoted by a human rights organization.

"For the past 20 days, prison officials have chained my hands and feet. I am being tortured," Khoini loudly announced to bystanders at the memorial service for Khoini's father, according to several people at the event who relayed the incident to New York-based Human Rights Watch.

"I am held in solitary confinement and interrogated four times a day," Khoini reportedly shouted. "They wake me up in the middle of the night to interrogate me. They are trying to turn me to a mental patient." Referring to Iran's supreme leader,

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Ayatollah Ali Khamenei, he added, "They are forcing me to denounce my beliefs, to repent for my activities, and to ask forgiveness from Khamenei."

Calls to the Iranian mission to the United Nations in New York, seeking comment, were not returned.

Khoini, the son of a cleric and a member of Iran's reformist bloc, had long challenged Iran's judiciary and intelligence services for human rights abuses during his tenure as a legislator from 2000 to 2004. He made frequent visits to prisons and publicly searched for secret detention centers in his efforts to expose what he called inhumane practices. He was disqualified by conservative clerics from seeking reelection.

He was arrested at a rally June 12 and has been held at Tehran's Evin prison with no access to lawyers, according to Human Rights Watch officials and attorneys working for his release.

Iranian news reports said Khoini's wife, Zohreh Islamian, has not been allowed to see him for the past month and only once has been able to speak to him by telephone. At the memorial service, held to mark the 40th day after his father's death, security guards prevented Khoini from seeing his wife when he arrived, according to witnesses cited by Human Rights Watch. One of Khoini's lawyers, Mohammad Sharif, told [a] news agency in Tehran that "Khoini's wife had noticed signs of physical impact, especially on his head."

[That news agency] also quoted Sharif as saying Khoini was under pressure to write a letter requesting a pardon.

Human Rights Watch called on Khamenei to order the immediate and unconditional release of Khoini. "Iran's leaders have held Mousavi Khoini for more than 100 days without charge," according to Joe Stork, the group's deputy Middle East director. "Iran has a notorious record when it comes to getting political prisoners to 'repent' under torture," he added.

"The same intelligence apparatus that he tried to hold accountable is subjecting him to torture," Stork said. "The authorities should end this vendetta immediately and release him."

Since July 30, two prisoners incarcerated for what the Iranian government considers subversive political beliefs have died under suspicious conditions in Iranian jails, according to Human Rights Watch.

Hadi Ghaemi, another official with the group, interviewed by telephone in New York, said, "The Tehran government was looking for the opportune moment to seize him when he was spotted at a women's rally on June 12 and carried away."

Ali Afshari, a former Iranian student leader, said he was greatly pained by the report of Khoini's treatment.

Afshari, 33, who came to the United States 10 months ago and is working with the Washington-based National Endowment for Democracy, had himself served several prison terms over three years in Iran, including 400 days of solitary confinement.

"This is all very bitter," he said. "When I heard of Ali Akbar's torture, my own experience came to life. I can feel what he is going through." He and Khoini, 36, had come together 10 years ago as central committee members in the Islamic Student Association, which grouped university student activists.

The Islamic Student Association was one of the organizations created by supporters of the late Ayatollah Ruhollah Khomeini, leader of the Islamic republic, and the group later became a vehicle for reformists, like Khoini and Afshari, to challenge what they considered heavy-handed tactics by the Iranian authorities.

An online journal called Gozaar, meaning Transition, devoted to the discussion of democracy and human rights in Iran, and launched this month in Persian and English, will feature an interview with Khoini's wife and the wives of other detained political activists, according to Mariam Memarsadeghi of the group Freedom House.

Rice Gives North Korea Nuclear Talks Effort Six Weeks To Resume (AFP)

AFP, September 27, 2006

US Secretary of State Condoleezza Rice said she would travel to Asia in the next six weeks to see whether to make "one last push" to convince North Korea to return to multilateral negotiations on ending its nuclear weapons program.

North Korea agreed to join the negotiations with China, Japan, Russia, South Korea and the United States a year ago but began boycotting the talks two months later.

Amid reports the reclusive regime could be planning its first test of a nuclear bomb, Rice said in an interview released Monday that time was running out to bring North Korea back to the negotiating table.

"This current situation isn't really acceptable," she said in the interview with The Wall Street Journal, a transcript of which was released by the State Department.

She said a UN Security Council resolution adopted unanimously after North Korea carried out a series of missile tests in July "sent some shockwaves through the North."

The resolution demanded that Pyongyang stop missile-related activities, confirm its moratorium on missile launches and return unconditionally to the six-way talks.

Rice said in light of North Korea's continued refusal to return to the negotiating table, further action was needed.

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"We are in discussions now with South Korea, Japan, and I suspect I'll go to Asia sometime in the next month to six weeks, probably next six weeks or so, to take stock and see whether or not one last push to get the six-party talks back on can be made," she said.

North Korea said its boycott of the six-party talks was a reaction to financial sanctions imposed by the United States on a Macau bank allegedly used to launder money and finance illicit North Korean activities.

Since July's UN resolution, Japan and Australia have also imposed sanctions on firms suspected of involvement in North Korean weapons programs.

Pyongyang has also demanded that Washington engage it in direct negotiations, rather than deal only through the six-party forum.

While Washington has rejected direct negotiations, Rice said her top envoy on the North Korea issue, Assistant Secretary of State Christopher Hill, has met with his North Korean counterpart on the sidelines of previous six-party meetings.

"We've had situations where the night before the six-party talks, a couple nights before, Chris Hill sat with his North Korean counterpart and talked," she said.

"There's no absence of an opportunity to talk, it's that the North Koreans haven't been willing to show up at the forum in which to talk," she said.

Rice said that in the meantime, Washington would continue its financial measures "because they do relate to illicit North Korean activities."

Rice also sought to counter suggestions of a growing rift between the United States and South Korea over how to approach the crisis, with Seoul seen as favoring more diplomacy rather than threats of sanctions against its volatile neighbor.

"South Korea has been more helpful than you might think," she said.

She said South Korea had told allies during meetings on the sidelines of the UN General Assembly here last week of efforts it was making to put pressure on the North, including cutting back badly needed food assistance and fertilizer supplies.

She said those measures could be intensified and threaten overall North-South economic ties if North Korea goes ahead with the rumored nuclear weapons test.

"The South Koreans have been very clear, if the North were somehow to have a nuclear test, to have a missile test, that would put a lot at risk in their relationship," she said.

Israel Sets Goal Of Pulling Troops Out Of Lebanon By Sunday (NYT)

By Steven Erlanger

The New York Times, September 27, 2006

TEL AVIV, Sept. 26 — Israeli troops are expected to be out of Lebanon before the Jewish holy day of Yom Kippur begins on Sunday night, according to Israeli officials and the United Nations after a meeting in Naqura, Lebanon, on Tuesday.

“It is my belief that with the necessary cooperation by both parties we should see the I.D.F. leave south Lebanon by the end of this month,” Maj. Gen. Alain Pellegrini, commander of the United Nations forces in Lebanon, said of the Israeli Defense Forces.

In Jerusalem, the Israeli defense minister, Amir Peretz, told Parliament that Israel hoped to complete its withdrawal from Lebanon under a United Nations resolution “during this week or at the latest several days later.”

Mr. Peretz said Israel wanted reassurances about the rules of engagement for both the United Nations and Israel in the case of cease-fire violations by the Shiite militia group Hezbollah.

Later Tuesday, however, Israeli officials suggested that some of those issues remained unresolved, including how to deal with protests along the border and whether the United Nations forces would act against Hezbollah if necessary or simply inform the Lebanese Army about violations.

The resolution, passed some six weeks ago, put an end to 34 days of fighting between Hezbollah and Israel that included bombings of southern Beirut and some 4,000 Hezbollah rockets fired on the cities of northern Israel.

Israel had said it wanted to leave Lebanon by the end of last week, before the Jewish New Year, but delayed, saying the United Nations forces, which are supposed to reinforce the Lebanese Army, were not up to strength. They number barely more than 5,000 now, only about 3,000 more than when the war ended and far short of the 15,000 called for under the resolution.

But the Israeli Army also did not want to pull out of Lebanon before a big Hezbollah rally last Friday, when its leader, Sheik Hassan Nasrallah, appeared in public for the first time to declare a divine victory.

Israel also said it would continue aerial surveillance over Lebanon to prevent the resupply of weapons to Hezbollah until the resolution was fully carried out. That includes the release of two captured Israeli soldiers and the monitoring of the largely unmarked border between Lebanon and Syria, which helped to supply Hezbollah with sophisticated arms from Iran and Syria itself.

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The United Nations forces say that such flights constitute Israeli violations of the cease-fire.

Israeli forces have now left approximately 90 percent of the buffer zone in southern Lebanon captured during the war, handing over areas to the Lebanese Army and the United Nations force.

But Israel has also left behind what United Nations officials said could be as many as a million unexploded bomblets from cluster bombs fired by artillery during the last days of the war, the United Nations said.

On Tuesday, Arjun Jain of the Office of the United Nations High Commissioner for Refugees said in Beirut that 200,000 Lebanese displaced by the Israel-Hezbollah war were being delayed from returning home because of the unexploded bomblets.

"Displacement is going to continue for many months to come," Mr. Jain said.

Since the cease-fire, 14 Lebanese have been killed and 90 injured by the bomblets, the United Nations said, while about 40,000 of the bomblets have been cleared. The officials estimate that about 40 percent of the cluster bombs failed to explode.

In one of a series of New Year interviews, Prime Minister Ehud Olmert has again dismissed the idea of peace talks with Syria. "As long as I serve as prime minister, the Golan Heights will remain in our hands because it is an integral part of the state of Israel," Mr. Olmert said.

Israel captured the strategic plateau in the 1967 war and unilaterally annexed it in 1981. Some Israelis have suggested that given the threat from Iran, Israel should accept a Syrian offer for peace talks to try to wean Syria, a Sunni country, away from its alliance with Tehran.

In an attack on Tuesday, Palestinians fired rockets into Sderot, wounding a soldier. [(A news organization) reported that hospital officials said Israeli forces bombed a house in Rafah in the Gaza Strip on Wednesday, killing a teenage Palestinian girl in a nearby building and wounding 10 others.]

In Gaza, hopes for a unity government including Hamas and Fatah dimmed a bit more when a prominent Hamas leader, Mahmoud Zahar, said, "We won't recognize Israel and the previous signed agreements."

He added, "Such agreements have been a burden to Palestinian daily lives, and the government won't let Israel's hand strike against us in all directions while we depend on unfruitful negotiations."

The Palestinian president, Mahmoud Abbas, is expected to travel to Cairo for talks with the Egyptians.

Bush Signs US-Oman Trade Pact (AFP)

AFP, September 27, 2006

US President George W. Bush signed the US-Oman Free Trade Agreement, the fifth such extensive trade pact with a Middle Eastern country since he took office.

US Trade Representative Susan Schwab said in a statement that the accord was "good news for the United States, Oman, and our efforts to promote economic opportunity in the Middle East."

"The agreement also marks a milestone in strengthening ties and promoting freedom in the Middle East," she said after Bush signed the accord into law.

The FTA with Oman is part of an effort by Washington to create a Middle East Free Trade Area (MEFTA) by 2013, building on existing agreements with Israel, Jordan, Morocco and Bahrain.

Bush has said he wants greater trade with the Middle East not just for the commercial benefits to US companies but for the political openness he believes could result in one of the world's most restive regions.

Critics led by Democratic opponents in Congress have argued the Oman trade pact would erode labor rights both in the United States and in other countries.

Korean Leads Race To Succeed Annan (WT)

By Betsy Pisik

The Washington Times, September 27, 2006

NEW YORK -- The race for United Nations secretary-general is moving into its final weeks with South Korean Foreign Minister Ban Ki-moon well in front, but the late entry of Latvian President Vaira Vike-Freiberga, who would be the first woman in the post, muddles the odds.

Seven declared candidates are now in the running to succeed Kofi Annan in January, and more could enter. They include a U.N. official who writes novels, the deputy prime minister of a recently deposed government, an ambassador with a passion for disarmament, a prince with peacekeeping experience, and a former World Bank executive from a shattered nation.

All the declared candidates are from Asia -- which under an informal rotation system expects to field the next secretary-general -- except Mrs. Vike-Freiberga, whose candidacy could sink on the geographic considerations despite the fact that several nations would like to see a woman in the post.

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China, a veto-wielding permanent member of the U.N. Security Council, signaled early that it would not accept a candidate from a country outside Asia.

Singapore's ambassador to the United States, Heng Chee Chan, has been widely mentioned as a highly qualified Asian woman who could satisfy nearly everyone. She is well- thought-of by Washington, and regarded as particularly strong in trade and economic issues, and familiar with the United Nations, having been the Singaporean ambassador to the world body before she came to Washington a decade ago. But she and her government insist that she is not a candidate.

Mrs. Vike-Freiberga's prospects will become clearer after a straw poll among Security Council members tomorrow. Mr. Ban topped two previous polls.

The Asian and African groups agree that the next secretary-general must be from Asia. Washington appears to have accepted that it cannot win approval for someone outside Asia, however qualified, without a bruising fight.

New candidates can still come forward until the Security Council members make their selection, something they hope to do in the next three weeks. Under U.N. rules, the council chooses a single candidate whose selection must be ratified by the General Assembly.

Mr. Annan steps down at the end of the year after a decade in a job that frustrates description. The U.N. secretary-general is both an administrator and mediator, a global conscience and a figurehead.

The job pays approximately $275,000 a year, with a mansion overlooking the East River in Manhattan. Unless one of the five permanent members of the Security Council wants the secretary-general out, the successful candidate can expect to serve a second five-year term.

The Americans have made clear that they want someone who will be more "secretary" than "general," with excellent management skills and a commitment to transparency and fiscal reform. "A decaffeinated Kofi Annan," as some have put it.

Based on their resumes and public statements, candidates who fill that description include the front-running Mr. Ban, a soft-spoken South Korean who has promised to heal rifts between member states and pursue efforts to streamline the 61-year-old international organization.

His public persona is more soothing than passionate, leading some private organizations to worry that he would not challenge governments on human rights and other internal issues. He is increasingly seen as the candidate the five veto-bearing permanent members can live with, rather than anyone's first choice.

Ashraf Ghani, 57, a new entrant who was Afghan finance minister during the post-Taliban period, also may have some traction. He drafted a reconstruction plan that raised nearly $30 billion in 2001, and is well-known to State Department and White House officials. American educated, he also has had a global career at the World Bank.

But he is not nearly as well known as Shashi Tharoor, the telegenic Indian author and U.N. communications czar who placed second in the last straw poll. Mr. Tharoor, 50, has been campaigning vigorously, courting foreign officials, American Jewish groups and worldwide popular opinion.

Mr. Tharoor's dedication to the United Nations the past 25 years may work against him, because U.S. and British diplomats say a career officer may not be the best person to reform the organization.

Surakiart Sathirathai, 48, the former deputy prime minister of Thailand, has been lining up support for almost two years, a campaign that was derailed by a coup in his homeland last week.

His formal support from the Association of Southeast Asian Nations has effectively shut out candidates from nine other nations, including Singapore's Mrs. Chan. Nonetheless, council ambassadors want more candidates to come forward to give them a wider choice.

After Annan, What Kind Of UN Leader? (CSM)

By Howard Lafranchi

The Christian Science Monitor, September 27, 2006

UNITED NATIONS, N.Y.

As Kofi Annan prepares to wrap up 10 years at the helm of the United Nations, admirers say the soft-spoken Ghanaian has overseen an expansion of the secretary-general's role into "the world's top diplomat."

Critics are more apt to point to the deteriorating esteem that much of the world holds for its largest international organization, or to the scandals that have rocked its walls, and conclude that a truer moniker might be "world's worst manager."

Now, as Mr. Annan approaches the end of his second five-year term in December, his accomplishments and shortcomings are defining the search for his successor, who could be selected as early as next month. Does the world need most a globe-trotting arbiter and executive - or someone who will put the house in order?

Two schools of thought have opened up on what the next secretary-general should be, says Edward Luck, a UN expert who teaches at Columbia University in New York: "a spokesman for the world, a kind of secular pope," or "someone who learns

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the lesson of Kofi's legacy and is careful not to overstretch the bounds of the office - but focuses instead on managing and leading the institution."

While candidates are already campaigning for the post, no consensus has formed around any one of them - in part because UN members, in particular on the powerful Security Council, have different views of what is most needed for the job.

Almost no one challenges the notion that Annan has presided over the UN during a decade of deep global change, or that an institution gathering 192 nations under its umbrella has evolved from the world's biggest convener of conferences to much more of a "doer" organization - managing more peacekeepers than ever, spearheading development efforts, fighting AIDS.

"The UN under Kofi Annan has begun to adapt to a very different world and a very different mission" than that of the world body's first half century, says Lee Feinstein, a UN expert at the Council on Foreign Relations in Washington. "It's much less a talk shop, much more a place that does things."

But the UN's reputation is also badly tarnished in the wake of the oil-for-food probe and other scandals. Some critics believe the UN under Annan has aligned itself too closely with American foreign policy, while others, notably among US conservatives, say Annan has presided over the transformation of the UN into a den of inefficiency, corruption, and anti-Western thinking. President Bush recently noted that support for the UN among Americans is at it lowest level ever.

Annan has not shied away from addressing previously "taboo" topics for the secretary-general, such as the promotion of democracy, individual rights versus those of government, the individual's right to protection, inequitable wealth distribution, and genocide, Mr. Feinstein says.

Yet despite that, the UN has suffered from failing to operate effectively or efficiently as it has expanded its workload, he adds. "And part of that is because Kofi Annan has not been an effective and efficient manager," he says.

That view, widely held among Annan admirers and detractors alike, has led many analysts to conclude that what the UN needs most now is not so much the "world's top diplomat" as a manager with a laser focus on internal operations who will make the organization work better.

"Yes, you need the well-respected international figure, but beyond that, what is needed as secretary-general is someone who is tremendously focused on reforming a highly flawed institution," says Nile Gardiner, an expert in international institutions at the Heritage Foundation in Washington.

"You need someone who won't just preside over a deep well of corruption but will dig in and do something about it," he adds, "someone who will challenge time-honored practices like hiring and promotion rules that too often yield the lowest common denominator."

Annan did launch a major reform effort in March 2005 that was to be the capstone of his tenure. But to some observers, it was fanciful to think that an ambitious overhaul including broad management reforms, expansion of the Security Council, and the addition of new tasks could be accomplished in the wary and distrustful atmosphere of the post-Iraq-invasion period.

"No one thought it was a propitious moment for such a wide-ranging undertaking," says Professor Luck of Annan's reform agenda. "When oil-for-food hit, he should have pared it down to focus on management," he says, adding, "Kofi is a decent man with many talents, but managing people isn't one of them. He seems to want everyone to like him."

Though it was hardly the sole responsibility of Annan, management reform stalled last year and is unlikely to go anywhere by December - and that means it will fall on the plate of whoever replaces Annan.

"Fiscal management, patronage within the UN system: Those are issues that Kofi Annan tried to address but that the next secretary-general will have to pick up," says Karl Inderfurth, a former State Department official who now teaches international relations at George Washington University in Washington.

While he agrees that management will have to be fixed if the UN is to succeed at its many and multiplying tasks, he says the next secretary-general will have to be mindful as well of the world's greater expectations of the UN in global security.

"Especially in the years of Kofi Annan, the world has come to look at the UN as the global 911," Mr. Inderfurth says, "So the new secretary-general will come in having to deal with those expectations."

That will mean tackling the thorny issue of Security Council reform, something Annan attempted but got nowhere with fast. For starters, says Inderfurth, who is a former US undersecretary for South Asian affairs, that will mean adding two new Asian members, Japan and India, to the Council's five permanent members, with other members likely to be added.

Annan "didn't get the updating of the Security Council that he wanted," Inderfurth says, "but it's something his successor will have to accomplish if the UN is to reflect not the world of the cold war but the world of the 21st century." Who's who in the race to be next UN chief

As the hunt for the next secretary-general at the United Nations heats up, the latest question to dominate the deliberations is this: Does it hurt a candidate if his country has just undergone a military coup?

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Surakiart Sathirathai, Thailand's ousted deputy prime minister and one of seven announced candidates to succeed Kofi Annan, should know the answer this Thursday, when the 15-member Security Council takes another in a series of straw polls on the secretary-general's race.

In the last informal vote earlier this month, Mr. Surakiart came in third - but that was before military leaders overthrew Thailand's elected government, including him. Since then, the military leaders have said they support Surakiart's candidacy. But China - a veto-wielding member of the Security Council - has said the coup "complicates" the Thai's campaign to lead the UN.

If Surakiart is down, then it would seem to follow that other candidates are up. They include South Korean Foreign Minister Ban Ki-Moon, generally considered the leading contender; Shashi Tharoor of India, a longtime UN diplomat and currently the UN undersecretary-general for public information, who came in second in the last straw poll; Jordan's UN Ambassador Prince Zeid Raad Zeid al-Hussein, who played a key role in establishing the International Criminal Court; and Jayantha Dhanapala of Sri Lanka, a former UN undersecretary-general for disarmament affairs.

Two candidates have emerged since the last straw poll on Sept. 14: Afghanistan's former finance minister, Ashraf Ghani; and Latvian President Vaira Vike-Freiberga.

Some countries say the eventual winner may not have even emerged yet - though UN ambassadors hope to settle on a candidate in October and avoid a repeat of the down-to-the-wire election of Mr. Annan in 1995. He vacates his post at the end of the year.

Attention in the selection is focused on the 15-member Security Council, because the Council sends its nominee to the 192-member General Assembly for an up-or-down vote.

All the announced candidates to date are from the Asia region, except Ms. Vike-Freiberga. That is in line with a UN tradition of rotating the regions represented in the secretary-general's office - a rotation that would dictate an Asian holding the next five-year term.

China is known in the halls of the UN headquarters in New York to be pressing strongly for the tradition to be followed - and many outsiders agree, saying the economic and political rise of Asia warrants an Asian holding the job. On the other hand, the United States, which has not yet made any preference known, has said the best candidate should hold the job regardless of regional origin.

One thing seems certain, however: The next "SG," as UN regulars refer to the organization's chief, won't be Bill Clinton.

Rumors flew a year ago that the globally popular former American president was a top contender for the post, but since then, Mr. Clinton has poured cold water on the idea.

Japan Vows To Step Up Bid For Security Council Expansion (AFP)

AFP, September 27, 2006

Japan has vowed to pursue its campaign for reform of the UN Security Council from which it hopes to secure a permanent seat on the key body despite opposition from some of its neighbours.

Giving Japan's speech to the UN General Assembly, the country's UN envoy Kenzo Oshima said the Security Council risked seeing its credibility further damaged if it did not change.

"Perhaps a limited few might find it in their interest to leave the Security Council configured in the way it was in 1945," Oshima said.

"It is clear, however, that no-one stands to gain from the waning credibility of the council that failure to reform it could entail."

The current council has five permanent members -- Britain, China, France, Russia and the United States -- each of which can veto any resolution passed by the body.

Japan, Germany, India and Brazil have pressed to become permanent members but opposition has come from the United States and China.

"The need for a more effective, representative and transparent Security Council that can live up to the demands of the new century is not a mere rhetoric but is real and urgent," said Oshima.

He added that most countries wanted change "with a sense of urgency" and "Japan is determined to continue to take the initiative in this critical endeavour."

The United States has said it favours Japan's permanent membership of the council but China has expressed opposition, because of Japan's wartime past.

North Korea spoke strongly at the assembly against Japan becoming a permanent member.

The North's Deputy Foreign Minister Choe Su Hon said Tuesday: "With regard to the expansion of permanent membership, a country like Japan, the war criminal which invaded Asian countries and committed a massacre of innocent

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people, but has been distorting its aggressive history instead of liquidating it, should never be allowed to become a permanent member."

New Premier Seeks A Japan With Muscle And A Voice (NYT)

By Martin Fackler

The New York Times, September 27, 2006

TOKYO, Sept. 26 — In his first act after being installed as prime minister, Shinzo Abe, a popular nationalist who has vowed to make Japan more assertive globally, appointed a cabinet on Tuesday packed with social conservatives and foreign-policy hawks.

Mr. Abe, 52, bowed deeply in front of lawmakers after winning 339 votes in the 476-member lower house, which selects the prime minister.

Earlier in the day, Mr. Abe's predecessor and political mentor, Junichiro Koizumi, vacated the prime minister's residence in central Tokyo after nearly five and a half years. Mr. Abe had been virtually guaranteed to succeed Mr. Koizumi, 64, since winning last week's leadership election in the Liberal Democratic Party, which has governed Japan for most of the past half-century.

Mr. Abe is Japan's youngest prime minister since World War II and the first to be born after the war. His ascension appears to be a changing of the guard in a country that has kept a low profile in international affairs since its defeat in 1945. He enters office riding a crest of popularity, as his message of renewed national pride has found followers amid the resurgence of Japan's long dormant economy.

"Japan must be a country that shows leadership and that is respected and loved by the countries of the world," Mr. Abe said Tuesday in his first news conference as prime minister. "I want to make Japan a country that shows its identity to the world."

At the same time, Mr. Abe (pronounced AH-bay) said he wanted to improve relations with South Korea and China, which soured after Mr. Koizumi paid visits to a Shinto shrine honoring Japan's war dead.

Mr. Abe called on the leaders of South Korea and China to meet with him, something both countries refused to do with Mr. Koizumi. So far, Mr. Abe has been vague about whether he will visit the shrine.

He told reporters that one goal of his administration was to revise Japan's pacifist Constitution, written after World War II by American occupation forces, to permit a full-fledged military. He also indicated that he favored closer military cooperation with Washington. These goals have alarmed many here who worry that any upgrading of the status of the armed forces could damage ties with Asian neighbors, which fear a revival of Japanese militarism.

After winning leadership of the governing party last week, Mr. Abe reportedly spent several days holed up in his country retreat near Mount Fuji, drawing up his cabinet. His choices, said Tomoaki Iwai, a professor of politics at Nihon University, and others, gave a decidedly hawkish bent to the new administration.

Mr. Abe increased the number of advisers to the prime minister, adding new posts for national security, education and the issue of Japanese citizens kidnapped by North Korea. Many of his appointees are in their 50's, a decade younger than most cabinet ministers in the past.

One of the most watched appointments was to the new job of national security adviser, which went to Yuriko Koike, 54, a former television reporter. Ms. Koike has been a vocal supporter of the economic sanctions on North Korea linked to its refusal to provide more information on the fate of Japanese citizens kidnapped two decades ago.

Another was the education adviser, Eriko Yamatani, 56, a critic of sex education and the teaching of "excessive" equality of the sexes in schools.

The new state minister in charge of sex equality, Sanae Takaichi, 45, has opposed allowing women to have different legal family names from their husbands, a freedom women sued to win in the late 1980's.

The defense agency chief, Fumio Kyuma, a 65-year-old party veteran and a friend of Mr. Abe's, and the foreign minister, Taro Aso, 66, who ran against Mr. Abe in last week's leadership vote, retained their positions.

There are few political heavyweights in top economic posts, reflecting what some economists and political scientists said was a shift in priorities toward foreign policy and national security. Mr. Koizumi, in contrast, filled economic posts with prominent reformers like Heizo Takenaka, a former economics professor credited with fixing Japan's debt-ridden banking system.

Mr. Abe said he wanted to continue Mr. Koizumi's market-oriented reforms but also pledged to fight the growing discrepancies in incomes and opportunities that they have helped create. Mr. Koizumi's critics blasted him for turning egalitarian Japan into an American-style society of winners and losers.

But Mr. Abe seemed to speak most forcefully on security issues, and on the need for Japan to have a larger voice in global affairs. One of his goals, he said, will be getting Japan a permanent seat on the United Nations Security Council.

Japan PM Vows To Speed Up Reforms (FT)

DOJ_NMG_0070187

By David Pilling

Financial Times, September 27, 2006

Shinzo Abe, Japan's new prime minister, named a cabinet of mainly like-minded conservatives on Tuesday. The line-up reflects the priorities of his ruling Liberal Democratic party as well as his own desire to surround himself with ideological friends.

Analysts said the cabinet of Mr Abe, who was sworn in by parliament on Tuesday, reflected an independent streak, though not as much as his predecessor Junichiro Koizumi, who revelled in ignoring party protocol and bringing in outsiders.

Mr Abe named 11 freshmen to his cabinet, signalling a generational shift. At 52, he is the first prime minister born since the war and the youngest in 65 years.

Youngsters – by Japanese standards – in the cabinet and among senior party officials include Yasuhisa Shiozaki, 55, chief cabinet secretary, Shoichi Nakagawa, 53, LDP policy chief, and Nobuteru Ishihara, 49, deputy secretary-general.

Mr Nakagawa, in particular, is considered close to Mr Abe, sharing views that Japan needs to defend its national interest more vigorously, rewrite its US-written pacifist constitution and make education more patriotic.

Mr Shiozaki, another close friend, will also have special responsibility for people kidnapped by North Korea, an emotive issue that helped propel Mr Abe to the top slot.

On the economy, Mr Abe balanced youth with experience, nominating Koji Omi, 73, a former trade ministry bureaucrat, as finance minister. Mr Omi, who rallied older parliamentarian support for Mr Abe, will be expected to seek spending cuts in line with the premier's pledge to trim bureaucratic fat before considering tax increases.

Kaoru Yosano, the economy and financial services minister tipped for a top cabinet post, was passed over, possibly because his reputation as a fiscal hawk conflicted with Mr Abe's emphasis on promoting growth, analysts said.

Takao Toshikawa, a political commentator, said the cabinet was largely in Mr Abe's image and not unduly influenced by LDP backroom dealing – the way cabinets were formed before Mr Koizumi. It was stacked with people who might be seen as "neo-cons or rightwingers", Mr Toshikawa said, but he stressed that Mr Abe's conviction politics were tempered by a strong streak of pragmatism.

The new prime minister, for example, had sent strong signals to China about getting relations back on track. No summits between the leaders of Asia's two biggest economies took place during Mr Koizumi's 5½ year tenure, largely over the issue of Mr Koizumi's visits to a controversial war memorial.

As foreign minister Mr Abe stuck with Taro Aso, the incumbent, who ran against him for the premiership. Mr Aso is considered a hawk not obviously suited to the role of improving relations with China, but he has emphasised his willingness to meet Chinese leaders without conditions.

Mr Aso has also floated what he says are long-term solutions to the diplomatic controversy over the Yasukuni shrine.

Abe's Cabinet Picks Indicate A Steady Course (WSJ)

By Yuka Hayashi

The Wall Street Journal, September 27, 2006

New Prime Minister Vows to Concentrate On Economy, China

TOKYO -- Shinzo Abe was elected prime minister of Japan yesterday and announced a cabinet lineup that indicated he would follow many of the policies of his predecessor, Junichiro Koizumi.

Mr. Koizumi's five years in power were defined by moves to reduce the size of the government -- through spending cuts and privatization programs -- and to give Japan a more-assertive foreign policy. Yesterday, Mr. Abe pledged to speed up these fiscal overhauls to keep the country's economic recovery on track, and to improve ties with China.

Eurasia Group's Ross Schaap explains2 the economic issues facing Japan's youngest prime minister, Shinzo Abe, who was elected Tuesday.

The new prime minister appointed some old hands for foreign and defense posts, but he made some unexpected choices for important economic positions. The economy minister will be Hiroko Ota, who sat on the Council on Economic and Fiscal Policy during Mr. Koizumi's term, when the committee decided major economic policies. She also has close ties to Heizo Takanaka, who was the architect of Mr. Koizumi's economic policies but is leaving politics.

Mr. Abe's finance minister will be Koji Omi, 73 years old, a long-serving politician who has held various economic jobs in the government in the past, though not for several years. As economy-planning minister in 1997, Mr. Omi wrongly predicted that Japan's economy would recover "around the time cherry blossoms bloom" in the spring. Japan's economy continued to deteriorate for years.

"Most of these names will be unknown to a foreign audience," wrote Richard Jerram, an economist for Macquarie Securities, in a report. He speculated that the appointments could indicate that economic policies "will not be an important focus for the new administration."

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Mr. Abe reappointed Taro Aso as foreign minister. Mr. Aso, who was one of Mr. Abe's contenders for the premiership, will assist the new prime minister as he strives to repair relations with China and South Korea. These ties soured under Mr. Koizumi's rule partly because he paid annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as wells as conscripted soldiers.

Mr. Abe is a supporter of the shrine and has paid his respects there in the past, but he hasn't said whether he will visit as prime minister.

Mr. Aso, who also has visited Yasukuni in the past, has suggested bringing the shrine under government control, a move that might help defuse the controversy surrounding it.

Mr. Abe is also an advocate of close military ties with the U.S. and a bigger military role for Japan -- both policies that Mr. Koizumi promoted. Fumio Kyuma, who served as defense minister from 1996 and 1998, was appointed to that post for a second time.

Mr. Abe had been voted leader of the ruling Liberal Democratic Party last week, and yesterday, both houses of Parliament elected him prime minister. At 52, Mr. Abe is set to be the nation's youngest prime minister since World War II.

After being voted LDP president last week, he pledged to continue with Mr. Koizumi's economic policies of reining in public spending while generating higher tax revenues through strong economic growth.

Yesterday, Mr. Abe took the symbolic step of cutting his own pay by 30% to help trim the budget.

In Valedictory Speech, Blair Declines To Name Departure Date (NYT)

By Alan Cowell

The New York Times, September 27, 2006

MANCHESTER, England, Sept. 26 — With some wisecracks and familiar rhetorical flourishes, Prime Minister Tony Blair delivered his final speech as Labor leader to the party's annual conference on Tuesday, saying it was "hard to let go" but "right to let go."

He offered no formal endorsement of his presumptive heir, Gordon Brown, however, and did not set a date for his own departure, suggesting that he would pursue a Middle East peace initiative and other projects for "months" to come.

Mr. Blair's appearance was his first major address since he bowed three weeks ago to a sustained campaign by Mr. Brown's supporters to force him to step down. At that time, he said he would leave office within a year. The power struggle left both men politically bruised.

The speech was closely watched for signs that they had reached some kind of peace, particularly since Mr. Brown offered Mr. Blair fulsome praise in a similarly scrutinized speech on Monday.

Mr. Blair described Mr. Brown, his longtime rival, partner and would-be successor, as "a remarkable man. A remarkable servant to this country."

"I know New Labor would never have happened, and three election victories would never have been secured, without Gordon Brown," he said as Mr. Brown, the chancellor of the exchequer, sat close by against a flame-red backdrop. The two men did not shake hands after the speech, suggesting there was little warmth between them.

Some delegates leaving the hall said Mr. Blair had been less than generous to his finance minister, who has presided over sustained economic growth. "Gordon gave more to Tony than Tony gave to Gordon," said one delegate, Peter Riddle, from the northwestern city of Carlisle.

Others said Mr. Blair had delivered a fitting farewell for loyalists, like Maurice Epstein, a Labor activist from Brighton, who called Mr. Blair "my God, the greatest prime minister." He added, "I'm heartbroken that he's going."

For many Laborites the valedictory address — choreographed as much as a victory rally as an adieu — offered the beginnings of a transition after almost a decade in power, during which Mr. Blair alienated voters because of his support of the White House in Iraq, Afghanistan and the campaign against terrorism. Some said Mr. Blair should announce a date to leave soon.

"Gordon Brown needs no acclaim from Tony Blair because he's the leader in waiting," said Steve Barber, a Labor Party member from Nottingham, in the English Midlands. "It would be better if Tony Blair named a date, sooner rather than later. His one failing was Iraq, and it was an error that I still hold against him."

British newspapers on Tuesday trumpeted an episode on Monday when, according to the Bloomberg news agency, Cherie Booth, the wife of the prime minister, was overheard remarking that Mr. Brown was a liar for saying it had been a privilege to work under Mr. Blair.

Bloomberg said it stood by the article. British officials denied it, but the episode illustrated what even Mr. Blair indicated Tuesday was a rocky relationship between Ms. Booth and Mr. Brown, whose office is next door to the Blairs' on Downing Street. "At least," Mr. Blair said in his speech, "I don't have to worry about her running off with the bloke next door."

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Mr. Blair's speech drew longer and more passionate applause than Mr. Brown's address on Monday, emboldening some of the prime minister's followers to say that he should not be hurried out of office, as Mr. Brown's supporters had been seeking. "I don't really see why he should go before the next conference," said Marsha Healy, a Labor party member from Manchester.

Mr. Blair's deft handling of the Labor crowd — drawn from a party that supposedly wants to be rid of him — showed the extent to which Labor has relied on his oratory as a vote winner. Supporters held up placards with slogans like "Too young to retire," and "Things got better."

Mr. Blair used his speech to try to energize the faithful to fight and win a fourth election, possibly in 2009. "The scale of the challenges now dwarf what we faced in 1997," he said, referring to the year Labor came to power. "In 1997, the challenges we faced were essentially British. Today, they are essentially global."

Mr. Blair dwelt on the campaign against terrorism, saying, "We will not win until we shake ourselves free of the wretched capitulation to the propaganda of the enemy, that somehow we are the ones responsible. This terrorism isn't our fault. We didn't cause it."

He also defended actions by Britain as an ally of the United States in Afghanistan and Iraq. "If we retreat now, hand Iraq over to Al Qaeda and sectarian death squads and Afghanistan back to Al Qaeda and the Taliban, we won't be safer. We will be committing a craven act of surrender that will put our future security in the deepest peril."

Blair In Tough And Tender Farewell (FT)

By James Blitz

Financial Times, September 27, 2006

Tony Blair on Tuesday bade farewell to the Labour conference with a tough but tender speech, declaring he loved his party – but that it must not retreat into a leftwing "comfort zone" of politics after he is gone.

In a dazzling final address to the Labour conference that left many delegates in tears, the prime minister said he wanted to heal the divisions with Gordon Brown, the chancellor, whom he praised as "a remarkable man, a remarkable servant to this country".

In spite of accusations that Mr Blair has been forced out in a coup orchestrated by the chancellor's allies, the prime minister told the conference: "Of course it is hard to go. But it is also right to go – for the country and for you, the party."

However, Mr Blair – as expected – stopped short of endorsing Mr Brown as his successor.

He also declared that he wanted to stay at Downing Street into next year, saying his energies "over the coming months" would be focused on trying to boost the peace process between Israel and the Palestinians.

Mr Blair's main goal in the hour-long speech was to advise Labour on how it must set about winning the next general election – something that he described as the "only legacy that has ever mattered to me".

Mr Blair said that after a decade in power Britain was "a changed country", that the party had "changed the terms of the political debate".

But he said Britain still needed to meet the challenge of globalisation. "The British people are reluctant global citizens," he said. "We must make them confident ones."

Meeting this challenge meant his successor would have to be courageous. "A governing party has confidence, self-belief. It sees the tough decision and thinks it should be taking it."

Mr Blair outlined a string of tasks for the party in the years ahead.

On the reform of health and education sectors, he said the issue at the next election would be which party would put "the patient and the parent" first.

On foreign policy, he also insisted Labour must have the right outlook internationally. "Nothing we strive for . . . can be solved without America or without Europe," Mr Blair said.

He said that to give up these alliances would significantly reduce Britain's "power, weight and influence".

One of Mr Blair's main aims was to reject claims that he had always been a "closet Tory".

He said: "They say I hate the party and its traditions. I don't. I love this party. There's only one tradition I ever hated: it was losing."

But he drew the loudest applause when he made a quip about how his wife Cherie had reportedly expressed disgust in the middle of Mr Brown's speech on Monday: "At least I don't have to worry about her running off with the bloke next door."

Peter Mandelson, the European commissioner, said after the speech: "Once again he has shown himself to be the best politician by a mile in this country – and he always will be."

Blair: Strong Ties With U.S. Essential (USAT/AP)

By The Associated Press

DOJ_NMG_0070190

USA Today, September 27, 2006

MANCHESTER, England — Prime Minister Tony Blair, in his final address to his governing Labor Party, said Tuesday that being the United States' strongest ally can be difficult, but it is crucial to stay close to the United States in the war on terrorism.

During his turbulent 12 years as prime minister, British troops were sent into battle in Iraq and Afghanistan and suicide terrorists attacked on British soil.

"Yes, it's hard sometimes to be America's strongest ally," he said. "At the moment, I know people only see the price of these alliances. Give them up and the cost in terms of power, weight and influence for Britain would be infinitely greater. Distance this country, and you may find it's a long way back."

The speech, his last at a Labor Party annual conference as party leader, was a chance for Blair to remind detractors of his accomplishments and urge his party to stay on course when he leaves office in the next year.

Under his leadership, Labor swept into power in 1997 for the first time in 18 years. He forced the left-leaning party into the center and emphasized such issues as health care, fiscal discipline and crime fighting. Blair, 53, and Labor were re-elected in 2001.

He noted Tuesday that the domestic issues that once dominated the agenda had been replaced by global challenges such as climate change, organized crime and religious extremism.

"We used to feel we could shut our front doors on the problems and conflicts of the wider world. Not anymore. The British people today are reluctant global citizens. We have to make them confident ones."

Blair's Farewell Stresses Alliance (WT/AP)

By Jennifer Quinn, Associated Press

The Washington Times, September 27, 2006

MANCHESTER, England -- Tony Blair gave his last address to his Labor Party as prime minister yesterday, saying it is important to stay close to Washington in the fight against terrorism even though it can be hard to be the United States' strongest ally.

The 53-year-old leader acknowledged it would be difficult for him to leave office, but that it was the right thing to do.

In a wistful but forward-looking speech, Mr. Blair told the party it must remain bold if it is to hold onto power and said the only legacy he cared about was his Labor Party winning a fourth term.

Delegates, grateful for the three straight election victories to which Mr. Blair led their party, listened raptly as he spoke and frequently interrupted him with cheers. Many waved supportive placards reading "Too young to retire" and "Tony, you made Britain better."

Mr. Blair fondly recalled his start in politics as a young parliamentary candidate in 1983, and said Labor had changed the terms of debate in British politics during his time as leader.

"The truth is, you can't go on forever," he said. "That's why it is right that this is my last conference as leader."

Although Mr. Blair has long had a love-hate relationship with a party he has remade since taking its helm in 1994, he said he would always watch Labor's achievements with pride -- whether or not it took his parting advice.

Mr. Blair said fighting terrorism would remain a tough challenge for Britain in the years after he leaves office, but that it was crucial to stay close to the United States -- despite the severe political damage he suffered for his tight relationship with President Bush and his support for the U.S.-led war in Iraq.

"Yes, it's hard sometimes to be America's strongest ally," he said, adding that close involvement in the European Union could also be difficult. "At the moment, I know people only see the price of these alliances. Give them up and the cost in terms of power, weight and influence for Britain would be infinitely greater.

"Distance this country and you may find it's a long way back," he said.

Mr. Blair gave in to a fierce rebellion in the party to announce on Sept. 7 that he would step down within a year, although he has not set a date.

He offered warm praise for Treasury chief Gordon Brown, the man expected to succeed him, but stopped short of making an endorsement. Mr. Blair said Labor would never have won its three terms without Mr. Brown's contributions, but acknowledged their relationship had been strained at times.

"In no relationship at the top of any walk of life is it always easy, least of all in politics," he said. "[Mr. Brown] is a remarkable man, a remarkable servant to this country. And that is the truth."

Labor, he said, had so succeeded in remaking British politics that the opposition Conservative Party has moved away from the right and toward the center in response.

The address came a day after Mr. Brown strengthened his claim to the top job with a self-confident speech setting out a centrist vision for the party.

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Blair Bids Fellow Laborites Farewell (LAT)

By Janet Stobart

The Los Angeles Times, September 27, 2006

LONDON — British Prime Minister Tony Blair took an emotional leave of his Labor Party on Tuesday with a speech that defended his transatlantic alliance with President Bush and touted his government's achievements at home.

In an address that was frequently interrupted by applause and followed by a standing ovation, Blair acknowledged recent criticisms of his foreign policy. But he told delegates at the party's annual conference in Manchester that battling terrorism meant entering into partnerships that were not easy "for a sovereign nation like Britain."

"It's hard sometimes to be America's strongest ally. Europe can be a political headache," he said in the televised remarks. "But there are not halfhearted allies of America today and no semidetached partners in Europe. And the truth is that nothing we strive for, from the world trade talks to global warming, to terrorism and Palestine, can be solved without America, or without Europe."

Blair, 53, who announced this month that he would step down as party leader and prime minister before the next party conference in September 2007, began his address by offering thanks to "the Labor Party for giving me the extraordinary privilege of leading you these past 12 years."

He also thanked his family, particularly his wife, Cherie, using humor in an attempt to ease controversy over a comment attributed to her. Bloomberg News quoted her Monday as muttering "that's a lie" during an address by treasury chief Gordon Brown, Blair's likely political heir, as Brown spoke of his warm ties with the prime minister.

"At least I won't have to worry about her running off with the bloke next door," Blair quipped. The Brown family lives in No. 11 Downing Street, next door to the prime minister's official residence.

In a brief tribute, Blair said the party's victories in the three last national elections "would never have been secured without Gordon Brown. He is a remarkable man, a remarkable servant of the people."

Blair finished his tour of gratitude with a nod to the British people.

"Leaders lead, but in the end it's people who deliver," contributing to his government's achievements since Labor seized power from the Conservatives in 1997, he said. It was people and not politics, he said, whose efforts had created new hospitals, schools, cities and businesses.

Long applause greeted his vow that Labor would achieve a fourth term in power in national elections to be held by 2009. Before then, Brown is expected to succeed Blair as party leader and prime minister.

Compared with 1997, Blair noted, Britain's future had become more tightly bound to international politics, and that has brought new insecurities.

"Ten years ago, immigration was hardly raised and terrorism meant the IRA," he said, referring to the Irish Republican Army. "Not anymore.

"Globalization, climate change, organized crime, suicide bombers born and bred in Britain who bring carnage to the streets of London in the name of religion" are just some of the issues he said are now facing Britons.

"The British people today are reluctant global citizens; I want them to be confident ones," he said.

Britain could be still more competitive in areas such as technology, financial services and bio-science. "America does not want stem cell research. We do, we welcome it here," he said.

The war on terrorism "is a struggle that I believe will last a generation or more," he said, while rejecting the criticism that the U.S. and British military presence in Iraq and Afghanistan was encouraging Islamic militancy.

"This is not our war against Islam," he added, "this is a war fought by extremists who pervert the true faith of Islam. It is not British soldiers who are sending car bombs into Baghdad or Kabul to slaughter the innocents."

The Anglo-American alliance, and particularly Blair's strong personal relationship with Bush, is still a stumbling block for the prime minister's legacy, said Michael Cox, professor of international relations at the London School of Economics.

"For the first time since the Suez crisis of the '50s, foreign policy is a major issue behind the fall in a prime minister's popularity," Cox said. "It is a major cause of unease in the Muslim world."

Yet there was little criticism offered by the party faithful Tuesday, despite recent complaints over both Blair's foreign policy and his unwillingness to commit to a date for stepping down as prime minister.

Blair's farewell was "highly emotional but not remotely sentimental," said Charles Falconer, the lord chancellor. "He constantly challenged the party to move forward and face challenges like Middle East peace, the war on terror. We have all got to move to respond to these challenges."

In Parting Words, Advice For Labor (WP)

DOJ_NMG_0070192

By Mary Jordan, Washington Post Foreign Service
The Washington Post, September 27, 2006
Blair Urges Perseverance In Fight Against Terrorism

MANCHESTER, England, Sept. 26 -- Prime Minister Tony Blair, addressing his Labor Party's annual conference for the last time, warned Britain that if it retreats from Iraq and Afghanistan after he leaves office, "we will be committing a craven act of surrender."

In an emotional hour-long address, Blair spoke of a continued need for a strong alliance with the United States and for British commitment to a global fight against terrorism that "will last a generation and more."

Blair, 53, recently said he would resign within a year. Pressure in his own party has been building for him to make way for a new leader. Since he became prime minister in 1997, his sky-high popularity ratings have plummeted because of domestic scandals, fatigue with a third-term government, his backing of the Iraq war and his closeness to President Bush.

But Blair won a sustained standing ovation after a televised address that seemed like the beginning of the country's goodbye to him. "Of course, it's hard to let go," he said. Many in the audience dabbed tears. One held a handwritten sign that said "Too Young to Retire."

In what some interpreted as a reference to his much-criticized decision to go to war in Iraq, Blair said: "The British people will, sometimes, forgive a wrong decision. But you know something, they won't forgive not deciding. They know the choices are hard."

"Yes, it's hard sometimes to be America's strongest ally," Blair said. "But believe me, there are no halfhearted allies of America today." He said strong ties are needed with Europe and the United States, though "at the moment I know people only see the price of these alliances."

"Nothing we strive for, from the world trade talks to global warming to terrorism and Palestine can be solved without America or without Europe," he said. Give up these alliances, he said "and the cost in terms of power, weight and influence for Britain would be infinitely greater."

"It's sad to see him go," said Wendy Nichols, 48, a party supporter from Yorkshire.

But others at the convention of 20,000 Labor party members, journalists and guests in Manchester's city center were not won over by Blair's eloquence. "He has made a lot of mistakes," said Mary Clarkson, a city councilwoman from Oxford. "I think the time has come" for his resignation. She said she would be very happy if Gordon Brown, the finance minister and leading candidate to succeed Blair, took over.

Blair praised Brown, though the relationship between the two men has soured recently amid reports that Brown may have directed -- or at least not stopped -- his loyalists from campaigning for Blair's resignation.

On Monday, a reporter wrote that she overheard Blair's wife, Cherie, saying, "Well, that's a lie," when Brown spoke of what a privilege it has been to work with Blair. Although she denied saying those words, they became front-page headlines, reviving talk about a feud between the two men, who live beside each other in London at 10 and 11 Downing Street.

Blair brought down the house when he joked: "At least I don't have to worry about her running off with the bloke next door."

Recapping achievements of his tenure, including enacting new rights for gay couples, shepherding economic growth, reducing poverty and banning fox hunting, Blair offered what he called his "advice" to the party.

He said it needed to resist any urge to move back to the left and should keep the center ground. And, he said, it needed to be fully aware that the world had changed: "We used to feel we could shut our front door on the problems and conflicts of the wider world. Not anymore. Not when suicide bombers born and bred in Britain bring carnage to the streets of London in the name of religion."

He went on: "If we retreat now, hand Iraq over to al-Qaeda and sectarian death squads, and Afghanistan back to al-Qaeda and the Taliban, we won't be safer. We will be committing a craven act of surrender that will put our future security in the deepest peril."

He said he would "dedicate" his waning days as prime minister to trying to broker peace between Israelis and Palestinians. In a distancing from Bush administration policy, he said Britain should strive to lead in bioscience: "If America does not want stem cell research -- we do."

"He is the political phenomenon of our age," Michael Smyth, a partner at a London-based law firm, said after Blair left the stage. To many, a feeling hung in the hall that an era was ending.

The Rebranding Of British Conservatives (WSJ)

By Aaron O. Patrick
The Wall Street Journal, September 27, 2006

DOJ_NMG_0070193

LONDON -- Since David Cameron became leader of Britain's Conservative Party late last year, he has been on a marketing blitz worthy of the public-relations executive he once was.

Traveling on dog sleds, he visited a Norwegian glacier in April to demonstrate his concern about global warming. This month, he toured impoverished areas of India. He has created an "A-list" of 160 political candidates, including an openly gay soap-opera actor, whom he is pushing for seats in Parliament's House of Commons, saying Conservatives need more diversity among its representatives. The party's new logo is an oak tree, symbolizing strength and endurance.

By concentrating on social and environmental issues, Mr. Cameron hopes to shed the image of Conservatives as right-wingers determined to lower taxes for the wealthy and cut welfare. He reasons that by shifting the party to the center of the political spectrum, he will pick up swing voters who previously supported Prime Minister Tony Blair's Labour Party.

While elections are as long as three years away, it looks like Mr. Cameron, 39 years old, has the best chance in a decade to put the party of Margaret Thatcher back in government.

Mr. Blair, after nine years in office, outlasting four Conservative Party leaders, has said he will step down early next year. That will set the stage for Mr. Cameron and Mr. Blair's successor -- most likely Chancellor of the Exchequer Gordon Brown -- to go head to head in the next general election, which must be held by early 2010.

Mr. Cameron's decision to rework the Conservative Party's image came in response to surveys showing the party was seen as out of touch. Last year, polling company Populus U.K. Ltd. asked 1,509 people if they agreed with a plan to tighten immigration controls. One group was told the idea came from the Conservative Party. Another group wasn't. The latter group liked the policy more.

The findings, along with other research, helped persuade Mr. Cameron he needed to change the Conservative Party's image, or "brand," says Michael Moszynski, a director at the M&C Saatchi advertising agency who supervised the party's ads in the last election.

"When other people have said, 'We just have to work our way through our policies,' he realizes that won't be enough," Mr. Moszynski says. "His objective is to change the way people feel about the Conservative Party. That has to come before the policies." Mr. Cameron declined to be interviewed for this article.

Mr. Cameron's main policy document -- an 11-page "statement of values" -- is so generic it is impossible to know how his rhetorical shift will shape the Conservative Party's position on issues like adoption of the euro, nuclear power and health spending. The document includes the sentence: "We believe that there is more to life than money."

Mr. Cameron's efforts with British voters are paying dividends, putting his party consistently ahead of Labour in opinion polls for the first time in more than a decade. Mr. Blair, in an emotional farewell speech to Labour's annual party conference yesterday, warned the party it would lose the next national elections if it slipped leftward to satisfy its core voters instead of fighting Mr. Cameron for the center.

"David Cameron's Tories? My advice: Get after them," he said, before painting Mr. Cameron as a policy lightweight. Mr. Blair attacked Mr. Cameron for "pandering to anti-Americanism" and his professed dislike of the European Union, hesitating over whether to end Britain's moratorium on building nuclear-power stations, and promising to cut taxes as well as increase government spending.

"The Tories haven't thought it through. They think it's all about image," Mr. Blair said. "If we can't take this lot apart in the next few years, we shouldn't be in the business of politics at all."

Labour has reason to be concerned. In local government elections in May, the Conservative Party received more votes than it had in 14 years. Polls show Mr. Cameron is more popular than Mr. Blair. In a Guardian newspaper poll last week, when respondents were asked which party they would vote for with Mr. Brown as Labour leader versus Mr. Cameron's Conservatives, 31% said Labour and 37% said Conservative.

While Mr. Cameron, a former head of corporate affairs at a British television network, Carlton Communications PLC, had a privileged upbringing -- he attended Eton, then Oxford, and is part a group of Conservatives known as the Notting Hill set for the tony London district where many of them live -- his message is pitched at middle-class voters. In speeches, Mr. Cameron often concentrates on education, environmental issues and social justice. He has dropped the Conservative Party's rhetoric on immigration, taxes and crime. He has distanced himself from the administration of President Bush, saying arguments for the war on terrorism are "unrealistic and simplistic," a big step for a party that has long been closely aligned with U.S. Republicans.

Mr. Cameron frequently bikes to work and is installing a wind turbine, solar panels and rainwater tank at his family's London home where he lives with his wife, Samantha, creative director of a luxury stationery and leather-goods shop, Smythson of Bond Street. And, in a country where health care is a huge political issue, he speaks often about his experiences in public hospitals looking after his 5-year-old son, who has cerebral palsy.

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Jill Diver, a 49-year-old television engineer from North London, says she is considering voting for Mr. Cameron, ending her lifelong support of the Labour Party. "I think he genuinely believes what he says on Green issues," she says. "I think he's trying very hard, and I think he's very genuine."

His political opponents note he has yet to lay out policy details. "I think he's done a clever repositioning of his brand, but his changes are very much skin deep," says Hazel Blears, chairman of Mr. Blair's Labour Party.

Next month, Mr. Cameron will have an opportunity to detail his vision for the country when he gives the keynote speech at the Conservative Party's annual conference. He won't announce any major policies, his office says.

Washington Wire (WSJ)

Wall Street Journal, September 27, 2006

September 26, 2006, 6:44 pm

Party Games

Election year politics appear to be a common factor in splitting Republicans.

In the case of the terrorist surveillance bill, for example, the House leadership wants to give a lead role to Rep. Heather Wilson (R., N.M.), who faces a tough re-election at home and is eager to show her independence from the White House. Debate this week provides such a window, but then precludes a quick deal with the Senate. House Majority Leader John Boehner (R., Ohio) acknowledged as much today, saying it is unlikely the warrantless wiretaps legislation will get to the White House before the elections. “We would like to, but I think that might be a stretch,” Mr. Boehner said.

In the case of the stymied defense authorization bill, House Speaker Dennis Hastert of Illinois wants to add legislation that would make it easier to deport illegal aliens found to be members of criminal gangs. That’s a serious issue with Virginia House members, who turned out in support of the speaker at a news conference today. But Virginia Sen. John Warner, chairman of the Armed Services Committee, has argued that the issue shouldn’t be added at this late stage to a measure for national defense. –David Rogers

Read more: Global, Campaign 2006, Congress, Homeland Security, White House

Permalink | Trackbacks September 26, 2006, 5:29 pm

Spellings Higher Ed Plan Gets Mixed Grades

Education Secretary Margaret Spellings wants to make colleges more accountable to students and their parents, and to that end has proposed setting up an extensive database of student demographics and performance.

Charles Miller, who chaired an Education Department advisory commission, has said he envisions an approach that would require colleges to submit students’ scores on standardized tests. The panel’s report points to such examples as the Collegiate Learning Assessment, currently used by more than 100 colleges, and the Measure of Academic Proficiency and Progress, a gauge of reading, math, writing and critical thinking used by 350 colleges for their own self-assessment or accreditation.

The idea for the database has raised hackles among privacy advocates following disclosures that the Education Department shared information on student financial aid applicants with the Federal Bureau of Investigation as part of the government’s counterterrorism work.

Members of the higher education community aren’t happy, either. “We’re perplexed when she says there’s not much information on accountability,” says David Warren, president of the National Association of Independent Colleges and Universities. “Our Web sites are overflowing with information.”

Spellings argues that college is a major investment. “For most families this is one of the most expensive investments we make,” she said. “Yet there is little to no information on why costs are so high and what we’re getting in return.”

Spellings might not have the last word. Key senators led by Mike Enzi of Wyoming, chairman of the Health, Education, Labor and Pensions Committee and Edward Kennedy of Massachusetts, the committee’s ranking Democrat, warned Spellings that she could be called to the principal’s office. “The draft recommendations. . .are broad and will likely require legislative action before they could be appropriately included in regulations,” they wrote. –Anne Marie Chaker

Read more: Global, Education

Permalink | Comments | Trackbacks September 26, 2006, 4:25 pm

FCC Keeps Lid on Media Ownership Hearing

In a week, the five-member Federal Communications Commission is scheduled to hit the road for the first of six public hearings on the contentious media ownership issue. So far, we know the hearing will be in the Los Angeles area and it will be on Tuesday. All of the other details, including where it will be and who will speak, still haven’t been released.

Media interest groups are fuming about the delay as FCC officials continue to bicker over the details. One holdup is that new Republican commissioner Robert McDowell is pressing to hold the hearing in the Los Angeles suburb of El Segundo, where his brother happens to be mayor. Other FCC officials want to hold the event closer to downtown Los Angeles, perhaps the

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University of Southern California campus. Details are expected to be announced late Tuesday or on Wednesday, two FCC officials said.

UPDATE: Late today, the FCC said it would hold its ownership hearing in two different places: the USC Campus from 1 p.m. to 4:30 p.m. and the El Segundo High School from 6:30 p.m. to 10 p.m. A list of panelists would be released "prior to the hearing" and the public will be able to participate "via open microphone." –Amy Schatz

Read more: Global, Business

Permalink | Comments | Trackbacks September 26, 2006, 4:04 pm

No Laughing Matter

The World Bank plans brown-bag breakfasts next week on management of public toilets in developing nations. "There are 2.6 billion people without toilets of any kind," says senior water and sanitation specialist Peter Kolsky. "If they had a latrine, I'd be a happy camper."

Neighborhood facilities are common in such cities as Nairobi and Bombay; the problem is making sure they're cleaned and maintained. "If it belongs to everybody, it belongs to nobody," Kolsky says. China, India and Kenya provide possible models for other countries.

Kolsky says he is still firming up the timing of a brown-bag lunch on fecal sludge. –Michael M. Phillips

Read more: Global

Permalink | Comments | Trackbacks September 26, 2006, 4:02 pm

Senate May Delay Vote on China Tariffs

Leading China critics in the Senate said they may again delay action on a bill to slap a big tariff on Chinese-made goods, signaling a willingness to avoid a confrontation over a long simmering currency dispute. The measure reflects wide concern on Capitol Hill with China's currency practices and is intended to raise pressure on Beijing to loosen control of the yuan. Critics contend Beijing pushes the value of its currency artificially low as part of a concerted strategy to give Chinese companies an unfair advantage in world markets.

Lead sponsors of the legislation, Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.), had been pointing toward a vote this week, raising alarms in the Bush administration that the U.S.'s free-trade credentials abroad could be undermined. But after meeting with Treasury Secretary Henry Paulson, the senators suggested they would be willing to put off action, pending further discussions with Treasury over the next day or two about the administration's new strategy engagement with China on economic issues. They stressed that no final decision had been made. –Greg Hitt

Read more: Global, Economy, Trade

Permalink | Comments | Trackbacks September 26, 2006, 2:07 pm

Puppy Love

Earlier this month, Republican Michael Steele, who's running for Maryland's open Senate seat, made a prediction:

"Soon your TV will be jammed with negative ads from the Washington crowd. Grainy pictures and spooky music saying, 'Steele hates puppies. And worse,'" he warned. "For the record, I love puppies."

Washington Wire loves puppies, too, and the doggie in the commercial was a cutie.

It was perhaps a little surprising that it took 11 days for Steele's prediction to come true. Today, the Democratic Senatorial Campaign Committee released a new ad which went on the air in several broadcast markets around Maryland.

"It's nice that Michael Steele likes puppies, but he's running for the United States Senate, and it's important to know where he stands on the issues," the announcer intones, before panning through photos of the candidate with President Bush, ending on a heart-shaped photo of the two together.

The ad is scheduled to run at least a week, DSCC spokesman Phil Singer said, although he declined to say how big the ad buy is.

Steele's race against Democratic Rep. Benjamin Cardin is capturing a lot of attention and money from both parties. A poll released Sunday by the Baltimore Sun, however, showed Cardin with an 11-percentage point lead over Steele. The survey of 815 likely voters put Cardin at 51% to Steele's 40%.

Steele's puppy ad was among a series of chatty, light spots that have tried to introduce him to Maryland voters as a different kind of candidate. In such a competitive election season, where it seems like every ad is already negative even though the election is still five weeks away, is humor the way to go? –Amy Schatz

Read more: Global, Campaign 2006

Permalink | Comments | Trackbacks September 26, 2006, 11:39 am

Another Week, Another Blow for Allen

It must feel like Christmas morning every day in the Arlington, Va., campaign headquarters of Democratic senatorial candidate Jim Webb.

Allen

His opponent, Republican Sen. George Allen, has battled charges of racism for calling a Webb campaign worker "Macaca" and that he denied his Jewish heritage. His campaign went into crisis PR mode, after Salon.com released a story Sunday night which featured three former football teammates at the University of Virginia accusing Allen of using racial epithets when describing black players in the early 1970s.

Allen and his campaign staff vigorously denied the charges, releasing statements from four other ex-teammates that refute the claims. But the story was picked up by national media outlets, including the Washington Post and ABC News.

In some ways, the story took a slightly more serious turn for the Allen camp last night, when well-respected (and widely, widely quoted) University of Virginia political science professor Larry Sabato told Chris Matthews on MSNBC's "Hardball" last night that "I'm simply going…to stay with what I know is the case and the fact is that he did use the n-word, whether he's denying it now or not." Reporters may not know any of Allen's former teammates, but Sabato has returned a lot of phone calls over the years.

Christopher J. LaCivita, senior consultant with the Allen campaign, told the Richmond Times Dispatch that "Allen and Sabato, who were classmates at U.Va., were not friends in college and did not travel in the same social circle." –Amy Schatz

Read more: Global, Campaign 2006

Permalink | Comments | Trackbacks September 26, 2006, 11:02 am

McClellan Deputy Is Picked to Be Acting CMS Administrator

Leslie Norwalk, deputy administrator of the Center for Medicare and Medicaid Services, has been chosen to be the acting administrator once Mark McClellan leaves the post Oct. 14. In selecting her, Health and Human Services Secretary Michael Leavitt said she "played a central role" in implementing Medicare's new drug benefit and is also helping redesign Louisiana's health care system after Hurricane Katrina.

Norwalk, a lawyer, said in an email to her agency staff today that "CMS has been my home for the past five years.… I am committed to a stable, seamless transition and will work to move forward as quickly as possible." She said that Herb Kuhn, director of Center for Medicare Management, will become her deputy. In his current job, he has been responsible for developing Medicare reimbursement policies and regulations. –Jane Zhang

Read more: Global, Health

Permalink | Comments | Trackbacks September 26, 2006, 9:38 am

U.S. Loses Top Spot in Global Competitiveness Survey

The U.S.'s huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, a Switzerland-based institute. The Forum's annual study of global competitiveness says the U.S. is only the sixth most competitive economy in the world, slipping from first place in last year's ranking thanks to mediocre scores for its public finances.

The competitiveness study ranks countries around the world according to a range of criteria — including macroeconomic policies, market regulations, technological development, education systems and public institutions — which the Forum believes influence an economy's level of productivity, and thereby its ability to sustain economic growth over many years. The ranking combines economic indicators with the findings from a survey of business executives.

Switzerland ranks No. 1 in this year's survey, thanks to what the Forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries — Finland, Sweden and Denmark — come next, followed by Singapore and the U.S. Read the full article. –Marcus Walker

Read more: Global, Economy

Permalink | Comments (1) | Trackbacks

Senate May Delay Vote On Punitive Tariffs On China (WSJ)

By Greg Hitt

The Wall Street Journal, September 27, 2006

WASHINGTON -- Two of the Senate's leading China critics signaled a willingness to avoid confrontation in a long-simmering currency dispute, after a fresh appeal from the Bush administration to delay action on a bill to impose a hefty tariff on Chinese-made goods.

The legislation reflects widespread concern on Capitol Hill about China's currency practices and is intended to raise pressure on Beijing to loosen control of its currency, the yuan. Critics contend Beijing keeps the currency's value artificially low as part of a strategy to give Chinese companies an unfair advantage in world markets.

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The lead sponsors of the legislation, Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, had been pushing for a vote this week, raising alarms in the Bush administration that action on the measure could tarnish the U.S.'s free-trade credentials.

But after meeting yesterday with Treasury Secretary Henry Paulson, the senators suggested they would be willing to delay action pending further discussions with the Treasury in the next day or two about the Bush administration's new strategy of engagement with China on economic issues. They stressed that no final decision had been made.

For both lawmakers, a critical issue in piloting the legislation is how to maximize their influence in the broader China debate. They might win a victory by forcing a vote on the legislation before Congress leaves town for midterm elections, but that victory might prove ephemeral given the uncertain fate the measure faces in the House and President Bush's opposition to it. On the other hand, carrying the issue forward into this fall's lame-duck session or into the new Congress to be seated next year might give them a better chance of continuing their sway in the debate.

Both lawmakers suggested they were impressed by Mr. Paulson's command of the myriad issues roiling the U.S.-China economic relationship and his commitment to change. "He's of the opinion the Chinese are embarking on real reform," Sen. Graham said. "It may not go as fast as we would like. But I need to absorb what he said and see if I can validate it in my own mind."

On a visit to China last week, Mr. Paulson launched a high-level dialogue aimed at addressing the flashpoints in the relationship between the two countries, including the U.S.'s currency complaints. During the visit, he held face-to-face meetings with Chinese President Hu Jintao and Premier Wen Jiabao. Treasury officials cited the sessions as evidence the new Treasury secretary is able to command the attention of Chinese officialdom in ways his predecessor couldn't.

"We're going to have to weigh this in terms of our long-term strategy of opening up China. Where America has a competitive advantage, we want to make sure that they open up," Sen. Schumer said. "We need to see real progress, and a path to progress."

The Schumer-Graham measure, which would levy a 27.5% tariff on Chinese goods if Beijing doesn't act to relax its control of the yuan, enjoys wide support in the Senate. But Sens. Schumer and Graham have put off an up-or-down vote on the bill three times before, amid urgent appeals from the Bush administration to give the Chinese more time to move on the currency front. In contrast to previous occasions when the issue was coming to a head, the senators this time had specified that they wanted a vote this week, voicing frustration with the slow pace of action in Beijing.

Calpers Looks At Investing In China (FT)

By Anuj Gangahar And Francesco Guerrera

Financial Times, September 27, 2006

The California Public Employees Retirement System, the largest US public pension fund, is considering investing for the first time in Chinese companies, aiming both to capitalise on the country's booming economy and to raise its exposure to emerging markets.

Such a move by Calpers, which has not invested any of its $208bn (€164bn) portfolio in Chinese companies because of poor corporate governance standards, could have a ripple effect on other US public pension funds and increase demand for Chinese shares.

In an interview with the Financial Times, Russell Read, Calpers' recently appointed chief investment officer, indicated that the fund could begin by investing in Chinese companies with US or international listings through American Depository Receipts and Global Depository Receipts.

He said the pension fund's staff could recommend the strategy to Calpers' board in the coming months.

Mr Read, who shaken up Calpers' investment strategy since joining in June, said the issue of how to invest in China and other emerging markets was a primary focus for the Sacramento-based fund. "Investing properly in the emerging markets . . . is fundamental to our investment success," he said.

Calpers, which has a reputation as a tough guardian of shareholders' rights, has so far excluded China from its list of investable markets.

The list is updated yearly and is up for re-evaluation by the Calpers board in February, although permission to invest in ADRs and GDRs could come sooner.

In spite of China's fast-growing economy, its capital markets have proved disappointing to foreign investors. The local stock markets have been volatile and are closed to all but a small group of investors picked by the Chinese government.

However, several big companies, including the state oil giants Petrochina and CNOOC and telecommunications operators China Telecom and China Mobile, have listings in Hong Kong and trade ADRs in the US.

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Calpers has some real estate holdings in China. Other US public pension funds also have a degree of exposure to China, although in most cases it appears to be limited to real estate.

Opera Canceled Over A Depiction Of Muhammad (NYT)

By Judy Dempsey And Mark Landler

The New York Times, September 27, 2006

BERLIN, Sept. 26 — A leading German opera house has canceled performances of a Mozart opera because of security fears stirred by a scene that depicts the severed head of the Prophet Muhammad, prompting a storm of protest here about what many see as the surrender of artistic freedom.

The Deutsche Oper Berlin said Tuesday that it had pulled "Idomeneo" from its fall schedule after the police warned of an "incalculable risk" to the performers and the audience.

The company's director, Kirsten Harms, said she regretted the decision but felt she had no choice. She said she was told in August that the police had received an anonymous threat, but she acted only after extensive deliberations.

Political and cultural figures throughout Germany condemned the cancellation. Some said it recalled the decision of European newspapers not to reprint satirical cartoons about Muhammad, after their publication in Denmark generated a furor among Muslims.

Wolfgang Börnsen, a culture spokesman for Chancellor Angela Merkel's conservative bloc in Parliament, accused the opera house of "falling on its knees before the terrorists."

"It is a signal to other stages in Germany, or even elsewhere in Europe, to put no works on their programs that criticize Islam," he said.

The disputed scene is not part of Mozart's opera, but was added by the director, Hans Neuenfels. In it, the king of Crete, Idomeneo, carries the heads of Muhammad, Jesus, Buddha and Poseidon on to the stage, placing each on a stool.

"Idomeneo," first performed in 1781, tells a mythical story of Poseidon, or Neptune, the god of the sea, who toys with men's lives and demands spiteful sacrifice.

The cancellation of the performances fanned a debate in Europe about whether the West is compromising values like free expression to avoid stoking anger in the Muslim world.

Already in Germany, there is growing sentiment that Pope Benedict XVI may have overdone his contrition for a recent speech in Bavaria, in which he cited a historical reference to Islam as "evil and inhuman." The speech set off waves of protests in Muslim countries.

The interior minister, Wolfgang Schäuble, who has defended the pope and called for more dialogue with Muslims in Europe, said canceling the opera was unacceptable and "crazy."

Michael Naumann, a former German culture minister, said, "It's a slap in the face of artistic freedom, by the artists themselves." Mr. Naumann, now the publisher of the weekly newspaper Die Zeit, added, "The pope showed the way by being so extraordinarily apologetic."

The sulfurous public reaction prompted some people to speculate that the decision might eventually be reversed.

Ms. Harms said the "Idomeneo" production, which was first staged by the Deutsche Oper in 2003, would remain on the opera's program. It could be performed later, she said, though she would have to consider the political and diplomatic aspects of "this complex issue."

The scene with the severed heads aroused controversy among Muslims and Christians when the Deutsche Oper first staged it. But the company was not the target of any organized protests, and the Deutsche Oper put four performances on its calendar for this November.

Then, in August, came the anonymous threat.

"All this came in light of the cartoon controversy," said a police spokesman, Uwe Kozelnik. "We started to investigate and finally concluded that disturbances could not be ruled out."

While the police said they did not pressure the Deutsche Oper to cancel the opera, they supported the decision.

Berlin's chief security official, Ehrhart Körting, drew a parallel between the decision and that of German newspapers earlier this year to resist reprinting the cartoons depicting Muhammad.

"Even the German journalists' association criticized the reprinting of the cartoons because their publication could hurt the religious feelings of one group of people," Mr. Körting said in a statement.

Muslim leaders in Germany reacted cautiously. Several planned to participate in a conference on Wednesday organized by the government to foster a better dialogue with Germany's 3.2 million Muslims.

The leader of the Islamic Council, Ali Kizilkaya, told a radio station in Berlin that he welcomed the cancellation, saying a depiction of decapitated Muhammad "could certainly offend Muslims."

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"Nevertheless, of course, I think it is horrible that one has to be afraid," Mr. Kizilkaya said, according to The Associated Press. "That is not the right way to open dialogue."

The head of the Central Council of Muslims in Germany, Ayyub Axel Köhler, declined to comment on the decision, saying he wanted to learn more about the circumstances.

Those circumstances appear to be in some dispute.

At a news conference on Tuesday, Ms. Harms said she broached the possibility of removing the offending scene with Mr. Neuenfels. When he resisted, she let the matter drop.

However, a lawyer for Mr. Neuenfels, Peter Raue, said Ms. Harms telephoned the director on Sept. 9 to tell him she planned to cancel the performances. The issue of tinkering with the ending never came up, Mr. Raue said, and in any event, "you couldn't change it; it is part of the story."

The scene devised by Mr. Neuenfels puts a sanguinary ending on an opera that, in the way Mozart wrote it, ends with King Idomeneo giving up his throne to appease the god of the sea, and blessing the romantic union of his son Idamante with the Greek princess Ilia.

The severed heads of the religious figures, Mr. Raue said, was meant by Mr. Neuenfels to make a point that "all the founders of religions were figures that didn't bring peace to the world."

André Kraft, spokesman for Komische Oper, a more adventurous opera house where Mr. Neuenfels is engaged in another Mozart production, described the 65-year-old director as "a secularist who does not believe religion solves the problems of the world."

For the Deutsche Oper, the cancellation is a major crisis for a prestigious opera company that has been in transition. Founded in 1912 as the Deutsches Opernhaus, the company moved to its present building in western Berlin in 1961, opening with a production of Mozart's "Don Giovanni."

Ms. Harms was appointed director in 2004, coming from a less prominent opera house in the northern German city of Kiel. While there, she said, she faced a bomb threat to the opera house. Ms. Harms plans to present her first production, a little-known work by Alberto Franchetti called "Germania," on Oct. 15.

Some critics of the decision to cancel said it revealed the weaknesses of Berlin's generously supported cultural institutions.

"Because they are subsidized by the German state, there is a great deal of artistic independence, but also a lack of accountability and intellectual rigor," said Gary Smith, the director of the American Academy in Berlin.

The practice of updating classical operas — often with current political or social themes — is common in Germany. But the cancellation of "Idomeneo" could make this production a landmark of another kind.

"I've never heard of something like this, or even similar to it," said Nikolaus Lehnhoff, a prominent German opera director. "I have seen many politically incorrect performances in Berlin. I think the reaction to the pope's speech has sensitized the cultural scene."

Opera Canceled For Fear Of Muslim Ire (WT)

By David R. Sands

The Washington Times, September 27, 2006

Germany's top security official yesterday sharply criticized a Berlin opera house's cancellation of a performance of Mozart's "Idomeneo" for fear of Muslim reaction to a scene showing the severed head of the prophet Muhammad.

"We will tend to become crazy if we start forbidding Mozart in opera houses," German Interior Minister Wolfgang Schaeuble said on a Washington visit, calling the cancellation an "unacceptable" violation of the principle of freedom of speech.

The Deutsche Opera, one of the capital's three main opera houses, announced late Monday that it was scrubbing plans for a revival of a December 2003 production of the Mozart work.

The 1781 original told the tale of a king of Crete at the time of the Trojan War, but the production by director Hans Neuenfels inserts a scene in which the severed heads of Muhammad, Jesus and Buddha are placed on chairs alongside the head of the Greek sea god Poseidon.

When Mr. Neuenfels refused to alter the production, Deutsche Opera manager Kirsten Harms said, she canceled plans for four new shows in November after receiving a warning from police.

"We were alerted by the police that all the press publicity surrounding the play would severely heighten the security risk to this opera," she said at a Berlin press conference.

Opera house officials cited the violent reaction across the Muslim world earlier this year to the publication in several European newspapers of Danish political cartoons, which Islamic leaders say mocked Muhammad. Danish embassies and businesses were targeted and more than two dozen people died in the subsequent protests.

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"We know the consequences of the conflict over the [Danish] caricatures," Deutsche Opera said. "We believe that needs to be taken very seriously and hope for your support."

Berlin Police Chief Dieter Glietsch told a German radio interviewer that "one can find nothing wrong" in calling off the production "in a climate that's already tense between Islam and the Western world."

But Mr. Schaeuble, who oversees Germany's police and legal systems, compared the cancellation to the furor generated by some Islamic leaders earlier this month in response to an address by German-born Pope Benedict XVI at the University of Regensburg.

In an aside, the pope in his talk cited a 14th-century Byzantine emperor who criticized Muhammad for promoting violence as a way to spread the faith.

Mr. Schaeuble said some Islamic leaders "tend to use anything to go crazy." If Western officials and artists censor themselves for fear of the reaction of extremists, he added, "we will never convince anyone that freedom of speech and tolerance are a better way."

Ali Kizilkaya, head of the German Islamic Council, welcomed the cancellation, saying the sight of Muhammad's severed head on stage "would certainly offend Muslims."

But, he added in a radio interview, "of course it is horrid that one has to be afraid. That is not the way to start a dialogue."

Berlin Mayor Klaus Wowereit, federal Culture Minister Bernd Neumann and numerous other politicians criticized the opera house's decision.

"If concern about possible protests already leads to self-censorship, then the democratic culture of free speech is in danger," Mr. Neumann said.

Peter Ramsauer, head of the conservative Christian Social Union party in Germany's parliament, called the cancellation "naked fear of violence."

"That's nothing but pure cowardice," he said.

Monika Griefahn, cultural spokeswoman for the leftist Social Democrats, said, "If we weigh security issues against artistic freedom, it makes me wonder if the fundamentalists haven't already won."

Mr. Schaeuble and other German leaders will attend a major summit today aimed at promoting dialogue with Germany's 3.2 million Muslims.

Germans Jeering Opera's Bow To Islamic Extremists (LAT)

By Jeffrey Fleishman

The Los Angeles Times, September 27, 2006

BERLIN — Mozart has survived grandiose conductors and abstract interpretations, but the librettos for his operas never cast Islamic radicals threatening a skittish theater company.

On a day of messy drama and furious debate over free speech, German Opera in Berlin reaffirmed Tuesday its decision not to revive a production of Mozart's "Idomeneo" out of fear of inciting Islamic extremists over a scene showing the severed head of the prophet Muhammad.

The cancellation of a work that has run intermittently since 2003 drew a rebuke from politicians and theater critics, who regarded it as a defeat for creative expression and a victory for militant Islamists over liberal European tradition.

The opera company's decision comes as Muslim tensions in Europe have risen since the publication last year of Danish cartoon caricatures of Muhammad and recent comments by Pope Benedict XVI about Islam and violence.

"There have been no concrete terrorist threats against the opera," said Michael Nerkle, a Berlin police spokesman. "We received an anonymous call that certain scenes might be offensive to Muslims. In light of what happened against the Muhammad cartoons, it was appropriate to inform the opera house," he said, referring to the outbreaks of violence that followed publication of the caricatures.

In a terse news conference, German Opera Manager Kirsten Harms said she canceled the show after security officials informed her there would be "incalculable risks" if the production reopened in November.

"If I would ignore this everyone would say, 'She has ignored a clear warning,' " said Harms, adding that director Hans Neuenfels has refused to restage the show. "It is always easy to say, 'This is the decision of a coward.' But as head of this opera house, I had to decide like that."

"Idomeneo" is the ancient story of the king of Crete's pact with the Greek god Poseidon to sacrifice his son. The production by Neuenfels, known for his controversial interpretations, is a meditation on enlightenment that shows the king lifting the severed heads of Poseidon, Jesus, Buddha and Muhammad to suggest that overreliance on religion can endanger the human spirit.

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"Closing this opera is very alarming," said Markus Schwering, a critic for Koelner Stadt-Anzeiger, a Cologne newspaper. "The production is anti-religious, but it must be allowed in a free society. It's not a singular attack on Islam. It says religion in general can produce inhumanity and superstition.

"The danger I see now is that theaters may stifle provocative art. We need to have a real and very serious debate on this in Germany."

Mixing satire with anger, Wolfgang Boernsen, cultural spokesman for the Christian Democratic Union, the nation's leading conservative party, said:

"Hurray, we are capitulating. To drop a production critical toward religion out of fear from possible terrorist attacks is hurting the freedom of art.

"With the Berlin opera decision, which is a bow before terrorists, the radical scene is encouraged to continue to pressure and threaten Western culture and Christianity."

Most Muslim organizations were unaware of the opera.

Ali Kizilkaya, the leader of Germany's Islamic Council, said the production would offend Muslims, but he told Berlin's Radio Multikulti, "Nevertheless, of course, I think it's horrible one has to be afraid. That is not the right way to open dialogue."

Kenan Kolat, national chairman of the Turkish Union in Germany, which represents immigrants, expressed similar sentiments. "I recommend that all Muslims accept certain things. Art has to stay free," Kolat told a news website.

A poll by the German television network N24 found that 92% of those questioned opposed canceling the production.

The opera company's announcement comes the same week that the government is holding a conference to improve relations with Muslim leaders. The sponsor of the conference, Interior Minister Wolfgang Schaeuble, was in Washington on Tuesday. When he heard of the opera company's decision, he told reporters, "That is crazy. This is unacceptable."

Neuenfels could not be reached for comment. He told the Berlin daily Der Tagesspiegel, "Where will we end if, in the future, we allow ourselves, in foresighted obedience, to be artistically blackmailed?"

Neuenfels' reading of "Idomeneo" and the depiction of beheaded divinities infuriated the largely Christian audience when the show opened in 2003.

"They cried and smashed doors. It was a typical Berlin theater scandal," said Schwering, the Cologne critic. "It lasted two or three days and then died down. No one called for canceling the show."

But Europe has experienced terrorist bombings in Madrid and London and increasing problems with integration. In August, German authorities arrested two Lebanese students in an alleged plot to blow up trains. Such an atmosphere has led to intense police surveillance and growing suspicions between Europeans and immigrant Muslims.

Kay Kuntze, director of the Berlin Chamber Opera, said, "If we give up the central point of our culture — the freedom of art — we end up giving up our entire culture."

Fear Of Muslim Backlash Cancels Opera (WP)

By Craig Whitlock

The Washington Post, September 27, 2006

BERLIN, Sept. 26 -- German lawmakers and cultural leaders assailed a Berlin opera house Tuesday for canceling a production that included a scene of the severed head of the prophet Muhammad, saying it was caving in to fears about religious extremism.

Officials with the world-renowned Deutsche Oper decided late Monday that the show -- an avant-garde remake of Mozart's "Idomeneo" -- could not go on after police warned that it could result in a violent backlash from Muslim fundamentalists. Opera officials said they were worried about a repeat of the worldwide protests that erupted this year after a Danish newspaper published cartoons satirizing Muhammad.

Kirsten Harms, general manager of the Deutsche Oper, said Tuesday that top Berlin police officials had said the production would "pose an incalculable security risk to the public and employees."

"If I had paid no attention and something had happened, everyone would rightly say that I had ignored the warnings of security officials," she said at a news conference.

Director Hans Neuenfels declined to cut the scene, and so the production was canceled.

The mayor of Berlin, federal officials and other lawmakers panned the decision, arguing that it was wrong to squelch artistic expression, even if it risked offending Muslims. "Our ideas about openness, tolerance and freedom must be lived on the offensive," Mayor Klaus Wowereit said.

German Interior Minister Wolfgang Schaeuble called the cancellation "crazy" and "unacceptable" during a visit to Washington. In a meeting with Washington Post reporters and editors, he added: "We have to be very, very clear -- we will not begin to discuss it. Otherwise we will not be convincing. Tolerance needs a clear position."

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The show premiered at the Deutsche Oper in March 2003 and drew some jeers -- but no violence -- for a scene in which Idomeneo, the king of Crete, balks at making sacrifices to the gods and instead produces the severed heads of Muhammad, Jesus, Buddha and Poseidon, god of the sea.

Set in ancient Greece, the opera is considered a forceful critique of theological dogma and wars conducted in the name of religion. Neuenfels's three-act, Italian-language production was last at the Deutsche Oper in 2004.

Islamic tradition bans depictions of Muhammad and other prophets. About 5 percent of Germany's 83 million people are Muslim.

Coincidentally, the German government is sponsoring a conference on Islamic relations Wednesday a few blocks from the Deutsche Oper. The event is intended to aid the assimilation of Muslim immigrants in German culture and bolster religious tolerance.

Ali Kizilkaya, chairman of the Islamic Council for Germany, praised the decision to cancel the opera, saying that "it could certainly offend Muslims."

"Nevertheless, of course I think it is horrible that one has to be afraid," he added in a radio interview. "That is not the right way to open dialogue."

Germany has a strong tradition of free speech developed largely in response to the censorship policies enforced by the Third Reich.

In fact, the Nazis took control of the Deutsche Oper after they came to power in 1933. Propaganda Minister Joseph Goebbels oversaw the programming, and a box was reserved for Adolf Hitler.

Bulgaria, Romania To Join EU (WT)

By Nicholas Kralev

The Washington Times, September 27, 2006

The European Union will welcome Bulgaria and Romania, two of Washington's strongest allies on the Continent, as full members on Jan. 1, but the strings attached to their accession will be the toughest in the organization's history, EU officials said yesterday.

The officials also indicated that further enlargement will have to wait until member states find a compromise on the EU constitution, whose adoption last year was derailed by French and Dutch rejection in high-profile referendums.

The Bush administration praised the decision on Bulgaria and Romania, which joined NATO in 2004, but State Department spokesman Sean McCormack urged "the EU to continue to keep open a European horizon for a number of states, including those in the Balkans, and Turkey as well."

The fifth wave of EU expansion caps seven years of negotiations with the two Balkan countries and brings the bloc's membership to 27 and its population to about half a billion.

"The accession of Bulgaria and Romania will mark a historic achievement. Their readiness is a direct result of the sustained progress both countries have made," said European Commission President Jose Manuel Barroso.

Enlargement Commissioner Olli Rehn called the EU's approach fair and rigorous. "It is fair because we recognized the progress that has been achieved, and we gave credit where it is due. It is rigorous because we established the necessary mechanism to accompany Bulgaria and Romania on their reform path, in the interest of the two countries and of the EU as a whole."

The commission proposed close monitoring of areas where it determined reforms have not been sufficient -- justice and home affairs, food safety and disbursement of EU subsidies -- and will require progress reports every six months, beginning in March.

Serious crime is of particular concern in Bulgaria, whose judiciary has been criticized as sluggish and graft-prone, and it was asked to change its constitution to ensure the independence and accountability of its judicial system.

Romania is required to establish an anti-corruption agency to examine government officials' potential conflict of interests. Both countries will have to guarantee a more transparent and efficient judicial process.

They must also eradicate swine fever to be able to sell pork in the rest of the bloc without restrictions, and improve safety of dairy products. They need to set up proper mechanisms to distribute billions in farm subsidies and other economic aid.

"Payments can be interrupted, suspended or canceled if the commission detects cases of irregularities, fraud or corrupt practices," Mr. Rehn said, but he added that the commission hoped sanctions would be unnecessary.

Both countries also will face restrictions on access to other EU markets for their work force. Britain, Ireland and Sweden, which have complained of a flood of workers from Poland, the Baltic states and other countries that joined the EU in 2004, are considering the strictest rules.

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But the Bulgarian ambassador to Britain, Lachezar Matev, told London's Sunday Telegraph last week that Bulgarians are not likely to rush to Britain, because "we don't like the climate, it's every expensive and our medical services are better."

Bulgarian Prime Minister Sergei Stanishev said yesterday that EU membership was "the final fall of the Berlin Wall" for his country.

Romania, Bulgaria Favored To Join E.U. (WP)

By John Ward Anderson

The Washington Post, September 27, 2006

PARIS, Sept. 26 -- The European Commission recommended Tuesday that Romania and Bulgaria be admitted to the European Union on Jan. 1 but attached unprecedented conditions, signaling that there is still deep unease about the union's expansion eastward and the potential economic and political problems that go with it.

The addition of the two Balkan nations would bring the bloc's membership to 27 countries, raise its population by 30 million to 490 million and expand its borders to the Black Sea. Analysts expect the recommendation by the commission, the E.U.'s executive arm, to win final approval of European leaders next month.

Commission President JosÃ© Manuel Barroso, underscoring the ambivalence toward future expansion, said that following the two countries' entry, he would favor freezing membership until the union resolves a controversy over its proposed constitution, which voters in France and the Netherlands rejected last year.

Many of those no votes reflected popular fatigue with continuing enlargement after 10 countries -- most from the former Soviet bloc -- joined in 2004.

Many citizens of affluent Western Europe express concern about the potential impact that poor, new members from the East could have on immigration, unemployment and terrorism threats. In France and the Netherlands, voters said they particularly opposed the proposed membership of Turkey, which would be the only E.U. country with a Muslim majority.

Fifteen countries have approved the constitution, but adoption requires unanimous acceptance by member states.

Katinka Barysch, a political scientist at the Center for European Reform in London, said Barroso's proposed freeze was a message to the current 25 E.U. governments that "guys, we really need to get together and we really need to make progress on internal reforms." It also served to reassure the European public that enlargement "is not a policy that will continue regardless."

For most countries, the membership process brings on years of painful political, judicial, electoral and economic change. Supporters of continued expansion say this compels nations to rise to European standards and enhances regional security. Embracing Turkey as part of the E.U., they say, could make it an example of moderation for Muslim countries around the world.

In an interview with [a] news agency last week, Romanian President Traian Basescu warned that barring Turkey would aggravate a standoff between the West and Islamic fundamentalists and undermine Europe's security. "Keeping Turkey out means that it would become Islamist," he said.

Croatia and Macedonia are also candidates for membership.

Many European political analysts say they expect little progress on what to do about the E.U.'s proposed constitution until after French presidential elections in May.

Romania and Bulgaria are now members of the NATO alliance, with troops in Iraq and Afghanistan. Their entry to the E.U. would come with significant strings attached, constituting the toughest monitoring of new members. The conditions are meant not only to mollify skeptics in old E.U. countries but to encourage the two newcomers, which would be among the union's poorest member states, to accelerate and deepen reform.

Both nations would be required to curb corruption, money laundering and organized crime, improve food and aviation safety and continue with judicial and agricultural reforms, according to a report released Tuesday in Brussels on the preparedness of the two countries to meet the criteria for membership.

If they do not continue to improve in agriculture, the E.U. could withhold billions of dollars in agricultural subsidies, according to the report. And if judicial reform and corruption suppression stall, other E.U. states might not have to recognize decisions by their courts, the report said. Bulgaria, in particular, needs to improve aviation safety, the report says, or its airlines may be banned from E.U. airspace, it said.

Despite the continuing concerns, the report said both countries had made substantial progress in reaching E.U. standards. Barroso told the European Parliament that their membership would be "a historic achievement" on the path to "reunification of our European family."

Bulgarian Prime Minister Sergei Stanishev said that for his country, it would mark "the final fall of the Berlin Wall."

Through Lens In Darfur, 'I Was A Witness To Genocide' (USAT)

By Rick Hampson

DOJ_NMG_0070204

USA Today, September 27, 2006

As an admiral's son and a former Marine officer, Brian Steidle believed that following orders and doing the right thing were one and the same. Then he went to Darfur.

As an official international monitor of the vicious conflict in western Sudan, he faced a choice: respect authority and honor a code of silence or show the world what he'd seen and kiss his career goodbye. He puckered up … and blew the whistle.

"I was a witness to genocide," he says. "I wanted to make a difference."

Since returning last year from Darfur, where he was a U.S. representative on an African Union observation team, Steidle has become the most vivid chronicler of one of the world's worst humanitarian catastrophes. His photographs — which were supposed to be for his superiors' eyes only — have helped make Americans care about a complex crisis in a faraway place of little economic or strategic value.

Jerry Fowler of the U.S. Holocaust Museum in Washington says Steidle "has given people images of Darfur they can hold onto": a soldier standing next to the store he's just torched; a military helicopter firing on a village; a baby with a bullet in her back.

Since 2003, when war broke out between the Sudanese government and Darfuri rebels, about 200,000 civilians have died. Another 2.5 million, a third of Darfur's population, have been driven from home. American food has helped stave off famine and U.S. diplomacy has fostered a partial cease-fire, but it has not been enough.

The Sudanese government refuses to admit 20,000 United Nations troops to relieve a poorly equipped 7,000-member African Union force. Since May, when the government and one of several rebel factions signed a peace agreement, Darfur has become even more violent and lawless.

Steidle is a compact, intense 29-year-old. He lives on a sailboat in southern Maine, where he's writing a memoir.

He's the son of retired rear admiral Craig Steidle, a Naval Academy graduate who flew fighters off carriers in Vietnam, tested experimental planes and trained test pilots, and directed the Defense Department's biggest aircraft program. Then he became associate administrator of NASA in charge of space exploration planning. "He was the best at everything," his son says, "and we had to try to live up to that."

That's what he was trying to do in Darfur. "Brian told a story others could not," says David Del Conte, an American humanitarian worker who met Steidle in south Darfur. "He moved Darfur onto the front page. He saved thousands of lives."

Steidle says he went to Darfur for several reasons. Mostly, he went because of what he saw one day in 2004 on a computer screen.

He was in the Nuba Mountains in south-central Sudan, working for the international commission supervising a cease-fire in another civil war, between the government and another rebel group.

He was bored. Promotions had put him behind a desk. That's why he'd left the Marines in 2003 after more than four years, having served in Kosovo, made captain and risen to company commander.

That day, a colleague was back from a trip to Darfur. Steidle had heard reports of atrocities against African farmers, who supported Darfur's rebels, by nomadic Arab militias armed and supported by the government. The raiders were called Janjaweed — "devil on horseback."

How was Darfur? Steidle asked his colleague. The man flipped around the laptop on his desk, clicked up a slide show and invited Steidle to take a look.

Steidle had never seen anything like it — schoolgirls, bound together with makeshift handcuffs and burned alive. He was shocked, then outraged, then intrigued. He wanted to see for himself.

Today, when asked why he volunteered for a situation from which most would flee, he sticks his chin out: "I heard there was shooting, and I run toward bullets." Or he'll cite "selfish reasons" — money ($3,500 a week tax-free, paid by a private company under contract with the State Department) and adventure.

That month he wrote an e-mail to his sister Gretchen, which she shared with USA TODAY. It suggested another motive:

"I have to write to you to get this out of my mind. I have seen these photos from a confidential report. I am not permitted to send them, nor do I wish on you the same dreams that I have as a result. … Why are we sitting here letting this happen? This is not the doing of humans, this is the work of the devil. We as humans, all races, religions, colors, creeds, etc., have to stand up for what is right."

He applied for a job monitoring Darfur's shaky cease-fire under the auspices of the African Union, the association of African nations whose mission in Darfur receives financial support from the United States and other nations. He'd have no power or authority to stop the violence, not even a sidearm.

But Steidle did not go unarmed. Photography had been his hobby; now he bought the best digital camera he could afford: a professional-grade Canon EOS 1D Mark II. In Darfur, it would prove more powerful, and more dangerous, than a gun.

Steidle believed the world needed information to prick its conscience. If the classified photos he'd seen had been released to the public, he wrote Gretchen, "there would be troops in here in a matter of days."

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Photography was a touchy subject. Although then-Secretary of State Colin Powell had just described what was happening in Darfur as genocide, there had been virtually no pictures of Janjaweed attacks on civilians; Steidle says he was warned the Sudanese government wanted to keep it that way.

A few photos of atrocities had been leaked outside official channels, so African Union commanders — not wanting to offend the host government — were suspicious of the new man with the camera that could zoom in on a face on the ground from 500 feet in the air.

It took Steidle several weeks to win their trust before he was allowed to use his camera. That was Oct. 20, 2004, when his team visited a village that the Janjaweed had torched. They found some women and children huddled under a tree.

A woman handed Steidle a 1-year-old girl. This was Mihad Hamid. Her mother had been shot to death while fleeing with Mihad in her arms. Mihad was shot in the back. She was having trouble breathing. She probably didn't live the night, he says.

There were many days like that. On the worst, he counted smoke from attacks on 37 villages. On another, he stood next to a Sudanese army commander, who watched as soldiers looted a village. Steidle says that when he asked Brig. Gen. Ahmed El Hajer Mohammed why he didn't stop them, the general said they weren't his men — anyone could put on a uniform.

He heard Janjaweed riders explain that they destroyed villages over stolen cattle. He saw neither regret nor remorse: “It was like looking into the devil's eyes.”

“My reports,” Steidle used to say, “are my ammunition.” He soon realized he was firing blanks.

His photos and descriptions vanished into the AU's bureaucracy; others reached the AU's sponsors, including the U.S. government, months late. In secret, he began to send reports directly to the U.S. Embassy in Khartoum.

After a mission, he'd head straight to his tent to download all his images on his laptop. Only then would he go to the operations tent, download into the AU computer and delete the images from his own camera as required.

He became increasingly frustrated with the AU's impotence. By charting Janjaweed attacks, movements and motives, “We got to where we knew where the next attack would be,” he says. “But I couldn't stop the attacks I was predicting.” Some attacks were deterred by the AU observers' presence. The top commanders, however, refused to systematically place teams in the way of attacks.

Steidle says he knew why. The AU was in Darfur with the government's permission, and anything that antagonized Khartoum — especially taking sides against its Janjaweed proxies — threatened the AU's ability to function. “The attitude was, ‘We gotta tread lightly,' ” Steidle says.

(The AU did not respond to a request for comment. In the past, the AU has emphasized the legal, logistical and financial constraints on its operations in Darfur.)

In January, he predicted — based on Janjaweed movements — that the town of Hamada would be attacked within two weeks. When it was hit 10 days later, Steidle says he refused to go with the observation team: “I knew what they were going to see. I said, ‘I've seen enough.' ”

The team found babies with their faces bashed in. When members came back to the post, “they were like zombies,” Steidle recalls. “A guy who'd usually brief me just held up his hand and said, ‘I must go pray.' ”

The people he'd hoped to help were furious. “They'd say, ‘Leave if you can't protect us.' I thought, ‘What are you doin' here? Just here makin' money?' ”

He returned to the USA in February 2005 with hundreds of images, including those of a man castrated and left to bleed to death, people with their ears cut off and eyes plucked out and an aerial view of government troops joining ranks with the Janjaweed.

Steidle planned to make public his photos, not his identity or affiliation. “It was never his intention to speak out,” Gretchen says, “even when he quit.”

He'd break the trust of AU commanders and make them less likely to share intelligence with the humanitarian agencies for whom AU patrols were eyes and ears.

He'd ruffle the U.S. State Department, which had not authorized him to go public. He'd throw away a lucrative career doing freelance military and security work overseas.

“Did I promise not to release anything? No. Do I own the copyright to my photos? Yes. I took them with my own camera,” he says. “But I was apprehensive. I was paid to do what I was told, keep my mouth shut, and go home.”

Gretchen put him in touch with New York Times columnist Nicholas Kristof. Steidle gave him some photos but said not to use his name.

After the Times printed the photos Feb. 23, Steidle says, Kristof called. “He said, ‘Everybody's asking me where I got these photos. Can I use your name?' ”

His father says Brian struggled with the decision. “He felt he gave his word.” But Steidle thought about what his sister — the family's social conscience — had asked: “Who has the right to keep genocide a secret?”

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He thought about the impact of personal testimony. People could look at a photo, but unless there was a witness to tell them that this girl's name was Mihad Hamid and that her mother was shot in the back, it was just a picture.

"I thought about if for a few days," Steidle says, "and I told Nick, 'Go ahead.' "

Back in Darfur, some of his comrades felt Steidle had broken trust.

In May 2005, USA TODAY spoke with Dale Fage, a former U.S. Army officer who served with Steidle on the AU force, at the airport in south Darfur.

When Steidle's name came up, Fage's face hardened. "Brian was only here five months," Fage said. "He didn't take all those photos himself." (Photos of the attack on Hamada had been taken by another photographer.) "What he did created problems for people here." Having vented his frustration, Fage relented. "He's a good kid," he said. "He just wanted to do the right thing."

For the past 18 months, Steidle has shown his photos, told his story and asked people to lobby the Bush administration and the U.N. to stop the carnage in Darfur.

He has taken his message to Congress and the British House of Commons, to an audience of 35 on a college campus in San Antonio and to 100 people at church in Fort Wayne, Ind. Wherever he goes, a newspaper story or broadcast interview usually follows.

(Khalid Musa, spokesman for the Sudanese Embassy in Washington, did not respond to a request for comment on Steidle.)

Sometimes he seems haunted by his photos, like the ones on display last week for a Darfur benefit at a gallery in New York City: "The whole thing comes back to me, not just that image, but the whole scene — the smell, the sound, everything. When I look at … that burned guy that I (photographed) who was burned alive in his hut, I smell him every time I look at that photo."

As the situation there has grown more desperate, so has he.

"I've been banging my head against the wall," he told The Philadelphia Inquirer in February during a stop on a national speaking tour. "It's like screaming in a dream, and no sound comes out."

He says he has no regrets about going public. Neither does his father. "I knew he'd make the right decision," Craig Steidle says. "I'm proud of him."

U.S. Pushes Anti-Castro TV, But Is Anyone Watching? (NYT)

By Abby Goodnough

The New York Times, September 27, 2006

MIAMI, Sept. 26 — Soon after Fidel Castro announced his mysterious illness in July, the Bush administration stepped up its anti-Castro television broadcasts to Cuba with a new $10 million system.

For the last two months, a twin-engine plane has beamed the signal of the American broadcast, called TV Martí, toward the island from over the Straits of Florida for four hours a day, six days a week, up from four hours of transmission from an Air Force plane on Saturdays. Because the plane flies at 20,000 feet, administration officials say, the Cuban government cannot jam the signal as easily as in the past, when a blimp tethered 10,000 feet over the Florida Keys did the transmitting.

But in interviews in the past two weeks, many Cubans said they still saw just snowy interference where the TV Martí broadcasts should be. About a dozen people in Havana said they still had never glimpsed the station even after the expanded airborne broadcasts began, raising questions about the usefulness of the $10 million expenditure.

Some said they would not watch the station even if they could, because they assumed that it would be biased.

"In my opinion, that is wasted money," said a 35-year-old homemaker in Havana who, like all those interviewed, asked that her name not be used. "It's propaganda."

She and her husband said many Cubans tried to pick up commercial programs broadcast from Florida, but what they wanted was Spanish soap operas, not TV Martí.

A few Cubans in the interior of the island, away from Havana, said they were able to pick up the signal, but others said they could not.

Nonetheless, Representative Ileana Ros-Lehtinen, Republican of Florida, who has long championed TV Martí and its sister station, Radio Martí, said the government had received some promising anecdotal reports about the new plane, which started flying on Aug. 5.

"The U.S. has received reports from Havana and Matanzas that it is being seen every day," Ms. Ros-Lehtinen said of TV Martí, "and it's getting better as the equipment is being fine-tuned." The government, however, has no hard evidence of the station's popularity.

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The federal International Broadcasting Bureau, which also operates the Voice of America, says the purpose of Radio and TV Martí is to broadcast "accurate and objective news and information" to Cuba, where news is tightly controlled by the government.

The stations, which have broad political support among Mr. Castro's many opponents in southern Florida, hope to have legions of Cubans tune in to pro-democracy news and talk programs and others like "Office of the Chief," a laugh-track comedy with Cuban exile actors playing dimwitted versions of Mr. Castro and his brother Raúl.

Cuban exiles in Miami do most of the writing and acting for TV Martí, which was moved here from Washington in 1996 after intense lobbying by exile leaders. On a recent episode of "Office of the Chief," which TV Martí calls its most popular show, an actor playing Raúl Castro said he would mummify Fidel Castro when he died by wrapping him in the pages of a book by Karl Marx, then display him on Havana's seaside boulevard.

The laugh track went wild.

For years, though, critics of the stations have called them overly blunt tools in what should be a nuanced campaign to promote democracy in Cuba.

"The really shrill, outrageous kind of stuff they broadcast has no credibility in Cuba," said John Nichols, a communications professor at Pennsylvania State University who studies Radio and TV Martí.

Mr. Nichols said elected officials in Washington would not dare to anger Miami's 350,000 Cuban-American voters by eliminating a popular anti-Castro program, even if it was largely symbolic.

"It's a litmus test of support for a certain policy on Cuba," he said. "Few right-minded politicians or government bureaucrats are willing to take that on. So essentially we've created a pork-barrel patronage system and the policy is hands-off."

Both stations have been accused of shoddy journalism and hiring practices, especially since the move to Miami, where some say they are primarily a jobs program for hard-line exiles.

In 1999, the inspector general of the State Department told Congress that the stations had "problems with balance, fairness, objectivity and adequate sourcing that impacted credibility."

Another inspector general's report, in 2003, criticized the hiring practices and program quality at the Office of Cuba Broadcasting, prompting its director to resign. His successor, Pedro Roig, says he has improved Radio and TV Martí by hiring freelance professional journalists and broadcasting more news and youth-oriented programming like music videos. But this month, three journalists moonlighting at the stations were fired by El Nuevo Herald, the Spanish-language affiliate of The Miami Herald, after the newspaper's publisher learned of the arrangement and called it a conflict of interest.

Rob Carr, the director of engineering services for the journalism school at the University of Florida, said airborne broadcasts could be easy to jam because the signal output from planes was generally weak.

Mr. Roig declined to be interviewed, but Joe O'Connell, a spokesman for the International Broadcasting Bureau, said TV Martí relied on correspondence from Cuba and reports from recent immigrants to gauge viewership. A telephone survey commissioned by the International Broadcasting Bureau in 2005 found that 13 people out of the 1,589 respondents had seen TV Martí in the past year. Mr. O'Connell said the real number was probably higher, because many Cubans are afraid to admit they watch the station.

In addition to the initial $10 million expense to begin the new airborne broadcasts, he said, the Office of Cuba Broadcasting has requested about $6 million a year to operate and maintain the plane. It is also replacing the blimp, which was destroyed in a hurricane last year.

Altogether, the Office of Cuba Broadcasting received about $38 million this fiscal year, up from $27 million in 2005. The office spends nearly $400,000 to broadcast TV Martí by satellite, a more reliable transmission but one that only a few Cubans with illegal satellite dishes receive.

Several Cubans interviewed said they saw Radio and TV Martí primarily as a source of income for well-connected exiles in Miami, a view shared by José Basulto, founder of Brothers to the Rescue, a strongly anti-Castro exile group.

"The joke goes on," Mr. Basulto said. "They pay individuals who are instrumental in making the lives of United States politicians easier come election time."

One man in Havana said his neighbor knew people who had seen TV Martí in Matanzas, a province east of the capital. Some reports suggest that the Cuban government focuses it jamming efforts in Havana.

Most of the Cubans interviewed said that while TV Martí remained inaccessible, they were able to receive Radio Martí, albeit with interference that sounded like heavy rain. Some said Radio Martí used to be an important news source — such as when the Cuban government regime sank a tugboat hijacked by would-be migrants in 1994 — but that many more options existed now.

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Shortwave radios — which are not sold in Cuba but are smuggled in — can pick up Radio Canada, Radio Netherlands and the BBC, several said. Satellite dishes, while illegal and rare, can pick up television broadcasts from South Florida, Mexico and the Caribbean.

Unhappy Couple Run Against Each Other For Congress In Brazil (WSJ)

By Matt Moffett

The Wall Street Journal, September 27, 2006

SÃO PAULO, Brazil -- They came from different worlds. Maria Christina Mendes Caldeira was the daughter of an old-money real-estate magnate. She had studied in Europe and loved polo. Valdemar Costa Neto was the son of a provincial mayor who grew up in smoke-filled political halls on his way to becoming a powerful Brazilian congressman.

They married in 2003, on New Year's Eve in Las Vegas. But the union soon flamed out. In July of 2004, Mr. Costa had the water and electricity cut off in the mansion they had shared in Brasilia to force Ms. Caldeira to move out, which she eventually did.

But his wife found a way to strike back, personally and politically. During nationally televised congressional hearings last year about an alleged political slush fund, she stepped forward to testify that she had seen Mr. Costa stowing big stacks of cash in a secret safe. Facing possible impeachment and a ban on holding office, Mr. Costa resigned his seat.

The couple, still in court over the terms of their separation, are now fighting in a different arena as Sunday's election approaches. Mr. Costa, president of the influential Liberal Party, is campaigning for a new four-year congressional term. His estranged wife has become his chief opponent as candidate of the Green Party. It's an uphill struggle for Ms. Caldeira, who lacks Mr. Costa's fund-raising ability and the political chits he picked up in his 14-year congressional career.

Last Saturday, she led a group of protesters armed with brooms and buckets in a symbolic "cleaning" of Liberal Party headquarters in Mr. Costa's hometown of Mogi das Cruzes. When a woman loyal to the Liberal Party hit Ms. Caldeira with a shoe, the candidate doused the woman with a bucket of water. After police cruisers came and Ms. Caldeira didn't immediately hand over her ID to an officer, she was taken away and held at precinct headquarters for several hours. "Valdemar sent you!" she shouted at one policeman.

More than just a story of romance gone sour, the contest between the estranged couple goes to the heart of the big question looming over Brazil's election: How much do voters really care about political corruption?

Brazil has rarely seen political scandals that compare with those of the past few years, yet the electorate hardly seems to care. President Luiz Inácio Lula da Silva is set to win re-election easily, even though several close allies were forced out of office by scandal. Federal authorities charge the officials operated an illicit fund to buy support for the government in Congress.

Political consultant Gaudêncio Torquato says he expects about 70% of Congress to be returned to office, including Mr. Costa and several others who allegedly received or distributed payments. He says the government, flush with cash generated by Brazil's mining and agricultural exports, has mollified voters on the subject of corruption with heavy spending on welfare programs and public works.

In the race between Mr. Costa and Ms. Caldeira, Mogi das Cruzes retiree João Batista Savio opts for Mr. Costa, who is known as Boy. (Some people use it as an allusion to "playboy," others to distinguish him from his father, who was well known as a mayor here.) "I have to vote for what's best for my city, and Boy has built things here," says Mr. Savio, pointing to a $25 million water-treatment project and a viaduct. Mr. Savio says Ms. Caldeira should keep her nose out of politics. "Women are emotional, and maybe she attacks Boy because she's jealous," the voter said. "I don't think he did anything seriously wrong."

As part of an indictment brought against 40 politicians in April, Mr. Costa was charged with racketeering, corruption and money laundering in allegedly receiving $4.9 million from the slush fund.

Mr. Costa, 57, hasn't been talking to reporters in his campaign. In a videotaped ad, he says the questionable funds were reimbursements for his party's campaign expenses from its coalition partner, the governing Workers Party. Mr. Costa insists no public money was involved, an assertion that congressional investigators dispute. Mr. Costa said: "I erred and there were only two paths left to me: abandon public life, or stay, recognize the error and start all over."

According to electoral records, Mr. Costa is running one of Brazil's best-financed congressional campaigns, with $350,000 in contributions.

His disaffected wife, on the other hand, is running a shoestring campaign. One Saturday earlier this month, Ms. Caldeira, 40, was passing out fliers from her campaign vehicle, a bright green 1984 Volkswagen motor home emblazoned with her slogan "Tenho Atitude" ("I've Got Attitude"). But the vehicle was having mechanical problems and its balky speaker system wouldn't even let her play her campaign song. Undaunted, the candidate, stylish in boots and a riding jacket, started buttonholing voters on the street. "Vote for me. I denounced Boy," she said. "I'm his ex-wife."

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Hairdresser Elena Maria da Silva excitedly embraced Ms. Caldeira. "I saw her on TV," Ms. da Silva said. "She's very brave." But some other passersby went out of their way to avoid Ms. Caldeira or discreetly crumpled her fliers after walking a few steps.

Over the course of his political career, Mr. Costa developed a raffish reputation. During Rio de Janeiro's 1994 Carnaval, for instance, he introduced a young model named Lilian Ramos to then President Itamar Franco. That twosome became internationally famous when photographers captured the scantily clad model standing alongside the president.

His marriage to Ms. Caldeira had long since fallen apart by the time last June when a congressman accused Mr. Costa of slush-fund involvement. Ms. Caldeira supported the accusations to the congressional committee, where she characterized Mr. Costa as a heavy gambler whose personality would change from "Dr. Jekyll to Mr. Hyde." She said he kept stacks of cash in a "big safe...not a little piggy bank."

Mr. Costa and a Liberal Party associate have filed defamation suits against Ms. Caldeira. "The judicial system is scrutinizing her words," a spokesman for Mr. Costa says.

The Green Party invited Ms. Caldeira to run for Congress, hoping to capitalize on her celebrity and to shake voters out of their lethargy over government corruption.

Benedito Faustino Taubaté Guimaraes, a Mogi das Cruzes councilman, scoffs at the notion that Ms. Caldeira can topple Mr. Costa, who is famous for helping constituents. "People want solutions to their problems, not a socialite who wants to talk over coffee," he said. Mr. Guimaraes shows a testimonial letter written by an adolescent, Fabinho Dorneles, who says that after an accident left him in a wheelchair, Mr. Costa pulled strings to get him treated at a top hospital.

But Brazilian politics are hard to predict. In the country's system of proportional representation, each party gets a quota of congressional seats that varies with its share of the popular vote. The top vote getters within each party fill the quota. So it's possible that both Ms. Caldeira and Mr. Costa could be elected, meaning they'd be back together again, in Congress.

Fill 'Er Up With Dictators (NYT)

By Thomas L. Friedman

The New York Times, September 27, 2006

Are you having fun yet?

What's a matter? No sense of humor? You didn't enjoy watching Venezuelan President Hugo Chávez addressing the U.N. General Assembly and saying of President Bush: "The devil came here yesterday, right here. It smells of sulfur still today." Many U.N. delegates roared with laughter.

Oh well then, you must have enjoyed watching Iran's President Mahmoud Ahmadinejad breezing through New York City, lecturing everyone from the U.N. to the Council on Foreign Relations on the evils of American power and how the Holocaust was just a myth.

C'mon then, you had to at least have gotten a chuckle out of China's U.N. ambassador, Wang Guangya, trying to block a U.N. resolution calling for the deployment of peacekeeping troops to Sudan to halt the genocide in Darfur. I'm sure it had nothing to do with the fact that the China National Petroleum Corporation owns 40 percent of the Sudan consortium that pumps over 300,000 barrels of oil a day from Sudanese wells.

No? You're not having fun? Well, you'd better start seeing the humor in all this, because what all these stories have in common is today's most infectious geopolitical disease: petro-authoritarianism.

Yes, we thought that the fall of the Berlin Wall was going to unleash an unstoppable wave of free markets and free people, and it did for about a decade, when oil prices were low. But as oil has moved to $60 to $70 a barrel, it has fostered a counterwave — a wave of authoritarian leaders who are not only able to ensconce themselves in power because of huge oil profits but also to use their oil wealth to poison the global system — to get it to look the other way at genocide, or ignore an Iranian leader who says from one side of his mouth that the Holocaust is a myth and from the other that Iran would never dream of developing nuclear weapons, or to indulge a buffoon like Chávez, who uses Venezuela's oil riches to try to sway democratic elections in Latin America and promote an economic populism that will eventually lead his country into a ditch.

For a lot of reasons — some cyclical, some technical and some having to do with the emergence of alternative fuels and conservation — the price of crude oil has fallen lately to around $60 a barrel. Yes, in the long run, we want the global price of oil to go down. But we don't want the price of gasoline to go down in America just when $3 a gallon has started to stimulate large investments in alternative energies. That is exactly what OPEC wants — let the price fall for a while, kill the alternatives, and then bring it up again.

For now, we still need to make sure, either with a gasoline tax or a tariff on imported oil, that we keep the price at the pump at $3 or more — to stimulate various alternative energy programs, more conservation and a structural shift by car buyers and makers to more fuel-efficient vehicles.

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"If Bush were the leader he claims to be, he would impose an import fee right now to keep gasoline prices high, and reduce the tax rate on Social Security for low-income workers, so they would get an offsetting increase in income," argued Philip Verleger Jr., the veteran energy economist.

That is how we can permanently break our oil addiction, and OPEC, and free ourselves from having to listen to these petro-authoritarians, who are all so smug — not because they are educating their people or building competitive modern economies, but because they happen to sit on oil.

According to Bloomberg.com, in 2005 Iran earned $44.6 billion from crude oil exports, its main source of income. In the same year, the mullahs spent $25 billion on subsidies to buy off the population. Bring the price of oil down to $30 and guess what happens: All of Iran's income goes to subsidies. That would put a terrible strain on Ahmadinejad, who would have to reach out to the world for investment. Trust me, at $30 a barrel, the Holocaust isn't a myth anymore.

But right now, Chávez, Ahmadinejad and all their petrolist pals think we are weak and will never bite the bullet. They have our number. They know that Mr. Bush is a phony — that he always presents himself as this guy ready to make the "tough" calls, but in reality he has not asked his party, the Congress, the people, or U.S. industry to do one single hard thing to reduce our dependence on foreign oil.

Mr. Bush prattles on about spreading democracy and freedom, but history will actually remember the Bush years as the moment when petro-authoritarianism — not freedom and democracy — spread like a wildfire and he did nothing serious to stop it.

Don't Play Politics With Kazakhstan (WP)

By S. Frederick Starr

The Washington Post, September 27, 2006

The president of Kazakhstan will be visiting the United States soon, and the critics are already sharpening their pens. The trip by President Nursultan Nazarbayev will mark 15 years of independence for his country as well as a growing strategic partnership with the United States. But whereas the State Department sees Kazakhstan as a successful "corridor of reform," critics claim that it's just another corrupt petro-state and Nazarbayev himself a repressive, authoritarian ruler. The fact that Vice President Cheney recently visited the Kazakh capital of Astana only confirms their darkest suspicions: It's all about oil, and probably about Halliburton as well.

To be sure, Kazakhstan has oil and a lot of it. Russia and China have been buying as much of it as they can get, and Europe and the United States are eager to do the same. American firms, including Halliburton, have made big investments there, but so have the Chinese, Italians, British and Dutch. Shouldn't the United States be pursuing this prospect?

Those who say no point to widespread corruption in Kazakhstan. Indeed, corruption thrives in nearly all the countries that were formerly under communist rule. That is why the Kazakh government set up a national fund in 2000 that makes the management of oil revenue more transparent, why its banking system will meet E.U. standards by 2008 and why it has signed on with Britain's rigorous Extractive Industries Transparency Initiative. This year alone it has successfully prosecuted several dozen high- and mid-level officials for corrupt practices.

U.S. critics brush this aside and point instead to the case of an American, James H. Giffen, who is on trial in New York for allegedly arranging massive bribes to senior Kazakh officials over a decade ago. But in spite of much finger-pointing, the only person being prosecuted so far is Giffen. In light of this, should Kazakhstan start refusing U.S. investments?

Under both Democrats and Republicans, the U.S. approach toward Kazakhstan has been to work with the government to reform its laws and courts. The American Bar Association, Freedom House, Counterpart Consortium and the U.S. Agency for International Development have made much headway in this regard. We should be exploring how to continue and expand this fruitful collaboration. Accusations from our side will only strengthen the hand of hard-core nationalists and others in Kazakhstan who defend the old practices.

The majority of Kazak citizens are Muslims. Fundamentalists from the Persian Gulf states and elsewhere are eager to exploit the situation. A few years back members of a group with links to al-Qaeda penetrated the country. But so far Kazakhstan has shown remarkable success in addressing the social conditions that can feed extremism. The Asian Development Bank reports that the poverty rate has been cut by half in five years. A large middle class is rapidly forming, thanks in part to a revised tax code that favors small and mid-size businesses. The government now spends a respectable 4 percent of gross domestic product on modern, Western-style education and pays the full cost of sending its top 3,000 high school graduates for study in the United States, Europe, Japan and other developed countries. Graduates of this program are accustomed to modern freedoms and expect their country to embrace them.

Granting this, critics point to what they politely term Kazakhstan's "democratic deficit." They're right. The Organization for Security and Cooperation in Europe (OSCE) has drawn the same negative assessment of Kazakh elections that it has of all

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elections in the former Soviet Union except for the three Baltic countries: They fail to meet European standards. But the OSCE has acknowledged that recent revisions in Kazakhstan's electoral law represent "significant progress." It also concluded that the Central Election Commission managed the crucial run-up to the 2005 elections in a "generally transparent manner." For all the problems that remain, this argues for continuing a quiet process of engagement on electoral reform.

Kazakhstan merits our support for another reason. For a decade the United States has watched helplessly as India, then Pakistan and now Iran developed nuclear weapons. The trajectory is chilling. Contrast this with Kazakhstan, which inherited a large nuclear arsenal from the Soviet Union and -- with U.S. support -- voluntarily got rid of it.

Moreover, Kazakhstan has managed to do what no other country has: maintain cordial and balanced strategic partnerships with China, Russia and the United States. Its links with Washington go far beyond the ceremonial; Kazakh troops stand with ours in Afghanistan. Its contingent in Iraq has destroyed more than 3 million land mines. And the Kazakhs are working closely with the United States in opening up Afghanistan to continental trade.

All this suggests that U.S. links with Kazakhstan are among this country's most promising relations in the Muslim world. Developed over 15 years under both Democratic and Republican administrations, they are the fruit of hard work by U.S. agencies, businesses, educational institutions and scores of nongovernmental organizations. They are creating a successful model of economic and social development for majority-Muslim societies. What a contrast to what we see daily in the Arab world.

U.S. critics of Kazakhstan have every right to remind us that the country still falls short in many respects. But in the eyes of some Kazakhs, the United States may be a less than perfect partner as well. If either of these groups succeeds in damaging the basis of our partnership, further progress in Kazakh social policy and legal and electoral reform will be the first to suffer. And Kazakh oil will then flow mainly to China and other countries that pay their bills and ask no questions.

The writer is chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies.

Shinzo Abe's Asian Challenge (NYT)

The New York Times, September 27, 2006

If Japan's new prime minister, Shinzo Abe, hopes to be as popular and successful as his departing predecessor, Junichiro Koizumi, he needs to be equally daring in breaking with failed policies of the past. The obvious place to start is by rebuilding Japan's badly damaged relations with China.

Nothing is more important to Japan's prosperity and security than normal relations with its giant neighbor. An ugly, but increasingly distant, history of Japanese aggression and war crimes stands in the way. Mr. Koizumi, in one of the greatest errors of his administration, deliberately glorified this history, playing into the hands of Chinese leaders who often use nationalism to distract their people from official corruption and political repression.

Mr. Abe needs to extricate Japan from this destructive dynamic. The first step should be declaring that he will not continue Mr. Koizumi's provocative practice of visiting the Yasukuni Shrine, where the spirits of convicted war criminals are honored. The shrine controversy, and the failure of Japanese textbooks to deal honestly with the wartime behavior of Japanese troops, complicate the nation's ability to handle contemporary military issues, like the emerging debate over amending the pacifist constitution that America imposed on it after World War II. There is no reason Japan should not be able to make that change. But unless it first comes to terms with its history and its neighbors, such a step would be poorly received by other Asian nations.

Japan has a great deal to be proud of, including an increasingly vital democracy, a revived economy and the difficult but necessary economic reforms that Mr. Koizumi began to push through and that Mr. Abe will now need to take further. It does not need to glorify the darkest period of its recent history and the war criminals most responsible for that terrible aberration.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

House Passes Detainee Bill 253-168, With Senate Approval Expected Today. Fox News' Special Report (9/27, Hume) reported the House "passed a bill governing the treatment and trial of war on terror detainees. Passage of the measure was expected. What was not expected were the strong objections of Democrats who contend the bill is unfair to detainees and hurts America's standing around the world." The bill passed 253-168, with 160 Democrats opposed. The New York Times (9/28, Hulse, Zernike, 1.21M) notes that most of the 34 Democrats who supported the bill are in "more competitive districts" this fall. USA Today (9/28, 6A, Kiely, 2.27M) says the measure "is headed for Senate approval today, as Congress tries to balance national security needs with the rights of prisoners." It would "permit creation of military tribunals to try terrorism suspects" and would also "allow President Bush to claim a legislative victory on national security 40 days before the Nov. 7 elections." The Hill (9/28, Allen, Tiron) notes that since the Senate is "considering identical but separate legislation," one chamber "would still have to pass the other chamber's version of the bill for it to be sent to the president."

The AP (9/27, Flaherty) says the legislation "also provides extensive definitions of war crimes such as torture, rape and biological experiments -- but gives Bush broad authority to decide which other techniques U.S. interrogators can legally use. The provisions are intended to protect CIA interrogators from being prosecuted for war crimes." AFP (9/27, Raab) says that while the bill "forbids 'cruel and unusual' punishment of detainees," it does not offer "further clarification of what falls in that category."

A straightforward Washington Post (9/28, A1, Babington, 748K) report says the President "is scheduled to meet with GOP senators in the Capitol this morning for a final pep rally before the measure's expected passage. Republicans hope to campaign on the bill as proof of their party's tough stand against terrorists. Many congressional Democrats decided to swallow their misgivings and vote for the bill to avoid being portrayed as less than vigilant against suspects captured in Afghanistan, Iraq and elsewhere."

The Washington Times (9/28, Hurt, 88K) reports that just before the vote, Majority Leader John Boehner "made clear that Republicans will use the vote in the November elections against Democrats who opposed the bill." He said, "Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" Later, House Speaker Dennis Hastert said, "Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists. So, the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled if we followed the Democrat plan."

The Los Angeles Times (9/28, Simon, Barnes, 918K) reports that as the Senate debate began, Majority Leader Bill Frist said, "We must remember that we are fighting a different kind of enemy -- and a different kind of war. To win this war, we must provide our military, intelligence and law enforcement communities the tools they need to keep us safe." But Armed Services ranking Democrat Carl Levin "objected that the measure would be 'used by our terrorist enemies as evidence of U.S. hypocrisy when it comes to proclamations of human rights.'"

Editorial Pages Critical Of Legislation. Newspaper commentary on the measure is markedly negative. Under the headline "Rushing Off A Cliff," the New York Times (9/28, 1.21M) editorializes, "Here's what happens when this irresponsible Congress railroads a profoundly important bill to serve the mindless politics of a midterm election: The Bush administration uses Republicans' fear of losing their majority to push through ghastly ideas about antiterrorism that will make American troops less safe and do lasting damage to our 217-year-old nation of laws -- while actually doing nothing to protect the nation from terrorists. Democrats betray their principles to avoid last-minute attack ads. Our democracy is the big loser."

The Los Angeles Times (9/28, 918K) editorializes that Senate Judiciary Chairman Arlen Specter's "warning that the

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Supreme Court is likely to invalidate pending legislation that would create military commissions to try terrorist suspects deserves a hearing -- in the Senate. The problem with the legislation…is that it would make it impossible for alleged enemy combatants to file what is known as a writ of habeas corpus, which allows them to challenge the legality of their imprisonment. … On Wednesday, the House approved a bill that does not permit detainees to file habeas corpus petitions. That means that it will be up to Specter and his colleagues to preserve the Great Writ when the Senate votes."

In a Los Angeles Times (9/28, 918K) op-ed, Bruce Ackerman, author of "Before the Next Attack: Preserving Civil Liberties in an Age of Terrorism," writes, "The compromise legislation, which is racing toward the White House, authorizes the president to seize American citizens as enemy combatants, even if they have never left the United States. And once thrown into military prison, they cannot expect a trial by their peers or any other of the normal protections of the Bill of Rights. This dangerous compromise not only authorizes the president to seize and hold terrorists who have fought against our troops 'during an armed conflict,' it also allows him to seize anybody who has 'purposefully and materially supported hostilities against the United States.' This grants the president enormous power over citizens and legal residents."

Judge Denies Ashcroft Immunity In Terrorism Case. The AP (9/28, Boone) reports from Boise, ID, "Former U.S. Attorney General John Ashcroft could be called to testify in a lawsuit that claims a student was wrongly imprisoned in a computer terrorism case, a federal judge ruled Wednesday." The AP continues, "U.S. District Judge Edward Lodge rejected Ashcroft's argument to toss out the lawsuit because he was entitled to absolute immunity since his position at the Department of Justice was prosecutorial." The AP adds, "Abdullah al-Kidd, who played football for the University of Idaho, claimed government wrongfully arrested him in the case against a fellow student, Sami Omar Al-Hussayen, in 2003. … They both worked for the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators said funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States." The AP notes, "A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia. … Al-Kidd was never called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel. … His lawsuit claimed Ashcroft was personally liable for violating his rights because after the terrorist attacks Ashcroft 'created a national policy to improperly seek material witness warrants, oversaw the execution of such warrants, and failed to correct the constitutional violations of conducting such actions,' according court documents. Al-Kidd said the investigation and detainment not only caused him to lose a scholarship to study in Saudi Arabia, but that it cost him employment opportunities. … The ruling also means U.S. Attorney General Alberto Gonzalez and others in the Department of Homeland Security could be called to testify in the lawsuit. … 'We are literally reviewing it at this minute and no, we have not made any decisions at this time,' Charles Miller, spokesman for the Justice Department's civil division, said of the ruling."

Domestic Surveillance Dispute Heads For Detroit Courtroom. The Detroit Free Press (9/28, Ashenfelter) reports, "Justice Department lawyers will be back in federal court in Detroit on Thursday to try to persuade a judge to delay enforcement of last month's decision to halt the National Security Agency's domestic spying program until the outcome of the government's appeal. … And ACLU lawyers will be there to try to persuade U.S. District Judge Anna Diggs to order the government to stop the program now." The Free Press continues, "Taylor ruled Aug. 17 that the Bush Administration's program of monitoring international phone calls and emails involving suspected Al Qaeda members is unconstitutional because it violates Americans' free speech and privacy rights and is contrary to the Foreign Intelligence Surveillance Act of 1978. … Under that law, the government can eavesdrop for up to a year without a warrant provided the Attorney General certifies that the eavesdropping is legal." The Free Press adds, "The Justice Department appealed Taylor's ruling to the U.S. 6th Circuit Court of Appeals in Cincinnati."

Albany Terrorism Case Defendant Takes Stand. Capital News 9 Albany (9/27) reported, "The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand. … Prosecutors finished up with a Middle Eastern expert who explained what references in [Mohammed] Aref's journal are terrorist organizations and which ones aren't. Once Aref took the stand, the mood clearly changed in the courtroom as Aref explained his growing up in Northern Iraq where Saddam Hussein killed more than 180,000 fellow Kurds in the late 1980s. That's important because Aref argues that his rhetoric the courtroom previously heard was directed at Saddam's regime and that he's always been peaceful as he spoke out as a student 0- but not a member of any political party which

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prosecutors accused him of omitting on an immigration document."

PATRIOT ACT:

Patriot Act, Real ID Reducing Number Of Refugees Allowed To Enter US. The New York Times (9/28, Swarns, 1.21M) reports State Department officials said Wednesday that the USA Patriot Act and the Real ID Act have led to a 23 percent reduction in the number of refugees admitted to the US this year because "of provisions…that have sharply reduced the number of resettled refugees." The provisions, which "deny entry to anyone who belongs to or has provided material support to armed rebel groups," regardless of circumstances, "have derailed the resettlement of thousands of refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 60's, according to the State Department and the United Nations refugee agency."

Refugees Settling In Non-Traditional Areas. Meanwhile, the Washington Post (9/28, A3, Layton, 748K) a study released today by the Brookings Institution finds more political refugees in the US are "putting down roots in metropolitan areas without large immigrant populations." Brookings "found that while traditional immigrant gateways such as New York, Chicago and Los Angeles still absorb most refugees, that flow has slowed in the past several years, and refugees are increasingly settling in Seattle, Atlanta, Sacramento, Minneapolis-St. Paul and Portland, Ore." Audrey Singer, a Brookings demographer who co-wrote the study, said states "such as Iowa, Pennsylvania and North Dakota, have been lobbying for refugees."

HOMELAND RESPONSE:

House Democrats' Report Critical Of Administration's Local Anti-Terror Efforts. The Wall Street Journal (9/28, Block, 2.03M) reports, "Amid the political storm over the intelligence community's report that al Qaeda remains a serious threat to the US homeland, House Democrats plan to release a report Thursday accusing the Bush administration of failing to support local police as the frontline against terrorism. The report says the administration hasn't done enough to reach out to the country's 800,000 state and local police officers to determine their needs in fighting terrorism." DHS "officials said the department is working on ways to improve the information flow to police, and next month expects to roll out initiatives to cooperate more closely with state and local law enforcement." The report, prepared for Rep. Bennie G. Thompson, "follows growing complaints from police departments around the country that federal agencies, especially the Department of Homeland Security, deny local law enforcement access to timely, relevant information about threats and terrorist activity."

DHS Official Who Made Anti-Terror Funding Cuts Is Out. The Long Island Newsday (9/28, Eisenberg) reports, "The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources." Newsday continues, "Tracy Henke, executive director for grants and training, was responsible for divvying up anti-terror money to cities, ostensibly based on risk. She ignited a firestorm in June after the department slashed funding to New York and Washington while bolstering money for cities such as St. Louis and Kansas City in her home state of Missouri. … 'She didn't do a good job and my understanding is she's not going to be there much longer,' Rep. Peter King, chairman of the House Homeland Security Committee, said yesterday. … 'I view her as being primarily responsible for the terrible cuts that were made to New York in June,' the Seaford Republican said. 'She did a poor job in coming up with the numbers. She did a poor job of explaining it to the committee and, quite frankly, a lot of people didn't like her attitude.'" Newsday adds, "That vote of no confidence appears to extend to the White House. This week, White House Homeland Security Adviser Frances Townsend told a group of reporters that she had been 'quite surprised and dismayed' by the grant decisions. … Henke, a backdoor appointment by the White House Jan. 4, had not been confirmed by the Senate before the funding controversy because of concerns about her qualifications, as well as allegations she played politics in her prior job at the Justice Department."

Suspicious Package Forces Evacuation Of DC Federal Courthouse. The Washington Post (9/28, Leonnig, Branigin) reports, "A federal courthouse in downtown Washington was evacuated for about three hours today because of what authorities described as a suspicious package, which was later determined to be harmless." The Post continues, "The evacuation disrupted a hearing in a high-profile case stemming from the leak of a CIA operative's name. The hearing, originally set for 10 a.m., was rescheduled for 1:30 p.m., about an hour after authorities reopened the E. Barrett Prettyman Federal Courthouse." The Post adds, "According to acting chief judge Henry Kennedy,

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the suspicious item, which was found by a security guard in a construction zone near the courthouse, may have contained the soiled clothing of a homeless person. A bomb-sniffing dog alerted to the item, possibly because of nitrates on the clothing, Kennedy said. Nitrates used as oxidizing agents can be mixed with other compounds to form flammable or explosive material. … In addition to examining the suspicious package, authorities swept the courthouse building for explosives but did not find any, officials said."

The AP (9/28, Apuzzo) reports, "Evacuation of the courthouse occurred shortly before a hearing was to begin in the CIA leak case. The hearing was reset for 1:30 p.m. … Special prosecutor Patrick Fitzgerald and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby." The AP adds, "The defendant in the case, former White House aide I. Lewis 'Scooter' Libby, and his legal team arrived a short time later and joined the throng outside the courthouse."

Emergency Room Strain Raises Disaster Preparedness Concerns. The Washington Post (9/28, A11, Lee, 748K) reports, "Emergency rooms at many hospitals are routinely stretched to the breaking point, raising concerns that they would not be able to handle victims during a terrorist attack or natural disaster, according to congressional testimony yesterday and a new federal study. Between 40 percent and 50 percent of emergency departments experienced crowding during 2003 and 2004, the study by the Centers for Disease Control and Prevention found." The findings, which "echo three reports published in June by the Institute of Medicine, a branch of the National Academies," have sparked "interest in Congress, and the Senate Health subcommittee on bioterrorism and public health preparedness convened a panel of experts yesterday to discuss the problems. 'If our emergency rooms are stretched thin now, how will they provide medical care in the event of a disaster?' Sen. Richard Burr…said in a statement."

Collins, King Say Chemical Plant Security Agreement Will Protect Americans. Sen. Susan M. Collins and Rep. Peter T. King, in a letter to the New York Times (9/28, 1.21M) write that the paper's Sept. 25 editorial criticizing an agreement on chemical plant security as weak did "not include some basic facts. The chemical security legislation we negotiated will give the secretary of homeland security new authority to set mandatory standards for high-risk chemical plants and, equally important, to enforce those standards. The bill gives the secretary the strongest possible authority: the power to shut down dangerous plants." Collins and King write that the editorial's assertion "that Congress has done nothing to protect Americans from a terrorist attack on chemical plants is off the mark. We prevailed in including provisions fought by the chemical industry's trade associations. … We also included a three-year sunset to prompt Congress to pass even more extensive legislation."

Holt Harshly Criticizes FBI Over Anthrax Probe. The AP (9/28, de la Cruz) reports New Jersey Democratic Congressman Rush Holt "said Wednesday it should have taken the FBI days, not years, to determine the anthrax used in 2001 that killed a Connecticut woman and four other people was much less sophisticated than believed." Holt "asked FBI Director Robert Mueller for a classified briefing about the status of the bureau's investigation into who was behind the attacks. … In his letter to Mueller, Holt said the FBI's failure to determine what kind of anthrax was used meant that 'resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed.'"

Johanns Says Americans Should Not Discount Agroterrorism Threat. In a widely-distributed story, the AP (9/28, Fisher) reports, "There hasn't been a specific terrorist threat against the U.S. food supply, but Americans should not take the safety of their food for granted, U.S. Agriculture Secretary Mike Johanns said Wednesday. … Johanns, who delivered the keynote address to about 1,000 delegates from 21 countries attending the second International Symposium on Agroterrorism, said the recent outbreak of E. coli in spinach shows how quickly food-borne illnesses spread and how tough they can be to trace." The AP notes, "Johanns pointed to steps the government has taken to ensure a safe food supply, including the U.S. Department of Agriculture's animal identification system," and he "said partnering with businesses and coming up with new ways to protect the food supply would be an ongoing concern of the administration."

WAR NEWS:

White House Refuses To Release Entire NIE. The AP (9/28, Shrader) reports, "The White House refused Wednesday to release the rest of a secret intelligence assessment that depicts a growing terrorist threat, as the Bush administration tried to quell election-season criticism that its anti-terror policies are seriously off track." Press secretary Tony Snow "said releasing the full report, portions of which President Bush declassified on Tuesday, would jeopardize the lives of agents who gathered the information." It would also "risk the nation's ability to work with foreign governments and to keep secret its US intelligence-gathering methods, Snow said, and 'compromise the independence of people doing intelligence analysis.'"

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Much of the coverage describes the debate over the NIE as having put the White House on the defensive. In political terms, reports suggest the issue could give Democrats an opening in the final weeks of the congressional campaigns. The New York Times (9/28, Nagourney, 1.21M), for example, says "the dispute…has threatened a pre-election script in which the White House had sought to put Democrats on the defensive on national security. As the White House saw it, this was to have been the week in which Republicans seized the advantage by pushing two antiterrorism bills through Congress over the objections of recalcitrant Democrats." Instead, "on Wednesday for the second day in a row, Democrats seized on the intelligence report as confirmation of their case that the Iraq war has in fact compounded the global terrorism threat." However, "Republicans said even if they were momentarily put off course, they were confident that in the end this fight would not help the Democrats. Democrats, they said, lose every time they try to fight Republicans on the issue of security."

Fox News' Special Report (9/27, Baier) reported that "top Democrats on Capitol Hill, eager to use the report as evidence the Iraq war has made the US less safe, called for the full NIE to be released." CNN's The Situation Room (9/27, Koppel) said "for the third day in a row, Democrats went on the attack. The chairmen of both the Senate and the House Congressional Campaign Committees even called a press conference today to again really put Republicans on the spot and put a question to them." Democrats are "expressing optimism that the NIE's findings could even win them some more votes in November, as they seek to tie Republicans who continue to support U.S. policy in Iraq with President Bush."

All three networks reported on the NIE last night, portraying the controversy as a negative for the White House and Republicans in general. NBC Nightly News (9/27, story 3, 2:40, Williams, 9.87M) reported the parts of the report "that were made public yesterday are creating a major campaign issue." NBC (Gregory) added, "From Afghanistan to Iraq no one questions whether this President has been tough on terror, but what is the result? Mr. Bush says one thing." President Bush: "Five years after September 11th, 2001, America is safer and America is winning the war on terror." Gregory: "This grim intelligence report says another: That 'jihadists…are increasing in both number and geographic dispersion.' Are we really winning? Three years ago that was the question Defense Secretary Rumsfeld asked in this memo to top advisors, 'Are we capturing, killing and deterring more terrorists every day than the Madrassas and the radical clerics are deploying against us?' The report says no. Democrats charge the US is creating more terrorism because of Iraq." Sen. Joseph Biden: "It is not a surprise at all that we have been significantly limited in our ability to deal with worldwide terror because we are tied down and bogged down in Iraq."

ABC World News (9/27, story 2, 1:30, Raddatz) reported, "The White House was under fire today to explain how the President can say we are winning the war on terror when its own intelligence agencies say the global jihadist movement is spreading. Tony Snow had many answers." Snow was shown saying, "Since September 11, 2001, we have not been attacked. Al Qaeda has been significantly degraded. The operational structure has been weakened." Raddatz: "There are more of them. They're more the dispersed. They're harder to find. And yet, the President is saying we're winning the war on terrorism." Tony Snow: "That's right. We're also fighting the war on terrorism." Raddatz: "But Democrats clearly see political opportunity. Little more than 24 hours after the release of the report, the political ads are ready. Connecticut Democrat, Chris Murphy, zeroing in on Republican incumbent Nancy Johnson." Murphy Ad: "A new intelligence report says Johnson's support of President Bush's war in Iraq has increased terrorism." Raddatz: "And in the where are your friends when you need them category, one of America's principal allies in the war, Pakistan's Pervez Musharraf, told comedian John Stewart, the war in Iraq has had a negative impact." President Pervez Musharraf: "It has led to more extremism and terrorism around the world."

CBS Evening News (9/27, 2:40, Martin, 7.66M) led its broadcast with the story, reporting, "Although the White House today called the National Intelligence Estimate on terrorism a snapshot, it is really a forecast. In the words of the document, it analyzes the nature of the threat terrorist groups will pose during the next five years." Paul Pillar, former CIA Counter Intelligence officer: "It lays out the direction we're heading and the direction we can expect to see continue to evolve over the next five years if we don't change course." To the question "do the folks at the Pentagon believe there's anything that might change that bleak forecast," CBS replied, "The estimate singles out two things, one getting bin Laden and Zarqawi, which could cause al Qaeda to break apart and, two, winning in Iraq which could convince some terrorists to give up the fight."

In its analysis of the NIE, the Christian Science Monitor (9/28, Grier, 58K) reports, "Military pressure has had an effect on Al Qaeda, changing it from a centralized organization to more of a diffuse movement, according to the NIE." But "the invasion of Iraq has allowed jihadists a 'cause célèbre,' the document notes." The report also "notes that the jihadists would be further helped by an appearance of success in Iraq -- such as a US pullout. Their cause would be damaged, says the NIE, if 'jihadists leaving Iraq perceive themselves, and be perceived, to have failed.'"

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The Wall Street Journal (9/28, Solomon, Lueck, 2.03M) reports Snow said yesterday the report "confirms the importance of the war in Iraq as a bulwark against terrorists. 'Iraq has become, for them, the battleground,' he said. 'If they lose, they lose their bragging rights. They lose their ability to recruit.'"

The New York Times (9/28, Mazzetti, 1.21M) reports, "In mid-August, John D. Negroponte, the director of national intelligence, gave the go-ahead for a National Intelligence Estimate that will address security in Iraq and the potential for civil war there. White House and intelligence officials say the work is still in its early stages and will not be done until next year." But "Democrats contend that the White House is "slow rolling" the document -- that is, deliberately withholding what could be bleak conclusions -- until after the November elections." The Democrats "have intensified those complaints since the White House, under political pressure, on Tuesday released parts of a separate intelligence report, a sober assessment of global terrorism." Yesterday, Rep. Jane Harman, the ranking Democrat on the House Intelligence Committee, "even said sources had told her that a draft of the document had been finished."

The Los Angeles Times (9/28, Miller, Wallsten, 918K) reports Frances Townsend, White House domestic security advisor, "said…that the intelligence estimate focusing on Iraq was expected to be finished in January. A senior US intelligence official cautioned, however, that Negroponte's office had not set a timetable for the completion of the work, suggesting it could be delayed beyond the beginning of next year."

Cheney Says Declassifying Intelligence Reports Hurts Efforts In War On Terror. Fox News' Special Report (9/27, Baier) reported, "In an exclusive interview with Fox, Vice President Dick Cheney said declassifying intelligence reports to counter leaks hurts US efforts in the war on terror." Cheney: "It has a corrosive effect inside the bureaucracy. The inability to receive classified information and have it stay classified is devastating."

Intelligence Experts Say NIE Leak Has Damaged War On Terror. CNN's The Situation Room (9/27, Todd) reported, "The White House holds firm, it will not release the bulk of a classified National Intelligence Estimate on terrorism. That would risk the lives of agents, officials say, compromise sources and methods. … But the damage has already been done, say intelligence experts." CNN added, "There's also the spin factor. As one former CIA officer put it, Al-Jazeera will get this material and the jihadists will use it for propaganda. And there's cumulative damage. This is the fifth leak of a major intelligence operation in recent months, after the warrantless wiretapping program, the monitoring of terrorist financing, the collection of phone records, and the CIA secret prisons leak. The result of all those leaks put together, former CIA officers say terrorist networks now know more about how they're monitored than they've ever known before."

Boehner Says NIE Shows Victory In Iraq Will Undercut Terrorists' Ability To Recruit. House Majority Leader John Boehner said on MSNBC's Hardball (9/27) that "if you look at what was leaked out of the National Intelligence Estimate over the weekend by the New York Times, and you read the rest of what was declassified yesterday, you also see in there that they make it clear that winning in Iraq will undercut their ability to recruit new terrorists. Republicans are serious about giving the President the tools to take on the terrorists and to defeat them, while our colleagues across the aisle say all the right words, but when it comes to standing up and voting to give the president the tools, they are never there."

More Commentary. The Wall Street Journal (9/28, A16, 2.03M) editorializes, "National Intelligence Estimates are bland documents that represent the lowest-common-denominator judgment of more than a dozen intelligence agencies. We doubt they're very useful for policy makers, and they certainly aren't suitable for use as political cudgels in a national election." Bush "could do himself, and the country, a favor if he reacted to this latest attempt to politicize NIEs by asking our spy agencies to stop producing them. Their focus should be more and better intelligence. They should leave the policy judgments to elected officials -- and the voters."

The Washington Post (9/28, A22, 748K) editorializes, "Bush was right to declassify and release the intelligence community's most recent estimate of global terrorism." The document's "grim conclusions are hard to square with Mr. Bush's contention that the country is 'safer' today than it was five years ago or that the invasion of Iraq helped rather than hindered the fight against terrorism. In fact, the president seems unwilling to accept the conclusions of the intelligence professionals."

The Los Angeles Times (9/28, 918K) editorializes, "The argument that the US presence in Iraq has exacerbated the international terrorist threat is an important one fully deserving of discussion. So is the NIE's conclusion, more congenial to the Bush administration, that defeating insurgents in Iraq would demoralize other potential jihadists. That debate was going on before the NIE was publicized." And "it should continue after the thrill of declassification is gone."

Fouad Ajami, a professor at the School of Advanced International Studies at Johns Hopkins, writes in the Wall Street Journal (9/28, A16, 2.03M), "Strictly speaking, the National Intelligence Estimate…is not a finding: It is an assessment of Islamic terrorism and its perceived links to Iraq. (It is odd, and ironic, that the intelligence agencies that had been mocked by liberal opinion for their reporting on Iraq before the war have now acquired an aura of infallibility.)"

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David Brooks writes in the New York Times (9/28, 1.21M), "The National Intelligence Estimate predicts terror violence will get worse in the years ahead. The scarier estimate was made by a veteran of the 1948 Arab-Israeli war, in conversation with his grandson who now lives in Boston: 'This is forever.'"

Bush Dinner Provides Forum For Karzai, Musharraf To Air Differences. The Washington Post (9/28, A16, Abramowitz, 748K) reports President Bush "welcomed the feuding leaders of Afghanistan and Pakistan to the White House last night for an unusual round of personal diplomacy aimed at forging better relations between two key partners in U.S. efforts to hunt down members of al-Qaeda and other Islamic terrorists." Presidents Hamid Karzai and Pervez Musharraf agreed to join "Bush and his most senior advisers" because the "two have been sniping at each other for months over what Karzai considers Pakistan's tolerance of Taliban militants crossing the border to mount armed attacks in Afghanistan. Musharraf has testily rebutted Karzai's assertions," and Administration "officials are worried that the deteriorating relations between the two men threaten their effort to pacify Afghanistan and hunt down Osama bin Laden." The Post notes, "A White House statement said the three leaders 'committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan.'" The Post says the Administration "is confronting a resurgent Taliban," and "tense relations between Pakistan and Afghanistan date back years." The AP (9/28) says that "judging by the body language,… there were plenty of tensions to overcome."

The New York Times (9/28, Stolberg, 1.21M) reports Musharraf and Karzai "stood glumly -- more like caged cats -- in the Rose Garden." The Washington Times (9/28, Curl, 88K) says "the three men then walked grim-faced down the colonnade, heading to what was expected to be a tense dinner of 'sunchoke' soup, spicy sea bass and endive salad in the Old Family Dining Room of the White House."

The Los Angeles Times (9/28, Richter, 918K) reports the story under the headline "Hold the Vinegar, Bush Urges," noting "aides said Bush hoped" that the leaders "would promise to improve cooperation and intelligence-sharing on their shared border, the site of escalating attacks by Taliban and Al Qaeda fighters." After dinner, Tony Snow "released a statement saying the three leaders had 'committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan.'"

All three networks reported on the dinner, which took place after their evening broadcasts. NBC Nightly News (9/27, lead story, 2:55, Williams, 9.87M) reported, "To call this a dinner party would be a big mistake." NBC (Miklaszewski) added, "US officials for years suspected members of Pakistan's intelligence service were aiding the Taliban. And in an interview today for NBC's 'Meet the Press,' Musharraf admits former intelligence officials may be working with the Taliban." President Pervez Musharraf: "We are keeping a very tight watch and we will get all of them if that happens." Miklaszewski: "40,000 US and NATO troops are battling the Taliban in Afghanistan and NATO commanders confirm Taliban leaders conduct the operations from Pakistan." Robert Templer, foreign policy analyst: "As long as they have a refuge in Pakistan this battle will be extremely difficult. If you can escape to a place where you can rearm, train and recruit, it is extremely difficult for NATO and the US forces to get rid of them." Miklaszewski: "Before 9/11 Pakistan relied on the Taliban to keep Afghanistan under control. Some foreign policy experts now fear that old connection may be hard to break, Brian."

ABC World News (9/27, story 3, 0:25, Gibson) reported, "Should be an interesting meal." CBS Evening News (9/27, story 2, 0:55, Axelrod, 7.66M) said "these two men [are] obviously very important in the hunt for Osama bin Laden because bin Laden is thought to be hiding in the borderlands of these two countries."

CNN's The Situation Room (9/27, Roberts) also reported that the stakes are "huge" for Bush, adding that "these are two of the three most important nations when you're talking about that war on terror, perhaps Iraq first, Afghanistan second, and Pakistan third."

Attacks On US Troops Along Pakistani Border Have Tripled Since Truce. The Washington Times/AP (9/28, Krane) reports, "American troops on Afghanistan's eastern frontier have seen a tripling of attacks since a truce between the Pakistani army and pro-Taliban tribesmen that was supposed to stop cross-border raids by militants, a US military officer said yesterday." Pakistan's Foreign Ministry "rejected the US assertion and said home-based insurgents were behind the violence in Afghanistan, where at least 25 militants were reported killed in fighting yesterday." The AP adds, "Raising further questions about the cease-fire, a Pakistani political leader maintained that Taliban leader Mullah Mohammed Omar approved the deal. A government official denied that."

Meanwhile, the Washington Post (9/28, A1, Constable, 748K) reports, "Three weeks after…Musharraf announced a peace pact with Taliban radicals in a tribal area bordering Afghanistan, recent visitors say there is now pin-drop silence in a territory that once shook with artillery and bomb blasts. Religious patrols are enforcing law and order, they say, in

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place of Pakistan army troops who have withdrawn to their barracks." But "as the toll from violence rises across the border in Afghanistan, with suicide bombings killing 22 people in three cities this week, there are reports that militant Pakistani tribal leaders, while complying with their pledge to reduce the presence of foreign Islamic fighters, intend to defy the peace pact by sending local fighters and suicide bombers into Afghanistan." Musharraf "continues to deny Afghan charges that the Pakistani government is sheltering and encouraging the revived Taliban insurgency from the tribal zones." But "people interviewed in northwest Pakistan said there is widespread support in the tribal region for the Taliban movement's harsh Islamic morality and its war against US forces and their allies in Afghanistan."

Karzai Says Musharraf Isn't Doing Enough. Afghan President Hamid Karzai was asked on CNN's The Situation Room (9/27) about Pakistani President Pervez Musharraf's claim that Karzai is turning a blind eye to what is happening in his country. Karzai said, "He is right to say that I know the facts. I indeed know the facts, but I also know a lot of facts in Pakistan. And that's why I am pleading with President Musharraf that, for the sake of security for all of us and for our allies, it is extremely important to place serious attention and take action against some of the places called madrassas that are not madrassas, but are training extremists full of hatred for the rest of the world." Karzai added that Musharraf is "not doing enough." USA Today/AP (9/28) reports, "Musharraf says Karzai has bad information and noted that Pakistan has deployed 80,000 troops along the border." Musharraf also "said Karzai is behaving 'like an ostrich,' refusing to acknowledge the truth and just being political."

UK Defense Minister Says NATO Needs Faster Response To Taliban. The Financial Times (9/28, Fidler) reports, "Nato takes too long to build forces for its missions and needs to be able to respond more rapidly to requests for troops, Des Browne, the UK's defence minister, said on Wednesday." Speaking "the day before a meeting of defence ministers of the 26-member alliance in Slovenia that is set to discuss a military request for more Nato troops in Afghanistan," Browne "said Nato faced a short-term test in getting 'boots on the ground or the equipment in to support them' in Afghanistan."

Senior US Commanders Question Maliki's Will To Prevent Civil War. The Washington Post (9/28, A19, Raghavan, 748K) reports "senior U.S. military commanders" are questioning whether Iraqi PM Nouri al-Maliki "has the political will to weed out official corruption and tackle the brutal militias that are threatening to plunge Iraq into civil war." One official, :who spoke on condition of anonymity at a briefing with reporters" said, "It's going to take time for a government to cleanse itself over time." The Post says the "questions about Maliki are being posed only privately, with U.S. officials in their public statements still voicing cautious confidence in Maliki's ability to recognize and tackle the problems."

Meanwhile, the New York Times (9/28, Oppel, 1.21M) says the officials said the Maliki government must also "purge ministries of corrupt officials who are diverting large sums of money to their own political parties." An unnamed official said Iraqi parties "who were plundering ministries were squandering chances to make progress that could reduce sectarian violence." The Los Angeles Times (9/28, Moore, 918K) says the official said the Maliki government is "thwarting efforts to go after Shiite death squads" in comments that "highlight rising American dissatisfaction" with Maliki and an "increasing willingness to exert pressure on the fledging Iraqi government."

Chiarelli Says US Thinks Maliki Running Out Of Time. McClatchy (9/28, Youssef) reports Lt. Gen. Peter Chiarelli said the US now believes the Maliki government is "running out of time to prevent Iraq from dissolving into outright civil war." Chiarelli said, "We have to fix this militia issue. We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

Poll Finds 61% Of Iraqis Support Attacks In US Troops. The AP (9/27, Schweid) reports a poll by the University of Maryland's Program on International Policy Attitudes finds that "about six in 10 Iraqis say they approve of attacks on U.S.-led forces, and slightly more than that want their government to ask U.S. troops to leave within a year." About 61% "approved of the attacks -- up from 47 percent in January. A solid majority of Shiite and Sunni Arabs approved of the attacks, according to the poll. The increase came mostly among Shiite Iraqis." In addition, "three-fourths say they think the U.S. plans to keep military bases in Iraq permanently." The poll, "which included an oversample of 150 Sunni Iraqis, has a margin of error of plus or minus 3 percentage points."

With such dire numbers, the Washington Post (9/28, A19, Pincus, 748K) reports the US military "is looking for ways to achieve stability through opinion polls and public relations." The Multi-National Command is planning to "hire a private firm to conduct polling and focus groups in Iraq 'to assess the effectiveness of operations as they relate to gaining and maintaining popular support,' according to a notice the Department of the Army posted yesterday."

Two Networks Air Excerpts Of Video Showing Attack On Convoy In Iraq. ABC World News (9/27, 3:40, Gibson) opened its broadcast with "an extraordinary view of Iraq that we don't often see: the perspective of the

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civilian contractors who are a central part of the US mission." Noting that "643 contractors have been killed since the war began," ABC reported on a video of a truck ambush made by Preston Wheeler, a former Halliburton driver. ABC (Ross) added, "It was September, one year ago, as the convoy headed out of Camp Anaconda, near Balad, Iraq. Twelve big trucks and 5 military vehicles make a wrong turn. Residents pelt the convoy with rocks. … A roadside bomb is coming up. … The attack only intensifies. The lead truck, truck number one, is hit and rolls over." Wheeler: "Truck down." Ross: "Wheeler is truck number five. …. The military vehicle in front keeps moving and does not come back." Wheeler: "Truck five cannot move. Please help me. I'm taking fire. 10-4, come back? I'm fixing to get killed. I cannot move." Ross: "You were abandoned?" Wheeler: "Yes, sir. I do not know who the driver was of that humvee. But he abandoned us." Ross concluded by saying Wheeler "says the military vehicles that left the convoy were units of the Virginia National Guard. Officials there said the incident had been investigated by the Army, which told us it was unaware about the incident and could not comment. Nor would Halliburton, which says all its employees know the risks before they go to Iraq."

Though ABC claimed its report was an exclusive, NBC Nightly News (9/27, story 2, 1:45, Williams, 9.87M) also reported on the "private contractor working in Iraq whose convoy made a wrong turn and rolled right into an ambush." The report is largely similar to the ABC report, with some of the same excerpts aired. NBC (Myers) said, "Wheeler claims the convoy was not properly equipped or trained by Halliburton. Tonight Halliburton acknowledges the attack occurred but says the convoy was under the control of the US military. The company also says employees receive extensive training and their safety and security is a priority."

US Military Spokesman Says Baghdad Violence Increasing With Onset Of Ramadan. USA Today/AP (9/28) reports, "The top US military spokesman in Iraq said Wednesday that violence in Baghdad had risen, as predicted, with the onset of Ramadan. In Iraq, the Muslim holy month officially started on Monday. Suicide attacks were at their highest level ever, Maj. Gen. William Caldwell said. He didn't provide any figures."

Sadr Said To Have Lost Control Over Parts Of His Militia. The New York Times (9/28, Tavernise, 1.21M) reports, "The radical Shiite cleric Moktada al-Sadr has lost control of portions of his Mahdi Army militia that are splintering off into freelance death squads and criminal gangs, a senior coalition intelligence official said Wednesday." The Times adds, "The question of how tightly Mr. Sadr holds the militia, one of the largest armed groups in Iraq, is of critical importance to American and Iraqi officials. Seeking to ease the sectarian violence raging across the country, they have pressed him to join the political process and curb his fighters, who see themselves as defenders of Shiism -- and often as agents of vengeance against Sunnis." But "as Mr. Sadr has taken a more active role in the government, as many as a third of his militiamen have grown frustrated with the constraints of compromise and have broken off, often selling their services to the highest bidders, said the official, who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues."

Construction Of $75 Million Baghdad Police College "Grossly Mismanaged." The Washington Post (9/28, A1, Paley, 748K) reports, "A $75 million project to build the largest police academy in Iraq has been so grossly mismanaged that the campus now poses health risks to recruits and might need to be partially demolished, US investigators have found." The Baghdad Police College, "hailed as crucial to US efforts to prepare Iraqis to take control of the country's security, was so poorly constructed that feces and urine rained from the ceilings in student barracks. Floors heaved inches off the ground and cracked apart. Water dripped so profusely in one room that it was dubbed 'the rain forest.'" Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, said, "This is the most essential civil security project in the country -- and it's a failure." Bowen's office "plans to release a 21-page report Thursday detailing the most alarming problems with the facility."

Boehner Defers To Generals' Judgment On Troop Levels In Iraq. House Majority Leader John Boehner was asked on MSNBC's Hardball (9/27) if the US has enough troops on the ground in Iraq. Boehner said, "The generals on the ground say we have enough troops. We ought to take their word for it." Boehner added, "Let's let the generals on the ground make that decision."

Favoring Afghanistan War Over Iraq Conflict Said To Be "Senseless." In a Los Angeles Times (9/28, 918K) op-ed, National Review editor Rich Lowry and attorney David B. Rivkin Jr. write, "To critics of the Bush administration, the war in Afghanistan is the 'good' counterinsurgency. Their calls for troop reductions or a timetable to end the 'bad war' in Iraq are matched by demands for more resources and perseverance in Afghanistan. However, this preference is senseless, driven either by sentimentality or partisanship. There is no sound strategic reason to favor the Afghan war over the war in Iraq. In fact, the fates of Baghdad and Kabul are intertwined. … If you put aside how the wars began -- and we realize that many opponents of the Iraq war will never be able to do that -

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- there is little to differentiate them." In both cases, "we face a vicious insurgency that will take years to defeat," one that is "made more difficult by the overlay of sectarian violence." In both, "the insurgents are aided by infiltration from neighboring countries" and we are "trying to rebuild the army and the police -- with fitful progress -- and fostering a fragile central government whose writ doesn't seem to extend very far across the country. … There is no good reason to favor the Afghan war over the Iraq war. The Afghan war was launched in a brief period of national unity, while the Iraq war helped stoke our current period of political enmity. But one war will not be won without the other."

Schieffer Says Pentagon Risks Losing Volunteers' Trust. The CBS Evening News (9/27, story 10, 2:15, 7.66M) "Free Speech" segment dealt with "the US military and broken promises," in anchor Katie Couric's words. The commentator, Bob Schieffer, then said, "What can those who serve their country do when government breaks its promises to them? Not much, apparently. But that's what happened this week when 4,000 of our soldiers were told they would have to stay in Iraq longer than the government had promised. It's happened over and over. … Our Army is just too small to carry out the mission it has been assigned. We need to fix that or change the mission and find a way out of this war. With an all-volunteer force, we have no choice. If Americans come to believe the Pentagon cannot be trusted to keep its promises to those who join, no one will volunteer. Then where will we be?"

DOJ:

New Colorado US Attorney Profiled. The Denver Post (9/28, Finley) runs a profile of Troy Eid, the new US Attorney in Denver. The Post reports, "Tommorrow Eid marks the formal start of his service after an ambitious first six weeks on the job as the government's top law enforcement officer for Colorado. The only son of an Egyptian immigrant, Eid, 42, appears to be the the only Arab-American among the 94 U.S. attorneys. … And with enforcement of immigration law his top priority, Eid said he'll draw on this background and a longstanding 'interest in the underdog' to ensure fairness." The Post continues, "The criminals he vows to prosecute most aggressively - deportees who illegally re-enter the United States - often prey on immigrant communities, he said. … And criminals from abroad often drive illegal drug trafficking, his second major priority. Colorado has emerged as one of the busiest drug distribution centers in the country with transnational gangs taking root. … Taken together, immigration and drug-related crime now dominate federal criminal prosecution in Colorado." The Post notes, "Other priorities for Eid: sexual exploitation of children using the Internet, and terrorism cases - the overall top priority of the Justice Department under Attorney General Alberto Gonzales. … 'We get terrorism cases. We take them very seriously. They typically come to us through the JTTF (the FBI-run Joint Terrorism Task Force). ... We have some investigations that have resulted in charges and convictions.' … A symbolic investiture ceremony scheduled for this afternoon marks the formal beginning for Eid, who on Aug. 11 replaced acting U.S. Attorney William Leone. He had served since December 2004, when John Suthers resigned to become Colorado attorney general, after Ken Salazar left that position for the U.S. Senate."

CORPORATE SCANDALS:

Dunn Expected To Mount Vigorous Defense Of Her Role In H-P Leak Hunt. Ousted Hewlett Packard Chairman Patricia Dunn is expected to mount a vigorous defense of her role in the company's investigation into boardroom leaks. The Financial Times (9/28, Allison) reports that Dunn "is expected to testify on Capitol Hill that she never considered herself the 'supervisor' of the early stages of the company's controversial mole hunt, and that she never 'hired' investigators who were later found to have used legally questionable tactics. In an appearance before members of the House Committee on Energy and Commerce, Ms Dunn is expected to say it was her assumption that Bob Wayman, HP's chief financial officer and former acting chief executive, had authorised the company's leak investigation."

The Wall Street Journal (9/28, A3, Waldman, Clark, Stecklow) reports that Dunn "said she relied on advice from H-P executives, including the company's chief financial officer, before pushing a leak investigation that delved into personal phone records and used tawdry tactics. Ms. Dunn, in testimony prepared for a House committee hearing today on the H-P investigation scandal, said she was informed that using Ronald DeLia, a Boston-area private investigator involved in the affair, constituted 'normal processes' in pursuing investigations at the Palo Alto, Calif., computer company, having been told he had worked for H-P for 'eight or nine years.'"

The New York Times (9/28, Helft, Darlin) reports that in her prepared testimony, Dunn "said she never had reason to believe that illegal methods were used. And she said she repeatedly sought assurances on that point from those directly involved."

The AP (9/28, Gordon) also reports this story.

Hurd To Testify Before House Panel Today. USA Today (9/28, Kessler) reports that as H-P CEO Mark Hurd takes the stand before the House Energy and Commerce

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committee today, "he will be fighting for his reputation — and possibly his job." Hurd, who "has acknowledged approving at least part of a plan to snoop on journalists, board members, even his own employees," has been asked, along with other key players in the H-P scandal "to defend their actions before the House Energy and Commerce Committee. … But none will face as much scrutiny as Hurd, who as CEO, is ultimately responsible for what happened at HP."

In a separate story, USA Today (9/28, Kessler, Swartz) reports that Hurd "is expected to apologize before Congress for HP's snooping scandal today. … According to prepared remarks released by the House Energy and Commerce Committee, Hurd will tell Congress that a hunt to find out which board member was leaking information to the press 'became a rogue investigation that violated our own principles.'"

House Panel Issues More Subpoenas In H-P Probe. The House Energy and Commerce Committee has issued five more subpoenas to detectives involved in the leak investigation at H-P. The Hill (9/28, Schor) reports that the new subpoenas set the stage "for two days of hearings that could reveal new details of the tech company's now-infamous spying practices." The Hill adds, "The witness list for today's hearing includes most central players in the widening HP scandal. HP chief executive officer Mark Hurd offered to appear last week to discuss the company's use of pretexting, and Patricia Dunn, who resigned as board chairman last Friday over her role in the affair, also will testify under oath."

H-P Leak Probe Continued Despite Warnings From Security Personnel. The Washington Post (9/28, D1, Nakashima) reports that H-P's leak probe went forward "despite warnings from HP security personnel that the tactics used were 'probably illegal' and should be stopped, according to documents collected for today's congressional hearing on the scandal. In February, HP global security investigator Vince Nye told a Boston colleague working with him on the leak probe that he had 'serious reservations' about how they were obtaining phone-record information in an internal probe to ferret out the source of media leaks." The Post adds, "How and why top management failed to heed the warning are among the questions members of the House Energy and Commerce oversight and investigations subcommittee want answered at today's hearing."

WSJournal Says H-P Scandal Is A Case Of Bad Business Judgment. The Wall Street Journal (9/28) editorializes, "One refreshing aspect of the Hewlett-Packard 'leak' scandal is that it hasn't become an excuse to diagnose some larger sickness in all of corporate America. Today, however, the story heads to Congress, which specializes in false diagnoses, not to mention bad prescriptions. So perhaps it's time to sort out the lessons of this case, prosaic as they are." The Journal adds that "None of this is to say that board leaks aren't a problem. … As for Congress, we understand the impulse to grab some camera time by beating up on H-P witnesses. But even otherwise shrewd Members of Congress have been known to do stupid things from time to time. The last thing the country needs is a new Bureau for the Prevention of Bad Business Judgment, which is at bottom what the H-P saga is all about."

Former Comverse Executive Arrested In Namibia. The Wall Street Journal (9/28, Forelle, Scannell, Davies) reports that Kobi Alexander, former chief executive of Comverse Technology Inc., who was "embroiled in a stock-options scandal and the focus of an international manhunt," was arrested yesterday in Namibia. Namibia's justice minister "filed a special notice with parliament to allow the country to extradite Mr. Alexander to the US, and a magistrate issued an arrest warrant soon after. … Shortly thereafter, the U.S. attorney in Brooklyn, N.Y., unsealed a 32-count indictment against Mr. Alexander for his alleged role in a scheme to backdate stock options at the company he had co-founded."

The New York Times (9/28, Creswell) reports that Alexander "is expected to be brought before a court in Namibia, possibly as soon as today, and the United States intends to seek his extradition to face charges stemming from a scheme to backdate stock option grants at Comverse, according to the United States attorney's office in Brooklyn. Once back in the United States, Mr. Alexander, 54, will face conspiracy, securities fraud and money-laundering charges, according to a 32-count indictment against him that was unsealed yesterday. Prosecutors are also seeking forfeiture of $138 million in bank accounts or other assets held by Mr. Alexander."

The AP (9/28, Hays) reports that "in a statement, U.S. Attorney Roslynn Mauskopf credited local officials in the southwest African nation for assisting the FBI in the capture. … 'We are very grateful for the Namibians' swift action and commend them for their vigilance,' she said." The AP adds, "Mauskopf said she would seek Alexander's swift extradition to face charges in federal court in Brooklyn. A call to his defense attorney in New York was not immediately returned. … The manhunt was launched in late July shortly before authorities unsealed a criminal complaint accusing Alexander and two other former top executives of secretly manipulating stock options for personal profit."

Bloomberg (9/28, Frank, Van Voris) reports, "Alexander, the ex-Israeli intelligence officer turned high- technology entrepreneur, will be brought before a court in Windhoek within 48 hours, and the U.S. will seek his extradition, the Justice Department said." Bloomberg adds, "Federal prosecutors charged Alexander, 54, on Aug. 9 with backdating stock options to boost the compensation of executives at New York-based Comverse, the world's largest

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maker of voicemail software. He is the second CEO charged in the government's probe of illegal stock-option backdating, the largest investigation of corporate wrongdoing since a mutual fund trading scandal three years ago led to $4.3 billion in penalties. … 'Alexander's alleged role in options back-dating victimized Comverse shareholders and deceived prospective investors,' Brooklyn U.S. Attorney Roslynn Mauskopf said today in a statement. 'The fraud affected the company's bottom line by misstating earnings.' … Alexander, the wizard of Israel's technology boom, was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., said Ray Castillo, a spokesman for the U.S. embassy in Namibia."

Plaintiffs Seek $21.5 Million From Bearing Point Bond Default. The Washington Post (9/28, D1, Hart, O'Hara) reports, "Plaintiffs who won a bond default ruling against BearingPoint Inc. last week said that they aren't trying to ruin the company and that they don't think the $21.5 million in damages they have requested will hurt the McLean consulting firm's business. A group of bondholders sued BearingPoint for failing to file up-to-date financial reports -- a violation of the bond agreement that has become a common tool used by creditors and most typically hedge funds to extract concessions. A New York court last week agreed that the firm was in default on about $200 million in corporate debt." BearingPoint officials "have appealed the court ruling and asked other creditors to grant waivers to avoid similar suits. The company said it would delay filing its annual report, expected tomorrow, because of the uncertainty that the court ruling has produced for the company."

Regulators Urge Borderless Solution To Derivatives Growth Problems. The Financial Times (9/28, Tett, Gangahar) reports, "Three of the world's most powerful financial regulators have taken the unusual step of issuing a joint warning that individual nations cannot contain some of the risks posed by the explosive growth of derivatives and must collaborate across borders. The dramatic pace of integration and innovation in global markets makes it increasingly difficult to solve problems with 'a local or national solution,' top officials from the UK Financial Services Authority, the Federal Reserve Bank of New York and the US Securities and Exchange Commission write in the Financial Times. 'In a more integrated global market, we will increasingly find ourselves compelled to pursue borderless solutions,' write Timothy Geithner, president of the New York Fed; Sir Callum McCarthy, chairman of the FSA; and Annette Nazareth, a commissioner at the SEC."

DOJ, SEC Probing Halliburton Work In Nigeria And Elsewhere. The Houston Chronicle (9/28, Ivanovich) reports, "Federal investigators, who have been looking into a possible bribery scheme involving Houston's Halliburton Co. and a Nigerian natural gas plant, are scrutinizing 'multiple' projects both within and outside Nigeria, according to company filings." The Chronicle continues, "Recently uncovered information suggests employees at Halliburton's M.W. Kellogg Co. — some time before 1998 — may have planned to funnel payments to government officials to land projects in countries outside Nigeria, Halliburton subsidiary KBR said in a filing with the U.S. Securities and Exchange Commission. … The SEC has issued subpoenas seeking documents related to multiple projects from the last 20 years in and outside Nigeria, the filing said." The Chronicle adds, "Halliburton officials have been scrutinizing the activities of an unnamed agent who 'has worked with us outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s,' the company said in the filing. … Halliburton officials are trying to determine whether this individual broke the law or violated the company's code of conduct. … The latest inquiries grew out of a long-running investigation into the construction of a $5.5 billion natural gas liquefaction complex at Bonny Island in Nigeria's Rivers State. … The SEC and Justice Department, as well as authorities in France, Nigeria, Switzerland and Britain have all been investigating. Halliburton officials said they do not expect those probes to be wrapped anytime soon."

Fastow Sentence Surprises Experts. The Houston Chronicle (9/28, Hays, Fowler) reports, "Andrew Fastow's six-year prison sentence caught many longtime observers of the case off guard this week, including a former member of the government team that negotiated his 2004 plea agreement." The Chronicle continues, "Fastow had agreed to a 10-year prison sentence in the plea deal with the understanding that he would not ask for a lesser sentence later. … Yet his lawyers asked for just such a break. The government didn't object and instead stressed the critical cooperation Fastow provided in helping the government build criminal cases against former Chairman Ken Lay and former CEO Jeff Skilling." The Chronicle adds, "With no dissenting opinion from prosecutors, U.S. District Judge Kenneth Hoyt cut four years from Fastow's term. … 'The way the government handled it is surprising, given the written terms of the agreement,' said Andrew Weissmann, former director of the Justice Department's Enron Task Force, who was on the team when Fastow's plea was negotiated. Weissmann stepped down from the task force last year and later went into private practice. … Michael Wynne, a former federal prosecutor in Houston, also was surprised. … 'I expected him to receive the full 10 years. The judge even said that there was no way Fastow would be able to repay all the harm

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that he caused,' Wynne said." The Chronicle notes, "Fastow, 44, has long been considered among the most egregious of Enron's felons, having orchestrated multiple schemes to help Enron manipulate earnings while enriching himself with kickbacks. Some of those unsustainable schemes began crumbling in 2001 and helped fuel the company's failure late that year. … Both Lay and Skilling argued in their fraud and conspiracy trial earlier this year that no fraud occurred at Enron other than Fastow's self-dealing. But Fastow linked both to fraud, either for participating in or approving fraudulent schemes or lying to investors about Enron's financial strength to maintain an illusion of success."

CRIMINAL LAW:

Pirro Under Federal Probe Over Marital Spy Plot. Jeanine Pirro, the Republican candidate for New York Attorney General, is under federal investigation for allegedly plotting with former New York City Police Commissioner Bernard Kerik to spy on her husband. WNBC-TV, New York (9/28) reports that the "allegations center on whether Pirro illegally spied on her own husband, Albert Pirro, while she held the office of the Westchester District Attorney." Sources gold WNBC-TV "that court authorities wiretapped conversations that appear to show that while preparing for a statewide run for office, Jeanine Pirro was desperate to prove her husband was cheating on her." WNBC-TV adds, "According to documents now in the hands of several defense attorneys, Pirro and the former New York City Police Commissioner Bernard Kerik were apparently talking about planting a hidden device aboard her husband's boat. Her possible motive may have been to see if he was having an affair."

The New York Times (9/28, Healy) reports, "At a hastily arranged news conference yesterday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the family's boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws." The Times adds, "Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney's office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik. … With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a 'political witch hunt and smear campaign' led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated."

The AP (9/28, Fouhy) reports, "Pirro…said that any probe into her troubled marriage was 'highly improper' but she had no intention of quitting her campaign, calling the investigation politically motivated and sexist." The AP continues, "She also said that federal prosecutors had no business delving into her union with millionaire lobbyist Albert Pirro, who spent 11 months in prison after being convicted on tax fraud charges in 2000 and fathered an illegitimate daughter after their wedding in 1975. The couple has a 21-year-old daughter and a 17-year-old son. … 'Sometime last year, I came to believe that my husband was seeing another woman,' Pirro said. 'In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment.' … Pirro, former district attorney of Westchester County, just outside New York City, said that 'placing a recording device on one's property to intercept a conversation involving one's spouse is not a crime.'"

Newsday (9/29, Riley) called the FBI investigation "a jaw-dropping disclosure that could shatter her campaign" and notes Pirro said at yesterday's press conference, "There is no way, when I have the opportunity to be the first woman attorney general in the history of this state, that I'm going to be pushed out of a race because somebody wants to delve into the personal lives of my husband and myself. I'm standing up for myself and standing up for women." The New York Post (9/28, Lovett, Dicker, 608K) similarly calls the probe "a devastating blow to her campaign" and reports that in the tapes, "Pirro also belittled the AG's office she is now seeking, calling it a 'been-there-done-that kind of thing.' She said she would have been in the governor's mansion if it weren't for her husband." The New York Daily News (9/28, Lucadamo, Smith, 729K) notes, "Kerik's lawyer, Joseph Tacopina, said, 'Bernie spoke to a friend in distress regarding a domestic conflict. Nothing illegal was discussed and nothing illegal was done. I find it extremely troubling that in the midst of a federal investigation, sealed documents were leaked to the media.'"

CBS 2 Chicago (9/28) reports, "Pirro confirmed she had been informed by FBI agents this week that she was under investigation and said she had hired an attorney to represent her in the case. … Pirro noted that one of the U.S. attorneys assigned to the case, Elliott B. Jacobson, had prosecuted her husband's tax evasion case seven years ago."

FNC's Big Story (9/27, 5:29 p.m.) reported, "A prominent former New York D.A running for state attorney

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general just dropped a bombshell at news conference a couple of minutes ago. Republican candidate Jeanine Pirro says she is under investigation for allegedly plotting to secretly record her husband to find out whether he was having an affair."

CNEWS9-TV Albany, (9/27, 8:00 p.m.) reported, "New explosive allegations reveal that the Republican candidate for Attorney General is the subject of a federal investigation. Jeanine Pirro publicly defends herself in the biggest case of her career. Federal prosecutors are investigating the Republican state Attorney General candidate for allegedly scheming to secretly record her husband Al Pirro. She suspected her millionaire lobbyist husband of having an affair and allegedly talked about catching him with the help of former NYC police commissioner Bernard Kerik. She says she had her husband followed but did not record him. Although Jeanine Pirro's news conference this afternoon was very painful and personal, it will have political implications."

WXXA-TV Albany, (9/27, 5:02 p.m.) reported, "Republican state attorney general candidate Jeanine Pirro is being investigated by the federal government. According to sources close to Pirro, she allegedly plotted to secretly record her lobbyist husband because she thought he was having an affair. They say she allegedly discussed the plot with former New York City commissioner Bernie Kerik last year."

CNEWS9-TV Albany, (9/27, 6:31 p.m.) reported, "At a news conference, Pirro issued a strong statement saying that the federal government has no right to investigate her personal life. She says the investigation into allegations that she plotted to record her husband are unwarranted. She admitted that she considered recording her husband when she thought he was cheating on her."

CNEWS9-TV Albany, (9/27, 6:59 p.m.) reported, "She says it's a political witch-hunt by one U.S. attorney."

WRGB-TV Albany, (9/27, 6:32 p.m.) reported, "An angry Jeanine Pirro held a press conference late this afternoon blasting what she called overzealous prosecutors, who are looking into whether she tried to secretly record her husband. … She denied ever making any recordings"

WRGB-TV Albany, (9/27, 6:00 p.m.) reported, "Pirro calls it a political move, and says absolutely nothing will come of it."

WTEN-TV Albany, (9/27, 5:33 p.m.) reported, "Two anonymous sources say no recordings were ever actually made, but that they overheard Pirro discussing those plans with the former NYCP Commissioner. They say Pirro suspected her husband, Albert Pirro, was cheating on her. Pirro went on to say she'd like the person who leaked the story brought to justice."

WTEN-TV Albany, (9/27, 5:59 p.m.) reported, "Even if it did (it), Pirro says it would have been lawful and. her personal business."

US Attorney Responds To Allegations Of Impropriety. WNBC-TV (9/28) reports that shortly after Pirro's press conference, US Attorney Garcia "released this statement: … 'This Office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies, involving possible violations of Title 18, United States Code, Sections 2511(1)(a) and (b). … There are two Assistant United States Attorneys assigned to the case. They are both career prosecutors with experience in public corruption matters. They are working in conjunction with an experienced Assistant District Attorney from the Westchester County District Attorney's Office. … Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me. Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations.'"

Case Highlights Murky World Of Marital Spying. The New York Times (9/28, Eaton) reports, "Ms. Pirro's insistence that she never contemplated doing anything illegal in investigating her husband — including her discussion of placing a recording device on a boat he owned — involves the somewhat murky world of what amounts to marital spying. … Paul Shechtman, the lawyer Ms. Pirro retained recently, said that federal law permitted spouses to eavesdrop on each other in a house they shared. He cited several cases, including one from 1986 in which a federal judge on Long Island dismissed a case brought by a woman whose husband placed a listening device on the family phone in the course of their divorce, but while they were still sharing a house. … And on the specific question of whether it would be legal for Ms. Pirro to place a device on her husband's boat, Mr. Shechtman argued that it would be as well, because the boat was used by the entire family. … But some experts were not so sure. … 'If the boat is registered only in his name, it could be considered unlawful wiretapping,' said Robert Mann, director of global operations for Worldwide Intelligence Network, a private investigation and personal protection company headquartered in Los Angeles."

Kerik No Stranger To Controversy. The New York Times (9/28, Buettner, Rashbaum) reports, "The name of Bernard B. Kerik has already figured in embarrassing moments for the Bush administration and for former Mayor Rudolph W. Giuliani. … Yesterday, Mr. Kerik's name turned up in yet another uncomfortable place: a federal investigation that threatens to disrupt the race for state attorney general." Pirro's conversations with Kerik "The conversations took place in mid-2005, long after Mr. Kerik's rise to fame in the months after Sept. 11, 2001, had been upended by damaging allegations that emerged after his nomination by President Bush to become the nation's homeland security secretary. …

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Mr. Kerik had left Mr. Giuliani's consulting business, Giuliani Partners, months earlier and was opening his own security firm, the Kerik Group. But he remained under investigation by the Bronx district attorney's office, which was finding that as New York City corrections commissioner, he had accepted free renovations to his Bronx apartment from a city contractor when the company was under investigation for possible ties to organized crime. … Apparently as part of that investigation, Bronx authorities began listening to Mr. Kerik's conversations, including several in which Ms. Pirro asked him to undertake the grunt work of the average private investigator, marital surveillance."

Another Mistrial Declared In Gotti Racketeering Case. The AP (9/28, Neumeister) reports, "For the third time in the past 12 months, a judge declared a mistrial Wednesday in the racketeering trial of former mob boss John A. 'Junior' Gotti." The AP continues, "The jury, which deliberated for seven days over two weeks, sent out a second note in as many days indicating it could not reach a unanimous verdict. "Your honor, unfortunately we are deadlocked," said the note, prompting U.S. District Judge Shira Scheindlin to declare the mistrial shortly after noon. … Two previous juries in the last year wound up deadlocked, with resulting mistrials, after Gotti's lawyers argued the second-generation Mafiosi had years ago severed his ties to organized crime. If convicted, the 42-year-old Gotti had faced up to 30 years in prison. … He is free on $7 million bail, and there was no immediate word on whether the government would mount a fourth prosecution. … 'That's a decision above my pay grade,' said prosecutor Victor Hou when asked about the possibility. The defense made motions to suspend Gotti's current home detention and electric surveillance by the government."

The New York Times (9/28, Williams) notes that this was the third time in just over a year a jury has failed to return a verdict in Gotti's trials. A federal official "said that after three mistrials, the prosecution was unlikely to retry Mr. Gotti unless new evidence turned up, a decision that would all but end an expensive and highly publicized organized crime prosecution in a startling defeat for the government." The Times adds, "Jurors said they believed Mr. Gotti was guilty of orchestrating the 1992 shooting and bungled kidnapping of Curtis Sliwa, the radio talk-show host. But, the jurors said, the government failed to prove that the shooting was part of a pattern of crimes, a necessary part of the racketeering charge, and so they could not convict him." The New York Daily News (9/28, Zambito, 729K) also reports, "The hours of jailhouse tapes…made for some great courtroom drama -- but didn't have much of an impact on the jury deciding his fate. 'The tapes were a very cloudy issue because you couldn't hear them very well,' one juror said yesterday after the panel deadlocked."

The New York Post (9/28, Cornell, Gittens, 608K) reports, "It was strike three for prosecutors…a stunning development that could mean freedom for the mob scion. … 'I'd be better off dead,' said a disgusted Sliwa, who got little consolation from the mixed result. 'This guy got away with a crime…but as God is my witness, God will not forget that he tried to kill me.'" Newsday (9/28, DeStefano) notes, "The mistrial was a clear indication that a revised government presentation, which included prison tapes and financial evidence, failed to sway the jury. … Immediately after the verdict, Manhattan U.S. Attorney Michael Garcia issued a terse statement that expressed disappointment but praised his staff." He added, "We will inform the court in the very near future about how we plan to proceed." The New York Daily News (9/28, Fenner, Martinez, Zambito, 729K) adds, "It appeared unlikely last night that the government would seek a fourth trial, giving the Teflon Son a chance to prove he really has ditched the mob life he inherited from his father, whose specter loomed large over the courthouse."

Legal Experts Say US Should Not Seek Fourth Trial. Newsday (9/28, Mallia, DeStefano) reports, "Legal experts to Gottiprosecutors: Three strikes, you're out. … 'This case is fatally flawed. One could even say that if they bring it again it would be abuse of prosecutorial power,' said Fordham Law School professor Jim Cohen, who specializes in criminal law." Newsday adds, "One thing on which several experts agreed: After the highly visible defeats, prosecutors must balance mounting costs -- by one estimate already exceeding $1 million -- against chances of success. … 'If I were in charge, the kind of question I would ask is, "Can you convince me that, in a subsequent trial, we can be more persuasive?"' New York University Law School professor James Jacobs said. .. Jacobs was skeptical that any new evidence is forthcoming."

Victoria Gotti Praises Judge, Assails NYPost. In a New York Daily News (9/28, 729K) op-ed, Gotti's mother, Victoria Gotti, writes, "I will thank our good fortune every day for a judge like Shira Schiendlin. She is the difference between a fair trial and a railroad job. God bless her. The defense team was second to none and basically worked pro bono. Last, but not least, God bless those jurors for not believing the swill they were being fed daily by government and stories being planted by their government shill at the New York Post." Gotti adds, "It was a government source who tried his best to get my son murdered by circulating that he was a rat. Conveniently, the government source, an FBI agent, gave this garbage to The Post ... We learned that Curtis Sliwa's best friend...is the new publisher of that paper. We didn't expect anything but yellow journalism."

Local Television. WQAD-TV Davenport, (9/27, 10:22 p.m.) reported, "A judge declared another mistrial in the

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racketeering case against the former mob boss. A jury deliberated for seven days without reaching a verdict. Gotti says he just wants to move on with his life. It's the third mistrial for the son of the notorious John Gotti."

WBRE-TV Wilkes Barre, (9/27, 11:22 p.m.) reported, "A judge in New York City has declared a mistrial in the racketeering case against former mob boss John Gotti Junior. 'I'm going to close by just saying this: My father's dead over four years. It's time to let go, and it's time for us all just to move on.'"

WJZ-TV Baltimore, (9/27, 5:37 p.m.) reported, "A big sigh of relief today from John Jr. Gotti. Today, a New York judge declared a mistrial in his racketeering case."

WTTO-TV Birmingham, (9/27, 9:00 p.m.) reported, "The son of notorious mob boss John Gotti escapes yet another conviction. John Jr. walked out of court a free man."

WKRN-TV Nashville, (9/27, 4:52 p.m.) reported, "The third time is not the charm for prosecutors in the trail of john Gotti Jr. For the third time in a year, the judge declares a mistrial."

WTNH-TV Hartford, (9/27, 5:33 p.m.) reported, "In the third racketeering trial against former mob boss John junior Gotti. The jury deliberated for seven days before breaking down. … A majority favored acquitting Gotti."

KXJB-TV Fargo, (9/27, 10:03 p.m.) reported, "Gotti says enough is enough, and it's time for the feds to let go."

WNWO-TV Toledo, (9/27, 11:21 p.m.) reported, "Gotti says it's time for the feds to let go."

CNEWS9-TV Albany, (9/27, 10:44 p.m.) reported, "Prosecutors now have the option of attempting a fourth trial or dropping the charges against Gotti."

WRGT-TV Dayton, (9/27, 10:27 p.m.) reported, "No word on whether the feds will try Gotti again."

Rare Map Thief Sentenced To 42 Months In Prison. The New York Times (9/28, Cowan) reports, "A map dealer who stole nearly 100 rare maps valued at $3 million from Yale and other institutions was sentenced to three and a half years in prison on Wednesday after a federal judge credited him for helping the authorities retrieve most of the items taken." The Times continues, "Representatives of the institutions that were looted, who had traveled long distances to lobby for a stiff sentence, left the court saying they were deeply disappointed with the punishment given the map dealer, Edward Forbes Smiley III. Federal sentencing guidelines suggested that Mr. Smiley was looking at a term of 57 to 71 months, although the maximum penalty was 10 years." The Times adds, "Mr. Smiley, 50, was arrested by the Yale police in June 2005, shortly after leaving Yale's rare-book library with seven maps stashed in his briefcase and tweed jacket. … After a year of cooperating with the authorities, he pleaded guilty in federal court in June this year to the theft of a major artwork. As part of the plea agreement, he admitted to removing maps from collections at Harvard, Yale, the New York Public Library, Boston Public Library, the Newberry Library in Chicago and the British Library in London."

The Boston Globe (9/28, Abel) reports that Smiley "admitted that over an eight-year span he stole more than 30 maps from Boston and New York public libraries, eight from Harvard's Houghton Library, and 10 from Yale's Beinecke Rare Book and Manuscript Library in New Haven, prosecutors said. The British Library has said Smiley took centuries-old maps that told the story of the New World. … The judge ordered Smiley to report to prison in January, at a facility to be designated by the Federal Bureau of Prisons."

The AP (9/28, Christoffersen) reports, "U.S. District Judge Janet Bond Arterton said she wanted to send a dual message with the sentence. Prosecutors did not ask for a specific a sentence, but recommended Smiley be given credit for his cooperation with the investigation. … Leaders of the prestigious libraries urged a stiff sentence, saying he took world treasures and left a trail of victims."

Louisiana Woman Pleads Guilty To FEMA Fraud. The Baton Rouge Advocate (9/28) reports, "A Baton Rouge woman pleaded guilty Tuesday in federal court to two counts of fraud related to hurricane disaster relief programs." The Advocate continues, "Keosha Martin, 24, pleaded guilty to making two false and fraudulent claims to the Federal Emergency Management Agency. … According to the indictment, Martin was employed by FEMA between October 2005 and November 2005 as an applicant assistant whose duties included assisting disaster victims in applying for benefits. … At the time, Martin filed a claim on her behalf for damage from Hurricane Katrina and later filed a claim for damage from Hurricane Rita." The Advocate adds, "Martin could be sentenced to 10 years in prison, a $500,000 fine or both, per count. … The number of people who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds stands at 74. … In September 2005, U.S. Attorney General Alberto Gonzales formed the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for U.S. Attorneys and others."

Two FEMA Workers Charged With Filing False Claim. The New York Times (9/28, Lipton, 1.21M) reports that two FEMA workers "have been charged with trying to defraud the government by filing a false claim for damage to a houseboat, which resulted in an award of $25,500 in disaster

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assistance." Duane Adams and Emily Fuqua, who "who worked in clerical administration and disaster recovery programs, have been placed on unpaid leave, a FEMA official said."

Former Michigan Prosecutor Acquitted Of Corruption Charges. The Detroit News (9/28, Egan) reports, "Former Macomb County Prosecutor Carl Marlinga burst into tears, embraced his wife, Barbara, and whispered, 'It's over,' after a federal jury acquitted him Wednesday of public corruption charges." The News continues, "Marlinga, 59, who loudly proclaimed his innocence even before the federal government indicted him on bribery and fraud charges in 2004, was ecstatic but not bitter after the jury forewoman read the words 'not guilty' five times. … 'Marlinga, who was represented by Mark Kriger and N.C. Deday LaRene, said he ignored his lawyers' advice when he repeatedly agreed to be interviewed by investigators and twice testified before a federal grand jury investigating his conduct. At his trial, Marlinga found his own words forming a central part of the government's case." The News adds, "Now a lawyer in private practice, Marlinga would not rule out a return to politics. His future could test whether a politician, once cleared, can cleanse the stain of an indictment and return to public life. … It also represents the latest in a series of setbacks for the federal government in high profile cases in Detroit. … The case is another prominent defeat for the U.S. Attorney's Office in Detroit. … The government does not appeal jury acquittals in criminal cases. 'We respect the jury's decision, I congratulate Mr. Marlinga's attorneys on the defense, and we're moving on,' said U.S. Attorney Stephen Murphy."

The Detroit Free Press (9/28, Hunt, Ashenfelter) reports, "Marlinga…had faced up to 10 years in prison and $250,000 in fines for allegedly swapping prosecutorial favors in two rape cases for contributions to his failed 2002 congressional campaign. The five charges included two counts of bribery, deprivation of honest services, making false statements to the Federal Elections Commission and exceeding campaign contribution limits." The Free Press adds, "The charges derailed Marlinga's political career, causing the popular Macomb County Democrat to step aside shortly after the indictment was issued in April 2004, after 20 years as the county's chief prosecutor. … As they filed out of the courthouse, jurors said federal prosecutors weren't convincing. … 'We felt the government didn't prove its case and Mr. Marlinga's attorneys did,' said jury forewoman Mary Shultz of Rochester. … 'There were way too many loose ends,' said juror Megan Bowman, an Ortonville homemaker. 'There wasn't a whole puzzle.'" The Free Press notes, "Assistant U.S. Attorney Robert Cares, who said during the trial that Marlinga's political ambition caused him to sell his influence, declined comment. His cocounsel, Jonathan Tukel, said later: 'We always respect the jury's verdict." The Free Press notes, "U.S. Attorney Stephen Murphy said it was a difficult case and congratulated Marlinga's lawyers. … Although the office had a string of high-visibility losses in the months before Murphy took the helm in 2005, he said: 'No prosecutor's office in America will or should have a 100% batting average. We strive to do the right thing in every case.'"

More Commentary. The Detroit Free Press (9/28) editorializes, "Carl Marlinga may have exercised poor judgment or been naive about how things would look, but a federal court jury decided Wednesday that the former Macomb County prosecutor was not guilty of a crime. The verdict clearing him on five corruption charges rewarded Marlinga's faith in a system that he served pretty well for 20 years." The Free Press adds, "The allegations that he swapped favors in criminal cases for contributions to a failed congressional campaign effectively ended Marlinga's political career. … But he has always been a pretty straight shooter as a public official and took the witness stand to declare his innocence with the same earnest demeanor that made him a favorite of Macomb County voters. This time, Marlinga got all the votes he needed."

New Orleans Corruption Probe Defendant Sentenced To Probation. The AP (9/28) reports, "A figure in a federal investigation targeting corruption in the New Orleans transit authority was put on three years of probation on Wednesday. John S. Keller pleaded guilty in August 2005 to failing to report a felony. U.S. District Judge Ginger Berrigan also ordered him to perform 200 hours of community service and pay $10,000 in restitution to the Regional Transit Authority, along with a $5,000 fine. Keller was the business partner of Glenn Haydel, who pleaded guilty in May to stealing $550,000 from the RTA."

Prosecutor Seeks Protection Order On Fumo Evidence. The AP (9/28, Dale) reports, "The federal grand jury investigating whether state Sen. Vincent Fumo extorted corporate donations for a charity in his district should wrap up its work by February, prosecutors disclosed Wednesday. 'The grand jury is sorting out potential defendants, potential charges,' Assistant U.S. Attorney John Pease said at a hearing in a related case." Yesterday, prosecutors "asked the judge to order defense lawyers to keep under lock and key the e-mails, grand jury transcripts and other evidence that prosecutors must turn over to the defense. … U.S. District Judge William H. Yohn Jr. asked the sides to try to narrow the scope of the documents that would come under a protection order, and scheduled a telephone conference with lawyers on Monday." The AP notes, "Defense lawyers argue that prosecutors themselves have courted the press, with dramatic pre-dawn arrests and the public filing of a 65-page

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FBI affidavit that spells out the focus on Fumo and includes colorful e-mail excerpts about the senator."

The Philadelphia Daily News (9/28, Hinkelman, 109K) reports, "At issue are summaries of FBI and IRS interviews with witnesses, grand-jury transcripts and two search-warrant affidavits that have been filed under seal. 'We think the defense counsel should have that under discovery obligations,' Pease said, 'but some of it is scandalous, even criminal, and would be extremely embarrassing to the persons involved' if it were made public." The Philadelphia Inquirer (9/28, Shiffman, 399K) also reports on the hearing, under the headline "Prosecutor Says U.S. Probe Of Fumo To End This Year."

Philadelphia Ad Executive, Consultant Plead Guilty To Fraud Charges. The Philadelphia Inquirer (9/28, Anastasia, 399K) reports, "A former advertising-company executive and a consultant for that company each pleaded guilty to fraud charges yesterday, bringing an end to one phase of an ongoing federal corruption investigation at Philadelphia International Airport. Joseph Evans, 51, the former chief executive officer of Sky Sites Inc., and Joseph Moderski, 69, a consultant, entered their pleas during hearings before U.S. District Judge James T. Giles. Evans, under terms of a plea agreement, pleaded guilty to one count of mail fraud. Moderski pleaded guilty to conspiracy, mail fraud and wire fraud." The Inquirer notes, "Evans and Moderski were charged in a pay-to-play scheme in which they conspired to funnel money out of the company to finance illegal campaign contributions to Mayor Street. The mayor has not been charged with any wrongdoing, but his office was briefly bugged by the FBI as part of a broad corruption probe."

Judge Sets Nov. 21 Cause, Bail Hearing For Jeffs. In a widely-distributed story, the AP (9/28, Dobner) reports, "Polygamist sect leader Warren Jeffs, a fugitive for nearly two years, appeared in a Utah courtroom Wednesday and said he was willing to wait several weeks for a judge to decide whether to send him to trial on charges of arranging an underage marriage. … The judge set a Nov. 21 probable cause hearing and said he would address Jeffs' bond status at that time." The AP notes, "Defense attorney Walter Bugden said 'absolutely' when reporters asked if this was religious persecution. 'Let's wait until we can have a trial in this matter before we jump to the conclusion that Mr. Jeffs is guilty of anything,' Bugden said." Under the headline "Jeffs' Attorney Says Case Is 'Religious Persecution,'" the St. George Spectrum (9/28, St. Germain) adds that Budgen said outside the court, "We're going to have a preliminary hearing, with one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing."

The Deseret Morning News (9/28, Winslow) reports, "A representative from the U.S. Attorney's Office in Utah was also in the courtroom Wednesday, observing the proceedings. 'We remain interested in the case. We're preserving the options that we may have,' U.S. Attorney's spokeswoman Melodie Rydalch told the Deseret Morning News as she left the courthouse. Federal prosecutors have refused to drop an unlawful flight to avoid prosecution warrant against Jeffs and have threatened to indict him on it should he be granted bail."

Teen Bride To Testify At Hearing. The Salt Lake Tribune (9/28, Adams) reports, "The state's key witness in the case" will testify at the Nov. 21 hearing, and she "is expected to describe her assigned marriage to an older man she alleges later raped her, as well as Jeffs' alleged instructions that she submit 'mind, body and soul' to her husband. … The woman, who was between 14 and 18 at the time of her spiritual marriage, is looking forward to her day in court, according to Brian Filter, spokesman for the Washington County Attorney's Office. He also said other witnesses and evidence will be presented."

Prosecutors Seek To Bar Release Of Intelligence Documents In Libby Trial. The AP (9/28, Apuzzo) reports Federal prosecutors "went into a private hearing Wednesday to urge a judge not to release sensitive intelligence reports at the upcoming trial" of I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. Libby "wants to use President Bush's daily terrorism briefings as evidence at his obstruction and perjury trial in January." Libby says "the records from 2003 and early 2004 will show he did not lie to investigators about his role in the leak of a CIA officer's identity. He contends he had important things on his mind and may have forgotten details about the leak." Prosecutors and defense lawyers "will not discuss the contents of the classified briefing summaries. But the dates overlap with the military's hunt for Iraq's Saddam Hussein, the death of his two sons, and continuing discussions about nuclear programs in North Korea and Iran."

House Suspends License For Firm Linked To Abramoff. The Washington Post (9/28, D3, Grimaldi, 748K) reports, "House leaders have suspended a multimillion-dollar wireless communications license that federal prosecutors say was corruptly awarded to a Dulles telecommunications firm by Rep. Robert W. Ney (R-Ohio) in exchange for gifts from lobbyist Jack Abramoff. The award of the license was one of a series of acts that Ney said he performed for Abramoff in exchange for campaign contributions, expensive meals, luxury travel and sports tickets. Ney agreed this month to plead guilty to corruption charges and is set to enter his plea Oct. 13. The license to

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install antennas for cellular and wireless telephones in House office buildings was awarded in 2002 to MobileAccess, formerly known as Foxcom Wireless, which was based in Israel. The company, now based in Vienna, Va., later paid Abramoff $280,000 in lobbying fees and donated $50,000 to a charity operated by Abramoff that paid for a golf junket to Scotland for Ney."

Roll Call (9/28, Bresnahan) reports, "Ney's alleged influence peddling in granting the license to provide cell phone antennas in House office buildings to Foxcom Wireless, now Mobile Access Networks, was part of the plea agreement that the Ohio Republican recently reached with the Justice Department. Ney admitted to accepting 'things of value' from Abramoff in return for official actions, including granting the Mobile Access license." Roll Call adds, "House insiders said that the Administration Committee and Jay Eagan, the Chief Administrative Officer for the House, jointly made the decision to conduct the review following Ney's plea deal. House officials declined to say whether they were considering taking legal action against the company."

US Charges Pennsylvania Woman In Child Porn Case. The Pittsburgh Tribune-Review (9/28, LaRussa) reports, "A Washington County woman has been accused of using the Internet to distribute stories that describe children -- some as young as 2 years old -- being kidnapped, sexually molested and murdered." The Tribune-Review continues, "Karen Fletcher, 54, of Meldon Avenue, Donora, was indicted by a federal grand jury Tuesday on six counts of transportation of obscene matters, U.S. Attorney Mary Beth Buchanan said. … 'This case is a very important part of our efforts to prosecute people who exploit children,' Buchanan said. 'Use of the Internet to distribute obscene stories like these not only violates federal law, they embolden sex offenders who would target children.'" The Tribune-Review adds, "Free speech specialists, however, question whether the charges will stick because there don't appear to be any child victims. … Fletcher is accused of operating a Web site featuring excerpts of "extremely explicit and graphic stories" that could be downloaded by purchasing a $10 monthly subscription, according to investigators. … The indictment against Fletcher alleges that on Aug. 8, 2005, she used an interactive computer service to distribute half a dozen stories about adults having sex with children between 2 and 9 years old. … Fletcher told a pair of FBI agents who interviewed her at her home on Feb. 11, 2005 that she owned what she described as a 'fantasy site' on which she posts 'sexually explicit stories about adults having sex with children,' according to court papers."

Eased Lender Requirements Fueling Surge In Mortgage Fraud. In a front-page story, the Wall Street Journal (9/28, Hagerty, Hudson, 2.03M) reports from Martinsville, Va., "Federal and state authorities are investigating allegations of an elaborate mortgage fraud involving about 100 people living in or near this small factory town who say they unwittingly took out loans to buy houses at inflated prices in Indiana. … Now, many of the loans are in default, the borrowers' credit ratings are in ruins, and lenders are pursuing the organizers of the purported investment group in court. Companies stuck with the defaulting loans include Countrywide Financial Corp." which has filed a lawsuit accusing "the organizers of acquiring homes and then fraudulently selling them for a quick profit to the Virginia borrowers." The Journal notes, "Mortgage fraud…has mushroomed in recent years as lenders have pushed for speedier loan approvals in an effort to remain competitive and milk maximum profits from the now-fading housing boom. The Federal Bureau of Investigation reported that mortgage fraud led to losses of $1 billion in 2005, up from $429 million a year earlier. … Attracted by the ability to obtain large sums quickly, some criminal gangs involved in drug dealing and other street crimes have branched out into mortgage fraud, says Chip Burrus, assistant director of the FBI's criminal investigative division. 'It's more profitable and less risky,' he says."

The New York Times (9/28, Leland, Zeller, 1.21M) reports, "The civil lawsuit…describes an elaborate confidence game in which Martinsville residents with good credit ratings were enlisted last year to join what they believed was a risk-free investment in Indiana real estate. … While no criminal charges have been filed, federal grand jury subpoenas are being prepared in Indiana, and further civil action at the federal level is expected to be filed against the investment group soon." The Times also notes, "The F.B.I. called mortgage fraud an 'epidemic' last December, noting that losses associated with the crime had jumped to more than $1 billion last year from $429 million in 2004. Although the hot housing market that may have at least partly given rise to the fraud boom is cooling, officials say mortgage fraud losses are on pace to increase again this year."

Good Samaritans Keep Watch For ID-Theft Victims. USA Today (9/28, Swartz) reports on "avenging angels" working nationwide ""looking out for the well-being of ID-theft victims. They share a fervent desire to publicize the widespread availability of stolen personal data on the Internet." USA adds, "As phishing continues to escalate, the safest course for consumers may be to warn them over the phone. There is little in the way of software to warn consumers they have been phished." Since May, Steven Peisner "has scoured the Internet forums of cybercrooks, looking for the names of ID-theft victims whose personal information is for sale online. The same day, he informs

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victims that their names — not to mention Social Security numbers, credit card information and phone numbers — are floating in cyberspace. Peisner calmly tells them he has come across their filched profiles and they should immediately close their credit card and/or bank accounts. To make his point resonate, he reads to victims their stolen information as it appears in the forums. Symantec detected 157,477 unique phishing messages during the first half of 2006, up 81% from the last six months of 2005. Home PCs were targets of 86% of security threats in the first six months of 2006, according to a Symantec report released Monday."

Blanco Renews Extradition Request For Sportingbet Chairman. The Financial Times (9/28, Ward) reports that Louisiana Gov. Kathleen Blanco has renewed her extradition request for former Sportingbet chairman Peter Dicks. Blanco's "intervention came as Mr Dicks prepared to attend a court hearing in New York to learn whether he will be sent to Louisiana to face illegal gambling charges. Lawyers for Mr Dicks, who was arrested in New York three weeks ago on a Louisiana warrant, had hoped to halt the extradition process before Thursday's hearing. But a spokesman for Ms Blanco said she was still pushing for his extradition as part of efforts to enforce the state's law against online gambling." The Times adds, "Louisiana's Police Gaming Enforcement division told the FT this week that arrest warrants had been issued for four Sportingbet representatives, including Mr Dicks, after state police placed a bet with the company. UK-listed Sportingbet said on Wednesday that it had banned board members from travelling to the US."

DC Officials Consider Extending Anti-Crime Legislation. The Washington Times (9/28, Cella) reports, "D.C. Mayor Anthony A. Williams' plan to extend emergency anti-crime legislation appears to violate a city statute barring passage of the same law more than once on an emergency basis. City officials are trying to determine whether extending by 90 days anti-crime legislation enacted in July would violate the statute. If it is found to violate the statute, 48 surveillance cameras placed in neighborhoods would have to turned off until permanent anti-crime legislation could be enacted, which would be December at the earliest. In addition, police no longer would have access to criminal juvenile records and would not be able to hold robbery suspects and handgun offenders until the permanent legislation is passed. And the 10 p.m. curfew for minors would revert to 11 p.m. on weeknights and midnight on weekends."

Karr Lawyers Seek Dismissal Of Child Porn Charges. Lawyers for John Mark Karr have asked a judge to dismiss child pornography charges against their client, who was once a suspect in the JonBenet Ramsey murder case, because authorities lost a computer that allegedly contained illegal images of children. USA Today (9/28, Kasindorf) reports, "Sheriff's deputies seized the computer from Karr's home when he was arrested in April 2001. The sheriff's department said it copied the contents of the computer's hard drive and printed out five pornographic photographs. Saying that new technologies might reveal additional photos on the hard drive, deputies launched a two-week search for the computer late last month but didn't find it."

Sex Offender Admits Killing 15-Year Old Boy. The Washington Post (9/28, B2, Klein, Cauvin) reports, "A 51-year-old convicted sex offender admitted that he killed a 15-year-old boy and dumped his body at a construction site in Northeast Washington, telling police the two had fought over a $10 purchase of crack cocaine, according to the prosecution's charging documents. Robert J. Crosby has been charged with second-degree murder in the death of Dominick A. Dixon, who was found at the construction site Monday afternoon wearing only his boxer shorts. Crosby was ordered held without bond yesterday by D.C. Superior Court Magistrate Judge Richard Ringell. The D.C. medical examiner's office said yesterday that Dixon was killed by asphyxiation and ruled the case a homicide."

Navy Midshipman Faces Rape Charges. The Baltimore Sun (9/28, Olson) reports, "The Naval Academy has charged a former football player with drugging and raping two female midshipmen on separate occasions, including at a party attended by at least four teammates. Kenny Ray Morrison, 24, is accused of raping one woman in a Georgetown hotel room at the rowdy, boozy party Feb. 4, and the other in Annapolis on April 21, according to charging documents. The senior had been scheduled to stand trial Tuesday at a special court-martial, a midlevel form of military trial, only on charges of indecent assault and indecent acts in the Georgetown incident. If convicted of those charges, he would receive no jail time. If found guilty in a military court of the new charges of rape, distribution of a controlled substance and assault in both cases, as well as conduct unbecoming an officer in the Feb. 4 incident, he could receive a maximum of life in prison. Such a sentence is unprecedented in recent history, according to military law experts."

US Charges Former National Guardsman With Smuggling Machine Guns. The Army Times (9/28, Tan) reports, "A former North Carolina National Guard soldier has been charged in federal court for smuggling four machine guns into the United States from Iraq and then trying to sell them." The Times continues, "Robert James Clymore, 38,

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was arraigned in federal court Sept. 21 in Atlanta, Ga. He was indicted June 13 by a federal grand jury on charges of unlawful importation, possession, transportation and transfer of machine guns, according to a press release from the Justice Department." The Times adds, "Clymore, of Wade, N.C., is accused of acquiring four machine guns while on active duty in Iraq and smuggling them home in his gear. … Clymore, who served in the Navy, joined the Guard on Aug. 29, 2003, said Maj. Matt Handley, a spokesman for the North Carolina Guard. … In December 2005, Clymore brought the weapons to a gun dealer in Taylorsville, Ga., and negotiated a deal to trade an all-terrain vehicle and a pistol for the machine guns, according to the Justice Department. The gun dealer informed the FBI about the machine guns, and FBI agents set up surveillance to record the transaction, which was scheduled for the following day, Dec. 15, 2005. When Clymore returned, the FBI seized the four machine guns."

Judge Sentences Pennsylvania Inmate In Assault Of US Marshal. The Pittsburgh Tribune-Review (9/28) reports, "A state inmate was sentenced today to nearly 12 years in federal prison for assaulting two deputy U.S. Marshals." The Tribune-Review continues, "Andre L. Jacobs, 24, formerly of Harrisburg, attacked the marshals in March 2005 inside a 9th floor elevator at the federal courthouse, Downtown. After a jury ruled against Jacobs in a civil trial, the inmate struck one marshal with his handcuffs and grabbed the other marshal. The first marshal suffered ligament damage to his wrist, which required surgery. … Jacobs was convicted by a jury in April and was sentenced to 210 months in prison yesterday by U.S. District Judge Gustave Diamond. Jacobs is already serving 5 to 18 years in SCI Fayette on an unrelated conviction."

The Pittsburgh Post-Gazette (9/28, Ward) reports, "In an effort to avoid any repeats of the attack in which Mr. Jacobs slammed his handcuffed arms down onto a marshal's wrist, he was led into Senior U.S. District Judge Gustave Diamond's courtroom by six marshals. … Deputy U.S. Marshal Robert Potter, who was injured in the attack, underwent surgery and was placed on light duty for 47 days while recovering, said Assistant U.S. Attorney Stephen R. Kaufman." The Post-Gazette adds, "Mr. Jacobs' sentence was enhanced by several factors, including that his victim was a federal law enforcement officer; that he caused 'serious bodily injury;' and because he is considered a career offender."

US Charges Man With Defrauding Priests. The New York Times (9/28, Ramirez) reports, "Robert Riggio, 60, of Manhattan, bilked numerous priests around the country of at least $200,000, federal prosecutors said yesterday." The Times continues, "Priests in North Carolina, Texas and Kentucky were victimized, prosecutors said, adding that the priests often drew on personal savings to send money to Mr. Riggio, and that some priests were bilked twice." The Times adds, "The scheme, which began in March 2004 and lasted until this month, involved more than 150 wire transfers from guileless priests to Mr. Riggio and a partner who was not named in court papers. In some cases, Mr. Riggio pretended to be a member of the priest's parish seeking help, the papers said. … The scheme was undone by an undercover agent posing as the niece of a priest, prosecutors said." The Times notes, "Mr. Riggio appeared yesterday at a hearing in Federal District Court in Manhattan, where he was advised of his rights and informed of the charges against him, but not formally arraigned. He has not been indicted. … He is charged with one count of conspiracy to commit wire fraud and one count of wire fraud. If convicted, he faces up to 25 years in prison."

Cost Of Houston Crime Lab Probe To Grow By $1.5 Million. The Houston Chronicle (9/28, Grant) reports, "The (Houston) City Council on Wednesday approved spending an additional $1.5 million to complete an independent investigation of the police crime lab that has already cost the city nearly $4 million." The Chronicle continues, "After months of delay, during which Mayor Bill White, several council members and a high-ranking police official questioned whether more money should be allocated to the project, the panel approved the funding without discussion. … White said after the meeting he is confident this will be the last time the city puts money toward the investigation, which began in March 2005. … 'I wanted to make sure that we were going to get value for what we asked for and that this would not be perpetual,' White said." The Chronicle adds, "The city hired lead investigator Michael Bromwich, a former U.S. Justice Department official, to investigate the crime lab more than two years after problems there came to light. Two men had been released from prison because of inaccurate work on evidence from their cases. … The independent team of lawyers and scientists conducting the project have reviewed about 2,300 cases from the Houston Police Department crime lab. HPD's conclusions about evidence in 93 cases may be inaccurate, they say. … The project initially was expected to cost about $3.2 million. City Council first allocated $2.2 million, then agreed to pay $1.6 million more."

Expert Says Inmates Conscious During Lethal Injections. An anesthesiologist who has reviewed state execution logs testified yesterday that inmates executed by lethal injection in California may have been conscious when they were administered the fatal dose of drugs. The Los Angeles Times (9/28, Weinstein, Dolan, 918K) reports, "Mark

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Heath, a professor of anesthesiology at Columbia University Medical School, said the logs showed that some of those executed were still breathing several minutes after prison personnel administered pancuronium bromide, a paralytic agent and the second of three drugs used in lethal injections in California and three dozen other states." Heath testified during the second day of a hearing before US District Judge Jeremy Fogel on a challenge to California's lethal injection procedures by death row inmate Michael Morales. His attorneys contend that the state procedure violates the U.S. Constitution's prohibition against cruel and unusual punishment."

CIVIL LAW:

San Jose Nursing Home Convicted Medicare Fraud. The San Jose Mercury News (9/28, Foo) reports, "An East San Jose nursing home was convicted Tuesday of filing false Medicare claims, and its corporate owner also has agreed to pay $14.7 million to settle a related federal lawsuit instigated by a whistle-blower, prosecutors said." The News continues, "Representatives for Parkview Nursing Center agreed to plead guilty in U.S. District Court in Oakland to two counts of submitting inflated nursing hours related to patients' reports to Medicare. No individuals were charged, U.S. Department of Justice spokesman Luke Macaulay said, only the business entities." The News adds, "The crimes occurred in November 1997 and September 1998, prosecutors said. The complaint against Parkview was filed earlier this month. … Parkview also was ordered to pay a $500,000 fine. The 99-bed nursing home was closed in 1998 by its owner and operator, Horizon West Healthcare, a wholly owned subsidiary of Horizon West, based in Rocklin. … The conviction follows an August agreement by Horizon West to pay $14.7 million to settle a 2000 lawsuit brought by a former employee, Julia Lee, and the Justice Department. The settlement will be paid out over five years, according to the agreement."

House Panel Approves FOIA Reform Bill. The AP (9/28, Kellman) reports a House Government Reform subcommittee "advanced a bill to close gaps in the Freedom of Information Act and speed the release of government documents, but the legislation seemed unlikely to pass this year." The panel "would penalize federal agencies that fail to respond to FOIA requests in a reasonable period of time." But the subcommittee "added a provision not in a similar measure passed last week by the Senate Judiciary Committee. The amendment by Rep. Henry Waxman, D-Calif., would revoke two Bush administration memos that directed agencies to withhold information from FOIA requests when that information would threaten national security." The bill "appears likely to fall victim to Congress' end-of-session rush to recess this week so lawmakers can head home to campaign for re-election."

Court Declines To Intervene In Maine "Electioneering" Dispute. Roll Call (9/28, Murray) reports, "A federal court Wednesday refused to intervene in a dispute between a Maine nonprofit organization and the Federal Election Commission regarding the group's right to air a television advertisement during a federally restricted blackout period. A three-judge panel of the U.S. District Court for the District of Columbia ruled that the FEC was correct in determining that claims by Christian Civic Life off Maine, Inc., were 'not ripe' and 'too speculative.' The group had sought to run an issue-based advertisement identifying Sen. Olympia Snowe (R-Maine) within 30 days of a primary election. Running the ad could have been a violation of the Bipartisan Campaign Reform Act of 2002. In May, the same court denied the group's request for preliminary injunctive relief. 'We are very pleased that this case has been dismissed, and the 'electioneering communication' provisions of BCRA stand in place as written by Congress and upheld by the Supreme Court,' said Fred Wertheimer, president of the campaign-finance watchdog group Democracy 21."

CIVIL RIGHTS:

Ruling Opens Door For ADA Claims Involving Internet Access. The National Law Journal (9/28, Qualters) reports, "A federal judge's decision not to dismiss a discrimination case against retailer Target Corp. for operating a Web site inaccessible to the blind opens the door to Internet-related Americans with Disabilities Act claims." The Journal continues, "The recent order is believed to the first ruling from a judge that the ADA can apply to the Internet, and lawyers from both sides of the bar anticipate more cases. … 'To limit the ADA to discrimination in the provision of services occurring on the premises of a public accommodation would contradict the plain language of that statute,' wrote U.S. District Judge Marilyn Hall Patel, who sits in San Francisco. 'To the extent defendant argues that plaintiffs' claims are not cognizable because they occur away from a "place" of public accommodation, defendant's argument must fail.'" The Journal adds, "Patel declined the National Federation of the Blind's request for a preliminary injunction requiring Target to immediately update its site. She said that there is no emergency to address and that more discovery is needed to investigate Target's claim that the average blind person is able to access its Web site now. National Federation of the Blind v. Target, No. 06-01802

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(N.D. Calif.). … There will be continued exploration of the applicability of the ADA and certain state laws to commercial Web sites, predicted Daniel F. Goldstein of Brown, Goldstein & Levy in Baltimore. Goldstein represents the plaintiff in the case, Baltimore-based National Federation of the Blind. 'It's too important of an economic activity for the blind to be excluded,' Goldstein said."

DOD Strives To Get Ballots To Soldiers In Field Before Election Day. Under the headline "Voting Is Tricky Mission For Troops Waiting For Ballots In Battlefield," USA Today (9/28, 6A, Wolf, 2.27M) reports on what Principal Deputy Undersecretary of Defense for Personnel and Readiness Michael Dominguez calls the "special challenge of reaching the deployed warrior on the battlefield" when it is time to vote. Pentagon officials say it is "particularly troublesome" trying to get ballots to "troops in battle, who often are redeployed before mail reaches them," and in some states that held late primaries, ballots are still being prepared. DOD Federal Voting Assistance Program Deputy Director Scott Wiedmann "says at least six states have begun mailing out overseas absentee ballots. The elections are 40 days away."

Voters Abroad Still Face Challenges. USA Today (9/28, Wolf, 2.27M) reports six years "after problems counting overseas votes clouded the 2000 presidential election, U.S. troops and other Americans abroad face tight timetables and emerging technologies that still make it difficult to have their votes counted." Fourteen states "with September primaries risk getting absentee ballots out too late for remote voters to return them in time." Efforts to "speed things by using e-mail and fax machines pose a risk to voters' confidentiality," and Websites "intended to help overseas voters navigate the process are not widely used. A private group's site was taken down earlier this month in a contract dispute." The problems "with timing and technology concern federal election officials, who try to ensure that overseas votes are counted on time. An estimated 29% of troops who wanted to vote did not get absentee ballots in 2000 or received them too late."

Hyde Defends "Federal Election Integrity Act." Rep. Henry Hyde writes in USA Today (9/28, 2.27M), "The integrity of elections is central to our democracy. Because of increasing concern over electoral fraud, the House passed the Federal Election Integrity Act (FEIA) mandating that voters present proof of citizenship and a valid photo ID when registering to vote. A valid photo ID would also be required at the polling place. Not surprisingly, FEIA has met strong opposition from the majority of Democrats, who support amnesty, a path to citizenship for illegal immigrants." Hyde adds, "This proposal would not disenfranchise anyone who wants to vote. Our purpose is to stop fraud and to ensure every citizen the right to vote. … By enacting this bill, we can help restore confidence in our system and thereby encourage voter participation."

ANTITRUST:

Mittal To Sell WV Mill To Settle DOJ Antitrust Concerns. The Baltimore Sun (9/28, Connolly) reports, "Mittal Steel Co. NV said yesterday that it plans to sell its Weirton, W.Va., mill rather than Sparrows Point if it's compelled to dispose of a U.S. property to settle antitrust issues." The Sun continues, "Netherlands-based Mittal said it had identified at least 10 potential buyers for the West Virginia property, easing concerns at the Baltimore County plant, which Mittal acquired in 2005. Sparrows Point employs nearly 2,500 salaried and hourly workers. … Mittal must sell either Weirton, Sparrows Point or Canadian steelmaker Dofasco in the wake of its $38 billion merger with Luxembourg-based Arcelor SA to appease Justice Department officials, who say the combined company, Arcelor Mittal, would have a monopoly on tin production in the United States." The Sun adds, "Mittal has promised to sell Dofasco to German-owned ThyssenKrupp AG, but despite the merger agreement, Arcelor officials refuse to let it go. In one of a series of moves to fend off Mittal's nearly six-month hostile takeover bid, Arcelor transferred Dofasco to a Dutch trust, making a sale without Arcelor's consent impossible. … The Justice Department has given Mittal until Nov. 28 to sell Dofasco, with the option of a 60-day extension. If Mittal is unable to sell Dofasco, the Justice Department will give Mittal 90 days to sell either Sparrows Point or Weirton."

Icahn Eyes Bigger Stake In Federated Stores. Bloomberg (9/28, Timberlake) reports, "Federated Department Stores Inc., owner of Macy's and Bloomingdale's, said billionaire investor Carl Icahn plans to buy $113.4 million to $500 million of additional stock, sending the retailer's shares to a record." Bloomberg continues, "If Icahn purchases $500 million of Federated stock, he would be acquiring about 11.5 million shares at today's price and boosting his stake to 2.5 percent. Icahn, 70, notified Federated of his plans to seek regulatory approval for the purchase, the company said today in a statement." Bloomberg adds, "Icahn is known as a corporate raider, taking stakes in companies and forcing management to take steps to improve stock prices. Federated shares have more than tripled since February 2003. … Federated, the second-biggest U.S. department store company after Sears Holdings Corp., converted more than 400 stores to the Macy's name earlier this month, doubling the total. The stores were acquired as part of last

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year's $11 billion purchase of May Department Stores Co. … Anyone who purchases more than $58 million in a company must report it to antitrust enforcers at the U.S. Justice Department and Federal Trade Commission. The requirement gives the government an opportunity to determine if the transaction poses any antitrust problems. The government has 30 days to decide whether to open an antitrust investigation."

Judge Dismisses Key Portion Of AMD Antitrust Suit Against Intel. The AP (9/28, Robertson) reports, "A federal judge dismissed a major portion of Advanced Micro Devices Inc.'s antitrust lawsuit against archrival Intel Corp., ruling that AMD cannot sue in the U.S. for Intel's alleged monopolistic tactics overseas." The AP continues, "The judge also set a trial date of April 27, 2009 for AMD to argue that Intel forced major customers into exclusive deals and offered secret rebates to undercut AMD in the market for microprocessors that act as the brains of computers." The AP adds, "U.S. District Judge Joseph J. Farnan Jr. set the 2009 trial date Wednesday, a day after stripping a key component from AMD's lawsuit, which alleges anticompetitive practices in several countries including Britain, Germany and Japan." The AP notes, "On Tuesday, the Delaware-based judge ruled that AMD failed to prove that Intel's alleged strong-arm tactics abroad had "direct, substantial and foreseeable effects" on AMD's operations in the United States. … Santa Clara-based Intel, the world's largest computer chip maker, argued that AMD should not be able to sue in the U.S. for alleged lost sales of microprocessors that were made and sold in other countries. It also argued that part of AMD's case should be dismissed because AMD was seeking redress abroad for 'foreign commerce claims.' … AMD, which filed its lawsuit in June 2005, maintains that the market for microprocessors is global and that Intel's conduct domestically and abroad are inextricably linked."

Symantec Claims Microsoft Withholding Spyware Technology. CNET News (9/28, Espiner) reports, "Symantec has accused Microsoft of withholding key information about its upcoming Vista operating system in an attempt to gain an advantage in the security market." CNET continues, "The security specialist said this week that Microsoft is refusing to hand over the application programmable interfaces (APIs) for Windows Defender, the spyware product that will be included in Windows Vista. Without the APIs, Symantec contends that it's unable to ensure that its own security products are compatible with the update. … 'Microsoft is affirmatively introducing bottlenecks to funnel customers to their products,' said John Brigden, Symantec senior vice president for Europe. 'It's all about control and dominance. They are deliberately delaying giving us the APIs.'" CNET adds, "Microsoft responded to Symantec's concerns on Wednesday, and said it had made the APIs for Defender available earlier this week. … Microsoft added the functionality to disable Windows Defender in Release Candidate 1 of Vista, or RC1, which came out early this month. There may have been some confusion in the industry because the accompanying information for developers, called a software development kit, or SDK, did not provide details on the functionality, the company said."

Johnson & Johnson Suit Claims Abbott Leak Subverted $24 Billion Deal. The New Jersey Law Journal (9/28, Daks) reports, "Johnson & Johnson has filed suit in federal court against Abbott Laboratories and two medical device manufacturers, seeking at least $5.5 billion for alleged tortious interference and breach of a merger agreement." The Journal continues, "The New Brunswick, N.J.-based health care company charges that a planned $24.2 billion acquisition of Guidant Corp. of Indianapolis was scotched in early January after Guidant leaked confidential information to another manufacturer, Boston Scientific Corp., which ultimately bought Guidant for $27 billion." The Journal adds, "In December 2004, J&J announced it had structured an agreement to buy Guidant, a heart device manufacturer. To ease antitrust regulators' fears, the companies agreed to grant a nonexclusive license for certain Guidant patents to Abbott Labs, a competing health care company based in Columbus, Ohio. … J&J says the terms of the deal prohibited Guidant from providing confidential information to any other company unless the third party was making a superior, unsolicited takeover offer. That caveat was designed to keep Guidant from using its agreement with J&J to shop around for higher offers. .. Last December, Boston Scientific made a $25 billion offer for Guidant, later upped to $27 billion, and, as part of its formal offer on Jan. 8, said it would ease antitrust fears by selling certain Guidant businesses to Abbott. Abbott in turn agreed to make a $700 million loan to Boston Scientific. … J&J alleges that Abbott was induced to cooperate when it received confidential information about Guidant. The complaint contends that J&J was alerted to the alleged breach by a comment Boston Scientific CFO Lawrence Best made during a Jan. 9 conference call about its deal with Guidant."

Endesa Board Expected To Approve E.On Offer. The Wall Street Journal (9/28, Johnson, Singer) reports, "German utility E.On AG's richer offer for Endesa SA is expected to clinch an approval from the Spanish power company's board, according to people close to the matter… ." Should the "$47 billion all-cash offer go through, one of the

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first effects could be an acceleration of a merger between Iberdrola SA and Union Fenosa SA, Spain's second- and third-biggest electricity companies. That would create another Spanish company big enough to fend off foreign suitors and even make acquisitions abroad. It would also leave smaller regional power companies, such as Spain's Gas Natural SDG SA or Energia de Portugal SA, prey to a second wave of consolidation." The Journal notes, "If completed, E.On's bid for Endesa would be Europe's biggest cross-border electricity deal, and would create one of the Continent's largest power companies."

Phone Companies Seek To Unload Land Lines In Rural Areas. The New York Times (9/28, Belson, 1.21M) reports that many phone companies are trying to reduce the number of land lines it owns. Big phone and cable companies "are reluctant to upgrade and expand their networks in sparsely populated places where there are not enough customers to justify the investment. Instead, they are funneling billions of dollars into projects in cities and suburbs where the prospects for a decent return are higher. But those projects are unlikely to reach rural areas of Vermont and other states, leaving millions of people in the Internet's slow lane, just as high-speed access is becoming more of a necessity than a luxury. The United States already lags behind much of the industrialized world in broadband access."

Glassman Makes Case For Cable Competition. James Glassman, a resident fellow at the American Enterprise Institute, writes in the Wall Street Journal (9/28) that California's legislature has "voted overwhelmingly to allow competition into a sector -- cable television -- where prices have been elevated and service depressed by the most pernicious monopoly in America. When Gov. Arnold Schwarzenegger signs the bill, as expected, companies that want a statewide video franchise can go straight to the Public Utility Commission and get approval to operate within 44 days." Glassman adds, "Yes, Americans can choose satellite TV, but, for reasons of convenience and service, many find it an inadequate substitute. There's a reason that cable families far outnumber satellite families. … But if satellite TV improves and becomes a more attractive alternative, what's wrong with having enhanced cable competition, too? The more the merrier is, apparently, an economic concept that some folks in Congress still don't get."

ENVIRONMENT/INDIAN AFFAIRS:

US Will Not Charge ConocoPhillips For 2004 Oil Spill. The Seattle Post-Intelligencer (9/28, McClure, Shukovsky) reports, "After a mysterious midnight oil spill turned central Puget Sound beaches into a stinky mess, the Coast Guard proudly proclaimed that investigators had tracked down the spiller. The oil's chemical fingerprint clearly implicated a ConocoPhillips tanker, the agency said. … That was more than 1 1/2 years ago. … But now, federal prosecutors in Seattle are declining to press criminal charges against ConocoPhillips, even though the chemical fingerprint showed that the substance spilled was crude oil, which is usually carried by tankers such as ConocoPhillips' Polar Texas." The P-I continues, "The Polar Texas was in the vicinity of the spill in Dalco Passage, near Vashon and Maury islands, on the night of the October 2004 spill. It was the only oil tanker there that night. .. The decision by U.S. Attorney John McKay's office not to prosecute ConocoPhillips, which hasn't acknowledged guilt, doesn't mean the firm is totally off the hook. Federal and state environmental officials are still pushing civil cases against the Houston-based oil company. … And a grand jury in Alaska investigated allegations of criminal conduct by the company in unrelated episodes, including the apparent cover-up of another oil spill. It's unclear whether criminal charges will be brought in that case." The P-I adds, "In Seattle, Assistant U.S. Attorney Jim Oesterle would not elaborate on why McKay's office is declining to prosecute, saying commenting might interfere with ongoing negotiations between the company and environmental officials regarding possible civil penalties. … 'I'm not prepared at this point to give all the reasons for (declining prosecution), and the reason for not providing more information is I don't want to get ahead of the state or the (Department of Justice) on their resolutions, because I know they're in the midst of those negotiations,' Oesterle said."

Schwarzenegger Signs Greenhouse Gas Measure Into Law. The Los Angeles Times (9/28, Finnegan, Lifsher, 918K) reports, "California moved to the front of local government efforts to fight global warming today when Gov. Arnold Schwarzenegger signed legislation calling for a reduction of greenhouse gases." The bill "commits the state to reduce the emissions of carbon dioxide and other greenhouse gases by 25% by 2020. Greenhouse gases trap heat in the atmosphere and cause global warming." The Times adds, "At an elaborate signing ceremony at Treasure Island in San Francisco Bay, Schwarzenegger put pen to paper, a scene he repeated at a second ceremony at Pepperdine University in Malibu. 'We simply must do everything we can in our power to slow down global warming before it is too late,' Schwarzenegger said at Treasure Island." The New York Times/AP (9/28) runs a brief report on the signing, while the Washington Post (9/28, D1, Mufson, 748K) mentions it in a story about US governors, who "impatient with federal inaction on global warming, are taking

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matters into their own hands. The result could add impetus to an emerging industry."

WPost Comments On Global Warming "Policy Crisis." In an editorial titled "Heed This Warning," the Washington Post (9/28, A22, 748K) says "global warming represents a policy crisis responsible politicians can no longer ignore -- one as potentially existential as the threat of global terrorism, only in slow motion. Countering that threat will require regulatory initiatives and societal investments. It will require significant changes in American attitudes toward energy use and conservation." But "these may prove far less wrenching than many people imagine. What it certainly also will require is a great deal of political will -- political will of precisely the type the Bush administration has dedicated to a host of other issues but has assiduously avoided devoting to climate change. Most of all, it will require an end to denial -- denial that the problem exists."

DC Area Has Fewer Smoggy Days But Still Falls Short OF Federal Standards. The Washington Post (9/28, B1, Fahrenthold) reports, "The number of dangerously smoggy days in the Washington area has declined by more than 40 percent since 2003, but the region still does not meet federal standards for healthy air, according to data released yesterday. … Officials said yesterday that they were encouraged, believing the reduction in bad air days was a sign that local and national anti-pollution measures were having an effect. 'The air's cleaner,' said D.C. Council member Phil Mendelson (D-At Large), chairman of COG's air quality committee. 'But not clean enough.'"

Indian Ranchers Await Trial On Suit Against US. The AP (9/28, MacPherson) reports from Mandaree, ND, "American Indian rancher Keith Mandan says he could double the size of his black Angus herd if he had the money -- or if he were white. … Mandan, 53, and his wife, Claryca, 52, say they've struggled financially to keep their ranch in North Dakota's Badlands since the late 1970s because of a pattern of discrimination by the federal government.." The AP continues, "The Mandans are among the plaintiffs in a lawsuit that accuses the U.S. Department of Agriculture of discriminating against American Indians in the granting of loans since 1981. During that time, Claryca Mandan said, the federal government 'wiped out a whole generation of Indian farmers and ranchers because of racism.'" The AP adds, "USDA officials refused to respond to specific questions from The Associated Press about the allegations. In a statement, J. Michael Kelly, an attorney for the USDA, said the case is still ongoing and the agency is working to provide documentation requested by the Indians' attorneys. … Earlier this month, attorneys for the American Indian ranchers and farmers filed a motion to bring the case to trial next year — eight years after the lawsuit was filed. … A hearing on their motion is set for Thursday."

Navajo Teen Aspires To Serve Reservation As FBI Agent. The Deseret Morning News (9/28, Kinkead) reports, "From the northernmost tip of the massive Navajo Nation, 13-year-old Elsha Black surveys the arid expanse of his grandmother's property in San Juan County. … He is one of the few young people who speak fluent Navajo. He learned it living with his grandmother on the land where she was born. He says he'd prefer to live here now and swears he will come back" from New Mexico. "But for now, this young man must live off the reservation. He needs a good education. His mom needs a good job. His family says neither can be found here today." The Morning News notes, "Black wants to be an FBI agent. He wants to work out of the Shiprock, N.M., office to help members of the tribe and solve crimes."

FBI/DEA/ATF/USMS:

San Diego Chargers Safety Arrested In Cough Syrup Investigation. There are more than 300 media references to San Diego Chargers safety Terrence Kiel's arrest in connection with the transport and possession of cough syrup. Several stories cited Kiel's reported admission to shipping packages containing cough syrup. For example, ESPN (9/27) reports Kiel "was arrested Tuesday on drug-related charges. Kiel was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance — Codeine-based cough syrup. The law enforcement sources told ESPN's Chris Mortensen that several plain clothes DEA agents appeared at the Chargers' facility Tuesday morning with an arrest warrant, searched his locker and car, and took Kiel away." ABC News posted the ESPN story on its Web site.

Bloomberg (9/27) reports the DEA said Kiel "admitted to shipping to Texas two packages containing the substance. He was released on $150,000 bond, said DEA spokesman Dan Simmons, and will be arraigned in District Court on Oct. 3."

The AP (9/27) reports that while Kiel "did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs and referred to as 'lean,' said John S. Fernandes, the special agent in charge of the San Diego office. A pint bottle of 'lean' can cost between $200 and $325 on the street, he said." The DEA "is investigating where Kiel got the cough syrup, who else may be involved and the intent. An arraignment was scheduled for Tuesday." Media outlets that

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used the AP story include CBS News, MSNBC, Forbes, the New York Times, Washington Post, USA Today, Los Angeles Times, San Francisco Chronicle, Houston Chronicle, and Seattle Post Intelligencer.

UPI (9/27) writes that federal authorities "say…Kiel has admitted to shipping prescription cough syrup from California to Texas."

The San Diego Union-Tribune (9/27) reports that two federal law enforcement officials, "speaking on condition of anonymity because of the ongoing investigation, said quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said Kiel admitted to financial difficulties when interviewed by agents. Kiel first drew attention after FedEx officials…opened a package he shipped June 2 and found 15 pint bottles of codeine-based cough syrup, according to a search warrant affidavit filed in San Diego Superior Court."

On its Web site, KNBC-TV, Los Angeles (9/27) reports two FedEx packages "shipped by…Kiel contained a controlled substance identified as a Codeine-based cough syrup, according to search warrant affidavit released Wednesday. … According to the affidavit, FedEx customers consent to have their parcels opened and examined by the company at any time. On June 2, management at FedEx conducted an audit of a parcel which contained 15 bottles of Prometh with Codeine, considered a controlled substance."

Cable TV Coverage. ESPN (9/28, 1:00 a.m.) reported, "San Diego starting strong safety Terrence Kiel will miss Sunday's game at Baltimore after being arrested on felony drug charges. DEA officials say Kiel admitted to sending two parcels of prescription cough syrup to Texas. He will be arraigned on Tuesday."

Local TV Coverage. KFMB-TV, San Diego (9/27, 6:30 p.m.) reported, "A federal agent alleges that Terrence Kiel tried to cover up his crimes. The San Diego Chargers safety has admitted to shipping two Fed Ex packages including this cough syrup with codeine. … Agents say quart-size bottles were also found. … During an interview with agents he admitted he'd been having financial problems."

KGTV-TV, San Diego (9/27, 6:30 p.m.) reported, "Terrence Kiel is facing drug charges after being arrested…on possession of a controlled substance. They're linked to Fed Ex packages full of cough syrup with codeine. … The codeine-based syrup is commonly diluted and mixed with Sprite or 7-Up or something else with a street value up to $300. Cough syrup seems innocuous in and of itself; when it has codeine, it's a whole different set of problems."

KUSI-TV, San Diego (9/27, 6:30 p.m.) reported, "New details emerging about the arrest of Terrence Kiel, according to a search warrant affidavit released today. Two Fed Ex packages shipped by Kiel contained a controlled substance identified as a codeine-based cough syrup."

KNSD-TV, San Diego (9/28) reports, "JCodeine-based cough syrup is a Schedule V controlled substance, according to the Justice Department. … 'Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country,' said Special Agent in Charge John S. Fernandes of the Drug Enforcement Administration." KNSD-TV adds, "Kiel, a 25-year-old who plays strong safety, admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday. While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs. The mixture is referred to as 'lean,' said Fernandes, who is in charge of the San Diego office. A pint bottle of 'lean' can cost between $200 and $325 on the street, he said. … Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance."

Suspected Illegal-Immigrant Drug Dealers Targeted In Colorado Investigation. The Aspen (CO) Daily News (9/28) reports the DEA and ICE "have been targeting suspected illegal-immigrant drug dealers in the Roaring Fork Valley this week. Agents…are not commenting on the roundups except to say they are happening and that more information will be released today. A spokesman with ICE said the DEA was the lead agency on the investigation and that ICE was asked to provide assistance. … Two weeks ago, ICE agents rounded up 34 alleged illegal immigrants throughout the valley as part of a nationwide initiative called Operation Return to Sender that led to thousands of illegals being deported."

Border Tunnel Prevention Act Gains Support. Copley News Service (9/27, Kammer) reports Sen. Dianne Feinstein "is one of the main advocates of a tunnel-criminalization effort that is reaching fruition with the inclusion of the measure in legislation to fund the Department of Homeland Security. The Border Tunnel Prevention Act would impose criminal penalties of up to 20 years in prison for those who construct or finance tunnels, which have proliferated in recent years in San Diego County and other border areas." While officials "suspect the tunnels are primarily used to smuggle drugs, they have raised other concerns about them. 'A tunnel can be used to smuggle drugs, illegal aliens, weapons and possibly weapons of mass destruction into the United States,' said special agent Steve Robertson." The Copley story was used by the San Diego Union-Tribune.

Effectiveness Of Plan Colombia Scrutinized Following Police Unit Killings. The Christian Science Monitor (9/28, Harman) today continues its focus on members of an elite police unit who were killed in May in

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Jamundí. The Monitor says most of the officers were DEA-trained counternarcotics specialists who "had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll." However, the Monitor reports John Walters says progress has been made against narcotraffickers with, as the Monitor puts it, the U.S. and Colombian governments "inexorably bound together in a multibillion dollar war against the drug trade." The Monitor continues by scrutinizing the effectiveness of Plan Colombia and writes that President Uribe said, "It is clear we cannot abandon Plan Colombia. But it is also clear that, in comparison to our efforts, we should be seeing better results."

IMMIGRATION:

Boehner Says Congress Will Pass An Additional $1.2 Billion For Border Security. House Majority Leader John Boehner was asked on MSNBC's Hardball (9/27) what laws Republicans have passed to stop illegal immigration. Boehner said, "In the Homeland Security Appropriations Conference Report that is finished, will be finished, voted on both the House and Senate this week, we will add $1.2 billion over and above what was already agreed to for additional borders. … It's going to build more fences, more vehicle barriers and more test programs to look at virtual security on the border." Asked if the President will sign the bill, Boehner said, "He'll sign this bill. You look at what's happened this year. The number of incursions of our border has dropped precipitously, and it's happened because we've got the National Guard down there. We've done a lot over the last five years. It's showing real progress. And the Immigration Service has done a better job of cracking down on employers who hire illegal aliens. All of that together has driven down the number of people coming across our borders."

Armey Blasts Conservatives Over Opposition To Bush Immigration Proposals. McClatchy (9/28, Montgomery) reports former House Majority Leader Dick Armey "is now savaging conservatives in his own party for what he calls 'knee-jerk' opposition – 'emphasis on jerk' - to the Bush administration's efforts to create a temporary guest-worker program and overhaul the nation's immigration system." When it "comes to the immigration debate that's raged in Congress for much of the past two years," Armey "takes an almost polar-opposite position from many of his former Republican House colleagues, who are pressing for tough border security measures, including a 700-mile fence along the Southwest border." After appearing with Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., "co-sponsors of a proposed immigration compromise that includes a privately managed guest-worker program," Armey said, "This has been rallied up by a lot of people that are very visible, make a lot of noise and have never been guilty of any deep thinking." McClatchy adds, "Unabashedly naming names, Armey described Rep. Tom Tancredo, R-Colo., as the 'cheerleader of jerkiness in the immigration debate' and said conservative commentator Pat Buchanan 'is content to be a rock star' for '10 percent of the most militant voters in America.'"

Advocates Hope Congress Takes Up Skilled Immigrant Visas. The Washington Post (9/28, A12, Kalita, 748K) reports that for "technology companies and research institutions that have spent recent autumns lobbying for permission to hire more foreign workers, this was supposed to be the year that ended the annual rite of desperation." A Senate-passed bill "would have doubled the number of visas issued every year for highly skilled professionals, such as scientists and engineers. And it would have helped clear a backlog of applications for permanent residency from such workers." But the "attempt by Congress to rewrite the nation's immigration laws has bogged down in controversy over border security and illegal immigration. That means changes in the skilled-worker programs, while less controversial, are also in limbo." Advocates are now "hoping members of Congress will focus on the issue in the lame-duck session late this year."

Anti-Immigrant Grassroots Groups Having Impact. The Wall Street Journal (9/28, A1, Jordan, 2.03M) reports on the "anti-immigrant brushfire that is gathering force at the grass-roots level around the U.S. Small groups like" Californian Joseph Turner's "Save Our State are cropping up from coast to coast, recruiting members and devising tactics to tackle illegal immigration in their communities. Critics call many of these groups racist, a charge organizers deny. What no one disputes is that they are tapping into widespread frustration over the federal government's failure to adopt a national immigration policy while a deeply divided Congress clashes over how to deal with 12 million illegal immigrants." The Center for New Community, "a Chicago organization that tracks immigration issues, says there are 211 so-called nativist groups -- groups that advocate protecting the interests of native inhabitants against those of immigrants -- across the U.S., up from 37 two years ago." The Southern Poverty Law Center, "which tracks extremist groups, also says nativist groups are on the rise and that several are hate groups, including Mr. Turner's Save Our State. The law center defines a hate group as one that singles out and promotes hatred of another group, based on ethnicity, language, religion, sexual inclination or immigration status. Mr. Turner denies he runs a hate group." These "grass-roots organizations are having an impact."

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Herndon, VA, Moves To Crack Down On Illegal Immigration. A front page story in the Washington Post (9/28, A1, Turque) reports, "Herndon's decision Tuesday night to seek federal training for some of its police officers so they can enforce federal immigration law is part of a long-term effort by a new mayor and Town Council to aggressively curb the presence of residents who are in the country illegally. Two proposals on the draft agenda for next week's council session would intensify the town's scrutiny of private employers. One would require anyone seeking a business license to prove legal immigration status. The other would compel contractors doing business with the town to provide evidence that their employees live in the United States legally." The Post notes, "Illegal immigration has been the dominant issue in town politics since summer 2005, when the council voted, after bitter debate, to open a publicly funded center to help workers connect with employers."

TAX:

IRS Probing Merck's Offshore Partnership. The Wall Street Journal (9/28, A1, Drucker) reports, "Merck & Co.'s medications Zocor and Mevacor have been used by millions of people to help lower their cholesterol. But Merck also used the drugs to lower something else: its U.S. tax bill." The Journal continues, "Thirteen years ago, Merck set up a subsidiary with an address in tax-friendly Bermuda, in partnership with a British bank. Merck quietly transferred patents underlying the blockbuster drugs to the new subsidiary, according to documents and people familiar with the transaction. Merck then paid the subsidiary for use of the patents. … The arrangement in effect allowed some of the profits to disappear into a kind of Bermuda triangle between different tax jurisdictions. The setup helped Merck slash $1.5 billion off its federal tax bills over roughly the next 10 years. … Now, the complicated transaction -- never publicly disclosed -- has sparked one of the largest tax disputes ever involving a U.S. corporation. The Internal Revenue Service is challenging the tax benefits from the arrangement, which the company code-named 'Project Ryland,' after a fancy restaurant near the company's New Jersey headquarters. Merck anticipates it will be ordered to hand over a total of $2.3 billion in back taxes, interest and penalties, according to its filings with the Securities and Exchange Commission, which give the amounts in dispute but virtually no other details." The Journal adds, "Merck says it did nothing wrong and that the deal was simply a way of raising financing for its 1993 acquisition of a pharmacy-benefits management firm, Medco Containment Services Inc. … The IRS won't discuss its objection to the Merck partnership. But it is pursuing actions against Dow Chemical Co. and General Electric Co. over similar arrangements they set up within a few months of the Merck deal. Those, federal tax authorities have argued, weren't real partnerships with foreign banks but just well-disguised loan agreements, designed to avoid taxes by maneuvering between the tax laws of different countries, with no economic substance."

CONGRESS-ADMINISTRATION:

Congress Set To Approve Record-High Defense Budget. In a story somewhat critical of high spending, the Wall Street Journal (9/28, A8, Rogers, 2.03M) says Congress "is poised to send President Bush a record $447 billion Pentagon budget that anticipates defense spending next year will exceed annual expenditures at the height of the Vietnam War." The Journal says the "huge costs weigh heavily on the political landscape this fall and contrast with the more limited Republican domestic agenda before the midterm elections." Meanwhile, McClatchy (9/28, Brown) reports a new Congressional Research Service study concludes the "total cost of military operations in Iraq and Afghanistan and enhanced security at military bases" since 9/11 "could reach $549 billion this year." The report "says war costs are expected to continue to grow in the next decade."

Congress Nears Recess With "Do Nothing" Label Looming. CBS Evening News (9/27, story 3, 2:35, Couric, 7.66M) reported the 109th Congress "might well be remembered more for what it didn't do." CBS (Attkisson) added, "A CBS News/'New York Times' poll finds 75% of voters can't name one thing Congress has accomplished." It is "not as if they've really been sitting around doing nothing. Today's House passage of the bill providing for military tribunals for enemy combatants is evidence of that. But so many big-ticket items are still dangling. Give Congress an incomplete on immigration, port security, lobby reform, even domestic wiretapping. Democrats say, 'Don't blame us.'" Sen. Byron Dorgan: "We don't control the Congress, the majority party does." Attkisson: "Majority party, as in Republicans who control the House and Senate and should be able to pass whatever they want. Problem is, they haven't agreed on much." The President "will be coming back to Capitol Hill tomorrow that's for the second time in two weeks, perhaps to highlight one of the big accomplishments they will be making which is passing the military tribunals. Congress is expected to return here for a short time after the elections, but there's always the question of whether they have the time and the motivation to get much of anything done then."

In the Washington Post's "Washington Sketch" column (9/28, A2), Dana Milbank critiques the visual props used by members of Congress in the final days of the session and

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says, "Measured by days in session or legislative output, this Congress has secured its place as one of the most lethargic of all time. But if historians choose to award points for creativity, the 109th could go down in the books as a most prolific body."

Bush To Rally Senate Republicans Before Recess. The Hill (9/27, Allen) reports President Bush "plans to rally Senate Republicans this morning as they prepare to leave town and hit the campaign trail." A Senate Republican aide "said the president would likely discuss the GOP's accomplishments, particularly in the realm of national security, an issue the White House is trying to draw attention to in the six weeks before the election."

Jeb Bush Offering Public Criticisms Of President's Education Policy. The New York Times (9/28, A1, Dillon, 1.21M) reports, "Gov. Jeb Bush of Florida has long played the dutiful younger brother." He has "mostly held his tongue about" the differences between his education reform plan in Florida and the president's "even as detractors of all stripes have attacked it. But in recent weeks…Governor Bush has been speaking out about the federal law, mixing dollops of praise with measured criticisms -- and taking an occasional potshot." His criticisms "could well provide the president's opponents with ammunition against his signature law." Gov. Bush also said that U.S. Secretary of Education Margaret Spellings is "eager to reform, to reauthorize N.C.L.B." Gov. Bush has credited NCLB with making Florida give "increased attention" to "disabled and limited-English students."

Connecticut's Challenge To Bush Education Reforms To Continue Minus Three Of Four Claims. The New York Times (9/28, Dillon, 1.21M) reports Judge Mark R. Kravitz of Federal District Court in New Haven, Connecticut "yesterday dismissed much of Connecticut's closely watched legal challenge to President Bush's education law, No Child Left Behind, but allowed the state to go forward with its claim that Washington treated the state unfairly in negotiations over how to carry out the law." The state claims that the "secretary of education 'acted arbitrarily' in denying Connecticut's request for an exemption from the law, after the state had concluded that it would receive insufficient financing to carry out the law's testing mandates." Afterwards, "both sides expressed satisfaction" with the ruling.

The AP (9/28) reports Judge Kravitz "dismissed three counts, saying state officials can't challenge the law until they have violated it." The U.S. Department of Education "had asked for a dismissal of the entire lawsuit, arguing that the state understood the law when it accepted hundreds of millions of dollars in education funding."

Conrad, Spratt Criticize Bush Tax Cuts, GOP Budget Shortcomings. McClatchy (9/28, Rosen) reports Sen. Kent Conrad, ranking Democrat on the Senate Budget Committee, said "some of the tax cuts enacted under President Bush might get 'trimmed' if his party regains control of Congress." Conrad and Rep. John Spratt, ranking Democrat on the House Budget Committee, "sharply criticized Republicans for failing to adopt a budget or to pass any of the 12 annual appropriations bills." Conrad said, "We face red ink as far as the eye can see, with the nation's debt continuing to grow out of control. The debt is skyrocketing, and there's been a failure among the Republicans themselves to arrive at a budget." McClatchy adds Conrad "responded cautiously when asked whether Democrats would extend the tax cuts that Congress passed in 2001 and 2003 if they gain control of the House of Representatives or the Senate in the Nov. 7 elections." Conrad said Democrats "would likely retain 'middle-class tax cuts' such as the child tax credit started under President Clinton and the repeal of the 'marriage tax penalty' enacted under Bush." But Conrad "added that Democratic lawmakers might have to revisit the broader income tax reductions that Bush pushed through Congress during his first 30 months in office."

House GOP Leaders Announce Date For Leadership Elections. The Hill (9/28, O'Connor) reports Republican aides aid House Speaker Dennis Hastert (R-Ill.) "has set the date for GOP lawmakers to elect their leaders for the next Congress." The "organizing conference" is schedule "for Wednesday, Nov. 15, the week Congress resumes after the hotly contested midterm election." The GOP elected leaders "made their decision earlier this week after wavering on the date of the post-election contest in the face of a potentially devastating midterm, even though the conference was already scheduled to meet that Wednesday." Each of the eight elected leaders "must stand for reelection for the new Congress." Speaker Hastert and Majority Leader John Boehner "should be safe, even if Republicans lose the House by a narrow margin, but other posts could be up for grabs even if the GOP holds the House." The announcement "of leadership elections is part of a coordinated effort to project confidence before members leave town for the stretch run heading into the November election."

Boehner Appears Secure In GOP Leadership. Roll Call (9/28, Davis) reports Rep. Boehner "appears to be on solid ground to keep his seat at the leadership table in the 110th Congress — even if it's in the minority." Boehner has been Majority Leader "for eight months in a session of Congress marked by leadership upheavals, ethical and criminal scandals and few major legislative victories, and yet — in the estimation of his colleagues — he has emerged largely unscathed." Still, a "number of potential leadership

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shake-ups could present themselves after the results of Election Day come down. Depending on the outcome, there could be surprise retirements, upstart challenges and calls for retribution."

Liberal Democrats Not Rallying To Murtha For Possible Majority Leader Race. The Hill (9/28, Hearn) reports liberal House Democrats "are not lining up behind Rep. Jack Murtha's (D-Pa.) leadership candidacy in the numbers he had hoped despite his outspoken stance against the Iraq war." Murtha's "failure to line up staunch opponents of the war could prove a blow to his hope of denying the majority leadership to Minority Whip Steny Hoyer (Md.) in the event of a Democratic takeover of the House in the 110th Congress." Rep. Jim Moran (D-Va.), "a friend of Murtha who has been helping him with the race, said tepid support among some progressives was a worry to him." Moran said, "It does concern you when people you think are going to be with you turn out not to be. Some of that's cultural issues, guns and abortion. But we still have the votes." The Hill adds, "Liberal Reps. Maxine Waters (D-Calif.), Barney Frank (D-Mass.), Bill Delahunt (D-Mass.), Tom Lantos (D-Calif.), John Lewis (D-Ga.), Jerry Nadler (D-N.Y.), Lucille Roybal-Allard (D-Calif.), Diane Watson (D-Calif.) and Henry Waxman (D-Calif.) are all backing Hoyer even though many admire Murtha's stance on the war. All but Lewis opposed Hoyer in a 2001 leadership race against House Minority Leader Nancy Pelosi (D-Calif.)." Some liberals "believe Murtha's record on social issues is too conservative, especially on such topics as gun rights, gay marriage and abortion. Others avow that they are happy with Hoyer's performance as minority whip and want to maintain the status quo in their leadership."

Snow Walking "Fine Line" In Attending GOP Fundraisers. NBC Nightly News (9/27, story 3, 2:40, Gregory, 9.87M) reported that Tony Snow, White House press secretary, "will be doing fundraisers in advance of election day. This was something he acknowledged today. He said the President did not object to him doing it and the political team said you are popular and we want you to do this but he acknowledged it will raise some eyebrows. He says it is unprecedented. For him it will be a fine line. There is no policy against it but it is a real question. He serves the presidency but he acknowledges he also serves the press corps. He wants to stick to the facts about what the President is doing and not attack Democrats individually."

Budget Cuts Seen As Threatening NASA's Aviation Program. USA Today (9/28, 1A, Levin, 2.27M) reports in its main front-page story that "Groups of lawmakers from both parties, academics and aerospace leaders say" steep budget cuts in the NASA's aeronautics research "are hampering NASA's ability to develop new aviation technology." According to USA Today, "the agency is planning to cut $54 million -- or 31% -- from its effort to study emerging technologies required for a new national air traffic system. NASA is the primary agency researching the Next Generation Air Traffic System, an ambitious program to replace radars with satellite-based technology. Without increased capacity from the new system, airlines can expect increasing flight delays, according to government estimates."

Military Officers Group Concerned About Military Pay Raise. Stephen Barr writes in the "Federal Diary" column in the Washington Post (9/28, D6, 748K), "The House approved a fiscal 2007 defense appropriations bill late Tuesday that would raise military pay by 2.2 percent, effective in January," and "Senate negotiators have signed off on the raise." Now, the Military Officers Association of America, known as MOAA, "urged Congress to approve a 2.7 percent across-the-board raise for the armed forces," saying "this is not the time to skimp on a raise," which also "usually spills over into the civil service." Norb Ryan Jr., president of MOAA and a retired vice admiral, said, "that regardless of which proposed raise gets adopted, it would be the smallest military raise in 11 years," and that the low raise "will send the wrong message to military families."

Amendment Would Block Spending On Parts Of National Security Personnel System. Stephen Barr writes in the "Federal Diary" column in the Washington Post (9/28, D6, 748K), "In a move that may be more about symbolism than substance, House and Senate negotiators on the defense spending bill have prohibited the Pentagon from spending money on disputed parts of the new National Security Personnel System (NSPS)." Sponsored by Reps. Jay Inslee, Walter B. Jones Jr., and Chris Van Hollen, it would "prevent the Defense Department from carrying out plans to restrict union rights and revise procedures for disciplining civil service employees." However, "the Pentagon has contended that the Inslee amendment is unnecessary because" a federal district already "blocked those parts of the NSPS" and "NSPS officials are complying with the court's injunction."

Morris Says Frist Has Failed As Majority Leader. Dick Morris writes in The Hill (9/28) reports, "If Senate Majority Leader Bill Frist (R-Tenn.) were still in his former occupation, he could well be sued by his 54 fellow Republicans, 99 senators, and the American people at large for malpractice." As Senate Majority Leader, "Frist performed about as well as a heart surgeon with mittens on. He failed utterly to provide the leadership necessary and managed to so mangle the reputation of the legislative wing of the

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Republican Party in the process that it may take several elections, and perhaps a Hillary Clinton presidency, to recover."

Book By Frist's Wife Offers Tribute To Father-Daughter Relationships. The Washington Post (9/28, A21, 748K) reports Karyn McLaughlin Frist, wife of Senate Majority Leader Bill First, "was at the White House, at a small dinner for the king of Spain. President Bush's daughter Jenna walked in late. At first, the president seemed irritated. But one look at Jenna as she hurried into her seat, and Bush 'absolutely melted,' Frist recalled. 'He broke into a big, proud smile.'" The Post adds, "Fathers and daughters captivated Frist, in part because she missed her own father, who had died. Frist invited women -- senators, heads of state, Olympic medalists and a soldier -- to write about their fathers, in a book to be published next week, 'Love You, Daddy Boy: Daughters Honor the Fathers They Love.'" Many of the essays "peek into the foyers of political homes."

Wessel Says Paulson Is "Brightest Bulb" In Bush's Cabinet. David Wessel writes in The Wall Street Journal (9/28, 2.03M), "President Bush faces a big decision in coming weeks: how best to deploy his energetic, impatient new Treasury secretary, Henry Paulson, after November's congressional elections." Paulson "is emerging as the brightest bulb in a Bush cabinet with a few dim ones and a few others (think Don Rumsfeld) who have lost their luster. He has mastered the easy stuff: managed to avoid rattling financial markets, figured out that courting Congress takes as much time and care as courting customers at his former employer, Goldman Sachs, and marched through China triumphantly, greeting old acquaintances and posing for photographs as if he were at a Dartmouth reunion. Now what? … The question now is whether Mr. Bush will use the third corporate chief executive to take the job to get something done or relegate him to making speeches for two years."

NYTimes Praises Advisory Group's Recommendations For FDA. The New York Times (9/28, 1.21M) editorializes, "A prestigious advisory group has put its weight behind criticism that the Food and Drug Administration is pitifully weak when it comes to removing dangerous prescription drugs from the market. Last week, a panel appointed by the Institute of Medicine, part of the National Academy of Sciences, issued a slew of recommendations to strengthen the beleaguered F.D.A. as it struggles to regulate a huge array of medications whose ill effects sometimes show up only after years of wide use. … Although the nation is mired in budget deficits, the institute was wise to call for a large increase in financing and personnel for this crucially important regulator of public health. If Congress is too stingy to ante up more money, it should at least divert some of the drug industry's user fees to surveillance after a drug's approval."

OTHER NEWS:

Dow Jones Edges Closer To All-Time High. NBC Nightly News (9/27, story 8, 2;15, Williams, 9.87M) reported, "Now to the US economy, all eyes were on Wall Street today, wait to see if perhaps the Dow would set a new all-time stock market record. It turns out that did not happen but it was very close. The Dow was within 2.5 points of that record. By the time the market closed it was up by about 20 points [to close at 11, 689.24] 34 points away from the record. NASDAQ was up two points [to close at 2,263.39] today. What does all of this mean for the economy if anything? Here is Anne Thompson." NBC (Thompson) added, "Wall Street is riding high on a wave of confidence about the economy." Alan Skraninaka, Edward Jones Chief Market Strategist: "We are seeing signs anywhere the economy is not overheating or sinking into recession. It is growing at a nice, steady pace and that is what Wall Street loves to see." Thompson: "With a cooling housing market and still high energy prices, is Wall Street seeing things through rose colored glasses?" Mark Zandi, Moody's Economy.com: "They are seeing things that they like. With a slower growing economy they will get that."

USA Today (9/28, Shell, 2.27M) reports, "Posting its third-straight day of gains, the Dow rose 19.85 points to close at 11,689.24, just 33.74 points shy of its record close of 11,722.98 hit on Jan. 14, 2000. … The celebration was put on hold as one of the main culprits that have put a lid on stock prices the past year -- rising energy prices -- again gave investors a reason to sell. A barrel of crude rose $1.95 to $62.96." The Wall Street Journal (9/28, Browning, 2.03M) says the Standard & Poor's 500-stock index "inched up 0.02%, or 0.25 point, to 1336.59, ahead 7.1% this year and up 5.2% for the quarter."

Reports Paint Mixed Picture Of The Economy. USA Today (9/28, Hagenbaugh, 2.27M) reports, "More evidence of a slowing economy came Wednesday as the government said orders for costly manufactured goods fell in August while sales of new homes rose, but remained at a subdued level." New orders for durable goods "fell 0.5% in August after adjusting for seasonal fluctuations, the Commerce Department said. That followed a 2.7% plunge in July and marked the first back-to-back monthly drops in the often volatile data since spring 2004."

The Wall Street Journal (9/28, Morales, 2.03M) reports, "The latest readings on business investment and housing muddied the economic picture: Orders for big-ticket goods fell unexpectedly in August as new-home sales rose

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unexpectedly." The Census Bureau "reported that sales of new homes rose 4.1% in August from a month earlier, to a seasonally adjusted annual rate of 1.050 million. The unexpected jump ran counter to other recent data depicting slowing sales." But "analysts cautioned not to focus too much on a one-month statistic. Indeed, compared with August a year ago, new-home sales were down 17.4%. And earlier this week, the National Association of Realtors said existing-home sales in August fell for the fifth consecutive month, while the national median price fell, year over year, for the first time in 11 years." Likewise, the New York Times (9/28, Peters, 1.21M) runs a story titled "Report Shows Home Sales Rising, But Skeptics Abound."

Hispanic Unemployment Down Sharply. The Washington Post (9/28, A13, Brulliard, 748K) reports, "Unemployment among Hispanics fell sharply this year, and their wages rose after a two-year decline, according to a national study released yesterday." The Post adds, "Bolstered by immigration, the Hispanic labor force is growing rapidly, and those workers are having little trouble finding jobs -- especially in construction, said the report by the Pew Hispanic Center. … Latinos, who represent 13 percent of the U.S. labor force, accounted for 40 percent of all new workers in the year ending June 30, the report said. Eighty percent of jobs filled by Hispanics went to immigrants, who make up the biggest share of the Latino labor force."

Press Corps Resents Closed Bush Fundraisers. The White House Bulletin/US News (9/27) reported, "Resentment is building within the White House press corps over the increasing number of President Bush's fundraising appearances that are closed to the media. Five such events are on his schedule this week alone, including fundraisers in Connecticut and Ohio on Monday." Reporters, who are "already chafing because of the Administration's penchant for secrecy, complain that the public has a right to know what the President is saying to his supporters. They also argue that their news organizations pay thousands of dollars to cover Bush on the road and then they are shut out of the fundraisers -- which have become a huge part of his itinerary as the November 7 mid-term elections approach." White House Press Secretary Tony Snow "says these events are mostly held in private homes and the owners don't want to allow coverage." In addition, "many hosts are wealthy individuals who feel that coverage would invade their privacy and subject them to snide stories about being fat cats who are isolated from everyday life, the host of a recent fundraiser told US News and the Bulletin." Another factor "is that many GOP candidates want Bush to raise money for them but they don't want to be seen publicly with him because he is unpopular in their districts and states."

Bush-Rove, Hillary Clinton Fundraisers Take Place On Same DC Street. The Washington Post (9/28, Argetsinger, Roberts, 748K) reports, "We knew this would happen sooner or later -- Tuesday night, secluded Whitehaven Street in Northwest was clogged by dueling fundraisers. President Bush and Karl Rove mingled with donors at the home of White House social secretary Lea Berman and husband Wayne, raising $1.5 million for the GOP in Iowa, Arkansas and Wisconsin. Two doors down, Sen. Hillary Rodham Clinton presided over a low-key event for about 50 $2,000 donors to her senatorial reelection bid. Limo lock!"

Danforth Says GOP Needs To Move Away From Christian Conservative Base. The Christian Science Monitor (9/28, Cook, 58K) reports on the Monitor breakfast with former Sen. John Danforth, who "looks like a quintessential Republican insider but he is calling for a radical change in how his party operates." Beneath his "polished and calm exterior is a man upset with his party. Danforth is traveling the country promoting his new book, 'Faith and Politics: How the Moral Values Debate Divides America and How to Move Forward Together.' The book argues that Republicans have transformed their party into a political arm of conservative Christians." Danforth said, "For the Republican party, the base of our party now is the Christian conservatives.... The Republican party has done everything it can to appeal to that part of the base ... I think this is bad for the country and ultimately it is going to be bad for the Republican party because I think when the American people reflect on this they do not want a sectarian political party in this country. So what I am trying to do is encourage them to reflect on it." Danforth said he would not "leave the party despite his unhappiness with its current course."

The Washington Post (9/28, A4, Slevin, 748K) reports Danforth is "telling audiences this month" that the "potency of the Christian right in the Republican Party is limited." A "lifelong Republican moderate disturbed by his party's direction, he contends that the political center has a future." Danforth is "promoting a new book that describes religion as a divisive force in the United States today and accuses the religious right and its political supporters of creating a sectarian party." The GOP leadership "habitually strives to please its base at the expense of meaningful compromise, he maintains, proving to be neither humble Christians nor effective politicians. His reasoning holds that social conservatives cannot prevail because a majority of Americans do not share their views or appreciate their style."

GOP Open House Seats in Arizona, Colorado, Iowa At Risk. Roll Call (9/28, Drucker) reports while "predictions of a Democratic wave on Nov. 7 may be

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overblown, Republicans are clearly on the defensive in three open seats that could prove key to their ability to retain the House majority in the 110th Congress." The Republican-held seats "in Arizona, Colorado and Iowa were seen as major battlegrounds. But now they are in serious jeopardy of going Democratic, with the 7th district in Colorado and the 1st district in Iowa, in particular, signifying the decline of the GOP brand name in the eyes of voters this cycle." Democrats are "clearly benefiting from the decision by the GOP incumbents who hold these seats to retire from Congress. But it is telling that the Republicans running in their stead find themselves down significantly in public opinion polls to their Democratic opponents." In AZ8, former state Sen. Gabrielle Giffords (D) "seems poised to easily dispose of former state Rep. Randy Graf (R)." The "eastern Iowa 1st district and Denver-area 7th district of Colorado have repeatedly voted Democrat for president while choosing Republicans to represent them in the House." In the former, "voters appear to be favoring a Democrat, trial attorney Bruce Braley. He led wealthy businessman Mike Whalen (R) by 7 points in the latest independent poll." In CO7, "former state Sen. Ed Perlmutter's (D) early and healthy lead over former state official Rick O'Donnell (R) — despite a bruising Democratic primary — indicates the GOP isn't getting the benefit of the doubt from voters this year, as opposed to the previous two cycles, when Rep. Bob Beauprez (R) won competitive races."

GOP Effort To Win Ohio's 6th CD Seen As Fizzling. The Washington Post (9/28, A6, Cillizza, VandeHei, 748K) reports that four months ago, Democratic state Sen. Charlie Wilson "was teetering on the edge of defeat in his campaign for Ohio's open 6th District. Today he is strolling toward Nov. 7, when, if current trends continue, he will be elected to Congress." No "television ads for Wilson or his Republican opponent, state Rep. Chuck Blasdel, are airing. For the moment, the national party organizations, which swarm into the most competitive races, are nowhere to be found." The departure of Democratic Rep. Ted Strickland – who is running for governor -- from the 6th CD "once tantalized Republicans, who regarded this seat -- carried narrowly by President Bush in 2004 -- as their most promising chance to take a congressional seat from the Democratic column." But Blasdel's campaign "never gained much traction after Wilson, considered the strongest of three contenders, won the Democratic primary in May."

Democrats' Rejection Of "Contract" To Win House Majority Analyzed. In his Roll Call column (9/28), executive editor Morton Kondracke says, "The 12th anniversary of the Republicans' 1994 'Contract with America' came and went on Wednesday without a 2006 Democratic counterpart. And there won't be one." Despite "repeated urging from various quarters, including from former President Bill Clinton, that the party needs to make clear what it stands for and not just against, Democrats contend that off-year elections are referenda on the party in power and that a Democratic alternative agenda would only provide targets for the GOP to attack." It is "undoubtedly true that the GOP won" the 1994 midterm election largely "because of disgust with Democratic management — the failure of Clinton's health care reform plan and Congressional scandals — but the contract did provide a legislative roadmap for the GOP once it won a 52-seat victory and had to help govern the country." This year, Democrats "have issued a two-page positive agenda, 'New Direction for America,' but there's been no Capitol steps rally, and the document has all the earmarks of being just a handout designed to be an answer to the question, 'But what do Democrats stand for?'" A "positive message of purpose -- saying where they'd lead instead of just how much trouble they'd inflict on Bush -- could push them over the top. Maybe Democrats don't need a Contract, but they could use a plan."

Rothenberg Skeptical Of Unknown Democrats' Poll Performance. In his Roll Call column (9/28), political analyst Stuart Rothenberg says, "Democratic pollsters are pushing lots of polls that show second- and third-tier candidates performing surprisingly well. If most of these challengers win, the Democrats will gain 30 or 40 House seats. Obviously, that's unlikely. Extremely unlikely. So what are we all supposed to make of Democratic polling memos asserting that Paul Hodes (New Hampshire's 2nd), John Hall (New York's 19th), Jason Altmire (Pennsylvania's 4th), Victoria Wulsin (Ohio's 2nd), Charlie Brown (California's 4th), Nancy Skinner (Michigan's 9th) and Dan Maffei (New York's 25th) are breathing down the necks of incumbent Republicans?" Some of "these numbers stem from the fact that the Democratic base has solidified early on and Democratic candidates are getting the vote that normally comes to them only in October. The folks over at Public Opinion Strategies, I believe, coined the term 'premature partisan polarization' to refer to the current tendency of voters to pick their party's Congressional candidates earlier and earlier, even if they know nothing about them." Democratic pollsters "almost always cite Bush's standing. They almost all argue that voters want change or are dissatisfied with the direction of the country. And they are right, but only so far. The problem for Democrats is that in most cases, that won't be enough by itself to get voters to fire GOP incumbents. That's particularly true if Republicans pound away at their challengers, making them the issue in their races and decreasing their appeal as vehicles for change."

Good Economic News Seen As Boosting GOP Chances For Keeping Congress. In its "Washington Wire" column on its web site, the Wall Street Journal (9/27, 2.03M) reported, "Stock market gains and declining gasoline prices are likely helping boost Republican

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odds for holding the House and Senate in some market-style exchanges. In the Iowa Electronics Market, a futures market operated for research purposes by economics professors at the University of Iowa, the latest trading data suggests a 55% probability that Republicans will keep control of the House, up from 37% just a few weeks ago. On the Irish betting exchange Tradesports.com, contracts for Republican retention of the House also are up sharply since the beginning of September. As for the big kahuna -- control of both chambers of Congress --- IEM traders are currently placing a 59% likelihood that Republicans will still be calling the shots in both chambers after the Nov. 7 midterm elections, up from 38% earlier this month."

House Republicans Promote Suburban Agenda. The Washington Times (9/28, Bellantoni, 88K) reports while House Republicans "trumpeted elements of their suburban agenda, Democrats yesterday said Congress will have failed the American people if it adjourns without increasing the minimum wage." Rep. Mark Steven Kirk, chairman of the GOP's Suburban Agenda Caucus, said, "The battleground is in the suburbs, and it is wise policy and wise politics to directly meet the needs of families in those areas." Kirk said "both parties for too long have focused on rural or urban voters. The country now is 54 percent suburbanites who face similar challenges, he said." The Times adds Republicans "outlined seven 'suburban agenda' measures for 2007 aimed at improving education and health care. They also are pushing the Alternative Energy Act of 2006, which funds research for plug-in electric hybrid car technology and studies solar and wind power." Democrats, "meanwhile, tried to force a vote on increasing the minimum wage, a move many centrist Republicans support."

Democrats Said To Have Serious Shot At Senate Majority. The New York Times (9/28, Toner, 1.21M) reports in a front page story, "Six weeks before Election Day, the Democrats suddenly face a map with unexpected opportunities in their battle for control of the Senate." Virginia Sen. George Allen "looks newly vulnerable after a series of controversies over charges of racial insensitivity, strategists in both parties say." In Tennessee, Rep. Harold E. Ford Jr., "has run a strong campaign that has kept that state in contention." In other states, Democratic challengers "are either ahead or close in races in five states held by the Republicans: Missouri, Montana, Ohio, Pennsylvania and Rhode Island, according to political strategists in both parties and the latest polls." Democrats "also have their own vulnerabilities, particularly in New Jersey, where Senator Robert Menendez is in a tight race with his Republican challenger, State Senator Thomas H. Kean Jr., according to recent polls." Democrats "must win six Republican seats to regain a Senate majority," and "a shift in the Senate was always considered a long shot this year. Some analysts now say, however, that there are enough Republican seats facing serious challenges to make it at least plausible." Political analyst Stuart Rothenberg said, "There's a big difference in talking about six seats in play and not five."

Allen Campaign, Beset By Controversies, Has Difficulty Gaining Traction. ABC World News (9/27, story 6, 2:15, Gibson) reported in the Virginia Senate race, Republican George Allen "was thought to be a shoe-in for re-election. But he's made a series of gaffes that are giving him serious trouble." ABC (Tapper) added Sen. Allen has "had to spend the week denying reports that he regularly used the 'n' word to describe African-Americans." The charge has been "made by at least five Allen acquaintances." However, Democratic challenger Jim Webb "facing no such allegations of his own, seemed to provide Allen with something of a defense." Jim Webb: "I don't think there's anyone who grew up around the South that hasn't had the word pass through their lips one time in their life." Tapper: "For weeks, tough questions for Allen about his sensitivity on racial matters. It began at this campaign stop, where Allen singled out an Indian-American Democratic operative, calling him 'macaca.'" Prof. Mark Rozell: "When you have a campaign that's on the defensive all the time, as is the case with George Allen, there is no possibility of getting a positive, constructive message out there for the voters to respond to."

USA Today (9/28, Lawrence, 2.27M) reports, "'It has been one misstep and meltdown after another' for the Allen campaign, Mark McKinnon, a strategist for President Bush, said Tuesday at a panel discussion on political advertising in New York sponsored by USA TODAY." Democrats, "who need six new seats for a Senate majority, are poised to invest heavily here." Still, the FEC reports "for June 30, the most recent available, showed Allen with a formidable financial edge: $6.6 million on hand vs. $424,000 for Webb."

Webb Amplifies Statement He Has Not Used Racial Epithet. The Washington Post (9/28, B1, Shear, 748K) reports Webb "sought to explain remarks he had made a day earlier, in which he refused to say whether he had used the 'N-word,' but he insisted he has never used it as a racial epithet aimed at anyone." Spokeswoman Kristian Denny Todd "said Webb, an author and former Marine, 'did not want to make any blanket statements that he has never, ever uttered the word. Jim has not used the word directed at another person. He's never used it himself as a racial slur.'" The Post adds Webb's comments to the Richmond Times-Dispatch "prompted Allen campaign officials to direct a reporter to Dan Cragg, a former acquaintance of Webb's, who said Webb used the word while describing his own behavior during his freshman year at the University of Southern California in the early 1960s. Webb later transferred to the

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U.S. Naval Academy." Cragg said Webb "described taking drives through the black neighborhood of Watts, where he and members of his ROTC unit used racial epithets and pointed fake guns at blacks to scare them."

Barnes Says Allen Campaign Unprepared For Presidential Focus. In a Wall Street Journal op-ed (9/28), Fred Barnes says, "The national press hasn't treated Mr. Allen as an ordinary candidate. He's in a different category: Likely Presidential Contender. His re-election bid thus floats beyond local Virginia matters, becoming a test of Mr. Allen's viability as a national candidate for 2008. The media grew still more interested when Mr. Allen got a serious Democratic opponent, James Webb, a well-known novelist, Vietnam veteran and angry ex-Republican." After the "macaca" incident, "Allen was thrown on the defensive, appearing increasingly rattled. He made things worse by giving several confusing, contradictory explanations and declined to apologize for several days. Then he apologized, over and over again. His lead in polls dropped to a slim four-point advantage." Would Allen's "gaffe have become a huge issue absent his presidential ambitions? Probably not, even with attention focused so closely on 2006 congressional races. Would the Post have hyped the macaca story day after day? I doubt it." Allen's campaign has "seemed unprepared for the way that presidential races, with their high visibility, draw out personal information." Allen "needs to remind voters of his success as governor. He abolished parole, reformed welfare and championed education reforms. New voters, many of them in Northern Virginia (which has one-third of the state's voting population), know little of Mr. Allen's impressive political background."

Herbert Says Allen Represents GOP "Bigotry." In his New York Times column (9/28), Bob Herbert says, "George Allen, the clownish, Confederate-flag-loving senator from Virginia, has apparently been scurrying around for many years, spreading his racially offensive garbage like a dog that should be curbed. With harsh new allegations emerging daily, it's fair to ask: Where are the voices of reason in the Republican Party -- the nonbigoted voices? Why haven't we heard from them on this matter?" You "don't hear President Bush or the Senate majority leader, Bill Frist, or any other prominent Republicans blowing the whistle on the likes of George Allen and Conrad Burns because Republicans across the board, so-called moderates as well as conservatives, have benefited tremendously from the party's bigotry."

Ford Running Competitive Race For Tennessee Senate Seat. The Washington Times (9/28, DeBose, 88K) reports Tennessee is "living up to its reputation as a battleground state with Rep. Harold E. Ford Jr., a Democrat, running neck and neck with Bob Corker, Chattanooga's Republican mayor, in their race for the Senate." Corker's "early double-digit polling lead" has "dwindled into a statistical dead heat, and Democrats now think they can capture the seat in this Republican-leaning state." Emory University political analyst Merle Black said Republicans "have underestimated the effectiveness of Mr. Ford's campaign." Black said, "It just looks like Ford wants this a lot more than Corker does." The Times adds, "The stakes are high for Mr. Ford. A victory by the son of former Rep. Harold Ford Sr. would give Democrats an unexpected victory in their effort to pick up six seats to win back the Senate majority in November." It "also would mark the first time a black person in the South has won an open election to the Senate and could be seen as the first chink in the armor of the Republican's Southern fortress."

Mfume Endorses Cardin, Warns Democrats About Lack Of Diversity. The Washington Post (9/28, A1, Marimow, 748K) reports Democratic Maryland Senate candidate Benjamin L. Cardin "received the critical endorsement yesterday of Democratic primary opponent Kweisi Mfume, whose blessing came with a blunt warning about the lack of diversity among candidates for statewide office in Maryland." The "main attraction at Cardin's campaign rally at the University of Maryland was supposed to be Sen. Barack Obama (Ill.), a rising star in the Democratic Party. But Mfume -- who lost to Cardin on Sept. 12 -- left a stark impression, telling the Baltimore congressman and fellow Democrats, 'We have a problem.'" Mfume "enthusiastically put his arms around Cardin, saying: 'I know what he's done in the past, and I know what he'll do in the future. He's going to make a damn good senator.'" But he "cautioned that the party had much work to do to energize black voters. The Democratic nominees for the top four jobs, he noted, look no different than the ticket 50 years ago."

Obama Said To Have Outshined Cardin At Rally. The Washington Post (9/28, C1, Montgomery, 748K) reports Cardin invited "Mr. Democratic Charisma himself onstage for a rally yesterday in the Cardin quest to become U.S. senator from Maryland. Barack Obama didn't even have to open his mouth to have a crowd of a few hundred under a powerful spell in a grassy outdoor amphitheater at the University of Maryland in College Park. The junior senator from Illinois -- part Kenyan, part Kansan -- stood tall and youthful and bronze in a black suit and a baby-blue tie, his eyes half-closed, studying the audience with a kind of seductive lassitude. His arrival sparked an ovation, and he shot a quick amiable wink to the many pols and hopefuls crammed behind him on the stage, mute witnesses to the magic." Beside Obama "stood Cardin. Comparisons aren't polite, but the Democratic congressman from Maryland was asking for it: He looked older, shorter, pudgier and pinker."

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Crist Leads Davis By 15 Points In Florida Gubernatorial Race. In its "Washington Wire" column on its web site, the Wall Street Journal (9/27, 2.03M) reported, "In Florida, Republican Attorney General Charlie Crist not only got a much-welcome infusion of cash thanks to the fund-raiser in chief but also a poll by Mason-Dixon Polling & Research Inc. gave him a 15-point lead over Democratic nominee Rep. Jim Davis. The survey of 625 likely voters had a margin error of 4 percentage points."

Polls Show Schwarzenegger With Double-Digit Lead Over Angelides. The Washington Times (9/28, Harper, 88K) reports in its "Inside Politics" column, "Just six weeks before the midterms, California Gov. Arnold Schwarzenegger holds a double-digit edge over Democratic nominee Phil Angelides in two independent voter surveys. The Governator held a 17-point lead over Mr. Angelides -- 48 percent to 31 percent -- in a survey released Tuesday by the Public Policy Institute of California. A Field Poll released yesterday put Mr. Schwarzenegger's advantage at 10 points, 44 percent to 34 percent. Another Field survey in February found the rivals tied at 39 percent. … The policy institute's poll of 1,091 likely voters was conducted Sept. 13 to 20. The margin of error was two percentage points. The Field survey of 557 likely voters was conducted Sept. 14 through Sunday, with an error margin of 4.3 percentage points."

David Broder writes in the Washington Post (9/28, A23, 748K), "The Terminator has rescued himself from political ruin by reinventing his approach to government, thus demonstrating in the most dramatic way possible the value of political independence. Just 10 months after California voters rejected all four of the ballot initiatives he put before them and sent his personal approval ratings crashing to dangerous depths…Schwarzenegger is riding high, poised to win a full term come November." Instead of "the partisan assault on public employee unions and Democratic legislators…that marked his rhetoric in 2005, Schwarzenegger has negotiated agreements this year on a minimum-wage increase, higher school spending, curbing air pollution and a mega-bond sale designed to meet overdue highway, flood-control and school-construction needs." Democratic leaders of the legislature "now sing his praises and join him on the platform at bill-signing ceremonies, while the unions debate whether it is worthwhile to put money into the rival campaign of the struggling Democratic nominee, state Treasurer Phil Angelides." This turnaround is "likely to yield a notable Republican victory in a year of widespread GOP losses."

Democrats' Attacks On Fox News Rally Base. The Washington Times (9/28, Pfeiffer, 88K) reports, "Nearly a week after Bill Clinton's angry appearance on 'Fox News Sunday,' Democrats have turned their vitriol on the Fox News Channel, in what some consider a calculated move to boost the left's enthusiasm before midterm elections." Democratic strategist Donna Brazile said, "It fires up our base, because they're glad someone is fighting back and setting the record straight." The Times adds that since Clinton's "interview with Fox's Chris Wallace was taped last Friday, high-profile Democrats, including California Sen. Barbara Boxer and strategist James Carville, have joined Mr. Clinton's criticism of the cable news network. Fox's critics say the persistent questioning of Mr. Clinton's record on terrorism is indicative of what they consider a conservative bias."

Giuliani Defends Former President Clinton's Counter-Terror Efforts. The AP (9/28, Sedensky) reports former New York Mayor Rudy Giuliani "defended Bill Clinton on Wednesday over the former president's counterterrorism efforts, saying recent criticism on preventing the Sept. 11 terrorist attacks is wrong." Giuliani, who was in Florida to appear with Republican gubernatorial candidate Charlie Crist, said, "The idea of trying to cast blame on President Clinton is just wrong for many, many reasons, not the least of which is I don't think he deserves it. I don't think President Bush deserves it. The people who deserve blame for Sept. 11, I think we should remind ourselves, are the terrorists - the Islamic fanatics - who came here and killed us and want to come here again and do it."

LA Times Responds To WSJ Op-Ed On "Path To 9/11" Movie. In a statement published in the Wall Street Journal letters to the editor section (9/28), the Los Angeles Times says, "On your Sept. 18 editorial page, Cyrus Nowrasteh wrote 'The Path to Hysteria,' in which he chronicled his experience of the scandal surrounding the television movie he wrote, 'The Path to 9/11.' In his account, Mr. Nowrasteh wrote: 'The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response.'" The Times continues, "He was referring to a front-page article in the L.A. Times ('ABC Stands By Its 9/11 Story -- Almost,' Sept. 9) in which Scott Collins and Tina Daunt described the writer as 'a politically conservative Iranian American Muslim.' We would like to set the record straight, one point at a time." Nowrasteh, "as he wrote in The Wall Street Journal, has Iranian parents. Which would make him Iranian-American. Mr. Nowrasteh's politics have been widely characterized as conservative in the Washington Post and elsewhere. Additionally, last October he appeared on a panel at the Liberty Film Festival that was named "Rebels

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With a Cause: How Conservatives Can Lead Hollywood's Next Paradigm Shift.' In a Q&A interview with Libertas: A Forum for Conservative Thought on Film (http://www.libertyfilmfestival.com/libertas/index.php?p=462), Mr. Nowrasteh identified himself as '"Islamic-American.' And finally, in his piece in the Journal, Mr. Nowrasteh also implied that he contacted the reporter about his complaints, and was ignored. This is not the case: Scott Collins spoke on the phone with Mr. Nowrasteh after the article came out."

Hillary Clinton Faces Quandary On AIDS Funding Bill. The Hill (9/28, Bolton) reports an AIDS funding bill "that has stalled on the Senate floor has put Sen. Hillary Rodham Clinton (D-N.Y.) in a difficult position — forcing her to choose between the interests of her home state and those of battleground states in the 2008 presidential election." Elected officials "and AIDS activists from Iowa, South Carolina, and Ohio are urging senators to pass the Ryan White Comprehensive AIDS Resources Emergency Act, which would increase their state's funding for people infected with HIV, the virus that causes AIDS." A group of "activists and officials are focusing their efforts on Clinton because she has the highest profile among the bill's opponents. They may also be calculating that they have most leverage with her because she is expected to run for president." But the bill "would steer money away from major urban areas in New York, New Jersey and California to smaller, more rural states that have seen a dramatic increase in HIV infections in recent years." Clinton and Sen. Charles Schumer "outlined their objections to the new funding formula in a recent letter to Senate Minority Leader Harry Reid (D-N.Y.). 'New York State stands to lose more than $78 million in Ryan White Title II funds over four years,' they wrote." That position "puts Clinton at odds with Iowa Gov. Tom Vilsack (D), who urged for AIDS funding to be restructured in a letter to Sens. Mike Enzi (R-Wyo.), the chairman of the Senate health committee, and Edward Kennedy (Mass.), the panel's ranking Democrat."

Falwell Says Clinton Presidential Candidacy Will Energize People Of Faith. Rev. Jerry Falwell said on CNN's The Situation Room (9/27) that "if the Democrats choose Hillary as their…presidential candidate in '08, this will energize people of faith in this country more than any other person."

Bill Clinton To Celebrate 60th Birthday With Foundation Fundraiser. The Washington Post (9/28, C1, Balz, 748K) reports, "Baby boomer and former president Bill Clinton is laying plans to celebrate his 60th birthday in grand style with a charitable fundraising extravaganza in New York late next month that will include an invitation-only concert by the Rolling Stones and contributor packages that run to $500,000 and higher." Clinton's daughter, Chelsea, "who has generally avoided high-profile participation in her parents' political and philanthropic activities, is serving as co-host of the three-day party. She will host a Saturday brunch on a weekend that also features a golf tournament at the Bayonne (N.J.) Golf Club, multiple receptions and a dinner at the American Museum of Natural History with the former president, Sen. Hillary Rodham Clinton (D-N.Y.) and Chelsea." The "2,100 invitations began arriving this week. Weekend packages start at $60,000 (Hint: $1,000 for every year of Clinton's age). Next is the 'Vice Chair Package,' for those who contribute $100,000 or raise $250,000. Those who pledge $500,000 or more will receive the 'Birthday Chair Package,' which includes the 'Backstage Pass' dinner and photo with Clinton and platinum seating at the Saturday dinner and the Stones concert." The proceeds "will go to the William J. Clinton Foundation, the umbrella organization that oversees the Clinton HIV-AIDS initiative, the Clinton Global Initiative and several other programs launched by the former president since he left office almost six years ago."

GOP To Hold 2008 Convention in Twin Cities. ABC World News (9/27, story 5, 0:15, Gibson) reported, "In politics, tonight, the Republicans will hold their convention in 2008 in Minneapolis/St. Paul. Minneapolis last had a national convention in 1892. The Democrats have narrowed their choices to Denver or New York." The GOP choice is being widely reported this morning. The AP (9/28) said it was "a location in the politically pivotal Midwest," while McClatchy (9/28, Hotakainen, Diaz) reports "Minnesota's emergence as a presidential battleground state paid off." The Twin Cities beat three other finalists: New York, Cleveland and Tampa, Fla."

USA Today (9/28, 2.27M) reports, "By picking the Twin Cities, the GOP will ensure plenty of news coverage in Minnesota, Wisconsin and Iowa, all of which were close in the 2004 election, said Sen. Norm Coleman, R-Minn. 'Whoever wins those states is going to be the next president of the United States.'"

The Hill (9/28, Snyder) reports, "The convention proper will be held in Xcel Energy Center in St. Paul, where the Minnesota Wild National Hockey League team plays," but "Minnesota officials said the decision holds broad economic impact for the region. The convention could bring in as much as $150 million, officials said." Democrats "were also considering holding their convention in 2008 in the Twin Cities. But the Democratic mayors of St. Paul and Minneapolis expressed no regret that their cities would host the showcase event for the rival party."

The New York Times (9/28, Kornblut, 1.21M) says Republicans "insisted their choice had not been politically driven. But in choosing Minneapolis and St. Paul…the party guaranteed itself widespread news media attention in three

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adjoining swing states, Minnesota, Iowa and Wisconsin. The convention is scheduled for Sept. 1-4, 2008." The Washington Post (9/28, A6, Slevin, Balz, 748K) reports the story in similar terms, under the headline "With Eye On Midwest In '08, GOP Picks Twin Cities For Convention." The Post also reports Steven Schier, "a prominent Minnesota political commentator on the faculty of Carleton College, said the timing and the tactics suggest that the national Republican Party hopes to help its Minnesota candidates this year and appeal to voters in a swath of battleground states in 2008."

Roll Call (9/28, Newmyer, Weinstein) notes Minnesota, "with a modest 10 electoral votes, hasn't backed a GOP presidential candidate since Richard Nixon in 1972. But margins in the state have narrowed, and it was a key battleground in the 2004 election, with Sen. John Kerry (D-Mass.) carrying it by just 3 points."

The Washington Times (9/28, Hallow, 88K) reports, "The decision to go with Minnesota also showcases one of the Republican Party's rising young conservative stars, Gov. Tim Pawlenty, 45, who was going to run for the Senate in 2002 until Vice President Dick Cheney persuaded him to run for governor instead so that Mr. Coleman could make his run against Mr. Wellstone without a primary fight." The Times adds, "All smiles yesterday, Mr. Pawlenty, a favorite of [RNC Chairman Ken] Mehlman's for vice president in 2008, called the choice of the Twin Cities 'fantastic.'"

Prominent Scientists Form 527 Group. The New York Times (9/28, Dean, 1.21M) reports several "prominent scientists said yesterday that they had formed an organization dedicated to electing politicians 'who respect evidence and understand the importance of using scientific and engineering advice in making public policy.'" Organizers of Scientists and Engineers for America 'said it would be nonpartisan, but in interviews several said Bush administration science policies had led them to act. The issues they cited included the administration's position on climate change, its restrictions on stem cell research and delays in authorizing the over-the-counter sale of emergency contraception." Organizers "include John H. Gibbons and Neal Lane, who were science advisers in the Clinton administration, the Nobel laureates Peter Agre and Alfred Gilman, and Susan F. Wood, who resigned from the Food and Drug Administration last year to protest the agency's delay in approving over-the-counter sales of the so-called Plan B emergency contraception." Executive director Mike Brown "said it would be a 527 organization under tax laws, meaning that it could be involved in electoral politics, and that contributions to the group would not be tax deductible."

Will Says Taxpayer Financing Of Presidential Elections Will Die In 2008. George Will writes in the Washington Post (9/28, A23, 748K), "The foremost achievement of the political speech regulators -- a.k.a. campaign finance 'reformers' -- is collapsing. Taxpayer financing of presidential campaigns, which was in parlous condition in 2004, will die in 2008. … It is delicious that the McCain-Feingold law, the reformers' most recent handiwork, is helping kill taxpayer financing of presidential campaigns. Before McCain-Feingold, limits on contributions of private money -- set in 1974 and not indexed for inflation -- became steadily more restrictive, so candidates accepted public funding. But McCain-Feingold, by doubling the permissible size of campaign contributions, made it easier for candidates to raise sums far larger than taxpayer funding provides." Will adds, "Reformers desperate to resuscitate taxpayer funding cite the supposedly scandalous fact that each party's 2008 presidential campaign may spend $500 million. If so, Americans volunteering to fund the dissemination of speech about candidates for the nation's most consequential office will contribute $1 billion, which is about half the sum they spend annually on Easter candy. Some scandal."

WPost Says Fairfax County Should Examine Deployment Of Its Vehicles. The Washington Post (9/28, A22, 748K) editorializes, "It began with an eagle-eyed auditor who, glancing at a garage maintained by Fairfax County's government for its huge fleet of official cars, noticed that too many of them spent their days parked, unused and apparently unneeded. The auditor rightly wondered whether the county bureaucracy -- 11,500 strong -- really warranted one vehicle per three employees. … Alas, the road to waste, inefficiency and bureaucratic scheming is paved with good intentions. On the one hand, the mileage minimum has helped prune the county's fleet by 167 vehicles, most of them in the year after the policy took effect. But, as reported by The Post's Lisa Rein, it has also prompted county workers and managers to devise ingenious methods to hang on to their county-owned cars -- by hook or by crook." The Post adds, "A better follow-up would be for the county to scrutinize the deployment of its remaining vehicles, tighten procedures governing their use and encourage more employees to use their own cars when possible (and claim reimbursement by mileage) -- a much more cost-efficient option."

WSJournal Defends Wal-Mart's Drug Discounts. An editorial in the Wall Street Journal (9/28, 2.03M) says Wal-Mart's announcement that it will offer many generic drugs for $4 is not winning "applause from its left-wing critics." These are "the same folks who've complained for years about high drug prices, using the issue to argue for government price controls, shorter patent lives on new drugs,

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and reimportation of drugs from Canada and Mexico." The Journal adds, "Wal-Mart isn't a charity, and its $4 decision is designed to lift its own sales by undercutting prices at competing retailers. But that's the way the market works, driving prices lower with competition. It turns out that Wal-Mart's critics really didn't care about prices; what they want is more union clout, and more government control over health care."

Ahmadinejad Says Iran Won't Give Up Right To Pursue Nuclear Program. The AP (9/28) reports, "Iran's hard-line president said Wednesday Iran won't give up "one iota" of its right to pursue a peaceful nuclear program." Mahmoud Ahmadinejad "reiterated his uncompromising stance as Iran's top nuclear negotiator Ali Larijani held talks with European Union foreign policy chief Javier Solana in Berlin, described by an EU official as 'very intense.'"

Rice Backs This Week's Solana-Larjani Nuclear Talks. The AP (9/28, Graham) reports Solana and Larjani "held five hours of 'very intense' talks Wednesday over Iran's disputed nuclear program and planned to meet again" today. Although not participating in those talks, German Foreign Minister Frank-Walter Steinmeier "said he was optimistic progress could be made." Solana said he "would report back to the six countries" that authored the enrichment suspension incentives package. Secretary Rice "told reporters in Washington that she telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran." She "said if Larijani agreed to a suspension of processing uranium 'we would be on a course for negotiations.' But, Rice told reporters, she had told Solana 'clearly this won't go on very much longer.'" Assistant Secretary McCormack "said whether Iran was agreeable to a temporary and verifiable suspension would not be known until Solana concludes his meetings with Larijani."

The Washington Times (9/28, Kralev, 88K) reports the Bush Administration "yesterday postponed its pursuit of UN sanctions against Iran for 'a few weeks' to allow its European allies time to try to negotiate a suspension of Iran's nuclear fuel production."

NYTimes Praises Buffet's Pledge For Nuclear Fuel Bank. In an editorial, the New York Times (9/28, 1.21M) writes that Warren Buffet "is pledging $50 million for a [nuclear] fuel bank — run by the International Atomic Energy Agency — to be a supplier of last resort for any country that chooses not to get into the risky reactor fuel business and gets the I.A.E.A. seal of approval." US "officials publicly welcomed Mr. Buffett's proposal as one way to persuade countries that they don't need to make their own fuel. But there's no talk of matching his largess." The Times says, "The White House -- which has long criticized the I.A.E.A. for not being tough enough on Iran -- is not eager to give the agency more power. Instead, the administration has joined with Russia and four other major fuel producers to offer overlapping supply guarantees, with each promising to make up for the others' possible shortfall. That's a start. But we suspect that any plan that has governments — rather than the more neutral I.A.E.A. -- offering guarantees won't calm suspicions or take away Iran's excuse." The Times concludes, "More than 50 years ago, President Eisenhower first proposed setting up an international nuclear fuel bank ... . Washington would do well to take a harder look at Mr. Buffett's -- and Mr. Eisenhower's -- excellent idea. And then come up with the cash."

Egypt Working On Nuclear Program. McClatchy (9/28, El Naggar) reports, "Determined to lead the Arab world into the nuclear club, Egypt is working on a nuclear energy program intended to reduce the country's dependency on oil." The program, announced last week by Egyptian President Hosni Mubarak, "is expected to cost as much as $2 billion and will take more than a decade before the plants produce electricity. While other Arab nations also are looking into nuclear research and development, Egypt already has two low-level reactors, a half century of research and the remains of a comprehensive plan that was scrapped after the nuclear accident at Chernobyl in 1986."

Hill Says Pyongyang Talks Are Entering "Crucial Phase." The AP (9/28, Klug) reports Assistant Secretary Chris Hill "said Wednesday that negotiators are entering a crucial phase and suggested Washington is stepping up efforts to break a nearly year-long impasse." He "also urged the North to show it was serious about returning to the talks aimed at ridding Pyongyang of its self-professed nuclear weapons production program." Hill told an audience that "the next weeks would be 'critical' and spoke of a 'certain sense of urgency' involved in efforts to resume negotiations that include both Koreas, China, Russia, Japan and the United States." He later added that Washington "would not talk with North Korea 'in the absence of the six-party process.'"

AFP (9/28, Collinson) adds Hill "warned that any nuclear test by North Korea would be viewed by world powers as a 'very serious' escalation of the crisis over the Stalinist state's weapons programs." Testifying before the HIRC, Hill "also said Washington was considering whether to impose new sanctions on Pyongyang, despite warnings by several congressmen such a move would enflame the showdown." Rep. Tom Lantos and colleagues "warned in dire terms that a rumored move by the Bush administration to impose a new set of sanctions on the Stalinist state, could spell further bad news for the stalled six-party talks process."

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Rice Warns Khartoum About Continued Attacks, Opposition To UN Force. The Washington Post (9/28, A20, Kessler, 748K) reports, "The United States is considering a series of punitive steps if the Sudanese government fails to agree to a U.N. peacekeeping force to end the violence in Sudan's Darfur region, U.S. officials said yesterday." Secretary Rice "signaled the new approach in a speech yesterday in which she demanded an immediate cease-fire and warned that Khartoum faces 'a choice between cooperation and confrontation.'" She "demanded yesterday that Khartoum accept the U.N. force. While the Darfur agreement will not be negotiated, she said, 'we are conferring with rebels who want peace.' Rice added: 'We are seeking to address their legitimate concerns, and we will support them if they choose peace. If the rebels refuse, then they will face serious consequences, including targeted U.N. sanctions.'" Rice's "speech to the African Society's National Summit on Africa held out the prospect of improved ties between the two countries," however, "relations have worsened dramatically in recent weeks."

The New York Times (9/28, Cooper, 1.21M) says Rice "raised the threat of more international sanctions against Sudan if the government did not stop military operations in the Darfur region and unconditionally accept a United Nations peacekeeping force." She is quoted saying, "If the Sudanese government chooses confrontation, …then the regime in Khartoum will be held responsible, and it alone will bear the consequences." She "was blunt during her speech, laying the blame for the bloodshed at the feet of [President Omar el-] Bashir's government," and she "challenged Mr. Bashir's authority to refuse the United Nations peacekeeping force."

The AP (9/28, Gearan) reports she said Washington "will not sit still while innocent people are killed in Sudan's Darfur region." Rice "said Sudan's government could cooperate with the United Nations or face a confrontation. She warned of consequences if Sudan chose a fight and hinted at further U.N. penalties against the Khartoum government or rebel groups."

Hezbollah Facing Little Pressure To Disarm. The AP (9/28, Hendawi, Meyer) reports, "Six weeks after the end of the Lebanon war, the militant Hezbollah group is facing little on-the-ground pressure to give up its weapons and disarm -- despite a UN cease-fire resolution demanding just that." The AP adds, "The leaders of a UN peacekeeping force in south Lebanon say the job is not theirs. And Lebanon's ill-equipped army, some of whose soldiers wear tin-pot helmets and carry outdated M-16 rifles, shows no signs of diving into a confrontation with battle-hardened Hezbollah fighters."

Israel Releases Palestinian Deputy Premier After Five Weeks. The New York Times (9/28, Myre, 1.21M) reports, "An Israeli military court today released the Palestinian deputy prime minister, Nasser al-Shaer, one of more than 30 Hamas lawmakers and cabinet ministers who have been detained by the Israelis over the past three months." Shaer, the highest-ranking Palestinian in detention, was arrested on August 19 "but was not charged with any crime, and the court cited a 'lack of evidence' in ordering his release today." He "headed to his hometown of Nablus, in the West Bank, where he was greeted enthusiastically by supporters at a reception hall. However, the court said that for the next two weeks, Mr. Shaer would not be allowed to go to Ramallah, where his office is located and which serves as the Palestinian political headquarters in the West Bank." The Financial Times (9/28, Morris) says Shaer's "release was not viewed as a significant step in securing the freedom of [the kidnapped Israeli soldier]. Egyptian efforts to free the captive soldier have been complicated by internal tensions within the PA." And the AP (9/28, Daraghmeh) says "he detention of much of the Hamas-led government has been a major sore point in rapidly deteriorating relations between Israel and the Palestinians since Hamas took power." Shaer, "who did not run for parliament on the Hamas ticket but joined the government after the Islamic group's election victory, said he refused to talk politics in prison and denied he is a Hamas member."

State Dinner For Kazakh President Said To Highlight Conflicting Foreign Policy Goals. The New York Times (9/28, Myers, Greenberg, 1.21M) previews President Bush's state dinner tomorrow for Kazakh President Nursultan Nazarbayez. The recent closure of "the two most prominent American democracy organizations working" in Astana "reflects the delicate balance the administration has struck with a country of growing strategic importance that has a record of corruption, flawed elections and rights violations, including the killings of two opposition leaders in the last year in disputed circumstances." Analysts say "Washington's failure to vocally criticize" such actions "also illustrates the Bush administration's willingness to sacrifice democracy, a centerpiece of its foreign policy, when it conflicts with other foreign policy goals." The Administration "has promoted democratic reforms in Kazakhstan for years, but it also appears eager to mollify a president who has been a comparatively moderate Muslim leader in Central Asia, who has allowed

USA Today (9/28, Slavin, 2.27M), meanwhile, runs a story titled "Kazakh Leader's Visit To Require Diplomatic Finesse," in which it says the visit has been "made awkward by the country's poor human rights record and questions about its commitment to democracy." Nazarbayev and Bush

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"will discuss energy, Kazakhstan's economy and efforts to fight terrorism and narcotics trafficking, the White House says." Bush also "will be 'encouraging Kazakhstan to accelerate progress on democratic reform,' says Frederick Jones, a spokesman for the National Security Council."

Mexico Criticizes Rice's Comments. The AP (9/28, Weissert) reports, "Mexico said Wednesday that Secretary of State Condoleezza Rice was out of line by suggesting that its democracy was just now maturing, saying it wasn't up to her to voice such opinions publicly." In a Monday interview with The Wall Street Journal's editorial board, Rice "said Mexico was beginning to put its disputed July 2 election behind it. 'Mexico has come through this crisis and I think it's been a real vote of confidence in the Mexican democratic system, which after all, is relatively -- it's just now maturing in a kind of two-party system,' Rice said." Ruben Aguilar, spokesman for President Vicente Fox, "said Wednesday that 'we shouldn't be surprised that other countries salute Mexican institutions,' but said Rice shouldn't comment on Mexican democracy. 'We don't agree with the declaration of the secretary of state because, in accordance with the construction of Mexico's political system, it's only up to Mexicans themselves to voice those opinions,' he said told a briefing for reporters at the presidential residence."

China Asks US Senate To Drop Tariff Bill. The Financial Times (9/28, Beattie, Dickie) reports, "China's foreign ministry on Wednesday called on US senators to drop a bill that would impose 27.5 per cent tariffs on Chinese imports in retaliation for Beijing's alleged undervaluation of the renminbi." The ministry said, "We hope the US senators will view objectively and rationally the problems that have emerged in the process of rapid development of Sino-US trade...and will cease deliberation on a bill harmful to Sino-US economic co-operation.'"

NASA Chief Ends Trip To China, Says Joint Spaceflight Unlikely. The New York Times (9/28, Leary, 1.21M) reports, "Any joint human spaceflights involving China and the United States will have to come in the future when there is more trust and openness between the countries, the NASA administrator, Michael D. Griffin, said Wednesday. Speaking in Shanghai toward the end of the first visit to China by top officials from the National Aeronautics and Space Administration, Mr. Griffin said there were 'no current plans to work with China on the space shuttle and space station programs.' Mr. Griffin, who characterized the five-day visit as enjoyable and informative, said that it was too early to talk about any cooperative programs between the nations, but that the first steps probably would be in data sharing and some type of joint effort with robotic spacecraft."

LATimes Suggests China's Crackdown On Corruption Is Politically Motivated. The Los Angeles Times (9/28, 918K) editorializes, "The Chinese government wants its people to believe that no one is beyond the reach of its sweeping anti-corruption campaign. That is the message behind the sacking and detention of Shanghai's Communist Party leader, Chen Liangyu, on Sunday. But few in China or anywhere else are likely to buy the notion that this is a principled crackdown on corruption." Chen's "real misfortune is to be associated with former President Jiang Zemin's Shanghai power base at a time when President Hu Jintao is trying to consolidate his control, partly by emasculating Shanghai's power within the party." The Times adds, "Never mind that a self-proclaimed campaign against corruption can itself be corrupt if politically driven; it still can reap dividends." China "has an 'anything goes' frontier mentality that Californians of a bygone era might have recognized. That's not sustainable forever. Lawless frontiers are a great place to make a quick buck, but eventually the citizenry gets fed up and starts screaming for a sheriff — one who isn't just going after his political rivals."

Effectiveness Of Plan Colombia Scrutinized Following Police Unit Killings. The Christian Science Monitor (9/28, Harman, 58K) today continues its focus on members of an elite police unit who were killed in May in Jamundí. The Monitor says most of the officers were DEA-trained counternarcotics specialists who "had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll." However, the Monitor reports John Walters says progress has been made against narcotraffickers with, as the Monitor puts it, the U.S. and Colombian governments "inexorably bound together in a multibillion dollar war against the drug trade." The Monitor continues by scrutinizing the effectiveness of Plan Colombia and writes that President Uribe said, "It is clear we cannot abandon Plan Colombia. But it is also clear that, in comparison to our efforts, we should be seeing better results."

Decision To Cancel Berlin Opera That Might Offend Muslims Draws Fire. The New York Times (9/28, Landler, 1.21M) reports, "Amid all the issues that divide Germany's Muslims and non-Muslims -- from women's rights to the teaching of Islam in schools -- there was one point on which the 30 participants in a landmark conference held here on Wednesday could agree, according to its organizer. They would like to see the Deutsche Oper of Berlin reinstate the Mozart opera it canceled earlier this week after receiving an anonymous threat that the production — which features a scene with the severed head of the Prophet Muhammad — could put the opera house at risk." The Times adds, "In some ways, the opera affair galvanized the meeting — underlining

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the urgency and complexity of the issues facing Germany, as it seeks to integrate a Muslim population that is growing in size and, in the view of some, growing farther apart from mainstream German society."

ABC World News (9/27, story 9, 1:25, Gibson) reported, "The fear in this case concerned how Muslims might respond to a depiction of Mohammed, in a Mozart opera, due to open in Berlin. It has touched off a raging controversy." ABC (Wright) added, "Berlin's Deutsche Opera took one look at protests over the Pope's recent comments about Islam. And the protests, before that, over the Danish cartoons of the prophet Mohammed. And they decided the German police might be right, that staging the opera would pose 'an incalculable security risk."

The Washington Times (9/28, Sands, 88K) reports that German Chancellor Angela Merkel "joined in the near-universal condemnation of Monday's decision by the Deutsche Oper, one of Berlin's three main opera houses, to cancel a planned revival of Mozart's classic 1781 work 'Idomeneo' because the production inserts a scene that displays the severed head of the prophet Muhammad." The Times adds, "The opera incident is just the latest in a string of cultural clashes that have bedeviled Europe in recent years, as the Continent's liberal democracies have struggled to adjust politically and culturally to large and growing Muslim minorities in their midst."

Guatemalans Seek Closure Decades After Civil War. A front page story in the Washington Post (9/28, A1, Aizenman, 748K) reports, "A decade after the conclusion of the long civil war that ravaged this Central American nation, Guatemalans are literally trying to dig up their past." Dozens of forensic anthropologists "have been fanning out across the countryside to search for remains of the 200,000 people -- most of them Mayan Indian civilians -- who were killed or abducted during the 36-year conflict. Many were massacred by military forces and dumped into mass graves. Others were buried hurriedly in unmarked, secret locations by relatives anxious to avoid rampaging troops. … Meanwhile, in a cavernous, damp warehouse in Guatemala's capital, investigators wearing protective masks and surgical gloves are combing through piles upon piles of mildewed documents from a recently discovered secret police archive, hunting for clues to the fate of the disappeared."

Bill Clinton Seeks To Boost Britain's Labour Party. The Washington Times/AP (9/28, Gardiner) reports former President Bill Clinton "sought yesterday to boost Britain's badly divided Labor Party, warning supporters not to let it suffer the same fate as America's defeated Democrats." Delegates at Labor's "annual conference gave a celebrity's welcome to a leader they love far more than President Bush, who is widely despised in the party." Clinton "charmed a packed auditorium with a 40-minute speech in which he lavished praise on Prime Minister Tony Blair and treasury chief Gordon Brown, Mr. Blair's likely successor." In a reference "to the political damage that Mr. Blair suffered at home because of his relationship with Mr. Bush, Mr. Clinton thanked him for maintaining Britain's alliance with the United States 'through quite a lot of storm as well as occasional sunshine.'" The Times adds, "With the departing Mr. Blair, Labor's most successful leader ever, the party faces a perilous future. Infighting has tarnished its image, and the opposition Conservative Party is surging after nearly a decade in the doldrums."

Hoagland Warns US To "Be Careful" In Backing Ban For UN Secretary General. Jim Hoagland writes in the Washington Post (9/28, A23, 748K), "The 15 nations that will gather in New York today to conduct a straw vote on who is to be the next UN secretary general should reflect on a durable lesson of political life: Be careful what you wish for. You may get it. That warning of the dangers of answered prayers applies particularly to President Bush and his support for Ban Ki Moon, South Korea's reliably stolid foreign minister, in the highly competitive race to succeed Kofi Annan at year's end. Bush…may be picking up a lightning rod instead of a shield." Hoagland warns that the Bush team should be "careful in building expectations about what Ban's election would mean for US strategic interests. At a time when the United Nations itself needs defending and explaining to many skeptical audiences throughout the world, traditional diplomacy may not be the best qualification for a new secretary general."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Stubborn Day Fire Defies All Efforts."
"A Plan For Very Civil Disobedience."
"At Church, An 'ATM For Jesus.'"
"Iraq Impeding Efforts To Go After Shiite Militias, U.S. Military Says."
"Convicted As 'Tokyo Rose,' She Later Received Honors."
"In Governor's Race, It's The Democrat Under Attack Over Conservation."

USA Today:

"Big Cuts At NASA Threaten Aviation."
"Overseas Voting A Concern — Again."
"Baltimore Experiment Curbs Dropout Rate."

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New York Times:
"New Hope For Democrats In Bid For Senate."
"U.S. Investigating Pirro's Talk Of Taping Spouse."
"For Kazakh Leader's Visit, U.S. Seeks A Balance."
"For the Third Time, A Jury Fails To Convict Gotti."
"As 2 Bushes Try To Fix Schools, Tools Differ."
"Mortgage Suit Says 'Trust Us' Led To Fleecing."

Washington Post:
"Exhuming The Past In A Painful Quest."
"House Passes Bill On Detainee Interrogation."
"Herndon Zeroing In On Illegal Immigrants."
"In Tribal Pakistan, An Uneasy Quiet."
"Heralded Iraq Police Academy A 'Disaster.'"
"Blessing And Blunt Warning From Mfume."

Washington Times:
"Project For Tysons Corner Would Double Size Of Mall."
"Owens Denies Suicide Attempt."
"U.S. To Wait 'A Few Weeks' On Iran Move."
"Bush Hosts Tense Dinner For Karzai, Musharraf."
"Berlin Opera At Center Of Free –Speech Debate."
"Dirty Birds Wear Out Welcome In Southern California."

Detroit Free Press:
"GM Says It Gets Short End Of Deal."
"'Thank God' For The Verdict."

Atlanta Journal-Constitution:
"Ballot Backup Will Cost Millions."
"Jocks' Grad Rates Lag."
"School Siege Leaves 2 Dead."
"Weather Channel Ready To Take Heat On Global Warning."
"Bidders Reap Gens, Junk From 'Dead Letter Office.'"

Houston Chronicle:
"Study: Urgent Action Needed To Cut Air Toxics."
"Astros Pull Out All Stops To Extend Amazing Run."
"A City Pauses To Say Goodbye."
"Hailed By Poor , Brazil's Lula Riding High."
"Few At HISD's Failing Schools Utilize Free Tutor, Transfers."

Story Lineup From Last Night's Network News:
ABC: Insurgent Ambush-Iraq; White House Under Fire-Increased Terrorism; Presidential Dinner; Owens's Hospitalized; 2008 Political Conventions; Allen Under Fire; Transfats Ban; Gunman At Colorado High School; Controversial Opera; Tokyo Rose Obit; Steve Irwin's Widow.
CBS: : White House Under Fire-NIE Report; Presidential Dinner; What Is Congress Doing?; Owens's Hospitalized; Gunman In Colorado High School; California Wildfires; 7 Eleven Drops Citgo; Transfats Ban; Transfats Ban-Analysis; Bob Schieffer-Opinion; Weightless Surgery; Powerball Winners.
NBC: Presidential Dinner; Insurgent Ambush-Iraq; White House Under-NIE Report; Transfats Ban; Transfats Ban-Analysis; Miami Airport Trains; Owens's Hospitalized; Stock Market; Tokyo Rose Obit; Boomeritis.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CO-School Hostage Situation; House-Detainee Bill.
CBS: Bush-Karzai, Musharraf dinner; Poll Of Iraqis; CO-School Hostage Situation; Daniel Smith Death Investigation; FAA-Commercial Pilot Retirement Age.
NPR: CO-School Hostage Situation; Philippines-Typhoon Milenyo; House-Detainee Bill; Oil Prices; Rice-Iran Nukes; Bush-Karzai, Musharraf Dinner; Northwest-Flight Attendants Contract Talks; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Deborah Pryce for Congress and Ohio Victory 2006 reception, private residence, New Albany, Ohio; receives a briefing on energy, Hoover Public Safety Center, Hoover, Ala.; makes statement on energy. Hoover, Ala.; attends Bob Riley for Governor reception, Birmingham Jefferson Convention Complex, Birmingham, Ala.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Jeff Lamberti for Copngress and Republican Party of Iowa luncheon, Wakonda Club, Des Moines, Iowa; speaks at a Dick DeVos for Governor reception, Oakfield hills Country Club, Bloomfield, Mich.; speaks at a Mike Whelen for Congress and Republican Party of Iowa breakfast, River Center Adler Theatre, Davenport, Iowa.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the Federal Voting Assistance Program. David S. C. Chu, undersecretary of Defense; Deborah L. Markowitz, president, National Association of Secretaries of State; Paul DeGregorio, chairman, U.S. Election Assistance Commission; Derek B. Stewart, GAO. Location: Room 222, Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Superfund and Waste Management Subcommittee. Hearing on S.3871 - Hazardous Waste Electronic Manifest Establishment Act. Location: Room 406, Dirksen.

9:45 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on peace prospects in Darfur. UN Amb. John Bolton. Location: Room 419, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

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10 a.m. BUDGET _ Full Committgee. Hearing on the economy and the budget. Council of Economic Advisers Chairman Edward Lazear; Kevin Hassett, AEI; Chris Edwards, Cato Institute; Peter Orszag, Brookings Institution. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on new aircraft in the national airspace system. Michael Cirillo, FAA; Nicholas Sabatini, FAA; Vern Raburn, Eclipse Aviation Corp.; Edward Iacobucci, DayJet Corp.; Jack Pelton, Cessna Aircraft Co.; Matt Andersson, CRA International. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Fedceral Workforce and the District of Columbia Subcommittee. Hearing on terrorism preparedness within the national capital region. Bill Jenkins, GAO; Thomas Lockwood, director, Office of the National Capital Region, DHS; Eward Reiskin, deputy mayor of the District of Columbia for public safety and justice; Robert Crouch, assistant to the governor of Virginia for commonwealth preparedness; Dennis Schrader, director, Governor's Office of Homeland Security, State of Maryland; Fairfax County Executive Anthony Griffin. Location: Room 342, Dirksen.

2:30 p.m. FINANCE _ Long-Term Growth and Debt Reduction Subcommittee. Hearing on how to keep the public debt from rising. Roberft Bixby, Concord Coalition; Peter Orszag, Brookings Institution; Chris Edwards, Cato Institute; former Rep. Charles Stenholm. Location: Room 215, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5825 - Electronic Surveillance Modernization Act.

9 a.m. SELECT INTELLIGENCE _ Full committee. Closed. Briefing on worldwide problem areas. Location: Room H-405, Capitol.

10 a.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on the EPA pesticide program. James B. Gulliford, Assistant Administrator, EPA; Jim Gray, North Dakota Department of Agriculture; Jay Vroom, President and CEO, CropLife America. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on the use of deceptive measure to obtain personal information, a practice called ``pretexting." Mark Hurd, H-P chairman and CEO; Patricia Dunn, former chairman of H-P; Ann Baskins, H-P general counsel; Kevin Hunsaker, H-P senior counsel; Anthony Gentilucci, H-P global security manager; Fred Adler, H-P computer security investigator; Larry Sonsini, H-P outside attorney; Joe Depante, owner of Action Research Group, Melbourne, Fla.; Ron DeLia, operator of Security Outsourcing Solutions Inc., Boston. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on improving financial literacy. Elisse B. Walter, NASD; David S. Chernow, JA Worldwide; Ted Beck, National Endowment for Financial Education; Julie Cripe, Omnibank (Houston); David G. Kittle, Principle Wholesale Lending, Inc., Louisville; Carl Sorgatz, Hawthorne Community Credit Union, Napersville, Ill.; Donald D. Kittell, Securities Industry Association; Stephen Brobeck, Consumer Federation of America; Frank Pollack, Pentagon Federal Credit Union. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on reconstruction contracting in Iraq. Katherine Schinasi, GAO; Stuart Bowen, Jr., Special Inspector General for Iraq Reconstruction; Deputy Assistant Army Secretary Tina Ballard; Joseph Tyler, Army Corps of Engineers; Amb. David Satterfield; James Bever, USAID; Ernest Robbins II, Parsons Infrastructure and Technology Group; Cliff Mumm, Bechtel Infrastructure Corp. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on transit security training procedures. Location: Room 311, Cannon.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on electronic voting machines. Edward W. Felten, Princeton University; Gary Smith, election director, Forsyth County, Ga.; Barbara Simons, co-chairwoman, U.S. Public Policy Committee, Association for Computing Machinery; Keith Cunningham, election director, Allen County, Ohio; James Dickson, American Association of People with Disabilities; Michael I. Shamos, Carnegie Mellon University. Location: Room 1310, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on new directions at Amtrak. Amtrak President Alexander Kummant. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on trends in force ands veteran health. Location: Room 334, Cannon.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on union representation for guards and national security implications. Janet Boston, organizer, Service Employees International Union; David W. Foley, President, Wackenhut Services, Inc.; David L. Hickey, International President, International Union, Security, Police, and Fire Professionals of

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America; William P. Schurgin, attorney, Seyfarth Shaw LLP, Chicago. Location: Room 2175, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on Hezbollah's reach. Frank C. Urbancic Jr., State Department; John Kavanagh, FBI; Eitan Azani, Herzliya Interdisciplinary Center, Herzliya, Israel; Christopher Hamilton, Washington Institute for Near East Policy; Ilan Berman, American Foreign Policy Council. Location: Room 2172, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on Medicare physician payments. Dr. Dirk M. Elston, Geisinger Medical Center, Danville, Pa.; Dr. William Golden, American College of Physicians; Dr. Paul A. Martin, Dayton, Ohio; Dr. Albert W. Morris, Jr., President, National Medical Association; Dr. Thomas Russell, American College of Surgeons; Dr. Thomas J. Weida, American Academy of Family Physicians; Dr. Cecil B. Wilson, American Medical Association; Dr. Nicholas Wolter, American Medical Group Association; Dr. Byron Thames, AARP; Dr. Sallie S. Cook, American Health Quality Association. Location: Room 2322, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on Haiti. Thomas A. Shannon, assistant secretary of State; Adolfo A. Franco, USAID; Mark L. Schneider, International Crisis Group. Location: Room 2172, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the role of faith-based organizations in U.S. African operations. Terri Hasdorff, USAID; Ken Hackett, president, Catholic Relief Services; Edward Phillips, chairman, Eastern Deanery Community-Based Health Care and AIDS Relief Program; Ken Isaacs, Samaritan's Purse. Location: Room 2200, Rayburn.

2 p.m. SCIENCE _ Full Committee. Hearing on development of the Crew Exploration Vehicle. Scott Horowitz, NASA; Allen Li, GAO. Location: Room 2318, Rayburn.

Other: COUNTERFEITING _ The US Chamber of Commerce, others hold the Third Annual Anti-counterfeiting and Piracy Summit. Highlights: 9:35 a.m. USTR Susan Schwab. 3:30 p.m. Commerce Secretary Gutierrez discusses efforts to protect intellectual property. Location: 1615 H St. NW.

JUDICIARY _ Georgetown University Law Center holds a conference on the state of the judiciary. Highlights: 9 a.m. Retired Supreme Court Justice Sandra Day O'Connor. 9:15 a.m. Session on judicial independence, with C. Boyden Gray, others. 10 a.m. Session on judicial selection and removal with California Chief Justice Ronald George, Arizona Chief Justice Ruth McGregor, others. 12:15 p.m. Luncheon with speaker Supreme Court Justice Stephen Breyer. Law Center's Hotung Building, 550 1st St. NW. Media must use the Tower Green entrance. 1:45 p.m. Session on interbranch relations, with former Sen. Tom Dasachle, former House Speaker Newt Gingrich, former Sen. Warren Rudman, others. 7:30 p.m. Dinner with speaker Supreme Court Chief Justice John Roberts. Mandarin Oriental Hotel, 1330 Marhyland Ave. SW. Location: Georgetown University Law wCenter, 600 New Jersey Ave. NW., unless otherwise noted.

RELIGION _ The Catholic University Columbus School of Law holds a symposium on religion in the public square. Highlights: 1:30 p.m. Sen. Sam Brownback. Location: 2nd floor Slowinski Courtroom, 3600 John McCormack Rd. NE.

WOMEN-DEMOCRATS _ The women's Leadership Forum of the Democratic National Committee holds its 13th Annual National Issues Conference. Highlights: 12:15 p.m. Sen. Hillary Clinton, DNC Chairman Howard Dean and New York congressional candidate Kirsten Gillibranc speak. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

KOSOVO _ 8:30 a.m. - 4:30 p.m. The American Council for Kosovo, Christian Solidarity International, and Religious Freedom Coalition, host a one-day conference, ``Reconsidering Kosovo." Issues to be examined include: Kosovo report card -- Europes ``Black Hole?; Organized crime, jihadism, and Kosovos impact on the War on Terror; 7 Human rights and religious freedom in an independent ``KosovA; Kosovos future status: impact on regional stability, international law, and other disputed regions." There will be a kKeynote address by Bishop Artemije of Raska and Prizren (Kosovo and Metohija), spiritual leader of Kosovos Christian Serbian community. Luncheon remarks by Rep. Trent Franks, R-Ariz. Speakers include: Doug Bandow , commentator; author of ``Foreign Follies: America's New Global Empire"; Former Special Assistant to President Ronald Reagan); Peggy Birchfield, Executive Director, Religious Freedom Coalition; Ambassador James Bissett, the last Canadian ambassador to Yugoslavia, and Julia Gorin, commentator; contributor, Jewish World Review, FrontPageMag.com. Location: Capitol Hill Club, Eisenhower Lounge, 300 First St. SE.

SEX TRAFFICKING SURVIVORS _ 9 a.m. The Department of Health and Human Services Administration for Children and Families sponsors a day-long conference on how to identify and support victims of sex trafficking. Highlights: 9 a.m. HHS Assistant Secretary for children and families Wade F. Horn, Amb. John R. Miller, members of Congress and survivors of human trafficking hold a news conference. Location: Holiday Inn Georgetown, 2101 Wisconsin Ave. NW.

BAUCUS-TRADE POLICY _ 8 a.m. Sen. Max Baucus addresses the Washington International Trade Association on

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the future of U.S. trade policy. Location: Hotel Washington, 515 15th St. NW.

KERRY-NATIONAL SECURITY _ 8:30 a.m. Johns Hopkins University's Nitze School of Advanced International Studies hosts briefing on ``National Security: A View from the Senate," with Sen. John Kerry, D-Mass. Location: Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW.

NO CHILD LEFT BEHIND _ 8:30 a.m. - 10 a.m. The National Journals Policy Council hosts a panel discussion on the impact of the No Child Left Behind Act on schools and recommendations for changes that should be made in next year's Congressional reauthorization. Participants: Keynote address by Rep. George Miller, D-Calif., ranking member, House Committee on Education and the Workforce. Panel discussion moderated by Andy Rotherham, co-founder and co-director, Education Sector, featuring Dr. Michael Cohen, President, Achieve Inc.; Dr. Rick Hess, Director of Education Policy Studies, American Enterprise Institute; Becky Pringle, Executive Committee, National Education Association; Bill Taylor, Chair, Citizens Commission on Civil Rights; and Ross Weiner, Principal Partner, The Education Trust. Location: Phoenix Park Hotel, Ballroom, 520 North Capitol St. NW.

GAS OUTLOOK _ 9:30 a.m. The Natural Gas Supply Association holds its 6th annual Winter Outlook media briefing. Location: Longworth Room, JW Marriott, 1331 Pennsylvania Ave, NW.

MILITARY READINESS _ 9:30 a.m. The Center for Strategic and International Studies holds a program with Reps. John Murtha and Neil Abercrombie on the state of U.S. military readiness. Location: B-1 conference level, 1800 K St. NW.

ELECTION-MUSLIMS _ 10 a.m. The Muslim American Society's Freedom Foundation holds a news conference to discuss its campaign for massive Muslim voter registration, education and mobilization for the November elections. Location: National Press Club.

GITMO-DETAINEES _ 10 a.m. David Cynamon, attorney for four remaining Kuwait detainees at Guantanamo Bay, holds a telephone briefing to discuss his trip to see his clients, share declassified notes and discuss the toll the imprisonment has taken on the men. Contacts: Christina Lycke, 202-973-1311. Notes: Callin number: 800-238-9007.

JUSTICE-WAINSTEIN _ 10 a.m. Attorney General Alberto R. Gonzales will deliver remarks at the swearing-in ceremony of Kenneth L. Wainstein as Assistant Attorney General for the new National Security Division. Location: The Great Hall, Department of Justice, 950 Constitution Ave. NW.

METH-RURAL _ 10 a.m. The Senate Democratic Policy Committee holds a panel discussion on the methamphetamine epidemic in rural America. Location: Room S-211, Capitol.

UNINSURED CHILDREN _ 10 a.m. Ron Pollack, Executive Director, Families USA, others, hold a press briefing to release a report showing that a majority of the more than 9 million children without health insurance in the United States live in two-parent families, and that in most of these two-parent families, both parents work. Location: National Press Club, First Amendment Room.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera news conference. Location: House Radio-TV Gallery.

SMALL BUSINESS _ 10:30 a.m. Democratic members of the House Small Business Committee release their annual end of the year report. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

ANTIWAR-BECHTEL _ 11:30 a.m. Iraq Vets Against the War and the UPRISE Counter-Recruitment Tour host an event during which Iraq veterans and their supporters will serve an ``eviction notice" to Becthel Corporation ordering the to leave Iraq. Organizers say the believe Bechtel has unfairly profited from an immoral and unjust war. Location: Bechtel's corporate office, 1015 15th St. NW.

CHAO _ 11:30 a.m. Labor Secretary Chao addresses a joint meeting of the National Academies of Science and Engineering. Location: NAS Auditorium, 2101 Constitution Ave. NW.

CONGRESSIONAL BLACK CAUCUS _ 11:30 a.m. The Congressional Black Caucus holds a press conference after its meeting with Secretary of State Condoleezza Rice to discuss Darfur. They will discuss Darfur, Hurricane Katrina next steps, HIV/AIDS, the midterm elections and issues relevant to the African American community, both domestic and international. Location: House Radio-TV Gallery. Notes: 5 minute photo spray at 9:30 a.m. in Room B-338, Rayburn.

LOCKHART-HOUSING _ 12 p.m. James Lockhart III, director, Office of Federal Housing Enterprise Oversight (OFHEO), addresses a National Economists Club luncheon. Topic: ``The Current GSE Regulatory and Economic Environment and the Need for Reform. Lockhart will discuss current regulation of Fannie Mae and Freddie Mac. In this context, he will discuss the Enterprises role in the financial markets and the US economy. Location: Chinatown Garden Restaurant, 618 H St. NW.

GOVERNMENT SECRECY _ 12 p.m. - 2 p.m. The Association of American Publishers hosts a forum, ``Protecting Privacy, Challenging Secrecy, and Standing up for the First Amendment." Participants are ABC News reporters Brian Ross and Richard Esposito; New York Times reporter James Risen; journalist/author Mark Feldstein; and ``John Doe" librarians from Connecticut. Location: National Press Club.

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NAFTA _ 1 p.m. The Economic Policy Institute holds a telephone briefing with economists from th U.S., Mexico and Canda to discuss the North American Free Trade Agreement at 12 years. Contacts: Nancy Coleman, 202-775-8810.

MINIMUM WAGE _ 1:15 p.m. Reps. Steny Hoyer and George Miller hold a telephone briefing to call on Republicans to have a clean yes or note vote on raising the minimum wage. Contacts: Brad Woodhouse, 202-263-4575. Notes: Call in number: 888-325-3989; passcode: 2139490.

IMMIGRANTS-LITERACY _ 1:30 p.m. US Citizenship and Immigration Services Chief of Citizenship Alfonso Aguilar will participates in a panel on ``Literacy and the New American Immigrant at the 2006 Fall for the Book Festival. Location: Johnson Center, Dewberry Hall, George Mason University, 4400 University Drive, Fairfax, Va.

DEMOCRATS-MINIMUM WAGE _ 2 p.m. Senators Edward M. Kennedy, Dick Durbin, and Hillary Clinton will discuss the failure of this Congress to raise the minimum wage. They will be joined by AFL-CIO President John Sweeney and Julie Smith, a former minimum wage worker from Ohio. Location: Room 430, Dirksen Senate Office Building.

NORTH KOREA _ 4:30 p.m. Journalist Selig Harrison reports on his recent trip to North Korea, sponsored by the School of Advanced International Studies. Location: Auditorium, 1619 Massachusetts Ave. NW.

MOTHERHOOD _ 6 p.m. MomsRising.org group sponsors premiere of new documentary on the state of motherhood in America, with Sens. Hillary Clinton, Barack Obama, Edward Kennedy and Christopher Dodd. Location: Room 562, Dirksen.

RANGEL-FOREIGN SERVICE _ 6 p.m. Congressman Charles Rangel will introduce ten new Foreign Service officers who are graduates of the trail-blazing Charles B. Rangel International Affairs Program to improve diversity in the Department. The program is administered through Howard University. Location: Room 2354, Rayburn House Office Building.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 28, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

House Passes Detainee Bill 253-168, With Senate Approval Expected Today. Fox News' Special Report (9/27, Hume) reported the House "passed a bill governing the treatment and trial of war on terror detainees. Passage of the measure was expected. What was not expected were the strong objections of Democrats who contend the bill is unfair to detainees and hurts America's standing around the world." The bill passed 253-168, with 160 Democrats opposed. The New York Times (9/28, Hulse, Zernike, 1.21M) notes that most of the 34 Democrats who supported the bill are in "more competitive districts" this fall. USA Today (9/28, 6A, Kiely, 2.27M) says the measure "is headed for Senate approval today, as Congress tries to balance national security needs with the rights of prisoners." It would "permit creation of military tribunals to try terrorism suspects" and would also "allow President Bush to claim a legislative victory on national security 40 days before the Nov. 7 elections." The Hill (9/28, Allen, Tiron) notes that since the Senate is "considering identical but separate legislation," one chamber "would still have to pass the other chamber's version of the bill for it to be sent to the president."

The AP (9/27, Flaherty) says the legislation "also provides extensive definitions of war crimes such as torture, rape and biological experiments -- but gives Bush broad authority to decide which other techniques U.S. interrogators can legally use. The provisions are intended to protect CIA interrogators from being prosecuted for war crimes." AFP (9/27, Raab) says that while the bill "forbids 'cruel and unusual' punishment of detainees," it does not offer "further clarification of what falls in that category."

A straightforward Washington Post (9/28, A1, Babington, 748K) report says the President "is scheduled to meet with GOP senators in the Capitol this morning for a final pep rally before the measure's expected passage. Republicans hope to campaign on the bill as proof of their party's tough stand against terrorists. Many congressional Democrats decided to swallow their misgivings and vote for the bill to avoid being portrayed as less than vigilant against suspects captured in Afghanistan, Iraq and elsewhere."

The Washington Times (9/28, Hurt, 88K) reports that just before the vote, Majority Leader John Boehner "made clear that Republicans will use the vote in the November elections against Democrats who opposed the bill." He said, "Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" Later, House Speaker Dennis Hastert said, "Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists. So, the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled if we followed the Democrat plan."

The Los Angeles Times (9/28, Simon, Barnes, 918K) reports that as the Senate debate began, Majority Leader Bill Frist said, "We must remember that we are fighting a different kind of enemy -- and a different kind of war. To win this war, we must provide our military, intelligence and law enforcement communities the tools they need to keep us safe." But Armed Services ranking Democrat Carl Levin "objected that the measure would be 'used by our terrorist enemies as evidence of U.S. hypocrisy when it comes to proclamations of human rights.'"

Editorial Pages Critical Of Legislation. Newspaper commentary on the measure is markedly negative. Under the headline "Rushing Off A Cliff," the New York Times (9/28, 1.21M) editorializes, "Here's what happens when this irresponsible Congress railroads a profoundly important bill to serve the mindless politics of a midterm election: The Bush administration uses Republicans' fear of losing their majority to push through ghastly ideas about antiterrorism that will make American troops less safe and do lasting damage to our 217-year-old nation of laws -- while actually doing nothing to protect the nation from terrorists. Democrats betray their principles to avoid last-minute attack ads. Our democracy is the big loser."

The Los Angeles Times (9/28, 918K) editorializes that Senate Judiciary Chairman Arlen Specter's "warning that the Supreme Court is likely to invalidate pending legislation that would create military commissions to try terrorist suspects deserves a hearing -- in the Senate. The problem with the legislation…is that it would make it impossible for alleged enemy combatants to file what is known as a writ of habeas

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corpus, which allows them to challenge the legality of their imprisonment. … On Wednesday, the House approved a bill that does not permit detainees to file habeas corpus petitions. That means that it will be up to Specter and his colleagues to preserve the Great Writ when the Senate votes."

In a Los Angeles Times (9/28, 918K) op-ed, Bruce Ackerman, author of "Before the Next Attack: Preserving Civil Liberties in an Age of Terrorism," writes, "The compromise legislation, which is racing toward the White House, authorizes the president to seize American citizens as enemy combatants, even if they have never left the United States. And once thrown into military prison, they cannot expect a trial by their peers or any other of the normal protections of the Bill of Rights. This dangerous compromise not only authorizes the president to seize and hold terrorists who have fought against our troops 'during an armed conflict,' it also allows him to seize anybody who has 'purposefully and materially supported hostilities against the United States.' This grants the president enormous power over citizens and legal residents."

Judge Denies Ashcroft Immunity In Terrorism Case. The AP (9/28, Boone) reports from Boise, ID, "Former U.S. Attorney General John Ashcroft could be called to testify in a lawsuit that claims a student was wrongly imprisoned in a computer terrorism case, a federal judge ruled Wednesday." The AP continues, "U.S. District Judge Edward Lodge rejected Ashcroft's argument to toss out the lawsuit because he was entitled to absolute immunity since his position at the Department of Justice was prosecutorial." The AP adds, "Abdullah al-Kidd, who played football for the University of Idaho, claimed government wrongfully arrested him in the case against a fellow student, Sami Omar Al-Hussayen, in 2003. … They both worked for the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators said funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States." The AP notes, "A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia. … Al-Kidd was never called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel. … His lawsuit claimed Ashcroft was personally liable for violating his rights because after the terrorist attacks Ashcroft 'created a national policy to improperly seek material witness warrants, oversaw the execution of such warrants, and failed to correct the constitutional violations of conducting such actions,' according court documents. Al-Kidd said the investigation and detainment not only caused him to lose a scholarship to study in Saudi Arabia, but that it cost him employment opportunities. … The ruling also means U.S. Attorney General Alberto Gonzalez and others in the Department of Homeland Security could be called to testify in the lawsuit. … 'We are literally reviewing it at this minute and no, we have not made any decisions at this time,' Charles Miller, spokesman for the Justice Department's civil division, said of the ruling."

Domestic Surveillance Dispute Heads For Detroit Courtroom. The Detroit Free Press (9/28, Ashenfelter) reports, "Justice Department lawyers will be back in federal court in Detroit on Thursday to try to persuade a judge to delay enforcement of last month's decision to halt the National Security Agency's domestic spying program until the outcome of the government's appeal. … And ACLU lawyers will be there to try to persuade U.S. District Judge Anna Diggs to order the government to stop the program now." The Free Press continues, "Taylor ruled Aug. 17 that the Bush Administration's program of monitoring international phone calls and emails involving suspected Al Qaeda members is unconstitutional because it violates Americans' free speech and privacy rights and is contrary to the Foreign Intelligence Surveillance Act of 1978. … Under that law, the government can eavesdrop for up to a year without a warrant provided the Attorney General certifies that the eavesdropping is legal." The Free Press adds, "The Justice Department appealed Taylor's ruling to the U.S. 6th Circuit Court of Appeals in Cincinnati."

Albany Terrorism Case Defendant Takes Stand. Capital News 9 Albany (9/27) reported, "The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand. … Prosecutors finished up with a Middle Eastern expert who explained what references in [Mohammed] Aref's journal are terrorist organizations and which ones aren't. Once Aref took the stand, the mood clearly changed in the courtroom as Aref explained his growing up in Northern Iraq where Saddam Hussein killed more than 180,000 fellow Kurds in the late 1980s. That's important because Aref argues that his rhetoric the courtroom previously heard was directed at Saddam's regime and that he's always been peaceful as he spoke out as a student 0- but not a member of any political party which prosecutors accused him of omitting on an immigration document."

PATRIOT ACT:

Patriot Act, Real ID Reducing Number Of Refugees Allowed To Enter US. The New York

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Times (9/28, Swarns, 1.21M) reports State Department officials said Wednesday that the USA Patriot Act and the Real ID Act have led to a 23 percent reduction in the number of refugees admitted to the US this year because "of provisions…that have sharply reduced the number of resettled refugees." The provisions, which "deny entry to anyone who belongs to or has provided material support to armed rebel groups," regardless of circumstances, "have derailed the resettlement of thousands of refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 60's, according to the State Department and the United Nations refugee agency."

Refugees Settling In Non-Traditional Areas. Meanwhile, the Washington Post (9/28, A3, Layton, 748K) a study released today by the Brookings Institution finds more political refugees in the US are "putting down roots in metropolitan areas without large immigrant populations." Brookings "found that while traditional immigrant gateways such as New York, Chicago and Los Angeles still absorb most refugees, that flow has slowed in the past several years, and refugees are increasingly settling in Seattle, Atlanta, Sacramento, Minneapolis-St. Paul and Portland, Ore." Audrey Singer, a Brookings demographer who co-wrote the study, said states "such as Iowa, Pennsylvania and North Dakota, have been lobbying for refugees."

HOMELAND RESPONSE:

House Democrats' Report Critical Of Administration's Local Anti-Terror Efforts. The Wall Street Journal (9/28, Block, 2.03M) reports, "Amid the political storm over the intelligence community's report that al Qaeda remains a serious threat to the US homeland, House Democrats plan to release a report Thursday accusing the Bush administration of failing to support local police as the frontline against terrorism. The report says the administration hasn't done enough to reach out to the country's 800,000 state and local police officers to determine their needs in fighting terrorism." DHS "officials said the department is working on ways to improve the information flow to police, and next month expects to roll out initiatives to cooperate more closely with state and local law enforcement." The report, prepared for Rep. Bennie G. Thompson, "follows growing complaints from police departments around the country that federal agencies, especially the Department of Homeland Security, deny local law enforcement access to timely, relevant information about threats and terrorist activity."

DHS Official Who Made Anti-Terror Funding Cuts Is Out. The Long Island Newsday (9/28, Eisenberg) reports, "The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources." Newsday continues, "Tracy Henke, executive director for grants and training, was responsible for divvying up anti-terror money to cities, ostensibly based on risk. She ignited a firestorm in June after the department slashed funding to New York and Washington while bolstering money for cities such as St. Louis and Kansas City in her home state of Missouri. … 'She didn't do a good job and my understanding is she's not going to be there much longer,' Rep. Peter King, chairman of the House Homeland Security Committee, said yesterday. … 'I view her as being primarily responsible for the terrible cuts that were made to New York in June,' the Seaford Republican said. 'She did a poor job in coming up with the numbers. She did a poor job of explaining it to the committee and, quite frankly, a lot of people didn't like her attitude.'" Newsday adds, "That vote of no confidence appears to extend to the White House. This week, White House Homeland Security Adviser Frances Townsend told a group of reporters that she had been 'quite surprised and dismayed' by the grant decisions. … Henke, a backdoor appointment by the White House Jan. 4, had not been confirmed by the Senate before the funding controversy because of concerns about her qualifications, as well as allegations she played politics in her prior job at the Justice Department."

Suspicious Package Forces Evacuation Of DC Federal Courthouse. The Washington Post (9/28, Leonnig, Branigin) reports, "A federal courthouse in downtown Washington was evacuated for about three hours today because of what authorities described as a suspicious package, which was later determined to be harmless." The Post continues, "The evacuation disrupted a hearing in a high-profile case stemming from the leak of a CIA operative's name. The hearing, originally set for 10 a.m., was rescheduled for 1:30 p.m., about an hour after authorities reopened the E. Barrett Prettyman Federal Courthouse." The Post adds, "According to acting chief judge Henry Kennedy, the suspicious item, which was found by a security guard in a construction zone near the courthouse, may have contained the soiled clothing of a homeless person. A bomb-sniffing dog alerted to the item, possibly because of nitrates on the clothing, Kennedy said. Nitrates used as oxidizing agents can be mixed with other compounds to form flammable or explosive material. … In addition to examining the suspicious package, authorities swept the courthouse building for explosives but did not find any, officials said."

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The AP (9/28, Apuzzo) reports, "Evacuation of the courthouse occurred shortly before a hearing was to begin in the CIA leak case. The hearing was reset for 1:30 p.m. … Special prosecutor Patrick Fitzgerald and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby." The AP adds, "The defendant in the case, former White House aide I. Lewis 'Scooter' Libby, and his legal team arrived a short time later and joined the throng outside the courthouse."

Emergency Room Strain Raises Disaster Preparedness Concerns. The Washington Post (9/28, A11, Lee, 748K) reports, "Emergency rooms at many hospitals are routinely stretched to the breaking point, raising concerns that they would not be able to handle victims during a terrorist attack or natural disaster, according to congressional testimony yesterday and a new federal study. Between 40 percent and 50 percent of emergency departments experienced crowding during 2003 and 2004, the study by the Centers for Disease Control and Prevention found." The findings, which "echo three reports published in June by the Institute of Medicine, a branch of the National Academies," have sparked "interest in Congress, and the Senate Health subcommittee on bioterrorism and public health preparedness convened a panel of experts yesterday to discuss the problems. 'If our emergency rooms are stretched thin now, how will they provide medical care in the event of a disaster?' Sen. Richard Burr…said in a statement."

Collins, King Say Chemical Plant Security Agreement Will Protect Americans. Sen. Susan M. Collins and Rep. Peter T. King, in a letter to the New York Times (9/28, 1.21M) write that the paper's Sept. 25 editorial criticizing an agreement on chemical plant security as weak did "not include some basic facts. The chemical security legislation we negotiated will give the secretary of homeland security new authority to set mandatory standards for high-risk chemical plants and, equally important, to enforce those standards. The bill gives the secretary the strongest possible authority: the power to shut down dangerous plants." Collins and King write that the editorial's assertion "that Congress has done nothing to protect Americans from a terrorist attack on chemical plants is off the mark. We prevailed in including provisions fought by the chemical industry's trade associations. … We also included a three-year sunset to prompt Congress to pass even more extensive legislation."

Holt Harshly Criticizes FBI Over Anthrax Probe. The AP (9/28, de la Cruz) reports New Jersey Democratic Congressman Rush Holt "said Wednesday it should have taken the FBI days, not years, to determine the anthrax used in 2001 that killed a Connecticut woman and four other people was much less sophisticated than believed." Holt "asked FBI Director Robert Mueller for a classified briefing about the status of the bureau's investigation into who was behind the attacks. … In his letter to Mueller, Holt said the FBI's failure to determine what kind of anthrax was used meant that 'resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed.'"

Johanns Says Americans Should Not Discount Agroterrorism Threat. In a widely-distributed story, the AP (9/28, Fisher) reports, "There hasn't been a specific terrorist threat against the U.S. food supply, but Americans should not take the safety of their food for granted, U.S. Agriculture Secretary Mike Johanns said Wednesday. … Johanns, who delivered the keynote address to about 1,000 delegates from 21 countries attending the second International Symposium on Agroterrorism, said the recent outbreak of E. coli in spinach shows how quickly food-borne illnesses spread and how tough they can be to trace." The AP notes, "Johanns pointed to steps the government has taken to ensure a safe food supply, including the U.S. Department of Agriculture's animal identification system," and he "said partnering with businesses and coming up with new ways to protect the food supply would be an ongoing concern of the administration."

WAR NEWS:

White House Refuses To Release Entire NIE. The AP (9/28, Shrader) reports, "The White House refused Wednesday to release the rest of a secret intelligence assessment that depicts a growing terrorist threat, as the Bush administration tried to quell election-season criticism that its anti-terror policies are seriously off track." Press secretary Tony Snow "said releasing the full report, portions of which President Bush declassified on Tuesday, would jeopardize the lives of agents who gathered the information." It would also "risk the nation's ability to work with foreign governments and to keep secret its US intelligence-gathering methods, Snow said, and 'compromise the independence of people doing intelligence analysis.'"

Much of the coverage describes the debate over the NIE as having put the White House on the defensive. In political terms, reports suggest the issue could give Democrats an opening in the final weeks of the congressional campaigns. The New York Times (9/28, Nagourney, 1.21M), for example, says "the dispute…has threatened a pre-election script in which the White House had sought to put Democrats on the defensive on national security. As the White House saw it, this was to have been the week in which Republicans seized the advantage by pushing two antiterrorism bills through Congress over the objections of

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recalcitrant Democrats." Instead, "on Wednesday for the second day in a row, Democrats seized on the intelligence report as confirmation of their case that the Iraq war has in fact compounded the global terrorism threat." However, "Republicans said even if they were momentarily put off course, they were confident that in the end this fight would not help the Democrats. Democrats, they said, lose every time they try to fight Republicans on the issue of security."

Fox News' Special Report (9/27, Baier) reported that "top Democrats on Capitol Hill, eager to use the report as evidence the Iraq war has made the US less safe, called for the full NIE to be released." CNN's The Situation Room (9/27, Koppel) said "for the third day in a row, Democrats went on the attack. The chairmen of both the Senate and the House Congressional Campaign Committees even called a press conference today to again really put Republicans on the spot and put a question to them." Democrats are "expressing optimism that the NIE's findings could even win them some more votes in November, as they seek to tie Republicans who continue to support U.S. policy in Iraq with President Bush."

All three networks reported on the NIE last night, portraying the controversy as a negative for the White House and Republicans in general. NBC Nightly News (9/27, story 3, 2:40, Williams, 9.87M) reported the parts of the report "that were made public yesterday are creating a major campaign issue." NBC (Gregory) added, "From Afghanistan to Iraq no one questions whether this President has been tough on terror, but what is the result? Mr. Bush says one thing." President Bush: "Five years after September 11th, 2001, America is safer and America is winning the war on terror." Gregory: "This grim intelligence report says another: That 'jihadists…are increasing in both number and geographic dispersion.' Are we really winning? Three years ago that was the question Defense Secretary Rumsfeld asked in this memo to top advisors, 'Are we capturing, killing and deterring more terrorists every day than the Madrassas and the radical clerics are deploying against us?' The report says no. Democrats charge the US is creating more terrorism because of Iraq." Sen. Joseph Biden: "It is not a surprise at all that we have been significantly limited in our ability to deal with worldwide terror because we are tied down and bogged down in Iraq."

ABC World News (9/27, story 2, 1:30, Raddatz) reported, "The White House was under fire today to explain how the President can say we are winning the war on terror when its own intelligence agencies say the global jihadist movement is spreading. Tony Snow had many answers." Snow was shown saying, "Since September 11, 2001, we have not been attacked. Al Qaeda has been significantly degraded. The operational structure has been weakened." Raddatz: "There are more of them. They're more the dispersed. They're harder to find. And yet, the President is saying we're winning the war on terrorism." Tony Snow: "That's right. We're also fighting the war on terrorism." Raddatz: "But Democrats clearly see political opportunity. Little more than 24 hours after the release of the report, the political ads are ready. Connecticut Democrat, Chris Murphy, zeroing in on Republican incumbent Nancy Johnson." Murphy Ad: "A new intelligence report says Johnson's support of President Bush's war in Iraq has increased terrorism." Raddatz: "And in the where are your friends when you need them category, one of America's principal allies in the war, Pakistan's Pervez Musharraf, told comedian John Stewart, the war in Iraq has had a negative impact." President Pervez Musharraf: "It has led to more extremism and terrorism around the world."

CBS Evening News (9/27, 2:40, Martin, 7.66M) led its broadcast with the story, reporting, "Although the White House today called the National Intelligence Estimate on terrorism a snapshot, it is really a forecast. In the words of the document, it analyzes the nature of the threat terrorist groups will pose during the next five years." Paul Pillar, former CIA Counter Intelligence officer: "It lays out the direction we're heading and the direction we can expect to see continue to evolve over the next five years if we don't change course." To the question "do the folks at the Pentagon believe there's anything that might change that bleak forecast," CBS replied, "The estimate singles out two things, one getting bin Laden and Zarqawi, which could cause al Qaeda to break apart and, two, winning in Iraq which could convince some terrorists to give up the fight."

In its analysis of the NIE, the Christian Science Monitor (9/28, Grier, 58K) reports, "Military pressure has had an effect on Al Qaeda, changing it from a centralized organization to more of a diffuse movement, according to the NIE." But "the invasion of Iraq has allowed jihadists a 'cause célèbre,' the document notes." The report also "notes that the jihadists would be further helped by an appearance of success in Iraq -- such as a US pullout. Their cause would be damaged, says the NIE, if 'jihadists leaving Iraq perceive themselves, and be perceived, to have failed.'"

The Wall Street Journal (9/28, Solomon, Lueck, 2.03M) reports Snow said yesterday the report "confirms the importance of the war in Iraq as a bulwark against terrorists. 'Iraq has become, for them, the battleground,' he said. 'If they lose, they lose their bragging rights. They lose their ability to recruit.'"

The New York Times (9/28, Mazzetti, 1.21M) reports, "In mid-August, John D. Negroponte, the director of national intelligence, gave the go-ahead for a National Intelligence Estimate that will address security in Iraq and the potential for civil war there. White House and intelligence officials say the work is still in its early stages and will not be done until next year." But "Democrats contend that the White House is "slow rolling" the document -- that is, deliberately withholding what

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could be bleak conclusions -- until after the November elections." The Democrats "have intensified those complaints since the White House, under political pressure, on Tuesday released parts of a separate intelligence report, a sober assessment of global terrorism." Yesterday, Rep. Jane Harman, the ranking Democrat on the House Intelligence Committee, "even said sources had told her that a draft of the document had been finished."

The Los Angeles Times (9/28, Miller, Wallsten, 918K) reports Frances Townsend, White House domestic security advisor, "said…that the intelligence estimate focusing on Iraq was expected to be finished in January. A senior US intelligence official cautioned, however, that Negroponte's office had not set a timetable for the completion of the work, suggesting it could be delayed beyond the beginning of next year."

Cheney Says Declassifying Intelligence Reports Hurts Efforts In War On Terror. Fox News' Special Report (9/27, Baier) reported, "In an exclusive interview with Fox, Vice President Dick Cheney said declassifying intelligence reports to counter leaks hurts US efforts in the war on terror." Cheney: "It has a corrosive effect inside the bureaucracy. The inability to receive classified information and have it stay classified is devastating."

Intelligence Experts Say NIE Leak Has Damaged War On Terror. CNN's The Situation Room (9/27, Todd) reported, "The White House holds firm, it will not release the bulk of a classified National Intelligence Estimate on terrorism. That would risk the lives of agents, officials say, compromise sources and methods. … But the damage has already been done, say intelligence experts." CNN added, "There's also the spin factor. As one former CIA officer put it, Al-Jazeera will get this material and the jihadists will use it for propaganda. And there's cumulative damage. This is the fifth leak of a major intelligence operation in recent months, after the warrantless wiretapping program, the monitoring of terrorist financing, the collection of phone records, and the CIA secret prisons leak. The result of all those leaks put together, former CIA officers say terrorist networks now know more about how they're monitored than they've ever known before."

Boehner Says NIE Shows Victory In Iraq Will Undercut Terrorists' Ability To Recruit. House Majority Leader John Boehner said on MSNBC's Hardball (9/27) that "if you look at what was leaked out of the National Intelligence Estimate over the weekend by the New York Times, and you read the rest of what was declassified yesterday, you also see in there that they make it clear that winning in Iraq will undercut their ability to recruit new terrorists. Republicans are serious about giving the President the tools to take on the terrorists and to defeat them, while our colleagues across the aisle say all the right words, but when it comes to standing up and voting to give the president the tools, they are never there."

More Commentary. The Wall Street Journal (9/28, A16, 2.03M) editorializes, "National Intelligence Estimates are bland documents that represent the lowest-common-denominator judgment of more than a dozen intelligence agencies. We doubt they're very useful for policy makers, and they certainly aren't suitable for use as political cudgels in a national election." Bush "could do himself, and the country, a favor if he reacted to this latest attempt to politicize NIEs by asking our spy agencies to stop producing them. Their focus should be more and better intelligence. They should leave the policy judgments to elected officials -- and the voters."

The Washington Post (9/28, A22, 748K) editorializes, "Bush was right to declassify and release the intelligence community's most recent estimate of global terrorism." The document's "grim conclusions are hard to square with Mr. Bush's contention that the country is 'safer' today than it was five years ago or that the invasion of Iraq helped rather than hindered the fight against terrorism. In fact, the president seems unwilling to accept the conclusions of the intelligence professionals."

The Los Angeles Times (9/28, 918K) editorializes, "The argument that the US presence in Iraq has exacerbated the international terrorist threat is an important one fully deserving of discussion. So is the NIE's conclusion, more congenial to the Bush administration, that defeating insurgents in Iraq would demoralize other potential jihadists. That debate was going on before the NIE was publicized." And "it should continue after the thrill of declassification is gone."

Fouad Ajami, a professor at the School of Advanced International Studies at Johns Hopkins, writes in the Wall Street Journal (9/28, A16, 2.03M), "Strictly speaking, the National Intelligence Estimate…is not a finding: It is an assessment of Islamic terrorism and its perceived links to Iraq. (It is odd, and ironic, that the intelligence agencies that had been mocked by liberal opinion for their reporting on Iraq before the war have now acquired an aura of infallibility.)"

David Brooks writes in the New York Times (9/28, 1.21M), "The National Intelligence Estimate predicts terror violence will get worse in the years ahead. The scarier estimate was made by a veteran of the 1948 Arab-Israeli war, in conversation with his grandson who now lives in Boston: 'This is forever.'"

Bush Dinner Provides Forum For Karzai, Musharraf To Air Differences. The Washington Post (9/28, A16, Abramowitz, 748K) reports President Bush "welcomed the feuding leaders of Afghanistan and Pakistan to the White House last night for an unusual round of personal diplomacy aimed at forging better relations between two key partners in U.S. efforts to hunt down members of al-

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Qaeda and other Islamic terrorists." Presidents Hamid Karzai and Pervez Musharraf agreed to join "Bush and his most senior advisers" because the "two have been sniping at each other for months over what Karzai considers Pakistan's tolerance of Taliban militants crossing the border to mount armed attacks in Afghanistan. Musharraf has testily rebutted Karzai's assertions," and Administration "officials are worried that the deteriorating relations between the two men threaten their effort to pacify Afghanistan and hunt down Osama bin Laden." The Post notes, "A White House statement said the three leaders 'committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan.'" The Post says the Administration "is confronting a resurgent Taliban," and "tense relations between Pakistan and Afghanistan date back years." The AP (9/28) says that "judging by the body language,… there were plenty of tensions to overcome."

The New York Times (9/28, Stolberg, 1.21M) reports Musharraf and Karzai "stood glumly -- more like caged cats -- in the Rose Garden." The Washington Times (9/28, Curl, 88K) says "the three men then walked grim-faced down the colonnade, heading to what was expected to be a tense dinner of 'sunchoke' soup, spicy sea bass and endive salad in the Old Family Dining Room of the White House."

The Los Angeles Times (9/28, Richter, 918K) reports the story under the headline "Hold the Vinegar, Bush Urges," noting "aides said Bush hoped" that the leaders "would promise to improve cooperation and intelligence-sharing on their shared border, the site of escalating attacks by Taliban and Al Qaeda fighters." After dinner, Tony Snow "released a statement saying the three leaders had 'committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan.'"

All three networks reported on the dinner, which took place after their evening broadcasts. NBC Nightly News (9/27, lead story, 2:55, Williams, 9.87M) reported, "To call this a dinner party would be a big mistake." NBC (Miklaszewski) added, "US officials for years suspected members of Pakistan's intelligence service were aiding the Taliban. And in an interview today for NBC's 'Meet the Press,' Musharraf admits former intelligence officials may be working with the Taliban." President Pervez Musharraf: "We are keeping a very tight watch and we will get all of them if that happens." Miklaszewski: "40,000 US and NATO troops are battling the Taliban in Afghanistan and NATO commanders confirm Taliban leaders conduct the operations from Pakistan." Robert Templer, foreign policy analyst: "As long as they have a refuge in Pakistan this battle will be extremely difficult. If you can escape to a place where you can rearm, train and recruit, it is extremely difficult for NATO and the US forces to get rid of them." Miklaszewski: "Before 9/11 Pakistan relied on the Taliban to keep Afghanistan under control. Some foreign policy experts now fear that old connection may be hard to break, Brian."

ABC World News (9/27, story 3, 0:25, Gibson) reported, "Should be an interesting meal." CBS Evening News (9/27, story 2, 0:55, Axelrod, 7.66M) said "these two men [are] obviously very important in the hunt for Osama bin Laden because bin Laden is thought to be hiding in the borderlands of these two countries."

CNN's The Situation Room (9/27, Roberts) also reported that the stakes are "huge" for Bush, adding that "these are two of the three most important nations when you're talking about that war on terror, perhaps Iraq first, Afghanistan second, and Pakistan third."

Attacks On US Troops Along Pakistani Border Have Tripled Since Truce. The Washington Times/AP (9/28, Krane) reports, "American troops on Afghanistan's eastern frontier have seen a tripling of attacks since a truce between the Pakistani army and pro-Taliban tribesmen that was supposed to stop cross-border raids by militants, a US military officer said yesterday." Pakistan's Foreign Ministry "rejected the US assertion and said home-based insurgents were behind the violence in Afghanistan, where at least 25 militants were reported killed in fighting yesterday." The AP adds, "Raising further questions about the cease-fire, a Pakistani political leader maintained that Taliban leader Mullah Mohammed Omar approved the deal. A government official denied that."

Meanwhile, the Washington Post (9/28, A1, Constable, 748K) reports, "Three weeks after…Musharraf announced a peace pact with Taliban radicals in a tribal area bordering Afghanistan, recent visitors say there is now pin-drop silence in a territory that once shook with artillery and bomb blasts. Religious patrols are enforcing law and order, they say, in place of Pakistan army troops who have withdrawn to their barracks." But "as the toll from violence rises across the border in Afghanistan, with suicide bombings killing 22 people in three cities this week, there are reports that militant Pakistani tribal leaders, while complying with their pledge to reduce the presence of foreign Islamic fighters, intend to defy the peace pact by sending local fighters and suicide bombers into Afghanistan." Musharraf "continues to deny Afghan charges that the Pakistani government is sheltering and encouraging the revived Taliban insurgency from the tribal zones." But "people interviewed in northwest Pakistan said there is widespread support in the tribal region for the Taliban movement's harsh Islamic morality and its war against US forces and their allies in Afghanistan."

Karzai Says Musharraf Isn't Doing Enough. Afghan President Hamid Karzai was asked on CNN's The Situation Room (9/27) about Pakistani President Pervez Musharraf's

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claim that Karzai is turning a blind eye to what is happening in his country. Karzai said, "He is right to say that I know the facts. I indeed know the facts, but I also know a lot of facts in Pakistan. And that's why I am pleading with President Musharraf that, for the sake of security for all of us and for our allies, it is extremely important to place serious attention and take action against some of the places called madrassas that are not madrassas, but are training extremists full of hatred for the rest of the world." Karzai added that Musharraf is "not doing enough." USA Today/AP (9/28) reports, "Musharraf says Karzai has bad information and noted that Pakistan has deployed 80,000 troops along the border." Musharraf also "said Karzai is behaving 'like an ostrich,' refusing to acknowledge the truth and just being political."

UK Defense Minister Says NATO Needs Faster Response To Taliban. The Financial Times (9/28, Fidler) reports, "Nato takes too long to build forces for its missions and needs to be able to respond more rapidly to requests for troops, Des Browne, the UK's defence minister, said on Wednesday." Speaking "the day before a meeting of defence ministers of the 26-member alliance in Slovenia that is set to discuss a military request for more Nato troops in Afghanistan," Browne "said Nato faced a short-term test in getting 'boots on the ground or the equipment in to support them' in Afghanistan."

Senior US Commanders Question Maliki's Will To Prevent Civil War. The Washington Post (9/28, A19, Raghavan, 748K) reports "senior U.S. military commanders" are questioning whether Iraqi PM Nouri al-Maliki "has the political will to weed out official corruption and tackle the brutal militias that are threatening to plunge Iraq into civil war." One official, :who spoke on condition of anonymity at a briefing with reporters" said, "It's going to take time for a government to cleanse itself over time." The Post says the "questions about Maliki are being posed only privately, with U.S. officials in their public statements still voicing cautious confidence in Maliki's ability to recognize and tackle the problems."

Meanwhile, the New York Times (9/28, Oppel, 1.21M) says the officials said the Maliki government must also "purge ministries of corrupt officials who are diverting large sums of money to their own political parties." An unnamed official said Iraqi parties "who were plundering ministries were squandering chances to make progress that could reduce sectarian violence." The Los Angeles Times (9/28, Moore, 918K) says the official said the Maliki government is "thwarting efforts to go after Shiite death squads" in comments that "highlight rising American dissatisfaction" with Maliki and an "increasing willingness to exert pressure on the fledging Iraqi government."

Chiarelli Says US Thinks Maliki Running Out Of Time. McClatchy (9/28, Youssef) reports Lt. Gen. Peter Chiarelli said the US now believes the Maliki government is "running out of time to prevent Iraq from dissolving into outright civil war." Chiarelli said, "We have to fix this militia issue. We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

Poll Finds 61% Of Iraqis Support Attacks In US Troops. The AP (9/27, Schweid) reports a poll by the University of Maryland's Program on International Policy Attitudes finds that "about six in 10 Iraqis say they approve of attacks on U.S.-led forces, and slightly more than that want their government to ask U.S. troops to leave within a year." About 61% "approved of the attacks -- up from 47 percent in January. A solid majority of Shiite and Sunni Arabs approved of the attacks, according to the poll. The increase came mostly among Shiite Iraqis." In addition, "three-fourths say they think the U.S. plans to keep military bases in Iraq permanently." The poll, "which included an oversample of 150 Sunni Iraqis, has a margin of error of plus or minus 3 percentage points."

With such dire numbers, the Washington Post (9/28, A19, Pincus, 748K) reports the US military "is looking for ways to achieve stability through opinion polls and public relations." The Multi-National Command is planning to "hire a private firm to conduct polling and focus groups in Iraq 'to assess the effectiveness of operations as they relate to gaining and maintaining popular support,' according to a notice the Department of the Army posted yesterday."

Two Networks Air Excerpts Of Video Showing Attack On Convoy In Iraq. ABC World News (9/27, 3:40, Gibson) opened its broadcast with "an extraordinary view of Iraq that we don't often see: the perspective of the civilian contractors who are a central part of the US mission." Noting that "643 contractors have been killed since the war began," ABC reported on a video of a truck ambush made by Preston Wheeler, a former Halliburton driver. ABC (Ross) added, "It was September, one year ago, as the convoy headed out of Camp Anaconda, near Balad, Iraq. Twelve big trucks and 5 military vehicles make a wrong turn. Residents pelt the convoy with rocks. … A roadside bomb is coming up. … The attack only intensifies. The lead truck, truck number one, is hit and rolls over." Wheeler: "Truck down." Ross: "Wheeler is truck number five. …. The military vehicle in front keeps moving and does not come back." Wheeler: "Truck five cannot move. Please help me. I'm taking fire. 10-4, come back? I'm fixing to get killed. I cannot move." Ross: "You were abandoned?" Wheeler: "Yes, sir. I do not know who the driver was of that humvee. But he abandoned us." Ross concluded by saying Wheeler "says the military vehicles that left the convoy were units of the Virginia National Guard.

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Officials there said the incident had been investigated by the Army, which told us it was unaware about the incident and could not comment. Nor would Halliburton, which says all its employees know the risks before they go to Iraq."

Though ABC claimed its report was an exclusive, NBC Nightly News (9/27, story 2, 1:45, Williams, 9.87M) also reported on the "private contractor working in Iraq whose convoy made a wrong turn and rolled right into an ambush." The report is largely similar to the ABC report, with some of the same excerpts aired. NBC (Myers) said, "Wheeler claims the convoy was not properly equipped or trained by Halliburton. Tonight Halliburton acknowledges the attack occurred but says the convoy was under the control of the US military. The company also says employees receive extensive training and their safety and security is a priority."

US Military Spokesman Says Baghdad Violence Increasing With Onset Of Ramadan. USA Today/AP (9/28) reports, "The top US military spokesman in Iraq said Wednesday that violence in Baghdad had risen, as predicted, with the onset of Ramadan. In Iraq, the Muslim holy month officially started on Monday. Suicide attacks were at their highest level ever, Maj. Gen. William Caldwell said. He didn't provide any figures."

Sadr Said To Have Lost Control Over Parts Of His Militia. The New York Times (9/28, Tavernise, 1.21M) reports, "The radical Shiite cleric Moktada al-Sadr has lost control of portions of his Mahdi Army militia that are splintering off into freelance death squads and criminal gangs, a senior coalition intelligence official said Wednesday." The Times adds, "The question of how tightly Mr. Sadr holds the militia, one of the largest armed groups in Iraq, is of critical importance to American and Iraqi officials. Seeking to ease the sectarian violence raging across the country, they have pressed him to join the political process and curb his fighters, who see themselves as defenders of Shiism -- and often as agents of vengeance against Sunnis." But "as Mr. Sadr has taken a more active role in the government, as many as a third of his militiamen have grown frustrated with the constraints of compromise and have broken off, often selling their services to the highest bidders, said the official, who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues."

Construction Of $75 Million Baghdad Police College "Grossly Mismanaged." The Washington Post (9/28, A1, Paley, 748K) reports, "A $75 million project to build the largest police academy in Iraq has been so grossly mismanaged that the campus now poses health risks to recruits and might need to be partially demolished, US investigators have found." The Baghdad Police College, "hailed as crucial to US efforts to prepare Iraqis to take control of the country's security, was so poorly constructed that feces and urine rained from the ceilings in student barracks. Floors heaved inches off the ground and cracked apart. Water dripped so profusely in one room that it was dubbed 'the rain forest.'" Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, said, "This is the most essential civil security project in the country -- and it's a failure." Bowen's office "plans to release a 21-page report Thursday detailing the most alarming problems with the facility."

Boehner Defers To Generals' Judgment On Troop Levels In Iraq. House Majority Leader John Boehner was asked on MSNBC's Hardball (9/27) if the US has enough troops on the ground in Iraq. Boehner said, "The generals on the ground say we have enough troops. We ought to take their word for it." Boehner added, "Let's let the generals on the ground make that decision."

Favoring Afghanistan War Over Iraq Conflict Said To Be "Senseless." In a Los Angeles Times (9/28, 918K) op-ed, National Review editor Rich Lowry and attorney David B. Rivkin Jr. write, "To critics of the Bush administration, the war in Afghanistan is the 'good' counterinsurgency. Their calls for troop reductions or a timetable to end the 'bad war' in Iraq are matched by demands for more resources and perseverance in Afghanistan. However, this preference is senseless, driven either by sentimentality or partisanship. There is no sound strategic reason to favor the Afghan war over the war in Iraq. In fact, the fates of Baghdad and Kabul are intertwined. … If you put aside how the wars began -- and we realize that many opponents of the Iraq war will never be able to do that -- there is little to differentiate them." In both cases, "we face a vicious insurgency that will take years to defeat," one that is "made more difficult by the overlay of sectarian violence." In both, "the insurgents are aided by infiltration from neighboring countries" and we are "trying to rebuild the army and the police -- with fitful progress -- and fostering a fragile central government whose writ doesn't seem to extend very far across the country. … There is no good reason to favor the Afghan war over the Iraq war. The Afghan war was launched in a brief period of national unity, while the Iraq war helped stoke our current period of political enmity. But one war will not be won without the other."

Schieffer Says Pentagon Risks Losing Volunteers' Trust. The CBS Evening News (9/27, story 10, 2:15, 7.66M) "Free Speech" segment dealt with "the US military and broken promises," in anchor Katie Couric's

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words. The commentator, Bob Schieffer, then said, "What can those who serve their country do when government breaks its promises to them? Not much, apparently. But that's what happened this week when 4,000 of our soldiers were told they would have to stay in Iraq longer than the government had promised. It's happened over and over. … Our Army is just too small to carry out the mission it has been assigned. We need to fix that or change the mission and find a way out of this war. With an all-volunteer force, we have no choice. If Americans come to believe the Pentagon cannot be trusted to keep its promises to those who join, no one will volunteer. Then where will we be?"

DOJ:

New Colorado US Attorney Profiled. The Denver Post (9/28, Finley) runs a profile of Troy Eid, the new US Attorney in Denver. The Post reports, "Tommorrow Eid marks the formal start of his service after an ambitious first six weeks on the job as the government's top law enforcement officer for Colorado. The only son of an Egyptian immigrant, Eid, 42, appears to be the the only Arab-American among the 94 U.S. attorneys. … And with enforcement of immigration law his top priority, Eid said he'll draw on this background and a longstanding 'interest in the underdog' to ensure fairness." The Post continues, "The criminals he vows to prosecute most aggressively - deportees who illegally re-enter the United States - often prey on immigrant communities, he said. … And criminals from abroad often drive illegal drug trafficking, his second major priority. Colorado has emerged as one of the busiest drug distribution centers in the country with transnational gangs taking root. … Taken together, immigration and drug-related crime now dominate federal criminal prosecution in Colorado." The Post notes, "Other priorities for Eid: sexual exploitation of children using the Internet, and terrorism cases - the overall top priority of the Justice Department under Attorney General Alberto Gonzales. … 'We get terrorism cases. We take them very seriously. They typically come to us through the JTTF (the FBI-run Joint Terrorism Task Force). ... We have some investigations that have resulted in charges and convictions.' … A symbolic investiture ceremony scheduled for this afternoon marks the formal beginning for Eid, who on Aug. 11 replaced acting U.S. Attorney William Leone. He had served since December 2004, when John Suthers resigned to become Colorado attorney general, after Ken Salazar left that position for the U.S. Senate."

CORPORATE SCANDALS:

Dunn Expected To Mount Vigorous Defense Of Her Role In H-P Leak Hunt. Ousted Hewlett Packard Chairman Patricia Dunn is expected to mount a vigorous defense of her role in the company's investigation into boardroom leaks. The Financial Times (9/28, Allison) reports that Dunn "is expected to testify on Capitol Hill that she never considered herself the 'supervisor' of the early stages of the company's controversial mole hunt, and that she never 'hired' investigators who were later found to have used legally questionable tactics. In an appearance before members of the House Committee on Energy and Commerce, Ms Dunn is expected to say it was her assumption that Bob Wayman, HP's chief financial officer and former acting chief executive, had authorised the company's leak investigation."

The Wall Street Journal (9/28, A3, Waldman, Clark, Stecklow) reports that Dunn "said she relied on advice from H-P executives, including the company's chief financial officer, before pushing a leak investigation that delved into personal phone records and used tawdry tactics. Ms. Dunn, in testimony prepared for a House committee hearing today on the H-P investigation scandal, said she was informed that using Ronald DeLia, a Boston-area private investigator involved in the affair, constituted 'normal processes' in pursuing investigations at the Palo Alto, Calif., computer company, having been told he had worked for H-P for 'eight or nine years.'"

The New York Times (9/28, Helft, Darlin) reports that in her prepared testimony, Dunn "said she never had reason to believe that illegal methods were used. And she said she repeatedly sought assurances on that point from those directly involved."

The AP (9/28, Gordon) also reports this story.

Hurd To Testify Before House Panel Today. USA Today (9/28, Kessler) reports that as H-P CEO Mark Hurd takes the stand before the House Energy and Commerce committee today, "he will be fighting for his reputation — and possibly his job." Hurd, who "has acknowledged approving at least part of a plan to snoop on journalists, board members, even his own employees," has been asked, along with other key players in the H-P scandal "to defend their actions before the House Energy and Commerce Committee. … But none will face as much scrutiny as Hurd, who as CEO, is ultimately responsible for what happened at HP."

In a separate story, USA Today (9/28, Kessler, Swartz) reports that Hurd "is expected to apologize before Congress for HP's snooping scandal today. … According to prepared remarks released by the House Energy and Commerce Committee, Hurd will tell Congress that a hunt to find out which board member was leaking information to the press

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'became a rogue investigation that violated our own principles.'"

House Panel Issues More Subpoenas In H-P Probe. The House Energy and Commerce Committee has issued five more subpoenas to detectives involved in the leak investigation at H-P. The Hill (9/28, Schor) reports that the new subpoenas set the stage "for two days of hearings that could reveal new details of the tech company's now-infamous spying practices." The Hill adds, "The witness list for today's hearing includes most central players in the widening HP scandal. HP chief executive officer Mark Hurd offered to appear last week to discuss the company's use of pretexting, and Patricia Dunn, who resigned as board chairman last Friday over her role in the affair, also will testify under oath."

H-P Leak Probe Continued Despite Warnings From Security Personnel. The Washington Post (9/28, D1, Nakashima) reports that H-P's leak probe went forward "despite warnings from HP security personnel that the tactics used were 'probably illegal' and should be stopped, according to documents collected for today's congressional hearing on the scandal. In February, HP global security investigator Vince Nye told a Boston colleague working with him on the leak probe that he had 'serious reservations' about how they were obtaining phone-record information in an internal probe to ferret out the source of media leaks." The Post adds, "How and why top management failed to heed the warning are among the questions members of the House Energy and Commerce oversight and investigations subcommittee want answered at today's hearing."

WSJournal Says H-P Scandal Is A Case Of Bad Business Judgment. The Wall Street Journal (9/28) editorializes, "One refreshing aspect of the Hewlett-Packard 'leak' scandal is that it hasn't become an excuse to diagnose some larger sickness in all of corporate America. Today, however, the story heads to Congress, which specializes in false diagnoses, not to mention bad prescriptions. So perhaps it's time to sort out the lessons of this case, prosaic as they are." The Journal adds that "None of this is to say that board leaks aren't a problem. … As for Congress, we understand the impulse to grab some camera time by beating up on H-P witnesses. But even otherwise shrewd Members of Congress have been known to do stupid things from time to time. The last thing the country needs is a new Bureau for the Prevention of Bad Business Judgment, which is at bottom what the H-P saga is all about."

Former Comverse Executive Arrested In Namibia. The Wall Street Journal (9/28, Forelle, Scannell, Davies) reports that Kobi Alexander, former chief executive of Comverse Technology Inc., who was "embroiled in a stock-options scandal and the focus of an international manhunt," was arrested yesterday in Namibia. Namibia's justice minister "filed a special notice with parliament to allow the country to extradite Mr. Alexander to the US, and a magistrate issued an arrest warrant soon after. … Shortly thereafter, the U.S. attorney in Brooklyn, N.Y., unsealed a 32-count indictment against Mr. Alexander for his alleged role in a scheme to backdate stock options at the company he had co-founded."

The New York Times (9/28, Creswell) reports that Alexander "is expected to be brought before a court in Namibia, possibly as soon as today, and the United States intends to seek his extradition to face charges stemming from a scheme to backdate stock option grants at Comverse, according to the United States attorney's office in Brooklyn. Once back in the United States, Mr. Alexander, 54, will face conspiracy, securities fraud and money-laundering charges, according to a 32-count indictment against him that was unsealed yesterday. Prosecutors are also seeking forfeiture of $138 million in bank accounts or other assets held by Mr. Alexander."

The AP (9/28, Hays) reports that "in a statement, U.S. Attorney Roslynn Mauskopf credited local officials in the southwest African nation for assisting the FBI in the capture. … 'We are very grateful for the Namibians' swift action and commend them for their vigilance,' she said." The AP adds, "Mauskopf said she would seek Alexander's swift extradition to face charges in federal court in Brooklyn. A call to his defense attorney in New York was not immediately returned. … The manhunt was launched in late July shortly before authorities unsealed a criminal complaint accusing Alexander and two other former top executives of secretly manipulating stock options for personal profit."

Bloomberg (9/28, Frank, Van Voris) reports, "Alexander, the ex-Israeli intelligence officer turned high- technology entrepreneur, will be brought before a court in Windhoek within 48 hours, and the U.S. will seek his extradition, the Justice Department said." Bloomberg adds, "Federal prosecutors charged Alexander, 54, on Aug. 9 with backdating stock options to boost the compensation of executives at New York-based Comverse, the world's largest maker of voicemail software. He is the second CEO charged in the government's probe of illegal stock-option backdating, the largest investigation of corporate wrongdoing since a mutual fund trading scandal three years ago led to $4.3 billion in penalties. … 'Alexander's alleged role in options back-dating victimized Comverse shareholders and deceived prospective investors,' Brooklyn U.S. Attorney Roslynn Mauskopf said today in a statement. 'The fraud affected the company's bottom line by misstating earnings.' … Alexander, the wizard of Israel's technology boom, was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., said Ray Castillo, a spokesman for the U.S. embassy in Namibia."

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Plaintiffs Seek $21.5 Million From Bearing Point Bond Default. The Washington Post (9/28, D1, Hart, O'Hara) reports, "Plaintiffs who won a bond default ruling against BearingPoint Inc. last week said that they aren't trying to ruin the company and that they don't think the $21.5 million in damages they have requested will hurt the McLean consulting firm's business. A group of bondholders sued BearingPoint for failing to file up-to-date financial reports -- a violation of the bond agreement that has become a common tool used by creditors and most typically hedge funds to extract concessions. A New York court last week agreed that the firm was in default on about $200 million in corporate debt." BearingPoint officials "have appealed the court ruling and asked other creditors to grant waivers to avoid similar suits. The company said it would delay filing its annual report, expected tomorrow, because of the uncertainty that the court ruling has produced for the company."

Regulators Urge Borderless Solution To Derivatives Growth Problems. The Financial Times (9/28, Tett, Gangahar) reports, "Three of the world's most powerful financial regulators have taken the unusual step of issuing a joint warning that individual nations cannot contain some of the risks posed by the explosive growth of derivatives and must collaborate across borders. The dramatic pace of integration and innovation in global markets makes it increasingly difficult to solve problems with 'a local or national solution,' top officials from the UK Financial Services Authority, the Federal Reserve Bank of New York and the US Securities and Exchange Commission write in the Financial Times. 'In a more integrated global market, we will increasingly find ourselves compelled to pursue borderless solutions,' write Timothy Geithner, president of the New York Fed; Sir Callum McCarthy, chairman of the FSA; and Annette Nazareth, a commissioner at the SEC."

DOJ, SEC Probing Halliburton Work In Nigeria And Elsewhere. The Houston Chronicle (9/28, Ivanovich) reports, "Federal investigators, who have been looking into a possible bribery scheme involving Houston's Halliburton Co. and a Nigerian natural gas plant, are scrutinizing 'multiple' projects both within and outside Nigeria, according to company filings." The Chronicle continues, "Recently uncovered information suggests employees at Halliburton's M.W. Kellogg Co. — some time before 1998 — may have planned to funnel payments to government officials to land projects in countries outside Nigeria, Halliburton subsidiary KBR said in a filing with the U.S. Securities and Exchange Commission. … The SEC has issued subpoenas seeking documents related to multiple projects from the last 20 years in and outside Nigeria, the filing said." The Chronicle adds, "Halliburton officials have been scrutinizing the activities of an unnamed agent who 'has worked with us outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s,' the company said in the filing. … Halliburton officials are trying to determine whether this individual broke the law or violated the company's code of conduct. … The latest inquiries grew out of a long-running investigation into the construction of a $5.5 billion natural gas liquefaction complex at Bonny Island in Nigeria's Rivers State. … The SEC and Justice Department, as well as authorities in France, Nigeria, Switzerland and Britain have all been investigating. Halliburton officials said they do not expect those probes to be wrapped anytime soon."

Fastow Sentence Surprises Experts. The Houston Chronicle (9/28, Hays, Fowler) reports, "Andrew Fastow's six-year prison sentence caught many longtime observers of the case off guard this week, including a former member of the government team that negotiated his 2004 plea agreement." The Chronicle continues, "Fastow had agreed to a 10-year prison sentence in the plea deal with the understanding that he would not ask for a lesser sentence later. … Yet his lawyers asked for just such a break. The government didn't object and instead stressed the critical cooperation Fastow provided in helping the government build criminal cases against former Chairman Ken Lay and former CEO Jeff Skilling." The Chronicle adds, "With no dissenting opinion from prosecutors, U.S. District Judge Kenneth Hoyt cut four years from Fastow's term. … 'The way the government handled it is surprising, given the written terms of the agreement,' said Andrew Weissmann, former director of the Justice Department's Enron Task Force, who was on the team when Fastow's plea was negotiated. Weissmann stepped down from the task force last year and later went into private practice. … Michael Wynne, a former federal prosecutor in Houston, also was surprised. … 'I expected him to receive the full 10 years. The judge even said that there was no way Fastow would be able to repay all the harm that he caused,' Wynne said." The Chronicle notes, "Fastow, 44, has long been considered among the most egregious of Enron's felons, having orchestrated multiple schemes to help Enron manipulate earnings while enriching himself with kickbacks. Some of those unsustainable schemes began crumbling in 2001 and helped fuel the company's failure late that year. … Both Lay and Skilling argued in their fraud and conspiracy trial earlier this year that no fraud occurred at Enron other than Fastow's self-dealing. But Fastow linked both to fraud, either for participating in or approving fraudulent schemes or lying to investors about Enron's financial strength to maintain an illusion of success."

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CRIMINAL LAW:

Pirro Under Federal Probe Over Marital Spy Plot. Jeanine Pirro, the Republican candidate for New York Attorney General, is under federal investigation for allegedly plotting with former New York City Police Commissioner Bernard Kerik to spy on her husband. WNBC-TV, New York (9/28) reports that the "allegations center on whether Pirro illegally spied on her own husband, Albert Pirro, while she held the office of the Westchester District Attorney." Sources gold WNBC-TV "that court authorities wiretapped conversations that appear to show that while preparing for a statewide run for office, Jeanine Pirro was desperate to prove her husband was cheating on her." WNBC-TV adds, "According to documents now in the hands of several defense attorneys, Pirro and the former New York City Police Commissioner Bernard Kerik were apparently talking about planting a hidden device aboard her husband's boat. Her possible motive may have been to see if he was having an affair."

The New York Times (9/28, Healy) reports, "At a hastily arranged news conference yesterday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the family's boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws." The Times adds, "Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney's office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik. … With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a 'political witch hunt and smear campaign' led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated."

The AP (9/28, Fouhy) reports, "Pirro…said that any probe into her troubled marriage was 'highly improper' but she had no intention of quitting her campaign, calling the investigation politically motivated and sexist." The AP continues, "She also said that federal prosecutors had no business delving into her union with millionaire lobbyist Albert Pirro, who spent 11 months in prison after being convicted on tax fraud charges in 2000 and fathered an illegitimate daughter after their wedding in 1975. The couple has a 21-year-old daughter and a 17-year-old son. … 'Sometime last year, I came to believe that my husband was seeing another woman,' Pirro said. 'In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment.' … Pirro, former district attorney of Westchester County, just outside New York City, said that 'placing a recording device on one's property to intercept a conversation involving one's spouse is not a crime.'"

Newsday (9/29, Riley) called the FBI investigation "a jaw-dropping disclosure that could shatter her campaign" and notes Pirro said at yesterday's press conference, "There is no way, when I have the opportunity to be the first woman attorney general in the history of this state, that I'm going to be pushed out of a race because somebody wants to delve into the personal lives of my husband and myself. I'm standing up for myself and standing up for women." The New York Post (9/28, Lovett, Dicker, 608K) similarly calls the probe "a devastating blow to her campaign" and reports that in the tapes, "Pirro also belittled the AG's office she is now seeking, calling it a 'been-there-done-that kind of thing.' She said she would have been in the governor's mansion if it weren't for her husband." The New York Daily News (9/28, Lucadamo, Smith, 729K) notes, "Kerik's lawyer, Joseph Tacopina, said, 'Bernie spoke to a friend in distress regarding a domestic conflict. Nothing illegal was discussed and nothing illegal was done. I find it extremely troubling that in the midst of a federal investigation, sealed documents were leaked to the media.'"

CBS 2 Chicago (9/28) reports, "Pirro confirmed she had been informed by FBI agents this week that she was under investigation and said she had hired an attorney to represent her in the case. … Pirro noted that one of the U.S. attorneys assigned to the case, Elliott B. Jacobson, had prosecuted her husband's tax evasion case seven years ago."

FNC's Big Story (9/27, 5:29 p.m.) reported, "A prominent former New York D.A running for state attorney general just dropped a bombshell at news conference a couple of minutes ago. Republican candidate Jeanine Pirro says she is under investigation for allegedly plotting to secretly record her husband to find out whether he was having an affair."

CNEWS9-TV Albany, (9/27, 8:00 p.m.) reported, "New explosive allegations reveal that the Republican candidate for Attorney General is the subject of a federal investigation. Jeanine Pirro publicly defends herself in the biggest case of her career. Federal prosecutors are investigating the Republican state Attorney General candidate for allegedly scheming to secretly record her husband Al Pirro. She suspected her millionaire lobbyist husband of having an affair

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and allegedly talked about catching him with the help of former NYC police commissioner Bernard Kerik. She says she had her husband followed but did not record him. Although Jeanine Pirro's news conference this afternoon was very painful and personal, it will have political implications."

WXXA-TV Albany, (9/27, 5:02 p.m.) reported, "Republican state attorney general candidate Jeanine Pirro is being investigated by the federal government. According to sources close to Pirro, she allegedly plotted to secretly record her lobbyist husband because she thought he was having an affair. They say she allegedly discussed the plot with former New York City commissioner Bernie Kerik last year."

CNEWS9-TV Albany, (9/27, 6:31 p.m.) reported, "At a news conference, Pirro issued a strong statement saying that the federal government has no right to investigate her personal life. She says the investigation into allegations that she plotted to record her husband are unwarranted. She admitted that she considered recording her husband when she thought he was cheating on her."

CNEWS9-TV Albany, (9/27, 6:59 p.m.) reported, "She says it's a political witch-hunt by one U.S. attorney."

WRGB-TV Albany, (9/27, 6:32 p.m.) reported, "An angry Jeanine Pirro held a press conference late this afternoon blasting what she called overzealous prosecutors, who are looking into whether she tried to secretly record her husband. … She denied ever making any recordings"

WRGB-TV Albany, (9/27, 6:00 p.m.) reported, "Pirro calls it a political move, and says absolutely nothing will come of it."

WTEN-TV Albany, (9/27, 5:33 p.m.) reported, "Two anonymous sources say no recordings were ever actually made, but that they overheard Pirro discussing those plans with the former NYCP Commissioner. They say Pirro suspected her husband, Albert Pirro, was cheating on her. Pirro went on to say she'd like the person who leaked the story brought to justice."

WTEN-TV Albany, (9/27, 5:59 p.m.) reported, "Even if it did (it), Pirro says it would have been lawful and. her personal business."

US Attorney Responds To Allegations Of Impropriety. WNBC-TV (9/28) reports that shortly after Pirro's press conference, US Attorney Garcia "released this statement: … 'This Office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies, involving possible violations of Title 18, United States Code, Sections 2511(1)(a) and (b). … There are two Assistant United States Attorneys assigned to the case. They are both career prosecutors with experience in public corruption matters. They are working in conjunction with an experienced Assistant District Attorney from the Westchester County District Attorney's Office. … Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me. Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations.'"

Case Highlights Murky World Of Marital Spying. The New York Times (9/28, Eaton) reports, "Ms. Pirro's insistence that she never contemplated doing anything illegal in investigating her husband — including her discussion of placing a recording device on a boat he owned — involves the somewhat murky world of what amounts to marital spying. … Paul Shechtman, the lawyer Ms. Pirro retained recently, said that federal law permitted spouses to eavesdrop on each other in a house they shared. He cited several cases, including one from 1986 in which a federal judge on Long Island dismissed a case brought by a woman whose husband placed a listening device on the family phone in the course of their divorce, but while they were still sharing a house. … And on the specific question of whether it would be legal for Ms. Pirro to place a device on her husband's boat, Mr. Shechtman argued that it would be as well, because the boat was used by the entire family. … But some experts were not so sure. … 'If the boat is registered only in his name, it could be considered unlawful wiretapping,' said Robert Mann, director of global operations for Worldwide Intelligence Network, a private investigation and personal protection company headquartered in Los Angeles."

Kerik No Stranger To Controversy. The New York Times (9/28, Buettner, Rashbaum) reports, "The name of Bernard B. Kerik has already figured in embarrassing moments for the Bush administration and for former Mayor Rudolph W. Giuliani. … Yesterday, Mr. Kerik's name turned up in yet another uncomfortable place: a federal investigation that threatens to disrupt the race for state attorney general." Pirro's conversations with Kerik "The conversations took place in mid-2005, long after Mr. Kerik's rise to fame in the months after Sept. 11, 2001, had been upended by damaging allegations that emerged after his nomination by President Bush to become the nation's homeland security secretary. … Mr. Kerik had left Mr. Giuliani's consulting business, Giuliani Partners, months earlier and was opening his own security firm, the Kerik Group. But he remained under investigation by the Bronx district attorney's office, which was finding that as New York City corrections commissioner, he had accepted free renovations to his Bronx apartment from a city contractor when the company was under investigation for possible ties to organized crime. … Apparently as part of that investigation, Bronx authorities began listening to Mr. Kerik's conversations, including several in which Ms. Pirro asked him to undertake the grunt work of the average private investigator, marital surveillance."

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Another Mistrial Declared In Gotti Racketeering Case. The AP (9/28, Neumeister) reports, "For the third time in the past 12 months, a judge declared a mistrial Wednesday in the racketeering trial of former mob boss John A. 'Junior' Gotti." The AP continues, "The jury, which deliberated for seven days over two weeks, sent out a second note in as many days indicating it could not reach a unanimous verdict. "Your honor, unfortunately we are deadlocked," said the note, prompting U.S. District Judge Shira Scheindlin to declare the mistrial shortly after noon. … Two previous juries in the last year wound up deadlocked, with resulting mistrials, after Gotti's lawyers argued the second-generation Mafiosi had years ago severed his ties to organized crime. If convicted, the 42-year-old Gotti had faced up to 30 years in prison. … He is free on $7 million bail, and there was no immediate word on whether the government would mount a fourth prosecution. … 'That's a decision above my pay grade,' said prosecutor Victor Hou when asked about the possibility. The defense made motions to suspend Gotti's current home detention and electric surveillance by the government."

The New York Times (9/28, Williams) notes that this was the third time in just over a year a jury has failed to return a verdict in Gotti's trials. A federal official "said that after three mistrials, the prosecution was unlikely to retry Mr. Gotti unless new evidence turned up, a decision that would all but end an expensive and highly publicized organized crime prosecution in a startling defeat for the government." The Times adds, "Jurors said they believed Mr. Gotti was guilty of orchestrating the 1992 shooting and bungled kidnapping of Curtis Sliwa, the radio talk-show host. But, the jurors said, the government failed to prove that the shooting was part of a pattern of crimes, a necessary part of the racketeering charge, and so they could not convict him." The New York Daily News (9/28, Zambito, 729K) also reports, "The hours of jailhouse tapes…made for some great courtroom drama -- but didn't have much of an impact on the jury deciding his fate. 'The tapes were a very cloudy issue because you couldn't hear them very well,' one juror said yesterday after the panel deadlocked."

The New York Post (9/28, Cornell, Gittens, 608K) reports, "It was strike three for prosecutors…a stunning development that could mean freedom for the mob scion. … 'I'd be better off dead,' said a disgusted Sliwa, who got little consolation from the mixed result. 'This guy got away with a crime…but as God is my witness, God will not forget that he tried to kill me.'" Newsday (9/28, DeStefano) notes, "The mistrial was a clear indication that a revised government presentation, which included prison tapes and financial evidence, failed to sway the jury. … Immediately after the verdict, Manhattan U.S. Attorney Michael Garcia issued a terse statement that expressed disappointment but praised his staff." He added, "We will inform the court in the very near future about how we plan to proceed." The New York Daily News (9/28, Fenner, Martinez, Zambito, 729K) adds, "It appeared unlikely last night that the government would seek a fourth trial, giving the Teflon Son a chance to prove he really has ditched the mob life he inherited from his father, whose specter loomed large over the courthouse."

Legal Experts Say US Should Not Seek Fourth Trial. Newsday (9/28, Mallia, DeStefano) reports, "Legal experts to Gottiprosecutors: Three strikes, you're out. … 'This case is fatally flawed. One could even say that if they bring it again it would be abuse of prosecutorial power,' said Fordham Law School professor Jim Cohen, who specializes in criminal law." Newsday adds, "One thing on which several experts agreed: After the highly visible defeats, prosecutors must balance mounting costs -- by one estimate already exceeding $1 million -- against chances of success. … 'If I were in charge, the kind of question I would ask is, "Can you convince me that, in a subsequent trial, we can be more persuasive?"' New York University Law School professor James Jacobs said. .. Jacobs was skeptical that any new evidence is forthcoming."

Victoria Gotti Praises Judge, Assails NYPost. In a New York Daily News (9/28, 729K) op-ed, Gotti's mother, Victoria Gotti, writes, "I will thank our good fortune every day for a judge like Shira Schiendlin. She is the difference between a fair trial and a railroad job. God bless her. The defense team was second to none and basically worked pro bono. Last, but not least, God bless those jurors for not believing the swill they were being fed daily by government and stories being planted by their government shill at the New York Post." Gotti adds, "It was a government source who tried his best to get my son murdered by circulating that he was a rat. Conveniently, the government source, an FBI agent, gave this garbage to The Post ... We learned that Curtis Sliwa's best friend...is the new publisher of that paper. We didn't expect anything but yellow journalism."

Local Television. WQAD-TV Davenport, (9/27, 10:22 p.m.) reported, "A judge declared another mistrial in the racketeering case against the former mob boss. A jury deliberated for seven days without reaching a verdict. Gotti says he just wants to move on with his life. It's the third mistrial for the son of the notorious John Gotti."

WBRE-TV Wilkes Barre, (9/27, 11:22 p.m.) reported, "A judge in New York City has declared a mistrial in the racketeering case against former mob boss John Gotti Junior. 'I'm going to close by just saying this: My father's dead over four years. It's time to let go, and it's time for us all just to move on.'"

WJZ-TV Baltimore, (9/27, 5:37 p.m.) reported, "A big sigh of relief today from John Jr. Gotti. Today, a New York judge declared a mistrial in his racketeering case."

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WTTO-TV Birmingham, (9/27, 9:00 p.m.) reported, "The son of notorious mob boss John Gotti escapes yet another conviction. John Jr. walked out of court a free man."

WKRN-TV Nashville, (9/27, 4:52 p.m.) reported, "The third time is not the charm for prosecutors in the trail of john Gotti Jr. For the third time in a year, the judge declares a mistrial."

WTNH-TV Hartford, (9/27, 5:33 p.m.) reported, "In the third racketeering trial against former mob boss John junior Gotti. The jury deliberated for seven days before breaking down. … A majority favored acquitting Gotti."

KXJB-TV Fargo, (9/27, 10:03 p.m.) reported, "Gotti says enough is enough, and it's time for the feds to let go."

WNWO-TV Toledo, (9/27, 11:21 p.m.) reported, "Gotti says it's time for the feds to let go."

CNEWS9-TV Albany, (9/27, 10:44 p.m.) reported, "Prosecutors now have the option of attempting a fourth trial or dropping the charges against Gotti."

WRGT-TV Dayton, (9/27, 10:27 p.m.) reported, "No word on whether the feds will try Gotti again."

Rare Map Thief Sentenced To 42 Months In Prison. The New York Times (9/28, Cowan) reports, "A map dealer who stole nearly 100 rare maps valued at $3 million from Yale and other institutions was sentenced to three and a half years in prison on Wednesday after a federal judge credited him for helping the authorities retrieve most of the items taken." The Times continues, "Representatives of the institutions that were looted, who had traveled long distances to lobby for a stiff sentence, left the court saying they were deeply disappointed with the punishment given the map dealer, Edward Forbes Smiley III. Federal sentencing guidelines suggested that Mr. Smiley was looking at a term of 57 to 71 months, although the maximum penalty was 10 years." The Times adds, "Mr. Smiley, 50, was arrested by the Yale police in June 2005, shortly after leaving Yale's rare-book library with seven maps stashed in his briefcase and tweed jacket. … After a year of cooperating with the authorities, he pleaded guilty in federal court in June this year to the theft of a major artwork. As part of the plea agreement, he admitted to removing maps from collections at Harvard, Yale, the New York Public Library, Boston Public Library, the Newberry Library in Chicago and the British Library in London."

The Boston Globe (9/28, Abel) reports that Smiley "admitted that over an eight-year span he stole more than 30 maps from Boston and New York public libraries, eight from Harvard's Houghton Library, and 10 from Yale's Beinecke Rare Book and Manuscript Library in New Haven, prosecutors said. The British Library has said Smiley took centuries-old maps that told the story of the New World. … The judge ordered Smiley to report to prison in January, at a facility to be designated by the Federal Bureau of Prisons."

The AP (9/28, Christoffersen) reports, "U.S. District Judge Janet Bond Arterton said she wanted to send a dual message with the sentence. Prosecutors did not ask for a specific a sentence, but recommended Smiley be given credit for his cooperation with the investigation. … Leaders of the prestigious libraries urged a stiff sentence, saying he took world treasures and left a trail of victims."

Louisiana Woman Pleads Guilty To FEMA Fraud. The Baton Rouge Advocate (9/28) reports, "A Baton Rouge woman pleaded guilty Tuesday in federal court to two counts of fraud related to hurricane disaster relief programs." The Advocate continues, "Keosha Martin, 24, pleaded guilty to making two false and fraudulent claims to the Federal Emergency Management Agency. … According to the indictment, Martin was employed by FEMA between October 2005 and November 2005 as an applicant assistant whose duties included assisting disaster victims in applying for benefits. … At the time, Martin filed a claim on her behalf for damage from Hurricane Katrina and later filed a claim for damage from Hurricane Rita." The Advocate adds, "Martin could be sentenced to 10 years in prison, a $500,000 fine or both, per count. … The number of people who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds stands at 74. … In September 2005, U.S. Attorney General Alberto Gonzales formed the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for U.S. Attorneys and others."

Two FEMA Workers Charged With Filing False Claim. The New York Times (9/28, Lipton, 1.21M) reports that two FEMA workers "have been charged with trying to defraud the government by filing a false claim for damage to a houseboat, which resulted in an award of $25,500 in disaster assistance." Duane Adams and Emily Fuqua, who "who worked in clerical administration and disaster recovery programs, have been placed on unpaid leave, a FEMA official said."

Former Michigan Prosecutor Acquitted Of Corruption Charges. The Detroit News (9/28, Egan) reports, "Former Macomb County Prosecutor Carl Marlinga burst into tears, embraced his wife, Barbara, and whispered, 'It's over,' after a federal jury acquitted him Wednesday of public corruption charges." The News continues, "Marlinga, 59, who loudly proclaimed his innocence even before the

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federal government indicted him on bribery and fraud charges in 2004, was ecstatic but not bitter after the jury forewoman read the words 'not guilty' five times. … 'Marlinga, who was represented by Mark Kriger and N.C. Deday LaRene, said he ignored his lawyers' advice when he repeatedly agreed to be interviewed by investigators and twice testified before a federal grand jury investigating his conduct. At his trial, Marlinga found his own words forming a central part of the government's case." The News adds, "Now a lawyer in private practice, Marlinga would not rule out a return to politics. His future could test whether a politician, once cleared, can cleanse the stain of an indictment and return to public life. … It also represents the latest in a series of setbacks for the federal government in high profile cases in Detroit. … The case is another prominent defeat for the U.S. Attorney's Office in Detroit. … The government does not appeal jury acquittals in criminal cases. 'We respect the jury's decision, I congratulate Mr. Marlinga's attorneys on the defense, and we're moving on,' said U.S. Attorney Stephen Murphy."

The Detroit Free Press (9/28, Hunt, Ashenfelter) reports, "Marlinga…had faced up to 10 years in prison and $250,000 in fines for allegedly swapping prosecutorial favors in two rape cases for contributions to his failed 2002 congressional campaign. The five charges included two counts of bribery, deprivation of honest services, making false statements to the Federal Elections Commission and exceeding campaign contribution limits." The Free Press adds, "The charges derailed Marlinga's political career, causing the popular Macomb County Democrat to step aside shortly after the indictment was issued in April 2004, after 20 years as the county's chief prosecutor. … As they filed out of the courthouse, jurors said federal prosecutors weren't convincing. … 'We felt the government didn't prove its case and Mr. Marlinga's attorneys did,' said jury forewoman Mary Shultz of Rochester. … 'There were way too many loose ends,' said juror Megan Bowman, an Ortonville homemaker. 'There wasn't a whole puzzle.'" The Free Press notes, "Assistant U.S. Attorney Robert Cares, who said during the trial that Marlinga's political ambition caused him to sell his influence, declined comment. His cocounsel, Jonathan Tukel, said later: 'We always respect the jury's verdict." The Free Press notes, "U.S. Attorney Stephen Murphy said it was a difficult case and congratulated Marlinga's lawyers. … Although the office had a string of high-visibility losses in the months before Murphy took the helm in 2005, he said: 'No prosecutor's office in America will or should have a 100% batting average. We strive to do the right thing in every case.'"

More Commentary. The Detroit Free Press (9/28) editorializes, "Carl Marlinga may have exercised poor judgment or been naive about how things would look, but a federal court jury decided Wednesday that the former Macomb County prosecutor was not guilty of a crime. The verdict clearing him on five corruption charges rewarded Marlinga's faith in a system that he served pretty well for 20 years." The Free Press adds, "The allegations that he swapped favors in criminal cases for contributions to a failed congressional campaign effectively ended Marlinga's political career. … But he has always been a pretty straight shooter as a public official and took the witness stand to declare his innocence with the same earnest demeanor that made him a favorite of Macomb County voters. This time, Marlinga got all the votes he needed."

New Orleans Corruption Probe Defendant Sentenced To Probation. The AP (9/28) reports, "A figure in a federal investigation targeting corruption in the New Orleans transit authority was put on three years of probation on Wednesday. John S. Keller pleaded guilty in August 2005 to failing to report a felony. U.S. District Judge Ginger Berrigan also ordered him to perform 200 hours of community service and pay $10,000 in restitution to the Regional Transit Authority, along with a $5,000 fine. Keller was the business partner of Glenn Haydel, who pleaded guilty in May to stealing $550,000 from the RTA."

Prosecutor Seeks Protection Order On Fumo Evidence. The AP (9/28, Dale) reports, "The federal grand jury investigating whether state Sen. Vincent Fumo extorted corporate donations for a charity in his district should wrap up its work by February, prosecutors disclosed Wednesday. 'The grand jury is sorting out potential defendants, potential charges,' Assistant U.S. Attorney John Pease said at a hearing in a related case." Yesterday, prosecutors "asked the judge to order defense lawyers to keep under lock and key the e-mails, grand jury transcripts and other evidence that prosecutors must turn over to the defense. … U.S. District Judge William H. Yohn Jr. asked the sides to try to narrow the scope of the documents that would come under a protection order, and scheduled a telephone conference with lawyers on Monday." The AP notes, "Defense lawyers argue that prosecutors themselves have courted the press, with dramatic pre-dawn arrests and the public filing of a 65-page FBI affidavit that spells out the focus on Fumo and includes colorful e-mail excerpts about the senator."

The Philadelphia Daily News (9/28, Hinkelman, 109K) reports, "At issue are summaries of FBI and IRS interviews with witnesses, grand-jury transcripts and two search-warrant affidavits that have been filed under seal. 'We think the defense counsel should have that under discovery obligations,' Pease said, 'but some of it is scandalous, even criminal, and would be extremely embarrassing to the persons involved' if it were made public." The Philadelphia Inquirer (9/28, Shiffman, 399K) also reports on the hearing,

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under the headline "Prosecutor Says U.S. Probe Of Fumo To End This Year."

Philadelphia Ad Executive, Consultant Plead Guilty To Fraud Charges. The Philadelphia Inquirer (9/28, Anastasia, 399K) reports, "A former advertising-company executive and a consultant for that company each pleaded guilty to fraud charges yesterday, bringing an end to one phase of an ongoing federal corruption investigation at Philadelphia International Airport. Joseph Evans, 51, the former chief executive officer of Sky Sites Inc., and Joseph Moderski, 69, a consultant, entered their pleas during hearings before U.S. District Judge James T. Giles. Evans, under terms of a plea agreement, pleaded guilty to one count of mail fraud. Moderski pleaded guilty to conspiracy, mail fraud and wire fraud." The Inquirer notes, "Evans and Moderski were charged in a pay-to-play scheme in which they conspired to funnel money out of the company to finance illegal campaign contributions to Mayor Street. The mayor has not been charged with any wrongdoing, but his office was briefly bugged by the FBI as part of a broad corruption probe."

Judge Sets Nov. 21 Cause, Bail Hearing For Jeffs. In a widely-distributed story, the AP (9/28, Dobner) reports, "Polygamist sect leader Warren Jeffs, a fugitive for nearly two years, appeared in a Utah courtroom Wednesday and said he was willing to wait several weeks for a judge to decide whether to send him to trial on charges of arranging an underage marriage. … The judge set a Nov. 21 probable cause hearing and said he would address Jeffs' bond status at that time." The AP notes, "Defense attorney Walter Bugden said 'absolutely' when reporters asked if this was religious persecution. 'Let's wait until we can have a trial in this matter before we jump to the conclusion that Mr. Jeffs is guilty of anything,' Bugden said." Under the headline "Jeffs' Attorney Says Case Is 'Religious Persecution,'" the St. George Spectrum (9/28, St. Germain) adds that Budgen said outside the court, "We're going to have a preliminary hearing, with one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing."

The Deseret Morning News (9/28, Winslow) reports, "A representative from the U.S. Attorney's Office in Utah was also in the courtroom Wednesday, observing the proceedings. 'We remain interested in the case. We're preserving the options that we may have,' U.S. Attorney's spokeswoman Melodie Rydalch told the Deseret Morning News as she left the courthouse. Federal prosecutors have refused to drop an unlawful flight to avoid prosecution warrant against Jeffs and have threatened to indict him on it should he be granted bail."

Teen Bride To Testify At Hearing. The Salt Lake Tribune (9/28, Adams) reports, "The state's key witness in the case" will testify at the Nov. 21 hearing, and she "is expected to describe her assigned marriage to an older man she alleges later raped her, as well as Jeffs' alleged instructions that she submit 'mind, body and soul' to her husband. … The woman, who was between 14 and 18 at the time of her spiritual marriage, is looking forward to her day in court, according to Brian Filter, spokesman for the Washington County Attorney's Office. He also said other witnesses and evidence will be presented."

Prosecutors Seek To Bar Release Of Intelligence Documents In Libby Trial. The AP (9/28, Apuzzo) reports Federal prosecutors "went into a private hearing Wednesday to urge a judge not to release sensitive intelligence reports at the upcoming trial" of I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. Libby "wants to use President Bush's daily terrorism briefings as evidence at his obstruction and perjury trial in January." Libby says "the records from 2003 and early 2004 will show he did not lie to investigators about his role in the leak of a CIA officer's identity. He contends he had important things on his mind and may have forgotten details about the leak." Prosecutors and defense lawyers "will not discuss the contents of the classified briefing summaries. But the dates overlap with the military's hunt for Iraq's Saddam Hussein, the death of his two sons, and continuing discussions about nuclear programs in North Korea and Iran."

House Suspends License For Firm Linked To Abramoff. The Washington Post (9/28, D3, Grimaldi, 748K) reports, "House leaders have suspended a multimillion-dollar wireless communications license that federal prosecutors say was corruptly awarded to a Dulles telecommunications firm by Rep. Robert W. Ney (R-Ohio) in exchange for gifts from lobbyist Jack Abramoff. The award of the license was one of a series of acts that Ney said he performed for Abramoff in exchange for campaign contributions, expensive meals, luxury travel and sports tickets. Ney agreed this month to plead guilty to corruption charges and is set to enter his plea Oct. 13. The license to install antennas for cellular and wireless telephones in House office buildings was awarded in 2002 to MobileAccess, formerly known as Foxcom Wireless, which was based in Israel. The company, now based in Vienna, Va., later paid Abramoff $280,000 in lobbying fees and donated $50,000 to a charity operated by Abramoff that paid for a golf junket to Scotland for Ney."

Roll Call (9/28, Bresnahan) reports, "Ney's alleged influence peddling in granting the license to provide cell phone antennas in House office buildings to Foxcom

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Wireless, now Mobile Access Networks, was part of the plea agreement that the Ohio Republican recently reached with the Justice Department. Ney admitted to accepting 'things of value' from Abramoff in return for official actions, including granting the Mobile Access license." Roll Call adds, "House insiders said that the Administration Committee and Jay Eagan, the Chief Administrative Officer for the House, jointly made the decision to conduct the review following Ney's plea deal. House officials declined to say whether they were considering taking legal action against the company."

US Charges Pennsylvania Woman In Child Porn Case. The Pittsburgh Tribune-Review (9/28, LaRussa) reports, "A Washington County woman has been accused of using the Internet to distribute stories that describe children -- some as young as 2 years old -- being kidnapped, sexually molested and murdered." The Tribune-Review continues, "Karen Fletcher, 54, of Meldon Avenue, Donora, was indicted by a federal grand jury Tuesday on six counts of transportation of obscene matters, U.S. Attorney Mary Beth Buchanan said. … 'This case is a very important part of our efforts to prosecute people who exploit children,' Buchanan said. 'Use of the Internet to distribute obscene stories like these not only violates federal law, they embolden sex offenders who would target children.'" The Tribune-Review adds, "Free speech specialists, however, question whether the charges will stick because there don't appear to be any child victims. … Fletcher is accused of operating a Web site featuring excerpts of "extremely explicit and graphic stories" that could be downloaded by purchasing a $10 monthly subscription, according to investigators. … The indictment against Fletcher alleges that on Aug. 8, 2005, she used an interactive computer service to distribute half a dozen stories about adults having sex with children between 2 and 9 years old. … Fletcher told a pair of FBI agents who interviewed her at her home on Feb. 11, 2005 that she owned what she described as a 'fantasy site' on which she posts 'sexually explicit stories about adults having sex with children,' according to court papers."

Eased Lender Requirements Fueling Surge In Mortgage Fraud. In a front-page story, the Wall Street Journal (9/28, Hagerty, Hudson, 2.03M) reports from Martinsville, Va., "Federal and state authorities are investigating allegations of an elaborate mortgage fraud involving about 100 people living in or near this small factory town who say they unwittingly took out loans to buy houses at inflated prices in Indiana. … Now, many of the loans are in default, the borrowers' credit ratings are in ruins, and lenders are pursuing the organizers of the purported investment group in court. Companies stuck with the defaulting loans include Countrywide Financial Corp." which has filed a lawsuit accusing "the organizers of acquiring homes and then fraudulently selling them for a quick profit to the Virginia borrowers." The Journal notes, "Mortgage fraud…has mushroomed in recent years as lenders have pushed for speedier loan approvals in an effort to remain competitive and milk maximum profits from the now-fading housing boom. The Federal Bureau of Investigation reported that mortgage fraud led to losses of $1 billion in 2005, up from $429 million a year earlier. … Attracted by the ability to obtain large sums quickly, some criminal gangs involved in drug dealing and other street crimes have branched out into mortgage fraud, says Chip Burrus, assistant director of the FBI's criminal investigative division. 'It's more profitable and less risky,' he says."

The New York Times (9/28, Leland, Zeller, 1.21M) reports, "The civil lawsuit…describes an elaborate confidence game in which Martinsville residents with good credit ratings were enlisted last year to join what they believed was a risk-free investment in Indiana real estate. … While no criminal charges have been filed, federal grand jury subpoenas are being prepared in Indiana, and further civil action at the federal level is expected to be filed against the investment group soon." The Times also notes, "The F.B.I. called mortgage fraud an 'epidemic' last December, noting that losses associated with the crime had jumped to more than $1 billion last year from $429 million in 2004. Although the hot housing market that may have at least partly given rise to the fraud boom is cooling, officials say mortgage fraud losses are on pace to increase again this year."

Good Samaritans Keep Watch For ID-Theft Victims. USA Today (9/28, Swartz) reports on "avenging angels" working nationwide ""looking out for the well-being of ID-theft victims. They share a fervent desire to publicize the widespread availability of stolen personal data on the Internet." USA adds, "As phishing continues to escalate, the safest course for consumers may be to warn them over the phone. There is little in the way of software to warn consumers they have been phished." Since May, Steven Peisner "has scoured the Internet forums of cybercrooks, looking for the names of ID-theft victims whose personal information is for sale online. The same day, he informs victims that their names — not to mention Social Security numbers, credit card information and phone numbers — are floating in cyberspace. Peisner calmly tells them he has come across their filched profiles and they should immediately close their credit card and/or bank accounts. To make his point resonate, he reads to victims their stolen information as it appears in the forums. Symantec detected 157,477 unique phishing messages during the first half of 2006, up 81% from the last six months of 2005. Home PCs were targets of 86%

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of security threats in the first six months of 2006, according to a Symantec report released Monday."

Blanco Renews Extradition Request For Sportingbet Chairman. The Financial Times (9/28, Ward) reports that Louisiana Gov. Kathleen Blanco has renewed her extradition request for former Sportingbet chairman Peter Dicks. Blanco's "intervention came as Mr Dicks prepared to attend a court hearing in New York to learn whether he will be sent to Louisiana to face illegal gambling charges. Lawyers for Mr Dicks, who was arrested in New York three weeks ago on a Louisiana warrant, had hoped to halt the extradition process before Thursday's hearing. But a spokesman for Ms Blanco said she was still pushing for his extradition as part of efforts to enforce the state's law against online gambling." The Times adds, "Louisiana's Police Gaming Enforcement division told the FT this week that arrest warrants had been issued for four Sportingbet representatives, including Mr Dicks, after state police placed a bet with the company. UK-listed Sportingbet said on Wednesday that it had banned board members from travelling to the US."

DC Officials Consider Extending Anti-Crime Legislation. The Washington Times (9/28, Cella) reports, "D.C. Mayor Anthony A. Williams' plan to extend emergency anti-crime legislation appears to violate a city statute barring passage of the same law more than once on an emergency basis. City officials are trying to determine whether extending by 90 days anti-crime legislation enacted in July would violate the statute. If it is found to violate the statute, 48 surveillance cameras placed in neighborhoods would have to turned off until permanent anti-crime legislation could be enacted, which would be December at the earliest. In addition, police no longer would have access to criminal juvenile records and would not be able to hold robbery suspects and handgun offenders until the permanent legislation is passed. And the 10 p.m. curfew for minors would revert to 11 p.m. on weeknights and midnight on weekends."

Karr Lawyers Seek Dismissal Of Child Porn Charges. Lawyers for John Mark Karr have asked a judge to dismiss child pornography charges against their client, who was once a suspect in the JonBenet Ramsey murder case, because authorities lost a computer that allegedly contained illegal images of children. USA Today (9/28, Kasindorf) reports, "Sheriff's deputies seized the computer from Karr's home when he was arrested in April 2001. The sheriff's department said it copied the contents of the computer's hard drive and printed out five pornographic photographs. Saying that new technologies might reveal additional photos on the hard drive, deputies launched a two-week search for the computer late last month but didn't find it."

Sex Offender Admits Killing 15-Year Old Boy. The Washington Post (9/28, B2, Klein, Cauvin) reports, "A 51-year-old convicted sex offender admitted that he killed a 15-year-old boy and dumped his body at a construction site in Northeast Washington, telling police the two had fought over a $10 purchase of crack cocaine, according to the prosecution's charging documents. Robert J. Crosby has been charged with second-degree murder in the death of Dominick A. Dixon, who was found at the construction site Monday afternoon wearing only his boxer shorts. Crosby was ordered held without bond yesterday by D.C. Superior Court Magistrate Judge Richard Ringell. The D.C. medical examiner's office said yesterday that Dixon was killed by asphyxiation and ruled the case a homicide."

Navy Midshipman Faces Rape Charges. The Baltimore Sun (9/28, Olson) reports, "The Naval Academy has charged a former football player with drugging and raping two female midshipmen on separate occasions, including at a party attended by at least four teammates. Kenny Ray Morrison, 24, is accused of raping one woman in a Georgetown hotel room at the rowdy, boozy party Feb. 4, and the other in Annapolis on April 21, according to charging documents. The senior had been scheduled to stand trial Tuesday at a special court-martial, a midlevel form of military trial, only on charges of indecent assault and indecent acts in the Georgetown incident. If convicted of those charges, he would receive no jail time. If found guilty in a military court of the new charges of rape, distribution of a controlled substance and assault in both cases, as well as conduct unbecoming an officer in the Feb. 4 incident, he could receive a maximum of life in prison. Such a sentence is unprecedented in recent history, according to military law experts."

US Charges Former National Guardsman With Smuggling Machine Guns. The Army Times (9/28, Tan) reports, "A former North Carolina National Guard soldier has been charged in federal court for smuggling four machine guns into the United States from Iraq and then trying to sell them." The Times continues, "Robert James Clymore, 38, was arraigned in federal court Sept. 21 in Atlanta, Ga. He was indicted June 13 by a federal grand jury on charges of unlawful importation, possession, transportation and transfer of machine guns, according to a press release from the Justice Department." The Times adds, "Clymore, of Wade, N.C., is accused of acquiring four machine guns while on active duty in Iraq and smuggling them home in his gear. … Clymore, who served in the Navy, joined the Guard on Aug. 29, 2003, said Maj. Matt Handley, a spokesman for the North

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Carolina Guard. … In December 2005, Clymore brought the weapons to a gun dealer in Taylorsville, Ga., and negotiated a deal to trade an all-terrain vehicle and a pistol for the machine guns, according to the Justice Department. The gun dealer informed the FBI about the machine guns, and FBI agents set up surveillance to record the transaction, which was scheduled for the following day, Dec. 15, 2005. When Clymore returned, the FBI seized the four machine guns."

Judge Sentences Pennsylvania Inmate In Assault Of US Marshal. The Pittsburgh Tribune-Review (9/28) reports, "A state inmate was sentenced today to nearly 12 years in federal prison for assaulting two deputy U.S. Marshals." The Tribune-Review continues, "Andre L. Jacobs, 24, formerly of Harrisburg, attacked the marshals in March 2005 inside a 9th floor elevator at the federal courthouse, Downtown. After a jury ruled against Jacobs in a civil trial, the inmate struck one marshal with his handcuffs and grabbed the other marshal. The first marshal suffered ligament damage to his wrist, which required surgery. … Jacobs was convicted by a jury in April and was sentenced to 210 months in prison yesterday by U.S. District Judge Gustave Diamond. Jacobs is already serving 5 to 18 years in SCI Fayette on an unrelated conviction."

The Pittsburgh Post-Gazette (9/28, Ward) reports, "In an effort to avoid any repeats of the attack in which Mr. Jacobs slammed his handcuffed arms down onto a marshal's wrist, he was led into Senior U.S. District Judge Gustave Diamond's courtroom by six marshals. … Deputy U.S. Marshal Robert Potter, who was injured in the attack, underwent surgery and was placed on light duty for 47 days while recovering, said Assistant U.S. Attorney Stephen R. Kaufman." The Post-Gazette adds, "Mr. Jacobs' sentence was enhanced by several factors, including that his victim was a federal law enforcement officer; that he caused 'serious bodily injury;' and because he is considered a career offender."

US Charges Man With Defrauding Priests. The New York Times (9/28, Ramirez) reports, "Robert Riggio, 60, of Manhattan, bilked numerous priests around the country of at least $200,000, federal prosecutors said yesterday." The Times continues, "Priests in North Carolina, Texas and Kentucky were victimized, prosecutors said, adding that the priests often drew on personal savings to send money to Mr. Riggio, and that some priests were bilked twice." The Times adds, "The scheme, which began in March 2004 and lasted until this month, involved more than 150 wire transfers from guileless priests to Mr. Riggio and a partner who was not named in court papers. In some cases, Mr. Riggio pretended to be a member of the priest's parish seeking help, the papers said. … The scheme was undone by an undercover agent posing as the niece of a priest, prosecutors said." The Times notes, "Mr. Riggio appeared yesterday at a hearing in Federal District Court in Manhattan, where he was advised of his rights and informed of the charges against him, but not formally arraigned. He has not been indicted. … He is charged with one count of conspiracy to commit wire fraud and one count of wire fraud. If convicted, he faces up to 25 years in prison."

Cost Of Houston Crime Lab Probe To Grow By $1.5 Million. The Houston Chronicle (9/28, Grant) reports, "The (Houston) City Council on Wednesday approved spending an additional $1.5 million to complete an independent investigation of the police crime lab that has already cost the city nearly $4 million." The Chronicle continues, "After months of delay, during which Mayor Bill White, several council members and a high-ranking police official questioned whether more money should be allocated to the project, the panel approved the funding without discussion. … White said after the meeting he is confident this will be the last time the city puts money toward the investigation, which began in March 2005. … 'I wanted to make sure that we were going to get value for what we asked for and that this would not be perpetual,' White said." The Chronicle adds, "The city hired lead investigator Michael Bromwich, a former U.S. Justice Department official, to investigate the crime lab more than two years after problems there came to light. Two men had been released from prison because of inaccurate work on evidence from their cases. … The independent team of lawyers and scientists conducting the project have reviewed about 2,300 cases from the Houston Police Department crime lab. HPD's conclusions about evidence in 93 cases may be inaccurate, they say. … The project initially was expected to cost about $3.2 million. City Council first allocated $2.2 million, then agreed to pay $1.6 million more."

Expert Says Inmates Conscious During Lethal Injections. An anesthesiologist who has reviewed state execution logs testified yesterday that inmates executed by lethal injection in California may have been conscious when they were administered the fatal dose of drugs. The Los Angeles Times (9/28, Weinstein, Dolan, 918K) reports, "Mark Heath, a professor of anesthesiology at Columbia University Medical School, said the logs showed that some of those executed were still breathing several minutes after prison personnel administered pancuronium bromide, a paralytic agent and the second of three drugs used in lethal injections in California and three dozen other states." Heath testified during the second day of a hearing before US District Judge Jeremy Fogel on a challenge to California's lethal injection procedures by death row inmate Michael Morales. His attorneys contend that the state procedure violates the U.S.

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Constitution's prohibition against cruel and unusual punishment."

CIVIL LAW:

San Jose Nursing Home Convicted Medicare Fraud. The San Jose Mercury News (9/28, Foo) reports, "An East San Jose nursing home was convicted Tuesday of filing false Medicare claims, and its corporate owner also has agreed to pay $14.7 million to settle a related federal lawsuit instigated by a whistle-blower, prosecutors said." The News continues, "Representatives for Parkview Nursing Center agreed to plead guilty in U.S. District Court in Oakland to two counts of submitting inflated nursing hours related to patients' reports to Medicare. No individuals were charged, U.S. Department of Justice spokesman Luke Macaulay said, only the business entities." The News adds, "The crimes occurred in November 1997 and September 1998, prosecutors said. The complaint against Parkview was filed earlier this month. … Parkview also was ordered to pay a $500,000 fine. The 99-bed nursing home was closed in 1998 by its owner and operator, Horizon West Healthcare, a wholly owned subsidiary of Horizon West, based in Rocklin. … The conviction follows an August agreement by Horizon West to pay $14.7 million to settle a 2000 lawsuit brought by a former employee, Julia Lee, and the Justice Department. The settlement will be paid out over five years, according to the agreement."

House Panel Approves FOIA Reform Bill. The AP (9/28, Kellman) reports a House Government Reform subcommittee "advanced a bill to close gaps in the Freedom of Information Act and speed the release of government documents, but the legislation seemed unlikely to pass this year." The panel "would penalize federal agencies that fail to respond to FOIA requests in a reasonable period of time." But the subcommittee "added a provision not in a similar measure passed last week by the Senate Judiciary Committee. The amendment by Rep. Henry Waxman, D-Calif., would revoke two Bush administration memos that directed agencies to withhold information from FOIA requests when that information would threaten national security." The bill "appears likely to fall victim to Congress' end-of-session rush to recess this week so lawmakers can head home to campaign for re-election."

Court Declines To Intervene In Maine "Electioneering" Dispute. Roll Call (9/28, Murray) reports, "A federal court Wednesday refused to intervene in a dispute between a Maine nonprofit organization and the Federal Election Commission regarding the group's right to air a television advertisement during a federally restricted blackout period. A three-judge panel of the U.S. District Court for the District of Columbia ruled that the FEC was correct in determining that claims by Christian Civic Life off Maine, Inc., were 'not ripe' and 'too speculative.' The group had sought to run an issue-based advertisement identifying Sen. Olympia Snowe (R-Maine) within 30 days of a primary election. Running the ad could have been a violation of the Bipartisan Campaign Reform Act of 2002. In May, the same court denied the group's request for preliminary injunctive relief. 'We are very pleased that this case has been dismissed, and the 'electioneering communication' provisions of BCRA stand in place as written by Congress and upheld by the Supreme Court,' said Fred Wertheimer, president of the campaign-finance watchdog group Democracy 21."

CIVIL RIGHTS:

Ruling Opens Door For ADA Claims Involving Internet Access. The National Law Journal (9/28, Qualters) reports, "A federal judge's decision not to dismiss a discrimination case against retailer Target Corp. for operating a Web site inaccessible to the blind opens the door to Internet-related Americans with Disabilities Act claims." The Journal continues, "The recent order is believed to the first ruling from a judge that the ADA can apply to the Internet, and lawyers from both sides of the bar anticipate more cases. … 'To limit the ADA to discrimination in the provision of services occurring on the premises of a public accommodation would contradict the plain language of that statute,' wrote U.S. District Judge Marilyn Hall Patel, who sits in San Francisco. 'To the extent defendant argues that plaintiffs' claims are not cognizable because they occur away from a "place" of public accommodation, defendant's argument must fail.'" The Journal adds, "Patel declined the National Federation of the Blind's request for a preliminary injunction requiring Target to immediately update its site. She said that there is no emergency to address and that more discovery is needed to investigate Target's claim that the average blind person is able to access its Web site now. National Federation of the Blind v. Target, No. 06-01802 (N.D. Calif.). … There will be continued exploration of the applicability of the ADA and certain state laws to commercial Web sites, predicted Daniel F. Goldstein of Brown, Goldstein & Levy in Baltimore. Goldstein represents the plaintiff in the case, Baltimore-based National Federation of the Blind. 'It's too important of an economic activity for the blind to be excluded,' Goldstein said."

DOD Strives To Get Ballots To Soldiers In Field Before Election Day. Under the headline "Voting Is Tricky Mission For Troops Waiting For Ballots In Battlefield," USA Today (9/28, 6A, Wolf, 2.27M) reports on what Principal

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Deputy Undersecretary of Defense for Personnel and Readiness Michael Dominguez calls the "special challenge of reaching the deployed warrior on the battlefield" when it is time to vote. Pentagon officials say it is "particularly troublesome" trying to get ballots to "troops in battle, who often are redeployed before mail reaches them," and in some states that held late primaries, ballots are still being prepared. DOD Federal Voting Assistance Program Deputy Director Scott Wiedmann "says at least six states have begun mailing out overseas absentee ballots. The elections are 40 days away."

Voters Abroad Still Face Challenges. USA Today (9/28, Wolf, 2.27M) reports six years "after problems counting overseas votes clouded the 2000 presidential election, U.S. troops and other Americans abroad face tight timetables and emerging technologies that still make it difficult to have their votes counted." Fourteen states "with September primaries risk getting absentee ballots out too late for remote voters to return them in time." Efforts to "speed things by using e-mail and fax machines pose a risk to voters' confidentiality," and Websites "intended to help overseas voters navigate the process are not widely used. A private group's site was taken down earlier this month in a contract dispute." The problems "with timing and technology concern federal election officials, who try to ensure that overseas votes are counted on time. An estimated 29% of troops who wanted to vote did not get absentee ballots in 2000 or received them too late."

Hyde Defends "Federal Election Integrity Act." Rep. Henry Hyde writes in USA Today (9/28, 2.27M), "The integrity of elections is central to our democracy. Because of increasing concern over electoral fraud, the House passed the Federal Election Integrity Act (FEIA) mandating that voters present proof of citizenship and a valid photo ID when registering to vote. A valid photo ID would also be required at the polling place. Not surprisingly, FEIA has met strong opposition from the majority of Democrats, who support amnesty, a path to citizenship for illegal immigrants." Hyde adds, "This proposal would not disenfranchise anyone who wants to vote. Our purpose is to stop fraud and to ensure every citizen the right to vote. … By enacting this bill, we can help restore confidence in our system and thereby encourage voter participation."

ANTITRUST:

Mittal To Sell WV Mill To Settle DOJ Antitrust Concerns. The Baltimore Sun (9/28, Connolly) reports, "Mittal Steel Co. NV said yesterday that it plans to sell its Weirton, W.Va., mill rather than Sparrows Point if it's compelled to dispose of a U.S. property to settle antitrust issues." The Sun continues, "Netherlands-based Mittal said it had identified at least 10 potential buyers for the West Virginia property, easing concerns at the Baltimore County plant, which Mittal acquired in 2005. Sparrows Point employs nearly 2,500 salaried and hourly workers. … Mittal must sell either Weirton, Sparrows Point or Canadian steelmaker Dofasco in the wake of its $38 billion merger with Luxembourg-based Arcelor SA to appease Justice Department officials, who say the combined company, Arcelor Mittal, would have a monopoly on tin production in the United States." The Sun adds, "Mittal has promised to sell Dofasco to German-owned ThyssenKrupp AG, but despite the merger agreement, Arcelor officials refuse to let it go. In one of a series of moves to fend off Mittal's nearly six-month hostile takeover bid, Arcelor transferred Dofasco to a Dutch trust, making a sale without Arcelor's consent impossible. … The Justice Department has given Mittal until Nov. 28 to sell Dofasco, with the option of a 60-day extension. If Mittal is unable to sell Dofasco, the Justice Department will give Mittal 90 days to sell either Sparrows Point or Weirton."

Icahn Eyes Bigger Stake In Federated Stores. Bloomberg (9/28, Timberlake) reports, "Federated Department Stores Inc., owner of Macy's and Bloomingdale's, said billionaire investor Carl Icahn plans to buy $113.4 million to $500 million of additional stock, sending the retailer's shares to a record." Bloomberg continues, "If Icahn purchases $500 million of Federated stock, he would be acquiring about 11.5 million shares at today's price and boosting his stake to 2.5 percent. Icahn, 70, notified Federated of his plans to seek regulatory approval for the purchase, the company said today in a statement." Bloomberg adds, "Icahn is known as a corporate raider, taking stakes in companies and forcing management to take steps to improve stock prices. Federated shares have more than tripled since February 2003. … Federated, the second-biggest U.S. department store company after Sears Holdings Corp., converted more than 400 stores to the Macy's name earlier this month, doubling the total. The stores were acquired as part of last year's $11 billion purchase of May Department Stores Co. … Anyone who purchases more than $58 million in a company must report it to antitrust enforcers at the U.S. Justice Department and Federal Trade Commission. The requirement gives the government an opportunity to determine if the transaction poses any antitrust problems. The government has 30 days to decide whether to open an antitrust investigation."

Judge Dismisses Key Portion Of AMD Antitrust Suit Against Intel. The AP (9/28, Robertson) reports, "A federal judge dismissed a major portion of Advanced Micro Devices Inc.'s antitrust lawsuit against archrival Intel Corp., ruling that AMD cannot sue in the U.S. for Intel's alleged

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monopolistic tactics overseas." The AP continues, "The judge also set a trial date of April 27, 2009 for AMD to argue that Intel forced major customers into exclusive deals and offered secret rebates to undercut AMD in the market for microprocessors that act as the brains of computers." The AP adds, "U.S. District Judge Joseph J. Farnan Jr. set the 2009 trial date Wednesday, a day after stripping a key component from AMD's lawsuit, which alleges anticompetitive practices in several countries including Britain, Germany and Japan." The AP notes, "On Tuesday, the Delaware-based judge ruled that AMD failed to prove that Intel's alleged strong-arm tactics abroad had "direct, substantial and foreseeable effects" on AMD's operations in the United States. … Santa Clara-based Intel, the world's largest computer chip maker, argued that AMD should not be able to sue in the U.S. for alleged lost sales of microprocessors that were made and sold in other countries. It also argued that part of AMD's case should be dismissed because AMD was seeking redress abroad for 'foreign commerce claims.' … AMD, which filed its lawsuit in June 2005, maintains that the market for microprocessors is global and that Intel's conduct domestically and abroad are inextricably linked."

Symantec Claims Microsoft Withholding Spyware Technology. CNET News (9/28, Espiner) reports, "Symantec has accused Microsoft of withholding key information about its upcoming Vista operating system in an attempt to gain an advantage in the security market." CNET continues, "The security specialist said this week that Microsoft is refusing to hand over the application programmable interfaces (APIs) for Windows Defender, the spyware product that will be included in Windows Vista. Without the APIs, Symantec contends that it's unable to ensure that its own security products are compatible with the update. … 'Microsoft is affirmatively introducing bottlenecks to funnel customers to their products,' said John Brigden, Symantec senior vice president for Europe. 'It's all about control and dominance. They are deliberately delaying giving us the APIs.'" CNET adds, "Microsoft responded to Symantec's concerns on Wednesday, and said it had made the APIs for Defender available earlier this week. … Microsoft added the functionality to disable Windows Defender in Release Candidate 1 of Vista, or RC1, which came out early this month. There may have been some confusion in the industry because the accompanying information for developers, called a software development kit, or SDK, did not provide details on the functionality, the company said."

Johnson & Johnson Suit Claims Abbott Leak Subverted $24 Billion Deal. The New Jersey Law Journal (9/28, Daks) reports, "Johnson & Johnson has filed suit in federal court against Abbott Laboratories and two medical device manufacturers, seeking at least $5.5 billion for alleged tortious interference and breach of a merger agreement." The Journal continues, "The New Brunswick, N.J.-based health care company charges that a planned $24.2 billion acquisition of Guidant Corp. of Indianapolis was scotched in early January after Guidant leaked confidential information to another manufacturer, Boston Scientific Corp., which ultimately bought Guidant for $27 billion." The Journal adds, "In December 2004, J&J announced it had structured an agreement to buy Guidant, a heart device manufacturer. To ease antitrust regulators' fears, the companies agreed to grant a nonexclusive license for certain Guidant patents to Abbott Labs, a competing health care company based in Columbus, Ohio. … J&J says the terms of the deal prohibited Guidant from providing confidential information to any other company unless the third party was making a superior, unsolicited takeover offer. That caveat was designed to keep Guidant from using its agreement with J&J to shop around for higher offers. .. Last December, Boston Scientific made a $25 billion offer for Guidant, later upped to $27 billion, and, as part of its formal offer on Jan. 8, said it would ease antitrust fears by selling certain Guidant businesses to Abbott. Abbott in turn agreed to make a $700 million loan to Boston Scientific. … J&J alleges that Abbott was induced to cooperate when it received confidential information about Guidant. The complaint contends that J&J was alerted to the alleged breach by a comment Boston Scientific CFO Lawrence Best made during a Jan. 9 conference call about its deal with Guidant."

Endesa Board Expected To Approve E.On Offer. The Wall Street Journal (9/28, Johnson, Singer) reports, "German utility E.On AG's richer offer for Endesa SA is expected to clinch an approval from the Spanish power company's board, according to people close to the matter… ." Should the "$47 billion all-cash offer go through, one of the first effects could be an acceleration of a merger between Iberdrola SA and Union Fenosa SA, Spain's second- and third-biggest electricity companies. That would create another Spanish company big enough to fend off foreign suitors and even make acquisitions abroad. It would also leave smaller regional power companies, such as Spain's Gas Natural SDG SA or Energia de Portugal SA, prey to a second wave of consolidation." The Journal notes, "If completed, E.On's bid for Endesa would be Europe's biggest cross-border electricity deal, and would create one of the Continent's largest power companies."

Phone Companies Seek To Unload Land Lines In Rural Areas. The New York Times (9/28, Belson, 1.21M) reports that many phone companies are trying to

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reduce the number of land lines it owns. Big phone and cable companies "are reluctant to upgrade and expand their networks in sparsely populated places where there are not enough customers to justify the investment. Instead, they are funneling billions of dollars into projects in cities and suburbs where the prospects for a decent return are higher. But those projects are unlikely to reach rural areas of Vermont and other states, leaving millions of people in the Internet's slow lane, just as high-speed access is becoming more of a necessity than a luxury. The United States already lags behind much of the industrialized world in broadband access."

Glassman Makes Case For Cable Competition. James Glassman, a resident fellow at the American Enterprise Institute, writes in the Wall Street Journal (9/28) that California's legislature has "voted overwhelmingly to allow competition into a sector -- cable television -- where prices have been elevated and service depressed by the most pernicious monopoly in America. When Gov. Arnold Schwarzenegger signs the bill, as expected, companies that want a statewide video franchise can go straight to the Public Utility Commission and get approval to operate within 44 days." Glassman adds, "Yes, Americans can choose satellite TV, but, for reasons of convenience and service, many find it an inadequate substitute. There's a reason that cable families far outnumber satellite families. … But if satellite TV improves and becomes a more attractive alternative, what's wrong with having enhanced cable competition, too? The more the merrier is, apparently, an economic concept that some folks in Congress still don't get."

ENVIRONMENT/INDIAN AFFAIRS:

US Will Not Charge ConocoPhillips For 2004 Oil Spill. The Seattle Post-Intelligencer (9/28, McClure, Shukovsky) reports, "After a mysterious midnight oil spill turned central Puget Sound beaches into a stinky mess, the Coast Guard proudly proclaimed that investigators had tracked down the spiller. The oil's chemical fingerprint clearly implicated a ConocoPhillips tanker, the agency said. … That was more than 1 1/2 years ago. … But now, federal prosecutors in Seattle are declining to press criminal charges against ConocoPhillips, even though the chemical fingerprint showed that the substance spilled was crude oil, which is usually carried by tankers such as ConocoPhillips' Polar Texas." The P-I continues, "The Polar Texas was in the vicinity of the spill in Dalco Passage, near Vashon and Maury islands, on the night of the October 2004 spill. It was the only oil tanker there that night. .. The decision by U.S. Attorney John McKay's office not to prosecute ConocoPhillips, which hasn't acknowledged guilt, doesn't mean the firm is totally off the hook. Federal and state environmental officials are still pushing civil cases against the Houston-based oil company. … And a grand jury in Alaska investigated allegations of criminal conduct by the company in unrelated episodes, including the apparent cover-up of another oil spill. It's unclear whether criminal charges will be brought in that case." The P-I adds, "In Seattle, Assistant U.S. Attorney Jim Oesterle would not elaborate on why McKay's office is declining to prosecute, saying commenting might interfere with ongoing negotiations between the company and environmental officials regarding possible civil penalties. … 'I'm not prepared at this point to give all the reasons for (declining prosecution), and the reason for not providing more information is I don't want to get ahead of the state or the (Department of Justice) on their resolutions, because I know they're in the midst of those negotiations,' Oesterle said."

Schwarzenegger Signs Greenhouse Gas Measure Into Law. The Los Angeles Times (9/28, Finnegan, Lifsher, 918K) reports, "California moved to the front of local government efforts to fight global warming today when Gov. Arnold Schwarzenegger signed legislation calling for a reduction of greenhouse gases." The bill "commits the state to reduce the emissions of carbon dioxide and other greenhouse gases by 25% by 2020. Greenhouse gases trap heat in the atmosphere and cause global warming." The Times adds, "At an elaborate signing ceremony at Treasure Island in San Francisco Bay, Schwarzenegger put pen to paper, a scene he repeated at a second ceremony at Pepperdine University in Malibu. 'We simply must do everything we can in our power to slow down global warming before it is too late,' Schwarzenegger said at Treasure Island." The New York Times/AP (9/28) runs a brief report on the signing, while the Washington Post (9/28, D1, Mufson, 748K) mentions it in a story about US governors, who "impatient with federal inaction on global warming, are taking matters into their own hands. The result could add impetus to an emerging industry."

WPost Comments On Global Warming "Policy Crisis." In an editorial titled "Heed This Warning," the Washington Post (9/28, A22, 748K) says "global warming represents a policy crisis responsible politicians can no longer ignore -- one as potentially existential as the threat of global terrorism, only in slow motion. Countering that threat will require regulatory initiatives and societal investments. It will require significant changes in American attitudes toward energy use and conservation." But "these may prove far less wrenching than many people imagine. What it certainly also will require is a great deal of political will -- political will of precisely the type the Bush administration has dedicated to a host of other issues but has assiduously avoided devoting to

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climate change. Most of all, it will require an end to denial -- denial that the problem exists."

DC Area Has Fewer Smoggy Days But Still Falls Short OF Federal Standards. The Washington Post (9/28, B1, Fahrenthold) reports, "The number of dangerously smoggy days in the Washington area has declined by more than 40 percent since 2003, but the region still does not meet federal standards for healthy air, according to data released yesterday. … Officials said yesterday that they were encouraged, believing the reduction in bad air days was a sign that local and national anti-pollution measures were having an effect. 'The air's cleaner,' said D.C. Council member Phil Mendelson (D-At Large), chairman of COG's air quality committee. 'But not clean enough.'"

Indian Ranchers Await Trial On Suit Against US. The AP (9/28, MacPherson) reports from Mandaree, ND, "American Indian rancher Keith Mandan says he could double the size of his black Angus herd if he had the money -- or if he were white. … Mandan, 53, and his wife, Claryca, 52, say they've struggled financially to keep their ranch in North Dakota's Badlands since the late 1970s because of a pattern of discrimination by the federal government.." The AP continues, "The Mandans are among the plaintiffs in a lawsuit that accuses the U.S. Department of Agriculture of discriminating against American Indians in the granting of loans since 1981. During that time, Claryca Mandan said, the federal government 'wiped out a whole generation of Indian farmers and ranchers because of racism.'" The AP adds, "USDA officials refused to respond to specific questions from The Associated Press about the allegations. In a statement, J. Michael Kelly, an attorney for the USDA, said the case is still ongoing and the agency is working to provide documentation requested by the Indians' attorneys. … Earlier this month, attorneys for the American Indian ranchers and farmers filed a motion to bring the case to trial next year — eight years after the lawsuit was filed. … A hearing on their motion is set for Thursday."

Navajo Teen Aspires To Serve Reservation As FBI Agent. The Deseret Morning News (9/28, Kinkead) reports, "From the northernmost tip of the massive Navajo Nation, 13-year-old Elsha Black surveys the arid expanse of his grandmother's property in San Juan County. … He is one of the few young people who speak fluent Navajo. He learned it living with his grandmother on the land where she was born. He says he'd prefer to live here now and swears he will come back" from New Mexico. "But for now, this young man must live off the reservation. He needs a good education. His mom needs a good job. His family says neither can be found here today." The Morning News notes, "Black wants to be an FBI agent. He wants to work out of the Shiprock, N.M., office to help members of the tribe and solve crimes."

FBI/DEA/ATF/USMS:

San Diego Chargers Safety Arrested In Cough Syrup Investigation. There are more than 300 media references to San Diego Chargers safety Terrence Kiel's arrest in connection with the transport and possession of cough syrup. Several stories cited Kiel's reported admission to shipping packages containing cough syrup. For example, ESPN (9/27) reports Kiel "was arrested Tuesday on drug-related charges. Kiel was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance — Codeine-based cough syrup. The law enforcement sources told ESPN's Chris Mortensen that several plain clothes DEA agents appeared at the Chargers' facility Tuesday morning with an arrest warrant, searched his locker and car, and took Kiel away." ABC News posted the ESPN story on its Web site.

Bloomberg (9/27) reports the DEA said Kiel "admitted to shipping to Texas two packages containing the substance. He was released on $150,000 bond, said DEA spokesman Dan Simmons, and will be arraigned in District Court on Oct. 3."

The AP (9/27) reports that while Kiel "did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs and referred to as 'lean,' said John S. Fernandes, the special agent in charge of the San Diego office. A pint bottle of 'lean' can cost between $200 and $325 on the street, he said." The DEA "is investigating where Kiel got the cough syrup, who else may be involved and the intent. An arraignment was scheduled for Tuesday." Media outlets that used the AP story include CBS News, MSNBC, Forbes, the New York Times, Washington Post, USA Today, Los Angeles Times, San Francisco Chronicle, Houston Chronicle, and Seattle Post Intelligencer.

UPI (9/27) writes that federal authorities "say…Kiel has admitted to shipping prescription cough syrup from California to Texas."

The San Diego Union-Tribune (9/27) reports that two federal law enforcement officials, "speaking on condition of anonymity because of the ongoing investigation, said quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said Kiel admitted to financial difficulties when interviewed by agents. Kiel first drew attention after FedEx officials…opened a package he shipped June 2 and found 15 pint bottles of codeine-based

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cough syrup, according to a search warrant affidavit filed in San Diego Superior Court."

On its Web site, KNBC-TV, Los Angeles (9/27) reports two FedEx packages "shipped by…Kiel contained a controlled substance identified as a Codeine-based cough syrup, according to search warrant affidavit released Wednesday. … According to the affidavit, FedEx customers consent to have their parcels opened and examined by the company at any time. On June 2, management at FedEx conducted an audit of a parcel which contained 15 bottles of Prometh with Codeine, considered a controlled substance."

Cable TV Coverage. ESPN (9/28, 1:00 a.m.) reported, "San Diego starting strong safety Terrence Kiel will miss Sunday's game at Baltimore after being arrested on felony drug charges. DEA officials say Kiel admitted to sending two parcels of prescription cough syrup to Texas. He will be arraigned on Tuesday."

Local TV Coverage. KFMB-TV, San Diego (9/27, 6:30 p.m.) reported, "A federal agent alleges that Terrence Kiel tried to cover up his crimes. The San Diego Chargers safety has admitted to shipping two Fed Ex packages including this cough syrup with codeine. … Agents say quart-size bottles were also found. … During an interview with agents he admitted he'd been having financial problems."

KGTV-TV, San Diego (9/27, 6:30 p.m.) reported, "Terrence Kiel is facing drug charges after being arrested…on possession of a controlled substance. They're linked to Fed Ex packages full of cough syrup with codeine. … The codeine-based syrup is commonly diluted and mixed with Sprite or 7-Up or something else with a street value up to $300. Cough syrup seems innocuous in and of itself; when it has codeine, it's a whole different set of problems."

KUSI-TV, San Diego (9/27, 6:30 p.m.) reported, "New details emerging about the arrest of Terrence Kiel, according to a search warrant affidavit released today. Two Fed Ex packages shipped by Kiel contained a controlled substance identified as a codeine-based cough syrup."

KNSD-TV, San Diego (9/28) reports, "JCodeine-based cough syrup is a Schedule V controlled substance, according to the Justice Department. … 'Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country,' said Special Agent in Charge John S. Fernandes of the Drug Enforcement Administration." KNSD-TV adds, "Kiel, a 25-year-old who plays strong safety, admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday. While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs. The mixture is referred to as 'lean,' said Fernandes, who is in charge of the San Diego office. A pint bottle of 'lean' can cost between $200 and $325 on the street, he said. … Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance."

Suspected Illegal-Immigrant Drug Dealers Targeted In Colorado Investigation. The Aspen (CO) Daily News (9/28) reports the DEA and ICE "have been targeting suspected illegal-immigrant drug dealers in the Roaring Fork Valley this week. Agents…are not commenting on the roundups except to say they are happening and that more information will be released today. A spokesman with ICE said the DEA was the lead agency on the investigation and that ICE was asked to provide assistance. … Two weeks ago, ICE agents rounded up 34 alleged illegal immigrants throughout the valley as part of a nationwide initiative called Operation Return to Sender that led to thousands of illegals being deported."

Border Tunnel Prevention Act Gains Support. Copley News Service (9/27, Kammer) reports Sen. Dianne Feinstein "is one of the main advocates of a tunnel-criminalization effort that is reaching fruition with the inclusion of the measure in legislation to fund the Department of Homeland Security. The Border Tunnel Prevention Act would impose criminal penalties of up to 20 years in prison for those who construct or finance tunnels, which have proliferated in recent years in San Diego County and other border areas." While officials "suspect the tunnels are primarily used to smuggle drugs, they have raised other concerns about them. 'A tunnel can be used to smuggle drugs, illegal aliens, weapons and possibly weapons of mass destruction into the United States,' said special agent Steve Robertson." The Copley story was used by the San Diego Union-Tribune.

Effectiveness Of Plan Colombia Scrutinized Following Police Unit Killings. The Christian Science Monitor (9/28, Harman) today continues its focus on members of an elite police unit who were killed in May in Jamundí. The Monitor says most of the officers were DEA-trained counternarcotics specialists who "had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll." However, the Monitor reports John Walters says progress has been made against narcotraffickers with, as the Monitor puts it, the U.S. and Colombian governments "inexorably bound together in a multibillion dollar war against the drug trade." The Monitor continues by scrutinizing the effectiveness of Plan Colombia and writes that President Uribe said, "It is clear we cannot abandon Plan Colombia. But it is also clear that, in comparison to our efforts, we should be seeing better results."

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IMMIGRATION:

Boehner Says Congress Will Pass An Additional $1.2 Billion For Border Security. House Majority Leader John Boehner was asked on MSNBC's Hardball (9/27) what laws Republicans have passed to stop illegal immigration. Boehner said, "In the Homeland Security Appropriations Conference Report that is finished, will be finished, voted on both the House and Senate this week, we will add $1.2 billion over and above what was already agreed to for additional borders. … It's going to build more fences, more vehicle barriers and more test programs to look at virtual security on the border." Asked if the President will sign the bill, Boehner said, "He'll sign this bill. You look at what's happened this year. The number of incursions of our border has dropped precipitously, and it's happened because we've got the National Guard down there. We've done a lot over the last five years. It's showing real progress. And the Immigration Service has done a better job of cracking down on employers who hire illegal aliens. All of that together has driven down the number of people coming across our borders."

Armey Blasts Conservatives Over Opposition To Bush Immigration Proposals. McClatchy (9/28, Montgomery) reports former House Majority Leader Dick Armey "is now savaging conservatives in his own party for what he calls 'knee-jerk' opposition – 'emphasis on jerk' - to the Bush administration's efforts to create a temporary guest-worker program and overhaul the nation's immigration system." When it "comes to the immigration debate that's raged in Congress for much of the past two years," Armey "takes an almost polar-opposite position from many of his former Republican House colleagues, who are pressing for tough border security measures, including a 700-mile fence along the Southwest border." After appearing with Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., "co-sponsors of a proposed immigration compromise that includes a privately managed guest-worker program," Armey said, "This has been rallied up by a lot of people that are very visible, make a lot of noise and have never been guilty of any deep thinking." McClatchy adds, "Unabashedly naming names, Armey described Rep. Tom Tancredo, R-Colo., as the 'cheerleader of jerkiness in the immigration debate' and said conservative commentator Pat Buchanan 'is content to be a rock star' for '10 percent of the most militant voters in America.'"

Advocates Hope Congress Takes Up Skilled Immigrant Visas. The Washington Post (9/28, A12, Kalita, 748K) reports that for "technology companies and research institutions that have spent recent autumns lobbying for permission to hire more foreign workers, this was supposed to be the year that ended the annual rite of desperation." A Senate-passed bill "would have doubled the number of visas issued every year for highly skilled professionals, such as scientists and engineers. And it would have helped clear a backlog of applications for permanent residency from such workers." But the "attempt by Congress to rewrite the nation's immigration laws has bogged down in controversy over border security and illegal immigration. That means changes in the skilled-worker programs, while less controversial, are also in limbo." Advocates are now "hoping members of Congress will focus on the issue in the lame-duck session late this year."

Anti-Immigrant Grassroots Groups Having Impact. The Wall Street Journal (9/28, A1, Jordan, 2.03M) reports on the "anti-immigrant brushfire that is gathering force at the grass-roots level around the U.S. Small groups like" Californian Joseph Turner's "Save Our State are cropping up from coast to coast, recruiting members and devising tactics to tackle illegal immigration in their communities. Critics call many of these groups racist, a charge organizers deny. What no one disputes is that they are tapping into widespread frustration over the federal government's failure to adopt a national immigration policy while a deeply divided Congress clashes over how to deal with 12 million illegal immigrants." The Center for New Community, "a Chicago organization that tracks immigration issues, says there are 211 so-called nativist groups -- groups that advocate protecting the interests of native inhabitants against those of immigrants -- across the U.S., up from 37 two years ago." The Southern Poverty Law Center, "which tracks extremist groups, also says nativist groups are on the rise and that several are hate groups, including Mr. Turner's Save Our State. The law center defines a hate group as one that singles out and promotes hatred of another group, based on ethnicity, language, religion, sexual inclination or immigration status. Mr. Turner denies he runs a hate group." These "grass-roots organizations are having an impact."

Herndon, VA, Moves To Crack Down On Illegal Immigration. A front page story in the Washington Post (9/28, A1, Turque) reports, "Herndon's decision Tuesday night to seek federal training for some of its police officers so they can enforce federal immigration law is part of a long-term effort by a new mayor and Town Council to aggressively curb the presence of residents who are in the country illegally. Two proposals on the draft agenda for next week's council session would intensify the town's scrutiny of private employers. One would require anyone seeking a business license to prove legal immigration status. The other would compel contractors doing business with the town to provide evidence that their employees live in the United States legally." The Post notes, "Illegal immigration has been the

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dominant issue in town politics since summer 2005, when the council voted, after bitter debate, to open a publicly funded center to help workers connect with employers."

TAX:

IRS Probing Merck's Offshore Partnership. The Wall Street Journal (9/28, A1, Drucker) reports, "Merck & Co.'s medications Zocor and Mevacor have been used by millions of people to help lower their cholesterol. But Merck also used the drugs to lower something else: its U.S. tax bill." The Journal continues, "Thirteen years ago, Merck set up a subsidiary with an address in tax-friendly Bermuda, in partnership with a British bank. Merck quietly transferred patents underlying the blockbuster drugs to the new subsidiary, according to documents and people familiar with the transaction. Merck then paid the subsidiary for use of the patents. … The arrangement in effect allowed some of the profits to disappear into a kind of Bermuda triangle between different tax jurisdictions. The setup helped Merck slash $1.5 billion off its federal tax bills over roughly the next 10 years. … Now, the complicated transaction -- never publicly disclosed -- has sparked one of the largest tax disputes ever involving a U.S. corporation. The Internal Revenue Service is challenging the tax benefits from the arrangement, which the company code-named 'Project Ryland,' after a fancy restaurant near the company's New Jersey headquarters. Merck anticipates it will be ordered to hand over a total of $2.3 billion in back taxes, interest and penalties, according to its filings with the Securities and Exchange Commission, which give the amounts in dispute but virtually no other details." The Journal adds, "Merck says it did nothing wrong and that the deal was simply a way of raising financing for its 1993 acquisition of a pharmacy-benefits management firm, Medco Containment Services Inc. … The IRS won't discuss its objection to the Merck partnership. But it is pursuing actions against Dow Chemical Co. and General Electric Co. over similar arrangements they set up within a few months of the Merck deal. Those, federal tax authorities have argued, weren't real partnerships with foreign banks but just well-disguised loan agreements, designed to avoid taxes by maneuvering between the tax laws of different countries, with no economic substance."

CONGRESS-ADMINISTRATION:

Congress Set To Approve Record-High Defense Budget. In a story somewhat critical of high spending, the Wall Street Journal (9/28, A8, Rogers, 2.03M) says Congress "is poised to send President Bush a record $447 billion Pentagon budget that anticipates defense spending next year will exceed annual expenditures at the height of the Vietnam War." The Journal says the "huge costs weigh heavily on the political landscape this fall and contrast with the more limited Republican domestic agenda before the midterm elections." Meanwhile, McClatchy (9/28, Brown) reports a new Congressional Research Service study concludes the "total cost of military operations in Iraq and Afghanistan and enhanced security at military bases" since 9/11 "could reach $549 billion this year." The report "says war costs are expected to continue to grow in the next decade."

Congress Nears Recess With "Do Nothing" Label Looming. CBS Evening News (9/27, story 3, 2:35, Couric, 7.66M) reported the 109th Congress "might well be remembered more for what it didn't do." CBS (Attkisson) added, "A CBS News/'New York Times' poll finds 75% of voters can't name one thing Congress has accomplished." It is "not as if they've really been sitting around doing nothing. Today's House passage of the bill providing for military tribunals for enemy combatants is evidence of that. But so many big-ticket items are still dangling. Give Congress an incomplete on immigration, port security, lobby reform, even domestic wiretapping. Democrats say, 'Don't blame us.'" Sen. Byron Dorgan: "We don't control the Congress, the majority party does." Attkisson: "Majority party, as in Republicans who control the House and Senate and should be able to pass whatever they want. Problem is, they haven't agreed on much." The President "will be coming back to Capitol Hill tomorrow that's for the second time in two weeks, perhaps to highlight one of the big accomplishments they will be making which is passing the military tribunals. Congress is expected to return here for a short time after the elections, but there's always the question of whether they have the time and the motivation to get much of anything done then."

In the Washington Post's "Washington Sketch" column (9/28, A2), Dana Milbank critiques the visual props used by members of Congress in the final days of the session and says, "Measured by days in session or legislative output, this Congress has secured its place as one of the most lethargic of all time. But if historians choose to award points for creativity, the 109th could go down in the books as a most prolific body."

Bush To Rally Senate Republicans Before Recess. The Hill (9/27, Allen) reports President Bush "plans to rally Senate Republicans this morning as they prepare to leave town and hit the campaign trail." A Senate Republican aide "said the president would likely discuss the GOP's accomplishments, particularly in the realm of national security, an issue the White House is trying to draw attention to in the six weeks before the election."

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Jeb Bush Offering Public Criticisms Of President's Education Policy. The New York Times (9/28, A1, Dillon, 1.21M) reports, "Gov. Jeb Bush of Florida has long played the dutiful younger brother." He has "mostly held his tongue about" the differences between his education reform plan in Florida and the president's "even as detractors of all stripes have attacked it. But in recent weeks…Governor Bush has been speaking out about the federal law, mixing dollops of praise with measured criticisms -- and taking an occasional potshot." His criticisms "could well provide the president's opponents with ammunition against his signature law." Gov. Bush also said that U.S. Secretary of Education Margaret Spellings is "eager to reform, to reauthorize N.C.L.B." Gov. Bush has credited NCLB with making Florida give "increased attention" to "disabled and limited-English students."

Connecticut's Challenge To Bush Education Reforms To Continue Minus Three Of Four Claims. The New York Times (9/28, Dillon, 1.21M) reports Judge Mark R. Kravitz of Federal District Court in New Haven, Connecticut "yesterday dismissed much of Connecticut's closely watched legal challenge to President Bush's education law, No Child Left Behind, but allowed the state to go forward with its claim that Washington treated the state unfairly in negotiations over how to carry out the law." The state claims that the "secretary of education 'acted arbitrarily' in denying Connecticut's request for an exemption from the law, after the state had concluded that it would receive insufficient financing to carry out the law's testing mandates." Afterwards, "both sides expressed satisfaction" with the ruling.

The AP (9/28) reports Judge Kravitz "dismissed three counts, saying state officials can't challenge the law until they have violated it." The U.S. Department of Education "had asked for a dismissal of the entire lawsuit, arguing that the state understood the law when it accepted hundreds of millions of dollars in education funding."

Conrad, Spratt Criticize Bush Tax Cuts, GOP Budget Shortcomings. McClatchy (9/28, Rosen) reports Sen. Kent Conrad, ranking Democrat on the Senate Budget Committee, said "some of the tax cuts enacted under President Bush might get 'trimmed' if his party regains control of Congress." Conrad and Rep. John Spratt, ranking Democrat on the House Budget Committee, "sharply criticized Republicans for failing to adopt a budget or to pass any of the 12 annual appropriations bills." Conrad said, "We face red ink as far as the eye can see, with the nation's debt continuing to grow out of control. The debt is skyrocketing, and there's been a failure among the Republicans themselves to arrive at a budget." McClatchy adds Conrad "responded cautiously when asked whether Democrats would extend the tax cuts that Congress passed in 2001 and 2003 if they gain control of the House of Representatives or the Senate in the Nov. 7 elections." Conrad said Democrats "would likely retain 'middle-class tax cuts' such as the child tax credit started under President Clinton and the repeal of the 'marriage tax penalty' enacted under Bush." But Conrad "added that Democratic lawmakers might have to revisit the broader income tax reductions that Bush pushed through Congress during his first 30 months in office."

House GOP Leaders Announce Date For Leadership Elections. The Hill (9/28, O'Connor) reports Republican aides aid House Speaker Dennis Hastert (R-Ill.) "has set the date for GOP lawmakers to elect their leaders for the next Congress." The "organizing conference" is schedule "for Wednesday, Nov. 15, the week Congress resumes after the hotly contested midterm election." The GOP elected leaders "made their decision earlier this week after wavering on the date of the post-election contest in the face of a potentially devastating midterm, even though the conference was already scheduled to meet that Wednesday." Each of the eight elected leaders "must stand for reelection for the new Congress." Speaker Hastert and Majority Leader John Boehner "should be safe, even if Republicans lose the House by a narrow margin, but other posts could be up for grabs even if the GOP holds the House." The announcement "of leadership elections is part of a coordinated effort to project confidence before members leave town for the stretch run heading into the November election."

Boehner Appears Secure In GOP Leadership. Roll Call (9/28, Davis) reports Rep. Boehner "appears to be on solid ground to keep his seat at the leadership table in the 110th Congress — even if it's in the minority." Boehner has been Majority Leader "for eight months in a session of Congress marked by leadership upheavals, ethical and criminal scandals and few major legislative victories, and yet — in the estimation of his colleagues — he has emerged largely unscathed." Still, a "number of potential leadership shake-ups could present themselves after the results of Election Day come down. Depending on the outcome, there could be surprise retirements, upstart challenges and calls for retribution."

Liberal Democrats Not Rallying To Murtha For Possible Majority Leader Race. The Hill (9/28, Hearn) reports liberal House Democrats "are not lining up behind Rep. Jack Murtha's (D-Pa.) leadership candidacy in the numbers he had hoped despite his outspoken stance against the Iraq war." Murtha's "failure to line up staunch opponents of the war could prove a blow to his hope of denying the majority leadership to Minority Whip Steny Hoyer (Md.) in the event of a Democratic takeover of the House in the 110th Congress." Rep. Jim Moran (D-Va.), "a friend of

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Murtha who has been helping him with the race, said tepid support among some progressives was a worry to him." Moran said, "It does concern you when people you think are going to be with you turn out not to be. Some of that's cultural issues, guns and abortion. But we still have the votes." The Hill adds, "Liberal Reps. Maxine Waters (D-Calif.), Barney Frank (D-Mass.), Bill Delahunt (D-Mass.), Tom Lantos (D-Calif.), John Lewis (D-Ga.), Jerry Nadler (D-N.Y.), Lucille Roybal-Allard (D-Calif.), Diane Watson (D-Calif.) and Henry Waxman (D-Calif.) are all backing Hoyer even though many admire Murtha's stance on the war. All but Lewis opposed Hoyer in a 2001 leadership race against House Minority Leader Nancy Pelosi (D-Calif.)." Some liberals "believe Murtha's record on social issues is too conservative, especially on such topics as gun rights, gay marriage and abortion. Others avow that they are happy with Hoyer's performance as minority whip and want to maintain the status quo in their leadership."

Snow Walking "Fine Line" In Attending GOP Fundraisers. NBC Nightly News (9/27, story 3, 2:40, Gregory, 9.87M) reported that Tony Snow, White House press secretary, "will be doing fundraisers in advance of election day. This was something he acknowledged today. He said the President did not object to him doing it and the political team said you are popular and we want you to do this but he acknowledged it will raise some eyebrows. He says it is unprecedented. For him it will be a fine line. There is no policy against it but it is a real question. He serves the presidency but he acknowledges he also serves the press corps. He wants to stick to the facts about what the President is doing and not attack Democrats individually."

Budget Cuts Seen As Threatening NASA's Aviation Program. USA Today (9/28, 1A, Levin, 2.27M) reports in its main front-page story that "Groups of lawmakers from both parties, academics and aerospace leaders say" steep budget cuts in the NASA's aeronautics research "are hampering NASA's ability to develop new aviation technology." According to USA Today, "the agency is planning to cut $54 million -- or 31% -- from its effort to study emerging technologies required for a new national air traffic system. NASA is the primary agency researching the Next Generation Air Traffic System, an ambitious program to replace radars with satellite-based technology. Without increased capacity from the new system, airlines can expect increasing flight delays, according to government estimates."

Military Officers Group Concerned About Military Pay Raise. Stephen Barr writes in the "Federal Diary" column in the Washington Post (9/28, D6, 748K), "The House approved a fiscal 2007 defense appropriations bill late Tuesday that would raise military pay by 2.2 percent, effective in January," and "Senate negotiators have signed off on the raise." Now, the Military Officers Association of America, known as MOAA, "urged Congress to approve a 2.7 percent across-the-board raise for the armed forces," saying "this is not the time to skimp on a raise," which also "usually spills over into the civil service." Norb Ryan Jr., president of MOAA and a retired vice admiral, said, "that regardless of which proposed raise gets adopted, it would be the smallest military raise in 11 years," and that the low raise "will send the wrong message to military families."

Amendment Would Block Spending On Parts Of National Security Personnel System. Stephen Barr writes in the "Federal Diary" column in the Washington Post (9/28, D6, 748K), "In a move that may be more about symbolism than substance, House and Senate negotiators on the defense spending bill have prohibited the Pentagon from spending money on disputed parts of the new National Security Personnel System (NSPS)." Sponsored by Reps. Jay Inslee, Walter B. Jones Jr., and Chris Van Hollen, it would "prevent the Defense Department from carrying out plans to restrict union rights and revise procedures for disciplining civil service employees." However, "the Pentagon has contended that the Inslee amendment is unnecessary because" a federal district already "blocked those parts of the NSPS" and "NSPS officials are complying with the court's injunction."

Morris Says Frist Has Failed As Majority Leader. Dick Morris writes in The Hill (9/28) reports, "If Senate Majority Leader Bill Frist (R-Tenn.) were still in his former occupation, he could well be sued by his 54 fellow Republicans, 99 senators, and the American people at large for malpractice." As Senate Majority Leader, "Frist performed about as well as a heart surgeon with mittens on. He failed utterly to provide the leadership necessary and managed to so mangle the reputation of the legislative wing of the Republican Party in the process that it may take several elections, and perhaps a Hillary Clinton presidency, to recover."

Book By Frist's Wife Offers Tribute To Father-Daughter Relationships. The Washington Post (9/28, A21, 748K) reports Karyn McLaughlin Frist, wife of Senate Majority Leader Bill First, "was at the White House, at a small dinner for the king of Spain. President Bush's daughter Jenna walked in late. At first, the president seemed irritated. But one look at Jenna as she hurried into her seat, and Bush 'absolutely melted,' Frist recalled. 'He broke into a big, proud smile.'" The Post adds, "Fathers and daughters captivated Frist, in part because she missed her own father, who had died. Frist invited women -- senators, heads of state,

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Olympic medalists and a soldier -- to write about their fathers, in a book to be published next week, 'Love You, Daddy Boy: Daughters Honor the Fathers They Love.'" Many of the essays "peek into the foyers of political homes."

Wessel Says Paulson Is "Brightest Bulb" In Bush's Cabinet. David Wessel writes in The Wall Street Journal (9/28, 2.03M), "President Bush faces a big decision in coming weeks: how best to deploy his energetic, impatient new Treasury secretary, Henry Paulson, after November's congressional elections." Paulson "is emerging as the brightest bulb in a Bush cabinet with a few dim ones and a few others (think Don Rumsfeld) who have lost their luster. He has mastered the easy stuff: managed to avoid rattling financial markets, figured out that courting Congress takes as much time and care as courting customers at his former employer, Goldman Sachs, and marched through China triumphantly, greeting old acquaintances and posing for photographs as if he were at a Dartmouth reunion. Now what? … The question now is whether Mr. Bush will use the third corporate chief executive to take the job to get something done or relegate him to making speeches for two years."

NYTimes Praises Advisory Group's Recommendations For FDA. The New York Times (9/28, 1.21M) editorializes, "A prestigious advisory group has put its weight behind criticism that the Food and Drug Administration is pitifully weak when it comes to removing dangerous prescription drugs from the market. Last week, a panel appointed by the Institute of Medicine, part of the National Academy of Sciences, issued a slew of recommendations to strengthen the beleaguered F.D.A. as it struggles to regulate a huge array of medications whose ill effects sometimes show up only after years of wide use. … Although the nation is mired in budget deficits, the institute was wise to call for a large increase in financing and personnel for this crucially important regulator of public health. If Congress is too stingy to ante up more money, it should at least divert some of the drug industry's user fees to surveillance after a drug's approval."

OTHER NEWS:

Dow Jones Edges Closer To All-Time High. NBC Nightly News (9/27, story 8, 2;15, Williams, 9.87M) reported, "Now to the US economy, all eyes were on Wall Street today, wait to see if perhaps the Dow would set a new all-time stock market record. It turns out that did not happen but it was very close. The Dow was within 2.5 points of that record. By the time the market closed it was up by about 20 points [to close at 11, 689.24] 34 points away from the record. NASDAQ was up two points [to close at 2,263.39] today. What does all of this mean for the economy if anything? Here is Anne Thompson." NBC (Thompson) added, "Wall Street is riding high on a wave of confidence about the economy." Alan Skraninaka, Edward Jones Chief Market Strategist: "We are seeing signs anywhere the economy is not overheating or sinking into recession. It is growing at a nice, steady pace and that is what Wall Street loves to see." Thompson: "With a cooling housing market and still high energy prices, is Wall Street seeing things through rose colored glasses?" Mark Zandi, Moody's Economy.com: "They are seeing things that they like. With a slower growing economy they will get that."

USA Today (9/28, Shell, 2.27M) reports, "Posting its third-straight day of gains, the Dow rose 19.85 points to close at 11,689.24, just 33.74 points shy of its record close of 11,722.98 hit on Jan. 14, 2000. … The celebration was put on hold as one of the main culprits that have put a lid on stock prices the past year -- rising energy prices -- again gave investors a reason to sell. A barrel of crude rose $1.95 to $62.96." The Wall Street Journal (9/28, Browning, 2.03M) says the Standard & Poor's 500-stock index "inched up 0.02%, or 0.25 point, to 1336.59, ahead 7.1% this year and up 5.2% for the quarter."

Reports Paint Mixed Picture Of The Economy. USA Today (9/28, Hagenbaugh, 2.27M) reports, "More evidence of a slowing economy came Wednesday as the government said orders for costly manufactured goods fell in August while sales of new homes rose, but remained at a subdued level." New orders for durable goods "fell 0.5% in August after adjusting for seasonal fluctuations, the Commerce Department said. That followed a 2.7% plunge in July and marked the first back-to-back monthly drops in the often volatile data since spring 2004."

The Wall Street Journal (9/28, Morales, 2.03M) reports, "The latest readings on business investment and housing muddied the economic picture: Orders for big-ticket goods fell unexpectedly in August as new-home sales rose unexpectedly." The Census Bureau "reported that sales of new homes rose 4.1% in August from a month earlier, to a seasonally adjusted annual rate of 1.050 million. The unexpected jump ran counter to other recent data depicting slowing sales." But "analysts cautioned not to focus too much on a one-month statistic. Indeed, compared with August a year ago, new-home sales were down 17.4%. And earlier this week, the National Association of Realtors said existing-home sales in August fell for the fifth consecutive month, while the national median price fell, year over year, for the first time in 11 years." Likewise, the New York Times (9/28, Peters, 1.21M) runs a story titled "Report Shows Home Sales Rising, But Skeptics Abound."

Hispanic Unemployment Down Sharply. The Washington Post (9/28, A13, Brulliard, 748K) reports, "Unemployment among Hispanics fell sharply this year, and

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their wages rose after a two-year decline, according to a national study released yesterday." The Post adds, "Bolstered by immigration, the Hispanic labor force is growing rapidly, and those workers are having little trouble finding jobs -- especially in construction, said the report by the Pew Hispanic Center. … Latinos, who represent 13 percent of the U.S. labor force, accounted for 40 percent of all new workers in the year ending June 30, the report said. Eighty percent of jobs filled by Hispanics went to immigrants, who make up the biggest share of the Latino labor force."

Press Corps Resents Closed Bush Fundraisers. The White House Bulletin/US News (9/27) reported, "Resentment is building within the White House press corps over the increasing number of President Bush's fundraising appearances that are closed to the media. Five such events are on his schedule this week alone, including fundraisers in Connecticut and Ohio on Monday." Reporters, who are "already chafing because of the Administration's penchant for secrecy, complain that the public has a right to know what the President is saying to his supporters. They also argue that their news organizations pay thousands of dollars to cover Bush on the road and then they are shut out of the fundraisers -- which have become a huge part of his itinerary as the November 7 mid-term elections approach." White House Press Secretary Tony Snow "says these events are mostly held in private homes and the owners don't want to allow coverage." In addition, "many hosts are wealthy individuals who feel that coverage would invade their privacy and subject them to snide stories about being fat cats who are isolated from everyday life, the host of a recent fundraiser told US News and the Bulletin." Another factor "is that many GOP candidates want Bush to raise money for them but they don't want to be seen publicly with him because he is unpopular in their districts and states."

Bush-Rove, Hillary Clinton Fundraisers Take Place On Same DC Street. The Washington Post (9/28, Argetsinger, Roberts, 748K) reports, "We knew this would happen sooner or later -- Tuesday night, secluded Whitehaven Street in Northwest was clogged by dueling fundraisers. President Bush and Karl Rove mingled with donors at the home of White House social secretary Lea Berman and husband Wayne, raising $1.5 million for the GOP in Iowa, Arkansas and Wisconsin. Two doors down, Sen. Hillary Rodham Clinton presided over a low-key event for about 50 $2,000 donors to her senatorial reelection bid. Limo lock!"

Danforth Says GOP Needs To Move Away From Christian Conservative Base. The Christian Science Monitor (9/28, Cook, 58K) reports on the Monitor breakfast with former Sen. John Danforth, who "looks like a quintessential Republican insider but he is calling for a radical change in how his party operates." Beneath his "polished and calm exterior is a man upset with his party. Danforth is traveling the country promoting his new book, 'Faith and Politics: How the Moral Values Debate Divides America and How to Move Forward Together.' The book argues that Republicans have transformed their party into a political arm of conservative Christians." Danforth said, "For the Republican party, the base of our party now is the Christian conservatives.... The Republican party has done everything it can to appeal to that part of the base ... I think this is bad for the country and ultimately it is going to be bad for the Republican party because I think when the American people reflect on this they do not want a sectarian political party in this country. So what I am trying to do is encourage them to reflect on it." Danforth said he would not "leave the party despite his unhappiness with its current course."

The Washington Post (9/28, A4, Slevin, 748K) reports Danforth is "telling audiences this month" that the "potency of the Christian right in the Republican Party is limited." A "lifelong Republican moderate disturbed by his party's direction, he contends that the political center has a future." Danforth is "promoting a new book that describes religion as a divisive force in the United States today and accuses the religious right and its political supporters of creating a sectarian party." The GOP leadership "habitually strives to please its base at the expense of meaningful compromise, he maintains, proving to be neither humble Christians nor effective politicians. His reasoning holds that social conservatives cannot prevail because a majority of Americans do not share their views or appreciate their style."

GOP Open House Seats in Arizona, Colorado, Iowa At Risk. Roll Call (9/28, Drucker) reports while "predictions of a Democratic wave on Nov. 7 may be overblown, Republicans are clearly on the defensive in three open seats that could prove key to their ability to retain the House majority in the 110th Congress." The Republican-held seats "in Arizona, Colorado and Iowa were seen as major battlegrounds. But now they are in serious jeopardy of going Democratic, with the 7th district in Colorado and the 1st district in Iowa, in particular, signifying the decline of the GOP brand name in the eyes of voters this cycle." Democrats are "clearly benefiting from the decision by the GOP incumbents who hold these seats to retire from Congress. But it is telling that the Republicans running in their stead find themselves down significantly in public opinion polls to their Democratic opponents." In AZ8, former state Sen. Gabrielle Giffords (D) "seems poised to easily dispose of former state Rep. Randy Graf (R)." The "eastern Iowa 1st district and Denver-area 7th district of Colorado have repeatedly voted Democrat for

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president while choosing Republicans to represent them in the House." In the former, "voters appear to be favoring a Democrat, trial attorney Bruce Braley. He led wealthy businessman Mike Whalen (R) by 7 points in the latest independent poll." In CO7, "former state Sen. Ed Perlmutter's (D) early and healthy lead over former state official Rick O'Donnell (R) — despite a bruising Democratic primary — indicates the GOP isn't getting the benefit of the doubt from voters this year, as opposed to the previous two cycles, when Rep. Bob Beauprez (R) won competitive races."

GOP Effort To Win Ohio's 6th CD Seen As Fizzling. The Washington Post (9/28, A6, Cillizza, VandeHei, 748K) reports that four months ago, Democratic state Sen. Charlie Wilson "was teetering on the edge of defeat in his campaign for Ohio's open 6th District. Today he is strolling toward Nov. 7, when, if current trends continue, he will be elected to Congress." No "television ads for Wilson or his Republican opponent, state Rep. Chuck Blasdel, are airing. For the moment, the national party organizations, which swarm into the most competitive races, are nowhere to be found." The departure of Democratic Rep. Ted Strickland – who is running for governor -- from the 6th CD "once tantalized Republicans, who regarded this seat -- carried narrowly by President Bush in 2004 -- as their most promising chance to take a congressional seat from the Democratic column." But Blasdel's campaign "never gained much traction after Wilson, considered the strongest of three contenders, won the Democratic primary in May."

Democrats' Rejection Of "Contract" To Win House Majority Analyzed. In his Roll Call column (9/28), executive editor Morton Kondracke says, "The 12th anniversary of the Republicans' 1994 'Contract with America' came and went on Wednesday without a 2006 Democratic counterpart. And there won't be one." Despite "repeated urging from various quarters, including from former President Bill Clinton, that the party needs to make clear what it stands for and not just against, Democrats contend that off-year elections are referenda on the party in power and that a Democratic alternative agenda would only provide targets for the GOP to attack." It is "undoubtedly true that the GOP won" the 1994 midterm election largely "because of disgust with Democratic management — the failure of Clinton's health care reform plan and Congressional scandals — but the contract did provide a legislative roadmap for the GOP once it won a 52-seat victory and had to help govern the country." This year, Democrats "have issued a two-page positive agenda, 'New Direction for America,' but there's been no Capitol steps rally, and the document has all the earmarks of being just a handout designed to be an answer to the question, 'But what do Democrats stand for?'" A "positive message of purpose -- saying where they'd lead instead of just how much trouble they'd inflict on Bush -- could push them over the top. Maybe Democrats don't need a Contract, but they could use a plan."

Rothenberg Skeptical Of Unknown Democrats' Poll Performance. In his Roll Call column (9/28), political analyst Stuart Rothenberg says, "Democratic pollsters are pushing lots of polls that show second- and third-tier candidates performing surprisingly well. If most of these challengers win, the Democrats will gain 30 or 40 House seats. Obviously, that's unlikely. Extremely unlikely. So what are we all supposed to make of Democratic polling memos asserting that Paul Hodes (New Hampshire's 2nd), John Hall (New York's 19th), Jason Altmire (Pennsylvania's 4th), Victoria Wulsin (Ohio's 2nd), Charlie Brown (California's 4th), Nancy Skinner (Michigan's 9th) and Dan Maffei (New York's 25th) are breathing down the necks of incumbent Republicans?" Some of "these numbers stem from the fact that the Democratic base has solidified early on and Democratic candidates are getting the vote that normally comes to them only in October. The folks over at Public Opinion Strategies, I believe, coined the term 'premature partisan polarization' to refer to the current tendency of voters to pick their party's Congressional candidates earlier and earlier, even if they know nothing about them." Democratic pollsters "almost always cite Bush's standing. They almost all argue that voters want change or are dissatisfied with the direction of the country. And they are right, but only so far. The problem for Democrats is that in most cases, that won't be enough by itself to get voters to fire GOP incumbents. That's particularly true if Republicans pound away at their challengers, making them the issue in their races and decreasing their appeal as vehicles for change."

Good Economic News Seen As Boosting GOP Chances For Keeping Congress. In its "Washington Wire" column on its web site, the Wall Street Journal (9/27, 2.03M) reported, "Stock market gains and declining gasoline prices are likely helping boost Republican odds for holding the House and Senate in some market-style exchanges. In the Iowa Electronics Market, a futures market operated for research purposes by economics professors at the University of Iowa, the latest trading data suggests a 55% probability that Republicans will keep control of the House, up from 37% just a few weeks ago. On the Irish betting exchange Tradesports.com, contracts for Republican retention of the House also are up sharply since the beginning of September. As for the big kahuna -- control of both chambers of Congress --- IEM traders are currently placing a 59% likelihood that Republicans will still be calling the shots in both chambers after the Nov. 7 midterm elections, up from 38% earlier this month."

House Republicans Promote Suburban Agenda. The Washington Times (9/28, Bellantoni, 88K) reports while House Republicans "trumpeted elements of their suburban agenda, Democrats yesterday said Congress will have failed the American people if it adjourns without increasing the

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minimum wage." Rep. Mark Steven Kirk, chairman of the GOP's Suburban Agenda Caucus, said, "The battleground is in the suburbs, and it is wise policy and wise politics to directly meet the needs of families in those areas." Kirk said "both parties for too long have focused on rural or urban voters. The country now is 54 percent suburbanites who face similar challenges, he said." The Times adds Republicans "outlined seven 'suburban agenda' measures for 2007 aimed at improving education and health care. They also are pushing the Alternative Energy Act of 2006, which funds research for plug-in electric hybrid car technology and studies solar and wind power." Democrats, "meanwhile, tried to force a vote on increasing the minimum wage, a move many centrist Republicans support."

Democrats Said To Have Serious Shot At Senate Majority. The New York Times (9/28, Toner, 1.21M) reports in a front page story, "Six weeks before Election Day, the Democrats suddenly face a map with unexpected opportunities in their battle for control of the Senate." Virginia Sen. George Allen "looks newly vulnerable after a series of controversies over charges of racial insensitivity, strategists in both parties say." In Tennessee, Rep. Harold E. Ford Jr., "has run a strong campaign that has kept that state in contention." In other states, Democratic challengers "are either ahead or close in races in five states held by the Republicans: Missouri, Montana, Ohio, Pennsylvania and Rhode Island, according to political strategists in both parties and the latest polls." Democrats "also have their own vulnerabilities, particularly in New Jersey, where Senator Robert Menendez is in a tight race with his Republican challenger, State Senator Thomas H. Kean Jr., according to recent polls." Democrats "must win six Republican seats to regain a Senate majority," and "a shift in the Senate was always considered a long shot this year. Some analysts now say, however, that there are enough Republican seats facing serious challenges to make it at least plausible." Political analyst Stuart Rothenberg said, "There's a big difference in talking about six seats in play and not five."

Allen Campaign, Beset By Controversies, Has Difficulty Gaining Traction. ABC World News (9/27, story 6, 2:15, Gibson) reported in the Virginia Senate race, Republican George Allen "was thought to be a shoe-in for re-election. But he's made a series of gaffes that are giving him serious trouble." ABC (Tapper) added Sen. Allen has "had to spend the week denying reports that he regularly used the 'n' word to describe African-Americans." The charge has been "made by at least five Allen acquaintances." However, Democratic challenger Jim Webb "facing no such allegations of his own, seemed to provide Allen with something of a defense." Jim Webb: "I don't think there's anyone who grew up around the South that hasn't had the word pass through their lips one time in their life." Tapper: "For weeks, tough questions for Allen about his sensitivity on racial matters. It began at this campaign stop, where Allen singled out an Indian-American Democratic operative, calling him 'macaca.'" Prof. Mark Rozell: "When you have a campaign that's on the defensive all the time, as is the case with George Allen, there is no possibility of getting a positive, constructive message out there for the voters to respond to."

USA Today (9/28, Lawrence, 2.27M) reports, "'It has been one misstep and meltdown after another' for the Allen campaign, Mark McKinnon, a strategist for President Bush, said Tuesday at a panel discussion on political advertising in New York sponsored by USA TODAY." Democrats, "who need six new seats for a Senate majority, are poised to invest heavily here." Still, the FEC reports "for June 30, the most recent available, showed Allen with a formidable financial edge: $6.6 million on hand vs. $424,000 for Webb."

Webb Amplifies Statement He Has Not Used Racial Epithet. The Washington Post (9/28, B1, Shear, 748K) reports Webb "sought to explain remarks he had made a day earlier, in which he refused to say whether he had used the 'N-word,' but he insisted he has never used it as a racial epithet aimed at anyone." Spokeswoman Kristian Denny Todd "said Webb, an author and former Marine, 'did not want to make any blanket statements that he has never, ever uttered the word. Jim has not used the word directed at another person. He's never used it himself as a racial slur.'" The Post adds Webb's comments to the Richmond Times-Dispatch "prompted Allen campaign officials to direct a reporter to Dan Cragg, a former acquaintance of Webb's, who said Webb used the word while describing his own behavior during his freshman year at the University of Southern California in the early 1960s. Webb later transferred to the U.S. Naval Academy." Cragg said Webb "described taking drives through the black neighborhood of Watts, where he and members of his ROTC unit used racial epithets and pointed fake guns at blacks to scare them."

Barnes Says Allen Campaign Unprepared For Presidential Focus. In a Wall Street Journal op-ed (9/28), Fred Barnes says, "The national press hasn't treated Mr. Allen as an ordinary candidate. He's in a different category: Likely Presidential Contender. His re-election bid thus floats beyond local Virginia matters, becoming a test of Mr. Allen's viability as a national candidate for 2008. The media grew still more interested when Mr. Allen got a serious Democratic opponent, James Webb, a well-known novelist, Vietnam veteran and angry ex-Republican." After the "macaca" incident, "Allen was thrown on the defensive, appearing increasingly rattled. He made things worse by giving several confusing, contradictory explanations and declined to apologize for several days. Then he apologized, over and over again. His lead in polls dropped to a slim four-point

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advantage." Would Allen's "gaffe have become a huge issue absent his presidential ambitions? Probably not, even with attention focused so closely on 2006 congressional races. Would the Post have hyped the macaca story day after day? I doubt it." Allen's campaign has "seemed unprepared for the way that presidential races, with their high visibility, draw out personal information." Allen "needs to remind voters of his success as governor. He abolished parole, reformed welfare and championed education reforms. New voters, many of them in Northern Virginia (which has one-third of the state's voting population), know little of Mr. Allen's impressive political background."

Herbert Says Allen Represents GOP "Bigotry." In his New York Times column (9/28), Bob Herbert says, "George Allen, the clownish, Confederate-flag-loving senator from Virginia, has apparently been scurrying around for many years, spreading his racially offensive garbage like a dog that should be curbed. With harsh new allegations emerging daily, it's fair to ask: Where are the voices of reason in the Republican Party -- the nonbigoted voices? Why haven't we heard from them on this matter?" You "don't hear President Bush or the Senate majority leader, Bill Frist, or any other prominent Republicans blowing the whistle on the likes of George Allen and Conrad Burns because Republicans across the board, so-called moderates as well as conservatives, have benefited tremendously from the party's bigotry."

Ford Running Competitive Race For Tennessee Senate Seat. The Washington Times (9/28, DeBose, 88K) reports Tennessee is "living up to its reputation as a battleground state with Rep. Harold E. Ford Jr., a Democrat, running neck and neck with Bob Corker, Chattanooga's Republican mayor, in their race for the Senate." Corker's "early double-digit polling lead" has "dwindled into a statistical dead heat, and Democrats now think they can capture the seat in this Republican-leaning state." Emory University political analyst Merle Black said Republicans "have underestimated the effectiveness of Mr. Ford's campaign." Black said, "It just looks like Ford wants this a lot more than Corker does." The Times adds, "The stakes are high for Mr. Ford. A victory by the son of former Rep. Harold Ford Sr. would give Democrats an unexpected victory in their effort to pick up six seats to win back the Senate majority in November." It "also would mark the first time a black person in the South has won an open election to the Senate and could be seen as the first chink in the armor of the Republican's Southern fortress."

Mfume Endorses Cardin, Warns Democrats About Lack Of Diversity. The Washington Post (9/28, A1, Marimow, 748K) reports Democratic Maryland Senate candidate Benjamin L. Cardin "received the critical endorsement yesterday of Democratic primary opponent Kweisi Mfume, whose blessing came with a blunt warning about the lack of diversity among candidates for statewide office in Maryland." The "main attraction at Cardin's campaign rally at the University of Maryland was supposed to be Sen. Barack Obama (Ill.), a rising star in the Democratic Party. But Mfume -- who lost to Cardin on Sept. 12 -- left a stark impression, telling the Baltimore congressman and fellow Democrats, 'We have a problem.'" Mfume "enthusiastically put his arms around Cardin, saying: 'I know what he's done in the past, and I know what he'll do in the future. He's going to make a damn good senator.'" But he "cautioned that the party had much work to do to energize black voters. The Democratic nominees for the top four jobs, he noted, look no different than the ticket 50 years ago."

Obama Said To Have Outshined Cardin At Rally. The Washington Post (9/28, C1, Montgomery, 748K) reports Cardin invited "Mr. Democratic Charisma himself onstage for a rally yesterday in the Cardin quest to become U.S. senator from Maryland. Barack Obama didn't even have to open his mouth to have a crowd of a few hundred under a powerful spell in a grassy outdoor amphitheater at the University of Maryland in College Park. The junior senator from Illinois -- part Kenyan, part Kansan -- stood tall and youthful and bronze in a black suit and a baby-blue tie, his eyes half-closed, studying the audience with a kind of seductive lassitude. His arrival sparked an ovation, and he shot a quick amiable wink to the many pols and hopefuls crammed behind him on the stage, mute witnesses to the magic." Beside Obama "stood Cardin. Comparisons aren't polite, but the Democratic congressman from Maryland was asking for it: He looked older, shorter, pudgier and pinker."

Crist Leads Davis By 15 Points In Florida Gubernatorial Race. In its "Washington Wire" column on its web site, the Wall Street Journal (9/27, 2.03M) reported, "In Florida, Republican Attorney General Charlie Crist not only got a much-welcome infusion of cash thanks to the fund-raiser in chief but also a poll by Mason-Dixon Polling & Research Inc. gave him a 15-point lead over Democratic nominee Rep. Jim Davis. The survey of 625 likely voters had a margin error of 4 percentage points."

Polls Show Schwarzenegger With Double-Digit Lead Over Angelides. The Washington Times (9/28, Harper, 88K) reports in its "Inside Politics" column, "Just six weeks before the midterms, California Gov. Arnold Schwarzenegger holds a double-digit edge over Democratic nominee Phil Angelides in two independent voter surveys. The Governator held a 17-point lead over Mr. Angelides -- 48 percent to 31 percent -- in a survey released Tuesday by the

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Public Policy Institute of California. A Field Poll released yesterday put Mr. Schwarzenegger's advantage at 10 points, 44 percent to 34 percent. Another Field survey in February found the rivals tied at 39 percent. … The policy institute's poll of 1,091 likely voters was conducted Sept. 13 to 20. The margin of error was two percentage points. The Field survey of 557 likely voters was conducted Sept. 14 through Sunday, with an error margin of 4.3 percentage points."

David Broder writes in the Washington Post (9/28, A23, 748K), "The Terminator has rescued himself from political ruin by reinventing his approach to government, thus demonstrating in the most dramatic way possible the value of political independence. Just 10 months after California voters rejected all four of the ballot initiatives he put before them and sent his personal approval ratings crashing to dangerous depths…Schwarzenegger is riding high, poised to win a full term come November." Instead of "the partisan assault on public employee unions and Democratic legislators…that marked his rhetoric in 2005, Schwarzenegger has negotiated agreements this year on a minimum-wage increase, higher school spending, curbing air pollution and a mega-bond sale designed to meet overdue highway, flood-control and school-construction needs." Democratic leaders of the legislature "now sing his praises and join him on the platform at bill-signing ceremonies, while the unions debate whether it is worthwhile to put money into the rival campaign of the struggling Democratic nominee, state Treasurer Phil Angelides." This turnaround is "likely to yield a notable Republican victory in a year of widespread GOP losses."

Democrats' Attacks On Fox News Rally Base. The Washington Times (9/28, Pfeiffer, 88K) reports, "Nearly a week after Bill Clinton's angry appearance on 'Fox News Sunday,' Democrats have turned their vitriol on the Fox News Channel, in what some consider a calculated move to boost the left's enthusiasm before midterm elections." Democratic strategist Donna Brazile said, "It fires up our base, because they're glad someone is fighting back and setting the record straight." The Times adds that since Clinton's "interview with Fox's Chris Wallace was taped last Friday, high-profile Democrats, including California Sen. Barbara Boxer and strategist James Carville, have joined Mr. Clinton's criticism of the cable news network. Fox's critics say the persistent questioning of Mr. Clinton's record on terrorism is indicative of what they consider a conservative bias."

Giuliani Defends Former President Clinton's Counter-Terror Efforts. The AP (9/28, Sedensky) reports former New York Mayor Rudy Giuliani "defended Bill Clinton on Wednesday over the former president's counterterrorism efforts, saying recent criticism on preventing the Sept. 11 terrorist attacks is wrong." Giuliani, who was in Florida to appear with Republican gubernatorial candidate Charlie Crist, said, "The idea of trying to cast blame on President Clinton is just wrong for many, many reasons, not the least of which is I don't think he deserves it. I don't think President Bush deserves it. The people who deserve blame for Sept. 11, I think we should remind ourselves, are the terrorists - the Islamic fanatics - who came here and killed us and want to come here again and do it."

LA Times Responds To WSJ Op-Ed On "Path To 9/11" Movie. In a statement published in the Wall Street Journal letters to the editor section (9/28), the Los Angeles Times says, "On your Sept. 18 editorial page, Cyrus Nowrasteh wrote 'The Path to Hysteria,' in which he chronicled his experience of the scandal surrounding the television movie he wrote, 'The Path to 9/11.' In his account, Mr. Nowrasteh wrote: 'The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response.'" The Times continues, "He was referring to a front-page article in the L.A. Times ('ABC Stands By Its 9/11 Story -- Almost,' Sept. 9) in which Scott Collins and Tina Daunt described the writer as 'a politically conservative Iranian American Muslim.' We would like to set the record straight, one point at a time." Nowrasteh, "as he wrote in The Wall Street Journal, has Iranian parents. Which would make him Iranian-American. Mr. Nowrasteh's politics have been widely characterized as conservative in the Washington Post and elsewhere. Additionally, last October he appeared on a panel at the Liberty Film Festival that was named "Rebels With a Cause: How Conservatives Can Lead Hollywood's Next Paradigm Shift.' In a Q&A interview with Libertas: A Forum for Conservative Thought on Film (http://www.libertyfilmfestival.com/libertas/index.php?p=462), Mr. Nowrasteh identified himself as '"Islamic-American.' And finally, in his piece in the Journal, Mr. Nowrasteh also implied that he contacted the reporter about his complaints, and was ignored. This is not the case: Scott Collins spoke on the phone with Mr. Nowrasteh after the article came out."

Hillary Clinton Faces Quandary On AIDS Funding Bill. The Hill (9/28, Bolton) reports an AIDS funding bill "that has stalled on the Senate floor has put Sen. Hillary Rodham Clinton (D-N.Y.) in a difficult position — forcing her to choose between the interests of her home state and those of battleground states in the 2008 presidential election." Elected officials "and AIDS activists from Iowa, South Carolina, and Ohio are urging senators to pass the Ryan White Comprehensive AIDS Resources Emergency

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Act, which would increase their state's funding for people infected with HIV, the virus that causes AIDS." A group of "activists and officials are focusing their efforts on Clinton because she has the highest profile among the bill's opponents. They may also be calculating that they have most leverage with her because she is expected to run for president." But the bill "would steer money away from major urban areas in New York, New Jersey and California to smaller, more rural states that have seen a dramatic increase in HIV infections in recent years." Clinton and Sen. Charles Schumer "outlined their objections to the new funding formula in a recent letter to Senate Minority Leader Harry Reid (D-N.Y.). 'New York State stands to lose more than $78 million in Ryan White Title II funds over four years,' they wrote." That position "puts Clinton at odds with Iowa Gov. Tom Vilsack (D), who urged for AIDS funding to be restructured in a letter to Sens. Mike Enzi (R-Wyo.), the chairman of the Senate health committee, and Edward Kennedy (Mass.), the panel's ranking Democrat."

Falwell Says Clinton Presidential Candidacy Will Energize People Of Faith. Rev. Jerry Falwell said on CNN's The Situation Room (9/27) that "if the Democrats choose Hillary as their…presidential candidate in '08, this will energize people of faith in this country more than any other person."

Bill Clinton To Celebrate 60th Birthday With Foundation Fundraiser. The Washington Post (9/28, C1, Balz, 748K) reports, "Baby boomer and former president Bill Clinton is laying plans to celebrate his 60th birthday in grand style with a charitable fundraising extravaganza in New York late next month that will include an invitation-only concert by the Rolling Stones and contributor packages that run to $500,000 and higher." Clinton's daughter, Chelsea, "who has generally avoided high-profile participation in her parents' political and philanthropic activities, is serving as co-host of the three-day party. She will host a Saturday brunch on a weekend that also features a golf tournament at the Bayonne (N.J.) Golf Club, multiple receptions and a dinner at the American Museum of Natural History with the former president, Sen. Hillary Rodham Clinton (D-N.Y.) and Chelsea." The "2,100 invitations began arriving this week. Weekend packages start at $60,000 (Hint: $1,000 for every year of Clinton's age). Next is the 'Vice Chair Package,' for those who contribute $100,000 or raise $250,000. Those who pledge $500,000 or more will receive the 'Birthday Chair Package,' which includes the 'Backstage Pass' dinner and photo with Clinton and platinum seating at the Saturday dinner and the Stones concert." The proceeds "will go to the William J. Clinton Foundation, the umbrella organization that oversees the Clinton HIV-AIDS initiative, the Clinton Global Initiative and several other programs launched by the former president since he left office almost six years ago."

GOP To Hold 2008 Convention in Twin Cities.

ABC World News (9/27, story 5, 0:15, Gibson) reported, "In politics, tonight, the Republicans will hold their convention in 2008 in Minneapolis/St. Paul. Minneapolis last had a national convention in 1892. The Democrats have narrowed their choices to Denver or New York." The GOP choice is being widely reported this morning. The AP (9/28) said it was "a location in the politically pivotal Midwest," while McClatchy (9/28, Hotakainen, Diaz) reports "Minnesota's emergence as a presidential battleground state paid off." The Twin Cities beat three other finalists: New York, Cleveland and Tampa, Fla."

USA Today (9/28, 2.27M) reports, "By picking the Twin Cities, the GOP will ensure plenty of news coverage in Minnesota, Wisconsin and Iowa, all of which were close in the 2004 election, said Sen. Norm Coleman, R-Minn. 'Whoever wins those states is going to be the next president of the United States.'"

The Hill (9/28, Snyder) reports, "The convention proper will be held in Xcel Energy Center in St. Paul, where the Minnesota Wild National Hockey League team plays," but "Minnesota officials said the decision holds broad economic impact for the region. The convention could bring in as much as $150 million, officials said." Democrats "were also considering holding their convention in 2008 in the Twin Cities. But the Democratic mayors of St. Paul and Minneapolis expressed no regret that their cities would host the showcase event for the rival party."

The New York Times (9/28, Kornblut, 1.21M) says Republicans "insisted their choice had not been politically driven. But in choosing Minneapolis and St. Paul…the party guaranteed itself widespread news media attention in three adjoining swing states, Minnesota, Iowa and Wisconsin. The convention is scheduled for Sept. 1-4, 2008." The Washington Post (9/28, A6, Slevin, Balz, 748K) reports the story in similar terms, under the headline "With Eye On Midwest In '08, GOP Picks Twin Cities For Convention." The Post also reports Steven Schier, "a prominent Minnesota political commentator on the faculty of Carleton College, said the timing and the tactics suggest that the national Republican Party hopes to help its Minnesota candidates this year and appeal to voters in a swath of battleground states in 2008."

Roll Call (9/28, Newmyer, Weinstein) notes Minnesota, "with a modest 10 electoral votes, hasn't backed a GOP presidential candidate since Richard Nixon in 1972. But margins in the state have narrowed, and it was a key battleground in the 2004 election, with Sen. John Kerry (D-Mass.) carrying it by just 3 points."

The Washington Times (9/28, Hallow, 88K) reports, "The decision to go with Minnesota also showcases one of the Republican Party's rising young conservative stars, Gov.

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Tim Pawlenty, 45, who was going to run for the Senate in 2002 until Vice President Dick Cheney persuaded him to run for governor instead so that Mr. Coleman could make his run against Mr. Wellstone without a primary fight." The Times adds, "All smiles yesterday, Mr. Pawlenty, a favorite of [RNC Chairman Ken] Mehlman's for vice president in 2008, called the choice of the Twin Cities 'fantastic.'"

Prominent Scientists Form 527 Group. The New York Times (9/28, Dean, 1.21M) reports several "prominent scientists said yesterday that they had formed an organization dedicated to electing politicians 'who respect evidence and understand the importance of using scientific and engineering advice in making public policy.'" Organizers of Scientists and Engineers for America 'said it would be nonpartisan, but in interviews several said Bush administration science policies had led them to act. The issues they cited included the administration's position on climate change, its restrictions on stem cell research and delays in authorizing the over-the-counter sale of emergency contraception." Organizers "include John H. Gibbons and Neal Lane, who were science advisers in the Clinton administration, the Nobel laureates Peter Agre and Alfred Gilman, and Susan F. Wood, who resigned from the Food and Drug Administration last year to protest the agency's delay in approving over-the-counter sales of the so-called Plan B emergency contraception." Executive director Mike Brown "said it would be a 527 organization under tax laws, meaning that it could be involved in electoral politics, and that contributions to the group would not be tax deductible."

Will Says Taxpayer Financing Of Presidential Elections Will Die In 2008. George Will writes in the Washington Post (9/28, A23, 748K), "The foremost achievement of the political speech regulators -- a.k.a. campaign finance 'reformers' -- is collapsing. Taxpayer financing of presidential campaigns, which was in parlous condition in 2004, will die in 2008. … It is delicious that the McCain-Feingold law, the reformers' most recent handiwork, is helping kill taxpayer financing of presidential campaigns. Before McCain-Feingold, limits on contributions of private money -- set in 1974 and not indexed for inflation -- became steadily more restrictive, so candidates accepted public funding. But McCain-Feingold, by doubling the permissible size of campaign contributions, made it easier for candidates to raise sums far larger than taxpayer funding provides." Will adds, "Reformers desperate to resuscitate taxpayer funding cite the supposedly scandalous fact that each party's 2008 presidential campaign may spend $500 million. If so, Americans volunteering to fund the dissemination of speech about candidates for the nation's most consequential office will contribute $1 billion, which is about half the sum they spend annually on Easter candy. Some scandal."

WPost Says Fairfax County Should Examine Deployment Of Its Vehicles. The Washington Post (9/28, A22, 748K) editorializes, "It began with an eagle-eyed auditor who, glancing at a garage maintained by Fairfax County's government for its huge fleet of official cars, noticed that too many of them spent their days parked, unused and apparently unneeded. The auditor rightly wondered whether the county bureaucracy -- 11,500 strong -- really warranted one vehicle per three employees. … Alas, the road to waste, inefficiency and bureaucratic scheming is paved with good intentions. On the one hand, the mileage minimum has helped prune the county's fleet by 167 vehicles, most of them in the year after the policy took effect. But, as reported by The Post's Lisa Rein, it has also prompted county workers and managers to devise ingenious methods to hang on to their county-owned cars -- by hook or by crook." The Post adds, "A better follow-up would be for the county to scrutinize the deployment of its remaining vehicles, tighten procedures governing their use and encourage more employees to use their own cars when possible (and claim reimbursement by mileage) -- a much more cost-efficient option."

WSJournal Defends Wal-Mart's Drug Discounts. An editorial in the Wall Street Journal (9/28, 2.03M) says Wal-Mart's announcement that it will offer many generic drugs for $4 is not winning "applause from its left-wing critics." These are "the same folks who've complained for years about high drug prices, using the issue to argue for government price controls, shorter patent lives on new drugs, and reimportation of drugs from Canada and Mexico." The Journal adds, "Wal-Mart isn't a charity, and its $4 decision is designed to lift its own sales by undercutting prices at competing retailers. But that's the way the market works, driving prices lower with competition. It turns out that Wal-Mart's critics really didn't care about prices; what they want is more union clout, and more government control over health care."

Ahmadinejad Says Iran Won't Give Up Right To Pursue Nuclear Program. The AP (9/28) reports, "Iran's hard-line president said Wednesday Iran won't give up "one iota" of its right to pursue a peaceful nuclear program." Mahmoud Ahmadinejad "reiterated his uncompromising stance as Iran's top nuclear negotiator Ali Larijani held talks with European Union foreign policy chief Javier Solana in Berlin, described by an EU official as 'very intense.'"

Rice Backs This Week's Solana-Larjani Nuclear Talks. The AP (9/28, Graham) reports Solana and Larjani "held five hours of 'very intense' talks Wednesday over Iran's disputed nuclear program and planned to meet again" today. Although not participating in those talks, German Foreign Minister Frank-Walter Steinmeier "said he was optimistic

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progress could be made." Solana said he "would report back to the six countries" that authored the enrichment suspension incentives package. Secretary Rice "told reporters in Washington that she telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran." She "said if Larijani agreed to a suspension of processing uranium 'we would be on a course for negotiations.' But, Rice told reporters, she had told Solana 'clearly this won't go on very much longer.'" Assistant Secretary McCormack "said whether Iran was agreeable to a temporary and verifiable suspension would not be known until Solana concludes his meetings with Larijani."

The Washington Times (9/28, Kralev, 88K) reports the Bush Administration "yesterday postponed its pursuit of UN sanctions against Iran for 'a few weeks' to allow its European allies time to try to negotiate a suspension of Iran's nuclear fuel production."

NYTimes Praises Buffet's Pledge For Nuclear Fuel Bank. In an editorial, the New York Times (9/28, 1.21M) writes that Warren Buffet "is pledging $50 million for a [nuclear] fuel bank — run by the International Atomic Energy Agency — to be a supplier of last resort for any country that chooses not to get into the risky reactor fuel business and gets the I.A.E.A. seal of approval." US "officials publicly welcomed Mr. Buffett's proposal as one way to persuade countries that they don't need to make their own fuel. But there's no talk of matching his largess." The Times says, "The White House -- which has long criticized the I.A.E.A. for not being tough enough on Iran -- is not eager to give the agency more power. Instead, the administration has joined with Russia and four other major fuel producers to offer overlapping supply guarantees, with each promising to make up for the others' possible shortfall. That's a start. But we suspect that any plan that has governments — rather than the more neutral I.A.E.A. -- offering guarantees won't calm suspicions or take away Iran's excuse." The Times concludes, "More than 50 years ago, President Eisenhower first proposed setting up an international nuclear fuel bank ... . Washington would do well to take a harder look at Mr. Buffett's -- and Mr. Eisenhower's -- excellent idea. And then come up with the cash."

Egypt Working On Nuclear Program. McClatchy (9/28, El Naggar) reports, "Determined to lead the Arab world into the nuclear club, Egypt is working on a nuclear energy program intended to reduce the country's dependency on oil." The program, announced last week by Egyptian President Hosni Mubarak, "is expected to cost as much as $2 billion and will take more than a decade before the plants produce electricity. While other Arab nations also are looking into nuclear research and development, Egypt already has two low-level reactors, a half century of research and the remains of a comprehensive plan that was scrapped after the nuclear accident at Chernobyl in 1986."

Hill Says Pyongyang Talks Are Entering "Crucial Phase." The AP (9/28, Klug) reports Assistant Secretary Chris Hill "said Wednesday that negotiators are entering a crucial phase and suggested Washington is stepping up efforts to break a nearly year-long impasse." He "also urged the North to show it was serious about returning to the talks aimed at ridding Pyongyang of its self-professed nuclear weapons production program." Hill told an audience that "the next weeks would be 'critical' and spoke of a 'certain sense of urgency' involved in efforts to resume negotiations that include both Koreas, China, Russia, Japan and the United States." He later added that Washington "would not talk with North Korea 'in the absence of the six-party process.'"

AFP (9/28, Collinson) adds Hill "warned that any nuclear test by North Korea would be viewed by world powers as a 'very serious' escalation of the crisis over the Stalinist state's weapons programs." Testifying before the HIRC, Hill "also said Washington was considering whether to impose new sanctions on Pyongyang, despite warnings by several congressmen such a move would enflame the showdown." Rep. Tom Lantos and colleagues "warned in dire terms that a rumored move by the Bush administration to impose a new set of sanctions on the Stalinist state, could spell further bad news for the stalled six-party talks process."

Rice Warns Khartoum About Continued Attacks, Opposition To UN Force. The Washington Post (9/28, A20, Kessler, 748K) reports, "The United States is considering a series of punitive steps if the Sudanese government fails to agree to a U.N. peacekeeping force to end the violence in Sudan's Darfur region, U.S. officials said yesterday." Secretary Rice "signaled the new approach in a speech yesterday in which she demanded an immediate cease-fire and warned that Khartoum faces 'a choice between cooperation and confrontation.'" She "demanded yesterday that Khartoum accept the U.N. force. While the Darfur agreement will not be negotiated, she said, 'we are conferring with rebels who want peace.' Rice added: 'We are seeking to address their legitimate concerns, and we will support them if they choose peace. If the rebels refuse, then they will face serious consequences, including targeted U.N. sanctions.'" Rice's "speech to the African Society's National Summit on Africa held out the prospect of improved ties between the two countries," however, "relations have worsened dramatically in recent weeks."

The New York Times (9/28, Cooper, 1.21M) says Rice "raised the threat of more international sanctions against Sudan if the government did not stop military operations in

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the Darfur region and unconditionally accept a United Nations peacekeeping force." She is quoted saying, "If the Sudanese government chooses confrontation, …then the regime in Khartoum will be held responsible, and it alone will bear the consequences." She "was blunt during her speech, laying the blame for the bloodshed at the feet of [President Omar el-] Bashir's government," and she "challenged Mr. Bashir's authority to refuse the United Nations peacekeeping force."

The AP (9/28, Gearan) reports she said Washington "will not sit still while innocent people are killed in Sudan's Darfur region." Rice "said Sudan's government could cooperate with the United Nations or face a confrontation. She warned of consequences if Sudan chose a fight and hinted at further U.N. penalties against the Khartoum government or rebel groups."

Hezbollah Facing Little Pressure To Disarm. The AP (9/28, Hendawi, Meyer) reports, "Six weeks after the end of the Lebanon war, the militant Hezbollah group is facing little on-the-ground pressure to give up its weapons and disarm -- despite a UN cease-fire resolution demanding just that." The AP adds, "The leaders of a UN peacekeeping force in south Lebanon say the job is not theirs. And Lebanon's ill-equipped army, some of whose soldiers wear tin-pot helmets and carry outdated M-16 rifles, shows no signs of diving into a confrontation with battle-hardened Hezbollah fighters."

Israel Releases Palestinian Deputy Premier After Five Weeks. The New York Times (9/28, Myre, 1.21M) reports, "An Israeli military court today released the Palestinian deputy prime minister, Nasser al-Shaer, one of more than 30 Hamas lawmakers and cabinet ministers who have been detained by the Israelis over the past three months." Shaer, the highest-ranking Palestinian in detention, was arrested on August 19 "but was not charged with any crime, and the court cited a 'lack of evidence' in ordering his release today." He "headed to his hometown of Nablus, in the West Bank, where he was greeted enthusiastically by supporters at a reception hall. However, the court said that for the next two weeks, Mr. Shaer would not be allowed to go to Ramallah, where his office is located and which serves as the Palestinian political headquarters in the West Bank." The Financial Times (9/28, Morris) says Shaer's "release was not viewed as a significant step in securing the freedom of [the kidnapped Israeli soldier]. Egyptian efforts to free the captive soldier have been complicated by internal tensions within the PA." And the AP (9/28, Daraghmeh) says "he detention of much of the Hamas-led government has been a major sore point in rapidly deteriorating relations between Israel and the Palestinians since Hamas took power." Shaer, "who did not run for parliament on the Hamas ticket but joined the government after the Islamic group's election victory, said he refused to talk politics in prison and denied he is a Hamas member."

State Dinner For Kazakh President Said To Highlight Conflicting Foreign Policy Goals. The New York Times (9/28, Myers, Greenberg, 1.21M) previews President Bush's state dinner tomorrow for Kazakh President Nursultan Nazarbayez. The recent closure of "the two most prominent American democracy organizations working" in Astana "reflects the delicate balance the administration has struck with a country of growing strategic importance that has a record of corruption, flawed elections and rights violations, including the killings of two opposition leaders in the last year in disputed circumstances." Analysts say "Washington's failure to vocally criticize" such actions "also illustrates the Bush administration's willingness to sacrifice democracy, a centerpiece of its foreign policy, when it conflicts with other foreign policy goals." The Administration "has promoted democratic reforms in Kazakhstan for years, but it also appears eager to mollify a president who has been a comparatively moderate Muslim leader in Central Asia, who has allowed

USA Today (9/28, Slavin, 2.27M), meanwhile, runs a story titled "Kazakh Leader's Visit To Require Diplomatic Finesse," in which it says the visit has been "made awkward by the country's poor human rights record and questions about its commitment to democracy." Nazarbayev and Bush "will discuss energy, Kazakhstan's economy and efforts to fight terrorism and narcotics trafficking, the White House says." Bush also "will be 'encouraging Kazakhstan to accelerate progress on democratic reform,' says Frederick Jones, a spokesman for the National Security Council."

Mexico Criticizes Rice's Comments. The AP (9/28, Weissert) reports, "Mexico said Wednesday that Secretary of State Condoleezza Rice was out of line by suggesting that its democracy was just now maturing, saying it wasn't up to her to voice such opinions publicly." In a Monday interview with The Wall Street Journal's editorial board, Rice "said Mexico was beginning to put its disputed July 2 election behind it. 'Mexico has come through this crisis and I think it's been a real vote of confidence in the Mexican democratic system, which after all, is relatively -- it's just now maturing in a kind of two-party system,' Rice said." Ruben Aguilar, spokesman for President Vicente Fox, "said Wednesday that 'we shouldn't be surprised that other countries salute Mexican institutions,' but said Rice shouldn't comment on Mexican democracy. 'We don't agree with the declaration of the secretary of state because, in accordance with the construction of Mexico's political system, it's only up to Mexicans themselves to voice those opinions,' he said told a briefing for reporters at the presidential residence."

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China Asks US Senate To Drop Tariff Bill. The Financial Times (9/28, Beattie, Dickie) reports, "China's foreign ministry on Wednesday called on US senators to drop a bill that would impose 27.5 per cent tariffs on Chinese imports in retaliation for Beijing's alleged undervaluation of the renminbi." The ministry said, "We hope the US senators will view objectively and rationally the problems that have emerged in the process of rapid development of Sino-US trade...and will cease deliberation on a bill harmful to Sino-US economic co-operation.'"

NASA Chief Ends Trip To China, Says Joint Spaceflight Unlikely. The New York Times (9/28, Leary, 1.21M) reports, "Any joint human spaceflights involving China and the United States will have to come in the future when there is more trust and openness between the countries, the NASA administrator, Michael D. Griffin, said Wednesday. Speaking in Shanghai toward the end of the first visit to China by top officials from the National Aeronautics and Space Administration, Mr. Griffin said there were 'no current plans to work with China on the space shuttle and space station programs.' Mr. Griffin, who characterized the five-day visit as enjoyable and informative, said that it was too early to talk about any cooperative programs between the nations, but that the first steps probably would be in data sharing and some type of joint effort with robotic spacecraft."

LATimes Suggests China's Crackdown On Corruption Is Politically Motivated. The Los Angeles Times (9/28, 918K) editorializes, "The Chinese government wants its people to believe that no one is beyond the reach of its sweeping anti-corruption campaign. That is the message behind the sacking and detention of Shanghai's Communist Party leader, Chen Liangyu, on Sunday. But few in China or anywhere else are likely to buy the notion that this is a principled crackdown on corruption." Chen's "real misfortune is to be associated with former President Jiang Zemin's Shanghai power base at a time when President Hu Jintao is trying to consolidate his control, partly by emasculating Shanghai's power within the party." The Times adds, "Never mind that a self-proclaimed campaign against corruption can itself be corrupt if politically driven; it still can reap dividends." China "has an 'anything goes' frontier mentality that Californians of a bygone era might have recognized. That's not sustainable forever. Lawless frontiers are a great place to make a quick buck, but eventually the citizenry gets fed up and starts screaming for a sheriff — one who isn't just going after his political rivals."

Effectiveness Of Plan Colombia Scrutinized Following Police Unit Killings. The Christian Science Monitor (9/28, Harman, 58K) today continues its focus on members of an elite police unit who were killed in May in Jamundí. The Monitor says most of the officers were DEA-trained counternarcotics specialists who "had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll." However, the Monitor reports John Walters says progress has been made against narcotraffickers with, as the Monitor puts it, the U.S. and Colombian governments "inexorably bound together in a multibillion dollar war against the drug trade." The Monitor continues by scrutinizing the effectiveness of Plan Colombia and writes that President Uribe said, "It is clear we cannot abandon Plan Colombia. But it is also clear that, in comparison to our efforts, we should be seeing better results."

Decision To Cancel Berlin Opera That Might Offend Muslims Draws Fire. The New York Times (9/28, Landler, 1.21M) reports, "Amid all the issues that divide Germany's Muslims and non-Muslims -- from women's rights to the teaching of Islam in schools -- there was one point on which the 30 participants in a landmark conference held here on Wednesday could agree, according to its organizer. They would like to see the Deutsche Oper of Berlin reinstate the Mozart opera it canceled earlier this week after receiving an anonymous threat that the production — which features a scene with the severed head of the Prophet Muhammad — could put the opera house at risk." The Times adds, "In some ways, the opera affair galvanized the meeting — underlining the urgency and complexity of the issues facing Germany, as it seeks to integrate a Muslim population that is growing in size and, in the view of some, growing farther apart from mainstream German society."

ABC World News (9/27, story 9, 1:25, Gibson) reported, "The fear in this case concerned how Muslims might respond to a depiction of Mohammed, in a Mozart opera, due to open in Berlin. It has touched off a raging controversy." ABC (Wright) added, "Berlin's Deutsche Opera took one look at protests over the Pope's recent comments about Islam. And the protests, before that, over the Danish cartoons of the prophet Mohammed. And they decided the German police might be right, that staging the opera would pose 'an incalculable security risk."

The Washington Times (9/28, Sands, 88K) reports that German Chancellor Angela Merkel "joined in the near-universal condemnation of Monday's decision by the Deutsche Oper, one of Berlin's three main opera houses, to cancel a planned revival of Mozart's classic 1781 work 'Idomeneo' because the production inserts a scene that displays the severed head of the prophet Muhammad." The Times adds, "The opera incident is just the latest in a string of cultural clashes that have bedeviled Europe in recent years, as the Continent's liberal democracies have struggled to adjust politically and culturally to large and growing Muslim minorities in their midst."

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Guatemalans Seek Closure Decades After Civil War. A front page story in the Washington Post (9/28, A1, Aizenman, 748K) reports, "A decade after the conclusion of the long civil war that ravaged this Central American nation, Guatemalans are literally trying to dig up their past." Dozens of forensic anthropologists "have been fanning out across the countryside to search for remains of the 200,000 people -- most of them Mayan Indian civilians -- who were killed or abducted during the 36-year conflict. Many were massacred by military forces and dumped into mass graves. Others were buried hurriedly in unmarked, secret locations by relatives anxious to avoid rampaging troops. … Meanwhile, in a cavernous, damp warehouse in Guatemala's capital, investigators wearing protective masks and surgical gloves are combing through piles upon piles of mildewed documents from a recently discovered secret police archive, hunting for clues to the fate of the disappeared."

Bill Clinton Seeks To Boost Britain's Labour Party. The Washington Times/AP (9/28, Gardiner) reports former President Bill Clinton "sought yesterday to boost Britain's badly divided Labor Party, warning supporters not to let it suffer the same fate as America's defeated Democrats." Delegates at Labor's "annual conference gave a celebrity's welcome to a leader they love far more than President Bush, who is widely despised in the party." Clinton "charmed a packed auditorium with a 40-minute speech in which he lavished praise on Prime Minister Tony Blair and treasury chief Gordon Brown, Mr. Blair's likely successor." In a reference "to the political damage that Mr. Blair suffered at home because of his relationship with Mr. Bush, Mr. Clinton thanked him for maintaining Britain's alliance with the United States 'through quite a lot of storm as well as occasional sunshine.'" The Times adds, "With the departing Mr. Blair, Labor's most successful leader ever, the party faces a perilous future. Infighting has tarnished its image, and the opposition Conservative Party is surging after nearly a decade in the doldrums."

Hoagland Warns US To "Be Careful" In Backing Ban For UN Secretary General. Jim Hoagland writes in the Washington Post (9/28, A23, 748K), "The 15 nations that will gather in New York today to conduct a straw vote on who is to be the next UN secretary general should reflect on a durable lesson of political life: Be careful what you wish for. You may get it. That warning of the dangers of answered prayers applies particularly to President Bush and his support for Ban Ki Moon, South Korea's reliably stolid foreign minister, in the highly competitive race to succeed Kofi Annan at year's end. Bush…may be picking up a lightning rod instead of a shield." Hoagland warns that the Bush team should be "careful in building expectations about what Ban's election would mean for US strategic interests. At a time when the United Nations itself needs defending and explaining to many skeptical audiences throughout the world, traditional diplomacy may not be the best qualification for a new secretary general."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Stubborn Day Fire Defies All Efforts."
"A Plan For Very Civil Disobedience."
"At Church, An 'ATM For Jesus.'"
"Iraq Impeding Efforts To Go After Shiite Militias, U.S. Military Says."
"Convicted As 'Tokyo Rose,' She Later Received Honors."
"In Governor's Race, It's The Democrat Under Attack Over Conservation."

USA Today:
"Big Cuts At NASA Threaten Aviation."
"Overseas Voting A Concern — Again."
"Baltimore Experiment Curbs Dropout Rate."

New York Times:
"New Hope For Democrats In Bid For Senate."
"U.S. Investigating Pirro's Talk Of Taping Spouse."
"For Kazakh Leader's Visit, U.S. Seeks A Balance."
"For the Third Time, A Jury Fails To Convict Gotti."
"As 2 Bushes Try To Fix Schools, Tools Differ."
"Mortgage Suit Says 'Trust Us' Led To Fleecing."

Washington Post:
"Exhuming The Past In A Painful Quest."
"House Passes Bill On Detainee Interrogation."
"Herndon Zeroing In On Illegal Immigrants."
"In Tribal Pakistan, An Uneasy Quiet."
"Heralded Iraq Police Academy A 'Disaster.'"
"Blessing And Blunt Warning From Mfume."

Washington Times:
"Project For Tysons Corner Would Double Size Of Mall."
"Owens Denies Suicide Attempt."
"U.S. To Wait 'A Few Weeks' On Iran Move."
"Bush Hosts Tense Dinner For Karzai, Musharraf."
"Berlin Opera At Center Of Free –Speech Debate."
"Dirty Birds Wear Out Welcome In Southern California."

Detroit Free Press:
"GM Says It Gets Short End Of Deal."
"'Thank God' For The Verdict."

Atlanta Journal-Constitution:
"Ballot Backup Will Cost Millions."

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"Jocks' Grad Rates Lag."
"School Siege Leaves 2 Dead."
"Weather Channel Ready To Take Heat On Global Warning."
"Bidders Reap Gens, Junk From 'Dead Letter Office.'"

Houston Chronicle:
"Study: Urgent Action Needed To Cut Air Toxics."
"Astros Pull Out All Stops To Extend Amazing Run."
"A City Pauses To Say Goodbye."
"Hailed By Poor , Brazil's Lula Riding High."
"Few At HISD's Failing Schools Utilize Free Tutor, Transfers."

Story Lineup From Last Night's Network News:
ABC: Insurgent Ambush-Iraq; White House Under Fire-Increased Terrorism; Presidential Dinner; Owens's Hospitalized; 2008 Political Conventions; Allen Under Fire; Transfats Ban; Gunman At Colorado High School; Controversial Opera; Tokyo Rose Obit; Steve Irwin's Widow.
CBS: : White House Under Fire-NIE Report; Presidential Dinner; What Is Congress Doing?; Owens's Hospitalized; Gunman In Colorado High School; California Wildfires; 7 Eleven Drops Citgo; Transfats Ban; Transfats Ban-Analysis; Bob Schieffer-Opinion; Weightless Surgery; Powerball Winners.
NBC: Presidential Dinner; Insurgent Ambush-Iraq; White House Under-NIE Report; Transfats Ban; Transfats Ban-Analysis; Miami Airport Trains; Owens's Hospitalized; Stock Market; Tokyo Rose Obit; Boomeritis.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CO-School Hostage Situation; House-Detainee Bill.
CBS: Bush-Karzai, Musharraf dinner; Poll Of Iraqis; CO-School Hostage Situation; Daniel Smith Death Investigation; FAA-Commercial Pilot Retirement Age.
NPR: CO-School Hostage Situation; Philippines-Typhoon Milenyo; House-Detainee Bill; Oil Prices; Rice-Iran Nukes; Bush-Karzai, Musharraf Dinner; Northwest-Flight Attendants Contract Talks; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Deborah Pryce for Congress and Ohio Victory 2006 reception, private residence, New Albany, Ohio; receives a briefing on energy, Hoover Public Safety Center, Hoover, Ala.; makes statement on energy. Hoover, Ala.; attends Bob Riley for Governor reception, Birmingham Jefferson Convention Complex, Birmingham, Ala.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Jeff Lamberti for Copngress and Republican Party of Iowa luncheon, Wakonda Club, Des Moines, Iowa; speaks at a Dick DeVos for Governor reception, Oakfield hills Country Club, Bloomfield, Mich.; speaks at a Mike Whelen for Congress and Republican Party of Iowa breakfast, River Center Adler Theatre, Davenport, Iowa.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the Federal Voting Assistance Program. David S. C. Chu, undersecretary of Defense; Deborah L. Markowitz, president, National Association of Secretaries of State; Paul DeGregorio, chairman, U.S. Election Assistance Commission; Derek B. Stewart, GAO. Location: Room 222, Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Superfund and Waste Management Subcommittee. Hearing on S.3871 - Hazardous Waste Electronic Manifest Establishment Act. Location: Room 406, Dirksen.

9:45 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on peace prospects in Darfur. UN Amb. John Bolton. Location: Room 419, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

10 a.m. BUDGET _ Full Committgee. Hearing on the economy and the budget. Council of Economic Advisers Chairman Edward Lazear; Kevin Hassett, AEI; Chris Edwards, Cato Institute; Peter Orszag, Brookings Institution. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on new aircraft in the national airspace system. Michael Cirillo, FAA; Nicholas Sabatini, FAA; Vern Raburn, Eclipse Aviation Corp.; Edward Iacobucci, DayJet Corp.; Jack Pelton, Cessna Aircraft Co.; Matt Andersson, CRA International. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Fedceral Workforce and the District of Columbia Subcommittee. Hearing on terrorism preparedness within the national capital region. Bill Jenkins, GAO; Thomas Lockwood, director, Office of the National Capital Region, DHS; Eward Reiskin, deputy mayor of the District of Columbia for public safety and justice; Robert Crouch, assistant to the governor of Virginia for commonwealth preparedness; Dennis Schrader, director, Governor's Office of Homeland Security, State of Maryland; Fairfax County Executive Anthony Griffin. Location: Room 342, Dirksen.

2:30 p.m. FINANCE _ Long-Term Growth and Debt Reduction Subcommittee. Hearing on how to keep the public debt from rising. Roberft Bixby, Concord Coalition; Peter Orszag, Brookings Institution; Chris Edwards, Cato Institute; former Rep. Charles Stenholm. Location: Room 215, Dirksen.

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2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5825 - Electronic Surveillance Modernization Act.

9 a.m. SELECT INTELLIGENCE _ Full committee. Closed. Briefing on worldwide problem areas. Location: Room H-405, Capitol.

10 a.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on the EPA pesticide program. James B. Gulliford, Assistant Administrator, EPA; Jim Gray, North Dakota Department of Agriculture; Jay Vroom, President and CEO, CropLife America. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on the use of deceptive measure to obtain personal information, a practice called ``pretexting." Mark Hurd, H-P chairman and CEO; Patricia Dunn, former chairman of H-P; Ann Baskins, H-P general counsel; Kevin Hunsaker, H-P senior counsel; Anthony Gentilucci, H-P global security manager; Fred Adler, H-P computer security investigator; Larry Sonsini, H-P outside attorney; Joe Depante, owner of Action Research Group, Melbourne, Fla.; Ron DeLia, operator of Security Outsourcing Solutions Inc., Boston. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on improving financial literacy. Elisse B. Walter, NASD; David S. Chernow, JA Worldwide; Ted Beck, National Endowment for Financial Education; Julie Cripe, Omnibank (Houston); David G. Kittle, Principle Wholesale Lending, Inc., Louisville; Carl Sorgatz, Hawthorne Community Credit Union, Napersville, Ill.; Donald D. Kittell, Securities Industry Association; Stephen Brobeck, Consumer Federation of America; Frank Pollack, Pentagon Federal Credit Union. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on reconstruction contracting in Iraq. Katherine Schinasi, GAO; Stuart Bowen, Jr., Special Inspector General for Iraq Reconstruction; Deputy Assistant Army Secretary Tina Ballard; Joseph Tyler, Army Corps of Engineers; Amb. David Satterfield; James Bever, USAID; Ernest Robbins II, Parsons Infrastructure and Technology Group; Cliff Mumm, Bechtel Infrastructure Corp. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on transit security training procedures. Location: Room 311, Cannon.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on electronic voting machines. Edward W. Felten, Princeton University; Gary Smith, election director, Forsyth County, Ga.; Barbara Simons, co-chairwoman, U.S. Public Policy Committee, Association for Computing Machinery; Keith Cunningham, election director, Allen County, Ohio; James Dickson, American Association of People with Disabilities; Michael I. Shamos, Carnegie Mellon University. Location: Room 1310, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on new directions at Amtrak. Amtrak President Alexander Kummant. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on trends in force ands veteran health. Location: Room 334, Cannon.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on union representation for guards and national security implications. Janet Boston, organizer, Service Employees International Union; David W. Foley, President, Wackenhut Services, Inc.; David L. Hickey, International President, International Union, Security, Police, and Fire Professionals of America; William P. Schurgin, attorney, Seyfarth Shaw LLP, Chicago. Location: Room 2175, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on Hezbollah's reach. Frank C. Urbancic Jr., State Department; John Kavanagh, FBI; Eitan Azani, Herzliya Interdisciplinary Center, Herzliya, Israel; Christopher Hamilton, Washington Institute for Near East Policy; Ilan Berman, American Foreign Policy Council. Location: Room 2172, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on Medicare physician payments. Dr. Dirk M. Elston, Geisinger Medical Center, Danville, Pa.; Dr. William Golden, American College of Physicians; Dr. Paul A. Martin, Dayton, Ohio; Dr. Albert W. Morris, Jr., President, National Medical Association; Dr. Thomas Russell, American College of Surgeons; Dr. Thomas J. Weida, American Academy of Family Physicians; Dr. Cecil B. Wilson, American Medical Association; Dr. Nicholas Wolter, American Medical Group Association; Dr. Byron Thames, AARP; Dr. Sallie S. Cook, American Health Quality Association. Location: Room 2322, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on Haiti. Thomas A. Shannon, assistant secretary of State; Adolfo A. Franco, USAID; Mark L. Schneider, International Crisis Group. Location: Room 2172, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the role of faith-based organizations in U.S.

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African operations. Terri Hasdorff, USAID; Ken Hackett, president, Catholic Relief Services; Edward Phillips, chairman, Eastern Deanery Community-Based Health Care and AIDS Relief Program; Ken Isaacs, Samaritan's Purse. Location: Room 2200, Rayburn.

2 p.m. SCIENCE _ Full Committee. Hearing on development of the Crew Exploration Vehicle. Scott Horowitz, NASA; Allen Li, GAO. Location: Room 2318, Rayburn.

Other: COUNTERFEITING _ The US Chamber of Commerce, others hold the Third Annual Anti-counterfeiting and Piracy Summit. Highlights: 9:35 a.m. USTR Susan Schwab. 3:30 p.m. Commerce Secretary Gutierrez discusses efforts to protect intellectual property. Location: 1615 H St. NW.

JUDICIARY _ Georgetown University Law Center holds a conference on the state of the judiciary. Highlights: 9 a.m. Retired Supreme Court Justice Sandra Day O'Connor. 9:15 a.m. Session on judicial independence, with C. Boyden Gray, others. 10 a.m. Session on judicial selection and removal with California Chief Justice Ronald George, Arizona Chief Justice Ruth McGregor, others. 12:15 p.m. Luncheon with speaker Supreme Court Justice Stephen Breyer. Law Center's Hotung Building, 550 1st St. NW. Media must use the Tower Green entrance. 1:45 p.m. Session on interbranch relations, with former Sen. Tom Dasachle, former House Speaker Newt Gingrich, former Sen. Warren Rudman, others. 7:30 p.m. Dinner with speaker Supreme Court Chief Justice John Roberts. Mandarin Oriental Hotel, 1330 Marhyland Ave. SW. Location: Georgetown University Law wCenter, 600 New Jersey Ave. NW., unless otherwise noted.

RELIGION _ The Catholic University Columbus School of Law holds a symposium on religion in the public square. Highlights: 1:30 p.m. Sen. Sam Brownback. Location: 2nd floor Slowinski Courtroom, 3600 John McCormack Rd. NE.

WOMEN-DEMOCRATS _ The women's Leadership Forum of the Democratic National Committee holds its 13th Annual National Issues Conference. Highlights: 12:15 p.m. Sen. Hillary Clinton, DNC Chairman Howard Dean and New York congressional candidate Kirsten Gillibranc speak. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

KOSOVO _ 8:30 a.m. - 4:30 p.m. The American Council for Kosovo, Christian Solidarity International, and Religious Freedom Coalition, host a one-day conference, ``Reconsidering Kosovo." Issues to be examined include: Kosovo report card -- Europes ``Black Hole?; Organized crime, jihadism, and Kosovos impact on the War on Terror; 7 Human rights and religious freedom in an independent ``KosovA; Kosovos future status: impact on regional stability, international law, and other disputed regions." There will be a kKeynote address by Bishop Artemije of Raska and Prizren (Kosovo and Metohija), spiritual leader of Kosovos Christian Serbian community. Luncheon remarks by Rep. Trent Franks, R-Ariz. Speakers include: Doug Bandow , commentator; author of ``Foreign Follies: America's New Global Empire"; Former Special Assistant to President Ronald Reagan); Peggy Birchfield, Executive Director, Religious Freedom Coalition; Ambassador James Bissett, the last Canadian ambassador to Yugoslavia, and Julia Gorin, commentator; contributor, Jewish World Review, FrontPageMag.com. Location: Capitol Hill Club, Eisenhower Lounge, 300 First St. SE.

SEX TRAFFICKING SURVIVORS _ 9 a.m. The Department of Health and Human Services Administration for Children and Families sponsors a day-long conference on how to identify and support victims of sex trafficking. Highlights: 9 a.m. HHS Assistant Secretary for children and families Wade F. Horn, Amb. John R. Miller, members of Congress and survivors of human trafficking hold a news conference. Location: Holiday Inn Georgetown, 2101 Wisconsin Ave. NW.

BAUCUS-TRADE POLICY _ 8 a.m. Sen. Max Baucus addresses the Washington International Trade Association on the future of U.S. trade policy. Location: Hotel Washington, 515 15th St. NW.

KERRY-NATIONAL SECURITY _ 8:30 a.m. Johns Hopkins University's Nitze School of Advanced International Studies hosts briefing on ``National Security: A View from the Senate," with Sen. John Kerry, D-Mass. Location: Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW.

NO CHILD LEFT BEHIND _ 8:30 a.m. - 10 a.m. The National Journals Policy Council hosts a panel discussion on the impact of the No Child Left Behind Act on schools and recommendations for changes that should be made in next year's Congressional reauthorization. Participants: Keynote address by Rep. George Miller, D-Calif., ranking member, House Committee on Education and the Workforce. Panel discussion moderated by Andy Rotherham, co-founder and co-director, Education Sector, featuring Dr. Michael Cohen, President, Achieve Inc.; Dr. Rick Hess, Director of Education Policy Studies, American Enterprise Institute; Becky Pringle, Executive Committee, National Education Association; Bill Taylor, Chair, Citizens Commission on Civil Rights; and Ross Weiner, Principal Partner, The Education Trust. Location: Phoenix Park Hotel, Ballroom, 520 North Capitol St. NW.

GAS OUTLOOK _ 9:30 a.m. The Natural Gas Supply Association holds its 6th annual Winter Outlook media briefing. Location: Longworth Room, JW Marriott, 1331 Pennsylvania Ave, NW.

MILITARY READINESS _ 9:30 a.m. The Center for Strategic and International Studies holds a program with Reps. John Murtha and Neil Abercrombie on the state of U.S. military readiness. Location: B-1 conference level, 1800 K St. NW.

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ELECTION-MUSLIMS _ 10 a.m. The Muslim American Society's Freedom Foundation holds a news conference to discuss its campaign for massive Muslim voter registration, education and mobilization for the November elections. Location: National Press Club.

GITMO-DETAINEES _ 10 a.m. David Cynamon, attorney for four remaining Kuwait detainees at Guantanamo Bay, holds a telephone briefing to discuss his trip to see his clients, share declassified notes and discuss the toll the imprisonment has taken on the men. Contacts: Christina Lycke, 202-973-1311. Notes: Callin number: 800-238-9007.

JUSTICE-WAINSTEIN _ 10 a.m. Attorney General Alberto R. Gonzales will deliver remarks at the swearing-in ceremony of Kenneth L. Wainstein as Assistant Attorney General for the new National Security Division. Location: The Great Hall, Department of Justice, 950 Constitution Ave. NW.

METH-RURAL _ 10 a.m. The Senate Democratic Policy Committee holds a panel discussion on the methamphetamine epidemic in rural America. Location: Room S-211, Capitol.

UNINSURED CHILDREN _ 10 a.m. Ron Pollack, Executive Director, Families USA, others, hold a press briefing to release a report showing that a majority of the more than 9 million children without health insurance in the United States live in two-parent families, and that in most of these two-parent families, both parents work. Location: National Press Club, First Amendment Room.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera news conference. Location: House Radio-TV Gallery.

SMALL BUSINESS _ 10:30 a.m. Democratic members of the House Small Business Committee release their annual end of the year report. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

ANTIWAR-BECHTEL _ 11:30 a.m. Iraq Vets Against the War and the UPRISE Counter-Recruitment Tour host an event during which Iraq veterans and their supporters will serve an ``eviction notice'' to Becthel Corporation ordering the to leave Iraq. Organizers say the believe Bechtel has unfairly profited from an immoral and unjust war. Location: Bechtel's corporate office, 1015 15th St. NW.

CHAO _ 11:30 a.m. Labor Secretary Chao addresses a joint meeting of the National Academies of Science and Engineering. Location: NAS Auditorium, 2101 Constitution Ave. NW.

CONGRESSIONAL BLACK CAUCUS _ 11:30 a.m. The Congressional Black Caucus holds a press conference after its meeting with Secretary of State Condoleezza Rice to discuss Darfur. They will discuss Darfur, Hurricane Katrina next steps, HIV/AIDS, the midterm elections and issues relevant to the African American community, both domestic and international. Location: House Radio-TV Gallery. Notes: 5 minute photo spray at 9:30 a.m. in Room B-338, Rayburn.

LOCKHART-HOUSING _ 12 p.m. James Lockhart III, director, Office of Federal Housing Enterprise Oversight (OFHEO), addresses a National Economists Club luncheon. Topic: ``The Current GSE Regulatory and Economic Environment and the Need for Reform. Lockhart will discuss current regulation of Fannie Mae and Freddie Mac. In this context, he will discuss the Enterprises role in the financial markets and the US economy. Location: Chinatown Garden Restaurant, 618 H St. NW.

GOVERNMENT SECRECY _ 12 p.m. - 2 p.m. The Association of American Publishers hosts a forum, ``Protecting Privacy, Challenging Secrecy, and Standing up for the First Amendment.'' Participants are ABC News reporters Brian Ross and Richard Esposito; New York Times reporter James Risen; journalist/author Mark Feldstein; and ``John Doe'' librarians from Connecticut. Location: National Press Club.

NAFTA _ 1 p.m. The Economic Policy Institute holds a telephone briefing with economists from th U.S., Mexico and Canda to discuss the North American Free Trade Agreement at 12 years. Contacts: Nancy Coleman, 202-775-8810.

MINIMUM WAGE _ 1:15 p.m. Reps. Steny Hoyer and George Miller hold a telephone briefing to call on Republicans to have a clean yes or note vote on raising the minimum wage. Contacts: Brad Woodhouse, 202-263-4575. Notes: Call in number: 888-325-3989; passcode: 2139490.

IMMIGRANTS-LITERACY _ 1:30 p.m. US Citizenship and Immigration Services Chief of Citizenship Alfonso Aguilar will participates in a panel on ``Literacy and the New American Immigrant at the 2006 Fall for the Book Festival. Location: Johnson Center, Dewberry Hall, George Mason University, 4400 University Drive, Fairfax, Va.

DEMOCRATS-MINIMUM WAGE _ 2 p.m. Senators Edward M. Kennedy, Dick Durbin, and Hillary Clinton will discuss the failure of this Congress to raise the minimum wage. They will be joined by AFL-CIO President John Sweeney and Julie Smith, a former minimum wage worker from Ohio. Location: Room 430, Dirksen Senate Office Building.

NORTH KOREA _ 4:30 p.m. Journalist Selig Harrison reports on his recent trip to North Korea, sponsored by the School of Advanced International Studies. Location: Auditorium, 1619 Massachusetts Ave. NW.

MOTHERHOOD _ 6 p.m. MomsRising.org group sponsors premiere of new documentary on the state of motherhood in America, with Sens. Hillary Clinton, Barack Obama, Edward Kennedy and Christopher Dodd. Location: Room 562, Dirksen.

RANGEL-FOREIGN SERVICE _ 6 p.m. Congressman Charles Rangel will introduce ten new Foreign Service officers who are graduates of the trail-blazing Charles B.

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Rangel International Affairs Program to improve diversity in the Department. The program is administered through Howard University. Location: Room 2354, Rayburn House Office Building.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 28, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

House Passes Detainee Bill As It Clears Senate Hurdle (NYT)

By Carl Hulse, Kate Zernike

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Congress took major steps on Wednesday toward establishing a new system for interrogating and trying terror suspects as the House approved legislation sought by President Bush and the Senate defeated efforts to alter the measure.

The House, in a politically charged decision, voted 253 to 168 in favor of extensive new rules governing the questioning of terror suspects and bringing them before military tribunals. The Senate was expected to follow suit on Thursday, which would deliver Republicans a major national security victory before the elections.

"The time to act is now," said Senator Bill Frist, the majority leader, as he opened Senate debate after reaching a deal with Democrats who agreed not to stand in the way of a final vote on the bill in exchange for consideration of amendments.

In the House, 219 Republicans and 34 Democrats, many in more competitive districts, supported the bill; 160 Democrats and 7 Republicans opposed it; the opponents included the Democratic leadership and major party voices on the military and intelligence issues.

Republicans immediately sought to portray the vote as a defining one between the two parties. "It is outrageous that House Democrats, at the urging of their leaders, continue to oppose giving President Bush the tools he needs to protect our country," said Representative John A. Boehner of Ohio, the majority leader.

But Democrats said the legislation would reverse fundamental American values by allowing seizure of evidence in this country without a search warrant, allowing evidence obtained through cruel and inhuman treatment, and denying relief or appeal to people like Maher Arar, whom the United States sent to Syria for interrogation that included torture even after the Canadian government told American officials he was not a terrorist.

"This is un-American, this is unconstitutional, this is contrary to American interests, this is not what a great and good and powerful nation should be doing," said Senator Patrick J. Leahy, Democrat of Vermont.

Backers of the measure said the legislation, which was sought by Mr. Bush after the Supreme Court in June struck down the administration's system for trying detainees, would guarantee terror suspects adequate rights while not hindering interrogations.

"We are dealing with the enemy in war, not defendants in our criminal justice system," said Representative Duncan Hunter, Republican of California and chairman of the Armed Services Committee. "In time of war it is not practical to apply the same rules of evidence that we apply in civil trials or courts martial for our troops."

Leading Democrats said the approach would result in government-sanctioned mistreatment of detainees. They predicted it would be again thrown out by the Supreme Court, leaving the United States remaining without a system to try terrorists after a wait that has already extended five years beyond Sept. 11, 2001.

"If you want to be tough on terrorists, let's not pass something that rushes to judgment and has legal loopholes that will reverse a conviction," said Representative Ike Skelton of Missouri, senior Democrat on the Armed Services Committee.

Fellow Democrats said the measure could be interpreted by other nations as reducing America's commitment to the rights of prisoners of war.

"When our moral standing is eroded, our international credibility is diminished as well," said Representative Steny H. Hoyer of Maryland, the No. 2 Democrat in the House.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, characterized the bill as the product of an administration that "has been relentless in its determination to legitimize the abuse of detainees."

But Republicans argued repeatedly that the nation is facing a faceless and brutal enemy that lurks in the shadows, requiring a new way of thinking on the part of the United States and giving new importance to the ability to freely interrogate them.

"Information is the key weapon we have to prevent them from killing us and prevent them from attacking others in the future," said Representative Mac Thornberry, Republican of Texas, who said he worried the measure might go too far in tying the hands of American operatives.

The House debate was interrupted repeatedly by protesters in the gallery, who were removed by security workers.

The bill was a compromise worked out between the White House and three Senate Republicans who for weeks had resisted the administration's approach. They contended the White House's initial bill would violate the Constitution and redefine the nation's obligations under the Geneva Conventions, signaling to other nations that they too could rewrite the rules on dealing with combatants seized in wartime.

The intraparty rift had threatened to derail Republican hopes to champion theirs as the party of national security, but before the debate began, Mr. Frist smilingly declared, "Republicans united." Mr. Bush accepted Mr. Frist's invitation to meet with Republican senators on Thursday morning as they prepared to vote to rally their support and build their spirits before Republicans hit the campaign trail.

Democrats had stayed mainly on the sidelines during the fight among Republicans, but the pending votes in the House and Senate have forced them to take firm positions on the bill. Senate Democrats did allow a vote to go forward, escaping criticism that they were obstructing the measure, and thus denying Republicans a potential political hammer.

House Democrats were prevented from offering any amendments. Under the Senate agreement, Democrats were allowed four proposed amendments. One, by Mr. Levin, would have adopted the approach endorsed by the Armed Services Committee and the three Republicans who resisted the Bush administration: Senators John Warner of Virginia, John McCain of Arizona, and Lindsey Graham of South Carolina. It failed on a 54-to-43 vote, with two Democrats, Senators Mary L. Landrieu of Louisiana and Ben Nelson of Nebraska, crossing party lines.

Senator Arlen Specter of Pennsylvania and chairman of the Judiciary Committee, pressed an amendment that would strike a provision from the bill that prohibits terror suspects from challenging their detention in the courts. "What the bill seeks to do is set back basic rights by some 900 years," said Mr. Specter, who traced the ability to challenge one's detention to the Magna Carta.

Concerned the legislation was being rushed through before an election without most senators understanding what was in the final version, Democratic Senators Robert C. Byrd of Virginia and Barack Obama of Illinois planned to offer a sunset provision that would require Congress to review the military commissions, as the trials are known, in five years.

Republicans said they were confident they could hold off any changes when the remaining amendments come up for a vote on Thursday.

While Republicans were nearing success on a key element of their agenda with the terrorism bill, disputes among top Republicans in the House and Senate were threatening other measures they hoped to pass, particularly a domestic security spending bill and a Pentagon policy bill. Lawmakers were scrambling to resolve the differences to avoid leaving the bills on the shelf. They have already abandoned efforts to strike a final agreement on a measure governing a National Security Agency surveillance program, though the House is scheduled to consider the bill on Thursday.

Rules For Terror Detainees Near Final Passage (USAT)

By Kathy Kiely

USA Today, September 28, 2006

WASHINGTON — Legislation setting rules for the interrogation and trial of terrorism suspects passed the House on Wednesday and is headed for Senate approval today, as Congress tries to balance national security needs with the rights of prisoners.

The bill would permit creation of military tribunals to try terrorism suspects such as alleged 9/11 mastermind Khalid Sheikh Mohammed and others now held at Guantanamo Bay, Cuba. It also would allow President Bush to claim a legislative victory on national security 40 days before the Nov. 7 elections.

Bush hailed the 253-168 House vote as an important step to "help keep the country safe."

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The legislation was required after the Supreme Court ruled in June that Bush's previous plan for trials was unconstitutional. It reflects a compromise between the White House and three prominent Republican senators — John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina — who forced key changes.

Final action on another measure that Bush says he needs to fight terrorism, legislation authorizing a telephone surveillance program, has been delayed until after Election Day because of disagreements among Republicans.

Proponents of the bill the House passed Wednesday said it will provide CIA interrogators with clear rules and foreign detainees with a chance to appeal to the U.S. Supreme Court. "It gives more rights to these people than they get under any other regime in the world," said Rep. Dan Lungren, R-Calif.

Critics said it does not put enough checks on the power of the military and the White House to detain foreign terrorism suspects indefinitely, without having to present evidence of their guilt.

"From my family's personal experience, I know what can happen to the rights of Americans when an administration overreaches in time of war," said Rep. Doris Matsui, D-Calif. She was born at an internment camp where her parents and other Japanese-Americans were confined during World War II.

The bill classifies nine serious offenses against prisoners, including torture, as war crimes. McCain has said the legislation will ban extreme tactics such as "water boarding," in which a person is made to believe he is about to be drowned.

Rep. Jane Harman of California, the top Democrat on the House Intelligence Committee, said the bill doesn't give Congress adequate authority to monitor the CIA's interrogation program. "I remain very skeptical," she said.

In the Senate, Democrats were pushed back in their first attempt Wednesday to alter the bill. They plan to offer more amendments today. Bill opponents conceded that many lawmakers will be leery of casting a vote that could be criticized as soft on terrorism by their campaign opponents. "I think the closeness of the election has an effect," said Sen. Carl Levin of Michigan, the top Democrat on the Armed Services Committee.

House Clears Way For Passage Of Military-tribunal Legislation (HILL)

By Jonathan Allen, Roxana Tiron

The Hill, September 28, 2006

Republicans and Democrats in the Senate struck a deal yesterday that appeared to clear the way for the enactment of a controversial military-tribunal bill. The agreement positions the GOP to claim a significant legislative achievement, and perhaps an important political victory, before lawmakers leave town to campaign for reelection.

"If the Democrats oppose it, it will be to their political detriment," Sen. Trent Lott (R-Miss.) said.

The House yesterday passed the bill, 252-168, with 34 Democrats voting for it and seven Republicans voting against it. The Senate was considering identical but separate legislation, meaning that one chamber would still have to pass the other chamber's version of the bill for it to be sent to the president.

Senate Democrats agreed to expedite consideration of the measure, which would establish a trial system for unlawful enemy combatants and provide more-detailed definitions of war crimes in order to protect nonmilitary intelligence officials from being prosecuted for using certain techniques to interrogate terror suspects.

"We are trying to pass a good bill and we worked on a good bill," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.).

In return, Republicans agreed to allow five amendments to be offered on the floor, four by Democrats and one by Judiciary Committee Chairman Arlen Specter (R-Pa.).

The bill itself is the product of a compromise between the White House and a band of recalcitrant Senate Republicans led by John Warner (Va.), John McCain (Ariz.) and Lindsey Graham (S.C.), who initially differed from the president on the use of classified evidence against terrorism suspects, the treatment of detainees under the Geneva Conventions and the War Crimes Act, and other issues.

The administration ended its program for trying unlawful enemy combatants in June when the Supreme Court deemed it to be unconstitutional.

House Democrats warned that the new legislation, written by Republicans, could also be challenged in the courts.

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"Our nation cannot afford to have any terrorist convictions overturned on judicial appeal," said Rep. Ike Skelton (Mo.), the top Democrat on the Armed Services Committee. "We should be taking the time to get this done right, not rushing through the process in an election-year frenzy."

They also said the measure could endanger American troops by giving the administration too much latitude to interrogate terror suspects.

"Agreeing to such an ambiguous compromise would allow the president to define torture when and how he sees fit and would undoubtedly put our armed forces at risk of abuse while doing little to obtain the intelligence we need from terrorists currently detained," said Rep. Ellen Tauscher (D-Calif.).

Republicans argued that the legislation is an important piece of the administration's arsenal for combating terrorism.

"By formally establishing terrorist tribunals, the bill provides another critical tool in fighting the war on terror. And it provides a measure of justice to the victims of 9/11," Senate Majority Leader Bill Frist (R-Tenn.) said.

"The American people can't afford to wait. Even though we are in the midst of an election year, this issue – the safety and security of the American people – should transcend partisan politics. The time to act is now," he said.

In the Senate, Democrats were expected to seek votes on their amendments, including one offered by Carl Levin (Mich.), the ranking Democrat on the Armed Services Committee, that would substitute a version of the bill approved by that panel, and one offered by Sen. Robert Byrd (D- W.Va.), that would end the president's authority to conduct the tribunals after five years. The Senate turned back the Levin amendment late yesterday afternoon.

Frist confidently predicted that none of the amendments would pass.

"We'll be able to defeat those," he said.

"We wanted to keep it as clean as possible," Frist spokeswoman Carolyn Weyforth said.

House Approves Bill On Terror Detainees (AP)

By Anne Plummer Flaherty

AP, September 27, 2006

The House approved legislation Wednesday giving the Bush administration authority to interrogate and prosecute terrorism detainees, moving President Bush to the edge of a pre-election victory with a key piece of his anti-terror plan.

The mostly party-line 253-168 vote in the Republican-run House prompted bitter charges afterward by House Speaker Dennis Hastert, R-Ill., that opposition Democrats were coddling terrorists, perhaps foreshadowing campaign attack ads to come. Democrats responded that the GOP leader was trying to provoke fear.

Even as the House debated the bill, senators of the two parties agreed to limit debate on their own nearly identical measure, all but ensuring its passage on Thursday.

Republican leaders are hoping to work out differences and send Bush a final version before leaving Washington this weekend to campaign for the Nov. 7 congressional elections.

The legislation would establish a military court system to prosecute terror suspects, a response to the Supreme Court ruling in June that Congress' blessing was necessary. While the bill would grant defendants more legal rights than they had under the administration's old system, it nevertheless would eliminate rights usually granted in civilian and military courts.

The measure also provides extensive definitions of war crimes such as torture, rape and biological experiments — but gives Bush broad authority to decide which other techniques U.S. interrogators can legally use. The provisions are intended to protect CIA interrogators from being prosecuted for war crimes.

For nearly two weeks, the GOP has been embarrassed as the White House and rebellious Republican senators have fought publicly over whether Bush's plan would give him too much authority. But they struck a compromise last Thursday, and Republicans are hoping approval will bolster their effort to cast themselves as strong on national security, a marquee issue this election year.

In a statement issued after the vote, Bush, who will visit GOP senators Thursday morning, urged the Senate to approve the measure and congratulated the House for its "commitment to strengthening our national security."

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Hastert's comments were biting. He said in a statement that Democrats supporting the measure "voted today in favor of MORE rights for terrorists."

He added, "So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan."

In response, Pelosi, D-Calif., said Democrats feared the House-passed measure could endanger U.S. soldiers by encouraging other countries to limit the rights of captured American troops. She said the bill would be vulnerable to being overturned by the Supreme Court.

"Speaker Hastert's false and inflammatory rhetoric is yet another desperate attempt to mislead the American people and provoke fear," she said, adding that Democrats "have an unshakable commitment to catching, convicting and punishing terrorists who attack Americans."

During the debate, House Majority Leader John Boehner, R-Ohio, all but dared Democrats to vote against the legislation.

"Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" Boehner asked just before members cast their ballots.

Democrats said they wanted to tone down the powers the bill would give to Bush and the limits it would impose on terror-war suspects' abilities to defend themselves during trials.

Said Dennis Kucinich, D-Ohio: "This bill is everything we don't believe in."

Overall, 219 Republicans and 34 Democrats vote for the legislation while 160 Democrats, seven Republicans and one independent voted against it.

During the often partisan debate, some Democrats contended the bill would approve torture.

"All Americans want to hold terrorists accountable, but if we try to redefine the nature of torture, whisk people into secret detention facilities and use secret evidence to convict them in special courts, our actions do in fact embolden our enemies," said Rep. Jim Moran, D-Va.

Others vehemently opposed language that would give the president wide latitude to interpret international standards of prisoner treatment and bar detainees from going to federal court to protest their treatment and detention under the right of habeas corpus. Supporters of the bill have said eliminating habeas corpus was intended to keep detainees from flooding federal courts with appeals.

The bill also gives the president the ability to interpret international standards for prisoner treatment when an act does not fall under the definition of a war crime, such as rape and torture.

"It gives too much leeway to the president," said Rep. John Murtha, D-Pa. "And I think when you tamper with the Geneva Conventions ... you hurt our ability to protect the troops."

Republicans defended the measure as sound.

"Is it perfect? No," said Rep. Mario Diaz-Balart, R-Fla. "Do we have an obligation to pass it? Yes."

Republicans said time was critical so that terrorists could be brought to justice.

Lawmakers shrugged off multiple disruptions from citizens watching the floor debate from inside the Capitol.

As the House finished its bill, Senate leaders agreed to limit debate on their version of the measure. Four Democrats and Sen. Arlen Specter, R-Pa., were given opportunities to offer amendments in the Senate, but all were expected to be rejected.

"Until Congress passes this legislation, terrorists ... cannot be tried for war crimes in the United States and the United States risks fighting a blind war without adequate intelligence," said Senate Majority Leader Bill Frist, R-Tenn. "That's simply unacceptable."

One amendment by Sen. Carl Levin, D-Mich., defeated 54-43, would have replaced the Senate measure with the version maverick GOP senators pushed through the Armed Services Committee two weeks ago before striking a deal with Bush. The White House had promised to block that committee bill, which was written by GOP Sens. John McCain of Arizona, John Warner of Virginia and others, contending it would force an end to the CIA interrogation program.

Specter's amendment would strike the provision in the bill barring detainees from filing habeas corpus petitions.

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US House Passes Controversial Bill On Terror Suspects (AFP)

By Charlotte Raab

AFP, September 27, 2006

The US House of Representatives passed a controversial bill setting out the rules for the detention, treatment and prosecution of "war on terror" suspects, virtually assuring it will become law.

After a few hours of debate, the bill, which critics say violates human and constitutional rights, was passed in a 253-168 vote. The Republican majority had blocked opposition Democrats from presenting any amendment.

The proposed law, which US President George W. Bush calls a critical tool for the battle against terrorism, was headed for swift passage by the Senate, expected by Thursday at the latest.

The hard-fought House victory was crucial for the Bush administration six weeks ahead of legislative elections, where his Republican Party risks losing control of both chambers of Congress.

Bush administration officials have pushed approval of the deal before Congress recesses at the end of this week.

The sweeping legislation sets guidelines to interrogate war-on-terror suspects and would send several hundred inmates held at the US naval base in Guantanamo Bay, Cuba to trial after years of detention.

Since the detention camp opened in 2001, after the September 11 terrorist attacks, not one of the several hundred prisoners has been afforded a trial.

The draft law authorizes special tribunals to prosecute the Guantanamo detainees, allows for secret CIA-run prisons and forbids "cruel and unusual" punishment of detainees -- without further clarification of what falls in that category.

Detainees would be deprived of all legal recourse to protest the conditions of their detention.

Critics charge that Bush merely wants legal cover to allow interrogators to continue using "alternative" methods of questioning that reportedly include a simulated drowning technique known as "waterboarding," sleep deprivation, and subjecting suspects to extreme temperatures.

"This bill is a drastic step backwards for human rights," said Caroline Frederickson, a director of the American Civil Liberties Union.

House Minority leader Nancy Pelosi argued against the measure, saying "permitting indefinite detention under conditions that cannot be challenged in court is contrary to our history and values."

The California Democrat predicted the US Supreme Court would strike down the almost-certain new law.

But Republicans praised the effort.

"House Republicans have worked hard to create a system that will protect our troops on the battlefield, while also conforming to international laws and treaty obligations," said House Speaker Dennis Hastert.

The bill, a compromise reached after bitter debate between the White House and a handful of Republican senators opposed to torture, was expected to be approved late Wednesday or Thursday in the Senate, where the opposition has pledged not to interfere.

The Senate debate was expected to last 10 hours at most, according to the terms of an agreement reached early Wednesday between Republican and opposition lawmakers.

Only five amendments were to be presented, but they almost certainly would be rejected, which would mean the text would be signed into law just weeks ahead of the November 7 legislative elections.

House Approves Bill On Detainees (WP)

By Charles Babington

The Washington Post, September 28, 2006

The House approved an administration-backed system of questioning and prosecuting terrorism suspects yesterday, setting clearer limits on CIA interrogation techniques but denying access to courts for detainees seeking to challenge their imprisonment at Guantanamo Bay, Cuba, and elsewhere.

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The 253 to 168 vote was a victory for President Bush and fellow Republicans. Bush had yielded some ground during weeks of negotiations, but he fully embraced the language that the House approved with support from 34 Democrats and all but seven Republicans.

Senators also began debating the measure yesterday and defeated, along party lines, a Democratic-sponsored amendment that would have expanded detainees' legal rights. Senators predicted that their chamber will approve the legislation today, which would enable Bush to hold a signing ceremony on a high-profile and intensely debated bill about a month before the Nov. 7 elections.

Barring a last-minute snag, the House and Senate action will conclude three months of debate that began in late June, after the Supreme Court struck down the military commissions Bush had established to try people suspected of being members of al-Qaeda. Designated as enemy combatants, such suspects enjoy fewer rights than prisoners of war, and much of the congressional debate centered on which, if any, rudimentary legal rights should apply to them.

The administration was also eager to protect CIA officers from possible prosecution or from lawsuits stemming from their use of aggressive interrogation techniques such as extended sleep deprivation, hypothermia and "waterboarding," which simulates drowning.

Bush is scheduled to meet with GOP senators in the Capitol this morning for a final pep rally before the measure's expected passage. Republicans hope to campaign on the bill as proof of their party's tough stand against terrorists. Many congressional Democrats decided to swallow their misgivings and vote for the bill to avoid being portrayed as less than vigilant against suspects captured in Afghanistan, Iraq and elsewhere. Thirty-four Democrats joined 219 Republicans in supporting the legislation.

"It is outrageous that House Democrats, at the urging of their leaders, continue to oppose giving President Bush the tools he needs to protect our country," said House Majority Leader John A. Boehner (R-Ohio).

Such comments infuriated Democrats, who said they stand second to no one in fighting terrorists but fear the United States is abandoning fundamental principles of fairness. The bill "is really more about who we are as a people than it is about those who seek to harm us," said House Minority Whip Steny H. Hoyer (D-Md.). "Defending America requires us to marshal the full range of our power: diplomatic and military, economic and moral. And when our moral standing is eroded, our international credibility is diminished as well."

After the June 29 Supreme Court ruling, the White House proposed legislation to address the high court's criticisms and still embrace much of its military commission setup and interrogation practices. But a trio of Republican senators forced Bush to modify several points.

The compromise legislation does not seek to narrow U.S. obligations under the Geneva Conventions in the treatment of prisoners, as Bush had hoped. But it would give the executive branch substantial leeway in deciding how to comply with treaty obligations in actions that fall short of "grave breaches" of the conventions.

It would bar military commissions from considering testimony obtained through interrogation techniques that involve "cruel, unusual or inhumane treatment or punishment," which is proscribed by the 5th, 8th and 14th amendments to the U.S. Constitution. But the bar would be retroactive only to Dec. 30, 2005, when Congress adopted the Detainee Treatment Act, sponsored by Sen. John McCain (R-Ariz.), to protect CIA operatives from being prosecuted over interrogation tactics used before then.

Yesterday, Sen. Carl M. Levin (D-Mich.) condemned the loophole, accusing administration officials of trying "to legitimize the mistreatment of detainees and to undermine some of the cornerstone principles of our legal system."

But GOP sponsors said the language is essential to protect well-intentioned CIA officers from vague guidelines. "The Constitution says we will provide for the common defense, not provide for the criminal defense" of enemy combatants, Rep. Louie Gohmert (R-Tex.) said during a rare instance in which both houses debated the same legislation simultaneously.

Some of the fiercest debates focused on whether foreign terrorism suspects should have access to U.S. courts for challenging the legality of their detention, a right known as habeas corpus.

House Republicans blocked Democrats from offering amendments, including one that would have extended the habeas corpus right to detainees. House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) said terrorism suspects

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have enough rights without habeas corpus, including the right to a lawyer, to be presumed innocent, to cross-examine witnesses and to collect evidence. "Let's bring justice before the eyes of the children and widows of Sept. 11," he implored on the House floor.

But Rep. Jerrold Nadler (D-N.Y.) said: "This is how a nation loses its moral compass, its identity, its values and, eventually, its freedom. . . . We rebelled against King George III for less restrictions on liberty than this." Sen. Patrick J. Leahy (D-Vt.) said the habeas corpus right is so fundamental that it "is un-American" to deny it to detainees held by U.S. forces.

The Senate will vote today on an amendment to grant the habeas corpus right to detainees. Supporters say the Supreme Court would rule the legislation unconstitutional without a habeas corpus provision, but opponents say the House would balk at the amendment.

The legislation loosely defines "cruel or inhuman treatment" of detainees, which would constitute a war crime. The administration said the term should apply to techniques resulting in "severe" physical or mental pain, but lawmakers set the standard at "serious." The abused detainee's symptoms would have to include "serious and non-transitory mental harm, which need not be prolonged."

For lesser offenses barred by the Geneva Conventions -- those falling between cruelty and minor abuse -- the legislation would authorize the president to interpret "the meaning and application" of relevant provisions of the Geneva Conventions. The administration's language would have to be published rather than provided in secret to some lawmakers.

House Speaker J. Dennis Hastert (R-Ill.) praised the legislation, saying Americans should not give foreigners suspected of being enemy combatants the rights that U.S. citizens enjoy. "The Global War on Terror is different from any war we have ever known," he said in a statement. "As a country we must understand that adaptation to these new situations is critical in order to achieve victory over those who seek to hurt us as a nation."

But the Center for Constitutional Rights condemned the bill, saying it would "authorize the indefinite detention of non-citizens without access to courts -- even if they are not charged with any crime."

Staff writers Jonathan Weisman and R. Jeffrey Smith contributed to this report.

House Approves Bush Proposal On Tribunals For Gitmo Suspects (WT)

By Charles Hurt

The Washington Times, September 28, 2006

The House yesterday approved President Bush's proposal for the handling of terrorism suspects held at Guantanamo Bay in Cuba, bringing the administration one step closer to having the legal authority to interrogate and prosecute the detainees.

"These terrorist tribunals will allow the suspected terrorists to address the charges against them with legal defense provided by the U.S. government," House Speaker J. Dennis Hastert, Illinois Republican, said after the vote.

In a mostly party-line 253-168 vote, Republicans backed the bill by a 219-7 margin and Democrats opposed it by a 160-34 margin. The House's one independent voted "no." The measure now goes to the Senate.

Just before voting, Majority Leader John A. Boehner, Ohio Republican, made clear that Republicans will use the vote in the November elections against Democrats who opposed the bill.

"Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" he said.

Republican leaders were quick to criticize Democrats who voted against the legislation.

"Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists," Mr. Hastert said. "So, the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled if we followed the Democrat plan."

Pelosi spokeswoman Jennifer Crider decried "Speaker Hastert's false and inflammatory rhetoric," calling it "yet another desperate attempt to mislead the American people and provoke fear.

"Democrats will not be swift-boated," she said, referring to ads that hurt Democrats' 2004 presidential candidate, Sen. John Kerry. "We want [terrorists] punished, whatever that punishment is, and don't want it overturned by the Supreme Court. This bill may make it more likely the Supreme Court will overturn those convictions and may put our troops at greater risk."

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The proposal would grant terror suspects more legal rights than they had under the system of military tribunals set up by the administration after the September 11 attacks, which the Supreme Court struck down in June. Nevertheless, the new courts would not grant many of the basic rights Americans usually have in civilian and military courts, a point Democrats protested.

"This bill is everything we don't believe in," said Rep. Dennis J. Kucinich, Ohio Democrat.

Rep. Barney Frank, Massachusetts Democrat, said the proposal doesn't provide enough checks and balances to prevent erroneous convictions.

Other provisions opposed by Democrats give the president broad authority to decide which techniques U.S. interrogators can use legally.

American interrogators and prosecutors, Mr. Frank said, "are the good guys, but they're not the perfect guys."

During the debate, U.S. Capitol Police had to remove several hecklers from the chamber who were protesting the legislation.

The House vote took place shortly after Democrats and Republicans in the Senate reached an agreement to take up the measure with only a handful of amendments. Senate Majority Leader Bill Frist told reporters that he hoped to pass the bill today without any of the amendments being approved, so it could go directly to Mr. Bush's desk for his signature.

Mr. Frist said voters will side with those who support the tribunals.

"People realize it's a new world," said Mr. Frist, Tennessee Republican. "We need to have appropriate tools."

Democrats said they expect the bill to be overwhelmingly approved on a bipartisan basis. But, they said, they will continue to work to get amendments added.

Sen. Edward M. Kennedy, Massachusetts Democrat, said he opposes the bill no matter what. He also said the haste to pass the measure was politically motivated.

"By failing to renounce torture, it inflames an already dangerous world and makes for America new enemies in our war against terror," he said. "This puts our cause, our people and our troops at greater risk."

"There is no question that the rush to pass this bill -- which is the product of secret negotiations with the White House -- is about serving a political agenda," Mr. Kennedy said. "That is no way to produce careful and thoughtful legislation on profound issues of national security."

Detainee Bill Now Goes To Senate (LAT)

By Richard Simon, Julian E. Barnes

The Los Angeles Times, September 28, 2006

WASHINGTON — The House on Wednesday approved administration-backed rules for interrogating and trying terrorism suspects, a key component of the national security agenda that Republicans aim to showcase in their fight to hold onto Congress.

The Senate is expected to follow suit today, making passage of the military tribunal bill one of Congress' final acts before lawmakers recess this weekend to hit the campaign trail. Barring complications, the legislation will reach President Bush's desk for a high-profile signing ceremony in the run-up to the November elections.

The measure, approved by the House 253 to 168, would preserve tough interrogation tactics that the White House has credited with helping thwart terrorist plots. It also would pave the way for trials of at least two dozen terrorism suspects, including self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed, who are being held at the U.S. military prison at Guantanamo Bay, Cuba.

"We must remember that we are fighting a different kind of enemy — and a different kind of war," Senate Majority Leader Bill Frist (R-Tenn.) said as the chamber opened debate on the measure Wednesday. "To win this war, we must provide our military, intelligence and law enforcement communities the tools they need to keep us safe."

But Sen. Carl Levin of Michigan, the top Democrat on the Armed Services Committee, objected that the measure would be "used by our terrorist enemies as evidence of U.S. hypocrisy when it comes to proclamations of human rights."

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The bill is one of several that GOP lawmakers have rushed to pass to spotlight an issue they consider their party's strength: national security. Another measure, authorizing Bush's once secret warrantless surveillance program, is unlikely to clear Congress until after the election.

Final action on the tribunal bill will bring to a close the wrangling that began in June, when the Supreme Court struck down the administration's earlier rules for trying terrorism suspects before military commissions. The legislation didn't fall into place until the White House and a group of Senate Republicans worked out a compromise last week.

As passed by the House, the measure would allow the administration to use interrogation methods tougher than those employed by the military; it does not specify precisely what would be permitted or explicitly banned.

Water boarding, in which a prisoner is strapped to a board and made to believe he is going to drown, would be banned, according to those who helped broker the deal. Some human rights advocates said the language of the bill would ban sleep deprivation and exposing detainees to extreme temperatures.

The approval came despite warnings from human rights groups that provisions such as prohibiting detainees from challenging their imprisonment in court and permitting the use of coerced evidence in trials under certain circumstances put the bill on questionable legal footing.

A bipartisan effort led by Republican Sen. Arlen Specter of Pennsylvania to strip out the provision preventing detainees from filing habeas corpus petitions — demands for legal justification for their imprisonment — is expected to come before the Senate today.

If that amendment passes, the overall bill would have to go to a House-Senate conference committee, which would delay its passage.

Previewing GOP plans to use the tribunal measure in the campaign, House Majority Leader John A. Boehner (R-Ohio) challenged Democrats on Wednesday to vote against it. "Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen — or will they again vote to force him to fight the terrorists with one arm tied behind his back?" he asked.

Thirty-four Democrats joined 219 Republicans in voting for the bill, while 160 Democrats, seven Republicans and one independent voted against it.

California House members voted along party lines, with all Republicans supporting the bill and Democrats opposing it. Reps. George P. Radanovich (R-Mariposa) and Juanita Millender-McDonald (D-Carson) did not vote.

"Let me be very clear. I believe that there is a special place in hell reserved for the planners and perpetrators of 9/11," said Rep. Ellen O. Tauscher (D-Alamo). But, she said, the bill would "do nothing but put us in further legal limbo."

"This bill is practically begging to be overturned by the court," added House Minority Leader Nancy Pelosi (D-San Francisco).

Democrats accused Republicans of rushing to pass a legally suspect bill to score political points. Within an hour of the vote, the House GOP leadership put out a statement accusing Democrats of being weak on national security.

House Speaker J. Dennis Hastert (R-Ill.) issued a statement after the vote accusing Democrats of voting in favor of "more rights for terrorists."

"So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan," he said.

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, expressed confidence that the bill would withstand court challenge. He also disputed contentions that detainees weren't being given enough rights.

Once trials begin, Americans can "watch all those rights being accorded to people who designed the attack against the United States and decide whether or not they agree with the Democrats that there weren't enough rights given to the defendants," Hunter said. "My instincts are that they will probably … come to the conclusion that … we gave them too many rights."

The measure that passed the House is the product of a compromise between the White House and a group of Senate Republicans led by Sen. John McCain of Arizona, a former POW who was tortured in Vietnam and who advocates that the United States must adhere to the Geneva Convention in its treatment of terrorism suspects.

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But Jumana Musa, an advocacy director of Amnesty International, said Wednesday that the administration has a track record of interpreting congressional laws creatively and permissively. Under the compromise, she said, there was no way to ensure that the CIA would treat its detainees humanely.

"This bill doesn't say what techniques are prohibited," Musa said. "That is the problem with a system that has no check and an administration with a long and colorful record of broad interpretations of the law."

The measure would define as illegal under the War Crimes Act "grave breaches" of the Geneva Convention, such as torture, cruel or inhuman treatment and intentionally causing "serious bodily injury."

It also would give the president authority to interpret the Geneva Convention by an executive order made public and subject to congressional review. The order will not list specific techniques, and no one knows for sure what exactly the order will say.

Said Tom Malinowski, Washington advocacy director of Human Rights Watch:

"I don't think that the CIA will be comfortable going back to those [tougher interrogation] techniques if McCain, the chief architect of the compromise, believes those techniques are against the law."

Rushing Off A Cliff (NYT)

The New York Times, September 28, 2006

Here's what happens when this irresponsible Congress railroads a profoundly important bill to serve the mindless politics of a midterm election: The Bush administration uses Republicans' fear of losing their majority to push through ghastly ideas about antiterrorism that will make American troops less safe and do lasting damage to our 217-year-old nation of laws — while actually doing nothing to protect the nation from terrorists. Democrats betray their principles to avoid last-minute attack ads. Our democracy is the big loser.

Republicans say Congress must act right now to create procedures for charging and trying terrorists — because the men accused of plotting the 9/11 attacks are available for trial. That's pure propaganda. Those men could have been tried and convicted long ago, but President Bush chose not to. He held them in illegal detention, had them questioned in ways that will make real trials very hard, and invented a transparently illegal system of kangaroo courts to convict them.

It was only after the Supreme Court issued the inevitable ruling striking down Mr. Bush's shadow penal system that he adopted his tone of urgency. It serves a cynical goal: Republican strategists think they can win this fall, not by passing a good law but by forcing Democrats to vote against a bad one so they could be made to look soft on terrorism.

Last week, the White House and three Republican senators announced a terrible deal on this legislation that gave Mr. Bush most of what he wanted, including a blanket waiver for crimes Americans may have committed in the service of his antiterrorism policies. Then Vice President Dick Cheney and his willing lawmakers rewrote the rest of the measure so that it would give Mr. Bush the power to jail pretty much anyone he wants for as long as he wants without charging them, to unilaterally reinterpret the Geneva Conventions, to authorize what normal people consider torture, and to deny justice to hundreds of men captured in error.

These are some of the bill's biggest flaws:

Enemy Combatants: A dangerously broad definition of "illegal enemy combatant" in the bill could subject legal residents of the United States, as well as foreign citizens living in their own countries, to summary arrest and indefinite detention with no hope of appeal. The president could give the power to apply this label to anyone he wanted.

The Geneva Conventions: The bill would repudiate a half-century of international precedent by allowing Mr. Bush to decide on his own what abusive interrogation methods he considered permissible. And his decision could stay secret — there's no requirement that this list be published.

Habeas Corpus: Detainees in U.S. military prisons would lose the basic right to challenge their imprisonment. These cases do not clog the courts, nor coddle terrorists. They simply give wrongly imprisoned people a chance to prove their innocence.

Judicial Review: The courts would have no power to review any aspect of this new system, except verdicts by military tribunals. The bill would limit appeals and bar legal actions based on the Geneva Conventions, directly or indirectly. All Mr. Bush would have to do to lock anyone up forever is to declare him an illegal combatant and not have a trial.

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Coerced Evidence: Coerced evidence would be permissible if a judge considered it reliable — already a contradiction in terms — and relevant. Coercion is defined in a way that exempts anything done before the passage of the 2005 Detainee Treatment Act, and anything else Mr. Bush chooses.

Secret Evidence: American standards of justice prohibit evidence and testimony that is kept secret from the defendant, whether the accused is a corporate executive or a mass murderer. But the bill as redrafted by Mr. Cheney seems to weaken protections against such evidence.

Offenses: The definition of torture is unacceptably narrow, a virtual reprise of the deeply cynical memos the administration produced after 9/11. Rape and sexual assault are defined in a retrograde way that covers only forced or coerced activity, and not other forms of nonconsensual sex. The bill would effectively eliminate the idea of rape as torture.

•There is not enough time to fix these bills, especially since the few Republicans who call themselves moderates have been whipped into line, and the Democratic leadership in the Senate seems to have misplaced its spine. If there was ever a moment for a filibuster, this was it.

We don't blame the Democrats for being frightened. The Republicans have made it clear that they'll use any opportunity to brand anyone who votes against this bill as a terrorist enabler. But Americans of the future won't remember the pragmatic arguments for caving in to the administration.

They'll know that in 2006, Congress passed a tyrannical law that will be ranked with the low points in American democracy, our generation's version of the Alien and Sedition Acts.

Don't Suspend Habeas Corpus (LAT)

The Los Angeles Times, September 28, 2006

EVEN IF HE SAYS SO HIMSELF, Sen. Arlen Specter (R-Pa.), the chairman of the Senate Judiciary Committee, is an expert on constitutional law. So his warning that the Supreme Court is likely to invalidate pending legislation that would create military commissions to try terrorist suspects deserves a hearing — in the Senate.

The problem with the legislation — even with the improvements forced on the White House by Sen. John McCain (R-Ariz.) — is that it would make it impossible for alleged enemy combatants to file what is known as a writ of habeas corpus, which allows them to challenge the legality of their imprisonment.

In 2004, the Supreme Court rejected the Bush administration's position and ruled that detainees at the U.S. facility at Guantanamo Bay were entitled to file such petitions. In its decision, the high court cited a statute giving federal courts the authority to review habeas petitions. But in his majority opinion, Justice John Paul Stevens also quoted a 1945 case in which the court noted that habeas corpus is "a writ antecedent to statute … throwing its root deep into the genius of our common law." In fact, the "Great Writ" can be traced back to the Magna Carta. And although the Constitution allows Congress to suspend habeas corpus in "cases of rebellion or invasion," Specter rightly noted that "we don't have either."

The argument for allowing detainees to file habeas petitions goes beyond avoiding the embarrassment of a rebuke from the Supreme Court, which has already twice rebuffed the administration's legal strategy in the war against terrorism. Thirty-three former U.S. diplomats have sent a letter to Congress warning that "to deny habeas corpus to our detainees can be seen as prescription for how the captured members of our own military, diplomatic and NGO [nongovernmental organization] personnel stationed abroad may be treated."

On Wednesday, the House approved a bill that does not permit detainees to file habeas corpus petitions. That means that it will be up to Specter and his colleagues to preserve the Great Writ when the Senate votes, as early as today.

The White House Warden (LAT)

By Bruce Ackerman

The Los Angeles Times, September 28, 2006

BURIED IN THE complex Senate compromise on detainee treatment is a real shocker, reaching far beyond the legal struggles about foreign terrorist suspects in the Guantanamo Bay fortress. The compromise legislation, which is racing toward the White House, authorizes the president to seize American citizens as enemy combatants, even if they have never left the United

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States. And once thrown into military prison, they cannot expect a trial by their peers or any other of the normal protections of the Bill of Rights.

This dangerous compromise not only authorizes the president to seize and hold terrorists who have fought against our troops "during an armed conflict," it also allows him to seize anybody who has "purposefully and materially supported hostilities against the United States." This grants the president enormous power over citizens and legal residents. They can be designated as enemy combatants if they have contributed money to a Middle Eastern charity, and they can be held indefinitely in a military prison.

Not to worry, say the bill's defenders. The president can't detain somebody who has given money innocently, just those who contributed to terrorists on purpose.

But other provisions of the bill call even this limitation into question. What is worse, if the federal courts support the president's initial detention decision, ordinary Americans would be required to defend themselves before a military tribunal without the constitutional guarantees provided in criminal trials.

Legal residents who aren't citizens are treated even more harshly. The bill entirely cuts off their access to federal habeas corpus, leaving them at the mercy of the president's suspicions.

We are not dealing with hypothetical abuses. The president has already subjected a citizen to military confinement. Consider the case of Jose Padilla. A few months after 9/11, he was seized by the Bush administration as an "enemy combatant" upon his arrival at Chicago's O'Hare International Airport. He was wearing civilian clothes and had no weapons. Despite his American citizenship, he was held for more than three years in a military brig, without any chance to challenge his detention before a military or civilian tribunal. After a federal appellate court upheld the president's extraordinary action, the Supreme Court refused to hear the case, handing the administration's lawyers a terrible precedent.

The new bill, if passed, would further entrench presidential power. At the very least, it would encourage the Supreme Court to draw an invidious distinction between citizens and legal residents. There are tens of millions of legal immigrants living among us, and the bill encourages the justices to uphold mass detentions without the semblance of judicial review.

But the bill also reinforces the presidential claims, made in the Padilla case, that the commander in chief has the right to designate a U.S. citizen on American soil as an enemy combatant and subject him to military justice. Congress is poised to authorized this presidential overreaching. Under existing constitutional doctrine, this show of explicit congressional support would be a key factor that the Supreme Court would consider in assessing the limits of presidential authority.

This is no time to play politics with our fundamental freedoms. Even without this massive congressional expansion of the class of enemy combatants, it is by no means clear that the present Supreme Court will protect the Bill of Rights. The Korematsu case — upholding the military detention of tens of thousands of Japanese Americans during World War II — has never been explicitly overruled. It will be tough for the high court to condemn this notorious decision, especially if passions are inflamed by another terrorist incident. But congressional support of presidential power will make it much easier to extend the Korematsu decision to future mass seizures.

Though it may not feel that way, we are living at a moment of relative calm. It would be tragic if the Republican leadership rammed through an election-year measure that would haunt all of us on the morning after the next terrorist attack.

Judge Rejects Ashcroft's Immunity Claim (AP)

By Rebecca Boone, Associated Press Writer

AP, September 28, 2006

BOISE, Idaho — Former U.S. Attorney General John Ashcroft could be called to testify in a lawsuit that claims a student was wrongly imprisoned in a computer terrorism case, a federal judge ruled Wednesday.

U.S. District Judge Edward Lodge rejected Ashcroft's argument to toss out the lawsuit because he was entitled to absolute immunity since his position at the Department of Justice was prosecutorial.

Abdullah al-Kidd, who played football for the University of Idaho, claimed government wrongfully arrested him in the case against a fellow student, Sami Omar Al-Hussayen, in 2003.

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They both worked for the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators said funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia.

Al-Kidd was never called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel.

His lawsuit claimed Ashcroft was personally liable for violating his rights because after the terrorist attacks Ashcroft "created a national policy to improperly seek material witness warrants, oversaw the execution of such warrants, and failed to correct the constitutional violations of conducting such actions," according court documents. Al-Kidd said the investigation and detainment not only caused him to lose a scholarship to study in Saudi Arabia, but that it cost him employment opportunities.

The ruling also means U.S. Attorney General Alberto Gonzalez and others in the Department of Homeland Security could be called to testify in the lawsuit.

"We are literally reviewing it at this minute and no, we have not made any decisions at this time," Charles Miller, spokesman for the Justice Department's civil division, said of the ruling.

Al-Kidd's attorney, Lee Gelernt with the ACLU's national headquarters in New York, called the ruling a "vindication" for al-Kidd.

"It will hopefully deter the government from using the material witness statute in the future in the way they did after Sept. 11," Gelernt said.

Al-Kidd is asking the judge to declare that the federal government's actions were unconstitutional, to order the FBI and other agencies to expunge any records relating to the unlawful detention of al-Kidd and others, and for unspecified damages.

Domestic Spying Showdown Set For Detroit Court (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, September 28, 2006

Justice Department lawyers will be back in federal court in Detroit on Thursday to try to persuade a judge to delay enforcement of last month's decision to halt the National Security Agency's domestic spying program until the outcome of the government's appeal.

And ACLU lawyers will be there to try to persuade U.S. District Judge Anna Diggs to order the government to stop the program now.

Taylor ruled Aug. 17 that the Bush Administration's program of monitoring international phone calls and emails involving suspected Al Qaeda members is unconstitutional because it violates Americans' free speech and privacy rights and is contrary to the Foreign Intelligence Surveillance Act of 1978.

Under that law, the government can eavesdrop for up to a year without a warrant provided the Attorney General certifies that the eavesdropping is legal.

The Justice Department appealed Taylor's ruling to the U.S. 6th Circuit Court of Appeals in Cincinnati.

The ACLU sued the administration in January on behalf of scholars, lawyers, non-profit groups and journalists, who said the program had disrupted their ability to confer with sources, locate witnesses, conduct research and advocate causes

Contact DAVID ASHENFELTER at 313-223-4490 or ashenf@freepress.com.

Yassin Aref Takes The Stand (CAP9)

Capital News 9, September 28, 2006

The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand.

Mohammed Hossain and Yassin Aref are charged with laundering money to support terrorism. On Wednesday, Aref denied those charges while on the stand.

Prosecutors finished up with a Middle Eastern expert who explained what references in Aref's journal are terrorist organizations and which ones aren't.

Once Aref took the stand, the mood clearly changed in the courtroom as Aref explained his growing up in Northern Iraq where Saddam Hussein killed more than 180,000 fellow Kurds in the late 1980s.

The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand.

That's important because Aref argues that his rhetoric the courtroom previously heard was directed at Saddam's regime and that he's always been peaceful as he spoke out as a student - but not a member of any political party which prosecutors accused him of omitting on an immigration document.

Aref also contends that the government mistranslated some journal entries as well as some speeches he gave, making him look a lot worse than he really is.

PATRIOT ACT:

Terror Laws Cut Resettlement Of Refugees (NYT)

By Rachel L. Swarns

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — The number of refugees admitted to the United States fell 23 percent this year because of provisions in two antiterrorism laws that have sharply reduced the number of resettled refugees, State Department officials said Wednesday.

The laws, the USA Patriot Act and the Real ID Act, deny entry to anyone who belongs to or has provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration.

The provisions have derailed the resettlement of thousands of refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 60's, according to the State Department and the United Nations refugee agency.

Many of the refugees were barred from the United States because, under the new laws, they are deemed supporters of terrorist groups, even though the organizations that they support do not appear on the State Department list of designated terrorist groups.

The statutes have broadened the definition of terrorist groups to include any group of two or more people who take up arms against a state, even if the group supports the aims of American foreign policy.

A result, State Department officials say, is that administration officials will resettle 41,200 of the 54,000 refugees whom they had expected to admit by the end of the current fiscal year, which ends on Sept. 30. That figure is the lowest since refugee admissions plunged for nearly two years after the Sept. 11, 2001, terrorist attacks.

The State Department can grant waivers for specific populations that have supported armed groups, if they pose no threat to the United States. In May and August, the department issued waivers for Burmese refugees who have supported the Karen National Union, a group that opposes the government in Myanmar.

But the laws do not allow waivers for refugees who were combatants, received military training from groups deemed to be terrorist organizations or were members of such groups. State Department officials say a change in the law is required to address those populations. In recent weeks, Secretary of State Condoleezza Rice has met with lawmakers in the House and Senate to discuss such changes.

Ellen R. Sauerbrey, an assistant secretary of state, told senators on Wednesday that the antiterrorism provisions had prevented the United States from resettling 9,500 Burmese this fiscal year. Of that group, 1,500 are expected to enter by Sept. 30 under issued waivers.

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"We had anticipated bringing the majority, if not all of those, to the United States," Ms. Sauerbrey said at a hearing of the Immigration Subcommittee of the Senate Judiciary Committee.

She said the limited waivers meant that the resettlement of many refugees had been indefinitely delayed. In addition to the Burmese, Ms. Sauerbrey pointed to the Cubans and Vietnamese Montagnards.

"We are eagerly looking forward to expanding resettlement," she said, "to the degree that we can resolve some of these difficulties."

Refugee advocacy groups, including Human Rights First and Human Rights Watch, and conservative groups like Concerned Women for America, the National Association of Evangelicals and American Values, say officials are not moving swiftly enough.

Representative Joe Pitts, Republican of Pennsylvania, has proposed legislation that would bar only members and supporters of groups designated as terrorist organizations by the State Department.

But State Department officials say they do not expect any movement on such legislation before Nov. 7.

Many refugee advocates fear that administration officials and members of Congress are delaying action because they do not want to be viewed as easing up on terrorism during an election year.

Michael J. Horowitz, a neoconservative who worked in the White House of President Ronald Reagan and testified at the hearing on Wednesday, said in a statement that it was "inexcusable that for more than two years the administration has dragged its feet" in finding a solution for the refugees who fought alongside Americans in Vietnam.

The antiterrorism provisions have also affected 500 asylum seekers in the United States, whose cases have been delayed and has prevented 700 people, who have already been deemed refugees or granted asylum, from becoming permanent residents here for the time being.

Senator Sam Brownback, Republican of Kansas, urged the administration to redouble its efforts on behalf of the Burmese refugees and others who desperately need to resettle. "I know we have a lot security concerns to watch for," Mr. Brownback said at the hearing. "But there are huge populations that are absolutely persecuted and have no other option."

More Refugees Are Settling In Mid-Size Cities, Study Finds (WP)

By Lyndsey Layton

The Washington Post, September 28, 2006

Political refugees coming to the United States are increasingly putting down roots in metropolitan areas without large immigrant populations, according to a study being released today by the Brookings Institution.

The study, the first of its kind to analyze refugee settlement patterns in metropolitan regions, found that while traditional immigrant gateways such as New York, Chicago and Los Angeles still absorb most refugees, that flow has slowed in the past several years, and refugees are increasingly settling in Seattle, Atlanta, Sacramento, Minneapolis-St. Paul and Portland Ore., said Audrey Singer, a Brookings demographer who co-wrote the study.

"These are places that are taking on more refugees proportionally than they have in the past, and it's helping to change the face of these cities," Singer said.

The State Department determines the first settling place for refugees, whose ranks are limited by annual caps set by the president and Congress. The ceiling for 2006 is 70,000, with 30,000 allotted to Africa.

About two-thirds of refugees are settled in places where they have a relative or friend. The remaining third are sent to communities based on availability of social services, housing and jobs.

Some states, such as Iowa, Pennsylvania and North Dakota, have been lobbying for refugees, Singer said. "Iowa is experiencing population decline and looking into its future and sees refugee resettlement as a vital way of keeping up population," she said.

In Los Angeles, Vietnamese and Cambodian refugees of Chinese ethnic origins are credited with revitalizing Chinatown. As older Chinese immigrants left the city for the suburban San Gabriel Valley, the newly arrived refugees moved into the city and now run Chinatown businesses once owned by the older generation, the study found.

But there have been problems as well.

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The researchers point to Wausau, Wis., where church groups helped Hmong refugees from Laos and Thailand resettle over the past two decades. About 1,600 came to the Wausau area from 1983 to 2004. Public services were strained, and tensions were high. Property taxes were raised to help pay for welfare programs for the Hmong, and schools had to scramble to try to meet the needs of children who did not speak English.

But as the Hmong assimilated, stresses on the local government abated. State officials report that 96 percent of the Hmong in Wausau are now employed and 60 percent own homes.

More than 2 million refugees have arrived in the United States since 1980, when Congress passed the Refugee Act. Those fleeing war or other trauma in their countries have arrived in three waves: from Southeast Asia and the Soviet Union during the Cold War in the 1970s and 1980s, from Europe during the Kosovo conflict in the 1990s, and from Africa during the current decade of civil conflict.

Refugees make up about 7 percent of foreign-born residents in the United States, but the federal government spends more money integrating them into American life than any other immigrant group. Qualifying refugees are entitled to Social Security, food stamps, state child health insurance, Medicaid benefits and other assistance for their first seven years. Those who do not meet income eligibility requirements for those benefits can get cash and medical care for the first eight months. In addition, private agencies can tap federal money for a variety of social services for refugees.

More than half the refugees admitted from 1983 to 2004 came from the former Soviet Union. The next biggest group was Vietnamese, totaling about 400,000. Refugees from other countries registered in much smaller numbers. A total of 125 countries were represented during the 20-year period.

The metropolitan areas that received the largest number of refugees over the past 20 years are also the country's two largest immigrant gateways -- New York and Los Angeles. Most of the newcomers to New York were from the former Soviet Union, and those who moved to Los Angeles came from Southeast Asia, Russia, Iran, Iraq and Afghanistan.

HOMELAND RESPONSE:

Report To Criticize White House Over Local Effort In Terror Fight (WSJ)

By Robert Block

The Wall Street Journal, September 28, 2006

WASHINGTON -- Amid the political storm over the intelligence community's report that al Qaeda remains a serious threat to the U.S. homeland, House Democrats plan to release a report Thursday accusing the Bush administration of failing to support local police as the frontline against terrorism.

The report says the administration hasn't done enough to reach out to the country's 800,000 state and local police officers to determine their needs in fighting terrorism. The report1 -- entitled the Law Enforcement Assistance and Partnership Strategy -- proposes seven steps to "fulfill some of the key needs that police and sheriffs" officers are experiencing across the country," ranging from establishing a National Center for Intelligence-Led Policing to a grant program aimed at building understanding of how terrorists operate by sending local police liaison officers overseas to work with foreign law enforcement agencies.

Within the Department of Homeland Security, the Law Enforcement Terrorism Prevention Program focuses on using local law enforcement to support intelligence gathering and information sharing, but legislation funding the department for the new fiscal year that starts Sunday cuts the program by $50 million to $350 million.

Homeland Security officials said the department is working on ways to improve the information flow to police, and next month expects to roll out initiatives to cooperate more closely with state and local law enforcement.

The report, prepared for Rep. Bennie G. Thompson (D., Miss.), the ranking Democrat on the House Homeland Security Committee, argues that local police, not federal agents, are best positioned to observe criminal activity that could portend a terrorist attack. But "five years after 9/11, critical failures of imagination continue to leave these 'first preventers' as a largely untapped resource in the war on terror," it said.

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The report follows growing complaints from police departments around the country that federal agencies, especially the Department of Homeland Security, deny local law enforcement access to timely, relevant information about threats and terrorist activity. The charges were repeated Tuesday at a meeting of national police chiefs in Charlotte, N.C.

Key among the Democrats' recommendations is a National Center for Intelligence-Led Policing that would help police understand how to integrate traditional policing methods with counterterrorism.

The Los Angeles Police Department recently said it wanted to create a national anti-terrorism academy in Los Angeles where law enforcement officers from around the country could learn to identify threats and prevent attacks. Commander Michael Downing, the assistance police chief in charge of LAPD counterterrorism bureau, said while he has not seen the Democrat's final report, he welcomed for federal support.

House Democratic staffers said they expect legislation on the matter will be introduced early next year.

Sources: Homeland Agent Who Made Cuts Is Out (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Long Island Newsday, September 28, 2006

The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources.

WASHINGTON -- The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources.

Tracy Henke, executive director for grants and training, was responsible for divvying up anti-terror money to cities, ostensibly based on risk. She ignited a firestorm in June after the department slashed funding to New York and Washington while bolstering money for cities such as St. Louis and Kansas City in her home state of Missouri.

"She didn't do a good job and my understanding is she's not going to be there much longer," Rep. Peter King, chairman of the House Homeland Security Committee, said yesterday.

"I view her as being primarily responsible for the terrible cuts that were made to New York in June," the Seaford Republican said. "She did a poor job in coming up with the numbers. She did a poor job of explaining it to the committee and, quite frankly, a lot of people didn't like her attitude."

That vote of no confidence appears to extend to the White House. This week, White House Homeland Security Adviser Frances Townsend told a group of reporters that she had been "quite surprised and dismayed" by the grant decisions.

Henke, 37, did not return calls for comment yesterday. Asked whether she was being forced out of the post, a Homeland Security Department spokesman, William Knocke, replied, "I've got no reason to say that."

Henke, a backdoor appointment by the White House Jan. 4, had not been confirmed by the Senate before the funding controversy because of concerns about her qualifications, as well as allegations she played politics in her prior job at the Justice Department.

House and Senate sources said she was unlikely to be confirmed in the session's remaining weeks, and that the White House would not resubmit her name to the next Congress. The White House has submitted her name for Senate confirmation three times to date -- July 14, 2005, Feb. 10 and Sept. 5.

"We were told that she was renominated by the White House [Sept. 5] to soften the landing," said a House source. "But the confirmation is not going anywhere. And the White House does not intend to renominate her ... which means the nomination will automatically expire at the end of this session."

White House spokeswoman Emily Lawrimore said yesterday she could not say whether the White House would renominate Henke in the next Congress.

Questions about Henke's qualifications date to her nomination. Sen. Joseph Lieberman of Connecticut, the ranking member of the Senate Homeland Security and Governmental Affairs Committee, asked about an incident in which she reportedly demanded changes to a release about a study that found police were more likely to handcuff or arrest minorities during traffic stops.

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There also were questions about her experience. She worked for Missouri senators Christopher "Kit" Bond and John Danforth before being tapped by another Missouri politician, Attorney General John Ashcroft, to work in the Justice Department.

King said he believed it was "no coincidence" that Homeland Security Secretary Michael Chertoff recently announced dramatic increases to New York City. "I look upon that as a vote of no confidence in her," he said.

Package Prompted D.C. Courthouse Evacuation (WP)

By Carol D. Leonnig And William Branigin, Washington Post Staff Writers

The Washington Post, September 28, 2006

A federal courthouse in downtown Washington was evacuated for about three hours today because of what authorities described as a suspicious package, which was later determined to be harmless.

The evacuation disrupted a hearing in a high-profile case stemming from the leak of a CIA operative's name. The hearing, originally set for 10 a.m., was rescheduled for 1:30 p.m., about an hour after authorities reopened the E. Barrett Prettyman Federal Courthouse.

According to acting chief judge Henry Kennedy, the suspicious item, which was found by a security guard in a construction zone near the courthouse, may have contained the soiled clothing of a homeless person. A bomb-sniffing dog alerted to the item, possibly because of nitrates on the clothing, Kennedy said. Nitrates used as oxidizing agents can be mixed with other compounds to form flammable or explosive material.

In addition to examining the suspicious package, authorities swept the courthouse building for explosives but did not find any, officials said.

This morning, police blocked off streets surrounding the courthouse as bomb-disposal experts, hazardous materials specialists and canine units with bomb-sniffing dogs were dispatched to the scene.

Officers in protective suits moved the package from the construction area where it was found to a waiting vehicle the size of a large SUV and picked up other materials around the construction site to be analyzed.

A court security officer found the package around 9:30 a.m., and the courthouse was evacuated about 10 minutes later. Among the evacuees were prosecutors in the case of I. Lewis "Scooter" Libby, the former chief of staff of Vice President Cheney. Libby has been charged with perjury and obstruction of justice in a federal investigation of the 2003 leak of the identity and CIA employment of Valerie Plame.

The suspicious item was found next to a construction trailer in an area where a courthouse annex was recently built.

Starting at about 10:30 a.m., U.S. marshals asked that the entire block around the courthouse be closed off and that passersby be cleared from the courthouse plaza in front of the building. As a result, a three-block area from 3rd St. SW to 6th St. SW between Constitution Ave. and C St. was evacuated.

As the evacuation of the courthouse was underway, Justice Department officials quickly removed a trove of highly secret national security documents, including numerous Presidential Daily Briefs, from a security courtroom facility where they were being kept for use in the Libby case. The documents were the subject of today's hearing, in which defense attorneys and prosecutors were set to pursue their arguments over whether the material should be admitted in Libby's trial.

The special counsel in the case, Patrick J. Fitzgerald, and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby, the Associated Press reported. Libby, accompanied by members of his legal team, arrived shortly after the evacuation and joined the throng outside the courthouse, AP said.

The judges of the U.S. District Court for the District of Columbia were moved across the street to the D.C. Superior Courthouse.

D.C. Courthouse Reopens After Bomb Scare (AP)

By Matt Apuzzo, The Associated Press

AP, September 28, 2006

Police dog alerts authorities to package as CIA leak hearing begins

WASHINGTON -- A federal courthouse within sight of the Capitol was set to reopen early this afternoon after authorities determined that an abandoned suitcase at the building entrance did not contain a bomb.

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The building had been evacuated this morning when a police dog trained to detect explosives alerted to the softsided suitcase found near a construction trailer outside the E. Barrett Prettyman Federal Courthouse.

U.S. Marshals were to brief reporters on the incident before the building reopened.

Sheldon Snook, chief of staff to Chief Judge Thomas Hogan, said fire alarms were sounded and the building was cleared shortly after 9:30 a.m. as a precaution.

Law enforcement officials reopened Constitution Avenue, which runs next to the courthouse, after shutting it to traffic for two hours.

Evacuation of the courthouse occurred shortly before a hearing was to begin in the CIA leak case. The hearing was reset for 1:30 p.m.

Special prosecutor Patrick Fitzgerald and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby.

The defendant in the case, former White House aide I. Lewis "Scooter" Libby, and his legal team arrived a short time later and joined the throng outside the courthouse.

The judges of the U.S. District Court for the District of Columbia were moved across the street to the Superior Courthouse.

Crowded ERs Raise Concerns On Readiness (WP)

By Christopher Lee

The Washington Post, September 28, 2006

Emergency rooms at many hospitals are routinely stretched to the breaking point, raising concerns that they would not be able to handle victims during a terrorist attack or natural disaster, according to congressional testimony yesterday and a new federal study.

Between 40 percent and 50 percent of emergency departments experienced crowding during 2003 and 2004, the study by the Centers for Disease Control and Prevention found. It deemed an emergency room to be crowded if so many patients flooded in that ambulances had to be diverted to other hospitals; if people in urgent need of care had to wait an average of more than an hour; or if at least 3 percent of patients simply gave up and left before being seen.

The problem is more dramatic in metropolitan areas, where almost two-thirds of emergency departments experienced crowding conditions, the study found.

The crunch springs from a problem of supply and demand. The annual number of visits to emergency departments rose 18 percent, to 110 million, from 1994 to 2004. At the same time, the number of hospitals operating 24-hour emergency departments declined by 12 percent.

The problem is exacerbated by a shortage of nurses. More than 5 percent of nursing staff positions were vacant at half of all emergency departments in metropolitan areas, the CDC reported.

The findings echo three reports published in June by the Institute of Medicine, a branch of the National Academies, which concluded that the nation's emergency medical system is "overburdened, underfunded, and highly fragmented," and is not equipped to cope with disasters such as hurricanes, disease outbreaks and terrorist strikes.

The findings are stirring interest in Congress, and the Senate Health subcommittee on bioterrorism and public health preparedness convened a panel of experts yesterday to discuss the problems.

"If our emergency rooms are stretched thin now, how will they provide medical care in the event of a disaster?" Sen. Richard Burr (R-N.C.), the subcommittee chairman, said in a statement. "Our emergency care safety net is at risk. We must identify ways to reduce overcrowding and improve coordination."

Panelist Frederick C. Blum, president of the American College of Emergency Physicians, said policymakers and emergency departments must find ways to reduce "boarding." That is the practice in which emergency patients who are admitted to a hospital are left in the emergency department because no regular beds are available, reducing the hospital's ability to handle new emergency patients. Blum said reductions in reimbursement from Medicare and Medicaid in recent years are part of the reason some hospitals have reduced the number of inpatient beds.

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"We currently have no surge capacity to deal with the next big thing that comes along, be it a terrorist attack or a natural disaster," Blum said.

Leon L. Haley Jr., chief of emergency medicine for Grady Health System in Atlanta, suggested providing financial incentives for primary care physicians to see patients after hours so that fewer people with non-emergency conditions seek treatment at hospitals.

Nancy M. Bonalumi, president of the Emergency Nurses Association, said the federal government should invest more in nursing education programs. About 147,000 qualified applicants to nursing programs were turned away in 2004 because of faculty shortages, Bonalumi said.

Robert R. Bass, executive director of the Maryland Institute of EMS Systems, said experts believe that the federal government should help fund the development of a network of regional, coordinated emergency care systems. The government also should designate a lead federal agency for emergency care and should better integrate the resources of the Department of Veterans Affairs into civilian disaster planning, he said.

"Strong measures must be taken . . . to achieve the level of response that Americans expect and deserve," Bass said.

Chemical Plant Security (1 Letter) (NYT)

The New York Times, September 28, 2006

To the Editor:

Your Sept. 25 editorial "Chemical Plants, Still Unprotected" does not include some basic facts. The chemical security legislation we negotiated will give the secretary of homeland security new authority to set mandatory standards for high-risk chemical plants and, equally important, to enforce those standards.

The bill gives the secretary the strongest possible authority: the power to shut down dangerous plants.

Current law leaves dangerous gaps in our security because it does not empower the secretary to set standards or to close noncompliant plants. Our legislation closes those gaps.

For your editorial to assert that Congress has done nothing to protect Americans from a terrorist attack on chemical plants is off the mark.

We prevailed in including provisions fought by the chemical industry's trade associations. These provisions ensure that high-risk plants would be subject to mandatory standards, regular inspections and tough enforcement measures. We also included a three-year sunset to prompt Congress to pass even more extensive legislation.

Susan M. Collins

Peter T. King

Washington, Sept. 25, 2006

The writers are chairmen of the Senate and House Homeland Security Committees, respectively.

N.J. Congressman Asks For FBI Briefing Over 2001 Anthrax Scare (AP)

By Donna De La Cruz

AP, September 27, 2006

WASHINGTON -- A New Jersey congressman said Wednesday it should have taken the FBI days, not years, to determine the anthrax used in 2001 that killed a Connecticut woman and four other people was much less sophisticated than believed.

Democratic Rep. Rush Holt asked FBI Director Robert Mueller for a classified briefing about the status of the bureau's investigation into who was behind the attacks.

Several published reports this week said the FBI had acknowledged the anthrax used in the attacks was commonly available and not weapons-grade.

In his letter to Mueller, Holt said the FBI's failure to determine what kind of anthrax was used meant that "resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed."

The FBI has conducted 9,100 interviews and issued 6,000 subpoenas.

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Holt asked Mueller to have Douglas Beecher, a scientist in the FBI's Hazardous Materials Response Unit, testify before the House Intelligence Committee.

Beecher recently wrote an article in a scientific journal saying there was "a widely circulated misconception" that the anthrax spores were made using additives and sophisticated engineering akin to military weapons production.

FBI spokesman Bill Carter said he did not know if Mueller had received Holt's letter.

The anthrax attacks, in the days after Sept. 11, 2001, killed five people across the country and sickened 17. There were five confirmed anthrax infections and two suspected cases in New Jersey but no fatalities. Among the victims was Ottilie Lundgren, 94, of Oxford, Conn.

Johanns: Americans Shouldn't Take Safe Food Supply For Granted (BVND)

By Maria Sudekum Fisher

The Belleville News Democrat, September 28, 2006

KANSAS CITY, Mo. - There hasn't been a specific terrorist threat against the U.S. food supply, but Americans should not take the safety of their food for granted, U.S. Agriculture Secretary Mike Johanns said Wednesday.

"Agricultural goods pass quickly from one nation to another nation, from state to state," Johanns said. "But diseases and pathogens can travel just as quickly and as easily as trade, and they have no respect for borders."

Johanns, who delivered the keynote address to about 1,000 delegates from 21 countries attending the second International Symposium on Agroterrorism, said the recent outbreak of E. coli in spinach shows how quickly food-borne illnesses spread and how tough they can be to trace.

"The bacterium that has infected some of our fresh spinach was not, to the best of our knowledge, the result of an intentional contamination," Johanns said. "But it illustrates how much damage can be inflicted by an intentional act on our food supply."

Johanns said there was no "specific or current threat" to the agriculture or food sectors in the United States at this time, but preparation remained important.

"We know that there are individuals who want to harm us, and we are aware there are people with the knowledge and the capability of sabotaging our food supply," Johanns said. "And so you see we have no choice, we must be prepared."

Johanns pointed to steps the government has taken to ensure a safe food supply, including the U.S. Department of Agriculture's animal identification system. He said more than 300,000 U.S. premises have been voluntarily registered for the animal identification system.

The Department of Agriculture wants to identify and tag each of the country's more than 9 billion cows, pigs, chickens and other livestock by 2009 so it can track them within 48 hours of a report of disease.

The plan, which is now voluntary, has been opposed in Missouri by U.S. Sen. Jim Talent and U.S. Rep. Jo Ann Emerson, who introduced a bill that would prevent the animal identification system from becoming mandatory, largely because of concerns over costs and disclosure of farmers' records to competitors.

Johanns also said the government was taking steps to keep overseas diseases and pathogens out of the United States and that the government was spending about $20 million to combat Avian Influenza worldwide.

He also pointed to an offshore pest information system and to a partnership with the Department of Human Services to develop an automated inspection system that would screen imported ag products in high-risk cargo.

"This would include remote digital imaging to quickly identify pests as well as a nationwide database of regulation violators."

Johanns said partnering with businesses and coming up with new ways to protect the food supply would be an ongoing concern of the administration.

"`We are absolutely committed to listen to the private sector," he said. "And we are committed to opening our imagination to innovations to protect our food and ag system."

WAR NEWS:

DOJ_NMG_0070340

White House Refuses To Release Full NIE (AP-Y)

By Katherine Shrader

AP, September 28, 2006

The White House refused Wednesday to release the rest of a secret intelligence assessment that depicts a growing terrorist threat, as the Bush administration tried to quell election-season criticism that its anti-terror policies are seriously off track.

Press secretary Tony Snow said releasing the full report, portions of which President Bush declassified on Tuesday, would jeopardize the lives of agents who gathered the information.

It would also risk the nation's ability to work with foreign governments and to keep secret its U.S. intelligence-gathering methods, Snow said, and "compromise the independence of people doing intelligence analysis."

"If they think their work is constantly going to be released to the public they are going to pull their punches," Snow said.

In the bleak National Intelligence Estimate, the government's top analysts concluded Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts found, the risks to the U.S. interests at home and abroad will grow.

Peppered with questions Wednesday about the report, he said the NIE report was "not designed to draw judgments about success or failure, it's an intelligence document, it's a snapshot."

Snow said the report confirms the importance of the war in Iraq as a bulwark against terrorists. "Iraq has become, for them, the battleground," he said. "If they lose, they lose their bragging rights. They lose their ability to recruit."

He said that a bleak intelligence assessment depicting a growing terrorist threat was only a "snapshot" — not a conclusion

The document has given both political parties new ammunition leading up to November's midterm elections.

For Republicans, the report provides more evidence that Iraq is central to the war on terrorism and can't be abandoned without giving jihadists a crucial victory.

For Democrats, the report furthers their argument that the 2003 Iraq invasion has inflamed anti-U.S. sentiments in the Muslim world and left the U.S. less safe. Democrats continued their push Wednesday for release of the rest of the report.

"The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward M. Kennedy, D-Mass.

Rep. Peter Hoekstra, R-Mich., chairman of the House Intelligence Committee, warned, however, that releasing more of the intelligence assessment could aid terrorists. "We are very cautious and very restrained about the kind of information we want to give al-Qaida," Hoekstra said.

Defense Secretary Donald H. Rumsfeld, in Tirana, Albania for a meeting of defense ministers, said Bush had declassified the report's key judgments, after parts of it were leaked to the news media, so that "the American people and the world will be able to see the truth and precisely what that document says."

The NIE report, compiled by leading analysts across 16 U.S. spy agencies, says the "global jihadist movement — which includes al-Qaida, affiliated and independent terrorist groups, and emerging networks and cells — is spreading and adapting to counterterrorism efforts."

A separate high-level assessment focused solely on Iraq may be coming soon. At least two House Democrats — Minority Leader Nancy Pelosi of California and Rep. Jane Harman of California — have questioned whether that report has been stamped "draft" and shelved until after the Nov. 7 elections.

An intelligence official, who spoke on condition of anonymity because of the sensitive nature of the process, said National Intelligence Director John Negroponte told lawmakers in writing only one month ago that he ordered a new Iraq estimate to be assembled. The estimate on terrorism released Tuesday took about a year to produce.

The broad assessment on global terror trends, completed in April, escalated an election-year battle over which party is the best steward of national security.

At a news conference Tuesday, Bush said critics who believe the Iraq war has worsened terrorism are naive and mistaken, noting that al-Qaida and other groups have found inspiration to attack for more than a decade. "My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," the president said.

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But Sen. Joe Biden, the top Democrat on the Foreign Relations Committee, said Wednesday that Bush has allowed Iraq to fester as a training ground for terrorists, and U.S. voters are worried about it.

"On Election Day, that morning, if there's still the carnage in the streets of Iraq, then it will be clear that they have concluded that this administration's policy has failed and there will be a political price for it," Biden, D-Del., predicted on CBS' "The Early Show."

Sen. Jay Rockefeller of West Virginia, the intelligence committee's top Democrat, said the decision to invade Iraq shifted focus away from U.S. counterterrorism efforts.

"There is no question that many of our policies have inflamed our enemies' hatred toward the U.S. and allowed violence to flourish," he said. "But it is the mistakes we made in Iraq — the lack of planning, the mismanagement and the complete incompetence of our leadership — that has done the most damage to our security."

Dispute On Intelligence Report Disrupts Republicans' Game Plan (NYT)

By Adam Nagourney

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — The dispute over a newly disclosed National Intelligence Estimate has threatened a pre-election script in which the White House had sought to put Democrats on the defensive on national security.

As the White House saw it, this was to have been the week in which Republicans seized the advantage by pushing two antiterrorism bills through Congress over the objections of recalcitrant Democrats.

Instead, on Wednesday for the second day in a row, Democrats seized on the intelligence report as confirmation of their case that the Iraq war has in fact compounded the global terrorism threat.

Republicans responded by saying Democrats were distorting the findings or were exploiting important intelligence information for political gain. In Congress, the Republicans appeared to give up on passing one of the two antiterrorism bills, the one on surveillance.

Republicans said even if they were momentarily put off course, they were confident that in the end this fight would not help the Democrats. Democrats, they said, lose every time they try to fight Republicans on the issue of security.

"This debate is bringing Republicans back into the political process," said Representative Tom Cole of Oklahoma, who is a contender to be the next leader of the Republican Congressional campaign committee. "If we're going to have an election where swing voters are the main concern, I'll be happy to talk about national security."

Republican leaders also criticized the 160 House Democrats, including Representative Nancy Pelosi of California, the minority leader, who voted Wednesday against a measure sought by President Bush to change the conditions for trying and questioning terrorism suspects.

The House speaker, J. Dennis Hastert, Republican of Illinois, said, "The same terrorists who plan to harm innocent Americans and their freedoms would be coddled, if we followed the Democratic plan."

Democrats made clear that even though many of them opposed the bill, they would not block it from becoming law, a distinction that they believe will make it more difficult for the White House to use this vote against them.

If anything this week, the back-and-forth between the parties — on the intelligence report, on the bills and on the war itself — seemed to produce at best a muddled result, rather than the sharp contrast that the White House had sought.

Democrats have watched with concern as Mr. Bush hammered his arguments on Iraq and terrorism.

There are new indications that Democrats regard the intelligence report as an opportunity to undercut what had been a main argument of Mr. Bush.

It took Democrats barely three days to seize on the intelligence findings in a new television advertisement in one of the most contested races in the country, the challenge to Representative Nancy L. Johnson, Republican of Connecticut, who supports the war. The campaign of Ms. Johnson's opponent, Christopher Murphy, began broadcasting the commercial, which says, "President Bush's war in Iraq has increased the threat of terrorism and made us less secure here at home."

Representative Rahm Emanuel of Illinois, who is leading the Democrats' campaign to win Congress, said the intelligence assessment undercut the White House attempt to move the election from Iraq and to stronger Republican ground, terrorism.

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"They had a strategy for this fall to be about national security, and the entire debate this week has turned into the president's failure in Iraq," Mr. Emanuel said. "That is not where they want to be right now."

Republicans disputed the argument that the events were as significant or damaging as Democrats said. Nevertheless, the events were the latest indication that Democrats now see the war in Iraq as an issue that can help them win critical districts and that candidates and party leaders would, unlike in the elections of 2002 and 2004, challenge any attempt by the White House to claim primacy on the issue of terrorism.

Jim Jordan, a Democratic analyst, argued that Republicans were paying a price for having linked the Iraq war to terrorism in previous campaigns.

"They would rather talk about terrorism than Iraq," Mr. Jordan said. "The problem they have got is they formed a linkage between the two that helped them in '04 and hurt them in '06."

In pushing back and trying to gain dominance in the debate, Republicans made two arguments. The first was that Democrats were purposely mischaracterizing what the report said.

"The key passage in the National Intelligence Estimate declassified and released yesterday was that for us to cut and run in Iraq would simply embolden our enemy in a way that they were emboldened when we left Somalia," said Senator John Cornyn, Republican of Texas.

The second was to suggest that Democrats were trying to exploit intelligence for political gain and to insinuate that they were responsible for leaking the information.

"The purpose of the leak was to distort the premise of the National Intelligence Estimate to try to lend weight to the Democratic argument that the war in Iraq does not really matter, we are losing the war in Iraq, and it doesn't have anything to do with the war on terror," said Senator Christopher S. Bond, Republican of Missouri.

It was too soon to tell, aides to both parties said Wednesday, whether the arguments will hold much sway with voters, much less break through all the arguments occurring here and in Congressional campaigns at home.

Yet one thing was clear. Republicans were not talking about what they wanted to be talking about. And at a time when Democrats are trying to turn the debate from national security, where they are not strong, to the war, which is Mr. Bush's weakness, the intelligence reports provided what Democrats said was a weapon that they very much needed.

"We are less safe today because of the Iraq war," said Senator Charles E. Schumer, the New York Democrat who is Mr. Emanuel's Senate counterpart. "That is a very trenchant argument."

Iraq And Jihad: A Consensus Surfaces (CSM)

By Peter Grier

The Christian Science Monitor, September 28, 2006

WASHINGTON

The bleak conclusions of a just-declassified intelligence assessment on terrorism are unlikely to push the Bush administration to change its policies in the fight against Al Qaeda. The report's finding - that Islamist terrorism continues to spread around the world - is far from new, say experts. The White House has known of its contents for months.

But the disclosure of the assessment's main points could put the White House on the political defensive at a crucial moment, with midterm elections only weeks away. It also reveals a depth of pessimism in the US government about near-term prospects for the fight against Al Qaeda that surprised some terrorism analysts.

National Intelligence Estimates, after all, represent the thinking of a wide range of US intelligence agencies. It is not as if the CIA alone has decided that the Iraq war is an underlying factor increasing Al Qaeda's appeal in the Arab world.

"It's not the assumptions that surprised me. It's the fact that this was a consensus document," says Jessica Stern, a lecturer in public policy at Harvard's John F. Kennedy School of Government and a terrorism expert.

The existence of the terrorist NIE, along with some of its conclusions, were first revealed Sunday by the The New York Times. On Tuesday, President Bush ordered portions of the document declassified, saying that its contents were being distorted in the media. He said Wednesday he would not release the full report. Terrorists adapt to damaged Al Qaeda

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Among the document's key findings is the conclusion that US-led counterterrorism efforts have seriously damaged the leadership of Al Qaeda and disrupted its operations.

But the report goes on to say that global Islamist terrorism - by which it means Al Qaeda, associated groups, and independent operators - is "spreading and adapting to counterterrorism efforts."

In addition, the report judges that fighting in Iraq is shaping a new generation of terrorist leaders and operatives. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere," says the NIE.

Four factors are underlying the continued spread of Islamist terrorism, according to the document. They are entrenched grievances and a feeling of powerlessness among some in the Arab world; the Iraqi "jihad;" the slow pace of political reform in many Muslim nations; and pervasive anti-US sentiment.

"We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the [five-year] time frame of this Estimate," concludes the NIE.

Some experts find the NIE a less-than-compelling document. Its hedging and passive voice reflect an analysis-by-committee approach that isn't all that helpful to policymakers, says William Martel, associate professor of international security studies at Tufts University's Fletcher School of International Diplomacy.

One of its conclusions, Professor Martel points out, is that the global jihadist movement is now using the Internet to communicate and to promote its ideology.

"No kidding!" says Martel. "I was stunned at how pedestrian it was."

The report emphasizes that the fight against terrorism will be a long-term endeavor, and that it will require reforms in Muslim societies to be effective.

"It's unavoidable that we're involved in a war on terror," says Martel. "I prefer that we play offense and not defense," he adds, referring to the debate over the Iraq war.

Others say the bleak tone of some parts of the NIE belie Mr. Bush's optimistic assessments of progress, particularly in Iraq. The political calculus

With elections that will determine which party controls Congress now less than six weeks away, Democrats have pressed to make "Iraq" the word that pops into voters' minds when they think about Republicans. The GOP, for its part, does better when "terrorism" is the security issue voters most care about.

Thus Democrats have highlighted the NIE's conclusion that the invasion and occupation of Iraq have inflamed anti-US sentiments. Some in the party have pressed for the release of the full NIE document, not just its main findings.

"The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward Kennedy (D) of Massachusetts.

Military pressure has had an effect on Al Qaeda, changing it from a centralized organization to more of a diffuse movement, according to the NIE.

But the invasion of Iraq has allowed jihadists a "cause célèbre," the document notes. They can pose as liberators of the oppressed, increasing their appeal in the Muslim world.

"The intelligence community has concluded that we did what they wanted us to do, for the reasons they wanted us to do it, and that the result they wanted has happened," says Ms. Stern of the Kennedy School of Government.

But the report also notes that the jihadists would be further helped by an appearance of success in Iraq - such as a US pullout. Their cause would be damaged, says the NIE, if "jihadists leaving Iraq perceive themselves, and be perceived, to have failed...."

For this and other reasons, "I don't think we have good choices in Iraq," says Stern.

White House Refuses To Release Full Report On Iraq, Terrorism (WSJ)

By Jay Solomon and Sarah Lueck

The Wall Street Journal, September 28, 2006

DOJ_NMG_0070344

The White House refused Wednesday to release the rest of a government-intelligence report on terrorism that found the Iraq war is actually spurring the proliferation of terrorism, saying that doing so would jeopardize the lives of agents who gathered the information.

Press secretary Tony Snow said releasing the full report, portions of which President Bush declassified on Tuesday, would also risk the nation's ability to keep secret its U.S. intelligence-gathering methods and "compromise the independence" of those charged with analyzing intelligence. "If they think their work is constantly going to be released to the public they are going to pull their punches," Mr. Snow said.

Mr. Snow said the report confirms the importance of the war in Iraq as a bulwark against terrorists. "Iraq has become, for them, the battleground," he said. "If they lose, they lose their bragging rights. They lose their ability to recruit."

INSIDE THE REPORT

• The increased role of Iraqis in opposing al Qaeda in Iraq might lead the terror group's veteran foreign fighters to focus their efforts outside the country.

• While Iran and Syria are the most active state sponsors of terror, many other countries will be unable to prevent their resources from being exploited by terrorists.

• The underlying factors that are fueling the spread of the extremist Muslim movement outweigh its vulnerabilities. These factors are entrenched grievances and a slow pace of reform in home countries, rising anti-U.S. sentiment and the Iraq war.

• Groups "of all stripes" will increasingly use the Internet to communicate, train, recruit and obtain support.

• PDF1 | Plain text2

The White House had released four pages of findings from the National Intelligence Estimate, representing the input of 16 government agencies, amid mounting pressure from Congress after four pages were leaked last week.

The report concludes that the Iraq war is a "cause célèbre" shaping a new generation of militant Islamists and terrorists. It also suggests that, while the leadership of al Qaeda has suffered serious damage in Iraq and the wider war on terror, the threat from Islamic extremists has spread in numbers and geographic reach.

The flap over whether to release the full report or not comes in the run-up to midterm elections, in which the conflict has become a defining issue. Leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S.

President Bush called those who believe the war has worsened terrorism "naïve," and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world.

Sen. Jay Rockefeller (D., W.Va.) senior Democrat on the Senate Intelligence Committee, countered that, "The reality is, the war in Iraq has inflamed Islamic extremism ... and it has created a training ground for the next generation of terrorists."

The White House initially sought to dismiss the NIE's leaked portions on Iraq as being mischaracterized, but ultimately agreed to release the report's "Key Judgments." None of the conclusions about Iraq had been redacted, said Francis Fragos Townsend, Mr. Bush's top counter-terrorism official.

The NIE seeks to assess the near-term capabilities of al Qaeda and other militant Islamist groups. It said U.S.-led counter-terrorism operations have "seriously damaged" al Qaeda's senior leadership, but the group continues to spread its ideology by breaking into more diffuse cells and communicating through the Internet. The NIE said Islamists have made particular gains in spreading their influence into Europe, and warned that non-Muslim groups in Latin America and Asia who share al Qaeda's anti-American agenda could also resort to terrorist activities.

WALL STREET JOURNAL VIDEO

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President George Bush and Afghan President4 Hamid Karzai hold a joint press conference to discuss the Iraq policy and the leaking of classified information for political purposes.

On Iraq, the report said the war has aided al Qaeda's efforts to recruit globally by "breeding a deep resentment of U.S. involvement in the Muslim world." It said U.S. success in stabilizing Iraq and promoting democracy, however, could ultimately bring fewer fighters into the fight. "We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities" in the near term, the report said.

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As the White House and its critics traded charges over the findings, Congress was poised to approve rules for interrogating and prosecuting suspected foreign combatants, as Democrats eager to avoid political fallout before the elections said they aren't likely to block the measure. The House will take up its bill today and the Senate could follow today or tomorrow.

Some critics of the legislation, which would set up military commissions to try "enemy combatants," want to propose changes. But even without those revisions, Democrats aren't likely to filibuster and many might decide to vote for it, Senate aides said.

One sticking point is a change made in recent days that expands the definition of "enemy combatant." Sen. Carl Levin (D., Mich.) called it "much broader than anyone simply caught in terrorist activity." Another is a provision that would prevent suspects held at Guantanamo Bay from challenging their detention with a habeas corpus petition. Human-rights groups have said this would invite abuse of prisoners and allow the government to hold suspects indefinitely.

In related action, the House approved a $447 billion Pentagon budget for the new fiscal year that begins Oct. 1, including $70 billion in emergency funding for military operations overseas. But a companion defense authorization bill remains stymied by a standoff between Speaker Dennis Hastert (R., Ill.) and the Senate.

--David Rogers and the Associated Press contributed to this article.

Iraq Report Is Due In '07; Skeptics Want To See It Now (NYT)

By Mark Mazzetti

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — In the fall of 2002, weeks before the midterm elections, American intelligence agencies were racing to complete an assessment of Iraq as the Senate prepared to vote on a resolution sought by the White House to prepare the groundwork for war.

Four years later, in the shadow of another midterm campaign, the agencies are again drafting a formal assessment on Iraq. But this time, the document is one that the White House might prefer to see finished later rather than sooner.

In mid-August, John D. Negroponte, the director of national intelligence, gave the go-ahead for a National Intelligence Estimate that will address security in Iraq and the potential for civil war there. White House and intelligence officials say the work is still in its early stages and will not be done until next year.

But Democrats contend that the White House is "slow rolling" the document — that is, deliberately withholding what could be bleak conclusions — until after the November elections. The Democrats have intensified those complaints since the White House, under political pressure, on Tuesday released parts of a separate intelligence report, a sober assessment of global terrorism.

On Wednesday, Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, even said sources had told her that a draft of the document had been finished.

"I have heard that it's complete, and that it's grim," Ms. Harman said.

Tony Snow, the White House spokesman, fired back, calling Ms. Harman's assertion "flat wrong."

"There is not a waiting Iraq document that reflects the National Intelligence Estimate that's sitting around gathering dust waiting until after the election," Mr. Snow said.

The intelligence estimate is being done at the behest of members of Congress, including Senator Pat Roberts, Republican of Kansas and chairman of the Senate Intelligence Committee. It will be the American intelligence community's first comprehensive assessment on the state of the Iraqi insurgency and the sectarian violence in the country since the summer of 2004.

Intelligence analysts are supposed to keep political calculations out of their work. At the same time, those who have worked at the National Intelligence Council, the group in charge of producing the intelligence estimates, say the sometimes politically charged nature of the reports' conclusions make it impossible to operate in a political vacuum.

"The challenge for intelligence officers is how to walk a fine line, not only with regard to judgments, but with regard to timing," said Paul R. Pillar, who until a year ago oversaw American intelligence assessments about the Middle East.

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Alan Pino, Mr. Pillar's successor at the National Intelligence Council, is now the one walking the fine line. As the national intelligence officer for assessments about the Middle East, Mr. Pino is in charge of a process that usually lasts several months: from first deciding what specific subjects a National Intelligence Estimate will examine to ensuring that the government's 16 intelligence agencies sign off on the final draft.

The clock on the current report started running with Mr. Negroponte's approval in August, and on Tuesday, Frances Fragos Townsend, the president's domestic security adviser, said it would probably be completed in January.

In a letter to Mr. Negroponte on Wednesday, Ms. Harman called the timetable "unacceptable," and suggested that he might be trying to hold the report until after Election Day.

"N.I.E.'s have been produced in as little as several weeks, as in the case of the 2002 report on Iraqi W.M.D.," Ms. Harmon wrote.

Republicans counter that the 2002 Iraq assessment was hardly a model to emulate. Several government investigations have discredited the conclusions of that report, which asserted that Saddam Hussein had stockpiles of chemical and biological weapons. That estimate was hastily assembled in the fall of 2002, requested by lawmakers who said they wanted the intelligence community's best judgments about Iraq before they voted to authorize the invasion.

But after American troops invaded Iraq in March 2003, Iraq became the primary focus of American intelligence agencies. They have produced volumes of analysis on the insurgency and sectarian violence in Iraq, and on the political and economic situation there.

This, some experts say, already gives intelligence officials the building blocks for a National Intelligence Estimate that could be completed in a relatively short time.

"There's not a lot of basic research that needs to be done, that's for sure," Mr. Pillar said.

White House Holds Ground On Terror Study (LAT)

By Greg Miller And Peter Wallsten

The Los Angeles Times, September 28, 2006

WASHINGTON — The White House defended its interpretation of declassified intelligence findings Wednesday, saying they back President Bush's rationale for sticking with his strategy in Iraq, while Democrats and others said the document proved that the U.S. invasion had increased the terrorist threat.

The administration refused to release the full 30-page report, saying that doing so would endanger the lives of U.S. operatives and possibly reveal surveillance methods. The White House also rebuffed calls for the quick completion and release of a new intelligence report underway that focuses even more closely on conditions in Iraq. That report will not be finished before next year, the White House said.

The five-page portion of the report declassified and released Tuesday concluded that terrorism was growing and spreading worldwide, fueled by the war in Iraq, and that the "Iraq jihad" was shaping "a new generation of terrorist leaders and operatives." The report is known as a National Intelligence Estimate, a consensus view of the CIA and all of the other 15 U.S. intelligence agencies.

White House spokesman Tony Snow, facing questions about how Bush's views that the U.S. is winning the war against terrorism square with the considerably bleaker findings of the intelligence report, fiercely defended the president's stance.

"Let's start with the obvious: Since Sept. 11, 2001, we have not been attacked," Snow said, adding that aggressive American tactics had made it difficult for terrorist organizations to mobilize and strike the United States.

A chorus of Democrats, however, countered that the report showed that the U.S.-led war in Iraq was inspiring, training and equipping militants to launch attacks elsewhere. "Iraq has become a breeding ground for terrorists," Sen. Ken Salazar (D-Colo.) said. "The world is a much more dangerous place today."

The debate over the intelligence findings comes as national security dominates the midterm election campaigns that will determine control of Congress, and as U.S. forces in Iraq struggle to establish order in Baghdad.

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U.S. military officials in Iraq said Wednesday that the number of suicide attacks this week was the highest of any week since the war began. Without giving numbers, they said that attacks overall had risen in the last two weeks, especially in and around Baghdad, despite an ongoing U.S.-led crackdown on militants in the capital.

American intelligence officials said they did not expect any other portions of the intelligence estimate to be declassified. Officials from both parties who have read the document said the remaining pages provided far more detail on the complexion of the spread of Islamic radicalism, but were consistent with the "key judgments" that had been declassified.

"It just expands on those key judgments," said a senior U.S. intelligence official who spoke on condition of anonymity. "It's not like there's a Version A and a Version B. They are the underpinning or basis for the statements" that were released.

Rep. Jane Harman (D-Venice), the ranking Democrat on the House Intelligence Committee, said the complete report had "more information on Iraq, more nuance, more detail."

"But I'm not telling you these key judgments are an unfair representation of the report," she said.

The document was delivered to the House and Senate intelligence committees after its completion in April, but few members not on those panels have seen the entire report. Congressional officials said that Director of National Intelligence John D. Negroponte's office had informed members this week that it planned to make the entire classified document available to all lawmakers.

The impact of the intelligence estimate prompted new calls Wednesday for faster completion of the second report in the works that is to focus exclusively on the situation in Iraq.

Frances Townsend, White House domestic security advisor, said Wednesday that the intelligence estimate focusing on Iraq was expected to be finished in January. A senior U.S. intelligence official cautioned, however, that Negroponte's office had not set a timetable for the completion of the work, suggesting it could be delayed beyond the beginning of next year.

Harman called that "unacceptable" in a letter to Negroponte on Wednesday, and questioned whether there were political reasons for putting the report off until next year.

Work on the new intelligence estimate on Iraq was begun in August, after Democrats on the Senate Intelligence Committee requested a new, thorough intelligence examination of the state of the conflict there.

Meanwhile, the White House moved aggressively Wednesday to counter arguments from Democrats that the intelligence report painted a dismal picture of Bush's policies and challenged administration descriptions of terrorist groups reeling under the U.S.-led assault.

"The critical judgment here is Iraq has become for [terrorists] the battleground," Snow said. "If they lose, they lose their bragging rights. They lose their ability to recruit.... The president has made the point over and over."

Snow said Bush's position that Americans were safer now was not undermined by the intelligence estimate's assertion that the number of jihadists had grown. Instead, Snow argued that militants were less organized than before, and that, as a result, the U.S. was less likely to be hit.

Bush "has not tried to say there are fewer," Snow said. "He has not tried to say that they haven't been winning propaganda victories. What he has said is: We've got a different kind of enemy, and we have kept America safe, and we will continue to do it."

Snow said that the report, along with additional information about how terrorists were doing business, had prompted changes in U.S. strategy.

"It does, in fact, talk about a more dispersed terror network; it does talk about [how] people are communicating over the Internet; it does talk about the necessity of approaching this from a number of different angles," he said. "So the answer is, yes, there has been a much more nuanced approach to doing this. And this is what happens as the war against terror continues. As they adjust, we adjust."

Lessons Of The NIE (WSJ)

The Wall Street Journal, September 28, 2006

National Intelligence Estimates are bland documents that represent the lowest-common-denominator judgment of more than a dozen intelligence agencies. We doubt they're very useful for policy makers, and they certainly aren't suitable for use as political cudgels in a national election.

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But we now know that's exactly what a few leaking spooks, the New York Times and credulous Democrats just tried to do. Sunday's Times led with a story sourced to anonymous "intelligence officials" and headlined "Spy Agencies Say Iraq War Worsens Terrorism Threat." Democratic critics of the Iraq war promptly seized on the report. But now that President Bush has declassified the "Key Findings" of the April 2006 NIE on "Trends in Global Terrorism," we know this scoop was largely political spin. A more accurate headline would have been: "Spy Agencies Say Abandoning Iraq Would Worsen Terror Threat."

True, the NIE says post-Saddam Iraq has become a "cause celebre" for jihadists. But that's merely stating the obvious. Any U.S. intervention in the Mideast was going to provoke an extremist response. The more important statement in that same bullet point is: "Should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight."

In other words, it's abandoning Iraq that would be the huge mistake -- while success would be a major antiterror victory. This is a blunt rebuke of Democratic Representative Jack Murtha and his House allies, who want to replace U.S. troops in Iraq with an "over-the-horizon" force -- in Okinawa, as he once put it.

And what about the larger Democratic theme that the war in Iraq has been a "distraction" from the fight against al Qaeda? In its very first sentence, the NIE says "United States-led counterterrorism efforts have seriously damaged the leadership of al Qaeda and disrupted its operations." It also suggests dwelling on the failure to capture or kill Osama bin Laden is a mistake: "Countering the spread of the jihadist movement will require coordinated multilateral efforts that go well beyond operations to capture or kill terrorist leaders."

More broadly, the NIE seems to endorse addressing the root causes of terrorism through democracy promotion: "If democratic reform efforts in Muslim majority nations progress over the next five years, political participation probably would drive a wedge between intransigent extremists and groups willing to use the political process."

And: "Greater pluralism and more responsive political systems in Muslim majority nations would alleviate some of the grievances jihadists exploit. Over time, such progress, together with sustained, multifaceted programs targeting the vulnerabilities of the jihadist movement and continued pressure on al Qaeda, could erode support for the jihadists."

This is hardly earth-shattering stuff, we grant. But it sure sounds more like an affirmation of the Bush Administration's general approach to the war on terror than what the Times described when it quoted an unnamed "intelligence official" that "the Iraq war has made the overall terrorism problem worse."

But then anyone who understood the process of producing NIEs would never have made such a big deal about the document. President Bush could do himself, and the country, a favor if he reacted to this latest attempt to politicize NIEs by asking our spy agencies to stop producing them. Their focus should be more and better intelligence. They should leave the policy judgments to elected officials -- and the voters.

A Good Estimate (WP)

The Washington Post, September 28, 2006

THOUGH IT undermined some of his rhetoric, President Bush was right to declassify and release the intelligence community's most recent estimate of global terrorism. The three-page summary of "key judgments," originally delivered to the White House in April, provides a clear, reasoned and sobering account of the state of the Islamic extremist threat five years after Sept. 11, 2001. Its release ought to deepen rather than inflame the debate in Washington -- if only because the assessment is far superior to that being retailed to the country by the president or by most Democrats.

The bad news in the report -- and there is a lot of it -- is that U.S. intelligence agencies believe that the number of Islamic "jihadists" is growing and that the threat is spreading to more countries, particularly in Europe. The Iraq conflict, it says, "has become the 'cause celebre' " for such militants, and "the Iraq jihad is shaping a new generation of terrorist leaders and operatives." If current trends continue, the report predicts "increasing attacks worldwide."

These grim conclusions are hard to square with Mr. Bush's contention that the country is "safer" today than it was five years ago or that the invasion of Iraq helped rather than hindered the fight against terrorism. In fact, the president seems unwilling to accept the conclusions of the intelligence professionals. On Tuesday he said it is naive to think that terrorism would be less pervasive if the invasion of Iraq had not taken place.

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Democrats are citing the intelligence estimate as proof that Iraq has been a catastrophe. Those among them who prophesied four years ago that an invasion would provide new recruits for al-Qaeda's cause can justifiably claim some vindication. But the report also poses problems for Democratic leaders such as House Minority Leader Nancy Pelosi (Calif.) and Sen. John F. Kerry (Mass.), who say the solution in Iraq is an early withdrawal of U.S. troops. The report supports Mr. Bush's contention that Iraq is now a central front in the war on terrorism; it says "perceived jihadist success there would inspire more fighters to continue the struggle elsewhere," while defeat would mean that "fewer fighters will be inspired to carry on the fight."

The larger thrust of the report goes well beyond Iraq or the cacophony of the midterm election campaign. It says "the most powerful weapon in the war on terror" over time will be not military success in Iraq or the capturing and killing of al-Qaeda leaders, but "the Muslim mainstream." The vast majority of Muslims are likely to reject the extreme political solutions proposed by al-Qaeda and its allies, and they will be more likely to do so if "democratic reform efforts in Muslim-majority nations progress" and entrenched problems of "corruption, injustice, and fear of Western domination" are alleviated.

The U.S. mission in Iraq since the overthrow of Saddam Hussein has been largely aimed at those goals, in one of the Muslim world's most important countries. It should be little wonder that the effort, like U.S. promotion of democracy in Lebanon and within the Palestinian Authority, has provoked an extremist backlash. Were it to retreat altogether from the Middle East, the United States could probably reduce the number of Islamic extremist recruits in the next five years. Yet any careful reader of the intelligence estimate will find it hard to conclude that the war can be won that way.

Declassifying The Obvious (LAT)

The Los Angeles Times, September 28, 2006

THE JUDGMENT OF THE National Intelligence Estimate partly made public this week — that "the Iraq conflict has become the 'cause celebre' for jihadists" — did not unveil an especially novel viewpoint or theory. So why has the report, assembled by U.S. intelligence agencies in April, caused such a sensation?

Partly it's the official pedigree of the document; partly it's the unconvincing attempt by President Bush to explain it away. In announcing Tuesday that he would declassify parts of the report, he testily suggested that the actual language would discredit "speculation" that it had linked the war in Iraq to a heightened terrorist threat. But the material released to the public came to essentially that conclusion (though it also backed Bush's contention that if jihadists failed in Iraq, they would recruit "fewer fighters" in the future).

Yet even before Bush declassified parts of the report, the document exerted a fascination that cannot be explained solely by its conclusions. Some of the report's mystique stems from the fact that, until Tuesday, it had been a secret.

Several of its observations — not just about the relationship between the U.S. presence in Iraq and the growth of "a deep resentment of U.S. involvement in the Muslim world" — are by now conventional wisdom: Jihadism is fostered not only by the Iraq war but also by corruption and repression in Muslim societies; countering the movement will require more than a military response; greater political participation in Muslim societies could drive a wedge between jihadists and political reformers, though it might also cause "destabilizing transitions." Yet because these conclusions were pried from a classified document, there is a frisson that would have been missing if the administration had made them public last spring.

Remember the "Downing Street memo," a once-secret document from 2002 recording a British intelligence official's view that "intelligence and facts were being fixed" by the Bush administration to support its long-standing intention to topple Saddam Hussein? The publication of the memo in 2005 created a sensation in Britain and the United States, even though it reflected one man's view (albeit one long held by critics of the war in both countries) and was far from a smoking gun.

Government officials often are accused of belonging to a cult of classification, and officials in the Bush administration have a particular fetish about secrecy. But they aren't the only ones to ascribe special importance to a secret, whether it's "The Da Vinci Code" or the Downing Street memo. Forbidden fruits of intelligence analysis always will be more tantalizing than the ones put on public view.

The argument that the U.S. presence in Iraq has exacerbated the international terrorist threat is an important one fully deserving of discussion. So is the NIE's conclusion, more congenial to the Bush administration, that defeating insurgents in Iraq

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would demoralize other potential jihadists. That debate was going on before the NIE was publicized. And it should continue after the thrill of declassification is gone.

Infidel Documents (WSJ)

By Fouad Ajami

The Wall Street Journal, September 28, 2006

The scaffolding of the Iraq war is under renewed attack. So there had been no meeting between Mohamed Atta and Iraqi intelligence operative Ahmad al-Ani in Prague; and Saddam's regime was "intensely secular" while al Qaeda was steeped in religious doctrine. Tariq Aziz, once Goebbels to his master, now in captivity, says that Saddam had only "negative sentiments" about Osama bin Laden, and that the despot had issued a decree "outlawing Wahhabism in Iraq and threatening offenders with execution."

The case against the Iraq war now has a new canonical document: a report by the Senate Select Committee on Intelligence, released on Sept. 8. Opponents of the war -- to use their own language against the Bush administration -- now "cherry pick" this report, and they find in it the damning evidence that had been their conviction all along. In their eyes, the case for this war was a willful hoax. And on the heels of this report, it was revealed that the National Intelligence Estimate now depicts Iraq as the breeding ground of a new generation of terrorists.

Intended or not, the release of the Senate report, around the fifth anniversary of 9/11, has been read as definitive proof that the Iraq war stands alone, that the terrors that came America's way on 9/11 had nothing to do with the origins of the war. Few will read this report; fewer still will ask why a virtually incomprehensible Arab-Islamic world that has eluded us for so long now yields its secrets to a congressional committee. On the face of it, and on the narrowest of grounds, the report maintains that the link between the war on terror and the invasion of Iraq cannot stand in a Western court of inquiry.

But this brutal drawn-out struggle between American power and the furies of the Arab-Islamic world was never a Western war. Our enemies were full of cunning and expert at dissimulation, hunkering down when needed. No one in the coffeehouses of the Arab world (let alone in the safe houses of the terrorists) would be led astray by that distinction between "secular" and "religious" movements emphasized by the Senate Intelligence Committee. They live in a world where the enemies of order move with remarkable ease from outward religious piety to the most secular of appearances. It is no mystery to them that Saddam, once the most secular of despots, fell back on religious symbols after the first Gulf War, added Allahu Akbar (God is great) to Iraq's flag, and launched a mosque-building campaign whose remnants -- half-finished mosques all over Baghdad -- now stand mute.

No Iraqi agents had to slip into hotel rooms in Prague for meetings with jihadists to plot against America. The plot sprang out of the deep structure of Arab opinion. We waged a war against Saddam in 1991 and then spared him. We established a presence in the Arabian Peninsula to monitor him, only to help radicalize a population with religious phobias about the "infidel" presence on Arabian soil. The most devout and the most religiously lapsed of the Arabs alike could see the feebleness of America's response to a decade of subversion and terror waged by Arab plotters and bankrolled by Arab financiers. The American desire to launch out of Iraq a broader campaign of deterrence against the radical forces of the region may not have been successful in every way, but the effort was driven by a shrewd reading that, after Kabul, the war had to be taken deep into the Arab world itself. * * *

Strictly speaking, the National Intelligence Estimate -- another "canonical" document -- is not a finding: It is an assessment of Islamic terrorism and its perceived links to Iraq. (It is odd, and ironic, that the intelligence agencies that had been mocked by liberal opinion for their reporting on Iraq before the war have now acquired an aura of infallibility.) Islamic terror did not wait on the Iraq war. The assertion that Islamic terrorism has "metastasized and spread across the globe" because of Iraq takes at face value what the jihadists themselves proclaim. It would stand to reason that their Web sites, and the audiotapes of their leaders, would trumpet their attachment to the cause of Iraq. It is inevitable that American analysts glued to jihadist cyberspace, and lacking intimate knowledge of Arab ways, would take the jihadists at their word. But Islamic radicals have not lacked for grievances. The anti-Americanism and antimodernism that brought them onto American soil five years ago predated Iraq. For the good part of two

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decades, jihadist terror blew at will, driven by the conviction in the lands of Islam and its diaspora communities that America was a pampered land with little zeal for bloody struggles.

The declassified portions of the NIE are not particularly profound in the reading of Islamism. Their sociologese is of a piece with a big body of writing on Islamist movements -- that the resentments of these movements arise out of "anger, humiliation and a sense of powerlessness" in the face of the West. I dare guess that were Ayman al-Zawahiri to make his way through this report, he would marvel at the naïveté of those who set out to read him and his fellow warriors of the faith. Ayoob al-Masri (Zarqawi's successor in Iraq) would not find himself and his phobias and his will to power in this "infidel document." These warriors have a utopia -- an Islamic world ruled by their own merciless brand of the faith. With or without Iraq, the work of "cleansing" Islam's world would continue to rage on.

It was inevitable that the Arabs would regard this American project in Iraq through the prism of their own experience. We upended an order of power in Baghdad, dominated as it had been by the Sunni Arabs; and we emancipated the Shiite stepchildren of the Arab world, as well as the Kurds. Our innocence was astounding. We sinned against the order of the universe, but called on the region to celebrate, to bless our work. More to the point, we set the Shia on their own course. We did for them what they could not have done on their own. For our part, we were ambivalent about the coming of age of the Shia. We had battled radical Shiism in Iran and in Lebanon in the 1980s. The symbols of Shiism we associated with political violence -- radical mullahs, martyrology, suicide bombers. True, in the interim, we had had a war -- undeclared, but still a war -- with Sunni jihadists. But there lingered in us an aversion to radical Shiism, an understandable residue of the campaign that Ayatollah Khomeini had waged against American power in the '80s. We were susceptible as well to the representations made to us by rulers in the Sunni-ruled states about the dangers of radical Shiism.

The case against the war makes much of Iran's new power in Iraq. To the war critics, President Bush has midwifed a second Islamic republic in Iraq, next door to Iran. But Iran cannot run away with Iraq, and talk of an ascendant Iran in Iraqi affairs is overblown. We belittle the Iraqi Shiites -- their sense of home, and of a tradition so thoroughly Iraqi and Arab -- when we write them off as instruments of Iran. Inevitably, there is Iranian money in Iraq, and there are agents, but this is the logic of the 900-mile Iranian-Iraqi border.

True, in the long years of Tikriti/Saddamist dominion, Shiite political men persecuted by the regime sought sanctuary in Iran; a political party, the Supreme Council for the Islamic Revolution in Iraq, and its military arm, the Badr Brigade, rose in those years with Iranian patronage. But the Iraqi exiles are not uniform in their attitudes toward Iran. Exile was hard, and the Iranian hosts were given to arrogance and paternalism. Iraqi exiles were subordinated to the strategic needs of the Iranian regime. Much is made, and appropriately, of the way the Americans who prosecuted the first Gulf War called for rebellions by the Shiites (and the Kurds), only to walk away in indifference as the Saddam regime struck back with vengeance. But the Iranians, too, averted their gaze from the slaughter. States are merciless, the Persian state no exception to that rule.

We should not try to impose more order and consensus on the world of Shiite Iraq than is warranted by the facts. In recent days a great faultline within the Shiites could be seen: The leader of the Supreme Council for the Revolution in Iraq, Sayyid Abdulaziz al-Hakim, has launched a big campaign for an autonomous Shiite federated unit that would take in the overwhelmingly Shiite provinces in the south and the middle Euphrates, but this project has triggered the furious opposition of Hakim's nemesis, the young cleric Moqtada al-Sadr. Hakim's bid was transparent. He sought to be the uncrowned king of a Shiite polity. But he was rebuffed. Sadr was joined in opposition to that scheme by the Daawa Party of Prime Minister Nouri al-Maliki, by the Virtue Party, and by those secular Shiites who had come into the national assembly with former Prime Minister Iyad Allawi. A bitter struggle now plays out in the Shiite provinces between the operatives of the Badr Brigade and Sadr's Mahdi Army. The fight is draped in religious colors -- but it is about the spoils of power.

The truculence of the Sunni Arabs has brought forth the Shiite vengeance that a steady campaign of anti-Shiite terror was bound to trigger. Sunni elements have come into the government, but only partly so. President Jalal Talabani put it well when he said that there are elements in Iraq that partake of government in the daytime, and of terror at night. This is as true of the Sunni Arabs as it is of the Shiites. The (Sunni) insurgents were relentless: In the most recent of events, they have taken terror deep into Sadr City. The results were predictable: The death squads of the Mahdi Army struck back.

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It is idle to debate whether Iraq is in a state of civil war. The semantics are tendentious, and in the end irrelevant. There is mayhem, to be sure, but Iraq has arrived at a rough balance of terror. The Sunni Arabs now know, as they had never before, that their tyranny is broken for good. And the most recent reports from Anbar province speak of a determination of the Sunni tribes to be done with the Arab jihadists.

It is not a rhetorical flourish to say that the burden of rescuing Iraq lies with its leaders. No script had America staying indefinitely, fighting Iraq's wars, securing Iraq's peace. The best we can do for Iraq is grant it time to develop the military and political capabilities that would secure it against insurgencies at home and subversion from across its borders. No one can say with confidence how long the American body politic will tolerate the expense in blood and treasure. It would be safe to assume that this president will stay with this war, that its burden is likely to be passed onto his successor. The Iraqis are approaching reckoning time, for America's leaders are under pressure to force history's pace. The political process here at home is not likely to impose a precise deadline for withdrawal. But the Iraqis should not be lulled into complacency, for the same political process is more likely to place limits on this commitment in Iraq.

For their part, the Iranians will press on: The spectacle of power they display is illusory. It is a broken society over which the mullahs rule. A society that throws on the scene a leader of Mahmoud Ahmadinejad's derangement is not an orderly land; foreigners may not be able to overthrow that regime, but countries can atrophy as their leaders -- armed, here, by an oil windfall of uncertain duration -- strut on the world stage. Iran's is a deeper culture than Iraq's, possessed of a keen sense of Persia's primacy in the region around it. What Iranians make of their own history will not wait on the kind of society that will emerge in Iraq. On the margins, a scholarly tradition in Najaf given to moderation could be a boon to the clerics of Iran. But the Iranians will not know deliverance from the sterility of their world if Iraq were to fail. Their schadenfreude over an American debacle in Iraq will have to be brief. A raging fire next door to them would not be pretty. And, crafty players, the Iranians know what so many in America who guess at such matters do not: that Iraq is an unwieldy land, that the Arab-Persian divide in culture, language and temperament is not easy to bridge.

We needn't give credence to the assertion of President Bush -- that the jihadists would turn up in our cities if we pulled up stakes from Baghdad -- to recognize that a terrible price would be paid were we to opt for a hasty and unseemly withdrawal from Iraq. This is a region with a keen eye for the weakness of strangers. The heated debate about the origins of our drive into Iraq would surely pale by comparison to the debate that would erupt -- here and elsewhere -- were we to give in to despair and cast the Iraqis adrift.

Mr. Ajami, a professor at the School of Advanced International Studies at Johns Hopkins, is the author, most recently, of "The Foreigner's Gift" (Free Press, 2006). He is a recipient of the 2006 Bradley Prize.

The Grand Delusion (NYT)

By David Brooks

The New York Times, September 28, 2006

You probably know Daniel Defoe as the author of "Robinson Crusoe," but he was also a journalist, and in 1705, he noticed a gigantic change occurring around him. "The Power of Nations," he wrote, "is not now measur'd, as it has been, by Prowess, Gallantry, and Conduct. 'Tis the Wealth of Nations that makes them Great."

In other words, nations had begun measuring themselves not by whom they conquered, but by how they fared in the competition for economic success. This was a major shift in consciousness, and as the great historian of nationalism, Liah Greenfeld, observes, today you can see a wide variety of societies — the U.S., Japan, China, India, Europe — that define their national greatness in this way.

The Arab world, though famous for its bazaars, has not defined national glory economically, Greenfeld adds. Instead, the rising radical groups today define greatness negatively through acts of anti-Western defiance.

Superseding market entrepreneurs, there are terror entrepreneurs competing to see who can issue the most militant call and perform the most galvanizing act of violence. They are driven by resentment toward the West, but also by the internal competition for prestige and standing.

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To his eternal credit, after 9/11 George Bush quickly understood that the terror threat was fundamentally an ideological threat, a product of deep historical consciousness. To his eternal discredit, he didn't commit enough resources to successfully defeat and discredit that ideology. The chance to deliver the sort of blow that the Six Day War delivered to an earlier version of Arab nationalism may now be lost.

As a result, as the National Intelligence Estimate makes clear, the West now faces a diverse and metastasizing set of foes. The report also makes clear that while the Iraq war has so far enhanced the prestige of the terrorists, Iraq remains the crucial battleground where they will either gain glory or face humiliation.

If we lived in a serious political culture, we'd be discussing what we've learned from Iraq and how to proceed. Instead, all of Washington is involved in a juvenile game of gotcha. Bill Clinton is fighting about what did or didn't happen 10 years ago. The White House is still exaggerating the positive. Democratic senators purr like happy kittens as retired generals slam Donald Rumsfeld, and then stop up their ears when those same generals call for more troops and a longer war.

Voters now confront a Republican Party that understands the breadth of the threat but has bungled the central campaign, and a Democratic Party that is quick to criticize but lacks an understanding of the jihadists and a strategy for confronting them.

Worse, more and more people are falling for the Grand Delusion — the notion that if we just leave the extremists alone, they will leave us alone. On the right, some believe that if we just stop this Wilsonian madness of trying to introduce democracy into the Arab world, we can return to an age of stability and balance. On the left, many people can't seem to fathom an enemy the U.S. isn't somehow responsible for. Others think the entire threat has been exaggerated by Karl Rove for the sake of political scaremongering.

Perhaps it's understandable that many Americans would fall for this Grand Delusion. The Israelis, who have more experience with Islamic extremism, recently did. They imagined that they could build a security barrier and unilaterally withdraw from their historical reality. It took the war in south Lebanon to make them see there is no way to unilaterally withdraw. There is no way to become a normal society. Even if they pulled out of Lebanon, Gaza and the West Bank, they would still have to confront an existential foe, so long as the forces of political Islam continued to wage their competition for anti-Semitic glory all around.

The blunt fact is that groups of Islamic extremists will continue to compete and grow until mainstream Islamic moderates can establish a more civilized set of criteria for prestige and greatness. Today's extremists are not the product of short-term historical circumstances, but of consciousness and culture. They are not the fault of the United States, but have roots stretching back centuries. They will not suddenly ignore their foe — us — when their hatred of us is the core of their identity.

The National Intelligence Estimate predicts terror violence will get worse in the years ahead. The scarier estimate was made by a veteran of the 1948 Arab-Israeli war, in conversation with his grandson who now lives in Boston: "This is forever."

At Dinner Table, Bush Plays Role Of Mediator (WP)

By Michael Abramowitz

The Washington Post, September 28, 2006

President Bush welcomed the feuding leaders of Afghanistan and Pakistan to the White House last night for an unusual round of personal diplomacy aimed at forging better relations between two key partners in U.S. efforts to hunt down members of al-Qaeda and other Islamic terrorists.

Dining on spicy sea bass and pumpkin cake with Bush and his most senior advisers were Pakistan's president, Gen. Pervez Musharraf, and his Afghan counterpart, Hamid Karzai. The two have been sniping at each other for months over what Karzai considers Pakistan's tolerance of Taliban militants crossing the border to mount armed attacks in Afghanistan.

Musharraf has testily rebutted Karzai's assertions, but U.S. officials are worried that the deteriorating relations between the two men threaten their effort to pacify Afghanistan and hunt down Osama bin Laden, who is believed to be hiding in the mountainous region of Pakistan bordering Afghanistan.

"They really get under each other's skin," said one senior U.S. official who was not authorized to speak publicly about the White House dinner before it got started last night.

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Administration officials said they hoped at the very least the two men would find less public forums to express their annoyance with each other. Shortly before going into the White House last night, Bush told reporters in the Rose Garden that the dinner was "a chance for us to strategize together, to talk about the need to cooperate."

"These two men are personal friends of mine," Bush said, with Karzai and Musharraf standing by his side, not looking at each other. "They are strong leaders who have a understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

The dinner lasted about 2 1/2 hours, and the White House offered only a vague indication of what occurred. A White House statement said the three leaders "committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan."

The three-way summit came as the Bush administration, already grappling with crises over the Iraq war and over Iran's nuclear ambitions, is confronting a resurgent Taliban.

Although toppled five years ago in a U.S.-led invasion, the Taliban now controls swaths of southern Afghanistan and has fought increasingly violent battles with NATO troops patrolling the border regions. The number of U.S. troops in Afghanistan in recent months has swelled to more than 20,000.

Tense relations between Pakistan and Afghanistan date back years. Pakistan was one of three countries to recognize the previous Taliban government that sheltered bin Laden. Pakistan broke with the Taliban after the Sept. 11, 2001, attacks, and the leaders have blamed each other in recent months for insufficient zeal in fighting Islamic militants along the countries' long border.

Answering questions last week at the Council on Foreign Relations in New York, Karzai said Taliban leader Mullah Omar is hiding out in the Pakistani provincial capital of Quetta and suggested that Musharraf is not interested in hunting him down.

For his part, Musharraf has suggested that Karzai has bad information and, as he said in an interview on CNN this week, is not telling the truth about circumstances in Afghanistan. "He knows everything, but he's purposely denying -- turning a blind eye, like an ostrich," Musharraf said.

Musharraf has also been using his visit to the United States to promote his new memoirs, which offer provocative statements about his battle with Islamic militants. U.S. officials believe that bin Laden is in Pakistan, but Musharraf speculates that because of the large number of Saudis living in the Konar province of Afghanistan, the al-Qaeda leader is probably hiding there.

Bush Urges Karzai, Musharraf To Unite To Defeat Terrorism (WSJ)

The Wall Street Journal, September 28, 2006

WASHINGTON -- President Bush appealed to the bickering presidents of Pakistan and Afghanistan on Wednesday to put aside their differences and "strategize together" over dinner on ways to defeat the common enemy of terrorism.

Standing between Pakistani President Gen. Pervez Musharraf and Afghan President Hamid Karzai, Mr. Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

Mr. Karzai calls Mr. Musharraf "my brother," but after months of sniping that put the White House in the middle of a spat between two of its closest allies, Mr. Bush decided it was time to bring the leaders together.

Judging by the body language Mr. Bush himself had said he would be watching, there were plenty of tensions to overcome over a light dinner of soup, sea bass and salad. The meal was billed as an "iftar," a meal that breaks the daytime fast during the Muslim holy month of Ramadan. Messrs. Musharraf and Karzai are Muslims.

The Afghan and Pakistani leaders stood stiffly on either side of Mr. Bush during a brief Rose Garden appearance before they ate. "I look forward to having dinner with friends of mine who don't happen to share the same faith I do but nevertheless share the same outlook for a more hopeful world," Mr. Bush said in the brief remarks before dinner.

"It's very important for the people in Pakistan and in Afghanistan to know that America respects religion, and we respect the right for people to worship the way they see fit," he said.

"Today's dinner is a chance for us to strategize together" and find common solutions, Mr. Bush said.

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Neither Messrs. Musharraf nor Karzai, both key U.S. allies in the region, spoke.

Mr. Musharraf remained expressionless during his host's brief remarks, while Mr. Karzai repeatedly nodded agreeably. Messrs. Karzai and Musharraf never touched, each taking Bush's hand before turning to go inside, but not each other's.

"These two men are personal friends of mine," Mr. Bush said. "They are strong leaders who have an understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

For months, Messrs. Karzai and Musharraf have been trading barbs and criticizing each other's efforts to fight terrorists along their long, remote, mountainous border.

Afghan officials allege that Pakistan lets Taliban militants hide out and launch attacks into Afghanistan. Mr. Musharraf says Mr. Karzai has bad information and notes that Pakistan has deployed 80,000 troops along the porous border.

Mr. Karzai says Mr. Musharraf turns a blind eye to hatred and extremism being bred at Islamic schools in Pakistan. At one point, Mr. Musharraf said Mr. Karzai is behaving "like an ostrich," refusing to acknowledge the truth and trying to shore up his political standing at home.

Right up to Wednesday night's White House dinner, they also have pointed fingers at one another over al Qaeda leader Osama bin Laden and other terror leaders. Each says Mr. bin Laden isn't hiding in his country and suggests the other might do more to help find him.

Mr. Musharraf wants Mr. Karzai to agree to "a verbal cease-fire" and stepped-up intelligence cooperation to fight terrorism and bring peace to both countries, Pakistan's Foreign Minister Khurshid Kasuri said Wednesday in an Associated Press interview.

All this comes as Afghanistan suffers its worst reversals since the U.S.-led ouster of the extremist Taliban regime nearly five years ago.

The Taliban militants have regrouped and launched an offensive earlier this year whose strength and organization took Afghan and U.S. officials by surprise. They have adopted methods commonly used by militants in Iraq: suicide bombings, ambushes and beheadings. Illegal opium production has risen yearly despite billions spent to suppress it, and Afghanistan is now the source of more than 90% of the world's supply.

The White House clearly thinks that enough is enough.

"The president has made it clear that they've got a shared interest, and the shared interest is combating terrorism," White House press secretary Tony Snow told reporters. "He will remind them of the fact, and I think both men understand that."

Mr. Bush's three-way dinner party, just weeks before the November congressional elections, comes as he is working to convince voters that Republicans are best able to guide the U.S.-led war against terrorism. He faces declining American support for both the U.S.-led war in Iraq and the U.S. military commitment in Afghanistan.

Bush administration officials say that Messrs. Karzai and Musharraf, along with the influential and relatively moderate Iraqi Shiite cleric Ali al-Sistani, are the "indispensable men" of post-Sept. 11 foreign policy for their ability to hold Islamic extremism at bay.

Mr. Musharraf faces little political opposition within Pakistan, but he lives under constant threat of assassination. Mr. Karzai is increasingly embattled, hard-pressed to extend his political control into many regions of Afghanistan and facing a loss of popular support.

Bush Plays Chaperon For Awkward Encounter (NYT)

By Sheryl Gay Stolberg

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — For the past week, the presidents of Afghanistan and Pakistan have been in the United States, circling one another like wary cats as they lobbed insults across the airwaves from a distance.

On Wednesday night, they stood glumly — more like caged cats — in the Rose Garden with President Bush, who had invited them to the White House for dinner and a little talking-to.

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"We've got a lot of challenges facing us," Mr. Bush said, with President Pervez Musharraf of Pakistan on his right and President Hamid Karzai of Afghanistan a safe distance away on his left. "All of us must protect our countries, but at the same time we all must work to make the world a more hopeful place."

Having already met separately with the two men — he received General Musharraf on Friday and President Karzai on Tuesday — Mr. Bush used his three-minute speech to proclaim them both "personal friends of mine" and describe the intimate dinner as "a chance for us to strategize together."

Peter Brookes, a national security expert at the Heritage Foundation, put it another way. "They're looking for marriage counseling," he said, "and maybe President Bush will provide some of that."

The strains in their relationship — each blames the other for the resurgence of the Taliban in Afghanistan — are so obvious that Mr. Bush openly joked about the breach in the East Room of the White House on Tuesday, with Mr. Karzai at his side.

"It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Mr. Bush told reporters then, though he insisted later he was only teasing.

"I'll be good," Mr. Karzai responded.

Though Mr. Karzai politely referred to General Musharraf as "my brother," that has been pretty much the extent of the politesse this week. As General Musharraf toured about, promoting his new autobiography on television programs as varied as "60 Minutes" and "The Daily Show With Jon Stewart," he has made clear his disdain for Mr. Karzai, whom he accuses of "turning a blind eye" to his own deteriorating political situation.

"He is like an ostrich with his head buried in the sand," the general said.

Mr. Karzai was a tad more muted; asked by Wolf Blitzer of CNN on Friday whether he thought General Musharraf was himself "an ostrich," he did not take the bait. But he has made no bones about the fact that he sees the Pakistani leader as giving the Taliban safe haven across the border.

Complicating matters is a deal General Musharraf recently signed with tribal chiefs along the Afghanistan border; Mr. Karzai views it as a pact to cede control to the Taliban.

"Terrorism has only enemies and knows no boundaries," Mr. Karzai told the Council on Foreign Relations last week. "The only course is to kill it. You cannot train a snake to bite someone else."

Whether Mr. Bush can tame the war of words is unclear, but foreign policy experts across the political spectrum give him credit for trying.

"You do have two leaders who want to have a good relationship with the United States and particularly George Bush," said Ivo H. Daalder, a scholar at the Brookings Institution, "so that does provide Bush an opportunity to say, 'You guys need to cooperate. We have a common enemy.' I admire him for doing this. It's the right thing to do."

Richard N. Haass, president of the Council on Foreign Relations, said Mr. Bush's primary challenge was "not only to broker a verbal cease-fire," but also to get the two men to "deal with the core issue" of their dispute over the Taliban.

"What's ironic is these two leaders need each other," he said. "Their personal futures as well as their countries' futures are very much intertwined, yet there is tremendous mistrust and bad blood."

That much was evident Wednesday in the Rose Garden body language, which was as interesting as Mr. Bush had predicted. Although the two foreign leaders were handshake-distance apart — and some thought the president might prod them into one — no hands were extended.

Instead, both stood stiff and expressionless as the president spoke, their hands clasped tightly in front of them. When Mr. Bush ended the awkwardness by announcing, "Let's go eat dinner," General Musharraf gave a quick salute to the press corps. President Karzai extended his arms, palms up, in an empty embrace of the sky.

Bush Hosts Tense Dinner For Karzai, Musharraf (WT)

By Joseph Curl

The Washington Times, September 28, 2006

DOJ_NMG_0070357

President Bush joked that he planned to "watch the body language" of Afghan President Hamid Karzai and Pakistani President Pervez Musharraf when he presided over a White House dinner with the two adversaries last night, but if he did, what he saw was grim.

As the president stood between the two leaders, Gen. Musharraf remained expressionless and Mr. Karzai nodded. But neither man looked at the other.

At the end of a brief statement, in which Mr. Bush said with understatement, "We've got a lot of challenges facing us," he shook hands with Gen. Musharraf, then Mr. Karzai. But the two neighbors neither shook hands, nor looked at each other.

The three men then walked grim-faced down the colonnade, heading to what was expected to be a tense dinner of "sunchoke" soup, spicy sea bass and endive salad in the Old Family Dining Room of the White House.

"All of us must protect our countries, but at the same time, we all must work to make the world a more hopeful place," Mr. Bush said in the Rose Garden. "And so today's dinner is a chance for us to strategize together, to talk about the need to cooperate."

"We're proud to have you here, Mr. President," Mr. Bush said to Gen. Musharraf, who replied quietly, "My pleasure."

"Proud to have you here, Mr. President," Mr. Bush said to Mr. Karzai. "Thanks very much," the Afghan leader said.

Mr. Bush offered words of praise for the two leaders, who have been engaged in an increasingly belligerent exchange of words.

"These two men are personal friends of mine; they are strong leaders who have an understanding of the world in which we live; they understand that the forces of moderation are being challenged by extremists and radicals."

Joining the three leaders at dinner -- billed an "iftar," a meal that breaks the dawn-to-dusk fast during the Muslim holy month of Ramadan, because Gen. Musharraf and Mr. Karzai are Muslim -- were Vice President Dick Cheney, Secretary of State Condoleezza Rice and National Security Adviser Stephen J. Hadley. The two nations' ambassadors to the U.S. also attended.

More than two hours after the dinner was scheduled to end, the White House said the three leaders had shared their views during the "post-sundown meal." But when asked by reporters how long the dinner had lasted, White House spokesman Nicole Guillemart would not say.

"The three leaders had a constructive exchange on the common challenges facing our three nations," spokesman Tony Snow said.

The White House dinner came as violence rises in Afghanistan.

This month, a suicide bombing killed a provincial governor, a close associate of Mr. Karzai's. On Monday, Safia Ama Jan, a women's rights advocate who ran an underground school for girls during Taliban rule, was assassinated.

Yesterday, Afghan security forces killed 25 insurgency suspects during a clash in southern Afghanistan, and a suicide bombing targeting a NATO convoy wounded one civilian.

A U.S. military official said American troops on Afghanistan's eastern border have seen a threefold increase in attacks since a recent truce between Pakistan and pro-Taliban tribesmen that was supposed to have stopped cross-border raids by the militants.

Mr. Bush's first challenge was to figure out how to push the two neighbors to stop their war of words and work together to clamp down on their porous borders and improve efforts to defeat the Taliban. The Taliban is growing in strength and conducting coordinated attacks on coalition forces in Afghanistan five years after being ousted from power in the wake of the September 11 attacks.

But the Afghan leader has for months accused Gen. Musharraf of allowing terrorists to cross his country's border and upset a delicate balance in Afghanistan, while the Pakistani leader has brusquely told Mr. Karzai that he does not know his own country.

Mr. Bush has been caught in the middle, seeking to find common ground on which the leaders of Pakistan, a chief ally in the war on terror, and Afghanistan, a fledgling democracy, can agree and act.

"It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Mr. Bush said in a Tuesday press conference with Mr. Karzai, a few days after he held a similar event with Gen. Musharraf.

The Afghan leader cracked up the audience in the White House East Room when he replied with a smile: "I'll be good."

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The White House knows there is tension between the two leaders, and Mr. Snow said yesterday that Mr. Bush will seek to "do whatever we can, that they want us to do, to help resolve them."

"But the two leaders also understand that they've got a shared interest in making sure that the other guy succeeds," Mr. Snow said.

Although Mr. Karzai refers to Gen. Musharraf as "my friend" or "my brother," the two have split over a recent deal with Islamic extremists. Gen. Musharraf recently signed a pact with pro-Taliban tribal leaders on the Afghanistan-Pakistan border, a deal Mr. Karzai initially condemned.

But he said this week that the deal will be useful if it achieves one goal -- "that the terrorists will not be allowed to cross over into Afghanistan to attack the coalition against terror -- that is, the international community and Afghanistan together."

The deal requires Pakistani troops to end military action against the pro-Taliban fighters in return for the militants stopping attacks on Pakistani forces and not crossing into Afghanistan to launch ambushes.

"We will have to wait and see if that is going to be implemented exactly the way it is signed. So, from our side, it's a wait-and-see attitude. But, generally, we will back any move, any deal that would deny terrorism sanctuary in North Waziristan or in the tribal territories of Pakistan," Mr. Karzai said.

Gen. Musharraf has bristled at accusations that he is allowing terrorists to roam freely in his country.

He said that Afghanistan, not Pakistan -- which has deployed 80,000 troops along the border -- is responsible for the problem, and that it is hurting his nation.

"He is not oblivious. He knows everything. But he is purposely denying, turning a blind eye like an ostrich. He doesn't want to tell the world what is the fact for his own personal reasons," Gen. Musharraf told CNN.

The two also have clashed over the whereabouts of Taliban chief Mullah Mohammed Omar and al Qaeda leader Osama bin Laden, who has long been suspected of being holed up in the mountainous region along the border.

Mr. Karzai said Mullah Omar is "for sure" in Pakistan, but Gen. Musharraf says he's in Afghanistan.

On bin Laden, Mr. Karzai says: "If I told you he was in Pakistan, President Musharraf, my friend, would be mad at me. But if I said he was in Afghanistan, that would not be true."

But as the joint dinner approached, both tempered their words and sought to put the United States in the middle to mediate differences.

"The United States, as our ally, is helping both countries," Mr. Karzai said Tuesday. "And I think it is very important that we have more dedication and more intense work with sincerity, all of us, to get rid of the problems that we have around the world."

Yesterday, the Afghan leader said, "I'm simply seeking more coordination. Afghanistan has to do more. Pakistan has to do more."

Gen. Musharraf said Pakistan and Afghanistan had settled some differences when he visited Kabul earlier this month.

"God willing, in the future, we have a concerted strategy and we trust each other in our fight against terrorism and extremism," he said.

Hold The Vinegar, Bush Urges (LAT)

By Paul Richter

The Los Angeles Times, September 28, 2006

WASHINGTON — President Bush brought the leaders of Afghanistan and Pakistan to the White House on Wednesday evening, hoping that over a quiet meal in the family dining room he could persuade two key U.S. allies to stop blaming each other for their neighborhood's deepening terrorist threat.

Aides said Bush hoped that after days of exchanging charges and counter-charges, Pakistani President Pervez Musharraf and Afghan President Hamid Karzai would promise to improve cooperation and intelligence-sharing on their shared border, the site of escalating attacks by Taliban and Al Qaeda fighters.

"We understand that there are tensions between the countries, and we're going to do whatever we can, that they want us to do, to help resolve them," said White House Press Secretary Tony Snow. "But the two leaders also understand that they've got a shared interest in making sure that the other guy succeeds."

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After dinner, Snow released a statement saying the three leaders had "committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan."

Musharraf discussed economic and security initiatives in tribal areas, and Karzai talked about enhanced security and speedier development, Snow said.

Karzai has accused Pakistan of allowing Taliban and Al Qaeda fighters to find sanctuary on its side of the border. He has said that Pakistan's recent agreement with pro-Taliban militants to withdraw troops from the North Waziristan border area would shift much more of the anti-terrorist fight to Afghan, U.S. and NATO forces across the border.

Musharraf has denied that his government is permitting the groups to elude justice or is scaling back its efforts. He, in turn, has accused Karzai of failing to deal with violence and drugs in his country.

As the three leaders headed inside Wednesday evening, Bush told reporters from the Rose Garden steps that the dinner was "a chance to strategize together, to make sure that people have got a hopeful future."

Also invited, the White House said, were Vice President Dick Cheney, Secretary of State Condoleezza Rice, national security advisor Stephen Hadley and the Pakistani and Afghan ambassadors to the United States. The menu included spicy sea bass and sunchoke soup.

In an appearance earlier Wednesday in Tampa, Fla., where he met with officials at the U.S. military command responsible for the Mideast and Central Asia, the Afghan leader muted his criticisms. "I'm simply seeking more cooperation," said Karzai, who is struggling with declining public support at home. "Afghanistan has to do more. Pakistan has to do more."

Karzai has indicated that he wants Musharraf to commit to doing more to capture militants, to close down religious schools that foster terrorism, and to recognize the Karzai government.

Musharraf, who has also used his U.S. visit to promote his new book, "In the Line of Fire," has been tough on Karzai as well.

He told CNN that Karzai had denied the deep problems of his own country, "turning a blind eye, like an ostrich," to the sources of violence within Afghanistan. And the two nations shouldn't be compared, Musharraf said, because while Pakistan has a strong government and military, in Afghanistan "everything had broken down."

Musharraf didn't hold back on the Bush administration either. He said he had never supported the U.S.-led invasion of Iraq and continued to believe that "it has made the world a more dangerous place."

The Pakistani president also stopped by "The Daily Show," where political satirist Jon Stewart asked him who would win an election in Pakistan: Bush or Osama bin Laden.

"I think they'll both lose miserably," Musharraf replied.

An expert on the region said the meeting might prove a tactical gain for the White House, but said ending the conflict between the two neighboring countries would be difficult.

"In public relations terms, it will probably help quite a bit," said Husain Haqqani, director of the Center for International Relations at Boston University. "President Bush will show himself bringing the two closer together, and perhaps they'll agree on a specific laundry list of steps to improve their cooperation."

But the meeting probably will not fundamentally change relations between the neighbors, Haqqani added, because Pakistan will not want to entirely give up support for Islamist groups, which it has used as a lever of influence over events in Afghanistan.

"The duality over the Pakistani approach is not going to end just because there was a great dinner at the White House," said Haqqani, a former Pakistani government official and journalist.

Taliban Strikes On U.S. Troops Triple After Truce (WT/AP)

By Jim Krane

The Washington Times, September 28, 2006

KABUL, Afghanistan -- American troops on Afghanistan's eastern frontier have seen a tripling of attacks since a truce between the Pakistani army and pro-Taliban tribesmen that was supposed to stop cross-border raids by militants, a U.S. military officer said yesterday.

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Pakistan's Foreign Ministry rejected the U.S. assertion and said home-based insurgents were behind the violence in Afghanistan, where at least 25 militants were reported killed in fighting yesterday.

Raising further questions about the cease-fire, a Pakistani political leader maintained that Taliban leader Mullah Mohammed Omar approved the deal. A government official denied that.

The developments came amid a public feud between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf, who had dinner last night with President Bush at the White House.

The U.S. officer said the cease-fire that began June 25, cemented by the signing of a peace accord Sept. 5, contributed to the Taliban's resurgence in Afghanistan. He said ethnic Pashtun insurgents are no longer fighting Pakistani troops and are using Pakistan's North Waziristan border area as a command-and-control hub for attacks in Afghanistan.

Pakistani tribal elders brokered the truce between Gen. Musharraf's government and militants, which ended years of unrest in the tribal region bordering Afghanistan.

But the agreement appears to have bolstered Taliban infiltrators, with the number of attacks in eastern Afghan provinces rising threefold since July 31, said the U.S. officer, who agreed to discuss the situation only if not quoted by name because of the sensitivity of the issue.

"That's why they had the chance to rest and refit, because they were in a sanctuary," he said, referring to a surge in Taliban attacks over the past several months but without giving specific numbers for incidents before or after the truce.

Pakistan's Foreign Ministry rejected that view, insisting Afghan insurgents get no help from inside Pakistan.

"We don't agree with this. These are just excuses," Foreign Ministry spokeswoman Tasnim Aslam said. "Whatever is happening, it is deep inside Afghanistan and is not because of Pakistan."

Pakistan turned over several Taliban fighters to the Afghan government after the accord, Mrs. Aslam said.

The U.S. officer acknowledged that the truce, championed by Gen. Musharraf, is not the only factor behind Taliban attacks in Afghanistan's eastern Paktika, Khost and Paktia provinces.

The Army's 10th Mountain Division has been pressing its own offensive, Operation Mountain Fury, sparking firefights and bombings that otherwise might not have occurred, the officer said.

Meanwhile, Latif Afridi, a top official in Pakistan's Awami National Party, said he received a letter containing Taliban leader Mullah Omar's approval of the North Waziristan peace deal.

He said the letter also claimed that Pakistani militants who back the Taliban in North Waziristan would fall under the command of Jalaluddin Haqqani, a front-line Taliban commander.

It was not immediately possible to verify Mr. Afridi's contentions. Government spokesman Shah Zaman dismissed them as "baseless."

Since the U.S.-led offensive that ousted the Taliban in late 2001, many of Afghanistan's former rulers are thought to have found sanctuary in Pakistan.

Some 30 members of the Taliban's top leadership, including Mullah Omar and the group's 10- to 12-member Shura Council, are thought to be in Pakistan, mainly Quetta, Miran Shah and Peshawar, the U.S. officer said.

Gen. Musharraf has said Mullah Omar is not in Pakistan, and that he is more likely to be in his former power base of Kandahar in southern Afghanistan.

The U.S. officer said the Taliban's connections with Pakistan run so deep that wounded fighters seek treatment on the Pakistani side of the border and even carry their dead to Pakistan for burial.

Some of the suicide bombers in Afghanistan have been recruited in Pakistan, including a 17-year-old boy who blew himself up in front of a U.S. military convoy in Kabul this month, killing a bystander and wounding three American soldiers, Afghan police say.

The border region is also thought to harbor top al Qaeda fugitives Osama bin Laden and Ayman al-Zawahri, the U.S. officer said, discounting reports that bin Laden may have died from typhoid or that his trail has gone cold.

"No, I don't think he's dead. The overall assessment is that they're still in Pakistan," the officer said.

In Afghanistan yesterday, insurgents attacked an Afghan police checkpoint in southern Helmand province and "at least 25 insurgents" were killed in the ensuing clash with international troops, the NATO-led force said.

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Three Italian soldiers attached to the NATO force and one civilian were wounded yesterday when a roadside bomb hit their vehicle in the western Herat province, the Italian Defense Ministry said.

The attack was the latest in a spree of bombings in previously calm western Afghanistan, where NATO and Afghan officials have reported an increase in Taliban activity. Four Italian soldiers were wounded Sept. 8 by a roadside bomb in neighboring Farah province.

In Tribal Pakistan, An Uneasy Quiet (WP)

By Pamela Constable

The Washington Post, September 28, 2006

PESHAWAR, Pakistan, Sept. 27 -- Three weeks after Pakistan's president, Gen. Pervez Musharraf, announced a peace pact with Taliban radicals in a tribal area bordering Afghanistan, recent visitors say there is now pin-drop silence in a territory that once shook with artillery and bomb blasts. Religious patrols are enforcing law and order, they say, in place of Pakistan army troops who have withdrawn to their barracks.

But as the toll from violence rises across the border in Afghanistan, with suicide bombings killing 22 people in three cities this week, there are reports that militant Pakistani tribal leaders, while complying with their pledge to reduce the presence of foreign Islamic fighters, intend to defy the peace pact by sending local fighters and suicide bombers into Afghanistan.

Musharraf continues to deny Afghan charges that the Pakistani government is sheltering and encouraging the revived Taliban insurgency from the tribal zones. But people interviewed in northwest Pakistan said there is widespread support in the tribal region for the Taliban movement's harsh Islamic morality and its war against U.S. forces and their allies in Afghanistan.

The tribal zones are a cluster of seven remote and rugged border districts where Pakistan's central government has never exerted more than nominal control. AK-47 assault rifles are common household possessions. Most of the people are Pashtun, the same ethnic group that dominates neighboring southern Afghanistan and that gave rise to the Taliban movement in the 1990s. Many Pashtun don't recognize the Pakistan-Afghan border, crossing it at will in both directions.

Under terms of the Sept. 5 agreement, Musharraf pledged to withdraw troops who had been attacking armed Islamic groups in the tribal area. In return, the fighters agreed to stop attacks on both sides of the border and expel foreign fighters unless they take up a peaceful life.

Afghan President Hamid Karzai has faulted the pact in the past as taking pressure off the Taliban. But in remarks to reporters Tuesday in Washington he toned down his remarks, saying he would take a "wait-and-see attitude." Karzai said he was encouraged to learn that the pact had been signed with tribal elders, not with Taliban commanders.

But the traditional system of tribal self-governance has been weakened during three years of conflict with Pakistan troops. More than 200 tribal chiefs have reportedly been killed. It is not clear whether the Taliban leadership feels bound to any agreement made by local elders.

In the past two weeks, an elderly Afghan man accused of spying was decapitated in North Waziristan, the tribal area where the pact was signed. The teenage brother of a Pakistani journalist slain there earlier this year was also found dead. One source said he had been told that a group of teenagers, fresh from religious and military training, had recently headed for the border to carry out suicide bombings in Afghanistan.

In a recent telephone interview with a Pakistani reporter, senior Taliban leader Dadullah Akhund said he had told local Taliban members to cease attacks in Pakistan but to continue their fight "abroad" against the U.S. military. He said that he had 500 suicide bombers and 12,000 fighters at his disposal and that by next spring the Taliban would have enough force to launch major attacks on Kabul, the Afghan capital.

The revived Taliban insurgency has already cut a swath of violence across Afghanistan. This year, more than 2,000 people have been reported killed in numerous provinces. NATO forces are struggling to secure southern provinces where the fighting is focused.

On both sides of the border, critics of the peace pact condemn it as a farce. They described it as a major concession to the Islamic radicals by Musharraf after he failed to quell them by force, and a ruse to persuade the United States and European powers that he is serious about stopping the Taliban.

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"This deal has handed over North Waziristan to the Taliban," Afrasiab Khattak, a human rights activist and secular politician, said in an interview in Peshawar, located in the so-called settled areas outside the tribal region. He said a hierarchy of Taliban commanders had taken control of North Waziristan, collecting taxes and meting out rough justice.

"The war in Afghanistan is totally from this side," Khattak said. "It is a new round of jihad, and it is not going to remain inside the tribal enclaves."

U.S. officials have long believed that al-Qaeda members from various Muslim countries as well as renegade Taliban fighters had sought refuge in the tribal areas after the U.S.-led ouster of Taliban rule in Kabul in 2001. In recent months, fighters of an Uzbek Muslim militia, expert in explosives and sabotage, have reportedly been operating in the area. At U.S. urging, Pakistani troops in 2003 began staging repeated raids in the region but encountered tough resistance.

Several Pakistani journalists with contacts in North Waziristan have reported that since the peace pact was signed, local Islamic militants and clerics have abided by its term to ask foreigners to leave, making appeals from mosque loudspeakers. Groups of armed men affiliated with local religious parties are now enforcing order, the journalists said.

Officials of the major religious party that dominates the northwest tribal region -- though they were closely involved in negotiating the pact -- deny that there are any Taliban or foreign fighters in Waziristan at all. These leaders insisted the agreement was signed with local tribesmen who had nothing to do with attacks inside Afghanistan.

Qari Abdullah, a religious leader from the Jamiat-e-Ulema-i-Islami party in Bannu, a Pakistani city just outside North Waziristan, said Tuesday that his party was committed to bringing peace, democracy and development to the city's district.

"If the West calls us fundamentalists and terrorists, they are wrong," Abdullah said in an interview in his mosque. "If we had not helped make peace possible, North Waziristan would have turned into another Beirut." He asserted that the Taliban had been falsely blamed for attacks in Afghanistan: "The question is why there is an American army bombing innocent civilians, 15,000 kilometers from its own country."

Foreign journalists are not allowed to enter the tribal region, but some of its prevailing atmosphere and attitude spill into neighboring areas of Pakistan. During a visit this week to Bannu, the closest city to the zone, a reporter found a curious mixture of rapid modernization and strong support for the Taliban.

Many people interviewed said admiringly that the Taliban had brought Islamic justice and moral order to Afghanistan, which it ruled from 1996 to 2001. They expressed little fear of the reported presence of Taliban or al-Qaeda fighters in the neighboring tribal areas, and some condoned the recent late-night bombings of two CD shops in Bannu, presumed to be a Taliban warning against music.

Many people interviewed in Peshawar and Bannu tended to dismiss the troubles facing Afghanistan as the result of indigenous tribal enmities and historical conflicts. Few except a handful of secular activists gave any credence to the repeated claims by the Afghan government of Pakistani interference and sponsorship of Islamic insurgents.

"We like the Taliban because they are against drugs, television, CDs and other sinful things," said Aminullah, 35, who sells sacks of grain in a market. "Bush is the real warlord who is invading other countries and making Muslims hate America."

Once an isolated backwater of donkey carts and thorny fields, Bannu now teems with signs of construction and modernization, including a new hospital, new schools and cellphone shops. At the same time, residents said the area has become increasingly conservative in its religious views and that dozens of new Islamic academies, or madrassas, have opened. Some people embodied these contrasts as they spoke.

"The Taliban are quiet in the tribal area, but now they are starting to cause some problems here," said Amanullah, the owner of a busy cellphone shop adorned with verses from the Koran. "Their actions are bad but their ideas are right. If they became the government here, it would be good. We would have no cinemas, no vulgarity, nothing with a bad impact on our women and children."

Bush Urges Karzai, Musharraf To Put Terror Fight Before Feud (USAT/AP)

USA Today, September 28, 2006

WASHINGTON — President Bush appealed to the bickering presidents of Pakistan and Afghanistan on Wednesday to put aside their differences and “strategize together” over dinner on ways to defeat the common enemy of terrorism.

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Standing between Pakistani President Pervez Musharraf and Afghan President Hamid Karzai, Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

"Today's dinner is a chance for us to strategize together" and find common solutions, Bush said shortly before the meal.

"These two men are personal friends of mine," Bush said. "They are strong leaders who … understand that the forces of moderation are being challenged by extremists and radicals."

The meal was billed as an iftar, the meal that breaks the daytime fast during the Muslim holy month of Ramadan. Musharraf and Karzai are Muslims.

After the meal, the White House issued a statement that called the session a "constructive exchange."

"They committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan," press secretary Tony Snow said.

For months, Karzai and Musharraf have been trading barbs and criticizing each other's efforts to fight terrorists along their long, mountainous border.

Afghanistan has alleged that Pakistan lets Taliban militants launch attacks into Afghanistan from Pakistani territory. Karzai has said Musharraf turns a blind eye to hatred being bred at Islamic schools in Pakistan.

Musharraf says Karzai has bad information and noted that Pakistan has deployed 80,000 troops along the border.

Musharraf said Karzai is behaving "like an ostrich," refusing to acknowledge the truth and just being political.

Nato 'must Speed Up Reaction' To Taliban (FT)

By Stephen Fidler

Financial Times, September 28, 2006

Nato takes too long to build forces for its missions and needs to be able to respond more rapidly to requests for troops, Des Browne, the UK's defence minister, said on Wednesday.

Speaking the day before a meeting of defence ministers of the 26-member alliance in Slovenia that is set to discuss a military request for more Nato troops in Afghanistan, Mr Browne said Nato faced a short-term test in getting "boots on the ground or the equipment in to support them" in Afghanistan.

He said Nato was rising to the challenge in Afghanistan, where it has more than 20,000 troops in place, but has struggled to find extra forces to meet unexpectedly fierce resistance from the Taliban militia. But he said there were lessons to be learnt from the deployment and he would tell the other ministers that Nato needed to modernise the way it generated its forces.

"It needs to look at its structures and its bureaucracy so that it can generate force in a way that responds in real time to the needs. I think it's becoming apparent in Afghanistan that the process of discussion is more complex than it needs to be," he said in a telephone interview from Manchester where he was attending the Labour party's annual conference.

UK officials said each country needed to look at its own operations but said too many Nato troops were still tied up in headquarters operations, for example.

Mr Browne said Nato's operations in southern Afghanistan, both those led by the Canadians in Kandahar and the British in Helmand, had been successful, but work was needed in reconstruction to improve the way the country was governed and to build economic opportunities.

Mr Browne said Nato needed to build a more comprehensive approach to its missions, bringing civilian agencies more closely into its operations. Officials said this would require closer co-operation with other bodies such as the United Nations and the World Bank.

The meeting in Portoroz is one of a series ahead of a summit of alliance leaders in Riga in late November, which is likely to give a political push to the efforts to increase the force in Afghanistan. However, the struggle Nato faces in generating troops is replicated by other international organisations because of the increasing number of multinational interventions under way.

American Commanders Question Political Will Of Iraqi Prime Minister (WP)

By Sudarsan Raghavan

The Washington Post, September 28, 2006

DOJ_NMG_0070364

BAGHDAD, Sept. 27 -- Senior U.S. military commanders are questioning whether Iraqi Prime Minister Nouri al-Maliki has the political will to weed out official corruption and tackle the brutal militias that are threatening to plunge Iraq into civil war.

"It's going to take time for a government to cleanse itself over time," said a senior U.S. military official who spoke on condition of anonymity at a briefing with reporters. "I've got to give it time to do that and hope that I have a prime minister that's going to take that on."

The questions come as sectarian violence and the spread of militias have replaced the insurgency as the biggest challenge to U.S. efforts to bring security to Baghdad and other parts of Iraq. The major militias are arms of political parties inside Iraq's fragile coalition government and have widely infiltrated the security forces, placing Maliki, who has vowed to disarm the militias, in a delicate political position.

The questions about Maliki are being posed only privately, with U.S. officials in their public statements still voicing cautious confidence in Maliki's ability to recognize and tackle the problems.

"We have to fix this militia issue," said Lt. Gen. Peter Chiarelli, the second-ranking U.S. military official in Baghdad. "We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

But in recent days, senior U.S. military commanders have suggested that if the Maliki government fails to take action soon, they may have to step in and pressure the government to go after militias holed up in neighborhoods around Baghdad. Their primary target is most likely the Mahdi Army, a militia linked to radical anti-American cleric Moqtada al-Sadr that Sunni Muslims accuse of running death squads under the mantle of Shiite Islam.

"We are now at a time when we have a little bit of influence there," said the senior U.S. military official. "There is going to come a time when I would argue we are going to have to force this issue. . . . We have to, wherever we can, use what pressure, what influence we have, to get them as quickly as possible to clear these places out."

Complicating matters for the Maliki government are growing concerns over official graft that is so rife that it resembles the days under President Saddam Hussein, when such corruption was an accepted part of life.

"I can tell you in every single ministry how they are using that ministry to fill the coffers of the political parties," said the senior U.S. military official. "They are doing that because that is exactly what Saddam Hussein did."

The officials' comments underscore a growing frustration over the speed of government reform efforts, at a time when pressure is mounting back home for a withdrawal of U.S. troops. The private questions about Maliki's abilities also come after a particularly violent month in Baghdad and across Iraq, as suicide bombings and execution-style slayings have continued unabated.

"This has been a tough week. Over the past two weeks, we have seen a rise in the number of attacks, especially in Baghdad," said Maj. Gen. William B. Caldwell. "Murders and executions are currently the number one cause of civilian deaths in Baghdad."

Ali Dabbagh, a government spokesman, said Wednesday that the militia problem needed to be tackled carefully in order not to disrupt the nation's delicate political balance and efforts to reconcile warring factions. If a political solution cannot be found, he said, the government will need to use force against the militias. But he said such measures should be undertaken by Iraqi security forces. "This issue is very critical," Dabbagh said. "I do not think the U.S. needs to interfere with this issue. The government should do this by themselves."

Dabbagh said the government is planning to install an inspector general in each ministry to audit its finances. He said a new integrity commission has already been launched to investigate corrupt officials. While Dabbagh said he was not aware if large sums of money had been stolen from the coffers of ministries, he conceded that corruption was a major problem for the government.

Senior U.S. military commanders are urging the government to take faster action against the militias, particularly those that have infiltrated various government ministries.

"There's a political piece to this to see if they deal with these guys," said another senior U.S. military official, who also spoke on condition of anonymity at a separate briefing with reporters. "I won't deny the fact that there is corruption and problems in some

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of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government. And I think the time is short for them to deal with that over time because this can't go on like that."

"I don't see an open end to this deal, I mean, where this just goes on and on. I think the government, the people will get tired if they don't see any action on this," the U.S. official said.

Sadr and his allies, however, control four government ministries and hold 30 seats in the Iraqi parliament, more than any other faction. He played an instrumental role in propelling Maliki into power in April following several months of Shiite political infighting. For the past two months, thousands of U.S. and Iraqi troops have entered some of Baghdad's roughest neighborhoods as part of an operation to quell the sectarian strife. But no major operations have been undertaken in Sadr City, Sadr's stronghold and where his Mahdi Army is in full control.

A third senior U.S. military official, who also spoke on condition of anonymity in a briefing to reporters, similarly questioned the government's resolve to tackle Iraq's myriad problems. "There are still folks who think they can win a sectarian conflict, inside the political parties as well as some guys inside the government," he said. "I think the senior leadership recognizes that that's a failing policy. But getting from sort of the platitude to the reality is the challenge and growth."

He added, "And I'll tell you, the other aspect is, don't assume competency."

Military Officials Add To U.S. Criticism Of Iraq's Government (NYT)

By Richard A. Oppel Jr.

The New York Times, September 28, 2006

BAGHDAD, Sept. 27 — Senior American military officials are warning that time is growing short for Iraq to root out militias inside and outside the government and purge ministries of corrupt officials who are diverting large sums of money to their own political parties.

"We are now at a time when we have a little bit of influence there," a senior military official said. Referring to the problem of militias, he added, "There is going to come a time when I would argue we are going to have to force this issue."

The official said political parties who were plundering ministries were squandering chances to make progress that could reduce sectarian violence.

"I can tell you in every single ministry how they are using that ministry to fill the coffers of the political parties," the official said. "They are doing that because that is exactly what Saddam Hussein did."

Another sign of how acute Iraq's security woes have become emerged Wednesday: the past week saw the highest number of suicide bomb attacks of any week since the American-led invasion in 2003, according to the chief United States military spokesman in Iraq, Maj. Gen. William B. Caldwell IV.

"This has been a tough week," General Caldwell said. "This week's suicide attacks were at their highest level in any given week." But such attacks, he said, are still not the No. 1 killer of Baghdad civilians. "Murders and executions are," he said.

In recent weeks American and Iraqi officials have privately voiced concerns that Prime Minister Nuri Kamal al-Maliki might not have the will or the political dexterity to bring the country together and avoid a full-scale civil war. Mr. Maliki, they say, is hamstrung and beholden to rival political parties with their own large militias.

Comments offered by senior United States military officials in the last few days have been even more pointed and take in not only the Maliki administration but also the whole of the Iraqi government bureaucracy. The senior military officials agreed to speak only without being identified, because of the delicate nature of the issue.

Another senior military official said Mr. Maliki needed to move quickly to rid ministries of death squads and militiamen. "I think the time is short for them to deal with that over time, 'cause this can't go on like that," the official said. Speaking about the militias and other problems, he added that "people will get tired if they don't see any action on this."

The Iraqi national security adviser, Mowaffak al-Rubaie, said Mr. Maliki had little support within his own government to take action.

"The situation is really serious," Mr. Rubaie said. "There is no cohesion in the government to help him. There are so many circles he needs to take into consideration when he wants to make a decision. There is a lack of will to stop the violence among the politicians."

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An American raid on Wednesday in the restive city of Baquba, north of Baghdad, killed four women and four men. The military identified the men as "suspected terrorists," but family members said they were innocent.

The military said American forces had taken heavy fire from a building where terrorists were believed to be hiding, even after interpreters announced that the forces were in the area.

The military said that troops had killed two men it described as terrorists, and that United States aircraft had fired "multiple rounds" at the building. The military said that the dead found inside included another two male terrorists and four women, and that two terrorists and one woman had been wounded. Weapons and a global positioning system were found.

Relatives said the eight people killed were from the same family and had no ties to terrorism. Associated Press Television News quoted the homeowner's daughter, Manal Jassim, as saying: "They were all innocent people. We were sleeping when they entered our house at dawn. I found my father, mother, aunt and sister-in-law lying dead. We were an 11-member family. Eight were killed."

The western Baghdad neighborhood of Huriya continued to be a sectarian battleground where militiamen terrorize and kill Sunni Arabs. According to an Interior Ministry official, gunmen in two cars on Wednesday sprayed fire at Sunnis gathered near a mosque, killing 10 and wounding 11.

A car bomb in Huriya wounded two civilians, and another car bomb exploded elsewhere in Baghdad, killing five people and wounding eight, the Interior Ministry official said.

The United States military said a marine from Regimental Combat Team Seven was killed Monday during "enemy action" in Anbar Province, west of Baghdad. No details were provided.

An American soldier also died Wednesday, after being attacked by small-arms fire in southern Baghdad.

Iraq Impeding Efforts To Go After Shiite Militias, U.S. Military Says (LAT)

By Solomon Moore

The Los Angeles Times, September 28, 2006

BAGHDAD — Senior U.S. military officials have stepped up complaints that Iraq's Shiite-led government is thwarting efforts to go after Shiite death squads blamed in the execution-style killings of Sunni Arabs in neighborhoods across this capital.

Although deadly Sunni Arab rebel attacks remain frequent in Baghdad, U.S. officials, including Ambassador Zalmay Khalilzad, say death squads affiliated with Shiite militias have become the main factors ratcheting up the capital's death toll from sectarian killings.

Civilian deaths in Baghdad during July and August totaled more than 5,100, according to United Nations figures, and most were caused by the sectarian strife.

However, the 8,000 U.S. troops sent to Baghdad in recent weeks to restore order have been largely prevented from confronting those militias, many of which have ties to Iraqi government officials.

The statements by ranking U.S. authorities complaining about the situation highlight rising American dissatisfaction with Iraqi Prime Minister Nouri Maliki and an increasing willingness to exert pressure on the fledging Iraqi government.

The U.S. forces would like to stage heightened military operations in Baghdad neighborhoods such as Sadr City, a stronghold for anti-U.S. Shiite Muslim cleric Muqtada Sadr's Al Mahdi militia.

"We have to fix this militia issue," Army Lt. Gen. Peter W. Chiarelli, commander of day-to-day operations in Iraq, said Wednesday.

"We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

U.S. officials are anxious for Iraqis to take a stronger role in their country's security because of mounting pressure to withdraw American troops as soon as possible. Rising public discontent in the United States with the war, tired troops on their third and fourth rotations in the Middle East and huge expenditures by American taxpayers are all driving U.S. officials to press the government of Maliki, a Shiite, to quickly take more responsibility.

A map provided by the U.S. military on Wednesday identified nine neighborhoods that have been targeted in a Baghdad security plan, a major effort aimed at ridding the capital of Sunni Arab insurgents and Shiite militias.

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However, all but two of these neighborhoods are predominantly Sunni.

Publicly, U.S. military leaders say they are simply conducting operations in areas where they are tracking the most killings, but privately they acknowledge that the Iraqi government has been reluctant to go after Shiite militias.

Tensions increased between the U.S. military and the Iraqi government after the Iraqi army's recent failure to deploy 4,000 troops to Baghdad.

Iraqi officials have attempted to send soldiers from the south to Diyala province to stabilize sectarian strife in the provincial capital, Baqubah, 35 miles north of the capital.

But a U.S. military official with knowledge of combat operations in Iraq said, "We told them that they can't send anybody to Diyala until they give us the troops we need for Baghdad."

The military official, who requested anonymity because of restrictions about speaking to news media about combat operations, also complained that Maliki's government had scrapped a plan to move U.S. and Iraqi troops into Sadr City before the start of the current holy month of Ramadan, a sign of how sectarian political considerations were hampering attempts to quell violence in Baghdad.

U.S. Army Maj. Gen. James Thurman, commander of military forces in the capital, said last week that "one of the sources of death groups are militias."

"I consider that issue a problem that the [Iraqi] government must deal with immediately."

Iraqi government spokesman Ali Dabbagh said Maliki well understood the dangers posed by Shiite militias, but he said that political realities in Iraq could present the prime minister with even greater peril.

"This might create a negative reaction, and it may affect the political situation as well as the security situation in Baghdad," he said, defending Maliki's refusal to allow the U.S. military to raid Sadr City this month.

Dabbagh also said it was unfair to treat the Shiite militias the same as the Sunni Arab insurgents, because, he said, the paramilitaries were reacting to first blows by the rebels.

"Extremists and Saddamist parties are making bombs and killing Iraqis," Dabbagh said. "We do agree that there are revenge killings taking place, but not in the way of the Saddamists — this is just a reaction. We have to deal with the main causes: There are suicide bombers and car bombs attacking the Iraqis every day."

The American frustration in Baghdad is part of a growing chorus in recent weeks from officials both in Iraq and Washington expressing disappointment that Maliki has not taken a stronger stand against the militias, some of whose members serve in Iraq's army and police forces.

The dissatisfaction comes as scores of corpses — many mutilated by power drills, knives and multiple gunshots — continue to arrive at Baghdad's morgues, victims of death squads that officials fear are affiliated with politically backed militias.

The Sadr movement has control of some of Iraq's most powerful ministries, including Health, Transportation and Agriculture. The Badr Organization, a militia affiliated with the Supreme Council for Islamic Revolution in Iraq — a leading Shiite political party — and followers of Sadr have a strong influence at the Interior Ministry, which supervises the nation's police forces. Many ministries have their own security forces, which have been implicated in killings.

U.S. officials said they worried that a hands-off stance toward the militias could alienate those Sunni Arabs who have entered Iraqi civil society, including the army. They say they are concerned that Maliki's unity government could fray and that disaffected Sunni Arabs could drift into militancy.

U.S. military leaders described various obstacles facing them as they attempt to quell sectarian violence in Baghdad, including "no-touch lists" that prohibit them from arresting politicians and other high-status individuals, and off-limits areas in Baghdad that the U.S. military may not enter without permission from the Iraqi government.

U.S. military officials said they were also constrained by their desire to see the Iraqi government prove its ability to rule fairly, without regard to narrow sectarian interests and without significant U.S. interference, by resolving the sectarian conflict.

"There's a political piece to this to see if they deal with these guys," said another high-ranking U.S. military official in Baghdad, who also requested anonymity in order to maintain relationships with the Iraqi government.

"I won't deny the fact that there is corruption and problems in some of the ministries, but it's got to be dealt with, and it ought to be dealt with by the prime minister and the folks inside his government."

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Instead, Maliki's government has often appeared to respond with ambivalence and occasional hostility to efforts to crack down on Shiite gunmen.

In August, U.S. forces raided Sadr City and battled with suspected militia members in one of the first thrusts of the Baghdad offensive. The prime minister responded by rebuking the American government for conducting the Sadr City incursion without permission from his administration.

Maliki's government also criticized two raids last week that captured suspected Al Mahdi militia leaders in the southern holy city of Najaf and in Baghdad.

In Washington, members of the Iraq Study Group — a high-profile, administration-backed panel examining U.S. policy in Iraq — recently held a news conference to say that they believed Maliki had just three months to act against the militias and restore stability.

But some observers say that Americans may have unrealistic expectations for an embryonic government so riven with sectarian and partisan fissures. Even if the Iraqi government had the will to act, it might not be able to control the militias, which U.S. and Iraqi officials contend have splintered into more radicalized and deadly elements.

"For example, Muqtada Sadr was ordered to control the militias, but even he can't control them," said Suha Azzawi, a Sunni Arab politician.

U.S. General Warns That Iraq Is Close To Dissolving Into Civil War (MCT)

By Nancy A. Youssef

McClatchy, September 28, 2006

BAGHDAD, Iraq - A top-ranked U.S. military officer in Iraq said Wednesday that the United States thought that the government of Prime Minister Nouri al Maliki was running out of time to prevent Iraq from dissolving into outright civil war.

"We have to fix this militia issue. We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that," said Lt. Gen. Peter Chiarelli, the second-highest-ranking American military official in Baghdad.

Chiarelli's comments to a gathering of reporters were a part of a growing chorus of concerns from U.S. political and military leaders about the Iraqi government's ability and willingness to tackle corruption and militia-run death squads. They suggest that top American leaders are growing frustrated with the pace of reforms and may even be starting to argue for eventual U.S. withdrawal.

Throughout the month, senior military officials - almost always speaking anonymously because of the sensitivity of the subject - have expressed frustration with the government, saying corruption and rogue militias backed by rebel Shiite Muslim cleric Muqtada al Sadr are rampant. They've complained of ministers using their offices to fill the coffers of their political parties and of government workers using their jobs to attack rival sects. They said the Iraqi government turned a blind eye, embracing a sectarian winner-take-all approach to governance.

American and some Iraqi leaders quietly complain that Maliki isn't willing to make difficult decisions because he's politically beholden to the followers of Sadr, who backed his premiership. He often has blocked U.S. military officials from entering Shiite militia areas such as the Baghdad slum of Sadr City to make arrests.

"There's a political piece to this to see if they deal with these guys," a senior military official said earlier this month, speaking on condition of anonymity. "There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government. I think the time is short for them to deal with that over time, because this can't go on like that."

Maj. Gen. William Caldwell, a top American military spokesman, said Wednesday that murders and executions were now the top reasons for civilian deaths in Baghdad. He said it was widely believed that Shiite militias and Sunni Muslim insurgency groups were doing the killing.

"When we say murders and executions, we're assuming murders and executions are in fact sectarian violence that is occurring within the city," Caldwell said.

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In a WorldPublicOpinion.org poll conducted Sept. 1-4 by the Program on International Policy Attitudes at the University of Maryland, 77 percent of Iraqi respondents, including 100 percent of Sunnis polled, said they'd prefer a strong government that would get rid of militias.

The minority Sunnis, whom U.S. officials want to remain in the political process, threatened last week to leave the government if Maliki doesn't address the problem of the militias.

Hassan Sineid, a Shiite assemblyman and fellow member of Maliki's Dawa Party, said security forces had performed badly, and he called for the defense and interior ministers to resign. He said the prime minister soon would present a resolution before parliament calling for the disbanding of militias.

Recently, Maliki publicly denounced an attack in Sadr City that killed 34 people last week. It was one of the few occasions he's condemned violence in Iraq at a time when an average of 100 people are killed in the country each day.

American officials continue to support Maliki because he's the country's elected leader.

In other developments, the U.S. military said eight people, including four women, were killed early Wednesday in a raid in Baqouba that targeted a terrorist with ties to the group al Qaida in Iraq. Three other people, including two whom the military said were tied to terrorist activity, were wounded.

During the raid, gunfire came from the building that soldiers were targeting and from throughout the neighborhood. The military called in an air attack.

Weapons and a global positioning system were found in the targeted building. American military spokesman Lt. Col. Barry Johnson said the deaths of the women came after those in the building were warned repeatedly to stop firing.

McClatchy special correspondent Zaineb Obeid and Mark Brunswick of the Minneapolis Star Tribune contributed to this report from Baghdad.

Poll: Iraqis Back Attacks On U.S. Troops (AP)

By Barry Schweid

AP, September 27, 2006

About six in 10 Iraqis say they approve of attacks on U.S.-led forces, and slightly more than that want their government to ask U.S. troops to leave within a year, a poll finds.

The Iraqis also have negative views of Osama bin Laden, according to the early September poll of 1,150.

The poll, done for University of Maryland's Program on International Policy Attitudes, found:

_Almost four in five Iraqis say the U.S. military force in Iraq provokes more violence than it prevents.

_About 61 percent approved of the attacks — up from 47 percent in January. A solid majority of Shiite and Sunni Arabs approved of the attacks, according to the poll. The increase came mostly among Shiite Iraqis.

_An overwhelmingly negative opinion of terror chief bin Laden and more than half, 57 percent, disapproving of Iranian President Mahmoud Ahmadinejad.

_Three-fourths say they think the U.S. plans to keep military bases in Iraq permanently.

_A majority of Iraqis, 72 percent, say they think Iraq will be one state five years from now. Shiite Iraqis were most likely to feel that way, though a majority of Sunnis and Kurds also believed that would be the case.

The PIPA poll, which included an oversample of 150 Sunni Iraqis, has a margin of error of plus or minus 3 percentage points.

The State Department, meanwhile, has conducted its own poll, something it does periodically, spokesman Sean McCormack said. The State Department poll found two-thirds of Iraqis in Baghdad favor an immediate withdrawal of U.S. forces, according to The Washington Post. McCormack declined to discuss details of the department's poll.

"What I hear from government representatives and other anecdotal evidence that you hear from Iraqis that is collected by embassy personnel and military personnel is that Iraqis do appreciate our presence there," he said. "They do understand the reasons for it, they do understand that we don't want to or we don't intend to be there indefinitely."

An Iraqi public opinion research firm with a proven record of conducting scientifically valid surveys conducted the department's poll, press officer Janelle Hironimus said later.

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"We will not identify the firm in order to protect it and its employees from danger," she said.

Iraqi officials have said Iraq's security was improving and expanding throughout the country, and most U.S. troops might be able to leave eventually.

Last week, Iraqi President Jalal Talibani told the United Nations that coalition forces should remain in Iraq until Iraqi security forces are "capable of putting an end to terrorism and maintaining stability and security."

U.S. To Gauge Iraqi Support For Operations (WP)

By Walter Pincus

The Washington Post, September 28, 2006

As violence continues in Iraq, the military is looking for ways to achieve stability through opinion polls and public relations.

The Multi-National Command in Baghdad wants to hire a private firm to conduct polling and focus groups in Iraq "to assess the effectiveness of operations as they relate to gaining and maintaining popular support," according to a notice the Department of the Army posted yesterday.

"Since the end of major combat operations in Operation Iraqi Freedom, Coalition Forces have sought to build robust and positive relations with the people of Iraq and to assist the Iraqi people in forming a new government," the notice says, posted on the government contracting Web site FBODaily.com.

Polling and focus groups are being sought as "important tools for assessing changes in the level of a population's support for various groups," according to the posting.

Polling in Iraq is so sensitive that the contract proposal states that the winner must ensure those being questioned "are not aware of the survey sponsor's identity." One member of a firm that has conducted polling for the Baghdad command said yesterday that "if someone out there believes the client is the U.S. government, the persons doing the polling could get killed." The official insisted on anonymity for fear of putting his company's employees at risk.

Word of the proposed new contract comes a day after release of a State Department poll that found that majorities in all regions of Iraq, except the Kurdish areas, want U.S. and allied troops to withdraw immediately and that their departure would make people feel safer. It also follows the release of an April 2006 National Intelligence Estimate on terrorism that found that U.S. military action has become a "cause celebre" in the Arab world and has fueled anti-American feelings in Iraq and the Middle East.

The Baghdad command also confirmed yesterday that it has awarded a two-year, $12.4 million contact to handle strategic communications management to the Lincoln Group, the Washington-based public relations company found late last year to have been paying money to place favorable articles in the Iraqi news media.

William Dixon, a spokesman for the Lincoln Group, said yesterday he could not comment on the details of particular contracts and deferred comment to the Baghdad command.

Lincoln was the lowest of seven bidders on what was estimated as a $20 million contract to help military commanders in Baghdad get what they considered the positive side of their operations in the news, according to one of the bidders who was briefed on the contract. The contract calls for providing media strategy such as setting up news conferences and public speeches, media training for Iraqi government officials in addition to military commanders, and monitoring of Middle East and some U.S. news outlets, including The Washington Post, New York Times and major television networks. The monitoring would include creating a database of articles graded as favorable or unfavorable.

Lincoln's practices have attracted controversy, most recently because of a report in the current issue of Harper's Magazine. In it, Willem Marx, an Oxford University student, describes working for Lincoln in Baghdad last summer and using a spreadsheet listing amounts charged by Iraqi newspapers to run articles written by Army personnel, at costs that ran from $50 to $1,500.

At least one of the bidders who lost to Lincoln is considering a challenge to the award based on Lincoln's record.

Lincoln's spokesman dismissed the article's claims. "The former intern's exaggerated and misleading account does not accurately depict the firm's activities in the emerging markets and challenging environments," Dixon said.

Rise In Violence Accompanies Ramadan (USAT/AP)

The Associated Press

DOJ_NMG_0070371

USA Today, September 28, 2006

BAGHDAD — The top U.S. military spokesman in Iraq said Wednesday that violence in Baghdad had risen, as predicted, with the onset of Ramadan. In Iraq, the Muslim holy month officially started on Monday.

Suicide attacks were at their highest level ever, Maj. Gen. William Caldwell said. He didn't provide any figures.

"We are seeing an increase in attacks, as anticipated. The terrorists and illegal armed groups are punching back in an effort to discredit the government of Iraq and more specifically the Baghdad security plan," Caldwell said. "This has been a tough week."

He said murders and executions are the No. 1 cause of civilian deaths in Baghdad, and operations against sectarian death squads have been stepped up. Since mid-July, 29 death squad cell leaders and 254 members have been killed or captured, he said.

Wednesday, the bodies of 15 people found around Baghdad were turned in to the morgue in Kut, 100 miles southeast of the capital, morgue official Mahmoun Ajeel al-Rubaie said.

After evening prayers in the al-Meshahda Sunni mosque in Baghdad's northern Huriyah neighborhood, 10 people were killed in a shootout between gunmen near the mosque, police 1st Lt. Maythem Abdul Razzaq said.

Operation Together Forward, a neighborhood-by-neighborhood security drive, was launched this summer after U.S. generals warned that escalating violence in Baghdad was leading to civil war. Sweeps for weapons and insurgents have been started or completed in about half the neighborhoods.

Also Wednesday, U.S. troops got into a firefight when they approached a home of a suspected terrorist for al-Qaeda in Iraq. Troops killed two terrorist suspects and called in airstrikes because of "the heavy volume of enemy fire," the statement said. In the rubble were found the bodies of two more terror suspects and four women.

Relatives of those killed in the raid in Baqouba, 35 miles northeast of Baghdad, said their family had nothing to do with terrorists.

Meanwhile, Sunni tribal leaders who have vowed to drive al-Qaeda out of Iraq's most restive province met the Shiite prime minister.

Prime Minister Nouri al-Maliki met with sheiks from Anbar province who have said al-Qaeda's violent ways and severe interpretation of Sunni Islam have alienated traditional-minded Sunnis.

The efforts to contain the violence came amid a poll that found most Iraqis would prefer to see foreign forces leave. A poll of 1,150 Iraqis done for the University of Maryland's Program on International Policy Attitudes found about six in 10 Iraqis say they approve of attacks on U.S.-led forces.

A State Department poll found two-thirds of Iraqis in Baghdad favor an immediate withdrawal of U.S. forces, according to The Washington Post. State Department spokesman Sean McCormack confirmed the poll had been conducted but declined to discuss details.

Cleric Said To Lose Reins Over Part Of Iraqi Militia (NYT)

By Sabrina Tavernise

The New York Times, September 28, 2006

BAGHDAD, Sept. 27 — The radical Shiite cleric Moktada al-Sadr has lost control of portions of his Mahdi Army militia that are splintering off into freelance death squads and criminal gangs, a senior coalition intelligence official said Wednesday.

The question of how tightly Mr. Sadr holds the militia, one of the largest armed groups in Iraq, is of critical importance to American and Iraqi officials. Seeking to ease the sectarian violence raging across the country, they have pressed him to join the political process and curb his fighters, who see themselves as defenders of Shiism — and often as agents of vengeance against Sunnis.

But as Mr. Sadr has taken a more active role in the government, as many as a third of his militiamen have grown frustrated with the constraints of compromise and have broken off, often selling their services to the highest bidders, said the official, who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues.

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"When Sadr says you can't do this, for whatever political reason, that's when they start to go rogue," the official said. "Frankly, at that point, they start to become very open to alternative sources of sponsorship." The official said that opened the door to control by Iran.

Mr. Sadr's militia — dominated by impoverished Shiites who are loosely organized into groups that resemble neighborhood protection forces — has always operated in a grass-roots style but generally tended to heed his commands. It answered his call to battle American forces in two uprisings in 2004, and stopped fighting when he ordered it. But as the violence in Iraq has spread, evidence of freelancing Shiites has accumulated.

After the bombing of a Shiite shrine in Samarra in February, bands of militants dressed in black, the favorite color of Sadr loyalists, drove into neighborhoods, kidnapping and killing Sunnis. Mr. Sadr, who was abroad at the time, returned home and gave a rare public speech calling on his followers to stop, even proposing joint prayer sessions with Sunni clerics. Still, the rampage continued.

In Basra, a province in southeastern Iraq, Mr. Sadr has less direct control over militiamen, and they have tended to operate to suit their own agenda. Local leaders there have said that he has disciplined some members and fired others, but with little overall effect. He has run through four different leaders in Basra, according to the intelligence official, and has even had to shut offices temporarily, when local leaders ignored him and acted on their own.

Mr. Sadr is still immensely powerful, with as many as 7,000 militiamen in Baghdad, the official said. And the cleric has turned that firepower into political might. His candidate list won about 30 seats in Parliament this year, one of the largest shares. The participation was a central goal for American officials, who tried for months to persuade him to stop fighting and enter politics.

Still, six major leaders here no longer answer to Mr. Sadr's organization, according to the intelligence official. Most describe themselves as Mahdi Army members, the official said, and even get money from Mr. Sadr's organization, but "are effectively beyond his control." Some of those who moved away from Mr. Sadr saw him as too accommodating to the United States. Others saw him as too bound by politics, particularly as killings of Shiite civilians in mixed neighborhoods began to soar.

"They're not content to sit there and just defend their family on the street corner," the official said. "They want to go out and take on what they view as Al Qaeda or Baathists or both in aggressive measure."

One example is Abu Dera, a fighter in the Shiite stronghold of Sadr City in the capital who used to be loyal to Mr. Sadr. Residents said that as he began to gain a reputation for killing Sunni figures, Mr. Sadr told him to stop. But he ignored the order, and now he is referred to as the "Shiite Zarqawi," after Abu Musab al-Zarqawi, the terrorist leader who exhorted Sunnis to kill Shiites.

"He started against the Americans, but he moved on to killing Sunnis," said Sattar Awad, a 29-year-old resident of the district. "People here look at him as a brave man."

American forces are hunting for Mr. Dera, the intelligence officer said, but he has eluded capture.

Although the splintering has solved some problems for the American military, it has raised new ones. "In some ways it makes it easier for me because I now have digestible doses I can deal with," said a senior American military official at a briefing on Wednesday, also in Baghdad. "At the same time it creates problems because they are harder to find when they are splintered."

The splintering has changed the tone of the American military's interaction with the Mahdi Army in Sadr City. In past years, American forays into the area would often draw a storm of grenade attacks. But recent American moves into the area have been carried out relatively peacefully: Mr. Sadr has not ordered attacks because the men being sought were freelancers like Abu Dera, the intelligence officer said.

The fighters' defections have raised the troubling prospect of more avenues of influence for Iran, the senior intelligence official said. The official cited shipments of weapons with labels that trace back to Iranian weapons manufacturers as evidence that Iran was actively aiding groups in Iraq. And that assistance has not just been limited to Mahdi Army offshoots. "They're not sure who will come out on top, so they fund everybody," the official said of Iran.

Even Mr. Sadr, who fashions himself as the quintessential Iraqi nationalist, has reached out to Iran's government, making a very public trip to Iran for talks early this year. He is also trying to reassert control over his power base at home, and to expand his influence, the intelligence official said. "What Sadr is looking for is discipline," the official said.

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He said Mr. Sadr had begun to increase his exposure in the northern city of Kirkuk and in Diyala Province, both mixed-population areas north of Baghdad where sectarian disputes have been on the rise. There, he is trying to appeal by casting himself as a defender of Shiites against Kurdish and Sunni Arab factions.

Heralded Iraq Police Academy A 'Disaster' (WP)

By Amit R. Paley

The Washington Post, September 28, 2006

BAGHDAD, Sept. 27 -- A $75 million project to build the largest police academy in Iraq has been so grossly mismanaged that the campus now poses health risks to recruits and might need to be partially demolished, U.S. investigators have found.

The Baghdad Police College, hailed as crucial to U.S. efforts to prepare Iraqis to take control of the country's security, was so poorly constructed that feces and urine rained from the ceilings in student barracks. Floors heaved inches off the ground and cracked apart. Water dripped so profusely in one room that it was dubbed "the rain forest."

"This is the most essential civil security project in the country -- and it's a failure," said Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, an independent office created by Congress. "The Baghdad police academy is a disaster."

Bowen's office plans to release a 21-page report Thursday detailing the most alarming problems with the facility.

Even in a $21 billion reconstruction effort that has been marred by cases of corruption and fraud, failures in training and housing Iraq's security forces are particularly significant because of their effect on what the U.S. military has called its primary mission here: to prepare Iraqi police and soldiers so that Americans can depart.

Federal investigators said the inspector general's findings raise serious questions about whether the U.S. Army Corps of Engineers has failed to exercise effective oversight over the Baghdad Police College or reconstruction programs across Iraq, despite charging taxpayers management fees of at least 4.5 percent of total project costs. The Corps of Engineers said Wednesday that it has initiated a wide-ranging investigation of the police academy project.

The report serves as the latest indictment of Parsons Corp., the U.S. construction giant that was awarded about $1 billion for a variety of reconstruction projects across Iraq. After chronicling previous Parsons failures to properly build health clinics, prisons and hospitals, Bowen said he now plans to conduct an audit of every Parsons project.

"The truth needs to be told about what we didn't get for our dollar from Parsons," Bowen said.

A spokeswoman for Parsons said the company had not seen the inspector general's report.

The Coalition Provisional Authority hired Parsons in 2004 to transform the Baghdad Police College, a ramshackle collection of 1930s buildings, into a modern facility whose training capacity would expand from 1,500 recruits to at least 4,000. The contract called for the firm to remake the campus by building, among other things, eight three-story student barracks, classroom buildings and a central laundry facility.

As top U.S. military commanders declared 2006 "the year of the police," in an acknowledgment of their critical role in allowing for any withdrawal of American troops, officials highlighted the Baghdad Police College as one of their success stories.

"This facility has definitely been a top priority," Lt. Col. Joel Holtrop of the Corps of Engineers' Gulf Region Division Project and Contracting Office said in a July news release. "It's a very exciting time as the cadets move into the new structures."

Complaints about the new facilities, however, began pouring in two weeks after the recruits arrived at the end of May, a Corps of Engineers official said.

The most serious problem was substandard plumbing that caused waste from toilets on the second and third floors to cascade throughout the building. A light fixture in one room stopped working because it was filled with urine and fecal matter. The waste threatened the integrity of load-bearing slabs, federal investigators concluded.

"When we walked down the halls, the Iraqis came running up and said, 'Please help us. Please do something about this,' " Bowen recalled.

Phillip A. Galeoto, director of the Baghdad Police College, wrote an Aug. 16 memo that catalogued at least 20 problems: shower and bathroom fixtures that leaked from the first day of occupancy, concrete and tile floors that heaved more than two

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inches off the ground, water rushing down hallways and stairwells because of improper slopes or drains in bathrooms, classroom buildings with foundation problems that caused structures to sink.

Galeoto noted that one entire building and five floors in others had to be shuttered for repairs, limiting the capacity of the college by up to 800 recruits. His memo, too, pointed out that the urine and feces flowed throughout the building and, sometimes, onto occupants of the barracks.

"This is not a complete list," he wrote, but rather a snapshot of "issues we are confronted with on a daily basis (as recent as the last hour) by the incomplete and/or poor work left behind by these builders."

The Parsons contract, which eventually totaled at least $75 million, was terminated May 31 "due to cost overruns, schedule slippage, and sub-standard quality," according to a Sept. 4 internal military memo. But rather than fire the Pasadena, Calif.-based company for cause, the contract was halted for "the government's convenience."

Col. Michael Herman -- deputy commander of the Gulf Region Division of the Corps of Engineers, which was supposed to oversee the project -- said the Iraqi subcontractors hired by Parsons were being forced to fix the building problems as part of their warranty work, at no cost to taxpayers. He said four of the eight barracks have been repaired.

The U.S. military initially agreed to take a Washington Post reporter on a tour of the facility Wednesday to examine the construction issues, but the trip was postponed Tuesday night. Federal investigators who visited the academy last week, though, expressed concerns about the structural integrity of the buildings and worries that fecal residue could cause a typhoid outbreak or other health crisis.

"They may have to demolish everything they built," said Robert DeShurley, a senior engineer with the inspector general's office. "The buildings are falling down as they sit."

Herman said that he doubted that was the case but that he plans to hire an architecture and engineering firm to examine the facility. He also plans to investigate concerns raised by the inspector general's office that the Army Corps of Engineers did not properly respond to construction problems highlighted in quality-control reports.

Inside the inspector general's office in Baghdad on a recent blistering afternoon, several federal investigators expressed amazement that such construction blunders could be concentrated in one project. Even in Iraq, they said, failure on this magnitude is unusual. When asked how the problems at the police college compared with other projects they had inspected, the answers came swiftly.

"This is significant," said Jon E. Novak, a senior adviser in the office.

"It's catastrophic," DeShurley added.

Bowen said: "It's the worst."

Two Wars, One Mission (LAT)

By Rich Lowry, David B. Rivkin Jr.

The Los Angeles Times, September 28, 2006

TO CRITICS of the Bush administration, the war in Afghanistan is the "good" counterinsurgency. Their calls for troop reductions or a timetable to end the "bad war" in Iraq are matched by demands for more resources and perseverance in Afghanistan. However, this preference is senseless, driven either by sentimentality or partisanship. There is no sound strategic reason to favor the Afghan war over the war in Iraq. In fact, the fates of Baghdad and Kabul are intertwined.

The two wars began differently, of course. The Afghan war has always been much less controversial. No one has ever denied that the Taliban's harboring of Al Qaeda was a legitimate casus belli. The Iraq war had much more opposition from the beginning, and one of its chief rationales — that Saddam Hussein was harboring stockpiles of weapons of mass destruction — seemed to collapse after the U.S. invasion. But if you put aside how the wars began — and we realize that many opponents of the Iraq war will never be able to do that — there is little to differentiate them.

In Iraq, we face a vicious insurgency that will take years to defeat; the same is true in Afghanistan. In Iraq, the insurgency is made more difficult by the overlay of sectarian violence (Sunni versus Shiite); the same is true in Afghanistan (Pashtun versus everyone else). In Iraq, the insurgents are aided by infiltration from neighboring countries (Syria, Iran); the same is true in

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Afghanistan (Pakistan). In both countries we are trying to rebuild the army and the police — with fitful progress — and fostering a fragile central government whose writ doesn't seem to extend very far across the country.

Of course, at least today, the difficulties in the two countries are not of equal severity. In Iraq, the violence is worse, American casualties are much higher and the capital city — the center of gravity of the country — is besieged by insurgents and murderous sectarians. Compared to that, Afghanistan is doing quite well. But it has deep problems of its own, namely the risk that it will become a lawless narco-state.

Pessimists about Iraq say the country is in the midst of a civil war. By most definitions, it certainly is, but this needn't be a cause for utter despair. Indeed, in Afghanistan, the U.S. success in driving out the Taliban regime was greatly aided by the fact that the country was in the midst of a civil war and that we allied ourselves with one side. Likewise, there is no reason that the U.S. cannot successfully navigate the shoals of communal violence in Iraq, which pits not just the Shiites against the Sunnis but features major — and exploitable — splits within the Shiite leadership.

The most important similarity between the Iraq and Afghan wars is that in both we are fighting Al Qaeda. Leaving aside the issue of how and when Al Qaeda came to be in Iraq, it is there now, and it considers Iraq a central battlefield. What we are fighting to prevent in Iraq — a country, or a chunk of it, established as a terrorist base — is exactly what we fought to destroy in Afghanistan immediately after 9/11 and are fighting to prevent from reemerging there now.

Insurgents in both countries share the jihadi battle against the U.S., and tactics such as the use of improvised explosive devices and suicide car-bombings have migrated from Iraq to Afghanistan. The killing this week in Basra of Omar Faruq, a senior Al Qaeda leader of Iraqi decent who escaped last year from a U.S. detention facility in Afghanistan, further underscores the connection between the two insurgencies.

At the strategic level, the more Iraqi insurgents seem to be succeeding, the more emboldened insurgents in Afghanistan become. As the just-declassified portions of the National Intelligence Estimate put it, "perceived jihadist success [in Iraq] would inspire more fighters to continue the struggle elsewhere." Their belief that the U.S. is a "weak horse" lacking the will for a long fight would be validated.

The costs of the Iraq war are higher to the U.S. in terms of blood and treasure. But the stakes are higher as well. If the terrorists capture Iraq, they will win a country much more strategically located than Afghanistan, and they will control the world's fourth-biggest oil reserves.

There is no doubt, as the intelligence estimate noted, that the Iraq war is a recruiting tool for terrorists. But Iraq war opponents should not fool themselves; so are Afghanistan and dozens of other Muslim grievances, from our support for Israel to Russia's campaign in Chechnya to the publication of cartoons of Muhammad in Danish newspapers. In the view of jihadis, both the Iraq and Afghan wars are Western assaults on Islam. The recently arrested suspects in the London airplane bombing plot cited both wars as stoking their rage.

There is no good reason to favor the Afghan war over the Iraq war. The Afghan war was launched in a brief period of national unity, while the Iraq war helped stoke our current period of political enmity. But one war will not be won without the other.

DOJ:

Eid's Ethnicity An Asset, Not An Issue (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, September 28, 2006

U.S. attorney, son of Egyptian immigrant, says his post reinforces America's freedoms. Bush appointee says he'll fight illegal immigration, drug trafficking and those who prey on children.

At dinner atop a Denver office tower recently, a visiting Jordanian military chief who'd just been introduced to the new U.S. attorney, Troy Eid, an Arab-American, approached Eid incredulously.

"'How can that be?'" Eid recalled the Jordanian asking. A man of Arab descent couldn't possibly be picked to represent U.S. government interests, the Jordanian said. "'It must be a token post ... Are you wealthy?'"

Appointed by President Bush, Eid responded with pride. "I said: 'I'm not wealthy. I went to Wheat Ridge High School. That's the great thing about this country.'

"If my background can show a few people what's possible in this country, that's great."

Tommorrow Eid marks the formal start of his service after an ambitious first six weeks on the job as the government's top law enforcement officer for Colorado. The only son of an Egyptian immigrant, Eid, 42, appears to be the the only Arab-American among the 94 U.S. attorneys.

And with enforcement of immigration law his top priority, Eid said he'll draw on this background and a longstanding "interest in the underdog" to ensure fairness.

"Being fair is very important, telling people what your policy is going to be," he said. "You get into problems when you're selective."

The criminals he vows to prosecute most aggressively - deportees who illegally re-enter the United States - often prey on immigrant communities, he said.

And criminals from abroad often drive illegal drug trafficking, his second major priority. Colorado has emerged as one of the busiest drug distribution centers in the country with transnational gangs taking root.

Taken together, immigration and drug-related crime now dominate federal criminal prosecution in Colorado.

Other priorities for Eid: sexual exploitation of children using the Internet, and terrorism cases - the overall top priority of the Justice Department under Attorney General Alberto Gonzales.

"We get terrorism cases. We take them very seriously. They typically come to us through the JTTF (the FBI-run Joint Terrorism Task Force). ... We have some investigations that have resulted in charges and convictions."

A symbolic investiture ceremony scheduled for this afternoon marks the formal beginning for Eid, who on Aug. 11 replaced acting U.S. Attorney William Leone. He had served since December 2004, when John Suthers resigned to become Colorado attorney general, after Ken Salazar left that position for the U.S. Senate.

Eid previously worked as legal counsel to Gov. Bill Owens and as a lawyer specializing in environmental and Indian affairs cases. He grew up in Wheat Ridge and graduated from Stanford University the University of Chicago law school. His wife, Allison Eid, because a Colorado Supreme Court justice in February. They have two children.

Eid's father, the late Edward Eid, fled from Egypt in 1957 after military dictator Gamal Nasser took power and started fresh in America. He worked at a steel factory and as an accountant at a candle factory - and dealt with discrimination along the way.

"My dad was typical of immigrants off the boat. ... He would have been offended if anyone focused on his roots. He came from a time when you put your head down and assimilated as quickly as possible," Eid said in an interview Wednesday.

"I thought of myself as an American whose father was from Egypt."

Diversifying the government's legal workforce - only 18 of 94 U.S. attorneys are women - has loomed as a goal.

"I venture Eid is among the first Arab-Americans to hold such as office," said Nidal Ibrahim, executive director of the Arab-American Institute.

"During an especially critical and sensitive time in our country's history, having an Arab-American serving as U.S. attorney for Colorado represents an important milestone."

Staff writer Bruce Finley can be reached at 303-954-1700 or bfinley@denverpost.com

CORPORATE SCANDALS:

Dunn Suggests She Was Unaware Of Probe Tactics (WSJ)

By PETER WALDMAN, DON CLARK And STEVE STECKLOW

The Wall Street Journal, September 28, 2006

Former Hewlett-Packard Co. Chairman Patricia Dunn said she relied on advice from H-P executives, including the company's chief financial officer, before pushing a leak investigation that delved into personal phone records and used tawdry tactics.

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Ms. Dunn, in testimony prepared for a House committee hearing today on the H-P investigation scandal, said she was informed that using Ronald DeLia, a Boston-area private investigator involved in the affair, constituted "normal processes" in pursuing investigations at the Palo Alto, Calif., computer company, having been told he had worked for H-P for "eight or nine years."

The testimony of Ms. Dunn, who resigned last week in connection with the leak investigation, could shed light on the question of how much Mark Hurd, H-P's chief executive, knew about the affair. Her remarks also raise new questions about how H-P may have conducted any investigations that predated the leak probes, which took place in 2005 and early 2006.

The H-P investigation involved obtaining phone records through false pretenses -- a practice known as pretexting -- of at least 20 people, including board members, H-P employees and reporters.

Ms. Dunn, who pushed for the investigation following board leaks in early 2005, said she learned by late that spring that private phone records were being accessed. But she got the "clear impression" from Mr. DeLia that such phone records "could be obtained from publicly available sources in a legal and appropriate manner." She said she discussed the investigation with Mr. Hurd and other directors, though she didn't spell out whether they were told that private phone records were obtained.

Ms. Dunn's remarks confirm the impression from H-P emails that Mr. Hurd was eager to catch leakers and was briefed multiple times of the progress of H-P's investigations. The chairman of the House subcommittee investigating the H-P scandal yesterday said he believes Mr. Hurd knew of the company's efforts to obtain personal information about some of its own board members and others as part of the investigations.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. • Hurd's Testimony3 | Dunn's Testimony4

• Complete coverage5

Rep. Ed Whitfield, the Kentucky Republican who chairs the House Energy and Commerce Committee's subcommittee on investigations, said he intends to grill Mr. Hurd on the matter, and whether the H-P CEO also knew such tactics were potentially illegal. "We're going to ask him a lot of questions and get the facts out," Mr. Whitfield said in an interview.

In his testimony prepared for the hearing, Mr. Hurd said "although the board was informed that an investigation had started, they were not told the operational details."

Echoing remarks he made at a news conference Friday, Mr. Hurd apologized for what he characterized as a "rogue operation." He castigates investigators for being "so focused on finding the source of the leaks that they lost sight of the values of this company." (See Heard on the Street6.)

Ms. Dunn, in her statement, said she turned to Robert Wayman, H-P's longtime chief financial officer, after she decided to pursue the matter of board leaks. She said he referred her to Kevin Huska, a staff member responsible for security, who referred her to Mr. DeLia. Mr. Huska couldn't be reached to comment.

"It was my assumption that Mr. Wayman, having ultimate authority over all the resources involved in security and investigations, as well as having been one of the directors who felt the most strongly about the importance of controlling leaks from the board, had provided authorization for whatever work was undertaken," she said.

Michael Moeller, an H-P spokesman, said "any assumption about Bob Wayman's involvement made by Ms. Dunn was nothing more than that, an assumption." He declined comment about any H-P investigations before the leak probe.

Ms. Dunn said Mr. Hurd was involved in two or three meetings on the leak probe this year, when H-P's investigators employed its most aggressive tactics that have come to light.

In early 2006, she said Mr. Hurd was included in "perhaps two or three meetings," to review "key milestones and provide his own input on the priority and motivations behind the investigation."

Ms. Dunn adds that "neither Mr. Hurd nor I designed or implemented the investigative techniques." She said she knew that some of the probe targets were followed, but said she had no problem with such "old-fashioned detective work."

She and Mr. Hurd have said they were aware of a gambit that involved sending a bogus email to a reporter as part of the probe. Ms. Dunn said she made special efforts to ascertain the tactic's legality, before referring it to Mr. Hurd for "the final decision."

Mr. Hurd said he approved the content of the message, but doesn't recall whether he knew the misinformation plot involved the use of tracer software that could show where the email was forwarded.

Mr. DeLia has been issued a subpoena by the House committee to appear at the hearing. He and his attorney haven't responded to requests for comment.

The House committee has requested testimony from Ms. Dunn, Mr. Hurd and several other H-P officials involved in the probe, as well as the company's outside counsel, Larry Sonsini. The House also issued subpoenas to five additional witnesses who may have been involved in surreptitiously obtaining telephone numbers, a person close to the investigation said yesterday. The five witnesses are believed to be subcontractors to Action Research Group, a Florida contractor believed to have been involved in accessing telephone records.

One of the persons suspected of obtaining phone records, Bryan Wagner, of Littleton, Colo., said in an interview yesterday that he didn't know if he obtained any phone records in connection with the H-P leak probe because his employer-Action Research Group-never identified its clients.

"They do not provide me any details on anything," he said. "I pretty much always assume that I am looking for people who have taken cars and aren't paying." He added that he believed most of the clients are "bounty hunters and bondsmen."

Mr. Wagner said he hadn't yet decided if he will answer questions before the House committee, but will appear. He also declined to comment about an article in The Wall Street Journal yesterday that he had told an investigator in Denver last week that he had destroyed his computer with a hammer and discarded it after learning that he might get caught up in the investigation of the H-P leak case.

"I just don't have my computer anymore," he said, declining to answer any questions about it.

Ex-H.P. Officer To Say She Knew Of No Illegality (NYT)

By Miguel Helft And Damon Darlin

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — In her most detailed account of the leak investigation that forced her to resign, Hewlett-Packard's former chairwoman maintains that while she was in regular contact with those conducting the operation, she was not its supervisor.

In prepared remarks that she is expected to deliver Thursday at a Congressional hearing, Patricia C. Dunn, the former chairwoman who resigned from the board last week, also said she never had reason to believe that illegal methods were used. And she said she repeatedly sought assurances on that point from those directly involved.

But even as she got those assurances, a senior investigator for the company was warning early this year, as the operation entered a crucial phase, that its techniques of using subterfuge to gain private phone records were "very unethical at the least and quite likely illegal."

Saying that the practices, even if legal, "could damage our reputation or worse," the investigator, Vince Nye, said in an e-mail message, "I think we need to refocus our strategy and proceed on the high-ground course." Mr. Nye worked in the company's global security unit.

Why that advice was not followed — and apparently did not reach the top levels of Hewlett-Packard's leadership — is expected to be a central theme of Thursday's hearing.

The roles of Ms. Dunn and the company's chief executive, Mark V. Hurd, in the investigation — the extent of their knowledge, their action or inaction, and the questions they raised or failed to — are expected to dominate the questioning. Several company officials and others engaged in the effort are to testify.

The investigation, aimed at tracing press leaks from the company's board in 2005 and early 2006, included the hiring of private detectives who used ruses to gain the phone records of directors, employees, journalists and others — a practice called pretexting.

The operation came into public view scarcely three weeks ago as a result of boardroom divisions that have already led to three resignations, including Ms. Dunn's. It is also the subject of federal and state criminal investigations.

Mr. Nye's e-mail message, obtained by The New York Times from someone with access to documents given to the committee, is the strongest indication yet of internal questions about the operation's legality.

It came on Feb. 7, shortly after a new leak from the board had revived the investigation and while more elaborate forms of surveillance, beyond obtaining phone records, were being considered or carried out.

The message was addressed to Anthony R. Gentilucci, the head of the company's Boston-based global investigations unit, a key figure in the operation from its start a year earlier. It is not clear whether or how Mr. Gentilucci responded.

In her prepared testimony, Ms. Dunn said that once the board agreed to an investigation of leaks in early 2005, she relied on top Hewlett-Packard officials who referred her to the company's global security department, which in turn referred her to Ronald R. DeLia, a contractor in the Boston area who had performed investigations for Hewlett-Packard for nearly a decade.

"I did not 'hire' the private investigators" involved in the operation, Ms. Dunn said. "They were already under contract to H.P. when the leak investigation was initiated."

Ms. Dunn called Mr. DeLia's firm a "captive subsidiary" of Hewlett-Packard and noted that it was used to perform a background check on Mr. Hurd before he was hired, including a report on his health.

Ms. Dunn said that after she learned in the spring of 2005 that the phone records of directors were being gathered, "the clear impression I had from Mr. DeLia was that such records could be obtained from publicly available sources in a legal and appropriate manner."

She also said that "given that attorneys were unambiguously overseeing" a later, more intense phase of the investigation that employed similar techniques, she had no reason to believe those techniques were inappropriate.

It was not until after the second phase concluded in May 2006 that she began to comprehend the word "pretext," Ms. Dunn said, adding, "I still do not understand whether it is or is not legal, as opinions vary."

Ms. Dunn also lashed out at Thomas J. Perkins, a former board member whom she accused of disseminating "false statements about my having organized and conducted an elaborate spying campaign on H.P. directors for no good reason except, to paraphrase, a delusion of paranoia."

Mr. Perkins resigned from the board in May over the leak investigation, whose findings pointed to a friend and fellow director, George A. Keyworth II, as the source. It was Mr. Perkins's subsequent inquiries into the investigation's methods that led to their disclosure this month.

Ms. Dunn's statement defends the goal of the investigation, and it includes no expression of regret or apology for its handling.

In his own prepared testimony, Mr. Hurd portrays Ms. Dunn as having taken a more engaged role in the operation, saying she "enlisted the professional services" of Mr. DeLia.

Mr. Hurd's statement largely reiterates the account he offered in announcing Ms. Dunn's resignation last Friday. He says he was present at two meetings to discuss the operation while it was under way, and was consulted at another point about the use of a bogus e-mail message to try to detect a reporter's source.

"While many of the right processes were in place, they unfortunately broke down, and no one in the management chain, including me, caught it," he said.

Just how those processes broke down is likely to be a topic of pointed questioning by members of the House Energy and Commerce Committee.

Among the documents sent to the committee is an 18-page report from Kevin T. Hunsaker, senior counsel and director of ethics at the company, after the investigation's conclusion in May that summarizes the findings and makes clear that private phone records were obtained — adding in a footnote that the effort involved "a lawful investigative methodology commonly utilized." It was sent to Mr. Hurd, the company's board, and Ann O. Baskins, the general counsel.

"These folks still in the company need to come clean," said Greg Walden, the Oregon Republican who is vice chairman of the panel's investigations and oversight subcommittee, which is convening the hearing.

Five additional witnesses, all said to have been engaged in obtaining phone records, were subpoenaed Wednesday to appear at the hearing.

The five are Bryan Wagner of Littleton, Colo.; Darren Brost of Austin, Tex.; Charles Kelly of CAS Agency in Villa Rica, Ga.; Cassandra Selvage of Eye in the Sky Investigations in Dade City, Fla.; and Valerie Preston of InSearchOf Inc., in Cooper City, Fla. Congressional staff members said they did not know if any would answer questions.

The five are believed to be at the end of a long investigative chain that stretched from Hewlett-Packard's headquarters in Palo Alto, Calif., to its own investigators in Boston, through Mr. DeLia's firm, Security Outsourcing Solutions, and on to Action Research Group, a data broker in Melbourne, Fla., that is said to have hired the actual pretexters.

The hearing is scheduled to begin at 10 a.m. and stretch into the evening. It is expected to be covered live by C-Span 3, a government affairs cable network.

The hearing will begin with a panel of witnesses who are expected to invoke their Fifth Amendment right against self-incrimination.

Lawyers for two of those subpoenaed — Mr. Gentilucci, the manager of global investigations, and Mr. Hunsaker, the senior counsel — said their clients had not decided whether to answer questions.

Mr. DeLia, the author of several reports on the investigation given to company officials, has also been subpoenaed, but it is not clear how he will respond. His lawyer could not be reached for comment.

A second panel will include company officials who were involved in the investigation, including Ms. Dunn; Ms. Baskins, the general counsel; and Fred Adler, a security investigator, as well as Larry W. Sonsini, the company's outside counsel. That panel will also include Joseph DePante, the owner of Action Research Group, the Florida investigative firm.

A third session will include only Mr. Hurd, at his request, in part because he wanted his role to seen as separate from other H.P. officials.

Sitting separately, however, carries its own risks. He will face more questions than if he shared the panel with others, since each committee member gets 10 minutes to ask questions at each panel.

Ousted HP Chairwoman Says She Consulted Others In Leak Probe, Was Certain Methods Were Legal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 28, 2006

(AP) - WASHINGTON-Hewlett-Packard Co.'s ousted chairwoman said it was her duty to stem boardroom leaks of sensitive information and that her decision to initiate an investigation was made in concert with others at HP, according to prepared testimony released by a congressional committee.

Patricia Dunn said she believed that the methods used in the investigation were anything but legal, and that she discussed the conduct of the probe with the technology company's CEO and board members - getting a clear impression that the directors were satisfied with it.

"I never doubted ... that what they were doing was legal," Dunn said in written testimony prepared for her appearance Thursday at a hearing by the House Energy and Commerce Committee. It was released by the panel late Wednesday.

She was referring to the probe led by Ron DeLia, the operator of a private detective firm. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter.

"I initiated the investigation, in response to directors who urged me to take more serious action in response to leaks," Dunn said in her lengthy and detailed recounting of events. "I turned to resources that HP normally used to do this type of work.

"I now believe that not only I, but all of the executives upon whom I relied at HP, whose integrity I have never questioned to this day, were similarly confident that these records were accessed under fully legal circumstances."

Five private investigators who allegedly served as the foot soldiers in the company's efforts to identify the source of leaks have been ordered to testify at Thursday's hearing.

The subpoenas, announced Wednesday, were the second batch issued by the Energy and Commerce Committee. The private eyes are believed to have masqueraded as journalists, HP directors and employees to obtain their phone records. Last weekend, two HP employees and the operator of a detective firm were ordered to appear.

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The House committee will be exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed the company's chairwoman, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors.

Dunn, HP CEO Mark Hurd - who succeeded her as chairman on Friday - and General Counsel Ann Baskins also have agreed to appear at the hearing.

"I'm deeply concerned about corporations, in this case HP, using private detectives and information brokers to obtain illicit access to telephone records and other personal information," Rep. Edward Markey, D-Mass., a senior member of the House panel, said in a statement Wednesday. "We need to know how this happened, why HP and others thought this was legal, and how widespread (is) this practice of spying on employees, directors or the corporate competition."

The five private eyes summoned to appear are believed to have acted as "pretexters" who got phone records under false pretenses. They are Bryan Wagner of Littleton, Colorado; Charles Kelly of CAS Agency in Villa Rica, Georgia; Cassandra Selvage of Eye in the Sky Investigations, Dade City, Florida; Darren Brost of Austin, Texas, and Valerie Preston of InSearchOf Inc., Cooper City, Florida.

Wagner told an investigator that he had destroyed his computer with a hammer, The Wall Street Journal reported in Wednesday's editions, citing an anonymous person familiar with a probe of the HP case.

Documents have shown that investigators working for HP intruded into the personal lives of seven HP directors, two employees, nine reporters and family members of the targeted individuals. In addition to impersonating those targeted to procure phone records, they also spied on an HP director and his wife, sifted through their garbage, and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

On the Net:

Dunn testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Dunn.pdf

Hurd testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Hurd.pdf

CEO Faces Gantlet At Hearings (USAT)

By Michelle Kessler

USA Today, September 28, 2006

SAN FRANCISCO — When Hewlett-Packard CEO Mark Hurd takes the stand before a congressional committee today, he will be fighting for his reputation — and possibly his job.

Hurd, 49, has acknowledged approving at least part of a plan to snoop on journalists, board members, even his own employees. Some of the tactics his team and their contractors used may have been illegal.

Now, Hurd and other key players have been asked to defend their actions before the House Energy and Commerce Committee. Wednesday, the Committee subpoenaed five more individuals, all private investigators. That brings the total requested witness list to seven detectives, six current or former HP employees and one outside lawyer.

But none will face as much scrutiny as Hurd, who as CEO, is ultimately responsible for what happened at HP.

HP board member Robert Ryan, a former Medtronic executive, says Hurd is a victim of the scandal, not the cause. The board had told Hurd to focus on fixing HP's operational problems instead of boardroom squabbles, Ryan says.

So Hurd wasn't paying much attention when a private investigative team began using subterfuge to obtain phone records of reporters and staffers, in hopes finding a leak, Ryan says. When the board delivered a report, Hurd and the board were so busy figuring out what to do about the leaker (board member George Keyworth) that nobody thought to ask how the investigation was conducted, Ryan says. The mistake shouldn't get Hurd fired, he says.

But it will be difficult for Hurd to emerge untarnished. He will face tough questions, including:

•Did Hurd know that private detectives were physically surveilling people at their home and work?

•Why did he OK a plan to send e-mails from a fictitious source to a journalist in order to trick her?

•Did he knowingly allow HP staffers to turn over employees' Social Security numbers to investigators?

•Is there more snooping that has not yet been uncovered?

Morgan Lewis, a law firm hired by HP to conduct an internal investigation, says it also has evidence of detectives snooping through someone's trash, though it doesn't know whose. Morgan Lewis says it hasn't found evidence of wiretapping phones or installing software to track computer keystrokes.

Congress is eager to know, says Rep. Ed Markey, D-Mass. Internal documents that the company has released show a blasé attitude toward pilfering phone records, he says. That suggests, "It is very unlikely that HP is the only corporation that is aiding and abetting the illegal practice," he says.

And Congress intends to stop that. "We clearly need to ban these kinds of practices," says Rep. Diana DeGette, D-Colo. While the House committee can't prosecute HP, it can help spawn regulation that will prevent such scandals from happening again, she says. Several other government agencies are investigating and could impose penalties.

The results will affect all of Corporate America, but the stakes are huge for HP. Hurd, head of the company for 18 months, has won acclaim for turning around the troubled computer giant. Now, he must grapple with a messy, attention-getting scandal that exposes HP to legal liability. And he must do so just as his corporate overhaul enters a crucial and difficult period.

"His performance on Thursday will be a career-defining moment," says business professor Eric Johnson at Dartmouth College.

Hurd has a good chance of surviving it, Johnson says: He has handled the crisis fairly well, so far. If he continues to do so, he should be able to hang on to his position — unless HP drops another bombshell. If that doesn't happen, "he'll weather the storm," says equity analyst Charlie Wolf with Needham & Company.

A big part of Hurd's defense is plausible deniability. He wasn't at HP when the snooping program started in early 2005. His predecessor, Carly Fiorina, launched it as a way to find out which board members were leaking information to the press. In the shake-up that ousted Fiorina, board member Patricia Dunn became chairman and assumed responsibility for the program.

Hurd has repeatedly said that his focus at HP has been on day-to-day operational problems. During his tenure, he focused on retooling HP's 150,000-person bureaucracy. (Hurd's previous job was head of NCR, a company less than one-fifth HP's size.)

Hurd has publicly confessed to giving a general go-ahead to the snooping program, though he says he didn't know many of the details. He has also apologized, and hired former U.S. prosecutor Bart Schwartz to analyze the company's business practices.

The board is also looking for outside members to help improve corporate governance, Ryan says.

The public statements could have come out earlier, says tech analyst Crawford Del Prete at researcher IDC. But overall, Hurd is "taking this head-on," he says.

If HP's stock price is any indication, HP's investors are not too worried. Shares have risen more than 61% since Hurd became CEO. They've slipped less than 3% this month despite non-stop coverage of the scandal in the business press.

Wall Street's main concern is that Hurd keeps his job, Needham's Wolf says. Hurd told BusinessWeek he has no reason to believe his job is in danger. (Hurd denied requests to be interviewed for this story.)

Other major players have not been so lucky. Dunn tried to hang on to her board seat, agreeing earlier this month only to resign as chairman. But as more reports were issued that linked her to Ron DeLia, a private investigator in the case, she resigned.

So did HP security manager Anthony Gentilucci, who handed at least one HP employee's Social Security number over to private investigators.

HP lawyer Kevin Hunsaker left the company Tuesday, though HP wouldn't say whether he quit or was fired. Hunsaker had led one stage of the snooping program, assuring others at the company that it was legal, HP's current lawyers say.

Gentilucci, Hunsaker and DeLia have all been subpoenaed to appear before the House committee. Dunn and Hurd have been asked to appear, as have two more HP employees: general counsel Ann Baskins and security investigator Fred Adler. The exact details of their roles are not yet publicly known. It's also unclear what role HP employees Vince Nye, Denis Lynch, Tim O'Neill or Jim Fairbaugh played. All were members of the investigation team, according to an HP document obtained by USA TODAY.

Private investigator Joe Depante has also been asked to appear before the committee. He owns Action Research Group, a subcontractor of DeLia's firm, Security Outsourcing Solutions (SOS).

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Silicon Valley attorney Larry Sonsini is also scheduled to testify. Sonsini, HP's outside legal counsel, was part of the team that investigated HP's snooping methods after HP director Tom Perkins complained. At the time, Sonsini said he could not say that all techniques employed by HP and its subcontractors were legal.

It's less clear what role the five private investigators subpoenaed Wednesday played in the HP scandal. The Committee says each has used subterfuge to obtain phone records — a technique known as pretexting — and all have relevant information to HP.

But one, Cassandra Selvage of Dade City, Fla.-based Eye in the Sky Investigations, says she has not worked for HP, SOS or Action Research Group. She says her subpoena contained no details, and the Committee wouldn't provide any when she called and asked. "I will be there, but I don't know what for," she says. She would not say whether she used pretexting. The others, Bryan Wagner of Littleton, Colo., Charles Kelly of Villa Rica, Ga., Darren Brost of Austin and Valerie Preston of Cooper City, Fla., could not be reached for comment. HP had no comment on the new subpoenas.

In addition to the House committee, five other government agencies are looking into the snooping scandal. That's a distraction, but a corporate shake-up may ultimately benefit Hurd, Needham's Wolf says.

Hurd has made few big changes to HP's top ranks. Now, at the very least, he will have the opportunity to pick two board members to replace Dunn and Perkins, who resigned in protest of Keyworth's treatment.

But Hurd faces huge challenges in the coming months, IDC's Del Prete says.

Corporate turnarounds are relatively easy at first, he says. Cost-cutting measures often instantly boost profits. Hurd has slashed 15,000 jobs, and reported five straight quarters of rising net income.

Now, things get tougher. He must get the $87 billion company to grow despite tough competitors such as Dell, Sony and Kodak.

Additionally, Hurd now holds the dual role of CEO and chairman, putting him in charge of HP's famously contentious board.

He must boost morale inside the battered company. And he'll have to prove that he has the strategy to keep the computer giant — which rivals IBM in size — moving forward.

But if things go well Thursday, it will "at least put to bed the question of whether Mark Hurd can survive (the scandal)," Dartmouth's Johnson says.

HP Leader Hurd Expected To Apologize At Hearing (USAT)

By Michelle Kessler And Jon Swartz

USA Today, September 28, 2006

SAN FRANCISCO — Hewlett-Packard CEO Mark Hurd is expected to apologize before Congress for HP's snooping scandal today. Former chairman Patricia Dunn is expected to blame others for the mess.

According to prepared remarks released by the House Energy and Commerce Committee, Hurd will tell Congress that a hunt to find out which board member was leaking information to the press "became a rogue investigation that violated our own principles."

"The end came to justify the means," Hurd's prepared remarks say. "If Bill Hewlett and David Packard were still alive, they would be appalled."

The statement contains few new details about Hurd's role in the scandal, which unfolded after an HP contractor used subterfuge to obtain home phone records of journalists, board members and employees.

Dunn, in contrast, plans to name names. In her statement, she says she was put in charge of the leak investigation in early 2005. She turned to Bob Wayman, HP's longtime chief financial officer then also serving as interim CEO.

Wayman introduced Dunn to an HP security employee, Kevin Huska, who in turn introduced her to private detective Ron DeLia, the statement says. DeLia has been subpoenaed to appear before the committee. He is expected to invoke his right against self-incrimination, says Rep. Diana DeGette, D-Colo.

HP spokesman Ryan Donovan said Wayman was not involved in the leak investigation. "Any assumption about Bob Wayman's involvement made by Ms. Dunn was nothing more than that, an assumption," he said.

Dunn's statement also says that she was in regular contact with Hurd and Ann Baskins, HP's general counsel, about the leak hunt. She says she knew that private detectives were physically following HP board members. "I did not find it objectionable," she said.

Dunn says, though, that it wasn't until board member Thomas Perkins began questioning HP's investigative tactics this summer that she understood that the detectives were swiping phone records.

Dunn, a former executive at Barclays Global Investors, was forced out last week. Among letters of support to the House panel, she is endorsed by John Galvin, president of the Henry David Thoreau Foundation, and David Nygren, head of the corporate governance group at Mercer Delta Consulting. Both have had business dealings with Dunn.

House Panel Expands Probe Of Hewlett-Packard Spying (HILL)

By Elana Schor

The Hill, September 28, 2006

The House Energy and Commerce Committee issued five more subpoenas yesterday to detectives tied to the privacy invasion scandal at Hewlett-Packard, setting the stage for two days of hearings that could reveal new details of the tech company's now-infamous spying practices.

Hewlett-Packard (HP) stumbled into a political and legal minefield this month when its internal probe of boardroom leaks of confidential company information became public. HP admitted hiring private detectives to fraudulently obtain the phone records of board members and journalists through a tactic known as "pretexting," which has been in the crosshairs of Energy and Commerce's oversight subcommittee for almost a year.

"Clearly the HP case is a high-profile example of the scam" of pretexting, in which detectives impersonate individuals in order to access their personal data, Energy and Commerce spokesman Terry Lane said. "We want to find out how pretexting was used and find out any other type of investigative methods that were used by HP."

The witness list for today's hearing includes most central players in the widening HP scandal. HP chief executive officer Mark Hurd offered to appear last week to discuss the company's use of pretexting, and Patricia Dunn, who resigned as board chairman last Friday over her role in the affair, also will testify under oath.

In a statement late last week, Dunn was optimistic that today's hearing would be the first step to rebuilding HP's reputation. "I look forward to appearing before Congress next week to answer their questions and help the company put this unfortunate event behind it," she said.

The committee also has called HP's general counsel, global security manager, and Larry Sonsini, a top Silicon Valley lawyer who gave legal advice to the company. Two other witnesses are private contractors used by HP who could take the 5th Amendment rather than potentially incriminate themselves.

The five new subpoenaed witnesses, sources said, may have played subcontractor roles in HP's broad pretexting operation but may have done so without full knowledge of their ultimate employer.

Energy and Commerce Chairman Joe Barton has pushed for months for floor action on his panel's pretexting bill, which would explicitly criminalize pretexting of phone records and empower the Federal Trade Commission and Federal Communications Commission to step up enforcement of penalties. But the bill was pulled from the House floor schedule in the spring as the National Security Agency's warrantless-wiretapping program first made headlines and its future is uncertain.

Despite the harsh light cast by the HP scandal on the commonality and low price of invasive pretexting, the packed House schedule could prevent any action this year, a House GOP source said. The nine appropriations bills yet to be considered look to push pretexting to the bottom of the House agenda though the situation coudl change.

Rep. Ed Markey (D-Mass.), who sent a strongly worded letter to Speaker Dennis Hastert (R-Ill.) after the bill was initially pulled, nonetheless hopes today's hearing and a follow-up tomorrow will jumpstart debate on privacy protection issues.

"We need to know why this happened, why HP and others thought this was legal, and how widespread this practice of spying on employees, directors, or the corporate competition [is]," Markey said in a statement.

Representatives from the Federal Trade Commission and the Federal Communications Commission will testify tomorrow, and the FTC is expected to stress its escalating efforts to prosecute phone-records pretexters for unfair or deceptive practices.

While the Gramm-Leach-Bliley Act of 1999 made it a crime to pretext for financial records, phone records remain a murky area in the law.

The House has unanimously passed the Judiciary Committee's pretexting bill, increasing criminal penalties for detectives found using the tactic, but that measure has yet to see action in the Senate. Earlier this month, Judiciary Chairman James Sensenbrenner (R-Wis.) and two fellow panel members wrote to Senate Majority Leader Bill Frist (R-Tenn.), urging action on their product.

"If an attorney of Mr. Sonsini's caliber (in our view mistakenly) believes that pretexting is not already a crime, then the time has come to clearly and unambiguously make that activity illegal," wrote Sensenbrenner and Reps. Lamar Smith (R-Texas) and Howard Berman (D-Calif.) on Sept. 8.

Consumer and grassroots groups largely prefer the House Energy and Commerce approach to the Senate Commerce Committee's pretexting bill. Still, that measure has yet to be merged with an overlapping Senate Judiciary Committee bill, leading to a crush of options that is likely to postpone Senate action until after the election, if at all this year.

Two central players in the HP saga have signed lawyers with significant Bush administration clout. Thomas Perkins, the board member whose May resignation ignited internal scrutiny of Dunn's handling of the leak probe, has retained former Justice Department counsel Viet Dinh, while Sonsini has retained Akin Gump's Michael Madigan, a onetime counsel for President Bush's 2000 campaign.

Hewlett Packard's media relations department did not return requests for comment by press time.

Between The Lines Of HP's Spy Scandal (WP)

By Ellen Nakashima

The Washington Post, September 28, 2006

Hewlett-Packard Co.'s media-leak investigation went forward despite warnings from HP security personnel that the tactics used were "probably illegal" and should be stopped, according to documents collected for today's congressional hearing on the scandal.

In February, HP global security investigator Vince Nye told a Boston colleague working with him on the leak probe that he had "serious reservations" about how they were obtaining phone-record information in an internal probe to ferret out the source of media leaks.

He said he thought the method, impersonating someone else to trick the phone company into providing call data, "is very unethical at the least and probably illegal."

"I am requesting that we cease this phone number gathering method immediately and discount any of its information," Nye wrote in a Feb. 7 e-mail to Anthony Gentilucci, one of four members of the internal investigative team reporting to HP's legal department. Nye sent a copy of the e-mail to Kevin Hunsaker, then HP's chief ethics director, who supervised the probe.

How and why top management failed to heed the warning are among the questions members of the House Energy and Commerce oversight and investigations subcommittee want answered at today's hearing. More than a dozen key figures, including chief executive Mark V. Hurd and former chairman Patricia C. Dunn are scheduled to appear to explain how their media-leak probe morphed into an elaborate spying operation that targeted board members and journalists.

The hearing was fueled by concerns about how private citizens' phone records were illegally accessed. On a deeper level, analysts and lawmakers said, the issue is one of corporate ethics and how HP's leaders could let an internal probe go so awry.

Dunn, in a statement submitted to the committee for today's testimony, strongly defended her handling of the leak investigation, which started in 2005. She distanced herself from its operational aspects, saying: "I did not at any point consider myself its 'supervisor.' "

Dunn professed not to know that illegal tactics were used. At some point in spring 2005, Dunn said she became aware from Ronald DeLia, a Boston contractor who had done investigative work for HP for eight or nine years, that phone records were being obtained as a "standard component" of internal investigations.

"The clear impression I had from Mr. DeLia was that such records could be obtained from publicly available sources in a legal and appropriate manner," she said.

Dunn, who left the company Friday, said both she and Hurd were aware of a planned e-mail sting operation on a reporter conducted in February in an attempt to flush out the reporter's source of company information. She said she was assured that this was "a legal and common investigative technique" and so referred it to Hurd for the final decision.

Dunn's remarks contrasted with a more contrite statement from Hurd to the committee for today's testimony. In it, he apologized to the nine journalists, two current HP employees, and seven former or current HP board members and their families whose phone records were to varying degrees obtained under false pretenses, a practice known as pretexting.

"How did such an abuse of privacy occur?" he wrote. "It's an age-old story. The ends came to justify the means."

"What began as a proper and serious inquiry into leaks to the press of company information from within the HP board became a rogue investigation that violated our own principles and values," he added. "There is no excuse for this aberration. It happened; it will never happen again."

The scandal brings to the fore questions of privacy that affect thousands of Americans whose phone or bank records have been fraudulently obtained by data brokers who sell the information to investigators. What catapulted this to the headlines was the fact that this time, it was a Fortune 100 company seeking the personal data

Not only did investigators lie to obtain phone call records, they also conducted extensive background checks of reporters, directors, their spouses and children; plotted to plant spies in newsrooms; discussed the possibility of inspecting trash; and planned a ruse to trick a reporter into revealing her source by planting a tracer in an e-mail sent by a fictitious HP tipster.

"What happened here was like cutting off your head to kill a head cold," said Charles M. Elson, chairman of the University of Delaware's John L. Weinberg Center for Corporate Governance.

The purpose of today's hearings, lawmakers and aides said, is to lay bare what happened, find out who committed or knew about any acts that were illegal or unethical, and to push Congress to pass pending legislation that could prevent much of this from happening again.

"For the highest-ranking officials of a company like Hewlett-Packard to be aware of and seemingly approve this kind of activity I do not think speaks well of their value system or their culture," said subcommittee chairman Edward Whitfield (R-Ky.).

The scandal seems curious, considering how Hewlett-Packard, founded in 1938, spent decades building an image as an ethical company devoted to civic responsibility and the welfare of its employees. HP codified its philosophy of respecting individuals, encouraging teamwork and promoting openness as it tried to fashion useful products. Called "the HP Way," its corporate philosophy became a legend in Silicon Valley.

In his statement, Hurd admitted that the probe had fallen afoul of the "HP Way." He outlined steps taken to correct mistakes, including accepting Dunn's resignation. Two others involved in the investigation, Hunsaker and Gentilucci, have also left the company. Hurd said existing ethical practices will be reviewed and new measures developed to protect information privacy.

He, too, distanced himself from the investigation's operation: "I was apprised of the existence of the investigation by Ms. Dunn, but I was not involved in the investigation itself."

Both the FBI and the California attorney general's office are investigating the case, and California Attorney General Bill Lockyer has said he has enough evidence to bring criminal charges against people inside and outside the firm. Documents delivered to Congress detailed one exchange between HP investigators that suggested they knew they were pushing the bounds of the law.

In a Jan. 30 e-mail, Hunsaker asked Gentilucci how HP's private investigator was obtaining phone records. "Is it all above board?" he asked.

Gentilucci replied that the investigator, DeLia, used " some ruse" to trick phone operators. "I think it's on the edge, but above board," he wrote.

Hunsaker's reply: "I shouldn't have asked."

Staff writer Yuki Noguchi and staff researcher Richard Drezen contributed to this report.

Dunn And Dumber (WSJ)

The Wall Street Journal, September 28, 2006

One refreshing aspect of the Hewlett-Packard "leak" scandal is that it hasn't become an excuse to diagnose some larger sickness in all of corporate America. Today, however, the story heads to Congress, which specializes in false diagnoses, not to mention bad prescriptions. So perhaps it's time to sort out the lessons of this case, prosaic as they are.

From our vantage point in the cheap seats, the spectacle looks like a unique case of board of director dysfunction and bad human judgment. Such things are known to happen, even among the rich and otherwise savvy. Patricia Dunn, H-P chairman until her recent resignation, led a wild leak chase all out of proportion to the story that prompted it. That chase evolved into a fishing expedition into telephone records and even newspaper trash, including misrepresentations that may have been illegal. Most H-P directors still haven't admitted, perhaps even to themselves, how dumb and dumber this all was.

None of this is to say that board leaks aren't a problem. Directors are supposed to have a company's best interests in mind, and leaks to the press can make life difficult for any management. H-P's most damaging leak came in January 2005, when this newspaper reported that the board had concerns with then-CEO Carly Fiorina. She was later sacked, and the H-P board agreed not to speak to the press. But leaks are a fact of modern American life, and the search to find the leaker typically does more harm than the leak itself. Media relations, leaks included, are a key part of an executive's job.

All the more so in H-P's case because the actual "leak" that triggered a second phase of the probe hardly deserves the term. A story on CNET News, the Web site, was mostly an endorsement of the strategy of new CEO Mark Hurd. Most companies want this kind of publicity. But Ms. Dunn seems to have used the story as an excuse to investigate directors she disagreed with, specifically physicist George "Jay" Keyworth.

Ms. Dunn hasn't yet told her side of this story -- not surprising given California Attorney General Bill Lockyer's loose words about criminal indictments. But the board's internal disagreements seem to have been about the role of directors. Mr. Keyworth, who was Ronald Reagan's science adviser and whose 21 years on the board go back to the era of founder David Packard, was part of a faction who believe directors need to be conversant enough with technology to appreciate the company's main business risks. After H-P's failure to recognize the threat from the distributed computer revolution in the 1990s, this makes a lot of sense.

Ms. Dunn, by contrast, is a former financier with little knowledge of the computer industry. She believed H-P's board should focus more on supervisory process -- for example, by fulfilling its obligations under Sarbanes-Oxley. There may also have been some residual tension on the board over Ms. Fiorina's dismissal; Mr. Keyworth was among those who wanted to replace Ms. Fiorina, who still has friends on the board.

In any case, there's little doubt that Ms. Dunn's leak probe was aimed principally at Mr. Keyworth, who acknowledged having lunch with the CNET writer, a long-time acquaintance. Asked to resign at a board meeting in May, Mr. Keyworth understandably refused on grounds that what he had "leaked" was public information, finally resigning this month as a way to help Mr. Hurd clear the decks.

Are there any bigger lessons here about "corporate governance"? Not really. The fad of dividing the roles of CEO and chairman may sometimes make sense, but at H-P that division of responsibility led to dysfunction. Ms. Dunn seems to have meddled too much in corporate operations by supervising a leak probe run from the H-P counsel's office. That's one danger of dividing the two jobs. But like any collection of human beings, the knowledge and judgment of the individuals on a board matter far more than its structure.

Mr. Hurd and the entire H-P board also seem to have ignored a law of modern public relations, which is to get all the bad news out early, take responsibility, and move on. Instead, the board knew as early as June that the probe involved "pretexting," or misrepresentation, to obtain Mr. Keyworth's phone records, yet it failed to stop it. Mr. Hurd has finally acknowledged he should have paid more attention to the details of the probe, but he was also too slow to accept that Ms. Dunn had to leave as chairman. He's fortunate H-P's stock has performed so well, or some investors would be using this episode to call for his head as well.

As for Congress, we understand the impulse to grab some camera time by beating up on H-P witnesses. But even otherwise shrewd Members of Congress have been known to do stupid things from time to time. The last thing the country needs is a new Bureau for the Prevention of Bad Business Judgment, which is at bottom what the H-P saga is all about.

A Fugitive's Haven In Africa Turned Out To Be Anything But (WSJ)

By CHARLES FORELLE, KARA SCANNELL And PAUL DAVIES

The Wall Street Journal, September 28, 2006

Kobi Alexander Is Arrested In Namibia; the Tip-Off Was Hefty Bank Transfer

Kobi Alexander, a former chief executive embroiled in a stock-options scandal and the focus of an international manhunt, seemed to have found the safest of havens: Windhoek, the picturesque capital of Namibia, an African country with no extradition treaty with the U.S.

Missing since early August, and supposedly spotted in Sri Lanka several weeks ago, Mr. Alexander was living openly in Windhoek with his wife and children, said a U.S. official in Namibia. He had filled out a temporary residence permit using his given name, Jacob Alexander, the official said, had enrolled his children in the international school and was looking for real estate.

Yesterday, this life on the lam came to an end. Early in the morning, Namibia's justice minister filed a special notice with parliament to allow the country to extradite Mr. Alexander to the U.S., and a magistrate issued an arrest warrant soon after. At about 2 p.m. local time, authorities arrested Mr. Alexander, the 54-year-old former chief of Comverse Technology Inc., as he was having lunch with his wife in his suite at the luxury Windhoek Country Club. They'd been staying there while shopping for a residence, according to the U.S. official.

Shortly thereafter, the U.S. attorney in Brooklyn, N.Y., unsealed a 32-count indictment against Mr. Alexander for his alleged role in a scheme to backdate stock options at the company he had co-founded.

Herman Oosthuizen, an attorney for Mr. Alexander in Windhoek, declined to comment. Keith Krakaur, an attorney for Mr. Alexander in New York, said he hadn't spoken to his client since the arrest and didn't know how he would respond to the effort to extradite him.

About a month ago, an official at Namibia's bank regulatory agency noticed an unusual transfer of funds into the African country: Tens of millions of dollars to the account of Mr. Alexander, who had arrived days before. That seemed suspicious for a person with no known permanent Namibian residence, family or business connections. The official sent word through an Interpol liaison, who got in touch with the U.S. Federal Bureau of Investigation, and learned that Mr. Alexander was a wanted man. "The Namibians and we are flabbergasted about why he would come here," said the U.S. official who provided the account of Mr. Alexander's capture.

The Wall Street Journal's Lee Hawkins8 reports on the news that former Comverse CEO Kobi Alexander is in custody.

Windhoek, a city of both modern buildings and German colonial architecture, has a reputation as one of the most beautiful in Africa. Namibia is off the beaten track and has beautiful deserts and haunting coastlines. Like South Africa next door, it has a colonial history and modern lifestyle. Namibia got a publicity boost earlier this year when actors Angelina Jolie and Brad Pitt traveled there for the birth of their daughter, Shiloh Nouvel.

While corruption, lackluster law enforcement and an absence of extradition treaties make much of Africa a refuge for people looking to dodge prosecution, Namibia has a fairly sophisticated legal and business environment. The regulator's tip set off a quick chain of events under the Namibian laws that let the justice ministry seek dispensation to arrest and extradite a fugitive. Namibian officials filed the required notice with parliament yesterday morning, said the U.S. official, and after an arrest warrant was granted, Mr. Alexander was arrested.

He is spending the night in jail and will have a hearing today. The U.S. official, who said no one could remember a case where Namibia has extradited anyone to the U.S., praised Namibian authorities for their quick action.

In the 1980s, Mr. Alexander and an Israeli engineer co-founded Comverse to produce technology for voicemail systems. Mr. Alexander was the son of the head of Israel's national oil company and a former member of an elite Israeli army unit. At Comverse, he was known as a tough executive who held tight sway.

Comverse was originally something of a family affair, with Mr. Alexander's sister, brother-in-law and father once board members. It grew to become a leading maker of voicemail software and survived when many others failed in the collapse of the telecom bubble. Based in New York, it has more than 5,000 employees and about $1.2 billion in annual revenue.

The business made Mr. Alexander wealthy, but prosecutors allege that millions of dollars of his fortune came from improper backdating of stock-option grants. In August, they charged him and two other former executives, alleging a scheme by which they deceived directors who were supposed to authorize stock-option grants. By using bogus dates, prosecutors charge,

the executives made the grants appear to have been given at a time when Comverse's stock price was lower, making the grants more valuable.

According to an affidavit filed by an FBI agent, Mr. Alexander and former finance chief David Kreinberg also engineered the creation of a secret options slush fund that held grants to phony employees, with the options later doled out to favored employees. Mr. Kreinberg and former Comverse General Counsel William Sorin surrendered to federal agents on Aug. 9. Mr. Alexander didn't show.

Messrs. Kreinberg and Sorin are charged in a complaint with securities fraud but haven't been indicted. Mr. Alexander faces a 32-count indictment that includes false-filing counts for each of eight forms submitted to the Securities and Exchange Commission. It also includes 14 wire-fraud counts for various emails, electronic forms and faxes, plus three mail-fraud charges related to the sending of documents to directors.

Prosecutors allege that in July 2006, knowing he was under investigation, Mr. Alexander shuffled money that included options proceeds between two accounts -- then sent $57 million to an account in Israel. He is charged with three money-laundering counts. Prosecutors are moving to seize funds in two accounts at Israeli banks held by Mr. Alexander, along with two West Side Manhattan apartments.

Namibia has relatively close ties to Israel, and Windhoek once had a sizeable Jewish community. Laurence Pieters, former president of the Windhoek Hebrew Congregation, said, "We have a lot of Israelis coming to services here." The community numbered more than a thousand between the 1950s and the 1970s but has declined. Mr. Pieters said he hadn't heard of Mr. Alexander.

Just what happens to Mr. Alexander's money in Namibia isn't yet clear. Being in jail, he doesn't have access to the cash, the U.S. official said, adding that it likely would be informally held by Namibian authorities until legal proceedings are sorted out.

--Robert Block contributed to this article.

Former Chief Of Comverse Is Arrested In Namibia (NYT)

By Julie Creswell

The New York Times, September 28, 2006

Life on the run ended early yesterday for Jacob Alexander, the former chief executive of Comverse Technology, after he was arrested by local authorities in Windhoek, the capital of Namibia in southwestern Africa.

Mr. Alexander, also known as Kobi, is expected to be brought before a court in Namibia, possibly as soon as today, and the United States intends to seek his extradition to face charges stemming from a scheme to backdate stock option grants at Comverse, according to the United States attorney's office in Brooklyn.

Once back in the United States, Mr. Alexander, 54, will face conspiracy, securities fraud and money-laundering charges, according to a 32-count indictment against him that was unsealed yesterday. Prosecutors are also seeking forfeiture of $138 million in bank accounts or other assets held by Mr. Alexander.

Details about Mr. Alexander's arrest and what brought him to Namibia remained murky yesterday. He is believed to have been in the region for some time and was, at times, there with his family, according to two individuals briefed on the investigation.

Adding to the confusion were questions over whether the United States can legally request Mr. Alexander's extradition from Namibia.

"The U.S. does not have an extradition treaty with Namibia," said Janelle Hironimus, a spokeswoman for the United States State Department. "Our understanding is that Namibia law permits extradition in the absence of a treaty in certain circumstances."

"The U.S.," she said, "will submit a formal request for Mr. Alexander's extradition and that request will be considered by the Namibian courts."

One of Mr. Alexander's lawyers, Robert G. Morvillo, said, "I don't have a clue with regard to this particular country and what his particular rights are in the context of whatever is going on there."

Another of his lawyers, Keith D. Krakaur of Skadden, Arps, said he also had not spoken with Mr. Alexander since his arrest and did not know whether he intended to fight or cooperate with extradition attempts.

The arrest ends another strange chapter in Mr. Alexander's career. Credited with turning Comverse from a penny stock to a communications software company with $1 billion in annual sales, Mr. Alexander was the subject of an international manhunt this summer, with reports — all unconfirmed — that he traveled from Israel to western Sri Lanka during his time as a fugitive.

Mr. Alexander's fortunes had turned earlier this spring, when Comverse began an internal investigation into the altering of dates of options granted to him and other executives and employees of the company. The investigation prompted Mr. Alexander to resign as chief executive of the company and chairman of the board in April.

In August, federal prosecutors described a brazen scheme that involved backdating every companywide option grant between 1998 and 2001 to days when Comverse's stock was trading at lower prices, hence creating the potential for bigger profits. Mr. Alexander and two other former Comverse executives were charged in a criminal complaint with securities, mail and wire fraud.

Options give an employee the right to buy a stock at some point in the future at the price of the stock on the day it was granted, commonly referred to as the strike price. The lower the strike price, the more an option is worth to the recipient. By dating the options back to a time when the stock was trading at a lower price, the recipient receives even bigger profits.

Two of the executives, David Kreinberg, the former chief financial officer, and William F. Sorin, the former general counsel, were not named in the indictment that was unsealed yesterday. Their cases are still pending.

Among the allegations against the three executives was that they were involved in a scheme that in which stock options were granted to fictitious employees to create a secret account of options to dole out to favored employees.

The account was initially named "I. M. Fanton" by an assistant who had seen the Broadway show "The Phantom of the Opera." Later, it was renamed "Fargo" for the movie directed by the Coen brothers.

According to the indictment unsealed yesterday, Mr. Alexander "reaped substantial personal gain from his fraudulent conduct," citing more than $15 million in "paper profits." The indictment does not say whether any of those paper profits were sold for real profits.

So far, executives from only two companies — Comverse and Brocade Communications Systems — have faced criminal charges as the investigations into options practices widen.

More than 100 companies nationwide are now under investigation over their options practices by the Securities and Exchange Commission or by federal prosecutors in San Francisco, Brooklyn and Manhattan.

Fugitive CEO, Sought In Brooklyn, Captured In Namibia (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, September 28, 2006

(AP) - NEW YORK-The fugitive former chief executive of leading voicemail software maker Comverse Technology Inc. has been captured in Africa following a two-month international manhunt, U.S. officials announced Wednesday.

Details of the arrest of Jacob "Kobi" Alexander in the Republic of Namibia were not immediately available. But in a statement, U.S. Attorney Roslynn Mauskopf credited local officials in the southwest African nation for assisting the FBI in the capture.

"We are very grateful for the Namibians' swift action and commend them for their vigilance," she said.

Mauskopf said she would seek Alexander's swift extradition to face charges in federal court in Brooklyn. A call to his defense attorney in New York was not immediately returned.

The manhunt was launched in late July shortly before authorities unsealed a criminal complaint accusing Alexander and two other former top executives of secretly manipulating stock options for personal profit.

Before he disappeared, Alexander, 54, an Israeli citizen and a U.S. permanent resident, allegedly transferred $57 million (â,¬45 million) to Israel, fueling speculation he may have fled there. News reports in Israel speculated that he may have been hiding out in a small Sri Lankan fishing village.

Two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered in August and were released on $1 million (â,¬790,000) bond each.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million (â,¬118 million), making $138 million (â,¬108.7 million) profit, according to the complaint. Of that, about $6.4 million (â,¬5 million) was generated by backdating options, it said.

Prosecutors allege Kreinberg and Sorin earned about $1 million (â,¬790,000) each on backdated options.

In addition, the company awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for phantom, court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without board of directors approval, the papers added.

Comverse Technology is headquartered in Wakefield, Massachusetts.

Former Comverse Chief Alexander Arrested In Namibia (Update5) (BLOOM)

By Allan Dodds Frank And Bob Van Voris

Bloomberg, September 28, 2006

Sept. 27 (Bloomberg) -- Jacob ``Kobi'' Alexander, the former Comverse Technology Inc. chief executive officer who became a fugitive after being charged with securities fraud, was arrested today in Namibia.

Alexander, the ex-Israeli intelligence officer turned high- technology entrepreneur, will be brought before a court in Windhoek within 48 hours, and the U.S. will seek his extradition, the Justice Department said.

Federal prosecutors charged Alexander, 54, on Aug. 9 with backdating stock options to boost the compensation of executives at New York-based Comverse, the world's largest maker of voicemail software. He is the second CEO charged in the government's probe of illegal stock-option backdating, the largest investigation of corporate wrongdoing since a mutual fund trading scandal three years ago led to $4.3 billion in penalties.

``Alexander's alleged role in options back-dating victimized Comverse shareholders and deceived prospective investors,'' Brooklyn U.S. Attorney Roslynn Mauskopf said today in a statement. ``The fraud affected the company's bottom line by misstating earnings.''

Alexander, the wizard of Israel's technology boom, was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., said Ray Castillo, a spokesman for the U.S. embassy in Namibia.

Sought by Jiang Zemin

The former Comverse CEO was sought out by the likes of former Chinese President Jiang Zemin, who slipped away from official meetings in 2000 and steered his motorcade through a pot-holed section of Tel Aviv to meet with Alexander. Engineers at the company cheered as the Chinese leader shook hands with their chief executive officer.

The probe of backdating at Comverse presents the widest- ranging fraud allegations arising from more than 130 inquiries launched by regulators, prosecutors or companies into stock- options timing. Options backdating, used by companies to reward employees with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value, according to Bloomberg data.

Alexander left New York-based Comverse in April. His former subordinates, David Kreinberg, Comverse's ex-chief financial officer, and William Sorin, a former general counsel, were also charged last month and released on $1 million bail each. The three were charged in a criminal complaint July 31 of changing the dates on millions of Comverse stock options so employees, including themselves, could buy shares at low prices. Kreinberg and Sorin pleaded not guilty.

Most Wanted List

Since then, the FBI has put Alexander's face on its Most Wanted list and Interpol has sent out a global ``red notice,'' asking police to arrest the former CEO, a dual U.S.-Israeli citizen, and extradite him to face trial in New York. His assets at two Citigroup Smith Barney accounts were frozen by the Brooklyn court July 31.

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A 32-count indictment unsealed today in Brooklyn charges Alexander with crimes relating to an alleged ``slush fund'' and the backdating of stock options from 1998 to 2006. He is charged with conspiracy, securities fraud, making false filings with the U.S. Securities and Exchange Commission, mail fraud, wire fraud and money laundering.

If found guilty of the charges, Alexander may be sentenced up to 25 years in prison, according to Mauskopf's statement.

Alexander's lawyer, Robert Morvillo, didn't return a call seeking comment.

Extradition Treaties

``The apprehension of Alexander follows an international manhunt led by the FBI, and the cooperation of the government of the Republic of Namibia,'' Mauskopf said in her statement.

Windhoek is the capital of Namibia, located on the southwestern coast of Africa. The country was administered by South Africa until 1990, when it won its independence, according to the U.S. Central Intelligence Agency's Web site. One-fifth of the country's economy is dependent on mining, including diamonds and uranium, according to the CIA.

Under international extradition treaties, a foreign country must determine whether the U.S. crime is considered a crime at home and whether the treaty covers it.

Comverse's fortunes soared during the late 1990s with growing sales of cellular phones which use the company's voicemail software. The stock rose from a low of $9.98 on Oct. 8, 1998, to $121.63 on Jan. 24, 2001.

Last year, the company reported $959 million in sales and employed just over 5,000, about half of them in Israel, according to Bloomberg data and the company.

Second CEO Charged

A message left on voicemail at Comverse's headquarters wasn't immediately returned.

Alexander is the second CEO to be charged in the backdating scandal. The first was former Brocade Communications Systems Inc. Chief Executive Officer Gregory Reyes, who Sept. 25 requested a subpoena of two San Francisco-area law firms to defend against charges he improperly backdated stock option grants.

Reyes last month pleaded innocent to 12 counts of securities fraud and other charges that he improperly backdated options so employees could profit from when Brocade's stock was lower.

Comverse shares rose 34 cents to $21.85 at 12:57 p.m. in Nasdaq composite trading.

The case is: U.S. v. Alexander, No. 06-MJ-817, U.S. District Court, Eastern District of New York (Brooklyn).

To contact the reporter on this story: Bob Van Voris in New York at rvanvoris@bloomberg.net

Bondholders Seek $21.5 Million In Damages From BearingPoint Default (WP)

By Kim Hart And Terence O'hara

The Washington Post, September 28, 2006

Plaintiffs who won a bond default ruling against BearingPoint Inc. last week said that they aren't trying to ruin the company and that they don't think the $21.5 million in damages they have requested will hurt the McLean consulting firm's business.

A group of bondholders sued BearingPoint for failing to file up-to-date financial reports -- a violation of the bond agreement that has become a common tool used by creditors and most typically hedge funds to extract concessions. A New York court last week agreed that the firm was in default on about $200 million in corporate debt.

Hareesh Paranjape, portfolio manager at New York-based Fore Advisors L.P. and one of three hedge fund managers who instigated the lawsuit, said he's only trying to make the company meet its obligations.

"The company is not in financial distress," Paranjape said. "Of course, it is just a technical default. But they breached the covenants [of the bonds]. We wanted the damages due to us as a result of that breach. I think it's ludicrous that a $1.7 billion market-cap company thinks that a relatively small damage claim would put them in financial distress."

He said that usually in such cases, companies settle with the bondholders and move on. "BearingPoint for whatever reason did not concede an inch, and now they're paying the price," he said.

BearingPoint officials have appealed the court ruling and asked other creditors to grant waivers to avoid similar suits. The company said it would delay filing its annual report, expected tomorrow, because of the uncertainty that the court ruling has produced for the company.

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BearingPoint's stock closed yesterday at $7.78, down more than 8 percent.

Chief executive Harry L. You yesterday criticized the creditors who brought the suit, saying hedge funds who file this sort of litigation are preying on technicalities to boost their return.

"All the people we've talked to outside the plaintiffs are being very rational about this," You said. "This is just a group of people who've made some money suing people on this technicality."

BearingPoint has not filed timely financial statements in more than two years after inheriting accounting and other problems from when it was part of KPMG LLP. BearingPoint was spun off from KPMG and provides management and information-systems consulting for large corporations and government agencies. In 2005, a new management team, including You, took over, and the firm was "ahead of schedule on its turnaround," said Adam Frisch, an analyst with UBS AG.

"It's unfortunate that this has to overshadow the improvements," he said.

Some analysts agreed that BearingPoint would be able to weather this problem without seeking bankruptcy protection.

But the court ruling still poses risks. Other creditors could use the default judgment to pursue their own payment demands, for example. It could also spook potential clients and prompt existing customers to consider canceling contracts, said Ivan Feinseth, an analyst with Matrix USA LLC.

"How do you advise others when your own house is not in order?" he said. "I don't think bankruptcy is imminent, but they'll have to do some kind of restructuring" of their debt.

You said bankruptcy is not in the cards, though credit-rating agency Egan-Jones Ratings Co. said yesterday that a bankruptcy protection filing remains a possibility.

"The company needs to be watched," Egan-Jones said in a written analysis released yesterday.

Despite its creditor problems, BearingPoint says its revenue has been growing, and it has $291 million in cash on hand. The company warned in its SEC filing, however, that it probably wouldn't be enough to fund its operations should its creditors start submitting "sudden, unexpected significant demands for cash collateral or for accelerated payment of principal and accrued interest."

Revenue for 2005 was $2.40 billion, about a 2 percent increase over 2004, You said yesterday. The company expects to report a loss of $650 million to $720 million for 2005, at least $100 million more than it lost in 2004.

Moody's said yesterday that it had a B1 rating on BearingPoint's corporate debt, a rating it assigns to speculative corporate bonds with relatively high probability of default and loss. Moody's also said its BearingPoint rating "may be under review."

Regulators Urge Joint Action On Derivatives (FT)

By Gillian Tett In London And Anuj Gangahar In New York

Financial Times, September 28, 2006

Three of the world's most powerful financial regulators have taken the unusual step of issuing a joint warning that individual nations cannot contain some of the risks posed by the explosive growth of derivatives and must collaborate across borders.

The dramatic pace of integration and innovation in global markets makes it increasingly difficult to solve problems with "a local or national solution", top officials from the UK Financial Services Authority, the Federal Reserve Bank of New York and the US Securities and Exchange Commission write in the Financial Times.

"In a more integrated global market, we will increasingly find ourselves compelled to pursue borderless solutions," write Timothy Geithner, president of the New York Fed; Sir Callum McCarthy, chairman of the FSA; and Annette Nazareth, a commissioner at the SEC.

The comments come after leading global investment banks, institutional investors and international regulators met at the New York Fed on Wednesday to discuss industry initiatives to improve back-office systems for derivatives trading. The move follows concern last year that back-office backlogs were so serious they could create systemic problems if not addressed.

At the New York meeting, regulators said a process of co-operation between the US and European regulators last year had cut credit derivatives backlogs, but warned the industry still needed to tackle serious backlogs in the equity derivatives world. Their comments prompted the International Swaps and Derivatives Association to declare that it would take urgent action.

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In the FT article, the regulators suggest the US-European initiative could act as a model for co-operation on broader issues in the future. “In the case of derivatives, a local or national solution would have been insufficient to protect domestic financial markets from the risks posed by market practices,” they said.

“To fix the credit derivatives problem, it was necessary to involve a large and diverse pool of financial institutions. No firm or national authority had the capacity to make progress on its own.”

The comments will be closely watched in the financial industry. Although US and European regulators have co-operated extensively behind the scenes in recent years, this collaboration has been discreet, since national supervisors have been expected to handle problems in their local markets. As a result, when Long Term Capital Management, the US hedge fund, imploded in 1998, the New York Fed facilitated rescue efforts by local, Wall Street investment banks.

However, the growing integration of capital markets is making it easier to transmit shocks across borders. When Amaranth, the US hedge fund, lost $6bn this month in US gas markets, this triggered a massive firesale of Amaranth’s loans in London.

Projects Under Scrutiny (HC)

By David Ivanovich

Houston Chronicle, September 28, 2006

Inquiry looks at Halliburton work in Nigeria and elsewhere

WASHINGTON - Federal investigators, who have been looking into a possible bribery scheme involving Houston's Halliburton Co. and a Nigerian natural gas plant, are scrutinizing "multiple" projects both within and outside Nigeria, according to company filings.

Recently uncovered information suggests employees at Halliburton's M.W. Kellogg Co. — some time before 1998 — may have planned to funnel payments to government officials to land projects in countries outside Nigeria, Halliburton subsidiary KBR said in a filing with the U.S. Securities and Exchange Commission.

The SEC has issued subpoenas seeking documents related to multiple projects from the last 20 years in and outside Nigeria, the filing said.

Halliburton spokeswoman Cathy Mann would not discuss the investigations, saying in an e-mail: "As these are ongoing investigations, it would be inappropriate to comment further at this time."

She did point out that the activities under investigation predate Halliburton's acquisition of Dresser Industries, which owned M.W. Kellogg.

Halliburton officials have been scrutinizing the activities of an unnamed agent who "has worked with us outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s," the company said in the filing.

Halliburton officials are trying to determine whether this individual broke the law or violated the company's code of conduct.

At the same time, Halliburton has been examining another agent involved in a project in Nigeria.

The company was tipped off by an unnamed joint venture partner about "allegations of wrongful payments" the agent may have made.

Kellogg was merged with Halliburton's Brown & Root to form Kellogg Brown & Root, now known as KBR.

A $5.5 billion projectThe latest inquiries grew out of a long-running investigation into the construction of a $5.5 billion natural gas liquefaction complex at Bonny Island in Nigeria's Rivers State.

That facility was built by a Madeira, Portugal-based joint venture known as TSKJ. Kellogg held a 25 percent stake in TSKJ. Other partners included France's Technip; Snamprogetti Netherlands, a subsidiary of Italy's Saipem; and Japan's JGC Corp.

Halliburton officials have acknowledged that agents working for TSKJ may have made improper payments to Nigerian officials in connection with that project.

Several investigationsThe SEC and Justice Department, as well as authorities in France, Nigeria, Switzerland and Britain have all been investigating. Halliburton officials said they do not expect those probes to be wrapped anytime soon.

Spokesmen for the Justice Department and the SEC declined to comment.

In August 2005 and then again in January, the SEC subpoenaed documents from Chicago Bridge & Iron Co. in relation to the TSKJ probe.

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Chicago Bridge, an engineering and construction company based in The Netherlands with its worldwide administrative headquarters in The Woodlands, served as a subcontractor for a Halliburton affiliate on the project.

"We are cooperating fully with such investigation," Chicago Bridge said in an SEC filing last month.

Some Shocked At Sentence (HC)

By Kristen Hays And Tom Fowler

Houston Chronicle, September 28, 2006

Fastow's 6 years has a few experts scratching heads

Andrew Fastow's six-year prison sentence caught many longtime observers of the case off guard this week, including a former member of the government team that negotiated his 2004 plea agreement.

Fastow had agreed to a 10-year prison sentence in the plea deal with the understanding that he would not ask for a lesser sentence later.

Yet his lawyers asked for just such a break. The government didn't object and instead stressed the critical cooperation Fastow provided in helping the government build criminal cases against former Chairman Ken Lay and former CEO Jeff Skilling.

With no dissenting opinion from prosecutors, U.S. District Judge Kenneth Hoyt cut four years from Fastow's term.

"The way the government handled it is surprising, given the written terms of the agreement," said Andrew Weissmann, former director of the Justice Department's Enron Task Force, who was on the team when Fastow's plea was negotiated. Weissmann step- ped down from the task force last year and later went into private practice.

Michael Wynne, a former federal prosecutor in Houston, also was surprised.

"I expected him to receive the full 10 years. The judge even said that there was no way Fastow would be able to repay all the harm that he caused," Wynne said.

Fastow, 44, has long been considered among the most egregious of Enron's felons, having orchestrated multiple schemes to help Enron manipulate earnings while enriching himself with kickbacks. Some of those unsustainable schemes began crumbling in 2001 and helped fuel the company's failure late that year.

Both Lay and Skilling argued in their fraud and conspiracy trial earlier this year that no fraud occurred at Enron other than Fastow's self-dealing. But Fastow linked both to fraud, either for participating in or approving fraudulent schemes or lying to investors about Enron's financial strength to maintain an illusion of success.

A short fightFastow fought the government for more than a year after being indicted in October 2002, but admitted to two counts of conspiracy and agreed to cooperate in January 2004.

Since then, Fastow's plea agreement was thought to guarantee he would serve the decade he agreed to serve in prison, with potential to shave some time off with credit for good behavior.

But a January 2005 U.S. Supreme Court decision prompted Fastow's lawyers to try to unchain Fastow from that agreed-upon decade.

Fastow's plea agreement said his 10-year sentence was governed by 2001 federal sentencing guidelines that were mandatory. Last year, the high court ruled that the guidelines were strictly advisory.

Fastow's lawyers argued that the change meant Fastow was no longer bound to the 10-year agreement because judges' discretion in sentencing had largely been restored.

However, Candace Zierdt, a contract law professor at Stetson University College of Law in St. Petersburg, Fla., said the plea agreement — and its written terms — remained binding despite the Supreme Court ruling.

"There's this whole area of case law that says once you enter a plea agreement, it is governed by contract law. Just because it turns out to be a bad deal because the law changed, that doesn't mean the contract changes," Zierdt said.

She noted a 2005 ruling from the U.S. 7th Circuit Court of Appeals that said the Supreme Court said the same thing. That case involved a defendant who appealed his sentence based on the Supreme Court decision after agreeing not to do so as part of a plea deal.

"Disputes over plea agreements are usefully viewed through the lens of contract law," said the opinion, written by Judge Richard Posner. "A plea agreement is a type of contract."

Yet Kirby Behre, a former federal prosecutor and an expert on federal sentencing, said the binding nature of the plea agreement could be challenged in light of the ruling.

"It's not a clean way of doing it," he said of the argument from Fastow's lawyers, "but one can understand why there would have to be some tinkering with an agreement predicated on an assumption that the Supreme Court said is no longer part of the law."

Asked for fiveFastow lawyer John Keker alerted U.S. District Judge Kenneth Hoyt to Fastow's intention to ask for mercy in a court filing last week. He did not suggest a specific prison term until Tuesday, when he asked for five years followed by probation for three years.

Prosecutor John Hueston, who questioned Fastow during Lay and Skilling's fraud and conspiracy trial earlier this year, didn't object to Keker's suggestion or recite the terms of the plea agreement. Instead, he praised Fastow's "critical" cooperation, without which he said the outcomes of the investigations of the company's former top two executives "were in doubt."

Hoyt, who was never bound by the plea agreement, said Fastow deserved mercy despite his crimes because of the cooperation he provided to the government and shareholders trying to recover money from others allegedly involved in Enron's demise, and the torment he and his family have been put through.

Credit for good behaviorFastow can shave up to nearly two years from his six-year sentence with credit for good behavior and completion of a drug rehabilitation program he wants to enter.

Hueston declined to discuss why he didn't object to Keker's request, but he said the government didn't backtrack from its intention that Fastow serve a decade in prison.

"The government's position has always been that under the plea agreement, the government was recommending a 10-year term," he said. "Then you have to consider what the defendant did and what the judge did."

Behre said Hueston's silence on Keker's request coupled with his praise of Fastow's cooperation likely conveyed unspoken support for a lesser term.

"Without asking for it, you're clearly asking for it," Behre said.

Others agreed.

"It tells the judge they're in agreement with it," Kent Schaffer, a Houston defense attorney who has followed Enron, said Wednesday. "I'm sure for PR reasons the government doesn't want to come in and recommend a six-year sentence, but by not objecting I think it shows that was probably their intent all along."

Often reiteratedFastow testified repeatedly in the Lay-Skilling trial that he expected to serve 10 years.

"My outcome is already determined," he told Skilling lawyer Daniel Petrocelli. He later told Hueston: "My understanding is that I will be sentenced to 10 years. The judge ultimately has a discretion; but in my plea agreement, I agreed to the 10-year sentence."

Petrocelli questioned why four months after the trial, Fastow's lawyers asked that he serve half that time.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli said.

David Gerger, another of Fastow attorneys, said his client fulfilled the terms of the plea agreement in full.

"The judge exercised his discretion as he is allowed," Gerger said.

CRIMINAL LAW:

Jeanine Pirro Under Criminal Investigation (WNBC-TV)

WNBC-TV, New York, September 28, 2006

ALBANY, N.Y. -- NewsChannel 4's Jonathan Dienst has learned Jeanine Pirro, the Republican candidate for New York Attorney General, has been under state and federal criminal investigation.

Images: Pirro Probed For Alleged Spy Plan

Video: Conversations With Kerik

Raw Video: Pirro Press Conference

Dienst reported these allegations center on whether Pirro illegally spied on her own husband, Albert Pirro, while she held the office of the Westchester District Attorney.

The sources said that court authorities wiretapped conversations that appear to show that while preparing for a statewide run for office, Jeanine Pirro was desperate to prove her husband was cheating on her.

She came under the scrutiny of six different law enforcement agencies, including the New York Police Department, the city's Department of Investigation and prosecutors in the Bronx and Westchester.

According to documents now in the hands of several defense attorneys, Pirro and the former New York City Police Commissioner Bernard Kerik were apparently talking about planting a hidden device aboard her husband's boat. Her possible motive may have been to see if he was having an affair.

Sources told NewsChannel 4 that in one conversation, Pirro complained that one of Kerik's employees was reluctant to board Albert Pirro's boat.

Jeanine Pirro suggests, "We can just simply say, if there is an issue, that I am redecorating it for our anniversary." She complains that Kerik's man is, "uncomfortable with that."

Kerik responded by saying, "But Jeanine, I'm having the same f------g problem with everybody. Everybody is panic stricken because it's you. I've gone out on a limb. I had two other people looking at this. It's a problem."

Pirro said, "What am I supposed to do, Bernie? Watch him f--k her every night? What am I supposed to do? I can go on the boat. I'll put the f-----g thing on myself."

Minutes later, Kerik called a contact at Giuliani Partners, former Mayor Rudy Giuliani's consulting firm, asking him to find a recording device, according to documents.

Sources said the FBI and Justice Department have been asked to look into whether Pirro and Kerik also might have violated federal laws.

In the wiretapped conversations, Pirro appeared to discuss how her husband's alleged indiscretions hurt her politically.

Without her husband, sources said she told Kerik, "I move into the governor's mansion." That's an apparent reference to her aspirations for higher office, the documents said.

Lobbyist Albert Pirro was convicted of tax fraud in 2000 and has fathered a child out of wedlock. He was investigated for allegedly leaking information from his wife's Westchester district attorney's office to the mob, which he has denied. To date, no charges have been brought.

Twice this summer, he has been ticketed for speeding in his Mercedes.

Jeanine Pirro decided not to seek re-election in Westchester, and first put her name in the race for the Senate. However, she dropped out in her bid to go against Sen. Hillary Clinton and switched to the Attorney General's race.

However, according to documents, when speaking to Kerik in the summer of 2005, Pirro apparently belittled a run the attorney general job, saying it's a "been there, done that kind of thing."

Some of the conversations with Kerik were recorded because Kerik's phone was tapped in 2005, as part of an unrelated corruption probe. Kerik ended up pleading guilty to two misdemeanor charges in June to receiving gifts from a construction firm investigated for having mafia ties.

Pirro currently trails Democrat Andrew Cuomo in the race for attorney general.

As for Kerik, his legal troubles appear to be mounting. NewsChannel 4 has revealed that Kerik remains under investigation for more than $1 million missing from a jail charity when he was city corrections commissioner.

U.S. Investigating Pirro's Talk Of Taping Spouse (NYT)

By Patrick Healy

The New York Times, September 28, 2006

Federal prosecutors in New York are investigating whether Jeanine F. Pirro, the Republican candidate for state attorney general, and Bernard B. Kerik, the former New York City police commissioner, illegally taped conversations of Ms. Pirro's husband last year to determine if he was having an affair.

At a hastily arranged news conference yesterday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the family's boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws.

Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney's office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik.

With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a "political witch hunt and smear campaign" led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated.

Ms. Pirro said she would remain in the race against the Democratic nominee, Andrew M. Cuomo, although top Republican leaders appeared torn over her fate yesterday, and former Mayor Rudolph W. Giuliani canceled a fund-raiser for her next month. A telegenic politician who has often appeared as a commentator on legal matters, she has been considered a potential future leader of the party and perhaps a candidate for governor. Republican leaders had considered Ms. Pirro's bid to replace Attorney General Eliot Spitzer as the party's best hope of capturing a statewide office.

At her news conference, Ms. Pirro acknowledged that she was angry with Mr. Pirro, who fathered a child in an extramarital affair in the 1980's, and with whom Ms. Pirro has two children. But she said she was guilty only of the anger of a woman scorned. And she also said her political fate should be a matter of a concern to women.

"There is no way — when I have the opportunity to be the first woman attorney general in the history of this state — that I am going to be pushed out of this race because somebody wants to delve into the personal lives of my husband and myself," she said. "I'm standing up for myself and I'm standing up for women."

Ms. Pirro, a former three-term district attorney, repeatedly said her actions were not illegal. Legal experts said the law was murky, and one important factor was whether the boat, owned by Mr. Pirro, would be treated the same way as a marital home. Mr. Pirro did not return telephone calls for comment.

Details of the conversations between Ms. Pirro and Mr. Kerik were rushed onto the air by WNBC-TV, which broke into its regular programming. Minutes later, Ms. Pirro held her news conference, in which she said prosecutors had no business investigating her "matrimonial discord," and she demanded an investigation into how the report of her conversations with Mr. Kerik was leaked.

Joseph Tacopina, Mr. Kerik's lawyer, said yesterday that nothing illegal was discussed or done. "Bernie spoke to a friend in distress regarding a domestic conflict," Mr. Tacopina said.

WNBC said the conversations included profanity-laden rants by Ms. Pirro about her husband, as well as politically damaging remarks. At one point, according to WNBC, she is said to be heard dismissing the attorney general's job as a "been there, done that kind of thing" for her; at another, she suggests she could be governor if not for Mr. Pirro's baggage. Ms. Pirro had initially run to unseat Senator Hillary Rodham Clinton, but pulled out of that race late last year at the urging of party leaders.

Ms. Pirro blamed for the revelations a man far less known to most New Yorkers, Elliott B. Jacobson, an assistant United States attorney who prosecuted Mr. Pirro in 2000 and sent him to jail for 11 months. She said Mr. Jacobson's motives were "personal and highly improper" and, as a result, federal agents were now "prying into the personal lives of married couples."

"Let me reiterate my disappointment with the United States attorney's office for allowing an unethical overzealous prosecutor with a partisan political agenda using taxpayers' money and public resources to pursue a baseless investigation into a marital situation and seek to affect the outcome of an election," Ms. Pirro said.

The United States attorney, Mr. Garcia, confirmed the investigation in a statement yesterday and disputed Ms. Pirro's accusation that the inquiry was politically motivated.

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"Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations," said Mr. Garcia, who was appointed by President Bush.

The new revelations set the latest scene in one of the most Shakespearean political dramas in New York, the complicated lives of the Pirros, and immediately set off speculation about Ms. Pirro's future. State Republican leaders, who have suffered through the Pirro marriage for years now, watching her scuttle past plans to run for lieutenant governor and United States Senate, appeared torn over what to do.

The chairmen of the Republican and Conservative Parties, which are both running Ms. Pirro on their November ballot lines, issued statements supporting her candidacy. But these are two parties with a history of sacrificing problematic candidates, and Mr. Giuliani's move to cancel his Pirro fund-raiser was widely seen by top Republicans as a sign of things to come.

Other respected party leaders, like Edward F. Cox, a son-in-law of President Nixon, said openly that they doubted her candidacy could survive this latest controversy.

"The political issue is not whether she broke any laws, but the fact that she would think about doing this to her husband raises questions about her judgment and about whether you want that individual as attorney general," said Mr. Cox, a Manhattan lawyer who briefly ran against Ms. Pirro for the Republican nomination for the United States Senate against Mrs. Clinton last year.

Gov. George E. Pataki was traveling yesterday and could not be reached for comment. His spokesman, David Catalfamo, said Mr. Pataki was still reviewing the details and had no comment about Ms. Pirro's candidacy.

Two senior Republican Party leaders said yesterday that Mr. Pataki had some inkling that Mrs. Pirro's problems with Mr. Pirro had been looming last year. They said he had asked Mr. Cox not to quit the Senate race last fall because he thought Ms. Pirro — who was still running — would ultimately bow out over problems with her husband.

Mr. Catalfamo said that Mr. Pataki had no foreknowledge of Ms. Pirro's conversations with Mr. Kerik, and that it would be inappropriate to discuss the governor's conversation with Mr. Cox.

Ms. Pirro said yesterday that she was staying with her husband, and she came close to tears as she explained why.

"My husband is a great father. I have two beautiful children in school, a teenage son who needs his father with him," she said, and then choked up audibly as she added, "These are personal choices that I have made, and I shouldn't have to keep explaining them."

Mr. Pirro, a prominent lawyer, Westchester power broker and a friend of state Republican leaders, has been a frequent source of embarrassment to his wife. Besides his prior conviction on tax evasion charges, investigations of his business practices have drawn scrutiny, particularly his ties to reputed mob figures, and he was ticketed twice for speeding this summer.

Ms. Pirro's lawyer, Paul Shechtman, maintained yesterday that case law existed to support a spousal exception to the federal wiretapping statute. Regardless, he added emphatically, Ms. Pirro had never actually bugged the boat.

"There were no devices, no devices were put in anywhere," Mr. Shechtman said.

The tape recording of the Pirro-Kerik conversation was made by the Bronx district attorney's office and later provided to the F.B.I. It was made as part of the investigation into Mr. Kerik's acceptance of a free apartment renovation from a contractor looking for city work.

Ms. Pirro spoke to Mr. Kerik when she was dragging out deliberations in the summer of 2005 over whether to run for governor, senator or attorney general in 2006. She said at that time that she took so long to make her choice because her mother had been ill; it became clear for the first time yesterday that her concern about her husband's behavior was also a factor in the much-delayed decision.

"This was one of the reasons we wanted her to run for Senate — all this awful Al Pirro stuff would cloud her credentials to be the top law enforcement officer," said one Republican Party official who spoke only when granted anonymity.

The campaign of Mr. Cuomo, the son of former Gov. Mario M. Cuomo, and Democratic Party officials said they had nothing to do with the revelations. Ms. Pirro did not accuse her opponent, though associates of hers suggested yesterday that Mr. Cuomo and Mr. Jacobson might have worked together long ago.

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Yet it is another man, Mr. Pirro, who has done more damage to Ms. Pirro than anyone else over time, Republicans and political analysts said yesterday. Ms. Pirro acknowledged as much at her news conference, urging voters not to hold her accountable for a husband who had driven her to profound bitterness.

"I was a very angry woman and I said a lot of things, but what matters is what I did and didn't do, and I didn't do anything here other than vent," Ms. Pirro said.

AG Candidate Focus Of FBI Investigation (AP)

By Beth Fouhy, Associated Press Writer

AP, September 28, 2006

New York (AP) -- Republican state attorney general candidate Jeanine Pirro said Wednesday she was under federal investigation for plotting to secretly record her husband to find out whether he was having another affair.

Pirro, speaking at a Manhattan news conference, said that any probe into her troubled marriage was "highly improper" but she had no intention of quitting her campaign, calling the investigation politically motivated and sexist.

"My husband is a great father. I have two beautiful children in school ... a teenage son, who needs his father with him," she said, her voice cracking. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

She also said that federal prosecutors had no business delving into her union with millionaire lobbyist Albert Pirro, who spent 11 months in prison after being convicted on tax fraud charges in 2000 and fathered an illegitimate daughter after their wedding in 1975. The couple has a 21-year-old daughter and a 17-year-old son.

"Sometime last year, I came to believe that my husband was seeing another woman," Pirro said. "In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment."

Pirro, former district attorney of Westchester County, just outside New York City, said that "placing a recording device on one's property to intercept a conversation involving one's spouse is not a crime."

Two people familiar with the situation, who spoke to The Associated Press before Pirro's news conference on condition of anonymity because she had not yet spoken herself, said Pirro was overheard by authorities having a telephone conversation with former New York City Police Commissioner Bernie Kerik in the middle of last year. They said that Pirro suspected her husband, Albert Pirro, might be having an affair and that she and Kerik, a private security consultant, discussed possibly placing a recorder in a room to listen in on him.

The two people said that the recording device was never used and that a Kerik investigation turned up no firm evidence of an affair. Kerik's attorney declined to comment on the case.

Pirro said Kerik was a friend and confirmed that they had spoken about her marital concerns.

"I was a very angry woman, and I said a lot of things," Pirro said. "What matters is what I did and didn't do, and I didn't do anything here other than vent."

Pirro, who faces former federal Housing Secretary Andrew Cuomo in the attorney general's race, said she learned about the investigation when she was approached by a pair of FBI agents outside her home. She repeatedly said this was a personal matter involving her husband and charged she was the target of "an unethical, overzealous prosecutor with a partisan agenda."

U.S. Attorney Michael J. Garcia confirmed in a statement his office was investigating but declined to offer details. But, Garcia said, "we do not take politics into account in deciding either the subject matter or timing of our investigations."

A telephone call to Albert Pirro's White Plains office was not immediately returned Wednesday. A Cuomo spokeswoman, Wendy Katz, declined comment.

Associated Press writers Marc Humbert and Mark Johnson in Albany, N.Y., contributed to this report.

Gifted School Teacher Arrested On Pornography Charges (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 28, 2006

A long-time teacher at a Huntington Station private school was arrested yesterday after dozens of images of child pornography were found on his home computer, authorities said.

Michael Kelly Reiner, 46, an educator for 18 years at the Long Island School for the Gifted, faces federal child pornography charges for possessing the 70 pictures and 42 videos, officials said.

Reiner, of 82 Pengo Circle, East Meadow, also operated a Web site devoted to sadistic fantasies and cannibalism, prompting investigators to probe whether he has acted on his fantasies, the officials said.

Reiner, who taught fourth, fifth and sixth grades at the school for especially bright students, pleaded not guilty to child pornography charges at his arraignment yesterday in U.S. District Court in Central Islip.

He was temporarily detained pending a bail and permanent detention hearing scheduled for tomorrow by U.S. Magistrate Kathleen Tomlinson. In court, federal prosecutor Allen Bode had asked that Reiner be permanently detained as a danger to the community and children. In making the recommendation for detention, Bode said school officials had not immediately taken the federal investigation seriously.

Bode, head of the child exploitation unit in the Eastern District, said that when agents of the Bureau of Immigration and Customs Enforcement recently approached school authorities about contents of the Web site, they were told investigators "didn't understand the defendant's sense of humor ... and called customs officers 'ignorant.'"

The attorney for the school, Linda Caputo-Friedmann, said Reiner had been suspended from teaching and in fact, the school had cooperated fully with federal authorities and taken the matter seriously. The school fired him yesterday after learning of the arrest.

Caputo-Friedmann said Reiner was "a beloved teacher" who had "excellent rapport with students and ... parents."

Reiner's attorney, federal public defender Randi Chavis, said her client had voluntarily cooperated with federal investigators. Chavis questioned whether the government was in a position to criticize the actions of school officials -- "a school that certainly has a number of experts on its staff.

"Their determination that Mr. Reiner was not a danger should be given respect," Chavis said.

Federal agents began investigating Reiner after Canadian border police notified them that they had made a routine stop and search of Reiner and a portable computer in his car when he crossed over from the United States into Ontario on Aug. 4. Reiner was going to Canada to visit a friend with whom he operated the Web site, court records show.

At the time, according to court documents, the Canadian police said they found an estimated thousand images of young boys in "sexually provocative poses" that are not pornographic under U.S. law.

The boys appeared to range from 4 to 16 years old and wore bathing suits or underwear, the Canadian authorities were quoted as saying. "Reiner stated, in sum and substance, that he had a fetish for young boys, slavery and cannibalism," though he said that he did not actually practice cannibalism, the federal officials said, quoting Canadian border police.

"He further stated in sum or substance 'I like kids. They're fun. I'm a school teacher for grades four, five, six for Long Island School for the Gifted. I joke with them; I say I'm going to eat them, but I'm only joking; the kids always laugh,'" according to officials.

Federal officials said they were trying to determine whether Reiner's statements were part of a fantasy world, or whether he had acted upon any of his impulses.

The Web site Reiner operated has a disclaimer saying, "The complete contents of this Web site are entirely fictional, and are intended for entertainment purposes only. Contributors to this site in no way condone or support any harmful action against any person."

Staff writer William Murphy contributed to this story.

PIRRO'S FURY AT CHEATING AL (NYPOST)

By KENNETH LOVETT And FREDRIC U. DICKER

The New York Post, September 28, 2006

September 28, 2006 -- ALBANY - In a devastating blow to her campaign, Republican attorney-general candidate Jeanine Pirro admitted yesterday she is under federal investigation for discussing with former city Police Commissioner Bernard Kerik how to secretly record her bad-boy husband to see if he was cheating.

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Bombshell transcripts of conversations between Pirro and Kerik reveal that an angry Pirro even offered to plant the bug herself on her husband's boat, where she believed he was having sex with another woman.

"What am I supposed to do, Bernie? Watch him f- - - her every night?" Pirro is quoted as saying on the transcripts, obtained by WNBC-TV. "What am I supposed to do? . . . I can go on the boat, I'll put the f- - -ing thing on myself."

U.S. Attorney Michael Garcia confirmed his office is "investigating allegations recently brought to our attention by other law-enforcement agencies" and is working with the FBI and Pirro's old District Attorney's Office in Westchester County.

Garcia is looking into whether Pirro engaged in illegal wiretapping, which carries a five-year maximum prison sentence.

The conversations between Pirro and Kerik came to light as federal investigators tapped the former NYPD commissioner's phone during an unrelated investigation, according to sources.

Pirro, who has hired a lawyer, was Westchester County DA in the summer of 2005 and gearing up for a run against Sen. Hillary Rodham Clinton when she became convinced that husband Al was being unfaithful and she wanted to catch him in the act.

In one conversation, Pirro complained to Kerik, who heads a private security firm, that one of his workers was reluctant to board Al Pirro's boat.

Kerik said: "But Jeanine, I'm having the same f- - -ing problem with everybody. Everybody is panic-stricken because it's you. I've gone out on a limb. I've had two other people looking at this. It's a problem."

Soon after, according to the transcript, Kerik asked a contact at Rudy Giuliani's consulting firm to find him a recording device, WNBC/Channel 4 reported. A Giuliani spokeswoman had no comment.

Pirro also belittled the AG's office she is now seeking, calling it a "been-there-done-that kind of thing." She said she would have been in the governor's mansion if it weren't for her husband.

In a hastily called Manhattan press conference yesterday, Pirro tried to contain the fallout and insisted she is in the race to stay.

At times choking back tears, she angrily denied breaking the law, calling the investigation a "political witch hunt and smear campaign" that is "timed to affect a statewide election."

"It is wrong, it is an outrage and I demand an investigation into why sealed documents were leaked publicly," she said.

Thinking that her husband was again cheating on her - he fathered a love child more than two decades ago when the two were married - Pirro admitted she had him followed "to see if what I suspected was true."

While she talked with Kerik about secretly taping Al Pirro, no taping ever occurred, she insisted.

She said she was simply venting to the former police commissioner, who has had his own recent legal problems.

But the political fallout was already beginning last night.

Giuliani was supposed to host a fund-raiser for Pirro next week at the East Side Marriott, but according to a source close to the mayor, "We're not going forward with the Oct. 3 fund-raiser for Jeanine."

"She's done," a top Republican political operative said simply of Pirro, who already trailed Democratic AG opponent Andrew Cuomo by double digits in recent polls.

Kerik's lawyer said his client e was listening to a friend in distress and that "nothing illegal was discussed and nothing illegal was done."

Even if she had taped her husband, Pirro argued, there is nothing illegal about one spouse taping another.

"There was anger, frustration and disappointment, so why a federal investigation?" said Pirro.

She said she was approached earlier this week outside her house at 10 p.m. by two FBI agents who told her she was the target of a U.S. Attorney investigation.

She noted that one of the prosecutors, U.S. Assistant Attorney Elliot Jacobson, was the man who prosecuted her husband on tax-fraud charges seven years ago, "which is to say it's personal and highly improper."

"Prying into the business of a married couple is not the business of a federal prosecutor and it's time to stop," she said.

"Nothing happened that is or should be the business of the United States Attorney's Office."

Garcia denied politics was involved in his probe.

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Pirro acknowledged her family over the years has had ups and downs and said she stays with her husband because he is a "great" father to their two children and her teenage son "needs his father with him."

"These are personal choices that I have made and I shouldn't have to keep explaining them," Pirro said, adding, "I've said it before and I'll say it again, I love my family."

The transcripts, though, quote Pirro as saying that without her husband's years of public transgressions, "I move into the governor's mansion."

Pirro did not reveal whether she found evidence he was having an affair.

Neither Al Pirro nor his lawyer returned calls for comment yesterday.

Yesterday's startling turn of events was just the latest in a long public saga of the Pirros' marriage.

It was 20 years ago that Pirro abandoned her campaign as the Republican candidate for lieutenant governor because of her then-virtually unknown husband Al's alleged ties to mob-connected companies. And it was almost a year ago that Pirro abandoned her campaign for U.S. Senate - deciding instead to run for attorney general - after her husband secretly worked behind the scenes to undermine her candidacy.

In 1995, a woman who worked for the Florida branch of Al Pirro's law firm stepped forward to claim that he had fathered her child.

After repeated denials and an insistence that the woman was a well-known liar, Al Pirro was forced by a court order a few years later to submit to a DNA test. It showed he was, in fact, the father.

In 1999, word surfaced that Al Pirro was the subject of a massive federal investigation into income-tax evasion. A year later, he was charged with evading taxes on $1 million in income and for claiming deductions on such luxuries as his own $123,000 Ferrari and his wife's new Mercedes.

He was eventually convicted on 66 counts of federal tax fraud and served 11 months in a federal prison.

In 2001, Al Pirro's law license was suspended because of his conviction, and remains so to this day.

In 2003, he denied allegations from a suspended Mamaroneck police officer that the department covered up an incident in which Al was stopped while driving drunk. His wife, who was in the car, allegedly demanded special treatment.

In 2004, Al Pirro was alleged by a FBI informant to have bragged to a local Westchester mobster that he was leaking confidential information involving an investigation being conducted by his wife's DA's Office.

In July, he was charged with driving nearly 100 mph on a Westchester highway. Earlier this month, he was accused of going more than twice the speed limit in a school traffic zone.

But through the years, Al Pirro also emerged as a wealthy and powerful Westchester County influence peddler and, after the 1994 election of good friend Gov. Pataki, he parlayed his power at the local and state level into influence.

Using his connections, Al Pirro set in motion a career ladder for his intelligent and attractive wife that led her from an initial appointive job as an assistant district attorney to her election as a Westchester judge in 1989 and then to her election to her defining post as Westchester DA in 1993.

In the mid-1990s the Pirros became close social friends with Pataki and his wife Libby, as well as then-U.S. Sen. Al D'Amato, and both used those connections to help advance Al Pirro's economic interests and Jeanine Pirro's political ambitions. As a result, during the '90s, Jeanine Pirro emerged as a rising star of New York GOP politics, talked about as a successor to D'Amato, as the next attorney general, and possibly even a candidate for governor herself.

Cuomo and state Democrats had no comment yesterday. State Republican Committee Chairman Stephen Minarik dismissed yesterday's revelations as a "political leak five weeks before an election."

"We stand 100 percent behind Jeanine and her candidacy," Minarik said. "This is an intensely private matter and should remain that way."

Uh, Jeanine, Hope You Had Career Plan B (NYDN)

By David Saltonstall, Daily News Senior Correspondent

New York Daily News, September 28, 2006

DOJ_NMG_0070404

The political fallout for Jeanine Pirro was swift yesterday - a planned fund-raiser to be hosted by former Mayor Rudy Giuliani was abruptly canceled.

"We're not going forward," a source close to the former mayor said of the Oct. 3 event.

It was that kind of day for the former Westchester County district attorney, whose once sparkling career seemed to flame out in the space of a few hours amid revelations that she considered wiretapping her allegedly philandering husband - itself a potential crime.

"Oh ... my ... God," was all veteran political consultant George Arzt could say when told of Pirro's latest implosion. "In my 40 years in politics, this is the worst plummet I have ever seen."

It was hard to know which aspect of Pirro's latest fall was the most politically lethal yesterday - there were so many choices.

Was it that the tough-talking prosecutor discussed bugging her husband - an act federal investigators are now probing - with former Police Commissioner Bernard Kerik, who at the time was himself a soon-to-be-indicted con already being bugged by law enforcement?

Or was it the actual words that Pirro was caught uttering on those tapes in the summer of 2005, many of them four-lettered and some suggesting she was willing to break the law herself?

"I'll put the f-----g thing on myself," she tells Kerik when the former police commissioner expresses concerns about the legality of placing a bug on the Pirro family boat, according to transcripts of the tapes reported by WNBC NewsChannel 4.

Without her husband, she allegedly tells Kerik, "I move into the governor's mansion."

As for the attorney general's race, which she did not enter until months later, Pirro had nothing but disdain, telling Kerik it was a "been-there-done-that kind of thing."

Pirro forcefully stressed yesterday that she never went through with the wiretapping plot, casting herself instead as an angry and frustrated spouse who was just "venting" - and who remains a candidate for attorney general.

"I was a very angry woman, and I said a lot of things," Pirro told reporters.

As a political strategy, playing the spurned-but-still-married wife - as Pirro did masterfully, many said - was perhaps the best card she could play.

Think of Sen. Hillary Clinton (D-N.Y.), who more than once converted her husband's "bimbo explosions" into politically potent sympathy, often by forthrightly facing the cameras as Pirro did yesterday.

Pirro also rightly pointed to the timing of yesterday's leak - coming just 41 days before the election, and more than a year after she was recorded - as more than a little suspicious, experts said.

But the writing may be on the wall. Pirro may or may not have committed a crime in trying to wiretap her husband, political experts agreed, but her fate as a viable candidate may have been sealed yesterday.

Pirro: Feds' Probe Is 'Highly Improper' (CBS2CHI)

CBS 2 Chicago, September 28, 2006

(CBS) NEW YORK State attorney general candidate Jeanine Pirro on Wednesday angrily denounced a federal probe of her plan to secretly record her husband because she suspected he was having an affair.

At a packed news conference in Manhattan, a furious and at times tearful Pirro insisted she would not quit the race and blasted the investigation as politically motivated and sexist.

"There is no way, when I have the opportunity to be the first woman attorney general in the history of this state, that I'm going to be pushed out of a race because somebody wants to delve into the personal lives of my husband and myself," Pirro said. "I'm standing up for myself and standing up for women."

Pirro confirmed she had been informed by FBI agents this week that she was under investigation and said she had hired an attorney to represent her in the case.

But she insisted that prosecutors had no business delving into her troubled union with lobbyist Albert Pirro, who spent 11 months in prison on tax fraud charges and fathered an illegitimate daughter after their wedding.

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"Sometime last year, I came to believe that my husband was seeing another woman," Pirro said. "In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment."

Pirro noted that one of the U.S. attorneys assigned to the case, Elliott B. Jacobson, had prosecuted her husband's tax evasion case seven years ago.

"This is personal and highly improper," she said, adding that she would demand an investigation into who leaked information about the case to reporters.

Michael J. Garcia, U.S. attorney for the Southern District of New York, released a statement Wednesday confirming the investigation but declined to offer details. But, Garcia said, "we do not take politics into account in deciding either the subject matter or timing of our investigations."

Pirro, a former Westchester County district attorney, spoke with Bernard Kerik, the disgraced ex-New York police commissioner, about possibly placing a recorder in a room to listen in on her husband, said two people familiar with the situation, who spoke to The Associated Press only on condition of anonymity.

Pirro said Kerik was a friend and confirmed that they had spoken about her marital concerns.

"I was a very angry woman, and I said a lot of things," Pirro said. "What matters is what I did and didn't do, and I didn't do anything here other than vent."

Kerik, who was working as a private consultant when the conversation occurred, has his own problems. There were reports that during his 18-month tenure as police commissioner he had simultaneous extramarital affairs with two women, including the publisher of his memoir. And he pleaded guilty three months ago to accepting tens of thousands of dollars in gifts from a New Jersey firm accused of having mob connections.

Kerik lawyer Joseph Tacopina confirmed Kerik's role in the matter but said he had become involved through a long friendship with Pirro.

"Bernie spoke to a friend in distress regarding a domestic issue," Tacopina said. "Nothing illegal was said, and nothing illegal was done."

Pirro, a Republican who faces former federal Housing Secretary Andrew Cuomo in the attorney general's race, repeatedly said this was a personal matter involving her husband and charged she was the target of "an unethical, overzealous prosecutor with a partisan agenda."

A telephone call to Albert Pirro's White Plains office was not immediately returned Wednesday. A Cuomo spokeswoman, Wendy Katz, declined comment.

Pirro, whose troubled relationship with her husband of 21 years has been a source of controversy throughout her public life, was unusually candid when she spoke of why she remained in the marriage. They have a 21-year-old daughter and a 17-year-old son.

"My husband is a great father. I have two beautiful children in school ... a teenage son, who needs his father with him," she said, her voice cracking with emotion. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

U.S. Attorney's Office Fires Back At Pirro Accusations (WNBC-TV)

WNBC-TV, September 28, 2006

The U.S. Attorney for the Southern District of New York says the investigation is far from a game of politics.

Pirro stated in an afternoon news conference that the timing of the investigation is improper, and said prosecutors had no business delving into her troubled union with lobbyist Albert Pirro, who spent 11 months in prison on tax fraud charges and fathered an illegitimate daughter after their wedding.

Shortly afterward, Michael J. Garcia, the U.S. Attorney for the Southern District of New York released this statement:

"This Office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies, involving possible violations of Title 18, United States Code, Sections 2511(1)(a) and (b).

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There are two Assistant United States Attorneys assigned to the case. They are both career prosecutors with experience in public corruption matters. They are working in conjunction with an experienced Assistant District Attorney from the Westchester County District Attorney's Office.

Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me. Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations."

In The Murky World Of Marital Spying, Legal Pitfalls Await Those Who Tape A Spouse (NYT)

By Leslie Eaton

The New York Times, September 28, 2006

Jeanine F. Pirro, in criticizing what she called a politically motivated federal investigation into whether she illegally eavesdropped on her husband, insisted yesterday that anything she had done, or considered doing, to find out if her spouse was having an affair was entirely legal.

Ms. Pirro's insistence that she never contemplated doing anything illegal in investigating her husband — including her discussion of placing a recording device on a boat he owned — involves the somewhat murky world of what amounts to marital spying.

Paul Shechtman, the lawyer Ms. Pirro retained recently, said that federal law permitted spouses to eavesdrop on each other in a house they shared. He cited several cases, including one from 1986 in which a federal judge on Long Island dismissed a case brought by a woman whose husband placed a listening device on the family phone in the course of their divorce, but while they were still sharing a house.

And on the specific question of whether it would be legal for Ms. Pirro to place a device on her husband's boat, Mr. Shechtman argued that it would be as well, because the boat was used by the entire family. "It's a family boat," he said.

But some experts were not so sure.

"If the boat is registered only in his name, it could be considered unlawful wiretapping," said Robert Mann, director of global operations for Worldwide Intelligence Network, a private investigation and personal protection company headquartered in Los Angeles.

Steven F. Gruel, a criminal defense lawyer and a former federal prosecutor in San Francisco, said that surreptitiously recording conversations was always risky because of the broad scope of a federal law that generally prohibits intercepting the communications of others. The rights of other people caught on any recordings might become an issue, he noted, saying, "Who else is going to be in the room other than the person being targeted?"

If Ms. Pirro's claim that she never went ahead with any plan to record her husband was true, Mr. Gruel said, she had made the right choice.

"Given that this area of law at the federal and state levels is laden with pitfalls and uncertainties, it sounds like the prudent thing was done, which was nothing," he said.

That is what Ms. Pirro, the Republican candidate for state attorney general, stressed during her news conference when she conceded that she had discussed recording her husband in the summer of 2005. She had those discussions with Bernard B. Kerik, the former police commissioner of New York, who was then running a private security firm.

"I was a very angry woman and I said a lot of things," she said about the conversations. "But what matters is what I did and didn't do. And I didn't do anything here other than vent."

And that, Ms. Pirro insisted, should be clear to federal investigators. She said the timing and nature of the investigation — in the final weeks of a campaign and involving the embarrassing issue of marital strife — made clear to her that the investigation was driven by politics.

She offered no specifics to support that claim, but mentioned a federal prosecutor, Elliott B. Jacobson, suggesting he was involved in the inquiry. Mr. Jacobson, an assistant federal prosecutor for the Southern District of New York, had prosecuted her husband, Albert J. Pirro Jr., several years ago for tax evasion.

"This is a waste of taxpayer money timed to affect the outcome of a statewide election," she said. She asked for an investigation into how sealed documents related to the inquiry had become public.

Mr. Jacobson, a registered Democrat who worked under Rudolph W. Giuliani when he was the federal prosecutor, did not respond to telephone messages left at his office and home.

But his boss, Michael J. Garcia, the United States attorney in Manhattan, issued an unusually forthright statement in which he confirmed that Ms. Pirro was under investigation for possibly violating federal wiretapping laws. Mr. Garcia, who was appointed by President Bush last year, said that two assistant United States attorneys were assigned to the case, though he did not name them.

"They are both career prosecutors with experience in public corruption matters," Mr. Garcia said. "They are working in conjunction with an experienced assistant district attorney from the Westchester County district attorney's office. Their actions, and those of the F.B.I. agents with whom they are working, have been approved by several layers of supervisors, including me."

Kerik Is Again A Figure In An Official Investigation (NYT)

By Russ Buettner And William K. Rashbaum

The New York Times, September 28, 2006

The name of Bernard B. Kerik has already figured in embarrassing moments for the Bush administration and for former Mayor Rudolph W. Giuliani.

Yesterday, Mr. Kerik's name turned up in yet another uncomfortable place: a federal investigation that threatens to disrupt the race for state attorney general.

In a rare afternoon news break, WNBC television revealed that Jeanine F. Pirro, the former Westchester County district attorney and current Republican candidate for attorney general, was captured with Mr. Kerik last year on wiretaps discussing how Mr. Kerik might secretly record Ms. Pirro's husband, Albert J. Pirro Jr., to catch him in a suspected affair with another woman.

The conversations took place in mid-2005, long after Mr. Kerik's rise to fame in the months after Sept. 11, 2001, had been upended by damaging allegations that emerged after his nomination by President Bush to become the nation's homeland security secretary.

Mr. Kerik had left Mr. Giuliani's consulting business, Giuliani Partners, months earlier and was opening his own security firm, the Kerik Group. But he remained under investigation by the Bronx district attorney's office, which was finding that as New York City corrections commissioner, he had accepted free renovations to his Bronx apartment from a city contractor when the company was under investigation for possible ties to organized crime.

Apparently as part of that investigation, Bronx authorities began listening to Mr. Kerik's conversations, including several in which Ms. Pirro asked him to undertake the grunt work of the average private investigator, marital surveillance.

Ms. Pirro yesterday did not deny the substance of the conversations as reported by WNBC. The station said that in a profanity-laced exchange, the two discussed whether Mr. Kerik's company could place a recording device on her husband's boat to capture evidence of any trysts.

In the conversations, WNBC said, Ms. Pirro expressed frustration that her husband might be cheating on her.

At one point, Ms. Pirro complained that an employee of Mr. Kerik seemed hesitant to plant a recording device and offered what she suggested was a plausible reason that workers might be on the boat.

"We can just simply say, if there is an issue, that I am redecorating it for our anniversary," Ms. Pirro said, according to the WNBC report.

Mr. Kerik, WNBC said, spoke during the conversation with concern that recording conversations on the boat might be problematic, although the report did not specify what the problems were. "Everybody is panic-stricken because it's you," Mr. Kerik was quoted as telling Ms. Pirro.

Ms. Pirro, swearing, said during one conversation that if need be, she would put the monitoring device on the boat herself.

WNBC reported that Mr. Kerik, just minutes later, called an employee at Mr. Giuliani's consulting firm and asked him to find a recording device. A spokeswoman for Mr. Giuliani, Sunny Mindel, declined to comment yesterday.

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Although federal prosecutors confirmed the existence of the investigation, they declined to comment yesterday on whether they believe a recording device was ever planted and used. Ms. Pirro said emphatically that none had been.

Joseph Tacopina, a lawyer for Mr. Kerik, said yesterday that Mr. Kerik had done nothing wrong in discussing a possible investigation of a marital dispute.

"I don't think this is a problem. This is not a problem," Mr. Tacopina said. "Bernie had his problems. He dealt with them in the Bronx."

Earlier this year, at the conclusion of the joint investigation by the Bronx district attorney's office and the city's Department of Investigation, Mr. Kerik pleaded guilty to two misdemeanors stemming from the apartment renovation. Mayor Michael R. Bloomberg ordered Mr. Kerik's name removed from the city jail in Lower Manhattan that had been named in his honor.

One person familiar with the conversations, who spoke on the condition of anonymity because of the sensitive nature of the matter, said the Bronx district attorney's office had provided tapes of the conversations to Janet DiFiore, the Westchester County district attorney. The tapes were later passed on to the Federal Bureau of Investigation and federal prosecutors in Manhattan. Spokesmen for the Bronx and Westchester County district attorneys' offices would not comment.

Mr. Pirro has been listed as owner of several boats in recent years. Current state records describe him as owning a 26-foot-long pleasure craft that is registered in his name only.

In an afternoon news conference after the WNBC broadcast, Ms. Pirro characterized the federal investigation of her conversations with Mr. Kerik as politically motivated.

Ms. Pirro and Mr. Kerik have a history of lending professional support to each other. Earlier this year, Mr. Kerik sent an e-mail message to friends urging them to support Ms. Pirro's campaign.

"Jeanine Pirro is a fighter," Mr. Kerik wrote, according to a copy of the e-mail message obtained by The New York Times. "Smart, understanding and tough," the message goes on, "she has dedicated her career to fighting crime and improving the lives of her fellow New Yorkers."

Several friends of Mr. Kerik have lost their jobs in the fallout from the investigations into his conduct, including the Correction Department's longtime inspector general, Michael Caruso, and Thomas Antenen, Mr. Kerik's spokesman at both the Correction and Police Departments.

And the contractors accused of having played a role in the renovation of Mr. Kerik's apartment, Peter and Frank DiTomasso, are under a felony perjury indictment for telling a Bronx grand jury that they had nothing to do with it.

Federal investigators are still looking into other matters regarding Mr. Kerik, including his role in a Correction Department charity that spent $1 million in rebates on cigarettes bought with city money.

Judge Declares Another Mistrial In Gotti Racketeering Case (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 28, 2006

(AP) - NEW YORK-For the third time in the past 12 months, a judge declared a mistrial Wednesday in the racketeering trial of former mob boss John A. "Junior" Gotti.

The jury, which deliberated for seven days over two weeks, sent out a second note in as many days indicating it could not reach a unanimous verdict. "Your honor, unfortunately we are deadlocked," said the note, prompting U.S. District Judge Shira Scheindlin to declare the mistrial shortly after noon.

A relieved Gotti hugged his brother Peter and other supporters, then wiped his eyes while sitting at the defense table.

"It was a tough one," said Gotti, who has almost become a full-time defendant in the last year. "This one drained the life from me."

Two previous juries in the last year wound up deadlocked, with resulting mistrials, after Gotti's lawyers argued the second-generation Mafiosi had years ago severed his ties to organized crime. If convicted, the 42-year-old Gotti had faced up to 30 years in prison.

He is free on $7 million (â,¬5.52 million) bail, and there was no immediate word on whether the government would mount a fourth prosecution.

"That's a decision above my pay grade," said prosecutor Victor Hou when asked about the possibility. The defense made motions to suspend Gotti's current home detention and electric surveillance by the government.

From the start, the key issue in the case has been whether Gotti quit the Gambino crime family as he claims before July 1999. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

Prosecutors say the jury should conclude Gotti continued to receive mob money after 1999 and thus was part of a racketeering conspiracy.

His defense lawyers say Gotti paid a large fine when he pleaded guilty to a racketeering charge in another case in 1999 and was permitted to keep the property and businesses which remained, regardless of where the money originated.

Gotti was also accused of ordering two 1992 attacks on radio talk show host Curtis Sliwa, including one where he was shot twice before escaping out the window of a taxi rigged to keep him trapped inside.

Prosecutors have said Gotti was retaliating for on-air attacks against his father, John Gotti, who was sentenced in 1992 to life in prison without parole. He died in prison in 2002.

Sliwa sat in the courtroom, looking disappointed, as the mistrial was declared.

But this trial didn't focus as much as the first two did on the Sliwa attacks. Prosecutors instead aimed their evidence at convincing jurors that Gotti never quit the mob before he pleaded guilty to racketeering charges in 1999 as he insisted he had.

They tracked Gotti's financial moves to try to convince the jury that Gotti never left the mob because he continued earning money off businesses such as real estate that he started with crime-tainted money.

Gotti's defense team acknowledged his life in organized crime, but insisted their client had retired from the Mafia and had no role in the Sliwa attack. Gotti was indicted on these charges in July 2004, just two months before he was due out of prison on a prior conviction.

Last September, a jury deadlocked 11-1 in favor of conviction. At his second trial, the majority of the second jury favored acquitting Gotti in March after his lawyers successfully emphasized their claim that he had had quit the mob.

The trials were meant to resolve the 14-year-old question of whether Gotti ordered two assaults on Sliwa. Sliwa and prosecutors maintained the Gambino family targeted him to halt his daily verbal fusillades against Gotti's father.

"He's getting personal," Gotti allegedly told one of Sliwa's attackers. "I want us to get personal."

Sliwa testified for a third time, although he was called by the defense at this trial.

According to authorities, the younger Gotti assumed control of the powerful Gambino family after his father's 1992 conviction on racketeering and murder charges.

For The Third Time, A Jury Fails To Convict Gotti (NYT)

By Timothy Williams

The New York Times, September 28, 2006

For the third time in just over a year, a federal jury yesterday failed to reach a verdict in the racketeering prosecution of John A. Gotti, the former head of the Gambino crime family, allowing him to walk free even though jurors said they believed he was guilty of one of the main accusations against him.

A federal official said that after three mistrials, the prosecution was unlikely to retry Mr. Gotti unless new evidence turned up, a decision that would all but end an expensive and highly publicized organized crime prosecution in a startling defeat for the government.

Jurors said they believed Mr. Gotti was guilty of orchestrating the 1992 shooting and bungled kidnapping of Curtis Sliwa, the radio talk-show host. But, the jurors said, the government failed to prove that the shooting was part of a pattern of crimes, a necessary part of the racketeering charge, and so they could not convict him.

Jurors, who first said on Tuesday afternoon that they could not reach a verdict, told Judge Shira A. Scheindlin that they had made no significant progress since Monday. They had deliberated for a total of six and a half days and were dismissed at midday yesterday after they sent the judge a note just before lunch that read, “Your Honor, unfortunately, we are deadlocked.”

After the judge read the note, Mr. Gotti cried and rested his head on his folded hands on the defense table. He then reached over to hug his lead lawyer, Charles Carnesi. His sister Angel, brother Peter and other friends and family members in the packed courtroom also began to sob.

"It's enough now, they got to let us go," Mr. Gotti, 42, told reporters afterward, referring to prosecutions against him and his late father, John J. Gotti, who preceded him as family boss. "Just let me go and let me move on with my life. Let us go. He's dead."

The jurors' names were not disclosed. After they were dismissed, several said they had been unable to agree on the trial's key issue: whether Mr. Gotti had withdrawn from the Gambino organized crime family before July 1999, which was an essential piece of the defense's case.

"Ultimately, it's based on our division regarding withdrawal," said one juror, a woman in her 40's who described herself as a health professional. Four jurors believed that Mr. Gotti had quit the mob, eight did not, she said.

A law enforcement official, who spoke on condition of anonymity because he was not authorized to speak about the case, said the government would not prosecute Mr. Gotti again on the same charges unless it turned up new evidence — or was able to link him directly to a murder.

His father became known as "the Teflon Don" after he avoided conviction at three state and federal trials from 1984 to 1990. By the time he was convicted on federal murder and racketeering charges in 1992 and died in prison in 2002, he had become famous.

The Gotti name automatically linked the son with organized crime in the national consciousness while guaranteeing that the trial would be well attended. Mr. Gotti's public persona seemed different during the three trials — the first in September 2005, the second in March 2006. Before they started, his wardrobe consisted of velour track suits, but in court he wore coats and ties.

During this trial, Mr. Carnesi acknowledged for the first time that Mr. Gotti led the Gambino family during part of the 1990's. In addition to two racketeering charges, Mr. Gotti faced single counts of extortion and witness tampering, but the jury divided on those as well.

Because the jurors could not reach a verdict, the charges against Mr. Gotti still stand, at least for now. Seth Ginsberg, one of Mr. Gotti's lawyers, told Judge Scheindlin that he planned to ask that the charges be dismissed and that some conditions of Mr. Gotti's bail be ended, including home confinement and electronic monitoring.

Mr. Gotti could have been sentenced to up to 70 years behind bars if convicted on all counts. Before the first trial, he rejected a government plea deal that would have sentenced him to 17 years; later he turned down an offer of 10 years before the second trial and 5 years before the third.

The most serious act under the racketeering charge against Mr. Gotti was that he had ordered the abduction and beating of Mr. Sliwa, a founder of the Guardian Angels. Witnesses testified that Mr. Gotti was angered by what Mr. Sliwa said on the radio about the Gotti family, including calling his father a drug dealer.

Mr. Sliwa was shot twice and escaped his attackers by leaping out the window of a speeding taxicab commandeered by two Gambino crime family enforcers, according to witnesses. Mr. Sliwa, 52, testified for the prosecution in the first two trials, but in the third, it was not the prosecution that called him, but the defense.

Yesterday, Mr. Sliwa watched the teary Gotti family celebration from the back of the courtroom, gritting his teeth.

Jurors said they quickly agreed that Mr. Gotti was responsible for the abduction and shooting of Mr. Sliwa, but in order to convict Mr. Gotti under the full racketeering count, they would have had to find him guilty of at least one more act in the racketeering charge — witness tampering, extortion or loan sharking.

"It's an insult to injury that the jury can be so clear about that, then see him hug and glad-hand his supporters and walk free," Mr. Sliwa said outside court. "Now I'm going to have to see him party."

The six-week trial delved into a number of murky areas: Mr. Gotti's personal finances, the truthfulness of the testimony of two former Gambino family members, and the question at the center of each of the trials: whether Mr. Gotti had truly quit the Gambino crime family before July 1999.

The date was critical because if the jury was unable to find evidence of criminal activity by Mr. Gotti after July 1999, the five-year statute of limitations on the racketeering charges would have expired by the time Mr. Gotti was indicted in 2004.

Mr. Carnesi said Mr. Gotti quit the mob as he prepared to begin serving a 77-month prison sentence in 1999 on unrelated charges of racketeering and illegal gambling. Two former Gambino family members who had been Mr. Gotti's confidants testified against him, but they acknowledged that they did not know that he was involved in crime after July 1999.

The government's case was built around F.B.I. surveillance recordings of Mr. Gotti while he was in prison. The recordings, though muffled and often difficult to understand, appeared to present a vengeful and petty Mr. Gotti who threatened violence against his uncles as well as against people who he feared might testify against Gambino family members in various trials, including his own.

Jurors said the quality of the sound undercut the recordings' usefulness.

"The tapes didn't help," said one juror, a man in his 40's, who described himself as a security supervisor at a law firm.

Another juror, an editor at a newspaper, also in his 40's, said: "My worry is that this is the only life he has known, and if he is out, I hope he doesn't get drawn back in. I think he's been given a real chance here, and I hope he takes advantage of it."

Mr. Gotti said he was looking forward to spending time with his family and wanted to "work with children."

"I can't tell you how thankful I am for this jury," he said. "They saved my life."

Jury Tunes Out Tapes (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 28, 2006

The hours of jailhouse tapes played during John A. (Junior) Gotti's latest trial made for some great courtroom drama - but didn't have much of an impact on the jury deciding his fate.

"The tapes were a very cloudy issue because you couldn't hear them very well," one juror said yesterday after the panel deadlocked - prompting Gotti's third straight mistrial.

The female juror and two others agreed to speak with the press yesterday after seven days of deliberations locked in a windowless room.

The panel was split, 8 to 4, in favor of conviction, on most counts. Each side made arguments, most low-key, some emotional.

But in the end, no one was budging.

"We voted again this morning on every count" and nothing changed, said the female juror, who works as a meeting planner.

Among the anonymous panel of seven women and five men was a working journalist and one who has left the profession, a nursery school director, a college professor and a former singer.

The jurors who talked with the press said they were confused by testimony about Gotti's finances and that allegations that he had continued to rake in mob money even after 1999 - when he said he quit the mob - just didn't add up.

"We didn't feel that we had all the information," said another female juror, a health professional.

The only thing they could agree on was that Gotti had a role in the 1992 attack on radio host Curtis Sliwa. Sliwa was shot after getting into a cab near his lower East Side apartment.

The jurors said they were not swayed by defense suggestions that Sliwa's inability to identify his attackers masked an all-out effort to blame Gotti in the shooting.

Some panelists questioned the motivation behind the testimony of Gotti's brother Peter, who denied retrieving some $50,000 in mob money from Gambino capo Michael (Mikey Scars) DiLeonardo for his brother.

"We all felt he was there to support his brother," said one female juror. "We weighed it against that."

The panel split, 6 to 6, on the witness-tampering charge involving Gotti's alleged attempt to get to DiLeonardo - a key turncoat witness - through DiLeonardo's son.

Most panelists held on tightly to their convictions from the start, with little movement among the camps.

Still, they said they continued deliberating right up until the moment yesterday afternoon when they told Manhattan Federal Judge Shira Scheindlin they were deadlocked.

MISTRIAL TEARS OF JOY FOR 'JR.' (NYPOST)

By Kati Cornell

The New York Post, September 28, 2006

September 28, 2006 -- It was strike three for prosecutors in the John "Junior" Gotti case yesterday as a federal judge declared a third mistrial - a stunning development that could mean freedom for the mob scion.

The Teflon son of late Gambino boss John "Dapper Don" Gotti buried his face in his hands and wept as Manhattan Federal Judge Shira Scheindlin read the final note from a deeply divided anonymous jury.

"Your honor, unfortunately we are deadlocked," wrote the hung jury, which deliberated into a seventh day before throwing in the towel.

An emotional Gotti bear-hugged brother Peter and sister Angel and then turned to the future, announcing his hopes to move his family to the Midwest and pursue a degree in child psychology.

"[If] they let me leave, I'll leave. I'll take my family and I'll go. Let me move on with my life," said Gotti, 42, who accused the feds of going after him because of his father's legacy.

Three jurors who spoke with reporters after the verdict revealed that the panel agreed on one thing - all 12 believed was Gotti guilty of the sensational 1992 kidnapping of radio host Curtis Sliwa.

That wasn't enough for conviction because the kidnapping was charged under a racketeering count that requires prosecutors to prove a second criminal act.

"I'd be better off dead," said a disgusted Sliwa, who got little consolation from the mixed result. "This guy got away with a crime . . . but as God is my witness, God will not forget that he tried to kill me."

"I know he's going to go straight to hell without an asbestos suit," said Sliwa, flanked by red-jacketed members of the Guardian Angels civilian patrol group, which he founded.

The sticking point for the jury was Gotti's claim that he retired from the mob in 1999 and therefore could not be convicted under the five-year statute of limitations - with four jurors buying that defense, the jurors said.

Prosecutors tried to overcome the defense by showing Gotti continued to live lavishly off his ill-gotten gains.

The panel was also split 6-6 over an alleged witness-tampering plot targeting star turncoat Michael "Mikey Scars" DiLeonardo in 2003 and voted 8-4 that Gotti was guilty of construction-industry extortion and related crimes.

The jury first announced it was deadlocked at 12:15 p.m. Tuesday, but followed the judge's instruction to continue trying to reach a verdict, before giving up at 12:05 p.m. yesterday.

Gotti was facing up to 30 years behind bars if convicted.

In dismissing the jurors, Scheindlin commended their dedication and said their inability to reach a verdict was "not your failure. The case has its difficulties."

Gotti lawyer Seth Ginsberg told the judge the defense would file legal papers asking for dismissal of the charges.

Prosecutors, who mounted their case three times over the past year only to get the same non-result, would not say whether there would be a fourth trial.

Outside court, Gotti told a crush of news crews, "I'd like to go back to school, get a degree in child psychology."

"I'd like to work with children," said the former Gambino leader, who already penned one children's book while behind bars and plans to write another.

A THIRD MISTRIAL (NSDY)

By Anthony M. Destefano, Staff Writer; Staff Writers Wil Cruz, Herbert Lowe And Carl Macgowan Contributed To This Story.

Long Island Newsday, September 28, 2006

His father was the Teflon Don, but John A. Gotti is proving to be very slippery, too.

For the third time in about a year, a federal jury deadlocked yesterday in the racketeering case against the son of the late Gambino crime boss, ending the case in a mistrial and forcing federal prosecutors to decide if they should try again to stick him with a conviction.

After six full days of deliberation, the jury in federal court in Manhattan failed to agree on any of the four counts in the indictment and prompted Judge Shira Scheindlin to declare the mistrial shortly after noon. Some jurors later told reporters that the government's case wasn't overwhelming but added that Gotti's claim he withdrew from mob life didn't convince many either.

"Unfortunately we are deadlocked," the jury of five men and seven women reported in a note Scheindlin read out in court at 12:15 p.m.

With the word "deadlocked," the 42-year-old Gotti buried his face in his head and gasped. Defense attorney Seth Ginsberg gave him a hearty slap on the back. Gotti then turned to lead defense counsel Charles Carnesi and planted a kiss on his check and gave him a crushing embrace.

"This was a tough one, it drained the life out of me," said Gotti after the jury left the courtroom. He then took a cell phone call from his wife, Kim, who was with the couple's six children at their Oyster Bay home.

Gotti said the government should move on and not take another shot at him.

"My father's dead for over four years; it is time for us to move on ... it is time for us all to move on," Gotti said. He then drove to his 65-year-old mother Victoria's home in Howard Beach and left there at about 4 p.m., presumably for Oyster Bay.

By failing to reach unanimity, the jury couldn't decide on charges of racketeering conspiracy, racketeering, extortion conspiracy and witness tampering.

The mistrial was a clear indication that a revised government presentation, which included prison tapes and financial evidence, failed to sway the jury. Jurors said that the only thing they agreed on was that Gotti took part in the 1992 abduction and wounding of radio talk show host Curtis Sliwa. But the Sliwa act was only one so-called "predicate" racketeering crime for which two were needed for conviction on the substantive racketeering charge.

"John Gotti Junior has to be the luckiest person in the world ... it's absolutely unbelievable that he escapes justice and gets to walk out of court," said Sliwa. "It actually would have been better if I were dead, believe it or not, because then he would have been held culpable."

Since the trial opened last month, prosecutors Victor Hou and Miriam Rocah presented tapes made of Gotti while he was at Ray Brook federal prison in upstate New York, as well as tapes made of him and his father. The prosecutors believed the tapes showed that the younger Gotti never left his life of crime prior to July 21, 1999, as he had claimed. That date was important because it would put the indictment outside the statute of limitations.

In addition, prosecutors were using the tapes to show that he was still taking extortion money after July 21, 1999. But some jurors later said the tapes were inconclusive.

Immediately after the verdict, Manhattan U.S. Attorney Michael Garcia issued a terse statement that expressed disappointment but praised his staff.

"We are disappointed ... but we commend the dedication of our prosecutors and the agents who worked on this case," said Garcia. "We will inform the court in the very near future about how we plan to proceed."

Carnesi said the defense would be asking for a dismissal of the indictment.

Shortly after the mistrial, Ginsberg asked Scheindlin to change the terms of Gotti's $7-million bail so that he wouldn't be under home confinement. Scheindlin was expected to approve that request late yesterday.

"We feel so great, I can't tell you, I feel first for my mother, second for my brother," said Gotti's sister, Victoria.

Gotti said he didn't have wild plans for the night.

"To go home and sleep in my own bed and be with my children, that is my celebration," Gotti told Newsday when asked how he would celebrate.

Staff writers Wil Cruz, Herbert Lowe and Carl MacGowan contributed to this story.

Fuhgeddaboud Me Stayin' Here (NYDN)

By Austin Fenner, Jose Martinez, And Thomas Zambito, Daily News Staff Writer

New York Daily News, September 28, 2006

Prosecutors' third bid to send John A. (Junior) Gotti back to prison ended with their third mistrial yesterday - spurring bittersweet tears from the mob scion and a vow to leave New York forever.

It appeared unlikely last night that the government would seek a fourth trial, giving the Teflon Son a chance to prove he really has ditched the mob life he inherited from his father, whose specter loomed large over the courthouse.

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"They let me leave, I'll leave," Gotti, 42, told reporters outside Manhattan Federal Court, as he pledged to flee his Long Island mansion with his wife and six children for a quieter life in the Midwest.

"I'll take my family and I'll go. It's enough now. They got to let go. Let us go, he's [Dapper Don John Gotti] dead. We just want to move on. He's in Tomb 451 at St. John's [Cemetery, Queens]. It's over.

"If they let me, I want to go back to school," he added, his lawyer Charles Carnesi by his side. "I want to study child psychology and I want to write a book. I want to buy some property out west .... In the 1990s, I lived an opulent and extraordinary lifestyle. I have very simple needs now.

"I want to start from scratch, wherever my wife would be happy," he said. "I'm different than my father. My children are my life. You can convert me. My father you could not ...

"I want to thank this jury. They saved my life," he said before leaving for a pizza party with family.

The emotional words came after the jury declared themselves deadlocked a second straight day. Judge Shira Scheindlin relented and declared a mistrial.

Gotti rode his "I quit the mob" defense to the third mistrial by convincing four holdout jurors he chucked the Mafia life - even though the panel agreed he was responsible for the 1992 attack on radio host Curtis Sliwa.

"Your honor, unfortunately we are deadlocked," the jury said in a signed note that ended their seventh and final day of deliberations.

With those words, the burly Gotti bowed his head and cried. A few rows back, his brother Peter wiped away tears. Sister Angel slumped into her husband's arms weeping.

"It's over," she said.

Scheindlin seemed to express the same sentiments when she urged Gotti's lawyers to file a motion to dismiss the racketeering indictment that could have put him behind bars for 30 years.

Later, at the frame house in Howard Beach, Queens, that John (Dapper Don) Gotti called home, the Don's widow, Victoria, welcomed her oldest son with hugs and kisses. Daughter Victoria, the writer and reality TV star, arrived with a stack of fresh pizzas.

"I will thank our good fortune every day for a judge like Shira Schiendlin," Mamma Gotti told the Daily News. "She is the difference between a fair trial and a railroad job. God bless her."

"It's been torture for her," daughter Victoria said of her mother. "She hasn't slept right. She hasn't eaten right. It was like her life stopped. She was at her breaking point."

Junior Gotti was facing a four-count racketeering indictment and the key the issue was whether he quit the Gambino crime family as he claims before July 1999.

If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

The only charge jurors unanimously agreed upon was that he was guilty of the June 1992 attack on Guardian Angels founder Sliwa, which followed his relentless battering of the Gotti clan on his WABC radio show.

But the 12-0 vote on the Sliwa kidnapping claim proved a hollow victory for prosecutors, who needed to prove Gotti participated in at least two criminal acts in the four-count conspiracy in order to win a guilty verdict.

The jurors' 6-6 split on a witness-tampering charge involving the son of mob informant Michael (Mikey Scars) DiLeonardo. The panel split 8-4, in favor of conviction, on the other major counts.

"He lives to high-five and laugh at me another day," a stunned Sliwa said outside the courthouse. "But I'll have the last laugh either in the criminal justice system or when we're knocking at St. Peter's gate.... You can bet your last George Washington I will continue to be John Gotti Jr's worst nightmare."

U.S. Attorney Michael Garcia said he was disappointed in the outcome, adding, "We will inform the court in the very near future about how we plan to proceed."

At the time of the last mistrial, in March, prosecutors said almost immediately they would try Gotti again.

Before the start of this trial, Scheindlin raised questions about the fairness of trying someone three times and sounded reluctant to let prosecutors give it a fourth try.

The judge indicated that she would consider lifting house-arrest restrictions on Gotti, who is out on $7 million bail.

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Gotti took a risk by going to trial, turning down a plea offer before trial that would have allowed him to go free after five years.

He feared that prosecutors would come after him again. After taking a plea deal in 1999 and serving nearly six years on racketeering charges, federal prosecutors slapped him with a new indictment in 2004 as he was about to go home.

He spent more than $1 million in legal fees, by mortgaging his $1.3 million Oyster Bay Cove, L.I., estate and borrowing from family and friends.

"It was a tough one," Gotti said of his third trial. "This one drained the life out of me."

With Tamer El Ghobashy and John Lauinger

When all's said and Don...

"In the 1990s, I lived an opulent and extraordinary lifestyle. I have very simple needs now."

"I'll take my family and I'll go. It's enough now. They got to let go. Let us go, he's [John (Dapper Don) Gotti] dead."

"I want to start from scratch, wherever my wife would be happy. I'm different than my father. My children are my life. You can convert me. My father you could not."

Will Prosecutors Throw In Towel? (NSDY)

By Joseph Mallia And Anthony M. Destefano, Newsday Staff Writers

Long Island Newsday, September 28, 2006

Experts agree: It'll be tough to get a conviction - ever

Legal experts to Gottiprosecutors: Three strikes, you're out.

John A. Gotti's third deadlocked jury - and racketeering mistrial - should mark the end of his legal saga, academic experts and defense lawyers said yesterday.

"This case is fatally flawed. One could even say that if they bring it again it would be abuse of prosecutorial power," said Fordham Law School professor Jim Cohen, who specializes in criminal law.

"There were concerns in the legal community that the case was brought to trial this time," Cohen said. "It would be very surprising if it were brought a fourth time."

One thing on which several experts agreed: After the highly visible defeats, prosecutors must balance mounting costs - by one estimate already exceeding $1 million - against chances of success.

U.S. Attorney Michael J. Garcia hasn't said whether his office will drop the case, which was based on the charge that Gotti, known as "Junior," replaced his father, John J. Gotti, as the Gambino crime family boss.

A Manhattan federal court jury of five men and seven women told U.S. District Judge Shira Scheindlin yesterday it couldn't agree on a key question: whether Gotti had withdrawn from the crime family by July 1999.

Observers said the U.S. attorney's office operated on the belief that Gotti's withdrawal was a sham, but had not convinced the jury with persuasive evidence.

"If I were in charge, the kind of question I would ask is, 'Can you convince me that, in a subsequent trial, we can be more persuasive?'" New York University Law School professor James Jacobs said.

"And, 'Why do you think it would come out differently than the last two or three?'"

A decision to try again would be viable only if new witnesses or information had come to light, said Jacobs, author of the books "Mobsters, Unions and Feds" and "Busting the Mob."

Cosa Nostra cases typically depend on the quality of surveillance tapes, undercover officers, participating witnesses and wiretapped conversations, Jacobs said. Clear financial links between an organized crime suspect and a flow of money from unexplained, or illegal, sources is also crucial, Jacobs said.

But in the "Junior" Gotti cases, the money flow wasn't easy to prove, he said.

Jacobs was skeptical that any new evidence is forthcoming.

"They've been investigating for a long time. It's probable that they have surfaced as much evidence as they can against John Gotti," Jacobs said.

In all three cases, the number of jurors who favored the defense is a clear indication that the evidence was weak, defense lawyers said.

In yesterday's mistrial, the jurors were unanimous on only one charge, while others were split 6-6 and 8-4 in favor of conviction, jurors said afterward.

"I'm not a statistics expert but a sample of 36 jurors over three trials is pretty strong evidence the prosecution should drop the case," said Gerald Lefcourt, a past president of the National Association of Criminal Defense Lawyers.

Manhattan defense lawyer Gerald Shargel said the courts must look hard at a decision to continue prosecuting the case.

"My view is that enough is enough," Shargel said. He acknowledged that the family's notoriety was bound to affect jurors' view of Gotti's recent cases.

"Here we have a case of Shakespearean proportions. The fallen king, the conflicted prince, the concerned mother, the larger-than-life sister," Shargel said.

But Shargel added that credit for the mistrial may have more to do with another factor. "I really don't think this is a case of him outwitting the prosecution," Shargel said. "It's a matter of him having very good lawyers."

John A. Gotti isn't the first defendant to face multiple prosecutions for the same alleged crimes. After two mistrials caused by alleged jury-tampering, Gotti's uncle Gene Gotti was convicted in May 1989 on federal charges of running a heroin ring.

Thank Goodness For Fair Judge (NYDN)

By Victoria Gotti, Special To The News

New York Daily News, September 28, 2006

Last month, with her son fighting for his life in court, Victoria Gotti described him as a "gladiator ... waiting in the center of the arena for the lions to be let in and spectators waiting with anxious anticipation for what they hope will be a bloodbath." Now she reflects on her son's third mistrial:

I will thank our good fortune every day for a judge like Shira Schiendlin. She is the difference between a fair trial and a railroad job. God bless her.

The defense team was second to none and basically worked pro bono. Last, but not least, God bless those jurors for not believing the swill they were being fed daily by government and stories being planted by their government shill at the New York Post.

I pray my son, who I love more than life, will now go with love and my nightmare will now be over.

There is no celebration. We are all just too exhausted, emotionally and physically. We can all just get a good night sleep tonight.

As for Curtis Sliwa, let him explain - as former Guardian Angel William Diaz testified at the trial - why he would take a gang and go to assault another group that he thought were the people who attacked him. What does that make him?

I would think, as I said, Mr. Sliwa needs to be very, very grateful for that statute of limitations or it would be him doing hard time.

He is what he is, a carnie guy - anything that can give him a show. He will now go from show to show to get the attention he craves.

As for John giving up people, had he been willing, he would not have been on trial a third time. It is John who was given up by several people - including a legal person.

It was a government source who tried his best to get my son murdered by circulating that he was a rat. Conveniently, the government source, an FBI agent, gave this garbage to The Post ... We learned that Curtis Sliwa's best friend ... is the new publisher of that paper. We didn't expect anything but yellow journalism.

For Theft Of Rare Maps, A Sentence Of 42 Months (NYT)

By Alison Leigh Cowan

The New York Times, September 28, 2006

NEW HAVEN, Sept. 27 — A map dealer who stole nearly 100 rare maps valued at $3 million from Yale and other institutions was sentenced to three and a half years in prison on Wednesday after a federal judge credited him for helping the authorities retrieve most of the items taken.

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Representatives of the institutions that were looted, who had traveled long distances to lobby for a stiff sentence, left the court saying they were deeply disappointed with the punishment given the map dealer, Edward Forbes Smiley III. Federal sentencing guidelines suggested that Mr. Smiley was looking at a term of 57 to 71 months, although the maximum penalty was 10 years.

Mr. Smiley, 50, told the court he was "deeply ashamed" and was eager to make restitution to the institutions and dealers who lost money. Some of the stolen maps have not been retrieved, and dealers who bought maps from Mr. Smiley and then resold them often had to reimburse their clients so that the maps could be returned.

He stood within 20 feet of three cartons containing dozens of the stolen maps that had been retrieved, which had been brought into court to allow the judge to inspect them.

"I have hurt many people," he said, his hands clasped behind him. He said he had read the many victim-impact letters sent to the court and said, "I find them very powerful. I believe they were written by a group of people who have love for these materials and who have devoted their lives to making them public."

Mr. Smiley said he understood the sense of betrayal felt by the curators and library staff members who had helped him when he came to examine their collections.

Mr. Smiley, 50, was arrested by the Yale police in June 2005, shortly after leaving Yale's rare-book library with seven maps stashed in his briefcase and tweed jacket.

After a year of cooperating with the authorities, he pleaded guilty in federal court in June this year to the theft of a major artwork. As part of the plea agreement, he admitted to removing maps from collections at Harvard, Yale, the New York Public Library, Boston Public Library, the Newberry Library in Chicago and the British Library in London.

All of those institutions sent representatives to Wednesday's hearing to press for a stiff sentence. Robert Karrow, the map curator at the Newberry, said he wanted a sentence that would tell "Smiley's successors that the stakes in this game of cultural hijacking have been raised."

Several also expressed outrage that Mr. Smiley's lawyer, Richard A. Reeve, wanted his client to be rewarded for helping retrieve what he had stolen.

"That cooperation, of course, occurred only after he was caught in the very act of mutilating books and stealing maps" at Yale, said Professor Frank M. Turner on behalf of the university's libraries.

The judge, Janet Bond Arterton of the United States District Court, said "this is anything but an easy sentence to impose" given Mr. Smiley's many contradictions.

She said she was awed earlier that day when she inspected the maps that Mr. Smiley had taken.

But she said Mr. Smiley's decision to cooperate when he could have told federal agents to "have a nice investigation," as Mr. Reeve had put it earlier, made her feel Mr. Smiley deserved to get less than the sentence suggested by federal guidelines.

Map Dealer Dealt Prison Term In Thefts (BOS)

By David Abel, GLOBE STAFF

The Boston Globe, September 28, 2006

A well-known dealer who stole at least 98 rare maps from the Boston Public Library, Harvard College, and such institutions as Yale University and the British Library in London was sentenced Wednesday to three years in prison and ordered to pay more than $1.9 million to clients he swindled.

E. Forbes Smiley III, 50, of Chilmark on Martha's Vineyard, admitted that over an eight-year span he stole more than 30 maps from Boston and New York public libraries, eight from Harvard's Houghton Library, and 10 from Yale's Beinecke Rare Book and Manuscript Library in New Haven, prosecutors said. The British Library has said Smiley took centuries-old maps that told the story of the New World.

''I have hurt many people,'' Smiley said in US District Court in New Haven, according to the Associated Press. ''I stole very valuable research materials from institutions that made it their business to provide those materials to the public for valuable research. I am deeply ashamed of having done that. I cannot imagine the pain and the anger that I made them suffer.''

The judge ordered Smiley to report to prison in January, at a facility to be designated by the Federal Bureau of Prisons.

Beth Brainard, a spokeswoman for Harvard College's library system, said some of the maps have been damaged and that Harvard contends 13 maps, five more than Smiley admitted to. ''We are always gratified to see individuals who steal and destroy valuable library materials brought to justice,'' she said.

Antique Map Thief Gets 3 1/2-Year Jail Term (AP)

By John Christoffersen, The Associated Press

AP, September 28, 2006

NEW HAVEN, Conn. -- A renowned antique map dealer who admitted stealing nearly 100 rare maps was sentenced Wednesday to 3 1/2 years in prison, after one librarian described him as a "thief who assaulted history."

E. Forbes Smiley III, 50, also was tentatively ordered to pay restitution of $1.9 million. He is scheduled to report to prison Jan. 4.

Smiley, who faced up to six years in prison under federal sentencing guidelines, stole the maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard and Yale university libraries and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, territories and discoveries in America, experts said.

"Your honor, I have hurt many people," Smiley said in court. "I stole very valuable research materials from institutions that made it their business to provide those materials to the public for valuable research. I am deeply ashamed of having done that."

Smiley, who pleaded guilty in June, was arrested after a Yale librarian found a razor blade on the floor. The arrest prompted Yale and other top map libraries to review their security procedures.

Authorities say Smiley acted out of resentment toward the prestigious libraries and to pay for his expensive tastes and mounting debts.

U.S. District Judge Janet Bond Arterton said she wanted to send a dual message with the sentence. Prosecutors did not ask for a specific a sentence, but recommended Smiley be given credit for his cooperation with the investigation.

"If you steal human treasurers, then you will go to prison, but if you help recover them, this will be taken into account and weighed in the balance," Arterton said.

Leaders of the prestigious libraries urged a stiff sentence, saying he took world treasures and left a trail of victims.

"It will go down in criminal and library history as one of the largest, most prolonged, premeditated and systematic of all thefts from libraries, and with no mitigating circumstances," British Library Director Clive Field said during the sentencing hearing.

The maps marked the discovery of new lands, traced wars and peace treaties, new settlements and disappearances of people, said David Ferriero of the New York Public Library.

"I am here today to talk about the actions of a thief _ a thief who assaulted history, betrayed personal trust and caused irreparable loss of treasures whose value to future scholarship will now never be known," Ferriero said.

Field and other librarians said Smiley stole world treasures, hurt staff morale, mutilated the maps, harmed scholars who count on the documents, and shattered the trust that is essential between libraries and their patrons.

Smiley sought a sentence of up to three years, saying his extensive cooperation with authorities led to the recovery of most of the maps.

"It is not a slap on the wrist," said Richard Reeve, Smiley's attorney.

Baton Rouge Woman Pleads Guilty In FEMA Fraud Counts (BRADV)

Baton Rouge Advocate, September 28, 2006

A Baton Rouge woman pleaded guilty Tuesday in federal court to two counts of fraud related to hurricane disaster relief programs.

Keosha Martin, 24, pleaded guilty to making two false and fraudulent claims to the Federal Emergency Management Agency.

According to the indictment, Martin was employed by FEMA between October 2005 and November 2005 as an applicant assistant whose duties included assisting disaster victims in applying for benefits.

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At the time, Martin filed a claim on her behalf for damage from Hurricane Katrina and later filed a claim for damage from Hurricane Rita.

Martin could be sentenced to 10 years in prison, a $500,000 fine or both, per count.

The number of people who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds stands at 74.

In September 2005, U.S. Attorney General Alberto Gonzales formed the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for U.S. Attorneys and others.

FEMA Workers Charged With Fraud (NYT)

By Eric Lipton

The New York Times, September 28, 2006

Two Hurricane Katrina recovery workers hired last year by the Federal Emergency Management Agency have been charged with trying to defraud the government by filing a false claim for damage to a houseboat, which resulted in an award of $25,500 in disaster assistance. One of the FEMA employees, Duane Adams, claimed to own the houseboat in Moss Point, Miss., and the other, Emily Fuqua, helped Mr. Adams file the false claim. The two, who worked in clerical administration and disaster recovery programs, have been placed on unpaid leave, a FEMA official said.

'It's Over,' Says Ex-prosecutor (DEN)

By Paul Egan, The Detroit News

Detroit News, September 28, 2006

DETROIT -- Former Macomb County Prosecutor Carl Marlinga burst into tears, embraced his wife, Barbara, and whispered, "It's over," after a federal jury acquitted him Wednesday of public corruption charges.

Marlinga, 59, who loudly proclaimed his innocence even before the federal government indicted him on bribery and fraud charges in 2004, was ecstatic but not bitter after the jury forewoman read the words "not guilty" five times.

"I'm speechless, probably for the first time in my life," Marlinga told reporters immediately after the verdict. "I want to thank God, I want to thank my wife, and I want to thank two of the greatest lawyers and friends that I could have ever met."

Marlinga, who was represented by Mark Kriger and N.C. Deday LaRene, said he ignored his lawyers' advice when he repeatedly agreed to be interviewed by investigators and twice testified before a federal grand jury investigating his conduct. At his trial, Marlinga found his own words forming a central part of the government's case.

Now a lawyer in private practice, Marlinga would not rule out a return to politics. His future could test whether a politician, once cleared, can cleanse the stain of an indictment and return to public life.

It also represents the latest in a series of setbacks for the federal government in high profile cases in Detroit.

The case is another prominent defeat for the U.S. Attorney's Office in Detroit.

The government does not appeal jury acquittals in criminal cases. "We respect the jury's decision, I congratulate Mr. Marlinga's attorneys on the defense, and we're moving on," said U.S. Attorney Stephen Murphy.

Marlinga, a Democrat who served nearly 20 years as Macomb County prosecutor, was accused of giving favorable treatment to the accused in two sexual assault cases in return for campaign donations in 2001 and 2002, when he ran unsuccessfully for a seat in Congress.

The government's case was based largely on circumstantial evidence related to the proximity in timing between campaign donations from advocates for the accused, and Marlinga's actions and promises in connection with the cases. In addition to Marlinga's statements, the government relied on taped telephone calls between Marlinga and Warren businessman Ralph Roberts, who routinely taped his own business calls.

Roberts, who believed Jeffrey Moldowan was wrongly convicted of a brutal 1991 sexual assault and was pushing Marlinga to help get Moldowan a new trial, donated $2,000 to Marlinga's congressional campaign and promised additional fund-raising

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help. But Roberts, who was briefly charged with bribery before the charges were dropped, maintained there was nothing incriminating if his conversations with Marlinga were heard in their entirety.

Prosecutors and investigators "should be filled with regret for what they've done," Roberts said Wednesday. "They were just trying to further their careers by bringing down a politician and a prominent businessman in Macomb County."

Robert Cares and Jonathan Tukel, the assistant U.S. attorneys who prosecuted the case, were not available for comment after the verdict. But Murphy said his office strives to do the right thing in all cases and commended the efforts of those involved in the Marlinga case.

"We will continue to investigate allegations of public corruption and we will prosecute when the facts and evidence warrants," Murphy said.

Murphy rejected the view that Marlinga's acquittal represents the latest in a series of defeats by his office, including a botched terrorism case prosecuted shortly after the attacks of Sept. 11 and a massive Detroit police corruption prosecution that resulted in the dropping of most charges against police officers indicted and a raft of legal actions by those the indicted officers had arrested.

Murphy noted the recent successful prosecution by his office of former Detroit city councilman Alonzo (Lonnie) Bates on public corruption charges.

"We've had a strong record of success, especially in the last two years," Murphy said. "Any prosecutor's office is not going to win 100 percent of the time."

Marlinga's trial before U.S. District Judge Victoria Roberts began Sept. 12. A jury of 10 women and two men began deliberating Tuesday morning and signaled they had reached a verdict at about 2:40 p.m. Wednesday.

Marlinga was acquitted of two counts of bribery, one count of wire fraud, one count of making false statements to the Federal Election Commission, and one count of exceeding campaign contribution limits. He faced up to 20 years in prison if convicted.

Macomb County Prosecutor Eric Smith, who succeeded Marlinga, said he could not be happier for his former supervisor.

"We, as in our office, have been very supportive of Carl," said Smith, adding he did not think Marlinga's prosecution would leave any lasting scars on his office.

Marlinga said he felt no bitterness toward the authorities and commended for their diligence the FBI and Michigan State Police officers involved in the case. But he expressed disappointment in that the U.S. Attorney's Office chose to bring the charges after both he and Roberts passed polygraph tests.

"As a prosecutor, I know that sometimes you make mistakes," Marlinga said.

Marlinga acknowledged he sometimes changed his positions -- which itself was an issue in his criminal case, and said, "I wasn't the smartest politician, but I always prided myself on my integrity."

To him, only a charge such as child sexual abuse could be worse than being charged with public corruption, Marlinga said.

"The emotional cost was incalculable," he said. "It was the worst thing I've ever gone through in my entire life."

Marlinga said his decision to give so many voluntary statements to authorities may not have been wise and he would not recommend such a move to his own clients, but he said he does not regret what he did.

"You can't have too much truth," he said. "Eventually, the truth of what you are saying has got to rise to the top."

Among those surrounding Marlinga after the verdict were his wife, stepsons John and Michael, and his sister-in-law, Donna Nicholson, who pushed a rosary into Marlinga's hand to hold while he awaited the verdict.

"This is as sweet as it gets," said Kriger, Marlinga's co-counsel.

Detroit News Staff Writer Santiago Esparza contributed to this report. You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

MARLINGA ACQUITTED: 'Thank God' For The Verdict (FREEP)

By Amber Hunt And David Ashenfelter, Free Press Staff Writers

Detroit Free Press, September 28, 2006

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Ex-prosecutor overjoyed

With the first "not guilty," former Macomb County Prosecutor Carl Marlinga bent his head forward and began to cry softly.

By the time the jury forewoman said those words for the fifth time -- acquitting Marlinga of all federal corruption charges that have dogged him for two years -- he sobbed.

"I'm speechless for probably the first time in my life," Marlinga, still tearful, said after spectators left the courtroom.

But he wasn't.

"I want to thank God, my wife and two of the greatest lawyers and friends I could ever have in my life," Marlinga said, referring to defense lawyers Mark Kriger and N.C. Deday LaRene. "They just didn't stop working on the case."

Marlinga, 59, had faced up to 10 years in prison and $250,000 in fines for allegedly swapping prosecutorial favors in two rape cases for contributions to his failed 2002 congressional campaign. The five charges included two counts of bribery, deprivation of honest services, making false statements to the Federal Elections Commission and exceeding campaign contribution limits.

The charges derailed Marlinga's political career, causing the popular Macomb County Democrat to step aside shortly after the indictment was issued in April 2004, after 20 years as the county's chief prosecutor.

As they filed out of the courthouse, jurors said federal prosecutors weren't convincing.

"We felt the government didn't prove its case and Mr. Marlinga's attorneys did," said jury forewoman Mary Shultz of Rochester.

"There were way too many loose ends," said juror Megan Bowman, an Ortonville homemaker. "There wasn't a whole puzzle."

Jurors said it took two days to reach a verdict because they carefully reviewed the evidence to make sure they weren't overlooking anything.

Bowman and juror Sue Kramer, a Rochester teacher, said the single best witness was Marlinga, who convinced jurors that he was honorable and ethical. They said he did the right thing when he intervened in one of the rape cases -- that of Jeffrey Moldowan, who was convicted in 1991 of raping and mutilating an ex-girlfriend.

"We all felt that it was the greatest thing that Carl Marlinga got on the stand," Kramer added. "You could get a real sense of who he is and what was in his heart."

Marlinga, reversing his office's long-standing position on the Moldowan case, filed a brief in January 2002 to the Michigan Supreme Court citing discredited bite-mark evidence and new witnesses that ultimately led to Moldowan's 2003 retrial and acquittal.

Prosecutors said that because Marlinga accepted contributions from Ralph Roberts -- a Warren real estate broker and Moldowan supporter -- just days before the brief was filed, Roberts had bought Marlinga's prosecutorial influence.

They also accused him of accepting $26,000 from defense lawyer Dennis Johnston -- including $4,000 prosecutors said was funneled through then-state Senate candidate James Barcia, a Bay City Democrat -- while discussing possible plea deals for one of Johnston's clients. The client, James Hulet, was accused of drugging and raping a teenage girl.

Assistant U.S. Attorney Robert Cares, who said during the trial that Marlinga's political ambition caused him to sell his influence, declined comment. His cocounsel, Jonathan Tukel, said later: "We always respect the jury's verdict."

U.S. Attorney Stephen Murphy said it was a difficult case and congratulated Marlinga's lawyers.

Although the office had a string of high-visibility losses in the months before Murphy took the helm in 2005, he said: "No prosecutor's office in America will or should have a 100% batting average. We strive to do the right thing in every case."

Kriger gave Marlinga a hearty hug after the verdicts were announced.

"This is as sweet as it gets," Kriger said. "Ninety-nine percent of the time, the jury gets it right," he said, adding that Wednesday's verdict was one of those times.

As soon as the verdicts were read, a sobbing Marlinga reached behind him to clutch his wife of 13 years, Barbara, who doubled over in tears.

"I kept telling her to have confidence in the system," Marlinga told reporters as he and his wife continued to cry.

Barbara Marlinga hugged her two sons -- Marlinga's stepsons -- and said, "I can finally sleep tonight!"

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She managed to get through the ordeal, she said, because strangers frequently said they were pulling for Marlinga.

Marlinga said the case took a huge toll on his family and that it will leave him with a substantial legal bill, even though his lawyers gave him a discounted rate to represent him in the case because they believed in his innocence.

If he could do anything over again, Marlinga said, he would never have gone to the Dec. 18, 2001, Christmas party where he ran into Roberts and asked him to contribute to his campaign. Marlinga said in trial that he also promised to update Roberts on the Moldowan case.

Shortly after learning of the verdict, Roberts -- who initially had been indicted alongside Barcia before charges were dropped against both of them last summer -- said he was thrilled Marlinga was cleared.

"The jury was the hero for the Roberts family and the Marlinga family today," Roberts said. "This was four years of reckless destruction."

Thomas Cranmer, a former assistant U.S. attorney and prominent criminal defense lawyer, said the legal community kept close watch on the two-week trial.

"The case was hard-fought in terms of there certainly being a dogged prosecution and a vigorous defense as well," Cranmer said. "The system does work. The prosecution didn't prove guilt beyond a reasonable doubt. That's the message you take from the verdict."

The Michigan State Police and the FBI began investigating Marlinga in late 2002. The investigation prompted Marlinga to drop out of the 2004 prosecutor's race, ending his 20-year run as a top vote-getter in Macomb County.

He proclaimed his innocence and said his faith in being acquitted never wavered. Some Macomb County residents said their belief in him also never wavered.

Sheriff Mark Hackel described the case as absurd.

"Carl does not have a criminal bone in his body. It was absurd to even think about -- or fathom -- Carl committing some kind of crime," Hackel said Wednesday night.

"

Marlinga praised FBI Agent Ronald Loch and Michigan State Police Detective Sgt. David Kelly for their work, but he said federal prosecutors chose to believe only part of the truth.

Macomb County Prosecutor Eric Smith said his office is happy that Marlinga, his former boss, can move on.

"This has been hanging over their heads in excess of four years," Smith said.

Besides potential prison time and fines, Marlinga also would have lost his license to practice law, which he's been doing privately since he stepped out of public office.

Judgment For Marlinga (FREEP)

Detroit Free Press, September 28, 2006

Carl Marlinga may have exercised poor judgment or been naive about how things would look, but a federal court jury decided Wednesday that the former Macomb County prosecutor was not guilty of a crime. The verdict clearing him on five corruption charges rewarded Marlinga's faith in a system that he served pretty well for 20 years.

The allegations that he swapped favors in criminal cases for contributions to a failed congressional campaign effectively ended Marlinga's political career.

But he has always been a pretty straight shooter as a public official and took the witness stand to declare his innocence with the same earnest demeanor that made him a favorite of Macomb County voters. This time, Marlinga got all the votes he needed.

Figure In New Orleans Corruption Probe Avoids Prison (AP)

AP, September 28, 2006

NEW ORLEANS (AP) — A figure in a federal investigation targeting corruption in the New Orleans transit authority was put on three years of probation on Wednesday.

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John S. Keller pleaded guilty in August 2005 to failing to report a felony. U.S. District Judge Ginger Berrigan also ordered him to perform 200 hours of community service and pay $10,000 in restitution to the Regional Transit Authority, along with a $5,000 fine.

Keller was the business partner of Glenn Haydel, who pleaded guilty in May to stealing $550,000 from the RTA. Haydel, the brother of former Mayor Marc Morial's mother, had a lucrative consulting contract with RTA when Morial served two terms.

Haydel admitted to diverting $550,000 from an RTA trust account to his own company and then taking $350,000 for his personal use. Cancellation of Haydel's contract was one of Mayor Ray Nagin's first acts after he took office in 2002.

The federal investigation also has targeted other aspects of City Hall during the Morial years. Three men with close ties to Morial — businessman Stan "Pampy" Barre and Reginald Walker, along with former city property manager Kerry DeCay — face charges stemming from the largest city contract let during Morial's tenure.

The three are accused of orchestrating a plan to skim hundreds of thousands of dollars from a $65 million contract to upgrade energy-related fixtures in city buildings. All three have pleaded not guilty and are awaiting trial.

Morial, now head of the National Urban League, has not been accused of wrongdoing.

On Sept. 21, another member of Morial's inner circle, political consultant William Schultz, agreed to plead guilty to federal tax charges and pay nearly $187,000 in back taxes, including levies on money he made from companies run by Barre and Walker.

Under terms of that deal with prosecutors, Schultz faces a year in prison, U.S. Attorney Jim Letten said.

Feds Ask Judge To Shield Evidence In Probe Of Fumo, Nonprofit (SCCD)

By Maryclaire Dale

The State College Centre Daily, September 28, 2006

PHILADELPHIA - The federal grand jury investigating whether state Sen. Vincent Fumo extorted corporate donations for a charity in his district should wrap up its work by February, prosecutors disclosed Wednesday.

"The grand jury is sorting out potential defendants, potential charges," Assistant U.S. Attorney John Pease said at a hearing in a related case. "It's at a very sensitive stage."

Two ex-Senate staffers, computer technicians Mark C. Eister and Leonard P. Luchko, are charged with obstructing the investigation by deleting years worth of e-mail about Fumo's ties to the charity from office and other computers.

Prosecutors managed to recover much of it, however, and told the presiding judge they have gathered 100,000 pages worth of e-mails.

At the hearing Wednesday, they asked the judge to order defense lawyers to keep under lock and key the e-mails, grand jury transcripts and other evidence that prosecutors must turn over to the defense.

Some of it involves "scandalous" and perhaps criminal information about numerous third parties who may never be charged, Pease said.

"If these interviews and grand jury transcripts fall in the hands of someone who wants to write a (news) story, it's going to cause extreme embarrassment," Pease argued.

Defense lawyers promised not to distribute the material to third parties but objected to the demand from prosecutors that they keep a log of everyone who sees it and swear those people to secrecy.

"I'm just worried I'm going to get in trouble," said defense lawyer Brian McMonagle, who represents Eister.

U.S. District Judge William H. Yohn Jr. asked the sides to try to narrow the scope of the documents that would come under a protection order, and scheduled a telephone conference with lawyers on Monday.

Defense lawyers argue that prosecutors themselves have courted the press, with dramatic pre-dawn arrests and the public filing of a 65-page FBI affidavit that spells out the focus on Fumo and includes colorful e-mail excerpts about the senator.

"From the outset of this case, the government has used its power and the media to isolate and embarrass Luchko in an attempt to scare him into testifying," defense lawyer James C. Schwartzman wrote in opposing the government's secrecy motion.

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Luchko and Eister are the only people charged to date in the investigation of the Philadelphia power-broker. Federal authorities are investigating whether Fumo extorted millions in corporate donations for Citizens Alliance for Better Neighborhoods and used the South Philadelphia charity for political purposes, according to an FBI affidavit.

A call to Sprague & Sprague, the law firm that represents Fumo, rang unanswered after business hours Wednesday.

Prosecutors - in a heightening war of words - have also suggested that the technicians' lawyers are more concerned with protecting Fumo than their clients, and question who is paying their fees.

The Senate paid the legal costs of Luchko and Eister until June, when they were indicted.

Since then, a trust fund has been set up by unnamed "independent trustees and a well-respected Philadelphia law firm," to pay to defend Luchko and other former Senate staffers, Schwartzman disclosed in a recent court filing.

Prosecutors want to know just who controls those purse strings.

"The revelation ... cries out for investigation by the court," they wrote. A hearing on the conflict-of-interest question is set for Oct. 12.

Luchko, 50, of Collingdale, is charged with 30 criminal counts, including conspiracy, destroying evidence and obstructing a federal investigation. Eister, 36, of Camp Hill, faces five counts.

They have repeatedly offered to cooperate but want immunity, a condition that prosecutors reject, according to defense filings.

Yohn has scheduled a Jan. 8 trial date, but the date could be postponed, the judge suggested Wednesday.

Judge Bars Full Gag On Fumo Case Info (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 28, 2006

A federal judge yesterday ordered prosecutors and defense attorneys to work out a dispute over whether to disclose some evidence in the case of two former computer aides to Sen. Vince Fumo who are charged with obstructing a federal probe of Fumo.

U.S. Senior District Judge William H. Yohn Jr. said he would not grant prosecutors a blanket order prohibiting defense attorneys from disclosing information in the case.

He told prosecutors and defense attorneys to accommodate each other's concerns over the next few days and report to him on Monday.

At a hearing yesterday, Assistant U.S. Attorney John Pease said the feds wanted to safeguard the privacy of witnesses and make sure an ongoing grand-jury investigation is not compromised.

At issue are summaries of FBI and IRS interviews with witnesses, grand-jury transcripts and two search-warrant affidavits that have been filed under seal.

"We think the defense counsel should have that under discovery obligations," Pease said, "but some of it is scandalous, even criminal, and would be extremely embarrassing to the persons involved" if it were made public.

Prosecutors have not yet turned over all the evidence they have accumulated against the two ex-Senate aides, Leonard Luchko and Mark Eister, but they must deliver it soon.

Pease identified 15 interview summaries by investigators, nine grand-jury transcripts and two search-warrant affidavits that prosecutors don't want to appear in newspaper stories.

One suggestion was for defense attorneys to keep a log of people they interview and then get them to sign an affidavit that they won't divulge any information to a third party.

But James C. Schwartzman, attorney for Luchko, said that could restrict his ability to prepare a defense.

"If we have to get people to sign a document, I know we'll get little cooperation," he said.

He also asked for a delay in the trial start date, now slated for January.

Yohn permitted the Daily News and Inquirer to weigh in on the government's motion.

Michael Baughman, a lawyer representing the two papers, argued against any order that would restrict access to discovery materials.

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He said that unless the feds could show that disclosure would result in "intensified pain" to third parties, the public's right to know outweighed privacy interests of witnesses, especially if they are public employees and the case involves allegations of public corruption.

"This has to be done on a document-by-document basis, and there has to be a finding of intensified pain," he said.

Luchko and Eister are charged with deleting Fumo's e-mails to thwart the federal investigation of the senator. Both have pleaded not guilty.

The feds have been investigating Fumo since 2003 to determine whether he committed extortion when he solicited contributions for the Citizens Alliance for Better Neighborhoods, a nonprofit organization with ties to Fumo, and whether he used any of the contributions to benefit himself personally or politically.

Fumo has denied any wrongdoing.

Prosecutor Says U.S. Probe Of Fumo To End This Year (PHI)

By John Shiffman

The Philadelphia Inquirer, September 28, 2006

The three-year federal corruption and extortion investigation of State Sen. Vincent J. Fumo should be resolved by Christmas, a prosecutor said yesterday.

"We're nearing a conclusion," Assistant U.S. Attorney John Pease said during a related court hearing. The case, he said, is at "a sensitive stage."

Authorities have been investigating whether the powerful Democrat illegally used a South Philadelphia nonprofit for political or personal gain.

In May, two former Senate computer technicians were charged with obstruction of justice for allegedly deleting e-mails as part of an effort to thwart the FBI and IRS probe. Leonard Luchko and Mark Eister have pleaded not guilty and are scheduled for trial Jan. 8.

During a pretrial hearing in their case yesterday, Pease said that he expected the Fumo investigation to conclude before the Luchko and Eister trial begins. Grand juries typically do not meet in late December.

U.S. District Judge William H. Yohn Jr. convened yesterday's hearing to hear arguments on a proposed order that prosecutors said is necessary to prevent leaks to the media.

As part of the routine pretrial discovery process, prosecutors are poised to disclose hundreds of FBI and IRS reports and thousands of pages of grand jury transcripts to Luchko's and Eister's lawyers. Such material contains "shocking, scandalous... embarrassing" information about people who may never be charged in the case, Pease said, and should remain confidential.

To support this assertion, Pease said he had prepared a sealed 10-page document, which he said contained 26 examples of potentially embarrassing disclosures - detailed in 15 FBI investigative reports, nine grand jury transcripts, and two search warrants, including one executed at Fumo's district offices in Philadelphia.

Yohn indicated that he didn't need to review the 10-page document - at least not yet.

Lawyers for Luchko and Eister - as well as a lawyer for The Inquirer and Philadelphia Daily News - opposed the so-called protective order, which would require anyone with access to the material to swear not to divulge its contents, except to prepare for trial.

Lawyers James Schwartzman and Brian McMonagle said such an order would make it difficult to prepare a defense, because people identified in the material - especially potential witnesses - would be reluctant to sign such an agreement.

Michael Baughman, a lawyer for the newspapers, cited a 1994 decision by the U.S. Court of Appeals for the Third Circuit in Philadelphia that says protective orders are less appropriate in situations involving public figures or public issues.

Yohn did not rule yesterday. He urged the lawyers involved to compromise.

2 Ad Men Admit Pay-to-play Scheme (PHI)

By George Anastasia

The Philadelphia Inquirer, September 28, 2006

DOJ_NMG_0070426

A former advertising-company executive and a consultant for that company each pleaded guilty to fraud charges yesterday, bringing an end to one phase of an ongoing federal corruption investigation at Philadelphia International Airport.

Joseph Evans, 51, the former chief executive officer of Sky Sites Inc., and Joseph Moderski, 69, a consultant, entered their pleas during hearings before U.S. District Judge James T. Giles.

Evans, under terms of a plea agreement, pleaded guilty to one count of mail fraud. Moderski pleaded guilty to conspiracy, mail fraud and wire fraud.

Both men are to be sentenced in January.

Evans and Moderski were charged in a pay-to-play scheme in which they conspired to funnel money out of the company to finance illegal campaign contributions to Mayor Street.

The mayor has not been charged with any wrongdoing, but his office was briefly bugged by the FBI as part of a broad corruption probe that focused on city contracts, campaign contributions, and allegations of quid-pro-quo arrangements between elected officials and businessmen.

Evans and Moderski were charged in a scheme in which money was siphoned out of Sky Sites and its parent company, JCDecaux, to cover the cost of campaign contributions Moderski and others made to Street's campaign.

It is illegal for corporations to make such contributions.

The government alleged that Moderski orchestrated the plan, claiming that the contributions would help the company win new advertising contracts and retain existing contracts at the airport.

JCDecaux specializes in indoor, back-lit advertising displays in airport terminals throughout the world.

Two others charged in the case, former Sky Sites vice president Eric Selby, and architect Terry Crockett, who did subcontracting work for the company, had entered guilty pleas earlier and were cooperating with the government.

Assistant U.S. Attorney Joan L. Markman, in outlining the charges against Moderski and Evans, told Giles that the scheme involved a $10,000 "sham bonus" paid to Moderski in August 2000 and a phony $30,000 payment to Crockett in 2001.

The bonus payment was made to cover a $10,000 contribution Moderski had made to Street's campaign, Markman said. The $30,000 invoice for work that was never done was used to cover contributions of $10,000 each made by Selby, Crockett and Moderski to a PAC run by Ronald A. White, one of Street's chief fund-raisers.

White was indicted in a broader racketeering case. He died before his case came to trial.

Evans pleaded guilty yesterday to one count of mail fraud filed this week as part of a plea agreement. In exchange, prosecutors agreed to drop three additional charges.

Moderski, on the other handed, pleaded guilty to conspiracy, wire fraud and mail fraud - charges contained in the original indictment handed up against him and Evans earlier this year.

Markman would not comment on whether the government had tried to negotiate a plea agreement with Moderski, a Bryn Mawr-based political and business consultant.

"The investigation is continuing," she said when asked about the status of the corruption probe at the airport.

Polygamist Sect Leader Will Stay Jailed (AP)

By Jennifer Dobner, Associated Press Writer

AP, September 28, 2006

(ST. GEORGE, Utah (AP) -- Polygamist sect leader Warren Jeffs, a fugitive for nearly two years, appeared in a Utah courtroom Wednesday and said he was willing to wait several weeks for a judge to decide whether to send him to trial on charges of arranging an underage marriage.

"Yes, sir. Yes, your honor," Jeffs replied when Judge James Shumate asked if the delay was acceptable.

The judge set a Nov. 21 probable cause hearing and said he would address Jeffs' bond status at that time. He remains in jail.

The hearing lasted less than 10 minutes for the self-proclaimed prophet who heads the Fundamentalist Church of Jesus Christ of Latter Day Saints. Jeffs is charged with two counts of rape as an accomplice, a first-degree felony that carries life in prison.

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Under his suit, tie and white shirt, Jeffs was wearing a bulletproof vest. There was tight security inside and outside the Washington County courthouse, including SWAT teams.

Prosecutors claim Jeffs, 50, forced a teenage girl to enter a spiritual marriage with an older man and submit to sex to produce children.

The girl twice told Jeffs she didn't want to marry or have sex, but was told it was her "spiritual duty" to submit because the marriage had been arranged by God, according to court filings.

"The victim is doing well," Brian Filter, chief deputy county attorney, said outside court, adding that he expects the victim will testify at the hearing.

Defense attorney Walter Bugden said "absolutely" when reporters asked if this was religious persecution.

"Let's wait until we can have a trial in this matter before we jump to the conclusion that Mr. Jeffs is guilty of anything," Bugden said.

Named to the FBI's 10 Most Wanted list in May, Jeffs was arrested last month during a traffic stop near Las Vegas. He had been a fugitive for nearly two years.

Jeffs, who took over the leadership of the church from his father in 2002, is also facing two felony charges in Arizona for a similarly arranged marriage. He'll face those charges after the Utah case.

A lawyer who has represented members of Jeffs' sect said before the hearing that finding a jury with impartial — or even mild — views on polygamy may be difficult in Washington County.

"There's a real skepticism brought to bear on their claims," said Rod Parker, who believes sect members are perceived differently than other clients he's defended. "It's very subtle, but it's there."

For nearly 100 years, members of the sect, which numbers nearly 10,000, have lived a quiet, insular life in the border towns of Hildale, Utah, and Colorado City, Ariz. The sect broke away from the Mormon church more than a century ago and has been disavowed by The Church of Jesus Christ of Latter-day Saints.

Parker represented Rodney Holm, a Hildale police officer convicted of bigamy in 2003, and last year tried unsuccessfully to persuade the Utah Supreme Court to keep a polygamist judge on the bench.

In the Holm case, questionnaires that asked about polygamy revealed a strong bias among prospective jurors, said Parker, who is not acting as Jeffs' attorney.

"I thought going into it, that being in southern Utah where people had a little more interaction with the fundamentalists, that it would be better," he said. "We were surprised."

Whether prosecutors state it or not, polygamy will be an underlying factor at Jeffs' trial, said John Bucher, who represented a client on charges of bigamy and child rape in 2001 in a different county.

"I don't think you can say, 'The perpetrator is a member of a polygamist organization,' and try to separate that out from the crime in the jurors' mind," Bucher said.

Jeffs' Attorney Says Case Is 'religious Persecution' (SGS)

By PATRICE ST. GERMAIN

St. George Spectrum, September 28, 2006

ST. GEORGE – Warren Jeffs' attorney Walter Bugden said his client views the case against him as religious persecution.

"Absolutely," Bugden said in response to the question.

Bugden, along with his partner Tara Isaacson, Las Vegas attorney Richard Wright and investigator Doug Maack, appeared in court for Jeffs' scheduling conference this morning.

The court appearance lasted less then five minutes. Following his court appearance Jeffs met with his attorneys before Bugden gave a brief statement to the media outside the courtroom.

"We're going to have a preliminary hearing, with one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing," Budgen said.

The preliminary hearing has been scheduled for 8:30 a.m. on Nov. 21.

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Jeffs, the self-proclaimed prophet of the Fundamentalist Church of Jesus Christ of Latter Day Saints, faces two first-degree felony charges of rape as an accomplice in Utah.

He is also charged with several counts of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor in Mohave County, Ariz.

Bugden said he cannot represent Jeffs in Arizona but that Jeffs has retained council for the charges against him there. He said he does not know who that attorney is.

Jeffs In Jail Until November (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 28, 2006

FLDS leader waives right to have hearing within 30 days

ST. GEORGE — Captured polygamist leader Warren Jeffs said he is willing to remain in jail until his preliminary hearing in November.

"Is it all right with you?" Shumate asked.

"Yes," Jeffs said softly, nodding his head in agreement.

Appearing in person, Jeffs was brought in under heavy security. The Fundamentalist LDS Church leader wore a crisp black suit, a starch-white dress shirt and a white tie. Underneath, a bullet-proof vest was faintly visible.

Jeffs was flanked by his defense lawyers. There were so many of them, the judge had to ask deputies to move to accommodate them.

"Mr. Bailiff, would you step over just to the side of Mr. Jeffs there so Mr. Bugden can have a spot?" Shumate asked, waving a Washington County sheriff's deputy over. Jeffs was surrounded by deputies.

Outside the courtroom, deputies carrying assault rifles were standing guard. The St. George Police Department deployed its SWAT team outside the courthouse.

During the seven-minute hearing, the judge set a preliminary hearing for Nov. 21, when he will also review the issue of bail. The judge said it was "troublesome" that Jeffs had remained behind bars for so long without bail being addressed.

The courtroom was packed with news reporters, investigators, observers, ex-FLDS members and even a pair of Jeffs' faithful followers. As Jeffs was being led out the courtroom, his brother Nephi Jeffs and FLDS member Lindsey Barlow stood in what appeared to be a show of respect for their prophet.

The men bolted from the courthouse after the hearing, refusing to answer reporters' questions.

Ezra Draper, who left the FLDS Church several years ago, said he wanted to see Jeffs for himself.

"The ironic thing about this situation is that he will have the opportunity to present his defense," Draper said. "In his administration in the FLDS Church, people were tried without a trial, found guilty and cast away."

Jeffs is accused of purging dozens of people from within the FLDS Church in Hildale, Utah, and Colorado City, Ariz., re-assigning polygamous wives and children to other families. It was allegations of child-bride marriages to older men that began putting him under intense focus of law enforcement.

A representative from the U.S. Attorney's Office in Utah was also in the courtroom Wednesday, observing the proceedings.

"We remain interested in the case. We're preserving the options that we may have," U.S. Attorney's spokeswoman Melodie Rydalch told the Deseret Morning News as she left the courthouse.

Federal prosecutors have refused to drop an unlawful flight to avoid prosecution warrant against Jeffs and have threatened to indict him on it should he be granted bail.

Jeffs, 50, is charged here with two counts of rape as an accomplice, a first-degree felony. He is accused of forcing an underage girl into a polygamous marriage with an older man. When she objected, prosecutors allege the FLDS leader threatened her "salvation."

The girl, identified in court papers only as "Jane Doe IV" will testify at the preliminary hearing in November.

"The victim is doing well. She is looking forward to testifying and looking forward to having her day in court," said deputy Washington County attorney Brian Filter.

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Prosecutors have told the Deseret Morning News they are screening more possible charges against Jeffs. Filter said it is also possible Jane Doe IV's husband could also face rape charges.

Sarah Ause, Deseret Morning News

Wally Bugden, Warren Jeffs' defense lawyer, is questioned by the press after a hearing Wednesday. "There is a possibility he will be charged," he said Wednesday.

Defense lawyers suggested this may be a case of religious persecution against Jeffs and his followers.

"Absolutely," attorney Wally Bugden said to that question as he left the courthouse after meeting behind closed doors with the judge.

Moving quickly through a throng of reporters, Bugden said he will vigorously defend Jeffs.

"We're going to have a preliminary hearing, just one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing," he said.

Jeffs was on the FBI's Ten Most Wanted list until he was arrested during a traffic stop outside Las Vegas last month.

Warren Jeffs Trial: Witness Set To Testify In Rape Case (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 28, 2006

Polygamist leader in courtroom; preliminary hearing set in November

ST. GEORGE - The state's key witness in the case against polygamous sect leader Warren S. Jeffs will testify in court for the first time during a day-long hearing set for mid-November.

At the Nov. 21 preliminary hearing, the young woman identified only as Jane Doe No. 4 is expected to describe her assigned marriage to an older man she alleges later raped her, as well as Jeffs' alleged instructions that she submit "mind, body and soul" to her husband.

Based on that and other evidence offered by the state, 5th District Judge James L. Shumate will decide whether there is enough evidence to believe Jeffs committed a crime and should be tried.

The woman, who was between 14 and 18 at the time of her spiritual marriage, is looking forward to her day in court, according to Brian Filter, spokesman for the Washington County Attorney's Office.

He also said other witnesses and evidence will be presented.

Jeffs uttered a single word Wednesday during a six-minute scheduling hearing attended by a few supporters and curious onlookers. He has previously appeared via videolink from the Purgatory Correctional Facility, where he has been incarcerated since Sept. 5.

Unshackled and wearing a suit, white dress shirt and white tie - and a bullet-proof vest beneath his clothes - Jeffs was brought into the courtroom from a rear hallway.

He warmly shook hands with his legal team, quietly exchanging greetings with Las Vegas attorney Richard A. Wright and the Salt Lake attorneys Walter F. Bugden and Tara Isaacson.

The 50-year-old polygamist softly answered, "Yes," when Shumate asked if he was willing to postpone his preliminary hearing to November.

Jeffs faces two first-degree felony charges of being an accomplice to rape for allegedly conducting the spiritual marriage between the girl and a then-28-year-old man. The charges are punishable by five years to life in prison.

Washington County Prosecutor Brock Belnap

Advertisement

has not said when the crime occurred. If reported to police, rape charges may be brought up to eight years later.

That deadline may be put on hold if a defendant moves out of Utah and then resume if he or she later returns.

Belnap has said previously the state has not brought rape charges against the woman's husband - who also has not been publicly identified - for strategic reasons, but may do so in the future.

Jeffs, arrested during a traffic stop on I-15 north of Las Vegas on Aug. 28 after a year as a fugitive, is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints.

The sect is based in the twin cities of Colorado City, Ariz., and Hildale, Utah.

Shumate said Wednesday he was troubled that Jeffs has not had a bail hearing, but Bugden said he will raise the issue later.

Two FLDS members attended the hearing: Nephi Jeffs, a younger brother of and secretary to the sect leader, and Lindsay Barlow, who runs a moving crew that helps relocate families within the FLDS.

Leaving the courthouse amid a swarm of journalists, Bugden responded to a shouted question about whether this is a case of religious persecution.

"Absolutely," he said. "Let's wait until we can have a trial in this matter before people jump to the conclusion that he's guilty."

Judge Urged Not To Release Intel Reports (AP)

By Matt Apuzzo

The Associated Press, September 27, 2006

Federal prosecutors went into a private hearing Wednesday to urge a judge not to release sensitive intelligence reports at the upcoming trial of a former White House aide.

Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby, wants to use President Bush's daily terrorism briefings as evidence at his obstruction and perjury trial in January.

Libby says the records from 2003 and early 2004 will show he did not lie to investigators about his role in the leak of a CIA officer's identity. He contends he had important things on his mind and may have forgotten details about the leak.

Prosecutors and defense lawyers will not discuss the contents of the classified briefing summaries. But the dates overlap with the military's hunt for Iraq's Saddam Hussein, the death of his two sons, and continuing discussions about nuclear programs in North Korea and Iran.

The documents also contain information about covert operations and informants. The details are so sensitive that they are not released even to many intelligence officials.

Shortly before the hearing was to begin, the courthouse was evacuated because a suspicious package was discovered outside the building. That left Fitzgerald and Libby, along with several other lawyers in the case, to wait outside with more than 100 others.

The package turned out to contain a homeless person's clothes.

After the private hearing, which was expected to stretch into next week, U.S. District Judge Reggie B. Walton will decide what information Libby should be allowed to use as evidence. Walton then will hold a second round of hearings to decide whether to black out or summarize the records.

Intelligence officials still can refuse to declassify the documents, even in the blacked-out form Walton orders. That refusal could lead to the case being dismissed.

Prosecutors have said that is precisely Libby's plan. Requesting classified data in an effort to sabotage a case is a legal tactic known as graymail.

Libby is the only person charged in Special Prosecutor Patrick Fitzgerald's three-year, $1.4 million investigation into the leak of Valerie Plame's identity. Nobody was charged with violating the law by discussing her job with the CIA, but authorities say Libby lied about his discussions with reporters regarding Plame.

Plame's husband, Joseph Wilson, criticized the Bush administration's intelligence leading up to the Iraq war. The couple has accused Libby and others of leaking Plame's identity as retribution.

House Suspends Hill Telecom License (WP)

By James V. Grimaldi

The Washington Post, September 28, 2006

House leaders have suspended a multimillion-dollar wireless communications license that federal prosecutors say was corruptly awarded to a Dulles telecommunications firm by Rep. Robert W. Ney (R-Ohio) in exchange for gifts from lobbyist Jack Abramoff.

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The award of the license was one of a series of acts that Ney said he performed for Abramoff in exchange for campaign contributions, expensive meals, luxury travel and sports tickets. Ney agreed this month to plead guilty to corruption charges and is set to enter his plea Oct. 13.

The license to install antennas for cellular and wireless telephones in House office buildings was awarded in 2002 to MobileAccess, formerly known as Foxcom Wireless, which was based in Israel. The company, now based in Vienna, Va., later paid Abramoff $280,000 in lobbying fees and donated $50,000 to a charity operated by Abramoff that paid for a golf junket to Scotland for Ney.

Rep. Zoe Lofgren (D-Calif.) said the license "has been suspended pending review," which could affect the wireless contract for the congressional visitors center now under construction.

"I think a company should not profit from corrupt actions," said Lofgren, who is on the House Administration Committee. "Obviously, what happened in awarding the contract was wrong, illegal, corrupt. The question is what role did the company have? Was the company a knowing participant?"

Salley Collins, a spokeswoman for the committee, said the review was underway but provided no more information. Congressional sources who spoke on condition on anonymity because the issue is under consideration said a review was prompted by the Abramoff corruption investigation.

MobileAccess employees "have cooperated fully in the investigation," said MobileAccess attorney Douglas A. Fellman, of Hogan & Hartson. "There has never been a suggestion of wrongdoing or improper conduct on the part of MobileAccess or its personnel, and after a very thorough investigation, that continues to be the case."

Abramoff and Neil G. Volz, who went to work for Abramoff as a lobbyist after serving as Ney's top aide, admitted in plea agreements this year that the wireless license was a favor for Abramoff in exchange for gifts.

Prosecutors said in charging papers that Ney took a variety of official actions for Foxcom, "including meeting with representatives of the client on or about May 10, 2001, leaking to Abramoff a copy of a letter from the client's competitor complaining about the selection process in or about September 2002, and issuing a license to Abramoff's client."

The decision had long-term implications for Foxcom competitor LGC Wireless Inc. of San Jose. The Senate also uses MobileAccess to remain consistent with the protocols of the House. LGC uses a different technology, though wireless and cellphone companies say both firms provide service that meets their standards.

An LGC official said yesterday that his company was pleased by the news of the House review.

"Given that it is public record that the House wireless job was awarded to Foxcom/MobileAccess due to Jack Abramoff's improper influence, and MobileAccess has subsequently been the recipient of follow-on business on the Hill in large part due to that initial award, we feel that it is appropriate that the license be reviewed," LGC spokesman John Spindler said. "Only in this way can competitiveness and fairness in any future government awards be ensured."

Cellphone coverage is a sore point with many members of Congress, who complain about dropped calls, particularly in the Capitol. It was a topic at the Administration Committee meeting.

House Reviews Foxcom License (RC)

By John Bresnahan

Roll Call, September 28, 2006

The House Administration Committee is reviewing a $3 million license awarded by its former chairman, Rep. Bob Ney (R-Ohio), to a client of former lobbyist Jack Abramoff in late 2002, according to the panel and House insiders.

Ney's alleged influence peddling in granting the license to provide cell phone antennas in House office buildings to Foxcom Wireless, now Mobile Access Networks, was part of the plea agreement that the Ohio Republican recently reached with the Justice Department. Ney admitted to accepting "things of value" from Abramoff in return for official actions, including granting the Mobile Access license.

Abramoff's own plea deal in January with federal prosecutors also referenced the Mobile Access episode.

"There are issues with the license agreement," said Salley Collins, spokeswoman for the House Administration panel. "Those issues are under review by the committee at this time." Collins declined to offer any further details on the committee's action.

House insiders said that the Administration Committee and Jay Eagan, the Chief Administrative Officer for the House, jointly made the decision to conduct the review following Ney's plea deal. House officials declined to say whether they were considering taking legal action against the company.

Douglas Fellman, an attorney representing Mobile Access, said no one at the firm had ever engaged in illegal activity in obtaining its license with the House.

"There has never been a suggestion of wrongdoing or improper conduct on the part of Mobile Access, after a thorough investigation by the Department of Justice and others, that continues to be the case," Fellman said.

"Mobile Access and its employees have always been, and continue to be assured, that there are no issues as to the company's conduct."

Foxcom, as Mobile Access was then known, donated $50,000 to a charity controlled by Abramoff in 2001. Abramoff used the charity to pay for a Scotland golf junket the following year attended by Ney and several of his aides, including Neil Volz. Volz pleaded guilty to corruption charges this summer.

According to Ney's plea deal, "From in or about April 2001 through or about November 2002, Ney supported the application of and ultimately issued a license to one of Abramoff's lobbying clients, allowing that client to win a multi-million dollar contract with wireless telephone companies to install wireless telephone infrastructure" in the House.

Mobile Access formally hired Abramoff's former lobbying firm, Greenberg Traurig, in January 2003, two months after it already had been granted the license by Ney, to represent it. Greenberg Traurig was paid $280,000 for its lobbying work in 2003 and 2004, according to lobbying disclosure records.

In obtaining the licensing agreement from the House, Israeli-based Mobile Access won the right to millions of dollars in payments from wireless carriers, who would be using equipment installed by the company to route cell phone calls throughout the House complex.

A rival bidder complained in 2002 that Mobile Access was unfairly awarded the license thanks to its political connections, but even after his relationship with Abramoff was publicly exposed, Ney denied that he had acted improperly in handling the matter.

Ney checked into an alcohol rehabilitation facility right after signing onto his plea deal with Justice and has made no public statements during the last two weeks. His attorneys and federal prosecutors have agreed to recommend a 27-month prison sentence for Ney. Ney is scheduled to appear in federal court on Oct. 13.

Woman Charged In Porn Case (PTR)

By Tony LaRussa, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 28, 2006

A Washington County woman has been accused of using the Internet to distribute stories that describe children -- some as young as 2 years old -- being kidnapped, sexually molested and murdered.

Karen Fletcher, 54, of Meldon Avenue, Donora, was indicted by a federal grand jury Tuesday on six counts of transportation of obscene matters, U.S. Attorney Mary Beth Buchanan said.

"This case is a very important part of our efforts to prosecute people who exploit children," Buchanan said. "Use of the Internet to distribute obscene stories like these not only violates federal law, they embolden sex offenders who would target children."

Free speech specialists, however, question whether the charges will stick because there don't appear to be any child victims.

Contacted at her home Wednesday, Fletcher said federal authorities "didn't like my site." She said she was not aware of the indictment and otherwise declined comment on the charges.

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Fletcher is accused of operating a Web site featuring excerpts of "extremely explicit and graphic stories" that could be downloaded by purchasing a $10 monthly subscription, according to investigators.

The indictment against Fletcher alleges that on Aug. 8, 2005, she used an interactive computer service to distribute half a dozen stories about adults having sex with children between 2 and 9 years old.

Fletcher told a pair of FBI agents who interviewed her at her home on Feb. 11, 2005 that she owned what she described as a "fantasy site" on which she posts "sexually explicit stories about adults having sex with children," according to court papers.

Ken Vandevelde, a law professor at Thomas Jefferson School of Law in San Diego, questioned whether prosecutors could win a case if they attempted to prove that Fletcher trafficked in child pornography.

"The U.S. Supreme Court ruled in 2002 that so-called 'virtual porn' -- drawings or computer generated images of children engaged in sex -- cannot be treated as child pornography because no child was involved in its production," said Vandevelde. "It seems reasonable that the same would apply to the written word."

"I find it very troubling that a fictional account, somebody's fantasy, could be considered a crime when there is no indication that anybody has been exploited," said Joan Bertin, executive director of the New York-based National Coalition Against Censorship.

"I can't defend this material because I haven't seen it, but I question the role of government in deciding when material, even if most people would consider it over the top, is appropriate for adults to write or read," Bertin said.

Fletcher is scheduled to be arraigned in federal court on Oct. 17. If convicted, she could face up to 30 years in prison and a $1.5 million fine.

In the past several years, the U.S. Justice Department has intensified its prosecution of obscenity cases.

Last year, Buchanan asked a federal appeals court to reinstate charges against a California couple whose company, Extreme Associates, was accused of violating federal law by using the U.S. Postal Service and the Internet to send videos depicting graphic scenes of rape and murder into Western Pennsylvania. A 10-count indictment against the company and its owners had been dismissed by a federal judge.

In December, the court ruled that the charges against Robert Zicari and Janet Romano and their company be reinstated. The couple's attorney, H. Louis Sirkin, subsequently filed a petition asking the U.S. Supreme Court to hear the case. The petition, however, was denied.

Town's Residents Say They Were Targets Of Big Mortgage Fraud (WSJ)

By James Hagerty

The Wall Street Journal, September 28, 2006

MARTINSVILLE, Va. -- Federal and state authorities are investigating allegations of an elaborate mortgage fraud involving about 100 people living in or near this small factory town who say they unwittingly took out loans to buy houses at inflated prices in Indiana.

The borrowers, who include truck drivers, factory workers, a pastor and a hair stylist, say they were duped by acquaintances into signing stacks of documents and didn't know they were applying for loans. Instead, they thought they were joining a risk-free "investment group."

Now, many of the loans are in default, the borrowers' credit ratings are in ruins, and lenders are pursuing the organizers of the purported investment group in court. Companies stuck with the defaulting loans include Countrywide Financial Corp., the nation's largest home lender, and Argent Mortgage Co., another big lender.

A lawsuit filed by Countrywide accuses the organizers of acquiring homes and then fraudulently selling them for a quick profit to the Virginia borrowers. Representatives of the borrowers put the total value of loans involved at about $80 million, which would make it one of the largest mortgage-fraud cases ever.

Mortgage fraud, involving loans obtained by providing false information, has mushroomed in recent years as lenders have pushed for speedier loan approvals in an effort to remain competitive and milk maximum profits from the now-fading housing boom. The Federal Bureau of Investigation reported that mortgage fraud led to losses of $1 billion in 2005, up from $429 million a year earlier. Some of the fraud that slipped through during the boom is only now starting to surface.

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Attracted by the ability to obtain large sums quickly, some criminal gangs involved in drug dealing and other street crimes have branched out into mortgage fraud, says Chip Burrus, assistant director of the FBI's criminal investigative division. "It's more profitable and less risky," he says.

Part of the problem, say critics inside and outside the industry, is that -- in their haste to earn commissions and fees -- loan officers and brokers are asking fewer probing questions. "We aren't asking questions, and we aren't verifying like we used to," says Bob Simpson, president of Investors Mortgage Asset Recovery Co., Irvine, Calif., which helps lenders recover losses from fraud. "For legitimate, honest consumers, that's a good thing," but it creates opportunities for crooks, Mr. Simpson says.

Kurt Pfotenhauer, a senior vice president at the Mortgage Bankers Association in Washington, says the pursuit of efficiency in making loans has made the industry more vulnerable to fraud. But he said his trade group is educating members on the risks and on preventive measures, and urging Congress to provide more money for cracking down on mortgage scams.

The case involves about 400 loans averaging $200,000 each, according to Tony and Robin Pickett, a married couple who work as real-estate agents at Prudential Ron Matthews Realtors in Indianapolis. Ms. Pickett says she and her husband represent 39 of the borrowers and are trying to help them sell the houses, which are scattered among rough inner-city neighborhoods and new subdivisions.

Lenders and others involved in the case say a task force of federal and state agencies is investigating, including the Internal Revenue Service. An IRS spokeswoman declined to comment. A spokesman for the FBI said the agency is aware of the case but declined to elaborate.

A lawsuit filed in June by Countrywide in the Circuit Court in Marion County, Ind., says that the investment group was organized by people led by Robert Penn. Acquaintances say Mr. Penn, believed to be in his early 40s, grew up near Martinsville, joined the Navy and then moved to the Indianapolis area. He couldn't be reached for comment, and his lawyers didn't return calls.

In recent years, the Martinsville area has been hit hard by closures of furniture and textile factories. Timothy Jacobs, 29 years old, one of the scores of local residents caught up in the case, lost his job in a textile plant several years ago and was unemployed for nine months before finding a new job, working overnight at a telecommunications-cable plant more than an hour's drive from his home. About two years ago, a friend told Mr. Jacobs about an investment group organized by Mr. Penn and some of his relatives in the area.

Mr. Jacobs says he was soon introduced to Mr. Penn's sister, Sharon, a hairdresser who lives in the area. Ms. Penn couldn't be reached for comment. Mr. Jacobs says she explained that the group needed people with good credit ratings to be used for real-estate investments that would be made as a group, not individually. Mr. Jacobs, who was living with his mother at the time and says he couldn't afford to buy a home of his own, says he understood that he wouldn't have to make any payments or assume any financial obligations but would receive payments for letting the group use his credit record.

"It sounded pretty good," Mr. Jacobs says. "Everything I asked them, they had an answer for."

Mr. Jacobs and others who joined the group say they were rushed into signing documents without being given time to read them. Within weeks of signing those papers, Mr. Jacobs says, he received two payments, totaling $7,000, from the Penns. After a few more months, however, he began to get calls from Countrywide representatives demanding mortgage payments. Mr. Jacobs says it turned out that two loans, totaling more than $200,000, had been taken out in his name and that he owned two houses. He says he now thinks the houses might be worth only around $40,000 apiece.

Others who signed up for the group say their credit ratings have been so devastated that they can no longer buy anything on credit. "My dad brought me up to pay my bills before I eat," says Nancy Muse, who heard about the group from a friend who used Ms. Penn as a hairdresser. Months later, Ms. Muse found out she was in trouble when she inquired about buying a modular home for herself. A representative of the home-building company checked her credit and told her she already owned four homes.

In its lawsuit, Countrywide said it acquired some of the loans from the original lender, People's Trust Mortgage LLC, Erlanger, Ky. Countrywide alleges that a loan officer for People's Trust "conspired" with Mr. Penn and associates to apply for loans using false information about the borrowers' incomes and financial assets. Representatives of People's Trust couldn't be reached for comment. A lender who formerly had dealings with People's says he believes it is no longer in business.

The Countrywide suit says companies associated with the Penns acquired houses and then quickly resold them for much higher prices to the Martinsville borrowers. That allowed the Penns and associates to profit from the quick sale while leaving the

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people in Martinsville stuck with loans they couldn't pay, the suit says. One church secretary, who says she heard about the investment group from her pastor, says she and her husband, a building-maintenance worker, learned that they were the owners of 14 homes in Indiana, a state they had never visited.

Countrywide, based in Calabasas, Calif., is suing Mr. Penn and others allegedly involved in the program for unspecified damages. Its suit doesn't say why the lender didn't raise questions earlier about why so many people in a struggling area of southern Virginia would be investing in houses in Indiana. The suit does, however, suggest that a closer review of some of the home-purchase documents might have prompted questions; one such document failed to identify the seller.

A Countrywide spokesman said: "We have a zero-tolerance policy against fraud and put a great deal of time and expense into identifying and investigating possible cases."

Some of the loans were made by Argent, based in Irvine, Calif. An Argent spokesman said the company is investigating what he described as a sophisticated scheme. Fannie Mae, the government-sponsored provider of funding for mortgages, acquired some of the loans from Countywide and has reported its findings in the case to law-enforcement officials and regulators, a spokeswoman said.

Fraud has proliferated as lenders increasingly deal with borrowers through brokers and other intermediaries rather than having face-to-face relationships. "Lending is becoming more anonymous," says Rachel M. Dollar, a Santa Rosa, Calif., attorney who runs a Web site that provides mortgage-fraud information. In addition, better computer equipment has made it easier to forge or alter documents.

Borrowers' attorneys and other consumer advocates say many problems arise simply from greed or haste on the part of loan officers and brokers motivated by commissions to push for high volumes. A lawsuit filed in December 2004 in federal court in New York by South Brooklyn Legal Services, a nonprofit law clinic, alleged that Argent Mortgage made a $425,000 loan arranged by participants in a foreclosure fraud scheme even though the application was incomplete and a title-insurance company warned the lender something was amiss with the deal.

"The red flags were as strong as you can get," says Jessica Attie, a staff attorney with the clinic's Foreclosure Prevention Project. In court papers, Argent denied it was at fault in the case, which it settled in April.

In a lawsuit filed in May 2005 in state court in Dayton, Ohio, ABN Amro Mortgage Group Inc., a unit of ABN Amro Holding NV, claims it lost $2 million after a convicted felon and other conspirators arranged as many as 23 mortgages in the names of dead people. In court papers, however, two title insurance companies named among the defendants claim ABN Amro failed to conduct due diligence on the loans and, as a sophisticated lender, knew or should have known about the fraud. The case is still pending. Andrea Lewis, a spokesperson for ABN Amro, said no one with knowledge of the case was available to comment yesterday. The case is still pending.

Other lenders also appear to have overlooked some suspicious borrowing patterns. According to a mortgage-fraud indictment against several people filed by the U.S. attorney's office in Atlanta in U.S. District Court there in January, the defendants took out loans in the names of "straw borrowers" based on inflated prices for real estate. One of those borrowers -- identified in the court filing only as Justin Z -- obtained loans from National City Corp.'s mortgage arm to finance purchases of 20 condominiums in the Atlanta area between Feb. 1 and March 26, 2001, according to the indictment.

A spokesman for Cleveland-based National City said: "We are currently in litigation to recover our losses and we continue to cooperate with authorities on the matter." As part of "continuing efforts to further enhance our mortgage-fraud protection," he adds, National City is tracking individual customers to monitor how many properties they finance, among other measures.

Mortgage Suit Says 'Trust Us' Led To Fleecing (NYT)

By John Leland And Tom Zeller Jr.

The New York Times, September 28, 2006

MARTINSVILLE, Va., Sept. 27 — In a tightknit neighborhood, where people's social lives often revolve around their churches, Beulah Penn and her daughter, Sharon, were well-connected and trusted. Beulah Penn was a lay minister in a local church; her daughter, Sharon Penn, dressed hair.

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Using these connections, according to a recent lawsuit, the two women and another relative in Indianapolis perpetrated one of the largest mortgage frauds in American history, victimizing dozens of local residents and, according to sources with knowledge of the accusations, at least $40 million in fraudulent loans — perhaps even twice that amount.

"Looking back, maybe it sounded too good to be true, but everyone knew them, and my friends went to church with them, people I been knowing for 10 years," said Timothy Jacobs, a 29-year-old worker in a fiber-optics factory who discovered recently that he owed $200,000 on two houses in Indiana. "They said they'd be responsible for everything. Now everyone's probably going to end up filing for bankruptcy."

The civil lawsuit, filed in June by one of the nation's largest mortgage lenders, describes an elaborate confidence game in which Martinsville residents with good credit ratings were enlisted last year to join what they believed was a risk-free investment in Indiana real estate. Instead, they found themselves responsible for hundreds of thousands of dollars in unpaid mortgages.

While no criminal charges have been filed, federal grand jury subpoenas are being prepared in Indiana, and further civil action at the federal level is expected to be filed against the investment group soon.

Repeated calls and e-mail messages to people named as defendants in the lawsuit, both in Martinsville and in Indiana, as well as to some of their lawyers, were not returned.

The F.B.I. called mortgage fraud an "epidemic" last December, noting that losses associated with the crime had jumped to more than $1 billion last year from $429 million in 2004. Although the hot housing market that may have at least partly given rise to the fraud boom is cooling, officials say mortgage fraud losses are on pace to increase again this year.

Martinsville, a small Piedmont city of 14,925, once known for its Nascar track and its thriving textile mills, has lost both population and its economic base since the mills and furniture industries moved overseas in the 1990's. Small older houses and often empty businesses cluster in the center of town, with larger, more expensive developments — like the ones the Penns moved to — on the fringes.

The median household income is about half the state average. Mr. Jacobs, who was out of work for nine months after a mill closed, said he and his friends saw the real estate venture as a chance to get back on their feet after setbacks. "Now we don't know what to do," he said.

Court papers filed by Countrywide Home Loans, the residential mortgage lender, say the Penns invited people to join an "investor's club" that would buy properties in Indiana and sell them at a profit. Club members were told they faced no risk.

According to court papers and to four participants, the investors were told they would not have to contribute any money but would simply allow their credit ratings to be used in acquiring the properties, which would be owned and managed by the group. Each were promised checks of at least $2,000.

But Mr. Jacobs and others were, by all appearances, the pawns in a quick-flip mortgage scheme, designed to gain control of a property at a low price and sell it quickly at a profit. The game is often rigged at every level — from doctored applications, to bogus property appraisals, to the loan approvals themselves.

Documents reviewed by The New York Times suggest that even independent parties associated with closing the sales on the properties may have played a role in perpetrating the fraud, or demonstrated negligence in overseeing the transactions.

The Countrywide suit asserts, for instance, that the founder of the group, Robert Penn (the son of Beulah Penn and brother of Sharon Penn), acting through a variety of companies, secured purchasing agreements for Indiana properties at market value, then had them appraised at substantially higher rates.

Mr. Penn's group then bought the homes, according to the lawsuit and documents reviewed by The Times, in the names of the Martinsville residents at the inflated prices — or even higher — but paid only the agreed-to market price to the seller. Mr. Penn's companies then received the substantial difference, the documents contend.

Often the group closed on several properties in the same buyer's name on the same day, documents show. Kelvin Thompson, 44, a tire worker, said he discovered he was in trouble when he tried to borrow $1,000 from his credit union to buy presents last Christmas.

That is when Mr. Thompson learned that he owned five houses in Indiana, all in default, with mortgages totaling close to $1 million.

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He said he could not have been more surprised. The Penns, he said, did not seem "sophisticated enough" to pull something like this off. "We're very angry," he said, "and also embarrassed for being suckered."

Many of the investors contacted were unwilling to discuss their cases — some out of embarrassment, some out of suspicion of a stranger asking questions about their finances. Some said they had known the mother and daughter for so long that they still did not know what to think.

Mildred, a municipal employee who said she was too embarrassed to be identified by her last name, said she trusted Sharon Penn "because she was my girlfriend."

She added, "She did my hair for four years."

Although she was not a member of Mrs. Penn's church, Mildred said, she knew that Beulah Penn was "a minister, a woman of the cloth," and so she let down her guard. Even so, she said, when Sharon Penn approached her about joining the investment club, she resisted at first. "But I saw people coming and going, this one got a check, that one got a check," she said.

She also saw that the Penns were making a lot of money and talking about how "blessed" they were, she said. She agreed to join, she said, on promises that she was part of a no-risk partnership in a development of brand-new houses on which payments were guaranteed by the federal government.

From a leather valise in the back of her car his week, she produced documents showing that two of the three houses she owned were built in 1950 and 1917. The outstanding mortgages on the three homes total more than $500,000. The houses, she said, were worth about $30,000 each.

"I thought I was smarter than that," she said. "But they were so smooth, and I saw so many people getting checks."

Repeated calls to Beulah Penn's home went directly to her voice mailbox, which was full.

William Stern, the mortgage fraud coordinator at the F.B.I. said the agency would not comment on whether it was investigating the Martinsville case. But he said the agency had uncovered similarly ambitious schemes recently.

In August last year, he said, the largest federal sentence for mortgage fraud — 30 years — was handed down to Chalana McFarland of Atlanta, for her role in a major flipping operation that netted $20 million from 1999 to 2002. As a testament to the elaborate nature of the modern mortgage fraud operation, also indicted were two paralegals, six loan originators, one broker, three real estate agents, three appraisers, three straw borrowers, one bank employee, an identity thief, and a property manager.

"This represents an approach to mortgage fraud whereby an entire mortgage fraud ring is targeted and addressed," Mr. Stern said.

A Martinsville area minister who also lost money in the Penn investments expressed exasperation, but caution. Like others in town, he said he knew Beulah Penn professionally and Sharon Penn as an occasional visitor to his church.

"Nobody has been charged here," he said, declining to be named because he did not want to embarrass his church. He said he was still holding out hope, "that they just got caught up in this, just like I did."

Good Cybercitizens Keep Watch Over ID-theft Victims (USAT)

By Jon Swartz

USA Today, September 28, 2006

SAN FRANCISCO — For a few hours a day, Steven Peisner calls strangers across the USA — sometimes at night — and reads to them their Social Security numbers and credit card data.

Though many recipients immediately suspect he is an ID thief, Peisner's intent is just the opposite: He is a digital whistle-blower.

"My motivation is to be a good citizen and put a dent in (fraudulent e-mail) phishing scams," says Peisner, president of SellitSafe.com, which provides anti-phishing services for online merchants. He works closely with law enforcement and computer-security experts. Peisner, 43, is one of several avenging angels nationwide looking out for the well-being of ID-theft victims. They share a fervent desire to publicize the widespread availability of stolen personal data on the Internet.

•Betty "BJ" Ostergren, a former insurance-claims supervisor in Virginia , occasionally warns consumers that their Social Security numbers are posted on public government websites. For the past four years, she has spent several hours a day digging through sites for Social Security numbers. So far, she's uncovered 18,000 records.

•Janice Forster, 50, a paralegal in North Carolina, this year started FindMyId.com, a website devoted to educating consumers about ID theft. In the past week, she mailed more than 100 letters to North Carolina residents informing them that their personal information is available on the Internet.

"I just want to make a difference," says Forster, who had never before been involved in a grass-roots movement. "In good conscience, I can't watch this happen to people."

That's why Peisner called Christopher Buckley, a high school teacher in Los Angeles, late at night during Labor Day weekend to inform Buckley that his credit card number was on the ccpower forum, a black-market website where criminals deal in stolen personal data. "I was shocked he called but glad he did," says Buckley, 31, who mistakenly forked over information via e-mail to someone claiming to be from PayPal.

There is a method to Peisner's madness. As phishing continues to escalate, the safest course for consumers may be to warn them over the phone. There is little in the way of software to warn consumers they have been phished.

"We need to take control of the situation," says Peisner, who does not profit from his advice to consumers but sells his company's services to businesses. "The police have their hands full with these type of cases. It's up to consumers like me to take action."

Since May, good Samaritan Peisner has scoured the Internet forums of cybercrooks, looking for the names of ID-theft victims whose personal information is for sale online. The same day, he informs victims that their names — not to mention Social Security numbers, credit card information and phone numbers — are floating in cyberspace. Peisner calmly tells them he has come across their filched profiles and they should immediately close their credit card and/or bank accounts. To make his point resonate, he reads to victims their stolen information as it appears in the forums.

Symantec detected 157,477 unique phishing messages during the first half of 2006, up 81% from the last six months of 2005. Home PCs were targets of 86% of security threats in the first six months of 2006, according to a Symantec report released Monday.

The incidents have soared as attacks become more sophisticated. Tried-and-true scams aimed at customers of AOL, eBay, PayPal, Citibank, Bank of America and other high-profile companies continue. But the deceptive e-mail messages and websites have gotten much craftier. Customer names and addresses now routinely appear in phishing e-mail. Previously, scams were addressed to "Dear valued (company name) member," say security experts.

"This is slick stuff," says Ron O'Brien, senior security analyst at Sophos. He says recent phishing attempts actually warn customers about phishing and ask them to update their information for security reasons. To assure wary users, the 800 phone number of a targeted company is included in the e-mail. The scam often works, he says.

The scam is just the latest iteration in an evolving cycle of phishing attempts that surface every few months, says Dennis Maicon, executive vice president of financial-services solutions at computer-security firm Digital Resolve. Late last year, phishers typically preyed on customers of large financial institutions, warning them in e-mails to update their accounts or risk losing them. Early this year, phishers used the same scam but on customers of regional banks and credit unions.

Phishers also are ensnaring corporate customers with bogus phone trees that ask consumers to enter personal information. How the scam works: An e-mail advises victims to call a number to verify basic data. But the number is actually recording data with the intent to steal it, according to law enforcement officials. The stolen information often winds up on cybercrime forums, websites that function as digital marketplaces.

The speed of transactions on those forums can be quick, victims say.

Scott London, an attorney in Santa Barbara, Calif., can vouch for that. Soon after he surrendered personal data to a PayPal-targeted phishing scam on Aug. 18, it was posted on the CardersMarket forum.

In less than one minute, $100 was pulled from his bank account. An e-mail receipt from the real PayPal confirmed the withdrawal seconds later. Another 15 minutes later, more than $1,200 in airline tickets, electronic equipment and two other items were charged to London's Chase-issued MasterCard.

By the time Peisner called to warn London, the charges had been made. But London took Peisner's advice and notified his bank and credit card issuer. "It could have been worse if not for Steven," London says.

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Peisner admits it can be a thankless job, rousting strangers at night and telling them their innermost financial secrets. “One guy in Florida wants to kill me,” he says.

But those are the occupational hazards of being a do-gooder.

For many victims, Peisner is the first line of defense. Most software doesn't notify the consumer until after an illegal purchase. Peisner tells them as soon as he spots their information in carding forums.

On a typical day, he contacts more than a dozen victims. To gain their trust, he explains who he is and what he has found online — usually the victim's name, address, Social Security number and credit card number. He advises them to contact their credit card issuer and bank and to monitor their credit reports for two to three years. Victims range in age from 19 to 88, and they are universally shocked when he calls, Peisner says.

“Steven scared me to death, but he saved me a lot of grief,” says Stephen Sanders, 55, a retiree from Carmel, Calif., who was the victim of phishing scam tarageting eBay/PayPal users last month. Sanders closed his bank account and discontinued his credit card the next day. He also flagged credit reports.

Absent consumer advocates, there is little that tech vendors can do to immediately alert phishing victims.

AOL, Yahoo, Microsoft and other providers of Internet service continue to refine their anti-phishing filters. Yahoo this month rolled out a service that better protects consumers from phishing sites. Future versions of Microsoft Internet Explorer and other browsers such as Opera and Firefox will include built-in phishing filters.

Still, newer phishing attacks can slip through.

AOL offers free features that inform users whenever a financial transaction is made over their AOL account. Customers can set up e-mail spending alerts for themselves, based on the amount of a transaction and when it occurs, says Michael Jones, technical director of AOL's anti-spam operations.

But until phishing is eviscerated, and short of directly warning intended victims, consumers will continue to be hooked by phishing attempts. Even though Buckley was quickly tipped off by Peisner, cybercrooks rang up $1,000 in charges to his credit card before he could cancel it. “Just think of the damage they could have done if Steven didn't call me,” Buckley says. “For that, I'll always be grateful to him.”

Louisiana Renews Call For Dicks’ Extradition (FT)

By Andrew Ward In Atlanta

Financial Times, September 28, 2006

Kathleen Blanco, governor of Louisiana, has voiced support for the state's clampdown on online gambling and renewed an extradition request for Peter Dicks, former chairman of Sportingbet.

The governor's intervention came as Mr Dicks prepared to attend a court hearing in New York to learn whether he will be sent to Louisiana to face illegal gambling charges.

Lawyers for Mr Dicks, who was arrested in New York three weeks ago on a Louisiana warrant, had hoped to halt the extradition process before Thursday's hearing.

But a spokesman for Ms Blanco said she was still pushing for his extradition as part of efforts to enforce the state's law against online gambling.

"If we do not enforce this law, online gambling would be completely unregulated and that would clearly be an expansion of gambling which is unacceptable," she told the FT.

Barry Slotnick, lead defence lawyer, acknowledged that Louisiana had “dug in” over recent days, raising the prospect of a courtroom battle over Mr Dicks' fate.

“They are not backing off,” he said, in an interview. “We’re preparing our argument to rebut what Louisiana says.”

Thursday’s hearing in New York comes amid increasing alarm among online bookmakers about the legal threat posed to the industry by US anti-gambling laws.

William Hill, the UK bookmaker, on Wednesday said it would no longer accept casino and poker business from clients with a US address or credit card, pending clarification of US laws.

The company had already stopped accepting online sports bets from US customers.

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Congress is considering the introduction of tough new federal laws against online gambling in addition to existing state laws such as those used by Louisiana to arrest Mr Dicks.

Louisiana's Police Gaming Enforcement division told the FT this week that arrest warrants had been issued for four Sportingbet representatives, including Mr Dicks, after state police placed a bet with the company.

UK-listed Sportingbet said on Wednesday that it had banned board members from travelling to the US.

Mr Dicks may still be spared prosecution in Louisiana because of legal questions over the legitimacy of the state's extradition request.

Defence lawyers have argued that Mr Dicks cannot be extradited to Louisiana under New York law because he was not in either state at the time of the alleged crime.

Mr Dicks was allowed to return to the UK on bail two weeks ago while the case was reviewed but he was ordered to return for Thursday's hearing.

George Pataki, New York governor, has withdrawn a warrant needed for Mr Dicks' extradition because of doubts about the case. That warrant would need to be reinstated before Louisiana could take custody of him.

"Louisiana has taken a position where they are demanding extradition. Our position is that extradition is not a proper remedy," said Mr Slotnick.

2nd Emergency Crime Law Eyed (WT)

By Matthew Cella

The Washington Times, September 28, 2006

D.C. Mayor Anthony A. Williams' plan to extend emergency anti-crime legislation appears to violate a city statute barring passage of the same law more than once on an emergency basis.

City officials are trying to determine whether extending by 90 days anti-crime legislation enacted in July would violate the statute.

If it is found to violate the statute, 48 surveillance cameras placed in neighborhoods would have to turned off until permanent anti-crime legislation could be enacted, which would be December at the earliest.

In addition, police no longer would have access to criminal juvenile records and would not be able to hold robbery suspects and handgun offenders until the permanent legislation is passed. And the 10 p.m. curfew for minors would revert to 11 p.m. on weeknights and midnight on weekends.

Charlotte Brookins-Hudson, legal counsel for the D.C. Council, said that the intent of the statute is to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson said that she will review the mayor's emergency submission and that changes to it will have to be more than cosmetic.

"It will have to be a very substantial modification," she said. "If it is identical, I will inform the chairman of the council, and she will make her ruling."

Mr. Williams said that a spate of four killings in 24 hours spanning Sunday and Monday proves the need to extend the crime-fighting legislation.

"I think what we've seen in the last couple days, the youth violence, this uptick of it, is all the more reason we need to continue it," the mayor said. "Technically, you can't reintroduce an emergency measure exactly like the preceding, but substantively ... I think we should continue this strategy while the council looks at the long term."

Among the four killings were three juveniles:

•Andre Pee, 14, was shot in the back Sunday night in a Southeast public housing complex. Curtis Watkins, 32, was found dead nearby.

• Dominick A. Dixon, 15, was found dead Monday near a construction site in Northeast. Police arrested Robert Crosby, 51, late Tuesday and charged him with second-degree murder in that case.

• CeQuawn Brown, 16, was shot in the head Monday in Southeast.

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Ed Reiskin, interim city administrator and deputy mayor for public safety and justice, said that city officials are moving forward "as if we can" get the council to extend the emergency legislation.

"I haven't seen what the council's counsel's concerns are," he said. "I mean, if it's not legal, it's not legal, but I'm hopeful that we can find some legal way of allowing the council to consider an extension."

Mr. Reiskin said that the worst-case scenario would be a "gap" in which four programs authorized by the crime emergency would be suspended until permanent legislation that has already been submitted to the council is addressed.

Karr Lawyers Ask To Have Porn Charges Dropped (USAT)

By Martin Kasindorf

USA Today, September 28, 2006

LOS ANGELES — Lawyers for John Mark Karr asked a judge Wednesday to dismiss child pornography charges against the onetime suspect in the JonBenét Ramsey case because authorities lost a computer that allegedly contained illicit photographs of children.

Arguments on the issue in Santa Rosa, Calif., were so extensive that Sonoma County Superior Court Judge Cerena Wong continued the hearing until Friday. She could also decide then to unseal evidence in the 5-year-old case.

Karr, 41, a former teacher, is due to go on trial Monday. He faces five misdemeanor charges of possessing child pornography.

Sheriff's deputies seized the computer from Karr's home when he was arrested in April 2001. The sheriff's department said it copied the contents of the computer's hard drive and printed out five pornographic photographs.

Saying that new technologies might reveal additional photos on the hard drive, deputies launched a two-week search for the computer late last month but didn't find it.

Karr is being held in Sonoma County jail on $200,000 bail. If convicted, he could face a maximum of a year in jail on each count.

He spent six months in jail awaiting trial in 2001 but skipped a court date and fled the country.

Karr was arrested Aug. 16 in Thailand after suggesting that he killed JonBenét, a 6-year-old beauty pageant star, in her Boulder, Colo., home in 1996.

He was returned to Colorado, but the Ramsey case collapsed Aug. 28 after DNA failed to link him to the crime.

Karr has rejected a plea deal that would have waived three of the five child pornography charges if he pleaded guilty to two.

He would have been placed on probation for three years and would have been required to register as a sex offender.

Sex Offender Admits Killing Teen In NE (WP)

By Allison Klein And Henri E. Cauvin

The Washington Post, September 28, 2006

A 51-year-old convicted sex offender admitted that he killed a 15-year-old boy and dumped his body at a construction site in Northeast Washington, telling police the two had fought over a $10 purchase of crack cocaine, according to the prosecution's charging documents.

Robert J. Crosby has been charged with second-degree murder in the death of Dominick A. Dixon, who was found at the construction site Monday afternoon wearing only his boxer shorts. Crosby was ordered held without bond yesterday by D.C. Superior Court Magistrate Judge Richard Ringell.

The D.C. medical examiner's office said yesterday that Dixon was killed by asphyxiation and ruled the case a homicide. D.C. police have been treating the case as a homicide since Dixon's body was found in the 1000 block of 51st Street.

Crosby has spent most of his adult life in Maryland prisons after being convicted in the mid-1970s of raping a 14-year-old girl in Baltimore, records show. He was released in 2004, and as a condition of his parole, was not permitted to have contact with anyone younger than 18 or to leave Maryland without permission, authorities said.

The D.C. medical examiner's office has not completed Dixon's autopsy, which would indicate whether he was sexually assaulted.

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Dixon was one of five people, including three juveniles, found dead in a 24-hour stretch Sunday and Monday in the District. Last night, D.C. Council member Marion Barry (D-Ward 8) and others gathered for a vigil to remember the victims and decry the violence.

In the Dixon case, Crosby told police that on Sunday, he and Dixon were in a vacant house in the 5000 block of Lee Street NE, which is next to the site where Dixon's body was found, according to charging papers.

Crosby was buying $10 of crack from Dixon, but he believed that Dixon was shorting him and protested, the documents said. Crosby said Dixon drew a knife and tried to stab him, which sparked a fight that ended when Crosby wrapped a television cable around Dixon's neck and strangled him, according to the prosecutors' documents.

The charging papers quoted Crosby as saying he removed Dixon's clothes because he feared that his blood might have been left on them.

Crosby said he bit one of Dixon's ears and a finger during the fight, the documents said.

The charging papers provided other details about Crosby's alleged actions after the crime. Crosby told police that he left Dixon's body in the abandoned house until Monday morning, when he pushed it over a brick wall into a courtyard at the construction site. Crosby said he got rid of the knife in a sewer drain. Police later found it. They also found a coaxial cable in the vacant house.

Police took Crosby into custody after stopping him for a traffic violation Tuesday in the 5000 block of Lee Street. When they took him to the police station, he said he killed Dixon, charging documents said.

According to a report by the D.C. Pretrial Services Agency, Crosby has worked for a contractor in Silver Spring for six months.

After he was released from prison, Crosby told his Maryland parole agent that he wanted to move to the District, but D.C. officials denied the request, according to court authorities. It appears that he moved to the District without letting his parole agent know. D.C. police list his address as the 1000 block of 51st Street NE, and he was registered to vote in the District at that address.

Maryland parole workers believed that they were supervising him in Baltimore and that he was still living there, said Elizabeth Bartholomew, a spokeswoman for the Maryland Division of Parole and Probation.

Crosby is on Maryland's sex offender registry, with his home address listed in Baltimore.

Crosby last reported to his parole agent Aug. 24, Bartholomew said. She said he was to report Sept. 14 but did not. His next appointment was to be today, and had he not reported, a warrant would have been issued for his arrest, she said.

Gloria Dixon has said she last saw her son Saturday. She reported him missing at 4 a.m. Monday, and a friend of the family found the body about seven hours later.

Dixon said she had talked to Crosby for about a half-hour after her son's body was found.

Crosby told her that he knew her son and that he was a good kid, she said. He then tried to comfort her, saying "If I hear anything, I'll let you know," Dixon said.

Dixon added, "He couldn't understand why anyone would do that to a nice young man."

Mid Now Faces Rape Charges (BSUN)

By Bradley Olson, Sun Reporter

The Baltimore Sun, September 28, 2006

Ex-football player could get life sentence if convicted of assault on 2 fellow students

The Naval Academy has charged a former football player with drugging and raping two female midshipmen on separate occasions, including at a party attended by at least four teammates.

Kenny Ray Morrison, 24, is accused of raping one woman in a Georgetown hotel room at the rowdy, boozy party Feb. 4, and the other in Annapolis on April 21, according to charging documents.

The senior had been scheduled to stand trial Tuesday at a special court-martial, a midlevel form of military trial, only on charges of indecent assault and indecent acts in the Georgetown incident. If convicted of those charges, he would receive no jail time.

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If found guilty in a military court of the new charges of rape, distribution of a controlled substance and assault in both cases, as well as conduct unbecoming an officer in the Feb. 4 incident, he could receive a maximum of life in prison. Such a sentence is unprecedented in recent history, according to military law experts.

An academy spokesman declined to discuss the case, including the reason for the upgraded charges, because it's part of a continuing investigation.

William Ferris, Morrison's civilian attorney, said the academy can't prove the charges and accused the academy and Navy lawyers of acting unethically in the case. He said his firm is exploring legal challenges based on the argument that his client's rights to a speedy trial and to see evidence against him were violated.

"The whole handling of this, I think, is completely improper, and we're investigating all those issues," he said.

The latest charges could prove embarrassing to the Annapolis military college and the football team, whose former star quarterback was acquitted in July of rape. Lamar S. Owens Jr. was convicted of lesser charges and is awaiting notice from the academy on whether he will be allowed to graduate and be commissioned in the Navy or be kicked out and owe $140,000 for his education.

Owens and Morrison have been temporarily reassigned to the Washington Navy Yard.

According to charging documents, which offer no details about the Annapolis incident, Morrison gave both of his alleged victims gamma-hydroxybutyric acid, also known as GHB, without their knowledge. It is a common date-rape drug that is also used recreationally.

The Sun is not identifying either woman because they are alleged victims of sexual assault.

The documents say that at the Feb. 4 party at the Embassy Suites in Washington, he lifted the woman up from the bed in which she was sleeping, carried her to another bed, took her clothes off and "engaged in multiple acts of sexual intercourse without her consent."

According to the documents, he also had sex in front of now-Ensign Jason Monts and exposed his and the alleged victim's nude body to midshipmen Zachary Gallion and Trey Hines and 2005 graduate Kyle Eckel.

A star fullback at Navy, Eckel's mark of 2,906 career rushing yards is the fourth-best in academy history. He was signed as an undrafted free agent by the New England Patriots but was waived and then picked up by the Miami Dolphins, who have him on their reserve/military list.

"This has nothing to do with our program," Navy Athletic Director Chet Gladchuk said. "This is about charges against Kenny Ray Morrison, who was a walk-on on our team and will have an opportunity to defend himself."

In preliminary hearings on the Feb. 4 incident, attorneys on both sides revealed that Morrison's DNA was recovered from a rape kit examination of the alleged victim.

A judge threw out evidence that the hair of the alleged victim in the Feb. 4 incident tested positive for GHB. Prosecutors could not link the drug to Morrison, and the tests could only prove that the drug was administered in a six-week period that included the time of the alleged assault.

The Feb. 4 incident was originally investigated by Washington's Metropolitan Police Department and turned over to a civilian grand jury. Prosecutors and defense attorneys have declined to comment about the grand jury's findings, how the case was turned over to Navy investigators or why Morrison was not originally charged with rape.

The new charges will be referred to a military evidentiary hearing, akin to a civilian grand jury; if an investigator determines that there is enough evidence, the case will go to the most serious court-martial forum.

Charlotte Cluverius, a former academy law instructor and officer who now works in private practice in Washington, said the way this case has been prosecuted has been unusual, although it's not unprecedented in military trials to bring more serious charges after finding new evidence while preparing for the trial.

Cluverius said the upcoming evidentiary hearing, called an Article 32, would reveal whether the new evidence will hold up in court.

"They throw up every charge they can find that is even remotely tied to the evidence," she said.

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Former Soldier Charged With Smuggling Machine Guns (ARMYT)

By Michelle Tan, Staff writer

Army Times, September 28, 2006

A former North Carolina National Guard soldier has been charged in federal court for smuggling four machine guns into the United States from Iraq and then trying to sell them.

Robert James Clymore, 38, was arraigned in federal court Sept. 21 in Atlanta, Ga. He was indicted June 13 by a federal grand jury on charges of unlawful importation, possession, transportation and transfer of machine guns, according to a press release from the Justice Department.

Clymore, of Wade, N.C., is accused of acquiring four machine guns while on active duty in Iraq and smuggling them home in his gear.

Clymore, who served in the Navy, joined the Guard on Aug. 29, 2003, said Maj. Matt Handley, a spokesman for the North Carolina Guard.

He was a sergeant with C Company, 120th Combined Arms Battalion, in Parkton, N.C., and he served in Iraq from early 2004 to early 2005, Handley said. Clymore was honorably discharged from the Army on April 15, Handley said.

According to documents filed in federal court, Clymore brought to the United States a Sterling, model MK4, 9mm submachine gun; a Carl Gustav, model 45, 9mm submachine gun; a Zastava, model M72 LMG, 7.62 x 39mm machine gun; and a Soviet, model PPSH-41, 7.62 x 25mm submachine gun. The Carl Gustav did not have a serial number.

In December 2005, Clymore brought the weapons to a gun dealer in Taylorsville, Ga., and negotiated a deal to trade an all-terrain vehicle and a pistol for the machine guns, according to the Justice Department. The gun dealer informed the FBI about the machine guns, and FBI agents set up surveillance to record the transaction, which was scheduled for the following day, Dec. 15, 2005. When Clymore returned, the FBI seized the four machine guns.

The six-count indictment against Clymore charges him with violating federal firearms and tax laws. The charges carry up to 25 years in prison and a fine of up to $1.25 million.

Prison For Man Who Assaulted Feds (PTR)

Pittsburgh Tribune-Review, September 28, 2006

A state inmate was sentenced today to nearly 12 years in federal prison for assaulting two deputy U.S. Marshals.

Andre L. Jacobs, 24, formerly of Harrisburg, attacked the marshals in March 2005 inside a 9th floor elevator at the federal courthouse, Downtown. After a jury ruled against Jacobs in a civil trial, the inmate struck one marshal with his handcuffs and grabbed the other marshal. The first marshal suffered ligament damage to his wrist, which required surgery.

Jacobs was convicted by a jury in April and was sentenced to 210 months in prison yesterday by U.S. District Judge Gustave Diamond. Jacobs is already serving 5 to 18 years in SCI Fayette on an unrelated conviction.

Inmate Who Assaulted Federal Deputy Gets 17-year Prison Sentence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 28, 2006

Andre Jacobs grew up with no parental figures. He witnessed domestic violence between his mother and father as an infant and toddler. Then his father left, and his mother, an alcoholic, pretty much abandoned her son.

Mr. Jacobs spent the majority of his youth in juvenile psychiatric facilities and was certified as an adult offender at age 15.

He has a steep history of violence, including assaults on corrections officers. Since 1998, when he began serving a state prison sentence, he has received 91 misconduct reports, guaranteeing that he will remain in disciplinary custody until at least 2011.

Yesterday, Mr. Jacobs, now 24, was sentenced to serve more than 17 years in prison for assaulting a U.S. marshal last year as he was being escorted out of the federal courthouse following a civil case. That amounts to 10 additional years in prison since he will serve the first seven years concurrently with previous sentences.

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In an effort to avoid any repeats of the attack in which Mr. Jacobs slammed his handcuffed arms down onto a marshal's wrist, he was led into Senior U.S. District Judge Gustave Diamond's courtroom by six marshals.

Deputy U.S. Marshal Robert Potter, who was injured in the attack, underwent surgery and was placed on light duty for 47 days while recovering, said Assistant U.S. Attorney Stephen R. Kaufman.

The short, slender man wore leg irons, and his wrists were handcuffed to his waist. A large bandage stretched across his forehead.

Mr. Jacobs previously has been convicted of firearms violations, escape and aggravated assault, and currently has five "serious" cases pending, Mr. Kaufman said.

The prosecutor acknowledged Mr. Jacob's troubled childhood but countered it with the need for public safety.

"He's a damaged individual," he said. "Unfortunately, he's a very dangerous individual."

Mr. Jacobs' sentence was enhanced by several factors, including that his victim was a federal law enforcement officer; that he caused "serious bodily injury;" and because he is considered a career offender.

"This is probably the saddest, most tragic case I've ever been involved with," said public defender Jay Finkelstein. "I think it's absolutely heart-breaking."

The only person to speak on Mr. Jacobs' behalf was Dr. Jolie Brams, a clinical and forensic psychologist, who evaluated him.

"In many ways, he would have been better off being an orphan," she said.

Dr. Brams talked about Mr. Jacobs' background, his profound, uncontrolled anger, his feelings of abandonment, and the lack of treatment.

But she also noted that he basically taught himself how to read, passed the high school equivalence test, and has taken and passed correspondence classes to be trained as a paralegal.

"I believe there is still room for growth and development," she said, "especially if he gets the help he so desperately needs."

Mr. Jacobs begged for that help when it was his turn to speak to the judge.

"I want to be given a chance -- to work things out; look forward to a future," he said, trailing off. "Just have a life, man."

Then Mr. Jacobs began to cry.

"I just feel like I never had a chance," he continued. "Everybody gave up on me before I ever had a chance. I can't do it by myself."

Man Helped By Priests Is Charged With Fraud (NYT)

By Anthony Ramirez

The New York Times, September 28, 2006

The voice on the line would beg the priest, Help me, Father; I'm in trouble.

My mother is facing eviction, the voice would say. Sometimes she needed money to pay for assisted living, or for a down payment on a new home, federal prosecutors said.

In the end, the man behind the voice, whom the authorities identified as Robert Riggio, 60, of Manhattan, bilked numerous priests around the country of at least $200,000, federal prosecutors said yesterday

Priests in North Carolina, Texas and Kentucky were victimized, prosecutors said, adding that the priests often drew on personal savings to send money to Mr. Riggio, and that some priests were bilked twice.

The scheme, which began in March 2004 and lasted until this month, involved more than 150 wire transfers from guileless priests to Mr. Riggio and a partner who was not named in court papers. In some cases, Mr. Riggio pretended to be a member of the priest's parish seeking help, the papers said.

The scheme was undone by an undercover agent posing as the niece of a priest, prosecutors said.

Mr. Riggio appeared yesterday at a hearing in Federal District Court in Manhattan, where he was advised of his rights and informed of the charges against him, but not formally arraigned. He has not been indicted.

He is charged with one count of conspiracy to commit wire fraud and one count of wire fraud. If convicted, he faces up to 25 years in prison.

He surrendered to federal marshals at 9 a.m. yesterday and was ordered released on a $100,000 personal recognizance bond after surrendering his passport.

Dressed in a pink polo shirt, blue polyester warm-up pants and white running shoes, Mr. Riggio answered questions from Magistrate Judge Henry Pittman with a "yes" or "no" in a clear voice, and made no statement.

Mr. Riggio's lawyer, Chris Flood, and Nicholas Goldin, an assistant United States attorney, declined to comment on the case.

Mr. Riggio has an extensive criminal history on Long Island and in New Jersey. According to the New Jersey Department of Corrections, for example, he served nearly two years in a New Jersey prison for "theft by deception." He was released on May 2, 2001.

In court papers released yesterday, a special agent with the F.B.I., Tina M. Taylor, said Mr. Riggio used the aliases William Kelley and Timothy Ryan. Agent Taylor appeared in court but did not make a statement.

Agent Taylor said in court papers that she was part of a special squad investigating Mr. Riggio and his partner. She cited telephone surveillance recordings, Western Union and MoneyGram records, and the testimony of an undercover agent posing as the niece of a priest in Kentucky who had sent $25,600 to a William Kelley.

As part of the investigation, the undercover agent telephoned Mr. Riggio last Thursday. At the same time, Agent Taylor said, she observed Mr. Riggio answering his cellphone.

Mr. Riggio identified himself to the undercover agent as William Kelley and said he was a member of the priest's Kentucky parish trying to obtain housing in Manhattan for his mother.

"Mr. Kelley" said that he needed more funds for his mother but that he was in West Virginia at the moment, according to Agent Taylor's court papers.

Crime Lab Probe Tab To Grow By $1.5 Million (HC)

By Alexis Grant

Houston Chronicle, September 28, 2006

The City Council on Wednesday approved spending an additional $1.5 million to complete an independent investigation of the police crime lab that has already cost the city nearly $4 million.

After months of delay, during which Mayor Bill White, several council members and a high-ranking police official questioned whether more money should be allocated to the project, the panel approved the funding without discussion.

White said after the meeting he is confident this will be the last time the city puts money toward the investigation, which began in March 2005.

"I wanted to make sure that we were going to get value for what we asked for and that this would not be perpetual," White said.

The city hired lead investigator Michael Bromwich, a former U.S. Justice Department official, to investigate the crime lab more than two years after problems there came to light. Two men had been released from prison because of inaccurate work on evidence from their cases.

The independent team of lawyers and scientists conducting the project have reviewed about 2,300 cases from the Houston Police Department crime lab. HPD's conclusions about evidence in 93 cases may be inaccurate, they say.

The project initially was expected to cost about $3.2 million. City Council first allocated $2.2 million, then agreed to pay $1.6 million more.

In June, Bromwich asked for an additional $1.5 million to complete testing. It was needed because the scope of the project expanded at the request of council members after scientists found widespread problems, he said.

The most recent payment brings the total cost of the probe to $5.3 million.

Some Lethal Injections May Have Been 'Excruciating' (LAT)

By Henry Weinstein And Maura Dolan

The Los Angeles Times, September 28, 2006

DOJ_NMG_0070447

SAN JOSE — Inmates executed by lethal injection in California may have been conscious when they were administered a drug that induces suffocation and an "excruciating" experience comparable to drowning or strangulation, an anesthesiologist who has reviewed state execution logs testified today.

Mark Heath, a professor of anesthesiology at Columbia University Medical School, said the logs showed that some of those executed were still breathing several minutes after prison personnel administered pancuronium bromide, a paralytic agent and the second of three drugs used in lethal injections in California and three dozen other states.

"If someone is breathing like that, they may not be in a deep plane of anesthesia. They may not even be unconscious," Heath said on the second day of a hearing before U.S. District Judge Jeremy Fogel on a challenge to California's lethal injection procedures by death row inmate Michael Morales.

His attorneys contend that the state procedure violates the U.S. Constitution's prohibition against cruel and unusual punishment. As Heath was testifying, attorney Ginger Anders displayed a copy of a prison log of the execution of Robert Massey, which showed that Massey continued to breathe for four minutes after the pancuronium was administered.

Heath also presented a withering portrayal of California's procedures for executing condemned prisoners, based on his review of prison records, depositions of execution team members and other material obtained by attorneys for Morales.

Among other things, Heath said members of the execution team were ignorant about the properties of the drugs they were using and failed to administer the required dose of the anesthetic sodium thiopental, which is meant to deaden the inmate to the pain of the paralytic.

In response to a question about what she knew about the anesthetic, a registered nurse on the execution team said, "I don't study. I just do the job. I don't want to know about it," according to a deposition read by Anders.

Heath said he was very disturbed by the response: "You can't understand and appreciate the dangers if you don't know how the drug works."

Heath also said he was troubled by a discussion between corrections officials and the governor's representatives about changing the lethal injection protocol to address concerns Fogel voiced when Morales' execution was postponed last spring. According to notes taken by attorney Bruce Slevin, a doctor who works for the Corrections Department suggested that the state use a different, longer-lasting and more effective anesthetic.

But lawyers in the meeting spurned Dr. Robert Singler's idea, saying they believed the state should not change course because the three drug protocol had been upheld by courts. Instead, they suggested that the procedure be "tweaked," according to Slevin's notes.

Heath said this was "not a medically valid reason." Heath added: "The priority should be to make sure it is humane. If we make sure it is humane, a court is not going to stop" the state from conducting lethal injection executions, Heath concluded.

On Tuesday, an expert on pharmacology said the drug used to anesthetize inmates wears off "extremely fast" and potentially exposes prisoners to painful deaths.

The four-day trial here is one of several court proceedings around the nation in which lethal injection is under challenge as a violation of the U.S. Constitution's ban on cruel and unusual punishment. Executions have been put on hold in California pending the outcome of the litigation, brought by Morales, who was sentenced to death for the 1981 murder of Terri Winchell, 17, in Lodi.

Judge Fogel has stressed that condemned inmates are not entitled under the Constitution to a painless death.

CIVIL LAW:

S.J. Nursing Home Guilty Of Defrauding Medicare (MERCN)

By Rodney Foo

The San Jose Mercury News, September 28, 2006

An East San Jose nursing home was convicted Tuesday of filing false Medicare claims, and its corporate owner also has agreed to pay $14.7 million to settle a related federal lawsuit instigated by a whistle-blower, prosecutors said.

DOJ_NMG_0070448

Representatives for Parkview Nursing Center agreed to plead guilty in U.S. District Court in Oakland to two counts of submitting inflated nursing hours related to patients' reports to Medicare. No individuals were charged, U.S. Department of Justice spokesman Luke Macaulay said, only the business entities.

The crimes occurred in November 1997 and September 1998, prosecutors said. The complaint against Parkview was filed earlier this month.

Parkview also was ordered to pay a $500,000 fine. The 99-bed nursing home was closed in 1998 by its owner and operator, Horizon West Healthcare, a wholly owned subsidiary of Horizon West, based in Rocklin.

A Horizon West spokeswoman, Susan Bitar, said the reporting errors were the result of a ``complex and outdated system" used to record nursing hours.

``These errors could not and would not be made today," she said.

The conviction follows an August agreement by Horizon West to pay $14.7 million to settle a 2000 lawsuit brought by a former employee, Julia Lee, and the Justice Department. The settlement will be paid out over five years, according to the agreement.

Lee originally filed the action under a federal law that permits whistle-blowers to sue on behalf of the government, alerting prosecutors to the inflated Medicare reports.

Lee and the government are in negotiations over her percentage of the settlement, Macaulay said.

Neither Lee nor her attorney could be reached for comment Tuesday.

House Panel Moves FOIA Bill Forward (AP-Y)

By Laurie Kellman

AP, September 28, 2006

A House panel advanced a bill to close gaps in the Freedom of Information Act and speed the release of government documents, but the legislation seemed unlikely to pass this year.

The legislation, approved unanimously by a House Government Reform subcommittee, would penalize federal agencies that fail to respond to FOIA requests in a reasonable period of time.

The subcommittee added a provision not in a similar measure passed last week by the Senate Judiciary Committee. The amendment by Rep. Henry Waxman, D-Calif., would revoke two Bush administration memos that directed agencies to withhold information from FOIA requests when that information would threaten national security.

The House bill awaits action by the full committee, the Senate's by the full Senate.

The legislation appears likely to fall victim to Congress' end-of-session rush to recess this week so lawmakers can head home to campaign for re-election.

Given the workload, House and Senate Republican officials said no plans have been made to take up the FOIA bill during a weeklong session now scheduled between the Nov. 7 election and Thanksgiving.

Nonetheless, it was significant that the Republican-led subcommittee adopted Waxman's amendment on reversing the White House's memos.

After the Sept. 11 attacks, then-Attorney General John Ashcroft shifted from the Clinton administration's policy of "maximum responsible disclosure" to one emphasizing "institutional, commercial and personal privacy interests" when considering FOIA requests.

In 2002, then-White House chief of staff Andrew Card sent a memo to agencies to "safeguard" information that could help in the development or use of weapons of mass destruction, or that could be used "to harm the security of our nation."

The Bush administration has removed thousands of documents from public access on the basis of those two actions, according to government watchdog groups and federal agencies.

The new legislation restates the 1966 act's "strong presumption in favor of disclosure."

Court Doesn't Intervene In 'Electioneering' Case (RC)

By Matthew Murray

Roll Call, September 28, 2006

DOJ_NMG_0070449

A federal court Wednesday refused to intervene in a dispute between a Maine nonprofit organization and the Federal Election Commission regarding the group's right to air a television advertisement during a federally restricted blackout period.

A three-judge panel of the U.S. District Court for the District of Columbia ruled that the FEC was correct in determining that claims by Christian Civic Life off Maine, Inc., were "not ripe" and "too speculative."

The group had sought to run an issue-based advertisement identifying Sen. Olympia Snowe (R-Maine) within 30 days of a primary election. Running the ad could have been a violation of the Bipartisan Campaign Reform Act of 2002.

In May, the same court denied the group's request for preliminary injunctive relief.

"We are very pleased that this case has been dismissed, and the 'electioneering communication' provisions of BCRA stand in place as written by Congress and upheld by the Supreme Court," said Fred Wertheimer, president of the campaign-finance watchdog group Democracy 21.

Jan Baran, a GOP election lawyer, said the ruling's significance is limited, but that the court will ultimately have to address the issue again.

CIVIL RIGHTS:

Discrimination Case Opens Door To Internet ADA Claims (LAW)

By Sheri Qualters, The National Law Journal

National Law Journal, September 28, 2006

Judge's ruling moves case forward against Target Corp.

A federal judge's decision not to dismiss a discrimination case against retailer Target Corp. for operating a Web site inaccessible to the blind opens the door to Internet-related Americans with Disabilities Act claims.

The recent order is believed to the first ruling from a judge that the ADA can apply to the Internet, and lawyers from both sides of the bar anticipate more cases.

"To limit the ADA to discrimination in the provision of services occurring on the premises of a public accommodation would contradict the plain language of that statute," wrote U.S. District Judge Marilyn Hall Patel, who sits in San Francisco. "To the extent defendant argues that plaintiffs' claims are not cognizable because they occur away from a 'place' of public accommodation, defendant's argument must fail."

Patel declined the National Federation of the Blind's request for a preliminary injunction requiring Target to immediately update its site. She said that there is no emergency to address and that more discovery is needed to investigate Target's claim that the average blind person is able to access its Web site now. National Federation of the Blind v. Target, No. 06-01802 (N.D. Calif.).

COMPANIES UNAWARE

There will be continued exploration of the applicability of the ADA and certain state laws to commercial Web sites, predicted Daniel F. Goldstein of Brown, Goldstein & Levy in Baltimore. Goldstein represents the plaintiff in the case, Baltimore-based National Federation of the Blind. "It's too important of an economic activity for the blind to be excluded," Goldstein said.

The federation, which filed the lawsuit as a class action on behalf of all blind people unable to access Target's site, encourages members to report inaccessible Web sites. Companies are often unaware of the problem and usually quick to update their Web sites, but Minneapolis-based Target was one of the exceptions, said spokesman John Pare.

The federation's dispute with Target is not its first lawsuit seeking Internet access, but it's the first to reach such an advanced stage, Pare said.

Several years ago, the federation dropped an earlier lawsuit against America Online (before its absorption by Time Warner Inc.) when the company agreed to update the site. Although the federation declined to publicly name other potential lawsuit targets, it's prepared for other court battles, Pare said.

Although "disappointed" that the case was not entirely dismissed, Target said it is heartened by the court's decision to deny the federation a preliminary injunction, according to a company statement.

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"We believe our Web site complies with all applicable laws and are committed to vigorously defending this case. We will continue to implement technology that increases the usability of our Web site for all our guests, including those with disabilities," Target said.

Al Mohajerian, whose Los Angeles-based Mohajerian Law Corp. handles many ADA cases, said "common sense" leads him to believe that making Web sites accessible to the blind will be required if compliance is not too expensive.

"If you're opening doors one way or the other for the public to do shopping, you have to consider the disabled," Mohajerian said.

The federation estimates that Target would need to spend between $20,000 to $40,000 to retrofit its Web site, but Pare said the extra work to make Web sites accessible at the beginning is "negligible."

Blind users need screen-reading software installed on their own computer to read accessible Web sites. Accessible sites include alt-text code, which allows the software to recite a description of graphic images. Pare also noted that offering online shopping is important to the blind, who often would otherwise need to rely on other people for rides or pay for transportation to get to a store.

Plaintiffs' lawyers with ADA experience also say the case may go in favor of the federation. Web sites for stores like Target are closely tied to their retail operation, which is defined by the law as a place of public accommodation, said attorney Barry Weintraub of Stafford, Va.

Weintraub also noted that the ADA requires access rather than specific architectural features.

"Just because you don't have a per se violation like a ramp with too much of a slope, that doesn't mean you can't bring an action under the general provision of no discrimination," Weintraub said.

Voting Is Tricky Mission For Troops Waiting For Ballots In Battlefield (USAT)

By Richard Wolf

USA Today, September 28, 2006

WASHINGTON — Election year after election year, tens of thousands of overseas voters fail to complete the time-consuming process of registering to vote, requesting a ballot, receiving it and mailing it back before polls close. As a result, their votes aren't counted.

Pentagon officials say the situation is particularly troublesome for troops in battle, who often are redeployed before mail reaches them. Michael Dominguez, principal deputy undersecretary of Defense for personnel and readiness, calls it “the special challenge of reaching the deployed warrior on the battlefield.”

Again this year, many states are still preparing their fall ballots after recent primaries:

•In Wisconsin, a Sept. 12 primary prevented election officials from readying the fall ballot. Kevin Kennedy, executive director of the state Elections Board, says it will be mailed out about 30 days before the elections Nov. 7, rather than the preferred 45 days. The state is among at least 17 that will accept returned ballots later this year.

•In Minnesota, scene of another Sept. 12 primary, officials hope to get ballots sent to overseas voters about 35 days before the elections. “There is no question that the timetable puts their votes at risk,” Secretary of State Mary Kiffmeyer says.

•In Washington, scene of a Sept. 19 primary, the Legislature has voted to move future state primaries to August. That would help in cases like the governor's race in 2004, which was so close it took seven months to determine Christine Gregoire's 133-vote victory.

Scott Wiedmann, deputy director of the Federal Voting Assistance Program at the Pentagon, says at least six states have begun mailing out overseas absentee ballots. The elections are 40 days away.

The Department of Justice has won consent decrees from several states to get more time for overseas votes to be counted.

The Federal Voting Assistance Program is working with post offices to get mail to the 142,000 troops in Iraq and 21,000 in Afghanistan.

Until 2004, Pentagon officials considered Internet voting, but its security was in doubt. The Pentagon pushes alternatives such as faxing and e-mailing.

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"We want to make sure that they have some options out there if the mail doesn't get through," says Polly Brunelli, director of the Federal Voting Assistance Program.

Susan Dzieduszycka-Suinat, executive director of the Overseas Vote Foundation, says those solutions will improve timing at the expense of voters' right to privacy. "I find it offensive that to be able to vote and have our ballots counted on time, we have to give up confidentiality," she says.

Robert Carey, a senior fellow with the National Defense Committee, a grass-roots group that lobbies for a stronger military, says Internet voting should be reconsidered.

While stationed in Bahrain with the Navy, he says, mail usually took two weeks to reach him and two weeks to get back to the USA. If the Internet is secure enough for financial transactions and classified military documents, he says, it should be good enough for votes.

Ray Martinez, former vice chairman of the commission, sees both sides of the debate. Using e-mail and fax machines compromises ballot secrecy and is "not the long-term solution," he says. "But at least it ensures that these voters don't get disenfranchised."

Overseas Voting A Concern — Again (USAT)

By Richard Wolf

USA Today, September 28, 2006

WASHINGTON — Six years after problems counting overseas votes clouded the 2000 presidential election, U.S. troops and other Americans abroad face tight timetables and emerging technologies that still make it difficult to have their votes counted.

•Fourteen states with September primaries risk getting absentee ballots out too late for remote voters to return them in time.

•Efforts to speed things by using e-mail and fax machines pose a risk to voters' confidentiality.

•Websites intended to help overseas voters navigate the process are not widely used. A private group's site was taken down earlier this month in a contract dispute.

The problems with timing and technology concern federal election officials, who try to ensure that overseas votes are counted on time. An estimated 29% of troops who wanted to vote did not get absentee ballots in 2000 or received them too late.

About 3.7 million Americans live overseas, and more than 400,000 members of the military are stationed or deployed overseas. In 2004, Pentagon officials estimate, 58% of Americans abroad voted, compared with overall turnout of 60%. Military participation overseas was estimated at 75%.

Those figures are disputed by the federal Election Assistance Commission (EAC) and the Government Accountability Office because of the sample size and response rate.

"You cut the time so short that people start getting disenfranchised," says Paul DeGregorio, chairman of the EAC, which held a hearing in St. Louis last week on issues concerning overseas voting. "This problem needs to be addressed nationwide."

The Senate Armed Services Committee has scheduled a hearing on the issue for today.

The biggest problem is timing. Polly Brunelli, director of the Pentagon's Federal Voting Assistance Program, and other experts say there should be 45 days between the time ballots are sent to voters and when completed ballots are received at election offices. Only 40 days remain until the Nov. 7 general election.

Congress has approved $2.5 million for the expansion of Web technologies, including e-mail and secure-server transactions. Those methods risk voters' privacy.

Fewer than one in five uniformed military personnel know about Pentagon websites, according to a March report by the Pentagon's inspector general. And the Overseas Vote Foundation's website, which helps users register and request ballots, recently had to be taken down and reconfigured.

DeGregorio says the problems may require legislation setting deadlines for states to send out ballots. Internet voting deserves another look, after a $22 million project was scrapped in 2004, he says. "I believe the technology can be found to fix this problem," he says.

Restore Voter Confidence (USAT)

DOJ_NMG_0070452

By Henry Hyde

USA Today, September 28, 2006

The Constitution guarantees every citizen the right to vote. The integrity of elections is central to our democracy. Because of increasing concern over electoral fraud, the House passed the Federal Election Integrity Act (FEIA) mandating that voters present proof of citizenship and a valid photo ID when registering to vote. A valid photo ID would also be required at the polling place.

Not surprisingly, FEIA has met strong opposition from the majority of Democrats, who support amnesty, a path to citizenship for illegal immigrants. The vote in the House was 228-196, mostly along party lines.

Contrary to false claims, the federal government would provide funding for people who proved they can't afford a valid ID card.

FEIA follows the REAL ID Act of 2005, which requires citizenship status on driver's licenses starting in 2008. This measure was recommended by the bipartisan Carter-Baker Commission on Federal Election Reform.

Objections were made that people in rural areas would not have access to photo services, but these can be provided at driver's license facilities, township offices, municipal offices or any local facility designated by the election board.

We are required every day to present valid identification when applying for Social Security, Medicare, Medicaid, township services such as food stamps or housing, driver's licenses, insurance, entering a nursing facility, or opening a bank account.

When the bill reaches a House-Senate conference committee we can, by amendment, permit people objecting to photos on religious grounds to have retinal scans.

Overseas active duty military personnel absent from the USA on Election Day are excepted from this provision.

This proposal would not disenfranchise anyone who wants to vote. Our purpose is to stop fraud and to ensure every citizen the right to vote.

In Washington state 1,678 illegal votes were cast in the 2004 general election, which exceeded the margin of victory. Some voters have been told at the polls that they have already voted! Residents of cemeteries vote. A member of the New York City Council proposed allowing illegal immigrants to vote in local elections.

By enacting this bill, we can help restore confidence in our system and thereby encourage voter participation.

Rep. Henry Hyde, R-Ill., is chief sponsor of the Federal Election Integrity Act.

ANTITRUST:

Mittal Prefers To Sell Weirton (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, September 28, 2006

For Sparrows Point, 'it's good news,' plant manager says

Mittal Steel Co. NV said yesterday that it plans to sell its Weirton, W.Va., mill rather than Sparrows Point if it's compelled to dispose of a U.S. property to settle antitrust issues.

Netherlands-based Mittal said it had identified at least 10 potential buyers for the West Virginia property, easing concerns at the Baltimore County plant, which Mittal acquired in 2005. Sparrows Point employs nearly 2,500 salaried and hourly workers.

Mittal must sell either Weirton, Sparrows Point or Canadian steelmaker Dofasco in the wake of its $38 billion merger with Luxembourg-based Arcelor SA to appease Justice Department officials, who say the combined company, Arcelor Mittal, would have a monopoly on tin production in the United States.

Mittal has promised to sell Dofasco to German-owned ThyssenKrupp AG, but despite the merger agreement, Arcelor officials refuse to let it go. In one of a series of moves to fend off Mittal's nearly six-month hostile takeover bid, Arcelor transferred Dofasco to a Dutch trust, making a sale without Arcelor's consent impossible.

The Justice Department has given Mittal until Nov. 28 to sell Dofasco, with the option of a 60-day extension. If Mittal is unable to sell Dofasco, the Justice Department will give Mittal 90 days to sell either Sparrows Point or Weirton.

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In a slide presentation posted on Arcelor Mittal's Web site yesterday, Mittal's Chief Financial Officer Aditya Mittal said the company still wants to sell Dofasco but has begun discussions with the Justice Department about Weirton.

Sparrows Point was not mentioned in that slide, but later in the presentation, the Point was listed as a "key facility" in the "largest and most efficient industrial network in the Americas."

Ultimately, the Justice Department must sign off on which plant is sold and to what buyer.

Employees at Weirton and Sparrows Point were cautiously optimistic yesterday about the development.

"Overall, it's good news for us," said Sparrows Point General Manager Thomas Russo. "Not knowing who the potential buyer would be, it wasn't a good place to be."

"We've been going through a period of uncertainty," echoed John Cirri, president of United Steelworkers Local 9477, which represents production workers at the plant.

Sparrows Point isn't out of the woods entirely. Justice Department officials toured Sparrows Point last week, Russo said.

"It's not a done deal until the Department of Justice says it is, but it's a good sign they're leaning that way [toward Weirton]," Russo said.

A Justice Department spokeswoman declined comment.

In Weirton, workers have been lobbying Mittal to sell the plant to an investor who will restart the steelmaking furnaces. Mittal idled them last year and sent the hot-metal work to Sparrows Point because the Baltimore County plant was more efficient. About 1,000 workers in Weirton lost their jobs, and the plant was reduced to a finishing mill.

"They're good facilities, and we're willing to make it as efficient as we possibly could make it," said Mark Glyptis, president of the Independent Steelworkers Union, which represents workers at the Weirton plant.

Glyptis said Weirton has more capacity to produce tin than either Sparrows Point or Dofasco and would be a valuable acquisition. He said the union proposed a plan to Mittal to reduce costs by $90 million a year before Mittal decided to shut down the furnaces.

Mitchell Hecht, a former executive at International Steel Group, which sold Weirton and Sparrows Point to Mittal, has expressed interest in buying Weirton and restarting its furnaces, Glyptis said.

Steel analyst Charles Bradford, of New York City-based Bradford Research Inc., is skeptical that there are 10 serious buyers for Weirton. But he said there is room for another player in the tin market: Mittal and U.S. Steel Corp. control more than 80 percent of tin plate production in the United States. The rest is made by Wheeling-Pittsburgh Steel. The tin is used to make cans for food and hairspray, among other products.

"The market for tin plate is a good market," he said.

Bradford said ThyssenKrupp is not interested in tin, and wants Dofasco because it provides high-grade steel sheet for the lucrative auto market

Also yesterday, Arcelor Mittal announced that it would distribute 30 percent of its profits to shareholders, promising a minimum annual dividend of $1.30 a share.

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Federated Stores Says Icahn Plans To Increase Stake (Update4) (BLOOM)

By Cotten Timberlake

Bloomberg, September 28, 2006

Sept. 27 (Bloomberg) -- Federated Department Stores Inc., owner of Macy's and Bloomingdale's, said billionaire investor Carl Icahn plans to buy $113.4 million to $500 million of additional stock, sending the retailer's shares to a record.

If Icahn purchases $500 million of Federated stock, he would be acquiring about 11.5 million shares at today's price and boosting his stake to 2.5 percent. Icahn, 70, notified Federated of his plans to seek regulatory approval for the purchase, the company said today in a statement.

Icahn is known as a corporate raider, taking stakes in companies and forcing management to take steps to improve stock prices. Federated shares have more than tripled since February 2003.

``Carl Icahn is almost never a passive investor," said Pat McGurn, executive vice president and special counsel at Institutional Shareholder Services. ``He traditionally has gone after companies whose stock prices are weak, so it will be interesting to see what his take will be in this situation." McGurn's Rockville, Maryland-based firm advises investors on how to vote proxies.

Federated, the second-biggest U.S. department store company after Sears Holdings Corp., converted more than 400 stores to the Macy's name earlier this month, doubling the total. The stores were acquired as part of last year's $11 billion purchase of May Department Stores Co.

Shares Jump

Shares of Federated jumped $1.48, or 3.6 percent, to $43.13 at 2:11 p.m. in New York Stock Exchange composite trading. It earlier reached a record $43.90. The stock had already rallied 26 percent this year through yesterday, more than triple the 7.1 percent gain in the Standard & Poor's 500 Index. Federated has a market value of $23.4 billion.

Federated said in a statement today that it welcomed Icahn's plans. ``We're glad Mr. Icahn sees value in our company," Chief Executive Officer Terry Lundgren said. Icahn didn't return phone calls seeking comment.

Icahn Management LP held 2.01 million shares, or 0.37 percent, of Cincinnati-based Federated's outstanding stock, as of June 30, Bloomberg data shows.

Regulators

Anyone who purchases more than $58 million in a company must report it to antitrust enforcers at the U.S. Justice Department and Federal Trade Commission. The requirement gives the government an opportunity to determine if the transaction poses any antitrust problems. The government has 30 days to decide whether to open an antitrust investigation.

Icahn earlier this year tried and failed to take control of Time Warner Inc., the world's largest media company. He pushed the company to boost its stock-buyback program to $20 billion from $12.5 billion, and slash $1 billion in costs. He also urged a break up of Time Warner in an effort to boost the stock price.

On Sept. 7, Icahn agreed to sell the oil and natural-gas unit of his American Real Estate Partners LP to Riata Energy Inc. for $1.52 billion, 10 times what he paid for the business three years ago.

Icahn informed Federated ``very recently" that he intended to make the regulatory filing, spokesman Jim Sluzewski said, declining to be more specific. ``We were notified and we felt the obligation to report it," said Sluzewski. ``This is consistent with what other companies have done and potentially a material development."

To contact the reporters on this story: Cotten Timberlake in New York at ctimberlake@bloomberg.net

Judge Dismisses Key Part Of AMD Antitrust Lawsuit Against Intel, Sets Trial Date (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, September 28, 2006

(AP) - SAN JOSE, California-A federal judge dismissed a major portion of Advanced Micro Devices Inc.'s antitrust lawsuit against archrival Intel Corp., ruling that AMD cannot sue in the U.S. for Intel's alleged monopolistic tactics overseas.

The judge also set a trial date of April 27, 2009 for AMD to argue that Intel forced major customers into exclusive deals and offered secret rebates to undercut AMD in the market for microprocessors that act as the brains of computers.

U.S. District Judge Joseph J. Farnan Jr. set the 2009 trial date Wednesday, a day after stripping a key component from AMD's lawsuit, which alleges anticompetitive practices in several countries including Britain, Germany and Japan.

On Tuesday, the Delaware-based judge ruled that AMD failed to prove that Intel's alleged strong-arm tactics abroad had "direct, substantial and foreseeable effects" on AMD's operations in the United States.

Santa Clara-based Intel, the world's largest computer chip maker, argued that AMD should not be able to sue in the U.S. for alleged lost sales of microprocessors that were made and sold in other countries. It also argued that part of AMD's case should be dismissed because AMD was seeking redress abroad for "foreign commerce claims."

AMD, which filed its lawsuit in June 2005, maintains that the market for microprocessors is global and that Intel's conduct domestically and abroad are inextricably linked.

The ruling was a big win for Intel but much of the case remains intact.

"We are pleased that the judge understood and agreed with our argument and analysis of the law," said Intel spokesman Chuck Mulloy. "Nonetheless, we plan to vigorously defend ourselves on the remaining portions of this case."

AMD has not yet decided whether to appeal the ruling, said company spokesman Michael Silverman.

"Intel cannot escape antitrust scrutiny for its conduct," Tom McCoy, AMD's executive vice president for legal affairs, said in a statement. "As this U.S. litigation is joined by global antitrust investigations, it is clear that Intel cannot escape the consequences of its illegal monopoly abuses."

Symantec: Microsoft Won't Give Us Key Vista Tech (CNET)

By Tom Espiner, Special to CNET News.com

CNET News, September 28, 2006

Security rival says Microsoft is withholding spyware APIs for Windows update, but software giant denies it.

Symantec has accused Microsoft of withholding key information about its upcoming Vista operating system in an attempt to gain an advantage in the security market.

The security specialist said this week that Microsoft is refusing to hand over the application programmable interfaces (APIs) for Windows Defender, the spyware product that will be included in Windows Vista. Without the APIs, Symantec contends that it's unable to ensure that its own security products are compatible with the update.

"Microsoft is affirmatively introducing bottlenecks to funnel customers to their products," said John Brigden, Symantec senior vice president for Europe. "It's all about control and dominance. They are deliberately delaying giving us the APIs."

Microsoft responded to Symantec's concerns on Wednesday, and said it had made the APIs for Defender available earlier this week.

"As a result of our ongoing dialogue with partners and our customers, Microsoft decided in August this year to add the ability for any security software company to programmatically disable Windows Defender access through an API," a Microsoft representative said.

"Availability of the Defender APIs was announced to security partners on Friday, Sept. 22, 2006, and we understand Symantec requested and received the go-ahead to develop on that API on Monday, Sept. 25," Microsoft said.

Microsoft added the functionality to disable Windows Defender in Release Candidate 1 of Vista, or RC1, which came out early this month. There may have been some confusion in the industry because the accompanying information for developers, called a software development kit, or SDK, did not provide details on the functionality, the company said.

"Two weeks after releasing RC1, we provided the follow-up documentation, which was released out-of-band; normally we release it with major milestones," said Adrien Robinson, business development manager at Microsoft. "The confusion, I think, that people are having is that the functionality is not in the RC1 SDK, and the reason for that is that we added it just before RC1."

Symantec, though, insists that the APIs still aren't available.

The timing of the release of APIs is crucial for Symantec, as it is due to ship a Vista-compatible Norton antivirus product to PC makers in October.

"No one has received any information about Defender, and we're coming up to an OEM (original equipment manufacturers) shipment date in October. It's three weeks away," Brigden said.

Symantec has partnerships with equipment manufacturers Dell, Fujitsu, Hewlett-Packard, IBM, Sony and Toshiba, among others. The antivirus vendor is worried that Microsoft will hand over the APIs so late that Symantec won't be able to make its antivirus software compatible with Vista in time.

"Microsoft will provide information about two days before the October shipment date, and say, 'We've given you the APIs.' Now, we're good, but we're not good enough (to integrate Norton with Defender) in that time," a Symantec representative said.

Symantec hopes the APIs will be supplied before that. It would not comment on the potential damage to its relationships with PC partners should it not have enough time to integrate Norton into Vista.

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The entry of Microsoft into the security market has put incumbents on their guard, given the software giant's $34 billion cash pile and a hefty presence on desktops. On top of this, European Commission regulators and Microsoft are in the middle of a tussle over the potential antitrust impact of security components in Vista.

Security vendor McAfee is also irked that Microsoft has not provided APIs for Defender. Sources close to the company confirmed that Microsoft has not provided the APIs, and that senior McAfee executives "really have a bee in their bonnets" about the situation.

McAfee is concerned that there will be compatibility problems between its security systems and Vista, and that customers will not be able to remove Defender from their systems, CNET News.com sister site ZDNet UK has learned.

Symantec and McAfee are battling Microsoft for the ability to replace the Windows Security Center with their own security consoles. Additionally, the security companies also claim the PatchGuard feature in 64-bit editions of Vista excludes them but lets in hackers.

Tom Espiner reported for ZDNet UK in London. CNET News.com's Joris Evers contributed to this report.

Johnson & Johnson Charges Leak To Competitor Subverted $24B Acquisition (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 28, 2006

Johnson & Johnson has filed suit in federal court against Abbott Laboratories and two medical device manufacturers, seeking at least $5.5 billion for alleged tortious interference and breach of a merger agreement.

The New Brunswick, N.J.-based health care company charges that a planned $24.2 billion acquisition of Guidant Corp. of Indianapolis was scotched in early January after Guidant leaked confidential information to another manufacturer, Boston Scientific Corp., which ultimately bought Guidant for $27 billion.

Harold Paul Weinberger of Kramer, Levin, Naftalis & Frankel in New York, represents J&J in the suit, filed Monday in the Southern District of New York.

In December 2004, J&J announced it had structured an agreement to buy Guidant, a heart device manufacturer. To ease antitrust regulators' fears, the companies agreed to grant a nonexclusive license for certain Guidant patents to Abbott Labs, a competing health care company based in Columbus, Ohio.

J&J says the terms of the deal prohibited Guidant from providing confidential information to any other company unless the third party was making a superior, unsolicited takeover offer. That caveat was designed to keep Guidant from using its agreement with J&J to shop around for higher offers.

Last December, Boston Scientific made a $25 billion offer for Guidant, later upped to $27 billion, and, as part of its formal offer on Jan. 8, said it would ease antitrust fears by selling certain Guidant businesses to Abbott. Abbott in turn agreed to make a $700 million loan to Boston Scientific.

J&J alleges that Abbott was induced to cooperate when it received confidential information about Guidant. The complaint contends that J&J was alerted to the alleged breach by a comment Boston Scientific CFO Lawrence Best made during a Jan. 9 conference call about its deal with Guidant. The complaint quotes Best as saying, "We had the opportunity to do a certain level of due diligence. Abbott had the opportunity to do a much deeper dive on due diligence."

J&J charges that at some point between the announcement of Boston Scientific's bid on Dec. 5 and submission of its formal proposal on Jan. 8, "Guidant not only allowed Boston Scientific to conduct due diligence on it [sic] business but also disclosed even more confidential business information to Abbott -- which had no independent right to receive any information."

J&J claims that, based on the disclosures, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific that allowed the company to make an offer for Guidant that "would not require a lengthy and uncertain antitrust review." In turn, that advantage gave Guidant the opening to accept Boston's offer as "superior" to J&J's.

Paul Donovan, a spokesman for Boston Scientific and Guidant, said Wednesday, "We believe the suit is meritless. ... Throughout this process, we complied with all the terms of the J&J/Guidant merger agreement."

Melissa Brotz, a spokeswoman for Abbott, likewise said the suit is "without merit."

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Some outside observers, however, say J&J's case may have merit, though it won't be an open-and-shut decision. "We think the prepackaged asset sale was needed to complete the deal financially and to gain FTC [Federal Trade commission] okay," Robert Gold, a Standard & Poor's analyst who covers Boston Scientific, said in a research note dated Tuesday. "But we think ABT's [Abbott's] due diligence may have violated terms of JNJ's offer for Guidant. We think BSX [Boston Scientific] investment risks are raised by this development."

Late Wednesday, Boston Scientific stock traded at $14.85 a share, up a nickel from Tuesday's close but off from the 12-month high of $27.82 reached last Dec. 2.

E.On Closes In On Endesa Deal (WSJ)

By KEITH JOHNSON And JASON SINGER

The Wall Street Journal, September 28, 2006

German utility E.On AG's richer offer for Endesa SA is expected to clinch an approval from the Spanish power company's board, according to people close to the matter, a move that could close an acrimonious 13-month takeover battle and open the door to a broad remodeling of the European energy sector.

Should E.On's €37 billion ($47 billion) all-cash offer go through, one of the first effects could be an acceleration of a merger between Iberdrola SA and Union Fenosa SA, Spain's second- and third-biggest electricity companies. That would create another Spanish company big enough to fend off foreign suitors and even make acquisitions abroad. It would also leave smaller regional power companies, such as Spain's Gas Natural SDG SA or Energia de Portugal SA, prey to a second wave of consolidation.

E.On's offer comes as energy companies are rushing to bulk up ahead of a full liberalization of Europe's electricity sector next summer, when power companies from any European Union country will be allowed to operate in any other member state.

So far, cross-border deals have been limited, often by national governments. High oil prices and energy shocks, such as a natural-gas dispute between Russia and Ukraine last winter, have also stoked fears in Europe regarding the security of energy supplies, leading to a rise in protectionism. Still, major European power companies such as E.On and Italy's Enel SpA have built up sizable war chests of cash and grown by expanding into Eastern Europe.

In recent years, Spanish utility companies were forced to watch this game from the sidelines, as a succession of Spanish governments handcuffed their efforts to consolidate, even as their European competitors bulked up.

Now, however, as the European Union has started knocking down obstacles to a single market, Spanish companies are being drawn into the action. On Tuesday, the EU executive body, the European Commission, struck down the Spanish government's conditions designed to block E.On's bid. That ruling is expected to hasten the creation of pan-European energy titans, following in the path of industries such as banking, telecommunications and infrastructure management, which have already seen a wave of consolidation across the Continent.

If completed, E.On's bid for Endesa would be Europe's biggest cross-border electricity deal, and would create one of the Continent's largest power companies.

Endesa will not be free to study E.On's improved offer until it is approved by Spanish authorities, which could take as long as six weeks. Spain's Industry Ministry must first rule on a legal complaint by Endesa against an earlier, €21 billion hostile bid by Gas Natural SDG. Endesa's legal maneuvers have paralyzed both takeover bids. Analysts say Gas Natural, a company roughly a third the size of Endesa by market cap, will be hard-pressed to sweeten its cash-and-share offer to compete with E.On's new bid of €35 a share, 38% higher than its previous offer.

E.On's improved bid for Endesa won't be trouble-free. It comes one day after Spanish builder and energy company Acciona SA purchased a 10% stake in Endesa for €3.4 billion at €32 a share. E.On Chief Executive Wulf Bernotat said that he sweetened the offer in reaction to the Acciona purchase, and that it was meant "to send the right signal, so everybody concerned knows we mean business."

Mr. Bernotat said that Acciona officials indicated a desire to talk to the German company, and that he was open to a discussion. He suggested E.On wouldn't be opposed to Acciona remaining a shareholder in a combined company, but said it is too early to say for sure what the shareholder structure would look like. E.On's bid is contingent on securing at least one share more than 50% of Endesa.

E.On's bid is also conditioned on overturning bylaws that limit voting rights in Endesa to 10%, regardless of the size of any holder's stake. Acciona could be hoping to rally other big Endesa shareholders, and be in a position to block any change in Endesa's bylaws at a shareholders' meeting that would be called if E.On's bid goes ahead. That would defeat the E.On bid and allow Acciona to focus on its stated goal of "leading" Endesa as part of its aggressive push into electricity generation.

"Our plans haven't changed" despite the new E.On bid, said Acciona spokesman Javier de Mendizabal. "We are still the leading player," he said.

Acciona's swoop on Endesa was followed quickly by another builder's move on Iberdrola, which people close to the deal say could be a prelude to another merger. Actividades de Construccion y Servicios SA, or ACS, said yesterday it had paid €2.1 billion for a 6.3% stake in Iberdrola. The builder asked banks to secure a 10% stake, at €37 a share, on Tuesday afternoon, but ACS couldn't find sellers for the full 10%. ACS already is the biggest shareholder in Fenosa, with a 35% stake.

ACS said yesterday that it "had not taken any decision to promote a merger" between the two companies. An Iberdrola spokesman said, "We have not had any negotiations with Fenosa" regarding a merger. Fenosa declined to comment.

Endesa shares rose 7.7% to €35, and Iberdrola shares soared 14% to €38.16 in Madrid yesterday.

Speculation about a deal involving Iberdrola spilled over into Portugal, where the Spanish company has a 9.5% stake in state-controlled Energia de Portugal. Shares in the utility rose 6.2% yesterday. Analysts said EDP would be a likely takeover target by one of the big Spanish groups.

Rural Areas Left In Slow Lane Of High-Speed Data Highway (NYT)

By Ken Belson

The New York Times, September 28, 2006

CANAAN, Vt. — For most businesses, the goal is to attract as many customers as possible. But in the fast-changing telephone industry, companies are increasingly trying to get rid of many of theirs.

Bill and Ursula Johnson are among the unwanted. These dairy farmers in bucolic northeastern Vermont wake up before dawn not just to milk their cows, but to log on to the Internet, too.

Their dial-up connection is so pokey that the only time they can reliably get onto the Web site of the company that handles their payroll is at 4 in the morning, when it is less busy. Mr. Johnson doubles as state representative for the area, and he doesn't even bother logging on to deal with that. He communicates with colleagues in Montpelier, the capital, by phone and post instead.

The Johnsons' communication agony could soon get worse. Instead of upgrading them to high-speed Internet access, Verizon, their local phone company, is looking to sell the 1.6 million local phone lines it controls in Vermont, New Hampshire and Maine. The possible sale is part of an internal plan called Project Nor'easter, according to a person with knowledge of the details.

A Verizon spokesman, John Bonomo, would not comment on the plan, but said the company "continually evaluates the assets and properties in our portfolio for strategic fit and financial performance."

Verizon is not alone in its desire to reduce the number of landlines it owns. Big phone and cable companies are reluctant to upgrade and expand their networks in sparsely populated places where there are not enough customers to justify the investment. Instead, they are funneling billions of dollars into projects in cities and suburbs where the prospects for a decent return are higher.

But those projects are unlikely to reach rural areas of Vermont and other states, leaving millions of people in the Internet's slow lane, just as high-speed access is becoming more of a necessity than a luxury. The United States already lags behind much of the industrialized world in broadband access.

The lack of broadband has preserved places like Bessie's Diner as Canaan's de facto meeting hall. Over burgers and turkey club sandwiches, local residents swap tidbits that, in a more wired world, might end up in e-mail and instant messages.

Helen Masson, who lost her job at an Ethan Allen furniture factory a few years ago, grumbles that the lack of broadband has made it harder for her to find work, despite taking computer classes. Mr. Johnson, sitting nearby, nods in agreement. "The staff at the statehouse shudder when I'm on a committee because they have to lick a stamp instead of pressing a send button," he said.

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Verizon has sold phone lines before. In 2005, the Carlyle Group bought its business in Hawaii. Verizon also sold 1.3 million lines in Alabama, Kentucky and Missouri in 2002.

Others have followed. In May, Sprint Nextel spun off its local phone division with 7.1 million lines and renamed it Embarq. In July, Alltel spun off its local phone group and merged it with Valor Communications.

If Verizon does sell the New England lines, it would most likely be to a smaller company or private equity group that could be even less capable of offering fast Internet access. That prospect has Vermonters fearful that the exodus of jobs and employers from the state could accelerate.

"We have companies that lose money because they don't have broadband," said Maureen Connolly, a director at the Economic Development Council of Northern Vermont. "We're not a third world country. We shouldn't have to beg for service."

While selling off slow-growing landlines in New England may please Verizon's shareholders seeking higher returns, the company's plan has reignited long-simmering political and economic debates about whether the region is being left behind as wealthier states nearby pull further ahead.

The proceeds from any sale of New England lines would help Verizon pay for the potentially more lucrative fiber optic network it is building in and around cities like New York and Boston.

The network is part of Verizon's push to transform itself into a fast-growing technology company and shed its image as a stodgy utility.

The possibility that Verizon would sell local lines is another sign of how much the phone business has changed in the last half decade. Verizon and other former local phone monopolies argue that since the cellphone, cable and Internet companies that are luring away millions of their customers are not compelled to serve remote and rural places, then they should not have to bear that burden either.

In Vermont, Verizon has broadband available on just 56 percent of its 330,000 lines, compared with 95 percent for most local phone companies, which receive substantial federal subsidies. Without the same aid, Verizon must bear more of the financial burden to upgrade its network.

"Vermont — like all rural states — has higher fixed costs of providing service," said Polly Brown, president of Verizon Vermont, where the number of landlines has declined 9.1 percent since 2002. "You're spreading those costs over fewer customers, who are located far and wide, and you're dealing with topographical challenges such as mountains and a rock base."

Residents, unions and politicians in Vermont do not dispute that the phone business is a challenging one, but they say that residents will have a harder time telecommuting or home-schooling their children. Towns like Canaan will not have access to the growing number of government records kept online, they say, and hotels and other tourist attractions will have a harder time attracting outsiders.

Take Michael and Louise Kingston, who have had a summer home in nearby Averill for the last 35 years. Owners of a grape-growing company with vineyards in Chile and California, they often cut their vacations short and return home to New Jersey because they cannot run their business on the 26-kilobit dial-up line — a speed considered fast in 1993 — in Averill.

"It means we can spend less time here, which means you spend less money here at a time when the local economy needs it," Mr. Kingston said.

Connections are so slow that their son drives 25 miles south to Island Pond to find a broadband line. There is no cellphone service either, so when locals go to areas where there is reception, they take along other peoples' phones to retrieve their voice mail for them. In places where Verizon does not sell high-speed Internet, some people have the option of getting broadband from their cable provider. But in Vermont, cable companies have focused on more populous towns like Montpelier and Burlington, the state's largest city. Cable coverage in the northeast part of the state is spotty.

Several rural phone carriers have spoken to Verizon about its lines in New England, including Fairpoint Communications, CenturyTel and Citizens Communications, according to people with knowledge of the discussions. Buyout firms may also be considering the business.

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Rural phone lines can be profitable because the basic infrastructure was paid for years ago, there are often few competitors and subsidies from the Universal Service Fund, which helps carriers provide service to hard-to-reach consumers, can be substantial.

But the subsidies do not benefit all carriers equally. For example, Vermont Telecom, which has 21,000 phone lines in the state, will receive $24.34 a month per line in the fourth quarter from the fund, money that is credited to customers on their bills.

But as a larger carrier, Verizon will receive one-tenth the subsidy, or $2.42 per phone line. Any company that buys Verizon's lines will inherit the same subsidies, making such a deal a less attractive investment. Verizon could compensate by lowering its sale price, at the risk of disappointing shareholders.

The economics of providing broadband in rural areas are discouraging, too. The cost of upgrading an existing copper line that runs from switching stations to remote homes can be as much as $5,000, according to the National Exchange Carrier Association. Such costs are prohibitive for phone companies, which typically want to make back their money within three years, said Victor Glass, the director of demand forecasting at the carrier association.

Though frustrations with Verizon run high in places like Canaan, the alternatives are more alarming. Since it took over Verizon's lines in Hawaii, the Carlyle Group has had billing problems that caused a fourfold spike in consumer complaints.

Carlyle's experience could presage what rural areas like northern Vermont might face if Verizon departs, particularly if the buyer sharply cuts costs and jobs.

"We would rather deal with Verizon because there's a process in place and people up and down the food chain that we know," said Darlene Stone, an operator at a Verizon call center in South Burlington and chief steward in the Communications Workers of America, which represents 135 Verizon employees in Vermont. "Private equity funds are not people who are going to be interested in our opinions."

The possibility that a sale could lead to worse service has put regulators in the uneasy position of trying to pressure Verizon to do more while not alienating the company, which invested 37 percent less in its network in Vermont last year than in 2001.

In 2005, the Public Service Board fined Verizon $8.1 million for providing inadequate customer service in Vermont. This year, regulators also got Verizon to agree to expand its broadband coverage to 80 percent of its phone lines by 2010.

That holds out some hope for isolated areas, but there is no guarantee that any particular customer, like the Johnsons, will be among the 80 percent and there is no guarantee that Verizon will still be in Vermont by then.

Alternative broadband providers who could fill that gap face problems, too. Jake Marsh, who runs Island Pond Wireless, a company that beams high-speed Internet signals over strings of antennas, has signed up 250 customers and has a waiting list just as long. But to expand, he is counting on towns getting state funds to help defray the installation costs.

Yet officials in Norton, 15 miles west of Canaan, could not download the 20-page grant application because their dial-up line was so slow.

Cable Guys (WSJ)

By JAMES K. GLASSMAN

The Wall Street Journal, September 28, 2006

In an era of partisan nastiness and gridlock, the California legislature did something on Aug. 31 that was shockingly harmonious, reasonable and beneficial to consumers. Both parties voted overwhelmingly to allow competition into a sector -- cable television -- where prices have been elevated and service depressed by the most pernicious monopoly in America.

When Gov. Arnold Schwarzenegger signs the bill, as expected, companies that want a statewide video franchise can go straight to the Public Utility Commission and get approval to operate within 44 days. In the past, in California, as in other states, cable companies had to make separate deals with America's 33,760 municipal units -- a process that can take years. The local licensing agencies "would often drag their feet and demand unrelated favors such as building parking lots and planting trees," writes Sonia Arrison of the Pacific Research Institute.

The effect was to create cable monopolies that often infuriated captive customers. According to a 2004 study by the Government Accountability Office, "cable subscribers in about 2% of all markets have the opportunity to choose between two or more wire-based operators." As cable rates rose in the 1980s, the federal government tried to fix the market with more regulation.

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That attempt, of course, failed. For the five years ending January 2004, the Federal Communications Commission reports that average cable rates increased 7.8% annually, compared with a 2.1% increase in the Consumer Price Index.

Very quietly, things are changing. Seven states, comprising about one-third of the U.S. population, have now passed video franchise laws, which will not only lower monthly subscriber costs but also create new technology jobs -- 10,000 in California alone, according to one estimate -- as Verizon and AT&T, along with cable overbuilders like RCN, jump in with both feet. To bring high-quality video to the home over a technology called Internet protocol, the telcos will make major investments to drive the fiber -- which carries the data -- much more deeply into their networks. Broadband service will improve; state and local governments will still get their franchise fees. All that will end is a monopoly that drives consumers nuts.

Bills bringing competition to cable have been outrageously popular. In Kansas and South Carolina, the vote in each state house was unanimous; in California, it was 33-4 in the Senate and 68-7 in the House. Supporters range from the National Association of Manufacturers to the Communications Workers of America.

With a national election coming up, you would expect Congress to get on the bandwagon and embrace a version of the state bills, killing the monopoly and taking the credit. Instead, federal legislation is slowed down by measures promoting "net neutrality" -- the concept that telecom companies should be barred from asking content providers, like Amazon, to pay extra for higher-speed service the telcos develop -- the way that an airline asks more for a first-class seat. The House, after rejecting a net-neutrality amendment, passed a video-choice bill, as it's called, by a 3-1 margin in early June. But net neutrality lives in the Senate, and the debate has become tendentious. Moveon.org has taken up the cause, claiming on its website that a tiered system that gives faster delivery to some customers "would end the free and open Internet." Such claims are nonsense, and irrelevant when a federal bill to liberate cable TV is otherwise at hand.

How much will consumers save? A 2004 study by the GAO looked at six markets with cable competition and found that rates were 15% to 41% below similar markets with no competition. Annual savings for U.S. households through competition will total $8 billion, says the Phoenix Center for Advanced Legal and Economic Public Policy.

In Texas, where a statewide franchising law went into effect last year, a study by the American Consumer Institute surveyed consumers and found that 22% switched cable providers and saved an average of $22.30 per month. Subscribers who stayed with incumbent providers saved $26.83 per month because of the downward pressure on prices. Verizon rolled out a service in Keller, Plano and Lewisville, charging $43.95 a month for 180 video and music channels. "Shortly thereafter," writes the Heartland Institute's Steven Titch, Charter, the erstwhile monopoly cable provider, "began offering a bundle of 240 channels and fast Internet service for $50 a month, compared to $68.99 Charter had been charging for the TV package alone." Savings in Texas this year alone will total $599 million, according to the Phoenix Center. Yale Braunstein, an economist at the University of California at Berkeley, estimates that Californians will save between $692 million and $1 billion a year.

Yes, Americans can choose satellite TV, but, for reasons of convenience and service, many find it an inadequate substitute. There's a reason that cable families far outnumber satellite families. "Overall customer satisfaction among satellite subscribers has declined," says Steve Kirkeby, senior director of telecommunication research for J.D. Power and Associates. But if satellite TV improves and becomes a more attractive alternative, what's wrong with having enhanced cable competition, too? The more the merrier is, apparently, an economic concept that some folks in Congress still don't get.

Mr. Glassman is a resident fellow at the American Enterprise Institute and editor of its new magazine, "The American." He is also a senior adviser to AT&T Corp.

ENVIRONMENT/INDIAN AFFAIRS:

No Charges In Sound Oil Spill (SEAPI)

By ROBERT McCLURE AND PAUL SHUKOVSKY, P-I REPORTERS

Seattle Post-Intelligencer, September 28, 2006

ConocoPhillips ship suspected in '04

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After a mysterious midnight oil spill turned central Puget Sound beaches into a stinky mess, the Coast Guard proudly proclaimed that investigators had tracked down the spiller. The oil's chemical fingerprint clearly implicated a ConocoPhillips tanker, the agency said.

That was more than 1 1/2 years ago.

But now, federal prosecutors in Seattle are declining to press criminal charges against ConocoPhillips, even though the chemical fingerprint showed that the substance spilled was crude oil, which is usually carried by tankers such as ConocoPhillips' Polar Texas.

The Polar Texas was in the vicinity of the spill in Dalco Passage, near Vashon and Maury islands, on the night of the October 2004 spill. It was the only oil tanker there that night.

The decision by U.S. Attorney John McKay's office not to prosecute ConocoPhillips, which hasn't acknowledged guilt, doesn't mean the firm is totally off the hook. Federal and state environmental officials are still pushing civil cases against the Houston-based oil company.

And a grand jury in Alaska investigated allegations of criminal conduct by the company in unrelated episodes, including the apparent cover-up of another oil spill. It's unclear whether criminal charges will be brought in that case.

In Seattle, Assistant U.S. Attorney Jim Oesterle would not elaborate on why McKay's office is declining to prosecute, saying commenting might interfere with ongoing negotiations between the company and environmental officials regarding possible civil penalties.

"I'm not prepared at this point to give all the reasons for (declining prosecution), and the reason for not providing more information is I don't want to get ahead of the state or the (Department of Justice) on their resolutions, because I know they're in the midst of those negotiations," Oesterle said.

The state Ecology Department said it and other agencies had been waiting for the outcome of the criminal investigation to launch an effort to recoup damages from the company for the environmental harm done.

The environmental agencies hoped that the company would admit that it spilled the oil and outline how it might have happened, so that the agencies could estimate how much oil spilled, said Dale Davis of the department's oil-spills unit. The oil spill's volume is a key factor in how much the company would have to pay.

"I don't think (waiting for the criminal investigation) helped us any," Davis said. However, there is no time limit on seeking environmental damages.

But there is a two-year time limit for the Ecology Department to pursue a separate process that penalizes the company by making it pay a fine. That expires next month.

"We are aggressively pursuing every option available to make sure justice is done as a result of the Dalco Passage spill," the agency said in a written statement.

The Coast Guard, which investigates oil spills, said it would continue to coordinate possible civil action against the company with a Justice Department unit in San Francisco.

The Coast Guard has declined to provide information about the investigation, rejecting a Freedom of Information Act request by the Seattle P-I on the ground that it has not finished investigating the case.

Lt. Cmdr. Andre Billeaudeaux, a Coast Guard spokesman, said that while he cannot comment on this decision by the U.S. Attorney's Office, "We are true believers in the U.S. attorney's methods."

"They have a measured approach, and they have their methods," Billeaudeaux said. "We do our best and we do a quality job. ... We have so many missions we do and so many irons in the fire. We do our best and move on. If there's process improvements (needed) in hindsight, we take a look at things we could have done better and sharpen the knife."

ConocoPhillips spokesman Rich Johnson said the company had no comment because it would be "inappropriate to discuss" the ongoing negotiations.

"We're continuing to cooperate with the authorities," Johnson said.

While a grand jury in Seattle was investigating the spill in June 2005, a memo distributed by the union representing ConocoPhillips' shipboard workers said, "So far the company is very pleased with the way our members have handled themselves and hope they will continue to be open and honest should they be called to testify in the future."

Members of the Polar Texas crew and the company have steadfastly maintained that they did nothing wrong when the ship took on additional seawater for ballast the night of the spill after unloading some crude oil in Tacoma.

If that operation were done incorrectly, it would be possible for the ship to disgorge oil in its cargo hold into Puget Sound. However, officers and crew members aboard the ship said the operation went well. Ballast water is taken on to keep a ship riding low enough in the water that it will be stable. The forecast on the night of the spill called for 10-foot swells and 30 mph winds in the North Pacific.

A former chief engineer of the Polar Texas and a former president of the Polar Texas fleet have told the P-I that it would be possible for crew members to flub the ballasting operation without knowing it, resulting in a spill.

At the time of the spill, the Polar Texas was just two months from being sent to the scrap yard. It left Tacoma about 6 p.m. that night, but the spill was not discovered until a tugboat captain passed through the area after midnight.

A P-I investigation in March 2005 documented numerous problems aboard ConocoPhillips tankers, including use of alcohol by crew members in apparent violation of company policy and an unreported explosion aboard one of the company's vessels.

The Alaska grand jury investigated problems aboard other ConocoPhillips tankers, including a spill aboard the Polar Discovery in mid-ocean in January 2004, caused when crew members mistakenly piped sludge oil from the engine room onto the ship's deck. Some got onto the side of the ship.

Later, the captain and other officers lowered a crew member over the ship's side with a power sprayer that could be used to clean up the oil.

Crew members said the purpose was to clean off oil on the vessel's side, although officers denied that. An entry in the logbook described it as a man-overboard drill. The captain offered no explanation for that entry.

The oil spill was not reported until a whistle-blower came forward four months later.

Failure to report an oil spill to the Coast Guard immediately is a federal crime.

P-I reporter Eric Nalder contributed to this report. P-I reporter Robert McClure can be reached at 206-448-8092 or robertmcclure@seattlepi.com.

State's Greenhouse Gas Bill Signed (LAT)

By Michael Finnegan And Marc Lifsher

The Los Angeles Times, September 28, 2006

California moved to the front of local government efforts to fight global warming today when Gov. Arnold Schwarzenegger signed legislation calling for a reduction of greenhouse gases.

The bill commits the state to reduce the emissions of carbon dioxide and other greenhouse gases by 25% by 2020. Greenhouse gases trap heat in the atmosphere and cause global warming.

At an elaborate signing ceremony at Treasure Island in San Francisco Bay, Schwarzenegger put pen to paper, a scene he repeated at a second ceremony at Pepperdine University in Malibu.

"We simply must do everything we can in our power to slow down global warming before it is too late," Schwarzenegger said at Treasure Island.

Both ceremonies were grandiose, bipartisan affairs, heavily laced with the exchange of compliments. The only difference was the weather, with bright sun in Southern California.

At Treasure Island, Schwarzenegger signed the bill into law at an outdoor ceremony under overcast skies with a chilly breeze and the San Francisco skyline as a backdrop. On one side of the stage were 114 flags from nations around the world; on the other, a giant video screen.

Among those onstage with Schwarzenegger were San Francisco Mayor Gavin Newsom, New York Gov. George Pataki, and the bill's cosponsors, California Assembly Speaker Fabian Nunez (D-Los Angeles) and Assemblywoman Fran Pavley (D-Agoura Hills).

The signing ceremony gave Schwarzenegger a platform to display his environmental credentials weeks before voters decide whether to give him another term.

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The Schwarzenegger camp touted the signing as a major policy step, and included a live satellite video message of congratulations from British Prime Minister Tony Blair.

"You are showing brilliant leadership that will inspire and excite a lot of people worldwide," Blair said. He expressed hope that leadership on the issue would come from "states within the United States of America" and "hopefully, in time, from the whole of America."

A Japanese diplomat read a letter to Schwarzenegger from Japan's outgoing Prime Minister Junichiro Koizumi, who commended the governor for "taking a leadership role in protecting the Earth's environment."

"As the world's two biggest economies, Japan and the United States share common responsibility to lead the world in its effort to fight global warming," the letter said.

The bill, AB 32, authorizes the California Air Resources Board and other agencies to begin measuring greenhouse emissions from electric power plants, oil refineries and other sources.

Beginning in 2012, emitters will be assigned firm limits on the amounts of carbon dioxide they can release into the atmosphere. Those caps will be gradually lowered to meet the 2020 target.

The new law relies on a variety of tools to reduce greenhouse gas emissions:

• Direct government regulation.

• Development of new technology, energy efficiency and alternative fuels.

• Creation of a market for companies that have met their emissions targets to sell credits on an open market to other firms. Buyers of pollution credits could continue to release carbon dioxide in excess of their limits.

Supporters of the global warming law concede that California, which is responsible for only about 2.5% of the world's greenhouse gas production, won't make a major difference in combating global warming alone.

Nevertheless, they contend that passage of the bill sets an example for the federal government, other states and countries that shows that action can be taken now to deal with climate change.

Critics, mainly mainline business groups, argue that California, acting on its own, will drive manufacturers and jobs to other states and countries that require less stringent regulation of greenhouse gases.

California: Schwarzenegger Signs Gas Emissions Act (NYT/AP)

By The Associated Press

The New York Times, September 28, 2006

Gov. Arnold Schwarzenegger signed into law a global warming initiative that imposes the nation's first cap on emissions of heat-trapping gases. "We simply must do everything we can in our power to slow down global warming before it is too late," Mr. Schwarzenegger said before signing the bill on Treasure Island, in San Francisco Bay. California's efforts on global warming have been in the spotlight since the governor and the state's legislative Democrats reached an accord last month on the bill to cut emissions.

Warming Trend Is Hatching A Business (WP)

By Steven Mufson

The Washington Post, September 28, 2006

U.S. governors, impatient with federal inaction on global warming, are taking matters into their own hands. The result could add impetus to an emerging industry.

California Gov. Arnold Schwarzenegger (R) yesterday signed legislation to cap greenhouse gas emissions. And seven Northeastern states, which together emit as much greenhouse gas as Germany, have banded together to set rules that would cut their emissions by 10 percent by 2019. Other states may join them.

"There isn't an actor at the table who wouldn't prefer a national program, but we can't afford to wait," says Franz Litz, climate change coordinator at the New York State Department of Environmental Conservation.

So the state leaders are modeling their efforts on the European Union, which has turned limits on greenhouse gas emissions into a multibillion-dollar worldwide industry.

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Companies are already scrambling to take advantage of the E.U. system, which is an outgrowth of the global environmental accord known as the Kyoto Protocol. Arlington-based AES Corp. has dispatched teams to negotiate with Asian palm oil plantations over installing equipment to suck methane -- one of the most potent of a half-dozen greenhouse gases -- out of waste lagoons. The electric power company wants to convert it into energy and less harmful gases. In return, the firm would get credits it could use or sell in Europe.

The European system sets a cap for the continent's emissions of greenhouse gases, such as carbon dioxide. Every company producing significant amounts of greenhouse gases is issued a designated number of "allowances." If power plants and factories spew out more than their quotas, they have to buy allowances from firms that spew less than their allotments. Polluting companies can also buy credits from firms that are cutting emissions in the developing world.

The result: Gases that were once worthless now have a commercial value every bit as solid as coal, pork bellies or Treasury bills -- only with this commodity, companies are paid for what they do not deliver. According to Point Carbon, a research firm, $12.6 billion of greenhouse gas emission rights, called European Union Allowances, were traded in the first half of this year. The value of all existing allowances exceeds $70 billion.

The Northeastern U.S. governors' Regional Greenhouse Gas Initiative plans to begin a similar type of carbon trading by 2009. Schwarzenegger, who appeared last month beside British Prime Minister Tony Blair, said that linking a West Coast plan to Europe's was one option.

The idea of creating a market for trading air pollution rights began in the United States. Legislation passed in 1990 and implemented in 1995 established an acid rain program, which capped sulfur dioxide emissions and let companies trade their assigned shares. Sulfur dioxide emissions fell 30 percent. Economists say such plans meet environmental goals efficiently, without choosing between technologies.

The United States insisted that other countries adopt a cap-and-trade approach for greenhouse gases in the Kyoto accord but then never signed on while Europe moved ahead. Back then, the United States agreed to reach a target 7 percent below 1990 emissions by 2012. Now, the country is churning out 16 percent more than it did in 1990 and 25 percent more than either China or the E.U.

"It is ironic that 10 years after Kyoto was signed, there is a vibrant market in Europe, an emerging market in the developing world, and the U.S. is sitting on the sidelines," says VÃ©ronique Bugnion, Point Carbon's research director.

No one is on the sidelines in Europe. Power generators now count greenhouse gases -- measured in metric tons of carbon dioxide -- as one of their costs. "It's going to change the way you make decisions about deploying capital," says Garth Edward, trading manager for environmental products at Royal Dutch Shell PLC, which has 25 installations in the E.U. system. Energy efficiency projects, he said, "are going to move up the ladder faster."

Stockholm-based Vattenfall, Europe's fourth-largest utility, is building a pilot zero-emissions coal-fired plant in Germany using sequestration, which injects carbon dioxide into the earth instead of releasing it into the air. Vattenfall chief executive Lars G. Josefsson says removing the carbon dioxide will cost more than $25 a metric ton, but he says, "If we're going to have a problem with carbon dioxide, this is a good investment."

While the E.U. carbon trading scheme has given birth to an industry, it has also created controversy over how quotas are assigned and who gets stuck paying the bills. In Germany, utilities raised electricity rates, treating carbon emissions as a cost to pass along. Four utilities made $3 billion to $5 billion in windfall profits, Bugnion says.

There are disputes between countries as well as within them. Britain and Germany are cutting their greenhouse emissions sharply, while Spain's are still growing. Sweden relies mostly on hydro- and nuclear power for electricity; Germany relies overwhelmingly on coal. Countries are currently drawing up new caps for 2008-2012.

Setting baselines for emissions has been tough. Quotas are based on a company's emissions over the five years before the program began. Firms have sought higher baselines to get more allowances. In most nations, utilities were squeezed while industrial firms were given more than enough.

The numbers didn't add up the way people expected. In May, the E.U. revealed that actual emissions were well below the quotas, suggesting that baseline levels were set too high. That shocked the carbon trading market. The price of a ton of carbon dioxide crashed, dropping by two thirds and erasing $36 billion of value. Prices crept back up but tumbled in recent days.

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The credits bought in developing countries pose other challenges. So far, companies find it cheapest to cut the most potent greenhouse gases, mostly in the developing world. A ton of methane, common in landfills and farms, equals 21 tons of carbon dioxide; a ton of hydro-fluorocarbons, a refrigerant byproduct, is worth as much as 11,700 tons of carbon dioxide.

Independent firms and investors are getting into the act. Ecosecurities, whose chief executive Bruce Usher is a former Wall Street derivatives trader, has become a broker and developer of projects in 26 countries, ranging from one to capture methane at a Chinese landfill to small hydropower dams in Honduras.

A London firm called Climate Change Capital has raised $830 million to reduce greenhouse gases for credits to be sold in Europe. AES is putting $325 million into a joint venture to produce 50 million tons of credits by 2012.

These credits need the blessing of the Clean Development Mechanism (CDM), a United Nations agency in Bonn. That process could get messy, and political. One criterion: "additionality," the buzzword for a project that wouldn't have happened without the credit system. That can be hard to figure out when high oil prices make conservation and alternative energy attractive. In July, the CDM rejected four projects, including two proposed by Ecosecurities, without saying why.

Not surprisingly, most credits are generated in countries with the worst environmental track records. China accounted for 62 percent of the CDM credits sold during the first half of this year. That raises a sensitive question: Should Europe be effectively subsidizing investments in pollution control that its economic competitor China hasn't bothered to make? Moreover, China is collecting a 65 percent tax on the sale of credits.

"Scientifically, it makes sense to take [greenhouse gases] out wherever you can do it most cheaply, but politically, it might be better to do it in your country," said AES chief executive Paul Hanrahan.

There is one functioning U.S. carbon market. On Earth Day 2005, Richard Sandor founded the Chicago Climate Exchange, but participation is voluntary. Member companies must trim 6 percent of their emissions by 2010. "The only ones who opt in know they'll meet the targets," says Point Carbon's Bugnion. Members include Ford Motor Co., DuPont Co., Motorola Inc., International Business Machines Corp., American Electric Power Inc. and half a dozen municipal governments.

Mandatory carbon trading may still be adopted in the United States. Cap-and-trade measures have been drafted by a handful of lawmakers. Sen. John McCain (R-Ariz.) co-sponsored an earlier bill.

"This is a big global problem, and we have a deficit in global governance," says Vattenfall's Josefsson. "If we could solve this, it could be a model for global governance."

Heed This Warning (WP)

The Washington Post, September 28, 2006

BENEATH ITS dry scientific lingo, a new analysis of global climate change by a group of NASA scientists is terrifying. Headed by climate specialist James E. Hansen, the group argues that recent global warming has been quite rapid -- about 0.2 degrees Celsius over each of the past three decades -- and has largely tracked climate models that predict more dramatic warming in the decades to come. If the world continues increasing carbon emissions at its current pace, by about 2 percent a year, the authors argue that the resulting warming will cause the extinction of about 60 percent of species around the world and "sea level rise of several meters per century with eventual rise of tens of meters, enough to transform global coastlines."

The scientists posit an alternative scenario as well, one predicated on dramatic reductions of carbon emissions. In that case, sea levels would still rise substantially and "cause problems for humanity," and 20 percent of species would still go extinct -- but the most catastrophic effects of warming might be averted. Most distressingly, they contend that humanity doesn't have long to make up its mind whether to pursue policy changes; another decade without emissions being reduced, they said, would probably make the alternative scenario infeasible.

The likely consequences of global warming are a hotly debated subject, and one has to be cautious about predictions concerning hugely complicated systems -- such as average global temperature over time. But there is at least a decent chance that this and the many similar analyses by other reputable climatologists will prove correct. And that means that global warming represents a policy crisis responsible politicians can no longer ignore -- one as potentially existential as the threat of global terrorism, only in slow motion.

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Countering that threat will require regulatory initiatives and societal investments. It will require significant changes in American attitudes toward energy use and conservation. But these may prove far less wrenching than many people imagine. What it certainly also will require is a great deal of political will -- political will of precisely the type the Bush administration has dedicated to a host of other issues but has assiduously avoided devoting to climate change. Most of all, it will require an end to denial -- denial that the problem exists, denial that anything can be done about it if it does and denial that the problem is urgent and requires immediate attention.

Number Of Smoggy Days Falls, Study Says (WP)

By David A. Fahrenthold

The Washington Post, September 28, 2006

The number of dangerously smoggy days in the Washington area has declined by more than 40 percent since 2003, but the region still does not meet federal standards for healthy air, according to data released yesterday.

From 2003 to 2006, the region has had 63 days in which the levels of ground-level ozone -- a harmful gas formed when the sun heats polluted air -- was high enough for Code Orange, Code Red or Code Purple warnings. From 1999 to 2002, there were 114 such days, according to the Metropolitan Washington Council of Governments.

Officials said yesterday that they were encouraged, believing the reduction in bad air days was a sign that local and national anti-pollution measures were having an effect.

"The air's cleaner," said D.C. Council member Phil Mendelson (D-At Large), chairman of COG's air quality committee. "But not clean enough."

That's because the Washington region, which has exceeded smog limits repeatedly since 1977, still hasn't improved enough to meet the smog standards the U.S. Environmental Protection Agency will begin enforcing in 2009. At that point, a violation could trigger a loss of federal transportation funding.

Moreover, local environmental groups were wary of the report, wondering whether cooler weather, not reduced smog, was partly responsible for the improvement.

This might seem like an odd year to tout progress in reducing air pollution. An early August heat wave caused several Code Orange days, with residents warned against exercising or working outside. In July, the region had a Code Purple day -- the worst rating and its first in more than a year.

Jeff King, an air quality planner at COG, said this summer offered some confirmation that progress was being made: Although it was far hotter than in 2005, it had the same number of unhealthy air days -- 19. That appeared to mean that less smog was around for the sun to heat.

"We did have some pollution problems, but it wasn't as severe as we'd had in the past," King said.

The pollutants that help create bad air days come from sources as diverse as power plants, cars, gas pumps and paint fumes. In explaining the reductions in bad air, local officials cited changes almost as varied.

Mendelson credited new federal rules limiting the amount of nitrogen oxide in power-plant emissions and curbing auto pollution, as well as several local policy changes. Montgomery County bought more energy from wind power. The District required power companies to derive more of their electricity from renewable sources. Fairfax County retrofitted its school buses to produce cleaner emissions.

Mendelson said moves such as those could continue to reduce smog, even as the region adds millions of residents and thousands of miles of roads.

"So far, the region has continued to grow significantly, and yet we're polluting less," he said.

Frank O'Donnell of Clean Air Watch said the apparent good news was tempered by the fact that the Washington area still regularly suffers through Code Orange days and worse.

"If we're still seeing eight or 10 dirty air days in the area, that to me is still a sign that we're not there yet," O'Donnell said.

American Indians Await Trial On Lawsuit (AP-Y)

By James Macpherson, Associated Press Writer

AP, September 28, 2006

DOJ_NMG_0070468

American Indian rancher Keith Mandan says he could double the size of his black Angus herd if he had the money — or if he were white.

Mandan, 53, and his wife, Claryca, 52, say they've struggled financially to keep their ranch in North Dakota's Badlands since the late 1970s because of a pattern of discrimination by the federal government.

The Mandans are among the plaintiffs in a lawsuit that accuses the U.S. Department of Agriculture of discriminating against American Indians in the granting of loans since 1981. During that time, Claryca Mandan said, the federal government "wiped out a whole generation of Indian farmers and ranchers because of racism."

USDA officials refused to respond to specific questions from The Associated Press about the allegations. In a statement, J. Michael Kelly, an attorney for the USDA, said the case is still ongoing and the agency is working to provide documentation requested by the Indians' attorneys.

Earlier this month, attorneys for the American Indian ranchers and farmers filed a motion to bring the case to trial next year — eight years after the lawsuit was filed.

A hearing on their motion is set for Thursday.

Keith Mandan said if he could get the financing, he'd buy about 300 more cows and build a calving barn and a machine shed to keep his cattle and farm implements protected from the harsh North Dakota winters. Instead, Mandan uses a heavily wooded gulch for calving. His machinery is exposed to the elements.

"My white counterparts across the road don't have the problems we have," he said. "We just don't receive the subsidies that non-Indian farmers and ranchers do."

The USDA's Farm Service Agency lends to farmers and ranchers who can't get credit from commercial lenders. The agency, known as the lender of last resort, is the largest agricultural lender in North Dakota.

Mandan believes the USDA has denied and delayed loans to American Indians to squeeze them out of business.

"They just want to close you out and take the land and put it in their inventory," he said.

The lawsuit was granted class-action status in 2001 but the case has floundered in federal court since.

Attorneys estimate the number of Indian farmer and rancher plaintiffs could be in the tens of thousands. A settlement figure has not been calculated, but would likely be in the "hundreds of millions," said Joe Sellers, the American Indians' lead attorney in Washington, D.C.

The lawsuit mirrors a civil rights case brought by black farmers in 1997 that settled two years later.

The federal government has paid out about $930 million to about 14,000 black farmers so far, said Anurag Varma, a Washington, D.C., attorney who helped represent the farmers and is involved in the American Indians' lawsuit.

"The underlying bad acts by the defendants are virtually identical," Varma said.

Sellers accuses the government of delaying resolution of the lawsuit filed by the American Indian ranchers and farmers.

"They have employed every tactical maneuver I can conceive of to postpone the day of judgment," he said.

But government attorneys said the case has been delayed in part by their appeal of the class action decision.

"We do take exception that we are dragging our feet," said Charles Miller, a spokesman for the Justice Department, which is representing USDA.

Meanwhile, Sellers said, the USDA continues to foreclose on Indian property.

"They have accelerated debt collection," Sellers said. "It seems to me it's an effort to drive the final nail in the coffin."

Three Affiliated Tribes Chairman Tex Hall, who also is a rancher, calls it economic racism.

"It's illegal, racist and discriminatory," Hall said. "Every day this continues, we lose another native farmer or rancher."

FBI Agent (DESERET)

By Lucinda Dillon Kinkead, Deseret Morning News

Deseret Morning News, September 28, 2006

MONTEZUMA CREEK — From the northernmost tip of the massive Navajo Nation, 13-year-old Elsha Black surveys the arid expanse of his grandmother's property in San Juan County.

Lucinda Dillon Kinkead, Deseret Morning News

Elsha Black, age 13, on the Navajo Indian Reservation. Black has strong ties to Utah's Indian Country. He is one of the few young people who speak fluent Navajo. He learned it living with his grandmother on the land where she was born. He says he'd prefer to live here now and swears he will come back. But for now, this young man must live off the reservation. He needs a good education. His mom needs a good job. His family says neither can be found here today.

A few years ago, Black was attending the local school in Montezuma Creek and living with his grandmother. Back then, his mom was living off the reservation in Farmington, N.M., during the week and coming home to the Navajo Nation on weekends. Sue Philemon's security job at a local college paid a better wage than anything she could find on the reservation.

Black remembers fifth-grade, when his fellow students were learning remedial words like "cat" and "bat." The textbooks were ancient, and even at age 10 Black knew he wasn't getting a good education.

So his mom moved him to New Mexico. Now she carts him to the Curtland community west of Farmington to the best public school she could find. The boy is flourishing in middle school, his mom says, getting good grades and making plans for his future.

Black wants to be an FBI agent. He wants to work out of the Shiprock, N.M., office to help members of the tribe and solve crimes.

"I want to be close to my people. I don't want to be anywhere else," he says. "This is still my homeland."

FBI/DEA/ATF/USMS:

Chargers Safety Kiel Arrested On Drug-Related Charges (ESPN)

ESPN, September 27, 2006

San Diego Chargers safety Terrence Kiel was arrested Tuesday on drug-related charges.

Kiel was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance — Codeine-based cough syrup.

The law enforcement sources told ESPN's Chris Mortensen that several plain clothes DEA agents appeared at the Chargers' facility Tuesday morning with an arrest warrant, searched his locker and car, and took Kiel away.

The Chargers, who are coming off a bye week, were on the practice field at the time.

In a statement, team spokesman Bill Johnston said: "We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation. Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel was booked and released after posting $150,000 bond.

Chargers officials were not returning phone calls Tuesday night. Kiel and his agent also could not be reached for comment.

Kiel, a fourth-year veteran from Texas A&M, is the starting strong safety for the 2-0 Chargers, who play the 3-0 Ravens on Sunday. Kiel's status for the game is unclear.

Drafted in the second round in 2003, Kiel was expected to start that season for the Chargers before he was shot three times in an attempted carjacking in Houston in July of that year.

Kiel is making $500,000 this year and has two years left on his contract.

This is the second major off-field incident of the season for the Chargers. Linebacker Steve Foley was shot three times Sept. 3 when he confronted an off-duty police officer who had followed his vehicle on suspicion of drunken driving.

Chargers' Kiel Arrested For Trafficking Of Prescription Drugs (BLOOM)

By Mason Levinson

Bloomberg, September 27, 2006

(Bloomberg) -- Terrence Kiel, a starting safety for the San Diego Chargers, was arrested yesterday for trafficking prescription drugs by U.S. Drug Enforcement Administration agents.

Kiel, 25, was arrested at the team's practice facility and charged with two counts of transporting Codeine-based cough syrup and three counts of possession with intent to sell the controlled substance, the agency said in a statement.

Kiel admitted to shipping to Texas two packages containing the substance, according to the release. He was released on $150,000 bond, said DEA spokesman Dan Simmons, and will be arraigned in District Court on Oct. 3.

``How unfortunate, once again, that a professional athlete makes a choice which detracts from his talent and ability, drawing attention instead to poor decision making," DEA Special Agent in Charge John Fernandes said in a statement. ``Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country."

A telephone message left at the office of Vann McElroy, Kiel's agent, was not returned.

``Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally," the team said in a statement.

The DEA in Texas said there has been widespread abuse of Codeine-based cough syrup. When mixed with soft drinks, a pint bottle, known as ``lean," can cost between $200 and $325 on the street, the DEA said in its release.

Kiel, a fourth-year veteran out of Texas A&M and a native of Lufkin, Texas, was the Chargers' fourth-leading tackler last season despite missing four games with an ankle injury.

It's the second time this month a Chargers' player has been involved in an off-field incident. On Sept. 3, linebacker Steve Foley was shot three times by an off-duty police officer who suspected him of driving under the influence of alcohol.

The Chargers, who are 2-0 this season, face the Ravens in Baltimore on Oct. 1.

Kiel Is Arrested In Cough Syrup Case (AP)

AP, September 27, 2006

Chargers strong safety Terrence Kiel admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday, a day after the player was arrested at team headquarters.

While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs and referred to as "lean," said John S. Fernandes, the special agent in charge of the San Diego office. A pint bottle of "lean" can cost between $200 and $325 on the street, he said.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

An arraignment was scheduled for Tuesday.

Team officials have not commented, beyond a statement released late Tuesday night.

"We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation," the statement said. "Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel's status for Sunday's game at Baltimore was not immediately known

It was the fourth run-in with the law by a Chargers player since April.

Outside linebacker Steve Foley was shot outside his suburban home by an off-duty Coronado police officer on Sept. 3. Foley will miss the entire season and forfeit at least $775,000 in pay.

Foley and linebacker Shaun Phillips were each arrested for scuffling with San Diego police officers a week apart in April. Neither was charged.

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Charger Kiel Admits Shipping Illegal Drugs (UPI)

UPI, September 27, 2006

SAN DIEGO, (UPI) -- Federal authorities say San Diego Chargers strong safety Terrence Kiel has admitted to shipping prescription cough syrup from California to Texas.

Kiel did not say why he shipped two parcels of the syrup, but Drug Enforcement Agency officials said there has been widespread abuse in Texas of codeine-based cough syrup mixed with soft drinks, a combination referred to as "lean."

A pint of "lean" can cost between $200 to $325 a bottle on the street, the agency said.

Kiel was arrested Tuesday on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

He is scheduled to be arraigned next Tuesday.

The Chargers did not give Kiel's status for Sunday's game at Baltimore.

DEA: Kiel Arrest Linked To Codeine Diversion (SDUT)

By Brent Schrotenboer And Onell R. Soto, Union-tribune Staff Writers

The San Diego Union-Tribune, September 27, 2006

SAN DIEGO – The investigation that led to the arrest Tuesday of San Diego Chargers safety Terrence Kiel targeted his role in the diversion of codeine-based cough syrup, according to the Drug Enforcement Administration.

Authorities said Kiel, 25, was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance based on his having shipped at least two parcels containing the substance to his native Texas.

The DEA said in a statement released Wednesday that Kiel admitted to shipping the two parcels and to knowing their contents.

Kiel did not comment on the motive behind the shipments. But the DEA noted widespread abuse of codeine-based cough syrup in Texas, mixed with soft drinks and referred to as “lean.” A pint bottle can cost between $200-$325 per bottle on the street, according to the DEA.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

Two federal law enforcement officials, speaking on condition of anonymity because of the ongoing investigation, said quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said Kiel admitted to financial difficulties when interviewed by agents.

Kiel first drew attention after FedEx officials here opened a package he shipped June 2 and found 15 pint bottles of codeine-based cough syrup, according to a search warrant affidavit filed in San Diego Superior Court.

But FedEx officials didn't tell agents who work on intercepting drugs shipped out of San Diego until Aug. 1 because of their “busy schedule,” a DEA agent said in the affidavit.

People who use the shipping service must allow their packages to be opened for inspection.

The package also contained a airline boarding pass with the name of a woman who lives with Kiel, the DEA agent said.

FedEx workers told the DEA agents that the package was shipped by a man who looked like Kiel, a frequent customer.

A FedEx manager called the San Diego Narcotics Task Force last Thursday after Kiel shipped another package, and DEA agents took custody of it.

Kiel paid cash to ship the package and used a fake return address and name, according to the affidavit.

When agents opened the package they discovered three pint bottles of the cough syrup with codeine, which is a controlled substance.

If convicted of possession and transportation of a controlled substance, Kiel could face up to five years in state prison, a prosecutor for the District Attorney's office said.

Advertisement

First-time offenders without a criminal record in cough-syrup cases are typically sentenced to probation with some local jail time, said prosecutor Damon Mosler.

Kiel is scheduled to be arraigned in San Diego Superior Court Tuesday, according to a court clerk.

In its court filing, the DEA said that Kiel was arrested in Texas on charges of aggravated assault on a public servant, theft and evading arrest. It's unclear whether he was prosecuted or when the arrest occurred.

Kiel is making $500,000 this year, his fourth with the Chargers.

Chargers general manager A.J. Smith said Kiel would be paid even though he will miss Sunday's game at Baltimore.

"He's been informed to stay home and take care of personal business," Smith said, adding that Kiel is due back with the team on Monday.

"I'm really not interested at this point in commenting on anything about the matter," coach Marty Schottenheimer said.

Clinton Hart, who will start in Kiel's spot, said the defensive backs met Wednesday morning.

"We have to regroup and make that fist a little bit tighter. Kiel's still our boy and we're supporting him 100 percent," Hart said. "We're going to go out there and win this game with him on our backs."

"How unfortunate, once again, that a professional athlete makes a choice which detracts from his talent and ability, drawing attention instead to poor decision making," DEA Special Agent in Charge John S. Fernandes said in a statement. "Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country."

The DEA noted that "doctor shopping," forged prescriptions and pharmacy theft are the most common methods of procuring controlled substances by those with no true medical need.

"We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation," the Chargers said in a statement Tuesday. "Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel's agent, Vann McElroy, said he couldn't comment on specifics of the case.

"Terrence is a good kid. We just have to wait and see," McElroy said.

Fernandes said the two shipments Kiel admitted to sending to Texas each contained prescription cough syrup that had been repackaged in pint-sized water bottles.

On Tuesday, Kiel was called off the practice field after authorities arrived at Chargers headquarters. Kiel was taken into the locker room, detained and read his rights, Fernandes said. His locker wasn't searched, but authorities searched his car, then took him to his house to execute a search warrant.

Fernandes said codeine-based cough syrup can be used to enhance, mitigate or temper other drugs, including cocaine and PCP.

"It goes right to the heart of what really is fueling an already out-of-control, raging fire of abuse of pharmaceutical drugs," Fernandes said.

Feds Arrest Chargers Safety During PracticeInvestigators Say Packages Shipped By Kiel Contained Controlled Substance (KNBC)

KNBC-TV, September 27, 2006

SAN DIEGO, Calif. -- Two FedEx packages shipped by Chargers safety Terrence Kiel contained a controlled substance identified as a Codeine-based cough syrup, according to search warrant affidavit released Wednesday.

Images

Federal agents arrested Kiel, 25, Tuesday during a team practice and booked him on suspicion of three counts of possession of a controlled substance for sale and two counts of transportation of a controlled substance.

He was released on $160,000 bail.

If charges are filed, Kiel could be arraigned Tuesday, according to the U.S. Drug Enforcement Administration and the San Diego County District Attorney's Office.

According to the affidavit, FedEx customers consent to have their parcels opened and examined by the company at any time.

On June 2, management at FedEx conducted an audit of a parcel which contained 15 bottles of Prometh with Codeine, considered a controlled substance, according to the affidavit.

FedEx employees told DEA Special Agent Dean Henderson that the shipper of the parcel was a large, muscular, black man, but couldn't positively identify him because it had been a month since the package had been sent.

FedEx employees know who Kiel is because he makes shipments regularly using his FedEx account, according to the affidavit.

Last Thursday, the manager of a FedEx office called Henderson when Kiel shipped a parcel similar to the one shipped on June 2, according to the affidavit.

The return address on the parcels showed an address on Santo Road, not Kiel's real address, and the return name on the shipping label was not the athlete's, the affidavit states.

Kiel paid cash to ship the Sept. 21 parcel, even though he has an account with FedEx, the affidavit states.

Henderson said it is common for drug smugglers to use a different name than their own to avoid detection by law enforcement.

Both the June and September parcels were being shipped to Kiel's home state of Texas, where he was previously arrested for aggravated assault on a public servant, theft and evading arrest, according to the affidavit.

Employees at FedEx copied the license plate of the vehicle Kiel was driving, and a DMV record check showed it was registered to the football player at a residence on Juneberry Court in San Diego, according to the affidavit.

Kiel, a second-round draft pick out of Texas A&M in 2003, was hospitalized that summer after being shot three times in an attempted carjacking in Houston.

The Chargers released a statement, saying they were aware of Kiel's arrest and wouldn't comment further until the case was resolved legally.

It was the second headline-grabbing, off-the-field incident involving a Chargers player this month.

Linebacker Steve Foley was shot three times outside his Poway home Sept. 3 during a confrontation with an off-duty Coronado police officer.

He will miss the entire season.

Feds Reveal Details About Charger Drug Arrest (KNSD-TV)

KNSD-TV, San Diego, September 28, 2006

Player Was Taken Into Custody On Tuesday

SAN DIEGO -- Justice Department officials announced Wednesday that Charger Terrence Kiel, who was arrested Tuesday, is accused of shipping codeine-based cough syrup to Texas.

Codeine-based cough syrup is a Schedule V controlled substance, according to the Justice Department.

"Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country," said Special Agent in Charge John S. Fernandes of the Drug Enforcement Administration.

Kiel, a 25-year-old who plays strong safety, admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday. While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs. The mixture is referred to as "lean," said Fernandes, who is in charge of the San Diego office. A pint bottle of "lean" can cost between $200 and $325 on the street, he said.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

Two federal law enforcement officials said that quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said that Kiel admitted to financial difficulties when interviewed by agents.

DEA agents went to Chargers Park with an arrest warrant, reported NBC 7/39. They searched Kiel's locker and car before taking him into custody, according to a report published on ESPN.com.

Neighbors told NBC 7/39 that they saw agents at Kiel's apartment in the 4900 block of Juneberry Court in Kearny Mesa on Tuesday.

Kiel was booked and released after posting $150,000 bond.

Kiel is a four-year veteran with the Chargers. He was a second-round draft pick from Texas A&M in 2003. He has been in the Chargers' starting lineup for the last several years. He is making about $500,000 this year.

In a statement, team spokesman Bill Johnston said: "We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation. Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Chargers general manager A.J. Smith and coach Marty Schottenheimer did not immediately return phone calls from The Associated Press on Tuesday night. DEA spokesman Dan Simmons didn't return a call placed to his cell phone.

It was the fourth run-in with the law by a Chargers player since April.

Outside linebacker Steve Foley was shot outside his suburban home by an off-duty Coronado police officer on Sept. 3. Foley will miss the entire season and forfeit at least $775,000 in pay.

Foley and linebacker Shaun Phillips were each arrested for allegedly scuffling with San Diego police officers a week apart in April. Neither was charged.

Feds Rounding Up Suspected Immigrant Drug Dealers (ADN)

Aspen Daily News, September 27, 2006

The federal Drug Enforcement Agency and Immigrations and Customs Enforcement have been targeting suspected illegal-immigrant drug dealers in the Roaring Fork Valley this week.

Agents with the DEA and ICE are not commenting on the downvalley roundups except to say they are happening and that more information will be released today. A spokesman with ICE said the DEA was the lead agency on the investigation and that ICE was asked to provide assistance.

Marie Munday, the Pitkin County Sheriff Office's liaison to the Latino community, said word of the roundups spread quickly throughout the Latino community and that an announcement of the roundups was made on a Spanish-language radio station.

"Everyone is in a panic again," Munday said. "A lot of employers are calling me because a lot of people aren't showing up for work."

At least one Aspen business was affected. Toppers restaurant did not open Wednesday because its kitchen staff did not show up for work.

Munday said the roundups are targeting illegal immigrants suspected of dealing drugs and that many arrest warrants are being served. Munday said she believed the crackdowns happened on Monday and Tuesday.

"There's more to come," she said.

She said she did not believe anyone without a warrant would be arrested.

Pitkin County Sheriff Bob Braudis said his agency was not asked for assistance in the operation but he believed one person had been arrested as of Wednesday afternoon.

Less clear is if Monday's arrest of a suspected drug dealer is tied to this week's arrests by the DEA and ICE.

On Monday the DEA, with the assistance of the Pitkin County Sheriff's Office, arrested Jose Jesus Sanchez-Ceja, 53, on four counts stemming from allegations he was supervising a cocaine-distribution ring. During the suspect's advisement hearing Tuesday in Pitkin County District Court, Deputy District Attorney Gail Nichols suggested that more arrests would be made based on information in the affidavit.

Later that Tuesday, Judge Erin Fernandez-Ely sealed the affidavit supporting the arrest of the suspect, an attendant at a car wash at the Aspen Airport Business Center.

Two weeks ago, ICE agents rounded up 34 alleged illegal immigrants throughout the valley as part of a nationwide initiative called Operation Return to Sender that led to thousands of illegals being deported. This week's roundups are not connected to Operation Return to Sender, Munday said.

Munday noted a shift in the political climate that has led to more stringent immigration enforcement.

"People are demanding that," Munday said. "Federal agencies are working hard to prove they aren't going to let people get away."

Bill To Criminalize Border Tunneling Easily Finds Support (SDUT)

DOJ_NMG_0070475

By Jerry Kammer, Copley News Service

The San Diego Union-Tribune, September 28, 2006

WASHINGTON – At first blush, a bill to criminalize the construction of tunnels under the U.S.-Mexico border seems almost ludicrous.

"It seems like a law that says the sky must be blue," said Frank Sharry of the National Immigration Forum, whose principal border interests center on much more controversial efforts to expand legal immigration and provide legal status to 12 million illegal immigrants in the country.

Sen. Dianne Feinstein said, "It is hard to believe that there is not already a federal (statute) to punish those involved with the financing, construction and use of these tunnels."

But Feinstein, D-Calif., is one of the main advocates of a tunnel-criminalization effort that is reaching fruition with the inclusion of the measure in legislation to fund the Department of Homeland Security.

The Border Tunnel Prevention Act would impose criminal penalties of up to 20 years in prison for those who construct or finance tunnels, which have proliferated in recent years in San Diego County and other border areas. It would permit a 10-year sentence for people who allow their property – including the buildings where the tunnels meet the surface – to be used by the tunnel builders.

The bill would solve a fundamental problem for federal law enforcement authorities. Under current law, they can only prosecute tunnel builders who are implicated in the smuggling of contraband or illegal immigrants through the underground passage.

Rep. David Dreier, R-San Dimas, who carried the bill in the House of Representatives, called it "a common sense reform."

"We have a problem that needs to be addressed, and it's being addressed in a bipartisan way," he said during debate on the measure.

Over the past five years, according to Feinstein's office, at least 44 border tunnels have been discovered, all but one between the United States and Mexico.

While officials suspect the tunnels are primarily used to smuggle drugs, they have raised other concerns about them.

"A tunnel can be used to smuggle drugs, illegal aliens, weapons and possibly weapons of mass destruction into the United States," said special agent Steve Robertson of the Drug Enforcement Administration.

Paul Charlton, U.S. attorney for Arizona, said that Justice Department policy bars him from commenting directly on pending legislation. But, he said, "As we are more successful apprehending those who come (illegally) above ground, there will likely be more people interested in coming across below ground."

Last March, Charlton's office won a conviction against Mexican architect Felipe de Jesus Corona-Verbera, who masterminded the construction of a tunnel between a house in the Mexican border town of Agua Prieta to a warehouse in Douglas, Ariz.

But Verbera was convicted on smuggling charges for his involvement in the movement of 2 tons of cocaine that were brought through the tunnel and shipped to Phoenix, where authorities seized the contraband.

The new legislation is one of the least controversial border measures ever brought before Congress. It sailed through the House of Representatives last week, 422-0. It was then added to a House-Senate conference report for Homeland Security funding, which is expected to sail through both houses on a final vote.

Efforts by Republican lawmakers to pass more comprehensive immigration legislation foundered on intraparty disagreements over whether to get tougher on illegal immigration or create a pathway to citizenship for millions of undocumented immigrants. The border tunnel bill may be one of the only measures to survive the debate before Congress breaks for a pre-election recess.

Plan Colombia: Big Gains, But Cocaine Still Flows (CSM)

By Danna Harman

The Christian Science Monitor, September 28, 2006

CALI, COLOMBIA

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Margarita Consuela Gomez Ricardo and Carlos Murillo met during a police raid on a warehouse of pirated DVDs seven years ago. Later that evening, after they swooped in and made the arrests, he asked her out for coffee. And six months later they were married.

Now, at age 31 and with two small children, Ms. Gomez is a widow. The last time she spoke to Murillo was on Friday, May 19. He said he was coming home that weekend. Their 2-year-old son was watching Power Rangers on TV at full volume and she could barely hear her husband's goodbye.

She went out to get her hair done, and dressed up the kids nicely, but Murillo never showed. She was disappointed, but that wasn't unusual.

On Monday night, as she channel-surfed in their Cali apartment, she caught a newsflash: An elite police unit had been shot in Jamundí. She called the station, but she knew.

Murillo, along with 10 others, most of them US Drug Enforcement Administration (DEA) trained counternarcotics specialists, had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll.

In the weeks and months ahead there would come the questions, suspicions, accusations, and fears. But right then, with the TV remote in hand, all that Gomez felt was despair.

"What is wrong with this country?" she thought. "Nothing ever changes."

* * *

Sitting in his Washington office a block from the White House, John P. Walters, President Bush's 'drug czar,' sees a different picture. "There is absolutely no question we are winning," he states flatly.

The "winning," in this case, is against narcotraffickers. And the "we" is the US and Colombian governments, inexorably bound together in a multibillion dollar war against the drug trade.

In 1989, when the US drug czar's post (officially, the Office of National Drug Control Policy, or ONDCP) was created, Pablo Escobar, the notorious head of the Medellín cartel, was the kingpin. "Escobar and other drug lords were the most powerful and violent people in the world. They could buy or kill anyone. They could go anywhere. They could do anything," says ONDCP director Walters. Those days, he stresses, are patently over.

"Through years of systematic efforts, and not always without obstacles and setbacks, the Colombians have reconstructed their police, military, judicial, and political institutions," he says, giving much credit, as many in the administration do, to Colombian President Alvaro Uribe, Washington's conservative ally in Bogotá. Mr. Uribe's success in bringing stability to the country, says Mr. Walters, is nothing short of "astounding."

But Walters doesn't downplay the U' role. "You can't build capacities without metal detectors and armored cars and radios and people who are going to teach personnel to use all those things effectively," says Walters. "It could not have been done without our assistance."

The US Embassy in Bogotá, since the launch of the $4.7 billion Plan Colombia in 2000, has grown into the second largest US diplomatic mission in the world, after Baghdad. It employs over 2,000 people, including some 350 US military personnel and 750 contractors.

The cornerstone of Plan Colombia is the massive effort to eradicate Colombia's coca plants before they are processed into cocaine. Some 20 aircraft, piloted by contractors with DynCorp International, headquartered in Falls Church, Va., take turns carrying out daily spray missions. Army and police units assist these efforts by clearing the ground of coca farmers, guerrillas, or traffickers below, and by protecting the spray mission from above - with a fleet of 71 US provided helicopters. The majority of the State Department's counternarcotics and law enforcement budget in Colombia is dedicated - directly or indirectly - to these endeavors.

In 2005, a record-breaking 170,000 hectares (419,000 acres) of coca were destroyed: 138,000 sprayed and 32,000 pulled out by hand or plowed under.

In total, since the program began in 1994 (and particularly since it was ramped up in 2000), 986,925 hectares of coca plant and opium poppy have been eradicated - an area almost equivalent to the size of the states of Rhode Island and Delaware combined.

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Drug seizures are another pillar of the plan, and here too, there are results. Two hundred and twenty-five tons of cocaine hydrochloride and cocaine base were seized in 2005, up from 125 tons in 2002, and the number of clandestine drug labs destroyed soared to nearly 2,000 last year from 317 in 2000, according to a July study by Colombia's National Narcotics Directorate (DNE). Meanwhile, the number of traffickers extradited to the US in the last four years is climbing toward 400.

"We are squeezing them. We are forcing them to change their drug trafficking routes and their methods," says Walters.

A better-trained and -equipped military and police, meanwhile, has meant that overall security in Colombia has vastly improved, especially in the urban areas. From 2002 to 2005, the murder rate fell 35 percent - from 28,837 murders to 18,111 - and kidnappings have dropped from nearly 3,000 in 2002 to 800 last year, according to Uribe's office. As a consequence, nearly 1 million foreigners visited last year, a 21 percent jump compared with 2004, and foreign investment hit $10 billion last year, a fivefold increase since 2002. Microsoft's Bill Gates is scheduled to visit in March, to take a look, he said last week, into business opportunities.

"Plan Colombia," says Michael Shifter of the Inter-American Dialogue, a think tank in Washington, "....has manifestly helped the government restore some measure of authority in a country that was on the verge of being a failed state six years ago."

* * *

But even Plan Colombia advocates admit the impressive statistics do not a complete victory make.

"We're making first downs," US Ambassador to Colombia William Wood is fond of saying, "...but we're not sure how long the football field is."

President Uribe is often even more circumspect. "It is clear we cannot abandon Plan Colombia," he said while in New York last week."But it is also clear that, in comparison to our efforts, we should be seeing better results."

Sometimes, it seems the harder Colombians and Americans fight, the more the drug lords push back and the coca fields reproduce.

When Escobar was shot to death on a Medellín rooftop in 1993, some expected the industry in which he had played such a key role would contract. But, the Medellín cartel was soon replaced by their Cali rivals. And when key Cali cartel leaders were jailed a few years later - the trade was divided up by competing factions of the Norte del Valle cartel and a host of smaller "cartelitos." Mexican cartels meanwhile, moved quickly to fill remaining voids.

Uribe's government, meanwhile, is being criticized for allowing some top drug traffickers to avoid extradition by surrendering themselves as part of the government's peace deal with the paramilitaries. And the rebel Revolutionary Armed Forces of Colombia (FARC), in turn, may have been pushed into more remote zones - but they are estimated to still be earning hundreds of millions of dollars a year from their involvement in the drug trade.

There is no lack, after all, of coca. Despite the unprecedented eradication efforts, coca cultivation actually increased last year by 8 percent, according to a study released in June by the UN Office on Drugs and Crime (UNODC). More significantly, the amount of cocaine being produced from coca leaves is also increasing. According to DNE, Colombia produced 776 metric tons of cocaine last year, 231 more than previous US estimates, and enough to supply almost 80 percent of the world market.

Why? Growing techniques have improved over the years and farmers in some regions are now able to harvest coca leaf six times a year, instead of the usual four harvests, according to UNODC. Also, aerial spraying has pushed farmers to smaller, more isolated plots deeper in the countryside, making spray operations more complicated and less effective. While coca was concentrated in three provinces at the start of Plan Colombia, today, it has spread to at least 23 of the country's 32 provinces.

This geographical expansion also feeds a different problem, explains Pablo Casas, a security expert at the Security and Democracy Foundation in Bogotá. In the past, counternarcotics work was concentrated in a few areas, he says, but "everyone touches drugs now. Which means there are more police, military, and local authorities for the narcos to try to corrupt."

Even worse - as far as Washington is concerned - is that the most expensive US foreign aid program outside the Middle East has apparently failed to significantly change the availability, price, or quality of cocaine on American streets.

The question of cost and purity of street cocaine in the US remains contentious, due both to methods of gathering statistics, and ways in which those statistics are interpreted. When the White House drug czar's office announced last November that the price of a gram of cocaine was slightly higher (a sign of less availability), it was quickly attacked with statistics showing the opposite.

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Sen. Charles Grassley, (R) of Iowa, chairman of the Senate Caucus on International Narcotics Control, in an April letter to Walters, even suggested the White House was selecting data to paint "a rosier, but not necessarily more accurate, picture" of the achievements of Plan Colombia.

Most sides to the debate agree however with the findings of the 2005 US National Survey on Drug Use and Health released this month. The study shows youth rates of cocaine use have fallen slightly since 2002 - but the number of first-time users is up, as are the number of hard-core addicts. Overall, according to the survey, levels of cocaine use and addiction are at least as high as they were in 2000.

"We need a new a new approach to drug policy," says John Walsh, a drug policy expert at the Washington Office on Latin America (WOLA), an advocacy group. "A reevaluation is long overdue."

* * *

Gomez quit the police force when she got married and lost interest, over time, in the drug war shop talk. But Murillo, her husband, remained a member of the counternarcotics unit, and "he loved being part of the big game ...working with the Americans," she says.

Once, she says, he called her from San Diego, Calif., where he was testifying in a big case. "He was so excited. He felt he was doing something important," she remembers.

In the year before his death, Gomez admits, they had begun to argue a lot. He would say he was going to do something with her and the kids, and would be called away by the unit. He would promise to call, and then be out of touch. When he missed their sixth wedding anniversary because of a drug operation, she had just about had enough: "Tell your Gringo masters I want my husband back!" she had screeched down the phone line.

They talked of separating. She berates herself most now for not telling him she still loved him, the last time they spoke.

Lately, after speaking out in the press against the Colombian military, Gomez has been receiving menacing phone calls late at night. "Prepare coffins for the rest of the family," a muffled voice told her last week.

She is scared to take the kids to the park across the street. She rarely goes out herself. "If I could just speak to Carlos one more time, I would tell him I was never angry with him," she says. "I was just angry with the way everything was being done... I would tell him we needed to do it over again, differently."

• Next part: Is there a better way?

IMMIGRATION:

Armey Blasts Republicans Over Opposition To Guest-worker Plan (MCT)

By Dave Montgomery

McClatchy Newspapers, September 28, 2006

WASHINGTON - As the No. 2 man in the Republican-controlled House of Representatives for nearly eight years, former Texas congressman Dick Armey never hesitated when it came to assailing Democrats.

But three years after leaving Congress, the former House majority leader is now savaging conservatives in his own party for what he calls "knee-jerk" opposition - "emphasis on jerk" - to the Bush administration's efforts to create a temporary guest-worker program and overhaul the nation's immigration system.

Armey, who is chairman of a Washington-based grass-roots organization called FreedomWorks, was a leading architect of the Republican takeover of the House in 1994 and remains a prominent and outspoken advocate for conservative causes.

But when it comes to the immigration debate that's raged in Congress for much of the past two years, he takes an almost polar-opposite position from many of his former Republican House colleagues, who are pressing for tough border security measures, including a 700-mile fence along the Southwest border.

"This has been rallied up by a lot of people that are very visible, make a lot of noise and have never been guilty of any deep thinking," Armey told reporters Tuesday after an appearance with Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., co-sponsors of a proposed immigration compromise that includes a privately managed guest-worker program.

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Unabashedly naming names, Armey described Rep. Tom Tancredo, R-Colo., as the "cheerleader of jerkiness in the immigration debate" and said conservative commentator Pat Buchanan "is content to be a rock star" for "10 percent of the most militant voters in America."

Tancredo leads a coalition of House Republicans vehemently opposed to the president's guest-worker plan. Buchanan, who ran for president in 2000 as a Reform Party candidate, wants to defend the borders with U.S. troops and has said that the United States is in danger of becoming "MexiAmerica."

Armey also said he was "disappointed" with House Judiciary Chairman James Sensenbrenner, R-Wis., chief sponsor of an enforcement-only immigration plan passed by the House in December.

Several provisions, including the border fence, are being recycled as piecemeal border security measures that House leaders hope will clear Congress before a pre-election recess this week.

"I would have expected more deep thought from Sensenbrenner," Armey said.

Tancredo and Bay Buchanan, Pat Buchanan's sister and the president of his foundation, The American Cause, both fired back with withering responses. Sensenbrenner's office had no comment.

"In Dick Armey's search for relevance in today's political environment, it's disappointing that he has managed to find it as a patriot for profit," said Tancredo, chairman of the Immigration Reform Caucus. "Someone should remind him that the jerks he is speaking of happen to be the heart and soul of the Republican Party."

"Unfortunately, it's Republicans like Dick Armey that did not do the job of securing this nation when they were in office," said Bay Buchanan. "Dick is on the sidelines where he belongs."

Visas For Skilled Workers Still Frozen (WP)

By S. Mitra Kalita

The Washington Post, September 28, 2006

For technology companies and research institutions that have spent recent autumns lobbying for permission to hire more foreign workers, this was supposed to be the year that ended the annual rite of desperation.

A bill that passed the Senate this spring would have doubled the number of visas issued every year for highly skilled professionals, such as scientists and engineers. And it would have helped clear a backlog of applications for permanent residency from such workers.

But the attempt by Congress to rewrite the nation's immigration laws has bogged down in controversy over border security and illegal immigration. That means changes in the skilled-worker programs, while less controversial, are also in limbo.

With Congress due to recess tomorrow, advocates of the programs have given up on winning immediate change. Now they're hoping members of Congress will focus on the issue in the lame-duck session late this year.

"It is incredibly difficult to pass major legislative reforms in any areas, and they tried to bite off a lot," said Jenifer Verdery, a policy director for Intel Corp., which has lobbied for more skilled foreign workers. "We've made a strong case, and we're hoping to take that to the finish line . . . if there is any policymaking left to do after the election."

For years, many of the country's largest technology companies and most prestigious research laboratories have said they are unable to find enough U.S.-born scientists and similar workers to fill their openings. They have depended on the H-1B visa to bring overseas talent into the United States. The companies also sponsor such skilled workers for green cards, which allow them to live and work here permanently.

But only 65,000 H-1B visas are issued each year, and demand has been so high recently that all of them are taken instantaneously -- mostly with tech workers from India and China. People from those countries also face among the longest waits for green cards.

The Senate plan would have nearly doubled the H-1B quota to 115,000 a year, and it would have helped clear a backlog of green-card applications.

The technology industry mounted a huge push on the issue this year. Microsoft Corp. Chairman Bill Gates met with members of Congress. A group of computer programmers hired a lobbying firm. An industry coalition handed out fake green cards imprinted with their demands.

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A few professional associations and anti-immigrant groups oppose expanding the skilled-worker programs, contending that they can depress wages, but the programs have historically drawn support from both political parties.

At Microsoft, H-1B and green card reform has emerged as the "top legislative priority right now," said Jack Krumholtz, the company's managing director for federal government affairs. "We are really at a crisis in terms of the industry's ability to hire the best and the brightest and retain them."

A company spokeswoman estimated that about 7 percent of Microsoft's hires over the past five years had H-1B visas. Of the company's H-1B employees, 20 percent a year obtain green cards. The company said the low number stems from delays in processing green cards. An estimated 500,000 green-card applications are pending nationwide.

The employees describe agonizing, life-altering waits. In some cases, marriages, home purchases and retirement investments are put off. Graduates of master's and doctorate programs describe stringing together fellowships and one-year appointments to stay in this country. A spokesman for the National Institutes of Health said those on temporary work visas have trouble qualifying for federal research grants.

Immigrant scientists call the policies crippling and said they had expected relief from a provision in the Senate bill that would have allowed favorable treatment for graduates in the sciences, technology, engineering, and mathematics.

"In the midst of this whole debate, very little is said about legal immigration. And even within legal immigration, little about PhDs and scientists," said Jai Pathak, a research scientist who lives in Washington. "There are a lot of very fine scientists the government would like to keep, but their citizenship status impedes it."

Pathak cited the Hungarian roots of Intel Corp. co-founder Andrew S. Grove, whose work helped create the modern computer industry that employs millions of Americans.

"What would have happened if the United States had decided to close the doors on him?" Pathak said.

In Immigrant Fight, Grass-Roots Groups Boost Their Clout (WSJ)

By Miriam Jordan

The Wall Street Journal, September 28, 2006

SAN BERNARDINO, Calif. -- Armed with a computer and less than $100, Joseph Turner two years ago formed a group called "Save Our State." His goal: save California from turning into a "Third World cesspool" of illegal immigrants, he says. The group doesn't have a formal membership, and Mr. Turner counts barely 2,000 people on his email list and message board.

Yet this meager base has proved to be a powerful springboard. Through his Web site, Mr. Turner has recruited supporters to hold confrontational protests outside Home Depot stores, where unauthorized workers often gather to seek jobs. He has also helped ignite a nationwide movement by local governments to crack down on illegal immigration. So far, about 10 towns have passed ordinances to drive out undocumented immigrants after getting the idea from Mr. Turner. Dozens of other towns are considering such measures.

"My idea of activism is aggressive, street-level and in-your-face activism," says Mr. Turner, who strikes a clean-cut look with slicked-back black hair and icy blue eyes. He adds: "I don't believe in turning the other cheek."

Mr. Turner is part of an anti-immigrant brushfire that is gathering force at the grass-roots level around the U.S. Small groups like Mr. Turner's Save Our State are cropping up from coast to coast, recruiting members and devising tactics to tackle illegal immigration in their communities. Critics call many of these groups racist, a charge organizers deny. What no one disputes is that they are tapping into widespread frustration over the federal government's failure to adopt a national immigration policy while a deeply divided Congress clashes over how to deal with 12 million illegal immigrants.

The Center for New Community, a Chicago organization that tracks immigration issues, says there are 211 so-called nativist groups -- groups that advocate protecting the interests of native inhabitants against those of immigrants -- across the U.S., up from 37 two years ago. The Southern Poverty Law Center, which tracks extremist groups, also says nativist groups are on the rise and that several are hate groups, including Mr. Turner's Save Our State. The law center defines a hate group as one that singles out and promotes hatred of another group, based on ethnicity, language, religion, sexual inclination or immigration status. Mr. Turner denies he runs a hate group.

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These grass-roots organizations are having an impact. In North Carolina, state legislators say the fierce opposition of one anti-illegal immigration group torpedoed a bill proposed last year that would have allowed undocumented students who graduate from state high schools to pay in-state college tuition. In Georgia, another group's mobilization efforts were crucial to passing a bill last spring to curb illegal immigration. In Arizona, a group called Protect Our City is pushing for local officials, including police officers, to help federal authorities enforce immigration laws within Phoenix.

The groups are often one-man shows, steered by tech-savvy leaders who creatively use the Web to mobilize support for immigration protests, boycotts, legislation and media coverage in their areas. Their influence is amplified as they find each other online and coordinate their efforts. Save Our State has occasionally joined forces with a North Carolina group as well as the volunteer group Minuteman Project, which patrols the border with the goal of stopping illegal immigrants from entering U.S. soil.

Several budding groups receive funding from older, well-endowed national organizations, such as the Federation for American Immigration Reform, which has been battling immigration for decades. Ron Woodard, head of NC Listen, a North Carolina group, says he improved his public-speaking skills in courses sponsored by FAIR. The Washington, D.C.-based national group, which advocates curbing legal immigration as well as stopping illegal entries to the U.S., also provided his group with "minor" financial support, he says.

Striking a Chord

These groups often strike a chord in small towns and areas where Hispanics are relative newcomers. Immigrants are increasingly bypassing traditional Hispanic centers in big cities, California and the southwest. Instead, they're settling in smaller, homogeneous towns and in Middle America, where many residents are still unaccustomed to them and fear that wages are being undercut by immigrants taking blue-collar jobs in their community.

"The financial costs to Georgia taxpayers of supplying [bilingual] education, incarceration, medical care and social benefits to the hundreds of thousands of people who are here in violation of our laws is becoming impossible to ignore," declared one Web site run by a Georgia grass-roots group, the Dustin Inman Society. "Someone please point to a case of wages in Georgia having gone up because of illegal immigration!"

Anti-immigrant sentiment has swept the U.S. before, targeting Irish, Italian, Jewish, Chinese and Japanese newcomers. In response to public outcry against the influx of immigrants from Southern and Eastern Europe after World War I, Congress passed the Quota Act of 1921 and then the even more restrictive Immigration Act of 1924. These days, hostility is directed at Spanish-speaking immigrants, especially illegal immigrants who are decried as a burden on taxpayers and a threat to national security.

William Gheen, a former conservative campaign strategist and legislative assistant, formed the Americans for Legal Immigration-PAC, or ALIPAC, on Sept. 11, 2004, the anniversary of the terrorist attacks. Hispanic illegal immigrants aren't blowing up skyscrapers, "but they steal American jobs, depress American wages and can wreck American lives," Mr. Gheen says. "They're the enemies in our streets." He says his group, run from his home in Raleigh, N.C., boasts supporters from all 50 states and has raised $40,000 so far this year. "Most contributions come from concerned individuals, checks for $25 to $50," Mr. Gheen says.

The money comes from people like Lisa Mercier, a Hartselle, Ala., homemaker and devout southern Baptist who says the issue piqued her interest when Latino gangs moved into her former neighborhood on the outskirts of Washington, D.C. "With terrorism the way it is, we can't have our border wide open," she says, adding: "All the poor would like to come here."

Last year, four North Carolina lawmakers introduced a bipartisan bill that would entitle undocumented students who graduate from North Carolina high schools to attend universities paying in-state tuition. Mr. Gheen mounted an opposition campaign on the Web, lobbied in the halls of the state legislature and spread his message on a conservative radio talk show.

Several state legislators who signed the bill subsequently asked to remove their names from it. The bill never moved out of committee.

"This little organization got it on talk radio and created a firestorm," says North Carolina State Representative Paul Luebke, a Democrat and a primary sponsor of the bill. "Right-wing talk radio amplified the message. They hammered away on it incessantly. This enraged large numbers of people."

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Mr. Luebke also says Mr. Gheen preyed on the discomfort felt by many white North Carolinians over the increased visibility of Latinos -- the spread of Mexican restaurants and stores, Spanish-language signs and Spanish-language movies at video stores. With manufacturing jobs also moving overseas, "the brown immigrant was an easy scapegoat," says Mr. Luebke.

Mr. Gheen says his is a "moderate group" and denies trying to stir up racial animosities.

In Marietta, Ga., the local grass-roots group is the Dustin Inman Society, named for a teenage boy killed several years ago in a car accident that allegedly involved an illegal immigrant. The group is led by D. A. King, a 54-year-old former Marine who sports a close-cropped haircut and says he was snubbed by Mexicans who moved into a house in his neighborhood in the 1990s. He says he grew even more frustrated when local and immigration officials ignored his calls to take action against the house, which he believed was overcrowded with illegal immigrants.

Mr. King shuttered his insurance business of 20 years in 2003 to devote himself full-time to educating Georgians about the adverse impact of illegal immigration, organize rallies around the issue and work the halls of the Georgia state legislature.

The crowning of his efforts was the passage in April of the Georgia Security and Immigration Compliance Act, a state bill chockablock with provisions to stop illegal immigration that will begin to go into effect in July 2007. "We were sliding down a slippery slope on the way to 'Georgiafornia,' " says Mr. King, referring to California, which is often used as the poster child of excessive Latino immigration.

Effective Weapon

A key proponent of the immigration bill, his single most effective weapon was organizing protests at the Capitol "for the media and state governments to see," says Mr. King. He also praised the bill on radio and in newspaper columns. "I made it impossible for politicians to ignore the issue," he says.

Republican State Senator Chip Rogers, who wrote the Georgia bill, says Mr. King was "instrumental in ensuring people interested in illegal immigration were aware of the bill. He sent lots of email, went on radio often and wrote in local papers about it. He touched just about every potential media outlet."

In the network of anti-illegal immigrant activists, few have risen higher or faster than Joseph Turner. He still relishes a moment 12 years ago, when he took the stage at his half-Hispanic high school in working-class Riverside, Calif., to endorse a controversial ballot initiative to ban illegal immigrants from receiving state benefits. The senior drew such a heated response that he was sequestered in a gym afterward until tempers were calmed.

"I believe in the superiority of America and American culture," he says. If the federal government isn't doing its job, he says, direct democracy should provide solutions. He calls for deporting all illegal immigrants, saying, "the net benefit of illegal aliens is negative."

Mr. Turner grew up in Southern California's so-called Smog Belt, which includes San Bernardino and other working-class towns. His biological father, an alcoholic, walked out of his life when he was about eight years old, he says. His mother remarried a Mexican-American, whom Mr. Turner considers his father. He heard a lot of Spanish growing up. Mr. Turner says his mother was a drug addict who spent time incarcerated, and describes his stepfather as a "former gang banger" who abused drugs and was imprisoned. Both have since been rehabilitated, he says. Mr. Turner's mother, Janice Aguayo, confirms his account.

Incensed by the outcry of civil-rights and Hispanic groups against roundups of undocumented immigrants by U.S. authorities in southern California in 2004, Mr. Turner started his own group to battle illegal immigration, Save Our State. His first target was Home Depot, where immigrants often wait for homeowners seeking an extra hand at gardening or painting.

"With as little as five people you can shut down a day-laborer center," says Mr. Turner, because employers will be too intimidated to stop and hire them. Contractors have been deterred from hiring from these sites during the protests and in several days that followed. Home Depot declines to comment on Mr. Turner.

At a rally outside the day-laborer center in the ritzy coastal town of Laguna Beach, neo-Nazis and white supremacists waved Nazi and confederate flags. Mr. Turner says they weren't welcome at the event but that he couldn't stop them and that Save our State members left shortly after they arrived. Mr. Turner says he also deletes white-supremacist rhetoric when it pops up on his Web site's message board.

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About a year ago, Mr. Turner drafted a three-page ordinance -- the "City of San Bernardino Illegal Immigrant Relief Act." Although it was derailed before it could come to a citywide vote, the ordinance went on to be imitated, and passed, by several towns and cities across the country.

The law as proposed in San Bernardino would have revoked the license of any business deemed to aid or abet illegal immigrants, even unknowingly. It also would have banned landlords from renting to an illegal immigrant, and required that all rental agreements be filed with the city for verification. One provision would have prohibited the city from conducting business in any language other than English.

Over four months, Mr. Turner spent evenings and weekends gathering signatures outside grocery stores and knocking on doors in the more-affluent northern end of San Bernardino. As fear spread in Hispanic-heavy communities, the Archbishop of San Bernardino called an emergency meeting of all parish priests and dioceses to discuss how to counter the measure. Community leaders, interfaith groups and town officials gathered soon afterward. "We wanted to portray this as a human issue, not a political or religious issue," says Auxiliary Bishop Rutilio del Riego.

Before the ordinance could go to a citywide vote, a judge ruled that Mr. Turner hadn't collected enough signatures and granted him 10 days to make up the difference, or nearly twice the original number of signatures. Concluding he couldn't achieve that, Mr. Turner let his hometown effort die.

But over the next few weeks, it sprang back to life -- in the form of copycat initiatives taken up in small towns across the country, including Valley Park, Mo., Riverside, N.J., and Hazleton, Pa. Hazleton Mayor Louis Barletta was searching for ways to crack down on illegal immigration when he found Mr. Turner's petition on the Internet, though he says he isn't familiar with the views of Mr. Turner or his group. Hazleton now prohibits anyone from renting to or hiring illegal immigrants, and has made English the town's official language. Civil-rights groups are challenging the legislation in court.

Mr. Turner, who has a young son with his girlfriend, recently decided to run for the local San Bernardino school board. He says that he plans to challenge the Supreme Court ruling that allowed all children living in the U.S. to attend school, regardless of their immigration status. He also works as a field representative for Republican state assemblyman Ray Haynes, who represents a district on the Mexico-California border about an hour's drive from San Bernardino.

Mr. Haynes says he doesn't agree with all of Mr. Turner's views and rhetoric but admires his work ethic and energy. "He's on fire," says Mr. Haynes.

Herndon Zeroing In On Illegal Immigrants (WP)

By Bill Turque

The Washington Post, September 28, 2006

Herndon's decision Tuesday night to seek federal training for some of its police officers so they can enforce federal immigration law is part of a long-term effort by a new mayor and Town Council to aggressively curb the presence of residents who are in the country illegally.

Two proposals on the draft agenda for next week's council session would intensify the town's scrutiny of private employers. One would require anyone seeking a business license to prove legal immigration status. The other would compel contractors doing business with the town to provide evidence that their employees live in the United States legally.

The measures are likely to enlarge Herndon's role as a crucible in the national debate on immigration policy -- a position that town officials say they were forced into because of inaction by the federal government. The proposals also add fuel to charges from immigration advocates and some residents that Herndon, which has the largest proportion of foreign-born residents of any locality in the Washington area, has become implacably hostile to all immigrants, legal and illegal.

Illegal immigration has been the dominant issue in town politics since summer 2005, when the council voted, after bitter debate, to open a publicly funded center to help workers connect with employers. Before the Herndon Official Workers Center was established, laborers had gathered each morning in a 7-Eleven parking lot to find jobs -- an arrangement that neighbors and officials said was chaotic and confusing. Opponents of the center said that by opening it, the town was abetting illegal immigration.

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In May, Herndon voters unseated Mayor Michael L. O'Reilly and two council members who supported the publicly funded facility and replaced them with challengers, including new Mayor Stephen J. DeBenedittis, who were highly critical of the idea.

Vice Mayor Dennis D. Husch, one of two council members who voted against the labor center last year, said that the new proposals are still "notional" at this point but that the council intends to send a message that illegal immigrants are not welcome in Herndon.

"These [proposals] may never see the light of day," Husch said. "But we need to do something."

Business licenses have traditionally served as revenue-raising instruments, with governments charging owners a set percentage of projected gross sales. But in an advisory opinion this summer, Virginia Attorney General Robert F. McDonnell said local governments can withhold licenses from applicants who are not living legally in the United States.

What the contracting measure would accomplish is less clear. Federal law already establishes penalties for employers who knowingly keep illegal workers on their payroll. Herndon's own standard contract language also forbids companies that employ the undocumented from working on major projects. Town Attorney Richard B. Kaufman said the council was interested in "beefing up" the language so that it applied to all contractors who provide services to the government.

The council's 6 to 1 vote late Tuesday authorizes town officials to contact U.S. Immigration and Customs Enforcement to express interest in enrolling some officers in the agency's "287 (g)" program, a provision of the Immigration and Nationality Act.

If the town is accepted into the program, it would negotiate an agreement covering the scope of the training officers would receive -- often in the areas of document identification and cross-cultural communication -- and what the law would empower them to do. In general, those who pass the five-week course are authorized to question or detain people they believe to be in the country illegally, according to ICE descriptions of the program.

In a hearing preceding the vote, supporters of the program said it would take criminals off the streets.

"You guys were elected because you said you would take action," Brenda Kelley, a 21-year resident of the town, told the council. "We all want safe, secure, happy, respectful neighborhoods."

"Herndon has a chance to lend a helping hand to federal immigration agents," Stacey Brooks said.

Jorge Rochac, a Salvadoran immigrant and former translator for the Herndon police department who ran unsuccessfully for a council seat this year, said adoption of the federal program "would tend to alienate the Hispanic community and makes them less apt to cooperate and trust the police."

Former council member John DeNoyer was also critical. "Would I be profiled as a suspected terrorist or illegal alien because I have a beard and often turn brown toward the end of an outdoor summer?" he asked. "Please do not glorify and nurture the xenophobic hysteria that is affecting our town."

TAX:

How Merck Saved $1.5 Billion Paying Itself For Drug Patents (WSJ)

By Jesse Drucker

The Wall Street Journal, September 28, 2006

SOUTHAMPTON, Bermuda -- Merck & Co.'s medications Zocor and Mevacor have been used by millions of people to help lower their cholesterol. But Merck also used the drugs to lower something else: its U.S. tax bill.

Thirteen years ago, Merck set up a subsidiary with an address in tax-friendly Bermuda, in partnership with a British bank. Merck quietly transferred patents underlying the blockbuster drugs to the new subsidiary, according to documents and people familiar with the transaction. Merck then paid the subsidiary for use of the patents.

The arrangement in effect allowed some of the profits to disappear into a kind of Bermuda triangle between different tax jurisdictions. The setup helped Merck slash $1.5 billion off its federal tax bills over roughly the next 10 years.

Now, the complicated transaction -- never publicly disclosed -- has sparked one of the largest tax disputes ever involving a U.S. corporation. The Internal Revenue Service is challenging the tax benefits from the arrangement, which the company code-named "Project Ryland," after a fancy restaurant near the company's New Jersey headquarters. Merck anticipates it will be

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ordered to hand over a total of $2.3 billion in back taxes, interest and penalties, according to its filings with the Securities and Exchange Commission, which give the amounts in dispute but virtually no other details.

Merck says it did nothing wrong and that the deal was simply a way of raising financing for its 1993 acquisition of a pharmacy-benefits management firm, Medco Containment Services Inc. "We believe the partnership transaction is in full compliance with IRS rules and regulations and we vigorously disagree with the proposed IRS adjustments," says Merck spokesman Raymond Kerins, who declines to discuss details of the dispute.

The IRS won't discuss its objection to the Merck partnership. But it is pursuing actions against Dow Chemical Co. and General Electric Co. over similar arrangements they set up within a few months of the Merck deal. Those, federal tax authorities have argued, weren't real partnerships with foreign banks but just well-disguised loan agreements, designed to avoid taxes by maneuvering between the tax laws of different countries, with no economic substance.

The Second U.S. Circuit Court of Appeals last month reversed a trial court and declared that foreign banks in the GE deal were not "bona fide equity partners," a victory for the government in its battle over $62 million in back taxes. GE is seeking a rehearing. Meanwhile, in a little-noticed dispute in U.S. District Court in Baton Rouge, La., the IRS claimed last year that Dow improperly lowered its tax bill by about $130 million by shifting income, through a partnership, to a consortium of German, Dutch, U.K. and Belgian banks. Dow says the arrangement was legitimate financing and is suing the government to try to keep the money.

As part of that case, the Justice Department says in a court filing it anticipates taking "extensive discovery" from investment bank Goldman Sachs Group Inc., which helped structure both the Dow and Merck deals. Goldman spokesman Peter Rose said, "We take enormous efforts to ensure our transactions comply with applicable tax laws."

The cases are part of an attempt by U.S. authorities to crack down on what is often called "tax arbitrage." The usual strategy: lower a company's tax bills by structuring transactions so certain types of income or expenses are classified as one thing by the IRS, but something very different by another country's tax regulators.

Often the strategies are aided by overseas banks or nonprofit organizations that use complex legal structures to effectively share their tax advantages with U.S. companies. U.S. and U.K. banks also have teamed up to devise structures that lower each other's taxes. IRS Commissioner Mark Everson warned a U.S. Senate panel in June that strategies like those are "on the rise."

Mr. Everson named tax arbitrage as among the most significant enforcement problems the agency faces. He said the IRS has formed a team to consider crafting new international treaties, as well as performing tax audits that would simultaneously look at a company's tax obligations in multiple countries.

Proponents of the deals say it's only smart business to take advantage of U.S. loopholes and the differences among tax rules around the world. Technology and pharmaceutical companies, for instance, are aggressively shifting intellectual-property assets to countries with far lower tax rates, such as Singapore and Ireland.

Merck's potentially costly dispute with the IRS comes as the company battles more than 14,000 lawsuits related to its now-withdrawn Vioxx pain reliever, with its projected liability topping $4 billion. Like other big drug makers, Merck's biggest sellers are losing patent protection while its newer drugs are not expected to make up the lost revenue.

Many of the strategies like the ones used by Merck, Dow and GE were inspired by one man.

In 1988, longtime tax attorney and New York University law school professor R. Donald Turlington published an influential article in the proceedings of a tax conference. Subtitled "The Art of Tax Avoidance," the article began with a 1931 quote from the late Chicago Mafia boss Al Capone: "A good lawyer with a briefcase can steal more than ten men with machine guns."

In the article, Mr. Turlington laid out ways companies could lower their taxes by exploiting a loophole in the way income was allocated within partnerships for tax purposes. He focused on the concept of depreciation, a key tool to lowering taxes.

For example, in the U.S. a factory is considered to have a finite life of 39 1/2 years and loses its value gradually during that life. An owner is allowed to deduct a portion of its cost each year, so if the factory cost $39.5 million, the company can deduct $1 million a year from the plant's taxable income. But after that, a company can end up with considerable income from the asset and no offsetting deductions. In the case of pharmaceutical patents, tax write-offs generally are used up during research and development.

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Mr. Turlington pointed to a way around such problems by putting the already-depreciated asset into a partnership, and allocating some of its taxable income to a member of the partnership that for one reason or another wouldn't mind shouldering it. That could reduce the tax bill for the company contributing the assets.

Closing the Loophole

Mr. Turlington called on the government to close this loophole, and in December 1992, the U.S. Treasury Department decided to do just that, proposing an "anti-abuse" regulation. But before the government finalized the new regulations a year later, several companies moved to shift assets and establish partnerships to exploit the loophole.

Mr. Turlington himself helped structure the Merck deal, counseling Goldman Sachs on the transaction, despite his call for the law to be changed.

Merck, GE and Dow Chemical also were aided by some of the country's most prominent partnership tax lawyers, who also once served in high government tax posts. William Nelson, a former IRS chief counsel, advised Merck and GE on their deals, according to people with knowledge of his involvement. The firm he founded with William McKee, a former University of Virginia law professor and U.S. Treasury Department tax legislative counsel, litigated the GE dispute with the government at trial. The firm also is representing Dow in the litigation over its disputed partnership. Mr. Nelson and Mr. McKee declined to comment on the Merck deal.

In July 1993 -- about six months after the government identified the partnership loophole -- Merck announced a $6 billion deal to acquire Medco, the pharmacy-benefits manager. It had cash on hand to fund only part of the giant purchase, and said at the time it would need additional financing.

Sometime before the Medco deal was announced, a Goldman banker named David Ackert, along with Mr. Turlington, presented Merck officials with the partnership idea as a way to raise financing and enjoy significant tax savings. Mr. Ackert, who no longer works for Goldman Sachs, referred questions to the investment bank.

At the time, Merck's Mevacor and Zocor were two of the company's biggest-selling drugs. Merck no longer had deductions to write off against the patents, according to a person familiar with the matter.

A few weeks before the Medco deal was announced, Merck transferred ownership of the patents to a new Delaware subsidiary, MSD Technology LP, and then registered other Merck subsidiaries that were partners in MSD to do business in Bermuda, according to U.S. patent records and Bermuda company records.

For its deal to work, Merck needed a partner willing to absorb taxable income. It chose a midsized British bank, a unit of Abbey National PLC. The negotiations with Abbey took place in London, Toronto and Bermuda, according to people familiar with the talks. They were held overseas to forestall any issue about whether the partners and the partnership were doing business in the U.S., which could jeopardize the deal's tax treatment. Merck and Abbey's lawyers and investment bankers hammered out much of the complex structure between bowls of fish chowder at Bermuda's posh Southampton Princess hotel.

According to a document filed in an unrelated lawsuit, Abbey took a limited partnership interest in MSD. The arrangement, according to people familiar with the situation, involved Abbey contributing several hundred million dollars in cash to the partnership in exchange for a minority stake. Merck then began paying royalties to the MSD partnership to use the patents covering the anti-cholesterol drugs, these people said.

In effect, Merck was paying itself -- its subsidiaries still owned a majority of MSD -- for the right to use drugs its own scientists had developed. The royalties it paid then largely went straight back into its own coffers, as much of the money was lent to Merck through another subsidiary, according to the people familiar with the transaction. A subsidiary of MSD collected the interest, most of which effectively was returned to Merck when the partnership was liquidated.

The convoluted arrangement gave Merck a sizable tax reduction for roughly a decade. On MSD's internal books -- and only there -- a portion of the incoming royalty payments were allocated as taxable income to Abbey. That reduced Merck's tax liability.

Crucial Element

In a crucial element of the deal, Abbey wasn't liable for those taxes either, because U.K. authorities didn't recognize tax allocations within the books of U.S. partnerships.

In return for its initial cash contribution, Abbey received a stream of payments from MSD. Mr. Turlington and companies that have set up similar transactions liken the payments to preferred dividends. The government has called deals like these loan

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agreements, not partnerships with the foreign banks, and argued that the cash payments to the banks are really loan interest. In that case, the tax burden can't legally be shifted.

Mr. Turlington, now retired, says the Merck deal with Abbey was a tax-advantaged way to raise significant capital, and not simply a tax-saving measure. "In my mind the question with a deal like Merck was, and still should be, 'Can a taxpayer who decides to do something for a legitimate business reason, like raising [money], do it in a way that's tax efficient by taking advantage of a rule that the government wrote?'" He added: "Merck's obligation is to do the best it can for its shareholders. If you were going to write that Merck is under some higher social obligation to maximize its taxes, that would probably catch Merck by surprise."

The deal also had another benefit: The money raised from Abbey wasn't recorded as debt, so didn't jeopardize the company's stellar credit rating.

Abbey, which has since been purchased by Spain-based Banco Santander Central Hispano SA, said it had no comment on the transaction.

In April 2004, the IRS gave Merck a preliminary notice that it was disputing the company's taxes for four years beginning in 1993, the year the Bermuda partnership was established. Late last year, the tax agency finalized that decision for 1993, and proposed disallowing tax benefits from the following three years, according to Merck's SEC filings. Merck says in the filings that it expects similar final notices for subsequent years.

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CONGRESS-ADMINISTRATION:

Congress To Approve Defense Bill Rivaling Vietnam-Era Spending (WSJ)

By David Rogers

The Wall Street Journal, September 28, 2006

WASHINGTON -- Congress is poised to send President Bush a record $447 billion Pentagon budget that anticipates defense spending next year will exceed annual expenditures at the height of the Vietnam War.

The huge costs weigh heavily on the political landscape this fall and contrast with the more limited Republican domestic agenda before the midterm elections..

With Mr. Bush slated to come to the Capitol today, the party leadership is confident it can deliver both a defense bill and a White House-backed measure authorizing military tribunals to try suspected foreign combatants in the war against terrorism. The House approved the tribunal bill 253-168 yesterday; the Senate, after rejecting an early challenge 54-43, expects to complete action today.

But hopes of some bold pre-election initiative, such as making the child tax credit permanent, have faded. None of the major domestic-appropriations bills will be completed before lawmakers go home. New Internal Revenue Service estimates show 19.2 million taxpayers will be left hanging because of Congress's failure to extend expired tax breaks, such as college-tuition deductions.

Yesterday's action illustrated this mood. An offshore-drilling bill was in jeopardy. And even as the House voted to adjourn this weekend, a $34.8 billion domestic-security measure was stymied by a dispute over language that could delay implementation of post-Sept. 11 border-crossing rules requiring a new passport card for U.S. citizens.

Going into last night, Republicans were hopeful of resolving their differences, but the fact that such a major bill was in any jeopardy at this stage was surprising.

Meanwhile, business allies aren't hiding their impatience with the failure to renew the corporate-research tax credit, which expired at the end of last year. "By standing still, the U.S. is falling behind," said John Engler, Michigan's former Republican governor and president of the National Association of Manufacturers, which released a report estimating that without the credit, the corporate-tax burden on manufacturers could rise 9% annually.

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Republican leaders promise to resolve these and other issues in the post-election session. In trying to avoid fights and protect its majority, the leadership risks appearing content to play it safe. "We are playing not to lose, instead of to win," a top Republican said.

By contrast, the defense-spending bill, which passed the House on Tuesday, is expected to clear the Senate easily today. Its $447 billion total includes $70 billion in emergency funds to pay for operations in Iraq.

Together with earlier Pentagon appropriations, which are to be spent in the fiscal year beginning Oct. 1, the new bill will bring total defense outlays to about $464 billion. That number will surely increase before the end of fiscal 2007, since the administration anticipates another supplemental request in the spring.

The Vietnam War era's high-water point came in 1968, when defense outlays rose to about $470 billion when adjusted to 2006 dollars -- a level unmatched even during the Reagan defense buildup.

Passage of the tribunal bill was never in doubt in the House, and in the Senate, Republicans appeared united and in control. The strongest remaining challenge is an effort by Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) proposing to delete a portion of the legislation that would strip terror suspects of their ability to challenge their detention with a habeas corpus petition.

Costs Of The Wars In Iraq And Afghanistan Could Reach $549 Billion (MCT)

By Drew Brown

McClatchy, September 28, 2006

WASHINGTON - The total cost of military operations in Iraq and Afghanistan and enhanced security at military bases since the Sept. 11, 2001, terrorist attacks could reach $549 billion this year, a new report to Congress concludes.

The projection by the nonpartisan Congressional Research Service is based on an update in July from the White House Office of Management and Budget, which estimated that war costs will total $110 billion for fiscal year 2007, which begins Sunday.

In fiscal year 2005, the Pentagon spent an average of $6.4 billion a month in Iraq and $1.3 billion a month in Afghanistan. During fiscal year 2006, it's projected that those costs will have increased to about $8 billion a month in Iraq and $1.5 billion per month in Afghanistan.

"Everybody expects that troops will come home and that next year will be cheaper, but it just never happens that way," said Winslow Wheeler, the director of the Straus Military Reform Project at the Center for Defense Information, a policy-research group in Washington.

The report says war costs are expected to continue to grow in the next decade.

Even if U.S. forces were reduced from 258,000 today in Iraq, Afghanistan and other military operations around the globe related to the war on terrorism to 74,000 by 2010, the Congressional Budget Office estimates that war costs would still grow by $371 billion from fiscal year 2007 to fiscal year 2016.

Given the amount already spent, total war funding could reach $808 billion by 2016, according to the Congressional Research Service report to Congress.

But the true figure may prove to be higher, if current trends hold. The Pentagon had hoped to reduce its troop presence in Iraq to fewer than 100,000 by the end of this year, but military commanders are planning to keep at least 140,000 troops there through the spring because of the high level of violence.

Congress has appropriated about $437 billion so far for the wars in Iraq and Afghanistan and other anti-terrorism efforts around the world, according to the Congressional Research Service.

This includes money for military operations, base security, reconstruction, foreign aid, embassy costs and veterans' health programs related to the war. Another $2 billion is in fiscal 2007 spending bills for foreign aid and diplomatic operations in Iraq and Afghanistan and veterans' medical programs, the agency reported.

The House approved a record $448 billion in defense spending for 2007 late Tuesday, including $70 billion as a down payment, or bridge fund, for military operations during the next fiscal year. Final passage by the Senate could come Thursday.

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The White House expects to ask for at least $50 billion in bridge funding to pay for the war in fiscal year 2008, according to the Congressional Research Service.

The Pentagon hasn't provided Congress with the individual costs of each operation. However, the agency report estimated that Iraq accounts for about 75 percent of all war spending and Afghanistan accounts for 20 percent. Increased base security takes the remaining 5 percent.

Operating, maintenance and procurement costs account for the biggest increases in spending from 2003 to 2006, according to the agency.

Total operating and maintenance costs reached almost $200 billion by fiscal 2006, primarily because of purchases of more body armor, the jump in oil prices, increasing bills to repair aging equipment and money to train Afghan and Iraqi security forces.

The amount spent on replacement weapons and equipment reached almost $61 billion during the same period.

Congress is allocating $23 billion this year to replace worn-out or damaged military equipment. Most of that is going to the Army. Wheeler said the expense could be even higher, and that these costs were likely to climb each year that the war continued.

109th Congress Gets Props For Creativity, If Nothing Else (WP)

By Dana Milbank

The Washington Post, September 28, 2006

Democrats have a full slate of proposals they would implement if they gain control of Congress in November, but one of their highest priorities will be the acquisition of a new ink pad.

House and Senate Democratic leaders met yesterday to highlight what they call the GOP "Rubber-Stamp Congress" -- by stamping half a dozen posters with the words "Yes, Bush" in red ink. But when they went to perform the deed, in an ornate room off the Senate floor where portraits of John Adams and Thomas Jefferson gazed down on them, there was a prop malfunction.

House Minority Leader Nancy Pelosi (Calif.) attempted to stamp a poster labeled "Social Security Privatization," but the resulting imprint was too faint to read. "I need more ink!" she called. "I need more ink!" She got more ink and tried again, stamping a poster titled "Medicare Part D" -- and got the same illegible result.

Senate Minority Whip Richard Durbin (Ill.) stepped up. "It's time to see if I can get this rubber stamp to work," he said. He could not. His first stamp, on a poster titled "Budget Cuts," came out upside down. Inverting the stamp, he struck the poster anew, this time knocking it off its easel.

"These are tough acts to follow," quipped Rep. Steny Hoyer (Md.), the House minority whip. He held a poster titled "Estate Tax Giveaway" and slammed the stamp on it with all his might. A blurred image appeared.

Batting cleanup was Rep. James Clyburn (S.C.). "I'm gonna make this thing work," he promised. He gave the stamp an extra dab on the ink pad and pressed it firmly to the final poster. But one of the letters failed to appear, leaving the words "Yes, Bus" on the poster.

Durbin promised that the Senate will get better ink pads if Democrats regain the majority. "In the first hundred days," he vowed.

There are just a couple of days left in the life of the 109th Congress, and lawmakers are getting a bit punch-drunk.

The legislature has yet to agree on a single one of its 12 annual spending bills, but the House managed to find time yesterday to consider H. Res. 748, "Recognizing the 225th anniversary of the American and French victory at Yorktown."

Congress still hasn't worked out immigration legislation or lobbying reform, but the House yesterday moved to embrace H. Res. 991, "Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia."

There's nothing doing on port security or Social Security, but there was broad agreement yesterday on H. Res 973, honoring "the financial planning profession for their adherence and dedication to the financial planning process."

Measured by days in session or legislative output, this Congress has secured its place as one of the most lethargic of all time. But if historians choose to award points for creativity, the 109th could go down in the books as a most prolific body.

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Consider Rep. David Dreier (R-Calif.), the dapper chairman of the House Rules Committee. On Tuesday, his committee ruled that the House would not consider some 15 amendments the Democrats had proposed to legislation on military commissions. Then, on the House floor yesterday, Dreier scolded the Democrats for not offering an alternative.

Or consider Senate Majority Leader Bill Frist (R-Tenn.), who, in front of the microphones yesterday, quarreled with the Democrats' characterization of this as a "do-nothing Congress." Asked for tangible achievements, Frist responded with a 650-word answer that listed only two items that had cleared Congress: the confirmation of Supreme Court Justice Samuel Alito and Chief Justice John Roberts.

Democrats, shut out of legislative deliberations this week as they have been for most of the session, looked for other ways to draw attention to themselves. Frequently, this involved the use of props.

Sen. Patty Murray (Wash.) went to the Senate floor with a poster about veterans. Sen. Patrick Leahy (Vt.) followed with a poster about Colin Powell. Sens. Frank Lautenberg (N.J.) and Barack Obama (Ill.) went to the Senate television studio with a poster about chemical plant security.

Topping all efforts was Rep. Cynthia McKinney (Ga.), who sponsored a session in the Capitol basement at which participants displayed posters of naked and hooded prisoners with dogs. An aide to McKinney, reading an academic paper, provided the narration. "The legs swelled, the skin erupted in suppurating lesions, the kidney shut down, hallucinations began," he read.

But if McKinney had the best props, Sen. Kent Conrad (N.D.) and Rep. John Spratt (S.C.) had the most. They arrived in the television studio toting no fewer than 13 foam-board posters in six bright colors. As aides hurriedly raised and lowered the posters, the lawmakers read the titles. After Conrad displayed his posters and Spratt showed off his, Conrad realized he had forgotten one and ordered it hung.

"How 'bout putting a chart up?" Spratt retaliated, instructing an aide to hang one about a "Bleak Outlook" that Spratt said was a favorite of his 6-year-old granddaughter.

And the sight gags continued. Each reporter received a manila envelope containing a "Report Card" awarding the GOP Congress one D, five F's and one "incomplete." "You're a pretty generous grader there, John," Conrad remarked.

"I'm on a curve," Spratt explained.

Bush Visits Hill To Rally Senate Troops Before Election (HILL)

By Jonathan Allen

The Hill, September 28, 2006

With most analysts predicting an uphill battle for the GOP in November's mid-term election, President Bush plans to rally Senate Republicans this morning as they prepare to leave town and hit the campaign trail.

A Senate Republican aide said the president would likely discuss the GOP's accomplishments, particularly in the realm of national security, an issue the White House is trying to draw attention to in the six weeks before the election.

As 2 Bushes Try To Fix Schools, Tools Differ (NYT)

By Sam Dillon

The New York Times, September 28, 2006

DAYTONA BEACH, Fla. — Gov. Jeb Bush of Florida has long played the dutiful younger brother.

Well before President Bush signed his No Child Left Behind law, Jeb Bush poured his own ideas into a school improvement program for Florida.

Over the years since, Governor Bush has mostly held his tongue about the president's very different law, even as detractors of all stripes have attacked it.

But in recent weeks — perhaps seeking to cement his legacy as a school-policy expert as he prepares to leave office — Governor Bush has been speaking out about the federal law, mixing dollops of praise with measured criticisms — and taking an occasional potshot. He has been caustic, for instance, about the requirement that 100 percent of the nation's students be proficient in reading and math by 2014.

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"I mean perfection is not going to happen," Mr. Bush said Sept. 12 at a news conference in Orlando, arguing that achievement targets are important but that unrealistic ones discourage educators. "We're all imperfect under God's watchful eye, and it's impossible to achieve it."

He followed up in an interview with criticisms of other provisions.

"With all due respect to the federal system," the governor said, "our accountability system is really the better way to go."

Other figures also say the federal law, which comes up next year for Congressional reauthorization, could use some improvement. But Bush vs. Bush may be the most striking part of the debate.

It is natural, of course, that the brothers might feel a bit of fraternal rivalry on this topic, because each built a political career — George in Texas, Jeb in Florida — around promises to improve their states' schools.

Still, this is more than a brotherly squabble, as Governor Bush's comments could well provide the president's opponents with ammunition against his signature law.

No Child Left Behind and the Florida law, the A-Plus plan, differ in many ways. For one, the federal law grades schools pass-fail, while Florida's gives schools A to F grades.

One reason the governor may be wading into the debate over the federal law is that every year since it took effect in 2002, the school-grading systems have contradicted each other. Hundreds of schools have received an A from Florida while flunking under the federal system, often because they narrowly missed testing targets.

At the Orlando news conference, Paul E. Peterson, a professor of government at Harvard, urged Congress to make the federal law more like Florida's.

"Florida's school-grading system is clearly superior to the one used under No Child Left Behind," said Dr. Peterson, who with a colleague, Martin R. West of Brown University, expands on that argument in the current issue of Education Next, an academic journal.

In the article, Drs. Peterson and West described the federal system as so "badly flawed" that it might err with nearly 3 of every 10 schools it classifies as low performing.

The federal law also puts sanctions on schools that do not meet testing goals, but does not reward ones that do. The Florida law, on the other hand, gives large cash bonuses to schools that help low-performing students improve their scores.

"Punitive actions don't work nearly as well," Governor Bush said in the interview. Accountability, he added, "works better when it's viewed as a reward."

In criticizing No Child Left Behind, Governor Bush signaled disagreement with the position staked out by Education Secretary Margaret Spellings, who told reporters on Aug. 30, "There's not much needed in the way of change."

"I talk about No Child Left Behind like Ivory Soap," Ms. Spellings said. "It's 99.9 percent pure."

Governor Bush said that when he had lunch in early September with Ms. Spellings in Washington "I was loaded for bear, to go in and say, 'What was that quote about?' "

"But she disarmed me completely before I got around to my attack," he recalled. "She is eager to reform, to reauthorize N.C.L.B. There's still work to do, and she knows it."

In an interview, Ms. Spellings said that in characterizing the law as "99.9 percent pure" she meant to convey only that no changes were needed to its "core principles." She cited several changes she hoped for, including extending the reach of the law into high schools.

Months after Governor Bush took office in 1999, the Florida Legislature approved his education plan. It requires schools to administer tests in reading and mathematics every year in Grades 3 through 10 and assigns grades based mainly on the results.

Two years later, a legislative audit found that the A-Plus plan was improving student performance, but noted a weakness in its comparing scores at each grade with the previous year scores from the same grade, measuring a different set of students.

Florida overhauled the plan to track the achievement of individual students from grade to grade, allowing the state to calculate how much specific students had learned in a given year. That has made it possible for the state, for instance, to reward schools for raising the achievement of the lowest-performing 25 percent of students.

No Child Left Behind has broad similarities with the A-Plus plan, but the two plans also differ in important ways.

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Rather than tracking individual students, the federal plan measures whether schools have made "adequate yearly progress," based on whether the percentage of students who demonstrate proficiency at each grade level, and within racial and other groups, increases by a required amount. For example, the system, like A-Plus before its revision, compares scores this year from fourth graders with those from last year. The federal law took effect just as Florida was rolling out its revised plan. Sharp contradictions emerged almost immediately in many states between the federal and state ratings given to local schools.

These contradictions became especially notable in Florida in the summer of 2003, when 1,200 of the state's 3,050 schools earned A's from the state. At the same time, more than 950 of the top-rated schools failed to make adequate yearly progress under the federal law. Similar discrepancies re-emerged in 2004, 2005 and 2006.

R. J. Longstreet Elementary School here in Daytona Beach is an example. The tidy one-story building near the Atlantic Ocean has fallen short on the federal yardstick every year, but Florida has given it an A for five years straight.

It earned its latest A because on tests in spring 2006 tests 80 percent of students met "high standards" in reading, math and writing, and because 60 percent of students, and nearly 80 percent of the lowest-performing students, increased their scores. In August, the school received a $42,800 reward check.

"Congratulations on your outstanding performance," Governor Bush wrote to the school.

But it fell short on 2 of 17 federal requirements, and that was enough to fail under the federal system. On a writing test administered to 55 fourth-grade students, 50 needed to show proficiency; 48 did. On math tests administered to 42 disabled students, 21 needed to score at grade level; 20 did.

Having failed the school four years running, each time because it barely missed a target or two, the federal law requires the Volusia County District to make plans this year to replace the staff at Longstreet or to undertake another form of corrective action, said Chris Colwell, a deputy superintendent.

"We're not opposed to measuring achievement in our schools, but our point is, measure accurately," Dr. Colwell said. "Longstreet has a high-performing faculty. Why would we change them?"

In their Education Next article, Drs. Peterson and West used test figures to calculate how much students learned, on average, in each school in Florida in the 2003-4 school year and compared the gains in schools with adequate yearly progress with those in schools that did not.

Their conclusion?

The federal accountability system does not perform as well as Florida's "in distinguishing schools where students are learning more from those where they are learning less," the professors wrote.

At the Sept. 12 news conference, called to publicize a broad review of education initiatives, Governor Bush listened approvingly as Dr. Peterson praised the A-Plus plan and criticized No Child Left Behind. But the governor has been careful to note what he considers to be the federal law's contributions.

Florida, for instance, began focusing increased attention on disabled and limited-English students after the federal law required states to improve those students' achievement, Governor Bush said.

He approaches the law, he said, "not from the standpoint of saying it's bad, but that it's good and needs to be better."

Connecticut Lawsuit Is Cut Back (NYT)

By Sam Dillon

The New York Times, September 28, 2006

A federal judge yesterday dismissed much of Connecticut's closely watched legal challenge to President Bush's education law, No Child Left Behind, but allowed the state to go forward with its claim that Washington treated the state unfairly in negotiations over how to carry out the law.

"The court has decided that it lacks jurisdiction over most of the state's claims, though one claim will remain pending after this ruling," the judge, Mark R. Kravitz of Federal District Court in New Haven, wrote.

Connecticut's lawsuit, filed in August 2005, challenged the federal law as an unfunded mandate that was costing the state tens of millions of dollars more to carry out than it was receiving from Washington. It was the first legal challenge to the federal law by a state.

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Both sides expressed satisfaction with Judge Kravitz's ruling.

"The Department of Education is pleased that the federal district judge dismissed three of Connecticut's claims in its lawsuit," said Katherine McLane, the department's press secretary. "The goal of No Child Left Behind is nothing more than what parents deserve and are demanding: that their children read and do math at grade level."

Judge Kravitz ruled that Connecticut could not challenge the law's constitutionality until it had exhausted all available administrative appeals to the Department of Education.

The judge permitted the state to proceed with a separate argument that the secretary of education "acted arbitrarily" in denying Connecticut's request for an exemption from the law, after the state had concluded that it would receive insufficient financing to carry out the law's testing mandates.

The Connecticut attorney general, Richard Blumenthal, said, "The judge has preserved our rights to pursue our claim that the secretary is violating our rights, so we're alive and well."

The nation's largest teachers union filed a similar challenge last year, which a federal judge in Michigan dismissed outright last November.

Judge Dismisses Most Of No Child Lawsuit (AP)

AP, September 28, 2006

A federal judge dismissed most of the claims in Connecticut's challenge to the No Child Left Behind law Wednesday on jurisdictional grounds, the state's attorney general said.

Connecticut became the first state to try to block the 2002 law when it filed the lawsuit in August 2005. Attorney General Richard Blumenthal argued that the law was unconstitutional, an unfunded federal mandate costing more than the state received in federal aid.

Judge Mark Kravitz dismissed three counts, saying state officials can't challenge the law until they have violated it, Blumenthal said.

The judge is allowing the state to proceed with a fourth claim that the U.S. Department of Education unfairly denied Connecticut's proposed amendments to testing rules, he said.

The law, the cornerstone of President Bush's education platform, requires annual standardized tests for students in grades 3 through 8, but Connecticut wants to continue its program of testing students every other year, in grades 4, 6 and 8.

"This is a jurisdictional ruling," Blumenthal said Wednesday. "Our challenge is alive and well."

Attorneys for the U.S. Department of Education had asked for a dismissal of the entire lawsuit, arguing that the state understood the law when it accepted hundreds of millions of dollars in education funding.

Key Democrats Blast GOP For Failure To Rein In Budget (MCT)

By James Rosen

McClatchy Newspapers, September 28, 2006

WASHINGTON - Sen. Kent Conrad, senior Democrat on the Senate Budget Committee, said Wednesday that some of the tax cuts enacted under President Bush might get "trimmed" if his party regains control of Congress.

Conrad and Rep. John Spratt, ranking Democrat on the House Budget Committee, sharply criticized Republicans for failing to adopt a budget or to pass any of the 12 annual appropriations bills.

"We face red ink as far as the eye can see, with the nation's debt continuing to grow out of control," Conrad told reporters at the Capitol. "The debt is skyrocketing, and there's been a failure among the Republicans themselves to arrive at a budget."

Conrad responded cautiously when asked whether Democrats would extend the tax cuts that Congress passed in 2001 and 2003 if they gain control of the House of Representatives or the Senate in the Nov. 7 elections.

The North Dakota Democrat said his party would likely retain "middle-class tax cuts" such as the child tax credit started under President Clinton and the repeal of the "marriage tax penalty" enacted under Bush.

But the senator added that Democratic lawmakers might have to revisit the broader income tax reductions that Bush pushed through Congress during his first 30 months in office.

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"Maybe some of the tax cuts that go to the wealthiest among us are going to have to get trimmed because, you know, we've got to pay our bills," Conrad said.

A broad series of disputes, some of them among Republicans, has stymied movement of the 12 appropriations bills, which fund most government programs. The Senate has passed only the defense and homeland security spending measures, with more progress possible during a lame-deck session later this year after the elections.

Federal spending is projected to increase this year by 9 percent to about $2.7 billion, according to the White House budget office. It's the largest percentage increase since 1990.

While Conrad and Spratt, a South Carolina Democrat, said the budget surplus Bush inherited in January 2001 has turned into a sizable deficit, their figures show that the deficit is shrinking, from a high of $413 billion in 2004 to a projected $260 billion this year.

Tony Fratto, White House deputy press secretary, said strong economic growth is fueling increased federal tax receipts, which are helping reduce the deficit.

Bush's pledge to cut the deficit in half by 2009, Fratto said, is being fulfilled ahead of schedule.

"We're bringing the deficit down from where anyone would have anticipated it would have been," he said. "We inherited a recession and a collapsing equity market, and the impacts of those and September 11th and the corporate scandals were really shocks to the economy. Then having to deal with the war on terror - it's all obviously had an impact on necessary spending and on tax receipts."

Spratt said the accumulated federal debt has increased from almost $6 trillion when Bush took office to almost $9 trillion this year, with an increasing share - now more than $2 trillion - held by foreign countries and other overseas investors.

"Foreigners are amassing more and more of our debt and therefore control over our fiscal and financial future," Spratt said.

Nov. 15 Set For Vote On House GOP Leaders (HILL)

By Patrick O'connor

The Hill, September 28, 2006

House Speaker Dennis Hastert (R-Ill.) has set the date for GOP lawmakers to elect their leaders for the next Congress, Republican aides said yesterday.

The Speaker and other GOP leaders have scheduled an organizing conference for Wednesday, Nov. 15, the week Congress resumes after the hotly contested midterm election.

The elected leaders made their decision earlier this week after wavering on the date of the post-election contest in the face of a potentially devastating midterm, even though the conference was already scheduled to meet that Wednesday.

House Majority Leader John Boehner (R-Ohio) has already sent a letter to the Clerk of the House to notify that office of the date for the elections. Once the Clerk has confirmed the receipt of that letter, the office of Republican Conference Chairwom an Deborah Pryce (R-Ohio) will notify members officially.

“Leadership has decided to hold the election on Nov. 15,” Conference spokesman Geoff Embler confirmed yesterday. “Once it’s official with the Clerk, the conference office will send an official notification to the members.”

Each of the eight elected leaders must stand for reelection for the new Congress. The Speaker and Boehner should be safe, even if Republicans lose the House by a narrow margin, but other posts could be up for grabs even if the GOP holds the House.

The announcement of leadership elections is part of a coordinated effort to project confidence before members leave town for the stretch run heading into the November election.

With many Republicans fighting for their political lives this fall, Hastert laid out a few of his legislative priorities for the next Congress. They include simplification of the tax code, increased energy independence and legislation to “give Americans more individual control over their healthcare, lowering costs and increasing choices,” an aide said afterward.

Hastert has not definitely indicated that he will serve in the next Congress.

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"It's our last legislative week, ladies and gentlemen," the Speaker told his Republican colleagues during yesterday's regularly scheduled conference meeting, according to the notes of leadership aide in attendance. "Just one more week to set the tone for October. Just 41 days until Election Day. Just a little over a month until we defeat the Democrats – AGAIN."

"We've got to get back home and remind people why it matters that we maintain the majority," Hastert said. "We've had many successes this Congress, but we still have work to do together next year."

During that same meeting, Republican National Committee (RNC) Chairman Ken Mehlman contrasted the current election cycle with that of 1994, when the GOP upended the Democratic majority in the House for the first time since 1954, to ease Republican concerns that Democrats will retake the House this fall, members and aides present said afterward.

In addition, Rep. Tom Cole (R-Okla.), a former Republican National Committee executive director, assured members that the national committee's voter turnout program will be even more effective this year than it was in 2004 when it effectively drove Republicans to the polls to reelect President Bush.

In preparation for the elections, GOP lawmakers continue to raise big dollars as part of the National Republican Congressional Committee's (NRCC) Battleground Program.

Rep. Eric Cantor (R-Va.), who chairs the effort on behalf of the National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.), has already eclipsed his initial goal of $17.5 million by raising $18.6 million as of yesterday, numerous aides said. That total includes the $2.7 million members gave Cantor during yesterday's closed-door conference meeting.

Rep. Thad McCotter (R-Mich.) was this week's surprise contributor by offering the NRCC $250,000, and Energy and Commerce Chairman Joe Barton (R-Texas) exceeded his own promised target of $4.2 million by presenting Cantor and Reynolds with a large novelty check for $4.4 million to represent the money he and the members of his Energy and Commerce Committee have contributed to the reelection drive. Barton and his committee members contributed much of that before today's meeting.

In addition, Hastert and Boehner upped their own pledge amounts, vowing to raise $850,000 for the program. Boehner is raising that money in addition to the $70,000 he has pledged to contribute on behalf of Ohio Reps. Steve Chabot (R), Deborah Pryce (R) and Jean Schmidt (R).

The other big surprise was the revelation that Rep. Ron Paul (R), the iconoclastic Texan who rarely sides with his own leadership on tight votes, is on a monthly payment plan to contribute "a significant" amount to the Republican election drive. Cantor would not disclose an exact dollar amount.

Rep. Jim McCrery (R-La.) contributed another $150,000 to bring his Battleground total to $650,000, GOP aides said.

Although most polling and pundits suggest the GOP will lose significant seats in the House this year – and potentially its majority – many members are now projecting more confidence on their prospects.

Republicans circulated polling yesterday by GOP pollster David Winston that showed a sharp jump in the confidence suburban voters have with regard to the economy.

Since July, the right-track/wrong-track numbers have swung 24 points in a positive direction among the suburban voters polled, from 38-57 to 50-45.

That jump coincides with the steady decline of gas prices during September. The suburban voters polled still give Democrats a 10-point advantage on the issue of "energy and gas prices," 38-48, but the September poll represents a 13-point jump for the GOP since July, when Democrats had a 23-point advantage over Republicans on the issue.

"One of the problems that Republicans were having was that they were highlighting their successes with the economy and people were going to the gas pump and seeing the opposite was true," Winston said. "Now, what you're seeing is that message is working."

Other polls from the beginning of the month showed voters are believe the country is still going in the wrong direction.

An NBC/Wall Street Journal poll of 1,000 registered voters conducted by Peter D. Hart Research from the beginning of the month, just as gas prices started to fall, showed the right-track/wrong-track numbers were still at 31-54.

Even Winston's poll suggested suburban voters believe the country overall is heading in the wrong direction, 35 percent to 55 percent, although that is a 5-point jump from July.

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Boehner Looks Secure In 110th (RC)

By Susan Davis

Roll Call, September 28, 2006

One year ago today, then-Rep. Tom DeLay (R-Texas) announced he would temporarily step down as Majority Leader after he was indicted by a Texas grand jury. Now, the man who was elected to replace him in that post, Rep. John Boehner (R-Ohio), appears to be on solid ground to keep his seat at the leadership table in the 110th Congress — even if it's in the minority.

Boehner has been Majority Leader for eight months in a session of Congress marked by leadership upheavals, ethical and criminal scandals and few major legislative victories, and yet — in the estimation of his colleagues — he has emerged largely unscathed.

A number of potential leadership shake-ups could present themselves after the results of Election Day come down. Depending on the outcome, there could be surprise retirements, upstart challenges and calls for retribution.

But of the nearly two-dozen Members and aides across the ideological spectrum of the House Republican Conference interviewed for this story, not one said they believed Boehner would be left without a seat at the table when the GOP Conference gathers on Nov. 15 — the date that has now been chosen to hold leadership elections.

"I have not heard one complaint about him," said Rep. Jo Ann Emerson (R-Mo.) who publicly backed Majority Whip Roy Blunt (R-Mo.) in the contest between Blunt, Boehner and Rep. John Shadegg (R-Ariz.) for Majority Leader earlier this year.

"The one thing that [Boehner] does that is quite good is he listens to all sides. It's not as much a top-down style, it's like a breath of fresh air," she said.

Members frequently cited Boehner's mid-session elevation as a reason to give him another chance to make his own mark in the 110th Congress.

One senior House Republican with ties to Boehner said there is a growing sense in the Conference that Boehner will "exert himself more" next year, whereas this year has been spent navigating problems that existed before he took over the job.

"We were just drifting for several months," observed another House Republican, in reference to the period between when DeLay stepped down and Boehner was elected to replace him. "Boehner walked into a very difficult situation."

Education and the Workforce Chairman Howard McKeon (R-Calif.), a loyal Boehner ally and his predecessor to the committee's gavel, said he was confident Boehner would remain in leadership next year. "I don't think there is any question," McKeon said, who credited Boehner's role in passing the fiscal 2007 budget in the House.

"He didn't want to twist any arms, that's not his style. ... He keeps his word, and he builds consensus."

While it is no surprise that Boehner's public supporters in the leadership race still back him, he also has reached out to Blunt supporters as well.

One public Blunt supporter, who asked not to be identified, said they were surprised at how gracious Boehner was after the leadership election.

"His attitude towards everything is like, 'Well you weren't with me that time, but can you be with me next time?'" the Member said. "He doesn't hold grudges — or at least he doesn't show it."

Rep. Patrick McHenry (R-N.C.), another Blunt supporter, also credited Boehner for sending the message that there would be no hard feelings held over from the leadership race.

"Based on both on style and performance, Boehner has secured his position in the next Congress," McHenry said, "In a tough environment he's excelled, and I think Members see his ability to get stuff done."

While DeLay's and Blunt's offices often clashed behind the scenes, leadership sources insist that Boehner and Blunt — and their aides — have more or less put rivalries aside.

Even those House sources sympathetic to Blunt acknowledged that Boehner is most likely to survive the GOP's worst-case scenario if they lose the House majority on Nov. 7.

It is widely believed on Capitol Hill that Hastert will not remain in Congress under that scenario — although Hastert has shown no indication of that publicly — and there are already leadership elections anticipated for the Republican Conference posts.

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Sources suggested that Blunt could be vulnerable to a challenge as well if he chose to run for Minority Whip, yet Chief Deputy Majority Whip Eric Cantor (R-Va.), like Boehner, is widely viewed as a current leader who could survive in the minority, if he chose to run.

And while it is possible that a Member could step up to challenge Boehner, particularly if Republicans lose the majority, there is a general consensus that Boehner would be difficult to defeat in a leadership race.

One caveat to that scenario is if Republicans lose the majority by a massive margin, similar to when Republicans swept control in 1994. "Then all bets are off," observed a senior GOP aide. But at this point, a majority of House Republicans do not believe a tidal wave is on the horizon.

And if Republicans can hold control of the House, Boehner would be re-elected easily to his current post or — if Hastert decides to retire next year — potentially to the Speakership.

Rep. Tom Feeney (R-Fla.), an active member of the Republican Study Committee who initially supported Shadegg in the leader's race, said Boehner would "absolutely" be reelected to leadership.

"John inherited the environment we've got today, he didn't cause it," Feeney said, adding that win or lose, Boehner is likely secure. "If things go poorly, he'll get none of the blame, and if things go well, he'll get a great deal of credit."

Stylistically, Boehner runs his operation in stark contrast to how DeLay did business —which is a welcome relief to many Members who were tiring toward the end of DeLay's tenure of his heavy-handed manner.

"John Boehner's leadership brings some of the vision back from when we first got here," said Rep. Zach Wamp (R-Tenn.), referencing the 1994 takeover. Wamp similarly credited Boehner's affability and media-friendly style. "His stock is extremely high among House Republicans right now," he said.

Boehner is the only member of the top elected leadership since Republicans won in 1994 who has served as a committee chairman — experience that Members say has provided for a more inclusive approach to moving legislation.

A GOP leadership aide noted that Boehner has worked diligently on "Member management," to build consensus for the agenda and to avoid forcing vulnerable Members into tough votes before the election.

For instance, Boehner pulled a trade package from the floor this week involving African and developing nations because Members from textile states, particularly North Carolina, did not want to face a trade vote seven weeks out from an election.

On Tuesday, Boehner offered this self-evaluation: "I feel good about doing over the last several months exactly what I told Members I would do in terms of bringing us back to the basics, being more inclusive, involving more Members, and, frankly, lowering the temperature around here. And I guess to sum it all up, I would say so far, so good."

'Concern' In Murtha Camp (HILL)

By Josephine Hearn

The Hill, September 28, 2006

Liberal House Democrats are not lining up behind Rep. Jack Murtha's (D-Pa.) leadership candidacy in the numbers he had hoped despite his outspoken stance against the Iraq war.

Murtha's failure to line up staunch opponents of the war could prove a blow to his hope of denying the majority leadership to Minority Whip Steny Hoyer (Md.) in the event of a Democratic takeover of the House in the 110th Congress.

Rep. Jim Moran (D-Va.), a friend of Murtha who has been helping him with the race, said tepid support among some progressives was a worry to him. "It does concern you when people you think are going to be with you turn out not to be. Some of that's cultural issues, guns and abortion," he said. "But we still have the votes."

Liberal Reps. Maxine Waters (D-Calif.), Barney Frank (D-Mass.), Bill Delahunt (D-Mass.), Tom Lantos (D-Calif.), John Lewis (D-Ga.), Jerry Nadler (D-N.Y.), Lucille Roybal-Allard (D-Calif.), Diane Watson (D-Calif.) and Henry Waxman (D-Calif.) are all backing Hoyer even though many admire Murtha's stance on the war. All but Lewis opposed Hoyer in a 2001 leadership race against House Minority Leader Nancy Pelosi (D-Calif.).

Some liberals believe Murtha's record on social issues is too conservative, especially on such topics as gun rights, gay marriage and abortion. Others avow that they are happy with Hoyer's performance as minority whip and want to maintain the status quo in their leadership.

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Until now, many liberals had been wary of giving Hoyer a promotion. Many took a dim view of him in previous leadership races, opposing his failed campaign against Pelosi in 2001 and voting against his chosen candidate in the caucus vice-chair race earlier this year.

Some saw him as harboring a continuing desire to undermine Pelosi even years after their race, while others were upset when he sided with party centrists on such legislative issues as the 2005 overhaul of bankruptcy laws. Murtha, meanwhile, has been a key Pelosi backer in spite of their ideological differences.

But for Nadler, none of those factors mattered.

"I was annoyed. I am annoyed," he said of Hoyer's support of the bankruptcy bill.

"But so what?...He's done a great job as whip. Between Nancy and Steny, we've had an extraordinarily united caucus. If we win, we're going to need that same unity next year."

Nadler called Hoyer an "attractive spokesman" for the caucus who could speak on a wide range of issues.

Waters, a nationally known liberal who founded the Out of Iraq Caucus in 2005, said she was supporting Hoyer but declined to comment further. She serves as a chief deputy whip in Hoyer's whip operation but was appointed to the post by Pelosi. She was so opposed to Hoyer in 2001 that she served as a nominator for Pelosi.

Waxman pointed to ideological differences as his reason for backing Hoyer.

"When you look at the two on contrast, there are distinct differences between them on abortion, on the environment, on guns. I expect Hoyer will win. I think he's way ahead," he said.

Lewis called Hoyer a "bridge-builder" who was working "for the whole Democratic caucus." Roybal-Allard said he was "a Democrat in every positive sense of the word."

But not all progressives will do the same about-face. Liberal Rep. Mike Capuano (D-Mass.), a Murtha backer, said he thought the "majority of the Progressive Caucus" would end up supporting Murtha, as would, he said, "a majority of the Blue Dogs" and "a majority of the New Democrats," two groups of moderates.

He had "no concern at all" about defections to Hoyer. "Everyone's going to be split 100 ways to Sunday."

Moran said Murtha would lead from the center.

"If Jack were majority leader, he is obviously going to provide every opportunity for people, where they feel there's a difference, to have their voices heard on abortion or other issues," he said.

He added that Murtha had "a slight advantage" among current House Democrats, not including members who refused to weigh in yet on the race and those that could be elected in November.

Both sides acknowledged that the race was shaping up far differently than Hoyer's 2001 contest against Pelosi.

Rep. Artur Davis (D-Ala.), an ardent Hoyer ally, said Hoyer had support among the progressives and among his usual base of Blue Dog centrists.

"Steny's support is broader than ideology, broader than region. That's the problem from a tactical perspective for John Murtha. Where does he find his base? This is not a Pelosi-Hoyer race."

Big Cuts At NASA Threaten Aviation (USAT)

By Alan Levin

USA Today, September 28, 2006

WASHINGTON — A series of steep cuts in aeronautics research at NASA threaten to undermine the nation's aviation industry and delay a new air traffic system needed to prevent gridlock in the skies, according to members of Congress, industry officials and scientific leaders.

Groups of lawmakers from both parties, academics and aerospace leaders say the reductions are hampering NASA's ability to develop new aviation technology.

"I think its almost criminal," said Roy Harris, retired head of aeronautics at NASA's Langley Research Center in Virginia. "We are dropping the ball."

NASA has lost hundreds of millions of dollars in aviation funding over the past decade and is struggling to pay for repairing the space shuttle and for President Bush's plan to send people to the moon and Mars. Next year, the agency faces a proposed

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20% cut in aviation research. That means that, after adjusting for inflation, it could lose nearly two-thirds of that research funding since it peaked in 1994 at the equivalent of nearly $2 billion.

The agency is planning to cut $54 million — or 31% — from its effort to study emerging technologies required for a new national air traffic system. NASA is the primary agency researching the Next Generation Air Traffic System, an ambitious program to replace radars with satellite-based technology. Without increased capacity from the new system, airlines can expect increasing flight delays, according to government estimates.

Current NASA funding falls as much as $200 million to $300 million a year short of what is actually needed, according to the Aerospace Industries Association. Retired Air Force major general William Hoover, who co-chaired a government study on aeronautics research needs, told the House subcommittee on space Tuesday that NASA must boost work on the air traffic system now or face problems in the future.

NASA's leaders insist that the agency has the money it needs to help modernize the air traffic system and to maintain its place as a leading research institute, said Lisa Porter, NASA's aeronautics head.

"I consider myself an advocate for a strong aeronautics program within NASA, and I believe that's what we have," she told the House subcommittee.

Though known primarily for putting people into space, NASA has been the birthplace of many of aviation's greatest innovations. The products of its labs and wind tunnels include more efficient wing designs, quieter jet engines and widely copied pilot safety training.

Rep. Mark Udall, D-Colo., part of a bipartisan coalition that is trying to restore funding to the agency, said the cuts threaten to make NASA "irrelevant" to the aviation world.

According to more than 20 lawmakers, academics and industry and government officials, much of the agency's work has been severely curtailed.

Among the issues:

•NASA programs that study pilot fatigue and how people make critical safety errors are being trimmed. The budget for all aviation safety programs is being cut by about one-third.

•While European nations are increasing funding on aviation research, NASA is cutting back. Porter is reorganizing the agency to focus on what she calls "fundamental research."

Veterans' Group Wants Larger Raise For Military (WP)

By Stephen Barr

The Washington Post, September 28, 2006

Concerned that Congress is moving toward providing a 2.2 percent pay raise for the military next year, a leading veterans' group said that with troops fighting in Iraq and Afghanistan, this is not the time to skimp on a raise.

The House approved a fiscal 2007 defense appropriations bill late Tuesday that would raise military pay by 2.2 percent, effective in January. Senate negotiators have signed off on the raise, but the full Senate has not voted on the spending bill.

More than just the military raise may be at stake because the military raise usually spills over into the civil service. Congress in most recent years has adopted a "pay parity" policy that calls for equal raises for the two workforces.

The Military Officers Association of America, known as MOAA, yesterday urged Congress to approve a 2.7 percent across-the-board raise for the armed forces. "As a nation, we ought to do better for our military than we are about to do," said Norb Ryan Jr., president of MOAA and a retired vice admiral.

MOAA and other military groups made some progress toward a 2.7 percent military raise earlier this year when the House approved it as part of a fiscal 2007 authorization bill for defense programs. The Senate version, however, stuck with the White House's recommendation for a 2.2 percent raise.

The bill moving this week through Congress, for appropriations, provides funds for defense operations for the coming year. The authorization bill, in contrast, sets broad policy and spending guidelines. In most years, they are in sync on raise and other personnel issues.

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House-Senate negotiators on the defense authorization bill will not comment on the status of the pay raise or any other item until they have wrapped up their agreement, known as a conference report, a spokesman for the Senate Armed Services Committee said.

Ryan said that regardless of which proposed raise gets adopted, it would be the smallest military raise in 11 years. Over much of the past decade, MOAA and other advocates for military personnel have pushed to close a salary gap with the private sector, and from 2000 through 2006 Congress approved increases slightly higher than the average wage growth in the private sector, as measured by a Labor Department index.

Approving the proposed 2.2 percent raise for 2007 will send the wrong message to military families, Ryan said, noting that some U.S. forces in Iraq have been extended involuntarily and that some troops are being asked to return to Iraq after less than a year at home.

The raise issue is also complicated by a separate appropriations bill that covers federal workforce issues. The House approved a 2.7 percent raise for the civil service in that bill. The Senate version, which awaits a floor vote, recommends the same size raise.

The chairman of the key Senate subcommittee, Sen. Christopher S. Bond (R-Mo.), has warned that, given the difference with the proposed 2.2 percent military raise, there could be pressure to "bring civilian pay down to that level."Curbing NSPS

In a move that may be more about symbolism than substance, House and Senate negotiators on the defense spending bill have prohibited the Pentagon from spending money on disputed parts of the new National Security Personnel System (NSPS).

The provision, sponsored by Reps. Jay Inslee (D-Wash.), Walter B. Jones Jr. (R-N.C.) and Chris Van Hollen (D-Md.), would prevent the Defense Department from carrying out plans to restrict union rights and revise procedures for disciplining civil service employees.

A federal district court has blocked those parts of the NSPS on grounds that they fail to ensure collective bargaining rights, do not provide an independent third-party review of labor relations decisions and would leave employees without a fair process for appealing major disciplinary actions. The case is on appeal.

The Pentagon has contended that the Inslee amendment is unnecessary because NSPS officials are complying with the court's injunction.

After Sen. Daniel K. Akaka (D-Hawaii) and others proposed a compromise, House and Senate negotiators narrowed the original Inslee amendment so that the Pentagon can go ahead with changes in how the department's civil service employees are evaluated on their job performance. If the Pentagon wins on appeal, the spending ban would be lifted, according to the provision.

"The Defense Department never should have implemented a personnel system that denies basic worker rights," Inslee said.

Gregory Junemann , president of the International Federation of Professional and Technical Engineers, said the funding ban "is reflective of key lawmakers' growing frustration that management's unilateral creation of NSPS has been one fiasco after another."

Diary associate Eric Yoder contributed to this report. E-mail Stephen Barr atbarrs@washpost.com.

Goodbye, Dr. Frist (HILL)

By Dick Morris

The Hill, September 28, 2006

Dick Morris

If Senate Majority Leader Bill Frist (R-Tenn.) were still in his former occupation, he could well be sued by his 54 fellow Republicans, 99 senators, and the American people at large for malpractice. When he took the job as majority leader, I wrote in this space that the only thing in common between his new and old occupations was breaking ribs. But he failed to do even that!

Running the House of Representatives is like commanding the Prussian Army. All you need is a sense of discipline, a well-used firing squad, and a mentality that will allow you to march congressmen at double time across mine fields in order to clear them. The House political leadership's monopoly on power, money, policy, and, through the state leadership, on district lines,

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makes these demands easy to get fulfilled. The only problem in the House is that discipline will be too tight and will allow the kind of corruption that appears to flourish in an environment in which nobody can ask any questions.

But the traditions and procedures of the Senate are quite different. When Americans speak of congressional gridlock and frustrating inaction, they usually mean the Senate. Sen. Trent Lott's (R-Miss.) memoir is aptly titled, Herding Cats. The task requires a delicate mix of political sensibility and a capacity to tolerate but also to discipline the cranky needs of 54 prima donnas and 45 part-time adversaries and potential allies. One has to have a deft political hand and an instinct for such things.

Frist performed about as well as a heart surgeon with mittens on. He failed utterly to provide the leadership necessary and managed to so mangle the reputation of the legislative wing of the Republican Party in the process that it may take several elections, and perhaps a Hillary Clinton presidency, to recover.

Trying to respond to the conflicting demands of the white angry men and women who oppose illegal immigration and the sensitive Hispanics who worry about racism, he succumbed to the temptation to load up a bill with everything, from both sides, which stood no chance of passage. Then, he was so incapable of engineering consensus that he couldn't even convene a conference committee to iron out the differences with the House.

Asked to lead the ethically challenged House in lobbying reform, he did nothing.

He managed, despite a compliant House, a supportive president, and 55 votes, to pass very little and achieve almost nothing.

Now he leads his majority into the general election virtually certain of losing four seats and hoping desperately not to lose six. That's some record!

He couldn't even use the job as a springboard to a presidential candidacy. He failed in this regard not the same way Howard Baker or Bob Dole did (doing so good a job in the Senate that they sullied their chances for the White House) but by acquiring a reputation for ineffectuality and inability.

So what is the lesson for the future? A majority leader must not just be from the Senate. He must be of the Senate. He or she need not only sit in the body, but they must ooze its traditions, savor its tempo, grasp its inhibitions, and challenge its institutional lethargy. A good leader needs to grasp that each Senator is really more like a head of a country than a legislator. House members travel in groups. Senators walk alone and above it all. He needs to grasp what their political needs are and figure out how to appease them while, at the same time, leading them.

Indeed, it may be impossible, in this age of minute media coverage, to have one person fill the dual roles of presenting the majority's public face and organizing its private operations. There may need to be a Mister Inside and a Mister Outside – perhaps with the former as whip and the later as leader.

But, in any case, the leader and the whip both need to be politicians, not doctors.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

With Love To Dear Ol' Dad (WP)

The Washington Post, September 28, 2006

The Senate majority leader's wife, Karyn McLaughlin Frist, was at the White House, at a small dinner for the king of Spain. President Bush's daughter Jenna walked in late. At first, the president seemed irritated. But one look at Jenna as she hurried into her seat, and Bush "absolutely melted," Frist recalled. "He broke into a big, proud smile."

Fathers and daughters captivated Frist, in part because she missed her own father, who had died. Frist invited women -- senators, heads of state, Olympic medalists and a soldier -- to write about their fathers, in a book to be published next week, "Love You, Daddy Boy: Daughters Honor the Fathers They Love."

Many of the essays peek into the foyers of political homes. President Lyndon B. Johnson's daughter Lynda Johnson Robb writes that she sold Girl Scout cookies door to door in the Senate. H. Ross Perot's daughter Nancy Perot Mulford recounts ski trips "with Dad always in the lead, racing ahead." And Frist, whose father signed letters to her while she was away at college "Love U, Daddy Boy," confesses: "On a starry evening I often walk to a dark spot on the lawn and look at the full moon and say, 'I love YOU, Daddy Boy.' "

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-- Laura Blumenfeld

* * *

When other three- and four-year-olds were taken to the playground, I went to the Senate Rackets Committee Hearings.

-- Former Maryland
lieutenant governor
Kathleen Kennedy Townsend,
about Robert F. Kennedy

* * *

When I was about seven or eight years old, my father wanted me to perform in my elementary school talent show. He hired the drama teacher to give me tap dancing lessons and bought me a costume. . . . I was embarrassed because I was not very good. But on the day of the show, there was my father -- with all of his imposing height, and weight, and strength -- standing at my side and staring at the audience, as if daring them to laugh. No one made a sound.

-- Secretary of State Condoleezza Rice,
about John Rice Jr.

* * *

Squandering time was not appreciated. My hours of playing with a "Betsy Wetsy" doll were greeted by my father's question, "How can you waste so much time with a doll whose sole function is to wet her pants?"

-- Hadassah Lieberman,
wife of Sen. Joseph I. Lieberman (D-Conn.),
about Rabbi Samuel Freilich

* * *

When my mother, sisters and I, finally arrived in America [from Taiwan], I entered the third grade not speaking a word of English. Every day, I copied whatever was on the blackboard into my notebook. Every night, after his long and exhausting day of work, my father sat with me at the kitchen table, trying to decipher my childish scribbles so he could explain that day's lessons to me. That was how I learned English!

-- Labor Secretary Elaine L. Chao,
about James S.C. Chao

* * *

Profoundly devoted to family, he also provided firm discipline. When my family moved into a new house that Dad had designed, I decided to paste thirteen valentines on the walls. . . . He took me to each valentine and asked, "Who did this?"

At first, I blamed it on my imaginary playmate, Denaw. "No," Dad said, "Denaw hasn't been here today."

"Johnny did it," I said, blaming my brother John, who is 13 years my senior and stands six feet, two inches tall. "No, Johnny would have put them way up high," Dad replied.

Finally, I had to admit, "Elizabeth did it." At each valentine, as I acknowledged responsibility, Dad gave me a few pats with a switch from the back yard hedge -- a simple lesson in honesty I have never forgotten.

-- Sen. Elizabeth Dole (R-N.C.),
about John Van Hanford

* * *

Daddy told me that there were only three things you really give your children: 1. The best education you can. 2. set a good example. 3. all the love in the world.

-- Former first lady Barbara Bush,
about Marvin Pierce

* * *

One night my parents were watching a television show that featured gay characters. When my father expressed his disapproval of homosexuals, my mother said, "What about Dillard and Larry?"

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"What do you mean?" he asked. So my mother explained to my father that his dear friends and neighbors were a gay couple in a long-lasting committed relationship. One of my father's last stereotypes fell. Larry and Dillard visited my father in the hospital as he lay in a coma. One night Larry relieved my mother for a few hours so she could go home and get some rest.

And it was Larry who held my father's hand and said good-bye as he died.

-- Sen. Hillary Rodham Clinton (D-N.Y.),

about Hugh Rodham

* * *

My father was a professor of surgery at the University of California Medical Center. . . . He used to say, "Get to your work a half hour early; don't take a coffee break; and be the last one out at night."

When I held my first job in "Notions" at the Emporium Department Store at the age of sixteen, that's exactly what I did."

-- Sen. Dianne Feinstein (D-Calif.),

about Leon Goldman

* * *

Once upon a time, in a land far away and a time long ago, before speed records, space flights, and political campaigns, lived a young girl. She had auburn hair and freckles like her father's. He told her that if someone asked, "Where did you get all of those freckles, little girl?" she could reply, "It rained and I rusted."

-- Lyn Glenn, about John Glenn

* * *

Da expected not only the cowboys but also his children and any visiting cousins to do a share of the ranch work. . . . I offered to drive the truck with the lunch to the place the crew would be in the late morning, branding cattle. . . .

As a result of a flat tire I arrived at the round-up destination about two hours later than expected, but I was rather proud of myself for having been able to change the tire. . . .

"You're late," said Da. "I know," I said. "I had a flat tire and had to change it."

"You should have started earlier," said Da.

"Sorry, Da. I didn't expect a flat."

I had expected a word of praise for changing the tire. But, to the contrary, I realized that only one thing was expected: an on-time lunch. No excuses accepted.

-- Former Supreme Court justice

Sandra Day O'Connor,

about Harry A. Day

* * *

One of my most treasured photos of my father is not one of him with me, but one of him with my two oldest girls snuggling in his arms, as he sits in his most comfortable recliner reading "The Night Before Christmas" to them, something he never had time to do with me!

-- Lynda Johnson Robb,

about President Lyndon B. Johnson

* * *

I have never been able to talk about my dad in public speeches -- when I would so like to pay public tribute to him. . . . I always get a catch in my throat.

-- Sen. Kay Bailey Hutchison (R-Tex.),

about Allan Bailey

How To Deploy Paulson Might Be Bush's Biggest Economic Policy Decision (WSJ)

By David Wessel

The Wall Street Journal, September 28, 2006

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President Bush faces a big decision in coming weeks: how best to deploy his energetic, impatient new Treasury secretary, Henry Paulson, after November's congressional elections.

Although his presidency will be defined by Sept. 11, 2001, and the Iraq war, Mr. Bush and his chief of staff, Josh Bolten, surely are beginning to ponder whether they can accomplish anything economic in the two years Mr. Bush has left in office. If they decide to be ambitious -- and that is a big if -- Mr. Paulson is eager to be the field marshal.

"When there is a big problem that needs fixing, you should run toward it, rather than away from it," Mr. Paulson said in his first speech. "That is one of the reasons I decided to come to Washington."

Humble, he's not. But Hank Paulson is emerging as the brightest bulb in a Bush cabinet with a few dim ones and a few others (think Don Rumsfeld) who have lost their luster. He has mastered the easy stuff: managed to avoid rattling financial markets, figured out that courting Congress takes as much time and care as courting customers at his former employer, Goldman Sachs, and marched through China triumphantly, greeting old acquaintances and posing for photographs as if he were at a Dartmouth reunion.

Now what?

China obviously looms large in the Paulson portfolio, and he plans to return there before year end. But that is a long-term investment, not one likely to pay dividends in the next two years. Mr. Paulson, alarmed that so many companies are choosing to make their initial public offerings outside the U.S., is serious about making America's capital markets "more competitive," a goal widely welcomed by business as a way to roll back some rules imposed after corporate scandals. But that isn't presidential-legacy material.

For now, the White House is paralyzed by the prospect of losing control of one or both houses of Congress. If Republicans lose big, recriminations will begin immediately, and the party may abandon Mr. Bush for a new leader -- perhaps Sen. John McCain -- unless the president takes the initiative. Even if Republicans end up with thinner majorities, accomplishing anything substantial will require courting Democrats, not this administration's strength.

As a newcomer, Mr. Paulson has the advantage of being unscarred by the partisanship of the past few years. (He also is rich, which gives him credibility with politicians who tend to equate net worth with intelligence.) In contrast to predecessor John Snow, Mr. Paulson is neither campaigning nor fund raising for Republicans -- and making sure everyone knows it, especially Democrats with whom he will have to do business.

"If you see me in Ohio, I'll be there for reasons other than political," Mr. Paulson quipped while in China. "And I've got no plans to go to Ohio in the immediate future."

Whether Mr. Paulson can do anything depends largely on the president.

One bold stroke would be to team Mr. Paulson with Trade Representative Susan Schwab to resuscitate the stalled Doha Round of world trade talks, sending him around the world to do what he did at Goldman Sachs: Close the deal.

After all, Mr. Paulson has called the Doha Round "an historic opportunity to generate economic growth, spark development and raise living standards across the world" and "just too important to let slip away." He isn't versed in the intricacies of trade, but then those so-versed have failed. And he could invite television cameras to the Barrington, Ill., farm where he grew up to sell a deal to U.S. farmers, a major political obstacle to compromise.

An even bolder stroke would be for the president to tell Mr. Paulson to tackle long-term budget issues, reopening the conversation about fixing Social Security, perhaps tying it to some kind of tax reform.

Moving on fiscal issues, though, would require Mr. Bush to give Mr. Paulson negotiating authority to consider things the president, so far, has sworn to avoid. Without that, Mr. Paulson would be well-advised to spend more time in China and less in Washington.

The odds of success are long. But even some administration insiders are growing uneasy about proclaiming for two more years that the nation faces a terrifying demographic tsunami that will overwhelm its budget and doom its children unless something is done, and then insisting that there is only one way to fix it -- our way -- and that everything is on the table except tax increases.

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Seared by its close encounter with Paul O'Neill, the first Bush Treasury secretary, the White House fortified itself against the Treasury and kept John Snow on the road, on TV and out of the inner circle. The question now is whether Mr. Bush will use the third corporate chief executive to take the job to get something done or relegate him to making speeches for two years.

Prescription For A Stronger F.D.A. (NYT)

The New York Times, September 28, 2006

A prestigious advisory group has put its weight behind criticism that the Food and Drug Administration is pitifully weak when it comes to removing dangerous prescription drugs from the market. Last week, a panel appointed by the Institute of Medicine, part of the National Academy of Sciences, issued a slew of recommendations to strengthen the beleaguered F.D.A. as it struggles to regulate a huge array of medications whose ill effects sometimes show up only after years of wide use.

The institute's report, which was requested by the F.D.A., deplores the big imbalance between the money and staff devoted to approving new drugs and the much smaller resources for monitoring drugs after they are on the market. The imbalance results in part from the pharmaceutical industry's providing user fees that pay for expediting the approval process, but not for monitoring the aftereffects. Worse yet, even when it spots a problem, the agency has very little power to regulate drugs on the market unless there is overwhelming evidence that they are unsafe, which is seldom the case.

Although the nation is mired in budget deficits, the institute was wise to call for a large increase in financing and personnel for this crucially important regulator of public health. If Congress is too stingy to ante up more money, it should at least divert some of the drug industry's user fees to surveillance after a drug's approval.

The panel calls for the F.D.A. to evaluate the safety and effectiveness of drugs that are truly new, not just copycats, at least once every five years. It wants the agency to be given explicit power to compel post-marketing studies and to impose fines, injunctions and withdrawals to enforce its decisions. In a departure from conventional wisdom, the panel also urges the F.D.A. to require that a substantial majority of the members of each of its advisory panels be free of significant financial involvement with companies whose interests might be affected. That undercuts the agency's claims that there are not enough experts without ties to the drug industry.

OTHER NEWS:

11,722.98 (USAT)

By Adam Shell

USA Today, September 28, 2006

Dow still trying to pierce record close from 2000, before the bubble burst

The Dow is still one rally away from making history.

The Dow Jones industrial average made a gallant but unsuccessful run at an all-time high Wednesday, coming within 2.21 points of its record close before sellers spoiled the party. The 30-stock barometer ended less than 34 points short as buying exhaustion set in amid a nearly $2 rise in oil prices and news that orders to factories that make durable, big-ticket items such as refrigerators and dishwashers fell a second straight month.

"It was a big tease," says Price Headley, chief market analyst at BigTrends.com. "But I think it will get through the record soon because the market is acting so strong."

The iconic Dow is trying to become the first major U.S. stock index to recoup all its losses suffered during the painful 2000-2002 bear market that followed the bursting of the technology stock bubble. The Dow fell almost 38% in the three-year market swoon and is much closer to breaking even than the Standard & Poor's 500, still down 12.5% from its high, and the Nasdaq composite, off 55.2%, from its peak.

Posting its third-straight day of gains, the Dow rose 19.85 points to close at 11,689.24, just 33.74 points shy of its record close of 11,722.98 hit on Jan. 14, 2000. The blue-chip index, which is filled with well-known U.S. companies such as Wal-Mart, McDonald's, IBM and JPMorgan Chase, is up 9.1% for the year.

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The celebration was put on hold as one of the main culprits that have put a lid on stock prices the past year — rising energy prices — again gave investors a reason to sell. A barrel of crude rose $1.95 to $62.96.

Investors have bid stock prices up recently due to a growing belief that the Federal Reserve, which has raised its target for short-term interest rates 17 times since June 2004, is finished raising rates. Wall Street also is betting that the Fed will be successful in slowing the economy without causing a recession or taking a big bite out of corporate profit growth.

Market experts say it's not unusual for major indexes such as the Dow to have trouble breaking through previous highs. One explanation is what Wall Street calls the "get-even" syndrome. In short, it is investors who bought at the top finally getting a chance to get out with their initial investment intact.

"To get through an old high, you have to go through all the people who are just thanking the Lord that they are back to even," says Gary Kaltbaum, president of money management firm Kaltbaum & Associates.

Hugh Johnson, chief investment officer at Johnson Illington Advisors, says the market, which has been taking small steps forward and small steps back in the current rally, just couldn't "take the big step to a new high in (Wednesday's) negative news environment."

Blue Chips Inch Closer To Record (WSJ)

By E.S. BROWNING

The Wall Street Journal, September 28, 2006

Stocks took a swing at a record for the Dow Jones Industrial Average, but didn't quite connect.

After surging Tuesday to their second-highest finish ever, the Dow industrials edged up another 19.85 points, or 0.17%, leaving them at a second-best close of 11689.24. The Dow industrials are up 9.1% for 2006, 33.74 points short of the record close of 11722.98 hit in January 2000. The industrials are up 2.7% in September and 4.8% for the quarter, with two trading days left.

The day's gains came despite disappointing economic news. Orders for durable goods -- long-lasting items such as appliances and machinery that people and companies buy when they are investing in the future -- unexpectedly fell in August.

Perhaps even more worrisome, crude-oil futures surged $1.95 to $62.96 a barrel. Falling energy prices have been one of the underpinnings of the rally that has been going on since midsummer. Hopes have spread that lower oil, gasoline and natural-gas prices would take pressure off consumers and spur spending. Some investors thought the Dow industrials were headed for a record yesterday until oil prices reversed early declines and headed up.

Early in the day, the Dow industrials were 2.21 points short of a record, but they never moved higher.

One bit of good energy news: Natural-gas prices fell 7.2% to $4.201 a million British thermal units, the lowest finish since 2002. Traders said weak demand and heavy supplies are holding back natural-gas prices, while continued worries about the Middle East and about refining capacity supported oil prices.

Traders took the market's ability to rise in the face of negative news as a sign that investors have at least temporarily put aside worries about the economy, and have concluded that the Federal Reserve is succeeding in slowing economic expansion without causing a recession.

In addition, many fund managers are required to be fully invested at quarter's end, which can lead them to buy stocks late in the month. That, together with the Dow industrials march toward a record, is helping to spur buying.

"People wanted to take stocks higher, but they had to deal with the durable-goods orders and the oil going up," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co. He said the market mood remains optimistic. Many investors consider a new Dow industrials record a foregone conclusion.

"Everyone is reading the economic numbers to say it is going to be not too hot and not too cold," Mr. Leone said. "Goldilocks is good for the market. People figure the Fed is done raising rates and think they have done it right."

Some traders recalled the dance the market performed in March 1999, when the Dow industrials approached 10000 for the first time. It took several days of backing and filling to clear the barrier, as some investors used the landmark number as a reason to take some profits and consider how much higher the market could go. During the following years, the Dow industrials bounced up and down around 10000, something that many are hoping wouldn't be the case with this milestone.

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Aside from the Dow industrials, which were the focus of speculation on the part of short-term traders, major indexes were little changed. The Standard & Poor's 500-stock index inched up 0.02%, or 0.25 point, to 1336.59, ahead 7.1% this year and up 5.2% for the quarter.

The Nasdaq Composite Index rose 0.09%, or 2.05 points, to 2263.39. It is up 4.2% for the quarter, which has pulled it back into the plus column for the year, with a gain of 2.6% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.22%, or 2.65 points, to 219.87.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 2,066 stocks rose and 1,285 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, pushing the yield up to 4.602%. The 30-year bond was down 12/32 to yield 4.743%.

The dollar was mixed. Late in New York, it traded at 117.50 yen, up from 117.15, while the euro rose against the dollar to $1.2703 from $1.2690.

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Orders For Big-ticket Items Fall, Indicating Cooling Economy (USAT)

By Barbara Hagenbaugh

USA Today, September 28, 2006

WASHINGTON — More evidence of a slowing economy came Wednesday as the government said orders for costly manufactured goods fell in August while sales of new homes rose, but remained at a subdued level.

New orders for durable goods, such as cars, computers and machinery intended to last three years or longer, fell 0.5% in August after adjusting for seasonal fluctuations, the Commerce Department said. That followed a 2.7% plunge in July and marked the first back-to-back monthly drops in the often volatile data since spring 2004.

Also in August, sales of new homes rose 4.1% at a seasonally adjusted annual rate after falling in the prior three months, Commerce said. But the sales data for July were revised lower, tempering enthusiasm. Despite the increase, sales of new homes last month were down more than 17% from August 2005.

The report followed data Tuesday that showed a drop in both sales and prices of previously owned homes, a much bigger segment of the housing market.

“The economy has cooled off and we're heading for a sustained slowdown,” A.G. Edwards chief economist Gary Thayer says. “But we don't expect that things are going to get a lot worse.”

Investors shrugged off the data. After flirting with the record earlier in the day, the Dow Jones industrial average finished up 19.85 points at 11,689.24.

Thayer noted there were several reasons to be confident the economy is slowing, not falling off a cliff. Notably, energy prices have recently dropped sharply from record levels, giving businesses and consumers more money to spend on other things. Despite rising Wednesday, oil prices are down nearly 20% from the record, not adjusted for inflation, hit during the summer.

The decline in oil prices has pushed down gasoline costs. The U.S. average retail price for a gallon of unleaded was $2.356 Wednesday, according to motor club AAA. That was down more than a penny from Tuesday and nearly 50 cents lower than a month ago.

The price of natural gas trading for October delivery, meanwhile, has dropped sharply to the lowest level since late 2002 in response to high inventory levels. Lower prices could help the millions of U.S. households that use natural gas to heat their homes.

Also providing a boost to consumers are lower mortgage rates. The U.S. average rate on a 30-year fixed mortgage was 6.18% last week, down from 6.36% in the prior week and the lowest in seven months, the Mortgage Bankers Association said Wednesday.

Lower rates are encouraging homeowners to refinance their mortgages. The MBA said the percentage of mortgage activity that was related to refinancing last week was the highest in a year.

Durable-Goods Orders Fall But New-Home Sales Rise; A Hard Or Soft Landing? (WSJ)

By Rafael Gerena Morales

The Wall Street Journal, September 28, 2006

The latest readings on business investment and housing muddied the economic picture: Orders for big-ticket goods fell unexpectedly in August as new-home sales rose unexpectedly.

The Commerce Department reported that durable-goods orders declined 0.5% in August to a seasonally adjusted $209.75 billion, following a revised 2.7% decline in July. That marked the first back-to-back decline since April and May 2004. Orders for non-defense capital goods excluding aircraft -- a barometer of business equipment spending -- fell 0.3% in August, following a 0.9% gain the two preceding months.

The durable-goods report was "far more bearish than anticipated," said Jason Schenker, an economist at Wachovia Corp. in Charlotte, N.C. "This raises concerns about how much economic growth is poised to slow. ... We'll need more data to see if the economy is coming in for a hard or soft landing."

The durable-goods report showed that demand fell for machinery, computers and electronics, primary metals and commercial aircraft, although motor-vehicle orders were up. Durable goods are items intended to last three years or more, such as cars and computers. While durable-goods orders can be volatile, economists closely monitor them because they are considered an indicator of future production activity.

Consensus Among Analysts

Many economists are counting on business investment to help offset the effect of a cooling economy and housing market, and softer consumer spending. The consensus among analysts is that second-half economic growth will slow to below 3%, at a seasonally adjusted annual rate, following a 2.9% advance in the second quarter and a 5.6% gain in the first quarter.

Meanwhile, the Census Bureau reported that sales of new homes rose 4.1% in August from a month earlier, to a seasonally adjusted annual rate of 1.050 million. The unexpected jump ran counter to other recent data depicting slowing sales. But analysts cautioned not to focus too much on a one-month statistic. Indeed, compared with August a year ago, new-home sales were down 17.4%. And earlier this week, the National Association of Realtors said existing-home sales in August fell for the fifth consecutive month, while the national median price fell, year over year, for the first time in 11 years.

"It's hard to get overly excited about an increase like this," said David Seiders, chief economist at the National Association of Home Builders. "The weight of evidence shows that the housing market was trending downward in August."

The NAR sales data are based on closings of previously owned homes. In contrast, Mr. Seiders said, the new-home sales data are based on a relatively small sample of sales contracts or deposits and fail to capture cancellations on contracts, which home builders say have been surging in recent months.

Frequent Revisions

New-home sales are frequently revised. (On average, the Census Bureau says preliminary estimates are revised by about 3%.) July sales were revised yesterday to 1.009 million from a preliminary estimate of 1.072 million.

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In fact, some builders say conditions got worse in August, not better. On Tuesday, Stuart Miller, the chief executive of Lennar Corp, one of the nation's largest home builders, said in a conference call, "August might have been the weakest month yet." The Miami builder said that its cancellation rate was running at more than 30% and that it was using incentives to drive sales. Lennar cut its earnings guidance for the fourth quarter.

Similarly, the National Association of Home Builders/Wells Fargo Housing Market Index declined in August and September, reaching the lowest reading since February 1991.

Economists say new-home sales may have gotten a slight bounce last month as mortgage rates eased and builders offered more incentives to entice buyers. The median price of a new home was $237,000 in August, compared with the median price of $240,100 in August 2005. The average price of a new home was $304,400 in August, compared with the average price of $295,000 in August 2005.

However, analysts noted yesterday that durable goods orders are volatile and can offer imprecise monthly readings. Moreover, some economists said durable goods orders remain healthy on a year-over-year basis: In the eight months through August, orders were 8.5% higher than the same period a year ago, on an unadjusted basis, and business equipment spending is up nearly 10% from a year ago.

Report Shows Home Sales Rising, But Skeptics Abound (NYT)

By Jeremy W. Peters

The New York Times, September 28, 2006

A report yesterday showing that sales of new homes rose for the first time since March was — at first glance — welcome news for homebuilders.

But economists warned that underneath the headline numbers, signs of a weakening housing market were more prevalent than ever.

The Commerce Department reported yesterday that new-home sales in August rose to a seasonally adjusted annual rate of 1.05 million, 4.1 percent higher than in July.

That helped push down the inventory of unsold new homes 5.7 percent, to a 6.6-month supply, meaning that at the current selling rate, it would take 6.6 months to sell all the new homes currently on the market.

But sales figures for July were revised to show that fewer homes were sold than the government first reported. As a result, the August sales data probably exaggerates the resiliency of the market.

Stuart Hoffman, chief economist with PNC Financial, called the August increase a “dead-cat bounce.”

The August numbers could also be inflated. Because new-home sales are recorded when the contract is signed, not when the deal is closed, the data does not factor in cancellations. Builders have said recently that cancellation rates are running as high as 30 percent, suggesting that the Commerce Department’s numbers make the housing market appear healthier than it actually is.

Yesterday’s report showed that builders are indeed having more and more difficulty selling homes. The median price of a new home fell to $237,000, down 1.3 percent from August 2005.

Prices for previously owned homes are also falling. This week, the National Association of Realtors reported that for the first time in 11 years, the median price of a previously owned home fell from the price a year earlier.

In August, prices slipped to $225,000, down 1.7 percent compared with August 2005. Sales of previously owned homes, which make up about 85 percent of all home sales annually, fell for the fifth consecutive month.

Few experts express confidence that these trends will reverse anytime soon.

“It certainly is possible that for a variety of reasons you could have a one-month upturn, but I doubt that will reverse the trend that seems to be occurring,” said Kenneth Simonson, chief economist for the Associated General Contractors of America.

Mr. Simonson noted the possibility that the August sales numbers could be revised downward, just as the July numbers were. “I think we could still wind up seeing that this month is a continuation of the downturn.”

Although it is unwelcome news for anyone trying to sell a home, the slowdown in the housing market is just what policy makers at the Federal Reserve have been looking for.

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As inflation quickened over the last several months, members of the Fed, led by the chairman, Ben S. Bernanke, have said that a slowing economy, led by cooling in the housing market, would be essential to holding prices down. So far, the Fed's economic forecast has been realized, with inflation slowing and home sales and prices falling.

There was further evidence yesterday that the economy was slowing, as the Commerce Department reported an unexpected drop in orders for durable goods, a wide-ranging category that includes household appliances and factory machinery. The orders, a closely watched barometer of business investment, fell for the second consecutive month, dropping 0.5 percent, to $209.7 billion. It was first back-to-back decrease in more than two years.

Economists disagree on whether the decline in August suggests a looming slowdown in business investment.

"Today's report points to a slowing in the manufacturing sector," wrote Peter E. Kretzmer, senior economist with Bank of America. "Capital spending momentum remains solid but nonexceptional."

Still, others said the disappointing numbers were a result of the pessimistic business climate in the second half of the summer, fed by high energy prices and worries over inflation.

"There has been a significant improvement in the overall investment climate in the past several weeks," wrote Brian Bethune, an economist with Global Insight. "Steep declines in gasoline and diesel fuel prices should relieve recent downward pressure on margins, and provide a second wind to the profitability cycle. This should provide a lift to business confidence."

Hispanic Unemployment Down, Study Finds (WP)

By Karin Brulliard

The Washington Post, September 28, 2006

Unemployment among Hispanics fell sharply this year, and their wages rose after a two-year decline, according to a national study released yesterday.

Bolstered by immigration, the Hispanic labor force is growing rapidly, and those workers are having little trouble finding jobs -- especially in construction, said the report by the Pew Hispanic Center.

"In terms of employment, there are strong gains for Hispanics," said Rakesh Kochhar, the center's associate director for research and author of the report.

Latinos, who represent 13 percent of the U.S. labor force, accounted for 40 percent of all new workers in the year ending June 30, the report said. Eighty percent of jobs filled by Hispanics went to immigrants, who make up the biggest share of the Latino labor force.

The findings come as Congress debates proposals for immigration laws, some addressing the immigrant workforce and the hiring of illegal immigrants, and immigration authorities step up work site arrests and border security.

Kochhar said the number of immigrant workers and the market for them seem to be "stronger than what we may do at the borders."

Although the report did not examine labor trends for illegal immigrants, it noted that previous studies have found that many new Latino immigrants are in the country illegally.

The Latino labor force is growing about three times the rate for all workers, the report found. Hispanic unemployment fell this spring to 4.9 percent from 5.8 percent in the same period last year. Median weekly wages for Latinos rose from $423 in 2005 to $431 in 2006 -- still lower than those of any other ethnic group.

This decade's construction boom drove the Latino job growth, particularly for the foreign-born, the report said. Half the new jobs for Latinos in the past year were in construction, and nearly all those jobs were generated in the South and the West, according to the report, which did not examine trends at the state or city level.

Since 2003, nearly 90 percent of Latinos workers hired in construction have been immigrants, the report found.

That came as no surprise to Hugo Carballo, business manager for Laborers International Union Local 11, which organizes construction workers in Northern Virginia.

"You just go through any job. That's all you see right now. A majority of them are Latino who are working on construction," Carballo said. "It might be that in a couple of years it'll be somebody else, but right now we are the ones."

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Yet the labor landscape was not all rosy for Latinos. Although they landed more jobs, wages dropped for foreign-born Hispanic workers. Hispanic immigrants' median weekly wages declined from $400 to $389.

That is probably because as more immigrants have arrived, competition for the jobs they perform has stiffened, Kochhar said.

"High growth in employment may have come at the price of wages," Kochhar said.

The report also noted that the nation's construction industry appears to be slowing. That is especially true in places such as the Washington region, which were booming a year ago but are now "screeching to a halt," said Mark Zandi, an analyst with Moody's Economy.com.

Growth in commercial construction is softening the blow for workers, Zandi said, but will probably not make up for all the jobs lost as home building cools.

Carballo said he has seen that play out locally.

"On the residential part, like houses and condominiums, that's where I see that it's the most people getting laid off," Carballo said. "On [commercial] buildings, we are at least pretty good right now. Buildings are going up everywhere."

The report, based on recent data from the U.S. Census Bureau and the Labor Department, found that unemployment dropped over the fiscal year from 4 percent to 3.5 percent for Asians, from 4.1 percent to 3.9 percent for non-Hispanic whites and from 9.9 percent to 9 percent for blacks.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 28, 2006

With 'Dragon Fire,' Can Cohen Slay Hollywood?

Former defense secretary Bill Cohen is an expert on Washington, but he's a rookie when it comes to Hollywood. The author of "Dragon Fire" knows all the power players of Capitol Hill, the White House and Pentagon, but missed the perfect chance to team up with megabucks producer Jerry Bruckheimer.

Shortly after he left the Clinton administration in 2001, Cohen and his wife, Janet Langhart , wrote a proposal for a television series set in the Pentagon-- think "West Wing" goes to Arlington. They called it "E-Ring," a DOD insider term for the Pentagon's outer offices, and sent it to their agent. No bites. Two years ago, they flew to L.A. and pitched it to several studios, while Bruckheimer ("Top Gun," "The Amazing Race," "CSI") shopped a similar Pentagon-based show. Cohen's proposal went nowhere; Bruckheimer's turned up on NBC's 2005 schedule with a familiar name: "E-Ring." Cohen thinks someone at NBC nabbed his title: "It's hard to protect an idea."

Bruckheimer's rep said his version was inspired by a visit to the Pentagon in 2004, and wasn't aware of Cohen's proposal until after the show aired. "Had he known about Bill's project, he would have gone with [it]," said spokesman Paul Bloch. (Probably should have: "E-Ring" was canceled after one season.) Ah, the what-ifs . . .

Cohen has higher hopes for "Dragon Fire." His 10th book is a geopolitical thriller (fictional defense secretary dies in anthrax attack, former POW modeled after John McCain hunts the bad guys) full of Inside-the-Beltway color. "It's the old axiom: You write what you know," says Cohen. "I don't have a lot of time for research."

Next up: in February, "Love in Black and White," a memoir authored with his wife about their interracial marriage. In the meanwhile, Cohen is in serious talks with producer Thomas Schuhly for a movie version of "Dragon Fire." And yes -- he's getting smarter about show business: "I've learned about copyrights," he said with a chuckle.Red and Blue and Green All Over

We knew this would happen sooner or later -- Tuesday night, secluded Whitehaven Street in Northwest was clogged by dueling fundraisers. President Bush and Karl Rove mingled with donors at the home of White House social secretary Lea Berman and husband Wayne, raising $1.5 million for the GOP in Iowa, Arkansas and Wisconsin. Two doors down, Sen. Hillary Rodham Clinton presided over a low-key event for about 50 $2,000 donors to her senatorial reelection bid. Limo lock!HEY, ISN'T THAT . . . ?

Â· Mya getting her hair flat-ironed at Bang Salon on U Street yesterday between a shopping trip and a workout. The D.C.-born singer-actress, who was in town visiting friends, tipped $30 on a $30 treatment.

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Â· Bruce Willis , wearing baseball cap and jeans in downtown Baltimore, between takes while filming "Live Free or Die Hard." Huge blocks of Charm City are cordoned off for shooting these days. The Sun reported yesterday the star was spotted at the "business casual" Morton's wearing jeans and T-shirt.SURREAL ESTATE

Seller: Jim Dunning

Asking price: $1.1 million

Details: For 15 years, this four-bedroom brick Colonial in Alexandria's trendy Del Ray neighborhood was the home of prominent real estate agent Nancy Dunning and her husband, the city's longtime elected sheriff. In December 2003, she was found shot to death in their home, in what remains one of Alexandria's most notorious unsolved murders. Jim Dunning, who ended the last of his five terms in office last year, still lives in the house and put it on the market early this month.THIS JUST IN . . .

Two different men are claiming to be the father of Anna Nicole Smith 's newborn daughter. Howard K. Stern , a lawyer for the former Playboy model, told CNN's Larry King Tuesday that the baby is his -- which prompted photographer Larry Birkhead , who has made similar claims, to demand a DNA test yesterday, according to Us magazine.

Also yesterday, People reported that Smith's 20-year-old son, Daniel , who was found dead by her bedside in a Bahamas hospital three days after his sister's birth, was killed by a lethal combination of methadone and the antidepressants Lexapro and Zoloft. The magazine cited a pathologist hired by Smith.

John Danforth (CSM)

By David Cook

The Christian Science Monitor, September 28, 2006

Posted September 28, 2006 - http://www.csmonitor.com/2006/0928/p25s01-usmb.html John Danforth By David Cook

John Danforth looks like a quintessential Republican insider but he is calling for a radical change in how his party operates.

During his appearance at Wednesday's Monitor-sponsored breakfast, the tall, silver-haired, deep-voiced, impeccably tailored Danforth looked and sounded like Hollywood's vision of a senator.

He comes with an impressive resume. Danforth's career includes two terms as Missouri's attorney general, three terms in the US Senate, heading the federal investigation into the Waco siege in 1999, serving as President Bush's special envoy to Sudan, and being named US ambassador to the UN. An ordained Episcopal priest, Danforth presided with eloquence and grace over memorial services for Katherine Graham, Ronald Reagan, and John Chafee.

But beneath the polished and calm exterior is a man upset with his party. Danforth is traveling the country promoting his new book, "Faith and Politics: How the Moral Values Debate Divides America and How to Move Forward Together." The book argues that Republicans have transformed their party into a political arm of conservative Christians.

"The name of the game has been not to compete for the center of American politics but to appeal to the base of each party and to attempt to energize the base," Danforth told reporters over breakfast. "For the Republican party, the base of our party now is the Christian conservatives.... The Republican party has done everything it can to appeal to that part of the base ... I think this is bad for the country and ultimately it is going to be bad for the Republican party because I think when the American people reflect on this they do not want a sectarian political party in this country. So what I am trying to do is encourage them to reflect on it."

Would his call for Christians to stress reconciliation and humility lead to a squishy version of Christianity with hard demands and radical stands removed? Danforth says it wouldn't.

"I think [Christianity] is basically reconciling. I don't think there is anything squishy about following the admonition of St. Paul to be ministers of reconciliation," he said. "I don't think there is anything squishy about believing in a God who is bigger than our political agendas and who is the judge of our political agendas.... What is weak is the notion that our faith is the servant of our politics."

Danforth, a graduate of Princeton, and both Yale's law and divinity schools, says he will not leave the party despite his unhappiness with its current course. "I am a Republican," he said. "I am a well-established Republican. I am not going to give up on my party. I just want it to get back to its moorings ... I just want them to disengage themselves from the Christian right."

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A key issue for Christian conservatives recently was the Marriage Protection Amendment to the Constitution, which the Senate considered and rejected earlier this year. It would have defined marriage as the union between a man and a woman.

"The gay marriage issue is an issue that on its merits has no real substance," Danforth said. "That is an issue that is brought forward simply in order to make people angry.... If it is a political issue, it is an issue at the state legislative level. It is clearly not a constitutional issue. The constitution is about the structure of government and the relationship between government and the American people. The constitution is not about addressing social issues. We tried that with prohibition. That lasted 13 years. This is not a constitutional issue and to try to raise this as a constitutional issue is to be simply pandering and gay bashing."

With President Bush now in the final two years of his term, Danforth offered some observations on what direction the party should take next. "I would like to see our party debate whether or not we are a religious party ... I would like you in the media to raise that," he said. "Do we attempt to energize a base or reconstitute a center in American politics? Is there any possibility of creating a center on a bipartisan basis where we can help to resolve real issues?... The real questions do not concern whether there are crèches on public premises or whether gays in Massachusetts get married.... I would like to have a more centrist party and I would like to have a party that is less interested in making its election points than in trying to improve our way of dealing with very serious questions."

Danforth Warns Of Christian Right But Says Tide Will Turn (WP)

By Peter Slevin

The Washington Post, September 28, 2006

CHICAGO. Sept. 27 -- The potency of the Christian right in the Republican Party is limited, former senator John C. Danforth of Missouri is telling audiences this month. A lifelong Republican moderate disturbed by his party's direction, he contends that the political center has a future.

Describing himself as a "a Republican for the old reasons," Danforth, 70, is promoting a new book that describes religion as a divisive force in the United States today and accuses the religious right and its political supporters of creating a sectarian party.

The GOP leadership habitually strives to please its base at the expense of meaningful compromise, he maintains, proving to be neither humble Christians nor effective politicians. His reasoning holds that social conservatives cannot prevail because a majority of Americans do not share their views or appreciate their style.

"I'm trying to shed light on it," Danforth told a gathering of more than 100 people at Chicago's Union League Club on Tuesday, ". . . but I'm really encouraging people to get mad, to speak out on this and express themselves. That's when politics will change."

Danforth is an ordained Episcopal priest and onetime Bush administration ambassador to the United Nations. He is probably best known for ushering Clarence Thomas through the grueling nomination process to become a Supreme Court justice. Danforth served in the Senate when Republicans were outnumbered and outmaneuvered by Democrats, a point noted dismissively by opponents who dispute his argument.

Richard Land, a prominent conservative at the Southern Baptist Convention, said in an interview earlier this year that Danforth is "what was wrong with the Republican Party and why they were a minority party."

Danforth is getting some radio and television airtime since the Sept. 19 release of "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together." He has spoken to audiences in Texas and New York and gave a lecture Wednesday night at the Washington National Cathedral, where he had presided over the funerals of former president Ronald Reagan in 2004 and longtime Washington Post publisher Katharine Graham three years earlier.

His book emerged by design in a political season in which the organizing strength of conservative Christians is expected to be tested by motivated Democrats and moderates dismayed by the country's direction.

This year, there have also been revealing speeches about personal faith and politics by Democratic politicians, notably Sen. John F. Kerry (Mass.), Sen. Barack Obama (Ill.) and Robert P. Casey Jr., who is seeking to unseat religious conservative Sen. Rick Santorum (R-Pa.).

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"The problem with many conservative Christians is that they claim that God's truth is knowable, that they know it, and that they are able to reduce it to legislative form," Danforth writes. "The popular question, 'What would Jesus do?' can be difficult enough to contemplate with respect to everyday interpersonal relations. It is mind boggling when applied to the complex world of politics."

Although an opponent of abortion, Danforth has become an activist for a Missouri ballot initiative that would explicitly legalize embryonic stem cell research, an issue adopted increasingly by Democrats and some Republicans to show their differences with the Christian right.

He also favors government recognition of "committed same-sex partnerships." He believes the proposed constitutional amendment to outlaw same-sex marriage amounts to gay-bashing.

Criticizing Republicans and Democrats at extreme ends of the political spectrum, Danforth told his Chicago audience that "most people don't want it to be this way." In allowing it to happen, he said, "the rest of us have been too silent."

Thomas has a place in Danforth's book. A questioner asked if he has changed his view of one of the court's staunchest conservatives.

Danforth, who has said he never questioned Thomas about serious allegations of sexual harassment, replied: "I have exactly the same view of Clarence Thomas that I have had for 30-some years. . . . I know him, and I love him as a human being. I stood by him, and I am proud of that."

Big Openings For Democrats (RC)

By David M. Drucker

Roll Call, September 28, 2006

While predictions of a Democratic wave on Nov. 7 may be overblown, Republicans are clearly on the defensive in three open seats that could prove key to their ability to retain the House majority in the 110th Congress.

Until recently, Republican-held seats in Arizona, Colorado and Iowa were seen as major battlegrounds. But now they are in serious jeopardy of going Democratic, with the 7th district in Colorado and the 1st district in Iowa, in particular, signifying the decline of the GOP brand name in the eyes of voters this cycle.

"I think districts like that are still winnable [for Republicans]. But they are definitely a bigger challenge in this environment," said GOP strategist Dave Gilliard, who steered now-Rep. Brian Bilbray (R) to a close win in a California special election earlier this year in a tough atmosphere for Republicans. "You have to latch onto local issues and catch the imagination of voters separate from the party label."

Democrats are clearly benefiting from the decision by the GOP incumbents who hold these seats to retire from Congress. But it is telling that the Republicans running in their stead find themselves down significantly in public opinion polls to their Democratic opponents.

In the Republican-leaning, southern Arizona 8th district, Rep. Jim Kolbe (R) has been re-elected by comfortable margins 11 terms running. Yet former state Sen. Gabrielle Giffords (D) seems poised to easily dispose of former state Rep. Randy Graf (R).

The eastern Iowa 1st district and Denver-area 7th district of Colorado have repeatedly voted Democrat for president while choosing Republicans to represent them in the House. In Iowa's 1st, voters chose Sen. John Kerry (D-Mass.) over President Bush by 7 points in 2004, despite their long-standing preference for Rep. Jim Nussle (R), who was elected in 1990.

To replace Nussle, however, voters appear to be favoring a Democrat, trial attorney Bruce Braley. He led wealthy businessman Mike Whalen (R) by 7 points in the latest independent poll.

Colorado's 7th is more narrowly Democratic, giving Kerry a 3-point edge over Bush in 2004. But former state Sen. Ed Perlmutter's (D) early and healthy lead over former state official Rick O'Donnell (R) — despite a bruising Democratic primary — indicates the GOP isn't getting the benefit of the doubt from voters this year, as opposed to the previous two cycles, when Rep. Bob Beauprez (R) won competitive races.

Both Nussle and Beauprez are running for governor. Kolbe has not announced his future plans.

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K.C. Jones, spokeswoman for the O'Donnell campaign, acknowledged that a national political environment that is difficult for Republicans has made for a tougher road for the former chairman of the Colorado Higher Education Commission. But as a veteran of Beauprez's 2002 campaign, Jones stressed that she always figured on a come-from-behind race and is pleased with O'Donnell's progress thus far.

"Unaffiliated voters in this district are turned off by both parties. Does that affect us right now because Republicans are in control of the White House and Congress? Yes," Jones conceded.

Braley spokesman Jeff Giertz said a favorable national political environment is making the Democrat's effort easier than a similar push might have been in 2002 or 2004, though he added that Braley's policies would be highly appealing to the electorate regardless of the political atmosphere.

Presidential approval ratings hovering in the low 30s in the 1st district and a motivated Democratic base hungry for change are distinct advantages Braley has in his contest with Whalen, who could otherwise benefit from the district's socially conservative sensibilities.

"Certainly the winds in this district are at our backs," Giertz said. "Voters are unhappy with the policies of the Bush administration ... Being that there's a Democratic registration advantage here, it energizes that advantage even more."

Carl Forti, spokesman for the National Republican Congressional Committee, sought to downplay the difficulties Republicans face in Arizona, Colorado and Iowa, though he appeared to acknowledge in his comments the GOP is in trouble in each.

"They're difficult seats because they're open. It's always harder to keep an open seat than one with an incumbent," Forti said. "Colorado 7 and Iowa 1 are Democrat-leaning, so we've been swimming upstream from the get-go. But both are winnable."

Forti said Arizona's 8th is going to be a tough battle — the NRCC's preferred candidate lost in the GOP primary — but cautioned not to count out Graf, calling him a "true fighter."

The Tucson-area 8th district delivered 53 percent of its vote for Bush in 2004, and Republicans have an edge in registered voters there of approximately 20,000. But Graf has emerged as a heavy underdog to Giffords, though this appears to have little to do with national political trends and more to do with how the two candidates are viewed by voters — and party leaders.

Illegal immigration is a top issue in the Arizona race, and Graf is the candidate who has focused the most on securing the border with Mexico. But two candidates with more moderate views on the issue — the second and third place finishers — garnered more votes collectively in the primary than Graf, who challenged Kolbe in 2004 and is seen as a strident conservative regardless of whether that label is deserved.

Giffords may not be as moderate of a Democrat as she lets on. But early polling on this race suggests that 8th district voters see her as the political heir to the moderately Republican Kolbe — at least when the choice is between her and Graf. The NRCC apparently agreed, as it spent money in the Republican primary touting the campaign of Kolbe endorsee and former state Rep. Steve Huffman (R).

Earl de Berge, an independent pollster based in Phoenix, said Graf is being hurt by the perception — rightly or wrongly — that he is a hardliner, noting that he's been getting calls from reporters in recent days asking about rumors that allege connections between the former state Representative and racist groups.

"Those are serious, and can have a hard impact on a candidate right away," de Berge said, explaining that Graf was the Democrats' choice because "they viewed him as an extremist candidate who would be easier to beat in a moderate swing district."

A Forfeited Battleground District (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 28, 2006

CALDWELL, Ohio -- Four months ago, state Sen. Charlie Wilson (D) was teetering on the edge of defeat in his campaign for Ohio's open 6th District. Today he is strolling toward Nov. 7, when, if current trends continue, he will be elected to Congress.

No television ads for Wilson or his Republican opponent, state Rep. Chuck Blasdel, are airing. For the moment, the national party organizations, which swarm into the most competitive races, are nowhere to be found.

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And Wilson's schedule is not exactly full. His only public event so far this week was a dinner for the Noble County Democratic Party on Tuesday night here in rural southeastern Ohio.

"We don't hear anything" from national Republicans, Wilson said as he relaxed amid the red-white-and-blue bunting that decorated the tables at the Noble County Community Center. "We are very happy they are looking elsewhere."

This is a race the 2006 midterm elections forgot. The seat in the pastures and Appalachian foothills of eastern Ohio has been held for a decade by Rep. Ted Strickland, who this year is the Democrats' nominee for governor. His departure once tantalized Republicans, who regarded this seat -- carried narrowly by President Bush in 2004 -- as their most promising chance to take a congressional seat from the Democratic column.

Some promise. Blasdel's campaign never gained much traction after Wilson, considered the strongest of three contenders, won the Democratic primary in May.

Like any game, politics tends to be more fun on offense than defense. Republicans are not having much fun this election season.

While Democrats have targets around the country where they could gain a seat, Republicans have the barest handful.

A combination of an adverse national environment and the need to devote their resources to defending at-risk GOP incumbents gives the national party few opportunities to invest heavily in challengers, such as Blasdel, who face an uphill fight.

Ask Republicans where they see takeover opportunities this fall and they will rattle off seats such as Georgia's 8th District -- held by Rep. Jim Marshall -- Iowa's 3rd or even the open at-large seat in strongly Democratic Vermont. But none of those races look particularly dire for Democrats at the moment, as many Republican strategists privately acknowledge.

Republicans' receding chances in the Ohio 6th provide a microcosm of this trend.

For much of 2005, Blasdel, the second-ranking Republican in the Ohio House, was the golden boy of GOP recruitment efforts. National Republican Congressional Committee Chairman Thomas M. Reynolds (N.Y.) regularly singled out him as a star in the making and the 6th District as a pickup opportunity.

Republicans' optimism only increased after Wilson did not collect the necessary signatures to qualify for the primary ballot, necessitating a write-in candidacy. Sensing opportunity, the Republican Congressional Committee poured hundreds of thousands of dollars into the district in hopes of killing Wilson's candidacy. Television ads accused Wilson of supporting the dumping of raw sewage in the Ohio River, among other not-so-nice allegations.

The strategy backfired. Wilson, who knocked on 40,000 doors and sent out 4,000 personal letters during the primary race, rolled up 66 percent of the vote, winning 4,500 votes more than the four Republican candidates combined.

"To do that is unheard of," said Noble County Democratic Party Chairman Larry Woodford. Republicans "saw the writing on the wall."

It certainly looks that way. After Wilson's win, Blasdel went from hot to "who?" in the eyes of many Republicans.

The 6th District "on paper does look like it should be competitive," Wilson said. Certainly, judging by the pickup trucks in the parking lot and camouflage on the attendees at the Noble County gathering, this is not a typical Democratic stronghold.

Most Democrats in this part of the world are conservative on social issues such as abortion and guns, and tend to identify more with Larry the Cable Guy than with Larry David. "Southeastern Ohio is Appalachia," said Woodford. "A lot of people don't want to say that, but it is."

Wilson, like Strickland, has so far been able to bridge that cultural divide between local and national Democrats. Instead, he is emphasizing his conservative credentials and past service for the area.

A poll conducted for his campaign last month shows that the strategy has been effective, as Wilson led Blasdel 49 percent to 25 percent. Blasdel campaign manager Ryan Stenger conceded that the Democrat is ahead at the moment but added that his candidate is seeing monthly improvements in private polling. "Things are definitely getting better," Stenger said. "We definitely have our challenges ahead of us."

Still, the Republican Congressional Committee has not promised an end-of-the-campaign advertising blitz that earlier this year seemed a given. Stenger argued that once the national party is satisfied with where its incumbents stand, the money will begin to flow to offensive opportunities in open seats.

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In the meantime, Blasdel plans to capitalize on lower gas prices -- they have dropped below $2 in some parts of the district -- and the stock market, which is nearing a new high. "The other side will be caught napping on this one," promised Stenger.

Democrats Decide They Don't Need 'Contract' To Win (RC)

By Morton M. Kondracke

Roll Call, September 28, 2006

The 12th anniversary of the Republicans' 1994 "Contract with America" came and went on Wednesday without a 2006 Democratic counterpart. And there won't be one.

Instead, Democratic House and Senate leaders held yet another press conference to denounce the Republican Congress' "rubberstamping the Bush administration's misguided agenda."

Despite repeated urging from various quarters, including from former President Bill Clinton, that the party needs to make clear what it stands for and not just against, Democrats contend that off-year elections are referenda on the party in power and that a Democratic alternative agenda would only provide targets for the GOP to attack.

Just to underscore the point, the Senate Democratic leadership's "war room" sent out an e-mail Monday declaring that "much hype surrounds the 1994 Contract with America. The Contract is often incorrectly credited with playing a large role in the Republican victory in the mid-term elections. Evidence shows that this was not, in fact, the case: Candidates did not campaign on the Contract with America, and most Americans were unfamiliar with the document's existence."

Still, it's a fact that then-House Minority Leader Newt Gingrich (R-Ga.) gathered 337 GOP Members and candidates on the West Front of the Capitol on Sept. 27, 1994, and issued a 10-plank platform that included welfare reform, a balanced-budget constitutional amendment, tort reform, Defense budget increases, middle-class tax cuts and term limits for Members of Congress.

It's undoubtedly true that the GOP won the election largely because of disgust with Democratic management — the failure of Clinton's health care reform plan and Congressional scandals — but the contract did provide a legislative roadmap for the GOP once it won a 52-seat victory and had to help govern the country.

This year, Democrats have issued a two-page positive agenda, "New Direction for America," but there's been no Capitol steps rally, and the document has all the earmarks of being just a handout designed to be an answer to the question, "But what do Democrats stand for?"

It calls for "beginning the phased re-deployment of U.S. forces from Iraq in 2006," doubling U.S. special forces "to destroy Osama Bin Laden and terrorist networks like Al Qaeda" and upgrading homeland security.

It pledges to block a Congressional pay raise until the nation's minimum wage is raised, to make college tuition tax-deductible, to foster energy independence, to force Medicare to negotiate lower drug prices and to "enact real pension reform to protect employees' financial security from CEO corruption and mismanagement."

The document says nothing about economic policy, although Rep. Charlie Rangel (D-N.Y.), who's in line to be chairman of the House Ways and Means Committee if the Democrats take over, said he has not ruled out the possibility of eliminating President Bush's tax cuts, which included some cuts for middle-class Americans as well as vastly more for the rich.

Separately, Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) has co-written a 200-page book, "The Plan," with a former Clinton White House colleague, Bruce Reed, which does lay out a positive agenda; although it, too, is loaded with anti-Bush invective and is short on bipartisan outreach.

The book's "big ideas for America" include "universal citizen service" that calls for all Americans between 18 and 25 to spend three months learning civil defense procedures, "universal child health care" coverage and "universal retirement savings" that requires all employers to offer 401(k) plans to their workers.

The book also advances Emanuel's tax reform plan, introduced with Sen. Ron Wyden (D-Ore.), that calls for reducing the number of tax brackets from six to three, guaranteeing that all families with incomes under $100,000 pay only a 10 percent rate and taxing capital gains and dividends at the earner's income tax rate — an increase from 15 percent to, presumably, 35 percent for high-bracket earners.

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Emanuel and Wyden also want to eliminate the Alternative Minimum Tax, institute a corporate flat-tax rate of 35 percent and create a base closing-style commission to eliminate corporate tax loopholes. The total package, Emanuel says, could reduce the budget deficit by $100 billion over 10 years.

Emanuel's book also calls for massive research efforts and tax credits for the purchase of hybrid cars to cut gasoline consumption in half over 10 years and reduce global warming. And it calls for tax credits to make college and/or advanced skills training affordable for all.

The book gives Bush practically no credit for any worthwhile advance, including his No Child Left Behind school reforms, but it does endorse, rather courageously, pay-for-performance for teachers as well as an extended school year.

You get little sense from the book that if Democrats did win control of the House or Senate, their margins would be so narrow they'd have to get GOP support to pass anything. Emanuel told me in an interview, "I believe in bipartisanship, but his administration makes it impossible. They reject all our ideas."

Emanuel is making no public predictions about the outcome in November, just saying, "I'd rather be in our situation than theirs," and disputing GOP claims that they will have a money and get-out-the-vote advantage.

Emanuel clearly thinks his party needs a positive message this year — otherwise he would not have written the book — but he told me that 2006 is still shaping up to be a "normal" off-year "referendum" election.

The exceptions were 1998, when the GOP was set to impeach Clinton and Democrats gained five seats, and the 2002 post-terrorism election, when the GOP picked up eight seats.

The average midterm loss for the party controlling the White House from 1974 through 1994 is nearly 26 seats. Eliminating the GOP's post-Watergate 49-seat drubbing, the average is 21. Factoring in the post-2000 Census gerrymandering of seats, Democrats would seem to be just on the edge of the 15 seats they need to take the House.

A positive message of purpose — saying where they'd lead instead of just how much trouble they'd inflict on Bush — could push them over the top. Maybe Democrats don't need a Contract, but they could use a plan.

Warning: Races May Not Be As Close As They Appear (RC)

By Stuart Rothenberg

Roll Call, September 28, 2006

Democratic pollsters are pushing lots of polls that show second- and third-tier candidates performing surprisingly well. If most of these challengers win, the Democrats will gain 30 or 40 House seats.

Obviously, that's unlikely. Extremely unlikely.

So what are we all supposed to make of Democratic polling memos asserting that Paul Hodes (New Hampshire's 2nd), John Hall (New York's 19th), Jason Altmire (Pennsylvania's 4th), Victoria Wulsin (Ohio's 2nd), Charlie Brown (California's 4th), Nancy Skinner (Michigan's 9th) and Dan Maffei (New York's 25th) are breathing down the necks of incumbent Republicans?

Some of these numbers stem from the fact that the Democratic base has solidified early on and Democratic candidates are getting the vote that normally comes to them only in October. The folks over at Public Opinion Strategies, I believe, coined the term "premature partisan polarization" to refer to the current tendency of voters to pick their party's Congressional candidates earlier and earlier, even if they know nothing about them.

Consider Maffei, a Democrat challenging Rep. Jim Walsh (R-N.Y.) in a district that includes Syracuse and the eastern end of Rochester.

A recent Maffei poll shows him trailing Walsh by only 4 points, 44 percent to 40 percent. Yet Maffei's favorable rating was just 24 percent. That means a large percentage of respondents who said they would vote for Maffei don't have a favorable impression of him. But they are for him, whomever he may be.

Presumably, most of these respondents are Democrats who want to send a message to President Bush and figure that voting for Maffei is a good way of doing so. After all, Democratic presidential hopeful Sen. John Kerry (Mass.) won the district in 2004, defeating Bush 50 percent to 48 percent.

Maffei looks pretty irrelevant in all this, and the poll suggests that at this point, a slice of white bread with a (D) after its name would have a good chance of holding Walsh under 50 percent.

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Maffei is not the only Democratic candidate running far ahead of his or her name identification. In New Hampshire's 2nd district, a Democratic poll pegs Hodes' total name identification as 27 percent, yet has him drawing 42 percent in the ballot test against Rep. Charles Bass (R).

In New York's 20th district, a Global Strategy Group poll for Kirsten Gillibrand shows her favorable name ID at 34 percent even as she draws 39 percent of the vote against Rep. John Sweeney (R).

In Pennsylvania's 4th district, Altmire's total name identification is 21 percent, yet he is drawing 44 percent of the vote in a ballot test against incumbent GOP Rep. Melissa Hart.

In each of these districts, there are enough Democratic voters to provide a solid Democratic Congressional vote, and Maffei, Hodes, Gillibrand and Altmire apparently are getting their share early — even prematurely. But are these races as close as they would seem?

Count me as skeptical, and not only because most of these poll memos contain the dreaded "and when voters were read short descriptions about the candidates" second ballot that allegedly measures a challenger's fundamental strength. If wishes were horses, beggars would ride.

The Maffei poll memo includes at least a couple of things that caught my eye and deserve mention. First, despite Maffei's move in the ballot test, Walsh still has a name ID of 51 percent favorable/36 percent unfavorable. In other words, in a district won by Kerry and where Walsh's "re-elect" has plummeted from 42 percent to 34 percent, the Congressman still is viewed favorably by a majority of respondents.

Granted, Walsh's negatives have risen since a previously unreleased March Democratic survey, but that's not surprising given the national and state environments, which strongly favor Democrats. Walsh's favorable ratings have slipped only slightly, from 56 percent in March to 51 percent now.

Equally noteworthy is that district voters, who have a very unfavorable view of Bush (25 percent favorable/62 percent unfavorable), seem willing to make a clear distinction between Bush and Walsh.

That willingness to make a distinction is crucial, since it demonstrates that Walsh has, to a considerable extent, personalized the district. In an environment like this, and in a district such as New York's 25th, Walsh's success in building his own image is crucial.

The memo goes on to make a generalized assertion: "Voters in the 25th District are clearly looking for change."

Well, I've seen that message, in one way or another, in almost every Democratic polling memo that comes across my desk. They almost always cite Bush's standing. They almost all argue that voters want change or are dissatisfied with the direction of the country. And they are right, but only so far.

The problem for Democrats is that in most cases, that won't be enough by itself to get voters to fire GOP incumbents. That's particularly true if Republicans pound away at their challengers, making them the issue in their races and decreasing their appeal as vehicles for change. Of course, not all Republican incumbents are doing that yet. And that's a mistake that some Republicans could well come to regret.

Stuart Rothenberg is editor of the Rothenberg Political Report (www.rothenbergpoliticalreport.com).

Calls Grow For Release Of Intelligence Report (WSJ)

WSJ Online's "Washington Wire", September 26, 2006

Leading congressional Democrats along with the Republican chairman of the Senate Intelligence Committee are pressing the White House to release an intelligence report that concluded the Iraq war had helped create a new generation of Islamic militants.

Democrats pushing for the National Intelligence Estimate to be released publicly include House Minority Leader Nancy Pelosi of California; Sen. Jay Rockefeller of West Virginia, the ranking member of the Senate Intelligence Committee; and Sen. Hillary Rodham Clinton of New York, arguably the party's most prominent elected official.

Santorum

Meantime, Sen. Pat Roberts of Kansas, chairman of the Senate Intelligence Committee, said he wants the report to be declassified and released publicly "so the American people can see the material for themselves and come to their own

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conclusions." Other Republicans, including Sens. Rick Santorum of Pennsylvania and George Voinovich of Ohio, said they are considering making a similar request.

At issue is the National Intelligence Estimate that made headlines last weekend when its conclusions about the war in Iraq appeared on the front pages of the New York Times and Washington Post. The White House has ruled out declassifying the entire report, though it has left open the possibility of selectively declassifying excerpts.

The sparring during the election season highlights Democrats' desire to use the unpopular war in Iraq to hammer away at Republicans' electoral advantage on national security issues. The White House is casting the war in Iraq as an essential part of the war on terror, while Democrats are trying to separate the two issues and argue that Iraq has been a costly distraction from the broader fight against Islamic extremism.

In the meantime, the Bush administration got a political boost from Iraq's president. In an interview on the PBS show "The NewsHour with Jim Lehrer," Iraqi President Jalal Talabani said he disagreed with the report's contention that the Iraq war had worsened the global terrorist threat. "I think the invasion of Iraq reduced the danger of terrorism on the United States of America because all terrorist groups are now concentrating on Iraq," he said. –Yochi J. Dreazen

House GOP Pushes Its 'Suburban Agenda' (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, September 28, 2006

While House Republicans trumpeted elements of their suburban agenda, Democrats yesterday said Congress will have failed the American people if it adjourns without increasing the minimum wage.

"The battleground is in the suburbs, and it is wise policy and wise politics to directly meet the needs of families in those areas," said Rep. Mark Steven Kirk, Illinois Republican, chairman of the party's Suburban Agenda Caucus.

Mr. Kirk said both parties for too long have focused on rural or urban voters. The country now is 54 percent suburbanites who face similar challenges, he said.

"In the middle is where the majority is," he said.

Republicans outlined seven "suburban agenda" measures for 2007 aimed at improving education and health care. They also are pushing the Alternative Energy Act of 2006, which funds research for plug-in electric hybrid car technology and studies solar and wind power.

Democrats, meanwhile, tried to force a vote on increasing the minimum wage, a move many centrist Republicans support.

"The Democrats want to take the nation in a new direction, one where the needs of all Americans are addressed," said Rep. Eddie Bernice Johnson, Texas Democrat.

They threatened to resist the adjournment scheduled for the end of the week until Republican leaders allow a clean "up or down" vote on the minimum wage. Most Democrats opposed an August bill that the House passed, which raised the wage but also offered numerous tax cuts. That bill was stalled in the Senate.

"We should not leave town when there is serious business the Republican leadership has failed to complete," said Rep. Jim McGovern, Massachusetts Democrat.

But Rep. Pete Sessions, Texas Republican, said his party is targeting "people in America who get up every day [and] go to work."

"We intend to make sure that voters in November see the suburban caucus and the agenda that we have that's good for their families and good for our Republican Party," he said.

"Suburban agenda" items that overwhelmingly passed the House this year include a measure to block sites like MySpace.com from schools and libraries and a bill allowing schools to do FBI background checks before hiring employees.

A new poll of 1,000 suburban voters released by Republicans yesterday shows 50 percent think the economy is on the right track, up from 38 percent in July. It also shows Republican popularity ratings have increased -- from 40 percent in July to 43 percent this month. Negative ratings decreased from 53 percent in July to 49 percent this month. The poll was conducted by the Winston Group, a firm used by Republicans.

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"While Democrats talk the talk, these numbers show that suburban folks increasingly like Republicans because they walk the walk with our plan to fight terrorism and grow jobs," said Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert.

But the Democrats, who need just 15 seats to wrest control of the House from Republicans, say the majority party did nothing for the American people this year.

"The 'Do-Nothing Congress' did more substantive work than we have done," said Minority Whip Steny H. Hoyer of Maryland. He said Republicans and President Bush "demand that it is either done their way or not done at all."

President Truman dubbed lawmakers in 1948 the "Do-Nothing Congress" because they met less than 110 days. When this Congress adjourns it will have met for less than 95 voting days.

Several Democrats during floor speeches yesterday attempted to get unanimous consent to consider the minimum-wage bill immediately. Republicans controlling the proceedings denied them.

New Hope For Democrats In Bid For Senate (NYT)

By Robin Toner

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Six weeks before Election Day, the Democrats suddenly face a map with unexpected opportunities in their battle for control of the Senate.

In Virginia, a state that few expected to be seriously competitive, Senator George Allen looks newly vulnerable after a series of controversies over charges of racial insensitivity, strategists in both parties say. In Tennessee, another Southern state long considered safely red, Representative Harold E. Ford Jr., a Democrat, has run a strong campaign that has kept that state in contention.

Elsewhere, Democratic challengers are either ahead or close in races in five states held by the Republicans: Missouri, Montana, Ohio, Pennsylvania and Rhode Island, according to political strategists in both parties and the latest polls.

All of these races could shift direction in a matter of days, let alone six weeks, and Republicans are counting on their superior finances and large blocks of television advertising to hold the line. Democrats also have their own vulnerabilities, particularly in New Jersey, where Senator Robert Menendez is in a tight race with his Republican challenger, State Senator Thomas H. Kean Jr., according to recent polls.

Democrats must win six Republican seats to regain a Senate majority, meaning they would have to win nearly every close race. Even the most optimistic Democrats acknowledge that such a feat would require a big anti-Republican wave, a lot of money and a lot of luck.

Still, a shift in the Senate was always considered a long shot this year. Some analysts now say, however, that there are enough Republican seats facing serious challenges to make it at least plausible.

“There’s a big difference in talking about six seats in play and not five,” said Stuart Rothenberg, an independent analyst.

In Pennsylvania, Rick Santorum, the No. 3 Republican in the Senate, has been lagging behind Bob Casey, the state treasurer, for months. In Rhode Island, Senator Lincoln Chafee, a Republican, overcame his primary challenge, but remains locked in a tight race with Sheldon Whitehouse, the Democrat and former state attorney general.

Senator Mike Dewine, Republican of Ohio, is fighting an unhappy political mood in his state, stoked by local Republican scandals and economic unease.. Independent polls suggest Mr. Dewine remains in a tight race with his Democratic challenger, Representative Sherrod Brown.

In Montana, Senator Conrad Burns, the Republican, has been considered vulnerable for months to his Democratic challenger, Jon Tester, a farmer and state senator. And any route to a majority for the Democrats would have to include Missouri, where Senator Jim Talent, the Republican, is being challenged by Claire McCaskill, the state auditor.

Republicans’ hopes for a pickup look strongest, at the moment, in New Jersey. But another target is the open Democratic seat in Maryland, where Lt. Gov. Michael Steele is running against Representative Benjamin L. Cardin, a Democrat still trying to unify his party after a competitive primary campaign.

Republican strategists acknowledge the intensely competitive map but say they are ready for it.

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"Anybody who says there's no way the Democrats could regain control of the Senate, that's just wishful thinking," said Glen Bolger, a Republican pollster active in numerous House and Senate races. "But there's a long way between could and would, and the Republican resource advantage is just now coming to bear."

Democrats are upbeat but wary.

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said: "We will pick up seats. And if the stars continue to align, we can take back the Senate."

Republicans say they have the money not only to defend their seats, but also to put Democrats on the defensive in Maryland, New Jersey and elsewhere.

"We obviously knew all along many of our Republicans were going to have difficult races, and they've known that as well, which is why they have more resources than their counterparts and are able to push back," said Brian Nick, spokesman for the National Republican Senatorial Committee.

Republican Senate candidates are getting a major boost from the Republican National Committee, which is financing an advertising campaign so far focused largely on Missouri, Ohio and Tennessee. This is widely viewed as a firewall strategy: If Republicans hold onto even one of those seats, it stymies the Democrats' hopes of regaining a majority.

Mr. Schumer said, "The 800-pound gorilla is the money the R.N.C. is pouring into those races."

Republicans also argue that six weeks out, many voters are only beginning to pay attention. In Tennessee, for example, Ben Mitchell, campaign manager for the Republican Senate candidate, former Mayor Bob Corker of Chattanooga, said voters would reject Mr. Ford when they learned about his voting record, which Republicans assert is at odds with his centrist image.

Pete Brodnitz, a pollster for Mr. Ford, countered that Tennessee voters had a "big appetite for change."

Perhaps the most unexpected development this year is the competition in two Southern states. Democrats have fared poorly in the South in recent years, which has accounted, in large part, for their difficulty in gaining a Senate majority.

Tennessee, where the seat is held by the retiring majority leader, Bill Frist, is drawing intense interest from national Republicans. President Bush was in Memphis on Wednesday to raise money for Mr. Corker.

The Virginia race — between Mr. Allen and Jim Webb, the Democrat — looked safe for the Republicans until Mr. Allen made a demeaning reference to a young American man of Indian descent — a Webb campaign worker — at a rally in August. Then, last week, Mr. Allen reacted angrily to a reporter's question about whether his mother had been born Jewish, which began another distracting episode for his campaign.

This week, he has faced accusations that he used racist slurs in the 1970's and 1980's — allegations that Mr. Allen has flatly denied.

This week, Mr. Allen's campaign manager, Dick Wadhams, described the race as "competitive," but asserted that would change as it became clear that Mr. Webb "stands with John Kerry, Ted Kennedy, Chuck Schumer and Hillary Clinton."

Steve Jarding, an adviser to Mr. Webb, described the race as a dead heat, and said that while Mr. Allen retained a financial advantage, Mr. Webb's fund-raising had soared of late.

Both parties are watching to see if Mr. Webb can take advantage of his new opening.

Analysts say the level of Senate competition should come as no surprise; Senate races are more likely to reflect national trends, they say, whereas most House districts are so carefully drawn on partisan lines that "they are safe against anything but a hurricane," said Gary C. Jacobson, a political scientist at the University of California, San Diego.

Controversy Clouds Allen's Re-election Bid (USAT)

By Jill Lawrence

USA Today, September 28, 2006

LEESBURG, Va. — Michael Johnson is a swing voter in a swing county in what's turned into one of the hottest Senate races in the country, and he's swinging away from George Allen, the man he voted for in 2000.

Johnson, 35, a football fan attracted six years ago by Allen's family (his father was a Washington Redskins coach) and "positive, honest" image, says he probably won't vote for Allen this fall. The reason is a videotape showing Allen taunting a volunteer of Indian descent for his Democratic rival as "macaca" — considered an ethnic slur in some cultures.

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"It was horrible," says Johnson, a planner for fast-growing Loudoun County. "Definitely disheartening."

In interviews here Wednesday, many Republicans said they're sticking with Allen.

"He's a wonderful man. A good family man. A good Christian," said Patsy Harrington, 40, a part-time real estate agent.

Until Aug. 11 and the "macaca" comment, Allen had a wide lead in the polls over Democrat Jim Webb, Navy secretary in the Reagan administration, and seemed ready to coast to re-election. Since then, however, his campaign has been slowed by Allen's reactions to the revelation his maternal grandparents were Jewish and allegations that he used racial slurs to refer to black people.

"It has been one misstep and meltdown after another" for the Allen campaign, Mark McKinnon, a strategist for President Bush, said Tuesday at a panel discussion on political advertising in New York sponsored by USA TODAY.

Democrats, who need six new seats for a Senate majority, are poised to invest heavily here. "With each day that goes by, Virginia looks increasingly winnable," says Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. He declined to give details on spending plans.

Federal campaign reports for June 30, the most recent available, showed Allen with a formidable financial edge: $6.6 million on hand vs. $424,000 for Webb.

Webb spokeswoman Kristian Denny Todd said the third-quarter report will show "a fundraising flurry" as a result of celebrity help and national attention, but Allen will have more money.

Both candidates have had 1970s flashbacks. Three of Allen's University of Virginia college football teammates told the online magazine Salon this week that Allen often used a racial slur to describe blacks.

Allen is sending mailers to Virginia women highlighting articles and speeches in which onetime Republican Webb argued, in colorful language he now says was immature, against women in the military.

Webb went on to marry a fellow Vietnam War veteran and change military policies to help women serve. "I've tried to show by my conduct when I had positions in government that I am open to assisting women succeed in all the areas where that's possible," he said this month on NBC's Meet the Press.

Allen pushed for aid to historically black colleges and a Senate apology for failing to outlaw lynching. Last spring, he skipped the high-profile White House Correspondents Dinner to attend a racial reconciliation weekend with Democratic Georgia Rep. John Lewis, a civil rights hero. A former head of the state NAACP has endorsed him.

Allen has apologized repeatedly for the "macaca" incident, and this week, he denied the allegations that he used a racial epithet in college. "It is not who I was, and it is not who I am," Allen said. "It is contrary to every fiber of my being."

Allen was not available for an interview this week. Webb declined Tuesday to comment on the allegations from Allen's classmates.

Virginia conservatives remain solidly behind Allen. "We vote the party, not the person," said Delrose Winter, 48, co-owner of a materials analysis lab. "I don't care what he did as long as it wasn't criminal. He seems very moral and sensible."

The question for Allen is whether there are enough people like Winter in counties such as Loudoun, a magnet for newcomers from Washington and its inner suburbs. Steven Cox, 58, a farmer and baker, moved here seven years ago. "I have mixed feelings about Webb, but I know too many things about Allen," Cox said Wednesday at the Leesburg Restaurant. "I'm just disgusted with the way things are going," particularly regarding Iraq.

Across the room, several friends held forth on the Senate race as they finished lunch. Wayne Wilmot, 64, co-owner of an insurance agency, said comments Allen might have made 30 years ago are "immaterial." He said Allen deserves a second term as senator. He's not sure about the White House.

Michelle Martinson, 50, a title underwriter, said she's a lifelong Republican who voted for Allen in 2000 but won't this year. Her reasons include his closeness to Bush, his support for a state ban on gay marriage, and "he comes across as kind of mean-spirited." As for Webb, his "woman thing is just bizarre." She is still mulling whether to support Webb or no one.

Webb Denies Ever Using Word As Epithet (WP)

By Michael D. Shear

The Washington Post, September 28, 2006

DOJ_NMG_0070524

RICHMOND, Sept. 27 -- Democratic Senate candidate James Webb on Wednesday sought to explain remarks he had made a day earlier, in which he refused to say whether he had used the "N-word," but he insisted he has never used it as a racial epithet aimed at anyone.

"I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time in their life," he told the Richmond Times-Dispatch on Tuesday. "If you read 'Fields of Fire,' that word and a lot of other words are in the book." "Fields of Fire" is a novel Webb wrote about the Vietnam War.

Spokeswoman Kristian Denny Todd said Webb, an author and former Marine, "did not want to make any blanket statements that he has never, ever uttered the word. Jim has not used the word directed at another person. He's never used it himself as a racial slur."

Allegations about race continued to roil Virginia's Senate race this week, as Webb and his opponent, George Allen (R-Va.), confronted fresh accusations and their campaigns struggled to shift the conversation to other subjects.

Political scientists who specialize in the history of the South said Webb's careful comments about the N-word, and the controversy over its alleged use by Allen, reflect the word's transformation from a common political term to the third-rail of electioneering.

"The Voting Rights Act transformed that word. It eradicated it," said Jack Bass, a professor of humanities and social science at the College of Charleston. "The crowd that [used it in the 1970s] either quit using it or they were gone. Blacks were voters by then."

Charles Bullock, a professor of political science at the University of Georgia, said that "in much of the South, there was this tremendous transformation from a time when it was a term widely used by politicians making successful appeals to now where it is something that no politician would dare utter."

Webb's comments to the Times-Dispatch prompted Allen campaign officials to direct a reporter to Dan Cragg, a former acquaintance of Webb's, who said Webb used the word while describing his own behavior during his freshman year at the University of Southern California in the early 1960s. Webb later transferred to the U.S. Naval Academy.

Cragg, 67, who lives in Fairfax County, said on Wednesday that Webb described taking drives through the black neighborhood of Watts, where he and members of his ROTC unit used racial epithets and pointed fake guns at blacks to scare them.

"They would hop into their cars, and would go down to Watts with these buddies of his," Cragg said Webb told him. "They would take the rifles down there. They would call then [epithets], point the rifles at them, pull the triggers and then drive off laughing. One night, some guys caught them and beat . . . them. And that was the end of that."

Cragg said Webb told him the Watts story during a 1983 interview for a Vietnam veterans magazine. Cragg, who described himself as a Republican who would vote for Allen, did not include the story in his article. He provided a transcript of the interview, but the transcript does not contain the ROTC story. He said he still remembers the exchange vividly more than 20 years later.

Webb, who is in Texas for fundraising events, did not respond to repeated requests for comment. Todd said Webb denied the allegations in a conversation with her.

"He said it's not true. It's not even close to being true," Todd said. She quoted Webb as saying: "In 1963, you couldn't go to Watts and do that kind of thing. You'd get killed. So of course I didn't do it. I would never do that. I would never want to do that."

Todd condemned the allegations as politically motivated by the Allen campaign.

"They are pathetic individuals. They are beneath it. They are slime," she said. "Here we are trying to talk about the issues. They are completely and totally desperate."

Cragg, a former Army sergeant major, described himself as a longtime friend of Webb's who worked for him when he was assistant secretary of defense under President Ronald Reagan. Cragg said he approached the Allen campaign through a friend after hearing Webb's answer to the Times-Dispatch reporter's question about using the N-word.

"The fact is he has. He used it in my presence," Cragg said. "I don't think he's a racist any more than George Allen is. But he's not frank in admitting that he grew up in a culture where that was common and he used it."

Allen campaign officials declined to comment on Cragg's story. But political adviser Chris LaCivita responded to Todd's criticism. "They wouldn't know an issue if it hit them square in the face," he said.

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Cragg's accusations come as Allen continued to battle charges he used the same racial epithet during college and was racially insensitive.

On Monday, a college football teammate, Ken Shelton, said Allen used the N-word referring to black people. He also said that he, Allen and Billy Lanahan, another teammate, once cut the head off of a deer and, at Allen's urging, stuffed the head into a black person's mailbox.

Lanahan is dead. But his former roommate came forward Wednesday to say that he recalls Lanahan telling him the story without mentioning that the mailbox was a black person's.

"He told me they went hunting," said George Beam, 53, who lives in Charlottesville. "All he said was we cut the deer head off and stuck it in somebody's mailbox."

And late Wednesday, Allen's campaign launched a multimedia barrage against Webb that included testimonials from former female midshipmen at the Naval Academy. The women, who came forward several weeks ago, said an article Webb wrote in 1979 created a hostile environment for academy women.

"It was demoralizing from a perspective that only a woman could understand," one of the women says in the ad.

Todd called the ad "completely erroneous" because Webb created opportunities for women as secretary of the Navy.

Is There Life After 'Macaca'? (WSJ)

By Fred Barnes

The Wall Street Journal, September 28, 2006

ALEXANDRIA, Va. -- Suddenly, for George Allen, mere re-election has become a perilous business. As recently as six weeks ago, he was expected to glide to an easy victory in his Senate re-election campaign, with an eye fixed on seeking the Republican presidential nomination in 2008. But instead of a cakewalk, he has been subjected to extraordinary scrutiny and a raft of unfavorable publicity.

The national press hasn't treated Mr. Allen as an ordinary candidate. He's in a different category: Likely Presidential Contender. His re-election bid thus floats beyond local Virginia matters, becoming a test of Mr. Allen's viability as a national candidate for 2008. The media grew still more interested when Mr. Allen got a serious Democratic opponent, James Webb, a well-known novelist, Vietnam veteran and angry ex-Republican.

Then Mr. Allen made a crude mistake that may ultimately doom his presidential aspirations and perhaps even his Senate career -- the notorious "macaca" incident. At a rural rally in mid-August, Mr. Allen digressed and singled out a young Webb aide videotaping his speech, a common practice these days in hopes of catching gaffes or blunders. Mr. Allen certainly delivered. He referred to the aide as "macaca," a racial slur in some cultures.

The tape was picked by liberal bloggers and circulated by YouTube, and eventually found its way to the Washington Post, never friendly to Virginia conservatives or to Mr. Allen in particular. The paper played the story as a major scandal, running 44 stories over the next month, including seven on the front page. Almost instantly the rest of the national media glommed onto the story.

Mr. Allen was thrown on the defensive, appearing increasingly rattled. He made things worse by giving several confusing, contradictory explanations and declined to apologize for several days. Then he apologized, over and over again. His lead in polls dropped to a slim four-point advantage.

Would Mr. Allen's gaffe have become a huge issue absent his presidential ambitions? Probably not, even with attention focused so closely on 2006 congressional races. Would the Post have hyped the macaca story day after day? I doubt it.

The cycle, however, is self-stoking. Mr. Allen's views on race and ethnicity have become the target of press frenzy. Ten days ago, he was asked if his mother, Etty, is Jewish. He said no. But when a reporter caught up with her, she said her parents were indeed Jewish, a fact she'd kept from her family, including Mr. Allen, until recently. That story made the front page of the New York Times.

This week ginned up a new controversy: Several acquaintances of Mr. Allen accuse him of having used the "n-word" years ago as a young man. Their stories were uncorroborated and disputed by Allen allies.

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Given Mr. Allen's status as a presidential possibility, the media's concentration on his personal life was not surprising. Reporters are famous for scrutinizing the past of presidential candidates and ferreting out old embarrassments and long-held secrets. When Gary Hart ran for president, it was discovered he'd changed his name and fudged on his age. In 1992, an old letter written by Bill Clinton surfaced in which he condemned the military.

Mr. Allen's campaign has seemed unprepared for the way that presidential races, with their high visibility, draw out personal information. His two previous statewide races (for governor in 1993 and the Senate in 2000) were largely uneventful and revealed little besides that he's a likeable conservative with a libertarian streak and without the slightest hint of racism. The perils, I suppose, of a possibly premature coronation.

With Mr. Allen under sharp attack from all corners, Mr. Webb has become something of a bystander. He joined Mr. Allen for two contentious debates in which neither man gained an advantage. But otherwise he's been ignored. Since Mr. Webb is first-time candidate and an awkward campaigner, he may be better off out of the limelight.

But his obscurity will be short-lived. Mr. Allen is going on TV today with an ad zinging Mr. Webb for a 1982 article critical of women in the military, especially in combat. The article used vivid language that shows, according to the ad, Mr. Webb is disrespectful and insulting to women. "This is a severe problem for Webb with moderate voters, particularly women," says Dick Wadhams, Mr. Allen's chief strategist.

But that, as well as the policy proposals set to drop like confetti, won't be enough to restore Mr. Allen's credibility. He needs to remind voters of his success as governor. He abolished parole, reformed welfare and championed education reforms. New voters, many of them in Northern Virginia (which has one-third of the state's voting population), know little of Mr. Allen's impressive political background.

He must also shift the spotlight to Mr. Webb, whose views are vague but liberal enough for Mr. Allen to contest. Virginia no longer votes like a Southern state, but it's still more conservative than not. The anti-Webb message won't catch on, however, so long as the media remain focused on Mr. Allen's alleged personal flaws. It is going to be exceedingly difficult to overcome that hurdle.

The curdled conventional wisdom on the race is twofold: Mr. Allen is still favored to win re-election, but he should give up any thought of seeking the presidency in 2008. But Mr. Allen refuses to budge. He won't rule out a presidential race, and it remains very much in the cards.

Many conservatives are souring on Virginia's junior senator as a presidential candidate. Still: Should Mr. Allen overcome the media onslaught, effectively counter Mr. Webb's call for a withdrawal from Iraq, finish the campaign without breaking ranks with President Bush, and win a slugfest by a modest margin, he may emerge as a tough-minded survivor. The press won't like him any better, but he might earn the respect of Republican voters around the country. Candidates have been "misunderestimated" before, and stranger things have happened in politics.

Mr. Barnes, executive editor of the Weekly Standard, is author of "Rebel-in-Chief," released in paperback this week by Crown Forum.

A Platform Of Bigotry (NYT)

By Bob Herbert

The New York Times, September 28, 2006

George Allen, the clownish, Confederate-flag-loving senator from Virginia, has apparently been scurrying around for many years, spreading his racially offensive garbage like a dog that should be curbed. With harsh new allegations emerging daily, it's fair to ask:

Where are the voices of reason in the Republican Party — the nonbigoted voices? Why haven't we heard from them on this matter?

Mr. Allen has long been touted as one of the leading candidates for the Republican presidential nomination in 2008. But this is a man who has displayed the quintessential symbol of American bigotry, the Confederate battle flag, on the wall of his living room; who put up a hangman's noose as a decoration in his law office; who used an ethnic slur — macaca — in an attempt to

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publicly embarrass a 20-year-old American student of Indian descent; and who, according to the recollections of a number of his acquaintances, frequently referred to blacks as niggers.

The senator has denied the last allegation. But his accusers are low-keyed, straight-arrow professionals who have no obvious ax to grind. They, frankly, seem believable.

Dr. R. Kendall Shelton, a North Carolina radiologist who played football with Mr. Allen at the University of Virginia in the 1970's, recalled a number of incidents, including one in which Mr. Allen said that blacks in Virginia knew their place. Dr. Shelton said in a television interview that he believed then, and still believes, that Mr. Allen was a racist.

Beyond the obvious problems with the senator's comments and his behavior is the fact that he so neatly fits into the pattern of racial bigotry, insensitivity and exploitation that has characterized the G.O.P. since it adopted its Southern strategy some decades ago. Once it was the Democrats who provided a comfortable home for public officials with attitudes and policies that were hostile to blacks and other minorities. Now the deed to that safe house has been signed over to the G.O.P.

Ronald Reagan may be revered by Republicans, but I can never forget that he opposed both the Civil Rights Act and the Voting Rights Act of the mid-1960's, and that as a presidential candidate he kicked off his 1980 general election campaign in Philadelphia, Miss., which just happened to be where three civil rights workers — Andrew Goodman, Michael Schwerner and James Chaney — were savagely murdered in 1964.

During his appearance in Philadelphia, Reagan told a cheering crowd, "I believe in states' rights."

The lynching of Goodman, Schwerner and Chaney (try to imagine the terror they felt throughout their ordeal) is the kind of activity symbolized by the noose that Senator Allen felt compelled to put up in his office.

One of the senator's Republican colleagues, Conrad Burns, is up for re-election in Montana. He's got an ugly racial history, too. Several years ago, while campaigning for a second term, Mr. Burns was approached by a rancher who wanted to know what life was like in Washington. The rancher said, "Conrad, how can you live back there with all those niggers?"

Senator Burns said he told the rancher it was "a hell of a challenge."

The senator later apologized. But he has bounced from one racially insensitive moment to another over the years, including one occasion when he referred to Arabs as "ragheads."

You don't hear President Bush or the Senate majority leader, Bill Frist, or any other prominent Republicans blowing the whistle on the likes of George Allen and Conrad Burns because Republicans across the board, so-called moderates as well as conservatives, have benefited tremendously from the party's bigotry. Allen and Burns may have been more blatant and buffoonish than is acceptable, but they have all been singing from the same racially offensive hymnal.

From the Willie Horton campaign to the intimidation of black voters in Florida and elsewhere to the use of every racially charged symbol and code word imaginable — it's all of a piece.

The late Lee Atwater, in a 1981 interview, explained the evolution of the Southern strategy:

"You start out in 1954 by saying, 'Nigger, nigger, nigger! By 1968 you can't say 'nigger' — that hurts you. Backfires. So you say stuff like forced busing, states' rights and all that stuff. You're getting so abstract now [that] you're talking about cutting taxes, and all these things you're talking about are totally economic things and a byproduct of them is [that] blacks get hurt worse than whites."

It's been working beautifully for the G.O.P. for decades. Why would the president or anyone else curtail a winning strategy now?

Tennessee Battles For Senate (WT)

By Brian Debose

The Washington Times, September 28, 2006

Tennessee is living up to its reputation as a battleground state with Rep. Harold E. Ford Jr., a Democrat, running neck and neck with Bob Corker, Chattanooga's Republican mayor, in their race for the Senate.

Mr. Corker's early double-digit polling lead in his bid to hold for Republicans the seat being vacated by Majority Leader Bill Frist has dwindled into a statistical dead heat, and Democrats now think they can capture the seat in this Republican-leaning state.

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Republicans have underestimated the effectiveness of Mr. Ford's campaign, said Merle Black, political science professor at Emory University.

"It just looks like Ford wants this a lot more than Corker does," he said.

The stakes are high for Mr. Ford.

A victory by the son of former Rep. Harold Ford Sr. would give Democrats an unexpected victory in their effort to pick up six seats to win back the Senate majority in November.

It also would mark the first time a black person in the South has won an open election to the Senate and could be seen as the first chink in the armor of the Republican's Southern fortress. Republicans control both Senate seats in 10 of the 13 Southern states. Only Florida and Louisiana have split-party Senate representation, and only Arkansas has two Democrats.

Mr. Ford dismisses all of that.

"I'm not fighting for any legacy or any party pride or anything like that; I'm fighting for a seat on the U.S. Senate for the people of Tennessee. It's not any party's seat; it's the people's seat," he said.

Corker's campaign manager Ben Mitchell said financial support from Tennesseans will translate to votes in November.

"Our fundraising shows a tremendous amount of support from right here in Tennessee ... in contrast to Mr. Ford, who has a majority of his money coming in from out of state," Mr. Mitchell said.

"Bob Corker represents Tennessee values while Congressman Ford represents the values of out-of-state donors from California and New York who are funding his campaign."

The election is much closer than Republicans expected and they are having a tough time developing a strategy that can work against Mr. Ford.

"What we have to do is contend with a guy who is a very gifted talker and who will say just about anything to score political points," said Dan Ronayne, National Republican Senatorial Committee (NRSC) spokesman.

Mr. Ford has also proven to be an effective counter-puncher.

The NRSC yesterday, using his voting record, pegged Mr. Ford as a flip-flopper on border security. He voted against legislation to create a 700-mile fence on the border that he said could not be done. But last week he voted for it, saying the bill presented was more comprehensive, including things other than the fence alone.

Mr. Ford immediately countered with the help of the Democratic Senatorial Campaign Committee that put up an ad saying that Mr. Corker's construction firm has been cited for hiring illegal aliens.

Early on in the campaign the Republicans attempted to paint Mr. Ford as "Fancy Ford" who likes to live lavishly on the taxpayer's dime, but that quickly fizzled out.

"I've just finished paying off my college loans, and this guy is worth upwards of a quarter-billion dollars or more with a 40-room house in the Chattanooga mountains and 10 cars," Mr. Ford said.

One thing Mr. Ford cannot shake is limited residency in the state.

"Ford is like Al Gore," Mr. Ronayne said. "In 2000, we were able to show that Gore was more D.C. than Tennessee and Ford has the same problems."

Mr. Ford has worked hard to counteract that problem telling audiences that it isn't his fault that he came to the District with his mother and father when he was nine, "and since I didn't have a job or any money to pay my rent in Memphis, I decided to come with them."

Mfume Endorses Cardin, But Adds Caveat (WP)

By Ann E. Marimow

The Washington Post, September 28, 2006

Senate candidate Benjamin L. Cardin received the critical endorsement yesterday of Democratic primary opponent Kweisi Mfume, whose blessing came with a blunt warning about the lack of diversity among candidates for statewide office in Maryland.

The main attraction at Cardin's campaign rally at the University of Maryland was supposed to be Sen. Barack Obama (Ill.), a rising star in the Democratic Party. But Mfume -- who lost to Cardin on Sept. 12 -- left a stark impression, telling the Baltimore congressman and fellow Democrats, "We have a problem."

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On stage at an outdoor amphitheater filled with college Democrats, the former NAACP president enthusiastically put his arms around Cardin, saying: "I know what he's done in the past, and I know what he'll do in the future. He's going to make a damn good senator."

But Mfume cautioned that the party had much work to do to energize black voters. The Democratic nominees for the top four jobs, he noted, look no different than the ticket 50 years ago.

"We need women in leadership positions in the state. We've got to find a way that African Americans and other minorities are represented statewide in office," he said, standing with Obama and other officials.

Cardin, who is white, faces Lt. Gov. Michael S. Steele (R) in the general election Nov. 7 to succeed Sen. Paul S. Sarbanes (D), who is retiring.

In 2002, Steele became Maryland's first African American elected to statewide office and has tried to make inroads with black voters in the overwhelmingly Democratic state. He dismissed the significance of the high-profile endorsements yesterday and picked up on Mfume's theme.

"The challenge of the opportunity is to build a bridge to communities the Democratic Party has taken for granted and has, by its choice of nominee," decided to tell to wait, he said during an afternoon event in Largo. "I'm here to say, 'You don't have to wait any longer.' "

The issue of race has been at the forefront of the Senate contest since the primary, in which Mfume finished second in a crowded contest. Cardin lagged far behind Mfume in parts of the state where blacks are the majority. Mfume won nearly 70 percent of the vote in Prince George's County and 64 percent in Baltimore.

Cardin's challenge, said Democratic legislators in Prince George's, is to overcome disappointment in the black community. African Americans represent one of the most loyal Democratic voting blocs in Maryland, but resentment among some black voters lingers from the 2004 election, when the Democratic nominee for governor, Lt. Gov. Kathleen Kennedy Townsend, did not pick a black running mate.

"The fact that we don't have an African American" at the top of the ticket, said Sen. Ulysses Currie (D-Prince George's), "doesn't help Ben." Currie, one of the few lawmakers in the battleground county who endorsed Cardin in the primary, hopes to convince his constituents that "there isn't anyone I've met who better understands or is more effective in government."

One Democratic African American is on the statewide ballot: Del. Anthony G. Brown of Prince George's, Baltimore Mayor Martin O'Malley's running mate in the governor's race.

Nonetheless, the Rev. Grainger Browning, pastor of Ebenezer AME Church in Fort Washington, said it would take more than appearances for some African Americans to mend relations with the party because of the sense that black Democrats have been underappreciated.

"The key thing is that we have not been at the table of influence," said Browning, who was on stage yesterday. "We want to be at the table at the time of the conception of ideas and not just when it is time to campaign."

Terry Lierman, the state Democratic Party chairman, acknowledged that the party needs "much more diversity, and we're working towards it." But he said it was important to consider the large number of female and minority nominees for lower level offices, such as General Assembly seats. Montgomery County Democrat Isiah "Ike" Leggett, he noted, would be the first black county executive in the state's largest jurisdiction.

About 28 percent of Maryland's residents are black -- among the highest percentages in the nation. The Democratic Party expects black voters to make up about 20 percent of the general election vote. For that reason, said Ronald Walters, a U-Md. government and politics professor, Cardin cannot afford to cede a significant percentage of the black vote to Steele.

If there is muted enthusiasm for the party, it is because of the question of whether black Democrats turn out in large numbers for Cardin. A Baltimore Sun poll this week showed 24 percent of black voters favor Steele, a strong showing for a Republican.

How involved Mfume will be in the campaign is unclear. Mfume said he was following up on a commitment he made to Sen. Barbara A. Mikulski (D-Md.), who began planning the unity event months ago.

"I am here to fulfill my commitment and my obligation," he said.

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There was certainly enthusiasm yesterday as Cardin told the crowd: "Michael Steele stands with George Bush. I stand with the people of Maryland." Obama followed, praising Cardin's experience in Annapolis and in Congress.

"There aren't too many people who could replace Senator Sarbanes and not miss a beat, and yet somehow, Maryland, you all found him," he said. Referring to Steele, he added: "I know the other guy is taller, and he's got that kind of local news anchor style about him. . . . But I tell you what, that's not what this election is about."

The Democrats' Charisma Doctor (WP)

By David Montgomery

The Washington Post, September 28, 2006

It's one thing for Ben Cardin to joke about his charisma deficit. "Who says I'm not flashy?" he quips in a campaign commercial when a supporter suggests: "Ben's not flashy, but he never stops."

It's quite another for him to invite Mr. Democratic Charisma himself onstage for a rally yesterday in the Cardin quest to become U.S. senator from Maryland.

Barack Obama didn't even have to open his mouth to have a crowd of a few hundred under a powerful spell in a grassy outdoor amphitheater at the University of Maryland in College Park. The junior senator from Illinois -- part Kenyan, part Kansan -- stood tall and youthful and bronze in a black suit and a baby-blue tie, his eyes half-closed, studying the audience with a kind of seductive lassitude. His arrival sparked an ovation, and he shot a quick amiable wink to the many pols and hopefuls crammed behind him on the stage, mute witnesses to the magic.

Beside Obama stood Cardin. Comparisons aren't polite, but the Democratic congressman from Maryland was asking for it: He looked older, shorter, pudgier and pinker.

Suffice it to say, when Cardin delivered his speech ahead of Obama -- the candidate was the warm-up act for the superstar -- a female voice from the crowd did not interrupt him with the ecstatic cry, "We want to meet you!" Obama won that populist bouquet. Squinting, pretending he didn't hear it, he continued his passionate call to "put on your marching shoes" to elect Cardin.

So the man lacks charisma, fine: He can borrow it. That may have been the point of this sunny morning tableau on the campaign trail. In his race against the current lieutenant governor, Republican Michael Steele -- who has been featuring a puppy in his campaign commercials -- Cardin contends he is running a campaign of substance over style. Cardin's style is anti-style, the recitation of issues, the requests for debate.

"We're bringing in charismatic popular leaders to show their support for Ben Cardin," says Oren Shur, the campaign's spokesman. "It's still our banner they're standing in front of. . . . People like Barack Obama transcend politics. They attract people and engage people into political events" they otherwise might ignore.

Obama, whose fans say he delivers substance with style, has been electrifying Democrats since his 2004 presidential convention keynote address, before he was even in the Senate. Cardin admires that speech so much he quoted a line in his own yesterday: "I believe that we have a righteous wind at our backs, and that we stand on the crossroads of history."

Sprinting Dems everywhere have been demanding an Obama jolt of energy, inspiration, star power. In the past two weeks, the senator has addressed campaign events in Kentucky, Iowa, West Virginia and Virginia, where he rallied supporters of Senate candidate Jim Webb against incumbent Republican George Allen, and he'll quicken his pace as Election Day approaches, said Obama spokesman Robert Gibbs. To many of the party faithful, the question is not if, but when, Obama himself will run for president.

The air in College Park was thick with Obama thrall.

"I've just always admired everything Mr. Obama says," said Kate Turner, a Maryland student who attended the rally on her 19th birthday just to hear him. "I'm excited about politics because he's involved."

Turner lost her sandal chasing Obama after he left the stage. She wanted a birthday picture with him.

"It's your birthday?" said the senator. "Where's your shoe, though?"

Cardin will get her vote, Turner says, but Obama will enjoy a far more personal honor. The snapshot of Obama and her will become her new Facebook picture.

More Obama giddiness:

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"I decided to take time off from work to see my role model," said Joseph Eyong, 43, a native of Camaroon living in Silver Spring.

And this:

"Dude, I shook his hand."

That's Robert Hardin, 20, a Maryland junior from Fort Washington, to Alan Coleman, 20, a junior from Silver Spring. The night before the rally, one of their friends said he'd never heard of Obama. So they logged on to YouTube.com and had a viewing of the 2004 keynote speech.

"We were inspired to get up at 9 o'clock" for the rally, Coleman said. "If Obama wasn't here, I'm sure we wouldn't have half the turnout. I support all the politicians who are up there, but I don't know if I'd come out and hear them speak."

And what of that shortish white guy onstage with Barack Obama? After the speeches, Cardin was mobbed by a different crowd. Mostly reporters. But, his spokesman Shur affirmed, some people did seek Cardin's autograph on the back of campaign signs.

"If you talk about stentorian speaking," said Frank Bell, 80, of Kettering, ranking the rally speechifiers, "Obama's first, [Kweisi] Mfume's second, [retiring Sen. Paul] Sarbanes is third, and Ben's is somewhere down the line. . . . If he wins . . . it's going to be because he's standing for things people desperately need." (Bell didn't rank Sen. Barbara Mikulski, who also spoke.)

To win, Cardin is "going to have to do more," said Jennifer Lowery-Bell, 59, Frank's wife. "He can't be an Obama. We're not asking that." But Cardin will have to reach for some passion, she said, and he will have to keep pounding those issues, such as universal health care.

So, issues and passion: They matter. How they fit together is a politician's business. Sarbanes has been an issues guy, but a little bland. Obama meant it as a compliment when he said: "There aren't too many people who could replace Senator Sarbanes and not miss a beat. And yet somehow, Maryland, y'all found him." And the crowd cheered.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 28, 2006

Big house

"Leaking classified information is a crime punishable with prison time. The statutes are on the books, folks. Those who leak classified information and those who publicize it should go to jail," writes Ralph Peters of the New York Post.

"The latest example was a selective leak from a National Intelligence Estimate. ... The leak wasn't about some phony 'right to know.' It was a political stunt performed for political gain. And now our enemies know what our intelligence community thinks. Gee, thanks. We don't need to know what intelligence documents say. What matters is what our leaders do or fail to do.

"What will it take to inspire a nonpartisan crackdown on those who betray our secrets, who selfishly expose our country to mortal danger?" Mr. Peters asks.

"This shouldn't be a Democratic or Republican issue. It's an American issue. Keeping our country safe is more important than Senator Sweetspot's re-election campaign or a Pulitzer Prize for another self-adoring, America-loathing journalist. Put 'em in the slammer. Where these criminals belong. Enforce our laws. And maybe -- just maybe -- folks in Washington will start obeying those laws again."

California dreaming

Just six weeks before the midterms, California Gov. Arnold Schwarzenegger holds a double-digit edge over Democratic nominee Phil Angelides in two independent voter surveys.

The Governator held a 17-point lead over Mr. Angelides -- 48 percent to 31 percent -- in a survey released Tuesday by the Public Policy Institute of California. A Field Poll released yesterday put Mr. Schwarzenegger's advantage at 10 points, 44 percent to 34 percent.

Another Field survey in February found the rivals tied at 39 percent.

"We're at or exceeding what we need to have to win when it comes to men, women and Latinos," Schwarzenegger adviser Matthew Dowd told the Associated Press, crediting the lead to bipartisan dealings and well-targeted campaign messages.

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The policy institute's poll of 1,091 likely voters was conducted Sept. 13 to 20. The margin of error was two percentage points. The Field survey of 557 likely voters was conducted Sept. 14 through Sunday, with an error margin of 4.3 percentage points.

California dreaming No. 2

Heads up, Al Gore. California Gov. Arnold Schwarzenegger may steal some of that environmental thunder. Mr. Schwarzenegger signed into law a sweeping initiative yesterday that imposes the nation's first cap on greenhouse-gas emissions.

"It will begin a bold new era of environmental protection in California that will change the course of history," he said.

And talk about a Hallmark moment: The Republican governor stood shoulder to shoulder with San Francisco Mayor Gavin Newsom, a Democrat; New York Gov. George E. Pataki, a Republican; and a spate of Democratic legislators, according to the San Francisco Chronicle, which called the ceremony a "major political victory." British Prime Minister Tony Blair joined via video link.

"Nothing is more important than protecting our planet," Mr. Schwarzenegger said.

A vote for Swanson

One of the young stalwarts at the Heritage Foundation is about to take on former Vice President Al Gore. James Swanson, author of "Manhunt: the 12-Day Chase for Lincoln's Killer," has been nominated for a Quill Award for best book of the year in the historical/current events category. His competition? The author of "An Inconvenient Truth."

Mr. Swanson, who works as senior legal scholar for Edwin Meese III at Heritage, counts President Bush, Sen. John McCain, Arizona Republican, and other political heavyweights among his readership. The book was on the New York Times best-seller list for four months and will be made into a movie by Walden Media, starring none other than Harrison Ford as Col. Everton Conger, the man who led the search for John Wilkes Booth.

The Quill Awards are the "people's choice" of the publishing industry. Mr. Swanson could use a little grass roots-support from those who appreciate a candid take on history. Balloting is open until Sept. 30 at www.quillsvote.com. The awards will be broadcast on NBC in October.

Wounded also-rans

News that Cleveland lost its bid to host the 2008 Republican National Convention "broke some hearts" in the strongly Democratic-leaning city yesterday, the Akron Beacon Journal reported. The chairwoman of the nine-member site-selection committee, Jo Ann Davidson, contacted Ohio Republican Party Chairman Bob Bennett personally to deliver the news that Minneapolis-St. Paul had won the convention derby.

"I'm terribly disappointed in that," Mr. Bennett said.

Things weren't much better down in Tampa, Fla., which has been "jilted" despite "good vibes" from the Republican National Committee, according to the Tampa Bay Business Journal.

"Picking Minneapolis at this time goes against information distributed by the RNC on site visits," the journal said.

Pastry faced

To drive home Democrats' argument that the Republican-approved Medicare prescription-drug program contains gaps, or "holes" in coverage, Rep. Pete Stark yesterday brought a box of doughnut holes to share with Republican colleagues on the Ways and Means Committee, reports The Washington Times' Amy Fagan.

With dramatic flair, Mr. Stark, California Democrat, complained that most of the 40 million Medicare beneficiaries "are still suffering through the doughnut hole" of coverage that Republicans created in the program.

Committee Chairman Bill Thomas, California Republican, replied that the program is designed to allow the private market to fill any gaps in drug coverage, just like the real doughnut industry figured out a way to make money from doughnut scraps. "If you allow the private sector to perform, they will," he said.

Rep. Nancy L. Johnson, Connecticut Republican, said low-income people don't have coverage gaps under the program and only a "minority" of beneficiaries do. Despite the political squabble, real doughnut holes are a bipartisan dish: Democrats and Republicans alike passed around the box and polished off the contents.

Ballot ballet

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Their hanging chad detectors will be in full working operation, no doubt. Democrats are busy lining up teams of lawyers across the country to "fight what they allege could be GOP efforts to suppress voters" on Election Day, the Columbus (Ohio) Dispatch reports.

The Democratic National Committee has set up a toll-free hot line for voters "with problems" on Nov. 7 and boasts it has volunteer lawyers poised in 18 states "to fight ballot challenges." Republicans remain unruffled.

"They're going to have an awful lot of people standing around with nothing to do," said Bill Todd, a Republican lawyer in Ohio who expects to help out his state party on the big day.

Arnold's Turnaround (WP)

By David S. Broder

The Washington Post, September 28, 2006

SACRAMENTO -- The Terminator has rescued himself from political ruin by reinventing his approach to government, thus demonstrating in the most dramatic way possible the value of political independence.

Just 10 months after California voters rejected all four of the ballot initiatives he put before them and sent his personal approval ratings crashing to dangerous depths, Republican Gov. Arnold Schwarzenegger is riding high, poised to win a full term come November.

Instead of the partisan assault on public employee unions and Democratic legislators (a.k.a. "girlie men") that marked his rhetoric in 2005, Schwarzenegger has negotiated agreements this year on a minimum-wage increase, higher school spending, curbing air pollution and a mega-bond sale designed to meet overdue highway, flood-control and school-construction needs.

Democratic leaders of the legislature, who a year ago were ready to cut Schwarzenegger's throat politically, now sing his praises and join him on the platform at bill-signing ceremonies, while the unions debate whether it is worthwhile to put money into the rival campaign of the struggling Democratic nominee, state Treasurer Phil Angelides.

This turnaround, likely to yield a notable Republican victory in a year of widespread GOP losses, began within a week of Schwarzenegger's humiliation in the November 2005 special election he had called in hopes of trumping the legislature and passing four initiatives that would have curbed the unions and expanded his power to run the state his way.

He immediately and publicly said that he had misjudged the electorate but had heard the voters' message: Cut the partisan rhetoric and get back to work on the real problems facing the state.

He signaled the change by hiring as his new chief of staff Susan Kennedy, a lifelong Democrat who had served as executive director of the state party and a key aide to former governor Gray Davis, the man Schwarzenegger beat in the recall election of 2003.

The other day, puffing a cigar in the smoking tent Schwarzenegger built in the courtyard of the smoke-free capitol, Kennedy talked about the new regime.

The governor still has very large goals, she said, citing the billions in construction bonds he has placed on the ballot in November. Those goals, she said, proved irresistible to the Democrats, "who salivate at the thought of spending $50 billion." But they also represent a political risk -- it will be a struggle to pass even one or two, polls show -- by a man "who is not afraid to fail, because he picks himself right up and goes back for more."

Were Schwarzenegger not that resilient and resourceful, he never would have made it out of Austria, to the top of the body-building world, to a business career, Hollywood stardom and now striking success in politics, all of which Joe Mathews describes in his excellent new political biography, "The People's Machine: Arnold Schwarzenegger and the Rise of Blockbuster Democracy."

Along the way, as one of the governor's aides told me, Schwarzenegger became an expert at marketing himself, "and to market yourself, you have to reinvent yourself."

The biggest reinvention came inside the governor's own head. A year ago, when I interviewed him on the eve of the special election, Schwarzenegger expressed burning frustration with the political, bureaucratic and interest-group barriers to his accomplishing great goals for his state.

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After the failure of his effort to bypass all those barriers through direct appeal to the voters, an old Sacramento hand was summoned for help by the governor and his wife, Maria Shriver. Schwarzenegger was told he needed to learn one thing: patience.

Amazingly to some, he has learned it, and now works comfortably, convivially, on forging compromises with the very same Democratic legislators and lobbyists he once tried to run out of town. In turn, they have responded by cooperating instead of conniving to defeat or embarrass him.

Schwarzenegger's abandonment of a partisan posture has not cost him significant support in his own party, for a simple reason. As the only major Republican elected in this Democratic capitol, he stands as the barrier to higher taxes and more stringent regulation of business.

More important, his current political posture mirrors the makeup of this complex state, where the only growing political group consists of those who decline to state a party preference and where myriad competing racial, ethnic and geographic forces require political leadership with dexterity and flexibility.

Schwarzenegger is providing his party -- and the country -- with an object lesson in how to survive and thrive in that kind of independent political environment. Others will have to learn.

Democrats Follow Clinton's Lead In Ripping Fox News (WT)

By Eric Pfeiffer

The Washington Times, September 28, 2006

Nearly a week after Bill Clinton's angry appearance on "Fox News Sunday," Democrats have turned their vitriol on the Fox News Channel, in what some consider a calculated move to boost the left's enthusiasm before midterm elections.

"It fires up our base, because they're glad someone is fighting back and setting the record straight," said Democratic strategist Donna Brazile.

Since the former president's interview with Fox's Chris Wallace was taped last Friday, high-profile Democrats, including California Sen. Barbara Boxer and strategist James Carville, have joined Mr. Clinton's criticism of the cable news network. Fox's critics say the persistent questioning of Mr. Clinton's record on terrorism is indicative of what they consider a conservative bias.

"I do think this is helpful to Democrats for Clinton to go after Fox directly. It's a smart play," said Brendan Nyhan, former co-editor of the nonpartisan online watchdog Spinsanity. "Liberals are excited to see someone high-profile go after Fox News explicitly."

Politicians attacking the media is nothing new. A perceived liberal bias in the mainstream press has been a staple of Republican strategy for decades.

"A reporter has a right to ask tough questions about the issues of the day," said Michael X. Delli Carpini, dean of the Annenberg School for Communication at the University of Pennsylvania. "The real question is the larger context it's being done in. It's not an unreasonable feeling on the part of Democrats."

Mr. Nyhan says Mr. Clinton's continued popularity with Democrats helps give his criticism of Fox legitimacy.

On Tuesday, Mrs. Boxer told Fox News anchor Jane Skinner, "I hear that you agree with the [President Bush]. I am not surprised."

Meanwhile, during an appearance on MSNBC, former Democratic National Committee (DNC) Chairman Terry McAuliffe told host Tucker Carlson, "I know Chris Wallace, I have appeared on the Fox Sunday show many times with Chris Wallace. Let me be crystal clear: Roger Ailes [conservative president of Fox News] pays his paycheck. He is a tool of the Republican Party. ... He is what he is, and let's not deceive ourselves."

Many of Mr. Wallace's colleagues have defended his journalistic credentials, noting his previous stints with ABC and NBC. Nonetheless, DNC Chairman Howard Dean echoed Mr. McAuliffe's sentiment in an e-mail to supporters on Monday, in which he accused Fox of engaging in "right-wing revisionist history from the propaganda machine."

Despite all the criticism, some think Fox stands to gain as much from the controversy as the Democrats. The interview with Mr. Clinton gave "Fox News Sunday" its highest ratings since the capture of deposed Iraqi strongman Saddam Hussein in 2003.

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"It's the Howard Stern effect," Mr. Nyhan said. "You have half the audience listening because they love it and half listening because they hate it."

Giuliani Comes To Clinton's Defense Over Terrorism Preparedness (BRAH)

By Matt Sedensky

The Bradenton Herald, September 28, 2006

FORT LAUDERDALE, Fla. - Former New York Mayor Rudy Giuliani defended Bill Clinton on Wednesday over the former president's counterterrorism efforts, saying recent criticism on preventing the Sept. 11 terrorist attacks is wrong.

Political bickering over which president - Clinton or George W. Bush - missed more opportunities to prevent the attacks has been escalating since Clinton gave a combative interview on "Fox News Sunday" in which he defended his efforts to kill Osama bin Laden.

"The idea of trying to cast blame on President Clinton is just wrong for many, many reasons, not the least of which is I don't think he deserves it," Giuliani said in response to a question after an appearance with fellow Republican Charlie Crist, who is running for governor. "I don't think President Bush deserves it. The people who deserve blame for Sept. 11, I think we should remind ourselves, are the terrorists - the Islamic fanatics - who came here and killed us and want to come here again and do it."

Secretary of State Condoleezza Rice challenged Clinton's claim that he did more than many of his conservative critics to pursue bin Laden, and she accused the Democrat of leaving no comprehensive plan to fight al-Qaida.

Giuliani said he believed Clinton, like his successor, did everything he could with the information he was provided.

"Every American president I've known would have given his life to prevent an attack like that. That includes President Clinton, President Bush," the former mayor said outside a firehouse here. "They did the best they could with the information they had at the time."

Giuliani also said a recently declassified report that said the Iraq war had become a "cause celebre" for Islamic extremists demonstrated the need to continue the fight there.

"The jihadists very much want a victory in Iraq. They feel that if they could defeat us in Iraq they will have a great victory for terrorism," Giuliani said. "What that should do is organize us to say if they want a big victory in Iraq then we have to deprive them of that victory."

Giuliani said he was "very interested in considering" a run for president but would not make a decision until after the November election.

Is There Life After 'Macaca'? (WSJ)

WSJ letter – LATimes, 9/11 movie, September 28, 2006

In regard to Howard Dean's Sept. 22 editorial-page commentary "'Democrats Offer a New Direction'":

I thought, this is it. Here is the op-ed piece that lays out the specifics of the Democratic agenda. After all, this is the chairman of the DNC proclaiming "a new direction." Nope. Howard Dean simply bashes the Bush administration with undocumented, cherry-picked economic data and then follows it up by saying the Democrats will offer, among other things, "honesty in government" and "a defense policy that is tough and smart." That certainly started the heartbeat racing. And, oh yes -- the Democrats will also "have a jobs agenda that includes good jobs. . . ."

Until now I thought Sen. John Kerry's contributions to this page were short on substance, but Howard Dean just set the bar even lower.

Timothy O. Corkery

South Boston, Mass.

We can smell November coming just by the general political rhetoric in the air. Mr. Dean's attacks and numbers twisting is the same old game played by the party out of office. Nothing is mentioned about the fact that 70% of Americans now own their own homes, that interest rates are the lowest in our lifetime, and that unemployment is at a decades low of 4.7%. Further, we see Mr. Dean is in the pocket of the same unions that brought us $80,000-a-year useless job banks at GM and Ford. Where can I sign up for that job?

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Not that I can sit here and say the Bush camp has done everything right; they would have trouble explaining a multiplication table to a Harvard graduate. I am just troubled that as the political silly season starts it's the same old game, just with different players.

Kenneth Schnoll

Mahwah, N.J.

Mr. Dean devotes 11 paragraphs to why the Democrats don't like President Bush or the Republicans and three paragraphs of liberal pabulum with no substance nor explanation of how the Democrats will actually accomplish anything. He ends with, "We are ready to lead with a thoughtful, fiscally responsible long-term vision," but, as usual, never attempts to explain what that cherished vision is. Hello? Anybody home?

Richard A. Hansen

Carmel, Ind.

Asserting that the middle class fared better under Bill Clinton, Mr. Dean provides carefully selected data (from "Clinton's final year," Clinton's "last five years," and from 1980), implies causation by ignoring distortions (late 1990s bubble vs. 2001 recession, defense spending cuts vs. War on Terrorism), and contradicts history (the pay-as-you-go budgeting he favors leads to tax increases).

Curiously, he bemoans the increased cost of tuition. He then promises to reverse cuts in tuition aid, which would only fuel tuition inflation. And then he promises to keep good jobs in the U.S., though the abundance of good jobs is the reason people invest so in education.

Ted Riley

Washington

The only thing said by Howard Dean that could be remotely construed to be a concrete proposal is his pledge to "redeploy" U.S. troops from Iraq. Translation: "I, Howard Dean, propose that the Democrats cut and run in Iraq." And that's about as concrete as Democrats get when they try to address issues affecting their countrymen.

The rest of Mr. Dean's commentary focused on how "bad" our economy is. But with unemployment at historic lows, gas prices dropping, inflation in check, productivity high and Americans keeping more of what they earn (instead of paying it as income tax to the federal government), the U.S. economy is the envy of the world. Regarding the budget deficit: It is being steadily reduced because total tax collections are higher than ever before, thanks to a healthy economy that produces greater economic activity than ever before. So what is Mr. Dean complaining about? Does he really believe all this pre-election hot air?

Patrick Curry

Irvine, Calif.

Should Shareholders Nominate Directors?

In "SEC-Saw" (editorial page, Sept. 15), Ira M. Millstein and Harvey J. Goldschmid urge the SEC to continue its efforts to provide shareholders a voice in the director election process. It is worth clarifying that it is the director nomination part of the voting process that has been the focus of recent SEC attention, not voting itself.

Also, a point the authors use as an underpinning of their argument is that shareholders are still the providers of capital in our economy. While that is true for some companies, especially startups and IPOs, Adolf Berle recognized as early as 1932 that the primary sources of capital for the mature corporation come from retained earnings and debt, not from direct shareholder input. Shareholders in mature corporations provide liquidity in secondary markets, which is a very important function, but it isn't providing capital to the company. There may well be good arguments for greater shareholder involvement in director nominations, but their being providers of capital should not be one of them.

Finally, the authors recognize potential abuses of providing greater access to the director nomination process and suggest safeguards such as minimum holding periods. While I agree with that, I believe the potential abuses of greater access outweigh the benefits. But if the SEC does go forward with this I would suggest it consider another safeguard, one that would limit nomination authority to shareholders who do not own significant quantities of a competing corporation's stock in order to avoid, for example, major owners of Ford stock nominating directors to General Motors with all the potential conflicts of interest that would entail.

DOJ_NMG_0070537

Donald Margotta
Associate Professor of Finance
Northeastern University
Boston

L.A. Times Statement Regarding 'Path to 9/11'

On your Sept. 18 editorial page, Cyrus Nowrasteh wrote "The Path to Hysteria," in which he chronicled his experience of the scandal surrounding the television movie he wrote, "The Path to 9/11."

In his account, Mr. Nowrasteh wrote: "The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response."

He was referring to a front-page article in the L.A. Times ("ABC Stands By Its 9/11 Story -- Almost," Sept. 9) in which Scott Collins and Tina Daunt described the writer as "a politically conservative Iranian American Muslim."

We would like to set the record straight, one point at a time.

Mr. Nowrasteh, as he wrote in The Wall Street Journal, has Iranian parents. Which would make him Iranian-American.

Mr. Nowrasteh's politics have been widely characterized as conservative in the Washington Post and elsewhere. Additionally, last October he appeared on a panel at the Liberty Film Festival that was named "Rebels With a Cause: How Conservatives Can Lead Hollywood's Next Paradigm Shift. "

In a Q&A interview with Libertas: A Forum for Conservative Thought on Film (http://www.libertyfilmfestival.com/libertas/index.php?p=462), Mr. Nowrasteh identified himself as "Islamic-American."

And finally, in his piece in the Journal, Mr. Nowrasteh also implied that he contacted the reporter about his complaints, and was ignored. This is not the case: Scott Collins spoke on the phone with Mr. Nowrasteh after the article came out.

AIDS Bill Is Dilemma For Clinton (HILL)

By Alexander Bolton

The Hill, September 28, 2006

An AIDS funding bill that has stalled on the Senate floor has put Sen. Hillary Rodham Clinton (D-N.Y.) in a difficult position — forcing her to choose between the interests of her home state and those of battleground states in the 2008 presidential election.

Elected officials and AIDS activists from Iowa, South Carolina, and Ohio are urging senators to pass the Ryan White Comprehensive AIDS Resources Emergency Act, which would increase their state's funding for people infected with HIV, the virus that causes AIDS.

A group of activists and officials are focusing their efforts on Clinton because she has the highest profile among the bill's opponents. They may also be calculating that they have most leverage with her because she is expected to run for president.

Iowa and South Carolina will host two of the earliest contests of the 2008 Democratic presidential primary, and Ohio is expected to be a crucial battleground.

The bill, also known as the Ryan White Care Act, reauthorizes federal funding to fight AIDS. It would steer money away from major urban areas in New York, New Jersey and California to smaller, more rural states that have seen a dramatic increase in HIV infections in recent years.

The bill, which was originally passed in 1990, expires at the end of this week, the end of the 2006 fiscal year. Without a reauthorization, federal funding will continue at current levels.

Clinton and her New York colleague, Sen. Charles Schumer (D), outlined their objections to the new funding formula in a recent letter to Senate Minority Leader Harry Reid (D-N.Y.).

"New York State stands to lose more than $78 million in Ryan White Title II funds over four years," they wrote. "Without modifications to address our concerns, we stand united on behalf of New Yorkers living with HIV/AIDS in objecting to this bill."

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Clinton and Schumer also wrote that the bill would reduces grants to Buffalo and Albany and could cost New York City as much as $17 million in lost federal funds next year. They stated that they support providing funds needed by other areas of the country, but not at the cost of established programs in their state.

That position puts Clinton at odds with Iowa Gov. Tom Vilsack (D), who urged for AIDS funding to be restructured in a letter to Sens. Mike Enzi (R-Wyo.), the chairman of the Senate health committee, and Edward Kennedy (Mass.), the panel's ranking Democrat.

"Iowa is one of many rural states that receive no Title I funding at all," Vilsack wrote. "[M]any states, including Iowa, have been forced to institute waiting lists for treatment or other cost-containment measures. This is unacceptable. The CARE Act should fully fund all 50 states' [AIDS Drug Assistance Programs]."

If Vilsack does not run for president himself, he could help one of the Democratic presidential contenders gain an edge in the January 2008 Iowa Caucuses. Even if he does run, Vilsack would still be influential in the outcome of the contest.

Enzi attempted and failed to get agreement to bring up the bill on the Senate floor Tuesday and will try again, said an aide.

Three prominent Democratic public officials from Ohio, a state that narrowly decided the 2004 presidential race, have pressured Clinton recently.

Donald Plusquellic, mayor of Akron, Rhine McLin, mayor of Dayton, and Mark Mallory, mayor of Cincinnati, have each written letters to Clinton since mid-August urging her to support the revised formulas in the reauthorization bill.

"The current act disproportionately rewards larger cities at the expense of medium sized cities such as Cincinnati," wrote Mallory. "This is especially important in states like Ohio with multiple urban centers. The reformed act would go a long way to address these funding deficiencies and greatly increase funding for many medium sized cities, including a potential increase of $79,000 to Cincinnati."

McLin highlighted the effect on African Americans, a substantial Democratic constituency in Ohio as well as in South Carolina.

"Here in Ohio, African Americans were 45 percent of new AIDS cases in 2004, according to the Centers for Disease Control. Nationally, African Americans were 48 percent of new AIDS cases that year, while in some Southern states the percentage reaches as high as 75 percent," wrote McLin.

Clinton is one of a small group of Democrats holding up the bill, said Craig Orfield, a spokesman for Enzi. He said that in addition to Clinton and Schumer, New Jersey Sens. Frank Lautenberg (D), Robert Menendez (D) and Sen. Barbara Boxer (D-Calif.) are thought to oppose the bill.

Dr. Kent Stock, an infectious disease physician from Charleston, South Carolina, who has helped lobby local state legislators on the economic costs of not stopping the spread of HIV, said Clinton has emerged as the most prominent opponent in the eyes of local AIDS activists.

"Hillary has taken a lot of heat because a lot of people are saying that it's Hillary who's putting her foot down on this act. In reality, it's not just Hillary.

"She has become the figurehead. There are a lot of people saying that Hillary has the ability to move it forward or hold it up in Congress…She's protecting her turf as any good senator would do."

But Clinton's position may require her to answer tough questions if she campaigns in the South Carolina next year or in early 2008.

"I think its going to hurt persons with HIV first and foremost where African Americans in my state represent 73 percent of the people affected," said Dr. Bambi Gaddist, executive director of the South Carolina HIV/AIDS Council.

African Americans are estimated to make up a third or more of the Democratic electorate in the state.

State Rep. Joe Neal, an African-American Democrat from South Carolina, said about 300 people in his state diagnosed with HIV are on a waiting list to receive medical treatment. Passage of the Ryan White Care bill would eliminate the list, he said.

"The AIDS crisis is now shifting to the south fairly dramatically," said Neal, who has advocated for more funds. "I understand that the political reality that the senator faces in protecting her own state and her interest but this is a larger interest than just New York and I hope she would think about it in that context."

Clinton's staff did not respond to several requests for comment.

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Bill Clinton's 60th Birthday Benefit Blowout (WP)

By Dan Balz

The Washington Post, September 28, 2006

Baby boomer and former president Bill Clinton is laying plans to celebrate his 60th birthday in grand style with a charitable fundraising extravaganza in New York late next month that will include an invitation-only concert by the Rolling Stones and contributor packages that run to $500,000 and higher.

Clinton's daughter, Chelsea, who has generally avoided high-profile participation in her parents' political and philanthropic activities, is serving as co-host of the three-day party. She will host a Saturday brunch on a weekend that also features a golf tournament at the Bayonne (N.J.) Golf Club, multiple receptions and a dinner at the American Museum of Natural History with the former president, Sen. Hillary Rodham Clinton (D-N.Y.) and Chelsea.

"My mother and I are planning a weekend of events to commemorate his [Clinton's] 60th birthday," Chelsea Clinton writes in the invitation. "I know that he would want you to share this milestone -- so I hope you can join us in New York City this October 27th through the 29th."

The 2,100 invitations began arriving this week. Weekend packages start at $60,000 (Hint: $1,000 for every year of Clinton's age). Next is the "Vice Chair Package," for those who contribute $100,000 or raise $250,000. Those who pledge $500,000 or more will receive the "Birthday Chair Package," which includes the "Backstage Pass" dinner and photo with Clinton and platinum seating at the Saturday dinner and the Stones concert.

The Rolling Stones will perform at the Beacon Theater, an art deco landmark on upper Broadway that seats about 3,000 people. According to the invitation, the concert will be taped for an upcoming Martin Scorsese movie about the band. Organizers of the event would not say whether the Stones will be paid for their appearance.

Space in the theater is expected to be at a premium, and members of the extended Clinton network who may not be able to afford the hefty price of admission for the weekend events already are maneuvering to find a way into the concert.

"It's a birthday party," Clinton spokesman Jay Carson said yesterday. "It's the New York birthday celebration for President Clinton."

Clinton turned 60 in August but organizers delayed the birthday fundraising event until late October to avoid any complaints from other Democrats that solicitation of money for the former president's foundation would soak up money that could otherwise be used to try to win back the House and Senate in November.

The proceeds will go to the William J. Clinton Foundation, the umbrella organization that oversees the Clinton HIV-AIDS initiative, the Clinton Global Initiative and several other programs launched by the former president since he left office almost six years ago.

Clinton collected more than $7 billion in commitments to his Global Initiative project last week in New York. His foundation staged an event similar to the planned October fundraiser in Toronto recently and collected approximately $20 million. Organizers won't put a figure on what they expect to raise in New York next month but are anticipating a significantly larger take than the Canadian event generated.

Former Democratic National Committee chairman Terry McAuliffe is listed as the co-host with Chelsea Clinton.

The celebration of all things Clinton will come less than two weeks before Hillary Clinton is expected to cruise to reelection, after which she will turn her attention to a possible 2008 presidential campaign.

She is widely expected to seek the presidency, although her husband and other advisers say she will not make a final decision until the 2006 campaign is over. No doubt the weekend celebration will prompt further speculation that she already has decided.

Twin Cities To Host 2008 GOP Convention (AP)

By Liz Sidoti

AP, September 28, 2006

Republicans will hold their 2008 presidential convention in the Twin Cities of Minneapolis-St. Paul, choosing a location in the politically pivotal Midwest.

DOJ_NMG_0070540

Party and state officials announced the selection Wednesday. The convention is slated for Sept. 1-4, 2008.

"This is fantastic news," Republican Gov. Tim Pawlenty said. "We're very, very pleased."

Losing out were New York City, Cleveland and a joint bid from Tampa and St. Petersburg, Fla., other cities that had sought the convention.

The four-day event will be held at the Xcel Energy Center in St. Paul, Minn., a concert venue and the home of the National Hockey League's Minnesota Wild.

Democrats also had been considering holding their convention in the Twin Cities, but the Republican announcement left Democrats with two competing cities to choose from _ New York and Denver.

The Republican National Committee will vote in January to affirm the decision of the party's site selection committee. GOP officials say approval is assured.

By picking the Twin Cities for 2008, the GOP will ensure plenty of news coverage in media markets in Minnesota, Wisconsin and Iowa _ all battleground states in the 2004 election and ones expected to be competitive in the next presidential race.

"The heartland of America," said Sen. Norm Coleman, R-Minn. "Whoever wins those states is going to be the next president of the United States."

Minnesota had been seen by some as an unlikely host, with just 10 electoral votes and the nation's longest streak of voting for Democratic presidential candidates.

In 2004, Democrat John Kerry won the state 51 percent to 48 percent. The last Republican to win a presidential race in the state was Richard Nixon in 1972 and the last national convention happened in when the GOP backed President Benjamin Harrison in his unsuccessful re-election bid.

Minnesota's political landscape, however, has shifted right in recent years. It has become less of a Democratic bastion and more of a swing- voting state, a change attributed in part to population growth in the Twin Cities suburbs.

The state was a hard-fought battleground in the 2004 and 2000 presidential elections, and in 2002, Minnesota elected Pawlenty, a Republican, as governor and Coleman as senator.

"Our stereotype is that we're cold and liberal and Democratic, and we're still cold," said Steven Schier, a political scientist at Carleton College in Northfield, Minn.

In the 2004 general election, 38 percent of Minnesota voters identified themselves as Democrats, while 35 percent called themselves Republicans, according to exit poll data. Twenty-seven percent identified as independents or "something else."

With the convention, the GOP hopes to court voters in a region Republican and Democratic strategists alike say will play a critical role in winning the White House in 2008. The GOP held its last convention in New York City, a Democratic stronghold where GOP delegates nominated President Bush for a second term.

Democrats, who last met in Boston, plan to hold their convention Aug. 25-28, and will announce a location later this fall. A spokesman said 11 sites expressed interest in having the party's convention, but only four completed the proposals. New Orleans later withdrew its bid, leaving Denver, New York City and Minneapolis-St. Paul.

But Minneapolis Mayor R.T. Rybak has said that because of timing and logistics, the Twin Cities can't host both conventions. The two conventions are scheduled for consecutive weeks.

Democrats said the competition for their convention now is between two cities.

"The DNC was thrilled to have three great American cities submit strong bids for the 2008 Democratic National Convention. We are looking forward to working with Denver and New York as we make our final decision," said Stacie Paxton, a Democratic party spokeswoman.

Denver's chances, however, may be hampered by their lack of unionized hotel workers. Democrats acknowledge that labor, a strong party constituency, could object to a site that didn't have unionized hotels.

The Twin Cities are the two largest in the state with a combined population of more than 650,000, and the metropolitan region straddles the Mississippi River.

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In Minnesota, the effort to woo a national political convention has been a bipartisan affair, with the two big-city mayors, both Democrats, joining forces with top Republicans. They argued that Minnesota is a critical part of an Upper Midwest region that combined offers 27 electoral votes.

The GOP convention will coincide with the Minnesota State Fair, and state officials have predicted a national political convention would boost the Twin Cities economy by about $150 million.

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Associated Press Writers Philip Elliott and Fred Frommer in Washington and Martiga Lohn in St. Paul, Minn., contributed to this report.

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Republican National Committee: http://www.rnc.org

Xcel Energy Center: http://www.xcelenergycenter.com

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Republicans Pick Twin Cities For 2008 Presidential Convention (MCT)

By Rob Hotakainen And Kevin Diaz

McClatchy Newspapers, September 28, 2006

WASHINGTON - Minnesota's emergence as a presidential battleground state paid off Wednesday when the Republican Party announced that it had chosen Minneapolis and St. Paul to host its 2008 National Convention.

The Twin Cities beat three other finalists: New York, Cleveland and Tampa, Fla. It will be the first time the Twin Cities have hosted a national convention since 1892, when Republicans nominated Benjamin Harrison for president.

The convention is scheduled for Sept. 1-4, 2008, at the Xcel Energy Center in St. Paul, a week after Democrats nominate their candidate. The Twin Cities also had been competing against New York and Denver to host the Democratic convention, but that bid is now dead.

"We want to congratulate the Twin Cities. ... We are looking forward to working with Denver and New York as we make our final decision," said Stacie Paxton, a spokeswoman for the Democratic National Committee.

Republican National Committee co-chairwoman Jo Ann Davidson said the GOP chose the Twin Cities in a voice vote of the nine-member selection committee. She declined to disclose the final tally but said "it was not unanimous." The deciding factor, she said, wasn't politics, but rather logistics such as arenas, work space, transportation, security and the number of hotel rooms.

"This was a strictly business decision on our part," she said. "The committee decided that Minneapolis was the best choice."

RNC Chairman Ken Mehlman credited the Twin Cities' bipartisan host committee, but particularly Republican Sen. Norm Coleman, the former St. Paul mayor, who faces his first re-election bid in 2008.

"The house that Norm built is likely to be the place where the next president of the United States is introduced to the American people," Mehlman said.

Coleman said he was thrilled by the decision, saying it would "showcase Minnesota to a worldwide audience."

"When we built the Xcel Energy Center, we dreamed of bringing hockey back to Minnesota, but never the Super Bowl of politics," he said.

The GOP's decision, expected to be ratified in January by the party's national committee, drew an angry response from some Democrats, who expected their national convention to be in the Twin Cities.

Rick Stafford, a member of the executive committee of the Democratic National Committee from Minneapolis, said negotiations set for next week "would have pretty much cemented the deal." He said the GOP's decision showed that Republicans "cannot keep their honor in the site-selection process." He said as the non-incumbent party, the Democrats should have chosen their site first in keeping with tradition.

"It just follows their whole scorched-earth ... philosophy that's running true to form this year," said Stafford, adding that "all the signals" indicated that Republicans were going to allow Democrats to choose their site first. He speculated that word got out that Democrats wanted the Twin Cities and that local Republicans pressured the RNC to act quickly if it wanted to nail down the Twin Cities as its site.

"I'm kind of angry about it," Stafford said. "I mean, all is fair in love and war and politics, but I think it sets a tone: Are we going to go through this every four years now, this kind of game?"

Republicans rejected Stafford's arguments, noting that they picked first when they took their convention to New York in 2004.

"Quite frankly, that's nonsense," Davidson said. "I have no idea what tradition they're discussing."

In Minnesota, city officials seemed inclined to put politics aside in favor of local boosterism.

"What this confirms to us is that the Twin Cities can compete with any region in the country, any city in the country, " said St. Paul Mayor Chris Coleman, a Democrat. "We're going to host this convention in grand scale."

Civic boosters say landing a national political convention could bring 20,000 people and $150 million to the Twin Cities metro area. That will include thousands of journalists and media organizations from around the world. Some 95 hotels in Bloomington, Minneapolis and St. Paul are expected to hold an estimated 17,000 delegates, donors and staff.

Analysts said the GOP's choice will allow the party to capitalize on major media markets in Minnesota, Wisconsin and Iowa, three states that figured prominently in the 2004 election.

"The Midwest has become strategic ground," said David Schultz, who teaches politics at the Hamline University in St. Paul. "Bring the convention here, get the faithful excited and spotlight that you care about the Midwest and farmers."

Schultz said it's also a "symbolic black eye" to Minnesota Democrats trying to keep alive the spirit of Hubert Humphrey and Paul Wellstone.

"It's a purple state now, and Republicans increasingly view this as a winnable state," he said.

GOP Picks Minnesota For 2008 Convention (USAT)

By John Bacon And Sarah Elkins

USA Today, September 28, 2006

Republicans will hold their 2008 national convention in the Twin Cities of Minneapolis-St. Paul, party and state officials said Wednesday. The convention is scheduled for Sept. 1-4. Losing out were New York City, Cleveland and Tampa-St. Petersburg. The event will be held at the Xcel Energy Center in St. Paul, home of the National Hockey League's Minnesota Wild. Democrats also had been considering the Twin Cities. The announcement left Democrats with two competing cities to choose from: New York and Denver. By picking the Twin Cities, the GOP will ensure plenty of news coverage in Minnesota, Wisconsin and Iowa, all of which were close in the 2004 election, said Sen. Norm Coleman, R-Minn. “Whoever wins those states is going to be the next president of the United States.”

Obama rallies for Md. Senate candidate

Sen. Barack Obama, D- Ill., traveled to College Park, Md., to endorse the Democratic Senate bid of Rep. Ben Cardin. Cardin's opponent, Republican Lt. Gov. Michael Steele, would join Obama as the only black senators if elected. Cardin, who is white, defeated former NAACP head Kweisi Mfume for the nomination. A political analyst who tracks black voting behavior, David Bositis of the Washington-based Joint Center for Political and Economic Studies, said Cardin is “probably taking special care” to reach out to black voters.

Snow a headliner for GOP fundraising

DOJ_NMG_0070543

White House spokesman Tony Snow is in high demand on the Republican fundraising circuit. Snow will speak at several fundraisers before the Nov. 7 elections. The former TV and radio host said the White House political office contacted him and said GOP groups wanted him as a speaker. Calling such activity "unplowed ground," Snow said he checked with the White House counsel's office before agreeing. He has spoken in Pennsylvania and has dates with Republicans from Minnesota, Ohio and Kentucky. Snow said he will be promoting President Bush's policies, not "railing against Democrats." — David Jackson

Lamont cuts $750K check to campaign

Connecticut Democratic Senate nominee Ned Lamont directed $750,000 toward his campaign this week. Lamont, who spent almost $4 million of his own money defeating Sen. Joe Lieberman in the primary, has written checks totaling $2.25 million for the general election. Lamont estimates his net worth at $90 million to $300 million. Lieberman is running as an independent in the fall campaign.

GOP To Go To Minnesota (HILL)

By Jim Snyder

The Hill, September 28, 2006

Republicans chose the Twin Cities in Minnesota over Cleveland, Tampa, Fla., and New York as the site for their 2008 presidential nominating convention.

The convention proper will be held in Xcel Energy Center in St. Paul, where the Minnesota Wild National Hockey League team plays, but Minnesota officials said the decision holds broad economic impact for the region. The convention could bring in as much as $150 million, officials said.

Democrats were also considering holding their convention in 2008 in the Twin Cities. But the Democratic mayors of St. Paul and Minneapolis expressed no regret that their cities would host the showcase event for the rival party.

"Republicans have more money than Democrats," said St. Paul Mayor Chris Coleman.

The Twin Cities last hosted a national political convention in 1892, when Republicans nominated Benjamin Harrison for president.

Minnesota traditionally votes for the Democratic candidate for president, but the margin has narrowed in recent years.

G.O.P. Picks Twin Cities As '08 Site Of Convention (NYT)

By Anne E. Kornblut

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Republican officials announced Wednesday that they had chosen Minneapolis and St. Paul as the site of the party's 2008 presidential nominating convention.

It is the first time in nearly three decades that they have selected a site in the Midwest, which has become increasingly contested by both parties.

The decision prompted Democrats to drop their consideration of the Twin Cities, leaving them to choose between just two remaining contenders — Denver and New York City, where Mayor Michael R. Bloomberg is making a forceful push. Democratic officials are expected to make their decision within several weeks.

Republicans insisted their choice had not been politically driven. But in choosing Minneapolis and St. Paul over three other bidders — Tampa, Cleveland and New York, where President Bush had his re-election convention in 2004 — the party guaranteed itself widespread news media attention in three adjoining swing states, Minnesota, Iowa and Wisconsin. The convention is scheduled for Sept. 1-4, 2008.

In a nod to Senator Norm Coleman, Republican of Minnesota, who championed the proposal put forward by his home state, the Republican National Committee chairman, Ken Mehlman, said: "The house that Norm built is likely to be the place where the next president of the United States is introduced to the American people."

The site selection is often a delicate dance for the two parties, who frequently consider some of the same cities and compete for attention at every step of the planning process. In making their announcement on Wednesday, Republican officials beat Democrats in laying claim to Minneapolis, which submitted proposals to both parties. Minnesota narrowly voted for Democratic presidential contenders in both 2000 and 2004, but was considered a target state in both races.

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While Democratic officials originally had four cities to choose from, an early contestant, New Orleans, took itself out of the running when it became clear that its hurricane damage would not be repaired in time.

With Minneapolis out of contention, Democrats are now weighing whether Denver — an appealing Western spot in an increasingly volatile state — has enough union-run hotels to play host to their convention, which is sometimes larger than that of the Republicans. New York City has cleared the logistical bar for having the convention, officials said, but as a widely Democratic state, New York holds less political appeal than Colorado. And a potential Democratic presidential candidate, Senator Hillary Rodham Clinton, represents New York.

The last time Republican officials headed to the Midwest for a convention was 1980, when Ronald Reagan was nominated in Detroit. Democrats, who held their last conventions in Boston and Los Angeles, held their last middle-of-the-country convention in Chicago in 1996.

With Eye On Midwest In '08, GOP Picks Twin Cities For Convention (WP)

By Peter Slevin And Dan Balz

The Washington Post, September 28, 2006

CHICAGO, Sept. 27 -- The Twin Cities of Minneapolis and St. Paul will host the 2008 Republican National Convention, the GOP announced Wednesday in an early signal of the likely significance of the Midwest in the next presidential election.

Moving away from the coasts for the first time in 16 years -- and choosing the Twin Cities for the first time since 1892 -- the Republicans also preempted the Democrats, who had narrowed their own convention selection to three sites, including Minneapolis-St. Paul.

The Democrats will now choose between New York and Denver, a spokeswoman said.

Steven Schier, a prominent Minnesota political commentator on the faculty of Carleton College, said the timing and the tactics suggest that the national Republican Party hopes to help its Minnesota candidates this year and appeal to voters in a swath of battleground states in 2008.

"This should not be considered just a Minnesota choice," he said. "You've got three swing states: Minnesota, Wisconsin and Iowa. We're very much a battleground state. We were in '04 and we will be in '08. Same in Wisconsin, same in Iowa."

In 2004, President Bush squeaked past Sen. John F. Kerry (D-Mass.) in Iowa by 10,000 votes, while Kerry finished 11,000 votes ahead of Bush in neighboring Wisconsin. Kerry beat Bush in Minnesota by 100,000 votes out of 3 million cast. Even so, that Minnesota was competitive at all was a sign of changing times in a state that for decades was dominated by nationally prominent Democrats such as Hubert H. Humphrey, Eugene McCarthy and Walter F. Mondale.

Parties tend to consider convention locations a symbol, although the effect is often minimal. In 1980, the last time the Republicans chose the Midwest, delegates convened in Detroit to highlight Ronald Reagan's determination to win blue-collar votes, a successful strategy.

The GOP chose Philadelphia in 2000, hoping to boost Bush's chances in a tightly contested state, but he lost there in 2000 and 2004.

This time around, Republicans had narrowed the choice to the Twin Cities or Tampa after ruling out Cleveland. With memories of Hurricane Katrina still fresh, Florida's chances were hurt by the fact that the Sept. 1-4 convention comes in the heart of storm season.

The Democrats, who expect to choose a host city by the end of the year, will focus on two that have potentially serious liabilities, said one Democrat familiar with the search.

New York's principal drawback is its cost, while Denver's primary problem centers on its trade union status.

Although the Democrats see the Rocky Mountain West as an area of potential electoral growth, Denver has labor problems, including a shortage of union hotels. That could make it difficult for a party that relies heavily on union campaign money and muscle to justify choosing the Mile-High City as its host.

Officials from the party and the city are working to see if these obstacles can be overcome.

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As the political leadership of Minnesota and the Twin Cities celebrated their victory on Wednesday, St. Paul Mayor Chris Coleman (D) said he thinks the Democrats would have chosen the Twin Cities if Republicans hadn't. "The good news about the Republicans choosing us instead of the Democrats," Coleman joked, "is they have more money."

Balz reported from Washington.

GOP Will Convene In Battleground (RC)

By Tory Newmyer And Jamie Weinstein

Roll Call, September 28, 2006

The GOP has chosen the Twin Cities of Minneapolis-St. Paul for its 2008 presidential convention, Republicans announced Wednesday.

In choosing the Gopher State's metropolitan center, the party passed over New York City, Cleveland, and a joint bid from Tampa and St. Petersburg, Fla., and signaled that the upper Midwest could be a focus of Republican efforts to hold the White House in two years.

The selection pre-empts Democrats, who also were considering Minneapolis-St. Paul for their convention. Though the parties occasionally have held their conventions in the same city, Democratic Party rules now dictate that they hold their confab in a separate location, a DNC official said.

That means Democrats now must choose between the remaining two finalists, New York and Denver. That decision is expected in coming weeks. The two conventions are scheduled to be held within days of each other.

In a conference call, Republican National Committee Chairman Ken Mehlman said, "The fact is [Minneapolis] is likely to be the place the next president of the United States is introduced to the American people."

Political observers immediately began to speculate about the selection's meaning for Republican strategy during the next presidential campaign.

Minnesota, with a modest 10 electoral votes, hasn't backed a GOP presidential candidate since Richard Nixon in 1972. But margins in the state have narrowed, and it was a key battleground in the 2004 election, with Sen. John Kerry (D-Mass.) carrying it by just 3 points.

By convening in Minnesota, Republicans also would be able to reach media markets in Iowa and Wisconsin, several observers noted.

"I think it's the new Minnwisiowa of politics," said Sarah Janecek of the online newsletter Politics in Minnesota.

Blois Olson, of the same publication, said Republicans "think they can win Minnesota. They want to show their strength here."

Minnesota lawmakers from both parties welcomed the news as well as the expected economic boon it promises. But they were divided about the impact the convention is likely to have on regional politics.

Republican Rep. John Kline said the event will help throw the region into play. "It's going to help bring attention to a very important part of the country," he said.

But retiring Democratic Rep. Martin Sabo predicted that any Republican candidate will have a hard time in the state.

"I think the Bush legacy will have an impact on the 2008 elections," he said. "He's not very popular in Minnesota."

Lobbyist David Norcross, a partner at Blank Rome, was one of eight members on the RNC's site selection committee. He said the committee took its vote Wednesday morning at the RNC's offices.

Norcross said the region's Xcel Energy Center, where the main festivities will be held, stood out as a key factor in the decision. "It is state of the art," said Norcross, who served as chairman of the committee on arrangements for the Republican National Convention in 2004 in New York City.

"The media work space is really really spectacular. It's all very impressive." Norcross said now Republicans will "begin to negotiate the finer points" of holding the convention in the Twin Cities.

Though the Democrats might have been a good fit with the Twin Cities, they "would have presented a serious logistical problem because they have many more delegates than the Republicans do," said Carleton College professor Steven Schier.

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"There would have been a real shortage of hotel rooms. They would have had to put people in Rochester, two hours south, and bused them in."

In the meantime, the selection of the Twin Cities puts extra pressure on Republican candidates to perform well in the state this fall, so as not to be embarrassed going into 2008.

GOP Rep. Mark Kennedy, who's running for a Senate seat being vacated by Democrat Mark Dayton, is widely thought to be trailing Democrat Amy Klobuchar by double digits even though he began the race as a highly touted recruit. Republican Gov. Tim Pawlenty appears to have a modest lead over Democrat Mike Hatch in his bid for a second term, while two GOP-held House seats, one held by Gil Gutknecht and the one being vacated by Kennedy, are considered competitive. Democrats also have high hopes of flipping the GOP-held state House.

In 2008, Sen. Norm Coleman will be up for re-election. Comedian and author Al Franken, a liberal Democrat, has sent strong signals about his interest in running for the seat. Such a matchup would be a marquee race.

RNC Picks Twin Cities For 2008 (WT)

By Ralph Z. Hallow

The Washington Times, September 28, 2006

Minnesota's Twin Cities, Minneapolis and St. Paul, will host the Republican Party's 2008 nominating convention from Sept. 1 to Sept. 4, Ken Mehlman, the party's national chairman said yesterday.

The RNC's site-election committee rejected elaborate bids from New York -- the site of the highly successful 2004 Republican convention and secret favorite of many Republican officials and operatives -- as well as from Cleveland and a joint bid from Tampa and St. Petersburg, Fla.

Party leaders yesterday called their choice a strategically important decision.

"Republicans will choose their presidential nominee in the heart of the heartland -- the Twin Cities will host the Republican National Convention, which says Republicans care about the Midwest," Sen. Norm Coleman, Minnesota Republican, told The Washington Times.

"Whoever takes my state and two of the other states next to us that the Democrats won last time will be the next president," said Mr. Coleman, a Republican who defeated former Vice President Walter Mondale in 2002 after incumbent Sen. Paul Wellstone died in a plane crash.

Mr. Coleman noted the Twin Cities media markets extend into not only Minnesota, but Wisconsin and Iowa and part of Illinois, prime battlegrounds last time. Iowa narrowly went Republican in 2004, but Minnesota, which hasn't backed a Republican presidential candidate since Richard M. Nixon in 1972, preferred Democrat John Kerry by 3.5 percentage points.

President Bush also lost the other big Midwestern states last time. Illinois's 21 electoral votes went to Mr. Kerry, as did Michigan's 17 electoral votes and Wisconsin's 10, although Mr. Kerry carried that state by less than one percentage point

"You need a broad-based community to make this [convention] work, and we have Democratic mayors in Minneapolis and St. Paul and a Republican governor and a Republican senator," Mr. Coleman said.

The decision to go with Minnesota also showcases one of the Republican Party's rising young conservative stars, Gov. Tim Pawlenty, 45, who was going to run for the Senate in 2002 until Vice President Dick Cheney persuaded him to run for governor instead so that Mr. Coleman could make his run against Mr. Wellstone without a primary fight.

All smiles yesterday, Mr. Pawlenty, a favorite of Mr. Mehlman's for vice president in 2008, called the choice of the Twin Cities "fantastic." Mr. Coleman used the same word to describe the convention accommodations, at the Xcel Energy Center in St. Paul.

The Democratic National Committee momentarily put partisanship aside to "congratulate the Twin Cities," which the Democrats had also been considering.

DNC spokeswoman Stacie Paxton said her committee "was thrilled to have three great American cities submit strong bids for the 2008 Democratic National Convention. We are looking forward to working with Denver and New York as we make our final decision. The Twin Cities is a great community and this announcement is good news for the cities."

Scientists Form Group To Support Science-Friendly Candidates (NYT)

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By Cornelia Dean

The New York Times, September 28, 2006

Several prominent scientists said yesterday that they had formed an organization dedicated to electing politicians "who respect evidence and understand the importance of using scientific and engineering advice in making public policy."

Organizers of the group, Scientists and Engineers for America, said it would be nonpartisan, but in interviews several said Bush administration science policies had led them to act. The issues they cited included the administration's position on climate change, its restrictions on stem cell research and delays in authorizing the over-the-counter sale of emergency contraception.

In a statement posted on its Web site (www.sefora.org), the group said scientists and engineers had an obligation "to enter the political debate when the nation's leaders systematically ignore scientific evidence and analysis, put ideological interest ahead of scientific truths, suppress valid scientific evidence and harass and threaten scientists for speaking honestly about their research."

The group's organizers include John H. Gibbons and Neal Lane, who were science advisers in the Clinton administration, the Nobel laureates Peter Agre and Alfred Gilman, and Susan F. Wood, who resigned from the Food and Drug Administration last year to protest the agency's delay in approving over-the-counter sales of the so-called Plan B emergency contraception.

"The issues we are talking about happen to be issues in which the administration's record is quite poor," Dr. Lane said. But he said the goal was to protect "the integrity of science" so that Americans could have confidence in the government's science-based decisions.

Mike Brown, the group's executive director, said it would be a 527 organization under tax laws, meaning that it could be involved in electoral politics, and that contributions to the group would not be tax deductible. He said it would focus its resources — Internet advertising, speakers and other events — on races in which science issues play a part.

The group is looking at the Senate race in Virginia between George Allen, the incumbent Republican, and James Webb, a Democrat; a stem cell ballot issue in Missouri; the question of intelligent design in Ohio; and Congressional races in Washington State, Mr. Brown said.

In what it described as a Bill of Rights for scientists and engineers, the group said that researchers who receive federal funds should be free to discuss their work publicly, and that appointments to federal scientific advisory committees should be based on scientific qualifications, not political beliefs. It said the government should not support science education programs that "include concepts that are derived from ideology," an apparent reference to creationism and its ideological cousin, intelligent design.

And it said the government should not publish false or misleading scientific information, something Dr. Wood said occurred when the Centers for Disease Control and Prevention briefly posted an item on its Web site suggesting that abortion was linked to breast cancer.

Checkout For An Undemocratic Checkoff (WP)

By George F. Will

The Washington Post, September 28, 2006

Unalloyed good news is rare, so rejoice: The foremost achievement of the political speech regulators -- a.k.a. campaign finance "reformers" -- is collapsing. Taxpayer financing of presidential campaigns, which was in parlous condition in 2004, will die in 2008.

In 2000 and 2004 George W. Bush declined public funding -- and its accompanying restrictions on raising and spending money -- for the primaries, as did Howard Dean and John Kerry in 2004. In 2004 candidates accepting taxpayer funding were restricted to spending $45 million before the conventions. Bush and Kerry raised $269.6 million and $234.6 million, respectively, before the conventions. Any candidate who accepts public funding in the 2008 primaries will be considered second-tier. And almost certainly neither party's nominee will accept public funding for the fall campaign.

Taxpayer funding, enacted in 1974, empowered taxpayers to direct, by a checkoff on their income tax forms, that $1 of their tax bill be used to fund presidential campaigns. Even though the checkoff did not increase anyone's tax bill, participation peaked in 1981 at 28.7 percent -- a landslide "vote" of 71.3 percent against it. In 1993 Congress increased the checkoff's value to $3,

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thereby enabling fewer people to divert more money from the government's pool of revenue collected from everyone, including the 90 percent of taxpayers who now decline to participate.

It is delicious that the McCain-Feingold law, the reformers' most recent handiwork, is helping kill taxpayer financing of presidential campaigns. Before McCain-Feingold, limits on contributions of private money -- set in 1974 and not indexed for inflation -- became steadily more restrictive, so candidates accepted public funding. But McCain-Feingold, by doubling the permissible size of campaign contributions, made it easier for candidates to raise sums far larger than taxpayer funding provides.

Public funding was supposed to increase voter turnout by decreasing the cynicism supposedly caused by privately financed politics. But Bradley Smith, former chairman of the Federal Election Commission, notes that turnout did not surge until 2004. Then, the dramatic increase correlated with a surge of private money, much of it devoted to voter turnout efforts. Reformers considered this surge evidence of increasing corruption and, of course, evidence of the need for more regulation of speech.

John Samples of the Cato Institute, in his new book, "The Fallacy of Campaign Finance Reform," demolishes the argument that taxpayer funding has increased voters' choices by increasing the number of presidential candidates. The seven elections before 1976 had an average of 10.7 candidates who received at least 1 percent of the votes in the two major parties' primaries. Since taxpayer funding was enacted, the average has been 7.8 candidates. In the 15 elections since 1945, the two most successful independent candidates -- George Wallace in 1968 and Ross Perot in 1992 -- did not use government funds. Taxpayer financing, which liberals love, did help Ralph Nader win 2.7 percent of the 2000 vote, including 97,488 Florida votes that cost the liberals' candidate, Al Gore, the presidency.

Does anyone argue that the $1.3 billion in tax dollars given to candidates since 1976 has purchased more elevated campaigns? About 10 percent of public funding pays for the two parties' conventions -- vacuous festivities for a few thousand activists. Major broadcast organizations no longer cover conventions extensively because the public, which considers them unimportant, will not watch.

Sen. Mitch McConnell rightly says that taxpayer funding of politics has been the subject of the largest, most sustained and most accurate polling in American history. The polling occurs every year when 90 percent of taxpayers refuse to participate. Could it be that Americans recoil from funding political advocacy with which they disagree -- Republicans funding Democrats, Democrats funding Republicans, everyone funding fringe candidates such as the felon Lyndon LaRouche, who got infusions of taxpayers' money for a campaign he ran while in jail for fraud and conspiracy?

Nevertheless, reformers want to again enlarge the value of the checkoff -- the lever by which a small minority spends general tax revenue against the wishes of a vast majority. The reformers' ultimate objective is to make government the sole source of money for all federal elections. Then government money, supplied in much smaller amounts than voluntary contributions provide, would fund the (much reduced) amount of political speech about government that the government deems appropriate.

Reformers desperate to resuscitate taxpayer funding cite the supposedly scandalous fact that each party's 2008 presidential campaign may spend $500 million. If so, Americans volunteering to fund the dissemination of speech about candidates for the nation's most consequential office will contribute $1 billion, which is about half the sum they spend annually on Easter candy. Some scandal.

The Road To Inefficiency (WP)

The Washington Post, September 28, 2006

IT BEGAN WITH an eagle-eyed auditor who, glancing at a garage maintained by Fairfax County's government for its huge fleet of official cars, noticed that too many of them spent their days parked, unused and apparently unneeded. The auditor rightly wondered whether the county bureaucracy -- 11,500 strong -- really warranted one vehicle per three employees. So it seemed perfectly rational when Fairfax decreed in 2004 that it would confiscate cars driven fewer than 4,500 miles a year -- a mere 18 miles per weekday over the course of a year, give or take.

Alas, the road to waste, inefficiency and bureaucratic scheming is paved with good intentions. On the one hand, the mileage minimum has helped prune the county's fleet by 167 vehicles, most of them in the year after the policy took effect. But, as

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reported by The Post's Lisa Rein, it has also prompted county workers and managers to devise ingenious methods to hang on to their county-owned cars -- by hook or by crook.

In some cases, managers have busied themselves coordinating vehicle swaps among their employees to ensure that vehicles hit the magic 4,500-mile target; in others, workers have been urged to drive more. (So much for lightening the load on the county's clogged roads or saving on gas.) A few brazen officials have even asserted that their vehicles' odometers must have malfunctioned.

Many public workers in Fairfax need county-issued cars, to transport surveying equipment or citizens with special needs or for many other legitimate uses. But e-mails unearthed by The Post also suggest that in some instances managers have done everything short of odometer-tampering to avoid parting with prized vehicles. "We need to think about scheduling with Tricia to use her vehicle for everything we can think of, so she won't lose it," wrote one supervisor.

In response to such chicanery, the county's Board of Supervisors voted to increase the minimum to 5,000 miles annually. We wonder if that won't just increase the incentive for subterfuge by a few unscrupulous managers. A better follow-up would be for the county to scrutinize the deployment of its remaining vehicles, tighten procedures governing their use and encourage more employees to use their own cars when possible (and claim reimbursement by mileage) -- a much more cost-efficient option.

Oh, No, Low Prices (WSJ)

The Wall Street Journal, September 28, 2006

Last week's announcement by Wal-Mart that it will offer many generic drugs for $4 is welcome news for American consumers. Strangely, however, this isn't winning Wal-Mart any applause from its left-wing critics.

Take Paul Blank, director of the union-funded Wake Up Wal-Mart, who declared that "Wal-Mart cruelly ignores the fact that it fails to provide company health care to over half of its employees. . . . The Wal-Mart health care crisis grows everyday, and sadly this prescription drug initiative will not insure one additional Wal-Mart employee, one uninsured child, or reduce the billions of cost for taxpayers."

Or consider Ron Pollack, director of the Families USA lobby for government-run health care, who conceded that lower prices are "a limited good thing," but then dismissed the price reduction as being as much "a part of Wal-Mart's public-relations efforts to blunt the deserved criticism of its poor health coverage for its workers as it is a substantive improvement."

These and other Wal-Mart critics are the same folks who've complained for years about high drug prices, using the issue to argue for government price controls, shorter patent lives on new drugs, and reimportation of drugs from Canada and Mexico. The Service Employees International Union held a "Boston Pill Party" in July 2004 declaring that "Americans have an unalienable right to cheap Celebrex and Lipitor."

Wal-Mart isn't a charity, and its $4 decision is designed to lift its own sales by undercutting prices at competing retailers. But that's the way the market works, driving prices lower with competition. It turns out that Wal-Mart's critics really didn't care about prices; what they want is more union clout, and more government control over health care.

Ahmadinejad: We Won't Forgo Nuke Rights (AP)

AP, September 28, 2006

Iran's hard-line president said Wednesday Iran won't give up "one iota" of its right to pursue a peaceful nuclear program.

Mahmoud Ahmadinejad reiterated his uncompromising stance as Iran's top nuclear negotiator Ali Larijani held talks with European Union foreign policy chief Javier Solana in Berlin, described by an EU official as "very intense."

"In negotiations, they tell us to suspend (uranium) enrichment even for a day on the pretext of a technical problem so that they continue talks," state-run television quoted Ahmadinejad as saying Wednesday. "Our response to them is that no one has the right to give up the rights of the Iranian nation."

Ahmadinejad said the U.S. and its European allies want to force Iran to suspend uranium enrichment but won't succeed.

"They want to create propaganda about it and tell the world that they forced Iran to suspend (enrichment), but they are mistaken. The Iranian nation won't retreat from its right one iota," he was quoted as saying.

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Solana and Larijani are holding talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Their meetings are scheduled to continue Thursday.

Iran violated the United Nations demand to halt uranium enrichment by Aug. 31. Enrichment can produce either fuel for a reactor or material for a warhead. The United States and several of its allies believe Iran is seeking to develop nuclear weapons. Tehran maintains its program is peaceful and merely aimed at generating electricity.

Iran, EU Negotiators Hold Nuclear Talks (AP)

By Stephen Graham, Associated Press Writer

AP, September 28, 2006

Negotiators for Iran and the European Union held five hours of "very intense" talks Wednesday over Iran's disputed nuclear program and planned to meet again Thursday, officials said.

EU foreign policy chief Javier Solana and chief Iranian nuclear negotiator Ali Larijani went into their meeting at a Foreign Ministry facility by the side of Lake Tegel on the outskirts of Berlin without making statements to reporters.

German Foreign Minister Frank-Walter Steinmeier, who was not participating in the Berlin talks, said he was optimistic progress could be made.

"I have the expectation that the talks today will be successful," Steinmeier said. "I think that today we will not get any final news, but hopefully in the course of tomorrow."

Solana would report back to the six countries trying to persuade Iran to give up its program to enrich uranium, he said, "and then it will be decided together if there are conditions for a return to the negotiating table."

But in Tehran, Iran's hard-line president Mahmoud Ahmadinejad said his country won't give up "one iota" of its right to pursue a peaceful nuclear program.

Ahmadinejad said the U.S. and its European allies want to force Iran to suspend uranium enrichment but won't succeed.

"They want to create propaganda about it and tell the world that they forced Iran to suspend (enrichment), but they are mistaken. The Iranian nation won't retreat from its right one iota," he was quoted as saying.

The negotiators met for five hours of "very intense" talks before adjourning until Thursday, said Solana spokeswoman Cristina Gallach.

"The talks just broke off and we will resume tomorrow (Thursday) morning," Gallach said, describing the talks as "very intense."

Secretary of State Condoleezza Rice told reporters in Washington that she telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran.

Solana and Larijani are holding the latest round of talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Iran missed an Aug. 31 Security Council deadline over the issue. The six are considering seeking sanctions in the U.N. Security Council if Tehran does not comply.

Rice said if Larijani agreed to a suspension of processing uranium "we would be on a course for negotiations."

But, Rice told reporters, she had told Solana "clearly this won't go on very much longer."

"I did wish Solana well, and we are all awaiting the outcome of these discussions," she said.

Earlier, U.S. State Department spokesman Sean McCormack said whether Iran was agreeable to a temporary and verifiable suspension would not be known until Solana concludes his meetings with Larijani.

"It may require several meetings to find out," the spokesman said. "There may be an opportunity here," he said.

The administration's sanctions strategy is to impose a series of increasingly potent penalties against Iran, beginning with curbs on technology that could be used in military programs.

Enriched uranium can be used for power plants or for weapons, depending on the level of enrichment.

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Associated Press Writer Barry Schweid contributed to this report from Washington.

U.S. To Wait 'A Few Weeks' On Iran Move (WT)

By Nicholas Kralev

The Washington Times, September 28, 2006

The Bush administration yesterday postponed its pursuit of U.N. sanctions against Iran for "a few weeks" to allow its European allies time to try to negotiate a suspension of Iran's nuclear fuel production.

Javier Solana, the European Union's foreign policy chief, told Secretary of State Condoleezza Rice in a telephone conversation before meeting with Iranian nuclear negotiator Ali Larijani in Berlin that Mr. Larijani "seems to be sincere" in trying to find a compromise, U.S. officials said.

The five-hour talks between the EU representative and the Iranian negotiator were described as intensive. The two men planned to meet again today, Solana spokeswoman Cristina Gallach said.

The United States has said it would join the Europeans in direct negotiations with Iran on incentives only if it stopped enriching uranium. Uranium can be used to produce atomic bombs or to fuel nuclear power plants.

Officials said that Mr. Solana suggested a little more time to negotiate a suspension of Iran's uranium enrichment and reprocessing activities might pay off, and that Miss Rice agreed.

"Our response was, 'Absolutely, if it's a matter of a few days, a few weeks here to see if there is a possibility of keeping open a negotiated diplomatic solution,' " State Department spokesman Sean McCormack told reporters. "We want to give that every opportunity to succeed."

The administration had given Tehran an Aug. 31 deadline and threatened to push for sanctions. China and Russia have been firm in refusing to join in any punitive move.

On Tuesday, The Washington Times reported that Iran was close to reaching a compromise with the Europeans but was seeking a way to keep any enrichment suspension secret. Tehran denied it was considering such a deal.

Mr. McCormack said yesterday that the Iranians' "disposition to this point has not been to give clear answers," but he expressed hope that their behavior might be changing.

"There may be an opportunity here, there may be a little opening if we just give the Iranians a little time and space," he said. "Perhaps they will come through with a positive answer."

He declined to answer directly the question about a secret deal, saying that, if the United States showed up for negotiations with Iran, everyone would know that enrichment suspension -- Washington's only condition for participation -- had taken place.

Iranian President Mahmoud Ahmadinejad suggested during a seminar in Tehran that the West has proposed a quiet understanding that would help both sides save face.

"In negotiations, they tell us to suspend uranium enrichment for one day on the pretext of some technical problem and let us continue negotiations with you," Mr. Ahmadinejad was quoted as saying by the official Islamic Republic News Agency. "The Iranian nation will not give up its right."

The Iranian Students News Agency reported the president as saying: "They say, 'You should suspend uranium enrichment on the surface, helping us to say that Iran accepted suspension,' but I have to say we are men of negotiation but we do not demand negotiation."

Miss Rice warned that, despite her willingness to wait a few more weeks, "clearly this won't go on very much longer."

"Obviously, if we can come out of this with an Iranian decision to suspend its enrichment and reprocessing activity completely and verifiably, then we would be on a course of negotiations -- that's the course we would all like to pursue," she said.

One of the issues that Mr. Solana and Mr. Larijani discussed was how long any suspension would last, diplomats said.

The Iranian official, they added, is constrained by conflicting views in his government between those who do not want confrontation with the West and those for whom uranium enrichment is a source of pride.

"I have the expectation that the talks today will be successful," German Foreign Minister Frank-Walter Steinmeier told reporters in Berlin. "I think that today we will not get any final news, but hopefully in the course of tomorrow."

Mr. Buffett's Excellent Idea (NYT)

DOJ_NMG_0070552

The New York Times, September 28, 2006

At the center of the current showdown with Iran is one chilling technical fact: The same technology that can make fuel for a nuclear reactor can also make the core of a nuclear bomb.

Add to that the legal fact that the Nuclear Nonproliferation Treaty guarantees all members in good standing the right to make their own reactor fuel and you have a pretty good idea why the United States and Europe are having such a tough time blocking Tehran's nuclear ambitions.

Enter Warren Buffett, the billionaire investor and philanthropist. He is pledging $50 million for a fuel bank — run by the International Atomic Energy Agency — to be a supplier of last resort for any country that chooses not to get into the risky reactor fuel business and gets the I.A.E.A. seal of approval.

Right now countries can argue — sincerely or not — that without their own fuel plants they can be easily blackmailed by foreign suppliers with whom they have political disagreements. Iran has been caught lying about its nuclear program too often to believe that all it wants is reactor fuel. But its talk of nuclear cartels still gets a sympathetic hearing from many of the nuclear have-nots.

Mr. Buffett, who is working with the nonprofit Nuclear Threat Initiative, headed by former Senator Sam Nunn, is a man who understands leverage. He won't kick in his $50 million unless some government or governments ante up $100 million in cash or fuel. And the project has to come together within two years or he will take his money off the table.

In early 2004, President Bush rightly called for a ban on all new sales of sensitive nuclear fuel technology. But the idea has gone nowhere, with the have-nots charging discrimination and even friends like Argentina, Australia and South Africa talking about getting into the business.

American officials publicly welcomed Mr. Buffett's proposal as one way to persuade countries that they don't need to make their own fuel. But there's no talk of matching his largess. The White House — which has long criticized the I.A.E.A. for not being tough enough on Iran — is not eager to give the agency more power.

Instead, the administration has joined with Russia and four other major fuel producers to offer overlapping supply guarantees, with each promising to make up for the others' possible shortfall. That's a start. But we suspect that any plan that has governments — rather than the more neutral I.A.E.A. — offering guarantees won't calm suspicions or take away Iran's excuse.

More than 50 years ago, President Eisenhower first proposed setting up an international nuclear fuel bank, the original concept for the I.A.E.A. Washington would do well to take a harder look at Mr. Buffett's — and Mr. Eisenhower's — excellent idea. And then come up with the cash.

Egypt Developing Nuclear Energy Program (MCT)

By Miret El Naggar

McClatchy Newspapers, September 28, 2006

CAIRO, Egypt - Determined to lead the Arab world into the nuclear club, Egypt is working on a nuclear energy program intended to reduce the country's dependency on oil.

The program, announced last week by Egyptian President Hosni Mubarak, is expected to cost as much as $2 billion and will take more than a decade before the plants produce electricity. While other Arab nations also are looking into nuclear research and development, Egypt already has two low-level reactors, a half century of research and the remains of a comprehensive plan that was scrapped after the nuclear accident at Chernobyl in 1986.

Egypt is looking for alternative power sources because of the rising cost of oil and its increasing energy needs. The government estimates that oil reserves in Egypt, the Arab world's most populous country, will be depleted within 20 years unless new oil fields are discovered.

Egypt has signed the Nuclear Non-Proliferation Treaty, the cornerstone of international efforts to prevent the spread of nuclear weapons. Countries that sign the treaty agree not to produce or otherwise acquire nuclear weapons. They also accept safeguards meant to prevent the diversion of spent nuclear fuel to weapons production. Egypt also has agreed to inspections by the United Nations' nuclear watchdog, the International Atomic Energy Agency.

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Egypt has two outdated, research-level reactors in Inshas, 38 miles north of Cairo. Energy Minister Hassan Younis told a state-backed newspaper this month that the government is in talks over how to finance the construction of a 1,000-megawatt power plant that would cost as much as $2 billion. Egypt also plans to build three power stations, each producing 600 megawatts, in the north coastal region of Dabaa.

Nuclear development is a point of pride for Egypt. Arab nations are caught between two less-than-friendly rivals when it comes to nuclear development: Israel and Iran.

They complain that Israel was allowed to amass an undeclared nuclear arsenal, while Muslim nations fall under strict scrutiny for research into even peaceful uses of nuclear energy. Arab governments are equally wary of Iran's Shiite Muslim theocracy, which they blame for sidelining the Sunni populations of Iraq and Lebanon.

"It's hard to be in a region where one country owns nuclear weapons and another is developing them while claiming it won't use them," said Wael el Assad, nuclear specialist at the Arab League. "This security deficiency is unacceptable to states."

But unlike Iran, Egypt, led by Western-backed Mubarak, has U.S. support for the proposed program. That wasn't the case for other Arab leaders who delved into nuclear activities: Former Iraqi President Saddam Hussein's main reactor was destroyed by Israel, while Libyan President Muammar Qaddafi renounced his program in hopes of getting removed from the U.S. list of states that sponsor terrorism.

"We are prepared to provide technical know-how for peaceful nuclear energy to friendly nations such as Egypt, with whom we share deep cooperation," Francis Ricciardone, U.S. ambassador to Egypt, told Egyptian television. "There is no comparison between Iran and Egypt, since Iran has a nuclear weapons program. Using nuclear energy for peaceful purposes, that is something different."

Iran says its nuclear program is also strictly for energy, but the IAEA has said Iran hasn't cooperated sufficiently so that its claim can be independently proved.

Egypt hasn't yet disclosed details of its nuclear plans.

It could purchase nuclear fuel from abroad to power its reactors and sell the spent fuel back to the supplier, so that there would be no possibility of using it for weapons production. Alternatively, Egypt could develop the capacity to produce its own fuel. The same production method, at a higher level, can produce highly enriched uranium for nuclear weapons.

Egypt, Tunisia and the United Arab Emirates are the only Arab nations currently on file with the IAEA as pursuing atomic programs as an alternative to traditional energy sources such as oil and natural gas. Algeria has two research reactors, but isn't actively pursuing nuclear capabilities, according to regional experts.

"Some Arab countries are showing interest in nuclear energy for generating electricity, water purification, and in other fields also, as health and agriculture," said Mahmoud Nasreddin, director of the Tunisia-based Arab Atomic Energy Agency.

In Egypt, however, there are murmurs that the timing of the announcement has less to do with renewable energy and more to do with positioning Mubarak's son to succeed his father as president. Mubarak's ruling National Democratic Party adopted the resolution to pursue a nuclear energy program at the party's annual convention last week.

"The whole world - I don't want to say all, but many developing countries - have proposed and started to execute the issue of alternative energy," Gamal Mubarak, the president's son, said at the conference. "It is time for Egypt to put forth this proposal for discussion about its future energy policies, the issue of alternative energy, including nuclear energy as one of the alternatives."

Critics of the government, led by the powerful Islamists in the Muslim Brotherhood, called the proposal "a big show" intended to bolster support for the younger Mubarak. Since 2002, Gamal Mubarak has served as head of the party's influential policies committee and has been crafting his image as a reformist.

Though both Mubaraks have repeatedly denied that Gamal has any intention of becoming president, his frequent public appearances and his rising influence within the NDP are convincing Egyptians he will take over after his father.

"This talk of nuclear program is only to grab the world's attention and point it at Gamal Mubarak," said Mohamed Habib, deputy leader of the Muslim Brotherhood.

El Naggar is a special correspondent for McClatchy Newspapers.

Envoy: Nuclear Talks Enter Crucial Phase (AP)

DOJ_NMG_0070554

By Foster Klug, Associated Press Writer

AP, September 28, 2006

The chief U.S. envoy to stalled North Korean nuclear disarmament talks said Wednesday that negotiators are entering a crucial phase and suggested Washington is stepping up efforts to break a nearly year-long impasse.

Assistant Secretary of State Christopher Hill also urged the North to show it was serious about returning to the talks aimed at ridding Pyongyang of its self-professed nuclear weapons production program.

"I just want to know: Are they serious about making progress in this next round?" Hill said to an audience at the Center for Strategic and International Studies. "I just want to get some idea of whether they're" preparing seriously for talks that have been stalled since November.

"We're trying to get ready to fulfill our obligations" for whenever the talks resume, Hill said. "I just would like some indication from (North Korea) that they're doing something similar."

Hill said the next weeks would be "critical" and spoke of a "certain sense of urgency" involved in efforts to resume negotiations that include both Koreas, China, Russia, Japan and the United States.

His comments come as U.S. Secretary of State Condoleezza Rice contemplates a possible trip to Asia in the next month or so. Rice recently promised to "make another push to see what we can do" to resolve the impasse.

Hill met this week with his South Korean counterpart, Chun Yung-woo, and has been talking on the phone with his Japanese counterpart.

"When things are stopped for so long, you really want to find ways to restart them," Hill said. "We are in a rather crucial phase. We've not made any progress."

North Korea, meanwhile, says Washington is responsible for the deadlock, refusing to return until the U.S. lifts financial restrictions imposed for the regime's alleged money laundering and counterfeiting.

The North has raised alarms that it might be preparing for a nuclear bomb test. In July, it test-launched seven missiles, including some that might reach the American continent.

Despite the sense of urgency he mentioned in his comments, Hill said the United States would not talk with North Korea — officially called the Democratic People's Republic of Korea — "in the absence of the six-party process."

US Warns Against North Korea Nuclear Test (AFP)

By Stephen Collinson

AFP, September 28, 2006

The United States warned that any nuclear test by North Korea would be viewed by world powers as a "very serious" escalation of the crisis over the Stalinist state's weapons programs.

Christopher Hill, US point-man on the six-party nuclear talks process, also said Washington was considering whether to impose new sanctions on Pyongyang, despite warnings by several congressmen such a move would enflame the showdown.

Hill said the United States had been talking to China, Russia, South Korea and Japan about how to deter any nuclear test by North Korea.

"All parties have made it clear that this would be a very, very serious step," Hill told a congressional hearing.

"It is a very small piece of the world ... it is frankly speaking, rather shocking that anyone would even think of exploding a nuclear weapon on the Korean peninsula."

Pyongyang declared in February 2005 it had nuclear weapons, but there have been no reports of a test. Speculation has been mounting the Stalinist state may be preparing such a step.

Last July, North Korea defied international warnings and test fired seven ballistic missiles, including its long-range Taepodong-2, believed to be capable of striking America's western seaboard.

US Secretary of State Condoleezza Rice said in an interview released Monday that time was running out to bring North Korea back to the negotiating table.

Hill, assistant secretary of state for East Asian and Pacific Affairs, was testifying before the Committee on International Relations of the House of Representatives.

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Several congressmen warned in dire terms that a rumored move by the Bush administration to impose a new set of sanctions on the Stalinist state, could spell further bad news for the stalled six-party talks process.

"Let the administration think long and hard before taking this dramatic step," said veteran Democrat representative Tom Lantos, arguing that any such measures wouldn't hurt North Korea due to paltry US investment in the impoverished nation.

"If the South Koreans, Chinese and Japanese will not follow suit, a unilateral US trade and investment ban will be ineffective and counter-productive to the prospects for a negotiated solution on the Korean Peninsula.

"Pyongyang will undoubtedly cite these new sanctions as evidence of hostile intent, and strengthen its refusal to return to the six party talks," Lantos said.

But Hill said that Washington was considering whether to impose new sanctions on North Korea over the missile tests.

"We are of course looking at the issue particularly in the light of the fact that the North Koreans had a missile moratorium, some measures were relaxed ... and they violated the moratorium."

The Clinton administration lifted some economic sanctions on North Korea in 1995, one year after it agreed to freeze its nuclear activities.

More bilateral sanctions were lifted in 2000, when Pyongyang agreed to a moratorium on missile tests.

Hill pledged that any new measures would be imposed only after close consultation with other members of the six-party talks and key members of Congress.

Hill's comments came a day after a top North Korean official told the UN General Assembly his country's nuclear arms were for "self-defense."

In a rare North Korean explanation on the international stage of its policy, Deputy Foreign Minister Choe Su Hon reiterated Pyongyang could not resume the six-party talks as long as it remains subject to US sanctions.

The UN Security Council, including the North's only major ally, China, responded by unanimously adopting a resolution condemning its actions and imposing missile-related sanctions.

In September last year, Pyongyang joined the United States, South Korea, China, Russia and Japan in signing a joint statement under which it pledged to abandon its nuclear program in return for energy and economic aid, eventual diplomatic benefits and security guarantees.

But two months later, North Korea boycotted the forum to protest US sanctions on a Macau bank which allegedly helped it pass counterfeit US dollars and launder funds.

U.S. Weighs Moves Against Sudan Over U.N. Force (WP)

By Glenn Kessler

The Washington Post, September 28, 2006

The United States is considering a series of punitive steps if the Sudanese government fails to agree to a U.N. peacekeeping force to end the violence in Sudan's Darfur region, U.S. officials said yesterday. Secretary of State Condoleezza Rice signaled the new approach in a speech yesterday in which she demanded an immediate cease-fire and warned that Khartoum faces "a choice between cooperation and confrontation."

U.S. officials said the options under consideration include reimposing sanctions that had been eased when Sudan signed a peace agreement last year with southern rebels, as well as taking action against top Sudanese officials who have been implicated in what the United States has labeled acts of genocide in Darfur.

Another option that has received renewed consideration is establishing a "no-fly zone" over Darfur, mainly because the Sudanese military has restarted attacks. But there are practical obstacles to a no-fly zone, including the effect it may have on humanitarian missions, so officials said that decision is not imminent.

Although Rice's Washington speech to the African Society's National Summit on Africa held out the prospect of improved ties between the two countries, relations have worsened dramatically in recent weeks.

U.S. officials detained Sudan's deputy foreign minister at Dulles International Airport for several hours last week and also restricted the travel of Sudan's president, Lt. Gen. Omar Hassan al-Bashir, and his entourage when he came to address the U.N.

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General Assembly. Bashir was so angry that when he returned to Khartoum, he announced restrictions on the travel of U.S. diplomatic personnel and official U.S. visitors.

U.S. officials suggest that the visa restrictions imposed on Bashir were a mistake, generated mainly because he got the visa on a Sunday afternoon in Havana, where the U.S. routinely issues restricted visas to Cuban diplomats. "There was no policy decision to restrict them," a senior administration official said, speaking on the condition of anonymity because of the sensitivity of the issue. "I think they simply didn't reset the machines for non-Cubans."

A senior Sudanese diplomat scoffed at that explanation. "Such mistakes are becoming very common for our American friends," the diplomat said. He confirmed that deputy foreign minister Ali Ahmed Karti had been detained for several hours and that Bashir was upset at the restricted visas. Speaking on the condition of anonymity, he said U.S. diplomatic movements were being restricted because "reciprocity is one of the golden principles of diplomacy."

U.S. officials are still trying to figure out the practical aspects of Sudan's restrictions, including whether they will apply to diplomats or official visitors.

U.S. officials gave varied explanations for Karti's detention, which included that he was carrying cash in excess of $10,000 to finance Bashir's travels and that he turned up on a Homeland Security watch list because of his association with the Janjaweed, the marauding militias implicated in the Darfur violence.

Human rights groups say that Karti, though he now holds the title of state minister for foreign affairs, was the head of the Popular Defense Forces, a paramilitary group that fought alongside the Janjaweed during a campaign of terrorism that has resulted in as many as 450,000 deaths and has driven more than 2 million from their homes. Some experts have said they think he is on the secret list of 51 names referred by the United Nations to the International Criminal Court for possible prosecution for war crimes.

The Darfur conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the central government of supporting the Janjaweed in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur, an area the size of France.

The Bush administration has pressed to replace an undermanned, 7,000-person peacekeeping force headed by the African Union with 20,000 U.N. troops, but Sudan has refused to accept a Security Council resolution mandating the force.

In May, under the leadership of then-Deputy Secretary of State Robert B. Zoellick, the U.S. persuaded Khartoum and one rebel group to sign the Darfur Peace Agreement. But Zoellick left the administration, along with many of his Sudan advisers, and U.S. policy was adrift over the summer. Last week, President Bush named former USAID administer Andrew S. Natsios as special presidential envoy to Sudan.

Human rights groups have criticized the Darfur agreement, saying that it did not have the support of a rebel group representing the majority of the Darfur population and that the Sudanese government has used it as an excuse to attack rebel groups that did not sign.

Rice demanded yesterday that Khartoum accept the U.N. force. While the Darfur agreement will not be negotiated, she said, "we are conferring with rebels who want peace."

Rice added: "We are seeking to address their legitimate concerns, and we will support them if they choose peace. If the rebels refuse, then they will face serious consequences, including targeted U.N. sanctions."

Rice Says Sudan Could Face More Sanctions Over Darfur (NYT)

By Helene Cooper

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Secretary of State Condoleezza Rice on Wednesday raised the threat of more international sanctions against Sudan if the government did not stop military operations in the Darfur region and unconditionally accept a United Nations peacekeeping force.

“If the Sudanese government chooses confrontation — if it continues waging war against its own citizens, challenging the African Union, undermining its peacekeeping force, and threatening the international community — then the regime in Khartoum will be held responsible, and it alone will bear the consequences,” Ms. Rice said during a speech to the Africa Society.

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"The international community must make clear to the leaders of Sudan that this is the choice they face," she said.

The 53-nation African Union has about 7,200 peacekeeping soldiers in Darfur and was scheduled to hand over its task to a larger United Nations force in September. But President Omar Hassan al-Bashir has fiercely opposed such a move, and in the meantime, the union has announced that it will send more troops to the region while pressure on him continues.

The union force has not had much success in stopping violence in Darfur that has continued despite a cease-fire in May. Ms. Rice was blunt during her speech, laying the blame for the bloodshed at the feet of Mr. Bashir's government.

"Citing attacks by rebels in the area, the government of Sudan recruited a tribe of Arab nomads, known as the janjaweed, who have long resented the Africans of Darfur," Ms. Rice said. "Funded, armed and encouraged by the Sudanese government, the janjaweed attacked village after village in Darfur — torturing and executing the men and the boys; beating and raping the women and the girls."

Ms. Rice challenged Mr. Bashir's authority to refuse the United Nations peacekeeping force. "We cannot, we will not, accept Sudan's opposition," she said. "Since the Sudanese government will not save the lives of its own people, then the United Nations must act."

Rice Calls For Cease-fire In Darfur (AP)

By Anne Gearan

AP, September 28, 2006

The U.S. will not sit still while innocent people are killed in Sudan's Darfur region, Secretary of State Condoleezza Rice said Wednesday, urging an immediate cease-fire and deployment of U.N. peacekeepers.

The top U.S. diplomat said Sudan's government could cooperate with the United Nations or face a confrontation. She warned of consequences if Sudan chose a fight and hinted at further U.N. penalties against the Khartoum government or rebel groups.

"We're not going to sit by and allow this kind of death and destruction to continue," Rice said during a question-and-answer session after her speech at the Africa Society's National Summit on Africa. "We'll use whatever tools are necessary, through the U.N, to be able to stop that."

Fighting between government-backed Arab militias and non-Arab rebels in Darfur has left more than 200,000 dead and 2.5 million displaced since 2002.

More than two years have passed since the Bush administration labeled the atrocities in Sudan as genocide. But the killing has accelerated in recent weeks as the Sudanese government has launched a new offensive.

A poorly funded African Union force in Darfur has been unable to contain the violence and the U.N. Security Council has sought to take over the operation to provide better resources. Sudan opposes such a step.

"I would hope that the message that is going out to Sudan, not just from us but from every country in the world, is that this is now a real fork in the road," Rice said.

President Bush used his address to the U.N. General Assembly last week to announce a new envoy for Sudan and to decry the violence. Rice's address Wednesday was the most comprehensive high-level assessment of the problem to date.

In her speech, Rice said that long-term stability and safety for people in Sudan will come only when the many overlapping political and factional fights are addressed. She accused Sudan's government of hoarding wealth and power at the expense of much of the rest of the country, Africa's largest and about the size of the U.S. from east of the Mississippi River.

Rice said that if Sudan "works with the United Nations and welcomes a U.N. force into Darfur then it will find a dedicated partner in the United States."

Bush has told Sudanese President Omar el-Bashir that the U.S. was prepared to examine all aspects of its relationship with Sudan, Rice said. U.S. lawmakers are close to approving penalties against Khartoum.

"If the Sudanese government chooses confrontation — if it continues waging war against its own citizens, challenging the African Union, undermining its peacekeeping force and threatening the international community — then the regime in Khartoum will be held responsible and it alone will bear the consequences," Rice said.

Little Pressure On Hezbollah To Disarm (AP-Y)

DOJ_NMG_0070558

By Hamza Hendawi And Henry Meyer

AP, September 28, 2006

Six weeks after the end of the Lebanon war, the militant Hezbollah group is facing little on-the-ground pressure to give up its weapons and disarm — despite a U.N. cease-fire resolution demanding just that.

The leaders of a U.N. peacekeeping force in south Lebanon say the job is not theirs. And Lebanon's ill-equipped army, some of whose soldiers wear tin-pot helmets and carry outdated M-16 rifles, shows no signs of diving into a confrontation with battle-hardened Hezbollah fighters.

For now, all sides say it's likely full disarmament will happen only in the future as part of a political solution — despite the U.N. resolution that ended the 34-day war on Aug. 14 and required disarmament.

The commanders of the U.N. force say that under the resolution, their job is merely to assist the Lebanese army in regaining control of southern Lebanon and to ensure the area cannot be used for launching rocket attacks into northern Israel.

Meanwhile, Lebanese security officials say the army's mission in the south is based on what they call an "understanding" with Hezbollah that the army will not search for and seize weapons, but only confiscate those shown in public.

At one Lebanese military checkpoint near the town of Marjayoun, some eight miles from the Israeli border, soldiers recently waved most cars through — although some were stopped so identity papers and registration documents could be checked.

The Lebanese government, which for years allowed Hezbollah to run a "state within a state" in the south, has long argued that disarming the militants could be done only through agreement among the country's major political groups.

Israel says the resolution makes clear that Hezbollah must be disarmed south of the Litani River. Mark Regev, an Israeli Foreign Ministry spokesman, said of the current situation, "It's a process."

Israeli soldiers have been instructed to shoot Lebanese stone-throwers along the border if they feel their lives are in danger. The order came after dozens of yellow-clad Hezbollah supporters threw stones at Israeli soldiers Friday.

Regev said Hezbollah leader Sheik Hassan Nasrallah, at a rally last week, "publicly stated that he is out to flout the will of the international community and to prevent the implementation of what was an unanimous resolution of the Security Council."

At the rally in the Beirut suburbs Friday, Nasrallah vowed his guerrillas will not surrender their weapons and said: "There is no army in the world capable of making us drop our weapons as long as there will be people who believe in this resistance."

The current U.N. peacekeeping contingent is far larger and better-armed than a previous 2,000-member force. Some 15,000 troops, more than half from Europe, will eventually be deployed with tanks, artillery cannons and other heavy armor.

But the multinational troops, who now number 5,000, are acutely aware that their presence could become unpopular if they are viewed as supporting Israel's attempts to eliminate Hezbollah's arms.

French peacekeepers setting up base near the town of Deir Kifa noted they had encountered a less-than-friendly reception from some residents, who defiantly waved yellow Hezbollah flags.

"We mustn't be seen as an occupying force — the people can reject us very quickly," said Col. Jerome Salle.

He said the U.N. troops would mount patrols but would not establish checkpoints on public roads, to avoid inflaming residents.

Gen. Alain Pelligrini, the French officer who commands the U.N. force, said the peacekeepers wouldn't even act if they saw weapons being carried openly by Hezbollah fighters.

"No, I would ask the Lebanese army to intervene and if the Lebanese army has difficulties in intervening, then we would see what we need to do," he said last week.

Halim Sarhan, who runs a dental laboratory in the market town of Nabatiyeh, expressed a common sentiment when he said no one should try to disarm Hezbollah by force. "There must be political consensus on the issue first," he said.

Hezbollah has said it would agree to disarm only if the government is strong enough to defend Lebanon against Israel — a stance that reflects its own ambitions to become the country's dominant political force.

It has also linked the issue to Israel's return of the Shebaa farms, a 25-square-mile contested area where Lebanon, Syria and Israel meet.

Some weapons and explosives have been found in a few Hezbollah positions that were either overrun or abandoned during the fighting, said Lebanese security officials, speaking on condition of anonymity because of the sensitivity of the subject.

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Hezbollah is thought to have a great deal of experience in concealing its weapons. Many are believed to be in underground tunnels, buried in groves or in remote parts of the mountainous south.

The U.N. forces and the Lebanese army are likely to have more teeth when it comes to preventing new weapons shipments.

A German naval force is to patrol the waters off southern Lebanon and Lebanese authorities are tightening controls at the country's only international airport in Beirut and on the Syrian border.

But Syrian President Bashar Assad, whose country has long been a route for arms deliveries to Hezbollah believed to come from Iran, said this week that it was "Mission Impossible" to cut off the guerrillas' supply of weapons altogether.

Israel Releases High-Ranking Hamas Official (NYT)

By Greg Myre

The New York Times, September 28, 2006

JERUSALEM, Sept. 27 — An Israeli military court today released the Palestinian deputy prime minister, Nasser al-Shaer, one of more than 30 Hamas lawmakers and cabinet ministers who have been detained by the Israelis over the past three months.

Mr. Shaer, who was the highest-ranking official held, was arrested on Aug. 19 but was not charged with any crime, and the court cited a “lack of evidence” in ordering his release today.

“My arrest was not justified,” Mr. Shaer told The Associated Press. “It was part of the aggression waged against the Palestinian people.”

Mr. Shaer headed to his hometown of Nablus, in the West Bank, where he was greeted enthusiastically by supporters at a reception hall. However, the court said that for the next two weeks, Mr. Shaer would not be allowed to go to Ramallah, where his office is located and which serves as the Palestinian political headquarters in the West Bank.

Israel began rounding up the Hamas legislators in the West Bank after Palestinian militants, including the armed wing of Hamas, seized an Israeli soldier on June 25 and took him into the Gaza Strip. The soldier, Cpl. Gilad Shalit, is still being held, despite an Israeli military incursion in Gaza and the crackdown on Hamas lawmakers.

Israel, which classifies Hamas as a terrorist organization, has charged many of the Hamas lawmakers with belonging to an illegal organization.

A military court ruled on Sept. 12 that 18 of the Hamas legislators should be freed. But on Monday, a military appeals court reversed the ruling, and those legislators and others remain in jail while awaiting trial.

At an Israeli cabinet meeting today, Prime Minister Ehud Olmert and top security officials said they were prepared to intensify military operations in Gaza if Palestinian militants continue to fire rockets from the territory into southern Israel.

Earlier today, an Israeli airstrike killed a 14-year-old Palestinian girl, Dam Hamad, near the border of the Gaza Strip and Egypt.

The Israeli military said it had intelligence that a home along the border was being used to hide the entrance to a smuggling tunnel linked to Egypt.

The military called the home and told residents to leave, because the house was about to be bombed. Shortly afterward, the military dropped two bombs, destroying the home and leaving a huge crater, Palestinian witnesses said.

However, falling concrete and other debris killed the girl, who was in a home nearby, according to Dr. Ali Musa, head of Al Najar Hospital in Rafah.

In the West Bank, Israeli security officials said they arrested two 17-year-old Palestinians and seized a 22-pound bomb belt they were planning to use in a suicide attack. After soldiers arrested Abduallah Qatawi and Jihad Dukan, the two teenagers took the soldiers to the place where the bomb was hidden, the security officials said.

In another development, an Israeli court sentenced a Jewish settler to four life sentences for a shooting spree that killed four Palestinians in the West Bank.

The settler, Asher Weissgan, killed the four Palestinians in an industrial zone in Shiloh on Aug. 17, 2005, the day that the Israeli military began forcibly removing all Jewish settlers from Gaza.

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Prosecutors said that Mr. Weissgan carried out the killings in an attempt to prevent the Gaza withdrawal from taking place. Mr. Weissgan was convicted of the killings earlier this month.

Israeli Military Court Frees Hamas Deputy PM (FT)

By Harvey Morris

Financial Times, September 28, 2006

An Israeli military court on Wednesday freed the top-ranking Hamas official seized in a round-up of the ruling Palestinian party's political leadership but 34 others, including four cabinet ministers, remained in jail.

Nasser al-Shaer, deputy prime minister in the Palestinian Authority government, was released more than a month after his arrest at a hiding place in the West Bank city of Ramallah.

Mr Shaer had gone underground after the Israeli military seized much of the Hamas leadership following the June kidnapping in Gaza of an Israeli soldier, Corporal Gilad Shalit.

There has been speculation that Hamas leaders still in jail might be freed as part of a prisoner exchange deal for the abducted soldier.

An Israeli military court in the West Bank on Monday overturned an earlier ruling to free 21 detained Hamas officials. A hearing on the fate of 13 others is scheduled for next week.

Mr Shaer's lawyer, who said his client had not been charged, said Wednesday's ruling barred the deputy prime minister from returning to his office in Ramallah.

His release was not viewed as a significant step in securing the freedom of Corporal Shalit. Egyptian efforts to free the captive soldier have been complicated by internal tensions within the PA, where attempts to set up a Hamas-Fatah government of national unity are in stalemate.

Shimon Peres, Israeli vice prime minister, on Wednesday blamed Hamas's exiled leadership in Damascus for increasing tensions in Gaza by prolonging the Shalit affair.

Unity talks on establishing a government that would be acceptable to the international community and lead to a lifting of the political and economic embargo on Hamas have foundered on the Islamist party's refusal either to recognise Israel or accept existing agreements between Israel and the PA.

Mahmoud Abbas, the PA's Fatah president, travelled to Qatar on Wednesday after delegating the latest round of contacts with Hamas to more junior officials.

Political sources in Gaza said that reports circulating there that Mr Abbas might dissolve the existing Hamas government or form an emergency administration had exacerbated factional tensions in the territory.

Medical officials in Gaza said a 14-year-old girl was killed in the latest Israeli air strike on the territory in which the air force on Wednesday attacked a house believed to be used as cover for a weapons smuggling tunnel.

They said the house was targeted after its owner, an alleged weapons dealer, had obeyed Israeli orders to leave. However, a second missile struck after children had gathered at the scene. Apart from the dead girl, seven other children were wounded, they said.

Israel Releases Palestinian Deputy PM (AP)

By Ali Daraghmeh, Associated Press Writer

AP, September 28, 2006

Israel on Wednesday released the Palestinian deputy prime minister, the highest-ranking of more than 30 officials in the Hamas-led government jailed as part of a crackdown on the Islamic militant group.

The detention of much of the Hamas-led government has been a major sore point in rapidly deteriorating relations between Israel and the Palestinians since Hamas took power.

Nasser Shaer, who was held without charge for more than a month, was ordered freed by an Israeli court, which banned him from going to his government office in the West Bank city of Ramallah for two weeks.

Shaer said Wednesday he was not mistreated in jail, but added: "There is nothing dearer than being free. They came and took me from my house in front of my children, wife, and family. They had no reason to do it."

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Israel and the West, labeling the violent Islamic movement a terror group, have cut off funding to the Palestinian government, plunging the Palestinian areas into a deep financial crisis.

Violence flared June 25 when Hamas-linked militants attacked an Israeli army base near Gaza, killing two soldiers, capturing a third and triggering a large-scale Israeli offensive in the coastal strip.

Israel also rounded up dozens of West Bank officials from the Hamas-led government. Though Israel said they were suspected of involvement in terrorism, it was widely assumed they were meant to be traded for the soldier, Cpl. Gilad Shalit. But no progress has been reported in mediation efforts.

Shaer managed to evade detention for more than a month, but was caught Aug. 19.

After Israeli soldiers dropped him off at a checkpoint Wednesday, he hitched a ride home to Nablus, where he was greeted by dozens of supporters who chanted, "God is great," and held a party in his honor at a local restaurant.

Thirty lawmakers and four Cabinet ministers remain in Israeli custody, charged with belonging to an illegal group. On Monday, a military court in the West Bank declined to release 21 of the detainees on bail. A hearing for 13 others is scheduled for Oct. 5.

Palestinian government spokesman Ghazi Hamad said Shaer's detention was "political and illegal," and the charges against the other officials were "fabricated."

Shaer, who did not run for parliament on the Hamas ticket but joined the government after the Islamic group's election victory, said he refused to talk politics in prison and denied he is a Hamas member.

Breaking with Hamas ideology that refuses to recognize a Jewish state in the Middle East, Shaer told reporters that if Israel renewed its 2000 offer of 95 percent of the West Bank and all of Gaza for a Palestinian state, leaving Israel intact, "I would ask the Palestinian people."

The late Palestinian leader Yasser Arafat rejected the offer, and Israel took it off the table after violence erupted later in 2000.

Egypt has unsuccessfully tried to broker a deal trading Shalit for hundreds of Palestinian prisoners in Israeli jails.

Egypt recently sent a letter to Hamas leader Khaled Mashaal, based in Damascus, Syria, demanding Shalit's immediate release to avoid a worsening crisis, Palestinian officials and Arab diplomats said.

But Moussa Abu Marzouk, deputy leader of Hamas' political bureau, denied Hamas was under pressure to release the soldier.

"We are keen to make the Egyptian mediation a success," he said, but added: "Until now, we are not any closer to having the requests of Hamas for the soldier's release met."

Meanwhile, Israel pushed on with its Gaza offensive, destroying the house of a weapons dealer in the southern town of Rafah, in an attack that killed a 14-year-old girl, Palestinian officials said.

The army called the owner 15 minutes before a first air strike and told him to leave, witnesses said. That air strike caused no injuries, but as children gathered near the rubble, a second Israeli missile struck, killing the teenager and wounding seven other children, hospital officials said.

The army said the house was used as cover for a weapons smuggling tunnel being dug under the nearby border with Egypt.

The chief of Israel's Shin Bet security service, Yuval Diskin, accused Egypt Wednesday of allowing Palestinian militants to smuggle 19 tons of weapons into Gaza — much of it through tunnels — since Israel withdrew from Gaza last year.

"The Egyptians know who the smugglers are and don't deal with them," Diskin told Israel's Cabinet, according to a participant in the meeting. "They received intelligence on this from us and didn't use it."

Egyptian forces destroyed another tunnel Wednesday, Egyptian police said.

Early Thursday, Israeli aircraft fired two missiles at the house of a Palestinian weapons dealer on the Gaza-Egypt border, destroying it completely, Palestinian secucrity officials said.

The owner received a warning by telephone before the air strike, and residents left the building, the officials said. Two people were lightly hurt.

Israeli has carried out a series of such strikes against homes of suspected weapins dealers in recent weeks.

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For Kazakh Leader's Visit, U.S. Seeks A Balance (NYT)

By Steven Lee Myers And Ilan Greenberg

The New York Times, September 28, 2006

ASTANA, Kazakhstan, Sept. 26 — When Vice President Dick Cheney came to this oil-rich Central Asian nation this spring he expressed admiration for what he called its "political development." Yet just a day before his visit began, the authoritarian government effectively shut down the two most prominent American democracy organizations working here.

While American officials are negotiating to reverse the government's decision, they have yet to complain about it publicly.

As President Bush prepares to receive the Kazakh president, Nursultan A. Nazarbayev, at a state dinner in Washington on Friday, the episode reflects the delicate balance the administration has struck with a country of growing strategic importance that has a record of corruption, flawed elections and rights violations, including the killings of two opposition leaders in the last year in disputed circumstances.

Critics here say the episode also illustrates the Bush administration's willingness to sacrifice democracy, a centerpiece of its foreign policy, when it conflicts with other foreign policy goals.

"There are four enemies of human rights: oil, gas, the war on terror and geopolitical considerations," said Yevgeny A. Zhovtis of the Kazakhstan International Bureau for Human Rights and Rule of Law, an organization that has received financing from the American Embassy and the National Endowment for Democracy. "And we have all four."

The Bush administration has promoted democratic reforms in Kazakhstan for years, but it also appears eager to mollify a president who has been a comparatively moderate Muslim leader in Central Asia, who has allowed NATO aircraft headed to Afghanistan to fly over the country and sent a company of soldiers to Iraq, and who controls vast resources of oil and gas, much of it extracted by American companies.

In a meeting on Monday in New York with Foreign Minister Kasymzhomart Tokayev, Secretary of State Condoleezza Rice spoke generally about democracy and human rights in Kazakhstan, a senior State Department official said, but did not raise the matter of the two democracy groups — the National Democratic Institute for International Affairs and the International Republican Institute.

In Washington, Frederick Jones, a spokesman for the National Security Council, said the White House was aware of the problem with the institutes but added that he could not say whether President Bush would raise it this week, since the discussions were not scripted in advance. Still, he said, "Democratization is a very important part of the agenda."

The backlash against promotion of democracy is by no means limited to Kazakhstan. The institutes, which are nonprofit, nonpartisan groups financed by the United States government, have been eyed warily not just here but in Russia, China and an array of authoritarian Central Asian countries that were alarmed by the "color revolutions" in Serbia, Georgia and, particularly, Ukraine.

As outlined in a recent report by the National Endowment for Democracy, many of them, including Kazakhstan, have followed the lead of Russia and severely restricted nongovernmental organizations. Some countries, notably Belarus, but also the Persian Gulf state of Bahrain, have closed them down altogether.

For Kazakhstan, as for the Bush administration, the coming visit has created an opportunity for improving relations that have been strained in recent years, even as Russia has taken advantage of its own political and economic influence.

The strains have stemmed from American concerns over corruption, restrictions on the news media and President Nazarbayev's consolidation of political control.

The Kazakh government has its own concerns with American policy. They include a criminal case in New York against James H. Giffen, an American businessman, that implicates Mr. Nazarbayev in a bribery scheme dating from the 1990's, and lukewarm American support for Kazakhstan's bid to preside over the Organization for Security and Cooperation in Europe.

Here in Kazakhstan, Mr. Nazarbayev's visit has been portrayed as a chance for him to enhance his international prestige by improving relations with the United States. "The time has come when we can raise our relations to a completely new level," Mr. Nazarbayev told reporters in Astana earlier this month.

Kazakhstan, the ninth largest country in the world in area but with only 15 million people, the majority of them Muslims, has experienced an energy-fueled economic boom that has transformed it into a regional power.

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Mr. Nazarbayev is genuinely popular inside the country, though that popularity is certainly nurtured by the government's control of television, which provides lavish, uncritical coverage. Even independent surveys of voters leaving the polls showed him winning re-election handily last December, with a vote as high as 82 percent, compared with the official result of 91 percent. The lower figure came from a poll financed by the International Republican Institute.

Mr. Nazarbayev's opponents said the government's need to pad what would have been a clear victory anyway highlighted a growing trend toward authoritarianism. Oraz Jandosov, a co-chairman of a democratic opposition party, True Bright Path, said the most disturbing consequences of the power and impunity enveloping Mr. Nazarbayev's government were the deaths of two opposition leaders.

One, Zamanbek N. Nurkadilov, was found shot three times, once in the head, last November. His death was subsequently declared a suicide. The other, Altynbek Sarsenbaiuly, was killed in February along with two bodyguards on a road outside Almaty, the country's biggest city.

In August, an aide in the upper house of Parliament, Yerzhan Utembayev, and several officers of the secret services were convicted of those killings, though few here believed the declared motive: that Mr. Utembayev had been angered that Mr. Sarsenbaiuly had accused him of being a drunk in a newspaper interview three years earlier.

The actions against the American democracy programs followed soon after Mr. Sarsenbaiuly's killing, reflecting a trend to stifle any open discussion of the country's problem.

In a letter to the American Embassy, a copy of which was shown to The New York Times, Kazakh prosecutors charged the two institutes under a law that forbids "material assistance" to political parties. The institutes were accused of "the handing over of materials" and "illegal instances of transport" during their work with political and civic groups.

The accusations fit a pattern of harassment in the months leading up to last year's election, when government tax and financial agencies repeatedly investigated and audited dozens of private organizations. The Organization for Security and Cooperation in Europe, the institution Mr. Nazarbayev hopes to lead as chairman in 2009, criticized the election for "a number of significant shortcomings," including "an atmosphere of intimidation."

Four American officials, who spoke on condition of anonymity because of the continuing negotiations over the institutes, said neither institute had paid for or otherwise supported partisan activity.

Two people involved in the discussions said former Secretary of State Madeleine K. Albright and Senator John McCain of Arizona, the chairwoman and chairman of the Democratic and Republican institutes respectively, had written a letter to Mr. Bush urging him to raise the issue with Mr. Nazarbayev during his visit.

American officials continue to express support for Kazakhstan's opposition and for democracy here in general.

Mr. Cheney, when he visited, met over breakfast with opposition leaders for an hour and 20 minutes in a hotel in Astana, the capital. Mr. Jandosov, who was there, said he welcomed the chance to explain "what the real situation was," but expressed regret that the meeting came the morning after Mr. Cheney appeared in public with Mr. Nazarbayev and expressed support for him.

"Kazakhstan has gone along with a lot of the American oil agenda with the unspoken understanding that the Kazakhstan population is not going to be provoked," said Murat Laumulin of the Kazakhstan Institute of Strategic Studies, a research organization with close ties to the government. "There isn't to be a 'color revolution' here, and for five to seven years we don't have to worry about needing to introduce genuine democracy. We get a strategic pause."

Kazakh Leader's Visit To Require Diplomatic Finesse (USAT)

By Barbara Slavin, Usa Today

USA Today, September 28, 2006

WASHINGTON — President Bush meets Friday with the leader of oil-rich Kazakhstan, a visit made awkward by the country's poor human rights record and questions about its commitment to democracy.

Kazakh President Nursultan Nazarbayev's trip to the White House is the second diplomatic balancing act for Bush this week. On Wednesday, Bush hosted the quarreling presidents of Afghanistan and Pakistan in an attempt to get them to jointly fight terrorism.

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Nazarbayev and Bush will discuss energy, Kazakhstan's economy and efforts to fight terrorism and narcotics trafficking, the White House says.

Bush also will be "encouraging Kazakhstan to accelerate progress on democratic reform," says Frederick Jones, a spokesman for the National Security Council.

Nazarbayev, 66, has ruled Kazakhstan since 1989, when it was still a Soviet republic. The State Department's latest human rights report calls Kazakhstan's record "poor." It says the regime puts "severe limits on citizens' rights to change their government."

Rachel Denber, deputy director of Human Rights Watch for Europe and Central Asia, says Nazarbayev has stayed in power by rigging elections, the latest in December.

For Nazarbayev, the visit confirms the Bush administration values Kazakhstan's oil and strategic position between Russia, China and the Caspian Sea. Kazakhstan produces 1.2 million barrels of oil a day but has the potential to be a top producer in a decade.

U.S. companies such as Chevron have spent $6 billion there since 1993 — more than a third of the country's foreign investment, the State Department says.

Nazarbayev has sided with the United States on major issues. He bypassed Russia with an oil pipeline, despite intense pressure from the Kremlin. He also has given up the country's Soviet-era nuclear weapons.

The Kazakhstani leader has made strides in alleviating poverty and promoting secular education in a largely Muslim society, says Frederick Starr, head of the Central Asia program at the Johns Hopkins University School of Advanced and International Studies.

Two opposition leaders have died in suspicious circumstances in the past year. Zamanbek Nurkadilov was shot twice in the chest and once in the head. An official inquiry ruled his death a suicide. In the death of Altynbek Sarsenbayev, members of the Kazakh security service were among 10 people convicted of murder. Nazarbayev denies involvement. For months before he died, Sarsenbayev said he welcomed U.S. "moral support" for democracy, but he said "very soft phrases and inaction" were encouraging the country's authoritarian leadership "to oppress their own people."

Richard Boucher, assistant secretary of State for Central and South Asia, said the U.S. raises human rights concerns with Kazakhstan "regularly" but can't have "single-dimensional policies." He said the two countries have "a well-balanced relationship based on security cooperation, economic development and moving toward democratic stability."

Mexico Chides Rice For Political Remarks (AP-Y)

By Will Weissert, Associated Press Writer

AP, September 28, 2006

Mexico said Wednesday that Secretary of State Condoleezza Rice was out of line by suggesting that its democracy was just now maturing, saying it wasn't up to her to voice such opinions publicly.

In a Monday interview with The Wall Street Journal's editorial board, Rice said Mexico was beginning to put its disputed July 2 election behind it.

"Mexico has come through this crisis and I think it's been a real vote of confidence in the Mexican democratic system, which after all, is relatively — it's just now maturing in a kind of two-party system," Rice said.

Ruben Aguilar, spokesman for President Vicente Fox, said Wednesday that "we shouldn't be surprised that other countries salute Mexican institutions," but said Rice shouldn't comment on Mexican democracy.

"We don't agree with the declaration of the secretary of state because, in accordance with the construction of Mexico's political system, it's only up to Mexicans themselves to voice those opinions," he said told a briefing for reporters at the presidential residence.

Mexican officials have expressed even stronger disapproval of comments by Venezuelan President Hugo Chavez, who recently questioned the legitimacy of the presidential election.

Rice's suggestion that Mexico is headed toward a two-party system may have been her most controversial remark. The Institutional Revolutionary Party controlled Mexico's presidency from 1929 until a stunning loss to Fox in 2000. But the country has three major political parties, and several others are represented in its Congress.

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Former Energy Secretary Felipe Calderon, of Fox's conservative, pro-business National Action Party, was declared the winner of the July 2 election by about 0.6 percent and will take office Dec. 1.

But leftist runner-up Andres Manuel Lopez Obrador has rallied hundreds of thousands in street protests alleging election fraud and he has declared a parallel government.

Aguilar would not say if Mexico planned to lodge an official complaint with Washington.

During the Wall Street Journal interview, Rice said support for Lopez Obrador appeared to be fading, noting that "while Chavez continues to say he'll support Lopez Obrador and all of that, the question is will Mexicans."

"And it doesn't appear that they will. It appears that the Mexicans wish to get back to reality here, to a stable political environment."

China Asks US To Drop Tariff Bill (FT)

By Alan Beattie And Mure Dickie

Financial Times, September 28, 2006

China's foreign ministry on Wednesday called on US senators to drop a bill that would impose 27.5 per cent tariffs on Chinese imports in retaliation for Beijing's alleged undervaluation of the renminbi.

"We hope the US senators will view objectively and rationally the problems that have emerged in the process of rapid development of Sino-US trade . . . and will cease deliberation on a bill harmful to Sino-US economic co-operation," the ministry said.

The statement was the ministry's most direct opposition yet to the legislation sponsored by senators Charles Schumer and Lindsey Graham, who are considering whether to press ahead with their bill.

Their reluctance to call for a vote this week represents a qualified vote of confidence in Hank Paulson, Treasury secretary, who has announced a high-level dialogue with the Chinese authorities that he says signals China's greater willingness to listen.

But both senators made it clear that their patience even with Mr Paulson's efforts was limited. "We believe in him," Mr Schumer said after meeting Mr Paulson on Tuesday. "On the other hand, we have seen for three years that China doesn't like to move."

He added: "We believe China is close to an immovable object. The question is whether Secretary Paulson is an unstoppable force."

Officials close to the China-US talks say the Schumer-Graham bill in itself has lost the power to shock and threaten the Chinese, not least because, they say, the two senators have indicated the bill is intended to raise the issue more than actually becoming law. But it does underline the protectionist mood in Congress, they say.

The confidence in Mr Paulson relative to his predecessor as Treasury secretary, John Snow, whose entreaties to China failed to produce much movement, was echoed by Charles Grassley, chairman of the Senate finance committee, which oversees trade. "What is wrong with [the] Schumer and Graham [bill] at this point as opposed to six months ago is that their efforts will be undercutting the negotiations that Secretary Paulson has taken forth", Mr Grassley told the FT on Tuesday. "Undercutting Paulson is a heck of a lot different from undercutting his predecessor."

The bill, however, reflects growing frustration with China's obduracy in making only small incremental changes to its exchange rate regime. Sixty-seven senators out of 100 voted for the original bill. Following the slight adjustment and move towards a floating rate system last summer, the renminbi has appreciated by only 4.3 per cent since the first vote on the Schumer-Graham bill.

The 27.5 per cent number came from what the senators said was the average estimation of the renminbi's overvaluation at the time of the bill's introduction.

The bill is very unlikely to become law, both because the House of Representatives has already passed a China trade bill and will be reluctant to undertake another, and because the White House would probably veto any bill that did make it through Congress.

A unilateral imposition of tariffs to compensate for alleged competitive currency manipulation would be flatly illegal under World Trade Organisation rules and would almost certainly spur litigation by China at the WTO.

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Tom Gallagher of the ISI Group, a Washington-based consultancy, said the symbolic impact was still important. "Once senators have gone on record twice there is a higher hurdle to reverse their votes in the future," he said. "It could highlight protectionism risks next year if the Democrats take the House."

NASA Chief, On First China Trip, Says Joint Spaceflight Is Unlikely (NYT)

By Warren E. Leary

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Any joint human spaceflights involving China and the United States will have to come in the future when there is more trust and openness between the countries, the NASA administrator, Michael D. Griffin, said Wednesday.

Speaking in Shanghai toward the end of the first visit to China by top officials from the National Aeronautics and Space Administration, Mr. Griffin said there were "no current plans to work with China on the space shuttle and space station programs."

Mr. Griffin, who characterized the five-day visit as enjoyable and informative, said that it was too early to talk about any cooperative programs between the nations, but that the first steps probably would be in data sharing and some type of joint effort with robotic spacecraft.

"We did discuss closer cooperation in our nations' science programs," Mr. Griffin said during a news conference in which American reporters participated by telephone. "We're all very encouraged by those initial discussions."

Mr. Griffin said earlier that the International Space Station program involving the United States and 15 other nations had well-established partnerships after almost 13 years and that he would not propose changing it. And since the space shuttle program is to close down in 2010 with the retirement of the three remaining orbiters, there is little prospect of Chinese involvement, he said.

China, only the third nation, after Russia and the United States, with the capacity to send humans into space, has been seeking more international cooperation in space projects, but Washington has been reluctant because of such issues as technology transfer, trading weapons technology and human rights.

The biggest difficulty, Mr. Griffin said, was with a civilian agency like NASA working with a Chinese space program dominated by that country's military. Aside from concerns about national security issues, like missile technology proliferation, human space cooperation "requires a great deal of trust and openness."

Partners in human space flight have to understand one another's equipment, systems and procedures completely, as the United States and Russia have learned to do, he said.

"We have to have a great degree of trust. If not, there is a real danger in the mix," Mr. Griffin said. "If we're going to fly together, we're going to have to depend on each other."

Mr. Griffin said the NASA group chose not to visit the Jiuquan Satellite Launch Center, an extensive rocket-launching complex in the Gobi Desert from which the Chinese prepare and fly their manned spacecraft and keep an extensive inventory of rockets.

NASA officials had received permission to visit the base, which is operated by the People's Liberation Army. But they were told that the tour would be limited to the launching pads and that they would not have access to the buildings where spacecraft are tested and prepared for launching. Mr. Griffin said that if he had been allowed to see the engineering facilities and have "eye-level discussions" with fellow engineers, he would have gone.

"I am not a tourist; this is, in fact, my profession," Mr. Griffin said at the news conference. "I have seen a lot of launch pads in my time and didn't need to go that far to see another one."

Mr. Griffin said his "get acquainted" visit, during which he met Chinese space officials and toured a number of science centers, had generally been "very enjoyable" and informative.

"Our hosts could hardly have been nicer," he said. "This is our very first visit. It's not our last visit."

Chinese Corruption Or Competition? (LAT)

The Los Angeles Times, September 28, 2006

DOJ_NMG_0070567

THE CHINESE GOVERNMENT wants its people to believe that no one is beyond the reach of its sweeping anti-corruption campaign. That is the message behind the sacking and detention of Shanghai's Communist Party leader, Chen Liangyu, on Sunday. But few in China or anywhere else are likely to buy the notion that this is a principled crackdown on corruption.

Chen stands accused of misappropriating funds in the city's pension fund and using his position to enrich friends and family members. The member of the national Politburo may have done all that, but his real misfortune is to be associated with former President Jiang Zemin's Shanghai power base at a time when President Hu Jintao is trying to consolidate his control, partly by emasculating Shanghai's power within the party.

Chen is the highest-ranking official to be arrested or fired as a result of the anti-corruption investigations launched last spring, and other party leaders in Shanghai have been put on notice that they may be next in what could turn out to be a widespread purge. Such purges aren't uncommon when a new leader takes power in China; Jiang did much the same by prompting the resignation of Beijing's party secretary in 1995.

Getting rid of Chen serves a variety of political purposes for Hu. He eliminates a potential rival ahead of next year's party congress, sends a message to other Shanghai officials that they need to take Beijing's dictates on slower economic growth more seriously and reassures resentful residents of impoverished rural areas that the central government is concerned about all that bourgeois hedonism in China's glitziest city.

Never mind that a self-proclaimed campaign against corruption can itself be corrupt if politically driven; it still can reap dividends. In China, corruption and double-dealing are endemic throughout society. As Times staff writer Mark Magnier pointed out Sunday in an article on the country's growing crisis of trust, cheating is rampant in business relationships, false advertising is an everyday fact of life, kickbacks are ubiquitous and counterfeiting is so common that even the smallest stores are equipped with machines to authenticate currency.

Corruption, it's often said, is one of the viruses that could kill off China's economic miracle. Indeed, in most parts of the world, such an environment would have already sent investors fleeing for the exits. There is usually a direct link between corruption and poverty. Those nations at the top of Transparency International's annual list of the world's most corrupt countries tend also to top the lists of the world's poorest. But China, because of its sheer size and promise, has been able to grow spectacularly despite the corrupt practices of many government functionaries turned capitalists.

The country has an "anything goes" frontier mentality that Californians of a bygone era might have recognized. That's not sustainable forever. Lawless frontiers are a great place to make a quick buck, but eventually the citizenry gets fed up and starts screaming for a sheriff — one who isn't just going after his political rivals.

At German Conference On Muslim Relations, One Vote Is Unanimous: Mozart Must Go On (NYT)

By Mark Landler

The New York Times, September 28, 2006

BERLIN, Sept. 27 — Amid all the issues that divide Germany's Muslims and non-Muslims — from women's rights to the teaching of Islam in schools — there was one point on which the 30 participants in a landmark conference held here on Wednesday could agree, according to its organizer.

They would like to see the Deutsche Oper of Berlin reinstate the Mozart opera it canceled earlier this week after receiving an anonymous threat that the production — which features a scene with the severed head of the Prophet Muhammad — could put the opera house at risk.

The 30 representatives, drawn equally from the German government and Germany's Muslim population, could even go see the opera together, said Wolfgang Schäuble, the interior minister, who organized and served as chairman of the conference, held in an 18th-century baroque palace.

With that suggestion, made at a news conference after the session, Mr. Schäuble artfully linked the public uproar over the cancellation of Mozart's "Idomeneo" to this long-planned gathering, which was meant to demonstrate Germany's resolve to reach out to its more than three million Muslims.

"We have, in a very tolerant tone, laid out quite different positions," Mr. Schäuble said. "That was the point."

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In some ways, the opera affair galvanized the meeting — underlining the urgency and complexity of the issues facing Germany, as it seeks to integrate a Muslim population that is growing in size and, in the view of some, growing farther apart from mainstream German society.

"There was general agreement that we would like to see the opera come back," said Mehmet Yildirim, the general secretary of the Turkish-Islamic Union. "But there were different perspectives on the issue."

He said that while the atmosphere on Wednesday was positive, he was less sure that Germany and its Muslim population would be able to work together over a period of years to solve their more basic differences.

The conference, which had been planned soon after Angela Merkel was elected chancellor last fall, comes at a time of heightened debate over whether Germans have been too quick to compromise their values in the face of anger, or merely the threat of anger, on the part of Muslims.

Even before the cancellation of the opera, there were misgivings here about the repeated expressions of regret by Pope Benedict XVI, a German, for his recent remarks about Islam and violence.

On Wednesday, Mrs. Merkel added her voice to a chorus of political and cultural leaders who criticized the Deutsche Oper.

"I think the cancellation was a mistake," she said to reporters. "Self-censorship does not help us against people who want to practice violence in the name of Islam. It makes no sense to retreat."

A top cultural official in Berlin, Thomas Flierl, said the city would like to stage "Idomeneo" as soon as possible. The Deutsche Oper said it was open to rescheduling it, provided that a "suitable date" could be found. On Tuesday, the director of the opera house, Kirsten Harms, said she would first have to resolve the political and diplomatic implications.

Ms. Harms has been roundly scorned. But critics said the Berlin government, particularly its chief security official, Ehrhard Körting, should have given her more advice.

At the conference, the issues were no less sensitive, ranging from the teaching of Islamic religion in public schools to the training of imams in Germany, and from the construction of mosques to the discrimination against Muslims living in this country, the majority of whom are of Turkish origin.

The meeting was a necessary step because the government needs to get a feel for the Islamic point of view, said Ayyub Axel Köhler, chairman of the Central Council of Muslims.

Complicating attempts at dialogue, Muslims in Germany are a fractured group. The government took note of that by inviting independent figures like Seyran Ates, a Turkish-German lawyer who represents victims of domestic abuse. Mr. Schäuble, an experienced and influential member of Mrs. Merkel's Christian Democratic Party, supports teaching Islam in schools. But he also insists that Muslim schoolgirls be allowed to take physical education — an activity some conservative Muslim families resist.

Mr. Schäuble, who oversees antiterrorism policy, warned Muslim leaders that they must abide by the German Constitution and the principles of a democratic society if they wanted to be included in the conference.

In an interview with Der Spiegel this week, he made clear the limits of his tolerance. "I can promise you this," he said, "anyone who calls me an infidel at the conference will be in for a fight."

The session was closed to the news media, but judging by the conciliatory tone afterward, it did not seem likely that anybody called him one.

Exhuming The Past In A Painful Quest (WP)

By N.c. Aizenman

The Washington Post, September 28, 2006

NEBAJ, Guatemala -- A decade after the conclusion of the long civil war that ravaged this Central American nation, Guatemalans are literally trying to dig up their past.

Spurred by a surge of requests from victims' families this year, dozens of forensic anthropologists have been fanning out across the countryside to search for remains of the 200,000 people -- most of them Mayan Indian civilians -- who were killed or abducted during the 36-year conflict.

Many were massacred by military forces and dumped into mass graves. Others were buried hurriedly in unmarked, secret locations by relatives anxious to avoid rampaging troops.

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About 40,000 victims simply disappeared after being seized by government operatives.

Nearly every day brings another grisly discovery: skulls of toddlers executed with gunshots to the head; corpses of young men whose necks are still looped with the garrotes used to strangle them. Nearly every week brings another funeral packed with weeping relatives: once-youthful widows now wrinkled and gray, children long since grown to adulthood.

Meanwhile, in a cavernous, damp warehouse in Guatemala's capital, investigators wearing protective masks and surgical gloves are combing through piles upon piles of mildewed documents from a recently discovered secret police archive, hunting for clues to the fate of the disappeared.

The current effort is hardly the first probe of wartime atrocities since peace accords ended the conflict in 1996. But its scope and pace are unprecedented in a country where those responsible have enjoyed near impunity. Only two military officials have been imprisoned for war crimes, according to human rights activists, despite findings by a U.N. commission that government and allied paramilitary forces committed nearly all of the atrocities.

Much of the bloodletting occurred in the late 1970s, when the military-backed dictatorship that had been battling leftist guerrillas expanded its targets to include anyone critical of the government -- including students, priests and union members. But the slaughter reached its peak in the early 1980s, when the military launched a scorched-earth campaign through the countryside to eliminate any potential support for the guerrillas from the long-oppressed Mayan Indians. Hundreds of villages were burned, livestock destroyed and tens of thousands of people killed.

The remains of fewer than 5,000 victims have been returned to their families.

The anguish of those still searching was palpable among the two dozen Mayan Indians who attended a recent exhumation near this town in the central Guatemalan department of Quiche.

Most were subsistence farmers and manual laborers who could speak only their native Mayan language and could ill afford to take time off from work. Yet day after day they hiked to the grave site atop a mist-shrouded mountain -- the women bearing small children strapped to their backs with colorful blankets, the men shouldering shovels to help the forensic team dig for bodies.'I Don't Think It's Her'

Jacinto Bernal, a 56-year-old with weathered skin, blinked back tears as he watched an anthropologist brush away dirt from the skeleton of a woman who appeared to be in her thirties and may or may not have been his wife, Maria Perez. She was gunned down by a military helicopter in 1985, he said, leaving him to raise their four young children on his own.

"I don't think it's her," Bernal muttered miserably. "She was struck in the back of the head, but it looks like this skull has a hole in the front."

There was little else to go on.

Like others who used the spot as a secret burial ground during the 1980s, Bernal had been forced to sneak there after dark and could no longer remember exactly where he had buried his wife's body.

A few feet away, in a different group of peasants, Petrona Bernal, 45, squatted by a grave containing the tiny bones of a young child whom she hoped would prove to be her baby boy. He was born in 1982, shortly after Bernal's village was destroyed.

"We lived on the run," she recalled. "All we had to eat was herbs and flowers."

Malnourished and weak, she had given birth to her son in the forest, only to watch the infant die of hunger days later. Ever since, Bernal said, she has ached to recover the boy's body and give him a proper Christian burial.

Until now, she had not dared to return to the secret grave site. Many members of civil defense patrols who carried out atrocities at the military's behest still live among the communities they once terrorized. Many military leaders who directed the war remain powerful -- including Gen. EfraÃ-n RÃ-os Montt, the former dictator who today heads one of the largest parties in the legislature.

RÃ-os Montt has repeatedly denied ordering the hundreds of massacres documented during his 1982-83 tenure and has even questioned whether they took place. Forensic workers, lawyers and activists seeking to uncover war crimes have also faced repeated threats. Several have been killed.

But thanks in part to an infusion of foreign funds, private forensic teams and grass-roots organizations dedicated to helping indigenous peoples have expanded their efforts to file claims with the state to authorize exhumations.

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The campaign also received a boost in 2004 when the newly elected president, Ã“scar Berger, publicly apologized to the victims of wartime atrocities on behalf of the government. He has established a commission to compensate them as well as help fund some of the forensic work this year.

Back in the late 1990s, noted Fredy Peccerelli, head of the Guatemalan Forensic Anthropology Foundation, his organization was a tiny outfit able to conduct only about 10 exhumations a year. This year his staff of 80 has already reached 120 sites. They expect to recover about 450 bodies by the end of this year, and about 1,000 per year in the near future.

Even so, at that rate it will take decades to recover even a fraction of the total number of victims.

Finding and identifying the 40,000 who went missing is an even greater challenge. Many were pulled off buses or back roads and taken to military bases far from their home provinces to be tortured by interrogators.

Of the 650 bodies Peccerelli's group has recovered from exhumations at military bases, only 220 have been identified. The rest are being stored in stacks of cardboard boxes at the foundation's headquarters, awaiting a new initiative to collect and compare DNA samples from victims and their relatives that Peccerelli hopes to begin soon.A Massive Police Archive

Another potential source of leads is the recently discovered secret police archive. Deputies of Guatemala's human rights ombudsman stumbled upon it accidentally in July 2005 when they were investigating complaints that explosives were being unsafely stored in the area.

The documents number more than 80 million pages and date as far back as the 1880s. Stacked from floor to ceiling in room after room, they have been badly damaged by water, rats and insects, and do not include records from precincts in several regions where the worst atrocities occurred. However, buried in the mountains of paper are priceless finds like death certificates for unidentified bodies found by police. By comparing the fingerprints on the certificates with those on the national identity cards of missing victims, said Peccerelli, "you can find if there's a match and then search for the body at a specific cemetery."

Alberto Fuentes, who is overseeing the preservation and analysis of the archives, said investigators have also come across a few arrest warrants for people detained for "political crimes" who later turned up dead -- including grandmothers and babies.

But he cautioned that it would take time to find enough documents in the archives to mount a legal case against their killers. "This is a project of 20 years," he said.

The evidence generated by the recent exhumations has also failed so far to spur a rise in prosecutions.

"We still have a weak state that is scared of the military," said Frank LaRue, one of Guatemala's leading human rights advocates. "Local prosecutors are authorizing the exhumations. But when the results come in, they don't initiate criminal proceedings. So we're having all these exhumations but no trials."

Even if prosecutors were to open cases, convictions could be hard to achieve. While Guatemalan judges have sentenced some members of the civil defense patrols, suits against those who issued their orders have been tied up in legal wrangling or languished in the attorney general's office for years.

Efforts by Guatemalans to obtain justice from foreign courts have also met with obstacles. In July, Judge Santiago Pedraz of the Spanish National Court issued arrest warrants for eight former military officials, including RÃ-os Montt, on charges of genocide, torture, terrorism and illegal detention. Guatemalan authorities have not acted on the warrants, and Guatemalan courts blocked Pedraz from deposing the accused during a fact-finding trip in June.

Nonetheless, Peccerelli remains hopeful, pointing out that it took years of activism and hundreds of exhumations just to get the government to admit that civilians had been killed. "Now it is accepted that those massacres occurred," he said. "We're just waiting for the next step, and we know that the work we're doing will contribute."

Clinton Warns Divided Labor (WT/AP)

By Beth Gardiner

The Washington Times, September 28, 2006

MANCHESTER, England -- Former President Bill Clinton sought yesterday to boost Britain's badly divided Labor Party, warning supporters not to let it suffer the same fate as America's defeated Democrats.

Delegates at Labor's annual conference gave a celebrity's welcome to a leader they love far more than President Bush, who is widely despised in the party.

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Mr. Clinton charmed a packed auditorium with a 40-minute speech in which he lavished praise on Prime Minister Tony Blair and treasury chief Gordon Brown, Mr. Blair's likely successor.

In a reference to the political damage that Mr. Blair suffered at home because of his relationship with Mr. Bush, Mr. Clinton thanked him for maintaining Britain's alliance with the United States "through quite a lot of storm as well as occasional sunshine."

He said that because Labor had been so successful in strengthening Britain's economy and modernizing its society, there was a danger that voters would assume the improvements were "just a part of the landscape" and that any party that came to power would make similar choices.

"I have been there," he said, recalling that his administration cut the U.S. deficit drastically, only to watch it balloon under Mr. Bush. "I say that to remind you that it can change quickly."

With the departing Mr. Blair, Labor's most successful leader ever, the party faces a perilous future. Infighting has tarnished its image, and the opposition Conservative Party is surging after nearly a decade in the doldrums.

A fierce party rebellion forced Mr. Blair to announce Sept. 7 that he will quit within a year. In his emotional final conference speech Tuesday, he warned the party to stop its internal battles or risk being punished at the polls.

Some Labor backers worry that Mr. Brown, who lacks Mr. Blair's charm and polish, will be unable to beat back Conservative leader David Cameron. But a battle to keep the finance minister from getting the top job could be divisive.

Mr. Clinton told the delegates that they should be proud of all they had accomplished to change Britain.

"Your prime minister, his government, your party, have been a stunning success," he said, praising Labor for creating jobs and leading the way internationally on fighting poverty and global warming. "None of this is an accident."

He argued that the party would always have to change its policies to keep up in a fast-moving world and urged them not to let themselves be cast as supporters of the status quo while their opponents are seen as advocates of change.

Delegate Christopher Wellbelove, a local council member in southern London, said Mr. Clinton's reminder of the Democrats' defeat by Mr. Bush and his Republicans was chilling.

"We got a very clear warning that if we don't stick together, we could lose everything" and give the Tories a shot at winning elections expected in 2009. "It can all be taken away."

Risky Wishes At The U.N. (WP)

By Jim Hoagland

The Washington Post, September 28, 2006

The 15 nations that will gather in New York today to conduct a straw vote on who is to be the next U.N. secretary general should reflect on a durable lesson of political life: Be careful what you wish for. You may get it.

That warning of the dangers of answered prayers applies particularly to President Bush and his support for Ban Ki Moon, South Korea's reliably stolid foreign minister, in the highly competitive race to succeed Kofi Annan at year's end. Bush -- pilloried by Third World radicals at last week's General Assembly opening -- may be picking up a lightning rod instead of a shield.

Bush's decision rewards a long-established U.S. ally, South Korea, rather than a new U.S. strategic partner, India, which supports favorite son Shashi Tharoor. Tharoor, a U.N. civil servant, novelist and historian, is as presentationally polished as Ban is laconic.

In two previous polls of Security Council members, Washington has voted to encourage both the leading candidates to stay in the race. A shift to voting only for Ban -- a move that Bush indicated he would make to South Korean President Roh Moo Hyun at a White House meeting this month -- would probably doom the hopes of Tharoor and the other candidates.

It is unusual for the competition to end so early for a job that provides the world's biggest diplomatic megaphone and little else in terms of real power. But everything else about this year's contest has been unusual and, alas, probably seminal.

The campaigning for votes from the Security Council members has been unusually open, political and intense, with candidates crisscrossing the globe for the past two months to drum up support. South Korea's generosity in foreign aid and investment decisions may work in Ban's favor with some nations, it is said in diplomatic understatement in the corridors of the United Nations.

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Bush has other motivations. Supporting Ban smooths Bush's once-troubled relations with Roh. Helping secure the top diplomatic job at the world body for an American ally would be an important first and an asset for Bush's growing concern with his legacy. There may be hope as well in Washington that Ban would be more tractable -- or at least quieter and more remote -- than was Annan, who made jarringly public his disagreements with Bush over international law and the war in Iraq.

Annan in fact worked hard to protect U.S.-U.N. relations and came under fire from Third World radicals for being "too responsive" to Washington as they sought to play up a widening North-South divide in the world body.

The headlines on the diatribes that Iran's Mahmoud Ahmadinejad delivered last week in any forum available in New York, including the General Assembly hall, concentrated on his attacks on Bush. But Ahmadinejad was even more confrontational about the United Nations, whose legitimacy the Iranian directly challenged. Having such a highly visible American ally in charge of the U.N. Secretariat might complicate the vital negotiating role that the world body will play in resolving the Iranian crisis or in the confrontation with North Korea over its nuclear arms.

Those are not sufficient reasons for Washington to drop its support of Ban, who is a well-respected diplomat. But they are reasons for the Bush team to be careful in building expectations about what Ban's election would mean for U.S. strategic interests. At a time when the United Nations itself needs defending and explaining to many skeptical audiences throughout the world, traditional diplomacy may not be the best qualification for a new secretary general.

Security Council ambassadors will not actually vote for or against anyone today. They will mark ballot sheets to encourage, discourage or express no opinion on declared candidates. It is still possible that last-minute horse-trading could produce a muddled outcome that would encourage new candidates to get into the race.

Top jobs are also open at the World Health Organization, where China is making a strong push, and the World Food Program, where Europe hopes one of its citizens will replace previous American directors. The temptation will be strong to barter votes in a package deal.

Reserving or rewarding such high-responsibility jobs on a regional or national basis -- or because of a history of alliances -- is an obsolete luxury in the age of globalization. Merit and suitability should be the only criteria in a game that must be played by transparent rules.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

House Passes Detainee Bill As It Clears Senate Hurdle (NYT)

By Carl Hulse, Kate Zernike

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Congress took major steps on Wednesday toward establishing a new system for interrogating and trying terror suspects as the House approved legislation sought by President Bush and the Senate defeated efforts to alter the measure.

The House, in a politically charged decision, voted 253 to 168 in favor of extensive new rules governing the questioning of terror suspects and bringing them before military tribunals. The Senate was expected to follow suit on Thursday, which would deliver Republicans a major national security victory before the elections.

"The time to act is now," said Senator Bill Frist, the majority leader, as he opened Senate debate after reaching a deal with Democrats who agreed not to stand in the way of a final vote on the bill in exchange for consideration of amendments.

In the House, 219 Republicans and 34 Democrats, many in more competitive districts, supported the bill; 160 Democrats and 7 Republicans opposed it; the opponents included the Democratic leadership and major party voices on the military and intelligence issues.

Republicans immediately sought to portray the vote as a defining one between the two parties. "It is outrageous that House Democrats, at the urging of their leaders, continue to oppose giving President Bush the tools he needs to protect our country," said Representative John A. Boehner of Ohio, the majority leader.

But Democrats said the legislation would reverse fundamental American values by allowing seizure of evidence in this country without a search warrant, allowing evidence obtained through cruel and inhuman treatment, and denying relief or appeal to people like Maher Arar, whom the United States sent to Syria for interrogation that included torture even after the Canadian government told American officials he was not a terrorist.

"This is un-American, this is unconstitutional, this is contrary to American interests, this is not what a great and good and powerful nation should be doing," said Senator Patrick J. Leahy, Democrat of Vermont.

Backers of the measure said the legislation, which was sought by Mr. Bush after the Supreme Court in June struck down the administration's system for trying detainees, would guarantee terror suspects adequate rights while not hindering interrogations.

"We are dealing with the enemy in war, not defendants in our criminal justice system," said Representative Duncan Hunter, Republican of California and chairman of the Armed Services Committee. "In time of war it is not practical to apply the same rules of evidence that we apply in civil trials or courts martial for our troops."

Leading Democrats said the approach would result in government-sanctioned mistreatment of detainees. They predicted it would be again thrown out by the Supreme Court, leaving the United States remaining without a system to try terrorists after a wait that has already extended five years beyond Sept. 11, 2001.

"If you want to be tough on terrorists, let's not pass something that rushes to judgment and has legal loopholes that will reverse a conviction," said Representative Ike Skelton of Missouri, senior Democrat on the Armed Services Committee.

Fellow Democrats said the measure could be interpreted by other nations as reducing America's commitment to the rights of prisoners of war.

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"When our moral standing is eroded, our international credibility is diminished as well," said Representative Steny H. Hoyer of Maryland, the No. 2 Democrat in the House.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, characterized the bill as the product of an administration that "has been relentless in its determination to legitimize the abuse of detainees."

But Republicans argued repeatedly that the nation is facing a faceless and brutal enemy that lurks in the shadows, requiring a new way of thinking on the part of the United States and giving new importance to the ability to freely interrogate them.

"Information is the key weapon we have to prevent them from killing us and prevent them from attacking others in the future," said Representative Mac Thornberry, Republican of Texas, who said he worried the measure might go too far in tying the hands of American operatives.

The House debate was interrupted repeatedly by protesters in the gallery, who were removed by security workers.

The bill was a compromise worked out between the White House and three Senate Republicans who for weeks had resisted the administration's approach. They contended the White House's initial bill would violate the Constitution and redefine the nation's obligations under the Geneva Conventions, signaling to other nations that they too could rewrite the rules on dealing with combatants seized in wartime.

The intraparty rift had threatened to derail Republican hopes to champion theirs as the party of national security, but before the debate began, Mr. Frist smilingly declared, "Republicans united." Mr. Bush accepted Mr. Frist's invitation to meet with Republican senators on Thursday morning as they prepared to vote to rally their support and build their spirits before Republicans hit the campaign trail.

Democrats had stayed mainly on the sidelines during the fight among Republicans, but the pending votes in the House and Senate have forced them to take firm positions on the bill. Senate Democrats did allow a vote to go forward, escaping criticism that they were obstructing the measure, and thus denying Republicans a potential political hammer.

House Democrats were prevented from offering any amendments. Under the Senate agreement, Democrats were allowed four proposed amendments. One, by Mr. Levin, would have adopted the approach endorsed by the Armed Services Committee and the three Republicans who resisted the Bush administration: Senators John Warner of Virginia, John McCain of Arizona, and Lindsey Graham of South Carolina. It failed on a 54-to-43 vote, with two Democrats, Senators Mary L. Landrieu of Louisiana and Ben Nelson of Nebraska, crossing party lines.

Senator Arlen Specter of Pennsylvania and chairman of the Judiciary Committee, pressed an amendment that would strike a provision from the bill that prohibits terror suspects from challenging their detention in the courts. "What the bill seeks to do is set back basic rights by some 900 years," said Mr. Specter, who traced the ability to challenge one's detention to the Magna Carta.

Concerned the legislation was being rushed through before an election without most senators understanding what was in the final version, Democratic Senators Robert C. Byrd of Virginia and Barack Obama of Illinois planned to offer a sunset provision that would require Congress to review the military commissions, as the trials are known, in five years.

Republicans said they were confident they could hold off any changes when the remaining amendments come up for a vote on Thursday.

While Republicans were nearing success on a key element of their agenda with the terrorism bill, disputes among top Republicans in the House and Senate were threatening other measures they hoped to pass, particularly a domestic security spending bill and a Pentagon policy bill. Lawmakers were scrambling to resolve the differences to avoid leaving the bills on the shelf. They have already abandoned efforts to strike a final agreement on a measure governing a National Security Agency surveillance program, though the House is scheduled to consider the bill on Thursday.

Rules For Terror Detainees Near Final Passage (USAT)

By Kathy Kiely

USA Today, September 28, 2006

WASHINGTON — Legislation setting rules for the interrogation and trial of terrorism suspects passed the House on Wednesday and is headed for Senate approval today, as Congress tries to balance national security needs with the rights of prisoners.

The bill would permit creation of military tribunals to try terrorism suspects such as alleged 9/11 mastermind Khalid Sheikh Mohammed and others now held at Guantanamo Bay, Cuba. It also would allow President Bush to claim a legislative victory on national security 40 days before the Nov. 7 elections.

Bush hailed the 253-168 House vote as an important step to "help keep the country safe."

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The legislation was required after the Supreme Court ruled in June that Bush's previous plan for trials was unconstitutional. It reflects a compromise between the White House and three prominent Republican senators — John Warner of Virginia, John McCain of Arizona and Lindsey Graham of South Carolina — who forced key changes.

Final action on another measure that Bush says he needs to fight terrorism, legislation authorizing a telephone surveillance program, has been delayed until after Election Day because of disagreements among Republicans.

Proponents of the bill the House passed Wednesday said it will provide CIA interrogators with clear rules and foreign detainees with a chance to appeal to the U.S. Supreme Court. "It gives more rights to these people than they get under any other regime in the world," said Rep. Dan Lungren, R-Calif.

Critics said it does not put enough checks on the power of the military and the White House to detain foreign terrorism suspects indefinitely, without having to present evidence of their guilt.

"From my family's personal experience, I know what can happen to the rights of Americans when an administration overreaches in time of war," said Rep. Doris Matsui, D-Calif. She was born at an internment camp where her parents and other Japanese-Americans were confined during World War II.

The bill classifies nine serious offenses against prisoners, including torture, as war crimes. McCain has said the legislation will ban extreme tactics such as "water boarding," in which a person is made to believe he is about to be drowned.

Rep. Jane Harman of California, the top Democrat on the House Intelligence Committee, said the bill doesn't give Congress adequate authority to monitor the CIA's interrogation program. "I remain very skeptical," she said.

In the Senate, Democrats were pushed back in their first attempt Wednesday to alter the bill. They plan to offer more amendments today. Bill opponents conceded that many lawmakers will be leery of casting a vote that could be criticized as soft on terrorism by their campaign opponents. "I think the closeness of the election has an effect," said Sen. Carl Levin of Michigan, the top Democrat on the Armed Services Committee.

House Clears Way For Passage Of Military-tribunal Legislation (HILL)

By Jonathan Allen, Roxana Tiron

The Hill, September 28, 2006

Republicans and Democrats in the Senate struck a deal yesterday that appeared to clear the way for the enactment of a controversial military-tribunal bill. The agreement positions the GOP to claim a significant legislative achievement, and perhaps an important political victory, before lawmakers leave town to campaign for reelection.

"If the Democrats oppose it, it will be to their political detriment," Sen. Trent Lott (R-Miss.) said.

The House yesterday passed the bill, 252-168, with 34 Democrats voting for it and seven Republicans voting against it. The Senate was considering identical but separate legislation, meaning that one chamber would still have to pass the other chamber's version of the bill for it to be sent to the president.

Senate Democrats agreed to expedite consideration of the measure, which would establish a trial system for unlawful enemy combatants and provide more-detailed definitions of war crimes in order to protect nonmilitary intelligence officials from being prosecuted for using certain techniques to interrogate terror suspects.

"We are trying to pass a good bill and we worked on a good bill," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.).

In return, Republicans agreed to allow five amendments to be offered on the floor, four by Democrats and one by Judiciary Committee Chairman Arlen Specter (R-Pa.).

The bill itself is the product of a compromise between the White House and a band of recalcitrant Senate Republicans led by John Warner (Va.), John McCain (Ariz.) and Lindsey Graham (S.C.), who initially differed from the president on the use of classified evidence against terrorism suspects, the treatment of detainees under the Geneva Conventions and the War Crimes Act, and other issues.

The administration ended its program for trying unlawful enemy combatants in June when the Supreme Court deemed it to be unconstitutional.

House Democrats warned that the new legislation, written by Republicans, could also be challenged in the courts.

"Our nation cannot afford to have any terrorist convictions overturned on judicial appeal," said Rep. Ike Skelton (Mo.), the top Democrat on the Armed Services Committee. "We should be taking the time to get this done right, not rushing through the process in an election-year frenzy."

They also said the measure could endanger American troops by giving the administration too much latitude to interrogate terror suspects.

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"Agreeing to such an ambiguous compromise would allow the president to define torture when and how he sees fit and would undoubtedly put our armed forces at risk of abuse while doing little to obtain the intelligence we need from terrorists currently detained," said Rep. Ellen Tauscher (D-Calif.).

Republicans argued that the legislation is an important piece of the administration's arsenal for combating terrorism.

"By formally establishing terrorist tribunals, the bill provides another critical tool in fighting the war on terror. And it provides a measure of justice to the victims of 9/11," Senate Majority Leader Bill Frist (R-Tenn.) said.

"The American people can't afford to wait. Even though we are in the midst of an election year, this issue – the safety and security of the American people – should transcend partisan politics. The time to act is now," he said.

In the Senate, Democrats were expected to seek votes on their amendments, including one offered by Carl Levin (Mich.), the ranking Democrat on the Armed Services Committee, that would substitute a version of the bill approved by that panel, and one offered by Sen. Robert Byrd (D- W.Va.), that would end the president's authority to conduct the tribunals after five years. The Senate turned back the Levin amendment late yesterday afternoon.

Frist confidently predicted that none of the amendments would pass.

"We'll be able to defeat those," he said.

"We wanted to keep it as clean as possible," Frist spokeswoman Carolyn Weyforth said.

House Approves Bill On Terror Detainees (AP)

By Anne Plummer Flaherty

AP, September 27, 2006

The House approved legislation Wednesday giving the Bush administration authority to interrogate and prosecute terrorism detainees, moving President Bush to the edge of a pre-election victory with a key piece of his anti-terror plan.

The mostly party-line 253-168 vote in the Republican-run House prompted bitter charges afterward by House Speaker Dennis Hastert, R-Ill., that opposition Democrats were coddling terrorists, perhaps foreshadowing campaign attack ads to come. Democrats responded that the GOP leader was trying to provoke fear.

Even as the House debated the bill, senators of the two parties agreed to limit debate on their own nearly identical measure, all but ensuring its passage on Thursday.

Republican leaders are hoping to work out differences and send Bush a final version before leaving Washington this weekend to campaign for the Nov. 7 congressional elections.

The legislation would establish a military court system to prosecute terror suspects, a response to the Supreme Court ruling in June that Congress' blessing was necessary. While the bill would grant defendants more legal rights than they had under the administration's old system, it nevertheless would eliminate rights usually granted in civilian and military courts.

The measure also provides extensive definitions of war crimes such as torture, rape and biological experiments — but gives Bush broad authority to decide which other techniques U.S. interrogators can legally use. The provisions are intended to protect CIA interrogators from being prosecuted for war crimes.

For nearly two weeks, the GOP has been embarrassed as the White House and rebellious Republican senators have fought publicly over whether Bush's plan would give him too much authority. But they struck a compromise last Thursday, and Republicans are hoping approval will bolster their effort to cast themselves as strong on national security, a marquee issue this election year.

In a statement issued after the vote, Bush, who will visit GOP senators Thursday morning, urged the Senate to approve the measure and congratulated the House for its "commitment to strengthening our national security."

Hastert's comments were biting. He said in a statement that Democrats supporting the measure "voted today in favor of MORE rights for terrorists."

He added, "So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan."

In response, Pelosi, D-Calif., said Democrats feared the House-passed measure could endanger U.S. soldiers by encouraging other countries to limit the rights of captured American troops. She said the bill would be vulnerable to being overturned by the Supreme Court.

"Speaker Hastert's false and inflammatory rhetoric is yet another desperate attempt to mislead the American people and provoke fear," she said, adding that Democrats "have an unshakable commitment to catching, convicting and punishing terrorists who attack Americans."

During the debate, House Majority Leader John Boehner, R-Ohio, all but dared Democrats to vote against the legislation.

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"Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" Boehner asked just before members cast their ballots.

Democrats said they wanted to tone down the powers the bill would give to Bush and the limits it would impose on terror-war suspects' abilities to defend themselves during trials.

Said Dennis Kucinich, D-Ohio: "This bill is everything we don't believe in."

Overall, 219 Republicans and 34 Democrats vote for the legislation while 160 Democrats, seven Republicans and one independent voted against it.

During the often partisan debate, some Democrats contended the bill would approve torture.

"All Americans want to hold terrorists accountable, but if we try to redefine the nature of torture, whisk people into secret detention facilities and use secret evidence to convict them in special courts, our actions do in fact embolden our enemies," said Rep. Jim Moran, D-Va.

Others vehemently opposed language that would give the president wide latitude to interpret international standards of prisoner treatment and bar detainees from going to federal court to protest their treatment and detention under the right of habeas corpus. Supporters of the bill have said eliminating habeas corpus was intended to keep detainees from flooding federal courts with appeals.

The bill also gives the president the ability to interpret international standards for prisoner treatment when an act does not fall under the definition of a war crime, such as rape and torture.

"It gives too much leeway to the president," said Rep. John Murtha, D-Pa. "And I think when you tamper with the Geneva Conventions ... you hurt our ability to protect the troops."

Republicans defended the measure as sound.

"Is it perfect? No," said Rep. Mario Diaz-Balart, R-Fla. "Do we have an obligation to pass it? Yes."

Republicans said time was critical so that terrorists could be brought to justice.

Lawmakers shrugged off multiple disruptions from citizens watching the floor debate from inside the Capitol.

As the House finished its bill, Senate leaders agreed to limit debate on their version of the measure. Four Democrats and Sen. Arlen Specter, R-Pa., were given opportunities to offer amendments in the Senate, but all were expected to be rejected.

"Until Congress passes this legislation, terrorists ... cannot be tried for war crimes in the United States and the United States risks fighting a blind war without adequate intelligence," said Senate Majority Leader Bill Frist, R-Tenn. "That's simply unacceptable."

One amendment by Sen. Carl Levin, D-Mich., defeated 54-43, would have replaced the Senate measure with the version maverick GOP senators pushed through the Armed Services Committee two weeks ago before striking a deal with Bush. The White House had promised to block that committee bill, which was written by GOP Sens. John McCain of Arizona, John Warner of Virginia and others, contending it would force an end to the CIA interrogation program.

Specter's amendment would strike the provision in the bill barring detainees from filing habeas corpus petitions.

US House Passes Controversial Bill On Terror Suspects (AFP)

By Charlotte Raab

AFP, September 27, 2006

The US House of Representatives passed a controversial bill setting out the rules for the detention, treatment and prosecution of "war on terror" suspects, virtually assuring it will become law.

After a few hours of debate, the bill, which critics say violates human and constitutional rights, was passed in a 253-168 vote. The Republican majority had blocked opposition Democrats from presenting any amendment.

The proposed law, which US President George W. Bush calls a critical tool for the battle against terrorism, was headed for swift passage by the Senate, expected by Thursday at the latest.

The hard-fought House victory was crucial for the Bush administration six weeks ahead of legislative elections, where his Republican Party risks losing control of both chambers of Congress.

Bush administration officials have pushed approval of the deal before Congress recesses at the end of this week.

The sweeping legislation sets guidelines to interrogate war-on-terror suspects and would send several hundred inmates held at the US naval base in Guantanamo Bay, Cuba to trial after years of detention.

Since the detention camp opened in 2001, after the September 11 terrorist attacks, not one of the several hundred prisoners has been afforded a trial.

The draft law authorizes special tribunals to prosecute the Guantanamo detainees, allows for secret CIA-run prisons and forbids "cruel and unusual" punishment of detainees -- without further clarification of what falls in that category.

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Detainees would be deprived of all legal recourse to protest the conditions of their detention.

Critics charge that Bush merely wants legal cover to allow interrogators to continue using "alternative" methods of questioning that reportedly include a simulated drowning technique known as "waterboarding," sleep deprivation, and subjecting suspects to extreme temperatures.

"This bill is a drastic step backwards for human rights," said Caroline Frederickson, a director of the American Civil Liberties Union.

House Minority leader Nancy Pelosi argued against the measure, saying "permitting indefinite detention under conditions that cannot be challenged in court is contrary to our history and values."

The California Democrat predicted the US Supreme Court would strike down the almost-certain new law.

But Republicans praised the effort.

"House Republicans have worked hard to create a system that will protect our troops on the battlefield, while also conforming to international laws and treaty obligations," said House Speaker Dennis Hastert.

The bill, a compromise reached after bitter debate between the White House and a handful of Republican senators opposed to torture, was expected to be approved late Wednesday or Thursday in the Senate, where the opposition has pledged not to interfere.

The Senate debate was expected to last 10 hours at most, according to the terms of an agreement reached early Wednesday between Republican and opposition lawmakers.

Only five amendments were to be presented, but they almost certainly would be rejected, which would mean the text would be signed into law just weeks ahead of the November 7 legislative elections.

House Approves Bill On Detainees (WP)

By Charles Babington

The Washington Post, September 28, 2006

The House approved an administration-backed system of questioning and prosecuting terrorism suspects yesterday, setting clearer limits on CIA interrogation techniques but denying access to courts for detainees seeking to challenge their imprisonment at Guantanamo Bay, Cuba, and elsewhere.

The 253 to 168 vote was a victory for President Bush and fellow Republicans. Bush had yielded some ground during weeks of negotiations, but he fully embraced the language that the House approved with support from 34 Democrats and all but seven Republicans.

Senators also began debating the measure yesterday and defeated, along party lines, a Democratic-sponsored amendment that would have expanded detainees' legal rights. Senators predicted that their chamber will approve the legislation today, which would enable Bush to hold a signing ceremony on a high-profile and intensely debated bill about a month before the Nov. 7 elections.

Barring a last-minute snag, the House and Senate action will conclude three months of debate that began in late June, after the Supreme Court struck down the military commissions Bush had established to try people suspected of being members of al-Qaeda. Designated as enemy combatants, such suspects enjoy fewer rights than prisoners of war, and much of the congressional debate centered on which, if any, rudimentary legal rights should apply to them.

The administration was also eager to protect CIA officers from possible prosecution or from lawsuits stemming from their use of aggressive interrogation techniques such as extended sleep deprivation, hypothermia and "waterboarding," which simulates drowning.

Bush is scheduled to meet with GOP senators in the Capitol this morning for a final pep rally before the measure's expected passage. Republicans hope to campaign on the bill as proof of their party's tough stand against terrorists. Many congressional Democrats decided to swallow their misgivings and vote for the bill to avoid being portrayed as less than vigilant against suspects captured in Afghanistan, Iraq and elsewhere. Thirty-four Democrats joined 219 Republicans in supporting the legislation.

"It is outrageous that House Democrats, at the urging of their leaders, continue to oppose giving President Bush the tools he needs to protect our country," said House Majority Leader John A. Boehner (R-Ohio).

Such comments infuriated Democrats, who said they stand second to no one in fighting terrorists but fear the United States is abandoning fundamental principles of fairness. The bill "is really more about who we are as a people than it is about those who seek to harm us," said House Minority Whip Steny H. Hoyer (D-Md.). "Defending America requires us to marshal the full range of our power: diplomatic and military, economic and moral. And when our moral standing is eroded, our international credibility is diminished as well."

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After the June 29 Supreme Court ruling, the White House proposed legislation to address the high court's criticisms and still embrace much of its military commission setup and interrogation practices. But a trio of Republican senators forced Bush to modify several points.

The compromise legislation does not seek to narrow U.S. obligations under the Geneva Conventions in the treatment of prisoners, as Bush had hoped. But it would give the executive branch substantial leeway in deciding how to comply with treaty obligations in actions that fall short of "grave breaches" of the conventions.

It would bar military commissions from considering testimony obtained through interrogation techniques that involve "cruel, unusual or inhumane treatment or punishment," which is proscribed by the 5th, 8th and 14th amendments to the U.S. Constitution. But the bar would be retroactive only to Dec. 30, 2005, when Congress adopted the Detainee Treatment Act, sponsored by Sen. John McCain (R-Ariz.), to protect CIA operatives from being prosecuted over interrogation tactics used before then.

Yesterday, Sen. Carl M. Levin (D-Mich.) condemned the loophole, accusing administration officials of trying "to legitimize the mistreatment of detainees and to undermine some of the cornerstone principles of our legal system."

But GOP sponsors said the language is essential to protect well-intentioned CIA officers from vague guidelines. "The Constitution says we will provide for the common defense, not provide for the criminal defense" of enemy combatants, Rep. Louie Gohmert (R-Tex.) said during a rare instance in which both houses debated the same legislation simultaneously.

Some of the fiercest debates focused on whether foreign terrorism suspects should have access to U.S. courts for challenging the legality of their detention, a right known as habeas corpus.

House Republicans blocked Democrats from offering amendments, including one that would have extended the habeas corpus right to detainees. House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) said terrorism suspects have enough rights without habeas corpus, including the right to a lawyer, to be presumed innocent, to cross-examine witnesses and to collect evidence. "Let's bring justice before the eyes of the children and widows of Sept. 11," he implored on the House floor.

But Rep. Jerrold Nadler (D-N.Y.) said: "This is how a nation loses its moral compass, its identity, its values and, eventually, its freedom. . . . We rebelled against King George III for less restrictions on liberty than this." Sen. Patrick J. Leahy (D-Vt.) said the habeas corpus right is so fundamental that it "is un-American" to deny it to detainees held by U.S. forces.

The Senate will vote today on an amendment to grant the habeas corpus right to detainees. Supporters say the Supreme Court would rule the legislation unconstitutional without a habeas corpus provision, but opponents say the House would balk at the amendment.

The legislation loosely defines "cruel or inhuman treatment" of detainees, which would constitute a war crime. The administration said the term should apply to techniques resulting in "severe" physical or mental pain, but lawmakers set the standard at "serious." The abused detainee's symptoms would have to include "serious and non-transitory mental harm, which need not be prolonged."

For lesser offenses barred by the Geneva Conventions -- those falling between cruelty and minor abuse -- the legislation would authorize the president to interpret "the meaning and application" of relevant provisions of the Geneva Conventions. The administration's language would have to be published rather than provided in secret to some lawmakers.

House Speaker J. Dennis Hastert (R-Ill.) praised the legislation, saying Americans should not give foreigners suspected of being enemy combatants the rights that U.S. citizens enjoy. "The Global War on Terror is different from any war we have ever known," he said in a statement. "As a country we must understand that adaptation to these new situations is critical in order to achieve victory over those who seek to hurt us as a nation."

But the Center for Constitutional Rights condemned the bill, saying it would "authorize the indefinite detention of non-citizens without access to courts -- even if they are not charged with any crime."

Staff writers Jonathan Weisman and R. Jeffrey Smith contributed to this report.

House Approves Bush Proposal On Tribunals For Gitmo Suspects (WT)

By Charles Hurt

The Washington Times, September 28, 2006

The House yesterday approved President Bush's proposal for the handling of terrorism suspects held at Guantanamo Bay in Cuba, bringing the administration one step closer to having the legal authority to interrogate and prosecute the detainees.

"These terrorist tribunals will allow the suspected terrorists to address the charges against them with legal defense provided by the U.S. government," House Speaker J. Dennis Hastert, Illinois Republican, said after the vote.

In a mostly party-line 253-168 vote, Republicans backed the bill by a 219-7 margin and Democrats opposed it by a 160-34 margin. The House's one independent voted "no." The measure now goes to the Senate.

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Just before voting, Majority Leader John A. Boehner, Ohio Republican, made clear that Republicans will use the vote in the November elections against Democrats who opposed the bill.

"Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen, or will they vote to force him to fight the terrorists with one arm tied behind his back?" he said.

Republican leaders were quick to criticize Democrats who voted against the legislation.

"Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists," Mr. Hastert said. "So, the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled if we followed the Democrat plan."

Pelosi spokeswoman Jennifer Crider decried "Speaker Hastert's false and inflammatory rhetoric," calling it "yet another desperate attempt to mislead the American people and provoke fear.

"Democrats will not be swift-boated," she said, referring to ads that hurt Democrats' 2004 presidential candidate, Sen. John Kerry. "We want [terrorists] punished, whatever that punishment is, and don't want it overturned by the Supreme Court. This bill may make it more likely the Supreme Court will overturn those convictions and may put our troops at greater risk."

The proposal would grant terror suspects more legal rights than they had under the system of military tribunals set up by the administration after the September 11 attacks, which the Supreme Court struck down in June. Nevertheless, the new courts would not grant many of the basic rights Americans usually have in civilian and military courts, a point Democrats protested.

"This bill is everything we don't believe in," said Rep. Dennis J. Kucinich, Ohio Democrat.

Rep. Barney Frank, Massachusetts Democrat, said the proposal doesn't provide enough checks and balances to prevent erroneous convictions.

Other provisions opposed by Democrats give the president broad authority to decide which techniques U.S. interrogators can use legally.

American interrogators and prosecutors, Mr. Frank said, "are the good guys, but they're not the perfect guys."

During the debate, U.S. Capitol Police had to remove several hecklers from the chamber who were protesting the legislation.

The House vote took place shortly after Democrats and Republicans in the Senate reached an agreement to take up the measure with only a handful of amendments. Senate Majority Leader Bill Frist told reporters that he hoped to pass the bill today without any of the amendments being approved, so it could go directly to Mr. Bush's desk for his signature.

Mr. Frist said voters will side with those who support the tribunals.

"People realize it's a new world," said Mr. Frist, Tennessee Republican. "We need to have appropriate tools."

Democrats said they expect the bill to be overwhelmingly approved on a bipartisan basis. But, they said, they will continue to work to get amendments added.

Sen. Edward M. Kennedy, Massachusetts Democrat, said he opposes the bill no matter what. He also said the haste to pass the measure was politically motivated.

"By failing to renounce torture, it inflames an already dangerous world and makes for America new enemies in our war against terror," he said. "This puts our cause, our people and our troops at greater risk."

"There is no question that the rush to pass this bill -- which is the product of secret negotiations with the White House -- is about serving a political agenda," Mr. Kennedy said. "That is no way to produce careful and thoughtful legislation on profound issues of national security."

Detainee Bill Now Goes To Senate (LAT)

By Richard Simon, Julian E. Barnes

The Los Angeles Times, September 28, 2006

WASHINGTON — The House on Wednesday approved administration-backed rules for interrogating and trying terrorism suspects, a key component of the national security agenda that Republicans aim to showcase in their fight to hold onto Congress.

The Senate is expected to follow suit today, making passage of the military tribunal bill one of Congress' final acts before lawmakers recess this weekend to hit the campaign trail. Barring complications, the legislation will reach President Bush's desk for a high-profile signing ceremony in the run-up to the November elections.

The measure, approved by the House 253 to 168, would preserve tough interrogation tactics that the White House has credited with helping thwart terrorist plots. It also would pave the way for trials of at least two dozen terrorism suspects, including self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed, who are being held at the U.S. military prison at Guantanamo Bay, Cuba.

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"We must remember that we are fighting a different kind of enemy — and a different kind of war," Senate Majority Leader Bill Frist (R-Tenn.) said as the chamber opened debate on the measure Wednesday. "To win this war, we must provide our military, intelligence and law enforcement communities the tools they need to keep us safe."

But Sen. Carl Levin of Michigan, the top Democrat on the Armed Services Committee, objected that the measure would be "used by our terrorist enemies as evidence of U.S. hypocrisy when it comes to proclamations of human rights."

The bill is one of several that GOP lawmakers have rushed to pass to spotlight an issue they consider their party's strength: national security. Another measure, authorizing Bush's once secret warrantless surveillance program, is unlikely to clear Congress until after the election.

Final action on the tribunal bill will bring to a close the wrangling that began in June, when the Supreme Court struck down the administration's earlier rules for trying terrorism suspects before military commissions. The legislation didn't fall into place until the White House and a group of Senate Republicans worked out a compromise last week.

As passed by the House, the measure would allow the administration to use interrogation methods tougher than those employed by the military; it does not specify precisely what would be permitted or explicitly banned.

Water boarding, in which a prisoner is strapped to a board and made to believe he is going to drown, would be banned, according to those who helped broker the deal. Some human rights advocates said the language of the bill would ban sleep deprivation and exposing detainees to extreme temperatures.

The approval came despite warnings from human rights groups that provisions such as prohibiting detainees from challenging their imprisonment in court and permitting the use of coerced evidence in trials under certain circumstances put the bill on questionable legal footing.

A bipartisan effort led by Republican Sen. Arlen Specter of Pennsylvania to strip out the provision preventing detainees from filing habeas corpus petitions — demands for legal justification for their imprisonment — is expected to come before the Senate today.

If that amendment passes, the overall bill would have to go to a House-Senate conference committee, which would delay its passage.

Previewing GOP plans to use the tribunal measure in the campaign, House Majority Leader John A. Boehner (R-Ohio) challenged Democrats on Wednesday to vote against it. "Will my Democrat friends work with Republicans to give the president the tools he needs to continue to stop terrorist attacks before they happen — or will they again vote to force him to fight the terrorists with one arm tied behind his back?" he asked.

Thirty-four Democrats joined 219 Republicans in voting for the bill, while 160 Democrats, seven Republicans and one independent voted against it.

California House members voted along party lines, with all Republicans supporting the bill and Democrats opposing it. Reps. George P. Radanovich (R-Mariposa) and Juanita Millender-McDonald (D-Carson) did not vote.

"Let me be very clear. I believe that there is a special place in hell reserved for the planners and perpetrators of 9/11," said Rep. Ellen O. Tauscher (D-Alamo). But, she said, the bill would "do nothing but put us in further legal limbo."

"This bill is practically begging to be overturned by the court," added House Minority Leader Nancy Pelosi (D-San Francisco).

Democrats accused Republicans of rushing to pass a legally suspect bill to score political points. Within an hour of the vote, the House GOP leadership put out a statement accusing Democrats of being weak on national security.

House Speaker J. Dennis Hastert (R-Ill.) issued a statement after the vote accusing Democrats of voting in favor of "more rights for terrorists."

"So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan," he said.

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, expressed confidence that the bill would withstand court challenge. He also disputed contentions that detainees weren't being given enough rights.

Once trials begin, Americans can "watch all those rights being accorded to people who designed the attack against the United States and decide whether or not they agree with the Democrats that there weren't enough rights given to the defendants," Hunter said. "My instincts are that they will probably … come to the conclusion that … we gave them too many rights."

The measure that passed the House is the product of a compromise between the White House and a group of Senate Republicans led by Sen. John McCain of Arizona, a former POW who was tortured in Vietnam and who advocates that the United States must adhere to the Geneva Convention in its treatment of terrorism suspects.

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But Jumana Musa, an advocacy director of Amnesty International, said Wednesday that the administration has a track record of interpreting congressional laws creatively and permissively. Under the compromise, she said, there was no way to ensure that the CIA would treat its detainees humanely.

"This bill doesn't say what techniques are prohibited," Musa said. "That is the problem with a system that has no check and an administration with a long and colorful record of broad interpretations of the law."

The measure would define as illegal under the War Crimes Act "grave breaches" of the Geneva Convention, such as torture, cruel or inhuman treatment and intentionally causing "serious bodily injury."

It also would give the president authority to interpret the Geneva Convention by an executive order made public and subject to congressional review. The order will not list specific techniques, and no one knows for sure what exactly the order will say.

Said Tom Malinowski, Washington advocacy director of Human Rights Watch:

"I don't think that the CIA will be comfortable going back to those [tougher interrogation] techniques if McCain, the chief architect of the compromise, believes those techniques are against the law."

Rushing Off A Cliff (NYT)

The New York Times, September 28, 2006

Here's what happens when this irresponsible Congress railroads a profoundly important bill to serve the mindless politics of a midterm election: The Bush administration uses Republicans' fear of losing their majority to push through ghastly ideas about antiterrorism that will make American troops less safe and do lasting damage to our 217-year-old nation of laws — while actually doing nothing to protect the nation from terrorists. Democrats betray their principles to avoid last-minute attack ads. Our democracy is the big loser.

Republicans say Congress must act right now to create procedures for charging and trying terrorists — because the men accused of plotting the 9/11 attacks are available for trial. That's pure propaganda. Those men could have been tried and convicted long ago, but President Bush chose not to. He held them in illegal detention, had them questioned in ways that will make real trials very hard, and invented a transparently illegal system of kangaroo courts to convict them.

It was only after the Supreme Court issued the inevitable ruling striking down Mr. Bush's shadow penal system that he adopted his tone of urgency. It serves a cynical goal: Republican strategists think they can win this fall, not by passing a good law but by forcing Democrats to vote against a bad one so they could be made to look soft on terrorism.

Last week, the White House and three Republican senators announced a terrible deal on this legislation that gave Mr. Bush most of what he wanted, including a blanket waiver for crimes Americans may have committed in the service of his antiterrorism policies. Then Vice President Dick Cheney and his willing lawmakers rewrote the rest of the measure so that it would give Mr. Bush the power to jail pretty much anyone he wants for as long as he wants without charging them, to unilaterally reinterpret the Geneva Conventions, to authorize what normal people consider torture, and to deny justice to hundreds of men captured in error.

These are some of the bill's biggest flaws:

Enemy Combatants: A dangerously broad definition of "illegal enemy combatant" in the bill could subject legal residents of the United States, as well as foreign citizens living in their own countries, to summary arrest and indefinite detention with no hope of appeal. The president could give the power to apply this label to anyone he wanted.

The Geneva Conventions: The bill would repudiate a half-century of international precedent by allowing Mr. Bush to decide on his own what abusive interrogation methods he considered permissible. And his decision could stay secret — there's no requirement that this list be published.

Habeas Corpus: Detainees in U.S. military prisons would lose the basic right to challenge their imprisonment. These cases do not clog the courts, nor coddle terrorists. They simply give wrongly imprisoned people a chance to prove their innocence.

Judicial Review: The courts would have no power to review any aspect of this new system, except verdicts by military tribunals. The bill would limit appeals and bar legal actions based on the Geneva Conventions, directly or indirectly. All Mr. Bush would have to do to lock anyone up forever is to declare him an illegal combatant and not have a trial.

Coerced Evidence: Coerced evidence would be permissible if a judge considered it reliable — already a contradiction in terms — and relevant. Coercion is defined in a way that exempts anything done before the passage of the 2005 Detainee Treatment Act, and anything else Mr. Bush chooses.

Secret Evidence: American standards of justice prohibit evidence and testimony that is kept secret from the defendant, whether the accused is a corporate executive or a mass murderer. But the bill as redrafted by Mr. Cheney seems to weaken protections against such evidence.

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Offenses: The definition of torture is unacceptably narrow, a virtual reprise of the deeply cynical memos the administration produced after 9/11. Rape and sexual assault are defined in a retrograde way that covers only forced or coerced activity, and not other forms of nonconsensual sex. The bill would effectively eliminate the idea of rape as torture.

·There is not enough time to fix these bills, especially since the few Republicans who call themselves moderates have been whipped into line, and the Democratic leadership in the Senate seems to have misplaced its spine. If there was ever a moment for a filibuster, this was it.

We don't blame the Democrats for being frightened. The Republicans have made it clear that they'll use any opportunity to brand anyone who votes against this bill as a terrorist enabler. But Americans of the future won't remember the pragmatic arguments for caving in to the administration.

They'll know that in 2006, Congress passed a tyrannical law that will be ranked with the low points in American democracy, our generation's version of the Alien and Sedition Acts.

Don't Suspend Habeas Corpus (LAT)

The Los Angeles Times, September 28, 2006

EVEN IF HE SAYS SO HIMSELF, Sen. Arlen Specter (R-Pa.), the chairman of the Senate Judiciary Committee, is an expert on constitutional law. So his warning that the Supreme Court is likely to invalidate pending legislation that would create military commissions to try terrorist suspects deserves a hearing — in the Senate.

The problem with the legislation — even with the improvements forced on the White House by Sen. John McCain (R-Ariz.) — is that it would make it impossible for alleged enemy combatants to file what is known as a writ of habeas corpus, which allows them to challenge the legality of their imprisonment.

In 2004, the Supreme Court rejected the Bush administration's position and ruled that detainees at the U.S. facility at Guantanamo Bay were entitled to file such petitions. In its decision, the high court cited a statute giving federal courts the authority to review habeas petitions. But in his majority opinion, Justice John Paul Stevens also quoted a 1945 case in which the court noted that habeas corpus is "a writ antecedent to statute … throwing its root deep into the genius of our common law." In fact, the "Great Writ" can be traced back to the Magna Carta. And although the Constitution allows Congress to suspend habeas corpus in "cases of rebellion or invasion," Specter rightly noted that "we don't have either."

The argument for allowing detainees to file habeas petitions goes beyond avoiding the embarrassment of a rebuke from the Supreme Court, which has already twice rebuffed the administration's legal strategy in the war against terrorism. Thirty-three former U.S. diplomats have sent a letter to Congress warning that "to deny habeas corpus to our detainees can be seen as prescription for how the captured members of our own military, diplomatic and NGO [nongovernmental organization] personnel stationed abroad may be treated."

On Wednesday, the House approved a bill that does not permit detainees to file habeas corpus petitions. That means that it will be up to Specter and his colleagues to preserve the Great Writ when the Senate votes, as early as today.

The White House Warden (LAT)

By Bruce Ackerman

The Los Angeles Times, September 28, 2006

BURIED IN THE complex Senate compromise on detainee treatment is a real shocker, reaching far beyond the legal struggles about foreign terrorist suspects in the Guantanamo Bay fortress. The compromise legislation, which is racing toward the White House, authorizes the president to seize American citizens as enemy combatants, even if they have never left the United States. And once thrown into military prison, they cannot expect a trial by their peers or any other of the normal protections of the Bill of Rights.

This dangerous compromise not only authorizes the president to seize and hold terrorists who have fought against our troops "during an armed conflict," it also allows him to seize anybody who has "purposefully and materially supported hostilities against the United States." This grants the president enormous power over citizens and legal residents. They can be designated as enemy combatants if they have contributed money to a Middle Eastern charity, and they can be held indefinitely in a military prison.

Not to worry, say the bill's defenders. The president can't detain somebody who has given money innocently, just those who contributed to terrorists on purpose.

But other provisions of the bill call even this limitation into question. What is worse, if the federal courts support the president's initial detention decision, ordinary Americans would be required to defend themselves before a military tribunal without the constitutional guarantees provided in criminal trials.

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Legal residents who aren't citizens are treated even more harshly. The bill entirely cuts off their access to federal habeas corpus, leaving them at the mercy of the president's suspicions.

We are not dealing with hypothetical abuses. The president has already subjected a citizen to military confinement. Consider the case of Jose Padilla. A few months after 9/11, he was seized by the Bush administration as an "enemy combatant" upon his arrival at Chicago's O'Hare International Airport. He was wearing civilian clothes and had no weapons. Despite his American citizenship, he was held for more than three years in a military brig, without any chance to challenge his detention before a military or civilian tribunal. After a federal appellate court upheld the president's extraordinary action, the Supreme Court refused to hear the case, handing the administration's lawyers a terrible precedent.

The new bill, if passed, would further entrench presidential power. At the very least, it would encourage the Supreme Court to draw an invidious distinction between citizens and legal residents. There are tens of millions of legal immigrants living among us, and the bill encourages the justices to uphold mass detentions without the semblance of judicial review.

But the bill also reinforces the presidential claims, made in the Padilla case, that the commander in chief has the right to designate a U.S. citizen on American soil as an enemy combatant and subject him to military justice. Congress is poised to authorized this presidential overreaching. Under existing constitutional doctrine, this show of explicit congressional support would be a key factor that the Supreme Court would consider in assessing the limits of presidential authority.

This is no time to play politics with our fundamental freedoms. Even without this massive congressional expansion of the class of enemy combatants, it is by no means clear that the present Supreme Court will protect the Bill of Rights. The Korematsu case — upholding the military detention of tens of thousands of Japanese Americans during World War II — has never been explicitly overruled. It will be tough for the high court to condemn this notorious decision, especially if passions are inflamed by another terrorist incident. But congressional support of presidential power will make it much easier to extend the Korematsu decision to future mass seizures.

Though it may not feel that way, we are living at a moment of relative calm. It would be tragic if the Republican leadership rammed through an election-year measure that would haunt all of us on the morning after the next terrorist attack.

Judge Rejects Ashcroft's Immunity Claim (AP)

By Rebecca Boone, Associated Press Writer

AP, September 28, 2006

BOISE, Idaho — Former U.S. Attorney General John Ashcroft could be called to testify in a lawsuit that claims a student was wrongly imprisoned in a computer terrorism case, a federal judge ruled Wednesday.

U.S. District Judge Edward Lodge rejected Ashcroft's argument to toss out the lawsuit because he was entitled to absolute immunity since his position at the Department of Justice was prosecutorial.

Abdullah al-Kidd, who played football for the University of Idaho, claimed government wrongfully arrested him in the case against a fellow student, Sami Omar Al-Hussayen, in 2003.

They both worked for the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators said funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen — who was only months from finishing his doctorate study at the University of Idaho — was eventually deported to Saudi Arabia.

Al-Kidd was never called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel.

His lawsuit claimed Ashcroft was personally liable for violating his rights because after the terrorist attacks Ashcroft "created a national policy to improperly seek material witness warrants, oversaw the execution of such warrants, and failed to correct the constitutional violations of conducting such actions," according court documents. Al-Kidd said the investigation and detainment not only caused him to lose a scholarship to study in Saudi Arabia, but that it cost him employment opportunities.

The ruling also means U.S. Attorney General Alberto Gonzalez and others in the Department of Homeland Security could be called to testify in the lawsuit.

"We are literally reviewing it at this minute and no, we have not made any decisions at this time," Charles Miller, spokesman for the Justice Department's civil division, said of the ruling.

Al-Kidd's attorney, Lee Gelernt with the ACLU's national headquarters in New York, called the ruling a "vindication" for al-Kidd.

"It will hopefully deter the government from using the material witness statute in the future in the way they did after Sept. 11," Gelernt said.

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Al-Kidd is asking the judge to declare that the federal government's actions were unconstitutional, to order the FBI and other agencies to expunge any records relating to the unlawful detention of al-Kidd and others, and for unspecified damages.

Domestic Spying Showdown Set For Detroit Court (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, September 28, 2006

Justice Department lawyers will be back in federal court in Detroit on Thursday to try to persuade a judge to delay enforcement of last month's decision to halt the National Security Agency's domestic spying program until the outcome of the government's appeal.

And ACLU lawyers will be there to try to persuade U.S. District Judge Anna Diggs to order the government to stop the program now.

Taylor ruled Aug. 17 that the Bush Administration's program of monitoring international phone calls and emails involving suspected Al Qaeda members is unconstitutional because it violates Americans' free speech and privacy rights and is contrary to the Foreign Intelligence Surveillance Act of 1978.

Under that law, the government can eavesdrop for up to a year without a warrant provided the Attorney General certifies that the eavesdropping is legal.

The Justice Department appealed Taylor's ruling to the U.S. 6th Circuit Court of Appeals in Cincinnati.

The ACLU sued the administration in January on behalf of scholars, lawyers, non-profit groups and journalists, who said the program had disrupted their ability to confer with sources, locate witnesses, conduct research and advocate causes

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Yassin Aref Takes The Stand (CAP9)

Capital News 9, September 28, 2006

The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand.

Mohammed Hossain and Yassin Aref are charged with laundering money to support terrorism. On Wednesday, Aref denied those charges while on the stand.

Prosecutors finished up with a Middle Eastern expert who explained what references in Aref's journal are terrorist organizations and which ones aren't.

Once Aref took the stand, the mood clearly changed in the courtroom as Aref explained his growing up in Northern Iraq where Saddam Hussein killed more than 180,000 fellow Kurds in the late 1980s.

The prosecution has rested in the trial of two Albany mosque leaders accused of supporting terrorism, and the defense wasted no time calling their client to the stand.

That's important because Aref argues that his rhetoric the courtroom previously heard was directed at Saddam's regime and that he's always been peaceful as he spoke out as a student - but not a member of any political party which prosecutors accused him of omitting on an immigration document.

Aref also contends that the government mistranslated some journal entries as well as some speeches he gave, making him look a lot worse than he really is.

PATRIOT ACT:

Terror Laws Cut Resettlement Of Refugees (NYT)

By Rachel L. Swarns

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — The number of refugees admitted to the United States fell 23 percent this year because of provisions in two antiterrorism laws that have sharply reduced the number of resettled refugees, State Department officials said Wednesday.

The laws, the USA Patriot Act and the Real ID Act, deny entry to anyone who belongs to or has provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration.

The provisions have derailed the resettlement of thousands of refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam

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War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 60's, according to the State Department and the United Nations refugee agency.

Many of the refugees were barred from the United States because, under the new laws, they are deemed supporters of terrorist groups, even though the organizations that they support do not appear on the State Department list of designated terrorist groups.

The statutes have broadened the definition of terrorist groups to include any group of two or more people who take up arms against a state, even if the group supports the aims of American foreign policy.

A result, State Department officials say, is that administration officials will resettle 41,200 of the 54,000 refugees whom they had expected to admit by the end of the current fiscal year, which ends on Sept. 30. That figure is the lowest since refugee admissions plunged for nearly two years after the Sept. 11, 2001, terrorist attacks.

The State Department can grant waivers for specific populations that have supported armed groups, if they pose no threat to the United States. In May and August, the department issued waivers for Burmese refugees who have supported the Karen National Union, a group that opposes the government in Myanmar.

But the laws do not allow waivers for refugees who were combatants, received military training from groups deemed to be terrorist organizations or were members of such groups. State Department officials say a change in the law is required to address those populations. In recent weeks, Secretary of State Condoleezza Rice has met with lawmakers in the House and Senate to discuss such changes.

Ellen R. Sauerbrey, an assistant secretary of state, told senators on Wednesday that the antiterrorism provisions had prevented the United States from resettling 9,500 Burmese this fiscal year. Of that group, 1,500 are expected to enter by Sept. 30 under issued waivers.

"We had anticipated bringing the majority, if not all of those, to the United States," Ms. Sauerbrey said at a hearing of the Immigration Subcommittee of the Senate Judiciary Committee.

She said the limited waivers meant that the resettlement of many refugees had been indefinitely delayed. In addition to the Burmese, Ms. Sauerbrey pointed to the Cubans and Vietnamese Montagnards.

"We are eagerly looking forward to expanding resettlement," she said, "to the degree that we can resolve some of these difficulties."

Refugee advocacy groups, including Human Rights First and Human Rights Watch, and conservative groups like Concerned Women for America, the National Association of Evangelicals and American Values, say officials are not moving swiftly enough.

Representative Joe Pitts, Republican of Pennsylvania, has proposed legislation that would bar only members and supporters of groups designated as terrorist organizations by the State Department.

But State Department officials say they do not expect any movement on such legislation before Nov. 7.

Many refugee advocates fear that administration officials and members of Congress are delaying action because they do not want to be viewed as easing up on terrorism during an election year.

Michael J. Horowitz, a neoconservative who worked in the White House of President Ronald Reagan and testified at the hearing on Wednesday, said in a statement that it was "inexcusable that for more than two years the administration has dragged its feet" in finding a solution for the refugees who fought alongside Americans in Vietnam.

The antiterrorism provisions have also affected 500 asylum seekers in the United States, whose cases have been delayed and has prevented 700 people, who have already been deemed refugees or granted asylum, from becoming permanent residents here for the time being.

Senator Sam Brownback, Republican of Kansas, urged the administration to redouble its efforts on behalf of the Burmese refugees and others who desperately need to resettle. "I know we have a lot security concerns to watch for," Mr. Brownback said at the hearing. "But there are huge populations that are absolutely persecuted and have no other option."

More Refugees Are Settling In Mid-Size Cities, Study Finds (WP)

By Lyndsey Layton

The Washington Post, September 28, 2006

Political refugees coming to the United States are increasingly putting down roots in metropolitan areas without large immigrant populations, according to a study being released today by the Brookings Institution.

The study, the first of its kind to analyze refugee settlement patterns in metropolitan regions, found that while traditional immigrant gateways such as New York, Chicago and Los Angeles still absorb most refugees, that flow has slowed in the past several years, and refugees are increasingly settling in Seattle, Atlanta, Sacramento, Minneapolis-St. Paul and Portland Ore., said Audrey Singer, a Brookings demographer who co-wrote the study.

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"These are places that are taking on more refugees proportionally than they have in the past, and it's helping to change the face of these cities," Singer said.

The State Department determines the first settling place for refugees, whose ranks are limited by annual caps set by the president and Congress. The ceiling for 2006 is 70,000, with 30,000 allotted to Africa.

About two-thirds of refugees are settled in places where they have a relative or friend. The remaining third are sent to communities based on availability of social services, housing and jobs.

Some states, such as Iowa, Pennsylvania and North Dakota, have been lobbying for refugees, Singer said. "Iowa is experiencing population decline and looking into its future and sees refugee resettlement as a vital way of keeping up population," she said.

In Los Angeles, Vietnamese and Cambodian refugees of Chinese ethnic origins are credited with revitalizing Chinatown. As older Chinese immigrants left the city for the suburban San Gabriel Valley, the newly arrived refugees moved into the city and now run Chinatown businesses once owned by the older generation, the study found.

But there have been problems as well.

The researchers point to Wausau, Wis., where church groups helped Hmong refugees from Laos and Thailand resettle over the past two decades. About 1,600 came to the Wausau area from 1983 to 2004. Public services were strained, and tensions were high. Property taxes were raised to help pay for welfare programs for the Hmong, and schools had to scramble to try to meet the needs of children who did not speak English.

But as the Hmong assimilated, stresses on the local government abated. State officials report that 96 percent of the Hmong in Wausau are now employed and 60 percent own homes.

More than 2 million refugees have arrived in the United States since 1980, when Congress passed the Refugee Act. Those fleeing war or other trauma in their countries have arrived in three waves: from Southeast Asia and the Soviet Union during the Cold War in the 1970s and 1980s, from Europe during the Kosovo conflict in the 1990s, and from Africa during the current decade of civil conflict.

Refugees make up about 7 percent of foreign-born residents in the United States, but the federal government spends more money integrating them into American life than any other immigrant group. Qualifying refugees are entitled to Social Security, food stamps, state child health insurance, Medicaid benefits and other assistance for their first seven years. Those who do not meet income eligibility requirements for those benefits can get cash and medical care for the first eight months. In addition, private agencies can tap federal money for a variety of social services for refugees.

More than half the refugees admitted from 1983 to 2004 came from the former Soviet Union. The next biggest group was Vietnamese, totaling about 400,000. Refugees from other countries registered in much smaller numbers. A total of 125 countries were represented during the 20-year period.

The metropolitan areas that received the largest number of refugees over the past 20 years are also the country's two largest immigrant gateways -- New York and Los Angeles. Most of the newcomers to New York were from the former Soviet Union, and those who moved to Los Angeles came from Southeast Asia, Russia, Iran, Iraq and Afghanistan.

HOMELAND RESPONSE:

Report To Criticize White House Over Local Effort In Terror Fight (WSJ)

By Robert Block

The Wall Street Journal, September 28, 2006

WASHINGTON -- Amid the political storm over the intelligence community's report that al Qaeda remains a serious threat to the U.S. homeland, House Democrats plan to release a report Thursday accusing the Bush administration of failing to support local police as the frontline against terrorism.

The report says the administration hasn't done enough to reach out to the country's 800,000 state and local police officers to determine their needs in fighting terrorism. The report1 -- entitled the Law Enforcement Assistance and Partnership Strategy -- proposes seven steps to "fulfill some of the key needs that police and sheriffs" officers are experiencing across the country," ranging from establishing a National Center for Intelligence-Led Policing to a grant program aimed at building understanding of how terrorists operate by sending local police liaison officers overseas to work with foreign law enforcement agencies.

Within the Department of Homeland Security, the Law Enforcement Terrorism Prevention Program focuses on using local law enforcement to support intelligence gathering and information sharing, but legislation funding the department for the new fiscal year that starts Sunday cuts the program by $50 million to $350 million.

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Homeland Security officials said the department is working on ways to improve the information flow to police, and next month expects to roll out initiatives to cooperate more closely with state and local law enforcement.

The report, prepared for Rep. Bennie G. Thompson (D., Miss.), the ranking Democrat on the House Homeland Security Committee, argues that local police, not federal agents, are best positioned to observe criminal activity that could portend a terrorist attack. But "five years after 9/11, critical failures of imagination continue to leave these 'first preventers' as a largely untapped resource in the war on terror," it said.

The report follows growing complaints from police departments around the country that federal agencies, especially the Department of Homeland Security, deny local law enforcement access to timely, relevant information about threats and terrorist activity. The charges were repeated Tuesday at a meeting of national police chiefs in Charlotte, N.C.

Key among the Democrats' recommendations is a National Center for Intelligence-Led Policing that would help police understand how to integrate traditional policing methods with counterterrorism.

The Los Angeles Police Department recently said it wanted to create a national anti-terrorism academy in Los Angeles where law enforcement officers from around the country could learn to identify threats and prevent attacks. Commander Michael Downing, the assistance police chief in charge of LAPD counterterrorism bureau, said while he has not seen the Democrat's final report, he welcomed for federal support.

House Democratic staffers said they expect legislation on the matter will be introduced early next year.

Sources: Homeland Agent Who Made Cuts Is Out (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Long Island Newsday, September 28, 2006

The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources.

WASHINGTON -- The political appointee who oversaw 40-percent cuts in anti-terror funding to New York City and Washington, D.C., is being edged out of her job at the Homeland Security Department, according to House and Senate sources.

Tracy Henke, executive director for grants and training, was responsible for divvying up anti-terror money to cities, ostensibly based on risk. She ignited a firestorm in June after the department slashed funding to New York and Washington while bolstering money for cities such as St. Louis and Kansas City in her home state of Missouri.

"She didn't do a good job and my understanding is she's not going to be there much longer," Rep. Peter King, chairman of the House Homeland Security Committee, said yesterday.

"I view her as being primarily responsible for the terrible cuts that were made to New York in June," the Seaford Republican said. "She did a poor job in coming up with the numbers. She did a poor job of explaining it to the committee and, quite frankly, a lot of people didn't like her attitude."

That vote of no confidence appears to extend to the White House. This week, White House Homeland Security Adviser Frances Townsend told a group of reporters that she had been "quite surprised and dismayed" by the grant decisions.

Henke, 37, did not return calls for comment yesterday. Asked whether she was being forced out of the post, a Homeland Security Department spokesman, William Knocke, replied, "I've got no reason to say that."

Henke, a backdoor appointment by the White House Jan. 4, had not been confirmed by the Senate before the funding controversy because of concerns about her qualifications, as well as allegations she played politics in her prior job at the Justice Department.

House and Senate sources said she was unlikely to be confirmed in the session's remaining weeks, and that the White House would not resubmit her name to the next Congress. The White House has submitted her name for Senate confirmation three times to date -- July 14, 2005, Feb. 10 and Sept. 5.

"We were told that she was renominated by the White House [Sept. 5] to soften the landing," said a House source. "But the confirmation is not going anywhere. And the White House does not intend to renominate her ... which means the nomination will automatically expire at the end of this session."

White House spokeswoman Emily Lawrimore said yesterday she could not say whether the White House would renominate Henke in the next Congress.

Questions about Henke's qualifications date to her nomination. Sen. Joseph Lieberman of Connecticut, the ranking member of the Senate Homeland Security and Governmental Affairs Committee, asked about an incident in which she reportedly demanded changes to a release about a study that found police were more likely to handcuff or arrest minorities during traffic stops.

There also were questions about her experience. She worked for Missouri senators Christopher "Kit" Bond and John Danforth before being tapped by another Missouri politician, Attorney General John Ashcroft, to work in the Justice Department.

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King said he believed it was "no coincidence" that Homeland Security Secretary Michael Chertoff recently announced dramatic increases to New York City. "I look upon that as a vote of no confidence in her," he said.

Package Prompted D.C. Courthouse Evacuation (WP)

By Carol D. Leonnig And William Branigin, Washington Post Staff Writers

The Washington Post, September 28, 2006

A federal courthouse in downtown Washington was evacuated for about three hours today because of what authorities described as a suspicious package, which was later determined to be harmless.

The evacuation disrupted a hearing in a high-profile case stemming from the leak of a CIA operative's name. The hearing, originally set for 10 a.m., was rescheduled for 1:30 p.m., about an hour after authorities reopened the E. Barrett Prettyman Federal Courthouse.

According to acting chief judge Henry Kennedy, the suspicious item, which was found by a security guard in a construction zone near the courthouse, may have contained the soiled clothing of a homeless person. A bomb-sniffing dog alerted to the item, possibly because of nitrates on the clothing, Kennedy said. Nitrates used as oxidizing agents can be mixed with other compounds to form flammable or explosive material.

In addition to examining the suspicious package, authorities swept the courthouse building for explosives but did not find any, officials said.

This morning, police blocked off streets surrounding the courthouse as bomb-disposal experts, hazardous materials specialists and canine units with bomb-sniffing dogs were dispatched to the scene.

Officers in protective suits moved the package from the construction area where it was found to a waiting vehicle the size of a large SUV and picked up other materials around the construction site to be analyzed.

A court security officer found the package around 9:30 a.m., and the courthouse was evacuated about 10 minutes later. Among the evacuees were prosecutors in the case of I. Lewis "Scooter" Libby, the former chief of staff of Vice President Cheney. Libby has been charged with perjury and obstruction of justice in a federal investigation of the 2003 leak of the identity and CIA employment of Valerie Plame.

The suspicious item was found next to a construction trailer in an area where a courthouse annex was recently built.

Starting at about 10:30 a.m., U.S. marshals asked that the entire block around the courthouse be closed off and that passersby be cleared from the courthouse plaza in front of the building. As a result, a three-block area from 3rd St. SW to 6th St. SW between Constitution Ave. and C St. was evacuated.

As the evacuation of the courthouse was underway, Justice Department officials quickly removed a trove of highly secret national security documents, including numerous Presidential Daily Briefs, from a security courtroom facility where they were being kept for use in the Libby case. The documents were the subject of today's hearing, in which defense attorneys and prosecutors were set to pursue their arguments over whether the material should be admitted in Libby's trial.

The special counsel in the case, Patrick J. Fitzgerald, and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby, the Associated Press reported. Libby, accompanied by members of his legal team, arrived shortly after the evacuation and joined the throng outside the courthouse, AP said.

The judges of the U.S. District Court for the District of Columbia were moved across the street to the D.C. Superior Courthouse.

D.C. Courthouse Reopens After Bomb Scare (AP)

By Matt Apuzzo, The Associated Press

AP, September 28, 2006

Police dog alerts authorities to package as CIA leak hearing begins

WASHINGTON -- A federal courthouse within sight of the Capitol was set to reopen early this afternoon after authorities determined that an abandoned suitcase at the building entrance did not contain a bomb.

The building had been evacuated this morning when a police dog trained to detect explosives alerted to the softsided suitcase found near a construction trailer outside the E. Barrett Prettyman Federal Courthouse.

U.S. Marshals were to brief reporters on the incident before the building reopened.

Sheldon Snook, chief of staff to Chief Judge Thomas Hogan, said fire alarms were sounded and the building was cleared shortly after 9:30 a.m. as a precaution.

Law enforcement officials reopened Constitution Avenue, which runs next to the courthouse, after shutting it to traffic for two hours.

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Evacuation of the courthouse occurred shortly before a hearing was to begin in the CIA leak case. The hearing was reset for 1:30 p.m.

Special prosecutor Patrick Fitzgerald and about eight of his associates were forced to leave the building and join more than 100 others on the sidewalks nearby.

The defendant in the case, former White House aide I. Lewis "Scooter" Libby, and his legal team arrived a short time later and joined the throng outside the courthouse.

The judges of the U.S. District Court for the District of Columbia were moved across the street to the Superior Courthouse.

Crowded ERs Raise Concerns On Readiness (WP)

By Christopher Lee

The Washington Post, September 28, 2006

Emergency rooms at many hospitals are routinely stretched to the breaking point, raising concerns that they would not be able to handle victims during a terrorist attack or natural disaster, according to congressional testimony yesterday and a new federal study.

Between 40 percent and 50 percent of emergency departments experienced crowding during 2003 and 2004, the study by the Centers for Disease Control and Prevention found. It deemed an emergency room to be crowded if so many patients flooded in that ambulances had to be diverted to other hospitals; if people in urgent need of care had to wait an average of more than an hour; or if at least 3 percent of patients simply gave up and left before being seen.

The problem is more dramatic in metropolitan areas, where almost two-thirds of emergency departments experienced crowding conditions, the study found.

The crunch springs from a problem of supply and demand. The annual number of visits to emergency departments rose 18 percent, to 110 million, from 1994 to 2004. At the same time, the number of hospitals operating 24-hour emergency departments declined by 12 percent.

The problem is exacerbated by a shortage of nurses. More than 5 percent of nursing staff positions were vacant at half of all emergency departments in metropolitan areas, the CDC reported.

The findings echo three reports published in June by the Institute of Medicine, a branch of the National Academies, which concluded that the nation's emergency medical system is "overburdened, underfunded, and highly fragmented," and is not equipped to cope with disasters such as hurricanes, disease outbreaks and terrorist strikes.

The findings are stirring interest in Congress, and the Senate Health subcommittee on bioterrorism and public health preparedness convened a panel of experts yesterday to discuss the problems.

"If our emergency rooms are stretched thin now, how will they provide medical care in the event of a disaster?" Sen. Richard Burr (R-N.C.), the subcommittee chairman, said in a statement. "Our emergency care safety net is at risk. We must identify ways to reduce overcrowding and improve coordination."

Panelist Frederick C. Blum, president of the American College of Emergency Physicians, said policymakers and emergency departments must find ways to reduce "boarding." That is the practice in which emergency patients who are admitted to a hospital are left in the emergency department because no regular beds are available, reducing the hospital's ability to handle new emergency patients. Blum said reductions in reimbursement from Medicare and Medicaid in recent years are part of the reason some hospitals have reduced the number of inpatient beds.

"We currently have no surge capacity to deal with the next big thing that comes along, be it a terrorist attack or a natural disaster," Blum said.

Leon L. Haley Jr., chief of emergency medicine for Grady Health System in Atlanta, suggested providing financial incentives for primary care physicians to see patients after hours so that fewer people with non-emergency conditions seek treatment at hospitals.

Nancy M. Bonalumi, president of the Emergency Nurses Association, said the federal government should invest more in nursing education programs. About 147,000 qualified applicants to nursing programs were turned away in 2004 because of faculty shortages, Bonalumi said.

Robert R. Bass, executive director of the Maryland Institute of EMS Systems, said experts believe that the federal government should help fund the development of a network of regional, coordinated emergency care systems. The government also should designate a lead federal agency for emergency care and should better integrate the resources of the Department of Veterans Affairs into civilian disaster planning, he said.

"Strong measures must be taken . . . to achieve the level of response that Americans expect and deserve," Bass said.

Chemical Plant Security (1 Letter) (NYT)

DOJ_NMG_0070594

The New York Times, September 28, 2006

To the Editor:

Your Sept. 25 editorial "Chemical Plants, Still Unprotected" does not include some basic facts. The chemical security legislation we negotiated will give the secretary of homeland security new authority to set mandatory standards for high-risk chemical plants and, equally important, to enforce those standards.

The bill gives the secretary the strongest possible authority: the power to shut down dangerous plants.

Current law leaves dangerous gaps in our security because it does not empower the secretary to set standards or to close noncompliant plants. Our legislation closes those gaps.

For your editorial to assert that Congress has done nothing to protect Americans from a terrorist attack on chemical plants is off the mark.

We prevailed in including provisions fought by the chemical industry's trade associations. These provisions ensure that high-risk plants would be subject to mandatory standards, regular inspections and tough enforcement measures. We also included a three-year sunset to prompt Congress to pass even more extensive legislation.

Susan M. Collins

Peter T. King

Washington, Sept. 25, 2006

The writers are chairmen of the Senate and House Homeland Security Committees, respectively.

N.J. Congressman Asks For FBI Briefing Over 2001 Anthrax Scare (AP)

By Donna De La Cruz

AP, September 27, 2006

WASHINGTON -- A New Jersey congressman said Wednesday it should have taken the FBI days, not years, to determine the anthrax used in 2001 that killed a Connecticut woman and four other people was much less sophisticated than believed.

Democratic Rep. Rush Holt asked FBI Director Robert Mueller for a classified briefing about the status of the bureau's investigation into who was behind the attacks.

Several published reports this week said the FBI had acknowledged the anthrax used in the attacks was commonly available and not weapons-grade.

In his letter to Mueller, Holt said the FBI's failure to determine what kind of anthrax was used meant that "resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed."

The FBI has conducted 9,100 interviews and issued 6,000 subpoenas.

Holt asked Mueller to have Douglas Beecher, a scientist in the FBI's Hazardous Materials Response Unit, testify before the House Intelligence Committee.

Beecher recently wrote an article in a scientific journal saying there was "a widely circulated misconception" that the anthrax spores were made using additives and sophisticated engineering akin to military weapons production.

FBI spokesman Bill Carter said he did not know if Mueller had received Holt's letter.

The anthrax attacks, in the days after Sept. 11, 2001, killed five people across the country and sickened 17. There were five confirmed anthrax infections and two suspected cases in New Jersey but no fatalities. Among the victims was Ottilie Lundgren, 94, of Oxford, Conn.

Johanns: Americans Shouldn't Take Safe Food Supply For Granted (BVND)

By Maria Sudekum Fisher

The Belleville News Democrat, September 28, 2006

KANSAS CITY, Mo. - There hasn't been a specific terrorist threat against the U.S. food supply, but Americans should not take the safety of their food for granted, U.S. Agriculture Secretary Mike Johanns said Wednesday.

"Agricultural goods pass quickly from one nation to another nation, from state to state," Johanns said. "But diseases and pathogens can travel just as quickly and as easily as trade, and they have no respect for borders."

Johanns, who delivered the keynote address to about 1,000 delegates from 21 countries attending the second International Symposium on Agroterrorism, said the recent outbreak of E. coli in spinach shows how quickly food-borne illnesses spread and how tough they can be to trace.

"The bacterium that has infected some of our fresh spinach was not, to the best of our knowledge, the result of an intentional contamination," Johanns said. "But it illustrates how much damage can be inflicted by an intentional act on our food supply."

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Johanns said there was no "specific or current threat" to the agriculture or food sectors in the United States at this time, but preparation remained important.

"We know that there are individuals who want to harm us, and we are aware there are people with the knowledge and the capability of sabotaging our food supply," Johanns said. "And so you see we have no choice, we must be prepared."

Johanns pointed to steps the government has taken to ensure a safe food supply, including the U.S. Department of Agriculture's animal identification system. He said more than 300,000 U.S. premises have been voluntarily registered for the animal identification system.

The Department of Agriculture wants to identify and tag each of the country's more than 9 billion cows, pigs, chickens and other livestock by 2009 so it can track them within 48 hours of a report of disease.

The plan, which is now voluntary, has been opposed in Missouri by U.S. Sen. Jim Talent and U.S. Rep. Jo Ann Emerson, who introduced a bill that would prevent the animal identification system from becoming mandatory, largely because of concerns over costs and disclosure of farmers' records to competitors.

Johanns also said the government was taking steps to keep overseas diseases and pathogens out of the United States and that the government was spending about $20 million to combat Avian Influenza worldwide.

He also pointed to an offshore pest information system and to a partnership with the Department of Human Services to develop an automated inspection system that would screen imported ag products in high-risk cargo.

"This would include remote digital imaging to quickly identify pests as well as a nationwide database of regulation violators."

Johanns said partnering with businesses and coming up with new ways to protect the food supply would be an ongoing concern of the administration.

"`We are absolutely committed to listen to the private sector," he said. "And we are committed to opening our imagination to innovations to protect our food and ag system."

WAR NEWS:

White House Refuses To Release Full NIE (AP-Y)

By Katherine Shrader

AP, September 28, 2006

The White House refused Wednesday to release the rest of a secret intelligence assessment that depicts a growing terrorist threat, as the Bush administration tried to quell election-season criticism that its anti-terror policies are seriously off track.

Press secretary Tony Snow said releasing the full report, portions of which President Bush declassified on Tuesday, would jeopardize the lives of agents who gathered the information.

It would also risk the nation's ability to work with foreign governments and to keep secret its U.S. intelligence-gathering methods, Snow said, and "compromise the independence of people doing intelligence analysis."

"If they think their work is constantly going to be released to the public they are going to pull their punches," Snow said.

In the bleak National Intelligence Estimate, the government's top analysts concluded Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts found, the risks to the U.S. interests at home and abroad will grow.

Peppered with questions Wednesday about the report, he said the NIE report was "not designed to draw judgments about success or failure, it's an intelligence document, it's a snapshot."

Snow said the report confirms the importance of the war in Iraq as a bulwark against terrorists. "Iraq has become, for them, the battleground," he said. "If they lose, they lose their bragging rights. They lose their ability to recruit."

He said that a bleak intelligence assessment depicting a growing terrorist threat was only a "snapshot" — not a conclusion

The document has given both political parties new ammunition leading up to November's midterm elections.

For Republicans, the report provides more evidence that Iraq is central to the war on terrorism and can't be abandoned without giving jihadists a crucial victory.

For Democrats, the report furthers their argument that the 2003 Iraq invasion has inflamed anti-U.S. sentiments in the Muslim world and left the U.S. less safe. Democrats continued their push Wednesday for release of the rest of the report.

"The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward M. Kennedy, D-Mass.

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Rep. Peter Hoekstra, R-Mich., chairman of the House Intelligence Committee, warned, however, that releasing more of the intelligence assessment could aid terrorists. "We are very cautious and very restrained about the kind of information we want to give al-Qaida," Hoekstra said.

Defense Secretary Donald H. Rumsfeld, in Tirana, Albania for a meeting of defense ministers, said Bush had declassified the report's key judgments, after parts of it were leaked to the news media, so that "the American people and the world will be able to see the truth and precisely what that document says."

The NIE report, compiled by leading analysts across 16 U.S. spy agencies, says the "global jihadist movement — which includes al-Qaida, affiliated and independent terrorist groups, and emerging networks and cells — is spreading and adapting to counterterrorism efforts."

A separate high-level assessment focused solely on Iraq may be coming soon. At least two House Democrats — Minority Leader Nancy Pelosi of California and Rep. Jane Harman of California — have questioned whether that report has been stamped "draft" and shelved until after the Nov. 7 elections.

An intelligence official, who spoke on condition of anonymity because of the sensitive nature of the process, said National Intelligence Director John Negroponte told lawmakers in writing only one month ago that he ordered a new Iraq estimate to be assembled. The estimate on terrorism released Tuesday took about a year to produce.

The broad assessment on global terror trends, completed in April, escalated an election-year battle over which party is the best steward of national security.

At a news conference Tuesday, Bush said critics who believe the Iraq war has worsened terrorism are naive and mistaken, noting that al-Qaida and other groups have found inspiration to attack for more than a decade. "My judgment is, if we weren't in Iraq, they'd find some other excuse, because they have ambitions," the president said.

But Sen. Joe Biden, the top Democrat on the Foreign Relations Committee, said Wednesday that Bush has allowed Iraq to fester as a training ground for terrorists, and U.S. voters are worried about it.

"On Election Day, that morning, if there's still the carnage in the streets of Iraq, then it will be clear that they have concluded that this administration's policy has failed and there will be a political price for it," Biden, D-Del., predicted on CBS' "The Early Show."

Sen. Jay Rockefeller of West Virginia, the intelligence committee's top Democrat, said the decision to invade Iraq shifted focus away from U.S. counterterrorism efforts.

"There is no question that many of our policies have inflamed our enemies' hatred toward the U.S. and allowed violence to flourish," he said. "But it is the mistakes we made in Iraq — the lack of planning, the mismanagement and the complete incompetence of our leadership — that has done the most damage to our security."

Dispute On Intelligence Report Disrupts Republicans' Game Plan (NYT)

By Adam Nagourney

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — The dispute over a newly disclosed National Intelligence Estimate has threatened a pre-election script in which the White House had sought to put Democrats on the defensive on national security.

As the White House saw it, this was to have been the week in which Republicans seized the advantage by pushing two antiterrorism bills through Congress over the objections of recalcitrant Democrats.

Instead, on Wednesday for the second day in a row, Democrats seized on the intelligence report as confirmation of their case that the Iraq war has in fact compounded the global terrorism threat.

Republicans responded by saying Democrats were distorting the findings or were exploiting important intelligence information for political gain. In Congress, the Republicans appeared to give up on passing one of the two antiterrorism bills, the one on surveillance.

Republicans said even if they were momentarily put off course, they were confident that in the end this fight would not help the Democrats. Democrats, they said, lose every time they try to fight Republicans on the issue of security.

"This debate is bringing Republicans back into the political process," said Representative Tom Cole of Oklahoma, who is a contender to be the next leader of the Republican Congressional campaign committee. "If we're going to have an election where swing voters are the main concern, I'll be happy to talk about national security."

Republican leaders also criticized the 160 House Democrats, including Representative Nancy Pelosi of California, the minority leader, who voted Wednesday against a measure sought by President Bush to change the conditions for trying and questioning terrorism suspects.

The House speaker, J. Dennis Hastert, Republican of Illinois, said, "The same terrorists who plan to harm innocent Americans and their freedoms would be coddled, if we followed the Democratic plan."

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Democrats made clear that even though many of them opposed the bill, they would not block it from becoming law, a distinction that they believe will make it more difficult for the White House to use this vote against them.

If anything this week, the back-and-forth between the parties — on the intelligence report, on the bills and on the war itself — seemed to produce at best a muddled result, rather than the sharp contrast that the White House had sought.

Democrats have watched with concern as Mr. Bush hammered his arguments on Iraq and terrorism.

There are new indications that Democrats regard the intelligence report as an opportunity to undercut what had been a main argument of Mr. Bush.

It took Democrats barely three days to seize on the intelligence findings in a new television advertisement in one of the most contested races in the country, the challenge to Representative Nancy L. Johnson, Republican of Connecticut, who supports the war. The campaign of Ms. Johnson's opponent, Christopher Murphy, began broadcasting the commercial, which says, "President Bush's war in Iraq has increased the threat of terrorism and made us less secure here at home."

Representative Rahm Emanuel of Illinois, who is leading the Democrats' campaign to win Congress, said the intelligence assessment undercut the White House attempt to move the election from Iraq and to stronger Republican ground, terrorism.

"They had a strategy for this fall to be about national security, and the entire debate this week has turned into the president's failure in Iraq," Mr. Emanuel said. "That is not where they want to be right now."

Republicans disputed the argument that the events were as significant or damaging as Democrats said. Nevertheless, the events were the latest indication that Democrats now see the war in Iraq as an issue that can help them win critical districts and that candidates and party leaders would, unlike in the elections of 2002 and 2004, challenge any attempt by the White House to claim primacy on the issue of terrorism.

Jim Jordan, a Democratic analyst, argued that Republicans were paying a price for having linked the Iraq war to terrorism in previous campaigns.

"They would rather talk about terrorism than Iraq," Mr. Jordan said. "The problem they have got is they formed a linkage between the two that helped them in '04 and hurt them in '06."

In pushing back and trying to gain dominance in the debate, Republicans made two arguments. The first was that Democrats were purposely mischaracterizing what the report said.

"The key passage in the National Intelligence Estimate declassified and released yesterday was that for us to cut and run in Iraq would simply embolden our enemy in a way that they were emboldened when we left Somalia," said Senator John Cornyn, Republican of Texas.

The second was to suggest that Democrats were trying to exploit intelligence for political gain and to insinuate that they were responsible for leaking the information.

"The purpose of the leak was to distort the premise of the National Intelligence Estimate to try to lend weight to the Democratic argument that the war in Iraq does not really matter, we are losing the war in Iraq, and it doesn't have anything to do with the war on terror," said Senator Christopher S. Bond, Republican of Missouri.

It was too soon to tell, aides to both parties said Wednesday, whether the arguments will hold much sway with voters, much less break through all the arguments occurring here and in Congressional campaigns at home.

Yet one thing was clear. Republicans were not talking about what they wanted to be talking about. And at a time when Democrats are trying to turn the debate from national security, where they are not strong, to the war, which is Mr. Bush's weakness, the intelligence reports provided what Democrats said was a weapon that they very much needed.

"We are less safe today because of the Iraq war," said Senator Charles E. Schumer, the New York Democrat who is Mr. Emanuel's Senate counterpart. "That is a very trenchant argument."

Iraq And Jihad: A Consensus Surfaces (CSM)

By Peter Grier

The Christian Science Monitor, September 28, 2006

WASHINGTON

The bleak conclusions of a just-declassified intelligence assessment on terrorism are unlikely to push the Bush administration to change its policies in the fight against Al Qaeda. The report's finding - that Islamist terrorism continues to spread around the world - is far from new, say experts. The White House has known of its contents for months.

But the disclosure of the assessment's main points could put the White House on the political defensive at a crucial moment, with midterm elections only weeks away. It also reveals a depth of pessimism in the US government about near-term prospects for the fight against Al Qaeda that surprised some terrorism analysts.

National Intelligence Estimates, after all, represent the thinking of a wide range of US intelligence agencies. It is not as if the CIA alone has decided that the Iraq war is an underlying factor increasing Al Qaeda's appeal in the Arab world.

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"It's not the assumptions that surprised me. It's the fact that this was a consensus document," says Jessica Stern, a lecturer in public policy at Harvard's John F. Kennedy School of Government and a terrorism expert.

The existence of the terrorist NIE, along with some of its conclusions, were first revealed Sunday by the The New York Times. On Tuesday, President Bush ordered portions of the document declassified, saying that its contents were being distorted in the media. He said Wednesday he would not release the full report. Terrorists adapt to damaged Al Qaeda

Among the document's key findings is the conclusion that US-led counterterrorism efforts have seriously damaged the leadership of Al Qaeda and disrupted its operations.

But the report goes on to say that global Islamist terrorism - by which it means Al Qaeda, associated groups, and independent operators - is "spreading and adapting to counterterrorism efforts."

In addition, the report judges that fighting in Iraq is shaping a new generation of terrorist leaders and operatives. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere," says the NIE.

Four factors are underlying the continued spread of Islamist terrorism, according to the document. They are entrenched grievances and a feeling of powerlessness among some in the Arab world; the Iraqi "jihad;" the slow pace of political reform in many Muslim nations; and pervasive anti-US sentiment.

"We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities and are likely to do so for the [five-year] time frame of this Estimate," concludes the NIE.

Some experts find the NIE a less-than-compelling document. Its hedging and passive voice reflect an analysis-by-committee approach that isn't all that helpful to policymakers, says William Martel, associate professor of international security studies at Tufts University's Fletcher School of International Diplomacy.

One of its conclusions, Professor Martel points out, is that the global jihadist movement is now using the Internet to communicate and to promote its ideology.

"No kidding!" says Martel. "I was stunned at how pedestrian it was."

The report emphasizes that the fight against terrorism will be a long-term endeavor, and that it will require reforms in Muslim societies to be effective.

"It's unavoidable that we're involved in a war on terror," says Martel. "I prefer that we play offense and not defense," he adds, referring to the debate over the Iraq war.

Others say the bleak tone of some parts of the NIE belie Mr. Bush's optimistic assessments of progress, particularly in Iraq. The political calculus

With elections that will determine which party controls Congress now less than six weeks away, Democrats have pressed to make "Iraq" the word that pops into voters' minds when they think about Republicans. The GOP, for its part, does better when "terrorism" is the security issue voters most care about.

Thus Democrats have highlighted the NIE's conclusion that the invasion and occupation of Iraq have inflamed anti-US sentiments. Some in the party have pressed for the release of the full NIE document, not just its main findings.

"The American people deserve the full story, not those parts of it that the Bush administration selects," said Sen. Edward Kennedy (D) of Massachusetts.

Military pressure has had an effect on Al Qaeda, changing it from a centralized organization to more of a diffuse movement, according to the NIE.

But the invasion of Iraq has allowed jihadists a "cause célèbre," the document notes. They can pose as liberators of the oppressed, increasing their appeal in the Muslim world.

"The intelligence community has concluded that we did what they wanted us to do, for the reasons they wanted us to do it, and that the result they wanted has happened," says Ms. Stern of the Kennedy School of Government.

But the report also notes that the jihadists would be further helped by an appearance of success in Iraq - such as a US pullout. Their cause would be damaged, says the NIE, if "jihadists leaving Iraq perceive themselves, and be perceived, to have failed...."

For this and other reasons, "I don't think we have good choices in Iraq," says Stern.

White House Refuses To Release Full Report On Iraq, Terrorism (WSJ)

By Jay Solomon and Sarah Lueck

The Wall Street Journal, September 28, 2006

The White House refused Wednesday to release the rest of a government-intelligence report on terrorism that found the Iraq war is actually spurring the proliferation of terrorism, saying that doing so would jeopardize the lives of agents who gathered the information.

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Press secretary Tony Snow said releasing the full report, portions of which President Bush declassified on Tuesday, would also risk the nation's ability to keep secret its U.S. intelligence-gathering methods and "compromise the independence" of those charged with analyzing intelligence. "If they think their work is constantly going to be released to the public they are going to pull their punches," Mr. Snow said.

Mr. Snow said the report confirms the importance of the war in Iraq as a bulwark against terrorists. "Iraq has become, for them, the battleground," he said. "If they lose, they lose their bragging rights. They lose their ability to recruit."

INSIDE THE REPORT

· The increased role of Iraqis in opposing al Qaeda in Iraq might lead the terror group's veteran foreign fighters to focus their efforts outside the country.

· While Iran and Syria are the most active state sponsors of terror, many other countries will be unable to prevent their resources from being exploited by terrorists.

· The underlying factors that are fueling the spread of the extremist Muslim movement outweigh its vulnerabilities. These factors are entrenched grievances and a slow pace of reform in home countries, rising anti-U.S. sentiment and the Iraq war.

· Groups "of all stripes" will increasingly use the Internet to communicate, train, recruit and obtain support.

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The White House had released four pages of findings from the National Intelligence Estimate, representing the input of 16 government agencies, amid mounting pressure from Congress after four pages were leaked last week.

The report concludes that the Iraq war is a "cause célèbre" shaping a new generation of militant Islamists and terrorists. It also suggests that, while the leadership of al Qaeda has suffered serious damage in Iraq and the wider war on terror, the threat from Islamic extremists has spread in numbers and geographic reach.

The flap over whether to release the full report or not comes in the run-up to midterm elections, in which the conflict has become a defining issue. Leaders from both parties immediately seized on the findings to argue that their position on the Iraq war would better secure the U.S.

President Bush called those who believe the war has worsened terrorism "naïve," and said to withdraw from Iraq could only further embolden militant groups to spread their influence across the Middle East and the Islamic world.

Sen. Jay Rockefeller (D., W.Va.) senior Democrat on the Senate Intelligence Committee, countered that, "The reality is, the war in Iraq has inflamed Islamic extremism ... and it has created a training ground for the next generation of terrorists."

The White House initially sought to dismiss the NIE's leaked portions on Iraq as being mischaracterized, but ultimately agreed to release the report's "Key Judgments." None of the conclusions about Iraq had been redacted, said Francis Fragos Townsend, Mr. Bush's top counter-terrorism official.

The NIE seeks to assess the near-term capabilities of al Qaeda and other militant Islamist groups. It said U.S.-led counter-terrorism operations have "seriously damaged" al Qaeda's senior leadership, but the group continues to spread its ideology by breaking into more diffuse cells and communicating through the Internet. The NIE said Islamists have made particular gains in spreading their influence into Europe, and warned that non-Muslim groups in Latin America and Asia who share al Qaeda's anti-American agenda could also resort to terrorist activities.

WALL STREET JOURNAL VIDEO

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President George Bush and Afghan President4 Hamid Karzai hold a joint press conference to discuss the Iraq policy and the leaking of classified information for political purposes.

On Iraq, the report said the war has aided al Qaeda's efforts to recruit globally by "breeding a deep resentment of U.S. involvement in the Muslim world." It said U.S. success in stabilizing Iraq and promoting democracy, however, could ultimately bring fewer fighters into the fight. "We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities" in the near term, the report said.

As the White House and its critics traded charges over the findings, Congress was poised to approve rules for interrogating and prosecuting suspected foreign combatants, as Democrats eager to avoid political fallout before the elections said they aren't likely to block the measure. The House will take up its bill today and the Senate could follow today or tomorrow.

Some critics of the legislation, which would set up military commissions to try "enemy combatants," want to propose changes. But even without those revisions, Democrats aren't likely to filibuster and many might decide to vote for it, Senate aides said.

One sticking point is a change made in recent days that expands the definition of "enemy combatant." Sen. Carl Levin (D., Mich.) called it "much broader than anyone simply caught in terrorist activity." Another is a provision that would prevent suspects held at Guantanamo Bay from challenging their detention with a habeas corpus petition. Human-rights groups have said this would invite abuse of prisoners and allow the government to hold suspects indefinitely.

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In related action, the House approved a $447 billion Pentagon budget for the new fiscal year that begins Oct. 1, including $70 billion in emergency funding for military operations overseas. But a companion defense authorization bill remains stymied by a standoff between Speaker Dennis Hastert (R., Ill.) and the Senate.

--David Rogers and the Associated Press contributed to this article.

Iraq Report Is Due In '07; Skeptics Want To See It Now (NYT)

By Mark Mazzetti

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — In the fall of 2002, weeks before the midterm elections, American intelligence agencies were racing to complete an assessment of Iraq as the Senate prepared to vote on a resolution sought by the White House to prepare the groundwork for war.

Four years later, in the shadow of another midterm campaign, the agencies are again drafting a formal assessment on Iraq. But this time, the document is one that the White House might prefer to see finished later rather than sooner.

In mid-August, John D. Negroponte, the director of national intelligence, gave the go-ahead for a National Intelligence Estimate that will address security in Iraq and the potential for civil war there. White House and intelligence officials say the work is still in its early stages and will not be done until next year.

But Democrats contend that the White House is "slow rolling" the document — that is, deliberately withholding what could be bleak conclusions — until after the November elections. The Democrats have intensified those complaints since the White House, under political pressure, on Tuesday released parts of a separate intelligence report, a sober assessment of global terrorism.

On Wednesday, Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, even said sources had told her that a draft of the document had been finished.

"I have heard that it's complete, and that it's grim," Ms. Harman said.

Tony Snow, the White House spokesman, fired back, calling Ms. Harman's assertion "flat wrong."

"There is not a waiting Iraq document that reflects the National Intelligence Estimate that's sitting around gathering dust waiting until after the election," Mr. Snow said.

The intelligence estimate is being done at the behest of members of Congress, including Senator Pat Roberts, Republican of Kansas and chairman of the Senate Intelligence Committee. It will be the American intelligence community's first comprehensive assessment on the state of the Iraqi insurgency and the sectarian violence in the country since the summer of 2004.

Intelligence analysts are supposed to keep political calculations out of their work. At the same time, those who have worked at the National Intelligence Council, the group in charge of producing the intelligence estimates, say the sometimes politically charged nature of the reports' conclusions make it impossible to operate in a political vacuum.

"The challenge for intelligence officers is how to walk a fine line, not only with regard to judgments, but with regard to timing," said Paul R. Pillar, who until a year ago oversaw American intelligence assessments about the Middle East.

Alan Pino, Mr. Pillar's successor at the National Intelligence Council, is now the one walking the fine line. As the national intelligence officer for assessments about the Middle East, Mr. Pino is in charge of a process that usually lasts several months: from first deciding what specific subjects a National Intelligence Estimate will examine to ensuring that the government's 16 intelligence agencies sign off on the final draft.

The clock on the current report started running with Mr. Negroponte's approval in August, and on Tuesday, Frances Fragos Townsend, the president's domestic security adviser, said it would probably be completed in January.

In a letter to Mr. Negroponte on Wednesday, Ms. Harman called the timetable "unacceptable," and suggested that he might be trying to hold the report until after Election Day.

"N.I.E.'s have been produced in as little as several weeks, as in the case of the 2002 report on Iraqi W.M.D.," Ms. Harmon wrote.

Republicans counter that the 2002 Iraq assessment was hardly a model to emulate. Several government investigations have discredited the conclusions of that report, which asserted that Saddam Hussein had stockpiles of chemical and biological weapons. That estimate was hastily assembled in the fall of 2002, requested by lawmakers who said they wanted the intelligence community's best judgments about Iraq before they voted to authorize the invasion.

But after American troops invaded Iraq in March 2003, Iraq became the primary focus of American intelligence agencies. They have produced volumes of analysis on the insurgency and sectarian violence in Iraq, and on the political and economic situation there.

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This, some experts say, already gives intelligence officials the building blocks for a National Intelligence Estimate that could be completed in a relatively short time.

"There's not a lot of basic research that needs to be done, that's for sure," Mr. Pillar said.

White House Holds Ground On Terror Study (LAT)

By Greg Miller And Peter Wallsten

The Los Angeles Times, September 28, 2006

WASHINGTON — The White House defended its interpretation of declassified intelligence findings Wednesday, saying they back President Bush's rationale for sticking with his strategy in Iraq, while Democrats and others said the document proved that the U.S. invasion had increased the terrorist threat.

The administration refused to release the full 30-page report, saying that doing so would endanger the lives of U.S. operatives and possibly reveal surveillance methods. The White House also rebuffed calls for the quick completion and release of a new intelligence report underway that focuses even more closely on conditions in Iraq. That report will not be finished before next year, the White House said.

The five-page portion of the report declassified and released Tuesday concluded that terrorism was growing and spreading worldwide, fueled by the war in Iraq, and that the "Iraq jihad" was shaping "a new generation of terrorist leaders and operatives." The report is known as a National Intelligence Estimate, a consensus view of the CIA and all of the other 15 U.S. intelligence agencies.

White House spokesman Tony Snow, facing questions about how Bush's views that the U.S. is winning the war against terrorism square with the considerably bleaker findings of the intelligence report, fiercely defended the president's stance.

"Let's start with the obvious: Since Sept. 11, 2001, we have not been attacked," Snow said, adding that aggressive American tactics had made it difficult for terrorist organizations to mobilize and strike the United States.

A chorus of Democrats, however, countered that the report showed that the U.S.-led war in Iraq was inspiring, training and equipping militants to launch attacks elsewhere. "Iraq has become a breeding ground for terrorists," Sen. Ken Salazar (D-Colo.) said. "The world is a much more dangerous place today."

The debate over the intelligence findings comes as national security dominates the midterm election campaigns that will determine control of Congress, and as U.S. forces in Iraq struggle to establish order in Baghdad.

U.S. military officials in Iraq said Wednesday that the number of suicide attacks this week was the highest of any week since the war began. Without giving numbers, they said that attacks overall had risen in the last two weeks, especially in and around Baghdad, despite an ongoing U.S.-led crackdown on militants in the capital.

American intelligence officials said they did not expect any other portions of the intelligence estimate to be declassified. Officials from both parties who have read the document said the remaining pages provided far more detail on the complexion of the spread of Islamic radicalism, but were consistent with the "key judgments" that had been declassified.

"It just expands on those key judgments," said a senior U.S. intelligence official who spoke on condition of anonymity. "It's not like there's a Version A and a Version B. They are the underpinning or basis for the statements" that were released.

Rep. Jane Harman (D-Venice), the ranking Democrat on the House Intelligence Committee, said the complete report had "more information on Iraq, more nuance, more detail."

"But I'm not telling you these key judgments are an unfair representation of the report," she said.

The document was delivered to the House and Senate intelligence committees after its completion in April, but few members not on those panels have seen the entire report. Congressional officials said that Director of National Intelligence John D. Negroponte's office had informed members this week that it planned to make the entire classified document available to all lawmakers.

The impact of the intelligence estimate prompted new calls Wednesday for faster completion of the second report in the works that is to focus exclusively on the situation in Iraq.

Frances Townsend, White House domestic security advisor, said Wednesday that the intelligence estimate focusing on Iraq was expected to be finished in January. A senior U.S. intelligence official cautioned, however, that Negroponte's office had not set a timetable for the completion of the work, suggesting it could be delayed beyond the beginning of next year.

Harman called that "unacceptable" in a letter to Negroponte on Wednesday, and questioned whether there were political reasons for putting the report off until next year.

Work on the new intelligence estimate on Iraq was begun in August, after Democrats on the Senate Intelligence Committee requested a new, thorough intelligence examination of the state of the conflict there.

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Meanwhile, the White House moved aggressively Wednesday to counter arguments from Democrats that the intelligence report painted a dismal picture of Bush's policies and challenged administration descriptions of terrorist groups reeling under the U.S.-led assault.

"The critical judgment here is Iraq has become for [terrorists] the battleground," Snow said. "If they lose, they lose their bragging rights. They lose their ability to recruit…. The president has made the point over and over."

Snow said Bush's position that Americans were safer now was not undermined by the intelligence estimate's assertion that the number of jihadists had grown. Instead, Snow argued that militants were less organized than before, and that, as a result, the U.S. was less likely to be hit.

Bush "has not tried to say there are fewer," Snow said. "He has not tried to say that they haven't been winning propaganda victories. What he has said is: We've got a different kind of enemy, and we have kept America safe, and we will continue to do it."

Snow said that the report, along with additional information about how terrorists were doing business, had prompted changes in U.S. strategy.

"It does, in fact, talk about a more dispersed terror network; it does talk about [how] people are communicating over the Internet; it does talk about the necessity of approaching this from a number of different angles," he said. "So the answer is, yes, there has been a much more nuanced approach to doing this. And this is what happens as the war against terror continues. As they adjust, we adjust."

Lessons Of The NIE (WSJ)

The Wall Street Journal, September 28, 2006

National Intelligence Estimates are bland documents that represent the lowest-common-denominator judgment of more than a dozen intelligence agencies. We doubt they're very useful for policy makers, and they certainly aren't suitable for use as political cudgels in a national election.

But we now know that's exactly what a few leaking spooks, the New York Times and credulous Democrats just tried to do. Sunday's Times led with a story sourced to anonymous "intelligence officials" and headlined "Spy Agencies Say Iraq War Worsens Terrorism Threat." Democratic critics of the Iraq war promptly seized on the report. But now that President Bush has declassified the "Key Findings" of the April 2006 NIE on "Trends in Global Terrorism," we know this scoop was largely political spin. A more accurate headline would have been: "Spy Agencies Say Abandoning Iraq Would Worsen Terror Threat."

True, the NIE says post-Saddam Iraq has become a "cause celebre" for jihadists. But that's merely stating the obvious. Any U.S. intervention in the Mideast was going to provoke an extremist response. The more important statement in that same bullet point is: "Should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight."

In other words, it's abandoning Iraq that would be the huge mistake -- while success would be a major antiterror victory. This is a blunt rebuke of Democratic Representative Jack Murtha and his House allies, who want to replace U.S. troops in Iraq with an "over-the-horizon" force -- in Okinawa, as he once put it.

And what about the larger Democratic theme that the war in Iraq has been a "distraction" from the fight against al Qaeda? In its very first sentence, the NIE says "United States-led counterterrorism efforts have seriously damaged the leadership of al Qaeda and disrupted its operations." It also suggests dwelling on the failure to capture or kill Osama bin Laden is a mistake: "Countering the spread of the jihadist movement will require coordinated multilateral efforts that go well beyond operations to capture or kill terrorist leaders."

More broadly, the NIE seems to endorse addressing the root causes of terrorism through democracy promotion: "If democratic reform efforts in Muslim majority nations progress over the next five years, political participation probably would drive a wedge between intransigent extremists and groups willing to use the political process."

And: "Greater pluralism and more responsive political systems in Muslim majority nations would alleviate some of the grievances jihadists exploit. Over time, such progress, together with sustained, multifaceted programs targeting the vulnerabilities of the jihadist movement and continued pressure on al Qaeda, could erode support for the jihadists."

This is hardly earth-shattering stuff, we grant. But it sure sounds more like an affirmation of the Bush Administration's general approach to the war on terror than what the Times described when it quoted an unnamed "intelligence official" that "the Iraq war has made the overall terrorism problem worse."

But then anyone who understood the process of producing NIEs would never have made such a big deal about the document. President Bush could do himself, and the country, a favor if he reacted to this latest attempt to politicize NIEs by asking our spy agencies to stop producing them. Their focus should be more and better intelligence. They should leave the policy judgments to elected officials -- and the voters.

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A Good Estimate (WP)

The Washington Post, September 28, 2006

THOUGH IT undermined some of his rhetoric, President Bush was right to declassify and release the intelligence community's most recent estimate of global terrorism. The three-page summary of "key judgments," originally delivered to the White House in April, provides a clear, reasoned and sobering account of the state of the Islamic extremist threat five years after Sept. 11, 2001. Its release ought to deepen rather than inflame the debate in Washington -- if only because the assessment is far superior to that being retailed to the country by the president or by most Democrats.

The bad news in the report -- and there is a lot of it -- is that U.S. intelligence agencies believe that the number of Islamic "jihadists" is growing and that the threat is spreading to more countries, particularly in Europe. The Iraq conflict, it says, "has become the 'cause celebre' " for such militants, and "the Iraq jihad is shaping a new generation of terrorist leaders and operatives." If current trends continue, the report predicts "increasing attacks worldwide."

These grim conclusions are hard to square with Mr. Bush's contention that the country is "safer" today than it was five years ago or that the invasion of Iraq helped rather than hindered the fight against terrorism. In fact, the president seems unwilling to accept the conclusions of the intelligence professionals. On Tuesday he said it is naive to think that terrorism would be less pervasive if the invasion of Iraq had not taken place.

Democrats are citing the intelligence estimate as proof that Iraq has been a catastrophe. Those among them who prophesied four years ago that an invasion would provide new recruits for al-Qaeda's cause can justifiably claim some vindication. But the report also poses problems for Democratic leaders such as House Minority Leader Nancy Pelosi (Calif.) and Sen. John F. Kerry (Mass.), who say the solution in Iraq is an early withdrawal of U.S. troops. The report supports Mr. Bush's contention that Iraq is now a central front in the war on terrorism; it says "perceived jihadist success there would inspire more fighters to continue the struggle elsewhere," while defeat would mean that "fewer fighters will be inspired to carry on the fight."

The larger thrust of the report goes well beyond Iraq or the cacophony of the midterm election campaign. It says "the most powerful weapon in the war on terror" over time will be not military success in Iraq or the capturing and killing of al-Qaeda leaders, but "the Muslim mainstream." The vast majority of Muslims are likely to reject the extreme political solutions proposed by al-Qaeda and its allies, and they will be more likely to do so if "democratic reform efforts in Muslim-majority nations progress" and entrenched problems of "corruption, injustice, and fear of Western domination" are alleviated.

The U.S. mission in Iraq since the overthrow of Saddam Hussein has been largely aimed at those goals, in one of the Muslim world's most important countries. It should be little wonder that the effort, like U.S. promotion of democracy in Lebanon and within the Palestinian Authority, has provoked an extremist backlash. Were it to retreat altogether from the Middle East, the United States could probably reduce the number of Islamic extremist recruits in the next five years. Yet any careful reader of the intelligence estimate will find it hard to conclude that the war can be won that way.

Declassifying The Obvious (LAT)

The Los Angeles Times, September 28, 2006

THE JUDGMENT OF THE National Intelligence Estimate partly made public this week — that "the Iraq conflict has become the 'cause celebre' for jihadists" — did not unveil an especially novel viewpoint or theory. So why has the report, assembled by U.S. intelligence agencies in April, caused such a sensation?

Partly it's the official pedigree of the document; partly it's the unconvincing attempt by President Bush to explain it away. In announcing Tuesday that he would declassify parts of the report, he testily suggested that the actual language would discredit "speculation" that it had linked the war in Iraq to a heightened terrorist threat. But the material released to the public came to essentially that conclusion (though it also backed Bush's contention that if jihadists failed in Iraq, they would recruit "fewer fighters" in the future).

Yet even before Bush declassified parts of the report, the document exerted a fascination that cannot be explained solely by its conclusions. Some of the report's mystique stems from the fact that, until Tuesday, it had been a secret.

Several of its observations — not just about the relationship between the U.S. presence in Iraq and the growth of "a deep resentment of U.S. involvement in the Muslim world" — are by now conventional wisdom: Jihadism is fostered not only by the Iraq war but also by corruption and repression in Muslim societies; countering the movement will require more than a military response; greater political participation in Muslim societies could drive a wedge between jihadists and political reformers, though it might also cause "destabilizing transitions." Yet because these conclusions were pried from a classified document, there is a frisson that would have been missing if the administration had made them public last spring.

Remember the "Downing Street memo," a once-secret document from 2002 recording a British intelligence official's view that "intelligence and facts were being fixed" by the Bush administration to support its long-standing intention to topple Saddam

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Hussein? The publication of the memo in 2005 created a sensation in Britain and the United States, even though it reflected one man's view (albeit one long held by critics of the war in both countries) and was far from a smoking gun.

Government officials often are accused of belonging to a cult of classification, and officials in the Bush administration have a particular fetish about secrecy. But they aren't the only ones to ascribe special importance to a secret, whether it's "The Da Vinci Code" or the Downing Street memo. Forbidden fruits of intelligence analysis always will be more tantalizing than the ones put on public view.

The argument that the U.S. presence in Iraq has exacerbated the international terrorist threat is an important one fully deserving of discussion. So is the NIE's conclusion, more congenial to the Bush administration, that defeating insurgents in Iraq would demoralize other potential jihadists. That debate was going on before the NIE was publicized. And it should continue after the thrill of declassification is gone.

Infidel Documents (WSJ)

By Fouad Ajami

The Wall Street Journal, September 28, 2006

The scaffolding of the Iraq war is under renewed attack. So there had been no meeting between Mohamed Atta and Iraqi intelligence operative Ahmad al-Ani in Prague; and Saddam's regime was "intensely secular" while al Qaeda was steeped in religious doctrine. Tariq Aziz, once Goebbels to his master, now in captivity, says that Saddam had only "negative sentiments" about Osama bin Laden, and that the despot had issued a decree "outlawing Wahhabism in Iraq and threatening offenders with execution."

The case against the Iraq war now has a new canonical document: a report by the Senate Select Committee on Intelligence, released on Sept. 8. Opponents of the war -- to use their own language against the Bush administration -- now "cherry pick" this report, and they find in it the damning evidence that had been their conviction all along. In their eyes, the case for this war was a willful hoax. And on the heels of this report, it was revealed that the National Intelligence Estimate now depicts Iraq as the breeding ground of a new generation of terrorists.

Intended or not, the release of the Senate report, around the fifth anniversary of 9/11, has been read as definitive proof that the Iraq war stands alone, that the terrors that came America's way on 9/11 had nothing to do with the origins of the war. Few will read this report; fewer still will ask why a virtually incomprehensible Arab-Islamic world that has eluded us for so long now yields its secrets to a congressional committee. On the face of it, and on the narrowest of grounds, the report maintains that the link between the war on terror and the invasion of Iraq cannot stand in a Western court of inquiry.

But this brutal drawn-out struggle between American power and the furies of the Arab-Islamic world was never a Western war. Our enemies were full of cunning and expert at dissimulation, hunkering down when needed. No one in the coffeehouses of the Arab world (let alone in the safe houses of the terrorists) would be led astray by that distinction between "secular" and "religious" movements emphasized by the Senate Intelligence Committee. They live in a world where the enemies of order move with remarkable ease from outward religious piety to the most secular of appearances. It is no mystery to them that Saddam, once the most secular of despots, fell back on religious symbols after the first Gulf War, added Allahu Akbar (God is great) to Iraq's flag, and launched a mosque-building campaign whose remnants -- half-finished mosques all over Baghdad -- now stand mute.

No Iraqi agents had to slip into hotel rooms in Prague for meetings with jihadists to plot against America. The plot sprang out of the deep structure of Arab opinion. We waged a war against Saddam in 1991 and then spared him. We established a presence in the Arabian Peninsula to monitor him, only to help radicalize a population with religious phobias about the "infidel" presence on Arabian soil. The most devout and the most religiously lapsed of the Arabs alike could see the feebleness of America's response to a decade of subversion and terror waged by Arab plotters and bankrolled by Arab financiers. The American desire to launch out of Iraq a broader campaign of deterrence against the radical forces of the region may not have been successful in every way, but the effort was driven by a shrewd reading that, after Kabul, the war had to be taken deep into the Arab world itself. * * *

Strictly speaking, the National Intelligence Estimate -- another "canonical" document -- is not a finding: It is an assessment of Islamic terrorism and its perceived links to Iraq. (It is odd, and ironic, that the intelligence agencies that had been mocked by liberal opinion for their reporting on Iraq before the war have now acquired an aura of infallibility.) Islamic terror did not wait on the Iraq war. The assertion that Islamic terrorism has "metastasized and spread across the globe" because of Iraq takes at face value what the jihadists themselves proclaim. It would stand to reason that their Web sites, and the audiotapes of their leaders, would trumpet their attachment to the cause of Iraq. It is inevitable that American analysts glued to jihadist cyberspace, and lacking intimate knowledge of Arab ways, would take the jihadists at their word. But Islamic radicals have not lacked for grievances. The anti-Americanism and antimodernism that brought them onto American soil five years ago predated Iraq. For the

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good part of two decades, jihadist terror blew at will, driven by the conviction in the lands of Islam and its diaspora communities that America was a pampered land with little zeal for bloody struggles.

The declassified portions of the NIE are not particularly profound in the reading of Islamism. Their sociologese is of a piece with a big body of writing on Islamist movements -- that the resentments of these movements arise out of "anger, humiliation and a sense of powerlessness" in the face of the West. I dare guess that were Ayman al-Zawahiri to make his way through this report, he would marvel at the naïveté of those who set out to read him and his fellow warriors of the faith. Ayoob al-Masri (Zarqawi's successor in Iraq) would not find himself and his phobias and his will to power in this "infidel document." These warriors have a utopia -- an Islamic world ruled by their own merciless brand of the faith. With or without Iraq, the work of "cleansing" Islam's world would continue to rage on.

It was inevitable that the Arabs would regard this American project in Iraq through the prism of their own experience. We upended an order of power in Baghdad, dominated as it had been by the Sunni Arabs; and we emancipated the Shiite stepchildren of the Arab world, as well as the Kurds. Our innocence was astounding. We sinned against the order of the universe, but called on the region to celebrate, to bless our work. More to the point, we set the Shia on their own course. We did for them what they could not have done on their own. For our part, we were ambivalent about the coming of age of the Shia. We had battled radical Shiism in Iran and in Lebanon in the 1980s. The symbols of Shiism we associated with political violence -- radical mullahs, martyrology, suicide bombers. True, in the interim, we had had a war -- undeclared, but still a war -- with Sunni jihadists. But there lingered in us an aversion to radical Shiism, an understandable residue of the campaign that Ayatollah Khomeini had waged against American power in the '80s. We were susceptible as well to the representations made to us by rulers in the Sunni-ruled states about the dangers of radical Shiism.

The case against the war makes much of Iran's new power in Iraq. To the war critics, President Bush has midwifed a second Islamic republic in Iraq, next door to Iran. But Iran cannot run away with Iraq, and talk of an ascendant Iran in Iraqi affairs is overblown. We belittle the Iraqi Shiites -- their sense of home, and of a tradition so thoroughly Iraqi and Arab -- when we write them off as instruments of Iran. Inevitably, there is Iranian money in Iraq, and there are agents, but this is the logic of the 900-mile Iranian-Iraqi border.

True, in the long years of Tikriti/Saddamist dominion, Shiite political men persecuted by the regime sought sanctuary in Iran; a political party, the Supreme Council for the Islamic Revolution in Iraq, and its military arm, the Badr Brigade, rose in those years with Iranian patronage. But the Iraqi exiles are not uniform in their attitudes toward Iran. Exile was hard, and the Iranian hosts were given to arrogance and paternalism. Iraqi exiles were subordinated to the strategic needs of the Iranian regime. Much is made, and appropriately, of the way the Americans who prosecuted the first Gulf War called for rebellions by the Shiites (and the Kurds), only to walk away in indifference as the Saddam regime struck back with vengeance. But the Iranians, too, averted their gaze from the slaughter. States are merciless, the Persian state no exception to that rule.

We should not try to impose more order and consensus on the world of Shiite Iraq than is warranted by the facts. In recent days a great faultline within the Shiites could be seen: The leader of the Supreme Council for the Revolution in Iraq, Sayyid Abdulaziz al-Hakim, has launched a big campaign for an autonomous Shiite federated unit that would take in the overwhelmingly Shiite provinces in the south and the middle Euphrates, but this project has triggered the furious opposition of Hakim's nemesis, the young cleric Moqtada al-Sadr. Hakim's bid was transparent. He sought to be the uncrowned king of a Shiite polity. But he was rebuffed. Sadr was joined in opposition to that scheme by the Daawa Party of Prime Minister Nouri al-Maliki, by the Virtue Party, and by those secular Shiites who had come into the national assembly with former Prime Minister Iyad Allawi. A bitter struggle now plays out in the Shiite provinces between the operatives of the Badr Brigade and Sadr's Mahdi Army. The fight is draped in religious colors -- but it is about the spoils of power.

The truculence of the Sunni Arabs has brought forth the Shiite vengeance that a steady campaign of anti-Shiite terror was bound to trigger. Sunni elements have come into the government, but only partly so. President Jalal Talabani put it well when he said that there are elements in Iraq that partake of government in the daytime, and of terror at night. This is as true of the Sunni Arabs as it is of the Shiites. The (Sunni) insurgents were relentless: In the most recent of events, they have taken terror deep into Sadr City. The results were predictable: The death squads of the Mahdi Army struck back.

It is idle to debate whether Iraq is in a state of civil war. The semantics are tendentious, and in the end irrelevant. There is mayhem, to be sure, but Iraq has arrived at a rough balance of terror. The Sunni Arabs now know, as they had never before, that their tyranny is broken for good. And the most recent reports from Anbar province speak of a determination of the Sunni tribes to be done with the Arab jihadists.

It is not a rhetorical flourish to say that the burden of rescuing Iraq lies with its leaders. No script had America staying indefinitely, fighting Iraq's wars, securing Iraq's peace. The best we can do for Iraq is grant it time to develop the military and political capabilities that would secure it against insurgencies at home and subversion from across its borders. No one can say with confidence how long the American body politic will tolerate the expense in blood and treasure. It would be safe to assume

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that this president will stay with this war, that its burden is likely to be passed onto his successor. The Iraqis are approaching reckoning time, for America's leaders are under pressure to force history's pace. The political process here at home is not likely to impose a precise deadline for withdrawal. But the Iraqis should not be lulled into complacency, for the same political process is more likely to place limits on this commitment in Iraq.

For their part, the Iranians will press on: The spectacle of power they display is illusory. It is a broken society over which the mullahs rule. A society that throws on the scene a leader of Mahmoud Ahmadinejad's derangement is not an orderly land; foreigners may not be able to overthrow that regime, but countries can atrophy as their leaders -- armed, here, by an oil windfall of uncertain duration -- strut on the world stage. Iran's is a deeper culture than Iraq's, possessed of a keen sense of Persia's primacy in the region around it. What Iranians make of their own history will not wait on the kind of society that will emerge in Iraq. On the margins, a scholarly tradition in Najaf given to moderation could be a boon to the clerics of Iran. But the Iranians will not know deliverance from the sterility of their world if Iraq were to fail. Their schadenfreude over an American debacle in Iraq will have to be brief. A raging fire next door to them would not be pretty. And, crafty players, the Iranians know what so many in America who guess at such matters do not: that Iraq is an unwieldy land, that the Arab-Persian divide in culture, language and temperament is not easy to bridge.

We needn't give credence to the assertion of President Bush -- that the jihadists would turn up in our cities if we pulled up stakes from Baghdad -- to recognize that a terrible price would be paid were we to opt for a hasty and unseemly withdrawal from Iraq. This is a region with a keen eye for the weakness of strangers. The heated debate about the origins of our drive into Iraq would surely pale by comparison to the debate that would erupt -- here and elsewhere -- were we to give in to despair and cast the Iraqis adrift.

Mr. Ajami, a professor at the School of Advanced International Studies at Johns Hopkins, is the author, most recently, of "The Foreigner's Gift" (Free Press, 2006). He is a recipient of the 2006 Bradley Prize.

The Grand Delusion (NYT)

By David Brooks

The New York Times, September 28, 2006

You probably know Daniel Defoe as the author of “Robinson Crusoe,” but he was also a journalist, and in 1705, he noticed a gigantic change occurring around him. “The Power of Nations,” he wrote, “is not now measur’d, as it has been, by Prowess, Gallantry, and Conduct. ’Tis the Wealth of Nations that makes them Great.”

In other words, nations had begun measuring themselves not by whom they conquered, but by how they fared in the competition for economic success. This was a major shift in consciousness, and as the great historian of nationalism, Liah Greenfeld, observes, today you can see a wide variety of societies — the U.S., Japan, China, India, Europe — that define their national greatness in this way.

The Arab world, though famous for its bazaars, has not defined national glory economically, Greenfeld adds. Instead, the rising radical groups today define greatness negatively through acts of anti-Western defiance.

Superseding market entrepreneurs, there are terror entrepreneurs competing to see who can issue the most militant call and perform the most galvanizing act of violence. They are driven by resentment toward the West, but also by the internal competition for prestige and standing.

To his eternal credit, after 9/11 George Bush quickly understood that the terror threat was fundamentally an ideological threat, a product of deep historical consciousness. To his eternal discredit, he didn’t commit enough resources to successfully defeat and discredit that ideology. The chance to deliver the sort of blow that the Six Day War delivered to an earlier version of Arab nationalism may now be lost.

As a result, as the National Intelligence Estimate makes clear, the West now faces a diverse and metastasizing set of foes. The report also makes clear that while the Iraq war has so far enhanced the prestige of the terrorists, Iraq remains the crucial battleground where they will either gain glory or face humiliation.

If we lived in a serious political culture, we’d be discussing what we’ve learned from Iraq and how to proceed. Instead, all of Washington is involved in a juvenile game of gotcha. Bill Clinton is fighting about what did or didn’t happen 10 years ago. The White House is still exaggerating the positive. Democratic senators purr like happy kittens as retired generals slam Donald Rumsfeld, and then stop up their ears when those same generals call for more troops and a longer war.

Voters now confront a Republican Party that understands the breadth of the threat but has bungled the central campaign, and a Democratic Party that is quick to criticize but lacks an understanding of the jihadists and a strategy for confronting them.

Worse, more and more people are falling for the Grand Delusion — the notion that if we just leave the extremists alone, they will leave us alone. On the right, some believe that if we just stop this Wilsonian madness of trying to introduce democracy into the Arab world, we can return to an age of stability and balance. On the left, many people can’t seem to fathom an enemy

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the U.S. isn't somehow responsible for. Others think the entire threat has been exaggerated by Karl Rove for the sake of political scaremongering.

Perhaps it's understandable that many Americans would fall for this Grand Delusion. The Israelis, who have more experience with Islamic extremism, recently did. They imagined that they could build a security barrier and unilaterally withdraw from their historical reality. It took the war in south Lebanon to make them see there is no way to unilaterally withdraw. There is no way to become a normal society. Even if they pulled out of Lebanon, Gaza and the West Bank, they would still have to confront an existential foe, so long as the forces of political Islam continued to wage their competition for anti-Semitic glory all around.

The blunt fact is that groups of Islamic extremists will continue to compete and grow until mainstream Islamic moderates can establish a more civilized set of criteria for prestige and greatness. Today's extremists are not the product of short-term historical circumstances, but of consciousness and culture. They are not the fault of the United States, but have roots stretching back centuries. They will not suddenly ignore their foe — us — when their hatred of us is the core of their identity.

The National Intelligence Estimate predicts terror violence will get worse in the years ahead. The scarier estimate was made by a veteran of the 1948 Arab-Israeli war, in conversation with his grandson who now lives in Boston: "This is forever."

At Dinner Table, Bush Plays Role Of Mediator (WP)

By Michael Abramowitz

The Washington Post, September 28, 2006

President Bush welcomed the feuding leaders of Afghanistan and Pakistan to the White House last night for an unusual round of personal diplomacy aimed at forging better relations between two key partners in U.S. efforts to hunt down members of al-Qaeda and other Islamic terrorists.

Dining on spicy sea bass and pumpkin cake with Bush and his most senior advisers were Pakistan's president, Gen. Pervez Musharraf, and his Afghan counterpart, Hamid Karzai. The two have been sniping at each other for months over what Karzai considers Pakistan's tolerance of Taliban militants crossing the border to mount armed attacks in Afghanistan.

Musharraf has testily rebutted Karzai's assertions, but U.S. officials are worried that the deteriorating relations between the two men threaten their effort to pacify Afghanistan and hunt down Osama bin Laden, who is believed to be hiding in the mountainous region of Pakistan bordering Afghanistan.

"They really get under each other's skin," said one senior U.S. official who was not authorized to speak publicly about the White House dinner before it got started last night.

Administration officials said they hoped at the very least the two men would find less public forums to express their annoyance with each other. Shortly before going into the White House last night, Bush told reporters in the Rose Garden that the dinner was "a chance for us to strategize together, to talk about the need to cooperate."

"These two men are personal friends of mine," Bush said, with Karzai and Musharraf standing by his side, not looking at each other. "They are strong leaders who have a understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

The dinner lasted about 2 1/2 hours, and the White House offered only a vague indication of what occurred. A White House statement said the three leaders "committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan."

The three-way summit came as the Bush administration, already grappling with crises over the Iraq war and over Iran's nuclear ambitions, is confronting a resurgent Taliban.

Although toppled five years ago in a U.S.-led invasion, the Taliban now controls swaths of southern Afghanistan and has fought increasingly violent battles with NATO troops patrolling the border regions. The number of U.S. troops in Afghanistan in recent months has swelled to more than 20,000.

Tense relations between Pakistan and Afghanistan date back years. Pakistan was one of three countries to recognize the previous Taliban government that sheltered bin Laden. Pakistan broke with the Taliban after the Sept. 11, 2001, attacks, and the leaders have blamed each other in recent months for insufficient zeal in fighting Islamic militants along the countries' long border.

Answering questions last week at the Council on Foreign Relations in New York, Karzai said Taliban leader Mullah Omar is hiding out in the Pakistani provincial capital of Quetta and suggested that Musharraf is not interested in hunting him down.

For his part, Musharraf has suggested that Karzai has bad information and, as he said in an interview on CNN this week, is not telling the truth about circumstances in Afghanistan. "He knows everything, but he's purposely denying -- turning a blind eye, like an ostrich," Musharraf said.

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Musharraf has also been using his visit to the United States to promote his new memoirs, which offer provocative statements about his battle with Islamic militants. U.S. officials believe that bin Laden is in Pakistan, but Musharraf speculates that because of the large number of Saudis living in the Konar province of Afghanistan, the al-Qaeda leader is probably hiding there.

Bush Urges Karzai, Musharraf To Unite To Defeat Terrorism (WSJ)

The Wall Street Journal, September 28, 2006

WASHINGTON -- President Bush appealed to the bickering presidents of Pakistan and Afghanistan on Wednesday to put aside their differences and "strategize together" over dinner on ways to defeat the common enemy of terrorism.

Standing between Pakistani President Gen. Pervez Musharraf and Afghan President Hamid Karzai, Mr. Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

Mr. Karzai calls Mr. Musharraf "my brother," but after months of sniping that put the White House in the middle of a spat between two of its closest allies, Mr. Bush decided it was time to bring the leaders together.

Judging by the body language Mr. Bush himself had said he would be watching, there were plenty of tensions to overcome over a light dinner of soup, sea bass and salad. The meal was billed as an "iftar," a meal that breaks the daytime fast during the Muslim holy month of Ramadan. Messrs. Musharraf and Karzai are Muslims.

The Afghan and Pakistani leaders stood stiffly on either side of Mr. Bush during a brief Rose Garden appearance before they ate. "I look forward to having dinner with friends of mine who don't happen to share the same faith I do but nevertheless share the same outlook for a more hopeful world," Mr. Bush said in the brief remarks before dinner.

"It's very important for the people in Pakistan and in Afghanistan to know that America respects religion, and we respect the right for people to worship the way they see fit," he said.

"Today's dinner is a chance for us to strategize together" and find common solutions, Mr. Bush said.

Neither Messrs. Musharraf nor Karzai, both key U.S. allies in the region, spoke.

Mr. Musharraf remained expressionless during his host's brief remarks, while Mr. Karzai repeatedly nodded agreeably. Messrs. Karzai and Musharraf never touched, each taking Bush's hand before turning to go inside, but not each other's.

"These two men are personal friends of mine," Mr. Bush said. "They are strong leaders who have an understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

For months, Messrs. Karzai and Musharraf have been trading barbs and criticizing each other's efforts to fight terrorists along their long, remote, mountainous border.

Afghan officials allege that Pakistan lets Taliban militants hide out and launch attacks into Afghanistan. Mr. Musharraf says Mr. Karzai has bad information and notes that Pakistan has deployed 80,000 troops along the porous border.

Mr. Karzai says Mr. Musharraf turns a blind eye to hatred and extremism being bred at Islamic schools in Pakistan. At one point, Mr. Musharraf said Mr. Karzai is behaving "like an ostrich," refusing to acknowledge the truth and trying to shore up his political standing at home.

Right up to Wednesday night's White House dinner, they also have pointed fingers at one another over al Qaeda leader Osama bin Laden and other terror leaders. Each says Mr. bin Laden isn't hiding in his country and suggests the other might do more to help find him.

Mr. Musharraf wants Mr. Karzai to agree to "a verbal cease-fire" and stepped-up intelligence cooperation to fight terrorism and bring peace to both countries, Pakistan's Foreign Minister Khurshid Kasuri said Wednesday in an Associated Press interview.

All this comes as Afghanistan suffers its worst reversals since the U.S.-led ouster of the extremist Taliban regime nearly five years ago.

The Taliban militants have regrouped and launched an offensive earlier this year whose strength and organization took Afghan and U.S. officials by surprise. They have adopted methods commonly used by militants in Iraq: suicide bombings, ambushes and beheadings. Illegal opium production has risen yearly despite billions spent to suppress it, and Afghanistan is now the source of more than 90% of the world's supply.

The White House clearly thinks that enough is enough.

"The president has made it clear that they've got a shared interest, and the shared interest is combating terrorism," White House press secretary Tony Snow told reporters. "He will remind them of the fact, and I think both men understand that."

Mr. Bush's three-way dinner party, just weeks before the November congressional elections, comes as he is working to convince voters that Republicans are best able to guide the U.S.-led war against terrorism. He faces declining American support for both the U.S.-led war in Iraq and the U.S. military commitment in Afghanistan.

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Bush administration officials say that Messrs. Karzai and Musharraf, along with the influential and relatively moderate Iraqi Shiite cleric Ali al-Sistani, are the "indispensable men" of post-Sept. 11 foreign policy for their ability to hold Islamic extremism at bay.

Mr. Musharraf faces little political opposition within Pakistan, but he lives under constant threat of assassination. Mr. Karzai is increasingly embattled, hard-pressed to extend his political control into many regions of Afghanistan and facing a loss of popular support.

Bush Plays Chaperon For Awkward Encounter (NYT)

By Sheryl Gay Stolberg

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — For the past week, the presidents of Afghanistan and Pakistan have been in the United States, circling one another like wary cats as they lobbed insults across the airwaves from a distance.

On Wednesday night, they stood glumly — more like caged cats — in the Rose Garden with President Bush, who had invited them to the White House for dinner and a little talking-to.

"We've got a lot of challenges facing us," Mr. Bush said, with President Pervez Musharraf of Pakistan on his right and President Hamid Karzai of Afghanistan a safe distance away on his left. "All of us must protect our countries, but at the same time we all must work to make the world a more hopeful place."

Having already met separately with the two men — he received General Musharraf on Friday and President Karzai on Tuesday — Mr. Bush used his three-minute speech to proclaim them both "personal friends of mine" and describe the intimate dinner as "a chance for us to strategize together."

Peter Brookes, a national security expert at the Heritage Foundation, put it another way. "They're looking for marriage counseling," he said, "and maybe President Bush will provide some of that."

The strains in their relationship — each blames the other for the resurgence of the Taliban in Afghanistan — are so obvious that Mr. Bush openly joked about the breach in the East Room of the White House on Tuesday, with Mr. Karzai at his side.

"It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Mr. Bush told reporters then, though he insisted later he was only teasing.

"I'll be good," Mr. Karzai responded.

Though Mr. Karzai politely referred to General Musharraf as "my brother," that has been pretty much the extent of the politesse this week. As General Musharraf toured about, promoting his new autobiography on television programs as varied as "60 Minutes" and "The Daily Show With Jon Stewart," he has made clear his disdain for Mr. Karzai, whom he accuses of "turning a blind eye" to his own deteriorating political situation.

"He is like an ostrich with his head buried in the sand," the general said.

Mr. Karzai was a tad more muted; asked by Wolf Blitzer of CNN on Friday whether he thought General Musharraf was himself "an ostrich," he did not take the bait. But he has made no bones about the fact that he sees the Pakistani leader as giving the Taliban safe haven across the border.

Complicating matters is a deal General Musharraf recently signed with tribal chiefs along the Afghanistan border; Mr. Karzai views it as a pact to cede control to the Taliban.

"Terrorism has only enemies and knows no boundaries," Mr. Karzai told the Council on Foreign Relations last week. "The only course is to kill it. You cannot train a snake to bite someone else."

Whether Mr. Bush can tame the war of words is unclear, but foreign policy experts across the political spectrum give him credit for trying.

"You do have two leaders who want to have a good relationship with the United States and particularly George Bush," said Ivo H. Daalder, a scholar at the Brookings Institution, "so that does provide Bush an opportunity to say, 'You guys need to cooperate. We have a common enemy.' I admire him for doing this. It's the right thing to do."

Richard N. Haass, president of the Council on Foreign Relations, said Mr. Bush's primary challenge was "not only to broker a verbal cease-fire," but also to get the two men to "deal with the core issue" of their dispute over the Taliban.

"What's ironic is these two leaders need each other," he said. "Their personal futures as well as their countries' futures are very much intertwined, yet there is tremendous mistrust and bad blood."

That much was evident Wednesday in the Rose Garden body language, which was as interesting as Mr. Bush had predicted. Although the two foreign leaders were handshake-distance apart — and some thought the president might prod them into one — no hands were extended.

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Instead, both stood stiff and expressionless as the president spoke, their hands clasped tightly in front of them. When Mr. Bush ended the awkwardness by announcing, “Let’s go eat dinner,” General Musharraf gave a quick salute to the press corps. President Karzai extended his arms, palms up, in an empty embrace of the sky.

Bush Hosts Tense Dinner For Karzai, Musharraf (WT)

By Joseph Curl

The Washington Times, September 28, 2006

President Bush joked that he planned to "watch the body language" of Afghan President Hamid Karzai and Pakistani President Pervez Musharraf when he presided over a White House dinner with the two adversaries last night, but if he did, what he saw was grim.

As the president stood between the two leaders, Gen. Musharraf remained expressionless and Mr. Karzai nodded. But neither man looked at the other.

At the end of a brief statement, in which Mr. Bush said with understatement, "We've got a lot of challenges facing us," he shook hands with Gen. Musharraf, then Mr. Karzai. But the two neighbors neither shook hands, nor looked at each other.

The three men then walked grim-faced down the colonnade, heading to what was expected to be a tense dinner of "sunchoke" soup, spicy sea bass and endive salad in the Old Family Dining Room of the White House.

"All of us must protect our countries, but at the same time, we all must work to make the world a more hopeful place," Mr. Bush said in the Rose Garden. "And so today's dinner is a chance for us to strategize together, to talk about the need to cooperate."

"We're proud to have you here, Mr. President," Mr. Bush said to Gen. Musharraf, who replied quietly, "My pleasure."

"Proud to have you here, Mr. President," Mr. Bush said to Mr. Karzai. "Thanks very much," the Afghan leader said.

Mr. Bush offered words of praise for the two leaders, who have been engaged in an increasingly belligerent exchange of words.

"These two men are personal friends of mine; they are strong leaders who have an understanding of the world in which we live; they understand that the forces of moderation are being challenged by extremists and radicals."

Joining the three leaders at dinner -- billed an "iftar," a meal that breaks the dawn-to-dusk fast during the Muslim holy month of Ramadan, because Gen. Musharraf and Mr. Karzai are Muslim -- were Vice President Dick Cheney, Secretary of State Condoleezza Rice and National Security Adviser Stephen J. Hadley. The two nations' ambassadors to the U.S. also attended.

More than two hours after the dinner was scheduled to end, the White House said the three leaders had shared their views during the "post-sundown meal." But when asked by reporters how long the dinner had lasted, White House spokesman Nicole Guillemart would not say.

"The three leaders had a constructive exchange on the common challenges facing our three nations," spokesman Tony Snow said.

The White House dinner came as violence rises in Afghanistan.

This month, a suicide bombing killed a provincial governor, a close associate of Mr. Karzai's. On Monday, Safia Ama Jan, a women's rights advocate who ran an underground school for girls during Taliban rule, was assassinated.

Yesterday, Afghan security forces killed 25 insurgency suspects during a clash in southern Afghanistan, and a suicide bombing targeting a NATO convoy wounded one civilian.

A U.S. military official said American troops on Afghanistan's eastern border have seen a threefold increase in attacks since a recent truce between Pakistan and pro-Taliban tribesmen that was supposed to have stopped cross-border raids by the militants.

Mr. Bush's first challenge was to figure out how to push the two neighbors to stop their war of words and work together to clamp down on their porous borders and improve efforts to defeat the Taliban. The Taliban is growing in strength and conducting coordinated attacks on coalition forces in Afghanistan five years after being ousted from power in the wake of the September 11 attacks.

But the Afghan leader has for months accused Gen. Musharraf of allowing terrorists to cross his country's border and upset a delicate balance in Afghanistan, while the Pakistani leader has brusquely told Mr. Karzai that he does not know his own country.

Mr. Bush has been caught in the middle, seeking to find common ground on which the leaders of Pakistan, a chief ally in the war on terror, and Afghanistan, a fledgling democracy, can agree and act.

"It will be interesting for me to watch the body language of these two leaders to determine how tense things are," Mr. Bush said in a Tuesday press conference with Mr. Karzai, a few days after he held a similar event with Gen. Musharraf.

The Afghan leader cracked up the audience in the White House East Room when he replied with a smile: "I'll be good."

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The White House knows there is tension between the two leaders, and Mr. Snow said yesterday that Mr. Bush will seek to "do whatever we can, that they want us to do, to help resolve them."

"But the two leaders also understand that they've got a shared interest in making sure that the other guy succeeds," Mr. Snow said.

Although Mr. Karzai refers to Gen. Musharraf as "my friend" or "my brother," the two have split over a recent deal with Islamic extremists. Gen. Musharraf recently signed a pact with pro-Taliban tribal leaders on the Afghanistan-Pakistan border, a deal Mr. Karzai initially condemned.

But he said this week that the deal will be useful if it achieves one goal -- "that the terrorists will not be allowed to cross over into Afghanistan to attack the coalition against terror -- that is, the international community and Afghanistan together."

The deal requires Pakistani troops to end military action against the pro-Taliban fighters in return for the militants stopping attacks on Pakistani forces and not crossing into Afghanistan to launch ambushes.

"We will have to wait and see if that is going to be implemented exactly the way it is signed. So, from our side, it's a wait-and-see attitude. But, generally, we will back any move, any deal that would deny terrorism sanctuary in North Waziristan or in the tribal territories of Pakistan," Mr. Karzai said.

Gen. Musharraf has bristled at accusations that he is allowing terrorists to roam freely in his country.

He said that Afghanistan, not Pakistan -- which has deployed 80,000 troops along the border -- is responsible for the problem, and that it is hurting his nation.

"He is not oblivious. He knows everything. But he is purposely denying, turning a blind eye like an ostrich. He doesn't want to tell the world what is the fact for his own personal reasons," Gen. Musharraf told CNN.

The two also have clashed over the whereabouts of Taliban chief Mullah Mohammed Omar and al Qaeda leader Osama bin Laden, who has long been suspected of being holed up in the mountainous region along the border.

Mr. Karzai said Mullah Omar is "for sure" in Pakistan, but Gen. Musharraf says he's in Afghanistan.

On bin Laden, Mr. Karzai says: "If I told you he was in Pakistan, President Musharraf, my friend, would be mad at me. But if I said he was in Afghanistan, that would not be true."

But as the joint dinner approached, both tempered their words and sought to put the United States in the middle to mediate differences.

"The United States, as our ally, is helping both countries," Mr. Karzai said Tuesday. "And I think it is very important that we have more dedication and more intense work with sincerity, all of us, to get rid of the problems that we have around the world."

Yesterday, the Afghan leader said, "I'm simply seeking more coordination. Afghanistan has to do more. Pakistan has to do more."

Gen. Musharraf said Pakistan and Afghanistan had settled some differences when he visited Kabul earlier this month.

"God willing, in the future, we have a concerted strategy and we trust each other in our fight against terrorism and extremism," he said.

Hold The Vinegar, Bush Urges (LAT)

By Paul Richter

The Los Angeles Times, September 28, 2006

WASHINGTON — President Bush brought the leaders of Afghanistan and Pakistan to the White House on Wednesday evening, hoping that over a quiet meal in the family dining room he could persuade two key U.S. allies to stop blaming each other for their neighborhood's deepening terrorist threat.

Aides said Bush hoped that after days of exchanging charges and counter-charges, Pakistani President Pervez Musharraf and Afghan President Hamid Karzai would promise to improve cooperation and intelligence-sharing on their shared border, the site of escalating attacks by Taliban and Al Qaeda fighters.

"We understand that there are tensions between the countries, and we're going to do whatever we can, that they want us to do, to help resolve them," said White House Press Secretary Tony Snow. "But the two leaders also understand that they've got a shared interest in making sure that the other guy succeeds."

After dinner, Snow released a statement saying the three leaders had "committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan."

Musharraf discussed economic and security initiatives in tribal areas, and Karzai talked about enhanced security and speedier development, Snow said.

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Karzai has accused Pakistan of allowing Taliban and Al Qaeda fighters to find sanctuary on its side of the border. He has said that Pakistan's recent agreement with pro-Taliban militants to withdraw troops from the North Waziristan border area would shift much more of the anti-terrorist fight to Afghan, U.S. and NATO forces across the border.

Musharraf has denied that his government is permitting the groups to elude justice or is scaling back its efforts. He, in turn, has accused Karzai of failing to deal with violence and drugs in his country.

As the three leaders headed inside Wednesday evening, Bush told reporters from the Rose Garden steps that the dinner was "a chance to strategize together, to make sure that people have got a hopeful future."

Also invited, the White House said, were Vice President Dick Cheney, Secretary of State Condoleezza Rice, national security advisor Stephen Hadley and the Pakistani and Afghan ambassadors to the United States. The menu included spicy sea bass and sunchoke soup.

In an appearance earlier Wednesday in Tampa, Fla., where he met with officials at the U.S. military command responsible for the Mideast and Central Asia, the Afghan leader muted his criticisms. "I'm simply seeking more cooperation," said Karzai, who is struggling with declining public support at home. "Afghanistan has to do more. Pakistan has to do more."

Karzai has indicated that he wants Musharraf to commit to doing more to capture militants, to close down religious schools that foster terrorism, and to recognize the Karzai government.

Musharraf, who has also used his U.S. visit to promote his new book, "In the Line of Fire," has been tough on Karzai as well.

He told CNN that Karzai had denied the deep problems of his own country, "turning a blind eye, like an ostrich," to the sources of violence within Afghanistan. And the two nations shouldn't be compared, Musharraf said, because while Pakistan has a strong government and military, in Afghanistan "everything had broken down."

Musharraf didn't hold back on the Bush administration either. He said he had never supported the U.S.-led invasion of Iraq and continued to believe that "it has made the world a more dangerous place."

The Pakistani president also stopped by "The Daily Show," where political satirist Jon Stewart asked him who would win an election in Pakistan: Bush or Osama bin Laden.

"I think they'll both lose miserably," Musharraf replied.

An expert on the region said the meeting might prove a tactical gain for the White House, but said ending the conflict between the two neighboring countries would be difficult.

"In public relations terms, it will probably help quite a bit," said Husain Haqqani, director of the Center for International Relations at Boston University. "President Bush will show himself bringing the two closer together, and perhaps they'll agree on a specific laundry list of steps to improve their cooperation."

But the meeting probably will not fundamentally change relations between the neighbors, Haqqani added, because Pakistan will not want to entirely give up support for Islamist groups, which it has used as a lever of influence over events in Afghanistan.

"The duality over the Pakistani approach is not going to end just because there was a great dinner at the White House," said Haqqani, a former Pakistani government official and journalist.

Taliban Strikes On U.S. Troops Triple After Truce (WT/AP)

By Jim Krane

The Washington Times, September 28, 2006

KABUL, Afghanistan -- American troops on Afghanistan's eastern frontier have seen a tripling of attacks since a truce between the Pakistani army and pro-Taliban tribesmen that was supposed to stop cross-border raids by militants, a U.S. military officer said yesterday.

Pakistan's Foreign Ministry rejected the U.S. assertion and said home-based insurgents were behind the violence in Afghanistan, where at least 25 militants were reported killed in fighting yesterday.

Raising further questions about the cease-fire, a Pakistani political leader maintained that Taliban leader Mullah Mohammed Omar approved the deal. A government official denied that.

The developments came amid a public feud between Afghan President Hamid Karzai and Pakistani President Pervez Musharraf, who had dinner last night with President Bush at the White House.

The U.S. officer said the cease-fire that began June 25, cemented by the signing of a peace accord Sept. 5, contributed to the Taliban's resurgence in Afghanistan. He said ethnic Pashtun insurgents are no longer fighting Pakistani troops and are using Pakistan's North Waziristan border area as a command-and-control hub for attacks in Afghanistan.

Pakistani tribal elders brokered the truce between Gen. Musharraf's government and militants, which ended years of unrest in the tribal region bordering Afghanistan.

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But the agreement appears to have bolstered Taliban infiltrators, with the number of attacks in eastern Afghan provinces rising threefold since July 31, said the U.S. officer, who agreed to discuss the situation only if not quoted by name because of the sensitivity of the issue.

"That's why they had the chance to rest and refit, because they were in a sanctuary," he said, referring to a surge in Taliban attacks over the past several months but without giving specific numbers for incidents before or after the truce.

Pakistan's Foreign Ministry rejected that view, insisting Afghan insurgents get no help from inside Pakistan.

"We don't agree with this. These are just excuses," Foreign Ministry spokeswoman Tasnim Aslam said. "Whatever is happening, it is deep inside Afghanistan and is not because of Pakistan."

Pakistan turned over several Taliban fighters to the Afghan government after the accord, Mrs. Aslam said.

The U.S. officer acknowledged that the truce, championed by Gen. Musharraf, is not the only factor behind Taliban attacks in Afghanistan's eastern Paktika, Khost and Paktia provinces.

The Army's 10th Mountain Division has been pressing its own offensive, Operation Mountain Fury, sparking firefights and bombings that otherwise might not have occurred, the officer said.

Meanwhile, Latif Afridi, a top official in Pakistan's Awami National Party, said he received a letter containing Taliban leader Mullah Omar's approval of the North Waziristan peace deal.

He said the letter also claimed that Pakistani militants who back the Taliban in North Waziristan would fall under the command of Jalaluddin Haqqani, a front-line Taliban commander.

It was not immediately possible to verify Mr. Afridi's contentions. Government spokesman Shah Zaman dismissed them as "baseless."

Since the U.S.-led offensive that ousted the Taliban in late 2001, many of Afghanistan's former rulers are thought to have found sanctuary in Pakistan.

Some 30 members of the Taliban's top leadership, including Mullah Omar and the group's 10- to 12-member Shura Council, are thought to be in Pakistan, mainly Quetta, Miran Shah and Peshawar, the U.S. officer said.

Gen. Musharraf has said Mullah Omar is not in Pakistan, and that he is more likely to be in his former power base of Kandahar in southern Afghanistan.

The U.S. officer said the Taliban's connections with Pakistan run so deep that wounded fighters seek treatment on the Pakistani side of the border and even carry their dead to Pakistan for burial.

Some of the suicide bombers in Afghanistan have been recruited in Pakistan, including a 17-year-old boy who blew himself up in front of a U.S. military convoy in Kabul this month, killing a bystander and wounding three American soldiers, Afghan police say.

The border region is also thought to harbor top al Qaeda fugitives Osama bin Laden and Ayman al-Zawahri, the U.S. officer said, discounting reports that bin Laden may have died from typhoid or that his trail has gone cold.

"No, I don't think he's dead. The overall assessment is that they're still in Pakistan," the officer said.

In Afghanistan yesterday, insurgents attacked an Afghan police checkpoint in southern Helmand province and "at least 25 insurgents" were killed in the ensuing clash with international troops, the NATO-led force said.

Three Italian soldiers attached to the NATO force and one civilian were wounded yesterday when a roadside bomb hit their vehicle in the western Herat province, the Italian Defense Ministry said.

The attack was the latest in a spree of bombings in previously calm western Afghanistan, where NATO and Afghan officials have reported an increase in Taliban activity. Four Italian soldiers were wounded Sept. 8 by a roadside bomb in neighboring Farah province.

In Tribal Pakistan, An Uneasy Quiet (WP)

By Pamela Constable

The Washington Post, September 28, 2006

PESHAWAR, Pakistan, Sept. 27 -- Three weeks after Pakistan's president, Gen. Pervez Musharraf, announced a peace pact with Taliban radicals in a tribal area bordering Afghanistan, recent visitors say there is now pin-drop silence in a territory that once shook with artillery and bomb blasts. Religious patrols are enforcing law and order, they say, in place of Pakistan army troops who have withdrawn to their barracks.

But as the toll from violence rises across the border in Afghanistan, with suicide bombings killing 22 people in three cities this week, there are reports that militant Pakistani tribal leaders, while complying with their pledge to reduce the presence of foreign Islamic fighters, intend to defy the peace pact by sending local fighters and suicide bombers into Afghanistan.

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Musharraf continues to deny Afghan charges that the Pakistani government is sheltering and encouraging the revived Taliban insurgency from the tribal zones. But people interviewed in northwest Pakistan said there is widespread support in the tribal region for the Taliban movement's harsh Islamic morality and its war against U.S. forces and their allies in Afghanistan.

The tribal zones are a cluster of seven remote and rugged border districts where Pakistan's central government has never exerted more than nominal control. AK-47 assault rifles are common household possessions. Most of the people are Pashtun, the same ethnic group that dominates neighboring southern Afghanistan and that gave rise to the Taliban movement in the 1990s. Many Pashtun don't recognize the Pakistan-Afghan border, crossing it at will in both directions.

Under terms of the Sept. 5 agreement, Musharraf pledged to withdraw troops who had been attacking armed Islamic groups in the tribal area. In return, the fighters agreed to stop attacks on both sides of the border and expel foreign fighters unless they take up a peaceful life.

Afghan President Hamid Karzai has faulted the pact in the past as taking pressure off the Taliban. But in remarks to reporters Tuesday in Washington he toned down his remarks, saying he would take a "wait-and-see attitude." Karzai said he was encouraged to learn that the pact had been signed with tribal elders, not with Taliban commanders.

But the traditional system of tribal self-governance has been weakened during three years of conflict with Pakistan troops. More than 200 tribal chiefs have reportedly been killed. It is not clear whether the Taliban leadership feels bound to any agreement made by local elders.

In the past two weeks, an elderly Afghan man accused of spying was decapitated in North Waziristan, the tribal area where the pact was signed. The teenage brother of a Pakistani journalist slain there earlier this year was also found dead. One source said he had been told that a group of teenagers, fresh from religious and military training, had recently headed for the border to carry out suicide bombings in Afghanistan.

In a recent telephone interview with a Pakistani reporter, senior Taliban leader Dadullah Akhund said he had told local Taliban members to cease attacks in Pakistan but to continue their fight "abroad" against the U.S. military. He said that he had 500 suicide bombers and 12,000 fighters at his disposal and that by next spring the Taliban would have enough force to launch major attacks on Kabul, the Afghan capital.

The revived Taliban insurgency has already cut a swath of violence across Afghanistan. This year, more than 2,000 people have been reported killed in numerous provinces. NATO forces are struggling to secure southern provinces where the fighting is focused.

On both sides of the border, critics of the peace pact condemn it as a farce. They described it as a major concession to the Islamic radicals by Musharraf after he failed to quell them by force, and a ruse to persuade the United States and European powers that he is serious about stopping the Taliban.

"This deal has handed over North Waziristan to the Taliban," Afrasiab Khattak, a human rights activist and secular politician, said in an interview in Peshawar, located in the so-called settled areas outside the tribal region. He said a hierarchy of Taliban commanders had taken control of North Waziristan, collecting taxes and meting out rough justice.

"The war in Afghanistan is totally from this side," Khattak said. "It is a new round of jihad, and it is not going to remain inside the tribal enclaves."

U.S. officials have long believed that al-Qaeda members from various Muslim countries as well as renegade Taliban fighters had sought refuge in the tribal areas after the U.S.-led ouster of Taliban rule in Kabul in 2001. In recent months, fighters of an Uzbek Muslim militia, expert in explosives and sabotage, have reportedly been operating in the area. At U.S. urging, Pakistani troops in 2003 began staging repeated raids in the region but encountered tough resistance.

Several Pakistani journalists with contacts in North Waziristan have reported that since the peace pact was signed, local Islamic militants and clerics have abided by its term to ask foreigners to leave, making appeals from mosque loudspeakers. Groups of armed men affiliated with local religious parties are now enforcing order, the journalists said.

Officials of the major religious party that dominates the northwest tribal region -- though they were closely involved in negotiating the pact -- deny that there are any Taliban or foreign fighters in Waziristan at all. These leaders insisted the agreement was signed with local tribesmen who had nothing to do with attacks inside Afghanistan.

Qari Abdullah, a religious leader from the Jamiat-e-Ulema-i-Islami party in Bannu, a Pakistani city just outside North Waziristan, said Tuesday that his party was committed to bringing peace, democracy and development to the city's district.

"If the West calls us fundamentalists and terrorists, they are wrong," Abdullah said in an interview in his mosque. "If we had not helped make peace possible, North Waziristan would have turned into another Beirut." He asserted that the Taliban had been falsely blamed for attacks in Afghanistan: "The question is why there is an American army bombing innocent civilians, 15,000 kilometers from its own country."

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Foreign journalists are not allowed to enter the tribal region, but some of its prevailing atmosphere and attitude spill into neighboring areas of Pakistan. During a visit this week to Bannu, the closest city to the zone, a reporter found a curious mixture of rapid modernization and strong support for the Taliban.

Many people interviewed said admiringly that the Taliban had brought Islamic justice and moral order to Afghanistan, which it ruled from 1996 to 2001. They expressed little fear of the reported presence of Taliban or al-Qaeda fighters in the neighboring tribal areas, and some condoned the recent late-night bombings of two CD shops in Bannu, presumed to be a Taliban warning against music.

Many people interviewed in Peshawar and Bannu tended to dismiss the troubles facing Afghanistan as the result of indigenous tribal enmities and historical conflicts. Few except a handful of secular activists gave any credence to the repeated claims by the Afghan government of Pakistani interference and sponsorship of Islamic insurgents.

"We like the Taliban because they are against drugs, television, CDs and other sinful things," said Aminullah, 35, who sells sacks of grain in a market. "Bush is the real warlord who is invading other countries and making Muslims hate America."

Once an isolated backwater of donkey carts and thorny fields, Bannu now teems with signs of construction and modernization, including a new hospital, new schools and cellphone shops. At the same time, residents said the area has become increasingly conservative in its religious views and that dozens of new Islamic academies, or madrassas, have opened. Some people embodied these contrasts as they spoke.

"The Taliban are quiet in the tribal area, but now they are starting to cause some problems here," said Amanullah, the owner of a busy cellphone shop adorned with verses from the Koran. "Their actions are bad but their ideas are right. If they became the government here, it would be good. We would have no cinemas, no vulgarity, nothing with a bad impact on our women and children."

Bush Urges Karzai, Musharraf To Put Terror Fight Before Feud (USAT/AP)

USA Today, September 28, 2006

WASHINGTON — President Bush appealed to the bickering presidents of Pakistan and Afghanistan on Wednesday to put aside their differences and "strategize together" over dinner on ways to defeat the common enemy of terrorism.

Standing between Pakistani President Pervez Musharraf and Afghan President Hamid Karzai, Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

"Today's dinner is a chance for us to strategize together" and find common solutions, Bush said shortly before the meal.

"These two men are personal friends of mine," Bush said. "They are strong leaders who … understand that the forces of moderation are being challenged by extremists and radicals."

The meal was billed as an iftar, the meal that breaks the daytime fast during the Muslim holy month of Ramadan. Musharraf and Karzai are Muslims.

After the meal, the White House issued a statement that called the session a "constructive exchange."

"They committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan," press secretary Tony Snow said.

For months, Karzai and Musharraf have been trading barbs and criticizing each other's efforts to fight terrorists along their long, mountainous border.

Afghanistan has alleged that Pakistan lets Taliban militants launch attacks into Afghanistan from Pakistani territory. Karzai has said Musharraf turns a blind eye to hatred being bred at Islamic schools in Pakistan.

Musharraf says Karzai has bad information and noted that Pakistan has deployed 80,000 troops along the border.

Musharraf said Karzai is behaving "like an ostrich," refusing to acknowledge the truth and just being political.

Nato 'must Speed Up Reaction' To Taliban (FT)

By Stephen Fidler

Financial Times, September 28, 2006

Nato takes too long to build forces for its missions and needs to be able to respond more rapidly to requests for troops, Des Browne, the UK's defence minister, said on Wednesday.

Speaking the day before a meeting of defence ministers of the 26-member alliance in Slovenia that is set to discuss a military request for more Nato troops in Afghanistan, Mr Browne said Nato faced a short-term test in getting "boots on the ground or the equipment in to support them" in Afghanistan.

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He said Nato was rising to the challenge in Afghanistan, where it has more than 20,000 troops in place, but has struggled to find extra forces to meet unexpectedly fierce resistance from the Taliban militia. But he said there were lessons to be learnt from the deployment and he would tell the other ministers that Nato needed to modernise the way it generated its forces.

"It needs to look at its structures and its bureaucracy so that it can generate force in a way that responds in real time to the needs. I think it's becoming apparent in Afghanistan that the process of discussion is more complex than it needs to be," he said in a telephone interview from Manchester where he was attending the Labour party's annual conference.

UK officials said each country needed to look at its own operations but said too many Nato troops were still tied up in headquarters operations, for example.

Mr Browne said Nato's operations in southern Afghanistan, both those led by the Canadians in Kandahar and the British in Helmand, had been successful, but work was needed in reconstruction to improve the way the country was governed and to build economic opportunities.

Mr Browne said Nato needed to build a more comprehensive approach to its missions, bringing civilian agencies more closely into its operations. Officials said this would require closer co-operation with other bodies such as the United Nations and the World Bank.

The meeting in Portoroz is one of a series ahead of a summit of alliance leaders in Riga in late November, which is likely to give a political push to the efforts to increase the force in Afghanistan. However, the struggle Nato faces in generating troops is replicated by other international organisations because of the increasing number of multinational interventions under way.

American Commanders Question Political Will Of Iraqi Prime Minister (WP)

By Sudarsan Raghavan

The Washington Post, September 28, 2006

BAGHDAD, Sept. 27 -- Senior U.S. military commanders are questioning whether Iraqi Prime Minister Nouri al-Maliki has the political will to weed out official corruption and tackle the brutal militias that are threatening to plunge Iraq into civil war.

"It's going to take time for a government to cleanse itself over time," said a senior U.S. military official who spoke on condition of anonymity at a briefing with reporters. "I've got to give it time to do that and hope that I have a prime minister that's going to take that on."

The questions come as sectarian violence and the spread of militias have replaced the insurgency as the biggest challenge to U.S. efforts to bring security to Baghdad and other parts of Iraq. The major militias are arms of political parties inside Iraq's fragile coalition government and have widely infiltrated the security forces, placing Maliki, who has vowed to disarm the militias, in a delicate political position.

The questions about Maliki are being posed only privately, with U.S. officials in their public statements still voicing cautious confidence in Maliki's ability to recognize and tackle the problems.

"We have to fix this militia issue," said Lt. Gen. Peter Chiarelli, the second-ranking U.S. military official in Baghdad. "We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

But in recent days, senior U.S. military commanders have suggested that if the Maliki government fails to take action soon, they may have to step in and pressure the government to go after militias holed up in neighborhoods around Baghdad. Their primary target is most likely the Mahdi Army, a militia linked to radical anti-American cleric Moqtada al-Sadr that Sunni Muslims accuse of running death squads under the mantle of Shiite Islam.

"We are now at a time when we have a little bit of influence there," said the senior U.S. military official. "There is going to come a time when I would argue we are going to have to force this issue. . . . We have to, wherever we can, use what pressure, what influence we have, to get them as quickly as possible to clear these places out."

Complicating matters for the Maliki government are growing concerns over official graft that is so rife that it resembles the days under President Saddam Hussein, when such corruption was an accepted part of life.

"I can tell you in every single ministry how they are using that ministry to fill the coffers of the political parties," said the senior U.S. military official. "They are doing that because that is exactly what Saddam Hussein did."

The officials' comments underscore a growing frustration over the speed of government reform efforts, at a time when pressure is mounting back home for a withdrawal of U.S. troops. The private questions about Maliki's abilities also come after a particularly violent month in Baghdad and across Iraq, as suicide bombings and execution-style slayings have continued unabated.

"This has been a tough week. Over the past two weeks, we have seen a rise in the number of attacks, especially in Baghdad," said Maj. Gen. William B. Caldwell. "Murders and executions are currently the number one cause of civilian deaths in Baghdad."

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Ali Dabbagh, a government spokesman, said Wednesday that the militia problem needed to be tackled carefully in order not to disrupt the nation's delicate political balance and efforts to reconcile warring factions. If a political solution cannot be found, he said, the government will need to use force against the militias. But he said such measures should be undertaken by Iraqi security forces. "This issue is very critical," Dabbagh said. "I do not think the U.S. needs to interfere with this issue. The government should do this by themselves."

Dabbagh said the government is planning to install an inspector general in each ministry to audit its finances. He said a new integrity commission has already been launched to investigate corrupt officials. While Dabbagh said he was not aware if large sums of money had been stolen from the coffers of ministries, he conceded that corruption was a major problem for the government.

Senior U.S. military commanders are urging the government to take faster action against the militias, particularly those that have infiltrated various government ministries.

"There's a political piece to this to see if they deal with these guys," said another senior U.S. military official, who also spoke on condition of anonymity at a separate briefing with reporters. "I won't deny the fact that there is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government. And I think the time is short for them to deal with that over time because this can't go on like that."

"I don't see an open end to this deal, I mean, where this just goes on and on. I think the government, the people will get tired if they don't see any action on this," the U.S. official said.

Sadr and his allies, however, control four government ministries and hold 30 seats in the Iraqi parliament, more than any other faction. He played an instrumental role in propelling Maliki into power in April following several months of Shiite political infighting. For the past two months, thousands of U.S. and Iraqi troops have entered some of Baghdad's roughest neighborhoods as part of an operation to quell the sectarian strife. But no major operations have been undertaken in Sadr City, Sadr's stronghold and where his Mahdi Army is in full control.

A third senior U.S. military official, who also spoke on condition of anonymity in a briefing to reporters, similarly questioned the government's resolve to tackle Iraq's myriad problems. "There are still folks who think they can win a sectarian conflict, inside the political parties as well as some guys inside the government," he said. "I think the senior leadership recognizes that that's a failing policy. But getting from sort of the platitude to the reality is the challenge and growth."

He added, "And I'll tell you, the other aspect is, don't assume competency."

Military Officials Add To U.S. Criticism Of Iraq's Government (NYT)

By Richard A. Oppel Jr.

The New York Times, September 28, 2006

BAGHDAD, Sept. 27 — Senior American military officials are warning that time is growing short for Iraq to root out militias inside and outside the government and purge ministries of corrupt officials who are diverting large sums of money to their own political parties.

"We are now at a time when we have a little bit of influence there," a senior military official said. Referring to the problem of militias, he added, "There is going to come a time when I would argue we are going to have to force this issue."

The official said political parties who were plundering ministries were squandering chances to make progress that could reduce sectarian violence.

"I can tell you in every single ministry how they are using that ministry to fill the coffers of the political parties," the official said. "They are doing that because that is exactly what Saddam Hussein did."

Another sign of how acute Iraq's security woes have become emerged Wednesday: the past week saw the highest number of suicide bomb attacks of any week since the American-led invasion in 2003, according to the chief United States military spokesman in Iraq, Maj. Gen. William B. Caldwell IV.

"This has been a tough week," General Caldwell said. "This week's suicide attacks were at their highest level in any given week." But such attacks, he said, are still not the No. 1 killer of Baghdad civilians. "Murders and executions are," he said.

In recent weeks American and Iraqi officials have privately voiced concerns that Prime Minister Nuri Kamal al-Maliki might not have the will or the political dexterity to bring the country together and avoid a full-scale civil war. Mr. Maliki, they say, is hamstrung and beholden to rival political parties with their own large militias.

Comments offered by senior United States military officials in the last few days have been even more pointed and take in not only the Maliki administration but also the whole of the Iraqi government bureaucracy. The senior military officials agreed to speak only without being identified, because of the delicate nature of the issue.

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Another senior military official said Mr. Maliki needed to move quickly to rid ministries of death squads and militiamen. "I think the time is short for them to deal with that over time, 'cause this can't go on like that," the official said. Speaking about the militias and other problems, he added that "people will get tired if they don't see any action on this."

The Iraqi national security adviser, Mowaffak al-Rubaie, said Mr. Maliki had little support within his own government to take action.

"The situation is really serious," Mr. Rubaie said. "There is no cohesion in the government to help him. There are so many circles he needs to take into consideration when he wants to make a decision. There is a lack of will to stop the violence among the politicians."

An American raid on Wednesday in the restive city of Baquba, north of Baghdad, killed four women and four men. The military identified the men as "suspected terrorists," but family members said they were innocent.

The military said American forces had taken heavy fire from a building where terrorists were believed to be hiding, even after interpreters announced that the forces were in the area.

The military said that troops had killed two men it described as terrorists, and that United States aircraft had fired "multiple rounds" at the building. The military said that the dead found inside included another two male terrorists and four women, and that two terrorists and one woman had been wounded. Weapons and a global positioning system were found.

Relatives said the eight people killed were from the same family and had no ties to terrorism. Associated Press Television News quoted the homeowner's daughter, Manal Jassim, as saying: "They were all innocent people. We were sleeping when they entered our house at dawn. I found my father, mother, aunt and sister-in-law lying dead. We were an 11-member family. Eight were killed."

The western Baghdad neighborhood of Huriya continued to be a sectarian battleground where militiamen terrorize and kill Sunni Arabs. According to an Interior Ministry official, gunmen in two cars on Wednesday sprayed fire at Sunnis gathered near a mosque, killing 10 and wounding 11.

A car bomb in Huriya wounded two civilians, and another car bomb exploded elsewhere in Baghdad, killing five people and wounding eight, the Interior Ministry official said.

The United States military said a marine from Regimental Combat Team Seven was killed Monday during "enemy action" in Anbar Province, west of Baghdad. No details were provided.

An American soldier also died Wednesday, after being attacked by small-arms fire in southern Baghdad.

Iraq Impeding Efforts To Go After Shiite Militias, U.S. Military Says (LAT)

By Solomon Moore

The Los Angeles Times, September 28, 2006

BAGHDAD — Senior U.S. military officials have stepped up complaints that Iraq's Shiite-led government is thwarting efforts to go after Shiite death squads blamed in the execution-style killings of Sunni Arabs in neighborhoods across this capital.

Although deadly Sunni Arab rebel attacks remain frequent in Baghdad, U.S. officials, including Ambassador Zalmay Khalilzad, say death squads affiliated with Shiite militias have become the main factors ratcheting up the capital's death toll from sectarian killings.

Civilian deaths in Baghdad during July and August totaled more than 5,100, according to United Nations figures, and most were caused by the sectarian strife.

However, the 8,000 U.S. troops sent to Baghdad in recent weeks to restore order have been largely prevented from confronting those militias, many of which have ties to Iraqi government officials.

The statements by ranking U.S. authorities complaining about the situation highlight rising American dissatisfaction with Iraqi Prime Minister Nouri Maliki and an increasing willingness to exert pressure on the fledging Iraqi government.

The U.S. forces would like to stage heightened military operations in Baghdad neighborhoods such as Sadr City, a stronghold for anti-U.S. Shiite Muslim cleric Muqtada Sadr's Al Mahdi militia.

"We have to fix this militia issue," Army Lt. Gen. Peter W. Chiarelli, commander of day-to-day operations in Iraq, said Wednesday.

"We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that."

U.S. officials are anxious for Iraqis to take a stronger role in their country's security because of mounting pressure to withdraw American troops as soon as possible. Rising public discontent in the United States with the war, tired troops on their third and fourth rotations in the Middle East and huge expenditures by American taxpayers are all driving U.S. officials to press the government of Maliki, a Shiite, to quickly take more responsibility.

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A map provided by the U.S. military on Wednesday identified nine neighborhoods that have been targeted in a Baghdad security plan, a major effort aimed at ridding the capital of Sunni Arab insurgents and Shiite militias.

However, all but two of these neighborhoods are predominantly Sunni.

Publicly, U.S. military leaders say they are simply conducting operations in areas where they are tracking the most killings, but privately they acknowledge that the Iraqi government has been reluctant to go after Shiite militias.

Tensions increased between the U.S. military and the Iraqi government after the Iraqi army's recent failure to deploy 4,000 troops to Baghdad.

Iraqi officials have attempted to send soldiers from the south to Diyala province to stabilize sectarian strife in the provincial capital, Baqubah, 35 miles north of the capital.

But a U.S. military official with knowledge of combat operations in Iraq said, "We told them that they can't send anybody to Diyala until they give us the troops we need for Baghdad."

The military official, who requested anonymity because of restrictions about speaking to news media about combat operations, also complained that Maliki's government had scrapped a plan to move U.S. and Iraqi troops into Sadr City before the start of the current holy month of Ramadan, a sign of how sectarian political considerations were hampering attempts to quell violence in Baghdad.

U.S. Army Maj. Gen. James Thurman, commander of military forces in the capital, said last week that "one of the sources of death groups are militias."

"I consider that issue a problem that the [Iraqi] government must deal with immediately."

Iraqi government spokesman Ali Dabbagh said Maliki well understood the dangers posed by Shiite militias, but he said that political realities in Iraq could present the prime minister with even greater peril.

"This might create a negative reaction, and it may affect the political situation as well as the security situation in Baghdad," he said, defending Maliki's refusal to allow the U.S. military to raid Sadr City this month.

Dabbagh also said it was unfair to treat the Shiite militias the same as the Sunni Arab insurgents, because, he said, the paramilitaries were reacting to first blows by the rebels.

"Extremists and Saddamist parties are making bombs and killing Iraqis," Dabbagh said. "We do agree that there are revenge killings taking place, but not in the way of the Saddamists — this is just a reaction. We have to deal with the main causes: There are suicide bombers and car bombs attacking the Iraqis every day."

The American frustration in Baghdad is part of a growing chorus in recent weeks from officials both in Iraq and Washington expressing disappointment that Maliki has not taken a stronger stand against the militias, some of whose members serve in Iraq's army and police forces.

The dissatisfaction comes as scores of corpses — many mutilated by power drills, knives and multiple gunshots — continue to arrive at Baghdad's morgues, victims of death squads that officials fear are affiliated with politically backed militias.

The Sadr movement has control of some of Iraq's most powerful ministries, including Health, Transportation and Agriculture. The Badr Organization, a militia affiliated with the Supreme Council for Islamic Revolution in Iraq — a leading Shiite political party — and followers of Sadr have a strong influence at the Interior Ministry, which supervises the nation's police forces. Many ministries have their own security forces, which have been implicated in killings.

U.S. officials said they worried that a hands-off stance toward the militias could alienate those Sunni Arabs who have entered Iraqi civil society, including the army. They say they are concerned that Maliki's unity government could fray and that disaffected Sunni Arabs could drift into militancy.

U.S. military leaders described various obstacles facing them as they attempt to quell sectarian violence in Baghdad, including "no-touch lists" that prohibit them from arresting politicians and other high-status individuals, and off-limits areas in Baghdad that the U.S. military may not enter without permission from the Iraqi government.

U.S. military officials said they were also constrained by their desire to see the Iraqi government prove its ability to rule fairly, without regard to narrow sectarian interests and without significant U.S. interference, by resolving the sectarian conflict.

"There's a political piece to this to see if they deal with these guys," said another high-ranking U.S. military official in Baghdad, who also requested anonymity in order to maintain relationships with the Iraqi government.

"I won't deny the fact that there is corruption and problems in some of the ministries, but it's got to be dealt with, and it ought to be dealt with by the prime minister and the folks inside his government."

Instead, Maliki's government has often appeared to respond with ambivalence and occasional hostility to efforts to crack down on Shiite gunmen.

In August, U.S. forces raided Sadr City and battled with suspected militia members in one of the first thrusts of the Baghdad offensive. The prime minister responded by rebuking the American government for conducting the Sadr City incursion without permission from his administration.

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Maliki's government also criticized two raids last week that captured suspected Al Mahdi militia leaders in the southern holy city of Najaf and in Baghdad.

In Washington, members of the Iraq Study Group — a high-profile, administration-backed panel examining U.S. policy in Iraq — recently held a news conference to say that they believed Maliki had just three months to act against the militias and restore stability.

But some observers say that Americans may have unrealistic expectations for an embryonic government so riven with sectarian and partisan fissures. Even if the Iraqi government had the will to act, it might not be able to control the militias, which U.S. and Iraqi officials contend have splintered into more radicalized and deadly elements.

"For example, Muqtada Sadr was ordered to control the militias, but even he can't control them," said Suha Azzawi, a Sunni Arab politician.

U.S. General Warns That Iraq Is Close To Dissolving Into Civil War (MCT)

By Nancy A. Youssef

McClatchy, September 28, 2006

BAGHDAD, Iraq - A top-ranked U.S. military officer in Iraq said Wednesday that the United States thought that the government of Prime Minister Nouri al Maliki was running out of time to prevent Iraq from dissolving into outright civil war.

"We have to fix this militia issue. We can't have armed militias competing with Iraq's security forces. But I have to trust the prime minister to decide when it is that we do that," said Lt. Gen. Peter Chiarelli, the second-highest-ranking American military official in Baghdad.

Chiarelli's comments to a gathering of reporters were a part of a growing chorus of concerns from U.S. political and military leaders about the Iraqi government's ability and willingness to tackle corruption and militia-run death squads. They suggest that top American leaders are growing frustrated with the pace of reforms and may even be starting to argue for eventual U.S. withdrawal.

Throughout the month, senior military officials - almost always speaking anonymously because of the sensitivity of the subject - have expressed frustration with the government, saying corruption and rogue militias backed by rebel Shiite Muslim cleric Muqtada al Sadr are rampant. They've complained of ministers using their offices to fill the coffers of their political parties and of government workers using their jobs to attack rival sects. They said the Iraqi government turned a blind eye, embracing a sectarian winner-take-all approach to governance.

American and some Iraqi leaders quietly complain that Maliki isn't willing to make difficult decisions because he's politically beholden to the followers of Sadr, who backed his premiership. He often has blocked U.S. military officials from entering Shiite militia areas such as the Baghdad slum of Sadr City to make arrests.

"There's a political piece to this to see if they deal with these guys," a senior military official said earlier this month, speaking on condition of anonymity. "There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government. I think the time is short for them to deal with that over time, because this can't go on like that."

Maj. Gen. William Caldwell, a top American military spokesman, said Wednesday that murders and executions were now the top reasons for civilian deaths in Baghdad. He said it was widely believed that Shiite militias and Sunni Muslim insurgency groups were doing the killing.

"When we say murders and executions, we're assuming murders and executions are in fact sectarian violence that is occurring within the city," Caldwell said.

In a WorldPublicOpinion.org poll conducted Sept. 1-4 by the Program on International Policy Attitudes at the University of Maryland, 77 percent of Iraqi respondents, including 100 percent of Sunnis polled, said they'd prefer a strong government that would get rid of militias.

The minority Sunnis, whom U.S. officials want to remain in the political process, threatened last week to leave the government if Maliki doesn't address the problem of the militias.

Hassan Sineid, a Shiite assemblyman and fellow member of Maliki's Dawa Party, said security forces had performed badly, and he called for the defense and interior ministers to resign. He said the prime minister soon would present a resolution before parliament calling for the disbanding of militias.

Recently, Maliki publicly denounced an attack in Sadr City that killed 34 people last week. It was one of the few occasions he's condemned violence in Iraq at a time when an average of 100 people are killed in the country each day.

American officials continue to support Maliki because he's the country's elected leader.

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In other developments, the U.S. military said eight people, including four women, were killed early Wednesday in a raid in Baqouba that targeted a terrorist with ties to the group al Qaida in Iraq. Three other people, including two whom the military said were tied to terrorist activity, were wounded.

During the raid, gunfire came from the building that soldiers were targeting and from throughout the neighborhood. The military called in an air attack.

Weapons and a global positioning system were found in the targeted building. American military spokesman Lt. Col. Barry Johnson said the deaths of the women came after those in the building were warned repeatedly to stop firing.

McClatchy special correspondent Zaineb Obeid and Mark Brunswick of the Minneapolis Star Tribune contributed to this report from Baghdad.

Poll: Iraqis Back Attacks On U.S. Troops (AP)

By Barry Schweid

AP, September 27, 2006

About six in 10 Iraqis say they approve of attacks on U.S.-led forces, and slightly more than that want their government to ask U.S. troops to leave within a year, a poll finds.

The Iraqis also have negative views of Osama bin Laden, according to the early September poll of 1,150.

The poll, done for University of Maryland's Program on International Policy Attitudes, found:

_Almost four in five Iraqis say the U.S. military force in Iraq provokes more violence than it prevents.

_About 61 percent approved of the attacks — up from 47 percent in January. A solid majority of Shiite and Sunni Arabs approved of the attacks, according to the poll. The increase came mostly among Shiite Iraqis.

_An overwhelmingly negative opinion of terror chief bin Laden and more than half, 57 percent, disapproving of Iranian President Mahmoud Ahmadinejad.

_Three-fourths say they think the U.S. plans to keep military bases in Iraq permanently.

_A majority of Iraqis, 72 percent, say they think Iraq will be one state five years from now. Shiite Iraqis were most likely to feel that way, though a majority of Sunnis and Kurds also believed that would be the case.

The PIPA poll, which included an oversample of 150 Sunni Iraqis, has a margin of error of plus or minus 3 percentage points.

The State Department, meanwhile, has conducted its own poll, something it does periodically, spokesman Sean McCormack said. The State Department poll found two-thirds of Iraqis in Baghdad favor an immediate withdrawal of U.S. forces, according to The Washington Post. McCormack declined to discuss details of the department's poll.

"What I hear from government representatives and other anecdotal evidence that you hear from Iraqis that is collected by embassy personnel and military personnel is that Iraqis do appreciate our presence there," he said. "They do understand the reasons for it, they do understand that we don't want to or we don't intend to be there indefinitely."

An Iraqi public opinion research firm with a proven record of conducting scientifically valid surveys conducted the department's poll, press officer Janelle Hironimus said later.

"We will not identify the firm in order to protect it and its employees from danger," she said.

Iraqi officials have said Iraq's security was improving and expanding throughout the country, and most U.S. troops might be able to leave eventually.

Last week, Iraqi President Jalal Talibani told the United Nations that coalition forces should remain in Iraq until Iraqi security forces are "capable of putting an end to terrorism and maintaining stability and security."

U.S. To Gauge Iraqi Support For Operations (WP)

By Walter Pincus

The Washington Post, September 28, 2006

As violence continues in Iraq, the military is looking for ways to achieve stability through opinion polls and public relations.

The Multi-National Command in Baghdad wants to hire a private firm to conduct polling and focus groups in Iraq "to assess the effectiveness of operations as they relate to gaining and maintaining popular support," according to a notice the Department of the Army posted yesterday.

"Since the end of major combat operations in Operation Iraqi Freedom, Coalition Forces have sought to build robust and positive relations with the people of Iraq and to assist the Iraqi people in forming a new government," the notice says, posted on the government contracting Web site FBODaily.com.

Polling and focus groups are being sought as "important tools for assessing changes in the level of a population's support for various groups," according to the posting.

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Polling in Iraq is so sensitive that the contract proposal states that the winner must ensure those being questioned "are not aware of the survey sponsor's identity." One member of a firm that has conducted polling for the Baghdad command said yesterday that "if someone out there believes the client is the U.S. government, the persons doing the polling could get killed." The official insisted on anonymity for fear of putting his company's employees at risk.

Word of the proposed new contract comes a day after release of a State Department poll that found that majorities in all regions of Iraq, except the Kurdish areas, want U.S. and allied troops to withdraw immediately and that their departure would make people feel safer. It also follows the release of an April 2006 National Intelligence Estimate on terrorism that found that U.S. military action has become a "cause celebre" in the Arab world and has fueled anti-American feelings in Iraq and the Middle East.

The Baghdad command also confirmed yesterday that it has awarded a two-year, $12.4 million contact to handle strategic communications management to the Lincoln Group, the Washington-based public relations company found late last year to have been paying money to place favorable articles in the Iraqi news media.

William Dixon, a spokesman for the Lincoln Group, said yesterday he could not comment on the details of particular contracts and deferred comment to the Baghdad command.

Lincoln was the lowest of seven bidders on what was estimated as a $20 million contract to help military commanders in Baghdad get what they considered the positive side of their operations in the news, according to one of the bidders who was briefed on the contract. The contract calls for providing media strategy such as setting up news conferences and public speeches, media training for Iraqi government officials in addition to military commanders, and monitoring of Middle East and some U.S. news outlets, including The Washington Post, New York Times and major television networks. The monitoring would include creating a database of articles graded as favorable or unfavorable.

Lincoln's practices have attracted controversy, most recently because of a report in the current issue of Harper's Magazine. In it, Willem Marx, an Oxford University student, describes working for Lincoln in Baghdad last summer and using a spreadsheet listing amounts charged by Iraqi newspapers to run articles written by Army personnel, at costs that ran from $50 to $1,500.

At least one of the bidders who lost to Lincoln is considering a challenge to the award based on Lincoln's record.

Lincoln's spokesman dismissed the article's claims. "The former intern's exaggerated and misleading account does not accurately depict the firm's activities in the emerging markets and challenging environments," Dixon said.

Rise In Violence Accompanies Ramadan (USAT/AP)

The Associated Press

USA Today, September 28, 2006

BAGHDAD — The top U.S. military spokesman in Iraq said Wednesday that violence in Baghdad had risen, as predicted, with the onset of Ramadan. In Iraq, the Muslim holy month officially started on Monday.

Suicide attacks were at their highest level ever, Maj. Gen. William Caldwell said. He didn't provide any figures.

“We are seeing an increase in attacks, as anticipated. The terrorists and illegal armed groups are punching back in an effort to discredit the government of Iraq and more specifically the Baghdad security plan,” Caldwell said. “This has been a tough week.”

He said murders and executions are the No. 1 cause of civilian deaths in Baghdad, and operations against sectarian death squads have been stepped up. Since mid-July, 29 death squad cell leaders and 254 members have been killed or captured, he said.

Wednesday, the bodies of 15 people found around Baghdad were turned in to the morgue in Kut, 100 miles southeast of the capital, morgue official Mahmoun Ajeel al-Rubaie said.

After evening prayers in the al-Meshahda Sunni mosque in Baghdad's northern Huriyah neighborhood, 10 people were killed in a shootout between gunmen near the mosque, police 1st Lt. Maythem Abdul Razzaq said.

Operation Together Forward, a neighborhood-by-neighborhood security drive, was launched this summer after U.S. generals warned that escalating violence in Baghdad was leading to civil war. Sweeps for weapons and insurgents have been started or completed in about half the neighborhoods.

Also Wednesday, U.S. troops got into a firefight when they approached a home of a suspected terrorist for al-Qaeda in Iraq. Troops killed two terrorist suspects and called in airstrikes because of “the heavy volume of enemy fire,” the statement said. In the rubble were found the bodies of two more terror suspects and four women.

Relatives of those killed in the raid in Baqouba, 35 miles northeast of Baghdad, said their family had nothing to do with terrorists.

Meanwhile, Sunni tribal leaders who have vowed to drive al-Qaeda out of Iraq's most restive province met the Shiite prime minister.

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Prime Minister Nouri al-Maliki met with sheiks from Anbar province who have said al-Qaeda's violent ways and severe interpretation of Sunni Islam have alienated traditional-minded Sunnis.

The efforts to contain the violence came amid a poll that found most Iraqis would prefer to see foreign forces leave. A poll of 1,150 Iraqis done for the University of Maryland's Program on International Policy Attitudes found about six in 10 Iraqis say they approve of attacks on U.S.-led forces.

A State Department poll found two-thirds of Iraqis in Baghdad favor an immediate withdrawal of U.S. forces, according to The Washington Post. State Department spokesman Sean McCormack confirmed the poll had been conducted but declined to discuss details.

Cleric Said To Lose Reins Over Part Of Iraqi Militia (NYT)

By Sabrina Tavernise

The New York Times, September 28, 2006

BAGHDAD, Sept. 27 — The radical Shiite cleric Moktada al-Sadr has lost control of portions of his Mahdi Army militia that are splintering off into freelance death squads and criminal gangs, a senior coalition intelligence official said Wednesday.

The question of how tightly Mr. Sadr holds the militia, one of the largest armed groups in Iraq, is of critical importance to American and Iraqi officials. Seeking to ease the sectarian violence raging across the country, they have pressed him to join the political process and curb his fighters, who see themselves as defenders of Shiism — and often as agents of vengeance against Sunnis.

But as Mr. Sadr has taken a more active role in the government, as many as a third of his militiamen have grown frustrated with the constraints of compromise and have broken off, often selling their services to the highest bidders, said the official, who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues.

“When Sadr says you can’t do this, for whatever political reason, that’s when they start to go rogue,” the official said. “Frankly, at that point, they start to become very open to alternative sources of sponsorship.” The official said that opened the door to control by Iran.

Mr. Sadr’s militia — dominated by impoverished Shiites who are loosely organized into groups that resemble neighborhood protection forces — has always operated in a grass-roots style but generally tended to heed his commands. It answered his call to battle American forces in two uprisings in 2004, and stopped fighting when he ordered it. But as the violence in Iraq has spread, evidence of freelancing Shiites has accumulated.

After the bombing of a Shiite shrine in Samarra in February, bands of militants dressed in black, the favorite color of Sadr loyalists, drove into neighborhoods, kidnapping and killing Sunnis. Mr. Sadr, who was abroad at the time, returned home and gave a rare public speech calling on his followers to stop, even proposing joint prayer sessions with Sunni clerics. Still, the rampage continued.

In Basra, a province in southeastern Iraq, Mr. Sadr has less direct control over militiamen, and they have tended to operate to suit their own agenda. Local leaders there have said that he has disciplined some members and fired others, but with little overall effect. He has run through four different leaders in Basra, according to the intelligence official, and has even had to shut offices temporarily, when local leaders ignored him and acted on their own.

Mr. Sadr is still immensely powerful, with as many as 7,000 militiamen in Baghdad, the official said. And the cleric has turned that firepower into political might. His candidate list won about 30 seats in Parliament this year, one of the largest shares. The participation was a central goal for American officials, who tried for months to persuade him to stop fighting and enter politics.

Still, six major leaders here no longer answer to Mr. Sadr’s organization, according to the intelligence official. Most describe themselves as Mahdi Army members, the official said, and even get money from Mr. Sadr’s organization, but “are effectively beyond his control.” Some of those who moved away from Mr. Sadr saw him as too accommodating to the United States. Others saw him as too bound by politics, particularly as killings of Shiite civilians in mixed neighborhoods began to soar.

“They’re not content to sit there and just defend their family on the street corner,” the official said. “They want to go out and take on what they view as Al Qaeda or Baathists or both in aggressive measure.”

One example is Abu Dera, a fighter in the Shiite stronghold of Sadr City in the capital who used to be loyal to Mr. Sadr. Residents said that as he began to gain a reputation for killing Sunni figures, Mr. Sadr told him to stop. But he ignored the order, and now he is referred to as the “Shiite Zarqawi,” after Abu Musab al-Zarqawi, the terrorist leader who exhorted Sunnis to kill Shiites.

“He started against the Americans, but he moved on to killing Sunnis,” said Sattar Awad, a 29-year-old resident of the district. “People here look at him as a brave man.”

American forces are hunting for Mr. Dera, the intelligence officer said, but he has eluded capture.

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Although the splintering has solved some problems for the American military, it has raised new ones. “In some ways it makes it easier for me because I now have digestible doses I can deal with,” said a senior American military official at a briefing on Wednesday, also in Baghdad. “At the same time it creates problems because they are harder to find when they are splintered.”

The splintering has changed the tone of the American military’s interaction with the Mahdi Army in Sadr City. In past years, American forays into the area would often draw a storm of grenade attacks. But recent American moves into the area have been carried out relatively peacefully: Mr. Sadr has not ordered attacks because the men being sought were freelancers like Abu Dera, the intelligence officer said.

The fighters’ defections have raised the troubling prospect of more avenues of influence for Iran, the senior intelligence official said. The official cited shipments of weapons with labels that trace back to Iranian weapons manufacturers as evidence that Iran was actively aiding groups in Iraq. And that assistance has not just been limited to Mahdi Army offshoots. “They’re not sure who will come out on top, so they fund everybody,” the official said of Iran.

Even Mr. Sadr, who fashions himself as the quintessential Iraqi nationalist, has reached out to Iran’s government, making a very public trip to Iran for talks early this year. He is also trying to reassert control over his power base at home, and to expand his influence, the intelligence official said. “What Sadr is looking for is discipline,” the official said.

He said Mr. Sadr had begun to increase his exposure in the northern city of Kirkuk and in Diyala Province, both mixed-population areas north of Baghdad where sectarian disputes have been on the rise. There, he is trying to appeal by casting himself as a defender of Shiites against Kurdish and Sunni Arab factions.

Heralded Iraq Police Academy A 'Disaster' (WP)

By Amit R. Paley

The Washington Post, September 28, 2006

BAGHDAD, Sept. 27 -- A $75 million project to build the largest police academy in Iraq has been so grossly mismanaged that the campus now poses health risks to recruits and might need to be partially demolished, U.S. investigators have found.

The Baghdad Police College, hailed as crucial to U.S. efforts to prepare Iraqis to take control of the country's security, was so poorly constructed that feces and urine rained from the ceilings in student barracks. Floors heaved inches off the ground and cracked apart. Water dripped so profusely in one room that it was dubbed "the rain forest."

"This is the most essential civil security project in the country -- and it's a failure," said Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, an independent office created by Congress. "The Baghdad police academy is a disaster."

Bowen's office plans to release a 21-page report Thursday detailing the most alarming problems with the facility.

Even in a $21 billion reconstruction effort that has been marred by cases of corruption and fraud, failures in training and housing Iraq's security forces are particularly significant because of their effect on what the U.S. military has called its primary mission here: to prepare Iraqi police and soldiers so that Americans can depart.

Federal investigators said the inspector general's findings raise serious questions about whether the U.S. Army Corps of Engineers has failed to exercise effective oversight over the Baghdad Police College or reconstruction programs across Iraq, despite charging taxpayers management fees of at least 4.5 percent of total project costs. The Corps of Engineers said Wednesday that it has initiated a wide-ranging investigation of the police academy project.

The report serves as the latest indictment of Parsons Corp., the U.S. construction giant that was awarded about $1 billion for a variety of reconstruction projects across Iraq. After chronicling previous Parsons failures to properly build health clinics, prisons and hospitals, Bowen said he now plans to conduct an audit of every Parsons project.

"The truth needs to be told about what we didn't get for our dollar from Parsons," Bowen said.

A spokeswoman for Parsons said the company had not seen the inspector general's report.

The Coalition Provisional Authority hired Parsons in 2004 to transform the Baghdad Police College, a ramshackle collection of 1930s buildings, into a modern facility whose training capacity would expand from 1,500 recruits to at least 4,000. The contract called for the firm to remake the campus by building, among other things, eight three-story student barracks, classroom buildings and a central laundry facility.

As top U.S. military commanders declared 2006 "the year of the police," in an acknowledgment of their critical role in allowing for any withdrawal of American troops, officials highlighted the Baghdad Police College as one of their success stories.

"This facility has definitely been a top priority," Lt. Col. Joel Holtrop of the Corps of Engineers' Gulf Region Division Project and Contracting Office said in a July news release. "It's a very exciting time as the cadets move into the new structures."

Complaints about the new facilities, however, began pouring in two weeks after the recruits arrived at the end of May, a Corps of Engineers official said.

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The most serious problem was substandard plumbing that caused waste from toilets on the second and third floors to cascade throughout the building. A light fixture in one room stopped working because it was filled with urine and fecal matter. The waste threatened the integrity of load-bearing slabs, federal investigators concluded.

"When we walked down the halls, the Iraqis came running up and said, 'Please help us. Please do something about this,' " Bowen recalled.

Phillip A. Galeoto, director of the Baghdad Police College, wrote an Aug. 16 memo that catalogued at least 20 problems: shower and bathroom fixtures that leaked from the first day of occupancy, concrete and tile floors that heaved more than two inches off the ground, water rushing down hallways and stairwells because of improper slopes or drains in bathrooms, classroom buildings with foundation problems that caused structures to sink.

Galeoto noted that one entire building and five floors in others had to be shuttered for repairs, limiting the capacity of the college by up to 800 recruits. His memo, too, pointed out that the urine and feces flowed throughout the building and, sometimes, onto occupants of the barracks.

"This is not a complete list," he wrote, but rather a snapshot of "issues we are confronted with on a daily basis (as recent as the last hour) by the incomplete and/or poor work left behind by these builders."

The Parsons contract, which eventually totaled at least $75 million, was terminated May 31 "due to cost overruns, schedule slippage, and sub-standard quality," according to a Sept. 4 internal military memo. But rather than fire the Pasadena, Calif.-based company for cause, the contract was halted for "the government's convenience."

Col. Michael Herman -- deputy commander of the Gulf Region Division of the Corps of Engineers, which was supposed to oversee the project -- said the Iraqi subcontractors hired by Parsons were being forced to fix the building problems as part of their warranty work, at no cost to taxpayers. He said four of the eight barracks have been repaired.

The U.S. military initially agreed to take a Washington Post reporter on a tour of the facility Wednesday to examine the construction issues, but the trip was postponed Tuesday night. Federal investigators who visited the academy last week, though, expressed concerns about the structural integrity of the buildings and worries that fecal residue could cause a typhoid outbreak or other health crisis.

"They may have to demolish everything they built," said Robert DeShurley, a senior engineer with the inspector general's office. "The buildings are falling down as they sit."

Herman said that he doubted that was the case but that he plans to hire an architecture and engineering firm to examine the facility. He also plans to investigate concerns raised by the inspector general's office that the Army Corps of Engineers did not properly respond to construction problems highlighted in quality-control reports.

Inside the inspector general's office in Baghdad on a recent blistering afternoon, several federal investigators expressed amazement that such construction blunders could be concentrated in one project. Even in Iraq, they said, failure on this magnitude is unusual. When asked how the problems at the police college compared with other projects they had inspected, the answers came swiftly.

"This is significant," said Jon E. Novak, a senior adviser in the office.

"It's catastrophic," DeShurley added.

Bowen said: "It's the worst."

Two Wars, One Mission (LAT)

By Rich Lowry, David B. Rivkin Jr.

The Los Angeles Times, September 28, 2006

TO CRITICS of the Bush administration, the war in Afghanistan is the "good" counterinsurgency. Their calls for troop reductions or a timetable to end the "bad war" in Iraq are matched by demands for more resources and perseverance in Afghanistan. However, this preference is senseless, driven either by sentimentality or partisanship. There is no sound strategic reason to favor the Afghan war over the war in Iraq. In fact, the fates of Baghdad and Kabul are intertwined.

The two wars began differently, of course. The Afghan war has always been much less controversial. No one has ever denied that the Taliban's harboring of Al Qaeda was a legitimate casus belli. The Iraq war had much more opposition from the beginning, and one of its chief rationales — that Saddam Hussein was harboring stockpiles of weapons of mass destruction — seemed to collapse after the U.S. invasion. But if you put aside how the wars began — and we realize that many opponents of the Iraq war will never be able to do that — there is little to differentiate them.

In Iraq, we face a vicious insurgency that will take years to defeat; the same is true in Afghanistan. In Iraq, the insurgency is made more difficult by the overlay of sectarian violence (Sunni versus Shiite); the same is true in Afghanistan (Pashtun versus everyone else). In Iraq, the insurgents are aided by infiltration from neighboring countries (Syria, Iran); the same is true in

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Afghanistan (Pakistan). In both countries we are trying to rebuild the army and the police — with fitful progress — and fostering a fragile central government whose writ doesn't seem to extend very far across the country.

Of course, at least today, the difficulties in the two countries are not of equal severity. In Iraq, the violence is worse, American casualties are much higher and the capital city — the center of gravity of the country — is besieged by insurgents and murderous sectarians. Compared to that, Afghanistan is doing quite well. But it has deep problems of its own, namely the risk that it will become a lawless narco-state.

Pessimists about Iraq say the country is in the midst of a civil war. By most definitions, it certainly is, but this needn't be a cause for utter despair. Indeed, in Afghanistan, the U.S. success in driving out the Taliban regime was greatly aided by the fact that the country was in the midst of a civil war and that we allied ourselves with one side. Likewise, there is no reason that the U.S. cannot successfully navigate the shoals of communal violence in Iraq, which pits not just the Shiites against the Sunnis but features major — and exploitable — splits within the Shiite leadership.

The most important similarity between the Iraq and Afghan wars is that in both we are fighting Al Qaeda. Leaving aside the issue of how and when Al Qaeda came to be in Iraq, it is there now, and it considers Iraq a central battlefield. What we are fighting to prevent in Iraq — a country, or a chunk of it, established as a terrorist base — is exactly what we fought to destroy in Afghanistan immediately after 9/11 and are fighting to prevent from reemerging there now.

Insurgents in both countries share the jihadi battle against the U.S., and tactics such as the use of improvised explosive devices and suicide car-bombings have migrated from Iraq to Afghanistan. The killing this week in Basra of Omar Faruq, a senior Al Qaeda leader of Iraqi decent who escaped last year from a U.S. detention facility in Afghanistan, further underscores the connection between the two insurgencies.

At the strategic level, the more Iraqi insurgents seem to be succeeding, the more emboldened insurgents in Afghanistan become. As the just-declassified portions of the National Intelligence Estimate put it, "perceived jihadist success [in Iraq] would inspire more fighters to continue the struggle elsewhere." Their belief that the U.S. is a "weak horse" lacking the will for a long fight would be validated.

The costs of the Iraq war are higher to the U.S. in terms of blood and treasure. But the stakes are higher as well. If the terrorists capture Iraq, they will win a country much more strategically located than Afghanistan, and they will control the world's fourth-biggest oil reserves.

There is no doubt, as the intelligence estimate noted, that the Iraq war is a recruiting tool for terrorists. But Iraq war opponents should not fool themselves; so are Afghanistan and dozens of other Muslim grievances, from our support for Israel to Russia's campaign in Chechnya to the publication of cartoons of Muhammad in Danish newspapers. In the view of jihadis, both the Iraq and Afghan wars are Western assaults on Islam. The recently arrested suspects in the London airplane bombing plot cited both wars as stoking their rage.

There is no good reason to favor the Afghan war over the Iraq war. The Afghan war was launched in a brief period of national unity, while the Iraq war helped stoke our current period of political enmity. But one war will not be won without the other.

DOJ:

Eid's Ethnicity An Asset, Not An Issue (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, September 28, 2006

U.S. attorney, son of Egyptian immigrant, says his post reinforces America's freedoms. Bush appointee says he'll fight illegal immigration, drug trafficking and those who prey on children.

At dinner atop a Denver office tower recently, a visiting Jordanian military chief who'd just been introduced to the new U.S. attorney, Troy Eid, an Arab-American, approached Eid incredulously.

"'How can that be?'" Eid recalled the Jordanian asking. A man of Arab descent couldn't possibly be picked to represent U.S. government interests, the Jordanian said. "'It must be a token post ... Are you wealthy?'"

Appointed by President Bush, Eid responded with pride. "I said: 'I'm not wealthy. I went to Wheat Ridge High School. That's the great thing about this country.'

"If my background can show a few people what's possible in this country, that's great."

Tommorrow Eid marks the formal start of his service after an ambitious first six weeks on the job as the government's top law enforcement officer for Colorado. The only son of an Egyptian immigrant, Eid, 42, appears to be the the only Arab-American among the 94 U.S. attorneys.

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And with enforcement of immigration law his top priority, Eid said he'll draw on this background and a longstanding "interest in the underdog" to ensure fairness.

"Being fair is very important, telling people what your policy is going to be," he said. "You get into problems when you're selective."

The criminals he vows to prosecute most aggressively - deportees who illegally re-enter the United States - often prey on immigrant communities, he said.

And criminals from abroad often drive illegal drug trafficking, his second major priority. Colorado has emerged as one of the busiest drug distribution centers in the country with transnational gangs taking root.

Taken together, immigration and drug-related crime now dominate federal criminal prosecution in Colorado.

Other priorities for Eid: sexual exploitation of children using the Internet, and terrorism cases - the overall top priority of the Justice Department under Attorney General Alberto Gonzales.

"We get terrorism cases. We take them very seriously. They typically come to us through the JTTF (the FBI-run Joint Terrorism Task Force). ... We have some investigations that have resulted in charges and convictions."

A symbolic investiture ceremony scheduled for this afternoon marks the formal beginning for Eid, who on Aug. 11 replaced acting U.S. Attorney William Leone. He had served since December 2004, when John Suthers resigned to become Colorado attorney general, after Ken Salazar left that position for the U.S. Senate.

Eid previously worked as legal counsel to Gov. Bill Owens and as a lawyer specializing in environmental and Indian affairs cases. He grew up in Wheat Ridge and graduated from Stanford University the University of Chicago law school. His wife, Allison Eid, because a Colorado Supreme Court justice in February. They have two children.

Eid's father, the late Edward Eid, fled from Egypt in 1957 after military dictator Gamal Nasser took power and started fresh in America. He worked at a steel factory and as an accountant at a candle factory - and dealt with discrimination along the way.

"My dad was typical of immigrants off the boat. ... He would have been offended if anyone focused on his roots. He came from a time when you put your head down and assimilated as quickly as possible," Eid said in an interview Wednesday.

"I thought of myself as an American whose father was from Egypt."

Diversifying the government's legal workforce - only 18 of 94 U.S. attorneys are women - has loomed as a goal.

"I venture Eid is among the first Arab-Americans to hold such as office," said Nidal Ibrahim, executive director of the Arab-American Institute.

"During an especially critical and sensitive time in our country's history, having an Arab-American serving as U.S. attorney for Colorado represents an important milestone."

Staff writer Bruce Finley can be reached at 303-954-1700 or bfinley@denverpost.com

CORPORATE SCANDALS:

Dunn Suggests She Was Unaware Of Probe Tactics (WSJ)

By PETER WALDMAN, DON CLARK And STEVE STECKLOW

The Wall Street Journal, September 28, 2006

Former Hewlett-Packard Co. Chairman Patricia Dunn said she relied on advice from H-P executives, including the company's chief financial officer, before pushing a leak investigation that delved into personal phone records and used tawdry tactics.

Ms. Dunn, in testimony prepared for a House committee hearing today on the H-P investigation scandal, said she was informed that using Ronald DeLia, a Boston-area private investigator involved in the affair, constituted "normal processes" in pursuing investigations at the Palo Alto, Calif., computer company, having been told he had worked for H-P for "eight or nine years."

The testimony of Ms. Dunn, who resigned last week in connection with the leak investigation, could shed light on the question of how much Mark Hurd, H-P's chief executive, knew about the affair. Her remarks also raise new questions about how H-P may have conducted any investigations that predated the leak probes, which took place in 2005 and early 2006.

The H-P investigation involved obtaining phone records through false pretenses -- a practice known as pretexting -- of at least 20 people, including board members, H-P employees and reporters.

Ms. Dunn, who pushed for the investigation following board leaks in early 2005, said she learned by late that spring that private phone records were being accessed. But she got the "clear impression" from Mr. DeLia that such phone records "could be obtained from publicly available sources in a legal and appropriate manner." She said she discussed the investigation with Mr. Hurd and other directors, though she didn't spell out whether they were told that private phone records were obtained.

Ms. Dunn's remarks confirm the impression from H-P emails that Mr. Hurd was eager to catch leakers and was briefed multiple times of the progress of H-P's investigations. The chairman of the House subcommittee investigating the H-P scandal yesterday said he believes Mr. Hurd knew of the company's efforts to obtain personal information about some of its own board members and others as part of the investigations.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. · Hurd's Testimony3 | Dunn's Testimony4

· Complete coverage5

Rep. Ed Whitfield, the Kentucky Republican who chairs the House Energy and Commerce Committee's subcommittee on investigations, said he intends to grill Mr. Hurd on the matter, and whether the H-P CEO also knew such tactics were potentially illegal. "We're going to ask him a lot of questions and get the facts out," Mr. Whitfield said in an interview.

In his testimony prepared for the hearing, Mr. Hurd said "although the board was informed that an investigation had started, they were not told the operational details."

Echoing remarks he made at a news conference Friday, Mr. Hurd apologized for what he characterized as a "rogue operation." He castigates investigators for being "so focused on finding the source of the leaks that they lost sight of the values of this company." (See Heard on the Street6.)

Ms. Dunn, in her statement, said she turned to Robert Wayman, H-P's longtime chief financial officer, after she decided to pursue the matter of board leaks. She said he referred her to Kevin Huska, a staff member responsible for security, who referred her to Mr. DeLia. Mr. Huska couldn't be reached to comment.

"It was my assumption that Mr. Wayman, having ultimate authority over all the resources involved in security and investigations, as well as having been one of the directors who felt the most strongly about the importance of controlling leaks from the board, had provided authorization for whatever work was undertaken," she said.

Michael Moeller, an H-P spokesman, said "any assumption about Bob Wayman's involvement made by Ms. Dunn was nothing more than that, an assumption." He declined comment about any H-P investigations before the leak probe.

Ms. Dunn said Mr. Hurd was involved in two or three meetings on the leak probe this year, when H-P's investigators employed its most aggressive tactics that have come to light.

In early 2006, she said Mr. Hurd was included in "perhaps two or three meetings," to review "key milestones and provide his own input on the priority and motivations behind the investigation."

Ms. Dunn adds that "neither Mr. Hurd nor I designed or implemented the investigative techniques." She said she knew that some of the probe targets were followed, but said she had no problem with such "old-fashioned detective work."

She and Mr. Hurd have said they were aware of a gambit that involved sending a bogus email to a reporter as part of the probe. Ms. Dunn said she made special efforts to ascertain the tactic's legality, before referring it to Mr. Hurd for "the final decision."

Mr. Hurd said he approved the content of the message, but doesn't recall whether he knew the misinformation plot involved the use of tracer software that could show where the email was forwarded.

Mr. DeLia has been issued a subpoena by the House committee to appear at the hearing. He and his attorney haven't responded to requests for comment.

The House committee has requested testimony from Ms. Dunn, Mr. Hurd and several other H-P officials involved in the probe, as well as the company's outside counsel, Larry Sonsini. The House also issued subpoenas to five additional witnesses who may have been involved in surreptitiously obtaining telephone numbers, a person close to the investigation said yesterday. The five witnesses are believed to be subcontractors to Action Research Group, a Florida contractor believed to have been involved in accessing telephone records.

One of the persons suspected of obtaining phone records, Bryan Wagner, of Littleton, Colo., said in an interview yesterday that he didn't know if he obtained any phone records in connection with the H-P leak probe because his employer-Action Research Group-never identified its clients.

"They do not provide me any details on anything," he said. "I pretty much always assume that I am looking for people who have taken cars and aren't paying." He added that he believed most of the clients are "bounty hunters and bondsmen."

Mr. Wagner said he hadn't yet decided if he will answer questions before the House committee, but will appear. He also declined to comment about an article in The Wall Street Journal yesterday that he had told an investigator in Denver last week that he had destroyed his computer with a hammer and discarded it after learning that he might get caught up in the investigation of the H-P leak case.

"I just don't have my computer anymore," he said, declining to answer any questions about it.

Ex-H.P. Officer To Say She Knew Of No Illegality (NYT)

By Miguel Helft And Damon Darlin

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — In her most detailed account of the leak investigation that forced her to resign, Hewlett-Packard's former chairwoman maintains that while she was in regular contact with those conducting the operation, she was not its supervisor.

In prepared remarks that she is expected to deliver Thursday at a Congressional hearing, Patricia C. Dunn, the former chairwoman who resigned from the board last week, also said she never had reason to believe that illegal methods were used. And she said she repeatedly sought assurances on that point from those directly involved.

But even as she got those assurances, a senior investigator for the company was warning early this year, as the operation entered a crucial phase, that its techniques of using subterfuge to gain private phone records were "very unethical at the least and quite likely illegal."

Saying that the practices, even if legal, "could damage our reputation or worse," the investigator, Vince Nye, said in an e-mail message, "I think we need to refocus our strategy and proceed on the high-ground course." Mr. Nye worked in the company's global security unit.

Why that advice was not followed — and apparently did not reach the top levels of Hewlett-Packard's leadership — is expected to be a central theme of Thursday's hearing.

The roles of Ms. Dunn and the company's chief executive, Mark V. Hurd, in the investigation — the extent of their knowledge, their action or inaction, and the questions they raised or failed to — are expected to dominate the questioning. Several company officials and others engaged in the effort are to testify.

The investigation, aimed at tracing press leaks from the company's board in 2005 and early 2006, included the hiring of private detectives who used ruses to gain the phone records of directors, employees, journalists and others — a practice called pretexting.

The operation came into public view scarcely three weeks ago as a result of boardroom divisions that have already led to three resignations, including Ms. Dunn's. It is also the subject of federal and state criminal investigations.

Mr. Nye's e-mail message, obtained by The New York Times from someone with access to documents given to the committee, is the strongest indication yet of internal questions about the operation's legality.

It came on Feb. 7, shortly after a new leak from the board had revived the investigation and while more elaborate forms of surveillance, beyond obtaining phone records, were being considered or carried out.

The message was addressed to Anthony R. Gentilucci, the head of the company's Boston-based global investigations unit, a key figure in the operation from its start a year earlier. It is not clear whether or how Mr. Gentilucci responded.

In her prepared testimony, Ms. Dunn said that once the board agreed to an investigation of leaks in early 2005, she relied on top Hewlett-Packard officials who referred her to the company's global security department, which in turn referred her to Ronald R. DeLia, a contractor in the Boston area who had performed investigations for Hewlett-Packard for nearly a decade.

"I did not 'hire' the private investigators" involved in the operation, Ms. Dunn said. "They were already under contract to H.P. when the leak investigation was initiated."

Ms. Dunn called Mr. DeLia's firm a "captive subsidiary" of Hewlett-Packard and noted that it was used to perform a background check on Mr. Hurd before he was hired, including a report on his health.

Ms. Dunn said that after she learned in the spring of 2005 that the phone records of directors were being gathered, "the clear impression I had from Mr. DeLia was that such records could be obtained from publicly available sources in a legal and appropriate manner."

She also said that "given that attorneys were unambiguously overseeing" a later, more intense phase of the investigation that employed similar techniques, she had no reason to believe those techniques were inappropriate.

It was not until after the second phase concluded in May 2006 that she began to comprehend the word "pretext," Ms. Dunn said, adding, "I still do not understand whether it is or is not legal, as opinions vary."

Ms. Dunn also lashed out at Thomas J. Perkins, a former board member whom she accused of disseminating "false statements about my having organized and conducted an elaborate spying campaign on H.P. directors for no good reason except, to paraphrase, a delusion of paranoia."

Mr. Perkins resigned from the board in May over the leak investigation, whose findings pointed to a friend and fellow director, George A. Keyworth II, as the source. It was Mr. Perkins's subsequent inquiries into the investigation's methods that led to their disclosure this month.

Ms. Dunn's statement defends the goal of the investigation, and it includes no expression of regret or apology for its handling.

In his own prepared testimony, Mr. Hurd portrays Ms. Dunn as having taken a more engaged role in the operation, saying she "enlisted the professional services" of Mr. DeLia.

Mr. Hurd's statement largely reiterates the account he offered in announcing Ms. Dunn's resignation last Friday. He says he was present at two meetings to discuss the operation while it was under way, and was consulted at another point about the use of a bogus e-mail message to try to detect a reporter's source.

"While many of the right processes were in place, they unfortunately broke down, and no one in the management chain, including me, caught it," he said.

Just how those processes broke down is likely to be a topic of pointed questioning by members of the House Energy and Commerce Committee.

Among the documents sent to the committee is an 18-page report from Kevin T. Hunsaker, senior counsel and director of ethics at the company, after the investigation's conclusion in May that summarizes the findings and makes clear that private phone records were obtained — adding in a footnote that the effort involved "a lawful investigative methodology commonly utilized." It was sent to Mr. Hurd, the company's board, and Ann O. Baskins, the general counsel.

"These folks still in the company need to come clean," said Greg Walden, the Oregon Republican who is vice chairman of the panel's investigations and oversight subcommittee, which is convening the hearing.

Five additional witnesses, all said to have been engaged in obtaining phone records, were subpoenaed Wednesday to appear at the hearing.

The five are Bryan Wagner of Littleton, Colo.; Darren Brost of Austin, Tex.; Charles Kelly of CAS Agency in Villa Rica, Ga.; Cassandra Selvage of Eye in the Sky Investigations in Dade City, Fla.; and Valerie Preston of InSearchOf Inc., in Cooper City, Fla. Congressional staff members said they did not know if any would answer questions.

The five are believed to be at the end of a long investigative chain that stretched from Hewlett-Packard's headquarters in Palo Alto, Calif., to its own investigators in Boston, through Mr. DeLia's firm, Security Outsourcing Solutions, and on to Action Research Group, a data broker in Melbourne, Fla., that is said to have hired the actual pretexters.

The hearing is scheduled to begin at 10 a.m. and stretch into the evening. It is expected to be covered live by C-Span 3, a government affairs cable network.

The hearing will begin with a panel of witnesses who are expected to invoke their Fifth Amendment right against self-incrimination.

Lawyers for two of those subpoenaed — Mr. Gentilucci, the manager of global investigations, and Mr. Hunsaker, the senior counsel — said their clients had not decided whether to answer questions.

Mr. DeLia, the author of several reports on the investigation given to company officials, has also been subpoenaed, but it is not clear how he will respond. His lawyer could not be reached for comment.

A second panel will include company officials who were involved in the investigation, including Ms. Dunn; Ms. Baskins, the general counsel; and Fred Adler, a security investigator, as well as Larry W. Sonsini, the company's outside counsel. That panel will also include Joseph DePante, the owner of Action Research Group, the Florida investigative firm.

A third session will include only Mr. Hurd, at his request, in part because he wanted his role to seen as separate from other H.P. officials.

Sitting separately, however, carries its own risks. He will face more questions than if he shared the panel with others, since each committee member gets 10 minutes to ask questions at each panel.

Ousted HP Chairwoman Says She Consulted Others In Leak Probe, Was Certain Methods Were Legal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 28, 2006

(AP) - WASHINGTON-Hewlett-Packard Co.'s ousted chairwoman said it was her duty to stem boardroom leaks of sensitive information and that her decision to initiate an investigation was made in concert with others at HP, according to prepared testimony released by a congressional committee.

Patricia Dunn said she believed that the methods used in the investigation were anything but legal, and that she discussed the conduct of the probe with the technology company's CEO and board members - getting a clear impression that the directors were satisfied with it.

"I never doubted ... that what they were doing was legal," Dunn said in written testimony prepared for her appearance Thursday at a hearing by the House Energy and Commerce Committee. It was released by the panel late Wednesday.

She was referring to the probe led by Ron DeLia, the operator of a private detective firm. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter.

"I initiated the investigation, in response to directors who urged me to take more serious action in response to leaks," Dunn said in her lengthy and detailed recounting of events. "I turned to resources that HP normally used to do this type of work.

"I now believe that not only I, but all of the executives upon whom I relied at HP, whose integrity I have never questioned to this day, were similarly confident that these records were accessed under fully legal circumstances."

Five private investigators who allegedly served as the foot soldiers in the company's efforts to identify the source of leaks have been ordered to testify at Thursday's hearing.

The subpoenas, announced Wednesday, were the second batch issued by the Energy and Commerce Committee. The private eyes are believed to have masqueraded as journalists, HP directors and employees to obtain their phone records. Last weekend, two HP employees and the operator of a detective firm were ordered to appear.

The House committee will be exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed the company's chairwoman, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors.

Dunn, HP CEO Mark Hurd - who succeeded her as chairman on Friday - and General Counsel Ann Baskins also have agreed to appear at the hearing.

"I'm deeply concerned about corporations, in this case HP, using private detectives and information brokers to obtain illicit access to telephone records and other personal information," Rep. Edward Markey, D-Mass., a senior member of the House panel, said in a statement Wednesday. "We need to know how this happened, why HP and others thought this was legal, and how widespread (is) this practice of spying on employees, directors or the corporate competition."

The five private eyes summoned to appear are believed to have acted as "pretexters" who got phone records under false pretenses. They are Bryan Wagner of Littleton, Colorado; Charles Kelly of CAS Agency in Villa Rica, Georgia; Cassandra Selvage of Eye in the Sky Investigations, Dade City, Florida; Darren Brost of Austin, Texas, and Valerie Preston of InSearchOf Inc., Cooper City, Florida.

Wagner told an investigator that he had destroyed his computer with a hammer, The Wall Street Journal reported in Wednesday's editions, citing an anonymous person familiar with a probe of the HP case.

Documents have shown that investigators working for HP intruded into the personal lives of seven HP directors, two employees, nine reporters and family members of the targeted individuals. In addition to impersonating those targeted to procure phone records, they also spied on an HP director and his wife, sifted through their garbage, and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

On the Net:

Dunn testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Dunn.pdf

Hurd testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Hurd.pdf

CEO Faces Gantlet At Hearings (USAT)

By Michelle Kessler

USA Today, September 28, 2006

SAN FRANCISCO — When Hewlett-Packard CEO Mark Hurd takes the stand before a congressional committee today, he will be fighting for his reputation — and possibly his job.

Hurd, 49, has acknowledged approving at least part of a plan to snoop on journalists, board members, even his own employees. Some of the tactics his team and their contractors used may have been illegal.

Now, Hurd and other key players have been asked to defend their actions before the House Energy and Commerce Committee. Wednesday, the Committee subpoenaed five more individuals, all private investigators. That brings the total requested witness list to seven detectives, six current or former HP employees and one outside lawyer.

But none will face as much scrutiny as Hurd, who as CEO, is ultimately responsible for what happened at HP.

HP board member Robert Ryan, a former Medtronic executive, says Hurd is a victim of the scandal, not the cause. The board had told Hurd to focus on fixing HP's operational problems instead of boardroom squabbles, Ryan says.

So Hurd wasn't paying much attention when a private investigative team began using subterfuge to obtain phone records of reporters and staffers, in hopes finding a leak, Ryan says. When the board delivered a report, Hurd and the board were so

busy figuring out what to do about the leaker (board member George Keyworth) that nobody thought to ask how the investigation was conducted, Ryan says. The mistake shouldn't get Hurd fired, he says.

But it will be difficult for Hurd to emerge untarnished. He will face tough questions, including:

·Did Hurd know that private detectives were physically surveilling people at their home and work?

·Why did he OK a plan to send e-mails from a fictitious source to a journalist in order to trick her?

·Did he knowingly allow HP staffers to turn over employees' Social Security numbers to investigators?

·Is there more snooping that has not yet been uncovered?

Morgan Lewis, a law firm hired by HP to conduct an internal investigation, says it also has evidence of detectives snooping through someone's trash, though it doesn't know whose. Morgan Lewis says it hasn't found evidence of wiretapping phones or installing software to track computer keystrokes.

Congress is eager to know, says Rep. Ed Markey, D-Mass. Internal documents that the company has released show a blasé attitude toward pilfering phone records, he says. That suggests, “It is very unlikely that HP is the only corporation that is aiding and abetting the illegal practice,” he says.

And Congress intends to stop that. “We clearly need to ban these kinds of practices,” says Rep. Diana DeGette, D-Colo. While the House committee can't prosecute HP, it can help spawn regulation that will prevent such scandals from happening again, she says. Several other government agencies are investigating and could impose penalties.

The results will affect all of Corporate America, but the stakes are huge for HP. Hurd, head of the company for 18 months, has won acclaim for turning around the troubled computer giant. Now, he must grapple with a messy, attention-getting scandal that exposes HP to legal liability. And he must do so just as his corporate overhaul enters a crucial and difficult period.

“His performance on Thursday will be a career-defining moment,” says business professor Eric Johnson at Dartmouth College.

Hurd has a good chance of surviving it, Johnson says: He has handled the crisis fairly well, so far. If he continues to do so, he should be able to hang on to his position — unless HP drops another bombshell. If that doesn't happen, “he'll weather the storm,” says equity analyst Charlie Wolf with Needham & Company.

A big part of Hurd's defense is plausible deniability. He wasn't at HP when the snooping program started in early 2005. His predecessor, Carly Fiorina, launched it as a way to find out which board members were leaking information to the press. In the shake-up that ousted Fiorina, board member Patricia Dunn became chairman and assumed responsibility for the program.

Hurd has repeatedly said that his focus at HP has been on day-to-day operational problems. During his tenure, he focused on retooling HP's 150,000-person bureaucracy. (Hurd's previous job was head of NCR, a company less than one-fifth HP's size.)

Hurd has publicly confessed to giving a general go-ahead to the snooping program, though he says he didn't know many of the details. He has also apologized, and hired former U.S. prosecutor Bart Schwartz to analyze the company's business practices.

The board is also looking for outside members to help improve corporate governance, Ryan says.

The public statements could have come out earlier, says tech analyst Crawford Del Prete at researcher IDC. But overall, Hurd is “taking this head-on,” he says.

If HP's stock price is any indication, HP's investors are not too worried. Shares have risen more than 61% since Hurd became CEO. They've slipped less than 3% this month despite non-stop coverage of the scandal in the business press.

Wall Street's main concern is that Hurd keeps his job, Needham's Wolf says. Hurd told BusinessWeek he has no reason to believe his job is in danger. (Hurd denied requests to be interviewed for this story.)

Other major players have not been so lucky. Dunn tried to hang on to her board seat, agreeing earlier this month only to resign as chairman. But as more reports were issued that linked her to Ron DeLia, a private investigator in the case, she resigned.

So did HP security manager Anthony Gentilucci, who handed at least one HP employee's Social Security number over to private investigators.

HP lawyer Kevin Hunsaker left the company Tuesday, though HP wouldn't say whether he quit or was fired. Hunsaker had led one stage of the snooping program, assuring others at the company that it was legal, HP's current lawyers say.

Gentilucci, Hunsaker and DeLia have all been subpoenaed to appear before the House committee. Dunn and Hurd have been asked to appear, as have two more HP employees: general counsel Ann Baskins and security investigator Fred Adler. The exact details of their roles are not yet publicly known. It's also unclear what role HP employees Vince Nye, Denis Lynch, Tim O'Neill or Jim Fairbaugh played. All were members of the investigation team, according to an HP document obtained by USA TODAY.

Private investigator Joe Depante has also been asked to appear before the committee. He owns Action Research Group, a subcontractor of DeLia's firm, Security Outsourcing Solutions (SOS).

Silicon Valley attorney Larry Sonsini is also scheduled to testify. Sonsini, HP's outside legal counsel, was part of the team that investigated HP's snooping methods after HP director Tom Perkins complained. At the time, Sonsini said he could not say that all techniques employed by HP and its subcontractors were legal.

It's less clear what role the five private investigators subpoenaed Wednesday played in the HP scandal. The Committee says each has used subterfuge to obtain phone records — a technique known as pretexting — and all have relevant information to HP.

But one, Cassandra Selvage of Dade City, Fla.-based Eye in the Sky Investigations, says she has not worked for HP, SOS or Action Research Group. She says her subpoena contained no details, and the Committee wouldn't provide any when she called and asked. "I will be there, but I don't know what for," she says. She would not say whether she used pretexting. The others, Bryan Wagner of Littleton, Colo., Charles Kelly of Villa Rica, Ga., Darren Brost of Austin and Valerie Preston of Cooper City, Fla., could not be reached for comment. HP had no comment on the new subpoenas.

In addition to the House committee, five other government agencies are looking into the snooping scandal. That's a distraction, but a corporate shake-up may ultimately benefit Hurd, Needham's Wolf says.

Hurd has made few big changes to HP's top ranks. Now, at the very least, he will have the opportunity to pick two board members to replace Dunn and Perkins, who resigned in protest of Keyworth's treatment.

But Hurd faces huge challenges in the coming months, IDC's Del Prete says.

Corporate turnarounds are relatively easy at first, he says. Cost-cutting measures often instantly boost profits. Hurd has slashed 15,000 jobs, and reported five straight quarters of rising net income.

Now, things get tougher. He must get the $87 billion company to grow despite tough competitors such as Dell, Sony and Kodak.

Additionally, Hurd now holds the dual role of CEO and chairman, putting him in charge of HP's famously contentious board.

He must boost morale inside the battered company. And he'll have to prove that he has the strategy to keep the computer giant — which rivals IBM in size — moving forward.

But if things go well Thursday, it will "at least put to bed the question of whether Mark Hurd can survive (the scandal)," Dartmouth's Johnson says.

HP Leader Hurd Expected To Apologize At Hearing (USAT)

By Michelle Kessler And Jon Swartz

USA Today, September 28, 2006

SAN FRANCISCO — Hewlett-Packard CEO Mark Hurd is expected to apologize before Congress for HP's snooping scandal today. Former chairman Patricia Dunn is expected to blame others for the mess.

According to prepared remarks released by the House Energy and Commerce Committee, Hurd will tell Congress that a hunt to find out which board member was leaking information to the press "became a rogue investigation that violated our own principles."

"The end came to justify the means," Hurd's prepared remarks say. "If Bill Hewlett and David Packard were still alive, they would be appalled."

The statement contains few new details about Hurd's role in the scandal, which unfolded after an HP contractor used subterfuge to obtain home phone records of journalists, board members and employees.

Dunn, in contrast, plans to name names. In her statement, she says she was put in charge of the leak investigation in early 2005. She turned to Bob Wayman, HP's longtime chief financial officer then also serving as interim CEO.

Wayman introduced Dunn to an HP security employee, Kevin Huska, who in turn introduced her to private detective Ron DeLia, the statement says. DeLia has been subpoenaed to appear before the committee. He is expected to invoke his right against self-incrimination, says Rep. Diana DeGette, D-Colo.

HP spokesman Ryan Donovan said Wayman was not involved in the leak investigation. "Any assumption about Bob Wayman's involvement made by Ms. Dunn was nothing more than that, an assumption," he said.

Dunn's statement also says that she was in regular contact with Hurd and Ann Baskins, HP's general counsel, about the leak hunt. She says she knew that private detectives were physically following HP board members. "I did not find it objectionable," she said.

Dunn says, though, that it wasn't until board member Thomas Perkins began questioning HP's investigative tactics this summer that she understood that the detectives were swiping phone records.

Dunn, a former executive at Barclays Global Investors, was forced out last week. Among letters of support to the House panel, she is endorsed by John Galvin, president of the Henry David Thoreau Foundation, and David Nygren, head of the corporate governance group at Mercer Delta Consulting. Both have had business dealings with Dunn.

House Panel Expands Probe Of Hewlett-Packard Spying (HILL)

By Elana Schor

The Hill, September 28, 2006

The House Energy and Commerce Committee issued five more subpoenas yesterday to detectives tied to the privacy invasion scandal at Hewlett-Packard, setting the stage for two days of hearings that could reveal new details of the tech company's now-infamous spying practices.

Hewlett-Packard (HP) stumbled into a political and legal minefield this month when its internal probe of boardroom leaks of confidential company information became public. HP admitted hiring private detectives to fraudulently obtain the phone records of board members and journalists through a tactic known as "pretexting," which has been in the crosshairs of Energy and Commerce's oversight subcommittee for almost a year.

"Clearly the HP case is a high-profile example of the scam" of pretexting, in which detectives impersonate individuals in order to access their personal data, Energy and Commerce spokesman Terry Lane said. "We want to find out how pretexting was used and find out any other type of investigative methods that were used by HP."

The witness list for today's hearing includes most central players in the widening HP scandal. HP chief executive officer Mark Hurd offered to appear last week to discuss the company's use of pretexting, and Patricia Dunn, who resigned as board chairman last Friday over her role in the affair, also will testify under oath.

In a statement late last week, Dunn was optimistic that today's hearing would be the first step to rebuilding HP's reputation. "I look forward to appearing before Congress next week to answer their questions and help the company put this unfortunate event behind it," she said.

The committee also has called HP's general counsel, global security manager, and Larry Sonsini, a top Silicon Valley lawyer who gave legal advice to the company. Two other witnesses are private contractors used by HP who could take the 5th Amendment rather than potentially incriminate themselves.

The five new subpoenaed witnesses, sources said, may have played subcontractor roles in HP's broad pretexting operation but may have done so without full knowledge of their ultimate employer.

Energy and Commerce Chairman Joe Barton has pushed for months for floor action on his panel's pretexting bill, which would explicitly criminalize pretexting of phone records and empower the Federal Trade Commission and Federal Communications Commission to step up enforcement of penalties. But the bill was pulled from the House floor schedule in the spring as the National Security Agency's warrantless-wiretapping program first made headlines and its future is uncertain.

Despite the harsh light cast by the HP scandal on the commonality and low price of invasive pretexting, the packed House schedule could prevent any action this year, a House GOP source said. The nine appropriations bills yet to be considered look to push pretexting to the bottom of the House agenda though the situation coudl change.

Rep. Ed Markey (D-Mass.), who sent a strongly worded letter to Speaker Dennis Hastert (R-Ill.) after the bill was initially pulled, nonetheless hopes today's hearing and a follow-up tomorrow will jumpstart debate on privacy protection issues.

"We need to know why this happened, why HP and others thought this was legal, and how widespread this practice of spying on employees, directors, or the corporate competition [is]," Markey said in a statement.

Representatives from the Federal Trade Commission and the Federal Communications Commission will testify tomorrow, and the FTC is expected to stress its escalating efforts to prosecute phone-records pretexters for unfair or deceptive practices. While the Gramm-Leach-Bliley Act of 1999 made it a crime to pretext for financial records, phone records remain a murky area in the law.

The House has unanimously passed the Judiciary Committee's pretexting bill, increasing criminal penalties for detectives found using the tactic, but that measure has yet to see action in the Senate. Earlier this month, Judiciary Chairman James Sensenbrenner (R-Wis.) and two fellow panel members wrote to Senate Majority Leader Bill Frist (R-Tenn.), urging action on their product.

"If an attorney of Mr. Sonsini's caliber (in our view mistakenly) believes that pretexting is not already a crime, then the time has come to clearly and unambiguously make that activity illegal," wrote Sensenbrenner and Reps. Lamar Smith (R-Texas) and Howard Berman (D-Calif.) on Sept. 8.

Consumer and grassroots groups largely prefer the House Energy and Commerce approach to the Senate Commerce Committee's pretexting bill. Still, that measure has yet to be merged with an overlapping Senate Judiciary Committee bill, leading to a crush of options that is likely to postpone Senate action until after the election, if at all this year.

Two central players in the HP saga have signed lawyers with significant Bush administration clout. Thomas Perkins, the board member whose May resignation ignited internal scrutiny of Dunn's handling of the leak probe, has retained former Justice

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Department counsel Viet Dinh, while Sonsini has retained Akin Gump's Michael Madigan, a onetime counsel for President Bush's 2000 campaign.

Hewlett Packard's media relations department did not return requests for comment by press time.

Between The Lines Of HP's Spy Scandal (WP)

By Ellen Nakashima

The Washington Post, September 28, 2006

Hewlett-Packard Co.'s media-leak investigation went forward despite warnings from HP security personnel that the tactics used were "probably illegal" and should be stopped, according to documents collected for today's congressional hearing on the scandal.

In February, HP global security investigator Vince Nye told a Boston colleague working with him on the leak probe that he had "serious reservations" about how they were obtaining phone-record information in an internal probe to ferret out the source of media leaks.

He said he thought the method, impersonating someone else to trick the phone company into providing call data, "is very unethical at the least and probably illegal."

"I am requesting that we cease this phone number gathering method immediately and discount any of its information," Nye wrote in a Feb. 7 e-mail to Anthony Gentilucci, one of four members of the internal investigative team reporting to HP's legal department. Nye sent a copy of the e-mail to Kevin Hunsaker, then HP's chief ethics director, who supervised the probe.

How and why top management failed to heed the warning are among the questions members of the House Energy and Commerce oversight and investigations subcommittee want answered at today's hearing. More than a dozen key figures, including chief executive Mark V. Hurd and former chairman Patricia C. Dunn are scheduled to appear to explain how their media-leak probe morphed into an elaborate spying operation that targeted board members and journalists.

The hearing was fueled by concerns about how private citizens' phone records were illegally accessed. On a deeper level, analysts and lawmakers said, the issue is one of corporate ethics and how HP's leaders could let an internal probe go so awry.

Dunn, in a statement submitted to the committee for today's testimony, strongly defended her handling of the leak investigation, which started in 2005. She distanced herself from its operational aspects, saying: "I did not at any point consider myself its 'supervisor.' "

Dunn professed not to know that illegal tactics were used. At some point in spring 2005, Dunn said she became aware from Ronald DeLia, a Boston contractor who had done investigative work for HP for eight or nine years, that phone records were being obtained as a "standard component" of internal investigations.

"The clear impression I had from Mr. DeLia was that such records could be obtained from publicly available sources in a legal and appropriate manner," she said.

Dunn, who left the company Friday, said both she and Hurd were aware of a planned e-mail sting operation on a reporter conducted in February in an attempt to flush out the reporter's source of company information. She said she was assured that this was "a legal and common investigative technique" and so referred it to Hurd for the final decision.

Dunn's remarks contrasted with a more contrite statement from Hurd to the committee for today's testimony. In it, he apologized to the nine journalists, two current HP employees, and seven former or current HP board members and their families whose phone records were to varying degrees obtained under false pretenses, a practice known as pretexting.

"How did such an abuse of privacy occur?" he wrote. "It's an age-old story. The ends came to justify the means."

"What began as a proper and serious inquiry into leaks to the press of company information from within the HP board became a rogue investigation that violated our own principles and values," he added. "There is no excuse for this aberration. It happened; it will never happen again."

The scandal brings to the fore questions of privacy that affect thousands of Americans whose phone or bank records have been fraudulently obtained by data brokers who sell the information to investigators. What catapulted this to the headlines was the fact that this time, it was a Fortune 100 company seeking the personal data

Not only did investigators lie to obtain phone call records, they also conducted extensive background checks of reporters, directors, their spouses and children; plotted to plant spies in newsrooms; discussed the possibility of inspecting trash; and planned a ruse to trick a reporter into revealing her source by planting a tracer in an e-mail sent by a fictitious HP tipster.

"What happened here was like cutting off your head to kill a head cold," said Charles M. Elson, chairman of the University of Delaware's John L. Weinberg Center for Corporate Governance.

The purpose of today's hearings, lawmakers and aides said, is to lay bare what happened, find out who committed or knew about any acts that were illegal or unethical, and to push Congress to pass pending legislation that could prevent much of this from happening again.

"For the highest-ranking officials of a company like Hewlett-Packard to be aware of and seemingly approve this kind of activity I do not think speaks well of their value system or their culture," said subcommittee chairman Edward Whitfield (R-Ky.).

The scandal seems curious, considering how Hewlett-Packard, founded in 1938, spent decades building an image as an ethical company devoted to civic responsibility and the welfare of its employees. HP codified its philosophy of respecting individuals, encouraging teamwork and promoting openness as it tried to fashion useful products. Called "the HP Way," its corporate philosophy became a legend in Silicon Valley.

In his statement, Hurd admitted that the probe had fallen afoul of the "HP Way." He outlined steps taken to correct mistakes, including accepting Dunn's resignation. Two others involved in the investigation, Hunsaker and Gentilucci, have also left the company. Hurd said existing ethical practices will be reviewed and new measures developed to protect information privacy.

He, too, distanced himself from the investigation's operation: "I was apprised of the existence of the investigation by Ms. Dunn, but I was not involved in the investigation itself."

Both the FBI and the California attorney general's office are investigating the case, and California Attorney General Bill Lockyer has said he has enough evidence to bring criminal charges against people inside and outside the firm. Documents delivered to Congress detailed one exchange between HP investigators that suggested they knew they were pushing the bounds of the law.

In a Jan. 30 e-mail, Hunsaker asked Gentilucci how HP's private investigator was obtaining phone records. "Is it all above board?" he asked.

Gentilucci replied that the investigator, DeLia, used " some ruse" to trick phone operators. "I think it's on the edge, but above board," he wrote.

Hunsaker's reply: "I shouldn't have asked."

Staff writer Yuki Noguchi and staff researcher Richard Drezen contributed to this report.

Dunn And Dumber (WSJ)

The Wall Street Journal, September 28, 2006

One refreshing aspect of the Hewlett-Packard "leak" scandal is that it hasn't become an excuse to diagnose some larger sickness in all of corporate America. Today, however, the story heads to Congress, which specializes in false diagnoses, not to mention bad prescriptions. So perhaps it's time to sort out the lessons of this case, prosaic as they are.

From our vantage point in the cheap seats, the spectacle looks like a unique case of board of director dysfunction and bad human judgment. Such things are known to happen, even among the rich and otherwise savvy. Patricia Dunn, H-P chairman until her recent resignation, led a wild leak chase all out of proportion to the story that prompted it. That chase evolved into a fishing expedition into telephone records and even newspaper trash, including misrepresentations that may have been illegal. Most H-P directors still haven't admitted, perhaps even to themselves, how dumb and dumber this all was.

None of this is to say that board leaks aren't a problem. Directors are supposed to have a company's best interests in mind, and leaks to the press can make life difficult for any management. H-P's most damaging leak came in January 2005, when this newspaper reported that the board had concerns with then-CEO Carly Fiorina. She was later sacked, and the H-P board agreed not to speak to the press. But leaks are a fact of modern American life, and the search to find the leaker typically does more harm than the leak itself. Media relations, leaks included, are a key part of an executive's job.

All the more so in H-P's case because the actual "leak" that triggered a second phase of the probe hardly deserves the term. A story on CNET News, the Web site, was mostly an endorsement of the strategy of new CEO Mark Hurd. Most companies want this kind of publicity. But Ms. Dunn seems to have used the story as an excuse to investigate directors she disagreed with, specifically physicist George "Jay" Keyworth.

Ms. Dunn hasn't yet told her side of this story -- not surprising given California Attorney General Bill Lockyer's loose words about criminal indictments. But the board's internal disagreements seem to have been about the role of directors. Mr. Keyworth, who was Ronald Reagan's science adviser and whose 21 years on the board go back to the era of founder David Packard, was part of a faction who believe directors need to be conversant enough with technology to appreciate the company's main business risks. After H-P's failure to recognize the threat from the distributed computer revolution in the 1990s, this makes a lot of sense.

Ms. Dunn, by contrast, is a former financier with little knowledge of the computer industry. She believed H-P's board should focus more on supervisory process -- for example, by fulfilling its obligations under Sarbanes-Oxley. There may also have been some residual tension on the board over Ms. Fiorina's dismissal; Mr. Keyworth was among those who wanted to replace Ms. Fiorina, who still has friends on the board.

In any case, there's little doubt that Ms. Dunn's leak probe was aimed principally at Mr. Keyworth, who acknowledged having lunch with the CNET writer, a long-time acquaintance. Asked to resign at a board meeting in May, Mr. Keyworth

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understandably refused on grounds that what he had "leaked" was public information, finally resigning this month as a way to help Mr. Hurd clear the decks.

Are there any bigger lessons here about "corporate governance"? Not really. The fad of dividing the roles of CEO and chairman may sometimes make sense, but at H-P that division of responsibility led to dysfunction. Ms. Dunn seems to have meddled too much in corporate operations by supervising a leak probe run from the H-P counsel's office. That's one danger of dividing the two jobs. But like any collection of human beings, the knowledge and judgment of the individuals on a board matter far more than its structure.

Mr. Hurd and the entire H-P board also seem to have ignored a law of modern public relations, which is to get all the bad news out early, take responsibility, and move on. Instead, the board knew as early as June that the probe involved "pretexting," or misrepresentation, to obtain Mr. Keyworth's phone records, yet it failed to stop it. Mr. Hurd has finally acknowledged he should have paid more attention to the details of the probe, but he was also too slow to accept that Ms. Dunn had to leave as chairman. He's fortunate H-P's stock has performed so well, or some investors would be using this episode to call for his head as well.

As for Congress, we understand the impulse to grab some camera time by beating up on H-P witnesses. But even otherwise shrewd Members of Congress have been known to do stupid things from time to time. The last thing the country needs is a new Bureau for the Prevention of Bad Business Judgment, which is at bottom what the H-P saga is all about.

A Fugitive's Haven In Africa Turned Out To Be Anything But (WSJ)

By CHARLES FORELLE, KARA SCANNELL And PAUL DAVIES

The Wall Street Journal, September 28, 2006

Kobi Alexander Is Arrested In Namibia; the Tip-Off Was Hefty Bank Transfer

Kobi Alexander, a former chief executive embroiled in a stock-options scandal and the focus of an international manhunt, seemed to have found the safest of havens: Windhoek, the picturesque capital of Namibia, an African country with no extradition treaty with the U.S.

Missing since early August, and supposedly spotted in Sri Lanka several weeks ago, Mr. Alexander was living openly in Windhoek with his wife and children, said a U.S. official in Namibia. He had filled out a temporary residence permit using his given name, Jacob Alexander, the official said, had enrolled his children in the international school and was looking for real estate.

Yesterday, this life on the lam came to an end. Early in the morning, Namibia's justice minister filed a special notice with parliament to allow the country to extradite Mr. Alexander to the U.S., and a magistrate issued an arrest warrant soon after. At about 2 p.m. local time, authorities arrested Mr. Alexander, the 54-year-old former chief of Comverse Technology Inc., as he was having lunch with his wife in his suite at the luxury Windhoek Country Club. They'd been staying there while shopping for a residence, according to the U.S. official.

Shortly thereafter, the U.S. attorney in Brooklyn, N.Y., unsealed a 32-count indictment against Mr. Alexander for his alleged role in a scheme to backdate stock options at the company he had co-founded.

Herman Oosthuizen, an attorney for Mr. Alexander in Windhoek, declined to comment. Keith Krakaur, an attorney for Mr. Alexander in New York, said he hadn't spoken to his client since the arrest and didn't know how he would respond to the effort to extradite him.

About a month ago, an official at Namibia's bank regulatory agency noticed an unusual transfer of funds into the African country: Tens of millions of dollars to the account of Mr. Alexander, who had arrived days before. That seemed suspicious for a person with no known permanent Namibian residence, family or business connections. The official sent word through an Interpol liaison, who got in touch with the U.S. Federal Bureau of Investigation, and learned that Mr. Alexander was a wanted man. "The Namibians and we are flabbergasted about why he would come here," said the U.S. official who provided the account of Mr. Alexander's capture.

The Wall Street Journal's Lee Hawkins8 reports on the news that former Comverse CEO Kobi Alexander is in custody.

Windhoek, a city of both modern buildings and German colonial architecture, has a reputation as one of the most beautiful in Africa. Namibia is off the beaten track and has beautiful deserts and haunting coastlines. Like South Africa next door, it has a colonial history and modern lifestyle. Namibia got a publicity boost earlier this year when actors Angelina Jolie and Brad Pitt traveled there for the birth of their daughter, Shiloh Nouvel.

While corruption, lackluster law enforcement and an absence of extradition treaties make much of Africa a refuge for people looking to dodge prosecution, Namibia has a fairly sophisticated legal and business environment. The regulator's tip set off a quick chain of events under the Namibian laws that let the justice ministry seek dispensation to arrest and extradite a fugitive. Namibian officials filed the required notice with parliament yesterday morning, said the U.S. official, and after an arrest warrant was granted, Mr. Alexander was arrested.

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He is spending the night in jail and will have a hearing today. The U.S. official, who said no one could remember a case where Namibia has extradited anyone to the U.S., praised Namibian authorities for their quick action.

In the 1980s, Mr. Alexander and an Israeli engineer co-founded Comverse to produce technology for voicemail systems. Mr. Alexander was the son of the head of Israel's national oil company and a former member of an elite Israeli army unit. At Comverse, he was known as a tough executive who held tight sway.

Comverse was originally something of a family affair, with Mr. Alexander's sister, brother-in-law and father once board members. It grew to become a leading maker of voicemail software and survived when many others failed in the collapse of the telecom bubble. Based in New York, it has more than 5,000 employees and about $1.2 billion in annual revenue.

The business made Mr. Alexander wealthy, but prosecutors allege that millions of dollars of his fortune came from improper backdating of stock-option grants. In August, they charged him and two other former executives, alleging a scheme by which they deceived directors who were supposed to authorize stock-option grants. By using bogus dates, prosecutors charge, the executives made the grants appear to have been given at a time when Comverse's stock price was lower, making the grants more valuable.

According to an affidavit filed by an FBI agent, Mr. Alexander and former finance chief David Kreinberg also engineered the creation of a secret options slush fund that held grants to phony employees, with the options later doled out to favored employees. Mr. Kreinberg and former Comverse General Counsel William Sorin surrendered to federal agents on Aug. 9. Mr. Alexander didn't show.

Messrs. Kreinberg and Sorin are charged in a complaint with securities fraud but haven't been indicted. Mr. Alexander faces a 32-count indictment that includes false-filing counts for each of eight forms submitted to the Securities and Exchange Commission. It also includes 14 wire-fraud counts for various emails, electronic forms and faxes, plus three mail-fraud charges related to the sending of documents to directors.

Prosecutors allege that in July 2006, knowing he was under investigation, Mr. Alexander shuffled money that included options proceeds between two accounts -- then sent $57 million to an account in Israel. He is charged with three money-laundering counts. Prosecutors are moving to seize funds in two accounts at Israeli banks held by Mr. Alexander, along with two West Side Manhattan apartments.

Namibia has relatively close ties to Israel, and Windhoek once had a sizeable Jewish community. Laurence Pieters, former president of the Windhoek Hebrew Congregation, said, "We have a lot of Israelis coming to services here." The community numbered more than a thousand between the 1950s and the 1970s but has declined. Mr. Pieters said he hadn't heard of Mr. Alexander.

Just what happens to Mr. Alexander's money in Namibia isn't yet clear. Being in jail, he doesn't have access to the cash, the U.S. official said, adding that it likely would be informally held by Namibian authorities until legal proceedings are sorted out.

--Robert Block contributed to this article.

Former Chief Of Comverse Is Arrested In Namibia (NYT)

By Julie Creswell

The New York Times, September 28, 2006

Life on the run ended early yesterday for Jacob Alexander, the former chief executive of Comverse Technology, after he was arrested by local authorities in Windhoek, the capital of Namibia in southwestern Africa.

Mr. Alexander, also known as Kobi, is expected to be brought before a court in Namibia, possibly as soon as today, and the United States intends to seek his extradition to face charges stemming from a scheme to backdate stock option grants at Comverse, according to the United States attorney's office in Brooklyn.

Once back in the United States, Mr. Alexander, 54, will face conspiracy, securities fraud and money-laundering charges, according to a 32-count indictment against him that was unsealed yesterday. Prosecutors are also seeking forfeiture of $138 million in bank accounts or other assets held by Mr. Alexander.

Details about Mr. Alexander's arrest and what brought him to Namibia remained murky yesterday. He is believed to have been in the region for some time and was, at times, there with his family, according to two individuals briefed on the investigation.

Adding to the confusion were questions over whether the United States can legally request Mr. Alexander's extradition from Namibia.

"The U.S. does not have an extradition treaty with Namibia," said Janelle Hironimus, a spokeswoman for the United States State Department. "Our understanding is that Namibia law permits extradition in the absence of a treaty in certain circumstances."

"The U.S.," she said, "will submit a formal request for Mr. Alexander's extradition and that request will be considered by the Namibian courts."

One of Mr. Alexander's lawyers, Robert G. Morvillo, said, "I don't have a clue with regard to this particular country and what his particular rights are in the context of whatever is going on there."

Another of his lawyers, Keith D. Krakaur of Skadden, Arps, said he also had not spoken with Mr. Alexander since his arrest and did not know whether he intended to fight or cooperate with extradition attempts.

The arrest ends another strange chapter in Mr. Alexander's career. Credited with turning Comverse from a penny stock to a communications software company with $1 billion in annual sales, Mr. Alexander was the subject of an international manhunt this summer, with reports — all unconfirmed — that he traveled from Israel to western Sri Lanka during his time as a fugitive.

Mr. Alexander's fortunes had turned earlier this spring, when Comverse began an internal investigation into the altering of dates of options granted to him and other executives and employees of the company. The investigation prompted Mr. Alexander to resign as chief executive of the company and chairman of the board in April.

In August, federal prosecutors described a brazen scheme that involved backdating every companywide option grant between 1998 and 2001 to days when Comverse's stock was trading at lower prices, hence creating the potential for bigger profits. Mr. Alexander and two other former Comverse executives were charged in a criminal complaint with securities, mail and wire fraud.

Options give an employee the right to buy a stock at some point in the future at the price of the stock on the day it was granted, commonly referred to as the strike price. The lower the strike price, the more an option is worth to the recipient. By dating the options back to a time when the stock was trading at a lower price, the recipient receives even bigger profits.

Two of the executives, David Kreinberg, the former chief financial officer, and William F. Sorin, the former general counsel, were not named in the indictment that was unsealed yesterday. Their cases are still pending.

Among the allegations against the three executives was that they were involved in a scheme that in which stock options were granted to fictitious employees to create a secret account of options to dole out to favored employees.

The account was initially named "I. M. Fanton" by an assistant who had seen the Broadway show "The Phantom of the Opera." Later, it was renamed "Fargo" for the movie directed by the Coen brothers.

According to the indictment unsealed yesterday, Mr. Alexander "reaped substantial personal gain from his fraudulent conduct," citing more than $15 million in "paper profits." The indictment does not say whether any of those paper profits were sold for real profits.

So far, executives from only two companies — Comverse and Brocade Communications Systems — have faced criminal charges as the investigations into options practices widen.

More than 100 companies nationwide are now under investigation over their options practices by the Securities and Exchange Commission or by federal prosecutors in San Francisco, Brooklyn and Manhattan.

Fugitive CEO, Sought In Brooklyn, Captured In Namibia (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, September 28, 2006

(AP) - NEW YORK-The fugitive former chief executive of leading voicemail software maker Comverse Technology Inc. has been captured in Africa following a two-month international manhunt, U.S. officials announced Wednesday.

Details of the arrest of Jacob "Kobi" Alexander in the Republic of Namibia were not immediately available. But in a statement, U.S. Attorney Roslynn Mauskopf credited local officials in the southwest African nation for assisting the FBI in the capture.

"We are very grateful for the Namibians' swift action and commend them for their vigilance," she said.

Mauskopf said she would seek Alexander's swift extradition to face charges in federal court in Brooklyn. A call to his defense attorney in New York was not immediately returned.

The manhunt was launched in late July shortly before authorities unsealed a criminal complaint accusing Alexander and two other former top executives of secretly manipulating stock options for personal profit.

Before he disappeared, Alexander, 54, an Israeli citizen and a U.S. permanent resident, allegedly transferred $57 million (â,¬45 million) to Israel, fueling speculation he may have fled there. News reports in Israel speculated that he may have been hiding out in a small Sri Lankan fishing village.

Two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered in August and were released on $1 million (â,¬790,000) bond each.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

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From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million (â,¬118 million), making $138 million (â,¬108.7 million) profit, according to the complaint. Of that, about $6.4 million (â,¬5 million) was generated by backdating options, it said.

Prosecutors allege Kreinberg and Sorin earned about $1 million (â,¬790,000) each on backdated options.

In addition, the company awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for phantom, court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without board of directors approval, the papers added.

Comverse Technology is headquartered in Wakefield, Massachusetts.

Former Comverse Chief Alexander Arrested In Namibia (Update5) (BLOOM)

By Allan Dodds Frank And Bob Van Voris

Bloomberg, September 28, 2006

Sept. 27 (Bloomberg) -- Jacob ``Kobi'' Alexander, the former Comverse Technology Inc. chief executive officer who became a fugitive after being charged with securities fraud, was arrested today in Namibia.

Alexander, the ex-Israeli intelligence officer turned high- technology entrepreneur, will be brought before a court in Windhoek within 48 hours, and the U.S. will seek his extradition, the Justice Department said.

Federal prosecutors charged Alexander, 54, on Aug. 9 with backdating stock options to boost the compensation of executives at New York-based Comverse, the world's largest maker of voicemail software. He is the second CEO charged in the government's probe of illegal stock-option backdating, the largest investigation of corporate wrongdoing since a mutual fund trading scandal three years ago led to $4.3 billion in penalties.

``Alexander's alleged role in options back-dating victimized Comverse shareholders and deceived prospective investors,'' Brooklyn U.S. Attorney Roslynn Mauskopf said today in a statement. ``The fraud affected the company's bottom line by misstating earnings.''

Alexander, the wizard of Israel's technology boom, was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., said Ray Castillo, a spokesman for the U.S. embassy in Namibia.

Sought by Jiang Zemin

The former Comverse CEO was sought out by the likes of former Chinese President Jiang Zemin, who slipped away from official meetings in 2000 and steered his motorcade through a pot-holed section of Tel Aviv to meet with Alexander. Engineers at the company cheered as the Chinese leader shook hands with their chief executive officer.

The probe of backdating at Comverse presents the widest- ranging fraud allegations arising from more than 130 inquiries launched by regulators, prosecutors or companies into stock- options timing. Options backdating, used by companies to reward employees with shares granted at below-market prices, has so far cost investors at least $7.9 billion in market value, according to Bloomberg data.

Alexander left New York-based Comverse in April. His former subordinates, David Kreinberg, Comverse's ex-chief financial officer, and William Sorin, a former general counsel, were also charged last month and released on $1 million bail each. The three were charged in a criminal complaint July 31 of changing the dates on millions of Comverse stock options so employees, including themselves, could buy shares at low prices. Kreinberg and Sorin pleaded not guilty.

Most Wanted List

Since then, the FBI has put Alexander's face on its Most Wanted list and Interpol has sent out a global ``red notice,'' asking police to arrest the former CEO, a dual U.S.-Israeli citizen, and extradite him to face trial in New York. His assets at two Citigroup Smith Barney accounts were frozen by the Brooklyn court July 31.

A 32-count indictment unsealed today in Brooklyn charges Alexander with crimes relating to an alleged ``slush fund'' and the backdating of stock options from 1998 to 2006. He is charged with conspiracy, securities fraud, making false filings with the U.S. Securities and Exchange Commission, mail fraud, wire fraud and money laundering.

If found guilty of the charges, Alexander may be sentenced up to 25 years in prison, according to Mauskopf's statement.

Alexander's lawyer, Robert Morvillo, didn't return a call seeking comment.

Extradition Treaties

``The apprehension of Alexander follows an international manhunt led by the FBI, and the cooperation of the government of the Republic of Namibia,'' Mauskopf said in her statement.

Windhoek is the capital of Namibia, located on the southwestern coast of Africa. The country was administered by South Africa until 1990, when it won its independence, according to the U.S. Central Intelligence Agency's Web site. One-fifth of the country's economy is dependent on mining, including diamonds and uranium, according to the CIA.

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Under international extradition treaties, a foreign country must determine whether the U.S. crime is considered a crime at home and whether the treaty covers it.

Comverse's fortunes soared during the late 1990s with growing sales of cellular phones which use the company's voicemail software. The stock rose from a low of $9.98 on Oct. 8, 1998, to $121.63 on Jan. 24, 2001.

Last year, the company reported $959 million in sales and employed just over 5,000, about half of them in Israel, according to Bloomberg data and the company.

Second CEO Charged

A message left on voicemail at Comverse's headquarters wasn't immediately returned.

Alexander is the second CEO to be charged in the backdating scandal. The first was former Brocade Communications Systems Inc. Chief Executive Officer Gregory Reyes, who Sept. 25 requested a subpoena of two San Francisco-area law firms to defend against charges he improperly backdated stock option grants.

Reyes last month pleaded innocent to 12 counts of securities fraud and other charges that he improperly backdated options so employees could profit from when Brocade's stock was lower.

Comverse shares rose 34 cents to $21.85 at 12:57 p.m. in Nasdaq composite trading.

The case is: U.S. v. Alexander, No. 06-MJ-817, U.S. District Court, Eastern District of New York (Brooklyn).

To contact the reporter on this story: Bob Van Voris in New York at rvanvoris@bloomberg.net

Bondholders Seek $21.5 Million In Damages From BearingPoint Default (WP)

By Kim Hart And Terence O'hara

The Washington Post, September 28, 2006

Plaintiffs who won a bond default ruling against BearingPoint Inc. last week said that they aren't trying to ruin the company and that they don't think the $21.5 million in damages they have requested will hurt the McLean consulting firm's business.

A group of bondholders sued BearingPoint for failing to file up-to-date financial reports -- a violation of the bond agreement that has become a common tool used by creditors and most typically hedge funds to extract concessions. A New York court last week agreed that the firm was in default on about $200 million in corporate debt.

Hareesh Paranjape, portfolio manager at New York-based Fore Advisors L.P. and one of three hedge fund managers who instigated the lawsuit, said he's only trying to make the company meet its obligations.

"The company is not in financial distress," Paranjape said. "Of course, it is just a technical default. But they breached the covenants [of the bonds]. We wanted the damages due to us as a result of that breach. I think it's ludicrous that a $1.7 billion market-cap company thinks that a relatively small damage claim would put them in financial distress."

He said that usually in such cases, companies settle with the bondholders and move on. "BearingPoint for whatever reason did not concede an inch, and now they're paying the price," he said.

BearingPoint officials have appealed the court ruling and asked other creditors to grant waivers to avoid similar suits. The company said it would delay filing its annual report, expected tomorrow, because of the uncertainty that the court ruling has produced for the company.

BearingPoint's stock closed yesterday at $7.78, down more than 8 percent.

Chief executive Harry L. You yesterday criticized the creditors who brought the suit, saying hedge funds who file this sort of litigation are preying on technicalities to boost their return.

"All the people we've talked to outside the plaintiffs are being very rational about this," You said. "This is just a group of people who've made some money suing people on this technicality."

BearingPoint has not filed timely financial statements in more than two years after inheriting accounting and other problems from when it was part of KPMG LLP. BearingPoint was spun off from KPMG and provides management and information-systems consulting for large corporations and government agencies. In 2005, a new management team, including You, took over, and the firm was "ahead of schedule on its turnaround," said Adam Frisch, an analyst with UBS AG.

"It's unfortunate that this has to overshadow the improvements," he said.

Some analysts agreed that BearingPoint would be able to weather this problem without seeking bankruptcy protection.

But the court ruling still poses risks. Other creditors could use the default judgment to pursue their own payment demands, for example. It could also spook potential clients and prompt existing customers to consider canceling contracts, said Ivan Feinseth, an analyst with Matrix USA LLC.

"How do you advise others when your own house is not in order?" he said. "I don't think bankruptcy is imminent, but they'll have to do some kind of restructuring" of their debt.

You said bankruptcy is not in the cards, though credit-rating agency Egan-Jones Ratings Co. said yesterday that a bankruptcy protection filing remains a possibility.

"The company needs to be watched," Egan-Jones said in a written analysis released yesterday.

Despite its creditor problems, BearingPoint says its revenue has been growing, and it has $291 million in cash on hand. The company warned in its SEC filing, however, that it probably wouldn't be enough to fund its operations should its creditors start submitting "sudden, unexpected significant demands for cash collateral or for accelerated payment of principal and accrued interest."

Revenue for 2005 was $2.40 billion, about a 2 percent increase over 2004, You said yesterday. The company expects to report a loss of $650 million to $720 million for 2005, at least $100 million more than it lost in 2004.

Moody's said yesterday that it had a B1 rating on BearingPoint's corporate debt, a rating it assigns to speculative corporate bonds with relatively high probability of default and loss. Moody's also said its BearingPoint rating "may be under review."

Regulators Urge Joint Action On Derivatives (FT)

By Gillian Tett In London And Anuj Gangahar In New York

Financial Times, September 28, 2006

Three of the world's most powerful financial regulators have taken the unusual step of issuing a joint warning that individual nations cannot contain some of the risks posed by the explosive growth of derivatives and must collaborate across borders.

The dramatic pace of integration and innovation in global markets makes it increasingly difficult to solve problems with "a local or national solution", top officials from the UK Financial Services Authority, the Federal Reserve Bank of New York and the US Securities and Exchange Commission write in the Financial Times.

"In a more integrated global market, we will increasingly find ourselves compelled to pursue borderless solutions," write Timothy Geithner, president of the New York Fed; Sir Callum McCarthy, chairman of the FSA; and Annette Nazareth, a commissioner at the SEC.

The comments come after leading global investment banks, institutional investors and international regulators met at the New York Fed on Wednesday to discuss industry initiatives to improve back-office systems for derivatives trading. The move follows concern last year that back-office backlogs were so serious they could create systemic problems if not addressed.

At the New York meeting, regulators said a process of co-operation between the US and European regulators last year had cut credit derivatives backlogs, but warned the industry still needed to tackle serious backlogs in the equity derivatives world. Their comments prompted the International Swaps and Derivatives Association to declare that it would take urgent action.

In the FT article, the regulators suggest the US-European initiative could act as a model for co-operation on broader issues in the future. "In the case of derivatives, a local or national solution would have been insufficient to protect domestic financial markets from the risks posed by market practices," they said.

"To fix the credit derivatives problem, it was necessary to involve a large and diverse pool of financial institutions. No firm or national authority had the capacity to make progress on its own."

The comments will be closely watched in the financial industry. Although US and European regulators have co-operated extensively behind the scenes in recent years, this collaboration has been discreet, since national supervisors have been expected to handle problems in their local markets. As a result, when Long Term Capital Management, the US hedge fund, imploded in 1998, the New York Fed facilitated rescue efforts by local, Wall Street investment banks.

However, the growing integration of capital markets is making it easier to transmit shocks across borders. When Amaranth, the US hedge fund, lost $6bn this month in US gas markets, this triggered a massive firesale of Amaranth's loans in London.

Projects Under Scrutiny (HC)

By David Ivanovich

Houston Chronicle, September 28, 2006

Inquiry looks at Halliburton work in Nigeria and elsewhere

WASHINGTON - Federal investigators, who have been looking into a possible bribery scheme involving Houston's Halliburton Co. and a Nigerian natural gas plant, are scrutinizing "multiple" projects both within and outside Nigeria, according to company filings.

Recently uncovered information suggests employees at Halliburton's M.W. Kellogg Co. — some time before 1998 — may have planned to funnel payments to government officials to land projects in countries outside Nigeria, Halliburton subsidiary KBR said in a filing with the U.S. Securities and Exchange Commission.

The SEC has issued subpoenas seeking documents related to multiple projects from the last 20 years in and outside Nigeria, the filing said.

Halliburton spokeswoman Cathy Mann would not discuss the investigations, saying in an e-mail: "As these are ongoing investigations, it would be inappropriate to comment further at this time."

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She did point out that the activities under investigation predate Halliburton's acquisition of Dresser Industries, which owned M.W. Kellogg.

Halliburton officials have been scrutinizing the activities of an unnamed agent who "has worked with us outside of Nigeria on several current projects and on numerous older projects going back to the early 1980s," the company said in the filing.

Halliburton officials are trying to determine whether this individual broke the law or violated the company's code of conduct.

At the same time, Halliburton has been examining another agent involved in a project in Nigeria.

The company was tipped off by an unnamed joint venture partner about "allegations of wrongful payments" the agent may have made.

Kellogg was merged with Halliburton's Brown & Root to form Kellogg Brown & Root, now known as KBR.

A $5.5 billion projectThe latest inquiries grew out of a long-running investigation into the construction of a $5.5 billion natural gas liquefaction complex at Bonny Island in Nigeria's Rivers State.

That facility was built by a Madeira, Portugal-based joint venture known as TSKJ. Kellogg held a 25 percent stake in TSKJ. Other partners included France's Technip; Snamprogetti Netherlands, a subsidiary of Italy's Saipem; and Japan's JGC Corp.

Halliburton officials have acknowledged that agents working for TSKJ may have made improper payments to Nigerian officials in connection with that project.

Several investigationsThe SEC and Justice Department, as well as authorities in France, Nigeria, Switzerland and Britain have all been investigating. Halliburton officials said they do not expect those probes to be wrapped anytime soon.

Spokesmen for the Justice Department and the SEC declined to comment.

In August 2005 and then again in January, the SEC subpoenaed documents from Chicago Bridge & Iron Co. in relation to the TSKJ probe.

Chicago Bridge, an engineering and construction company based in The Netherlands with its worldwide administrative headquarters in The Woodlands, served as a subcontractor for a Halliburton affiliate on the project.

"We are cooperating fully with such investigation," Chicago Bridge said in an SEC filing last month.

Some Shocked At Sentence (HC)

By Kristen Hays And Tom Fowler

Houston Chronicle, September 28, 2006

Fastow's 6 years has a few experts scratching heads

Andrew Fastow's six-year prison sentence caught many longtime observers of the case off guard this week, including a former member of the government team that negotiated his 2004 plea agreement.

Fastow had agreed to a 10-year prison sentence in the plea deal with the understanding that he would not ask for a lesser sentence later.

Yet his lawyers asked for just such a break. The government didn't object and instead stressed the critical cooperation Fastow provided in helping the government build criminal cases against former Chairman Ken Lay and former CEO Jeff Skilling.

With no dissenting opinion from prosecutors, U.S. District Judge Kenneth Hoyt cut four years from Fastow's term.

"The way the government handled it is surprising, given the written terms of the agreement," said Andrew Weissmann, former director of the Justice Department's Enron Task Force, who was on the team when Fastow's plea was negotiated. Weissmann step- ped down from the task force last year and later went into private practice.

Michael Wynne, a former federal prosecutor in Houston, also was surprised.

"I expected him to receive the full 10 years. The judge even said that there was no way Fastow would be able to repay all the harm that he caused," Wynne said.

Fastow, 44, has long been considered among the most egregious of Enron's felons, having orchestrated multiple schemes to help Enron manipulate earnings while enriching himself with kickbacks. Some of those unsustainable schemes began crumbling in 2001 and helped fuel the company's failure late that year.

Both Lay and Skilling argued in their fraud and conspiracy trial earlier this year that no fraud occurred at Enron other than Fastow's self-dealing. But Fastow linked both to fraud, either for participating in or approving fraudulent schemes or lying to investors about Enron's financial strength to maintain an illusion of success.

A short fightFastow fought the government for more than a year after being indicted in October 2002, but admitted to two counts of conspiracy and agreed to cooperate in January 2004.

Since then, Fastow's plea agreement was thought to guarantee he would serve the decade he agreed to serve in prison, with potential to shave some time off with credit for good behavior.

But a January 2005 U.S. Supreme Court decision prompted Fastow's lawyers to try to unchain Fastow from that agreed-upon decade.

Fastow's plea agreement said his 10-year sentence was governed by 2001 federal sentencing guidelines that were mandatory. Last year, the high court ruled that the guidelines were strictly advisory.

Fastow's lawyers argued that the change meant Fastow was no longer bound to the 10-year agreement because judges' discretion in sentencing had largely been restored.

However, Candace Zierdt, a contract law professor at Stetson University College of Law in St. Petersburg, Fla., said the plea agreement — and its written terms — remained binding despite the Supreme Court ruling.

"There's this whole area of case law that says once you enter a plea agreement, it is governed by contract law. Just because it turns out to be a bad deal because the law changed, that doesn't mean the contract changes," Zierdt said.

She noted a 2005 ruling from the U.S. 7th Circuit Court of Appeals that said the Supreme Court said the same thing. That case involved a defendant who appealed his sentence based on the Supreme Court decision after agreeing not to do so as part of a plea deal.

"Disputes over plea agreements are usefully viewed through the lens of contract law," said the opinion, written by Judge Richard Posner. "A plea agreement is a type of contract."

Yet Kirby Behre, a former federal prosecutor and an expert on federal sentencing, said the binding nature of the plea agreement could be challenged in light of the ruling.

"It's not a clean way of doing it," he said of the argument from Fastow's lawyers, "but one can understand why there would have to be some tinkering with an agreement predicated on an assumption that the Supreme Court said is no longer part of the law."

Asked for fiveFastow lawyer John Keker alerted U.S. District Judge Kenneth Hoyt to Fastow's intention to ask for mercy in a court filing last week. He did not suggest a specific prison term until Tuesday, when he asked for five years followed by probation for three years.

Prosecutor John Hueston, who questioned Fastow during Lay and Skilling's fraud and conspiracy trial earlier this year, didn't object to Keker's suggestion or recite the terms of the plea agreement. Instead, he praised Fastow's "critical" cooperation, without which he said the outcomes of the investigations of the company's former top two executives "were in doubt."

Hoyt, who was never bound by the plea agreement, said Fastow deserved mercy despite his crimes because of the cooperation he provided to the government and shareholders trying to recover money from others allegedly involved in Enron's demise, and the torment he and his family have been put through.

Credit for good behaviorFastow can shave up to nearly two years from his six-year sentence with credit for good behavior and completion of a drug rehabilitation program he wants to enter.

Hueston declined to discuss why he didn't object to Keker's request, but he said the government didn't backtrack from its intention that Fastow serve a decade in prison.

"The government's position has always been that under the plea agreement, the government was recommending a 10-year term," he said. "Then you have to consider what the defendant did and what the judge did."

Behre said Hueston's silence on Keker's request coupled with his praise of Fastow's cooperation likely conveyed unspoken support for a lesser term.

"Without asking for it, you're clearly asking for it," Behre said.

Others agreed.

"It tells the judge they're in agreement with it," Kent Schaffer, a Houston defense attorney who has followed Enron, said Wednesday. "I'm sure for PR reasons the government doesn't want to come in and recommend a six-year sentence, but by not objecting I think it shows that was probably their intent all along."

Often reiteratedFastow testified repeatedly in the Lay-Skilling trial that he expected to serve 10 years.

"My outcome is already determined," he told Skilling lawyer Daniel Petrocelli. He later told Hueston: "My understanding is that I will be sentenced to 10 years. The judge ultimately has a discretion; but in my plea agreement, I agreed to the 10-year sentence."

Petrocelli questioned why four months after the trial, Fastow's lawyers asked that he serve half that time.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli said.

David Gerger, another of Fastow attorneys, said his client fulfilled the terms of the plea agreement in full.

"The judge exercised his discretion as he is allowed," Gerger said.

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CRIMINAL LAW:

Jeanine Pirro Under Criminal Investigation (WNBC-TV)

WNBC-TV, New York, September 28, 2006

ALBANY, N.Y. -- NewsChannel 4's Jonathan Dienst has learned Jeanine Pirro, the Republican candidate for New York Attorney General, has been under state and federal criminal investigation.

Images: Pirro Probed For Alleged Spy Plan

Video: Conversations With Kerik

Raw Video: Pirro Press Conference

Dienst reported these allegations center on whether Pirro illegally spied on her own husband, Albert Pirro, while she held the office of the Westchester District Attorney.

The sources said that court authorities wiretapped conversations that appear to show that while preparing for a statewide run for office, Jeanine Pirro was desperate to prove her husband was cheating on her.

She came under the scrutiny of six different law enforcement agencies, including the New York Police Department, the city's Department of Investigation and prosecutors in the Bronx and Westchester.

According to documents now in the hands of several defense attorneys, Pirro and the former New York City Police Commissioner Bernard Kerik were apparently talking about planting a hidden device aboard her husband's boat. Her possible motive may have been to see if he was having an affair.

Sources told NewsChannel 4 that in one conversation, Pirro complained that one of Kerik's employees was reluctant to board Albert Pirro's boat.

Jeanine Pirro suggests, "We can just simply say, if there is an issue, that I am redecorating it for our anniversary." She complains that Kerik's man is, "uncomfortable with that."

Kerik responded by saying, "But Jeanine, I'm having the same f------g problem with everybody. Everybody is panic stricken because it's you. I've gone out on a limb. I had two other people looking at this. It's a problem."

Pirro said, "What am I supposed to do, Bernie? Watch him f--k her every night? What am I supposed to do? I can go on the boat. I'll put the f-----g thing on myself."

Minutes later, Kerik called a contact at Giuliani Partners, former Mayor Rudy Giuliani's consulting firm, asking him to find a recording device, according to documents.

Sources said the FBI and Justice Department have been asked to look into whether Pirro and Kerik also might have violated federal laws.

In the wiretapped conversations, Pirro appeared to discuss how her husband's alleged indiscretions hurt her politically.

Without her husband, sources said she told Kerik, "I move into the governor's mansion." That's an apparent reference to her aspirations for higher office, the documents said.

Lobbyist Albert Pirro was convicted of tax fraud in 2000 and has fathered a child out of wedlock. He was investigated for allegedly leaking information from his wife's Westchester district attorney's office to the mob, which he has denied. To date, no charges have been brought.

Twice this summer, he has been ticketed for speeding in his Mercedes.

Jeanine Pirro decided not to seek re-election in Westchester, and first put her name in the race for the Senate. However, she dropped out in her bid to go against Sen. Hillary Clinton and switched to the Attorney General's race.

However, according to documents, when speaking to Kerik in the summer of 2005, Pirro apparently belittled a run the attorney general job, saying it's a "been there, done that kind of thing."

Some of the conversations with Kerik were recorded because Kerik's phone was tapped in 2005, as part of an unrelated corruption probe. Kerik ended up pleading guilty to two misdemeanor charges in June to receiving gifts from a construction firm investigated for having mafia ties.

Pirro currently trails Democrat Andrew Cuomo in the race for attorney general.

As for Kerik, his legal troubles appear to be mounting. NewsChannel 4 has revealed that Kerik remains under investigation for more than $1 million missing from a jail charity when he was city corrections commissioner.

U.S. Investigating Pirro's Talk Of Taping Spouse (NYT)

By Patrick Healy

The New York Times, September 28, 2006

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Federal prosecutors in New York are investigating whether Jeanine F. Pirro, the Republican candidate for state attorney general, and Bernard B. Kerik, the former New York City police commissioner, illegally taped conversations of Ms. Pirro's husband last year to determine if he was having an affair.

At a hastily arranged news conference yesterday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the family's boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws.

Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney's office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik.

With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a "political witch hunt and smear campaign" led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated.

Ms. Pirro said she would remain in the race against the Democratic nominee, Andrew M. Cuomo, although top Republican leaders appeared torn over her fate yesterday, and former Mayor Rudolph W. Giuliani canceled a fund-raiser for her next month. A telegenic politician who has often appeared as a commentator on legal matters, she has been considered a potential future leader of the party and perhaps a candidate for governor. Republican leaders had considered Ms. Pirro's bid to replace Attorney General Eliot Spitzer as the party's best hope of capturing a statewide office.

At her news conference, Ms. Pirro acknowledged that she was angry with Mr. Pirro, who fathered a child in an extramarital affair in the 1980's, and with whom Ms. Pirro has two children. But she said she was guilty only of the anger of a woman scorned. And she also said her political fate should be a matter of a concern to women.

"There is no way — when I have the opportunity to be the first woman attorney general in the history of this state — that I am going to be pushed out of this race because somebody wants to delve into the personal lives of my husband and myself," she said. "I'm standing up for myself and I'm standing up for women."

Ms. Pirro, a former three-term district attorney, repeatedly said her actions were not illegal. Legal experts said the law was murky, and one important factor was whether the boat, owned by Mr. Pirro, would be treated the same way as a marital home. Mr. Pirro did not return telephone calls for comment.

Details of the conversations between Ms. Pirro and Mr. Kerik were rushed onto the air by WNBC-TV, which broke into its regular programming. Minutes later, Ms. Pirro held her news conference, in which she said prosecutors had no business investigating her "matrimonial discord," and she demanded an investigation into how the report of her conversations with Mr. Kerik was leaked.

Joseph Tacopina, Mr. Kerik's lawyer, said yesterday that nothing illegal was discussed or done. "Bernie spoke to a friend in distress regarding a domestic conflict," Mr. Tacopina said.

WNBC said the conversations included profanity-laden rants by Ms. Pirro about her husband, as well as politically damaging remarks. At one point, according to WNBC, she is said to be heard dismissing the attorney general's job as a "been there, done that kind of thing" for her; at another, she suggests she could be governor if not for Mr. Pirro's baggage. Ms. Pirro had initially run to unseat Senator Hillary Rodham Clinton, but pulled out of that race late last year at the urging of party leaders.

Ms. Pirro blamed for the revelations a man far less known to most New Yorkers, Elliott B. Jacobson, an assistant United States attorney who prosecuted Mr. Pirro in 2000 and sent him to jail for 11 months. She said Mr. Jacobson's motives were "personal and highly improper" and, as a result, federal agents were now "prying into the personal lives of married couples."

"Let me reiterate my disappointment with the United States attorney's office for allowing an unethical overzealous prosecutor with a partisan political agenda using taxpayers' money and public resources to pursue a baseless investigation into a marital situation and seek to affect the outcome of an election," Ms. Pirro said.

The United States attorney, Mr. Garcia, confirmed the investigation in a statement yesterday and disputed Ms. Pirro's accusation that the inquiry was politically motivated.

"Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations," said Mr. Garcia, who was appointed by President Bush.

The new revelations set the latest scene in one of the most Shakespearean political dramas in New York, the complicated lives of the Pirros, and immediately set off speculation about Ms. Pirro's future. State Republican leaders, who have suffered

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through the Pirro marriage for years now, watching her scuttle past plans to run for lieutenant governor and United States Senate, appeared torn over what to do.

The chairmen of the Republican and Conservative Parties, which are both running Ms. Pirro on their November ballot lines, issued statements supporting her candidacy. But these are two parties with a history of sacrificing problematic candidates, and Mr. Giuliani's move to cancel his Pirro fund-raiser was widely seen by top Republicans as a sign of things to come.

Other respected party leaders, like Edward F. Cox, a son-in-law of President Nixon, said openly that they doubted her candidacy could survive this latest controversy.

"The political issue is not whether she broke any laws, but the fact that she would think about doing this to her husband raises questions about her judgment and about whether you want that individual as attorney general," said Mr. Cox, a Manhattan lawyer who briefly ran against Ms. Pirro for the Republican nomination for the United States Senate against Mrs. Clinton last year.

Gov. George E. Pataki was traveling yesterday and could not be reached for comment. His spokesman, David Catalfamo, said Mr. Pataki was still reviewing the details and had no comment about Ms. Pirro's candidacy.

Two senior Republican Party leaders said yesterday that Mr. Pataki had some inkling that Mrs. Pirro's problems with Mr. Pirro had been looming last year. They said he had asked Mr. Cox not to quit the Senate race last fall because he thought Ms. Pirro — who was still running — would ultimately bow out over problems with her husband.

Mr. Catalfamo said that Mr. Pataki had no foreknowledge of Ms. Pirro's conversations with Mr. Kerik, and that it would be inappropriate to discuss the governor's conversation with Mr. Cox.

Ms. Pirro said yesterday that she was staying with her husband, and she came close to tears as she explained why.

"My husband is a great father. I have two beautiful children in school, a teenage son who needs his father with him," she said, and then choked up audibly as she added, "These are personal choices that I have made, and I shouldn't have to keep explaining them."

Mr. Pirro, a prominent lawyer, Westchester power broker and a friend of state Republican leaders, has been a frequent source of embarrassment to his wife. Besides his prior conviction on tax evasion charges, investigations of his business practices have drawn scrutiny, particularly his ties to reputed mob figures, and he was ticketed twice for speeding this summer.

Ms. Pirro's lawyer, Paul Shechtman, maintained yesterday that case law existed to support a spousal exception to the federal wiretapping statute. Regardless, he added emphatically, Ms. Pirro had never actually bugged the boat.

"There were no devices, no devices were put in anywhere," Mr. Shechtman said.

The tape recording of the Pirro-Kerik conversation was made by the Bronx district attorney's office and later provided to the F.B.I. It was made as part of the investigation into Mr. Kerik's acceptance of a free apartment renovation from a contractor looking for city work.

Ms. Pirro spoke to Mr. Kerik when she was dragging out deliberations in the summer of 2005 over whether to run for governor, senator or attorney general in 2006. She said at that time that she took so long to make her choice because her mother had been ill; it became clear for the first time yesterday that her concern about her husband's behavior was also a factor in the much-delayed decision.

"This was one of the reasons we wanted her to run for Senate — all this awful Al Pirro stuff would cloud her credentials to be the top law enforcement officer," said one Republican Party official who spoke only when granted anonymity.

The campaign of Mr. Cuomo, the son of former Gov. Mario M. Cuomo, and Democratic Party officials said they had nothing to do with the revelations. Ms. Pirro did not accuse her opponent, though associates of hers suggested yesterday that Mr. Cuomo and Mr. Jacobson might have worked together long ago.

Yet it is another man, Mr. Pirro, who has done more damage to Ms. Pirro than anyone else over time, Republicans and political analysts said yesterday. Ms. Pirro acknowledged as much at her news conference, urging voters not to hold her accountable for a husband who had driven her to profound bitterness.

"I was a very angry woman and I said a lot of things, but what matters is what I did and didn't do, and I didn't do anything here other than vent," Ms. Pirro said.

AG Candidate Focus Of FBI Investigation (AP)

By Beth Fouhy, Associated Press Writer

AP, September 28, 2006

New York (AP) -- Republican state attorney general candidate Jeanine Pirro said Wednesday she was under federal investigation for plotting to secretly record her husband to find out whether he was having another affair.

Pirro, speaking at a Manhattan news conference, said that any probe into her troubled marriage was "highly improper" but she had no intention of quitting her campaign, calling the investigation politically motivated and sexist.

"My husband is a great father. I have two beautiful children in school ... a teenage son, who needs his father with him," she said, her voice cracking. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

She also said that federal prosecutors had no business delving into her union with millionaire lobbyist Albert Pirro, who spent 11 months in prison after being convicted on tax fraud charges in 2000 and fathered an illegitimate daughter after their wedding in 1975. The couple has a 21-year-old daughter and a 17-year-old son.

"Sometime last year, I came to believe that my husband was seeing another woman," Pirro said. "In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment."

Pirro, former district attorney of Westchester County, just outside New York City, said that "placing a recording device on one's property to intercept a conversation involving one's spouse is not a crime."

Two people familiar with the situation, who spoke to The Associated Press before Pirro's news conference on condition of anonymity because she had not yet spoken herself, said Pirro was overheard by authorities having a telephone conversation with former New York City Police Commissioner Bernie Kerik in the middle of last year. They said that Pirro suspected her husband, Albert Pirro, might be having an affair and that she and Kerik, a private security consultant, discussed possibly placing a recorder in a room to listen in on him.

The two people said that the recording device was never used and that a Kerik investigation turned up no firm evidence of an affair. Kerik's attorney declined to comment on the case.

Pirro said Kerik was a friend and confirmed that they had spoken about her marital concerns.

"I was a very angry woman, and I said a lot of things," Pirro said. "What matters is what I did and didn't do, and I didn't do anything here other than vent."

Pirro, who faces former federal Housing Secretary Andrew Cuomo in the attorney general's race, said she learned about the investigation when she was approached by a pair of FBI agents outside her home. She repeatedly said this was a personal matter involving her husband and charged she was the target of "an unethical, overzealous prosecutor with a partisan agenda."

U.S. Attorney Michael J. Garcia confirmed in a statement his office was investigating but declined to offer details. But, Garcia said, "we do not take politics into account in deciding either the subject matter or timing of our investigations."

A telephone call to Albert Pirro's White Plains office was not immediately returned Wednesday. A Cuomo spokeswoman, Wendy Katz, declined comment.

Associated Press writers Marc Humbert and Mark Johnson in Albany, N.Y., contributed to this report.

Gifted School Teacher Arrested On Pornography Charges (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 28, 2006

A long-time teacher at a Huntington Station private school was arrested yesterday after dozens of images of child pornography were found on his home computer, authorities said.

Michael Kelly Reiner, 46, an educator for 18 years at the Long Island School for the Gifted, faces federal child pornography charges for possessing the 70 pictures and 42 videos, officials said.

Reiner, of 82 Pengo Circle, East Meadow, also operated a Web site devoted to sadistic fantasies and cannibalism, prompting investigators to probe whether he has acted on his fantasies, the officials said.

Reiner, who taught fourth, fifth and sixth grades at the school for especially bright students, pleaded not guilty to child pornography charges at his arraignment yesterday in U.S. District Court in Central Islip.

He was temporarily detained pending a bail and permanent detention hearing scheduled for tomorrow by U.S. Magistrate Kathleen Tomlinson. In court, federal prosecutor Allen Bode had asked that Reiner be permanently detained as a danger to the community and children. In making the recommendation for detention, Bode said school officials had not immediately taken the federal investigation seriously.

Bode, head of the child exploitation unit in the Eastern District, said that when agents of the Bureau of Immigration and Customs Enforcement recently approached school authorities about contents of the Web site, they were told investigators "didn't understand the defendant's sense of humor ... and called customs officers 'ignorant.'"

The attorney for the school, Linda Caputo-Friedmann, said Reiner had been suspended from teaching and in fact, the school had cooperated fully with federal authorities and taken the matter seriously. The school fired him yesterday after learning of the arrest.

Caputo-Friedmann said Reiner was "a beloved teacher" who had "excellent rapport with students and ... parents."

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Reiner's attorney, federal public defender Randi Chavis, said her client had voluntarily cooperated with federal investigators. Chavis questioned whether the government was in a position to criticize the actions of school officials -- "a school that certainly has a number of experts on its staff.

"Their determination that Mr. Reiner was not a danger should be given respect," Chavis said.

Federal agents began investigating Reiner after Canadian border police notified them that they had made a routine stop and search of Reiner and a portable computer in his car when he crossed over from the United States into Ontario on Aug. 4. Reiner was going to Canada to visit a friend with whom he operated the Web site, court records show.

At the time, according to court documents, the Canadian police said they found an estimated thousand images of young boys in "sexually provocative poses" that are not pornographic under U.S. law.

The boys appeared to range from 4 to 16 years old and wore bathing suits or underwear, the Canadian authorities were quoted as saying. "Reiner stated, in sum and substance, that he had a fetish for young boys, slavery and cannibalism," though he said that he did not actually practice cannibalism, the federal officials said, quoting Canadian border police.

"He further stated in sum or substance 'I like kids. They're fun. I'm a school teacher for grades four, five, six for Long Island School for the Gifted. I joke with them; I say I'm going to eat them, but I'm only joking; the kids always laugh,'" according to officials.

Federal officials said they were trying to determine whether Reiner's statements were part of a fantasy world, or whether he had acted upon any of his impulses.

The Web site Reiner operated has a disclaimer saying, "The complete contents of this Web site are entirely fictional, and are intended for entertainment purposes only. Contributors to this site in no way condone or support any harmful action against any person."

Staff writer William Murphy contributed to this story.

PIRRO'S FURY AT CHEATING AL (NYPOST)

By KENNETH LOVETT And FREDRIC U. DICKER

The New York Post, September 28, 2006

September 28, 2006 -- ALBANY - In a devastating blow to her campaign, Republican attorney-general candidate Jeanine Pirro admitted yesterday she is under federal investigation for discussing with former city Police Commissioner Bernard Kerik how to secretly record her bad-boy husband to see if he was cheating.

Bombshell transcripts of conversations between Pirro and Kerik reveal that an angry Pirro even offered to plant the bug herself on her husband's boat, where she believed he was having sex with another woman.

"What am I supposed to do, Bernie? Watch him f- - - her every night?" Pirro is quoted as saying on the transcripts, obtained by WNBC-TV. "What am I supposed to do? . . . I can go on the boat, I'll put the f- - -ing thing on myself."

U.S. Attorney Michael Garcia confirmed his office is "investigating allegations recently brought to our attention by other law-enforcement agencies" and is working with the FBI and Pirro's old District Attorney's Office in Westchester County.

Garcia is looking into whether Pirro engaged in illegal wiretapping, which carries a five-year maximum prison sentence.

The conversations between Pirro and Kerik came to light as federal investigators tapped the former NYPD commissioner's phone during an unrelated investigation, according to sources.

Pirro, who has hired a lawyer, was Westchester County DA in the summer of 2005 and gearing up for a run against Sen. Hillary Rodham Clinton when she became convinced that husband Al was being unfaithful and she wanted to catch him in the act.

In one conversation, Pirro complained to Kerik, who heads a private security firm, that one of his workers was reluctant to board Al Pirro's boat.

Kerik said: "But Jeanine, I'm having the same f- - -ing problem with everybody. Everybody is panic-stricken because it's you. I've gone out on a limb. I've had two other people looking at this. It's a problem."

Soon after, according to the transcript, Kerik asked a contact at Rudy Giuliani's consulting firm to find him a recording device, WNBC/Channel 4 reported. A Giuliani spokeswoman had no comment.

Pirro also belittled the AG's office she is now seeking, calling it a "been-there-done-that kind of thing." She said she would have been in the governor's mansion if it weren't for her husband.

In a hastily called Manhattan press conference yesterday, Pirro tried to contain the fallout and insisted she is in the race to stay.

At times choking back tears, she angrily denied breaking the law, calling the investigation a "political witch hunt and smear campaign" that is "timed to affect a statewide election."

"It is wrong, it is an outrage and I demand an investigation into why sealed documents were leaked publicly," she said.

Thinking that her husband was again cheating on her - he fathered a love child more than two decades ago when the two were married - Pirro admitted she had him followed "to see if what I suspected was true."

While she talked with Kerik about secretly taping Al Pirro, no taping ever occurred, she insisted.

She said she was simply venting to the former police commissioner, who has had his own recent legal problems.

But the political fallout was already beginning last night.

Giuliani was supposed to host a fund-raiser for Pirro next week at the East Side Marriott, but according to a source close to the mayor, "We're not going forward with the Oct. 3 fund-raiser for Jeanine."

"She's done," a top Republican political operative said simply of Pirro, who already trailed Democratic AG opponent Andrew Cuomo by double digits in recent polls.

Kerik's lawyer said his client e was listening to a friend in distress and that "nothing illegal was discussed and nothing illegal was done."

Even if she had taped her husband, Pirro argued, there is nothing illegal about one spouse taping another.

"There was anger, frustration and disappointment, so why a federal investigation?" said Pirro.

She said she was approached earlier this week outside her house at 10 p.m. by two FBI agents who told her she was the target of a U.S. Attorney investigation.

She noted that one of the prosecutors, U.S. Assistant Attorney Elliot Jacobson, was the man who prosecuted her husband on tax-fraud charges seven years ago, "which is to say it's personal and highly improper."

"Prying into the business of a married couple is not the business of a federal prosecutor and it's time to stop," she said.

"Nothing happened that is or should be the business of the United States Attorney's Office."

Garcia denied politics was involved in his probe.

Pirro acknowledged her family over the years has had ups and downs and said she stays with her husband because he is a "great" father to their two children and her teenage son "needs his father with him."

"These are personal choices that I have made and I shouldn't have to keep explaining them," Pirro said, adding, "I've said it before and I'll say it again, I love my family."

The transcripts, though, quote Pirro as saying that without her husband's years of public transgressions, "I move into the governor's mansion."

Pirro did not reveal whether she found evidence he was having an affair.

Neither Al Pirro nor his lawyer returned calls for comment yesterday.

Yesterday's startling turn of events was just the latest in a long public saga of the Pirros' marriage.

It was 20 years ago that Pirro abandoned her campaign as the Republican candidate for lieutenant governor because of her then-virtually unknown husband Al's alleged ties to mob-connected companies. And it was almost a year ago that Pirro abandoned her campaign for U.S. Senate - deciding instead to run for attorney general - after her husband secretly worked behind the scenes to undermine her candidacy.

In 1995, a woman who worked for the Florida branch of Al Pirro's law firm stepped forward to claim that he had fathered her child.

After repeated denials and an insistence that the woman was a well-known liar, Al Pirro was forced by a court order a few years later to submit to a DNA test. It showed he was, in fact, the father.

In 1999, word surfaced that Al Pirro was the subject of a massive federal investigation into income-tax evasion. A year later, he was charged with evading taxes on $1 million in income and for claiming deductions on such luxuries as his own $123,000 Ferrari and his wife's new Mercedes.

He was eventually convicted on 66 counts of federal tax fraud and served 11 months in a federal prison.

In 2001, Al Pirro's law license was suspended because of his conviction, and remains so to this day.

In 2003, he denied allegations from a suspended Mamaroneck police officer that the department covered up an incident in which Al was stopped while driving drunk. His wife, who was in the car, allegedly demanded special treatment.

In 2004, Al Pirro was alleged by a FBI informant to have bragged to a local Westchester mobster that he was leaking confidential information involving an investigation being conducted by his wife's DA's Office.

In July, he was charged with driving nearly 100 mph on a Westchester highway. Earlier this month, he was accused of going more than twice the speed limit in a school traffic zone.

But through the years, Al Pirro also emerged as a wealthy and powerful Westchester County influence peddler and, after the 1994 election of good friend Gov. Pataki, he parlayed his power at the local and state level into influence.

Using his connections, Al Pirro set in motion a career ladder for his intelligent and attractive wife that led her from an initial appointive job as an assistant district attorney to her election as a Westchester judge in 1989 and then to her election to her defining post as Westchester DA in 1993.

In the mid-1990s the Pirros became close social friends with Pataki and his wife Libby, as well as then-U.S. Sen. Al D'Amato, and both used those connections to help advance Al Pirro's economic interests and Jeanine Pirro's political ambitions. As a result, during the '90s, Jeanine Pirro emerged as a rising star of New York GOP politics, talked about as a successor to D'Amato, as the next attorney general, and possibly even a candidate for governor herself.

Cuomo and state Democrats had no comment yesterday. State Republican Committee Chairman Stephen Minarik dismissed yesterday's revelations as a "political leak five weeks before an election."

"We stand 100 percent behind Jeanine and her candidacy," Minarik said. "This is an intensely private matter and should remain that way."

Uh, Jeanine, Hope You Had Career Plan B (NYDN)

By David Saltonstall, Daily News Senior Correspondent

New York Daily News, September 28, 2006

The political fallout for Jeanine Pirro was swift yesterday - a planned fund-raiser to be hosted by former Mayor Rudy Giuliani was abruptly canceled.

"We're not going forward," a source close to the former mayor said of the Oct. 3 event.

It was that kind of day for the former Westchester County district attorney, whose once sparkling career seemed to flame out in the space of a few hours amid revelations that she considered wiretapping her allegedly philandering husband - itself a potential crime.

"Oh ... my ... God," was all veteran political consultant George Arzt could say when told of Pirro's latest implosion. "In my 40 years in politics, this is the worst plummet I have ever seen."

It was hard to know which aspect of Pirro's latest fall was the most politically lethal yesterday - there were so many choices.

Was it that the tough-talking prosecutor discussed bugging her husband - an act federal investigators are now probing - with former Police Commissioner Bernard Kerik, who at the time was himself a soon-to-be-indicted con already being bugged by law enforcement?

Or was it the actual words that Pirro was caught uttering on those tapes in the summer of 2005, many of them four-lettered and some suggesting she was willing to break the law herself?

"I'll put the f-----g thing on myself," she tells Kerik when the former police commissioner expresses concerns about the legality of placing a bug on the Pirro family boat, according to transcripts of the tapes reported by WNBC NewsChannel 4.

Without her husband, she allegedly tells Kerik, "I move into the governor's mansion."

As for the attorney general's race, which she did not enter until months later, Pirro had nothing but disdain, telling Kerik it was a "been-there-done-that kind of thing."

Pirro forcefully stressed yesterday that she never went through with the wiretapping plot, casting herself instead as an angry and frustrated spouse who was just "venting" - and who remains a candidate for attorney general.

"I was a very angry woman, and I said a lot of things," Pirro told reporters.

As a political strategy, playing the spurned-but-still-married wife - as Pirro did masterfully, many said - was perhaps the best card she could play.

Think of Sen. Hillary Clinton (D-N.Y.), who more than once converted her husband's "bimbo explosions" into politically potent sympathy, often by forthrightly facing the cameras as Pirro did yesterday.

Pirro also rightly pointed to the timing of yesterday's leak - coming just 41 days before the election, and more than a year after she was recorded - as more than a little suspicious, experts said.

But the writing may be on the wall. Pirro may or may not have committed a crime in trying to wiretap her husband, political experts agreed, but her fate as a viable candidate may have been sealed yesterday.

Pirro: Feds' Probe Is 'Highly Improper' (CBS2CHI)

CBS 2 Chicago, September 28, 2006

(CBS) NEW YORK State attorney general candidate Jeanine Pirro on Wednesday angrily denounced a federal probe of her plan to secretly record her husband because she suspected he was having an affair.

At a packed news conference in Manhattan, a furious and at times tearful Pirro insisted she would not quit the race and blasted the investigation as politically motivated and sexist.

"There is no way, when I have the opportunity to be the first woman attorney general in the history of this state, that I'm going to be pushed out of a race because somebody wants to delve into the personal lives of my husband and myself," Pirro said. "I'm standing up for myself and standing up for women."

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Pirro confirmed she had been informed by FBI agents this week that she was under investigation and said she had hired an attorney to represent her in the case.

But she insisted that prosecutors had no business delving into her troubled union with lobbyist Albert Pirro, who spent 11 months in prison on tax fraud charges and fathered an illegitimate daughter after their wedding.

"Sometime last year, I came to believe that my husband was seeing another woman," Pirro said. "In the midst of matrimonial discord, I was angry and had him followed to see if what I suspected was true. Although I spoke about taping him, there was no taping by me of anyone. There was anger, and frustration, and disappointment."

Pirro noted that one of the U.S. attorneys assigned to the case, Elliott B. Jacobson, had prosecuted her husband's tax evasion case seven years ago.

"This is personal and highly improper," she said, adding that she would demand an investigation into who leaked information about the case to reporters.

Michael J. Garcia, U.S. attorney for the Southern District of New York, released a statement Wednesday confirming the investigation but declined to offer details. But, Garcia said, "we do not take politics into account in deciding either the subject matter or timing of our investigations."

Pirro, a former Westchester County district attorney, spoke with Bernard Kerik, the disgraced ex-New York police commissioner, about possibly placing a recorder in a room to listen in on her husband, said two people familiar with the situation, who spoke to The Associated Press only on condition of anonymity.

Pirro said Kerik was a friend and confirmed that they had spoken about her marital concerns.

"I was a very angry woman, and I said a lot of things," Pirro said. "What matters is what I did and didn't do, and I didn't do anything here other than vent."

Kerik, who was working as a private consultant when the conversation occurred, has his own problems. There were reports that during his 18-month tenure as police commissioner he had simultaneous extramarital affairs with two women, including the publisher of his memoir. And he pleaded guilty three months ago to accepting tens of thousands of dollars in gifts from a New Jersey firm accused of having mob connections.

Kerik lawyer Joseph Tacopina confirmed Kerik's role in the matter but said he had become involved through a long friendship with Pirro.

"Bernie spoke to a friend in distress regarding a domestic issue," Tacopina said. "Nothing illegal was said, and nothing illegal was done."

Pirro, a Republican who faces former federal Housing Secretary Andrew Cuomo in the attorney general's race, repeatedly said this was a personal matter involving her husband and charged she was the target of "an unethical, overzealous prosecutor with a partisan agenda."

A telephone call to Albert Pirro's White Plains office was not immediately returned Wednesday. A Cuomo spokeswoman, Wendy Katz, declined comment.

Pirro, whose troubled relationship with her husband of 21 years has been a source of controversy throughout her public life, was unusually candid when she spoke of why she remained in the marriage. They have a 21-year-old daughter and a 17-year-old son.

"My husband is a great father. I have two beautiful children in school ... a teenage son, who needs his father with him," she said, her voice cracking with emotion. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

U.S. Attorney's Office Fires Back At Pirro Accusations (WNBC-TV)

WNBC-TV, September 28, 2006

The U.S. Attorney for the Southern District of New York says the investigation is far from a game of politics.

Pirro stated in an afternoon news conference that the timing of the investigation is improper, and said prosecutors had no business delving into her troubled union with lobbyist Albert Pirro, who spent 11 months in prison on tax fraud charges and fathered an illegitimate daughter after their wedding.

Shortly afterward, Michael J. Garcia, the U.S. Attorney for the Southern District of New York released this statement:

"This Office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies, involving possible violations of Title 18, United States Code, Sections 2511(1)(a) and (b).

There are two Assistant United States Attorneys assigned to the case. They are both career prosecutors with experience in public corruption matters. They are working in conjunction with an experienced Assistant District Attorney from the Westchester County District Attorney's Office.

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Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me. Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations."

In The Murky World Of Marital Spying, Legal Pitfalls Await Those Who Tape A Spouse (NYT)

By Leslie Eaton

The New York Times, September 28, 2006

Jeanine F. Pirro, in criticizing what she called a politically motivated federal investigation into whether she illegally eavesdropped on her husband, insisted yesterday that anything she had done, or considered doing, to find out if her spouse was having an affair was entirely legal.

Ms. Pirro's insistence that she never contemplated doing anything illegal in investigating her husband — including her discussion of placing a recording device on a boat he owned — involves the somewhat murky world of what amounts to marital spying.

Paul Shechtman, the lawyer Ms. Pirro retained recently, said that federal law permitted spouses to eavesdrop on each other in a house they shared. He cited several cases, including one from 1986 in which a federal judge on Long Island dismissed a case brought by a woman whose husband placed a listening device on the family phone in the course of their divorce, but while they were still sharing a house.

And on the specific question of whether it would be legal for Ms. Pirro to place a device on her husband's boat, Mr. Shechtman argued that it would be as well, because the boat was used by the entire family. "It's a family boat," he said.

But some experts were not so sure.

"If the boat is registered only in his name, it could be considered unlawful wiretapping," said Robert Mann, director of global operations for Worldwide Intelligence Network, a private investigation and personal protection company headquartered in Los Angeles.

Steven F. Gruel, a criminal defense lawyer and a former federal prosecutor in San Francisco, said that surreptitiously recording conversations was always risky because of the broad scope of a federal law that generally prohibits intercepting the communications of others. The rights of other people caught on any recordings might become an issue, he noted, saying, "Who else is going to be in the room other than the person being targeted?"

If Ms. Pirro's claim that she never went ahead with any plan to record her husband was true, Mr. Gruel said, she had made the right choice.

"Given that this area of law at the federal and state levels is laden with pitfalls and uncertainties, it sounds like the prudent thing was done, which was nothing," he said.

That is what Ms. Pirro, the Republican candidate for state attorney general, stressed during her news conference when she conceded that she had discussed recording her husband in the summer of 2005. She had those discussions with Bernard B. Kerik, the former police commissioner of New York, who was then running a private security firm.

"I was a very angry woman and I said a lot of things," she said about the conversations. "But what matters is what I did and didn't do. And I didn't do anything here other than vent."

And that, Ms. Pirro insisted, should be clear to federal investigators. She said the timing and nature of the investigation — in the final weeks of a campaign and involving the embarrassing issue of marital strife — made clear to her that the investigation was driven by politics.

She offered no specifics to support that claim, but mentioned a federal prosecutor, Elliott B. Jacobson, suggesting he was involved in the inquiry. Mr. Jacobson, an assistant federal prosecutor for the Southern District of New York, had prosecuted her husband, Albert J. Pirro Jr., several years ago for tax evasion.

"This is a waste of taxpayer money timed to affect the outcome of a statewide election," she said. She asked for an investigation into how sealed documents related to the inquiry had become public.

Mr. Jacobson, a registered Democrat who worked under Rudolph W. Giuliani when he was the federal prosecutor, did not respond to telephone messages left at his office and home.

But his boss, Michael J. Garcia, the United States attorney in Manhattan, issued an unusually forthright statement in which he confirmed that Ms. Pirro was under investigation for possibly violating federal wiretapping laws. Mr. Garcia, who was appointed by President Bush last year, said that two assistant United States attorneys were assigned to the case, though he did not name them.

"They are both career prosecutors with experience in public corruption matters," Mr. Garcia said. "They are working in conjunction with an experienced assistant district attorney from the Westchester County district attorney's office. Their actions, and those of the F.B.I. agents with whom they are working, have been approved by several layers of supervisors, including me."

Kerik Is Again A Figure In An Official Investigation (NYT)

By Russ Buettner And William K. Rashbaum

The New York Times, September 28, 2006

The name of Bernard B. Kerik has already figured in embarrassing moments for the Bush administration and for former Mayor Rudolph W. Giuliani.

Yesterday, Mr. Kerik's name turned up in yet another uncomfortable place: a federal investigation that threatens to disrupt the race for state attorney general.

In a rare afternoon news break, WNBC television revealed that Jeanine F. Pirro, the former Westchester County district attorney and current Republican candidate for attorney general, was captured with Mr. Kerik last year on wiretaps discussing how Mr. Kerik might secretly record Ms. Pirro's husband, Albert J. Pirro Jr., to catch him in a suspected affair with another woman.

The conversations took place in mid-2005, long after Mr. Kerik's rise to fame in the months after Sept. 11, 2001, had been upended by damaging allegations that emerged after his nomination by President Bush to become the nation's homeland security secretary.

Mr. Kerik had left Mr. Giuliani's consulting business, Giuliani Partners, months earlier and was opening his own security firm, the Kerik Group. But he remained under investigation by the Bronx district attorney's office, which was finding that as New York City corrections commissioner, he had accepted free renovations to his Bronx apartment from a city contractor when the company was under investigation for possible ties to organized crime.

Apparently as part of that investigation, Bronx authorities began listening to Mr. Kerik's conversations, including several in which Ms. Pirro asked him to undertake the grunt work of the average private investigator, marital surveillance.

Ms. Pirro yesterday did not deny the substance of the conversations as reported by WNBC. The station said that in a profanity-laced exchange, the two discussed whether Mr. Kerik's company could place a recording device on her husband's boat to capture evidence of any trysts.

In the conversations, WNBC said, Ms. Pirro expressed frustration that her husband might be cheating on her.

At one point, Ms. Pirro complained that an employee of Mr. Kerik seemed hesitant to plant a recording device and offered what she suggested was a plausible reason that workers might be on the boat.

"We can just simply say, if there is an issue, that I am redecorating it for our anniversary," Ms. Pirro said, according to the WNBC report.

Mr. Kerik, WNBC said, spoke during the conversation with concern that recording conversations on the boat might be problematic, although the report did not specify what the problems were. "Everybody is panic-stricken because it's you," Mr. Kerik was quoted as telling Ms. Pirro.

Ms. Pirro, swearing, said during one conversation that if need be, she would put the monitoring device on the boat herself.

WNBC reported that Mr. Kerik, just minutes later, called an employee at Mr. Giuliani's consulting firm and asked him to find a recording device. A spokeswoman for Mr. Giuliani, Sunny Mindel, declined to comment yesterday.

Although federal prosecutors confirmed the existence of the investigation, they declined to comment yesterday on whether they believe a recording device was ever planted and used. Ms. Pirro said emphatically that none had been.

Joseph Tacopina, a lawyer for Mr. Kerik, said yesterday that Mr. Kerik had done nothing wrong in discussing a possible investigation of a marital dispute.

"I don't think this is a problem. This is not a problem," Mr. Tacopina said. "Bernie had his problems. He dealt with them in the Bronx."

Earlier this year, at the conclusion of the joint investigation by the Bronx district attorney's office and the city's Department of Investigation, Mr. Kerik pleaded guilty to two misdemeanors stemming from the apartment renovation. Mayor Michael R. Bloomberg ordered Mr. Kerik's name removed from the city jail in Lower Manhattan that had been named in his honor.

One person familiar with the conversations, who spoke on the condition of anonymity because of the sensitive nature of the matter, said the Bronx district attorney's office had provided tapes of the conversations to Janet DiFiore, the Westchester County district attorney. The tapes were later passed on to the Federal Bureau of Investigation and federal prosecutors in Manhattan. Spokesmen for the Bronx and Westchester County district attorneys' offices would not comment.

Mr. Pirro has been listed as owner of several boats in recent years. Current state records describe him as owning a 26-foot-long pleasure craft that is registered in his name only.

In an afternoon news conference after the WNBC broadcast, Ms. Pirro characterized the federal investigation of her conversations with Mr. Kerik as politically motivated.

Ms. Pirro and Mr. Kerik have a history of lending professional support to each other. Earlier this year, Mr. Kerik sent an e-mail message to friends urging them to support Ms. Pirro's campaign.

"Jeanine Pirro is a fighter," Mr. Kerik wrote, according to a copy of the e-mail message obtained by The New York Times. "Smart, understanding and tough," the message goes on, "she has dedicated her career to fighting crime and improving the lives of her fellow New Yorkers."

Several friends of Mr. Kerik have lost their jobs in the fallout from the investigations into his conduct, including the Correction Department's longtime inspector general, Michael Caruso, and Thomas Antenen, Mr. Kerik's spokesman at both the Correction and Police Departments.

And the contractors accused of having played a role in the renovation of Mr. Kerik's apartment, Peter and Frank DiTomasso, are under a felony perjury indictment for telling a Bronx grand jury that they had nothing to do with it.

Federal investigators are still looking into other matters regarding Mr. Kerik, including his role in a Correction Department charity that spent $1 million in rebates on cigarettes bought with city money.

Judge Declares Another Mistrial In Gotti Racketeering Case (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 28, 2006

(AP) - NEW YORK-For the third time in the past 12 months, a judge declared a mistrial Wednesday in the racketeering trial of former mob boss John A. "Junior" Gotti.

The jury, which deliberated for seven days over two weeks, sent out a second note in as many days indicating it could not reach a unanimous verdict. "Your honor, unfortunately we are deadlocked," said the note, prompting U.S. District Judge Shira Scheindlin to declare the mistrial shortly after noon.

A relieved Gotti hugged his brother Peter and other supporters, then wiped his eyes while sitting at the defense table.

"It was a tough one," said Gotti, who has almost become a full-time defendant in the last year. "This one drained the life from me."

Two previous juries in the last year wound up deadlocked, with resulting mistrials, after Gotti's lawyers argued the second-generation Mafiosi had years ago severed his ties to organized crime. If convicted, the 42-year-old Gotti had faced up to 30 years in prison.

He is free on $7 million (â‚¬5.52 million) bail, and there was no immediate word on whether the government would mount a fourth prosecution.

"That's a decision above my pay grade," said prosecutor Victor Hou when asked about the possibility. The defense made motions to suspend Gotti's current home detention and electric surveillance by the government.

From the start, the key issue in the case has been whether Gotti quit the Gambino crime family as he claims before July 1999. If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

Prosecutors say the jury should conclude Gotti continued to receive mob money after 1999 and thus was part of a racketeering conspiracy.

His defense lawyers say Gotti paid a large fine when he pleaded guilty to a racketeering charge in another case in 1999 and was permitted to keep the property and businesses which remained, regardless of where the money originated.

Gotti was also accused of ordering two 1992 attacks on radio talk show host Curtis Sliwa, including one where he was shot twice before escaping out the window of a taxi rigged to keep him trapped inside.

Prosecutors have said Gotti was retaliating for on-air attacks against his father, John Gotti, who was sentenced in 1992 to life in prison without parole. He died in prison in 2002.

Sliwa sat in the courtroom, looking disappointed, as the mistrial was declared.

But this trial didn't focus as much as the first two did on the Sliwa attacks. Prosecutors instead aimed their evidence at convincing jurors that Gotti never quit the mob before he pleaded guilty to racketeering charges in 1999 as he insisted he had.

They tracked Gotti's financial moves to try to convince the jury that Gotti never left the mob because he continued earning money off businesses such as real estate that he started with crime-tainted money.

Gotti's defense team acknowledged his life in organized crime, but insisted their client had retired from the Mafia and had no role in the Sliwa attack. Gotti was indicted on these charges in July 2004, just two months before he was due out of prison on a prior conviction.

Last September, a jury deadlocked 11-1 in favor of conviction. At his second trial, the majority of the second jury favored acquitting Gotti in March after his lawyers successfully emphasized their claim that he had had quit the mob.

The trials were meant to resolve the 14-year-old question of whether Gotti ordered two assaults on Sliwa. Sliwa and prosecutors maintained the Gambino family targeted him to halt his daily verbal fusillades against Gotti's father.

"He's getting personal," Gotti allegedly told one of Sliwa's attackers. "I want us to get personal."

Sliwa testified for a third time, although he was called by the defense at this trial.

According to authorities, the younger Gotti assumed control of the powerful Gambino family after his father's 1992 conviction on racketeering and murder charges.

For The Third Time, A Jury Fails To Convict Gotti (NYT)

By Timothy Williams

The New York Times, September 28, 2006

For the third time in just over a year, a federal jury yesterday failed to reach a verdict in the racketeering prosecution of John A. Gotti, the former head of the Gambino crime family, allowing him to walk free even though jurors said they believed he was guilty of one of the main accusations against him.

A federal official said that after three mistrials, the prosecution was unlikely to retry Mr. Gotti unless new evidence turned up, a decision that would all but end an expensive and highly publicized organized crime prosecution in a startling defeat for the government.

Jurors said they believed Mr. Gotti was guilty of orchestrating the 1992 shooting and bungled kidnapping of Curtis Sliwa, the radio talk-show host. But, the jurors said, the government failed to prove that the shooting was part of a pattern of crimes, a necessary part of the racketeering charge, and so they could not convict him.

Jurors, who first said on Tuesday afternoon that they could not reach a verdict, told Judge Shira A. Scheindlin that they had made no significant progress since Monday. They had deliberated for a total of six and a half days and were dismissed at midday yesterday after they sent the judge a note just before lunch that read, “Your Honor, unfortunately, we are deadlocked.”

After the judge read the note, Mr. Gotti cried and rested his head on his folded hands on the defense table. He then reached over to hug his lead lawyer, Charles Carnesi. His sister Angel, brother Peter and other friends and family members in the packed courtroom also began to sob.

“It’s enough now, they got to let us go,” Mr. Gotti, 42, told reporters afterward, referring to prosecutions against him and his late father, John J. Gotti, who preceded him as family boss. “Just let me go and let me move on with my life. Let us go. He’s dead.”

The jurors’ names were not disclosed. After they were dismissed, several said they had been unable to agree on the trial’s key issue: whether Mr. Gotti had withdrawn from the Gambino organized crime family before July 1999, which was an essential piece of the defense’s case.

“Ultimately, it’s based on our division regarding withdrawal,” said one juror, a woman in her 40’s who described herself as a health professional. Four jurors believed that Mr. Gotti had quit the mob, eight did not, she said.

A law enforcement official, who spoke on condition of anonymity because he was not authorized to speak about the case, said the government would not prosecute Mr. Gotti again on the same charges unless it turned up new evidence — or was able to link him directly to a murder.

His father became known as “the Teflon Don” after he avoided conviction at three state and federal trials from 1984 to 1990. By the time he was convicted on federal murder and racketeering charges in 1992 and died in prison in 2002, he had become famous.

The Gotti name automatically linked the son with organized crime in the national consciousness while guaranteeing that the trial would be well attended. Mr. Gotti’s public persona seemed different during the three trials — the first in September 2005, the second in March 2006. Before they started, his wardrobe consisted of velour track suits, but in court he wore coats and ties.

During this trial, Mr. Carnesi acknowledged for the first time that Mr. Gotti led the Gambino family during part of the 1990’s. In addition to two racketeering charges, Mr. Gotti faced single counts of extortion and witness tampering, but the jury divided on those as well.

Because the jurors could not reach a verdict, the charges against Mr. Gotti still stand, at least for now. Seth Ginsberg, one of Mr. Gotti’s lawyers, told Judge Scheindlin that he planned to ask that the charges be dismissed and that some conditions of Mr. Gotti’s bail be ended, including home confinement and electronic monitoring.

Mr. Gotti could have been sentenced to up to 70 years behind bars if convicted on all counts. Before the first trial, he rejected a government plea deal that would have sentenced him to 17 years; later he turned down an offer of 10 years before the second trial and 5 years before the third.

The most serious act under the racketeering charge against Mr. Gotti was that he had ordered the abduction and beating of Mr. Sliwa, a founder of the Guardian Angels. Witnesses testified that Mr. Gotti was angered by what Mr. Sliwa said on the radio about the Gotti family, including calling his father a drug dealer.

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Mr. Sliwa was shot twice and escaped his attackers by leaping out the window of a speeding taxicab commandeered by two Gambino crime family enforcers, according to witnesses. Mr. Sliwa, 52, testified for the prosecution in the first two trials, but in the third, it was not the prosecution that called him, but the defense.

Yesterday, Mr. Sliwa watched the teary Gotti family celebration from the back of the courtroom, gritting his teeth.

Jurors said they quickly agreed that Mr. Gotti was responsible for the abduction and shooting of Mr. Sliwa, but in order to convict Mr. Gotti under the full racketeering count, they would have had to find him guilty of at least one more act in the racketeering charge — witness tampering, extortion or loan sharking.

"It's an insult to injury that the jury can be so clear about that, then see him hug and glad-hand his supporters and walk free," Mr. Sliwa said outside court. "Now I'm going to have to see him party."

The six-week trial delved into a number of murky areas: Mr. Gotti's personal finances, the truthfulness of the testimony of two former Gambino family members, and the question at the center of each of the trials: whether Mr. Gotti had truly quit the Gambino crime family before July 1999.

The date was critical because if the jury was unable to find evidence of criminal activity by Mr. Gotti after July 1999, the five-year statute of limitations on the racketeering charges would have expired by the time Mr. Gotti was indicted in 2004.

Mr. Carnesi said Mr. Gotti quit the mob as he prepared to begin serving a 77-month prison sentence in 1999 on unrelated charges of racketeering and illegal gambling. Two former Gambino family members who had been Mr. Gotti's confidants testified against him, but they acknowledged that they did not know that he was involved in crime after July 1999.

The government's case was built around F.B.I. surveillance recordings of Mr. Gotti while he was in prison. The recordings, though muffled and often difficult to understand, appeared to present a vengeful and petty Mr. Gotti who threatened violence against his uncles as well as against people who he feared might testify against Gambino family members in various trials, including his own.

Jurors said the quality of the sound undercut the recordings' usefulness.

"The tapes didn't help," said one juror, a man in his 40's, who described himself as a security supervisor at a law firm.

Another juror, an editor at a newspaper, also in his 40's, said: "My worry is that this is the only life he has known, and if he is out, I hope he doesn't get drawn back in. I think he's been given a real chance here, and I hope he takes advantage of it."

Mr. Gotti said he was looking forward to spending time with his family and wanted to "work with children."

"I can't tell you how thankful I am for this jury," he said. "They saved my life."

Jury Tunes Out Tapes (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 28, 2006

The hours of jailhouse tapes played during John A. (Junior) Gotti's latest trial made for some great courtroom drama - but didn't have much of an impact on the jury deciding his fate.

"The tapes were a very cloudy issue because you couldn't hear them very well," one juror said yesterday after the panel deadlocked - prompting Gotti's third straight mistrial.

The female juror and two others agreed to speak with the press yesterday after seven days of deliberations locked in a windowless room.

The panel was split, 8 to 4, in favor of conviction, on most counts. Each side made arguments, most low-key, some emotional.

But in the end, no one was budging.

"We voted again this morning on every count" and nothing changed, said the female juror, who works as a meeting planner.

Among the anonymous panel of seven women and five men was a working journalist and one who has left the profession, a nursery school director, a college professor and a former singer.

The jurors who talked with the press said they were confused by testimony about Gotti's finances and that allegations that he had continued to rake in mob money even after 1999 - when he said he quit the mob - just didn't add up.

"We didn't feel that we had all the information," said another female juror, a health professional.

The only thing they could agree on was that Gotti had a role in the 1992 attack on radio host Curtis Sliwa. Sliwa was shot after getting into a cab near his lower East Side apartment.

The jurors said they were not swayed by defense suggestions that Sliwa's inability to identify his attackers masked an all-out effort to blame Gotti in the shooting.

Some panelists questioned the motivation behind the testimony of Gotti's brother Peter, who denied retrieving some $50,000 in mob money from Gambino capo Michael (Mikey Scars) DiLeonardo for his brother.

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"We all felt he was there to support his brother," said one female juror. "We weighed it against that."

The panel split, 6 to 6, on the witness-tampering charge involving Gotti's alleged attempt to get to DiLeonardo - a key turncoat witness - through DiLeonardo's son.

Most panelists held on tightly to their convictions from the start, with little movement among the camps.

Still, they said they continued deliberating right up until the moment yesterday afternoon when they told Manhattan Federal Judge Shira Scheindlin they were deadlocked.

MISTRIAL TEARS OF JOY FOR 'JR.' (NYPOST)

By Kati Cornell

The New York Post, September 28, 2006

September 28, 2006 -- It was strike three for prosecutors in the John "Junior" Gotti case yesterday as a federal judge declared a third mistrial - a stunning development that could mean freedom for the mob scion.

The Teflon son of late Gambino boss John "Dapper Don" Gotti buried his face in his hands and wept as Manhattan Federal Judge Shira Scheindlin read the final note from a deeply divided anonymous jury.

"Your honor, unfortunately we are deadlocked," wrote the hung jury, which deliberated into a seventh day before throwing in the towel.

An emotional Gotti bear-hugged brother Peter and sister Angel and then turned to the future, announcing his hopes to move his family to the Midwest and pursue a degree in child psychology.

"[If] they let me leave, I'll leave. I'll take my family and I'll go. Let me move on with my life," said Gotti, 42, who accused the feds of going after him because of his father's legacy.

Three jurors who spoke with reporters after the verdict revealed that the panel agreed on one thing - all 12 believed was Gotti guilty of the sensational 1992 kidnapping of radio host Curtis Sliwa.

That wasn't enough for conviction because the kidnapping was charged under a racketeering count that requires prosecutors to prove a second criminal act.

"I'd be better off dead," said a disgusted Sliwa, who got little consolation from the mixed result. "This guy got away with a crime . . . but as God is my witness, God will not forget that he tried to kill me."

"I know he's going to go straight to hell without an asbestos suit," said Sliwa, flanked by red-jacketed members of the Guardian Angels civilian patrol group, which he founded.

The sticking point for the jury was Gotti's claim that he retired from the mob in 1999 and therefore could not be convicted under the five-year statute of limitations - with four jurors buying that defense, the jurors said.

Prosecutors tried to overcome the defense by showing Gotti continued to live lavishly off his ill-gotten gains.

The panel was also split 6-6 over an alleged witness-tampering plot targeting star turncoat Michael "Mikey Scars" DiLeonardo in 2003 and voted 8-4 that Gotti was guilty of construction-industry extortion and related crimes.

The jury first announced it was deadlocked at 12:15 p.m. Tuesday, but followed the judge's instruction to continue trying to reach a verdict, before giving up at 12:05 p.m. yesterday.

Gotti was facing up to 30 years behind bars if convicted.

In dismissing the jurors, Scheindlin commended their dedication and said their inability to reach a verdict was "not your failure. The case has its difficulties."

Gotti lawyer Seth Ginsberg told the judge the defense would file legal papers asking for dismissal of the charges.

Prosecutors, who mounted their case three times over the past year only to get the same non-result, would not say whether there would be a fourth trial.

Outside court, Gotti told a crush of news crews, "I'd like to go back to school, get a degree in child psychology."

"I'd like to work with children," said the former Gambino leader, who already penned one children's book while behind bars and plans to write another.

A THIRD MISTRIAL (NSDY)

By Anthony M. Destefano, Staff Writer; Staff Writers Wil Cruz, Herbert Lowe And Carl Macgowan Contributed To This Story.

Long Island Newsday, September 28, 2006

His father was the Teflon Don, but John A. Gotti is proving to be very slippery, too.

For the third time in about a year, a federal jury deadlocked yesterday in the racketeering case against the son of the late Gambino crime boss, ending the case in a mistrial and forcing federal prosecutors to decide if they should try again to stick him with a conviction.

After six full days of deliberation, the jury in federal court in Manhattan failed to agree on any of the four counts in the indictment and prompted Judge Shira Scheindlin to declare the mistrial shortly after noon. Some jurors later told reporters that the government's case wasn't overwhelming but added that Gotti's claim he withdrew from mob life didn't convince many either.

"Unfortunately we are deadlocked," the jury of five men and seven women reported in a note Scheindlin read out in court at 12:15 p.m.

With the word "deadlocked," the 42-year-old Gotti buried his face in his head and gasped. Defense attorney Seth Ginsberg gave him a hearty slap on the back. Gotti then turned to lead defense counsel Charles Carnesi and planted a kiss on his check and gave him a crushing embrace.

"This was a tough one, it drained the life out of me," said Gotti after the jury left the courtroom. He then took a cell phone call from his wife, Kim, who was with the couple's six children at their Oyster Bay home.

Gotti said the government should move on and not take another shot at him.

"My father's dead for over four years; it is time for us to move on ... it is time for us all to move on," Gotti said. He then drove to his 65-year-old mother Victoria's home in Howard Beach and left there at about 4 p.m., presumably for Oyster Bay.

By failing to reach unanimity, the jury couldn't decide on charges of racketeering conspiracy, racketeering, extortion conspiracy and witness tampering.

The mistrial was a clear indication that a revised government presentation, which included prison tapes and financial evidence, failed to sway the jury. Jurors said that the only thing they agreed on was that Gotti took part in the 1992 abduction and wounding of radio talk show host Curtis Sliwa. But the Sliwa act was only one so-called "predicate" racketeering crime for which two were needed for conviction on the substantive racketeering charge.

"John Gotti Junior has to be the luckiest person in the world ... it's absolutely unbelievable that he escapes justice and gets to walk out of court," said Sliwa. "It actually would have been better if I were dead, believe it or not, because then he would have been held culpable."

Since the trial opened last month, prosecutors Victor Hou and Miriam Rocah presented tapes made of Gotti while he was at Ray Brook federal prison in upstate New York, as well as tapes made of him and his father. The prosecutors believed the tapes showed that the younger Gotti never left his life of crime prior to July 21, 1999, as he had claimed. That date was important because it would put the indictment outside the statute of limitations.

In addition, prosecutors were using the tapes to show that he was still taking extortion money after July 21, 1999. But some jurors later said the tapes were inconclusive.

Immediately after the verdict, Manhattan U.S. Attorney Michael Garcia issued a terse statement that expressed disappointment but praised his staff.

"We are disappointed ... but we commend the dedication of our prosecutors and the agents who worked on this case," said Garcia. "We will inform the court in the very near future about how we plan to proceed."

Carnesi said the defense would be asking for a dismissal of the indictment.

Shortly after the mistrial, Ginsberg asked Scheindlin to change the terms of Gotti's $7-million bail so that he wouldn't be under home confinement. Scheindlin was expected to approve that request late yesterday.

"We feel so great, I can't tell you, I feel first for my mother, second for my brother," said Gotti's sister, Victoria.

Gotti said he didn't have wild plans for the night.

"To go home and sleep in my own bed and be with my children, that is my celebration," Gotti told Newsday when asked how he would celebrate.

Staff writers Wil Cruz, Herbert Lowe and Carl MacGowan contributed to this story.

Fuhgeddaboud Me Stayin' Here (NYDN)

By Austin Fenner, Jose Martinez, And Thomas Zambito, Daily News Staff Writer

New York Daily News, September 28, 2006

Prosecutors' third bid to send John A. (Junior) Gotti back to prison ended with their third mistrial yesterday - spurring bittersweet tears from the mob scion and a vow to leave New York forever.

It appeared unlikely last night that the government would seek a fourth trial, giving the Teflon Son a chance to prove he really has ditched the mob life he inherited from his father, whose specter loomed large over the courthouse.

"They let me leave, I'll leave," Gotti, 42, told reporters outside Manhattan Federal Court, as he pledged to flee his Long Island mansion with his wife and six children for a quieter life in the Midwest.

"I'll take my family and I'll go. It's enough now. They got to let go. Let us go, he's [Dapper Don John Gotti] dead. We just want to move on. He's in Tomb 451 at St. John's [Cemetery, Queens]. It's over.

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"If they let me, I want to go back to school," he added, his lawyer Charles Carnesi by his side. "I want to study child psychology and I want to write a book. I want to buy some property out west .... In the 1990s, I lived an opulent and extraordinary lifestyle. I have very simple needs now.

"I want to start from scratch, wherever my wife would be happy," he said. "I'm different than my father. My children are my life. You can convert me. My father you could not ...

"I want to thank this jury. They saved my life," he said before leaving for a pizza party with family.

The emotional words came after the jury declared themselves deadlocked a second straight day. Judge Shira Scheindlin relented and declared a mistrial.

Gotti rode his "I quit the mob" defense to the third mistrial by convincing four holdout jurors he chucked the Mafia life - even though the panel agreed he was responsible for the 1992 attack on radio host Curtis Sliwa.

"Your honor, unfortunately we are deadlocked," the jury said in a signed note that ended their seventh and final day of deliberations.

With those words, the burly Gotti bowed his head and cried. A few rows back, his brother Peter wiped away tears. Sister Angel slumped into her husband's arms weeping.

"It's over," she said.

Scheindlin seemed to express the same sentiments when she urged Gotti's lawyers to file a motion to dismiss the racketeering indictment that could have put him behind bars for 30 years.

Later, at the frame house in Howard Beach, Queens, that John (Dapper Don) Gotti called home, the Don's widow, Victoria, welcomed her oldest son with hugs and kisses. Daughter Victoria, the writer and reality TV star, arrived with a stack of fresh pizzas.

"I will thank our good fortune every day for a judge like Shira Schiendlin," Mamma Gotti told the Daily News. "She is the difference between a fair trial and a railroad job. God bless her."

"It's been torture for her," daughter Victoria said of her mother. "She hasn't slept right. She hasn't eaten right. It was like her life stopped. She was at her breaking point."

Junior Gotti was facing a four-count racketeering indictment and the key the issue was whether he quit the Gambino crime family as he claims before July 1999.

If so, a five-year statute of limitations would have expired before prosecutors brought new racketeering charges in 2004.

The only charge jurors unanimously agreed upon was that he was guilty of the June 1992 attack on Guardian Angels founder Sliwa, which followed his relentless battering of the Gotti clan on his WABC radio show.

But the 12-0 vote on the Sliwa kidnapping claim proved a hollow victory for prosecutors, who needed to prove Gotti participated in at least two criminal acts in the four-count conspiracy in order to win a guilty verdict.

The jurors' 6-6 split on a witness-tampering charge involving the son of mob informant Michael (Mikey Scars) DiLeonardo. The panel split 8-4, in favor of conviction, on the other major counts.

"He lives to high-five and laugh at me another day," a stunned Sliwa said outside the courthouse. "But I'll have the last laugh either in the criminal justice system or when we're knocking at St. Peter's gate.... You can bet your last George Washington I will continue to be John Gotti Jr's worst nightmare."

U.S. Attorney Michael Garcia said he was disappointed in the outcome, adding, "We will inform the court in the very near future about how we plan to proceed."

At the time of the last mistrial, in March, prosecutors said almost immediately they would try Gotti again.

Before the start of this trial, Scheindlin raised questions about the fairness of trying someone three times and sounded reluctant to let prosecutors give it a fourth try.

The judge indicated that she would consider lifting house-arrest restrictions on Gotti, who is out on $7 million bail.

Gotti took a risk by going to trial, turning down a plea offer before trial that would have allowed him to go free after five years.

He feared that prosecutors would come after him again. After taking a plea deal in 1999 and serving nearly six years on racketeering charges, federal prosecutors slapped him with a new indictment in 2004 as he was about to go home.

He spent more than $1 million in legal fees, by mortgaging his $1.3 million Oyster Bay Cove, L.I., estate and borrowing from family and friends.

"It was a tough one," Gotti said of his third trial. "This one drained the life out of me."

With Tamer El Ghobashy and John Lauinger

When all's said and Don...

"In the 1990s, I lived an opulent and extraordinary lifestyle. I have very simple needs now."

"I'll take my family and I'll go. It's enough now. They got to let go. Let us go, he's [John (Dapper Don) Gotti] dead."

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"I want to start from scratch, wherever my wife would be happy. I'm different than my father. My children are my life. You can convert me. My father you could not."

Will Prosecutors Throw In Towel? (NSDY)

By Joseph Mallia And Anthony M. Destefano, Newsday Staff Writers

Long Island Newsday, September 28, 2006

Experts agree: It'll be tough to get a conviction - ever

Legal experts to Gottiprosecutors: Three strikes, you're out.

John A. Gotti's third deadlocked jury - and racketeering mistrial - should mark the end of his legal saga, academic experts and defense lawyers said yesterday.

"This case is fatally flawed. One could even say that if they bring it again it would be abuse of prosecutorial power," said Fordham Law School professor Jim Cohen, who specializes in criminal law.

"There were concerns in the legal community that the case was brought to trial this time," Cohen said. "It would be very surprising if it were brought a fourth time."

One thing on which several experts agreed: After the highly visible defeats, prosecutors must balance mounting costs - by one estimate already exceeding $1 million - against chances of success.

U.S. Attorney Michael J. Garcia hasn't said whether his office will drop the case, which was based on the charge that Gotti, known as "Junior," replaced his father, John J. Gotti, as the Gambino crime family boss.

A Manhattan federal court jury of five men and seven women told U.S. District Judge Shira Scheindlin yesterday it couldn't agree on a key question: whether Gotti had withdrawn from the crime family by July 1999.

Observers said the U.S. attorney's office operated on the belief that Gotti's withdrawal was a sham, but had not convinced the jury with persuasive evidence.

"If I were in charge, the kind of question I would ask is, 'Can you convince me that, in a subsequent trial, we can be more persuasive?'" New York University Law School professor James Jacobs said.

"And, 'Why do you think it would come out differently than the last two or three?'"

A decision to try again would be viable only if new witnesses or information had come to light, said Jacobs, author of the books "Mobsters, Unions and Feds" and "Busting the Mob."

Cosa Nostra cases typically depend on the quality of surveillance tapes, undercover officers, participating witnesses and wiretapped conversations, Jacobs said. Clear financial links between an organized crime suspect and a flow of money from unexplained, or illegal, sources is also crucial, Jacobs said.

But in the "Junior" Gotti cases, the money flow wasn't easy to prove, he said.

Jacobs was skeptical that any new evidence is forthcoming.

"They've been investigating for a long time. It's probable that they have surfaced as much evidence as they can against John Gotti," Jacobs said.

In all three cases, the number of jurors who favored the defense is a clear indication that the evidence was weak, defense lawyers said.

In yesterday's mistrial, the jurors were unanimous on only one charge, while others were split 6-6 and 8-4 in favor of conviction, jurors said afterward.

"I'm not a statistics expert but a sample of 36 jurors over three trials is pretty strong evidence the prosecution should drop the case," said Gerald Lefcourt, a past president of the National Association of Criminal Defense Lawyers.

Manhattan defense lawyer Gerald Shargel said the courts must look hard at a decision to continue prosecuting the case.

"My view is that enough is enough," Shargel said. He acknowledged that the family's notoriety was bound to affect jurors' view of Gotti's recent cases.

"Here we have a case of Shakespearean proportions. The fallen king, the conflicted prince, the concerned mother, the larger-than-life sister," Shargel said.

But Shargel added that credit for the mistrial may have more to do with another factor. "I really don't think this is a case of him outwitting the prosecution," Shargel said. "It's a matter of him having very good lawyers."

John A. Gotti isn't the first defendant to face multiple prosecutions for the same alleged crimes. After two mistrials caused by alleged jury-tampering, Gotti's uncle Gene Gotti was convicted in May 1989 on federal charges of running a heroin ring.

Thank Goodness For Fair Judge (NYDN)

By Victoria Gotti, Special To The News

New York Daily News, September 28, 2006

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Last month, with her son fighting for his life in court, Victoria Gotti described him as a "gladiator ... waiting in the center of the arena for the lions to be let in and spectators waiting with anxious anticipation for what they hope will be a bloodbath." Now she reflects on her son's third mistrial:

I will thank our good fortune every day for a judge like Shira Schiendlin. She is the difference between a fair trial and a railroad job. God bless her.

The defense team was second to none and basically worked pro bono. Last, but not least, God bless those jurors for not believing the swill they were being fed daily by government and stories being planted by their government shill at the New York Post.

I pray my son, who I love more than life, will now go with love and my nightmare will now be over.

There is no celebration. We are all just too exhausted, emotionally and physically. We can all just get a good night sleep tonight.

As for Curtis Sliwa, let him explain - as former Guardian Angel William Diaz testified at the trial - why he would take a gang and go to assault another group that he thought were the people who attacked him. What does that make him?

I would think, as I said, Mr. Sliwa needs to be very, very grateful for that statute of limitations or it would be him doing hard time.

He is what he is, a carnie guy - anything that can give him a show. He will now go from show to show to get the attention he craves.

As for John giving up people, had he been willing, he would not have been on trial a third time. It is John who was given up by several people - including a legal person.

It was a government source who tried his best to get my son murdered by circulating that he was a rat. Conveniently, the government source, an FBI agent, gave this garbage to The Post ... We learned that Curtis Sliwa's best friend ... is the new publisher of that paper. We didn't expect anything but yellow journalism.

For Theft Of Rare Maps, A Sentence Of 42 Months (NYT)

By Alison Leigh Cowan

The New York Times, September 28, 2006

NEW HAVEN, Sept. 27 — A map dealer who stole nearly 100 rare maps valued at $3 million from Yale and other institutions was sentenced to three and a half years in prison on Wednesday after a federal judge credited him for helping the authorities retrieve most of the items taken.

Representatives of the institutions that were looted, who had traveled long distances to lobby for a stiff sentence, left the court saying they were deeply disappointed with the punishment given the map dealer, Edward Forbes Smiley III. Federal sentencing guidelines suggested that Mr. Smiley was looking at a term of 57 to 71 months, although the maximum penalty was 10 years.

Mr. Smiley, 50, told the court he was “deeply ashamed” and was eager to make restitution to the institutions and dealers who lost money. Some of the stolen maps have not been retrieved, and dealers who bought maps from Mr. Smiley and then resold them often had to reimburse their clients so that the maps could be returned.

He stood within 20 feet of three cartons containing dozens of the stolen maps that had been retrieved, which had been brought into court to allow the judge to inspect them.

“I have hurt many people,” he said, his hands clasped behind him. He said he had read the many victim-impact letters sent to the court and said, “I find them very powerful. I believe they were written by a group of people who have love for these materials and who have devoted their lives to making them public.”

Mr. Smiley said he understood the sense of betrayal felt by the curators and library staff members who had helped him when he came to examine their collections.

Mr. Smiley, 50, was arrested by the Yale police in June 2005, shortly after leaving Yale’s rare-book library with seven maps stashed in his briefcase and tweed jacket.

After a year of cooperating with the authorities, he pleaded guilty in federal court in June this year to the theft of a major artwork. As part of the plea agreement, he admitted to removing maps from collections at Harvard, Yale, the New York Public Library, Boston Public Library, the Newberry Library in Chicago and the British Library in London.

All of those institutions sent representatives to Wednesday’s hearing to press for a stiff sentence. Robert Karrow, the map curator at the Newberry, said he wanted a sentence that would tell “Smiley’s successors that the stakes in this game of cultural hijacking have been raised.”

Several also expressed outrage that Mr. Smiley’s lawyer, Richard A. Reeve, wanted his client to be rewarded for helping retrieve what he had stolen.

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"That cooperation, of course, occurred only after he was caught in the very act of mutilating books and stealing maps" at Yale, said Professor Frank M. Turner on behalf of the university's libraries.

The judge, Janet Bond Arterton of the United States District Court, said "this is anything but an easy sentence to impose" given Mr. Smiley's many contradictions.

She said she was awed earlier that day when she inspected the maps that Mr. Smiley had taken.

But she said Mr. Smiley's decision to cooperate when he could have told federal agents to "have a nice investigation," as Mr. Reeve had put it earlier, made her feel Mr. Smiley deserved to get less than the sentence suggested by federal guidelines.

Map Dealer Dealt Prison Term In Thefts (BOS)

By David Abel, GLOBE STAFF

The Boston Globe, September 28, 2006

A well-known dealer who stole at least 98 rare maps from the Boston Public Library, Harvard College, and such institutions as Yale University and the British Library in London was sentenced Wednesday to three years in prison and ordered to pay more than $1.9 million to clients he swindled.

E. Forbes Smiley III, 50, of Chilmark on Martha's Vineyard, admitted that over an eight-year span he stole more than 30 maps from Boston and New York public libraries, eight from Harvard's Houghton Library, and 10 from Yale's Beinecke Rare Book and Manuscript Library in New Haven, prosecutors said. The British Library has said Smiley took centuries-old maps that told the story of the New World.

''I have hurt many people,'' Smiley said in US District Court in New Haven, according to the Associated Press. ''I stole very valuable research materials from institutions that made it their business to provide those materials to the public for valuable research. I am deeply ashamed of having done that. I cannot imagine the pain and the anger that I made them suffer.''

The judge ordered Smiley to report to prison in January, at a facility to be designated by the Federal Bureau of Prisons.

Beth Brainard, a spokeswoman for Harvard College's library system, said some of the maps have been damaged and that Harvard contends 13 maps, five more than Smiley admitted to. ''We are always gratified to see individuals who steal and destroy valuable library materials brought to justice,'' she said.

Antique Map Thief Gets 3 1/2-Year Jail Term (AP)

By John Christoffersen, The Associated Press

AP, September 28, 2006

NEW HAVEN, Conn. -- A renowned antique map dealer who admitted stealing nearly 100 rare maps was sentenced Wednesday to 3 1/2 years in prison, after one librarian described him as a "thief who assaulted history."

E. Forbes Smiley III, 50, also was tentatively ordered to pay restitution of $1.9 million. He is scheduled to report to prison Jan. 4.

Smiley, who faced up to six years in prison under federal sentencing guidelines, stole the maps over eight years from the New York and Boston public libraries, the Newberry Library in Chicago, the Harvard and Yale university libraries and the British Library in London. The oldest maps dated back to the 1500s and some are the first records of settlements, territories and discoveries in America, experts said.

"Your honor, I have hurt many people," Smiley said in court. "I stole very valuable research materials from institutions that made it their business to provide those materials to the public for valuable research. I am deeply ashamed of having done that."

Smiley, who pleaded guilty in June, was arrested after a Yale librarian found a razor blade on the floor. The arrest prompted Yale and other top map libraries to review their security procedures.

Authorities say Smiley acted out of resentment toward the prestigious libraries and to pay for his expensive tastes and mounting debts.

U.S. District Judge Janet Bond Arterton said she wanted to send a dual message with the sentence. Prosecutors did not ask for a specific a sentence, but recommended Smiley be given credit for his cooperation with the investigation.

"If you steal human treasurers, then you will go to prison, but if you help recover them, this will be taken into account and weighed in the balance," Arterton said.

Leaders of the prestigious libraries urged a stiff sentence, saying he took world treasures and left a trail of victims.

"It will go down in criminal and library history as one of the largest, most prolonged, premeditated and systematic of all thefts from libraries, and with no mitigating circumstances," British Library Director Clive Field said during the sentencing hearing.

The maps marked the discovery of new lands, traced wars and peace treaties, new settlements and disappearances of people, said David Ferriero of the New York Public Library.

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"I am here today to talk about the actions of a thief _ a thief who assaulted history, betrayed personal trust and caused irreparable loss of treasures whose value to future scholarship will now never be known," Ferriero said.

Field and other librarians said Smiley stole world treasures, hurt staff morale, mutilated the maps, harmed scholars who count on the documents, and shattered the trust that is essential between libraries and their patrons.

Smiley sought a sentence of up to three years, saying his extensive cooperation with authorities led to the recovery of most of the maps.

"It is not a slap on the wrist," said Richard Reeve, Smiley's attorney.

Baton Rouge Woman Pleads Guilty In FEMA Fraud Counts (BRADV)

Baton Rouge Advocate, September 28, 2006

A Baton Rouge woman pleaded guilty Tuesday in federal court to two counts of fraud related to hurricane disaster relief programs.

Keosha Martin, 24, pleaded guilty to making two false and fraudulent claims to the Federal Emergency Management Agency.

According to the indictment, Martin was employed by FEMA between October 2005 and November 2005 as an applicant assistant whose duties included assisting disaster victims in applying for benefits.

At the time, Martin filed a claim on her behalf for damage from Hurricane Katrina and later filed a claim for damage from Hurricane Rita.

Martin could be sentenced to 10 years in prison, a $500,000 fine or both, per count.

The number of people who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds stands at 74.

In September 2005, U.S. Attorney General Alberto Gonzales formed the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes the FBI, the U.S. Inspectors General community, the U.S. Secret Service, the U.S. Postal Inspection Service, the Executive Office for U.S. Attorneys and others.

FEMA Workers Charged With Fraud (NYT)

By Eric Lipton

The New York Times, September 28, 2006

Two Hurricane Katrina recovery workers hired last year by the Federal Emergency Management Agency have been charged with trying to defraud the government by filing a false claim for damage to a houseboat, which resulted in an award of $25,500 in disaster assistance. One of the FEMA employees, Duane Adams, claimed to own the houseboat in Moss Point, Miss., and the other, Emily Fuqua, helped Mr. Adams file the false claim. The two, who worked in clerical administration and disaster recovery programs, have been placed on unpaid leave, a FEMA official said.

'It's Over,' Says Ex-prosecutor (DEN)

By Paul Egan, The Detroit News

Detroit News, September 28, 2006

DETROIT -- Former Macomb County Prosecutor Carl Marlinga burst into tears, embraced his wife, Barbara, and whispered, "It's over," after a federal jury acquitted him Wednesday of public corruption charges.

Marlinga, 59, who loudly proclaimed his innocence even before the federal government indicted him on bribery and fraud charges in 2004, was ecstatic but not bitter after the jury forewoman read the words "not guilty" five times.

"I'm speechless, probably for the first time in my life," Marlinga told reporters immediately after the verdict. "I want to thank God, I want to thank my wife, and I want to thank two of the greatest lawyers and friends that I could have ever met."

Marlinga, who was represented by Mark Kriger and N.C. Deday LaRene, said he ignored his lawyers' advice when he repeatedly agreed to be interviewed by investigators and twice testified before a federal grand jury investigating his conduct. At his trial, Marlinga found his own words forming a central part of the government's case.

Now a lawyer in private practice, Marlinga would not rule out a return to politics. His future could test whether a politician, once cleared, can cleanse the stain of an indictment and return to public life.

It also represents the latest in a series of setbacks for the federal government in high profile cases in Detroit.

The case is another prominent defeat for the U.S. Attorney's Office in Detroit.

The government does not appeal jury acquittals in criminal cases. "We respect the jury's decision, I congratulate Mr. Marlinga's attorneys on the defense, and we're moving on," said U.S. Attorney Stephen Murphy.

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Marlinga, a Democrat who served nearly 20 years as Macomb County prosecutor, was accused of giving favorable treatment to the accused in two sexual assault cases in return for campaign donations in 2001 and 2002, when he ran unsuccessfully for a seat in Congress.

The government's case was based largely on circumstantial evidence related to the proximity in timing between campaign donations from advocates for the accused, and Marlinga's actions and promises in connection with the cases. In addition to Marlinga's statements, the government relied on taped telephone calls between Marlinga and Warren businessman Ralph Roberts, who routinely taped his own business calls.

Roberts, who believed Jeffrey Moldowan was wrongly convicted of a brutal 1991 sexual assault and was pushing Marlinga to help get Moldowan a new trial, donated $2,000 to Marlinga's congressional campaign and promised additional fund-raising help. But Roberts, who was briefly charged with bribery before the charges were dropped, maintained there was nothing incriminating if his conversations with Marlinga were heard in their entirety.

Prosecutors and investigators "should be filled with regret for what they've done," Roberts said Wednesday. "They were just trying to further their careers by bringing down a politician and a prominent businessman in Macomb County."

Robert Cares and Jonathan Tukel, the assistant U.S. attorneys who prosecuted the case, were not available for comment after the verdict. But Murphy said his office strives to do the right thing in all cases and commended the efforts of those involved in the Marlinga case.

"We will continue to investigate allegations of public corruption and we will prosecute when the facts and evidence warrants," Murphy said.

Murphy rejected the view that Marlinga's acquittal represents the latest in a series of defeats by his office, including a botched terrorism case prosecuted shortly after the attacks of Sept. 11 and a massive Detroit police corruption prosecution that resulted in the dropping of most charges against police officers indicted and a raft of legal actions by those the indicted officers had arrested.

Murphy noted the recent successful prosecution by his office of former Detroit city councilman Alonzo (Lonnie) Bates on public corruption charges.

"We've had a strong record of success, especially in the last two years," Murphy said. "Any prosecutor's office is not going to win 100 percent of the time."

Marlinga's trial before U.S. District Judge Victoria Roberts began Sept. 12. A jury of 10 women and two men began deliberating Tuesday morning and signaled they had reached a verdict at about 2:40 p.m. Wednesday.

Marlinga was acquitted of two counts of bribery, one count of wire fraud, one count of making false statements to the Federal Election Commission, and one count of exceeding campaign contribution limits. He faced up to 20 years in prison if convicted.

Macomb County Prosecutor Eric Smith, who succeeded Marlinga, said he could not be happier for his former supervisor.

"We, as in our office, have been very supportive of Carl," said Smith, adding he did not think Marlinga's prosecution would leave any lasting scars on his office.

Marlinga said he felt no bitterness toward the authorities and commended for their diligence the FBI and Michigan State Police officers involved in the case. But he expressed disappointment in that the U.S. Attorney's Office chose to bring the charges after both he and Roberts passed polygraph tests.

"As a prosecutor, I know that sometimes you make mistakes," Marlinga said.

Marlinga acknowledged he sometimes changed his positions -- which itself was an issue in his criminal case, and said, "I wasn't the smartest politician, but I always prided myself on my integrity."

To him, only a charge such as child sexual abuse could be worse than being charged with public corruption, Marlinga said.

"The emotional cost was incalculable," he said. "It was the worst thing I've ever gone through in my entire life."

Marlinga said his decision to give so many voluntary statements to authorities may not have been wise and he would not recommend such a move to his own clients, but he said he does not regret what he did.

"You can't have too much truth," he said. "Eventually, the truth of what you are saying has got to rise to the top."

Among those surrounding Marlinga after the verdict were his wife, stepsons John and Michael, and his sister-in-law, Donna Nicholson, who pushed a rosary into Marlinga's hand to hold while he awaited the verdict.

"This is as sweet as it gets," said Kriger, Marlinga's co-counsel.

Detroit News Staff Writer Santiago Esparza contributed to this report. You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

MARLINGA ACQUITTED: 'Thank God' For The Verdict (FREEP)

By Amber Hunt And David Ashenfelter, Free Press Staff Writers

Detroit Free Press, September 28, 2006

Ex-prosecutor overjoyed

With the first "not guilty," former Macomb County Prosecutor Carl Marlinga bent his head forward and began to cry softly.

By the time the jury forewoman said those words for the fifth time -- acquitting Marlinga of all federal corruption charges that have dogged him for two years -- he sobbed.

"I'm speechless for probably the first time in my life," Marlinga, still tearful, said after spectators left the courtroom.

But he wasn't.

"I want to thank God, my wife and two of the greatest lawyers and friends I could ever have in my life," Marlinga said, referring to defense lawyers Mark Kriger and N.C. Deday LaRene. "They just didn't stop working on the case."

Marlinga, 59, had faced up to 10 years in prison and $250,000 in fines for allegedly swapping prosecutorial favors in two rape cases for contributions to his failed 2002 congressional campaign. The five charges included two counts of bribery, deprivation of honest services, making false statements to the Federal Elections Commission and exceeding campaign contribution limits.

The charges derailed Marlinga's political career, causing the popular Macomb County Democrat to step aside shortly after the indictment was issued in April 2004, after 20 years as the county's chief prosecutor.

As they filed out of the courthouse, jurors said federal prosecutors weren't convincing.

"We felt the government didn't prove its case and Mr. Marlinga's attorneys did," said jury forewoman Mary Shultz of Rochester.

"There were way too many loose ends," said juror Megan Bowman, an Ortonville homemaker. "There wasn't a whole puzzle."

Jurors said it took two days to reach a verdict because they carefully reviewed the evidence to make sure they weren't overlooking anything.

Bowman and juror Sue Kramer, a Rochester teacher, said the single best witness was Marlinga, who convinced jurors that he was honorable and ethical. They said he did the right thing when he intervened in one of the rape cases -- that of Jeffrey Moldowan, who was convicted in 1991 of raping and mutilating an ex-girlfriend.

"We all felt that it was the greatest thing that Carl Marlinga got on the stand," Kramer added. "You could get a real sense of who he is and what was in his heart."

Marlinga, reversing his office's long-standing position on the Moldowan case, filed a brief in January 2002 to the Michigan Supreme Court citing discredited bite-mark evidence and new witnesses that ultimately led to Moldowan's 2003 retrial and acquittal.

Prosecutors said that because Marlinga accepted contributions from Ralph Roberts -- a Warren real estate broker and Moldowan supporter -- just days before the brief was filed, Roberts had bought Marlinga's prosecutorial influence.

They also accused him of accepting $26,000 from defense lawyer Dennis Johnston -- including $4,000 prosecutors said was funneled through then-state Senate candidate James Barcia, a Bay City Democrat -- while discussing possible plea deals for one of Johnston's clients. The client, James Hulet, was accused of drugging and raping a teenage girl.

Assistant U.S. Attorney Robert Cares, who said during the trial that Marlinga's political ambition caused him to sell his influence, declined comment. His cocounsel, Jonathan Tukel, said later: "We always respect the jury's verdict."

U.S. Attorney Stephen Murphy said it was a difficult case and congratulated Marlinga's lawyers.

Although the office had a string of high-visibility losses in the months before Murphy took the helm in 2005, he said: "No prosecutor's office in America will or should have a 100% batting average. We strive to do the right thing in every case."

Kriger gave Marlinga a hearty hug after the verdicts were announced.

"This is as sweet as it gets," Kriger said. "Ninety-nine percent of the time, the jury gets it right," he said, adding that Wednesday's verdict was one of those times.

As soon as the verdicts were read, a sobbing Marlinga reached behind him to clutch his wife of 13 years, Barbara, who doubled over in tears.

"I kept telling her to have confidence in the system," Marlinga told reporters as he and his wife continued to cry.

Barbara Marlinga hugged her two sons -- Marlinga's stepsons -- and said, "I can finally sleep tonight!"

She managed to get through the ordeal, she said, because strangers frequently said they were pulling for Marlinga.

Marlinga said the case took a huge toll on his family and that it will leave him with a substantial legal bill, even though his lawyers gave him a discounted rate to represent him in the case because they believed in his innocence.

If he could do anything over again, Marlinga said, he would never have gone to the Dec. 18, 2001, Christmas party where he ran into Roberts and asked him to contribute to his campaign. Marlinga said in trial that he also promised to update Roberts on the Moldowan case.

Shortly after learning of the verdict, Roberts -- who initially had been indicted alongside Barcia before charges were dropped against both of them last summer -- said he was thrilled Marlinga was cleared.

"The jury was the hero for the Roberts family and the Marlinga family today," Roberts said. "This was four years of reckless destruction."

Thomas Cranmer, a former assistant U.S. attorney and prominent criminal defense lawyer, said the legal community kept close watch on the two-week trial.

"The case was hard-fought in terms of there certainly being a dogged prosecution and a vigorous defense as well," Cranmer said. "The system does work. The prosecution didn't prove guilt beyond a reasonable doubt. That's the message you take from the verdict."

The Michigan State Police and the FBI began investigating Marlinga in late 2002. The investigation prompted Marlinga to drop out of the 2004 prosecutor's race, ending his 20-year run as a top vote-getter in Macomb County.

He proclaimed his innocence and said his faith in being acquitted never wavered. Some Macomb County residents said their belief in him also never wavered.

Sheriff Mark Hackel described the case as absurd.

"Carl does not have a criminal bone in his body. It was absurd to even think about -- or fathom -- Carl committing some kind of crime," Hackel said Wednesday night.

"

Marlinga praised FBI Agent Ronald Loch and Michigan State Police Detective Sgt. David Kelly for their work, but he said federal prosecutors chose to believe only part of the truth.

Macomb County Prosecutor Eric Smith said his office is happy that Marlinga, his former boss, can move on.

"This has been hanging over their heads in excess of four years," Smith said.

Besides potential prison time and fines, Marlinga also would have lost his license to practice law, which he's been doing privately since he stepped out of public office.

Judgment For Marlinga (FREEP)

Detroit Free Press, September 28, 2006

Carl Marlinga may have exercised poor judgment or been naive about how things would look, but a federal court jury decided Wednesday that the former Macomb County prosecutor was not guilty of a crime. The verdict clearing him on five corruption charges rewarded Marlinga's faith in a system that he served pretty well for 20 years.

The allegations that he swapped favors in criminal cases for contributions to a failed congressional campaign effectively ended Marlinga's political career.

But he has always been a pretty straight shooter as a public official and took the witness stand to declare his innocence with the same earnest demeanor that made him a favorite of Macomb County voters. This time, Marlinga got all the votes he needed.

Figure In New Orleans Corruption Probe Avoids Prison (AP)

AP, September 28, 2006

NEW ORLEANS (AP) — A figure in a federal investigation targeting corruption in the New Orleans transit authority was put on three years of probation on Wednesday.

John S. Keller pleaded guilty in August 2005 to failing to report a felony. U.S. District Judge Ginger Berrigan also ordered him to perform 200 hours of community service and pay $10,000 in restitution to the Regional Transit Authority, along with a $5,000 fine.

Keller was the business partner of Glenn Haydel, who pleaded guilty in May to stealing $550,000 from the RTA. Haydel, the brother of former Mayor Marc Morial's mother, had a lucrative consulting contract with RTA when Morial served two terms.

Haydel admitted to diverting $550,000 from an RTA trust account to his own company and then taking $350,000 for his personal use. Cancellation of Haydel's contract was one of Mayor Ray Nagin's first acts after he took office in 2002.

The federal investigation also has targeted other aspects of City Hall during the Morial years. Three men with close ties to Morial — businessman Stan "Pampy" Barre and Reginald Walker, along with former city property manager Kerry DeCay — face charges stemming from the largest city contract let during Morial's tenure.

The three are accused of orchestrating a plan to skim hundreds of thousands of dollars from a $65 million contract to upgrade energy-related fixtures in city buildings. All three have pleaded not guilty and are awaiting trial.

Morial, now head of the National Urban League, has not been accused of wrongdoing.

DOJ_NMG_0070668

On Sept. 21, another member of Morial's inner circle, political consultant William Schultz, agreed to plead guilty to federal tax charges and pay nearly $187,000 in back taxes, including levies on money he made from companies run by Barre and Walker.

Under terms of that deal with prosecutors, Schultz faces a year in prison, U.S. Attorney Jim Letten said.

Feds Ask Judge To Shield Evidence In Probe Of Fumo, Nonprofit (SCCD)

By Maryclaire Dale

The State College Centre Daily, September 28, 2006

PHILADELPHIA - The federal grand jury investigating whether state Sen. Vincent Fumo extorted corporate donations for a charity in his district should wrap up its work by February, prosecutors disclosed Wednesday.

"The grand jury is sorting out potential defendants, potential charges," Assistant U.S. Attorney John Pease said at a hearing in a related case. "It's at a very sensitive stage."

Two ex-Senate staffers, computer technicians Mark C. Eister and Leonard P. Luchko, are charged with obstructing the investigation by deleting years worth of e-mail about Fumo's ties to the charity from office and other computers.

Prosecutors managed to recover much of it, however, and told the presiding judge they have gathered 100,000 pages worth of e-mails.

At the hearing Wednesday, they asked the judge to order defense lawyers to keep under lock and key the e-mails, grand jury transcripts and other evidence that prosecutors must turn over to the defense.

Some of it involves "scandalous" and perhaps criminal information about numerous third parties who may never be charged, Pease said.

"If these interviews and grand jury transcripts fall in the hands of someone who wants to write a (news) story, it's going to cause extreme embarrassment," Pease argued.

Defense lawyers promised not to distribute the material to third parties but objected to the demand from prosecutors that they keep a log of everyone who sees it and swear those people to secrecy.

"I'm just worried I'm going to get in trouble," said defense lawyer Brian McMonagle, who represents Eister.

U.S. District Judge William H. Yohn Jr. asked the sides to try to narrow the scope of the documents that would come under a protection order, and scheduled a telephone conference with lawyers on Monday.

Defense lawyers argue that prosecutors themselves have courted the press, with dramatic pre-dawn arrests and the public filing of a 65-page FBI affidavit that spells out the focus on Fumo and includes colorful e-mail excerpts about the senator.

"From the outset of this case, the government has used its power and the media to isolate and embarrass Luchko in an attempt to scare him into testifying," defense lawyer James C. Schwartzman wrote in opposing the government's secrecy motion.

Luchko and Eister are the only people charged to date in the investigation of the Philadelphia power-broker. Federal authorities are investigating whether Fumo extorted millions in corporate donations for Citizens Alliance for Better Neighborhoods and used the South Philadelphia charity for political purposes, according to an FBI affidavit.

A call to Sprague & Sprague, the law firm that represents Fumo, rang unanswered after business hours Wednesday.

Prosecutors - in a heightening war of words - have also suggested that the technicians' lawyers are more concerned with protecting Fumo than their clients, and question who is paying their fees.

The Senate paid the legal costs of Luchko and Eister until June, when they were indicted.

Since then, a trust fund has been set up by unnamed "independent trustees and a well-respected Philadelphia law firm," to pay to defend Luchko and other former Senate staffers, Schwartzman disclosed in a recent court filing.

Prosecutors want to know just who controls those purse strings.

"The revelation ... cries out for investigation by the court," they wrote. A hearing on the conflict-of-interest question is set for Oct. 12.

Luchko, 50, of Collingdale, is charged with 30 criminal counts, including conspiracy, destroying evidence and obstructing a federal investigation. Eister, 36, of Camp Hill, faces five counts.

They have repeatedly offered to cooperate but want immunity, a condition that prosecutors reject, according to defense filings.

Yohn has scheduled a Jan. 8 trial date, but the date could be postponed, the judge suggested Wednesday.

Judge Bars Full Gag On Fumo Case Info (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 28, 2006

DOJ_NMG_0070669

A federal judge yesterday ordered prosecutors and defense attorneys to work out a dispute over whether to disclose some evidence in the case of two former computer aides to Sen. Vince Fumo who are charged with obstructing a federal probe of Fumo.

U.S. Senior District Judge William H. Yohn Jr. said he would not grant prosecutors a blanket order prohibiting defense attorneys from disclosing information in the case.

He told prosecutors and defense attorneys to accommodate each other's concerns over the next few days and report to him on Monday.

At a hearing yesterday, Assistant U.S. Attorney John Pease said the feds wanted to safeguard the privacy of witnesses and make sure an ongoing grand-jury investigation is not compromised.

At issue are summaries of FBI and IRS interviews with witnesses, grand-jury transcripts and two search-warrant affidavits that have been filed under seal.

"We think the defense counsel should have that under discovery obligations," Pease said, "but some of it is scandalous, even criminal, and would be extremely embarrassing to the persons involved" if it were made public.

Prosecutors have not yet turned over all the evidence they have accumulated against the two ex-Senate aides, Leonard Luchko and Mark Eister, but they must deliver it soon.

Pease identified 15 interview summaries by investigators, nine grand-jury transcripts and two search-warrant affidavits that prosecutors don't want to appear in newspaper stories.

One suggestion was for defense attorneys to keep a log of people they interview and then get them to sign an affidavit that they won't divulge any information to a third party.

But James C. Schwartzman, attorney for Luchko, said that could restrict his ability to prepare a defense.

"If we have to get people to sign a document, I know we'll get little cooperation," he said.

He also asked for a delay in the trial start date, now slated for January.

Yohn permitted the Daily News and Inquirer to weigh in on the government's motion.

Michael Baughman, a lawyer representing the two papers, argued against any order that would restrict access to discovery materials.

He said that unless the feds could show that disclosure would result in "intensified pain" to third parties, the public's right to know outweighed privacy interests of witnesses, especially if they are public employees and the case involves allegations of public corruption.

"This has to be done on a document-by-document basis, and there has to be a finding of intensified pain," he said.

Luchko and Eister are charged with deleting Fumo's e-mails to thwart the federal investigation of the senator. Both have pleaded not guilty.

The feds have been investigating Fumo since 2003 to determine whether he committed extortion when he solicited contributions for the Citizens Alliance for Better Neighborhoods, a nonprofit organization with ties to Fumo, and whether he used any of the contributions to benefit himself personally or politically.

Fumo has denied any wrongdoing.

Prosecutor Says U.S. Probe Of Fumo To End This Year (PHI)

By John Shiffman

The Philadelphia Inquirer, September 28, 2006

The three-year federal corruption and extortion investigation of State Sen. Vincent J. Fumo should be resolved by Christmas, a prosecutor said yesterday.

"We're nearing a conclusion," Assistant U.S. Attorney John Pease said during a related court hearing. The case, he said, is at "a sensitive stage."

Authorities have been investigating whether the powerful Democrat illegally used a South Philadelphia nonprofit for political or personal gain.

In May, two former Senate computer technicians were charged with obstruction of justice for allegedly deleting e-mails as part of an effort to thwart the FBI and IRS probe. Leonard Luchko and Mark Eister have pleaded not guilty and are scheduled for trial Jan. 8.

During a pretrial hearing in their case yesterday, Pease said that he expected the Fumo investigation to conclude before the Luchko and Eister trial begins. Grand juries typically do not meet in late December.

U.S. District Judge William H. Yohn Jr. convened yesterday's hearing to hear arguments on a proposed order that prosecutors said is necessary to prevent leaks to the media.

As part of the routine pretrial discovery process, prosecutors are poised to disclose hundreds of FBI and IRS reports and thousands of pages of grand jury transcripts to Luchko's and Eister's lawyers. Such material contains "shocking, scandalous... embarrassing" information about people who may never be charged in the case, Pease said, and should remain confidential.

To support this assertion, Pease said he had prepared a sealed 10-page document, which he said contained 26 examples of potentially embarrassing disclosures - detailed in 15 FBI investigative reports, nine grand jury transcripts, and two search warrants, including one executed at Fumo's district offices in Philadelphia.

Yohn indicated that he didn't need to review the 10-page document - at least not yet.

Lawyers for Luchko and Eister - as well as a lawyer for The Inquirer and Philadelphia Daily News - opposed the so-called protective order, which would require anyone with access to the material to swear not to divulge its contents, except to prepare for trial.

Lawyers James Schwartzman and Brian McMonagle said such an order would make it difficult to prepare a defense, because people identified in the material - especially potential witnesses - would be reluctant to sign such an agreement.

Michael Baughman, a lawyer for the newspapers, cited a 1994 decision by the U.S. Court of Appeals for the Third Circuit in Philadelphia that says protective orders are less appropriate in situations involving public figures or public issues.

Yohn did not rule yesterday. He urged the lawyers involved to compromise.

2 Ad Men Admit Pay-to-play Scheme (PHI)

By George Anastasia

The Philadelphia Inquirer, September 28, 2006

A former advertising-company executive and a consultant for that company each pleaded guilty to fraud charges yesterday, bringing an end to one phase of an ongoing federal corruption investigation at Philadelphia International Airport.

Joseph Evans, 51, the former chief executive officer of Sky Sites Inc., and Joseph Moderski, 69, a consultant, entered their pleas during hearings before U.S. District Judge James T. Giles.

Evans, under terms of a plea agreement, pleaded guilty to one count of mail fraud. Moderski pleaded guilty to conspiracy, mail fraud and wire fraud.

Both men are to be sentenced in January.

Evans and Moderski were charged in a pay-to-play scheme in which they conspired to funnel money out of the company to finance illegal campaign contributions to Mayor Street.

The mayor has not been charged with any wrongdoing, but his office was briefly bugged by the FBI as part of a broad corruption probe that focused on city contracts, campaign contributions, and allegations of quid-pro-quo arrangements between elected officials and businessmen.

Evans and Moderski were charged in a scheme in which money was siphoned out of Sky Sites and its parent company, JCDecaux, to cover the cost of campaign contributions Moderski and others made to Street's campaign.

It is illegal for corporations to make such contributions.

The government alleged that Moderski orchestrated the plan, claiming that the contributions would help the company win new advertising contracts and retain existing contracts at the airport.

JCDecaux specializes in indoor, back-lit advertising displays in airport terminals throughout the world.

Two others charged in the case, former Sky Sites vice president Eric Selby, and architect Terry Crockett, who did subcontracting work for the company, had entered guilty pleas earlier and were cooperating with the government.

Assistant U.S. Attorney Joan L. Markman, in outlining the charges against Moderski and Evans, told Giles that the scheme involved a $10,000 "sham bonus" paid to Moderski in August 2000 and a phony $30,000 payment to Crockett in 2001.

The bonus payment was made to cover a $10,000 contribution Moderski had made to Street's campaign, Markman said. The $30,000 invoice for work that was never done was used to cover contributions of $10,000 each made by Selby, Crockett and Moderski to a PAC run by Ronald A. White, one of Street's chief fund-raisers.

White was indicted in a broader racketeering case. He died before his case came to trial.

Evans pleaded guilty yesterday to one count of mail fraud filed this week as part of a plea agreement. In exchange, prosecutors agreed to drop three additional charges.

Moderski, on the other handed, pleaded guilty to conspiracy, wire fraud and mail fraud - charges contained in the original indictment handed up against him and Evans earlier this year.

Markman would not comment on whether the government had tried to negotiate a plea agreement with Moderski, a Bryn Mawr-based political and business consultant.

"The investigation is continuing," she said when asked about the status of the corruption probe at the airport.

Polygamist Sect Leader Will Stay Jailed (AP)

By Jennifer Dobner, Associated Press Writer

AP, September 28, 2006

(ST. GEORGE, Utah (AP) -- Polygamist sect leader Warren Jeffs, a fugitive for nearly two years, appeared in a Utah courtroom Wednesday and said he was willing to wait several weeks for a judge to decide whether to send him to trial on charges of arranging an underage marriage.

"Yes, sir. Yes, your honor," Jeffs replied when Judge James Shumate asked if the delay was acceptable.

The judge set a Nov. 21 probable cause hearing and said he would address Jeffs' bond status at that time. He remains in jail.

The hearing lasted less than 10 minutes for the self-proclaimed prophet who heads the Fundamentalist Church of Jesus Christ of Latter Day Saints. Jeffs is charged with two counts of rape as an accomplice, a first-degree felony that carries life in prison.

Under his suit, tie and white shirt, Jeffs was wearing a bulletproof vest. There was tight security inside and outside the Washington County courthouse, including SWAT teams.

Prosecutors claim Jeffs, 50, forced a teenage girl to enter a spiritual marriage with an older man and submit to sex to produce children.

The girl twice told Jeffs she didn't want to marry or have sex, but was told it was her "spiritual duty" to submit because the marriage had been arranged by God, according to court filings.

"The victim is doing well," Brian Filter, chief deputy county attorney, said outside court, adding that he expects the victim will testify at the hearing.

Defense attorney Walter Bugden said "absolutely" when reporters asked if this was religious persecution.

"Let's wait until we can have a trial in this matter before we jump to the conclusion that Mr. Jeffs is guilty of anything," Bugden said.

Named to the FBI's 10 Most Wanted list in May, Jeffs was arrested last month during a traffic stop near Las Vegas. He had been a fugitive for nearly two years.

Jeffs, who took over the leadership of the church from his father in 2002, is also facing two felony charges in Arizona for a similarly arranged marriage. He'll face those charges after the Utah case.

A lawyer who has represented members of Jeffs' sect said before the hearing that finding a jury with impartial — or even mild — views on polygamy may be difficult in Washington County.

"There's a real skepticism brought to bear on their claims," said Rod Parker, who believes sect members are perceived differently than other clients he's defended. "It's very subtle, but it's there."

For nearly 100 years, members of the sect, which numbers nearly 10,000, have lived a quiet, insular life in the border towns of Hildale, Utah, and Colorado City, Ariz. The sect broke away from the Mormon church more than a century ago and has been disavowed by The Church of Jesus Christ of Latter-day Saints.

Parker represented Rodney Holm, a Hildale police officer convicted of bigamy in 2003, and last year tried unsuccessfully to persuade the Utah Supreme Court to keep a polygamist judge on the bench.

In the Holm case, questionnaires that asked about polygamy revealed a strong bias among prospective jurors, said Parker, who is not acting as Jeffs' attorney.

"I thought going into it, that being in southern Utah where people had a little more interaction with the fundamentalists, that it would be better," he said. "We were surprised."

Whether prosecutors state it or not, polygamy will be an underlying factor at Jeffs' trial, said John Bucher, who represented a client on charges of bigamy and child rape in 2001 in a different county.

"I don't think you can say, 'The perpetrator is a member of a polygamist organization,' and try to separate that out from the crime in the jurors' mind," Bucher said.

Jeffs' Attorney Says Case Is 'religious Persecution' (SGS)

By PATRICE ST. GERMAIN

St. George Spectrum, September 28, 2006

ST. GEORGE – Warren Jeffs' attorney Walter Bugden said his client views the case against him as religious persecution.

"Absolutely," Bugden said in response to the question.

Bugden, along with his partner Tara Isaacson, Las Vegas attorney Richard Wright and investigator Doug Maack, appeared in court for Jeffs' scheduling conference this morning.

DOJ_NMG_0070672

The court appearance lasted less then five minutes. Following his court appearance Jeffs met with his attorneys before Bugden gave a brief statement to the media outside the courtroom.

"We're going to have a preliminary hearing, with one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing," Budgen said.

The preliminary hearing has been scheduled for 8:30 a.m. on Nov. 21.

Jeffs, the self-proclaimed prophet of the Fundamentalist Church of Jesus Christ of Latter Day Saints, faces two first-degree felony charges of rape as an accomplice in Utah.

He is also charged with several counts of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor in Mohave County, Ariz.

Bugden said he cannot represent Jeffs in Arizona but that Jeffs has retained council for the charges against him there. He said he does not know who that attorney is.

Jeffs In Jail Until November (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, September 28, 2006

FLDS leader waives right to have hearing within 30 days

ST. GEORGE — Captured polygamist leader Warren Jeffs said he is willing to remain in jail until his preliminary hearing in November.

"Is it all right with you?" Shumate asked.

"Yes," Jeffs said softly, nodding his head in agreement.

Appearing in person, Jeffs was brought in under heavy security. The Fundamentalist LDS Church leader wore a crisp black suit, a starch-white dress shirt and a white tie. Underneath, a bullet-proof vest was faintly visible.

Jeffs was flanked by his defense lawyers. There were so many of them, the judge had to ask deputies to move to accommodate them.

"Mr. Bailiff, would you step over just to the side of Mr. Jeffs there so Mr. Bugden can have a spot?" Shumate asked, waving a Washington County sheriff's deputy over. Jeffs was surrounded by deputies.

Outside the courtroom, deputies carrying assault rifles were standing guard. The St. George Police Department deployed its SWAT team outside the courthouse.

During the seven-minute hearing, the judge set a preliminary hearing for Nov. 21, when he will also review the issue of bail. The judge said it was "troublesome" that Jeffs had remained behind bars for so long without bail being addressed.

The courtroom was packed with news reporters, investigators, observers, ex-FLDS members and even a pair of Jeffs' faithful followers. As Jeffs was being led out the courtroom, his brother Nephi Jeffs and FLDS member Lindsey Barlow stood in what appeared to be a show of respect for their prophet.

The men bolted from the courthouse after the hearing, refusing to answer reporters' questions.

Ezra Draper, who left the FLDS Church several years ago, said he wanted to see Jeffs for himself.

"The ironic thing about this situation is that he will have the opportunity to present his defense," Draper said. "In his administration in the FLDS Church, people were tried without a trial, found guilty and cast away."

Jeffs is accused of purging dozens of people from within the FLDS Church in Hildale, Utah, and Colorado City, Ariz., re-assigning polygamous wives and children to other families. It was allegations of child-bride marriages to older men that began putting him under intense focus of law enforcement.

A representative from the U.S. Attorney's Office in Utah was also in the courtroom Wednesday, observing the proceedings.

"We remain interested in the case. We're preserving the options that we may have," U.S. Attorney's spokeswoman Melodie Rydalch told the Deseret Morning News as she left the courthouse.

Federal prosecutors have refused to drop an unlawful flight to avoid prosecution warrant against Jeffs and have threatened to indict him on it should he be granted bail.

Jeffs, 50, is charged here with two counts of rape as an accomplice, a first-degree felony. He is accused of forcing an underage girl into a polygamous marriage with an older man. When she objected, prosecutors allege the FLDS leader threatened her "salvation."

The girl, identified in court papers only as "Jane Doe IV" will testify at the preliminary hearing in November.

"The victim is doing well. She is looking forward to testifying and looking forward to having her day in court," said deputy Washington County attorney Brian Filter.

Prosecutors have told the Deseret Morning News they are screening more possible charges against Jeffs. Filter said it is also possible Jane Doe IV's husband could also face rape charges.

Sarah Ause, Deseret Morning News

Wally Bugden, Warren Jeffs' defense lawyer, is questioned by the press after a hearing Wednesday. "There is a possibility he will be charged," he said Wednesday.

Defense lawyers suggested this may be a case of religious persecution against Jeffs and his followers.

"Absolutely," attorney Wally Bugden said to that question as he left the courthouse after meeting behind closed doors with the judge.

Moving quickly through a throng of reporters, Bugden said he will vigorously defend Jeffs.

"We're going to have a preliminary hearing, just one step at a time. We intend to confront the witnesses against us and there will be cross-examination at the preliminary hearing," he said.

Jeffs was on the FBI's Ten Most Wanted list until he was arrested during a traffic stop outside Las Vegas last month.

Warren Jeffs Trial: Witness Set To Testify In Rape Case (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 28, 2006

Polygamist leader in courtroom; preliminary hearing set in November

ST. GEORGE - The state's key witness in the case against polygamous sect leader Warren S. Jeffs will testify in court for the first time during a day-long hearing set for mid-November.

At the Nov. 21 preliminary hearing, the young woman identified only as Jane Doe No. 4 is expected to describe her assigned marriage to an older man she alleges later raped her, as well as Jeffs' alleged instructions that she submit "mind, body and soul" to her husband.

Based on that and other evidence offered by the state, 5th District Judge James L. Shumate will decide whether there is enough evidence to believe Jeffs committed a crime and should be tried.

The woman, who was between 14 and 18 at the time of her spiritual marriage, is looking forward to her day in court, according to Brian Filter, spokesman for the Washington County Attorney's Office.

He also said other witnesses and evidence will be presented.

Jeffs uttered a single word Wednesday during a six-minute scheduling hearing attended by a few supporters and curious onlookers. He has previously appeared via videolink from the Purgatory Correctional Facility, where he has been incarcerated since Sept. 5.

Unshackled and wearing a suit, white dress shirt and white tie - and a bullet-proof vest beneath his clothes - Jeffs was brought into the courtroom from a rear hallway.

He warmly shook hands with his legal team, quietly exchanging greetings with Las Vegas attorney Richard A. Wright and the Salt Lake attorneys Walter F. Bugden and Tara Isaacson.

The 50-year-old polygamist softly answered, "Yes," when Shumate asked if he was willing to postpone his preliminary hearing to November.

Jeffs faces two first-degree felony charges of being an accomplice to rape for allegedly conducting the spiritual marriage between the girl and a then-28-year-old man. The charges are punishable by five years to life in prison.

Washington County Prosecutor Brock Belnap

Advertisement

has not said when the crime occurred. If reported to police, rape charges may be brought up to eight years later.

That deadline may be put on hold if a defendant moves out of Utah and then resume if he or she later returns.

Belnap has said previously the state has not brought rape charges against the woman's husband - who also has not been publicly identified - for strategic reasons, but may do so in the future.

Jeffs, arrested during a traffic stop on I-15 north of Las Vegas on Aug. 28 after a year as a fugitive, is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints.

The sect is based in the twin cities of Colorado City, Ariz., and Hildale, Utah.

Shumate said Wednesday he was troubled that Jeffs has not had a bail hearing, but Bugden said he will raise the issue later.

Two FLDS members attended the hearing: Nephi Jeffs, a younger brother of and secretary to the sect leader, and Lindsay Barlow, who runs a moving crew that helps relocate families within the FLDS.

Leaving the courthouse amid a swarm of journalists, Bugden responded to a shouted question about whether this is a case of religious persecution.

"Absolutely," he said. "Let's wait until we can have a trial in this matter before people jump to the conclusion that he's guilty."

Judge Urged Not To Release Intel Reports (AP)

By Matt Apuzzo

The Associated Press, September 27, 2006

Federal prosecutors went into a private hearing Wednesday to urge a judge not to release sensitive intelligence reports at the upcoming trial of a former White House aide.

Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby, wants to use President Bush's daily terrorism briefings as evidence at his obstruction and perjury trial in January.

Libby says the records from 2003 and early 2004 will show he did not lie to investigators about his role in the leak of a CIA officer's identity. He contends he had important things on his mind and may have forgotten details about the leak.

Prosecutors and defense lawyers will not discuss the contents of the classified briefing summaries. But the dates overlap with the military's hunt for Iraq's Saddam Hussein, the death of his two sons, and continuing discussions about nuclear programs in North Korea and Iran.

The documents also contain information about covert operations and informants. The details are so sensitive that they are not released even to many intelligence officials.

Shortly before the hearing was to begin, the courthouse was evacuated because a suspicious package was discovered outside the building. That left Fitzgerald and Libby, along with several other lawyers in the case, to wait outside with more than 100 others.

The package turned out to contain a homeless person's clothes.

After the private hearing, which was expected to stretch into next week, U.S. District Judge Reggie B. Walton will decide what information Libby should be allowed to use as evidence. Walton then will hold a second round of hearings to decide whether to black out or summarize the records.

Intelligence officials still can refuse to declassify the documents, even in the blacked-out form Walton orders. That refusal could lead to the case being dismissed.

Prosecutors have said that is precisely Libby's plan. Requesting classified data in an effort to sabotage a case is a legal tactic known as graymail.

Libby is the only person charged in Special Prosecutor Patrick Fitzgerald's three-year, $1.4 million investigation into the leak of Valerie Plame's identity. Nobody was charged with violating the law by discussing her job with the CIA, but authorities say Libby lied about his discussions with reporters regarding Plame.

Plame's husband, Joseph Wilson, criticized the Bush administration's intelligence leading up to the Iraq war. The couple has accused Libby and others of leaking Plame's identity as retribution.

House Suspends Hill Telecom License (WP)

By James V. Grimaldi

The Washington Post, September 28, 2006

House leaders have suspended a multimillion-dollar wireless communications license that federal prosecutors say was corruptly awarded to a Dulles telecommunications firm by Rep. Robert W. Ney (R-Ohio) in exchange for gifts from lobbyist Jack Abramoff.

The award of the license was one of a series of acts that Ney said he performed for Abramoff in exchange for campaign contributions, expensive meals, luxury travel and sports tickets. Ney agreed this month to plead guilty to corruption charges and is set to enter his plea Oct. 13.

The license to install antennas for cellular and wireless telephones in House office buildings was awarded in 2002 to MobileAccess, formerly known as Foxcom Wireless, which was based in Israel. The company, now based in Vienna, Va., later paid Abramoff $280,000 in lobbying fees and donated $50,000 to a charity operated by Abramoff that paid for a golf junket to Scotland for Ney.

Rep. Zoe Lofgren (D-Calif.) said the license "has been suspended pending review," which could affect the wireless contract for the congressional visitors center now under construction.

"I think a company should not profit from corrupt actions," said Lofgren, who is on the House Administration Committee. "Obviously, what happened in awarding the contract was wrong, illegal, corrupt. The question is what role did the company have? Was the company a knowing participant?"

Salley Collins, a spokeswoman for the committee, said the review was underway but provided no more information. Congressional sources who spoke on condition on anonymity because the issue is under consideration said a review was prompted by the Abramoff corruption investigation.

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MobileAccess employees "have cooperated fully in the investigation," said MobileAccess attorney Douglas A. Fellman, of Hogan & Hartson. "There has never been a suggestion of wrongdoing or improper conduct on the part of MobileAccess or its personnel, and after a very thorough investigation, that continues to be the case."

Abramoff and Neil G. Volz, who went to work for Abramoff as a lobbyist after serving as Ney's top aide, admitted in plea agreements this year that the wireless license was a favor for Abramoff in exchange for gifts.

Prosecutors said in charging papers that Ney took a variety of official actions for Foxcom, "including meeting with representatives of the client on or about May 10, 2001, leaking to Abramoff a copy of a letter from the client's competitor complaining about the selection process in or about September 2002, and issuing a license to Abramoff's client."

The decision had long-term implications for Foxcom competitor LGC Wireless Inc. of San Jose. The Senate also uses MobileAccess to remain consistent with the protocols of the House. LGC uses a different technology, though wireless and cellphone companies say both firms provide service that meets their standards.

An LGC official said yesterday that his company was pleased by the news of the House review.

"Given that it is public record that the House wireless job was awarded to Foxcom/MobileAccess due to Jack Abramoff's improper influence, and MobileAccess has subsequently been the recipient of follow-on business on the Hill in large part due to that initial award, we feel that it is appropriate that the license be reviewed," LGC spokesman John Spindler said. "Only in this way can competitiveness and fairness in any future government awards be ensured."

Cellphone coverage is a sore point with many members of Congress, who complain about dropped calls, particularly in the Capitol. It was a topic at the Administration Committee meeting.

House Reviews Foxcom License (RC)

By John Bresnahan

Roll Call, September 28, 2006

The House Administration Committee is reviewing a $3 million license awarded by its former chairman, Rep. Bob Ney (R-Ohio), to a client of former lobbyist Jack Abramoff in late 2002, according to the panel and House insiders.

Ney's alleged influence peddling in granting the license to provide cell phone antennas in House office buildings to Foxcom Wireless, now Mobile Access Networks, was part of the plea agreement that the Ohio Republican recently reached with the Justice Department. Ney admitted to accepting "things of value" from Abramoff in return for official actions, including granting the Mobile Access license.

Abramoff's own plea deal in January with federal prosecutors also referenced the Mobile Access episode.

"There are issues with the license agreement," said Salley Collins, spokeswoman for the House Administration panel. "Those issues are under review by the committee at this time." Collins declined to offer any further details on the committee's action.

House insiders said that the Administration Committee and Jay Eagan, the Chief Administrative Officer for the House, jointly made the decision to conduct the review following Ney's plea deal. House officials declined to say whether they were considering taking legal action against the company.

Douglas Fellman, an attorney representing Mobile Access, said no one at the firm had ever engaged in illegal activity in obtaining its license with the House.

"There has never been a suggestion of wrongdoing or improper conduct on the part of Mobile Access, after a thorough investigation by the Department of Justice and others, that continues to be the case," Fellman said.

"Mobile Access and its employees have always been, and continue to be assured, that there are no issues as to the company's conduct."

Foxcom, as Mobile Access was then known, donated $50,000 to a charity controlled by Abramoff in 2001. Abramoff used the charity to pay for a Scotland golf junket the following year attended by Ney and several of his aides, including Neil Volz. Volz pleaded guilty to corruption charges this summer.

According to Ney's plea deal, "From in or about April 2001 through or about November 2002, Ney supported the application of and ultimately issued a license to one of Abramoff's lobbying clients, allowing that client to win a multi-million dollar contract with wireless telephone companies to install wireless telephone infrastructure" in the House.

Mobile Access formally hired Abramoff's former lobbying firm, Greenberg Traurig, in January 2003, two months after it already had been granted the license by Ney, to represent it. Greenberg Traurig was paid $280,000 for its lobbying work in 2003 and 2004, according to lobbying disclosure records.

In obtaining the licensing agreement from the House, Israeli-based Mobile Access won the right to millions of dollars in payments from wireless carriers, who would be using equipment installed by the company to route cell phone calls throughout the House complex.

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A rival bidder complained in 2002 that Mobile Access was unfairly awarded the license thanks to its political connections, but even after his relationship with Abramoff was publicly exposed, Ney denied that he had acted improperly in handling the matter.

Ney checked into an alcohol rehabilitation facility right after signing onto his plea deal with Justice and has made no public statements during the last two weeks. His attorneys and federal prosecutors have agreed to recommend a 27-month prison sentence for Ney. Ney is scheduled to appear in federal court on Oct. 13.

Woman Charged In Porn Case (PTR)

By Tony LaRussa, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, September 28, 2006

A Washington County woman has been accused of using the Internet to distribute stories that describe children -- some as young as 2 years old -- being kidnapped, sexually molested and murdered.

Karen Fletcher, 54, of Meldon Avenue, Donora, was indicted by a federal grand jury Tuesday on six counts of transportation of obscene matters, U.S. Attorney Mary Beth Buchanan said.

"This case is a very important part of our efforts to prosecute people who exploit children," Buchanan said. "Use of the Internet to distribute obscene stories like these not only violates federal law, they embolden sex offenders who would target children."

Free speech specialists, however, question whether the charges will stick because there don't appear to be any child victims.

Contacted at her home Wednesday, Fletcher said federal authorities "didn't like my site." She said she was not aware of the indictment and otherwise declined comment on the charges.

Fletcher is accused of operating a Web site featuring excerpts of "extremely explicit and graphic stories" that could be downloaded by purchasing a $10 monthly subscription, according to investigators.

The indictment against Fletcher alleges that on Aug. 8, 2005, she used an interactive computer service to distribute half a dozen stories about adults having sex with children between 2 and 9 years old.

Fletcher told a pair of FBI agents who interviewed her at her home on Feb. 11, 2005 that she owned what she described as a "fantasy site" on which she posts "sexually explicit stories about adults having sex with children," according to court papers.

Ken Vandevelde, a law professor at Thomas Jefferson School of Law in San Diego, questioned whether prosecutors could win a case if they attempted to prove that Fletcher trafficked in child pornography.

"The U.S. Supreme Court ruled in 2002 that so-called 'virtual porn' -- drawings or computer generated images of children engaged in sex -- cannot be treated as child pornography because no child was involved in its production," said Vandevelde. "It seems reasonable that the same would apply to the written word."

"I find it very troubling that a fictional account, somebody's fantasy, could be considered a crime when there is no indication that anybody has been exploited," said Joan Bertin, executive director of the New York-based National Coalition Against Censorship.

"I can't defend this material because I haven't seen it, but I question the role of government in deciding when material, even if most people would consider it over the top, is appropriate for adults to write or read," Bertin said.

Fletcher is scheduled to be arraigned in federal court on Oct. 17. If convicted, she could face up to 30 years in prison and a $1.5 million fine.

In the past several years, the U.S. Justice Department has intensified its prosecution of obscenity cases.

Last year, Buchanan asked a federal appeals court to reinstate charges against a California couple whose company, Extreme Associates, was accused of violating federal law by using the U.S. Postal Service and the Internet to send videos depicting graphic scenes of rape and murder into Western Pennsylvania. A 10-count indictment against the company and its owners had been dismissed by a federal judge.

In December, the court ruled that the charges against Robert Zicari and Janet Romano and their company be reinstated. The couple's attorney, H. Louis Sirkin, subsequently filed a petition asking the U.S. Supreme Court to hear the case. The petition, however, was denied.

Town's Residents Say They Were Targets Of Big Mortgage Fraud (WSJ)

By James Hagerty

The Wall Street Journal, September 28, 2006

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MARTINSVILLE, Va. -- Federal and state authorities are investigating allegations of an elaborate mortgage fraud involving about 100 people living in or near this small factory town who say they unwittingly took out loans to buy houses at inflated prices in Indiana.

The borrowers, who include truck drivers, factory workers, a pastor and a hair stylist, say they were duped by acquaintances into signing stacks of documents and didn't know they were applying for loans. Instead, they thought they were joining a risk-free "investment group."

Now, many of the loans are in default, the borrowers' credit ratings are in ruins, and lenders are pursuing the organizers of the purported investment group in court. Companies stuck with the defaulting loans include Countrywide Financial Corp., the nation's largest home lender, and Argent Mortgage Co., another big lender.

A lawsuit filed by Countrywide accuses the organizers of acquiring homes and then fraudulently selling them for a quick profit to the Virginia borrowers. Representatives of the borrowers put the total value of loans involved at about $80 million, which would make it one of the largest mortgage-fraud cases ever.

Mortgage fraud, involving loans obtained by providing false information, has mushroomed in recent years as lenders have pushed for speedier loan approvals in an effort to remain competitive and milk maximum profits from the now-fading housing boom. The Federal Bureau of Investigation reported that mortgage fraud led to losses of $1 billion in 2005, up from $429 million a year earlier. Some of the fraud that slipped through during the boom is only now starting to surface.

Attracted by the ability to obtain large sums quickly, some criminal gangs involved in drug dealing and other street crimes have branched out into mortgage fraud, says Chip Burrus, assistant director of the FBI's criminal investigative division. "It's more profitable and less risky," he says.

Part of the problem, say critics inside and outside the industry, is that -- in their haste to earn commissions and fees -- loan officers and brokers are asking fewer probing questions. "We aren't asking questions, and we aren't verifying like we used to," says Bob Simpson, president of Investors Mortgage Asset Recovery Co., Irvine, Calif., which helps lenders recover losses from fraud. "For legitimate, honest consumers, that's a good thing," but it creates opportunities for crooks, Mr. Simpson says.

Kurt Pfotenhauer, a senior vice president at the Mortgage Bankers Association in Washington, says the pursuit of efficiency in making loans has made the industry more vulnerable to fraud. But he said his trade group is educating members on the risks and on preventive measures, and urging Congress to provide more money for cracking down on mortgage scams.

The case involves about 400 loans averaging $200,000 each, according to Tony and Robin Pickett, a married couple who work as real-estate agents at Prudential Ron Matthews Realtors in Indianapolis. Ms. Pickett says she and her husband represent 39 of the borrowers and are trying to help them sell the houses, which are scattered among rough inner-city neighborhoods and new subdivisions.

Lenders and others involved in the case say a task force of federal and state agencies is investigating, including the Internal Revenue Service. An IRS spokeswoman declined to comment. A spokesman for the FBI said the agency is aware of the case but declined to elaborate.

A lawsuit filed in June by Countrywide in the Circuit Court in Marion County, Ind., says that the investment group was organized by people led by Robert Penn. Acquaintances say Mr. Penn, believed to be in his early 40s, grew up near Martinsville, joined the Navy and then moved to the Indianapolis area. He couldn't be reached for comment, and his lawyers didn't return calls.

In recent years, the Martinsville area has been hit hard by closures of furniture and textile factories. Timothy Jacobs, 29 years old, one of the scores of local residents caught up in the case, lost his job in a textile plant several years ago and was unemployed for nine months before finding a new job, working overnight at a telecommunications-cable plant more than an hour's drive from his home. About two years ago, a friend told Mr. Jacobs about an investment group organized by Mr. Penn and some of his relatives in the area.

Mr. Jacobs says he was soon introduced to Mr. Penn's sister, Sharon, a hairdresser who lives in the area. Ms. Penn couldn't be reached for comment. Mr. Jacobs says she explained that the group needed people with good credit ratings to be used for real-estate investments that would be made as a group, not individually. Mr. Jacobs, who was living with his mother at the time and says he couldn't afford to buy a home of his own, says he understood that he wouldn't have to make any payments or assume any financial obligations but would receive payments for letting the group use his credit record.

"It sounded pretty good," Mr. Jacobs says. "Everything I asked them, they had an answer for."

Mr. Jacobs and others who joined the group say they were rushed into signing documents without being given time to read them. Within weeks of signing those papers, Mr. Jacobs says, he received two payments, totaling $7,000, from the Penns. After a few more months, however, he began to get calls from Countrywide representatives demanding mortgage payments. Mr. Jacobs says it turned out that two loans, totaling more than $200,000, had been taken out in his name and that he owned two houses. He says he now thinks the houses might be worth only around $40,000 apiece.

Others who signed up for the group say their credit ratings have been so devastated that they can no longer buy anything on credit. "My dad brought me up to pay my bills before I eat," says Nancy Muse, who heard about the group from a friend who used Ms. Penn as a hairdresser. Months later, Ms. Muse found out she was in trouble when she inquired about buying a modular home for herself. A representative of the home-building company checked her credit and told her she already owned four homes.

In its lawsuit, Countrywide said it acquired some of the loans from the original lender, People's Trust Mortgage LLC, Erlanger, Ky. Countrywide alleges that a loan officer for People's Trust "conspired" with Mr. Penn and associates to apply for loans using false information about the borrowers' incomes and financial assets. Representatives of People's Trust couldn't be reached for comment. A lender who formerly had dealings with People's says he believes it is no longer in business.

The Countrywide suit says companies associated with the Penns acquired houses and then quickly resold them for much higher prices to the Martinsville borrowers. That allowed the Penns and associates to profit from the quick sale while leaving the people in Martinsville stuck with loans they couldn't pay, the suit says. One church secretary, who says she heard about the investment group from her pastor, says she and her husband, a building-maintenance worker, learned that they were the owners of 14 homes in Indiana, a state they had never visited.

Countrywide, based in Calabasas, Calif., is suing Mr. Penn and others allegedly involved in the program for unspecified damages. Its suit doesn't say why the lender didn't raise questions earlier about why so many people in a struggling area of southern Virginia would be investing in houses in Indiana. The suit does, however, suggest that a closer review of some of the home-purchase documents might have prompted questions; one such document failed to identify the seller.

A Countrywide spokesman said: "We have a zero-tolerance policy against fraud and put a great deal of time and expense into identifying and investigating possible cases."

Some of the loans were made by Argent, based in Irvine, Calif. An Argent spokesman said the company is investigating what he described as a sophisticated scheme. Fannie Mae, the government-sponsored provider of funding for mortgages, acquired some of the loans from Countywide and has reported its findings in the case to law-enforcement officials and regulators, a spokeswoman said.

Fraud has proliferated as lenders increasingly deal with borrowers through brokers and other intermediaries rather than having face-to-face relationships. "Lending is becoming more anonymous," says Rachel M. Dollar, a Santa Rosa, Calif., attorney who runs a Web site that provides mortgage-fraud information. In addition, better computer equipment has made it easier to forge or alter documents.

Borrowers' attorneys and other consumer advocates say many problems arise simply from greed or haste on the part of loan officers and brokers motivated by commissions to push for high volumes. A lawsuit filed in December 2004 in federal court in New York by South Brooklyn Legal Services, a nonprofit law clinic, alleged that Argent Mortgage made a $425,000 loan arranged by participants in a foreclosure fraud scheme even though the application was incomplete and a title-insurance company warned the lender something was amiss with the deal.

"The red flags were as strong as you can get," says Jessica Attie, a staff attorney with the clinic's Foreclosure Prevention Project. In court papers, Argent denied it was at fault in the case, which it settled in April.

In a lawsuit filed in May 2005 in state court in Dayton, Ohio, ABN Amro Mortgage Group Inc., a unit of ABN Amro Holding NV, claims it lost $2 million after a convicted felon and other conspirators arranged as many as 23 mortgages in the names of dead people. In court papers, however, two title insurance companies named among the defendants claim ABN Amro failed to conduct due diligence on the loans and, as a sophisticated lender, knew or should have known about the fraud. The case is still pending. Andrea Lewis, a spokesperson for ABN Amro, said no one with knowledge of the case was available to comment yesterday. The case is still pending.

Other lenders also appear to have overlooked some suspicious borrowing patterns. According to a mortgage-fraud indictment against several people filed by the U.S. attorney's office in Atlanta in U.S. District Court there in January, the defendants took out loans in the names of "straw borrowers" based on inflated prices for real estate. One of those borrowers -- identified in the court filing only as Justin Z -- obtained loans from National City Corp.'s mortgage arm to finance purchases of 20 condominiums in the Atlanta area between Feb. 1 and March 26, 2001, according to the indictment.

A spokesman for Cleveland-based National City said: "We are currently in litigation to recover our losses and we continue to cooperate with authorities on the matter." As part of "continuing efforts to further enhance our mortgage-fraud protection," he adds, National City is tracking individual customers to monitor how many properties they finance, among other measures.

Mortgage Suit Says 'Trust Us' Led To Fleecing (NYT)

By John Leland And Tom Zeller Jr.

The New York Times, September 28, 2006

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MARTINSVILLE, Va., Sept. 27 — In a tightknit neighborhood, where people's social lives often revolve around their churches, Beulah Penn and her daughter, Sharon, were well-connected and trusted. Beulah Penn was a lay minister in a local church; her daughter, Sharon Penn, dressed hair.

Using these connections, according to a recent lawsuit, the two women and another relative in Indianapolis perpetrated one of the largest mortgage frauds in American history, victimizing dozens of local residents and, according to sources with knowledge of the accusations, at least $40 million in fraudulent loans — perhaps even twice that amount.

"Looking back, maybe it sounded too good to be true, but everyone knew them, and my friends went to church with them, people I been knowing for 10 years," said Timothy Jacobs, a 29-year-old worker in a fiber-optics factory who discovered recently that he owed $200,000 on two houses in Indiana. "They said they'd be responsible for everything. Now everyone's probably going to end up filing for bankruptcy."

The civil lawsuit, filed in June by one of the nation's largest mortgage lenders, describes an elaborate confidence game in which Martinsville residents with good credit ratings were enlisted last year to join what they believed was a risk-free investment in Indiana real estate. Instead, they found themselves responsible for hundreds of thousands of dollars in unpaid mortgages.

While no criminal charges have been filed, federal grand jury subpoenas are being prepared in Indiana, and further civil action at the federal level is expected to be filed against the investment group soon.

Repeated calls and e-mail messages to people named as defendants in the lawsuit, both in Martinsville and in Indiana, as well as to some of their lawyers, were not returned.

The F.B.I. called mortgage fraud an "epidemic" last December, noting that losses associated with the crime had jumped to more than $1 billion last year from $429 million in 2004. Although the hot housing market that may have at least partly given rise to the fraud boom is cooling, officials say mortgage fraud losses are on pace to increase again this year.

Martinsville, a small Piedmont city of 14,925, once known for its Nascar track and its thriving textile mills, has lost both population and its economic base since the mills and furniture industries moved overseas in the 1990's. Small older houses and often empty businesses cluster in the center of town, with larger, more expensive developments — like the ones the Penns moved to — on the fringes.

The median household income is about half the state average. Mr. Jacobs, who was out of work for nine months after a mill closed, said he and his friends saw the real estate venture as a chance to get back on their feet after setbacks. "Now we don't know what to do," he said.

Court papers filed by Countrywide Home Loans, the residential mortgage lender, say the Penns invited people to join an "investor's club" that would buy properties in Indiana and sell them at a profit. Club members were told they faced no risk.

According to court papers and to four participants, the investors were told they would not have to contribute any money but would simply allow their credit ratings to be used in acquiring the properties, which would be owned and managed by the group. Each were promised checks of at least $2,000.

But Mr. Jacobs and others were, by all appearances, the pawns in a quick-flip mortgage scheme, designed to gain control of a property at a low price and sell it quickly at a profit. The game is often rigged at every level — from doctored applications, to bogus property appraisals, to the loan approvals themselves.

Documents reviewed by The New York Times suggest that even independent parties associated with closing the sales on the properties may have played a role in perpetrating the fraud, or demonstrated negligence in overseeing the transactions.

The Countrywide suit asserts, for instance, that the founder of the group, Robert Penn (the son of Beulah Penn and brother of Sharon Penn), acting through a variety of companies, secured purchasing agreements for Indiana properties at market value, then had them appraised at substantially higher rates.

Mr. Penn's group then bought the homes, according to the lawsuit and documents reviewed by The Times, in the names of the Martinsville residents at the inflated prices — or even higher — but paid only the agreed-to market price to the seller. Mr. Penn's companies then received the substantial difference, the documents contend.

Often the group closed on several properties in the same buyer's name on the same day, documents show. Kelvin Thompson, 44, a tire worker, said he discovered he was in trouble when he tried to borrow $1,000 from his credit union to buy presents last Christmas.

That is when Mr. Thompson learned that he owned five houses in Indiana, all in default, with mortgages totaling close to $1 million.

He said he could not have been more surprised. The Penns, he said, did not seem "sophisticated enough" to pull something like this off. "We're very angry," he said, "and also embarrassed for being suckered."

Many of the investors contacted were unwilling to discuss their cases — some out of embarrassment, some out of suspicion of a stranger asking questions about their finances. Some said they had known the mother and daughter for so long that they still did not know what to think.

Mildred, a municipal employee who said she was too embarrassed to be identified by her last name, said she trusted Sharon Penn "because she was my girlfriend."

She added, "She did my hair for four years."

Although she was not a member of Mrs. Penn's church, Mildred said, she knew that Beulah Penn was "a minister, a woman of the cloth," and so she let down her guard. Even so, she said, when Sharon Penn approached her about joining the investment club, she resisted at first. "But I saw people coming and going, this one got a check, that one got a check," she said.

She also saw that the Penns were making a lot of money and talking about how "blessed" they were, she said. She agreed to join, she said, on promises that she was part of a no-risk partnership in a development of brand-new houses on which payments were guaranteed by the federal government.

From a leather valise in the back of her car his week, she produced documents showing that two of the three houses she owned were built in 1950 and 1917. The outstanding mortgages on the three homes total more than $500,000. The houses, she said, were worth about $30,000 each.

"I thought I was smarter than that," she said. "But they were so smooth, and I saw so many people getting checks."

Repeated calls to Beulah Penn's home went directly to her voice mailbox, which was full.

William Stern, the mortgage fraud coordinator at the F.B.I. said the agency would not comment on whether it was investigating the Martinsville case. But he said the agency had uncovered similarly ambitious schemes recently.

In August last year, he said, the largest federal sentence for mortgage fraud — 30 years — was handed down to Chalana McFarland of Atlanta, for her role in a major flipping operation that netted $20 million from 1999 to 2002. As a testament to the elaborate nature of the modern mortgage fraud operation, also indicted were two paralegals, six loan originators, one broker, three real estate agents, three appraisers, three straw borrowers, one bank employee, an identity thief, and a property manager.

"This represents an approach to mortgage fraud whereby an entire mortgage fraud ring is targeted and addressed," Mr. Stern said.

A Martinsville area minister who also lost money in the Penn investments expressed exasperation, but caution. Like others in town, he said he knew Beulah Penn professionally and Sharon Penn as an occasional visitor to his church.

"Nobody has been charged here," he said, declining to be named because he did not want to embarrass his church. He said he was still holding out hope, "that they just got caught up in this, just like I did."

Good Cybercitizens Keep Watch Over ID-theft Victims (USAT)

By Jon Swartz

USA Today, September 28, 2006

SAN FRANCISCO — For a few hours a day, Steven Peisner calls strangers across the USA — sometimes at night — and reads to them their Social Security numbers and credit card data.

Though many recipients immediately suspect he is an ID thief, Peisner's intent is just the opposite: He is a digital whistle-blower.

"My motivation is to be a good citizen and put a dent in (fraudulent e-mail) phishing scams," says Peisner, president of SellitSafe.com, which provides anti-phishing services for online merchants. He works closely with law enforcement and computer-security experts. Peisner, 43, is one of several avenging angels nationwide looking out for the well-being of ID-theft victims. They share a fervent desire to publicize the widespread availability of stolen personal data on the Internet.

·Betty "BJ" Ostergren, a former insurance-claims supervisor in Virginia , occasionally warns consumers that their Social Security numbers are posted on public government websites. For the past four years, she has spent several hours a day digging through sites for Social Security numbers. So far, she's uncovered 18,000 records.

·Janice Forster, 50, a paralegal in North Carolina, this year started FindMyId.com, a website devoted to educating consumers about ID theft. In the past week, she mailed more than 100 letters to North Carolina residents informing them that their personal information is available on the Internet.

"I just want to make a difference," says Forster, who had never before been involved in a grass-roots movement. "In good conscience, I can't watch this happen to people."

That's why Peisner called Christopher Buckley, a high school teacher in Los Angeles, late at night during Labor Day weekend to inform Buckley that his credit card number was on the ccpower forum, a black-market website where criminals deal in stolen personal data. "I was shocked he called but glad he did," says Buckley, 31, who mistakenly forked over information via e-mail to someone claiming to be from PayPal.

There is a method to Peisner's madness. As phishing continues to escalate, the safest course for consumers may be to warn them over the phone. There is little in the way of software to warn consumers they have been phished.

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"We need to take control of the situation," says Peisner, who does not profit from his advice to consumers but sells his company's services to businesses. "The police have their hands full with these type of cases. It's up to consumers like me to take action."

Since May, good Samaritan Peisner has scoured the Internet forums of cybercrooks, looking for the names of ID-theft victims whose personal information is for sale online. The same day, he informs victims that their names — not to mention Social Security numbers, credit card information and phone numbers — are floating in cyberspace. Peisner calmly tells them he has come across their filched profiles and they should immediately close their credit card and/or bank accounts. To make his point resonate, he reads to victims their stolen information as it appears in the forums.

Symantec detected 157,477 unique phishing messages during the first half of 2006, up 81% from the last six months of 2005. Home PCs were targets of 86% of security threats in the first six months of 2006, according to a Symantec report released Monday.

The incidents have soared as attacks become more sophisticated. Tried-and-true scams aimed at customers of AOL, eBay, PayPal, Citibank, Bank of America and other high-profile companies continue. But the deceptive e-mail messages and websites have gotten much craftier. Customer names and addresses now routinely appear in phishing e-mail. Previously, scams were addressed to "Dear valued (company name) member," say security experts.

"This is slick stuff," says Ron O'Brien, senior security analyst at Sophos. He says recent phishing attempts actually warn customers about phishing and ask them to update their information for security reasons. To assure wary users, the 800 phone number of a targeted company is included in the e-mail. The scam often works, he says.

The scam is just the latest iteration in an evolving cycle of phishing attempts that surface every few months, says Dennis Maicon, executive vice president of financial-services solutions at computer-security firm Digital Resolve. Late last year, phishers typically preyed on customers of large financial institutions, warning them in e-mails to update their accounts or risk losing them. Early this year, phishers used the same scam but on customers of regional banks and credit unions.

Phishers also are ensnaring corporate customers with bogus phone trees that ask consumers to enter personal information. How the scam works: An e-mail advises victims to call a number to verify basic data. But the number is actually recording data with the intent to steal it, according to law enforcement officials. The stolen information often winds up on cybercrime forums, websites that function as digital marketplaces.

The speed of transactions on those forums can be quick, victims say.

Scott London, an attorney in Santa Barbara, Calif., can vouch for that. Soon after he surrendered personal data to a PayPal-targeted phishing scam on Aug. 18, it was posted on the CardersMarket forum.

In less than one minute, $100 was pulled from his bank account. An e-mail receipt from the real PayPal confirmed the withdrawal seconds later. Another 15 minutes later, more than $1,200 in airline tickets, electronic equipment and two other items were charged to London's Chase-issued MasterCard.

By the time Peisner called to warn London, the charges had been made. But London took Peisner's advice and notified his bank and credit card issuer. "It could have been worse if not for Steven," London says.

Peisner admits it can be a thankless job, rousting strangers at night and telling them their innermost financial secrets. "One guy in Florida wants to kill me," he says.

But those are the occupational hazards of being a do-gooder.

For many victims, Peisner is the first line of defense. Most software doesn't notify the consumer until after an illegal purchase. Peisner tells them as soon as he spots their information in carding forums.

On a typical day, he contacts more than a dozen victims. To gain their trust, he explains who he is and what he has found online — usually the victim's name, address, Social Security number and credit card number. He advises them to contact their credit card issuer and bank and to monitor their credit reports for two to three years. Victims range in age from 19 to 88, and they are universally shocked when he calls, Peisner says.

"Steven scared me to death, but he saved me a lot of grief," says Stephen Sanders, 55, a retiree from Carmel, Calif., who was the victim of phishing scam tarageting eBay/PayPal users last month. Sanders closed his bank account and discontinued his credit card the next day. He also flagged credit reports.

Absent consumer advocates, there is little that tech vendors can do to immediately alert phishing victims.

AOL, Yahoo, Microsoft and other providers of Internet service continue to refine their anti-phishing filters. Yahoo this month rolled out a service that better protects consumers from phishing sites. Future versions of Microsoft Internet Explorer and other browsers such as Opera and Firefox will include built-in phishing filters.

Still, newer phishing attacks can slip through.

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AOL offers free features that inform users whenever a financial transaction is made over their AOL account. Customers can set up e-mail spending alerts for themselves, based on the amount of a transaction and when it occurs, says Michael Jones, technical director of AOL's anti-spam operations.

But until phishing is eviscerated, and short of directly warning intended victims, consumers will continue to be hooked by phishing attempts. Even though Buckley was quickly tipped off by Peisner, cybercrooks rang up $1,000 in charges to his credit card before he could cancel it. “Just think of the damage they could have done if Steven didn't call me,” Buckley says. “For that, I'll always be grateful to him.”

Louisiana Renews Call For Dicks’ Extradition (FT)

By Andrew Ward In Atlanta

Financial Times, September 28, 2006

Kathleen Blanco, governor of Louisiana, has voiced support for the state's clampdown on online gambling and renewed an extradition request for Peter Dicks, former chairman of Sportingbet.

The governor's intervention came as Mr Dicks prepared to attend a court hearing in New York to learn whether he will be sent to Louisiana to face illegal gambling charges.

Lawyers for Mr Dicks, who was arrested in New York three weeks ago on a Louisiana warrant, had hoped to halt the extradition process before Thursday's hearing.

But a spokesman for Ms Blanco said she was still pushing for his extradition as part of efforts to enforce the state's law against online gambling.

"If we do not enforce this law, online gambling would be completely unregulated and that would clearly be an expansion of gambling which is unacceptable," she told the FT.

Barry Slotnick, lead defence lawyer, acknowledged that Louisiana had “dug in” over recent days, raising the prospect of a courtroom battle over Mr Dicks' fate.

“They are not backing off,” he said, in an interview. “We’re preparing our argument to rebut what Louisiana says.”

Thursday’s hearing in New York comes amid increasing alarm among online bookmakers about the legal threat posed to the industry by US anti-gambling laws.

William Hill, the UK bookmaker, on Wednesday said it would no longer accept casino and poker business from clients with a US address or credit card, pending clarification of US laws.

The company had already stopped accepting online sports bets from US customers.

Congress is considering the introduction of tough new federal laws against online gambling in addition to existing state laws such as those used by Louisiana to arrest Mr Dicks.

Louisiana’s Police Gaming Enforcement division told the FT this week that arrest warrants had been issued for four Sportingbet representatives, including Mr Dicks, after state police placed a bet with the company.

UK-listed Sportingbet said on Wednesday that it had banned board members from travelling to the US.

Mr Dicks may still be spared prosecution in Louisiana because of legal questions over the legitimacy of the state’s extradition request.

Defence lawyers have argued that Mr Dicks cannot be extradited to Louisiana under New York law because he was not in either state at the time of the alleged crime.

Mr Dicks was allowed to return to the UK on bail two weeks ago while the case was reviewed but he was ordered to return for Thursday’s hearing.

George Pataki, New York governor, has withdrawn a warrant needed for Mr Dicks’ extradition because of doubts about the case. That warrant would need to be reinstated before Louisiana could take custody of him.

“Louisiana has taken a position where they are demanding extradition. Our position is that extradition is not a proper remedy,” said Mr Slotnick.

2nd Emergency Crime Law Eyed (WT)

By Matthew Cella

The Washington Times, September 28, 2006

D.C. Mayor Anthony A. Williams' plan to extend emergency anti-crime legislation appears to violate a city statute barring passage of the same law more than once on an emergency basis.

City officials are trying to determine whether extending by 90 days anti-crime legislation enacted in July would violate the statute.

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If it is found to violate the statute, 48 surveillance cameras placed in neighborhoods would have to turned off until permanent anti-crime legislation could be enacted, which would be December at the earliest.

In addition, police no longer would have access to criminal juvenile records and would not be able to hold robbery suspects and handgun offenders until the permanent legislation is passed. And the 10 p.m. curfew for minors would revert to 11 p.m. on weeknights and midnight on weekends.

Charlotte Brookins-Hudson, legal counsel for the D.C. Council, said that the intent of the statute is to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson said that she will review the mayor's emergency submission and that changes to it will have to be more than cosmetic.

"It will have to be a very substantial modification," she said. "If it is identical, I will inform the chairman of the council, and she will make her ruling."

Mr. Williams said that a spate of four killings in 24 hours spanning Sunday and Monday proves the need to extend the crime-fighting legislation.

"I think what we've seen in the last couple days, the youth violence, this uptick of it, is all the more reason we need to continue it," the mayor said. "Technically, you can't reintroduce an emergency measure exactly like the preceding, but substantively ... I think we should continue this strategy while the council looks at the long term."

Among the four killings were three juveniles:

·Andre Pee, 14, was shot in the back Sunday night in a Southeast public housing complex. Curtis Watkins, 32, was found dead nearby.

· Dominick A. Dixon, 15, was found dead Monday near a construction site in Northeast. Police arrested Robert Crosby, 51, late Tuesday and charged him with second-degree murder in that case.

· CeQuawn Brown, 16, was shot in the head Monday in Southeast.

Ed Reiskin, interim city administrator and deputy mayor for public safety and justice, said that city officials are moving forward "as if we can" get the council to extend the emergency legislation.

"I haven't seen what the council's counsel's concerns are," he said. "I mean, if it's not legal, it's not legal, but I'm hopeful that we can find some legal way of allowing the council to consider an extension."

Mr. Reiskin said that the worst-case scenario would be a "gap" in which four programs authorized by the crime emergency would be suspended until permanent legislation that has already been submitted to the council is addressed.

Karr Lawyers Ask To Have Porn Charges Dropped (USAT)

By Martin Kasindorf

USA Today, September 28, 2006

LOS ANGELES — Lawyers for John Mark Karr asked a judge Wednesday to dismiss child pornography charges against the onetime suspect in the JonBenét Ramsey case because authorities lost a computer that allegedly contained illicit photographs of children.

Arguments on the issue in Santa Rosa, Calif., were so extensive that Sonoma County Superior Court Judge Cerena Wong continued the hearing until Friday. She could also decide then to unseal evidence in the 5-year-old case.

Karr, 41, a former teacher, is due to go on trial Monday. He faces five misdemeanor charges of possessing child pornography.

Sheriff's deputies seized the computer from Karr's home when he was arrested in April 2001. The sheriff's department said it copied the contents of the computer's hard drive and printed out five pornographic photographs.

Saying that new technologies might reveal additional photos on the hard drive, deputies launched a two-week search for the computer late last month but didn't find it.

Karr is being held in Sonoma County jail on $200,000 bail. If convicted, he could face a maximum of a year in jail on each count.

He spent six months in jail awaiting trial in 2001 but skipped a court date and fled the country.

Karr was arrested Aug. 16 in Thailand after suggesting that he killed JonBenét, a 6-year-old beauty pageant star, in her Boulder, Colo., home in 1996.

He was returned to Colorado, but the Ramsey case collapsed Aug. 28 after DNA failed to link him to the crime.

Karr has rejected a plea deal that would have waived three of the five child pornography charges if he pleaded guilty to two.

He would have been placed on probation for three years and would have been required to register as a sex offender.

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Sex Offender Admits Killing Teen In NE (WP)

By Allison Klein And Henri E. Cauvin

The Washington Post, September 28, 2006

A 51-year-old convicted sex offender admitted that he killed a 15-year-old boy and dumped his body at a construction site in Northeast Washington, telling police the two had fought over a $10 purchase of crack cocaine, according to the prosecution's charging documents.

Robert J. Crosby has been charged with second-degree murder in the death of Dominick A. Dixon, who was found at the construction site Monday afternoon wearing only his boxer shorts. Crosby was ordered held without bond yesterday by D.C. Superior Court Magistrate Judge Richard Ringell.

The D.C. medical examiner's office said yesterday that Dixon was killed by asphyxiation and ruled the case a homicide. D.C. police have been treating the case as a homicide since Dixon's body was found in the 1000 block of 51st Street.

Crosby has spent most of his adult life in Maryland prisons after being convicted in the mid-1970s of raping a 14-year-old girl in Baltimore, records show. He was released in 2004, and as a condition of his parole, was not permitted to have contact with anyone younger than 18 or to leave Maryland without permission, authorities said.

The D.C. medical examiner's office has not completed Dixon's autopsy, which would indicate whether he was sexually assaulted.

Dixon was one of five people, including three juveniles, found dead in a 24-hour stretch Sunday and Monday in the District. Last night, D.C. Council member Marion Barry (D-Ward 8) and others gathered for a vigil to remember the victims and decry the violence.

In the Dixon case, Crosby told police that on Sunday, he and Dixon were in a vacant house in the 5000 block of Lee Street NE, which is next to the site where Dixon's body was found, according to charging papers.

Crosby was buying $10 of crack from Dixon, but he believed that Dixon was shorting him and protested, the documents said. Crosby said Dixon drew a knife and tried to stab him, which sparked a fight that ended when Crosby wrapped a television cable around Dixon's neck and strangled him, according to the prosecutors' documents.

The charging papers quoted Crosby as saying he removed Dixon's clothes because he feared that his blood might have been left on them.

Crosby said he bit one of Dixon's ears and a finger during the fight, the documents said.

The charging papers provided other details about Crosby's alleged actions after the crime. Crosby told police that he left Dixon's body in the abandoned house until Monday morning, when he pushed it over a brick wall into a courtyard at the construction site. Crosby said he got rid of the knife in a sewer drain. Police later found it. They also found a coaxial cable in the vacant house.

Police took Crosby into custody after stopping him for a traffic violation Tuesday in the 5000 block of Lee Street. When they took him to the police station, he said he killed Dixon, charging documents said.

According to a report by the D.C. Pretrial Services Agency, Crosby has worked for a contractor in Silver Spring for six months.

After he was released from prison, Crosby told his Maryland parole agent that he wanted to move to the District, but D.C. officials denied the request, according to court authorities. It appears that he moved to the District without letting his parole agent know. D.C. police list his address as the 1000 block of 51st Street NE, and he was registered to vote in the District at that address.

Maryland parole workers believed that they were supervising him in Baltimore and that he was still living there, said Elizabeth Bartholomew, a spokeswoman for the Maryland Division of Parole and Probation.

Crosby is on Maryland's sex offender registry, with his home address listed in Baltimore.

Crosby last reported to his parole agent Aug. 24, Bartholomew said. She said he was to report Sept. 14 but did not. His next appointment was to be today, and had he not reported, a warrant would have been issued for his arrest, she said.

Gloria Dixon has said she last saw her son Saturday. She reported him missing at 4 a.m. Monday, and a friend of the family found the body about seven hours later.

Dixon said she had talked to Crosby for about a half-hour after her son's body was found.

Crosby told her that he knew her son and that he was a good kid, she said. He then tried to comfort her, saying "If I hear anything, I'll let you know," Dixon said.

Dixon added, "He couldn't understand why anyone would do that to a nice young man."

Mid Now Faces Rape Charges (BSUN)

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By Bradley Olson, Sun Reporter

The Baltimore Sun, September 28, 2006

Ex-football player could get life sentence if convicted of assault on 2 fellow students

The Naval Academy has charged a former football player with drugging and raping two female midshipmen on separate occasions, including at a party attended by at least four teammates.

Kenny Ray Morrison, 24, is accused of raping one woman in a Georgetown hotel room at the rowdy, boozy party Feb. 4, and the other in Annapolis on April 21, according to charging documents.

The senior had been scheduled to stand trial Tuesday at a special court-martial, a midlevel form of military trial, only on charges of indecent assault and indecent acts in the Georgetown incident. If convicted of those charges, he would receive no jail time.

If found guilty in a military court of the new charges of rape, distribution of a controlled substance and assault in both cases, as well as conduct unbecoming an officer in the Feb. 4 incident, he could receive a maximum of life in prison. Such a sentence is unprecedented in recent history, according to military law experts.

An academy spokesman declined to discuss the case, including the reason for the upgraded charges, because it's part of a continuing investigation.

William Ferris, Morrison's civilian attorney, said the academy can't prove the charges and accused the academy and Navy lawyers of acting unethically in the case. He said his firm is exploring legal challenges based on the argument that his client's rights to a speedy trial and to see evidence against him were violated.

"The whole handling of this, I think, is completely improper, and we're investigating all those issues," he said.

The latest charges could prove embarrassing to the Annapolis military college and the football team, whose former star quarterback was acquitted in July of rape. Lamar S. Owens Jr. was convicted of lesser charges and is awaiting notice from the academy on whether he will be allowed to graduate and be commissioned in the Navy or be kicked out and owe $140,000 for his education.

Owens and Morrison have been temporarily reassigned to the Washington Navy Yard.

According to charging documents, which offer no details about the Annapolis incident, Morrison gave both of his alleged victims gamma-hydroxybutyric acid, also known as GHB, without their knowledge. It is a common date-rape drug that is also used recreationally.

The Sun is not identifying either woman because they are alleged victims of sexual assault.

The documents say that at the Feb. 4 party at the Embassy Suites in Washington, he lifted the woman up from the bed in which she was sleeping, carried her to another bed, took her clothes off and "engaged in multiple acts of sexual intercourse without her consent."

According to the documents, he also had sex in front of now-Ensign Jason Monts and exposed his and the alleged victim's nude body to midshipmen Zachary Gallion and Trey Hines and 2005 graduate Kyle Eckel.

A star fullback at Navy, Eckel's mark of 2,906 career rushing yards is the fourth-best in academy history. He was signed as an undrafted free agent by the New England Patriots but was waived and then picked up by the Miami Dolphins, who have him on their reserve/military list.

"This has nothing to do with our program," Navy Athletic Director Chet Gladchuk said. "This is about charges against Kenny Ray Morrison, who was a walk-on on our team and will have an opportunity to defend himself."

In preliminary hearings on the Feb. 4 incident, attorneys on both sides revealed that Morrison's DNA was recovered from a rape kit examination of the alleged victim.

A judge threw out evidence that the hair of the alleged victim in the Feb. 4 incident tested positive for GHB. Prosecutors could not link the drug to Morrison, and the tests could only prove that the drug was administered in a six-week period that included the time of the alleged assault.

The Feb. 4 incident was originally investigated by Washington's Metropolitan Police Department and turned over to a civilian grand jury. Prosecutors and defense attorneys have declined to comment about the grand jury's findings, how the case was turned over to Navy investigators or why Morrison was not originally charged with rape.

The new charges will be referred to a military evidentiary hearing, akin to a civilian grand jury; if an investigator determines that there is enough evidence, the case will go to the most serious court-martial forum.

Charlotte Cluverius, a former academy law instructor and officer who now works in private practice in Washington, said the way this case has been prosecuted has been unusual, although it's not unprecedented in military trials to bring more serious charges after finding new evidence while preparing for the trial.

Cluverius said the upcoming evidentiary hearing, called an Article 32, would reveal whether the new evidence will hold up in court.

"They throw up every charge they can find that is even remotely tied to the evidence," she said.
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Former Soldier Charged With Smuggling Machine Guns (ARMYT)

By Michelle Tan, Staff writer
Army Times, September 28, 2006

A former North Carolina National Guard soldier has been charged in federal court for smuggling four machine guns into the United States from Iraq and then trying to sell them.

Robert James Clymore, 38, was arraigned in federal court Sept. 21 in Atlanta, Ga. He was indicted June 13 by a federal grand jury on charges of unlawful importation, possession, transportation and transfer of machine guns, according to a press release from the Justice Department.

Clymore, of Wade, N.C., is accused of acquiring four machine guns while on active duty in Iraq and smuggling them home in his gear.

Clymore, who served in the Navy, joined the Guard on Aug. 29, 2003, said Maj. Matt Handley, a spokesman for the North Carolina Guard.

He was a sergeant with C Company, 120th Combined Arms Battalion, in Parkton, N.C., and he served in Iraq from early 2004 to early 2005, Handley said. Clymore was honorably discharged from the Army on April 15, Handley said.

According to documents filed in federal court, Clymore brought to the United States a Sterling, model MK4, 9mm submachine gun; a Carl Gustav, model 45, 9mm submachine gun; a Zastava, model M72 LMG, 7.62 x 39mm machine gun; and a Soviet, model PPSH-41, 7.62 x 25mm submachine gun. The Carl Gustav did not have a serial number.

In December 2005, Clymore brought the weapons to a gun dealer in Taylorsville, Ga., and negotiated a deal to trade an all-terrain vehicle and a pistol for the machine guns, according to the Justice Department. The gun dealer informed the FBI about the machine guns, and FBI agents set up surveillance to record the transaction, which was scheduled for the following day, Dec. 15, 2005. When Clymore returned, the FBI seized the four machine guns.

The six-count indictment against Clymore charges him with violating federal firearms and tax laws. The charges carry up to 25 years in prison and a fine of up to $1.25 million.

Prison For Man Who Assaulted Feds (PTR)

Pittsburgh Tribune-Review, September 28, 2006

A state inmate was sentenced today to nearly 12 years in federal prison for assaulting two deputy U.S. Marshals.

Andre L. Jacobs, 24, formerly of Harrisburg, attacked the marshals in March 2005 inside a 9th floor elevator at the federal courthouse, Downtown. After a jury ruled against Jacobs in a civil trial, the inmate struck one marshal with his handcuffs and grabbed the other marshal. The first marshal suffered ligament damage to his wrist, which required surgery.

Jacobs was convicted by a jury in April and was sentenced to 210 months in prison yesterday by U.S. District Judge Gustave Diamond. Jacobs is already serving 5 to 18 years in SCI Fayette on an unrelated conviction.

Inmate Who Assaulted Federal Deputy Gets 17-year Prison Sentence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette
Pittsburgh Post-Gazette, September 28, 2006

Andre Jacobs grew up with no parental figures. He witnessed domestic violence between his mother and father as an infant and toddler. Then his father left, and his mother, an alcoholic, pretty much abandoned her son.

Mr. Jacobs spent the majority of his youth in juvenile psychiatric facilities and was certified as an adult offender at age 15.

He has a steep history of violence, including assaults on corrections officers. Since 1998, when he began serving a state prison sentence, he has received 91 misconduct reports, guaranteeing that he will remain in disciplinary custody until at least 2011.

Yesterday, Mr. Jacobs, now 24, was sentenced to serve more than 17 years in prison for assaulting a U.S. marshal last year as he was being escorted out of the federal courthouse following a civil case. That amounts to 10 additional years in prison since he will serve the first seven years concurrently with previous sentences.

In an effort to avoid any repeats of the attack in which Mr. Jacobs slammed his handcuffed arms down onto a marshal's wrist, he was led into Senior U.S. District Judge Gustave Diamond's courtroom by six marshals.

Deputy U.S. Marshal Robert Potter, who was injured in the attack, underwent surgery and was placed on light duty for 47 days while recovering, said Assistant U.S. Attorney Stephen R. Kaufman.

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The short, slender man wore leg irons, and his wrists were handcuffed to his waist. A large bandage stretched across his forehead.

Mr. Jacobs previously has been convicted of firearms violations, escape and aggravated assault, and currently has five "serious" cases pending, Mr. Kaufman said.

The prosecutor acknowledged Mr. Jacob's troubled childhood but countered it with the need for public safety.

"He's a damaged individual," he said. "Unfortunately, he's a very dangerous individual."

Mr. Jacobs' sentence was enhanced by several factors, including that his victim was a federal law enforcement officer; that he caused "serious bodily injury;" and because he is considered a career offender.

"This is probably the saddest, most tragic case I've ever been involved with," said public defender Jay Finkelstein. "I think it's absolutely heart-breaking."

The only person to speak on Mr. Jacobs' behalf was Dr. Jolie Brams, a clinical and forensic psychologist, who evaluated him.

"In many ways, he would have been better off being an orphan," she said.

Dr. Brams talked about Mr. Jacobs' background, his profound, uncontrolled anger, his feelings of abandonment, and the lack of treatment.

But she also noted that he basically taught himself how to read, passed the high school equivalence test, and has taken and passed correspondence classes to be trained as a paralegal.

"I believe there is still room for growth and development," she said, "especially if he gets the help he so desperately needs."

Mr. Jacobs begged for that help when it was his turn to speak to the judge.

"I want to be given a chance -- to work things out; look forward to a future," he said, trailing off. "Just have a life, man."

Then Mr. Jacobs began to cry.

"I just feel like I never had a chance," he continued. "Everybody gave up on me before I ever had a chance. I can't do it by myself."

Man Helped By Priests Is Charged With Fraud (NYT)

By Anthony Ramirez

The New York Times, September 28, 2006

The voice on the line would beg the priest, Help me, Father; I'm in trouble.

My mother is facing eviction, the voice would say. Sometimes she needed money to pay for assisted living, or for a down payment on a new home, federal prosecutors said.

In the end, the man behind the voice, whom the authorities identified as Robert Riggio, 60, of Manhattan, bilked numerous priests around the country of at least $200,000, federal prosecutors said yesterday

Priests in North Carolina, Texas and Kentucky were victimized, prosecutors said, adding that the priests often drew on personal savings to send money to Mr. Riggio, and that some priests were bilked twice.

The scheme, which began in March 2004 and lasted until this month, involved more than 150 wire transfers from guileless priests to Mr. Riggio and a partner who was not named in court papers. In some cases, Mr. Riggio pretended to be a member of the priest's parish seeking help, the papers said.

The scheme was undone by an undercover agent posing as the niece of a priest, prosecutors said.

Mr. Riggio appeared yesterday at a hearing in Federal District Court in Manhattan, where he was advised of his rights and informed of the charges against him, but not formally arraigned. He has not been indicted.

He is charged with one count of conspiracy to commit wire fraud and one count of wire fraud. If convicted, he faces up to 25 years in prison.

He surrendered to federal marshals at 9 a.m. yesterday and was ordered released on a $100,000 personal recognizance bond after surrendering his passport.

Dressed in a pink polo shirt, blue polyester warm-up pants and white running shoes, Mr. Riggio answered questions from Magistrate Judge Henry Pittman with a "yes" or "no" in a clear voice, and made no statement.

Mr. Riggio's lawyer, Chris Flood, and Nicholas Goldin, an assistant United States attorney, declined to comment on the case.

Mr. Riggio has an extensive criminal history on Long Island and in New Jersey. According to the New Jersey Department of Corrections, for example, he served nearly two years in a New Jersey prison for "theft by deception." He was released on May 2, 2001.

In court papers released yesterday, a special agent with the F.B.I., Tina M. Taylor, said Mr. Riggio used the aliases William Kelley and Timothy Ryan. Agent Taylor appeared in court but did not make a statement.

Agent Taylor said in court papers that she was part of a special squad investigating Mr. Riggio and his partner. She cited telephone surveillance recordings, Western Union and MoneyGram records, and the testimony of an undercover agent posing as the niece of a priest in Kentucky who had sent $25,600 to a William Kelley.

As part of the investigation, the undercover agent telephoned Mr. Riggio last Thursday. At the same time, Agent Taylor said, she observed Mr. Riggio answering his cellphone.

Mr. Riggio identified himself to the undercover agent as William Kelley and said he was a member of the priest's Kentucky parish trying to obtain housing in Manhattan for his mother.

"Mr. Kelley" said that he needed more funds for his mother but that he was in West Virginia at the moment, according to Agent Taylor's court papers.

Crime Lab Probe Tab To Grow By $1.5 Million (HC)

By Alexis Grant

Houston Chronicle, September 28, 2006

The City Council on Wednesday approved spending an additional $1.5 million to complete an independent investigation of the police crime lab that has already cost the city nearly $4 million.

After months of delay, during which Mayor Bill White, several council members and a high-ranking police official questioned whether more money should be allocated to the project, the panel approved the funding without discussion.

White said after the meeting he is confident this will be the last time the city puts money toward the investigation, which began in March 2005.

"I wanted to make sure that we were going to get value for what we asked for and that this would not be perpetual," White said.

The city hired lead investigator Michael Bromwich, a former U.S. Justice Department official, to investigate the crime lab more than two years after problems there came to light. Two men had been released from prison because of inaccurate work on evidence from their cases.

The independent team of lawyers and scientists conducting the project have reviewed about 2,300 cases from the Houston Police Department crime lab. HPD's conclusions about evidence in 93 cases may be inaccurate, they say.

The project initially was expected to cost about $3.2 million. City Council first allocated $2.2 million, then agreed to pay $1.6 million more.

In June, Bromwich asked for an additional $1.5 million to complete testing. It was needed because the scope of the project expanded at the request of council members after scientists found widespread problems, he said.

The most recent payment brings the total cost of the probe to $5.3 million.

Some Lethal Injections May Have Been 'Excruciating' (LAT)

By Henry Weinstein And Maura Dolan

The Los Angeles Times, September 28, 2006

SAN JOSE — Inmates executed by lethal injection in California may have been conscious when they were administered a drug that induces suffocation and an "excruciating" experience comparable to drowning or strangulation, an anesthesiologist who has reviewed state execution logs testified today.

Mark Heath, a professor of anesthesiology at Columbia University Medical School, said the logs showed that some of those executed were still breathing several minutes after prison personnel administered pancuronium bromide, a paralytic agent and the second of three drugs used in lethal injections in California and three dozen other states.

"If someone is breathing like that, they may not be in a deep plane of anesthesia. They may not even be unconscious," Heath said on the second day of a hearing before U.S. District Judge Jeremy Fogel on a challenge to California's lethal injection procedures by death row inmate Michael Morales.

His attorneys contend that the state procedure violates the U.S. Constitution's prohibition against cruel and unusual punishment. As Heath was testifying, attorney Ginger Anders displayed a copy of a prison log of the execution of Robert Massey, which showed that Massey continued to breathe for four minutes after the pancuronium was administered.

Heath also presented a withering portrayal of California's procedures for executing condemned prisoners, based on his review of prison records, depositions of execution team members and other material obtained by attorneys for Morales.

Among other things, Heath said members of the execution team were ignorant about the properties of the drugs they were using and failed to administer the required dose of the anesthetic sodium thiopental, which is meant to deaden the inmate to the pain of the paralytic.

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In response to a question about what she knew about the anesthetic, a registered nurse on the execution team said, "I don't study. I just do the job. I don't want to know about it," according to a deposition read by Anders.

Heath said he was very disturbed by the response: "You can't understand and appreciate the dangers if you don't know how the drug works."

Heath also said he was troubled by a discussion between corrections officials and the governor's representatives about changing the lethal injection protocol to address concerns Fogel voiced when Morales' execution was postponed last spring. According to notes taken by attorney Bruce Slevin, a doctor who works for the Corrections Department suggested that the state use a different, longer-lasting and more effective anesthetic.

But lawyers in the meeting spurned Dr. Robert Singler's idea, saying they believed the state should not change course because the three drug protocol had been upheld by courts. Instead, they suggested that the procedure be "tweaked," according to Slevin's notes.

Heath said this was "not a medically valid reason." Heath added: "The priority should be to make sure it is humane. If we make sure it is humane, a court is not going to stop" the state from conducting lethal injection executions, Heath concluded.

On Tuesday, an expert on pharmacology said the drug used to anesthetize inmates wears off "extremely fast" and potentially exposes prisoners to painful deaths.

The four-day trial here is one of several court proceedings around the nation in which lethal injection is under challenge as a violation of the U.S. Constitution's ban on cruel and unusual punishment. Executions have been put on hold in California pending the outcome of the litigation, brought by Morales, who was sentenced to death for the 1981 murder of Terri Winchell, 17, in Lodi.

Judge Fogel has stressed that condemned inmates are not entitled under the Constitution to a painless death.

CIVIL LAW:

S.J. Nursing Home Guilty Of Defrauding Medicare (MERCN)

By Rodney Foo

The San Jose Mercury News, September 28, 2006

An East San Jose nursing home was convicted Tuesday of filing false Medicare claims, and its corporate owner also has agreed to pay $14.7 million to settle a related federal lawsuit instigated by a whistle-blower, prosecutors said.

Representatives for Parkview Nursing Center agreed to plead guilty in U.S. District Court in Oakland to two counts of submitting inflated nursing hours related to patients' reports to Medicare. No individuals were charged, U.S. Department of Justice spokesman Luke Macaulay said, only the business entities.

The crimes occurred in November 1997 and September 1998, prosecutors said. The complaint against Parkview was filed earlier this month.

Parkview also was ordered to pay a $500,000 fine. The 99-bed nursing home was closed in 1998 by its owner and operator, Horizon West Healthcare, a wholly owned subsidiary of Horizon West, based in Rocklin.

A Horizon West spokeswoman, Susan Bitar, said the reporting errors were the result of a ``complex and outdated system" used to record nursing hours.

``These errors could not and would not be made today," she said.

The conviction follows an August agreement by Horizon West to pay $14.7 million to settle a 2000 lawsuit brought by a former employee, Julia Lee, and the Justice Department. The settlement will be paid out over five years, according to the agreement.

Lee originally filed the action under a federal law that permits whistle-blowers to sue on behalf of the government, alerting prosecutors to the inflated Medicare reports.

Lee and the government are in negotiations over her percentage of the settlement, Macaulay said.

Neither Lee nor her attorney could be reached for comment Tuesday.

House Panel Moves FOIA Bill Forward (AP-Y)

By Laurie Kellman

AP, September 28, 2006

A House panel advanced a bill to close gaps in the Freedom of Information Act and speed the release of government documents, but the legislation seemed unlikely to pass this year.

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The legislation, approved unanimously by a House Government Reform subcommittee, would penalize federal agencies that fail to respond to FOIA requests in a reasonable period of time.

The subcommittee added a provision not in a similar measure passed last week by the Senate Judiciary Committee. The amendment by Rep. Henry Waxman, D-Calif., would revoke two Bush administration memos that directed agencies to withhold information from FOIA requests when that information would threaten national security.

The House bill awaits action by the full committee, the Senate's by the full Senate.

The legislation appears likely to fall victim to Congress' end-of-session rush to recess this week so lawmakers can head home to campaign for re-election.

Given the workload, House and Senate Republican officials said no plans have been made to take up the FOIA bill during a weeklong session now scheduled between the Nov. 7 election and Thanksgiving.

Nonetheless, it was significant that the Republican-led subcommittee adopted Waxman's amendment on reversing the White House's memos.

After the Sept. 11 attacks, then-Attorney General John Ashcroft shifted from the Clinton administration's policy of "maximum responsible disclosure" to one emphasizing "institutional, commercial and personal privacy interests" when considering FOIA requests.

In 2002, then-White House chief of staff Andrew Card sent a memo to agencies to "safeguard" information that could help in the development or use of weapons of mass destruction, or that could be used "to harm the security of our nation."

The Bush administration has removed thousands of documents from public access on the basis of those two actions, according to government watchdog groups and federal agencies.

The new legislation restates the 1966 act's "strong presumption in favor of disclosure."

Court Doesn't Intervene In 'Electioneering' Case (RC)

By Matthew Murray

Roll Call, September 28, 2006

A federal court Wednesday refused to intervene in a dispute between a Maine nonprofit organization and the Federal Election Commission regarding the group's right to air a television advertisement during a federally restricted blackout period.

A three-judge panel of the U.S. District Court for the District of Columbia ruled that the FEC was correct in determining that claims by Christian Civic Life off Maine, Inc., were "not ripe" and "too speculative."

The group had sought to run an issue-based advertisement identifying Sen. Olympia Snowe (R-Maine) within 30 days of a primary election. Running the ad could have been a violation of the Bipartisan Campaign Reform Act of 2002.

In May, the same court denied the group's request for preliminary injunctive relief.

"We are very pleased that this case has been dismissed, and the 'electioneering communication' provisions of BCRA stand in place as written by Congress and upheld by the Supreme Court," said Fred Wertheimer, president of the campaign-finance watchdog group Democracy 21.

Jan Baran, a GOP election lawyer, said the ruling's significance is limited, but that the court will ultimately have to address the issue again.

CIVIL RIGHTS:

Discrimination Case Opens Door To Internet ADA Claims (LAW)

By Sheri Qualters, The National Law Journal

National Law Journal, September 28, 2006

Judge's ruling moves case forward against Target Corp.

A federal judge's decision not to dismiss a discrimination case against retailer Target Corp. for operating a Web site inaccessible to the blind opens the door to Internet-related Americans with Disabilities Act claims.

The recent order is believed to the first ruling from a judge that the ADA can apply to the Internet, and lawyers from both sides of the bar anticipate more cases.

"To limit the ADA to discrimination in the provision of services occurring on the premises of a public accommodation would contradict the plain language of that statute," wrote U.S. District Judge Marilyn Hall Patel, who sits in San Francisco. "To the extent defendant argues that plaintiffs' claims are not cognizable because they occur away from a 'place' of public accommodation, defendant's argument must fail."

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Patel declined the National Federation of the Blind's request for a preliminary injunction requiring Target to immediately update its site. She said that there is no emergency to address and that more discovery is needed to investigate Target's claim that the average blind person is able to access its Web site now. National Federation of the Blind v. Target, No. 06-01802 (N.D. Calif.).

COMPANIES UNAWARE

There will be continued exploration of the applicability of the ADA and certain state laws to commercial Web sites, predicted Daniel F. Goldstein of Brown, Goldstein & Levy in Baltimore. Goldstein represents the plaintiff in the case, Baltimore-based National Federation of the Blind. "It's too important of an economic activity for the blind to be excluded," Goldstein said.

The federation, which filed the lawsuit as a class action on behalf of all blind people unable to access Target's site, encourages members to report inaccessible Web sites. Companies are often unaware of the problem and usually quick to update their Web sites, but Minneapolis-based Target was one of the exceptions, said spokesman John Pare.

The federation's dispute with Target is not its first lawsuit seeking Internet access, but it's the first to reach such an advanced stage, Pare said.

Several years ago, the federation dropped an earlier lawsuit against America Online (before its absorption by Time Warner Inc.) when the company agreed to update the site. Although the federation declined to publicly name other potential lawsuit targets, it's prepared for other court battles, Pare said.

Although "disappointed" that the case was not entirely dismissed, Target said it is heartened by the court's decision to deny the federation a preliminary injunction, according to a company statement.

"We believe our Web site complies with all applicable laws and are committed to vigorously defending this case. We will continue to implement technology that increases the usability of our Web site for all our guests, including those with disabilities," Target said.

Al Mohajerian, whose Los Angeles-based Mohajerian Law Corp. handles many ADA cases, said "common sense" leads him to believe that making Web sites accessible to the blind will be required if compliance is not too expensive.

"If you're opening doors one way or the other for the public to do shopping, you have to consider the disabled," Mohajerian said.

The federation estimates that Target would need to spend between $20,000 to $40,000 to retrofit its Web site, but Pare said the extra work to make Web sites accessible at the beginning is "negligible."

Blind users need screen-reading software installed on their own computer to read accessible Web sites. Accessible sites include alt-text code, which allows the software to recite a description of graphic images. Pare also noted that offering online shopping is important to the blind, who often would otherwise need to rely on other people for rides or pay for transportation to get to a store.

Plaintiffs' lawyers with ADA experience also say the case may go in favor of the federation. Web sites for stores like Target are closely tied to their retail operation, which is defined by the law as a place of public accommodation, said attorney Barry Weintraub of Stafford, Va.

Weintraub also noted that the ADA requires access rather than specific architectural features.

"Just because you don't have a per se violation like a ramp with too much of a slope, that doesn't mean you can't bring an action under the general provision of no discrimination," Weintraub said.

Voting Is Tricky Mission For Troops Waiting For Ballots In Battlefield (USAT)

By Richard Wolf

USA Today, September 28, 2006

WASHINGTON — Election year after election year, tens of thousands of overseas voters fail to complete the time-consuming process of registering to vote, requesting a ballot, receiving it and mailing it back before polls close. As a result, their votes aren't counted.

Pentagon officials say the situation is particularly troublesome for troops in battle, who often are redeployed before mail reaches them. Michael Dominguez, principal deputy undersecretary of Defense for personnel and readiness, calls it “the special challenge of reaching the deployed warrior on the battlefield.”

Again this year, many states are still preparing their fall ballots after recent primaries:

·In Wisconsin, a Sept. 12 primary prevented election officials from readying the fall ballot. Kevin Kennedy, executive director of the state Elections Board, says it will be mailed out about 30 days before the elections Nov. 7, rather than the preferred 45 days. The state is among at least 17 that will accept returned ballots later this year.

·In Minnesota, scene of another Sept. 12 primary, officials hope to get ballots sent to overseas voters about 35 days before the elections. “There is no question that the timetable puts their votes at risk,” Secretary of State Mary Kiffmeyer says.

·In Washington, scene of a Sept. 19 primary, the Legislature has voted to move future state primaries to August. That would help in cases like the governor's race in 2004, which was so close it took seven months to determine Christine Gregoire's 133-vote victory.

Scott Wiedmann, deputy director of the Federal Voting Assistance Program at the Pentagon, says at least six states have begun mailing out overseas absentee ballots. The elections are 40 days away.

The Department of Justice has won consent decrees from several states to get more time for overseas votes to be counted.

The Federal Voting Assistance Program is working with post offices to get mail to the 142,000 troops in Iraq and 21,000 in Afghanistan.

Until 2004, Pentagon officials considered Internet voting, but its security was in doubt. The Pentagon pushes alternatives such as faxing and e-mailing.

"We want to make sure that they have some options out there if the mail doesn't get through," says Polly Brunelli, director of the Federal Voting Assistance Program.

Susan Dzieduszycka-Suinat, executive director of the Overseas Vote Foundation, says those solutions will improve timing at the expense of voters' right to privacy. "I find it offensive that to be able to vote and have our ballots counted on time, we have to give up confidentiality," she says.

Robert Carey, a senior fellow with the National Defense Committee, a grass-roots group that lobbies for a stronger military, says Internet voting should be reconsidered.

While stationed in Bahrain with the Navy, he says, mail usually took two weeks to reach him and two weeks to get back to the USA. If the Internet is secure enough for financial transactions and classified military documents, he says, it should be good enough for votes.

Ray Martinez, former vice chairman of the commission, sees both sides of the debate. Using e-mail and fax machines compromises ballot secrecy and is "not the long-term solution," he says. "But at least it ensures that these voters don't get disenfranchised."

Overseas Voting A Concern — Again (USAT)

By Richard Wolf

USA Today, September 28, 2006

WASHINGTON — Six years after problems counting overseas votes clouded the 2000 presidential election, U.S. troops and other Americans abroad face tight timetables and emerging technologies that still make it difficult to have their votes counted.

·Fourteen states with September primaries risk getting absentee ballots out too late for remote voters to return them in time.

·Efforts to speed things by using e-mail and fax machines pose a risk to voters' confidentiality.

·Websites intended to help overseas voters navigate the process are not widely used. A private group's site was taken down earlier this month in a contract dispute.

The problems with timing and technology concern federal election officials, who try to ensure that overseas votes are counted on time. An estimated 29% of troops who wanted to vote did not get absentee ballots in 2000 or received them too late.

About 3.7 million Americans live overseas, and more than 400,000 members of the military are stationed or deployed overseas. In 2004, Pentagon officials estimate, 58% of Americans abroad voted, compared with overall turnout of 60%. Military participation overseas was estimated at 75%.

Those figures are disputed by the federal Election Assistance Commission (EAC) and the Government Accountability Office because of the sample size and response rate.

"You cut the time so short that people start getting disenfranchised," says Paul DeGregorio, chairman of the EAC, which held a hearing in St. Louis last week on issues concerning overseas voting. "This problem needs to be addressed nationwide."

The Senate Armed Services Committee has scheduled a hearing on the issue for today.

The biggest problem is timing. Polly Brunelli, director of the Pentagon's Federal Voting Assistance Program, and other experts say there should be 45 days between the time ballots are sent to voters and when completed ballots are received at election offices. Only 40 days remain until the Nov. 7 general election.

Congress has approved $2.5 million for the expansion of Web technologies, including e-mail and secure-server transactions. Those methods risk voters' privacy.

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Fewer than one in five uniformed military personnel know about Pentagon websites, according to a March report by the Pentagon's inspector general. And the Overseas Vote Foundation's website, which helps users register and request ballots, recently had to be taken down and reconfigured.

DeGregorio says the problems may require legislation setting deadlines for states to send out ballots. Internet voting deserves another look, after a $22 million project was scrapped in 2004, he says. "I believe the technology can be found to fix this problem," he says.

Restore Voter Confidence (USAT)

By Henry Hyde

USA Today, September 28, 2006

The Constitution guarantees every citizen the right to vote. The integrity of elections is central to our democracy. Because of increasing concern over electoral fraud, the House passed the Federal Election Integrity Act (FEIA) mandating that voters present proof of citizenship and a valid photo ID when registering to vote. A valid photo ID would also be required at the polling place.

Not surprisingly, FEIA has met strong opposition from the majority of Democrats, who support amnesty, a path to citizenship for illegal immigrants. The vote in the House was 228-196, mostly along party lines.

Contrary to false claims, the federal government would provide funding for people who proved they can't afford a valid ID card.

FEIA follows the REAL ID Act of 2005, which requires citizenship status on driver's licenses starting in 2008. This measure was recommended by the bipartisan Carter-Baker Commission on Federal Election Reform.

Objections were made that people in rural areas would not have access to photo services, but these can be provided at driver's license facilities, township offices, municipal offices or any local facility designated by the election board.

We are required every day to present valid identification when applying for Social Security, Medicare, Medicaid, township services such as food stamps or housing, driver's licenses, insurance, entering a nursing facility, or opening a bank account.

When the bill reaches a House-Senate conference committee we can, by amendment, permit people objecting to photos on religious grounds to have retinal scans.

Overseas active duty military personnel absent from the USA on Election Day are excepted from this provision.

This proposal would not disenfranchise anyone who wants to vote. Our purpose is to stop fraud and to ensure every citizen the right to vote.

In Washington state 1,678 illegal votes were cast in the 2004 general election, which exceeded the margin of victory. Some voters have been told at the polls that they have already voted! Residents of cemeteries vote. A member of the New York City Council proposed allowing illegal immigrants to vote in local elections.

By enacting this bill, we can help restore confidence in our system and thereby encourage voter participation.

Rep. Henry Hyde, R-Ill., is chief sponsor of the Federal Election Integrity Act.

ANTITRUST:

Mittal Prefers To Sell Weirton (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, September 28, 2006

For Sparrows Point, 'it's good news,' plant manager says

Mittal Steel Co. NV said yesterday that it plans to sell its Weirton, W.Va., mill rather than Sparrows Point if it's compelled to dispose of a U.S. property to settle antitrust issues.

Netherlands-based Mittal said it had identified at least 10 potential buyers for the West Virginia property, easing concerns at the Baltimore County plant, which Mittal acquired in 2005. Sparrows Point employs nearly 2,500 salaried and hourly workers.

Mittal must sell either Weirton, Sparrows Point or Canadian steelmaker Dofasco in the wake of its $38 billion merger with Luxembourg-based Arcelor SA to appease Justice Department officials, who say the combined company, Arcelor Mittal, would have a monopoly on tin production in the United States.

Mittal has promised to sell Dofasco to German-owned ThyssenKrupp AG, but despite the merger agreement, Arcelor officials refuse to let it go. In one of a series of moves to fend off Mittal's nearly six-month hostile takeover bid, Arcelor transferred Dofasco to a Dutch trust, making a sale without Arcelor's consent impossible.

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The Justice Department has given Mittal until Nov. 28 to sell Dofasco, with the option of a 60-day extension. If Mittal is unable to sell Dofasco, the Justice Department will give Mittal 90 days to sell either Sparrows Point or Weirton.

In a slide presentation posted on Arcelor Mittal's Web site yesterday, Mittal's Chief Financial Officer Aditya Mittal said the company still wants to sell Dofasco but has begun discussions with the Justice Department about Weirton.

Sparrows Point was not mentioned in that slide, but later in the presentation, the Point was listed as a "key facility" in the "largest and most efficient industrial network in the Americas."

Ultimately, the Justice Department must sign off on which plant is sold and to what buyer.

Employees at Weirton and Sparrows Point were cautiously optimistic yesterday about the development.

"Overall, it's good news for us," said Sparrows Point General Manager Thomas Russo. "Not knowing who the potential buyer would be, it wasn't a good place to be."

"We've been going through a period of uncertainty," echoed John Cirri, president of United Steelworkers Local 9477, which represents production workers at the plant.

Sparrows Point isn't out of the woods entirely. Justice Department officials toured Sparrows Point last week, Russo said.

"It's not a done deal until the Department of Justice says it is, but it's a good sign they're leaning that way [toward Weirton]," Russo said.

A Justice Department spokeswoman declined comment.

In Weirton, workers have been lobbying Mittal to sell the plant to an investor who will restart the steelmaking furnaces. Mittal idled them last year and sent the hot-metal work to Sparrows Point because the Baltimore County plant was more efficient. About 1,000 workers in Weirton lost their jobs, and the plant was reduced to a finishing mill.

"They're good facilities, and we're willing to make it as efficient as we possibly could make it," said Mark Glyptis, president of the Independent Steelworkers Union, which represents workers at the Weirton plant.

Glyptis said Weirton has more capacity to produce tin than either Sparrows Point or Dofasco and would be a valuable acquisition. He said the union proposed a plan to Mittal to reduce costs by $90 million a year before Mittal decided to shut down the furnaces.

Mitchell Hecht, a former executive at International Steel Group, which sold Weirton and Sparrows Point to Mittal, has expressed interest in buying Weirton and restarting its furnaces, Glyptis said.

Steel analyst Charles Bradford, of New York City-based Bradford Research Inc., is skeptical that there are 10 serious buyers for Weirton. But he said there is room for another player in the tin market: Mittal and U.S. Steel Corp. control more than 80 percent of tin plate production in the United States. The rest is made by Wheeling-Pittsburgh Steel. The tin is used to make cans for food and hairspray, among other products.

"The market for tin plate is a good market," he said.

Bradford said ThyssenKrupp is not interested in tin, and wants Dofasco because it provides high-grade steel sheet for the lucrative auto market

Also yesterday, Arcelor Mittal announced that it would distribute 30 percent of its profits to shareholders, promising a minimum annual dividend of $1.30 a share.

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Federated Stores Says Icahn Plans To Increase Stake (Update4) (BLOOM)

By Cotten Timberlake

Bloomberg, September 28, 2006

Sept. 27 (Bloomberg) -- Federated Department Stores Inc., owner of Macy's and Bloomingdale's, said billionaire investor Carl Icahn plans to buy $113.4 million to $500 million of additional stock, sending the retailer's shares to a record.

If Icahn purchases $500 million of Federated stock, he would be acquiring about 11.5 million shares at today's price and boosting his stake to 2.5 percent. Icahn, 70, notified Federated of his plans to seek regulatory approval for the purchase, the company said today in a statement.

Icahn is known as a corporate raider, taking stakes in companies and forcing management to take steps to improve stock prices. Federated shares have more than tripled since February 2003.

``Carl Icahn is almost never a passive investor," said Pat McGurn, executive vice president and special counsel at Institutional Shareholder Services. ``He traditionally has gone after companies whose stock prices are weak, so it will be interesting to see what his take will be in this situation." McGurn's Rockville, Maryland-based firm advises investors on how to vote proxies.

Federated, the second-biggest U.S. department store company after Sears Holdings Corp., converted more than 400 stores to the Macy's name earlier this month, doubling the total. The stores were acquired as part of last year's $11 billion purchase of May Department Stores Co.

Shares Jump

Shares of Federated jumped $1.48, or 3.6 percent, to $43.13 at 2:11 p.m. in New York Stock Exchange composite trading. It earlier reached a record $43.90. The stock had already rallied 26 percent this year through yesterday, more than triple the 7.1 percent gain in the Standard & Poor's 500 Index. Federated has a market value of $23.4 billion.

Federated said in a statement today that it welcomed Icahn's plans. ``We're glad Mr. Icahn sees value in our company," Chief Executive Officer Terry Lundgren said. Icahn didn't return phone calls seeking comment.

Icahn Management LP held 2.01 million shares, or 0.37 percent, of Cincinnati-based Federated's outstanding stock, as of June 30, Bloomberg data shows.

Regulators

Anyone who purchases more than $58 million in a company must report it to antitrust enforcers at the U.S. Justice Department and Federal Trade Commission. The requirement gives the government an opportunity to determine if the transaction poses any antitrust problems. The government has 30 days to decide whether to open an antitrust investigation.

Icahn earlier this year tried and failed to take control of Time Warner Inc., the world's largest media company. He pushed the company to boost its stock-buyback program to $20 billion from $12.5 billion, and slash $1 billion in costs. He also urged a break up of Time Warner in an effort to boost the stock price.

On Sept. 7, Icahn agreed to sell the oil and natural-gas unit of his American Real Estate Partners LP to Riata Energy Inc. for $1.52 billion, 10 times what he paid for the business three years ago.

Icahn informed Federated ``very recently" that he intended to make the regulatory filing, spokesman Jim Sluzewski said, declining to be more specific. ``We were notified and we felt the obligation to report it," said Sluzewski. ``This is consistent with what other companies have done and potentially a material development."

To contact the reporters on this story: Cotten Timberlake in New York at ctimberlake@bloomberg.net

Judge Dismisses Key Part Of AMD Antitrust Lawsuit Against Intel, Sets Trial Date (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, September 28, 2006

(AP) - SAN JOSE, California-A federal judge dismissed a major portion of Advanced Micro Devices Inc.'s antitrust lawsuit against archrival Intel Corp., ruling that AMD cannot sue in the U.S. for Intel's alleged monopolistic tactics overseas.

The judge also set a trial date of April 27, 2009 for AMD to argue that Intel forced major customers into exclusive deals and offered secret rebates to undercut AMD in the market for microprocessors that act as the brains of computers.

U.S. District Judge Joseph J. Farnan Jr. set the 2009 trial date Wednesday, a day after stripping a key component from AMD's lawsuit, which alleges anticompetitive practices in several countries including Britain, Germany and Japan.

On Tuesday, the Delaware-based judge ruled that AMD failed to prove that Intel's alleged strong-arm tactics abroad had "direct, substantial and foreseeable effects" on AMD's operations in the United States.

Santa Clara-based Intel, the world's largest computer chip maker, argued that AMD should not be able to sue in the U.S. for alleged lost sales of microprocessors that were made and sold in other countries. It also argued that part of AMD's case should be dismissed because AMD was seeking redress abroad for "foreign commerce claims."

AMD, which filed its lawsuit in June 2005, maintains that the market for microprocessors is global and that Intel's conduct domestically and abroad are inextricably linked.

The ruling was a big win for Intel but much of the case remains intact.

"We are pleased that the judge understood and agreed with our argument and analysis of the law," said Intel spokesman Chuck Mulloy. "Nonetheless, we plan to vigorously defend ourselves on the remaining portions of this case."

AMD has not yet decided whether to appeal the ruling, said company spokesman Michael Silverman.

"Intel cannot escape antitrust scrutiny for its conduct," Tom McCoy, AMD's executive vice president for legal affairs, said in a statement. "As this U.S. litigation is joined by global antitrust investigations, it is clear that Intel cannot escape the consequences of its illegal monopoly abuses."

Symantec: Microsoft Won't Give Us Key Vista Tech (CNET)

By Tom Espiner, Special to CNET News.com

CNET News, September 28, 2006

Security rival says Microsoft is withholding spyware APIs for Windows update, but software giant denies it.

Symantec has accused Microsoft of withholding key information about its upcoming Vista operating system in an attempt to gain an advantage in the security market.

The security specialist said this week that Microsoft is refusing to hand over the application programmable interfaces (APIs) for Windows Defender, the spyware product that will be included in Windows Vista. Without the APIs, Symantec contends that it's unable to ensure that its own security products are compatible with the update.

"Microsoft is affirmatively introducing bottlenecks to funnel customers to their products," said John Brigden, Symantec senior vice president for Europe. "It's all about control and dominance. They are deliberately delaying giving us the APIs."

Microsoft responded to Symantec's concerns on Wednesday, and said it had made the APIs for Defender available earlier this week.

"As a result of our ongoing dialogue with partners and our customers, Microsoft decided in August this year to add the ability for any security software company to programmatically disable Windows Defender access through an API," a Microsoft representative said.

"Availability of the Defender APIs was announced to security partners on Friday, Sept. 22, 2006, and we understand Symantec requested and received the go-ahead to develop on that API on Monday, Sept. 25," Microsoft said.

Microsoft added the functionality to disable Windows Defender in Release Candidate 1 of Vista, or RC1, which came out early this month. There may have been some confusion in the industry because the accompanying information for developers, called a software development kit, or SDK, did not provide details on the functionality, the company said.

"Two weeks after releasing RC1, we provided the follow-up documentation, which was released out-of-band; normally we release it with major milestones," said Adrien Robinson, business development manager at Microsoft. "The confusion, I think, that people are having is that the functionality is not in the RC1 SDK, and the reason for that is that we added it just before RC1."

Symantec, though, insists that the APIs still aren't available.

The timing of the release of APIs is crucial for Symantec, as it is due to ship a Vista-compatible Norton antivirus product to PC makers in October.

"No one has received any information about Defender, and we're coming up to an OEM (original equipment manufacturers) shipment date in October. It's three weeks away," Brigden said.

Symantec has partnerships with equipment manufacturers Dell, Fujitsu, Hewlett-Packard, IBM, Sony and Toshiba, among others. The antivirus vendor is worried that Microsoft will hand over the APIs so late that Symantec won't be able to make its antivirus software compatible with Vista in time.

"Microsoft will provide information about two days before the October shipment date, and say, 'We've given you the APIs.' Now, we're good, but we're not good enough (to integrate Norton with Defender) in that time," a Symantec representative said.

Symantec hopes the APIs will be supplied before that. It would not comment on the potential damage to its relationships with PC partners should it not have enough time to integrate Norton into Vista.

The entry of Microsoft into the security market has put incumbents on their guard, given the software giant's $34 billion cash pile and a hefty presence on desktops. On top of this, European Commission regulators and Microsoft are in the middle of a tussle over the potential antitrust impact of security components in Vista.

Security vendor McAfee is also irked that Microsoft has not provided APIs for Defender. Sources close to the company confirmed that Microsoft has not provided the APIs, and that senior McAfee executives "really have a bee in their bonnets" about the situation.

McAfee is concerned that there will be compatibility problems between its security systems and Vista, and that customers will not be able to remove Defender from their systems, CNET News.com sister site ZDNet UK has learned.

Symantec and McAfee are battling Microsoft for the ability to replace the Windows Security Center with their own security consoles. Additionally, the security companies also claim the PatchGuard feature in 64-bit editions of Vista excludes them but lets in hackers.

Tom Espiner reported for ZDNet UK in London. CNET News.com's Joris Evers contributed to this report.

Johnson & Johnson Charges Leak To Competitor Subverted $24B Acquisition (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 28, 2006

Johnson & Johnson has filed suit in federal court against Abbott Laboratories and two medical device manufacturers, seeking at least $5.5 billion for alleged tortious interference and breach of a merger agreement.

The New Brunswick, N.J.-based health care company charges that a planned $24.2 billion acquisition of Guidant Corp. of Indianapolis was scotched in early January after Guidant leaked confidential information to another manufacturer, Boston Scientific Corp., which ultimately bought Guidant for $27 billion.

Harold Paul Weinberger of Kramer, Levin, Naftalis & Frankel in New York, represents J&J in the suit, filed Monday in the Southern District of New York.

In December 2004, J&J announced it had structured an agreement to buy Guidant, a heart device manufacturer. To ease antitrust regulators' fears, the companies agreed to grant a nonexclusive license for certain Guidant patents to Abbott Labs, a competing health care company based in Columbus, Ohio.

J&J says the terms of the deal prohibited Guidant from providing confidential information to any other company unless the third party was making a superior, unsolicited takeover offer. That caveat was designed to keep Guidant from using its agreement with J&J to shop around for higher offers.

Last December, Boston Scientific made a $25 billion offer for Guidant, later upped to $27 billion, and, as part of its formal offer on Jan. 8, said it would ease antitrust fears by selling certain Guidant businesses to Abbott. Abbott in turn agreed to make a $700 million loan to Boston Scientific.

J&J alleges that Abbott was induced to cooperate when it received confidential information about Guidant. The complaint contends that J&J was alerted to the alleged breach by a comment Boston Scientific CFO Lawrence Best made during a Jan. 9 conference call about its deal with Guidant. The complaint quotes Best as saying, "We had the opportunity to do a certain level of due diligence. Abbott had the opportunity to do a much deeper dive on due diligence."

J&J charges that at some point between the announcement of Boston Scientific's bid on Dec. 5 and submission of its formal proposal on Jan. 8, "Guidant not only allowed Boston Scientific to conduct due diligence on it [sic] business but also disclosed even more confidential business information to Abbott -- which had no independent right to receive any information."

J&J claims that, based on the disclosures, Abbott agreed to enter into a divestiture and financing agreement with Boston Scientific that allowed the company to make an offer for Guidant that "would not require a lengthy and uncertain antitrust review." In turn, that advantage gave Guidant the opening to accept Boston's offer as "superior" to J&J's.

Paul Donovan, a spokesman for Boston Scientific and Guidant, said Wednesday, "We believe the suit is meritless. ... Throughout this process, we complied with all the terms of the J&J/Guidant merger agreement."

Melissa Brotz, a spokeswoman for Abbott, likewise said the suit is "without merit."

Some outside observers, however, say J&J's case may have merit, though it won't be an open-and-shut decision. "We think the prepackaged asset sale was needed to complete the deal financially and to gain FTC [Federal Trade commission] okay," Robert Gold, a Standard & Poor's analyst who covers Boston Scientific, said in a research note dated Tuesday. "But we think ABT's [Abbott's] due diligence may have violated terms of JNJ's offer for Guidant. We think BSX [Boston Scientific] investment risks are raised by this development."

Late Wednesday, Boston Scientific stock traded at $14.85 a share, up a nickel from Tuesday's close but off from the 12-month high of $27.82 reached last Dec. 2.

E.On Closes In On Endesa Deal (WSJ)

By KEITH JOHNSON And JASON SINGER

The Wall Street Journal, September 28, 2006

German utility E.On AG's richer offer for Endesa SA is expected to clinch an approval from the Spanish power company's board, according to people close to the matter, a move that could close an acrimonious 13-month takeover battle and open the door to a broad remodeling of the European energy sector.

Should E.On's €37 billion ($47 billion) all-cash offer go through, one of the first effects could be an acceleration of a merger between Iberdrola SA and Union Fenosa SA, Spain's second- and third-biggest electricity companies. That would create another Spanish company big enough to fend off foreign suitors and even make acquisitions abroad. It would also leave smaller regional power companies, such as Spain's Gas Natural SDG SA or Energia de Portugal SA, prey to a second wave of consolidation.

E.On's offer comes as energy companies are rushing to bulk up ahead of a full liberalization of Europe's electricity sector next summer, when power companies from any European Union country will be allowed to operate in any other member state.

So far, cross-border deals have been limited, often by national governments. High oil prices and energy shocks, such as a natural-gas dispute between Russia and Ukraine last winter, have also stoked fears in Europe regarding the security of energy supplies, leading to a rise in protectionism. Still, major European power companies such as E.On and Italy's Enel SpA have built up sizable war chests of cash and grown by expanding into Eastern Europe.

In recent years, Spanish utility companies were forced to watch this game from the sidelines, as a succession of Spanish governments handcuffed their efforts to consolidate, even as their European competitors bulked up.

Now, however, as the European Union has started knocking down obstacles to a single market, Spanish companies are being drawn into the action. On Tuesday, the EU executive body, the European Commission, struck down the Spanish government's conditions designed to block E.On's bid. That ruling is expected to hasten the creation of pan-European energy

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titans, following in the path of industries such as banking, telecommunications and infrastructure management, which have already seen a wave of consolidation across the Continent.

If completed, E.On's bid for Endesa would be Europe's biggest cross-border electricity deal, and would create one of the Continent's largest power companies.

Endesa will not be free to study E.On's improved offer until it is approved by Spanish authorities, which could take as long as six weeks. Spain's Industry Ministry must first rule on a legal complaint by Endesa against an earlier, €21 billion hostile bid by Gas Natural SDG. Endesa's legal maneuvers have paralyzed both takeover bids. Analysts say Gas Natural, a company roughly a third the size of Endesa by market cap, will be hard-pressed to sweeten its cash-and-share offer to compete with E.On's new bid of €35 a share, 38% higher than its previous offer.

E.On's improved bid for Endesa won't be trouble-free. It comes one day after Spanish builder and energy company Acciona SA purchased a 10% stake in Endesa for €3.4 billion at €32 a share. E.On Chief Executive Wulf Bernotat said that he sweetened the offer in reaction to the Acciona purchase, and that it was meant "to send the right signal, so everybody concerned knows we mean business."

Mr. Bernotat said that Acciona officials indicated a desire to talk to the German company, and that he was open to a discussion. He suggested E.On wouldn't be opposed to Acciona remaining a shareholder in a combined company, but said it is too early to say for sure what the shareholder structure would look like. E.On's bid is contingent on securing at least one share more than 50% of Endesa.

E.On's bid is also conditioned on overturning bylaws that limit voting rights in Endesa to 10%, regardless of the size of any holder's stake. Acciona could be hoping to rally other big Endesa shareholders, and be in a position to block any change in Endesa's bylaws at a shareholders' meeting that would be called if E.On's bid goes ahead. That would defeat the E.On bid and allow Acciona to focus on its stated goal of "leading" Endesa as part of its aggressive push into electricity generation.

"Our plans haven't changed" despite the new E.On bid, said Acciona spokesman Javier de Mendizabal. "We are still the leading player," he said.

Acciona's swoop on Endesa was followed quickly by another builder's move on Iberdrola, which people close to the deal say could be a prelude to another merger. Actividades de Construccion y Servicios SA, or ACS, said yesterday it had paid €2.1 billion for a 6.3% stake in Iberdrola. The builder asked banks to secure a 10% stake, at €37 a share, on Tuesday afternoon, but ACS couldn't find sellers for the full 10%. ACS already is the biggest shareholder in Fenosa, with a 35% stake.

ACS said yesterday that it "had not taken any decision to promote a merger" between the two companies. An Iberdrola spokesman said, "We have not had any negotiations with Fenosa" regarding a merger. Fenosa declined to comment.

Endesa shares rose 7.7% to €35, and Iberdrola shares soared 14% to €38.16 in Madrid yesterday.

Speculation about a deal involving Iberdrola spilled over into Portugal, where the Spanish company has a 9.5% stake in state-controlled Energia de Portugal. Shares in the utility rose 6.2% yesterday. Analysts said EDP would be a likely takeover target by one of the big Spanish groups.

Rural Areas Left In Slow Lane Of High-Speed Data Highway (NYT)

By Ken Belson

The New York Times, September 28, 2006

CANAAN, Vt. — For most businesses, the goal is to attract as many customers as possible. But in the fast-changing telephone industry, companies are increasingly trying to get rid of many of theirs.

Bill and Ursula Johnson are among the unwanted. These dairy farmers in bucolic northeastern Vermont wake up before dawn not just to milk their cows, but to log on to the Internet, too.

Their dial-up connection is so pokey that the only time they can reliably get onto the Web site of the company that handles their payroll is at 4 in the morning, when it is less busy. Mr. Johnson doubles as state representative for the area, and he doesn't even bother logging on to deal with that. He communicates with colleagues in Montpelier, the capital, by phone and post instead.

The Johnsons' communication agony could soon get worse. Instead of upgrading them to high-speed Internet access, Verizon, their local phone company, is looking to sell the 1.6 million local phone lines it controls in Vermont, New Hampshire and Maine. The possible sale is part of an internal plan called Project Nor'easter, according to a person with knowledge of the details.

A Verizon spokesman, John Bonomo, would not comment on the plan, but said the company "continually evaluates the assets and properties in our portfolio for strategic fit and financial performance."

Verizon is not alone in its desire to reduce the number of landlines it owns. Big phone and cable companies are reluctant to upgrade and expand their networks in sparsely populated places where there are not enough customers to justify the investment. Instead, they are funneling billions of dollars into projects in cities and suburbs where the prospects for a decent return are higher.

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But those projects are unlikely to reach rural areas of Vermont and other states, leaving millions of people in the Internet's slow lane, just as high-speed access is becoming more of a necessity than a luxury. The United States already lags behind much of the industrialized world in broadband access.

The lack of broadband has preserved places like Bessie's Diner as Canaan's de facto meeting hall. Over burgers and turkey club sandwiches, local residents swap tidbits that, in a more wired world, might end up in e-mail and instant messages.

Helen Masson, who lost her job at an Ethan Allen furniture factory a few years ago, grumbles that the lack of broadband has made it harder for her to find work, despite taking computer classes. Mr. Johnson, sitting nearby, nods in agreement. "The staff at the statehouse shudder when I'm on a committee because they have to lick a stamp instead of pressing a send button," he said.

Verizon has sold phone lines before. In 2005, the Carlyle Group bought its business in Hawaii. Verizon also sold 1.3 million lines in Alabama, Kentucky and Missouri in 2002.

Others have followed. In May, Sprint Nextel spun off its local phone division with 7.1 million lines and renamed it Embarq. In July, Alltel spun off its local phone group and merged it with Valor Communications.

If Verizon does sell the New England lines, it would most likely be to a smaller company or private equity group that could be even less capable of offering fast Internet access. That prospect has Vermonters fearful that the exodus of jobs and employers from the state could accelerate.

"We have companies that lose money because they don't have broadband," said Maureen Connolly, a director at the Economic Development Council of Northern Vermont. "We're not a third world country. We shouldn't have to beg for service."

While selling off slow-growing landlines in New England may please Verizon's shareholders seeking higher returns, the company's plan has reignited long-simmering political and economic debates about whether the region is being left behind as wealthier states nearby pull further ahead.

The proceeds from any sale of New England lines would help Verizon pay for the potentially more lucrative fiber optic network it is building in and around cities like New York and Boston.

The network is part of Verizon's push to transform itself into a fast-growing technology company and shed its image as a stodgy utility.

The possibility that Verizon would sell local lines is another sign of how much the phone business has changed in the last half decade. Verizon and other former local phone monopolies argue that since the cellphone, cable and Internet companies that are luring away millions of their customers are not compelled to serve remote and rural places, then they should not have to bear that burden either.

In Vermont, Verizon has broadband available on just 56 percent of its 330,000 lines, compared with 95 percent for most local phone companies, which receive substantial federal subsidies. Without the same aid, Verizon must bear more of the financial burden to upgrade its network.

"Vermont — like all rural states — has higher fixed costs of providing service," said Polly Brown, president of Verizon Vermont, where the number of landlines has declined 9.1 percent since 2002. "You're spreading those costs over fewer customers, who are located far and wide, and you're dealing with topographical challenges such as mountains and a rock base."

Residents, unions and politicians in Vermont do not dispute that the phone business is a challenging one, but they say that residents will have a harder time telecommuting or home-schooling their children. Towns like Canaan will not have access to the growing number of government records kept online, they say, and hotels and other tourist attractions will have a harder time attracting outsiders.

Take Michael and Louise Kingston, who have had a summer home in nearby Averill for the last 35 years. Owners of a grape-growing company with vineyards in Chile and California, they often cut their vacations short and return home to New Jersey because they cannot run their business on the 26-kilobit dial-up line — a speed considered fast in 1993 — in Averill.

"It means we can spend less time here, which means you spend less money here at a time when the local economy needs it," Mr. Kingston said.

Connections are so slow that their son drives 25 miles south to Island Pond to find a broadband line. There is no cellphone service either, so when locals go to areas where there is reception, they take along other peoples' phones to retrieve their voice mail for them. In places where Verizon does not sell high-speed Internet, some people have the option of getting broadband from their cable provider. But in Vermont, cable companies have focused on more populous towns like Montpelier and Burlington, the state's largest city. Cable coverage in the northeast part of the state is spotty.

Several rural phone carriers have spoken to Verizon about its lines in New England, including Fairpoint Communications, CenturyTel and Citizens Communications, according to people with knowledge of the discussions. Buyout firms may also be considering the business.

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Rural phone lines can be profitable because the basic infrastructure was paid for years ago, there are often few competitors and subsidies from the Universal Service Fund, which helps carriers provide service to hard-to-reach consumers, can be substantial.

But the subsidies do not benefit all carriers equally. For example, Vermont Telecom, which has 21,000 phone lines in the state, will receive $24.34 a month per line in the fourth quarter from the fund, money that is credited to customers on their bills.

But as a larger carrier, Verizon will receive one-tenth the subsidy, or $2.42 per phone line. Any company that buys Verizon's lines will inherit the same subsidies, making such a deal a less attractive investment. Verizon could compensate by lowering its sale price, at the risk of disappointing shareholders.

The economics of providing broadband in rural areas are discouraging, too. The cost of upgrading an existing copper line that runs from switching stations to remote homes can be as much as $5,000, according to the National Exchange Carrier Association. Such costs are prohibitive for phone companies, which typically want to make back their money within three years, said Victor Glass, the director of demand forecasting at the carrier association.

Though frustrations with Verizon run high in places like Canaan, the alternatives are more alarming. Since it took over Verizon's lines in Hawaii, the Carlyle Group has had billing problems that caused a fourfold spike in consumer complaints.

Carlyle's experience could presage what rural areas like northern Vermont might face if Verizon departs, particularly if the buyer sharply cuts costs and jobs.

"We would rather deal with Verizon because there's a process in place and people up and down the food chain that we know," said Darlene Stone, an operator at a Verizon call center in South Burlington and chief steward in the Communications Workers of America, which represents 135 Verizon employees in Vermont. "Private equity funds are not people who are going to be interested in our opinions."

The possibility that a sale could lead to worse service has put regulators in the uneasy position of trying to pressure Verizon to do more while not alienating the company, which invested 37 percent less in its network in Vermont last year than in 2001.

In 2005, the Public Service Board fined Verizon $8.1 million for providing inadequate customer service in Vermont. This year, regulators also got Verizon to agree to expand its broadband coverage to 80 percent of its phone lines by 2010.

That holds out some hope for isolated areas, but there is no guarantee that any particular customer, like the Johnsons, will be among the 80 percent and there is no guarantee that Verizon will still be in Vermont by then.

Alternative broadband providers who could fill that gap face problems, too. Jake Marsh, who runs Island Pond Wireless, a company that beams high-speed Internet signals over strings of antennas, has signed up 250 customers and has a waiting list just as long. But to expand, he is counting on towns getting state funds to help defray the installation costs.

Yet officials in Norton, 15 miles west of Canaan, could not download the 20-page grant application because their dial-up line was so slow.

Cable Guys (WSJ)

By JAMES K. GLASSMAN

The Wall Street Journal, September 28, 2006

In an era of partisan nastiness and gridlock, the California legislature did something on Aug. 31 that was shockingly harmonious, reasonable and beneficial to consumers. Both parties voted overwhelmingly to allow competition into a sector -- cable television -- where prices have been elevated and service depressed by the most pernicious monopoly in America.

When Gov. Arnold Schwarzenegger signs the bill, as expected, companies that want a statewide video franchise can go straight to the Public Utility Commission and get approval to operate within 44 days. In the past, in California, as in other states, cable companies had to make separate deals with America's 33,760 municipal units -- a process that can take years. The local licensing agencies "would often drag their feet and demand unrelated favors such as building parking lots and planting trees," writes Sonia Arrison of the Pacific Research Institute.

The effect was to create cable monopolies that often infuriated captive customers. According to a 2004 study by the Government Accountability Office, "cable subscribers in about 2% of all markets have the opportunity to choose between two or more wire-based operators." As cable rates rose in the 1980s, the federal government tried to fix the market with more regulation. That attempt, of course, failed. For the five years ending January 2004, the Federal Communications Commission reports that average cable rates increased 7.8% annually, compared with a 2.1% increase in the Consumer Price Index.

Very quietly, things are changing. Seven states, comprising about one-third of the U.S. population, have now passed video franchise laws, which will not only lower monthly subscriber costs but also create new technology jobs -- 10,000 in California alone, according to one estimate -- as Verizon and AT&T, along with cable overbuilders like RCN, jump in with both feet. To bring high-quality video to the home over a technology called Internet protocol, the telcos will make major investments to drive

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the fiber -- which carries the data -- much more deeply into their networks. Broadband service will improve; state and local governments will still get their franchise fees. All that will end is a monopoly that drives consumers nuts.

Bills bringing competition to cable have been outrageously popular. In Kansas and South Carolina, the vote in each state house was unanimous; in California, it was 33-4 in the Senate and 68-7 in the House. Supporters range from the National Association of Manufacturers to the Communications Workers of America.

With a national election coming up, you would expect Congress to get on the bandwagon and embrace a version of the state bills, killing the monopoly and taking the credit. Instead, federal legislation is slowed down by measures promoting "net neutrality" -- the concept that telecom companies should be barred from asking content providers, like Amazon, to pay extra for higher-speed service the telcos develop -- the way that an airline asks more for a first-class seat. The House, after rejecting a net-neutrality amendment, passed a video-choice bill, as it's called, by a 3-1 margin in early June. But net neutrality lives in the Senate, and the debate has become tendentious. Moveon.org has taken up the cause, claiming on its website that a tiered system that gives faster delivery to some customers "would end the free and open Internet." Such claims are nonsense, and irrelevant when a federal bill to liberate cable TV is otherwise at hand.

How much will consumers save? A 2004 study by the GAO looked at six markets with cable competition and found that rates were 15% to 41% below similar markets with no competition. Annual savings for U.S. households through competition will total $8 billion, says the Phoenix Center for Advanced Legal and Economic Public Policy.

In Texas, where a statewide franchising law went into effect last year, a study by the American Consumer Institute surveyed consumers and found that 22% switched cable providers and saved an average of $22.30 per month. Subscribers who stayed with incumbent providers saved $26.83 per month because of the downward pressure on prices. Verizon rolled out a service in Keller, Plano and Lewisville, charging $43.95 a month for 180 video and music channels. "Shortly thereafter," writes the Heartland Institute's Steven Titch, Charter, the erstwhile monopoly cable provider, "began offering a bundle of 240 channels and fast Internet service for $50 a month, compared to $68.99 Charter had been charging for the TV package alone." Savings in Texas this year alone will total $599 million, according to the Phoenix Center. Yale Braunstein, an economist at the University of California at Berkeley, estimates that Californians will save between $692 million and $1 billion a year.

Yes, Americans can choose satellite TV, but, for reasons of convenience and service, many find it an inadequate substitute. There's a reason that cable families far outnumber satellite families. "Overall customer satisfaction among satellite subscribers has declined," says Steve Kirkeby, senior director of telecommunication research for J.D. Power and Associates. But if satellite TV improves and becomes a more attractive alternative, what's wrong with having enhanced cable competition, too? The more the merrier is, apparently, an economic concept that some folks in Congress still don't get.

Mr. Glassman is a resident fellow at the American Enterprise Institute and editor of its new magazine, "The American." He is also a senior adviser to AT&T Corp.

ENVIRONMENT/INDIAN AFFAIRS:

No Charges In Sound Oil Spill (SEAPI)

By ROBERT McCLURE AND PAUL SHUKOVSKY, P-I REPORTERS

Seattle Post-Intelligencer, September 28, 2006

ConocoPhillips ship suspected in '04

After a mysterious midnight oil spill turned central Puget Sound beaches into a stinky mess, the Coast Guard proudly proclaimed that investigators had tracked down the spiller. The oil's chemical fingerprint clearly implicated a ConocoPhillips tanker, the agency said.

That was more than 1 1/2 years ago.

But now, federal prosecutors in Seattle are declining to press criminal charges against ConocoPhillips, even though the chemical fingerprint showed that the substance spilled was crude oil, which is usually carried by tankers such as ConocoPhillips' Polar Texas.

The Polar Texas was in the vicinity of the spill in Dalco Passage, near Vashon and Maury islands, on the night of the October 2004 spill. It was the only oil tanker there that night.

The decision by U.S. Attorney John McKay's office not to prosecute ConocoPhillips, which hasn't acknowledged guilt, doesn't mean the firm is totally off the hook. Federal and state environmental officials are still pushing civil cases against the Houston-based oil company.

And a grand jury in Alaska investigated allegations of criminal conduct by the company in unrelated episodes, including the apparent cover-up of another oil spill. It's unclear whether criminal charges will be brought in that case.

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In Seattle, Assistant U.S. Attorney Jim Oesterle would not elaborate on why McKay's office is declining to prosecute, saying commenting might interfere with ongoing negotiations between the company and environmental officials regarding possible civil penalties.

"I'm not prepared at this point to give all the reasons for (declining prosecution), and the reason for not providing more information is I don't want to get ahead of the state or the (Department of Justice) on their resolutions, because I know they're in the midst of those negotiations," Oesterle said.

The state Ecology Department said it and other agencies had been waiting for the outcome of the criminal investigation to launch an effort to recoup damages from the company for the environmental harm done.

The environmental agencies hoped that the company would admit that it spilled the oil and outline how it might have happened, so that the agencies could estimate how much oil spilled, said Dale Davis of the department's oil-spills unit. The oil spill's volume is a key factor in how much the company would have to pay.

"I don't think (waiting for the criminal investigation) helped us any," Davis said. However, there is no time limit on seeking environmental damages.

But there is a two-year time limit for the Ecology Department to pursue a separate process that penalizes the company by making it pay a fine. That expires next month.

"We are aggressively pursuing every option available to make sure justice is done as a result of the Dalco Passage spill," the agency said in a written statement.

The Coast Guard, which investigates oil spills, said it would continue to coordinate possible civil action against the company with a Justice Department unit in San Francisco.

The Coast Guard has declined to provide information about the investigation, rejecting a Freedom of Information Act request by the Seattle P-I on the ground that it has not finished investigating the case.

Lt. Cmdr. Andre Billeaudeaux, a Coast Guard spokesman, said that while he cannot comment on this decision by the U.S. Attorney's Office, "We are true believers in the U.S. attorney's methods."

"They have a measured approach, and they have their methods," Billeaudeaux said. "We do our best and we do a quality job. ... We have so many missions we do and so many irons in the fire. We do our best and move on. If there's process improvements (needed) in hindsight, we take a look at things we could have done better and sharpen the knife."

ConocoPhillips spokesman Rich Johnson said the company had no comment because it would be "inappropriate to discuss" the ongoing negotiations.

"We're continuing to cooperate with the authorities," Johnson said.

While a grand jury in Seattle was investigating the spill in June 2005, a memo distributed by the union representing ConocoPhillips' shipboard workers said, "So far the company is very pleased with the way our members have handled themselves and hope they will continue to be open and honest should they be called to testify in the future."

Members of the Polar Texas crew and the company have steadfastly maintained that they did nothing wrong when the ship took on additional seawater for ballast the night of the spill after unloading some crude oil in Tacoma.

If that operation were done incorrectly, it would be possible for the ship to disgorge oil in its cargo hold into Puget Sound. However, officers and crew members aboard the ship said the operation went well. Ballast water is taken on to keep a ship riding low enough in the water that it will be stable. The forecast on the night of the spill called for 10-foot swells and 30 mph winds in the North Pacific.

A former chief engineer of the Polar Texas and a former president of the Polar Texas fleet have told the P-I that it would be possible for crew members to flub the ballasting operation without knowing it, resulting in a spill.

At the time of the spill, the Polar Texas was just two months from being sent to the scrap yard. It left Tacoma about 6 p.m. that night, but the spill was not discovered until a tugboat captain passed through the area after midnight.

A P-I investigation in March 2005 documented numerous problems aboard ConocoPhillips tankers, including use of alcohol by crew members in apparent violation of company policy and an unreported explosion aboard one of the company's vessels.

The Alaska grand jury investigated problems aboard other ConocoPhillips tankers, including a spill aboard the Polar Discovery in mid-ocean in January 2004, caused when crew members mistakenly piped sludge oil from the engine room onto the ship's deck. Some got onto the side of the ship.

Later, the captain and other officers lowered a crew member over the ship's side with a power sprayer that could be used to clean up the oil.

Crew members said the purpose was to clean off oil on the vessel's side, although officers denied that. An entry in the logbook described it as a man-overboard drill. The captain offered no explanation for that entry.

The oil spill was not reported until a whistle-blower came forward four months later.

Failure to report an oil spill to the Coast Guard immediately is a federal crime.

P-I reporter Eric Nalder contributed to this report. P-I reporter Robert McClure can be reached at 206-448-8092 or robertmcclure@seattlepi.com.

State's Greenhouse Gas Bill Signed (LAT)

By Michael Finnegan And Marc Lifsher

The Los Angeles Times, September 28, 2006

California moved to the front of local government efforts to fight global warming today when Gov. Arnold Schwarzenegger signed legislation calling for a reduction of greenhouse gases.

The bill commits the state to reduce the emissions of carbon dioxide and other greenhouse gases by 25% by 2020. Greenhouse gases trap heat in the atmosphere and cause global warming.

At an elaborate signing ceremony at Treasure Island in San Francisco Bay, Schwarzenegger put pen to paper, a scene he repeated at a second ceremony at Pepperdine University in Malibu.

"We simply must do everything we can in our power to slow down global warming before it is too late," Schwarzenegger said at Treasure Island.

Both ceremonies were grandiose, bipartisan affairs, heavily laced with the exchange of compliments. The only difference was the weather, with bright sun in Southern California.

At Treasure Island, Schwarzenegger signed the bill into law at an outdoor ceremony under overcast skies with a chilly breeze and the San Francisco skyline as a backdrop. On one side of the stage were 114 flags from nations around the world; on the other, a giant video screen.

Among those onstage with Schwarzenegger were San Francisco Mayor Gavin Newsom, New York Gov. George Pataki, and the bill's cosponsors, California Assembly Speaker Fabian Nunez (D-Los Angeles) and Assemblywoman Fran Pavley (D-Agoura Hills).

The signing ceremony gave Schwarzenegger a platform to display his environmental credentials weeks before voters decide whether to give him another term.

The Schwarzenegger camp touted the signing as a major policy step, and included a live satellite video message of congratulations from British Prime Minister Tony Blair.

"You are showing brilliant leadership that will inspire and excite a lot of people worldwide," Blair said. He expressed hope that leadership on the issue would come from "states within the United States of America" and "hopefully, in time, from the whole of America."

A Japanese diplomat read a letter to Schwarzenegger from Japan's outgoing Prime Minister Junichiro Koizumi, who commended the governor for "taking a leadership role in protecting the Earth's environment."

"As the world's two biggest economies, Japan and the United States share common responsibility to lead the world in its effort to fight global warming," the letter said.

The bill, AB 32, authorizes the California Air Resources Board and other agencies to begin measuring greenhouse emissions from electric power plants, oil refineries and other sources.

Beginning in 2012, emitters will be assigned firm limits on the amounts of carbon dioxide they can release into the atmosphere. Those caps will be gradually lowered to meet the 2020 target.

The new law relies on a variety of tools to reduce greenhouse gas emissions:

· Direct government regulation.

· Development of new technology, energy efficiency and alternative fuels.

· Creation of a market for companies that have met their emissions targets to sell credits on an open market to other firms. Buyers of pollution credits could continue to release carbon dioxide in excess of their limits.

Supporters of the global warming law concede that California, which is responsible for only about 2.5% of the world's greenhouse gas production, won't make a major difference in combating global warming alone.

Nevertheless, they contend that passage of the bill sets an example for the federal government, other states and countries that shows that action can be taken now to deal with climate change.

Critics, mainly mainline business groups, argue that California, acting on its own, will drive manufacturers and jobs to other states and countries that require less stringent regulation of greenhouse gases.

California: Schwarzenegger Signs Gas Emissions Act (NYT/AP)

By The Associated Press

The New York Times, September 28, 2006

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Gov. Arnold Schwarzenegger signed into law a global warming initiative that imposes the nation's first cap on emissions of heat-trapping gases. "We simply must do everything we can in our power to slow down global warming before it is too late," Mr. Schwarzenegger said before signing the bill on Treasure Island, in San Francisco Bay. California's efforts on global warming have been in the spotlight since the governor and the state's legislative Democrats reached an accord last month on the bill to cut emissions.

Warming Trend Is Hatching A Business (WP)

By Steven Mufson

The Washington Post, September 28, 2006

U.S. governors, impatient with federal inaction on global warming, are taking matters into their own hands. The result could add impetus to an emerging industry.

California Gov. Arnold Schwarzenegger (R) yesterday signed legislation to cap greenhouse gas emissions. And seven Northeastern states, which together emit as much greenhouse gas as Germany, have banded together to set rules that would cut their emissions by 10 percent by 2019. Other states may join them.

"There isn't an actor at the table who wouldn't prefer a national program, but we can't afford to wait," says Franz Litz, climate change coordinator at the New York State Department of Environmental Conservation.

So the state leaders are modeling their efforts on the European Union, which has turned limits on greenhouse gas emissions into a multibillion-dollar worldwide industry.

Companies are already scrambling to take advantage of the E.U. system, which is an outgrowth of the global environmental accord known as the Kyoto Protocol. Arlington-based AES Corp. has dispatched teams to negotiate with Asian palm oil plantations over installing equipment to suck methane -- one of the most potent of a half-dozen greenhouse gases -- out of waste lagoons. The electric power company wants to convert it into energy and less harmful gases. In return, the firm would get credits it could use or sell in Europe.

The European system sets a cap for the continent's emissions of greenhouse gases, such as carbon dioxide. Every company producing significant amounts of greenhouse gases is issued a designated number of "allowances." If power plants and factories spew out more than their quotas, they have to buy allowances from firms that spew less than their allotments. Polluting companies can also buy credits from firms that are cutting emissions in the developing world.

The result: Gases that were once worthless now have a commercial value every bit as solid as coal, pork bellies or Treasury bills -- only with this commodity, companies are paid for what they do not deliver. According to Point Carbon, a research firm, $12.6 billion of greenhouse gas emission rights, called European Union Allowances, were traded in the first half of this year. The value of all existing allowances exceeds $70 billion.

The Northeastern U.S. governors' Regional Greenhouse Gas Initiative plans to begin a similar type of carbon trading by 2009. Schwarzenegger, who appeared last month beside British Prime Minister Tony Blair, said that linking a West Coast plan to Europe's was one option.

The idea of creating a market for trading air pollution rights began in the United States. Legislation passed in 1990 and implemented in 1995 established an acid rain program, which capped sulfur dioxide emissions and let companies trade their assigned shares. Sulfur dioxide emissions fell 30 percent. Economists say such plans meet environmental goals efficiently, without choosing between technologies.

The United States insisted that other countries adopt a cap-and-trade approach for greenhouse gases in the Kyoto accord but then never signed on while Europe moved ahead. Back then, the United States agreed to reach a target 7 percent below 1990 emissions by 2012. Now, the country is churning out 16 percent more than it did in 1990 and 25 percent more than either China or the E.U.

"It is ironic that 10 years after Kyoto was signed, there is a vibrant market in Europe, an emerging market in the developing world, and the U.S. is sitting on the sidelines," says VÃ©ronique Bugnion, Point Carbon's research director.

No one is on the sidelines in Europe. Power generators now count greenhouse gases -- measured in metric tons of carbon dioxide -- as one of their costs. "It's going to change the way you make decisions about deploying capital," says Garth Edward, trading manager for environmental products at Royal Dutch Shell PLC, which has 25 installations in the E.U. system. Energy efficiency projects, he said, "are going to move up the ladder faster."

Stockholm-based Vattenfall, Europe's fourth-largest utility, is building a pilot zero-emissions coal-fired plant in Germany using sequestration, which injects carbon dioxide into the earth instead of releasing it into the air. Vattenfall chief executive Lars G. Josefsson says removing the carbon dioxide will cost more than $25 a metric ton, but he says, "If we're going to have a problem with carbon dioxide, this is a good investment."

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While the E.U. carbon trading scheme has given birth to an industry, it has also created controversy over how quotas are assigned and who gets stuck paying the bills. In Germany, utilities raised electricity rates, treating carbon emissions as a cost to pass along. Four utilities made $3 billion to $5 billion in windfall profits, Bugnion says.

There are disputes between countries as well as within them. Britain and Germany are cutting their greenhouse emissions sharply, while Spain's are still growing. Sweden relies mostly on hydro- and nuclear power for electricity; Germany relies overwhelmingly on coal. Countries are currently drawing up new caps for 2008-2012.

Setting baselines for emissions has been tough. Quotas are based on a company's emissions over the five years before the program began. Firms have sought higher baselines to get more allowances. In most nations, utilities were squeezed while industrial firms were given more than enough.

The numbers didn't add up the way people expected. In May, the E.U. revealed that actual emissions were well below the quotas, suggesting that baseline levels were set too high. That shocked the carbon trading market. The price of a ton of carbon dioxide crashed, dropping by two thirds and erasing $36 billion of value. Prices crept back up but tumbled in recent days.

The credits bought in developing countries pose other challenges. So far, companies find it cheapest to cut the most potent greenhouse gases, mostly in the developing world. A ton of methane, common in landfills and farms, equals 21 tons of carbon dioxide; a ton of hydro-fluorocarbons, a refrigerant byproduct, is worth as much as 11,700 tons of carbon dioxide.

Independent firms and investors are getting into the act. Ecosecurities, whose chief executive Bruce Usher is a former Wall Street derivatives trader, has become a broker and developer of projects in 26 countries, ranging from one to capture methane at a Chinese landfill to small hydropower dams in Honduras.

A London firm called Climate Change Capital has raised $830 million to reduce greenhouse gases for credits to be sold in Europe. AES is putting $325 million into a joint venture to produce 50 million tons of credits by 2012.

These credits need the blessing of the Clean Development Mechanism (CDM), a United Nations agency in Bonn. That process could get messy, and political. One criterion: "additionality," the buzzword for a project that wouldn't have happened without the credit system. That can be hard to figure out when high oil prices make conservation and alternative energy attractive. In July, the CDM rejected four projects, including two proposed by Ecosecurities, without saying why.

Not surprisingly, most credits are generated in countries with the worst environmental track records. China accounted for 62 percent of the CDM credits sold during the first half of this year. That raises a sensitive question: Should Europe be effectively subsidizing investments in pollution control that its economic competitor China hasn't bothered to make? Moreover, China is collecting a 65 percent tax on the sale of credits.

"Scientifically, it makes sense to take [greenhouse gases] out wherever you can do it most cheaply, but politically, it might be better to do it in your country," said AES chief executive Paul Hanrahan.

There is one functioning U.S. carbon market. On Earth Day 2005, Richard Sandor founded the Chicago Climate Exchange, but participation is voluntary. Member companies must trim 6 percent of their emissions by 2010. "The only ones who opt in know they'll meet the targets," says Point Carbon's Bugnion. Members include Ford Motor Co., DuPont Co., Motorola Inc., International Business Machines Corp., American Electric Power Inc. and half a dozen municipal governments.

Mandatory carbon trading may still be adopted in the United States. Cap-and-trade measures have been drafted by a handful of lawmakers. Sen. John McCain (R-Ariz.) co-sponsored an earlier bill.

"This is a big global problem, and we have a deficit in global governance," says Vattenfall's Josefsson. "If we could solve this, it could be a model for global governance."

Heed This Warning (WP)

The Washington Post, September 28, 2006

BENEATH ITS dry scientific lingo, a new analysis of global climate change by a group of NASA scientists is terrifying. Headed by climate specialist James E. Hansen, the group argues that recent global warming has been quite rapid -- about 0.2 degrees Celsius over each of the past three decades -- and has largely tracked climate models that predict more dramatic warming in the decades to come. If the world continues increasing carbon emissions at its current pace, by about 2 percent a year, the authors argue that the resulting warming will cause the extinction of about 60 percent of species around the world and "sea level rise of several meters per century with eventual rise of tens of meters, enough to transform global coastlines."

The scientists posit an alternative scenario as well, one predicated on dramatic reductions of carbon emissions. In that case, sea levels would still rise substantially and "cause problems for humanity," and 20 percent of species would still go extinct -- but the most catastrophic effects of warming might be averted. Most distressingly, they contend that humanity doesn't have long to make up its mind whether to pursue policy changes; another decade without emissions being reduced, they said, would probably make the alternative scenario infeasible.

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The likely consequences of global warming are a hotly debated subject, and one has to be cautious about predictions concerning hugely complicated systems -- such as average global temperature over time. But there is at least a decent chance that this and the many similar analyses by other reputable climatologists will prove correct. And that means that global warming represents a policy crisis responsible politicians can no longer ignore -- one as potentially existential as the threat of global terrorism, only in slow motion.

Countering that threat will require regulatory initiatives and societal investments. It will require significant changes in American attitudes toward energy use and conservation. But these may prove far less wrenching than many people imagine. What it certainly also will require is a great deal of political will -- political will of precisely the type the Bush administration has dedicated to a host of other issues but has assiduously avoided devoting to climate change. Most of all, it will require an end to denial -- denial that the problem exists, denial that anything can be done about it if it does and denial that the problem is urgent and requires immediate attention.

Number Of Smoggy Days Falls, Study Says (WP)

By David A. Fahrenthold

The Washington Post, September 28, 2006

The number of dangerously smoggy days in the Washington area has declined by more than 40 percent since 2003, but the region still does not meet federal standards for healthy air, according to data released yesterday.

From 2003 to 2006, the region has had 63 days in which the levels of ground-level ozone -- a harmful gas formed when the sun heats polluted air -- was high enough for Code Orange, Code Red or Code Purple warnings. From 1999 to 2002, there were 114 such days, according to the Metropolitan Washington Council of Governments.

Officials said yesterday that they were encouraged, believing the reduction in bad air days was a sign that local and national anti-pollution measures were having an effect.

"The air's cleaner," said D.C. Council member Phil Mendelson (D-At Large), chairman of COG's air quality committee. "But not clean enough."

That's because the Washington region, which has exceeded smog limits repeatedly since 1977, still hasn't improved enough to meet the smog standards the U.S. Environmental Protection Agency will begin enforcing in 2009. At that point, a violation could trigger a loss of federal transportation funding.

Moreover, local environmental groups were wary of the report, wondering whether cooler weather, not reduced smog, was partly responsible for the improvement.

This might seem like an odd year to tout progress in reducing air pollution. An early August heat wave caused several Code Orange days, with residents warned against exercising or working outside. In July, the region had a Code Purple day -- the worst rating and its first in more than a year.

Jeff King, an air quality planner at COG, said this summer offered some confirmation that progress was being made: Although it was far hotter than in 2005, it had the same number of unhealthy air days -- 19. That appeared to mean that less smog was around for the sun to heat.

"We did have some pollution problems, but it wasn't as severe as we'd had in the past," King said.

The pollutants that help create bad air days come from sources as diverse as power plants, cars, gas pumps and paint fumes. In explaining the reductions in bad air, local officials cited changes almost as varied.

Mendelson credited new federal rules limiting the amount of nitrogen oxide in power-plant emissions and curbing auto pollution, as well as several local policy changes. Montgomery County bought more energy from wind power. The District required power companies to derive more of their electricity from renewable sources. Fairfax County retrofitted its school buses to produce cleaner emissions.

Mendelson said moves such as those could continue to reduce smog, even as the region adds millions of residents and thousands of miles of roads.

"So far, the region has continued to grow significantly, and yet we're polluting less," he said.

Frank O'Donnell of Clean Air Watch said the apparent good news was tempered by the fact that the Washington area still regularly suffers through Code Orange days and worse.

"If we're still seeing eight or 10 dirty air days in the area, that to me is still a sign that we're not there yet," O'Donnell said.

American Indians Await Trial On Lawsuit (AP-Y)

By James Macpherson, Associated Press Writer

AP, September 28, 2006

DOJ_NMG_0070707

American Indian rancher Keith Mandan says he could double the size of his black Angus herd if he had the money — or if he were white.

Mandan, 53, and his wife, Claryca, 52, say they've struggled financially to keep their ranch in North Dakota's Badlands since the late 1970s because of a pattern of discrimination by the federal government.

The Mandans are among the plaintiffs in a lawsuit that accuses the U.S. Department of Agriculture of discriminating against American Indians in the granting of loans since 1981. During that time, Claryca Mandan said, the federal government "wiped out a whole generation of Indian farmers and ranchers because of racism."

USDA officials refused to respond to specific questions from The Associated Press about the allegations. In a statement, J. Michael Kelly, an attorney for the USDA, said the case is still ongoing and the agency is working to provide documentation requested by the Indians' attorneys.

Earlier this month, attorneys for the American Indian ranchers and farmers filed a motion to bring the case to trial next year — eight years after the lawsuit was filed.

A hearing on their motion is set for Thursday.

Keith Mandan said if he could get the financing, he'd buy about 300 more cows and build a calving barn and a machine shed to keep his cattle and farm implements protected from the harsh North Dakota winters. Instead, Mandan uses a heavily wooded gulch for calving. His machinery is exposed to the elements.

"My white counterparts across the road don't have the problems we have," he said. "We just don't receive the subsidies that non-Indian farmers and ranchers do."

The USDA's Farm Service Agency lends to farmers and ranchers who can't get credit from commercial lenders. The agency, known as the lender of last resort, is the largest agricultural lender in North Dakota.

Mandan believes the USDA has denied and delayed loans to American Indians to squeeze them out of business.

"They just want to close you out and take the land and put it in their inventory," he said.

The lawsuit was granted class-action status in 2001 but the case has floundered in federal court since.

Attorneys estimate the number of Indian farmer and rancher plaintiffs could be in the tens of thousands. A settlement figure has not been calculated, but would likely be in the "hundreds of millions," said Joe Sellers, the American Indians' lead attorney in Washington, D.C.

The lawsuit mirrors a civil rights case brought by black farmers in 1997 that settled two years later.

The federal government has paid out about $930 million to about 14,000 black farmers so far, said Anurag Varma, a Washington, D.C., attorney who helped represent the farmers and is involved in the American Indians' lawsuit.

"The underlying bad acts by the defendants are virtually identical," Varma said.

Sellers accuses the government of delaying resolution of the lawsuit filed by the American Indian ranchers and farmers.

"They have employed every tactical maneuver I can conceive of to postpone the day of judgment," he said.

But government attorneys said the case has been delayed in part by their appeal of the class action decision.

"We do take exception that we are dragging our feet," said Charles Miller, a spokesman for the Justice Department, which is representing USDA.

Meanwhile, Sellers said, the USDA continues to foreclose on Indian property.

"They have accelerated debt collection," Sellers said. "It seems to me it's an effort to drive the final nail in the coffin."

Three Affiliated Tribes Chairman Tex Hall, who also is a rancher, calls it economic racism.

"It's illegal, racist and discriminatory," Hall said. "Every day this continues, we lose another native farmer or rancher."

FBI Agent (DESERET)

By Lucinda Dillon Kinkead, Deseret Morning News

Deseret Morning News, September 28, 2006

MONTEZUMA CREEK — From the northernmost tip of the massive Navajo Nation, 13-year-old Elsha Black surveys the arid expanse of his grandmother's property in San Juan County.

Lucinda Dillon Kinkead, Deseret Morning News

Elsha Black, age 13, on the Navajo Indian Reservation. Black has strong ties to Utah's Indian Country. He is one of the few young people who speak fluent Navajo. He learned it living with his grandmother on the land where she was born. He says he'd prefer to live here now and swears he will come back. But for now, this young man must live off the reservation. He needs a good education. His mom needs a good job. His family says neither can be found here today.

A few years ago, Black was attending the local school in Montezuma Creek and living with his grandmother. Back then, his mom was living off the reservation in Farmington, N.M., during the week and coming home to the Navajo Nation on weekends. Sue Philemon's security job at a local college paid a better wage than anything she could find on the reservation.

Black remembers fifth-grade, when his fellow students were learning remedial words like "cat" and "bat." The textbooks were ancient, and even at age 10 Black knew he wasn't getting a good education.

So his mom moved him to New Mexico. Now she carts him to the Curtland community west of Farmington to the best public school she could find. The boy is flourishing in middle school, his mom says, getting good grades and making plans for his future.

Black wants to be an FBI agent. He wants to work out of the Shiprock, N.M., office to help members of the tribe and solve crimes.

"I want to be close to my people. I don't want to be anywhere else," he says. "This is still my homeland."

FBI/DEA/ATF/USMS:

Chargers Safety Kiel Arrested On Drug-Related Charges (ESPN)

ESPN, September 27, 2006

San Diego Chargers safety Terrence Kiel was arrested Tuesday on drug-related charges.

Kiel was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance — Codeine-based cough syrup.

The law enforcement sources told ESPN's Chris Mortensen that several plain clothes DEA agents appeared at the Chargers' facility Tuesday morning with an arrest warrant, searched his locker and car, and took Kiel away.

The Chargers, who are coming off a bye week, were on the practice field at the time.

In a statement, team spokesman Bill Johnston said: "We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation. Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel was booked and released after posting $150,000 bond.

Chargers officials were not returning phone calls Tuesday night. Kiel and his agent also could not be reached for comment.

Kiel, a fourth-year veteran from Texas A&M, is the starting strong safety for the 2-0 Chargers, who play the 3-0 Ravens on Sunday. Kiel's status for the game is unclear.

Drafted in the second round in 2003, Kiel was expected to start that season for the Chargers before he was shot three times in an attempted carjacking in Houston in July of that year.

Kiel is making $500,000 this year and has two years left on his contract.

This is the second major off-field incident of the season for the Chargers. Linebacker Steve Foley was shot three times Sept. 3 when he confronted an off-duty police officer who had followed his vehicle on suspicion of drunken driving.

Chargers' Kiel Arrested For Trafficking Of Prescription Drugs (BLOOM)

By Mason Levinson

Bloomberg, September 27, 2006

(Bloomberg) -- Terrence Kiel, a starting safety for the San Diego Chargers, was arrested yesterday for trafficking prescription drugs by U.S. Drug Enforcement Administration agents.

Kiel, 25, was arrested at the team's practice facility and charged with two counts of transporting Codeine-based cough syrup and three counts of possession with intent to sell the controlled substance, the agency said in a statement.

Kiel admitted to shipping to Texas two packages containing the substance, according to the release. He was released on $150,000 bond, said DEA spokesman Dan Simmons, and will be arraigned in District Court on Oct. 3.

``How unfortunate, once again, that a professional athlete makes a choice which detracts from his talent and ability, drawing attention instead to poor decision making," DEA Special Agent in Charge John Fernandes said in a statement. ``Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country."

A telephone message left at the office of Vann McElroy, Kiel's agent, was not returned.

``Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally," the team said in a statement.

The DEA in Texas said there has been widespread abuse of Codeine-based cough syrup. When mixed with soft drinks, a pint bottle, known as ``lean," can cost between $200 and $325 on the street, the DEA said in its release.

Kiel, a fourth-year veteran out of Texas A&M and a native of Lufkin, Texas, was the Chargers' fourth-leading tackler last season despite missing four games with an ankle injury.

DOJ_NMG_0070709

It's the second time this month a Chargers' player has been involved in an off-field incident. On Sept. 3, linebacker Steve Foley was shot three times by an off-duty police officer who suspected him of driving under the influence of alcohol.

The Chargers, who are 2-0 this season, face the Ravens in Baltimore on Oct. 1.

Kiel Is Arrested In Cough Syrup Case (AP)

AP, September 27, 2006

Chargers strong safety Terrence Kiel admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday, a day after the player was arrested at team headquarters.

While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs and referred to as "lean," said John S. Fernandes, the special agent in charge of the San Diego office. A pint bottle of "lean" can cost between $200 and $325 on the street, he said.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

An arraignment was scheduled for Tuesday.

Team officials have not commented, beyond a statement released late Tuesday night.

"We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation," the statement said. "Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel's status for Sunday's game at Baltimore was not immediately known

It was the fourth run-in with the law by a Chargers player since April.

Outside linebacker Steve Foley was shot outside his suburban home by an off-duty Coronado police officer on Sept. 3. Foley will miss the entire season and forfeit at least $775,000 in pay.

Foley and linebacker Shaun Phillips were each arrested for scuffling with San Diego police officers a week apart in April. Neither was charged.

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Charger Kiel Admits Shipping Illegal Drugs (UPI)

UPI, September 27, 2006

SAN DIEGO, (UPI) -- Federal authorities say San Diego Chargers strong safety Terrence Kiel has admitted to shipping prescription cough syrup from California to Texas.

Kiel did not say why he shipped two parcels of the syrup, but Drug Enforcement Agency officials said there has been widespread abuse in Texas of codeine-based cough syrup mixed with soft drinks, a combination referred to as "lean."

A pint of "lean" can cost between $200 to $325 a bottle on the street, the agency said.

Kiel was arrested Tuesday on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

He is scheduled to be arraigned next Tuesday.

The Chargers did not give Kiel's status for Sunday's game at Baltimore.

DEA: Kiel Arrest Linked To Codeine Diversion (SDUT)

By Brent Schrotenboer And Onell R. Soto, Union-tribune Staff Writers

The San Diego Union-Tribune, September 27, 2006

SAN DIEGO – The investigation that led to the arrest Tuesday of San Diego Chargers safety Terrence Kiel targeted his role in the diversion of codeine-based cough syrup, according to the Drug Enforcement Administration.

Authorities said Kiel, 25, was arrested on two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance based on his having shipped at least two parcels containing the substance to his native Texas.

The DEA said in a statement released Wednesday that Kiel admitted to shipping the two parcels and to knowing their contents.

Kiel did not comment on the motive behind the shipments. But the DEA noted widespread abuse of codeine-based cough syrup in Texas, mixed with soft drinks and referred to as “lean.” A pint bottle can cost between $200-$325 per bottle on the street, according to the DEA.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

Two federal law enforcement officials, speaking on condition of anonymity because of the ongoing investigation, said quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said Kiel admitted to financial difficulties when interviewed by agents.

Kiel first drew attention after FedEx officials here opened a package he shipped June 2 and found 15 pint bottles of codeine-based cough syrup, according to a search warrant affidavit filed in San Diego Superior Court.

But FedEx officials didn't tell agents who work on intercepting drugs shipped out of San Diego until Aug. 1 because of their "busy schedule," a DEA agent said in the affidavit.

People who use the shipping service must allow their packages to be opened for inspection.

The package also contained a airline boarding pass with the name of a woman who lives with Kiel, the DEA agent said.

FedEx workers told the DEA agents that the package was shipped by a man who looked like Kiel, a frequent customer.

A FedEx manager called the San Diego Narcotics Task Force last Thursday after Kiel shipped another package, and DEA agents took custody of it.

Kiel paid cash to ship the package and used a fake return address and name, according to the affidavit.

When agents opened the package they discovered three pint bottles of the cough syrup with codeine, which is a controlled substance.

If convicted of possession and transportation of a controlled substance, Kiel could face up to five years in state prison, a prosecutor for the District Attorney's office said.

Advertisement

First-time offenders without a criminal record in cough-syrup cases are typically sentenced to probation with some local jail time, said prosecutor Damon Mosler.

Kiel is scheduled to be arraigned in San Diego Superior Court Tuesday, according to a court clerk.

In its court filing, the DEA said that Kiel was arrested in Texas on charges of aggravated assault on a public servant, theft and evading arrest. It's unclear whether he was prosecuted or when the arrest occurred.

Kiel is making $500,000 this year, his fourth with the Chargers.

Chargers general manager A.J. Smith said Kiel would be paid even though he will miss Sunday's game at Baltimore.

"He's been informed to stay home and take care of personal business," Smith said, adding that Kiel is due back with the team on Monday.

"I'm really not interested at this point in commenting on anything about the matter," coach Marty Schottenheimer said.

Clinton Hart, who will start in Kiel's spot, said the defensive backs met Wednesday morning.

"We have to regroup and make that fist a little bit tighter. Kiel's still our boy and we're supporting him 100 percent," Hart said. "We're going to go out there and win this game with him on our backs."

"How unfortunate, once again, that a professional athlete makes a choice which detracts from his talent and ability, drawing attention instead to poor decision making," DEA Special Agent in Charge John S. Fernandes said in a statement. "Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country."

The DEA noted that "doctor shopping," forged prescriptions and pharmacy theft are the most common methods of procuring controlled substances by those with no true medical need.

"We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation," the Chargers said in a statement Tuesday. "Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Kiel's agent, Vann McElroy, said he couldn't comment on specifics of the case.

"Terrence is a good kid. We just have to wait and see," McElroy said.

Fernandes said the two shipments Kiel admitted to sending to Texas each contained prescription cough syrup that had been repackaged in pint-sized water bottles.

On Tuesday, Kiel was called off the practice field after authorities arrived at Chargers headquarters. Kiel was taken into the locker room, detained and read his rights, Fernandes said. His locker wasn't searched, but authorities searched his car, then took him to his house to execute a search warrant.

Fernandes said codeine-based cough syrup can be used to enhance, mitigate or temper other drugs, including cocaine and PCP.

"It goes right to the heart of what really is fueling an already out-of-control, raging fire of abuse of pharmaceutical drugs," Fernandes said.

Feds Arrest Chargers Safety During PracticeInvestigators Say Packages Shipped By Kiel Contained Controlled Substance (KNBC)

KNBC-TV, September 27, 2006

SAN DIEGO, Calif. -- Two FedEx packages shipped by Chargers safety Terrence Kiel contained a controlled substance identified as a Codeine-based cough syrup, according to search warrant affidavit released Wednesday.

Images

Federal agents arrested Kiel, 25, Tuesday during a team practice and booked him on suspicion of three counts of possession of a controlled substance for sale and two counts of transportation of a controlled substance.

He was released on $160,000 bail.

If charges are filed, Kiel could be arraigned Tuesday, according to the U.S. Drug Enforcement Administration and the San Diego County District Attorney's Office.

According to the affidavit, FedEx customers consent to have their parcels opened and examined by the company at any time.

On June 2, management at FedEx conducted an audit of a parcel which contained 15 bottles of Prometh with Codeine, considered a controlled substance, according to the affidavit.

FedEx employees told DEA Special Agent Dean Henderson that the shipper of the parcel was a large, muscular, black man, but couldn't positively identify him because it had been a month since the package had been sent.

FedEx employees know who Kiel is because he makes shipments regularly using his FedEx account, according to the affidavit.

Last Thursday, the manager of a FedEx office called Henderson when Kiel shipped a parcel similar to the one shipped on June 2, according to the affidavit.

The return address on the parcels showed an address on Santo Road, not Kiel's real address, and the return name on the shipping label was not the athlete's, the affidavit states.

Kiel paid cash to ship the Sept. 21 parcel, even though he has an account with FedEx, the affidavit states.

Henderson said it is common for drug smugglers to use a different name than their own to avoid detection by law enforcement.

Both the June and September parcels were being shipped to Kiel's home state of Texas, where he was previously arrested for aggravated assault on a public servant, theft and evading arrest, according to the affidavit.

Employees at FedEx copied the license plate of the vehicle Kiel was driving, and a DMV record check showed it was registered to the football player at a residence on Juneberry Court in San Diego, according to the affidavit.

Kiel, a second-round draft pick out of Texas A&M in 2003, was hospitalized that summer after being shot three times in an attempted carjacking in Houston.

The Chargers released a statement, saying they were aware of Kiel's arrest and wouldn't comment further until the case was resolved legally.

It was the second headline-grabbing, off-the-field incident involving a Chargers player this month.

Linebacker Steve Foley was shot three times outside his Poway home Sept. 3 during a confrontation with an off-duty Coronado police officer.

He will miss the entire season.

Feds Reveal Details About Charger Drug Arrest (KNSD-TV)

KNSD-TV, San Diego, September 28, 2006

Player Was Taken Into Custody On Tuesday

SAN DIEGO -- Justice Department officials announced Wednesday that Charger Terrence Kiel, who was arrested Tuesday, is accused of shipping codeine-based cough syrup to Texas.

Codeine-based cough syrup is a Schedule V controlled substance, according to the Justice Department.

"Actions like those of Mr. Kiel simply add fuel to the already raging fire of prescription drug abuse in our country," said Special Agent in Charge John S. Fernandes of the Drug Enforcement Administration.

Kiel, a 25-year-old who plays strong safety, admitted to shipping two parcels of prescription cough syrup to Texas, DEA officials said Wednesday. While Kiel did not tell the DEA his motive, the agency in Texas has found widespread abuse of codeine-based cough syrup mixed with soft drinks or drugs. The mixture is referred to as "lean," said Fernandes, who is in charge of the San Diego office. A pint bottle of "lean" can cost between $200 and $325 on the street, he said.

Kiel was arrested on two counts of transporting a controlled substance and three counts of possession for sale of a controlled substance.

The DEA is investigating where Kiel got the cough syrup, who else may be involved and the intent.

Two federal law enforcement officials said that quart bottles full of what appears to be prescription cough syrup were found at Kiel's house. Both officials said that Kiel admitted to financial difficulties when interviewed by agents.

DEA agents went to Chargers Park with an arrest warrant, reported NBC 7/39. They searched Kiel's locker and car before taking him into custody, according to a report published on ESPN.com.

Neighbors told NBC 7/39 that they saw agents at Kiel's apartment in the 4900 block of Juneberry Court in Kearny Mesa on Tuesday.

Kiel was booked and released after posting $150,000 bond.

Kiel is a four-year veteran with the Chargers. He was a second-round draft pick from Texas A&M in 2003. He has been in the Chargers' starting lineup for the last several years. He is making about $500,000 this year.

In a statement, team spokesman Bill Johnston said: "We're aware of an off-the-field situation involving Terrence Kiel and we're monitoring the situation. Due to the personal nature of the ongoing legal investigation, the Chargers are withholding further comment until the matter is resolved legally."

Chargers general manager A.J. Smith and coach Marty Schottenheimer did not immediately return phone calls from The Associated Press on Tuesday night. DEA spokesman Dan Simmons didn't return a call placed to his cell phone.

It was the fourth run-in with the law by a Chargers player since April.

Outside linebacker Steve Foley was shot outside his suburban home by an off-duty Coronado police officer on Sept. 3. Foley will miss the entire season and forfeit at least $775,000 in pay.

Foley and linebacker Shaun Phillips were each arrested for allegedly scuffling with San Diego police officers a week apart in April. Neither was charged.

Feds Rounding Up Suspected Immigrant Drug Dealers (ADN)

Aspen Daily News, September 27, 2006

The federal Drug Enforcement Agency and Immigrations and Customs Enforcement have been targeting suspected illegal-immigrant drug dealers in the Roaring Fork Valley this week.

Agents with the DEA and ICE are not commenting on the downvalley roundups except to say they are happening and that more information will be released today. A spokesman with ICE said the DEA was the lead agency on the investigation and that ICE was asked to provide assistance.

Marie Munday, the Pitkin County Sheriff Office's liaison to the Latino community, said word of the roundups spread quickly throughout the Latino community and that an announcement of the roundups was made on a Spanish-language radio station.

"Everyone is in a panic again," Munday said. "A lot of employers are calling me because a lot of people aren't showing up for work."

At least one Aspen business was affected. Toppers restaurant did not open Wednesday because its kitchen staff did not show up for work.

Munday said the roundups are targeting illegal immigrants suspected of dealing drugs and that many arrest warrants are being served. Munday said she believed the crackdowns happened on Monday and Tuesday.

"There's more to come," she said.

She said she did not believe anyone without a warrant would be arrested.

Pitkin County Sheriff Bob Braudis said his agency was not asked for assistance in the operation but he believed one person had been arrested as of Wednesday afternoon.

Less clear is if Monday's arrest of a suspected drug dealer is tied to this week's arrests by the DEA and ICE.

On Monday the DEA, with the assistance of the Pitkin County Sheriff's Office, arrested Jose Jesus Sanchez-Ceja, 53, on four counts stemming from allegations he was supervising a cocaine-distribution ring. During the suspect's advisement hearing Tuesday in Pitkin County District Court, Deputy District Attorney Gail Nichols suggested that more arrests would be made based on information in the affidavit.

Later that Tuesday, Judge Erin Fernandez-Ely sealed the affidavit supporting the arrest of the suspect, an attendant at a car wash at the Aspen Airport Business Center.

Two weeks ago, ICE agents rounded up 34 alleged illegal immigrants throughout the valley as part of a nationwide initiative called Operation Return to Sender that led to thousands of illegals being deported. This week's roundups are not connected to Operation Return to Sender, Munday said.

Munday noted a shift in the political climate that has led to more stringent immigration enforcement.

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"People are demanding that," Munday said. "Federal agencies are working hard to prove they aren't going to let people get away."

Bill To Criminalize Border Tunneling Easily Finds Support (SDUT)

By Jerry Kammer, Copley News Service

The San Diego Union-Tribune, September 28, 2006

WASHINGTON – At first blush, a bill to criminalize the construction of tunnels under the U.S.-Mexico border seems almost ludicrous.

"It seems like a law that says the sky must be blue," said Frank Sharry of the National Immigration Forum, whose principal border interests center on much more controversial efforts to expand legal immigration and provide legal status to 12 million illegal immigrants in the country.

Sen. Dianne Feinstein said, "It is hard to believe that there is not already a federal (statute) to punish those involved with the financing, construction and use of these tunnels."

But Feinstein, D-Calif., is one of the main advocates of a tunnel-criminalization effort that is reaching fruition with the inclusion of the measure in legislation to fund the Department of Homeland Security.

The Border Tunnel Prevention Act would impose criminal penalties of up to 20 years in prison for those who construct or finance tunnels, which have proliferated in recent years in San Diego County and other border areas. It would permit a 10-year sentence for people who allow their property – including the buildings where the tunnels meet the surface – to be used by the tunnel builders.

The bill would solve a fundamental problem for federal law enforcement authorities. Under current law, they can only prosecute tunnel builders who are implicated in the smuggling of contraband or illegal immigrants through the underground passage.

Rep. David Dreier, R-San Dimas, who carried the bill in the House of Representatives, called it "a common sense reform."

"We have a problem that needs to be addressed, and it's being addressed in a bipartisan way," he said during debate on the measure.

Over the past five years, according to Feinstein's office, at least 44 border tunnels have been discovered, all but one between the United States and Mexico.

While officials suspect the tunnels are primarily used to smuggle drugs, they have raised other concerns about them.

"A tunnel can be used to smuggle drugs, illegal aliens, weapons and possibly weapons of mass destruction into the United States," said special agent Steve Robertson of the Drug Enforcement Administration.

Paul Charlton, U.S. attorney for Arizona, said that Justice Department policy bars him from commenting directly on pending legislation. But, he said, "As we are more successful apprehending those who come (illegally) above ground, there will likely be more people interested in coming across below ground."

Last March, Charlton's office won a conviction against Mexican architect Felipe de Jesus Corona-Verbera, who masterminded the construction of a tunnel between a house in the Mexican border town of Agua Prieta to a warehouse in Douglas, Ariz.

But Verbera was convicted on smuggling charges for his involvement in the movement of 2 tons of cocaine that were brought through the tunnel and shipped to Phoenix, where authorities seized the contraband.

The new legislation is one of the least controversial border measures ever brought before Congress. It sailed through the House of Representatives last week, 422-0. It was then added to a House-Senate conference report for Homeland Security funding, which is expected to sail through both houses on a final vote.

Efforts by Republican lawmakers to pass more comprehensive immigration legislation foundered on intraparty disagreements over whether to get tougher on illegal immigration or create a pathway to citizenship for millions of undocumented immigrants. The border tunnel bill may be one of the only measures to survive the debate before Congress breaks for a pre-election recess.

Plan Colombia: Big Gains, But Cocaine Still Flows (CSM)

By Danna Harman

The Christian Science Monitor, September 28, 2006

CALI, COLOMBIA

Margarita Consuela Gomez Ricardo and Carlos Murillo met during a police raid on a warehouse of pirated DVDs seven years ago. Later that evening, after they swooped in and made the arrests, he asked her out for coffee. And six months later they were married.

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Now, at age 31 and with two small children, Ms. Gomez is a widow. The last time she spoke to Murillo was on Friday, May 19. He said he was coming home that weekend. Their 2-year-old son was watching Power Rangers on TV at full volume and she could barely hear her husband's goodbye.

She went out to get her hair done, and dressed up the kids nicely, but Murillo never showed. She was disappointed, but that wasn't unusual.

On Monday night, as she channel-surfed in their Cali apartment, she caught a newsflash: An elite police unit had been shot in Jamundí. She called the station, but she knew.

Murillo, along with 10 others, most of them US Drug Enforcement Administration (DEA) trained counternarcotics specialists, had been killed by a military unit. Colombia's attorney general says the soldiers were on the narcotraffickers payroll.

In the weeks and months ahead there would come the questions, suspicions, accusations, and fears. But right then, with the TV remote in hand, all that Gomez felt was despair.

"What is wrong with this country?" she thought. "Nothing ever changes."

* * *

Sitting in his Washington office a block from the White House, John P. Walters, President Bush's 'drug czar,' sees a different picture. "There is absolutely no question we are winning," he states flatly.

The "winning," in this case, is against narcotraffickers. And the "we" is the US and Colombian governments, inexorably bound together in a multibillion dollar war against the drug trade.

In 1989, when the US drug czar's post (officially, the Office of National Drug Control Policy, or ONDCP) was created, Pablo Escobar, the notorious head of the Medellín cartel, was the kingpin. "Escobar and other drug lords were the most powerful and violent people in the world. They could buy or kill anyone. They could go anywhere. They could do anything," says ONDCP director Walters. Those days, he stresses, are patently over.

"Through years of systematic efforts, and not always without obstacles and setbacks, the Colombians have reconstructed their police, military, judicial, and political institutions," he says, giving much credit, as many in the administration do, to Colombian President Alvaro Uribe, Washington's conservative ally in Bogotá. Mr. Uribe's success in bringing stability to the country, says Mr. Walters, is nothing short of "astounding."

But Walters doesn't downplay the U' role. "You can't build capacities without metal detectors and armored cars and radios and people who are going to teach personnel to use all those things effectively," says Walters. "It could not have been done without our assistance."

The US Embassy in Bogotá, since the launch of the $4.7 billion Plan Colombia in 2000, has grown into the second largest US diplomatic mission in the world, after Baghdad. It employs over 2,000 people, including some 350 US military personnel and 750 contractors.

The cornerstone of Plan Colombia is the massive effort to eradicate Colombia's coca plants before they are processed into cocaine. Some 20 aircraft, piloted by contractors with DynCorp International, headquartered in Falls Church, Va., take turns carrying out daily spray missions. Army and police units assist these efforts by clearing the ground of coca farmers, guerrillas, or traffickers below, and by protecting the spray mission from above - with a fleet of 71 US provided helicopters. The majority of the State Department's counternarcotics and law enforcement budget in Colombia is dedicated - directly or indirectly - to these endeavors.

In 2005, a record-breaking 170,000 hectares (419,000 acres) of coca were destroyed: 138,000 sprayed and 32,000 pulled out by hand or plowed under.

In total, since the program began in 1994 (and particularly since it was ramped up in 2000), 986,925 hectares of coca plant and opium poppy have been eradicated - an area almost equivalent to the size of the states of Rhode Island and Delaware combined.

Drug seizures are another pillar of the plan, and here too, there are results. Two hundred and twenty-five tons of cocaine hydrochloride and cocaine base were seized in 2005, up from 125 tons in 2002, and the number of clandestine drug labs destroyed soared to nearly 2,000 last year from 317 in 2000, according to a July study by Colombia's National Narcotics Directorate (DNE). Meanwhile, the number of traffickers extradited to the US in the last four years is climbing toward 400.

"We are squeezing them. We are forcing them to change their drug trafficking routes and their methods," says Walters.

A better-trained and -equipped military and police, meanwhile, has meant that overall security in Colombia has vastly improved, especially in the urban areas. From 2002 to 2005, the murder rate fell 35 percent - from 28,837 murders to 18,111 - and kidnappings have dropped from nearly 3,000 in 2002 to 800 last year, according to Uribe's office. As a consequence, nearly 1 million foreigners visited last year, a 21 percent jump compared with 2004, and foreign investment hit $10 billion last year, a fivefold increase since 2002. Microsoft's Bill Gates is scheduled to visit in March, to take a look, he said last week, into business opportunities.

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"Plan Colombia," says Michael Shifter of the Inter-American Dialogue, a think tank in Washington, "....has manifestly helped the government restore some measure of authority in a country that was on the verge of being a failed state six years ago."

* * *

But even Plan Colombia advocates admit the impressive statistics do not a complete victory make.

"We're making first downs," US Ambassador to Colombia William Wood is fond of saying, "...but we're not sure how long the football field is."

President Uribe is often even more circumspect. "It is clear we cannot abandon Plan Colombia," he said while in New York last week."But it is also clear that, in comparison to our efforts, we should be seeing better results."

Sometimes, it seems the harder Colombians and Americans fight, the more the drug lords push back and the coca fields reproduce.

When Escobar was shot to death on a Medellín rooftop in 1993, some expected the industry in which he had played such a key role would contract. But, the Medellín cartel was soon replaced by their Cali rivals. And when key Cali cartel leaders were jailed a few years later - the trade was divided up by competing factions of the Norte del Valle cartel and a host of smaller "cartelitos." Mexican cartels meanwhile, moved quickly to fill remaining voids.

Uribe's government, meanwhile, is being criticized for allowing some top drug traffickers to avoid extradition by surrendering themselves as part of the government's peace deal with the paramilitaries. And the rebel Revolutionary Armed Forces of Colombia (FARC), in turn, may have been pushed into more remote zones - but they are estimated to still be earning hundreds of millions of dollars a year from their involvement in the drug trade.

There is no lack, after all, of coca. Despite the unprecedented eradication efforts, coca cultivation actually increased last year by 8 percent, according to a study released in June by the UN Office on Drugs and Crime (UNODC). More significantly, the amount of cocaine being produced from coca leaves is also increasing. According to DNE, Colombia produced 776 metric tons of cocaine last year, 231 more than previous US estimates, and enough to supply almost 80 percent of the world market.

Why? Growing techniques have improved over the years and farmers in some regions are now able to harvest coca leaf six times a year, instead of the usual four harvests, according to UNODC. Also, aerial spraying has pushed farmers to smaller, more isolated plots deeper in the countryside, making spray operations more complicated and less effective. While coca was concentrated in three provinces at the start of Plan Colombia, today, it has spread to at least 23 of the country's 32 provinces.

This geographical expansion also feeds a different problem, explains Pablo Casas, a security expert at the Security and Democracy Foundation in Bogotá. In the past, counternarcotics work was concentrated in a few areas, he says, but "everyone touches drugs now. Which means there are more police, military, and local authorities for the narcos to try to corrupt."

Even worse - as far as Washington is concerned - is that the most expensive US foreign aid program outside the Middle East has apparently failed to significantly change the availability, price, or quality of cocaine on American streets.

The question of cost and purity of street cocaine in the US remains contentious, due both to methods of gathering statistics, and ways in which those statistics are interpreted. When the White House drug czar's office announced last November that the price of a gram of cocaine was slightly higher (a sign of less availability), it was quickly attacked with statistics showing the opposite.

Sen. Charles Grassley, (R) of Iowa, chairman of the Senate Caucus on International Narcotics Control, in an April letter to Walters, even suggested the White House was selecting data to paint "a rosier, but not necessarily more accurate, picture" of the achievements of Plan Colombia.

Most sides to the debate agree however with the findings of the 2005 US National Survey on Drug Use and Health released this month. The study shows youth rates of cocaine use have fallen slightly since 2002 - but the number of first-time users is up, as are the number of hard-core addicts. Overall, according to the survey, levels of cocaine use and addiction are at least as high as they were in 2000.

"We need a new a new approach to drug policy," says John Walsh, a drug policy expert at the Washington Office on Latin America (WOLA), an advocacy group. "A reevaluation is long overdue."

* * *

Gomez quit the police force when she got married and lost interest, over time, in the drug war shop talk. But Murillo, her husband, remained a member of the counternarcotics unit, and "he loved being part of the big game ...working with the Americans," she says.

Once, she says, he called her from San Diego, Calif., where he was testifying in a big case. "He was so excited. He felt he was doing something important," she remembers.

In the year before his death, Gomez admits, they had begun to argue a lot. He would say he was going to do something with her and the kids, and would be called away by the unit. He would promise to call, and then be out of touch. When he missed

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their sixth wedding anniversary because of a drug operation, she had just about had enough: "Tell your Gringo masters I want my husband back!" she had screeched down the phone line.

They talked of separating. She berates herself most now for not telling him she still loved him, the last time they spoke.

Lately, after speaking out in the press against the Colombian military, Gomez has been receiving menacing phone calls late at night. "Prepare coffins for the rest of the family," a muffled voice told her last week.

She is scared to take the kids to the park across the street. She rarely goes out herself. "If I could just speak to Carlos one more time, I would tell him I was never angry with him," she says. "I was just angry with the way everything was being done... I would tell him we needed to do it over again, differently."

· Next part: Is there a better way?

IMMIGRATION:

Armey Blasts Republicans Over Opposition To Guest-worker Plan (MCT)

By Dave Montgomery

McClatchy Newspapers, September 28, 2006

WASHINGTON - As the No. 2 man in the Republican-controlled House of Representatives for nearly eight years, former Texas congressman Dick Armey never hesitated when it came to assailing Democrats.

But three years after leaving Congress, the former House majority leader is now savaging conservatives in his own party for what he calls "knee-jerk" opposition - "emphasis on jerk" - to the Bush administration's efforts to create a temporary guest-worker program and overhaul the nation's immigration system.

Armey, who is chairman of a Washington-based grass-roots organization called FreedomWorks, was a leading architect of the Republican takeover of the House in 1994 and remains a prominent and outspoken advocate for conservative causes.

But when it comes to the immigration debate that's raged in Congress for much of the past two years, he takes an almost polar-opposite position from many of his former Republican House colleagues, who are pressing for tough border security measures, including a 700-mile fence along the Southwest border.

"This has been rallied up by a lot of people that are very visible, make a lot of noise and have never been guilty of any deep thinking," Armey told reporters Tuesday after an appearance with Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., co-sponsors of a proposed immigration compromise that includes a privately managed guest-worker program.

Unabashedly naming names, Armey described Rep. Tom Tancredo, R-Colo., as the "cheerleader of jerkiness in the immigration debate" and said conservative commentator Pat Buchanan "is content to be a rock star" for "10 percent of the most militant voters in America."

Tancredo leads a coalition of House Republicans vehemently opposed to the president's guest-worker plan. Buchanan, who ran for president in 2000 as a Reform Party candidate, wants to defend the borders with U.S. troops and has said that the United States is in danger of becoming "MexiAmerica."

Armey also said he was "disappointed" with House Judiciary Chairman James Sensenbrenner, R-Wis., chief sponsor of an enforcement-only immigration plan passed by the House in December.

Several provisions, including the border fence, are being recycled as piecemeal border security measures that House leaders hope will clear Congress before a pre-election recess this week.

"I would have expected more deep thought from Sensenbrenner," Armey said.

Tancredo and Bay Buchanan, Pat Buchanan's sister and the president of his foundation, The American Cause, both fired back with withering responses. Sensenbrenner's office had no comment.

"In Dick Armey's search for relevance in today's political environment, it's disappointing that he has managed to find it as a patriot for profit," said Tancredo, chairman of the Immigration Reform Caucus. "Someone should remind him that the jerks he is speaking of happen to be the heart and soul of the Republican Party."

"Unfortunately, it's Republicans like Dick Armey that did not do the job of securing this nation when they were in office," said Bay Buchanan. "Dick is on the sidelines where he belongs."

Visas For Skilled Workers Still Frozen (WP)

By S. Mitra Kalita

The Washington Post, September 28, 2006

For technology companies and research institutions that have spent recent autumns lobbying for permission to hire more foreign workers, this was supposed to be the year that ended the annual rite of desperation.

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A bill that passed the Senate this spring would have doubled the number of visas issued every year for highly skilled professionals, such as scientists and engineers. And it would have helped clear a backlog of applications for permanent residency from such workers.

But the attempt by Congress to rewrite the nation's immigration laws has bogged down in controversy over border security and illegal immigration. That means changes in the skilled-worker programs, while less controversial, are also in limbo.

With Congress due to recess tomorrow, advocates of the programs have given up on winning immediate change. Now they're hoping members of Congress will focus on the issue in the lame-duck session late this year.

"It is incredibly difficult to pass major legislative reforms in any areas, and they tried to bite off a lot," said Jenifer Verdery, a policy director for Intel Corp., which has lobbied for more skilled foreign workers. "We've made a strong case, and we're hoping to take that to the finish line . . . if there is any policymaking left to do after the election."

For years, many of the country's largest technology companies and most prestigious research laboratories have said they are unable to find enough U.S.-born scientists and similar workers to fill their openings. They have depended on the H-1B visa to bring overseas talent into the United States. The companies also sponsor such skilled workers for green cards, which allow them to live and work here permanently.

But only 65,000 H-1B visas are issued each year, and demand has been so high recently that all of them are taken instantaneously -- mostly with tech workers from India and China. People from those countries also face among the longest waits for green cards.

The Senate plan would have nearly doubled the H-1B quota to 115,000 a year, and it would have helped clear a backlog of green-card applications.

The technology industry mounted a huge push on the issue this year. Microsoft Corp. Chairman Bill Gates met with members of Congress. A group of computer programmers hired a lobbying firm. An industry coalition handed out fake green cards imprinted with their demands.

A few professional associations and anti-immigrant groups oppose expanding the skilled-worker programs, contending that they can depress wages, but the programs have historically drawn support from both political parties.

At Microsoft, H-1B and green card reform has emerged as the "top legislative priority right now," said Jack Krumholtz, the company's managing director for federal government affairs. "We are really at a crisis in terms of the industry's ability to hire the best and the brightest and retain them."

A company spokeswoman estimated that about 7 percent of Microsoft's hires over the past five years had H-1B visas. Of the company's H-1B employees, 20 percent a year obtain green cards. The company said the low number stems from delays in processing green cards. An estimated 500,000 green-card applications are pending nationwide.

The employees describe agonizing, life-altering waits. In some cases, marriages, home purchases and retirement investments are put off. Graduates of master's and doctorate programs describe stringing together fellowships and one-year appointments to stay in this country. A spokesman for the National Institutes of Health said those on temporary work visas have trouble qualifying for federal research grants.

Immigrant scientists call the policies crippling and said they had expected relief from a provision in the Senate bill that would have allowed favorable treatment for graduates in the sciences, technology, engineering, and mathematics.

"In the midst of this whole debate, very little is said about legal immigration. And even within legal immigration, little about PhDs and scientists," said Jai Pathak, a research scientist who lives in Washington. "There are a lot of very fine scientists the government would like to keep, but their citizenship status impedes it."

Pathak cited the Hungarian roots of Intel Corp. co-founder Andrew S. Grove, whose work helped create the modern computer industry that employs millions of Americans.

"What would have happened if the United States had decided to close the doors on him?" Pathak said.

In Immigrant Fight, Grass-Roots Groups Boost Their Clout (WSJ)

By Miriam Jordan

The Wall Street Journal, September 28, 2006

SAN BERNARDINO, Calif. -- Armed with a computer and less than $100, Joseph Turner two years ago formed a group called "Save Our State." His goal: save California from turning into a "Third World cesspool" of illegal immigrants, he says. The group doesn't have a formal membership, and Mr. Turner counts barely 2,000 people on his email list and message board.

Yet this meager base has proved to be a powerful springboard. Through his Web site, Mr. Turner has recruited supporters to hold confrontational protests outside Home Depot stores, where unauthorized workers often gather to seek jobs. He has also helped ignite a nationwide movement by local governments to crack down on illegal immigration. So far, about 10 towns have

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passed ordinances to drive out undocumented immigrants after getting the idea from Mr. Turner. Dozens of other towns are considering such measures.

"My idea of activism is aggressive, street-level and in-your-face activism," says Mr. Turner, who strikes a clean-cut look with slicked-back black hair and icy blue eyes. He adds: "I don't believe in turning the other cheek."

Mr. Turner is part of an anti-immigrant brushfire that is gathering force at the grass-roots level around the U.S. Small groups like Mr. Turner's Save Our State are cropping up from coast to coast, recruiting members and devising tactics to tackle illegal immigration in their communities. Critics call many of these groups racist, a charge organizers deny. What no one disputes is that they are tapping into widespread frustration over the federal government's failure to adopt a national immigration policy while a deeply divided Congress clashes over how to deal with 12 million illegal immigrants.

The Center for New Community, a Chicago organization that tracks immigration issues, says there are 211 so-called nativist groups -- groups that advocate protecting the interests of native inhabitants against those of immigrants -- across the U.S., up from 37 two years ago. The Southern Poverty Law Center, which tracks extremist groups, also says nativist groups are on the rise and that several are hate groups, including Mr. Turner's Save Our State. The law center defines a hate group as one that singles out and promotes hatred of another group, based on ethnicity, language, religion, sexual inclination or immigration status. Mr. Turner denies he runs a hate group.

These grass-roots organizations are having an impact. In North Carolina, state legislators say the fierce opposition of one anti-illegal immigration group torpedoed a bill proposed last year that would have allowed undocumented students who graduate from state high schools to pay in-state college tuition. In Georgia, another group's mobilization efforts were crucial to passing a bill last spring to curb illegal immigration. In Arizona, a group called Protect Our City is pushing for local officials, including police officers, to help federal authorities enforce immigration laws within Phoenix.

The groups are often one-man shows, steered by tech-savvy leaders who creatively use the Web to mobilize support for immigration protests, boycotts, legislation and media coverage in their areas. Their influence is amplified as they find each other online and coordinate their efforts. Save Our State has occasionally joined forces with a North Carolina group as well as the volunteer group Minuteman Project, which patrols the border with the goal of stopping illegal immigrants from entering U.S. soil.

Several budding groups receive funding from older, well-endowed national organizations, such as the Federation for American Immigration Reform, which has been battling immigration for decades. Ron Woodard, head of NC Listen, a North Carolina group, says he improved his public-speaking skills in courses sponsored by FAIR. The Washington, D.C.-based national group, which advocates curbing legal immigration as well as stopping illegal entries to the U.S., also provided his group with "minor" financial support, he says.

Striking a Chord

These groups often strike a chord in small towns and areas where Hispanics are relative newcomers. Immigrants are increasingly bypassing traditional Hispanic centers in big cities, California and the southwest. Instead, they're settling in smaller, homogeneous towns and in Middle America, where many residents are still unaccustomed to them and fear that wages are being undercut by immigrants taking blue-collar jobs in their community.

"The financial costs to Georgia taxpayers of supplying [bilingual] education, incarceration, medical care and social benefits to the hundreds of thousands of people who are here in violation of our laws is becoming impossible to ignore," declared one Web site run by a Georgia grass-roots group, the Dustin Inman Society. "Someone please point to a case of wages in Georgia having gone up because of illegal immigration!"

Anti-immigrant sentiment has swept the U.S. before, targeting Irish, Italian, Jewish, Chinese and Japanese newcomers. In response to public outcry against the influx of immigrants from Southern and Eastern Europe after World War I, Congress passed the Quota Act of 1921 and then the even more restrictive Immigration Act of 1924. These days, hostility is directed at Spanish-speaking immigrants, especially illegal immigrants who are decried as a burden on taxpayers and a threat to national security.

William Gheen, a former conservative campaign strategist and legislative assistant, formed the Americans for Legal Immigration-PAC, or ALIPAC, on Sept. 11, 2004, the anniversary of the terrorist attacks. Hispanic illegal immigrants aren't blowing up skyscrapers, "but they steal American jobs, depress American wages and can wreck American lives," Mr. Gheen says. "They're the enemies in our streets." He says his group, run from his home in Raleigh, N.C., boasts supporters from all 50 states and has raised $40,000 so far this year. "Most contributions come from concerned individuals, checks for $25 to $50," Mr. Gheen says.

The money comes from people like Lisa Mercier, a Hartselle, Ala., homemaker and devout southern Baptist who says the issue piqued her interest when Latino gangs moved into her former neighborhood on the outskirts of Washington, D.C. "With terrorism the way it is, we can't have our border wide open," she says, adding: "All the poor would like to come here."

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Last year, four North Carolina lawmakers introduced a bipartisan bill that would entitle undocumented students who graduate from North Carolina high schools to attend universities paying in-state tuition. Mr. Gheen mounted an opposition campaign on the Web, lobbied in the halls of the state legislature and spread his message on a conservative radio talk show.

Several state legislators who signed the bill subsequently asked to remove their names from it. The bill never moved out of committee.

"This little organization got it on talk radio and created a firestorm," says North Carolina State Representative Paul Luebke, a Democrat and a primary sponsor of the bill. "Right-wing talk radio amplified the message. They hammered away on it incessantly. This enraged large numbers of people."

Mr. Luebke also says Mr. Gheen preyed on the discomfort felt by many white North Carolinians over the increased visibility of Latinos -- the spread of Mexican restaurants and stores, Spanish-language signs and Spanish-language movies at video stores. With manufacturing jobs also moving overseas, "the brown immigrant was an easy scapegoat," says Mr. Luebke.

Mr. Gheen says his is a "moderate group" and denies trying to stir up racial animosities.

In Marietta, Ga., the local grass-roots group is the Dustin Inman Society, named for a teenage boy killed several years ago in a car accident that allegedly involved an illegal immigrant. The group is led by D. A. King, a 54-year-old former Marine who sports a close-cropped haircut and says he was snubbed by Mexicans who moved into a house in his neighborhood in the 1990s. He says he grew even more frustrated when local and immigration officials ignored his calls to take action against the house, which he believed was overcrowded with illegal immigrants.

Mr. King shuttered his insurance business of 20 years in 2003 to devote himself full-time to educating Georgians about the adverse impact of illegal immigration, organize rallies around the issue and work the halls of the Georgia state legislature.

The crowning of his efforts was the passage in April of the Georgia Security and Immigration Compliance Act, a state bill chockablock with provisions to stop illegal immigration that will begin to go into effect in July 2007. "We were sliding down a slippery slope on the way to 'Georgiafornia,' " says Mr. King, referring to California, which is often used as the poster child of excessive Latino immigration.

Effective Weapon

A key proponent of the immigration bill, his single most effective weapon was organizing protests at the Capitol "for the media and state governments to see," says Mr. King. He also praised the bill on radio and in newspaper columns. "I made it impossible for politicians to ignore the issue," he says.

Republican State Senator Chip Rogers, who wrote the Georgia bill, says Mr. King was "instrumental in ensuring people interested in illegal immigration were aware of the bill. He sent lots of email, went on radio often and wrote in local papers about it. He touched just about every potential media outlet."

In the network of anti-illegal immigrant activists, few have risen higher or faster than Joseph Turner. He still relishes a moment 12 years ago, when he took the stage at his half-Hispanic high school in working-class Riverside, Calif., to endorse a controversial ballot initiative to ban illegal immigrants from receiving state benefits. The senior drew such a heated response that he was sequestered in a gym afterward until tempers were calmed.

"I believe in the superiority of America and American culture," he says. If the federal government isn't doing its job, he says, direct democracy should provide solutions. He calls for deporting all illegal immigrants, saying, "the net benefit of illegal aliens is negative."

Mr. Turner grew up in Southern California's so-called Smog Belt, which includes San Bernardino and other working-class towns. His biological father, an alcoholic, walked out of his life when he was about eight years old, he says. His mother remarried a Mexican-American, whom Mr. Turner considers his father. He heard a lot of Spanish growing up. Mr. Turner says his mother was a drug addict who spent time incarcerated, and describes his stepfather as a "former gang banger" who abused drugs and was imprisoned. Both have since been rehabilitated, he says. Mr. Turner's mother, Janice Aguayo, confirms his account.

Incensed by the outcry of civil-rights and Hispanic groups against roundups of undocumented immigrants by U.S. authorities in southern California in 2004, Mr. Turner started his own group to battle illegal immigration, Save Our State. His first target was Home Depot, where immigrants often wait for homeowners seeking an extra hand at gardening or painting.

"With as little as five people you can shut down a day-laborer center," says Mr. Turner, because employers will be too intimidated to stop and hire them. Contractors have been deterred from hiring from these sites during the protests and in several days that followed. Home Depot declines to comment on Mr. Turner.

At a rally outside the day-laborer center in the ritzy coastal town of Laguna Beach, neo-Nazis and white supremacists waved Nazi and confederate flags. Mr. Turner says they weren't welcome at the event but that he couldn't stop them and that Save our State members left shortly after they arrived. Mr. Turner says he also deletes white-supremacist rhetoric when it pops up on his Web site's message board.

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About a year ago, Mr. Turner drafted a three-page ordinance -- the "City of San Bernardino Illegal Immigrant Relief Act." Although it was derailed before it could come to a citywide vote, the ordinance went on to be imitated, and passed, by several towns and cities across the country.

The law as proposed in San Bernardino would have revoked the license of any business deemed to aid or abet illegal immigrants, even unknowingly. It also would have banned landlords from renting to an illegal immigrant, and required that all rental agreements be filed with the city for verification. One provision would have prohibited the city from conducting business in any language other than English.

Over four months, Mr. Turner spent evenings and weekends gathering signatures outside grocery stores and knocking on doors in the more-affluent northern end of San Bernardino. As fear spread in Hispanic-heavy communities, the Archbishop of San Bernardino called an emergency meeting of all parish priests and dioceses to discuss how to counter the measure. Community leaders, interfaith groups and town officials gathered soon afterward. "We wanted to portray this as a human issue, not a political or religious issue," says Auxiliary Bishop Rutilio del Riego.

Before the ordinance could go to a citywide vote, a judge ruled that Mr. Turner hadn't collected enough signatures and granted him 10 days to make up the difference, or nearly twice the original number of signatures. Concluding he couldn't achieve that, Mr. Turner let his hometown effort die.

But over the next few weeks, it sprang back to life -- in the form of copycat initiatives taken up in small towns across the country, including Valley Park, Mo., Riverside, N.J., and Hazleton, Pa. Hazleton Mayor Louis Barletta was searching for ways to crack down on illegal immigration when he found Mr. Turner's petition on the Internet, though he says he isn't familiar with the views of Mr. Turner or his group. Hazleton now prohibits anyone from renting to or hiring illegal immigrants, and has made English the town's official language. Civil-rights groups are challenging the legislation in court.

Mr. Turner, who has a young son with his girlfriend, recently decided to run for the local San Bernardino school board. He says that he plans to challenge the Supreme Court ruling that allowed all children living in the U.S. to attend school, regardless of their immigration status. He also works as a field representative for Republican state assemblyman Ray Haynes, who represents a district on the Mexico-California border about an hour's drive from San Bernardino.

Mr. Haynes says he doesn't agree with all of Mr. Turner's views and rhetoric but admires his work ethic and energy. "He's on fire," says Mr. Haynes.

Herndon Zeroing In On Illegal Immigrants (WP)

By Bill Turque

The Washington Post, September 28, 2006

Herndon's decision Tuesday night to seek federal training for some of its police officers so they can enforce federal immigration law is part of a long-term effort by a new mayor and Town Council to aggressively curb the presence of residents who are in the country illegally.

Two proposals on the draft agenda for next week's council session would intensify the town's scrutiny of private employers. One would require anyone seeking a business license to prove legal immigration status. The other would compel contractors doing business with the town to provide evidence that their employees live in the United States legally.

The measures are likely to enlarge Herndon's role as a crucible in the national debate on immigration policy -- a position that town officials say they were forced into because of inaction by the federal government. The proposals also add fuel to charges from immigration advocates and some residents that Herndon, which has the largest proportion of foreign-born residents of any locality in the Washington area, has become implacably hostile to all immigrants, legal and illegal.

Illegal immigration has been the dominant issue in town politics since summer 2005, when the council voted, after bitter debate, to open a publicly funded center to help workers connect with employers. Before the Herndon Official Workers Center was established, laborers had gathered each morning in a 7-Eleven parking lot to find jobs -- an arrangement that neighbors and officials said was chaotic and confusing. Opponents of the center said that by opening it, the town was abetting illegal immigration.

In May, Herndon voters unseated Mayor Michael L. O'Reilly and two council members who supported the publicly funded facility and replaced them with challengers, including new Mayor Stephen J. DeBenedittis, who were highly critical of the idea.

Vice Mayor Dennis D. Husch, one of two council members who voted against the labor center last year, said that the new proposals are still "notional" at this point but that the council intends to send a message that illegal immigrants are not welcome in Herndon.

"These [proposals] may never see the light of day," Husch said. "But we need to do something."

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Business licenses have traditionally served as revenue-raising instruments, with governments charging owners a set percentage of projected gross sales. But in an advisory opinion this summer, Virginia Attorney General Robert F. McDonnell said local governments can withhold licenses from applicants who are not living legally in the United States.

What the contracting measure would accomplish is less clear. Federal law already establishes penalties for employers who knowingly keep illegal workers on their payroll. Herndon's own standard contract language also forbids companies that employ the undocumented from working on major projects. Town Attorney Richard B. Kaufman said the council was interested in "beefing up" the language so that it applied to all contractors who provide services to the government.

The council's 6 to 1 vote late Tuesday authorizes town officials to contact U.S. Immigration and Customs Enforcement to express interest in enrolling some officers in the agency's "287 (g)" program, a provision of the Immigration and Nationality Act.

If the town is accepted into the program, it would negotiate an agreement covering the scope of the training officers would receive -- often in the areas of document identification and cross-cultural communication -- and what the law would empower them to do. In general, those who pass the five-week course are authorized to question or detain people they believe to be in the country illegally, according to ICE descriptions of the program.

In a hearing preceding the vote, supporters of the program said it would take criminals off the streets.

"You guys were elected because you said you would take action," Brenda Kelley, a 21-year resident of the town, told the council. "We all want safe, secure, happy, respectful neighborhoods."

"Herndon has a chance to lend a helping hand to federal immigration agents," Stacey Brooks said.

Jorge Rochac, a Salvadoran immigrant and former translator for the Herndon police department who ran unsuccessfully for a council seat this year, said adoption of the federal program "would tend to alienate the Hispanic community and makes them less apt to cooperate and trust the police."

Former council member John DeNoyer was also critical. "Would I be profiled as a suspected terrorist or illegal alien because I have a beard and often turn brown toward the end of an outdoor summer?" he asked. "Please do not glorify and nurture the xenophobic hysteria that is affecting our town."

TAX:

How Merck Saved $1.5 Billion Paying Itself For Drug Patents (WSJ)

By Jesse Drucker

The Wall Street Journal, September 28, 2006

SOUTHAMPTON, Bermuda -- Merck & Co.'s medications Zocor and Mevacor have been used by millions of people to help lower their cholesterol. But Merck also used the drugs to lower something else: its U.S. tax bill.

Thirteen years ago, Merck set up a subsidiary with an address in tax-friendly Bermuda, in partnership with a British bank. Merck quietly transferred patents underlying the blockbuster drugs to the new subsidiary, according to documents and people familiar with the transaction. Merck then paid the subsidiary for use of the patents.

The arrangement in effect allowed some of the profits to disappear into a kind of Bermuda triangle between different tax jurisdictions. The setup helped Merck slash $1.5 billion off its federal tax bills over roughly the next 10 years.

Now, the complicated transaction -- never publicly disclosed -- has sparked one of the largest tax disputes ever involving a U.S. corporation. The Internal Revenue Service is challenging the tax benefits from the arrangement, which the company code-named "Project Ryland," after a fancy restaurant near the company's New Jersey headquarters. Merck anticipates it will be ordered to hand over a total of $2.3 billion in back taxes, interest and penalties, according to its filings with the Securities and Exchange Commission, which give the amounts in dispute but virtually no other details.

Merck says it did nothing wrong and that the deal was simply a way of raising financing for its 1993 acquisition of a pharmacy-benefits management firm, Medco Containment Services Inc. "We believe the partnership transaction is in full compliance with IRS rules and regulations and we vigorously disagree with the proposed IRS adjustments," says Merck spokesman Raymond Kerins, who declines to discuss details of the dispute.

The IRS won't discuss its objection to the Merck partnership. But it is pursuing actions against Dow Chemical Co. and General Electric Co. over similar arrangements they set up within a few months of the Merck deal. Those, federal tax authorities have argued, weren't real partnerships with foreign banks but just well-disguised loan agreements, designed to avoid taxes by maneuvering between the tax laws of different countries, with no economic substance.

The Second U.S. Circuit Court of Appeals last month reversed a trial court and declared that foreign banks in the GE deal were not "bona fide equity partners," a victory for the government in its battle over $62 million in back taxes. GE is seeking a rehearing. Meanwhile, in a little-noticed dispute in U.S. District Court in Baton Rouge, La., the IRS claimed last year that Dow

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improperly lowered its tax bill by about $130 million by shifting income, through a partnership, to a consortium of German, Dutch, U.K. and Belgian banks. Dow says the arrangement was legitimate financing and is suing the government to try to keep the money.

As part of that case, the Justice Department says in a court filing it anticipates taking "extensive discovery" from investment bank Goldman Sachs Group Inc., which helped structure both the Dow and Merck deals. Goldman spokesman Peter Rose said, "We take enormous efforts to ensure our transactions comply with applicable tax laws."

The cases are part of an attempt by U.S. authorities to crack down on what is often called "tax arbitrage." The usual strategy: lower a company's tax bills by structuring transactions so certain types of income or expenses are classified as one thing by the IRS, but something very different by another country's tax regulators.

Often the strategies are aided by overseas banks or nonprofit organizations that use complex legal structures to effectively share their tax advantages with U.S. companies. U.S. and U.K. banks also have teamed up to devise structures that lower each other's taxes. IRS Commissioner Mark Everson warned a U.S. Senate panel in June that strategies like those are "on the rise."

Mr. Everson named tax arbitrage as among the most significant enforcement problems the agency faces. He said the IRS has formed a team to consider crafting new international treaties, as well as performing tax audits that would simultaneously look at a company's tax obligations in multiple countries.

Proponents of the deals say it's only smart business to take advantage of U.S. loopholes and the differences among tax rules around the world. Technology and pharmaceutical companies, for instance, are aggressively shifting intellectual-property assets to countries with far lower tax rates, such as Singapore and Ireland.

Merck's potentially costly dispute with the IRS comes as the company battles more than 14,000 lawsuits related to its now-withdrawn Vioxx pain reliever, with its projected liability topping $4 billion. Like other big drug makers, Merck's biggest sellers are losing patent protection while its newer drugs are not expected to make up the lost revenue.

Many of the strategies like the ones used by Merck, Dow and GE were inspired by one man.

In 1988, longtime tax attorney and New York University law school professor R. Donald Turlington published an influential article in the proceedings of a tax conference. Subtitled "The Art of Tax Avoidance," the article began with a 1931 quote from the late Chicago Mafia boss Al Capone: "A good lawyer with a briefcase can steal more than ten men with machine guns."

In the article, Mr. Turlington laid out ways companies could lower their taxes by exploiting a loophole in the way income was allocated within partnerships for tax purposes. He focused on the concept of depreciation, a key tool to lowering taxes.

For example, in the U.S. a factory is considered to have a finite life of 39 1/2 years and loses its value gradually during that life. An owner is allowed to deduct a portion of its cost each year, so if the factory cost $39.5 million, the company can deduct $1 million a year from the plant's taxable income. But after that, a company can end up with considerable income from the asset and no offsetting deductions. In the case of pharmaceutical patents, tax write-offs generally are used up during research and development.

Mr. Turlington pointed to a way around such problems by putting the already-depreciated asset into a partnership, and allocating some of its taxable income to a member of the partnership that for one reason or another wouldn't mind shouldering it. That could reduce the tax bill for the company contributing the assets.

Closing the Loophole

Mr. Turlington called on the government to close this loophole, and in December 1992, the U.S. Treasury Department decided to do just that, proposing an "anti-abuse" regulation. But before the government finalized the new regulations a year later, several companies moved to shift assets and establish partnerships to exploit the loophole.

Mr. Turlington himself helped structure the Merck deal, counseling Goldman Sachs on the transaction, despite his call for the law to be changed.

Merck, GE and Dow Chemical also were aided by some of the country's most prominent partnership tax lawyers, who also once served in high government tax posts. William Nelson, a former IRS chief counsel, advised Merck and GE on their deals, according to people with knowledge of his involvement. The firm he founded with William McKee, a former University of Virginia law professor and U.S. Treasury Department tax legislative counsel, litigated the GE dispute with the government at trial. The firm also is representing Dow in the litigation over its disputed partnership. Mr. Nelson and Mr. McKee declined to comment on the Merck deal.

In July 1993 -- about six months after the government identified the partnership loophole -- Merck announced a $6 billion deal to acquire Medco, the pharmacy-benefits manager. It had cash on hand to fund only part of the giant purchase, and said at the time it would need additional financing.

Sometime before the Medco deal was announced, a Goldman banker named David Ackert, along with Mr. Turlington, presented Merck officials with the partnership idea as a way to raise financing and enjoy significant tax savings. Mr. Ackert, who no longer works for Goldman Sachs, referred questions to the investment bank.

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At the time, Merck's Mevacor and Zocor were two of the company's biggest-selling drugs. Merck no longer had deductions to write off against the patents, according to a person familiar with the matter.

A few weeks before the Medco deal was announced, Merck transferred ownership of the patents to a new Delaware subsidiary, MSD Technology LP, and then registered other Merck subsidiaries that were partners in MSD to do business in Bermuda, according to U.S. patent records and Bermuda company records.

For its deal to work, Merck needed a partner willing to absorb taxable income. It chose a midsized British bank, a unit of Abbey National PLC. The negotiations with Abbey took place in London, Toronto and Bermuda, according to people familiar with the talks. They were held overseas to forestall any issue about whether the partners and the partnership were doing business in the U.S., which could jeopardize the deal's tax treatment. Merck and Abbey's lawyers and investment bankers hammered out much of the complex structure between bowls of fish chowder at Bermuda's posh Southampton Princess hotel.

According to a document filed in an unrelated lawsuit, Abbey took a limited partnership interest in MSD. The arrangement, according to people familiar with the situation, involved Abbey contributing several hundred million dollars in cash to the partnership in exchange for a minority stake. Merck then began paying royalties to the MSD partnership to use the patents covering the anti-cholesterol drugs, these people said.

In effect, Merck was paying itself -- its subsidiaries still owned a majority of MSD -- for the right to use drugs its own scientists had developed. The royalties it paid then largely went straight back into its own coffers, as much of the money was lent to Merck through another subsidiary, according to the people familiar with the transaction. A subsidiary of MSD collected the interest, most of which effectively was returned to Merck when the partnership was liquidated.

The convoluted arrangement gave Merck a sizable tax reduction for roughly a decade. On MSD's internal books -- and only there -- a portion of the incoming royalty payments were allocated as taxable income to Abbey. That reduced Merck's tax liability.

Crucial Element

In a crucial element of the deal, Abbey wasn't liable for those taxes either, because U.K. authorities didn't recognize tax allocations within the books of U.S. partnerships.

In return for its initial cash contribution, Abbey received a stream of payments from MSD. Mr. Turlington and companies that have set up similar transactions liken the payments to preferred dividends. The government has called deals like these loan agreements, not partnerships with the foreign banks, and argued that the cash payments to the banks are really loan interest. In that case, the tax burden can't legally be shifted.

Mr. Turlington, now retired, says the Merck deal with Abbey was a tax-advantaged way to raise significant capital, and not simply a tax-saving measure. "In my mind the question with a deal like Merck was, and still should be, 'Can a taxpayer who decides to do something for a legitimate business reason, like raising [money], do it in a way that's tax efficient by taking advantage of a rule that the government wrote?'" He added: "Merck's obligation is to do the best it can for its shareholders. If you were going to write that Merck is under some higher social obligation to maximize its taxes, that would probably catch Merck by surprise."

The deal also had another benefit: The money raised from Abbey wasn't recorded as debt, so didn't jeopardize the company's stellar credit rating.

Abbey, which has since been purchased by Spain-based Banco Santander Central Hispano SA, said it had no comment on the transaction.

In April 2004, the IRS gave Merck a preliminary notice that it was disputing the company's taxes for four years beginning in 1993, the year the Bermuda partnership was established. Late last year, the tax agency finalized that decision for 1993, and proposed disallowing tax benefits from the following three years, according to Merck's SEC filings. Merck says in the filings that it expects similar final notices for subsequent years.

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CONGRESS-ADMINISTRATION:

Congress To Approve Defense Bill Rivaling Vietnam-Era Spending (WSJ)

By David Rogers

The Wall Street Journal, September 28, 2006

WASHINGTON -- Congress is poised to send President Bush a record $447 billion Pentagon budget that anticipates defense spending next year will exceed annual expenditures at the height of the Vietnam War.

The huge costs weigh heavily on the political landscape this fall and contrast with the more limited Republican domestic agenda before the midterm elections..

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With Mr. Bush slated to come to the Capitol today, the party leadership is confident it can deliver both a defense bill and a White House-backed measure authorizing military tribunals to try suspected foreign combatants in the war against terrorism. The House approved the tribunal bill 253-168 yesterday; the Senate, after rejecting an early challenge 54-43, expects to complete action today.

But hopes of some bold pre-election initiative, such as making the child tax credit permanent, have faded. None of the major domestic-appropriations bills will be completed before lawmakers go home. New Internal Revenue Service estimates show 19.2 million taxpayers will be left hanging because of Congress's failure to extend expired tax breaks, such as college-tuition deductions.

Yesterday's action illustrated this mood. An offshore-drilling bill was in jeopardy. And even as the House voted to adjourn this weekend, a $34.8 billion domestic-security measure was stymied by a dispute over language that could delay implementation of post-Sept. 11 border-crossing rules requiring a new passport card for U.S. citizens.

Going into last night, Republicans were hopeful of resolving their differences, but the fact that such a major bill was in any jeopardy at this stage was surprising.

Meanwhile, business allies aren't hiding their impatience with the failure to renew the corporate-research tax credit, which expired at the end of last year. "By standing still, the U.S. is falling behind," said John Engler, Michigan's former Republican governor and president of the National Association of Manufacturers, which released a report estimating that without the credit, the corporate-tax burden on manufacturers could rise 9% annually.

Republican leaders promise to resolve these and other issues in the post-election session. In trying to avoid fights and protect its majority, the leadership risks appearing content to play it safe. "We are playing not to lose, instead of to win," a top Republican said.

By contrast, the defense-spending bill, which passed the House on Tuesday, is expected to clear the Senate easily today. Its $447 billion total includes $70 billion in emergency funds to pay for operations in Iraq.

Together with earlier Pentagon appropriations, which are to be spent in the fiscal year beginning Oct. 1, the new bill will bring total defense outlays to about $464 billion. That number will surely increase before the end of fiscal 2007, since the administration anticipates another supplemental request in the spring.

The Vietnam War era's high-water point came in 1968, when defense outlays rose to about $470 billion when adjusted to 2006 dollars -- a level unmatched even during the Reagan defense buildup.

Passage of the tribunal bill was never in doubt in the House, and in the Senate, Republicans appeared united and in control. The strongest remaining challenge is an effort by Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) proposing to delete a portion of the legislation that would strip terror suspects of their ability to challenge their detention with a habeas corpus petition.

Costs Of The Wars In Iraq And Afghanistan Could Reach $549 Billion (MCT)

By Drew Brown

McClatchy, September 28, 2006

WASHINGTON - The total cost of military operations in Iraq and Afghanistan and enhanced security at military bases since the Sept. 11, 2001, terrorist attacks could reach $549 billion this year, a new report to Congress concludes.

The projection by the nonpartisan Congressional Research Service is based on an update in July from the White House Office of Management and Budget, which estimated that war costs will total $110 billion for fiscal year 2007, which begins Sunday.

In fiscal year 2005, the Pentagon spent an average of $6.4 billion a month in Iraq and $1.3 billion a month in Afghanistan. During fiscal year 2006, it's projected that those costs will have increased to about $8 billion a month in Iraq and $1.5 billion per month in Afghanistan.

"Everybody expects that troops will come home and that next year will be cheaper, but it just never happens that way," said Winslow Wheeler, the director of the Straus Military Reform Project at the Center for Defense Information, a policy-research group in Washington.

The report says war costs are expected to continue to grow in the next decade.

Even if U.S. forces were reduced from 258,000 today in Iraq, Afghanistan and other military operations around the globe related to the war on terrorism to 74,000 by 2010, the Congressional Budget Office estimates that war costs would still grow by $371 billion from fiscal year 2007 to fiscal year 2016.

Given the amount already spent, total war funding could reach $808 billion by 2016, according to the Congressional Research Service report to Congress.

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But the true figure may prove to be higher, if current trends hold. The Pentagon had hoped to reduce its troop presence in Iraq to fewer than 100,000 by the end of this year, but military commanders are planning to keep at least 140,000 troops there through the spring because of the high level of violence.

Congress has appropriated about $437 billion so far for the wars in Iraq and Afghanistan and other anti-terrorism efforts around the world, according to the Congressional Research Service.

This includes money for military operations, base security, reconstruction, foreign aid, embassy costs and veterans' health programs related to the war. Another $2 billion is in fiscal 2007 spending bills for foreign aid and diplomatic operations in Iraq and Afghanistan and veterans' medical programs, the agency reported.

The House approved a record $448 billion in defense spending for 2007 late Tuesday, including $70 billion as a down payment, or bridge fund, for military operations during the next fiscal year. Final passage by the Senate could come Thursday.

The White House expects to ask for at least $50 billion in bridge funding to pay for the war in fiscal year 2008, according to the Congressional Research Service.

The Pentagon hasn't provided Congress with the individual costs of each operation. However, the agency report estimated that Iraq accounts for about 75 percent of all war spending and Afghanistan accounts for 20 percent. Increased base security takes the remaining 5 percent.

Operating, maintenance and procurement costs account for the biggest increases in spending from 2003 to 2006, according to the agency.

Total operating and maintenance costs reached almost $200 billion by fiscal 2006, primarily because of purchases of more body armor, the jump in oil prices, increasing bills to repair aging equipment and money to train Afghan and Iraqi security forces.

The amount spent on replacement weapons and equipment reached almost $61 billion during the same period.

Congress is allocating $23 billion this year to replace worn-out or damaged military equipment. Most of that is going to the Army. Wheeler said the expense could be even higher, and that these costs were likely to climb each year that the war continued.

109th Congress Gets Props For Creativity, If Nothing Else (WP)

By Dana Milbank

The Washington Post, September 28, 2006

Democrats have a full slate of proposals they would implement if they gain control of Congress in November, but one of their highest priorities will be the acquisition of a new ink pad.

House and Senate Democratic leaders met yesterday to highlight what they call the GOP "Rubber-Stamp Congress" -- by stamping half a dozen posters with the words "Yes, Bush" in red ink. But when they went to perform the deed, in an ornate room off the Senate floor where portraits of John Adams and Thomas Jefferson gazed down on them, there was a prop malfunction.

House Minority Leader Nancy Pelosi (Calif.) attempted to stamp a poster labeled "Social Security Privatization," but the resulting imprint was too faint to read. "I need more ink!" she called. "I need more ink!" She got more ink and tried again, stamping a poster titled "Medicare Part D" -- and got the same illegible result.

Senate Minority Whip Richard Durbin (Ill.) stepped up. "It's time to see if I can get this rubber stamp to work," he said. He could not. His first stamp, on a poster titled "Budget Cuts," came out upside down. Inverting the stamp, he struck the poster anew, this time knocking it off its easel.

"These are tough acts to follow," quipped Rep. Steny Hoyer (Md.), the House minority whip. He held a poster titled "Estate Tax Giveaway" and slammed the stamp on it with all his might. A blurred image appeared.

Batting cleanup was Rep. James Clyburn (S.C.). "I'm gonna make this thing work," he promised. He gave the stamp an extra dab on the ink pad and pressed it firmly to the final poster. But one of the letters failed to appear, leaving the words "Yes, Bus" on the poster.

Durbin promised that the Senate will get better ink pads if Democrats regain the majority. "In the first hundred days," he vowed.

There are just a couple of days left in the life of the 109th Congress, and lawmakers are getting a bit punch-drunk.

The legislature has yet to agree on a single one of its 12 annual spending bills, but the House managed to find time yesterday to consider H. Res. 748, "Recognizing the 225th anniversary of the American and French victory at Yorktown."

Congress still hasn't worked out immigration legislation or lobbying reform, but the House yesterday moved to embrace H. Res. 991, "Congratulating the Columbus Northern Little League Baseball Team from Columbus, Georgia."

There's nothing doing on port security or Social Security, but there was broad agreement yesterday on H. Res 973, honoring "the financial planning profession for their adherence and dedication to the financial planning process."

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Measured by days in session or legislative output, this Congress has secured its place as one of the most lethargic of all time. But if historians choose to award points for creativity, the 109th could go down in the books as a most prolific body.

Consider Rep. David Dreier (R-Calif.), the dapper chairman of the House Rules Committee. On Tuesday, his committee ruled that the House would not consider some 15 amendments the Democrats had proposed to legislation on military commissions. Then, on the House floor yesterday, Dreier scolded the Democrats for not offering an alternative.

Or consider Senate Majority Leader Bill Frist (R-Tenn.), who, in front of the microphones yesterday, quarreled with the Democrats' characterization of this as a "do-nothing Congress." Asked for tangible achievements, Frist responded with a 650-word answer that listed only two items that had cleared Congress: the confirmation of Supreme Court Justice Samuel Alito and Chief Justice John Roberts.

Democrats, shut out of legislative deliberations this week as they have been for most of the session, looked for other ways to draw attention to themselves. Frequently, this involved the use of props.

Sen. Patty Murray (Wash.) went to the Senate floor with a poster about veterans. Sen. Patrick Leahy (Vt.) followed with a poster about Colin Powell. Sens. Frank Lautenberg (N.J.) and Barack Obama (Ill.) went to the Senate television studio with a poster about chemical plant security.

Topping all efforts was Rep. Cynthia McKinney (Ga.), who sponsored a session in the Capitol basement at which participants displayed posters of naked and hooded prisoners with dogs. An aide to McKinney, reading an academic paper, provided the narration. "The legs swelled, the skin erupted in suppurating lesions, the kidney shut down, hallucinations began," he read.

But if McKinney had the best props, Sen. Kent Conrad (N.D.) and Rep. John Spratt (S.C.) had the most. They arrived in the television studio toting no fewer than 13 foam-board posters in six bright colors. As aides hurriedly raised and lowered the posters, the lawmakers read the titles. After Conrad displayed his posters and Spratt showed off his, Conrad realized he had forgotten one and ordered it hung.

"How 'bout putting a chart up?" Spratt retaliated, instructing an aide to hang one about a "Bleak Outlook" that Spratt said was a favorite of his 6-year-old granddaughter.

And the sight gags continued. Each reporter received a manila envelope containing a "Report Card" awarding the GOP Congress one D, five F's and one "incomplete." "You're a pretty generous grader there, John," Conrad remarked.

"I'm on a curve," Spratt explained.

Bush Visits Hill To Rally Senate Troops Before Election (HILL)

By Jonathan Allen

The Hill, September 28, 2006

With most analysts predicting an uphill battle for the GOP in November's mid-term election, President Bush plans to rally Senate Republicans this morning as they prepare to leave town and hit the campaign trail.

A Senate Republican aide said the president would likely discuss the GOP's accomplishments, particularly in the realm of national security, an issue the White House is trying to draw attention to in the six weeks before the election.

As 2 Bushes Try To Fix Schools, Tools Differ (NYT)

By Sam Dillon

The New York Times, September 28, 2006

DAYTONA BEACH, Fla. — Gov. Jeb Bush of Florida has long played the dutiful younger brother.

Well before President Bush signed his No Child Left Behind law, Jeb Bush poured his own ideas into a school improvement program for Florida.

Over the years since, Governor Bush has mostly held his tongue about the president's very different law, even as detractors of all stripes have attacked it.

But in recent weeks — perhaps seeking to cement his legacy as a school-policy expert as he prepares to leave office — Governor Bush has been speaking out about the federal law, mixing dollops of praise with measured criticisms — and taking an occasional potshot. He has been caustic, for instance, about the requirement that 100 percent of the nation's students be proficient in reading and math by 2014.

"I mean perfection is not going to happen," Mr. Bush said Sept. 12 at a news conference in Orlando, arguing that achievement targets are important but that unrealistic ones discourage educators. "We're all imperfect under God's watchful eye, and it's impossible to achieve it."

He followed up in an interview with criticisms of other provisions.

"With all due respect to the federal system," the governor said, "our accountability system is really the better way to go."

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Other figures also say the federal law, which comes up next year for Congressional reauthorization, could use some improvement. But Bush vs. Bush may be the most striking part of the debate.

It is natural, of course, that the brothers might feel a bit of fraternal rivalry on this topic, because each built a political career — George in Texas, Jeb in Florida — around promises to improve their states' schools.

Still, this is more than a brotherly squabble, as Governor Bush's comments could well provide the president's opponents with ammunition against his signature law.

No Child Left Behind and the Florida law, the A-Plus plan, differ in many ways. For one, the federal law grades schools pass-fail, while Florida's gives schools A to F grades.

One reason the governor may be wading into the debate over the federal law is that every year since it took effect in 2002, the school-grading systems have contradicted each other. Hundreds of schools have received an A from Florida while flunking under the federal system, often because they narrowly missed testing targets.

At the Orlando news conference, Paul E. Peterson, a professor of government at Harvard, urged Congress to make the federal law more like Florida's.

"Florida's school-grading system is clearly superior to the one used under No Child Left Behind," said Dr. Peterson, who with a colleague, Martin R. West of Brown University, expands on that argument in the current issue of Education Next, an academic journal.

In the article, Drs. Peterson and West described the federal system as so "badly flawed" that it might err with nearly 3 of every 10 schools it classifies as low performing.

The federal law also puts sanctions on schools that do not meet testing goals, but does not reward ones that do. The Florida law, on the other hand, gives large cash bonuses to schools that help low-performing students improve their scores.

"Punitive actions don't work nearly as well," Governor Bush said in the interview. Accountability, he added, "works better when it's viewed as a reward."

In criticizing No Child Left Behind, Governor Bush signaled disagreement with the position staked out by Education Secretary Margaret Spellings, who told reporters on Aug. 30, "There's not much needed in the way of change."

"I talk about No Child Left Behind like Ivory Soap," Ms. Spellings said. "It's 99.9 percent pure."

Governor Bush said that when he had lunch in early September with Ms. Spellings in Washington "I was loaded for bear, to go in and say, 'What was that quote about?' "

"But she disarmed me completely before I got around to my attack," he recalled. "She is eager to reform, to reauthorize N.C.L.B. There's still work to do, and she knows it."

In an interview, Ms. Spellings said that in characterizing the law as "99.9 percent pure" she meant to convey only that no changes were needed to its "core principles." She cited several changes she hoped for, including extending the reach of the law into high schools.

Months after Governor Bush took office in 1999, the Florida Legislature approved his education plan. It requires schools to administer tests in reading and mathematics every year in Grades 3 through 10 and assigns grades based mainly on the results.

Two years later, a legislative audit found that the A-Plus plan was improving student performance, but noted a weakness in its comparing scores at each grade with the previous year scores from the same grade, measuring a different set of students.

Florida overhauled the plan to track the achievement of individual students from grade to grade, allowing the state to calculate how much specific students had learned in a given year. That has made it possible for the state, for instance, to reward schools for raising the achievement of the lowest-performing 25 percent of students.

No Child Left Behind has broad similarities with the A-Plus plan, but the two plans also differ in important ways.

Rather than tracking individual students, the federal plan measures whether schools have made "adequate yearly progress," based on whether the percentage of students who demonstrate proficiency at each grade level, and within racial and other groups, increases by a required amount. For example, the system, like A-Plus before its revision, compares scores this year from fourth graders with those from last year. The federal law took effect just as Florida was rolling out its revised plan. Sharp contradictions emerged almost immediately in many states between the federal and state ratings given to local schools.

These contradictions became especially notable in Florida in the summer of 2003, when 1,200 of the state's 3,050 schools earned A's from the state. At the same time, more than 950 of the top-rated schools failed to make adequate yearly progress under the federal law. Similar discrepancies re-emerged in 2004, 2005 and 2006.

R. J. Longstreet Elementary School here in Daytona Beach is an example. The tidy one-story building near the Atlantic Ocean has fallen short on the federal yardstick every year, but Florida has given it an A for five years straight.

It earned its latest A because on tests in spring 2006 tests 80 percent of students met "high standards" in reading, math and writing, and because 60 percent of students, and nearly 80 percent of the lowest-performing students, increased their scores. In August, the school received a $42,800 reward check.

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"Congratulations on your outstanding performance," Governor Bush wrote to the school.

But it fell short on 2 of 17 federal requirements, and that was enough to fail under the federal system. On a writing test administered to 55 fourth-grade students, 50 needed to show proficiency; 48 did. On math tests administered to 42 disabled students, 21 needed to score at grade level; 20 did.

Having failed the school four years running, each time because it barely missed a target or two, the federal law requires the Volusia County District to make plans this year to replace the staff at Longstreet or to undertake another form of corrective action, said Chris Colwell, a deputy superintendent.

"We're not opposed to measuring achievement in our schools, but our point is, measure accurately," Dr. Colwell said. "Longstreet has a high-performing faculty. Why would we change them?"

In their Education Next article, Drs. Peterson and West used test figures to calculate how much students learned, on average, in each school in Florida in the 2003-4 school year and compared the gains in schools with adequate yearly progress with those in schools that did not.

Their conclusion?

The federal accountability system does not perform as well as Florida's "in distinguishing schools where students are learning more from those where they are learning less," the professors wrote.

At the Sept. 12 news conference, called to publicize a broad review of education initiatives, Governor Bush listened approvingly as Dr. Peterson praised the A-Plus plan and criticized No Child Left Behind. But the governor has been careful to note what he considers to be the federal law's contributions.

Florida, for instance, began focusing increased attention on disabled and limited-English students after the federal law required states to improve those students' achievement, Governor Bush said.

He approaches the law, he said, "not from the standpoint of saying it's bad, but that it's good and needs to be better."

Connecticut Lawsuit Is Cut Back (NYT)

By Sam Dillon

The New York Times, September 28, 2006

A federal judge yesterday dismissed much of Connecticut's closely watched legal challenge to President Bush's education law, No Child Left Behind, but allowed the state to go forward with its claim that Washington treated the state unfairly in negotiations over how to carry out the law.

"The court has decided that it lacks jurisdiction over most of the state's claims, though one claim will remain pending after this ruling," the judge, Mark R. Kravitz of Federal District Court in New Haven, wrote.

Connecticut's lawsuit, filed in August 2005, challenged the federal law as an unfunded mandate that was costing the state tens of millions of dollars more to carry out than it was receiving from Washington. It was the first legal challenge to the federal law by a state.

Both sides expressed satisfaction with Judge Kravitz's ruling.

"The Department of Education is pleased that the federal district judge dismissed three of Connecticut's claims in its lawsuit," said Katherine McLane, the department's press secretary. "The goal of No Child Left Behind is nothing more than what parents deserve and are demanding: that their children read and do math at grade level."

Judge Kravitz ruled that Connecticut could not challenge the law's constitutionality until it had exhausted all available administrative appeals to the Department of Education.

The judge permitted the state to proceed with a separate argument that the secretary of education "acted arbitrarily" in denying Connecticut's request for an exemption from the law, after the state had concluded that it would receive insufficient financing to carry out the law's testing mandates.

The Connecticut attorney general, Richard Blumenthal, said, "The judge has preserved our rights to pursue our claim that the secretary is violating our rights, so we're alive and well."

The nation's largest teachers union filed a similar challenge last year, which a federal judge in Michigan dismissed outright last November.

Judge Dismisses Most Of No Child Lawsuit (AP)

AP, September 28, 2006

A federal judge dismissed most of the claims in Connecticut's challenge to the No Child Left Behind law Wednesday on jurisdictional grounds, the state's attorney general said.

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Connecticut became the first state to try to block the 2002 law when it filed the lawsuit in August 2005. Attorney General Richard Blumenthal argued that the law was unconstitutional, an unfunded federal mandate costing more than the state received in federal aid.

Judge Mark Kravitz dismissed three counts, saying state officials can't challenge the law until they have violated it, Blumenthal said.

The judge is allowing the state to proceed with a fourth claim that the U.S. Department of Education unfairly denied Connecticut's proposed amendments to testing rules, he said.

The law, the cornerstone of President Bush's education platform, requires annual standardized tests for students in grades 3 through 8, but Connecticut wants to continue its program of testing students every other year, in grades 4, 6 and 8.

"This is a jurisdictional ruling," Blumenthal said Wednesday. "Our challenge is alive and well."

Attorneys for the U.S. Department of Education had asked for a dismissal of the entire lawsuit, arguing that the state understood the law when it accepted hundreds of millions of dollars in education funding.

Key Democrats Blast GOP For Failure To Rein In Budget (MCT)

By James Rosen

McClatchy Newspapers, September 28, 2006

WASHINGTON - Sen. Kent Conrad, senior Democrat on the Senate Budget Committee, said Wednesday that some of the tax cuts enacted under President Bush might get "trimmed" if his party regains control of Congress.

Conrad and Rep. John Spratt, ranking Democrat on the House Budget Committee, sharply criticized Republicans for failing to adopt a budget or to pass any of the 12 annual appropriations bills.

"We face red ink as far as the eye can see, with the nation's debt continuing to grow out of control," Conrad told reporters at the Capitol. "The debt is skyrocketing, and there's been a failure among the Republicans themselves to arrive at a budget."

Conrad responded cautiously when asked whether Democrats would extend the tax cuts that Congress passed in 2001 and 2003 if they gain control of the House of Representatives or the Senate in the Nov. 7 elections.

The North Dakota Democrat said his party would likely retain "middle-class tax cuts" such as the child tax credit started under President Clinton and the repeal of the "marriage tax penalty" enacted under Bush.

But the senator added that Democratic lawmakers might have to revisit the broader income tax reductions that Bush pushed through Congress during his first 30 months in office.

"Maybe some of the tax cuts that go to the wealthiest among us are going to have to get trimmed because, you know, we've got to pay our bills," Conrad said.

A broad series of disputes, some of them among Republicans, has stymied movement of the 12 appropriations bills, which fund most government programs. The Senate has passed only the defense and homeland security spending measures, with more progress possible during a lame-deck session later this year after the elections.

Federal spending is projected to increase this year by 9 percent to about $2.7 billion, according to the White House budget office. It's the largest percentage increase since 1990.

While Conrad and Spratt, a South Carolina Democrat, said the budget surplus Bush inherited in January 2001 has turned into a sizable deficit, their figures show that the deficit is shrinking, from a high of $413 billion in 2004 to a projected $260 billion this year.

Tony Fratto, White House deputy press secretary, said strong economic growth is fueling increased federal tax receipts, which are helping reduce the deficit.

Bush's pledge to cut the deficit in half by 2009, Fratto said, is being fulfilled ahead of schedule.

"We're bringing the deficit down from where anyone would have anticipated it would have been," he said. "We inherited a recession and a collapsing equity market, and the impacts of those and September 11th and the corporate scandals were really shocks to the economy. Then having to deal with the war on terror - it's all obviously had an impact on necessary spending and on tax receipts."

Spratt said the accumulated federal debt has increased from almost $6 trillion when Bush took office to almost $9 trillion this year, with an increasing share - now more than $2 trillion - held by foreign countries and other overseas investors.

"Foreigners are amassing more and more of our debt and therefore control over our fiscal and financial future," Spratt said.

Nov. 15 Set For Vote On House GOP Leaders (HILL)

By Patrick O'connor

The Hill, September 28, 2006

DOJ_NMG_0070730

House Speaker Dennis Hastert (R-Ill.) has set the date for GOP lawmakers to elect their leaders for the next Congress, Republican aides said yesterday.

The Speaker and other GOP leaders have scheduled an organizing conference for Wednesday, Nov. 15, the week Congress resumes after the hotly contested midterm election.

The elected leaders made their decision earlier this week after wavering on the date of the post-election contest in the face of a potentially devastating midterm, even though the conference was already scheduled to meet that Wednesday.

House Majority Leader John Boehner (R-Ohio) has already sent a letter to the Clerk of the House to notify that office of the date for the elections. Once the Clerk has confirmed the receipt of that letter, the office of Republican Conference Chairwoman Deborah Pryce (R-Ohio) will notify members officially.

"Leadership has decided to hold the election on Nov. 15," Conference spokesman Geoff Embler confirmed yesterday. "Once it's official with the Clerk, the conference office will send an official notification to the members."

Each of the eight elected leaders must stand for reelection for the new Congress. The Speaker and Boehner should be safe, even if Republicans lose the House by a narrow margin, but other posts could be up for grabs even if the GOP holds the House.

The announcement of leadership elections is part of a coordinated effort to project confidence before members leave town for the stretch run heading into the November election.

With many Republicans fighting for their political lives this fall, Hastert laid out a few of his legislative priorities for the next Congress. They include simplification of the tax code, increased energy independence and legislation to "give Americans more individual control over their healthcare, lowering costs and increasing choices," an aide said afterward.

Hastert has not definitely indicated that he will serve in the next Congress.

"It's our last legislative week, ladies and gentlemen," the Speaker told his Republican colleagues during yesterday's regularly scheduled conference meeting, according to the notes of leadership aide in attendance. "Just one more week to set the tone for October. Just 41 days until Election Day. Just a little over a month until we defeat the Democrats – AGAIN."

"We've got to get back home and remind people why it matters that we maintain the majority," Hastert said. "We've had many successes this Congress, but we still have work to do together next year."

During that same meeting, Republican National Committee (RNC) Chairman Ken Mehlman contrasted the current election cycle with that of 1994, when the GOP upended the Democratic majority in the House for the first time since 1954, to ease Republican concerns that Democrats will retake the House this fall, members and aides present said afterward.

In addition, Rep. Tom Cole (R-Okla.), a former Republican National Committee executive director, assured members that the national committee's voter turnout program will be even more effective this year than it was in 2004 when it effectively drove Republicans to the polls to reelect President Bush.

In preparation for the elections, GOP lawmakers continue to raise big dollars as part of the National Republican Congressional Committee's (NRCC) Battleground Program.

Rep. Eric Cantor (R-Va.), who chairs the effort on behalf of the National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.), has already eclipsed his initial goal of $17.5 million by raising $18.6 million as of yesterday, numerous aides said. That total includes the $2.7 million members gave Cantor during yesterday's closed-door conference meeting.

Rep. Thad McCotter (R-Mich.) was this week's surprise contributor by offering the NRCC $250,000, and Energy and Commerce Chairman Joe Barton (R-Texas) exceeded his own promised target of $4.2 million by presenting Cantor and Reynolds with a large novelty check for $4.4 million to represent the money he and the members of his Energy and Commerce Committee have contributed to the reelection drive. Barton and his committee members contributed much of that before today's meeting.

In addition, Hastert and Boehner upped their own pledge amounts, vowing to raise $850,000 for the program. Boehner is raising that money in addition to the $70,000 he has pledged to contribute on behalf of Ohio Reps. Steve Chabot (R), Deborah Pryce (R) and Jean Schmidt (R).

The other big surprise was the revelation that Rep. Ron Paul (R), the iconoclastic Texan who rarely sides with his own leadership on tight votes, is on a monthly payment plan to contribute "a significant" amount to the Republican election drive. Cantor would not disclose an exact dollar amount.

Rep. Jim McCrery (R-La.) contributed another $150,000 to bring his Battleground total to $650,000, GOP aides said.

Although most polling and pundits suggest the GOP will lose significant seats in the House this year – and potentially its majority – many members are now projecting more confidence on their prospects.

Republicans circulated polling yesterday by GOP pollster David Winston that showed a sharp jump in the confidence suburban voters have with regard to the economy.

Since July, the right-track/wrong-track numbers have swung 24 points in a positive direction among the suburban voters polled, from 38-57 to 50-45.

That jump coincides with the steady decline of gas prices during September. The suburban voters polled still give Democrats a 10-point advantage on the issue of "energy and gas prices," 38-48, but the September poll represents a 13-point jump for the GOP since July, when Democrats had a 23-point advantage over Republicans on the issue.

"One of the problems that Republicans were having was that they were highlighting their successes with the economy and people were going to the gas pump and seeing the opposite was true," Winston said. "Now, what you're seeing is that message is working."

Other polls from the beginning of the month showed voters are believe the country is still going in the wrong direction.

An NBC/Wall Street Journal poll of 1,000 registered voters conducted by Peter D. Hart Research from the beginning of the month, just as gas prices started to fall, showed the right-track/wrong-track numbers were still at 31-54.

Even Winston's poll suggested suburban voters believe the country overall is heading in the wrong direction, 35 percent to 55 percent, although that is a 5-point jump from July.

Boehner Looks Secure In 110th (RC)

By Susan Davis

Roll Call, September 28, 2006

One year ago today, then-Rep. Tom DeLay (R-Texas) announced he would temporarily step down as Majority Leader after he was indicted by a Texas grand jury. Now, the man who was elected to replace him in that post, Rep. John Boehner (R-Ohio), appears to be on solid ground to keep his seat at the leadership table in the 110th Congress — even if it's in the minority.

Boehner has been Majority Leader for eight months in a session of Congress marked by leadership upheavals, ethical and criminal scandals and few major legislative victories, and yet — in the estimation of his colleagues — he has emerged largely unscathed.

A number of potential leadership shake-ups could present themselves after the results of Election Day come down. Depending on the outcome, there could be surprise retirements, upstart challenges and calls for retribution.

But of the nearly two-dozen Members and aides across the ideological spectrum of the House Republican Conference interviewed for this story, not one said they believed Boehner would be left without a seat at the table when the GOP Conference gathers on Nov. 15 — the date that has now been chosen to hold leadership elections.

"I have not heard one complaint about him," said Rep. Jo Ann Emerson (R-Mo.) who publicly backed Majority Whip Roy Blunt (R-Mo.) in the contest between Blunt, Boehner and Rep. John Shadegg (R-Ariz.) for Majority Leader earlier this year.

"The one thing that [Boehner] does that is quite good is he listens to all sides. It's not as much a top-down style, it's like a breath of fresh air," she said.

Members frequently cited Boehner's mid-session elevation as a reason to give him another chance to make his own mark in the 110th Congress.

One senior House Republican with ties to Boehner said there is a growing sense in the Conference that Boehner will "exert himself more" next year, whereas this year has been spent navigating problems that existed before he took over the job.

"We were just drifting for several months," observed another House Republican, in reference to the period between when DeLay stepped down and Boehner was elected to replace him. "Boehner walked into a very difficult situation."

Education and the Workforce Chairman Howard McKeon (R-Calif.), a loyal Boehner ally and his predecessor to the committee's gavel, said he was confident Boehner would remain in leadership next year. "I don't think there is any question," McKeon said, who credited Boehner's role in passing the fiscal 2007 budget in the House.

"He didn't want to twist any arms, that's not his style. ... He keeps his word, and he builds consensus."

While it is no surprise that Boehner's public supporters in the leadership race still back him, he also has reached out to Blunt supporters as well.

One public Blunt supporter, who asked not to be identified, said they were surprised at how gracious Boehner was after the leadership election.

"His attitude towards everything is like, 'Well you weren't with me that time, but can you be with me next time?'" the Member said. "He doesn't hold grudges — or at least he doesn't show it."

Rep. Patrick McHenry (R-N.C.), another Blunt supporter, also credited Boehner for sending the message that there would be no hard feelings held over from the leadership race.

"Based on both on style and performance, Boehner has secured his position in the next Congress," McHenry said, "In a tough environment he's excelled, and I think Members see his ability to get stuff done."

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While DeLay's and Blunt's offices often clashed behind the scenes, leadership sources insist that Boehner and Blunt — and their aides — have more or less put rivalries aside.

Even those House sources sympathetic to Blunt acknowledged that Boehner is most likely to survive the GOP's worst-case scenario if they lose the House majority on Nov. 7.

It is widely believed on Capitol Hill that Hastert will not remain in Congress under that scenario — although Hastert has shown no indication of that publicly — and there are already leadership elections anticipated for the Republican Conference posts.

Sources suggested that Blunt could be vulnerable to a challenge as well if he chose to run for Minority Whip, yet Chief Deputy Majority Whip Eric Cantor (R-Va.), like Boehner, is widely viewed as a current leader who could survive in the minority, if he chose to run.

And while it is possible that a Member could step up to challenge Boehner, particularly if Republicans lose the majority, there is a general consensus that Boehner would be difficult to defeat in a leadership race.

One caveat to that scenario is if Republicans lose the majority by a massive margin, similar to when Republicans swept control in 1994. "Then all bets are off," observed a senior GOP aide. But at this point, a majority of House Republicans do not believe a tidal wave is on the horizon.

And if Republicans can hold control of the House, Boehner would be re-elected easily to his current post or — if Hastert decides to retire next year — potentially to the Speakership.

Rep. Tom Feeney (R-Fla.), an active member of the Republican Study Committee who initially supported Shadegg in the leader's race, said Boehner would "absolutely" be reelected to leadership.

"John inherited the environment we've got today, he didn't cause it," Feeney said, adding that win or lose, Boehner is likely secure. "If things go poorly, he'll get none of the blame, and if things go well, he'll get a great deal of credit."

Stylistically, Boehner runs his operation in stark contrast to how DeLay did business —which is a welcome relief to many Members who were tiring toward the end of DeLay's tenure of his heavy-handed manner.

"John Boehner's leadership brings some of the vision back from when we first got here," said Rep. Zach Wamp (R-Tenn.), referencing the 1994 takeover. Wamp similarly credited Boehner's affability and media-friendly style. "His stock is extremely high among House Republicans right now," he said.

Boehner is the only member of the top elected leadership since Republicans won in 1994 who has served as a committee chairman — experience that Members say has provided for a more inclusive approach to moving legislation.

A GOP leadership aide noted that Boehner has worked diligently on "Member management," to build consensus for the agenda and to avoid forcing vulnerable Members into tough votes before the election.

For instance, Boehner pulled a trade package from the floor this week involving African and developing nations because Members from textile states, particularly North Carolina, did not want to face a trade vote seven weeks out from an election.

On Tuesday, Boehner offered this self-evaluation: "I feel good about doing over the last several months exactly what I told Members I would do in terms of bringing us back to the basics, being more inclusive, involving more Members, and, frankly, lowering the temperature around here. And I guess to sum it all up, I would say so far, so good."

'Concern' In Murtha Camp (HILL)

By Josephine Hearn

The Hill, September 28, 2006

Liberal House Democrats are not lining up behind Rep. Jack Murtha's (D-Pa.) leadership candidacy in the numbers he had hoped despite his outspoken stance against the Iraq war.

Murtha's failure to line up staunch opponents of the war could prove a blow to his hope of denying the majority leadership to Minority Whip Steny Hoyer (Md.) in the event of a Democratic takeover of the House in the 110th Congress.

Rep. Jim Moran (D-Va.), a friend of Murtha who has been helping him with the race, said tepid support among some progressives was a worry to him. "It does concern you when people you think are going to be with you turn out not to be. Some of that's cultural issues, guns and abortion," he said. "But we still have the votes."

Liberal Reps. Maxine Waters (D-Calif.), Barney Frank (D-Mass.), Bill Delahunt (D-Mass.), Tom Lantos (D-Calif.), John Lewis (D-Ga.), Jerry Nadler (D-N.Y.), Lucille Roybal-Allard (D-Calif.), Diane Watson (D-Calif.) and Henry Waxman (D-Calif.) are all backing Hoyer even though many admire Murtha's stance on the war. All but Lewis opposed Hoyer in a 2001 leadership race against House Minority Leader Nancy Pelosi (D-Calif.).

Some liberals believe Murtha's record on social issues is too conservative, especially on such topics as gun rights, gay marriage and abortion. Others avow that they are happy with Hoyer's performance as minority whip and want to maintain the status quo in their leadership.

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Until now, many liberals had been wary of giving Hoyer a promotion. Many took a dim view of him in previous leadership races, opposing his failed campaign against Pelosi in 2001 and voting against his chosen candidate in the caucus vice-chair race earlier this year.

Some saw him as harboring a continuing desire to undermine Pelosi even years after their race, while others were upset when he sided with party centrists on such legislative issues as the 2005 overhaul of bankruptcy laws. Murtha, meanwhile, has been a key Pelosi backer in spite of their ideological differences.

But for Nadler, none of those factors mattered.

"I was annoyed. I am annoyed," he said of Hoyer's support of the bankruptcy bill.

"But so what?...He's done a great job as whip. Between Nancy and Steny, we've had an extraordinarily united caucus. If we win, we're going to need that same unity next year."

Nadler called Hoyer an "attractive spokesman" for the caucus who could speak on a wide range of issues.

Waters, a nationally known liberal who founded the Out of Iraq Caucus in 2005, said she was supporting Hoyer but declined to comment further. She serves as a chief deputy whip in Hoyer's whip operation but was appointed to the post by Pelosi. She was so opposed to Hoyer in 2001 that she served as a nominator for Pelosi.

Waxman pointed to ideological differences as his reason for backing Hoyer.

"When you look at the two on contrast, there are distinct differences between them on abortion, on the environment, on guns. I expect Hoyer will win. I think he's way ahead," he said.

Lewis called Hoyer a "bridge-builder" who was working "for the whole Democratic caucus." Roybal-Allard said he was "a Democrat in every positive sense of the word."

But not all progressives will do the same about-face. Liberal Rep. Mike Capuano (D-Mass.), a Murtha backer, said he thought the "majority of the Progressive Caucus" would end up supporting Murtha, as would, he said, "a majority of the Blue Dogs" and "a majority of the New Democrats," two groups of moderates.

He had "no concern at all" about defections to Hoyer. "Everyone's going to be split 100 ways to Sunday."

Moran said Murtha would lead from the center.

"If Jack were majority leader, he is obviously going to provide every opportunity for people, where they feel there's a difference, to have their voices heard on abortion or other issues," he said.

He added that Murtha had "a slight advantage" among current House Democrats, not including members who refused to weigh in yet on the race and those that could be elected in November.

Both sides acknowledged that the race was shaping up far differently than Hoyer's 2001 contest against Pelosi.

Rep. Artur Davis (D-Ala.), an ardent Hoyer ally, said Hoyer had support among the progressives and among his usual base of Blue Dog centrists.

"Steny's support is broader than ideology, broader than region. That's the problem from a tactical perspective for John Murtha. Where does he find his base? This is not a Pelosi-Hoyer race."

Big Cuts At NASA Threaten Aviation (USAT)

By Alan Levin

USA Today, September 28, 2006

WASHINGTON — A series of steep cuts in aeronautics research at NASA threaten to undermine the nation's aviation industry and delay a new air traffic system needed to prevent gridlock in the skies, according to members of Congress, industry officials and scientific leaders.

Groups of lawmakers from both parties, academics and aerospace leaders say the reductions are hampering NASA's ability to develop new aviation technology.

"I think its almost criminal," said Roy Harris, retired head of aeronautics at NASA's Langley Research Center in Virginia. "We are dropping the ball."

NASA has lost hundreds of millions of dollars in aviation funding over the past decade and is struggling to pay for repairing the space shuttle and for President Bush's plan to send people to the moon and Mars. Next year, the agency faces a proposed 20% cut in aviation research. That means that, after adjusting for inflation, it could lose nearly two-thirds of that research funding since it peaked in 1994 at the equivalent of nearly $2 billion.

The agency is planning to cut $54 million — or 31% — from its effort to study emerging technologies required for a new national air traffic system. NASA is the primary agency researching the Next Generation Air Traffic System, an ambitious program to replace radars with satellite-based technology. Without increased capacity from the new system, airlines can expect increasing flight delays, according to government estimates.

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Current NASA funding falls as much as $200 million to $300 million a year short of what is actually needed, according to the Aerospace Industries Association. Retired Air Force major general William Hoover, who co-chaired a government study on aeronautics research needs, told the House subcommittee on space Tuesday that NASA must boost work on the air traffic system now or face problems in the future.

NASA's leaders insist that the agency has the money it needs to help modernize the air traffic system and to maintain its place as a leading research institute, said Lisa Porter, NASA's aeronautics head.

"I consider myself an advocate for a strong aeronautics program within NASA, and I believe that's what we have," she told the House subcommittee.

Though known primarily for putting people into space, NASA has been the birthplace of many of aviation's greatest innovations. The products of its labs and wind tunnels include more efficient wing designs, quieter jet engines and widely copied pilot safety training.

Rep. Mark Udall, D-Colo., part of a bipartisan coalition that is trying to restore funding to the agency, said the cuts threaten to make NASA "irrelevant" to the aviation world.

According to more than 20 lawmakers, academics and industry and government officials, much of the agency's work has been severely curtailed.

Among the issues:

·NASA programs that study pilot fatigue and how people make critical safety errors are being trimmed. The budget for all aviation safety programs is being cut by about one-third.

·While European nations are increasing funding on aviation research, NASA is cutting back. Porter is reorganizing the agency to focus on what she calls "fundamental research."

Veterans' Group Wants Larger Raise For Military (WP)

By Stephen Barr

The Washington Post, September 28, 2006

Concerned that Congress is moving toward providing a 2.2 percent pay raise for the military next year, a leading veterans' group said that with troops fighting in Iraq and Afghanistan, this is not the time to skimp on a raise.

The House approved a fiscal 2007 defense appropriations bill late Tuesday that would raise military pay by 2.2 percent, effective in January. Senate negotiators have signed off on the raise, but the full Senate has not voted on the spending bill.

More than just the military raise may be at stake because the military raise usually spills over into the civil service. Congress in most recent years has adopted a "pay parity" policy that calls for equal raises for the two workforces.

The Military Officers Association of America, known as MOAA, yesterday urged Congress to approve a 2.7 percent across-the-board raise for the armed forces. "As a nation, we ought to do better for our military than we are about to do," said Norb Ryan Jr. , president of MOAA and a retired vice admiral.

MOAA and other military groups made some progress toward a 2.7 percent military raise earlier this year when the House approved it as part of a fiscal 2007 authorization bill for defense programs. The Senate version, however, stuck with the White House's recommendation for a 2.2 percent raise.

The bill moving this week through Congress, for appropriations, provides funds for defense operations for the coming year. The authorization bill, in contrast, sets broad policy and spending guidelines. In most years, they are in sync on raise and other personnel issues.

House-Senate negotiators on the defense authorization bill will not comment on the status of the pay raise or any other item until they have wrapped up their agreement, known as a conference report, a spokesman for the Senate Armed Services Committee said.

Ryan said that regardless of which proposed raise gets adopted, it would be the smallest military raise in 11 years. Over much of the past decade, MOAA and other advocates for military personnel have pushed to close a salary gap with the private sector, and from 2000 through 2006 Congress approved increases slightly higher than the average wage growth in the private sector, as measured by a Labor Department index.

Approving the proposed 2.2 percent raise for 2007 will send the wrong message to military families, Ryan said, noting that some U.S. forces in Iraq have been extended involuntarily and that some troops are being asked to return to Iraq after less than a year at home.

The raise issue is also complicated by a separate appropriations bill that covers federal workforce issues. The House approved a 2.7 percent raise for the civil service in that bill. The Senate version, which awaits a floor vote, recommends the same size raise.

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The chairman of the key Senate subcommittee, Sen. Christopher S. Bond (R-Mo.), has warned that, given the difference with the proposed 2.2 percent military raise, there could be pressure to "bring civilian pay down to that level."Curbing NSPS

In a move that may be more about symbolism than substance, House and Senate negotiators on the defense spending bill have prohibited the Pentagon from spending money on disputed parts of the new National Security Personnel System (NSPS).

The provision, sponsored by Reps. Jay Inslee (D-Wash.), Walter B. Jones Jr. (R-N.C.) and Chris Van Hollen (D-Md.), would prevent the Defense Department from carrying out plans to restrict union rights and revise procedures for disciplining civil service employees.

A federal district court has blocked those parts of the NSPS on grounds that they fail to ensure collective bargaining rights, do not provide an independent third-party review of labor relations decisions and would leave employees without a fair process for appealing major disciplinary actions. The case is on appeal.

The Pentagon has contended that the Inslee amendment is unnecessary because NSPS officials are complying with the court's injunction.

After Sen. Daniel K. Akaka (D-Hawaii) and others proposed a compromise, House and Senate negotiators narrowed the original Inslee amendment so that the Pentagon can go ahead with changes in how the department's civil service employees are evaluated on their job performance. If the Pentagon wins on appeal, the spending ban would be lifted, according to the provision.

"The Defense Department never should have implemented a personnel system that denies basic worker rights," Inslee said.

Gregory Junemann , president of the International Federation of Professional and Technical Engineers, said the funding ban "is reflective of key lawmakers' growing frustration that management's unilateral creation of NSPS has been one fiasco after another."

Diary associate Eric Yoder contributed to this report. E-mail Stephen Barr atbarrs@washpost.com.

Goodbye, Dr. Frist (HILL)

By Dick Morris

The Hill, September 28, 2006

Dick Morris

If Senate Majority Leader Bill Frist (R-Tenn.) were still in his former occupation, he could well be sued by his 54 fellow Republicans, 99 senators, and the American people at large for malpractice. When he took the job as majority leader, I wrote in this space that the only thing in common between his new and old occupations was breaking ribs. But he failed to do even that!

Running the House of Representatives is like commanding the Prussian Army. All you need is a sense of discipline, a well-used firing squad, and a mentality that will allow you to march congressmen at double time across mine fields in order to clear them. The House political leadership's monopoly on power, money, policy, and, through the state leadership, on district lines, makes these demands easy to get fulfilled. The only problem in the House is that discipline will be too tight and will allow the kind of corruption that appears to flourish in an environment in which nobody can ask any questions.

But the traditions and procedures of the Senate are quite different. When Americans speak of congressional gridlock and frustrating inaction, they usually mean the Senate. Sen. Trent Lott's (R-Miss.) memoir is aptly titled, Herding Cats. The task requires a delicate mix of political sensibility and a capacity to tolerate but also to discipline the cranky needs of 54 prima donnas and 45 part-time adversaries and potential allies. One has to have a deft political hand and an instinct for such things.

Frist performed about as well as a heart surgeon with mittens on. He failed utterly to provide the leadership necessary and managed to so mangle the reputation of the legislative wing of the Republican Party in the process that it may take several elections, and perhaps a Hillary Clinton presidency, to recover.

Trying to respond to the conflicting demands of the white angry men and women who oppose illegal immigration and the sensitive Hispanics who worry about racism, he succumbed to the temptation to load up a bill with everything, from both sides, which stood no chance of passage. Then, he was so incapable of engineering consensus that he couldn't even convene a conference committee to iron out the differences with the House.

Asked to lead the ethically challenged House in lobbying reform, he did nothing.

He managed, despite a compliant House, a supportive president, and 55 votes, to pass very little and achieve almost nothing.

Now he leads his majority into the general election virtually certain of losing four seats and hoping desperately not to lose six. That's some record!

He couldn't even use the job as a springboard to a presidential candidacy. He failed in this regard not the same way Howard Baker or Bob Dole did (doing so good a job in the Senate that they sullied their chances for the White House) but by acquiring a reputation for ineffectuality and inability.

So what is the lesson for the future? A majority leader must not just be from the Senate. He must be of the Senate. He or she need not only sit in the body, but they must ooze its traditions, savor its tempo, grasp its inhibitions, and challenge its institutional lethargy. A good leader needs to grasp that each Senator is really more like a head of a country than a legislator. House members travel in groups. Senators walk alone and above it all. He needs to grasp what their political needs are and figure out how to appease them while, at the same time, leading them.

Indeed, it may be impossible, in this age of minute media coverage, to have one person fill the dual roles of presenting the majority's public face and organizing its private operations. There may need to be a Mister Inside and a Mister Outside – perhaps with the former as whip and the later as leader.

But, in any case, the leader and the whip both need to be politicians, not doctors.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

With Love To Dear Ol' Dad (WP)

The Washington Post, September 28, 2006

The Senate majority leader's wife, Karyn McLaughlin Frist, was at the White House, at a small dinner for the king of Spain. President Bush's daughter Jenna walked in late. At first, the president seemed irritated. But one look at Jenna as she hurried into her seat, and Bush "absolutely melted," Frist recalled. "He broke into a big, proud smile."

Fathers and daughters captivated Frist, in part because she missed her own father, who had died. Frist invited women -- senators, heads of state, Olympic medalists and a soldier -- to write about their fathers, in a book to be published next week, "Love You, Daddy Boy: Daughters Honor the Fathers They Love."

Many of the essays peek into the foyers of political homes. President Lyndon B. Johnson's daughter Lynda Johnson Robb writes that she sold Girl Scout cookies door to door in the Senate. H. Ross Perot's daughter Nancy Perot Mulford recounts ski trips "with Dad always in the lead, racing ahead." And Frist, whose father signed letters to her while she was away at college "Love U, Daddy Boy," confesses: "On a starry evening I often walk to a dark spot on the lawn and look at the full moon and say, 'I love YOU, Daddy Boy.' "

-- Laura Blumenfeld

* * *

When other three- and four-year-olds were taken to the playground, I went to the Senate Rackets Committee Hearings.

-- Former Maryland
lieutenant governor
Kathleen Kennedy Townsend,
about Robert F. Kennedy

* * *

When I was about seven or eight years old, my father wanted me to perform in my elementary school talent show. He hired the drama teacher to give me tap dancing lessons and bought me a costume. . . . I was embarrassed because I was not very good. But on the day of the show, there was my father -- with all of his imposing height, and weight, and strength -- standing at my side and staring at the audience, as if daring them to laugh. No one made a sound.

-- Secretary of State Condoleezza Rice,
about John Rice Jr.

* * *

Squandering time was not appreciated. My hours of playing with a "Betsy Wetsy" doll were greeted by my father's question, "How can you waste so much time with a doll whose sole function is to wet her pants?"

-- Hadassah Lieberman,
wife of Sen. Joseph I. Lieberman (D-Conn.),
about Rabbi Samuel Freilich

* * *

When my mother, sisters and I, finally arrived in America [from Taiwan], I entered the third grade not speaking a word of English. Every day, I copied whatever was on the blackboard into my notebook. Every night, after his long and exhausting day of work, my father sat with me at the kitchen table, trying to decipher my childish scribbles so he could explain that day's lessons to me. That was how I learned English!

-- Labor Secretary Elaine L. Chao,
about James S.C. Chao

* * *

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Profoundly devoted to family, he also provided firm discipline. When my family moved into a new house that Dad had designed, I decided to paste thirteen valentines on the walls. . . . He took me to each valentine and asked, "Who did this?"

At first, I blamed it on my imaginary playmate, Denaw. "No," Dad said, "Denaw hasn't been here today."

"Johnny did it," I said, blaming my brother John, who is 13 years my senior and stands six feet, two inches tall. "No, Johnny would have put them way up high," Dad replied.

Finally, I had to admit, "Elizabeth did it." At each valentine, as I acknowledged responsibility, Dad gave me a few pats with a switch from the back yard hedge -- a simple lesson in honesty I have never forgotten.

-- Sen. Elizabeth Dole (R-N.C.),
about John Van Hanford

* * *

Daddy told me that there were only three things you really give your children: 1. The best education you can. 2. set a good example. 3. all the love in the world.

-- Former first lady Barbara Bush,
about Marvin Pierce

* * *

One night my parents were watching a television show that featured gay characters. When my father expressed his disapproval of homosexuals, my mother said, "What about Dillard and Larry?"

"What do you mean?" he asked. So my mother explained to my father that his dear friends and neighbors were a gay couple in a long-lasting committed relationship. One of my father's last stereotypes fell. Larry and Dillard visited my father in the hospital as he lay in a coma. One night Larry relieved my mother for a few hours so she could go home and get some rest.

And it was Larry who held my father's hand and said good-bye as he died.

-- Sen. Hillary Rodham Clinton (D-N.Y.),
about Hugh Rodham

* * *

My father was a professor of surgery at the University of California Medical Center. . . . He used to say, "Get to your work a half hour early; don't take a coffee break; and be the last one out at night."

When I held my first job in "Notions" at the Emporium Department Store at the age of sixteen, that's exactly what I did."

-- Sen. Dianne Feinstein (D-Calif.),
about Leon Goldman

* * *

Once upon a time, in a land far away and a time long ago, before speed records, space flights, and political campaigns, lived a young girl. She had auburn hair and freckles like her father's. He told her that if someone asked, "Where did you get all of those freckles, little girl?" she could reply, "It rained and I rusted."

-- Lyn Glenn, about John Glenn

* * *

Da expected not only the cowboys but also his children and any visiting cousins to do a share of the ranch work. . . . I offered to drive the truck with the lunch to the place the crew would be in the late morning, branding cattle. . . .

As a result of a flat tire I arrived at the round-up destination about two hours later than expected, but I was rather proud of myself for having been able to change the tire. . . .

"You're late," said Da. "I know," I said. "I had a flat tire and had to change it."

"You should have started earlier," said Da.

"Sorry, Da. I didn't expect a flat."

I had expected a word of praise for changing the tire. But, to the contrary, I realized that only one thing was expected: an on-time lunch. No excuses accepted.

-- Former Supreme Court justice
Sandra Day O'Connor,
about Harry A. Day

* * *

One of my most treasured photos of my father is not one of him with me, but one of him with my two oldest girls snuggling in his arms, as he sits in his most comfortable recliner reading "The Night Before Christmas" to them, something he never had time to do with me!

-- Lynda Johnson Robb,
about President Lyndon B. Johnson

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* * *

I have never been able to talk about my dad in public speeches -- when I would so like to pay public tribute to him. . . . I always get a catch in my throat.

-- Sen. Kay Bailey Hutchison (R-Tex.),
about Allan Bailey

How To Deploy Paulson Might Be Bush's Biggest Economic Policy Decision (WSJ)

By David Wessel

The Wall Street Journal, September 28, 2006

President Bush faces a big decision in coming weeks: how best to deploy his energetic, impatient new Treasury secretary, Henry Paulson, after November's congressional elections.

Although his presidency will be defined by Sept. 11, 2001, and the Iraq war, Mr. Bush and his chief of staff, Josh Bolten, surely are beginning to ponder whether they can accomplish anything economic in the two years Mr. Bush has left in office. If they decide to be ambitious -- and that is a big if -- Mr. Paulson is eager to be the field marshal.

"When there is a big problem that needs fixing, you should run toward it, rather than away from it," Mr. Paulson said in his first speech. "That is one of the reasons I decided to come to Washington."

Humble, he's not. But Hank Paulson is emerging as the brightest bulb in a Bush cabinet with a few dim ones and a few others (think Don Rumsfeld) who have lost their luster. He has mastered the easy stuff: managed to avoid rattling financial markets, figured out that courting Congress takes as much time and care as courting customers at his former employer, Goldman Sachs, and marched through China triumphantly, greeting old acquaintances and posing for photographs as if he were at a Dartmouth reunion.

Now what?

China obviously looms large in the Paulson portfolio, and he plans to return there before year end. But that is a long-term investment, not one likely to pay dividends in the next two years. Mr. Paulson, alarmed that so many companies are choosing to make their initial public offerings outside the U.S., is serious about making America's capital markets "more competitive," a goal widely welcomed by business as a way to roll back some rules imposed after corporate scandals. But that isn't presidential-legacy material.

For now, the White House is paralyzed by the prospect of losing control of one or both houses of Congress. If Republicans lose big, recriminations will begin immediately, and the party may abandon Mr. Bush for a new leader -- perhaps Sen. John McCain -- unless the president takes the initiative. Even if Republicans end up with thinner majorities, accomplishing anything substantial will require courting Democrats, not this administration's strength.

As a newcomer, Mr. Paulson has the advantage of being unscarred by the partisanship of the past few years. (He also is rich, which gives him credibility with politicians who tend to equate net worth with intelligence.) In contrast to predecessor John Snow, Mr. Paulson is neither campaigning nor fund raising for Republicans -- and making sure everyone knows it, especially Democrats with whom he will have to do business.

"If you see me in Ohio, I'll be there for reasons other than political," Mr. Paulson quipped while in China. "And I've got no plans to go to Ohio in the immediate future."

Whether Mr. Paulson can do anything depends largely on the president.

One bold stroke would be to team Mr. Paulson with Trade Representative Susan Schwab to resuscitate the stalled Doha Round of world trade talks, sending him around the world to do what he did at Goldman Sachs: Close the deal.

After all, Mr. Paulson has called the Doha Round "an historic opportunity to generate economic growth, spark development and raise living standards across the world" and "just too important to let slip away." He isn't versed in the intricacies of trade, but then those so-versed have failed. And he could invite television cameras to the Barrington, Ill., farm where he grew up to sell a deal to U.S. farmers, a major political obstacle to compromise.

An even bolder stroke would be for the president to tell Mr. Paulson to tackle long-term budget issues, reopening the conversation about fixing Social Security, perhaps tying it to some kind of tax reform.

Moving on fiscal issues, though, would require Mr. Bush to give Mr. Paulson negotiating authority to consider things the president, so far, has sworn to avoid. Without that, Mr. Paulson would be well-advised to spend more time in China and less in Washington.

The odds of success are long. But even some administration insiders are growing uneasy about proclaiming for two more years that the nation faces a terrifying demographic tsunami that will overwhelm its budget and doom its children unless something is done, and then insisting that there is only one way to fix it -- our way -- and that everything is on the table except tax increases.

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Seared by its close encounter with Paul O'Neill, the first Bush Treasury secretary, the White House fortified itself against the Treasury and kept John Snow on the road, on TV and out of the inner circle. The question now is whether Mr. Bush will use the third corporate chief executive to take the job to get something done or relegate him to making speeches for two years.

Prescription For A Stronger F.D.A. (NYT)

The New York Times, September 28, 2006

A prestigious advisory group has put its weight behind criticism that the Food and Drug Administration is pitifully weak when it comes to removing dangerous prescription drugs from the market. Last week, a panel appointed by the Institute of Medicine, part of the National Academy of Sciences, issued a slew of recommendations to strengthen the beleaguered F.D.A. as it struggles to regulate a huge array of medications whose ill effects sometimes show up only after years of wide use.

The institute's report, which was requested by the F.D.A., deplores the big imbalance between the money and staff devoted to approving new drugs and the much smaller resources for monitoring drugs after they are on the market. The imbalance results in part from the pharmaceutical industry's providing user fees that pay for expediting the approval process, but not for monitoring the aftereffects. Worse yet, even when it spots a problem, the agency has very little power to regulate drugs on the market unless there is overwhelming evidence that they are unsafe, which is seldom the case.

Although the nation is mired in budget deficits, the institute was wise to call for a large increase in financing and personnel for this crucially important regulator of public health. If Congress is too stingy to ante up more money, it should at least divert some of the drug industry's user fees to surveillance after a drug's approval.

The panel calls for the F.D.A. to evaluate the safety and effectiveness of drugs that are truly new, not just copycats, at least once every five years. It wants the agency to be given explicit power to compel post-marketing studies and to impose fines, injunctions and withdrawals to enforce its decisions. In a departure from conventional wisdom, the panel also urges the F.D.A. to require that a substantial majority of the members of each of its advisory panels be free of significant financial involvement with companies whose interests might be affected. That undercuts the agency's claims that there are not enough experts without ties to the drug industry.

OTHER NEWS:

11,722.98 (USAT)

By Adam Shell

USA Today, September 28, 2006

Dow still trying to pierce record close from 2000, before the bubble burst

The Dow is still one rally away from making history.

The Dow Jones industrial average made a gallant but unsuccessful run at an all-time high Wednesday, coming within 2.21 points of its record close before sellers spoiled the party. The 30-stock barometer ended less than 34 points short as buying exhaustion set in amid a nearly $2 rise in oil prices and news that orders to factories that make durable, big-ticket items such as refrigerators and dishwashers fell a second straight month.

"It was a big tease," says Price Headley, chief market analyst at BigTrends.com. "But I think it will get through the record soon because the market is acting so strong."

The iconic Dow is trying to become the first major U.S. stock index to recoup all its losses suffered during the painful 2000-2002 bear market that followed the bursting of the technology stock bubble. The Dow fell almost 38% in the three-year market swoon and is much closer to breaking even than the Standard & Poor's 500, still down 12.5% from its high, and the Nasdaq composite, off 55.2%, from its peak.

Posting its third-straight day of gains, the Dow rose 19.85 points to close at 11,689.24, just 33.74 points shy of its record close of 11,722.98 hit on Jan. 14, 2000. The blue-chip index, which is filled with well-known U.S. companies such as Wal-Mart, McDonald's, IBM and JPMorgan Chase, is up 9.1% for the year.

The celebration was put on hold as one of the main culprits that have put a lid on stock prices the past year — rising energy prices — again gave investors a reason to sell. A barrel of crude rose $1.95 to $62.96.

Investors have bid stock prices up recently due to a growing belief that the Federal Reserve, which has raised its target for short-term interest rates 17 times since June 2004, is finished raising rates. Wall Street also is betting that the Fed will be successful in slowing the economy without causing a recession or taking a big bite out of corporate profit growth.

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Market experts say it's not unusual for major indexes such as the Dow to have trouble breaking through previous highs. One explanation is what Wall Street calls the “get-even” syndrome. In short, it is investors who bought at the top finally getting a chance to get out with their initial investment intact.

“To get through an old high, you have to go through all the people who are just thanking the Lord that they are back to even,” says Gary Kaltbaum, president of money management firm Kaltbaum & Associates.

Hugh Johnson, chief investment officer at Johnson Illington Advisors, says the market, which has been taking small steps forward and small steps back in the current rally, just couldn't “take the big step to a new high in (Wednesday's) negative news environment.”

Blue Chips Inch Closer To Record (WSJ)

By E.S. BROWNING

The Wall Street Journal, September 28, 2006

Stocks took a swing at a record for the Dow Jones Industrial Average, but didn't quite connect.

After surging Tuesday to their second-highest finish ever, the Dow industrials edged up another 19.85 points, or 0.17%, leaving them at a second-best close of 11689.24. The Dow industrials are up 9.1% for 2006, 33.74 points short of the record close of 11722.98 hit in January 2000. The industrials are up 2.7% in September and 4.8% for the quarter, with two trading days left.

The day's gains came despite disappointing economic news. Orders for durable goods -- long-lasting items such as appliances and machinery that people and companies buy when they are investing in the future -- unexpectedly fell in August.

Perhaps even more worrisome, crude-oil futures surged $1.95 to $62.96 a barrel. Falling energy prices have been one of the underpinnings of the rally that has been going on since midsummer. Hopes have spread that lower oil, gasoline and natural-gas prices would take pressure off consumers and spur spending. Some investors thought the Dow industrials were headed for a record yesterday until oil prices reversed early declines and headed up.

Early in the day, the Dow industrials were 2.21 points short of a record, but they never moved higher.

One bit of good energy news: Natural-gas prices fell 7.2% to $4.201 a million British thermal units, the lowest finish since 2002. Traders said weak demand and heavy supplies are holding back natural-gas prices, while continued worries about the Middle East and about refining capacity supported oil prices.

Traders took the market's ability to rise in the face of negative news as a sign that investors have at least temporarily put aside worries about the economy, and have concluded that the Federal Reserve is succeeding in slowing economic expansion without causing a recession.

In addition, many fund managers are required to be fully invested at quarter's end, which can lead them to buy stocks late in the month. That, together with the Dow industrials march toward a record, is helping to spur buying.

"People wanted to take stocks higher, but they had to deal with the durable-goods orders and the oil going up," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co. He said the market mood remains optimistic. Many investors consider a new Dow industrials record a foregone conclusion.

"Everyone is reading the economic numbers to say it is going to be not too hot and not too cold," Mr. Leone said. "Goldilocks is good for the market. People figure the Fed is done raising rates and think they have done it right."

Some traders recalled the dance the market performed in March 1999, when the Dow industrials approached 10000 for the first time. It took several days of backing and filling to clear the barrier, as some investors used the landmark number as a reason to take some profits and consider how much higher the market could go. During the following years, the Dow industrials bounced up and down around 10000, something that many are hoping wouldn't be the case with this milestone.

Aside from the Dow industrials, which were the focus of speculation on the part of short-term traders, major indexes were little changed. The Standard & Poor's 500-stock index inched up 0.02%, or 0.25 point, to 1336.59, ahead 7.1% this year and up 5.2% for the quarter.

The Nasdaq Composite Index rose 0.09%, or 2.05 points, to 2263.39. It is up 4.2% for the quarter, which has pulled it back into the plus column for the year, with a gain of 2.6% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.22%, or 2.65 points, to 219.87.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 2,066 stocks rose and 1,285 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, pushing the yield up to 4.602%. The 30-year bond was down 12/32 to yield 4.743%.

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The dollar was mixed. Late in New York, it traded at 117.50 yen, up from 117.15, while the euro rose against the dollar to $1.2703 from $1.2690.

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Orders For Big-ticket Items Fall, Indicating Cooling Economy (USAT)

By Barbara Hagenbaugh

USA Today, September 28, 2006

WASHINGTON — More evidence of a slowing economy came Wednesday as the government said orders for costly manufactured goods fell in August while sales of new homes rose, but remained at a subdued level.

New orders for durable goods, such as cars, computers and machinery intended to last three years or longer, fell 0.5% in August after adjusting for seasonal fluctuations, the Commerce Department said. That followed a 2.7% plunge in July and marked the first back-to-back monthly drops in the often volatile data since spring 2004.

Also in August, sales of new homes rose 4.1% at a seasonally adjusted annual rate after falling in the prior three months, Commerce said. But the sales data for July were revised lower, tempering enthusiasm. Despite the increase, sales of new homes last month were down more than 17% from August 2005.

The report followed data Tuesday that showed a drop in both sales and prices of previously owned homes, a much bigger segment of the housing market.

“The economy has cooled off and we're heading for a sustained slowdown,” A.G. Edwards chief economist Gary Thayer says. “But we don't expect that things are going to get a lot worse.”

Investors shrugged off the data. After flirting with the record earlier in the day, the Dow Jones industrial average finished up 19.85 points at 11,689.24.

Thayer noted there were several reasons to be confident the economy is slowing, not falling off a cliff. Notably, energy prices have recently dropped sharply from record levels, giving businesses and consumers more money to spend on other things. Despite rising Wednesday, oil prices are down nearly 20% from the record, not adjusted for inflation, hit during the summer.

The decline in oil prices has pushed down gasoline costs. The U.S. average retail price for a gallon of unleaded was $2.356 Wednesday, according to motor club AAA. That was down more than a penny from Tuesday and nearly 50 cents lower than a month ago.

The price of natural gas trading for October delivery, meanwhile, has dropped sharply to the lowest level since late 2002 in response to high inventory levels. Lower prices could help the millions of U.S. households that use natural gas to heat their homes.

Also providing a boost to consumers are lower mortgage rates. The U.S. average rate on a 30-year fixed mortgage was 6.18% last week, down from 6.36% in the prior week and the lowest in seven months, the Mortgage Bankers Association said Wednesday.

Lower rates are encouraging homeowners to refinance their mortgages. The MBA said the percentage of mortgage activity that was related to refinancing last week was the highest in a year.

Durable-Goods Orders Fall But New-Home Sales Rise; A Hard Or Soft Landing? (WSJ)

By Rafael Gerena Morales

The Wall Street Journal, September 28, 2006

The latest readings on business investment and housing muddied the economic picture: Orders for big-ticket goods fell unexpectedly in August as new-home sales rose unexpectedly.

The Commerce Department reported that durable-goods orders declined 0.5% in August to a seasonally adjusted $209.75 billion, following a revised 2.7% decline in July. That marked the first back-to-back decline since April and May 2004. Orders for

non-defense capital goods excluding aircraft -- a barometer of business equipment spending -- fell 0.3% in August, following a 0.9% gain the two preceding months.

The durable-goods report was "far more bearish than anticipated," said Jason Schenker, an economist at Wachovia Corp. in Charlotte, N.C. "This raises concerns about how much economic growth is poised to slow. ... We'll need more data to see if the economy is coming in for a hard or soft landing."

The durable-goods report showed that demand fell for machinery, computers and electronics, primary metals and commercial aircraft, although motor-vehicle orders were up. Durable goods are items intended to last three years or more, such as cars and computers. While durable-goods orders can be volatile, economists closely monitor them because they are considered an indicator of future production activity.

Consensus Among Analysts

Many economists are counting on business investment to help offset the effect of a cooling economy and housing market, and softer consumer spending. The consensus among analysts is that second-half economic growth will slow to below 3%, at a seasonally adjusted annual rate, following a 2.9% advance in the second quarter and a 5.6% gain in the first quarter.

Meanwhile, the Census Bureau reported that sales of new homes rose 4.1% in August from a month earlier, to a seasonally adjusted annual rate of 1.050 million. The unexpected jump ran counter to other recent data depicting slowing sales. But analysts cautioned not to focus too much on a one-month statistic. Indeed, compared with August a year ago, new-home sales were down 17.4%. And earlier this week, the National Association of Realtors said existing-home sales in August fell for the fifth consecutive month, while the national median price fell, year over year, for the first time in 11 years.

"It's hard to get overly excited about an increase like this," said David Seiders, chief economist at the National Association of Home Builders. "The weight of evidence shows that the housing market was trending downward in August."

The NAR sales data are based on closings of previously owned homes. In contrast, Mr. Seiders said, the new-home sales data are based on a relatively small sample of sales contracts or deposits and fail to capture cancellations on contracts, which home builders say have been surging in recent months.

Frequent Revisions

New-home sales are frequently revised. (On average, the Census Bureau says preliminary estimates are revised by about 3%.) July sales were revised yesterday to 1.009 million from a preliminary estimate of 1.072 million.

In fact, some builders say conditions got worse in August, not better. On Tuesday, Stuart Miller, the chief executive of Lennar Corp, one of the nation's largest home builders, said in a conference call, "August might have been the weakest month yet." The Miami builder said that its cancellation rate was running at more than 30% and that it was using incentives to drive sales. Lennar cut its earnings guidance for the fourth quarter.

Similarly, the National Association of Home Builders/Wells Fargo Housing Market Index declined in August and September, reaching the lowest reading since February 1991.

Economists say new-home sales may have gotten a slight bounce last month as mortgage rates eased and builders offered more incentives to entice buyers. The median price of a new home was $237,000 in August, compared with the median price of $240,100 in August 2005. The average price of a new home was $304,400 in August, compared with the average price of $295,000 in August 2005.

However, analysts noted yesterday that durable goods orders are volatile and can offer imprecise monthly readings. Moreover, some economists said durable goods orders remain healthy on a year-over-year basis: In the eight months through August, orders were 8.5% higher than the same period a year ago, on an unadjusted basis, and business equipment spending is up nearly 10% from a year ago.

Report Shows Home Sales Rising, But Skeptics Abound (NYT)

By Jeremy W. Peters

The New York Times, September 28, 2006

A report yesterday showing that sales of new homes rose for the first time since March was — at first glance — welcome news for homebuilders.

But economists warned that underneath the headline numbers, signs of a weakening housing market were more prevalent than ever.

The Commerce Department reported yesterday that new-home sales in August rose to a seasonally adjusted annual rate of 1.05 million, 4.1 percent higher than in July.

That helped push down the inventory of unsold new homes 5.7 percent, to a 6.6-month supply, meaning that at the current selling rate, it would take 6.6 months to sell all the new homes currently on the market.

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But sales figures for July were revised to show that fewer homes were sold than the government first reported. As a result, the August sales data probably exaggerates the resiliency of the market.

Stuart Hoffman, chief economist with PNC Financial, called the August increase a "dead-cat bounce."

The August numbers could also be inflated. Because new-home sales are recorded when the contract is signed, not when the deal is closed, the data does not factor in cancellations. Builders have said recently that cancellation rates are running as high as 30 percent, suggesting that the Commerce Department's numbers make the housing market appear healthier than it actually is.

Yesterday's report showed that builders are indeed having more and more difficulty selling homes. The median price of a new home fell to $237,000, down 1.3 percent from August 2005.

Prices for previously owned homes are also falling. This week, the National Association of Realtors reported that for the first time in 11 years, the median price of a previously owned home fell from the price a year earlier.

In August, prices slipped to $225,000, down 1.7 percent compared with August 2005. Sales of previously owned homes, which make up about 85 percent of all home sales annually, fell for the fifth consecutive month.

Few experts express confidence that these trends will reverse anytime soon.

"It certainly is possible that for a variety of reasons you could have a one-month upturn, but I doubt that will reverse the trend that seems to be occurring," said Kenneth Simonson, chief economist for the Associated General Contractors of America.

Mr. Simonson noted the possibility that the August sales numbers could be revised downward, just as the July numbers were. "I think we could still wind up seeing that this month is a continuation of the downturn."

Although it is unwelcome news for anyone trying to sell a home, the slowdown in the housing market is just what policy makers at the Federal Reserve have been looking for.

As inflation quickened over the last several months, members of the Fed, led by the chairman, Ben S. Bernanke, have said that a slowing economy, led by cooling in the housing market, would be essential to holding prices down. So far, the Fed's economic forecast has been realized, with inflation slowing and home sales and prices falling.

There was further evidence yesterday that the economy was slowing, as the Commerce Department reported an unexpected drop in orders for durable goods, a wide-ranging category that includes household appliances and factory machinery. The orders, a closely watched barometer of business investment, fell for the second consecutive month, dropping 0.5 percent, to $209.7 billion. It was first back-to-back decrease in more than two years.

Economists disagree on whether the decline in August suggests a looming slowdown in business investment.

"Today's report points to a slowing in the manufacturing sector," wrote Peter E. Kretzmer, senior economist with Bank of America. "Capital spending momentum remains solid but nonexceptional."

Still, others said the disappointing numbers were a result of the pessimistic business climate in the second half of the summer, fed by high energy prices and worries over inflation.

"There has been a significant improvement in the overall investment climate in the past several weeks," wrote Brian Bethune, an economist with Global Insight. "Steep declines in gasoline and diesel fuel prices should relieve recent downward pressure on margins, and provide a second wind to the profitability cycle. This should provide a lift to business confidence."

Hispanic Unemployment Down, Study Finds (WP)

By Karin Brulliard

The Washington Post, September 28, 2006

Unemployment among Hispanics fell sharply this year, and their wages rose after a two-year decline, according to a national study released yesterday.

Bolstered by immigration, the Hispanic labor force is growing rapidly, and those workers are having little trouble finding jobs -- especially in construction, said the report by the Pew Hispanic Center.

"In terms of employment, there are strong gains for Hispanics," said Rakesh Kochhar, the center's associate director for research and author of the report.

Latinos, who represent 13 percent of the U.S. labor force, accounted for 40 percent of all new workers in the year ending June 30, the report said. Eighty percent of jobs filled by Hispanics went to immigrants, who make up the biggest share of the Latino labor force.

The findings come as Congress debates proposals for immigration laws, some addressing the immigrant workforce and the hiring of illegal immigrants, and immigration authorities step up work site arrests and border security.

Kochhar said the number of immigrant workers and the market for them seem to be "stronger than what we may do at the borders."

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Although the report did not examine labor trends for illegal immigrants, it noted that previous studies have found that many new Latino immigrants are in the country illegally.

The Latino labor force is growing about three times the rate for all workers, the report found. Hispanic unemployment fell this spring to 4.9 percent from 5.8 percent in the same period last year. Median weekly wages for Latinos rose from $423 in 2005 to $431 in 2006 -- still lower than those of any other ethnic group.

This decade's construction boom drove the Latino job growth, particularly for the foreign-born, the report said. Half the new jobs for Latinos in the past year were in construction, and nearly all those jobs were generated in the South and the West, according to the report, which did not examine trends at the state or city level.

Since 2003, nearly 90 percent of Latinos workers hired in construction have been immigrants, the report found.

That came as no surprise to Hugo Carballo, business manager for Laborers International Union Local 11, which organizes construction workers in Northern Virginia.

"You just go through any job. That's all you see right now. A majority of them are Latino who are working on construction," Carballo said. "It might be that in a couple of years it'll be somebody else, but right now we are the ones."

Yet the labor landscape was not all rosy for Latinos. Although they landed more jobs, wages dropped for foreign-born Hispanic workers. Hispanic immigrants' median weekly wages declined from $400 to $389.

That is probably because as more immigrants have arrived, competition for the jobs they perform has stiffened, Kochhar said.

"High growth in employment may have come at the price of wages," Kochhar said.

The report also noted that the nation's construction industry appears to be slowing. That is especially true in places such as the Washington region, which were booming a year ago but are now "screeching to a halt," said Mark Zandi, an analyst with Moody's Economy.com.

Growth in commercial construction is softening the blow for workers, Zandi said, but will probably not make up for all the jobs lost as home building cools.

Carballo said he has seen that play out locally.

"On the residential part, like houses and condominiums, that's where I see that it's the most people getting laid off," Carballo said. "On [commercial] buildings, we are at least pretty good right now. Buildings are going up everywhere."

The report, based on recent data from the U.S. Census Bureau and the Labor Department, found that unemployment dropped over the fiscal year from 4 percent to 3.5 percent for Asians, from 4.1 percent to 3.9 percent for non-Hispanic whites and from 9.9 percent to 9 percent for blacks.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 28, 2006

With 'Dragon Fire,' Can Cohen Slay Hollywood?

Former defense secretary Bill Cohen is an expert on Washington, but he's a rookie when it comes to Hollywood. The author of "Dragon Fire" knows all the power players of Capitol Hill, the White House and Pentagon, but missed the perfect chance to team up with megabucks producer Jerry Bruckheimer.

Shortly after he left the Clinton administration in 2001, Cohen and his wife, Janet Langhart , wrote a proposal for a television series set in the Pentagon-- think "West Wing" goes to Arlington. They called it "E-Ring," a DOD insider term for the Pentagon's outer offices, and sent it to their agent. No bites. Two years ago, they flew to L.A. and pitched it to several studios, while Bruckheimer ("Top Gun," "The Amazing Race," "CSI") shopped a similar Pentagon-based show. Cohen's proposal went nowhere; Bruckheimer's turned up on NBC's 2005 schedule with a familiar name: "E-Ring." Cohen thinks someone at NBC nabbed his title: "It's hard to protect an idea."

Bruckheimer's rep said his version was inspired by a visit to the Pentagon in 2004, and wasn't aware of Cohen's proposal until after the show aired. "Had he known about Bill's project, he would have gone with [it]," said spokesman Paul Bloch. (Probably should have: "E-Ring" was canceled after one season.) Ah, the what-ifs . . .

Cohen has higher hopes for "Dragon Fire." His 10th book is a geopolitical thriller (fictional defense secretary dies in anthrax attack, former POW modeled after John McCain hunts the bad guys) full of Inside-the-Beltway color. "It's the old axiom: You write what you know," says Cohen. "I don't have a lot of time for research."

Next up: in February, "Love in Black and White," a memoir authored with his wife about their interracial marriage. In the meanwhile, Cohen is in serious talks with producer Thomas Schuhly for a movie version of "Dragon Fire." And yes -- he's getting smarter about show business: "I've learned about copyrights," he said with a chuckle.Red and Blue and Green All Over

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We knew this would happen sooner or later -- Tuesday night, secluded Whitehaven Street in Northwest was clogged by dueling fundraisers. President Bush and Karl Rove mingled with donors at the home of White House social secretary Lea Berman and husband Wayne, raising $1.5 million for the GOP in Iowa, Arkansas and Wisconsin. Two doors down, Sen. Hillary Rodham Clinton presided over a low-key event for about 50 $2,000 donors to her senatorial reelection bid. Limo lock!HEY, ISN'T THAT . . . ?

Â· Mya getting her hair flat-ironed at Bang Salon on U Street yesterday between a shopping trip and a workout. The D.C.-born singer-actress, who was in town visiting friends, tipped $30 on a $30 treatment.

Â· Bruce Willis , wearing baseball cap and jeans in downtown Baltimore, between takes while filming "Live Free or Die Hard." Huge blocks of Charm City are cordoned off for shooting these days. The Sun reported yesterday the star was spotted at the "business casual" Morton's wearing jeans and T-shirt.SURREAL ESTATE

Seller: Jim Dunning

Asking price: $1.1 million

Details: For 15 years, this four-bedroom brick Colonial in Alexandria's trendy Del Ray neighborhood was the home of prominent real estate agent Nancy Dunning and her husband, the city's longtime elected sheriff. In December 2003, she was found shot to death in their home, in what remains one of Alexandria's most notorious unsolved murders. Jim Dunning, who ended the last of his five terms in office last year, still lives in the house and put it on the market early this month.THIS JUST IN . . .

Two different men are claiming to be the father of Anna Nicole Smith 's newborn daughter. Howard K. Stern , a lawyer for the former Playboy model, told CNN's Larry King Tuesday that the baby is his -- which prompted photographer Larry Birkhead , who has made similar claims, to demand a DNA test yesterday, according to Us magazine.

Also yesterday, People reported that Smith's 20-year-old son, Daniel , who was found dead by her bedside in a Bahamas hospital three days after his sister's birth, was killed by a lethal combination of methadone and the antidepressants Lexapro and Zoloft. The magazine cited a pathologist hired by Smith.

John Danforth (CSM)

By David Cook

The Christian Science Monitor, September 28, 2006

Posted September 28, 2006 - http://www.csmonitor.com/2006/0928/p25s01-usmb.html John Danforth By David Cook

John Danforth looks like a quintessential Republican insider but he is calling for a radical change in how his party operates.

During his appearance at Wednesday's Monitor-sponsored breakfast, the tall, silver-haired, deep-voiced, impeccably tailored Danforth looked and sounded like Hollywood's vision of a senator.

He comes with an impressive resume. Danforth's career includes two terms as Missouri's attorney general, three terms in the US Senate, heading the federal investigation into the Waco siege in 1999, serving as President Bush's special envoy to Sudan, and being named US ambassador to the UN. An ordained Episcopal priest, Danforth presided with eloquence and grace over memorial services for Katherine Graham, Ronald Reagan, and John Chafee.

But beneath the polished and calm exterior is a man upset with his party. Danforth is traveling the country promoting his new book, "Faith and Politics: How the Moral Values Debate Divides America and How to Move Forward Together." The book argues that Republicans have transformed their party into a political arm of conservative Christians.

"The name of the game has been not to compete for the center of American politics but to appeal to the base of each party and to attempt to energize the base," Danforth told reporters over breakfast. "For the Republican party, the base of our party now is the Christian conservatives.... The Republican party has done everything it can to appeal to that part of the base ... I think this is bad for the country and ultimately it is going to be bad for the Republican party because I think when the American people reflect on this they do not want a sectarian political party in this country. So what I am trying to do is encourage them to reflect on it."

Would his call for Christians to stress reconciliation and humility lead to a squishy version of Christianity with hard demands and radical stands removed? Danforth says it wouldn't.

"I think [Christianity] is basically reconciling. I don't think there is anything squishy about following the admonition of St. Paul to be ministers of reconciliation," he said. "I don't think there is anything squishy about believing in a God who is bigger than our political agendas and who is the judge of our political agendas.... What is weak is the notion that our faith is the servant of our politics."

Danforth, a graduate of Princeton, and both Yale's law and divinity schools, says he will not leave the party despite his unhappiness with its current course. "I am a Republican," he said. "I am a well-established Republican. I am not going to give up on my party. I just want it to get back to its moorings ... I just want them to disengage themselves from the Christian right."

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A key issue for Christian conservatives recently was the Marriage Protection Amendment to the Constitution, which the Senate considered and rejected earlier this year. It would have defined marriage as the union between a man and a woman.

"The gay marriage issue is an issue that on its merits has no real substance," Danforth said. "That is an issue that is brought forward simply in order to make people angry.... If it is a political issue, it is an issue at the state legislative level. It is clearly not a constitutional issue. The constitution is about the structure of government and the relationship between government and the American people. The constitution is not about addressing social issues. We tried that with prohibition. That lasted 13 years. This is not a constitutional issue and to try to raise this as a constitutional issue is to be simply pandering and gay bashing."

With President Bush now in the final two years of his term, Danforth offered some observations on what direction the party should take next. "I would like to see our party debate whether or not we are a religious party ... I would like you in the media to raise that," he said. "Do we attempt to energize a base or reconstitute a center in American politics? Is there any possibility of creating a center on a bipartisan basis where we can help to resolve real issues?... The real questions do not concern whether there are crèches on public premises or whether gays in Massachusetts get married.... I would like to have a more centrist party and I would like to have a party that is less interested in making its election points than in trying to improve our way of dealing with very serious questions."

Danforth Warns Of Christian Right But Says Tide Will Turn (WP)

By Peter Slevin

The Washington Post, September 28, 2006

CHICAGO. Sept. 27 -- The potency of the Christian right in the Republican Party is limited, former senator John C. Danforth of Missouri is telling audiences this month. A lifelong Republican moderate disturbed by his party's direction, he contends that the political center has a future.

Describing himself as a "a Republican for the old reasons," Danforth, 70, is promoting a new book that describes religion as a divisive force in the United States today and accuses the religious right and its political supporters of creating a sectarian party.

The GOP leadership habitually strives to please its base at the expense of meaningful compromise, he maintains, proving to be neither humble Christians nor effective politicians. His reasoning holds that social conservatives cannot prevail because a majority of Americans do not share their views or appreciate their style.

"I'm trying to shed light on it," Danforth told a gathering of more than 100 people at Chicago's Union League Club on Tuesday, ". . . but I'm really encouraging people to get mad, to speak out on this and express themselves. That's when politics will change."

Danforth is an ordained Episcopal priest and onetime Bush administration ambassador to the United Nations. He is probably best known for ushering Clarence Thomas through the grueling nomination process to become a Supreme Court justice. Danforth served in the Senate when Republicans were outnumbered and outmaneuvered by Democrats, a point noted dismissively by opponents who dispute his argument.

Richard Land, a prominent conservative at the Southern Baptist Convention, said in an interview earlier this year that Danforth is "what was wrong with the Republican Party and why they were a minority party."

Danforth is getting some radio and television airtime since the Sept. 19 release of "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together." He has spoken to audiences in Texas and New York and gave a lecture Wednesday night at the Washington National Cathedral, where he had presided over the funerals of former president Ronald Reagan in 2004 and longtime Washington Post publisher Katharine Graham three years earlier.

His book emerged by design in a political season in which the organizing strength of conservative Christians is expected to be tested by motivated Democrats and moderates dismayed by the country's direction.

This year, there have also been revealing speeches about personal faith and politics by Democratic politicians, notably Sen. John F. Kerry (Mass.), Sen. Barack Obama (Ill.) and Robert P. Casey Jr., who is seeking to unseat religious conservative Sen. Rick Santorum (R-Pa.).

"The problem with many conservative Christians is that they claim that God's truth is knowable, that they know it, and that they are able to reduce it to legislative form," Danforth writes. "The popular question, 'What would Jesus do?' can be difficult enough to contemplate with respect to everyday interpersonal relations. It is mind boggling when applied to the complex world of politics."

Although an opponent of abortion, Danforth has become an activist for a Missouri ballot initiative that would explicitly legalize embryonic stem cell research, an issue adopted increasingly by Democrats and some Republicans to show their differences with the Christian right.

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He also favors government recognition of "committed same-sex partnerships." He believes the proposed constitutional amendment to outlaw same-sex marriage amounts to gay-bashing.

Criticizing Republicans and Democrats at extreme ends of the political spectrum, Danforth told his Chicago audience that "most people don't want it to be this way." In allowing it to happen, he said, "the rest of us have been too silent."

Thomas has a place in Danforth's book. A questioner asked if he has changed his view of one of the court's staunchest conservatives.

Danforth, who has said he never questioned Thomas about serious allegations of sexual harassment, replied: "I have exactly the same view of Clarence Thomas that I have had for 30-some years. . . . I know him, and I love him as a human being. I stood by him, and I am proud of that."

Big Openings For Democrats (RC)

By David M. Drucker

Roll Call, September 28, 2006

While predictions of a Democratic wave on Nov. 7 may be overblown, Republicans are clearly on the defensive in three open seats that could prove key to their ability to retain the House majority in the 110th Congress.

Until recently, Republican-held seats in Arizona, Colorado and Iowa were seen as major battlegrounds. But now they are in serious jeopardy of going Democratic, with the 7th district in Colorado and the 1st district in Iowa, in particular, signifying the decline of the GOP brand name in the eyes of voters this cycle.

"I think districts like that are still winnable [for Republicans]. But they are definitely a bigger challenge in this environment," said GOP strategist Dave Gilliard, who steered now-Rep. Brian Bilbray (R) to a close win in a California special election earlier this year in a tough atmosphere for Republicans. "You have to latch onto local issues and catch the imagination of voters separate from the party label."

Democrats are clearly benefiting from the decision by the GOP incumbents who hold these seats to retire from Congress. But it is telling that the Republicans running in their stead find themselves down significantly in public opinion polls to their Democratic opponents.

In the Republican-leaning, southern Arizona 8th district, Rep. Jim Kolbe (R) has been re-elected by comfortable margins 11 terms running. Yet former state Sen. Gabrielle Giffords (D) seems poised to easily dispose of former state Rep. Randy Graf (R).

The eastern Iowa 1st district and Denver-area 7th district of Colorado have repeatedly voted Democrat for president while choosing Republicans to represent them in the House. In Iowa's 1st, voters chose Sen. John Kerry (D-Mass.) over President Bush by 7 points in 2004, despite their long-standing preference for Rep. Jim Nussle (R), who was elected in 1990.

To replace Nussle, however, voters appear to be favoring a Democrat, trial attorney Bruce Braley. He led wealthy businessman Mike Whalen (R) by 7 points in the latest independent poll.

Colorado's 7th is more narrowly Democratic, giving Kerry a 3-point edge over Bush in 2004. But former state Sen. Ed Perlmutter's (D) early and healthy lead over former state official Rick O'Donnell (R) — despite a bruising Democratic primary — indicates the GOP isn't getting the benefit of the doubt from voters this year, as opposed to the previous two cycles, when Rep. Bob Beauprez (R) won competitive races.

Both Nussle and Beauprez are running for governor. Kolbe has not announced his future plans.

K.C. Jones, spokeswoman for the O'Donnell campaign, acknowledged that a national political environment that is difficult for Republicans has made for a tougher road for the former chairman of the Colorado Higher Education Commission. But as a veteran of Beauprez's 2002 campaign, Jones stressed that she always figured on a come-from-behind race and is pleased with O'Donnell's progress thus far.

"Unaffiliated voters in this district are turned off by both parties. Does that affect us right now because Republicans are in control of the White House and Congress? Yes," Jones conceded.

Braley spokesman Jeff Giertz said a favorable national political environment is making the Democrat's effort easier than a similar push might have been in 2002 or 2004, though he added that Braley's policies would be highly appealing to the electorate regardless of the political atmosphere.

Presidential approval ratings hovering in the low 30s in the 1st district and a motivated Democratic base hungry for change are distinct advantages Braley has in his contest with Whalen, who could otherwise benefit from the district's socially conservative sensibilities.

"Certainly the winds in this district are at our backs," Giertz said. "Voters are unhappy with the policies of the Bush administration ... Being that there's a Democratic registration advantage here, it energizes that advantage even more."

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Carl Forti, spokesman for the National Republican Congressional Committee, sought to downplay the difficulties Republicans face in Arizona, Colorado and Iowa, though he appeared to acknowledge in his comments the GOP is in trouble in each.

"They're difficult seats because they're open. It's always harder to keep an open seat than one with an incumbent," Forti said. "Colorado 7 and Iowa 1 are Democrat-leaning, so we've been swimming upstream from the get-go. But both are winnable."

Forti said Arizona's 8th is going to be a tough battle — the NRCC's preferred candidate lost in the GOP primary — but cautioned not to count out Graf, calling him a "true fighter."

The Tucson-area 8th district delivered 53 percent of its vote for Bush in 2004, and Republicans have an edge in registered voters there of approximately 20,000. But Graf has emerged as a heavy underdog to Giffords, though this appears to have little to do with national political trends and more to do with how the two candidates are viewed by voters — and party leaders.

Illegal immigration is a top issue in the Arizona race, and Graf is the candidate who has focused the most on securing the border with Mexico. But two candidates with more moderate views on the issue — the second and third place finishers — garnered more votes collectively in the primary than Graf, who challenged Kolbe in 2004 and is seen as a strident conservative regardless of whether that label is deserved.

Giffords may not be as moderate of a Democrat as she lets on. But early polling on this race suggests that 8th district voters see her as the political heir to the moderately Republican Kolbe — at least when the choice is between her and Graf. The NRCC apparently agreed, as it spent money in the Republican primary touting the campaign of Kolbe endorsee and former state Rep. Steve Huffman (R).

Earl de Berge, an independent pollster based in Phoenix, said Graf is being hurt by the perception — rightly or wrongly — that he is a hardliner, noting that he's been getting calls from reporters in recent days asking about rumors that allege connections between the former state Representative and racist groups.

"Those are serious, and can have a hard impact on a candidate right away," de Berge said, explaining that Graf was the Democrats' choice because "they viewed him as an extremist candidate who would be easier to beat in a moderate swing district."

A Forfeited Battleground District (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 28, 2006

CALDWELL, Ohio -- Four months ago, state Sen. Charlie Wilson (D) was teetering on the edge of defeat in his campaign for Ohio's open 6th District. Today he is strolling toward Nov. 7, when, if current trends continue, he will be elected to Congress.

No television ads for Wilson or his Republican opponent, state Rep. Chuck Blasdel, are airing. For the moment, the national party organizations, which swarm into the most competitive races, are nowhere to be found.

And Wilson's schedule is not exactly full. His only public event so far this week was a dinner for the Noble County Democratic Party on Tuesday night here in rural southeastern Ohio.

"We don't hear anything" from national Republicans, Wilson said as he relaxed amid the red-white-and-blue bunting that decorated the tables at the Noble County Community Center. "We are very happy they are looking elsewhere."

This is a race the 2006 midterm elections forgot. The seat in the pastures and Appalachian foothills of eastern Ohio has been held for a decade by Rep. Ted Strickland, who this year is the Democrats' nominee for governor. His departure once tantalized Republicans, who regarded this seat -- carried narrowly by President Bush in 2004 -- as their most promising chance to take a congressional seat from the Democratic column.

Some promise. Blasdel's campaign never gained much traction after Wilson, considered the strongest of three contenders, won the Democratic primary in May.

Like any game, politics tends to be more fun on offense than defense. Republicans are not having much fun this election season.

While Democrats have targets around the country where they could gain a seat, Republicans have the barest handful.

A combination of an adverse national environment and the need to devote their resources to defending at-risk GOP incumbents gives the national party few opportunities to invest heavily in challengers, such as Blasdel, who face an uphill fight.

Ask Republicans where they see takeover opportunities this fall and they will rattle off seats such as Georgia's 8th District -- held by Rep. Jim Marshall -- Iowa's 3rd or even the open at-large seat in strongly Democratic Vermont. But none of those races look particularly dire for Democrats at the moment, as many Republican strategists privately acknowledge.

Republicans' receding chances in the Ohio 6th provide a microcosm of this trend.

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For much of 2005, Blasdel, the second-ranking Republican in the Ohio House, was the golden boy of GOP recruitment efforts. National Republican Congressional Committee Chairman Thomas M. Reynolds (N.Y.) regularly singled out him as a star in the making and the 6th District as a pickup opportunity.

Republicans' optimism only increased after Wilson did not collect the necessary signatures to qualify for the primary ballot, necessitating a write-in candidacy. Sensing opportunity, the Republican Congressional Committee poured hundreds of thousands of dollars into the district in hopes of killing Wilson's candidacy. Television ads accused Wilson of supporting the dumping of raw sewage in the Ohio River, among other not-so-nice allegations.

The strategy backfired. Wilson, who knocked on 40,000 doors and sent out 4,000 personal letters during the primary race, rolled up 66 percent of the vote, winning 4,500 votes more than the four Republican candidates combined.

"To do that is unheard of," said Noble County Democratic Party Chairman Larry Woodford. Republicans "saw the writing on the wall."

It certainly looks that way. After Wilson's win, Blasdel went from hot to "who?" in the eyes of many Republicans.

The 6th District "on paper does look like it should be competitive," Wilson said. Certainly, judging by the pickup trucks in the parking lot and camouflage on the attendees at the Noble County gathering, this is not a typical Democratic stronghold.

Most Democrats in this part of the world are conservative on social issues such as abortion and guns, and tend to identify more with Larry the Cable Guy than with Larry David. "Southeastern Ohio is Appalachia," said Woodford. "A lot of people don't want to say that, but it is."

Wilson, like Strickland, has so far been able to bridge that cultural divide between local and national Democrats. Instead, he is emphasizing his conservative credentials and past service for the area.

A poll conducted for his campaign last month shows that the strategy has been effective, as Wilson led Blasdel 49 percent to 25 percent. Blasdel campaign manager Ryan Stenger conceded that the Democrat is ahead at the moment but added that his candidate is seeing monthly improvements in private polling. "Things are definitely getting better," Stenger said. "We definitely have our challenges ahead of us."

Still, the Republican Congressional Committee has not promised an end-of-the-campaign advertising blitz that earlier this year seemed a given. Stenger argued that once the national party is satisfied with where its incumbents stand, the money will begin to flow to offensive opportunities in open seats.

In the meantime, Blasdel plans to capitalize on lower gas prices -- they have dropped below $2 in some parts of the district -- and the stock market, which is nearing a new high. "The other side will be caught napping on this one," promised Stenger.

Democrats Decide They Don't Need 'Contract' To Win (RC)

By Morton M. Kondracke

Roll Call, September 28, 2006

The 12th anniversary of the Republicans' 1994 "Contract with America" came and went on Wednesday without a 2006 Democratic counterpart. And there won't be one.

Instead, Democratic House and Senate leaders held yet another press conference to denounce the Republican Congress' "rubberstamping the Bush administration's misguided agenda."

Despite repeated urging from various quarters, including from former President Bill Clinton, that the party needs to make clear what it stands for and not just against, Democrats contend that off-year elections are referenda on the party in power and that a Democratic alternative agenda would only provide targets for the GOP to attack.

Just to underscore the point, the Senate Democratic leadership's "war room" sent out an e-mail Monday declaring that "much hype surrounds the 1994 Contract with America. The Contract is often incorrectly credited with playing a large role in the Republican victory in the mid-term elections. Evidence shows that this was not, in fact, the case: Candidates did not campaign on the Contract with America, and most Americans were unfamiliar with the document's existence."

Still, it's a fact that then-House Minority Leader Newt Gingrich (R-Ga.) gathered 337 GOP Members and candidates on the West Front of the Capitol on Sept. 27, 1994, and issued a 10-plank platform that included welfare reform, a balanced-budget constitutional amendment, tort reform, Defense budget increases, middle-class tax cuts and term limits for Members of Congress.

It's undoubtedly true that the GOP won the election largely because of disgust with Democratic management — the failure of Clinton's health care reform plan and Congressional scandals — but the contract did provide a legislative roadmap for the GOP once it won a 52-seat victory and had to help govern the country.

This year, Democrats have issued a two-page positive agenda, "New Direction for America," but there's been no Capitol steps rally, and the document has all the earmarks of being just a handout designed to be an answer to the question, "But what do Democrats stand for?"

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It calls for "beginning the phased re-deployment of U.S. forces from Iraq in 2006," doubling U.S. special forces "to destroy Osama Bin Laden and terrorist networks like Al Qaeda" and upgrading homeland security.

It pledges to block a Congressional pay raise until the nation's minimum wage is raised, to make college tuition tax-deductible, to foster energy independence, to force Medicare to negotiate lower drug prices and to "enact real pension reform to protect employees' financial security from CEO corruption and mismanagement."

The document says nothing about economic policy, although Rep. Charlie Rangel (D-N.Y.), who's in line to be chairman of the House Ways and Means Committee if the Democrats take over, said he has not ruled out the possibility of eliminating President Bush's tax cuts, which included some cuts for middle-class Americans as well as vastly more for the rich.

Separately, Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) has co-written a 200-page book, "The Plan," with a former Clinton White House colleague, Bruce Reed, which does lay out a positive agenda; although it, too, is loaded with anti-Bush invective and is short on bipartisan outreach.

The book's "big ideas for America" include "universal citizen service" that calls for all Americans between 18 and 25 to spend three months learning civil defense procedures, "universal child health care" coverage and "universal retirement savings" that requires all employers to offer 401(k) plans to their workers.

The book also advances Emanuel's tax reform plan, introduced with Sen. Ron Wyden (D-Ore.), that calls for reducing the number of tax brackets from six to three, guaranteeing that all families with incomes under $100,000 pay only a 10 percent rate and taxing capital gains and dividends at the earner's income tax rate — an increase from 15 percent to, presumably, 35 percent for high-bracket earners.

Emanuel and Wyden also want to eliminate the Alternative Minimum Tax, institute a corporate flat-tax rate of 35 percent and create a base closing-style commission to eliminate corporate tax loopholes. The total package, Emanuel says, could reduce the budget deficit by $100 billion over 10 years.

Emanuel's book also calls for massive research efforts and tax credits for the purchase of hybrid cars to cut gasoline consumption in half over 10 years and reduce global warming. And it calls for tax credits to make college and/or advanced skills training affordable for all.

The book gives Bush practically no credit for any worthwhile advance, including his No Child Left Behind school reforms, but it does endorse, rather courageously, pay-for-performance for teachers as well as an extended school year.

You get little sense from the book that if Democrats did win control of the House or Senate, their margins would be so narrow they'd have to get GOP support to pass anything. Emanuel told me in an interview, "I believe in bipartisanship, but his administration makes it impossible. They reject all our ideas."

Emanuel is making no public predictions about the outcome in November, just saying, "I'd rather be in our situation than theirs," and disputing GOP claims that they will have a money and get-out-the-vote advantage.

Emanuel clearly thinks his party needs a positive message this year — otherwise he would not have written the book — but he told me that 2006 is still shaping up to be a "normal" off-year "referendum" election.

The exceptions were 1998, when the GOP was set to impeach Clinton and Democrats gained five seats, and the 2002 post-terrorism election, when the GOP picked up eight seats.

The average midterm loss for the party controlling the White House from 1974 through 1994 is nearly 26 seats. Eliminating the GOP's post-Watergate 49-seat drubbing, the average is 21. Factoring in the post-2000 Census gerrymandering of seats, Democrats would seem to be just on the edge of the 15 seats they need to take the House.

A positive message of purpose — saying where they'd lead instead of just how much trouble they'd inflict on Bush — could push them over the top. Maybe Democrats don't need a Contract, but they could use a plan.

Warning: Races May Not Be As Close As They Appear (RC)

By Stuart Rothenberg

Roll Call, September 28, 2006

Democratic pollsters are pushing lots of polls that show second- and third-tier candidates performing surprisingly well. If most of these challengers win, the Democrats will gain 30 or 40 House seats.

Obviously, that's unlikely. Extremely unlikely.

So what are we all supposed to make of Democratic polling memos asserting that Paul Hodes (New Hampshire's 2nd), John Hall (New York's 19th), Jason Altmire (Pennsylvania's 4th), Victoria Wulsin (Ohio's 2nd), Charlie Brown (California's 4th), Nancy Skinner (Michigan's 9th) and Dan Maffei (New York's 25th) are breathing down the necks of incumbent Republicans?

Some of these numbers stem from the fact that the Democratic base has solidified early on and Democratic candidates are getting the vote that normally comes to them only in October. The folks over at Public Opinion Strategies, I believe, coined the

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term "premature partisan polarization" to refer to the current tendency of voters to pick their party's Congressional candidates earlier and earlier, even if they know nothing about them.

Consider Maffei, a Democrat challenging Rep. Jim Walsh (R-N.Y.) in a district that includes Syracuse and the eastern end of Rochester.

A recent Maffei poll shows him trailing Walsh by only 4 points, 44 percent to 40 percent. Yet Maffei's favorable rating was just 24 percent. That means a large percentage of respondents who said they would vote for Maffei don't have a favorable impression of him. But they are for him, whomever he may be.

Presumably, most of these respondents are Democrats who want to send a message to President Bush and figure that voting for Maffei is a good way of doing so. After all, Democratic presidential hopeful Sen. John Kerry (Mass.) won the district in 2004, defeating Bush 50 percent to 48 percent.

Maffei looks pretty irrelevant in all this, and the poll suggests that at this point, a slice of white bread with a (D) after its name would have a good chance of holding Walsh under 50 percent.

Maffei is not the only Democratic candidate running far ahead of his or her name identification. In New Hampshire's 2nd district, a Democratic poll pegs Hodes' total name identification as 27 percent, yet has him drawing 42 percent in the ballot test against Rep. Charles Bass (R).

In New York's 20th district, a Global Strategy Group poll for Kirsten Gillibrand shows her favorable name ID at 34 percent even as she draws 39 percent of the vote against Rep. John Sweeney (R).

In Pennsylvania's 4th district, Altmire's total name identification is 21 percent, yet he is drawing 44 percent of the vote in a ballot test against incumbent GOP Rep. Melissa Hart.

In each of these districts, there are enough Democratic voters to provide a solid Democratic Congressional vote, and Maffei, Hodes, Gillibrand and Altmire apparently are getting their share early — even prematurely. But are these races as close as they would seem?

Count me as skeptical, and not only because most of these poll memos contain the dreaded "and when voters were read short descriptions about the candidates" second ballot that allegedly measures a challenger's fundamental strength. If wishes were horses, beggars would ride.

The Maffei poll memo includes at least a couple of things that caught my eye and deserve mention. First, despite Maffei's move in the ballot test, Walsh still has a name ID of 51 percent favorable/36 percent unfavorable. In other words, in a district won by Kerry and where Walsh's "re-elect" has plummeted from 42 percent to 34 percent, the Congressman still is viewed favorably by a majority of respondents.

Granted, Walsh's negatives have risen since a previously unreleased March Democratic survey, but that's not surprising given the national and state environments, which strongly favor Democrats. Walsh's favorable ratings have slipped only slightly, from 56 percent in March to 51 percent now.

Equally noteworthy is that district voters, who have a very unfavorable view of Bush (25 percent favorable/62 percent unfavorable), seem willing to make a clear distinction between Bush and Walsh.

That willingness to make a distinction is crucial, since it demonstrates that Walsh has, to a considerable extent, personalized the district. In an environment like this, and in a district such as New York's 25th, Walsh's success in building his own image is crucial.

The memo goes on to make a generalized assertion: "Voters in the 25th District are clearly looking for change."

Well, I've seen that message, in one way or another, in almost every Democratic polling memo that comes across my desk. They almost always cite Bush's standing. They almost all argue that voters want change or are dissatisfied with the direction of the country. And they are right, but only so far.

The problem for Democrats is that in most cases, that won't be enough by itself to get voters to fire GOP incumbents. That's particularly true if Republicans pound away at their challengers, making them the issue in their races and decreasing their appeal as vehicles for change. Of course, not all Republican incumbents are doing that yet. And that's a mistake that some Republicans could well come to regret.

Stuart Rothenberg is editor of the Rothenberg Political Report (www.rothenbergpoliticalreport.com).

Calls Grow For Release Of Intelligence Report (WSJ)

WSJ Online's "Washington Wire", September 26, 2006

Leading congressional Democrats along with the Republican chairman of the Senate Intelligence Committee are pressing the White House to release an intelligence report that concluded the Iraq war had helped create a new generation of Islamic militants.

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Democrats pushing for the National Intelligence Estimate to be released publicly include House Minority Leader Nancy Pelosi of California; Sen. Jay Rockefeller of West Virginia, the ranking member of the Senate Intelligence Committee; and Sen. Hillary Rodham Clinton of New York, arguably the party's most prominent elected official.

Santorum

Meantime, Sen. Pat Roberts of Kansas, chairman of the Senate Intelligence Committee, said he wants the report to be declassified and released publicly "so the American people can see the material for themselves and come to their own conclusions." Other Republicans, including Sens. Rick Santorum of Pennsylvania and George Voinovich of Ohio, said they are considering making a similar request.

At issue is the National Intelligence Estimate that made headlines last weekend when its conclusions about the war in Iraq appeared on the front pages of the New York Times and Washington Post. The White House has ruled out declassifying the entire report, though it has left open the possibility of selectively declassifying excerpts.

The sparring during the election season highlights Democrats' desire to use the unpopular war in Iraq to hammer away at Republicans' electoral advantage on national security issues. The White House is casting the war in Iraq as an essential part of the war on terror, while Democrats are trying to separate the two issues and argue that Iraq has been a costly distraction from the broader fight against Islamic extremism.

In the meantime, the Bush administration got a political boost from Iraq's president. In an interview on the PBS show "The NewsHour with Jim Lehrer," Iraqi President Jalal Talabani said he disagreed with the report's contention that the Iraq war had worsened the global terrorist threat. "I think the invasion of Iraq reduced the danger of terrorism on the United States of America because all terrorist groups are now concentrating on Iraq," he said. –Yochi J. Dreazen

House GOP Pushes Its 'Suburban Agenda' (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, September 28, 2006

While House Republicans trumpeted elements of their suburban agenda, Democrats yesterday said Congress will have failed the American people if it adjourns without increasing the minimum wage.

"The battleground is in the suburbs, and it is wise policy and wise politics to directly meet the needs of families in those areas," said Rep. Mark Steven Kirk, Illinois Republican, chairman of the party's Suburban Agenda Caucus.

Mr. Kirk said both parties for too long have focused on rural or urban voters. The country now is 54 percent suburbanites who face similar challenges, he said.

"In the middle is where the majority is," he said.

Republicans outlined seven "suburban agenda" measures for 2007 aimed at improving education and health care. They also are pushing the Alternative Energy Act of 2006, which funds research for plug-in electric hybrid car technology and studies solar and wind power.

Democrats, meanwhile, tried to force a vote on increasing the minimum wage, a move many centrist Republicans support.

"The Democrats want to take the nation in a new direction, one where the needs of all Americans are addressed," said Rep. Eddie Bernice Johnson, Texas Democrat.

They threatened to resist the adjournment scheduled for the end of the week until Republican leaders allow a clean "up or down" vote on the minimum wage. Most Democrats opposed an August bill that the House passed, which raised the wage but also offered numerous tax cuts. That bill was stalled in the Senate.

"We should not leave town when there is serious business the Republican leadership has failed to complete," said Rep. Jim McGovern, Massachusetts Democrat.

But Rep. Pete Sessions, Texas Republican, said his party is targeting "people in America who get up every day [and] go to work."

"We intend to make sure that voters in November see the suburban caucus and the agenda that we have that's good for their families and good for our Republican Party," he said.

"Suburban agenda" items that overwhelmingly passed the House this year include a measure to block sites like MySpace.com from schools and libraries and a bill allowing schools to do FBI background checks before hiring employees.

A new poll of 1,000 suburban voters released by Republicans yesterday shows 50 percent think the economy is on the right track, up from 38 percent in July. It also shows Republican popularity ratings have increased -- from 40 percent in July to 43 percent this month. Negative ratings decreased from 53 percent in July to 49 percent this month. The poll was conducted by the Winston Group, a firm used by Republicans.

"While Democrats talk the talk, these numbers show that suburban folks increasingly like Republicans because they walk the walk with our plan to fight terrorism and grow jobs," said Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert.

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But the Democrats, who need just 15 seats to wrest control of the House from Republicans, say the majority party did nothing for the American people this year.

"The 'Do-Nothing Congress' did more substantive work than we have done," said Minority Whip Steny H. Hoyer of Maryland. He said Republicans and President Bush "demand that it is either done their way or not done at all."

President Truman dubbed lawmakers in 1948 the "Do-Nothing Congress" because they met less than 110 days. When this Congress adjourns it will have met for less than 95 voting days.

Several Democrats during floor speeches yesterday attempted to get unanimous consent to consider the minimum-wage bill immediately. Republicans controlling the proceedings denied them.

New Hope For Democrats In Bid For Senate (NYT)

By Robin Toner

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Six weeks before Election Day, the Democrats suddenly face a map with unexpected opportunities in their battle for control of the Senate.

In Virginia, a state that few expected to be seriously competitive, Senator George Allen looks newly vulnerable after a series of controversies over charges of racial insensitivity, strategists in both parties say. In Tennessee, another Southern state long considered safely red, Representative Harold E. Ford Jr., a Democrat, has run a strong campaign that has kept that state in contention.

Elsewhere, Democratic challengers are either ahead or close in races in five states held by the Republicans: Missouri, Montana, Ohio, Pennsylvania and Rhode Island, according to political strategists in both parties and the latest polls.

All of these races could shift direction in a matter of days, let alone six weeks, and Republicans are counting on their superior finances and large blocks of television advertising to hold the line. Democrats also have their own vulnerabilities, particularly in New Jersey, where Senator Robert Menendez is in a tight race with his Republican challenger, State Senator Thomas H. Kean Jr., according to recent polls.

Democrats must win six Republican seats to regain a Senate majority, meaning they would have to win nearly every close race. Even the most optimistic Democrats acknowledge that such a feat would require a big anti-Republican wave, a lot of money and a lot of luck.

Still, a shift in the Senate was always considered a long shot this year. Some analysts now say, however, that there are enough Republican seats facing serious challenges to make it at least plausible.

“There’s a big difference in talking about six seats in play and not five,” said Stuart Rothenberg, an independent analyst.

In Pennsylvania, Rick Santorum, the No. 3 Republican in the Senate, has been lagging behind Bob Casey, the state treasurer, for months. In Rhode Island, Senator Lincoln Chafee, a Republican, overcame his primary challenge, but remains locked in a tight race with Sheldon Whitehouse, the Democrat and former state attorney general.

Senator Mike Dewine, Republican of Ohio, is fighting an unhappy political mood in his state, stoked by local Republican scandals and economic unease.. Independent polls suggest Mr. Dewine remains in a tight race with his Democratic challenger, Representative Sherrod Brown.

In Montana, Senator Conrad Burns, the Republican, has been considered vulnerable for months to his Democratic challenger, Jon Tester, a farmer and state senator. And any route to a majority for the Democrats would have to include Missouri, where Senator Jim Talent, the Republican, is being challenged by Claire McCaskill, the state auditor.

Republicans’ hopes for a pickup look strongest, at the moment, in New Jersey. But another target is the open Democratic seat in Maryland, where Lt. Gov. Michael Steele is running against Representative Benjamin L. Cardin, a Democrat still trying to unify his party after a competitive primary campaign.

Republican strategists acknowledge the intensely competitive map but say they are ready for it.

“Anybody who says there’s no way the Democrats could regain control of the Senate, that’s just wishful thinking,” said Glen Bolger, a Republican pollster active in numerous House and Senate races. “But there’s a long way between could and would, and the Republican resource advantage is just now coming to bear.”

Democrats are upbeat but wary.

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said: “We will pick up seats. And if the stars continue to align, we can take back the Senate.”

Republicans say they have the money not only to defend their seats, but also to put Democrats on the defensive in Maryland, New Jersey and elsewhere.

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"We obviously knew all along many of our Republicans were going to have difficult races, and they've known that as well, which is why they have more resources than their counterparts and are able to push back," said Brian Nick, spokesman for the National Republican Senatorial Committee.

Republican Senate candidates are getting a major boost from the Republican National Committee, which is financing an advertising campaign so far focused largely on Missouri, Ohio and Tennessee. This is widely viewed as a firewall strategy: If Republicans hold onto even one of those seats, it stymies the Democrats' hopes of regaining a majority.

Mr. Schumer said, "The 800-pound gorilla is the money the R.N.C. is pouring into those races."

Republicans also argue that six weeks out, many voters are only beginning to pay attention. In Tennessee, for example, Ben Mitchell, campaign manager for the Republican Senate candidate, former Mayor Bob Corker of Chattanooga, said voters would reject Mr. Ford when they learned about his voting record, which Republicans assert is at odds with his centrist image.

Pete Brodnitz, a pollster for Mr. Ford, countered that Tennessee voters had a "big appetite for change."

Perhaps the most unexpected development this year is the competition in two Southern states. Democrats have fared poorly in the South in recent years, which has accounted, in large part, for their difficulty in gaining a Senate majority.

Tennessee, where the seat is held by the retiring majority leader, Bill Frist, is drawing intense interest from national Republicans. President Bush was in Memphis on Wednesday to raise money for Mr. Corker.

The Virginia race — between Mr. Allen and Jim Webb, the Democrat — looked safe for the Republicans until Mr. Allen made a demeaning reference to a young American man of Indian descent — a Webb campaign worker — at a rally in August. Then, last week, Mr. Allen reacted angrily to a reporter's question about whether his mother had been born Jewish, which began another distracting episode for his campaign.

This week, he has faced accusations that he used racist slurs in the 1970's and 1980's — allegations that Mr. Allen has flatly denied.

This week, Mr. Allen's campaign manager, Dick Wadhams, described the race as "competitive," but asserted that would change as it became clear that Mr. Webb "stands with John Kerry, Ted Kennedy, Chuck Schumer and Hillary Clinton."

Steve Jarding, an adviser to Mr. Webb, described the race as a dead heat, and said that while Mr. Allen retained a financial advantage, Mr. Webb's fund-raising had soared of late.

Both parties are watching to see if Mr. Webb can take advantage of his new opening.

Analysts say the level of Senate competition should come as no surprise; Senate races are more likely to reflect national trends, they say, whereas most House districts are so carefully drawn on partisan lines that "they are safe against anything but a hurricane," said Gary C. Jacobson, a political scientist at the University of California, San Diego.

Controversy Clouds Allen's Re-election Bid (USAT)

By Jill Lawrence

USA Today, September 28, 2006

LEESBURG, Va. — Michael Johnson is a swing voter in a swing county in what's turned into one of the hottest Senate races in the country, and he's swinging away from George Allen, the man he voted for in 2000.

Johnson, 35, a football fan attracted six years ago by Allen's family (his father was a Washington Redskins coach) and "positive, honest" image, says he probably won't vote for Allen this fall. The reason is a videotape showing Allen taunting a volunteer of Indian descent for his Democratic rival as "macaca" — considered an ethnic slur in some cultures.

"It was horrible," says Johnson, a planner for fast-growing Loudoun County. "Definitely disheartening."

In interviews here Wednesday, many Republicans said they're sticking with Allen.

"He's a wonderful man. A good family man. A good Christian," said Patsy Harrington, 40, a part-time real estate agent.

Until Aug. 11 and the "macaca" comment, Allen had a wide lead in the polls over Democrat Jim Webb, Navy secretary in the Reagan administration, and seemed ready to coast to re-election. Since then, however, his campaign has been slowed by Allen's reactions to the revelation his maternal grandparents were Jewish and allegations that he used racial slurs to refer to black people.

"It has been one misstep and meltdown after another" for the Allen campaign, Mark McKinnon, a strategist for President Bush, said Tuesday at a panel discussion on political advertising in New York sponsored by USA TODAY.

Democrats, who need six new seats for a Senate majority, are poised to invest heavily here. "With each day that goes by, Virginia looks increasingly winnable," says Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. He declined to give details on spending plans.

Federal campaign reports for June 30, the most recent available, showed Allen with a formidable financial edge: $6.6 million on hand vs. $424,000 for Webb.

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Webb spokeswoman Kristian Denny Todd said the third-quarter report will show “a fundraising flurry” as a result of celebrity help and national attention, but Allen will have more money.

Both candidates have had 1970s flashbacks. Three of Allen's University of Virginia college football teammates told the online magazine Salon this week that Allen often used a racial slur to describe blacks.

Allen is sending mailers to Virginia women highlighting articles and speeches in which onetime Republican Webb argued, in colorful language he now says was immature, against women in the military.

Webb went on to marry a fellow Vietnam War veteran and change military policies to help women serve. “I've tried to show by my conduct when I had positions in government that I am open to assisting women succeed in all the areas where that's possible,” he said this month on NBC's Meet the Press.

Allen pushed for aid to historically black colleges and a Senate apology for failing to outlaw lynching. Last spring, he skipped the high-profile White House Correspondents Dinner to attend a racial reconciliation weekend with Democratic Georgia Rep. John Lewis, a civil rights hero. A former head of the state NAACP has endorsed him.

Allen has apologized repeatedly for the “macaca” incident, and this week, he denied the allegations that he used a racial epithet in college. “It is not who I was, and it is not who I am,” Allen said. “It is contrary to every fiber of my being.”

Allen was not available for an interview this week. Webb declined Tuesday to comment on the allegations from Allen's classmates.

Virginia conservatives remain solidly behind Allen. “We vote the party, not the person,” said Delrose Winter, 48, co-owner of a materials analysis lab. “I don't care what he did as long as it wasn't criminal. He seems very moral and sensible.”

The question for Allen is whether there are enough people like Winter in counties such as Loudoun, a magnet for newcomers from Washington and its inner suburbs. Steven Cox, 58, a farmer and baker, moved here seven years ago. “I have mixed feelings about Webb, but I know too many things about Allen,” Cox said Wednesday at the Leesburg Restaurant. “I'm just disgusted with the way things are going,” particularly regarding Iraq.

Across the room, several friends held forth on the Senate race as they finished lunch. Wayne Wilmot, 64, co-owner of an insurance agency, said comments Allen might have made 30 years ago are “immaterial.” He said Allen deserves a second term as senator. He's not sure about the White House.

Michelle Martinson, 50, a title underwriter, said she's a lifelong Republican who voted for Allen in 2000 but won't this year. Her reasons include his closeness to Bush, his support for a state ban on gay marriage, and “he comes across as kind of mean-spirited.” As for Webb, his “woman thing is just bizarre.” She is still mulling whether to support Webb or no one.

Webb Denies Ever Using Word As Epithet (WP)

By Michael D. Shear

The Washington Post, September 28, 2006

RICHMOND, Sept. 27 -- Democratic Senate candidate James Webb on Wednesday sought to explain remarks he had made a day earlier, in which he refused to say whether he had used the "N-word," but he insisted he has never used it as a racial epithet aimed at anyone.

"I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time in their life," he told the Richmond Times-Dispatch on Tuesday. "If you read 'Fields of Fire,' that word and a lot of other words are in the book." "Fields of Fire" is a novel Webb wrote about the Vietnam War.

Spokeswoman Kristian Denny Todd said Webb, an author and former Marine, "did not want to make any blanket statements that he has never, ever uttered the word. Jim has not used the word directed at another person. He's never used it himself as a racial slur."

Allegations about race continued to roil Virginia's Senate race this week, as Webb and his opponent, George Allen (R-Va.), confronted fresh accusations and their campaigns struggled to shift the conversation to other subjects.

Political scientists who specialize in the history of the South said Webb's careful comments about the N-word, and the controversy over its alleged use by Allen, reflect the word's transformation from a common political term to the third-rail of electioneering.

"The Voting Rights Act transformed that word. It eradicated it," said Jack Bass, a professor of humanities and social science at the College of Charleston. "The crowd that [used it in the 1970s] either quit using it or they were gone. Blacks were voters by then."

Charles Bullock, a professor of political science at the University of Georgia, said that "in much of the South, there was this tremendous transformation from a time when it was a term widely used by politicians making successful appeals to now where it is something that no politician would dare utter."

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Webb's comments to the Times-Dispatch prompted Allen campaign officials to direct a reporter to Dan Cragg, a former acquaintance of Webb's, who said Webb used the word while describing his own behavior during his freshman year at the University of Southern California in the early 1960s. Webb later transferred to the U.S. Naval Academy.

Cragg, 67, who lives in Fairfax County, said on Wednesday that Webb described taking drives through the black neighborhood of Watts, where he and members of his ROTC unit used racial epithets and pointed fake guns at blacks to scare them.

"They would hop into their cars, and would go down to Watts with these buddies of his," Cragg said Webb told him. "They would take the rifles down there. They would call then [epithets], point the rifles at them, pull the triggers and then drive off laughing. One night, some guys caught them and beat . . . them. And that was the end of that."

Cragg said Webb told him the Watts story during a 1983 interview for a Vietnam veterans magazine. Cragg, who described himself as a Republican who would vote for Allen, did not include the story in his article. He provided a transcript of the interview, but the transcript does not contain the ROTC story. He said he still remembers the exchange vividly more than 20 years later.

Webb, who is in Texas for fundraising events, did not respond to repeated requests for comment. Todd said Webb denied the allegations in a conversation with her.

"He said it's not true. It's not even close to being true," Todd said. She quoted Webb as saying: "In 1963, you couldn't go to Watts and do that kind of thing. You'd get killed. So of course I didn't do it. I would never do that. I would never want to do that."

Todd condemned the allegations as politically motivated by the Allen campaign.

"They are pathetic individuals. They are beneath it. They are slime," she said. "Here we are trying to talk about the issues. They are completely and totally desperate."

Cragg, a former Army sergeant major, described himself as a longtime friend of Webb's who worked for him when he was assistant secretary of defense under President Ronald Reagan. Cragg said he approached the Allen campaign through a friend after hearing Webb's answer to the Times-Dispatch reporter's question about using the N-word.

"The fact is he has. He used it in my presence," Cragg said. "I don't think he's a racist any more than George Allen is. But he's not frank in admitting that he grew up in a culture where that was common and he used it."

Allen campaign officials declined to comment on Cragg's story. But political adviser Chris LaCivita responded to Todd's criticism. "They wouldn't know an issue if it hit them square in the face," he said.

Cragg's accusations come as Allen continued to battle charges he used the same racial epithet during college and was racially insensitive.

On Monday, a college football teammate, Ken Shelton, said Allen used the N-word referring to black people. He also said that he, Allen and Billy Lanahan, another teammate, once cut the head off of a deer and, at Allen's urging, stuffed the head into a black person's mailbox.

Lanahan is dead. But his former roommate came forward Wednesday to say that he recalls Lanahan telling him the story without mentioning that the mailbox was a black person's.

"He told me they went hunting," said George Beam, 53, who lives in Charlottesville. "All he said was we cut the deer head off and stuck it in somebody's mailbox."

And late Wednesday, Allen's campaign launched a multimedia barrage against Webb that included testimonials from former female midshipmen at the Naval Academy. The women, who came forward several weeks ago, said an article Webb wrote in 1979 created a hostile environment for academy women.

"It was demoralizing from a perspective that only a woman could understand," one of the women says in the ad.

Todd called the ad "completely erroneous" because Webb created opportunities for women as secretary of the Navy.

Is There Life After 'Macaca'? (WSJ)

By Fred Barnes

The Wall Street Journal, September 28, 2006

ALEXANDRIA, Va. -- Suddenly, for George Allen, mere re-election has become a perilous business. As recently as six weeks ago, he was expected to glide to an easy victory in his Senate re-election campaign, with an eye fixed on seeking the Republican presidential nomination in 2008. But instead of a cakewalk, he has been subjected to extraordinary scrutiny and a raft of unfavorable publicity.

The national press hasn't treated Mr. Allen as an ordinary candidate. He's in a different category: Likely Presidential Contender. His re-election bid thus floats beyond local Virginia matters, becoming a test of Mr. Allen's viability as a national candidate for 2008. The media grew still more interested when Mr. Allen got a serious Democratic opponent, James Webb, a well-known novelist, Vietnam veteran and angry ex-Republican.

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Then Mr. Allen made a crude mistake that may ultimately doom his presidential aspirations and perhaps even his Senate career -- the notorious "macaca" incident. At a rural rally in mid-August, Mr. Allen digressed and singled out a young Webb aide videotaping his speech, a common practice these days in hopes of catching gaffes or blunders. Mr. Allen certainly delivered. He referred to the aide as "macaca," a racial slur in some cultures.

The tape was picked by liberal bloggers and circulated by YouTube, and eventually found its way to the Washington Post, never friendly to Virginia conservatives or to Mr. Allen in particular. The paper played the story as a major scandal, running 44 stories over the next month, including seven on the front page. Almost instantly the rest of the national media glommed onto the story.

Mr. Allen was thrown on the defensive, appearing increasingly rattled. He made things worse by giving several confusing, contradictory explanations and declined to apologize for several days. Then he apologized, over and over again. His lead in polls dropped to a slim four-point advantage.

Would Mr. Allen's gaffe have become a huge issue absent his presidential ambitions? Probably not, even with attention focused so closely on 2006 congressional races. Would the Post have hyped the macaca story day after day? I doubt it.

The cycle, however, is self-stoking. Mr. Allen's views on race and ethnicity have become the target of press frenzy. Ten days ago, he was asked if his mother, Etty, is Jewish. He said no. But when a reporter caught up with her, she said her parents were indeed Jewish, a fact she'd kept from her family, including Mr. Allen, until recently. That story made the front page of the New York Times.

This week ginned up a new controversy: Several acquaintances of Mr. Allen accuse him of having used the "n-word" years ago as a young man. Their stories were uncorroborated and disputed by Allen allies.

Given Mr. Allen's status as a presidential possibility, the media's concentration on his personal life was not surprising. Reporters are famous for scrutinizing the past of presidential candidates and ferreting out old embarrassments and long-held secrets. When Gary Hart ran for president, it was discovered he'd changed his name and fudged on his age. In 1992, an old letter written by Bill Clinton surfaced in which he condemned the military.

Mr. Allen's campaign has seemed unprepared for the way that presidential races, with their high visibility, draw out personal information. His two previous statewide races (for governor in 1993 and the Senate in 2000) were largely uneventful and revealed little besides that he's a likeable conservative with a libertarian streak and without the slightest hint of racism. The perils, I suppose, of a possibly premature coronation.

With Mr. Allen under sharp attack from all corners, Mr. Webb has become something of a bystander. He joined Mr. Allen for two contentious debates in which neither man gained an advantage. But otherwise he's been ignored. Since Mr. Webb is first-time candidate and an awkward campaigner, he may be better off out of the limelight.

But his obscurity will be short-lived. Mr. Allen is going on TV today with an ad zinging Mr. Webb for a 1982 article critical of women in the military, especially in combat. The article used vivid language that shows, according to the ad, Mr. Webb is disrespectful and insulting to women. "This is a severe problem for Webb with moderate voters, particularly women," says Dick Wadhams, Mr. Allen's chief strategist.

But that, as well as the policy proposals set to drop like confetti, won't be enough to restore Mr. Allen's credibility. He needs to remind voters of his success as governor. He abolished parole, reformed welfare and championed education reforms. New voters, many of them in Northern Virginia (which has one-third of the state's voting population), know little of Mr. Allen's impressive political background.

He must also shift the spotlight to Mr. Webb, whose views are vague but liberal enough for Mr. Allen to contest. Virginia no longer votes like a Southern state, but it's still more conservative than not. The anti-Webb message won't catch on, however, so long as the media remain focused on Mr. Allen's alleged personal flaws. It is going to be exceedingly difficult to overcome that hurdle.

The curdled conventional wisdom on the race is twofold: Mr. Allen is still favored to win re-election, but he should give up any thought of seeking the presidency in 2008. But Mr. Allen refuses to budge. He won't rule out a presidential race, and it remains very much in the cards.

Many conservatives are souring on Virginia's junior senator as a presidential candidate. Still: Should Mr. Allen overcome the media onslaught, effectively counter Mr. Webb's call for a withdrawal from Iraq, finish the campaign without breaking ranks with President Bush, and win a slugfest by a modest margin, he may emerge as a tough-minded survivor. The press won't like him any better, but he might earn the respect of Republican voters around the country. Candidates have been "misunderestimated" before, and stranger things have happened in politics.

Mr. Barnes, executive editor of the Weekly Standard, is author of "Rebel-in-Chief," released in paperback this week by Crown Forum.

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A Platform Of Bigotry (NYT)

By Bob Herbert

The New York Times, September 28, 2006

George Allen, the clownish, Confederate-flag-loving senator from Virginia, has apparently been scurrying around for many years, spreading his racially offensive garbage like a dog that should be curbed. With harsh new allegations emerging daily, it's fair to ask:

Where are the voices of reason in the Republican Party — the nonbigoted voices? Why haven't we heard from them on this matter?

Mr. Allen has long been touted as one of the leading candidates for the Republican presidential nomination in 2008. But this is a man who has displayed the quintessential symbol of American bigotry, the Confederate battle flag, on the wall of his living room; who put up a hangman's noose as a decoration in his law office; who used an ethnic slur — macaca — in an attempt to publicly embarrass a 20-year-old American student of Indian descent; and who, according to the recollections of a number of his acquaintances, frequently referred to blacks as niggers.

The senator has denied the last allegation. But his accusers are low-keyed, straight-arrow professionals who have no obvious ax to grind. They, frankly, seem believable.

Dr. R. Kendall Shelton, a North Carolina radiologist who played football with Mr. Allen at the University of Virginia in the 1970's, recalled a number of incidents, including one in which Mr. Allen said that blacks in Virginia knew their place. Dr. Shelton said in a television interview that he believed then, and still believes, that Mr. Allen was a racist.

Beyond the obvious problems with the senator's comments and his behavior is the fact that he so neatly fits into the pattern of racial bigotry, insensitivity and exploitation that has characterized the G.O.P. since it adopted its Southern strategy some decades ago. Once it was the Democrats who provided a comfortable home for public officials with attitudes and policies that were hostile to blacks and other minorities. Now the deed to that safe house has been signed over to the G.O.P.

Ronald Reagan may be revered by Republicans, but I can never forget that he opposed both the Civil Rights Act and the Voting Rights Act of the mid-1960's, and that as a presidential candidate he kicked off his 1980 general election campaign in Philadelphia, Miss., which just happened to be where three civil rights workers — Andrew Goodman, Michael Schwerner and James Chaney — were savagely murdered in 1964.

During his appearance in Philadelphia, Reagan told a cheering crowd, "I believe in states' rights."

The lynching of Goodman, Schwerner and Chaney (try to imagine the terror they felt throughout their ordeal) is the kind of activity symbolized by the noose that Senator Allen felt compelled to put up in his office.

One of the senator's Republican colleagues, Conrad Burns, is up for re-election in Montana. He's got an ugly racial history, too. Several years ago, while campaigning for a second term, Mr. Burns was approached by a rancher who wanted to know what life was like in Washington. The rancher said, "Conrad, how can you live back there with all those niggers?"

Senator Burns said he told the rancher it was "a hell of a challenge."

The senator later apologized. But he has bounced from one racially insensitive moment to another over the years, including one occasion when he referred to Arabs as "ragheads."

You don't hear President Bush or the Senate majority leader, Bill Frist, or any other prominent Republicans blowing the whistle on the likes of George Allen and Conrad Burns because Republicans across the board, so-called moderates as well as conservatives, have benefited tremendously from the party's bigotry. Allen and Burns may have been more blatant and buffoonish than is acceptable, but they have all been singing from the same racially offensive hymnal.

From the Willie Horton campaign to the intimidation of black voters in Florida and elsewhere to the use of every racially charged symbol and code word imaginable — it's all of a piece.

The late Lee Atwater, in a 1981 interview, explained the evolution of the Southern strategy:

"You start out in 1954 by saying, 'Nigger, nigger, nigger! By 1968 you can't say 'nigger' — that hurts you. Backfires. So you say stuff like forced busing, states' rights and all that stuff. You're getting so abstract now [that] you're talking about cutting taxes, and all these things you're talking about are totally economic things and a byproduct of them is [that] blacks get hurt worse than whites."

It's been working beautifully for the G.O.P. for decades. Why would the president or anyone else curtail a winning strategy now?

Tennessee Battles For Senate (WT)

By Brian Debose

The Washington Times, September 28, 2006

DOJ_NMG_0070759

Tennessee is living up to its reputation as a battleground state with Rep. Harold E. Ford Jr., a Democrat, running neck and neck with Bob Corker, Chattanooga's Republican mayor, in their race for the Senate.

Mr. Corker's early double-digit polling lead in his bid to hold for Republicans the seat being vacated by Majority Leader Bill Frist has dwindled into a statistical dead heat, and Democrats now think they can capture the seat in this Republican-leaning state.

Republicans have underestimated the effectiveness of Mr. Ford's campaign, said Merle Black, political science professor at Emory University.

"It just looks like Ford wants this a lot more than Corker does," he said.

The stakes are high for Mr. Ford.

A victory by the son of former Rep. Harold Ford Sr. would give Democrats an unexpected victory in their effort to pick up six seats to win back the Senate majority in November.

It also would mark the first time a black person in the South has won an open election to the Senate and could be seen as the first chink in the armor of the Republican's Southern fortress. Republicans control both Senate seats in 10 of the 13 Southern states. Only Florida and Louisiana have split-party Senate representation, and only Arkansas has two Democrats.

Mr. Ford dismisses all of that.

"I'm not fighting for any legacy or any party pride or anything like that; I'm fighting for a seat on the U.S. Senate for the people of Tennessee. It's not any party's seat; it's the people's seat," he said.

Corker's campaign manager Ben Mitchell said financial support from Tennesseans will translate to votes in November.

"Our fundraising shows a tremendous amount of support from right here in Tennessee ... in contrast to Mr. Ford, who has a majority of his money coming in from out of state," Mr. Mitchell said.

"Bob Corker represents Tennessee values while Congressman Ford represents the values of out-of-state donors from California and New York who are funding his campaign."

The election is much closer than Republicans expected and they are having a tough time developing a strategy that can work against Mr. Ford.

"What we have to do is contend with a guy who is a very gifted talker and who will say just about anything to score political points," said Dan Ronayne, National Republican Senatorial Committee (NRSC) spokesman.

Mr. Ford has also proven to be an effective counter-puncher.

The NRSC yesterday, using his voting record, pegged Mr. Ford as a flip-flopper on border security. He voted against legislation to create a 700-mile fence on the border that he said could not be done. But last week he voted for it, saying the bill presented was more comprehensive, including things other than the fence alone.

Mr. Ford immediately countered with the help of the Democratic Senatorial Campaign Committee that put up an ad saying that Mr. Corker's construction firm has been cited for hiring illegal aliens.

Early on in the campaign the Republicans attempted to paint Mr. Ford as "Fancy Ford" who likes to live lavishly on the taxpayer's dime, but that quickly fizzled out.

"I've just finished paying off my college loans, and this guy is worth upwards of a quarter-billion dollars or more with a 40-room house in the Chattanooga mountains and 10 cars," Mr. Ford said.

One thing Mr. Ford cannot shake is limited residency in the state.

"Ford is like Al Gore," Mr. Ronayne said. "In 2000, we were able to show that Gore was more D.C. than Tennessee and Ford has the same problems."

Mr. Ford has worked hard to counteract that problem telling audiences that it isn't his fault that he came to the District with his mother and father when he was nine, "and since I didn't have a job or any money to pay my rent in Memphis, I decided to come with them."

Mfume Endorses Cardin, But Adds Caveat (WP)

By Ann E. Marimow

The Washington Post, September 28, 2006

Senate candidate Benjamin L. Cardin received the critical endorsement yesterday of Democratic primary opponent Kweisi Mfume, whose blessing came with a blunt warning about the lack of diversity among candidates for statewide office in Maryland.

The main attraction at Cardin's campaign rally at the University of Maryland was supposed to be Sen. Barack Obama (Ill.), a rising star in the Democratic Party. But Mfume -- who lost to Cardin on Sept. 12 -- left a stark impression, telling the Baltimore congressman and fellow Democrats, "We have a problem."

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On stage at an outdoor amphitheater filled with college Democrats, the former NAACP president enthusiastically put his arms around Cardin, saying: "I know what he's done in the past, and I know what he'll do in the future. He's going to make a damn good senator."

But Mfume cautioned that the party had much work to do to energize black voters. The Democratic nominees for the top four jobs, he noted, look no different than the ticket 50 years ago.

"We need women in leadership positions in the state. We've got to find a way that African Americans and other minorities are represented statewide in office," he said, standing with Obama and other officials.

Cardin, who is white, faces Lt. Gov. Michael S. Steele (R) in the general election Nov. 7 to succeed Sen. Paul S. Sarbanes (D), who is retiring.

In 2002, Steele became Maryland's first African American elected to statewide office and has tried to make inroads with black voters in the overwhelmingly Democratic state. He dismissed the significance of the high-profile endorsements yesterday and picked up on Mfume's theme.

"The challenge of the opportunity is to build a bridge to communities the Democratic Party has taken for granted and has, by its choice of nominee," decided to tell to wait, he said during an afternoon event in Largo. "I'm here to say, 'You don't have to wait any longer.' "

The issue of race has been at the forefront of the Senate contest since the primary, in which Mfume finished second in a crowded contest. Cardin lagged far behind Mfume in parts of the state where blacks are the majority. Mfume won nearly 70 percent of the vote in Prince George's County and 64 percent in Baltimore.

Cardin's challenge, said Democratic legislators in Prince George's, is to overcome disappointment in the black community. African Americans represent one of the most loyal Democratic voting blocs in Maryland, but resentment among some black voters lingers from the 2004 election, when the Democratic nominee for governor, Lt. Gov. Kathleen Kennedy Townsend, did not pick a black running mate.

"The fact that we don't have an African American" at the top of the ticket, said Sen. Ulysses Currie (D-Prince George's), "doesn't help Ben." Currie, one of the few lawmakers in the battleground county who endorsed Cardin in the primary, hopes to convince his constituents that "there isn't anyone I've met who better understands or is more effective in government."

One Democratic African American is on the statewide ballot: Del. Anthony G. Brown of Prince George's, Baltimore Mayor Martin O'Malley's running mate in the governor's race.

Nonetheless, the Rev. Grainger Browning, pastor of Ebenezer AME Church in Fort Washington, said it would take more than appearances for some African Americans to mend relations with the party because of the sense that black Democrats have been underappreciated.

"The key thing is that we have not been at the table of influence," said Browning, who was on stage yesterday. "We want to be at the table at the time of the conception of ideas and not just when it is time to campaign."

Terry Lierman, the state Democratic Party chairman, acknowledged that the party needs "much more diversity, and we're working towards it." But he said it was important to consider the large number of female and minority nominees for lower level offices, such as General Assembly seats. Montgomery County Democrat Isiah "Ike" Leggett, he noted, would be the first black county executive in the state's largest jurisdiction.

About 28 percent of Maryland's residents are black -- among the highest percentages in the nation. The Democratic Party expects black voters to make up about 20 percent of the general election vote. For that reason, said Ronald Walters, a U-Md. government and politics professor, Cardin cannot afford to cede a significant percentage of the black vote to Steele.

If there is muted enthusiasm for the party, it is because of the question of whether black Democrats turn out in large numbers for Cardin. A Baltimore Sun poll this week showed 24 percent of black voters favor Steele, a strong showing for a Republican.

How involved Mfume will be in the campaign is unclear. Mfume said he was following up on a commitment he made to Sen. Barbara A. Mikulski (D-Md.), who began planning the unity event months ago.

"I am here to fulfill my commitment and my obligation," he said.

There was certainly enthusiasm yesterday as Cardin told the crowd: "Michael Steele stands with George Bush. I stand with the people of Maryland." Obama followed, praising Cardin's experience in Annapolis and in Congress.

"There aren't too many people who could replace Senator Sarbanes and not miss a beat, and yet somehow, Maryland, you all found him," he said. Referring to Steele, he added: "I know the other guy is taller, and he's got that kind of local news anchor style about him. . . . But I tell you what, that's not what this election is about."

The Democrats' Charisma Doctor (WP)

By David Montgomery

DOJ_NMG_0070761

The Washington Post, September 28, 2006

It's one thing for Ben Cardin to joke about his charisma deficit. "Who says I'm not flashy?" he quips in a campaign commercial when a supporter suggests: "Ben's not flashy, but he never stops."

It's quite another for him to invite Mr. Democratic Charisma himself onstage for a rally yesterday in the Cardin quest to become U.S. senator from Maryland.

Barack Obama didn't even have to open his mouth to have a crowd of a few hundred under a powerful spell in a grassy outdoor amphitheater at the University of Maryland in College Park. The junior senator from Illinois -- part Kenyan, part Kansan -- stood tall and youthful and bronze in a black suit and a baby-blue tie, his eyes half-closed, studying the audience with a kind of seductive lassitude. His arrival sparked an ovation, and he shot a quick amiable wink to the many pols and hopefuls crammed behind him on the stage, mute witnesses to the magic.

Beside Obama stood Cardin. Comparisons aren't polite, but the Democratic congressman from Maryland was asking for it: He looked older, shorter, pudgier and pinker.

Suffice it to say, when Cardin delivered his speech ahead of Obama -- the candidate was the warm-up act for the superstar -- a female voice from the crowd did not interrupt him with the ecstatic cry, "We want to meet you!" Obama won that populist bouquet. Squinting, pretending he didn't hear it, he continued his passionate call to "put on your marching shoes" to elect Cardin.

So the man lacks charisma, fine: He can borrow it. That may have been the point of this sunny morning tableau on the campaign trail. In his race against the current lieutenant governor, Republican Michael Steele -- who has been featuring a puppy in his campaign commercials -- Cardin contends he is running a campaign of substance over style. Cardin's style is anti-style, the recitation of issues, the requests for debate.

"We're bringing in charismatic popular leaders to show their support for Ben Cardin," says Oren Shur, the campaign's spokesman. "It's still our banner they're standing in front of. . . . People like Barack Obama transcend politics. They attract people and engage people into political events" they otherwise might ignore.

Obama, whose fans say he delivers substance with style, has been electrifying Democrats since his 2004 presidential convention keynote address, before he was even in the Senate. Cardin admires that speech so much he quoted a line in his own yesterday: "I believe that we have a righteous wind at our backs, and that we stand on the crossroads of history."

Sprinting Dems everywhere have been demanding an Obama jolt of energy, inspiration, star power. In the past two weeks, the senator has addressed campaign events in Kentucky, Iowa, West Virginia and Virginia, where he rallied supporters of Senate candidate Jim Webb against incumbent Republican George Allen, and he'll quicken his pace as Election Day approaches, said Obama spokesman Robert Gibbs. To many of the party faithful, the question is not if, but when, Obama himself will run for president.

The air in College Park was thick with Obama thrall.

"I've just always admired everything Mr. Obama says," said Kate Turner, a Maryland student who attended the rally on her 19th birthday just to hear him. "I'm excited about politics because he's involved."

Turner lost her sandal chasing Obama after he left the stage. She wanted a birthday picture with him.

"It's your birthday?" said the senator. "Where's your shoe, though?"

Cardin will get her vote, Turner says, but Obama will enjoy a far more personal honor. The snapshot of Obama and her will become her new Facebook picture.

More Obama giddiness:

"I decided to take time off from work to see my role model," said Joseph Eyong, 43, a native of Camaroon living in Silver Spring.

And this:

"Dude, I shook his hand."

That's Robert Hardin, 20, a Maryland junior from Fort Washington, to Alan Coleman, 20, a junior from Silver Spring. The night before the rally, one of their friends said he'd never heard of Obama. So they logged on to YouTube.com and had a viewing of the 2004 keynote speech.

"We were inspired to get up at 9 o'clock" for the rally, Coleman said. "If Obama wasn't here, I'm sure we wouldn't have half the turnout. I support all the politicians who are up there, but I don't know if I'd come out and hear them speak."

And what of that shortish white guy onstage with Barack Obama? After the speeches, Cardin was mobbed by a different crowd. Mostly reporters. But, his spokesman Shur affirmed, some people did seek Cardin's autograph on the back of campaign signs.

"If you talk about stentorian speaking," said Frank Bell, 80, of Kettering, ranking the rally speechifiers, "Obama's first, [Kweisi] Mfume's second, [retiring Sen. Paul] Sarbanes is third, and Ben's is somewhere down the line. . . . If he wins . . . it's going to be because he's standing for things people desperately need." (Bell didn't rank Sen. Barbara Mikulski, who also spoke.)

To win, Cardin is "going to have to do more," said Jennifer Lowery-Bell, 59, Frank's wife. "He can't be an Obama. We're not asking that." But Cardin will have to reach for some passion, she said, and he will have to keep pounding those issues, such as universal health care.

So, issues and passion: They matter. How they fit together is a politician's business. Sarbanes has been an issues guy, but a little bland. Obama meant it as a compliment when he said: "There aren't too many people who could replace Senator Sarbanes and not miss a beat. And yet somehow, Maryland, y'all found him." And the crowd cheered.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, September 28, 2006

Big house

"Leaking classified information is a crime punishable with prison time. The statutes are on the books, folks. Those who leak classified information and those who publicize it should go to jail," writes Ralph Peters of the New York Post.

"The latest example was a selective leak from a National Intelligence Estimate. ... The leak wasn't about some phony 'right to know.' It was a political stunt performed for political gain. And now our enemies know what our intelligence community thinks. Gee, thanks. We don't need to know what intelligence documents say. What matters is what our leaders do or fail to do.

"What will it take to inspire a nonpartisan crackdown on those who betray our secrets, who selfishly expose our country to mortal danger?" Mr. Peters asks.

"This shouldn't be a Democratic or Republican issue. It's an American issue. Keeping our country safe is more important than Senator Sweetspot's re-election campaign or a Pulitzer Prize for another self-adoring, America-loathing journalist. Put 'em in the slammer. Where these criminals belong. Enforce our laws. And maybe -- just maybe -- folks in Washington will start obeying those laws again."

California dreaming

Just six weeks before the midterms, California Gov. Arnold Schwarzenegger holds a double-digit edge over Democratic nominee Phil Angelides in two independent voter surveys.

The Governator held a 17-point lead over Mr. Angelides -- 48 percent to 31 percent -- in a survey released Tuesday by the Public Policy Institute of California. A Field Poll released yesterday put Mr. Schwarzenegger's advantage at 10 points, 44 percent to 34 percent.

Another Field survey in February found the rivals tied at 39 percent.

"We're at or exceeding what we need to have to win when it comes to men, women and Latinos," Schwarzenegger adviser Matthew Dowd told the Associated Press, crediting the lead to bipartisan dealings and well-targeted campaign messages.

The policy institute's poll of 1,091 likely voters was conducted Sept. 13 to 20. The margin of error was two percentage points. The Field survey of 557 likely voters was conducted Sept. 14 through Sunday, with an error margin of 4.3 percentage points.

California dreaming No. 2

Heads up, Al Gore. California Gov. Arnold Schwarzenegger may steal some of that environmental thunder. Mr. Schwarzenegger signed into law a sweeping initiative yesterday that imposes the nation's first cap on greenhouse-gas emissions.

"It will begin a bold new era of environmental protection in California that will change the course of history," he said.

And talk about a Hallmark moment: The Republican governor stood shoulder to shoulder with San Francisco Mayor Gavin Newsom, a Democrat; New York Gov. George E. Pataki, a Republican; and a spate of Democratic legislators, according to the San Francisco Chronicle, which called the ceremony a "major political victory." British Prime Minister Tony Blair joined via video link.

"Nothing is more important than protecting our planet," Mr. Schwarzenegger said.

A vote for Swanson

One of the young stalwarts at the Heritage Foundation is about to take on former Vice President Al Gore. James Swanson, author of "Manhunt: the 12-Day Chase for Lincoln's Killer," has been nominated for a Quill Award for best book of the year in the historical/current events category. His competition? The author of "An Inconvenient Truth."

Mr. Swanson, who works as senior legal scholar for Edwin Meese III at Heritage, counts President Bush, Sen. John McCain, Arizona Republican, and other political heavyweights among his readership. The book was on the New York Times best-seller list for four months and will be made into a movie by Walden Media, starring none other than Harrison Ford as Col. Everton Conger, the man who led the search for John Wilkes Booth.

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The Quill Awards are the "people's choice" of the publishing industry. Mr. Swanson could use a little grass roots-support from those who appreciate a candid take on history. Balloting is open until Sept. 30 at www.quillsvote.com. The awards will be broadcast on NBC in October.

Wounded also-rans

News that Cleveland lost its bid to host the 2008 Republican National Convention "broke some hearts" in the strongly Democratic-leaning city yesterday, the Akron Beacon Journal reported. The chairwoman of the nine-member site-selection committee, Jo Ann Davidson, contacted Ohio Republican Party Chairman Bob Bennett personally to deliver the news that Minneapolis-St. Paul had won the convention derby.

"I'm terribly disappointed in that," Mr. Bennett said.

Things weren't much better down in Tampa, Fla., which has been "jilted" despite "good vibes" from the Republican National Committee, according to the Tampa Bay Business Journal.

"Picking Minneapolis at this time goes against information distributed by the RNC on site visits," the journal said.

Pastry faced

To drive home Democrats' argument that the Republican-approved Medicare prescription-drug program contains gaps, or "holes" in coverage, Rep. Pete Stark yesterday brought a box of doughnut holes to share with Republican colleagues on the Ways and Means Committee, reports The Washington Times' Amy Fagan.

With dramatic flair, Mr. Stark, California Democrat, complained that most of the 40 million Medicare beneficiaries "are still suffering through the doughnut hole" of coverage that Republicans created in the program.

Committee Chairman Bill Thomas, California Republican, replied that the program is designed to allow the private market to fill any gaps in drug coverage, just like the real doughnut industry figured out a way to make money from doughnut scraps. "If you allow the private sector to perform, they will," he said.

Rep. Nancy L. Johnson, Connecticut Republican, said low-income people don't have coverage gaps under the program and only a "minority" of beneficiaries do. Despite the political squabble, real doughnut holes are a bipartisan dish: Democrats and Republicans alike passed around the box and polished off the contents.

Ballot ballet

Their hanging chad detectors will be in full working operation, no doubt. Democrats are busy lining up teams of lawyers across the country to "fight what they allege could be GOP efforts to suppress voters" on Election Day, the Columbus (Ohio) Dispatch reports.

The Democratic National Committee has set up a toll-free hot line for voters "with problems" on Nov. 7 and boasts it has volunteer lawyers poised in 18 states "to fight ballot challenges." Republicans remain unruffled.

"They're going to have an awful lot of people standing around with nothing to do," said Bill Todd, a Republican lawyer in Ohio who expects to help out his state party on the big day.

Arnold's Turnaround (WP)

By David S. Broder

The Washington Post, September 28, 2006

SACRAMENTO -- The Terminator has rescued himself from political ruin by reinventing his approach to government, thus demonstrating in the most dramatic way possible the value of political independence.

Just 10 months after California voters rejected all four of the ballot initiatives he put before them and sent his personal approval ratings crashing to dangerous depths, Republican Gov. Arnold Schwarzenegger is riding high, poised to win a full term come November.

Instead of the partisan assault on public employee unions and Democratic legislators (a.k.a. "girlie men") that marked his rhetoric in 2005, Schwarzenegger has negotiated agreements this year on a minimum-wage increase, higher school spending, curbing air pollution and a mega-bond sale designed to meet overdue highway, flood-control and school-construction needs.

Democratic leaders of the legislature, who a year ago were ready to cut Schwarzenegger's throat politically, now sing his praises and join him on the platform at bill-signing ceremonies, while the unions debate whether it is worthwhile to put money into the rival campaign of the struggling Democratic nominee, state Treasurer Phil Angelides.

This turnaround, likely to yield a notable Republican victory in a year of widespread GOP losses, began within a week of Schwarzenegger's humiliation in the November 2005 special election he had called in hopes of trumping the legislature and passing four initiatives that would have curbed the unions and expanded his power to run the state his way.

He immediately and publicly said that he had misjudged the electorate but had heard the voters' message: Cut the partisan rhetoric and get back to work on the real problems facing the state.

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He signaled the change by hiring as his new chief of staff Susan Kennedy, a lifelong Democrat who had served as executive director of the state party and a key aide to former governor Gray Davis, the man Schwarzenegger beat in the recall election of 2003.

The other day, puffing a cigar in the smoking tent Schwarzenegger built in the courtyard of the smoke-free capitol, Kennedy talked about the new regime.

The governor still has very large goals, she said, citing the billions in construction bonds he has placed on the ballot in November. Those goals, she said, proved irresistible to the Democrats, "who salivate at the thought of spending $50 billion." But they also represent a political risk -- it will be a struggle to pass even one or two, polls show -- by a man "who is not afraid to fail, because he picks himself right up and goes back for more."

Were Schwarzenegger not that resilient and resourceful, he never would have made it out of Austria, to the top of the body-building world, to a business career, Hollywood stardom and now striking success in politics, all of which Joe Mathews describes in his excellent new political biography, "The People's Machine: Arnold Schwarzenegger and the Rise of Blockbuster Democracy."

Along the way, as one of the governor's aides told me, Schwarzenegger became an expert at marketing himself, "and to market yourself, you have to reinvent yourself."

The biggest reinvention came inside the governor's own head. A year ago, when I interviewed him on the eve of the special election, Schwarzenegger expressed burning frustration with the political, bureaucratic and interest-group barriers to his accomplishing great goals for his state.

After the failure of his effort to bypass all those barriers through direct appeal to the voters, an old Sacramento hand was summoned for help by the governor and his wife, Maria Shriver. Schwarzenegger was told he needed to learn one thing: patience.

Amazingly to some, he has learned it, and now works comfortably, convivially, on forging compromises with the very same Democratic legislators and lobbyists he once tried to run out of town. In turn, they have responded by cooperating instead of conniving to defeat or embarrass him.

Schwarzenegger's abandonment of a partisan posture has not cost him significant support in his own party, for a simple reason. As the only major Republican elected in this Democratic capitol, he stands as the barrier to higher taxes and more stringent regulation of business.

More important, his current political posture mirrors the makeup of this complex state, where the only growing political group consists of those who decline to state a party preference and where myriad competing racial, ethnic and geographic forces require political leadership with dexterity and flexibility.

Schwarzenegger is providing his party -- and the country -- with an object lesson in how to survive and thrive in that kind of independent political environment. Others will have to learn.

Democrats Follow Clinton's Lead In Ripping Fox News (WT)

By Eric Pfeiffer

The Washington Times, September 28, 2006

Nearly a week after Bill Clinton's angry appearance on "Fox News Sunday," Democrats have turned their vitriol on the Fox News Channel, in what some consider a calculated move to boost the left's enthusiasm before midterm elections.

"It fires up our base, because they're glad someone is fighting back and setting the record straight," said Democratic strategist Donna Brazile.

Since the former president's interview with Fox's Chris Wallace was taped last Friday, high-profile Democrats, including California Sen. Barbara Boxer and strategist James Carville, have joined Mr. Clinton's criticism of the cable news network. Fox's critics say the persistent questioning of Mr. Clinton's record on terrorism is indicative of what they consider a conservative bias.

"I do think this is helpful to Democrats for Clinton to go after Fox directly. It's a smart play," said Brendan Nyhan, former co-editor of the nonpartisan online watchdog Spinsanity. "Liberals are excited to see someone high-profile go after Fox News explicitly."

Politicians attacking the media is nothing new. A perceived liberal bias in the mainstream press has been a staple of Republican strategy for decades.

"A reporter has a right to ask tough questions about the issues of the day," said Michael X. Delli Carpini, dean of the Annenberg School for Communication at the University of Pennsylvania. "The real question is the larger context it's being done in. It's not an unreasonable feeling on the part of Democrats."

Mr. Nyhan says Mr. Clinton's continued popularity with Democrats helps give his criticism of Fox legitimacy.

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On Tuesday, Mrs. Boxer told Fox News anchor Jane Skinner, "I hear that you agree with the [President Bush]. I am not surprised."

Meanwhile, during an appearance on MSNBC, former Democratic National Committee (DNC) Chairman Terry McAuliffe told host Tucker Carlson, "I know Chris Wallace, I have appeared on the Fox Sunday show many times with Chris Wallace. Let me be crystal clear: Roger Ailes [conservative president of Fox News] pays his paycheck. He is a tool of the Republican Party. ... He is what he is, and let's not deceive ourselves."

Many of Mr. Wallace's colleagues have defended his journalistic credentials, noting his previous stints with ABC and NBC. Nonetheless, DNC Chairman Howard Dean echoed Mr. McAuliffe's sentiment in an e-mail to supporters on Monday, in which he accused Fox of engaging in "right-wing revisionist history from the propaganda machine."

Despite all the criticism, some think Fox stands to gain as much from the controversy as the Democrats. The interview with Mr. Clinton gave "Fox News Sunday" its highest ratings since the capture of deposed Iraqi strongman Saddam Hussein in 2003.

"It's the Howard Stern effect," Mr. Nyhan said. "You have half the audience listening because they love it and half listening because they hate it."

Giuliani Comes To Clinton's Defense Over Terrorism Preparedness (BRAH)

By Matt Sedensky

The Bradenton Herald, September 28, 2006

FORT LAUDERDALE, Fla. - Former New York Mayor Rudy Giuliani defended Bill Clinton on Wednesday over the former president's counterterrorism efforts, saying recent criticism on preventing the Sept. 11 terrorist attacks is wrong.

Political bickering over which president - Clinton or George W. Bush - missed more opportunities to prevent the attacks has been escalating since Clinton gave a combative interview on "Fox News Sunday" in which he defended his efforts to kill Osama bin Laden.

"The idea of trying to cast blame on President Clinton is just wrong for many, many reasons, not the least of which is I don't think he deserves it," Giuliani said in response to a question after an appearance with fellow Republican Charlie Crist, who is running for governor. "I don't think President Bush deserves it. The people who deserve blame for Sept. 11, I think we should remind ourselves, are the terrorists - the Islamic fanatics - who came here and killed us and want to come here again and do it."

Secretary of State Condoleezza Rice challenged Clinton's claim that he did more than many of his conservative critics to pursue bin Laden, and she accused the Democrat of leaving no comprehensive plan to fight al-Qaida.

Giuliani said he believed Clinton, like his successor, did everything he could with the information he was provided.

"Every American president I've known would have given his life to prevent an attack like that. That includes President Clinton, President Bush," the former mayor said outside a firehouse here. "They did the best they could with the information they had at the time."

Giuliani also said a recently declassified report that said the Iraq war had become a "cause celebre" for Islamic extremists demonstrated the need to continue the fight there.

"The jihadists very much want a victory in Iraq. They feel that if they could defeat us in Iraq they will have a great victory for terrorism," Giuliani said. "What that should do is organize us to say if they want a big victory in Iraq then we have to deprive them of that victory."

Giuliani said he was "very interested in considering" a run for president but would not make a decision until after the November election.

Is There Life After 'Macaca'? (WSJ)

WSJ letter – LATimes, 9/11 movie, September 28, 2006

In regard to Howard Dean's Sept. 22 editorial-page commentary "'Democrats Offer a New Direction'":

I thought, this is it. Here is the op-ed piece that lays out the specifics of the Democratic agenda. After all, this is the chairman of the DNC proclaiming "a new direction." Nope. Howard Dean simply bashes the Bush administration with undocumented, cherry-picked economic data and then follows it up by saying the Democrats will offer, among other things, "honesty in government" and "a defense policy that is tough and smart." That certainly started the heartbeat racing. And, oh yes -- the Democrats will also "have a jobs agenda that includes good jobs. . . ."

Until now I thought Sen. John Kerry's contributions to this page were short on substance, but Howard Dean just set the bar even lower.

Timothy O. Corkery

South Boston, Mass.

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We can smell November coming just by the general political rhetoric in the air. Mr. Dean's attacks and numbers twisting is the same old game played by the party out of office. Nothing is mentioned about the fact that 70% of Americans now own their own homes, that interest rates are the lowest in our lifetime, and that unemployment is at a decades low of 4.7%. Further, we see Mr. Dean is in the pocket of the same unions that brought us $80,000-a-year useless job banks at GM and Ford. Where can I sign up for that job?

Not that I can sit here and say the Bush camp has done everything right; they would have trouble explaining a multiplication table to a Harvard graduate. I am just troubled that as the political silly season starts it's the same old game, just with different players.

Kenneth Schnoll

Mahwah, N.J.

Mr. Dean devotes 11 paragraphs to why the Democrats don't like President Bush or the Republicans and three paragraphs of liberal pabulum with no substance nor explanation of how the Democrats will actually accomplish anything. He ends with, "We are ready to lead with a thoughtful, fiscally responsible long-term vision," but, as usual, never attempts to explain what that cherished vision is. Hello? Anybody home?

Richard A. Hansen

Carmel, Ind.

Asserting that the middle class fared better under Bill Clinton, Mr. Dean provides carefully selected data (from "Clinton's final year," Clinton's "last five years," and from 1980), implies causation by ignoring distortions (late 1990s bubble vs. 2001 recession, defense spending cuts vs. War on Terrorism), and contradicts history (the pay-as-you-go budgeting he favors leads to tax increases).

Curiously, he bemoans the increased cost of tuition. He then promises to reverse cuts in tuition aid, which would only fuel tuition inflation. And then he promises to keep good jobs in the U.S., though the abundance of good jobs is the reason people invest so in education.

Ted Riley

Washington

The only thing said by Howard Dean that could be remotely construed to be a concrete proposal is his pledge to "redeploy" U.S. troops from Iraq. Translation: "I, Howard Dean, propose that the Democrats cut and run in Iraq." And that's about as concrete as Democrats get when they try to address issues affecting their countrymen.

The rest of Mr. Dean's commentary focused on how "bad" our economy is. But with unemployment at historic lows, gas prices dropping, inflation in check, productivity high and Americans keeping more of what they earn (instead of paying it as income tax to the federal government), the U.S. economy is the envy of the world. Regarding the budget deficit: It is being steadily reduced because total tax collections are higher than ever before, thanks to a healthy economy that produces greater economic activity than ever before. So what is Mr. Dean complaining about? Does he really believe all this pre-election hot air?

Patrick Curry

Irvine, Calif.

Should Shareholders Nominate Directors?

In "SEC-Saw" (editorial page, Sept. 15), Ira M. Millstein and Harvey J. Goldschmid urge the SEC to continue its efforts to provide shareholders a voice in the director election process. It is worth clarifying that it is the director nomination part of the voting process that has been the focus of recent SEC attention, not voting itself.

Also, a point the authors use as an underpinning of their argument is that shareholders are still the providers of capital in our economy. While that is true for some companies, especially startups and IPOs, Adolf Berle recognized as early as 1932 that the primary sources of capital for the mature corporation come from retained earnings and debt, not from direct shareholder input. Shareholders in mature corporations provide liquidity in secondary markets, which is a very important function, but it isn't providing capital to the company. There may well be good arguments for greater shareholder involvement in director nominations, but their being providers of capital should not be one of them.

Finally, the authors recognize potential abuses of providing greater access to the director nomination process and suggest safeguards such as minimum holding periods. While I agree with that, I believe the potential abuses of greater access outweigh the benefits. But if the SEC does go forward with this I would suggest it consider another safeguard, one that would limit nomination authority to shareholders who do not own significant quantities of a competing corporation's stock in order to avoid, for example, major owners of Ford stock nominating directors to General Motors with all the potential conflicts of interest that would entail.

Donald Margotta

Associate Professor of Finance

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Northeastern University
Boston
L.A. Times Statement Regarding 'Path to 9/11'

On your Sept. 18 editorial page, Cyrus Nowrasteh wrote "The Path to Hysteria," in which he chronicled his experience of the scandal surrounding the television movie he wrote, "The Path to 9/11."

In his account, Mr. Nowrasteh wrote: "The L.A. Times, for one, characterized me by race, religion, ethnicity, country-of-origin and political leanings -- wrongly on four of five counts. To them I was an Iranian-American politically conservative Muslim. It is perhaps irrelevant in our brave new world of journalism that I was born in Boulder, Colo. I am not a Muslim or practitioner of any religion, nor am I a political conservative. What am I? I am, most devoutly, an American. I asked the reporter if this kind of labeling was a new policy for the paper. He had no response."

He was referring to a front-page article in the L.A. Times ("ABC Stands By Its 9/11 Story -- Almost," Sept. 9) in which Scott Collins and Tina Daunt described the writer as "a politically conservative Iranian American Muslim."

We would like to set the record straight, one point at a time.

Mr. Nowrasteh, as he wrote in The Wall Street Journal, has Iranian parents. Which would make him Iranian-American.

Mr. Nowrasteh's politics have been widely characterized as conservative in the Washington Post and elsewhere. Additionally, last October he appeared on a panel at the Liberty Film Festival that was named "Rebels With a Cause: How Conservatives Can Lead Hollywood's Next Paradigm Shift. "

In a Q&A interview with Libertas: A Forum for Conservative Thought on Film (http://www.libertyfilmfestival.com/libertas/index.php?p=462), Mr. Nowrasteh identified himself as "Islamic-American."

And finally, in his piece in the Journal, Mr. Nowrasteh also implied that he contacted the reporter about his complaints, and was ignored. This is not the case: Scott Collins spoke on the phone with Mr. Nowrasteh after the article came out.

AIDS Bill Is Dilemma For Clinton (HILL)

By Alexander Bolton
The Hill, September 28, 2006

An AIDS funding bill that has stalled on the Senate floor has put Sen. Hillary Rodham Clinton (D-N.Y.) in a difficult position — forcing her to choose between the interests of her home state and those of battleground states in the 2008 presidential election.

Elected officials and AIDS activists from Iowa, South Carolina, and Ohio are urging senators to pass the Ryan White Comprehensive AIDS Resources Emergency Act, which would increase their state's funding for people infected with HIV, the virus that causes AIDS.

A group of activists and officials are focusing their efforts on Clinton because she has the highest profile among the bill's opponents. They may also be calculating that they have most leverage with her because she is expected to run for president.

Iowa and South Carolina will host two of the earliest contests of the 2008 Democratic presidential primary, and Ohio is expected to be a crucial battleground.

The bill, also known as the Ryan White Care Act, reauthorizes federal funding to fight AIDS. It would steer money away from major urban areas in New York, New Jersey and California to smaller, more rural states that have seen a dramatic increase in HIV infections in recent years.

The bill, which was originally passed in 1990, expires at the end of this week, the end of the 2006 fiscal year. Without a reauthorization, federal funding will continue at current levels.

Clinton and her New York colleague, Sen. Charles Schumer (D), outlined their objections to the new funding formula in a recent letter to Senate Minority Leader Harry Reid (D-N.Y.).

"New York State stands to lose more than $78 million in Ryan White Title II funds over four years," they wrote. "Without modifications to address our concerns, we stand united on behalf of New Yorkers living with HIV/AIDS in objecting to this bill."

Clinton and Schumer also wrote that the bill would reduces grants to Buffalo and Albany and could cost New York City as much as $17 million in lost federal funds next year. They stated that they support providing funds needed by other areas of the country, but not at the cost of established programs in their state.

That position puts Clinton at odds with Iowa Gov. Tom Vilsack (D), who urged for AIDS funding to be restructured in a letter to Sens. Mike Enzi (R-Wyo.), the chairman of the Senate health committee, and Edward Kennedy (Mass.), the panel's ranking Democrat.

"Iowa is one of many rural states that receive no Title I funding at all," Vilsack wrote. "[M]any states, including Iowa, have been forced to institute waiting lists for treatment or other cost-containment measures. This is unacceptable. The CARE Act should fully fund all 50 states' [AIDS Drug Assistance Programs]."

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If Vilsack does not run for president himself, he could help one of the Democratic presidential contenders gain an edge in the January 2008 Iowa Caucuses. Even if he does run, Vilsack would still be influential in the outcome of the contest.

Enzi attempted and failed to get agreement to bring up the bill on the Senate floor Tuesday and will try again, said an aide.

Three prominent Democratic public officials from Ohio, a state that narrowly decided the 2004 presidential race, have pressured Clinton recently.

Donald Plusquellic, mayor of Akron, Rhine McLin, mayor of Dayton, and Mark Mallory, mayor of Cincinnati, have each written letters to Clinton since mid-August urging her to support the revised formulas in the reauthorization bill.

"The current act disproportionately rewards larger cities at the expense of medium sized cities such as Cincinnati," wrote Mallory. "This is especially important in states like Ohio with multiple urban centers. The reformed act would go a long way to address these funding deficiencies and greatly increase funding for many medium sized cities, including a potential increase of $79,000 to Cincinnati."

McLin highlighted the effect on African Americans, a substantial Democratic constituency in Ohio as well as in South Carolina.

"Here in Ohio, African Americans were 45 percent of new AIDS cases in 2004, according to the Centers for Disease Control. Nationally, African Americans were 48 percent of new AIDS cases that year, while in some Southern states the percentage reaches as high as 75 percent," wrote McLin.

Clinton is one of a small group of Democrats holding up the bill, said Craig Orfield, a spokesman for Enzi. He said that in addition to Clinton and Schumer, New Jersey Sens. Frank Lautenberg (D), Robert Menendez (D) and Sen. Barbara Boxer (D-Calif.) are thought to oppose the bill.

Dr. Kent Stock, an infectious disease physician from Charleston, South Carolina, who has helped lobby local state legislators on the economic costs of not stopping the spread of HIV, said Clinton has emerged as the most prominent opponent in the eyes of local AIDS activists.

"Hillary has taken a lot of heat because a lot of people are saying that it's Hillary who's putting her foot down on this act. In reality, it's not just Hillary.

"She has become the figurehead. There are a lot of people saying that Hillary has the ability to move it forward or hold it up in Congress…She's protecting her turf as any good senator would do."

But Clinton's position may require her to answer tough questions if she campaigns in the South Carolina next year or in early 2008.

"I think its going to hurt persons with HIV first and foremost where African Americans in my state represent 73 percent of the people affected," said Dr. Bambi Gaddist, executive director of the South Carolina HIV/AIDS Council.

African Americans are estimated to make up a third or more of the Democratic electorate in the state.

State Rep. Joe Neal, an African-American Democrat from South Carolina, said about 300 people in his state diagnosed with HIV are on a waiting list to receive medical treatment. Passage of the Ryan White Care bill would eliminate the list, he said.

"The AIDS crisis is now shifting to the south fairly dramatically," said Neal, who has advocated for more funds. "I understand that the political reality that the senator faces in protecting her own state and her interest but this is a larger interest than just New York and I hope she would think about it in that context."

Clinton's staff did not respond to several requests for comment.

Bill Clinton's 60th Birthday Benefit Blowout (WP)

By Dan Balz

The Washington Post, September 28, 2006

Baby boomer and former president Bill Clinton is laying plans to celebrate his 60th birthday in grand style with a charitable fundraising extravaganza in New York late next month that will include an invitation-only concert by the Rolling Stones and contributor packages that run to $500,000 and higher.

Clinton's daughter, Chelsea, who has generally avoided high-profile participation in her parents' political and philanthropic activities, is serving as co-host of the three-day party. She will host a Saturday brunch on a weekend that also features a golf tournament at the Bayonne (N.J.) Golf Club, multiple receptions and a dinner at the American Museum of Natural History with the former president, Sen. Hillary Rodham Clinton (D-N.Y.) and Chelsea.

"My mother and I are planning a weekend of events to commemorate his [Clinton's] 60th birthday," Chelsea Clinton writes in the invitation. "I know that he would want you to share this milestone -- so I hope you can join us in New York City this October 27th through the 29th."

The 2,100 invitations began arriving this week. Weekend packages start at $60,000 (Hint: $1,000 for every year of Clinton's age). Next is the "Vice Chair Package," for those who contribute $100,000 or raise $250,000. Those who pledge $500,000 or

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more will receive the "Birthday Chair Package," which includes the "Backstage Pass" dinner and photo with Clinton and platinum seating at the Saturday dinner and the Stones concert.

The Rolling Stones will perform at the Beacon Theater, an art deco landmark on upper Broadway that seats about 3,000 people. According to the invitation, the concert will be taped for an upcoming Martin Scorsese movie about the band. Organizers of the event would not say whether the Stones will be paid for their appearance.

Space in the theater is expected to be at a premium, and members of the extended Clinton network who may not be able to afford the hefty price of admission for the weekend events already are maneuvering to find a way into the concert.

"It's a birthday party," Clinton spokesman Jay Carson said yesterday. "It's the New York birthday celebration for President Clinton."

Clinton turned 60 in August but organizers delayed the birthday fundraising event until late October to avoid any complaints from other Democrats that solicitation of money for the former president's foundation would soak up money that could otherwise be used to try to win back the House and Senate in November.

The proceeds will go to the William J. Clinton Foundation, the umbrella organization that oversees the Clinton HIV-AIDS initiative, the Clinton Global Initiative and several other programs launched by the former president since he left office almost six years ago.

Clinton collected more than $7 billion in commitments to his Global Initiative project last week in New York. His foundation staged an event similar to the planned October fundraiser in Toronto recently and collected approximately $20 million. Organizers won't put a figure on what they expect to raise in New York next month but are anticipating a significantly larger take than the Canadian event generated.

Former Democratic National Committee chairman Terry McAuliffe is listed as the co-host with Chelsea Clinton.

The celebration of all things Clinton will come less than two weeks before Hillary Clinton is expected to cruise to reelection, after which she will turn her attention to a possible 2008 presidential campaign.

She is widely expected to seek the presidency, although her husband and other advisers say she will not make a final decision until the 2006 campaign is over. No doubt the weekend celebration will prompt further speculation that she already has decided.

Twin Cities To Host 2008 GOP Convention (AP)

By Liz Sidoti

AP, September 28, 2006

Republicans will hold their 2008 presidential convention in the Twin Cities of Minneapolis-St. Paul, choosing a location in the politically pivotal Midwest.

Party and state officials announced the selection Wednesday. The convention is slated for Sept. 1-4, 2008.

"This is fantastic news," Republican Gov. Tim Pawlenty said. "We're very, very pleased."

Losing out were New York City, Cleveland and a joint bid from Tampa and St. Petersburg, Fla., other cities that had sought the convention.

The four-day event will be held at the Xcel Energy Center in St. Paul, Minn., a concert venue and the home of the National Hockey League's Minnesota Wild.

Democrats also had been considering holding their convention in the Twin Cities, but the Republican announcement left Democrats with two competing cities to choose from _ New York and Denver.

The Republican National Committee will vote in January to affirm the decision of the party's site selection committee. GOP officials say approval is assured.

By picking the Twin Cities for 2008, the GOP will ensure plenty of news coverage in media markets in Minnesota, Wisconsin and Iowa _ all battleground states in the 2004 election and ones expected to be competitive in the next presidential race.

"The heartland of America," said Sen. Norm Coleman, R-Minn. "Whoever wins those states is going to be the next president of the United States."

Minnesota had been seen by some as an unlikely host, with just 10 electoral votes and the nation's longest streak of voting for Democratic presidential candidates.

In 2004, Democrat John Kerry won the state 51 percent to 48 percent. The last Republican to win a presidential race in the state was Richard Nixon in 1972 and the last national convention happened in when the GOP backed President Benjamin Harrison in his unsuccessful re-election bid.

Minnesota's political landscape, however, has shifted right in recent years. It has become less of a Democratic bastion and more of a swing- voting state, a change attributed in part to population growth in the Twin Cities suburbs.

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The state was a hard-fought battleground in the 2004 and 2000 presidential elections, and in 2002, Minnesota elected Pawlenty, a Republican, as governor and Coleman as senator.

"Our stereotype is that we're cold and liberal and Democratic, and we're still cold," said Steven Schier, a political scientist at Carleton College in Northfield, Minn.

In the 2004 general election, 38 percent of Minnesota voters identified themselves as Democrats, while 35 percent called themselves Republicans, according to exit poll data. Twenty-seven percent identified as independents or "something else."

With the convention, the GOP hopes to court voters in a region Republican and Democratic strategists alike say will play a critical role in winning the White House in 2008. The GOP held its last convention in New York City, a Democratic stronghold where GOP delegates nominated President Bush for a second term.

Democrats, who last met in Boston, plan to hold their convention Aug. 25-28, and will announce a location later this fall. A spokesman said 11 sites expressed interest in having the party's convention, but only four completed the proposals. New Orleans later withdrew its bid, leaving Denver, New York City and Minneapolis-St. Paul.

But Minneapolis Mayor R.T. Rybak has said that because of timing and logistics, the Twin Cities can't host both conventions. The two conventions are scheduled for consecutive weeks.

Democrats said the competition for their convention now is between two cities.

"The DNC was thrilled to have three great American cities submit strong bids for the 2008 Democratic National Convention. We are looking forward to working with Denver and New York as we make our final decision," said Stacie Paxton, a Democratic party spokeswoman.

Denver's chances, however, may be hampered by their lack of unionized hotel workers. Democrats acknowledge that labor, a strong party constituency, could object to a site that didn't have unionized hotels.

The Twin Cities are the two largest in the state with a combined population of more than 650,000, and the metropolitan region straddles the Mississippi River.

In Minnesota, the effort to woo a national political convention has been a bipartisan affair, with the two big-city mayors, both Democrats, joining forces with top Republicans. They argued that Minnesota is a critical part of an Upper Midwest region that combined offers 27 electoral votes.

The GOP convention will coincide with the Minnesota State Fair, and state officials have predicted a national political convention would boost the Twin Cities economy by about $150 million.

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Associated Press Writers Philip Elliott and Fred Frommer in Washington and Martiga Lohn in St. Paul, Minn., contributed to this report.

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Republican National Committee: http://www.rnc.org

Xcel Energy Center: http://www.xcelenergycenter.com

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Republicans Pick Twin Cities For 2008 Presidential Convention (MCT)

By Rob Hotakainen And Kevin Diaz

McClatchy Newspapers, September 28, 2006

WASHINGTON - Minnesota's emergence as a presidential battleground state paid off Wednesday when the Republican Party announced that it had chosen Minneapolis and St. Paul to host its 2008 National Convention.

The Twin Cities beat three other finalists: New York, Cleveland and Tampa, Fla. It will be the first time the Twin Cities have hosted a national convention since 1892, when Republicans nominated Benjamin Harrison for president.

The convention is scheduled for Sept. 1-4, 2008, at the Xcel Energy Center in St. Paul, a week after Democrats nominate their candidate. The Twin Cities also had been competing against New York and Denver to host the Democratic convention, but that bid is now dead.

"We want to congratulate the Twin Cities. ... We are looking forward to working with Denver and New York as we make our final decision," said Stacie Paxton, a spokeswoman for the Democratic National Committee.

Republican National Committee co-chairwoman Jo Ann Davidson said the GOP chose the Twin Cities in a voice vote of the nine-member selection committee. She declined to disclose the final tally but said "it was not unanimous." The deciding factor, she said, wasn't politics, but rather logistics such as arenas, work space, transportation, security and the number of hotel rooms.

"This was a strictly business decision on our part," she said. "The committee decided that Minneapolis was the best choice."

RNC Chairman Ken Mehlman credited the Twin Cities' bipartisan host committee, but particularly Republican Sen. Norm Coleman, the former St. Paul mayor, who faces his first re-election bid in 2008.

"The house that Norm built is likely to be the place where the next president of the United States is introduced to the American people," Mehlman said.

Coleman said he was thrilled by the decision, saying it would "showcase Minnesota to a worldwide audience."

"When we built the Xcel Energy Center, we dreamed of bringing hockey back to Minnesota, but never the Super Bowl of politics," he said.

The GOP's decision, expected to be ratified in January by the party's national committee, drew an angry response from some Democrats, who expected their national convention to be in the Twin Cities.

Rick Stafford, a member of the executive committee of the Democratic National Committee from Minneapolis, said negotiations set for next week "would have pretty much cemented the deal." He said the GOP's decision showed that Republicans "cannot keep their honor in the site-selection process." He said as the non-incumbent party, the Democrats should have chosen their site first in keeping with tradition.

"It just follows their whole scorched-earth ... philosophy that's running true to form this year," said Stafford, adding that "all the signals" indicated that Republicans were going to allow Democrats to choose their site first. He speculated that word got out that Democrats wanted the Twin Cities and that local Republicans pressured the RNC to act quickly if it wanted to nail down the Twin Cities as its site.

"I'm kind of angry about it," Stafford said. "I mean, all is fair in love and war and politics, but I think it sets a tone: Are we going to go through this every four years now, this kind of game?"

Republicans rejected Stafford's arguments, noting that they picked first when they took their convention to New York in 2004.

"Quite frankly, that's nonsense," Davidson said. "I have no idea what tradition they're discussing."

In Minnesota, city officials seemed inclined to put politics aside in favor of local boosterism.

"What this confirms to us is that the Twin Cities can compete with any region in the country, any city in the country, " said St. Paul Mayor Chris Coleman, a Democrat. "We're going to host this convention in grand scale."

Civic boosters say landing a national political convention could bring 20,000 people and $150 million to the Twin Cities metro area. That will include thousands of journalists and media organizations from around the world. Some 95 hotels in Bloomington, Minneapolis and St. Paul are expected to hold an estimated 17,000 delegates, donors and staff.

Analysts said the GOP's choice will allow the party to capitalize on major media markets in Minnesota, Wisconsin and Iowa, three states that figured prominently in the 2004 election.

"The Midwest has become strategic ground," said David Schultz, who teaches politics at the Hamline University in St. Paul. "Bring the convention here, get the faithful excited and spotlight that you care about the Midwest and farmers."

Schultz said it's also a "symbolic black eye" to Minnesota Democrats trying to keep alive the spirit of Hubert Humphrey and Paul Wellstone.

"It's a purple state now, and Republicans increasingly view this as a winnable state," he said.

GOP Picks Minnesota For 2008 Convention (USAT)

By John Bacon And Sarah Elkins

USA Today, September 28, 2006

Republicans will hold their 2008 national convention in the Twin Cities of Minneapolis-St. Paul, party and state officials said Wednesday. The convention is scheduled for Sept. 1-4. Losing out were New York City, Cleveland and Tampa-St. Petersburg. The event will be held at the Xcel Energy Center in St. Paul, home of the National Hockey League's Minnesota Wild. Democrats also had been considering the Twin Cities. The announcement left Democrats with two competing cities to choose from: New York and Denver. By picking the Twin Cities, the GOP will ensure plenty of news coverage in Minnesota, Wisconsin and Iowa, all

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of which were close in the 2004 election, said Sen. Norm Coleman, R-Minn. "Whoever wins those states is going to be the next president of the United States."

Obama rallies for Md. Senate candidate

Sen. Barack Obama, D- Ill., traveled to College Park, Md., to endorse the Democratic Senate bid of Rep. Ben Cardin. Cardin's opponent, Republican Lt. Gov. Michael Steele, would join Obama as the only black senators if elected. Cardin, who is white, defeated former NAACP head Kweisi Mfume for the nomination. A political analyst who tracks black voting behavior, David Bositis of the Washington-based Joint Center for Political and Economic Studies, said Cardin is "probably taking special care" to reach out to black voters.

Snow a headliner for GOP fundraising

White House spokesman Tony Snow is in high demand on the Republican fundraising circuit. Snow will speak at several fundraisers before the Nov. 7 elections. The former TV and radio host said the White House political office contacted him and said GOP groups wanted him as a speaker. Calling such activity "unplowed ground," Snow said he checked with the White House counsel's office before agreeing. He has spoken in Pennsylvania and has dates with Republicans from Minnesota, Ohio and Kentucky. Snow said he will be promoting President Bush's policies, not "railing against Democrats." — David Jackson

Lamont cuts $750K check to campaign

Connecticut Democratic Senate nominee Ned Lamont directed $750,000 toward his campaign this week. Lamont, who spent almost $4 million of his own money defeating Sen. Joe Lieberman in the primary, has written checks totaling $2.25 million for the general election. Lamont estimates his net worth at $90 million to $300 million. Lieberman is running as an independent in the fall campaign.

GOP To Go To Minnesota (HILL)

By Jim Snyder

The Hill, September 28, 2006

Republicans chose the Twin Cities in Minnesota over Cleveland, Tampa, Fla., and New York as the site for their 2008 presidential nominating convention.

The convention proper will be held in Xcel Energy Center in St. Paul, where the Minnesota Wild National Hockey League team plays, but Minnesota officials said the decision holds broad economic impact for the region. The convention could bring in as much as $150 million, officials said.

Democrats were also considering holding their convention in 2008 in the Twin Cities. But the Democratic mayors of St. Paul and Minneapolis expressed no regret that their cities would host the showcase event for the rival party.

"Republicans have more money than Democrats," said St. Paul Mayor Chris Coleman.

The Twin Cities last hosted a national political convention in 1892, when Republicans nominated Benjamin Harrison for president.

Minnesota traditionally votes for the Democratic candidate for president, but the margin has narrowed in recent years.

G.O.P. Picks Twin Cities As '08 Site Of Convention (NYT)

By Anne E. Kornblut

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Republican officials announced Wednesday that they had chosen Minneapolis and St. Paul as the site of the party's 2008 presidential nominating convention.

It is the first time in nearly three decades that they have selected a site in the Midwest, which has become increasingly contested by both parties.

The decision prompted Democrats to drop their consideration of the Twin Cities, leaving them to choose between just two remaining contenders — Denver and New York City, where Mayor Michael R. Bloomberg is making a forceful push. Democratic officials are expected to make their decision within several weeks.

Republicans insisted their choice had not been politically driven. But in choosing Minneapolis and St. Paul over three other bidders — Tampa, Cleveland and New York, where President Bush had his re-election convention in 2004 — the party guaranteed itself widespread news media attention in three adjoining swing states, Minnesota, Iowa and Wisconsin. The convention is scheduled for Sept. 1-4, 2008.

In a nod to Senator Norm Coleman, Republican of Minnesota, who championed the proposal put forward by his home state, the Republican National Committee chairman, Ken Mehlman, said: "The house that Norm built is likely to be the place where the next president of the United States is introduced to the American people."

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The site selection is often a delicate dance for the two parties, who frequently consider some of the same cities and compete for attention at every step of the planning process. In making their announcement on Wednesday, Republican officials beat Democrats in laying claim to Minneapolis, which submitted proposals to both parties. Minnesota narrowly voted for Democratic presidential contenders in both 2000 and 2004, but was considered a target state in both races.

While Democratic officials originally had four cities to choose from, an early contestant, New Orleans, took itself out of the running when it became clear that its hurricane damage would not be repaired in time.

With Minneapolis out of contention, Democrats are now weighing whether Denver — an appealing Western spot in an increasingly volatile state — has enough union-run hotels to play host to their convention, which is sometimes larger than that of the Republicans. New York City has cleared the logistical bar for having the convention, officials said, but as a widely Democratic state, New York holds less political appeal than Colorado. And a potential Democratic presidential candidate, Senator Hillary Rodham Clinton, represents New York.

The last time Republican officials headed to the Midwest for a convention was 1980, when Ronald Reagan was nominated in Detroit. Democrats, who held their last conventions in Boston and Los Angeles, held their last middle-of-the-country convention in Chicago in 1996.

With Eye On Midwest In '08, GOP Picks Twin Cities For Convention (WP)

By Peter Slevin And Dan Balz

The Washington Post, September 28, 2006

CHICAGO, Sept. 27 -- The Twin Cities of Minneapolis and St. Paul will host the 2008 Republican National Convention, the GOP announced Wednesday in an early signal of the likely significance of the Midwest in the next presidential election.

Moving away from the coasts for the first time in 16 years -- and choosing the Twin Cities for the first time since 1892 -- the Republicans also preempted the Democrats, who had narrowed their own convention selection to three sites, including Minneapolis-St. Paul.

The Democrats will now choose between New York and Denver, a spokeswoman said.

Steven Schier, a prominent Minnesota political commentator on the faculty of Carleton College, said the timing and the tactics suggest that the national Republican Party hopes to help its Minnesota candidates this year and appeal to voters in a swath of battleground states in 2008.

"This should not be considered just a Minnesota choice," he said. "You've got three swing states: Minnesota, Wisconsin and Iowa. We're very much a battleground state. We were in '04 and we will be in '08. Same in Wisconsin, same in Iowa."

In 2004, President Bush squeaked past Sen. John F. Kerry (D-Mass.) in Iowa by 10,000 votes, while Kerry finished 11,000 votes ahead of Bush in neighboring Wisconsin. Kerry beat Bush in Minnesota by 100,000 votes out of 3 million cast. Even so, that Minnesota was competitive at all was a sign of changing times in a state that for decades was dominated by nationally prominent Democrats such as Hubert H. Humphrey, Eugene McCarthy and Walter F. Mondale.

Parties tend to consider convention locations a symbol, although the effect is often minimal. In 1980, the last time the Republicans chose the Midwest, delegates convened in Detroit to highlight Ronald Reagan's determination to win blue-collar votes, a successful strategy.

The GOP chose Philadelphia in 2000, hoping to boost Bush's chances in a tightly contested state, but he lost there in 2000 and 2004.

This time around, Republicans had narrowed the choice to the Twin Cities or Tampa after ruling out Cleveland. With memories of Hurricane Katrina still fresh, Florida's chances were hurt by the fact that the Sept. 1-4 convention comes in the heart of storm season.

The Democrats, who expect to choose a host city by the end of the year, will focus on two that have potentially serious liabilities, said one Democrat familiar with the search.

New York's principal drawback is its cost, while Denver's primary problem centers on its trade union status.

Although the Democrats see the Rocky Mountain West as an area of potential electoral growth, Denver has labor problems, including a shortage of union hotels. That could make it difficult for a party that relies heavily on union campaign money and muscle to justify choosing the Mile-High City as its host.

Officials from the party and the city are working to see if these obstacles can be overcome.

As the political leadership of Minnesota and the Twin Cities celebrated their victory on Wednesday, St. Paul Mayor Chris Coleman (D) said he thinks the Democrats would have chosen the Twin Cities if Republicans hadn't. "The good news about the Republicans choosing us instead of the Democrats," Coleman joked, "is they have more money."

Balz reported from Washington.

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GOP Will Convene In Battleground (RC)

By Tory Newmyer And Jamie Weinstein

Roll Call, September 28, 2006

The GOP has chosen the Twin Cities of Minneapolis-St. Paul for its 2008 presidential convention, Republicans announced Wednesday.

In choosing the Gopher State's metropolitan center, the party passed over New York City, Cleveland, and a joint bid from Tampa and St. Petersburg, Fla., and signaled that the upper Midwest could be a focus of Republican efforts to hold the White House in two years.

The selection pre-empts Democrats, who also were considering Minneapolis-St. Paul for their convention. Though the parties occasionally have held their conventions in the same city, Democratic Party rules now dictate that they hold their confab in a separate location, a DNC official said.

That means Democrats now must choose between the remaining two finalists, New York and Denver. That decision is expected in coming weeks. The two conventions are scheduled to be held within days of each other.

In a conference call, Republican National Committee Chairman Ken Mehlman said, "The fact is [Minneapolis] is likely to be the place the next president of the United States is introduced to the American people."

Political observers immediately began to speculate about the selection's meaning for Republican strategy during the next presidential campaign.

Minnesota, with a modest 10 electoral votes, hasn't backed a GOP presidential candidate since Richard Nixon in 1972. But margins in the state have narrowed, and it was a key battleground in the 2004 election, with Sen. John Kerry (D-Mass.) carrying it by just 3 points.

By convening in Minnesota, Republicans also would be able to reach media markets in Iowa and Wisconsin, several observers noted.

"I think it's the new Minnwisiowa of politics," said Sarah Janecek of the online newsletter Politics in Minnesota.

Blois Olson, of the same publication, said Republicans "think they can win Minnesota. They want to show their strength here."

Minnesota lawmakers from both parties welcomed the news as well as the expected economic boon it promises. But they were divided about the impact the convention is likely to have on regional politics.

Republican Rep. John Kline said the event will help throw the region into play. "It's going to help bring attention to a very important part of the country," he said.

But retiring Democratic Rep. Martin Sabo predicted that any Republican candidate will have a hard time in the state.

"I think the Bush legacy will have an impact on the 2008 elections," he said. "He's not very popular in Minnesota."

Lobbyist David Norcross, a partner at Blank Rome, was one of eight members on the RNC's site selection committee. He said the committee took its vote Wednesday morning at the RNC's offices.

Norcross said the region's Xcel Energy Center, where the main festivities will be held, stood out as a key factor in the decision. "It is state of the art," said Norcross, who served as chairman of the committee on arrangements for the Republican National Convention in 2004 in New York City.

"The media work space is really really spectacular. It's all very impressive." Norcross said now Republicans will "begin to negotiate the finer points" of holding the convention in the Twin Cities.

Though the Democrats might have been a good fit with the Twin Cities, they "would have presented a serious logistical problem because they have many more delegates than the Republicans do," said Carleton College professor Steven Schier. "There would have been a real shortage of hotel rooms. They would have had to put people in Rochester, two hours south, and bused them in."

In the meantime, the selection of the Twin Cities puts extra pressure on Republican candidates to perform well in the state this fall, so as not to be embarrassed going into 2008.

GOP Rep. Mark Kennedy, who's running for a Senate seat being vacated by Democrat Mark Dayton, is widely thought to be trailing Democrat Amy Klobuchar by double digits even though he began the race as a highly touted recruit. Republican Gov. Tim Pawlenty appears to have a modest lead over Democrat Mike Hatch in his bid for a second term, while two GOP-held House seats, one held by Gil Gutknecht and the one being vacated by Kennedy, are considered competitive. Democrats also have high hopes of flipping the GOP-held state House.

In 2008, Sen. Norm Coleman will be up for re-election. Comedian and author Al Franken, a liberal Democrat, has sent strong signals about his interest in running for the seat. Such a matchup would be a marquee race.

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RNC Picks Twin Cities For 2008 (WT)

By Ralph Z. Hallow

The Washington Times, September 28, 2006

Minnesota's Twin Cities, Minneapolis and St. Paul, will host the Republican Party's 2008 nominating convention from Sept. 1 to Sept. 4, Ken Mehlman, the party's national chairman said yesterday.

The RNC's site-election committee rejected elaborate bids from New York -- the site of the highly successful 2004 Republican convention and secret favorite of many Republican officials and operatives -- as well as from Cleveland and a joint bid from Tampa and St. Petersburg, Fla.

Party leaders yesterday called their choice a strategically important decision.

"Republicans will choose their presidential nominee in the heart of the heartland -- the Twin Cities will host the Republican National Convention, which says Republicans care about the Midwest," Sen. Norm Coleman, Minnesota Republican, told The Washington Times.

"Whoever takes my state and two of the other states next to us that the Democrats won last time will be the next president," said Mr. Coleman, a Republican who defeated former Vice President Walter Mondale in 2002 after incumbent Sen. Paul Wellstone died in a plane crash.

Mr. Coleman noted the Twin Cities media markets extend into not only Minnesota, but Wisconsin and Iowa and part of Illinois, prime battlegrounds last time. Iowa narrowly went Republican in 2004, but Minnesota, which hasn't backed a Republican presidential candidate since Richard M. Nixon in 1972, preferred Democrat John Kerry by 3.5 percentage points.

President Bush also lost the other big Midwestern states last time. Illinois's 21 electoral votes went to Mr. Kerry, as did Michigan's 17 electoral votes and Wisconsin's 10, although Mr. Kerry carried that state by less than one percentage point

"You need a broad-based community to make this [convention] work, and we have Democratic mayors in Minneapolis and St. Paul and a Republican governor and a Republican senator," Mr. Coleman said.

The decision to go with Minnesota also showcases one of the Republican Party's rising young conservative stars, Gov. Tim Pawlenty, 45, who was going to run for the Senate in 2002 until Vice President Dick Cheney persuaded him to run for governor instead so that Mr. Coleman could make his run against Mr. Wellstone without a primary fight.

All smiles yesterday, Mr. Pawlenty, a favorite of Mr. Mehlman's for vice president in 2008, called the choice of the Twin Cities "fantastic." Mr. Coleman used the same word to describe the convention accommodations, at the Xcel Energy Center in St. Paul.

The Democratic National Committee momentarily put partisanship aside to "congratulate the Twin Cities," which the Democrats had also been considering.

DNC spokeswoman Stacie Paxton said her committee "was thrilled to have three great American cities submit strong bids for the 2008 Democratic National Convention. We are looking forward to working with Denver and New York as we make our final decision. The Twin Cities is a great community and this announcement is good news for the cities."

Scientists Form Group To Support Science-Friendly Candidates (NYT)

By Cornelia Dean

The New York Times, September 28, 2006

Several prominent scientists said yesterday that they had formed an organization dedicated to electing politicians “who respect evidence and understand the importance of using scientific and engineering advice in making public policy.”

Organizers of the group, Scientists and Engineers for America, said it would be nonpartisan, but in interviews several said Bush administration science policies had led them to act. The issues they cited included the administration’s position on climate change, its restrictions on stem cell research and delays in authorizing the over-the-counter sale of emergency contraception.

In a statement posted on its Web site (www.sefora.org), the group said scientists and engineers had an obligation “to enter the political debate when the nation’s leaders systematically ignore scientific evidence and analysis, put ideological interest ahead of scientific truths, suppress valid scientific evidence and harass and threaten scientists for speaking honestly about their research.”

The group’s organizers include John H. Gibbons and Neal Lane, who were science advisers in the Clinton administration, the Nobel laureates Peter Agre and Alfred Gilman, and Susan F. Wood, who resigned from the Food and Drug Administration last year to protest the agency’s delay in approving over-the-counter sales of the so-called Plan B emergency contraception.

“The issues we are talking about happen to be issues in which the administration’s record is quite poor,” Dr. Lane said. But he said the goal was to protect “the integrity of science” so that Americans could have confidence in the government’s science-based decisions.

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Mike Brown, the group's executive director, said it would be a 527 organization under tax laws, meaning that it could be involved in electoral politics, and that contributions to the group would not be tax deductible. He said it would focus its resources — Internet advertising, speakers and other events — on races in which science issues play a part.

The group is looking at the Senate race in Virginia between George Allen, the incumbent Republican, and James Webb, a Democrat; a stem cell ballot issue in Missouri; the question of intelligent design in Ohio; and Congressional races in Washington State, Mr. Brown said.

In what it described as a Bill of Rights for scientists and engineers, the group said that researchers who receive federal funds should be free to discuss their work publicly, and that appointments to federal scientific advisory committees should be based on scientific qualifications, not political beliefs. It said the government should not support science education programs that "include concepts that are derived from ideology," an apparent reference to creationism and its ideological cousin, intelligent design.

And it said the government should not publish false or misleading scientific information, something Dr. Wood said occurred when the Centers for Disease Control and Prevention briefly posted an item on its Web site suggesting that abortion was linked to breast cancer.

Checkout For An Undemocratic Checkoff (WP)

By George F. Will

The Washington Post, September 28, 2006

Unalloyed good news is rare, so rejoice: The foremost achievement of the political speech regulators -- a.k.a. campaign finance "reformers" -- is collapsing. Taxpayer financing of presidential campaigns, which was in parlous condition in 2004, will die in 2008.

In 2000 and 2004 George W. Bush declined public funding -- and its accompanying restrictions on raising and spending money -- for the primaries, as did Howard Dean and John Kerry in 2004. In 2004 candidates accepting taxpayer funding were restricted to spending $45 million before the conventions. Bush and Kerry raised $269.6 million and $234.6 million, respectively, before the conventions. Any candidate who accepts public funding in the 2008 primaries will be considered second-tier. And almost certainly neither party's nominee will accept public funding for the fall campaign.

Taxpayer funding, enacted in 1974, empowered taxpayers to direct, by a checkoff on their income tax forms, that $1 of their tax bill be used to fund presidential campaigns. Even though the checkoff did not increase anyone's tax bill, participation peaked in 1981 at 28.7 percent -- a landslide "vote" of 71.3 percent against it. In 1993 Congress increased the checkoff's value to $3, thereby enabling fewer people to divert more money from the government's pool of revenue collected from everyone, including the 90 percent of taxpayers who now decline to participate.

It is delicious that the McCain-Feingold law, the reformers' most recent handiwork, is helping kill taxpayer financing of presidential campaigns. Before McCain-Feingold, limits on contributions of private money -- set in 1974 and not indexed for inflation -- became steadily more restrictive, so candidates accepted public funding. But McCain-Feingold, by doubling the permissible size of campaign contributions, made it easier for candidates to raise sums far larger than taxpayer funding provides.

Public funding was supposed to increase voter turnout by decreasing the cynicism supposedly caused by privately financed politics. But Bradley Smith, former chairman of the Federal Election Commission, notes that turnout did not surge until 2004. Then, the dramatic increase correlated with a surge of private money, much of it devoted to voter turnout efforts. Reformers considered this surge evidence of increasing corruption and, of course, evidence of the need for more regulation of speech.

John Samples of the Cato Institute, in his new book, "The Fallacy of Campaign Finance Reform," demolishes the argument that taxpayer funding has increased voters' choices by increasing the number of presidential candidates. The seven elections before 1976 had an average of 10.7 candidates who received at least 1 percent of the votes in the two major parties' primaries. Since taxpayer funding was enacted, the average has been 7.8 candidates. In the 15 elections since 1945, the two most successful independent candidates -- George Wallace in 1968 and Ross Perot in 1992 -- did not use government funds. Taxpayer financing, which liberals love, did help Ralph Nader win 2.7 percent of the 2000 vote, including 97,488 Florida votes that cost the liberals' candidate, Al Gore, the presidency.

Does anyone argue that the $1.3 billion in tax dollars given to candidates since 1976 has purchased more elevated campaigns? About 10 percent of public funding pays for the two parties' conventions -- vacuous festivities for a few thousand activists. Major broadcast organizations no longer cover conventions extensively because the public, which considers them unimportant, will not watch.

Sen. Mitch McConnell rightly says that taxpayer funding of politics has been the subject of the largest, most sustained and most accurate polling in American history. The polling occurs every year when 90 percent of taxpayers refuse to participate.

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Could it be that Americans recoil from funding political advocacy with which they disagree -- Republicans funding Democrats, Democrats funding Republicans, everyone funding fringe candidates such as the felon Lyndon LaRouche, who got infusions of taxpayers' money for a campaign he ran while in jail for fraud and conspiracy?

Nevertheless, reformers want to again enlarge the value of the checkoff -- the lever by which a small minority spends general tax revenue against the wishes of a vast majority. The reformers' ultimate objective is to make government the sole source of money for all federal elections. Then government money, supplied in much smaller amounts than voluntary contributions provide, would fund the (much reduced) amount of political speech about government that the government deems appropriate.

Reformers desperate to resuscitate taxpayer funding cite the supposedly scandalous fact that each party's 2008 presidential campaign may spend $500 million. If so, Americans volunteering to fund the dissemination of speech about candidates for the nation's most consequential office will contribute $1 billion, which is about half the sum they spend annually on Easter candy. Some scandal.

The Road To Inefficiency (WP)

The Washington Post, September 28, 2006

IT BEGAN WITH an eagle-eyed auditor who, glancing at a garage maintained by Fairfax County's government for its huge fleet of official cars, noticed that too many of them spent their days parked, unused and apparently unneeded. The auditor rightly wondered whether the county bureaucracy -- 11,500 strong -- really warranted one vehicle per three employees. So it seemed perfectly rational when Fairfax decreed in 2004 that it would confiscate cars driven fewer than 4,500 miles a year -- a mere 18 miles per weekday over the course of a year, give or take.

Alas, the road to waste, inefficiency and bureaucratic scheming is paved with good intentions. On the one hand, the mileage minimum has helped prune the county's fleet by 167 vehicles, most of them in the year after the policy took effect. But, as reported by The Post's Lisa Rein, it has also prompted county workers and managers to devise ingenious methods to hang on to their county-owned cars -- by hook or by crook.

In some cases, managers have busied themselves coordinating vehicle swaps among their employees to ensure that vehicles hit the magic 4,500-mile target; in others, workers have been urged to drive more. (So much for lightening the load on the county's clogged roads or saving on gas.) A few brazen officials have even asserted that their vehicles' odometers must have malfunctioned.

Many public workers in Fairfax need county-issued cars, to transport surveying equipment or citizens with special needs or for many other legitimate uses. But e-mails unearthed by The Post also suggest that in some instances managers have done everything short of odometer-tampering to avoid parting with prized vehicles. "We need to think about scheduling with Tricia to use her vehicle for everything we can think of, so she won't lose it," wrote one supervisor.

In response to such chicanery, the county's Board of Supervisors voted to increase the minimum to 5,000 miles annually. We wonder if that won't just increase the incentive for subterfuge by a few unscrupulous managers. A better follow-up would be for the county to scrutinize the deployment of its remaining vehicles, tighten procedures governing their use and encourage more employees to use their own cars when possible (and claim reimbursement by mileage) -- a much more cost-efficient option.

Oh, No, Low Prices (WSJ)

The Wall Street Journal, September 28, 2006

Last week's announcement by Wal-Mart that it will offer many generic drugs for $4 is welcome news for American consumers. Strangely, however, this isn't winning Wal-Mart any applause from its left-wing critics.

Take Paul Blank, director of the union-funded Wake Up Wal-Mart, who declared that "Wal-Mart cruelly ignores the fact that it fails to provide company health care to over half of its employees. . . . The Wal-Mart health care crisis grows everyday, and sadly this prescription drug initiative will not insure one additional Wal-Mart employee, one uninsured child, or reduce the billions of cost for taxpayers."

Or consider Ron Pollack, director of the Families USA lobby for government-run health care, who conceded that lower prices are "a limited good thing," but then dismissed the price reduction as being as much "a part of Wal-Mart's public-relations efforts to blunt the deserved criticism of its poor health coverage for its workers as it is a substantive improvement."

These and other Wal-Mart critics are the same folks who've complained for years about high drug prices, using the issue to argue for government price controls, shorter patent lives on new drugs, and reimportation of drugs from Canada and Mexico. The Service Employees International Union held a "Boston Pill Party" in July 2004 declaring that "Americans have an unalienable right to cheap Celebrex and Lipitor."

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Wal-Mart isn't a charity, and its $4 decision is designed to lift its own sales by undercutting prices at competing retailers. But that's the way the market works, driving prices lower with competition. It turns out that Wal-Mart's critics really didn't care about prices; what they want is more union clout, and more government control over health care.

Ahmadinejad: We Won't Forgo Nuke Rights (AP)

AP, September 28, 2006

Iran's hard-line president said Wednesday Iran won't give up "one iota" of its right to pursue a peaceful nuclear program.

Mahmoud Ahmadinejad reiterated his uncompromising stance as Iran's top nuclear negotiator Ali Larijani held talks with European Union foreign policy chief Javier Solana in Berlin, described by an EU official as "very intense."

"In negotiations, they tell us to suspend (uranium) enrichment even for a day on the pretext of a technical problem so that they continue talks," state-run television quoted Ahmadinejad as saying Wednesday. "Our response to them is that no one has the right to give up the rights of the Iranian nation."

Ahmadinejad said the U.S. and its European allies want to force Iran to suspend uranium enrichment but won't succeed.

"They want to create propaganda about it and tell the world that they forced Iran to suspend (enrichment), but they are mistaken. The Iranian nation won't retreat from its right one iota," he was quoted as saying.

Solana and Larijani are holding talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Their meetings are scheduled to continue Thursday.

Iran violated the United Nations demand to halt uranium enrichment by Aug. 31. Enrichment can produce either fuel for a reactor or material for a warhead. The United States and several of its allies believe Iran is seeking to develop nuclear weapons. Tehran maintains its program is peaceful and merely aimed at generating electricity.

Iran, EU Negotiators Hold Nuclear Talks (AP)

By Stephen Graham, Associated Press Writer

AP, September 28, 2006

Negotiators for Iran and the European Union held five hours of "very intense" talks Wednesday over Iran's disputed nuclear program and planned to meet again Thursday, officials said.

EU foreign policy chief Javier Solana and chief Iranian nuclear negotiator Ali Larijani went into their meeting at a Foreign Ministry facility by the side of Lake Tegel on the outskirts of Berlin without making statements to reporters.

German Foreign Minister Frank-Walter Steinmeier, who was not participating in the Berlin talks, said he was optimistic progress could be made.

"I have the expectation that the talks today will be successful," Steinmeier said. "I think that today we will not get any final news, but hopefully in the course of tomorrow."

Solana would report back to the six countries trying to persuade Iran to give up its program to enrich uranium, he said, "and then it will be decided together if there are conditions for a return to the negotiating table."

But in Tehran, Iran's hard-line president Mahmoud Ahmadinejad said his country won't give up "one iota" of its right to pursue a peaceful nuclear program.

Ahmadinejad said the U.S. and its European allies want to force Iran to suspend uranium enrichment but won't succeed.

"They want to create propaganda about it and tell the world that they forced Iran to suspend (enrichment), but they are mistaken. The Iranian nation won't retreat from its right one iota," he was quoted as saying.

The negotiators met for five hours of "very intense" talks before adjourning until Thursday, said Solana spokeswoman Cristina Gallach.

"The talks just broke off and we will resume tomorrow (Thursday) morning," Gallach said, describing the talks as "very intense."

Secretary of State Condoleezza Rice told reporters in Washington that she telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran.

Solana and Larijani are holding the latest round of talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Iran missed an Aug. 31 Security Council deadline over the issue. The six are considering seeking sanctions in the U.N. Security Council if Tehran does not comply.

Rice said if Larijani agreed to a suspension of processing uranium "we would be on a course for negotiations."

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But, Rice told reporters, she had told Solana "clearly this won't go on very much longer."

"I did wish Solana well, and we are all awaiting the outcome of these discussions," she said.

Earlier, U.S. State Department spokesman Sean McCormack said whether Iran was agreeable to a temporary and verifiable suspension would not be known until Solana concludes his meetings with Larijani.

"It may require several meetings to find out," the spokesman said. "There may be an opportunity here," he said.

The administration's sanctions strategy is to impose a series of increasingly potent penalties against Iran, beginning with curbs on technology that could be used in military programs.

Enriched uranium can be used for power plants or for weapons, depending on the level of enrichment.

Associated Press Writer Barry Schweid contributed to this report from Washington.

U.S. To Wait 'A Few Weeks' On Iran Move (WT)

By Nicholas Kralev

The Washington Times, September 28, 2006

The Bush administration yesterday postponed its pursuit of U.N. sanctions against Iran for "a few weeks" to allow its European allies time to try to negotiate a suspension of Iran's nuclear fuel production.

Javier Solana, the European Union's foreign policy chief, told Secretary of State Condoleezza Rice in a telephone conversation before meeting with Iranian nuclear negotiator Ali Larijani in Berlin that Mr. Larijani "seems to be sincere" in trying to find a compromise, U.S. officials said.

The five-hour talks between the EU representative and the Iranian negotiator were described as intensive. The two men planned to meet again today, Solana spokeswoman Cristina Gallach said.

The United States has said it would join the Europeans in direct negotiations with Iran on incentives only if it stopped enriching uranium. Uranium can be used to produce atomic bombs or to fuel nuclear power plants.

Officials said that Mr. Solana suggested a little more time to negotiate a suspension of Iran's uranium enrichment and reprocessing activities might pay off, and that Miss Rice agreed.

"Our response was, 'Absolutely, if it's a matter of a few days, a few weeks here to see if there is a possibility of keeping open a negotiated diplomatic solution,' " State Department spokesman Sean McCormack told reporters. "We want to give that every opportunity to succeed."

The administration had given Tehran an Aug. 31 deadline and threatened to push for sanctions. China and Russia have been firm in refusing to join in any punitive move.

On Tuesday, The Washington Times reported that Iran was close to reaching a compromise with the Europeans but was seeking a way to keep any enrichment suspension secret. Tehran denied it was considering such a deal.

Mr. McCormack said yesterday that the Iranians' "disposition to this point has not been to give clear answers," but he expressed hope that their behavior might be changing.

"There may be an opportunity here, there may be a little opening if we just give the Iranians a little time and space," he said. "Perhaps they will come through with a positive answer."

He declined to answer directly the question about a secret deal, saying that, if the United States showed up for negotiations with Iran, everyone would know that enrichment suspension -- Washington's only condition for participation -- had taken place.

Iranian President Mahmoud Ahmadinejad suggested during a seminar in Tehran that the West has proposed a quiet understanding that would help both sides save face.

"In negotiations, they tell us to suspend uranium enrichment for one day on the pretext of some technical problem and let us continue negotiations with you," Mr. Ahmadinejad was quoted as saying by the official Islamic Republic News Agency. "The Iranian nation will not give up its right."

The Iranian Students News Agency reported the president as saying: "They say, 'You should suspend uranium enrichment on the surface, helping us to say that Iran accepted suspension,' but I have to say we are men of negotiation but we do not demand negotiation."

Miss Rice warned that, despite her willingness to wait a few more weeks, "clearly this won't go on very much longer."

"Obviously, if we can come out of this with an Iranian decision to suspend its enrichment and reprocessing activity completely and verifiably, then we would be on a course of negotiations -- that's the course we would all like to pursue," she said.

One of the issues that Mr. Solana and Mr. Larijani discussed was how long any suspension would last, diplomats said.

The Iranian official, they added, is constrained by conflicting views in his government between those who do not want confrontation with the West and those for whom uranium enrichment is a source of pride.

"I have the expectation that the talks today will be successful," German Foreign Minister Frank-Walter Steinmeier told reporters in Berlin. "I think that today we will not get any final news, but hopefully in the course of tomorrow."

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Mr. Buffett's Excellent Idea (NYT)

The New York Times, September 28, 2006

At the center of the current showdown with Iran is one chilling technical fact: The same technology that can make fuel for a nuclear reactor can also make the core of a nuclear bomb.

Add to that the legal fact that the Nuclear Nonproliferation Treaty guarantees all members in good standing the right to make their own reactor fuel and you have a pretty good idea why the United States and Europe are having such a tough time blocking Tehran's nuclear ambitions.

Enter Warren Buffett, the billionaire investor and philanthropist. He is pledging $50 million for a fuel bank — run by the International Atomic Energy Agency — to be a supplier of last resort for any country that chooses not to get into the risky reactor fuel business and gets the I.A.E.A. seal of approval.

Right now countries can argue — sincerely or not — that without their own fuel plants they can be easily blackmailed by foreign suppliers with whom they have political disagreements. Iran has been caught lying about its nuclear program too often to believe that all it wants is reactor fuel. But its talk of nuclear cartels still gets a sympathetic hearing from many of the nuclear have-nots.

Mr. Buffett, who is working with the nonprofit Nuclear Threat Initiative, headed by former Senator Sam Nunn, is a man who understands leverage. He won't kick in his $50 million unless some government or governments ante up $100 million in cash or fuel. And the project has to come together within two years or he will take his money off the table.

In early 2004, President Bush rightly called for a ban on all new sales of sensitive nuclear fuel technology. But the idea has gone nowhere, with the have-nots charging discrimination and even friends like Argentina, Australia and South Africa talking about getting into the business.

American officials publicly welcomed Mr. Buffett's proposal as one way to persuade countries that they don't need to make their own fuel. But there's no talk of matching his largess. The White House — which has long criticized the I.A.E.A. for not being tough enough on Iran — is not eager to give the agency more power.

Instead, the administration has joined with Russia and four other major fuel producers to offer overlapping supply guarantees, with each promising to make up for the others' possible shortfall. That's a start. But we suspect that any plan that has governments — rather than the more neutral I.A.E.A. — offering guarantees won't calm suspicions or take away Iran's excuse.

More than 50 years ago, President Eisenhower first proposed setting up an international nuclear fuel bank, the original concept for the I.A.E.A. Washington would do well to take a harder look at Mr. Buffett's — and Mr. Eisenhower's — excellent idea. And then come up with the cash.

Egypt Developing Nuclear Energy Program (MCT)

By Miret El Naggar

McClatchy Newspapers, September 28, 2006

CAIRO, Egypt - Determined to lead the Arab world into the nuclear club, Egypt is working on a nuclear energy program intended to reduce the country's dependency on oil.

The program, announced last week by Egyptian President Hosni Mubarak, is expected to cost as much as $2 billion and will take more than a decade before the plants produce electricity. While other Arab nations also are looking into nuclear research and development, Egypt already has two low-level reactors, a half century of research and the remains of a comprehensive plan that was scrapped after the nuclear accident at Chernobyl in 1986.

Egypt is looking for alternative power sources because of the rising cost of oil and its increasing energy needs. The government estimates that oil reserves in Egypt, the Arab world's most populous country, will be depleted within 20 years unless new oil fields are discovered.

Egypt has signed the Nuclear Non-Proliferation Treaty, the cornerstone of international efforts to prevent the spread of nuclear weapons. Countries that sign the treaty agree not to produce or otherwise acquire nuclear weapons. They also accept safeguards meant to prevent the diversion of spent nuclear fuel to weapons production. Egypt also has agreed to inspections by the United Nations' nuclear watchdog, the International Atomic Energy Agency.

Egypt has two outdated, research-level reactors in Inshas, 38 miles north of Cairo. Energy Minister Hassan Younis told a state-backed newspaper this month that the government is in talks over how to finance the construction of a 1,000-megawatt power plant that would cost as much as $2 billion. Egypt also plans to build three power stations, each producing 600 megawatts, in the north coastal region of Dabaa.

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Nuclear development is a point of pride for Egypt. Arab nations are caught between two less-than-friendly rivals when it comes to nuclear development: Israel and Iran.

They complain that Israel was allowed to amass an undeclared nuclear arsenal, while Muslim nations fall under strict scrutiny for research into even peaceful uses of nuclear energy. Arab governments are equally wary of Iran's Shiite Muslim theocracy, which they blame for sidelining the Sunni populations of Iraq and Lebanon.

"It's hard to be in a region where one country owns nuclear weapons and another is developing them while claiming it won't use them," said Wael el Assad, nuclear specialist at the Arab League. "This security deficiency is unacceptable to states."

But unlike Iran, Egypt, led by Western-backed Mubarak, has U.S. support for the proposed program. That wasn't the case for other Arab leaders who delved into nuclear activities: Former Iraqi President Saddam Hussein's main reactor was destroyed by Israel, while Libyan President Muammar Qaddafi renounced his program in hopes of getting removed from the U.S. list of states that sponsor terrorism.

"We are prepared to provide technical know-how for peaceful nuclear energy to friendly nations such as Egypt, with whom we share deep cooperation," Francis Ricciardone, U.S. ambassador to Egypt, told Egyptian television. "There is no comparison between Iran and Egypt, since Iran has a nuclear weapons program. Using nuclear energy for peaceful purposes, that is something different."

Iran says its nuclear program is also strictly for energy, but the IAEA has said Iran hasn't cooperated sufficiently so that its claim can be independently proved.

Egypt hasn't yet disclosed details of its nuclear plans.

It could purchase nuclear fuel from abroad to power its reactors and sell the spent fuel back to the supplier, so that there would be no possibility of using it for weapons production. Alternatively, Egypt could develop the capacity to produce its own fuel. The same production method, at a higher level, can produce highly enriched uranium for nuclear weapons.

Egypt, Tunisia and the United Arab Emirates are the only Arab nations currently on file with the IAEA as pursuing atomic programs as an alternative to traditional energy sources such as oil and natural gas. Algeria has two research reactors, but isn't actively pursuing nuclear capabilities, according to regional experts.

"Some Arab countries are showing interest in nuclear energy for generating electricity, water purification, and in other fields also, as health and agriculture," said Mahmoud Nasreddin, director of the Tunisia-based Arab Atomic Energy Agency.

In Egypt, however, there are murmurs that the timing of the announcement has less to do with renewable energy and more to do with positioning Mubarak's son to succeed his father as president. Mubarak's ruling National Democratic Party adopted the resolution to pursue a nuclear energy program at the party's annual convention last week.

"The whole world - I don't want to say all, but many developing countries - have proposed and started to execute the issue of alternative energy," Gamal Mubarak, the president's son, said at the conference. "It is time for Egypt to put forth this proposal for discussion about its future energy policies, the issue of alternative energy, including nuclear energy as one of the alternatives."

Critics of the government, led by the powerful Islamists in the Muslim Brotherhood, called the proposal "a big show" intended to bolster support for the younger Mubarak. Since 2002, Gamal Mubarak has served as head of the party's influential policies committee and has been crafting his image as a reformist.

Though both Mubaraks have repeatedly denied that Gamal has any intention of becoming president, his frequent public appearances and his rising influence within the NDP are convincing Egyptians he will take over after his father.

"This talk of nuclear program is only to grab the world's attention and point it at Gamal Mubarak," said Mohamed Habib, deputy leader of the Muslim Brotherhood.

El Naggar is a special correspondent for McClatchy Newspapers.

Envoy: Nuclear Talks Enter Crucial Phase (AP)

By Foster Klug, Associated Press Writer

AP, September 28, 2006

The chief U.S. envoy to stalled North Korean nuclear disarmament talks said Wednesday that negotiators are entering a crucial phase and suggested Washington is stepping up efforts to break a nearly year-long impasse.

Assistant Secretary of State Christopher Hill also urged the North to show it was serious about returning to the talks aimed at ridding Pyongyang of its self-professed nuclear weapons production program.

"I just want to know: Are they serious about making progress in this next round?" Hill said to an audience at the Center for Strategic and International Studies. "I just want to get some idea of whether they're" preparing seriously for talks that have been stalled since November.

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"We're trying to get ready to fulfill our obligations" for whenever the talks resume, Hill said. "I just would like some indication from (North Korea) that they're doing something similar."

Hill said the next weeks would be "critical" and spoke of a "certain sense of urgency" involved in efforts to resume negotiations that include both Koreas, China, Russia, Japan and the United States.

His comments come as U.S. Secretary of State Condoleezza Rice contemplates a possible trip to Asia in the next month or so. Rice recently promised to "make another push to see what we can do" to resolve the impasse.

Hill met this week with his South Korean counterpart, Chun Yung-woo, and has been talking on the phone with his Japanese counterpart.

"When things are stopped for so long, you really want to find ways to restart them," Hill said. "We are in a rather crucial phase. We've not made any progress."

North Korea, meanwhile, says Washington is responsible for the deadlock, refusing to return until the U.S. lifts financial restrictions imposed for the regime's alleged money laundering and counterfeiting.

The North has raised alarms that it might be preparing for a nuclear bomb test. In July, it test-launched seven missiles, including some that might reach the American continent.

Despite the sense of urgency he mentioned in his comments, Hill said the United States would not talk with North Korea — officially called the Democratic People's Republic of Korea — "in the absence of the six-party process."

US Warns Against North Korea Nuclear Test (AFP)

By Stephen Collinson

AFP, September 28, 2006

The United States warned that any nuclear test by North Korea would be viewed by world powers as a "very serious" escalation of the crisis over the Stalinist state's weapons programs.

Christopher Hill, US point-man on the six-party nuclear talks process, also said Washington was considering whether to impose new sanctions on Pyongyang, despite warnings by several congressmen such a move would enflame the showdown.

Hill said the United States had been talking to China, Russia, South Korea and Japan about how to deter any nuclear test by North Korea.

"All parties have made it clear that this would be a very, very serious step," Hill told a congressional hearing.

"It is a very small piece of the world ... it is frankly speaking, rather shocking that anyone would even think of exploding a nuclear weapon on the Korean peninsula."

Pyongyang declared in February 2005 it had nuclear weapons, but there have been no reports of a test. Speculation has been mounting the Stalinist state may be preparing such a step.

Last July, North Korea defied international warnings and test fired seven ballistic missiles, including its long-range Taepodong-2, believed to be capable of striking America's western seaboard.

US Secretary of State Condoleezza Rice said in an interview released Monday that time was running out to bring North Korea back to the negotiating table.

Hill, assistant secretary of state for East Asian and Pacific Affairs, was testifying before the Committee on International Relations of the House of Representatives.

Several congressmen warned in dire terms that a rumored move by the Bush administration to impose a new set of sanctions on the Stalinist state, could spell further bad news for the stalled six-party talks process.

"Let the administration think long and hard before taking this dramatic step," said veteran Democrat representative Tom Lantos, arguing that any such measures wouldn't hurt North Korea due to paltry US investment in the impoverished nation.

"If the South Koreans, Chinese and Japanese will not follow suit, a unilateral US trade and investment ban will be ineffective and counter-productive to the prospects for a negotiated solution on the Korean Peninsula.

"Pyongyang will undoubtedly cite these new sanctions as evidence of hostile intent, and strengthen its refusal to return to the six party talks," Lantos said.

But Hill said that Washington was considering whether to impose new sanctions on North Korea over the missile tests.

"We are of course looking at the issue particularly in the light of the fact that the North Koreans had a missile moratorium, some measures were relaxed ... and they violated the moratorium."

The Clinton administration lifted some economic sanctions on North Korea in 1995, one year after it agreed to freeze its nuclear activities.

More bilateral sanctions were lifted in 2000, when Pyongyang agreed to a moratorium on missile tests.

Hill pledged that any new measures would be imposed only after close consultation with other members of the six-party talks and key members of Congress.

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Hill's comments came a day after a top North Korean official told the UN General Assembly his country's nuclear arms were for "self-defense."

In a rare North Korean explanation on the international stage of its policy, Deputy Foreign Minister Choe Su Hon reiterated Pyongyang could not resume the six-party talks as long as it remains subject to US sanctions.

The UN Security Council, including the North's only major ally, China, responded by unanimously adopting a resolution condemning its actions and imposing missile-related sanctions.

In September last year, Pyongyang joined the United States, South Korea, China, Russia and Japan in signing a joint statement under which it pledged to abandon its nuclear program in return for energy and economic aid, eventual diplomatic benefits and security guarantees.

But two months later, North Korea boycotted the forum to protest US sanctions on a Macau bank which allegedly helped it pass counterfeit US dollars and launder funds.

U.S. Weighs Moves Against Sudan Over U.N. Force (WP)

By Glenn Kessler

The Washington Post, September 28, 2006

The United States is considering a series of punitive steps if the Sudanese government fails to agree to a U.N. peacekeeping force to end the violence in Sudan's Darfur region, U.S. officials said yesterday. Secretary of State Condoleezza Rice signaled the new approach in a speech yesterday in which she demanded an immediate cease-fire and warned that Khartoum faces "a choice between cooperation and confrontation."

U.S. officials said the options under consideration include reimposing sanctions that had been eased when Sudan signed a peace agreement last year with southern rebels, as well as taking action against top Sudanese officials who have been implicated in what the United States has labeled acts of genocide in Darfur.

Another option that has received renewed consideration is establishing a "no-fly zone" over Darfur, mainly because the Sudanese military has restarted attacks. But there are practical obstacles to a no-fly zone, including the effect it may have on humanitarian missions, so officials said that decision is not imminent.

Although Rice's Washington speech to the African Society's National Summit on Africa held out the prospect of improved ties between the two countries, relations have worsened dramatically in recent weeks.

U.S. officials detained Sudan's deputy foreign minister at Dulles International Airport for several hours last week and also restricted the travel of Sudan's president, Lt. Gen. Omar Hassan al-Bashir, and his entourage when he came to address the U.N. General Assembly. Bashir was so angry that when he returned to Khartoum, he announced restrictions on the travel of U.S. diplomatic personnel and official U.S. visitors.

U.S. officials suggest that the visa restrictions imposed on Bashir were a mistake, generated mainly because he got the visa on a Sunday afternoon in Havana, where the U.S. routinely issues restricted visas to Cuban diplomats. "There was no policy decision to restrict them," a senior administration official said, speaking on the condition of anonymity because of the sensitivity of the issue. "I think they simply didn't reset the machines for non-Cubans."

A senior Sudanese diplomat scoffed at that explanation. "Such mistakes are becoming very common for our American friends," the diplomat said. He confirmed that deputy foreign minister Ali Ahmed Karti had been detained for several hours and that Bashir was upset at the restricted visas. Speaking on the condition of anonymity, he said U.S. diplomatic movements were being restricted because "reciprocity is one of the golden principles of diplomacy."

U.S. officials are still trying to figure out the practical aspects of Sudan's restrictions, including whether they will apply to diplomats or official visitors.

U.S. officials gave varied explanations for Karti's detention, which included that he was carrying cash in excess of $10,000 to finance Bashir's travels and that he turned up on a Homeland Security watch list because of his association with the Janjaweed, the marauding militias implicated in the Darfur violence.

Human rights groups say that Karti, though he now holds the title of state minister for foreign affairs, was the head of the Popular Defense Forces, a paramilitary group that fought alongside the Janjaweed during a campaign of terrorism that has resulted in as many as 450,000 deaths and has driven more than 2 million from their homes. Some experts have said they think he is on the secret list of 51 names referred by the United Nations to the International Criminal Court for possible prosecution for war crimes.

The Darfur conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the central government of supporting the Janjaweed in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur, an area the size of France.

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The Bush administration has pressed to replace an undermanned, 7,000-person peacekeeping force headed by the African Union with 20,000 U.N. troops, but Sudan has refused to accept a Security Council resolution mandating the force.

In May, under the leadership of then-Deputy Secretary of State Robert B. Zoellick, the U.S. persuaded Khartoum and one rebel group to sign the Darfur Peace Agreement. But Zoellick left the administration, along with many of his Sudan advisers, and U.S. policy was adrift over the summer. Last week, President Bush named former USAID administer Andrew S. Natsios as special presidential envoy to Sudan.

Human rights groups have criticized the Darfur agreement, saying that it did not have the support of a rebel group representing the majority of the Darfur population and that the Sudanese government has used it as an excuse to attack rebel groups that did not sign.

Rice demanded yesterday that Khartoum accept the U.N. force. While the Darfur agreement will not be negotiated, she said, "we are conferring with rebels who want peace."

Rice added: "We are seeking to address their legitimate concerns, and we will support them if they choose peace. If the rebels refuse, then they will face serious consequences, including targeted U.N. sanctions."

Rice Says Sudan Could Face More Sanctions Over Darfur (NYT)

By Helene Cooper

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Secretary of State Condoleezza Rice on Wednesday raised the threat of more international sanctions against Sudan if the government did not stop military operations in the Darfur region and unconditionally accept a United Nations peacekeeping force.

“If the Sudanese government chooses confrontation — if it continues waging war against its own citizens, challenging the African Union, undermining its peacekeeping force, and threatening the international community — then the regime in Khartoum will be held responsible, and it alone will bear the consequences,” Ms. Rice said during a speech to the Africa Society.

“The international community must make clear to the leaders of Sudan that this is the choice they face,” she said.

The 53-nation African Union has about 7,200 peacekeeping soldiers in Darfur and was scheduled to hand over its task to a larger United Nations force in September. But President Omar Hassan al-Bashir has fiercely opposed such a move, and in the meantime, the union has announced that it will send more troops to the region while pressure on him continues.

The union force has not had much success in stopping violence in Darfur that has continued despite a cease-fire in May. Ms. Rice was blunt during her speech, laying the blame for the bloodshed at the feet of Mr. Bashir’s government.

“Citing attacks by rebels in the area, the government of Sudan recruited a tribe of Arab nomads, known as the janjaweed, who have long resented the Africans of Darfur,” Ms. Rice said. “Funded, armed and encouraged by the Sudanese government, the janjaweed attacked village after village in Darfur — torturing and executing the men and the boys; beating and raping the women and the girls.”

Ms. Rice challenged Mr. Bashir’s authority to refuse the United Nations peacekeeping force. “We cannot, we will not, accept Sudan’s opposition,” she said. “Since the Sudanese government will not save the lives of its own people, then the United Nations must act.”

Rice Calls For Cease-fire In Darfur (AP)

By Anne Gearan

AP, September 28, 2006

The U.S. will not sit still while innocent people are killed in Sudan's Darfur region, Secretary of State Condoleezza Rice said Wednesday, urging an immediate cease-fire and deployment of U.N. peacekeepers.

The top U.S. diplomat said Sudan's government could cooperate with the United Nations or face a confrontation. She warned of consequences if Sudan chose a fight and hinted at further U.N. penalties against the Khartoum government or rebel groups.

"We're not going to sit by and allow this kind of death and destruction to continue," Rice said during a question-and-answer session after her speech at the Africa Society's National Summit on Africa. "We'll use whatever tools are necessary, through the U.N, to be able to stop that."

Fighting between government-backed Arab militias and non-Arab rebels in Darfur has left more than 200,000 dead and 2.5 million displaced since 2002.

More than two years have passed since the Bush administration labeled the atrocities in Sudan as genocide. But the killing has accelerated in recent weeks as the Sudanese government has launched a new offensive.

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A poorly funded African Union force in Darfur has been unable to contain the violence and the U.N. Security Council has sought to take over the operation to provide better resources. Sudan opposes such a step.

"I would hope that the message that is going out to Sudan, not just from us but from every country in the world, is that this is now a real fork in the road," Rice said.

President Bush used his address to the U.N. General Assembly last week to announce a new envoy for Sudan and to decry the violence. Rice's address Wednesday was the most comprehensive high-level assessment of the problem to date.

In her speech, Rice said that long-term stability and safety for people in Sudan will come only when the many overlapping political and factional fights are addressed. She accused Sudan's government of hoarding wealth and power at the expense of much of the rest of the country, Africa's largest and about the size of the U.S. from east of the Mississippi River.

Rice said that if Sudan "works with the United Nations and welcomes a U.N. force into Darfur then it will find a dedicated partner in the United States."

Bush has told Sudanese President Omar el-Bashir that the U.S. was prepared to examine all aspects of its relationship with Sudan, Rice said. U.S. lawmakers are close to approving penalties against Khartoum.

"If the Sudanese government chooses confrontation — if it continues waging war against its own citizens, challenging the African Union, undermining its peacekeeping force and threatening the international community — then the regime in Khartoum will be held responsible and it alone will bear the consequences," Rice said.

Little Pressure On Hezbollah To Disarm (AP-Y)

By Hamza Hendawi And Henry Meyer

AP, September 28, 2006

Six weeks after the end of the Lebanon war, the militant Hezbollah group is facing little on-the-ground pressure to give up its weapons and disarm — despite a U.N. cease-fire resolution demanding just that.

The leaders of a U.N. peacekeeping force in south Lebanon say the job is not theirs. And Lebanon's ill-equipped army, some of whose soldiers wear tin-pot helmets and carry outdated M-16 rifles, shows no signs of diving into a confrontation with battle-hardened Hezbollah fighters.

For now, all sides say it's likely full disarmament will happen only in the future as part of a political solution — despite the U.N. resolution that ended the 34-day war on Aug. 14 and required disarmament.

The commanders of the U.N. force say that under the resolution, their job is merely to assist the Lebanese army in regaining control of southern Lebanon and to ensure the area cannot be used for launching rocket attacks into northern Israel.

Meanwhile, Lebanese security officials say the army's mission in the south is based on what they call an "understanding" with Hezbollah that the army will not search for and seize weapons, but only confiscate those shown in public.

At one Lebanese military checkpoint near the town of Marjayoun, some eight miles from the Israeli border, soldiers recently waved most cars through — although some were stopped so identity papers and registration documents could be checked.

The Lebanese government, which for years allowed Hezbollah to run a "state within a state" in the south, has long argued that disarming the militants could be done only through agreement among the country's major political groups.

Israel says the resolution makes clear that Hezbollah must be disarmed south of the Litani River. Mark Regev, an Israeli Foreign Ministry spokesman, said of the current situation, "It's a process."

Israeli soldiers have been instructed to shoot Lebanese stone-throwers along the border if they feel their lives are in danger. The order came after dozens of yellow-clad Hezbollah supporters threw stones at Israeli soldiers Friday.

Regev said Hezbollah leader Sheik Hassan Nasrallah, at a rally last week, "publicly stated that he is out to flout the will of the international community and to prevent the implementation of what was an unanimous resolution of the Security Council."

At the rally in the Beirut suburbs Friday, Nasrallah vowed his guerrillas will not surrender their weapons and said: "There is no army in the world capable of making us drop our weapons as long as there will be people who believe in this resistance."

The current U.N. peacekeeping contingent is far larger and better-armed than a previous 2,000-member force. Some 15,000 troops, more than half from Europe, will eventually be deployed with tanks, artillery cannons and other heavy armor.

But the multinational troops, who now number 5,000, are acutely aware that their presence could become unpopular if they are viewed as supporting Israel's attempts to eliminate Hezbollah's arms.

French peacekeepers setting up base near the town of Deir Kifa noted they had encountered a less-than-friendly reception from some residents, who defiantly waved yellow Hezbollah flags.

"We mustn't be seen as an occupying force — the people can reject us very quickly," said Col. Jerome Salle.

He said the U.N. troops would mount patrols but would not establish checkpoints on public roads, to avoid inflaming residents.

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Gen. Alain Pelligrini, the French officer who commands the U.N. force, said the peacekeepers wouldn't even act if they saw weapons being carried openly by Hezbollah fighters.

"No, I would ask the Lebanese army to intervene and if the Lebanese army has difficulties in intervening, then we would see what we need to do," he said last week.

Halim Sarhan, who runs a dental laboratory in the market town of Nabatiyeh, expressed a common sentiment when he said no one should try to disarm Hezbollah by force. "There must be political consensus on the issue first," he said.

Hezbollah has said it would agree to disarm only if the government is strong enough to defend Lebanon against Israel — a stance that reflects its own ambitions to become the country's dominant political force.

It has also linked the issue to Israel's return of the Shebaa farms, a 25-square-mile contested area where Lebanon, Syria and Israel meet.

Some weapons and explosives have been found in a few Hezbollah positions that were either overrun or abandoned during the fighting, said Lebanese security officials, speaking on condition of anonymity because of the sensitivity of the subject.

Hezbollah is thought to have a great deal of experience in concealing its weapons. Many are believed to be in underground tunnels, buried in groves or in remote parts of the mountainous south.

The U.N. forces and the Lebanese army are likely to have more teeth when it comes to preventing new weapons shipments.

A German naval force is to patrol the waters off southern Lebanon and Lebanese authorities are tightening controls at the country's only international airport in Beirut and on the Syrian border.

But Syrian President Bashar Assad, whose country has long been a route for arms deliveries to Hezbollah believed to come from Iran, said this week that it was "Mission Impossible" to cut off the guerrillas' supply of weapons altogether.

Israel Releases High-Ranking Hamas Official (NYT)

By Greg Myre

The New York Times, September 28, 2006

JERUSALEM, Sept. 27 — An Israeli military court today released the Palestinian deputy prime minister, Nasser al-Shaer, one of more than 30 Hamas lawmakers and cabinet ministers who have been detained by the Israelis over the past three months.

Mr. Shaer, who was the highest-ranking official held, was arrested on Aug. 19 but was not charged with any crime, and the court cited a “lack of evidence” in ordering his release today.

“My arrest was not justified,” Mr. Shaer told The Associated Press. “It was part of the aggression waged against the Palestinian people.”

Mr. Shaer headed to his hometown of Nablus, in the West Bank, where he was greeted enthusiastically by supporters at a reception hall. However, the court said that for the next two weeks, Mr. Shaer would not be allowed to go to Ramallah, where his office is located and which serves as the Palestinian political headquarters in the West Bank.

Israel began rounding up the Hamas legislators in the West Bank after Palestinian militants, including the armed wing of Hamas, seized an Israeli soldier on June 25 and took him into the Gaza Strip. The soldier, Cpl. Gilad Shalit, is still being held, despite an Israeli military incursion in Gaza and the crackdown on Hamas lawmakers.

Israel, which classifies Hamas as a terrorist organization, has charged many of the Hamas lawmakers with belonging to an illegal organization.

A military court ruled on Sept. 12 that 18 of the Hamas legislators should be freed. But on Monday, a military appeals court reversed the ruling, and those legislators and others remain in jail while awaiting trial.

At an Israeli cabinet meeting today, Prime Minister Ehud Olmert and top security officials said they were prepared to intensify military operations in Gaza if Palestinian militants continue to fire rockets from the territory into southern Israel.

Earlier today, an Israeli airstrike killed a 14-year-old Palestinian girl, Dam Hamad, near the border of the Gaza Strip and Egypt.

The Israeli military said it had intelligence that a home along the border was being used to hide the entrance to a smuggling tunnel linked to Egypt.

The military called the home and told residents to leave, because the house was about to be bombed. Shortly afterward, the military dropped two bombs, destroying the home and leaving a huge crater, Palestinian witnesses said.

However, falling concrete and other debris killed the girl, who was in a home nearby, according to Dr. Ali Musa, head of Al Najar Hospital in Rafah.

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In the West Bank, Israeli security officials said they arrested two 17-year-old Palestinians and seized a 22-pound bomb belt they were planning to use in a suicide attack. After soldiers arrested Abduallah Qatawi and Jihad Dukan, the two teenagers took the soldiers to the place where the bomb was hidden, the security officials said.

In another development, an Israeli court sentenced a Jewish settler to four life sentences for a shooting spree that killed four Palestinians in the West Bank.

The settler, Asher Weissgan, killed the four Palestinians in an industrial zone in Shiloh on Aug. 17, 2005, the day that the Israeli military began forcibly removing all Jewish settlers from Gaza.

Prosecutors said that Mr. Weissgan carried out the killings in an attempt to prevent the Gaza withdrawal from taking place. Mr. Weissgan was convicted of the killings earlier this month.

Israeli Military Court Frees Hamas Deputy PM (FT)

By Harvey Morris

Financial Times, September 28, 2006

An Israeli military court on Wednesday freed the top-ranking Hamas official seized in a round-up of the ruling Palestinian party's political leadership but 34 others, including four cabinet ministers, remained in jail.

Nasser al-Shaer, deputy prime minister in the Palestinian Authority government, was released more than a month after his arrest at a hiding place in the West Bank city of Ramallah.

Mr Shaer had gone underground after the Israeli military seized much of the Hamas leadership following the June kidnapping in Gaza of an Israeli soldier, Corporal Gilad Shalit.

There has been speculation that Hamas leaders still in jail might be freed as part of a prisoner exchange deal for the abducted soldier.

An Israeli military court in the West Bank on Monday overturned an earlier ruling to free 21 detained Hamas officials. A hearing on the fate of 13 others is scheduled for next week.

Mr Shaer's lawyer, who said his client had not been charged, said Wednesday's ruling barred the deputy prime minister from returning to his office in Ramallah.

His release was not viewed as a significant step in securing the freedom of Corporal Shalit. Egyptian efforts to free the captive soldier have been complicated by internal tensions within the PA, where attempts to set up a Hamas-Fatah government of national unity are in stalemate.

Shimon Peres, Israeli vice prime minister, on Wednesday blamed Hamas's exiled leadership in Damascus for increasing tensions in Gaza by prolonging the Shalit affair.

Unity talks on establishing a government that would be acceptable to the international community and lead to a lifting of the political and economic embargo on Hamas have foundered on the Islamist party's refusal either to recognise Israel or accept existing agreements between Israel and the PA.

Mahmoud Abbas, the PA's Fatah president, travelled to Qatar on Wednesday after delegating the latest round of contacts with Hamas to more junior officials.

Political sources in Gaza said that reports circulating there that Mr Abbas might dissolve the existing Hamas government or form an emergency administration had exacerbated factional tensions in the territory.

Medical officials in Gaza said a 14-year-old girl was killed in the latest Israeli air strike on the territory in which the air force on Wednesday attacked a house believed to be used as cover for a weapons smuggling tunnel.

They said the house was targeted after its owner, an alleged weapons dealer, had obeyed Israeli orders to leave. However, a second missile struck after children had gathered at the scene. Apart from the dead girl, seven other children were wounded, they said.

Israel Releases Palestinian Deputy PM (AP)

By Ali Daraghmeh, Associated Press Writer

AP, September 28, 2006

Israel on Wednesday released the Palestinian deputy prime minister, the highest-ranking of more than 30 officials in the Hamas-led government jailed as part of a crackdown on the Islamic militant group.

The detention of much of the Hamas-led government has been a major sore point in rapidly deteriorating relations between Israel and the Palestinians since Hamas took power.

Nasser Shaer, who was held without charge for more than a month, was ordered freed by an Israeli court, which banned him from going to his government office in the West Bank city of Ramallah for two weeks.

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Shaer said Wednesday he was not mistreated in jail, but added: "There is nothing dearer than being free. They came and took me from my house in front of my children, wife, and family. They had no reason to do it."

Israel and the West, labeling the violent Islamic movement a terror group, have cut off funding to the Palestinian government, plunging the Palestinian areas into a deep financial crisis.

Violence flared June 25 when Hamas-linked militants attacked an Israeli army base near Gaza, killing two soldiers, capturing a third and triggering a large-scale Israeli offensive in the coastal strip.

Israel also rounded up dozens of West Bank officials from the Hamas-led government. Though Israel said they were suspected of involvement in terrorism, it was widely assumed they were meant to be traded for the soldier, Cpl. Gilad Shalit. But no progress has been reported in mediation efforts.

Shaer managed to evade detention for more than a month, but was caught Aug. 19.

After Israeli soldiers dropped him off at a checkpoint Wednesday, he hitched a ride home to Nablus, where he was greeted by dozens of supporters who chanted, "God is great," and held a party in his honor at a local restaurant.

Thirty lawmakers and four Cabinet ministers remain in Israeli custody, charged with belonging to an illegal group. On Monday, a military court in the West Bank declined to release 21 of the detainees on bail. A hearing for 13 others is scheduled for Oct. 5.

Palestinian government spokesman Ghazi Hamad said Shaer's detention was "political and illegal," and the charges against the other officials were "fabricated."

Shaer, who did not run for parliament on the Hamas ticket but joined the government after the Islamic group's election victory, said he refused to talk politics in prison and denied he is a Hamas member.

Breaking with Hamas ideology that refuses to recognize a Jewish state in the Middle East, Shaer told reporters that if Israel renewed its 2000 offer of 95 percent of the West Bank and all of Gaza for a Palestinian state, leaving Israel intact, "I would ask the Palestinian people."

The late Palestinian leader Yasser Arafat rejected the offer, and Israel took it off the table after violence erupted later in 2000.

Egypt has unsuccessfully tried to broker a deal trading Shalit for hundreds of Palestinian prisoners in Israeli jails.

Egypt recently sent a letter to Hamas leader Khaled Mashaal, based in Damascus, Syria, demanding Shalit's immediate release to avoid a worsening crisis, Palestinian officials and Arab diplomats said.

But Moussa Abu Marzouk, deputy leader of Hamas' political bureau, denied Hamas was under pressure to release the soldier.

"We are keen to make the Egyptian mediation a success," he said, but added: "Until now, we are not any closer to having the requests of Hamas for the soldier's release met."

Meanwhile, Israel pushed on with its Gaza offensive, destroying the house of a weapons dealer in the southern town of Rafah, in an attack that killed a 14-year-old girl, Palestinian officials said.

The army called the owner 15 minutes before a first air strike and told him to leave, witnesses said. That air strike caused no injuries, but as children gathered near the rubble, a second Israeli missile struck, killing the teenager and wounding seven other children, hospital officials said.

The army said the house was used as cover for a weapons smuggling tunnel being dug under the nearby border with Egypt.

The chief of Israel's Shin Bet security service, Yuval Diskin, accused Egypt Wednesday of allowing Palestinian militants to smuggle 19 tons of weapons into Gaza — much of it through tunnels — since Israel withdrew from Gaza last year.

"The Egyptians know who the smugglers are and don't deal with them," Diskin told Israel's Cabinet, according to a participant in the meeting. "They received intelligence on this from us and didn't use it."

Egyptian forces destroyed another tunnel Wednesday, Egyptian police said.

Early Thursday, Israeli aircraft fired two missiles at the house of a Palestinian weapons dealer on the Gaza-Egypt border, destroying it completely, Palestinian secucrity officials said.

The owner received a warning by telephone before the air strike, and residents left the building, the officials said. Two people were lightly hurt.

Israeli has carried out a series of such strikes against homes of suspected weapins dealers in recent weeks.

For Kazakh Leader's Visit, U.S. Seeks A Balance (NYT)

By Steven Lee Myers And Ilan Greenberg

The New York Times, September 28, 2006

DOJ_NMG_0070789

ASTANA, Kazakhstan, Sept. 26 — When Vice President Dick Cheney came to this oil-rich Central Asian nation this spring he expressed admiration for what he called its "political development." Yet just a day before his visit began, the authoritarian government effectively shut down the two most prominent American democracy organizations working here.

While American officials are negotiating to reverse the government's decision, they have yet to complain about it publicly.

As President Bush prepares to receive the Kazakh president, Nursultan A. Nazarbayev, at a state dinner in Washington on Friday, the episode reflects the delicate balance the administration has struck with a country of growing strategic importance that has a record of corruption, flawed elections and rights violations, including the killings of two opposition leaders in the last year in disputed circumstances.

Critics here say the episode also illustrates the Bush administration's willingness to sacrifice democracy, a centerpiece of its foreign policy, when it conflicts with other foreign policy goals.

"There are four enemies of human rights: oil, gas, the war on terror and geopolitical considerations," said Yevgeny A. Zhovtis of the Kazakhstan International Bureau for Human Rights and Rule of Law, an organization that has received financing from the American Embassy and the National Endowment for Democracy. "And we have all four."

The Bush administration has promoted democratic reforms in Kazakhstan for years, but it also appears eager to mollify a president who has been a comparatively moderate Muslim leader in Central Asia, who has allowed NATO aircraft headed to Afghanistan to fly over the country and sent a company of soldiers to Iraq, and who controls vast resources of oil and gas, much of it extracted by American companies.

In a meeting on Monday in New York with Foreign Minister Kasymzhomart Tokayev, Secretary of State Condoleezza Rice spoke generally about democracy and human rights in Kazakhstan, a senior State Department official said, but did not raise the matter of the two democracy groups — the National Democratic Institute for International Affairs and the International Republican Institute.

In Washington, Frederick Jones, a spokesman for the National Security Council, said the White House was aware of the problem with the institutes but added that he could not say whether President Bush would raise it this week, since the discussions were not scripted in advance. Still, he said, "Democratization is a very important part of the agenda."

The backlash against promotion of democracy is by no means limited to Kazakhstan. The institutes, which are nonprofit, nonpartisan groups financed by the United States government, have been eyed warily not just here but in Russia, China and an array of authoritarian Central Asian countries that were alarmed by the "color revolutions" in Serbia, Georgia and, particularly, Ukraine.

As outlined in a recent report by the National Endowment for Democracy, many of them, including Kazakhstan, have followed the lead of Russia and severely restricted nongovernmental organizations. Some countries, notably Belarus, but also the Persian Gulf state of Bahrain, have closed them down altogether.

For Kazakhstan, as for the Bush administration, the coming visit has created an opportunity for improving relations that have been strained in recent years, even as Russia has taken advantage of its own political and economic influence.

The strains have stemmed from American concerns over corruption, restrictions on the news media and President Nazarbayev's consolidation of political control.

The Kazakh government has its own concerns with American policy. They include a criminal case in New York against James H. Giffen, an American businessman, that implicates Mr. Nazarbayev in a bribery scheme dating from the 1990's, and lukewarm American support for Kazakhstan's bid to preside over the Organization for Security and Cooperation in Europe.

Here in Kazakhstan, Mr. Nazarbayev's visit has been portrayed as a chance for him to enhance his international prestige by improving relations with the United States. "The time has come when we can raise our relations to a completely new level," Mr. Nazarbayev told reporters in Astana earlier this month.

Kazakhstan, the ninth largest country in the world in area but with only 15 million people, the majority of them Muslims, has experienced an energy-fueled economic boom that has transformed it into a regional power.

Mr. Nazarbayev is genuinely popular inside the country, though that popularity is certainly nurtured by the government's control of television, which provides lavish, uncritical coverage. Even independent surveys of voters leaving the polls showed him winning re-election handily last December, with a vote as high as 82 percent, compared with the official result of 91 percent. The lower figure came from a poll financed by the International Republican Institute.

Mr. Nazarbayev's opponents said the government's need to pad what would have been a clear victory anyway highlighted a growing trend toward authoritarianism. Oraz Jandosov, a co-chairman of a democratic opposition party, True Bright Path, said the most disturbing consequences of the power and impunity enveloping Mr. Nazarbayev's government were the deaths of two opposition leaders.

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One, Zamanbek N. Nurkadilov, was found shot three times, once in the head, last November. His death was subsequently declared a suicide. The other, Altynbek Sarsenbaiuly, was killed in February along with two bodyguards on a road outside Almaty, the country's biggest city.

In August, an aide in the upper house of Parliament, Yerzhan Utembayev, and several officers of the secret services were convicted of those killings, though few here believed the declared motive: that Mr. Utembayev had been angered that Mr. Sarsenbaiuly had accused him of being a drunk in a newspaper interview three years earlier.

The actions against the American democracy programs followed soon after Mr. Sarsenbaiuly's killing, reflecting a trend to stifle any open discussion of the country's problem.

In a letter to the American Embassy, a copy of which was shown to The New York Times, Kazakh prosecutors charged the two institutes under a law that forbids "material assistance" to political parties. The institutes were accused of "the handing over of materials" and "illegal instances of transport" during their work with political and civic groups.

The accusations fit a pattern of harassment in the months leading up to last year's election, when government tax and financial agencies repeatedly investigated and audited dozens of private organizations. The Organization for Security and Cooperation in Europe, the institution Mr. Nazarbayev hopes to lead as chairman in 2009, criticized the election for "a number of significant shortcomings," including "an atmosphere of intimidation."

Four American officials, who spoke on condition of anonymity because of the continuing negotiations over the institutes, said neither institute had paid for or otherwise supported partisan activity.

Two people involved in the discussions said former Secretary of State Madeleine K. Albright and Senator John McCain of Arizona, the chairwoman and chairman of the Democratic and Republican institutes respectively, had written a letter to Mr. Bush urging him to raise the issue with Mr. Nazarbayev during his visit.

American officials continue to express support for Kazakhstan's opposition and for democracy here in general.

Mr. Cheney, when he visited, met over breakfast with opposition leaders for an hour and 20 minutes in a hotel in Astana, the capital. Mr. Jandosov, who was there, said he welcomed the chance to explain "what the real situation was," but expressed regret that the meeting came the morning after Mr. Cheney appeared in public with Mr. Nazarbayev and expressed support for him.

"Kazakhstan has gone along with a lot of the American oil agenda with the unspoken understanding that the Kazakhstan population is not going to be provoked," said Murat Laumulin of the Kazakhstan Institute of Strategic Studies, a research organization with close ties to the government. "There isn't to be a 'color revolution' here, and for five to seven years we don't have to worry about needing to introduce genuine democracy. We get a strategic pause."

Kazakh Leader's Visit To Require Diplomatic Finesse (USAT)

By Barbara Slavin, Usa Today

USA Today, September 28, 2006

WASHINGTON — President Bush meets Friday with the leader of oil-rich Kazakhstan, a visit made awkward by the country's poor human rights record and questions about its commitment to democracy.

Kazakh President Nursultan Nazarbayev's trip to the White House is the second diplomatic balancing act for Bush this week. On Wednesday, Bush hosted the quarreling presidents of Afghanistan and Pakistan in an attempt to get them to jointly fight terrorism.

Nazarbayev and Bush will discuss energy, Kazakhstan's economy and efforts to fight terrorism and narcotics trafficking, the White House says.

Bush also will be "encouraging Kazakhstan to accelerate progress on democratic reform," says Frederick Jones, a spokesman for the National Security Council.

Nazarbayev, 66, has ruled Kazakhstan since 1989, when it was still a Soviet republic. The State Department's latest human rights report calls Kazakhstan's record "poor." It says the regime puts "severe limits on citizens' rights to change their government."

Rachel Denber, deputy director of Human Rights Watch for Europe and Central Asia, says Nazarbayev has stayed in power by rigging elections, the latest in December.

For Nazarbayev, the visit confirms the Bush administration values Kazakhstan's oil and strategic position between Russia, China and the Caspian Sea. Kazakhstan produces 1.2 million barrels of oil a day but has the potential to be a top producer in a decade.

U.S. companies such as Chevron have spent $6 billion there since 1993 — more than a third of the country's foreign investment, the State Department says.

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Nazarbayev has sided with the United States on major issues. He bypassed Russia with an oil pipeline, despite intense pressure from the Kremlin. He also has given up the country's Soviet-era nuclear weapons.

The Kazakhstani leader has made strides in alleviating poverty and promoting secular education in a largely Muslim society, says Frederick Starr, head of the Central Asia program at the Johns Hopkins University School of Advanced and International Studies.

Two opposition leaders have died in suspicious circumstances in the past year. Zamanbek Nurkadilov was shot twice in the chest and once in the head. An official inquiry ruled his death a suicide. In the death of Altynbek Sarsenbayev, members of the Kazakh security service were among 10 people convicted of murder. Nazarbayev denies involvement. For months before he died, Sarsenbayev said he welcomed U.S. "moral support" for democracy, but he said "very soft phrases and inaction" were encouraging the country's authoritarian leadership "to oppress their own people."

Richard Boucher, assistant secretary of State for Central and South Asia, said the U.S. raises human rights concerns with Kazakhstan "regularly" but can't have "single-dimensional policies." He said the two countries have "a well-balanced relationship based on security cooperation, economic development and moving toward democratic stability."

Mexico Chides Rice For Political Remarks (AP-Y)

By Will Weissert, Associated Press Writer

AP, September 28, 2006

Mexico said Wednesday that Secretary of State Condoleezza Rice was out of line by suggesting that its democracy was just now maturing, saying it wasn't up to her to voice such opinions publicly.

In a Monday interview with The Wall Street Journal's editorial board, Rice said Mexico was beginning to put its disputed July 2 election behind it.

"Mexico has come through this crisis and I think it's been a real vote of confidence in the Mexican democratic system, which after all, is relatively — it's just now maturing in a kind of two-party system," Rice said.

Ruben Aguilar, spokesman for President Vicente Fox, said Wednesday that "we shouldn't be surprised that other countries salute Mexican institutions," but said Rice shouldn't comment on Mexican democracy.

"We don't agree with the declaration of the secretary of state because, in accordance with the construction of Mexico's political system, it's only up to Mexicans themselves to voice those opinions," he said told a briefing for reporters at the presidential residence.

Mexican officials have expressed even stronger disapproval of comments by Venezuelan President Hugo Chavez, who recently questioned the legitimacy of the presidential election.

Rice's suggestion that Mexico is headed toward a two-party system may have been her most controversial remark. The Institutional Revolutionary Party controlled Mexico's presidency from 1929 until a stunning loss to Fox in 2000. But the country has three major political parties, and several others are represented in its Congress.

Former Energy Secretary Felipe Calderon, of Fox's conservative, pro-business National Action Party, was declared the winner of the July 2 election by about 0.6 percent and will take office Dec. 1.

But leftist runner-up Andres Manuel Lopez Obrador has rallied hundreds of thousands in street protests alleging election fraud and he has declared a parallel government.

Aguilar would not say if Mexico planned to lodge an official complaint with Washington.

During the Wall Street Journal interview, Rice said support for Lopez Obrador appeared to be fading, noting that "while Chavez continues to say he'll support Lopez Obrador and all of that, the question is will Mexicans."

"And it doesn't appear that they will. It appears that the Mexicans wish to get back to reality here, to a stable political environment."

China Asks US To Drop Tariff Bill (FT)

By Alan Beattie And Mure Dickie

Financial Times, September 28, 2006

China's foreign ministry on Wednesday called on US senators to drop a bill that would impose 27.5 per cent tariffs on Chinese imports in retaliation for Beijing's alleged undervaluation of the renminbi.

"We hope the US senators will view objectively and rationally the problems that have emerged in the process of rapid development of Sino-US trade . . . and will cease deliberation on a bill harmful to Sino-US economic co-operation," the ministry said.

The statement was the ministry's most direct opposition yet to the legislation sponsored by senators Charles Schumer and Lindsey Graham, who are considering whether to press ahead with their bill.

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Their reluctance to call for a vote this week represents a qualified vote of confidence in Hank Paulson, Treasury secretary, who has announced a high-level dialogue with the Chinese authorities that he says signals China's greater willingness to listen.

But both senators made it clear that their patience even with Mr Paulson's efforts was limited. "We believe in him," Mr Schumer said after meeting Mr Paulson on Tuesday. "On the other hand, we have seen for three years that China doesn't like to move."

He added: "We believe China is close to an immovable object. The question is whether Secretary Paulson is an unstoppable force."

Officials close to the China-US talks say the Schumer-Graham bill in itself has lost the power to shock and threaten the Chinese, not least because, they say, the two senators have indicated the bill is intended to raise the issue more than actually becoming law. But it does underline the protectionist mood in Congress, they say.

The confidence in Mr Paulson relative to his predecessor as Treasury secretary, John Snow, whose entreaties to China failed to produce much movement, was echoed by Charles Grassley, chairman of the Senate finance committee, which oversees trade. "What is wrong with [the] Schumer and Graham [bill] at this point as opposed to six months ago is that their efforts will be undercutting the negotiations that Secretary Paulson has taken forth", Mr Grassley told the FT on Tuesday. "Undercutting Paulson is a heck of a lot different from undercutting his predecessor."

The bill, however, reflects growing frustration with China's obduracy in making only small incremental changes to its exchange rate regime. Sixty-seven senators out of 100 voted for the original bill. Following the slight adjustment and move towards a floating rate system last summer, the renminbi has appreciated by only 4.3 per cent since the first vote on the Schumer-Graham bill.

The 27.5 per cent number came from what the senators said was the average estimation of the renminbi's overvaluation at the time of the bill's introduction.

The bill is very unlikely to become law, both because the House of Representatives has already passed a China trade bill and will be reluctant to undertake another, and because the White House would probably veto any bill that did make it through Congress.

A unilateral imposition of tariffs to compensate for alleged competitive currency manipulation would be flatly illegal under World Trade Organisation rules and would almost certainly spur litigation by China at the WTO.

Tom Gallagher of the ISI Group, a Washington-based consultancy, said the symbolic impact was still important. "Once senators have gone on record twice there is a higher hurdle to reverse their votes in the future," he said. "It could highlight protectionism risks next year if the Democrats take the House."

NASA Chief, On First China Trip, Says Joint Spaceflight Is Unlikely (NYT)

By Warren E. Leary

The New York Times, September 28, 2006

WASHINGTON, Sept. 27 — Any joint human spaceflights involving China and the United States will have to come in the future when there is more trust and openness between the countries, the NASA administrator, Michael D. Griffin, said Wednesday.

Speaking in Shanghai toward the end of the first visit to China by top officials from the National Aeronautics and Space Administration, Mr. Griffin said there were "no current plans to work with China on the space shuttle and space station programs."

Mr. Griffin, who characterized the five-day visit as enjoyable and informative, said that it was too early to talk about any cooperative programs between the nations, but that the first steps probably would be in data sharing and some type of joint effort with robotic spacecraft.

"We did discuss closer cooperation in our nations' science programs," Mr. Griffin said during a news conference in which American reporters participated by telephone. "We're all very encouraged by those initial discussions."

Mr. Griffin said earlier that the International Space Station program involving the United States and 15 other nations had well-established partnerships after almost 13 years and that he would not propose changing it. And since the space shuttle program is to close down in 2010 with the retirement of the three remaining orbiters, there is little prospect of Chinese involvement, he said.

China, only the third nation, after Russia and the United States, with the capacity to send humans into space, has been seeking more international cooperation in space projects, but Washington has been reluctant because of such issues as technology transfer, trading weapons technology and human rights.

The biggest difficulty, Mr. Griffin said, was with a civilian agency like NASA working with a Chinese space program dominated by that country's military. Aside from concerns about national security issues, like missile technology proliferation, human space cooperation "requires a great deal of trust and openness."

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Partners in human space flight have to understand one another's equipment, systems and procedures completely, as the United States and Russia have learned to do, he said.

"We have to have a great degree of trust. If not, there is a real danger in the mix," Mr. Griffin said. "If we're going to fly together, we're going to have to depend on each other."

Mr. Griffin said the NASA group chose not to visit the Jiuquan Satellite Launch Center, an extensive rocket-launching complex in the Gobi Desert from which the Chinese prepare and fly their manned spacecraft and keep an extensive inventory of rockets.

NASA officials had received permission to visit the base, which is operated by the People's Liberation Army. But they were told that the tour would be limited to the launching pads and that they would not have access to the buildings where spacecraft are tested and prepared for launching. Mr. Griffin said that if he had been allowed to see the engineering facilities and have "eye-level discussions" with fellow engineers, he would have gone.

"I am not a tourist; this is, in fact, my profession," Mr. Griffin said at the news conference. "I have seen a lot of launch pads in my time and didn't need to go that far to see another one."

Mr. Griffin said his "get acquainted" visit, during which he met Chinese space officials and toured a number of science centers, had generally been "very enjoyable" and informative.

"Our hosts could hardly have been nicer," he said. "This is our very first visit. It's not our last visit."

Chinese Corruption Or Competition? (LAT)

The Los Angeles Times, September 28, 2006

THE CHINESE GOVERNMENT wants its people to believe that no one is beyond the reach of its sweeping anti-corruption campaign. That is the message behind the sacking and detention of Shanghai's Communist Party leader, Chen Liangyu, on Sunday. But few in China or anywhere else are likely to buy the notion that this is a principled crackdown on corruption.

Chen stands accused of misappropriating funds in the city's pension fund and using his position to enrich friends and family members. The member of the national Politburo may have done all that, but his real misfortune is to be associated with former President Jiang Zemin's Shanghai power base at a time when President Hu Jintao is trying to consolidate his control, partly by emasculating Shanghai's power within the party.

Chen is the highest-ranking official to be arrested or fired as a result of the anti-corruption investigations launched last spring, and other party leaders in Shanghai have been put on notice that they may be next in what could turn out to be a widespread purge. Such purges aren't uncommon when a new leader takes power in China; Jiang did much the same by prompting the resignation of Beijing's party secretary in 1995.

Getting rid of Chen serves a variety of political purposes for Hu. He eliminates a potential rival ahead of next year's party congress, sends a message to other Shanghai officials that they need to take Beijing's dictates on slower economic growth more seriously and reassures resentful residents of impoverished rural areas that the central government is concerned about all that bourgeois hedonism in China's glitziest city.

Never mind that a self-proclaimed campaign against corruption can itself be corrupt if politically driven; it still can reap dividends. In China, corruption and double-dealing are endemic throughout society. As Times staff writer Mark Magnier pointed out Sunday in an article on the country's growing crisis of trust, cheating is rampant in business relationships, false advertising is an everyday fact of life, kickbacks are ubiquitous and counterfeiting is so common that even the smallest stores are equipped with machines to authenticate currency.

Corruption, it's often said, is one of the viruses that could kill off China's economic miracle. Indeed, in most parts of the world, such an environment would have already sent investors fleeing for the exits. There is usually a direct link between corruption and poverty. Those nations at the top of Transparency International's annual list of the world's most corrupt countries tend also to top the lists of the world's poorest. But China, because of its sheer size and promise, has been able to grow spectacularly despite the corrupt practices of many government functionaries turned capitalists.

The country has an "anything goes" frontier mentality that Californians of a bygone era might have recognized. That's not sustainable forever. Lawless frontiers are a great place to make a quick buck, but eventually the citizenry gets fed up and starts screaming for a sheriff — one who isn't just going after his political rivals.

At German Conference On Muslim Relations, One Vote Is Unanimous: Mozart Must Go On (NYT)

By Mark Landler

The New York Times, September 28, 2006

DOJ_NMG_0070794

BERLIN, Sept. 27 — Amid all the issues that divide Germany's Muslims and non-Muslims — from women's rights to the teaching of Islam in schools — there was one point on which the 30 participants in a landmark conference held here on Wednesday could agree, according to its organizer.

They would like to see the Deutsche Oper of Berlin reinstate the Mozart opera it canceled earlier this week after receiving an anonymous threat that the production — which features a scene with the severed head of the Prophet Muhammad — could put the opera house at risk.

The 30 representatives, drawn equally from the German government and Germany's Muslim population, could even go see the opera together, said Wolfgang Schäuble, the interior minister, who organized and served as chairman of the conference, held in an 18th-century baroque palace.

With that suggestion, made at a news conference after the session, Mr. Schäuble artfully linked the public uproar over the cancellation of Mozart's "Idomeneo" to this long-planned gathering, which was meant to demonstrate Germany's resolve to reach out to its more than three million Muslims.

"We have, in a very tolerant tone, laid out quite different positions," Mr. Schäuble said. "That was the point."

In some ways, the opera affair galvanized the meeting — underlining the urgency and complexity of the issues facing Germany, as it seeks to integrate a Muslim population that is growing in size and, in the view of some, growing farther apart from mainstream German society.

"There was general agreement that we would like to see the opera come back," said Mehmet Yildirim, the general secretary of the Turkish-Islamic Union. "But there were different perspectives on the issue."

He said that while the atmosphere on Wednesday was positive, he was less sure that Germany and its Muslim population would be able to work together over a period of years to solve their more basic differences.

The conference, which had been planned soon after Angela Merkel was elected chancellor last fall, comes at a time of heightened debate over whether Germans have been too quick to compromise their values in the face of anger, or merely the threat of anger, on the part of Muslims.

Even before the cancellation of the opera, there were misgivings here about the repeated expressions of regret by Pope Benedict XVI, a German, for his recent remarks about Islam and violence.

On Wednesday, Mrs. Merkel added her voice to a chorus of political and cultural leaders who criticized the Deutsche Oper.

"I think the cancellation was a mistake," she said to reporters. "Self-censorship does not help us against people who want to practice violence in the name of Islam. It makes no sense to retreat."

A top cultural official in Berlin, Thomas Flierl, said the city would like to stage "Idomeneo" as soon as possible. The Deutsche Oper said it was open to rescheduling it, provided that a "suitable date" could be found. On Tuesday, the director of the opera house, Kirsten Harms, said she would first have to resolve the political and diplomatic implications.

Ms. Harms has been roundly scorned. But critics said the Berlin government, particularly its chief security official, Ehrhard Körting, should have given her more advice.

At the conference, the issues were no less sensitive, ranging from the teaching of Islamic religion in public schools to the training of imams in Germany, and from the construction of mosques to the discrimination against Muslims living in this country, the majority of whom are of Turkish origin.

The meeting was a necessary step because the government needs to get a feel for the Islamic point of view, said Ayyub Axel Köhler, chairman of the Central Council of Muslims.

Complicating attempts at dialogue, Muslims in Germany are a fractured group. The government took note of that by inviting independent figures like Seyran Ates, a Turkish-German lawyer who represents victims of domestic abuse. Mr. Schäuble, an experienced and influential member of Mrs. Merkel's Christian Democratic Party, supports teaching Islam in schools. But he also insists that Muslim schoolgirls be allowed to take physical education — an activity some conservative Muslim families resist.

Mr. Schäuble, who oversees antiterrorism policy, warned Muslim leaders that they must abide by the German Constitution and the principles of a democratic society if they wanted to be included in the conference.

In an interview with Der Spiegel this week, he made clear the limits of his tolerance. "I can promise you this," he said, "anyone who calls me an infidel at the conference will be in for a fight."

The session was closed to the news media, but judging by the conciliatory tone afterward, it did not seem likely that anybody called him one.

Exhuming The Past In A Painful Quest (WP)

By N.c. Aizenman

The Washington Post, September 28, 2006

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NEBAJ, Guatemala -- A decade after the conclusion of the long civil war that ravaged this Central American nation, Guatemalans are literally trying to dig up their past.

Spurred by a surge of requests from victims' families this year, dozens of forensic anthropologists have been fanning out across the countryside to search for remains of the 200,000 people -- most of them Mayan Indian civilians -- who were killed or abducted during the 36-year conflict.

Many were massacred by military forces and dumped into mass graves. Others were buried hurriedly in unmarked, secret locations by relatives anxious to avoid rampaging troops.

About 40,000 victims simply disappeared after being seized by government operatives.

Nearly every day brings another grisly discovery: skulls of toddlers executed with gunshots to the head; corpses of young men whose necks are still looped with the garrotes used to strangle them. Nearly every week brings another funeral packed with weeping relatives: once-youthful widows now wrinkled and gray, children long since grown to adulthood.

Meanwhile, in a cavernous, damp warehouse in Guatemala's capital, investigators wearing protective masks and surgical gloves are combing through piles upon piles of mildewed documents from a recently discovered secret police archive, hunting for clues to the fate of the disappeared.

The current effort is hardly the first probe of wartime atrocities since peace accords ended the conflict in 1996. But its scope and pace are unprecedented in a country where those responsible have enjoyed near impunity. Only two military officials have been imprisoned for war crimes, according to human rights activists, despite findings by a U.N. commission that government and allied paramilitary forces committed nearly all of the atrocities.

Much of the bloodletting occurred in the late 1970s, when the military-backed dictatorship that had been battling leftist guerrillas expanded its targets to include anyone critical of the government -- including students, priests and union members. But the slaughter reached its peak in the early 1980s, when the military launched a scorched-earth campaign through the countryside to eliminate any potential support for the guerrillas from the long-oppressed Mayan Indians. Hundreds of villages were burned, livestock destroyed and tens of thousands of people killed.

The remains of fewer than 5,000 victims have been returned to their families.

The anguish of those still searching was palpable among the two dozen Mayan Indians who attended a recent exhumation near this town in the central Guatemalan department of Quiche.

Most were subsistence farmers and manual laborers who could speak only their native Mayan language and could ill afford to take time off from work. Yet day after day they hiked to the grave site atop a mist-shrouded mountain -- the women bearing small children strapped to their backs with colorful blankets, the men shouldering shovels to help the forensic team dig for bodies.'I Don't Think It's Her'

Jacinto Bernal, a 56-year-old with weathered skin, blinked back tears as he watched an anthropologist brush away dirt from the skeleton of a woman who appeared to be in her thirties and may or may not have been his wife, Maria Perez. She was gunned down by a military helicopter in 1985, he said, leaving him to raise their four young children on his own.

"I don't think it's her," Bernal muttered miserably. "She was struck in the back of the head, but it looks like this skull has a hole in the front."

There was little else to go on.

Like others who used the spot as a secret burial ground during the 1980s, Bernal had been forced to sneak there after dark and could no longer remember exactly where he had buried his wife's body.

A few feet away, in a different group of peasants, Petrona Bernal, 45, squatted by a grave containing the tiny bones of a young child whom she hoped would prove to be her baby boy. He was born in 1982, shortly after Bernal's village was destroyed.

"We lived on the run," she recalled. "All we had to eat was herbs and flowers."

Malnourished and weak, she had given birth to her son in the forest, only to watch the infant die of hunger days later. Ever since, Bernal said, she has ached to recover the boy's body and give him a proper Christian burial.

Until now, she had not dared to return to the secret grave site. Many members of civil defense patrols who carried out atrocities at the military's behest still live among the communities they once terrorized. Many military leaders who directed the war remain powerful -- including Gen. EfraÃ-n RÃ-os Montt, the former dictator who today heads one of the largest parties in the legislature.

RÃ-os Montt has repeatedly denied ordering the hundreds of massacres documented during his 1982-83 tenure and has even questioned whether they took place. Forensic workers, lawyers and activists seeking to uncover war crimes have also faced repeated threats. Several have been killed.

But thanks in part to an infusion of foreign funds, private forensic teams and grass-roots organizations dedicated to helping indigenous peoples have expanded their efforts to file claims with the state to authorize exhumations.

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The campaign also received a boost in 2004 when the newly elected president, Ã“scar Berger, publicly apologized to the victims of wartime atrocities on behalf of the government. He has established a commission to compensate them as well as help fund some of the forensic work this year.

Back in the late 1990s, noted Fredy Peccerelli, head of the Guatemalan Forensic Anthropology Foundation, his organization was a tiny outfit able to conduct only about 10 exhumations a year. This year his staff of 80 has already reached 120 sites. They expect to recover about 450 bodies by the end of this year, and about 1,000 per year in the near future.

Even so, at that rate it will take decades to recover even a fraction of the total number of victims.

Finding and identifying the 40,000 who went missing is an even greater challenge. Many were pulled off buses or back roads and taken to military bases far from their home provinces to be tortured by interrogators.

Of the 650 bodies Peccerelli's group has recovered from exhumations at military bases, only 220 have been identified. The rest are being stored in stacks of cardboard boxes at the foundation's headquarters, awaiting a new initiative to collect and compare DNA samples from victims and their relatives that Peccerelli hopes to begin soon.A Massive Police Archive

Another potential source of leads is the recently discovered secret police archive. Deputies of Guatemala's human rights ombudsman stumbled upon it accidentally in July 2005 when they were investigating complaints that explosives were being unsafely stored in the area.

The documents number more than 80 million pages and date as far back as the 1880s. Stacked from floor to ceiling in room after room, they have been badly damaged by water, rats and insects, and do not include records from precincts in several regions where the worst atrocities occurred. However, buried in the mountains of paper are priceless finds like death certificates for unidentified bodies found by police. By comparing the fingerprints on the certificates with those on the national identity cards of missing victims, said Peccerelli, "you can find if there's a match and then search for the body at a specific cemetery."

Alberto Fuentes, who is overseeing the preservation and analysis of the archives, said investigators have also come across a few arrest warrants for people detained for "political crimes" who later turned up dead -- including grandmothers and babies.

But he cautioned that it would take time to find enough documents in the archives to mount a legal case against their killers. "This is a project of 20 years," he said.

The evidence generated by the recent exhumations has also failed so far to spur a rise in prosecutions.

"We still have a weak state that is scared of the military," said Frank LaRue, one of Guatemala's leading human rights advocates. "Local prosecutors are authorizing the exhumations. But when the results come in, they don't initiate criminal proceedings. So we're having all these exhumations but no trials."

Even if prosecutors were to open cases, convictions could be hard to achieve. While Guatemalan judges have sentenced some members of the civil defense patrols, suits against those who issued their orders have been tied up in legal wrangling or languished in the attorney general's office for years.

Efforts by Guatemalans to obtain justice from foreign courts have also met with obstacles. In July, Judge Santiago Pedraz of the Spanish National Court issued arrest warrants for eight former military officials, including RÃ-os Montt, on charges of genocide, torture, terrorism and illegal detention. Guatemalan authorities have not acted on the warrants, and Guatemalan courts blocked Pedraz from deposing the accused during a fact-finding trip in June.

Nonetheless, Peccerelli remains hopeful, pointing out that it took years of activism and hundreds of exhumations just to get the government to admit that civilians had been killed. "Now it is accepted that those massacres occurred," he said. "We're just waiting for the next step, and we know that the work we're doing will contribute."

Clinton Warns Divided Labor (WT/AP)

By Beth Gardiner

The Washington Times, September 28, 2006

MANCHESTER, England -- Former President Bill Clinton sought yesterday to boost Britain's badly divided Labor Party, warning supporters not to let it suffer the same fate as America's defeated Democrats.

Delegates at Labor's annual conference gave a celebrity's welcome to a leader they love far more than President Bush, who is widely despised in the party.

Mr. Clinton charmed a packed auditorium with a 40-minute speech in which he lavished praise on Prime Minister Tony Blair and treasury chief Gordon Brown, Mr. Blair's likely successor.

In a reference to the political damage that Mr. Blair suffered at home because of his relationship with Mr. Bush, Mr. Clinton thanked him for maintaining Britain's alliance with the United States "through quite a lot of storm as well as occasional sunshine."

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He said that because Labor had been so successful in strengthening Britain's economy and modernizing its society, there was a danger that voters would assume the improvements were "just a part of the landscape" and that any party that came to power would make similar choices.

"I have been there," he said, recalling that his administration cut the U.S. deficit drastically, only to watch it balloon under Mr. Bush. "I say that to remind you that it can change quickly."

With the departing Mr. Blair, Labor's most successful leader ever, the party faces a perilous future. Infighting has tarnished its image, and the opposition Conservative Party is surging after nearly a decade in the doldrums.

A fierce party rebellion forced Mr. Blair to announce Sept. 7 that he will quit within a year. In his emotional final conference speech Tuesday, he warned the party to stop its internal battles or risk being punished at the polls.

Some Labor backers worry that Mr. Brown, who lacks Mr. Blair's charm and polish, will be unable to beat back Conservative leader David Cameron. But a battle to keep the finance minister from getting the top job could be divisive.

Mr. Clinton told the delegates that they should be proud of all they had accomplished to change Britain.

"Your prime minister, his government, your party, have been a stunning success," he said, praising Labor for creating jobs and leading the way internationally on fighting poverty and global warming. "None of this is an accident."

He argued that the party would always have to change its policies to keep up in a fast-moving world and urged them not to let themselves be cast as supporters of the status quo while their opponents are seen as advocates of change.

Delegate Christopher Wellbelove, a local council member in southern London, said Mr. Clinton's reminder of the Democrats' defeat by Mr. Bush and his Republicans was chilling.

"We got a very clear warning that if we don't stick together, we could lose everything" and give the Tories a shot at winning elections expected in 2009. "It can all be taken away."

Risky Wishes At The U.N. (WP)

By Jim Hoagland

The Washington Post, September 28, 2006

The 15 nations that will gather in New York today to conduct a straw vote on who is to be the next U.N. secretary general should reflect on a durable lesson of political life: Be careful what you wish for. You may get it.

That warning of the dangers of answered prayers applies particularly to President Bush and his support for Ban Ki Moon, South Korea's reliably stolid foreign minister, in the highly competitive race to succeed Kofi Annan at year's end. Bush -- pilloried by Third World radicals at last week's General Assembly opening -- may be picking up a lightning rod instead of a shield.

Bush's decision rewards a long-established U.S. ally, South Korea, rather than a new U.S. strategic partner, India, which supports favorite son Shashi Tharoor. Tharoor, a U.N. civil servant, novelist and historian, is as presentationally polished as Ban is laconic.

In two previous polls of Security Council members, Washington has voted to encourage both the leading candidates to stay in the race. A shift to voting only for Ban -- a move that Bush indicated he would make to South Korean President Roh Moo Hyun at a White House meeting this month -- would probably doom the hopes of Tharoor and the other candidates.

It is unusual for the competition to end so early for a job that provides the world's biggest diplomatic megaphone and little else in terms of real power. But everything else about this year's contest has been unusual and, alas, probably seminal.

The campaigning for votes from the Security Council members has been unusually open, political and intense, with candidates crisscrossing the globe for the past two months to drum up support. South Korea's generosity in foreign aid and investment decisions may work in Ban's favor with some nations, it is said in diplomatic understatement in the corridors of the United Nations.

Bush has other motivations. Supporting Ban smooths Bush's once-troubled relations with Roh. Helping secure the top diplomatic job at the world body for an American ally would be an important first and an asset for Bush's growing concern with his legacy. There may be hope as well in Washington that Ban would be more tractable -- or at least quieter and more remote -- than was Annan, who made jarringly public his disagreements with Bush over international law and the war in Iraq.

Annan in fact worked hard to protect U.S.-U.N. relations and came under fire from Third World radicals for being "too responsive" to Washington as they sought to play up a widening North-South divide in the world body.

The headlines on the diatribes that Iran's Mahmoud Ahmadinejad delivered last week in any forum available in New York, including the General Assembly hall, concentrated on his attacks on Bush. But Ahmadinejad was even more confrontational about the United Nations, whose legitimacy the Iranian directly challenged. Having such a highly visible American ally in charge of the U.N. Secretariat might complicate the vital negotiating role that the world body will play in resolving the Iranian crisis or in the confrontation with North Korea over its nuclear arms.

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Those are not sufficient reasons for Washington to drop its support of Ban, who is a well-respected diplomat. But they are reasons for the Bush team to be careful in building expectations about what Ban's election would mean for U.S. strategic interests. At a time when the United Nations itself needs defending and explaining to many skeptical audiences throughout the world, traditional diplomacy may not be the best qualification for a new secretary general.

Security Council ambassadors will not actually vote for or against anyone today. They will mark ballot sheets to encourage, discourage or express no opinion on declared candidates. It is still possible that last-minute horse-trading could produce a muddled outcome that would encourage new candidates to get into the race.

Top jobs are also open at the World Health Organization, where China is making a strong push, and the World Food Program, where Europe hopes one of its citizens will replace previous American directors. The temptation will be strong to barter votes in a package deal.

Reserving or rewarding such high-responsibility jobs on a regional or national basis -- or because of a history of alliances -- is an obsolete luxury in the age of globalization. Merit and suitability should be the only criteria in a game that must be played by transparent rules.

DOJ_NMG_0070799

Miller, Charles S

From: Miller, Charles S
Sent: Thursday, September 28, 2006 10:55 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 9/28/2006 Civil Division News

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AP

September 28, 2006

Judge: Ashcroft doesn't have absolute immunity in lawsuit

By REBECCA BOONE
ASSOCIATED PRESS WRITER

BOISE, Idaho -- Former U.S. Attorney General John Ashcroft does not have absolute immunity from a lawsuit over the material witness policies the Justice Department used after the Sept. 11, 2001, terrorist attacks, U.S. District Judge Edward Lodge ruled Wednesday.

In his ruling, Lodge refused to dismiss the lawsuit brought by former University of Idaho football player

Abdullah al-Kidd against Ashcroft, current U.S. Attorney General Alberto Gonzalez, the Department of Homeland Security and others.

The ruling leaves the federal government with essentially three choices: To appeal the ruling to the 9th U.S. Circuit Court of Appeals, to settle the lawsuit or to move forward with a trial. If the trial moves forward, Ashcroft and the other defendants could be subjected to questioning by al-Kidd's attorneys - including representatives from the American Civil Liberties Union - about their actions and policies in the months and years after the 9-11 attacks.

"We are literally reviewing it at this minute and no, we have not made any decisions at this time," Charles Miller, spokesman for the Justice Department's civil division, said of the ruling.

Al-Kidd, who played for the Vandals under the name Lavoni Kidd, contends that in 2003 the government wrongfully arrested him as a material witness in its unsuccessful computer terrorism case against a fellow student, Sami Omar Al-Hussayen. Al-Kidd and Al-Hussayen both worked on behalf of the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators alleged funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen - who was only months from finishing his doctorate study at the University of Idaho - was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel. He sued, alleging that he was falsely imprisoned and that the government violated due process, using material witness laws to arrest, detain and investigate individuals without first proving probable cause.

Specifically, he claimed that Ashcroft was personally liable for violating his rights because after the terrorist attacks Ashcroft "created a national policy to improperly seek material witness warrants, oversaw the execution of such warrants, and failed to correct the constitutional violations of conducting such actions," according to court documents. Al-Kidd said the investigation and detention not only caused him to lose a scholarship to study in Saudi Arabia, but that it cost him employment opportunities.

Ashcroft, in turn, asked the judge to dismiss the matter, saying that because his position at the Department of Justice was prosecutorial he was entitled to absolute immunity from the lawsuit.

The judge rejected that argument, saying that if al-Kidd's claims are true, then Ashcroft's actions did not qualify for absolute immunity.

"The development and practice of using the material witness statute to detain individuals while investigating possible criminal activity qualifies as police-type investigative activity, not prosecutorial advocacy," Lodge wrote in his ruling.

Moreover, Lodge found, Ashcroft does not necessarily have even qualified, or partial, immunity from the lawsuit.

"The allegations against Mr. Ashcroft involve more than vicarious liability but assert claims involving Mr. Ashcroft's own knowledge and actions related to Mr. al-Kidd's alleged constitutional deprivations," Lodge wrote. "Whether these allegations can be substantiated is a question to be decided later."

Al-Kidd's attorney, Lee Gelernt with the ACLU's national headquarters in New York, said the ruling could have widespread implications.

"This is the first opinion that I'm aware of that sort of squarely places the attorney general in the mix on the material witness issue," Gelernt said.

He called the ruling a "vindication" for al-Kidd.

"It will hopefully deter the government from using the material witness statute in the future in the way they did after Sept. 11," Gelernt said. "They used it as a deterrent tool to investigate people for whom they did not have probable cause to arrest on criminal charges."

Al-Kidd is asking the judge to declare that the federal government's actions were unconstitutional, to order the FBI and other agencies to expunge any records relating to the detention of al-Kidd and others, and for damages in an amount to be proven at trial.

END

Hartford Courant

September 28, 2006

State's `No Child' Lawsuit Still Alive; A Federal Judge Dismisses 3 Of Connecticut's 4 Complaints Against The Law's Cost, But Leaves Room For The Case To Proceed

By ROBERT A. FRAHM
Courant Staff Writer

A federal judge Wednesday dismissed much of Connecticut's argument for challenging a controversial U.S. government school reform law but left open one avenue for the state's lawsuit to continue.

U.S. District Judge Mark R. Kravitz dismissed three of the four counts in Connecticut's complaint that the 4-year-old No Child Left Behind Act unfairly costs state and local taxpayers hundreds of millions of dollars.

While Wednesday's ruling in New Haven does not address the merits of the arguments made by the two sides, it sharply limits the scope of the federal court's jurisdiction on technical grounds.

A key portion of the ruling is that the court does not have jurisdiction over U.S. Secretary of Education Margaret Spellings' denial of Connecticut's request to waive parts of the law. Spellings denied the state's request to waive a requirement to test all students in grades 3 through 8. The state's previous testing program was limited to grades 4, 6 and 8.

However, Kravitz also ruled that the court will be able to review a fourth count in the state's argument - an allegation that Spellings violated administrative procedures and acted arbitrarily in rejecting amendments sought by Connecticut with regard to the testing of some groups of children, including those who speak little or no English.

State Attorney General Richard Blumenthal said that leaves open the opportunity to pursue the state's central argument that the No Child Left Behind law promises adequate funding but has failed to provide it.

"The denial of those amendments, we say, was wrong because the secretary misinterpreted the unfunded mandates provision" of the law, he said.

The state's lawsuit challenges the cost - but not the substance - of the law, the centerpiece of President Bush's education agenda. The law calls for a broad expansion of testing and a shake-up of schools that fail to make adequate academic progress for all groups of students, including low-income children, members of racial minorities, non-English-speaking children and students with disabilities.

Both sides put a positive spin on Wednesday's split ruling.

"Our case ... is alive and well," Blumenthal said in a hastily called press conference late Wednesday afternoon.

He said the state plans to appeal the dismissal of the three counts.

"We believe as strongly as ever this fight is about resources necessary to educate our children and hold the United States government accountable to its promise," said Blumenthal, who filed the lawsuit a year ago.

Katherine McLane, press secretary for the U.S. Department of Education, said the department is pleased that the judge dismissed three of Connecticut's claims.

"The goal of No Child Left Behind is nothing more than what parents deserve and are demanding - that their children read and do math at grade level," she said. "Importantly, the judge agreed that the secretary has discretion to deny a waiver request and that her decision is not reviewable by a court. The remaining issues in this case have been reserved for another day."

In dismissing portions of the state's complaint, Kravitz said some of the state's requests for judicial review were premature because there had been no actual violation of the law by state officials and, therefore, no federal enforcement action on which to rule.

END

SEATTLE POST-INTELLIGENCER

Sept. 28, 2006

No charges in Sound oil spill; ConocoPhillips ship suspected in '04

By ROBERT MCCLURE AND PAUL SHUKOVSKY
P-I REPORTERS

After a mysterious midnight oil spill turned central Puget Sound beaches into a stinky mess, the Coast Guard proudly proclaimed that investigators had tracked down the spiller. The oil's chemical fingerprint clearly implicated a ConocoPhillips tanker, the agency said.

That was more than 1 1/2 years ago.

But now, federal prosecutors in Seattle are declining to press criminal charges against ConocoPhillips, even though the chemical fingerprint showed that the substance spilled was crude oil, which is usually carried by tankers such as ConocoPhillips' Polar Texas.

The Polar Texas was in the vicinity of the spill in Dalco Passage, near Vashon and Maury islands, on the night of the October 2004 spill. It was the only oil tanker there that night.

The decision by U.S. Attorney John McKay's office not to prosecute ConocoPhillips, which hasn't acknowledged guilt, doesn't mean the firm is totally off the hook. Federal and state environmental officials are still pushing civil cases against the Houston-based oil company.

And a grand jury in Alaska investigated allegations of criminal conduct by the company in unrelated episodes, including the apparent cover-up of another oil spill. It's unclear whether criminal charges will be brought in that case.

In Seattle, Assistant U.S. Attorney Jim Oesterle would not elaborate on why McKay's office is declining to prosecute, saying commenting might interfere with ongoing negotiations between the company and environmental officials regarding possible civil penalties.

"I'm not prepared at this point to give all the reasons for (declining prosecution), and the reason for not providing more information is I don't want to get ahead of the state or the (Department of Justice) on their resolutions, because I know they're in the midst of those negotiations," Oesterle said.

The state Ecology Department said it and other agencies had been waiting for the outcome of the criminal investigation to launch an effort to recoup damages from the company for the environmental harm done.

The environmental agencies hoped that the company would admit that it spilled the oil and outline how it might have happened, so that the agencies could estimate how much oil spilled, said Dale Davis of the department's oil-spills unit. The oil spill's volume is a key factor in how much the company would have to pay.

"I don't think (waiting for the criminal investigation) helped us any," Davis said. However, there is no time limit on seeking environmental damages.

But there is a two-year time limit for the Ecology Department to pursue a separate process that penalizes the company by making it pay a fine. That expires next month.

"We are aggressively pursuing every option available to make sure justice is done as a result of the Dalco Passage spill," the agency said in a written statement.

The Coast Guard, which investigates oil spills, said it would continue to coordinate possible civil action against the company with a Justice Department unit in San Francisco.

The Coast Guard has declined to provide information about the investigation, rejecting a Freedom of Information Act request by the Seattle P-I on the ground that it has not finished investigating the case.

Lt. Cmdr. Andre Billeaudeaux, a Coast Guard spokesman, said that while he cannot comment on this decision by the U.S. Attorney's Office, "We are true believers in the U.S. attorney's methods."

"They have a measured approach, and they have their methods," Billeaudeaux said. "We do our best and we do a quality job. ... We have so many missions we do and so many irons in the fire. We do our best and move on. If there's process improvements (needed) in hindsight, we take a look at things we could have done better and sharpen the knife."

ConocoPhillips spokesman Rich Johnson said the company had no comment because it would be "inappropriate to discuss" the ongoing negotiations.

"We're continuing to cooperate with the authorities," Johnson said.

While a grand jury in Seattle was investigating the spill in June 2005, a memo distributed by the union representing ConocoPhillips' shipboard workers said, "So far the company is very pleased with the way our members have handled themselves and hope they will continue to be open and honest should they be called to testify in the future."

Members of the Polar Texas crew and the company have steadfastly maintained that they did nothing wrong when the ship took on additional seawater for ballast the night of the spill after unloading some crude oil in Tacoma.

If that operation were done incorrectly, it would be possible for the ship to disgorge oil in its cargo hold into Puget Sound. However, officers and crew members aboard the ship said the operation went well. Ballast water is taken on to keep a ship riding low enough in the water that it will be stable. The forecast on the night of the spill called for 10-foot swells and 30 mph winds in the North Pacific.

A former chief engineer of the Polar Texas and a former president of the Polar Texas fleet have told the P-I that it would be possible for crew members to flub the ballasting operation without knowing it, resulting in a spill.

At the time of the spill, the Polar Texas was just two months from being sent to the scrap yard. It left Tacoma about 6 p.m. that night, but the spill was not discovered until a tugboat captain passed through the area after midnight.

A P-I investigation in March 2005 documented numerous problems aboard ConocoPhillips tankers, including use of alcohol by crew members in apparent violation of company policy and an unreported explosion aboard one of the company's vessels.

The Alaska grand jury investigated problems aboard other ConocoPhillips tankers, including a spill aboard the Polar Discovery in mid-ocean in January 2004, caused when crew members mistakenly piped sludge oil from the engine room onto the ship's deck. Some got onto the side of the ship.

Later, the captain and other officers lowered a crew member over the ship's side with a power sprayer that could be used to clean up the oil.

Crew members said the purpose was to clean off oil on the vessel's side, although officers denied that. An entry in the logbook described it as a man-overboard drill. The captain offered no explanation for that entry.

The oil spill was not reported until a whistle-blower came forward four months later.

Failure to report an oil spill to the Coast Guard immediately is a federal crime.

END

AFX

September 28, 2006

Tenet agrees to 'integrity' pact

DALLAS (AFX) - Tenet Healthcare Corp. on Thursday said it has agreed to a 'corporate integrity' pact with federal authorities -- an offshoot of the hospital manager's $900 million settlement resolving investigations into alleged over-billing of Medicare.

The agreement with the Office of the Inspector General and Department of Health and Human Services establishes annual training requirements and compliance reviews by independent organizations. It targets Tenet's clinical standards, code of conduct and procedures in billing and reimbursement, among other areas.

Tenet, the nation's second-largest hospital operator, agreed in June to pay the $900 million to end investigations by the Justice Department and several U.S. attorneys into allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals\l "l", and used improper billing codes to bilk the health care program. The settlement\l "l" did not include a determination that Tenet broke the law.

In a statement, President and Chief Executive Trevor Fetter said the company already has in place many of the procedures and systems called for under the corporate integrity pact, due to changes made over the past three years since the company came under investigation.

The agreement runs through September 2011.

END

AP**Error! Hyperlink reference not valid.**September 28, 2006

U.S. transgendered inmate freed to die at home charged with trying to fake own death

BALTIMORE_A transgendered inmate freed from prison last year because she was dying of AIDS has been charged with using a forged Maryland death certificate to get new criminal charges dismissed.

Dee Deirdre Farmer, 41, was charged Wednesday with forging a Baltimore Circuit Court order to change the death certificate of a man named Charles Smith to reflect that Farmer was the person who had died. Charging documents showed that Farmer got criminal charges in Virginia dismissed using a forged Maryland death certificate.

In a landmark case, Farmer sued U.S. federal prison officials over a 1989 rape that occurred about a week after Farmer entered a federal maximum-security prison for men in Terre Haute, Indiana. Farmer had arrived with male sex organs and breast implants, after undergoing estrogen therapy.

The lawsuit claimed the government had violated Farmer's constitutional right to be free of cruel and unusual punishment by ignoring the risk that a feminine-appearing inmate would be raped by other prisoners. The U.S. Supreme Court ruling in 1994 that prison officials can sometimes be held liable for inmate assaults revived Farmer's lawsuit, which had been dismissed by lower courts. After the Supreme Court decision, however, she lost the case at trial.

Farmer was serving a 20-year federal sentence for credit-card fraud, followed by a 30-year sentence for credit-card fraud in Maryland.

In February 2005, Chief Judge Joseph F. Murphy Jr. of the Maryland Court of Special Appeals freed Farmer from a state prison near Hagerstown, saying the inmate, then described as blind, bedridden and dying of AIDS, was no longer a threat to society.

"When I cut him loose, my recollection is that it was on the basis of documentary evidence that he was HIV-positive and that his life expectancy was very, very short," Murphy told The (Baltimore) Sun on Wednesday. Murphy said he decided to release Farmer on probation "in the hopes that that might encourage him to remain crime-free while he was out with what little time he had left."

Farmer was born male, and underwent a sex-change operation to become female. She legally changed her Maryland birth certificate a few years ago to reflect that she was a woman named Dee Deirdre Farmer, according to court documents.

In December, Farmer was arrested in a department store in Baltimore County for allegedly applying for and using store credit cards in other people's names. She identified herself as Larry Prescott, although she later gave the name Dee Farmer, and appeared in court on those charges dressed as a man, said Baltimore County prosecutor Michelle Samoryk, who said that Farmer did not appear to be ill.

Farmer was charged in December as Larry G. Prescott, 44, with identity theft, identity fraud and theft for allegedly opening fake Nordstrom credit card accounts.

Dee Deirdre Farmer was indicted in January on five counts of mail fraud and two counts of aggravated

identity theft for allegedly obtaining more than $50,000 in money and property by opening fraudulent credit accounts.

Nicholas A. Szokoly, the lawyer who helped win Farmer's release last year from prison, was surprised to learn of the new charges.

"I was hoping he would get some peace," the lawyer said. "I was looking forward to Dee being able to return home (last year) and have some quiet time with his family."

END

Bloomberg

Sept. 28, 2006

Doctors Lobby for Better U.S. Surveillance of Heart Devices

Heart specialists are asking U.S. officials to tighten surveillance of implanted defibrillators and stop issuing ``recall'' notices, because the term frightens patients who shouldn't have the devices removed.

The Heart Rhythm Society, a Washington-based group of 3,700 implant specialists, is urging the changes to help revive an industry damaged by recalls, device-related deaths and thousands of replacement surgeries. Doctors implant the $30,000 devices to automatically shock stopped hearts into normal rhythm.

Defibrillators were the fastest-growing medical technology until sales began declining for the first time in the second quarter. Minneapolis-based Medtronic Inc., Boston Scientific Corp., of Natick, Massachusetts, and St. Paul, Minnesota-based St. Jude Medical Inc. have lost a combined $11.2 billion in market value since their last earnings reports.

``With all the recalls that occurred in 2005, there was an awakening on our part,'' said society president Dwight Reynolds, an Oklahoma College of Medicine implant surgeon, in an interview yesterday. ``We realized that not only were there flaws in surveillance, analysis and communication, but there was a responsibility we had too.''

Experts say 1,000 people a day in the U.S. die of sudden cardiac death and that many could be saved by defibrillators. Since February 2005, the three companies have recalled about 300,000 defibrillators.

Quickly Shared

The society's comprehensive proposal, the first of its kind, recommends that information about any defibrillator flaw that may cause death or serious injury be quickly shared with doctors and patients.

The group said Medtronic, Boston Scientific and St. Jude should create independent panels of experts to evaluate devices and advise them on actions. There should be a standard way to notify patients, and doctors and funeral homes should routinely recover all devices for company analysis after defibrillator patients die, the proposal said.

When the society released its proposal in draft form in April, the U.S. Food and Drug Administration and industry executives embraced it, Reynolds said. As a result, the companies are likely to create panels of independent doctors to advise them on product failures and plan recalls and other safety alerts, Reynolds said.

Reynolds this week met with staff members for U.S. Senator Charles Grassley of Iowa, chairman of the Finance Committee, and U.S. Senator Robert F. Bennett of Utah, chairman of the appropriations agriculture subcommittee, which has jurisdiction over the FDA budget.

`Reviewing Information'

``We're reviewing the information they gave us," said Emily Christensen, a spokeswoman for Bennett. Reynolds also said he visited Daniel Schultz, head of the FDA's center for devices.

Susan Bro, a spokesman for the FDA, said her agency's ``collaboration with the Heart Rhythm Society has been extremely productive. Some of the ideas in today's report are eminently doable and will inform our thinking and work with the clinical community," she said.

Medtronic is the leader in the $10 billion-a-year cardiac rhythm management business, followed by Boston Scientific's Guidant unit and St. Jude Medical Inc. The category includes pacemakers, which speed up hearts that beat too slowly so oxygen- carrying blood can better circulate.

Guidant and Medtronic have been criticized by patients for continuing to sell devices for months or years after company engineers learned of flaws that could cause products to fail at crucial moments.

In March, just before it was acquired by Boston Scientific, Guidant released a report from independent medical experts that concluded the company's product engineers made crucial and incorrect safety decisions without physician review.

`Recall'

The Heart Rhythm Society endorsed calls by the $175 billion- a-year medical device industry for the Food and Drug Administration to remove the term ``recall" from its lexicon so patients don't think all faulty implants must be removed.

Instead, the group recommended the terms ``advisory notice" or ``safety alert." Device industry officials prefer to call them ``field corrective actions."

A spokesman for AdvaMed, the largest trade group of device makers, declined comment on the society's report.

The number of recalls by all manufacturers jumped to 25 in the fiscal year ended last September from seven in 2003, the FDA said. The most important was Guidant's recall of 109,000 defibrillators, linked to at least seven deaths. The action cut Guidant sales and profits, derailed the company's purchase by Johnson & Johnson and sparked lawsuits, investigations and FDA sanctions.

Complications

A Canadian study in April reported that surgical removal of recalled defibrillators causes complications, including death, in 8.1 percent of patients. That is almost double the previously estimated rates, and the authors urged doctors to consider those risks before explanting suspect devices.

Reynolds, who implants 300 heart devices a year, said many patients were gripped by fear because the FDA calls its regulatory action a ``recall," which suggests the unit must be removed when the chance of failure is low.

``When you have a device taken out because of the word `recall,' and something bad happens, then people have not been well served," said Reynolds.

END

USDOJ- Office of Public Affairs

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Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
September 28, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

FRIDAY'S EXPECTED NEWS STORIES:

Attorney General Participates in Swearing-In Ceremony for Ken Wainstein (OPA)
Today, the Attorney General participated in the swearing-in ceremony for Ken Wainstein as the first Assistant Attorney General for the new National Security Division. The Department also announced the members of the National Security Division's senior leadership team.

Justice Department Dismisses Antitrust Lawsuit against Exelon Corp. and Public Enterprise Service Group Inc. (Antitrust)
The Department of Justice today announced that it filed a notice with the U.S. District Court for the District of Columbia to dismiss its antitrust complaint challenging the potential acquisition of Public Service Enterprise Group Inc. (PSEG) by Exelon Corp. Exelon has formally abandoned its effort to acquire PSEG, and therefore the lawsuit and proposed consent decree are no longer necessary, the Department said.

Justice Department Files Motions for Stay in NSA-ACLU Case with Sixth Circuit after Judge Refuses to Stay Ruling Imposed on Government's Terrorist Surveillance Program (Civil)
The Department of Justice filed two motions for a stay with the U.S. Court of Appeals for the Sixth Circuit after a federal judge refused to stay her ruling that would block the implementation of the government's Terrorist Surveillance Program. U.S. Judge Anna Diggs Taylor in Detroit allowed the government to continue the program, but only for another week. Judge Diggs Taylor ruled last month that the surveillance violates the rights to free speech and privacy. She had also said it violates the separation of powers between the executive, legislative and judicial branches of government enshrined in the Constitution. The Department asked Taylor to allow the program to continue until the Ohio-based Sixth U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months. Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court pending that court's final ruling.

Talking Points:

- A stay is necessary to ensure that this vital intelligence-gathering program is not interrupted.

- We believe there would be a dramatic risk of harm to the Nation if the Terrorist Surveillance Program were halted by court order at this point.

Justice Department Settles Allegations of Disability Discrimination Against Texas Developers, Architects, and Engineers (Civil Rights)
The Justice Department today settled a lawsuit against 10 Austin, Texas developers, builders, architects, and engineers alleging disability discrimination in the design and construction of two housing developments in Austin. The suit, filed in U.S. District Court for the Western District of Texas, was brought to enforce provisions of the federal Fair Housing Act that require recently constructed dwellings to include features designed to make the dwellings more accessible to persons with physical disabilities.

Talking Points

- People with disabilities, like all Americans, deserve the opportunity to obtain fair housing in their communities.

- This lawsuit under the Fair Housing Act helps to ensure that we remain a welcoming society for all Americans.

Federal Jury Convicts Two For Cross Burning (Civil Rights)
A federal jury today convicted Christopher Mitchell and James Bradley Weems of burning a cross in front of the home of an African-American man in Fouke, Ark. The jury convicted each defendant of one count of conspiracy to violate the victim's civil rights. The evidence at trial established that on the night of August 5, 2005, Mitchell and Weems, attended a party where they discussed an African-American man who lived nearby, using racial slurs to describe him. The defendants, along with a third man, Christopher Baird, who had pleaded guilty to his role in the offense, used wooden boards to erect a cross. The defendants then planted the cross near the home of the African-American man and lit it on fire. Witnesses testified that as a result of the cross burning, the African-American victim and the family he lived with all moved from their home because they were too frightened to remain in the town.

Talking Points

- Few symbols of racial hatred are as grotesque as a cross burning.

- People have the right to live where they choose, free from such threats based on bigotry.

- The Department of Justice will continue to vigorously prosecute such offensive and criminal conduct.

Court Bars Arizona Men from Promoting Tax Fraud Scheme (Tax)

A federal court in Arizona has permanently barred a tax return preparer from promoting a tax scheme that involved creating a phony "Business Trust Organization" or limited liability company that resulted in the loss of millions of dollars of income and payroll tax revenue, the Justice Department announced today. James G. Morris of Mesa, Ariz. consented to the injunction order without admitting the allegations in the government complaint. The United States had previously obtained injunctions against Dennis H. Lawrence of Tempe, Ariz., and Allen Vanderwey of Phoenix.

BBC Interviews FBI Deputy Assistant Director (FBI)
BBC World Business conducted an on-camera interview with Sal Hernandez, Deputy Assistant Director for the Criminal Investigative Division regarding the FBI's efforts to address corporate fraud. It is unclear when the interview will air.

FRIDAY'S EXPECTED EVENTS/RELEASES:

9:00 A.M. EDT

Attorney General Alberto R. Gonzales will deliver remarks before the Georgetown University Law Center Conference on the Judiciary regarding judicial independence.
McDonough Building
Hart Auditorium
600 New Jersey Avenue N.W.
Washington, D.C.
OPEN PRESS

Due to space limitations, all other media wishing to cover the event **must** contact Elissa Free of the Georgetown University Law Center at ebf4@law.georgetown.edu or (202) 662-9519.

9:45 A.M. EDT

Attorney General Alberto R. Gonzales will deliver remarks before the United States Chamber of Commerce Intellectual Property Summit regarding the Department's efforts to protect intellectual property rights.
U.S. Chamber of Commerce
Hall of Flags
1615 H Street N.W.
Washington, D.C.
OPEN PRESS

Pre-set for all media wishing to cover the event is **9:15 A.M. EDT.** Press inquiries regarding logistics should be directed to Theresa Pagliocca at (202) 532-3486 or Katie Wilson of the U.S. Chamber of Commerce at (202) 463-5375.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 29, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senate Approves Detainee Bill Backed By Bush (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 29, 2006

Congress approved landmark changes to the nation's system of interrogating and prosecuting terrorism suspects last night, preparing the ground for possible military trials for key al-Qaeda members under rules that critics say will draw stiff constitutional challenges.

The Senate joined the House in embracing President Bush's view that the battle against terrorism justifies the imposition of extraordinary limits on defendants' traditional rights in the courtroom. They include restrictions on a suspect's ability to challenge his detention, examine all evidence against him, and bar testimony allegedly acquired through coercion of witnesses.

The Senate's 65 to 34 vote marked a victory for Bush and fellow Republicans a month before the Nov. 7 elections as their party tries to make anti-terrorism a signature campaign issue. Underscoring that strategy, the House last night voted 232 to 191 to authorize Bush's warrantless wiretapping program, with GOP leaders hoping to add it to their list of accomplishments even though it has no chance of Senate passage before this weekend's scheduled adjournment. On the final wiretapping vote, 18 Democrats joined 214 Republicans to win passage. Thirteen Republicans, 177 Democrats and one independent voted nay.

Democrats resisted both measures and nearly amended the detainee bill to allow foreigners designated as enemy combatants to challenge their captivity by filing habeas corpus appeals with the federal courts. But Republicans held fast, gambling that Democrats will fail in their bid to convince voters that the GOP is sacrificing the nation's traditions of justice and fairness in the name of battling terrorists and winning elections.

"As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats," Bush said after the vote.

With control of both houses possibly at stake this fall, yesterday's debates were often impassioned and deeply partisan. House Majority Leader John A. Boehner (R-Ohio) called Democrats "dangerous." Patrick J. Leahy (Vt.), the ranking Democrat on the Senate Judiciary Committee, said the nation is losing its "moral compass."

The Senate approved the detainee legislation after Bush's allies narrowly fended off five amendments. The vote on final passage drew support from 53 Republicans and 12 Democrats, while 32 Democrats, one independent and one Republican -- Lincoln D. Chafee (R.I.) -- voted nay.

Judiciary Committee Chairman Arlen Specter (R-Pa.) voted for the bill after telling reporters earlier that he would oppose it because it is "patently unconstitutional on its face." He cited its denial of the habeas corpus right to military detainees. In an interview last night, Specter said he decided to back the bill because it has several good items, "and the court will clean it up" by striking the habeas corpus provisions.

The Supreme Court triggered the congressional action by striking down in late June Bush's earlier system for trying suspects in military commissions.

The new bill is designed to legalize military commissions and to clarify interrogation techniques that CIA officers may use on terrorism suspects considered "unlawful enemy combatants," who are granted fewer protections than are prisoners of war. Hundreds of such detainees have been held for several years without trial at the U.S. military base at Guantanamo Bay, Cuba, while others were held at secret prisons overseas.

The new measure, which the House approved 253 to 168 on Wednesday, rejects Bush's earlier bid to narrow U.S. obligations under the Geneva Conventions in the treatment of such detainees. But it grants the executive branch substantial leeway in deciding how to comply with treaty obligations regulating actions that fall short of "grave breaches" of the conventions.

It would bar military commissions from considering testimony obtained through interrogation techniques that involve "cruel, unusual or inhumane treatment or punishment," which the Constitution's Fifth, Eighth and 14th amendments prohibit. The bar

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would be retroactive only to Dec. 30, 2005 -- when Congress adopted the Detainee Treatment Act -- to protect CIA operatives from possible prosecution over interrogation tactics used before that date.

Yesterday's main drama involved Specter's bid to amend the bill to grant the habeas corpus right to foreign detainees. Habeas corpus appeals -- a legal cornerstone -- allow prisoners to ask a judge to rule on the legality of their detention.

Specter and his allies said the habeas corpus right must apply to all persons -- including noncitizens -- held in U.S. custody. Most other Republicans said foreigners designated by the military as "unlawful enemy combatants" do not deserve habeas corpus protections.

Specter's amendment failed, 51 to 48. Senate Republicans voting for the habeas corpus amendment were Specter, Chafee, Gordon Smith (Ore.) and John E. Sununu (N.H.). Ben Nelson (Neb.) was the only Democrat who opposed the amendment. Four amendments drafted by Democrats also failed, mostly along party lines.

Republicans, especially in the House, plan to use the military commission and wiretapping legislation as a one-two punch against Democrats this fall. The legislative action prompted extraordinarily blunt language from House GOP leaders, foreshadowing a major theme for the campaign. Speaker J. Dennis Hastert (R-Ill.) issued a written statement on Wednesday declaring: "Democrat Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of MORE rights for terrorists."

GOP leaders continued such attacks after the wiretapping vote. "For the second time in just two days, House Democrats have voted to protect the rights of terrorists," Hastert said last night, while Boehner lashed out at what he called "the Democrats' irrational opposition to strong national security policies."

Democrats tried to deflect such attacks by focusing on the newly released National Intelligence Estimate, partially leaked on Saturday, which concludes that the Iraq war has become a "cause celebre" for terrorists. But Republicans maneuvered their attacks toward that issue as well.

"The Democrats' jubilance with the national intelligence leak over the weekend underscores just how dangerous I think my friends on the other side of the aisle are when it comes to national security," Boehner said yesterday.

Democrats said they will take the high road. "There will be 30-second attack ads and negative mail pieces, and we will be called everything from cut-and-run quitters to Defeatocrats, to people who care more about the rights of terrorists than the protection of Americans," predicted Sen. Barack Obama (D-Ill.). "While I know all of this, I'm still disappointed, and I'm still ashamed, because what we're doing here today -- a debate over the fundamental human rights of the accused -- should be bigger than politics."

Democratic leaders stressed that the attacks will not work. Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, cited polling that he said suggested that matters such as warrantless wiretapping and military commissions are "secondary issues," lagging well behind Iraq in the public's mind. Senate Minority Leader Harry M. Reid (Nev.) said it is "beyond [his] ability to comprehend" how a member of Congress could be accused of supporting terrorism.

But Greenberg Quinlan Rosner, a prominent Democratic polling firm, tried to raise alarms yesterday with the release of focus group findings that suggest that the attacks would work if not countered forcefully. "Attacks on Democrats for opposing any effort to stop terrorists . . . were highly effective," the pollsters' memo stated.

Under the House surveillance bill, the National Security Agency could conduct electronic surveillance of international communications for up to 45 days without a warrant, but the administration would then have to obtain permission from the secret Foreign Intelligence Surveillance Court and, in most cases, would have to notify lawmakers.

But the congressional intelligence committees could recertify any warrantless wiretapping repeatedly, in 45-day increments, without referral to the court. And restraints on the program could be suspended in the aftermath of a terrorist attack or when the president determines that the country is under "imminent threat." The "imminent threat" provision was added at the insistence of the Bush administration.

Senate Approves Broad New Rules To Try Detainees (NYT)

By Kate Zernike

The New York Times, September 29, 2006

DOJ_NMG_0070819

WASHINGTON, Sept. 28 — The Senate approved a measure on Thursday on the interrogations and trials of terrorism suspects, establishing far-reaching rules to deal with what President Bush has called the most dangerous combatants in a different type of war.

The vote was 65 to 34. It was cast after more than 10 hours of often impassioned debate that touched on the Constitution, the horrors of Sept. 11 and the role of the United States in the world.

Both parties also positioned themselves for the continuing clash over national security going into the homestretch of the midterm elections. The vote showed that Democrats believe that President Bush's power to wield national security as a political issue is seriously diminished.

The bill would set up rules for the military commissions that will allow the government to proceed with the prosecutions of high-level detainees including Khalid Shaikh Mohammed, considered the mastermind of the Sept. 11, 2001, attacks.

It would make illegal several broadly defined abuses of detainees, while leaving it to the president to establish specific permissible interrogation techniques. And it would strip detainees of a habeas corpus right to challenge their detentions in court.

The bill is the same as one that the House passed, eliminating the need for a conference between the two chambers. The House is expected to approve the Senate bill Friday, sending it to the president to be signed.

The bill was a compromise between the White House and three Republican senators who had resisted what they saw as Mr. Bush's effort to rewrite the nation's obligations under the Geneva Conventions. Although the president had to relent on some major provisions, the vote allows him to claim victory in achieving a main legislative priority.

"As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats," the president said in a statement after the vote.

Republicans argued that the new rules would provide the necessary tools to fight a new kind of enemy.

"Our prior concept of war has been completely altered, as we learned so tragically on Sept. 11, 2001," Senator Saxby Chambliss, Republican of Georgia, said. "And we must address threats in a different way."

Democrats argued that the rules were being rushed through for political gain too close to a major election and that they would fundamentally threaten the foundations of the American legal system and come back to haunt lawmakers as one of the greatest mistakes in history.

"I believe there can be no mercy for those who perpetrated the crimes of 9/11," Senator Hillary Rodham Clinton, Democrat of New York, said. "But in the process of accomplishing what I believe is essential for our security, we must hold onto our values and set an example that we can point to with pride, not shame."

Twelve Democrats crossed party lines to vote for the bill. One Republican, Senator Lincoln Chafee of Rhode Island, voted against it.

But provisions of the bill came under criticism from Republicans as well as Democrats, with several crossing lines on amendments that failed along narrow margins.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, arguing for an amendment to strike a provision to bar suspects from challenging their detentions in court, said it "is as legally abusive of the rights guaranteed in the Constitution as the actions at Abu Ghraib, Guantánamo and secret prisons were physically abusive of detainees."

The amendment failed, 51 to 49.

Even some Republicans who voted for the bill said they expected the Supreme Court to strike down the legislation because of the provision barring court detainees' challenges, an outcome that would send the legislation right back to Congress.

"We should have done it right, because we're going to have to do it again," said Senator Gordon H. Smith, Republican of Oregon, who voted to strike the provision and yet supported the bill.

The measure would broaden the definition of enemy combatants beyond the traditional definition used in wartime, to include noncitizens living legally in the United States as well as those in foreign countries and anyone determined to be an enemy combatant under criteria defined by the president or secretary of defense.

It would strip at Guantánamo detainees of the habeas right to challenge their detention in court, relying instead on procedures known as combatant status review trials. Those trials have looser rules of evidence than the courts.

It would allow of evidence seized in this country or abroad without a search warrant to be admitted in trials.

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The bill would also bar the admission of evidence obtained by cruel and inhuman treatment, except any obtained before Dec. 30, 2005, when Congress enacted the Detainee Treatment Act, that a judge declares reliable and probative.

Democrats said the date was conveniently set after the worst abuses at Abu Ghraib and Guantánamo.

The legislation establishes several "grave breaches" of Common Article 3 of the Geneva Convention that are felonies under the War Crimes Act, including torture, rape, murder and any act intended to cause "serious" physical or mental pain or suffering.

The issue was sent to Congress as a result of a Supreme Court decision in June that struck down military tribunals that the Bush administration had established shortly after the Sept. 11 attacks. The court ruled that the tribunals violated the Constitution and international law.

The White House submitted a bill this month to authorize a tribunal system, setting off intraparty fighting as the three Senate Republicans, Lindsey Graham of South Carolina, John McCain of Arizona and John W. Warner Jr. of Virginia, insisted that they would not support a provision that in any way appeared to alter the commitments under the Geneva Conventions.

Such a redefinition, they argued, would send a signal to other nations that they, too, could rewrite their commitments to the 57-year-old conventions and, ultimately, lead to Americans seized in wartime being abused and tried in kangaroo courts.

The White House and the senators came to their agreement last week.

Democrats and human rights groups objected to changes in the legislation over the weekend, as the House and White House drafted final language, including defining enemy combatants and setting rules on search warrants.

"We should get this right, now, and we are not doing so by passing this bill," Senator Harry Reid, the Nevada Democrat who is the minority leader, said before the vote. "Future generations will view passage of this bill as a grave error."

Human rights groups called the vote to approve the bill "dangerous" and "disappointing." Critics feared that it left the president a large loophole by allowing him to set specific interrogation techniques.

Senators Graham, McCain and Warner rebutted that vociferously, arguing in floor statements, as well as in a colloquy submitted into the official record, that the measure would in no way give the president the authority to authorize any interrogation tactics that do not comply with the Detainee Treatment Act and the Geneva Conventions, which bar cruel and inhuman treatment, and that the bill would not alter American obligations under the Geneva Conventions.

"The conventions are preserved intact," Mr. McCain promised his colleagues from the floor.

After the vote, Mr. Graham said: "America can be proud. Not only did she adhere to the Geneva Conventions, she went further than she had to, because we're better than the terrorists."

Besides the amendments that would have struck the ban on habeas corpus cases, the others that failed included one that would have established a sunset on the measure to allow Congress to reconsider it in five years and one that would have require the C.I.A. to submit to Congressional oversight.

Another failed amendment would have required the State Department to inform other nations of what interrogation techniques it considered illegal for use on American troops, a move intended to prompt the administration to say publicly what techniques it considers out of bounds.

Senate OKs Detainee Interrogation Bill (AP-Y)

By Anne Plummer Flaherty

AP, September 28, 2006

The Senate on Thursday endorsed President Bush's plans to prosecute and interrogate terror suspects, all but sealing congressional approval for legislation that Republicans intend to use on the campaign trail to assert their toughness on terrorism.

The 65-34 vote means the bill could reach the president's desk by week's end. The House passed nearly identical legislation on Wednesday and was expected to approve the Senate bill on Friday, sending it on to the White House.

The bill would create military commissions to prosecute terrorism suspects. It also would prohibit some of the worst abuses of detainees like mutilation and rape, but grant the president leeway to decide which other interrogation techniques are permissible.

The White House and its supporters have called the measure crucial in the anti-terror fight, but some Democrats said it left the door open to abuse, violating the U.S. Constitution in the name of protecting Americans.

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Twelve Democrats sided with 53 Republicans in voting for the bill. Lincoln Chafee, R-R.I., in a tough re-election fight, joined 32 Democrats and the chamber's lone independent in opposing the bill. Sen. Olympia Snowe, R-Maine, was absent.

Sen. Lindsey Graham, R-S.C., who helped draft the legislation during negotiations with the White House, said the measure would set up a system for treating detainees that the nation could be proud of. He said the goal "is to render justice to the terrorists, even though they will not render justice to us."

Democrats said the Republicans' rush to muscle the measure through Congress was aimed at giving them something to tout during the campaign, in which control of the House and Senate are at stake. Election Day is Nov. 7.

"There is no question that the rush to pass this bill — which is the product of secret negotiations with the White House — is about serving a political agenda," said Sen. Edward Kennedy, D-Mass.

Senate approval was the latest step in the remarkable journey that Bush has taken in shaping how the United States treats the terrorism suspects it has been holding, some for almost five years.

The Supreme Court nullified Bush's initial system for trying detainees in June, and earlier this month a handful of maverick GOP senators embarrassed the president by forcing him to slightly tone down his next proposal. But they struck a deal last week, and the president and congressional Republicans are now claiming the episode as a victory.

While Democrats warned the bill could open the way for abuse, Republicans said defeating the bill would put the country at risk of another terrorist attack.

"We are not conducting a law enforcement operation against a check-writing scam or trying to foil a bank heist," said Sen. Mitch McConnell, R-Ky. "We are at war against extremists who want to kill our citizens."

Approving the bill before lawmakers leave for the elections has been a top priority for Republicans. GOP leaders fought off attempts by Democrats and a lone Republican to change the bill, ensuring swift passage.

By mostly party-line votes, the Senate rejected Democratic efforts to limit the bill to five years, to require frequent reports from the administration on the CIA's interrogations and to add a list of forbidden interrogation techniques.

The legislation could let Bush begin prosecuting terrorists connected to the Sept. 11 attacks just as voters head to the polls, and let Republicans use opposition by Democrats as fodder for criticizing them during the campaign.

"Some want to tie the hands of our terror fighters," said Sen. Christopher Bond, R-Mo., alluding to opponents of the bill. "They want to take away the tools we use to fight terror, to handcuff us, to hamper us in our fight to protect our families."

Democrats contended the legislation could set a dangerous precedent that might invite other countries to mistreat captured Americans. Their opposition focused on language barring detainees from going to federal court to protest their detention and treatment — a right referred to as "habeas corpus."

"The habeas corpus language in this bill is as legally abusive of rights guaranteed in the Constitution as the actions at Abu Ghraib, Guantanamo and secret prisons that were physically abusive of detainees," said Sen. Carl Levin, the top Democrat on the Armed Services panel.

Bush went to Capitol Hill Thursday morning, urging senators to follow the House lead and approve the plan.

"The American people need to know we're working together to win the war on terror," he said.

That didn't stop Sen. Arlen Specter, R-Pa., from offering an amendment that would have restored suspects' habeas corpus rights. It was rejected, 51-48.

The overall bill would prohibit war crimes and define such atrocities as rape and torture, but otherwise would allow the president to interpret the Geneva Conventions, the treaty that sets standards for the treatment of war prisoners.

The legislation was in response to a Supreme Court ruling in June that Bush's plan to hold and prosecute terrorists was illegal.

Bush had determined prior to that ruling that his executive powers gave him the right to detain and prosecute enemy combatants. He declared these detainees, being held at Guantanamo Bay prison in Cuba and in secret CIA prisons elsewhere in the world, should not be afforded Geneva Convention protections.

U.S. officials said the Supreme Court ruling threw cold water on the CIA's interrogation program, which they said had been helpful in obtaining valuable intelligence.

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Bush was forced to negotiate a new trial system with Congress. For nearly two weeks the White House and rebellious Republican senators — Graham, John McCain of Arizona and John Warner of Virginia — fought publicly over whether Bush's proposed plan would give a president too much authority and curtail legal rights considered fundamental in other courts.

Under the bill, a terrorist being held at Guantanamo could be tried by military commission so long as he was afforded certain rights, such as the ability to confront evidence given to the jury and having access to defense counsel.

Those subject to commission trials would be any person "who has engaged in hostilities or who has purposefully and materially supported hostilities against the United States or its co-belligerents." Proponents say this definition would not apply to U.S. citizens.

The bill would eliminate some rights common in military and civilian courts. For example, the commission would be allowed to consider hearsay evidence so long as a judge determined it was reliable. Hearsay is barred from civilian courts.

The legislation also says the president can "interpret the meaning and application" of international standards for prisoner treatment, a provision intended to allow him to authorize aggressive interrogation methods that might otherwise be seen as illegal by international courts.

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The House resolution is HR 6166. The Senate bill is S 3930.

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On the Net:

Congress: http://thomas.loc.gov

Terror Detainee Bill Passes Senate, 65-34 (USAT)

USA Today, September 29, 2006

The Senate on Thursday endorsed President Bush's plans to prosecute and interrogate terrorism suspects, all but sealing congressional approval for the legislation. The 65-34 vote means the bill could reach the president's desk by week's end.

The bill would create military commissions to prosecute terrorism suspects. It also loosely describes how CIA interrogators can and cannot treat detainees, granting the president leeway to decide what is legally permissible. Most opponents of the bill focused on portions of the bill that they said denied detainees basic rights. The House passed nearly identical legislation Wednesday by a 253-168 vote and is likely to approve the Senate bill today.

Also Thursday, the House approved a bill that would grant legal status to Bush's warrantless wiretapping program with new restrictions, including requiring Bush to notify intelligence committees and congressional leaders to conduct such wiretaps.

Woodward: Bush hiding truth about Iraq

The Bush administration is not telling the public the whole story about the level of violence in Iraq and has not acknowledged that its intelligence experts predict “next year, 2007, is going to get worse,” Washington Post investigative reporter Bob Woodward has told CBS' 60 Minutes. His interview with correspondent Mike Wallace is due to air Sunday. The report is timed to plug Woodward's next book, State of Denial: Bush at War, Part III, which is to be released Monday. Excerpts from the interview can be found at cbsnews.com.

Bush fires back on intelligence report

Battered by Democrats over the National Intelligence Estimate (NIE) that said the Iraq war had become the “cause célèbre” for jihadists, President Bush fought back, saying Democrats represented the party of “cut and run.” Without mentioning them by name, Bush seized on remarks by Rep. Jane Harman, D-Calif., and Sen. Jay Rockefeller, D-W.Va., as evidence of what he called the opposition party's weak resolve on Iraq.

“Democrats offer nothing but criticism and obstructionism and endless second-guessing. The party of FDR (Franklin D. Roosevelt), the party of Harry Truman, has become the party of cut and run,” Bush said at a GOP fundraising speech in Birmingham, Ala. “Rather than heed the warnings in the NIE, President Bush politicized this discussion,” said Rep. Rahm Emanuel of Illinois, chief of the Democratic Congressional Campaign Committee.

US Senate Backs Detainee Bill (FT)

By Caroline Daniel

DOJ_NMG_0070823

Financial Times, September 29, 2006

The US Senate on Thursday night approved new rules for the interrogation of suspected terrorists and for military tribunals, handing a victory to the White House in the face of charges that the proposals were "un-American" and threatened the country's moral authority.

The 65-34 vote means the bill could reach the president's desk by week's end. The House passed nearly identical legislation on Wednesday and was expected to approve the Senate bill on Friday, sending it on to the White House.

The bill will allow the programme of secret prisons operated by the Central Intelligence Agency, restrict some tough interrogation techniques and remove the rights of "enemy combatants" to challenge their detentions in federal courts.

In the debate, John Kerry, Democratic presidential nominee in 2004, warned it would undermine "America's moral authority, blur lines that have for decades been absolute" so that "no speech, no rhetoric, no promise can restore it."

In June, the Bush administration looked on the defensive after the Supreme Court ruled that its military tribunals were unlawful because they did not have congressional approval, and failed to protect detainees.

Since then the White House has exploited the political leverage of the coming midterm election, forcing Republicans to rally round its proposals to show unity on national security.

A turning point came on September 6, when Mr Bush reframed the debate about tribunals by announcing plans to transfer 14 high-profile al-Qaeda suspects, including Khalid Sheikh Mohammed, the alleged mastermind of 9/11 to Guantanamo Bay to await trial. The move transformed an abstruse legal debate into a more personalised one about how to treat those accused of being behind the worst terrorist attack on US soil.

In a speech on Thursday Mr Bush made his most combative and pointed political comments of the campaign. "Five years after 9/11, Democrats offer nothing but criticism, and obstruction and endless second guessing," he said, arguing that "the party of Franklin Delano Roosevelt and Harry Truman" was now "the party of cut-and-run".

Jennifer Daskal, US advocacy director for Human Rights Watch, warned that the rushed bill would have "dramatic implications for the US treatment of detainees. The most disturbing provision is that it takes away the rights of detainees held in US custody to challenge the legality of their detention and from raising claims that they were abused or tortured, even after they have been release from custody".

Senate OKs Detainees Tribunal Bill (WT)

By Charles Hurt

The Washington Times, September 29, 2006

The Senate gave its final approval yesterday for President Bush's proposal for interrogating and prosecuting the terror suspects held at Guantanamo Bay in Cuba, sending the legislation to the White House for Mr. Bush's signature.

Immediately after that vote, the Senate agreed to vote today on the bill to construct 700 miles of fencing along the U.S.-Mexico border. After a week of stalling the bill, Democrats supported the procedural move.

The terrorist tribunal bill, a modified version of a proposal offered by Mr. Bush, passed on an 65-34 vote. Fifty-three Republicans and 12 Democrats voted for the bill. Thirty-two Democrats were joined by Sen. Lincoln Chafee, Rhode Island Republican, and Sen. James M. Jeffords, Vermont independent, in voting against the measure. One Republican -- Sen. Olympia J. Snowe of Maine -- did not vote.

"This legislation recognizes that we are a nation at war," said Majority Whip Mitch McConnell, Kentucky Republican. "We are not conducting a law-enforcement operation against a check-writing scam or trying to foil a bank heist. We are at war against extremists who want to kill our citizens, cripple our economy and discredit the principles we hold dear -- freedom and democracy."

Mr. Bush promised to sign the bill.

"I applaud Congress for passing legislation that will provide our men and women in uniform with the necessary resources to protect our country and win the war on terror," he said. "As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats. I look forward to signing this bill into law."

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Minority Whip Harry Reid, Nevada Democrat, led most of his caucus in opposing the plan because, he said, it does not provide the terror suspects with enough of the civil rights granted to Americans facing trials in U.S. courts.

"The national-security policies of this administration and Republican Congress may have been tough, but they haven't been smart," he said moments before the vote. "The American people are paying a price for their mistakes."

Voting for the bill, Mr. Reid said, would be a "grave error," and he predicted that it would be found unconstitutional by the Supreme Court.

"The framers of our Constitution understood the need for checks and balances, but this bill discards them," he said.

Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 presidential candidate, joined Mr. Reid in opposing the legislation.

"Democrats and Republicans alike believe that terrorists must be caught, captured, sentenced, punished," she said. "I believe there can be no mercy for those who perpetrated 9/11 and other crimes against humanity, but in the process of accomplishing what I believe is essential for our security, we must hold on to our values and set an example that we can point to with pride, not shame."

Most of the Democrats who bolted their party leadership and voted for the bill either face tough re-election campaigns or hail from Republican-leaning states. The former category includes Sens. Robert Menendez of New Jersey, Debbie Stabenow of Michigan and Joe Lieberman of Connecticut, who all voted to approve the plan.

"We must remember that these detainees are terrorists engaged in an ongoing war against the United States," Mr. Menendez said after the vote. "Therefore, it is important that these terrorists are tried in military commissions that afford a fair and reliable prosecution consistent with our national-security interests. I believe this bill does that."

Mr. Chafee, of Rhode Island, has the opposite political problem. The latest polls have him trailing Sheldon Whitehouse slightly in his re-election battle in one of the nation's most liberal states.

Throughout the day yesterday, Republicans thwarted several amendments, including one that would have granted detainees habeas corpus rights to challenge tribunal decisions in federal court. The passing of any amendment would have derailed the House-passed bill.

Sen. Lindsey Graham, South Carolina Republican, was among those who opposed that amendment.

"I'm going to sleep very good casting my vote," the former Air Force lawyer said. "I think I've got a decent moral compass about what we should be doing to people."

Within minutes of the vote, Republicans issued political attacks on vulnerable Democrats.

"Debbie Stabenow today sided with trial lawyers and terrorists instead of common sense," Brian Walton, a spokesman for the National Republican Senatorial Committee, said after she voted for the amendment. "Stabenow's continued incompetence when it comes to keeping America safe is staggering."

Also yesterday, the House approved the Bush administration's terrorist surveillance program aimed at capturing international communications between terrorist plotters.

"You can't say that you're serious about taking on the terrorists if you stand up here every day and vote 'no,'" said Majority Leader John A. Boehner, Ohio Republican.

The bill passed last night on a near party-line 232-191 vote, with Republicans backing the bill 214-13, and Democrats opposing by 177-18, plus a "no" vote from the chamber's one independent. But the bill has no immediate prospect for approval in the Senate.

Senate Votes To Create U.S. War-Crimes Tribunals For Terrorists (BLOOM)

By James Rowley

Bloomberg, September 29, 2006

By James Rowley

Sept. 28 (Bloomberg) -- The U.S. Senate joined the House in authorizing President George W. Bush to begin military war-crimes trials of suspected terrorists detained at the U.S. Navy Base at Guantanamo Bay, Cuba.

DOJ_NMG_0070825

By a 65-34 vote, the Senate approved legislation establishing military tribunals and empowering Bush to set guidelines for aggressively interrogating suspects without violating international prohibitions on prisoner abuse.

Once the House votes to accept technical changes made by the Senate, the measure will go to Bush for his signature. Military prosecutors have prepared war-crimes charges against 10 suspected terrorists seized since the Sept. 11, 2001, attacks on New York and Washington.

``We can tell the world at large" that U.S. detention and interrogation policies ``are not only humane and just but will allow us to protect ourselves from a vicious enemy," said South Carolina Republican Lindsey Graham. ``We are very close to that day coming."

On Sept. 6, Bush announced the transfer of 14 other terror suspects from Central Intelligence Agency prisons to Guantanamo Bay for military trials. They include Khalid Sheikh Mohammed, the alleged mastermind of al-Qaeda's 2001 attacks that killed almost 3,000 people.

The legislation is needed because the Supreme Court invalidated the military commissions Bush had established. The court said the previous tribunals lacked congressional approval and failed to incorporate prisoner protections mandated by the Geneva Conventions.

House Vote

The House passed the legislation yesterday 253-168. House leaders scheduled a second vote tomorrow on the Senate-passed version.

The Senate vote came after the Republican majority defeated a series of amendments, including one that would have preserved the right of more than 200 detainees to go to federal court to challenge their captivity. The amendment was offered by Pennsylvania Republican Arlen Specter, chairman of the Senate Judiciary Committee.

Democrats who supported the amendment said it was needed to avoid trampling on well-established civil liberties and protections. Abridging the right to a court hearing would only invite other nations to deny the same protections to U.S. troops held prisoner in future wars, they argued.

``We are about to put the darkest blot possible on this nation's conscience," said Vermont Democrat Patrick Leahy.

He said the legislation would ``apply to any alien picked up anywhere in the world and suspected of possibly supporting enemies of the United States."

Other Amendments

The Senate also defeated amendments to set a five-year expiration on any military-tribunal order issued by the president and anther requiring the Central Intelligence Agency to report to Congress three times a year on its program to interrogate suspected terrorists in secret overseas prisons.

``There needs to be a comprehensive and accurate accounting of detainees held by the CIA," said West Virginia Democrat Jay Rockefeller, vice chairman of the Senate Intelligence Committee.

The legislation represents a compromise negotiated with the Bush administration after the Senate Armed Services Committee approved an alternative with the support of three Republicans.

Following the panel's Sept. 14 vote, the three Republicans, John Warner of Virginia, John McCain of Arizona and Graham, negotiated a compromise with Bush.

The president dropped his demand that Congress define what constitutes ``humiliating and degrading treatment" of prisoners under the 1949 Geneva Conventions.

Many Rights In U.S. Legal System Absent In New Bill (WP)

By R. Jeffrey Smith

The Washington Post, September 29, 2006

The military trials bill approved by Congress lends legislative support for the first time to broad rules for the detention, interrogation, prosecution and trials of terrorism suspects far different from those in the familiar American criminal justice system.

DOJ_NMG_0070826

President Bush's argument that the government requires extraordinary power to respond to the unusual threat of terrorism helped him win final support for a system of military trials with highly truncated defendant's rights. The United States used similar trials on just four occasions: during the country's revolution, the Mexican-American War, the Civil War and World War II.

Included in the bill, passed by Republican majorities in the Senate yesterday and the House on Wednesday, are unique rules that bar terrorism suspects from challenging their detention or treatment through traditional habeas corpus petitions. They allow prosecutors, under certain conditions, to use evidence collected through hearsay or coercion to seek criminal convictions.

The bill rejects the right to a speedy trial and limits the traditional right to self-representation by requiring that defendants accept military defense attorneys. Panels of military officers need not reach unanimous agreement to win convictions, except in death penalty cases, and appeals must go through a second military panel before reaching a federal civilian court.

By writing into law for the first time the definition of an "unlawful enemy combatant," the bill empowers the executive branch to detain indefinitely anyone it determines to have "purposefully and materially" supported anti-U.S. hostilities. Only foreign nationals among those detainees can be tried by the military commissions, as they are known, and sentenced to decades in jail or put to death.

At the same time, the bill immunizes U.S. officials from prosecution for cruel, inhumane or degrading treatment of detainees who the military and the CIA captured before the end of last year. It gives the president a dominant but not exclusive role in setting the rules for future interrogations of terrorism suspects.

Written largely, but not completely, on the administration's terms, with passages that give executive branch officials discretion to set details or divert from its protections, the bill is meant to provide what Bush said yesterday are "the tools" needed to handle terrorism suspects U.S. officials hope to capture.

For more than 57 months after the 2001 terrorist attacks on the World Trade Center and the Pentagon, Bush maintained that he did not need congressional authorization of such tools. But the Supreme Court decided otherwise in June, declaring the administration's detainee treatment and trial procedures illegal, and ruling that Bush must first seek Congress's approval.

Now Bush has received much of the authority he desired from party loyalists and a handful of Democrats on Capitol Hill. "The American people need to know we're working together," Bush told senators before yesterday's vote.

But Tom Malinowski, the Washington office director for Human Rights Watch, said Bush's motivation is partly to protect his reputation by gaining congressional endorsement of controversial actions already taken. "He's been accused of authorizing criminal torture in a way that has hurt America and could come back to haunt our troops. One of his purposes is to have Congress stand with him in the dock," Malinowski said.

The bill contains some protections unavailable to the eight Nazi saboteurs who came ashore in the United States in 1942 and were captured two weeks later. Six were executed that year after a closed military trial on the fifth floor of Justice Department headquarters. That proceeding was upheld by the Supreme Court in a decision it explained two months after the electrocutions.

Under the new procedures, trials are supposed to be open, but can be closed to protect the security of individuals or information expected to harm national security. Defendants have a right to be present, unless they are disruptive, and a right to examine and respond to the evidence against them. Proof of guilt must exceed a reasonable doubt.

Many constitutional experts say, however, that the bill pushes at the edges of so much settled U.S. law that its passage will not be the last word on America's detainee policies. They predict it will shift the public debate to the federal courts, a forum where the administration has had less success getting its way on counterterrorism policies.

"This is a full-employment act for lawyers," said Deborah Perlstein, who directs the U.S. Law and Security Program at the New York-based nonprofit group Human Rights First.

Former White House associate counsel Bradford A. Berenson, a supporter of the bill and one of the authors of the rules struck down by the Supreme Court, agreed. "Some of the most creative legal minds are going to be devoted to poking holes in this," he said.

Anticipating court challenges, the administration attempted to make the bill bulletproof by including provisions that would sharply restrict judicial review and limit the application of international treaties -- signed by Washington -- that govern the rights of wartime detainees.

The bill also contains blunt assertions that it complies with U.S. treaty obligations.

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University of Texas constitutional law professor Sanford V. Levinson described the bill in an Internet posting as the mark of a "banana republic." Yale Law School Dean Harold Koh said that "the image of Congress rushing to strip jurisdiction from the courts in response to a politically created emergency is really quite shocking, and it's not clear that most of the members understand what they've done."

In contrast, Douglas W. Kmiec, a professor of constitutional law at Pepperdine University, said Congress "did reasonably well in terms of fashioning a fair" set of procedures. But Kmiec and many others say they cannot predict how the Supreme Court will respond to the provision barring habeas corpus rights, which he said will leave "a large body of detainees with no conceivable basis to challenge their detentions."

There are other likely flashpoints. In the Supreme Court's June decision overturning previous administration policies, four members of the court who joined the majority opinion said conspiracy is not a war crime. The new bill says it is.

Georgetown University law professor Neal Katyal said the bill's creation of two systems of justice -- military commissions for foreign nationals and regular criminal trials for U.S. citizens -- may violate the Constitution's 14th Amendment, which requires equal protection of the laws to anyone under U.S. jurisdiction.

"If you're an American citizen, you get the Cadillac system of justice. If you're a foreigner or a green-card holder, you get this beat-up-Chevy version," he said.

Legal Battle Over Detainee Bill Is Likely (LAT)

By David G. Savage And Richard Simon, Times Staff Writers

The Los Angeles Times, September 29, 2006

The Senate approves Bush's plan for military tribunals. Limits on terror suspects' options for appeal could lead to a Supreme Court ruling.

WASHINGTON — The Senate on Thursday approved President Bush's plan to question and try foreign terrorism suspects before military judges — without oversight by the federal courts.

Bush is expected to receive a bill he can sign into law in the next few days, but legal challenges almost assuredly will be pursued against the prosecution process, which the administration considers a key element in its war on terrorism.

The measure's most disputed provision would block foreign prisoners held by the military from turning to the federal courts to end their imprisonment. By preventing detainees from challenging their confinement in court, it sets up a potential constitutional conflict before the Supreme Court.

The Senate by a 51-to-48 vote Thursday rejected a proposal to include this right in the bill establishing rules for the new military tribunal system. The overall bill was then approved, 65 to 34.

The measure is virtually the same as one passed by the House on Wednesday.

The legislative victory for the president came three months after he had suffered a stinging defeat in the Supreme Court. In striking down the plan the White House had devised for putting "unlawful enemy combatants" on trial, the justices ruled that Congress must authorize the process for trying terrorism suspects.

The Republican-led House and Senate not only gave Bush the legal authority he requested, but told the Supreme Court to stay out of the matter, now and in the future.

The bill won passage in the Senate hours after Bush journeyed to Capitol Hill to tell GOP lawmakers that "there's still an enemy out there that wants to do harm to the United States."

Slight differences in the Senate version of the bill mean it must be returned to the House, where it is expected to easily win approval today. Republican leaders then plan to forward the bill to the White House with a ceremony on Capitol Hill, in line with the party's effort to highlight its national security credentials before the November election.

"This legislation will give the president the tools he needs to protect American lives without compromising our core democratic values," Sen. Tom Coburn (R-Okla.) said.

But some lawmakers, Republicans as well as Democrats, called the move to suspend habeas corpus — the demand for legal justification of one's imprisonment — a historic mistake, and one that could cause the entire bill to be struck down.

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"This is wrong; it is unconstitutional; it is un-American," said Sen. Patrick J. Leahy of Vermont, the top Democrat on the Senate Judiciary Committee.

The judiciary panel's chairman, Arlen Specter (R-Pa.), said, "Surely as we are standing here, if this bill is passed and habeas corpus is stricken, we'll be back on this floor again" grappling with a future ruling against it by the Supreme Court.

Still, Specter was one of 53 Republicans who joined 12 Democrats in voting for the final bill. Leahy was among 32 Democrats who opposed it, along with one independent and one Republican — Sen. Lincoln Chafee of Rhode Island, who is locked in a tough fight for reelection in his Democratic-leaning state.

California Sens. Barbara Boxer and Dianne Feinstein, both Democrats, voted against the bill.

Civil libertarians said they planned to fight the measure in court.

"Congress is now rubber-stamping a bill that was written by the president and gives the president expansive power to detain without judicial oversight," said Vincent Warren, executive director of the Center for Constitutional Rights in New York. "It will grant the president the privilege of kings…. This unprecedented and expansive suspension of habeas corpus is utterly unconstitutional, and we will challenge it."

Sen. Lindsey Graham (R-S.C.), a military lawyer who helped write the bill, said federal judges should not be permitted to interfere with the military's handling of prisoners.

"I don't believe judges should be making military decisions in a time of war," he said. "To substitute a judge for the military in a time of war on something as basic as who our enemy is, is not only not necessary under the Constitution, it impedes the war effort."

The privilege of habeas corpus holds a venerated place in English and U.S. law. The U.S. Constitution says, "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

But it has long been unclear whether this right extended to foreign prisoners held by the U.S. military. After World War II, the Supreme Court said German war prisoners did not have a right to file writs of habeas corpus to challenge their imprisonment.

Two years ago, the high court reversed course somewhat in a case brought on behalf of detainees at the U.S. military prison in Guantanamo Bay, Cuba. In Rasul vs. Bush, the justices interpreted a 19th century measure passed by Congress as opening the door for judges to hear claims from prisoners held by the military who say they are "wholly innocent of wrongdoing."

The measure approved by the Senate on Thursday would close that door. The legislation says, "No court, justice or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States [who] has been determined … to have been properly detained as an enemy combatant."

Congress passed a similar restriction in December in the Detainee Treatment Act. But in its decision in June, the Supreme Court interpreted that ban as applying to only new claims, not pending cases that had been filed earlier on behalf of Guantanamo detainees.

Under the new legislation, it would apply to all claims.

It means that detainees at Guantanamo would not be able to challenge their detention there or the rules under which they are tried. However, if a detainee is convicted in a military court, and possibly sentenced to death, he can appeal to the U.S. Court of Appeals for the District of Columbia. If that fails, he could also ask the Supreme Court to review his case.

During the House debate Wednesday, GOP lawmakers made it clear they wanted the bill to prevent the Supreme Court from, in their eyes, hampering the prosecution of suspected foreign terrorists.

"What this does is to say to the Supreme Court, 'We meant what we said when we passed the law a year ago which said [the ban on habeas corpus] should apply to people already in Guantanamo,' " said Rep. Dan Lungren (R-Gold River). "This time we really mean it. Please follow it."

But Specter on Thursday questioned whether Congress could suspend this right.

"The Constitution is explicit in the statement that habeas corpus may be suspended only with rebellion or invasion. We do not have a rebellion or an invasion," he said.

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The rules for the military trials established by the new measure would generally follow those proposed by the Bush administration. Prosecutors would be able to make use of "hearsay" evidence and confessions that were obtained through coercion, so long as the military judge believed the evidence was reliable.

It is not clear whether the administration plans to try many of its detainees as war criminals. This summer, only 10 of the more than 700 men who have been held at Guantanamo had been charged with war crimes. And none had been tried when the Supreme Court struck down Bush's plan.

Bush announced Sept. 6 that he had sent 14 "high-value" foreign terrorism suspects to Guantanamo. They had been held in secret prisons run by the CIA. This group include Khalid Shaikh Mohammed, said to be the mastermind behind the Sept. 11 terrorist attacks.

The passage of new bill clears the way for him to be tried. If he were convicted, and possibly sentenced to death, he could appeal his conviction or sentence to the U.S. Court of Appeals for the District of Columbia. If that appeal failed, he could ask the Supreme Court to review his case.

Last week, lawmakers reached a compromise with the president that preserves, at least in principle, the Geneva Convention's ban on inhumane treatment of prisoners.

Closing the debate, Sen. John McCain (R-Ariz.), a prisoner of war during the Vietnam War who helped draft the measure, said the legislation made clear that the U.S. would fulfill its obligations under the Geneva Convention.

In a choreographed exchange Thursday, McCain, joined by Sens. John W. Warner (R-Va.) and Carl Levin (D-Mich.), said the law did not allow the president to modify the Geneva Convention or to weaken the ban on torture and inhuman treatment passed by Congress last year.

As the details of the bill were hammered out in recent weeks in talks between the White House and GOP lawmakers led by McCain, Graham and Warner, Democrats for the most part stood back and watched. But in this week's floor debates, Democratic leaders gave fuller voice to their disagreements with the final product.

"I strongly believe this legislation is unconstitutional," Senate Minority Leader Harry Reid (D-Nev.) said. "It will almost certainly be struck down by the Supreme Court. And when that happens, we'll be back here several years from now debating how to bring terrorists to justice. I am convinced that future generations will view passage of this bill as a grave error."

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Times staff writer Julian Barnes contributed to this report.

Democrats See Strength In Bucking Bush (NYT)

By Carl Hulse

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The Democratic vote in the Senate on Thursday against legislation governing the treatment of terrorism suspects showed that party leaders believe that President Bush's power to wield national security as a political issue is seriously diminished.

The most vivid example of the Democratic assessment came from the party's many presidential hopefuls in the Senate. All of them voted against the bill, apparently calculating that Mr. Bush's handling of Iraq has undercut the traditional Republican strength on national security and will insulate them from what are certain to be strong attacks from Republicans not only this year but also in 2008.

Democratic opponents of the legislation said their political position was driven by a substantive determination that the bill, which creates rules for interrogating and trying terrorism suspects, is fundamentally flawed and a dangerous departure from founding American principles.

"The only reason to worry about the politics of it is if you don't understand it and don't have the guts to stand up and defend your vote," said Senator Christopher J. Dodd, Democrat of Connecticut, who is considering a presidential race.

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Over all, 32 Democrats voted against the measure while 12, including some of those in the most difficult re-election fights, backed it. Among the latter was Senator Joseph I. Lieberman of Connecticut, whose perceived support for Mr. Bush has brought him political trouble at home.

It was a stark change from four years ago, when Mr. Bush cornered Democrats into another defining pre-election vote on security issues — that one to give the president the authority to launch an attack against Iraq. At the time, many Democrats felt they had little choice politically but to side with Mr. Bush, and a majority of Senate Democrats backed him.

The Iraq vote of October 2002 was a subtext to the Senate debate on Thursday. Democrats pointed to the situation in Iraq as an example of what can happen when the Bush administration, in the charged atmosphere of an approaching Congressional election, is handed new power by a compliant Congress.

"After four years, the price we are paying is clear for saying to a president and an administration that we would trust you," said Senator John Kerry, Democrat of Massachusetts, whose own vote on the war haunted his 2004 presidential campaign. There is no doubt the vote will be injected into the final weeks of the midterm campaigns. Republicans have been working to draw Democrats into a fight over security legislation. But a division among Republicans allowed Democrats to stay out of the fray until the moment of truth arrived this week.

Within minutes of the vote on the bill in the House on Wednesday, Speaker J. Dennis Hastert of Illinois denounced the Democrats who had voted against it. Mr. Bush echoed him on Thursday, speaking before the Senate voted.

"We must give our professionals the tools necessary to protect the American people in this war on terror, and those in the House of Representatives were wrong to vote against this bill," Mr. Bush told a crowd in Birmingham, Ala.

Democrats know what awaits them.

"I fear," said Senator Hillary Rodham Clinton, Democrat of New York, who is up for re-election this year and who is a possible presidential candidate in 2008, "that there are those who place a strategy for winning elections ahead of a smart strategy for winning the war on terror."

Party strategists have concluded, however, that Democrats can hold their own politically with Republicans on security issues and that voters no longer give Mr. Bush such wide latitude in the fight against terrorism. Democrats believe they can rebut the stinging attack to come by persuading Americans that the tribunal bill was rushed for political reasons and overturned basic rights like the ability to challenge one's incarceration.

"I think most Americans would agree that if somebody is held they should at least be able to respond to the charges," said Senator Barack Obama, Democrat of Illinois. "The fact we don't have that is something that, over time, Americans are going to be embarrassed about."

Yet the minority of Democrats who joined with Republicans in passing the bill again illustrated that the party is unable to speak with one voice on security issues. Senator Ben Nelson of Nebraska, a Democrat up for re-election who often breaks with his party, said he was willing to follow the lead of Senator John McCain, Republican of Arizona, who lent the final legislation his strong endorsement. Mr. McCain is a potential Republican presidential candidate.

"I think people respect Senator McCain on these issues," Mr. Nelson said, "and I think he probably represents the views of a lot of people in Nebraska."

Four other Democrats facing voters this year — Bill Nelson of Florida, Debbie Stabenow of Michigan, Thomas R. Carper of Delaware and Robert Menendez of New Jersey — voted for the bill. New Jersey's other senator, Frank R. Lautenberg, a Democrat, also supported it. Nine others running for re-election opposed it.

Republicans were surprised by the level of Democratic opposition in both the House and Senate. Some Republicans were predicting a "jail break," an outcome where lawmakers criticize a bill and support proposed changes but then support it at the end. They think Democrats will find it hard to justify their position.

"It is a kind of difficult vote to explain, at least where I come from," said Senator John Cornyn, Republican of Texas.

But Democrats argue they came out on the better end of the terrorism debate this week, with public attention focused on a National Intelligence Estimate that suggested that the war in Iraq was fueling terrorism while other Republican-backed security legislation was tied up in divisions between the House and Senate.

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"Republicans thought this would end up in a big roar for them, and it is ending up in a little whimper," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Each party believes it enhanced its political standing this week. The Nov. 7 elections will help determine which one did.

Can The Democrats Beat Bush's Beliefs With Poll Politics? (WSJ)

By Daniel Henninger

The Wall Street Journal, September 29, 2006

When pundits confronting the modern sport of extreme politics want to step back from it all, a favored tactic is to ask: What would a man from Mars think? The spectacle currently on display for the man from Mars is a full-throttle election-year fight over the meaning of national security. The Democrats want voters to view the November election through the fogged and bloody prism of the war in Iraq; Republicans want voters at 30,000 feet with a war on terror spread to the horizon.

We don't need the proverbial man from Mars to assess the fight between Democrats and Republicans over national security. Over the past year, I've exchanged messages with several American soldiers in Iraq, now a planet in our political system, and I asked one recently for his opinion of the political landscape back home. He sounded like he might prefer Mars.

"We are very cut off from big political debates here," he said. "We have access to email and the Internet, but as a ground combat arms guy, my pace precludes the close following of national political news that I enjoyed prior to deploying, so I can't say that these debates weigh heavily on us." Thank God for that.

It is difficult to imagine that the U.S. soldiers in Iraq would regard the political debate back home as measuring up to the seriousness of what they do every day. How would you like to roll out of your bunk in al Anbar province, Mosul or Baghdad on a Sunday morning and read across the top of the local U.S. paper that everything you've done in Iraq for three years has merely made the terrorism threat worse? You just might lose heart a notch, a dangerous thing when fighting a war.

But at this late stage of the campaign, Iraq-as-failure has become the central narrative in the Democrats' strategy. A memo sent out to Democrats last week by Greenberg Quinlan Rosner, a strategy group led by former Clinton pollster Stan Greenberg, discusses Mr. Bush's "failure in Iraq, which energized Democrats and dispirited Republicans." It urges Democrats: "On Iraq, stress Bush/GOP 'mismanagement' and need for a 'new direction.'"

There is general agreement in Democratic circles that the party made a mistake by not confronting the national-security issue more forcefully in 2002 and 2004. Paul Begala cited the two elections on the "Today" show Monday and said al Qaeda is "coming back to get us because of the failed policies of George Bush."

Greenberg Quinlan Rosner says it has polled each element of this strategy, and that the poll numbers suggest public support for these Democratic positions. A poll-certified national-security strategy just might work with the out-of-sorts 2006 electorate. But there was a reason for 2002 and 2004. Those Democrats who did get elected channeled their energies into denouncing the Bush antiterror programs and backing the Lamont Insurrection. So there's a problem with the current hand-the-war-to-us strategy: Their hearts and minds really aren't in it. They don't want the war.

No one doubts that George Bush's war on terror is based in belief and principle. Yes indeed, many Democrats say this is precisely the problem. But voters are going to have to make a net judgment between these two variations on a theme. What's before them?

On the GOP side, they've seen George Bush give three major policy speeches this month, pushing the Bush Doctrine with commitment and consistency. Today Congress may send for his signature the bill he sought on terrorist detainees.

The Democrats are back in the national-security game alright, but the playbook is opinion polling first, with belief a second option. One result is their national-security offensive has taken on a surreal unseriousness.

A fortnight ago, the big political story suddenly became ABC's made-for-television movie, "The Path to 9/11." Out of the woods to dominate the news cycle came the ghosts from the Clinton past -- Sandy Berger, Madeleine Albright -- condemning the film as a slander on their long years before the antiterror mast. Up to this point, Democratic candidates had seemed to be surfing smoothly toward control of the House on waves of bad media news out of Iraq. Suddenly they've got to deal with a movie suggesting we're in Iraq because their president failed to pull the trigger on Osama bin Laden.

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This sideshow culminated last Sunday morning in a bizarre exchange between Bill Clinton and Chris Wallace of Fox -- Mr. Clinton wagging a familiar finger at Mr. Wallace and accusing the anchorman of smirking at him. Personally, I think Mr. Wallace generally looks bemused, which is a distant, more innocent cousin of the smirk. Bill O'Reilly, now there's a big-league smirk.

Some pundits surmised that the Clinton eruption was planned to rally the liberal base, depressed at the sight of bad Bush's approval rating crawling back above 40%, and rising. This was Bill Clinton so my guess is it was both -- planned and over the top. The fact is, the Democrats found themselves back in Afghanistan with Bill Clinton and Madeleine Albright, rather than where they wanted the news to be, amid Baghdad's bombs. A messy week.

Then came the leaked NIE story in the New York Times this past Sunday. What a bombshell. This would put them back on message: Iraq as failure. But by now it's evident that the whole workweek invested in the National Intelligence Estimate story was a colossal waste of the time devoted to it. What began Sunday as the Times's towering bonfire -- 16 intel agencies and 12 anonymous sources writing off Iraq -- by Wednesday had burned down to embers.

After the White House released the NIE summary late Tuesday afternoon, reporters reading it for the first time on the Web undoubtedly kept hitting the Page Down button on their PCs. This is it!? Three crummy pages that anyone could have boiled down from a Foreign Affairs "Wither Iraq?" symposium.

The Democrats' problem is this: They are trying to beat policy with politics and weaken belief with polls. This may work for Social Security. I don't think it works with war. Don't be surprised if come November, Democrats are still on message -- Iraq as failure -- and still in the minority.

7-Day Stay Granted In Surveillance Case (WP/AP)

By Sarah Karush, The Associated Press

AP, September 29, 2006

DETROIT -- The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal.

U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks.

The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months.

Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati.

The American Civil Liberties Union brought the suit in Detroit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Many of them said they had been forced to take expensive and time-consuming overseas trips because their contacts were no longer willing to speak openly on the phone or because it would be unethical to ask them to do so when the confidentiality of those conversations could not be guaranteed.

Judge Rules Against Surveillance During Appeal (Update4) (BLOOM)

By Margaret Cronin Fisk

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- A U.S. judge rejected a Bush administration request to continue its terrorist surveillance as it appeals her earlier decision that the program is unlawful, while giving the government a week to seek relief from a higher court.

U.S. District Judge Anna Diggs Taylor in Detroit ruled on Aug. 17 that the surveillance, ordered by President George W. Bush after the Sept. 11 attacks, violated the Constitution and federal law. Today the judge rejected the government's bid to put her ruling on hold during its appeal.

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Taylor said that to prevent possible harm to the public she wouldn't order the surveillance stopped immediately, instead giving the government a week to get a federal appeals court order allowing continued surveillance. The government filed that request following the hearing. An immediate stop to the program would harm U.S. security, a government lawyer told the judge.

``The terrorism surveillance program was authorized to close a gap in intelligence," Justice Department attorney Anthony J. Coppolino told Taylor. ``A chilling effect on a small number of communicators speaking with al-Qaeda or suspected al-Qaeda does not outweigh the harm" to the public if the program stops, he said.

In ruling against the government, Taylor said she saw ``no likelihood of the government prevailing on the merits on appeal." The program was challenged by the American Civil Liberties Union and advocacy groups.

Legislation in Congress

The government filed papers with the 6th U.S. Circuit Court of Appeals in Cincinnati after the hearing, asking for a continued delay of Taylor's order to stop the program.

The ACLU and other plaintiffs ``can present no harm comparable to the drastic harm to the nation if the Terrorist Surveillance Program were halted by court order prior to an opportunity for appellate review," government lawyers said.

Congress is considering legislation to authorize the National Security Agency program of wiretapping, without court warrants, international telephone calls between al-Qaeda operatives in the U.S. and overseas. The House plans to vote today on its version, though Republicans said lawmakers weren't likely to reconcile differing proposals before recessing at week's end for the Nov. 7 election campaign.

Coppolino, in asking the judge to allow the surveillance to continue, said that otherwise ``we will immediately incur the risk that some vital intelligence will be lost."

High Stakes

``When the stakes are so great, we ask the court not to override the security judgment of the president and his security advisers," Coppolino said.

ACLU lawyer Ann Beeson urged Taylor not to allow continued surveillance.

``The public interest is served by requiring compliance with the law," Beeson told the judge. She told reporters after the hearing that if the government is allowed to continue the surveillance while appealing Taylor's August ruling, ``the program could continue operations until next summer."

The program was disclosed in December by the New York Times. The ACLU and other advocacy groups sued the NSA the following month, saying the surveillance without court warrants violated their free-speech rights. They said the government should be required to get warrants for the surveillance from a secret court created by the 1978 Foreign Intelligence Surveillance Act.

The government ``can easily obtain FISA warrants for any member of al-Qaeda," Beeson told Taylor today. The government also has the right to conduct warrantless wiretaps for up to 72 hours under the 1978 law, she said.

Not Fast Enough

The government said the program was essential to prevent terrorist attacks in the U.S. ``FISA is a very useful and effective tool, but there are circumstances when even an emergency application" for a wiretap isn't fast enough, Coppolino said at the hearing.

Taylor's Aug. 17 decision rejected the government's argument that the wiretapping was authorized by a congressional resolution empowering Bush to use force following the terrorist attacks. The judge also ruled that the program violated the Constitution's separation of powers among the three branches of government.

After Taylor's ruling in August, both sides agreed the surveillance would continue until today's hearing.

Three days after the wiretapping was disclosed in December, Bush defended the program in a news conference, saying congressional leaders were ``briefed more than two dozen times" about the program. Bush said he ``absolutely" had the power to authorize the wiretaps.

The ACLU's lawsuit called the wiretapping ``a secret government program to intercept vast quantities of the international telephone and internet communications of innocent Americans without court approval." The program disrupted people's ability to ``talk with sources, locate witnesses, conduct scholarship and engage in advocacy," the ACLU said court filings.

The case is American Civil Liberties Union v. National Security Agency, No. 06-10204, U.S. District Court, Eastern District of Michigan (Detroit).

To contact the reporter on this story: Margaret Cronin Fisk in Southfield, Michigan at 2947 or mcfisk@bloomberg.net .

Domestic Spying Program Gets 7-day Extension From Detroit Judge (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, September 29, 2006

The Bush administration's domestic spying program that intercepts international phone calls and e-mails of suspected Al-Qaeda members without court orders can continue for seven more days, a federal judge in Detroit ruled Thursday.

U.S. District Judge Anna Digga Taylor, who declared the National Security Agency's program unconstitutional on Aug. 17 on grounds that it violates Americans' constitutional rights to free speech and privacy, said she would delay enforcement of her decision for seven days to give government lawyers time to ask the U.S. 6th Circuit Court of Appeals for a longer stay.

The Justice Department wanted Taylor to delay enforcement of her order until the appeals court decides whether to uphold or overturn her August decision. The ACLU asked Taylor to reject the government's request.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted client's ability to confer with sources to conduct research, locate witnesses and engage in advocacy.

Coppolino and Taylor traded gentle barbs during Thursday's 30-minute court hearing.

"Your injunction, as far as we can see, was the first time in history that foreign intelligence has been enjoined at a time of war," Coppolino told Taylor.

In rejecting his request for a stay pending the outcome of the appeal, Taylor remarked that the government had failed to cite any steps it had taken to comply with her order.

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Spy Program Gets One-week Extension, Judge Rules (DEN)

By Paul Egan, The Detroit News

Detroit News, September 29, 2006

A federal judge in Detroit who has ruled President Bush's Terrorist Surveillance Program unconstitutional today gave the government one week to get a higher court to say whether the eavesdropping program should be allowed to continue while her decision is appealed.

Under the ruling today by U.S. District Judge Anna Diggs Taylor, the National Security Agency program, under which wiretaps can be obtained without first getting judges to issue warrants, would have to cease next Thursday, unless the U.S. 6th Circuit Court of Appeals decides otherwise.

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., told Taylor today that stopping the program would be "an extraordinarily dangerous thing to do," because the government depends on the program to detect terrorist threats by al-Qaida.

"We respectfully ask the court not to override the national security judgment of the president and his senior advisers while the appeal is pending," Coppolino said.

But Ann Beeson, associate legal director for the American Civil Liberties Union, said if Taylor lifted the temporary stay on her order, it would only mean the president and the government would have to follow the law.

Even without the Terrorist Surveillance Program, the government can obtain unlimited wiretaps outside the United States and can obtain domestic wiretaps without warrants for up to 72 hours under the Foreign Intelligence Surveillance Act, Beeson said.

"The public interest is served first of all by requiring compliance with the law," Beeson said.

Taylor said it is unlikely the government will succeed in its appeal of her ruling that the program violates the First and Fourth Amendments to the U.S. Constitution.

She extended the earlier temporary stay of her Aug. 17 order by one week to give the government time to ask the federal appeals court whether it should grant a stay.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Judge Gives Feds 7 More Days To Wiretap (UPI)

United Press International, September 29, 2006

DETROIT, Sept. 28 (UPI) -- A U.S. federal judge in Detroit gave the Bush administration seven days to seek a longer stay of her order finding warrantless wiretapping unconstitutional.

U.S. Judge Anna Diggs Taylor on Thursday refused the government's request for an indefinite stay, the Detroit Free Press reported. But she agreed to give the Justice Department time to appeal to the U.S. 6th Circuit Court of Appeals.

The National Security Agency began the wiretapping program soon after the Sept. 11, 2001, terrorist attacks. The program became public late last year through an article in The New York Times.

"Monitoring al-Qaida operatives and their confederates remains one of the pre-eminent concerns of the war on terrorism," the NSA argued. "It should be self-evident that suspending those activities -- even in the limited period during which the court of appeals reviews the matter -- would threaten the gravest of harms to the United States and its people."

The American Civil Liberties Union, which brought the suit, argued that allowing the wiretapping to continue could cause grave harm.

House Approves Power For Warrantless Wiretaps (NYT)

By Eric Lichtblau

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The House voted on Thursday to give the president the formal power to order wiretaps on Americans without a court order for 90 days, even as a federal judge in Detroit once again declared the administration's program of wiretapping without warrants to be illegal.

The House approved the surveillance measure, 232 to 191, after rejecting efforts by Democrats and some Republicans to impose greater restrictions on the wiretapping authority.

It appears all but certain that Congress will not reach an agreement on a final surveillance bill before its pre-election recess this week.

Senate Republicans held out hope that they would vote on Friday or Saturday on a bill of theirs that takes a different approach to regulating wiretapping and has the backing of the White House.

Even if the Senate acts this week, lawmakers agreed, there would not be time before the recess for House-Senate negotiators to reach an accord on a final plan, depriving the White House of the chance to sign a bill into law before Election Day.

The legislation took on greater urgency on Thursday after the court ruling in Detroit, as Judge Anna Diggs Taylor of Federal District Court gave the government a week to appeal her decision of Aug. 17 on the wiretapping program or shut it down.

In her earlier ruling, Judge Taylor had found that the surveillance program that President Bush approved after the Sept. 11, 2001, attacks was illegal and unconstitutional, violating First and Fourth Amendment protections by allowing wiretaps on Americans' international communications without a court-ordered warrant.

Judge Taylor reaffirmed that finding after a hearing on Thursday, when she said that she thought it was unlikely that the United States Court of Appeals for Sixth Circuit, in Cincinnati, would overrule her. Her decision, she said, was based on "settled law."

The Justice Department immediately filed an emergency motion with the appeals court, asking it to suspend Judge Taylor's ruling while it considers "the important legal issues" raised by the case, brought by the American Civil Liberties Union. Stopping the program while the appeals court considers it would pose "a drastic risk of harm to the nation," the department said in its filing.

Representative Peter Hoekstra, the Michigan Republican who leads the House Intelligence Committee, said the Detroit ruling "underscores the importance of Congressional approval of legislation to modernize" federal surveillance laws in the fight against terrorism.

DOJ_NMG_0070836

The bill that the House passed on Thursday with Mr. Hoekstra's backing formalized the president's authority to act outside the confines of the Foreign Intelligence Surveillance Act. Congress passed that act in 1978 in response to domestic spying on political figures and antiwar protesters.

The bill gives the president the authority to order wiretaps for up to 90 days without a court order on Americans suspected of having ties to terrorists if the president determines there is an "imminent threat" to the United States.

Representative Heather A. Wilson, the New Mexico Republican who wrote the measure, said it would also impose additional Congressional oversight after what she called the administration's "inappropriate" failure to brief the full Intelligence Committees on the surveillance program.

Ms. Wilson said she believed that the bill struck the right balance between giving the government the tools it needed to fight terrorism and protecting the privacy and civil liberties of Americans.

"This is not some drift net," she said.

A bipartisan amendment offered by Representatives Adam B. Schiff, Democrat of California, and Jeff Flake, Republican of Arizona, sought to limit wiretaps without warrants to a maximum of 7 days rather than 90. The amendment would affirm the Foreign Intelligence Surveillance Act as the "exclusive" means of conducting intelligence surveillance.

Mr. Schiff said in an interview that Ms. Wilson's bill would effectively gut the current intelligence law and give the president broad and sweeping authority at the expense of the courts. His effort failed, 221 to 202. Ms. Wilson's measure also faced behind-the-scenes resistance from the Bush administration, which had pressed her to bring the bill more in line with the Senate version to speed a final bill, Senate officials said.

The Senate bill would offer a differing and somewhat broader approach to resolving the issue by submitting the entire surveillance program to the foreign intelligence court for a one-time review of its constitutionality.

Critics of the approach said it would give the president virtually unchecked authority if the program were to be declared legal.

Senator Arlen Specter, the Pennsylvania Republican who worked out the compromise with the White House, said he saw it as the only viable way to ensure some measure of judicial review over the program.

7-day Stay Granted In Surveillance Case (AP-Y)

By Sarah Karush

AP, September 28, 2006

The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal.

U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks.

The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months.

Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati.

The American Civil Liberties Union brought the suit in Detroit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Many of them said they had been forced to take expensive and time-consuming overseas trips because their contacts were no longer willing to speak openly on the phone or because it would be unethical to ask them to do so when the confidentiality of those conversations could not be guaranteed.

House Set To Vote On Eavesdropping Bill (AP-Y)

By Laurie Kellman

DOJ_NMG_0070837

AP, September 28, 2006

To Republicans defending their House majority, a bill to validate President Bush's warrantless wiretapping program is as much about luring Democrats into voting against it as it is about enacting a law.

As Republicans tell it, anyone who votes against legalizing Bush's surveillance and detainee treatment programs is voting to "coddle" terrorists.

"You can't say that you're serious about taking on the terrorists if you stand up here every day and vote no," Majority Leader John Boehner, R-Ohio, told reporters Thursday, as the House prepared to vote on the bill.

"To always have reasons why you just can't vote yes, I think speaks volumes when it comes to which party is better able and more willing to take on the terrorists and defeat them," Boehner said.

The House was scheduled to vote Thursday night on a bill by Rep. Heather Wilson, R-N.M., that would set a legal framework for Bush's warrantless wiretapping program between people on U.S. soil making calls or sending e-mails and those in other countries. Under the measure, the president would be authorized to conduct such wiretaps if he:

_Notifies the House and Senate Intelligence Committees and congressional leaders.

_Believes an attack is imminent, and later explains the reason and names the individuals and groups involved.

_Renews his certification every 90 days.

The Senate also could vote on a similar bill before Congress recesses at the end of the week. Leaders concede that differences between the versions are so vast they cannot reconcile them into a final bill that can be delivered to Bush before the election.

For its part, the White House announced that it strongly supports House passage of its version but isn't satisfied with it, adding that the administration "looks forward to working with Congress to strengthen the bill as it moves through the legislative process."

But with Congress giving Bush the other half of his September anti-terrorism agenda — a bill setting conditions on how terrorism suspects are to be detained, interrogated and tried — Republicans shifted from lawmaking to campaign mode.

After the House voted 253-168 to set rules on tough interrogations and military tribunal proceedings, Speaker Dennis Hastert, R-Ill., was even more critical than Boehner.

"Democrat Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists," Hastert said in a statement. "So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan. "

Shot back Pelosi: "I think the speaker is a desperate man for him to say that. Would you think that anyone in our country wants to coddle terrorists?"

She and other Democratic critics of the GOP's September anti-terrorism agenda contend the Republican-written bills make Bush's programs vulnerable to being overturned in court. More broadly, they argue the legislation reflects the White House's willingness to fight the war on terrorism at the expense of civil and human rights.

A Democratic majority in either House would set the balance right, Democrats say. "In 40 days we can put an end to this nonsense," said Sen. Edward Kennedy, D-Mass.

A federal judge in Detroit who struck down the warrantless surveillance program turned aside a government request for an indefinite stay Thursday. U.S. Judge Anna Diggs Taylor said the government could have a week to appeal.

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The House bill is HR 5825; the Senate bill is S 3931.

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On the Net:

Congress: http://thomas.loc.gov

House OKs Expanded Wiretap Program (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 29, 2006

DOJ_NMG_0070838

WASHINGTON — The House voted late Thursday to rewrite the nation's domestic wiretap laws, giving President Bush new power to monitor the e-mail and phone records of U.S. citizens during terrorism investigations without having to obtain court approval.

But lawmakers were unlikely to deliver final legislation to the White House before leaving this weekend for the election campaign, a setback for the administration, which has made national security a pillar of its strategy to maintain Republican control of Congress.

The House measure would endorse the once-secret program Bush launched after Sept. 11, authorizing the National Security Agency to monitor international communications between terrorism suspects and people in the U.S. without first obtaining warrants. It would also set new rules for warrantless surveillance during emergencies and give Congress a bigger role in monitoring the surveillance.

The measure was approved, 232 to 191, with 18 Democrats supporting it. Thirteen Republicans opposed the bill.

The action came as the Senate was immersed in approving another Bush priority: legislation setting procedures for trials of military detainees and interrogating terrorism suspects.

Some lawmakers said the Senate could still take up the wiretap issue in a lame-duck session after the Nov. 7 election. Failing that, Bush would be deprived of congressional backing for what he has called one of the administration's most important anti-terrorism programs.

The House and Senate bills generally would expand executive power to conduct warrantless electronic surveillance, but they differ in key respects.

Each bill would change the definition of electronic surveillance so that in most cases warrants would be required only if the communication occurred within the U.S. or if a person in the U.S. was intentionally targeted. If the target was outside the U.S. — as Bush has described his NSA program — then court review would not be required.

That would be a big change from current law, which requires a court order to intercept calls or e-mails into or out of the U.S.

Critics said the bills would greatly expand surveillance of citizens without court approval.

"They would allow more warrantless surveillance of Americans than has ever before been approved by statute in U.S. history," said Lisa Graves, a legislative counsel with the American Civil Liberties Union.

The revisions would alter the 1978 Foreign Intelligence Surveillance Act, or FISA, which created a secret court to handle Justice Department requests for electronic surveillance in terrorism and espionage cases. Bush acknowledged that he had bypassed the court when he ordered the NSA program, saying he had the power under the Constitution to ignore the intelligence statute.

Republicans said Thursday that the act needed updating to reflect new technologies used by terrorists. They portrayed critics as putting the country at risk by refusing to give the administration adequate tools to fight the war on terrorism.

"This bill is reasonable," said Rep. Heather A. Wilson (R-N.M.), its sponsor. "We are trying to modernize the electronic surveillance act of this country, so we are allowing our intelligence agencies to collect the intelligence to keep us safe while also putting in place rules of the road to protect civil liberties."

Democrats said the legislation abridged civil liberties and invaded the privacy rights of ordinary citizens to be free of unreasonable searches without a court order.

"The president wants to go on a fishing expedition," said Rep. Edward J. Markey (D-Mass.), "but he doesn't want to get a fishing license."

The GOP leadership blocked consideration of amendments to the legislation.

A bipartisan group of House members, including Rep. Adam B. Schiff (D-Burbank) and Rep. Jeff Flake (R-Arizona), had proposed to increase the number of judges who hear wiretap cases and give the administration more time to seek warrants in emergencies.

The action came nine months after the disclosure in media reports that Bush had ordered the NSA to monitor international communications between terrorism suspects abroad and people in this country. The disclosure initially raised broad concern that the administration had violated the FISA law.

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On Thursday, Sen. Lindsey Graham (R-S.C.) was skeptical that the NSA bills would be approved in the lame-duck session but said a consensus had developed in Congress "that the program should be authorized by Congress."

Sen. John Cornyn (R-Texas) said he was hopeful that the Senate would take up the NSA bill after the election.

Bush urged Senate Republicans to pass the NSA bill, Cornyn said in an interview outside the Senate chamber.

"There's been a lot of people in Congress who've been complaining that Congress has been left out of its role in this program, and now this bill specifically provides Congress such a role," he said.

"It would be ironic if we didn't pass it."

The House bill would permit warrantless surveillance in the wake of terrorist attacks and in cases where attacks were considered "imminent," so long as the administration notified selected members of Congress. The law now allows for warrantless surveillance for 15 days only when Congress declares war.

The Senate legislation takes a somewhat different tack. It would enable the president to create surveillance "programs" that were approved in advance by the FISA court and could later monitor individuals without another court order.

The Senate bill also includes language that encourages the president to obtain court review of the NSA program but does not require such a review.

The administration's program suffered another setback Thursday when a federal judge in Detroit, who has declared the NSA program unconstitutional, turned down a Justice Department request for an indefinite stay of her ruling.

The Justice Department asked U.S. Judge Anna Diggs Taylor to allow the program to continue pending an appeal.

Taylor denied that request, but she gave the government seven days to seek a stay from the appeals court to allow the program to continue.

"A stay is necessary to ensure that this vital intelligence-gathering program is not interrupted," Justice Department spokeswoman Tasia Scolinos. "We believe there would be a dramatic risk of harm to the nation if the Terrorist Surveillance Program was halted by court order at this point."

Taylor ruled Aug. 17 that the program violates the rights to free speech and privacy under the Constitution.

Belgians Say Banking Group Broke European Rules In Giving Data To U.S. (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 29, 2006

BRUSSELS, Sept. 28 — The Belgian banking consortium Swift breached European privacy rules when it aided a United States antiterrorism program by providing confidential information about money transfers, Belgium's privacy protection commission concluded Thursday.

"It has to be seen as a gross miscalculation by Swift that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report said.

Swift, or the Society for Worldwide Interbank Financial Telecommunications, has come under scrutiny for participating in a Bush administration program that allows analysts from the Central Intelligence Agency and officials from other United States agencies to search for possible terrorist financing activity among the millions of confidential financial transactions it oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe argue that it has placed American security interests ahead of European civil liberties.

A European Union working group debated this week whether the program violated European banking law and is considering whether an independent auditor should be appointed to prevent possible privacy abuses. It agreed to put off its final report until next month, in part to allow officials in Belgium to weigh in with their own report.

Presenting the findings of the investigation, Prime Minister Guy Verhofstadt of Belgium said he recognized that sharing data on financial transfers was essential in the global effort to curb terrorism. But he took Swift to task for passing on confidential financial information without adequate safeguards that European privacy rules would be respected.

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"Swift finds itself in a conflicting position between American and European law," Mr. Verhofstadt said. "But it should have received stronger guarantees of privacy protection based on European standards — not by American standards, which are not as strong."

Such guarantees should have included stronger safeguards that the information was being used only for terrorism investigations, Belgian officials said.

Under European law, companies are forbidden from transferring confidential personal data to another country unless that country offers adequate protections. The European Union does not consider the United States to be a country that offers sufficient legal protection of individual data.

Swift and officials with the United States Treasury Department, which oversees the program, have insisted that the American government's demands for documents were narrowly tailored and limited. The Belgian investigation found that, at least at the outset of the operation, the American agencies obtained "massive" amounts of information in what it described as a "carpet-sweeping technique" to gather financial transactions from particular countries. The Americans used "a very wide definition of terrorism" in their demands for records before negotiations with Swift led to a narrower definition of what transactions might be relevant, the investigation found.

While Swift did not provide a precise number for the financial transactions that it turned over to American officials, the Belgian investigation said that 2.5 billion records last year alone "could have been the subject of subpoenas."

Swift has defended the transfers on the grounds that it has offices in the United States and that it was meeting its legal obligations by upholding the laws of the United States.

But the commission rejected this argument. It said Swift was still subject to Belgian rules, regardless of whether the data transferred to the American authorities came exclusively from the company's United States subsidiary rather than its global headquarters in Brussels.

Referring to the broad administrative subpoenas issued to Swift by the United States Treasury, the commission said, "Swift should have realized that exceptional measures based on American rules do not legitimize hidden, systemic violations of fundamental European principles related to data protection over a long period of time."

Mr. Verhofstadt said Belgium's privacy protection commission had not moved to take legal action against Swift. Instead, he said, Belgium would push its European Union partners to open talks with the United States on a new agreement on the transfer of financial records to be used in terrorism investigations.

Swift dismissed criticism that it had done anything unlawful, saying it received strong assurances that the data would be used exclusively for terrorism investigations. But the chief executive of Swift, Leonard Schrank, agreed that the United States and Europe needed a common framework to reconcile data protection with the fight against terrorism.

"We need an agreement between the E.U. and the U.S. that recognizes the global threat of terrorism but has a comfort level for those seeking to guarantee data protection," he said. "We are caught between complying with the U.S. and European rules, and it's a train wreck. But what we have done saves lives in the U.S. and Europe and we must not lose sight of that."

He declined to say whether Swift was still transferring such data to the United States, but said the consortium was still obligated to answer subpoenas from the American authorities because it conducted substantial business in the United States.

Belgium Rules Sifting Of Bank Data Illegal (WP)

By John Ward Anderson

The Washington Post, September 29, 2006

PARIS, Sept. 29 -- A secret U.S. program to monitor millions of international financial transactions for terrorist links violated Belgian and European law and will have to be changed, the Belgian government said Thursday.

The decision, announced by Prime Minister Guy Verhofstadt, came as the country's Data Privacy Commission released a 20-page report finding that the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT, had improperly turned over data from millions of global financial transactions to U.S. anti-terrorism investigators.

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"It has to be seen as a gross miscalculation by SWIFT that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report says.

Leonard H. Schrank, SWIFT's chief executive, said in a telephone interview that the cooperative "believes we complied with everything and respected to the fullest extent possible the privacy law in Belgium. But the trouble is data privacy laws in Europe are quite difficult to follow. They're not drafted for national security issues."

SWIFT said in a statement that it had relinquished data to the U.S. Treasury Department only after it had been "subject to valid and compulsory subpoenas" from U.S. authorities.

The Belgian ruling is the latest in a string of European complaints about how the United States is conducting global operations against terrorism. European governments, politicians, human rights groups and citizens have also criticized the treatment of inmates at the U.S. prison at Guantanamo Bay, Cuba, the operation of secret prisons by the CIA -- including some reportedly in Europe -- and the CIA's extrajudicial transfers of terror suspects.

Europeans tend to support strong efforts against terrorist groups -- many of their countries have terror cells within their borders, and two, Britain and Spain, have suffered major attacks on their transit systems. But many Europeans believe that U.S. policies go too far and fuel radicalism in the Muslim world.

Belgian authorities announced no plans for legal action against SWIFT, which conveys funds among 7,800 banks in 206 countries and territories. Verhofstadt called the anti-terrorist monitoring "an absolute necessity" and said U.S. and European negotiators should find a way to bring it into compliance with European law.

Asked about the Belgian ruling, U.S. Treasury spokeswoman Molly Millerwise said in an e-mail that the department was "mindful of privacy concerns and for that very reason implemented significant safeguards" for what the department calls the Terrorist Finance Tracking Program.

"The U.S. Treasury Department welcomes the suggestion of the Belgian government to engage in greater dialogue at an EU level on how to make the [tracking program] a more cooperative effort. The dialogue is already underway with our European counterparts; such cooperation can only further our common goals," Millerwise said.

Schrank added, "The message today is that there is a recommendation at long last that says, let's get the E.U. and the U.S. sitting down to get a framework for dealing with national intelligence and counterterrorism and the concerns of data privacy. Border security and data privacy are drawn different in every country, and the politicians have to draw the line."

None of the network's banks had made a privacy complaint in connection with the program, he said. "No one that I am aware of has been harmed in any way. . . . Thousands of lives have been saved" as a result of the program, he said. "Let's not forget that."

The Bush administration has called its secret international banking surveillance program a vital tool in uncovering terrorist networks. When newspapers first reported the program's existence in June, President Bush called the disclosure "disgraceful."

The program was begun without congressional or court approval shortly after the attacks of Sept. 11, 2001. With SWIFT's cooperation, U.S. investigators tapped records from the cooperative's banks, a total of millions of transactions, looking for suspicious patterns and links to terrorists.

A SWIFT spokesman said Thursday that "the status of the program is unchanged."

A European Union working group that oversees data protection is investigating SWIFT's transfers of data and is to release its report in November. After a meeting this week in Brussels, the group said it has "immediate concerns about the lack of transparency which has surrounded these arrangements."

Verhofstadt said SWIFT was "in a conflicting situation between American and European laws." But he said the cooperative "made several evaluation mistakes during the executing of the American subpoenas. From the very beginning, SWIFT should have been aware that fundamental European laws should also be respected."

The prime minister added, "Fundamental differences exist between the E.U. and the U.S.A. concerning legislations and the principles governing the treatment of personal data, mainly in the domain of the level of protection, which is higher in Europe. . . .

"SWIFT is also clearly responsible because they made all the crucial decisions regarding data communication" to the U.S. Treasury, "behind the back of its 7,800 clients."

The report faulted SWIFT for not notifying European authorities of the program from its inception.

SWIFT said its "compliance was legal, limited, targeted, protected, audited and overseen." It added, "SWIFT also did its utmost to comply with the European data privacy principles of proportionality, purpose and oversight."

Belgium, EU To Seek Oversight Of Transfer Of Bank Data To U.S. (WSJ)

By William Echikson And Glenn R. Simpson

The Wall Street Journal, September 29, 2006

BRUSSELS -- Belgium accused a communications network for the global banking industry based here of violating European privacy laws through the "massive, systematic" transfer of personal banking data to the U.S. government for use in a counterterrorism intelligence operation.

The controversy sharpens the conflict between the U.S. and Europe over the degree of enhanced surveillance needed to combat terrorism. Europe, an important staging ground for terrorist operations, has strict protections on collection of various types of personal data that the U.S. says can be vital in preventing attacks.

Since shortly after the Sept. 11 attacks on New York and Washington in 2001, a Belgian company known as Swift has given the U.S. Treasury Department and the Central Intelligence Agency access to billions of financial transactions that flow through a global electronic network it operates on behalf of the world's largest banks. The program was exposed in newspaper reports earlier this year, generating controversy on both sides of the Atlantic.

Belgian and European Union officials will now seek to negotiate a new oversight agreement for the financial-intelligence program, said Belgian Prime Minister Guy Verhofstadt Thursday, adding that Swift had been caught between conflicting European and American laws.

"We wholeheartedly support calls for U.S. and EU authorities to work together to develop an improved framework to reconcile data privacy protections with today's pressing security concerns," Swift Chief Executive Leonard Schrank said Thursday.

Swift's formal name is the Society for Worldwide Interbank Financial Telecommunication. It is a nonprofit cooperative that operates a secure network for the exchange of data on international financial transfers on behalf of nearly 8,000 financial institutions.

The 28-page report by Belgium's privacy commissioner detailed how Swift secretly worked with the U.S. government to track suspected terrorist financial activity, in response to Treasury Department subpoenas that were issued to a U.S.-based data subsidiary.

"It should be regarded as a serious error of judgment by Swift for it to have subjected to monitoring for years, secretly and systematically, a massive quantity of personal data, without sufficient and clear justification and independent controls in accordance with the Belgian and European law," the report concluded.

The criticism comes after concerns raised Tuesday by an EU panel of privacy experts. That group, which is only advisory, expressed "immediate concerns about the lack of transparency" in the program and said it will meet again in November to consider the matter.

Belgian officials confirmed statements by Swift and U.S. officials that there were elaborate safeguards instituted to protect the sensitive data from misuse.

Imam Denies Endorsing Attacks On U.S. (NSDY/AP)

By Michael Hill, Associated Press Writer

Long Island Newsday, September 29, 2006

ALBANY, N.Y. -- Jabbing his finger and speaking emphatically, an imam facing terrorism-related charges told a court Thursday that though houseguests spoke to him about attacking the United States, he never endorsed the idea.

"They came to the wrong person," Yassin Aref said on the witness stand.

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Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, were caught in 2004 in an FBI sting built around a fictitious assassination plot. An FBI informant told them he was an arms dealer and asked Hossain to launder money from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City, according to the federal complaint. They are accused in a 30-count indictment of supporting terrorism.

Prosecutors have used a diary kept by Aref in 1999, when he was living in Syria, to portray him as someone aligned with terrorists. A potentially damning passage comes from that January, in which Aref wrote about hosting two Muslim guests from Libya and Palestine. Aref said there was a discussion about "moving the war to America and Israel," making explosives, and attacking Western targets to gain attention.

Aref had calmly given benign interpretations of previous diary entries under questioning from his lawyer, Terence Kindlon, but he spoke faster and more fervently when this entry flashed on a projection screen in front of the jury.

"I want to explain," he said. This sort of talk was common in Syria at this time and as an observant Muslim he was obligated to allow these two young men to stay at his home as guests, he testified.

"I don't know why they came," he said, "I don't know who sent them."

Pointing his finger at the projection screen as he spoke, he said nowhere in the diary does he say that he agreed with these men, supported their ideas or invited them back to his home. Aref said he listened, but showed no interest in "moving the war to America," a country he has lived in for seven years.

The impassioned mini-filibuster left the stenographer struggling to keep up and seemed to take Kindlon aback. The judge asked Aref to talk slower.

Aref, 36, initially took the stand Wednesday, kicking off the defense on the third week of the men's trial. It was not clear if Hossain also would take the stand.

Aref, a refugee from the Kurdish region of northern Iraq, worked in 1999 for the Islamic Movement in Kurdistan, while he was an expatriate in Syria. He became entangled in the FBI sting as a witness to the money laundering transactions, which involved $50,000 cash.

Defense Committee Formed For Liberty City Men Charged With Terror Plot (MH)

By Dani Mcclain

The Miami Herald, September 29, 2006

Activists Thursday announced the formation of the "Liberty City 7 Defense Committee" to support a group of local men arrested and charged in June in connection with a terror plot to blow up the Sears Tower in Chicago and federal buildings in Miami.

At a news conference outside federal court in downtown Miami, family members and representatives of several community groups called for the men's release. The seven men are currently being held in federal prison pending a trial in March.

"We conclude that these arrests were wrongful, politically motivated and racially motivated," said Max Rameau of Miami CopWatch, a lead group organizing the defense committee. The seven men in question are black.

Family members of three of the men -- Narseal Batiste, Stanley Phanor and Lyglenson Lemorin -- stood shoulder to shoulder, wearing T-shirts that featured the men's photographs and the words: ``The U.S. government is the real terrorist!''

None spoke to the press. Minerva Vasquez, the wife of Narseal Batiste, said her attorney advised her not to comment.

The activists said the men lacked the financial and organizational capacity to carry out the terrorist plot.

"George Bush's war on terror is now grabbing for straws," said Sushma Sheth, a Miami Workers Center spokeswoman. ``The danger of this fear-mongering is that it's making terrorists out of all of us.''

Some speakers repeatedly invoked the names of Jose Antonio Llama and Orlando Bosch, two Cuban-Americans who Rameau said have been openly involved in plots against the Cuban government.

Llama, known as Toñin, told El Nuevo Herald in June that exile groups created a paramilitary organization to execute destabilizing acts in Cuba. Other exiles denounced his statements as false. Bosch, a Cuban exile who lives in Miami, was acquitted in a Venezuelan court of the 1976 bombing of a Cuban jetliner that killed 73 people.

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The Liberty City Seven terror case broke June 22 when federal agents rounded up the seven defendants and charged them with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings in five cities, including Miami.

Agents raided the group's Liberty City warehouse, where they combined religious activities with military training. Defense lawyers decried the arrests, arguing their clients were part of an entrapment scheme set up by the federal government's two informants.

BREAKING NEWS: Tuscaloosa Man Arrested By Federal Terrorism Task Force (TUSN)

By Jason Morton, Staff Writer

Tuscaloosa News (Alabama), September 29, 2006

TUSCALOOSA | The man who shot and killed a would-be robber late last year now faces federal allegations of illegally sending money out of the country.

Jack Mohamed S. Mused was arrested Thursday on charges of operating an unlicensed money transmitting business, conspiracy to operate an unlicensed money transmitting business and trafficking counterfeit goods.

Mused, 29, was taken into custody about 8 a.m. today at his place of business, the Raceway convenience store on McFarland Boulevard, authorities said.

Members of the Federal Bureau of Investigation's Joint Terrorism Task Force arrested him, but details regarding what he did to justify the charges are vague.

Dale Miskell, an FBI supervisory special agent for the Birmingham office, said he could not disclose many facts about the case, but confirmed that the allegations center on Mused's transferring money outside the U.S. without a license.

Mused's case originates out of the U.S. Attorney's Office in Monroe, La., which is near where several of the remaining potential suspects reside.

Donald Washington, the U.S. Attorney for the Western District of Louisiana, said additional information regarding Mused's charges would be made available today.

"There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of," Washington said when asked of Mused's possible links to terrorism. "Our case against Mr. Mused will become public tomorrow."

Mused was arrested by Birmingham office's Joint Terrorism Task Force, which includes members of the Jefferson County and Shelby County sheriff's offices, the U.S. Secret Service, Immigration and Customs Enforcement and the Alcohol Beverage Control Board. The FBI also offered a special thanks to the Tuscaloosa and Northport police departments.

"The government's ability to track to flow of money into and out of the country is vital to our national security," said Carmen S. Adams, special agent in charge of the Birmingham FBI office. "This case is yet another example of the FBI working with our law enforcement partners to aggressively pursue those who use our financial system to conceal and transfer illicit funds."

In January, a grand jury exonerated Mused for killing 19-year-old Eric Dewayne Baggett on Dec. 29, 2005, at Raceway. The investigative panel found that Baggett and another man were trying to rob the store when Mused opened fire.

Reach Jason Morton at jason.morton@tuscaloosanews.com or 205-722-0200.

FBI Arrests Tuscaloosa Man For Illegal Money Transfers (AP)

AP, September 29, 2006

TUSCALOOSA, Ala. (AP) — A Tuscaloosa man who shot and killed a would-be robber late last year was arrested Thursday on charges of making illegal money transfers.

Jack Mohamed S. Mused, 29, was arrested without incident at about 8 a.m. at his place of business, a Raceway convenience store, authorities said.

He was charged with transmitting money without a license, conspiracy to operate an unlicensed money transmitting business and trafficking in counterfeit goods, FBI officials said.

FBI spokesman Paul Daymond said several other people in other parts of the country were also arrested Thursday in relation to this case.

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Daymond said he did not know exactly how many other people were arrested or whether they face the same charges as Mused. He declined to reveal the destination of the money transfers or the type of goods involved because the investigation is continuing.

Museds case originates out of the U.S. Attorneys Office in Monroe, La., which is near where several of the remaining potential suspects reside.

"There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of," said Donald Washington, the U.S. Attorney for the Western District of Louisiana. "Our case against Mr. Mused will become public tomorrow."

Mused was arrested by members of the FBI's Joint Terrorism Task Force, which includes local, state and federal agencies.

Daymond said the Joint Terrorism Task Force participates in investigations any time there is any potential link to terrorism. But he said he could not confirm that Mused's activity had a link to terrorism.

In January, a grand jury exonerated Mused for killing 19-year-old Eric Dewayne Baggett on Dec. 29, 2005, at Raceway. The investigative panel found that Baggett and another man were trying to rob the store when Mused opened fire.

Ashcroft Is Denied Immunity In Case (WP)

By Dan Eggen

The Washington Post, September 29, 2006

A federal judge in Idaho has ruled that former attorney general John D. Ashcroft can be held personally responsible for the wrongful detention of a U.S. citizen arrested as a "material witness" in a terrorism case.

U.S. District Judge Edward J. Lodge, in a ruling issued late Wednesday, dismissed claims by the Justice Department that Ashcroft and other officials should be granted immunity from claims by a former star college football player arrested at Dulles International Airport in 2003.

Attorneys for the plaintiff in the civil suit, Abdullah al-Kidd, said the decision raises the possibility that Ashcroft could be forced to testify or turn over records about the government's use of the material witness law, a cornerstone of its controversial legal strategy after the Sept. 11, 2001, terrorist attacks.

Justice Department officials did not respond to telephone messages yesterday seeking comment. A spokeswoman for Ashcroft also did not respond to requests for comment.

Robin Goldfaden, one of Kidd's attorneys at the American Civil Liberties Union, said the case "could be the launching point for more fully documenting how the government is misusing the material witness statute."

The law was intended to give authorities the power to detain witnesses they feared might flee before testifying. But after the Sept. 11 attacks, the government used it to hold 70 men, nearly half of whom were never called to testify in court, according to a study by the ACLU and Human Rights Watch.

Kidd -- a Kansas native who was known as Lavoni T. Kidd before converting to Islam -- was arrested in March 2003 as he prepared to board a flight to Saudi Arabia, where he was planning to pursue a doctorate in Islamic studies. Federal prosecutors claimed he was a flight risk crucial to the prosecution of a fellow University of Idaho student, Sami Omar al-Hussayen.

Kidd was imprisoned for 16 days in three states and then placed under restrictive court supervision for more than a year. But Kidd was never called to testify against Hussayen, who was eventually acquitted of computer-related terrorism charges.

While not deciding on the veracity of Kidd's claims, Lodge, who was appointed to the federal bench in 1989 by President George H.W. Bush, ruled that Ashcroft could be found personally liable in the case because of his role in establishing and enforcing the government's material-witness policies.

Document Seizure Hampers Gitmo Detainees (AP)

By Andrew O. Selsky

AP, September 28, 2006

His ankles chained to the floor of the hearing room, a Saudi detainee hoped to convince three U.S. military officers that he is not a danger to the United States, has no intelligence value and should be released from the Guantanamo Bay prison.

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But in his one shot this year at getting out of here, the detainee could not produce letters from his family that he wanted to submit as evidence. They were seized by the military, along with thousands of other documents from detainees, as it investigates whether the suicides of three prisoners in June were assisted or encouraged.

While the letters on their own may not have convinced the panel that the detainee should be released, the hearing shows that the Naval Criminal Investigative Service's confiscation of more than 1,100 pounds of documents is hampering detainees' ability to confront accusations against them.

Correspondence between attorneys and their clients was among the documents seized. Lawyers for detainees say the military is violating attorney-client privilege and exacerbating the isolation of detainees by taking family pictures and other personal items.

A federal judge last week ordered an independent "filter team" to review the paperwork for evidence of complicity in the suicides. Irrelevant and protected documents must be returned to detainees, the judge ruled.

Defense attorneys are bitter.

"Attorneys working at Guantanamo have never believed they could tell clients with certainty that attorney-client communications are truly confidential," lawyer Joshua Colangelo-Bryan told The Associated Press in an e-mail. "Now that the government has admitted to reviewing the legal materials of many detainees, it is obvious that these concerns were well founded."

Patricia A. Bronte, another attorney, said detainees will now have a harder time trying to clear themselves.

"I believe that their ability to present evidence in their defense, already severely circumscribed, will be further harmed," Bronte said. "It was a minor miracle for the detainee to even obtain some letters in support of his claim of innocence. For the NCIS to then confiscate the evidence from him ... just illustrates the unfairness of the whole proceeding. "

At his appearance last week before the Administrative Review Board, the 22-year-old Saudi detainee — who is not allowed an attorney for the hearing and instead is assigned a military representative — told the presiding Marine colonel and two other board members that he had come empty-handed.

"I tried to bring the letters, but they took them away from me," he told the officers sitting at a table some 10 feet away, an American flag thumb-tacked to the speckled-tile wall behind them. Reporters from The Associated Press and three other news organizations attended the hearing. Under media ground rules, the detainee and board participants could not be identified.

The hearing, held in a small room inside a trailer in the detention center, provides a rare glimpse into the issues the military wrestles with in recommending whether a detainee should continue to be held or sent away.

Most detainees have been skipping the annual hearings, officials said, reflecting skepticism that the encounters will result in their release.

About 460 detainees are currently at Guantanamo, including some held for more than four years. Only 10 have been charged with crimes, but about 315 others have been released or transferred to detention in their home countries, military officials said.

Bronte said it is was too early to judge how wide-reaching the effects of the document seizures are.

"Prisoners' lawyers are not allowed to attend the ARB proceedings and can only find out about them through their clients," she said. "Because of the restrictions on attorney-client communications, this can be weeks or months after the fact."

Sitting on an office chair with his manacled hands resting in his lap, the bearded prisoner openly acknowledged he had gone to Afghanistan before the Sept. 11, 2001, attacks to fight the Northern Alliance. The alliance was battling Afghanistan's hard-line Islamic rulers, the Taliban. But he insisted he never wanted to kill Americans.

"After Sept. 11, there was talk about the United States entering Afghanistan, but I never thought of fighting the United States," the detainee, wearing baggy white pants and a white cotton shirt, said in a soft voice. White is reserved for compliant detainees; others wear orange.

He acknowledged he receiving training in firing a pistol, assault rifle and a rocket-propelled grenade in the Arab-run Al Farouq training camp in Afghanistan. He said he also was once shown a surface-to-air missile in Afghanistan, but never received training on the SAM-7. He was captured near the Afghan-Pakistan border, according to military records.

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U.S. interrogators, tasked with uncovering plots against the United States and determining if a detainee is a security risk, have repeatedly asked questions about surface-to-air missiles, the detainee said.

A clerk, reading from the record, said the detainee has denied knowing of any plans to attack U.S. aircraft at Prince Sultan Air Base in Saudi Arabia. It was unclear why interrogators pursued that line of questioning. Parts of Administrative Review Board hearings and documents are classified, closed to detainees and the press.

The detainee said he wanted no more queries about surface-to-air missiles, believing that each new set of interrogators was not being told the topic has already been covered.

"Could you write that down, that I didn't train in that weapon," he asked the board president.

"I will personally tell the interrogators that you said this," the colonel responded.

The Marine told the detainee the board tried to get his letters from the Navy investigators. He invited the detainee to recount for the record what the letters said.

The detainee said family members noted he was only 17 when he went to Afghanistan and was innocent. He declined to describe the letters in depth.

"I prefer to wait until you have the letters in your hands so you can see them with your own eyes," he said.

Canadian Police Official Apologizes For Mistakes (WP)

By Doug Struck

The Washington Post, September 29, 2006

TORONTO, Sept. 28 -- Canada's top Mountie apologized Thursday for the "terrible injustices" done to a Canadian Muslim spirited to Syria and tortured for 10 months on false suspicions of terrorist ties. Critics of the government demanded that the prime minister offer his own apology.

Giuliano Zaccardelli, commissioner of the Royal Canadian Mounted Police, directed his remarks to Maher Arar, 36, who four years ago was detained at a New York airport and delivered to a Syrian prison by U.S. agents. Those agents were working on false information given to them by Canada.

"Mr. Arar, I wish to take this opportunity to express publicly to you and to your wife and to your children how truly sorry I am" for RCMP actions that led to "the terrible injustices that you experienced and the pain that you and your family endured," Zaccardelli said, testifying before a parliamentary committee.

The remarks on the Arar case were Zaccardelli's first since a judicial inquiry on the controversy was released Sept. 18. The inquiry found that RCMP agents had given exaggerated and often flat-out false reports to U.S. intelligence agents, suggesting that Arar had terrorist connections and was the subject of a terrorist investigation. In fact, the exhaustive inquiry found, he was an innocent computer programmer.

The United States sent Arar to Syria as part of its "extraordinary rendition" program, in which terrorist suspects are secretly dispatched to other countries, some of which are known to torture prisoners and practice brutal interrogation methods. U.S. officials have not acknowledged Arar's innocence or any wrongdoing on their part.

Political critics excoriated Canadian Prime Minister Stephen Harper on Thursday for balking at extending the same apology made by the RCMP commissioner. The House of Commons unanimously voted last week that "apologies should be presented" to Arar. But Harper's government has said any such formal expression from the government must be part of a negotiated settlement to compensate the father of two children, ages 9 and 4.

"Canada owes a moral debt to Mr. Arar and his children," Marlene Jennings, a Liberal Party lawmaker from Quebec, said in debate in the House of Commons. "The Conservative government has yet to apologize. Surely compassion is not a matter of negotiation."

"The government agrees that Mr. Arar was the victim of a great injustice," responded Jason Kenney, the Conservative Party parliamentary secretary to Harper. "But we have a responsibility to the taxpayers to ensure that the result will be responsible financially."

Arar returned to Canada after his imprisonment in a coffin-size dungeon in Syria and has campaigned to clear his name.

US Fuels Pakistan Bounty Market (FT)

DOJ_NMG_0070848

By Tom Burgis

Financial Times, September 29, 2006

Bounties offered by the US for suspected terrorists have created a black market in abductions in Pakistan, according to a report published on Wednesday.

People have been seized by Pakistani police, border guards and bounty hunters eager to claim rewards offered for suspected terrorists, evidence compiled by human rights organisation Amnesty International shows.

Many were handed to Pakistan's Inter-Services Intelligence, which in turn passed at least 369 detainees to American operatives, writes Pakistan's president, Pervez Musharraf, in his book In the Line of Fire, also published this week. Amnesty's report says people abducted in Pakistan account for about two-thirds of the 759 past or present inmates at Camp X-Ray, the US military prison at Guantánamo Bay, Cuba.

The report – "Pakistan: human rights ignored in the 'war on terror'" – found "hundreds of people have been arbitrarily detained".

Incentives for bounty hunters came in leaflets dropped from American aircraft after the invasion of Afghanistan in November 2001 and recovered by locals and reporters. Rewards included $5,000 (€4,000, £2,700) for information on al-Qaeda or Taliban fighters and up to $25m for alleged terrorist masterminds such as Khalid Sheik Mohammed.

The CIA on Thursday declined to comment. The State Department did not respond to repeated requests from the FT for a comment. A Pentagon spokesman said: "The rewards programme is effective in helping to protect Americans and citizens around the world from terrorists, including those who harbour or aid the enemy."

Professor Shaun Gregory, a UK expert on Pakistani security at Bradford University's Department of Peace Studies and a visiting fellow at Islamabad's Institute for Strategic Studies, Pakistan's leading military think-tank, said leaflets dropped in Afghanistan spread into Pakistan.

The market in abductees was at its most frenetic in late 2001, Amnesty said. Pakistan's security services continue to deny the existence of such detainees when pressed by relatives of the disappeared. The bounty trade "is the logical working-through of the notion that the CIA will pay for 'bad guys'," Prof Gregory said.

Prisoners in Pakistani jails have allegedly been "groomed" to appear more like potential terrorists before being sold to American personnel, Angelika Pathak, one of the report's authors, told the FT.

Mark Denbaux, professor of law at Seton Hall University law school, New Jersey, and a lawyer representing two Guantánamo detainees, said his client, Rafiq Alhami, a Tunisian Arab resident in Afghanistan, was bundled into a van during a medical visit to Pakistan in late 2001.

Mr Alhami, 40, a honey broker with a heart condition, believes his captors were paid a bounty, Prof Denbaux said. He remains in Camp X-Ray, not charged with any offence.

Gen Musharraf writes that since the September 11 2001 attacks his agents have rounded up hundreds of suspected terrorists: "Some are known to the world, some are not. We have captured 689 and handed over 369 to the United States.

"We have earned bounties totalling millions of dollars. Those who habitually accuse us of 'not doing enough' on the war on terror should simply ask the CIA how much prize money it has paid to the government in Pakistan."

Western diplomats said the allegations would dent the image of martial democrat cultivated by Gen Musharraf, who dined with President George W. Bush and Hamid Karzai, the Afghan president, on Wednesday. The guests, who blame each other for the Afghan insurgency, refused to shake hands.

Gen Musharraf arrived in London on Thursday, and spent the afternoon with Tony Blair, the prime minister. On Friday he will address the Oxford Union.

HOMELAND RESPONSE:

FBI Denies Overestimating Anthrax Power (WP/AP)

By Michael J. Sniffen, The Associated Press

The Washington Post, September 29, 2006

DOJ_NMG_0070849

WASHINGTON -- The FBI denied Thursday that it ever overestimated the potency of the anthrax spores used in mailings that killed five people in 2001.

The bureau also rejected a request for a classified briefing on the case from Rep. Rush Holt, D-N.J. Citing media reports, Holt said Wednesday that the FBI should have determined in days, not years, that the anthrax was less sophisticated than initially believed.

Shortly after the attacks, media reports said the spores contained additives and had been subjected to sophisticated milling _ both techniques used in anthrax-based weapons _ to make them more lethal. Earlier this month, there were media reports that the FBI belatedly learned that those techniques were not used and the anthrax was not enhanced.

Bureau officials say the early reports of weaponized anthrax were misconceptions, and the more recent reports misunderstood how early the FBI was able to accurately analyze the spores.

"The FBI and its partners in this investigation have never been under any misconceptions about the character of the anthrax used in the attacks," Assistant FBI Director Eleni P. Kalisch wrote Holt on Thursday. "On the contrary, since the earliest months of this investigation, we have consulted with the world's foremost scientific experts on anthrax and relevant bio-forensic sciences, both inside and outside the FBI. While there may have been erroneous media reports about the character of the 2001 anthrax, the FBI's investigation has never been guided by such reports."

In a letter Wednesday to FBI Director Robert Mueller, Holt had requested a classified briefing on the investigation.

Kalisch rejected that request on two grounds:

Although Holt and other members of Congress got updates and briefings in 2002 and 2003, Kalisch said the FBI and Justice Department decided to stop briefing members of Congress after sensitive investigative information was reported in the media citing congressional sources.

Because this is a criminal investigation rather than an intelligence activity, a briefing of the House Intelligence Committee, of which Holt is a member, would be inappropriate, Kalisch wrote.

In an interview, Holt responded, "The inference that any member of the intelligence committee was the source of previous leaks is outrageous, irresponsible and without foundation."

The case "clearly falls within the purview of the intelligence committee," Holt added. "Our job is to see that the government functions well and in the anthrax investigation our government has not functioned well."

In 2001, anthrax contamination was found in mail facilities in and near Holt's central New Jersey district and in his office on Capitol Hill.

Holt had written Mueller that the FBI's delay in determining what kind of anthrax was used meant that "resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed."

The FBI has conducted 9,100 interviews and issued 6,000 subpoenas in the case.

Holt asked Mueller to have Douglas Beecher, a scientist in the FBI's Hazardous Materials Response Unit, testify before the House Intelligence Committee.

In April, Beecher wrote an article published in a scientific journal in August saying there was "a widely circulated misconception" that the anthrax spores were made using additives and sophisticated engineering akin to military weapons production.

The anthrax attacks, in the days after Sept. 11, 2001, killed five people across the country and sickened 17. There were five confirmed anthrax infections and two suspected cases in New Jersey but no fatalities.

Security Budget To Include Cargo Pact (WSJ)

By David Rogers

The Wall Street Journal, September 29, 2006

WASHINGTON -- A $34.8 billion homeland security budget neared final passage in Congress, and House-Senate negotiators predicted agreement on a companion measure to better protect American ports and U.S.-bound cargo.

DOJ_NMG_0070850

After days of stalemate, Republican leaders cleared the way last night for House approval today of the homeland measure, which includes $1.8 billion in emergency funds to help burnish the party's image on border security and fighting illegal immigration.

Also under the package, the government is given new power to regulate the safety of high-risk chemical plants that might be targets for terrorists. Republicans hope that the port-security legislation -- taking final shape last night -- will be a third feather in their cap going into the midterm elections.

With House members slated to go home tonight speed is essential, and critics complained that the legislative exercise is more for political show. Rail and transit security provisions, added by the Senate, were largely scuttled under the proposed agreement. And while the bill authorizes annual funding of $400 million in federal grants to improve port security, the actual appropriations for the new fiscal year that begins Oct. 1 are about half that.

The port legislation is viewed as an important first step toward tightening inspections at home and abroad for U.S. bound cargoes. By the end of 2007, the Homeland Security Department would be required to deploy sufficient radiation detection equipment to screen all shipments through the nation's 22 busiest seaports. A pilot program would be established in three foreign seaports to test integrated scanning systems, and a variety of steps are outlined to improve track ships heading to U.S. waters and better identify crew members.

While the primary focus is on preventing attacks, there is a tacit acknowledgement that disruptions could yet come. And the bill requires the establishment of protocols for the resumption of trade and port operations after a security incident.

Port security became more of a political issue this spring after Dubai Ports World's venture into the American market. Rep. Peter King (R., N.Y.), chairman of the House Homeland Security Committee, was among the early critics of that deal, and he urged his colleagues last evening to accept the compromise. "We do want to get a bill," he said. "We don't want the perfect to be the enemy of the good."

His Senate counterpart, Sen. Susan Collins (R., Maine), who chairs Senate Homeland Security and Governmental Affairs Committee, was also hopeful that the bill could be enacted before senators leave this weekend. "This legislation will make a real difference," she said.

In the case of the $34.8 billion homeland security budget bill, a House-Senate agreement had been reached Monday evening but then ran into strong objections from powerful Republicans because of provision impacting post-9/11 border-crossing rules requiring a new passport card for U.S. citizens.

House Judiciary Committee Chairman James Sensenbrenner (R., Wis.) was most outspoken, but he appeared to be accepting enough last night to allow the bill to go forward.

Congress Nears Deal On Ports Security (AP)

By Jim Abrams, The Associated Press

The AP, September 29, 2006

WASHINGTON -- Congress neared agreement Thursday on legislation to strengthen security at the nation's ports, regarded since the Sept. 11 attacks as one of the most vulnerable targets for a catastrophic act of terrorism.

House and Senate negotiators were prepared to sign off on the bill as early as Friday, rushing it to the floor before lawmakers depart Washington at the end of the day for the election campaign.

With votes this week authorizing military tribunals for terrorists and House consideration of new rules for wiretapping, the seaport bill gives lawmakers another talking point as they try to prove their security credentials to voters.

Democratic negotiators at the ports security conference expressed concern that the final version would fail to address another significant threat _ that of terrorist attacks on the nation's rail and mass transit systems.

Pointing to rail attacks in Madrid, London and Bombay, they said they would try to restore language from the original Senate bill that authorized funding for rail and mass transit security. The nation's railways, said Sen. Joe Lieberman, D-Conn., "remain all too unprotected."

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While staff members were still writing the final version of the compromise bill, it was apparent that provisions on rail and mass transit would be dropped. "It's an issue we intend to take up as soon as possible," said Rep. Peter King, R-N.Y., chairman of the Homeland Security Committee. He indicated that wouldn't happen until next year.

There was tentative agreement on the ports aspect of the bill. Senate Homeland Security and Governmental Affairs Committee Chairman Susan Collins, R-Maine, said it would include approval of $400 million a year over five years for risk-based grants for training and exercises at ports.

It would require the nation's 22 largest ports, handling 98 percent of all cargo entering the country, to install radiation detectors by the end of next year.

Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials.

The Homeland Security Department would also be required to set up protocols for resuming operations after an attack or incident. The nation's 361 ports handle some 11 million shipping containers annually and it is feared that a terrorist attack, such as a nuclear device set off by remote control, could cripple the entire economy as well as causing massive casualties.

The bill would authorize $3.4 billion over five years for the ports security.

Democrats in particular said that was still short of what is needed. "We inspect just 5 percent of incoming shipping containers, while 95 percent gets into our country without us knowing what's inside," said Sen. Frank Lautenberg, D-N.J.

Congress made port security a priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to sell the U.S. operations to an American company.

Felons In The Dock (WSJ)

The Wall Street Journal, September 29, 2006

Here's an odd but telling footnote to the political fight over port security: The powerful International Longshore and Warehouse Union is lobbying Congress not to bar felons from working in sensitive dock security jobs. Really.

House and Senate conferees are trying to work out a final port security bill this week, and a provision sponsored by Senator Jim DeMint (R., S.C.) would prohibit dock workers convicted of certain felonies -- including murder, espionage or treason -- from obtaining access to secure areas. Workers convicted of other felonies -- say, extortion, smuggling, bribery, identity fraud or the unlawful possession or distribution of firearms -- would be prevented from getting clearance until seven years after conviction. The Department of Homeland Security has issued a similar regulation, though it isn't final.

Yet the longshoremen's union -- the same outfit behind the 2002 West Coast port shutdown -- and its labor allies are muscling Congress to strike the DeMint provision. Larry Willis, the general counsel for the Transportation Trades Department at the AFL-CIO, says that the felonious categories that would bar workers are "too broad."

Too broad? Some 750,000 workers currently have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. People with a criminal record would seem to be obvious candidates for recruitment by bad guys trying to infiltrate the docks. The felony standards Congress is considering are also similar to those that are currently enforced for airport workers or nuclear-plant guards.

Various politicians and unions created a political furor earlier this year merely because an Arab company with a clean business record, Dubai Ports World, would have managed some American ports. How bizarre to worry about that non-threat but then be complacent about sensitive port access by proven crooks.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, September 29, 2006

Growing fear

Percentage likelihood — according to 39 Republican congressmen polled by National Journal in March, May and again this week — of Democrats taking over control of the House and Senate after the midterm elections: 25 percent, 32 percent and 34 percent, respectively.

DOJ_NMG_0070852

Shame on you

If you think former President Bill Clinton has been in a sour mood, what with all the finger-pointing of late surrounding his administration's reaction (or lack thereof) to global terrorism, wait until he sees three television ads that will start airing in the coming days.

The group Move America Forward, based in Sacramento, Calif., says it's had enough of Mr. Clinton and his loyal lieutenants trying to "rewrite history" about the war on terrorism and goes so far as to call the former commander in chief "shameless."

Viewers also will be reminded that Mr. Clinton's national security adviser, Samuel R. "Sandy" Berger, was nabbed by security officials at the National Archives after he "stole and ate classified documents that exposed the failures of the Clinton anti-terrorism policies."

One TV ad, we're told, will be finalized today. Move America Forward predicts Mr. Clinton "won't like it one bit."

Fathers and sons

Your eyes don't deceive you: Strom Thurmond is jumping aboard Sen. John McCain's bandwagon for president.

Strom Thurmond Jr., that is, son and namesake of legendary Sen. Strom Thurmond, South Carolina Republican, the oldest senator (100 years) in U.S. history. He died on June 26, 2003.

In 2001, Mr. Thurmond was picked by President Bush to become U.S. attorney for South Carolina. Today, he's in private practice in Aiken, S.C.

Also climbing aboard Mr. McCain's Straight Talk America political action committee this week is the child of yet another great South Carolina political legacy. Carroll A. Campbell III is the oldest son of former South Carolina Gov. Carroll Campbell.

A longtime businessman, Mr. Campbell in 2003 was appointed by South Carolina Gov. Mark Sanford to serve on the South Carolina State Ports Authority.

Torments and joys

There's much buzz about former Attorney General John Ashcroft's upcoming book, "Never Again: Securing America and Restoring Justice."

The former chief of the Justice Department will discuss in detail everything from the USA Patriot Act to the surveillance program authorized by President Bush, providing new details, his publisher said.

Otherwise, readers will share in Mr. Ashcroft's personal "pitfalls, torments, joys and greatest accomplishments."

Snow job

That was the country's top Republican communicator, White House spokesman Tony Snow, ducking this week into a Capitol Hill meeting of the Republican Communications Association, a networking group of several hundred congressional press secretaries and other Republican communicators throughout Washington.

Lindsey Mask, press secretary of the U.S. House Committee on Education and the Workforce, describes for us "a lighthearted, down-to-earth Snow, who fully described a 'day in the life' of a White House press secretary."

"We could all feel his genuine enthusiasm for his new role and his sincere appreciation for and loyalty to the president of the United States," she says.

Second acts

When Harry S. Truman left office, he had no Secret Service detail and no presidential pension, and had to sell some of his family's land.

Lyndon B. Johnson became a full-time rancher and a virtual recluse upon leaving the Oval Office. And Jimmy Carter was riddled with $2 million in personal debt (no wonder he grabbed a hammer and went to work) when he pulled out of the White House driveway.

To help pay whatever bills he had, Ronald Reagan, less than one year after his last term expired, accepted $2 million for a speaking tour in Japan. But nobody has commanded a higher post-White House salary than Bill Clinton, who besides the millions of dollars he pulls in from speaking engagements, received the highest payment of any former president for his memoirs: a whopping $12 million.

DOJ_NMG_0070853

All fascinating facts we cull from Mark Updegrove's new book, "Second Acts: Presidential Lives and Legacies After the White House."

Why Bill Clinton Pushed Back (WP)

By E. J. Dionne Jr.

The Washington Post, September 29, 2006

Bill Clinton's eruption on "Fox News Sunday" last weekend over questions about his administration's handling of terrorism was a long time coming and has political implications that go beyond this fall's elections.

By choosing to intervene in the terror debate in a way that no one could miss, Clinton forced an argument about the past that had up to now been largely a one-sided propaganda war waged by the right. The conservative movement understands the political value of controlling the interpretation of history. Now its control is finally being contested.

How long have Clinton's resentments been simmering? We remember the period immediately after Sept. 11 as a time when partisanship melted away. That is largely true, especially because Democrats rallied behind President Bush. For months after the attacks, Democrats did not raise questions about why they had happened on Bush's watch.

But not everyone was nonpartisan. On Oct. 4, 2001, a mere three weeks and a couple of days after the twin towers fell and the Pentagon was hit, there was Rush Limbaugh arguing on the Wall Street Journal's op-ed page: "If we're serious about avoiding past mistakes and improving national security, we can't duck some serious questions about Mr. Clinton's presidency."

To this day I remain astonished at Limbaugh's gall -- and at his shrewdness. Republicans were arguing simultaneously that it was treasonous finger-pointing to question what Bush did or failed to do to prevent the attacks, but patriotic to go after Clinton. Thus did they build up a mythology that cast Bush as the tough hero in confronting the terrorist threat and Clinton as the shirker. Bad history. Smart politics.

Moreover, when Democrats, notably former House minority leader Richard Gephardt, finally put their heads up in the late spring of 2002 to ask questions about that Aug. 6, 2001, memo warning of the possibility of terrorist attacks, the Republican pushback was furious.

Vice President Cheney, addressing his Democratic "friends" in Congress, said on May 16, 2002, that "they need to be very cautious not to seek political advantage by making incendiary suggestions, as were made by some today, that the White House had advance information that would have prevented the tragic attacks of 9/11. Such commentary is thoroughly irresponsible and totally unworthy of national leaders in a time of war."

Boy, that was defensive, wasn't it? Funny that Cheney didn't respond that way when Limbaugh made his incendiary attack on Clinton. Opportunistic and inconsistent? Sure, but again, smart politics.

This is just a fragment of a long history of evasion and blame-shifting by the administration and its supporters. And the polemical distortions of history came roaring back earlier this month in ABC's fictionalized account of the Sept. 11 events that butchered the Clinton record.

This history-as-attack-ad approach won praise from none other than Limbaugh, who described the film's screenwriter as a friend. Limbaugh was pleased that the film was "just devastating to the Clinton administration" and attacked its critics as "just a bunch of thin-skinned bullies." Pot-and-kettle metaphors don't begin to do justice to the hilarity of Limbaugh's saying such a thing.

And so Clinton exploded. My canvassing of Clinton insiders suggests two things about his outburst on "Fox News Sunday." First, he did not go into the studio knowing he would do it. There was, they say, a spontaneity to his anger. But, second, he had thought long and hard about comparisons between his record on terrorism and Bush's. He had his lines down pat from private musing about how he had been turned into a punching bag by the right. Something like this, one adviser said, was bound to happen eventually.

Sober, moderate opinion will say what sober, moderate opinion always says about an episode of this sort: Tut tut, Clinton looked unpresidential, we should worry about the future, not the past, blah, blah, blah.

But sober, moderate opinion was largely silent as the right wing slashed and distorted Clinton's record on terrorism. It largely stood by as the Bush administration tried to intimidate its own critics into silence. As a result, the day-to-day political conversation was tilted toward a distorted view of the past. All the sins of omission and commission were piled onto Clinton while

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Bush was cast as the nation's angelic avenger. And as conservatives understand, our view of the past greatly influences what we do in the present.

A genuinely sober and moderate view would recognize that it's time the scales of history were righted. Propagandistic accounts need to be challenged, systematically and consistently. The debate needed a very hard shove. Clinton delivered it.

Insurers Are Ready To Fight To Keep Federal Backing Of Terrorism Coverage (NYT)

By Joseph B. Treaster

The New York Times, September 29, 2006

Insurance and business groups are gearing up for a battle to preserve a government program that would cover most of the losses from another major terrorist attack.

After Sept. 11, 2001, President Bush campaigned for the program to shield insurers from the bulk of the cost of an attack up to $100 billion. Without such backing, few insurers were willing to sell the coverage.

But last year, the administration concluded that the insurers were able to provide terrorism coverage on their own, and the insurers persuaded Congress to extend the federal backing until the end of 2007.

As soon as today, a presidential working group led by Treasury Secretary Henry M. Paulson Jr. is expected to issue an assessment of the insurers' ability to go it alone. The insurers fear that the group will argue, as a Treasury report did in June 2005, that the federal program interferes with market forces.

"The working assumption is that their findings are going to be similar to the Treasury conclusions of last year," said Joel Wood, a lobbyist for the Council of Insurance Agents and Brokers.

Insurers say that the frequency and severity of terrorism attacks are unpredictable and that is why the industry needs the government to play a role.

"The potential is so large that no single industry can absorb that risk," Edmund F. Kelly, the chief executive of the Liberty Mutual Holding Company, said Wednesday at a Congressional hearing. Industry officials said they could not offer coverage without government backing. Government officials have said demand for insurance will create a market.

Before 2001, insurers provided terrorism coverage as a part of other policies. But afterward, most would not sell it at any price. Banks began requiring terrorism coverage on loans for real estate and construction. President Bush said the lack of coverage was choking the economy.

In exchange for government backing, property-casualty insurers were required to offer terrorism coverage.

If the government gets out of the insurance business, insurers will probably still be liable for various losses from terrorist attacks, even without terrorism insurance.

The reason is that many companies sell workers' compensation insurance. State regulators require those policies to cover injuries or deaths to employees, regardless of the cause, including terrorism.

That means insurers might have to pay billions of dollars for worker compensation claims. Also, many regulators require insurers to pay losses from fires after an event they would otherwise refuse to cover, like an earthquake or a terrorist attack.

Insurers and their allies in business stepped up their lobbying this week, pointing out that countries like Britain, Spain, France and Germany have government-backed programs for terrorism insurance.

Richard C. Shelby, a Republican from Alabama who is the chairman of the Senate Banking Committee, said this week that he would not rule out ending the program. He declined to comment, but said in a statement that he thought the program had "impeded the development of broader, innovative solutions."

Unless Congress extends the program, it will die at the end of 2007. Already, industry executives say, insurers that are renewing multiyear policies are including provisions that cancel terrorism coverage without government backing.

Each year, the program has increased the amount that insurers must pay. This year the industry must pay the first $25 billion in losses, up from $5 billion in 2002. For the next $75 billion in losses, the government would pay 90 percent.

The cost of terrorism insurance varies widely, but complaints have been muted, even among those paying the most, because they say they simply need the coverage.

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In places that insurers consider riskiest — like Lower Manhattan, Chicago and Los Angeles — premiums can be three or four times a company's cost for all other property-casualty coverage.

In many major cities, terrorism coverage adds 20 percent to an overall insurance bill, industry experts say. Across the country, the cost is much lower: an average of an additional 4 percent, according to the Marsh & McLennan Companies, a big insurance broker. In unlikely target areas across the country, many customers pay little or nothing.

Since the World Trade Center attacks, the insurers have collected billions in premiums for terrorism coverage and, with no subsequent attacks, paid out nothing in claims.

Representative Richard Baker, a Republican from Louisiana, has generally supported the insurers. But at the hearing in Washington this week, he suggested they should pay more of the burden. "We don't want to fund the industry's profitability," he said. "That's our concern."

WAR NEWS:

Bush Attacks Democrats Over Iraq And Terror (NYT)

By Jim Rutenberg

The New York Times, September 29, 2006

BIRMINGHAM, Ala., Sept. 28 — President Bush took on the Democrats on Thursday with some of his most pointed language yet this campaign year, telegraphing the start of the last, intensive phase of the election season for the White House.

Speaking to a crowd of more than 2,000 supporters in this Bush-friendly Southern city, the president took Democrats to task for their criticism of the Iraq war, for their votes this week against legislation creating military tribunals to try terrorism suspects and for what he called misleading descriptions of the latest National Intelligence Estimate on global terrorism.

"Five years after 9/11, the worst attack on the American homeland in our history, the Democrats offer nothing but criticism and obstruction and endless second-guessing," Mr. Bush said at a fund-raising event for Gov. Bob Riley. "The party of F.D.R. and the party of Harry Truman has become the party of cut and run."

The National Intelligence Estimate, completed in April and reflecting a consensus of 16 American intelligence agencies, concluded among other things that the Iraq war had become a "cause célèbre" for Islamic extremists. But other sections in the estimate say terrorists would be demoralized by defeat in Iraq, and Mr. Bush declared that "some in the other party have been quoting selectively from the document for partisan political gain."

"The Democrats are using the N.I.E. to mislead the American people and justify their policy of withdrawal from Iraq," the president said. "The American people need to know what withdrawal from Iraq would mean. By withdrawing from Iraq before the job is done, we would be doing exactly what the extremists and terrorists want."

Mr. Bush has been honing his offensive against Democrats for weeks as his political team seeks to shift the election-year focus from a debate about him and the unpopular war to one about terrorism in general, his party's efforts to combat it and what he describes as the opposition's promotion of defeatism and retreat.

But until now he had left the sort of hard-charging talk that he used here to his political strategist Karl Rove, Vice President Dick Cheney and the Republican national chairman, Ken Mehlman.

Minutes after the speech, during which he received several standing ovations, the Democrats hit back.

The administration has "gone from shock and awe to an American public shocked at how awful the situation in Iraq is," Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, said in a statement sent by e-mail to reporters. "Rather than heed the warnings in the N.I.E., President Bush politicized this discussion, and the Republican Congress has stood on the sidelines."

In his criticism, Mr. Bush also singled out members of the Democratic leadership. Referring to "a senior Democrat in Congress" without mentioning her by name, he recalled a recent comment in which Representative Jane Harman of California, the top Democrat on the House Intelligence Committee, said: "The president says that fighting them there makes it less likely we'll have to fight them here. The opposite is true."

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The president pointed to Ms. Harman's remark as an example of how "some in Washington, some decent people, patriotic people," think that "we should not be on the offensive in this war on terror."

"History," he said, "tells us that logic is false."

Through a spokesman, Ms. Harman said Thursday evening, "If the president reads his own intelligence, he will see that his failed strategy in Iraq is making the terrorist threat more dangerous."

Bush Attacks 'Party Of Cut And Run' (WP)

By Michael A. Fletcher

The Washington Post, September 29, 2006

BIRMINGHAM, Sept. 28 -- In his sharpest partisan attack of this election campaign, President Bush denounced Democratic critics of his Iraq policy on Thursday and said "the party of FDR and the party of Harry Truman has become the party of cut and run."

Seeking to rebut Democrats who say a new intelligence report indicates that Iraq is fueling terrorism rather than helping to counter it, Bush said voters face a choice "between two parties with two different attitudes on this war on terror."

Republicans "understand the nature of the enemy," he said. "We know the enemy wants to attack us again," whereas Democrats "offer nothing but criticism and obstruction and endless second-guessing."

Despite assertions in a recently declassified intelligence report that the war in Iraq has become "a cause celebre" that is inspiring new jihadists and fueling anti-Americanism, Bush restated his position that the country is safer since the March 2003 invasion of Iraq. Absent the war, he said, extremists would find other excuses to attack Americans and other Westerners.

He said that leaving Iraq before that country is stabilized would embolden terrorists while exposing the United States to economic blackmail and the prospect of even-more-lethal threats.

"The greatest danger is not that America's presence in Iraq is drawing new recruits to the terrorist cause," he said. "The greatest danger is that an American withdrawal from Iraq would embolden the terrorists and help them find new recruits to carry out even more destructive attacks on the American homeland."

Bush's remarks added fresh fuel to an escalating partisan fight over conclusions from the National Intelligence Estimate. Bush grudgingly released portions of the report on Tuesday after some of its contents were leaked to news media outlets.

The report, which was completed in April, says the number of potential terrorists is growing as the war in Iraq enflames radical Muslims and fans hatred of America. The assessment also says that although anti-terrorism efforts have been largely successful in crippling al-Qaeda, the overall terrorist threat is becoming more diffuse, making it harder to identify potential terrorists and prevent attacks.

The document concludes that the factors fueling the growth in jihadism outweigh its vulnerabilities, meaning the terrorist threat is likely to grow. The paper reflects the collective judgment of the nation's 16 intelligence agencies.

"George Bush has no credibility left on national security," said Senate Minority Leader Harry M. Reid (D-Nev.). "No matter how many stump speeches he gives on the campaign trail, the American people can see the damage his tough talk has done to America's safety."

Sen. Charles E. Schumer (N.Y.), who heads the Democratic Senatorial Campaign Committee, accused Bush of ignoring key facts in the intelligence document. "When the president pays no attention to the findings of 16 nonpartisan, non-political intelligence agencies in our government, there's only more trouble ahead for our county and our soldiers," he said.

Speaking before a large and enthusiastic audience at a fundraising luncheon for Alabama Gov. Bob Riley (R), Bush attempted to turn criticism of his Iraq policy into a cudgel.

Bush quoted an unnamed congresswoman -- later identified by the White House as Rep. Jane Harman (Calif.), the top-ranking Democrat on the House intelligence committee -- as ridiculing Bush's frequent assertion that "we're fighting them over there so we don't have to fight them over here."

"We didn't create terrorism by fighting terrorism," Bush responded. "Iraq is not the reason why the terrorists are at war against us."

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Bush also criticized many Democrats for not supporting his approach to trying terrorism suspects. Pointing to Wednesday's vote on a bill passed by the House authorizing military tribunals for the suspects, Bush reminded his audience that 160 Democrats -- "including the entire Democrat leadership" -- voted against the measure, which passed 253 to 168.

Opponents have said the measure is at odds with core American values because it would allow evidence gathered without a warrant or gained through coercion to be used against terrorism suspects. Plus, they argued, it could invite brutal treatment of U.S. troops captured abroad.

While the intelligence report painted a grim picture of the growing terrorist threat, Bush asserted that it also provided support for his administration's strategy for fighting it. The report called Iraq a pivotal battleground in the wider anti-terrorism effort -- a point Bush makes frequently. Also, the document said, extremism's lack of appeal to the vast majority of Muslims offers hope for victory.

Before coming to Birmingham, Bush visited nearby Hoover, where he was briefed on the use of corn-based ethanol to fuel that city's municipal fleet.

Later, Bush traveled to New Albany, Ohio, where he headlined a fundraiser for embattled Rep. Deborah Pryce (R). The event was at the sprawling estate of Leslie H. Wexner, chairman and chief executive officer of Limited Brands, the retailing conglomerate that includes the Limited, Victoria's Secret and Bath & Body Works. The event, which was closed to the press, was expected to raise $500,000 for Pryce.

Bush Speech Links Politics, Terror Fight (LAT)

By James Gerstenzang

The Los Angeles Times, September 29, 2006

BIRMINGHAM, Ala. — President Bush angrily accused Democratic leaders Thursday of misrepresenting a recently declassified intelligence report, and said they favored policies that would increase the nation's vulnerability to terrorist attacks.

Addressing Republican Party contributors, the president melded politics, a defense of the war in Iraq and the anti-terrorism fight to a greater extent than he had recently.

His remarks set off an equally angry response from a leading Democratic senator.

"Five years after 9/11, the worst attack on the American homeland in our history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing," Bush said in a speech that repeatedly brought the audience of several thousand at the Birmingham convention center to its feet.

"The Democrats can't have it both ways," he said, accusing his political opponents of quoting selectively from declassified sections of a recent National Intelligence Estimate on the capabilities of Islamic extremists. "Either they believe that Iraq is a distraction from the war on terror or they agree with the intelligence community and the terrorists themselves that the outcome of Iraq is important in the war on terror.

"Truth is, the Democrats are using the NIE to mislead the American people and justify their policy of withdrawal from Iraq," Bush said.

The president has been speaking frequently about the war, and addressing large numbers of Republican contributors, but Thursday's speech brought together the two most difficult issues he is facing during his sixth year in office — the war and the challenge of keeping GOP majorities in the House and Senate — more openly than he had before.

He also singled out statements by Rep. Jane Harman of Venice and Sen. John D. Rockefeller IV of West Virginia, the top Democrats on the House and Senate intelligence committees, although he quoted neither by name. Aides said later that they were the two Democrats he was referring to.

Referring to Harman, Bush said: "She said, 'The president says that fighting them there makes it less likely we'll have to fight them here. The opposite is true.' She went on to say, 'Because we are fighting them there, it may become more likely that we'll have to fight them here.' "

Harman made those remarks at the beginning of the week, following reports that the National Intelligence Estimate had said, among other things, that the militant movement opposing U.S. forces in Iraq had grown stronger.

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Challenging her assessment, Bush said, "History tells us that logic is false. We didn't create terrorism by fighting terrorism. Iraq is not the reason why the terrorists are at war with us."

As he has in the past, he cited terrorist strikes on the World Trade Center in 1993 and on the the U.S. destroyer Cole in 2000, as well as the Sept. 11 attacks. U.S.-led forces invaded Iraq in 2003.

Bush also referred to Rockefeller's contention, made during an interview with CBS News this month, that the United States would be better off today if ousted Iraqi President Saddam Hussein had remained in power because "we wouldn't have depleted our resources" in Iraq and thus would be better able to go after Al Qaeda.

"Some Democrats in Congress say that we should not be fighting the terrorists in Iraq; it was a mistake to go into Iraq in the first place," Bush said. "I believe these Democrats need to answer a simple question: Do they really believe that we would be better off if Saddam Hussein were still in power?"

Citing Rockefeller's statement, the president continued: "If this is what the Democrats think, they need to make this case to the American people. They need to make the case that the world would be better off if Saddam Hussein were still in power."

Bush's remarks prompted Sen. Charles E. Schumer of New York, who heads the Democrats' Senate election campaign, to respond: "Mr. President, the truth will set you free."

Schumer said that Bush was paying "no attention" to the work of the nation's 16 "nonpartisan, nonpolitical intelligence agencies" that was reflected in the National Intelligence Estimate, thus spelling "only more trouble ahead for our country and our soldiers."

"Democrats want a strong policy on the war but also a smart one," he said in a written statement.

Bush spoke at a luncheon that White House Press Secretary Tony Snow said raised $1.76 million for the reelection campaign of Republican Gov. Bob Riley of Alabama and $750,000 for the Republican Governors' Assn. He later traveled to Ohio to address a fundraiser for Republican Rep. Deborah Pryce near Columbus.

Bush Criticizes Democrats On Terror War (AP-Y)

By Jennifer Loven

AP, September 28, 2006

President Bush suggested Thursday that Democrats don't have the stomach to fight the war on terror, battling back in the election-season clamor over administration intelligence showing terrorism spreading.

"Five years after 9/11, the worst attack on the American homeland in our history, Democrats offer nothing but criticism and obstruction and endless second-guessing," Bush said at a Republican fundraiser.

"The party of FDR and the party of Harry Truman has become the party of cut and run," Bush told a convention-center audience of over 2,000 people. The event put $2.5 million in the campaign accounts of Alabama Gov. Bob Riley and the state GOP.

Democrats immediately disputed the charge that they would hold back in the anti-terror battle.

"On his watch, five years after 9/11, he not only has failed to capture Osama bin Laden, but as the (National Intelligence Estimate) indicates, his failed policies have made America less safe and spawned terrorism, not decreased it," said Karen Finney, spokeswoman for the Democratic National Committee. "Democrats will be tough and smart, and will actually fight the terrorists, not leave them to plan future attacks."

Bush's no-holds-barred speech, one of his harshest yet on the campaign trail, came less than six weeks before midterm elections in which Democrats are seeking to strip Republicans of their control of one or both houses of Congress.

The war of words continued a nearly weeklong tussle by both parties over the implications of a newly revealed estimate, an analysis of terror trends put together by the nation's top intelligence analysts in 16 spy agencies.

The document concluded that Iraq has become a "cause celebre" for jihadists worldwide, whom it said have grown in number and geographic reach. The report said the factors, such as the Iraq war, that are fueling the jihadist movement's growth outweigh its vulnerabilities and that, if the current trend continues, risks to the U.S. interests at home and abroad will grow.

Portions of the five-month-old report were leaked over the weekend, and Bush ordered the key judgments — four of its 30 pages — declassified on Tuesday in hopes that wider availability of most conclusions would quell the criticism.

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Democrats continued to point to the report to argue that the 2003 Iraq invasion, by fanning anti-U.S. sentiments and helping terrorists recruit, is one reason to change leadership in Congress.

On Thursday, Bush accused the opposition party of cherrypicking pieces of the report "for partisan political gain" and "to mislead the American people and justify their policy of withdrawal from Iraq."

"The greatest danger is not that America's presence in the war in Iraq is drawing new recruits to the terrorist cause," Bush said. "The greatest danger is that an American withdrawal from Iraq would embolden the terrorists and help them find new recruits to carry out even more destructive attacks."

Though not by name, he quoted Rep. Jane Harman of California, top Democrat on the House Intelligence Committee, as saying that because of the Iraq war "it may become more likely" that the U.S. will have to contend with terrorists on its own soil again, rather than less likely as the president argues. And he quoted Sen. Jay Rockefeller of West Virginia, top Democrat on the Senate Intelligence Committee, as saying the world would be better off without the Iraq war and if former Iraqi leader Saddam Hussein were still in power.

"Some in Washington, some decent people, patriotic people, feel like we should not be on the offensive in this war on terror," the president said. "We will fight them wherever they make a stand."

The president also criticized House Democrats, including their leadership, who voted this week against a White House plan for interrogating, detaining and trying terrorists. "We must give our professionals the tools they need to protect the American people in this war on terror and those in the House of Representatives were wrong to vote against this bill," he said.

Democrats, joined by some Republicans, say the legislation would give the president too much latitude when deciding whether aggressive interrogations cross the line and violate international standards of prisoner treatment.

Bush headed from Alabama to Ohio to raise $600,000 for the Ohio GOP and Rep. Deborah Pryce, who is struggling to hold on to her seat in an evenly split district and stressing her independence from the president.

That fundraiser was held behind closed doors — like most that Bush does lately.

By Thursday's end, the president had headlined 68 political events — all fundraisers — benefiting 37 candidates, the national GOP, several state counterparts and the campaign arms of House and Senate Republicans. Half of them overall have been closed to media coverage, with the percentage going up to nearly two-thirds in recent months.

The only one of the president's six political events this week that was open was the fundraiser for Riley, who is favored for re-election over his challenger, Democratic Lt. Gov. Lucy Baxley.

Bush Scolds 'Party Of Cut And Run' (WT)

By Stephen Dinan

The Washington Times, September 29, 2006

President Bush yesterday said Democrats have ditched the tradition of the great war-fighting presidents of the 20th century to become "the party of cut and run," and accused them of using leaked excerpts of a recent intelligence estimate to mislead voters before midterm elections.

In his most politically biting speech yet in this campaign, Mr. Bush slammed his political opponents for not having an Iraq policy, then warned against embracing the conclusions of some top members of their party who say Iraq is a distraction from the war on terror.

"Five years after 9/11, the worst attack on American homeland in our history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing," Mr. Bush said while campaigning for Alabama Gov. Bob Riley in Birmingham. "The party of FDR and the party of Harry Truman has become the party of cut and run."

Mr. Bush also spoke at length about the National Intelligence Estimate (NIE), leaked portions of which were published over the weekend, prompting the president on Tuesday to release a longer declassified version that painted a mixed picture of the war.

"Truth is, the Democrats are using the NIE to mislead the American people and justify their policy of withdrawal from Iraq," he said.

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Democrats taunted back, saying Mr. Bush has a chance to prove himself right by releasing the entire intelligence document.

"If George Bush is so confident that his national security policies are working, he should release the entire National Intelligence Estimate on terrorism and let the American people decide for themselves," said Senate Minority Leader Harry Reid, Nevada Democrat.

He and five other top Senate Democrats wrote a letter to John D. Negroponte, the director of national intelligence, asking him to speed up a planned intelligence study that focuses solely on Iraq.

Democrats hope the NIE information helps them regain the initiative and refocus the debate on Iraq after Mr. Bush's successful September, during which his series of speeches on the broader war on terror boosted both his approval ratings and support for Republicans' job in handling terror.

Last weekend, the New York Times and The Washington Post reported on a portion of the NIE that said the war in Iraq is prompting more people to become jihadists. That boosted Democrats' argument that the war in Iraq is a mistake.

"They've gone from shock and awe to an American public shocked at how awful the situation in Iraq is," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee. "Rather than heed the warnings in the NIE, President Bush politicized this discussion and the Republican Congress has stood on the sidelines."

But the administration released a broader version this week that also notes that defeating jihadist fighters in Iraq would be a demoralizing blow for terrorists worldwide -- boosting Mr. Bush's argument that Iraq is central in the broader war on terror.

While not disputing the assessment that Iraq is spawning more terrorists, the president said it is just the latest reason terrorists have given for fighting against the United States.

"Our troops were not in Iraq when the terrorists first attacked the World Trade Center. They were not in Iraq when they blew up our embassies in Kenya and Tanzania. They were not in Iraq when they bombed the USS Cole," he said.

The next fight for the administration may be Bob Woodward's upcoming book, "State of Denial," due out next week. In an interview with CBS' "60 Minutes" -- which is owned by the same company that owns the book's publisher, Simon & Schuster -- Mr. Woodward says the administration is withholding information that the war in Iraq will get worse next year.

"The truth is that the assessment by intelligence experts is that next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying], 'Oh, no, things are going to get better,'" Mr. Woodward says, according to CBS.

Ratings Rise With Terror Talks (WT)

By Stephen Dinan

The Washington Times, September 29, 2006

It's no surprise that President Bush has returned to talking about the war on terror -- for the past four weeks, his approval ratings have steadily risen as he delivered a series of speeches tying Iraq to the broader war on terror and demanding that Congress give him tools to fight the war.

The average of the most recent public polls puts Mr. Bush with a 42 percent approval rating -- far from stellar heading into an election, but better than the lower-than-38 percent rating he averaged at the end of August, just before his major blitz of speeches on the war on terror.

Mr. Bush talks about the war on terror frequently -- including a biting attack on Democrats at a fundraiser in Alabama yesterday -- but the White House said the recent series of speeches was designed to cut through day-to-day matters and give the president a chance to get across some specific points.

"The speeches help crystallize the philosophical choice that Americans are facing, not just in the midterm election but every day, as they think about the war on terror. You cannot remind people enough about the nature of the enemy, the challenges we face as a nation, the patience and resolve it is going to require," White House spokeswoman Dana Perino said.

Beginning in Salt Lake City on Aug. 31 at the American Legion and ending with his Sept. 19 address to the U.N. General Assembly, Mr. Bush laid out a more complete picture of al Qaeda, using quotes from terrorist leaders, and demanded that

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Congress give him tools such as wiretapping authority to go after terrorists. He also challenged both Americans and people worldwide to accept that the battle against terrorism is the major ideological struggle of this century.

One senior administration official said Republicans started to benefit with Sen. Joe Lieberman's primary loss to an anti-Iraq war Democrat in Connecticut in early August and then continued with Defense Secretary Donald H. Rumsfeld's speech to the American Legion two days before Mr. Bush's, which cautioned against repeating the 1930s mistakes of appeasement.

"What they all did together was the perfect storm, which was it set a clear definition between each side in this election," the official said, adding that it stiffened Republicans' spines while leaving Democrats searching. "The Rumsfeld speech was effective because it spooked them, made them overreact and made them walk around and say 'I'm not an appeaser.'"

Driving Mr. Bush's rise in the polls has been a steady increase in support among Republicans -- from 76 percent approval in early August to 87 percent now, according to the Fox News poll.

But that also means he is not winning over Democrats or independents, whom Republicans will need in November's election, said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

"Independents and Democrats are united against Republicans in the House and the president," Mr. Burton said.

Democrats also doubt that Mr. Bush's improved numbers will help Republican House and Senate candidates and point to polls that show approval for the Republican-led Congress still below 30 percent. Democrats also hold a lead of about 10 percentage points when voters are asked generally whether they plan to vote for a Democrat or Republican for Congress this year.

Mr. Burton said Democrats are using the newly declassified portions of the National Intelligence Estimate (NIE) to poke holes in Mr. Bush's terror argument and to fire back at Republicans who are using Mr. Bush's arguments on the campaign trail. He pointed to Connecticut's 5th Congressional District, where Democratic challenger Chris Murphy is using the NIE's assessment of Iraq against Republican incumbent Nancy L. Johnson.

Still, Republicans said Mr. Bush has dominated the news cycles this month, dictated the congressional agenda and crowded out Democrats' message. With a packed campaigning schedule, they expect that momentum to continue.

"The more people know about these priorities, and the more they hear from the White House, the more they support the president. This is clearly not the 'new direction' his opponents were looking for," said Don Stewart, spokesman for Senate Majority Whip Mitch McConnell, Kentucky Republican.

Land: Majority Of Baptists Support Bush (AP-Y)

By Rose French

AP, September 28, 2006

The head of public policy for the Southern Baptist Convention says an overwhelming majority of Baptists still support President Bush and his handling of the Iraq war.

In an interview with The Associated Press on Thursday, Richard Land said that exit polls showed about 84 percent of Southern Baptists voted for Bush in 2004. The Iraq war hasn't significantly eroded that support, he said, despite recent polls that show Republicans losing ground with moderate evangelicals.

"I'm not ready to throw in the towel on Iraq yet," said Land, president of the Washington, D.C.-based Ethics and Religious Liberty Commission, the Southern Baptist Convention's public policy arm.

"It would be foolish to say anybody's pleased," Land said. "I don't think the president's pleased with the progress of the war. Clearly, he would have wished things would have gone better. So do I."

But, Land added: "I still think Iraq is one of the more noble things we've done. We went there to try to restore freedom and to bring freedom to the Middle East."

An Associated Press-Ipsos poll conducted earlier this month indicated that 42 percent of white evangelicals disapprove of the job Bush has done as president.

But Land contends Bush has lost less support from Southern Baptists than "virtually any other constituency." The Nashville-based SBC is the largest Protestant denomination in the U.S. with over 16 million members.

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"I don't think there's any question that the vast majority of Southern Baptists still strongly support this president and his policies," Land said.

Southern Baptists have been among the most vocal of conservative Christian groups in support of the Bush administration.

The president has spoken by video link to the Southern Baptist national convention three times in recent years and outgoing SBC President Jack Graham called the president "a man of personal faith whose leadership is great for America."

Land, who also serves on the U.S. Commission on International Religious Freedom, an independent and bipartisan federal agency, said the United States needs to worry less about trying to improve its image in the Middle East.

Instead, Land says, "we ought to go negative."

"We ought to be spending our money explaining what the Middle East would look like if the jihadists win, what Afghanistan looked like when the Taliban was in control and what the role of women was.

"We need to focus more on the fact that most people being killed in Iraq are not Americans but Muslims being killed by other Muslims," he said. "If democracy loses in the Middle East, it's Muslims who will be the primary losers."

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On the Net:

Southern Baptist Convention: http://www.sbc.net/

Bush Urges Key Allies To Cooperate (AP)

By Anne Gearan

AP, September 28, 2006

In a Rose Garden appearance arranged to show warmth and unity, the bickering leaders of Pakistan and Afghanistan shook hands with President Bush but not with each other.

Pakistani President Gen. Pervez Musharraf and Afghan President Hamid Karzai, whom Bush considers key bulwarks against Islamic radicalism in a volatile region, barely looked at one another as Bush appealed for cooperation against the common enemy of terrorism.

"I look forward to having dinner with friends of mine who don't happen to share the same faith I do but nevertheless share the same outlook for a more hopeful world," Bush said in a brief Rose Garden appearance before Wednesday's light dinner of soup, sea bass and salad.

The meeting was a command performance for leaders who have joined their fortunes to Bush's anti-terror drive since the Sept. 11, 2001, attacks but who for months have picked at one another's efforts to fight terrorists along their long, remote, mountainous border.

They actually did shake hands before joining Bush in appearing before reporters.

"These two men are personal friends of mine," Bush said. "They are strong leaders who have an understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

After the private meal, the White House issued a bland statement that called the session a "constructive exchange" but outlined no new agreements or initiatives. The White House did not make any officials available for questions.

"They committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan," the statement from press secretary Tony Snow said.

Bush's three-way dinner party, just weeks before the November congressional elections, came as he works to persuade voters that Republicans are best able to guide the U.S.-led war against terrorism. He faces declining American support for both the U.S.-led war in Iraq and the U.S. military commitment in Afghanistan.

Afghan officials claim that Pakistan lets Taliban militants hide out and launch attacks into Afghanistan. Musharraf says Karzai has bad information and notes that Pakistan has deployed 80,000 troops along the porous border.

Karzai says Musharraf turns a blind eye to hatred and extremism being bred at Islamic schools in Pakistan. At one point, Musharraf said Karzai is behaving "like an ostrich," refusing to acknowledge the truth and trying to shore up his political standing at home.

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Right up to Wednesday night's White House dinner, they also have pointed fingers at one another over al-Qaida's Osama bin Laden and other terror leaders. Each says bin Laden isn't hiding in his country and suggests the other might do more to help find him.

The heated accusations had put the White House in the middle, and Bush clearly thought it was time to clear the air.

Standing between the pair, Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

The Afghan and Pakistani leaders stood stiffly on either side of Bush as he spoke without notes or a lectern. Musharraf was tightlipped, hands clasped awkwardly before him. Karzai nodded agreeably as Bush spoke. Neither of the foreign leaders spoke.

"Today's dinner is a chance for us to strategize together" and find common solutions, Bush said.

Speaking in London Thursday, where he traveled after his U.S. visit, Musharraf said, "The meeting that I held with President Bush and Hamid Karzai last night was very good. It was decided that we should have a common strategy. We have to fight terrorism. We have to defeat it, defeat it jointly."

The session came as Afghanistan suffers its worst reversals since the U.S.-led ouster of the extremist Taliban regime nearly five years ago.

The Taliban militants have regrouped and launched an offensive earlier this year whose strength and organization took Afghan and U.S. officials by surprise. They have adopted methods commonly used by militants in Iraq: suicide bombings, ambushes and beheadings.

Illegal opium production has risen yearly despite billions of dollars spent to suppress it, and Afghanistan is now the source of more than 90 percent of the world's supply.

Afghan, Pakistani Leaders Plan Visits (WT)

By Sharon Behn

The Washington Times, September 29, 2006

After days of public sniping, the leaders of Afghanistan and Pakistan agreed during dinner with President Bush to meet three times in an attempt to end violence in the region.

President Hamid Karzai of Afghanistan and Pakistani President Pervez Musharraf will attend two gatherings of tribal elders, one on each side of the border, Afghan Ambassador Said T. Jawad told The Washington Times.

Both presidents are also to meet a third time, probably in Islamabad, Pakistan, said Mr. Jawad, who described their willingness to talk as "crucial."

A Wednesday night dinner with President Bush at the White House started off "tense" after a bout of name-calling in television interviews but apparently ended on a friendly note.

Mr. Bush "played a very constructive role in emphasizing that cooperation will benefit Afghanistan, Pakistan and global security," said the Afghan ambassador, who attended the dinner.

"It is an important achievement. The result will depend on how these decisions are implemented," Mr. Jawad said.

Pakistan Embassy spokesman Akram Shaheedi confirmed the meetings would take place. Both officials said a timetable had not been fixed for the meetings.

The leaders' commitment to work jointly on a solution to regional Taliban-led terrorism ended months of mutual accusations and recriminations as to the roots and backing of terrorists operating in Afghanistan.

Gen. Musharraf on Sept. 5 signed a peace agreement with pro-Taliban tribal leaders in Pakistan's North Waziristan border area in an effort to halt cross-border attacks.

Violence in the area has since escalated, and critics have slammed the deal as Pakistan's ceding military control over a region used by terrorists as a staging area for attacks in Afghanistan.

"There has been an increase in activity, certainly along the border region, especially in the southeast areas [in Afghanistan] across from North Waziristan," U.S. military spokesman Lt. Col. John Paradis told a press conference covered by the Reuters news agency.

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Mr. Jawad said the new tribal "jirgas" or council meetings would differ from the agreement between Pakistan and specific tribal groups along the border.

"We want tribal leaders on both sides of the border, not where the Taliban are based, but tribal leaders from both sides," he said.

"This is a long fight against terror -- it will require strong continued commitment, and it is in the mutual interest of Afghanistan and Pakistan to reach that objective as soon as possible," the ambassador said.

A document by a senior researcher at the British Defense Academy leaked in London accused Pakistan's Inter-services Intelligence (ISI) agency of indirectly supporting terrorist groups, including al Qaeda, the Associated Press reported.

Gen. Musharraf rejected the accusations, telling the British Broadcasting Corp. that his intelligence service had enabled the arrest of almost 700 terror suspects.

"ISI is a disciplined force, breaking the back of al Qaeda," said Gen. Musharraf, who is on a book tour for his memoirs.

He flew to London yesterday, where he met for two hours with Prime Minister Tony Blair.

The document was part of a private review of global efforts to combat terrorism, Associated Press reported, and according to Britain's Ministry of Defense did not represent the views of the ministry or the British government.

Nevertheless, the British document closely paralleled the U.S. National Intelligence Estimate, parts of which were declassified earlier this week in response to media leaks.

The NIE called the Iraq war a "cause celebre" for Islamic terrorism and said that despite U.S. troops' wreaking serious damage on al Qaeda leadership, the number of terrorists is spreading in number and geographic dispersion.

Mr. Jawad said the tone of Wednesday's 21/2 hour White House dinner was cordial and constructive, although he acknowledged that it had started off a little "tense."

"They shook hands, and some of the participants shared cigars," said Mr. Jawad. "It was very friendly."

Afghanistan is experiencing the worst rise in terrorist violence since the U.S.-led 2001 fall of the Taliban government, with attacks on the border area of Pakistan tripling in some areas, according to U.S. officials.

NATO agreed yesterday to take command of peacekeeping in all of Afghanistan next month after the United States pledged to transfer an extra 12,000 troops to its force, Reuters reported.

Pentagon officials said the transfer of troops currently in Afghanistan's eastern region would entail the biggest deployment of U.S. troops under foreign command since World War II.

In Britain, Musharraf Is Questioned On Terror Ties (NYT)

By Alan Cowell

The New York Times, September 29, 2006

LONDON, Sept. 28 — President Pervez Musharraf of Pakistan arrived here on Thursday and found himself facing accusations that his country's intelligence service had indirect ties to Al Qaeda and that his government committed widespread human rights abuses as an ally of the United States in its effort to curb terrorism.

He arrived after a rocky visit in Washington, where President Bush used a White House dinner to try to mediate between the Pakistani leader and President Hamid Karzai of Afghanistan over their mutual accusations of responsibility for the resurgence of the Taliban, Afghanistan's former rulers.

Although the two leaders did not shake hands in public, General Musharraf indicated in remarks broadcast live on Pakistani television on Thursday that some tensions had eased. "The meeting that I held with President Bush and Hamid Karzai last night was very good," he said, according to The Associated Press. "It was decided that we should have a common strategy. We have to fight terrorism. We have to defeat it, defeat it jointly."

A report of a leaked document, which said that Pakistan's intelligence service indirectly supported the Taliban, played into the argument over the growing insurgency in Afghanistan, where Britain and the United States have sent forces. The document was said by the BBC to have originated in Britain's Defense Academy, a research agency sponsored by the Ministry of Defense.

Separately, Amnesty International, the human rights group, accused Pakistan of abuses, including the torture of terrorism suspects and the illegal transfer of detainees to the United States.

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Britain's Defense Ministry did not challenge the authenticity of the leaked document, but it said that the paper did not represent official policy and was part of academic research. The document, details of which were broadcast Wednesday night on BBC television, was quoted as saying that indirectly, Pakistan, through the security agency, "has been supporting terrorism and extremism, whether in London on 7/7," the date when suicide bombers attacked three subway trains and a double-decker bus last year, "or in Afghanistan or Iraq." It said Pakistan's security services played a "dual role," combating terrorism while at the same time promoting an Islamic coalition called Mutahida Majlis-e-Amal "and so indirectly supporting the Taliban."

"Pakistan is not currently stable but on the edge of chaos," the document said, urging the dismantling of the security service. Echoing a recent American intelligence assessment, parts of which were declassified this week, it also said the war in Iraq "has served to radicalize an already disillusioned youth, and Al Qaeda has given them the will, intent, purpose and ideology to act."

Before he arrived in London, General Musharraf took strong exception to the leaked document. The security agency, he said, "is a disciplined force, breaking the back of Al Qaeda," he told the BBC. He is to deliver a speech in Oxford on Friday after meeting Thursday evening with Mr. Blair at Chequers, the British prime minister's country retreat, west of London.

After the two-hour meeting, Mr. Blair's spokesman said the prime minister had assured General Musharraf that the leaked document did not represent official British policy.

In its report released late Thursday, Amnesty International said Pakistan had "committed numerous human rights violations as a result of its cooperation in the U.S.-led 'war on terror.' "

"Hundreds of people have been arbitrarily detained," it said.

In response to the report, a Pakistani Foreign Ministry spokeswoman, Tasneem Aslam, said, "As far as detentions go, yes, people have been detained, but we have a challenge, we have to weigh the costs."

"It's a tough call not only for Pakistan, but for all countries fighting terrorism," she said. "It is a challenge to strike a balance; while we respect individual rights, we have to prevent terrorist acts."

Blair, Musharraf Pledge To Fight Terror (AP)

By Jennifer Quinn

AP, September 28, 2006

The leaders of Britain and Pakistan pledged their commitment Thursday to defeating insurgents in Afghanistan, brushing aside a leaked British military document that claimed Islamabad's security forces are indirectly supporting terrorist groups.

Prime Minister Tony Blair and President Gen. Pervez Musharraf met for two hours, with both reinforcing their support of a NATO-led mission to support the Kabul government, a Blair spokesman said.

The meeting, at Chequers, Blair's official country residence west of London, followed Musharraf's visit to Washington, where he held talks with President Bush and Afghan leader Hamid Karzai.

Thursday's meeting had threatened to be overshadowed by a military document obtained by the British Broadcasting Corp. in which a senior officer maintained Pakistan's Directorate of Inter Services Intelligence — the country's top spy agency — should be dismantled.

The broadcaster reported the document was written by an unidentified senior researcher at the Defense Academy, a defense ministry think-tank and college.

It said the author was also linked to the intelligence services and the document was part of a private British review of efforts across the world to combat terrorism.

Musharraf rejected that allegations that its security forces had indirectly supported terrorist groups and raised the issue with Blair during their meeting.

"The president accepted that document is not government policy, so there was no further need to discuss it," said a spokesman for Blair's office, speaking on condition of anonymity in line with policy.

He said Blair also assured Musharraf that British troops would remain in Afghanistan for the "long term," as part of the NATO mission.

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Musharraf told Blair he recognized the need to continue working to reduce the amount of cross-border activity between Pakistan and Afghanistan.

Britain's defense ministry said the material obtained by the BBC was in no way a report or a policy statement.

Instead, the papers were merely research notes taken by an academic to reflect material seen or collected from a variety of sources — not a collection of facts meant to influence the government's position or policies, a ministry spokeswoman said, speaking on customary condition of anonymity in line with department policy.

The BBC quoted the document as saying that "indirectly, Pakistan (through the ISI) has been supporting terrorism and extremism — whether in London on (July 7, 2005) or in Afghanistan or Iraq."

It reported that the document said "Pakistan is not currently stable but on the edge of chaos."

The defense ministry spokeswoman, reading a strongly worded ministry statement, said the "academic research notes quoted in no way represent the views of either the MoD (defense ministry) or the government."

"To represent it as such is deeply irresponsible and the author is furious that his notes have been willfully misrepresented in this manner," the statement said.

"He suspects that they have been released to the BBC precisely in the hope that they would cause damage to our relations with Pakistan."

The ministry reiterated Britain's long-standing position that Pakistan is a key ally in the fight against terrorism.

Musharraf called the intelligence agency a critical player in the war on terror and said its work had led to the arrests of 680 suspected terrorists.

Following his Washington meetings, he said it was decided Afghanistan and Pakistan should have better intelligence coordination and interaction to meet the challenges of fighting militants. But a news conference following a dinner revealed a frosty relationship between the leaders, with Karzai and Musharraf not shaking hands with each other, after shaking hands with Bush.

When Hamid Met Pervez (NYT)

The New York Times, September 29, 2006

It will take more than a shared dinner at the White House to get Presidents Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan to think and say nice things about each other. Their quarrel is no mere war of words in competing press interviews. It is about the real war being waged on Afghan soil by a revitalized Taliban, which recruits fighters in Pakistan and sends them almost unimpeded across a shared border.

General Musharraf says he is doing his best to stop this infiltration. But his best has been strikingly ineffective, considering the powers he wields as a military dictator, accountable only to his fellow Pakistani generals.

His latest move on the Taliban front was discouraging, to say the very least. This month he agreed to a cease-fire deal with tribal allies of the Taliban in North Waziristan, the border region of Pakistan where Al Qaeda leaders, including Osama bin Laden, are thought to be holed up.

The agreement grants such foreign fighters the right to remain so long as local Taliban forces do not attack Pakistani soldiers and promise they will not cross into Afghanistan. As part of this understanding, Pakistani military checkpoints in the area are being dismantled.

President Karzai is understandably unhappy about this. President Bush should be too. Those Taliban fighters crossing into Afghanistan are not just killing Afghans. They are also killing American and NATO troops in growing numbers. This isn't the first time General Musharraf has put domestic concerns ahead of the larger fight against international terrorism. He is still a useful American ally in that fight, but a dangerously selective one.

It would be overly simplistic to blame General Musharraf alone for Afghanistan's increasingly perilous situation. In its hurry to move on to Iraq, the Bush administration never committed enough troops to establish the security needed for redevelopment and democracy to take root. And it has been too stingy with the kind of long-term development aid required to consolidate popular support.

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Mr. Karzai, for his part, has been far too indulgent of corruption and drug trafficking. And, in the hope of extending his authority beyond Kabul, he has made damaging deals with brutal warlords.

Now that the dinner is over, Mr. Bush needs to focus on the real problems of Afghan security and reconstruction. And he needs to remind General Musharraf that the very minimum America expects of its allies is that they not concede any form of sanctuary to such sworn enemies of the United States as the Taliban and Al Qaeda.

The Musharraf Exception (WSJ)

By Robert L. Pollock

The Wall Street Journal, September 29, 2006

Pervez Musharraf is America's favorite dictator. The Bush administration seems to consider the Pakistani general -- who took power in a 1999 military coup -- an indispensable ally, and has yet to publicly pressure him on the democracy front. Democrats and foreign policy thinkers of the "realist" school seem equally comfortable with the idea of Gen. Musharraf running Pakistan for the indefinite future. Indeed, if the purpose of the general's new autobiography -- "In the Line of Fire" -- was to win American sympathy ahead of an attempt to fiddle with next year's presidential election, he probably needn't have bothered.

A recent meeting of the Musharraf fan club took place at the Council on Foreign Relations in New York, where Gen. Musharraf gave brief remarks and took questions as he launched his book tour on Monday night. He was treated to standing ovations that exceeded mere politeness as he entered and left the hall. Not one questioner raised the democracy issue. And if the moderator -- former Clinton Treasury Secretary Robert Rubin -- was curious, he didn't let on. He was too busy extolling Gen. Musharraf's wisdom and the fact that he has been kind enough to employ as prime minister Mr. Rubin's ex-Citibank colleague, Shaukat Aziz.

Even among the "neocon" architects of President Bush's democracy-promotion agenda it's hard to find an unkind word about Gen. Musharraf, as I discovered while spending several days last year in Islamabad with former Undersecretary of Defense Doug Feith. Behind this bipartisan support -- or at least acceptance -- is Pakistan's nuclear arsenal, and the perception that Gen. Musharraf is the only thing standing in the way of its takeover by a radical Islamic government. But there are good reasons to doubt this perception, and to suspect that allowing a permanent "Musharraf Exception" to the democracy agenda will do more harm than good.

On the plus side of the Musharraf ledger is, indeed, the obvious fact that the man with the keys to Pakistan's bombs is not a raving Islamic fanatic. He has been an ally -- of convenience, at least -- in the fight against al Qaeda. And his rule, while autocratic, is not oppressive. With a smart and vibrant free press, Pakistan undoubtedly passes what Condoleezza Rice has called the "public square test" -- a fancy way of saying you can speak your mind without fear of being carted away by the cops.

At the same time, however, Gen. Musharraf suffers from his lack of legitimacy among the secular classes who have run Pakistan's democratic governments in the past, and who would almost surely win if another free poll is held. The Islamists got only 11% in the last parliamentary election, but the general is increasingly courting them as he attempts to hold power -- which may be one reason his antiterror efforts haven't included any attempts to crack down on the madrassas. For the same reason, Pakistan's efforts to control Taliban elements operating within its borders seem half-hearted. And when confronted with a question about this at the Council Monday night, Gen. Musharraf launched into an ethnocentric diatribe about supporting Afghanistan's Pashtun majority. Never mind that Afghan President Hamid Karzai is a Pashtun. Gen. Musharraf went on at length about the apparently unseemly fact that the late anti-Taliban leader Ahmed Shah Massoud -- a "minority" Tajik, he kept pointing out -- is revered in Kabul.

More broadly, Gen. Musharraf used his Council on Foreign Relations remarks to criticize the Bush administration's broader war on terror. "I feel that we are only using the instrument of the military to combat terrorism," he said, ignoring the democracy agenda. And what does he think the root cause of terrorism is? "Palestine is the core issue," he said, repeatedly. The audience could have been forgiven for thinking it was listening to the tired rhetoric of someone like Hosni Mubarak. But then, Gen. Musharraf seems increasingly like Mr. Mubarak, and less like the modernizer preparing Pakistan for a return to democracy that he claims to be.

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Don't get me wrong. Your humble correspondent is under no illusions about the feasibility of immediate democratic revolutions in every country of the Islamic world. But equally, let's have no illusions about Pervez Musharraf. He took power illegitimately in a country with some history of democracy, however imperfect. And now he seems to be in no hurry to give it up. The Bush Doctrine can survive the Musharraf Exception over the short run. But over the longer term, the credibility of our efforts to address the root causes of terror will require nudging Pakistan, too, back toward the democratic path.

Mr. Pollock is a member of the Journal's editorial board.

Rumsfeld Comments On Intelligence Report (AP)

By Lolita C. Baldor

AP, September 28, 2006

It is impossible to know with any precision whether the wars in Iraq and Afghanistan have created more terrorists than they've killed, Defense Secretary Donald H. Rumsfeld said Thursday.

In his first extensive remarks about a recent U.S. intelligence report saying the threat of terrorism has risen, Rumsfeld told reporters at a NATO meeting that, in general, the value of intelligence reports can be uneven, and "sometimes it's just flat wrong."

But he added that, "the implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical."

In the much-discussed National Intelligence Estimate initially reported last weekend, the government's top analysts concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, they said, the risks to the U.S. interests at home and abroad surely will grow.

Rumsfeld did not specifically criticize or address the controversial intelligence report, but instead commented more broadly about the terrorist question that has gripped the political world since the report was disclosed last week.

"Are more terrorists being created in the world? We don't know. The world doesn't know," said Rumsfeld, adding that there are no good ways to measure "The world doesn't know. There aren't good ways to measure how many terrorists are being trained at camps around the world."

Disclosure of the classified report, and Bush's subsequent move to make public portions of it, has had broad political ramifications.

For Republicans, the report provides more evidence that Iraq is central to the war on terrorism and can't be abandoned without giving jihadists a crucial victory. And for Democrats, it furthers their argument that the 2003 Iraq invasion has inflamed anti-U.S. sentiments in the Muslim world and left the U.S. less safe.

Rumsfeld said any specific comments on the report should come from Bush. But he added that while it's hard to know how many terrorist are being created, officials have a better idea how many have been killed or captured.

On Thursday the new leader of al-Qaida in Iraq purportedly said in an audio message posted online that more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 — the first apparent acknowledgment from the insurgents about their losses.

Rumsfeld also said there are multiple groups of extremists whose goal is to murder and terrorize free people and their goal is to topple any Muslim regime that disagrees with them and replace them with extremists.

"Ultimately they will fail," said Rumsfeld, adding that "anyone who thinks there is a single answer or a single reason, or a silver bullet that's going to solve the problem can't be right, its too complex... It's going to take time and its going to take a lot of work by people who are patient and believe in freedom."

Rumsfeld was attending a NATO defense ministers meeting here. During the meeting, the ministers approved extending NATO's control of military operations across all of Afghanistan — a move that Rumsfeld hailed as a "bold step forward" for the alliance.

Under the new arrangements, as many as 12,000 additional American troops will be put under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Rumsfeld Says Its Not Possible To Tell If Jihadist Ranks Are Growing (AFP)

AFP, September 28, 2006

DOJ_NMG_0070869

Calling US intelligence uneven and "sometimes just flat wrong," US Defense Secretary Donald Rumsfeld said it is not possible to tell whether the ranks of Islamic extremists are growing or not.

Rumsfeld weighed in for the first time on a US intelligence estimate that warned that the war in Iraq has become a "cause celebre" for Islamic radicals, causing the ranks of "jihadists" to swell and disperse geographically.

Rumsfeld avoided direct comment on the key findings of the national intelligence estimate which were declassified on White House orders this week amid a political storm over its findings.

Instead, he said spoke in general terms about intelligence shortcomings that undercut the value of the reports.

"Every day people in policy positions get stacks like this of intelligence reports. Their value is uneven," he said at a press conference, using his hands to indicate the size of the stack.

"Their information is often qualified 'as one the one hand this, on the other hand that' because it is a difficult business," he said.

The reports are based on a wide range of sources from the public records to classified information to intelligence shared by allies in the US-led "global war on terrorism," he said.

"And frankly sometimes it's just flat wrong. It turns out not to be right. That's fair enough, too," he said.

Asking himself whether more terrorists were being created, Rumsfeld said: "We don't know. The world doesn't know."

"Over time how will they do? They will fail. Ultimately they will fail. In any given day, any given week, any given month, is the pool going up or down?" he said.

"The implication that if you stop killing or capturing the people who are trying to kill you that therefore the world would be a better place is obviously nonsensical," he said.

"On the other hand, it is not possible to know the answer to the question as to any given event," he said, referring to Iraq's impact on jihadist fortunes.

"There are multiple forces and anyone who thinks that there is a single answer or a single reason or a silver bullet that is going to solve the problem can't be right because it's not possible," he said.

Of Course Iraq Made It Worse (WP)

By Daniel Benjamin And Steven Simon

The Washington Post, September 29, 2006

The declassified judgments from the National Intelligence Estimate on terrorism caused a stir in the political world this week, but for most -- we would guess almost all -- scholars of jihadist terrorism, they are largely uncontroversial. The war in Iraq, the lack of reform in the Muslim world and anger at its endemic corruption and injustice, the pervasiveness of anti-Western sentiment -- all these have long been identified as major drivers of radical Islamist terror.

What's striking, instead, is that anyone could still disagree with this assessment of the role of Iraq, as President Bush and commentators such as Robert Kagan ["More Leaks, Please," op-ed, Sept. 26] have done. It's a shame that more of the document wasn't released, because none of the evidence or argumentation to support the claim that Iraq has added fuel to the jihadist fire was included. And there's no good reason most or all of it shouldn't be released.

In fact, though, you don't need an NIE to demonstrate the most controversial judgment -- that the war in Iraq has worsened the terrorist threat. The official coordinated evaluation by Britain's domestic security and foreign intelligence services noted that "the conflict in Iraq has exacerbated the threat from international terrorism and will continue to have an impact in the long term." This conclusion is echoed by interior ministries, law enforcement agencies and intelligence services in every part of the world.

Since the United States invaded Iraq, there has been a significant increase in the number of people committed to the jihadist cause. There is, of course, no turnstile counting those hopping aboard the jihadist train, as the NIE excerpt concedes. Demands for an unattainable precision on this aren't realistic.

Although jihadist activity is burgeoning around the world, many of the new recruits can be grouped into three categories. The first are the "homegrown" terrorists who may have little connection to al-Qaeda or other existing groups but who have been won over by the ideas of Osama bin Laden and his followers. Self-starters have appeared not only in Madrid, Leeds and London but also in Canada, the Maghreb, the Middle East and Pakistan.

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Some question whether these people have really been spurred by Iraq. Just as President Bush urges that we take the terrorists at their word about their wish to create a new caliphate, we take them at their word about their motivation: Iraq has been crucial. The Madrid bombers were explicit about their desire to punish Spain for its support of the United States in Iraq; friends and neighbors recounted that those who bombed the London subway system were obsessed with Iraq. And time and again, investigators have found that these new recruits hoarded Internet videos packed with scenes of violence from Iraq -- part of a narrative of heroic defiance that is deeply compelling to some young Muslims.

The two other categories of recruits are centered in Iraq itself. One consists of the foreign fighters, who, it turns out, are not the remnants of al-Qaeda that the administration believed would flock to their doom in Iraq. According to both Saudi and Israeli scholars who have studied the biographies of foreign fighters killed in Iraq, very few had prior experience of Islamic radicalism. They were drawn by their perception that the indignity of Iraqi occupation had to be fought.

The final category is Iraqi jihadists. There were virtually none in Iraq before the invasion. Now Sunni insurgent organizations espousing jihadism are dominated by Iraqis, who number in the thousands. As the NIE judgments suggest, those groups, which have already carried out bombings in Jordan, are likely to look for more targets outside Iraq.

The terrorists are increasing not only in numbers but also in lethality. As leaked government reports and expert analyses have observed, jihadists have been able to improve their bombmaking and urban warfare skills in Iraq in a way they could not in Afghanistan. A Marine intelligence report indicated last month that they have also acquired a sanctuary in Anbar province that the United States is probably incapable of destroying.

Defenders of the war in Iraq, such as Vice President Cheney, contend that since the United States has not been hit since Sept. 11, the threat cannot be growing. In fact, the terrorists understand that for now it is easier to kill Americans in Iraq than in America, and at this they have succeeded. After the Heathrow plot to destroy U.S.-bound commercial jets and the disclosure of a homegrown cell next-door in Canada, suggesting that the danger is subsiding bespeaks obliviousness or denial.

Then there is the claim that Iraq has not had a catalytic effect because the terrorists were already after us, an argument the president repeated Tuesday. "We weren't in Iraq when we got attacked on September the 11th. . . . We weren't in Iraq when they first attacked the World Trade Center in 1993."

No doubt the United States would have had a serious struggle against radical Islam after Sept. 11 under any circumstances. But the occupation of Iraq, by appearing to confirm bin Laden's arguments about America's antipathy toward the Muslim world, has had an incendiary effect and made matters dramatically worse.

The invasion of Iraq was the wrong answer to the terrorist challenge, for which we will pay a high price for years to come. The continued need to defend that move by the administration and its partisans is preventing the nation from crafting the necessary strategy to meet the terrorist challenge and make Americans safer. The evidence is at hand.

Daniel Benjamin is a senior fellow at the Center for Strategic and International Studies. Steven Simon is a senior fellow at the Council on Foreign Relations. They served on the National Security Council staff from 1994 to 1999.

U.N.: Al-Qaida Activity In Iraq May Drop (AP)

By Edith M. Lederer

AP, September 28, 2006

Al-Qaida's activity in Iraq may diminish as violence escalates and distinctions blur between sectarian attacks, criminal acts and the fight against Iraqi and non-Iraqi forces, according to a U.N. report.

In Afghanistan, the report said, Taliban rebels continue to benefit from a close relationship with al-Qaida and other foreign terrorist groups. As an example, it said, "new explosive devices are now used in Afghanistan within a month of their first appearing in Iraq."

The report by terrorism experts working for the U.N. Security Council committee monitoring sanctions against the Taliban and al-Qaida painted a grim picture of escalating violence and the spread of attacks.

"While the Taliban have not been found fighting outside Afghanistan/Pakistan, there have been reports of them training in both Iraq and Somalia," it said. Al-Qaida, however, is not only operating in Iraq but many attacks elsewhere have promoted al-Qaida objectives, "even if mounted by unconnected groups or individuals with narrowed sectarian or political aims."

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Security Council members discussed the report Thursday. Afterward, Argentina's U.N. Ambassador Cesar Mayoral, who chairs the committee, urged all countries to provide additional names of individuals and entities linked to the Taliban and al-Qaida to bolster the list of those subject to sanctions.

In the last six months, the experts said, "the violence in Afghanistan has increased considerably, and there has been no let up in Iraq, with al-Qaida's contribution remaining disproportionate to its size." A U.S.-led invasion ousted Afghanistan's Taliban-led regime in late 2001.

But as Iraq "continues to slide towards civil war, al-Qaida may paradoxically see more losses than gains," the experts' report said.

"It has gained by continuing to play a central role in the fighting and in encouraging the growth of sectarian violence; and Iraq has provided many recruits and an excellent training ground," it said.

But the experts said "the prominent role of al-Qaida may diminish as the violence escalates between communities, and distinctions blur between sectarian attacks on markets and places of worship, or purely criminal kidnapping and protection rackets on the one hand, and the fight against Iraqi and non-Iraqi forces on the other."

Also on the down side for al-Qaida, the report said several intelligence and security agencies told the experts that fewer foreign fighters have been killed or captured in Iraq in recent months, "suggesting that the flow has slackened." On returning home, they noted that some fighters had expressed dissatisfaction that they were asked to kill fellow Muslims rather than foreign soldiers and that the only role for them was to be suicide bombers.

The new leader of al-Qaida in Iraq purportedly said in an audio message posted online Thursday that more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 — the first apparent acknowledgment from the insurgents about their losses.

The Internet message was posted by a man who identified himself as Abu Hamza al-Muhajir — also known as Abu Ayyub al-Masri — the leader of al-Qaida in Iraq. The voice could not be independently identified.

The U.N. experts said some intelligence officials believe al-Muhajir "is in fact an Egyptian veteran who became an explosives expert in Afghanistan before spending time in Lebanon and Yemen."

"If so, while this will continue to provide al-Qaida in Iraq with links to external groups, his appointment may give rise to further tensions between a `foreign' leader and the Iraqi regional commanders," they said.

The report cited the deaths of al-Qaida in Iraq leader Abu Musab al-Zarqawi, Chechen warlord Shamil Basayev, who masterminded the 2004 school hostage-taking in Beslan, Russia, and other significant losses in Afghanistan and Iraq.

"There have been many arrests and disrupted plots, only some of which have been announced publicly," the report added, without elaborating.

Despite serious damage to al-Qaida's leadership, however, Taliban gains in Afghanistan are evident in the surge of violence that has led to more than 2,000 deaths between January and July, the experts said.

"While ideological support for the Taliban may be low, high levels of unemployment, poverty, hunger, illiteracy, and a general sense of insecurity have made farmers vulnerable to Taliban inducements on the one hand and intimidation on the other," they said.

"By murdering non-Taliban imams, school teachers and tribal and community leaders who might have encouraged a new generation of Afghans to believe in the possibility of peace, the Taliban have managed to undermine earlier progress and have further highlighted the huge problems that face the Afghan government," it said.

In July 2005, the Security Council unanimously adopted a resolution to clamp down on terrorist financing and expand sanctions to affiliates and splinter groups of al-Qaida and the Taliban.

Sanctions require all 192 U.N. member states to freeze financial assets and impose a travel ban and arms embargo against Afghanistan's former Taliban leaders, Osama bin Laden and al-Qaida and those "associated with" them. At the end of July, the list had 478 names.

Book Says Bush Ignored Urgent Warning On Iraq (NYT)

By David E. Sanger

DOJ_NMG_0070872

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The White House ignored an urgent warning in September 2003 from a top Iraq adviser who said that thousands of additional American troops were desperately needed to quell the insurgency there, according to a new book by Bob Woodward, the Washington Post reporter and author. The book describes a White House riven by dysfunction and division over the war.

The warning is described in "State of Denial," scheduled for publication on Monday by Simon & Schuster. The book says President Bush's top advisers were often at odds among themselves, and sometimes were barely on speaking terms, but shared a tendency to dismiss as too pessimistic assessments from American commanders and others about the situation in Iraq.

As late as November 2003, Mr. Bush is quoted as saying of the situation in Iraq: "I don't want anyone in the cabinet to say it is an insurgency. I don't think we are there yet."

Secretary of Defense Donald H. Rumsfeld is described as disengaged from the nuts-and-bolts of occupying and reconstructing Iraq — a task that was initially supposed to be under the direction of the Pentagon — and so hostile toward Condoleezza Rice, then the national security adviser, that President Bush had to tell him to return her phone calls. The American commander for the Middle East, Gen. John P. Abizaid, is reported to have told visitors to his headquarters in Qatar in the fall of 2005 that "Rumsfeld doesn't have any credibility anymore" to make a public case for the American strategy for victory in Iraq.

The book, bought by a reporter for The New York Times at retail price in advance of its official release, is the third that Mr. Woodward has written chronicling the inner debates in the White House after the Sept. 11 attacks, the invasion of Afghanistan, and the subsequent decision to invade Iraq. Like Mr. Woodward's previous works, the book includes lengthy verbatim quotations from conversations and describes what senior officials are thinking at various times, without identifying the sources for the information.

Mr. Woodward writes that his book is based on "interviews with President Bush's national security team, their deputies, and other senior and key players in the administration responsible for the military, the diplomacy, and the intelligence on Iraq." Some of those interviewed, including Mr. Rumsfeld, are identified by name, but neither Mr. Bush nor Vice President Dick Cheney agreed to be interviewed, the book says.

Robert D. Blackwill, then the top Iraq adviser on the National Security Council, is said to have issued his warning about the need for more troops in a lengthy memorandum sent to Ms. Rice. The book says Mr. Blackwill's memorandum concluded that more ground troops, perhaps as many as 40,000, were desperately needed.

It says that Mr. Blackwill and L. Paul Bremer III, then the top American official in Iraq, later briefed Ms. Rice and Stephen J. Hadley, her deputy, about the pressing need for more troops during a secure teleconference from Iraq. It says the White House did nothing in response.

The book describes a deep fissure between Colin L. Powell, Mr. Bush's first secretary of state, and Mr. Rumsfeld: When Mr. Powell was eased out after the 2004 elections, he told Andrew H. Card Jr., the White House chief of staff, that "if I go, Don should go," referring to Mr. Rumsfeld.

Mr. Card then made a concerted effort to oust Mr. Rumsfeld at the end of 2005, according to the book, but was overruled by President Bush, who feared that it would disrupt the coming Iraqi elections and operations at the Pentagon.

Vice President Cheney is described as a man so determined to find proof that his claim about weapons of mass destruction in Iraq was accurate that, in the summer of 2003, his aides were calling the chief weapons inspector, David Kay, with specific satellite coordinates as the sites of possible caches. None resulted in any finds.

Two members of Mr. Bush's inner circle, Mr. Powell and the director of central intelligence, George J. Tenet, are described as ambivalent about the decision to invade Iraq. When Mr. Powell assented, reluctantly, in January 2003, Mr. Bush told him in an Oval Office meeting that it was "time to put your war uniform on," a reference to his many years in the Army.

Mr. Tenet, the man who once told Mr. Bush that it was a "slam-dunk" that weapons of mass destruction existed in Iraq, apparently did not share his qualms about invading Iraq directly with Mr. Bush, according to Mr. Woodward's account.

Mr. Woodward's first two books about the Bush administration, "Bush at War" and "Plan of Attack," portrayed a president firmly in command and a loyal, well-run team responding to a surprise attack and the retaliation that followed. As its title indicates,

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"State of Denial" follows a very different storyline, of an administration that seemed to have only a foggy notion that early military success in Iraq had given way to resentment of the occupiers.

The 537-page book describes tensions among senior officials from the very beginning of the administration. Mr. Woodward writes that in the weeks before the Sept. 11 attacks, Mr. Tenet believed that Mr. Rumsfeld was impeding the effort to develop a coherent strategy to capture or kill Osama bin Laden. Mr. Rumsfeld questioned the electronic signals from terrorism suspects that the National Security Agency had been intercepting, wondering whether they might be part of an elaborate deception plan by Al Qaeda.

On July 10, 2001, the book says, Mr. Tenet and his counterterrorism chief, J. Cofer Black, met with Ms. Rice at the White House to impress upon her the seriousness of the intelligence the agency was collecting about an impending attack. But both men came away from the meeting feeling that Ms. Rice had not taken the warnings seriously.

In the weeks before the Iraq war began, President Bush's parents did not share his confidence that the invasion of Iraq was the right step, the book recounts. Mr. Woodward writes about a private exchange in January 2003 between Mr. Bush's mother, Barbara Bush, the former first lady, and David L. Boren, a former chairman of the Senate Intelligence Committee and a Bush family friend.

The book says Mrs. Bush asked Mr. Boren whether it was right to be worried about a possible invasion of Iraq, and then to have confided that the president's father, former President George H. W. Bush, "is certainly worried and is losing sleep over it; he's up at night worried."

The book describes an exchange in early 2003 between Lt. Gen. Jay Garner, the retired officer Mr. Bush appointed to administer postwar Iraq, and President Bush and others in the White House situation room. It describes senior war planners as having been thoroughly uninterested in the details of the postwar mission.

After General Garner finished his PowerPoint presentation — which included his plan to use up to 300,000 troops of the Iraqi Army to help secure postwar Iraq, the book says — there were no questions from anyone in the situation room, and the president gave him a rousing sendoff.

But it was General Garner who was soon removed, in favor of Mr. Bremer, whose actions in dismantling the Iraqi army and removing Baathists from office were eventually disparaged within the government.

The book suggests that senior intelligence officials were caught off guard in the opening days of the war when Iraqi civilian fighters engaged in suicide attacks against armored American forces, the first hint of the deadly insurgent attacks to come.

In a meeting with Mr. Tenet of the Central Intelligence Agency, several Pentagon officials talked about the attacks, the book says. It says that Mr. Tenet acknowledged that he did not know what to make of them.

Mr. Rumsfeld reached into political matters at the periphery of his responsibilities, according to the book. At one point, Mr. Bush traveled to Ohio, where the Abrams battle tank was manufactured. Mr. Rumsfeld phoned Mr. Card to complain that Mr. Bush should not have made the visit because Mr. Rumsfeld thought the heavy tank was incompatible with his vision of a light and fast military of the future. Mr. Woodward wrote that Mr. Card believed that Mr. Rumsfeld was "out of control."

The fruitless search for unconventional weapons caused tension between Vice President Cheney's office, the C.I.A. and officials in Iraq. Mr. Woodward wrote that Mr. Kay, the chief weapons inspector in Iraq, e-mailed top C.I.A. officials directly in the summer of 2003 with his most important early findings.

At one point, when Mr. Kay warned that it was possible the Iraqis might have had the capability to make such weapons but did not actually produce them, waiting instead until they were needed, the book says he was told by John McLaughlin, the C.I.A.'s deputy director: "Don't tell anyone this. This could be upsetting. Be very careful. We can't let this out until we're sure."

Mr. Cheney was involved in the details of the hunt for illicit weapons, the book says. One night, Mr. Woodward wrote, Mr. Kay was awakened at 3 a.m. by an aide who told him Mr. Cheney's office was on the phone. It says Mr. Kay was told that Mr. Cheney wanted to make sure he had read a highly classified communications intercept picked up from Syria indicating a possible location for chemical weapons.

Mr. Woodward and a colleague, Carl Bernstein, led The Post's reporting during Watergate, and Mr. Woodward has since written a string of best sellers about Washington. More recently, the identity of Mr. Woodward's Watergate source known as Deep Throat was disclosed as having been W. Mark Felt, a senior F.B.I. official.

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In late 2005, Mr. Woodward was subpoenaed by the special prosecutor in the C.I.A. leak case. He also apologized to The Post's executive editor for concealing for more than two years that he had been drawn into the scandal.

Bob Woodward: Bush Misleads On Iraq (CBS)

CBSNews.com, September 28, 2006

(CBS) Veteran Washington reporter Bob Woodward tells Mike Wallace that the Bush administration has not told the truth regarding the level of violence, especially against U.S. troops, in Iraq. He also reveals key intelligence that predicts the insurgency will grow worse next year.

In Wallace's interview with Woodward, to be broadcast on 60 Minutes this Sunday, Oct. 1, at 7 p.m. ET/PT, the reporter also claims that Henry Kissinger is among those advising Mr. Bush.

According to Woodward, insurgent attacks against coalition troops occur, on average, every 15 minutes, a shocking fact the administration has kept secret. "It's getting to the point now where there are eight-, nine-hundred attacks a week. That's more than 100 a day. That is four an hour attacking our forces," says Woodward.

The situation is getting much worse, says Woodward, despite what the White House and the Pentagon are saying in public. "The truth is that the assessment by intelligence experts is that next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying], 'Oh, no, things are going to get better,'" he tells Wallace. "Now there's public, and then there's private. But what did they do with the private? They stamp it secret. No one is supposed to know," says Woodward.

"The insurgents know what they are doing. They know the level of violence and how effective they are. Who doesn't know? The American public," Woodward tells Wallace.

Woodward also reports that the president and vice president often meet with Henry Kissinger, who was President Richard Nixon's secretary of state, as an adviser. Says Woodward, "Now what's Kissinger's advice? In Iraq, he declared very simply, 'Victory is the only meaningful exit strategy.'" Woodward adds. "This is so fascinating. Kissinger's fighting the Vietnam War again because, in his view, the problem in Vietnam was we lost our will."

President Bush is absolutely certain that he has the U.S. and Iraq on the right course, says Woodward. So certain is the president on this matter, Woodward says, that when Mr. Bush had key Republicans to the White House to discuss Iraq, he told them, "I will not withdraw, even if Laura and Barney are the only ones supporting me."

Woodward reported for two years and interviewed more than 200 people, including top officials in the Bush administration, to learn these and other revelations that he makes in his latest book, State of Denial, published by Simon & Schuster, part of the CBS Corp.

Zarqawi Successor Exhorts Scientists (WP/AP)

By Associated Press

The Washington Post, September 29, 2006

BAGHDAD, Sept. 28 -- Al-Qaeda in Iraq's leader, in a chilling audiotape released Thursday, called for nuclear scientists to join his group's holy war and urged insurgents to kidnap Westerners so they could be traded for a blind Egyptian sheik who is serving a life sentence in a U.S. prison.

The fugitive group leader said experts in the fields of "chemistry, physics, electronics, media and all other sciences -- especially nuclear scientists and explosives experts" should join his group's holy war against the West.

"We are in dire need of you," said the speaker, who identified himself as Abu Hamza al-Muhajer -- also known as Abu Ayyub al-Masri. "The field of jihad can satisfy your scientific ambitions, and the large American bases are good places to test your unconventional weapons, whether biological or dirty, as they call them."

The 20-minute audio was posted on a Web site that frequently airs al-Qaeda messages. The voice could not be independently identified, but it was thought to be Muhajer's. He is believed to have succeeded Abu Musab al-Zarqawi, who was killed in a U.S. airstrike north of Baghdad in June, as head of the al-Qaeda-linked organization.

Thursday's message focused attention on Sheik Omar Abdel Rahman, 68, an Egyptian cleric who was convicted in 1995 of seditious conspiracy for his advisory role in a plot to assassinate Egypt's president and blow up five New York City landmarks.

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"I appeal to every holy warrior in the land of Iraq to exert all efforts in this holy month so that God may enable us to capture some of the Western dogs to swap them with our sheik and get him out of his dark prison," said Muhajer, who is also Egyptian.

He also said more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 -- the first known statement from the insurgents about their death toll.

It was unclear why Muhajer would advertise the loss of the group's foreign fighters, but martyrdom is revered among Islamic fundamentalists and could be used as a recruiting tool. Analysts said the announcement was probably a boast aimed at drumming up support.

"It's showing the level of dedication to their cause, the level of sacrifice jihadists are making," said Ben N. Venzke, director of the Alexandria-based IntelCenter, which monitors terrorism communications.

Audiotape Calls For Abduction Of Westerners (LAT)

By Solomon Moore

The Los Angeles Times, September 29, 2006

BAGHDAD — An audiotape allegedly from the leader of Al Qaeda in Iraq urges followers to kidnap Westerners to barter for the release of a cleric imprisoned for his role in the 1993 World Trade Center bombing, and encourages them to fight on despite the deaths of 4,000 fellow insurgents.

The taped message, posted Thursday on the Internet, says the hostages would be used to force the release of Omar Abdel Rahman, serving a life sentence for his involvement in the first bombing of the Trade Center.

The identity of the speaker, alleged to be Abu Ayyub Masri, also known as Sheik Abu Hamza or "Al Muhajir" to U.S. intelligence officials, could not be independently verified.

The speaker also calls on tribes that have turned against Al Qaeda to rejoin the movement. In translated excerpts provided by the SITE Institute, a privately funded group studying terrorism, the speaker urges Islamic scholars to support Al Qaeda and praises Sunni Arab tribes "who secretly and publicly supported us and provided us with the financing and the men."

After Abu Musab Zarqawi, Masri's predecessor, was killed in a U.S. airstrike in June, and with the subsequent capture of several of his aides, officials said they had disrupted the group. A senior U.S. military official said Wednesday that several tribes in the western province of Al Anbar, a Sunni insurgent stronghold, had begun attacking Al Qaeda fighters.

The tape offers the first acknowledgment of the toll the conflict has had on Al Qaeda fighters. "We fear that our hard work will go to waste because the blood we shed in Iraq was too much — over 4,000 foreign fighters and more than double this number in supporters of good and blessed causes," the speaker says.

The speaker also calls on Muslims with specialized skills to join Al Qaeda:

"My final message is to the people with special qualifications, the highly experienced, the scientists of chemistry and physics, electronics and management, media — all the deep specialties — in particular nuclear scientists and explosive engineering. We say that we badly need you. The jihad battlefield needs your scientific ambitions, and all of the American camps are the best experimental fields for your knowledge."

After Burst Of Violence, As Many As 60 Bodies Are Found In Baghdad (NYT)

By Michael Luo

The New York Times, September 29, 2006

BAGHDAD, Sept. 28 —As many as 60 bodies, many of them shot in the head at close range and bearing signs of torture, were discovered across the city on Thursday, an Interior Ministry official said.

The death toll was one of the highest in weeks and came as American and Iraqi troops continued to sweep Baghdad's most dangerous neighborhoods in a broad effort to control the capital. Killings of this kind, often driven by sectarian hatred, increased sharply here after the bombing of a Shiite shrine in Samarra in February.

Maj. Gen. William B. Caldwell IV, a United States military spokesman, said Wednesday that such killings and other murders continued to claim more people in Baghdad than suicide bombings. Military officials had predicted a rise in violence with the advent of Ramadan, the holy month that began earlier this week.

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Also on Thursday, an Islamist Internet site posted an audio clip of a man it identified as Hamza al-Muhajir, an Egyptian who the American military has said is Al Qaeda's new chief in Iraq. In the 20-minute clip, the man exhorts fellow Sunni fighters to "work hard in this holy month to capture some Christian dogs," to trade for an Egyptian sheik, Omar Abdel Rahman, who is imprisoned in the United States. Sheik Abdel Rahman, a blind Muslim cleric, was convicted in 1995 of plotting to blow up several New York City landmarks.

He also warned Sunni Arabs who he said had been working with the American occupation to change their ways by the end of Ramadan, considered by Muslims to be the month of forgiveness.

The authenticity of the audio clip could not be immediately verified.

Meanwhile, one of most damaging of several bombings in the capital on Thursday occurred in Shaab, a mostly Shiite neighborhood in northeastern Baghdad that had just been the focus of one of the concentrated sweeps by American and Iraqi troops trying to clear and hold problem-plagued areas as part of a new security plan for the capital.

A car parked near the headquarters of the Iraqi Army unit in the neighborhood exploded as a convoy of Iraqi military vehicles passed, an Interior Ministry official said. The blast, at about 7:15 a.m., killed two Iraqi soldiers and wounded eight others, as well as four civilians.

The blast was the first of several explosions across the city. Another car bomb exploded shortly afterward in Baya, a mixed neighborhood in the southwestern part of the city, killing one resident and wounding four others, the Interior Ministry official said.

A roadside bomb tore into a police patrol in Karada, a commercial district in central Baghdad at 8:30 a.m., wounding two policemen. Forty minutes later, another explosive device blew up in Yarmouk, in the western part of the city, killing a policeman and wounding three civilians.

A car bomb exploded around noon near one of the most popular movie theaters in Baghdad, Al Nasr. When the police arrived at the scene, another bomb went off. In total, four people, two of them police officers, were killed by the explosions, and 10 others were hurt.

There was also violence in the northern city of Kirkuk, where a suicide car bomber slammed into an Iraqi police convoy as it was leaving the American military base, said Col. Aiwa Khursheed, a police official. The explosion killed a policeman and wounded 11 others.

40 Torture Victims Found In Baghdad (AP)

AP, September 28, 2006

The bodies of 40 men who been tortured were found in the capital in a span of 24 hours, police said Thursday. Bombings and shootings killed at least 21 people in and around Baghdad, including five people who died from a car-bomb explosion near a restaurant.

Thirty-four people were wounded in the bombing. Many of them had serious burns, and some were not expected to survive, police Lt. Ali Mohsen said at the Kindi Hospital.

Although the Muslim fasting month of Ramadan is under way, some Iraqis — including Christians — are not abstaining from eating meals during daytime hours.

Two Iraqi soldiers were killed and 10 more injured when a suicide car bomb slammed into a checkpoint in northeast Baghdad, police said. The attack came in the Shaab neighborhood, one that just been cleared by U.S. and Iraqi troops as part of a security drive in the capital.

The bodies of 40 men, more apparent victims of sectarian death squads, have been found dumped in eastern and western Baghdad in the past 24 hours, police said. All showed signs of torture, had been shot, and had their hands and feet bound, police Lt. Thayer Mahmoud said.

Gunmen killed seven people, including five policemen and a woman, in different locations in the province of Diyala just north of Baghdad, police said. Six militants were killed in a shootout between Iraqi soldiers and a truckload of gunmen southwest of the capital, officials said.

Iraq's government warned residents that it will soon restrict vehicle access into the capital as part of a security crackdown targeting militants and death squads.

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The violence also came amid reports from a number of senior coalition military officials that a large and powerful militia run by radical Shiite cleric Muqtada al-Sadr has been breaking apart into freelance death squads and gangs — some of which are being influenced by Iran.

Al-Sadr's Mahdi army is one of the largest and most powerful militias in Iraq, along with the Badr Brigades, which were once the military wing of Iraq's largest Shiite political group — the Supreme Council for the Islamic Revolution in Iraq.

"There are fractures politically inside Sadr's movement, many of whom don't find him to be sufficiently radical now that he has taken a political course of action," said a senior coalition intelligence official who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues.

The official added that "there have been elements. I can think of about at least six major players who have left his organization because he has been perhaps too accommodating to the coalition."

On Sept. 22, al-Sadr urged his followers not use force against U.S. troops, saying "I want a peaceful war against them and not to shed a drop of blood.

Al-Sadr's ability to control his militia is important both to the U.S. military and an Iraqi government seeking to control and disarm militias and death squads blamed for thousands of sectarian killings in recent months.

Iran has also sought to influence rogue or splinter elements that have broken away from the Mahdi army while it is still able to, the senior intelligence official said.

Chaos Moves Into A Neighborhood Called Liberty (LAT)

By Mohammed Rasheed And Solomon Moore

The Los Angeles Times, September 29, 2006

BAGHDAD — Shiite militiamen kidnapped their brother.

So as the sun went down Wednesday, six of the relatives — all Sunni Arab members of the powerful Mashhadani tribe — picked up their AK-47s and a bomb and headed for the other side of Hurriya, a mixed enclave in northwest Baghdad that used to be a model of peaceful coexistence.

The explosive detonated near the local office of Muqtada Sadr, a firebrand Shiite Muslim cleric whose Al Mahdi militia is accused of killing thousands of Sunnis execution-style in Baghdad.

As the militia fighters ran outside to investigate the explosion, the Mashhadani men rushed into the building, hoping to find their brother.

But the fighters recovered more quickly than the Mashhadanis expected. The militia surrounded the building and killed the rescue party.

Then they dragged two of the bodies into the street and set them on fire.

"They kept them burning until 1 a.m.," said Faraj Mohammed, 30, a Shiite resident.

In Baghdad, where at least 5,100 people died in July and August, there is nothing unusual about the story of the Mashhadani brothers. Mutilated bodies appear daily, often by the dozens, in neighborhoods such as Hurriya, which have been swept into the tide of sectarian violence that washed over the nation with the Feb. 22 bombing of a revered Shiite shrine.

By Thursday morning, Iraqi police had found the bodies of at least 60 more people in Baghdad, most of whom had been shot at close range. Seven people were killed in bombings and shootings Thursday in the capital.

The killings continue even as U.S. and Iraqi forces are conducting a major operation to restore order to the capital. Senior U.S. officials complained to reporters in Baghdad this week about the reluctance of Prime Minister Nouri Maliki's Shiite-led government to take decisive action against militias linked to his political base.

U.S. commanders say they expect to reduce the violence eventually, although they acknowledge that they don't have enough troops to secure every problematic area of Baghdad. They blame Maliki's government for failing to deploy an additional 4,000 Iraqi soldiers to the city.

Violence has flared before in Hurriya. A captured Sunni cleric from the neighborhood once confessed on television to killing 80 people there. But several months ago, there were reports that Sunni and Shiite clerics had worked out a cease-fire.

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Hurriya, Arabic for "liberty," is a working-class area known for its inexpensive food markets, tailors and electronics stores, and as the birthplace of famous ballad singers Basil Aziz and Kadhim Saher. Both men now live abroad, and Hurriya's shops are closed.

The neighborhood has 17 offices for rival political groups, including three linked to Sadr. All 17 are guarded by gunmen.

Residents are divided about who started the recent bout of violence, but most interviewed for this article agreed that Sadr's Al Mahdi militia now has the upper hand.

"Shiites are threatening Sunni families and forcing them to leave Hurriya," said Mohammed, the Shiite. "Anyone who doesn't obey will be killed. There used to be a lot of Sunnis in east Hurriya — now there are none."

Adnan Dulaimi, head of the Iraqi Accordance Front, a leading Sunni party that has offices in Hurriya, said 60% of the Sunni families that used to live in the neighborhood have fled.

Dulaimi said Shiite militiamen, some of them dressed in Iraqi army uniforms, attacked one of his party's offices less than two weeks ago. Several residents described a brutal firefight that ended when mortar rounds pounded the party building into ruins and killed two women living nearby.

Dulaimi has since acquired another office and brought in reinforcements to protect it.

"Yes, we have guards, and we have the right to defend ourselves," he said. "But we only have small arms, unlike the attackers who come with heavy weapons and missiles. Even with our simple weapons we were able to repel the attack — until the Iraqi army soldiers tipped the scale."

Residents said that Dulaimi's reinforcements, their rifles at the ready, recently marched through Hurriya's streets in a show of force. The display angered Al Mahdi militia members, who brought in fighters from nearby Shaab, one of the few Shiite neighborhoods targeted in the Baghdad security operation.

U.S. commanders complain that as soon as they move into one neighborhood, gunmen and militia fighters simply move into another.

A Sunni pharmacist who works in Hurriya said she and other business owners had closed their shops to avoid being caught in the crossfire. She said the fighting had peaked over the last four days.

"The worst day was yesterday, when an explosion happened and during the chaos a car passed near the office and shot at the Sadr office, killing four people," said the pharmacist, who asked for anonymity for fear of being killed by one of the warring factions.

"The Sadr people knew where they lived and attacked their houses," she added. "The brothers were killed and their bodies were taken into the street and burned. Then they burned their houses."

Abu Mustafa Saedi, an Al Mahdi militia commander in Hurriya, said his men were defending their community from Sunni terrorists. He said insurgents had attacked the houses of Shiites and driven families from the neighborhood.

"The U.S. forces are close by. But they are just standing still and watching the terrorists attack us," Saedi said. "When we arrest the terrorists and hand them over to the Americans, they release them. That's why the Shiites are striking the terrorists the same way they strike us."

A map provided by the U.S. military Wednesday showed that American and Iraqi forces had conducted operations in Ghazaliya but not in Hurriya, just across the Khair River.

Saedi said Dulaimi's recent show of force had only deepened the animosity toward the Sunnis, but he also said he was confident the conflict would be over soon.

"Hurriya's violence will soon end," he said. "Give us three days. The Mahdi army will clean out the area."

Insurgents Continue To Defy Security Drive (USAT)

By Zaid Sabah And Rick Jervis

USA Today, September 29, 2006

BAGHDAD — An unprecedented wave of violence this week in Baghdad threatens to collapse the U.S. strategy of imposing order on the capital as a first step in stabilizing Iraq, military experts said.

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"We're beginning to lose," said Michael O'Hanlon, a military analyst at the Brookings Institution, a Washington think tank. "This year has been a constant, gradual deterioration … from a starting point that wasn't very good to begin with. We're in bad, bad trouble."

Baghdad was rocked by mortar attacks Thursday. Bombings and shootings, mainly in and around the city, killed at least 23 people.

Police discovered 40 bodies, probably the victims of sectarian reprisal killings. Police Lt. Thayer Mahmoud told the Associated Press the victims had been shot, showed signs of torture and had their hands and feet bound.

Meanwhile Thursday, an audio message attributed to the leader of al-Qaeda in Iraq said more than 4,000 foreign insurgents have been killed in Iraq since the U.S.-led invasion in 2003. The AP reported that the message could not be independently verified but was posted on a website that frequently carries al-Qaeda messages. It would be the first such statement from insurgents about their number of dead in Iraq.

Suicide bombings, death squad murders and other attacks have spiked since Monday, when the Muslim holy month of Ramadan officially began in Iraq, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, said Wednesday. He said suicide attacks have hit a record but didn't provide figures.

The reason for the upsurge in attacks is unclear, but the increase has undermined a massive U.S.-Iraqi security crackdown underway in the capital since summer.

U.S. and Iraqi forces have completed sweeps in about half of Baghdad's neighborhoods, confiscating weapons and arresting suspects. As violence has dropped in secured areas, attacks have risen in other parts of the city, said Lt. Col. Jonathan Withington, a spokesman for U.S. troops in Baghdad.

Charles Pena, a military and security analyst at the Independent Institute, a non-partisan research group based in Oakland, said, "We still don't have a handle on what this insurgency is and who's in it and why."

As part of the joint security drive, the Iraqi government announced it will soon impose traffic restrictions in the city. It also plans to start funneling vehicle traffic into and out of the capital through 28 checkpoints.

Rampaging death squads, some aligned with Shiite political parties in Prime Minister Nouri al-Maliki's coalition government, have surpassed attacks by Sunni insurgents as the No. 1 cause of civilian deaths, Caldwell said.

Iraqis expressed bitterness at the failure of U.S. and Iraqi forces to control the mayhem. Saad Hassan Saleh, a retired policeman, said he and other Sunnis fear attacks by rogue Interior Ministry police and the Mahdi Army militia of radical Shiite cleric Muqtada al-Sadr. "If we defend ourselves, the Interior Ministry will announce that we are terrorists attacking (ministry) police. If we do nothing, we will get tortured and executed like sheep."

The Interior Ministry spokesman, Brig. Gen. Abdel Karim Khalaf al-Kenani, said 1,500 of the ministry's police have been fired in recent days. He disputed Caldwell's statement that attacks in the capital have increased. He said the latest violence "is coming from outside the capital" and accused news organizations of inflating attack and casualty numbers.

At Checkpoints In Baghdad, Disguise Is A Lifesaving Ritual (WP)

By Sudarsan Raghavan

The Washington Post, September 29, 2006

BAGHDAD -- Every time he drove, he feared this moment. Now, it was too late.

As Omar Adil Ahmed neared the checkpoint, he recalled, he saw armed men dressed in black ordering passengers out of a minivan and checking their identity cards. Some were told to get back into the van. Others were taken to a Shiite mosque across the street. The gunmen clutched Glock pistols, normally used by the Iraqi police.

Ahmed, 30, was a Sunni Muslim. And he was in Shaab, a volatile, Shiite Muslim-dominated neighborhood. Questions raced through his mind: Was the mosque a base for a Shiite militia? Were the men members of a Shiite death squad?

So Ahmed set in motion a ritual that many Sunnis across a divided Baghdad now practice. He pushed in a cassette tape with Shiite religious songs and turned up the volume. He wrapped a piece of green cloth that he brought from the Imam Ali shrine in Najaf, one of Shiite Islam's holiest sites, around his gearshift.

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And he hung a small picture of Imam Ali, the son-in-law of the prophet Muhammad and the most revered Shiite saint, from his rearview mirror.

To the world outside, he was now a Shiite.

In a city riven by religion, violence and politics, fearful Sunnis and Shiites are hiding their identities to survive. Their differences -- some obvious, most subtle -- have become matters of life or death in ways never before seen in modern Iraq.

As he reached the checkpoint, Ahmed recalled, he was petrified. His wife, his mother and two small daughters were with him in their gray Honda. He pulled out his fake identity card, on which his Sunni tribal name, al-Obeidi, was changed to al-Hussein, a Shiite tribe.

"Deep inside, I was frightened," he said.'What Is Your Sect?'

For centuries, from the Ottoman Empire to the British-installed monarchy to the republic eventually ruled by Saddam Hussein, Sunnis were the elite who got the bulk of government jobs. Shiites, in Hussein's time, were badly persecuted.

Yet in daily life hardly anyone cared about telling Sunnis and Shiites apart. It was considered rude to ask a person's sect, and it is practically impossible to discern from their looks, speech or dress. For generations, the two sects intermarried, making it difficult to differentiate them by surnames. They attended the same schools and lived in mixed neighborhoods.

Now, in the fourth year after a U.S.-led invasion toppled Hussein, a struggle for power is unfolding between Sunnis and Shiites in the political arena and in the streets of Baghdad. Since the bombing of a Shiite mosque in Samarra in February, sectarian strife and lawlessness have escalated.

At checkpoints set up by police or by sectarian militias, Iraqis said in interviews, it is common to hear questions such as "What is your sect?" or "What is your tribal name?" A wrong response could prove deadly.

On July 9, in Baghdad's al-Jihad neighborhood, Shiite militiamen allegedly killed 40 Sunnis after erecting checkpoints and checking identity cards. Three days later, unknown gunmen attacked a bus station in the northeastern town of Muqdadiyah and separated Sunni men from Shiites. They blindfolded and handcuffed the Shiites, then shot them in the head.

"People are basically killed or taken away simply because of their name, their identity or specific affiliations," said Gianni Magazzeni, head of the U.N. human rights office for Iraq.

In Baghdad, it is difficult to tell a real checkpoint from a fake one. Police uniforms and badges are easily available on the black market. Shiite militiamen have infiltrated the Iraqi security forces, while Sunnis have largely remained outside them. Sunni insurgents have set up checkpoints and targeted Shiites.A Fake ID and 12 Tips

"It is like Russian roulette," said Omar al-Azzawi, 33, a tall, broad-shouldered Sunni computer technician, who curled his fingers into the shape of a gun and pressed it against his temple. "I like my country, I like my people. But these days things are really different. To be in Iraq is to tempt fate."

Azzawi said Shiite militiamen abducted his aunt at a checkpoint in July in Baghdad's Shula neighborhood. Three days later, police found her body dumped on a street. Since then, Azzawi has taken measures to protect himself.

From his brown wallet, he pulled out a fake press credential from an Arabic-language newspaper. It cost him $35. On the red and white badge, Omar, a common Sunni name, became Amar, a common Shiite name.

Whenever he enters a Shiite neighborhood, Azzawi slips on a large silver ring worn by many Shiites, especially those considered to be descendants of Muhammad. He also carries a torba , a round piece of clay Shiites use to place their foreheads upon when they bow in prayer.

At work, Azzawi said, he often surfs Web sites to learn more about Shiites and their practices. For instance, he's been learning to recite the 12 imams of the Shiites, in perfect succession. He's heard that Shiite militiamen at checkpoints often use this as a test.

"I don't like to learn something that happened more than a thousand years ago," said Azzawi, who wore black jeans, a black shirt and a thin beard. "But I have to."

One Web site, http://www.iraqirabita.org , offers a 12-point plan for Sunnis to disguise themselves as Shiites. The No. 1 tip: "Get a forged ID card, especially if your name is Omar or Othman."

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Other tips include keeping a poster of Imam Hussein, the grandson of Muhammad, and a copy of a Shiite prayer book inside your house; keeping a set of black clothes, like those Shiites wear to commemorate special religious occasions; and learning the dates of the births and deaths of the 12 imams.

Tip No. 8: Learn how to curse Yazid, the Sunni caliph whose army killed Imam Hussein in the 7th century.

And if all else fails, tip No. 11 reads: "It is okay to claim that you were a Sunni but you were later 'enlightened' and became a Shiite." And tip No. 12 reminds Sunnis to practice all 11 tips well -- and to pray in a husseiniya, or Shiite mosque.

Azzawi's cousin keeps a latmiya -- sad Shiite chants about the 12 imams -- in his collection of ring tones in his cellphone. He activates it in majority-Shiite neighborhoods. Other Sunnis have images of Imam Ali or Imam Hussein on their cellphone screens.

Haki Ismael is a Shiite guard at a government ministry. He lives in Amiriyah, a mostly Sunni neighborhood. Every time he left, he said, he used his fake Sunni identity card. But one recent morning, he was kidnapped by members of the Mahdi Army, the Shiite militia aligned with firebrand cleric Moqtada al-Sadr. They thought he was a Sunni, he recalled.

So Ismael spoke with an accent typical of Shiites from the south. The militiamen began to relax. They released him.Judging by Appearance

Ghassan Khalaf, a Sunni shopkeeper, was saved by his short hair. In June, Shiite policemen stopped his black BMW at a checkpoint in the mostly Shiite neighborhood of Bayaa. They saw the picture of Sadr near the speedometer and Imam Ali on the windshield. But their eyes zeroed in on Khalaf's cousin, Ahmad Jabbir. He had a long, bushy beard and a white tribal head scarf, worn by many religious Sunnis.

The policemen asked him for his ID. He did not have a fake one. Worse, his tribal name was al-Douri, the same as Izzat Ibrahim al-Douri, who was a top deputy to Saddam Hussein. The policemen pushed Jabbir into their vehicle and ordered Khalaf to leave.

A few days later, Jabbir's corpse turned up in the morgue, Khalaf said. It had 24 holes from an electric drill; the head and beard were shaved.

Two weeks ago, a Shiite friend visited Khalaf's home, where photos of Sadr and Imam Ali are prominently displayed. Like most neighbors, he thought Khalaf was Shiite. He pulled out his cellphone and asked Khalaf:

"Did you see the last operation the heroes did?"

Then, Khalaf recalled, the friend played a grainy one-minute, 40-second video of armed men in black dragging a corpse by its shirt and dumping it in a sandy lot. "God help us get rid of the Salafis and Wahhabis," Khalaf told him afterward, referring to two Sunni branches.

"They think I am one of them," Khalaf explained later. "If you make a mistake, they'll find out you have some sympathy for Sunnis. They will kill me."

The friend asked Khalaf to pull out his blue cellphone with its latmiya ring tone. Then, he beamed over the video with a Bluetooth device.

"When my friend left, I cried because I remembered my cousin," Khalaf said.

"I thought, 'This is what happened to him.' "

Khalaf kept the video in his cellphone. It had become another piece of his disguise.A Song and a Blessing

At the checkpoint, one of the armed men in black ordered Ahmed to get out of his Honda. His family sat in silence, veiled in fear. The man looked inside the car and spotted the green cloth and the picture of Imam Ali. A Shiite religious song flowed through the speakers.

"Where are you coming from?" he asked Ahmed.

"From a ziyara ," he replied in a southern Shiite accent, using the word for a visit to a shrine.

"God bless you. Go fast," the armed man replied.

Ahmed stepped back into his Honda and drove away.

"I felt like life came back to me," Ahmed recalled.

Congressmen Say Iraq War Weakens Military Response To Other Crises (MCT)

DOJ_NMG_0070882

By Drew Brown

McClatchy Newspapers, September 29, 2006

WASHINGTON - The war in Iraq has become such a drain on the Army and the Marines that it's seriously damaged the U.S. military's ability to respond if other crises arise, two Democratic congressmen said Thursday.

Speaking at the Center for Strategic and International Studies, Reps. John Murtha, D-Pa., and Neil Abercrombie, D-Hawaii, warned that because funding for the military has been siphoned off to pay for the war, the Army and Marines are running dangerously short of the necessary troops, equipment and training to stay combat ready.

"This makes deployments impossible unless we are prepared to put our troops at risk," said Abercrombie, a member of the House Armed Services Committee. "It also makes conducting homeland security or disaster response missions more difficult, if not unacceptable in terms of public confidence."

They said combat readiness for the Army especially had dropped to levels not seen since the end of the Vietnam War and would continue to deteriorate for as long as U.S. forces remained in Iraq. Because most of the active-duty U.S. ground forces are committed to the war, they said, the U.S. military lacks a strategic reserve to respond to other crises.

"We don't have a combat unit that is really trained to the point where it can be deployed," said Murtha, the ranking Democrat on the House Appropriations Defense Subcommittee. "We don't have a strategic reserve unless you say the Navy and Air Force are strategic reserves."

Abercrombie listed several concerns:

-"Only a handful" of Army and Marine Corps units that aren't deployed are combat ready with enough troops, equipment and training needed to go to war.

-National Guard units have only one-third of their authorized equipment, including tanks, trucks, radios, armored vehicles and night-vision devices. Most of their best equipment has been left in Iraq.

-The Marines were forced to call back 2,500 reservists involuntarily, many of whom had already served in Iraq.

Murtha's concerns, as outlined in a 12-page report, were:

-Funding shortfalls have created backlogs at the Army's key repair depots. At Anniston Army Depot, Ala., 600 M1 tanks are awaiting repairs. At Red River Depot, Texas, 700 Bradley Fighting Vehicles and more than 450 trucks haven't been serviced. About 2,600 Humvees are awaiting repair at various depots, along with "tens of thousands" of small arms, radios and other key items.

-Pressure to meet recruiting goals forced the Army to increase the number of Category 4 recruits, the lowest acceptable category, from 2 percent to 4 percent of the annual goal in 2005. The Army also has allowed in more recruits with medical problems, moral issues or criminal records, an increase from 10 percent in 2001 to 15 percent in 2005. That figure could go as high as 18 percent in 2006.

Pentagon spokesman Lt. Col. Mark Ballesteros, responding to the assertions, pointed to an Aug. 2 statement by Defense Secretary Donald H. Rumsfeld.

"The truth is, as anyone in the Army leadership will tell you, is that the Army today is vastly better than it was two, four, six or eight years ago," Rumsfeld said. "It has much more equipment, much better equipment, and it's better trained and more experienced, and it is a better Army."

But last month Gen. Peter J. Schoomaker, the Army's chief of staff, refused to submit a budget after being told that he'd have to come up with a spending plan of $114 billion for fiscal 2008, a $2 billion cut from 2007.

Maj. Gabrielle Chapin, a Marine Corps spokeswoman, took issue with the assertions about Marine Corps readiness. "Every unit that is going to Iraq is combat ready," she said. "The Marine Corps is not taking any short cuts."

Paul Boyce, an Army spokesman, also differed with several of the assertions about the Army's readiness, saying the soldiers received all the equipment they needed.

Boyce said Schoomaker and other generals have been working with Congress to make sure there are enough funds to cover readiness, modernization and equipment repair.

Boyce acknowledged that waivers for recruits have increased recently, but said most of the waivers were for recruits who committed misdemeanors. Serious crime waivers remain below 1 percent, medical waivers have decreased and drug and

alcohol waivers remain below 1 percent. He said positive results for drug screen tests have dropped from 2.13 percent in fiscal 2002 to 1.91 percent in fiscal 2005.

Boyce said that fewer than 4 percent of Army recruits are in Category 4, compared with 10 percent in the 1980s.

Iraq Contractor's Work Is Further Criticized (WP)

By Griff Witte

The Washington Post, September 29, 2006

The contractor that botched construction of a $75 million police academy in Baghdad so badly that human waste dripped from the ceilings has produced shoddy work on 13 out of 14 projects reviewed by federal auditors, the top official monitoring Iraq's reconstruction told Congress yesterday.

In a House hearing on what has gone wrong with reconstruction contracts in Iraq, Parsons Corp. quickly became the focus, taking bipartisan heat for its record of falling short on critical projects. The Pasadena, Calif., firm was supposed to build facilities at the heart of the $21 billion U.S.-led reconstruction program, including fire stations, border forts and health-care centers. But inspectors have found a litany of flaws in the firm's work. The one project reviewed by auditors that was being constructed correctly, a prison, was taken away from Parsons before its completion because of escalating costs.

In a report released yesterday, inspectors found that the Baghdad Police College posed a health risk after feces and urine leaked through the ceilings of student barracks. The facility, part of which will need to be demolished, also featured floors that heaved inches off the ground and a room where water dripped so heavily that it was known as "the rain forest."

The academy was intended as a showcase for U.S. efforts to train Iraqi recruits who eventually are expected to take control of the nation's security from the U.S. military. But lawmakers said yesterday they feared it will become a symbol of a different sort.

"This is the lens through which Iraqis will now see America," Rep. Henry Waxman (D-Calif.) said. "Incompetence. Profiteering. Arrogance. And human waste oozing out of ceilings as a result."

Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, said the project failed in part because Parsons had fallen down in its responsibility to manage the work.

"It boils down to a lack of oversight," Bowen said. His office will go back in the coming months to review all of Parsons' work in Iraq, which totals about $1 billion.

Parsons Senior Vice President Earnest O. Robbins II acknowledged the police academy construction was unacceptable, but told congressmen that poor work by Iraqi subcontractors, tight deadlines and a deteriorating security situation were to blame.

"We awarded over 1,700 subcontracts to Iraqi firms, and at the peak of construction we had over 11,000 Iraqis employed," Robbins said. "Even the day-to-day oversight of those Iraqi subcontractors was, as a result of cost and security reasons, conducted almost entirely by Iraqis hired and trained by Parsons."

Robbins said the company consistently faced "a shortage of capable Iraqi managers and skilled craftsmen."

Contractors in Iraq have been a frequent target of Democratic critics in the three and a half years since the U.S. invasion, with Texas oil services giant Halliburton Co. becoming the most prominent example of what many Democrats consider war profiteering. Until now, the work of Parsons -- an employee-owned engineering and construction firm that had $3 billion in revenue last year -- had not attracted much attention. But Parsons came under fire from Republicans and Democrats alike yesterday.

"On both sides of the aisle, we think this is outrageous. We want to get to the bottom of this," said Rep. Gil Gutknecht (R-Minn.).

Rep. Chris Van Hollen (D-Md.) pressed Robbins to give the government its money back. "Don't you think that Parsons, given what turned out to be a very shoddy job, should return some of its profits to the taxpayer?" Van Hollen said.

"No sir, I do not," Robbins replied, explaining that it was up to the Army Corps of Engineers, which managed the contract, to determine how much profit the company makes. Parsons earns a basic profit amounting to 3 percent of its costs, but can make an additional 12 percent profit depending on its performance, Robbins said.

Robbins declined to say how much the company earned on the police academy contract but said the Corps of Engineers had deemed the company's work acceptable when construction wrapped up in the spring. Corps spokeswoman Suzanne

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Fournier said it had taken several months for the project's flaws to become apparent, and that Parsons has agreed to fix the problems at no additional cost. She said that work will probably be done by the end of October.

Bowen told lawmakers it would be nearly impossible for the government to get a refund on the work because of the way the contract was structured.

At the beginning of the reconstruction effort, work was parceled out to some of the largest U.S. construction firms. Because of the volatility in Iraq, the government agreed to bear the risk of any surge in costs. Instead of setting contract values ahead of time, companies were given "cost-plus" contracts that reimbursed the firms for expenses and included a built-in percentage for profit. Critics have said the arrangement encouraged companies to run up their costs.

Under the contracts, the firms were expected to design electricity facilities, prisons, medical centers, water stations and other infrastructure that Iraq would need to become self-sustaining. But the companies were also asked to divide as much of the actual work as possible among Iraqi subcontractors.

Now, those original contracts are ending, even though much of the work remains undone. In some cases, the Iraqi subcontractors have been elevated to prime contractor after the U.S. firms failed to complete their assignments.

Bowen said that of all the projects his office has inspected, about 70 percent have met the requirements in their contracts.

Congress Is Told Of Failures Of Rebuilding Work In Iraq (NYT)

By James Glanz

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — In a sweeping new assessment of reconstruction failures in Iraq, a federal inspector told Congress on Thursday that 13 of 14 major projects built by the American contractor Parsons that were examined by his agency were substandard, with construction deficiencies and other serious problems.

The final project, a prison near the southern Iraqi city of Nasiriya, was terminated for other reasons, said the inspector, Stuart Bowen, who heads the Office of the Special Inspector General for Iraq Reconstruction. Delays and cost overruns led to its cancellation.

Whether because the political stakes in Iraq have risen with the approach of the November elections, or simply because of the scope of the problems, Mr. Bowen's testimony set off outrage on both sides of the political aisle on a topic — reconstruction failures — that previously was mostly in the sights of Congressional Democrats.

"So when they get the construction right, something else goes wrong?" said Representative John M. McHugh, Republican of New York, referring to cost and schedule problems that had plagued many projects.

"Wow — thank you," Mr. McHugh said, seemingly speechless for a moment after Mr. Bowen answered in the affirmative.

Work by two of the other largest contractors in Iraq — Bechtel and KBR, which was formerly known as Kellogg Brown & Root and is a subsidiary of Halliburton — also came in for severe criticism during the lengthy hearing.

The problems with Iraq reconstruction have become notorious enough that protesters engulfed Cliff Mumm, president of the Bechtel infrastructure division, as he emerged onto the street and tried to hail a taxi after his testimony before the House Government Reform Committee.

"Eviction notice for Bechtel and its subsidiaries!" a protester shouted through a megaphone.

Democrats and Republicans on the panel posed some of the most scathing questions yet to executives from Parsons, a company that has received little but criticism in the last year for projects including prisons, border forts, clinics and hospitals.

Before his testimony, Mr. Bowen made available copies of an inspection report on one of the 13 substandard projects, a $72 million police college in Baghdad where plumbing work was so poor that the pipes burst, dumping urine and fecal matter throughout the college's buildings. The Washington Post reported on some of those problems on Thursday.

Earnest O. Robbins II, a Parsons vice president, struggled to explain how tests could have missed such fundamental problems, in which the pipes were often not joined by proper fixtures but simply set end to end and fastened with concrete.

How could the tests "not reveal these massive, massive problems?" asked Representative Chris Van Hollen, a Democrat from Maryland.

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"I have some conjectures and that's all it would be," Mr. Robbins said, "and that is, it took a while of use for this to manifest itself, for the fittings to come loose or whatever."

The industry witnesses also fired back at their Congressional questioners, pointing out that their work generally met with the approval of government entities that were supposed to be overseeing the work. Mr. Mumm, of Bechtel, brought a hush to the room when he listed 24 Iraqi employees on the hospital project who had been killed by local militias or insurgents, greatly slowing the work. The Iraqi site manager was murdered, the site engineer's daughter was kidnapped and "they summarily marched out our mechanical contractor and murdered 12 of them," Mr. Mumm said.

Democrats spent much of the day connecting the reconstruction effort, which has cost an estimated $30 billion to $45 billion in Iraqi and American financing, to the wider effort in Iraq.

"This debacle is not just a waste of taxpayers' funds, and it doesn't just impact the reconstruction," Representative Henry A. Waxman, the ranking Democrat on the committee, said of one of the failed projects. "It impedes the entire effort in Iraq. This is the lens in which the Iraqis will view America."

Representative Tom Davis, the Virginia Republican who is the committee's chairman, began his own remarks by charging that critics of the reconstruction "oversimplify, distort and prejudge the outcome of a complex contracting process to fit the preordained conclusion that everything goes wrong in Iraq."

But then even Mr. Davis concluded that when it came to reconstruction, "original plans were wildly optimistic," and that only a fraction of originally planned water and electricity projects had been completed. As the hearing wore on, Mr. Davis expressed shock at statistics like the 13 of 14 projects that Mr. Bowen had found were substandard.

"What is going on here?" Mr. Davis asked. The question was never fully answered.

The 14 Parsons projects included three border forts in the north with undersize and inadequate structural beams and incomplete security measures; five health clinics around Kirkuk with crumbling concrete; and a hospital in Babil Province that also had structural problems.

Plumbing Problems At Iraq Site Spur Wider Contractor Review (LAT)

By Jonathan Peterson

The Los Angeles Times, September 29, 2006

WASHINGTON — A special inspector general said Thursday that he planned to review all of the Iraq building projects overseen by Pasadena's Parsons Corp. in the wake of severe plumbing problems that have surfaced at Baghdad's new police academy.

Sewage is seeping through the floors at the academy, and in one of the buildings "the water has been dripping at such a rapid rate that the Baghdad Police College director refers to this room as the 'Rain Forest,' " the auditors said in a report delivered to Congress by Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction.

"It boils down to a lack of oversight," Bowen told lawmakers.

The blistering report follows earlier criticisms of Iraqi building projects overseen by Parsons. The privately held construction and engineering firm and its partners have been awarded contracts for police stations, health clinics, prisons and other facilities that are potentially worth $2 billion or more.

Parsons executives have noted in the past that the ever-present threat of violence in Iraq has made its work more difficult. In a statement Thursday, Parsons said that once the problems were pointed out in July, the firm directed its Iraqi subcontractor to fix them.

"The subcontractor currently is changing out the pipes at no cost to the U.S. or Iraqi governments," said Erin Kuhlman, vice president of corporate relations, adding, "Parsons is proud of our brave men and women who have performed extremely well under very difficult and dangerous conditions in Iraq."

Parsons has relied on local Iraqi contractors to carry out much of its work in Iraq, including at the police academy, a $75-million project that is considered to be a symbol of U.S. efforts to help reestablish peace and security in Iraq.

According to the audit, leakage from plumbing was so severe at the academy that it threatened the structural integrity of the floors in eight dormitories intended to house as many as 2,800 police cadets.

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The audit followed site visits to the police academy in August and September. It found that inferior plumbing techniques, methods and materials were causing a continual spread of water and human waste throughout the three-story buildings, from the top floor to the ground floor.

"For example, we witnessed a light fixture so full of diluted urine and feces that it would not operate," the auditors said in the report, which included photographs of the malfunctioning light and stained ceiling tiles. "As we continued our assessment throughout the second-floor bathroom, we identified evidence of large quantities of diluted urine dripping from the top floor down through the ceiling. The urine was so pervasive that it had permanently stained the ceiling tiles."

Parsons completed its work on the police academy in the spring, the company said Thursday, adding that Iraqi officials inspected the facility during April and May and accepted the work. Police and cadets then moved in.

At a hearing Thursday, Rep. Thomas M. Davis III (R-Va.), chairman of the House Committee on Government Reform, lamented the poor track record of U.S. building projects in Iraq.

"Poor security, an arcane, ill-suited management structure and a dizzying cascade of setbacks," he said.

"The committee is, of course, always concerned when there is defective workmanship under a government contract," said David Marin, the panel's staff director, though he noted that Parsons was addressing the problems through its subcontractor. "We will continue to follow this project closely to ensure that the Corps of Engineers takes appropriate remedial action."

Rep. Henry A. Waxman (D-Los Angeles) emphasized the stakes in properly handling the police academy project.

"What could be a more important symbol than getting police trained for security, and buildings which will give them a boost?" Waxman asked.

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Reuters was used in compiling this report.

Attacks Cost Iraq Oil Exports $16B (AP)

By Pauline Jelinek

AP, September 28, 2006

Iraq's most important moneymaker — its oil industry — lost $16 billion in potential foreign sales over two years to insurgent attacks, criminals and bad equipment, a secret U.S. audit says.

The Baghdad government "must take bold action" to protect its oil and electrical facilities, concludes an unclassified summary of the classified audit on Iraq's energy sector.

"Iraq cannot prosper without uninterrupted export of oil and the reliable delivery of electricity," Stuart W. Bowen, special inspector general for Iraq reconstruction, said in the summary released Thursday.

In another report, Bowen said sewage drips through the ceilings of a newly constructed building at the Baghdad Police College because of poor construction and the use of inferior plumbing materials.

Bowen released both reports as he prepared to testify Thursday before the House Government Reform Committee, which has been looking into waste and fraud in billions of dollars worth of Iraq reconstruction projects.

In addition to the estimated $16 billion loss of potential oil export revenue between January 2004 and March 2006, Bowen said Iraq also is paying billions of dollar to import refined petroleum products it needs.

The United States has invested some $320.3 million to help Iraq's security forces better protect its oil and electricity infrastructure. And it has developed an array of plans to help the three Iraq ministries that share responsibility — Ministry of Defense, Ministry of Oil and Ministry of Electricity.

But Baghdad didn't have a permanent government in place until recently and some ministries showed "limited initiative," leaving Iraq with "much to do" to put the U.S. plans into action, the summary said.

Bowen said that even if attacks ceased, criminal activity and aging and poorly maintained infrastructure would still hamper oil exports and electricity production.

The full energy report remains classified, as do U.S. figures on the number of attacks to the sector. Though the unclassified summary was released Thursday, the classified report was completed in July.

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The Bush administration predicted three years ago that Iraq would finance its own reconstruction using oil revenues. Iraq, a founding member of the Organization of Petroleum Exporting Countries, has the world's third-highest proven reserves.

But oil production slipped after the invasion and the country has struggled to resume production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, according to the U.S. Energy Information Administration.

It is estimated that in 2005, oil exports earned the country about $26 billion.

In the report on Baghdad's police academy, Bowen said his inspectors found "construction deficiencies of such magnitude" they need prompt attention.

Among problems was plumbing so bad that dirty water from sinks and toilets drained through concrete upper floors throughout the building and dripped into first-floor cadet dormitories, threatening health and possibly weakening the structure.

The Bush administration has hung U.S. withdrawal from Iraq on it's ability to train Iraqi police and soldiers to take over the country's security.

The police facility existed before but was being expanded so more cadets could be trained at one time.

The audit findings on the academy raise questions about whether the U.S. Army Corps of Engineers did a poor job monitoring the construction.

"The answer has to be yes," said Maj. Gen. William McCoy, the corps' chief Army engineer for Iraq reconstruction. "We allowed the quality to be like that. I'm investigating this right now. We have been for two weeks."

McCoy said by telephone from Baghdad that the corps recognized there were problems in May and so ended the contract for the project with Parsons Corp. The American company has had problems with others projects among some nearly $1 billion worth of work it has in Iraq.

"We had to terminate them because there was deplorable construction," McCoy said.

Parsons did not immediately return a phone call seeking comment.

Applying Diplomacy To Conflict (WP)

By Ann Scott Tyson

The Washington Post, September 29, 2006

BAQUBAH, Iraq -- Wearing an ethnic print jacket over a black shirt and slacks, veteran U.S. diplomat Kiki Munshi walks breezily across the gravel of the American military compound here, giving a tour of Forward Operating Base War Horse with the same finesse one would expect at a well-appointed embassy.

"This is our beloved generator," Munshi, 62, says with a graceful sweep of her arm and a deference appropriate for the hulking yellow piece of machinery that she regularly prays for.

Around the corner, Munshi stops beside some rectangular wooden boxes filled with parched dirt. "This is Armand's garden," she says with a wan smile, referring to her Iraqi bilingual-bicultural adviser. Glancing down at the lifeless display, her voice falls ever so slightly as she adds: "He hasn't gotten very far. . . ."

Munshi, the head of the State Department's 45-member provincial reconstruction team (PRT) in Baqubah, had comfortably retired after a 22-year career in the Foreign Service that included tours in Asia, Africa and Europe when her conscience nudged her into coming to Iraq. So she left her husband, two horses, a dog and a cat in Vandemere, N.C., and headed for the first time into a war zone.

"I felt a sense of moral obligation to try to help rebuild Iraq," she explained last month over a meal at the base chow hall, admitting that after a few months in Baqubah, she sees the prospects as "difficult at best."

The most urgent mission of Munshi's team is to promote "conflict resolution" in Diyala province, a demographically mixed region of strong sectarian and ethnic tensions that stretches from Baghdad to the Iranian border. The team works with local leaders on listening techniques and mediation -- "how to take a positive nucleus and expand it," Munshi explained.

In midsummer, the team's hopes soared when local leaders signed an 18-point peace manifesto in the troubled town of Muqdadiyah. The leaders agreed to stop kidnappings and killings, halt attacks on Iraqi security forces (if they "behaved") and -- in an important concession -- limit the weaponry of mosques to 10 AK-47 automatic rifles each (no heavy machine guns).

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"People were cheering them and throwing flowers. It was very emotional," Munshi recalled.

The peace held for 10 days. Then it was shattered by a mass kidnapping, followed by the slaughter of dozens of minibus and taxi drivers. "It was so horrific," Munshi said.

Munshi has not given up on the peace process in Muqdadiyah and other towns. Even Iraqi leaders who rely on militias "realize the violence has gotten out of hand," she said. But progress, she says, is hard to discern.

Sectarian and insurgent violence in Diyala also severely hamper Munshi's team in getting places and meeting Iraqis.

Until recently, the team's bodyguards consisted of 18 Blackwater security contractors who restricted "outings" to three times a week for a maximum of three hours each. All excursions were planned, she said. "If they hadn't checked it out, we couldn't go," Munshi said.

With so many security guards, convoys had only three seats left for team members. "They didn't want anyone to go anywhere," she said of the State Department regional security office, which hired Blackwater.

Despite the frustrations, Munshi said, being surrounded by Blackwater guards -- with such radio call signs as Elvis, Josh and Dave -- did boost her spirits.

"Here in Baqubah, the ultimate status symbol is your personal security detail," she explained with a knowing look. "So I'm weaving down the halls of the government center with these big hunks with guns -- they're very mean-looking -- and they're around me in a diamond formation, and I'm in the middle with my sandals and scarf."

The U.S. military took over security for the team over the summer because Blackwater was too expensive, Munshi said, and now the team can travel more freely. "Life is much easier," she said, "although my ego is not as well served."

When not busy with her primary job of conflict resolution, Munshi pursues other PRT initiatives, including an effort to provide Iraqi girls and women with a place to exercise in Baqubah. A building bought with U.S. funds for a women's organization had been taken over by the local telecommunications director, Munshi said.

"We were plotting . . . on how to get enough back to have a gym," she said, noting that Iraqi girls past age 10 "can't go out in shorts or pants and run around a field."

She hopes, too, to create a theater where girls can act onstage, something else that is "almost forbidden" for women in Iraq's Muslim society.

Munshi is also seeking funding for her latest idea: to provide riding therapy for Iraqi children injured in the violence.

Munshi signed up for a year on the U.S. military base, and said conditions are tolerable. She is one of the few with a shower and toilet in her trailerlike quarters, but she greatly misses her husband and pets. "There's no one to cuddle," she said. "I can't hug my team members."

Still, she perseveres. Munshi said one of her strongest impressions about Iraq is "how depressed people are."

Once she got into an argument with a young man who attributed his country's problems to Iraqis being "all bad people." Ultimately, the man joined Munshi's team. "We gave him a glimmer of hope," she said. "People are looking for some kind of evidence the future might be better."

Cost Of Iraq War Nearly $2b A Week (BOS)

By Bryan Bender

The Boston Globe, September 29, 2006

WASHINGTON -- A new congressional analysis shows the Iraq war is now costing taxpayers almost $2 billion a week -- nearly twice as much as in the first year of the conflict three years ago and 20 percent more than last year -- as the Pentagon spends more on establishing regional bases to support the extended deployment and scrambles to fix or replace equipment damaged in combat.

The upsurge occurs as the total cost of military operations at home and abroad since 2001, including the wars in Iraq and Afghanistan, will top half a trillion dollars, according to an internal assessment by the nonpartisan Congressional Research Service completed last week.

The spike in operating costs -- including a 20 percent increase over last year in Afghanistan, where the mission now costs about $370 million a week -- comes even though troop levels in both countries have remained stable. The reports attribute the

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rising costs in part to a higher pace of fighting in both countries, where insurgents and terrorists have increased their attacks on US and coalition troops and civilians.

Another major factor, however, is ``the building of more extensive infrastructure to support troops and equipment in and around Iraq and Afghanistan," according to the report. Based on Defense Department data, the report suggests that the construction of so-called semi-permanent support bases has picked up in recent months, making it increasingly clear that the US military will have a presence in both countries for years to come.

The United States maintains it is not building permanent military bases in Iraq or Afghanistan, where the local population distrusts America's long-term intentions.

But for the first time, a major factor in the growth of war spending is the result of a dramatic rise in ``investment costs," or spending needed to sustain a long-term deployment of American troops in the two countries, the report said. These include the additional purchases of protective equipment for troops, such as armored Humvees, radios, and night-vision equipment; new tanks and other equipment to replace battered gear from Army and Marine Corps units that have been deployed numerous times in recent years; and growing repair bills for damaged equipment, what the military calls ``reset" costs.

At least one lawmaker, referring to reports of equipment shortages in the war zones and at US bases where troops are training for combat, says some of the spending is misplaced. ``While we are spending billions in Iraq to build and maintain massive bases, we cannot [effectively] repair our abused equipment or replace it," US Representative Martin T. Meehan , a Lowell Democrat and member of the House Armed Services Committee, said in a statement.

The Pentagon, which had previously made public its own estimate of operating costs, has not released up-to-date war costs.

The Congressional Research Service report estimates that after Congress approves two pending bills, the total war costs since Sept. 11, 2001, will reach about $509 billion. Of that, $379 billion will cover the cost of operations in Iraq, $97 billion will be the price tag for Afghanistan operations, and $26 billion will have gone to beefed-up security at US military bases around the world.

Though the military's operational costs in Iraq and Afghanistan have gone up despite a level number of US troops, the report attributes a large portion of the increased spending to the military's ongoing preparations to sustain combat operations in the two countries for the foreseeable future.

For example, the report shows that under the category of ``procurement," the funds designated for ``resetting the force" -- replacing or repairing equipment damaged in combat and preparing for long-term fighting -- has jumped from $7.2 billion in 2004 to $20.9 billion in 2005, and $22.9 billion this year. Separately, the Army has told Congress that it estimates it will need at least $36 billion more for equipment, while the Marine Corps has reported it needs nearly $12 billion.

Another major war cost is for infrastructure -- bases, landing strips, repair shops -- for the forces in Iraq and Afghanistan. These ``operations and maintenance" costs remained steady at about $40 billion per year in 2003, 2004, and 2005, but have spiked to more than $60 billion this year.

Those factors alone, however, are ``not enough to explain" the spiraling increase in operating costs, according to the report.

``You would expect [operating costs] to level off if you have the same level of people," said the report's principal author, Amy Belasco, a national defense specialist at the Congressional Research Service. ``You shouldn't have as much cost to fix buildings that were presumably repaired when you got there. It's a bit mysterious."

The Pentagon has not provided Congress with a detailed accounting of all the war funds, making it impossible to conduct a full, independent estimate of how much Americans are spending in Iraq and Afghanistan -- or to predict what future costs might be.

``In congressional hearings, the Department of Defense has typically provided estimates of the current or average monthly costs over a period of time for military operations, referred to as the `burn rate,' " the report stated. ``While this figure covers some of the costs of war, it excludes the cost of upgrading or replacing military equipment and improving or building facilities overseas, and it does not cover all funds appropriated."

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Iraqi Journalists Add Laws To List Of Dangers (NYT)

By Paul Von Zielbauer

The New York Times, September 29, 2006

BAGHDAD — Ahmed al-Karbouli, a reporter for Baghdadiya TV in the violent city of Ramadi, did his best to ignore the death threats, right up until six armed men drilled him with bullets after midday prayers.

He was the fourth journalist killed in Iraq in September alone, out of a total of more than 130 since the 2003 invasion, the vast majority of them Iraqis. But these days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too.

Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year.

Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who "publicly insults" the government or public officials subject to up to seven years in prison.

On Sept. 7, the police sealed the offices of Al Arabiya, a Dubai-based satellite news channel, for what the government said was inflammatory reporting. And the Committee to Protect Journalists says that at least three Iraqi journalists have served time in prison for writing articles deemed criminally offensive.

The office of Prime Minister Nuri Kamal al-Maliki has lately refused to speak with news organizations that report on sectarian violence in ways that the government considers inflammatory; some outlets have been shut down.

In addition to coping with government pressures, dozens of Iraqi journalists have been kidnapped by criminal gangs or detained by the American military, on suspicion that they are helping Sunni insurgents or Shiite militias. One, Bilal Hussein, who photographed insurgents in Anbar Province for The Associated Press, has been in American custody without charges since April.

And all Iraqi journalists have to live with the fear of death, which often dictates extreme security measures. Abdel Karim Hamadie, the news manager for Al Iraqiya Television, said he sometimes went months without leaving the station's compound.

"The last time I went home was three weeks ago," he said, showing off a small room adjacent to his office where he sleeps each night. "Before that, I spent three months at work. I used to hit my chair because I was so angry. But then I got a new chair."

American diplomats here say they admire the dedication of Iraqi reporters in covering the war and the government's efforts to create a democracy.

"Journalists here work under very, very difficult conditions," said a United States Embassy official, who spoke on condition of anonymity. "They are taking fire from every direction. They've got the defamation law hanging over their heads. They've got their political opponents gunning for them. They are trying very hard, and we want to encourage them."

Under Mr. Hussein, reporters and editors were licensed and carefully watched. Even typewriters had to be registered with the government. During that time, some reporters got by on the conviction that their articles, about the government's glorious new water projects or certain victory in the war with Iran, were at least patriotic.

"I never praised Saddam himself, never," said Shihab al-Tamimi, 73, who runs the Iraqi Journalists Union from a battered old mansion here. "But I praised the project, for the good of the country."

Now, Iraqi journalists still operate with considerable freedoms, at least compared with those in Saudi Arabia and other neighboring countries, and many Iraqis have achieved a new level of professionalism by working closely with Western journalists. So despite the growing government pressure, the news media have become increasingly aggressive.

Ethical boundaries, though, often remain murky. It was disclosed last year that the Lincoln Group, an American public relations firm hired by the Pentagon, paid Iraqi news outlets to print positive articles on the American presence here and provided stipends to Iraqi journalists in exchange for favorable treatment.

Even though the Iraqi news media have made strides, the journalists themselves are being killed at an extraordinary rate.

Since the Iraq war began, more than 130 journalists — most of them Iraqi — have been fatally shot, beaten or tortured to death, according to the Journalistic Freedoms Observatory, the most prominent domestic advocacy group for journalists to

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emerge since the invasion. (The Committee to Protect Journalists, which requires more evidence to verify reported killings, lists 79 journalists and 28 news workers.)

Most of the victims — reporters, photographers and editors — were working for local newspapers and television stations.

"Don't be surprised if you wake up one day to find that I have also been killed," said Habib al-Sadr, the chief executive of the government-financed Iraqi Media Network, the nation's largest media organization. In the network's office lobby, a display case holds the photographs of 13 reporters and editors killed on the job since 2003, including Amjad Hameed, the head of the network's television channel, Al Iraqiya.

"The road to democracy is not smoothly paved," Mr. Sadr said during a recent interview in his office, cigarette smoke curling around his face. "It is filled with bombs."

Despite the danger, Falah al-Mishaal, the editor of Al Sabah, the government-run newspaper in Baghdad, said he enjoyed his job now because he felt like a real journalist.

"Now, we are free," he said in an interview in late July. "We can write whatever we want."

Three weeks after the interview, a man drove a minibus filled with explosives into Al Sabah's rear parking lot and blew it up, killing two people and wounding 20 others.

September has been particularly deadly for journalists.

Safa Ismael Enad, a freelance news photographer, was buying film at his favorite print shop in eastern Baghdad on Sept. 13 when two men with guns walked in, fired two shots into his chest and dragged his bleeding body away.

Three days earlier, gunmen blocked Abdul-Kareem al-Rubaie, a designer for Al Sabah, as he traveled to work one sunny morning, and they shot him through the windshield. Last month, Mohammad Abbas Mohammad, a newspaper editor, was shot to death in western Baghdad, and Ismail Amin Ali, a blunt-spoken columnist, was killed on the street across town on the same day.

The disdain for truly free expression cuts across sectarian lines. The men who killed Mr. Karbouli after warning him to stop his critical reporting on the insurgency were almost certainly Sunni. The former governor of Wasit Province, and the judges and police officials who brought charges against the three journalists for questioning their ethics, were all Shiites.

In April, Mastura Mahmood, a young journalist for the women's weekly paper Rewan, was charged with defamation for an article that quoted an anti-government demonstrator in Halabja comparing the Iraqi police there with the Baathists who once ran the country. She was arrested and then released on bail.

In May, a court in Sulaimaniya, in Iraq's autonomous Kurdish region, sentenced two journalists, Twana Osman and Asos Hardi, to six-month suspended jail terms for an article claiming that a Kurdish official had two telephone company employees fired after they cut his phone service for failing to pay his bill.

"These cases show that Iraqi officials are quick to use the same kinds of onerous legal tools as their neighbors to punish outspoken media," said Joel Campagna, the Middle East program director for the Committee to Protect Journalists.

Last month, more than 70 news organizations signed a nine-point pledge supporting the national reconciliation plan of Prime Minister Maliki, promising not to use inflammatory statements or images of people killed in attacks, and vowing to "disseminate news in a way that harmonizes with Iraq's interests." Days later, the police barred journalists from photographing corpses at the scenes of bombings and mortar attacks. Since then, policemen have smashed several photographers' cameras and digital memory cards.

At Al Arabiya, the Baghdad station shuttered by the Iraqi authorities earlier this month, the studio door handle is sealed in red wax and bound in police tape. (The door is adorned with a photo of Atwar Bahjat, who was kidnapped, tortured and killed in Samarra in February while reporting on the bombing of a Shiite shrine.)

Some news executives express support for Al Arabiya's closing.

"It is the right of the Iraqi government, as it combats terrorism, to silence any voice that tries to harm the national unity," said Mr. Sadr, of the Iraqi Media Network.

Parents, Kids Both Welcome Reopening Of Private Schools (USAT)

USA Today, September 29, 2006

DOJ_NMG_0070892

Under Saddam Hussein, all Iraqi children attended government-run schools that taught a standardized, state-approved curriculum.

Now, private schools that provide specialized programs and less-crowded classrooms are beginning to open in Baghdad and elsewhere in Iraq.

"In the pre-Saddam Hussein era, private schools were common in the country. But after 1979 (when Saddam became president), these schools were banned," says Ibrahim Abed Wali, manager of the private teaching sector of Iraq's Education Ministry.

Wali, who is responsible for licensing the new private schools, says a law passed in 2004 allowed private schools to open again. Since then, the Education Ministry has licensed 224 private schools and preschools with a total enrollment of 4,628 students around Iraq.

The al-Massara Private School for Girls was licensed to open two years ago. It's located in the capital's Zayouna neighborhood, an affluent area in east Baghdad where residents are a mix of Sunni Muslims, Shiite Muslims and Christians. The school is run by the Eastern Orthodox Church of Iraq.

Zaki Jamil Hawa, the school's staff manager and physics teacher, says al-Massara had two grades and 30 students when it opened. This year, enrollment is 90.

"When we noticed that a lot of parents came to register their children, we opened five grades. And next year, the number will be completed," he says.

There will be three intermediate grades, equivalent to an American middle school, and three high school grades. Intermediate school students pay $250 per year. High school students pay $350 — about a third of the average annual salary in Iraq.

Aboud Jalal, the church's supervisor of the school, says 75% of the students are Muslim and the rest are Christian. "That shows the great reputation we have for teaching in the country," he says. Most Christians, who represent less than 3% of Iraq's 26.7 million people, live in the Baghdad area.

Al-Massara offers a secular education that includes French, English and computer studies.

On Monday, the first day of school, Mariam Saif, 14, eagerly waited for the bell to ring.

"I'm so excited today and can't wait to start studying," said Saif, a Christian student whose parents moved her to al-Massara from a state-run school in the Palestine Street district.

She says she barely was able to get through her first year of intermediate school last year because of the poor quality of teachers.

Huda Ahmad, 42, a Muslim who was waiting outside the school for her daughter to finish class, said they switched to al-Massara for other reasons. "We believe in the Christian teachers' loyalty. No more bribes. No more private lessons at home," she said.

Hawa says the private schools generally have half the number of students in a class as their state-run counterparts. That alone is worth the price.

"It's not expensive at all if you want your children to build their future properly," he says.

NATO To Command 12,000 G.I.'s In Afghanistan (NYT)

By David S. Cloud

The New York Times, September 29, 2006

PORTOROZ, Slovenia, Sept. 28 — Defense Secretary Donald H. Rumsfeld agreed Thursday to put 12,000 American combat troops in eastern Afghanistan under NATO command, possibly as soon as next month, officials said.

The command shift, approved at a two-day meeting of NATO defense ministers at this Adriatic resort town, would extend the alliance's area of operations across all of Afghanistan. It would still leave about 10,000 American troops, including Special Operations units, under exclusive American control.

The Bush administration has long sought to draw the North Atlantic Treaty Organization into a larger role in providing security and reconstruction assistance in the country.

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Although the move would not increase the number of combat troops in Afghanistan, it comes as a show of unity at a time when Taliban rebels have intensified attacks against NATO forces that took over responsibility for security in the south just two months ago, several officials said. The American decision to place more than half its forces in Afghanistan under the Atlantic alliance's theater commander, Lt. Gen. David J. Richards of Britain, would put the alliance in control of 32,000 soldiers from 37 countries.

NATO has showed "resolve, a lot of resolve, to stay the course in Afghanistan," Secretary General Jaap de Hoop Scheffer told reporters after the foreign ministers approved the NATO expansion.

Mr. Rumsfeld told reporters that the extension of the alliance's command into the American sector in the east, along the border with Pakistan, would happen "in the days and weeks ahead." The exact timing of the move appeared linked to whether European governments themselves would provide additional forces that NATO military planners have requested for southern Afghanistan, as well as progress on easing country-by-country restrictions that limit their use in combat.

In discussions on Thursday, a NATO official said several countries discussed providing additional troops or equipment, including Denmark, the Czech Republic and Canada. But major European powers, including France, Germany, Italy and Spain, have not sent additional troops to the south.

Asked whether the American soldiers might be used to buttress the alliance's efforts in the south, where British, Canadian and Dutch forces have faced tough fighting while inflicting heavy casualties on Taliban fighters recently, a NATO spokesman, James Appathurai, said he knew of no limits imposed by Washington on where they could go.

But American officials said it was unlikely that American units would be shifted in large numbers to the south because they were needed on the Afghanistan-Pakistan border, where attacks have also intensified.

Mr. Rumsfeld said that, in addition to supplying more forces and equipment, NATO governments were under pressure to lift so-called national caveats that restrict how and where their forces could be employed in Afghanistan. The biggest hurdle, officials said, are countries that bar their troops from being moved to the south, where the toughest fighting has been occurring. It is "difficult for the commander when he is not able to move forces around," Mr. Rumsfeld said, adding that the caveats in the aggregate created a "situation that is not acceptable."

But Mr. de Hoop Scheffer said that Germany, which has around 3,000 troops in Afghanistan, mostly in the north where there is little fighting, informed other NATO ministers that it would not lift restrictions that prevented its forces from being moved to the south. Any such redeployment must be approved by the German Parliament, where there is strong opposition to involving its forces in possible combat.

Mr. Rumsfeld said it was impossible to know precisely whether wars in Iraq and Afghanistan were resulting in more terrorists being killed than they were creating. He did not make specific comments on a recently declassified intelligence report that said that Iraq had become a "cause célèbre" for jihadists. He said that because he had been traveling he did not know which portions of the report had been made public.

But, he said, "The implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical."

Foreign Command To Direct U.S. Troops (AP)

By Lolita C. Baldor

AP, September 28, 2006

A plan approved Thursday to extend NATO's military control across all of Afghanistan would put as many as 12,000 American troops under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Defense Secretary Donald H. Rumsfeld hailed the change as a "bold step forward."

The move is expected to take place in the next few weeks, NATO spokesman James Appathurai said.

The largest number of U.S. troops ever under the control of foreign battlefield commanders was about 300,000 during World War I, said military officials traveling with Rumsfeld to the NATO meeting.

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It was not clear how many troops were under foreign command during World War II. A U.S. officer, Gen. James L. Jones, is in charge of the overall NATO force, but the new arrangement would put the U.S. troops under foreign commanders on the battlefield.

The ministers also agreed to provide substantial amounts of military equipment for the Afghan army.

"There were in rough numbers thousands of weapons offered up, and I believe probably millions of rounds of ammunition," Rumsfeld told reporters.

Rumsfeld said at a press conference that some countries had stepped forward in response to appeals from NATO commanders for as many as 2,500 more troops to join the operation against the Taliban in the south. But he said more were still needed. He declined to say which countries had made offers.

NATO-led troops took command of the southern portion of Afghanistan just two months ago and have been struggling to stem the escalating violence there. This plan would extend their control to the eastern section, which U.S. troops now command.

Plans all along have been for NATO to take over the military in all regions of the country. NATO's takeover of the eastern section had been expected to happen later this fall, switching at least 10,000 American troops from U.S. command to alliance control — specifically that of British Lt. Gen. David Richards. Currently about 2,000 U.S. troops are serving under NATO commanders in other portions of Afghanistan.

In opening remarks, NATO Secretary-General Jaap de Hoop Scheffer indicated that commitments for troops and equipment for Afghanistan would be a main goal of the meeting.

According to a senior U.S. official, Afghanistan had compiled a list of needed equipment, from helicopters and vehicles to armor and guns, and officials will set up a program to coordinate the donations. This information was passed on to the 26 NATO defense ministers at the meeting.

NATO countries recently have been slow to meet needs for more coalition forces for the alliance in Afghanistan, where violence has surged. Jones, who also heads the U.S. European Command, asked other nations this month for about 2,500 troops and other equipment, and said last week that some had come through.

Currently there are about 20,000 NATO troops in Afghanistan and an additional 21,000 from the United States.

Under the expected equipment deal, allies will be able to coordinate and donate supplies to the Afghan National Army. The official could not estimate how much equipment was included on Afghanistan's wish list.

NATO To Expand Military Operations Into Eastern Afghanistan (BLOOM)

By Ed Johnson

Bloomberg, September 29, 2006

Sept. 29 (Bloomberg) -- The North Atlantic Treaty Organization will expand its military operations into eastern Afghanistan, bringing about 12,000 U.S. soldiers under alliance command as it battles a Taliban insurgency.

The decision, authorized by defense ministers from the alliance's 26 member countries, will ``expand the mission to the whole country," NATO Secretary General Jaap de Hoop Scheffer said. Member states also agreed to donate military equipment to the Afghan army, he added.

NATO took command of Afghanistan's six southern provinces on July 31 and has been battling fighters loyal to the Taliban regime that a U.S.-led coalition ousted in 2001. The alliance says resistance has been stiffer than expected and is appealing for 2,000 extra troops to bolster the 19,000-strong International Security Assistance Force it commands.

The expansion into 14 additional provinces in the east, decided yesterday at a meeting of defense ministers in Portoroz, Slovenia, will bring the number of soldiers under NATO command to more than 30,000, the alliance said. The 12,000 U.S. soldiers are already in Afghanistan and will be transferred to NATO command in the ``next few days," NATO said on its Web site.

ISAF commanders will be able to move U.S. soldiers from the east to the south, where the Taliban insurgency has been strongest. A two-week battle against Islamist fighters in southern Kandahar province earlier this month was the ``most intense ground battle in NATO's history," alliance spokesman James Appathurai said Sept. 26.

Taliban Fighters

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The offensive, codenamed ``Operation Medusa," killed more than 1,000 Taliban fighters, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 20.

The Taliban underestimated NATO and thought it would be a ``soft touch," U.S. Defense Secretary Donald Rumsfeld, who is attending the talks in Slovenia, said yesterday, according to the U.S. Department of Defense. The alliance pledged to give thousands of weapons and millions of rounds of ammunition to the Afghan National Army, he added.

NATO is still seeking commitments for extra troops to boost its mission in Afghanistan. ``If you are in an alliance based on solidarity, you have to deliver," Agence France-Presse cited de Hoop Scheffer as saying yesterday.

Canada, which has about 2,300 soldiers in Afghanistan, will immediately send an additional 200 soldiers, including military engineers, a tank squadron and an infantry company, the country's Chief of Defense Staff General Rick Hillier said Sept. 15.

Poland will speed up the deployment of 950 soldiers to bolster the ISAF force.

``The initial elements of the battalion will be going in relatively soon and will continue to flow into the country until early next year," Appathurai said in Brussels Sept. 26. The deployment, originally set for February, will start ``much earlier than previously planned."

Nations Limit Use Of NATO Forces (USAT)

By Jim Michaels

USA Today, September 29, 2006

PORTOROZ, Slovenia — Countries sending their troops to Afghanistan have placed a web of restrictions on how they can be used, creating headaches for combat commanders and hurting the coalition's ability to fight a resurgent Taliban.

The restrictions, also called caveats, vary and are imposed by governments who fear casualties or don't agree with all parts of the mission. Other caveats are due to a lack of training or equipment.

The result is some forces can't fight at night or in the most dangerous parts of Afghanistan.

At a NATO meeting here Thursday, U.S. Defense Secretary Donald Rumsfeld said it's understandable that nations don't want their troops to perform specific missions, but when numerous countries impose restrictions, it creates a “situation that really is not acceptable.” Rumsfeld and NATO authorities are working to get countries to lift the restrictions.

“It is very difficult for a commander … when he is not able to move forces around and to have them go where they're needed, when they're needed, to do the things that needed to be done,” Rumsfeld said.

“If you sign on to the mission, you should sign on to the whole package,” said Canadian Lt. Col. Rejean Duchesneau, a spokesman for NATO's military arm.

Caveats have long been part of multinational military operations. Concerns about them have become more acute, however, as NATO expands its command over coalition forces. Ousted in 2001, the fundamentalist Islamic Taliban militia has regained strength, particularly in the south.

On Thursday, ministers agreed to soon expand NATO command over the remaining eastern part of the country, bringing about 30,000 troops under the alliance, including 12,500 Americans, spread over Afghanistan. There are about 20,000 U.S. troops in Afghanistan, and some will remain independent of the NATO mission.

Of NATO's 26 countries, only six, including the United States, place no restrictions on the forces they contribute to NATO operations, the Pentagon says.

NATO does not release details about the restrictions for fear they could be exploited by enemy forces. A recent Congressional Research Service study said caveats on German troops mean they “do not go on extended patrols and do not respond to local security events.”

NATO Secretary-General Jaap de Hoop Scheffer said Germany has not dropped its restrictions.

Removing restrictions might reduce the number of troops needed in Afghanistan, since commanders could shift available forces wherever they are needed.

However, eliminating the caveats will be hard, said Anthony Cordesman of the Center for Strategic and International Studies. “This is the price for having them all there.”

The Reliable Source (WP)

DOJ_NMG_0070896

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 29, 2006

Take Our Local Celebrities. Please.

Highlights from the 13th annual "Funniest Celebrity in Washington" fundraiser Wednesday at the Improv:

-- CNN Pentagon correspondent Jamie McIntyre (third-place winner), as a husband parrying his wife's questions in Don Rumsfeld "accountability avoidance" style: "Am I home late? It's unknowable. Was I out cavorting with women? Life is untidy. . . ."

-- Former Republican National Committee chairman Ed Gillespie and Rep. Dennis Kucinich (D-Ohio) getting heckled by their own "Crossfire" dummies (winning second place). Kucinich: "Like most politicians, I've wanted to run for president in the worst way." His dummy: "Well, you did!"

-- The winner, Rep. Linda Sanchez (D-Calif.): "The Republicans are getting a little carried away on immigration. They just built a 200-mile wall around my office. . . . The Republican flacks are so good, I'm scared to death of my little brown mother. She called me last week and told me she wanted to drop off some food, but she wasn't fooling me. I knew she was going to steal my stereo."

Why He Fights (FOX)

FoxNews.com, September 28, 2006

Sat., September 30 at 8 p.m. ET

Hosted by Bret Baier

FOX News takes an exclusive look at what motivates Defense Secretary Donald Rumsfeld and what makes him so controversial.

We'll examine why President Bush stands behind him and what drives the 73-year-old Rumsfeld to soldier on.

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But that would change, however, with next front in the War on Terror: Iraq

We'll break down the success of Operation Iraqi Freedom, the ongoing battle to rebuild a nation that toiled for years under a brutal regime and why Rumsfeld faces heavy fire at home.

Louisville Paper Gets Disc With 232 Photos Of Nude National Guard Women (E&P)

Editor & Publisher, September 29, 2006

LOUISVILLE, KY. -- U.S. Army officials are taking a close look at whether women in a Kentucky National Guard unit posed nude for pictures with their M-16s and other military equipment, authorities said.

A local newspaper reported that it had a disc containing 232 of the photos, which they did not publish, and do not plan to publish, E&P has learned.

Andrew Wolfson, who disclosed the existence of the disc in the Louisville Courier-Journal today, told E&P it came from an "anonymous" source.

"This is not the kind of activity condoned by the command leadership of the Kentucky National Guard," Lt. Col. Phil Miller, a spokesman for the Kentucky Guard, told the newspaper. The allegations were reported to the commander of the 410th Quartermaster unit a week or so before the company shipped out for Iraq on Aug. 26 from Camp Shelby, Miss.

The newspaper reported a compact disc contained 232 photographs of at least a half-dozen nude and seminude women in various poses with military rifles and covering their breasts with American flag decals. An e-mail said the women photographed were from the Kentucky Guard.

Miller said 11 of the 107 soldiers who deployed with the Danville-based unit are women.

"The CD containing the photos was sent to the paper via mail from an anonymous source. After doing background checks and some investigating, the source was deemed credible," Wolfson told E & P.

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When questioned about the photos, he added, military officials did not ask to see them or get the paper's copy. He assumes, therefore, that the military has its own copy.

Several television outlets have asked the paper to release the photos, but Wolfson says: "We've been asked for it by several TV outlets, but obviously haven't given it."

It is unclear where the photographs were taken, but some of the women are shown wearing dog tags. And in many photographs, recent inoculations, like those given in preparation for service abroad, are visible.

One woman was photographed partially clad in a military uniform, and a last name is visible on the blouse. Seitz said the Kentucky Guard wouldn't confirm whether a woman with that name works in the unit.

Lt. Col. Rich Steele, a spokesman for the First Army at Fort Gillem, Ga., said that if the allegations are proved, punishment could range from informal reprimands to courts-martial. He said the investigation is being conducted in Iraq.

Maj. Dylan Seitz, a staff lawyer for the Kentucky Guard in Frankfort, said commanders there don't know how many soldiers allegedly were involved, who took the pictures, or how they were distributed.

"We don't know what happened, other than there are some photos out there," he said.

Marsha Weinstein, former executive director of the Kentucky Commission on Women, said that it would be hypocritical to punish women involved when there is a "long history of male soldiers posting pin-ups in their lockers" and of the U.S. military flying in female sex symbols to entertain mostly male troops. "I don't think these women should be court-martialed," she told the Courier-Journal.

Quartermaster units provide logistics and supply support for other troops.

E&P Staff and The Associated Press (letters@editorandpublisher.com)

CORPORATE SCANDALS:

House Panel Digs Deep In HP Spy Case (WP)

By Yuki Noguchi And Ellen Nakashima, Washington Post Staff Writers

The Washington Post, September 29, 2006

Dunn, Hurd Shoulder Brunt of Tough Questioning at Hearing

Lawmakers fiercely challenged former Hewlett-Packard Co. chairman Patricia C. Dunn yesterday on her assertion that she did not know about potentially illegal tactics used in the company's spy scandal, while 10 other key figures in the case shunned interrogation by refusing to testify during a congressional hearing.

A total of 14 witnesses, flanked by their lawyers, came before a phalanx of House subcommittee members. Most of the seven hours of questioning was directed at Dunn, who coolly endured accusations that she aided or condoned a widespread surveillance campaign against HP board of directors, journalists and their families.

Despite being confronted with a copy of a memo saying it was "probable" that Dunn had been informed that pretexting -- impersonating people to obtain information -- was necessary to acquire phone records, Dunn repeatedly said she was not aware of the methods investigators used to obtain personal calling records while investigating leaks to the media.

Chief executive Mark V. Hurd, furrowing his brow and peering over his reading glasses, assumed more responsibility while denying knowledge of possible illegal tactics. He admitted that his lack of involvement contributed to an investigation that overreached and damaged the company's reputation.

"This is not my finest hour," he said, adding later, "I should have caught it, I didn't."

The day began with the resignation of HP general counsel Ann O. Baskins, a 24-year veteran of HP who, hours before testimony started, became the sixth major HP executive or board member to resign since HP disclosed early this month that its investigators might have illegally obtained private phone records.

Lawmakers confronted Baskins with handwritten notes, apparently written by her during a phone call or meeting, suggesting that she had encouraged investigators to "[c]all carriers Nextel, Sprint and use pretexts to extract info."

"Now this document and others show that you were aware that HP was engaging in pretexting," said Edward Whitfield (R-Ky.), chairman of the House Energy and Commerce oversight investigations subcommittee.

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Baskins declined to answer, citing her Fifth Amendment right against self-incrimination.

One by one, nine other HP employees and outside contractors also pleaded the Fifth Amendment, remaining silent after being confronted with the most vivid evidence suggesting they knew or should have known about the questionable surveillance activities. Those declining to testify included the main architects of the leak probe, HP's chief ethics director Kevin Hunsaker and global security head Anthony Gentilucci, and six private detectives.

The California attorney general and the FBI are conducting criminal investigations.

Later Dunn, Hurd, HP information technology security head Fred Adler and outside counsel Larry Sonsini sat somberly as subcommittee members chastised and interrupted them for presiding over a probe that led the venerable Silicon Valley company into such unethical behavior as sending bogus information to a reporter, sitting outside of journalists' and board members' homes and, most critically, impersonating people to obtain private phone records.

Taking turns, subcommittee members quoted from thick binders of internal documents and reports, and interrogated the panelists on what they knew and whether they still stood by their actions.

Dunn, who has resigned in the scandal, received or authored many of the e-mails. She acknowledged being party to briefings about the investigation but did not accept responsibility for the methods investigators used, saying she relied on guidance from Hunsaker, Baskins and Hurd. Dunn insisted she never approved the use of pretexting, saying, "I was unaware that the fraudulent misrepresentation of identity was a part of the standard arsenal of HP tactics or used in this investigation."

At one point, Rep. Diana DeGette (D-Colo.) said: "Ms. Dunn, you knew that a lot of these techniques were going on. You just didn't think it was your job to do anything about it."

Hurd, facing less confrontational questioning, called the investigators' methods "a rogue investigation that violated our own principles and values." He said he wished he had heeded signs that things were amiss, and added, "It will never happen again."

But subcommittee members said there were plenty of red flags in the case that should have made HP executives aware the company was entering unethical territory. In particular, HP executives approved sending false information to a News.com reporter, which contained an e-mail tracer that they hoped would lead them to the anonymous source quoted in her stories.

DeGette asked Dunn if she was at all concerned about the technique used in an operation to "sting" a reporter to trick her into revealing her source.

"I sent the team to management to get approval for their techniques," Dunn replied.

"Who was that in management?" DeGette said.

"Mr. Hurd," she said.

For his part, asked whether he knew about the monitoring of board members and their families, the monitoring of reporters and the phone pretexting, Hurd said no each time. He faced the sharpest questioning when it came to the e-mail ruse in which HP investigators made up a fictitious tipster named "Jacob."

DeGette asked Hurd if he thought it was "ethical for investigators to be coming up with a fake individual to be e-mailing reporters."

"Let me try to tell you what was going through my head," he began.

"Yes or no," she said.

Pressed to answer, he shook his head "no."

Dunn stood by her decision to investigate boardroom leaks, restating her position that it was necessary to protect company trade secrets and confidential deliberations. "I believe that these methods may be quite common, not just at Hewlett Packard, but at companies around the country," she said of corporate-sponsored investigations. "Every company of consequence has people who do detective-type work in order to ferret out the sources of nefarious activities." HP launched its effort to flush out who leaked boardroom secrets after a series of news stories appeared in early 2005, citing sources close to its board. Investigators' actions, which members of the subcommittee compared to B-grade movie scripts, have spawned both state and federal criminal probes.

Though most of the questioning was cutting, there were moments of levity.

Rep. Joe Barton (R-Tex.) said stealing phone records was theft. To underscore his point, he asked Dunn whether she would give him her phone records.

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"In your position, I would give you my phone records," Dunn said after some hesitation, soliciting laughter from the standing-room only crowd.

"I wouldn't give you mine," Barton retorted.

When a committee member encouraged Hurd to call the House majority leader and endorse legislation outlawing the unauthorized access to phone records, Hurd responded, "You have my support." There are four such bills pending in the House and Senate.

In addition to Hunsaker and Gentilucci, both of whom resigned from HP this week, and Baskin, others pleading the Fifth Amendment yesterday were Ronald DeLia, managing director of outside investigator Security Outsourcing Solutions Inc.; Joseph DePante, owner of Action Research Group; and Bryan Wagner, Charles Kelly, Valerie Preston, Cassandra Selvage, Darren Brost, all private investigators and subcontractors to Action Research Group.

H.P. Before A Skeptical Congress (NYT)

By Damon Darlin And Miguel Helft

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — Hewlett-Packard's former chairwoman and its current leader faced an admonishing and sometimes incredulous House subcommittee on Thursday as they tried to explain why they never questioned the legal foundation of an internal spying operation.

The former chairwoman, Patricia C. Dunn, who authorized the operation but said repeatedly that she was not its supervisor, came under especially harsh scrutiny because she refused to express contrition when invited to do so.

"I get the sense that you still don't believe that you did anything wrong," said Representative Cliff Stearns, Republican of Florida. After trying to answer obliquely, Ms. Dunn finally said, "I do not accept personal responsibility for what happened."

On the other hand, an apologetic Mark V. Hurd, the chief executive and Ms. Dunn's successor, encountered gentler questioning when he accepted blame for the "mess," as he put it. "There is no excuse for this aberration," Mr. Hurd said. "It happened, and it will never happen again."

The hearing shed little new light into the aggressive methods used by Hewlett-Packard to plug leaks to the news media from its board. But it provided a fresh expression of outrage over the investigation, which included the use of deception to obtain private phone records of board members, journalists and others.

"I have to ask our witnesses, what were you thinking?" said Representative John D. Dingell, Democrat of Michigan, who called the effort "a plumbers' operation that would make Richard Nixon blush were he still alive."

In a hearing that stretched from 10 a.m. to 6 p.m. with only a half-hour break, the legislators grilled Ms. Dunn over her responsibility for the investigation and her awareness of the methods, with only a few questions aimed at her fellow panel members. Mr. Hurd later testified alone.

The scene was remarkable for the gathering of so many officials of one company in a Congressional hearing room — at the behest of the Energy and Commerce investigations subcommittee, which once looked into quite different corporate scandals at Enron and WorldCom.

Before lawmakers got any answers, they had to dispense with a group of 10 recalcitrant witnesses, including three officials who have left the company and several of the investigators they employed. One by one, they declined to answer the committee's questions, invoking their Fifth Amendment right against self-incrimination.

They included the company's general counsel, Ann O. Baskins, whose lawyers announced early Thursday that she had resigned, while insisting that she had been repeatedly assured by subordinates that the operation was legal.

But the committee also released handwritten notes Ms. Baskins took in a meeting on June 15, 2005, that showed she was aware of the use of "pretexts to extract info."

It is the use of pretexting — obtaining another person's phone records through a ruse — that was the ostensible interest of the panel, which put forward legislation earlier this year to outlaw the practice. But as the day's hearing went on, the lawmakers' indignation extended to the investigators' whole bag of tricks.

Ms. Dunn provoked the most disbelief with her insistence that she did not supervise the investigation and that she believed that private phone records could be obtained legally. At one point, she said she believed until six months ago that one could simply call the phone company and obtain another person's records.

"You really believe that? You honestly believed that it was that simple?" asked Representative Greg Walden, Republican of Oregon.

Ms. Dunn was also questioned about her blessing of a plan to send a misleading e-mail message to a reporter, along with tracer software that would let H.P. detectives know to whom the document was forwarded.

Reading from a document, Representative Diana DeGette, Democrat of Colorado, noted that Ms. Dunn had said the plan was "clever" and should be sent to Mr. Hurd for approval.

"I regret the use of the word 'clever,' " Ms. Dunn said.

"I'm sure," Ms. DeGette replied.

By way of defending her actions — or rather, inaction — Ms. Dunn responded that it was not her role to approve investigative techniques.

"This is a very serious problem," Ms. DeGette said. "You can't say, 'I'm just a board member, but I'm not responsible for things that happen because I am not in the chain of command.' "

Ms. Dunn was repeatedly confronted with documents showing that Ronald R. DeLia, the outside investigator employed by H.P. and one of the witnesses who refused to testify, contended that she was aware of pretexting early in the investigation.

"I have no recollection of a conversation with Mr. DeLia that included the word 'pretexting,' " Ms. Dunn replied at one point. She later added, "I don't agree with Mr. DeLia's testimony."

Her main expression of remorse was in her opening statement when she said, "I deeply regret that so many people, including me, were badly let down by this reliance" on the expertise of others.

Questions for Mr. Hurd were rarely as tough. Representative Michael C. Burgess, Republican of Texas, asked him if he could restore integrity to Hewlett-Packard. Mr. Hurd pointedly removed his glasses and said, "I will."

It was an artful performance by Mr. Hurd, who acknowledged, as he had previously, that he was at two meetings where the operation was discussed. He said he did not pay attention because the investigation was not as high a priority as running the company. "I pick my spots where I dive into details," he said.

He also said he had approved sending an e-mail message with bogus information intended to smoke out a leaker, but said he had not approved adding tracer software.

Mr. Hurd was asked several times about the software's use. He did not say that the company would stop using it, only that it would investigate whether it should. Fred Adler, an investigator also called as a witness, said Hewlett-Packard had used it recently at least two dozen times.

Several members acknowledged that the panel had gone easier on Mr. Hurd than on Ms. Dunn. "We didn't have the documents on him that we had on her," Edward Whitfield, the subcommittee chairman, said later.

He said that Mr. Hurd's acceptance of responsibility also played a part in the way they questioned the two executives. Mr. Whitfield said with Ms. Dunn's extensive background in business and finance, he expected more sophisticated answers. "She portrayed herself as so far removed," he said.

And few people think Mr. Hurd is in any trouble with H.P.'s shareholders or its board. On Wednesday, Robert Ryan, a board member, was calling reporters — with the company's authorization — to express his and the board's support for Mr. Hurd, who has presided over a resurgence of Hewlett-Packard's business.

Investors appeared to agree, with Hewlett-Packard's stock rising 1.6 percent in regular trading and 1.5 percent more after hours, when Mr. Hurd made his appearance.

Charles R. Wolf, a computer industry analyst with Needham & Company, said the strong stock performance and Mr. Hurd's popularity among employees would make it difficult for the board to remove him.

"I'd say the likelihood of his being forced to resign over this is close to zero," he said. "He's done such a terrific job managing this company for the past year and a half, it would take a bulldozer to get rid of him."

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Before Mr. Hurd's appearance, the company's outside counsel, Larry W. Sonsini, whom many consider the most influential lawyer in Silicon Valley, appeared on the panel with Ms. Dunn.

He, too, was able to deflect much of the lawmakers' ire.

Mr. Sonsini said several times that a statement he had made in an e-mail message in June that the investigation appeared to be "within legal limits" had been misinterpreted. He said it did not amount to a legal opinion, but rather a statement reflecting what he was told by Kevin T. Hunsaker, the senior lawyer who led the investigation, and Ms. Baskins.

It was only later, after Hewlett-Packard asked his firm to investigate the investigation, that he fully understood the methods employed by Hewlett-Packard and concluded that "they are totally improper."

Lawmakers convened the hearing, in part, to emphasize the need for legislation that explicitly bans the use of pretexting to obtain phone records.

The committee approved a bill to that effect earlier this year, but it has yet to be taken up by the full House of Representatives.

In one of the few lighthearted exchanges, Representative Joe Barton, Republican of Texas and chairman of the full committee, told Ms. Dunn, "If I called you up, Ms. Dunn, and asked you for your phone records for the last six months, would you give me that?"

"In your position," Ms. Dunn said, then added after a pause, "I would give you my phone records."

The room exploded with laughter, and Mr. Barton replied, "Well, praise the Lord, I wouldn't give you mine."

Ousted HP Chairwoman Says She Consulted Others In Leak Probe, Believed Methods Were Legal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 29, 2006

(AP) - WASHINGTON-Hewlett-Packard Co.'s ousted chairwoman said it was her duty to stem boardroom leaks of sensitive information and that her decision to initiate an investigation was made in concert with others at HP, according to prepared testimony released by a congressional committee.

Patricia Dunn said she "never doubted" the legality of the methods used in the investigation, and that she discussed the conduct of the probe with the technology company's CEO, Mark Hurd, and board members - getting a clear impression that the directors were satisfied with it.

"I never doubted ... that what they were doing was legal," Dunn said in written testimony prepared for her appearance Thursday at a hearing by the House Energy and Commerce Committee. It was released by the panel late Wednesday.

She was referring to the probe led by Ronald DeLia, the operator of a private detective firm, whom Dunn said was used because he was under contract to HP. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter.

"I asked Mr. DeLia at every point of contact for his representation that everything being done was proper, legal and fully in compliance with HP's normal practices," Dunn said.

The House committee is exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed Dunn, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors.

Hurd, whose testimony for the hearing also was made public Wednesday, again apologized to those whose privacy was violated in the cloak-and-dagger investigation conducted from early 2005 through last spring.

"How did such an abuse of privacy occur in a company renowned for its commitment to privacy? It's an age-old story. The ends came to justify the means," he said.

Hurd said Dunn had informed him of the existence of the investigation, "but I was not involved in the investigation itself."

Dunn, for her part, said she initiated the probe "in response to directors who urged me to take more serious action in response to leaks. I turned to resources that HP normally used to do this type of work."

"I was a director of the company, not an officer or employee, and had no authority to enter into contracts, approve invoices or handle any similar matters," Dunn said in her lengthy and detailed recounting of events.

She said she had assumed that Bob Wayman, HP's acting CEO, chief financial officer and director of administration in early 2005 - with ultimate authority to approve spending for corporate security - "had provided authorization for whatever work was undertaken."

Company executives say there were two phases to the leak investigation: the first from early 2005 through last November - which Hurd said yielded "inconclusive" results - and the second, prompted by new leaks to the media, from January through May of this year.

Five private investigators who allegedly served as the foot soldiers in the company's efforts to identify the source of leaks have been ordered to testify at Thursday's hearing.

The subpoenas, announced Wednesday, were the second batch issued by the Energy and Commerce Committee. The private eyes are believed to have masqueraded as journalists, HP directors and employees to obtain their phone records. Last weekend, two HP employees and DeLia, who runs Security Outsourcing Solutions Inc. of Needham, Massachusetts, were ordered to appear.

Besides Dunn and Hurd, who succeeded her as chairman on Friday, General Counsel Ann Baskins also has agreed to appear at the hearing. Also expected to appear is Larry Sonsini, HP's outside lawyer and one of Silicon Valley's most influential figures, who assured company executives of the legality of the spying probe.

The five private eyes summoned to appear are believed to have acted as "pretexters" who got phone records under false pretenses. They are Bryan Wagner of Littleton, Colorado; Charles Kelly of CAS Agency in Villa Rica, Georgia; Cassandra Selvage of Eye in the Sky Investigations, Dade City, Florida; Darren Brost of Austin, Texas, and Valerie Preston of In Search Of Inc., Cooper City, Florida.

Wagner told an investigator that he had destroyed his computer with a hammer, The Wall Street Journal reported in Wednesday's editions, citing an anonymous person familiar with a probe of the HP case.

Documents have shown that investigators working for HP intruded into the personal lives of seven HP directors, two employees, nine reporters and family members of the targeted individuals. In addition to impersonating those targeted to procure phone records, they also spied on an HP director and his wife, sifted through their garbage, and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

On the Net:

Dunn testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Dunn.pdf

Hurd testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Hurd.pdf

Congress Slams H-P Over Board Scandal (MRKTWTCH)

By Robert Schroeder, Marketwatch

Market Watch, September 29, 2006

Company's general counsel quits; refuses to testify

WASHINGTON (MarketWatch) -- Corporate espionage met political outrage on Capitol Hill Thursday as current and former executives of Hewlett-Packard sparred with lawmakers over the technology giant's probe into leaks coming from its boardroom.

Hewlett-Packard Chief Executive Mark Hurd, former Chairwoman Patricia Dunn and others testified under oath in a standing-room-only hearing room adjacent to the Capitol, facing fired-up members of Congress demanding to know who knew about the leak probe and when they knew details of it.

Saying it "was not my finest hour," Hurd testified that while he felt it was necessary to find leaks coming from the company's boardroom, he wouldn't allow such an investigation to take place again.

Hurd's testimony capped a seven-and-a-half hour hearing during which members of a House Energy and Commerce subcommittee lashed out at Dunn for her role in overseeing and instigating a company probe into media leaks.

Several members also urged Congress to pass a bill approved by the Energy and Commerce Committee that would allow the federal government to impose civil penalties against obtaining personal information by using a false pretext. The bill would also beef up protections of customer-call records.

Also on Thursday, The Wall Street Journal reported that Verizon Wireless has filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellular phone records.

Verizon Wireless didn't identify defendants, but described the "pretexting" methods used to gain access to call records, The Journal's reported in its online edition. See Wall Street Journal story (subscription required).

The report added that an H-P director's account was subject to unauthorized access three times since last year, and the records of the director's spouse were also accessed, though the company couldn't determine what specific account information was obtained.

Earlier in the day at the congressional hearing, several former H-P executives and others close to the matter filed out of the room one by one Thursday morning after invoking their Fifth- Amendment rights and refusing to testify.

Contrite CEO

Hurd sounded contrite in accepting responsibility for not having what he called the "checks and balances" in place to signal possible problems with the company inquiry, which ultimately had outside investigators using Social Security numbers of board members to acquire private telephone records.

"I am in charge of the company. I'm responsible for H-P," Hurd said. "I should have been able to catch [investigation questions]. I didn't," Hurd told the panel's subcommittee on oversight and investigations.

Hurd, who joined H-P in March 2005, added that he felt it was appropriate to find out the source of the leaks, but he wasn't as concerned about the matter as he was about getting into the business of running one of the world's largest technology companies.

"Leaks were not the CEO's No. 1 priority," Hurd said.

The subcommittee's hearing focused on H-P's investigations of boardroom leaks in 2005 and 2006. Federal and California prosecutors are looking into the possibility that private investigators hired by H-P may have used illegal methods to obtain private phone records and other personal information.

Dunn's account

Hurd's testimony came after Dunn said that she "initiated [the investigation] at the request of the board," but had "no recollection" of any conversations regarding the use of pretexting or other methods of misrepresentation with H-P's then-general counsel Ann Baskins or outside investigator Ronald DeLia in 2005.

Thursday evening, Dunn's attorney James Brosnahan said a timeline provided by the company Wednesday contained "inaccuracies" about the leak probes that led to the scandal and Dunn's resignation as chairwoman. Brosnahan wrote that the first phase of the leak investigation started before Dunn became chairwoman.

Prior to the start of the subcommittee hearing Thursday, H-P announced that general counsel Ann Baskins had resigned, after 24 years with the company.

In a letter to the subcommittee, lawyers for Baskins said that their client "repeatedly sought and obtained assurances from a senior H-P counsel that the techniques about which she knew were entirely lawful."

Appearing briefly at Thursday's hearing, Baskins, along with former H-P senior counsel Kevin Hunsaker, former H-P global security chief Anthony Gentilucci and private investigators Joe Depante and DeLia all declined to answer questions, each invoking their Fifth Amendment right against self-incrimination.

'What were you thinking?'

The hearing Thursday began with committee members expressing their dismay over the actions that were taken by investigators in the name of H-P, long known for its reputation of having some of the strictest business and corporate ethics in the United States.

"We actually believed we had been a leader [in corporate privacy], and that's what's so disappointing about this," Hurd said.

Rep. John Dingell, D-Mich., chided Dunn, asking, "What were you thinking?" and adding that the steps taken by H-P's investigators were "an insult to the Keystone Kops."

Invoking memories of the Watergate scandal in the early 1970s, Dingell added: "It was a plumber's operation that would make Richard Nixon blush."

Some of the day's most-heated exchanges came between Dunn and Rep. Greg Walden, R-Ore., who peppered Dunn with questions about whether she knew that pretexting and other potentially illegal methods were used in the investigation.

"I had no reason to think that anything illegal was going on," Dunn said.

Among the methods investigators employed was the use of Social Security numbers to acquire telephone and other personal records of H-P board members. Dunn said that up until about six months ago, she believed that anyone could get another person's telephone records through something as easy as a Web search.

Walden was stunned by Dunn's response, asking her, "Do you believe I can call [a phone company] and get your phone records?"

Dunn replied: "That wouldn't surprise me."

H-P's investigation eventually determined that then-director George Keyworth was the source of the news leaks. Keyworth resigned from the board Sept. 12.

Tracing tool

Another issue that brought rebuke from the committee was an H-P effort to send a fake e-mail to a reporter from CNet News in an attempt to get her to forward the message to a source on the H-P board. The message was to include a tracing technology that would allow H-P to confirm the board member as the source of the leaks.

During an exchange with Rep. Jay Inslee, D-Wash., H-P outside counsel Larry Sonsini said "more clarity" is probably needed about the legality of using such a method.

"I think the law regarding that is not as clear as it should be," Sonsini added.

Jill Fisch, a corporate governance expert and law professor at Fordham University, said that she was surprised at the way Dunn and others maintained their positions about methods used in the leak investigations.

"I found the statements remarkably defensive in their continued attempt to justify the investigation and condemn the board leaks," Fisch added. "I don't think anyone questions the motivation of H-P officials in attempting to identify and stop the leaks; the only issue is the methods that were used. It seems like an attempt to deflect criticism from the main issue."

Dunn also testified that she told the company's investigation team members they needed to get approval from Hurd for the traceable e-mail messages. Dunn said that to her understanding, Hurd signed off on the e-mail ploy.

In testimony released Wednesday, Hurd said that while he approved the content of the e-mail, he didn't see mention of, nor approved the use, of the tracing technology.

It wasn't the first time H-P has employed such tracking technology to investigate employees and others. Fred Adler, H-P's head of information technology security, testified Thursday that while this was the first time H-P has used such tracking methods to investigate leaks, the company had deployed tracers as an investigative tool "one dozen, two dozen times" to tackle "issues such as theft and assisting law enforcement."

Separately Thursday, H-P said it has agreed to acquire VoodooPC, a designer and manufacturer of personalized gaming computer systems, for an undisclosed sum in a deal expected to close by November.

H-P added that it will form a separate business unit within its Personal Systems Group focused on the gaming industry, with VoodooPC co-owner Rahul Sood becoming chief technologist for the unit, and co-owner Ravi Sood becoming the unit's director of strategy.

Also Thursday, Mercury Interactive Corp. said it expects its $4.5 billion acquisition by H-P to close in the fourth quarter. Mercury said it has reached a proposed $35 million settlement with Securities and Exchange Commission staff on the SEC's formal investigation into the company's stock-option practices. H-P has consented to the settlement, and will be required to approve the final documentation.

H-P's shares, part of the Dow industrials, rose 58 cents to close at $35.97.

On Display At HP Hearing, Many Ways To Say 'Shocking' (WP)

By Dana Milbank

The Washington Post, September 29, 2006

The corporate spying scandal at Hewlett-Packard was so shocking that lawmakers had trouble even describing it as they grilled company executives yesterday.

"As I reviewed all of the documents for this hearing today, I felt like I was looking at a proposal for a made-for-TV movie," announced Rep. Diana DeGette (D-Colo.) at the start of a House Energy and Commerce subcommittee hearing into HP's use of "pretexting" to get phone records.

On the contrary, said Rep. Tammy Baldwin (D-Wis.), HP's wrongdoing "unfolded like the plot of a third-rate detective novel."

Rep. John Dingell (D-Mich.) had a different take. "Calling the folks who did or allowed or participated in this Keystone Kops is an insult of the grossest sort to the original Keystone Kops," he said.

Rep. Cliff Stearns (R-Fla.) took Dingell's objection into account. "The evidence we've seen shows that this investigation is part 'Keystone Kops,' it's part 'Mission: Impossible,' and perhaps part of 'All the President's Men' all tied together," he proposed.

Perhaps, but it put Rep. Edward Markey (D-Mass.) in the mind of "Hogan's Heroes." "HP might be suffering from Sergeant Schultz syndrome," he diagnosed, referring to the rotund concentration-camp guard remembered for the refrain "I know noth - ing!"

When it comes to technology, Congress is frequently a mouse click behind the times. Not long ago, the Senate commerce committee chairman, Ted Stevens (R-Alaska), sagely declared that the Internet is "not a truck; it's a series of tubes." The difficulty grappling with technology surfaced again yesterday in two simultaneous House hearings.

As they probed HP in the Rayburn Building, lawmakers argued among themselves about whether pretexting -- using a phony identity to gain access to personal records -- is actually illegal. Or, as Rep. Joe Barton (R-Tex.) put it: "Pretexting is pretending to be somebody you're not to get something you probably shouldn't have to use in a way that's probably wrong." The lawmakers were united in wondering why a bill making pretexting illegal, which the committee passed unanimously five months ago, still hasn't been taken up by the full House.

Next door in the Longworth Building, the House Administration Committee assembled to watch a Princeton computer scientist hack into electronic voting machines -- the same machines that counties across the country spent billions of dollars on to satisfy new standards imposed by Congress.

The computer wiz, an appropriately geeky academic named Edward Felten, demonstrated how, by dipping a virus-tainted voting card into a Diebold voting machine, he could reverse the results in a theoretical election pitting George Washington against Benedict Arnold.

"Every record in the machine is consistent with this fraudulent result," said Felten, claiming he got the key to the voting machine from a jukebox supply company. The professor repeated the demonstration at a news conference after the hearing. "There is really no limit to the amount of mischief that could be done," he said.

But lawmakers couldn't be too outraged. They were the ones who, reacting to Florida's paper-ballot fiasco in 2000, passed a law in 2002 giving jurisdictions $3 billion to buy new equipment full of bugs. "What we've got on our hands here is a Model T Ford," said Keith Cunningham, an Ohio elections official. "Can it be improved? Absolutely. [But] who's going to pay to fix it?"

Back in the Rayburn Building, lawmakers were hurling epithets at the HP executives who had used subterfuge to get phone records.

"Unacceptable," said Rep. Edward Whitfield (R-Ky.).

"Horribly offensive," added Rep. Greg Walden (R-Ore).

"Gross stupidity," submitted Dingell.

"Mr. Chair," observed Rep. Jay Inslee (D-Wash.), "we're all disturbed in our own unique way."

The HP executives and their collaborators responded in their own unique ways, too. Ten of them took the Fifth and were led from the room in a hail of camera fire. Those who did talk pleaded ignorance.

"I relied on the expertise of people in whom I had full confidence," said Patricia Dunn, the former chairman.

"We were not involved in the conduct," said lawyer Larry Sonsini. "I was not even aware of them."

"I did not supervise this investigation," said Dunn.

"I had no knowledge of the methodologies," said Sonsini.

"I had no staff," said Dunn.

"I learned of it after the fact," said Sonsini.

HP's best defense, in the end, was blaming Congress. "A positive outgrowth of the recent troubles at Hewlett-Packard would be passage of legislation governing such conduct," Sonsini said, noting that he had told the company that its pretexting "was not specifically unlawful."

"Based on my experience," Dunn suggested, "I hope that Congress will help companies like HP . . . by establishing bright-line laws in this area."

The lawmakers acknowledged they were part of the problem. "Currently, the law regarding pretexting is ambiguous," said Rep. Marsha Blackburn (R-Tenn.), an author of the languishing legislation that would ban the practice.

"It isn't just a leadership failure at HP; there's been a leadership failure in the GOP," added Inslee, the other author. "HP leadership may look back up here to GOP leadership and say, 'How come you're not moving this bill?' "

To that question, nobody in the room offered an answer.

House Panelists Rail At HP (LAT)

By Jim Puzzanghera

The Los Angeles Times, September 29, 2006

WASHINGTON — The main players in Hewlett-Packard Co.'s corporate spying drama faced outraged lawmakers Thursday, agreeing on only one thing: Someone else caused the mess.

Chief Executive Mark V. Hurd said responsibility ultimately rested with him. But then he asserted he had been unaware of just how far HP had gone in snooping on board members and journalists.

Former board Chairwoman Patricia C. Dunn, who initiated the probe into boardroom leaks, said she had assumed that HP executives were running a legal investigation.

And three executives — all of whom have resigned over the scandal — along with seven private detectives and contractors who may have improperly obtained phone records in the probe, didn't say much at all. That's because they exercised their 5th Amendment right not to testify on the advice of their lawyers in the face of criminal investigations.

"It's a sad day for this proud company," Rep. Diana DeGette (D-Colo.) said.

Thursday began with HP announcing the resignation of General Counsel Ann O. Baskins, who executives and documents indicated helped direct the investigation. She later declined to testify.

It ended with Hurd vowing to restore the image of the Silicon Valley icon that started humbly in a garage and grew into one of the world's technology leaders.

"I pledge that HP will take whatever steps necessary to make sure nothing like this ever happens again," he told members of the House Energy and Commerce investigative subcommittee. "And I pledge that this company will regain not just its reputation as a model citizen with the highest ethical standards, but we will regain our pride."

That pride has taken a beating over the last several weeks as revelations have continued to emerge about the steps the Palo Alto-based company took to identify who was leaking information. Investigators working for the company followed board members, journalists and their relatives, impersonated them to obtain personal phone records, sent an e-mail with tracking software to a reporter and even combed through trash.

The House subcommittee summoned all of the main figures in the controversy to Capitol Hill — eight required subpoenas to show up — and administered a tongue-lashing.

Rep. John D. Dingell (D-Mich.) called HP's internal probe "a plumber's operation that would make Richard Nixon blush." Rep. Cliff Stearns (R-Fla.) said it was a mix of "Keystone Kops," "Mission: Impossible" and "All the President's Men."

And Rep. Edward J. Markey (D-Mass.) said the HP executives reminded him of the bumbling "Hogan's Heroes" character Sgt. Schultz: "I heard nothing, I saw nothing, I knew nothing."

Baskins, Senior Counsel Kevin Hunsaker and global investigations manager Anthony Gentilucci — all of whom have resigned from HP — invoked their constitutional right against self-incrimination in refusing to testify. They were joined by seven outside investigators and data brokers who worked on the probe.

The committee released one e-mail indicating that strong warnings were raised inside the company.

Vince Nye, a senior investigator in HP's security department, warned in a Feb. 7 e-mail that phone records were being obtained in a manner that was "very unethical at the least and probably illegal." But the e-mail was sent to Gentilucci and Hunsaker, who refused to testify, and Dunn said she never saw it.

Dunn was defiant in defending the goals of the internal investigation, while saying she was repeatedly assured by HP lawyers that no laws were being broken.

"If I knew then what I know now, I would have done things very differently," she said. "I do not accept personal responsibility for what happened. I am very sorry for what happened."

Dunn took most of the heat at the hearing. She said that although she knew investigators were obtaining phone records of people outside the company, she thought there were legal ways to get them. Rep. Greg Walden (R-Ore.) said that in one document he reviewed, Dunn suggested the records might have been available because of "administrative sloppiness" of phone companies.

The subcommittee released documents that indicated Dunn might have known that the legally questionable ruse known as pretexting — impersonating an account holder to obtain that person's records — was used in the investigation.

According to another document, private investigator Ronald DeLia, managing director of Security Outsourcing Solutions Inc. of Needham, Mass., said he told Dunn in 2005 how pretexting was conducted.

Dunn testified Thursday that she did not remember the conversation and that she did not learn of the practice until this June.

"Would you give me … your phone records?" Rep. Joe L. Barton (R-Texas) asked Dunn at one point, cutting to the heart of the controversy.

"In your position? I would give you my phone records," she responded.

"Well, praise the Lord! I wouldn't give you mine!" Barton said, as the packed hearing room exploded into laughter.

Then Dunn shot back: "I hope that doesn't mean you have something to hide."

Dunn asserted in the hearing that the privacy of board members was secondary to the damage to the company caused by leaks of confidential information.

But Hurd said plugging the leaks was not as high a priority for him as chief executive as running the entire company.

"Patti appropriately took it seriously," Hurd said. "It wasn't my personal No. 1 priority versus other things."

Everyone at Thursday's seven-hour hearing appeared to have vastly different goals.

Dunn was trying to salvage her reputation — her lawyer even passed out 87-page binders with her life story, letters of support and a DVD of her induction this month into a Silicon Valley business hall of fame.

Hurd is seeking to rescue HP's reputation and reassure investors who have seen him turn the company around, apologizing for the controversy and outlining how he plans to move forward.

People such as Baskins who were directly involved with the corporate spying wanted to avoid saying anything that could harm them if state law enforcement officials bring criminal charges. And lawmakers, with allusions to the Enron scandal, wanted to use HP's problems to push legislation forward that would clarify federal law to make pretexting illegal.

Legal and boardroom experts following what one called HP's monthlong "hemorrhaging of credibility and reputation" said they continued to be surprised by the lengths the company took and the knowledge that top executives had or should have had.

Dunn's insistence that she knew little and had no authority to direct managers is "a little disingenuous," said James Post, a Boston University business professor and lawyer.

Hurd, meanwhile, came out of Thursday's hearings as a "strong leader, making no excuses and pledging to get HP back on track," said Tim Bajarin, president of consulting firm Creative Strategies Inc.

Hurd and Dunn both supported the push by subcommittee members for pretexting legislation.

But Hurd said that, regardless of the law, HP failed itself.

"There's a difference between legality and ethical behavior, and I don't want to confuse the two," he said. "We have a standard of business conduct that this violated, regardless of the legality."

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Times staff writer James S. Granelli contributed to this report.

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(INFOBOX BELOW)

Key players in Hewlett-Packard Co.'s leak scandal

Patricia C. Dunn: Became a director in 1998, chairwoman in 2005. Ousted Sept. 22 for initiating the boardroom leak probe that has prompted state and federal investigations. Also vice chairwoman of Barclays Global Investors, where she previously served as chairwoman and CEO.

• Mark V. Hurd: Director since 2005, when he became HP's CEO and president. Named chairman Sept. 22 after Dunn stepped down. Previously CEO of NCR Corp. Low-key Midwesterner hired by the board under Dunn's leadership in 2005 to revive HP's sagging stock price and slumping morale. Hurd was briefed in March on the findings of the leak investigation but said he did not read a written report that outlined the techniques — including "pretexting," the practice of impersonating a person to access their private information. News reports have also linked Hurd to a plot to dupe a reporter by sending bogus e-mail news tips.

• George Keyworth II: Became an HP director in 1986. Resigned Sept. 12 after acknowledging that he was a source of a media leak. Science advisor to President Reagan and director of the White House Office of Science and Technology Policy from May 1981 to January 1986. Director of the Physics Division at Los Alamos National Laboratory, which he joined in 1968.

• Richard Hackborn: HP director since 1992 and chairman from January 2000 to September 2000. Named lead independent director when Dunn stepped down. Primary advisor and mentor to ex-CEO Carly Fiorina.

• Thomas J. Perkins: Resigned from board of directors in May after discovering HP's investigators used possibly illegal methods to gain home phone records of directors, journalists and other targets. Pressured HP to publicly disclose the reason for his departure.

• Ann O. Baskins: HP's general counsel who resigned Thursday. The company's top lawyer, Baskins' office oversaw the leak investigation using investigators from HP's global security team and outside contractors. Resigned amid criticism that she failed to protect the company's interests. E-mails suggest she assured others of the probe's legality.

• Kevin Hunsaker: HP's former chief ethics officer. Reported directly to Baskins and directed the second leak investigation that used pretexting to obtain phone records. Left the company Sept. 26.

• Lawrence W. Sonsini: HP's outside counsel. Reviewed HP's investigation after it was completed. Initially told Tom Perkins in an e-mail that the probe appeared to have been "well done and within legal limits." Later said he delivered that opinion based on information from HP's legal department before his firm had a chance to thoroughly review the case. Sonsini then changed his tune, and HP disclosed in a Securities and Exchange Commission filing that Sonsini's firm couldn't confirm that the tactics of the outside investigators "complied in all respects with applicable law."

• Ronald DeLia: Investigator with Security Outsourcing Solutions Inc., a detective firm and longtime HP contractor commissioned to conduct the leak probe. DeLia's firm also participated in the inconclusive 2005 HP investigation into boardroom leaks.

• Vince Nye: A senior investigator in HP's global security department. Sent a Feb. 7 e-mail to his boss, Anthony Gentilucci, warning that he had "serious reservations" about the tactics, saying they could be illegal and should be halted immediately. It's not clear how Gentilucci responded. Gentilucci resigned Sept. 25.

Source: the Associated Press

Probing The Pretexters (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, September 29, 2006

WASHINGTON -- The investigative team that plunged Hewlett-Packard Co. into one of the seamiest corporate spy scandals in years held a reunion yesterday -- on Capitol Hill.

Summoned before a U.S. House subcommittee investigating the computer-and-printer maker's prying into personal phone records and what one House member called "sleaze" tactics, a cast of nearly two dozen top H-P executives, lawyers, security

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officials and outside investigators jammed the front rows of a Capitol Hill hearing room. Most asserted their right against self-incrimination. And no bombshells emerged in the testimony of those who didn't plead the Fifth. But in a methodical grilling of deposed H-P Chairman Patricia Dunn, H-P Chief Executive Officer Mark Hurd and the company's outside lawyer, Larry Sonsini, H-P's astonishing failure to rein in a pair of cloak-and-dagger investigations of leaks on the company's board was laid uncomfortably bare.

Mr. Hurd took the stand, sounding contrite about having unwittingly allowed what he characterized as a "rogue" investigation. But he didn't resolve the question about how much he knew about the privacy intrusions when they occurred. He said that his failure to read an internal report on the probe was "not my finest hour" and expressed regret about sending a booby-trapped email to a reporter, with the hopes that it would lead them to the leaker. The email was sent along with software known as a tracer that could allow H-P investigators to see where it may have been forwarded. H-P has said the mail was sent, but the tracer was never activated. "Today, with the benefit of hindsight, I wouldn't do it again," Mr. Hurd said.

The atmosphere was more Watergate than Wall Street, and members of Congress spared no opportunity to play the people's David against H-P's Goliath.

WALL STREET JOURNAL VIDEO

1 • In his testimony before the House, H-P CEO Mark Hurd says2 the company believes it has been a leader on the issue of consumer privacy, and "that is what makes this so disappointing."

• Former H-P chairwoman Patricia Dunn testifies3 that she viewed finding the sources of leaks as a mandate from the board.

• Top H-P executives, including former general counsel Anne Baskins and chief ethics officer Mark Hunsaker, invoke the Fifth Amendment4 before the House.

"The H-P Way became synonymous with digging through people's trash, setting up bogus emails, stinging unsuspecting reporters, surveilling journalists using ex-FBI agents who sat in cars and watched, as if their subjects were busy making truck bombs," said Rep. Diana DeGette, Democrat of Colorado. Other lawmakers likened H-P to "The Keystone Cops," "Mission: Impossible" and "All the President's Men."

But the committee failed to answer the biggest unanswered question of the weeks-long scandal: How much did Mr. Hurd and Ms. Dunn know, and why didn't they know earlier? "Where did the buck stop?" asked Rep. Marsha Blackburn (R., Tenn.). "We don't have anybody who says 'Yes, indeed, I was in charge.' "

The day began with the surprising announcement that H-P General Counsel Ann Baskins was resigning from the company and would plead her constitutional right against self-incrimination at the hearing. Ms. Baskins had weathered weeks of media questions about her role in the spying affair; H-P officials had quietly said she wasn't implicated in any wrongdoing.

But in a packet of documents distributed at the hearing, it quickly became clear Ms. Baskins not only supervised H-P's leak investigations but was apparently informed about the use of "pretexting," or deceit, to obtain personal telephone records. In one of Ms. Baskins's handwritten notes circulated at the hearing, dated June 15, 2005 -- shortly after the start of H-P's first leak probe -- H-P's general counsel wrote: "Obtaining phone #'s is a time consuming process." Then, she added: "Call carriers (Nextel/Sprint) via pretext to extract info." Just under that, Ms. Baskins wrote "ie I didn't make the call."

Ms. Baskins's separation agreement came under attack at the hearings. Under an agreement that includes indemnification by H-P for her legal expenses, Ms. Baskins gets to keep nearly $3.7 million in vested stock options plus accelerated vesting of $1 million in other options she holds. Rep. Edward Markey (D., Mass.) labeled the deal a "$3.6 million golden parachute." An H-P spokesman declined to comment on the separation agreement.

Ms. Dunn said she received no severance package but said a board committee, in essence, "forced" her to accept $100,000 in stock this month in additional compensation for serving as the board's chairman. She didn't elaborate, and it wasn't clear whether she accepted the money. An H-P spokesman declined to comment.

In opening remarks, Ms. Dunn defended H-P's need to investigate its board leaks, and in a defiant tone, she showed little contrition for the privacy invasions that occurred. "I do not accept personal responsibility," she said.

She said she launched the investigations with the help of H-P's longtime chief financial officer and acting CEO at the time, Bob Wayman, and relied on the professional advice of the H-P investigators whom he recommended. She said she knew they

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were obtaining personal phone records but assumed they were acquired through proper, public sources. She said the first time she realized pretexting could entail fraud wasn't until June this year -- two months after the probe was complete -- when Mr. Sonsini discussed it in an email.

"My understanding was that these records were publicly available," Ms. Dunn testified. "You really believe that...you honestly believe it was that simple?" demanded Rep. Greg Walden (R., Ore.).

Some of Ms. Dunn's statements, however, were belied by documents released at the hearing. Among them are several memos written by attorneys at Wilson Sonsini, H-P's Silicon Valley law firm, who interviewed several key witnesses during a review this summer of how the leak probes were conducted. For example, in the lawyers' interview with Ronald DeLia -- H-P's main outside investigator, who led the investigations -- they said Mr. DeLia, very early in the first leak probe, told Ms. Dunn that he had done similar investigations in the past by obtaining phone records of journalists and others "via pretexting."

Then, in June 2005, the Wilson Sonsini lawyers wrote, Mr. DeLia briefed Ms. Dunn and Ms. Baskins in a conference call. "DeLia explained pretexting," on that call, the lawyers found, "telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary. DeLia informed Dunn and Baskins that pretexting had been used in connection with reporters." At yesterday's hearing, Ms. Dunn said she didn't learn reporters had also been pretexted until just this month.

The committee pressed for evidence that anyone inside H-P spoke up against the practice of pretexting. Fred Adler, H-P's global security manager, testified that he and other H-P employees had grown concerned that H-P's methods might be illegal and had appealed to H-P ethics manager Kevin Hunsaker and other higher-ups in H-P's general-counsel office, who, he said, concluded that the methods were legal.

Ms. Dunn said she relied heavily on the legal opinions of Ms. Baskins and Mr. Hunsaker, both now resigned. So did Mr. Sonsini; despite his reputation as Silicon Valley's most prominent lawyer, the longtime H-P outside counsel stressed that he initially simply relayed information from the H-P legal staff.

"It's important to note that I, too, did not understand pretexting," Mr. Sonsini said, saying that he was focused more on tensions at the board that were suggested by leaks. "There was a crisis in this boardroom," he said.

Ms. Dunn did pose a tantalizing suggestion that H-P's methods were well established within the company -- and in corporate America. "I believe these methods may be quite common," she said of pretexting, "at companies around the country."

The committee members generally treated Mr. Hurd with more deference than Ms. Dunn, perhaps because of his profuse apologies. They didn't press him to say what he was told at a July 2005 briefing by H-P's outside investigator that he attended, after several directors and journalists had already been pretexted. He said the first "trigger" of his concern about the probes wasn't until June this year, when he read an email mentioning pretexting by Mr. Sonsini.

Mr. Hurd also said leaks weren't a high priority for him, as they were for Ms. Dunn. However, in two speeches to employees in July 2005, he had railed about press leaks and threatened to deal with anyone found leaking "appropriately."

Some of the most pressing questions, though, couldn't be answered because of the refusal to testify by those who carried out the probe. Among those pleading the Fifth were Ms. Baskins, Mr. Hunsaker and Tony Gentilucci, who has resigned as H-P's manager of global security investigations. Also pleading the Fifth were outside contractors Mr. DeLia, operator of Security Outsourcing Solutions Inc.; Joseph DePante, owner of Action Research, a subcontractor to SOS; and people believed to be pretexters: Bryan Wagner, of Littleton, Colo.; Darren Brost, of Austin, Texas; Charles Kelly, of Villa Rica, Ga.; Cassandra Selvage, of Dade City, Fla.; and Valerie Preston, of Cooper City, Fla.

The House committee has proposed legislation designed to more clearly spell out that pretexting is illegal, but it failed to come to a vote the last time it passed out of committee. Representatives at the hearing expressed the hope that the H-P imbroglio could help provide the impetus to make the bill become law.

The hearing ended with Rep. Ed Whitfield, the subcommittee chairman, reading a February email from one of the two H-P employees who objected to pretexting people's phone records. "I think we need to re-focus our strategy and proceed on the high-ground course," wrote the H-P investigator. "That employee ought to get a day off," Rep. Whitfield told the H-P CEO.

---- Steve Stecklow contributed to this article.

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Hewlett's Hunt For Leak Became A Game Of Clue (NYT)

By Matt Richtel

The New York Times, September 29, 2006

SAN FRANCISCO, Sept. 28 — They were looking for an academic. The suspect was conversant in computer chip technology. And he would have to be the kind of person who used the word "pooped" to mean tired.

In a case right out of CSI: Corporate America, a team of private investigators spent months obsessively hunting the source of a news leak from inside Hewlett-Packard about the company's corporate strategy.

By the time they had finished their search, the team had solved the mystery of what eventually became the most notorious investigation in Silicon Valley. And the way they did it seemed to resemble a bureaucratic version of a Dan Brown thriller.

But in building a clue-heavy reconstruction — part dossier, part "Da Vinci Code" — the detectives ended up wreaking the havoc that has forced out Hewlett-Packard's chairwoman, led to the resignation Thursday of its general counsel and spawned a series of criminal investigations that are far from over.

The Hewlett-Packard scandal turned into a spectacle Thursday as a House committee brought all those involved to a packed hearing room on Capitol Hill so that lawmakers could chastise them before the television cameras for the series of subterfuges used in the company operation that spied on its own directors, journalists and others.

"As I reviewed all of the documents for this hearing today," said Representative Diana DeGette of Colorado, the ranking Democrat on the House Energy and Commerce Committee, "I felt like I was looking at a proposal for a made-for-TV movie, and maybe this will be a made-for-TV movie. But I think it's awfully, awfully sad."

While many of those brought before the committee declined to answer questions, invoking their Fifth Amendment rights against self-incrimination, those who did testify were at pains to distance themselves from the details of the internal investigation.

Mark V. Hurd, the chief executive, apologized for what he termed a "rogue operation." And he accused the investigators of being "so focused on finding the source of the leaks that they lost sight of the values of this company."

The company's sleuths produced an 18-page report, released Thursday by the Congressional committee, that reads at times like a whodunit, at other times like a dissertation. They created a profile of the leaker by studying phone records and e-mail message trails, even delving into physical mannerisms and speech patterns.

In the end, the investigation fingered George A. Keyworth II, who recently resigned as a member of the board.

Mr. Keyworth acknowledged that he talked to a reporter from CNet, an online technology news service, but insisted that nothing he discussed was confidential or damaging to Hewlett-Packard.

Before the investigators even confronted Mr. Keyworth this May, they had gone through more than 10,000 articles about Hewlett-Packard, they said, trying to determine which ones included secret information and whether Mr. Keyworth had spoken to reporters around the time of sensitive articles.

The scrutiny included intricately parsing the language of a Jan. 23 CNet article in which Dawn Kawamoto, a reporter for the service, described a board meeting that month. The article quoted an anonymous source as saying, "By the time the lectures were done at 10 p.m., we were pooped and went to bed."

Like Kremlinologists (or maybe Encyclopedia Brown), the investigators for Hewlett-Packard drilled in on the use of the word "pooped."

"This is also an unusual term," the report reads. "A number of key witnesses interviewed indicated that contrary to a number of members of the board, Keyworth often uses casual, colloquial terms in conversation, so this is a term he may use."

The investigators also focused — in that same CNet quote — on the use of the word "lectures."

"This is an academic term, rarely used in the business environment. Keyworth is the only board member with an academic background."

The level of detailed scrutiny shows the depths to which the investigators inside and outside Hewlett-Packard went to connect the dots and to expose a high-level board member who some at H.P. believed was a highly disruptive force. Not all of the investigation involved wordplay; much of it entailed detailed and highly sophisticated surveillance.

Above all, the corporate sleuths unearthed numerous personal and professional details about Mr. Keyworth, a former White House science adviser to Ronald Reagan who had worked earlier at the Los Alamos National Laboratory in New Mexico.

The report is "both childish and chilling," said Reginald J. Brown, Mr. Keyworth's lawyer. The analysis "piles inference on innuendo to reach a predetermined and hopelessly flawed conclusion."

"It was developed through illegal and invasive means."

"Dr. Keyworth did not reveal confidential or damaging information about H.P. to CNet, and spoke with the reporter with H.P.'s best interests in mind," Mr. Brown added. "More importantly, neither Dr. Keyworth and his family, nor any journalist and his or her family, deserved to have their records purloined, homes monitored or trash picked through by private investigators."

State and federal prosecutors are now trying to determine if the methods used by Hewlett-Packard's hired guns broke any laws by using pretexting, a technique in which an investigator lies about his own identity to obtain phone calling and other personal records.

The report was prepared by Kevin T. Hunsaker, a senior lawyer and the director of ethics who is leaving the company, and was delivered May 24 to Mr. Hurd; Ann O. Baskins, the general counsel who resigned Thursday; and the company's board.

The report focuses on the relationship between Mr. Keyworth and Ms. Kawamoto, the CNet reporter; Investigators determined they met at the beginning of 2001. They did so, curiously enough, at the behest of Hewlett-Packard's chief executive then, Carleton S. Fiorina, whom the report concluded instructed Mr. Keyworth to establish a relationship with Ms. Kawamoto to spread word of the company's new exploits.

Sarah Cain, a spokeswoman from CNet, said the news organization would not comment on Ms. Kawamoto's sources, nor discuss whether Mr. Keyworth was a source. Ms. Cain said the organization was distressed over the investigation into the activities and lives of reporters. "We feel it's a huge violation to our reporters' personal and profession privacy," she said.

The team of investigators — which included Mr. Hunsaker, members of the company's internal global security operation and outside detectives — found that Ms. Kawamoto had written 10 articles since 2002 about the company that cited a confidential source.

"One of the first things the investigation team noted is that Kawamoto always cites just one 'source' rather than citing 'sources' or 'people familiar with the situation,' like other reporters who more frequently cover H.P. do," the report theorized.

And unlike some other reporters, the investigators noted, Ms. Kawamoto did not contact the company's media relations department to confirm her articles. Investigators concluded the reporter must have found the source so highly credible and well placed that she did not believe it was necessary to nail down the information.

Then there were the phone conversations. By studying calling records, the investigators determined that on Jan. 18, just before a CNet article was published, a call was made from Ms. Kawamoto's cellphone to Mr. Keyworth's home in Piedmont, Calif. The call was placed at 5:25 p.m. and lasted approximately one minute. (In the final report, the notation about the call is in bold type, highlighting significance.)

"It should be noted that the phone is listed in Keyworth's wife's name," the report states. "There is no documented 411 call from Kawamoto's cellphone prior to the call. This indicates that Kawamoto likely knew the home phone number."

The sleuths determined that another call, for 10 minutes, was placed on Feb. 3, at 2:21, from Mr. Keyworth's cellphone to Ms. Kawamoto's office. Again, the report notes, there was no 411 call, suggesting to the investigators that Mr. Keyworth knew the number.

Meanwhile, the report suggests that the tension was getting to Mr. Keyworth and Thomas J. Perkins, a friend and compatriot on the board. The report says that during a break at a March board meeting — as the scrutiny from the investigation was mounting — Mr. Keyworth and Mr. Perkins were overheard in a heated discussion.

According to the report, "The arguments were mainly one-sided, with Keyworth intently speaking and even pointing his finger at Perkins' chest several times. At the very end of the second argument/heated discussion, Keyworth was overhead saying: 'They don't have enough to go there.' "

The investigators also drew a link between Mr. Keyworth and Stephen Shankland, a reporter who collaborated with Ms. Kawamoto on three articles in which a confidential source was used. The report indicates that Mr. Keyworth worked for six years at Los Alamos Labs with Thomas Shankland, Stephen Shankland's father.

"Stephen and Keyworth's son, George, who are just two years apart, likely attended the same elementary school," the report states.

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But now that all their work has been exposed to the light of day, the investigators are unlikely to be taken up on the offer they presented in the final sentence of the report. “The investigation team,” they wrote, “would be pleased to participate in any discussions regarding proactive measures designed to reduce the likelihood of similar incidents occurring in the future.”

For Ten Witnesses, Nothing But The Fifth (WP)

By Yuki Noguchi, Washington Post Staff Writer

The Washington Post, September 29, 2006

Most Called to Testify at Hearing Refuse

One after another yesterday morning, 10 of the 14 people summoned by Congress to testify about their role in a spying scandal that has rocked Hewlett-Packard Co. spoke into the microphone and invoked a constitutional right against self-incrimination: the Fifth Amendment.

Pleading the Fifth isn't unprecedented in a congressional hearing. Executives from Enron to WorldCom to Qwest Communications have all exercised the right in front of lawmakers in recent years. And lawmakers have grown accustomed to it.

"As a former lawyer myself, I cherish the right of witnesses to invoke their Fifth Amendment right against self-incrimination. It's one of our important constitutional provisions," said Rep. Diana DeGette of Colorado, the ranking Democrat on the subcommittee that conducted yesterday's hearing.

"But it's very difficult for us in Congress to have an investigation where all the witnesses come in and, at the very last minute, inform the committee that they're invoking their Fifth Amendment rights," she said.

Legal experts say that it's often advantageous for witnesses in potentially criminal cases not to testify because it could create a legal trap for them later.

"There are a lot of potential pitfalls in congressional testimony," said lawyer Michael Levy, who represented some of the Enron Corp. executives in hearings. "An officer or director in a publicly traded company has to weigh the known employment risks of asserting the Fifth, versus the unknown risks of testifying" and potentially giving investigators information that can be used against them in a criminal probe.

In some cases, witnesses -- some of whom are now in federal prison for their roles in scandals -- should have exercised the right, DeGette said.

However, during yesterday's hearing she said, "when you haul in a whole panel of people like this just to have them take the Fifth Amendment, I think it's a waste of the committee's time and resources, and I think it's a waste of the witnesses' time and resources and legal fees."

The first 10 witnesses were called before the committee together and sat next to each other at a long table. As each was asked a specific question about the scandal, each exercised the right to not answer.

Ann O. Baskins, who was the company's top lawyer until she suddenly resigned yesterday morning, was the only one of the first 10 to answer a question. She confirmed her resignation and then respectfully declined to answer questions.

Later in the day, four others -- including former chairman Patricia C. Dunn and chief executive Mark V. Hurd -- answered the subcommittee's questions.

DeGette said she hoped that future hearings would not begin in a similar fashion. "I would hope we could work with witnesses in the future to prevent this kind of action," she said.

Staff writer Mike Musgrove and staff researcher Richard Drezen contributed to this report.

H-P General Counsel Resigns, Won't Testify (WSJ)

By Ashby Jones

The Wall Street Journal, September 29, 2006

Baskins Quits Her Post As Dunn Says She Relied On Lawyer's Judgment

In the weeks after the first news broke about Hewlett-Packard Co.'s board-spying imbroglio, little clarity emerged about just what role the general counsel, Ann Baskins, had played. While others left the company, she held on.

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That all changed yesterday. As statements and documentation emerged that offered new details about her part, Ms. Baskins resigned and declined to testify before a congressional subcommittee, citing her constitutional right against self-incrimination.

Former H-P Chairman Patricia Dunn said in a statement released Wednesday in anticipation of the hearings that she had leaned heavily on Ms. Baskins's judgment about the propriety of the investigation. The fact that "attorneys were unambiguously overseeing the investigation ...reinforced my understanding that the investigations had been and were being handled appropriately," she said.

Ms. Dunn also said that at one point she had suggested hiring the "highly regarded" Kroll Associates to run an investigation. But Ms. Baskins instead recommended handing the matter to Kevin Hunsaker, a lawyer who worked for Ms. Baskins. "I had never heard of Mr. Hunsaker," said Ms. Dunn, "but his title and [Ms. Baskins's] strong positive opinion of his work were very reassuring to me; thus I concurred with her recommendation."

During congressional questioning, Ms. Dunn said of Ms. Baskins, "Her career is ruined. She made some errors in judgment. I relied upon her like many others."

A packet of documents distributed at the hearing suggested that Ms. Baskins was aware of the use of "pretexting," or deceit, to obtain personal telephone records. In one of Ms. Baskins's handwritten notes, dated June 15, 2005, shortly after the start of H-P's first leak probe, Ms. Baskins wrote: "Obtaining phone #'s is a time consuming process." She added: "Call carriers (Nextel/Sprint) via pretext to extract info." Just under that, she wrote, "ie I didn't make the call."

Mark Hurd, H-P chairman and chief executive, said: "Stepping down was a very hard decision for her, but by doing so she has put the interests of H-P above her own and that is to be commended."

Ms. Baskins's lawyers, K. Lee Blalack at O'Melveny & Myers in Washington, D.C., and Cristina Arguedas of Arguedas, Cassman & Headley in Berkeley, Calif., in a statement regarding her decision not to testify, said, "Please understand, however, that Ms. Baskins very much wants to testify and discuss these matters with the subcommittee. Were she to do so, we are firmly convinced that the subcommittee would recognize that she acted legally and ethically at all times. Given the current environment, however, Ms. Baskins simply has no choice." Her lawyers weren't reached for comment.

Under a separation agreement in which Ms. Baskins agreed to cooperate in H-P's investigations and not to sue the company, she retains rights to exercise vested stock options, valued at nearly $3.7 million as of Sept. 27. The company said it will accelerate the vesting of other options so that the "aggregate intrinsic value" of the unvested options equals $1 million on Nov. 20.

-- Don Clark, Peter Waldman and Peter Lattman contributed to this article.

Write to Ashby Jones at ashby.jones@wsj.com8

Hewlett Lawyer's Liability Is Unclear, Experts Say (NYT)

By Katie Hafner

The New York Times, September 29, 2006

If a company's most senior lawyer is assured by a subordinate that something the company is doing is legal, what is her liability if it turns out that it might not be?

According to documents provided to the House Committee on Energy and Commerce, those assurances were given to Ann O. Baskins, the Hewlett-Packard general counsel, who resigned yesterday over the company's spying case. Yet legal specialists say it is too soon to say what Ms. Baskins's legal liability might be.

"It really depends on what shoe drops next, what information comes out and what the authorities decide to do with the case," said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware.

Ms. Baskins was one of 10 witnesses who declined to answer the committee's questions yesterday, invoking their Fifth Amendment right against self-incrimination. She is the fourth official to leave the company in the last week.

In a letter written to the House Committee on Energy and Commerce, K. Lee Blalack II, Ms. Baskins's lawyer, said Ms. Baskins "always believed that the investigative methods that she knew about were lawful, and she took affirmative steps to confirm their legality."

Ms. Baskins, he wrote, was led to believe in the legality of an investigation aimed at tracing news leaks from the company's board, which included the use of private detectives to use ruses to gain phone records — a method called pretexting. Those assurances came from a senior Hewlett-Packard counsel, Kevin T. Hunsaker, who directly oversaw this year's phase of the investigation.

Mr. Hunsaker, who is leaving the company, also cited his Fifth Amendment right.

Joel R. Reidenberg, a professor of law and the director of the Center on Law and Information Policy at Fordham Law School, said that too many questions existed to make an accurate evaluation of Ms. Baskins's legal vulnerability.

"There's an awful lot of information we don't know right now," he said.

"If she was giving the corporation bad advice, that's one thing, and it may be malpractice," Mr. Reidenberg said. "But if she was actively assisting in masking illegal activity being conducted on behalf of the corporation, it rises to another level and she could be a target of prosecution."

Ms. Baskins, 51, a native of California, joined Hewlett-Packard in 1982 as a lawyer, two years after receiving her law degree from the University of California, Los Angeles. She held a number of positions in the legal department before becoming general counsel in 2000.

The man she succeeded, Jack Brigham, said in an interview this month that Ms. Baskins was "the brightest and most hard-working lawyer we had at H.P."

Mr. Brigham said he had recommended her for the job because she distinguished herself when she took the lead in the complicated spinoff of Agilent Technologies in 1999. "She was not shy about taking on large amounts of responsibility," he said. She was on top of things all the time," he said.

He also said she handled detail well, but he never recalled her handling investigations.

The legal department includes several hundred lawyers in Hewlett-Packard offices around the world, and Ms. Baskins has been closely involved with some of the company's biggest deals, including its acquisition of Compaq Computer in 2001 and the ouster of Carleton S. Fiorina, the former chief executive, in 2005.

Through a negotiated resignation approved by the compensation committee of the Hewlett-Packard board, Ms. Baskins will receive stock options valued at $4.6 million as well as her full retirement plan, according to documents the company filed yesterday with the Securities and Exchange Commission. Ms. Baskins's lawyer sent the committee a two-page letter along with 24 pages of internal and legal documents, some labeled "privileged & confidential." The documents include a set of handwritten notes taken by Ms. Baskins in June 2005 in which she noted the use of "pretexts to extract info." The documents also show that Ms. Baskins made repeated inquiries of Mr. Hunsaker, who assured her of the legality of what was being done.

"Her overall message is, 'Look, I did the right thing,' " said Eric Goldman, director of the High Tech Law Institute at the Santa Clara University School of Law in California. "But underlying all of that is still this nagging doubt that she knew pretexting wasn't appropriate and that's why she kept asking questions."

The documents provided to the committee mention that the scope of Mr. Hunsaker's research into the legality of pretexting consisted of an "hour's worth of online research," as well as interviews with the outside investigators and an outside lawyer with ties to the investigators.

"Every interaction described in these documents suggests she's still bothered by this," Mr. Goldman said, "and if you have to ask the question, 'Is this legal?' so many times, common sense says it's probably not appropriate, if not illegal."

Although it might have been awkward to do so, Mr. Goldman said, Ms. Baskins should have taken matters into her own hands.

"What I would have done if I had that feeling in the pit of my stomach is do my own independent research," he said. "I would have said something more than just, 'Thanks for the research.' I would have said, 'Show me why you think this is legal.' "

And Ms. Baskins might agree with him. "With the benefit of hindsight," wrote Mr. Blalack in his letter to the committee, "Ms. Baskins wishes that she had more actively inquired about the methods being used and taken steps to halt any that were inconsistent with H.P.'s high ethical standards, such as pretexting."

Hewlett-Packard Rebuked By Lawmakers For Allowing Leak Probe (BLOOM)

By Connie Guglielmo And Christopher Stern

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- Hewlett-Packard Co. executives were rebuked by lawmakers for allowing a probe of boardroom leaks that spiraled into potentially illegal spying.

The investigation was a ``fine case study in deceit, dishonesty, improper behavior and possibly illegal behavior," Representative John Dingell, the ranking Democrat on the U.S. House Committee on Energy and Commerce said at a hearing today in Washington designed to uncover the methods company investigators used to find the source of leaks to the media. He described the behavior as ``shameful" and worse than Keystone Cops.

Hewlett-Packard Chief Executive Officer Mark Hurd and former Chairwoman Patricia Dunn will testify today before the committee, which is seeking information on how Hewlett-Packard spied on its own directors and journalists. The scandal prompted the ouster of Dunn, General Counsel Ann Baskins and two company executives, and also has drawn scrutiny from the Justice Department and California's Attorney General.

Hewlett-Packard has said the probe extended to following directors, planting bugs on reporter's computers and going through trash. Investigators also took on false identities to obtain phone records, a practice known as pretexting that may be illegal.

The hearing is part of an eight-month inquiry by the House committee's Subcommittee on Oversight and Investigations into pretexting and today's session is dubbed ``Hewlett-Packard's Pretexting Scandal."

Pretexting is ``pretending to be someone you're not, to get something you shouldn't have, to use in a way that's probably wrong," said Representative Joe Barton, chairman of the U.S. House Committee. ``We must make pretexting clearly illegal."

Testimony

Representative Greg Walden, a Republican from Oregon, said the conduct was ``outrageous." ``Where was somebody to say this just isn't right?" Walden said in his opening statement. Dingell, from Michigan, asked the Hewlett-Packard officials assembled for the hearings ``what were you thinking?"

Representative Ed Whitfield, a Republican from Kentucky, said he gives ``little credence" to the arguments that the company and executives didn't know its investigators were using unsavory tactics.

Dunn arrived at the hearing early flanked by friends and lawyers and took a front row seat. Hurd hasn't arrived.

Resigned

Baskins resigned today after Dunn's statement implicated her in the probe. Baskins plans to take the Fifth Amendment to avoid incriminating herself when she appears before the committee, her attorneys K. Lee Blalack and Cristina Arguedas said in a letter to the committee today.

Dunn was ousted Sept. 22 and two other employees agreed to leave.

``These resignations are very important to clear the decks," said Stanley Nabi, who helps manage $7.5 billion at Silvercrest Asset Management in New York, including about 982,000 Hewlett- Packard shares. ``I think Hurd as a result of these events will become more empowered to take whatever action is necessary."

Shares of Palo Alto, California-based Hewlett-Packard are down 2.9 percent since the company said Sept. 6 that its investigators may have broken the law. The stock rose 35 cents, or 1 percent, to $35.74 at 10:46 a.m. in New York Stock Exchange composite trading.

`The Right Thing'

Hurd's success in reviving sales and profit growth at the world's second-largest personal-computer maker have driven the shares up 24 percent this year, to near five-year highs. The shares stumbled last week on concerns that Hurd may have been more involved than he previously let on. The CEO said he wasn't involved in the operational aspects of the probe and wasn't aware of the tactics used.

In a statement prepared for the panel and released yesterday, Dunn detailed Baskins's involvement in the investigation and said she discussed the probe with Baskins in mid-2005. While Dunn mentioned Baskins's role, she added that ``no one rates higher in my estimation than Ann Baskins for her commitment to ethics, integrity and doing the right thing for Hewlett-Packard every step of the way."

``Ms. Baskins always believed that the investigative methods that she knew about were lawful," Baskins' lawyers said in the letter. ``We are firmly convinced that the subcommittee would recognize that she acted ethically and legally at all times."

Little Choice

Baskins, who joined Hewlett-Packard right after law school 24 years ago, had regular meetings with her subordinate Kevin Hunsaker, who ran the investigation and left the company this week, Dunn said. While Hunsaker asked Dunn directly several times for guidance, most of these conversations included Baskins, 51, Dunn said.

A weekly project conference call was set up on Friday afternoons ``so Ann and I could be brought up on any progress and I could answer questions as appropriate," Dunn said in her statement that she will deliver later today.

Baskins had little choice but to resign, said James Post, a professor of management at Boston University. ``Patti Dunn detailed Baskins's involvement in her testimony leaving Baskins with little room to explain herself lest she provide self-incriminating statements," Post said.

Opening Statements

Hewlett-Packard hired Baskins as attorney for their legal department in Palo Alto. She was promoted to a senior attorney in 1985, a corporate counsel a year later, and then made general counsel in 2000. Baskins holds a law degree from University of California, Los Angeles. As an undergraduate at Stanford University, Baskins majored in history.

Hunsaker will testify today, as will Anthony Gentilucci, a Hewlett-Packard investigator. The company's outside counsel, Larry Sonsini, and seven private investigators hired by the company have also been called.

Dunn and Hurd released their opening statements yesterday. Hurd distanced himself from the probe, saying he had no involvement and didn't read a report he was sent on the matter. The 49 year-old CEO also said he didn't recall authorizing the use of trace technology to track an e-mail sent to a reporter at Cnet.com.

Rogue Investigator

Dunn used her testimony to paint herself as a victim of a rogue investigator, Ronald DeLia. She said Hewlett-Packard used DeLia in the past and he had been recommended to her by director and Chief Financial Officer Robert Wayman.

DeLia gave her the ``clear impression" that assuming fake identities to get phone records, or pretexting, is legal. Dunn said she was told the practice had been used by Hewlett-Packard previously.

``I was fully convinced that HP would never engage in anything illegal," Dunn said in her testimony.

Dunn said she now isn't sure if pretexting is legal or not.

Dunn's remarks may pit her against Hewlett-Packard and Hurd. Dunn said the board never questioned methods used in the probe. Hewlett-Packard has depicted Dunn as complicit in the actions of the investigators.

``Ultimately, someone has to be responsible for it," said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. ``The buck stops at the top."

Hewlett-Packard first gave details of the probe on Sept. 6 and mentioned only the pretexting. Last week the company added that investigators followed directors and used other means to find out who had leaked the information, including trawling through garbage.

Under Contract

DeLia's company had worked for Hewlett-Packard for eight or nine years, Dunn said, adding she had no reason to doubt the quality of his work.

``They were already under contract to HP when the leak investigation was initiated," Dunn said in the remarks titled ``My Role in the Hewlett-Packard Leak Investigation."

Dunn said she initiated an investigation at the insistence of a majority of the board. She said she received assurances through two phases of the probe, dubbed Kona 1 and Kona 2, that the methods used to obtain phone records were legal.

Hurd, 49, attended several meetings during the course of the investigations to root out the leaker, Dunn said. Hurd by contrast said he recalled attending one meeting briefly and didn't read a report sent to him by Hunsaker summing up the probe.

``He was included in perhaps two or three meetings, to my knowledge to review key milestones and provide his own input on the priority and motivations behind the investigation," Dunn said. ``Neither Mr. Hurd nor I designed or implemented the investigative techniques."

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Hurd has the unanimous support of the board as he works to contain the scandal, director Robert Ryan said yesterday.

``Mark Hurd has taken complete control of this," Ryan, a Hewlett-Packard director since 2004, said in a telephone interview. ``I feel confident that this is something that won't happen in the future."

To contact the reporter on this story: Leon Lazaroff in New York at llazaroff@Bloomberg.net .

Sonsini Grilled During House Committee Hearing On HP Spying Scandal (LAW)

By Susan Beck And Justin Scheck, The Recorder

California Recorder, September 29, 2006

In a day of dramatic developments in the Hewlett-Packard Co. spying scandal, Larry Sonsini sat before a packed House committee for nearly five hours Thursday to answer harsh questions as the board's main outside counsel.

Sonsini flatly denied that he had any knowledge of the company's investigation into boardroom leaks until after that probe was finished. Members of the House Energy and Commerce Committee, however, repeatedly pressed Sonsini on why he didn't raise concerns about the investigation's unseemly methods when he learned about them in an April report this year.

They also questioned the assurance he gave to former director Thomas Perkins in an e-mail, when he said that the methods used to uncover the source of boardroom leaks, including "pretexting," appeared to be "within legal limits."

BASKINS PARACHUTES OUT

Shortly before the hearings started, Hewlett-Packard announced that its general counsel, Ann Baskins, had resigned. Hewlett-Packard had earlier said that Baskins would testify before the committee, but the longtime HP employee had a sudden change of heart. In a letter hand-delivered to the committee on Thursday, Baskins' lawyers said that they had advised their client to invoke her constitutional right under the Fifth Amendment not to incriminate herself.

Her lawyers -- Berkeley, Calif., white-collar specialist Cristina Arguedas and K. Lee Blalack of O'Melveny & Myers -- said in their letter to the committee that Baskins "very much wants to testify," and if she did so, "we are firmly convinced that the subcommittee would recognize that she acted legally and ethically at all times."

But, they stated, "Given the current environment ... Ms. Baskins simply has no choice."

Arguedas told The Recorder that it was a last-minute decision for her client to leave HP.

"She offered her resignation last week, and Mark Hurd declined it because he wanted her to continue on as general counsel," Arguedas said. "She came to Washington, really, with no intention of resigning, but starting around Monday, she saw the continuing focus on Mark Hurd and [thought] how can he put this event behind him, and how could HP put this behind it, as long as she remained as general counsel."

At that point, Arguedas said, Baskins decided to resign. "They had to make a clean sweep," she said. "She resigned for the good of the company."

No longer an HP staffer, Baskins was left in a difficult position before Congress, Arguedas said. In the hearings, there's little opportunity for witnesses to present their side of events, Arguedas said, and no opportunity for them to present evidence in their own defense. For that reason, Arguedas said she persuaded Baskins to not testify.

"It is not because we were afraid of the facts," Arguedas said. The letter to the committee included pages of documents intended to show that Baskins is not to blame for the troubled leak probe.

Much of Thursday's testimony suggested Baskins had in fact become the designated scapegoat. Both Sonsini and HP's former chairwoman, Patricia Dunn, who sat side by side at the hearing, pointed to Baskins as the person primarily responsible for the oversight of the leaks probe.

Sonsini stressed that he relied on Baskins -- as well as HP in-house lawyer Kevin Hunsaker, who also quit Thursday and took the Fifth -- for advice on whether pretexting is legal. Nonetheless, HP announced in a securities filing Thursday that Baskins will get a severance package that legislators at the committee hearing described as a "$3.6 million golden parachute."

Baskins is holding vested options worth a little over $3.6 million, according to an 8-K HP filed with the SEC. Under the terms of her severance agreement, she can exercise those options before Nov. 22. In addition, HP will accelerate the vesting of up to $1 million of her unvested options so that she may exercise them before Nov. 22, when all her unvested options will otherwise expire.

When asked by the committee why Baskins should receive such a package, Dunn said, "She's a 26-year employee. She bled HP blue ink. Her career is ruined. She made some errors in judgment."

Sonsini looked thin and weary, but he spoke forcefully during the hearing, at times raising his voice slightly in a combative tone when questioned about his judgment. He explained that he received an April 6, 2006, draft report that mentioned that Hewlett-Packard had obtained the phone records of certain individuals, and also discussed the use of "covert intelligence-gathering operations."

At that point, he admitted, "I was concerned about the scope of the investigation." To allay his concerns, however, he simply asked Baskins if she had researched the legality of the techniques used, and she assured him she did, according to his testimony.

He also stated that he was more focused on other things at the time. "When I got the report, it was with the view of what do we do with the result in terms of a corporate governance point of view. I did not focus on this sub rosa investigation."

CAUGHT IN A CROSSFIRE

Although they sat next to each other, Sonsini and Dunn were not always in agreement. At several points, Dunn took issue with Wilson Sonsini memos that the firm wrote in August when the board asked it to investigate the methods used in the company's leaks investigation. The memos indicated that Dunn was aware early on of the use of pretexting to get phone records.

But Dunn repeatedly said she thought the Wilson memos inaccurately described what she told them. "I disagree with the transcription by the Wilson Sonsni lawyer," she said at one point, about an interview conducted by Wilson partner Steven Schatz. Sonsini, for his part, staunchly defended his firm's work product. "I believe Mr. Schatz's ... notes accurately reflect the interview."

Sonsini bristled when Marsha Blackburn, a Tennessee Republican, accused him of contradicting himself regarding his knowledge of pretexting. On the one hand, she pointed out, Sonsini repeatedly told the committee that he wasn't an expert, and had never heard the term before this problem arose. Yet, she said, Sonsini conveyed the sense that he was sufficiently expert enough to chastise former director Perkins for suggesting that the pretexting was illegal.

"With all due respect, I was not chastising Mr. Perkins," Sonsini insisted. "I was being as forthright as I could be in laying out what I knew. I was the first one to tell him about pretexting. I was relying on the HP legal department. ... There's no inconsistency whatsoever in my conduct at this time."

Near the end of the hearing, Sonsini had to wrestle with another hard question: "You were told that people at HP were lying about their identity," said Colorado Democrat Diana DeGette. "You did not raise questions or say this is unacceptable. I don't understand."

"That's a fair question," Sonsini answered. "I didn't know what pretexting was."

Sonsini said he now believes pretexting is "clearly wrong, unethical and improper."

A BRACE OF LAWYERS

Previously Wilson Sonsini had announced that Sonsini would be represented by Akin Gump Strauss Hauer & Feld, and partner Michael Madigan was present. But when the committee asked Sonsini who represented him, he named Cravath, Swaine & Moore partner Evan Chesler.

Other Wilson Sonsini lawyers were in the audience, including partner Boris Feldman. Michael Holston of Morgan, Lewis & Bockius, who has supplanted Sonsini to lead Hewlett-Packard in its dealings with state and federal authorities, was also in attendance.

Dunn's lawyer, Morrison & Foerster's James Brosnahan, sat behind her during her testimony. After it concluded, he held a press conference outside the hearing room, in which he described Dunn as the "victim" in this matter.

Susan Beck is a senior writer with The American Lawyer, a Recorder affiliate. Justin Scheck is a reporter at The Recorder.

Investigator Who Worked For H-P Tailed Reporter In Unrelated Probe (WSJ)

By Peter Waldman

The Wall Street Journal, September 29, 2006

DOJ_NMG_0070920

Hewlett-Packard Co.'s outside investigator said he gained access to a Wall Street Journal reporter's hotel-phone records to identify the reporter's source in an unrelated episode before H-P's 2005-06 board-leak investigation, according to an email to H-P from its outside law firm.

Ronald DeLia and his company, Security Outsourcing Solutions Inc., are suspected of leading the gathering of personal phone records through false pretenses, or "pretexting," as part of H-P's probe. H-P has acknowledged that nine reporters, including two for The Wall Street Journal, were pretexted as part of that probe. Mr. DeLia and SOS, a small private investigative firm in Needham, Mass., have been under contract with H-P for about eight years, H-P Chief Executive Mark Hurd said in Congressional testimony yesterday.

Private investigator Ronald R. DeLia leaves after taking the Fifth Amendment.

Mr. DeLia told lawyers interviewing him in August 2006, that he had informed Ms. Dunn that "he had undertaken a similar investigation involving leaks from a Big Five accounting firm to a Wall Street Journal reporter. Mr. DeLia was successful in finding the source of the leaks in that case," according to an email circulated at House Energy and Commerce hearings on the H-P scandal yesterday.

The email, titled "Interview of Ron DeLia" and addressed to "HP Securities Litigation Team," was sent on Aug. 25, 2006, from Bahram Seyedin-Noor and Bryan Ketroser, lawyers with Wilson, Sonsini, Goodrich & Rosati. H-P in August asked Wilson Sonsini to investigate H-P's probes of 2005 and 2006.

The email reports that Mr. DeLia said he "had conducted visual -- not electronic -- surveillance of the reporter at issue while on vacation and had skip tracers call the hotel the reporter had been staying at to obtain his hotel call records via pretexting, which revealed a call to a senior executive with the company. Pretexting was also used to determine where the reporter was vacationing -- somebody called the reporter's office saying the reporter had requested certain information and asking someone in the office for the hotel number."

The email doesn't make clear who the Journal reporter was, or where or when the pretexting took place.

"H-P declines to comment to the investigative practices that Mr. DeLia may have used in investigations that are unrelated to H-P," said an H-P spokesman. Ms. Dunn said, through a spokesman, that Mr. DeLia never told her about any prior investigations involving journalists. Mr. Ketroser of Wilson Sonsini declined to comment on his interview with Mr. DeLia. Mr. DeLia couldn't be reached for comment.

"We are looking into this," said a spokesman for The Wall Street Journal.

Write to Peter Waldman at peter.waldman@wsj.com1

Phone Firm Files Pretexter Lawsuit In H-P Leak Case (WSJ)

By Amol Sharma

The Wall Street Journal, September 29, 2006

Verizon Wireless filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellphone records as part of Hewlett-Packard Co.'s scandal-tainted leak investigation.

The company didn't identify any defendants in the "John Doe" suit but described in detail the "pretexting" schemes they used to gain access to call records.

"Defendants used fraud, trickery and deceit to access confidential customer information," the company wrote in the complaint.

Verizon Wireless examined its records after news reports surfaced several weeks ago on the details of H-P's leak investigation, including how the accounts of directors, employees and journalists were fraudulently obtained by private investigators and so-called pretexters working for the company.

The account of one H-P director, who isn't identified in the complaint, was subject to unauthorized access three times since last year, according to Verizon's legal papers. The records of the director's spouse were also accessed, the complaint says.

In May of last year, the complaint says, a pretexter gained access to the director's account by posing as a Verizon Wireless employee in a call with a customer-service agent. Later, the pretexter was able to sign into the customer's online account and change the user ID and password associated with the account.

The company said it couldn't determine what specific account information was obtained during the session.

Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, is seeking, among other things, unspecified financial damages for violations of its customers' privacy and is asking for an injunction on all further pretexting activity by the individuals.

The company said it would amend the lawsuit when it learns the identities of the pretexters.

While the H-P case has raised the profile of pretexters, Verizon Wireless and other phone companies were already battling them. Verizon Wireless, Cingular Wireless, Sprint Nextel Corp., and T-Mobile USA have all taken pretexters to court in the past year. Sprint said it filed three such lawsuits this year and has settled two of them.

Write to Amol Sharma at amol.sharma@wsj.com13

Hewlett-Packard Scandal Catalyst Sails Far From Fray (Update1) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- While lawmakers grilled Hewlett- Packard Co. executives in Washington today, the man who exposed the company to public scorn and scrutiny was sailing in his 300- foot yacht.

Venture capitalist Tom Perkins, 74, who resigned from Hewlett-Packard's board in May in protest over the company's handling of a probe into news leaks, is vacationing on his yacht, the Maltese Falcon, spokesman Mark Corallo said.

Perkins's disclosure that Hewlett-Packard had obtained his personal cell-phone and home-phone records sparked an outcry over its use of possibly illegal tactics. The company's probe is being investigated by the California Attorney General, the Securities and Exchange Commission and the Justice Department.

``Tom takes no pleasure in any of this," Corallo said. ``He has expressed his sorrow about this mess over and over, but he believes this is the best thing for the company."

Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, in an August letter to Hewlett-Packard's board accused the world's largest printer maker of improperly obtaining his telephone records and derided actions taken by then-Chairwoman Patricia Dunn.

Fake Identities

He also said the Palo Alto, California-based company covered up the reason he resigned as a director. The letter was made public, and Hewlett-Packard on Sept. 6 revealed in a regulatory filing that Dunn used private investigators who faked their identities to get phone records, a practice known as ``pretexting."

Representative John Dingell, the ranking Democrat on the U.S. House Committee on Energy and Commerce, said at a subcommittee hearing today in Washington that the incident is ``a fine case study in deceit, dishonesty, improper behavior, probably criminal misbehavior, and we have a fine display of arrogance, cover-up and probably gross stupidity."

Dunn, who was ousted last week, and Chief Executive Officer Mark Hurd testified as part of a probe into privacy abuses. Dunn said she didn't have direct supervision of the techniques used by investigators and was assured they were legal. Perkins wasn't called to come before the panel.

``He's a footnote," said Nell Minow, editor of Portland, Maine-based Corporate Library, which tracks corporate governance issued. ``It's not his story now."

Perkins had been in the Mediterranean, Corallo said. He didn't know the current whereabouts of the yacht, he said.

`Great Anger'

Perkins factors prominently in Dunn's written testimony submitted to the committee yesterday. She said Perkins ``erupted in great anger" at her during a May 18 board meeting in which directors were told that director George Keyworth was the leaker.

Dunn said Perkins claimed that they had an agreement to ``cover up the name of the leaker" and he resigned because he was angry at her ``betrayal." He made no complaint about the investigation until a week later, she said in her testimony.

Perkins ``didn't feel there was a need for a board member to be singled out," spokesman Corallo said.

``He has made his feelings about the illicit investigation and the unprofessional manner in which it was conducted well known, no matter what is being claimed."

To contact the reporter on this story: Karen Gullo in San Francisco at kgullo@bloomberg.net .

Comverse Ex-CEO Alexander Has Namibia Case Postponed (Update5) (BLOOM)

Bloomberg, September 29, 2006

By Vernon Wessels

Sept. 28 (Bloomberg) -- Jacob ``Kobi" Alexander, the former Comverse Technology Inc. chief executive officer who became a fugitive after being charged with securities fraud, has to stay in a Namibian prison pending a bail hearing on Oct. 2.

Alexander, 54, was arrested at the Windhoek Country Club casino resort in the Namibian capital yesterday and spent the night in jail. The U.S. government said it will ask that he be extradited to face the fraud charges. Alexander's application to be let out on bail while dealing with extradition was postponed today for four days by Magistrate Uaatja Uanivi, who ordered him kept in custody in the meantime.

``Things are very fluid at the moment, and they can change," Alexander's wife Hana said in an interview after the judge's bail ruling at a court in Katatura, near Windhoek. She declined to comment further.

The ex-Israeli intelligence officer turned high-technology entrepreneur was charged by U.S. prosecutors on Aug. 9 with backdating stock options to boost compensation of executives at New York-based Comverse, the world's largest maker of voicemail software. The probe of backdating at Comverse led to the most wide-ranging fraud charges yet from the more than 130 inquiries started by U.S. authorities and companies into manipulations of stock options timing.

The ex-CEO wore a dark blue open-collared shirt, a leather jacket, gray casual pants and black slip-on shoes in court where he repeatedly glanced at the ceiling and reporters during the hearing, which lasted about eight minutes. He sat through the morning and early afternoon in an interview room beside prisoner cells in the building.

Prison

Before being taken back to the prison Alexander was handed a black sports bag by one of his lawyers, advocate Rudi Cohrssen, who told reporters it contained clean clothes and toiletries.

Alexander has been in Namibia for a few months and had enrolled his three children in a local school, Cohrssen said, declining to give more details until the Oct. 2. bail hearing.

The Alexanders bought a brown, 500 square-meter two-story house about a month ago in a secure housing complex attached to the Windhoek Country Club's golf course, said the seller, Colleen Matthysen, who lives two doors away.

``The sale of the house went smoothly" Matthysen said. ``They were very accommodating. They still have some of our stuff in their garage."

$457,000 House

Her husband, Ludwig, sold the house to Alexander for 3.5 million Namibian dollars ($457,000) before the former CEO moved in Aug. 22. He had been staying in a hotel beforehand, Matthysen said.

``I sold through an estate agent," Matthysen said in an interview outside stables two-thirds of a mile from the country club. ``We never even spoke before the transaction."

The Windhoek Country Club is a hotel, golf and casino complex. Its standard rates are 1,400 Namibian dollars ($183) a night in a double room, according to the club Web site.

An official at Namibia's bank regulatory agency about a month ago noticed the transfer of ``tens of millions of dollars" into an account of Alexander, who had arrived days before, the Wall Street Journal reported. The transfer raised suspicions because Alexander had no known Namibian connections, and the official notified Interpol, the Journal said.

Alexander is the second CEO charged in the U.S. government probe of illegal stock-option backdating. Former Brocade Communications Systems Inc. CEO Gregory Reyes pleaded not guilty to 12 counts of securities fraud and other charges that he improperly backdated options at the San Jose-based company, the world's largest maker of switches for storage networks.

Interpol

Alexander was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., which has to make an extradition request within 30 days of the arrest, said Dennis Khama, a Namibian justice official who will handle the request.

Namibia amended its laws governing extradition effective yesterday to allow the rendering of fugitives to the U.S., according to a letter from Brooklyn U.S. Attorney Roslynn Mauskopf's office filed in Brooklyn federal court. There is no formal extradition treaty between the countries.

Mauskopf's office, which will prosecute Alexander, said today that the government has until Oct. 27 to file a formal extradition request with the Namibian government to return him to the U.S. to face charges.

Mostly Desert

Namibia, a mostly desert country on Africa's southwest coast, shares its border with South Africa, Botswana, Zambia and Angola. It depends on diamonds, fish and tourism for much of its income, with De Beers mining the world's best quality gems from dredging boats in the Atlantic off the country's coast.

Katatura, the site of the court, means ``place we don't want to stay'' in the local Herero language and was founded as a township to settle black Namibians removed from other areas in 1958, when the country was under South African control.

Former subordinates of Alexander, David Kreinberg, Comverse's ex-chief financial officer, and William Sorin, a former general counsel, were also charged last month and released on $1 million bail each.

The three men were accused in a criminal complaint July 31 of changing the dates on millions of Comverse stock options so employees, including themselves, could buy shares at low prices. Kreinberg and Sorin pleaded not guilty.

Linda Lacewell, a prosecutor in Mauskopf's office, said yesterday the government is in talks regarding possible plea agreements with the two former subordinates. The two men would likely be required to cooperate in the prosecution of Alexander in exchange for pleading guilty to lesser charges.

First Charged

After Alexander was first charged, Interpol sent out a global ``red notice,'' asking police to arrest the former CEO. Robert Nardoza, a spokesman for Mauskopf, said Alexander, a citizen of Israel, is also a permanent resident of the U.S.

Alexander wired $57 million to Israel in July from an account at Citigroup Inc.'s Smith Barney Unit, the U.S. government said, calling the transfer an effort to ``launder the proceeds of the fraud.''

A 32-count indictment unsealed yesterday in Brooklyn federal court charged Alexander with crimes relating to an alleged ``slush fund'' and the backdating of stock options from 1998 to 2006. He is charged with conspiracy, securities fraud, making false filings with the U.S. Securities and Exchange Commission, mail fraud, wire fraud and money laundering.

If found guilty of the charges, Alexander may be sentenced to up to 25 years in prison, according to Mauskopf's statement.

The case is U.S. v. Jacob Alexander, 06-CR-00628, U.S. District Court for the Eastern District of New York (Brooklyn).

To contact the reporter on this story: Vernon Wessels in Windhoek at wessels@bloomberg.net .

U.S. Fugitive In Options Case Displeased By His African Jail (NYT)

By John Grobler And Julie Creswell

The New York Times, September 29, 2006

WINDHOEK, Namibia, Sept. 28 — Brad Pitt and Angelina Jolie had a better time in Namibia than Jacob Alexander is having.

The celebrity couple praised the southwest African country and its government after the birth of their daughter there in May. Mr. Alexander, known as Kobi, is complaining to his lawyers that the food in jail is not quite up to par.

On Thursday, Mr. Alexander, former chief executive of the software communications company Comverse Technology, made his first appearance in front of a magistrate in Windhoek, the Namibian capital.

Appearing unshaved and wearing a black leather jacket, Mr. Alexander, 54, seemed calm at a hearing on his application to be released on bail. The proceeding was postponed until Monday to allow his local lawyers more time to prepare.

That means that Mr. Alexander will spend the next few days in the H-Section of Windhoek Central Prison, the country's largest.

His lawyers said they had been allowed to provide him with a change of clothing and some personal items. But they noted that Mr. Alexander had complained about the quality of the food there and that they were not sure if they would be allowed to bring him food from the outside.

His new surroundings are a vast difference from the Windhoek Country Club Resort and Casino, which he has apparently called home since he, his wife and three children entered the country late in July.

Mr. Alexander was arrested by the Namibian police at lunchtime Wednesday at the golf resort, situated on the city's southern outskirts.

Chief Inspector William Lloyd said Mr. Alexander remained calm when a preliminary warrant from the Justice Department, forwarded to the local Interpol office, was read to him. "But he got very nervous when we handcuffed him," Inspector Lloyd recalled. "He could see there was something serious coming at him."

Before his arrest, Mr. Alexander and his family appeared intent on putting down roots in Windhoek.

A former colleague recalled that they had gone on safari in Africa — he did not know if Namibia's game reserves were on the itinerary — at some point in the last four years or so.

Mr. Alexander's children had been enrolled at a local school, Inspector Lloyd said. Bloomberg News reported Thursday that he had bought a small house next to a golf course in the last month for $457,000.

A deputy prosecutor here, Johnny Truter, said the authorities intended to oppose Mr. Alexander's formal bail application on Monday.

What is unclear is whether he will fight attempts to bring him back to the United States to face charges, including conspiracy, securities fraud and money laundering in connection with a scheme to backdate stock options at Comverse. A 32-count indictment against Mr. Alexander was unsealed on Wednesday by federal prosecutors in Brooklyn.

Two other former executives — the chief financial officer, David Kreinberg, and the general counsel, William F. Sorin — pleaded not guilty to federal charges filed early in August.

After Comverse began an internal investigation into Mr. Alexander's role in the altering of dates of option grants, he resigned early in May. He left the United States and traveled to Israel with his family late in June or early in July, according to a person briefed on his travel.

The United States does not have an formal extradition agreement with Namibia. Nonetheless, Washington intends to request Mr. Alexander's extradition with the understanding that Namibian law permits extradition in the absence of a treaty in some circumstances, according to a State Department spokeswoman.

Dennis Khama of the Namibian Justice Ministry said: "Within the next 30 days, the U.S. must provide us with a formal extradition request or he must be released. He is allowed a formal bail application. If bail is refused, he will be remanded into custody for the next 30 days."

There have been instances of foreigners' fighting extradition proceedings from the country.

Hans-Jürgen Koch, a millionaire who faces tax and related fraud charges in Germany and who owns a luxury lodge and hunting estate in this country, has spent the last four years in a Namibian jail fighting efforts to return him to his homeland.

"What happened there is not going to happen here — that I can say for sure," said Herman Oosthuizen, a local lawyer representing Mr. Alexander. Mr. Oosthuizen is also representing Mr. Koch.

During the proceeding, Mr. Oost- huizen asked the court to refer to Mr. Alexander as "the respondent" and not "the accused."

"My client has not been charged with any crime here in Namibia," he added.

Royal Ahold Will Avoid Prosecution (BLOOM)

Bloomberg, September 29, 2006

Royal Ahold, the parent of U.S. Foodservice, will not be prosecuted in connection with a criminal fraud investigation that led to charges against a top company official and a shareholder lawsuit, the Justice Department disclosed yesterday.

Ahold and U.S. Foodservice agreed to cooperate with federal investigations of the company and its employees, the United States attorney of New York, Michael Garcia, said in a Sept. 25 letter to company lawyers released yesterday. In light of a $1.1 billion settlement with plaintiffs in a shareholder suit, the government is not asking for additional restitution, the letter said.

The agreement came three weeks after Michael J. Resnick, a former U.S. Foodservice chief financial officer, pleaded guilty to conspiracy in what prosecutors said was an $800 million fraud. His co-defendant, Mark P. Kaiser, a former U.S. Foodservice marketing chief, is set to be tried in New York next month.

Prosecutors said Mr. Resnick helped U.S. Foodservice, based in Columbia, Md., overstate earnings by about $800 million from 2000 to 2003, using false promotional allowance documents provided by vendors.

Ahold, which owns Stop & Shop Stores, admitted in 2003 that it overstated profit by $1.28 billion, mostly related to fraud involving promotional allowances at U.S. Foodservice.

Former Citibank Exec Guilty Of Fraud (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 29, 2006

A Great Neck man who formerly headed the worldwide commodities trading division of Citibank admitted Tuesday to doctoring his unit's profits to make them appear to be $20 million greater than they actually were, according to officials.

David Becker, 40, pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and wire fraud in a 2003 scheme to improve his job performance and increase his eligibility for bonuses, according to Michael Garcia, the U.S. attorney for the Southern District.

As part of his plea, Becker agreed to forfeit the extra $200,000 he earned through the scheme.

It is a federal crime to defraud bank officials such as Becker's superiors at Citibank.

After the plea, Becker's attorney, Ira Sorkin of Manhattan, said his client was "happy to put this behind him and to get on with his life."

As part of the scheme, Becker conspired with the head of the American trading unit at Citibank to input false data into the firm's computer models and accounting systems, according to court documents. That official was not identified. In addition to creating falsely inflated profits, the scheme underreported the risk in the operations they were undertaking.

U.S. District Judge Alvin Hellerstein scheduled sentencing for Becker for Jan. 26. He could get up to 5 years in prison.

Ex-head Of Citibank Commodities Desk Pleads Guilty In NYC (AP)

AP, September 29, 2006

NEW YORK - The former head of Citibank's worldwide commodities trading activity pleaded guilty Tuesday to conspiracy in a scheme the government says was aimed at inflating trading profits and boosting his eligibility for bonuses.

David Becker, 40, of Great Neck, pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and to commit wire fraud. Judge Alvin K. Hellerstein set sentencing for Jan. 26, when Becker could face up to five years in prison.

Becker was charged in a scheme to inflate the trading profits of the Citibank commodities desk by as much as $20 million during 2003.

Federal prosecutors said he wanted to enhance his job performance and his eligibility for bonuses from Citibank.

The government alleged that Becker headed Citibank's worldwide commodities trading activity when he conspired with the head of American commodities trading and sales to overstate the financial performance and understate the market risk of Citibank's commodities desk during 2003.

Becker told Hellerstein that his wrongdoing on $5 million in trades alone generated an extra $1 million in profits on the company's books.

The judge asked him if the appearance of enhanced performance increased the amount of money he was eligible for in bonuses; Becker said that it did.

Prosecutors said Becker essentially doctored the books, manipulating data in the computer so it appeared that profits were higher by millions of dollars than they actually were.

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The government said Becker and his co-conspirator, whose identity it didn't reveal, also caused false information to be reported to the Citibank financial control department, which was responsible for monitoring the commodities desk.

Danielle Romero-Apsilos, a Citibank spokeswoman, said the company fired Becker after an internal investigation, the results of which were immediately referred to authorities, who began a criminal inquiry.

"Citigroup fully cooperated with the authorities and is committed to upholding the highest standards of integrity," she said.

Gatekeeper GCs Increasingly Becoming Targets For Liability (NLJ)

By Sheri Qualters, The National Law Journal

National Law Journal, September 29, 2006

An SEC fine of $40K against a general counsel illustrates increased scrutiny

Corporate counsel are starting to look over their shoulders.

When the U.S. Securities and Exchange Commission went after Biopure Corp. and its executives for misleading public statements about the U.S. Food and Drug Administration's review of its products, the biopharmaceutical company escaped without financial repercussions.

But the Cambridge, Mass., company's general counsel ended up with a $40,000 civil penalty this month.

The government's cases against Biopure's former president and CEO and former senior vice president of regulatory affairs and operations are ongoing. But the SEC's settlement with general counsel Jane Kober illustrates the escalating government scrutiny of so-called "gatekeepers," including general counsel responsible for safeguarding shareholder's interests.

In-house counsel and their law firm advisers say they're increasingly concerned about potential liability faced by in-house lawyers, who are stepping up their documentation of advice and even taking on additional professional liability insurance as precautionary measures.

Biopure, which settled its case without admitting or denying the SEC's charges, agreed to an injunction against future violations of securities laws and hired an independent consultant to overhaul the company's disclosure policies.

The company did not return calls for comment, but in a Sept. 12 statement, Chairman and CEO Zafiris Zafirelis said that the settlement "removes a cloud over the company." Kober, who also settled with the agency without admitting or denying allegations, also did not return calls for comment.

INCREASED GC SCRUTINY

General counsel are increasingly scrutinized for their actions, said Karl Chen, co-chairman of the securities committee for the Washington Metropolitan area chapter of the Association of Corporate Counsel.

Chen, who is also a lawyer with Arlington, Va.-based recruiting company Watson Wyatt Worldwide Inc., pointed to a 2004 SEC order against John E. Isselmann Jr., former general counsel of Electro Scientific Industries Inc. of Portland, Ore. The SEC did not charge Isselmann with involvement in a fraudulent accounting scheme hatched by other corporate executives. But it brought a case against him for failing to provide information about a transaction to the company's board, auditors and audit committee.

That omission, which the SEC believes allowed other executives to hide the fraud from the auditors and board, resulted in the false reporting of a profit instead of a loss during a quarter in 2002. Isselmann settled the case with the agency for $50,000 and agreed to cease and desist from causing violations of SEC rules.

"If [the SEC] finds or believes there was a failure to convey material information they're certainly going after them and penalizing them," said Chen. "You probably have to fully document advice you provide."

Although he doesn't believe that the SEC treated him fairly, Isselmann said he was glad he resolved the case without litigation or a finding of wrongdoing.

He now practices government law and administrative law at his Vista Strategies consulting company in Salem, Ore.

Whatever the outcome, lawyers say their professional credibility is on the line from the first day the SEC brings such a case.

"It's not just your company at stake, it's your reputation at stake," said Lee Braem, president-elect of the New Jersey Corporate Counsel Association.

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Braem said general counsel need to be concerned about rulings like Biopure because as officers and executives of companies, they "fit into that category of individual the government is allowed to go after."

The government often overreaches when it brings criminal charges against lawyers and accountants who are trying to fix problems in their companies, said white-collar defense lawyer Robert Ullmann of Boston's Nutter McClennen & Fish. "Just because a lawyer or an accountant doesn't quit or doesn't do enough fast enough in the government's eyes, that's not a proper basis for a criminal charge," Ullmann said.

'SCRIVENERS' NO MORE

The current mindset at enforcement agencies is that general counsel need to protect the shareholders' best interests, not just do the management team's bidding, said William Schuman, a securities litigation lawyer in McDermott Will & Emery's Chicago office.

"The days when in-house lawyers were thought of [as] scriveners are over," Schuman said. "We're seeing more inquiries and investigations where the conduct of in-house counsel is being examined every bit as much as the businesspeople's."

That SEC philosophy leads to tension for general counsel, who both serve on an executive team and have responsibilities as company watchdogs under the rules of the Sarbanes-Oxley Act of 2002, said Frederick Gonzalez, general counsel of network security device maker SonicWALL Inc. of Sunnyvale, Calif.

"There's a fundamental tension between all the constituencies that look to the general counsel for ethical leadership, moral leadership and compliance leadership," Gonzalez said.

Sarbanes-Oxley added layers of responsibility for lawyers, but a well-known speech made by former SEC enforcement director Stephen M. Cutler two years ago at the University of California at Los Angeles School of Law raised awareness throughout the legal community, said Susan Hackett, senior vice president and general counsel of the Washington-based Association of Corporate Counsel.

In that speech Cutler said that the agency had stepped up its scrutiny of the role of lawyers and other gatekeepers in corporate fraud cases since 2002.

An SEC spokesman said that the agency brought more than two dozen enforcement actions against attorneys, including gatekeeper and stock market manipulation cases, in the fiscal year that ended on Sept. 30, 2005.

Holding corporate gatekeepers, including general counsel, responsible for the company's misleading or incomplete disclosures is still a priority, said David Bergers, district administrator of the SEC's Boston office.

"The commission will continue to focus on misleading disclosures in the biotechnology industry and other industries to ensure investors receive accurate info," Bergers said.

Most lawyers who face SEC sanctions had their hand in the cookie jar, according to a March 2005 study by the corporate counsel association, but the overall scrutiny of lawyers is much tighter and the number of cases is on the upswing, Hackett said.

"General counsel are seen as a fiduciary leader," Hackett said. "Therefore, they are now responsible [for what the company does]."

EXTRA INSURANCE

Relying on the advice of outside lawyers has proven an effective way to avoid at least criminal liability for a lawyer who is not actually involved in the wrongdoing, Hackett said.

Some lawyers are investing in extra insurance protection in case the government comes knocking.

Layering an employed-lawyer insurance policy on top of directors and officers liability insurance is one strategy, said Jennifer Camacho, vice president of intellectual property and chief patent counsel at Cambridge, Mass.-based Codon Devices Inc.

Camacho, who said employed-lawyer insurance runs about $3,000 to $4,000 per year, said she negotiated for the insurance during her employment offer.

"The D&O insurance isn't sufficient for in-house counsel," said Camacho. "It wasn't five years ago and it certainly isn't now."

Yet, ultimately, staying out of trouble can be as simple, and as difficult, as accepting that the general counsel's role is often to play the heavy among highly optimistic business leaders.

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Insisting on disclosure of potential problems with the company's product can be challenging among a crowd that relies on sheer force of will to overcome obstacles to build new companies, said RoseAnn Rotandaro of Armor Legal Counsel in Palo Alto, Calif., who was formerly general counsel at two high-tech companies.

"It's hard to be a general counsel in an emerging growth company," Rotandaro said. "At times you have to really kind of help people understand why you're always the bad-news person. You have to be strong and stubborn and not be afraid to be in people's faces."

Hedge Fund Shrinks Staff And Faces S.E.C. Inquiry (NYT)

By Jenny Anderson

The New York Times, September 29, 2006

Pirate Capital, a hedge fund that takes pride in attacking management at underperforming companies, now finds itself under fire.

Pirate Capital, a $1.7 billion fund based in Norwalk, Conn., lost half its investment team this week, according to a letter from the founder and portfolio manager, Thomas Hudson. In addition, Pirate, an "activist" fund that pressures management to increase shareholder value, is being investigated by the Securities and Exchange Commission on suspicion of failing to alert the commission when it was selling stock, according to one person briefed on the inquiry.

Mr. Hudson's letter, dated Sept. 28 and on stationery with a pirate ship logo, said that Pirate would close to new investors Sunday, to focus on delivering returns rather than collecting more money.

"I've decided to return the firm to its roots," Mr. Hudson wrote. "The goal is to focus on returns and not the size of the assets we manage."

Pirate Capital has had a difficult year: its flagship Jolly Roger Fund is up only 3.3 percent, while its activist fund is up 2.86 percent, according to materials sent to investors. Those returns are well below the average activist fund. Hedge Fund Research in Chicago tracks the returns of 44 funds that operate solely activist strategies; through August those funds have returned 10.39 percent.

An S.E.C. spokesman, John Nester, declined to comment. Isa Bolotin, head of investor relations at Pirate Capital, did not return calls seeking comment.

Pirate is known for its unusually brash tactics and unabashed style. A New York magazine cover article reported that Zachary George, 27, an analyst with the firm and former competitive snowboarder, told the chief executive of the Cornell Companies, a prison operator, that "You work for us," and that Mr. George and Pirate wanted Cornell sold and the chief executive sacked. "Next year we're going to be here, and you won't," Mr. George told the chief executive, according to the article.

Mr. Hudson said two investment professionals, including Mr. George, resigned on Monday. On Wednesday, Carl Klein, a portfolio manager, resigned, and Mr. Hudson asked two more analysts to leave. Five people, including Mr. Hudson, remain.

Pirate, which uses terms like "shipwrecks" and "treasures" in its investor letters, is considered rare for its openness to publicity.

Not all investors welcome that approach. "Any fund that promotes itself in the news indicates one of two things," said Gordon C. Haave, director of investment and consulting at the Asset Services Company, a consulting firm. "That the fund manager is spending a lot more time worrying about his image in the community than about his investments, or two, that he is advertising to the rest of the world how everyone ought to copy his or her strategy."

The result, he said, was more money flowing into activist funds and the prospect of too many people chasing the same returns.

According to documents provided to prospective investors, Pirate Capital was started in 2002 with $2 million by Thomas Hudson, who worked in the distressed-asset area at Goldman Sachs, and his wife, Gabrielle Katz Hudson, who was responsible for "legal transfer documentation for private assets" at Goldman. The same document says that Mr. Hudson sued Goldman Sachs for wrongful dismissal after being asked to leave the firm because of a "consensual extramarital affair with a co-worker." That woman, according to the same document, became his wife, Gabrielle. The litigation, according to the document, was dismissed.

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The S.E.C. is investigating whether Pirate was late in reporting to the commission material changes in its holdings. Investors with at least a 5 percent stake must report any changes to those holdings.

Some of Pirate's top investments took a drubbing recently, after a significant rise at the end of August. For example, Cutter & Buck, the apparel company, traded from $9.40 up to $11.17 toward the end of August before falling back to $9.48 yesterday. Walter Industries, which Pirate owned 8.1 percent of at the end of August, rallied to $55.12 at the end of August and has fallen to $43.56. Strong month-end buying can reflect portfolio managers buying stock to push up prices. It is not clear what drove those two stocks.

Regulators are increasingly concerned about "clustered" trades, or copycat trades among hedge funds, according to two regulators.

Pirate has planned a call for Tuesday to address investor concerns.

CRIMINAL LAW:

Pirro Wants Wiretap Leaks Investigated (NSDY)

By John Riley

Newsday, September 28, 2006

An embattled Jeanine Pirro Thursday asked U.S. Attorney General Alberto Gonzales to investigate the leaking of wiretaps that implicate her in a plot to bug her husband as she tried to dig her state attorney general campaign out from under the rubble of disclosures that she is the target of an FBI probe.

"To date, the leak is the only crime committed here," the former Westchester County district attorney wrote to Gonzales one day after confirming at a dramatic news conference that she asked former New York City police commissioner Bernard Kerik to plant a recording device on a family yacht to try to catch her husband Albert in a tryst.

The FBI is investigating whether Pirro violated federal wiretapping laws.

In the letter, as well as an appearance in the Bronx and an interview with Fox News' Bill O'Reilly, Pirro spent the day frantically trying to move offensively. She asked for a special prosecutor to fast-track the probe and conclude it before Election Day. She called for the federal prosecutor who convicted Albert Pirro of tax fraud in 2000, Elliot Jacobson, to be removed from the new inquiry for alleged bias.

She also tried to draw her Democratic foe, Andrew Cuomo, into the fray, telling Gonzales that 20 years ago, Jacobson and Cuomo briefly worked together for the Manhattan district attorney, and taking a pass when a reporter asked if she thought Cuomo was somehow involved in leaking the wiretaps of her conversations with Kerik to a New York television station.

"What I can tell you is this: We're going to find out," Pirro said in response to a question. Cuomo's campaign said he didn't know Jacobson, and noted that Republican prosecutors are running the inquiry. Manhattan U.S. Attorney Michael Garcia, a Republican appointee, has denied any political motivations in the probe.

Pirro was also struggling to line up political support. Republican State Senate Majority Leader Joseph Bruno and Gov. George Pataki both waited a day to say they backed her, but last night the campaign said both had agreed to host fundraisers. Rudolph Giuliani backed out of a fundraiser Wednesday.

"This is a dispute between a husband and wife," Pataki said.

Outside the world of politics, that view got some support. "We sympathize with anyone whose privacy has been invaded," said Marcia Pappas, president of the New York chapter of the National Organization for Women. "If they were having marital problems, it's their private issue."

But the GOP candidate for governor, John Faso, called the allegations "very troubling," and political experts said Pirro's outlook was grim. "If you're running for attorney general and under investigation for criminal wrongdoing, it's not the stuff of which successful campaigns are made," said pollster Lee Miringoff.

As she did Wednesday, Pirro continued to maintain that Kerik never actually planted the bug they discussed, and that even if he had, it wasn't illegal for one spouse to surreptitiously tape another. In her letter to Gonzales, she cited three New York federal cases from the 1970s and 1980s for that assertion.

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But her position drew sharp disagreement from several legal experts, such as Patricia Bellia, a Notre Dame law professor who co-authored a respected treatise on wiretapping. She said the federal statute contains no spousal exception, and the civil cases Pirro cited were all outdated.

"The trend is that courts are rejecting the idea that intraspousal surveillance is exempt," Bellia said.

"I don't think from a personal point of view that the government should be investigating a familial situation," said John Pollok, a Manhattan criminal-defense lawyer. "But on the other hand, the statute is pretty clear that what she did is illegal."

"She's a former district attorney, and she knows better," said Lynne Gold-Bikin, a former chairwoman of the American Bar Association's committee on family law. "Even if there's some case from the 1970s, you don't want the person who's supposed to enforce the law looking for back doors."

Pirro Hits Trail After Inquiry Emerges (NYT)

By Patrick Healy

The New York Times, September 29, 2006

After acknowledging on Wednesday that she is under investigation by federal prosecutors in New York, Jeanine F. Pirro, the Republican candidate for state attorney general, was back on the campaign trail today, insisting that she would not drop out of the race and calling for a federal inquiry into the leak of sealed transcripts of court-ordered wiretaps.

“I am calling on the United States attorney, Alberto Gonzales, to begin an investigation, to appoint a special prosecutor, to get Elliott Jacobson off this witch hunt,” she said, referring to the prosecutor who is heading the investigation of her and who sent her husband to jail for 11 months in 2000.

The investigation of Ms. Pirro is focused on whether she and Bernard B. Kerik, the former New York City police commissioner, illegally taped conversations of Ms. Pirro’s husband last year to determine if he was having an extramarital affair.

This afternoon Ms. Pirro’s campaign released the text of the letter she sent to Attorney General Alberto R. Gonzales in which she asked that a special prosecutor be appointed to conduct an investigation of the leak and to report the results within 20 days.

“To date, the leak is the only crime committed here,” the letter says.

Her letter echoes comments she made this morning at a meeting of the New York Hispanic Clergy Organization in Morris Park. “Court documents that were sealed documents were released to the press,” Ms. Pirro said. “Ladies and gentlemen, that is a felony. That is the only felony that has occurred in this situation.”

She added, “I have fought to keep my family together and I’m proud of it.”

Ms. Pirro got a warm reception from the clergy members, who praised her for standing by her husband.

“She deserves our praise, she deserves our admiration, she deserves our sympathy,” said State Senator Ruben Diaz Sr., a Democrat and president of the clergy organization. “She is a heroine.”

Republican leaders in the state were not rushing to her defense. Speaking at a meeting of county officials in Lake George, the Republican candidate for governor, John Faso, called the accusations against Ms. Pirro “very troubling.”

“All I know about this is what I’ve read in the newspapers,” Mr. Faso said today. “Obviously, it has to play itself out and we’ll hear what authorities say and what she says in coming days, but they’re very troubling, obviously.”

But Joseph L. Bruno, the State Senate majority leader, released a statement today supporting Ms. Pirro: “As we have learned in the past, people can see beyond a public official’s marital difficulties and focus on their qualifications and record of service.

“I am confident that the people of New York will see beyond Jeanine Pirro’s situation, recognize her qualifications and see that she is the best choice to be New York State’s next attorney general.”

And the state chairman of the Conservative Party, Michael Long, said of Ms. Pirro, who is also his party’s nominee: "Very much she’s still a viable candidate. This is a bump in the road," according to The Associated Press

At a hastily arranged news conference on Wednesday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the

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family's boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws.

Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney's office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik.

With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a "political witch hunt and smear campaign" led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated.

Ms. Pirro said she would remain in the race against the Democratic nominee, Andrew M. Cuomo, although top Republican leaders appeared torn over her fate, and former Mayor Rudolph W. Giuliani canceled a fund-raiser for her next month. A telegenic politician who has often appeared as a commentator on legal matters, she has been considered a potential future leader of the party and perhaps a candidate for governor. Republican leaders had considered Ms. Pirro's bid to replace Attorney General Eliot Spitzer as the party's best hope of capturing a statewide office.

At her news conference on Wednesday, Ms. Pirro acknowledged that she was angry with Mr. Pirro, who fathered a child in an extramarital affair in the 1980's, and with whom Ms. Pirro has two children. But she said she was guilty only of the anger of a woman scorned. And she also said her political fate should be a matter of concern to women.

"There is no way — when I have the opportunity to be the first woman attorney general in the history of this state — that I am going to be pushed out of this race because somebody wants to delve into the personal lives of my husband and myself," she said. "I'm standing up for myself and I'm standing up for women."

Ms. Pirro, a former three-term district attorney, repeatedly said her actions were not illegal. Legal experts said the law was murky, and one important factor was whether the boat, owned by Mr. Pirro, would be treated the same way as a marital home. Mr. Pirro did not return telephone calls for comment.

Details of the conversations between Ms. Pirro and Mr. Kerik were rushed onto the air by WNBC-TV, which broke into its regular programming. Minutes later, Ms. Pirro held her news conference, in which she said prosecutors had no business investigating her "matrimonial discord," and she demanded an investigation into how the report of her conversations with Mr. Kerik was leaked.

Joseph Tacopina, Mr. Kerik's lawyer, said Wednesday that nothing illegal was discussed or done. "Bernie spoke to a friend in distress regarding a domestic conflict," Mr. Tacopina said.

WNBC said the conversations included profanity-laden rants by Ms. Pirro about her husband, as well as politically damaging remarks. At one point, according to WNBC, she is said to be heard dismissing the attorney general's job as a "been there, done that kind of thing" for her; at another, she suggests she could be governor if not for Mr. Pirro's baggage. Ms. Pirro had initially run to unseat Senator Hillary Rodham Clinton, but pulled out of that race late last year at the urging of party leaders.

Ms. Pirro blamed for the revelations a man far less known to most New Yorkers, Elliott B. Jacobson, an assistant United States attorney who prosecuted Mr. Pirro in 2000 and sent him to jail for 11 months. She said Mr. Jacobson's motives were "personal and highly improper" and, as a result, federal agents were now "prying into the personal lives of married couples."

"Let me reiterate my disappointment with the United States attorney's office for allowing an unethical overzealous prosecutor with a partisan political agenda using taxpayers' money and public resources to pursue a baseless investigation into a marital situation and seek to affect the outcome of an election," Ms. Pirro said.

The United States attorney, Mr. Garcia, confirmed the investigation in a statement on Wednesday and disputed Ms. Pirro's accusation that the inquiry was politically motivated.

"Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations," said Mr. Garcia, who was appointed by President Bush.

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The new revelations set the latest scene in one of the most Shakespearean political dramas in New York, the complicated lives of the Pirros, and immediately set off speculation about Ms. Pirro's future. State Republican leaders, who have suffered through the Pirro marriage for years now, watching her scuttle past plans to run for lieutenant governor and United States Senate, appeared torn over what to do.

The chairmen of the Republican and Conservative Parties, which are both running Ms. Pirro on their November ballot lines, issued statements supporting her candidacy. But these are two parties with a history of sacrificing problematic candidates, and Mr. Giuliani's move to cancel his Pirro fund-raiser was widely seen by top Republicans as a sign of things to come.

Other respected party leaders, like Edward F. Cox, a son-in-law of President Nixon, said openly that they doubted her candidacy could survive this latest controversy.

"The political issue is not whether she broke any laws, but the fact that she would think about doing this to her husband raises questions about her judgment and about whether you want that individual as attorney general," said Mr. Cox, a Manhattan lawyer who briefly ran against Ms. Pirro for the Republican nomination for the United States Senate against Mrs. Clinton last year.

Ms. Pirro said on Wednesday that she was staying with her husband, and she came close to tears as she explained why.

"My husband is a great father. I have two beautiful children in school, a teenage son who needs his father with him," she said, and then choked up audibly as she added, "These are personal choices that I have made, and I shouldn't have to keep explaining them."

Mr. Pirro, a prominent lawyer, Westchester power broker and a friend of state Republican leaders, has been a frequent source of embarrassment to his wife. Besides his prior conviction on tax evasion charges, investigations of his business practices have drawn scrutiny, particularly his ties to reputed mob figures, and he was ticketed twice for speeding this summer.

Ms. Pirro's lawyer, Paul Shechtman, maintained Wednesday that case law existed to support a spousal exception to the federal wiretapping statute. Regardless, he added emphatically, Ms. Pirro had never actually bugged the boat.

"There were no devices, no devices were put in anywhere," Mr. Shechtman said.

The tape recording of the Pirro-Kerik conversation was made by the Bronx district attorney's office and later provided to the F.B.I. It was made as part of the investigation into Mr. Kerik's acceptance of a free apartment renovation from a contractor looking for city work.

Ms. Pirro spoke to Mr. Kerik when she was dragging out deliberations in the summer of 2005 over whether to run for governor, senator or attorney general in 2006. She said at that time that she took so long to make her choice because her mother had been ill; it became clear for the first time on Wednesday that her concern about her husband's behavior was also a factor in the much-delayed decision.

"This was one of the reasons we wanted her to run for Senate — all this awful Al Pirro stuff would cloud her credentials to be the top law enforcement officer," said one Republican Party official who spoke only when granted anonymity.

The campaign of Mr. Cuomo, the son of former Gov. Mario M. Cuomo, and Democratic Party officials said they had nothing to do with the revelations. Ms. Pirro did not accuse her opponent, though associates of hers suggested that Mr. Cuomo and Mr. Jacobson might have worked together long ago.

Yet it is another man, Mr. Pirro, who has done more damage to Ms. Pirro than anyone else over time, Republicans and political analysts said Wednesday. Ms. Pirro acknowledged as much at her news conference, urging voters not to hold her accountable for a husband who had driven her to profound bitterness.

"I was a very angry woman and I said a lot of things, but what matters is what I did and didn't do, and I didn't do anything here other than vent," Ms. Pirro said.

New York Family Feuds Go Public (WP)

By Michael Powell

The Washington Post, September 29, 2006

NEW YORK, Sept. 28 -- This is proving to be quite a hellish year or so on the campaign trail for Jeanine Pirro.

Pirro, a longtime Republican district attorney who is running for state attorney general, acknowledged this week that she asked Bernard B. Kerik, a former New York City police commissioner, to plant a listening device on her family yacht. She hoped to catch her husband, who already has fathered one child out of wedlock, in flagrante delicto .

Kerik, who has a few potential legal problems of his own, is heard on a government tape cautioning Pirro that her request comes laden with risk. "Everyone is panic-stricken because it's you," Kerik is heard telling her on tapes obtained by a local NBC affiliate. "I've gone out on a limb."

"What am I supposed to do, Bernie?" she is heard replying. "Watch him [vulgar verb for intimate activity] her every night?"

Federal prosecutors in New York have launched an investigation of whether Pirro's conversations with Kerik jumped the tracks from angry spouse to conspirators to illegal bugging. That investigation outraged Pirro, 55, who insists her behavior reflects nothing more than the fury of a long-suffering spouse with a philandering husband.

"Sometime last year I came to believe my husband was seeing another woman," she said during a news conference Wednesday that was fraught with emotion. "I was angry, and had him followed to see if what I suspected was true."

The real crime, she has repeatedly emphasized, was committed by whomever leaked word of the investigation -- and the tapes -- to reporters. She strongly suggested that the leak came from the office of the federal prosecutor, who years ago obtained a felony conviction against her husband.

"Prying into the personal lives of married couples is not the business of a federal prosecutor, and it's time to stop," she said.

Pirro summarized her grievances in a letter to U.S. Attorney General Alberto R. Gonzales. So by Thursday, there was this intriguing spectacle: A Republican candidate had demanded that a Republican attorney general investigate a Republican federal prosecutor, accused of submarining her candidacy.

In pointed response, federal prosecutor Michael Garcia promptly released a statement confirming the investigation.

"This office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies," Garcia said. "Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me."

It already has been a long strange campaign cycle for Pirro. Last fall, she announced her intent to challenge Sen. Hillary Rodham Clinton (D-N.Y.). The early betting line was for a doozy of a race, as two smart, rhetorically sharp and polished pols had at it.

But Pirro faltered out of the gates, losing a page of her televised announcement speech and falling silent for 32 very long seconds. Then she talked about New York's border with Ohio, forgetting that Pennsylvania lay in between. Then her husband, Albert Pirro, a millionaire lobbyist, was caught trying to persuade Republican powerbrokers to force his wife to drop out of her race.

Pirro, the husband, has been a source of unending problems for Pirro, the wife. An influential fellow, he has served 11 months in prison for hiding $1 million in taxable income. He claimed his purchase of dozens of gilded items -- from pet pigs to his Ferrari and her Mercedes-Benz -- as business expenses. (Jeanine Pirro signed those tax forms but was not implicated.)

Then there is his child fathered out of wedlock, whom Albert acknowledged only after being confronted with DNA evidence.

Events have left Jeanine Pirro, who already was trailing her opponent, Andrew M. Cuomo, the son of the former governor, by double digits in recent polls, looking at a long slog to election day. "Looked at crassly, women very often get a pass on jerk husbands," said Joseph Mercurio, a political consultant in New York. "But this? It's a nail in her political coffin."

Pirro: Emotional Outburst Or Something More Sinister? (WNBC-TV)

WNBC-TV, New York, September 29, 2006

NEW YORK -- Now that Jeanine Pirro has openly discussed the criminal investigation focused on her, the big question revolves around her thoughts about eavesdropping on her husband: Was it a passing notion, or a lingering obsession?

In fact, NewsChannel 4 has learned the New York attorney general candidate may have spoken more than once about the possibility of spying on her husband.

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Pirro denies any criminal wrongdoing and claims all she did was complain about her husband to former New York City Police Commissioner Bernard Kerik. However, NewsChannel 4's Jonathan Dienst has learned phone conversations between the two might have taken place over a longer period of time.

In one call, Pirro called Kerik and apparently complained that for weeks she had been waiting for Kerik's people to plant a recording device on Albert Pirro's boat. Records now in the hands of numerous defense attorneys and at least six different state and federal agencies show Pirro complained bitterly.

"He went through the whole thing about, you know, who had the right to be on the boat and all this stuff and I said to him, 'Look,' I said, 'It's my, my ... it's (the boat's) in his name, but I have a right to be on it. I'd like to go on it when he's (Albert's) playing golf.' Um, he wasn't comfortable with that and with that I just said, 'Thank you very much.' He said he couldn't trust the fact that, you know, at some point I might say that he did it. And, um, I got to tell you Bernie, he wasted a month of my time," Pirro said in the recording, according to documents.

Yesterday, Pirro described her talks with Kerik by saying, "I didn't do anything here other than vent."

Pirro, a Republican, is handling the investigation by denying the allegations and trying to attack the professionalism of prosecutors. U.S. Attorney Michael Garcia is a career prosecutor who was appointed by a Republican, President George W. Bush.

Pirro is calling on U.S. Attorney General Alberto Gonzalez to conduct a probe, saying one of the assistants on the case is biased in part because he also prosecuted her husband Albert on tax fraud charges years ago.

Pirro: I'm Determined To Stay In Race (WP/AP)

By Mark Johnson, The Associated Press

The Washington Post, September 29, 2006

ALBANY, N.Y. -- The National Organization for Women came to the defense of Jeanine Pirro and Republican leaders said there were no plans to drop her as their candidate for state attorney general Thursday after it learned she is under federal investigation over a plan to secretly record her unfaithful husband.

A defiant Pirro said she is determined to stay in the race and will seek a federal investigation into the leak of sealed court documents regarding her discussions with former New York City Police Commissioner Bernard Kerik about taping her husband, Albert Pirro.

The leak "is the only felony that has occurred in this situation," Pirro told the New York Hispanic Clergy Association in New York City.

Pirro said that she had talked with Kerik about her desire to tape her husband and find out whether he was having another affair. But she denied any taping took place, and said she was was simply venting her anger in discussing the idea with Kerik.

Albert Pirro, a millionaire lobbyist, spent 11 months in prison after being convicted of tax fraud in 2000. He fathered an illegitimate daughter after the couple's wedding in 1975.

Marcia Pappas, president of the New York state chapter of NOW, said her group supports Jeanine Pirro "completely for fighting back on this intrusion."

"It's absolutely horrendous the government would intrude on anyone's life in this way," she said. "They are targeting her because she is a woman. If anyone believes in the right to privacy, they should be enraged by the behavior by our government."

Pirro, former district attorney of Westchester County, just outside New York City, has long been regarded as a rising star in the New York GOP.

Ryan Moses, executive director of the state Republican Party, said there are no plans to try to replace Pirro on the ticket. The only way to get off the ballot at this late date would be death, a move out of state, or a nomination for another office, such as a judgeship.

Asked if Pirro should quit the race or if his support for her was wavering, Republican Gov. George Pataki said, "No, not at all. This is a dispute between a husband and wife." Pataki called Pirro "the best-qualified candidate" for the post.

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Pirro said she would contact Attorney General Alberto Gonzalez requesting that a special prosecutor be assigned to find the leak. And she said she would seek to have Assistant U.S. Attorney Elliott Jacobson removed from the case. Jacobson successfully prosecuted her husband on tax charges. Pirro has called the taping investigation a partisan witch hunt.

Asked if she thought her Democratic opponent, former federal Housing Secretary Andrew Cuomo, was involved in the leak, Pirro said, "What I can tell you is this: We're going to find out."

Cuomo campaign spokeswoman Wendy Katz said: "Ms. Pirro can refer any questions to the Republican Westchester District Attorney, the Republican U.S. attorney and the Republican head of the FBI investigating this matter."

The U.S. Attorney's office in New York declined to comment, and the Justice Department in Washington did not immediately return a call.

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Associated Press writers Marc Humbert in Albany and Beth Fouhy in New York contributed to this report.

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On the Net:

Jeanine Pirro: http://www.jeaninepirro.com

Andrew Cuomo: http://www.andrewcuomo.com

Candidate And Erring Spouse Rose To Power In Partnership (NYT)

By Leslie Eaton And Mike McIntire

The New York Times, September 29, 2006

To hear Jeanine F. Pirro's supporters tell it, she is a wronged woman leg-shackled to a loser, an ambitious and effective wife brought low by her badly behaved husband, Albert.

Now her fears about his philandering have set off a federal investigation into possible eavesdropping and have threatened to derail her quest to become New York attorney general.

But to many people who have been watching the couple for decades, the Pirros look a lot like an echo of that other Westchester power couple, the Clintons, who are also political and financial partners whose fates and fortunes are profoundly intertwined. The Pirros live in Rye, the Clintons in Chappaqua.

When it comes to the Pirros, "There's no question they are partners, there's no question it's a symbiotic relationship," said Murray Richman, a Bronx defense lawyer who knows both of the Pirros. "There's no question Jeanine would never be where she is without Al."

Mr. Pirro, 59, a lawyer and lobbyist, has provided money and political contacts for his wife's career and has financed their way of life: the fancy cars, the expensive houses, the pampered pot-bellied pigs. Her campaigns have been heavily financed by his business associates in Westchester, where he has a hand in many real estate projects. She, in turn, reflected her glamour and political power onto him.

"Picture those two as the celebrities, the royalty, the power brokers in Westchester," said Bennett L. Gershman, a former prosecutor and professor of law at Pace University who has been a frequent critic of Ms. Pirro, 55.

The Pirros' relationship has often come with a cost to Ms. Pirro, starting two decades ago when she dropped her bid for lieutenant governor in the face of questions about her husband's ties to a company in the garbage-hauling business, an activity that was often linked to the mob. (At the time, she said Mr. Pirro was not comfortable revealing his clients.)

During Mr. Pirro's 2000 trial on charges of tax evasion, it became clear that she had benefited from his largess. But prosecutors said they were not accusing her of knowing that her husband improperly deducted as business expenses items ranging from her two-seater Mercedes to a $135 gold mirror. More recently, mobsters were caught on tape claiming that Mr. Pirro had tipped them off to an investigation conducted by the Westchester district attorney's office when Ms. Pirro ran it, a claim he denied.

Ms. Pirro's loyalty to her husband has confounded those inside and outside the political world, and this week she hinted at why she stood by her man. At a news conference on Wednesday, she confirmed that she had talked to Bernard B. Kerik, the former New York police commissioner who is now a security consultant, about planting a listening device on her husband's boat.

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But she said no taping was done, and claimed that federal investigators looking into the matter were conducting a "political witch hunt."

Then she said she was tired of having to justify her relationship with her husband. He is a "great father" to their children, she said — a teenage son and a daughter in college. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

But earlier in her career, she was happy to talk about Mr. Pirro, whom she once described as "the most exciting person I knew: quick, bright, always doing, very much an activist."

Jeanine and Albert Pirro met at Albany Law School, and were married in 1975, the year she graduated. She went to work in the Westchester district attorney's office, eventually becoming head of its domestic violence unit.

Mr. Pirro, meanwhile, became one of the leading real estate lawyers in Westchester, representing developers of offices, garages, malls and movie theaters. He represented Donald J. Trump in his effort to buy an island off New Rochelle in Long Island Sound.

Raising money for Republicans like George E. Pataki, Mr. Pirro became "the consummate political insider," in the words of Michael R. Edelman, a lawyer and Republican political commentator who has been a friend of the Pirros for three decades.

From her very first serious race — for judge in 1990 — Mr. Pirro used his connections to help his wife, according to a 1997 interview. That year, Mr. Pirro was under investigation for paying $5,000 to a Republican ward leader in Yonkers while he was seeking approvals for a theater complex there.

Mr. Pirro said the money was not a bribe but payment for a consulting arrangement that he initiated in order to gain inroads into the Republican establishment in Yonkers, where Ms. Pirro was largely unknown.

"What occurs is that we start to build a relationship in Yonkers," Mr. Pirro said, "which is not atypical in a political power move."

Mr. Pirro was never charged in connection with the payment, which was investigated by the same federal prosecutor, Elliott B. Jacobson, who Ms. Pirro said is involved in the current investigation of her dealings with Mr. Kerik.

Over the years, as Ms. Pirro's stature within the Republican Party grew, she developed a solid fund-raising base of her own and could reliably attract contributions from an array of companies and wealthy individuals, many of them her neighbors in Westchester.

Still, some of her largest contributors continue to be her husband's clients and business associates, who collectively have contributed tens of thousands of dollars to her campaigns.

Louis Cappelli, a longtime lobbying client and business partner of Mr. Pirro's, gave $25,000 to her campaign for attorney general in July and $4,200 to her Senate campaign last year. Mr. Cappelli is a developer who, most recently, retained Mr. Pirro to assist with a project to develop a Catskills resort.

Mr. Cappelli's wife, Kylie Travis, gave $33,900 to Ms. Pirro's main campaign committee in March, and an additional $10,800 to two other committees related to her endorsement by the Conservative and Independence Parties, state campaign finance records show.

Another of Mr. Pirro's business associates, Louis L. Ceruzzi, a Connecticut developer, has given $33,900 to Ms. Pirro's attorney general campaign. Mr. Ceruzzi and people associated with his company gave $31,500 to her Senate race. Mr. Ceruzzi builds stores for Home Depot, a client of Mr. Pirro's.

Mr. Cappelli declined to comment, and Mr. Ceruzzi did not return a message left at his office.

In 1993, Ms. Pirro was elected district attorney in Westchester, and her star continued to rise. Noted for her snappy suits and stiletto heels, she became a regular on television shows — Geraldo Rivera, "Nightline," Court TV — commenting on cases from O. J. Simpson to Martha Stewart. In 1997, People magazine named her one of its "50 Most Beautiful People."

In her personal life, there was trouble when DNA tests proved that Mr. Pirro had fathered a child with another woman while the Pirros were married.

Yet in terms of bad publicity, probably nothing compared to Mr. Pirro's tax evasion case. In 1998, the Pirros paid close to $1 million in back taxes, but Mr. Pirro was indicted the following year, basically for billing personal expenses to his businesses and taking tax deductions on them.

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Among the purchases were a portrait of the Pirro children commissioned by Ms. Pirro, the set for her cable television show when she was a judge, furniture for their vacation home in West Palm Beach, Fla., and drivers and maids (in uniforms) to tend to the children, the wine cellar and the family's pet pot-bellied pigs.

In June 2000, a jury convicted Mr. Pirro on 34 counts of conspiracy, tax evasion and filing false returns. His brother, Anthony, an accountant, was also convicted. Albert Pirro served 11 months in federal prison.

While some people suggest that Mr. Pirro remained a formidable force in Westchester even after he got out of jail, others are not so sure. Mr. Edelman, the Republican lawyer, said Mr. Pirro is "out of the loop, not fund-raising, can't pull strings, doesn't have clout."

Indeed, he is mostly famous these days for accumulating speeding tickets. William O'Shaughnessy, who owns two radio stations in New Rochelle and is friendly with both of the Pirros, said: "I think she loves him, and the feeling is mutual. These episodes are a cri de coeur. He's saying, 'Jeanine, don't forget me!' "

Political Drama In New York (NYT)

The New York Times, September 29, 2006

Jeanine Pirro, the Republican candidate for attorney general, accomplished one thing this week that no one else has managed to do this year. She got New York voters talking about a state election race.

At a press conference Wednesday, Ms. Pirro denied that she had illegally taped her husband's conversations to determine whether he was having an affair in 2005, when she was Westchester district attorney. But she acknowledged that she had talked about the idea with Bernard Kerik, the former New York City police commissioner who by then had been disgraced in scandals that cost him the job of secretary of homeland security.

Ms. Pirro accused federal prosecutors, who are investigating whether she broke any laws, of "prying into the personal lives of married couples" and announced that she was "standing up for women" by staying in the race.

Three thoughts:

1. Women can get along without her help.

2. It's hard to count all the things about this latest mess that reflect badly on Ms. Pirro. Surely a seasoned district attorney should have known that it was not a good plan to ring up Mr. Kerik, who had already drawn the attention of prosecutors for accepting free housing renovations from a contractor with possible ties to organized crime, and urge him to get cracking on that potentially illegal bug.

3. The fact that Ms. Pirro was taped dismissing the attorney general's job as a "been there, done that kind of thing" might not have been quite so damaging if her entire campaign had not been such a running example of idea-free ineptitude.

While Ms. Pirro has been the story of the week, a second campaign scandal, involving Alan Hevesi, the state comptroller, deserves more attention. Mr. Hevesi, who is running for re-election, turns out to have been using a state driver to chauffeur his wife around for the last three years. Mr. Hevesi says he is now reimbursing the state $82,000 for the service. But it is unlikely that he would ever have done that if his opponent, a little-known Republican, Christopher Callaghan, had not raised the issue.

Mr. Hevesi has apologized, and asked the public to remember that his wife has been seriously ill. But the issue is not whether Mrs. Hevesi should have had a driver. It is whether Mr. Hevesi should have been paying for it. He asked the State Ethics Commission that very question three years ago, and the commission said that unless the assignment involved some overriding security issue related to his job, reimbursement was in order.

Unlike Ms. Pirro, Mr. Hevesi is an incumbent who has performed well in office. But now he is going to have to explain to the voters how he can continue telling officials around the state that there is no tolerance for mishandling public money when he has broken the rules so egregiously himself.

Report Links White House And Lobbyist (NYT)

By Philip Shenon

The New York Times, September 29, 2006

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WASHINGTON, Sept. 28 — A bipartisan Congressional report documents hundreds of contacts between White House officials and the corrupt lobbyist Jack Abramoff and his partners, including at least 10 direct contacts between Mr. Abramoff and Karl Rove, the president's chief political strategist.

The House Government Reform Committee report, based on e-mail messages and other records subpoenaed from Mr. Abramoff's lobbying firm, found 485 contacts between Mr. Abramoff's lobbying team and White House officials from 2001 to 2004, including 82 with Mr. Rove's office.

The lobbyists spent almost $25,000 in meals and drinks for the White House officials and provided them with tickets to numerous sporting events and concerts, according to the report, scheduled for release Friday.

The authors of the report said it was generally unclear from available records whether the aides reimbursed Mr. Abramoff for the meals or tickets. Ethics rules bar White House officials from accepting lobbyists' gifts worth more than $20.

A White House spokeswoman, Dana Perino, said Thursday that while White House officials had not seen the report, earlier evidence showed that Mr. Abramoff had exaggerated his ties to the administration and was "ineffective in terms of getting government officials to take actions."

Ms. Perino added, "It's a real shame that so many of his clients were taken advantage of, lied to and ripped off."

The report describes several instances in which Mr. Abramoff, who pleaded guilty in January to conspiring to bribe public officials, failed to get the action he desired from the White House, and described his overall record in lobbying the White House as "mixed." But it also suggests that Mr. Abramoff's lobbying resulted in Bush administration actions that benefited Abramoff clients, including decisions to distribute millions of dollars in federal money to Indian tribes with large gambling operations.

After an especially aggressive lobbying campaign in 2001 and 2002 involving 73 contacts with White House officials, Mr. Abramoff claimed credit for an administration decision to release $16.3 million to a Mississippi tribe for jail construction despite opposition from the Justice Department, the report found.

A copy of the bipartisan report was provided to The New York Times by Congressional officials who were granted anonymity because the document had not been released publicly.

Mr. Rove has described Mr. Abramoff as a "casual acquaintance," but the records obtained by the House committee show that Mr. Rove and his aides sought Mr. Abramoff's help in obtaining seats at sporting events, and that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002.

After that game, Mr. Abramoff described Mr. Rove in an e-mail message to a colleague: "He's a great guy. Told me anytime we need something just let him know through Susan." The message was referring to Susan Ralson, Mr. Abramoff's former secretary, who joined the White House in February 2001 as Mr. Rove's executive assistant.

Ms. Ralston, who did not return phone calls seeking comment Thursday, was lobbied scores of times by Mr. Abramoff and his partners, the report found, and was instrumental in passing messages between Mr. Abramoff and senior officials at the White House, including Mr. Rove and Ken Mehlman.

Mr. Mehlman, now chairman of the Republican National Committee, was then a senior White House political strategist. A national committee spokeswoman, Tracey Schmitt, said Thursday that in Mr. Mehlman's White House job, "it was not unusual" that he "would be in contact with supporters who had interest in administration policy."

In October 2001, the report said, Mr. Abramoff asked the White House to withhold an endorsement from a Republican candidate for governor of the Northern Marianas Islands, an American commonwealth in the western Pacific where Mr. Abramoff had clients; Mr. Abramoff was backing another candidate.

On Oct. 31, 2001, the report said, Ms. Ralson sent an e-mail message to Mr. Abramoff that read: "You win :) KR said no endorsement."

In March 2002, the report said, Mr. Abramoff contacted Ms. Ralson to offer tickets to Mr. Rove and his family for use of a skybox during the N.C.A.A. tournament at the MCI Center in Washington.

"Hi Susan," Mr. Abramoff wrote in an e-mail message." I just saw Karl and mentioned the N.C.A.A. opportunity, which he was really jazzed about. If he wants to join us in the Pollin box, please let me know as soon as you can."

Ms. Ralston replied: "Karl is interested in Fri. and Sun. 3 tickets for his family?"

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Mr. Abramoff responded: “Done. Does he want to go Friday night or Friday afternoon or both?” The report said that Mr. Rove offered to pay for the tickets, prompting Mr. Abramoff to propose that Mr. Rove pay $50 per ticket “payable to me personally.”

The report cited numerous e-mail messages in which Mr. Abramoff referred to Mr. Rove and his visits to Signatures, a Washington restaurant owned by Mr. Abramoff.

On learning in July 2002 that Mr. Rove planned to dine at Signatures with a party of 8 to 10 people, Mr. Abramoff wrote to a colleague: “I want him to be given a very nice bottle of wine and have Joseph whisper in his ear (only he should hear) that Abramoff wanted him to have this wine on the house.” In another e-mail message, Mr. Abramoff directed his restaurant staff to “please put Karl Rove in his usual table.”

Ms. Perino, the White House spokeswoman, said the offer of a free bottle of wine was actually proof of how little acquainted Mr. Abramoff and Mr. Rove were because “Karl doesn’t drink alcohol.”

Disclosure of the report’s findings came as a federal judge in Miami agreed on Thursday to delay Mr. Abramoff’s imprisonment, but not for as long as the Justice Department wanted.

In court papers this week, the department asked that Mr. Abramoff, who has been sentenced to nearly six years in prison, not have to surrender for three months because of the need for his continued cooperation in the influence-peddling investigation in Washington that is said to involve several members of Congress.

But the judge, Paul C. Huck, agreed to allow Mr. Abramoff to remain free only until Nov. 15, saying “there comes a time when people have to pay the piper.” Mr. Abramoff pleaded guilty in Miami as part of an agreement with the Justice Department in which he confessed to corruption charges in Washington, and to fraud charges in Florida involving his purchase of a casino-boat fleet there.

Abramoff Put White House Contacts At 400 (WP)

By Susan Schmidt

The Washington Post, September 29, 2006

Disgraced lobbyist Jack Abramoff and his colleagues billed their clients for more than 400 contacts with White House officials between 2001 and 2004, according to a report released yesterday by the House Government Reform Committee. The report did not determine how many of those contacts -- referenced in e-mails and Abramoff's often falsified client bills -- actually occurred.

The 93-page report was jointly issued by the committee's chairman, Rep. Thomas M. Davis III (R-Va.), and its ranking Democrat, Rep. Henry A. Waxman (Calif.). They wrote that their investigation found the current reporting requirements "failed to protect public officials from the ethical undertow generated by Abramoff's claims of access to executive branch deliberations, particularly at the White House."

The report, based on 14,000 e-mails and other documents, conveys many assertions by Abramoff and his team about their efforts to lobby White House officials on matters affecting their Indian tribal clients.

Abramoff's team offered officials tickets to 19 sporting events and concerts, the report states, but "in many instances the documents do not indicate whether the White House officials requested or attended the events." One who did accept tickets, the report said, was Susan Ralston, executive assistant to White House presidential adviser Karl Rove.

The report also cites documents suggesting that former White House political director Ken Mehlman, now chairman of the Republican National Committee, may have helped Abramoff's team get money for a tribal client from the Justice Department. But the committee did not corroborate the claim.

"In many instances, there is little or no corroboration of the events described in the documents," the report's executive summary stated. "While the documents described in this report are authentic, that does not mean that the events actually transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

Abramoff, once one of Washington's most powerful Republican lobbyists, has pleaded guilty to conspiracy and fraud, along with three former members of his lobbying team. He is cooperating in a federal investigation into corruption in Congress and executive branch agencies.

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"The only thing this report demonstrates is what a lot of us already know: Jack Abramoff had a penchant for exaggerating and charging his clients for minor contacts with government officials," White House spokeswoman Dana Perino said.

The committee subpoenaed Abramoff's client billing records and other documents from Greenberg Traurig LLP, his former firm. The report said the Abramoff team billed clients for $23,981 in meals and drinks with White House officials. But the report said it could not determine how many of those meals took place or whether White House officials paid their own way.

One exchange of e-mails cited in the report suggests that former Abramoff lobbying team member Tony C. Rudy succeeded in getting Mehlman to press reluctant Justice Department appointees to release millions of dollars in congressionally earmarked funds for a new jail for the Mississippi Choctaw tribe, an Abramoff client. Rudy wrote Abramoff in November 2001 e-mails that Mehlman said he would "take care of" the funding holdup at Justice after learning from Rudy that the tribe made large donations to the GOP.

Mehlman did not return a call to comment late yesterday. Perino called the suggestions of improper influence by Mehlman "triple hearsay by people who have admitted to having lied and oversold their influence with policymakers."

The committee report said Abramoff and his team were in frequent contact with Ralston, who was once Abramoff's executive assistant and who in February 2001 went to work in the same capacity for Rove.

Ralston passed along information about prospective political appointees and helped Abramoff's team "secure access to the White House and obtain photo opportunities for clients," the report said. It cited 69 e-mails and other contacts between Ralston and the Abramoff lobbyists, and said she was treated to tickets to sporting events on nine occasions.

Contacted by The Washington Post, Ralston said she had no comment. Perino declined to comment on the propriety of Ralston accepting gifts from her former associates, but said, "the president has very high standards, and he expects those standards to be met." Federal law bans government officials from accepting more than nominal gifts from lobbyists.

Report Details Abramoff Ties To White House (LAT)

By Peter Wallsten And Walter F. Roche Jr., Times Staff Writers

The Los Angeles Times, September 29, 2006

The convicted lobbyist and his associates had hundreds of contacts with the executive branch, a bipartisan House probe finds.

WASHINGTON — In 2002, the nation's capital was abuzz with March Madness as it prepared to host the NCAA basketball tournament's first- and second-round regional games. For highflying lobbyist Jack Abramoff, it was a chance to do what he did best — cozy up to powerful politicians.

So when he bumped into Karl Rove, the White House political advisor, Abramoff wasted no time. He invited Rove to sit in the private box of MCI Center owner Abe Pollin. The lobbyist followed up with an e-mail to Susan Ralston, his onetime aide who had gone to the White House as Rove's assistant, telling her that her boss was "really jazzed" about the idea.

"Karl is interested in Fri. and Sun.," Ralston messaged back. "3 tickets for his family?"

"Done," Abramoff replied.

The episode — reflecting the modus operandi of the lobbyist whose dealings have cast a shadow over some of Washington's most powerful figures — is captured in a congressional report to be released today. The report documents hundreds of direct contacts between the White House and the now-disgraced Abramoff and his colleagues, including 82 with Rove's office; nine of those were with President Bush's chief strategist himself.

Capping a months-long investigation by the Republican-controlled House Government Reform Committee, the report said its findings provided "an unusually detailed glimpse into a sordid subculture of fraud and attempted influence peddling."

Examining 14,000 pages of e-mails and other documents obtained from Abramoff's law firm, investigators found that between January 2001 and March 2004, the lobbyist and his associates had more than 400 contacts with White House officials. Many came in official meetings, and others involved pricey restaurants and sporting events such as the NCAA basketball playoffs.

In one instance, the report suggests, Abramoff's team secured $16.3 million in public money for a key client — the Choctaw Indian tribe — after a meeting with then-White House political director Ken Mehlman. The Department of Justice was resisting

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release of the funds, which were intended to finance a new jail for the tribe. But Abramoff partner Tony Rudy recounted in e-mails that he reminded Mehlman during their meeting of the Choctaws' contributions to Republicans.

"Mehlman said he would take care of this," Rudy wrote. "He's a rock star."

Abramoff pleaded guilty in January to federal charges as part of an ongoing congressional bribery investigation that has prompted Democrats to accuse the Republican Party of fostering a "culture of corruption" in Washington. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), has pleaded guilty to conspiracy. He admitted accepting favors, cash and other gifts while working in DeLay's House leadership office and after leaving to become a lobbyist.

Bush and White House aides have said they had little if any meaningful contact with Abramoff.

Dana Perino, a White House spokeswoman, said Thursday that the new report merely confirmed "what we already knew, that [Abramoff] had a penchant for exaggeration and for charging his clients for minor contacts with government officials."

A spokeswoman for Mehlman — now chairman of the Republican National Committee — said it would not have been unusual for him, while serving as White House political director, to "be in contact with supporters who had interest in administration policy."

The House committee's ranking Democrat, Rep. Henry A. Waxman of Los Angeles, said Thursday that the report portrays a "much closer relationship between Mr. Abramoff and White House officials than the White House has previously acknowledged."

"The documents reviewed by the committee, if accurate, contain evidence that White House officials at the most senior levels of government repeatedly took actions requested by Mr. Abramoff," Waxman said. "And they raise serious questions about the legality and ethics of the actions of multiple White House officials."

The committee's Republican chairman, Rep. Thomas M. Davis III of Virginia, said Thursday that the report raised questions about activities in the White House — rare criticism from a member of the GOP leadership.

A news release from Davis' office said the 95-page report revealed only "scant and circumstantial evidence that Abramoff's encounters and entreaties had a dispositive impact on administration policy or personnel decisions." But it singled out Ralston — Rove's assistant and Abramoff's former employee — who was lobbied 69 times, the most contacts with any individual named in the report. She also received numerous tickets to concerts and sporting events.

"Her role in brokering requests to Rove from her former boss raises questions … about some of her activities," the release said.

Even though Davis signed on to the critical report just six weeks before the midterm election determines control of Congress, he offered a cautionary note.

"These records are just one side of what was often a multi-party conversation," Davis said. "The almost complete absence of reply e-mails from Abramoff's lobbying targets … speaks volumes about how seriously most people in the White House took Jack Abramoff's schemes."

According to documents cited in the report, Abramoff said he and Rove discussed Israel and other issues during the basketball game March 17, 2002. The lobbyist later e-mailed an associate that Rove was "set to help us when we need it.… He's a great guy. Told me anytime we need something just let him know through Susan."

The e-mails cited in the report suggest that Rove paid Abramoff $50 per ticket he received to the game.

The report also cited a number of e-mails discussing Rove's visits to Signatures, a Washington restaurant owned by Abramoff. In one case, Abramoff heard that Rove was coming with a party of eight to 10 people and ordered: "I want him to be given a very nice bottle of wine and have Joseph whisper in his ear (only he should hear) that Abramoff wanted him to have this wine on the house."

The lobbyist apparently did not know that Rove does not drink — a point offered Thursday by the White House as further evidence that Abramoff was not as close to the strategist as he might have bragged.

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House Report Details 485 Contacts Between Abramoff Team And White House Officials (RC)

By John Bresnahan And Paul Kane

Roll Call, September 29, 2006

A House committee has documented hundreds of contacts between top White House officials and former lobbyist Jack Abramoff and his associates, as well as tens of thousands of dollors worth of meals and tickets to sporting events and concerts that were offered to these officials during a three-year period starting in early 2001.

A 95-page report, which was released by the House Government Reform Committee on Thursday evening, includes an analysis of more than 14,000 pages of documents provided to the panel by Abramoff's former lobbying firm, Greenberg Traurig.

Democrats and Republicans on the committee immediately began to fight over the report's findings, with each side portraying the results in the context of its own political needs.

Rep. Tom Davis (R-Va.), chairman of the Government Reform Committee, released a statement portraying Abramoff's efforts to lobby the Bush administration as largely ineffective.

Davis also pointed out that Abramoff's billing records and e-mail exchanges do not mean that events unfolded as he claimed to either his firm or his clients.

"These records are just one side of what was often a multi-party conversation," Davis said in a statement released by his office. "The almost complete absence of reply e-mails from Abramoff's lobbying targets in the White House has to be seen as telling. In an environment that lives and breathes on e-mail exchanges, that silence speaks volumes about how seriously most people in the White House took Jack Abramoff's schemes."

"A number of individuals appear to have been offered tickets to sporting events and concerts," said the statement from Davis' office. "The Committee does not know in all cases if executive branch employees accepted them, if they were allowed to accept them without paying for them, or if they indeed paid for them themselves. The Committee is confident the appropriate authorities will examine whether the tickets were accepted, required to be paid for, and if so, whether they were paid for."

A summary prepared for Democratic leaders by staffers for Rep. Henry Waxman (D-Calif.), ranking member of Government Reform, stated that the information provided by the Abramoff documents may show wrongdoing on the part of top White House officials.

Democrats suggested that the documents obtained by the committee "raised serious questions about the legality and ethics of the actions of multiple White House officials."

The Government Reform Committee report singled out two of President Bush's top lieutenants, Karl Rove and Ken Mehlman, as having been offered expensive meals and exclusive tickets to premier sporting events and concerts by Abramoff and his associates.

In total, the committee was able to document 485 contacts between White House officials and Abramoff and his lobbying team at the firm Greenberg Traurig from January 2001 to March 2004, with 82 of those contacts occurring in Rove¹s office, including 10 with Rove personally. The panel also said that Abramoff billed his clients nearly $25,000 for meals and drinks with White House officials during that period.

Rove, Mehlman, and other White House officials have denied having any close relationship with Abramoff, despite the fact that Abramoff was a "Pioneer" who raised hundreds of thousands of dollars for Bush's White House campaigns.

Democratic committee staff wrote in a three-page summary that accompanied the report: "The documents depict a much closer relationship between Mr. Abramoff and White House officials than the White House has previously acknowledged." Davis and Waxman this summer subpoenaed e-mails and billing records from Greenberg Traurig and other firms, including Alexander Strategy Group, which was run by one-time aides to former House Majority Leader Tom DeLay (R-Texas). They examined more than 14,000 pages of documents from Greenberg Traurig, including 6,600 pages of billing records and 7,700 pages of e-mail.

During the period examined by the committee, Bush administration officials repeatedly intervened on behalf of Abramoff's clients, including helping a Mississippi Indian tribe obtain $16 million in federal funds for a jail the tribe wanted to build.

Abramoff was able to block the nomination of one Interior Department official using Christian conservative Ralph Reed as a go-between with Rove, according to e-mails between Abramoff and Reed.

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Abramoff also tried to oust a State Department employee who interfered with their efforts on behalf of the Commonwealth of the Northern Mariana Islands, one of Abramoff's most lucrative clients.

White House officials were allowed to view the draft report on Wednesday evening.

Dana Perino, a White House spokeswoman, dismissed Abramoff's claim of pull with the Bush administration. She also noted that Abramoff has pleaded guilty to a number of felonies during the last year, including fraud and conspiracy to bribe public officials.

"The billing records that are the basis of this report are widely regarded as fraudulent in how they misrepresented the activities and influence of Abramoff," Perino said. "There's no reason those records should be suddenly viewed as credible."

Perino added that she was unaware of any link between Abramoff's lobbying and White House intervention in policy or personnel matters affecting his clients. "Not that I'm aware of as a result of a direct contact," Perino said.

Perino did not specifically address whether White House officials ever accepted meals or tickets from Abramoff.

"We have high standards and expect them to be met," she said.

In a bipartisan executive summary of the new report, committee staff said that "there are certain caveats" about Abramoff's actions that are impossible to verify because the report is based solely on the records of Abramoff and Greenberg Traurig employees.

"There is little or no corroboration of the events described in the documents," the summary states. "In other instances, the documents are vague about who was lobbied and what was said. While the documents described in this report are authentic, that does not mean that the events actually transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

Tracey Schmitt, a spokeswoman for the Republican National Committee, which Mehlman now chairs, said Mehlman and Abramoff would have interacted when Mehlman served as White House political director.

"In his capacity as Political Director of the White House, it is not unusual that Mr. Mehlman would be in contact with supporters who had interest in Administration policy," Schmitt said in a statement.

The committee was able to uncover numerous times when Abramoff and his associates attended social events with senior White House aides using tickets or passes supplied by Abramoff. For instance, Abramoff attended an NCAA Tournament college basketball game with Rove in March 2002. Afterward, Abramoff told an associate that Rove was "a great guy" who told him "anytime we need something, just let him know" via Rove's assistant, Susan Ralston. Ralston worked for Abramoff before moving over to the White House.

In June 2001, while he was still working at the White House, Mehlman was offered two tickets to a U2 concert by Abramoff. The documents do not indicate whether Mehlman paid for the tickets or attended the concert.

"If White House officials failed to pay for these meals and tickets, their actions would be a violation of these legal requirements," Democratic committee staff wrote in their summary, noting a ban on gifts from lobbyists worth more than $20 to executive branch officials.

The committee said its investigation is continuing.

Report Reveals Hundreds Of Contracts Between Lobbyists And Bush Aides (WSJ)

By John Harwood

The Wall Street Journal, September 29, 2006

LOBBYING TEAM SPENT $25,000 on meals for White House officials, report says.

House Government Reform Committee finds 500 contacts between members of since-disgraced lobbyist Abramoff's team and Bush aides over three years. An email shows one offering White House strategist Ken Mehlman, now national Republican chairman, two tickets to a sold-out U2 concert.

The administration has distanced Bush from Abramoff. But the report documents instances in which White House officials may have helped him. In another email, lobbying partner Tony Rudy tells Abramoff that "Mehlman said he would 'take care of' " a funding request. An RNC spokeswoman called it "not unusual" for Mehlman to talk to supporters interested in policy while working at the White House.

White House spokeswoman Dana Perino dismissed the report as "nothing new" and Rudy as an "an admitted liar."

UNFINISHED BUSINESS awaits lawmakers after October campaigning.

Senate accedes to White House pressure and restores $5 billion in proposed cuts in defense spending. But that money must now be cut from domestic spending bills in lame-duck session; stopgap funding bill expires Nov. 17.

Action on offshore drilling slips as falling gas prices ease pressure. Though House-backed border-fence measure may reduce conservatives' incentive to compromise, Senate backers of comprehensive overhaul aim to restart talks in November. "We must act on this issue," says Republican 2008 hopeful McCain.

REPUBLICANS HOPE better political conditions benefit open House seats.

Party strategists say lower gas prices, higher stock values, and stronger Bush ratings help most in races with no incumbent. Those include seats in Iowa, Florida, Minnesota and Colorado that Republicans are surrendering to seek higher office.

Yet, nonpartisan Cook Political Report shows 36 Republican seats still at risk, one more than in mid-August, bolstering Democratic arguments that national mood isn't shifting enough to turn campaign. "It is clear the political environment is better for Republicans" than before, analyst Amy Walter says, but it's still comparable with Democrats' predicament before 1994 defeat.

House Republican poll shows suburbanites no longer favor Democrats on economy, but still lean Democratic for elections.

DESPITE SCHWARZENEGGER'S recovery, fate of his $20 billion road bond issue is uncertain. A nonpartisan poll shows just 51% support. In Michigan, Democratic strategists envision expanded minority turnout for Gov. Granholm and Sen. Stabenow from effort to stop antiaffirmative action ballot measure; top Republicans also oppose it.

GRAND OLD RALLY: A National Bureau of Economic Research study shows during 1880-2004 period, a Republican victory raised equity values about 2%. Since Reagan administration, Republican wins also have lifted government bond interest rates about 0.12%.

DEMOCRATS SEEK margins among women. While Republicans' security rhetoric helps split men's vote, minority party targets "security moms" and single women. To woo the latter group of "women on their own," Democrats will shift focus to health costs from gas prices; a pollster cites "80% rise in health-care premiums" during Bush presidency.

FRIST FRUSTRATES Senate tax-writers Grassley and Baucus by refusing to permit passage of "extender" tax credits before Congress leaves. Though backers of research-and-development tax credit eye action in lame-duck session, the issue moves into 2007. If Democrats take over, "it would become an opportunity for GOP in next Congress," a leadership aide says.

DUBAI PORTS WORLD still hasn't sold U.S. assets.

Months after furor over port deal, lawmakers scramble to save efforts to tighten U.S. government's foreign investment reviews. House leaders will seek compromise bill at lame-duck session.

They fear New Jersey Democratic Sen. Menendez, facing challenge, may block bill while advocating stricter scrutiny. An executive involved says sale of DPW assets may occur "a little beyond" six-month deadline set in March.

A senior U.S. official says the company has pared bidders to three.

MINOR MEMOS: Financial regulators see two categories of threat: "blowups" like Sept. 11, and "meltdowns" like plunging prices. ... Noting a prediction of steep home-price drops, Harvard economist Greg Mankiw notes, "Good news for affordable-housing."

Judge Delays Prison Again For Abramoff (AP-Y)

By Curt Anderson

AP, September 28, 2006

A judge agreed Thursday to again put off prison for disgraced lobbyist Jack Abramoff and a former business partner, but the delays were shorter than what lawyers on both sides sought.

Federal prosecutors and defense lawyers had jointly requested delays of 90 days beyond Monday's scheduled prison surrender date so Abramoff can continue to cooperate in a Washington corruption investigation, and Adam Kidan can provide more information about the gangland-style murder of former SunCruz Casinos owner Konstantinos Boulis.

U.S. District Judge Paul Huck reluctantly agreed to let Abramoff remain free until Nov. 15, and Adam Kidan until Oct. 23.

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"I don't feel good about this," Huck said. "My main concern is, there comes a time when people have to pay the piper, so to speak. I think that time has come."

Abramoff and Kidan were each sentenced to nearly six years in prison after they pleaded guilty to charges of concocting a fake wire transfer to close a deal in 2000 to buy SunCruz Casinos from Boulis, who was shot down the following year.

Huck approved a 90-day delay for Abramoff and Kidan in June.

Judge Postpones Prison For Abramoff (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 29, 2006

MIAMI - A federal judge postponed for a third time the date Jack Abramoff must begin serving his 70-month prison sentence Thursday so the disgraced former super lobbyist can continue aiding federal authorities in an ongoing corruption investigation.

During a conference call with lawyers, U.S. District Judge Paul Huck expressed exasperation with the slow pace of the Washington, D.C., investigation and advised attorneys not to expect any further extensions.

"I don't feel good about it," Huck said as he reset Abramoff's surrender date to Nov. 15.

Huck gave Abramoff business partner Adam Kidan until Oct. 23 to turn himself in. Kidan also faces 70 months in prison.

Prison terms for both men were to have started Monday.

The men, who pleaded guilty to federal fraud and conspiracy charges in connection with their 2000 purchase of SunCruz Casinos, were sentenced in March.

At that time, Huck granted a request to defer their incarceration. He gave another 90-day extension in June at the urging of defense attorneys and federal prosecutors.

Lawyers asked for an additional 90-days last week for the men to continue working with federal and state authorities in different investigations.

Abramoff, who also pleaded guilty to federal corruption charges in Washington, D.C., has been cooperating with prosecutors in a wide-ranging Justice Department inquiry of bribery and influence peddling in the federal government.

Kidan is assisting state authorities investigating the slaying of former SunCruz owner Konstantinos "Gus" Boulis, who was gunned down six months after selling the casino cruise line to Abramoff and Kidan, the lawyers said.

Kendall Day, a Justice Department lawyer, said Abramoff has spent seven days debriefing government officials, put in 300 hours reviewing possible evidence, and turned over roughly 13,000 pages of electronic documents to investigators since June.

Four public officials pleaded guilty, including U.S. Rep. Bob Ney, an Ohio Republican, and one was convicted at trial, partly due to Abramoff's full cooperation, Day said.

Abramoff's incarceration would make it more difficult for him to access electronic files and attend meetings, slowing the ongoing investigation and making it more expensive, he said.

Joseph Conway, who represents Kidan, said similar considerations apply to his client and his cooperation with state prosecutors on the Boulis case.

Three men hired by Kidan at SunCruz are awaiting trial in Boulis' slaying. State prosecutors recently informed Kidan he could be called as a witness, which means lawyers representing the three suspects have a right to interview him under oath, Conway said.

Huck rebuked the lawyers for not taking the Oct. 2 deadline seriously.

"There comes a time when people must pay the piper," he said. "You knew this date was coming."

The bank fraud case against Abramoff and Kidan rested on a fake wire transfer the men arranged to secure a $60 million loan for the purchase of SunCruz. The fraudulent document made it look like Abramoff and Kidan were putting $23 million of their own money into the deal.

At the time the men purchased SunCruz, Abramoff was a highly influential Republican lobbyist with ties to many Washington power players. In his plea agreement with the government, Abramoff admitted giving officials gifts to secure their support for his clients.

Gotti's Prosecutors Discovered New Evidence Failed To Help (NYT)

By Timothy Williams

The New York Times, September 29, 2006

Not long after word filtered into the courtroom on Wednesday that for the third time since last September a racketeering case against John A. Gotti would end in a mistrial, prosecutors had a chance to speak to the jury.

What they heard was that the most important new evidence against Mr. Gotti — secret F.B.I. recordings made while he was in federal prison — seemed not to have swayed a single juror.

"I'm not sure it changed anybody's mind," said one juror, who asked to retain the anonymity he was granted by the court while on the panel. "It just solidified people's opinions."

A federal official has said Mr. Gotti will probably not be prosecuted on the same racketeering and extortion charges a fourth time unless further evidence is uncovered.

Even if Michael J. Garcia, the United States attorney in Manhattan, approves another prosecution of Mr. Gotti, Judge Shira A. Scheindlin of Federal District Court, who has presided over the three trials and would likely oversee a fourth, seems reluctant to allow it.

Almost immediately after she declared a mistrial on Wednesday, Judge Scheindlin asked Mr. Gotti's lawyers whether they wanted to file any motions — referring to a move to dismiss the charges, which include orchestrating the kidnapping of Curtis Sliwa, the radio talk-show host.

Even before the third trial started, Judge Scheindlin expressed reservations about the fairness of the government trying Mr. Gotti three times.

Federal prosecutors, who declined to discuss the case yesterday, are expected to announce a decision about a retrial during the next 10 days.

In any case, Mr. Gotti found himself a relatively free man yesterday, for the first time since he was sent to prison on various racketeering and other offenses in 1999. Though he is still officially criminally charged, the United States attorney's office agreed to release him from two conditions of his bail, house arrest and electronic monitoring.

That government concession contrasts starkly with the aftermath of Mr. Gotti's first trial in September 2005, when Michael McGovern, a federal prosecutor, argued that Mr. Gotti should not be released from prison before a second trial because he might try to intimidate witnesses.

After the first trial, the government had attributed its failure to convict Mr. Gotti to a holdout juror who voted for acquittal on the extortion and racketeering conspiracy counts. A single juror also stood in the way of Mr. Gotti being convicted on charges of loan sharking as part of a racketeering enterprise.

The second trial, which started in February, ended in another hung jury, but this time the jury split 8 to 4 on most counts, in favor of acquittal.

The sticking point for jurors was the same problem that arose in the third trial — the difficulty in determining whether Mr. Gotti had truly retired from the Mafia in July 1999 as he said. The defense maintained that since he was no longer in the mob, he could not have been part of any conspiracy.

For the third trial, the government went to court with two determined prosecutors, Victor Hou and Miriam E. Rocah, and the F.B.I. recordings, which had not been used in the first two trials.

Instead of the tapes revealing Mr. Gotti's continued membership in the Gambino organized crime family, they clouded the issue, according to jurors.

"The tapes didn't help," said a second juror, who also requested anonymity.

Jurors complained about the recordings' poor sound quality and the fact that Mr. Gotti seemed to make conflicting statements about whether he was in or out of the Mafia. On that question, the jury split 8 to 4.

The sheer volume of evidence the government presented contributed to the deadlock, the first juror said.

"We could have really used a road map here," he said.

Gotti Jr. Presses On As A Free Man (NSDY)

By Anthony D. Destefano, Newsday Staff Writer

Long Island Newsday, September 29, 2006

Freed of his electronic ankle bracelet and conditions of house arrest, John A. Gotti Thursday came and went from his Oyster Bay home with a freedom he hasn't known for years.

On Wednesday, after declaring the third mistrial in the racketeering case against Gotti, Manhattan federal Judge Shira Scheindlin relaxed the tough bail conditions Gotti had been living under since September 2005. It was then, after the first mistrial, that Gotti was freed on a $7 million bond, but restricted to his home. Gotti had been in federal prison on a previous racketeering case from 1999 to 2005.

Scheindlin late Wednesday allowed Gotti to take off the electronic ankle bracelet that tracked his movements and said he could come and go from his home on Redmond Drive as he pleased, said defense attorneys Seth Ginsberg and Charles Carnesi.

Gotti, 42, the son of the late Gambino crime boss, was seen leaving his property at least least three times as he was driven by another man in a black Ford Explorer.

Though Gotti didn't comment about his activity, he had said he planned to take his children to school and later attend the football practice of his son, John, 13, at nearby St. Anthony's High School in South Huntington.

Federal prosecutors in Manhattan have yet to decide if they will attempt to try Gotti a fourth time, a step that many defense attorneys and legal experts think is unlikely given the way three prior attempts had failed.

The jury Wednesday told the judge it couldn't agree on a key question: whether Gotti had withdrawn from the crime family by July 1999. That date was important because it would put the indictment outside the statute of limitations.

Gotti's attorneys said they will draft a motion to dismiss the indictment within the next two weeks if prosecutors don't announce that they are throwing in the towel.

Gotti told Newsday Wednesday that if he doesn't have to labor through a fourth trial he intends to leave the New York area, write a book, buy a ranch and move his wife, Kim, and the couple's six children out west. He said he intends to get a college degree and work with children.

After the mistrial, Gotti went straight to the home of his mother, Victoria, 65, in Howard Beach and then to Oyster Bay. Early Wednesday evening, Gotti, Carnesi and Ginsberg had dinner at the Altadonna restaurant in Douglaston.

Gotti's mother, sisters Angel and Victoria, and brother Peter ate elsewhere. The elder Victoria Gotti didn't want to comment Thursday, saying she wanted time to unwind.

In Ozone Park, across the street from the late John Gotti's former Bergin Hunt and Fish social club, Robert Jeremiah, of Jeremiah's Florist, wistfully remembered the excitement of the old days.

"The whole neighborhood has changed, all of those people from the '70s have moved to the Island," said Jeremiah, who loved the July Fourth fireworks display the late Gotti sponsored.

Staff writers Wil Cruz and Andrew Strickler contributed to this story.

Canterbury Woman Pleads Guilty To Falsifying Data On Cell Batteries Used In Astronaut Space Suits (NORBULL)

Norwich (CT) Bulletin, September 29, 2006

CANTERBURY — A Canterbury woman could face up to a year in prison and a $100,000 maximum fine for falsifying test data on battery cells used in NASA space suits, U.S. Department of Justice officials said today.

Susan Belliveau, 46, of North Canterbury Road, pleaded guilty today in Hartford to one count of falsifying test data for battery cells her employer, BST Systems Inc. in Plainfield, had manufactured for NASA, the Department of Justice said.

Justice department spokesman Tom Carson said the investigation does not show institutional problems at BST Systems, and the charge applies only to Belliveau.

Company officials were not available for comment tonight.

Calls to the Belliveau residence were not answered. Her attorney responded to the matter.

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"Sue has been an extremely hardworking, loyal and conscientious employee of the company for nearly 20 years and had a lapse in judgment that she deeply regrets," David T. Grudberg of New Haven said. "And we sincerely hope she will continue contributing her hard work and skills to the company for many years to come."

According to the Department of Justice, Belliveau, a lab supervisor, was responsible for overseeing the testing of cells to be used in batteries that power NASA space suits and are used by astronauts during space flight. The battery cells had been manufactured with a new component and were being tested to determine the period of time the cells will function correctly, called the "wet life," after being activated and then repeatedly being charged and discharged.

When the cell being tested failed prematurely, Belliveau created false documents, making it appear the cell functioned as it should have, according to the release.

NASA took corrective action when it learned of the premature failure of the cell and of what Belliveau had done. There were no injuries as a result of Belliveau's conduct.

Belliveau's sentencing for the misdemeanor charge is scheduled for Dec. 19.

Convicted Ex-procurement Chief Granted Sentencing Delay (GOVEXEC)

By Kimberly Palmer

Government Executive, September 29, 2006

David Safavian, the former head of the Office of Management and Budget's procurement policy shop convicted in June of obstructing justice and making false statements, has been granted a delay in his sentencing.

The sentencing was originally scheduled for Oct. 12, but will be moved to Oct. 27. Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. The case revolved around his dealings with former lobbyist Jack Abramoff while Safavian was at the General Services Administration, where he served as chief of staff.

Prosecutors apparently are seeking a two-point sentence enhancement -- which would add to the recommended prison time -- by arguing that Safavian obstructed justice during his trial. Safavian testified at his trial that he did not lie, make false statements, or obstruct an investigation, but the jury found him guilty of doing those things.

Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. Not including the potential two-point enhancement, the charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence. The actual sentence will be up to the judge's discretion.

Prosecutors often seek to extend the recommended sentence for convicted defendants by arguing that they obstructed justice or committed perjury by testifying that they did not commit the crime that they were later convicted of committing. The judge ultimately decides whether to take the alleged perjury into account during sentencing.

"It's an extra risk of testifying," said Peter Henning, professor of law at Wayne State University Law School and author of a blog about white-collar crime. "You run the risk of both making yourself look bad and then you could get hit with an enhancement."

Safavian's lawyer, Barbara "Biz" Van Gelder, said in her request for the delay that the court's probation officer needed more time to review Safavian's testimony since it would affect the sentencing recommendations. In an e-mail to the court and prosecutors, Van Gelder wrote, "After hearing the government's representation that they intend to argue that Mr. Safavian lied during his testimony, I believe it is important to have [the probation officer] review his testimony."

In an e-mail response, Justice Department prosecutor Peter Zeidenberg said he did not think the delay was necessary, but that he was not opposed to the delay if the court believed it was necessary.

U.S. District Judge Paul Friedman granted the request for the delay in late August.

Earlier this month, Friedman granted Safavian permission to travel to the Eastern Shore of Maryland or Delaware for vacation before his sentencing.

On Monday, Van Gelder filed a notice to appeal Safavian's convictions.

Prosecutor: Bus Company Had Shoddy Fleet (AP)

By Lynn Brezosky, The Associated Press

AP, September 29, 2006

DOJ_NMG_0070949

MCALLEN, Texas - Proceedings were cut short Thursday in a trial of a bus company accused of ignoring safety and maintenance and falsifying logs because the defense didn't have witnesses ready.

U.S. District Judge Ricardo Hinojosa scolded Charles Banker, attorney for James Maples and Global Limo, Inc. for the witness shortage and suggested Banker was reading a lengthy motion for acquittal out loud to buy time.

"I'm not going to sit here and be filibustered by a motion for acquittal," Hinojosa said.

The routine motion after a prosecutor rests his case was denied. Hinojosa dismissed the jury until Friday.

Maples is the owner of Global Limo, which operated the bus that burst into flames during the evacuation of Hurricane Rita last year, killing 23 elderly nursing home residents. He and his company are charged with conspiracy to falsify time logs and failure to maintain his fleet and require drivers to keep inspection logs.

He is not charged with any of the deaths in the Dallas wreck, but could face prison time and up to $750,000 in fines against him and the company on the conspiracy charge, which is the most serious of the three counts.

The prosecution rested its case early Thursday afternoon.

Banker said he thought the government would take longer. Hinojosa told Banker the trial was scheduled more than a month ago and he had plenty of time to get his witnesses to court.

"Why don't you just admit you did something you shouldn't have done?" Hinojosa said.

Hinojosa has also snapped at Assistant U.S. Attorney John Kinchen for not including the accident in the actual charges in the indictment. Earlier in the day, he struck mention of the accident from the indictment's introduction, calling the placement a "back door" tactic and a "public relations play."

That means jurors may never see or hear reference to the accident that brought the company to the Justice Department's attention.

Prosecutors believed that because federal transportation regulations were lifted during the hurricane evacuation, they could not use the accident as evidence against Maples and Global Limo. Hinojosa told them they were wrong, but barred mention of it because it was not in the charge portion of the indictment.

High school band director Wilberto Perez testified for the prosection that on a cross-country bus trip with students and some parents, the air conditioning wasn't working properly and the VCRs couldn't play movies. He said one bus was too small, and four students had to ride on the floor for five hours until the bus was exchanged in the middle of a rainy night in San Antonio. He said they were late to sightseeing trips because New Mexico inspectors spent time citing the drivers for lack of proper log books and failure to pay certain road fees.

Perez also said parents stayed up talking to the drivers for fear they'd fall asleep. But on cross-examination he said that that had been the practice on long trips with other bus companies as well.

A former bus driver has said Maples told him to always mark eight hours off duty on trips for sleep, even though the buses had no sleeper compartments. Federal regulations require drivers who mark off duty and remain on the bus is if he is in a sleeper berth. The drivers would sleep in a passenger seat while a co-driver took the wheel.

Other drivers also said they incorrectly marked log books. Drivers also testified to driving buses despite problems including broken brake lights, malfunctioning wipers, and a windshield crack that was a foot in diameter.

Witnesses also testified that a post-accident investigation turned up evidence that mechanical problems with the buses were never corrected and logs and maintenance records were falsified.

Regulators shut the company down two weeks after the accident.

Vigil Case Ready For Jury (KRQE-TV)

KRQE-TV, September 29, 2006

ALBUQUERQUE -- The question of the day in U.S. District Court is what will this jury decide in the federal corruption retrial of former State Treasurer Robert Vigil.

Attorneys for both sides rested their cases today and then presented closing arguments to jurors who must decide if Vigil demanded and accepted kickbacks while in office.

Vigil's attorney followed the same strategy as the first trial and choose not to call a single witness. That decision, announced after lunch today, allowed closing arguments to begin about 2:30 p.m.

For the last three weeks federal prosecutors have been trying to prove that Vigil accepted kickbacks from a California investment advisor named Kent Nelson.

In their closing argument, prosecutors focused much of their attention on undercover video of Nelson handing Vigil thousands of dollars in cash. Vigil's attorneys have been arguing that payments were campaign contributions...

The jury in the first trial could not reach a verdict in May.

Outside the courtroom, Jason Bowles, one of Vigil's attorneys, declined to comment on the strength of the prosecution s second case as compared to the first.

In his argument to the jury, Bowles said federal prosecutors and federal agents have been twisting innocent facts to make it seemed Vigil accepted kickbacks when in fact he did not.

The courtroom was packed this afternoon with about two dozen of Vigil's family members present to give support.

Closing arguments were continuing late in the day and it appeared jury deliberations would being Friday morning.

Vigil is charged with a total of 24 counts of racketeering, conspiracy and extortion.

No Defense Case Again In Vigil Trial (AP)

AP, September 29, 2006

The attorney for ex-state Treasurer Robert Vigil declined today to present any evidence in his client's public corruption trial.

Immediately after jurors and lawyers returned from their lunch break, U.S. District Judge James Browning asked Sam Bregman if he wanted to present any evidence or witnesses.

Bregman stood up and said, "Your honor, the defense rests."

Bregman declined to put on a case when Vigil was tried last spring on 24 federal extortion, racketeering and conspiracy counts, saying prosecutors never met their burden to prove Vigil's guilt beyond a reasonable doubt.

That trial resulted in a mistrial May 22 when one juror held out for an acquittal.

Vigil has pleaded not guilty to all charges.

Browning began reading jury instructions today, and attorneys for both sides were expected to present closing statements.

The government wrapped up its case just before noon with testimony from FBI agents Margaret Russin and Drew McCandless. Immediately after the prosecution rested, defense attorney Jason Bowles asked U.S. District Judge James Browning to dismiss the case.

Browning heard arguments from both attorneys for sides, then said he was inclined to let the jury determine whether Vigil committed any crimes.

"I do think there is evidence Mr. Vigil took a payment for which he was not entitled and that it was given in exchange for his official acts," Browning said.

The judge also said he wanted to further consider a defense request to eliminate an extortion count involving George Everage, a former treasurer's office employee who said he was pressured by Vigil to hire the wife of former Treasurer Michael Montoya for a job.

Earlier, Russin testified about discrepancies in Vigil's campaign finance reports, which didn't include an $11,500 contribution from a California investment adviser until seven months after Vigil's arrest last September.

The figure represented the amount that investment adviser Kent Nelson gave to Vigil while he was cooperating with the FBI. McCandless testified that on the day Vigil was arrested, Vigil denied receiving such a contribution

Papers Fight Secrecy In Fumo-related Case (PHI)

By John Shiffman

The Philadelphia Inquirer, September 29, 2006

The Inquirer yesterday asked a federal judge to reject a proposed confidentiality order in the case of two computer technicians charged with thwarting an FBI investigation of State Sen. Vincent J. Fumo.

The public's interest in open and honest government outweighs any need for secrecy, the newspaper's lawyers said.

"It is fundamental that the public is entitled to information about its government and those in whom the public has placed its trust," lawyers Amy B. Ginensky and Michael E. Baughman wrote on behalf of The Inquirer and the Philadelphia Daily News, which are owned by Philadelphia Newspapers L.L.C.

Federal prosecutors have sought an order barring defense attorneys from sharing pretrial discovery material - including grand jury transcripts - with anyone beyond the defense team and potential witnesses.

Prosecutors said they feared the information would be leaked to the media, causing embarrassment to people who may never be charged in the case.

Defense lawyers said they were offended by the notion that they might leak evidence. They said the prosecution's proposed restrictions would make it difficult for them to interview potential trial witnesses.

U.S. District Judge William H. Yohn Jr. held a hearing on the matter Wednesday and asked prosecutors and defense lawyers to try to settle their differences by next week.

The obstruction-of-justice trial for former state Senate computer technicians Leonard Luchko and Mark Eister is scheduled for Jan. 8.

The underlying investigation - whether Fumo or others misused a South Philadelphia for personal or political gain - should be finished by Christmas, officials said Wednesday.

FILTH, OR FREE SPEECH? (ORLWEEK)

By Jeffrey C. Billman

Orlando (FL) Weekly, September 29, 2006

Feces porn brings the feds to Orlando. Welcome to Bush's war on obscenity

Under no circumstances would Toilet Man 6 be considered family viewing. As the title suggests, this fetish flick features feces-eating and vomit-smearing, and it stars a guy who calls himself Mike, "The Prince of Scat."

Disgusting as it may sound, the original was popular enough to warrant five sequels, so somebody's watching it. Until at least Sept. 5, according to documents filed in federal court, you could go to the website www.scatinbrazil.com, place an order and have your own Toilet Man 6 DVD shipped right to your door. Other titles available from Lexus Multimedia, based off South Kirkman Road in Orlando, included Bukkake 3 and Scat and Fist Fucking 2.

Enter the U.S. Department of Justice. Earlier this month, federal prosecutors filed criminal charges against Danilo Simões Croce of Orlando, who the feds say ran Lexus Multimedia. Croce was charged with accepting Internet payment for obscene materials, then shipping those obscene materials through the mail. (Obscenity is typically prosecuted at the local level, but the feds get involved if the material is distributed through the mail or Internet.) If convicted, he faces up to five years in prison for each of the two counts against him.

Attorneys familiar with free-speech issues say this prosecution is the first of its kind in Orlando, at least as far back as they can remember. Local authorities have prosecuted a few cases, but the feds have mostly stayed out of it in Central Florida. No more. In fact, the decision to prosecute Croce came straight from Washington, D.C., as part of a crackdown on hard-core porn.

While federal prosecutors went after some porn producers — mainly in Southern states — in the 1980s and early 1990s, those cases largely died out during the Clinton administration, says Lou Sirkin, a noted First Amendment attorney in Cincinnati. (Sirkin successfully challenged a federal law banning "virtual" child porn, and defended the director of Cincinnati's Community Arts Center when he was indicted for displaying Robert Mapplethorpe's photography in 1990.) That drop-off came much to the chagrin of family groups that wanted the government to crack down on smut, usually in the name of protecting children. After George W. Bush's election in 2000, the groups ramped up their pressure.

Former attorney general John Ashcroft was receptive to their cause. "Obscenity invades our homes persistently through the mail, phone, VCR, cable TV and now the Internet," Ashcroft told the Federal Prosecutors' Symposium on Obscenity at the National Advocacy Center in 2002. "This multimillion dollar industry with links to organized crime has strewn its victims from coast to coast. Never before has so much obscene material been so easily accessible to minors."

His successor, Alberto Gonzalez, continued the campaign. In 2005, Gonzalez formed the Obscenity Prosecution Task Force, which, according to its website, is "dedicated exclusively to the protection of America's children and families through the

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enforcement of our nation's obscenity laws." Two task force attorneys are working on the Croce case with one local federal prosecutor. (The task force's website links to www.moralityinmedia.org, which "works to inform citizens and public officials about the harms of pornography and about what they can do through law to protect their communities and children.")

The problem with enforcing obscenity laws, as has always been the case, is determining what exactly is obscene. Does penetration or sodomy count? Masturbation? Courts have relied on a handful of U.S. Supreme Court cases, the most notable of which is 1973's Miller v. California, to form a three-pronged test for obscenity: One, that the work appeals to "prurient interests"; two, it's "patently offensive"; and three, it has no artistic, literary or satirical merit. But all three of those tests rely on "the average person, applying contemporary adult community standards." That's about as vague as it gets.

For instance, what's patently offensive in San Francisco and Lawrence, Kan., are two very different things. But if you make a video in San Francisco and ship it to Lawrence, federal prosecutors can still apply the more conservative obscenity standards and charge you. Currently, the federal government is prosecuting a case in Pittsburgh against a California-based company because the company, Extreme Associates, shipped a porno flick to Pittsburgh through the mail. The community standards are more conservative in Pittsburgh than California. It is, in a very real sense, stacking the deck.

But even the U.S. Department of Justice has trouble defining exactly what constitutes obscenity. "There's not a list we work off of," spokesman Bryan Sierra says. "We don't charge cases by content, per se."

In other words, there's no memo that says bukkake is obscene but anal sex isn't. Instead, Sierra says, the department tries to train its 93 district attorney's offices in the requirements of the Miller case. "They know what in the community would be considered obscenity versus pornography. … It's a judgment call. They have to apply prosecutorial discretion."

Not everyone's a fan of the DOJ's new push.

"Adults make movies other adults wanted to see," says Larry Walters, a prominent Orlando free-speech attorney. Walters defended Chris Wilson, purveyor of the now-defunct www.nowthatsfuckedup.com, which featured both images of war casualties and porn, against obscenity charges in Polk County last year. In January, Wilson pleaded guilty to five misdemeanor counts, turned over his site to authorities and was put on probation. "The U.S. Attorney's [Office is] trying to censor what other people watch and see."

"The material is consensual," Sirkin adds.

Sirkin is working on obscenity cases similar to U.S. v. Croce in Pittsburgh and Phoenix, and he's heard about a handful of other prosecutions around the country. "They've been making sound waves that they'd be bringing things," he says.

Sierra couldn't say how many obscenity-related cases the Justice Department has brought during the Bush administration, or whether that number has peaked since Gonzalez formed the obscenity task force last year. (That task force was, however, responsible for the $2.1 million hit Girls Gone Wild producers took earlier this month for violating federal laws designed to protect minors from sexual exploitation, Sierra says.) He referred questions about the Croce case to the feds' Orlando office. Roger Handberg, one of the lawyers prosecuting Croce, did not return phone calls.

No trial date has been set for Danilo Croce. His attorney, David Fussell, did not return phone calls.

One thing is clear: Had 537 Florida votes swung differently in 2000, Croce probably wouldn't be worrying about federal prison. And, unless you were among the handful who get off on such things, you never would have heard of Toilet Man 6.

Tennessee Man Sentenced For Threatening Bush, Cheney, Others (AP)

AP, September 29, 2006

ATLANTA - A federal judge on Thursday sentenced a Tennessee man who threatened to kill the president, vice president and cabinet-level officials to more than three years in federal prison.

James Herman Bartholomai of Johnson City was sentenced to three years and one month in prison and three years of supervised release. He was convicted on June 29.

Federal prosecutors said Bartholomai, 35, was serving time as an inmate at the Atlanta federal prison for similar threats in August and September 2004 when he wrote several letters and made a threatening statement to a Secret Service agent.

DOJ_NMG_0070953

In one letter, authorities said Bartholomai described President Bush and Vice President Cheney as "a darkness upon America" and wrote, "I am the avenger ... a terror and an act of treason shall begin ... with their death my quest to bring down the American government."

At his sentencing, Bartholomai said he needed mental health care, and the judge ordered continued psychological treatment and alcohol abuse counseling during his incarceration.

Bartholomai also threatened Attorney General Alberto Gonzales, then-Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld.

Feds Indict Two For Welfare Housing Fraud (LYNNIT)

By David Liscio

Lynn (MA) Daily Item, September 29, 2006

LYNN - The Justice Department has charged two women with stealing credit card and bank account numbers from the U.S. mail, filling out stolen courtesy checks to make fraudulent deposits, and using phony identification to obtain welfare housing in Lynn and Revere.

Esther Arias, 28, of Malden, and Gladys Cabrera, 31, of Brockton, were indicted Wednesday by a federal grand jury in Boston on multiple counts related to the thefts, according to U.S. Attorney Michael J. Sullivan.

The 47-count indictment charged Arias with 19 counts of mail fraud, seven counts of theft and receipt of stolen mail, two counts of bank fraud, one count of identity theft, and three counts of theft of government property involving U.S. Housing and Urban Development (HUD) benefits.

Cabrera was charged with conspiracy, six counts of mail fraud, 10 counts of theft and receipt of stolen mail, one count of bank fraud, and one count of theft involving HUD benefits.

Court documents indicate the pair began the crime spree in 2003 and continued through Jan. 10, 2004. The women allegedly "stole mail and used information contained within to obtain personal checks of people living in Lynn, which they altered and used to get cash and to make deposits to their bank accounts, as well as bank accounts opened under fictitious identities," according to U.S. Attorney's Office spokesman Samantha Martin.

The women were also indicted for obtaining credit cards by fraud and charging purchases to those cards in the names of other people and without their knowledge. Prosecutors further charged Arias with obtaining a bank automobile loan by using someone else's identify and without their knowledge, and with using stolen checks and credit cards to make the loan payments, Martin said.

HUD joined the investigation after learning that Arias allegedly had obtained federal housing benefits for three apartments simultaneously under different identities, and that Cabrera had participated in the scam related to the third apartment, according to court documents.

Lynn Housing Authority and Neighborhood Development (LHAND), the local agency that oversees federal public housing in the city, had no record of either defendant under their real names, according to Barbara Morrison, supervisor of the authority's fraud unit. The aliases allegedly used by the women to obtain HUD Section 8 welfare apartments were unavailable.

If convicted on the conspiracy, mail fraud and theft charges, the defendants face up to five years behind bars, followed by three years of supervised release, and a $250,000 fine on each charge. Each count of theft of government property carries a maximum of 10 years' imprisonment, six-figure fines and additional supervision upon release. The bank fraud charges can lead to a 30-year jail term and $1 million in fines.

Arias is currently in federal custody pending trial under a separate indictment, charging her with conspiracy in a scheme to file bogus federal and state tax returns in the name of other people, according to Martin.

The U.S. Postal Inspection Service, HUD, the U.S. Internal Revenue Service, U.S. Immigration and Customs Enforcement and the Lynn Police Department investigated the case, related to housing fraud and mail theft in Lynn and Revere.

Witness Tells Court About Gang Rape In MS-13 Trial (WP)

By Ruben Castaneda

The Washington Post, September 29, 2006

DOJ_NMG_0070954

The petite young woman was a 16-year-old Laurel High School student three years ago when she decided to skip classes one day to join two other girls at a party at a Hyattsville apartment.

At the party, she said, Oscar Ramos "Casper" Velasquez took her into a bedroom, where he kissed her and told her that if she didn't have sex with him, as many as 15 other teenagers and young men at the gathering would have sex with her.

When she resisted, two more young men entered the room, the woman told jurors yesterday in federal court. One man threw her on the bed and choked her, the other held down her arms and "Oscar pulled out a gun," she testified.

"He put it to my head, and he said if I didn't shut up, he was going to kill me," the woman told jurors.

Eight men raped her, the 19-year-old woman said. Two assaulted her simultaneously. Outside the room, she said, she heard one man say, "Five minutes each."

The graphic testimony about the May 12, 2003, assault was given in U.S. District Court in Greenbelt, where Velasquez, 21, of Baltimore, and Edgard Alberto "Pony" Ayala, 28, of Suitland, are on trial on federal racketeering charges.

They are the first two of 19 alleged members of Mara Salvatrucha, also known as MS-13, who are to be tried under the federal RICO law. In an indictment handed up last year, and in two later indictments, federal prosecutors say that the gang conspired to commit murder, rape and other crimes.

The young woman's appearance represented the first direct testimony about violence allegedly committed by MS-13 members. Prosecutors say she is one of two teenage girls sexually assaulted at the Hyattsville party.

During nearly three hours on the witness stand, the woman, a Salvadoran immigrant, maintained her poise as she testified through a translator. She did not appear to look at Velasquez, seated about 20 feet away.

The Washington Post does not identify victims of sexual assault without their consent.

Under direct examination by Assistant U.S. Attorney Sandra Wilkinson, the woman said that after Velasquez threatened her with the gun, another man came in and threatened her with a stick. As she continued to cry and plead to be left alone, yet another man came into the room and said, "I'll go first," she said.

The other four left the room, and the new man raped her, the woman testified.

Outside the room, she could hear teenagers and young men hollering and laughing.

The woman said she tried to get dressed between attacks.

Eventually, 10 men entered the room, but two did not rape her, the woman said. She testified that Velasquez did not sexually assault her.

Some of the attackers used condoms, she said. Eventually, a man came into the room and picked up the used condoms.

Asked by Wilkinson how the assault made her feel, the woman said, "Weak, in pain. Lost. Bad."

The woman said she heard one of the other girls yelling, just before all the men and teenagers in the apartment ran away. The woman said she got dressed and went outside, where she used the cellphone of a neighbor to call 911 and report that she had been raped.

Federal prosecutors also called to the witness stand a Los Angeles police detective who testified about the origins of MS-13 and a court translator who read her translations of letters written by gang members.

MS-13 members live by the motto "We kill, we rape, we control," a federal prosecutor said in her opening statement Tuesday.

Federal prosecutors say that MS-13 committed six homicides and four attempted homicides between April 2003 and June 2005 in suburban Maryland. Eight attacks were in Prince George's, two in Montgomery.

An indictment handed up last week charges that the gang was responsible for a seventh homicide, in Fairfax County in January 2005, when two MS-13 members allegedly fired into a group of youths sitting outside an apartment building. One man was killed, and two juveniles were wounded.

Ayala is accused of driving with fellow gang members to the Fairfax attack.

CIVIL LAW:

Judge Denies Stay Motion In Government Case Against Tobacco (MRKTWTCH)

By Mark H. Anderson

Market Watch, September 29, 2006

WASHINGTON (MarketWatch) -- A federal judge Thursday denied a motion by several tobacco companies asking for the stay of a U.S. District Court ruling in the Justice Department's racketeering lawsuit against the tobacco industry.

U.S. District Judge Gladys Kessler's rejection of the request means the companies now must focus on filing appeals in the case in the Washington, D.C.-based U.S. Circuit Court of Appeals. Philip Morris USA, a unit of Altria Group Inc. (MO), said it will immediately appeal for a stay of the tobacco judgment with the D.C. Circuit while it prepares its broader appeal of Judge Kessler's ruling.

"Philip Morris USA believes a stay in this case is warranted," said William S. Ohlemeyer, associate general counsel at Philip Morris.

Judge Kessler, in an order denying the stay request, said "there is a very substantial likelihood that many individuals will be harmed if the stay is granted" and that "those considerations far outweigh defendants' purely economic concerns about losing what may, at most, be unrecoverable market share if the stay is denied."

Philip Morris, Reynolds American Inc. (RAI), Loews Corp.'s (LTR) Lorillard Inc. and British American Tobacco PLC (BTI) all asked that the Aug. 17 ruling be set aside pending appeals. Judge Kessler's decision said the cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco and ordered a series of remedial actions that include changes and restrictions on the marketing of light and low-tar cigarettes.

The companies argued the marketing restrictions and expenses of complying with the court order would substantially harm them economically. But Judge Kessler said "their complaints about the costs of compliance with the remedial order ring hollow."

Judge Kessler's denial of a stay, which would have set aside her 1,653-page decision, was expected. The appeals process at higher federal courts is likely to play out over the next couple months as the companies prepare to litigate at the appeals court level.

-Contact: 201-938-5400

What's The Judge Smoking? (WSJ)

The Wall Street Journal, September 29, 2006

Jack Weinstein is a federal judge in Brooklyn, New York, who's well-known for indulging class-action lawyers. His honor certainly didn't disappoint them this week when he granted class-action status to a $200 billion claim against Big Tobacco. That eye-popping dollar amount has garnered big headlines, but the real news rests on whether the decision holds up on appeal, which isn't likely.

Unlike so many past (and unsuccessful) lawsuits against tobacco companies, this one isn't about the health risks of smoking per se. Instead, plaintiffs attorneys argue that Philip Morris, R.J. Reynolds and other cigarette manufacturers fooled customers into thinking "light" and "low-tar" products are safer and less addictive, even though a pack of Marlboro Ultra Lights carries the same warning label as a pack of Camels.

Never mind, too, that a D.C. Circuit Court of Appeals ruling last month on the marketing of "light" cigarettes resulted in no damages being awarded. Or that a similar consumer fraud claim was rejected last year by the Illinois Supreme Court. In the latter case, which also involved Philip Morris, the court ruled that the Federal Trade Commission had authorized tobacco companies to use the terms "low tar" and "light" in marketing cigarettes. "If the FTC has specifically authorized the use of the term," said the court, "[Philip Morris] may not be held liable under the Consumer Fraud Act, even if the terms might be deemed false, deceptive or misleading."

A more immediate concern for plaintiffs is whether Judge Weinstein's class certification will be upheld by the Second Circuit Court of Appeals. If that happens, it would be the first "lights" case to be certified in federal court, and an estimated 50 million Americans -- anyone who's purchased a "light" cigarette since they went on the market in the 1970s -- could be part of the class.

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If you're among those 50 million, however, don't spend your share of the money just yet. The federal courts have not looked kindly on certifying nationwide classes that are predicated on state consumer protection statutes. That's mainly because state laws vary so widely as to make class status untenable, particularly when it comes to remedies.

In a 2002 decision by Judge Frank Easterbrook, the Seventh Circuit Court of Appeals denied nationwide certification on those grounds to owners of SUVs who claimed their Firestone tires were unsafe. And just last year, the Second Circuit decided that another national class action against tobacco companies did not meet federal requirements, and that the judge who certified the class was out of bounds in doing so. The activist judge overturned in that case was none other than Jack Weinstein.

Our point is not to sympathize with tobacco companies, which obviously sell a dangerous (if legal) product. But neither should the tort bar be permitted to use current public sentiment against Big Tobacco to create a more lawsuit-friendly legal environment, which is what these "consumer fraud" cases are really about.

Looser requirements for class certification is their real long-term goal. But giving trial lawyers license to cobble together plaintiffs nationwide, and then shop around for the Judge Weinsteins of the bench, puts not only tobacco manufacturers but every deep-pocketed manufacturer at risk. Often, certification of a class -- before any evidence addressing the merits has been introduced -- is all that's needed to force a defendant to settle rather than risk a jury trial that could wipe out a business or industry. If you think that's alarmist, consult a manufacturer of breast implants, lead paint, asbestos or guns. Shares of Altria, the parent company of Philip Morris, fell 6.4% on news of the ruling, before recovering a bit.

Lax certification requirements are a green light for trial lawyers to push the envelope -- and a class that includes one-sixth of the U.S. population is really pushing it. It encourages more frivolous filings, which in turn crowd out the legitimate ones. Which is why Judge Weinstein's ruling deserves to be reversed.

Tenet Agrees To "Integrity" Pact (AP-YBIZ)

AP, September 29, 2006

Tenet Healthcare Agrees to "Corporate Integrity" Pact With Federal Authorities

DALLAS (AP) -- Tenet Healthcare Corp. on Thursday said it has agreed to a "corporate integrity" pact with federal authorities -- an offshoot of the hospital manager's $900 million settlement resolving investigations into alleged over-billing of Medicare.

The agreement with the Office of the Inspector General and Department of Health and Human Services establishes annual training requirements and compliance reviews by independent organizations. It targets Tenet's clinical standards, code of conduct and procedures in billing and reimbursement, among other areas.

Tenet, the nation's second-largest hospital operator, agreed in June to pay the $900 million to end investigations by the Justice Department and several U.S. attorneys into allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals, and used improper billing codes to bilk the health care program. The settlement did not include a determination that Tenet broke the law.

In a statement, President and Chief Executive Trevor Fetter said the company already has in place many of the procedures and systems called for under the corporate integrity pact, due to changes made over the past three years since the company came under investigation.

The agreement runs through September 2011.

Federal Judge Rejects Ohio Law Restricting Use Of Abortion Pill (FINDLAW/AP)

AP, September 29, 2006

(AP) - CINCINNATI-A federal judge struck down an Ohio law restricting the use of an abortion-inducing pill, calling the law vague and saying it could jeopardize women's health.

Wednesday's ruling by U.S. District Judge Susan Dlott came two years after a court challenge by Ohio abortion providers.

The 2004 law, which had never taken effect, bars doctors from prescribing mifepristone, or RU-486, after the seventh week of pregnancy.

The American College of Obstetricians and Gynecologists, which joined the suit this year, said the law interfered with medical decisions and criminalized practices that could be in the best interest of patients.

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State officials argued the law was intended to protect women in accordance with Food and Drug Administration guidelines, which recommend that RU-486 not be prescribed to women more than seven weeks pregnant.

The judge said the law was unclear and contained no exception to allow use of the drug in cases where a woman's health was at risk.

In September 2004, Dlott issued a temporary injunction barring enforcement of the law one day before it was to take effect.

Plaintiffs celebrated the new ruling. "This is another piece of legislation that is intended to scare doctors away from providing reproductive health care," said Al Gerhardstein, an attorney for Planned Parenthood.

Mark Anthony, a spokesman for Attorney General Jim Petro, said Thursday that his office was reviewing the ruling and had not decided whether to appeal.

CIVIL RIGHTS:

Complex Designers And Builders Settle Discrimination Suit (AP)

AP, September 29, 2006

AUSTIN — Two apartment complexes will be retrofitted to make them more accessible for people with disabilities and settle a discrimination lawsuit the U.S. Justice Department filed against 10 companies involved in the design and construction of the facilities, the federal government said Thursday.

The settlement requires court approval, the Justice Department said in a news release.

The companies have to work on the parking areas, walkways, the interior of ground-floor units and common areas of the St. John's Village and Hunting Meadows Apartments. They also will pay $10,000 in civil penalties to the government and establish a $50,000 fund to compensate people harmed by the inaccessible housing.

A lawsuit against the developers, builders, architects and engineers alleged the dwellings didn't include features that make them more accessible to people with physical disabilities. It was filed in U.S. District Court for the Western District of Texas.

The companies are Legend Communities Inc., which does business as SDC Austin, Communities; Randall Jones Engineering, Inc.; Alexander Consulting Engineers, Inc., which does business as Professional Design Group; Trugreen Landcare, L.L.C., which does business as Land Design Studio; Hatch Partnership, L.L.P., Architects; Danze & Davis Architects, Inc.; St. John's Housing Partnership, L.P.; SMDC Development, Inc.; Decker Lane Partners, L.P. and SDCW Development Corp.

Two Groups Request Voting Monitors For Augusta November Election (WRDW-TV)

WRDW-TV, Augusta, GA, September 29, 2006

There's just over a month before voters head to the polls, but the Augusta NAACP is taking steps now to make sure the election is carried out fairly.

They're asking the US Justice Department to step in and oversee the election.

Under the Voting Rights Act, any voter or group has the right to ask for federal assistance if they have a serious concern about the fairness surrounding an upcoming election. Two local groups say they have several concerns and that's why they're asking for help.

"On election day, we want to make sure every vote is tallied, every vote is accurately counted," said Dr. Charles Smith, president of the Augusta NAACP.

Dr. Smith sent a letter to the US Department of Justice saying the citizens of Richmond County do not have trust and confidence in the reliability of the Diebold electronic voting machines.

"These machines are unreliable," he told News 12. "It's like a credit card. You scan it. If a person does not go through the whole process, or forgets to push the button, the vote won't count."

So Dr. Smith and Sharon Paschal of Taxpayers for Economic Justice are asking the Justice Department to deploy federal observers to Augusta to monitor the November election.

"Again, you have somebody that's back on the ballot that was on the ballot in the previous election, so you want to make sure the machines are cleared," Paschal said.

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The groups have organized a petition with over 600 names.

Other than the voting machines, they're concerned about Deke Copenhaver's former campaign manager, Tim Moses, serving on the Board of Elections, which oversees the tabulation of votes.

"He recused himself during the hearing, but the Board may still be contaminated with his views," Paschal said.

While it's uncertain if the Justice Department will actually grant the groups' request, voters we talked to had mixed opinions about this step being taken.

"If you've got people to protect you and get it done right then it goes right," said Alma Stringfeller.

"Were I a minority person, I might have some questions too, but I'm not sure if anything of untoward is going on at this point," said Lowell Barnhart.

Federal observers are trained by the Justice Department.

If they came to Augusta, they would watch, listen, and record everything that happens inside the polling places.

They would not be allowed to interfere with the election, but they would prepare a report, and that report would be used in court if there was a challenge.

Federal monitors have never been deployed to Augusta, but they have been sent to dozens of counties over the last few years.

So how long will it be before we know if the justice department will send the monitors.

We probably won't know for a couple of weeks whether the Justice Department will send the monitors. The decision lies with the Attorney General.

Secretary of State Cathy Cox says it will be expensive for extra security on those electronic voting machines.

She submitted a cost plan to the governor for providing paper trails for the electronic ballots.

The estimate is between $19.5 and $75 million for the system.

The state spent $75 million to switch to electronic ballots in 2002.

Lawmaker Questions E-voting Paper Trail (AP-Y)

By David Hammer

AP, September 28, 2006

A House committee chairman and an election official on Thursday punched holes in the notion that paper records will solve the problems with new electronic voting machines.

About a month before voters put their trust in computerized ballots, Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee, subtly mocked the "Got Paper?" catchphrase of activists calling for paper audits of those votes.

Ehlers pointed to a photo of a pollworker in the 2000 Florida recount, his one eye appearing massive as it peered through a magnifying glass at a punch-card ballot.

"You can see this man has 'got paper,'" Ehlers said. "Simply saying let's use paper does not mean the problems go away."

Keith Cunningham, former head of the Ohio Association of County Elections Officials, testified that a recount of Cuyahoga County's voter-verified paper audit trail showed massive failure of the printouts — 10 percent of the receipt-like rolls were missing, blank or unreadable.

"I equate it to planting several hundred acres of wheat with a state-of-the-art machine and then going out and harvesting it by hand like the Amish do," Cunningham said.

Legislation proposed by Rep. Rush Holt, D-N.J., and backed by more than 200 lawmakers would require paper audit trails for all new electronic voting machines. About 39 percent of voters will use electronic ballots and about 41 percent will use paper ballots read by optical scanners in the Nov. 7 elections.

"It must be done this week," Holt wrote in a letter to colleagues. "Voter confidence — both parties — is unraveling."

Activists have filed lawsuits in at least nine states contending the new electronic voting machines are not secure and prone to as many errors as punch cards and other mechanical voting methods.

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Princeton University Professor Edward Felten testified that Diebold Inc.'s computerized voting machines could be easily hacked. He used a generic jukebox key he said he bought on the Internet to break into a Diebold voting machine and change the outcome of a mock election.

Diebold has questioned the methods of Felten's analysis and of the paper trail review in Ohio.

Michael Shamos, a software researcher and Pennsylvania voting examiner, warned against condemning the whole expensive electronic voting system because of some fixable security concerns. He said Holt's legislation would do just that by imposing standards that no electronic voting machines can currently meet.

"If passed in its current form there could be no more electronic voting in this country," Shamos said. "Congress would be in position after spending $3 billion on new voting machines, of spending millions more to replace what it just paid for."

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The House resolution is H.R. 550

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On the Net:

Congress: http://thomas.loc.gov

ANTITRUST:

Congressmen Ask For Delay In BellSouth, AT&T Merger (AP)

By John Dunbar, Associated Press

AP, September 29, 2006

WASHINGTON – The chairman and ranking member of the House Judiciary Committee have asked the Justice Department to delay approval of the merger of AT&T Inc. and BellSouth Corp. until a federal court decides whether two previous mergers were in the public interest.

Committee Chairman James Sensenbrenner, R-Wis., and ranking member John Conyers, D-Mich., sent a letter Thursday to Attorney General Alberto Gonzales asking the department delay its decision until a federal judge rules on the merger of SBC Communications Inc. and the old AT&T Corp., as well as the merger of Verizon Communications Inc. and MCI Inc.

Also Wednesday, Democrats on the Senate Judiciary Committee, Sens. Patrick Leahy of Vermont and Herb Kohl of Wisconsin, wrote a similar letter questioning whether Justice has been approving mergers too hastily, counter to the intent of federal law.

The Justice Department had no immediate comment.

Pols Call For Delay Of AT&T-BellSouth Merger (AJC)

By Scott Leith, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 29, 2006

Two congressmen have asked the Justice Department to slow down a review of the pending merger of AT&T and BellSouth.

The representatives, James Sensenbrenner (R-Wis.) and John Conyers (D-Mich.), sent a letter Wednesday to Attorney General Alberto Gonzales, questioning the possible approval of the AT&T-BellSouth deal before a judge completes his review of two other telecommunications mega-mergers from last year.

The letter, along with one sent to Justice by two senators, was touted Thursday by a group called the Competition Coalition, which opposes the AT&T-BellSouth combination.

The spotlight on the pending deal is intensifying as the Justice Department and the Federal Communications Commission both move closer to approving the merger. AT&T wants to complete its purchase of BellSouth as soon as next month, while opponents want to place certain restrictions on the deal.

The Justice Department must review mergers, and then a court must conduct its own review.

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At the moment, a judge is looking at the approvals of two big mergers from 2005: Verizon Communications-MCI and SBC Communications-AT&T. The review is required under what is known as the Tunney Act.

"The court is examining the sufficiency of proposed remedies intended to alleviate competitive harm," Sensenbrenner and Conyers wrote. "Any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T-BellSouth merger."

AT&T, however, disagrees with requests for the Justice Department to slow down its review of the BellSouth deal to wait for the judge's decision regarding last year's deals.

"We see no reason for a delay," said AT&T spokesman Dave Pacholczyk. "These are different mergers. Our merger with BellSouth is proceeding along a separate path and is not part of the court's review."

The current AT&T was created when SBC Communications of San Antonio bought the old AT&T and took on the famous name.

In a separate letter, senators Patrick Leahy (D-Vt.) and Herb Kohl (D-Wis.) objected to the Justice Department's practice of letting mergers close before Tunney Act review.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," the letter said.

The Justice Department does not comment on pending reviews, as in the AT&T-BellSouth case.

Andrew Schwartzman, a member of the Competition Coalition, supports requests for a delay. "Were the DOJ and FCC to approve the AT&T-BellSouth merger before federal judicial review of prior Bell mergers, this administration will have demonstrated yet again that it has never met a merger it won't approve," Schwartzman said, in a prepared statement.

Last week, FCC Chairman Kevin Martin circulated a plan to approve the AT&T-BellSouth deal without conditions. The FCC's next meeting is currently scheduled for Oct. 12. Typically, the FCC lets the DOJ announce its decision first.

Lawmakers Call For Delay In AT&T/BellSouth Merger (SABIZ)

San Antonio Business Journal, September 29, 2006

The House Judiciary Committee's chairman and ranking member have sent a letter to U.S. Attorney General Alberto Gonzales asking the Justice Department to put off approval of AT&T Inc.'s planned $67 billion acquisition of BellSouth Corp.

The letter asks that the approval be delayed until a federal court can determine if the previous SBC/AT&T and Verizon/MCI mergers are in the public interest.

A 2004 amendment to the Tunney Act requires the court to make this public interest determination, House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) and Ranking Member John Conyers Jr. (D-Mich.) said in the letter.

"In the current Tunney Act proceedings, the court is examining the sufficiency of proposed remedies intended to alleviate competitive harm, particularly in the local private line marketplace associated with the SBC/AT&T and Verizon/MCI mergers," the letter said.

"At the same time, the (Justice) Department is evaluating precisely the same question -- whether a proposed merger would produce competitive harm in the local private line market and what remedies could address this harm -- in the context of the proposed AT&T/BellSouth merger. As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T/BellSouth merger."

The two lawmakers also urged the Justice Department to carefully review the AT&T/BellSouth merger "due to the size and scope of the transaction" and to "mitigate the risk of competitive harm and to ensure that it is consistent with the public interest."

In March, San Antonio-based AT&T (NYSE: T) reported its plans to acquire Atlanta-based BellSouth (NYSE: BLS). The merger also will streamline the ownership and operations of Atlanta-based Cingular Wireless LLC, which AT&T and BellSouth own together.

The new company will be more innovative, nimble and efficient, providing benefits to customers by combining the Cingular, BellSouth and AT&T networks into a single fully integrated wireless and wireline Internet Protocol network that offers a full range of advanced technology, the companies contend.

The AT&T/BellSouth merger only needs approvals from the Justice Department and Federal Communications Commission in order to close. A spokeswoman for AT&T said Thursday the company still expects to clear these regulatory hurdles later this fall.

Lawmakers Seek Delay Of AT&T-BellSouth Deal Review (MRKTWTCH)

By Siobhan Hughes

Market Watch, September 29, 2006

WASHINGTON (MarketWatch) -- Two powerful House lawmakers are asking the Justice Department to postpone a review of AT&T Inc.'s (T) $67 acquisition of BellSouth Corp. (BLS) until a federal judge completes his determination of whether two prior telecommunications mergers are in the public interest.

The letter from House Judiciary Committee Chairman James Sensenbrenner, R-Wis., and Rep. John Conyers, D-Mich., the top Democrat on the panel, may throw a new kink into efforts to speed up a review of the merger. Federal Communications Commission Chairman Kevin Martin has set the stage for an Oct. 12 vote on the transaction, and it had been expected that the Justice Department might issue its own decision before then.

A Justice Department spokeswoman wasn't immediately available to comment.

U.S. District Judge Emmet Sullivan is currently reviewing the mergers of Verizon Communications Inc.'s (VZ) with MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T, under expanded power Congress gave the courts in the Tunney Act of 2004 to more closely scrutinize Justice Department antitrust pacts with companies.

Two groups representing Bell competitors as well as New York Attorney General Eliot Spitzer have challenged the mergers, arguing that the conditions imposed by the Justice Department failed to boost competition.

"As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the Department's review and analysis of the proposed AT&T/BellSouth merger," Sensenbrenner and Conyers wrote to U.S. Attorney General Alberto Gonzales on Sept. 28.

They also said that giving courts the power to review Justice Department approvals "is not only a reasonable request, but a clear directive Congress reaffirmed in its 2004 amendments to the Tunney Act."

Separately, two top Senate Judiciary Committee Democrats wrote Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a Sept. 27 letter. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review."

Leahy and Kohl referred specifically to the Verizon and MCI merger in the letter. A federal judge is reviewing both that merger and the separate merger of SBC Communications and AT&T.

The letter asks Barnett to explain why the Justice Department is allowing some mergers to complete before court reviews are final. The letter doesn't set a deadline, however, for when the antitrust chief must respond.

WASHINGTON (MarketWatch) -- Two powerful House lawmakers are asking the Justice Department to postpone a review of AT&T Inc.'s (T) $67 billion acquisition of BellSouth Corp. (BLS) until a federal judge completes his determination of whether two prior telecommunications mergers are in the public interest.

(In a story published around 12:24 EDT, the amount of the transaction was incorrect.)

(Adds more details from House letter in third paragraph; comment from DOJ spokeswoman in fourth paragraph; FCC chairman's Tuesday comments in 10th paragraph; adds background on internal FCC political situation in 11th paragraph; analyst quote in 12th paragraph; moves section on Senators seeking conditions up to 13th paragraph)

WASHINGTON (MarketWatch) -- Two powerful House lawmakers are asking the Justice Department to postpone a review of AT&T Inc.'s (T) $67 billion acquisition of BellSouth Corp. (BLS) until a federal judge decides whether two prior telecommunications mergers were in the public interest.

The letter from House Judiciary Committee Chairman James Sensenbrenner, R-Wis., and Rep. John Conyers, D-Mich., the top Democrat on the panel, may throw a new kink into efforts to speed up a review of the merger. Federal Communications Commission Chairman Kevin Martin has set the stage for an Oct. 12 vote on the transaction, and it had been expected that the Justice Department might issue its own decision before then.

"We request the Department postpone concluding its examination of the proposed AT&T/BellSouth merger," the lawmakers' letter says.

"We're aware of it and will respond as appropriate," said Gina Talamona, a Justice Department spokeswoman. She declined to provide a timeframe for a response. An FCC official said that Martin had received a copy of the letter and a separate letter from the leaders of the Senate Judiciary Committee, but declined further comment.

U.S. District Judge Emmet Sullivan is currently reviewing the mergers of Verizon Communications Inc.'s (VZ) with MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T, under expanded power Congress gave the courts in the Tunney Act of 2004 to more closely scrutinize Justice Department antitrust pacts with companies.

Two groups representing Bell competitors as well as New York Attorney General Eliot Spitzer have challenged the mergers, arguing that the conditions imposed by the Justice Department failed to boost competition.

"As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the [Justice] Department's review and analysis of the proposed AT&T/BellSouth merger," Sensenbrenner and Conyers wrote to U.S. Attorney General Alberto Gonzales on Thursday.

They also said that giving courts the power to review Justice Department approvals "is not only a reasonable request, but a clear directive Congress reaffirmed in its 2004 amendments to the Tunney Act." FCC Chief Supports Deadline

On Tuesday, the FCC chairman had suggested that sticking to a self-imposed deadline of reviewing mergers within 180 days was more important than allowing the federal judge's review to run its course. Although the Tunney Act doesn't apply to the FCC, its officials and Justice Department officials coordinate on telecommunications mergers, and have been doing so in this case. The Justice Department review typically is concluded first.

"We could stop the clock, obviously, and we don't always make 180 days," Martin told reporters after an FCC meeting on Tuesday. "But that's our goal of trying to and I think it's important for the commission to still continue to try to make that 180 day clock."

Even so, Martin already faces the possibility that he may not have a Republican majority on the five-member FCC to approve the transaction. FCC Commissioner Robert McDowell has indicated he may recuse himself from voting since his previous employer, a trade group for small phone companies, opposes the deal. The result would be to empower the FCC's two Democrats, who are likely to want stricter conditions than those Martin would request.

"The FCC can choose to act however it sees fit, because it's not part of the Tunney act review," said Jessica Zufolo, an analyst at Medley Global Advisors LLC. But the letter "definitely is intended to make the commission pause, and it may cause some consternation in the process at the commission." Senators Want Conditions

Meanwhile, Kohl and another committee member asked the Justice Department and the FCC to consider imposing conditions on the merger. Sen. Mike DeWine, R-Ohio, the top antitrust lawmaker on the judiciary panel, and Kohl said in a letter Thursday that they were concerned about allegations the new company would stockpile the wireless spectrum it controls and keep it out of the hands of competitors, slowing the deployment of broadband wireless technologies known as "Wimax."

"We urge your agencies to carefully examine the market for spectrum, which types of spectrum may be necessary to efficiently and economically provide Wimax service, the impact of this merger on that spectrum market, and any allegations of warehousing, and to take whatever steps are appropriate," their letter says.

The senators also asked the FCC and Justice Department to examine whether AT&T and BellSouth should divest themselves of some so-called local loop facilities in BellSouth's territory in the southeastern U.S.

Two Senate top Senate Judiciary Committee Democrats added to the pressure, writing to Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a letter Wednesday. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review."

Leahy and Kohl referred specifically to the Verizon and MCI merger in the letter. A federal judge is reviewing both that merger and the separate merger of SBC Communications and AT&T.

The letter asks Barnett to explain why the Justice Department is allowing some mergers to complete before court reviews are final. The letter doesn't set a deadline, however, for when the antitrust chief must respond.

-Contact: 201-938-5400

'We Think It Will Pass' (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 29, 2006

WASHINGTON — The House will vote Friday on legislation that would repeal the Wright Amendment in eight years, after leaders changed the bill to conform to a Senate version.

"We've got the support to pass it," Rep. Kay Granger, R-Fort Worth, said. "I'm very happy about it. We think it will pass."

Granger, according to one lawmaker, has more than 300 votes for the bill. That's more than the two-thirds needed to pass bills under "suspension" of the rules, a calendar for typically noncontroversial legislation.

Those bills can't be amended, and House leaders have placed the bill on the suspension calendar to try and assure its passage.

In a bow to the power of the Texas GOP delegation, the House majority leader, John Boehner, R-Ohio, attended the group's weekly lunch Thursday to tell them he scheduled the vote for today.

Boehner worked this week to mollify House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who stripped antitrust immunity from a version of the legislation earlier this month.

The Wright Amendment legislation to be voted on has been changed to include language on antitrust issues negotiated last week by Sen. Kay Bailey Hutchison, R-Texas, and Arlen Specter, R-Pa., the Senate Judiciary Committee chairman. The new version also reinforces safety language.

The Wright Amendment, passed by Congress in the late 1970s to protect Dallas/Fort Worth Airport, restricts most passenger flights at Dallas Love Field to within Texas and several nearby states. Scheduled nonstop and connecting flights beyond that perimeter are prohibited, which critics say hampers competition at Love and keeps airfares high here.

The bill being voted on by the House reflects an agreement reached by Fort Worth, Dallas, American and Southwest airlines and Dallas/Fort Worth Airport in June that would reduce the number of Love's gates to 20 from 32, permit immediate through-ticketing beyond Texas and the eight states covered by existing Love Field limits, and abolish those limits in eight years. After eight years, airlines would be free to fly nonstop domestically from Love.

In modifying the House bill this week, negotiators removed the antitrust language that troubled House and Senate judiciary committee members.

The language said the signers to the agreement were protected "from any competition laws." The new language makes clear that the city of Dallas "shall reduce the number of gates," giving the parties legal cover for acting under congressional direction.

A House-passed bill with the changes should ease the way for passage in the Senate, where Hutchison has been working to get the bill approved.

Sen. Patrick Leahy, D-Vt., has raised questions about antitrust and has placed a hold on the Senate version.

The House and Senate are aiming to recess today for the fall elections, although the Senate could work through the weekend.

The Wright Amendment legislation could fall into a December session of Congress. The local Wright Amendment deal could be voided if Congress doesn't pass it intact before the end of December.

Jamie Loftus, Hutchison's spokesperson, said Hutchison is "still pursuing a unanimous consent option" in the Senate.

"We're still optimistic that we'll get the language passed by the Senate before the recess," said Marc Short, a Hutchison aide.

Meanwhile, American and Southwest airlines attempted to mobilize employees to help. Both airlines sent e-mails to their work forces Thursday, asking them to contact their representatives in Congress.

"You've got 120,000 people who are very involved in this issue," said John Carpenter, vice president of corporate affairs at American. "And they're all voters."

While events unfolded in Washington, the owners of the Legend Airlines terminal at Love Field filed a federal lawsuit against the city of Dallas in an attempt to stop the deal from progressing.

The suit accuses Dallas officials of having violated state open-meetings laws in negotiating the compromise, and asks the court to throw it out.

The suit named the city, Mayor Laura Miller and council members Angela Hunt, Linda Koop, Pauline Medrano, Ron Natinsky, Ed Oakley and Steve Salazar. The defendants were on a committee that negotiated the deal with representatives from Fort Worth, American, Southwest and D/FW.

The suit requested an injunction voiding the compromise and requiring the city to produce minutes and records of meetings held behind closed doors.

The terminal owners have opposed the agreement because the deal would require the city to seize and close the facility's gates. The owners say they were on the verge of a deal to sell the building for $100 million to Pinnacle Airlines, a regional partner of Northwest Airlines, before the Wright compromise was struck.

Dallas officials were not available to comment on the suit late Thursday.

Staff writers Trebor Banstetter and David Wethe contributed to this report.

Officials Make Another Pitch For Wright Compromise (AP)

AP, September 29, 2006

DALLAS - Officials from Dallas and Fort Worth made another pitch Thursday for a compromise on the Wright Amendment to lift restrictions on long-haul flights from Dallas Love Field after eight years, sending a letter to lawmakers in Washington who have expressed concerns about antitrust issues.

An agreement forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth calls for eventually repealing the Wright Amendment and eliminating some gates at Dallas Love Field.

The U.S. House is expected to take up the issue on Friday before recessing for the election break. The compromise is contingent on passage before the end of the year.

Sen. Patrick Leahy, D-Vt., has continued to block the legislation in the Senate over concerns about whether it sidesteps federal antitrust laws.

The letter from Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief as well as attorneys for the two cities said the compromise reached earlier this year is "a sensible solution to a decades-old problem," according to a news release from DFW Airport.

"The cities of Dallas and Fort Worth spearheaded this effort not only to repeal the Wright Amendment and thereby improve air competition, but simultaneously to improve the regional transportation infrastructure serving Dallas and Fort Worth, to stimulate to the greatest extent possible regional economic growth, and to address community concerns about the noise, traffic, and air pollution associated with increased service at these airports," they said in the letter.

In an accompanying letter, DFW board chairman Jan Collmer and other former chairmen said the goal of the legislation is open the North Texas market to more competition, not less. They said they expected $259 million a year in fare savings.

Under the Wright Amendment, flights from Love Field must land in Texas or eight nearby states.

Justice Formally Drops Exelon Case (AP-YBIZ)

AP, September 29, 2006

Justice Drops Exelon Antitrust Case in Wake of Collapse of Acquisition of PSEG

WASHINGTON (AP) -- The Justice Department on Thursday said it has formally moved to dismiss its antitrust case against utility company Exelon Corp. for its purchase of New Jersey utility Public Service Enterprise Group, now that Exelon has given up on the acquisition.

Chicago-based Exelon sought to purchase Newark-based PSEG in a $17 billion deal announced in December 2004, but the acquisition fell apart in the face of opposition from New Jersey's utilities regulators. Exelon announced Sept. 14 that the two companies had dropped their plans to merge.

Justice approved the merger in June, but only on condition that Exelon sell six power plants. Those conditions were set out in a proposed settlement to an antitrust lawsuit the department had filed, but has now filed notice to dismiss.

Shares of Exelon finished down 40 cents, at $61.30 on the New York Stock Exchange. PSEG shares closed down 49 cents, at $61.63 on the NYSE.

West Penn Tries To Stop UPMC's Mercy Deal (PPG)

By Christopher Snowbeck

Pittsburgh Post-Gazette, September 29, 2006

The head of the region's second-largest health system is moving aggressively to try to block the merger of University of Pittsburgh Medical Center and Mercy Hospital, raising concerns with the U.S. Justice Department, the state attorney general and others.

The moves by Jerry J. Fedele, chief executive officer of West Penn Allegheny Health System, come as questions swirl about what a merger, announced a week ago, would mean for health care costs in the region.

Mr. Fedele argues that a merger would further UPMC's goal of creating a health care monopoly that would drive up costs by using its market share to demand better reimbursements from health insurers like Highmark Inc.

UPMC officials would not directly respond to the charge, but said they pursued the merger as a way to save the county's last Catholic hospital. The merger, which Mercy officials have said was initiated by them, primarily would benefit UPMC by giving the health system room for a needed expansion of hospital services.

Still, concerns remain about the cost impact of the merger, which Mercy and UPMC officials hope to conclude by the end of the year if they successfully clear a barrage of regulatory and other hurdles, including approval from Rome.

A report being released today by the Pennsylvania Health Care Cost Containment Council notes that charges for patients treated at UPMC's Presbyterian and Shadyside hospitals are consistently and considerably higher than the charges at Mercy.

For example, the study finds that UPMC Presbyterian Shadyside charges anywhere from 37 percent to 92 percent more than Mercy for patients with any of 30 common diagnoses.

Insurance companies rarely pay the sticker prices, which is what the report measured, acknowledged Christine Whipple, executive director of the local employer coalition Pittsburgh Business Group on Health.

So it would be wrong, she said, to suggest the spread in charges between UPMC and other hospitals precisely mirrors the difference in payments received by the hospitals.

But the report does raise questions, she said, about why the gap in charges is so large; whether the addition of Mercy to the UPMC stable might widen the spread between UPMC and other hospitals; and whether having UPMC control that much more of the market might drive costs up further.

"We have a highly concentrated market as it is," Ms. Whipple said.

"To continue to highly concentrate that market -- does that have the possibility of making someone too strong, or an entity so big that it can start to set prices?"

For now, the lack of transparency in what hospitals are paid by health insurers makes it difficult to judge the competing claims that have been made by Mr. Fedele and Robert Cindrich, UPMC's chief legal counsel.

Both have suggested that their advanced or "tertiary" hospitals receive lower reimbursements from Highmark than their competitor gets for providing the same service.

Mr. Cindrich has said he believes Mercy Hospital's reimbursements are better than UPMC's, as well.

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That claim is doubted by some members of the business community, who question why insurers other than Highmark that have Mercy in their networks have had such trouble negotiating contracts to add UPMC Presbyterian and Shadyside.

Highmark, for its part, does not release information about payment rates to the hospitals, which means the cost containment council had to base its findings on the reported sticker prices for various procedures, not on the reimbursements the hospitals actually got.

Still, Michael Weinstein, a spokesman for the insurer, said the proposed merger would have no impact on the reimbursements received by UPMC because the two parties are operating under a 10-year contract that won't expire until 2012.

Beyond that, it's not clear what impact the merger might have, he said. "There are too many variables to know what impact hospital and health system consolidations have on a market place."

The report on hospital charges, which is being released today, notes that patients with respiratory failure who needed mechanical ventilation at UPMC Presbyterian Shadyside between October 2004 and September 2005 faced average charges of $95,676. Patients with the same diagnosis at Mercy saw average charges of $54,494.

The council's report also notes that on average, hospitals in southwestern Pennsylvania received about 33 cents overall in net patient revenue for every dollar they actually charged.

While UPMC's charges might look high compared with Mercy, they're not as high as charges at academic medical centers in Philadelphia, said UPMC spokeswoman Wendy Zellner.

"The charge for an abnormal heartbeat case is $80,394 at Temple University Hospital vs. $27,505 at UPMC Presbyterian Shadyside," she said. "As a major academic medical center, we typically are treating the sickest patients and the most complex cases, which is reflected in those charges."

One things seems beyond dispute: A merger with Mercy would make UPMC bigger.

Pennsylvania Department of Health statistics indicate that as of June 2005, UPMC controlled 2,410 staffed hospital beds in Allegheny County -- 42.9 percent of the countywide total. Adding Mercy's beds would have given UPMC a majority -- 52.2 percent.

UPMC also controls the county's two premier specialty hospitals -- Children's Hospital of Pittsburgh, which had 260 staffed beds last year, and Magee-Womens Hospital, which had 223 staffed beds. Taking those beds into account, UPMC would have controlled about 56 percent of all staffed beds in the county.

Considering UPMC's size in the market already, Mr. Fedele, the West Penn Allegheny chief, said leaders of Mercy Hospital had an obligation to undergo a more thorough process in finding a merger partner.

"Mercy Hospital is a terribly important community asset," he said. "To say, 'We've decided we're going to cease doing business as Mercy Hospital' and default to the largest alternative that increases UPMC's quest for a monopoly, I think is inappropriate."

(Christopher Snowbeck can be reached at csnowbeck@post-gazette.com or 412-263-2625.)

West Penn Chief Blasts UPMC-Mercy Merger (PTR)

By Luis Fabregas

Pittsburgh Tribune-Review, September 29, 2006

The top executive at West Penn Allegheny Health System on Thursday called on employers, insurers and regulators to challenge the recently announced merger between Mercy Hospital and University of Pittsburgh Medical Center.

"This is a bad transaction," Jerry J. Fedele, president of West Penn Allegheny Health System said in an interview. "It's clear that they (UPMC) have a strategy of putting every competitor out of business."

In his first public comments about the merger, Fedele called the UPMC-Mercy deal "another step in UPMC's march toward monopoly" that could deteriorate quality, increase costs and limit choice for patients.

UPMC, which recently posted record profits of more than half a billion dollars, controls nearly half the hospital market in Allegheny County. Its $120 million merger with Mercy, which was announced Sept. 20, could be completed by year's end.

Under terms of the proposal, UPMC will take over operations of Mercy Hospital and Mercy Primary Care -- the hospital's employed physician practices. But other parts of the system, such as Mercy Behavioral Health and Mercy Jeannette Hospital in Westmoreland County, will remain under the direction of the Pittsburgh Mercy Health System.

Fedele said he has sent letters expressing his opposition to the U.S. Department of Justice, the Federal Trade Commission and the Pennsylvania Attorney General and expects to meet with those regulators in the next several weeks.

UPMC would not respond to Fedele's comments and instead issued a written statement from chief counsel Robert Cindrich.

"Although UPMC rarely hesitates to engage its competitors, we do not view this as an adversarial situation between UPMC and WPAHS," Cindrich wrote. "Rather, the heart of this matter is simply that UPMC, along with other key charitable organizations, have come together to insure the survival of Mercy Hospital, a valued community asset, and to preserve the important mission of the Sisters of Mercy."

It is unclear whether West Penn Allegheny's objections will get the government's attention, experts say.

"The FTC tends to place less weight on the views of the competitors," said Mike Cowie, a former FTC antitrust specialist who headed the agency's task force on hospital mergers. "It tends to place more weight on the views of customers."

Those customers are the payers who negotiate prices with hospitals on behalf of employers. The dominant private payer in Western Pennsylvania is Highmark Inc., which insures about 3.1 million people.

Highmark officials have said they support the UPMC-Mercy deal because it will preserve the choice of having a faith-based hospital in Pittsburgh four years after the loss of St. Francis Medical Center in Lawrenceville.

Fedele would not comment about Highmark's position, but said the merger will not preserve choice because UPMC will make fundamental changes to Mercy.

"To acquire a losing institution and maintain it without fundamental changes doesn't make sense," he said. "They're not acquiring it to maintain choice and lose $42 million a year. This is not about maintaining choice. This is a further erosion of choice in this market."

Only eight of about 900 hospital mergers in the U.S. since 1994 have been challenged by state and federal antitrust enforcers, according to a July 2004 report from the FTC and the Department Justice.

Federal agencies lost seven of those cases in a row, with only the most recent one -- in October 2005 -- resulting in a federal judge ordering the undoing of a two-hospital merger in northern Chicago.

That recent victory is under appeal, said FTC spokesman Mitch Katz.

But even if the Illinois case winds up an unsuccessful challenge, the court's initial decision could be a sign that the FTC is getting better at scrutinizing hospital mergers, Cowie said.

"The FTC has updated its thinking," he said, noting that the FTC is using better tools to analyze an organization's geographic market. "I wouldn't say they are more aggressive, but they have more current thinking."

The West Penn Allegheny network, which includes Allegheny General, West Penn and four other hospitals, is expected to post its third consecutive year of profits for the fiscal year that ended June 30, Fedele said.

But even then, Fedele worries that UPMC may inflict damage on West Penn Allegheny by luring away West Penn Allegheny doctors with bigger paychecks.

"They will state explicitly to those physicians that they want to damage our hospitals and put them out of business," he said.

Fedele said the UPMC-Mercy pact could have broader implications: It may become harder for the region to lure new business if there isn't a more competitive health care market. And he said health care professionals will find themselves unable to advance their careers because there will be no work alternatives.

"The facts tell a story that should be of great concern to the community and of great concern to the regulators," he said.

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ENVIRONMENT:

Company Acts In Outbreak From Spinach (NYT)

By Libby Sander

The New York Times, September 29, 2006

DOJ_NMG_0070968

The California produce company at the center of the recent E. coli outbreak announced steps yesterday to improve its food safety inspections and said it would offer to pay the out-of-pocket medical costs for those made ill.

The company, Natural Selection Foods, based in San Juan Bautista, Calif., processes fresh spinach for more than two dozen brands, including Earthbound Farm, Dole and Ready Pac. Government officials have found that several bags of Dole spinach that proved positive for the bacteria had been packed by Natural Selection, which on Sept. 15 recalled all its bagged spinach with "use by" dates of Aug. 17 through Oct. 1.

There has been no finding, however, that the spinach was contaminated at the company's plant rather than earlier, in the fields where it was grown.

In fact, Charles Sweat, the company's chief operating officer, said tests conducted by the Food and Drug Administration and the California Department of Health Services had found no E. coli contamination at the Natural Selection plant.

But neither the F.D.A. nor the state agency would confirm Mr. Sweat's statement.

"We have not completed the inspection of the firm," Julie Zawisza, an F.D.A. spokeswoman, said in an e-mail message late yesterday. "The investigation of the fields and farms is ongoing."

Dr. Kevin Reilly of the California Department of Health Services implied that the Natural Selection announcement might have been premature. "We have not cleared any processing plants at this point," he said.

The E. coli outbreak has sickened 187 people in 26 states, killing one. So far, Natural Selection faces federal lawsuits in Oregon, Utah and Wisconsin on behalf of victims, but a company spokeswoman, Samantha Cabaluna, said the offer to reimburse for medical expenses was in no way part of a strategy to fend off legal action.

Of the company's new safety inspections, Mr. Sweat said there would be tests of all raw produce coming into the plant from the growers' fields, similar to the method used in the beef processing industry to screen for contaminated products.

Clean Air, Murky Precedent (NYT)

By William Sweet

The New York Times, September 29, 2006

ON Wednesday, Gov. Arnold Schwarzenegger of California signed a bold bill pledging the state to cut its greenhouse gas emissions 25 percent by 2020. It was refreshing to hear a politician of national stature explain, with an air of true conviction, why global warming is an urgent problem. "It creeps up on you," he told ABC News, the day he said he would sign the bill. "And then all of a sudden, it is too late to do something about it. ... We don't want to go there."

Just so. For the last nine years, since the United States refused to join in the Kyoto program to reduce greenhouse gas emissions, the country has acted in stubborn defiance of the obvious facts. Thus California is setting the country an admirable example. But there are a couple of worrisome aspects to the initiative: one is a possible reaction against greenhouse reductions elsewhere in America should California fail to meet its goals; the second is the question of whether this approach, even if successful, has much relevance for the rest of the country.

The new bill gives the California Air Resources Board, the state's air-quality watchdog, sweeping powers to create and put in place a plan to slash the state's greenhouse gas emissions back to 1990 levels. Although that still falls short of what the Kyoto Protocol asked of the United States — a cut to 7 percent below 1990 levels —the bill's objectives are formidable enough.

Working with other state agencies and building on a wide variety of regulations already in place, the board is in effect authorized to set rules for everything from making plastics to toasting English muffins. No doubt the plan will include stricter energy standards for residential and commercial construction, emissions caps for major industries like electric power and petrochemicals, and new practices for farmers. Inevitably, stricter limits on motor vehicles, which account for about 40 percent of the state's greenhouse gas emissions, will be a big part of the program.

Those involved in formulating the new law express confidence that its strategy is workable, based as it is on proved technologies identified by a climate panel that reported to Mr. Schwarzenegger this year.

But, paradoxically, the plan is threatened by California's previous success on the issue. The state is a world leader in green technologies, and the progress it has already made in constraining its emissions will make it harder in some ways to achieve even greater advances. Its per capita consumption of electricity and gasoline already are much lower than the national average

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— its annual per capita electricity use is less than 8,000 kilowatt/hours, while the country's is greater than 12,000. It is one of the nation's leading wind energy producers, and has the country's most ambitious solar roofs program.

The United States as a whole gets about half its electricity from coal, the most carbon-intense of fuels, and coal generation accounts for more than a third of its greenhouse gas emissions. So if the United States decided to get with the Kyoto program, it could comply just by replacing half its coal-fired plants with proven low-carbon sources like wind, natural gas and nuclear energy. A simple tax on carbon emissions or a national cap-and-trade system could get the job done.

In California, however, most electricity already comes from relatively low-carbon sources — there are no coal-fired plants in the state — so the burden of cutting the state's greenhouse gases necessarily falls on widely dispersed activities: cars, manufacturing, buildings, appliances.

That means that the air board will have to issue a huge number of very complicated regulations, which will set the stage for industrial interests and free-market advocates to mount a sustained counterattack on the whole idea of the bill. The argument that the bill puts California at a disadvantage economically will be a powerful weapon in their hands.

Supporters of the plan like Devra Wang, the director of energy research at the Natural Resources Defense Council in San Francisco, feel that political motivation can be sustained. She points out that the greenhouse bill had strong support from the leaders of both parties, and that the air board has a record of making good decisions based on science.

But the air board's record of trying to force the adoption of zero-emission cars in California does not inspire much confidence. Its efforts to make automakers provide lower-carbon vehicles, which began with a 2002 law, are tied up in federal court.

Even if California's program overcomes these obstacles and cuts emissions radically, its approach to doing the job is not likely to be a model for other states. What is more, there's a danger that failure could be taken incorrectly as proof that the job of radically cutting emissions cannot be done at all. Its goals may well be too ambitious for the state to meet, and be based on a flawed premise that greenhouse gas control can be done ad hoc and state by state.

No matter what happens, the end message will surely be that there's no real substitute for concerted national action. Simply put, though California deserves praise for attacking the climate problem head on, it may be trying to do too much on its own.

More Comfort For The Comfortable (NYT)

The New York Times, September 29, 2006

Congress, which has done so little this session to address the nation's real problems, is expected to vote today on a deeply misguided giveaway for big real estate developers. The bill would create new property rights that could in many cases make it difficult, if not impossible, for local governments to stop property owners from using their land in socially destructive ways. It should be defeated.

The Private Property Rights Implementation Act would make it easier for developers challenging zoning decisions to bypass state courts and go to federal court, even if there was not a legitimate federal constitutional question. Zoning regulations are quintessentially local decisions. This bill would cast this tradition aside, and involve the federal government in issues like building density and lot sizes.

The bill would also make it easier for developers to sue when zoning decisions diminished the value of their property. Most zoning does that. Developers would make more money if they could cram more houses on small lots, build skyscrapers 200 stories tall, or develop on endangered wetlands. The bill would help developers claim monetary compensation for run-of-the-mill zoning decisions on matters like these. It would also make it easier for them to intimidate local zoning authorities by threatening to run to federal court.

Zoning is not an attack on property rights. It is an important government function, and most Americans appreciate that it helps keep their own neighborhoods from becoming more crowded, polluted and dangerous. If more people knew the details of this bill, there would be wide opposition. As it is, attorneys general from more than 30 states, of both parties, have joined the U.S. Conference of Mayors, the National Conference of State Legislatures and leading environmental groups in opposing it.

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The bill does a lot of things its supporters claim to abhor. House Republicans were elected on a commitment to states' rights and local autonomy, and opposition to excessive litigation and meddling federal judges. It is remarkable how quickly they have pushed these principles aside to come to the aid of big developers.

Take It Back (WP)

The Washington Post, September 29, 2006

THE HOUSE of Representatives is scheduled to take up today a terrible piece of legislation designed to strengthen the hands of developers in their battles with government. Congress considered and rejected a similar bill in 1997 and again in 2000. Now it's back -- only worse.

The bill deals with legal claims under the "takings" doctrine -- a requirement of the Fifth Amendment under which government has to compensate property holders when it seizes their land. Under current law, landowners must give local governments a chance to resolve such disputes and state courts a fair chance to adjudicate them before bringing the federal courts into the picture. The House bill would let developers make federal courts their first stop. This would give developers a big club to wield over local policymakers, gum up the federal courts with local land-use disputes, and diminish the rightful autonomy of state and local governments on the most local of questions.

Then -- and here's where this year's bill is even worse than its predecessors -- the substantive rules concerning takings and other constitutional challenges to land-use regulations also would be changed in developers' favor. Right now, federal courts are leery of such challenges in land-use cases, generally deferring to local authorities. Under this proposal, however, they would have to invalidate as a violation of due process any local decision that was "arbitrary, capricious, [or] an abuse of discretion." The bill, in short, would make it easier for landowners to get into court and, once there, easier to block regulations or to demand payment for compliance with them.

Conservatives often style themselves as champions of federalism, and some conservative judges -- including Justice Samuel A. Alito Jr. while he served on the U.S. Court of Appeals for the 3rd Circuit -- have taken principled stands on preserving local authority over land use. In 1994, Judge Frank H. Easterbrook of the 7th Circuit wrote in frustration: "Federal courts are not boards of zoning appeals. This message, oft-repeated, has not penetrated the consciousness of property owners. . . ." It's time for it to penetrate the consciousness of members of Congress.

FBI/DEA/ATF/USMS:

2 Colombians Guilty Of U.S. Drug Charges (AP)

By Curt Anderson, Associated Press Writer

AP, September 29, 2006

MIAMI --Two members of Colombia's largest rebel group pleaded guilty Thursday to federal drug conspiracy charges, the first from the organization known as FARC to be convicted of narcotics trafficking in the United States, prosecutors said.

Cesar Augusto Perez-Parra, 43, and Farouk Shaikh-Reyes, 41, pleaded guilty to charges that they plotted to smuggle more than 4,400 pounds of cocaine about once a month from Colombia to Miami. They were arrested last year before they could import any of the drugs, said U.S. Attorney R. Alexander Acosta.

Both were associates of the Revolutionary Armed Forces of Colombia, or FARC, which is designated as a terrorist organization by the U.S. and European Union. Dozens of other FARC members have been indicted on drug trafficking charges, but Perez-Parra and Shaikh-Reyes are the first to be convicted in the U.S., Acosta said.

FARC is believed responsible for more than half of the U.S. cocaine supply.

The guilty pleas, coming on the heels of this week's conviction and sentencing in Miami of the two brothers who founded Colombia's Cali cocaine cartel, demonstrate that U.S. law enforcement officials are not easing up efforts to staunch the flow of the drug, Acosta said.

"With the death of the cartels, U.S. law enforcement has not walked away from Colombia," he said.

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The suspected supervisor of the two men who pleaded guilty, Ferney Tovar-Parra, is in custody in Colombia and is awaiting extradition to face similar charges in Miami. He is accused of overseeing FARC coca fields and laboratories and of collecting "taxes and fees" for much of the group's cocaine industry.

Perez-Parra and Shaikh-Reyes could face several decades in prison when sentenced in January by U.S. District Judge K. Michael Moore.

FARC, created in 1964 and dedicated to overthrowing Colombia's government, boasts as many as 20,000 armed guerrillas whom U.S. officials and Colombian officials blame for bombings, murders, kidnappings, hijackings and other violent acts in addition to the drug trade. U.S. prosecutors say FARC uses drug proceeds to purchase weapons.

Gilberto and Miguel Rodriguez Orejuela were sentenced this week to 30 years in prison and ordered to forfeit $2.1 billion in assets after pleading guilty to drug charges stemming from operation of the Cali cartel. That cartel once supplied 80 percent of the world's cocaine but is now essentially defunct.

Feds Consider Death Penalty In Red River Valley Drug Killing (AP)

By Dave Kolpack

AP, September 29, 2006

FARGO, N.D. - Attorneys on Thursday were discussing whether to seek the death penalty against a man accused in a Red River Valley drug killing. In a separate case, the victim's mother, charged with conspiracy, was sentenced to life in prison.

U.S. Attorney Drew Wrigley said he has a Monday deadline to tell a federal judge whether his office will seek the death penalty for Michael Petzold in the shooting death of Lee Avila, 28, of East Grand Forks, Minn.

"I wouldn't call it a fever pitch, but there's a sense of urgency on all sides today," Wrigley said Thursday.

The prosecutor said he had filed his sentencing recommendations with the Justice Department but would not say what it was. A decision to seek the death penalty would be a first in North Dakota for a drug-related crime, he said. The state does not have the death penalty, but it is allowed in federal cases.

A federal jury last week sentenced convicted sex offender Alfonso Rodriguez Jr. to death for kidnapping resulting in the death of University of North Dakota student Dru Sjodin. It was the first death penalty case in North Dakota in nearly 100 years.

Petzold, of Norfolk, Neb., is charged with murder in furtherance of a continuing criminal enterprise. Police said they got a 911 call and found Avila shot to death in East Grand Forks on June 30, 2005. They said Avila had earlier criminal convictions and his death was the result of a drug dispute.

Avila's mother, Francisca Avila Vargas, was sentenced Thursday to life in prison without parole for her roles in a drug distribution ring in the Red River Valley.

A federal jury found Avila Vargas, of St. Paul, Minn., and Miquel Garcia, of Perley, Minn., guilty on May 23 of conspiring to distribute controlled substances and operating a continuing criminal enterprise. Police said Avila Vargas, 45, also known as "Poncha" and "Mama," supplied more than 30 pounds of methamphetamine to an organization in Fargo.

Garcia was convicted of distributing drugs. He also was sentenced to life in prison.

"This case is another example that repeat drug traffickers will be dealt with in an aggressive manner," said Assistant U.S. Attorney Chris Myers, who prosecuted the case.

Avila Vargas and Petzold were indicted in January along with four others in a separate case stemming from Avila's death. Investigators said Petzold was the leader of a drug ring that brought large amounts of methamphetamine, cocaine and marijuana from Mexico to the area over several years. His trial is scheduled for January.

Avila Vargas was not charged directly with her son's death, but she was charged with conspiracy in the case.

Wrigley said he will meet the deadline to notify U.S. District Judge Ralph Erickson on the death penalty recommendation.

"We will notify the court on Monday, unless we had to request an extension of that," Wrigley said. Extending the deadline is "not my preference at this point," he said.

Authorities Keep Watch For Secret Meth Labs (HA)

Honolulu Advertiser, September 28, 2006

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As the amount of methamphetamine coming into Hawai'i dwindles, law enforcement agencies are closely watching for the possible spread of secret laboratories used by dealers to dilute the illegal drug.

Dealers build labs to double or triple the volume of the methamphetamine they have, sacrificing the drug's purity in the process. The methods used to "step on" or "cut" the drug involve volatile chemicals, heat and combustible concoctions that leave toxic residue and create harmful fumes.

"Even if there is only one or two (labs) on this island, if they have a toxic spill or bury it underground, it can get into the water and wreak havoc," said Keith Kamita, chief of the narcotics enforcement division for the Department of Public Safety.

In response to the possible increase in lab activity, the state Department of Health this week released rules meant to govern the recognition and cleanup of clandestine drug laboratories. Most of the meth laboratories that are seized in Hawai'i are small "conversion" laboratories capable of manufacturing ounce quantities out of small amounts of pure methamphetamine, according to the U.S. Drug Enforcement Administration.

"Proliferation (of labs) is always a concern; there are some nasty things there," said Laurence Lau, DOH deputy director for environmental health. "Like people say about hurricanes, we may not have the numbers, but one can ruin your day or year. We're trying to provide guidance for cleanups ... and to let people know what procedures to follow."

Fumes and residue from the labs saturate carpets and other surfaces, exposing unsuspecting tenants to hazardous chemicals. Runoff from labs can contaminate soil and groundwater.

DECLINE IN POTENCY

The ice being taken off the streets in Hawai'i is half as potent as that of three years ago, with purity levels between 40 percent and 45 percent, compared with 90 percent to 98 percent in 2003, authorities said.

Ice arrests are headed toward a four-year low, and laws restricting access to methamphetamine's key component, pseudoephedrine, have cut the supply.

With less pure methamphetamine coming in from foreign countries and the Mainland, law officers are concerned dealers are going to build labs to create their own product or maximize their smuggled supply.

Law enforcement officials say that just because a slew of labs haven't been found, it doesn't mean they aren't out there. The cost to clean a drug lab is between $2,000 and $10,000, according to law enforcement and environmental services technicians.

Producing one pound of methamphetamine leaves 5 or 6 pounds of toxic waste.

"It's a danger; there is a real danger in the labs," said Larry Burnett, director of the Hawai'i High Intensity Drug Trafficking Area, a partnership of federal, state and county law enforcement agencies. "Every pound of product creates 5 to 7 pounds of waste, and here we have a fragile ecosystem."

NEW LAWS

Kamita hopes that laws put in place in the last year will deter would-be chemists from cooking up meth.

On Oct. 1, a law will take effect that limits consumers without a prescription to 3.6 grams or about one package of pseudoephedrine medicine a day and 9 grams or three packages a month. Consumers also will have to show identification and sign a log that may be examined by law officers.

Retailers will be required to put pseudoephedrine products behind the counter or in locked display cases. The new law mirrors federal pseudoephedrine controls added to the USA Patriot Act this year.

The Honolulu Police Department's clandestine laboratory unit makes use of two full-time officers dedicated solely to locating and taking down drug labs. Other officers within the narcotics/vice unit also have drug lab training, and the unit works jointly with the Hawai'i High Intensity Drug Trafficking Area, the DEA and state narcotics enforcement officers.

"The law enforcement community will continue to monitor the clandestine lab situation in Hawai'i. We are all aware of the dangers clandestine labs can cause to the public and the environment," said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. "It is equally important for the public to contact law enforcement if the existence of a clandestine lab is suspected."

U.S. Aims To Financially Impair Suspects (AP)

By The Associated Press

DOJ_NMG_0070973

AP, September 28, 2006

WASHINGTON (AP) --The Bush administration moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror.

The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them.

Six of the nine people suspected of links to the Revolutionary Armed Forces of Colombia were indicted by a federal court in Washington as part of a narcotics conspiracy, the department said. Those six were: Jose Juvenal Velandia, Jose Lisandro Lascarro, Alvaro Alfonso Serpa Diaz, Gener Garcia Molina, Gerardo Antonio Aguilar Ramirez and Gentil Alvis Patino.

Also designated was Ferney Tovar Parra, described as a member of the Colombian group, who has been indicted on federal drug trafficking charges in the Southern District of Florida, the department said.

Rodrigo Granda Escobar, an international representative for the Colombian group, and Jesus Emilio Carvajalino, a member of the group's governing body, also were designated, according to the department.

The group also is known by FARC, the acronym for its Spanish name Fuerzas Armadas Revolucionarias de Colombia.

"Today's action exposes key figures in the violent underworld of the FARC, one of the world's largest suppliers of cocaine and a notorious Colombian terrorist organization," said Adam Szubin, director of the Treasury Department's Office of Foreign Assets Control.

Separately, the department acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug trafficking outlet.

The targeted companies are the Tijuana real-estate firms Playa Mar S.A. de C.V; Inmobiliaria Esparta S.A. de C.V.; Inmobiliaria La Provincia S.A. de C.V.; Inmobiliaria Estado 29 S.A. de C.V.; and Inmobiliaria Tijuana Costa S.A. de C.V.

The people targeted included "long-term financial associates" of Aguirre Galindo, including Alberto Afredo Valencia Martinez, Urbano Hernandez Somero and Aguirre Galindo's son, Manuel Francisco Aguirre Ramos, the department said.

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On the Net:

OFAC: http://www.ustreas.gov/offices/enforcement/ofac/

Feds Sue Utah Couple Over Faked Cancer (SLT)

Salt Lake Tribune, September 28, 2006

Tania Clark's plea to her husband's supervisors at the U.S. Drug Enforcement Agency was so convincing, the DEA paid the family's moving expenses from Texas to Utah so she could be close to loved ones as she battled cancer.

Now that it's known she faked her illness, the feds want their money back.

In a lawsuit filed Wednesday in U.S. District Court, the DEA accuses Tania and Jeff James Clark of making false claims. The agency is seeking triple the amount it shelled out - or $143,418 - and $10,000 for each false claim the couple allegedly made.

The agency was sympathetic to the family at one time. In an emotional letter, Tania Clark described her struggle with cancer and the burden taken on by her husband, DEA agent Jeff Clark.

"Jeff was left to pick up all the pieces dropped by the rest of us when my illness was diagnosed," Tania Clark wrote in 2001. "Meals, shopping, kids, bills and housework all had to be juggled as he tried to manage his own job and our house and provide all of us with the reassurance we badly needed." Based on that plea and a letter purportedly from a Texas doctor, the DEA paid $47,806 to move the Clarks from Houston to West Jordan, where they could be close to family. Once in Utah,

Advertisement

Tania Clark also collected thousands of dollars from friends and neighbors by pretending to need a bone marrow transplant. Her story began to fall apart when an article in the weekly South Valley Journal prompted an e-mail from her sister, who said Clark could not be trusted.

An investigation showed that Clark had never been a patient at M.D. Anderson Cancer Center in Houston or the Huntsman Cancer Institute, where she had claimed to be receiving treatment. And no person with the name of the doctor who supposedly treated the woman in Texas had ever practiced medicine at Anderson.

Tania Clark was sentenced last year in a state court to 30 days in jail and ordered to pay restitution to the contributors to her transplant fund. Charges against her husband, who insisted he also had been duped, were dropped.

Rethinking Plan Colombia: Some Ways To Fix It (CSM)

By Danna Harman

The Christian Science Monitor, September 29, 2006

BOGOTÁ, COLOMBIA

The Colombian soldiers look young. A little disinterested, perhaps. Or maybe just scared. One by one, they politely stand in the spare courtroom and state their names and ranks. They are charged with planning and carrying out the murder of 10 US-trained counternarcotic policemen and a civilian - at the behest of narcotraffickers.

But this is simply a preliminary hearing. More than four months after the May 22 massacre in Jamundí, the prosecution of this high-profile case has barely begun.

Oscar Hurtado, the civilian judge tapped in June, passed the case to a military tribunal in July: "I'm not going to risk my life," he explained. "I feel threatened ... there are no guarantees of my security."

In August, the Attorney General's office angrily sent the case back to Judge Hurtado - who proceeded to check into the hospital, citing heart-related problems.

"This fits squarely with an ongoing pattern of impunity," says Maria McFarland, Human Rights Watch's Colombia researcher. "For years, the Colombian military has had problems with committing human rights abuses ... and it's extremely rare for anyone to get arrested or prosecuted."

Local papers are already dubbing Jamundí another Guaitarilla, in reference to a southwestern town where seven police officers and four civilians were shot dead by the Colombian military in March 2004. In that case, evidence was destroyed, the facts were never aired in civilian court, and the accused soldiers were eventually absolved by a military court.

* * *

But in Washington, Jamundí continues to resonate, giving ammunition to those who say that Plan Colombia, the US' six-year $4.7 billion program to fight the drug trade, needs a serious overhaul.

"The US has to stop being a cheap date ... doing everything and expecting nothing in return," fumes Rep. Jim McGovern (D) of Massachusetts. "We are sending billions of dollars to bankroll the Colombian military and are being told everything is terrific. And then bang, this happens. Where is the outrage?"

Congressman McGovern sees Jamundí as indicative of a much larger, institutional problem. "Just how far have the drug mafias penetrated the military? Just how cowered are the courts?" he asks. "All the money we have sent down there has basically not worked."

Right after the massacre, McGovern proposed cutting US aid to Colombia's military and police next year - expected to be over $700 million - by $30 million, a symbolic gesture. The proposal failed, but 174 congressmen supported it.

Meanwhile, the Senate appropriations committee has balked at the State Department's certification of Plan Colombia monies this year - a certification that came three days after the massacre and did not mention it. The committee continues to withhold its support for the funding, a portion of which is supposed to be tied to human-rights practices, until it receives satisfactory explanations for what happened in Jamundí and in several other reported cases of abuse and corruption.

"The White House insists it is winning the war against drugs. Those boasts fly in the face of the facts, but the White House would rather stick to a flawed plan than to admit that their approach isn't working and to fix it," says committee member Sen. Patrick Leahy (D) of Vermont. "Congressional oversight ... has been sorely lacking," he says. "It is past time for an honest reassessment of Plan Colombia."

* * *

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Reevaluating Plan Colombia, say critics, requires a look at the priorities set by Washington that shape the way the war against drugs is waged. When experts and politicians are asked what changes might yield better results, the responses often divide into two different approaches.

The first is the school of alternative development. Sandro Calvani, director of the UN's office on Drugs and Crime in Colombia (UNODC) argues that Plan Colombia's heavy focus on aerial spraying needs to be supplemented with increased efforts to deal with the social and economic roots of Colombia's coca industry. Specifically, he wants the US and others in the international community to offer strategies - and funds - for rural development that would ensure alternative livelihoods for poor farmers who face destruction of their chief cash crop.

"Why do Colombians go back to replanting coca? Because it's easy, and no one talks to them about doing something else," says Mr. Calvani. The alternative development programs that have been attempted, he says, show clear, impressive results. A UNODC survey released in June shows that 70 percent of the fields eradicated through Plan Colombia are replanted. But if farmers receive alternative development assistance, states Calvani, the percentage of coca fields replanted dives to 3 percent. They're replaced with coffee, hearts of palm, and red beans. "Once coca peasants live on licit crops for one year, they never go back to the illicit economy," he says.

Pablo Casas, a security expert at the Bogotá-based Security and Democracy foundation, says aerial spraying also comes at the expense of combating the criminal structure higher up. "Eradication targets the smallest cogs in the machine," he says, "We need to focus on the money laundering businesses, on attacking the imports of cocaine precursors into Colombia, on intercepting the final product, and on weeding out corruption." Targeting the farmers and failing to provide them with alternatives is not only an opportunity cost, he argues, it is counterproductive, causing greater poverty and displacement.

Some $1.2 billion has been spent directly on eradication between 2000 and 2005, but alternative development projects have garnered $213 million in the same period. "When it comes to fighting drugs, there is no real division of the pie," says Calvani. "Practically the entire pie is used for interdiction ... and anything else gets thrown a cookie."

White House drug czar John Walters replies that security must be established in an area first. "Alternative development is most effective when conditioned on a police presence," he says.

At a Congressional hearing in Washington last week, House Republicans noted the rising cocaine use in Europe, and called for European governments to engage more in Colombia's drug fight. Rep. Dan Burton (R) of Indiana said Europe needs to fulfill its pledges of "soft-side assistance."

Europe says it opposes aerial eradication on environmental grounds and extols the alternative development option. "The US does not have enough faith in alternative development, and the Europeans have faith, but do very little," says Calvani.

Increasingly, Colombian President Alvaro Uribe himself has also voiced criticism of the eradication focus and begun calling for a more "multidimensional approach."

"We cannot disconnect alternative development from this war," he said last week, speaking to the Colombian American Association in New York. "It is necessary to eliminate crops, yes. But we need to combine this with options, and with better access to markets," he said.

Mr. Uribe's administration is lobbying for Colombia to be reclassified as a US "strategic partner" in the war on drugs - a move that would give Bogotá greater control of where money was spent.

If awarded this freedom, he would, for example, suggest expanding the Forest Warden Families program that pays farmers monthly stipends in return for keeping their land free of illicit crops. "We have 43,000 families looking after 1.7 million hectares. In that area, coca production has fallen 80 percent and we have recovered 236,000 hectares of forest where coca was being grown," said Uribe last week. "The results are spectacular."

The continued US focus on aerial spraying, despite questionable results, has to do in part with who's in charge of the drug fight, admits one State Department official. Development and social experts have, historically, been far less involved and listened to, she claims, speaking off the record because she is not authorized to discuss the subject. The defense and security voices - with their more combat-oriented approach - have the upper hand, she notes.

The post-Sept. 11 discourse used by President Bush and adopted by Uribe (including rechristening narcotraffickers and guerrillas as narcoterrorists) has made it even harder to replace "hard" measures with softer ones. The US political cycle also

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plays a part in drug-fighting methods, adds Bruce Bagley, an expert on drug trafficking at the University of Miami. "No one in the US wants to look 'soft' on drugs, and nothing looks tougher than spraying hundreds of thousands of hectares of coca fields," he says. "Talking about [alternative] development won't get you re-elected."

* * *

The second school of criticism wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production. The Washington Office on Latin America (WOLA), an advocacy group, argues for dedicating more funds toward drug prevention, treatment, and rehabilitation programs in the US - and for scaling back altogether on programs aimed at stopping the supply of drugs from Colombia. US treatment programs, in particular, have been proven effective. They cite a 1994 RAND Corp. study that found that if the goal was to reduce cocaine use in the US, treatment of heavy cocaine users was 23 times more cost-effective than drug-crop eradication and other source-country programs, and three times more effective than mandatory minimum sentencing.

But only about 17 percent of Americans who needed treatment for an illicit drug use problem in 2004 received it, because of prohibitive costs, insurance limits, or other barriers, according to WOLA.

Assertions by the White House drug czar's office that the vast majority of the drug-control funding already goes toward battling domestic demand are dismissed by WOLA, which does not consider spending in the US on law enforcement as part of the demand-side solution.

"Six years into Plan Colombia the mili- tary is murdering in broad daylight. We are bolstering militaries and ignoring human rights," says John Walsh, a drug policy expert at WOLA. "Yet we continue to perpetuate the illusion that some supply-side solution exists. The opportunity cost of that is that we are not investing enough in managing the demand in the US. The real game is here."

* * *

Monica Fernando Santacruz Ospina is tired.

Her husband, Maj. Elkin Molina, the officer in charge of the police unit slain in Jamundí, would have turned 36 this month. Normally, Ms. Fernando, his wife of 10 years, would buy a giant cream cake for the occasion. She is a great cook, she clarifies, but she has trouble with cakes. And a birthday demands a cake.

This year, she went to put flowers on his grave instead. It was raining, and she was crying, and she felt like just lying down in the ground beside him.

They had lunch together the day of his death - grilled chicken and vegetables, she remembers, because he was on a diet. She had said: "May God be with you," when he left the house. He kissed their 9-year-old, and told him to stop playing Xbox and do his homework.

Later, while visiting with a neighbor, Fernando's police walkie-talkie started crackling (she was issued the radio as the wife of the unit commander).

"Don't shoot us! Have mercy! We are police. We are fathers!" she heard familiar voices screaming. She knew who was yelling, but she refused to accept it. Again and again, she tried to reach her husband on the radio.

"I want to know who ordered this," she says today, pushing her hair away from her face. "I am scared no one will pay."

Since the massacre, Fernando and her son have relocated from Cali to Bogotá, and, with the help of the police and the US Drug Enforcement Administration (DEA) agents who had trained her husband, she has gone back to school. She's studying criminology.

"I want to make sure my husband's death was not in vain," she says defiantly. "I refuse to be scared out of fighting back." Fernando then slowly puts her head in her hands and begins to sob. She is stressed, she apologizes, because she does not really know how or when it will all end.

In Washington, Anthony Placido, the DEA's chief of intelligence, understands. "A war has a definable beginning and end. This is not that," he admits, putting aside the usual terminology. "We are more like gardeners, pulling up the weeds," he says. "We are not going to raise a flag and say, we have won. We can't declare an end, a victory."

Back at the courthouse in Bogotá, the preliminary hearing for the Colombian soldiers on trial for the Jamundí massacre is cut short because of a technicality. The young soldiers shuffle out of the courtroom.

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• Last of three parts. Parts 1 and 2 appeared on Sept. 27 and 28.

Doubts Aside, U.S. Set To Boost Colombia Aid (LAT)

By Chris Kraul

The Los Angeles Times, September 29, 2006

BOGOTA, Colombia — Despite growing bipartisan concern over alleged corruption in the Colombian army, the U.S. Congress appears likely to approve increased funds for this country's war on drugs.

A final vote on Plan Colombia funding — the largest U.S. foreign aid program outside the Middle East and Afghanistan — probably won't take place until after the November congressional elections. But staffers and analysts in Washington say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year.

Separate House and Senate versions to fund Plan Colombia each call for at least that much to be granted to the government of President Alvaro Uribe, the United States' staunchest ally in South America.

But even Republican stalwarts such as Rep. Henry J. Hyde of Illinois, chairman of the International Relations Committee, are voicing concern over allegations of corruption in the Colombian army, an institution the U.S. has spent billions of dollars to train and expand.

This month, the Colombian Defense Ministry said it was investigating media reports that army officers planted explosives in Bogota, the capital, in the days leading up to Uribe's second inauguration in August, in an apparent scheme to collect rewards for discovering the bombs.

The alleged plot, which reportedly involved explosives supplied by a former member of Colombia's largest rebel group, is still under investigation. Uribe went on national television recently to deny the story, saying there was no evidence linking the officers to the bombs.

In August, army units in the Caribbean port of Barranquilla killed six people, an incident at first portrayed as accidental deaths during a kidnapping rescue attempt, then as drug-gang killings. Eight army officers and soldiers have been arrested on suspicion of murder in the case.

But the most disturbing incident for some U.S. legislators happened in May, when Colombian army troops killed 10 U.S.-trained anti-narcotics police officers and an informant in the village of Jamundi, near Cali in the west of the country.

The shootout was first described as a case of mistaken identity. But one high-ranking Uribe official has since then called it "a criminal act" in which the army units allegedly did the bidding of narco-traffickers. Fifteen army officers and soldiers are being held while a civil judge investigates the case.

Concerned about a possible whitewash of the episode, Hyde wrote a letter to Uribe this summer requesting "assurances that the Jamundi case will conclude with the exposure of the full truth and all of the facts wherever they may lead."

A senior staffer on Hyde's committee said Thursday: "Everyone wants to see justice done and not have this swept under the rug. This was one of Colombia's best-trained units that worked side by side with the U.S."

Tim Rieser, an aide to Sen. Patrick J. Leahy (D-Vt.), said the incidents raised unsettling questions about U.S. aid and oversight. "The Jamundi case and other cases in which civilians have been targeted and killed by the Colombian army illustrates that six years into Plan Colombia and after more than $1 billion in U.S. aid to the armed forces, it remains a flawed institution whose officers are rarely accountable under the law."

Plan Colombia also faced scrutiny this year after a United Nations survey showed that five years of effort and $4.7 billion had not put much of a dent in overall coca-leaf cultivation.

Nonetheless, it appears unlikely that Plan Colombia aid will be suspended or cut, said Adam Isaacson of the Center for International Policy, a Washington-based think tank that has been critical of the aid program.

"It shows the Colombian government has managed to do an excellent job of lobbying," Isaacson said. "Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it."

Several Colombian analysts say that, scandals aside, the security forces need an overhaul. They say the 35% growth in army and national police units since Plan Colombia began in 2000 has put too much strain on the institutions' command structures and oversight mechanisms.

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"The repeated incidents leave little credibility to the notion that these are isolated events," said Alejo Vargas, a political scientist at the National University of Colombia. "The problems are profound and indicate management is inadequate."

Officials Investigate Fire At Indicted Woman's Home (PALHER)

By Paul Stone, The Palestine Herald

Palestine (TX) Herald, September 29, 2006

PALESTINE — Authorities are investigating a fire earlier this week which destroyed the $440,000 Anderson County home of a California woman federally indicted this past spring for allegedly operating brothels in Los Angeles and Dallas.

Jong Ock Mao, 47, who is also known as Kimberly Mao and June Mao according to authorities, was arrested April 11 in Madisonville after being one of four defendants named in a 40-count federal indictment charging her with money laundering and violations of the Travel Act.

MX-Oasis Motocross track, located on her property on FM 322, approximately 3 miles south of Palestine, was the subject of multiple noise complaints in the days and weeks prior to Mao's arrest last spring.

Anderson County Sheriff Greg Taylor said the residence at 6032 FM 322 owned by Mao – adjacent to the motocross track – was completely destroyed by fire Monday night. The blaze was reported to authorities by a passing motorist at 6:27 p.m. Monday, according to records.

Three volunteer fire departments headed by the Southside Volunteer Fire Department responded to the fire.

"It was a complete loss," Taylor said Tuesday. "It was completely involved when they got there. The top floor (of the two-story house) had collapsed to the lower level."

No one has been living at the residence in recent weeks, according to Jay Russell, Anderson County sheriff's investigator, although Mao's son reportedly was residing there back in the spring around the time of his mother's arrest.

"The house was full of property and furniture," Russell said Wednesday, "but evidently no one had been living there for the past month.

Firefighters did not uncover any evidence at the scene to suggest the fire was intentionally set, although Taylor pointed out the federal government is in the process of attempting to seize the residence and property listed in the name of Jong's Consulting Inc., one of several businesses allegedly owned by Mao.

Russell said it "appears it started in the center of the residence."

"The fact it was unoccupied makes it suspicious," Taylor added.

Russell said representatives of the U.S. attorney's office in Santa Ana, Calif. have been notified of the fire. A team of specially-trained ATF agents could be assigned to come to Palestine since the federal government is in the process of attempting to seize the residence and property, he added.

"They (the U.S. attorney's office) could possibly get a (ATF) response team to come look at it to see if it's worthy of an investigation," Russell said Wednesday.

According to records of the Anderson County Appraisal District, the 3,866-square foot, two story residence constructed in 1997 had a value of $442,580.

According to a press release issued by the U.S. Immigration and Customs Enforcement (ICE) at the time of her arrest, Mao violated the Travel Act by using interstate facilities to promote and establish an illegal business which is described in the indictment as a prostitution ring.

The indictment alleged Mao owned five brothels in Los Angeles and one in Dallas. The brothels were housed in a variety of businesses, including chiropractic offices, acupuncture clinics, spas, tanning salons and massage parlors, according to the indictment.

Federal authorities have alleged that Mao used proceeds from illegal activities to purchase four private motocross tracks in California, Florida and Texas, including the MX-Oasis Motocross Track in Palestine.

Under federal law, properties acquired with the proceeds of illegal activities are subject to forfeiture.

Taylor said Tuesday his agency has not received any complaints concerning the motocross track for weeks.

Pet Store Arson Kills Animals; Rescued Reptiles On Brink (BOSH)

DOJ_NMG_0070979

By Laura Crimaldi

Boston Herald, September 29, 2006

At least 21 reptiles and 60 fish are dead and dozens more are fighting for their lives after an arson at a crowded Cambridge pet store on which the message "NO MORE Exploitation OF ANIMALS" had been spray-painted.

"The state fire marshal's office is not at a point that we would definitely link the fire to the environmental terrorism motive," said State Fire Marshal Stephen Coan, who confirmed that the fire at Boston Tropical Fish & Reptile on Wednesday night was arson.

Animal rights extremists in other cities have freed animals from pet stores and then set the shops ablaze, fire officials said. The FBI is monitoring the situation, a spokeswoman said. Store officials could not be reached.

Among the dead animals at the shop are three boa constrictors, two South American wood turtles, two California king snakes, two Mexican king snakes, three leopard geckos and three fat-tailed geckos, said Lt. Alan Borgal of the Animal Rescue League of Boston.

"It's never a good sight where you see animals caught in a fire and can't escape," said Cambridge Animal Control Director Mark McCabe.

A nearby Petco is caring for surviving fish and rats, Borgal said. The rescued reptiles are being cared for by a Beverly herpetologist.

"Some of the reptiles have a poor prognosis," Borgal said. "They're concerned about smoke inhalation and the animals are very stressed."

Pet Shop Blaze Deliberately Set, Fire Officials Say (BOS)

By Brian R. Ballou, Globe Staff

The Boston Globe, September 29, 2006

A fire that killed more than two-dozen exotic snakes, frogs, fish, and other reptiles in a Cambridge pet shop Wednesday night was deliberately set, perhaps by the person who spray-painted the message ``No more exploitation of animals" on the store front, fire officials said yesterday.

State Fire Marshal Stephen D. Coan said that investigators were not focusing on any single motive for the blaze, which apparently started on the second floor of the Boston Tropical Fish and Reptiles building on Monsignor O'Brien Highway around 9:45 p.m. and sent animals slithering and scurrying from the flames and heat.

Referring to the note sprayed on the front of the store, Coan said: ``The investigation team is not ruling out the graffiti. We're looking at a number of potential scenarios."

Store owner Dianne San Filippo took offense at the message. ``One of our largest snakes was found melted in his tank," she said, standing outside her gutted store yesterday morning. ``Is that kind of death better than exploitation? I don't think so."

San Filippo said her manager had trouble with several people about two weeks ago. ``He had to tell a couple of people who came in to leave, after they started yelling at him and giving him a hard time about the feeder mice," she said, of the stock of mice the store keeps to feed some of the reptiles. ``I don't know if that has anything to do with the fire, if it's a coincidence."

Authorities said the fire appeared to have started on the second floor of the two-story building. It was put out at 10:33 p.m.

``This case is peculiar, because there is no evidence any animals were freed, which is certainly contradictory to that message," Cambridge Fire Captain Gerry Mahoney said. ``It's cause for alarm, because usually animal rights groups attempt to set the animals free."

Alan B. Borgal, a state humane officer with the Animal Rescue League of Boston, said a portion of the store that was untouched by flames appeared to be cluttered and unsanitary, in violation of state codes.

Borgal said 14 animals, mostly reptiles, and up to 75 fish were carried out of the fire alive. The number of fish that died was unknown; Borgal said those that survived were taken to an emergency hospital set up at a Petco store near the Cambridgeside Galleria. Rainforest Reptiles in Beverly took all the reptiles. The Animal Rescue League of Boston took the rats.

Senator To Put 'Hold' On Gun Dealer Bill (AP)

By Jim Abrams, Associated Press Writer

AP, September 29, 2006

WASHINGTON — Sen. Dianne Feinstein said Thursday she would block the Senate from taking up a House-passed bill that would change how the government handles gun dealer violations.

The House on Wednesday voted 277-131 in favor of the legislation to change how the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF, pursues gun dealer violations.

"This legislation would make it difficult, if not impossible, for the ATF to penalize gun dealers who have broken the law, and to prevent rogue dealers from continuing to sell guns," Feinstein, D-Calif., said in a statement.

A single senator can put a "hold" on legislation, preventing it from being offered on the floor without the approval of 60 senators.

The legislation differentiates penalties based on the seriousness of the violation and the size of the firearm business. It requires that any ATF decision on a dealer's license be reviewed by an administrative law judge.

Rep. Howard Coble, R-N.C., who sponsored the House bill, said it would give the ATF greater flexibility to deal appropriately with minor violations while going after gun dealers who are breaking the law. "Despite what the critics said," Coble said in a statement, "our bill puts additional muscle in the arm of the ATF."

But Rep. Carolyn McCarthy, D-N.Y., a leading gun control advocate, said the bill would make it harder to revoke the licenses of corrupt and negligent gun dealers. "Even if the ATF is able to revoke a corrupt gun dealer's license, this bill gives the dealer 60 days to sell off his remaining inventory. This defies common sense," she said.

The ATF bill was part of the House GOP's "American Values Agenda" announced last June which included flag protection, a ban on gay marriage, a ban on human cloning and tax cuts.

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The bill is H.R. 5092

On the Net:

Congress: http://thomas.loc.gov/

IMMIGRATION:

Senate Moves Toward Action On Border Fence (NYT)

By Rachel L. Swarns

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The Senate agreed on Thursday night to end debate and press ahead with a final vote on the construction of 700 miles of fencing along the United States border with Mexico to help stem the tide of illegal immigration.

The bill would require construction of two layers of reinforced fencing in stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the 2,000-mile border with Mexico.

It would also require officials of the Department of Homeland Security to establish “operational control” over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles. The Senate, which voted 71 to 28 to end debate, is expected to hold a final vote on the measure by Saturday.

The fence represents one of the few elements from the broad bipartisan immigration measure approved by the Senate in May to win support from House Republicans, who passed their own fencing bill this month. The Senate bill also provided for the creation of a guest worker program and the legalization of most of the nation’s illegal immigrants, measures hailed by President Bush.

House Republicans rejected that approach, refusing to consider any bill that could be called amnesty for illegal immigrants, and choosing instead to focus on toughening border security.

On Thursday, the Republican architects of the Senate bill — including Senators John McCain of Arizona, Lindsey Graham of South Carolina, Mel Martinez of Florida and Chuck Hagel of Nebraska — supported the decision to bring the fencing measure to a final vote. The lawmakers, who still favor the legalization of illegal immigrants, have said they view the fence as one step toward achieving their broader legislative goals.

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One Republican, Senator Lincoln Chafee of Rhode Island, voted against shutting off debate on the fence. Eighteen Democrats voted in favor of it.

Senator Jeff Sessions, Republican of Alabama, described the vote as a crucial effort toward stopping the flood of illegal immigrants pouring into the United States.

"We know that fencing works," Mr. Sessions said. "It's time to make it a reality. Then we'll have some credibility with the American people. Then we can talk comprehensively about how to fix an absolutely broken immigration system."

Senator Edward M. Kennedy, Democrat of Massachusetts, derided the bill as "a good-feel, bumper-sticker vote" intended to energize conservative voters before the midterm elections. He noted that nearly half of the illegal immigrants in the country entered the country legally, without sneaking across the Mexican border, and overstayed their visas.

"This is a waste of money," Mr. Kennedy said. "It isn't going to work, and it's going to be enormously costly."

The fence is one of several border security measures the Senate hopes to pass this week before Congress recesses to campaign for the Nov. 7 elections. On Monday, House and Senate negotiators agreed to provide $1.2 billion for several hundred miles of fencing as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year.

The border security spending is one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. It includes money to hire 1,500 new Border Patrol agents, increasing the force to 14,800, and to add 6,700 detention beds. The $1.2 billion for border security is designated for a traditional fence, vehicle barriers and a so-called virtual fence, which includes lighting, cameras and ground sensors.

The fence would be built near Tecate, Mexico, and Calexico, Calif.; Columbus, N.M.; and El Paso, Del Rio, Eagle Pass, Laredo and Brownsville in Texas.

Senators still sparred late into the night on Thursday, however, over two amendments to the fencing measure.

One amendment, proposed by Senator Kay Bailey Hutchison, Republican of Texas, would require the Department of Homeland Security to work with state and local officials in border states to determine where the fencing should be.

The second amendment, proposed by Mr. Martinez, would give the secretary of homeland security greater flexibility in determining when operational control of the borders is achieved.

Border Bill Takes A Detour (LAT)

By Nicole Gaouette

The Los Angeles Times, September 29, 2006

WASHINGTON — The Senate set the stage Thursday for a vote by week's end on a bill to wall off 700 miles of the U.S. border from Mexico, but a lastminute push by senators concerned about the severe shortage of agricultural workers could derail the measure's progress.

Senators agreed, by a vote of 71-28, to limit debate on the House-passed measure — a tally that many see as an indicator of the outcome of a final vote, which could come as early as today.

But a surprise move by Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) to add a guest worker program for agricultural workers has complicated matters.

The two senators planned to meet with Senate Majority Leader Bill Frist (R-Tenn.) this morning to press him yet again to consider adding their AgJobs proposal, intended to help farmers faced with rotting crops and thousands of dollars in lost revenue because they do not have enough workers to harvest their crops this year.

The senators' move creates a dilemma for Frist, eager for victories to counter criticism of a GOP "do-nothing Congress."

It also highlights the long-standing tension over immigration that is coming to a head in these waning days of the 109th Congress.

Republicans have built a broad-based election campaign based on security, saying their party can make America safer at the border and in the fight against terrorism. As part of this, House Republicans insist on an enforcement-only approach to immigration.

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If Frist adds an agricultural guest worker program to the fence bill, the House is very unlikely to support it. If he refuses to add the agricultural program, as he has done for some time now, he will face strong opposition from Feinstein and Craig, who could rally other lawmakers against the measure. Craig said 80 lawmakers supported the AgJobs proposal.

On Thursday night, Craig said he believed there would be enough votes in the House to support the AgJobs proposal, but he acknowledged the tension surrounding immigration. "The House is in such a political panic about this issue," he said.

In introducing the Secure Fence Act of 2006, Sen. Jeff Sessions (R-Ala.) described fences as "absolutely effective" at stopping illegal immigration and reducing crime.

Sen. Edward M. Kennedy (D-Mass.) blasted the measure. "They think this simple bumper sticker will work, but it won't," he said. "It's a crass political effort by those more interested in saving their seats than securing the border."

Approval of a fencing requirement could represent a victory for the House in its ongoing battle with the Senate over how immigration laws should be overhauled.

The chambers' approaches differ: The Senate has supported a guest worker program and a path to citizenship for those now here illegally, along with stronger border security. The House has focused solely on enforcement. House leaders, who have refused to negotiate with the Senate, have pushed this week to get a series of enforcement-only measures through Congress.

But in a quiet power struggle that has unfolded behind closed doors this week, influential Republican senators have blocked House leaders from attaching the enforcement provisions to a series of spending bills.

The measures, which the House passed last week, include a provision that would make it easier to detain and deport suspected gang members.

The struggle over these provisions continues even as the legislative session enters its final days, and is holding up a defense policy bill.

Lacking legislative triumphs, Republicans in both chambers are representing the Homeland Security spending bill, with its funding for border security, as a victory.

The entire budget for border protection, immigration enforcement and related activity for fiscal 2007 is $21.3 billion, a 10% increase from last year.

"I think it's very important for the American people to know that … regardless of what happens to the fence bill, which I support, we will have, through the appropriations process, added 4,000 new border agents. We will have 10,000 detention beds, we will have $1.2 billion for building that fence, at the end of the week whether or not that fence bill passes," Frist said Wednesday.

When asked about stymied House attempts to attach additional enforcement measures to spending legislation, House Majority Leader John A. Boehner (R-Ohio) acknowledged: "There is clearly some concern about some of the border security issues that the House passed last week. We would have liked to have seen them in, but having said that … if you look at the additional funds that did get in there, we've taken a big step on securing our border."

The Secure Fence Act would direct the Department of Homeland Security to study installing a state-of-the-art security system along the border with Canada, and would encourage the Customs and Border Protection agency to consider new ways of stopping smugglers — options that Republican staffers say could include the use of rubber bullets.

The legislation recommends unmanned aerial vehicles, vehicle barriers and all-weather access roads, and specifically outlines requirements for at least two layers of reinforced fencing. Whereas the House bill dictates exactly where the fence should go in areas around Tecate and Calexico, Calif., and near border towns in New Mexico, Arizona and Texas, the Senate bill allows these communities to have more input on placement.

It also tones down House language giving Homeland Security 18 months to stop all illegal entries into the U.S.

Cost estimates for the 700-mile fence range from $2 billion to $9 billion.

The Senate approved its own 370-mile fence measure this year.

The fence requirement prompted fierce opposition from border communities, religious groups, advocates and lawmakers. The Tohono O'odham Nation of Arizona, whose land runs along 75 miles of the U.S.-Mexico border, has also expressed deep concern that the fence would threaten wildlife and the desert ecosystem.

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Critics have also argued that it would make the border more violent; would force illegal immigrants to take more dangerous routes through the desert; would harm trade and relations with Mexico; and still wouldn't solve the problem of illegal immigration.

Kennedy pointed out that at least 40% of illegal immigrants had entered the U.S. legally, through an airport, and simply overstayed their visas.

Supporters of such fences argue that they are an invaluable aid to border patrol agents and reduce the impact of illegal immigration on border communities. They often cite a 56% drop in crime in San Diego County since a fence was built in that area.

If the Secure Fence Act is not approved, the Homeland Security spending bill for fiscal 2007 will provide the department with $1.2 billion to continue adding physical reinforcements and barriers along the southern boundary with Mexico.

The department already erects fences, roads, vehicle barriers, lights and cameras along the border, complying with relevant laws and working with private and public land owners in doing so.

TAX:

Merck Faces $2.3 Bln Tax Bill In U.S. Expense Dispute (Update2) (BLOOM)

By Angela Zimm And Ryan J. Donmoyer

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- Merck & Co., already facing thousands of lawsuits related to its withdrawn Vioxx painkiller, may have to pay as much as $2.32 billion to the Internal Revenue Service in connection with disputed expenses on its tax returns.

The IRS has sent notices that it won't allow royalty-related expenses Merck claimed on its tax returns from 1993 through 1999, the Whitehouse Station, New Jersey-based drugmaker said in a Securities and Exchange Commission filing. The Wall Street Journal reported today that the IRS is contesting an arrangement by which Merck cut its U.S. tax bill by $1.5 billion over 10 years by paying a Bermuda-based unit to use its own patents.

The dispute relates to a ``partnership transaction" that Merck set up in 1993, according to the Aug. 7 filing. The IRS is increasingly challenging cross-border transactions that companies are using to lower their federal tax bills. It also has taken regulatory steps to curb the transfer of assets such as patents and licenses to subsidiaries in low-tax countries.

Merck said in the quarterly filing that it ``vigorously disagrees" with the IRS's proposed adjustments to its tax returns.

``An unfavorable resolution could have a material effect on the company's results of operations or cash flows in the quarter in which an adjustment is recorded or the tax is due or paid," Merck said in the filing.

Reserves

Merck has set aside reserves for the tax liability, spokesman Raymond Kerins said in a telephone interview. He didn't disclose the amount. Merck has outlined the tax liability in its quarterly filings ``for years," he said. He declined to comment on the particulars of the dispute with U.S. tax authorities.

``We don't disclose any communications with the IRS," Kerins said today in a telephone interview. ``The partnership transaction was in full compliance with IRS rules and regulations."

Shares of Merck fell 34 cents to $42.06 at the close of New York Stock Exchange composite trading. They have climbed 53 percent in the past 12 months.

The IRS also issued a summons in January requesting information in connection with a ``minority interest equity financing transaction" from 1995, according to the filing.

Vioxx Litigation Costs

Merck, the fourth largest U.S. drugmaker, is defending itself against more than 18,000 lawsuits over Vioxx, which it pulled from the market two years ago because of a link to an increased risk for heart attacks and strokes. The company has set aside almost $1 billion for litigation-related costs.

According to the Wall Street Journal article, which cites documents and people familiar with the situation, Merck set up a subsidiary in Bermuda in 1993 to which it transferred patents covering its Zocor and Mevacor cholesterol-lowering drugs. The IRS is challenging the tax benefits Merck gained from the transaction, the journal reported.

The transaction is similar to one used by General Electric Co. to save $62 million in taxes in the 1990s by shifting about $310 million in income from leases on old airplanes to a pair of Dutch banks via a Bermuda-based partnership called Castle Harbour LLC, according to court filings.

The arrangement is designed to take advantage of different tax rules in different countries. In the Merck and GE cases, the U.S. company essentially generates tax deductions without offsetting income. Foreign partners take advantage of rules in their own countries that don't tax income earned outside of their borders.

American companies choose foreign partners in places such as the Netherlands because of accommodating banking laws and favorable tax treaty rules.

GE Ruling

The Second Circuit Court of Appeals in New York ruled on Aug. 3 that the GE transaction had no business purpose other than to save taxes and was thus a sham, reversing an earlier district court decision that the transaction was legitimate.

At the time, Eileen O'Connor, assistant attorney general for the Tax Division at the Justice Department, called the ruling ``another paving stone in the Department's path to stopping abusive tax shelters.'' GE is appealing.

GE spokesman Russell Wilkerson didn't immediately return a phone call or respond to an e-mail.

Dow Case

A third case with similar allegations is pending in federal court in Louisiana, where Dow Chemical Co. is fighting to restore more than $130 million in claimed tax benefits. The company has paid tax bills the IRS has sent so far, said Dow spokesman Chris Huntley.

In that case, the U.S. government said it will seek information from five European banks as well as ``extensive discovery'' of third parties involved with the transaction, including Goldman Sachs Group Inc. According to the Wall Street Journal, Goldman Sachs helped structure both the Dow and Merck transactions.

``This was a legitimate financing arrangement,'' Huntley said today in a telephone interview. ``We firmly believe our position is entirely justified.''

Goldman Sachs spokesman Peter Rose said the company had no comment.

The IRS is taking action on the arrangements on the heels of other enforcement in the area of international tax avoidance. On Sept. 11, GlaxoSmithKline PLC, Europe's largest drugmaker, agreed to pay about $3.1 billion in taxes to settle what the IRS said was its biggest dispute ever.

Transfer Pricing

That case involved transfer pricing, a common practice for multinational businesses. Multinational companies also regularly use partnerships to reduce their tax liability, said Lee Sheppard, a contributing editor at the journal Tax Notes.

``Use of a partnership to send taxable income in one direction and cash in another is a longstanding tactic,'' she said.

The government has also taken regulatory steps intended to prevent companies from undervaluing patents and intellectual property when they're transferred to subsidiaries located in tax havens.

The low-cost transfers allow companies to maximize their income in tax havens such as Ireland while providing their U.S. parent companies with deductions for research and development expenses.

Existing rules have helped companies stockpile more than $650 billion in cash overseas. Many U.S. companies are repatriating those funds to the U.S. under a one-year tax holiday passed by Congress for 2005 that can be used this year in certain circumstances.

Rules the U.S. Treasury Department issued last year now require companies to value assets at the same price they would charge a competitor to acquire them.

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War Stress May Hit Part-time Soldiers The Hardest (USAT)

By Gregg Zoroya

USA Today, September 29, 2006

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WASHINGTON — The wars in Iraq and Afghanistan appear to be taking a greater toll on the mental health of the so-called weekend warriors than on that of active-duty troops, the Army's leading expert on combat stress said during a congressional hearing Thursday.

Army Col. Charles Hoge testified that 41% of National Guardsmen and reservists raised concerns about their mental health in answers to a survey taken three to six months after they returned from combat.

That compares with 32% of active-duty troops who responded to the survey, says Hoge, a psychiatrist with the Walter Reed Army Institute of Research and an expert in post-traumatic stress disorder.

In addition, a third of the citizen soldiers complained of problems serious enough that they were referred for mental health counseling; only 13% of active-duty soldiers were referred.

The findings come as the Army, under enormous strain from fighting on two war fronts at once, considers greater use of its part-time soldiers in combat.

The program to screen soldiers for health problems began earlier this year. More than 70,000 troops have been screened. Soldiers are asked whether they have suffered depression, abused alcohol, had relationship problems or felt suicidal.

Hoge, who testified before aHouse Veterans Affairs subcommittee Thursday, said he did not know why Guard and Reserve troops showed more evidence of mental health problems. He said more research was needed. "It is important not to misinterpret these data as suggesting that they are in some way less mentally healthy than the active-component soldiers," Hoge said.

He said one of the differences could be that the part-time soldiers are concerned about access to health care after returning to their hometowns, while active-duty soldiers are guaranteed access on their bases.

Another reason, Hoge said, could be that active-duty soldiers remain together after combat and can discuss their experiences.

More than 160,000 members of the National Guard have served or are serving in Iraq and Afghanistan.

VA Didn't Spend All Money Appropriated For Mental-health Services, GAOsays (MCT)

By David Goldstein

McClatchy Newspapers, September 29, 2006

WASHINGTON - The Department of Veterans Affairs failed to fully spend a promised $300 million since 2005 to fill critical gaps in mental-health services for returning troops and others, congressional investigators said.

The money was supposed to be used to improve awareness of the VA's mental-health programs and provide better access to them for soldiers who served in Iraq and Afghanistan, women and other veterans suffering from mental illnesses.

But a Government Accountability Office (GAO) report released Thursday found that the agency underspent the money, and not all of what it did spend went to those programs.

"Veterans expect that wounds suffered in service, be they to mind or body, will be cared for by the nation they served," Rep. Henry Brown Jr., R-S.C., said during a hearing he chaired Thursday on mental health issues. "We will exercise greater oversight ... to ensure that funds allocated by the American people are used as intended."

The VA did not respond to requests for comment.

The Kansas City Star reported in May that the VA had dramatically underestimated the number of troops that would return from Iraq this year suffering from post-traumatic stress disorder. The GAO reached a similar conclusion in a separate report last week.

In Thursday's GAO report, investigators found that the VA spent only $53 million of the $100 million it planned to use in fiscal 2005 on gaps in care under a mental-health strategic plan. It sent $35 million of the $100 million to a VA general fund, where the money could be spent on a variety of programs.

Investigators also said that the VA didn't tell its hospital and health-care officials that the $35 million was available, and they "were unaware that any specific portion of their general allocation was to be used for mental health strategic plan initiatives."

The GAO said that in fiscal 2006, which ends Saturday, the VA budgeted $200 million for the strategic plan, but $42 million remains unspent.

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CONGRESS-ADMINISTRATION:

Term Should Indicate New Justices' Influence (USAT)

By Joan Biskupic

USA Today, September 29, 2006

WASHINGTON — The Supreme Court will begin its annual term Monday with a schedule that includes cases on abortion rights, school integration and global warming, topics that will test the impact of the court's two new conservative members.

Such disputes, and a slate of business cases, could offer significant clues on how Chief Justice John Roberts and Justice Samuel Alito will influence the law. Both have roots in Ronald Reagan's administration and were touted by President Bush as reliable conservatives.

Roberts replaced another conservative, the late William Rehnquist. Alito succeeded the retired Sandra Day O'Connor, a moderate justice who was at the court's ideological center. As her views evolved over her quarter-century tenure, O'Connor became the key vote on a divided, nine-member court. By voting with the court's four liberals, she helped to ensure abortion rights and the use of affirmative action in college admissions.

That's why the new cases could be poignant signs of how the court has changed with Alito on the bench instead of O'Connor. Alito's record as a lower court judge suggests he would be less open to abortion and affirmative action than she was.

"The outcome of these new cases will tell us a great deal about the future direction of the Roberts court, on specific issues and more generally on the court's respect for past rulings," American Civil Liberties Union legal director Steven Shapiro says.

Washington lawyer Helgi Walker, a former law clerk to conservative Justice Clarence Thomas, says that although "we could see watershed decisions" this term, it's also possible "the cases could be decided on incremental grounds" that don't dramatically change the law.

Six years ago, O'Connor joined the court's liberals in a 5-4 decision that struck down a state ban on a procedure abortion foes call "partial birth" abortion. The court cited the law's lack of an exception for when a physician believed the procedure to be best for a woman's health.

The justices will consider a federal ban on the "partial birth" procedure, which Congress passed in 2003 while asserting that the method is never necessary to preserve a woman's health.

In urging the court to uphold the ban, U.S. Solicitor General Paul Clement says the dispute is a crucial test of Congress' power to make findings and set policy. On the other side, lawyer Eve Gartner of Planned Parenthood says the ban could affect most abortions in the second trimester — roughly 12-20 weeks of gestation, before the fetus can survive outside of the womb.

According to the Guttmacher Institute, which compiles nationwide abortion data used by both sides of the debate, about 1.3 million abortions are done in the USA each year: 89% in the first trimester, 10% in the second and 1% in the third.

Disputes over abortion rights have been a staple of the high court's docket since the Roe v. Wade decision in 1973, when the court first declared that there is a constitutional right to end a pregnancy. The ruling transformed national politics and generated a stream of cases over government limits on the abortion procedure.

Through the years, as the court became more conservative, the justices have allowed regulation of abortion but have affirmed the core right to end a pregnancy. The current case does not challenge the basic right to abortion. Rather, it tests whether the court, for the first time, will allow a particular method of abortion to be outlawed.

The banned procedure, in which a physician partially delivers the fetus before collapsing its skull, covers medical methods known as "dilation and extraction" and intact "dilation and evacuation."

A pair of cases that will come before the court focus on the divisive debate over racial preferences and school desegregation.

In Louisville, the Jefferson County School Board makes sure the enrollment of each elementary and secondary school is at least 15% African-American, but no more than 50%. In Seattle, a student assignment plan on hold because of the litigation seeks to achieve a racial balance in high schools. When a school has too many applicants, officials use "tiebreakers" to fill openings. One of the tiebreakers considers the applicant's race.

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Parents of children who did not get their first choice of schools sued, citing the Constitution's guarantee of equality. School officials say they have a compelling interest in racially diverse schools and in not having campuses mirror the separation of whites and blacks found in housing patterns.

In 2003, O'Connor's vote in a University of Michigan case ensured colleges could use applicants' race for campus diversity.

The justices also will take up several key business cases, including those that test limits on punitive damages and pollution regulation.

Jesse Williams, who smoked two packs of Marlboros a day for 45 years, died of lung cancer in 1997. His widow sued Philip Morris, which makes Marlboros. She won a jury award of $79.5 million in punitive damages, nearly 100 times the damages set for her loss.

Philip Morris argues that the award was unconstitutionally excessive and that the jury was improperly allowed to consider harm to other Oregon smokers.

The justices also will hear their first case focused on global warming, in an appeal from a dozen states and several cities that want the federal government to regulate gases emitted from tailpipes of new cars and trucks. The question is whether the Clean Air Act gives the Environmental Protection Agency the power to regulate "greenhouse gases," which many scientists blame for global warming.

The EPA says it doesn't have authority to regulate such emissions. Massachusetts Attorney General Tom Reilly countered recently, "The federal government is shirking its responsibility to apply the law."

Key Cases On Court's Docket (USAT)

USA Today, September 29, 2006

Key cases to be considered by the Supreme Court during its 2006-07 term, and the legal questions they pose:

•Gonzales v. Carhart; Gonzales v. Planned Parenthood — Whether a federal ban on a procedure called "partial birth" abortion violates a woman's constitutional right to end a pregnancy because the ban lacks an exception for cases in which a physician believes the procedure is the best option to preserve a woman's health.

•Parents Involved in Community Schools v. Seattle School District No. 1; Meredith v. Jefferson County Board of Education — Whether a public school district's consideration of a student's race in school assignments as part of an effort to achieve racial diversity in schools violates the constitutional guarantee of equality.

•Philip Morris USA v. Williams — Whether a judge reviewing a jury's punitive-damages award may find that a company's conduct was reprehensible enough to override the usual requirement that such damages be reasonably related to the actual harm caused. The case also tests whether a jury may punish a company for the effects of its misconduct on people who were not parties to the case.

•Massachusetts v. Environmental Protection Agency — Whether the EPA has the authority to regulate carbon dioxide and other pollution from tailpipe emissions linked to global warming, and whether the agency may decline to issue emission standards for vehicles.

•Ledbetter v. Goodyear Tire & Rubber Co. — Whether a person alleging illegal pay discrimination may sue her employer over a salary decision after a 180-day period for filing such complaints has passed.

•Carey v. Musladin — Whether an appeals court erred in throwing out a jury's murder conviction on the grounds that three family members of the victim were in court wearing buttons depicting the deceased.

•Cunningham v. California — Whether California's sentencing law, which permits judges to boost sentences based on their determination of facts (rather than a jury's assessment), violates defendants' 6th Amendment right to a jury trial and recent Supreme Court rulings limiting judges' discretion.

•Whorton v. Bockting — Whether a 2004 Supreme Court decision barring the introduction at trial of certain out-of-court statements applies retroactively to thousands of criminal cases that were pending at the time.

Abortion, Race Cases Will Challenge Roberts' Goal Of Consensus (LAW)

By Tony Mauro, Legal Times

Legal Times, September 29, 2006

DOJ_NMG_0070988

Chief Justice John Roberts Jr., speaking at a judicial conference this summer, sounded positively proud of the consensus he forged in his first term in office. Roughly half the cases were decided unanimously, almost twice as many as in recent years.

And when the run of unanimity ended with some contentious 5-4 decisions in June, Roberts noted unhappily to his audience, some commentators pronounced that the era of good feelings was over.

"You know, when Joe DiMaggio finally ended his hitting streak, sportswriters didn't say, 'He's all washed up,'" Roberts said, mildly miffed, to the 9th Circuit conference in California.

True enough, but then again, DiMaggio, the legendary New York Yankee, never again matched that 56-game hitting streak of 1941 -- nor has anyone else. And Roberts may not have another term as harmonious as his first, either.

Roberts' second term as chief justice begins Monday with a slew of tough curveball cases on the docket. Contentious disputes over abortion rights, race, punitive damages and the environment loom large, and the Court has only just begun to fill its argument calendar for the term.

The cases will bring crucial and tricky choices for the Court's other new justice, Samuel Alito Jr., who replaced centrist Sandra Day O'Connor on the bench, as well as for Justice Anthony Kennedy, who replaced O'Connor in the less official position of swing voter.

But this term will also be a test of Roberts' leadership, especially since he has been so vocal in establishing greater unanimity and consensus as a goal for the Court.

In remarks at the same 9th Circuit conference in July, Roberts offered a remarkable definition of a justice's duties. "It's important for all of the justices to view it as part of their responsibilities to try to work as a Court, rather than the pursuit of individualized jurisprudence." The late Chief Justice William Rehnquist stopped trying for that kind of collegiality in his final years, presiding instead over a growing cacophony of split decisions, separate concurrences, and partial dissents.

Roberts is determined to reverse that trend to enhance the "stature and legitimacy of the Court," he said. And if achieving the goal of greater harmony means deciding cases very narrowly, Roberts added, so be it.

"There are many cases we get that can be decided on a number of different grounds," Roberts told the conference. "If there's one where it's 8-1 or 9-to-nothing, and another where it's 5-4, I think it's better to decide on the former ground and let it go at that."

Roberts' strategy, said former acting Solicitor General Walter Dellinger III, is a throwback to Roberts' days as a skilled Supreme Court advocate. "Advocacy makes you a minimalist," Dellinger said at a Cato Institute conference. Now head of O'Melveny & Myers' appellate practice, Dellinger said that finding narrow ground on which to win a case is "what he did for a living."

But will that minimalist approach cut it in the big cases this coming term, when advocates will be seeking broad decisions either preserving or toppling controversial precedents? Florida International University law professor Thomas Baker, a former aide to Rehnquist, thinks the institutional pressures on Roberts and Alito will result in small change. "The Court is like a big ship -- it only turns slowly."

But Baker and others still view the coming term as far more important than the last. Last term, he says, "they were looking for cases they could decide in ways where Justice O'Connor was not crucial to the outcome. Now we are going to see what her departure really means."

ABORTION AGONISTES

Nowhere will O'Connor's departure mean more this term than in a pair of cases set for oral argument Nov. 8, Gonzales v. Carhart and Gonzales v. Planned Parenthood. At issue in both is the federal law banning "partial birth abortion," which Congress passed in the wake of the Court's 2000 decision Stenberg v. Carhart, which struck down a similar statute in Nebraska because it failed to include an exception that would allow the procedure if needed to protect the health of the mother. The federal law also does not contain such an exception, but Congress cited medical evidence -- which abortion rights supporters dispute -- to conclude that the procedure is never needed to protect a woman's health.

O'Connor was in the majority that struck down the Nebraska law, and Kennedy was in dissent, even though both had been architects of the 1992 decision Planned Parenthood v. Casey, which rescued Roe v. Wade from being overturned.

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Kennedy now must grapple with a no-win dilemma that rivals the agonizing he did before Casey, which at the time produced his now-classic musing: "Sometimes you don't know if you're Caesar about to cross the Rubicon or Captain Queeg cutting your own towline."

If Kennedy votes to strike down the federal law in the November cases, he could be viewed alternately as:

Conservative, because he will be following the Rehnquist Court view of limited congressional power to regulate states;

Liberal, because he will be siding with the abortion rights advocates;

Activist, because he won't be deferring to the will of an elected Congress; or

Nonactivist, because he will be adhering to established precedent regarding the health exception.

By the same token, if Kennedy sticks with his 2000 stance against partial birth abortion and votes to uphold the federal law, he could be viewed as:

Conservative, because he will again join the camp of abortion rights opponents;

Liberal, because he will be supporting the view that Congress has broad power to override the views of states;

Activist, because he will be overturning recent precedent; or

Nonactivist, because he will be showing deference to elected legislators.

"Which Kennedy will show up?" asks Florida International's Baker. "The Casey Kennedy or the Stenberg Kennedy?" He thinks it may be the latter, with Kennedy adhering to his dissent in Stenberg by voting to uphold the federal ban.

"The late Justice Potter Stewart would dissent one year, then feel honor-bound to follow the precedent the next year," says Baker. "I don't see that in Kennedy's jurisprudence."

RACE JUDICATA

Similar issues of precedent will influence the Court's consideration of two race cases, Parents Involved in Community Schools v. Seattle School District and Meredith v. Jefferson County Board of Education. The 6th and 9th circuits upheld plans in Kentucky and Seattle, respectively, that use race as a factor in assigning students to public schools to achieve diversity.

Though the cases pose somewhat different issues than those raised by the higher education program upheld in the 2003 affirmative action case Grutter v. Bollinger, many analysts see that precedent now up for grabs. Again, O'Connor was in the majority in Grutter, and Kennedy was in dissent.

"It will be very hard to overturn the school cases without overturning Grutter, even if the opinions claim they are not doing so," says Court historian David Garrow, who teaches at the University of Cambridge in England. "The Court is institutionally disinclined to discard its own high-visibility precedents."

The Court's business docket occupies an unusually high proportion of the cases it's accepted for this term -- namely, 13 of the 29 granted review so far -- said veteran advocate Roy Englert Jr. of Robbins, Russell, Englert, Orseck & Untereiner at a Chamber of Commerce briefing. Continuing its recent trend of heightened interest in antitrust issues, he said, the Court is expected to rule in "a minimum of five" antitrust disputes this term.

But the most high-profile business cases so far involve the following:

Punitive damages. In Philip Morris v. Williams, set for argument Oct. 31, business groups are hoping the Court will continue down the road it took in the 2003 decision State Farm v. Campbell, which sought to temper punitive damage awards. The 2003 ruling suggested a maximum of a 9-1 ratio between punitive and compensatory damages, but states have responded in widely varying ways. In the case before the Court, an Oregon jury awarded Mayola Williams $79 million in punitive damages on top of an $895,000 compensatory award. "This is the first case Roberts and Alito will decide in the punitive damages area," says Mark Levy, counsel at Kilpatrick Stockton in Washington. Both, he says, are "up for grabs."

Patents. In KSR International v. Teleflex the Court will consider an issue that arises in almost every patent dispute: When is an invention so obvious that it does not deserve a patent? The U.S. Court of Appeals for the Federal Circuit set a standard for assessing obviousness that critics say has allowed too many patents to be approved.

Global warming. The Court will review the Environmental Protection Agency's determination that it has no authority to regulate emissions of carbon dioxide and other greenhouse gases emitted by cars. The EPA also said scientific uncertainty about the effect of these gases on the global climate led it to decide it should not regulate these emissions. In Massachusetts v.

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EPA, 12 states challenged a ruling by the U.S. Court of Appeals for the D.C. Circuit that the EPA had "properly exercised" its discretion in declining to regulate.

But even beyond the headline-making cases, the Court's cases include many that could have a broad impact on everyday life.

That will be clear from the first argument on the first day the justices are on the bench, Tuesday. (There will be no arguments Monday because of the Yom Kippur holiday.)

Two cases consolidated for argument Tuesday could expose thousands of immigrants to automatic deportation. Those convicted of felonies already can be deported, but in these cases, from South Dakota and Texas, the issue is whether deportation should result from relatively minor offenses such as drug possession, which is a felony under state law but a misdemeanor under federal law.

The immigrant cases will have "broad significance," said Steve Shapiro, legal director of the American Civil Liberties Union, at a briefing. Along with the blockbuster cases and others, said Shapiro, they will reveal the direction of the newly constituted Court.

"Last term we got a glimpse of the Roberts Court, but only a glimpse," Shapiro said at the Sept. 19 briefing. "At the end of this term, we will know a lot more."

High Tech For High Court (LAT)

The Los Angeles Times, September 29, 2006

IT WOULD BE UNFAIR TO SAY that arguments before the U.S. Supreme Court are shrouded in secrecy. Reporters and the public long have been able to attend arguments — though seating is scarce in high-profile cases — and transcripts are eventually published on the court's website, http://www.supremecourtus.gov . In recent years, the court has even authorized the same-day release of audiotapes of especially newsworthy arguments.

Compared with Congress, however, the supposedly public proceedings of the court are still far from transparent. But beginning Tuesday, public access to oral arguments will increase exponentially when the court begins posting same-day transcripts on its website.

As with congressional proceedings, some cases will be more absorbing than others. Many Americans will want to read transcripts of the upcoming argument in Gonzales vs. Carhart et al, in which the court will weigh the constitutionality of a federal law banning so-called partial-birth abortions. But only legal junkies will be clicking their mice to read arguments in BP America Production Co. et al vs. Burton, a case that poses the riveting question of "whether — contrary to the decision below but consistent with decisions of the Tenth and Federal Circuits — the limitations period in 28 U.S.C. § 2415(a) applies to federal agency orders requiring the payment of money claimed under a lease or other agreement."

Sensational or soporific, arguments before the court offer citizens an opportunity to learn how the justices think and occasionally to observe an internal debate among them expressed by posing questions to opposing counsel. Making such arguments more accessible could also increase informed knowledge about the judicial branch, always a good thing.

This innovation is the latest in a series of halting steps toward making the court more transparent. In 1993, it moved to deny access to recordings of old cases to a political scientist who had duplicated them for commercial publication. But the court relented, and the National Archives lifted a restriction on making copies. Now official transcripts of oral arguments actually identify justices by name — this counts as progress — when they ask a question.

Same-day transcripts still fall short of making audiotapes routinely available, and even that reform wouldn't allow citizens to see the justices in action. Unfortunately, most justices seem to concur with Justice David H. Souter's view that TV cameras will be brought into the courtroom "over my dead body."

Like lawyers who appear before the court, we hope Souter and his colleagues are willing to reexamine their view that television coverage would change what Justice Anthony Kennedy called the "dynamic" of the court. Reading the justices' questions — and lawyers' answers — will be educational. Even more illuminating would be the opportunity to watch and listen to those exchanges.

How Bush Looks To Define Energy-Policy Focus (WSJ)

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By John D. McKinnon

The Wall Street Journal, September 29, 2006

HOOVER, Ala. -- President Bush said he would speed up his alternative-energy push during the remainder of his term with new spending focused on easing bottlenecks that are slowing the spread of ethanol in the market.

In an interview with The Wall Street Journal on a swing through Alabama, Mr. Bush said he is seeking ways to overcome difficulties in transporting the fuel, and to increase the number of stations selling it. "I envision more money being spent to accelerate" availability of ethanol and other alternative fuels. He pointed to a federally funded project to build fueling stations along the highway from Indiana to the Gulf Coast as an example. (Read the full interview1.)

The president also damped speculation that his administration is exploring a major shift in global-warming policy and may soon embrace some kind of formal government-imposed limits. Though Mr. Bush did imply that a shift could happen in the unlikely event that the modest voluntary goals set by his administration to reduce so-called greenhouse-gas emissions were failing.

"I put some targets out there and we're meeting those targets," Mr. Bush said. "But should we not meet the targets, then I said that the country ought to consider a cap and trade," in emissions credits, he said.

Aides later emphasized that Mr. Bush was reiterating a longstanding administration policy, and the president himself underscored his preference to focus on developing new technologies, even as some states -- notably California -- have begun moving toward more-direct regulation. "As you diversify away and/or improve the capacity to burn certain fuels, you're developing environmentally friendly technologies," he said.

Mr. Bush's comments on energy and global warming come as he and aides try to hone the priorities for his final two years in office. He is increasingly focused on making diversification from oil one of his long-term legacies, and is trying to respond to growing political pressure for more direct government action on greenhouse gases, while continuing to stave off demands for concrete rules.

While Mr. Bush has talked a great deal in recent months about cleaner energies and finding alternatives to oil, he continues to be widely criticized by environmentalists for failing to back his rhetoric with enough government action -- either spending or tougher regulations to cut pollution. His resistance in particular to federal limits on greenhouse gases -- which result from burning fossil fuels and are believed to contribute to climate change by trapping the sun's rays -- has left him at odds with some business leaders who have come to endorse stronger federal action.

Beyond energy, Mr. Bush touched on a range of subjects during a break between an energy-promotion event in the morning and a fund-raiser for the re-election campaign of Alabama Republican Gov. Bob Riley.

On Iran, Mr. Bush said he is willing to let negotiations on Tehran's nuclear ambitions run awhile longer before trying to ratchet up pressure to curb such programs. "We ought to give the Europeans time to see whether or not the Iranians will make the proper choice about verifiably suspending [uranium enrichment]," he said. But he added that the ultimate deadline for a sanctions push would come "sooner rather than later, to make sure that these discussions are not their attempt to stall their way into us losing our interest in the subject."

On the continuing problems of auto giants General Motors Corp. and Ford Motor Co., Mr. Bush said he is interested in talking with their top executives after the November elections, but he appeared to hold out little hope that the federal government would take the lead in relieving the companies of their huge legacy costs for retired workers. "If their concerns are rising health-care costs, I fully understand," he said. But "if their concerns are, 'We made some agreements in the past that we're not sure we can live with,' I will be most interested in hearing what the prescription would be."

Overall, Mr. Bush said he would place energy independence alongside his long-sought overhaul of federal entitlement programs as he approaches his final two years in office.

"A president has got to think about how ... we stay competitive," Mr. Bush explained in a city building where he had just met with officials who have converted their fleets to alternative fuels like ethanol. If the U.S. can make progress in diversifying its vehicle fuels and also overhaul entitlements such as Medicare and Social Security, "we'll be able to look back and say we made it easier for future Congresses and future presidents to stay competitive in the global economy," he said.

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Mr. Bush said bluntly in his State of the Union address in January that America has become "addicted to oil." He pledged then to increase spending drastically for research into alternatives.

But while consumers have responded enthusiastically -- for example, snapping up so-called flex-fuel vehicles that run on gasoline or ethanol -- many still have nowhere to buy ethanol. Just a small fraction of the nation's gas stations sell the mainstay E85 fuel (85% ethanol; 15% gasoline). The number has been slowly rising but as of yesterday, fewer than 1,000 out of 170,000 gas stations stock E85, according to the National Ethanol Vehicle Coalition.

To increase that number, the federal government could sweeten existing tax credits and/or grant programs to help gas stations that add an ethanol pump or convert an existing gas pump into one that dispenses ethanol. The existing credit pays 30% of the conversion costs, up to $30,000.

The president also could propose increases in an Energy Department grant program that aims to increase ethanol availability. This year the department awarded $1.5 million to help expand the number of gas stations that stock E85. An additional $1.8 million was directed in 2005 to help the National Ethanol Vehicle Coalition give grants to stations for conversion.

To date, the E85 effort has been driven largely by the private sector. In recent months, for instance, Ford and General Motors, which sell most of the cars that can run on ethanol, have helped gas stations that want to add E85 pumps, often helping to publicize the efforts to local drivers. Yesterday, Mr. Bush said he continues to see a major role for private-sector investment, including venture-capital investment, in energy-diversification efforts. He suggested that recent softening of petroleum prices shouldn't affect alternative-energy investments too much.

Overall, Mr. Bush outlined a vision of the future in which ethanol would become available on a regional basis, as locally grown fuel sources such as wood chips and switchgrass become economically viable. "I think what you'll see is regional penetration, depending upon where the feed stocks are being grown," he said. "And as you see new breakthroughs ... then you'll see production plants springing up."

Mr. Bush's comments appeared aimed at underscoring the administration's efforts on energy at a time when high gasoline prices continue to make the White House and Republicans politically vulnerable, despite recent easing of the problem. White House aides complain that Mr. Bush has gotten little credit for his energy initiatives throughout his tenure in office, amid global criticism of his rejection of the Kyoto accords on climate change.

Mr. Bush reflected that concern yesterday. "Part of my frustration is that what we have been doing hasn't quite penetrated into the American psyche," he said. "It was, 'Why aren't you diversifying? Why aren't you doing something?' But this administration has done more than any administration has done."

Bush Touts Ethanol As Way To Ease Dependence On Oil (DJ)

Dow Jones Newswire, September 29, 2006

WASHINGTON (Dow Jones)--President George W. Bush, touring an alternative fueling station in Hoover, Ala., said Thursday that the U.S. needs to develop ethanol-based fuels to wean drivers off oil.

"One way to become less dependent on foreign oil is for us to develop new ways to power our automobiles right here in America," Bush said.

Bush, who is to attend a luncheon fundraiser later Thursday for Gov. Bob Riley in Birmingham, got a briefing in Hoover on Alabama's efforts to develop alternative fuels and the E85 capacity at Hoover Public Safety Facility, which has been open since May 2004.

The city of Hoover's police force uses around 20,000 gallons of E85 - an ethanol and gas blend - per month, according to the White House.

Bush said the blend "works just fine because it helps keep our air clean. It works just fine because it helps address the national security issue."

"One of the important policies of government ought to be to encourage the production and use of ethanol," Bush said. "And there's a federal role for that."

The president, who repeatedly complains the U.S. has become addicted to oil, boasts that his administration has taken steps to promote energy diversity, including tax credits for ethanol blends and small ethanol producers and a Renewable Fuels

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Standard to boost the amount of homegrown fuel. He said researchers are working on breakthroughs to convert switchgrass and wood products into ethanol.

The Natural Resources Defense Council agreed with Bush's endorsement of ethanol but said Bush and Congress need to enact policies that will help bring the fuel to consumers more quickly.

"The president is on a forward-looking road by supporting these advanced fuels, but he's keeping his foot off the gas pedal when American farmers and families want to go full speed ahead," said Nathanael Greene, an NRDC senior policy analyst. "His administration and Congress need to enact policies that will advance these fuels quickly and affordably to move America beyond oil and cut global warming pollution."

Deficit Comes In Below Projections, Thanks To `off-budget' Borrowing (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 29, 2006

WASHINGTON - The U.S. government closes the books on fiscal 2006 Saturday, and politicians are likely to trumpet that the federal deficit came in almost $60 billion below projections. Problem is, they won't be using the same math you use.

The nonpartisan Congressional Budget Office has projected that the federal deficit for the fiscal year ending Sept. 30 will total around $260 billion, aided by a surge in revenues. That's $58 billion lower than last year's deficit and about $77 billion lower than projections at the beginning of the fiscal year.

Great news? Budget experts in Washington and on Wall Street say it's a welcome development, but misleading. Washington's funny math excludes the Social Security trust fund, which is running a $177 billion surplus this year. Washington spends it, but doesn't count it as spending. It's officially listed as "off-budget" borrowing.

"In practice, all the money Washington collects goes into the same pot and gets spent the same. On paper, we say we'll pay Social Security back later," said Brian Riedl, chief budget analyst for the Heritage Foundation, a conservative research center.

So the deficit is actually about $437 billion, the CBO calculates: the $260 billion official deficit plus the $177 billion borrowed from the trust fund. Since the money is "borrowed," it adds to the gross federal debt, which is expected to reach about $8.5 trillion by Jan. 1.

This is why New York investment bank Goldman Sachs & Co. issued a dour report Sept. 22 titled "The U.S. Budget Outlook: No Lasting Improvement."

Spending trust-fund money to mask the true size of the federal deficit is a longtime Washington gimmick, but even so, Heritage calculates that the Bush administration and the Republican-led Congress have increased government spending by 45 percent since 2001. Heritage uses spending numbers from the White House Office of Management and Budget.

Federal spending increased by 9 percent in fiscal 2006, the biggest jump since 1990. It's risen sharply for education, agriculture and several nondefense programs as well as for the war on terrorism and homeland security.

"It's really been a guns-and-butter spending spree," Riedl said. "Of all the federal spending increases since 2001, defense and homeland security combined are responsible for less than a third."

Heritage calculates that discretionary spending, excluding defense and homeland security, has increased by 7 percent annually during the Bush presidency. That nearly doubles the 4.2 percent annual growth under President Clinton.

The current spending increases appear less dramatic, however, when they're viewed as a percentage of gross domestic product, the total value of U.S. goods and services produced in a year. In its midyear review, the White House projected fiscal 2006 spending in the ballpark of 20 percent of the GDP. That's about the same as it was for most of the 1990s, although up sharply from 18.4 percent in 2000.

"We're in a situation where the immediate cash budget isn't the issue. People shouldn't focus too much on that," said Robert Bixby, the executive director of the Concord Coalition, a bipartisan grassroots organization that advocates balanced federal budgets. "The real issue we need to start paying more attention to is what sort of enormous balloon payment are we setting ourselves up for in the future."

Looming just over the horizon is a huge demographic shift that'll strain the federal budget enormously. On Jan. 1, 2008, the first baby boomers - 76 million Americans born from 1946 to 1964 - become eligible for Social Security benefits. From that point

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on, a two-decade assault on federal finances begins. The federal government will turn to an ever-declining number of active workers to pay for the health and retirement benefits it's promised to baby boomers.

"For people who think that's a long ways off, the first baby boomer collects their first Social Security check in 14 months," Riedl said. "No economic boom can make up for Medicare rising 9 percent, Medicaid rising 8 percent and Social Security rising 6 percent."

There's another important way that Washington math differs from yours. The nation's books are done on a cash basis: money coming in and going out. Most American business and family budgets don't look only at the flow of money. They use accrual-based accounting, in which liabilities, or commitments, are factored in.

When you buy something with a credit card, you incur those liabilities immediately even if you intend to pay off your debt in the future. The federal cash-basis budget doesn't treat things such as promised future pension benefits to veterans as immediate liabilities.

Buried deep in the nation's financial report, issued every December, is an alternative accrual-basis deficit calculation. For the fiscal year that ended Sept. 30, 2005, that deficit totaled $760 billion. It has grown every year of the Bush presidency. It will grow in the 2006 fiscal year too, approaching $800 billion or more.

Comptroller General David Walker, the nation's chief accounting auditor, has added up all the federal government's unfunded liabilities, or promises, and offers a present-day figure of $46 trillion. Think of that as promises to the tune of $155,932.18 for each of the 295 million Americans.

For more on the CBO's budget outlook, go to www.cbo.gov/ftpdocs/74xx/doc7492/08-17-BudgetUpdate.pdf

For historical data on the federal budget, go to www.cbo.gov/budget/historical.pdf

For the Government Accounting Office's latest budget update, go to www.gao.gov/new.items/d061077r.pdf

Judge Halts Effort To Recoup Mistaken Medicare Refunds (NYT)

By Robert Pear

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — A federal judge on Thursday ordered the Bush administration to halt its effort to collect $50 million from 230,000 Medicare beneficiaries who had received erroneous refunds of premiums paid for prescription drug coverage. He said many of them might qualify for waivers because repayment would cause hardship.

The judge, Henry H. Kennedy Jr. of Federal District Court here, said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, must immediately send a notice to every one of the 230,000 beneficiaries, stating that each has a right under federal law to request such waivers.

Federal officials had previously told beneficiaries to return the money by Saturday, Sept. 30. Judge Kennedy said the administration could not enforce that demand unless it first gave beneficiaries an opportunity to seek an exemption.

If a beneficiary requests a waiver, the government cannot try to recoup the money until the secretary of health and human services rules on the request, Judge Kennedy said in issuing a preliminary injunction sought by the plaintiffs. The plaintiffs include the Action Alliance of Senior Citizens, based in Philadelphia, and Gray Panthers, a national organization for older Americans.

Judge Kennedy said that any money already paid to the government "must be immediately returned to the beneficiaries so that they may decide whether to request waiver."

Peter L. Ashkenaz, a spokesman for the Medicare agency, said government lawyers had not decided whether to appeal the decision. Mr. Ashkenaz said the government would do everything possible to ensure that beneficiaries continued to receive drug coverage "with the least inconvenience possible."

At a court hearing on Tuesday, Gill Deford, a lawyer at the Center for Medicare Advocacy, said some beneficiaries had almost certainly spent the money sent to them by the government.

Mr. Deford said beneficiaries were entitled to notice of their rights because of the Fifth Amendment to the Constitution, which states that no person shall be "deprived of life, liberty, or property, without due process of law." The administration's refusal to provide such notice violates the Constitution, as well as the Medicare law and regulations, he said.

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The Medicare law says the government shall not recover an overpayment if the beneficiary was without fault and if it would be "against equity and good conscience" for the government to recover the money.

Dr. McClellan has, in effect, acknowledged that the beneficiaries are without fault, saying the mistake occurred because of "an error in Medicare computer systems."

At the court hearing, lawyers for Dr. McClellan and Michael O. Leavitt, the secretary of health and human services, argued that Medicare beneficiaries had no right to a waiver and therefore no right to be informed that they could fight the demand for repayment.

The erroneous refunds averaged $215 a person, and none exceeded $800, federal officials said.

Beneficiaries "have been unjustly enriched," Marcus H. Christ Jr., a lawyer from the Department of Health and Human Services, told the court. "Nothing in the Medicare program allows them to keep that money."

One plaintiff, Lucy C. Loveall of Franklin, Ky., pays for drug coverage by having premiums withheld from her Social Security checks. She received $161.70 from the government, representing a refund for seven months of premiums. Ms. Loveall, 65, said she could not afford to repay the money because she and her husband had total income of $2,214 a month and total monthly expenses of $3,067.

The poorest Medicare beneficiaries do not have to pay premiums for drug coverage. But Mr. Deford said that many of those who did pay premiums had relatively low incomes. About half of beneficiaries have annual incomes less than twice the poverty level, he said. The poverty level is $9,800 for an individual.

Medicare Drug Premiums Steady (USAT)

By Richard Wolf

USA Today, September 29, 2006

WASHINGTON — Average monthly premiums will hold steady next year under Medicare's prescription-drug program as competing insurers offer a range of new coverage options.

The average premium will be less than $24. Prices for the least expensive plans — as cheap as $1.87 in some parts of the country — will rise for the program's second year. Medicare officials will unveil details about 2007 plan offerings today.

Despite pleas from Congress to make the program simpler, seniors and people with disabilities still will face dozens of plans in most states. "There will be more options available with enhanced coverage," says Mark McClellan, administrator of the Centers on Medicare and Medicaid Services.

"The word seems to be pretty much price stability," says John Rother of the AARP, the nation's largest seniors organization.

More plans will have no coverage gap — a period during which beneficiaries must pay full price for drugs. Other plans will offer partial coverage in the gap for generic or certain brand-name drugs. Those plans will be more expensive. Nearly all of the 3,000-plus plans nationwide now have a gap that begins when total drug costs reach $2,250 and ends when enrollees have spent $3,600 of their own money.

Some plans also will add coverage of drugs not now covered by the program, such as certain antihistamines or sleep aids.

The program "is saving seniors on average $1,200 a year, and it just keeps getting better," Secretary of Health and Human Services Michael Leavitt says .

Democrats who wanted a government-run program, under which Medicare could negotiate lower prices with drug companies, aren't impressed. "Under the current drug program, there are winners and losers, and that won't change," says Rep. Charles Rangel, D-N.Y., top Democrat on the House Ways and Means Committee.

Companies will begin marketing plans next week. The re-enrollment period begins Nov. 15, and beneficiaries will have until Jan. 1 to decide on a plan. Those who want to remain with their current plan do not need to take any action.

For those who want to shop around, details on the plans will be posted on the Medicare website, www.medicare.gov, in mid-October. Officials are urging people to enroll by Dec. 8 or risk a disruption in coverage in January.

A survey this month by J.D. Power and Associates found three in four Medicare prescription-drug beneficiaries satisfied with their plans. Jeffrey Leiman, the company's senior director of insurance, says only one in five are expected to shop around. Among those people, he says, "there's a lot of confusion."

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There was far more confusion last year, when federal officials rolled out the program passed by Congress in 2003. Seniors complained about the number of private insurance plans. Thousands of low-income beneficiaries previously covered by Medicaid were mistakenly dropped or overcharged.

Critics of the program say beneficiaries should look carefully before choosing. Unlike last year's six-month signup period, they will have only about six weeks this time. “This is just the tip of what you need to know,” says Deane Beebe of the Medicare Rights Center. “You better look closely and assume nothing.”

Sources Of Coverage (USAT)

USA Today, September 29, 2006

Medicare recipients, in millions Where they get prescription-drug coverage

10.4 Stand-alone prescription plans

6 Medicare Advantage (HMO) plans

6.1 Transferred from Medicaid

6.9 Private employer retiree plans

3.5 Federal retiree plans

2 Department of Veterans Affairs

2.6 Employers

0.7 Other

4.4 No coverage

Source: Centers for Medicare and Medicaid Services

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Lawmakers Argue Over AIDS Funding Bill (AP-Y)

By Erica Werner

AP, September 28, 2006

House members from rural areas and the South clashed with big-city lawmakers Thursday over who should get a bigger share of federal money to care for AIDS patients.

"It's shameful and disgraceful," shouted Rep. Eliot Engel, D-N.Y., denouncing amendments to the $2.1 billion Ryan White CARE Act that could take millions of dollars out of New York's health care coffers.

"The HIV/AIDS epidemic is moving," countered Rep. Joe Barton, R-Texas. "This is a very fair compromise. It begins to treat all states on an equal footing."

The House was expected to vote on the bill later in the evening. A two-thirds vote was needed for passage.

Even if it passes the House, the bill faces uncertain prospects in the Senate before Congress recesses at the end of the week to campaign for re-election. Senators from New York, New Jersey and California are blocking it.

Supporters said the election-year updates were needed because of how AIDS has changed since the Ryan White law first passed in 1990. Once a big-city epidemic infecting mostly gay white men, the disease is now prevalent in the South and among minorities.

By some measures federal funding has not kept up, and states like California, New York and New Jersey get more money per patient than Alabama, Kentucky or North Carolina.

The Ryan White amendments, the first since 2000, make a number of changes aiming to spread money more equally around the country.

While current law only counts patients with full-blown AIDS, the revision also would count patients with the HIV virus who have not developed AIDS.

That change would favor parts of the country where the disease is a newer phenomenon, which tend to be southern and rural areas.

New York state stands to lose $100 million over the five years of the bill. New Jersey would lose $70 million.

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Alabama, by contrast, would get an increase from $11 million a year to about $18 million a year.

"The problem is that the population of those needing services has grown, but the funding for Ryan White programs has not grown with it," said Rep. Henry Waxman, D-Calif. "That means if we're going to give to some people who are very deserving, we're going to take from others who are very deserving."

California and some other states are worried about a change in the bill that mandates counting HIV patients by name instead of codes. Some states used code-based systems out of concern for patient privacy. California could lose an estimated $50 million in the last year of the bill, when the name-based system would take effect, because it won't be prepared to make the transition.

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The bill is H.R. 6143.

Congress: http://thomas.loc.gov

New Sense Of Caution At F.D.A. (NYT)

By Andrew Pollack

The New York Times, September 29, 2006

A federal advisory group last week derided the Food and Drug Administration as a feckless watchdog unable to protect consumers from unsafe medicines. But try telling that to drug company executives, investors and analysts.

Many of them say the F.D.A. has already responded to a barrage of criticism over the last two years by quietly becoming more assertive about keeping new drugs off the market or refusing to approve new uses for existing medications.

The Nasdaq Biotechnology Index is down about 14 percent since late February, in part on Wall Street's perception that the F.D.A. has become a tougher gatekeeper.

"The uproar that's occurred in the wake of Vioxx has clearly had an effect on the way the F.D.A. approaches its work," said Ira Loss, who follows the F.D.A. for Washington Analysis, a firm that monitors the federal government for investors. "The agency doesn't hesitate to say 'No' or 'Send me more data.' "

Mr. Loss was referring to the market withdrawal of Merck's painkiller Vioxx for safety reasons two years ago. That episode ignited criticism of the F.D.A. and prompted the agency to commission the report issued last week by the federal advisory group, the Institute of Medicine.

Despite the report's critique, executives and analysts point to numerous unexpected delays and rejections by the F.D.A. since the Vioxx debacle that they say show the agency is taking a tougher stance.

Earlier this month, for instance, Genentech said approval of its colon cancer drug Avastin as a treatment for breast cancer would be delayed about a year because the F.D.A. had asked for more data. Genentech said the agency appeared to be toughening its requirements for certain types of clinical trials.

And some drugs that won approval in Europe have merely received "approvable" letters from the F.D.A., meaning they will not be allowed on the market without more information. These drugs include Sanofi-Aventis's Acomplia for obesity, NPS Pharmaceuticals' Preos for osteoporosis and Encysive Pharmaceuticals' Thelin for pulmonary hypertension.

Also whether from caution or a lack of manpower, it has also become common for the agency simply to postpone decisions by 90 days. About half a dozen drugs, including Pfizer's inhaled insulin, Exubera, that have been approved in the last several months were first subjected to 90-day delays.

The F.D.A.'s own statistics, too, show signs of a more cautious stance — at least for new drugs that the agency does not consider major advances over ones already available.

So far, only 1 of 14 such drugs submitted to the agency in the 2005 fiscal year — the Sucampo Pharmaceuticals drug Amitiza for constipation — has won approval on the first try. That is the lowest approval rate in at least a decade.

The main category in which the F.D.A. does not show signs of a slowdown is in approval rates for new drugs that merit a priority review, like the cancer drugs Sutent from Pfizer and Sprycel from Bristol-Myers Squibb. Both were approved within a six-month review.

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A reason for the seeming discrepancy between the perceptions of the agency's critics and the experience of the drug industry may be that, to some extent, they are looking at different things. The Institute of Medicine report, as well as bills in Congress aimed at reforming the F.D.A., focus mainly on lapses in monitoring drugs already on the market, not on the initial approval process.

Indeed, the Institute of Medicine report said the F.D.A. devoted too much of its resources to reviewing new drug applications and not enough to tracking post-approval safety. But the report also criticized the approval process for emphasizing speed at the expense of safety.

Dr. Bruce Psaty, a professor of medicine and epidemiology at the University of Washington and one of the report's authors, said that given the time required to compile the report, it might not reflect changes at the F.D.A. in the last few months.

It is difficult to judge whether the agency has actually become more cautious, because the data on which it bases decisions are usually not publicly released, and the agency does not discuss drugs under review. That means much of the information about the F.D.A.'s actions come from the drug companies themselves.

The F.D.A., which did not make anyone available to be interviewed for this article, denies that there has been a change. So do some of its critics.

The drug industry's laments are "just major kvetching" said Dr. Sidney Wolfe, the head of health research at the watchdog group Public Citizen. He said that executives and Wall Street were looking for a scapegoat for the pharmaceutical industry's failure to develop better drugs.

Even if there have been no official policy changes, though, people close to the F.D.A. say the agency's drug reviewers have become worried they will be hauled before Congress if they approve a drug that is later found to be unsafe. The lack of a permanent F.D.A. commissioner for the last year, along with severe budgetary constraints, are also cited as factors behind delays and rejections of drug applications.

"I speak to reviewers, and they all feel very worried that the decisions they make may come back to haunt them," said Dr. Lee Simon, a former F.D.A. division head, who is now an industry consultant.

One company that may have met such caution is Somaxon Pharmaceuticals of San Diego. It is testing a tiny dose of doxepin, an antidepressant that has been on the market since 1969, for use as a sleeping pill.

Jeff Raser, a co-founder and senior vice president for sales and marketing, said that the F.D.A. had assured the company that it could begin human clinical trials without first doing animal tests, because of doxepin's long history of use in people and because Somaxon was using only about 1 to 8 percent of the dose used to treat depression.

But in May, after Somaxon had completed several clinical trials and was meeting with the F.D.A. to discuss applying for approval, the agency asked for a full battery of animal tests, Mr. Raser said. That will delay the company's application for at least six months.

Another F.D.A. tool, the "approvable" letter, has come to be seen by some analysts as a way for the F.D.A. to make a decision by its deadline but that is really a delaying tactic. The F.D.A. denies this. In some cases there are just minor details to be worked out before approval. But some analysts say the agency is increasingly asking for more clinical trials, as in the case of Preos, NPS Pharmaceuticals' osteoporosis drug.

Some F.D.A. delays have angered patient advocates, as with the request for more data on Avastin, a Genentech cancer drug. They note that in a clinical trial the drug, used in combination with the generic chemotherapy treatment paclitaxel, delayed the worsening of breast cancer by more than six months, compared with paclitaxel alone.

"This, as usual with the F.D.A., does not seem to be about whether the drug combination works, or whether breast cancer patients would be better off if they could get it," said Steve Walker, chief adviser to the Abigail Alliance for Better Access to Developmental Drugs, a patient advocacy group.

The F.D.A. has also postponed by 90 days, until November, its deadline for deciding whether to approve Genentech's late-stage breast cancer drug Herceptin for use in earlier stages of the disease.

And yet, the F.D.A. has recently approved drugs for serious diseases in which few alternative medicines are available. In July, for example, the agency approved Gemzar, from Eli Lilly, as a treatment for recurrent ovarian cancer, even though its advisory committee had recommended against approval — in part on grounds that the drug had not prolonged survival, only

delayed the worsening of cancer.Where a new caution seems most evident is in the F.D.A.'s review of drugs that may appear to provide few benefits over existing medicines.

One such case might be Sparlon, a drug for attention deficit disorder developed by Cephalon. Sparlon is a higher-dose version of Provigil, an alertness drug from Cephalon that was approved in 1998.

An F.D.A. advisory panel voted 12 to 1 in March that Sparlon's safety risks were too great to merit approval. Of particular concern was a suspected case of Stevens-Johnson Syndrome, a rare but potentially fatal blistering of the skin that can be caused by an allergic reaction to a drug.

But the boy who supposedly had the syndrome was never hospitalized, and Cephalon subsequently submitted evidence it said conclusively showed that the boy had a different skin condition caused by a virus.

Even so, in August the F.D.A. rejected Sparlon.

"It's amazing to all of us that a single case of a bad rash that the experts have said is not Stevens-Johnson Syndrome would yield a result from the F.D.A. of a nonapprovable letter," Frank Baldino Jr., Cephalon's chief executive, said in a conference call with analysts. He said the company would drop the drug because approval hurdles were too high.

Mr. Loss of Washington Analysis said Cephalon had not shown that Sparlon was indispensable, given other drugs on the market. So even if there were only a slight chance of a fatal side effect, he said, "why would the F.D.A. take a risk like that?"

More Clout Sought For Social Studies In U.S. Law (WP)

By Ian Shapira

The Washington Post, September 29, 2006

RICHMOND -- With unprecedented requirements for annual testing in reading and math, a 2002 federal law put a premium on student achievement in those subjects. But some Virginia educators contend that No Child Left Behind has left a vital field behind: social studies.

This week, the Virginia Consortium of Social Studies Specialists and College Educators launched a campaign here to get its educational niche a more prominent place in the law as Congress begins to consider revisions in the coming year. The group aims to include social studies test scores in federal formulas used to rate schools.

As the law now stands, the group said Tuesday, subjects such as history, government and geography sometimes get short shrift while schools increase time spent on reading and math.

"[We] feel that it's time to speak out to emphasize the role that social studies plays in the education of the total student," said Terry LaRocco, a social studies curriculum coordinator for a Roanoke Valley school system who is president of the consortium. "Our society is neglecting skills and content that teach students about how they have been shaped by their past and their social environment, and how their history and society will impact their future."

The group's members, including many social studies department heads from Northern Virginia school districts, contend that the federal law has led elementary and middle schools to reduce social studies lesson time. They also said many teachers have been given less time to prepare students for state social studies tests because those assessments are not factored into the federal ratings.

"Principals tend to schedule us first because they don't think we need as much time to prepare and because the other areas might be interpreted to be more important" in the federal ratings, said William F. Brazier, Loudoun County's social science instructional supervisor. "What we're concerned about is the message that might be interpreted within the school."

Some national data support the group's argument.

The Center on Education Policy, based in the District, reported in March that elementary schools have reduced instructional time for subjects other than reading and math in 71 percent of school districts surveyed.

Social studies lessons were cut the most, according to the survey. One-third of the districts reported that elementary schools have reduced social studies instructional time "somewhat" or to "a great extent."

The U.S. Department of Education said school systems are free to decide how to structure their lesson time. "We think that all subjects are important," said department spokeswoman Jo Ann Webb, "but I think it's certainly important to note that if a child

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doesn't learn to read well and comprehend what he or she is reading, then [the student] cannot possibly do well in other subjects."

The law requires testing of all students in reading and math in grades 3 through 8 and once in high school. Starting with the 2007-08 school year, schools also will be required to test students in science.

Some social studies experts fear that their field will lose money if it is not included in the federal mandates.

Judy McConville, a curriculum specialist for Alexandria schools, said a recent federal grant of nearly $1 million has helped train local social studies teachers. But that money soon will dry up, and McConville worries about whether another funding source will emerge.

"Someone said to me, 'Are you going to apply for another grant?' and I said, 'It's easier said than done' " McConville said. "I can apply, but it's so difficult to get one."

As Congress Wraps Up, Pandering Warps Policy (USAT)

USA Today, September 29, 2006

Members of Congress are heading for the exits and the campaign trail to spend the next five weeks trying to convince voters they should be allowed to keep their jobs. Their record is thin. Lawmakers left much undone — a promised ethics overhaul went nowhere, the minimum wage was unchanged and nearly all of the spending bills that keep the government running after Saturday are incomplete. What they did this week instead — on terror suspects, on immigration and on guns — reflected a greater desire to cater to powerful interests, or to look tough on issues that deserved far more thought and care, than to produce sound public policy.

OTHER NEWS:

U.S. Economy: Second-Quarter Growth Is Revised Lower (Update4) (BLOOM)

By Joe Richter

Bloomberg, September 29, 2006

By Joe Richter

Sept. 28 (Bloomberg) -- The U.S. economy grew at an annual rate of 2.6 percent in the second quarter, less than previously estimated, as business spending, consumer demand and homebuilding slowed.

The gain in gross domestic product, the value of all goods and services produced in the country, compares with the Commerce Department's previous estimate of 2.9 percent and 5.6 percent in the first quarter.

The report shows that Federal Reserve policy makers made the right decision when they ended two years of interest-rate increases in June, economists said. The lower borrowing costs since then, combined with a 15 percent decline in the price of crude oil, may keep consumers spending and economic growth from unraveling further.

``This report is consistent with the Fed's view that the economy is slowing," said Nigel Gault, director of U.S. research at Global Insight Inc. in Lexington, Massachusetts. ``The decline in energy prices reduces the risk that housing will drag the whole economy down with it, so I think the Fed will be more comfortable staying where they are on interest rates for some time."

The slowdown in economic growth hasn't resulted in more firings, a separate government report showed. Initial jobless claims declined 6,000 last week to 316,000, the Labor Department said today in Washington.

Limited Hiring

Sales are strong enough to prompt companies to keep current staff on payrolls even as a slower pace of growth limits hiring. The Conference Board said today that its index of help-wanted advertising in U.S. newspapers fell to a 45-year low.

Stocks rose for a fourth day, briefly pushing the Dow Jones Industrial Average above its record closing level. The Dow Jones average closed up 29.21, or 0.3 percent, to 11,718.45. The yield on the benchmark 10-year U.S. Treasury note rose 1 basis point to 4.61 percent. A basis point is 0.01 percentage point.

Today's GDP estimate is the government's last for the quarter. Economists estimated the economy grew at a 2.9 percent annual rate last quarter, according to the median of 69 forecasts in a Bloomberg News survey.

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Economic growth will probably average an annual rate of 2 percent to 2.5 percent in this year's second half, Kansas City Federal Reserve Bank President Thomas Hoenig said in a speech yesterday. Inflation ``will come down" as the economy cools, he said. During a Sept. 15 speech in Colorado, Hoenig said he expected the economy to grow 2.5 percent to 3 percent in the second half.

``There's certainly nothing to get worried about going into 2007," said Michael Darda, chief economist at MKM Partners, in an interview. ``I think we are going to have good growth."

The government's personal consumption expenditures price index excluding food and energy, a measure of prices tied to consumer spending and favored by Fed policy makers, rose at a 2.7 percent annual rate, less than the 2.8 percent pace reported last month. That followed a 2.1 percent first-quarter rise.

Home construction fell at an annual rate of 11.1 percent last quarter, the biggest decline since the second quarter of 1995, the Commerce Department's report showed. That compares with a 9.8 percent drop reported last month and a 0.3 percent decline the first three months of 2006.

Reports this month suggest the housing slump is deepening as the supply of unsold homes swells. Sales of previously owned homes in the U.S. fell in August to the lowest since early 2004, and prices fell from year-ago levels for the first time since 1995, the National Association of Realtors said this week. Housing starts fell to a three-year low in August.

The slowdown in housing may limit the cash consumers can obtain through mortgage refinancing and home equity loans, which have helped fuel household spending in the current expansion.

Consumer Spending Slows

Consumer spending, which accounts for more than two-thirds of the economy, expanded at a 2.6 percent annual pace, the same as reported last month and down from a 4.8 percent gain in the first quarter.

Spending will rise at a 3 percent rate this quarter before falling to a 2.6 percent pace in the first half of next year, according to economists surveyed by Bloomberg News this month. The economy will expand at an annual rate of 2.6 percent in the fourth quarter, down from an average of 4.1 percent in the first half, the survey showed.

``We all knew housing would be a drag on economic growth, but no one expected energy prices to fall," said Michael Gregory, a senior economist at BMO Capital Markets in Toronto. ``The bar was set very low for the consumer for the second half, but we may still have a decent holiday shopping season assuming energy prices stay down."

Gasoline Prices

A gallon of regular gasoline at the pump cost $2.38 this week, down from an average of $2.85 in the second three months of the year, U.S. Energy Department figures show.

The International Council of Shopping Centers this week boosted its September sales forecast. The retail trade group projected an increase of at least 4 percent at stores open a year or more, up from its previous forecast of 3.5 percent gain.

Confidence among U.S. consumers rebounded more than forecast in September from a nine-month low, a report from the New York-based Conference Board showed. Almost one in three Americans said lower fuel prices have allowed them to spend more on other goods, according to a recent Bloomberg/Los Angeles Times survey.

``The economy should continue to grow at a robust pace in 2007 and beyond," in part because ``the weakness in the housing sector does not seem to be spreading to other sectors of the economy," Edward Lazear, chairman of the White House's Council of Economic Advisers, said in testimony today to the Senate Budget Committee. The recent decline in energy prices will help ``moderate" inflation, he said.

Corporate Profits

The Commerce Department also said that second-quarter profits rose 0.3 percent from the first quarter. In the 12 months ended in June, profits were up 17.4 percent.

Midland, Michigan-based Dow Chemical Co., world's second- biggest chemical company, expects to sustain growth rates in the U.S. and Europe as those economies experience a ``soft landing," Chief Executive Andrew Liveris in an interview.

Profitability will improve thanks to the falling price of crude oil, Liveris said yesterday at a groundbreaking ceremony for a plant it is building with Germany's BASF AG in Antwerp, Belgium.

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Companies added to stockpiles at a $53.7 billion annual rate last quarter after adding to inventories at a $41.2 billion pace in the first three months of the year. Inventories added 0.44 percentage point to GDP.

Business fixed investment, which includes spending on commercial construction as well as equipment and software, grew at a annual rate of 4.4 percent in the second quarter, compared with a 4.7 percent gain reported last month and a 13.7 percent increase the first three months of the year.

Business Spending

Spending on equipment and software fell at an annual rate of 1.4 percent, the biggest drop since the end of 2002, revised from a 1.6 percent decline.

Investment in commercial building rose 20.3 percent, revised from a 22.2 percent increase reported earlier.

Government spending rose last quarter at an annual rate of 0.8 percent, compared with the 0.9 percent increase reported last month and a 4.9 percent first-quarter gain.

Trade added 0.42 percentage point to second-quarter growth instead of the 0.44 percentage point reported last month. Exports added 0.66 percentage point, more than the 0.54 percentage point previously reported.

Why Economists Track Firms' R&D (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, September 29, 2006

That research and development makes an important contribution to U.S. economic growth has long been obvious. But in an important advance, the nation's economic scorekeepers declared they can now measure that contribution and found that it is increasing.

The new data, part of efforts to pinpoint the role of knowledge creation in Americans' well-being, helps to explain why the U.S. economy tends to expand faster than the contributions of capital and labor alone, a puzzle that has been the subject of Nobel Prize-winning research.

In the current system of measuring gross domestic product, R&D is treated like a so-called intermediate expense. For example, salaries paid to research scientists are lumped in with wages paid to assembly-line workers. Under the new approach developed by the Commerce Department's Bureau of Economic Analysis and the National Science Foundation, R&D spending is treated like capital investment, such as the cost of a machine tool or an office building. By that measure, R&D would have accounted for nearly 7% of growth from 1995 to 2002, up from a little more than 4% from 1959 to 1994. (The rest comes from an expanding work force, increased capital and other, unexplained factors.) That exceeds by a wide margin the 2% contribution of investment in buildings and factories during the 1959-2002 period.

Treating R&D as an investment would make the economy 3% larger and the national savings rate about two percentage points higher. "Our economy may be hundreds of billions of dollars larger than we currently calculate," said Commerce Secretary Carlos Gutierrez.

Since the 1950s, economists have explained economic output as the result of measurable inputs. Any increase in output that can't be explained by capital and labor is called "multifactor productivity" or "the Solow residual," after Robert Solow, the Nobel Prize-winning economist considered the father of modern growth theory.

From 1959 to 2002, this factor accounted for about 20% of U.S. growth. From 1995 to 2002, when productivity growth accelerated sharply, that grew to about 33%. Accounting for R&D would explain about one-fifth, by some measures, of the productivity mystery. It suggests companies have been investing more than the official data had previously shown -- a good omen for future economic growth. "The slump in investment is not as drastic as people thought before they saw these figures," says Dale Jorgenson, professor of economics at Harvard University.

Mr. Jorgenson noted a lot of the multifactor productivity growth remains unexplained. "The great mystery of growth ... is not eliminated."

Paul Romer, an economics professor at Stanford Business School, said the better the measurements of R&D become, the more economists and policy makers will realize other factors may be more important. "If you look at why we had rapid productivity growth in big-box retailing, there were lots of intangibles and ideas that ... don't get recorded as R&D."

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BEA director Steve Landefeld said for now, GDP will continue to be measured in the typical way, but the agency plans to start including R&D regularly in 2012.

Separately, the BEA said GDP grew at a 2.6% annual rate in the second quarter, down from an estimated 2.9%, in part because businesses didn't boost their inventories as much. In another report, the Labor Department said the number of new claims for unemployment insurance fell by 6,000 last week to 316,000.

For A Moment, The Dow Was Above Its Record Close (NYT/AP)

By The Associated Press

The New York Times, September 29, 2006

By The Associated Press

The Dow Jones industrial average reached a milestone yesterday in Wall Street's nearly seven-year recovery from corporate upheaval, economic recession and terrorism, briefly trading above its record close of 11,722.98 set on Jan. 14, 2000.

The Dow index of 30 blue-chip stocks surpassed its record, rising to a high of 11,728.46 in early morning trading. Stocks closed only modestly higher amid a dearth of news that could motivate investors; still, it was the market's fourth straight advance.

"These numbers sometimes tend to act as magnets, and the market is sometimes pulled up toward it," said Russ Koesterich, senior portfolio manager at Barclays Global Investments in San Francisco.

The Dow rose 29.21 points, or 0.25 percent, to 11,718.45. It has yet to reach its record trading high of 11,750.28, also set Jan. 14, 2000.

The broader Standard & Poor's 500-stock index and Nasdaq composite index are far off their record highs, although their peaks were reached around the same time as the Dow's.

The S.& P., which gained 2.56 points, or 0.19 percent, to close at 1,339.15, is still about 188 points below its closing high of 1,527.46, but is at its highest in five and a half years. The Nasdaq, which rose 6.63 points, or 0.29 percent, to 2,270.02, is still far below its record of 5,048.62.

The Dow, whose large-cap stocks range from the aluminum producer Alcoa to the discount retailer Wal-Mart Stores, was the first big index to recover because it did not rise as much in value as the S.& P. 500 or the Nasdaq in 2000.

Wall Street made its way back slowly from its 2002 lows, with investors behaving more cautiously and limiting their exposure to risk as they slowly regained faith in stocks. What has also helped is more than four years of sturdy corporate profit growth despite the threat that energy prices and interest rates would hurt consumer spending and corporate profits.

More recently, the Federal Reserve's decision to pause after more than two years of interest rate increases and evidence that the economy is moderating and not heading for a hard landing have given investors the impetus to push the Dow up.

Yesterday, the economic news was mixed and did not appear to have much impact on trading. The Commerce Department revised its gross domestic product number for spring to 2.6 percent from 2.9 percent.

Meanwhile, the Labor Department reported that the number of new people signing up for unemployment benefits dropped last week. The department said new applications filed for unemployment insurance declined by a seasonally adjusted 6,000, to 316,000, for the workweek ended Sept. 23. The latest showing on claims was close to economists' expectations that claims would total around 315,000 last week.

Bond prices fell, with the yield on the 10-year Treasury note at 4.61 percent, up from 4.60 percent. The price, which moves in the opposite direction from the yield, fell 4/32, to 1022/32. The dollar rose against other major currencies. Gold prices also rose.

Crude oil futures fell. A barrel of light crude settled at $62.76, down 20 cents.

In corporate news, General Motors rose 78 cents, to $33.06, after the dissident shareholder Kirk Kerkorian told G.M. that he was interested in buying up to 12 million more shares of the company as he pressed it to enter a three-way alliance with Renault and Nissan.

Hewlett-Packard, which is drawing scrutiny from Congress over a corporate spying investigation, rose 58 cents, to $35.97, after the company announced the resignation of its general counsel, Ann O. Baskins.

Following are the results of yesterday's auction of four-week Treasury bills:

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Dow Industrials Flirt With Peak On Latest Climb (WSJ)

By Peter A. McKay, Scott Patterson And Karen Richardson

The Wall Street Journal, September 29, 2006

The Dow Jones Industrial Average bypassed its high within minutes of the market open, then again near the close, but trimmed its gains to finish shy of the record.

The indicator, which tracks 30 blue-chip companies, posted an intraday high of 11728.46, up 5.48 points from its January 2000 peak. But on the day, the Dow industrials finished up 29.21 points, or 0.29%, at 11718.45, up 9.3% on the year.

Among the Dow average's strongest components were Caterpillar and General Motors. GM rose after Kirk Kerkorian's Tracinda, which owns 9.9% of GM's shares outstanding, said it was considering purchasing as many as 12 million more shares of the auto maker. Tracinda also said it supports an alliance between GM and Renault-Nissan.

However, the three names with the biggest influence weightings in the price-weighted Dow industrial average -- International Business Machines, Altria Group and Boeing -- all finished the day off less than 0.5%. Even modest gains at one or two of those companies would have sent the Dow industrial average over its record, which now stands just 4.53 points away, at 11722.98.

"The Dow is teasing everybody right now," said Kenneth Tower, chief market strategist at the online-brokerage firm CyberTrader.

Analysts said investors are looking for selling opportunities around the Dow's highs, making it tough for the average to sustain its momentum. In the past two days, each time the industrials have neared the record, they have fallen back.

"It's not uncommon to see sell programs hit when an industry benchmark is around a new high," said Barry Hyman, equity-market strategist at EKN Financial Services.

Mr. Hyman also noted that some investors are likely growing wary of a rally that has lasted since mid-July amid a steady decline in energy prices and interest rates. "Enjoy it while it's here, but let's be aware that there are still risks in the market," he said.

Other stock indexes rallied on the day. The broader Standard & Poor's 500-stock index rallied 0.19%, or 2.56 points, to 1339.15, up 7.3% on the year. And the tech-stuffed Nasdaq Composite Index gained 0.29%, or 6.63 points, to end at 2270.02, up 2.9% on the year.

Fresh economic data were mildly surprising but did little to move stocks either way, analysts said. The Commerce Department revised its estimate of second-quarter growth in gross domestic product, which measures the value of all goods and services produced in the U.S., downward 2.6% from 2.9%. First-quarter GDP was 5.6%.

The Labor Department said the number of initial jobless claims fell by 6,000 claims last week to a seasonally adjusted total of 316,000. The drop was greater than Wall Street's expectation of a 3,000-claim decline, signaling continuing strength in the job market.

Bond prices fell -- the sort of development that is often a sign of rising inflation fears. But analysts said the day's pullback was an exception to a broader trend recently in which Treasury investors have bid up government debt and pushed yields lower, belying expectations that seem at odds with those of stock investors hoping for a sh

ort-lived economic slowdown.

Oil prices fell slightly as supply concerns eased. The November contract slipped 20 cents, or 0.32%, to $62.76 a barrel at the New York Mercantile Exchange.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, added 0.13%, or 0.28 point, to 220.15.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.34 billion shares, as 1,756 stocks advanced and 1,554 fell.

Bond prices fell: The 10-year note shed 4/32 point, pushing the yield down to 4.618%. The 30-year bond fell 9/32 to yield 4.76%.

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The dollar was mixed. Against the Japanese currency, the dollar rose to 117.77 yen, up from 117.5 yen. The euro rose to $1.2706, compared with 1.2703.

Riding The Beast As Stocks Near A High, Pressure Builds For A Professional Investor (WSJ)

By E.S. Browning

The Wall Street Journal, September 29, 2006

As the Dow Jones Industrial Average flirts with a record high, Jon Brorson is sitting at the base of what professional investors call "a wall of worry."

Mr. Brorson, a Chicago money manager with $2.3 billion under his supervision, is one of many doubters who stayed on the sidelines as the market marched ahead this summer. Now the Dow is up 9% in just over two months, within five points of its record closing high of 11722.98 after briefly crossing it yesterday. Investors like Mr. Brorson figure others are driving it too high, setting it up for a fall. They've been expecting a slowing economy to shrink corporate profits and lead to a pullback.

Oddly, these doubters are part of the dynamic that has let the market do well.

When the Dow hit its record in January 2000, most pros cheered it on. This time, many have been skeptical. The market's recent gains are based largely on hopes the Federal Reserve's interest-rate management will slow the economy enough to prevent inflation without making companies and consumers suffer. But investors with a different view worry that the Fed rarely has been able to raise interest rates without serious economic consequences.

So far, these skeptics have been outvoted. As stocks have risen, they've seen their holdings suffer -- slowly prompting more and more to throw in the towel and buy the kinds of stocks that benefit from a resilient economy. The gradual conversion of skeptics into stock-buying bulls has provided the fuel for gains. Hence, the cliché: A steadily rising market often "climbs a wall of worry."

Mr. Brorson's worries served him in May. Then, he shifted toward "defensive" companies whose sales tend to hold up in all kinds of economies, such as drug makers, food producers and electric utilities. His May move was gutsy -- and right. The Dow got to within 81 points of its record and then fell 8% into July.

Now, as it rises, he's fighting the trend again. Doing so keeps him up at night and, his wife says, makes him irritable. His travails over the past two months show just how hard it is even for dedicated pros to call the turns. It's especially hard at times like these when investors are debating whether a shifting economy will change stocks' direction.

"I am wiped out when I get home each day," says Mr. Brorson. He's typically in bed by 9 p.m.

Managing money has been his dream since high school, when he first began buying stocks. But at Northern Trust Corp., a big financial group in Chicago that caters to the wealthy, he initially was passed over for an investment job. He was so annoyed he demanded to know why he didn't get it. He got the next one.

After leaving Northern Trust in 1990 to set up his own firm, he was lured back to run most of Northern Trust's mutual funds. His ability to anticipate market shifts helped him weather the post-bubble bear market of 2000-02 better than many. By 2002, headhunters were calling.

A Sunday-school teacher for 23 years at his Scandinavian church, Mr. Brorson is a buttoned-down 49-year-old. He is a Midwest conservative down to his black shoes with a banker's cap toe, which he repeatedly ties and reties in the office when he's nervous. His suit is often a navy blue with pinstripes. "Sloppy dress means sloppy work, a sloppy mind," he says. But Mr. Brorson also has a flair for adventure, dog-sledding in Michigan's Upper Peninsula and kayaking in the Baltic Sea with his Swedish cousins.

He attacks the workday, rising at 4:50 a.m. and, after showering and praying, riding a crowded double-decker train. To be one of the first off, he sits on its stairs, his briefcase jammed behind him as he races through two newspapers.

In late 2002, Mr. Brorson and his team quit Northern Trust for money-management firm Neuberger Berman. The switch meant more pay and independence, but big-time pressure. The main goal in his old job had been to protect assets. But Neuberger Berman, now part of Lehman Brothers Holdings Inc., is determined to outdo the competition. It had fired his predecessor just before Christmas that year for being behind the curve. "The mindset is 180 degrees different," he says.

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Mr. Brorson sets the direction for a variety of investment accounts including three mutual funds, letting portfolio managers pick most of the individual stocks. For three years, his team rode what proved to be a resurgent market, mostly staying ahead of the pack. But early this year, he got worried. A string of Fed interest-rate boosts was putting a drag on the economy, as were high oil prices. Yields of 10-year Treasury bonds had pushed above 5%, pulling mortgage rates up. Consumers showed signs of restraining their borrowing and spending.

Pulling out of a winning bet is one of the hardest things for investment pros to do. It means selling your strongest positions while others are buying and prices are high. Yet if you wait for stock prices to weaken, it may be too late. Mr. Brorson's stomach churned as he cut back on stocks tied to economic strength, such as copper company Phelps Dodge and aircraft maker Boeing, and shifted into "defensive" ones such as Coca-Cola.

"It is hard to kick out the girl that brought you to the dance and go over to Bertha," Mr. Brorson says.

When the market cracked in mid-May, he was exultant, as his move to caution had put him ahead of the more-bullish competition.

By August, he was newly queasy. The Dow was up 4% since a mid-July low -- and he was still with Bertha. Sitting in his office at 6:50 a.m. one day, he found himself nervously plowing through dozens of emailed analyst reports, scrolling through the headlines on his Bloomberg terminal, preparing to take calls from analysts and casting an eye toward the commentators on CNBC.

To do his job, he immerses himself in the market -- the data, the commentary, the moves of various stocks and indexes. One computer screen is on his desk in front of him, and two others, for email and for charts, on a credenza behind him. Most days he skips breakfast and lunch, munching on nuts, raisins and bananas and drinking coffee and water.

That Monday in the middle of August, the market wasn't going his way. The Dow had been down the Friday before, in line with his expectation, but now it was up 60 points, and his conservative stocks were trailing. With oil prices and mortgage rates by this time retreating, the market was betting on economic growth. More-speculative stocks linked to technology and consumer spending were leading. "We are giving back a lot of what we gained Friday," Mr. Brorson said, looking irritated.

CNBC reported that retailers, a group he had bet against, were rallying. "We knew that. Yup. Retailers are rallying," Mr. Brorson said. To process information, he regularly talks back to the TV screen, to his Bloomberg screen, or while listening to conference calls with his line muted.

Every morning, Mr. Brorson goes to the Web site of Morningstar, a mutual-fund research firm that compares funds to each other and to indexes. Thanks to his May move, in late August most of the funds still were ahead of the competition for the year, but slipping. He wanted to be able to report solid performance when the quarter ends today. "You don't want to bleed to death at the side of the road from getting nicked, but I am not going to change anything," he said. "What I am worried about is a more sustained move that goes up 15%-20% into December. We would have to react to that."

He believed the upturn wouldn't last. Meanwhile, he had bet that demand would keep energy stocks rising, and had hung onto them. Now, softer oil prices were pulling energy stocks down.

Other pros were selling energy stocks, "taking profits," and putting the money in beaten-down tech and retailing shares. "Very rarely does a sector lead for three consecutive years. I know that. And this would be year three for energy," he said. "But I am maintaining my position."

Although he bases decisions on fundamentals, Mr. Brorson occasionally peeks at another side of the investing world, called technical analysis, which tracks trends in historical and other charts. As he put it: "One of the oldest sayings on Wall Street is, 'I am not a technician, but....' " He pulled out a chart of oil prices, worrying that it seemed to have peaked and started down.

Ken Turek, who oversees the group's biggest fund, and Spiro Voulgaris, who does its data analysis, had been pushing him with increasing urgency to cut back on energy. He was beginning to waver. But suddenly the tension eased. The day's rally faded, and his more-conservative investments recovered. CNBC reported the news. "We knew it would do that. We knew it," he told the TV screen.

Mr. Brorson encourages those around him to think independently. In a staff meeting, Mr. Voulgaris said profit forecasts were rising, suggesting a stronger economy. But Mr. Brorson figured any gains in tech stocks would be a chance to cut holdings

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in them even more. "I hate these things. If they show any sign of life, shoot 'em between the eyes and throw 'em overboard," he said.

Over the next weeks, the market kept moving against Mr. Brorson. Economic reports reinforced hope the Fed was managing to cool the economy smoothly. The tech-heavy Nasdaq Composite Index was up 10% since mid-July. But rejecting colleagues' entreaties, Mr. Brorson was unwilling to buy more tech or retail stocks.

By mid-September, the stress was intense. Exxon Mobil, a big holding, was off almost 9% from an August high. "We had a lousy August and we are coming up to the end of the quarter," Mr. Brorson said. "I want to see some butt-kicking. Where is the butt-kicking?"

One thing buoying the market, Mr. Voulgaris noted, was that investment pros who were still trailing the indexes they were measured against felt pressure to buy the currently hot stocks before the quarter's end.

Mr. Turek walked in, and said some of his best stocks were the tech and retailing ones Mr. Brorson had asked him to sell, while some of his worst were the energy stocks Mr. Brorson liked. Displaying a downward-sloping chart, Mr. Turek asked, "If that were a stock, what would you do with it?" Then he showed a chart of consumer stocks such as retailers. Its angle was upward.

"Son of a buck," Mr. Brorson said, the closest he comes to swearing. "Dang it."

Mr. Brorson rechecked which sectors were leading -- something he'd been doing almost every hour. Financials and health care, two of his favorites, were OK. Then he saw tech and retailing stocks pulling back a bit. He took a deep breath and relaxed. "You don't have to swing at every pitch," he said. As the market sank to a close, he untied the shoelaces he has been tying and retying all day.

But the day ended with his energy stocks still suffering. "Crap and a half. It was a stinking, frustrating day," he said.

At 2:30 a.m. that night, unable to sleep, he says, he went to the living room and read some of "Uncle Tom's Cabin."

The next day, the stress got worse.

"Today the Dow could be very close to making a new high that could break this wide open," he said. It was at 11580, less than 150 points from a record. He turned up CNBC. "There is a lot of optimism here on the floor," said a commentator.

"They are just a bunch of sheep," Mr. Brorson told the TV. He pulled out a stock chart and began drawing horizontal lines across its peaks and valleys. The work suggested the indexes were pushing back toward old highs. "Jeez," he said.

"We're on a record-high watch for the Dow," said a cheery CNBC announcer.

"Time to sell. Time to sell," muttered Mr. Brorson.

Yet within days, he had shifted his bet. He told associates he had made a classic mistake of staying too long with a winner: energy stocks. "I should have sold out when Ken wanted me to and Spiro wanted me to. So let's close the barn door when there is still a part of the horse left," he said.

They debated where to put the cash. Still expecting a weaker economy, Mr. Brorson wanted defensive stocks such as makers of food and household products. Mr. Voulgaris disagreed. "History suggests that headwinds haven't slowed the consumer in the past," he said, adding that auto-industry cutbacks, paradoxically, would put more money in people's pockets as they took buyouts. The staff compromised and spread the cash around, to stocks they already owned.

Mr. Brorson knows that if the market keeps defying his expectations, he will at some point be forced to start buying the winners, or risk falling behind. "I do believe we are at the midpoint in a much more elongated cycle, where China will be spending money to support the 2008 Olympics," he said. But he didn't want to position himself for that yet.

In a belief that quarterly profits, due out in October, could disappoint, he and his colleagues agreed late this month they won't chase the tech and consumer stocks. But they reminded themselves that, in the fourth quarter, technology often is a leading group. Their expectation: Techs will pull back after earnings reports; then they'll be prepared to buy.

The goal, Mr. Brorson repeatedly reminds himself, isn't to be right, it's to own winning stocks. "It is not a moral thing, about who is right and who is wrong," he said. "It is just money and we are paid to make it grow."

Hold Your Breath (WSJ)

By Vanessa O'Connell

The Wall Street Journal, September 29, 2006

DOJ_NMG_0071008

The Dow industrials finished a whisper away from a record close yesterday, and investors can thank the world's smokers and a few sympathetic judges for helping.

Among the Dow's 30 components, the best-performing stock in the past six years -- and one of the three biggest contributors to the average's gains -- is Altria Group, parent company of Philip Morris USA, the nation's largest cigarette maker.

Since January 2000, when the industrials hit their record of 11722.98, Altria's share price has increased by more than a factor of three, from $24 a share to $76.97.

But events this week suggest it might not keep marching higher.

The big factor behind Altria's rally has been a string of legal victories in some once ominous-seeming antitobacco lawsuits brought by smokers and the U.S. Justice Department. The victories seemed to set the stage for Altria to spin off its 88%-owned Kraft Foods Inc. unit, the biggest food company in the U.S.

Spinning off Kraft was impossible when Philip Morris was under the shadow of so much litigation, because Altria could have been accused of transferring assets in order to avoid paying cigarette plaintiffs.

Philip Morris's strategy of challenging nearly every judgment against it has paid off. Many large plaintiff awards have been reduced on appeal, and the higher courts have ruled that some cases can't be treated as class actions. That has Altria investors clamoring for the long-sought corporate breakup.

A Kraft spinoff would allow the maker of Oreo cookies and Velveeta cheese to trade without being weighed down by uncertainty over the long-term prospects of the tobacco business. A new chief executive officer took charge of Kraft this summer, seeming to set the stage for a spinoff, something investors thought might be announced at the company's approaching Oct. 25 board meeting.

Now it looks like they'll have to wait longer. This week, a federal judge granted class-action status to tens of millions of smokers of "light cigarettes" -- exposing tobacco companies to a new $200 billion legal claim. The tobacco companies vow to appeal. But in the meantime, another Kraft-spinoff delay seems likely.

So investors will need to keep holding their breath ... for the Dow industrials and the Altria restructuring they've been waiting for.

How Great Dow Art (USAT)

USA Today, September 29, 2006

It's easy to pooh-pooh the significance of the Dow Jones Industrial Average's near record high on Thursday. With only 30 stocks, the Dow is a much narrower gauge of investor sentiment than indexes such as the Standard & Poor's 500 or the Nasdaq composite, both of which have a long way to go yet to climb back to their previous peaks. And, adjusted for inflation, the Dow would have to get above 13,000 to match the mark of 11,722.98 set on Jan. 14, 2000.

Yeah, yeah, yeah. This is all duly noted. But admit it. It feels good to be all the way back, or at least almost all the way back. Especially if you jumped into the market at the tail end of the past decade's bubble, causing family members and friends to question your investment acumen.

The energy crises and inflation of the 1970s caused a stock market malaise that lasted more than a decade. The Great Depression depressed the Dow's 1929 highs until the mid-1950s.

This time, it has taken just six years. In that period the market has worked off the excesses of the 1990s, when companies with few assets beyond their swell ideas were deemed to be worth billions of dollars. It has also rebounded from a terror attack, a recession, corporate scandals, volatile energy prices, wars and much more. After all that, it now sports a sunny optimism and has been spotted brazenly flirting with a new high.

Call it rational exuberance.

The Dow is rising because the companies within it are getting bigger, more efficient, more technologically savvy and — above all — more profitable. According to the Commerce Department, corporate profits have doubled since 2000. That means that, despite the recent run-up in stock prices, they still look a lot more reasonably priced than they did in 2000.

For all we know, the market will take a tumble some time soon, maybe even today. There are a thousand reasons why this could happen — the sagging housing market, the cooling economy, world events and terrorism, to name a few.

But, sooner or later, it will come back. The American economy and its capital markets are extraordinarily resilient. For all that is wrong with executive pay, ethical lapses on Wall Street and reckless government spending, U.S. capitalism is still the envy of the world, and companies in the Dow index are some of the best investments in it.

The Dow isn't everything. But it's a good indicator of a great country with a powerful economy. And maybe, just maybe, it is saying more than we think. For at least a day, it's OK again to party like it's 1999.

Doha Collapse Threatens US Farm Reform (FT)

By Alan Beattie

Financial Times, September 29, 2006

Another casualty of the suspension of the Doha round of global trade talks could be the long-awaited reform of American farm subsidies. Reformers are worried that the absence of Doha as an incentive to change will tip the balance back towards the expensive and inefficient status quo.

The current five-year US subsidy regime or "farm bill", generous even by US standards, was signed in 2002 and will expire next year.

The Bush administration tried without much success to use the upcoming farm bill renewal to exact concessions from its negotiating partners in the Doha round, saying it could be their last chance for five years to influence the reform of US subsidies.

It is now appealing to Congress and the farm lobby to heed advice about trade rules and particularly the threat of litigation in the World Trade Organisation while writing the new farm bill. It is not an utterly hopeless task, but only an inveterate optimist would be confident of success.

Given how removed they now are from their original intent, American farm subsidies are remarkably resistant to reform. When created as a relief programme for embattled farmers during the Great Depression, the regime spread support by stabilising prices of a small number of "programme commodity" crops, including wheat, rice, corn, cotton and soy, of which most small farmers then grew at least one.

Those crops are now grown on a much smaller number of mainly large mechanised farms. Today 93 per cent of subsidies (an estimated $21bn this year) go to the programme crops, while 60 per cent of American farmers get no such support at all. Farmers of higher-value crops such as fruit and vegetables, who want help with research and development rather than straight payouts, remain largely unsupported – even though US horticulture now grows nearly $50bn worth of produce a year, more than all the programme commodity crops put together.

A report published this week by the Chicago Council on Global Affairs put the case for switching farm spending towards conservation programmes and helping to protect all farmers from fluctuating income, not picking out a few favoured commodities.

Cal Dooley, president of the pro-reform Food Products Association and former California congressman, said that a coalition including environmentalists, anti-subsidy development charities such as Oxfam and neglected farmers in areas such as horticulture, wine and livestock would need to come together to effect change.

But groups of commodity farmers with a strong voice in lobbies such as the nationwide American Farm Bureau Federation have so far successfully resisted large-scale reform, and the suspension of Doha has strengthened their hand.

A successful conclusion to Doha would reduce trade-distorting subsidies such as the programme commodity payments, which are often linked to production, in return for opening agricultural export markets abroad. The US has already offered in the Doha talks to reduce the ceiling for trade-distorting subsidies by 60 per cent. But testifying to Congress last week, Bob Stallman, president of the AFBF (which claims it represents all farmers) called for the current farm bill to be extended in its current form. "Altering our farm programmes now to reduce supports by 60 per cent, just in case that is what is including in the final [Doha] agreement, makes no sense," he said.

Charles Grassley, senator for corn-growing Iowa and chairman of the Senate finance committee, which oversees trade policy, told the FT that without a swift advance in Doha, "we will have a farm bill looking the same way it has looked for the past six years".

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For campaigners this is a grim prospect. Ken Cook, head of the Environmental Working Group, which campaigns for farm subsidies to be redirected to conservation, says the Bush administration could well repeat the fiasco of the 2002 farm bill when it was forced meekly to abandon its own reform-minded draft bill in favour of a more traditional and generous version.

Mike Johanns, the agriculture secretary, insists that change is possible. “There isn't any one group any more that controls the dialogue,” he told the FT this week. “This farm bill has worked well for some commodities and for others it has not worked at all.” The Farm Bureau and others supported a renewal of the current bill, he said, but noted that “there are farm lobbies that disagree with that”. Mr Johanns has also repeatedly warned that Brazil's recent successful legal challenge to US cotton subsidies at the WTO could be repeated across a range of programme commodities, with rice subsidies a prime candidate.

But Mr Stallman last week argued: “To alter farm programmes now because a country might file a case against our farm programmes . . . is not a good reason to alter current farm policy.”

Robert Thompson, professor of agricultural policy at the University of Illinois and co-chair of the Chicago Council report, wrote recently that the combination of overall federal budgetary pressures, the threat of litigation and public disquiet over the inefficiency of farm subsidies were all arguments for change.

But overall he expected inertia to win out. “If I were a betting person,” Prof Thompson said, “I would wager that the 2007 farm bill will look a lot like the 2002 farm bill.”

Risky Mortgages Threaten A Squeeze (CSM)

By Mark Trumbull

The Christian Science Monitor, September 29, 2006

A great shift toward adjustable mortgages helped push America's housing boom into high gear. Now, as the boom unwinds, the riskier side of those mortgages is coming home to roost.

The ultimate impact of all those "teaser" interest rates, the "no money down" mortgages, and exotic loans where homeowners' debt can rise over time will be muted somewhat, economists say, because it will be spread over the rest of this decade.

But that doesn't necessarily mean the mortgage shakeout will be easy. And for many individual borrowers, finance experts say, the sad result will be foreclosure.

"We just really don't have any precedent to say, 'This is how bad it can get,' " says Rick Sharga of RealtyTrac, which follows trends in foreclosure. "The homeowner who stretched to buy a house in the first place could find himself or herself in very serious financial trouble very quickly."

Economists generally don't believe the soaring popularity of "exotic" or nontraditional mortgages since 2004 will cause the kind of problems that push the nation into a recession. But foreclosure rates are already rising, and federal regulators are moving to develop new rules in a bid to keep banks from making loans to people who can't pay.

At the very least, routine shifts like the phaseout of "teaser" interest rates will crimp the purchasing power of many borrowers, sucking some momentum out of a consumer-led US economy.

It's the down side of what for years has been viewed as a positive trend: Ever-expanding choices in the realm of mortgage financing have helped millions of borrowers and boosted homeownership to record levels nationwide.

In 1990, the last time the nation was entering a real estate slowdown, less than 10 percent of home loans were ARMs, adjustable-rate mortgages. For the first half of this year, that number is 46 percent of the total, measured in dollar volume, says Richard Brown, chief economist at the Federal Deposit Insurance Corp.

Of all the adjustable-rate loans, 63 percent of them this year have been nontraditional: either "interest only" loans (it's up to the buyer whether to pay any principal to build home equity) or "option ARMs," which give borrowers a choice of several possible payments each month. Even fixed-rate loans today can be "interest only."

The biggest trouble lies with the adjustable loans that begin with artificially low interest rates. Those rates may only last for a month, a year, or two years, and then comes a "payment shock" as the rates reset in ways that can double the required payments.

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Earlier this year, an analysis by First American Real Estate Solutions in Santa Ana, Calif., estimated that $368 billion in adjustable-rate mortgages originated in 2004 and 2005 are at risk of default because of this pattern. Many more borrowers with traditional ARM loans also face the prospect of rising interest rates, but of a more manageable magnitude.

"This translates into ... 1.8 million families that are at risk as a result of the possibility of default and another 500,000 that are likely to go into foreclosure," Allen Fishbein of the Consumer Federation of America said last week at a Senate hearing on nontraditional mortgages.

Who is most at risk? Exotic loans have been rising nationwide, but are most prevalent in states such as California, Nevada, and Florida where home prices have been rising fastest. They are far less common in the Northeast or Midwest.

And while buyers at all income levels have been tempted - option ARMs were originally targeted at the wealthy in the 1980s - experts say families with modest or low incomes may be most at risk.

"A significant percentage of people taking out interest-only mortgages and option ARMs have credit scores below the median and incomes at median or below," Mr. Fishbein said in his testimony.

The challenges don't begin and end with the negative amortization loans. Many borrowers with poor credit resort to so-called hybrid ARMs that also rely initially on below-market rates.

Payment shocks will land hardest not simply on the states with the most exotic mortgages, experts say. Other key factors will be the trajectory of the economy and of the inventory of homes for sale in specific markets. In a worst-case scenario, many homeowners would simultaneously face a spike in their monthly payment and a decline in their home's value, so that it's harder to resell.

Recent trends, including numbers out this week, suggest that home prices are beginning to decline nationwide. It's rare for such a pattern to persist, but economists also say this housing downturn appears to be getting worse than the last one in the early 1990s.

"It will take more than five years to get housing valuations back to where they ought to be," Merrill Lynch economist Sheryl King writes in a recent report.

Experts on both the pessimistic side, such as Ms. King, and the optimistic side agree on one thing: The impact of the ARM adjustments will occur over several years.

That, along with what Dr. Brown says is a very healthy banking system, could mitigate any broader economic impact.

"It's a time release," says Christopher Cagan, who did the risk analysis at First American Real Estate Solutions. "It's not a single impact like Pearl Harbor."

Democratic Duo Brings Bravado To Party (WSJ)

By Jackie Calmes

The Wall Street Journal, September 29, 2006

WASHINGTON -- At midsummer, when House Republicans announced nationwide hearings to showcase their hard line against illegal immigration, the chairmen of the Democratic House and Senate campaign committees quickly took up the gauntlet. They assembled reporters and news cameras to promote a report documenting a decline in border enforcement actions under the Bush administration.

"If congressional Republicans want to make immigration the centerpiece of their 2006 campaign," said New York Sen. Charles Schumer, alongside Illinois Rep. Rahm Emanuel, "we've got three words for them: Make our day!"

Such bring-it-on bravado from the Democratic duo has been making for bad days for the beleaguered Republican majority in this midterm-election year.

Yet both men's drive to win has at times left fellow Democrats feeling run over. In their determination to elect more Democrats from moderate and conservative districts, they have antagonized some of the party's loyal, liberal blocs: antiwar liberals, women's groups, civil libertarians and -- by their tough talk on immigration -- Hispanic groups.

Yet even some of the foils agree: These two high-energy partisans with their sharp elbows and tongues, and no apparent need to be loved, are just what Democrats need to end their exile from power. "We haven't had that kind of Rove-ian ruthlessness in the party -- to do or say anything to win -- in a long time," says party consultant Jenny Backus.

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That suggests just how Democrats have come to see them: As a counter, finally, to President Bush's so-called architect, Karl Rove, melding policies and politics for electoral gain. Big-city liberals both -- 46-year-old Mr. Emanuel from Chicago's Daley machine and 55-year-old Mr. Schumer from Brooklyn -- they are nonetheless obsessed with winning back Reagan Democrats and others in the middle-class suburbs.

Both have pushed their roles beyond where previous campaign chiefs have gone, becoming not just candidate recruiters and fund-raisers, but message strategists as well.

They will be heroes if Democrats win majorities; if Democrats fall short, Mr. Schumer will still get credit, because expectations are lower for a Senate takeover. Mr. Emanuel has more to lose, given both higher expectations for House gains and the egos "Rahmbo" has bruised over time.

Even Republicans credit the men with expanding the field of competitive races. Both lobbied reluctant incumbents to seek another term, recruited credible challengers for Republican seats and ignored an unwritten rule against intervening in party primaries. Both sought moderates they felt could win in November, over liberals who appeal to party primary voters.

They didn't always prevail, and even where they did, the men's interference sometimes enraged local Democrats. In suburban Chicago, where the Democratic nominee is an Iraq veteran and double amputee Tammy Duckworth, 68-year-old Alice Doyle, a volunteer for a Duckworth rival in the primary, says, "I was so mad that Rahm Emanuel and the boys in Washington had chosen her." Now she concedes, "Tammy probably has a better chance" in the historically Republican district.

After Mr. Schumer helped recruit Pennsylvania state Treasurer Bob Casey Jr., an opponent of abortion rights, to challenge Republican Sen. Rick Santorum, feminist leader Kate Michelman confronted Mr. Schumer and, as a Pennsylvanian, weighed running against Mr. Casey. "I do not question his own commitment to women's rights and equality," she says of Mr. Schumer. "I do question the tactics from time to time." Still, she came to agree that by running, and splitting the Democratic vote, she would only help re-elect Mr. Santorum.

"I don't mind taking the flak," Mr. Schumer says. "This is a war. It's about time we Democrats won, and we" -- he and Mr. Emanuel -- "are trying to be the generals."

Both men have been equally aggressive at raising money. Each campaign committee had collected more than $80 million as of September, a record for Democrats. Mr. Schumer has swamped his Republican counterpart, North Carolina Sen. Elizabeth Dole, while Mr. Emanuel has nearly matched the House Republicans' campaign committee. But the Republican committees share about $60 million more from party Chairman Ken Mehlman, while the Democrats lack such aid from their party chairman, Howard Dean, spawning an intraparty cold war.

Tensions over the money issue flared publicly in May, when Mr. Emanuel bolted from the trio's summit in Mr. Dean's office. Mr. Dean has spent heavily on a "50-state program" for long-term party-building even in red states; the congressmen want funds targeted to states with hot races now. Other Democrats say both sides have a point, but refused to compromise. Recently Mr. Dean agreed to provide $12 million.

On the party's election-year message, Mr. Schumer has worked closely with Senate Minority Leader Harry Reid of Nevada. While House Minority Leader Nancy Pelosi tapped Mr. Emanuel for his job, their relationship has been more strained given his assertiveness and her liberal instincts. For more than a year, Democrats debated what platform to have for 2006, or whether to have one at all. Mr. Schumer was among those mostly content to bash Mr. Bush. "For us to put out a big range of ideas gives Republicans a target and gets the message off George Bush," he said in an interview as deliberations progressed.

But Mr. Emanuel, a former adviser to President Clinton, wanted an agenda. Paul Begala, a friend from their White House days, says, "We all learned under Clinton, it's just not enough to indict -- you have to offer an alternative." (Mr. Clinton has told audiences Mr. Emanuel was "my Karl Rove.")

When Mr. Emanuel appeared last October on NBC's "Meet the Press," host Tim Russert challenged him, "What are the Democratic ideas?" Mr. Emanuel rattled off five -- college aid, health care, a bipartisan budget summit, energy alternatives and a national technology institute. The "New Direction" agenda that Democrats announced last month roughly mirrors those points.

But he and Mr. Schumer sought to duck the year's big issue -- what to do in Iraq -- given party divisions and fears of Republican counterattacks. Instead, they have focused on what they perceive as administration mistakes and Congress's failure to provide any check.

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They are consumed by monitoring House and Senate votes for potential traps. In this week's votes on administration-supported legislation limiting terrorism suspects' legal rights, Democrats declined to try to block the bill for fear of being branded as soft on terror so close to an election. Similarly, though liberal groups earlier pressed Democrats to try to kill the Patriot Act, Mr. Schumer successfully argued for a compromise reauthorization.

But in February, Mr. Schumer set a trap of his own. Learning from a businessman that state-owned Dubai Ports World was near administration approval to operate six U.S. ports, he called a news conference to question the security implications. Republicans joined in to squelch the deal, over Mr. Bush's veto threat. Dubai Ports World withdrew its bid. Polls subsequently registered a dip in the president's ratings on national security.

When House Republicans passed their bill criminalizing illegal immigration months ago, Mr. Emanuel, himself a foe, was overheard urging vulnerable Democrats to vote for it. Hispanic groups were enraged. Rep. Luis Gutierrez, also of Chicago, sent him a scathing letter. "I'm not for taking a gun to someone's head and saying, 'You have to walk the plank for principle,'" Mr. Gutierrez says. "But when your leaders, with premeditation and threats, say, 'I want you to vote this way,' that's wrong."

More recently, Hispanics assailed Mr. Schumer's committee for a Web video about national security that mixed shots of Osama bin Laden with imagery of two people climbing a border fence. "This was over the top," says Lisa Navarrete, an official at the National Council of La Raza. The campaign committee removed the video.

In Close Races, Local Issues Still Dominate (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 29, 2006

MORGANTOWN, W.Va., Sept. 28 -- Spend nine days traveling through one of this year's most contested political regions and there is no mistaking the mood of voters: They are angry.

Nor is there any doubting the mood of incumbent politicians: They are anxious.

But it is a mistake to assume that anger and anxiety look and sound the same in these coveted precincts as they do in Washington.

The debates over Iraq and President Bush shadow virtually every competitive race, but they do not dominate the conversation -- which suits many Democrats just fine. This month's intense debate over policy toward terrorism detainees, meanwhile, carried hardly any echo at all.

Here is what has people talking in Kentucky's 3rd District: a new bridge over the Ohio River that would ease traffic for Louisville residents. In Indiana, voters are plenty steamed -- over the Republican governor's decision to privatize a toll road that runs through or near the seats of three embattled GOP representatives.

In Ohio's 6th District, visitors are likely to get an earful about what might be called earmark-envy: Why residents of neighboring West Virginia are getting a bigger slice of the federal budget pie.

The Washington Post logged a thousand miles traveling up the Ohio River Valley, where nine of the nation's most competitive House districts are clustered in a continuous line. The trip began in the tobacco fields of Kentucky and ended in this college town. Interviews with voters, candidates and operatives made plain why the old line about all politics being local is a truism: It really is true.

This is not to say the Ohio River Valley is insulated from national debates. They are clearly contributing to the uneasy mood evident in so many places along the dividing line of the upper South and industrial Midwest, even if that mood is often expressed in highly individualistic ways. Virtually every Republican candidate said they are concerned about what a sour electorate means for them on Nov. 7.

"I have never seen such anxiety," said Joy Padgett, a Republican running for the Ohio seat being vacated by GOP Congressman Robert W. Ney, who has pleaded guilty to corruption charges growing from the Jack Abramoff lobbying scandal. "I believe that spills over onto the skepticism about virtually everything."

This free-floating angst, she lamented, is influencing attitudes about the economy, terrorism and politics in general.

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If voters' snappishness is unmistakable, its impact remains far from clear. Take Laurie Pitcock. She lives in Ney's district and said she is dismayed by Republican inaction on environmental issues and other matters. Even so, she said, "I am still proud to be a Republican."

Her reaction was a commonplace one in these nine districts -- people expressed disgust with the Republican leadership in Washington but not necessarily toward the Republicans representing them.

Against this ambiguous backdrop, Republicans and Democrats are pursuing two very different strategies in this region.

Republicans all seem to be reading out of the same playbook. To a person, they seek to localize the elections, and accuse Democrats of wanting to raise taxes and put liberals -- a bad word in these culturally conservative districts -- in charge of Congress. Voters are seeing a lot more of House Minority Leader Nancy Pelosi (D-Calif.) in GOP-sponsored television ads than of President Bush.

The National Republican Congressional Committee, for instance, is hitting Democrat Brad Ellsworth -- an antiabortion and anti-gun-control candidate in Indiana's 8th District -- for helping support an "extreme liberal."

"How can he possibly stop their liberal agenda?" the NRCC asks in an ad blanketing the district. Similar ads are popping up in other races.

There is one hitch in this strategy. Unlike in some past elections, Democrats have picked the kinds of candidates who have shown that they can win in heartland districts. Their positions on abortion, same-sex marriage and other fault-line issues are often indistinguishable from Republicans'.

Ellsworth has jumped out to a double-digit lead over GOP Rep. John N. Hostettler while running ads that highlight his social conservatism. "I fit the district well," Ellsworth said when asked the secret of his success. "People appreciate my conservative values."

The Democratic strategy differs from district to district but features one common theme: a need for change.

That appeal takes many forms, but in the Ohio River Valley races it is focused especially on the nation's energy policies. Democrats argue that Republicans have sold out the country for campaign cash from oil and gas companies -- a move they say led to soaring prices at the pump.

"The government should not be subsidizing the most profitable corporations in the history of the world," said Cincinnati City Council member John Cranley, who is running against Rep. Steve Chabot (R). That argument might have been more effective, however, when gas prices were topping $3 a gallon. They have since dropped by almost a dollar in some places.

Particularly in the rural districts, Democrats and Republicans sound alike when discussing Iraq. They lament strategic errors but oppose a speedy withdrawal. But Democrats cite the war as evidence that a divided government is essential to imposing accountability on the White House.

In Kentucky, Ken Lucas, a former Democratic representative seeking to return to his old job, repeatedly criticizes first-term Rep. Geoff Davis (R) for voting with Bush more than 95 percent of time. "You can send a robot to vote the party line," Lucas said -- twice. Because the two candidates differ on few issues, Lucas said, his race is likely to come down to voters' desire to shake up Washington.

That anti-Washington message has real resonance in this part of the country, where anyone who carries a Washington aura -- including out-of-town reporters -- is viewed skeptically at first.

This is also a region where memories run long. Former Kentucky state Senate president Joe Prather is a case in point. Prather, the Democratic candidate in the 1994 special election in Kentucky's 2nd District, refused to be interviewed last week because of lingering resentment about a story written by The Post 12 years before that he believes cost him the seat in Congress. Mike Weaver, the Democratic candidate in this year's race in that district, said he did not much trust the Washington media either.

Though the campaigns have been jousting for months, it is clear in interviews that, six weeks before Election Day, most voters are just starting to tune in. Good luck to those who want to tune out. In Louisville, where the television market reaches into three competitive races, it is not uncommon while watching the evening news to see a cascade of political ads, uninterrupted by pitches for cars or soap.

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Back in Ohio, as in other places, the air wars have a partisan edge, often aimed at voters who insist this is not how they want elections to be waged. "I'd love to get beyond party lines and get things done," said voter Laurie Pitcock -- a wish not likely to be granted between now and Nov. 7.

Religious-Right Voter Guides Facing Challenge From Left (WP)

By Alan Cooperman

The Washington Post, September 29, 2006

A new group called Catholics in Alliance for the Common Good said yesterday that it will distribute at least 1 million voter guides before the Nov. 7 elections, emphasizing church teachings on war, poverty and social justice as well as on abortion, contraception and homosexuality.

The 12-page booklet, called "Voting for the Common Good: A Practical Guide for Conscientious Catholics," is part of a broader effort by liberal and moderate religious groups to challenge the Christian right on moral values, said Alexia Kelley, the group's executive director and a former employee of the U.S. Conference of Catholic Bishops.

Secular groups such as the NAACP, the League of Women Voters and the Sierra Club have long published election-year guides to issues and candidates' positions. Since the conservative Christian Coalition began distributing voter guides in 1992, however, it has faced little or no competition from liberal or moderate religious organizations.

In Roman Catholic parishes, the group Catholic Answers, based in California, had the field largely to itself in 2004, when it distributed 10 million copies of its "Voter's Guide for Serious Catholics." This year, as in the past, the Catholic Answers guide urges Catholics to base their votes on five "non-negotiable" issues: abortion, euthanasia, embryonic stem cell research, human cloning and same-sex marriage.

"No one endorsing the wrong side of these issues can be said to act in accord with the Church's moral norms," it says.

The Common Good guide takes a different approach, saying: "In recent years some have suggested that we can answer this question [of how to vote] by applying a simple 'litmus test' of a few selected issues. But common sense tells us that deciding who to vote for is much more complicated."

Both guides are available on the Web sites of their respective producers, http://www.catholic.com and http://thecatholicalliance.org .

Quoting documents issued by the U.S. bishops conference, the Common Good guide outlines seven "key themes of Catholic social teaching" -- including "prioritizing the needs of the poor and vulnerable" -- and lists 18 "issues important to Catholics," including immigration, the environment, nuclear disarmament and workers' rights.

"Seldom does a single candidate or party offer a consistently Catholic set of positions," it says, adding that "we often must vote for candidates who may hold the 'wrong' Catholic positions on some issues in order to maximize the good our vote achieves in other areas."

Leading Catholic conservatives reacted to the new guide with disdain. Austin Ruse, president of the Catholic Family and Human Rights Institute in Washington, called it "a blatant attempt to convince Catholics that they can vote for candidates who are wrong on the primary human rights issue of our time, which is abortion."

The Rev. Joseph Fessio, provost of Ave Maria University in Naples, Fla., said it is "a flight into abstraction" that treats all issues as though they have the same weight. "Some issues are disqualifying issues. You don't vote for someone who kills babies. You don't vote for someone who destroys the family by supporting homosexual marriage," he said.

But the Rev. David Hollenbach, a professor of Catholic theology at Boston College, defended the guide. "If one were to decide the only thing that matters in the election is avoidance of war and not to look at abortion and poverty, that . . . would not wash, and vice versa," he said. "This cuts against people on both the left and the right."

In Protestant churches, the Christian Coalition's guides will face competition this year from "Voting God's Politics," a brochure produced by the liberal evangelical magazine Sojourners and the anti-poverty group Call to Renewal. Like the Common Good guide, it discusses issues, not individual candidates.

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"Even the term 'voter guide' has been so tainted by the religious right that people are afraid that ours is going to be just a left-wing version of theirs, a thinly camouflaged signal to vote for particular candidates," said Jim Wallis, editor of Sojourners. "Our guide levels the playing field; it makes clear that God is not a Republican or a Democrat."

In numbers, however, the battle of the voter guides is still not an even match. Sojourners has distributed 50,000 of its brochures and plans to print 150,000 more. Roberta Combs, president of the Christian Coalition, said her group will distribute "millions" of its guides, which she said it is now compiling, to candidates in key races.

Lieberman Leads Lamont In Connecticut Poll (AP)

The Associated Press, September 28, 2006

WASHINGTON (AP) -- Sen. John Kerry is ready to join an exclusive club: prominent Democrats shunning three-term Sen. Joe Lieberman to campaign in Connecticut for his anti-war rival Ned Lamont.

The Massachusetts senator, the party's 2004 presidential nominee, plans to travel to the state Oct. 25 for Lamont. Kerry's running mate, former Sen. John Edwards of North Carolina, appeared at a Lamont rally last month.

Other top Democrats, however, have tacitly backed Lamont, who seized the Democratic nomination from Lieberman in last month's primary, but have avoided public displays of support. The rationale is simple: Lieberman is running as an independent and has a good shot of winning another term; a statewide poll released Thursday showed him up by 10 percentage points.

Democrats want to stay in Lieberman's good graces to ensure that he remains on their side.

"The Senate is a club," said veteran Democratic strategist Dan Payne. "Once a club member, always a club member. And one club member doesn't generally campaign against another club member."

Kerry and Edwards are potential 2008 White House candidates whose campaigning for Lamont could pay dividends among the liberal voters who tend to dominate Democratic presidential primaries.

Kerry has scolded Lieberman, the 2000 Democratic vice presidential nominee, over his staunch support for the Iraq war and for echoing Vice President Dick Cheney.

Leading Democrats have lined up behind their nominee Lamont, but they have also been reluctant to alienate Lieberman, who has served 18 years in the Senate. Democrats greeted Lieberman with applause when he returned to the Senate a few weeks ago -- even as they vowed to fully support Lamont.

It is a delicate dance for Democrats eager to shatter the GOP's lock on Congress.

If Democrats can gain six seats this fall and Lieberman wins, the party will need him to recapture control of the Senate.

"Democrats know it is a win-win situation for them, either way," Payne said.

Lieberman has vowed to remain a Democrat if he wins a fourth term. He expects to retain his seniority and committee seats and, if the Democrats take control, he is in line to become chairman of the Homeland Security and Governmental Affairs Committee, a key panel which deals with issues such as terrorism.

Former Rep. Norman D'Amours, D-N.H., said party rules prevent some elected Democratic officials from voicing public support for Lieberman.

"There are people who are not supporting Joe, for the time being ... who, on a secret ballot would probably vote for Joe," D'Amours said. "They have a responsibility to abide by party rules."

D'Amours made his remarks on a conference call with reporters to announce "Dems for Joe," a group of former senators, House members and Clinton administration officials backing Lieberman. The group includes ex-Sens. Dennis DeConcini, D-Ariz., Bob Kerrey, D-Neb., John Breaux, D-La., and former CIA chief James Woolsey.

The Lamont camp said it is seeking to strike a balance between an influx of national support and the campaign's Connecticut flavor.

Lamont spokeswoman Liz Dupont-Diehl said state Democrats have been strongly supportive. Kerry, she noted, would help galvanize voters, particularly Democrats and the independents whom Lamont needs to win. Kerry beat President Bush in Connecticut by 10 percentage points in the 2004 presidential contest.

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"We don't have all the relationships that incumbency brings, but a significant number of Democrats support the positive changes that Ned is talking about," Dupont-Diehl said. "Senator Kerry is one of the many Democrats who is frustrated with Senator Lieberman's pandering to the Bush administration."

Another prospective 2008 presidential candidate, Sen. Hillary Rodham Clinton, D-N.Y., met with Lamont after the primary to talk about campaign strategy and she also offered to host a fundraiser for Lamont.

They met privately.

Now, Even Allen's Apologies Are Getting Him In Trouble (WP)

By Michael D. Shear

The Washington Post, September 29, 2006

RICHMOND, Sept. 28 -- Sen. George Allen can't seem to win: first, he apologizes for addressing an Indian American with a racial slur and acknowledges that many view the Confederate flag as a hate symbol. Now, the Sons of Confederate Veterans want him to apologize, too.

As he fights Democrat James Webb for a second term in the Senate, Allen has spent the last six weeks battling charges of racism after calling a young Indian American man "macaca" and later being accused of having used a racial epithet toward blacks.

He has vehemently denied ever using the "N-word." He has apologized profusely for saying "macaca." And he has insisted that he has moved far beyond his youthful admiration of controversial symbols like the battle flag.

"What I was slow to appreciate and wish I had understood much sooner," Allen told a black audience last month, "is that this symbol . . . is, for black Americans, an emblem of hate and terror, an emblem of intolerance and intimidation."

Now, even that statement is getting him into trouble.

"He's apologizing to others, certainly he should apologize to us as well," said B. Frank Earnest Sr., the Virginia commander of the confederate group at a news conference. "We're all aware, ourselves included, of the statements that got him into this. The infamous macaca statement. He's using our flag to wipe the muck from his shoes that he's now stepped in."

Over the years, Allen has been a darling of the confederate group. As governor, he designated April as Confederate History Month. He has displayed the battle flag in his home as part of what he said is a flag collection. And his high school yearbook picture shows him wearing a Confederate flag pin.

But the senator has been distancing himself from those symbols as he pursues reelection and considers a bid for the presidency in 2008.

In the past several years, he has co-sponsored legislation condemning the lynching of blacks and has promised to work on similar legislation apologizing for slavery. He recently said of the Confederate flag that "the symbols you use matter because of how others may take them."

Allen's recent statements didn't sit well with the SCV. They accused him yesterday of trying to appeal to liberal voters with his new position.

"The denunciation of the flag to score political points is anathema to our organization," said Brag Bowling, a former past commander of the group.

Allen campaign manager Dick Wadhams brushed aside criticisms from the group, saying "Senator Allen stands by his comments."

Even as Allen was getting hammered by the confederates, another person emerged on MSNBC's "Hardball with Chris Matthews" to accuse him of using the N-word.

Patricia Waring, who described herself as the wife of Allen's rugby coach in 1978 and 1979, said she overheard Allen repeatedly using the epithet during a match in 1978. She said she confronted Allen at the time, urging him not to use that word.

"I heard to my left, the N-word, and I heard it again, and I looked around and heard it again," she said. "And there was this fellow sitting on the ground. He was putting on red rugby shoes -- it is seared in my brain, believe me. And he was kind of showing off, I guess, but he was telling a story and . . . in the story was a lot of N-words."

Waring said she is a Democratic activist from Maryland. She said she has had no contact with Webb or his campaign staff.

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Asked about Waring's charges, Wadhams said: "It's the latest false accusation. It's patently untrue, made by a self-confessed partisan liberal Democrat."

Peter Schmidt, 58, a former rugby teammate of Allen's, said Thursday night that he did not remember Waring or her husband and said he "never heard anything like that from [Allen]. I just have no way I could possibly believe that."

Also Thursday, a former roommate of Webb's challenged a report that Webb had used the N-word and harassed blacks. An associate of Webb's, Dan Cragg, told The Washington Post on Wednesday that Webb told him he took drives through the black neighborhood of Watts, where he and members of his Reserve Officer Training Corps unit used racial epithets and pointed fake guns at blacks to scare them. Cragg was referred to The Post by the Allen campaign.

Oleg Jankovic, 60, said he was Webb's roommate in 1963 and 1964.

"No. No. It just wasn't happening," Jankovic said of Cragg's allegation. He said Webb once shot rifles into the air from the top of a dorm, but never drove through Watts with one or yelled epithets. "No. Absolutely not."

Also Thursday, black lawmakers in the General Assembly met to discuss whether to endorse Webb. The Democrat has struggled to earn their support because of statements he has made about affirmative action. Members of the black caucus said they would announce a decision Friday.

During the Democratic primary this year, Webb performed poorly in areas of the state heavily populated by blacks after his opponent highlighted comments he had made saying affirmative action is "state-sponsored racism." Webb has since said he supports affirmative action for blacks, but that it should not have been broadened into a larger diversity program.

One member of the caucus, Sen. Benjamin J. Lambert III (D-Richmond), has endorsed Allen, saying he was swayed by Allen's efforts to secure money for historically black colleges and universities.

Group Accuses Allen Of Spurning Heritage (AP-Y)

By Bob Lewis

AP, September 28, 2006

Sen. George Allen's use of the word "macaca" for a young man of Indian descent forced him to spend the past six weeks disputing claims that his past is littered with racist language and a fondness for Confederate symbols. On Thursday, the furor came full circle when the Sons of Confederate Veterans turned on Allen.

The organization criticized the Republican for saying he had been slow to grasp the pain that Old South symbols like the Confederate flag cause black people.

"The denunciation of the flag to score political points is anathema to our organization," Brag Bowling, immediate past state commander of the SCV, told reporters near the state Capitol, once the Confederacy's seat of government.

Allen campaign manager Dick Wadhams said Allen stands by his comments.

What had been a warm-up race for a 2008 presidential bid has become the fight of Allen's political life. He had been a strong favorite over Democrat Jim Webb, a decorated combat veteran who once served as President Reagan's Navy secretary.

"Before the Macaca incident, this race was over. George Allen had a 16-point lead in the polls and had a huge financial advantage over his opponent, who had no money. In one moment, he took a race that was essentially won and turned it competitive overnight," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University.

Since Aug. 11, when Allen singled out Webb campaign volunteer S.R. Sidarth at a mostly white rally and called him "macaca" — a term considered by some to be a racial slur — the senator has been beset by damaging claims from his past. Allen's campaign gave conflicting accounts of how he came up with the word.

College-era acquaintances then claimed he used a common racial slur for blacks. Stories about how the Confederate flag he kept in his home and a hangman's noose in his law office have gained new currency. At a debate, Allen was startled and irritated by a question about whether his grandfather was Jewish, then confirmed it a day later.

Allen now has even Republicans publicly questioning what has gone wrong with a candidate known for disciplined, surefooted campaigns in two convincing statewide triumphs the past 13 years.

"Allen's mistake is he's taken his re-election for granted and he's been getting his nice presidential team together," conservative commentator Bay Buchanan said last week on CNN.

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Allen Campaign Ads Launch Two-pronged Attack (WT)

By Christina Bellantoni

The Washington Times, September 29, 2006

Sen. George Allen yesterday released two ads that reveal a strategic split and indicate a fundamental problem with his campaign.

One ad, which takes aim from the right, features Sen. John McCain, Arizona Republican, saying the Virginia Republican should be re-elected because of his tough stance against terrorism. The other attacks Mr. Allen's Democratic opponent, James H. Webb Jr., for an article he penned 27 years ago about women in the military.

"I'm intrigued as to why he'd be criticizing Webb on this," said David Domke, a University of Washington professor who analyzes campaign ads. "Most social conservatives would say women don't belong in combat roles. The ad is powerful because it attempts to undercut Webb's appeal to a key Democratic constituency: women."

Conservative blogger Dean Barnett also finds it odd that the Allen campaign is using the "ancient" article, saying Mr. Allen is attacking Mr. Webb "from the left."

Allen campaign manager Dick Wadhams disagreed, saying, "The ad speaks for itself."

Mr. Webb, a former Republican who served as Navy secretary under President Reagan, now says he is "completely comfortable" with women's roles in the military.

The Allen ad features three female Naval Academy graduates saying the article, "Women Can't Fight," was a "slap in the face" and "demoralizing."

"I really have to make it very clear to the women of Virginia who may be considering voting for this man that he is no advocate for women," says Kathleen Murray, a 1984 Naval Academy graduate.

Scott Howell and Co., which produced the spot, also created ads for Republican Jerry W. Kilgore in the Virginia gubernatorial race last year that said his opponent would not oppose the death penalty even for Adolf Hitler. Pundits think the ad was a factor in Mr. Kilgore's loss to Democratic candidate Timothy M. Kaine.

Webb spokeswoman Kristian Denny-Todd noted similarities between Mr. Allen's ads and the "Hitler" ads.

"They wear negative campaigning like a badge of honor," she said, dismissing the ad as "very inaccurate."

Mrs. Denny-Todd said Mr. Allen's image is so damaged that his campaign is avoiding talking about the senator's record or substantive issues. "They've got nothing to run on," she said.

The other ad features Mr. McCain calling Mr. Allen a courageous leader.

Mr. Allen "has the utmost confidence and belief that in this terrible, titanic struggle that's going on between good and evil in the world that we will and must prevail," Mr. McCain says in the ad, which juxtaposes images of an Iraqi woman with Osama bin Laden.

Mr. Allen's $650,000 statewide ad blitz aims to combat accusations that he used racial slurs as a young man.

Mr. Webb, who lags his opponent in fundraising, is running an ad that focuses on the increasingly unpopular Iraq war.

"The people who failed to prevent this disaster are not the ones you can count on to fix it," the decorated Vietnam veteran says in the 30-second spot. "We need to end our occupation of Iraq and to bring stability to the Middle East. We can do it with the right kind of leadership."

The ad alternates between Mr. Allen and President Bush saying the U.S. must "stay the course."

Mr. Webb recently got $300,000 from a Democratic fundraiser with former Gov. Mark Warner, after visits from Sens. Barack Obama of Illinois and John Kerry of Massachusetts. Also raising money for the Virginia candidate were former Sen. John Edwards of North Carolina, the Democratic vice-presidential nominee in 2004, and authors Stephen King and John Grisham.

Mr. Webb's campaign also benefited in the weeks after Mr. Allen's nationally televised gaffe calling a man of Indian descent "macaca," a term considered a racial slur in some cultures.

After that, a former football teammate from the University of Virginia accused Mr. Allen of using the "n-word" decades ago. Since then, numerous racial accusations have surfaced, some substantiated and most not.

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Yesterday, Mr. Allen introduced a bill he says will expand the number of black farmers eligible for compensation under a class-action lawsuit against the U.S. Department of Agriculture in the late 1990s. The farmers were found to have encountered discrimination when applying for federal farm loans.

Unraveling Allen (WP)

By Eugene Robinson

The Washington Post, September 29, 2006

Boy, talk about stepping in a pile of macaca.

Every political campaign frog-marches the candidate through a process of self-discovery, but this is getting ridiculous. Sen. George Allen of Virginia was supposed to coast to reelection this November, then start polishing his cowboy boots for a presidential run. Instead the political world is asking aloud whether he's remotely ready for prime time -- and the senator himself has got to be pondering questions of a more existential nature.

First came the "macaca" incident, in which he referred to a young man of Indian descent with a word that might be some kind of exotic ethnic slur (as Allen's opponents claim) or innocent nonsense (as Allen now maintains, after a few false starts), but sure didn't sound like a compliment. Scrambling to limit the damage threw Allen, whose natural walk is a college quarterback's swagger, off his stride.

Then he had to deal with the revelation that his maternal grandparents were Jewish, which means his mother is Jewish, which means -- what, that Allen is Jewish, too? The answer depends on whether you consider Jewishness (which is matrilineal) to be a matter of ethnicity, religion, culture, history or perhaps even choice. If you accept Allen's assurance that he never had an inkling -- which suggests a pretty incurious nature, but never mind -- then his self-image must have been smitten and his self-confidence sent reeling.

That's what it looked like, at least. By his own account he had a month to prepare for the question of his family history, if anyone ever were to raise it. But when the question came, he was wholly unprepared, as if he hadn't taken the time to process this new information about himself. He bristled, then later softened. He fiercely protected his mother, as any son should. He spoke of his respect for his newfound Jewish heritage but also talked about how much he loves eating a variety of pork products.

I think it's safe to say that the man was a tad conflicted.

What could possibly happen next? The joke in my office was that the only thing left was for a black ancestor to surface.

Not exactly, as it turned out.

What surfaced instead was a story in the cybermagazine Salon.com quoting three of Allen's college football teammates as saying that back in the early 1970s, they heard Allen frequently use the unforgivable racial slur that has come to be known by the too-cute euphemism "the N-word." One former teammate claimed Allen was then such a racist that he stuffed a severed deer head into the mailbox of a black family, in an echo of "The Godfather."

Allen angrily called the whole story "absolutely false" and said he never recalled using the N-word slur. His campaign produced other teammates who defended him and attacked the accusers. Then Larry Sabato, a University of Virginia professor who is frequently quoted as an authority on politics -- and who was in school with Allen -- went on MSNBC's "Hardball" and said that Allen did too use the racial slur, though he later acknowledged that he was relying on hearsay.

Now, instead of cruising to victory, Allen is locked in a tight battle with Democrat James Webb. Perhaps helpfully for Allen, Webb now has an N-word problem of his own -- he can't deny having used it, which amounts to an admission.

But Allen brings unhelpful baggage to this "he said, he said" controversy. In the past he has had to try to explain his love of the Confederate flag, which is unusual for a man who was born in California, and also the fact that he used to keep a hangman's noose in his office. In my book, those would be strikes one and two.

It should be noted that Allen has already spoken words of contrition and atonement for past racial insensitivities. Earlier this month, in a speech to officials from historically black colleges and universities, Allen acknowledged that he was "slow to appreciate" why black Americans were not fond of the Confederate flag. He said that over the past three years he has come to understand "just how completely different, and incredibly difficult, the journey traveled by African Americans has been in this country."

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This is a grown man speaking, a grown man who went to college and now sits in the United States Senate. If you take Allen at his word, then I suppose you could say better late than never. But it's hard to put unalloyed faith in the word of a man who, in every sense, seems to know so very little about himself.

Ugly Words (WP)

The Washington Post, September 29, 2006

DID REPUBLICAN Sen. George Allen use racial slurs years ago? Did his Democratic challenger, James Webb? Does it matter, in a race between two candidates with long public records and substantial differences on Iraq, health care, the economy and other critical issues?

Yes, it does matter. Mr. Allen said he does not recall having used what newspapers delicately call "the N-word." But at least a half-dozen people, including ones with upstanding reputations and no evident political agendas, have now told journalists that he did. The stories they have recounted about Mr. Allen's behavior raise disturbing questions about his character and credibility.

In the wake of the furor over the senator's reported comments, Mr. Webb would not deny that he had employed the ugly term. He said he has never used it as a slur but added to the Richmond Times-Dispatch, "I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time in their life."

It is unfortunate that Mr. Allen, a man who has held elected office practically his entire adult life, is only now, in his fifties, subjected to damning revelations about events that are three decades old. We wish the questions about his racial attitudes had been raised and raked through earlier in his career. But Mr. Allen helped open the door to this inquiry this summer when he singled out the lone person of color at a rural campaign rally, mocked him with the word "macaca" and then offered no plausible explanation for his use of what others see as a racial slur. He's also vulnerable because, as had been reported, he used to display Confederate flags at home and a hangman's noose in his office.

And his public record on racial matters is mixed. As governor of Virginia in the 1990s, Mr. Allen named relatively few blacks to his Cabinet, opposed a state holiday in honor of the Rev. Martin Luther King Jr., and declared an annual Confederate History Month without reference to the institution of slavery and the scars it left on this country. On the other hand, as a senator he helped provide federal technology grants to historically black colleges and universities and sponsored legislation to apologize for slavery.

The senator has admitted to youthful "insensitivity" and apologized for the macaca incident, just as Mr. Webb has said he would not today endorse the disparaging remarks he once made about the role of women in the military. People can learn and grow; they also can profess change for reasons of political convenience. So the questions are legitimate. But so are the actions both men have taken over years in public office, and the positions they are staking out now. We hope the present discussion won't drown out a broader debate about what each candidate would seek to accomplish as a senator.

Politics In The Age Of YouTube (CBS)

CBS News.com, September 29, 2006

WASHINGTON, Sept. 27, 2006

Quote

"There's no such thing as opening off-Broadway anymore. It's all prime-time. So everything you say is out there for public consumption for better and occasionally for worse."

Se. Evan Bayh, D-Ind.

(CBS) Back in the 1990s, a forgettable movie called "Ed TV" made comedy out of the idea of following someone around with a camera 24/7.

But as CBS News correspondent Gloria Borger reports, fiction has become reality in political campaigns across the country. The idea now is to catch candidates making mistakes and then post them on the Internet, where they can be seen worldwide with the click of a mouse on sites like YouTube.

Virginia Sen. George Allen has become the poster child for what can go wrong when a candidate gets caught saying something stupid.

"Let's give a welcome to Macaca here. Welcome to America," Allen said.

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"Macaca" means "monkey" to some. It's not a smart thing to call your opponent's campaign aide when he has a camera pointing right at you. It all wound up on YouTube, and the controversy paved the way for new charges this week that Allen has a racist past.

But Allen isn't the only politician who has been caught on tape. Florida Republican Tramm Hudson lost his primary this month after a video of him was posted on a political Web site.

"I know this from my own experience that blacks are not the greatest swimmers or may not even know how to swim," Hudson was heard saying on tape.

The video was posted on the Web on a Thursday. By Friday, the story was making headlines in the local media. On Tuesday, the once-unknown Tramm Hudson was already a punch line on "The Daily Show."

Hudson's political consultant, Dan Hazelwood, did his best to control the damage.

"What you see here is the political equivalent of a drive-by shooting," Hazelwood says.

Hudson may have shot himself, but his campaign believes the video was shot and delivered to the Web by his political enemies. It's a form of guerilla warfare that's now a fact of life.

"You got to have your person out there video taping the other side. You've got to have your staff traveling with you, taping them, and you probably got to have a backup in case one of them needs to run an errand. It's 24/7 now for everyone," Hazelwood says.

Including the candidate. Indiana Democratic Sen. Evan Bayh is running for president, and he has even joined the popular college site Facebook to woo young voters. But he also knows negative news can pop up online instantly, anonymously and cheaply.

"There's no such thing as opening off-Broadway anymore. It's all prime time, and it's all real time. So everything you say is out there for public consumption for better, and occasionally for worse," Bayh says.

It used to be that 90 percent of life was showing up. Well, not anymore. Ask Montana Sen. Conrad Burns, who was seen online while dozing. Now you have to stay awake, too.

Menendez's Firing Of Staffer Buoys New Jersey GOP Hopes (WP)

By Shailagh Murray

The Washington Post, September 29, 2006

Sen. Robert Menendez (D-N.J.) severed ties with a longtime campaign associate who was taped seeking a political favor on his behalf, the latest of several ethics-related incidents to shadow Menendez as he seeks a full Senate term in November.

According to yesterday's editions of the Newark Star-Ledger and the Philadelphia Inquirer, the associate, Donald Scarinci, was a Menendez childhood friend who became the senator's closest political adviser and a top fundraiser. In a transcript of the recording reviewed by the newspapers, Scarinci asked a client, a Hudson County psychiatrist who held lucrative local contracts, to hire another physician as a favor to Menendez. The psychiatrist, Oscar Sandoval, secretly taped the conversation, which took place in 1999, when Menendez was a House member.

Gov. Jon S. Corzine (D) appointed Menendez in January to complete the governor's Senate term. The Scarinci story follows the disclosure of a federal review of a lease arrangement between Menendez and a Hudson County nonprofit organization.

The revelations have fueled Republican hopes that the New Jersey seat could flip to the GOP column in November. Although the state is strongly Democratic, polls show that the race between Menendez and GOP nominee Thomas Kean Jr. is extremely close.

A poll by Rutgers University's Eagleton Institute of Politics released yesterday showed Menendez leading Kean 45 percent to 44 percent among likely voters, with 11 percent undecided. A Quinnipiac University poll from last week found Kean ahead with likely voters by 48 percent to 45 percent, with 6 percent undecided.

The Scarinci story prompted speculation among some political operatives in Washington that Menendez could be replaced as the Democratic nominee, similar to what occurred in 2002, when Sen. Robert G. Torricelli was replaced by then-retired Sen. Frank R. Lautenberg five weeks before the election. Torricelli had dropped out of the race after a Senate admonishment over his financial dealings with a campaign supporter.

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A senior Democratic campaign official dismissed talk of Menendez's departure as "disgusting" and "totally unfounded" and blamed Republicans for stirring it up. But some Democrats had worried when Corzine picked Menendez as his successor that his deep roots in Hudson County, a hotbed of public corruption scandals, could become a campaign focal point. Kean, the son and namesake of the popular former governor, has made a campaign issue of Menendez's Hudson ties.

Menendez spokesman Matthew Miller said the Sandoval disclosure was politically motivated and noted that the doctor was being sued by Hudson County to recover money lost through corruption. "Tom Kean Jr. has run his campaign in the gutter since the beginning and has now reached even further in to find this sleazy character," Miller said.

In a statement responding to the newspaper disclosures, Scarinci said he couldn't comment on details of the taped conversation, citing his involvement in the Hudson County lawsuit. But he added: "I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Senate Democrats To Keep Menendez On N.J. Ballot (WT)

By Amy Fagan

The Washington Times, September 29, 2006

Senate Democrats said they won't try to replace Sen. Robert Menendez of New Jersey, despite new accusations of corruption that surfaced yesterday in the Democratic incumbent's already tough re-election race.

"We expect week after week they're going to throw these allegations around," said Sen. Charles E. Schumer, New York Democrat and chairman of the Democratic Senatorial Campaign Committee.

Asked whether he is sure that Democrats will not replace Mr. Menendez, Mr. Schumer replied with an emphatic "yes." He cited new polls that show Mr. Menendez either slightly ahead of or tied with his Republican challenger, Tom Kean Jr.

A Menendez fundraiser and confidant was heard on a newly released tape pressuring a government contractor to hire a person as "a favor" to Mr. Menendez, the Philadelphia Inquirer reported yesterday.

In the 20-minute taped telephone call, the Inquirer reported, lawyer Donald Scarinci tells contractor and former FBI informant Oscar Sandoval that agreeing to the hire would afford him "protection" and that failing to do so could result in "the law of the jungle."

Mr. Sandoval, who taped the conversation in 1999, said the clear implication was that he should the hire the person Mr. Menendez wanted or risk losing $1 million in government contracts, the Inquirer reported.

Earlier this month, the Newark Star-Ledger reported that federal investigators are looking into a rental deal between Mr. Menendez and a nonprofit agency that received millions in federal funding while he was a House member.

Recent polls show that the New Jersey Senate race is very close. An Eagleton-Rutgers poll conducted Sept. 24 to 26 called the race a "virtual tie." Among 404 likely voters, Mr. Menendez was at 45 percent and Mr. Kean was at 44 percent, the poll found. A Quinnipiac University poll of likely voters conducted Sept. 13 to 18 found Mr. Kean at 48 percent and Mr. Menendez at 45 percent.

If Democrats lose Mr. Menendez's seat, it will all but kill their quest to regain control of the Senate this year, because they must have a net gain of six seats to end the Republican majority.

"A Menendez loss is the ultimate insurance for Republicans that they won't lose control" of the Senate, said Republican pollster Scott Reed.

Mr. Schumer said yesterday that Democrats face an "uphill" battle to regain the Senate but that he is "feeling good" about New Jersey and the Senate races in general. He said that Democrats always anticipated Republicans would launch a "smear" campaign against Mr. Menendez but that Democrats will continue to repeat the theme that resonates most deeply in heavily Democratic New Jersey: "A vote for Tom Kean Jr. is a vote for President Bush."

The National Republican Senatorial Committee (NRSC), meanwhile, has a legal team ready to fight any last-minute Democratic effort to replace Mr. Menendez on the ballot, as the party did in 2002, when it ousted embattled Democratic Sen. Robert G. Torricelli in favor of Frank R. Lautenberg, a Democrat who went on to win the Senate election.

"Democrats have a track record in New Jersey of pulling last-minute stunts," said William McGinley, NRSC's general counsel.

Mr. Menendez fought back yesterday with a new radio ad accusing his opponent of ethical hypocrisy, saying Mr. Kean is linked to two ongoing federal investigations.

"Tom Kean Jr. is falsely attacking Bob Menendez. But Tom Kean Jr. is the one under the ethical cloud," the ad says.

Menendez: 'Nothing ... In That Tape Was At My Direction.' (NSL)

By Robert Cohen And Jeff Whelan

Newark Star-Ledger, September 29, 2006

Posted by The Star-Ledger September 28, 2006 21:53

Print | Email

With the Democratic establishment standing firmly behind him, U.S. Sen. Robert Menendez today denied any involvement in the alleged shakedown of a Union City psychiatrist seven years ago.

Menendez, in a brief interview on Capitol Hill, said he did not know that his closest political adviser, Donald Scarinci, invoked his name in pressuring the psychiatrist to give another physician a job in 1999.

In a secretly recorded telephone call, Scarinci tells the psychiatrist, Oscar Sandoval, Menendez would consider it "a favor." On the same tape, Scarinci said the hire would offer Sandoval "protection."

"As it relates to Donald's comments, I am disappointed in him," Menendez said today. "Nothing Scarinci said in that tape was at my direction."

Sandoval contends the tape buttresses claims he makes in a lawsuit against Hudson County and some of its key figures. The suit, filed in March, characterizes Sandoval as a victim of extortion and racketeering and contends Menendez, then a congressman, was actively involved in the campaign to pressure the psychiatrist to provide a job for physician Vicente Ruiz.

The suit alleges that as Scarinci, Sandoval and Ruiz put the final touches on the hiring arrangement in 1999, "Menendez came into the meeting and stated that he was glad we could work out our differences and could work together." Under the arrangement, Sandoval claims, one third of the money that Ruiz made for Sandoval's practice would go to Scarinci and Menendez.

Sandoval claims tapes and documents will back up every assertion in his lawsuit, but he declined to make them available today.

Matt Miller, a spokesman for Menendez's campaign against Republican state Sen. Tom Kean Jr., said Menendez has "no recollection of that meeting, of any of that." Miller said Sandoval's allegation about kicking cash to Scarinci and Menendez was "absolutely not true."

Sandoval is a controversial figure in Hudson County. An FBI informer for two years, he helped federal prosecutors win corruption convictions against former County Executive Robert Janiszewski and two former freeholders, William Braker and Nidia Davila Colon. But his methods irked even the judge in the corruption cases. Sandoval made numerous secret recordings of Colon, his psychiatric patient and lover at the time, who was convicted of ferrying bribes from Sandoval to Janiszewski. Sandoval was never charged.

Hudson County has since filed suit against Sandoval and other contractors, seeking the return of millions of dollars that county officials say were lost to corruption. The county is seeking $7 million just from Sandoval, who once held $2.3 million in contracts to provide services at the Hudson Couty Jail, a county-run psychiatric hospital and the youth detention center.

Menendez has cut off all campaign ties to Scarinci, a Hudson County lawyer and prolific fundraiser. Today the senator's daughter, Alicia, resigned from Scarinci's law firm. But Menendez said he remains a personal friend of Scarinci.

Democratic party chairman Joe Cryan said the tempest has made Democrats, who havve won every U.S. Senate race in New Jersey since 1972, more resolved. "The party understands were not going to win this campaign by virtue of our previous successes," he said.

Democrats, led by Gov. Jon Corzine, fell into line behind Menendez. Corzine press secretary Anthony Coley said Menendez still has the governor's unqualified support. "He was his guy when he appointed him in January and hell be his guy until election day."

Tape About Hiring Puts Menendez Camp On The Defensive (NYT)

By Ray Rivera

The New York Times, September 29, 2006

After months of fighting off charges by his Republican opponent that he is but one more ethically challenged New Jersey Democrat, Senator Robert Menendez found himself facing another set of accusations yesterday.

Senator Menendez, who is being challenged by State Senator Thomas H. Kean Jr. in a fierce race for his Senate seat, is on the defensive again, over a tape-recorded conversation in which a longtime friend and political confidant is overheard asking a psychiatrist with $1 million in Hudson County contracts to hire one of Mr. Menendez's political patrons or risk losing the contracts.

A Menendez campaign spokesman denied that the senator had any involvement in exerting any influence on the psychiatrist. He moved quickly to disassociate the campaign from the man accused of applying the pressure, Donald J. Scarinci, after excerpts of the conversation, which took place in 1999, appeared in The Philadelphia Inquirer and other newspapers yesterday.

"If those tapes are accurate, Mr. Scarinci was using the senator's name without his knowledge and without his approval," said Matt Miller, a spokesman for Mr. Menendez. "Because of that, he will no longer have any role in our campaign."

Mr. Scarinci, a powerful New Jersey lawyer and fund-raiser whose ties to Mr. Menendez go back to their childhoods, said he could not discuss the tape recordings or their contents yesterday because they were part of an ongoing civil lawsuit.

"That being said," he added in a written statement, "I will clearly state that none of my dealings" with the psychiatrist, Dr. Oscar Sandoval, "were either directed or requested by Bob Menendez."

In an interview yesterday, Dr. Sandoval said that the tape was of one of dozens of conversations between himself and Mr. Scarinci that he secretly recorded, and that Mr. Menendez was present on several occasions when the issue was being discussed. Dr. Sandoval declined to release any other tapes yesterday.

"It's an insult to the intelligence of the New Jersey public to ask them to believe that Scarinci, who has millions of dollars of business in more than 20 municipalities because of Bob Menendez's influence, did this without Menendez's involvement," Dr. Sandoval said.

According to several public opinion polls, Mr. Menendez is locked in a dead heat with Mr. Kean in his bid to retain his Senate seat — which he inherited from Jon S. Corzine after Mr. Corzine was elected governor — against Mr. Kean.

Democratic leaders publicly rallied around Mr. Menendez and vowed to continue to support him. "Bob is a very good candidate," said Frank R. Lautenberg, the other New Jersey senator. "He is a very good legislator. And he's going to win.'"

Mr. Kean — who has made Mr. Menendez's ethical record the focal point of his campaign — received ammunition earlier this month when federal investigators launched an investigation into a lease arrangement in which Mr. Menendez rented property in Union City, N.J., to a nonprofit agency, the North Hudson Community Action Corporation, that he helped to win millions of dollars in federal grants as a member of the House.

The latest accusations first surfaced earlier this year as part of a civil racketeering lawsuit filed by Hudson County against the former Hudson County executive, Robert Janiszewski, and dozens of others, including Dr. Sandoval, that claimed they used bribery and other means to defraud the county of millions in government contracts.

Dr. Sandoval, a Union City psychiatrist, turned informant in 1999 in an F.B.I. investigation that led to the convictions of a half-dozen New Jersey politicians, including Mr. Janiszewski.

In a counterclaim filed in March, Dr. Sandoval said that in early 1999, he was contacted by Mr. Scarinci and was told that Mr. Mendendez, a congressman at the time, "would very much appreciate if Dr. Sandoval would rehire Dr. Vicente Ruiz," a physician whom Dr. Sandoval had fired a year earlier.

In exchange, Dr. Sandoval claims he was told, his contracts would be protected from Mr. Janiszewski, with whom he had fallen out of favor.

According to a transcript of the conversation provided by Dr. Sandoval, Mr. Scarinci told him, "If you could take this guy back and do something with him it would be a favor to the congressman."

Later in the transcript, Mr. Scarinci is quoted as saying that from his point of view, "it makes sense for you, because it gives you protection."

After a deal was struck making Dr. Ruiz an equal partner, Dr. Sandoval claims that Mr. Menendez met personally with him, Dr. Ruiz and Mr. Scarinci at his law office and stated that "he was glad we could work out our difference."

A 1998 form submitted to the Internal Revenue Service showed that Dr. Ruiz was one of the highest-paid employees of the North Hudson Community Action Corporation — the nonprofit agency that leased property from Mr. Menendez — earning $125,192. Dr. Ruiz remained an employee of the agency until he resigned in January 2000, an agency spokesman said yesterday.

Attempts to reach Dr. Ruiz yesterday were unsuccessful.

Mr. Miller, the Menendez campaign spokesman, said yesterday that Mr. Menendez had no recollection of such a meeting. He added that Dr. Ruiz was a longtime acquaintance of the senator and had contributed to past campaigns.

He charged that the tape's release appeared to have been coordinated by the Kean camp, a charge denied by the Kean campaign and Dr. Sandoval, who said he released it after being asked about it by reporters.

Menendez Linked On Tape To Gov't Contracts Scheme (AP)

By Donna De La Cruz

AP, September 29, 2006

WASHINGTON - A childhood friend and close political adviser of Democratic Sen. Robert Menendez used the senator's name to pressure a doctor to share his county government contract, and the doctor believed some of the money would be kicked back to Menendez, according to a transcript of the telephone call and court documents. Menendez campaign spokesman Matthew Miller called the allegations "completely false."

The transcript of the 1999 conversation, obtained Thursday by The Associated Press, depicts an expletive - and chuckle-laden chat between Donald Scarinci, Menendez's friend and adviser, and Oscar Sandoval, a psychiatrist who taped the exchange as part of his work as an FBI informant in a criminal investigation of several northern New Jersey politicians.

In the conversation, Scarinci asks Sandoval to rehire a doctor, Dr. Vicente Ruiz, whom he fired the year before. At the time of the conversation, Sandoval had contracts with the Hudson County Jail and a county hospital.

The revelation of the conversation - reported by several newspapers Thursday, including The Philadelphia Inquirer, which obtained a copy of the tape - and details of the court filings were the latest in the ethics barrage hitting Menendez as his campaign enters its final months. Menendez, a longtime Democratic congressman appointed to the Senate when Jon Corzine took office as governor, is locked in a tight race with Republican state Sen. Tom Kean Jr.

In the transcript, Scarinci is quoted as saying, "If you can deal with Dr. Ruiz and make him happy, Menendez will consider that a favor, if you can't, then that's okay ... you can't."

Scarinci later says hiring Ruiz would give Sandoval "protection" but does not say what that meant. In court documents filed in March, Sandoval said "protection" meant that he would keep his government contracts.

The documents also state Sandoval was told by Ruiz he would have to divide his contract earnings between himself, Ruiz, Scarinci and Menendez. Sandoval had fired Ruiz in 1998, according to the documents, which give no reason for the dismissal.

Ruiz was not able to be reached for comment Thursday. He was rehired by Sandoval following the 1999 conversation and the court documents, filed as part of an ongoing civil lawsuit involving government corruption, indicate that Menendez was in on the talks.

"After this Dr. Ruiz, Scarinci and Dr. Sandoval met at Scarinci's office with the purpose of working together at which time now U.S. senator then U.S. U.S. Rep. Menendez came into the meeting and stated that he was glad we could work out our difference (sic) and could work together," one document states.

Ruiz in 1998 served as a physician with the North Hudson Community Action Corp. The U.S. attorney's office has issued a subpoena seeking records from the nonprofit agency related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the organization obtain federal funds.

Scarinci in a statement said the tape and its contents have long been part of a civil lawsuit filed by Hudson County earlier this year against several county government vendors tied to former county executive Robert Janiszewski, who is serving a 41-

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month federal sentence after pleading guilty to taking more than $100,000 in bribes. One of the vendors mentioned in the lawsuit is Sandoval, who is countersuing.

"As I am party to the lawsuit and represented companies owned by Dr. Sandoval during the time it is contended this recording was made, regretfully I am legally constrained from making any further statement at this time," Scarinci said. "That being said, I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Miller said the campaign has severed its ties with Scarinci, who has served as a fundraiser to Menendez. He did not respond the court documents' allegation that Menendez stood to get a share of the county contracts.

Miller did say Sandoval has many reasons to lie and questioned statements made by a man accused of seducing one of his own psychiatrist patients and then using her to bribe public officials for millions of dollars in contracts.

Miller was referring to Nidia Davila Colon, a five-term Hudson County freeholder, who was sentenced to a 2 1/2-year prison term after being convicted of passing more than $10,000 in bribes to Janiszewski so Sandoval could win millions of dollars in county contracts. Janiszewski testified against her at trial. Sandoval became an FBI informant and was never charged.

Miller also questioned Kean's judgment for campaigning with Jose Sandoval, who is running for Congress in the 8th Congressional District, saying that Oscar Sandoval and Jose Sandoval are brothers. Miller later said that he was mistaken and the two Sandovals are not related. Kean has questioned Menendez's ethics throughout the campaign.

Telephone calls made to Oscar Sandoval's two attorneys - Tomas Espinosa and Edward Duschock - were not returned Thursday.

The transcript also has an exchange where Scarinci takes credit for getting Colon hired by Carl Goldberg, a developer and Menendez fundraiser who is also chairman of the New Jersey Sports & Exposition Authority, the agency that operates the Meadowlands Sports Complex and other venues.

Scarinci told Sandoval "ultimately I had to physically take Bob by the hand, and sit him down at a table with Carl Goldberg, when Carl handed him $12,000 in checks as campaign contribution. And I said, 'Bob, isn't there something else you that you need from Carl Goldberg?'"

Miller said the "Bob" in this conversation referred to Janiszewski. Janiszewski's lawyer, William F. Maderer, said Thursday he was unaware of the tape and could not comment.

A message left Thursday for Goldberg was not immediately returned. In a statement, Goldberg said he was "puzzled and dismayed by how my role was portrayed in a conversation that took place seven and a half years ago."

Meanwhile, rumors were rampant that the Sandoval-Scarinci phone call would force Democrats to replace Menendez on the ballot with Democratic Rep. Robert Andrews. In a telephone call to The Associated Press, Andrews said to his knowledge, there has never been any discussion of replacing Menendez on the ballot.

"The governor and the party leaders are both behind Menendez and so am I," Andrews said.

N.J. Senate Race A Dead Heat, Poll Shows (AP-Y)

By Donna De La Cruz

AP, September 28, 2006

New Jersey's Senate candidates remained locked in a tie, according to a poll released Thursday that also showed confusion about the candidates among state voters.

Among 404 likely voters, 45 percent preferred Democratic Sen. Robert Menendez while 44 percent backed Republican challenger Tom Kean Jr., according to the Rutgers-Eagleton poll. The error margin was plus or minus 5 percent.

Among 660 registered voters, 42 percent backed Kean while 40 percent chose Menendez. This survey had an error margin of 4 percent. The survey of both likely and registered voters was conducted Sept. 24-26.

The poll showed there was ample opportunity for either candidate to take this race. Murray Edelman of the Eagleton Center for Public Interest Polling said about half of all registered voters said they have not heard of the candidates or do not have an opinion of them.

Only 36 percent of voters correctly identified Menendez as their senator. Menendez was appointed to the seat in January by Gov. Jon Corzine to serve out the remaining year of his term. He served 14 years as a congressman from northern New Jersey.

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Eight percent of registered voters said Kean Jr. was the governor of New Jersey, an office held by his father, Thomas Kean. Another 8 percent thought that Kean, a state senator, was a U.S. senator.

"The candidates have a ways to go to capture the attention of the voters," Edelman said. "The major campaign advertising has yet to begin, and the ads could have a considerable effect considering the lack of voter knowledge about the candidates."

The survey also showed that 51 percent of voters associated Kean closely or somewhat closely to President Bush, while 50 percent said Menendez was very closely or somewhat closely associated to Corzine.

Bush's job approval rating was 30 percent, an all-time low for the president in this poll. Corzine's job approval rating was 48 percent, up three points since June.

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On the Net:

http://www.rutgers.edu.

Kean-Menendez Seante Racel Too Close To Call (NSL)

By Matthew Reilly

Newark Star-Ledger, September 29, 2006

The race for U.S. Senate in New Jersey is virtually tied, with Democratic incumbent Robert Menendez holding only a 1-point lead over Republican state Sen. Tom Kean Jr. in a Rutgers-Eagleton Poll released today.

Menendez had the support of 45 percent of likely voters and Kean was the choice of 44 percent of likely voters. The difference is well within the 4.9 percent margin of error in the poll of 404 likely voters.

Among registered voters, Kean has a 2-point lead over Menendez, 42 percent to 40 percent, compared to the four-point advantage Menendez had in the June survey. The margin of error for the 660 registered voters polled Sept. 24-26 is 3.8 percent.

Forty-five percent of registered voters who supported one of the two candidates said they might change their minds by Election Day.

Contributed by Matthew Reilly

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Posted By: (28/09/2006 2:19:09 PM)

Comment: Once the polls reflect Menendez's latest ethics news, he'll be fortunate to garner 40%. Does it really surprise anyone that Menendez's Hudson County cronies used strongarm tactics to get their way? The new "tapes" out are likely the tip of the iceberg.

Polls Show Kean, Menendez Close (TSNJ)

By Martin C. Bricketto

Today's Sunbeam (NJ), September 29, 2006

Trenton Bureau

TRENTON -- The two candidates running for U.S. Senate are neck and neck, with the Republican scoring points on ethics and the Democrat polling better on national issues, according to a new poll released Thursday.

Findings from the Rutgers-Eagleton Poll were released the same day as published reports that an advisor to Democratic candidate U.S. Sen. Robert Menendez was secretly recorded seven years ago pressing a Hudson County contractor to hire someone as a favor to the then congressman.

Menendez had since cut ties with that advisor, according to the reports.

"It has the potential to be death by a thousand cuts if these stories keep coming out," said Dr. Tim Vercellotti, assistant director at the Eagleton Center for Public Interest Polling. "If so, Kean has a choice between two easy options, sit back and let Menendez react or continue to campaign on ethics."

A separate on-line poll from Zogby International on Thursday placed Menendez ahead of Kean by six points.

Of 404 likely voters who participated in the Eagleton survey from Sept. 24 to Sept. 26, 45 percent supported Menendez, just ahead of State Sen. Tom Kean Jr. at 44 percent. The poll had a 4.9-percent margin of error.

Of 660 registered voters sampled, Kean leads Menendez 42 to 40 percent, with a margin of error of 3.8 percent.

Among South Jersey participants, Menendez leads Kean 40 to 37 percent. Seventeen percent said they were undecided -- just above the percentage of undecided participants in central and northern New Jersey. Both candidates are from the northern half of the state.

It all adds up to a virtual tie with six weeks to go before the election on Nov. 7.

"There's a lot of time to go and there's a lot of money," said Dr. Murray Edelman, a consultant and distinguished scholar with the Eagleton Institute.

"We don't think the candidates are spending money at all like they're going to."

Kean spokeswoman Jill Hazelbaker said Menendez has been conducting a paid media campaign for three weeks which has not changed the poll numbers dramatically.

"I think that shows a serious weakness on Menendez's part," Hazelbaker said. "This guy has serious problems and I think as we begin our paid media campaign and really start to focus the race in on those issues the numbers are going to change dramatically."

Running in a blue state, Kean should be the happiest about the poll results, Edelman said.

"I would think all the stars favor Menendez. He's a sitting senator, which is of some values, he's in a Democratic state.. plus (President) Bush is hurting (candidates) all over the country," Edelman said. "I think it's not so much that Kean is doing so great, but Menendez has all this baggage with the corruption issues."

Michigan Woes Fuel GOP Election Hopes (WT)

By Charles Hurt

The Washington Times, September 29, 2006

LINCOLN PARK, Mich. -- The fever among voters to throw incumbents out of office -- furiously stoked by Democrats in Washington -- might backfire in this state, where Republicans are riding a surge of voter discontent.

With Democrats holding both Senate seats and the governor's mansion, Michigan is suffering the worst economy of any state in the nation. The state's unemployment rate is nearly twice the national average of 4.7 percent, and the auto industry is losing jobs by the tens of thousands. A recent job fair offering factory work for $10 an hour with no benefits drew 4,000 applicants.

"They're Democrats, but they want jobs," John Katinsky said of his neighbors in this hard-hit town downriver from Detroit.

Much of the discontent is being directed at Sen. Debbie Stabenow, the first-term senator who is trying to fend off a challenge from Oakland County Sheriff Michael Bouchard.

"Only one state in America has lost jobs for three straight years and that's Michigan," Mr. Bouchard says. "That needs to change, and it's going to change by starting with the leadership."

Mrs. Stabenow's primary line of attack on Mr. Bouchard is linking him to President Bush, who lost the state in the 2000 and 2004 elections, though by relatively small margins.

"The people of Michigan have a clear choice in this election between a senator who is fighting hard for them and delivering real results and someone who insists on endorsing the failed and tired policies of the Bush administration even as they continue to cost us jobs and threaten our Michigan way of life," Stabenow campaign spokesman Brent Colburn said.

Not a 'nice'-lady race

Mr. Bouchard often tells voters on the campaign trail that Mrs. Stabenow is a "nice" lady but that they're not running in a nice-lady contest. He then rattles off reasons why he thinks she should be replaced.

He tells people that Mrs. Stabenow voted to grant Social Security benefits to illegal aliens, is one of the biggest pork-barrel spenders in Washington and has authored only one successful bill in Congress: a law to rename a federal building in Detroit.

Last month, Mr. Bouchard toured the state in a moving van to highlight the exodus of Michigan residents leaving the state in search of jobs. The flight is so bad, Mr. Bouchard said in an interview with The Washington Times, that when his neighbors put their house on the market, they had to wait more than a week before a "for sale" sign was available.

On his tour, he promised to curb federal spending, reduce "regulatory burdens" on small businesses and make tax cuts permanent.

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Mrs. Stabenow, he says, has spent six years in Washington with little to show for it. She has authored 68 bills, according to records kept by the Library of Congress, and only one has been approved by the Senate. The bill, S.1285, renamed a building in Detroit the "Rosa Parks Federal Building" in honor of the civil rights activist.

During that same period, she also has written 68 amendments, 19 of which were adopted by her colleagues.

Those figures do not accurately reflect how hard she is working on behalf of her state, Mrs. Stabenow's campaign says.

She has "set the standard for constituent service," fought for lower health care costs and wrote the ban on drilling for oil in the Great Lakes, according to the campaign. In addition, she has supported tax cuts for businesses that create jobs in the United States and "helped lead the delegation effort" to secure more federal transportation dollars for Michigan roads.

A lackluster record?

Despite her successes, even Mrs. Stabenow's staunchest supporters are somewhat at a loss to name her accomplishments as a U.S. senator.

A survey by The Washington Times of delegates who attended the state Democratic convention in Detroit in August found no one who could list any specific successes.

Larry Lewis of Detroit said, "She's done an outstanding job."

Asked to name any accomplishments, Mr. Lewis replied: "I don't have her record in front of me. I couldn't go over it verbatim."

Thelma Murrell of Southgate said: "Off the top of my head, I can't name them. But she does a great deal of things for us. It's not just caring; she really does help."

Carol Poenisch of Northville couldn't name any legislative victories for Mrs. Stabenow, but applauded her efforts to stop Canadian trucks from hauling tons of garbage across the border and dumping it in U.S. landfills. It's an issue that has dogged Michigan politicians for years.

Just last month, Mrs. Stabenow issued a press release boasting that she and other Democrats in the state had reached a deal with Canadian officials "to stop shipments of municipal solid waste to Michigan over the next four years."

But Canada's environment ministry officials weren't losing much sleep over the deal they cut with Mrs. Stabenow. They told local reporters that it does nothing to curb industrial and commercial waste, which makes up more than half of the 4 million metric tons of Canadian trash hauled into Michigan each year.

Moreover, they said the relatively generous deal was prompted by fears that bipartisan legislation moving through Congress would end all trash shipments by year's end.

"Our garbage trucks could have been turned back from the border as early as January 2007," Ontario's environment ministry spokeswoman, Kate Jordan, told the Detroit News. "We needed to find a solution to avert that."

Indeed, that legislation was approved by the House a few days later. But it's not likely to go anywhere soon because the Senate version of the bill — introduced by Mrs. Stabenow — has languished for more than a year in the chamber's Environmental and Public Works Committee.

And, as part of her deal with Canadian officials, Mrs. Stabenow agreed to drop any efforts to get tougher legislation through Congress for the next four years.

Taking a stand on illegals

During these lean times in Michigan, illegal entry has become a top concern for voters. Polls consistently show that three-quarters or more of voters in the state oppose granting amnesty to illegals and support building a wall along the U.S. border with Mexico.

After the Senate passed a bill last spring that would allow illegals to become citizens, Republicans in Macomb County revolted. Rep. Tom Tancredo, the Colorado Republican who is little known except for his tough stance against illegal entry, surprised Republican officials by winning a straw poll in the county for the presidential nomination. Among the Republican luminaries Mr. Tancredo beat were Sen. John McCain of Arizona, former New York Mayor Rudolph W. Giuliani and Massachusetts Gov. Mitt Romney, the son of former Michigan Gov. George Romney.

A standard line of Mr. Bouchard's stump speech is that anything that begins with the word "illegal" — as in illegal entry — he's against. Mrs. Stabenow, on the other hand, he says, has a weak record on the issue.

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No immigration vote has dogged Mrs. Stabenow more than the one she cast to grant Social Security benefits to illegal aliens for the work they performed illegally.

Mr. Colburn flatly denies that Mrs. Stabenow supported granting the benefits to illegal aliens and called such accusations "misleading and disingenuous."

"Senator Stabenow does not support and has never supported granting Social Security benefits to illegal immigrants," he said.

But, according to the Congressional Record — the official publication of all votes and floor speeches in Congress — Mrs. Stabenow voted on May 18 to strike Amendment No. 3985 offered by Sen. John Ensign, Nevada Republican. That amendment would have prohibited illegals from collecting "Social Security benefits as a result of unlawful activity."

While Mrs. Stabenow went on to vote against the overall Senate immigration bill, she provided the deciding vote that would allow aliens to collect Social Security benefits for illegal work, even if that work had been done using forged documents. And today, that provision remains part of the Senate immigration bill.

Watching the polls

Despite the hostile environment for incumbents here, the Stabenow campaign still takes solace in the poll numbers, which show Mrs. Stabenow more than 10 points ahead of Mr. Bouchard.

The Bouchard campaign notes that her support, however, hovers around 50 percent. With plenty of undecided voters remaining, Mr. Bouchard hopes to see his numbers rise as people across the expansive state learn more about him and hear more about Mrs. Stabenow's positions on key issues.

An ace in Mr. Bouchard's pocket, his campaign says, is Oakland County, which has been trending Democratic in recent elections and is the state's second largest county. In 2004 — when Mr. Bush lost the county — Mr. Bouchard won with more than 60 percent of the vote.

Stabenow supporters say the senator has worked tirelessly on constituent services and that voters here relate better to common-touch Democrats than pro-business Republicans.

"What you have to ask yourself is if you're better off now than you were four years ago," says Jack Childress, a General Motors retiree who supports Mrs. Stabenow. "If you answer that honestly, you won't vote for no Republican."

But Mr. Bouchard is hardly a corporate Republican in a pin-stripe suit. At a carnival in this downtrodden, industrial suburb of Detroit, he rides up in a pack of motorcycles on his Harley-Davidson Road King.

Mr. Katinsky, who calls himself a "closet Republican," also doesn't fit the usual description of a Republican. Wearing yellow machinist's glasses, seven earrings and a long braided pony tail, he asks for a picture with Mr. Bouchard.

Though most of his neighbors are Democrats, he said they desperately want jobs to return to the state. Also, they're alarmed by the influx of illegal aliens who are taking many of the jobs that pay little but are jobs nonetheless.

"Everybody I know wants these borders locked up," he said. "How is that racist? It might be anti-noncitizen, but it ain't racist."

After milling around the carnival with voters for about an hour, Mr. Bouchard stops to talk to a man who is unshaven, smoking a cigarette and wearing thick, military-issue glasses. The man says he's out of work. Mr. Bouchard tells him that he intends to make Michigan a better place to do business.

"Bush is killing us," the man says, shaking Mr. Bouchard's hand. "You got my vote."

GOP Zeroing In On Mollohan's Problems (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 29, 2006

MORGANTOWN, W.Va., Sept. 28 -- Nine college-age guys stood silently Thursday morning across the street from Rep. Alan B. Mollohan's (W.Va.) office, holding signs that read "Be My Cellmate" and "Man of Steal."

They were trying to bring attention to allegations that the Democratic incumbent used his congressional power to get rich and reward friends. But few people were listening. "We just want some answers," says Tommy Phillips, 25, who helped organize the rather flaccid protest.

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There is only one way for Republicans to win in this Democratic district: convince voters that Mollohan is a crook. The lunchtime protest is the least sophisticated part of a destroy-the-Democrat strategy that includes operatives in Washington, a rich home builder in Texas, conservative activists in this college town and challenger Chris Wakim himself.

The target is the 12-term representative's complicated financial dealings. Mollohan, a member of the Appropriations Committee, set up several nonprofit groups over the past decade or so to administer millions of dollars he was steering to his rural district. The money benefited friends and big donors.

In a four-year period starting in 2000, Mollohan's net worth ballooned from about $500,000 to more than $6 million. The chief reason for his newfound wealth was real estate investments with one of those friends who benefited from his work in Congress. Mollohan has denied any wrongdoing, saying he was simply helping his district by maximizing its share of federal money.

That is a point that resonates with many voters here. But as the controversy reached a boil this spring, Mollohan was forced to step down from the House ethics committee. He also admitted he misstated some of his financial dealings in public records.

"He was clearly sacking the treasury and stuffing it in his own pockets," Wakim said of Mollohan. "I'm running on the idea that you can trust your congressman."

But scandal alone might not be enough to topple the popular incumbent. As Democrats are finding out in several key races, voters often seem more concerned about local issues than charges of ethical lapses.

Mollohan shows why. Since succeeding his father in Congress in 1982, he has faced only one tough race. That was 14 years ago, when redistricting forced a primary showdown with a fellow Democrat. Mollohan won that race with 61 percent and has coasted through elections ever since.

When news of the Mollohan scandal broke on the front page of the Wall Street Journal, many thought the incumbent was in trouble. But Democratic opposition researchers discovered that Wakim had lied about his rÃ©sumÃ©. Wakim acknowledged some padding but called the furor an attempt to distract voters.

There has been no public polling in the race. Republicans admit that Wakim's rÃ©sumÃ© inflation hampered his attempts to cast the race as a referendum on the incumbent's ethical lapses. But they still think Mollohan can be beaten -- if enough attention is paid, via TV ads, to his finances.

A big part of this effort rests on the shoulders of Texas builder Bob Perry, who has invested $5 million in a group calling itself the Economic Freedom Fund. With Wakim at a clear fundraising disadvantage in the race, Perry is blanketing the 1st District with ads attacking Mollohan's ethics. The group is also sending direct mail and calling voters.

Wakim is running ads of his own that allege Mollohan has "been too busy helping himself and his friends to do the job for us."

Mollohan has not sat on his hands either. He has been unloading on Wakim on television over the past month while touting his own ability to deliver for West Virginia -- a potentially powerful message in a state so dependent on federal largess.

Of his critics, Mollohan said, "They are trying to make all this good look bad."

Challenger Seeks Probe Of Rep. Foley's E-Mails To Boy, 16 (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 29, 2006

The Democratic opponent of Rep. Mark Foley (R-Fla.) is calling for an investigation into an e-mail exchange that Foley conducted last year with a 16-year-old boy who had worked as a congressional page.

Foley, 52, has served in the House for six terms and is seeking reelection. He said that the five e-mails he wrote to the boy were harmless and that their publication is part of an attempt by Democrats to smear him.

"The e-mails in question were a response to a handwritten thank-you letter from a former page," said Jason Kello, Foley's spokesman. "There have not been any allegations made by anyone except by Tim Mahoney and the Democrats who are attempting to misrepresent a series of innocent communications to prop up a failing political campaign."

Jessica Santillo, a spokeswoman for Mahoney, a Venus, Fla., rancher and business executive who is running against Foley, said in a written statement: "This is a matter for the appropriate authorities to investigate."

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In the brief but chatty e-mails, which were first reported by ABC News, Foley asked how old the boy was, inquired what he wanted for his birthday, requested a picture of the young man and told him that he had just finished a long bike ride and was going to the gym.

According to ABC, the boy forwarded the e-mail that requested his picture to an unidentified congressional staffer and wrote that the e-mail was "sick sick sick sick sick." In another e-mail to a staffer, ABC reported, the boy wrote: "Maybe it is just me being paranoid, but seriously. This freaked me out."

Kello, the Foley spokesman, declined to identify the boy.

Kello said that around the time the boy was leaving his job as a page, or House floor assistant, in the summer of 2005, the boy handed Foley a card "thanking him for being a friendly face." The boy then returned to his home in Louisiana.

Foley kept in touch with him, especially around the time of Hurricane Katrina. "He was concerned about the kid because he knew he was from Louisiana," Kello said.

The e-mail, which ended "send me a pic of you as well," began, "How are you weathering the hurricane . . . are you safe." Kello said Foley asked what the boy wanted for his birthday because in a previous e-mail, a copy of which has not been published, the boy had informed the congressman that he was celebrating a birthday.

Kello also said that it is not unusual for someone from Foley's office to seek photographs to keep on file in case people seek recommendations.

Foley was familiar and friendly in his e-mails. In one, he wrote, "did you have fun at your conference" and "what stuff do you like to do." In another, he wrote, "Glad your home safe and sound" and "its nice here . . . been raining today." In a third, Foley referred to someone named Will and said, "hes such a nice guy . . . acts much older than his age . . . and hes in really great shape."

Lawmaker Questioned On E-Mails To Page (LAT)

By Noam N. Levey

The Los Angeles Times, September 29, 2006

WASHINGTON — A Republican House member from Florida who was expected to cruise to reelection faced questions Thursday about the propriety of e-mails he sent to a teenage page on Capitol Hill, potentially adding to the GOP's political struggles as it attempts to maintain its congressional majority.

Six-term Rep. Mark Foley, a member of the powerful Ways and Means Committee and chairman of the House Entertainment Industry Task Force, is being made to explain a series of e-mails he sent in 2005 in which he asked the page how old he was and requested a photo.

The e-mails, copies of which were obtained by The Times, indicate that the boy, 16, then complained to another congressional staff member, noting: "Maybe it is just me being paranoid, but seriously. This freaked me out."

In another e-mail sent to the page, Foley, 52, said of a second teenager working on Capitol Hill, "He's in such great shape."

A Foley spokesman acknowledged that the congressman had sent the e-mails to the page. But the spokesman said they reflected nothing more than an innocent interest in helping young people.

"It was encouragement for a person who was interested in politics," said Jason Kello, noting that the page had written Foley a thank-you note after his service was over.

"This is character assassination in the worst," Kello said, blaming the campaign of Foley's Democratic opponent, Tim Mahoney.

The Mahoney campaign released a statement Thursday disavowing any involvement in the release of the e-mails, which have been floating around Capitol Hill for months.

Mahoney, a businessman new to politics, was widely considered a long shot for Foley's seat, which has attracted relatively little attention from the national parties as they battle for control of Capitol Hill.

But the e-mails have become news in Foley's district; the NBC television affiliate in West Palm Beach, Fla., broadcast a story on them Thursday.

Some of the e-mails were posted on the Internet by a blogger over the weekend.

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Teenage pages, who come to Washington from around the country and serve primarily as messengers in and around the Capitol, were at the center of controversy two decades ago when two congressman were accused of having sex with pages. The scandals generated new ethics rules banning such liaisons.

Republicans In Ohio Say Motivating Voters Is Harder This Year (BLOOM)

By Richard Keil

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- For a brief time on Election Night 2004, Scott Owens was one of the most important Republicans in America.

Owens, the party's executive director in Ohio's Butler County -- which encompasses Cincinnati's heavily Republican suburbs -- was calling vote tallies in to the White House. When Ken Mehlman, President George W. Bush's campaign manager, interrupted the sixth update to yell ``You rock!'' Owens knew he'd delivered enough of a victory margin to give Bush the state -- and the election -- over Democrat John Kerry.

Two years later, Ohio again looms as a battleground as Republicans try to hang onto control of Congress. This time, Owens says he's worried that when he phones his tallies into Mehlman, the news may not be cause for celebration.

Mehlman, now chairman of the Republican National Committee, is counting on Owens's organization to save Republican Senator Mike DeWine and House incumbent Steve Chabot, both of whom trail in their re-election bids. With Ohio Republicans reeling from scandals and Bush's low poll ratings, Owens says party voters are a dispirited bunch.

``It's just a different atmosphere,'' he said in an interview. ``The enthusiasm isn't there. In 2004, we had 950 volunteers'' to help spur voter turnout. ``They just believed in George W. Bush. This year, we have maybe 150, tops. I'll ask people if they can make phone calls or go door-to-door and they'll say, `Um, let me check my schedule.'"

Data-Mining

The key to the Republicans' turnout machine is computerized data-mining, which identifies even tiny blocs of GOP-leaning partisans, and cadres of volunteers that contact voters in their communities and get them to the polls.

The technique was perfected in 2004, when Ohio was at the forefront of the turnout wars. Democrats relied on union members and paid canvassers; Republicans put their faith in micro- targeting and community-based appeals.

While Democrats boosted their vote with gains in cities such as Cleveland and Columbus, the Republicans prevailed by doing even better in suburbs and rural areas.

Kerry got 10,000 more votes in Butler County than nominee Al Gore did in 2000. But while Gore lost the county to Bush by 20,000 votes, Bush's 2004 surge swamped Kerry, who wound up losing by 53,000 votes.

By using advanced marketing-research techniques to increase their margins, Republicans duplicated their Butler County feat in pockets of support all over Ohio. In the process, they sealed their reputation as the leaders in voter mobilization.

Missing in Action

This year, a repeat of the party's Ohio heroics may prove difficult. With Republicans on the defensive in the state, many of Owens's foot soldiers are missing in action.

To be sure, Republicans' faltering efforts in Ohio may represent a worst-case-scenario. Compared to their opposition, Republicans have more advanced voter-identification technology, more money, and, thanks to a 72-hour voter-contact blitz they mount in the final days of a campaign, a reputation as better closers than the Democrats.

According to Federal Election Commission reports, the RNC raised $176 million through the end of August, versus $97 million for the Democratic National Committee. Some of that cash is reserved for late advertising, while Mehlman has pledged up to $60 million for activities to motivate party voters to turn out.

Energized Democrats

The Republicans' concern is that polls show, to this point at least, it's the Democrats who are more energized about the election. The challenges faced by Owens in Ohio and his counterparts in other states are one reason that Democrats are banking on their own turnout drives to recapture the House of Representatives and, if a political tsunami hits, perhaps the Senate. Democrats need to gain 15 seats to take the House and six to grab the Senate.

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In the previous election, Republicans ``had Bush and the perfect foil in Kerry to turn out their vote," said Tom O'Donnell, a consultant to Democrat Sherrod Brown, an Ohio Senate candidate. ``This year, it's much harder to galvanize their voters."

Ohio is further complicated for Republicans this year because party office-holders have been enmeshed in scandals. Republican Governor Bob Taft pleaded guilty in August to a misdemeanor and paid a fine of $4,000 for failing to report golf outings with fund-raiser Tom Noe. Ohio Representative Robert Ney is under pressure to resign after pleading guilty to accepting illegal gifts from disgraced Washington lobbyist Jack Abramoff.

Backlash

A public backlash over the scandals has hurt Republicans across the board. A Columbus Dispatch poll released on Sept. 25 found Democratic gubernatorial candidate Ted Strickland leading Republican Ken Blackwell by 19 percent, and had Brown holding a 5-point lead over incumbent Republican Senator DeWine. The survey was mailed to 1,791 registered voters and has a margin of error of plus or minus 2 percentage points.

And in a state where Republicans hold the governor's mansion and control the state legislature, a Sept. 20 University of Cincinnati survey found that about 7 in 10 likely voters said Ohio is on the ``wrong track."

George Lang is a trustee of the Butler County township of West Chester, where no Democrats hold office. He says dismay over the Iraq war is likely to depress turnout. ``Republicans are going to take some hits, state-wide and nationwide," Lang said. ``This war in Iraq? Core Republicans are not where the president is. More and more are of the opinion that we should get out."

Malls and Subdivisions

While much of central Ohio is in a Rust Belt swoon, Butler County is a bustling place where farmland is being turned into upscale subdivisions and horse farms are converted into tony shopping malls.

This year, the county Republican Party will operate out of new $850,000 headquarters. On a recent tour, a visitor found 10 volunteers manning phone banks. Republicans plan to ramp up to a seven-days-a-week operation between now and Election Day, and are recruiting volunteers at four different sites to make up to a 1,000 calls per night.

Joe Tellup of Oxford, a carpenter who assists in the party's Ohio turnout campaign, said it's tough finding other volunteers to call or knock on doors on behalf of the Republican Party. ``Regrettably, we're getting a lot of undecideds and `Nos,'" Tellup said.

Republicans' sagging morale puts even more pressure on Owens, because off-year elections often produce lower turnout. ``Some of our people have done things that have our people down and discouraged," Owens said of the scandals. ``I keep telling the state party, `This isn't the same train that was running two years ago.' "

It's Not Easy Getting Out Of The House (USAT)

By Bill Nichols

USA Today, September 29, 2006

DES MOINES — Jim Nussle is one of Washington's major players — an eight-term Republican who has led the powerful House Budget Committee since 2001.

But as Nussle seeks to move from the House of Representatives to become Iowa's next governor, his formidable Washington résumé is one of the last things he talks to voters about as he barnstorms the state.

At a breakfast for Iowa professional developers last week, the words “Washington” and “Congress” never pass Nussle's lips as he outlines his budget, health care and education plans.

Meanwhile, his opponent, Iowa Secretary of State Chet Culver, raises Nussle's Washington tenure at every opportunity.

“He's part of the D.C. culture of cronyism and corruption,” Culver says. “He's got a lot of baggage, and we're not going to be shy about pointing that out.”

Nussle rejects the notion that his House experience is a drag on his statewide election chances and says Iowa voters want to hear about his plans for the future, not a rehash of his Washington past. “What's your plan? That's what voters want to know,” he says.

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Of 16 House members running for governor or the Senate this year, all but four either have suffered primary losses, trail their opponents in polls or are locked in tossup races. A Sept. 17 poll by The Des Moines Register found the Culver-Nussle race a dead heat.

Historical data show it's never easy to seek promotion from the House. In 2000, 10 House members sought new jobs; two won.

Political analysts say low ratings for President Bush and Congress as an institution present a particularly challenging environment for House members. These lawmakers also get little bounce in local races from the GOP's major political strength in most polls: national security.

"It's a tough year to be a Republican, but it's particularly tough to be a Republican from Washington," says Peverill Squire, a political analyst at the University of Iowa.

Culver, son of former U.S. senator John Culver and Iowa secretary of State since 1999, hammers Nussle on the growth of the federal budget deficit during the time he has headed the Budget Committee. Other Culver targets: Nussle's opposition to expanding federal funding for research using embryonic stem cells and his support for the new Medicare prescription-drug benefit.

"Congressman Nussle isn't working for Iowans in Congress," Culver says. "Iowa voters are not going to fall for the Nussle hustle."

Nussle responds by saying that he has a record of strong leadership and that it's "easy to say that budget plus Nussle equals deficit. What's more difficult is to come up with a plan to actually govern."

In races from Florida to Hawaii, House members are facing similarly tough races for new jobs. Nussle is one of nine House members seeking to be chief executive of his home state — the most to run for governor in 30 years.

Polls show Ohio Democrat Ted Strickland and Idaho Republican C.L. "Butch" Otter with double-digit leads in their gubernatorial bids. In Senate races, polls show Vermont independent Bernie Sanders and Maryland Democrat Ben Cardin with double-digit leads.

Nebraska Republican Tom Osborne lost a gubernatorial primary in May, and Hawaii Democrat Ed Case lost a primary bid to unseat Sen. Daniel Akaka on Saturday. Meanwhile, the other 10 members of Congress seeking new jobs feel Nussle's pain. Some examples:

•In Wisconsin, Republican Mark Green trails Democratic incumbent Gov. James Doyle by 45% to 40%, according to a poll released Wednesday by the Wisconsin Policy Research Institute.

Doyle "wants to blame poor Mark Green for all the federal budget deficits that there have ever been," says Charles Franklin, a political analyst at the University of Wisconsin.

•In the Florida governor's race, Democratic Rep. Jim Davis trails Republican Charlie Crist 51% to 36%, according to an Orlando Sentinel poll out Wednesday.

University of South Florida political scientist Susan McManus says one issue that could hurt Davis is his attendance record in Congress while running for governor. Davis has missed about one-fourth of the roll call votes cast in the current two-year congressional term.

"People remember that kind of thing," McManus says. "It has to do with the fact that people are kind of down on Congress right now."

•In Colorado's race for governor, Republican Rep. Bob Beauprez trails Democrat Bill Ritter 50% to 33%, according to a Rocky Mountain News poll published Sept. 14.

Colorado College political analyst Bob Loevy says Ritter likes to ask Beauprez, when a specific issue comes up: "Well, you were a member of Congress. Why didn't you do something about it?"

Loevy cautions, however, that while anti-Congress sentiment is an issue in the race, it is dwarfed by more local concerns such as Beauprez's opposition to a 2005 referendum that allowed the state to keep millions in tax revenue

Thomas Mann, a congressional expert at the Brookings Institution, a Washington think tank, also warns against making too much of the trouble House members seem to be having seeking other posts.

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Mann says that while there are “ample signs of a negative referendum on President Bush and the Republican Party,” there are not indications of general opposition to incumbents, regardless of party.

The struggle House members are having running for the Senate or governor “likely reflects factors peculiar to each race,” he says.

House members like Nussle, however, may feel they have a common burden to bear. While Nussle was stuck in Washington last week trying to wrap up the legislative session, Culver was at the state Capitol, receiving the endorsement of a group of 20,000 Iowa health care professionals.

“We've spent a lot of time over the last four years trying to track down Congressman Nussle,” says Sarah Swisher, director of Iowa for Health Care. “He's a hard guy to get answers from.”

Effort Aims To Push Muslims To The Polls (WP)

By Michelle Boorstein

The Washington Post, September 29, 2006

National Muslim civic leaders announced a new push yesterday to get the country's estimated 2.2 million registered Muslim voters to the polls, unveiling a Web site that spells out key races of "Muslim interest" and ATM-like voter registration machines that will be put in mosques and Islamic student centers.

The campaign by the Washington-based Muslim American Society is a continuation of an effort that has been underway since the Sept. 11, 2001, attacks to increase American Muslims' involvement in the political process. A 2005 survey by the Muslim American Political Action Committee said 84 percent of registered Muslims voted in the November 2004 election, compared with 41 percent in 2000.

The efforts are getting more tailored, Muslim leaders said in announcing the creation of the society's Center for Electoral Empowerment. The center's main feature is a Web site that offers details on issues that the political action committee says are the most important to Muslim voters: concerns about "the erosion of civil liberties," "fair" immigration reform and foreign policy, said Mukit Hossain, president of MAPAC.

The site, http://www.masvip.org , highlights 30 races in 11 states where there are significant Muslim populations, including Illinois, New Jersey, California and Texas.

The focus on Muslim voting -- both by Muslim American leaders and political candidates -- rose again after the 2004 election, when the Muslim vote moved significantly away from the Republican Party.

According to a September 2004 poll conducted by Zogby International for Georgetown University's Project MAPS, 76 percent of Muslims backed the Kerry-Edwards ticket, compared with 7 percent for Bush-Cheney. This was a significant change from 2000, when President Bush received 42 percent of the Muslim vote compared with Al Gore's 31 percent.

In one example of increased candidate interest in the Muslim vote, the annual Virginia Muslim Civic Picnic, held in August for Virginia candidates and sponsored by the Virginia Muslim Political Action Committee, attracted 37 candidates last year, compared with two in 2001.

Estimates vary widely of the number of Muslims in the United States, from 3 million to 7 million, and polls of U.S. Muslim political behavior also show discrepancies.

However, polls and anecdotal research from civic leaders agree that Muslims have become much more involved in elections, not just in philanthropy and other civic work.

Now, Muslim leaders said yesterday, many Muslim Americans don't like the consequences of not participating, said Mahdi Bray, executive director of the Muslim American Society's civic training arm, the Freedom Foundation.

"Now I have a double whammy: I have to worry about driving while black and flying while Muslim," Bray said. "I say to Muslims -- take your souls to the polls."

The MAPAC's 2005 survey found that the largest segment of registered Muslim American voters, by age, is people between the ages of 25 and 34; 25 percent of all voters were in this age category. Women in that age group were the largest single segment of Muslim American voters.

Amtrak Requests Yet More Money (WT)

DOJ_NMG_0071038

By Sean Lengell

The Washington Times, September 29, 2006

The survival of Amtrak rides on providing reliable, on-time service between major cities, the railroad's new boss told lawmakers yesterday.

But to meet this goal, the ailing passenger rail service must find new sources of money to supplement the billion-plus federal dollars it receives annually, said Amtrak President and Chief Executive Officer Alex Kummant.

"You just can't escape that the answer is capital," Mr. Kummant said during a House Transportation and Infrastructure railroads subcommittee hearing. "There is no other magic bullet."

Mr. Kummant, who took control of Amtrak Sept. 12, offered few specifics on how to improve the railroad. But he said issuing bonds, securing state financing or wooing private investors are possibilities.

"I don't know what the right answer is," he said. "We just need to take a look at all the options."

The Senate has backed a plan to boost annual Amtrak subsidies to $1.4 billion, while the House has approved a $1.1 billion budget. The Bush administration wants to split up Amtrak, shift some of the cost of operations to states and significantly cut federal subsidies.

Even the Senate's more generous proposal isn't enough to pay for needed infrastructure, such as bridge and tunnel improvements, that could help alleviate frequent delays that have plagued the railroad for years, Mr. Kummant said.

Amtrak, which carries 22 million riders a year, also must work with freight carriers, which own and share most of the tracks Amtrak uses, to devise better schedules between passenger and freight trains.

"At a time of high oil prices, growing highway and airport congestion ... we should be embracing rail and developing it as quickly and as responsibly as we can," Mr. Kummant said. "We should go beyond the debate of a few hundred million dollars of operating costs and begin to realize the potential rail passenger service has to offer with the right level of investment."

Amtrak's future lies with its "rail corridors" -- service between large cities 300 to 500 miles apart -- the railroad's fastest-growing service, he said.

"I hope that in my time at Amtrak we will continue to see more corridor growth and the realization of a federal and state funding partnership for these corridors," Mr. Kummant said.

Rep. John L. Mica, Florida Republican, said Amtrak must look at possibly privatizing its popular Northeast Corridor, which is among the railroad's most successful routes.

"The Northeastern Corridor is very important -- it's the only real hard asset you've got," said Mr. Mica, a longtime proponent of privatizing at least a portion of Amtrak. "Simple math will tell you you're not going to get ahead building your infrastructure" without private money.

Mr. Kummant said he had no immediate plans for the Northeast corridor.

"The only mandate I have from the [Amtrak] board is to run a safe and efficient railroad," he said.

Rep. Leonard L. Boswell, Iowa Democrat, urged Mr. Kummant not to forsake rural routes on behalf of corridor service.

"I understand the importance of the East Coast and the West Coast, but we're a United States and we have to connect together," Mr. Boswell said.

Mr. Kummant, who previously served as regional vice president of the Union Pacific Railroad, the biggest U.S. railroad, inherits a rail service with a bumpy past and uncertain future.

Amtrak never has been profitable since it was created by Congress in 1971, acquiring debt of more than $3.5 billion. Its operating loss its last fiscal year, which ended Sept. 30, 2005, topped $550 million.

Amtrak's former top executive, David L. Gunn, was fired in November after opposing the Bush administration's proposal to break up the railroad. David Hughes served as interim CEO.

Beneficiaries Of CITGO Heating Oil Program Having Second Thoughts (MCT)

By Pablo Bachelet

McClatchy Newspapers, September 29, 2006

DOJ_NMG_0071039

BOSTON - For 42 years, Agnes Crosson has lived in the same three-bedroom house in Quincy, Mass., where she's often visited by her 14 grandchildren. Heating her high-ceiling home during New England's long, cold winters has become increasingly expensive for the former social worker.

Enter Venezuelan President Hugo Chavez.

Last winter, Crosson enrolled in a heating oil program backed by CITGO Petroleum, controlled by the Venezuelan government, to fill her 250-gallon heating oil tank. She saved $200 on the purchase.

Despite the savings, Crosson is having second thoughts about re-enrolling this year after reading about Chavez's speech last week at the U.N. General Assembly. Chavez called President Bush "the devil" and U.S. policies "genocidal."

"I'm not a Bush person, believe me," said the trim, 75-year-old widow, "but I really resented that."

Chavez has said his comments were directed at Bush and not at the American people, but many of the program's beneficiaries are wondering if the CITGO initiative is a tool in Chavez's anti-Bush crusade, as many Chavez critics believe. Still, their condemnations are tempered by growing nervousness over how to pay for heating, and most hope that the program continues.

Last winter, CITGO distributed more than 4 million gallons of discounted heating oil to 50,000 households in Massachusetts - a big chunk of the 16 million gallons delivered in eight states, according to the Venezuelan Embassy in Washington. Households get a 40 percent one-time discount on 200 gallons purchased.

CITGO has a long-running presence in Massachusetts, where it employs 3,500 and controls 300 gas stations. The CITGO sign in Boston's Kenmore Square, visible past the left field wall at Fenway Park, is considered a local landmark.

Controversy over CITGO and its oil program was stoked by Chavez's U.N. speech. One local politician even proposed replacing the CITGO sign with a U.S. flag.

Venezuela denied that its initiative is a political ploy.

"The program is a humanitarian outreach to people hurt by events beyond their control," according to the Venezuelan Embassy. "It is not intended to embarrass the United States or be seen as a geopolitical move."

Chavez and CITGO have relentlessly promoted the program, taking out full-page ads in U.S. newspapers and producing a glossy booklet, "From the Venezuelan Heart to the U.S. Hearts," with testimonials by grateful politicians and beneficiaries.

In April, 63 beneficiaries were flown to Caracas, Venezuela, to discuss the program with Chavez in a televised event.

And the day after his U.N. speech, Chavez went to a Harlem church and, as TV cameras whirred, announced the program will expand beyond its Northeast core to reach 450,000 households - almost tripling the previous total - in 17 states this winter, including Virginia, Alaska and Wisconsin.

Venezuelan officials are also considering setting aside 30 percent of the revenue from heating oil sales to fund community programs.

Many Boston beneficiaries are grateful. Yushanna Eutsay, a 30-year-old mother of three, said Chavez seemed "like a very nice man" who was "doing more for his people than Bush is for us."

Still, the U.N. speech has cost Chavez support. Rep. Bill Delahunt, the Democrat who represents Quincy and a backer of the heating oil program, co-wrote a letter with Rep. Gregory Meeks, D-N.Y., condemning the "gratuitous personal attack" on Bush as "a direct insult to the people of the United States."

John Baldacci, the Democratic governor of Maine, which received 8 million gallons of discounted heating oil last winter, said that "based on current events," he won't renew his agreement with CITGO.

But some heating oil beneficiaries, the poor people Chavez says he wants to help, are perplexed by his outburst, which included repeated references to the smell of sulfur around the podium where Bush had spoken earlier.

"He stepped out of line," said Linda Kelly, 45, who suffers from multiple sclerosis. She was a member of the delegation that visited Caracas in April.

The ceremony launching the CITGO program was held at Kelly's home on Nov. 22, as a delivery truck pumped heating oil into her tank.

She worried that the controversy will end the CITGO initiative.

"The important thing is that our children are warm at night," she said.

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Concern over winter heating bills have triggered hundreds of calls inquiring about the CITGO initiative, said Brian O'Connor, a spokesman with Citizens Energy Corp., a nonprofit group run by former Rep. Joseph P. Kennedy II of Massachusetts. Citizens Energy helped set up the program.

The price of a gallon of heating oil jumped from $1.65 a gallon in 2004 to $2.61 a gallon last year. It now sells for about $2.50 a gallon.

Other U.S. oil corporations, noted O'Connor, have declined to participate in similar programs despite large profits.

Most Uninsured Children Have A Parent Who Works (LAT)

By Moises Mendoza

The Los Angeles Times, September 29, 2006

WASHINGTON — A majority of the 9 million children in the United States who lack health insurance live in two-parent families in which at least one parent is working, according to a report released Thursday by a healthcare advocacy group.

In many of these families, one parent or both either have jobs that do not offer insurance or do not make enough to afford the coverage offered by their employers, the report by Families USA found.

These children are much less likely to get regular medical or dental care and are five times as likely to have unmet healthcare needs as insured children, said the report, which was prepared for the Campaign for Children's Health Care, a group that is seeking comprehensive health insurance coverage for all children.

California has more than 1.3 million uninsured children, the report said, more than any other state.

They include 16-year-old Michael Duckworth of Mi-Wuk Village, near Yosemite National Park, who was diagnosed with grand mal seizures in January. Because his family has no health insurance, his parents can't afford to take him to a neurologist until late this year, when a plan at his father's new job takes effect.

"It's a very scary time right now," said his mother, Shannon.

In most states, families with incomes of as much as twice the federal poverty level — for a family of three, that would be $33,200 — can enroll their children in the State Children's Health Insurance Program, or SCHIP, a federal and state government-sponsored plan to aid people who make too much to qualify for Medicare.

California allows enrollment of children whose families make as much as 250% of the poverty level, or $41,500 for a family of three. The vast majority of the state's uninsured children are eligible for the program.

But according to the report, financial constraints are affecting the ability of states to ensure that all eligible children are enrolled. To save money, the report said, some states have frozen their SCHIP plans, preventing eligible children from being enrolled.

SCHIP must be reauthorized by Congress next year, and it faces a funding shortfall of nearly $1 billion in fiscal 2007.

Two-thirds of uninsured children qualify for some form of government-sponsored insurance program, the report said, but some families are not aware of the options. And complex regulations often discourage people from signing up, said Andy Schneider, a senior advisor at the Center on Budget and Policy Priorities, which advocates for the poor.

Other families such as the Duckworths, with incomes too large to qualify for government insurance but too small to make private coverage affordable, fall through the cracks.

The uninsured sometimes put off seeing a physician for months or years, which can lead to higher healthcare costs later on.

Some activists and members of Congress say that if Democrats win a congressional majority in the November election, they will push harder for universal healthcare coverage.

"I think you're seeing some real pressure building as fewer and fewer people are getting employment-based benefits," said Rep. Pete Stark (D-Fremont), who has introduced legislation to provide health insurance to all children by 2012. "I'm sensing a strong feeling throughout the country that we need to get healthcare for all."

Union Blocks Foreign Healthcare Plan (CSM)

By Patrik Jonsson

The Christian Science Monitor, September 29, 2006

DOJ_NMG_0071041

ATLANTA

Carl Garrett, an Appalachian paper mill worker, had hoped to go to India this month for medical care - but it didn't work out that way.

The planned journey to New Delhi by Mr. Garrett, a Leicester, N.C., resident wasn't just about fixing his aching left shoulder. His employer, Blue Ridge Paper Products of Canton, N.C., wanted to send a message to American hospitals: Control costs or we'll give our insured workers the option of going overseas for quality, but low-cost care.

Garrett, who belongs to the United Steelworkers, would have been the first union member to go overseas for medical care. But after his pioneering trip became public, the union stepped in and threatened to file an injunction to stop it.

In response, Blue Ridge Paper withdrew the proposal to send its employee to India for surgery. So two days before Garrett was to leave, he had to unpack his bags.

The union, which recently negotiated a new contract with the milk-carton factory containing healthcare provisions for its members, worried that volunteer trips overseas to receive medical care would soon become mandatory even for children and the elderly as companies seek to cut costs and increase profits.

Garrett's case shows how the tug-of-war between labor and corporations on healthcare options "is having a tremendous impact on how we live on a day to day basis," says Norm Solomon, a labor expert at Fairfield University in Connecticut. "If costs keep going up the way they have, it's going to be difficult to maintain them in unionized firms."

American workers' healthcare costs have risen 60 percent in the past five years, according to a new study by HR consultants TowersPerrin. Those cost increases are not only being borne directly by employees, but companies are cutting an average of 1 percent off annual raises to contain healthcare expenditures, TowersPerrin concludes.

Garrett's trip was intended to be a test case for Blue Ridge Paper's plan to offer its employees and their dependents the option of seeking medical care overseas beginning in 2007. For several years, the company failed in its attempt to obtain discounts from healthcare providers for its 5,000 covered workers.

The self-insured company decided to contract with IndUShealth, a Raleigh, N.C., firm that sends patients to Indian hospitals for major savings compared with American hospital care.

Garrett quickly volunteered, mostly for the financial incentive. The operations he was scheduled to have would have cost $20,000 in India compared with about $100,000 in the US. The trip was expected to save the company $50,000, and he was being given a share of the company's total savings. Aside from not retiring in medical debt, Garrett was eager for the opportunity to see the Taj Mahal as part of a two-day tour before his procedure.

But the plan alarmed the USW. "We made it clear that if healthcare was going to be resolved, it would be resolved by modifying the system in the US, not by offshoring or exporting our own people [to receive medical care]," says union representative Stan Johnson, who stepped in to stop Garrett's trip. The USW has more than 850,000 members.

In mid-September, USW president Leo Gerard used the Blue Ridge example in a letter to Congress, calling the possibility of health insurance plans forcing workers and their families to travel overseas for care "frightening."

USW's protest comes at a time when insurance companies from Michigan to Florida, and even the state of West Virginia, are researching overseas healthcare options in order to reduce costs.

At the Blue Ridge Paper plant the union's reaction was met with dismay, says Garrett, who has worked at the company for 40 years. "People had given me so much encouragement, so much positive response, and they're devastated," he says. "A lot of people were waiting for me to report back on how it went and perhaps go themselves. This leaves them in limbo, too."

But Tom Keesling of IndUShealth calls the defunct trip an "isolated incident."

"The basic motivation of this kind of offshoring is not to take US jobs, but to preserve US jobs," says Mr. Keesling. "The challenge is there's a giant freight train called healthcare that is barreling down, so someone has to do something."

Rose Kennedy's Life, In Her Own Words (NYT/AP)

By The Associated Press

The New York Times, September 29, 2006

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BOSTON, Sept. 28 (AP) — Rose Kennedy, for one brief moment the most powerful mother in America, went over her son President John F. Kennedy's head in 1962 to write directly to the Russian leader Nikita S. Khrushchev. For that, she got a playful scolding from her son.

She wrote a letter asking Khrushchev to autograph photographs of his meeting with her son, and he complied.

"Would you be sure to let me know in the future any contacts you have with heads of state," Kennedy wrote to his mother on White House stationery on Nov. 3, 1962, just days after the Cuban missile crisis ended. "Requests of this nature are subject to interpretations and therefore I would like to have you clear them before they are sent."

Unfazed, Mrs. Kennedy wrote back: "Dear Jack: I am so glad you warned me about contacting heads of state as I was just about to write to Castro."

The exchange is in Rose Fitzgerald Kennedy's papers — 250 boxes of letters, photographs, notes — that became available to the public for the first time on Thursday at the John F. Kennedy Presidential Library and Museum in Boston.

The eldest daughter of a former Boston mayor, John F. Fitzgerald, who also was a congressman, Rose Fitzgerald married Joseph P. Kennedy. Their 1914 Wedding Log, which is part of the collection, shows that they traveled to Philadelphia on their honeymoon to watch the Boston Braves in a World Series game at Shibe Park.

As a teenager she became comfortable on the campaign trail with her father, said James Wagner, the exhibits specialist at the library. That came in handy during her son's 1960 presidential campaign, when she visited more than a dozen states.

A six-page draft of a stump speech she gave in Wisconsin in 1960 includes her revisions.

"On the dais up until the last minute, she'd be revamping her speech," Mr. Wagner said. "She was a very comfortable public speaker. She would write her own speeches and edit them."

Bush's Conception Conflict (WP)

By Michael Kinsley

The Washington Post, September 29, 2006

It was, I believe, Rep. Barney Frank (D-Mass.) who first made the excellent, bitter and terribly unfair joke about conservatives who believe in a right to life that begins at conception and ends at birth.

This joke has been adapted for use against various Republican politicians ever since. In the case of President Bush, though, it appears to be literally true.

Bush, as we know, believes deeply and earnestly that human life begins at conception. Even tiny embryos composed of a half-dozen microscopic cells, he thinks, have the same right to life as you and I do. That is why he cannot bring himself to allow federal funding for research on new lines of embryonic stem cells or even for other projects in labs where stem cell research is going on. Even though these embryos are obtained from fertility clinics, where they would otherwise be destroyed anyway, and even though he appears to have no objection to the fertility clinics themselves, where these same embryos are manufactured and destroyed by the thousands -- nevertheless, the much smaller number of embryos needed and destroyed in the process of developing cures for diseases such as Parkinson's are, in effect, tiny little children whose use in this way constitutes killing a human being and therefore is intolerable.

But President Bush does not believe that the deaths of all little children as a result of U.S. policy are, in effect, murder. He thinks that some, while very unfortunate, are also inevitable and essential.

You know who I mean. Close to 50,000 Iraqi civilians have died so far as a direct result of our invasion and occupation of their country, in order to liberate them. The numbers are increasing as the country slides into chaos: more than 6,500 in July and August alone. These numbers are from reliable sources and are not seriously contested. They include many who were tortured and then killed, along with others blown up less personally by car bombs and suicide bombers. The number does not include the hundreds of thousands who have died prematurely as a result of a decade and a half of war and embargos imposed on the Iraqi economy. Nor does it include soldiers on both sides, most of whom are innocent, too. Last week the number of American soldiers killed in Iraq and Afghanistan surpassed the number of people who died in the terrorist attacks of Sept. 11, 2001.

Bush is right, of course, that the inevitable loss of innocent life in wartime cannot be a reason not to go to war or a reason not to fight that war in a way intended to win. Eggs, omelets and all that. "Collateral damage" should be a consideration weighed

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in the balance. But there is no formula to determine when you have the balance right. It does seem to me that both our wars in Iraq were started and conducted with insufficient consideration for the cost in innocent blood. Callousness, naivete and isolation -- isolation of the decision makers from democratic accountability and isolation of citizens from the consequences, or even the awareness, of what is being done in their name -- all have played a role. I don't see anything coming out of this war that is worth 50,000 innocent lives, although a case can be made, I guess.

But it is hard -- indeed, I would say it is impossible -- to reconcile Bush's absolutism over allegedly human life when it is a clump of unknowing, unfeeling cells with his sophisticated, if not cavalier, attitude toward the loss of innocent human life when it is children and adults in Iraq.

In all discussions weighing the cost of something or other in terms of human life, a philosopher pops up at this point and says that the crucial difference is a matter of intentions. Terrorists purposely target innocent civilians. We try hard not to kill innocent civilians, even if we know it can't be avoided. They're worse, even if our score is sadly higher.

But are stem cells any different? Stem cell researchers don't want to kill embryos. They know that the deaths of embryos are a consequence of what they do, and they think that curing terrible diseases is worth it -- just as President Bush thinks that bringing democracy to Iraq is worth it. In the case of stem cells, there is the added element that the embryos in question will be killed anyway (or pointlessly frozen indefinitely) if they are not used for research. And -- oh, yes -- there is still the question of whether a clump of a half-dozen cells you can't see without a microscope is actually a human being in the same sense as a 6-year-old girl blown up as she skips off to kindergarten in Baghdad.

A commander in chief who must face life-or-death questions such as these deserves a bit of sympathy. I would sympathize more with Bush if his answers weren't so preening and struggle-free. It is wonderful to be so morally pure that you won't allow a single embryo to be destroyed in the quest for medical cures that could save lives by the thousands. You are way beyond Gandhi, sweeping the path ahead to avoid stepping on an insect: Insects have more human characteristics than a six-cell embryo.

And regarding Iraq you are quite the man, aren't you, "making the tough decisions." A regular Harry Truman, consigning thousands to death in order to bring democracy and freedom and peace to millions. But Truman actually produced democracy and freedom and peace, whereas you want credit for your hopes. That's not how it works. If you want to be the hard-ass, you get judged by results. And you can't be Gandhi and Truman at the same time.

Kazakh President Opens Washington Stay (AP-Y)

By George Gedda

AP, September 28, 2006

Kazakhstan President Nursultan Nazarbayev is opening the official leg of a U.S. visit which is likely to include broad discussions of the country's growing importance as an oil supplier and its shortcomings in protecting human rights.

Nazarbayev spent part of Tuesday and Wednesday in Maine as guest of former President George H.W. Bush. Yachting was on their agenda. He will meet with President Bush at the White House on Friday.

On Thursday morning, Nazarbayev planned to unveil a monument to his country's independence at the Kazakh Embassy, located a short distance from the White House.

He also planned to host an evening reception at a local hotel, the theme of which is the nuclear disarmament efforts of the former Soviet republic.

Kazakhstan, a vast country north of Afghanistan and Iran that is nearly the size of Western Europe, is expected to pump 3.5 million barrels of oil a day in the coming decade.

Nazarbayev has been his country's only leader since it achieved independence in December 1991 and has brought stability and prosperity. Like those of most other Central Asian nations, however, Kazakhstan's record on democracy and protecting human rights is regarded as poor.

White House press secretary Tony Snow said Thursday that the U.S. government's concerns about democracy in Kazakhstan would come up during the meeting with Bush, but he would not characterize how big a place on the agenda it would hold.

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Secretary of State Condoleezza Rice laid groundwork for Bush's discussion with Nazarbayev by meeting on Monday in New York with his foreign minister, Kassymzhomart Taokaev. Rice signaled that human rights will be on the agenda with Bush by inviting her chief aide on that issue, Barry Lowenkron, to join her at the meeting.

Freedom House, a pro-democracy group, said in a letter to Bush that Nazarbayev's visit offers Bush a "critical opportunity to reinforce your commitment to promoting democracy and human rights around the world."

It urged Bush not to support Kazakhstan's candidacy to chair the Organization of Security and Cooperation in Europe in 2009. The administration is said to oppose Kazakhstan's bid.

Martha Brill Olcott, a Kazakhstan specialist at the Carnegie Endowment for International Peace, predicted that Kazakhstan's candidacy will fall short.

"He's getting lunch, but he's not getting what he really wants," she said, alluding to Nazarbayev's White House visit on Friday.

Olcott added that Kazakhstan is a very friendly country in a part of the world where pro-American sentiment is not widespread. As for Nazarbayev's rights record, Olcott said, "The red carpet's been out for a lot worse dictators than this man."

Republican Rep. Christopher Smith of New Jersey, a staunch advocate of human rights, said in a statement to The Associated Press that Kazakhstan's record on human rights and democratization continues to leave a great deal to be desired.

"The president rightfully understands that good relations between our two countries are very much in our shared interest," Smith said. "However, in seeking better relations between our countries, we must insist Kazakhstan follow through on vital human rights and substantive democratic reforms sooner rather than later, especially if they want U.S. support for their bid for chair-in-office of the OSCE," he said.

Although Kazakhstan is located in Central Asia, it is a member of the predominantly European OSCE along with other former Soviet republics. The 55-member group is Europe's largest security organization.

Bush To Seal Strategic Link With Kazakh Leader (FT)

By Guy Dinmore And Isabel Gorst

Financial Times, September 29, 2006

Nursultan Nazarbayev, Kazakhstan's president, comes to the White House on Friday confident that his role as an oil-rich and stable ally in the "war on terror" has trumped the US administration's professed sensibilities over his government's shortcomings in corruption, human rights and democratic reforms.

Nonetheless, the developing military and energy relationship between the US and the central Asian giant has led to accusations that President George W. Bush is reverting to the "guns for oil" strategy which his own administration argues created the "false stability" in the Middle East that spawned al-Qaeda.

Senior US officials would not comment on the possibility that Mr Nazarbayev's meeting with Mr Bush would result in an arms deal involving US sales of helicopters and patrol boats for the Caspian, a development that would be sure to antagonise Iran and Russia.

Richard Boucher, assistant secretary of state for that region, told the FT that "military co-operation" would be on the agenda. Kazakhstan has provided troops for Afghanistan and is clearing minefields in Iraq.

One of the prime goals of the US, according to official publications, has been to develop Kazakhstan's military away from its old Soviet framework towards more integration with the US, in air defence systems, communications and vehicles.

Asked about arms sales, a Pentagon spokesman said he had no information to provide "at this time". He expressed US appreciation for "Kazakhstan's support to the war on terrorism, their leadership in the region, and the strong US-Kazakh military-to-military relationship".

Mr Nazarbayev secured his invitation to the White House, and thereby a powerful validation of his international standing, after signing a long-delayed treaty with Azerbaijan sanctioning the transport of Kazakh oil via the Baku-Tbilisi-Ceyhan pipeline (BTC) across the Caucasus to the Turkish Mediterranean.

Transit contracts are now being negotiated. Mr Bush is expected to seek assurances that US oil companies' interests in huge Kazakh oil projects will be protected, and that Mr Nazarbayev will smooth negotiations for the delivery of his oil. The US is also pushing Kazakh-stan to approve construction of a natural gas export pipeline across the Caspian.

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The BTC project lies at the core of US Caspian policy to break Russia's dominance over oil export routes out of the landlocked region. The US is also sensitive to Kazakh needs to preserve good energy ties with Russia and China.

Mr Nazarbayev wants diplomatic support for his bid to chair the Organisation for Co-operation and Security in Europe (OSCE) in 2009. Both the US and the UK doubt Kazakhstan's fitness to chair an organisation dedicated to raising democratic standards. The US has asked Kazakhstan to postpone its bid to avoid a potentially humiliating rejection.

London and Washington are putting pressure on Kazakhstan to reform electoral laws, lift a ban on street demonstrations and annul restrictive new amendments to the media law. The assassination in February of Altynbek Sarsanbayev, a prominent member of the Kazakh opposition, hardened resistance to Kazakhstan's OSCE bid.

Mr Boucher said the US would raise its concerns over Kazakhstan's human rights record, "but you can't have a single-dimensional policy".

"We're not out there to overthrow governments or support colour revolutions," he told a Senate hearing this week.

The Bush administration is not expected to raise the issue of a continuing US court case against a US businessman accused of giving $78m (€61.4m, £41m) in bribes to Mr Nazarbayev and a former oil minister in the 1990s. Mr Nazarbayev is named as a recipient but has not been charged.

Energy On Agenda At Bush-Nazarbayev Talks (AFP)

By Stephen Collinson

AFP, September 29, 2006

US President George W. Bush welcomes Kazakhstan's President Nursultan Nazarbayev to the White House Friday, in the latest steps of the diplomatic dance over Central Asia's energy riches.

The visit finds Washington finessing worries over human rights and political reform to advance strategic and economic goals with Muslim-majority Kazakhstan, an emerging gas and oil giant also being courted by Russia and China.

In a moment of symbolism, Bush sent his Energy Secretary Samuel Bodman to join Nazarbayev at the Kazakh embassy in Washington to unveil a monument marking the former Soviet Republic's split from Moscow in 1991.

"I hope the outcome of our visit will bring our bilateral relations up to a new level," Nazarbayev said, after pulling a light-blue sheet from a 12-foot (three metre) monument of an ancient warrior astride a winged leopard.

Bodman said Americans and Kazakhs shared a common heritage of striving for self rule and had forged close economic and strategic relations.

Though the two sides agreed on most things, "we don't agree on every issue," Bodman said, in an apparent reference to US worries over Kazakhstan's record on human rights and democratization.

The Bush administration however is conscious Kazakhstan is at the center of the new Great Game energy grab in Central Asia.

Nazarbayev also enjoys US kudos as he has been a valued ally in the "war on terror", sent troops to Afghanistan and Iraq, and has been a bulwark against Islamic fundamentalism in the region.

In a sign of his high regard here, Nazarbayev stayed with the current US president's father, former president George Bush, at the family summer compound in Kennebunkport, Maine, a diplomat said.

Ahead of his meeting with Bush, Nazarbayev also met Vice President Dick Cheney, and was feted at a dinner by leading figures including former US Senator Sam Nunn and CNN founder Ted Turner, to honor Kazakhstan's dismantling of its former Soviet-era nuclear weapons.

The United States has pumped billions of dollars into the Kazakh economy since the fall of the Soviet Union, and suspicions of rights activists were particulary spurred by Cheney's visit to Kazakhstan in May.

After rebuking Russia for stifling democracy, Cheney heaped praise and "admiration" on Kazakhstan over its economic and political development.

That praise came despite the US government's warning last year that "irregularities" appear to have marked December's election which saw Nazarbayev sweep up 91 percent of the vote.

In June Bush urged Kazakhstan to export its oil through a US-backed pipeline that bypasses Russian territory.

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The four-billion-dollar project goes through Azerbaijan and is designed to carry Caspian Sea oil to Western markets via Georgia and Turkey.

Kazakhstan is pleading for time from its critics.

"It's a case half full or half empty, we are moving towards democracy," a Kazakh diplomat said on condition of anonymity Wednesday.

"There is no denying we are not finished with our program of building a developed democratic society and a civil society."

But rights groups argue that the idea that Washington can either have a partner in Kazakhstan or demand it treat its people better is a false choice.

"Why is there a presumption that pushing on democracy issues, per se is going to lose your ally?" said Rachel Denber, Central Asia specialist with Human Rights Watch.

"There is no reason why Kazakhstan can't do better on human rights," she said.

In a nod to US critics, Secretary of State Condoleezza Rice met Kazakh Foreign Minister Kasymzhomart Tokayev in New York last week, and took along senior State Department official Barry Lowenkron.

The United States has expressed concern at the murder of an opposition leader and the suspicious death of a second in the past year, which have not been solved.

The latest State Department Human Rights Report called the Kazakhstan government's record "poor."

Embrace For A Strongman (WP)

The Washington Post, September 29, 2006

PRESIDENT BUSH once made the authoritarian president of Kazakhstan, Nursultan Nazarbayev, a focus of his freedom agenda. He urged the ruler of the energy-rich Central Asian nation to allow more freedom for political parties and media and to hold a fair election for president. The effort failed utterly: Mr. Nazarbayev was awarded 91 percent of the vote last December in an election condemned by international observers. Two months later, a leading opponent was brutally murdered by members of the state security forces. In July, Mr. Nazarbayev ignored Western objections and approved a law tightening already-strict controls on the media.

Today Mr. Bush is treating Mr. Nazarbayev to a White House visit, following a special demonstration of family friendship: The Kazakh leader was a guest of the president's father at the Bush compound in Maine. In short, Mr. Nazarbayev has suffered no consequences for his rejection of the democracy agenda. Instead, he is being feted as a valued ally because his government is supportive of U.S. military operations in Afghanistan and Iraq, and because Kazakhstan recently agreed to pump some of its rapidly growing supplies of oil through a U.S.-backed pipeline to the West. Even the fact that Mr. Nazarbayev has been accused by U.S. federal prosecutors of accepting the bulk of $78 million in bribes -- a small part of the fortune his family has amassed -- has been ignored by the White House.

Mr. Bush has given numerous speeches in the past several years repudiating what he says was the mistake of backing corrupt authoritarian regimes in the Middle East in exchange for economic and security cooperation, as well as an illusory "stability." But that is exactly what he is doing in Kazakhstan -- and in Azerbaijan, Pakistan, Libya and Egypt, among other Muslim countries. Perhaps the only difference is that in the past, the United States rarely attempted to persuade governments to liberalize. Mr. Bush has asked Mr. Nazarbayev, Azerbaijan's Ilham Aliyev and Egypt's Hosni Mubarak to change. When they refused, his administration, in effect, shrugged. It did not significantly alter economic aid, military cooperation or any other aspect of the relationship.

Administration officials defend the Kazakh policy with arguments that are familiar from the Cold War: that it is better to "engage" a strongman than to shun him; that Russia and China, which are competing with the United States for political influence and energy resources in Central Asia, are happy to embrace Mr. Nazarbayev. Such arguments merely condemn the United States to a losing geopolitical strategy, since strongmen will always be more likely to align themselves with Russia and China than with the United States. The arguments also ignore Kazakhstan's own strategic interest in diversifying its energy customers and partnering with the world's only superpower.

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In fact, the history of U.S. relations with Muslim states during the Cold War -- such as Iran and Iraq -- vividly demonstrates the shortsightedness of befriending rulers such as Mr. Nazarbayev. That, at least, is what Mr. Bush says in his speeches.

Kazakhstan's No Joke (LAT)

The Los Angeles Times, September 29, 2006

KAZAKHSTAN PRESIDENT Nursultan Nazarbayev's visit with President Bush today has generated a good deal of attention, mostly for the wrong reasons. The government of Kazakhstan has been buying newspaper advertisements and TV commercials as part of a misguided PR blitz to show that the country isn't really the anti-Semitic, homophobic, sexist backwater that comedian Sacha Baron Cohen — in the character of a Kazakh journalist named Borat Sagdiyev — portrays it to be. Kazakhs' primary hobbies are not, as he says, "disco dancing, archery, rape and table tennis." Really.

It's not clear whether this advertising blitz has changed anyone's opinion about Kazakhstan (although it has certainly been a publicity boon for Cohen and his upcoming film). Not too many Westerners, including Cohen, have ever been to Kazakhstan, a country bigger than all of Western Europe but with a population only about 1 1/2 times that of Los Angeles County, making it the perfect blank slate for satire.

Yet there are few nations more strategically important to the United States than Kazakhstan. Its mineral resources are vast; by 2015, it is expected to account for nearly as much oil production as Iran. It is a stable U.S. ally in a region marked by shaky friends, rivals and foes, such as Russia, China, Afghanistan and Iran. It is a majority-Muslim country that sent troops to Iraq and opened its airspace to U.S. flights during the invasion of Afghanistan. It is a model for nuclear disarmament, having agreed to destroy the missiles it inherited from the former Soviet Union.

Those not tittering over Nazarbayev's visit because of the Borat fuss, such as Sen. Carl Levin (D-Mich.), are mostly complaining about it. Levin told the Senate on Tuesday that the visit was yet another example of foreign policy hypocrisy by the Bush administration. The president's "courtship of corrupt dictators" such as Nazarbayev, he said, is "morally wrong."

It is true that Bush's commitment to spreading democracy and rooting out kleptocratic leaders does seem to wane when an important oil-producing state is involved. Though Nazarbayev appears to be genuinely popular with his people, he is undoubtedly guilty of repressing the media and imprisoning his political opponents.

Yet Kazakhstan is too important to ignore or keep at a distance — and the reasons go far beyond its oil wealth. If Bush confines himself to meeting only with leaders who have perfect democratic records, he'll have to rule out the heads of most countries in the developing world.

By the standards of Central Asia, Kazakhstan is practically a Jeffersonian wonderland. Administration officials say the need for democratic reform in Kazakhstan will be part of Bush's discussion with Nazarbayev. It should be. The president can have more influence over Nazarbayev by keeping him close — and offering incentives to open his society — than by shunning him.

Rice To Meet With Arab Allies, Israel (AP)

By Anne Gearan

AP, September 29, 2006

Secretary of State Condoleezza Rice returns to the Middle East next week for diplomatic meetings with Arab allies and Israel to test the waters for possible new moves toward peace.

Rice will travel to Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders "who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East," State Department spokesman Sean McCormack said Thursday.

In addition to the Israel-Palestinian dispute, McCormack said Rice will seek to move her democracy agenda forward and discuss threats to stability and moderation in the region, including Iran, Hamas and Hezbollah.

Rice will hold the Bush administration's third meeting in two weeks with Palestinian leader Mahmoud Abbas, the embattled secular leader whom President Bush last week called a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants.

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The top U.S. diplomat hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank. The territories on opposite flanks of Israel would form an independent Palestinian state under a U.S.-backed plan for long-term peace.

Israel wants to reopen dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Abbas retains his position as president but is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the U.S. and Israel are leery of the plan.

Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Israel has new leadership following Ariel Sharon's sudden massive stroke. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war with Hezbollah militants in Lebanon.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. The festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

Hamas has given no sign that it will meet international demands that would resolve the stalemate with Abbas and allow aid to flow: Renounce violence, recognize Israel and abide by agreements made by the previous secular Palestinian leadership.

It is Rice's first trip to the Middle East since a U.N.-brokered cease-fire stopped Israel's one-month war with Hezbollah militants in southern Lebanon. Rice took heavy criticism during her last visit, in late July and early August, for U.S. unwillingness to move for a quicker end to the fighting.

Rice To Visit Israelis, Palestinians With Little Sign Of Breakthrough (AFP)

By David Millikin

AFP, September 29, 2006

US Secretary of State Condoleezza Rice will travel to the Middle East next week, US officials announced, but with little prospect of producing a breakthrough in the long-stalled Israeli-Palestinian peace process.

With the United States under intense pressure from its European and Arab allies to do more to revive peace efforts, Rice will leave Sunday and visit Israel and the Palestinian territories as well as Saudi Arabia and Egypt.

State Department spokesman Sean McCormack was quick to play down the ambitions for Rice's trip, saying the focus would be "consultations" rather than big decisions.

"This is a trip designed to lay the foundations, potentially, for moving the process forward. There aren't any guarantees in that regard," he said.

The decision to dispatch Rice to the region followed a new show of impatience with President George W. Bush's administration, which is seen to have neglected the Israeli-Palestinian crisis as he focused on toppling Saddam Hussein's regime in Iraq and the broader "war on terrorism".

At the UN General Assembly last week in New York, Rice and Bush heard one world leader after another appeal for renewed action, saying the festering Israeli-Palestinian conflict lay at the root of global instability and terrorism.

Bush for his part offered a minor initiative involving Rice working with Arab allies to strengthen Palestinian security services loyal to the moderate President Mahmud Abbas -- a task she will follow up on this trip, McCormack said.

But the spokesman held out little hope for any significant progress in ending the deadlock that has gripped Israeli-Palestinian dealings since the radical Hamas movement took control of the Palestinian government in March.

Scant details were provided for Rice's agenda, though she is expected to meet with Abbas and Israeli Prime Minister Ehud Olmert, a US ally in need of support following his government's perceived mishandling of the recent war with the Hezbollah militia in Lebanon.

Although Olmert told Israeli radio earlier Thursday that he planned "in the coming days" to hold his first direct meeting with Abbas since June, McCormack said there were no plans yet for Rice to make that a three-way encounter.

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Abbas has been trying to form a unity government between his moderate Fatah Party and Hamas in hopes of ending Western sanctions and renewing negotiations with Israel on the creation of a Palestinian state.

Israel and the West have suspended essential financial support to the Hamas government, plunging the Palestinian territories into dire hardship but also weakening public support for the Islamist movement, according to US officials.

The United States and its major power allies have said they would lift the aid restrictions only once a Palestinian government recognizes Israel's right to exist, renounces violence and abides by past peace accords.

While Abbas has vowed to meet those conditions, Hamas, which Washington and the European Union consider a terrorist organization, has rejected them.

Rice this week blamed Hamas's hardliners based in Damascus for torpedoing the Abbas initiative and suggested more moderate Hamas leaders could emerge in the Palestinian territories.

But McCormack ruled out any possible contact between Rice and Hamas leaders as long as they continue rejecting the three "principles" laid down by the United States, United Nations, European Union and Russia -- the so-called Quartet on peace negotiations.

"We're not talking to Hamas, and we're not going to talk to Hamas," he said.

McCormack said Rice would consult with "leaders who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East".

Topics would include the stand-off with Iran over its suspected nuclear weapons program, the situation in Lebanon following the recent war between Israel and the Hezbollah militia, and broader issues of security in terrorism, he said.

In Cairo, Rice will also talk to President Hosni Mubarak "about the importance of continuing the democratic reform process in Egypt," he said.

Rice Sees Moderates As Key To Mideast (WT)

By Nicholas Kralev

The Washington Times, September 29, 2006

U.S. officials see the struggle between moderates and extremists -- not the Israeli-Palestinian conflict -- as the defining issue in the Middle East, the State Department said yesterday in announcing that Secretary of State Condoleezza Rice will visit the region next week.

Although Miss Rice attaches critical importance to the Israeli-Palestinian peace process and will explore ways to revitalize it, her more ambitious task will be to urge moderates in the region to unite against extremists, said department spokesman Sean McCormack.

"This is a trip designed to lay the foundations potentially for moving the [peace] process forward," Mr. McCormack told reporters. "There seems to be a genuine desire among leaders in the region -- you start to see some of those emerge in Saudi Arabia, in Egypt, as well as others -- to try to move that process forward."

He acknowledged that "some people subscribe" to a view of "the Palestinian-Israeli dispute being at the heart of all disputes in the Middle East" but said he does not agree.

"I would just look at the issue a little bit differently," he said. "It will be a frame" for Miss Rice's conversations during her trip.

He said the secretary will visit Saudi Arabia, Egypt and Israel -- countries that are "on the side of moderation" -- because they "have an interest in a more stable, peaceful, prosperous Middle East."

In Egypt, Mr. McCormack said, Miss Rice will discuss with President Hosni Mubarak "the importance of continuing the democratic reform process."

Asked about Egypt's mixed record on promoting democracy, he contrasted that country with "forces for extremism and violence" such as Iran, Syria and Hamas, the militant group that controls the Palestinian parliament and government.

Miss Rice plans to meet with Palestinian Authority President Mahmoud Abbas, head of the Fatah party, but "we are not going to talk to a Hamas-led government, and we are certainly not going to advocate others, including the Israelis, talking to a Hamas-led government," Mr. McCormack said.

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It will be the secretary's first visit to the region since July during Israel's border war with Hezbollah. Israeli Prime Minister Ehud Olmert said yesterday that he hoped to meet with Mr. Abbas soon, but Mr. McCormack said there were no plans for a three-way meeting involving Miss Rice.

Middle East analysts were doubtful that Miss Rice's trip would produce significant results.

"I don't see what is achievable at this moment," said Danielle Pletka, vice president of the American Enterprise Institute. "Islamists are riding high, dictators are feeling comfortable, and the United States seems at best confused about how to deal with both Iran and Iraq. ...

"If democracy is the centerpiece [of Miss Rice´s trip], that's terrific, because the solution of most problems in the Middle East is broadening the democratic base," she said. "That seems to have been put on the back burner."

David Schenker, senior fellow at the Washington Institute for Near East Policy, said the only benefit from Miss Rice's visit would be the show of high-level attention to the region at a time when the administration stands accused of lacking interest in Arab-Israeli affairs.

"This is also a critical time for Lebanon, and lending her support to [Prime Minister Fuad] Siniora's government ... is very important," Mr. Schenker said.

Mr. McCormack, asked whether Miss Rice might go to Beirut, said he had no additional stops to announce.

Little Progress In EU-Iran Talks (FT)

By Roula Khalaf

Financial Times, September 29, 2006

European Union talks with Iran on suspending uranium enrichment on Thursday failed to produce substantive progress but both sides suggested the diplomatic process would continue.

After seven hours of discussions with Ali Larijani, Iran's top nuclear negotiator, Javier Solana, the EU foreign policy chief, said in Berlin that there were still "important issues that have not been closed".

The EU and Iran are in a pre-negotiations phase. Thursday's meeting was designed to find ways to resume the formal talks on curbing Tehran's nuclear ambitions.

In June, the US, UK, France, Germany, Russia and China offered Iran a set of incentives if it suspended uranium enrichment, the most sensitive part of its nuclear programme. The six governments would start negotiations over the package when Tehran agreed to the condition.

Iranian officials have hinted that Tehran would be willing to envisage a two-month suspension to allow for a return to formal negotiations. In return, however, Iran apparently wants European governments to indicate that the negotiations would lead to a deal that gives Iran the right to a small-scale enrichment facility.

European diplomats, who have demanded an unconditional suspension, on Thursday said no agreement could be reached in Berlin. "Progress was made on peripheral issues, not on important issues," said one diplomat. "There's no commitment by the Iranians to enter into a suspension."

Manouchehr Mohammadi, an Iranian deputy foreign minister, said in Madrid there were "some problems with regards to the cycle of enrichment and the suspension".

Mr Solana said contacts with Iran would continue next week, perhaps by telephone. Failure to resume negotiations would lead to renewed pressure on Tehran at the United Nations Security Council, where the US will be pushing for economic and political sanctions.

Condoleezza Rice, US secretary of state, warned on Wednesday that the talks about talks "clearly won't go on very much longer".

Iran, EU Fail To Reach A Deal In Berlin (AP)

By Stephen Graham, Associated Press Writer

AP, September 29, 2006

DOJ_NMG_0071051

Iran and the European Union failed to reach a deal in their latest round of nuclear talks but came to "some positive conclusions," Tehran's chief negotiator said Thursday. Neither Ali Larijani nor EU foreign policy chief Javier Solana gave any details of what had been achieved, but both spoke positively of the discussions over Tehran's disputed nuclear program.

Solana and Larijani are holding the latest round of talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Iran missed an Aug. 31 Security Council deadline over the issue. The six are considering seeking sanctions in the U.N. Security Council if Tehran does not comply.

"We have had long, constructive negotiations" Larijani said. "We have been able to come to some positive conclusions."

Soland said, "We have been progressing."

"But still, we have some issues, that have been put but have not been closed," Solana said, adding that the two sides "will keep in touch."

Solana said he hoped to have further telephone contact with the Iranian side later this week, but he gave no specifics. Larijani indicated they had discussed how future negotiations could proceed and expressed hope they could "embark on the main negotiations as soon as possible."

Secretary of State Condoleezza Rice telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran, she told reporters in Washington, D.C.

Rice said if Larijani agreed to a suspension of processing uranium "we would be on a course for negotiations."

But, Rice told reporters, she had told Solana "clearly this won't go on very much longer."

Solana is to report back to the six countries trying to persuade Iran to give up its program to enrich uranium.

Germany has joined with the permanent U.N. Security Council members in pressing Iran to give up what the U.S. says is a nuclear weapons program. Iran says its program is peaceful.

Enriched uranium can be used for power plants or for weapons, depending on the level of enrichment.

European Official Reports Progress In Talks With Iran (NYT)

By Judy Dempsey, International Herald Tribune

The New York Times, September 29, 2006

BERLIN, Sept. 28 — Javier Solana, the European Union's foreign policy chief, said Thursday that "some important progress" had been made in two days of talks over resolving Iran's nuclear ambitions and that more talks would be held next week.

"We have had the opportunity of being together for several hours and of working with great intensity," Mr. Solana said after the talks with Ali Larijani, Iran's chief nuclear negotiator. "We have made some important progress on the elements related to how the potential negotiations can take place."

Mr. Solana was referring to a package of political, economic and technological incentives that six nations — France, Germany, Britain, the United States, Russia and China — offered Iran in June in return for a suspension of Tehran's uranium enrichment program.

Diplomats said that reaching the point of negotiations on the incentives depended on establishing a timetable for Iran to suspend uranium enrichment.

"It is now a question of sequencing," said a European diplomat who spoke on the condition of anonymity because he was not authorized to speak publicly on the matter. "This is about Iran specifically agreeing to when it will start suspending its uranium enrichment program."

Despite the optimistic report here, President Mahmoud Ahmadinejad of Iran said Thursday that his nation would not be deterred from its nuclear ambitions, though he said that Iran was ready for fair negotiations.

"We support negotiations and talks in the framework of law and fair conditions and on the basis of defending the obvious right of the Iranian nation," he said during a speech at a rally in Karaj, a city west of Tehran. But he said, as he has previously, that Iran would not suspend enrichment.

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"Why are they insisting that we suspend our atomic work?" he said. "Because they control the advertising network of the world, and they want to tell the nations that they were right and Iran wanted to produce nuclear weapons, and after that they would never let us continue our program."

Iran's Uranium Glitch (WP)

By David Ignatius

The Washington Post, September 29, 2006

Intelligence analysts believe that Iran is encountering technical difficulties in mastering the complex process of uranium enrichment. That means the West may have a bit more time than previously expected to pursue a diplomatic solution to the Iranian nuclear standoff.

The problem, according to intelligence officials, is that the centrifuges that are supposed to enrich uranium are overheating. Some are breaking down and must be replaced. As a result, Iran has not ramped up its enrichment effort as quickly as analysts had expected.

This assessment is based on recent conversations with analysts from several Western nations that are watching the Iranian program closely and on an unpublished report by the International Atomic Energy Agency that was completed Aug. 31. To me, it's the equivalent of adding some extra time to the clock in a tense football game. The urgency remains, but there is an opportunity for a few additional plays before the game is over.

"There's time, purely from the point of view of the technical development of the threat, to let diplomacy play out in the case of Iran," says Harvard professor Ashton B. Carter, who closely follows the issue.

The technical difficulties involve the uranium enrichment facility in Natanz, north of Isfahan in central Iran. The Iranians broke IAEA seals at Natanz in January and began enriching uranium. It's a highly complex process, in which uranium gas is injected into the linked array of centrifuges that spin at roughly the speed of sound. President Mahmoud Ahmadinejad announced April 11 that the Iranians had succeeded in enriching uranium to an initial level of 3.5 percent, and in June Iran told the IAEA it had achieved 5 percent enrichment. That's far below the 90 percent level needed for a nuclear weapon, but it suggested the Iranians were on their way to mastering the technology.

Western analysts had expected that the Iranians would move quickly to expand the enrichment effort to meet their near-term goal of having six cascades of 164 centrifuges each, or a total of nearly 1,000 centrifuges. The danger here was technological mastery rather than raw output of uranium. Even with 3,000 centrifuges operating, intelligence analysts estimate that it would take two to three years to produce enough highly enriched uranium for one bomb. Iran's eventual goal is a massive array of more than 50,000 centrifuges at Natanz.

But problems surfaced this summer. The Aug. 31 IAEA report, marked "Restricted Distribution," noted that since June, Iran had been feeding uranium into a small 20-centrifuge test cascade "for short periods of time," and that it had conducted various tests in June, July and August of the initial 164-centrifuge cascade. "The installation of a second 164-machine cascade is proceeding," the report noted, but it added that Iran planned to test the second cascade in September without injecting uranium.

What happened to slow the expected pace? IAEA analysts have told U.S. and European officials that it appears the centrifuges are overheating when uranium gas is injected. "The Iranians are unable to control higher temperatures, and after a short period they must stop because of higher temperatures. So far they haven't been able to solve this," says one Western intelligence official who has been briefed on the IAEA findings. In addition, this official said, some centrifuges "are simply crashing -- 10 or so have broken down and must be replaced."

There's a lively debate among intelligence analysts about what may be causing these problems. One theory holds that Iran's home-produced uranium, mixed with foreign ore, isn't sufficiently pure for the delicate centrifuges, but other analysts reject that argument. Several analysts I talked to agreed, however, that if Iranian scientists continue with enrichment, they are likely to solve the technical problems eventually through trial and error. That's why U.S. and European officials are still calling for Iran to suspend enrichment, before they have cracked the puzzles they are encountering.

Iran continues to insist that its nuclear program is peaceful. And although it's taken for granted in many Western countries that these statements mask a secret plan to build nuclear weapons, intelligence analysts from several nations told me they lack

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decisive evidence of an Iranian bomb effort. So far, there is no "smoking gun," said an intelligence analyst from one Western nation. Nevertheless, the United States, Israel and some European countries remain convinced that a covert weapons program exists.

The clock is still ticking. That's the real import of these new intelligence findings. Iran and the West still have time to find a diplomatic solution to the nuclear showdown. This genie isn't quite out of the bottle.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

Hughes: Fixing U.S. Image May Take Years (AP)

By Anne Gearan

AP, September 29, 2006

It may take decades to change anti-American feelings around the world that have been aggravated by war in Iraq, U.S. policy toward Israel and America's "sex and violence" culture, the State Department official in charge of dealing with the U.S. image abroad said Thursday.

"The anti-Americanism, the concern around the world ... this ideological struggle, it's not going to change" quickly, Undersecretary of State Karen Hughes said in an interview with The Associated Press. "It's going to be the work of years and maybe decades."

Hughes, a longtime adviser to President Bush, has worked for more than a year to retool the way America sells itself overseas, but she acknowledged that success can be next to impossible to measure.

A June poll by the Pew Research Center for the People & the Press found that America's image in 15 nations dropped sharply in 2006. For example, less than one-third of the people in Egypt, Pakistan, Jordan and Turkey had a favorable view of the U.S.

According to that poll, America's continued involvement in Iraq was seen as a worse problem than Iran and its nuclear ambitions.

In the bleak National Intelligence Estimate portion declassified this week, the government's top analysts concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts found, the risks to the U.S. interests at home and abroad will grow.

Hughes said the three-year-old Iraq war "is the most recent excuse" for anti-American grievance in the Muslim world.

"Much of the world did not agree with our decision to go into Iraq," just as there is long-standing disagreement with U.S. support for Israel, Hughes said.

Answering those complaints and defending U.S. policy is part of Hughes' job heading the broad category of U.S. outreach known as "public diplomacy." Although her job involves all regions of the world, Bush asked her to concentrate on reframing the U.S. image in the Islamic world.

"All you have to do is sit in a hotel room in the Middle East and watch the media and you see there is a lot, there is a big drumbeat out there going against our interests," Hughes said.

"I'm trying to approach this as putting in place the type of things that over the long run will make a difference for our country, because I don't expect that in the two years and ... three or four months of the president's administration that we'll see a significant shift."

Hughes has sent Arabic speakers to do four times as many interviews with Arabic media as in previous years and set up three rapid public relations response centers overseas to monitor and respond to the news.

Asked whether America's critics have any legitimate gripes, Hughes said yes.

"One of the things that I hear a lot, particularly in deeply conservative societies, is that parents feel kind of assaulted by American culture," Hughes said. "The sex and the violence that they see on television and movies ... some of the lyrics of our music."

The fact that American culture is so pervasive and accessible around the globe is "a double-edged sword," Hughes said. "Obviously, a lot of young people find our pop culture very appealing."

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Hughes said the United States must be careful not to cast its fight against extremism and terrorism as a confrontation with Islam as a whole. She would not say whether she and Secretary of State Condoleezza Rice had advised Bush to stop using the term "Islamic fascism" to describe the ideology behind terrorism.

Bush and his spokesman used the phrase several times in August, but it has apparently disappeared from the White House lexicon since then. A check of transcripts on the State Department Web site indicates Rice, who is Hughes' boss, has apparently not used that phrase.

Hughes said that while she would not reveal private conversations with Bush, "that has been a subject of great debate within the administration."

"It's difficult to know what to call the ideology that we're up against, because it is a perversion of Islam," Hughes said.

"I use 'violent extremist,' because I think they are extremists, they are violent, they are actually mass murderers who pervert their religion."

Thailand Names Interim Prime Minister (AP)

AP, September 29, 2006

Surayud Chulanont, a former army commander and a close adviser to Thailand's powerful monarch, has been chosen as the country's interim prime minister, the auditor general said Thursday night.

Surayud, a highly regarded 62-year-old retired officer, was selected by the country's ruling military council which seized power from Prime Minister Thaksin Shinawatra Sept. 19 and vowed to name a civilian prime minister within two weeks.

"Yes, definitely, Gen. Surayud is the prime minister. He is the suitable person," Auditor General Jaruvan Maintaka told reporters. Her comments were later carried on an official government Web site.

The appointment is expected to be officially announced this weekend or Monday after it receives approval from King Bhumibol Adulyadej.

Akara Thiroj, a spokesman for the council, said an interim constitution has already been finalized and sent to the Royal Palace. He hoped the constitution could be unveiled Saturday or Sunday and followed by the formal announcement of the prime minister on the weekend or Monday.

"The media seems to know more than I do. Every newspaper put his name on the front page," Akara said when asked who the new prime minister would be.

All Friday morning Bangkok newspapers carried headlines that Surayud would probably head the new government which is to serve until an election promised for October 2007.

The other much-touted possibility for the job had been former World Trade Organization chief Supachai Panitchpakdi, who now heads the U.N. Conference on Trade and Development, or UNCTAD.

Surayud's appointment is expected to be widely praised in Thailand.

Korn Chatikavanij, deputy general secretary of the Democrat Party, said earlier that Surayud is an "appropriate" choice. The Democrat Party was the leading opposition to Thaksin's government.

Although being a former general might give the outside world the impression the military was merely transferring power to one of its cronies, that would be neither true nor relevant, he said.

"What is important is domestic reconciliation and Gen. Surayud is ideal for that," Korn told The Associated Press.

The military ousted elected prime minister Thaksin in a bloodless coup while Thaksin was visiting New York. He is now in London, and has not indicated if or when he may try to return to Thailand.

Large demonstrations demanding his ouster — following allegations of corruption and abuse of power — reflected a polarized Thai society.

The United States, which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand.

State Department spokesman Sean McCormack said U.S. financing of U.S. military sales to Thailand is being cut off along with training for Thai military personnel.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," he said.

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Retired General Picked As Thai New PM As US Cuts Off Military Aid (AFP)

AFP, September 29, 2006

Thailand's junta has chosen General Surayud Chulanont, a former head of the military, to succeed overthrown prime minister Thaksin Shinawatra, the website of state-run Radio Thailand reports.

The website quoted Thailand's auditor general Jaruvan Maintaka as telling reporters that Surayud, 63, was the generals' choice.

"It is quite certain," she said.

"General Surayud is the most suitable for the job, given his qualification and his seniority," she said, according to Radio Thailand, which is run by the government's public relations department.

The generals are expected Sunday to formally announce a new prime minister after ousting Thaksin in a bloodless coup on September 19.

Thailand's media Friday all tipped Surayud, who is a senior royal advisor, but there was no official confirmation.

"Conclusion: Surayud, New Prime Minister," read the headline of Thailand's top-selling daily, Thairath.

The English-language daily Nation also said Surayud was "the most suitable choice in the current situation," while the Bangkok Post said the military had asked Surayud to serve as interim prime minister.

A source close to coup leader General Sonthi Boonyaratglin told the Bangkok Post that Sonthi had asked Surayud "if he was ready to take the post if nominated."

Junta spokesman Palangoon Klaharn would not confirm or deny the reports.

"It's just news. The name of a new prime minister should be announced after the endorsement of the constitution, which has not happened yet," he said.

The United States has stripped millions of dollars in military aid from its ally Thailand, in protest at the coup.

The sanctions jolted years of close links between Thai and US forces in the Asia-Pacific, which co-hosts the region's biggest annual American war games.

But some aid deemed crucial to US national security was spared, notably in the field of counterterrorism, in which the kingdom has emerged as a low-key, yet valued partner in the US battle against Al-Qaeda.

"In response to the military coup on September 19 in Thailand, the United States has suspended almost 24 million dollars of assistance to the Thai government," State Department spokesman Sean McCormack said.

The aid cutoff involved foreign military financing, international military education and training, and peacekeeping operations.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," McCormack said.

"We look forward to being able to reinstate these programs after a democratically elected government takes office," he said.

The sanctions were imposed automatically under a US law which forbids assistance to the government of a country where an elected leader has been deposed in a coup.

But using a waiver, Washington will maintain 9.77 million dollars in aid to Thailand deemed to be in US national interests, focusing on counter-terrorism, combating weapons of mass destruction and fighting communicable diseases.

The United States had previously condemned the coup and called on the generals to call elections before their one-year deadline.

Official US military trips to Thailand had previously been suspended and all temporary defense duties in Thailand frozen, according to Stars and Stripes, a daily newspaper published for the US military.

US military personnel in Thailand on temporary orders have been recalled, it said.

The White House has also hinted that so far inconclusive talks with Bangkok on a free trade agreement might also depend on a return to democratic rule.

Thailand's military rulers said earlier Thursday they had selected a new prime minister to be unveiled at the weekend, but refused to say when they would lift martial law and pull troops off the streets.

Thailand is a US diplomatic and non-NATO ally and has been a voice for democratic reform in the Association of Southeast Asian Nations (ASEAN), which also includes several totalitarian states.

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The fate was also unclear of the next annual "Cobra Gold" live-fire exercise, the largest US war games in Asia, which the United States hosts along with Thailand.

The exercises, launched 25 years ago and originally limited to US and Thai troops, has been expanded in recent years to include an anti-terror component.

Thailand has also played an important role in the US "war on terror" launched after the September 11, 2001 attacks.

Hambali, leader of the Al-Qaeda-affiliated Southeast Asian terror group Jemaah Islamiya, was captured in the country in August 2003.

But Thailand has denied reports in the US media that it was one of the sites for the CIA's secret prisons, now emptied, for top Al-Qaeda suspects.

In recent weeks, the United States had registered concern at an insurgency raging in the Muslim-majority south of the mainly Buddhist kingdom, fearing it could feed into Southeast Asia's Al-Qaeda-linked terror networks.

S. Korean Contender For U.N. Post Has An Edge (WP)

By Colum Lynch

The Washington Post, September 29, 2006

UNITED NATIONS, Sept. 28 -- The leading candidate to succeed Kofi Annan as secretary general of the United Nations, Ban Ki Moon, South Korea's minister of foreign affairs and trade, has at least one potential advantage over his rivals in the electoral race for the world's top diplomat:

Ban is the architect of South Korea's trade and aid policies, so he is responsible for signing trade deals and doling out foreign assistance that sometimes benefits countries with a hand in deciding his fate.

Rivals have privately grumbled that South Korea, which has the world's 11th-largest economy, has wielded its economic might to generate support for his candidacy. They cited South Korean President Roh Moo Hyun's trade mission earlier this month to Greece, which holds the Security Council's presidency. The visit, the first by a South Korean leader to Greece since 1961, concluded with the signing of trade and tourism agreements.

Ban was also the first senior South Korean minister to visit Congo, another Security Council member, since that country's independence in 1960.

Ban said the insinuations are "groundless" and that he had arranged the trade mission to Greece long ago to balance a similar mission last year to Turkey, Greece's regional rival. He said the Congo trip was part of a process of reaching out to countries that South Korea has neglected over the years. Like most of the candidates, he has tried to visit all the Security Council nations.

"As front-runner, I know that I can become a target of this very scrutinizing process," he said in an interview Wednesday night. "I am a man of integrity."

The political sniping that has accompanied Ban's success in the race marks a departure from previous contests for the top U.N. job, which were traditionally conducted behind closed doors.

With Annan's term expiring at year's end, a field of seven candidates has mounted a global political campaign featuring televised debates, newspaper op-ed pieces and appearances at world and regional summits. To win, a candidate requires the support of at least nine of the 15 members of the Security Council, including its five permanent members.

Ban maintained his lead in the race Thursday when the council took its third straw poll, with 13 council members encouraging his candidacy, one discouraging it and one expressing no opinion. He was followed by Shashi Tharoor, an Indian novelist and U.N. civil servant (8-3-4), and Latvian President Vaira Vike-Freiberga, the only female candidate (7-6-2).

The council is scheduled Monday to hold a potentially decisive vote, which for the first time will reveal whether any of the five permanent members have chosen to veto any of the candidates.

Tharoor, who was urged by Annan's office to take a leave of absence from his U.N. job during the campaign to avoid the perception of a conflict of interest, said it is still possible that the council might want "a two-horse or a three-horse race." But he conceded in an interview before Thursday's vote that if Ban strengthens his lead, "I guess we'll have to admit that it's pretty much over."

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U.N. officials and other diplomats say that while Ban lacks charisma, he is an experienced and skillful diplomat who knows the United Nations from a stint as South Korea's ambassador there. He also speaks English and French, a prerequisite for the job.

Ban has cultivated good relations with China, Russia and the United States as South Korea's chief negotiator in talks over the fate of North Korea's nuclear weapons program. "We've always had the highest professional regard for him," said John R. Bolton, the U.S. ambassador to the world body.

In a speech Monday to a gathering of representatives from small countries, Ban underscored that fixing the United Nations' administrative culture -- a U.S. priority -- would be his "job number one." He also vowed in an interview to play a more active role in persuading North Korea to scrap its nuclear weapons program. "I think I can be in a much better position to play an important role," he said. Still, some U.N. observers said the election of a stalwart U.S. military and political ally could exacerbate tensions at the United Nations with developing nations, which have increasingly opposed U.S. efforts to reform the United Nations' financial practices and to reorient it to confront terrorism and the spread of weapons of mass destruction.

The high costs of running a global campaign have handicapped secretary general candidates from some of the United Nations' least powerful countries, who previously fared well in races for the top U.N. post. Jayantha Dhanapala, a Sri Lankan diplomat and one of the candidates, said it has been "impossible to mount the high-cost, high-budget campaign" that a president, foreign minister or top official from a wealthier country can afford. "I can only assume that some of the candidates have been able to do more extensive travel than I've been engaged in."

Industrialized nations have a "long-standing practice" of using development and trade deals to secure voting support for their nationals in international organizations, said William R. Pace, the director of the Institute for Global Policy, which is monitoring the race.

Ban said that he has proudly guided South Korea, once a poor recipient of international assistance, into the exclusive club of aid donors committed to alleviating the plight of the world's most disadvantaged.

Last week, Ban attended a conference hosted by French President Jacques Chirac to build support for an initiative to use airline taxes to fund programs to combat AIDS and other infectious diseases.

Speaking in French, Ban said South Korea would be the first Asian country to back the initiative. "Korea feels very much proud to have become a donor country from a recipient," he said in an interview, noting that his government will double its aid to poor countries, particularly in Africa, in the next three years.

Some key council members dismissed suggestions that South Korea's trade and aid policies have influenced the race. "Our judgment of the candidates is not based on any kind of deal. It's based on the policies they follow," said Greece's ambassador, Adamantios Vassilakis.

"Politics goes on all the time," Bolton said. "And every candidate has his or her strategy, and they follow it, and everybody can evaluate that strategy" in selecting the next secretary general.

South Korean Favored To Win Top Job At U.N. (NYT)

By Warren Hoge

The New York Times, September 29, 2006

UNITED NATIONS, Sept. 28 — Ban Ki-moon, the South Korean foreign minister, moved significantly closer on Thursday to becoming the successor to Kofi Annan as United Nations secretary general by maintaining a wide lead over six other candidates in the Security Council's third informal poll.

A fourth and more definitive informal poll is scheduled for Monday, and Mr. Ban, with 13 favorable votes from the 15 Council members, goes into that poll as the only candidate with the 9 votes required for approval.

On Monday, the ballots of the five permanent members, Britain, China, France, Russia and the United States, will be colored different than the others, a way of determining whether any nation with veto power has exercised it. Barring a veto, Mr. Ban's election in a subsequent formal vote appears assured.

"I am encouraged by the level of support I received, and I hope that eventually I will have unanimous support," Mr. Ban said in a telephone interview from Seoul on Thursday after his return from New York.

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Mr. Ban, 62, has traveled widely as he has campaigned for the secretary general position over the past six months, and questions have arisen about how effective his modest and soft-spoken style would be in bringing discipline and coherence to such a sprawling and rivalry-ridden organization as the United Nations.

"I now realize that some people regard me as a person with a soft leadership," he said. "But I have been telling them that while I may look soft and have a sense of humility and speak in a restrained manner, this should not be regarded as a lack of determination or commitment."

"Some people have a different aspect," he said. "They speak loud and have a more flamboyant attitude. But I think I have my own charisma."

Mr. Ban has a master's degree from the Kennedy School of Government at Harvard, was assigned twice to the South Korean Embassy in Washington and is a former director general of American affairs for South Korea's Foreign Ministry.

He has the firm backing of the Bush administration and is known as an ally of Washington. If he gets the job, that part of his political makeup will be closely monitored at the United Nations, where tensions between the United States and the developing world have been on the rise.

"I have many friends in the United States, and I think this can be a great asset for me instead of a point of concern for others," he said. "The countries in the third world, in Africa, the Middle East, Southeast Asia and Latin America, they know that I am their close friend, too."

Mr. Annan steps down Dec. 31 after two five-year terms. Under United Nations procedures for choosing a secretary general, the Security Council selects one name and sends it to the 192-member General Assembly for ratification.

Six of the seven candidates are Asian, in keeping with the unwritten but accepted notion at the United Nations that this year it is Asia's turn to occupy the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

In the informal polls, the 15 members of the Council have been asked to mark one of three boxes — "encourage," "discourage" or "no opinion" — after each candidate's name.

Mr. Ban's latest total actually decreased by a vote compared with the tally from the previous secret poll on Sept. 14, because one positive shifted to no opinion. But his lead widened over his closest challenger, Shashi Tharoor, 50, the under secretary general for public information, who saw his support diminish to 8 favorable votes from 10.

Vaira Vike-Freiberga, 68, the president of Latvia, a new entry and the only woman under consideration, polled seven favorable votes. The other new candidate, Ashraf Ghani, 57, a former finance minister of Afghanistan and the current chancellor of Kabul University, managed to attract only three.

Surakiart Sathirathai, 47, deputy prime minister of Thailand, saw his positives fall to five from nine. Both Prince Zeid Raad Zeid al-Hussein, 42, Jordan's ambassador to the United Nations, and Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, drew only three positive votes.

S Korean Foreign Minister UN Frontrunner (FT)

By Mark Turner

Financial Times, September 29, 2006

Ban Ki-moon, South Korea's foreign minister, on Thursday increased his lead over other six declared candidates in the race to become the next secretary general of the United Nations.

Mr Ban - considered the frontrunner to succeed Kofi Annan - received 13 votes in favour, one against and one of no opinion. He did slightly worse than in the last straw poll, where he won 14 votes in favour and one against.

Shashi Tharoor, the Indian candidate, dropped significantly with only eight votes in favour and three against. Vaira Vike-Freiberga, the Latvian president, won seven encouragements but six against. Surakiart Sathirathai, the Thai candidate, dipped to five votes in favour. All the other candidates won 3 apiece.

Ahead of Thursday's straw poll Mr Ban hit the right notes without offending any powerful countries, and promised reforms people want without specifying any of the tough decisions that would entail.

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"It is rather sensitive for me as one of the candidates to go into any specific personnel management issues," Mr Ban told the Financial Times in an interview that revealed a reluctance to move much beyond assurances of personal competence, and the need to rise to new challenges.

On the other hand, he displayed a growing mastery of UN vocabulary. Phrases such as "ownership", "gender mainstreaming", "equitable geographical distribution" and, of course, "the common good of the international community", peppered his replies. That said, the word "genocide" appeared to elude him – with regards to Darfur and Rwanda – although he did call for "bolder measures" to ensure events like the 1994 "massacre" in central Africa were not repeated.

On nuclear proliferation – an issue with which he has some personal experience – he noted that "on certain cases, specific cases, I know that the secretary-general may have limitations. This is a fact of life", he said. Nevertheless, "the secretary-general as a chief international diplomat of the world body should play an impartial, but very skilful and astute diplomatic facilitator and mediating role".

Some UN insiders are asking if deals are being made to safeguard the current leadership's interests. Mr Ban declined to say whom he would appoint as deputy secretary-general. But he did say: "I intend to delegate a significant amount of day-to-day management," while he as secretary-general would "more visibly" be involved in resolving conflicts.

His experience in reforming South Korea's foreign ministry may, as he claims, go some way to helping him do that. But the UN is another place altogether; and this softly spoken controversy-avoiding politician may be in for a shock.

South Korean Favored For Annan's Post (AP)

By Nick Wadhams

AP, September 28, 2006

South Korea's foreign minister kept his spot as the favorite in the race to succeed U.N. Secretary-General Kofi Annan in an informal poll Thursday, the only one among the seven candidates to get the needed majority of votes.

Ban Ki-Moon received 13 votes in favor, one against and one of no opinion, China's U.N. Ambassador Wang Guangya said. He slipped slightly from the previous poll, held Sept. 14, when he received 14 votes in favor and one against.

Despite that dominating lead, the secrecy of the ballot meant no one knows whether he got the necessary approval of all five veto-wielding members of the council. The ballot is also difficult to interpret: The results could give Ban the momentum he needs to win or clear the field for more people to enter the race.

The 15 council nations checked one of three boxes for each candidate: "Encourage," "discourage," and "no opinion." None of the six other candidates even got the necessary nine favorable votes to make their campaigns viable.

As with the previous two polls, Shashi Tharoor, the Indian U.N. undersecretary-general, was second, with eight council members in favor, three against and four undecided. Latvia's President Vaira Vike-Freiberga was third with seven in favor, six against and two undecided.

Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, received five favorable votes and seven against, worse than last time and likely the result of a coup back home.

The other three candidates — former U.N. disarmament chief Jayantha Dhanapala, Jordan's U.N. Ambassador Prince Zeid al Hussein and former Afghan Finance Minister Ashraf Ghani — received only three votes in favor.

So far there was no indication that anyone would drop out of the race. Thailand's U.N. ambassador, Laxanachantorn Laohaphan, said Surakiart would not withdraw, and Ghani said in an interview that his campaign would continue.

"In the past, there have been all kinds of indications from the council that have not proven right," Ghani told The AP. "One cannot read the council from the outside."

Diplomats generally agree that the next secretary-general should come from Asia because of a tradition that the post rotate among regions of the world. The last Asian secretary-general was Burma's U Thant, who served from 1961-71.

Annan steps down on Dec. 31, when his second five-year term expires. Diplomats have said they want the race wrapped up by the end of October so the next secretary-general can have time to prepare for the job.

In the next straw poll, set for Monday, the five veto-wielding members of the council will use different colored ballots than the other 10. A veto from one of the five — Britain, China, France, Russia or the United States — could doom their campaigns.

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U.S. Ambassador John Bolton said he would have preferred the colored ballots Thursday.

"We should have had a differentiated ballot today," Bolton said in a statement. "I look forward to a real vote on Monday, when we'll have two different colored ballots.

Bangladesh's U.N. Ambassador Iftekhar Chowdhury said he attended a speech Ban gave on Wednesday and approved.

"He came out quite good — mature, balanced, and with the right amount of experience, gravitas, the qualities that you seek in a secretary-general," Chowdhury said. "We think he'll make an excellent secretary-general, of course."

Senate Shies Away From Vote On Bolton (AP)

By Barry Schweid

AP, September 29, 2006

John R. Bolton's quest for a longer lease on his temporary job as U.S. ambassador to the United Nations remained elusive Thursday as the Senate shied away from a vote to confirm him.

Sen. Richard Lugar, chairman of the Foreign Relations Committee, said the Senate likely would recess later this week without voting on his nomination. Lugar, R-Ind., said in an interview with The Associated Press that no committee meeting had been scheduled to take up the controversial nominee.

The Senate is expected to return after the congressional elections in November. Bolton has been serving as the U.S. ambassador to the U.N. under a recess appointment that is due to expire at the end of the year.

Lugar said that if one Democratic senator were to step forward and support Bolton, he might be able to set a committee vote before the recess. In the meantime, Lugar added, Sen. Lincoln Chafee, a Rhode Island Republican, is holding up the nomination with questions about the Bush administration's Middle East policy.

Chafee wants "some clarification" of the U.S. policy on Israel's expansion of settlements, his spokesman Stephen Hourahan told the AP. He wrote Secretary of State Condoleezza Rice on Sept. 7, two days after 690 housing permits were issued, and did not get a reply that was satisfactory, Hourahan said.

Chafee, who is chairman of the Senate Mideast subcommittee, is not opposed to the settlements if they are part of an overall agreement between Israel and the Palestinians, Hourahan said.

As a result, Lugar said, "it appears very likely the committee will not act" on Bolton's nomination before recess at the end of the week. "Most probably not," Lugar said.

Earlier in the month, the committee unexpectedly postponed a vote on confirming Bolton as U.N. ambassador when Chafee, who was in a tough Republican primary fight at home, said he had more questions.

The committee had been expected to vote along party lines to approve Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans.

Chafee won the primary against a conservative GOP challenger.

Chafee's opponent in the primary, Cranston Mayor Steve Laffey, chastised the senator at the time, saying, "Once again, Senator Chafee has demonstrated how indecisive he is on the critical issues."

Republicans control the Foreign Relations Committee by 10-8. A tie vote is not enough to advance a nomination to the full Senate.

Bolton's Post Left In Limbo (WT)

By David R. Sands

The Washington Times, September 29, 2006

The deadlocked Senate Foreign Relations Committee will not take up the confirmation vote for combative U.N. Ambassador John R. Bolton before Congress adjourns this weekend for the fall elections, committee officials confirmed yesterday.

But Mr. Bolton, whose recess appointment to the post expires soon, may get one last chance to save his job in a widely expected lame-duck session after the November elections.

"We have no more business meetings set and the time has just about run out," said committee spokesman Andy Fisher.

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Mr. Bolton, the State Department's arms control chief in Mr. Bush's first term, has been lauded by conservatives for his frank criticisms of U.N. inefficiency and his defense of U.S. foreign policy interests in New York. Critics say his blunt style has alienated potential allies and has set back the cause of U.N. reform.

Facing a fierce confirmation fight in the Senate, President Bush in August 2005 put Mr. Bolton in the U.N. post while the Senate was in recess. Under the Constitution, Mr. Bolton's term will expire when the 109th Congress wraps up at the end of the year.

Committee Chairman Richard G. Lugar, Indiana Republican, told the Associated Press yesterday that Sen. Lincoln Chafee, Rhode Island Republican, remains a holdout on the nomination. The liberal Mr. Chafee, who faces a tough re-election fight in November, has said he would not vote on Mr. Bolton until the administration addressed his concerns about general policy in the Middle East.

Secretary of State Condoleezza Rice has personally lobbied Mr. Chafee in a bid to get Mr. Bolton confirmed. Mr. Chafee's office did not return a phone call seeking comment yesterday.

Supporters say the nomination still can be taken up at a postelection Senate session.

Whether Mr. Bolton's chances improve in the lame-duck session may depend heavily on the outcome of congressional elections, Senate aides said.

The foreign relations panel deadlocked earlier this year when Sen. George V. Voinovich, Ohio Republican, joined the committee's eight Democrats in opposing confirmation, producing a 9-9 tie. Mr. Voinovich has said he will now support the nomination, but then Mr. Chafee balked.

Mr. Bolton's supporters have privately floated several scenarios that could allow him to stay at his post. In one, Mr. Bolton could be named political deputy to the U.N. ambassador -- bypassing the need for a Senate confirmation vote -- and serve as acting ambassador at the lower pay grade.

A study by Congressional Research Service analyst Henry B. Hogue said the Constitution does not flatly bar a second recess appointment by Mr. Bush.

But such an action could offend senators jealous of their prerogative to approve executive nominees. Mr. Hogue said it was likely, based on recent practice, that Mr. Bolton would not be able to draw a salary in a second recess appointment.

Call To Overhaul Security Council Heard (AP-Y)

By Nick Wadhams

AP, September 28, 2006

Amid the vitriol and accusations, leaders at this year's General Assembly meeting sounded the same note: The U.N. Security Council doesn't represent our interests anymore, and it must be reshaped to reflect the world of 2006, not 1945, the year it was created.

The demand was not new, but the insistence was. Reform of the Security Council had been given up for dead last year, suffocated by bitter national rivalries and a refusal to compromise. But with this year's General Assembly session, it's been resurrected.

Many speakers in the General Assembly suggested a new anger toward the council had fueled their call. The Security Council took more than a month to respond to the war between Israel and Hezbollah, a delay that was largely blamed on the United States.

Iran was also dragged before the council under European and American urging, though many poor nations don't share their concern about its suspect nuclear program.

"The Security Council has not only to be more representative but also to be more effective if it is to be able to satisfactorily perform the role mandated to it by the charter," Indian Defense Minister Pranab Mukherjee told the Assembly debate.

Modernizing the Security Council was a key element of a reform package unveiled by U.N. Secretary-General Kofi Annan in the spring of 2005. Months of jockeying, negotiations, deals and promises ultimately came to nothing, the work stymied by national rivalries and bickering.

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But an increased feeling among poor nations that their wealthy neighbors dominate the Security Council has galvanized them.

Their anger has gotten so bad that many speakers warned the council could losing its authority. The body already has enough trouble getting nations to listen to its demands, and it risks slipping toward irrelevancy without change.

That could be to the detriment of President Bush, who has routed many of his biggest foreign policy initiatives through the council recently, after circumventing it in his first term.

"My argument is that the Security Council is losing legitimacy and that should be of concern to us," said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

According to a U.N. official who studied the themes of the debate, Security Council reform was the third-most discussed issue of this year's General Assembly, underscoring its importance. It trailed only terrorism and the Millennium Development Goals.

"It just seems to be a topic of active debate and discussion again — that this cat has another life," said the official, who spoke on condition of anonymity because of his reluctance to speak on behalf of member states.

At the center of the issue is that the 15-nation council represents the dynamics of 1945, when it was created, not 2006. There is resentment that its five permanent members — Britain, China, France, Russia and the United States — wield so much power, mostly because the five can veto any measure they don't like.

And there is resentment that nations and regions that have risen in power and importance in the last 60 years aren't among them — such as India, Japan, Brazil or any African nation.

Almost everyone agrees that reform is necessary, but they can't agree how to do it.

"Reforming the United Nations has always been a top priority for the United States," said U.S. mission spokesman Richard Grenell. "As part of that reform, having the Security Council reflect the realities of today has always been an important priority as well."

It seems extremely unlikely the five permanent members will either agree to add more veto-wielding members or abandon their own vetoes. That means the best anyone can hope for is that the council would be expanded — possibly to about 25 members — but without any new permanent ones.

The renewed calls for change have been accompanied by what appears to be a new predilection toward compromise among those who have pushed for reform.

The attitude was evident at a dinner meeting attended by more than 130 of the U.N.'s 192 member states that was held to discuss overcoming the impasse between the most serious proposals for council reform.

Unlike in the past, representatives of both sides were there. That included Germany and Japan, who are seeking permanent seats along with Brazil and India, and a group called "Uniting for Consensus," which wants to expand the number of non-permanent seats.

"Let's hope that before the end of this session of the General Assembly, we will succeed in turning the page, engaging in a negotiating process that we never had in more than 10 years of fruitless debates," Italian Prime Minister Romano Prodi said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 29, 2006

China policy shift

The Bush administration's China policy is shifting noticeably to the left through several key appointments. First, President Bush announced Sept. 1 he was permanently appointing National Security Council staffer Dennis Wilder, a longtime CIA analyst with a record of leading mistaken analyses on China, as the senior director of East Asian affairs. Mr. Wilder had been acting senior director.

In another politically suspect move, Treasury Secretary Henry M. Paulson Jr., the former Goldman Sachs executive, recently appointed Deborah Lehr as the lead staffer in charge of the new "economic strategic dialogue" with China. Mr. Paulson has been dubbed China's man in the Bush Cabinet by columnist Frank Gaffney because of his pro-China stance.

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The White House announcement on her appointment described Miss Lehr as a well-known China specialist but failed to mention that she will be leaving the consulting firm of Clinton administration National Security Adviser Samuel R. "Sandy" Berger to take the new Treasury post.

Mr. Berger, now head of Stonebridge International, was the architect of the disastrous Clinton administration China policy that gave us Chinese missiles with improved accuracy based on illegally transferred U.S. space technology, not to mention Chinese government payoffs to the 1996 Clinton re-election bid. Mr. Berger also pleaded guilty last year in his mishandling of classified documents from the National Archives.

"It is the most outrageous mistake by White House personnel I have ever seen," one administration official said. "She used to be at [the U.S. Trade Representative's Office] in charge of getting China into the [World Trade Organization], so she is a perfect panda hugger."

She also has worked at the National Security Council and was involved in export-control and trade-policy issues at the Commerce Department.

White House press secretary Tony Snow said in an e-mail that Mr. Bush makes China policy and that it is markedly different from President Clinton's.

Doonesbury

Liberal cartoonist Garry Trudeau, creator of the syndicated Doonesbury strip, is a constant critic of conservatives and President Bush, especially in the war on Islamist terrorists. The Pentagon is a fairly conservative place. One would guess Mr. Bush would get 70 percent of the vote, or more.

But there was Mr. Trudeau at lunchtime Tuesday, sitting at a desk along the Pentagon shopping concourse, signing copies of his new book, "The War Within."

The book is a sequel to "The Long Road Home." It continues the chronicles of war veteran B.D., a longtime Doonesbury character who loses a leg fighting in the war. The book tells the story of B.D.'s struggle to re-enter American society. Mr. Trudeau is donating book proceeds to Fisher House, the network of homes-away-from-home for wounded troops receiving medical treatment and their families.

Troop facts

The Army is putting out a "fact sheet" to help reporters understand its wartime troop commitments.

Among the facts:

•The Army has 105,000 soldiers in Iraq, 15,000 in Kuwait and 16,000 in Afghanistan. The Army National Guard has 55,327 soldiers mobilized; the Reserve has 32,286.

•Units in the combat rotation cycle spend 14 months at home before deploying again for one year.

•There are 499,000 soldiers on active duty. Congress has authorized the Army 482,400 active-duty troops. Defense Secretary Donald H. Rumsfeld has OK'd a temporary increase up to 512,000.

"The bottom line is the U.S. Army is the best Army in the world," the statement says. "It is the best manned, trained and equipped force fielded in over a decade."

Some retired generals say the force is near the breaking point because of frequent deployments and lack of equipment for stateside troops to train.

Skeptical press

Afghan President Hamid Karzai, addressing Washington reporters this week on the premise that attacking terrorists begets more terrorists:

"Ma'am ... terrorism was hurting us way before Iraq or September 11. The president mentioned some examples of it. These extremist forces were killing people in Afghanistan and around for years: closing schools; burning mosques; killing children; uprooting vineyards with vine trees, grapes hanging on them; forcing populations to poverty and misery.

"They came to America on September 11th, but they were attacking you before September 11 in other parts of the world. We are a witness in Afghanistan as to what they are and how they can hurt. You were a witness in New York. Do you — do you forget people jumping off the 80th floor or 70th floor when the planes hit them? Can you imagine what it will be for a man or a woman to jump off that high?

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"Who did that? And where are they now? And how do we fight them? How do we get rid of them, other than going after them? Should we wait for them to come and kill us again?"

Growing terrorists

The fact that al Qaeda-linked groups are growing in numbers is not new. It was happening in the 1990s, before President Bush declared war on Islamist extremists.

A National Intelligence Estimate, completed in April, stated, "We ... assess that the global jihadist movement — which includes al Qaeda, affiliated and independent terrorist groups, and emerging networks and cells — is spreading and adapting to counterterrorism efforts."

The implication is that the war on terror is creating terrorists. Maybe it is. But the Clinton administration faced a similar trend in the 1990s.

Former Clinton national security aides Daniel Benjamin and Steven Simon wrote in their 2002 book, "The Age of Sacred Terror," of stopping terror plots in 1999.

"The sense of success was mingled with astonishment at how many groups were out there," they wrote. "The millennium experience had the further effect of leaving the counterterrorism community stunned at how many terrorists ... had turned up in the United States."

China Lets Currency Rise A Bit On Dollar (NYT)

By Keith Bradsher And Steven R. Weisman

The New York Times, September 29, 2006

HONG KONG, Sept. 28 — It's been just days since Treasury Secretary Henry M. Paulson Jr. returned from China, but already the Chinese government has sharply stepped up the appreciation of its currency, allowing it to push through an important level against the dollar on Thursday for the first time.

The recent climb — less than a full percentage point since the beginning of September — is still modest and perhaps will not last. But it is producing cautious hope in the Bush administration that the Chinese government may be lifting its opposition to a revaluation that could ease China's huge trade surplus with the United States.

And partly in response to the currency lift in China, two influential senators in Washington announced Thursday that they were pulling back legislation that would punish China with tariffs if it did not allow the value of its currency to rise, a step that would make exports to the United States more expensive and imports from America more competitive.

Though modest, the rise this month in the value of China's currency, the yuan, has been at a rate more than four times the currency's appreciation for most of the past year.

On Thursday, China's government let the yuan push through 7.9 to the dollar, the latest in a series of daily highs that for the last two weeks has proceeded at an annualized rate of 17 percent.

The White House and Mr. Paulson had vigorously opposed the measure by Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, arguing that putting pressure on the Chinese would backfire. The administration also argued that imposing tariffs as the bill contemplated would violate international rules. Mr. Paulson called for the bill to be pulled back after he returned from China last Friday.

Mr. Schumer said Thursday that he and Mr. Graham would work with other senators to write a bill for submission next year that would press the Chinese but not do anything that might contravene rules of the World Trade Organization.

"There's a view in both the administration and in Congress that our legislation and the Paulson visit to China has given an impetus for the Chinese to move," he said in an interview. "Our bill was an admittedly blunt instrument. We have decided that it has run its course and that it is time to move to another approach that complies with the W.T.O." Analysts disagreed on Thursday whether the Chinese action was significant, a harbinger of a trend or a feint that could be reversed easily.

The strengthening of the currency in September, at an annualized rate of 10 percent, compares with an annual appreciation of less than 2.5 percent for most of the year after China's small revaluation in July 2005.

"The reality is they're moving at a faster pace," said Jonathan Anderson, the chief Asia economist at UBS. Others said the pace was likely to be temporary.

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"The Chinese are doing this as a gesture of good will," said Tao Dong, the chief Asia economist at Credit Suisse, while adding that he expected the pace of appreciation to settle down soon to about 5 percent a year.

Beijing's leaders have long bridled at foreign criticism, prompting some China watchers to suggest that quiet diplomacy, rather than confrontation, may be more productive in bringing about an appreciation of the yuan.

Mr. Paulson accumulated decades of experience in dealing with China while at Goldman Sachs, where he served as president before resigning last summer to become Treasury chief. He has pursued a much more low-key approach this summer than his predecessors or American lawmakers, preferring to raise the currency issue in private with Chinese leaders.

Bush administration officials and many analysts cautioned against enthusiasm that the currency appreciation will continue. In the past, the currency has sometimes risen slightly only to fall back again later.

"We're not crowing over this," said an administration official, asking not to be identified because the administration policy is not to comment on these matters.

"If you look back over the last year, there is reason for caution," the official added. "Does this represent a change? Or does it mean that the Chinese are letting us feel good about the Paulson trip and then planning to go back to what they were doing."

Nicholas Lardy, a senior China analyst at the International Institute of Economics, said it was too soon to say whether China had embarked on a trend toward revaluation.

"Extrapolation on the basis of a trend like this is a dangerous business," Mr. Lardy said. "It could be a good will gesture for Paulson. But if there's little more net change over the next six months, people will say that the Chinese are just taking us in again."

Just two weeks ago, before the World Bank and International Monetary Fund annual meetings in Singapore, Chinese officials had repeated their longstanding promises to let the market start playing a greater role in the currency's value, without giving any indication of a timetable.

This month, Mr. Paulson met with top Chinese leaders and established a "strategic economic dialogue" between senior officials in the United States and China to discuss a range of economic issues, including currency. Mr. Paulson said the dialogue would be aimed at enlisting broad support among Chinese leaders to push for economic changes in a variety of areas, including currency policy.

Mr. Paulson said he was encouraged by his meetings with various officials, including President Hu Jintao, but he cautioned against expecting quick results. Nevertheless, the slight increase in China's currency has prompted speculation that the Chinese wanted to reward him.

The yuan's rise also comes at a time when the Chinese economy seems to have settled down to sustained but controlled economic growth. That may make Chinese officials more prepared to experiment a little more with the value of the yuan.

After signs emerged last spring of possible overheating in investment, China's central bank raised interest rates and tightened bank reserve requirements, among other measures. The moves, like a halt to projects that had started without the central government's permission, have helped temper growth.

The official New China News Agency reported on Thursday that Xu Yifan, the deputy director of the National Bureau of Statistics, had predicted the Chinese economy would grow about 10 percent this year for the third year in a row.

Year-over-year growth had jumped to 11.3 percent in the second quarter.

"The various measures that were taken have worked, they've taken some of the steam out," said Michael R. P. Smith, the president and chief executive of the Hongkong and Shanghai Banking Corporation, which encompasses almost all of the Asian operations of HSBC.

Overall economic growth continues in China at a pace that any other country would love to match, Mr. Smith said in an interview on Wednesday afternoon, adding that the Chinese economy "is galloping, but it's in control."

The exception is the trade surplus, which is soaring and has set records for four months in a row through August. "The one big problem sticking out in China like a thumb, like a five-ton thumb, is the trade surplus," Mr. Anderson said.

The People's Bank of China, the country's central bank, said when it revalued the currency by 2.1 percent in July last year that it would start setting the value of the yuan based on a basket of foreign currencies, and would no longer peg it just to the dollar.

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But in practice, the central bank has allowed the yuan to appreciate at a fairly steady but very gradual pace against the dollar; statistical analyses of changes in the yuan's value have shown almost no correlation to currencies other than the dollar. The yuan rose 0.07 percent in Shanghai trading on Thursday to trade at 7.8965 dollars at 5:30 p.m.

To prevent the currency from appreciating more rapidly, the central bank has bought dollars and sold yuan on a large scale. It has accumulated the world's largest foreign exchange reserves, which are on track to reach $1 trillion in the coming weeks.

Senators End Plans To Vote For Tariff On Chinese Goods (WSJ)

By Greg Hitt

The Wall Street Journal, September 29, 2006

WASHINGTON -- Key senators dropped plans for a vote this week on legislation to impose a hefty tariff on Chinese-made goods because of Beijing's currency policies, and will work to keep pressure on China through other means.

The decision by Sens. Charles Schumer (D., N.Y.) and Lindsey Graham, (R., S.C.), brings to a close a dispute in Congress about China's currency-management practices, and avoids action the Bush administration had worried might weaken Washington's standing as a free-trade leader.

The measure at issue would have slapped a 27.5% tariff on Chinese goods if Beijing didn't take steps to loosen control of its currency, the yuan. The senators instead said they will coordinate with leaders of the Senate Finance Committee on new legislation designed to put trade pressure on China. Critics say Beijing keeps the yuan's value artificially low to make Chinese goods relatively cheap in world markets, giving Chinese companies an unfair competitive edge.

Yesterday's announcement came two days after Treasury Secretary Henry Paulson urged the lawmakers to give the Chinese more time to adopt economic changes, and after President Bush appealed personally to Mr. Graham to show flexibility.

"I'm convinced the administration is committed to a strategy that will require China to reform its currency manipulation practices," Mr. Graham said.

A Treasury spokeswoman welcomed "the decision to not consider the bill" and said the department "looks forward to working hard on a range of issues through the strategic economic dialogue."

On a visit to China, Mr. Paulson launched a high-level dialogue that will focus on easing the many flash points in the Sino-U.S. economic relationship, including U.S. currency concerns.

Leaders of the Senate Finance Committee, the starting point for trade legislation in the chamber, have for months argued against the Schumer-Graham legislation. Instead, Chairman Charles Grassley (R., Iowa) and Montana Sen. Max Baucus, the panel's top-ranking Democrat, have called for more modest action to address currency concerns. Among other things, they have backed legislation that would direct the Treasury Department to use U.S. leverage at the International Monetary Fund to resolve currency imbalances.

The senators vowed new legislation in the first few months of 2007, after the next Congress is seated. Mr. Grassley said its focus would address China and other nations that manipulate their currencies unfairly.

Bill For Tariffs Against China Dropped (AP-Y)

By Foster Klug

AP, September 28, 2006

Two senators said Thursday they will abandon legislation that would have hit Chinese goods with steep tariffs but promised to renew efforts next year. Their goal is to pressure Beijing to change currency policies they say cost millions of U.S. jobs.

Sen. Lindsey Graham, R-S.C., said he and Sen. Charles Schumer, D-N.Y., were asked by President Bush on Thursday to scrap this week's vote on the bill. The measure would have imposed a 27.5 percent tariff on Chinese products coming into the United States unless China went further to revalue its currency.

Graham said the president urged more time for Treasury Secretary Henry Paulson to persuade China to allow the yuan to strengthen against the dollar. Critics say China's currency is undervalued by up to 40 percent, making Chinese goods cheaper for American consumers and U.S. products more expensive in China.

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"The hope is to have a constructive dialogue with the Chinese where reform will move forward without legislation," Graham said. But, he added, "the jury is still out" about China's currency policies.

Schumer said senators are discussing legislation that would seek to pressure China to live up to commitments it made when joining the World Trade Organization in 2001. He said such a measure could be considered next year.

Many analysts believed the senators' bill would have passed. But there was no House version and Bush almost certainly would have vetoed it.

Chinese leaders have said they plan eventually to let the yuan trade freely on world markets, but that doing so immediately would cause financial turmoil and damage the Chinese economy.

China's Spending For Research Outpaces The U.S. (WSJ)

By Gautam Naik

The Wall Street Journal, September 29, 2006

An unprecedented surge in research and development spending is helping China catch up with the two longstanding leaders in the field, the U.S. and Japan, a new study found.

R&D spending in China has been growing at an annual rate of about 17%, and is far higher than the 4% to 5% annual growth rates reported for the U.S., Japan and the European Union over the past dozen years. China's massive investments in education are also bearing fruit. In 2002, its industrial-research work force was 42% the size of the equivalent U.S. work force, up from 16% in 1991.

China is increasingly making its mark with scientific discoveries and patents held by its scientists. In 2003 China became only the third country, after the U.S. and Russia, to put a person into orbit on its own. Yesterday, Michael Griffin, administrator of the National Aeronautics and Space Administration, returned to the U.S. after a visit to China -- the first time a NASA administrator has visited that country -- to explore and expand space-program cooperation.

"China's significant investment in R&D is predicated on the assumption that they want to be a player and competitor both economically and militarily," said Jules Duga, senior analyst at Battelle Memorial Institute, a nonprofit trust in Columbus, Ohio, that runs labs for the government and industry.

The study, co-written by Mr. Duga, was conducted by Battelle and R&D Magazine and is being published today. The study included in its measure expenditures such as scientists' salaries and lab equipment in both the public and private sector, but excluded long-term capital expenditures such as buildings and major equipment.

China's technology-driven rise could heighten worries that the U.S. is ceding some of its competitive edge in science and technology to Asia's new power. America's share of total global R&D is estimated to slip slightly to 31.9% in 2007 from 32.7% last year, according to the study. Japan and Europe are projected to show similar declines, while China's share of global R&D is set to increase to 14.8% in 2007 from 12.7% in 2005.

But the U.S. remains an R&D powerhouse, investing $320 billion in such efforts last year, compared with $236 billion invested by the EU and $125 billion by Japan. Though China's R&D spending now makes up about 1.6% of its gross domestic product, up from about 1% five years ago -- it's still a far cry from the 2.6% of GDP that the U.S. invests, and the 3.2% of GDP that Japan invests.

In the last few years, the increase in U.S. R&D investment has been driven by military-related research. Roughly 60% of America's research and development originates from the private sector. In a ranking of the top five R&D-spending companies, four are American, including Pfizer Inc., Ford Motor Co., Microsoft Corp. and General Motors Corp. The other is Toyota Motor Corp. of Japan.

American firms also make the biggest biotechnology investments, according to the Battelle report. One spur: a continuing decline in the number of new drug approvals by large pharmaceutical companies.

Despite the shifting R&D landscape, "there's no need for the U.S. to panic," said Mr. Duga. Instead, he said, "the U.S. needs to be prepared for a change. We need to figure out how we can keep ourselves in a strong position" in crucial areas of science and technology. His prescription: Spend more on math and science education, and invest more in pure research, which U.S. industry increasingly has shunned.

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China's Crackdown Puts Teeth Into Effort To Cool Property Boom (WSJ)

By James T. Areddy

The Wall Street Journal, September 29, 2006

SHANGHAI, China -- China's central government said it has dispatched senior inspectors nationwide to check whether local authorities are following through on orders to cool real-estate prices, the latest development in Shanghai's widening pension and property scandal.

On Thursday, the State Council, China's highest administrative body, sent "high-level officials" from several ministries to 11 provinces to review adherence by local governments to various policies Beijing has set down since 2003, the official Xinhua News Agency said.

Despite the central government's efforts to cool housing prices, values have continued to soar as much as 20% annually in some places, according to Xinhua.

The latest inspection is further indication that the government's investigation into corruption is continuing, even after this week's ouster of Shanghai Party Secretary Chen Liangyu. The Construction Ministry sent six property inspectors to Shanghai after his dismissal was announced Monday.

Also on Thursday, Sun Luyi, secretary-general of the party's Shanghai Municipal Committee, became at least the eighth person detained for questioning on what a government spokesman said is suspicion of "a severe breach of discipline."

Real estate is increasingly central to the two-month investigation, which centers on a misuse of Shanghai's $1.2 billion pension fund. The fund invested, perhaps illegally, in a number of high-profile projects that likely served to inflate land prices at a time when authorities in Beijing were urging local officials to keep real estate affordable.

Chinese President Hu Jintao may also be using the pension probe to strengthen his grip on Shanghai, a major city that has traditionally been run by officials aligned with retired President Jiang Zemin.

The downfall of Mr. Chen and the ongoing probes have boosted hopes for changes in government and prompted unusually large public protests outside some official Shanghai offices this week by people trying to have various complaints addressed.

The problems in Shanghai have sparked a nationwide audit of pension funds, which are often managed by local banks and brokerages but are thought to have widely invested beyond the legal scope. Shanghai Pudong Development Bank Co. and China Everbright Bank say they are among those that have managed Shanghai's money.

A Hong Kong real-estate builder, Shui On Land Ltd., this week detailed how it was pledged nearly $190 million from the Shanghai pension fund to a build a big project in the city.

Shui On said one of its subsidiaries had drawn 875 million yuan ($111 million) of a 1.5 billion yuan loan facility to finance its "Shanghai Knowledge and Innovation Community" project, an 840,000 square meter technology-development zone near Shanghai universities that company materials say is designed to be a local version of California's Silicon Valley. The money originated at an enterprise investment company owned by the pension fund but was actually lent via Shanghai Pudong Development Bank, Shui On said.

Shui On, which is known for its development of a Shanghai entertainment zone called Xintiandi, had confirmed some aspects of the arrangement in response to questions earlier in September from The Wall Street Journal. The extra details were contained in a prospectus related to its plans for an initial public offering in Hong Kong.

Analysts say the $790 million equity sale will succeed, but the stock could suffer when it is listed Oct. 4.

Shui On said in the prospectus that its lawyers believe the borrowing arrangement involving the pension money was "legal, valid and binding" but also warned investors that the company or its officials may "become involved" in the investigation, and that the Knowledge project "may face unpredictable consequences." The company said it is now negotiating alternative sources of financing for the project.

U.S. Financier Helps A Chairman Shake China Inc. (WSJ)

By Jason Dean

The Wall Street Journal, September 29, 2006

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BEIJING -- Zhang Chunjiang, the chairman of China Netcom Group Corp. (Hong Kong) Ltd., was moving quickly through a routine board meeting of the state-controlled phone giant last year when something extraordinary happened: a director disagreed with him.

The conflict came over a plan for Netcom to buy some assets from its parent company. Netcom management had picked an investment bank to advise on the plan. That drew a dissent from director John Thornton, a former president of Goldman Sachs Group Inc., who said a board committee set up to oversee the deal should pick the banker.

"This was the first time I'd ever encountered opposition," says Mr. Zhang, a 48-year-old former government vice minister. "But we had made a real mistake." He scrapped his selection and let the committee decide.

Walking a tightrope: Zhang Chunjiang, chairman of China Netcom Group Corp. (Hong Kong) Ltd., is trying to keep the Communist Party in control of his company while respecting the rights of foreign investors.

As boardroom dramas go, this one was modest. (The committee went on to choose the same investment bank.) But it helped trigger one of China's most ambitious corporate-governance overhauls. At Netcom, outside directors now have effective veto power over many key decisions, providing a counterbalance to the government's previously unchecked authority. That's a first in the government's empire of companies in banking, oil and many other industries.

At Goldman, the 52-year-old Mr. Thornton helped shepherd some of China's first big overseas initial public offerings, including China Mobile Ltd. and PetroChina Co. Today, three and a half years after leaving Goldman, he spends five months a year in China -- teaching at prestigious Tsinghua University, advising government officials and executives, and serving on boards.

As he promotes Western-style governance notions in China, Mr. Thornton faces a business culture in transition. The government, run by the Communist Party, still controls a vast swath of the economy and has no intention of giving that up -- particularly in strategic industries such as telecommunications. The government owns 75% of China Netcom.

However, policy makers also believe that Chinese companies will perform better if they are exposed to the demands of international investors, just as companies in the West are. That is why Beijing has encouraged its biggest and best companies to list their shares in New York, Hong Kong and London, even though the companies usually don't have an immediate need for funds.

The tightrope Messrs. Zhang and Thornton are trying to walk: Keep the Communist Party in control, but respect the rights of the foreigners who now own a chunk of corporate China.

Another big IPO is coming as early as next month, when Industrial & Commercial Bank of China, the nation's largest lender, is preparing to list its shares in Hong Kong. The offering is expected to raise at least $19 billion, which would be the most of any IPO in history. Mr. Thornton is also on the bank's board.

Until now, China has taken pains to prevent global investors from having their way with prized Chinese companies. The state usually retains more than 60% of the shares in any listed company. While financial reports tell investors something about institutions that used to be black boxes, boards of directors have had no real power. That is reserved for Communist Party committees comprised of a handful of senior executives. In 2004, just before Netcom's listing, the government suddenly swapped top executives at China's big four telecom companies. Boards were presented with a fait accompli.

"There are many listed companies now, and they all have the form of modern corporations," says Qian Yingyi, a leading Chinese expert on corporate governance and a director at Netcom. "But the question is whether those systems work. The answer is, in most cases, no."

Netcom's Mr. Zhang is hoping to change that. Outside directors at Netcom outnumber directors who work for the company. Rules drafted with the help of McKinsey & Co. require that two-thirds of directors approve major decisions. Directors say that would make a repeat of the 2004 executive swapfest difficult unless the board consents.

Netcom, which has annual revenue of about $11 billion, was formed in 2001 from 10 provincial phone networks that were separated from China Telecom Corp., the government's former phone monopoly. The move was intended to spur competition, but it left Netcom far behind China Telecom, which owns networks in about 20 provinces including many of the wealthiest ones. These two companies, with their core in fixed-line services, face challenges from two companies focusing on mobile phones, in particular market leader China Mobile, the world's biggest wireless carrier by number of subscribers.

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Cellphone use is surging so fast in China that many of the nation's more than 400 million wireless users never had a traditional phone. Netcom may get a license to offer advanced wireless services, but to tackle that market will require huge capital outlays and a major shift in management and technology.

Mr. Zhang says Netcom's vulnerabilities made him more open to new ideas -- including the idea of appealing to investors for support. "Of China's four big telecom companies, we are the one with the biggest difficulties," he says. "So under those circumstances, we thought, what can we do to make people feel confident about investing in Netcom?...We wanted to develop a corporate-governance system that could let investors relax."

A longtime Communist Party member, the 48-year-old was born in China's industrial northeast, trained as an engineer and worked most of his life in government. He rose to the level of vice minister in the agency that regulates China's telecom industry before being appointed to head Netcom's parent in May 2003.

Mr. Zhang's modest origins and bureaucratic experience made for a sharp contrast with Mr. Thornton. He's a product of Harvard by way of Connecticut's elite Hotchkiss School, where he briefly overlapped with the young Bill Ford Jr., now Ford Motor Co.'s chairman. Mr. Thornton spent 23 years at Goldman, including stints in Europe and Asia, and rose to be the investment bank's second-in-command.

In 2003, he jumped off the fast track and started a global leadership program at Tsinghua. He hand-picks the roughly 50 students in his management course and invites luminaries such as the head of Wal-Mart Stores Inc. to help teach it. Mr. Thornton also sits on the boards of several big U.S. companies that do business in China, including Ford and Intel Corp. In Washington, he serves as chairman of the Brookings Institution, a leading think tank, and sometimes advises government leaders on China affairs.

"What I know for certain is that whatever I do with the rest of my life, China will be a central element," Mr. Thornton said in an interview.

Messrs. Zhang and Thornton call each other friends although they share no common language. Mr. Thornton, who doesn't speak Mandarin, participates in meetings with a translator.

In mid-2004 Mr. Thornton was introduced to Mr. Zhang by Edward Tian, Netcom's founding chief executive. The U.S.-trained Mr. Tian was one of the few private-sector entrepreneurs to take a top post at a big Chinese state company. Messrs. Zhang and Thornton had breakfast at the Grand Hyatt in downtown Beijing, where Mr. Thornton lives when he's in town.

Mr. Zhang wasted no time offering the American a spot on Netcom's board. Mr. Thornton accepted and made a proposal of his own: Netcom should have a corporate-governance committee on its board. Mr. Zhang immediately agreed and asked Mr. Thornton to head it. Netcom also recruited as an outside director Mr. Qian, the governance expert who teaches at the University of California, Berkeley. Seven of Netcom's 13 directors are outsiders, compared with four of 13 at China Mobile.

Netcom, which went public in Hong Kong and New York in 2004 has annual revenue of about $11 billion. It remains far behind market leader China Telecom, the government's former phone monopoly, and faces challenges from cellphone-centered companies.

After Netcom went public in November 2004 on the Hong Kong and New York stock exchanges, the first big question on corporate governance came the next August, when Mr. Thornton raised his objection over how the asset acquisition was proceeding. Lawyers at the meeting noted that it was legal for management to pick an investment bank itself. Mr. Thornton agreed but said that wouldn't follow best practice in corporate governance.

"It was a seemingly small incident that touched off something much bigger," Mr. Zhang recalls. "It made me think about how we could set up a corporate-governance structure that would put the capital markets at ease."

Netcom hired McKinsey and a Tsinghua expert and asked them to suggest an overhaul of the board's operations -- but not before Mr. Zhang delivered a little talk on how China Inc. really works. At the first meeting of the project's working group, Mr. Zhang explained the role of the Communist Party committee at Netcom. Such committees, usually headed by the chairman and staffed with handpicked executives, essentially run China's government-controlled companies, channeling state policy into corporate practice. Their role is little understood outside China. U.S. regulatory filings by Chinese state-owned companies generally don't mention the party committees.

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"I am Netcom's party secretary. What is my responsibility? To make sure that the direction of our Communist Party is upheld within China Netcom," Mr. Zhang says in an interview. He argues that such influence isn't inherently inimical to shareholder interests, because the party is looking at the company's broader social and economic impact.

Having taken several huge Chinese state-owned companies public at Goldman in the late 1990s, Mr. Thornton was already far more familiar with how they were run than most outsiders. But even he found Mr. Zhang's lecture eye-opening. "There were six functions for which the party committee was responsible, and they were the ones that mattered," he recalls.

McKinsey's consultants knew that merely importing a U.S. playbook wouldn't pass muster. Chinese companies need "something other than a Wall Street model, something that acknowledges that they have other obligations, social obligations. It's a broader set of stakeholders," says Dominic Barton, chairman of Asia-Pacific for McKinsey.

The working group's driving idea was to have the government exercise its authority as majority shareholder and minimize arbitrary actions taken by the party apparatus outside the corporate structure. For months, McKinsey consultants interviewed directors and executives, sat in on board meetings and tried to figure out how to push change without setting off political bombs. The debate was sometimes heated, people involved say.

One meeting among people from McKinsey and Netcom took place in the office of the company's current Communist Party committee, adorned with a painted collage of socialist luminaries from Marx to Mao. "Let's just stop and enjoy this moment," remarked an amused Netcom official, according to people who were present.

As the work went on, the relationship between Messrs. Zhang and Thornton deepened. Mr. Thornton invited Mr. Zhang to speak to his class at Tsinghua. In May, Mr. Zhang traveled to New York at Mr. Thornton's suggestion to meet with investors and governance experts including Roderick Hills, a former chairman of the Securities and Exchange Commission and veteran of many U.S. boards. Mr. Zhang "wants to set a pattern for China," says Mr. Hills. "He recognizes that the latent control of the government is a potential problem for investors."

Mr. Zhang was back this week in New York, where he met with Mr. Thornton and discussed a possible plan to have a U.S. company that specializes in rating corporate governance review Netcom's performance.

In June, Netcom's advisers presented their recommendations, which the board is now implementing. Among them: more-regular evaluations of senior executives by the board and rules to ensure that directors have enough time and information to review key decisions.

The effort has also prompted the board to get more involved in the company's long-term challenges. Until the overhaul, the board's corporate-strategy committee had met only once. This year, it has met at least three times to discuss challenges such as managing communications for the 2008 Olympics in Beijing.

Netcom is 75% owned by its parent, which is in turn wholly owned by a government body called the State-Owned Assets Supervision and Administration Commission. The commission is reviewing Netcom's proposed changes. People familiar with the matter say the commission views Netcom as a test case whose model could eventually be applied to other companies.

Mr. Zhang stresses that the state has legitimate interests in its companies. But he says limiting the state's interference in management -- and giving boards more autonomy -- is crucial to making companies more flexible and competitive. "China's companies are trying to catch up with the world's leading companies," he says. "Governance isn't the only important factor. But you have to have it. If you don't have a modern governance system, you can't compete."

Europe Union Weary From Growing Pains (CSM)

By Mark Rice-Oxley

The Christian Science Monitor, September 29, 2006

LONDON

When Britain threw open its doors to workers from Eastern Europe two years ago, plumbers like Keith Millar didn't know what to expect. Official projections anticipated a few thousand pioneers would take advantage of their new status as EU members and seek new lives in Britain, a drop in the ocean for a work force of 30 million.

In reality, more than half a million came, two thirds of them from Poland - and many of those tradesmen like Mr. Millar.

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"It's not a level playing field any more," he says, grumbling about the cheap Polish workers muscling in on his business. "I'll do a boiler estimate for a client and they say they'll think about it. Then I go back a few weeks later and find they've had the boiler installed. These Poles are hardworking and they do the job for half the price."

Millar's concerns are symptomatic of a deep fatigue in Europe with the idea of expansion. Old notions of uniting Europe in one large happy bloc and spreading peace, prosperity, and stability to all four corners of the continent are getting lost in more gritty concerns: Will poorer eastern members dilute the wealth of "old Europe"? Will a Lithuanian welder come and take my job? Is the EU club getting too big, unwieldy - unmanageable even?

This week, the EU gave the green light to Bulgaria and Romania to join in January 2007, expanding the union to 27 countries and nearly 500 million people. But it did so in almost grudging fashion, setting strict conditions for membership and allowing curbs on migrant workers from the two countries. So far, only Finland says it will welcome Bulgarian and Romanian migrant workers.

At the same time, the EU's top Eurocrat, Jose Manuel Barroso, signaled that it may be time to draw breath before bringing any more countries into the EU. "We are not in a position to further integrate Europe without further institutional reform," he said. "There are limits to our absorption capacity."

The EU has come a long way since it started out as a trade agreement between six Western European countries in 1957. By 1982, there were 12 members, 15 a decade later, and suddenly 25 when 10 new countries, mostly Eastern European, joined in 2004.

But the new wave has met with skepticism, an "enlargement fatigue" that is at its weariest in Central European countries like Germany and Austria that adjoin the new EU countries of the East and fear that issues like migration and poverty will upset their delicate social and economic balance.

In countries of "Old Europe," where unemployment remains a stubborn problem, authorities struggle to find work for their own work force, without the additional problems of migrant workers undercutting locals.

And yet, argues Denis MacShane, a British MP who once served as Europe minister, this fatigue is as much about globalization as about enlargement. Migrant workers are still going to flock to wealthy countries, whether they are EU citizens or not (there are already a million Romanians in Italy for example, before the country has joined). Jobs, factories, production lines will migrate to cheaper locations, regardless of EU membership.

"Keeping them out of the EU doesn't solve any of these problems," says Mr. MacShane. "You don't stop people coming, you don't stop the pernicious influence of trafficking and corruption and crime.

"But bringing [new countries] in [to the EU] means they are under pressure to try and improve their game," he adds. In other words, by pushing new members to improve in the regulatory arenas of human rights, health, and worker safety, EU membership will eventually level the playing field for businesses and workers across the continent.

In Britain moreover, it is arguable that the migrant influx - described by one academic as the largest wave of immigration the British Isles have ever experienced - has transformed the country in a good way. Employers have generally found the workmanship of the new arrivals reliable and cost-efficient. And for customers, there is no longer a shortage of handymen, so there is greater choice and better value.

"Our customers are happy," says self-employed Polish builder Marek Flaszka. "We are cheaper, but we give the same guarantees."

Yet Britain has decided that with Bulgaria and Romania it will not allow free access. There is a sense that in some parts of the country, the post-2004 immigration surge has led to imbalances, overcrowding, and serious pressure on local authorities. Some schools have reported that suddenly a quarter of their pupils are Polish.

Even immigrants like Mr Flaszka are unsure if a further influx is a good idea. "England is not so big for everybody in the world to come here," he says. "This is a problem if lots more builders come. The price will go down."

It remains to be seen if these doubts will ultimately lead to drawing up the bridge or just drawing breath.

Some European thinkers say that in the future, new entrants might get different types of members, that some European countries will be "more equal than others."

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Katinka Barysch, an expert with the Centre for European Reform in London says that "inevitably you will have different forms of membership." She notes that some countries are moving closer together on justice and policing, others are bound in the single currency, and still others collaborate on regional foreign policy concerns.

"It will be a more flexible and fuzzy EU and that will make it easier to join," she says. "You won't have to take the whole package straight away."

Poland's Budget Underscores Divisions Among New EU Members (WSJ)

By Joellen Perry

The Wall Street Journal, September 29, 2006

Capping more than a week of political turmoil, Poland's central-bank chief lambasted the government's draft 2007 budget -- which projects a deficit -- as one of "irresponsibility and populism."

The incident highlights mounting tensions among reform-minded central-bank chiefs and populist politicians across the eight Central and Eastern European countries that entered the European Union in 2004.

Slovakia's central bank has criticized the government of newly elected populist Prime Minister Robert Fico, who has said he wants to slow the pace of privatization and give the state more control of utilities and banks. The central bank worries those steps would result in fiscal deficits that endanger the country's 2009 goal for adopting the euro currency. EU member nations must have deficits of less than 3% of GDP in order to adopt the common currency, used by 12 nations.

Meanwhile, the National Bank of Hungary was a vocal critic of that government's fiscal profligacy long before riots broke out there last week following the prime minister's broadcast admission that he had lied about the dire state of the economy and the budget deficit to help secure re-election this spring. In a report on the eight EU newcomers released Wednesday, the World Bank warned of the dangers of rising populism and a backlash against the measures implemented to foster the transition to market economies.

"There is clearly a fairly large group of people who have not benefited much from the reforms and transformations of the last 15 years, and that provides fertile ground for more-populist forces," said Thomas Laursen, the World Bank's lead economist for Central Europe and the Baltic states. He noted that fiscal balances are deteriorating in several countries this year and that 2007 budget plans signal further erosion.

Poland's 2007 budget -- which according to the World Bank forecasts a deficit of 42.5 billion zlotys ($13.6 billion), or about 3.7% of gross domestic product -- avoids spending cuts wanted by the Finance Ministry. That frustrates central-bank expectations that the government would use strong economic expansion to press for further overhauls.

Noting that Poland's relatively sound currency and low inflation rate make fiscal erosion on Hungary's scale unlikely -- Hungary's deficit will be 10% of GDP this year -- central-bank President Leszek Balcerowicz, whose term expires in January, yesterday nonetheless called Poland's public finances "sick."

The clash caps more than a week of political chaos in the country, where elections could be held as soon as Nov. 26. Prime Minister Jaroslaw Kaczynski's government earlier this week encountered pressure following the leak of a tape to local media that showed a top aide asking an opposition lawmaker what she expected in return for supporting the government.

Last week the country's fractious ruling coalition collapsed when the prime minister fired his deputy, who had protested that the 2007 budget skimps on funding for agriculture, education and health. Now, roughly six seats short of a majority in the lower house of Parliament, the prime minister is scrambling for support.

The current government has clashed with the central bank before. Mr. Balcerowicz, who was Poland's finance minister in the 1990s and oversaw the country's transition to a market economy, is often heralded as the father of the country's recent economic success. Foreign-direct investment continues to roll in to the country. Yesterday, the bank projected GDP growth of 5% for next year, up from a previous projection of 4.8%.

Irked by Mr. Balcerowicz's support this year for the merger of two Polish banks owned by Italy's UniCredit SpA, the government recently established a financial regulator to oversee the banking, insurance and securities sectors. That prompted the European Central Bank to issue calls for central-bank independence.

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Last week Poland's constitutional court ruled that a separate parliamentary commission established to investigate central-bank activities is unconstitutional. Wednesday the central bank kept rates on hold at a low of 4%, but warned yesterday about the dangers of rising inflation rates as growth accelerates.

The World Bank's report Wednesday also warned about mounting inflation pressures across the region, which further endanger hopes of adopting the euro currency. The central banks of Slovakia, Hungary and the Czech Republic all raised interest rates this week.

U.N. Peacekeepers In Darfur Unlikely (AP)

By Alfred De Montesquiou

AP, September 28, 2006

The U.N. chief in Sudan said Thursday the government is unlikely to let U.N. peacekeepers in the country anytime soon, and the international community should instead push for the African Union force to remain in the war-torn region indefinitely.

The comments came after Sudanese authorities and a Darfur rebel group that signed a peace agreement with the government clashed in an affluent neighborhood of Omdurman, a city across the river from Khartoum. The incident underscored the simmering tensions in the country.

A U.N. Security Council resolution calls for 20,000 peacekeepers to replace the ill-equipped and underfunded AU force that has done little to prevent escalating violence in Darfur. But Sudan's president fiercely rejects the U.N. mission, and it can't deploy without his consent.

"I don't expect the government to accept a U.N. transition any time soon," Jan Pronk, the U.N. chief envoy to Sudan, told The Associated Press. "The international community should instead push for the African Union's mission to be prolonged and reinforced."

He called for the AU force to be extended indefinitely to prevent jeopardizing humanitarian work in Darfur, where more than 200,000 people have been killed and 2.5 million displaced in three years of fighting.

At least 350,000 people are cut off from any aid in North Darfur because of the intensified fighting there, the U.N. said. At least another 100,000 people have fled their homes.

Pronk said he was confident the Sudanese government would allow the African troops to stay on in the region, though for now Khartoum only has agreed to keeping them an extra three months.

Pronk also urged the international community to guarantee more funds for the AU force. He said there were reports the AU force was so strapped for cash that some soldiers in Darfur were not being fed and patrols weren't going out because there was no gas for their armored vehicles.

The current 7,000-strong AU force was due to leave Darfur at the end of September but recently prolonged its mission until the end of the year. John Bolton, the U.S. ambassador to the U.N., called it a temporary measure while the international community pressures Sudan to allow troops into the country.

Earlier this week, Sudan's top official for Darfur said the government was willing to let a trickle of U.N. military advisers join the AU forces, describing it as "a third way" that could resolve the stand off between Khartoum and the United Nations.

Pronk said these discussions were now being settled and the first batch of 105 U.N. military advisers and dozens of police could be sent to Darfur "very soon." He hinted that their numbers could be increased "in a step by step process."

Meanwhile, the AU has pledged to boost its force by up to 4,000 troops. Some of the soldiers would be immediately available, but the AU says it doesn't have the cash to send them in.

The U.N. chief maintained that the peace agreement signed in May between the government and the rebel faction was "in a coma," which he said reflects the worsening humanitarian situation.

Both government forces and rebels have violated the cease-fire more than 70 times between May and August, and there were new violations in September after Khartoum launched a large-scale offensive in northern Darfur, Pronk said.

On Thursday, tensions degenerated into an open shootout in Omdurman, Khartoum's sister city. Rebel leaders with the Sudan Liberation Movement say they took three police officers hostage in retaliation for the arrests of two of their members.

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Pronk said one man was killed during the clashes. "That (the conflict) has now reached Khartoum is just another proof of how bad things are," he said.

Caucus Presses Rice On Darfur (MCT)

By William Douglas

McClatchy Newspapers, September 29, 2006

WASHINGTON - The Congressional Black Caucus urged the Bush administration Thursday to push China and moderate Arab nations to pressure Sudan into admitting a U.N. peacekeeping force to help end the violence and humanitarian crisis in its Darfur region.

The caucus made the suggestion to Secretary of State Condoleezza Rice during a closed-door meeting on Capitol Hill. It came a day after Rice warned in a speech that Sudan faces "a choice between cooperation and confrontation" if it doesn't allow U.N. forces in.

Bush has called ending the three-year-old conflict, which the United States considers genocide, a priority for his administration.

Rep. Donald Payne, D-N.J., a caucus member, said the group told Rice that the administration could apply more pressure to nations with major business and cultural connections with Sudan, pointing to China, Egypt and Jordan.

Last year, Beijing purchased half of Sudan's oil exports, which covered only 5 percent of China's ravenous oil appetite, according to the Council on Foreign Relations. Chinese firms also are pouring billions of dollars into office and infrastructure projects in Sudan.

"Our feeling was there should be, whether it's quiet diplomacy, that the U.S. should tell China to tell (Sudanese President Omar Hassan) al-Bashir to stop what he is doing and stop putting out this so-called opposition to the United Nations coming," Payne said.

China is a veto-holding member of the U.N. Security Council, which passed a resolution calling for a U.N. peacekeeping force in Darfur to replace a 7,000-person African Union force there.

Bashir has rejected the resolution, and China historically has shied away from pressuring other nations through the Security Council.

The violence began when Darfur's African tribal villagers armed themselves against the Arab-dominated government in Khartoum in a fight for greater political rights. Human-rights groups estimate that as many as 450,000 people have been killed and another 2 million displaced by the violence.

White House officials thought they had achieved a breakthrough last May when the U.S. brokered a peace accord between Sudan's government, which has supported Arab militias known as the janjaweed, and the rebels. But the agreement has failed to take hold.

The White House has been imploring the U.N. to get peacekeepers into Darfur. Last week Bush named Andrew S. Natsios, a former head of the U.S. Agency for International Development, as a special presidential envoy to Sudan.

Rice painted a bleak picture of the situation in a speech Wednesday to the Africa Society.

"At this moment ... the government of Sudan has renewed its military offensive against the rebels, which is undermining the Darfur Peace Agreement, as well as our collective humanitarian efforts," she said. "Because of the current lack of security, humanitarian aid workers are unable to reach hundreds of thousands of people in the camps. Without food, and water, and other assistance in the coming months, all will suffer, and many could die."

Susan E. Rice, former assistant secretary of state for African affairs under President Clinton, said the world was rapidly approaching a "Kosovo moment" in Darfur.

"If we're serious about saving lives in Africa, as we are in Europe, we'd give the Sudanese government a short, time-limited ultimatum: Accept a U.N. force or face military action, perhaps airstrikes like in Kosovo."

White House Press Secretary Tony Snow hinted last week that there might be movement on Darfur. "There are behind-the-scenes, ongoing diplomatic efforts," he said.

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Payne said he was confident that the White House would prevail. "The U.N. will be in Sudan by the end of the year. Period," he said.

Meanwhile, the 43-member Congressional Black Caucus is pursing its own diplomacy. Caucus members met Tuesday with China's U.S. ambassador, and with Arab League representatives Thursday.

"We believe that the Arab League can have an influence on the government of Sudan - as a matter of fact, all the influence in the world," Payne said. "We're saying to moderate Arab countries - Egypt, Jordan - that they can't sit by and allow the government of Sudan, where they have excellent relations with, to continue the killing."

The caucus has done more than talk about Darfur. Several members, including its chairman, Rep. Melvin L. Watt, D-N.C., have been arrested protesting outside the Sudanese embassy in Washington.

Darfur is the latest cause in the caucus' long history of weighing in on international matters that interest African-Americans. The caucus played vital roles in calling for U.S. intervention in crises in Liberia, Somalia and Haiti and for sanctions against South Africa's apartheid government.

"International affairs and the foreign policy of our country has always been a critical part of the Congressional Black Caucus' agenda," said Paul A. Brathwaite, the caucus' executive director.

From The Ashes, A Chunk Of America Beckons In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, September 28, 2006

MOGADISHU, Somalia, Sept. 23 — They call her the “Black Hawk Down” lady.

And in the corner of her dirt yard, beneath rags drying in the sun and next to a bowl of filthy wash water, she keeps a chunk of history that most Americans would probably like to forget.

It is the battered nose of a Black Hawk helicopter, from one of the two that got shot down in Mogadishu on Oct. 3, 1993, in an infamous battle that killed 18 Americans, led to a major foreign policy shift and spawned a big movie.

The Black Hawk Down lady stands fiercely at her gate and charges admission to see it.

“You, you, you,” she said on a recent day, jabbing her finger at three visitors. “Pay, pay, pay.”

American military officials, who were sent e-mail messages with pictures, said the nose piece did appear to be from one of the Black Hawks brought down that day. But they said they had no interest in retrieving it, for a memorial or any other purpose.

So it remains a strange tourist attraction in a strange and war-weary place, where bazooka guns hang in the market next to slabs of fly-bitten goat meat, and children at school casually recite passages about massacres in English class. And just as the Black Hawk Down episode has special significance for Americans, it does, too, for many Somalis, who take enormous pride in having humiliated a superpower that day.

The Black Hawk Down lady’s real name is Hawa Elmi. She grew up a nomad, herding camels in Somalia’s deserts, and never went to school. She moved to Mogadishu in the 1960’s, when it was a showcase of Italian architecture, a gem along the sea.

She is 66, loud and excitable. The other day during an interview, every answer came in shouts.

On the afternoon of Oct. 3, 1993, Ms. Elmi said, she was sitting in her yard, minding her own business, when a helicopter slammed into the back of her house. A task force of Army Rangers and Delta Force commandos were trying to snatch the henchmen of one of Mogadishu’s most notorious warlords, Mohammed Farah Aidid. But the mission quickly went sideways — a soldier slipped off a rope while rappelling from a helicopter, a rescue convoy got lost in the maze of Mogadishu’s streets and Somali militiamen plucked off two Black Hawks with rocket-propelled grenades.

The neighborhood closed in on the trapped Americans, and by the time the battle was over, 18 elite American soldiers were dead and dozens were wounded and approximately 1,000 Somalis had been killed.

A few days later, President Clinton began drawing up plans to pull out the troops.

Ecstatic Somalis ransacked the wreckage, stripping the helicopters and melting down the metal. Some people even ripped insignia patches off the bodies of the soldiers to keep as grim souvenirs.

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Maxamed Cali Geedi, who fought for Mr. Aidid years ago, still carries a set of insignia from an American sergeant's uniform.

"To remember my friends who were killed," he explained.

But Ms. Elmi had a different plan. Her husband had died a long time ago, and she had six children to feed. Two of her older sons were killed, she said, when the helicopter crashed. She dragged the cracked nose piece, about five feet across but actually pretty light because it was made of fiberglass, back to her house. She lives in the middle of a neighborhood named Tokyo, because it is so packed. It is a warren of tin shacks and sandy streets, as shot up and smashed by cannon fire as the rest of Mogadishu.

Ms. Elmi began humbly, charging neighborhood boys the equivalent of a few cents to get a peek at her one exhibit, the last known chunk of wreckage from what Somalis refer to as Ma-alinti Rangers, the Day of the Rangers.

But after the movie "Black Hawk Down" came out in 2001 — and pirated copies found their way to Mogadishu — business boomed.

"So many people came, I cannot count," she said. "White people, brown people, black people."

When asked why they come, she snapped: "How should I know? Do you think I am mind reader?"

The entrance fee is now around $3 for foreigners; locals get a discount and pay 75 cents.

Anthony C. Zinni, a retired American general who helped oversee operations in Somalia in 1993, said he thought it was a little weird that residents in a city littered with so much war wreckage would pay anything to see this. "Nothing, however, about Somalia surprises me," he added.

Ms. Elmi said that foreign visitors (most likely journalists and aid workers) usually tipped well, but that many times rude militiamen barged in and refused to pay at all.

Those days are largely over. Mogadishu is now ruled by Islamist clerics who have delivered a level of order and stability that the city had not seen for years, though that may not last. Part of the reason they rose to power was that the Islamists tapped into anti-American sentiment by challenging warlords backed by the United States.

Some people say they fear the Islamists will impose a draconian version of Islam in Somalia, which up until recently had been relatively secular.

But Ms. Elmi said she loved the Islamists. And she has her own reasons.

"They bring peace," she said. "And peace brings tourists."

Kenya Pressured To Apprehend Fugitive From Rwandan Genocide (MCT)

By Munene Kilongi

McClatchy Newspapers, September 29, 2006

NAIROBI, Kenya - U.S. and other international diplomats are stepping up pressure on Kenya to arrest the man who's accused of being the primary financier behind Rwanda's 1994 genocide.

Investigators with the International Criminal Tribunal for Rwanda, which is trying war-crimes suspects, have seen Felicien Kabuga, a wealthy businessman who allegedly provided money and supplies to the extremist Hutu militias that massacred 800,000 rival Tutsis over three months, several times this year in Kenya.

He's evaded capture repeatedly, leading some investigators to suspect that a security network linked to the Kenyan government is protecting him.

On Thursday, the tribunal's chief prosecutor, Hassan Bubacar Jallow, said Kenyan authorities had assured him after two days of meetings in Nairobi that they'd investigate suspected Kabuga associates, provide more information on his movements in and out of the country, and possibly seize assets.

"All the information that continues to reach us is to the effect that he visits or resides and carries on business in this country," Jallow said.

Kenyan officials denied knowledge of Kabuga's whereabouts and rejected claims of complicity, saying they'd helped capture several other Rwandan fugitives whom the tribunal wanted.

"Just because you suspect someone doesn't mean they are there," government spokesman Alfred Mutua said.

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U.S. and European diplomats issued a joint statement Thursday urging Kenya "to pursue all available leads."

"We are hopeful that these efforts will soon bear fruit with the apprehension and prosecution of Mr. Kabuga before the ICTR," the statement said, referring to the tribunal.

In a visit to Kenya last month, U.S. Sen. Barack Obama, D-Ill., accused the country of providing safe haven to Kabuga, drawing sharp rebuttals from Kenyan officials.

The Tanzania-based tribunal indicted Kabuga in 1997. He's accused of supplying machetes, hoes and other tools that the extremist Interahamwe militia used as weapons.

In 2002, U.S. authorities offered a $5 million reward for information leading to Kabuga's capture. The wealthy businessman - who's reported to hold stakes in Kenyan transportation, real estate and farming - is thought to have a formidable protection network that includes former Kenyan officials who tip him whenever investigators are closing in.

A Kenyan informant, William Munuhe, was murdered in 2002 one day before he was expected to lure Kabuga to a meeting at which U.S. investigators were to seize him.

"We have got very, very close to him and he has escaped," Jallow said.

Kabuga is one of 18 people who've been indicted in the Rwandan genocide but have yet to be captured. The others are thought to be hiding in the remote eastern reaches of the Democratic Republic of Congo, in territory held by Congolese rebels.

The tribunal has decided 31 cases stemming from the genocide and has convicted 26 people of war crimes. All cases are expected to be concluded by 2008.

Chávez's Anti-US Campaign (CSM)

By Howard LaFranchi

The Christian Science Monitor, September 29, 2006

WASHINGTON

Venezuelan President Hugo Chávez may be best known these days for vividly undiplomatic language about President Bush. Yet throughout his consolidation of power at home, the blunt-tongued Latin leader has been driven by a quest to build a bloc of like-minded countries united in opposition to the American superpower.

At first focused on South America, his vision has grown to embrace the world - in particular other energy-rich countries such as Iran and Sudan.

When Mr. Chávez called Mr. Bush "the devil himself" before the UN General Assembly last week, his remarks generated giggles, even applause. But can he form an alliance against American power?

The next test of his ambition will come next month, when the General Assembly is to decide if Venezuela will be among the next five countries to hold two-year seats on the United Nations Security Council.

"Chávez wants to be a global player taking a part in the big issues of the day - like Iran's right to a nuclear program - and he realizes the [Council] is the perfect platform for him to play that role," says Michael Shifter, vice president at the Inter-American Dialogue in Washington.

Although UN diplomats and analysts say that other criteria, including regional ties and economic relations, figure in how countries vote for the coveted Security Council seats, they also acknowledge that the Chávez factor will play a role.

One country that supports Venezuela's campaign is China, which is perhaps not enthralled with the Chávez rhetoric but is lured by the idea of more countries holding its worldview on the Council. China has not been shy about its preference to see greater respect in Security Council deliberations for nation-states' rights, and less attention to individuals' universal rights - ideas implicit in Chávez's discourse.

China also wouldn't mind beefing up the bloc of Security Council countries willing to stand up to the United States, analysts say. Others point out that Venezuela's competition for the open Latin American seat is Guatemala, which has opened diplomatic relations with Taiwan - a move China is keen to discourage.

Some "fence-sitting countries" might be "sympathetic to the notion that some counterweight to American power could be a good thing," says one UN diplomat who asked to remain unnamed because his position in dealing with UN members demands neutrality. "But imagine the pressure that could follow a vote for someone who just called the US president the devil."

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Of course the Chávez campaign, joined most publicly by Iranian President Mahmoud Ahmadinejad, is not the first time countries have joined to check American power, as some foreign-policy practitioners note.

"It's been this way at the UN for quite some time," said John Danforth, former US ambassador to the UN, commenting at a Monitor breakfast this week.

Iconic figures of the cold-war era, from Nikita Khrushchev to Fidel Castro, also rose to the UN dais to challenge the US. One difference with the Chávez effort is that it is backed by Venezuela's oil wealth and Chávez's willingness to use his petrodollars to further his cause.

Even countries in the developing world with good relations with the US are not deaf to Chávez's siren song, some experts say. "Across the developing world, there's no doubt that in their view, the US has hijacked the actions of the Security Council," says Jeffrey Laurenti, a UN expert at the Century Foundation in New York. "To their eyes, special allies are protected - that means Israel - and others who get in [the United States'] way are labeled as rogues."

That view has been exacerbated by a "perfect storm" of actions in Washington, he says - including disregard for some international treaties - that leads some countries to nod in approval "at the notion of the US as a superpower rogue."

Despite that, Mr. Laurenti says that Chávez "may have a price to pay" for his attacks when it comes time for the vote on Council seats, set for Oct. 16. "Before the speech, I would say Venezuela had a substantial lead," he says. "But there's also a sense that you don't want to have two years of constant invective in the Security Council."

Venezuela's bid for a seat is dividing Latin America, as countries consider what profile Chávez would give the region against that of Guatemala - which has US support. Regions often submit consensus candidates for the rotating Security Council seats, but last year Latin America was also the focus of the only contested election - which ended with Peru prevailing over Nicaragua.

The divisions fed by Chávez's rise is one reason for Latin America's lack of consensus, Mr. Shifter says, but so is the proximity and historic influence of the US. "The asymmetry of power between the US and Latin America continues to be a unique and defining factor of politics in this hemisphere," he says. "Chávez knows that and is trying to exploit it."

Still, Laurenti says that history suggests Venezuela's presence would not disrupt the Security Council, which remains dominated by its five permanent members. Noting that Cuba was on the Council in 1990-91 when the UN sanctioned the Gulf War, he says, "We could expect some bearbaiting in public, but behind closed doors Venezuela would be just as businesslike" as Cuba was.

Chavez Ally Surges In Ecuadorean Race (AP)

By Gonzalo Solano And Jeanneth Valdivieso

AP, September 28, 2006

A U.S.-trained economist has suddenly become the front-runner in Oct. 15 presidential elections by pledging to "give the lash" to his nation's corrupt political class and delivering an anti-U.S. message similar to that of Venezuelan President Hugo Chavez.

On a recent afternoon, Rafael Correa spoke to thousands of Indians in their native Quichua, reminding them that he lived among them two decades ago as a volunteer teacher and development worker, and brandishing a belt as he spoke out against the politicians who have long oppressed them.

"Dale Correa!" — "Give them the belt!" — the crowd responded, a play on the candidate's name.

Correa, 43, pledges to cut foreign debt payments and re-negotiate contracts with foreign oil firms to benefit Ecuador's poor majority. A relative political newcomer, he has risen suddenly in the polls in the last two weeks, alarming Washington and Wall Street — not to mention Ecuador's political establishment.

Correa's rhetoric echoes that of other Chavez allies, including President Evo Morales of Bolivia and Ollanta Humala, the nationalist who came close to winning Peru's presidency this year. Last week, Chavez called President Bush "the devil" in a speech to the U.N. General Assembly.

"Calling Bush the devil is offending the devil," Correa told Channel 8 television Wednesday. "The devil is evil, but intelligent."

"I believe Bush is a tremendously dimwitted president who has done great damage to his country and to the world," Correa said.

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Tall, dark-skinned with blue eyes and exuding confidence, Correa has about 27 percent backing in the polls, 7 points ahead of his closest challenger, Leon Roldos, a center-left former vice president. Conservative former Rep. Cynthia Viteri trails a distant third among 13 candidates.

If no candidate wins more than half the vote — or at least 40 percent with a 10-percentage point advantage over the nearest challenger — a runoff will be held on Nov. 26.

In this small Andean nation notorious for its unstable, corrupt politics — Ecuador has had seven presidents in the last 10 years, three of whom were forced from office — Correa is seen as something of an outsider.

Correa "is new, with a dynamic spirit, and I like that," said Franklin Almachi, a 40-year-old Indian merchant from the village of Guaytambo. "He doesn't come off like the rest of the same old" politicians.

Until recently a professor at Quito's San Francisco University, Correa earned his doctorate from the University of Illinois in 2001.

He was a political unknown in April 2005, when he was appointed economy minister. He was forced to resign after four months when he failed to consult the president before publicly lambasting the World Bank for denying Ecuador a $100 million loan.

Since then, Correa has cozied up to Chavez, Latin America's outspoken anti-U.S. crusader. Correa says that in August he dined with Chavez and spent the night at the home of the Venezuelan president's parents.

Chavez — who has been accused of meddling in elections this year in Peru, Mexico and Nicaragua to boost leftist candidates — has made no public statement about Correa or his presidential bid. Correa denies allegations that Chavez is financing his campaign.

Correa describes himself as a man of "Christian leftist" ideals, telling foreign correspondents on Monday that "my political, economic and social thinking is nourished by the sacred writings and social doctrine of the church."

He opposes resuming stalled free-trade talks with Washington and says he would not extend a treaty scheduled to expire in 2009 that lets the U.S. military use Manta air base for drug-surveillance flights.

Correa also says he will cut ties to international lending institutions, including the World Bank and the International Monetary Fund, and has threatened a moratorium on foreign debt payments unless foreign bondholders agree to lower Ecuador's debt service by half.

Correa is even tougher on Ecuador's political class, pledging to hold a constituent assembly to rewrite the constitution to increase the executive branch's power.

His political foes say Correa would ruin the economy. But not everyone familiar with his background agrees.

"My guess is that some of the posture he's taking now is because that's the way he hopes to get elected and win votes," said University of Illinois economics professor Werner Baer, who sat on the committee that approved Correa's doctorate. "Once in power, I doubt that he would be virulently anti-American like Chavez."

Baer described Correa as a top-notch economist, and said he would more likely follow the lead of President Luiz Inacio Lula da Silva of Brazil, who spooked investors with radical discourse as candidate, but once in office "became extremely orthodox in his economic policy."

U.S. Aims To Financially Impair Suspects (AP-Y)

By Jeannine Aversa

AP, September 28, 2006

The Bush administration moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror.

The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them.

Six of the nine people suspected of links to the Revolutionary Armed Forces of Colombia were indicted by a federal court in Washington as part of a narcotics conspiracy, the department said. Those six were: Jose Juvenal Velandia, Jose Lisandro Lascarro, Alvaro Alfonso Serpa Diaz, Gener Garcia Molina, Gerardo Antonio Aguilar Ramirez and Gentil Alvis Patino.

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Also designated was Ferney Tovar Parra, described as a member of the Colombian group, who has been indicted on federal drug trafficking charges in the Southern District of Florida, the department said.

Rodrigo Granda Escobar, an international representative for the Colombian group, and Jesus Emilio Carvajalino, a member of the group's governing body, also were designated, according to the department.

The group also is known by FARC, the acronym for its Spanish name Fuerzas Armadas Revolucionarias de Colombia.

"Today's action exposes key figures in the violent underworld of the FARC, one of the world's largest suppliers of cocaine and a notorious Colombian terrorist organization," said Adam Szubin, director of the Treasury Department's Office of Foreign Assets Control.

Separately, the department acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug trafficking outlet.

The targeted companies are the Tijuana real-estate firms Playa Mar S.A. de C.V; Inmobiliaria Esparta S.A. de C.V.; Inmobiliaria La Provincia S.A. de C.V.; Inmobiliaria Estado 29 S.A. de C.V.; and Inmobiliaria Tijuana Costa S.A. de C.V.

The people targeted included "long-term financial associates" of Aguirre Galindo, including Alberto Afredo Valencia Martinez, Urbano Hernandez Somero and Aguirre Galindo's son, Manuel Francisco Aguirre Ramos, the department said.

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On the Net:

OFAC: http://www.ustreas.gov/offices/enforcement/ofac/

Russia Recalls Envoy To Georgia (WP)

By Peter Finn

The Washington Post, September 29, 2006

TBILISI, Georgia, Sept. 28 -- Russia recalled its ambassador to Georgia on Thursday and warned that it would use "all means available to us" to secure the release of Russian military intelligence officers arrested here Wednesday on charges of espionage.

In New York, the Russian government called an emergency meeting of the U.N. Security Council in an attempt to step up international pressure on Georgia to exercise restraint. But the council decided to defer consideration of a Russian statement on the crisis in Georgia until Friday, following a request by the United States and others.

Russian aircraft were to fly some Russian citizens home Friday.

Georgian police continued to surround Russian military headquarters in central Tbilisi, the Georgian capital, demanding that the Russians turn over another officer who they say is also implicated in spying. Russia has maintained a military presence in Georgia, its southern neighbor, since the fall of the Soviet Union, although all its troops are scheduled to be withdrawn by 2008.

Relations between the two countries have been marked by mutual loathing since President Mikheil Saakashvili came to power here in January 2004 and declared his intention to take Georgia, a former Soviet republic, out of Russia's orbit and into the NATO alliance.

Georgia also accuses Russia of supporting two breakaway regions that are inside the country's internationally recognized borders but have been effectively independent since short, bloody wars in the early 1990s.

On Wednesday, Georgian officials announced that they had arrested four Russian officers -- three lieutenant colonels and a major -- accusing them of attempting to gather classified information on Georgia's cooperation with NATO and on some of its military deployments. The Interior Ministry here said Thursday that it had detained two more Russian servicemen on suspicion of espionage.

After the arrests, barrages of rhetoric about the officers flew across the Caucasus Mountains, which separate the two countries.

"The charges that have been brought against them are moronic and absolutely far-fetched," said Russian Defense Minister Sergei Ivanov, visibly angry as he spoke on Russian television Thursday. "As for the prosecution case, I will not be surprised if they get indicted for planning to steal the sun from the sky."

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Russia's foreign minister, Sergei Lavrov, speaking during a visit to Sakhalin, in Russia's far east, said his government would achieve the men's release "with all the means available to us," according to the RIA Novosti news agency. The Interfax agency said he called the arrests "the latest example of an anti-Russian policy."

Georgian officials continued to insist that they had audio and video evidence of the Russians' involvement in espionage. They also said they had arrested 12 Georgian citizens who were recruited by the Russians.

"We will not allow agents and spies to be on the loose here," said Defense Minister Irakly Okruashvili. "My counterpart, Mr. Ivanov, is irritated because he has found himself in a hot spot as his men have been detained and charged with spying."

Georgia's interior minister, Vano Merabishvili, said, "The files reliably show officers of Russia's Main Intelligence Directorate personally conducting intelligence activities, personally recruiting Georgian nationals, and carrying out unlawful activities."

Merabishvili said the spy ring was led by a Russian who was involved in a car bombing that killed three police officers in the provincial town of Gori in February 2005.

Russian defense officials said the arrested officers had not been posted to the region until the summer. Some Russian lawmakers called for military action to free the officers, but Ivanov said Russia's response would be "sensible and judicious.'

In addition to recalling its ambassador, who will leave Friday, Russia stopped issuing visas to Georgians on Thursday. The Foreign Ministry also said it was ordering the partial evacuation of Russian officials and their families living in Georgia and advising Russian citizens not to travel there.

Saakashvili described the evacuation as "hysteria" and said, "Russian personnel and their families face absolutely no threat here."

Analysts said Russia might also consider some form of sanctions, including a ban on remittances from the many Georgians living and working in Russia. But Russia has already used up much of its economic leverage by banning the import of Georgian wine and bottled water and restricting sales of produce and other products.

"Russia has already used all possible tools of pressure," said Ghia Nodia, chairman of the Caucasian Institute for Peace, Democracy and Development in Tbilisi. "It is believed here that Russia is trying to overthrow the government."

Some Russian analysts said further sanctions were likely. "Symmetrical actions are possible, too -- I mean the arrest of Georgian citizens in Russia," said Boris Makarenko of the Center for Political Technologies in Moscow. "I thought it was almost impossible to make the relations worse. Now it turns out it was possible."

Russia Outraged By Arrest Of 5 Military Officers (LAT)

By Alex Rodriguez

The Los Angeles Times, September 29, 2006

MOSCOW — Russia reacted furiously Thursday to Georgia's arrest of five Russian military officers on spying charges, labeling the action "wild and hysterical" and recalling Moscow's ambassador.

Georgian authorities have not fully explained the charges against the five officers, saying only that the men set up a spy ring that for several years sought information about Georgia's defense capabilities, energy security and efforts to join the North Atlantic Treaty Organization.

The officers were arrested Wednesday in Tbilisi, the capital, and in the Black Sea port of Batumi. Georgian police have cordoned off Russia's military headquarters in Tbilisi, where authorities say a sixth Russian military intelligence officer is hiding to avoid arrest.

The arrests drew condemnations from Russia's top leaders, including Defense Minister Sergei B. Ivanov, who demanded that the officers be released. He called the charges "moronic and absolutely far-fetched…. I would not be surprised if they get indicted for planning to steal the sun from the sky."

The Russian Foreign Ministry said it was concerned about the safety of Russian Embassy workers and their families in Georgia, and would begin a partial evacuation today. A statement on the ministry's website urged all Russians to avoid traveling to Georgia. The Russian Embassy in Tbilisi stopped issuing visas to Georgians planning to travel to Russia.

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Moscow's relationship with Georgia has long been strained, but it worsened considerably with the rise of Georgian President Mikheil Saakashvili, the Western-educated reformist who led the so-called Rose Revolution against President Eduard A. Shevardnadze in 2003.

Saakashvili has turned his small mountainous republic on Russia's southern border into a strong U.S. ally that is pursuing membership in NATO and integration with Europe.

Russia has about 3,000 troops in military bases in Batumi and near the border of Georgia and Armenia, holdovers from the Soviet era. The Kremlin has pledged to shut the bases by 2008.

The officers arrested Wednesday are members of Russia's military intelligence service and do not have diplomatic immunity, Georgian authorities said. At least 10 Georgian nationals accused of working with the officers also were arrested.

Georgian Interior Minister Vano Merabishvili said the men would be formally charged today.

Russia To Grant Cuba $350 Million Credit (AP)

By Andrea Rodriguez

AP, September 28, 2006

Russia agreed on Thursday to grant Cuba credit worth $350 million and restructure some of its recent debt during a visit by Russia's prime minister, officials said. The two countries also signed a military cooperation agreement.

Cuban Defense Minister Raul Castro, who is acting president while his elder brother Fidel recovers from intestinal surgery, gave red-carpet treatment to Mikhail Fradkov, the highest-ranking Russian official to come to Cuba since a visit by President Vladimir Putin in 2000.

Wearing a gray suit instead of his customary military uniform, Castro escorted Fradkov through the halls of Havana's Palace of the Revolution, past rows of soldiers playing Cuba's anthem.

The two met privately and did not speak to the press about the encounter.

But Alexander Bochanov, the press liaison at the Russian Embassy in Havana, said that Russia had agreed to restructure some $166 million of debt acquired in recent years.

The $350 million line of credit will be used to buy Russian goods and services. It is a 10-year loan with annual 4-percent interest, according to Russia's RIA Novosti news agency, which reported that Fradkov said the credit would be used to help modernize Cuba's energy sector and transportation system, reconstruct water conservation facilities and railroads, and design and deliver air navigation systems.

Under an ideological and economic alliance that lasted three decades, Cuba once relied on Soviet Union subsidies for about 20 percent of its gross national product. Its economy has since become more self-sufficient, though it now benefits from strong relations with Venezuela, its current leading trading partner.

Bochanov said Raul Castro and Fradkov did not discuss Cuba's Soviet-era debts with Moscow, which Russian media reports have estimated at more than $20 billion. Havana puts the amount at closer to $11 billion.

Fradkov arrived in Havana late Wednesday as the head of a delegation looking to increase business with Cuba in the aviation, transport and energy sectors.

The group will visit Russia's pavilion at the International Transport Fair taking place in Havana through Saturday. Fradkov will also go to the island's Center for Genetic Engineering and Biotechnology, and is scheduled to meet Friday with Parliament Speaker Ricardo Alarcon.

Relations between Russia and Cuba chilled after the Soviet Union's collapse but warmed with Putin's visit in 2000.

The Caribbean island exports sugar to Russia, as well as vaccines and other products from its advanced biotech industry.

Wary Eye Cast On Abe's 'New Japan' (LAT)

By Bruce Wallace

The Los Angeles Times, September 29, 2006

TOKYO — For those who view Japan's swelling nationalism through suspicious eyes, there is plenty of evidence that the World War II loser is straining at its pacifist shackles.

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New Prime Minister Shinzo Abe has vowed to rewrite Japan's war-renouncing constitution. He yearns for a robust role in world affairs, and has even mused about the possibility of a pre-emptive military strike against North Korean missile sites.

Abe's talk of a "new Japan" also includes a plan to inculcate patriotism in schools and put an end to teaching what he calls a "masochistic" version of Japanese history. His newly minted Cabinet tilts so far to the hawkish side of Japanese politics that Mizuho Fukushima, the opposition socialist leader, has christened it "a Cabinet to prepare for war."

So as Abe took power this week, wary observers warned of a virulent form of nationalism they say is moving into the mainstream for the first time since Japan's defeat in 1945. Those voices came from American and European analysts, not just from China and Korea (the usual suspects, to Abe supporters), where memories of Japan's imperial aggression still burn. When Abe suggested during the summer that it might be necessary to take out North Korea's missile bases in self-defense, South Korea's government spokesman said the declaration "unveiled Japan's expansionist nature."

Is Japan sliding back to the dark days of the militarist 1930s? Are the Japanese really prepared to surrender their breathtaking materialism for the sort of foreign adventures that brought ruin upon their grandparents' generation?

Absurd, the Abe crowd responds.

"No single Japanese person thinks we are going back to that period," says Yoshihide Suga, one of the governing Liberal Democratic Party's most conservative members and someone who was an early Abe ally on the need to take a hard line with North Korea. "Other countries accuse us of going in a militarist direction, but we are just trying to become a normal country."

Those who dispute parallels with the 1930s point out that military spending then was the largest single budget item, whereas now it is less than 1% of Japan's gross domestic product. And unlike the 1930s, Japan no longer has a command economy tailored to the needs of the armed forces, and civilian leaders do not bend to the will of the army and navy.

Yet Abe's supporters do want to roll history's clock back if only as far as 1945. Their quarrel is with the political culture that was thrust on Japan after the war. Their targets are the American-imposed constitution and an accompanying education system they accuse of weakening traditional Japanese values and leading to a morally flabby nation.

"When we mention conservative politics, it is not the same as prewar politics or militarism," says Hakubun Shimomura, deputy chief Cabinet secretary of Abe's new government. "It is not an arrogant nationalism. We are not hostile to other cultures. But we want Japanese people to respect traditional Japanese culture, a culture that goes back more than 2,000 years but which has been weakened in the last 60 years."

It is a recurring theme with this new generation of nationalists. Yes, we got rich under the postwar American umbrella, they say. But the excesses of foreign values also infused an individualistic streak that diluted the social harmony at the core of Japanese society.

Foreigners look upon Japan as a remarkably cohesive society, but conservatives here see runaway egotism. And they complain that it has led to more broken families, a dearth of discipline in schools, youths adrift without jobs or hope — and even children who kill their parents.

And they fret that a rapacious capitalism accompanying globalization is undermining Japan's business culture, which has traditionally been far less cutthroat.

"Abe's stance is that postwar Japan is bad," says Takashi Tachibana, a commentator and author who has written about Japan's prewar intellectual class and is a critic of the new prime minister. Tachibana says Abe sees the constitution and the 1947 basic education law as the underpinnings of a stunted postwar era, "the root of all evils that need to be fixed."

Abe's is not a minority view. Polls show nearly two-thirds of Japanese support a new education law that would require schools to teach patriotism. Although teachers have resisted school board directives ordering them to stand, face the flag and sing the national anthem at school ceremonies, others see patriotic education as simply code for restoring discipline in classrooms gone wild.

Gearing up for a battle to rewrite the education law, Abe has stocked his Cabinet and closest advisors with socially conservative politicians connected to the clamor to restore family values.

The mood is reflected in Japan's popular culture. One of the best-selling books this year has been Masahiko Fujiwara's "Dignity of a State," a lament for the lost values of bushido that the author contends lie at the heart of Japan's national character.

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Better known as the samurai warrior's code, bushido emphasizes a public morality based on virtues such as benevolence, loyalty, respect and honesty.

These values strike a chord in a society wounded by the decade-plus malaise that followed the economic collapse of the 1990s. When the Tokyo office of Warner Bros. was looking for ways to market Hollywood's "The Last Samurai" to a modern young Japanese audience in 2004, it chose to emphasize the vitality of the movie's bushido theme. The film made $115 million in Japan.

"Even though kids didn't know a lot about bushido, it appealed to something in the national DNA," said William Ireton, head of Warner Japan.

Those are just the sort of emotional atmospherics that worry Abe's critics. They note the newfound willingness to question postwar shibboleths such as pacifism and war guilt. And they fear a mass mood could be manipulated into something more sinister, pointing to recent cases of government critics intimidated by threats of violence from right-wing extremists.

Abe's circle dismisses such cases as individual acts, sporadic in nature, and certainly not as savage as the attacks from the hard left in the 1960s and '70s. Its members recall the days of massive anti-American demonstrations and the bombing of industrial targets by left-wing groups.

In fact, they say, right-wing violence is declining, along with the number of groups involved.

Abe and his colleagues represent the backlash to the leftist cultural politics of the postwar era. Shimomura, the deputy chief Cabinet secretary, says he looks back at his schooling and "can tell I was brainwashed by left-wing teachers. When I was a child, I was taught to have a negative view of the Japanese flag and national anthem."

For this generation of conservatives, any existential threat to Japan comes not from resurgent militarism at home but from undemocratic, communist governments in China and North Korea. They worry that Japanese diplomatic instincts have atrophied over 60 years of relying on the pacifist constitution for protection. The Abe crowd is highly critical of the diplomats in the Foreign Ministry, whom they accuse of tiptoeing around North Korean and Chinese sensibilities instead of standing up for Japan.

"The older generation was brainwashed by the postwar pacifist education system, but Abe is a realist who sees the dangers in northeast Asia and understands the delusion of pacifism," says Hideaki Kase, a conservative media commentator. "Japan has been sleeping, and we are waking up to a North Korean nuclear threat and a China that is building its military power and trying to exercise hegemony in Asia.

"Abe has less trust than the older generation in an absolute dependence on U.S. military protection."

To critics, this is just the kind of talk that leads to trouble. The danger, they say, lies in miscalculation, in the hubris that can sink great ambitions.

"It's not that Abe himself is so extreme," Tachibana says. "But when a nation starts taking a strange direction, events can build. No one predicted that the war Japan started against China would spread to all of China and eventually into a Pacific war.

"But it ended up destroying Japan."

Don't Force Democracy In Burma (NYT)

By Thant Myint-U

The New York Times, September 29, 2006

THIS afternoon, the United Nations Security Council will hold its first-ever meeting on Myanmar, also known as Burma. The American ambassador to the United Nations, John Bolton, has pushed hard for this meeting, arguing over Chinese and Russian objections that the situation in Myanmar constitutes a threat to international peace and security and warrants urgent attention.

Recent reports warn of severe human rights abuses, ethnic violence and a looming humanitarian emergency. An intransigent military regime seems unwilling to begin even the first steps toward a democratic transition, and calls from advocates for tougher sanctions and censure of all kinds have become more strident.

But will any of this work? What outside pressure can bring about democratic change? And why, after nearly two decades of boycotts, aid cutoffs, trade bans and diplomatic condemnation, are Myanmar's generals apparently more in charge than ever before? Are we really looking at Myanmar — a country of some 55 million people — in the right way?

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Though interest and concern over Myanmar has mushroomed in recent years, few really understand its history. There is, for example, the myth that Burma emerged, at its independence from Britain in 1948, a rich and promising country only to descend into poverty and violence under the present military regime.

In fact, Burma in 1948 was already at war with itself, a bloody civil war that became one of the longest-running armed conflicts in the world. For more than four decades the Burmese Army battled communist insurgents as well as an array of ethnic rebels and drug warlord militias.

In the course of this civil war, the army learned from the United States, Britain, Australia, Israel and other countries, becoming ever more professional, growing in size and eventually, in 1962, overthrowing the civilian government, in part to prosecute the war without interference from politicians and party politics. Once numbering only 2,000, the Burmese Army is today, at more than 400,000 soldiers, among the biggest and most experienced in the world.

For many on the outside, the story of Myanmar's last 20 years has been one of a pro-democracy movement held down by repression. But the generals see it as a civil war finally coming to an end with the collapse of the communist insurgency in 1989 and the cease-fire agreements, in the late 1980's and early 1990's, between the army and 17 of its remaining battlefield opponents. For the generals, the near conclusion of the war is the very beginning of a long state-building exercise (on their terms), rather than a time to hand over power to the politicians they distrust.

We incorrectly see Myanmar as a "democracy transition" problem, sort of a Velvet Revolution gone wrong. But it actually represents a post-conflict challenge, more like Afghanistan or the war-torn societies of sub-Saharan Africa — and therefore incredibly complex.

And what of sanctions? In 1962, the military's chief, Gen. Ne Win, and his Revolutionary Council sealed off the country, banning almost all external trade and investment, kicking out foreign aid programs, nationalizing businesses, expelling ethnic Indian communities and shutting the door to all tourism. The result was disaster for an already impoverished economy.

And then, in the early 1990's, a new generation of army officers, while shunning meaningful democratic change, wanted an end to the country's international isolation and allowed market-oriented economic reforms, hoping to attract tourism and foreign investment for the first time in decades.

But this was a hesitant move. Some believed the market-oriented reforms were going too far, that the country was opening up too fast. In this context, Western sanctions and boycotts have strengthened the hand of those who oppose even these tentative measures, rather than acting as pressure for more basic political change.

Myanmar is also a country emerging only cautiously from more than 30 years of self-imposed isolation, with a tough military machine and a society brutalized from generations of war. The cease-fires could still unravel, state structures (other than the armed forces) are nearly nonexistent and millions of poor people, long denied access to foreign aid, might soon face more dire conditions. Only the army will do well with more international isolation.

This is all not to say that Myanmar shouldn't be a democracy. Far from it. Only liberal democracy can bring long-term stability to a country as ethnically and culturally diverse as Myanmar. The question is how to go from here to there, leave behind the rhetoric and look for practical measures based on a better understanding of the country's past. As the Security Council takes up Myanmar for the very first time, it would be good to be mindful of Burmese history.

Thant Myint-U is the author of the forthcoming "The River of Lost Footsteps: Histories of Burma."

Clinton And Blair Map A Path Of Change (FT)

By Philip Stephens

Financial Times, September 29, 2006

It is not often that you hear the most accomplished communicators in politics speak from the same platform. It happened this week in Manchester. Tony Blair was saying goodbye to his party. Bill Clinton, the British prime minister's long-time friend and mentor, gave a masterclass in how there can, after all, be life after high office.

Mr Blair's final speech as leader to the annual gathering of the Labour faithful left many in the hall wondering why they were letting him go. True, there has never been great affection between leader and party. He has always been too dismissive of its ideological icons. In recent years, the relationship has been poisoned by Iraq. But his dazzling performance at the podium

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reminded the audience once again just why they have been in power for the past decade. “Thank God he is going”, was the reaction of David Cameron’s Conservatives.

Gordon Brown, Mr Blair’s most likely though not yet certain successor, has his own qualities, not least a solidity that many may find a welcome contrast to some of the celebrity spin of the past few years. But the chancellor will never match Mr Blair’s charm and charisma – nor his easy skill in weaving the myriad complexities of modern life into a persuasive narrative for change.

Mr Brown’s fear must be that he will inherit the crown not by acclaim but by default. There was no shortage of fellow ministers in Manchester ready to conclude that his campaign for the leadership looks unstoppable. There were almost as many voicing doubts that he can beat Mr Cameron, the youthful Conservative leader, in a general election.

The only person who can upstage Mr Blair these days is Mr Clinton. In Manchester, the former US president was careful not to steal the prime minister’s thunder. Instead, in the guise of the visiting kindly uncle, he offered a gentle sermon on the implications for progressive politicians of globalisation. The brilliance lay not so much in the rhetorical construction, but in the simple clarity of the thinking and the deftness of touch and timing.

Mr Clinton has his flaws. In the end, his presidency was defined as much by regret at what might have been as by its achievements. But every time I listen to him, I am reminded of the petty vindictiveness of the Republicans who sought to force him from office because of a tryst with a White House intern.

It was not all schmaltz. Far from it. Messrs Clinton and Blair remain the two leaders who best understand the crucial difference between ends and means in politics. Their electoral success was built in detaching the progressive values of their parties from the outdated and mostly unpopular policies with which they had become fatally entangled.

During the 1990s, the two men redrew the old left-right boundaries by embracing effective economic management as the route to a fairer society. That meant bullying Democratic and Labour colleagues alike into abandoning old shibboleths about the size and purpose of the state as well as positioning the two parties as allies of aspiration as well as compassion.

In those days, Mr Blair dared remind his party that respect for the law was as much a progressive as a conservative value. I seem to recall that Mr Clinton’s reform of the American welfare system to get benefit recipients back to work was excoriated at the time by many in his own party. Now it is lauded for helping to pull hundreds of thousands of Americans out of poverty and dependency.

There are plenty of Democrats, and Labourites, who think the switch from big to active government was change enough. They want a rest. The insight shared by Mr Clinton and Mr Blair is that change must become a permanent feature of centre-left politics. Globalisation has rewritten the rules of the game. In the former president’s description, the choice is not between change and the status quo but between managing change and being washed away by it.

This may sound something of a platitude. But look around Europe or, for that matter, at the Democrats in the US and it has yet to be grasped. Trade protectionism in Washington, a backlash about European Union enlargement in Brussels and defence of the existing social model in Paris, speak to the same delusion: that governments can throw up the barricades against the world beyond.

Only this week we have seen the EU’s decision to admit Bulgaria and Romania raise all sorts of alarms about organised crime, migration and the rest. The assumption is that by keeping them out, the rest of Europe could avoid such threats. But the Union’s borders are porous. By some estimates, fully 90 per cent of the heroin reaching western Europe from Afghanistan comes through Kosovo. Yet Kosovo is probably a decade from membership of the club.

The most interesting part of Mr Blair’s speech covered precisely this ground. The task in the 1990s, he said, had been to prove that sound economics and social justice did not stand in opposition to each other. The challenge now was to show that openness to the opportunities of globalisation can be combined with measures to ensure security, physical and economic, against its threats.

That will not be quite as easy as either of the stars at the Manchester podium made it sound. One of the big consequences of borderless trade and capital flows, instant global communications and mass migration has been a weakening of the nation state. Paradoxically, these same forces lead individual citizens to look to national governments for protection against the new insecurities.

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The challenge to centre-left governments is particularly acute. Nine years of a Labour government in Britain has called a halt to rising inequality. But only just. And all the economic pressures of globalisation are pulling in the opposite direction. None of these circles is easily squared. But, in Mr Blair's characterisation, the bigger mistake would be retreat to the illusory comfort zone of the status quo.

There is something wistful about Mr Clinton these days. It is as if the energy he now invests in efforts to combat disease in Africa and to promote international action on climate change is in part a penance for opportunities missed. For his part, Mr Blair is in no mood for apologies – for Iraq or anything else. That may change when he joins his friend on the international lecture and, I suspect, public service circuit. Either way, I can think of no other two politicians who better describe the realities of the modern world.

Islam And The Pope (NYT)

By Thomas L. Friedman

The New York Times, September 29, 2006

We need to stop insulting Islam. It's enough already.

No, that doesn't mean the pope should apologize. The pope was actually treating Islam with dignity. He was treating the faith and its community as adults who could be challenged and engaged. That is a sign of respect.

What is insulting is the politically correct, kid-gloves view of how to deal with Muslims that is taking root in the West today. It goes like this: "Hushhh! Don't say anything about Islam! Don't you understand? If you say anything critical or questioning about Muslims, they'll burn down your house. Hushhh! Just let them be. Don't rile them. They are not capable of a civil, rational dialogue about problems in their faith community."

Now that is insulting. It's an attitude full of contempt and self-censorship, but that is the attitude of Western elites today, and it's helping to foster the slow-motion clash of civilizations that Sam Huntington predicted. Because Western masses don't buy it. They see violence exploding from Muslim communities and they find it frightening, and they don't think their leaders are talking honestly about it. So many now just want to build a wall against Islam. It will be terrible if Turkey is blocked from entering the European Union, but that's where we're heading, and the only thing that will halt it is honest dialogue.

But it is not the dialogue the pope mentioned — one between Islam and Christianity. That's necessary, but it's not sufficient. What is needed first is an honest dialogue between Muslims and Muslims.

As someone who has lived in the Muslim world, enjoyed the friendship of many Muslims there and seen the compassionate side of Islam in action, I have to admit I am confused as to what Islam stands for today.

Why? On the first day of Ramadan last year a Sunni Muslim suicide bomber blew up a Shiite mosque in Hilla, Iraq, in the middle of a memorial service, killing 25 worshipers. This year on the first day of Ramadan, a Sunni suicide bomber in Baghdad killed 35 people who were lining up in a Shiite neighborhood to buy fuel. The same day, the severed heads of nine murdered Iraqi police officers and soldiers were found north of Baghdad.

I don't get it. How can Muslims blow up other Muslims on their most holy day of the year — in mosques! — and there is barely a peep of protest in the Muslim world, let alone a million Muslim march? Yet Danish cartoons or a papal speech lead to violent protests. If Muslims butchering Muslims — in Sudan, Iraq, Egypt, Pakistan and Jordan — produces little communal reaction, while cartoons and papal remarks produce mass protests, what does Islam stand for today? It is not an insult to ask that question.

Muslims might say: "Well, what about Abu Ghraib, Guantánamo or Palestine? Let's talk about all your violent behavior." To which I would say: "Let's talk about it! But you'll have to get in line behind us, because we're constantly talking about where we've gone wrong." We can't have a meaningful dialogue if we, too, are not self-critical, but neither can Muslims.

Part of the problem in getting answers is that Islam has no hierarchy. There is no Muslim pope defining the faith. There are centers of Muslim learning, in Egypt and Saudi Arabia, but their credibility with the masses is uneven because they're often seen as tools of regimes. So those Muslim preachers with authenticity tend to be the street preachers — firebrands, who gain legitimacy by spewing hatred at both their own regimes and the Western powers that support them.

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As a result, there is a huge body of disenfranchised Sunni Muslims, who are neither violent fundamentalists nor wannabe secularists. They are people who'd like to see a marriage between Islam and modernity. But right now there is little free space in the Sunni Muslim world — between the firebrand preachers and the "official" ones — for that synthesis to be discussed and defined.

I had hoped Iraq would be that space. Whenever people asked me how I'd know if we'd won in Iraq, I said: when Salman Rushdie could give a lecture in Baghdad. I'm all for a respectful dialogue between Islam and the West, but first there needs to be a respectful, free dialogue between Muslims and Muslims. What matters is not what Muslims tell us they stand for. What matters is what they tell themselves, in their own languages, and how they treat their own.

Without a real war of ideas within Islam to sort that out — a war that progressives win — I fear we are drifting at best toward a wall between civilizations and at worst toward a real clash.

Tales From The Crypt (WSJ)

The Wall Street Journal, September 29, 2006

America's fall from the top of the World Economic Forum's latest competitiveness rankings, released this week, drew the usual reactions from the usual suspects. Namely, that the U.S. will continue to slide beyond its new sixth-place position if it doesn't "adopt the Nordic model of high taxes, a generous social safety net and lightly regulated markets," as a Washington Post columnist put it.

Really? Let's take a closer look. As compilers with the Heritage Foundation of the annual Index of Economic Freedom, we think an index can usefully highlight policy successes and shortcomings. But the conclusions depend on the assumptions. In WEF's "Global Competitiveness Report," a key assumption is that balancing the national budget is itself a great good, no matter how it's done.

According to the WEF, this is America's biggest shortcoming: "With potentially open-ended expenditure commitments linked to defense and homeland security, ongoing plans to further lower taxes, as well as other longer-term potential claims on the budget" -- here the authors speculate about global warming -- "the prospects for sustained fiscal adjustment do not seem bright." They also throw in a low national savings rate and the trade deficit to justify the demotion.

This notion that economies rotate on the axis of fiscal deficits is a familiar idea straight from the crypt of the International Monetary Fund. On this reasoning Sweden has a stronger economy than the U.S. Sweden is number three on the WEF list, despite 17% hidden unemployment and a fraction of America's growth in the past decade.

The Nordic countries have improved in recent years, but their prosperity is the result of free-market reforms. And they're not finished: Swedish voters just elected a center-right government that plans to, yes, cut taxes and loosen labor-market regulations. That might cost the Swedes in the next "Global Competitiveness Report," but we'll leave it to them to decide whether the gains from faster growth and fewer jobless -- criteria not considered by the WEF green-eyeshade crowd -- are worth it.

Regarding deficits, the question is how to put a budget back in balance: through expenditure cuts or tax hikes. Keeping spending growth at a rate lower than revenue increases is the way to trim deficits without hurting economic growth. Thanks to the growth spurred by the 2003 tax cuts, U.S. revenues have climbed by some $500 billion in the past two years. Even with spending on a war against radical Islamists, America's budget deficit is heading toward 2% of GDP.

Speaking of fiscal discipline, who does the WEF consider star performers? Meet the Algerian Tiger. By the WEF's methodology, this poor Maghreb country that lost 200,000 lives in a 1990s civil war is tops in terms of budget surplus, national savings, public debt, inflation, interest-rate spread and real effective exchange rate. Hearing this, the millions of Algerians struggling to build better lives in Europe will surely rush home.

The Davos crowd would also, apparently, prefer Canadian and British hospitals over American ones. The U.S. ranks below them in the health-care table, which relied on HIV infection, life expectancy and infant mortality measures. Tell that to the Canadians fleeing south of the border to escape the long lines and poor services offered by their socialized medical system.

The U.S. at least gets credit for setting the standard in higher education, market efficiency, innovation and business sophistication. But the WEF's headline findings give new life to the old wish-fantasy about Europe's economic superiority. If one ignores economic growth, unemployment and per-capita income, as this index does, it almost seems true.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Senate Approves Detainee Bill Backed By Bush (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 29, 2006

Congress approved landmark changes to the nation's system of interrogating and prosecuting terrorism suspects last night, preparing the ground for possible military trials for key al-Qaeda members under rules that critics say will draw stiff constitutional challenges.

The Senate joined the House in embracing President Bush's view that the battle against terrorism justifies the imposition of extraordinary limits on defendants' traditional rights in the courtroom. They include restrictions on a suspect's ability to challenge his detention, examine all evidence against him, and bar testimony allegedly acquired through coercion of witnesses.

The Senate's 65 to 34 vote marked a victory for Bush and fellow Republicans a month before the Nov. 7 elections as their party tries to make anti-terrorism a signature campaign issue. Underscoring that strategy, the House last night voted 232 to 191 to authorize Bush's warrantless wiretapping program, with GOP leaders hoping to add it to their list of accomplishments even though it has no chance of Senate passage before this weekend's scheduled adjournment. On the final wiretapping vote, 18 Democrats joined 214 Republicans to win passage. Thirteen Republicans, 177 Democrats and one independent voted nay.

Democrats resisted both measures and nearly amended the detainee bill to allow foreigners designated as enemy combatants to challenge their captivity by filing habeas corpus appeals with the federal courts. But Republicans held fast, gambling that Democrats will fail in their bid to convince voters that the GOP is sacrificing the nation's traditions of justice and fairness in the name of battling terrorists and winning elections.

"As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats," Bush said after the vote.

With control of both houses possibly at stake this fall, yesterday's debates were often impassioned and deeply partisan. House Majority Leader John A. Boehner (R-Ohio) called Democrats "dangerous." Patrick J. Leahy (Vt.), the ranking Democrat on the Senate Judiciary Committee, said the nation is losing its "moral compass."

The Senate approved the detainee legislation after Bush's allies narrowly fended off five amendments. The vote on final passage drew support from 53 Republicans and 12 Democrats, while 32 Democrats, one independent and one Republican -- Lincoln D. Chafee (R.I.) -- voted nay.

Judiciary Committee Chairman Arlen Specter (R-Pa.) voted for the bill after telling reporters earlier that he would oppose it because it is "patently unconstitutional on its face." He cited its denial of the habeas corpus right to military detainees. In an interview last night, Specter said he decided to back the bill because it has several good items, "and the court will clean it up" by striking the habeas corpus provisions.

The Supreme Court triggered the congressional action by striking down in late June Bush's earlier system for trying suspects in military commissions.

The new bill is designed to legalize military commissions and to clarify interrogation techniques that CIA officers may use on terrorism suspects considered "unlawful enemy combatants," who are granted fewer protections than are prisoners of war. Hundreds of such detainees have been held for several years without trial at the U.S. military base at Guantanamo Bay, Cuba, while others were held at secret prisons overseas.

The new measure, which the House approved 253 to 168 on Wednesday, rejects Bush's earlier bid to narrow U.S. obligations under the Geneva Conventions in the treatment of such detainees. But it grants the executive branch substantial leeway in deciding how to comply with treaty obligations regulating actions that fall short of "grave breaches" of the conventions.

It would bar military commissions from considering testimony obtained through interrogation techniques that involve "cruel, unusual or inhumane treatment or punishment," which the Constitution's Fifth, Eighth and 14th amendments prohibit. The bar would be retroactive only to Dec. 30, 2005 -- when Congress adopted the Detainee Treatment Act -- to protect CIA operatives from possible prosecution over interrogation tactics used before that date.

Yesterday's main drama involved Specter's bid to amend the bill to grant the habeas corpus right to foreign detainees. Habeas corpus appeals -- a legal cornerstone -- allow prisoners to ask a judge to rule on the legality of their detention.

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Specter and his allies said the habeas corpus right must apply to all persons -- including noncitizens -- held in U.S. custody. Most other Republicans said foreigners designated by the military as "unlawful enemy combatants" do not deserve habeas corpus protections.

Specter's amendment failed, 51 to 48. Senate Republicans voting for the habeas corpus amendment were Specter, Chafee, Gordon Smith (Ore.) and John E. Sununu (N.H.). Ben Nelson (Neb.) was the only Democrat who opposed the amendment. Four amendments drafted by Democrats also failed, mostly along party lines.

Republicans, especially in the House, plan to use the military commission and wiretapping legislation as a one-two punch against Democrats this fall. The legislative action prompted extraordinarily blunt language from House GOP leaders, foreshadowing a major theme for the campaign. Speaker J. Dennis Hastert (R-Ill.) issued a written statement on Wednesday declaring: "Democrat Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of MORE rights for terrorists."

GOP leaders continued such attacks after the wiretapping vote. "For the second time in just two days, House Democrats have voted to protect the rights of terrorists," Hastert said last night, while Boehner lashed out at what he called "the Democrats' irrational opposition to strong national security policies."

Democrats tried to deflect such attacks by focusing on the newly released National Intelligence Estimate, partially leaked on Saturday, which concludes that the Iraq war has become a "cause celebre" for terrorists. But Republicans maneuvered their attacks toward that issue as well.

"The Democrats' jubilance with the national intelligence leak over the weekend underscores just how dangerous I think my friends on the other side of the aisle are when it comes to national security," Boehner said yesterday.

Democrats said they will take the high road. "There will be 30-second attack ads and negative mail pieces, and we will be called everything from cut-and-run quitters to Defeatocrats, to people who care more about the rights of terrorists than the protection of Americans," predicted Sen. Barack Obama (D-Ill.). "While I know all of this, I'm still disappointed, and I'm still ashamed, because what we're doing here today -- a debate over the fundamental human rights of the accused -- should be bigger than politics."

Democratic leaders stressed that the attacks will not work. Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, cited polling that he said suggested that matters such as warrantless wiretapping and military commissions are "secondary issues," lagging well behind Iraq in the public's mind. Senate Minority Leader Harry M. Reid (Nev.) said it is "beyond [his] ability to comprehend" how a member of Congress could be accused of supporting terrorism.

But Greenberg Quinlan Rosner, a prominent Democratic polling firm, tried to raise alarms yesterday with the release of focus group findings that suggest that the attacks would work if not countered forcefully. "Attacks on Democrats for opposing any effort to stop terrorists . . . were highly effective," the pollsters' memo stated.

Under the House surveillance bill, the National Security Agency could conduct electronic surveillance of international communications for up to 45 days without a warrant, but the administration would then have to obtain permission from the secret Foreign Intelligence Surveillance Court and, in most cases, would have to notify lawmakers.

But the congressional intelligence committees could recertify any warrantless wiretapping repeatedly, in 45-day increments, without referral to the court. And restraints on the program could be suspended in the aftermath of a terrorist attack or when the president determines that the country is under "imminent threat." The "imminent threat" provision was added at the insistence of the Bush administration.

Senate Approves Broad New Rules To Try Detainees (NYT)

By Kate Zernike

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The Senate approved a measure on Thursday on the interrogations and trials of terrorism suspects, establishing far-reaching rules to deal with what President Bush has called the most dangerous combatants in a different type of war.

The vote was 65 to 34. It was cast after more than 10 hours of often impassioned debate that touched on the Constitution, the horrors of Sept. 11 and the role of the United States in the world.

Both parties also positioned themselves for the continuing clash over national security going into the homestretch of the midterm elections. The vote showed that Democrats believe that President Bush's power to wield national security as a political issue is seriously diminished.

The bill would set up rules for the military commissions that will allow the government to proceed with the prosecutions of high-level detainees including Khalid Shaikh Mohammed, considered the mastermind of the Sept. 11, 2001, attacks.

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It would make illegal several broadly defined abuses of detainees, while leaving it to the president to establish specific permissible interrogation techniques. And it would strip detainees of a habeas corpus right to challenge their detentions in court.

The bill is the same as one that the House passed, eliminating the need for a conference between the two chambers. The House is expected to approve the Senate bill Friday, sending it to the president to be signed.

The bill was a compromise between the White House and three Republican senators who had resisted what they saw as Mr. Bush's effort to rewrite the nation's obligations under the Geneva Conventions. Although the president had to relent on some major provisions, the vote allows him to claim victory in achieving a main legislative priority.

"As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats," the president said in a statement after the vote.

Republicans argued that the new rules would provide the necessary tools to fight a new kind of enemy.

"Our prior concept of war has been completely altered, as we learned so tragically on Sept. 11, 2001," Senator Saxby Chambliss, Republican of Georgia, said. "And we must address threats in a different way."

Democrats argued that the rules were being rushed through for political gain too close to a major election and that they would fundamentally threaten the foundations of the American legal system and come back to haunt lawmakers as one of the greatest mistakes in history.

"I believe there can be no mercy for those who perpetrated the crimes of 9/11," Senator Hillary Rodham Clinton, Democrat of New York, said. "But in the process of accomplishing what I believe is essential for our security, we must hold onto our values and set an example that we can point to with pride, not shame."

Twelve Democrats crossed party lines to vote for the bill. One Republican, Senator Lincoln Chafee of Rhode Island, voted against it.

But provisions of the bill came under criticism from Republicans as well as Democrats, with several crossing lines on amendments that failed along narrow margins.

Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, arguing for an amendment to strike a provision to bar suspects from challenging their detentions in court, said it "is as legally abusive of the rights guaranteed in the Constitution as the actions at Abu Ghraib, Guantánamo and secret prisons were physically abusive of detainees."

The amendment failed, 51 to 49.

Even some Republicans who voted for the bill said they expected the Supreme Court to strike down the legislation because of the provision barring court detainees' challenges, an outcome that would send the legislation right back to Congress.

"We should have done it right, because we're going to have to do it again," said Senator Gordon H. Smith, Republican of Oregon, who voted to strike the provision and yet supported the bill.

The measure would broaden the definition of enemy combatants beyond the traditional definition used in wartime, to include noncitizens living legally in the United States as well as those in foreign countries and anyone determined to be an enemy combatant under criteria defined by the president or secretary of defense.

It would strip at Guantánamo detainees of the habeas right to challenge their detention in court, relying instead on procedures known as combatant status review trials. Those trials have looser rules of evidence than the courts.

It would allow of evidence seized in this country or abroad without a search warrant to be admitted in trials.

The bill would also bar the admission of evidence obtained by cruel and inhuman treatment, except any obtained before Dec. 30, 2005, when Congress enacted the Detainee Treatment Act, that a judge declares reliable and probative.

Democrats said the date was conveniently set after the worst abuses at Abu Ghraib and Guantánamo.

The legislation establishes several "grave breaches" of Common Article 3 of the Geneva Convention that are felonies under the War Crimes Act, including torture, rape, murder and any act intended to cause "serious" physical or mental pain or suffering.

The issue was sent to Congress as a result of a Supreme Court decision in June that struck down military tribunals that the Bush administration had established shortly after the Sept. 11 attacks. The court ruled that the tribunals violated the Constitution and international law.

The White House submitted a bill this month to authorize a tribunal system, setting off intraparty fighting as the three Senate Republicans, Lindsey Graham of South Carolina, John McCain of Arizona and John W. Warner Jr. of Virginia, insisted that they would not support a provision that in any way appeared to alter the commitments under the Geneva Conventions.

Such a redefinition, they argued, would send a signal to other nations that they, too, could rewrite their commitments to the 57-year-old conventions and, ultimately, lead to Americans seized in wartime being abused and tried in kangaroo courts.

The White House and the senators came to their agreement last week.

Democrats and human rights groups objected to changes in the legislation over the weekend, as the House and White House drafted final language, including defining enemy combatants and setting rules on search warrants.

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"We should get this right, now, and we are not doing so by passing this bill," Senator Harry Reid, the Nevada Democrat who is the minority leader, said before the vote. "Future generations will view passage of this bill as a grave error."

Human rights groups called the vote to approve the bill "dangerous" and "disappointing." Critics feared that it left the president a large loophole by allowing him to set specific interrogation techniques.

Senators Graham, McCain and Warner rebutted that vociferously, arguing in floor statements, as well as in a colloquy submitted into the official record, that the measure would in no way give the president the authority to authorize any interrogation tactics that do not comply with the Detainee Treatment Act and the Geneva Conventions, which bar cruel and inhuman treatment, and that the bill would not alter American obligations under the Geneva Conventions.

"The conventions are preserved intact," Mr. McCain promised his colleagues from the floor.

After the vote, Mr. Graham said: "America can be proud. Not only did she adhere to the Geneva Conventions, she went further than she had to, because we're better than the terrorists."

Besides the amendments that would have struck the ban on habeas corpus cases, the others that failed included one that would have established a sunset on the measure to allow Congress to reconsider it in five years and one that would have require the C.I.A. to submit to Congressional oversight.

Another failed amendment would have required the State Department to inform other nations of what interrogation techniques it considered illegal for use on American troops, a move intended to prompt the administration to say publicly what techniques it considers out of bounds.

Senate OKs Detainee Interrogation Bill (AP-Y)

By Anne Plummer Flaherty

AP, September 28, 2006

The Senate on Thursday endorsed President Bush's plans to prosecute and interrogate terror suspects, all but sealing congressional approval for legislation that Republicans intend to use on the campaign trail to assert their toughness on terrorism.

The 65-34 vote means the bill could reach the president's desk by week's end. The House passed nearly identical legislation on Wednesday and was expected to approve the Senate bill on Friday, sending it on to the White House.

The bill would create military commissions to prosecute terrorism suspects. It also would prohibit some of the worst abuses of detainees like mutilation and rape, but grant the president leeway to decide which other interrogation techniques are permissible.

The White House and its supporters have called the measure crucial in the anti-terror fight, but some Democrats said it left the door open to abuse, violating the U.S. Constitution in the name of protecting Americans.

Twelve Democrats sided with 53 Republicans in voting for the bill. Lincoln Chafee, R-R.I., in a tough re-election fight, joined 32 Democrats and the chamber's lone independent in opposing the bill. Sen. Olympia Snowe, R-Maine, was absent.

Sen. Lindsey Graham, R-S.C., who helped draft the legislation during negotiations with the White House, said the measure would set up a system for treating detainees that the nation could be proud of. He said the goal "is to render justice to the terrorists, even though they will not render justice to us."

Democrats said the Republicans' rush to muscle the measure through Congress was aimed at giving them something to tout during the campaign, in which control of the House and Senate are at stake. Election Day is Nov. 7.

"There is no question that the rush to pass this bill — which is the product of secret negotiations with the White House — is about serving a political agenda," said Sen. Edward Kennedy, D-Mass.

Senate approval was the latest step in the remarkable journey that Bush has taken in shaping how the United States treats the terrorism suspects it has been holding, some for almost five years.

The Supreme Court nullified Bush's initial system for trying detainees in June, and earlier this month a handful of maverick GOP senators embarrassed the president by forcing him to slightly tone down his next proposal. But they struck a deal last week, and the president and congressional Republicans are now claiming the episode as a victory.

While Democrats warned the bill could open the way for abuse, Republicans said defeating the bill would put the country at risk of another terrorist attack.

"We are not conducting a law enforcement operation against a check-writing scam or trying to foil a bank heist," said Sen. Mitch McConnell, R-Ky. "We are at war against extremists who want to kill our citizens."

Approving the bill before lawmakers leave for the elections has been a top priority for Republicans. GOP leaders fought off attempts by Democrats and a lone Republican to change the bill, ensuring swift passage.

By mostly party-line votes, the Senate rejected Democratic efforts to limit the bill to five years, to require frequent reports from the administration on the CIA's interrogations and to add a list of forbidden interrogation techniques.

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The legislation could let Bush begin prosecuting terrorists connected to the Sept. 11 attacks just as voters head to the polls, and let Republicans use opposition by Democrats as fodder for criticizing them during the campaign.

"Some want to tie the hands of our terror fighters," said Sen. Christopher Bond, R-Mo., alluding to opponents of the bill. "They want to take away the tools we use to fight terror, to handcuff us, to hamper us in our fight to protect our families."

Democrats contended the legislation could set a dangerous precedent that might invite other countries to mistreat captured Americans. Their opposition focused on language barring detainees from going to federal court to protest their detention and treatment — a right referred to as "habeas corpus."

"The habeas corpus language in this bill is as legally abusive of rights guaranteed in the Constitution as the actions at Abu Ghraib, Guantanamo and secret prisons that were physically abusive of detainees," said Sen. Carl Levin, the top Democrat on the Armed Services panel.

Bush went to Capitol Hill Thursday morning, urging senators to follow the House lead and approve the plan.

"The American people need to know we're working together to win the war on terror," he said.

That didn't stop Sen. Arlen Specter, R-Pa., from offering an amendment that would have restored suspects' habeas corpus rights. It was rejected, 51-48.

The overall bill would prohibit war crimes and define such atrocities as rape and torture, but otherwise would allow the president to interpret the Geneva Conventions, the treaty that sets standards for the treatment of war prisoners.

The legislation was in response to a Supreme Court ruling in June that Bush's plan to hold and prosecute terrorists was illegal.

Bush had determined prior to that ruling that his executive powers gave him the right to detain and prosecute enemy combatants. He declared these detainees, being held at Guantanamo Bay prison in Cuba and in secret CIA prisons elsewhere in the world, should not be afforded Geneva Convention protections.

U.S. officials said the Supreme Court ruling threw cold water on the CIA's interrogation program, which they said had been helpful in obtaining valuable intelligence.

Bush was forced to negotiate a new trial system with Congress. For nearly two weeks the White House and rebellious Republican senators — Graham, John McCain of Arizona and John Warner of Virginia — fought publicly over whether Bush's proposed plan would give a president too much authority and curtail legal rights considered fundamental in other courts.

Under the bill, a terrorist being held at Guantanamo could be tried by military commission so long as he was afforded certain rights, such as the ability to confront evidence given to the jury and having access to defense counsel.

Those subject to commission trials would be any person "who has engaged in hostilities or who has purposefully and materially supported hostilities against the United States or its co-belligerents." Proponents say this definition would not apply to U.S. citizens.

The bill would eliminate some rights common in military and civilian courts. For example, the commission would be allowed to consider hearsay evidence so long as a judge determined it was reliable. Hearsay is barred from civilian courts.

The legislation also says the president can "interpret the meaning and application" of international standards for prisoner treatment, a provision intended to allow him to authorize aggressive interrogation methods that might otherwise be seen as illegal by international courts.

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The House resolution is HR 6166. The Senate bill is S 3930.

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On the Net:

Congress: http://thomas.loc.gov

Terror Detainee Bill Passes Senate, 65-34 (USAT)

USA Today, September 29, 2006

The Senate on Thursday endorsed President Bush's plans to prosecute and interrogate terrorism suspects, all but sealing congressional approval for the legislation. The 65-34 vote means the bill could reach the president's desk by week's end.

The bill would create military commissions to prosecute terrorism suspects. It also loosely describes how CIA interrogators can and cannot treat detainees, granting the president leeway to decide what is legally permissible. Most opponents of the bill focused on portions of the bill that they said denied detainees basic rights. The House passed nearly identical legislation Wednesday by a 253-168 vote and is likely to approve the Senate bill today.

Also Thursday, the House approved a bill that would grant legal status to Bush's warrantless wiretapping program with new restrictions, including requiring Bush to notify intelligence committees and congressional leaders to conduct such wiretaps.

Woodward: Bush hiding truth about Iraq

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The Bush administration is not telling the public the whole story about the level of violence in Iraq and has not acknowledged that its intelligence experts predict "next year, 2007, is going to get worse," Washington Post investigative reporter Bob Woodward has told CBS' 60 Minutes. His interview with correspondent Mike Wallace is due to air Sunday. The report is timed to plug Woodward's next book, State of Denial: Bush at War, Part III, which is to be released Monday. Excerpts from the interview can be found at cbsnews.com.

Bush fires back on intelligence report

Battered by Democrats over the National Intelligence Estimate (NIE) that said the Iraq war had become the "cause célèbre" for jihadists, President Bush fought back, saying Democrats represented the party of "cut and run." Without mentioning them by name, Bush seized on remarks by Rep. Jane Harman, D-Calif., and Sen. Jay Rockefeller, D-W.Va., as evidence of what he called the opposition party's weak resolve on Iraq.

"Democrats offer nothing but criticism and obstructionism and endless second-guessing. The party of FDR (Franklin D. Roosevelt), the party of Harry Truman, has become the party of cut and run," Bush said at a GOP fundraising speech in Birmingham, Ala. "Rather than heed the warnings in the NIE, President Bush politicized this discussion," said Rep. Rahm Emanuel of Illinois, chief of the Democratic Congressional Campaign Committee.

US Senate Backs Detainee Bill (FT)

By Caroline Daniel

Financial Times, September 29, 2006

The US Senate on Thursday night approved new rules for the interrogation of suspected terrorists and for military tribunals, handing a victory to the White House in the face of charges that the proposals were "un-American" and threatened the country's moral authority.

The 65-34 vote means the bill could reach the president's desk by week's end. The House passed nearly identical legislation on Wednesday and was expected to approve the Senate bill on Friday, sending it on to the White House.

The bill will allow the programme of secret prisons operated by the Central Intelligence Agency, restrict some tough interrogation techniques and remove the rights of "enemy combatants" to challenge their detentions in federal courts.

In the debate, John Kerry, Democratic presidential nominee in 2004, warned it would undermine "America's moral authority, blur lines that have for decades been absolute" so that "no speech, no rhetoric, no promise can restore it."

In June, the Bush administration looked on the defensive after the Supreme Court ruled that its military tribunals were unlawful because they did not have congressional approval, and failed to protect detainees.

Since then the White House has exploited the political leverage of the coming midterm election, forcing Republicans to rally round its proposals to show unity on national security.

A turning point came on September 6, when Mr Bush reframed the debate about tribunals by announcing plans to transfer 14 high-profile al-Qaeda suspects, including Khalid Sheikh Mohammed, the alleged mastermind of 9/11 to Guantanamo Bay to await trial. The move transformed an abstruse legal debate into a more personalised one about how to treat those accused of being behind the worst terrorist attack on US soil.

In a speech on Thursday Mr Bush made his most combative and pointed political comments of the campaign. "Five years after 9/11, Democrats offer nothing but criticism, and obstruction and endless second guessing," he said, arguing that "the party of Franklin Delano Roosevelt and Harry Truman" was now "the party of cut-and-run".

Jennifer Daskal, US advocacy director for Human Rights Watch, warned that the rushed bill would have "dramatic implications for the US treatment of detainees. The most disturbing provision is that it takes away the rights of detainees held in US custody to challenge the legality of their detention and from raising claims that they were abused or tortured, even after they have been release from custody".

Senate OKs Detainees Tribunal Bill (WT)

By Charles Hurt

The Washington Times, September 29, 2006

The Senate gave its final approval yesterday for President Bush's proposal for interrogating and prosecuting the terror suspects held at Guantanamo Bay in Cuba, sending the legislation to the White House for Mr. Bush's signature.

Immediately after that vote, the Senate agreed to vote today on the bill to construct 700 miles of fencing along the U.S.-Mexico border. After a week of stalling the bill, Democrats supported the procedural move.

The terrorist tribunal bill, a modified version of a proposal offered by Mr. Bush, passed on an 65-34 vote. Fifty-three Republicans and 12 Democrats voted for the bill. Thirty-two Democrats were joined by Sen. Lincoln Chafee, Rhode Island

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Republican, and Sen. James M. Jeffords, Vermont independent, in voting against the measure. One Republican -- Sen. Olympia J. Snowe of Maine -- did not vote.

"This legislation recognizes that we are a nation at war," said Majority Whip Mitch McConnell, Kentucky Republican. "We are not conducting a law-enforcement operation against a check-writing scam or trying to foil a bank heist. We are at war against extremists who want to kill our citizens, cripple our economy and discredit the principles we hold dear -- freedom and democracy."

Mr. Bush promised to sign the bill.

"I applaud Congress for passing legislation that will provide our men and women in uniform with the necessary resources to protect our country and win the war on terror," he said. "As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats. I look forward to signing this bill into law."

Minority Whip Harry Reid, Nevada Democrat, led most of his caucus in opposing the plan because, he said, it does not provide the terror suspects with enough of the civil rights granted to Americans facing trials in U.S. courts.

"The national-security policies of this administration and Republican Congress may have been tough, but they haven't been smart," he said moments before the vote. "The American people are paying a price for their mistakes."

Voting for the bill, Mr. Reid said, would be a "grave error," and he predicted that it would be found unconstitutional by the Supreme Court.

"The framers of our Constitution understood the need for checks and balances, but this bill discards them," he said.

Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 presidential candidate, joined Mr. Reid in opposing the legislation.

"Democrats and Republicans alike believe that terrorists must be caught, captured, sentenced, punished," she said. "I believe there can be no mercy for those who perpetrated 9/11 and other crimes against humanity, but in the process of accomplishing what I believe is essential for our security, we must hold on to our values and set an example that we can point to with pride, not shame."

Most of the Democrats who bolted their party leadership and voted for the bill either face tough re-election campaigns or hail from Republican-leaning states. The former category includes Sens. Robert Menendez of New Jersey, Debbie Stabenow of Michigan and Joe Lieberman of Connecticut, who all voted to approve the plan.

"We must remember that these detainees are terrorists engaged in an ongoing war against the United States," Mr. Menendez said after the vote. "Therefore, it is important that these terrorists are tried in military commissions that afford a fair and reliable prosecution consistent with our national-security interests. I believe this bill does that."

Mr. Chafee, of Rhode Island, has the opposite political problem. The latest polls have him trailing Sheldon Whitehouse slightly in his re-election battle in one of the nation's most liberal states.

Throughout the day yesterday, Republicans thwarted several amendments, including one that would have granted detainees habeas corpus rights to challenge tribunal decisions in federal court. The passing of any amendment would have derailed the House-passed bill.

Sen. Lindsey Graham, South Carolina Republican, was among those who opposed that amendment.

"I'm going to sleep very good casting my vote," the former Air Force lawyer said. "I think I've got a decent moral compass about what we should be doing to people."

Within minutes of the vote, Republicans issued political attacks on vulnerable Democrats.

"Debbie Stabenow today sided with trial lawyers and terrorists instead of common sense," Brian Walton, a spokesman for the National Republican Senatorial Committee, said after she voted for the amendment. "Stabenow's continued incompetence when it comes to keeping America safe is staggering."

Also yesterday, the House approved the Bush administration's terrorist surveillance program aimed at capturing international communications between terrorist plotters.

"You can't say that you're serious about taking on the terrorists if you stand up here every day and vote 'no,'" said Majority Leader John A. Boehner, Ohio Republican.

The bill passed last night on a near party-line 232-191 vote, with Republicans backing the bill 214-13, and Democrats opposing by 177-18, plus a "no" vote from the chamber's one independent. But the bill has no immediate prospect for approval in the Senate.

Senate Votes To Create U.S. War-Crimes Tribunals For Terrorists (BLOOM)

By James Rowley

Bloomberg, September 29, 2006

By James Rowley

Sept. 28 (Bloomberg) -- The U.S. Senate joined the House in authorizing President George W. Bush to begin military war-crimes trials of suspected terrorists detained at the U.S. Navy Base at Guantanamo Bay, Cuba.

By a 65-34 vote, the Senate approved legislation establishing military tribunals and empowering Bush to set guidelines for aggressively interrogating suspects without violating international prohibitions on prisoner abuse.

Once the House votes to accept technical changes made by the Senate, the measure will go to Bush for his signature. Military prosecutors have prepared war-crimes charges against 10 suspected terrorists seized since the Sept. 11, 2001, attacks on New York and Washington.

``We can tell the world at large" that U.S. detention and interrogation policies ``are not only humane and just but will allow us to protect ourselves from a vicious enemy," said South Carolina Republican Lindsey Graham. ``We are very close to that day coming."

On Sept. 6, Bush announced the transfer of 14 other terror suspects from Central Intelligence Agency prisons to Guantanamo Bay for military trials. They include Khalid Sheikh Mohammed, the alleged mastermind of al-Qaeda's 2001 attacks that killed almost 3,000 people.

The legislation is needed because the Supreme Court invalidated the military commissions Bush had established. The court said the previous tribunals lacked congressional approval and failed to incorporate prisoner protections mandated by the Geneva Conventions.

House Vote

The House passed the legislation yesterday 253-168. House leaders scheduled a second vote tomorrow on the Senate-passed version.

The Senate vote came after the Republican majority defeated a series of amendments, including one that would have preserved the right of more than 200 detainees to go to federal court to challenge their captivity. The amendment was offered by Pennsylvania Republican Arlen Specter, chairman of the Senate Judiciary Committee.

Democrats who supported the amendment said it was needed to avoid trampling on well-established civil liberties and protections. Abridging the right to a court hearing would only invite other nations to deny the same protections to U.S. troops held prisoner in future wars, they argued.

``We are about to put the darkest blot possible on this nation's conscience," said Vermont Democrat Patrick Leahy.

He said the legislation would ``apply to any alien picked up anywhere in the world and suspected of possibly supporting enemies of the United States."

Other Amendments

The Senate also defeated amendments to set a five-year expiration on any military-tribunal order issued by the president and anther requiring the Central Intelligence Agency to report to Congress three times a year on its program to interrogate suspected terrorists in secret overseas prisons.

``There needs to be a comprehensive and accurate accounting of detainees held by the CIA," said West Virginia Democrat Jay Rockefeller, vice chairman of the Senate Intelligence Committee.

The legislation represents a compromise negotiated with the Bush administration after the Senate Armed Services Committee approved an alternative with the support of three Republicans.

Following the panel's Sept. 14 vote, the three Republicans, John Warner of Virginia, John McCain of Arizona and Graham, negotiated a compromise with Bush.

The president dropped his demand that Congress define what constitutes ``humiliating and degrading treatment" of prisoners under the 1949 Geneva Conventions.

Many Rights In U.S. Legal System Absent In New Bill (WP)

By R. Jeffrey Smith

The Washington Post, September 29, 2006

The military trials bill approved by Congress lends legislative support for the first time to broad rules for the detention, interrogation, prosecution and trials of terrorism suspects far different from those in the familiar American criminal justice system.

President Bush's argument that the government requires extraordinary power to respond to the unusual threat of terrorism helped him win final support for a system of military trials with highly truncated defendant's rights. The United States used similar trials on just four occasions: during the country's revolution, the Mexican-American War, the Civil War and World War II.

Included in the bill, passed by Republican majorities in the Senate yesterday and the House on Wednesday, are unique rules that bar terrorism suspects from challenging their detention or treatment through traditional habeas corpus petitions. They allow prosecutors, under certain conditions, to use evidence collected through hearsay or coercion to seek criminal convictions.

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The bill rejects the right to a speedy trial and limits the traditional right to self-representation by requiring that defendants accept military defense attorneys. Panels of military officers need not reach unanimous agreement to win convictions, except in death penalty cases, and appeals must go through a second military panel before reaching a federal civilian court.

By writing into law for the first time the definition of an "unlawful enemy combatant," the bill empowers the executive branch to detain indefinitely anyone it determines to have "purposefully and materially" supported anti-U.S. hostilities. Only foreign nationals among those detainees can be tried by the military commissions, as they are known, and sentenced to decades in jail or put to death.

At the same time, the bill immunizes U.S. officials from prosecution for cruel, inhumane or degrading treatment of detainees who the military and the CIA captured before the end of last year. It gives the president a dominant but not exclusive role in setting the rules for future interrogations of terrorism suspects.

Written largely, but not completely, on the administration's terms, with passages that give executive branch officials discretion to set details or divert from its protections, the bill is meant to provide what Bush said yesterday are "the tools" needed to handle terrorism suspects U.S. officials hope to capture.

For more than 57 months after the 2001 terrorist attacks on the World Trade Center and the Pentagon, Bush maintained that he did not need congressional authorization of such tools. But the Supreme Court decided otherwise in June, declaring the administration's detainee treatment and trial procedures illegal, and ruling that Bush must first seek Congress's approval.

Now Bush has received much of the authority he desired from party loyalists and a handful of Democrats on Capitol Hill. "The American people need to know we're working together," Bush told senators before yesterday's vote.

But Tom Malinowski, the Washington office director for Human Rights Watch, said Bush's motivation is partly to protect his reputation by gaining congressional endorsement of controversial actions already taken. "He's been accused of authorizing criminal torture in a way that has hurt America and could come back to haunt our troops. One of his purposes is to have Congress stand with him in the dock," Malinowski said.

The bill contains some protections unavailable to the eight Nazi saboteurs who came ashore in the United States in 1942 and were captured two weeks later. Six were executed that year after a closed military trial on the fifth floor of Justice Department headquarters. That proceeding was upheld by the Supreme Court in a decision it explained two months after the electrocutions.

Under the new procedures, trials are supposed to be open, but can be closed to protect the security of individuals or information expected to harm national security. Defendants have a right to be present, unless they are disruptive, and a right to examine and respond to the evidence against them. Proof of guilt must exceed a reasonable doubt.

Many constitutional experts say, however, that the bill pushes at the edges of so much settled U.S. law that its passage will not be the last word on America's detainee policies. They predict it will shift the public debate to the federal courts, a forum where the administration has had less success getting its way on counterterrorism policies.

"This is a full-employment act for lawyers," said Deborah Perlstein, who directs the U.S. Law and Security Program at the New York-based nonprofit group Human Rights First.

Former White House associate counsel Bradford A. Berenson, a supporter of the bill and one of the authors of the rules struck down by the Supreme Court, agreed. "Some of the most creative legal minds are going to be devoted to poking holes in this," he said.

Anticipating court challenges, the administration attempted to make the bill bulletproof by including provisions that would sharply restrict judicial review and limit the application of international treaties -- signed by Washington -- that govern the rights of wartime detainees.

The bill also contains blunt assertions that it complies with U.S. treaty obligations.

University of Texas constitutional law professor Sanford V. Levinson described the bill in an Internet posting as the mark of a "banana republic." Yale Law School Dean Harold Koh said that "the image of Congress rushing to strip jurisdiction from the courts in response to a politically created emergency is really quite shocking, and it's not clear that most of the members understand what they've done."

In contrast, Douglas W. Kmiec, a professor of constitutional law at Pepperdine University, said Congress "did reasonably well in terms of fashioning a fair" set of procedures. But Kmiec and many others say they cannot predict how the Supreme Court will respond to the provision barring habeas corpus rights, which he said will leave "a large body of detainees with no conceivable basis to challenge their detentions."

There are other likely flashpoints. In the Supreme Court's June decision overturning previous administration policies, four members of the court who joined the majority opinion said conspiracy is not a war crime. The new bill says it is.

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Georgetown University law professor Neal Katyal said the bill's creation of two systems of justice -- military commissions for foreign nationals and regular criminal trials for U.S. citizens -- may violate the Constitution's 14th Amendment, which requires equal protection of the laws to anyone under U.S. jurisdiction.

"If you're an American citizen, you get the Cadillac system of justice. If you're a foreigner or a green-card holder, you get this beat-up-Chevy version," he said.

Legal Battle Over Detainee Bill Is Likely (LAT)

By David G. Savage And Richard Simon, Times Staff Writers

The Los Angeles Times, September 29, 2006

The Senate approves Bush's plan for military tribunals. Limits on terror suspects' options for appeal could lead to a Supreme Court ruling.

WASHINGTON — The Senate on Thursday approved President Bush's plan to question and try foreign terrorism suspects before military judges — without oversight by the federal courts.

Bush is expected to receive a bill he can sign into law in the next few days, but legal challenges almost assuredly will be pursued against the prosecution process, which the administration considers a key element in its war on terrorism.

The measure's most disputed provision would block foreign prisoners held by the military from turning to the federal courts to end their imprisonment. By preventing detainees from challenging their confinement in court, it sets up a potential constitutional conflict before the Supreme Court.

The Senate by a 51-to-48 vote Thursday rejected a proposal to include this right in the bill establishing rules for the new military tribunal system. The overall bill was then approved, 65 to 34.

The measure is virtually the same as one passed by the House on Wednesday.

The legislative victory for the president came three months after he had suffered a stinging defeat in the Supreme Court. In striking down the plan the White House had devised for putting "unlawful enemy combatants" on trial, the justices ruled that Congress must authorize the process for trying terrorism suspects.

The Republican-led House and Senate not only gave Bush the legal authority he requested, but told the Supreme Court to stay out of the matter, now and in the future.

The bill won passage in the Senate hours after Bush journeyed to Capitol Hill to tell GOP lawmakers that "there's still an enemy out there that wants to do harm to the United States."

Slight differences in the Senate version of the bill mean it must be returned to the House, where it is expected to easily win approval today. Republican leaders then plan to forward the bill to the White House with a ceremony on Capitol Hill, in line with the party's effort to highlight its national security credentials before the November election.

"This legislation will give the president the tools he needs to protect American lives without compromising our core democratic values," Sen. Tom Coburn (R-Okla.) said.

But some lawmakers, Republicans as well as Democrats, called the move to suspend habeas corpus — the demand for legal justification of one's imprisonment — a historic mistake, and one that could cause the entire bill to be struck down.

"This is wrong; it is unconstitutional; it is un-American," said Sen. Patrick J. Leahy of Vermont, the top Democrat on the Senate Judiciary Committee.

The judiciary panel's chairman, Arlen Specter (R-Pa.), said, "Surely as we are standing here, if this bill is passed and habeas corpus is stricken, we'll be back on this floor again" grappling with a future ruling against it by the Supreme Court.

Still, Specter was one of 53 Republicans who joined 12 Democrats in voting for the final bill. Leahy was among 32 Democrats who opposed it, along with one independent and one Republican — Sen. Lincoln Chafee of Rhode Island, who is locked in a tough fight for reelection in his Democratic-leaning state.

California Sens. Barbara Boxer and Dianne Feinstein, both Democrats, voted against the bill.

Civil libertarians said they planned to fight the measure in court.

"Congress is now rubber-stamping a bill that was written by the president and gives the president expansive power to detain without judicial oversight," said Vincent Warren, executive director of the Center for Constitutional Rights in New York. "It will grant the president the privilege of kings…. This unprecedented and expansive suspension of habeas corpus is utterly unconstitutional, and we will challenge it."

Sen. Lindsey Graham (R-S.C.), a military lawyer who helped write the bill, said federal judges should not be permitted to interfere with the military's handling of prisoners.

"I don't believe judges should be making military decisions in a time of war," he said. "To substitute a judge for the military in a time of war on something as basic as who our enemy is, is not only not necessary under the Constitution, it impedes the war effort."

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The privilege of habeas corpus holds a venerated place in English and U.S. law. The U.S. Constitution says, "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

But it has long been unclear whether this right extended to foreign prisoners held by the U.S. military. After World War II, the Supreme Court said German war prisoners did not have a right to file writs of habeas corpus to challenge their imprisonment.

Two years ago, the high court reversed course somewhat in a case brought on behalf of detainees at the U.S. military prison in Guantanamo Bay, Cuba. In Rasul vs. Bush, the justices interpreted a 19th century measure passed by Congress as opening the door for judges to hear claims from prisoners held by the military who say they are "wholly innocent of wrongdoing."

The measure approved by the Senate on Thursday would close that door. The legislation says, "No court, justice or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States [who] has been determined … to have been properly detained as an enemy combatant."

Congress passed a similar restriction in December in the Detainee Treatment Act. But in its decision in June, the Supreme Court interpreted that ban as applying to only new claims, not pending cases that had been filed earlier on behalf of Guantanamo detainees.

Under the new legislation, it would apply to all claims.

It means that detainees at Guantanamo would not be able to challenge their detention there or the rules under which they are tried. However, if a detainee is convicted in a military court, and possibly sentenced to death, he can appeal to the U.S. Court of Appeals for the District of Columbia. If that fails, he could also ask the Supreme Court to review his case.

During the House debate Wednesday, GOP lawmakers made it clear they wanted the bill to prevent the Supreme Court from, in their eyes, hampering the prosecution of suspected foreign terrorists.

"What this does is to say to the Supreme Court, 'We meant what we said when we passed the law a year ago which said [the ban on habeas corpus] should apply to people already in Guantanamo,' " said Rep. Dan Lungren (R-Gold River). "This time we really mean it. Please follow it."

But Specter on Thursday questioned whether Congress could suspend this right.

"The Constitution is explicit in the statement that habeas corpus may be suspended only with rebellion or invasion. We do not have a rebellion or an invasion," he said.

The rules for the military trials established by the new measure would generally follow those proposed by the Bush administration. Prosecutors would be able to make use of "hearsay" evidence and confessions that were obtained through coercion, so long as the military judge believed the evidence was reliable.

It is not clear whether the administration plans to try many of its detainees as war criminals. This summer, only 10 of the more than 700 men who have been held at Guantanamo had been charged with war crimes. And none had been tried when the Supreme Court struck down Bush's plan.

Bush announced Sept. 6 that he had sent 14 "high-value" foreign terrorism suspects to Guantanamo. They had been held in secret prisons run by the CIA. This group include Khalid Shaikh Mohammed, said to be the mastermind behind the Sept. 11 terrorist attacks.

The passage of new bill clears the way for him to be tried. If he were convicted, and possibly sentenced to death, he could appeal his conviction or sentence to the U.S. Court of Appeals for the District of Columbia. If that appeal failed, he could ask the Supreme Court to review his case.

Last week, lawmakers reached a compromise with the president that preserves, at least in principle, the Geneva Convention's ban on inhumane treatment of prisoners.

Closing the debate, Sen. John McCain (R-Ariz.), a prisoner of war during the Vietnam War who helped draft the measure, said the legislation made clear that the U.S. would fulfill its obligations under the Geneva Convention.

In a choreographed exchange Thursday, McCain, joined by Sens. John W. Warner (R-Va.) and Carl Levin (D-Mich.), said the law did not allow the president to modify the Geneva Convention or to weaken the ban on torture and inhuman treatment passed by Congress last year.

As the details of the bill were hammered out in recent weeks in talks between the White House and GOP lawmakers led by McCain, Graham and Warner, Democrats for the most part stood back and watched. But in this week's floor debates, Democratic leaders gave fuller voice to their disagreements with the final product.

"I strongly believe this legislation is unconstitutional," Senate Minority Leader Harry Reid (D-Nev.) said. "It will almost certainly be struck down by the Supreme Court. And when that happens, we'll be back here several years from now debating how to bring terrorists to justice. I am convinced that future generations will view passage of this bill as a grave error."

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Times staff writer Julian Barnes contributed to this report.

Democrats See Strength In Bucking Bush (NYT)

By Carl Hulse

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The Democratic vote in the Senate on Thursday against legislation governing the treatment of terrorism suspects showed that party leaders believe that President Bush's power to wield national security as a political issue is seriously diminished.

The most vivid example of the Democratic assessment came from the party's many presidential hopefuls in the Senate. All of them voted against the bill, apparently calculating that Mr. Bush's handling of Iraq has undercut the traditional Republican strength on national security and will insulate them from what are certain to be strong attacks from Republicans not only this year but also in 2008.

Democratic opponents of the legislation said their political position was driven by a substantive determination that the bill, which creates rules for interrogating and trying terrorism suspects, is fundamentally flawed and a dangerous departure from founding American principles.

"The only reason to worry about the politics of it is if you don't understand it and don't have the guts to stand up and defend your vote," said Senator Christopher J. Dodd, Democrat of Connecticut, who is considering a presidential race.

Over all, 32 Democrats voted against the measure while 12, including some of those in the most difficult re-election fights, backed it. Among the latter was Senator Joseph I. Lieberman of Connecticut, whose perceived support for Mr. Bush has brought him political trouble at home.

It was a stark change from four years ago, when Mr. Bush cornered Democrats into another defining pre-election vote on security issues — that one to give the president the authority to launch an attack against Iraq. At the time, many Democrats felt they had little choice politically but to side with Mr. Bush, and a majority of Senate Democrats backed him.

The Iraq vote of October 2002 was a subtext to the Senate debate on Thursday. Democrats pointed to the situation in Iraq as an example of what can happen when the Bush administration, in the charged atmosphere of an approaching Congressional election, is handed new power by a compliant Congress.

"After four years, the price we are paying is clear for saying to a president and an administration that we would trust you," said Senator John Kerry, Democrat of Massachusetts, whose own vote on the war haunted his 2004 presidential campaign. There is no doubt the vote will be injected into the final weeks of the midterm campaigns. Republicans have been working to draw Democrats into a fight over security legislation. But a division among Republicans allowed Democrats to stay out of the fray until the moment of truth arrived this week.

Within minutes of the vote on the bill in the House on Wednesday, Speaker J. Dennis Hastert of Illinois denounced the Democrats who had voted against it. Mr. Bush echoed him on Thursday, speaking before the Senate voted.

"We must give our professionals the tools necessary to protect the American people in this war on terror, and those in the House of Representatives were wrong to vote against this bill," Mr. Bush told a crowd in Birmingham, Ala.

Democrats know what awaits them.

"I fear," said Senator Hillary Rodham Clinton, Democrat of New York, who is up for re-election this year and who is a possible presidential candidate in 2008, "that there are those who place a strategy for winning elections ahead of a smart strategy for winning the war on terror."

Party strategists have concluded, however, that Democrats can hold their own politically with Republicans on security issues and that voters no longer give Mr. Bush such wide latitude in the fight against terrorism. Democrats believe they can rebut the stinging attack to come by persuading Americans that the tribunal bill was rushed for political reasons and overturned basic rights like the ability to challenge one's incarceration.

"I think most Americans would agree that if somebody is held they should at least be able to respond to the charges," said Senator Barack Obama, Democrat of Illinois. "The fact we don't have that is something that, over time, Americans are going to be embarrassed about."

Yet the minority of Democrats who joined with Republicans in passing the bill again illustrated that the party is unable to speak with one voice on security issues. Senator Ben Nelson of Nebraska, a Democrat up for re-election who often breaks with his party, said he was willing to follow the lead of Senator John McCain, Republican of Arizona, who lent the final legislation his strong endorsement. Mr. McCain is a potential Republican presidential candidate.

"I think people respect Senator McCain on these issues," Mr. Nelson said, "and I think he probably represents the views of a lot of people in Nebraska."

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Four other Democrats facing voters this year — Bill Nelson of Florida, Debbie Stabenow of Michigan, Thomas R. Carper of Delaware and Robert Menendez of New Jersey — voted for the bill. New Jersey's other senator, Frank R. Lautenberg, a Democrat, also supported it. Nine others running for re-election opposed it.

Republicans were surprised by the level of Democratic opposition in both the House and Senate. Some Republicans were predicting a "jail break," an outcome where lawmakers criticize a bill and support proposed changes but then support it at the end. They think Democrats will find it hard to justify their position.

"It is a kind of difficult vote to explain, at least where I come from," said Senator John Cornyn, Republican of Texas.

But Democrats argue they came out on the better end of the terrorism debate this week, with public attention focused on a National Intelligence Estimate that suggested that the war in Iraq was fueling terrorism while other Republican-backed security legislation was tied up in divisions between the House and Senate.

"Republicans thought this would end up in a big roar for them, and it is ending up in a little whimper," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Each party believes it enhanced its political standing this week. The Nov. 7 elections will help determine which one did.

Can The Democrats Beat Bush's Beliefs With Poll Politics? (WSJ)

By Daniel Henninger

The Wall Street Journal, September 29, 2006

When pundits confronting the modern sport of extreme politics want to step back from it all, a favored tactic is to ask: What would a man from Mars think? The spectacle currently on display for the man from Mars is a full-throttle election-year fight over the meaning of national security. The Democrats want voters to view the November election through the fogged and bloody prism of the war in Iraq; Republicans want voters at 30,000 feet with a war on terror spread to the horizon.

We don't need the proverbial man from Mars to assess the fight between Democrats and Republicans over national security. Over the past year, I've exchanged messages with several American soldiers in Iraq, now a planet in our political system, and I asked one recently for his opinion of the political landscape back home. He sounded like he might prefer Mars.

"We are very cut off from big political debates here," he said. "We have access to email and the Internet, but as a ground combat arms guy, my pace precludes the close following of national political news that I enjoyed prior to deploying, so I can't say that these debates weigh heavily on us." Thank God for that.

It is difficult to imagine that the U.S. soldiers in Iraq would regard the political debate back home as measuring up to the seriousness of what they do every day. How would you like to roll out of your bunk in al Anbar province, Mosul or Baghdad on a Sunday morning and read across the top of the local U.S. paper that everything you've done in Iraq for three years has merely made the terrorism threat worse? You just might lose heart a notch, a dangerous thing when fighting a war.

But at this late stage of the campaign, Iraq-as-failure has become the central narrative in the Democrats' strategy. A memo sent out to Democrats last week by Greenberg Quinlan Rosner, a strategy group led by former Clinton pollster Stan Greenberg, discusses Mr. Bush's "failure in Iraq, which energized Democrats and dispirited Republicans." It urges Democrats: "On Iraq, stress Bush/GOP 'mismanagement' and need for a 'new direction.'"

There is general agreement in Democratic circles that the party made a mistake by not confronting the national-security issue more forcefully in 2002 and 2004. Paul Begala cited the two elections on the "Today" show Monday and said al Qaeda is "coming back to get us because of the failed policies of George Bush."

Greenberg Quinlan Rosner says it has polled each element of this strategy, and that the poll numbers suggest public support for these Democratic positions. A poll-certified national-security strategy just might work with the out-of-sorts 2006 electorate. But there was a reason for 2002 and 2004. Those Democrats who did get elected channeled their energies into denouncing the Bush antiterror programs and backing the Lamont Insurrection. So there's a problem with the current hand-the-war-to-us strategy: Their hearts and minds really aren't in it. They don't want the war.

No one doubts that George Bush's war on terror is based in belief and principle. Yes indeed, many Democrats say this is precisely the problem. But voters are going to have to make a net judgment between these two variations on a theme. What's before them?

On the GOP side, they've seen George Bush give three major policy speeches this month, pushing the Bush Doctrine with commitment and consistency. Today Congress may send for his signature the bill he sought on terrorist detainees.

The Democrats are back in the national-security game alright, but the playbook is opinion polling first, with belief a second option. One result is their national-security offensive has taken on a surreal unseriousness.

A fortnight ago, the big political story suddenly became ABC's made-for-television movie, "The Path to 9/11." Out of the woods to dominate the news cycle came the ghosts from the Clinton past -- Sandy Berger, Madeleine Albright -- condemning the film as a slander on their long years before the antiterror mast. Up to this point, Democratic candidates had seemed to be surfing

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smoothly toward control of the House on waves of bad media news out of Iraq. Suddenly they've got to deal with a movie suggesting we're in Iraq because their president failed to pull the trigger on Osama bin Laden.

This sideshow culminated last Sunday morning in a bizarre exchange between Bill Clinton and Chris Wallace of Fox -- Mr. Clinton wagging a familiar finger at Mr. Wallace and accusing the anchorman of smirking at him. Personally, I think Mr. Wallace generally looks bemused, which is a distant, more innocent cousin of the smirk. Bill O'Reilly, now there's a big-league smirk.

Some pundits surmised that the Clinton eruption was planned to rally the liberal base, depressed at the sight of bad Bush's approval rating crawling back above 40%, and rising. This was Bill Clinton so my guess is it was both -- planned and over the top. The fact is, the Democrats found themselves back in Afghanistan with Bill Clinton and Madeleine Albright, rather than where they wanted the news to be, amid Baghdad's bombs. A messy week.

Then came the leaked NIE story in the New York Times this past Sunday. What a bombshell. This would put them back on message: Iraq as failure. But by now it's evident that the whole workweek invested in the National Intelligence Estimate story was a colossal waste of the time devoted to it. What began Sunday as the Times's towering bonfire -- 16 intel agencies and 12 anonymous sources writing off Iraq -- by Wednesday had burned down to embers.

After the White House released the NIE summary late Tuesday afternoon, reporters reading it for the first time on the Web undoubtedly kept hitting the Page Down button on their PCs. This is it!? Three crummy pages that anyone could have boiled down from a Foreign Affairs "Wither Iraq?" symposium.

The Democrats' problem is this: They are trying to beat policy with politics and weaken belief with polls. This may work for Social Security. I don't think it works with war. Don't be surprised if come November, Democrats are still on message -- Iraq as failure -- and still in the minority.

7-Day Stay Granted In Surveillance Case (WP/AP)

By Sarah Karush, The Associated Press

AP, September 29, 2006

DETROIT -- The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal.

U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks.

The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months.

Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati.

The American Civil Liberties Union brought the suit in Detroit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Many of them said they had been forced to take expensive and time-consuming overseas trips because their contacts were no longer willing to speak openly on the phone or because it would be unethical to ask them to do so when the confidentiality of those conversations could not be guaranteed.

Judge Rules Against Surveillance During Appeal (Update4) (BLOOM)

By Margaret Cronin Fisk

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- A U.S. judge rejected a Bush administration request to continue its terrorist surveillance as it appeals her earlier decision that the program is unlawful, while giving the government a week to seek relief from a higher court.

U.S. District Judge Anna Diggs Taylor in Detroit ruled on Aug. 17 that the surveillance, ordered by President George W. Bush after the Sept. 11 attacks, violated the Constitution and federal law. Today the judge rejected the government's bid to put her ruling on hold during its appeal.

Taylor said that to prevent possible harm to the public she wouldn't order the surveillance stopped immediately, instead giving the government a week to get a federal appeals court order allowing continued surveillance. The government filed that request following the hearing. An immediate stop to the program would harm U.S. security, a government lawyer told the judge.

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``The terrorism surveillance program was authorized to close a gap in intelligence," Justice Department attorney Anthony J. Coppolino told Taylor. ``A chilling effect on a small number of communicators speaking with al-Qaeda or suspected al-Qaeda does not outweigh the harm" to the public if the program stops, he said.

In ruling against the government, Taylor said she saw ``no likelihood of the government prevailing on the merits on appeal." The program was challenged by the American Civil Liberties Union and advocacy groups.

Legislation in Congress

The government filed papers with the 6th U.S. Circuit Court of Appeals in Cincinnati after the hearing, asking for a continued delay of Taylor's order to stop the program.

The ACLU and other plaintiffs ``can present no harm comparable to the drastic harm to the nation if the Terrorist Surveillance Program were halted by court order prior to an opportunity for appellate review," government lawyers said.

Congress is considering legislation to authorize the National Security Agency program of wiretapping, without court warrants, international telephone calls between al-Qaeda operatives in the U.S. and overseas. The House plans to vote today on its version, though Republicans said lawmakers weren't likely to reconcile differing proposals before recessing at week's end for the Nov. 7 election campaign.

Coppolino, in asking the judge to allow the surveillance to continue, said that otherwise ``we will immediately incur the risk that some vital intelligence will be lost."

High Stakes

``When the stakes are so great, we ask the court not to override the security judgment of the president and his security advisers," Coppolino said.

ACLU lawyer Ann Beeson urged Taylor not to allow continued surveillance.

``The public interest is served by requiring compliance with the law," Beeson told the judge. She told reporters after the hearing that if the government is allowed to continue the surveillance while appealing Taylor's August ruling, ``the program could continue operations until next summer."

The program was disclosed in December by the New York Times. The ACLU and other advocacy groups sued the NSA the following month, saying the surveillance without court warrants violated their free-speech rights. They said the government should be required to get warrants for the surveillance from a secret court created by the 1978 Foreign Intelligence Surveillance Act.

The government ``can easily obtain FISA warrants for any member of al-Qaeda," Beeson told Taylor today. The government also has the right to conduct warrantless wiretaps for up to 72 hours under the 1978 law, she said.

Not Fast Enough

The government said the program was essential to prevent terrorist attacks in the U.S. ``FISA is a very useful and effective tool, but there are circumstances when even an emergency application" for a wiretap isn't fast enough, Coppolino said at the hearing.

Taylor's Aug. 17 decision rejected the government's argument that the wiretapping was authorized by a congressional resolution empowering Bush to use force following the terrorist attacks. The judge also ruled that the program violated the Constitution's separation of powers among the three branches of government.

After Taylor's ruling in August, both sides agreed the surveillance would continue until today's hearing.

Three days after the wiretapping was disclosed in December, Bush defended the program in a news conference, saying congressional leaders were ``briefed more than two dozen times" about the program. Bush said he ``absolutely" had the power to authorize the wiretaps.

The ACLU's lawsuit called the wiretapping ``a secret government program to intercept vast quantities of the international telephone and internet communications of innocent Americans without court approval." The program disrupted people's ability to ``talk with sources, locate witnesses, conduct scholarship and engage in advocacy," the ACLU said court filings.

The case is American Civil Liberties Union v. National Security Agency, No. 06-10204, U.S. District Court, Eastern District of Michigan (Detroit).

To contact the reporter on this story: Margaret Cronin Fisk in Southfield, Michigan at 2947 or mcfisk@bloomberg.net .

Domestic Spying Program Gets 7-day Extension From Detroit Judge (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, September 29, 2006

The Bush administration's domestic spying program that intercepts international phone calls and e-mails of suspected Al-Qaeda members without court orders can continue for seven more days, a federal judge in Detroit ruled Thursday.

U.S. District Judge Anna Digga Taylor, who declared the National Security Agency's program unconstitutional on Aug. 17 on grounds that it violates Americans' constitutional rights to free speech and privacy, said she would delay enforcement of her decision for seven days to give government lawyers time to ask the U.S. 6th Circuit Court of Appeals for a longer stay.

The Justice Department wanted Taylor to delay enforcement of her order until the appeals court decides whether to uphold or overturn her August decision. The ACLU asked Taylor to reject the government's request.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted client's ability to confer with sources to conduct research, locate witnesses and engage in advocacy.

Coppolino and Taylor traded gentle barbs during Thursday's 30-minute court hearing.

"Your injunction, as far as we can see, was the first time in history that foreign intelligence has been enjoined at a time of war," Coppolino told Taylor.

In rejecting his request for a stay pending the outcome of the appeal, Taylor remarked that the government had failed to cite any steps it had taken to comply with her order.

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Spy Program Gets One-week Extension, Judge Rules (DEN)

By Paul Egan, The Detroit News

Detroit News, September 29, 2006

A federal judge in Detroit who has ruled President Bush's Terrorist Surveillance Program unconstitutional today gave the government one week to get a higher court to say whether the eavesdropping program should be allowed to continue while her decision is appealed.

Under the ruling today by U.S. District Judge Anna Diggs Taylor, the National Security Agency program, under which wiretaps can be obtained without first getting judges to issue warrants, would have to cease next Thursday, unless the U.S. 6th Circuit Court of Appeals decides otherwise.

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., told Taylor today that stopping the program would be "an extraordinarily dangerous thing to do," because the government depends on the program to detect terrorist threats by al-Qaida.

"We respectfully ask the court not to override the national security judgment of the president and his senior advisers while the appeal is pending," Coppolino said.

But Ann Beeson, associate legal director for the American Civil Liberties Union, said if Taylor lifted the temporary stay on her order, it would only mean the president and the government would have to follow the law.

Even without the Terrorist Surveillance Program, the government can obtain unlimited wiretaps outside the United States and can obtain domestic wiretaps without warrants for up to 72 hours under the Foreign Intelligence Surveillance Act, Beeson said.

"The public interest is served first of all by requiring compliance with the law," Beeson said.

Taylor said it is unlikely the government will succeed in its appeal of her ruling that the program violates the First and Fourth Amendments to the U.S. Constitution.

She extended the earlier temporary stay of her Aug. 17 order by one week to give the government time to ask the federal appeals court whether it should grant a stay.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Judge Gives Feds 7 More Days To Wiretap (UPI)

United Press International, September 29, 2006

DETROIT, Sept. 28 (UPI) -- A U.S. federal judge in Detroit gave the Bush administration seven days to seek a longer stay of her order finding warrantless wiretapping unconstitutional.

U.S. Judge Anna Diggs Taylor on Thursday refused the government's request for an indefinite stay, the Detroit Free Press reported. But she agreed to give the Justice Department time to appeal to the U.S. 6th Circuit Court of Appeals.

The National Security Agency began the wiretapping program soon after the Sept. 11, 2001, terrorist attacks. The program became public late last year through an article in The New York Times.

"Monitoring al-Qaida operatives and their confederates remains one of the pre-eminent concerns of the war on terrorism," the NSA argued. "It should be self-evident that suspending those activities -- even in the limited period during which the court of appeals reviews the matter -- would threaten the gravest of harms to the United States and its people."

The American Civil Liberties Union, which brought the suit, argued that allowing the wiretapping to continue could cause grave harm.

House Approves Power For Warrantless Wiretaps (NYT)

By Eric Lichtblau

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The House voted on Thursday to give the president the formal power to order wiretaps on Americans without a court order for 90 days, even as a federal judge in Detroit once again declared the administration's program of wiretapping without warrants to be illegal.

The House approved the surveillance measure, 232 to 191, after rejecting efforts by Democrats and some Republicans to impose greater restrictions on the wiretapping authority.

It appears all but certain that Congress will not reach an agreement on a final surveillance bill before its pre-election recess this week.

Senate Republicans held out hope that they would vote on Friday or Saturday on a bill of theirs that takes a different approach to regulating wiretapping and has the backing of the White House.

Even if the Senate acts this week, lawmakers agreed, there would not be time before the recess for House-Senate negotiators to reach an accord on a final plan, depriving the White House of the chance to sign a bill into law before Election Day.

The legislation took on greater urgency on Thursday after the court ruling in Detroit, as Judge Anna Diggs Taylor of Federal District Court gave the government a week to appeal her decision of Aug. 17 on the wiretapping program or shut it down.

In her earlier ruling, Judge Taylor had found that the surveillance program that President Bush approved after the Sept. 11, 2001, attacks was illegal and unconstitutional, violating First and Fourth Amendment protections by allowing wiretaps on Americans' international communications without a court-ordered warrant.

Judge Taylor reaffirmed that finding after a hearing on Thursday, when she said that she thought it was unlikely that the United States Court of Appeals for Sixth Circuit, in Cincinnati, would overrule her. Her decision, she said, was based on "settled law."

The Justice Department immediately filed an emergency motion with the appeals court, asking it to suspend Judge Taylor's ruling while it considers "the important legal issues" raised by the case, brought by the American Civil Liberties Union. Stopping the program while the appeals court considers it would pose "a drastic risk of harm to the nation," the department said in its filing.

Representative Peter Hoekstra, the Michigan Republican who leads the House Intelligence Committee, said the Detroit ruling "underscores the importance of Congressional approval of legislation to modernize" federal surveillance laws in the fight against terrorism.

The bill that the House passed on Thursday with Mr. Hoekstra's backing formalized the president's authority to act outside the confines of the Foreign Intelligence Surveillance Act. Congress passed that act in 1978 in response to domestic spying on political figures and antiwar protesters.

The bill gives the president the authority to order wiretaps for up to 90 days without a court order on Americans suspected of having ties to terrorists if the president determines there is an "imminent threat" to the United States.

Representative Heather A. Wilson, the New Mexico Republican who wrote the measure, said it would also impose additional Congressional oversight after what she called the administration's "inappropriate" failure to brief the full Intelligence Committees on the surveillance program.

Ms. Wilson said she believed that the bill struck the right balance between giving the government the tools it needed to fight terrorism and protecting the privacy and civil liberties of Americans.

"This is not some drift net," she said.

A bipartisan amendment offered by Representatives Adam B. Schiff, Democrat of California, and Jeff Flake, Republican of Arizona, sought to limit wiretaps without warrants to a maximum of 7 days rather than 90. The amendment would affirm the Foreign Intelligence Surveillance Act as the "exclusive" means of conducting intelligence surveillance.

Mr. Schiff said in an interview that Ms. Wilson's bill would effectively gut the current intelligence law and give the president broad and sweeping authority at the expense of the courts. His effort failed, 221 to 202. Ms. Wilson's measure also faced behind-the-scenes resistance from the Bush administration, which had pressed her to bring the bill more in line with the Senate version to speed a final bill, Senate officials said.

The Senate bill would offer a differing and somewhat broader approach to resolving the issue by submitting the entire surveillance program to the foreign intelligence court for a one-time review of its constitutionality.

Critics of the approach said it would give the president virtually unchecked authority if the program were to be declared legal.

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Senator Arlen Specter, the Pennsylvania Republican who worked out the compromise with the White House, said he saw it as the only viable way to ensure some measure of judicial review over the program.

7-day Stay Granted In Surveillance Case (AP-Y)

By Sarah Karush

AP, September 28, 2006

The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal.

U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks.

The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months.

Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati.

The American Civil Liberties Union brought the suit in Detroit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Many of them said they had been forced to take expensive and time-consuming overseas trips because their contacts were no longer willing to speak openly on the phone or because it would be unethical to ask them to do so when the confidentiality of those conversations could not be guaranteed.

House Set To Vote On Eavesdropping Bill (AP-Y)

By Laurie Kellman

AP, September 28, 2006

To Republicans defending their House majority, a bill to validate President Bush's warrantless wiretapping program is as much about luring Democrats into voting against it as it is about enacting a law.

As Republicans tell it, anyone who votes against legalizing Bush's surveillance and detainee treatment programs is voting to "coddle" terrorists.

"You can't say that you're serious about taking on the terrorists if you stand up here every day and vote no," Majority Leader John Boehner, R-Ohio, told reporters Thursday, as the House prepared to vote on the bill.

"To always have reasons why you just can't vote yes, I think speaks volumes when it comes to which party is better able and more willing to take on the terrorists and defeat them," Boehner said.

The House was scheduled to vote Thursday night on a bill by Rep. Heather Wilson, R-N.M., that would set a legal framework for Bush's warrantless wiretapping program between people on U.S. soil making calls or sending e-mails and those in other countries. Under the measure, the president would be authorized to conduct such wiretaps if he:

_Notifies the House and Senate Intelligence Committees and congressional leaders.

_Believes an attack is imminent, and later explains the reason and names the individuals and groups involved.

_Renews his certification every 90 days.

The Senate also could vote on a similar bill before Congress recesses at the end of the week. Leaders concede that differences between the versions are so vast they cannot reconcile them into a final bill that can be delivered to Bush before the election.

For its part, the White House announced that it strongly supports House passage of its version but isn't satisfied with it, adding that the administration "looks forward to working with Congress to strengthen the bill as it moves through the legislative process."

But with Congress giving Bush the other half of his September anti-terrorism agenda — a bill setting conditions on how terrorism suspects are to be detained, interrogated and tried — Republicans shifted from lawmaking to campaign mode.

After the House voted 253-168 to set rules on tough interrogations and military tribunal proceedings, Speaker Dennis Hastert, R-Ill., was even more critical than Boehner.

"Democrat Minority Leader Nancy Pelosi and 159 of her Democrat colleagues voted today in favor of more rights for terrorists," Hastert said in a statement. "So the same terrorists who plan to harm innocent Americans and their freedom worldwide would be coddled, if we followed the Democrat plan. "

Shot back Pelosi: "I think the speaker is a desperate man for him to say that. Would you think that anyone in our country wants to coddle terrorists?"

She and other Democratic critics of the GOP's September anti-terrorism agenda contend the Republican-written bills make Bush's programs vulnerable to being overturned in court. More broadly, they argue the legislation reflects the White House's willingness to fight the war on terrorism at the expense of civil and human rights.

A Democratic majority in either House would set the balance right, Democrats say. "In 40 days we can put an end to this nonsense," said Sen. Edward Kennedy, D-Mass.

A federal judge in Detroit who struck down the warrantless surveillance program turned aside a government request for an indefinite stay Thursday. U.S. Judge Anna Diggs Taylor said the government could have a week to appeal.

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The House bill is HR 5825; the Senate bill is S 3931.

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On the Net:

Congress: http://thomas.loc.gov

House OKs Expanded Wiretap Program (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 29, 2006

WASHINGTON — The House voted late Thursday to rewrite the nation's domestic wiretap laws, giving President Bush new power to monitor the e-mail and phone records of U.S. citizens during terrorism investigations without having to obtain court approval.

But lawmakers were unlikely to deliver final legislation to the White House before leaving this weekend for the election campaign, a setback for the administration, which has made national security a pillar of its strategy to maintain Republican control of Congress.

The House measure would endorse the once-secret program Bush launched after Sept. 11, authorizing the National Security Agency to monitor international communications between terrorism suspects and people in the U.S. without first obtaining warrants. It would also set new rules for warrantless surveillance during emergencies and give Congress a bigger role in monitoring the surveillance.

The measure was approved, 232 to 191, with 18 Democrats supporting it. Thirteen Republicans opposed the bill.

The action came as the Senate was immersed in approving another Bush priority: legislation setting procedures for trials of military detainees and interrogating terrorism suspects.

Some lawmakers said the Senate could still take up the wiretap issue in a lame-duck session after the Nov. 7 election. Failing that, Bush would be deprived of congressional backing for what he has called one of the administration's most important anti-terrorism programs.

The House and Senate bills generally would expand executive power to conduct warrantless electronic surveillance, but they differ in key respects.

Each bill would change the definition of electronic surveillance so that in most cases warrants would be required only if the communication occurred within the U.S. or if a person in the U.S. was intentionally targeted. If the target was outside the U.S. — as Bush has described his NSA program — then court review would not be required.

That would be a big change from current law, which requires a court order to intercept calls or e-mails into or out of the U.S.

Critics said the bills would greatly expand surveillance of citizens without court approval.

"They would allow more warrantless surveillance of Americans than has ever before been approved by statute in U.S. history," said Lisa Graves, a legislative counsel with the American Civil Liberties Union.

The revisions would alter the 1978 Foreign Intelligence Surveillance Act, or FISA, which created a secret court to handle Justice Department requests for electronic surveillance in terrorism and espionage cases. Bush acknowledged that he had bypassed the court when he ordered the NSA program, saying he had the power under the Constitution to ignore the intelligence statute.

Republicans said Thursday that the act needed updating to reflect new technologies used by terrorists. They portrayed critics as putting the country at risk by refusing to give the administration adequate tools to fight the war on terrorism.

"This bill is reasonable," said Rep. Heather A. Wilson (R-N.M.), its sponsor. "We are trying to modernize the electronic surveillance act of this country, so we are allowing our intelligence agencies to collect the intelligence to keep us safe while also putting in place rules of the road to protect civil liberties."

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Democrats said the legislation abridged civil liberties and invaded the privacy rights of ordinary citizens to be free of unreasonable searches without a court order.

"The president wants to go on a fishing expedition," said Rep. Edward J. Markey (D-Mass.), "but he doesn't want to get a fishing license."

The GOP leadership blocked consideration of amendments to the legislation.

A bipartisan group of House members, including Rep. Adam B. Schiff (D-Burbank) and Rep. Jeff Flake (R-Arizona), had proposed to increase the number of judges who hear wiretap cases and give the administration more time to seek warrants in emergencies.

The action came nine months after the disclosure in media reports that Bush had ordered the NSA to monitor international communications between terrorism suspects abroad and people in this country. The disclosure initially raised broad concern that the administration had violated the FISA law.

On Thursday, Sen. Lindsey Graham (R-S.C.) was skeptical that the NSA bills would be approved in the lame-duck session but said a consensus had developed in Congress "that the program should be authorized by Congress."

Sen. John Cornyn (R-Texas) said he was hopeful that the Senate would take up the NSA bill after the election.

Bush urged Senate Republicans to pass the NSA bill, Cornyn said in an interview outside the Senate chamber.

"There's been a lot of people in Congress who've been complaining that Congress has been left out of its role in this program, and now this bill specifically provides Congress such a role," he said.

"It would be ironic if we didn't pass it."

The House bill would permit warrantless surveillance in the wake of terrorist attacks and in cases where attacks were considered "imminent," so long as the administration notified selected members of Congress. The law now allows for warrantless surveillance for 15 days only when Congress declares war.

The Senate legislation takes a somewhat different tack. It would enable the president to create surveillance "programs" that were approved in advance by the FISA court and could later monitor individuals without another court order.

The Senate bill also includes language that encourages the president to obtain court review of the NSA program but does not require such a review.

The administration's program suffered another setback Thursday when a federal judge in Detroit, who has declared the NSA program unconstitutional, turned down a Justice Department request for an indefinite stay of her ruling.

The Justice Department asked U.S. Judge Anna Diggs Taylor to allow the program to continue pending an appeal.

Taylor denied that request, but she gave the government seven days to seek a stay from the appeals court to allow the program to continue.

"A stay is necessary to ensure that this vital intelligence-gathering program is not interrupted," Justice Department spokeswoman Tasia Scolinos. "We believe there would be a dramatic risk of harm to the nation if the Terrorist Surveillance Program was halted by court order at this point."

Taylor ruled Aug. 17 that the program violates the rights to free speech and privacy under the Constitution.

Belgians Say Banking Group Broke European Rules In Giving Data To U.S. (NYT)

By Dan Bilefsky, International Herald Tribune

The New York Times, September 29, 2006

BRUSSELS, Sept. 28 — The Belgian banking consortium Swift breached European privacy rules when it aided a United States antiterrorism program by providing confidential information about money transfers, Belgium's privacy protection commission concluded Thursday.

"It has to be seen as a gross miscalculation by Swift that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report said.

Swift, or the Society for Worldwide Interbank Financial Telecommunications, has come under scrutiny for participating in a Bush administration program that allows analysts from the Central Intelligence Agency and officials from other United States agencies to search for possible terrorist financing activity among the millions of confidential financial transactions it oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe argue that it has placed American security interests ahead of European civil liberties.

A European Union working group debated this week whether the program violated European banking law and is considering whether an independent auditor should be appointed to prevent possible privacy abuses. It agreed to put off its final report until next month, in part to allow officials in Belgium to weigh in with their own report.

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Presenting the findings of the investigation, Prime Minister Guy Verhofstadt of Belgium said he recognized that sharing data on financial transfers was essential in the global effort to curb terrorism. But he took Swift to task for passing on confidential financial information without adequate safeguards that European privacy rules would be respected.

"Swift finds itself in a conflicting position between American and European law," Mr. Verhofstadt said. "But it should have received stronger guarantees of privacy protection based on European standards — not by American standards, which are not as strong."

Such guarantees should have included stronger safeguards that the information was being used only for terrorism investigations, Belgian officials said.

Under European law, companies are forbidden from transferring confidential personal data to another country unless that country offers adequate protections. The European Union does not consider the United States to be a country that offers sufficient legal protection of individual data.

Swift and officials with the United States Treasury Department, which oversees the program, have insisted that the American government's demands for documents were narrowly tailored and limited. The Belgian investigation found that, at least at the outset of the operation, the American agencies obtained "massive" amounts of information in what it described as a "carpet-sweeping technique" to gather financial transactions from particular countries. The Americans used "a very wide definition of terrorism" in their demands for records before negotiations with Swift led to a narrower definition of what transactions might be relevant, the investigation found.

While Swift did not provide a precise number for the financial transactions that it turned over to American officials, the Belgian investigation said that 2.5 billion records last year alone "could have been the subject of subpoenas."

Swift has defended the transfers on the grounds that it has offices in the United States and that it was meeting its legal obligations by upholding the laws of the United States.

But the commission rejected this argument. It said Swift was still subject to Belgian rules, regardless of whether the data transferred to the American authorities came exclusively from the company's United States subsidiary rather than its global headquarters in Brussels.

Referring to the broad administrative subpoenas issued to Swift by the United States Treasury, the commission said, "Swift should have realized that exceptional measures based on American rules do not legitimize hidden, systemic violations of fundamental European principles related to data protection over a long period of time."

Mr. Verhofstadt said Belgium's privacy protection commission had not moved to take legal action against Swift. Instead, he said, Belgium would push its European Union partners to open talks with the United States on a new agreement on the transfer of financial records to be used in terrorism investigations.

Swift dismissed criticism that it had done anything unlawful, saying it received strong assurances that the data would be used exclusively for terrorism investigations. But the chief executive of Swift, Leonard Schrank, agreed that the United States and Europe needed a common framework to reconcile data protection with the fight against terrorism.

"We need an agreement between the E.U. and the U.S. that recognizes the global threat of terrorism but has a comfort level for those seeking to guarantee data protection," he said. "We are caught between complying with the U.S. and European rules, and it's a train wreck. But what we have done saves lives in the U.S. and Europe and we must not lose sight of that."

He declined to say whether Swift was still transferring such data to the United States, but said the consortium was still obligated to answer subpoenas from the American authorities because it conducted substantial business in the United States.

Belgium Rules Sifting Of Bank Data Illegal (WP)

By John Ward Anderson

The Washington Post, September 29, 2006

PARIS, Sept. 29 -- A secret U.S. program to monitor millions of international financial transactions for terrorist links violated Belgian and European law and will have to be changed, the Belgian government said Thursday.

The decision, announced by Prime Minister Guy Verhofstadt, came as the country's Data Privacy Commission released a 20-page report finding that the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT, had improperly turned over data from millions of global financial transactions to U.S. anti-terrorism investigators.

"It has to be seen as a gross miscalculation by SWIFT that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report says.

Leonard H. Schrank, SWIFT's chief executive, said in a telephone interview that the cooperative "believes we complied with everything and respected to the fullest extent possible the privacy law in Belgium. But the trouble is data privacy laws in Europe are quite difficult to follow. They're not drafted for national security issues."

SWIFT said in a statement that it had relinquished data to the U.S. Treasury Department only after it had been "subject to valid and compulsory subpoenas" from U.S. authorities.

The Belgian ruling is the latest in a string of European complaints about how the United States is conducting global operations against terrorism. European governments, politicians, human rights groups and citizens have also criticized the treatment of inmates at the U.S. prison at Guantanamo Bay, Cuba, the operation of secret prisons by the CIA -- including some reportedly in Europe -- and the CIA's extrajudicial transfers of terror suspects.

Europeans tend to support strong efforts against terrorist groups -- many of their countries have terror cells within their borders, and two, Britain and Spain, have suffered major attacks on their transit systems. But many Europeans believe that U.S. policies go too far and fuel radicalism in the Muslim world.

Belgian authorities announced no plans for legal action against SWIFT, which conveys funds among 7,800 banks in 206 countries and territories. Verhofstadt called the anti-terrorist monitoring "an absolute necessity" and said U.S. and European negotiators should find a way to bring it into compliance with European law.

Asked about the Belgian ruling, U.S. Treasury spokeswoman Molly Millerwise said in an e-mail that the department was "mindful of privacy concerns and for that very reason implemented significant safeguards" for what the department calls the Terrorist Finance Tracking Program.

"The U.S. Treasury Department welcomes the suggestion of the Belgian government to engage in greater dialogue at an EU level on how to make the [tracking program] a more cooperative effort. The dialogue is already underway with our European counterparts; such cooperation can only further our common goals," Millerwise said.

Schrank added, "The message today is that there is a recommendation at long last that says, let's get the E.U. and the U.S. sitting down to get a framework for dealing with national intelligence and counterterrorism and the concerns of data privacy. Border security and data privacy are drawn different in every country, and the politicians have to draw the line."

None of the network's banks had made a privacy complaint in connection with the program, he said. "No one that I am aware of has been harmed in any way. . . . Thousands of lives have been saved" as a result of the program, he said. "Let's not forget that."

The Bush administration has called its secret international banking surveillance program a vital tool in uncovering terrorist networks. When newspapers first reported the program's existence in June, President Bush called the disclosure "disgraceful."

The program was begun without congressional or court approval shortly after the attacks of Sept. 11, 2001. With SWIFT's cooperation, U.S. investigators tapped records from the cooperative's banks, a total of millions of transactions, looking for suspicious patterns and links to terrorists.

A SWIFT spokesman said Thursday that "the status of the program is unchanged."

A European Union working group that oversees data protection is investigating SWIFT's transfers of data and is to release its report in November. After a meeting this week in Brussels, the group said it has "immediate concerns about the lack of transparency which has surrounded these arrangements."

Verhofstadt said SWIFT was "in a conflicting situation between American and European laws." But he said the cooperative "made several evaluation mistakes during the executing of the American subpoenas. From the very beginning, SWIFT should have been aware that fundamental European laws should also be respected."

The prime minister added, "Fundamental differences exist between the E.U. and the U.S.A. concerning legislations and the principles governing the treatment of personal data, mainly in the domain of the level of protection, which is higher in Europe. . . .

"SWIFT is also clearly responsible because they made all the crucial decisions regarding data communication" to the U.S. Treasury, "behind the back of its 7,800 clients."

The report faulted SWIFT for not notifying European authorities of the program from its inception.

SWIFT said its "compliance was legal, limited, targeted, protected, audited and overseen." It added, "SWIFT also did its utmost to comply with the European data privacy principles of proportionality, purpose and oversight."

Belgium, EU To Seek Oversight Of Transfer Of Bank Data To U.S. (WSJ)

By William Echikson And Glenn R. Simpson

The Wall Street Journal, September 29, 2006

BRUSSELS -- Belgium accused a communications network for the global banking industry based here of violating European privacy laws through the "massive, systematic" transfer of personal banking data to the U.S. government for use in a counterterrorism intelligence operation.

The controversy sharpens the conflict between the U.S. and Europe over the degree of enhanced surveillance needed to combat terrorism. Europe, an important staging ground for terrorist operations, has strict protections on collection of various types of personal data that the U.S. says can be vital in preventing attacks.

Since shortly after the Sept. 11 attacks on New York and Washington in 2001, a Belgian company known as Swift has given the U.S. Treasury Department and the Central Intelligence Agency access to billions of financial transactions that flow through a global electronic network it operates on behalf of the world's largest banks. The program was exposed in newspaper reports earlier this year, generating controversy on both sides of the Atlantic.

Belgian and European Union officials will now seek to negotiate a new oversight agreement for the financial-intelligence program, said Belgian Prime Minister Guy Verhofstadt Thursday, adding that Swift had been caught between conflicting European and American laws.

"We wholeheartedly support calls for U.S. and EU authorities to work together to develop an improved framework to reconcile data privacy protections with today's pressing security concerns," Swift Chief Executive Leonard Schrank said Thursday.

Swift's formal name is the Society for Worldwide Interbank Financial Telecommunication. It is a nonprofit cooperative that operates a secure network for the exchange of data on international financial transfers on behalf of nearly 8,000 financial institutions.

The 28-page report by Belgium's privacy commissioner detailed how Swift secretly worked with the U.S. government to track suspected terrorist financial activity, in response to Treasury Department subpoenas that were issued to a U.S.-based data subsidiary.

"It should be regarded as a serious error of judgment by Swift for it to have subjected to monitoring for years, secretly and systematically, a massive quantity of personal data, without sufficient and clear justification and independent controls in accordance with the Belgian and European law," the report concluded.

The criticism comes after concerns raised Tuesday by an EU panel of privacy experts. That group, which is only advisory, expressed "immediate concerns about the lack of transparency" in the program and said it will meet again in November to consider the matter.

Belgian officials confirmed statements by Swift and U.S. officials that there were elaborate safeguards instituted to protect the sensitive data from misuse.

Imam Denies Endorsing Attacks On U.S. (NSDY/AP)

By Michael Hill, Associated Press Writer

Long Island Newsday, September 29, 2006

ALBANY, N.Y. -- Jabbing his finger and speaking emphatically, an imam facing terrorism-related charges told a court Thursday that though houseguests spoke to him about attacking the United States, he never endorsed the idea.

"They came to the wrong person," Yassin Aref said on the witness stand.

Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member, were caught in 2004 in an FBI sting built around a fictitious assassination plot. An FBI informant told them he was an arms dealer and asked Hossain to launder money from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City, according to the federal complaint. They are accused in a 30-count indictment of supporting terrorism.

Prosecutors have used a diary kept by Aref in 1999, when he was living in Syria, to portray him as someone aligned with terrorists. A potentially damning passage comes from that January, in which Aref wrote about hosting two Muslim guests from Libya and Palestine. Aref said there was a discussion about "moving the war to America and Israel," making explosives, and attacking Western targets to gain attention.

Aref had calmly given benign interpretations of previous diary entries under questioning from his lawyer, Terence Kindlon, but he spoke faster and more fervently when this entry flashed on a projection screen in front of the jury.

"I want to explain," he said. This sort of talk was common in Syria at this time and as an observant Muslim he was obligated to allow these two young men to stay at his home as guests, he testified.

"I don't know why they came," he said, "I don't know who sent them."

Pointing his finger at the projection screen as he spoke, he said nowhere in the diary does he say that he agreed with these men, supported their ideas or invited them back to his home. Aref said he listened, but showed no interest in "moving the war to America," a country he has lived in for seven years.

The impassioned mini-filibuster left the stenographer struggling to keep up and seemed to take Kindlon aback. The judge asked Aref to talk slower.

Aref, 36, initially took the stand Wednesday, kicking off the defense on the third week of the men's trial. It was not clear if Hossain also would take the stand.

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Aref, a refugee from the Kurdish region of northern Iraq, worked in 1999 for the Islamic Movement in Kurdistan, while he was an expatriate in Syria. He became entangled in the FBI sting as a witness to the money laundering transactions, which involved $50,000 cash.

Defense Committee Formed For Liberty City Men Charged With Terror Plot (MH)

By Dani Mcclain

The Miami Herald, September 29, 2006

Activists Thursday announced the formation of the "Liberty City 7 Defense Committee" to support a group of local men arrested and charged in June in connection with a terror plot to blow up the Sears Tower in Chicago and federal buildings in Miami.

At a news conference outside federal court in downtown Miami, family members and representatives of several community groups called for the men's release. The seven men are currently being held in federal prison pending a trial in March.

"We conclude that these arrests were wrongful, politically motivated and racially motivated," said Max Rameau of Miami CopWatch, a lead group organizing the defense committee. The seven men in question are black.

Family members of three of the men -- Narseal Batiste, Stanley Phanor and Lyglenson Lemorin -- stood shoulder to shoulder, wearing T-shirts that featured the men's photographs and the words: ``The U.S. government is the real terrorist!"

None spoke to the press. Minerva Vasquez, the wife of Narseal Batiste, said her attorney advised her not to comment.

The activists said the men lacked the financial and organizational capacity to carry out the terrorist plot.

"George Bush's war on terror is now grabbing for straws," said Sushma Sheth, a Miami Workers Center spokeswoman. ``The danger of this fear-mongering is that it's making terrorists out of all of us."

Some speakers repeatedly invoked the names of Jose Antonio Llama and Orlando Bosch, two Cuban-Americans who Rameau said have been openly involved in plots against the Cuban government.

Llama, known as Toñin, told El Nuevo Herald in June that exile groups created a paramilitary organization to execute destabilizing acts in Cuba. Other exiles denounced his statements as false. Bosch, a Cuban exile who lives in Miami, was acquitted in a Venezuelan court of the 1976 bombing of a Cuban jetliner that killed 73 people.

The Liberty City Seven terror case broke June 22 when federal agents rounded up the seven defendants and charged them with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings in five cities, including Miami.

Agents raided the group's Liberty City warehouse, where they combined religious activities with military training. Defense lawyers decried the arrests, arguing their clients were part of an entrapment scheme set up by the federal government's two informants.

BREAKING NEWS: Tuscaloosa Man Arrested By Federal Terrorism Task Force (TUSN)

By Jason Morton, Staff Writer

Tuscaloosa News (Alabama), September 29, 2006

TUSCALOOSA | The man who shot and killed a would-be robber late last year now faces federal allegations of illegally sending money out of the country.

Jack Mohamed S. Mused was arrested Thursday on charges of operating an unlicensed money transmitting business, conspiracy to operate an unlicensed money transmitting business and trafficking counterfeit goods.

Mused, 29, was taken into custody about 8 a.m. today at his place of business, the Raceway convenience store on McFarland Boulevard, authorities said.

Members of the Federal Bureau of Investigation's Joint Terrorism Task Force arrested him, but details regarding what he did to justify the charges are vague.

Dale Miskell, an FBI supervisory special agent for the Birmingham office, said he could not disclose many facts about the case, but confirmed that the allegations center on Mused's transferring money outside the U.S. without a license.

Mused's case originates out of the U.S. Attorney's Office in Monroe, La., which is near where several of the remaining potential suspects reside.

Donald Washington, the U.S. Attorney for the Western District of Louisiana, said additional information regarding Mused's charges would be made available today.

"There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of," Washington said when asked of Mused's possible links to terrorism. "Our case against Mr. Mused will become public tomorrow."

Mused was arrested by Birmingham office's Joint Terrorism Task Force, which includes members of the Jefferson County and Shelby County sheriff's offices, the U.S. Secret Service, Immigration and Customs Enforcement and the Alcohol Beverage Control Board. The FBI also offered a special thanks to the Tuscaloosa and Northport police departments.

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"The government's ability to track to flow of money into and out of the country is vital to our national security," said Carmen S. Adams, special agent in charge of the Birmingham FBI office. "This case is yet another example of the FBI working with our law enforcement partners to aggressively pursue those who use our financial system to conceal and transfer illicit funds."

In January, a grand jury exonerated Mused for killing 19-year-old Eric Dewayne Baggett on Dec. 29, 2005, at Raceway. The investigative panel found that Baggett and another man were trying to rob the store when Mused opened fire.

Reach Jason Morton at jason.morton@tuscaloosanews.com or 205-722-0200.

FBI Arrests Tuscaloosa Man For Illegal Money Transfers (AP)

AP, September 29, 2006

TUSCALOOSA, Ala. (AP) — A Tuscaloosa man who shot and killed a would-be robber late last year was arrested Thursday on charges of making illegal money transfers.

Jack Mohamed S. Mused, 29, was arrested without incident at about 8 a.m. at his place of business, a Raceway convenience store, authorities said.

He was charged with transmitting money without a license, conspiracy to operate an unlicensed money transmitting business and trafficking in counterfeit goods, FBI officials said.

FBI spokesman Paul Daymond said several other people in other parts of the country were also arrested Thursday in relation to this case.

Daymond said he did not know exactly how many other people were arrested or whether they face the same charges as Mused. He declined to reveal the destination of the money transfers or the type of goods involved because the investigation is continuing.

Museds case originates out of the U.S. Attorneys Office in Monroe, La., which is near where several of the remaining potential suspects reside.

"There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of," said Donald Washington, the U.S. Attorney for the Western District of Louisiana. "Our case against Mr. Mused will become public tomorrow."

Mused was arrested by members of the FBI's Joint Terrorism Task Force, which includes local, state and federal agencies.

Daymond said the Joint Terrorism Task Force participates in investigations any time there is any potential link to terrorism. But he said he could not confirm that Mused's activity had a link to terrorism.

In January, a grand jury exonerated Mused for killing 19-year-old Eric Dewayne Baggett on Dec. 29, 2005, at Raceway. The investigative panel found that Baggett and another man were trying to rob the store when Mused opened fire.

Ashcroft Is Denied Immunity In Case (WP)

By Dan Eggen

The Washington Post, September 29, 2006

A federal judge in Idaho has ruled that former attorney general John D. Ashcroft can be held personally responsible for the wrongful detention of a U.S. citizen arrested as a "material witness" in a terrorism case.

U.S. District Judge Edward J. Lodge, in a ruling issued late Wednesday, dismissed claims by the Justice Department that Ashcroft and other officials should be granted immunity from claims by a former star college football player arrested at Dulles International Airport in 2003.

Attorneys for the plaintiff in the civil suit, Abdullah al-Kidd, said the decision raises the possibility that Ashcroft could be forced to testify or turn over records about the government's use of the material witness law, a cornerstone of its controversial legal strategy after the Sept. 11, 2001, terrorist attacks.

Justice Department officials did not respond to telephone messages yesterday seeking comment. A spokeswoman for Ashcroft also did not respond to requests for comment.

Robin Goldfaden, one of Kidd's attorneys at the American Civil Liberties Union, said the case "could be the launching point for more fully documenting how the government is misusing the material witness statute."

The law was intended to give authorities the power to detain witnesses they feared might flee before testifying. But after the Sept. 11 attacks, the government used it to hold 70 men, nearly half of whom were never called to testify in court, according to a study by the ACLU and Human Rights Watch.

Kidd -- a Kansas native who was known as Lavoni T. Kidd before converting to Islam -- was arrested in March 2003 as he prepared to board a flight to Saudi Arabia, where he was planning to pursue a doctorate in Islamic studies. Federal prosecutors claimed he was a flight risk crucial to the prosecution of a fellow University of Idaho student, Sami Omar al-Hussayen.

Kidd was imprisoned for 16 days in three states and then placed under restrictive court supervision for more than a year. But Kidd was never called to testify against Hussayen, who was eventually acquitted of computer-related terrorism charges.

While not deciding on the veracity of Kidd's claims, Lodge, who was appointed to the federal bench in 1989 by President George H.W. Bush, ruled that Ashcroft could be found personally liable in the case because of his role in establishing and enforcing the government's material-witness policies.

Document Seizure Hampers Gitmo Detainees (AP)

By Andrew O. Selsky

AP, September 28, 2006

His ankles chained to the floor of the hearing room, a Saudi detainee hoped to convince three U.S. military officers that he is not a danger to the United States, has no intelligence value and should be released from the Guantanamo Bay prison.

But in his one shot this year at getting out of here, the detainee could not produce letters from his family that he wanted to submit as evidence. They were seized by the military, along with thousands of other documents from detainees, as it investigates whether the suicides of three prisoners in June were assisted or encouraged.

While the letters on their own may not have convinced the panel that the detainee should be released, the hearing shows that the Naval Criminal Investigative Service's confiscation of more than 1,100 pounds of documents is hampering detainees' ability to confront accusations against them.

Correspondence between attorneys and their clients was among the documents seized. Lawyers for detainees say the military is violating attorney-client privilege and exacerbating the isolation of detainees by taking family pictures and other personal items.

A federal judge last week ordered an independent "filter team" to review the paperwork for evidence of complicity in the suicides. Irrelevant and protected documents must be returned to detainees, the judge ruled.

Defense attorneys are bitter.

"Attorneys working at Guantanamo have never believed they could tell clients with certainty that attorney-client communications are truly confidential," lawyer Joshua Colangelo-Bryan told The Associated Press in an e-mail. "Now that the government has admitted to reviewing the legal materials of many detainees, it is obvious that these concerns were well founded."

Patricia A. Bronte, another attorney, said detainees will now have a harder time trying to clear themselves.

"I believe that their ability to present evidence in their defense, already severely circumscribed, will be further harmed," Bronte said. "It was a minor miracle for the detainee to even obtain some letters in support of his claim of innocence. For the NCIS to then confiscate the evidence from him ... just illustrates the unfairness of the whole proceeding. "

At his appearance last week before the Administrative Review Board, the 22-year-old Saudi detainee — who is not allowed an attorney for the hearing and instead is assigned a military representative — told the presiding Marine colonel and two other board members that he had come empty-handed.

"I tried to bring the letters, but they took them away from me," he told the officers sitting at a table some 10 feet away, an American flag thumb-tacked to the speckled-tile wall behind them. Reporters from The Associated Press and three other news organizations attended the hearing. Under media ground rules, the detainee and board participants could not be identified.

The hearing, held in a small room inside a trailer in the detention center, provides a rare glimpse into the issues the military wrestles with in recommending whether a detainee should continue to be held or sent away.

Most detainees have been skipping the annual hearings, officials said, reflecting skepticism that the encounters will result in their release.

About 460 detainees are currently at Guantanamo, including some held for more than four years. Only 10 have been charged with crimes, but about 315 others have been released or transferred to detention in their home countries, military officials said.

Bronte said it is was too early to judge how wide-reaching the effects of the document seizures are.

"Prisoners' lawyers are not allowed to attend the ARB proceedings and can only find out about them through their clients," she said. "Because of the restrictions on attorney-client communications, this can be weeks or months after the fact."

Sitting on an office chair with his manacled hands resting in his lap, the bearded prisoner openly acknowledged he had gone to Afghanistan before the Sept. 11, 2001, attacks to fight the Northern Alliance. The alliance was battling Afghanistan's hard-line Islamic rulers, the Taliban. But he insisted he never wanted to kill Americans.

"After Sept. 11, there was talk about the United States entering Afghanistan, but I never thought of fighting the United States," the detainee, wearing baggy white pants and a white cotton shirt, said in a soft voice. White is reserved for compliant detainees; others wear orange.

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He acknowledged he receiving training in firing a pistol, assault rifle and a rocket-propelled grenade in the Arab-run Al Farouq training camp in Afghanistan. He said he also was once shown a surface-to-air missile in Afghanistan, but never received training on the SAM-7. He was captured near the Afghan-Pakistan border, according to military records.

U.S. interrogators, tasked with uncovering plots against the United States and determining if a detainee is a security risk, have repeatedly asked questions about surface-to-air missiles, the detainee said.

A clerk, reading from the record, said the detainee has denied knowing of any plans to attack U.S. aircraft at Prince Sultan Air Base in Saudi Arabia. It was unclear why interrogators pursued that line of questioning. Parts of Administrative Review Board hearings and documents are classified, closed to detainees and the press.

The detainee said he wanted no more queries about surface-to-air missiles, believing that each new set of interrogators was not being told the topic has already been covered.

"Could you write that down, that I didn't train in that weapon," he asked the board president.

"I will personally tell the interrogators that you said this," the colonel responded.

The Marine told the detainee the board tried to get his letters from the Navy investigators. He invited the detainee to recount for the record what the letters said.

The detainee said family members noted he was only 17 when he went to Afghanistan and was innocent. He declined to describe the letters in depth.

"I prefer to wait until you have the letters in your hands so you can see them with your own eyes," he said.

Canadian Police Official Apologizes For Mistakes (WP)

By Doug Struck

The Washington Post, September 29, 2006

TORONTO, Sept. 28 -- Canada's top Mountie apologized Thursday for the "terrible injustices" done to a Canadian Muslim spirited to Syria and tortured for 10 months on false suspicions of terrorist ties. Critics of the government demanded that the prime minister offer his own apology.

Giuliano Zaccardelli, commissioner of the Royal Canadian Mounted Police, directed his remarks to Maher Arar, 36, who four years ago was detained at a New York airport and delivered to a Syrian prison by U.S. agents. Those agents were working on false information given to them by Canada.

"Mr. Arar, I wish to take this opportunity to express publicly to you and to your wife and to your children how truly sorry I am" for RCMP actions that led to "the terrible injustices that you experienced and the pain that you and your family endured," Zaccardelli said, testifying before a parliamentary committee.

The remarks on the Arar case were Zaccardelli's first since a judicial inquiry on the controversy was released Sept. 18. The inquiry found that RCMP agents had given exaggerated and often flat-out false reports to U.S. intelligence agents, suggesting that Arar had terrorist connections and was the subject of a terrorist investigation. In fact, the exhaustive inquiry found, he was an innocent computer programmer.

The United States sent Arar to Syria as part of its "extraordinary rendition" program, in which terrorist suspects are secretly dispatched to other countries, some of which are known to torture prisoners and practice brutal interrogation methods. U.S. officials have not acknowledged Arar's innocence or any wrongdoing on their part.

Political critics excoriated Canadian Prime Minister Stephen Harper on Thursday for balking at extending the same apology made by the RCMP commissioner. The House of Commons unanimously voted last week that "apologies should be presented" to Arar. But Harper's government has said any such formal expression from the government must be part of a negotiated settlement to compensate the father of two children, ages 9 and 4.

"Canada owes a moral debt to Mr. Arar and his children," Marlene Jennings, a Liberal Party lawmaker from Quebec, said in debate in the House of Commons. "The Conservative government has yet to apologize. Surely compassion is not a matter of negotiation."

"The government agrees that Mr. Arar was the victim of a great injustice," responded Jason Kenney, the Conservative Party parliamentary secretary to Harper. "But we have a responsibility to the taxpayers to ensure that the result will be responsible financially."

Arar returned to Canada after his imprisonment in a coffin-size dungeon in Syria and has campaigned to clear his name.

US Fuels Pakistan Bounty Market (FT)

By Tom Burgis

Financial Times, September 29, 2006

DOJ_NMG_0071122

Bounties offered by the US for suspected terrorists have created a black market in abductions in Pakistan, according to a report published on Wednesday.

People have been seized by Pakistani police, border guards and bounty hunters eager to claim rewards offered for suspected terrorists, evidence compiled by human rights organisation Amnesty International shows.

Many were handed to Pakistan's Inter-Services Intelligence, which in turn passed at least 369 detainees to American operatives, writes Pakistan's president, Pervez Musharraf, in his book In the Line of Fire, also published this week. Amnesty's report says people abducted in Pakistan account for about two-thirds of the 759 past or present inmates at Camp X-Ray, the US military prison at Guantánamo Bay, Cuba.

The report – "Pakistan: human rights ignored in the 'war on terror'" – found "hundreds of people have been arbitrarily detained".

Incentives for bounty hunters came in leaflets dropped from American aircraft after the invasion of Afghanistan in November 2001 and recovered by locals and reporters. Rewards included $5,000 (€4,000, £2,700) for information on al-Qaeda or Taliban fighters and up to $25m for alleged terrorist masterminds such as Khalid Sheik Mohammed.

The CIA on Thursday declined to comment. The State Department did not respond to repeated requests from the FT for a comment. A Pentagon spokesman said: "The rewards programme is effective in helping to protect Americans and citizens around the world from terrorists, including those who harbour or aid the enemy."

Professor Shaun Gregory, a UK expert on Pakistani security at Bradford University's Department of Peace Studies and a visiting fellow at Islamabad's Institute for Strategic Studies, Pakistan's leading military think-tank, said leaflets dropped in Afghanistan spread into Pakistan.

The market in abductees was at its most frenetic in late 2001, Amnesty said. Pakistan's security services continue to deny the existence of such detainees when pressed by relatives of the disappeared. The bounty trade "is the logical working-through of the notion that the CIA will pay for 'bad guys'," Prof Gregory said.

Prisoners in Pakistani jails have allegedly been "groomed" to appear more like potential terrorists before being sold to American personnel, Angelika Pathak, one of the report's authors, told the FT.

Mark Denbaux, professor of law at Seton Hall University law school, New Jersey, and a lawyer representing two Guantánamo detainees, said his client, Rafiq Alhami, a Tunisian Arab resident in Afghanistan, was bundled into a van during a medical visit to Pakistan in late 2001.

Mr Alhami, 40, a honey broker with a heart condition, believes his captors were paid a bounty, Prof Denbaux said. He remains in Camp X-Ray, not charged with any offence.

Gen Musharraf writes that since the September 11 2001 attacks his agents have rounded up hundreds of suspected terrorists: "Some are known to the world, some are not. We have captured 689 and handed over 369 to the United States.

"We have earned bounties totalling millions of dollars. Those who habitually accuse us of 'not doing enough' on the war on terror should simply ask the CIA how much prize money it has paid to the government in Pakistan."

Western diplomats said the allegations would dent the image of martial democrat cultivated by Gen Musharraf, who dined with President George W. Bush and Hamid Karzai, the Afghan president, on Wednesday. The guests, who blame each other for the Afghan insurgency, refused to shake hands.

Gen Musharraf arrived in London on Thursday, and spent the afternoon with Tony Blair, the prime minister. On Friday he will address the Oxford Union.

HOMELAND RESPONSE:

FBI Denies Overestimating Anthrax Power (WP/AP)

By Michael J. Sniffen, The Associated Press

The Washington Post, September 29, 2006

WASHINGTON -- The FBI denied Thursday that it ever overestimated the potency of the anthrax spores used in mailings that killed five people in 2001.

The bureau also rejected a request for a classified briefing on the case from Rep. Rush Holt, D-N.J. Citing media reports, Holt said Wednesday that the FBI should have determined in days, not years, that the anthrax was less sophisticated than initially believed.

Shortly after the attacks, media reports said the spores contained additives and had been subjected to sophisticated milling _ both techniques used in anthrax-based weapons _ to make them more lethal. Earlier this month, there were media reports that the FBI belatedly learned that those techniques were not used and the anthrax was not enhanced.

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Bureau officials say the early reports of weaponized anthrax were misconceptions, and the more recent reports misunderstood how early the FBI was able to accurately analyze the spores.

"The FBI and its partners in this investigation have never been under any misconceptions about the character of the anthrax used in the attacks," Assistant FBI Director Eleni P. Kalisch wrote Holt on Thursday. "On the contrary, since the earliest months of this investigation, we have consulted with the world's foremost scientific experts on anthrax and relevant bio-forensic sciences, both inside and outside the FBI. While there may have been erroneous media reports about the character of the 2001 anthrax, the FBI's investigation has never been guided by such reports."

In a letter Wednesday to FBI Director Robert Mueller, Holt had requested a classified briefing on the investigation.

Kalisch rejected that request on two grounds:

Although Holt and other members of Congress got updates and briefings in 2002 and 2003, Kalisch said the FBI and Justice Department decided to stop briefing members of Congress after sensitive investigative information was reported in the media citing congressional sources.

Because this is a criminal investigation rather than an intelligence activity, a briefing of the House Intelligence Committee, of which Holt is a member, would be inappropriate, Kalisch wrote.

In an interview, Holt responded, "The inference that any member of the intelligence committee was the source of previous leaks is outrageous, irresponsible and without foundation."

The case "clearly falls within the purview of the intelligence committee," Holt added. "Our job is to see that the government functions well and in the anthrax investigation our government has not functioned well."

In 2001, anthrax contamination was found in mail facilities in and near Holt's central New Jersey district and in his office on Capitol Hill.

Holt had written Mueller that the FBI's delay in determining what kind of anthrax was used meant that "resources were diverted and countless agents wasted their time investigating a small pool of suspects, instead of the broader search we now know was needed."

The FBI has conducted 9,100 interviews and issued 6,000 subpoenas in the case.

Holt asked Mueller to have Douglas Beecher, a scientist in the FBI's Hazardous Materials Response Unit, testify before the House Intelligence Committee.

In April, Beecher wrote an article published in a scientific journal in August saying there was "a widely circulated misconception" that the anthrax spores were made using additives and sophisticated engineering akin to military weapons production.

The anthrax attacks, in the days after Sept. 11, 2001, killed five people across the country and sickened 17. There were five confirmed anthrax infections and two suspected cases in New Jersey but no fatalities.

Security Budget To Include Cargo Pact (WSJ)

By David Rogers

The Wall Street Journal, September 29, 2006

WASHINGTON -- A $34.8 billion homeland security budget neared final passage in Congress, and House-Senate negotiators predicted agreement on a companion measure to better protect American ports and U.S.-bound cargo.

After days of stalemate, Republican leaders cleared the way last night for House approval today of the homeland measure, which includes $1.8 billion in emergency funds to help burnish the party's image on border security and fighting illegal immigration.

Also under the package, the government is given new power to regulate the safety of high-risk chemical plants that might be targets for terrorists. Republicans hope that the port-security legislation -- taking final shape last night -- will be a third feather in their cap going into the midterm elections.

With House members slated to go home tonight speed is essential, and critics complained that the legislative exercise is more for political show. Rail and transit security provisions, added by the Senate, were largely scuttled under the proposed agreement. And while the bill authorizes annual funding of $400 million in federal grants to improve port security, the actual appropriations for the new fiscal year that begins Oct. 1 are about half that.

The port legislation is viewed as an important first step toward tightening inspections at home and abroad for U.S. bound cargoes. By the end of 2007, the Homeland Security Department would be required to deploy sufficient radiation detection equipment to screen all shipments through the nation's 22 busiest seaports. A pilot program would be established in three foreign seaports to test integrated scanning systems, and a variety of steps are outlined to improve track ships heading to U.S. waters and better identify crew members.

While the primary focus is on preventing attacks, there is a tacit acknowledgement that disruptions could yet come. And the bill requires the establishment of protocols for the resumption of trade and port operations after a security incident.

Port security became more of a political issue this spring after Dubai Ports World's venture into the American market. Rep. Peter King (R., N.Y.), chairman of the House Homeland Security Committee, was among the early critics of that deal, and he urged his colleagues last evening to accept the compromise. "We do want to get a bill," he said. "We don't want the perfect to be the enemy of the good."

His Senate counterpart, Sen. Susan Collins (R., Maine), who chairs Senate Homeland Security and Governmental Affairs Committee, was also hopeful that the bill could be enacted before senators leave this weekend. "This legislation will make a real difference," she said.

In the case of the $34.8 billion homeland security budget bill, a House-Senate agreement had been reached Monday evening but then ran into strong objections from powerful Republicans because of provision impacting post-9/11 border-crossing rules requiring a new passport card for U.S. citizens.

House Judiciary Committee Chairman James Sensenbrenner (R., Wis.) was most outspoken, but he appeared to be accepting enough last night to allow the bill to go forward.

Congress Nears Deal On Ports Security (AP)

By Jim Abrams, The Associated Press

The AP, September 29, 2006

WASHINGTON -- Congress neared agreement Thursday on legislation to strengthen security at the nation's ports, regarded since the Sept. 11 attacks as one of the most vulnerable targets for a catastrophic act of terrorism.

House and Senate negotiators were prepared to sign off on the bill as early as Friday, rushing it to the floor before lawmakers depart Washington at the end of the day for the election campaign.

With votes this week authorizing military tribunals for terrorists and House consideration of new rules for wiretapping, the seaport bill gives lawmakers another talking point as they try to prove their security credentials to voters.

Democratic negotiators at the ports security conference expressed concern that the final version would fail to address another significant threat _ that of terrorist attacks on the nation's rail and mass transit systems.

Pointing to rail attacks in Madrid, London and Bombay, they said they would try to restore language from the original Senate bill that authorized funding for rail and mass transit security. The nation's railways, said Sen. Joe Lieberman, D-Conn., "remain all too unprotected."

While staff members were still writing the final version of the compromise bill, it was apparent that provisions on rail and mass transit would be dropped. "It's an issue we intend to take up as soon as possible," said Rep. Peter King, R-N.Y., chairman of the Homeland Security Committee. He indicated that wouldn't happen until next year.

There was tentative agreement on the ports aspect of the bill. Senate Homeland Security and Governmental Affairs Committee Chairman Susan Collins, R-Maine, said it would include approval of $400 million a year over five years for risk-based grants for training and exercises at ports.

It would require the nation's 22 largest ports, handling 98 percent of all cargo entering the country, to install radiation detectors by the end of next year.

Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials.

The Homeland Security Department would also be required to set up protocols for resuming operations after an attack or incident. The nation's 361 ports handle some 11 million shipping containers annually and it is feared that a terrorist attack, such as a nuclear device set off by remote control, could cripple the entire economy as well as causing massive casualties.

The bill would authorize $3.4 billion over five years for the ports security.

Democrats in particular said that was still short of what is needed. "We inspect just 5 percent of incoming shipping containers, while 95 percent gets into our country without us knowing what's inside," said Sen. Frank Lautenberg, D-N.J.

Congress made port security a priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to sell the U.S. operations to an American company.

Felons In The Dock (WSJ)

The Wall Street Journal, September 29, 2006

Here's an odd but telling footnote to the political fight over port security: The powerful International Longshore and Warehouse Union is lobbying Congress not to bar felons from working in sensitive dock security jobs. Really.

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House and Senate conferees are trying to work out a final port security bill this week, and a provision sponsored by Senator Jim DeMint (R., S.C.) would prohibit dock workers convicted of certain felonies -- including murder, espionage or treason -- from obtaining access to secure areas. Workers convicted of other felonies -- say, extortion, smuggling, bribery, identity fraud or the unlawful possession or distribution of firearms -- would be prevented from getting clearance until seven years after conviction. The Department of Homeland Security has issued a similar regulation, though it isn't final.

Yet the longshoremen's union -- the same outfit behind the 2002 West Coast port shutdown -- and its labor allies are muscling Congress to strike the DeMint provision. Larry Willis, the general counsel for the Transportation Trades Department at the AFL-CIO, says that the felonious categories that would bar workers are "too broad."

Too broad? Some 750,000 workers currently have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. People with a criminal record would seem to be obvious candidates for recruitment by bad guys trying to infiltrate the docks. The felony standards Congress is considering are also similar to those that are currently enforced for airport workers or nuclear-plant guards.

Various politicians and unions created a political furor earlier this year merely because an Arab company with a clean business record, Dubai Ports World, would have managed some American ports. How bizarre to worry about that non-threat but then be complacent about sensitive port access by proven crooks.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, September 29, 2006

Growing fear

Percentage likelihood — according to 39 Republican congressmen polled by National Journal in March, May and again this week — of Democrats taking over control of the House and Senate after the midterm elections: 25 percent, 32 percent and 34 percent, respectively.

Shame on you

If you think former President Bill Clinton has been in a sour mood, what with all the finger-pointing of late surrounding his administration's reaction (or lack thereof) to global terrorism, wait until he sees three television ads that will start airing in the coming days.

The group Move America Forward, based in Sacramento, Calif., says it's had enough of Mr. Clinton and his loyal lieutenants trying to "rewrite history" about the war on terrorism and goes so far as to call the former commander in chief "shameless."

Viewers also will be reminded that Mr. Clinton's national security adviser, Samuel R. "Sandy" Berger, was nabbed by security officials at the National Archives after he "stole and ate classified documents that exposed the failures of the Clinton anti-terrorism policies."

One TV ad, we're told, will be finalized today. Move America Forward predicts Mr. Clinton "won't like it one bit."

Fathers and sons

Your eyes don't deceive you: Strom Thurmond is jumping aboard Sen. John McCain's bandwagon for president.

Strom Thurmond Jr., that is, son and namesake of legendary Sen. Strom Thurmond, South Carolina Republican, the oldest senator (100 years) in U.S. history. He died on June 26, 2003.

In 2001, Mr. Thurmond was picked by President Bush to become U.S. attorney for South Carolina. Today, he's in private practice in Aiken, S.C.

Also climbing aboard Mr. McCain's Straight Talk America political action committee this week is the child of yet another great South Carolina political legacy. Carroll A. Campbell III is the oldest son of former South Carolina Gov. Carroll Campbell.

A longtime businessman, Mr. Campbell in 2003 was appointed by South Carolina Gov. Mark Sanford to serve on the South Carolina State Ports Authority.

Torments and joys

There's much buzz about former Attorney General John Ashcroft's upcoming book, "Never Again: Securing America and Restoring Justice."

The former chief of the Justice Department will discuss in detail everything from the USA Patriot Act to the surveillance program authorized by President Bush, providing new details, his publisher said.

Otherwise, readers will share in Mr. Ashcroft's personal "pitfalls, torments, joys and greatest accomplishments."

Snow job

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That was the country's top Republican communicator, White House spokesman Tony Snow, ducking this week into a Capitol Hill meeting of the Republican Communications Association, a networking group of several hundred congressional press secretaries and other Republican communicators throughout Washington.

Lindsey Mask, press secretary of the U.S. House Committee on Education and the Workforce, describes for us "a lighthearted, down-to-earth Snow, who fully described a 'day in the life' of a White House press secretary."

"We could all feel his genuine enthusiasm for his new role and his sincere appreciation for and loyalty to the president of the United States," she says.

Second acts

When Harry S. Truman left office, he had no Secret Service detail and no presidential pension, and had to sell some of his family's land.

Lyndon B. Johnson became a full-time rancher and a virtual recluse upon leaving the Oval Office. And Jimmy Carter was riddled with $2 million in personal debt (no wonder he grabbed a hammer and went to work) when he pulled out of the White House driveway.

To help pay whatever bills he had, Ronald Reagan, less than one year after his last term expired, accepted $2 million for a speaking tour in Japan. But nobody has commanded a higher post-White House salary than Bill Clinton, who besides the millions of dollars he pulls in from speaking engagements, received the highest payment of any former president for his memoirs: a whopping $12 million.

All fascinating facts we cull from Mark Updegrove's new book, "Second Acts: Presidential Lives and Legacies After the White House."

Why Bill Clinton Pushed Back (WP)

By E. J. Dionne Jr.

The Washington Post, September 29, 2006

Bill Clinton's eruption on "Fox News Sunday" last weekend over questions about his administration's handling of terrorism was a long time coming and has political implications that go beyond this fall's elections.

By choosing to intervene in the terror debate in a way that no one could miss, Clinton forced an argument about the past that had up to now been largely a one-sided propaganda war waged by the right. The conservative movement understands the political value of controlling the interpretation of history. Now its control is finally being contested.

How long have Clinton's resentments been simmering? We remember the period immediately after Sept. 11 as a time when partisanship melted away. That is largely true, especially because Democrats rallied behind President Bush. For months after the attacks, Democrats did not raise questions about why they had happened on Bush's watch.

But not everyone was nonpartisan. On Oct. 4, 2001, a mere three weeks and a couple of days after the twin towers fell and the Pentagon was hit, there was Rush Limbaugh arguing on the Wall Street Journal's op-ed page: "If we're serious about avoiding past mistakes and improving national security, we can't duck some serious questions about Mr. Clinton's presidency."

To this day I remain astonished at Limbaugh's gall -- and at his shrewdness. Republicans were arguing simultaneously that it was treasonous finger-pointing to question what Bush did or failed to do to prevent the attacks, but patriotic to go after Clinton. Thus did they build up a mythology that cast Bush as the tough hero in confronting the terrorist threat and Clinton as the shirker. Bad history. Smart politics.

Moreover, when Democrats, notably former House minority leader Richard Gephardt, finally put their heads up in the late spring of 2002 to ask questions about that Aug. 6, 2001, memo warning of the possibility of terrorist attacks, the Republican pushback was furious.

Vice President Cheney, addressing his Democratic "friends" in Congress, said on May 16, 2002, that "they need to be very cautious not to seek political advantage by making incendiary suggestions, as were made by some today, that the White House had advance information that would have prevented the tragic attacks of 9/11. Such commentary is thoroughly irresponsible and totally unworthy of national leaders in a time of war."

Boy, that was defensive, wasn't it? Funny that Cheney didn't respond that way when Limbaugh made his incendiary attack on Clinton. Opportunistic and inconsistent? Sure, but again, smart politics.

This is just a fragment of a long history of evasion and blame-shifting by the administration and its supporters. And the polemical distortions of history came roaring back earlier this month in ABC's fictionalized account of the Sept. 11 events that butchered the Clinton record.

This history-as-attack-ad approach won praise from none other than Limbaugh, who described the film's screenwriter as a friend. Limbaugh was pleased that the film was "just devastating to the Clinton administration" and attacked its critics as "just a bunch of thin-skinned bullies." Pot-and-kettle metaphors don't begin to do justice to the hilarity of Limbaugh's saying such a thing.

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And so Clinton exploded. My canvassing of Clinton insiders suggests two things about his outburst on "Fox News Sunday." First, he did not go into the studio knowing he would do it. There was, they say, a spontaneity to his anger. But, second, he had thought long and hard about comparisons between his record on terrorism and Bush's. He had his lines down pat from private musing about how he had been turned into a punching bag by the right. Something like this, one adviser said, was bound to happen eventually.

Sober, moderate opinion will say what sober, moderate opinion always says about an episode of this sort: Tut tut, Clinton looked unpresidential, we should worry about the future, not the past, blah, blah, blah.

But sober, moderate opinion was largely silent as the right wing slashed and distorted Clinton's record on terrorism. It largely stood by as the Bush administration tried to intimidate its own critics into silence. As a result, the day-to-day political conversation was tilted toward a distorted view of the past. All the sins of omission and commission were piled onto Clinton while Bush was cast as the nation's angelic avenger. And as conservatives understand, our view of the past greatly influences what we do in the present.

A genuinely sober and moderate view would recognize that it's time the scales of history were righted. Propagandistic accounts need to be challenged, systematically and consistently. The debate needed a very hard shove. Clinton delivered it.

Insurers Are Ready To Fight To Keep Federal Backing Of Terrorism Coverage (NYT)

By Joseph B. Treaster

The New York Times, September 29, 2006

Insurance and business groups are gearing up for a battle to preserve a government program that would cover most of the losses from another major terrorist attack.

After Sept. 11, 2001, President Bush campaigned for the program to shield insurers from the bulk of the cost of an attack up to $100 billion. Without such backing, few insurers were willing to sell the coverage.

But last year, the administration concluded that the insurers were able to provide terrorism coverage on their own, and the insurers persuaded Congress to extend the federal backing until the end of 2007.

As soon as today, a presidential working group led by Treasury Secretary Henry M. Paulson Jr. is expected to issue an assessment of the insurers' ability to go it alone. The insurers fear that the group will argue, as a Treasury report did in June 2005, that the federal program interferes with market forces.

"The working assumption is that their findings are going to be similar to the Treasury conclusions of last year," said Joel Wood, a lobbyist for the Council of Insurance Agents and Brokers.

Insurers say that the frequency and severity of terrorism attacks are unpredictable and that is why the industry needs the government to play a role.

"The potential is so large that no single industry can absorb that risk," Edmund F. Kelly, the chief executive of the Liberty Mutual Holding Company, said Wednesday at a Congressional hearing. Industry officials said they could not offer coverage without government backing. Government officials have said demand for insurance will create a market.

Before 2001, insurers provided terrorism coverage as a part of other policies. But afterward, most would not sell it at any price. Banks began requiring terrorism coverage on loans for real estate and construction. President Bush said the lack of coverage was choking the economy.

In exchange for government backing, property-casualty insurers were required to offer terrorism coverage.

If the government gets out of the insurance business, insurers will probably still be liable for various losses from terrorist attacks, even without terrorism insurance.

The reason is that many companies sell workers' compensation insurance. State regulators require those policies to cover injuries or deaths to employees, regardless of the cause, including terrorism.

That means insurers might have to pay billions of dollars for worker compensation claims. Also, many regulators require insurers to pay losses from fires after an event they would otherwise refuse to cover, like an earthquake or a terrorist attack.

Insurers and their allies in business stepped up their lobbying this week, pointing out that countries like Britain, Spain, France and Germany have government-backed programs for terrorism insurance.

Richard C. Shelby, a Republican from Alabama who is the chairman of the Senate Banking Committee, said this week that he would not rule out ending the program. He declined to comment, but said in a statement that he thought the program had "impeded the development of broader, innovative solutions."

Unless Congress extends the program, it will die at the end of 2007. Already, industry executives say, insurers that are renewing multiyear policies are including provisions that cancel terrorism coverage without government backing.

Each year, the program has increased the amount that insurers must pay. This year the industry must pay the first $25 billion in losses, up from $5 billion in 2002. For the next $75 billion in losses, the government would pay 90 percent.

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The cost of terrorism insurance varies widely, but complaints have been muted, even among those paying the most, because they say they simply need the coverage.

In places that insurers consider riskiest — like Lower Manhattan, Chicago and Los Angeles — premiums can be three or four times a company's cost for all other property-casualty coverage.

In many major cities, terrorism coverage adds 20 percent to an overall insurance bill, industry experts say. Across the country, the cost is much lower: an average of an additional 4 percent, according to the Marsh & McLennan Companies, a big insurance broker. In unlikely target areas across the country, many customers pay little or nothing.

Since the World Trade Center attacks, the insurers have collected billions in premiums for terrorism coverage and, with no subsequent attacks, paid out nothing in claims.

Representative Richard Baker, a Republican from Louisiana, has generally supported the insurers. But at the hearing in Washington this week, he suggested they should pay more of the burden. "We don't want to fund the industry's profitability," he said. "That's our concern."

WAR NEWS:

Bush Attacks Democrats Over Iraq And Terror (NYT)

By Jim Rutenberg

The New York Times, September 29, 2006

BIRMINGHAM, Ala., Sept. 28 — President Bush took on the Democrats on Thursday with some of his most pointed language yet this campaign year, telegraphing the start of the last, intensive phase of the election season for the White House.

Speaking to a crowd of more than 2,000 supporters in this Bush-friendly Southern city, the president took Democrats to task for their criticism of the Iraq war, for their votes this week against legislation creating military tribunals to try terrorism suspects and for what he called misleading descriptions of the latest National Intelligence Estimate on global terrorism.

"Five years after 9/11, the worst attack on the American homeland in our history, the Democrats offer nothing but criticism and obstruction and endless second-guessing," Mr. Bush said at a fund-raising event for Gov. Bob Riley. "The party of F.D.R. and the party of Harry Truman has become the party of cut and run."

The National Intelligence Estimate, completed in April and reflecting a consensus of 16 American intelligence agencies, concluded among other things that the Iraq war had become a "cause célèbre" for Islamic extremists. But other sections in the estimate say terrorists would be demoralized by defeat in Iraq, and Mr. Bush declared that "some in the other party have been quoting selectively from the document for partisan political gain."

"The Democrats are using the N.I.E. to mislead the American people and justify their policy of withdrawal from Iraq," the president said. "The American people need to know what withdrawal from Iraq would mean. By withdrawing from Iraq before the job is done, we would be doing exactly what the extremists and terrorists want."

Mr. Bush has been honing his offensive against Democrats for weeks as his political team seeks to shift the election-year focus from a debate about him and the unpopular war to one about terrorism in general, his party's efforts to combat it and what he describes as the opposition's promotion of defeatism and retreat.

But until now he had left the sort of hard-charging talk that he used here to his political strategist Karl Rove, Vice President Dick Cheney and the Republican national chairman, Ken Mehlman.

Minutes after the speech, during which he received several standing ovations, the Democrats hit back.

The administration has "gone from shock and awe to an American public shocked at how awful the situation in Iraq is," Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, said in a statement sent by e-mail to reporters. "Rather than heed the warnings in the N.I.E., President Bush politicized this discussion, and the Republican Congress has stood on the sidelines."

In his criticism, Mr. Bush also singled out members of the Democratic leadership. Referring to "a senior Democrat in Congress" without mentioning her by name, he recalled a recent comment in which Representative Jane Harman of California, the top Democrat on the House Intelligence Committee, said: "The president says that fighting them there makes it less likely we'll have to fight them here. The opposite is true."

The president pointed to Ms. Harman's remark as an example of how "some in Washington, some decent people, patriotic people," think that "we should not be on the offensive in this war on terror."

"History," he said, "tells us that logic is false."

Through a spokesman, Ms. Harman said Thursday evening, "If the president reads his own intelligence, he will see that his failed strategy in Iraq is making the terrorist threat more dangerous."

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Bush Attacks 'Party Of Cut And Run' (WP)

By Michael A. Fletcher

The Washington Post, September 29, 2006

BIRMINGHAM, Sept. 28 -- In his sharpest partisan attack of this election campaign, President Bush denounced Democratic critics of his Iraq policy on Thursday and said "the party of FDR and the party of Harry Truman has become the party of cut and run."

Seeking to rebut Democrats who say a new intelligence report indicates that Iraq is fueling terrorism rather than helping to counter it, Bush said voters face a choice "between two parties with two different attitudes on this war on terror."

Republicans "understand the nature of the enemy," he said. "We know the enemy wants to attack us again," whereas Democrats "offer nothing but criticism and obstruction and endless second-guessing."

Despite assertions in a recently declassified intelligence report that the war in Iraq has become "a cause celebre" that is inspiring new jihadists and fueling anti-Americanism, Bush restated his position that the country is safer since the March 2003 invasion of Iraq. Absent the war, he said, extremists would find other excuses to attack Americans and other Westerners.

He said that leaving Iraq before that country is stabilized would embolden terrorists while exposing the United States to economic blackmail and the prospect of even-more-lethal threats.

"The greatest danger is not that America's presence in Iraq is drawing new recruits to the terrorist cause," he said. "The greatest danger is that an American withdrawal from Iraq would embolden the terrorists and help them find new recruits to carry out even more destructive attacks on the American homeland."

Bush's remarks added fresh fuel to an escalating partisan fight over conclusions from the National Intelligence Estimate. Bush grudgingly released portions of the report on Tuesday after some of its contents were leaked to news media outlets.

The report, which was completed in April, says the number of potential terrorists is growing as the war in Iraq enflames radical Muslims and fans hatred of America. The assessment also says that although anti-terrorism efforts have been largely successful in crippling al-Qaeda, the overall terrorist threat is becoming more diffuse, making it harder to identify potential terrorists and prevent attacks.

The document concludes that the factors fueling the growth in jihadism outweigh its vulnerabilities, meaning the terrorist threat is likely to grow. The paper reflects the collective judgment of the nation's 16 intelligence agencies.

"George Bush has no credibility left on national security," said Senate Minority Leader Harry M. Reid (D-Nev.). "No matter how many stump speeches he gives on the campaign trail, the American people can see the damage his tough talk has done to America's safety."

Sen. Charles E. Schumer (N.Y.), who heads the Democratic Senatorial Campaign Committee, accused Bush of ignoring key facts in the intelligence document. "When the president pays no attention to the findings of 16 nonpartisan, non-political intelligence agencies in our government, there's only more trouble ahead for our county and our soldiers," he said.

Speaking before a large and enthusiastic audience at a fundraising luncheon for Alabama Gov. Bob Riley (R), Bush attempted to turn criticism of his Iraq policy into a cudgel.

Bush quoted an unnamed congresswoman -- later identified by the White House as Rep. Jane Harman (Calif.), the top-ranking Democrat on the House intelligence committee -- as ridiculing Bush's frequent assertion that "we're fighting them over there so we don't have to fight them over here."

"We didn't create terrorism by fighting terrorism," Bush responded. "Iraq is not the reason why the terrorists are at war against us."

Bush also criticized many Democrats for not supporting his approach to trying terrorism suspects. Pointing to Wednesday's vote on a bill passed by the House authorizing military tribunals for the suspects, Bush reminded his audience that 160 Democrats -- "including the entire Democrat leadership" -- voted against the measure, which passed 253 to 168.

Opponents have said the measure is at odds with core American values because it would allow evidence gathered without a warrant or gained through coercion to be used against terrorism suspects. Plus, they argued, it could invite brutal treatment of U.S. troops captured abroad.

While the intelligence report painted a grim picture of the growing terrorist threat, Bush asserted that it also provided support for his administration's strategy for fighting it. The report called Iraq a pivotal battleground in the wider anti-terrorism effort -- a point Bush makes frequently. Also, the document said, extremism's lack of appeal to the vast majority of Muslims offers hope for victory.

Before coming to Birmingham, Bush visited nearby Hoover, where he was briefed on the use of corn-based ethanol to fuel that city's municipal fleet.

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Later, Bush traveled to New Albany, Ohio, where he headlined a fundraiser for embattled Rep. Deborah Pryce (R). The event was at the sprawling estate of Leslie H. Wexner, chairman and chief executive officer of Limited Brands, the retailing conglomerate that includes the Limited, Victoria's Secret and Bath & Body Works. The event, which was closed to the press, was expected to raise $500,000 for Pryce.

Bush Speech Links Politics, Terror Fight (LAT)

By James Gerstenzang

The Los Angeles Times, September 29, 2006

BIRMINGHAM, Ala. — President Bush angrily accused Democratic leaders Thursday of misrepresenting a recently declassified intelligence report, and said they favored policies that would increase the nation's vulnerability to terrorist attacks.

Addressing Republican Party contributors, the president melded politics, a defense of the war in Iraq and the anti-terrorism fight to a greater extent than he had recently.

His remarks set off an equally angry response from a leading Democratic senator.

"Five years after 9/11, the worst attack on the American homeland in our history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing," Bush said in a speech that repeatedly brought the audience of several thousand at the Birmingham convention center to its feet.

"The Democrats can't have it both ways," he said, accusing his political opponents of quoting selectively from declassified sections of a recent National Intelligence Estimate on the capabilities of Islamic extremists. "Either they believe that Iraq is a distraction from the war on terror or they agree with the intelligence community and the terrorists themselves that the outcome of Iraq is important in the war on terror.

"Truth is, the Democrats are using the NIE to mislead the American people and justify their policy of withdrawal from Iraq," Bush said.

The president has been speaking frequently about the war, and addressing large numbers of Republican contributors, but Thursday's speech brought together the two most difficult issues he is facing during his sixth year in office — the war and the challenge of keeping GOP majorities in the House and Senate — more openly than he had before.

He also singled out statements by Rep. Jane Harman of Venice and Sen. John D. Rockefeller IV of West Virginia, the top Democrats on the House and Senate intelligence committees, although he quoted neither by name. Aides said later that they were the two Democrats he was referring to.

Referring to Harman, Bush said: "She said, 'The president says that fighting them there makes it less likely we'll have to fight them here. The opposite is true.' She went on to say, 'Because we are fighting them there, it may become more likely that we'll have to fight them here.' "

Harman made those remarks at the beginning of the week, following reports that the National Intelligence Estimate had said, among other things, that the militant movement opposing U.S. forces in Iraq had grown stronger.

Challenging her assessment, Bush said, "History tells us that logic is false. We didn't create terrorism by fighting terrorism. Iraq is not the reason why the terrorists are at war with us."

As he has in the past, he cited terrorist strikes on the World Trade Center in 1993 and on the the U.S. destroyer Cole in 2000, as well as the Sept. 11 attacks. U.S.-led forces invaded Iraq in 2003.

Bush also referred to Rockefeller's contention, made during an interview with CBS News this month, that the United States would be better off today if ousted Iraqi President Saddam Hussein had remained in power because "we wouldn't have depleted our resources" in Iraq and thus would be better able to go after Al Qaeda.

"Some Democrats in Congress say that we should not be fighting the terrorists in Iraq; it was a mistake to go into Iraq in the first place," Bush said. "I believe these Democrats need to answer a simple question: Do they really believe that we would be better off if Saddam Hussein were still in power?"

Citing Rockefeller's statement, the president continued: "If this is what the Democrats think, they need to make this case to the American people. They need to make the case that the world would be better off if Saddam Hussein were still in power."

Bush's remarks prompted Sen. Charles E. Schumer of New York, who heads the Democrats' Senate election campaign, to respond: "Mr. President, the truth will set you free."

Schumer said that Bush was paying "no attention" to the work of the nation's 16 "nonpartisan, nonpolitical intelligence agencies" that was reflected in the National Intelligence Estimate, thus spelling "only more trouble ahead for our country and our soldiers."

"Democrats want a strong policy on the war but also a smart one," he said in a written statement.

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Bush spoke at a luncheon that White House Press Secretary Tony Snow said raised $1.76 million for the reelection campaign of Republican Gov. Bob Riley of Alabama and $750,000 for the Republican Governors' Assn. He later traveled to Ohio to address a fundraiser for Republican Rep. Deborah Pryce near Columbus.

Bush Criticizes Democrats On Terror War (AP-Y)

By Jennifer Loven

AP, September 28, 2006

President Bush suggested Thursday that Democrats don't have the stomach to fight the war on terror, battling back in the election-season clamor over administration intelligence showing terrorism spreading.

"Five years after 9/11, the worst attack on the American homeland in our history, Democrats offer nothing but criticism and obstruction and endless second-guessing," Bush said at a Republican fundraiser.

"The party of FDR and the party of Harry Truman has become the party of cut and run," Bush told a convention-center audience of over 2,000 people. The event put $2.5 million in the campaign accounts of Alabama Gov. Bob Riley and the state GOP.

Democrats immediately disputed the charge that they would hold back in the anti-terror battle.

"On his watch, five years after 9/11, he not only has failed to capture Osama bin Laden, but as the (National Intelligence Estimate) indicates, his failed policies have made America less safe and spawned terrorism, not decreased it," said Karen Finney, spokeswoman for the Democratic National Committee. "Democrats will be tough and smart, and will actually fight the terrorists, not leave them to plan future attacks."

Bush's no-holds-barred speech, one of his harshest yet on the campaign trail, came less than six weeks before midterm elections in which Democrats are seeking to strip Republicans of their control of one or both houses of Congress.

The war of words continued a nearly weeklong tussle by both parties over the implications of a newly revealed estimate, an analysis of terror trends put together by the nation's top intelligence analysts in 16 spy agencies.

The document concluded that Iraq has become a "cause celebre" for jihadists worldwide, whom it said have grown in number and geographic reach. The report said the factors, such as the Iraq war, that are fueling the jihadist movement's growth outweigh its vulnerabilities and that, if the current trend continues, risks to the U.S. interests at home and abroad will grow.

Portions of the five-month-old report were leaked over the weekend, and Bush ordered the key judgments — four of its 30 pages — declassified on Tuesday in hopes that wider availability of most conclusions would quell the criticism.

Democrats continued to point to the report to argue that the 2003 Iraq invasion, by fanning anti-U.S. sentiments and helping terrorists recruit, is one reason to change leadership in Congress.

On Thursday, Bush accused the opposition party of cherrypicking pieces of the report "for partisan political gain" and "to mislead the American people and justify their policy of withdrawal from Iraq."

"The greatest danger is not that America's presence in the war in Iraq is drawing new recruits to the terrorist cause," Bush said. "The greatest danger is that an American withdrawal from Iraq would embolden the terrorists and help them find new recruits to carry out even more destructive attacks."

Though not by name, he quoted Rep. Jane Harman of California, top Democrat on the House Intelligence Committee, as saying that because of the Iraq war "it may become more likely" that the U.S. will have to contend with terrorists on its own soil again, rather than less likely as the president argues. And he quoted Sen. Jay Rockefeller of West Virginia, top Democrat on the Senate Intelligence Committee, as saying the world would be better off without the Iraq war and if former Iraqi leader Saddam Hussein were still in power.

"Some in Washington, some decent people, patriotic people, feel like we should not be on the offensive in this war on terror," the president said. "We will fight them wherever they make a stand."

The president also criticized House Democrats, including their leadership, who voted this week against a White House plan for interrogating, detaining and trying terrorists. "We must give our professionals the tools they need to protect the American people in this war on terror and those in the House of Representatives were wrong to vote against this bill," he said.

Democrats, joined by some Republicans, say the legislation would give the president too much latitude when deciding whether aggressive interrogations cross the line and violate international standards of prisoner treatment.

Bush headed from Alabama to Ohio to raise $600,000 for the Ohio GOP and Rep. Deborah Pryce, who is struggling to hold on to her seat in an evenly split district and stressing her independence from the president.

That fundraiser was held behind closed doors — like most that Bush does lately.

By Thursday's end, the president had headlined 68 political events — all fundraisers — benefiting 37 candidates, the national GOP, several state counterparts and the campaign arms of House and Senate Republicans. Half of them overall have been closed to media coverage, with the percentage going up to nearly two-thirds in recent months.

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The only one of the president's six political events this week that was open was the fundraiser for Riley, who is favored for re-election over his challenger, Democratic Lt. Gov. Lucy Baxley.

Bush Scolds 'Party Of Cut And Run' (WT)

By Stephen Dinan

The Washington Times, September 29, 2006

President Bush yesterday said Democrats have ditched the tradition of the great war-fighting presidents of the 20th century to become "the party of cut and run," and accused them of using leaked excerpts of a recent intelligence estimate to mislead voters before midterm elections.

In his most politically biting speech yet in this campaign, Mr. Bush slammed his political opponents for not having an Iraq policy, then warned against embracing the conclusions of some top members of their party who say Iraq is a distraction from the war on terror.

"Five years after 9/11, the worst attack on American homeland in our history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing," Mr. Bush said while campaigning for Alabama Gov. Bob Riley in Birmingham. "The party of FDR and the party of Harry Truman has become the party of cut and run."

Mr. Bush also spoke at length about the National Intelligence Estimate (NIE), leaked portions of which were published over the weekend, prompting the president on Tuesday to release a longer declassified version that painted a mixed picture of the war.

"Truth is, the Democrats are using the NIE to mislead the American people and justify their policy of withdrawal from Iraq," he said.

Democrats taunted back, saying Mr. Bush has a chance to prove himself right by releasing the entire intelligence document.

"If George Bush is so confident that his national security policies are working, he should release the entire National Intelligence Estimate on terrorism and let the American people decide for themselves," said Senate Minority Leader Harry Reid, Nevada Democrat.

He and five other top Senate Democrats wrote a letter to John D. Negroponte, the director of national intelligence, asking him to speed up a planned intelligence study that focuses solely on Iraq.

Democrats hope the NIE information helps them regain the initiative and refocus the debate on Iraq after Mr. Bush's successful September, during which his series of speeches on the broader war on terror boosted both his approval ratings and support for Republicans' job in handling terror.

Last weekend, the New York Times and The Washington Post reported on a portion of the NIE that said the war in Iraq is prompting more people to become jihadists. That boosted Democrats' argument that the war in Iraq is a mistake.

"They've gone from shock and awe to an American public shocked at how awful the situation in Iraq is," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee. "Rather than heed the warnings in the NIE, President Bush politicized this discussion and the Republican Congress has stood on the sidelines."

But the administration released a broader version this week that also notes that defeating jihadist fighters in Iraq would be a demoralizing blow for terrorists worldwide -- boosting Mr. Bush's argument that Iraq is central in the broader war on terror.

While not disputing the assessment that Iraq is spawning more terrorists, the president said it is just the latest reason terrorists have given for fighting against the United States.

"Our troops were not in Iraq when the terrorists first attacked the World Trade Center. They were not in Iraq when they blew up our embassies in Kenya and Tanzania. They were not in Iraq when they bombed the USS Cole," he said.

The next fight for the administration may be Bob Woodward's upcoming book, "State of Denial," due out next week. In an interview with CBS' "60 Minutes" -- which is owned by the same company that owns the book's publisher, Simon & Schuster -- Mr. Woodward says the administration is withholding information that the war in Iraq will get worse next year.

"The truth is that the assessment by intelligence experts is that next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying], 'Oh, no, things are going to get better,'" Mr. Woodward says, according to CBS.

Ratings Rise With Terror Talks (WT)

By Stephen Dinan

The Washington Times, September 29, 2006

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It's no surprise that President Bush has returned to talking about the war on terror -- for the past four weeks, his approval ratings have steadily risen as he delivered a series of speeches tying Iraq to the broader war on terror and demanding that Congress give him tools to fight the war.

The average of the most recent public polls puts Mr. Bush with a 42 percent approval rating -- far from stellar heading into an election, but better than the lower-than-38 percent rating he averaged at the end of August, just before his major blitz of speeches on the war on terror.

Mr. Bush talks about the war on terror frequently -- including a biting attack on Democrats at a fundraiser in Alabama yesterday -- but the White House said the recent series of speeches was designed to cut through day-to-day matters and give the president a chance to get across some specific points.

"The speeches help crystallize the philosophical choice that Americans are facing, not just in the midterm election but every day, as they think about the war on terror. You cannot remind people enough about the nature of the enemy, the challenges we face as a nation, the patience and resolve it is going to require," White House spokeswoman Dana Perino said.

Beginning in Salt Lake City on Aug. 31 at the American Legion and ending with his Sept. 19 address to the U.N. General Assembly, Mr. Bush laid out a more complete picture of al Qaeda, using quotes from terrorist leaders, and demanded that Congress give him tools such as wiretapping authority to go after terrorists. He also challenged both Americans and people worldwide to accept that the battle against terrorism is the major ideological struggle of this century.

One senior administration official said Republicans started to benefit with Sen. Joe Lieberman's primary loss to an anti-Iraq war Democrat in Connecticut in early August and then continued with Defense Secretary Donald H. Rumsfeld's speech to the American Legion two days before Mr. Bush's, which cautioned against repeating the 1930s mistakes of appeasement.

"What they all did together was the perfect storm, which was it set a clear definition between each side in this election," the official said, adding that it stiffened Republicans' spines while leaving Democrats searching. "The Rumsfeld speech was effective because it spooked them, made them overreact and made them walk around and say 'I'm not an appeaser.'"

Driving Mr. Bush's rise in the polls has been a steady increase in support among Republicans -- from 76 percent approval in early August to 87 percent now, according to the Fox News poll.

But that also means he is not winning over Democrats or independents, whom Republicans will need in November's election, said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

"Independents and Democrats are united against Republicans in the House and the president," Mr. Burton said.

Democrats also doubt that Mr. Bush's improved numbers will help Republican House and Senate candidates and point to polls that show approval for the Republican-led Congress still below 30 percent. Democrats also hold a lead of about 10 percentage points when voters are asked generally whether they plan to vote for a Democrat or Republican for Congress this year.

Mr. Burton said Democrats are using the newly declassified portions of the National Intelligence Estimate (NIE) to poke holes in Mr. Bush's terror argument and to fire back at Republicans who are using Mr. Bush's arguments on the campaign trail. He pointed to Connecticut's 5th Congressional District, where Democratic challenger Chris Murphy is using the NIE's assessment of Iraq against Republican incumbent Nancy L. Johnson.

Still, Republicans said Mr. Bush has dominated the news cycles this month, dictated the congressional agenda and crowded out Democrats' message. With a packed campaigning schedule, they expect that momentum to continue.

"The more people know about these priorities, and the more they hear from the White House, the more they support the president. This is clearly not the 'new direction' his opponents were looking for," said Don Stewart, spokesman for Senate Majority Whip Mitch McConnell, Kentucky Republican.

Land: Majority Of Baptists Support Bush (AP-Y)

By Rose French

AP, September 28, 2006

The head of public policy for the Southern Baptist Convention says an overwhelming majority of Baptists still support President Bush and his handling of the Iraq war.

In an interview with The Associated Press on Thursday, Richard Land said that exit polls showed about 84 percent of Southern Baptists voted for Bush in 2004. The Iraq war hasn't significantly eroded that support, he said, despite recent polls that show Republicans losing ground with moderate evangelicals.

"I'm not ready to throw in the towel on Iraq yet," said Land, president of the Washington, D.C.-based Ethics and Religious Liberty Commission, the Southern Baptist Convention's public policy arm.

"It would be foolish to say anybody's pleased," Land said. "I don't think the president's pleased with the progress of the war. Clearly, he would have wished things would have gone better. So do I."

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But, Land added: "I still think Iraq is one of the more noble things we've done. We went there to try to restore freedom and to bring freedom to the Middle East."

An Associated Press-Ipsos poll conducted earlier this month indicated that 42 percent of white evangelicals disapprove of the job Bush has done as president.

But Land contends Bush has lost less support from Southern Baptists than "virtually any other constituency." The Nashville-based SBC is the largest Protestant denomination in the U.S. with over 16 million members.

"I don't think there's any question that the vast majority of Southern Baptists still strongly support this president and his policies," Land said.

Southern Baptists have been among the most vocal of conservative Christian groups in support of the Bush administration.

The president has spoken by video link to the Southern Baptist national convention three times in recent years and outgoing SBC President Jack Graham called the president "a man of personal faith whose leadership is great for America."

Land, who also serves on the U.S. Commission on International Religious Freedom, an independent and bipartisan federal agency, said the United States needs to worry less about trying to improve its image in the Middle East.

Instead, Land says, "we ought to go negative."

"We ought to be spending our money explaining what the Middle East would look like if the jihadists win, what Afghanistan looked like when the Taliban was in control and what the role of women was.

"We need to focus more on the fact that most people being killed in Iraq are not Americans but Muslims being killed by other Muslims," he said. "If democracy loses in the Middle East, it's Muslims who will be the primary losers."

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On the Net:

Southern Baptist Convention: http://www.sbc.net/

Bush Urges Key Allies To Cooperate (AP)

By Anne Gearan

AP, September 28, 2006

In a Rose Garden appearance arranged to show warmth and unity, the bickering leaders of Pakistan and Afghanistan shook hands with President Bush but not with each other.

Pakistani President Gen. Pervez Musharraf and Afghan President Hamid Karzai, whom Bush considers key bulwarks against Islamic radicalism in a volatile region, barely looked at one another as Bush appealed for cooperation against the common enemy of terrorism.

"I look forward to having dinner with friends of mine who don't happen to share the same faith I do but nevertheless share the same outlook for a more hopeful world," Bush said in a brief Rose Garden appearance before Wednesday's light dinner of soup, sea bass and salad.

The meeting was a command performance for leaders who have joined their fortunes to Bush's anti-terror drive since the Sept. 11, 2001, attacks but who for months have picked at one another's efforts to fight terrorists along their long, remote, mountainous border.

They actually did shake hands before joining Bush in appearing before reporters.

"These two men are personal friends of mine," Bush said. "They are strong leaders who have an understanding of the world in which we live. They understand that the forces of moderation are being challenged by extremists and radicals."

After the private meal, the White House issued a bland statement that called the session a "constructive exchange" but outlined no new agreements or initiatives. The White House did not make any officials available for questions.

"They committed to supporting moderation and defeating extremism through greater intelligence sharing, coordinated action against terrorists, and common efforts to enhance the prosperity of the people of Afghanistan and Pakistan," the statement from press secretary Tony Snow said.

Bush's three-way dinner party, just weeks before the November congressional elections, came as he works to persuade voters that Republicans are best able to guide the U.S.-led war against terrorism. He faces declining American support for both the U.S.-led war in Iraq and the U.S. military commitment in Afghanistan.

Afghan officials claim that Pakistan lets Taliban militants hide out and launch attacks into Afghanistan. Musharraf says Karzai has bad information and notes that Pakistan has deployed 80,000 troops along the porous border.

Karzai says Musharraf turns a blind eye to hatred and extremism being bred at Islamic schools in Pakistan. At one point, Musharraf said Karzai is behaving "like an ostrich," refusing to acknowledge the truth and trying to shore up his political standing at home.

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Right up to Wednesday night's White House dinner, they also have pointed fingers at one another over al-Qaida's Osama bin Laden and other terror leaders. Each says bin Laden isn't hiding in his country and suggests the other might do more to help find him.

The heated accusations had put the White House in the middle, and Bush clearly thought it was time to clear the air.

Standing between the pair, Bush emphasized "the need to cooperate, to make sure that people have got a hopeful future" in both countries.

The Afghan and Pakistani leaders stood stiffly on either side of Bush as he spoke without notes or a lectern. Musharraf was tightlipped, hands clasped awkwardly before him. Karzai nodded agreeably as Bush spoke. Neither of the foreign leaders spoke.

"Today's dinner is a chance for us to strategize together" and find common solutions, Bush said.

Speaking in London Thursday, where he traveled after his U.S. visit, Musharraf said, "The meeting that I held with President Bush and Hamid Karzai last night was very good. It was decided that we should have a common strategy. We have to fight terrorism. We have to defeat it, defeat it jointly."

The session came as Afghanistan suffers its worst reversals since the U.S.-led ouster of the extremist Taliban regime nearly five years ago.

The Taliban militants have regrouped and launched an offensive earlier this year whose strength and organization took Afghan and U.S. officials by surprise. They have adopted methods commonly used by militants in Iraq: suicide bombings, ambushes and beheadings.

Illegal opium production has risen yearly despite billions of dollars spent to suppress it, and Afghanistan is now the source of more than 90 percent of the world's supply.

Afghan, Pakistani Leaders Plan Visits (WT)

By Sharon Behn

The Washington Times, September 29, 2006

After days of public sniping, the leaders of Afghanistan and Pakistan agreed during dinner with President Bush to meet three times in an attempt to end violence in the region.

President Hamid Karzai of Afghanistan and Pakistani President Pervez Musharraf will attend two gatherings of tribal elders, one on each side of the border, Afghan Ambassador Said T. Jawad told The Washington Times.

Both presidents are also to meet a third time, probably in Islamabad, Pakistan, said Mr. Jawad, who described their willingness to talk as "crucial."

A Wednesday night dinner with President Bush at the White House started off "tense" after a bout of name-calling in television interviews but apparently ended on a friendly note.

Mr. Bush "played a very constructive role in emphasizing that cooperation will benefit Afghanistan, Pakistan and global security," said the Afghan ambassador, who attended the dinner.

"It is an important achievement. The result will depend on how these decisions are implemented," Mr. Jawad said.

Pakistan Embassy spokesman Akram Shaheedi confirmed the meetings would take place. Both officials said a timetable had not been fixed for the meetings.

The leaders' commitment to work jointly on a solution to regional Taliban-led terrorism ended months of mutual accusations and recriminations as to the roots and backing of terrorists operating in Afghanistan.

Gen. Musharraf on Sept. 5 signed a peace agreement with pro-Taliban tribal leaders in Pakistan's North Waziristan border area in an effort to halt cross-border attacks.

Violence in the area has since escalated, and critics have slammed the deal as Pakistan's ceding military control over a region used by terrorists as a staging area for attacks in Afghanistan.

"There has been an increase in activity, certainly along the border region, especially in the southeast areas [in Afghanistan] across from North Waziristan," U.S. military spokesman Lt. Col. John Paradis told a press conference covered by the Reuters news agency.

Mr. Jawad said the new tribal "jirgas" or council meetings would differ from the agreement between Pakistan and specific tribal groups along the border.

"We want tribal leaders on both sides of the border, not where the Taliban are based, but tribal leaders from both sides," he said.

"This is a long fight against terror -- it will require strong continued commitment, and it is in the mutual interest of Afghanistan and Pakistan to reach that objective as soon as possible," the ambassador said.

A document by a senior researcher at the British Defense Academy leaked in London accused Pakistan's Inter-services Intelligence (ISI) agency of indirectly supporting terrorist groups, including al Qaeda, the Associated Press reported.

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Gen. Musharraf rejected the accusations, telling the British Broadcasting Corp. that his intelligence service had enabled the arrest of almost 700 terror suspects.

"ISI is a disciplined force, breaking the back of al Qaeda," said Gen. Musharraf, who is on a book tour for his memoirs.

He flew to London yesterday, where he met for two hours with Prime Minister Tony Blair.

The document was part of a private review of global efforts to combat terrorism, Associated Press reported, and according to Britain's Ministry of Defense did not represent the views of the ministry or the British government.

Nevertheless, the British document closely paralleled the U.S. National Intelligence Estimate, parts of which were declassified earlier this week in response to media leaks.

The NIE called the Iraq war a "cause celebre" for Islamic terrorism and said that despite U.S. troops' wreaking serious damage on al Qaeda leadership, the number of terrorists is spreading in number and geographic dispersion.

Mr. Jawad said the tone of Wednesday's 21/2 hour White House dinner was cordial and constructive, although he acknowledged that it had started off a little "tense."

"They shook hands, and some of the participants shared cigars," said Mr. Jawad. "It was very friendly."

Afghanistan is experiencing the worst rise in terrorist violence since the U.S.-led 2001 fall of the Taliban government, with attacks on the border area of Pakistan tripling in some areas, according to U.S. officials.

NATO agreed yesterday to take command of peacekeeping in all of Afghanistan next month after the United States pledged to transfer an extra 12,000 troops to its force, Reuters reported.

Pentagon officials said the transfer of troops currently in Afghanistan's eastern region would entail the biggest deployment of U.S. troops under foreign command since World War II.

In Britain, Musharraf Is Questioned On Terror Ties (NYT)

By Alan Cowell

The New York Times, September 29, 2006

LONDON, Sept. 28 — President Pervez Musharraf of Pakistan arrived here on Thursday and found himself facing accusations that his country's intelligence service had indirect ties to Al Qaeda and that his government committed widespread human rights abuses as an ally of the United States in its effort to curb terrorism.

He arrived after a rocky visit in Washington, where President Bush used a White House dinner to try to mediate between the Pakistani leader and President Hamid Karzai of Afghanistan over their mutual accusations of responsibility for the resurgence of the Taliban, Afghanistan's former rulers.

Although the two leaders did not shake hands in public, General Musharraf indicated in remarks broadcast live on Pakistani television on Thursday that some tensions had eased. "The meeting that I held with President Bush and Hamid Karzai last night was very good," he said, according to The Associated Press. "It was decided that we should have a common strategy. We have to fight terrorism. We have to defeat it, defeat it jointly."

A report of a leaked document, which said that Pakistan's intelligence service indirectly supported the Taliban, played into the argument over the growing insurgency in Afghanistan, where Britain and the United States have sent forces. The document was said by the BBC to have originated in Britain's Defense Academy, a research agency sponsored by the Ministry of Defense.

Separately, Amnesty International, the human rights group, accused Pakistan of abuses, including the torture of terrorism suspects and the illegal transfer of detainees to the United States.

Britain's Defense Ministry did not challenge the authenticity of the leaked document, but it said that the paper did not represent official policy and was part of academic research. The document, details of which were broadcast Wednesday night on BBC television, was quoted as saying that indirectly, Pakistan, through the security agency, "has been supporting terrorism and extremism, whether in London on 7/7," the date when suicide bombers attacked three subway trains and a double-decker bus last year, "or in Afghanistan or Iraq." It said Pakistan's security services played a "dual role," combating terrorism while at the same time promoting an Islamic coalition called Mutahida Majlis-e-Amal "and so indirectly supporting the Taliban."

"Pakistan is not currently stable but on the edge of chaos," the document said, urging the dismantling of the security service. Echoing a recent American intelligence assessment, parts of which were declassified this week, it also said the war in Iraq "has served to radicalize an already disillusioned youth, and Al Qaeda has given them the will, intent, purpose and ideology to act."

Before he arrived in London, General Musharraf took strong exception to the leaked document. The security agency, he said, "is a disciplined force, breaking the back of Al Qaeda," he told the BBC. He is to deliver a speech in Oxford on Friday after meeting Thursday evening with Mr. Blair at Chequers, the British prime minister's country retreat, west of London.

After the two-hour meeting, Mr. Blair's spokesman said the prime minister had assured General Musharraf that the leaked document did not represent official British policy.

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In its report released late Thursday, Amnesty International said Pakistan had “committed numerous human rights violations as a result of its cooperation in the U.S.-led ‘war on terror.’ ”

“Hundreds of people have been arbitrarily detained,” it said.

In response to the report, a Pakistani Foreign Ministry spokeswoman, Tasneem Aslam, said, “As far as detentions go, yes, people have been detained, but we have a challenge, we have to weigh the costs.”

“It’s a tough call not only for Pakistan, but for all countries fighting terrorism,” she said. “It is a challenge to strike a balance; while we respect individual rights, we have to prevent terrorist acts.”

Blair, Musharraf Pledge To Fight Terror (AP)

By Jennifer Quinn

AP, September 28, 2006

The leaders of Britain and Pakistan pledged their commitment Thursday to defeating insurgents in Afghanistan, brushing aside a leaked British military document that claimed Islamabad's security forces are indirectly supporting terrorist groups.

Prime Minister Tony Blair and President Gen. Pervez Musharraf met for two hours, with both reinforcing their support of a NATO-led mission to support the Kabul government, a Blair spokesman said.

The meeting, at Chequers, Blair's official country residence west of London, followed Musharraf's visit to Washington, where he held talks with President Bush and Afghan leader Hamid Karzai.

Thursday's meeting had threatened to be overshadowed by a military document obtained by the British Broadcasting Corp. in which a senior officer maintained Pakistan's Directorate of Inter Services Intelligence — the country's top spy agency — should be dismantled.

The broadcaster reported the document was written by an unidentified senior researcher at the Defense Academy, a defense ministry think-tank and college.

It said the author was also linked to the intelligence services and the document was part of a private British review of efforts across the world to combat terrorism.

Musharraf rejected that allegations that its security forces had indirectly supported terrorist groups and raised the issue with Blair during their meeting.

"The president accepted that document is not government policy, so there was no further need to discuss it," said a spokesman for Blair's office, speaking on condition of anonymity in line with policy.

He said Blair also assured Musharraf that British troops would remain in Afghanistan for the "long term," as part of the NATO mission.

Musharraf told Blair he recognized the need to continue working to reduce the amount of cross-border activity between Pakistan and Afghanistan.

Britain's defense ministry said the material obtained by the BBC was in no way a report or a policy statement.

Instead, the papers were merely research notes taken by an academic to reflect material seen or collected from a variety of sources — not a collection of facts meant to influence the government's position or policies, a ministry spokeswoman said, speaking on customary condition of anonymity in line with department policy.

The BBC quoted the document as saying that "indirectly, Pakistan (through the ISI) has been supporting terrorism and extremism — whether in London on (July 7, 2005) or in Afghanistan or Iraq."

It reported that the document said "Pakistan is not currently stable but on the edge of chaos."

The defense ministry spokeswoman, reading a strongly worded ministry statement, said the "academic research notes quoted in no way represent the views of either the MoD (defense ministry) or the government."

"To represent it as such is deeply irresponsible and the author is furious that his notes have been willfully misrepresented in this manner," the statement said.

"He suspects that they have been released to the BBC precisely in the hope that they would cause damage to our relations with Pakistan."

The ministry reiterated Britain's long-standing position that Pakistan is a key ally in the fight against terrorism.

Musharraf called the intelligence agency a critical player in the war on terror and said its work had led to the arrests of 680 suspected terrorists.

Following his Washington meetings, he said it was decided Afghanistan and Pakistan should have better intelligence coordination and interaction to meet the challenges of fighting militants. But a news conference following a dinner revealed a frosty relationship between the leaders, with Karzai and Musharraf not shaking hands with each other, after shaking hands with Bush.

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When Hamid Met Pervez (NYT)

The New York Times, September 29, 2006

It will take more than a shared dinner at the White House to get Presidents Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan to think and say nice things about each other. Their quarrel is no mere war of words in competing press interviews. It is about the real war being waged on Afghan soil by a revitalized Taliban, which recruits fighters in Pakistan and sends them almost unimpeded across a shared border.

General Musharraf says he is doing his best to stop this infiltration. But his best has been strikingly ineffective, considering the powers he wields as a military dictator, accountable only to his fellow Pakistani generals.

His latest move on the Taliban front was discouraging, to say the very least. This month he agreed to a cease-fire deal with tribal allies of the Taliban in North Waziristan, the border region of Pakistan where Al Qaeda leaders, including Osama bin Laden, are thought to be holed up.

The agreement grants such foreign fighters the right to remain so long as local Taliban forces do not attack Pakistani soldiers and promise they will not cross into Afghanistan. As part of this understanding, Pakistani military checkpoints in the area are being dismantled.

President Karzai is understandably unhappy about this. President Bush should be too. Those Taliban fighters crossing into Afghanistan are not just killing Afghans. They are also killing American and NATO troops in growing numbers. This isn't the first time General Musharraf has put domestic concerns ahead of the larger fight against international terrorism. He is still a useful American ally in that fight, but a dangerously selective one.

It would be overly simplistic to blame General Musharraf alone for Afghanistan's increasingly perilous situation. In its hurry to move on to Iraq, the Bush administration never committed enough troops to establish the security needed for redevelopment and democracy to take root. And it has been too stingy with the kind of long-term development aid required to consolidate popular support.

Mr. Karzai, for his part, has been far too indulgent of corruption and drug trafficking. And, in the hope of extending his authority beyond Kabul, he has made damaging deals with brutal warlords.

Now that the dinner is over, Mr. Bush needs to focus on the real problems of Afghan security and reconstruction. And he needs to remind General Musharraf that the very minimum America expects of its allies is that they not concede any form of sanctuary to such sworn enemies of the United States as the Taliban and Al Qaeda.

The Musharraf Exception (WSJ)

By Robert L. Pollock

The Wall Street Journal, September 29, 2006

Pervez Musharraf is America's favorite dictator. The Bush administration seems to consider the Pakistani general -- who took power in a 1999 military coup -- an indispensable ally, and has yet to publicly pressure him on the democracy front. Democrats and foreign policy thinkers of the "realist" school seem equally comfortable with the idea of Gen. Musharraf running Pakistan for the indefinite future. Indeed, if the purpose of the general's new autobiography -- "In the Line of Fire" -- was to win American sympathy ahead of an attempt to fiddle with next year's presidential election, he probably needn't have bothered.

A recent meeting of the Musharraf fan club took place at the Council on Foreign Relations in New York, where Gen. Musharraf gave brief remarks and took questions as he launched his book tour on Monday night. He was treated to standing ovations that exceeded mere politeness as he entered and left the hall. Not one questioner raised the democracy issue. And if the moderator -- former Clinton Treasury Secretary Robert Rubin -- was curious, he didn't let on. He was too busy extolling Gen. Musharraf's wisdom and the fact that he has been kind enough to employ as prime minister Mr. Rubin's ex-Citibank colleague, Shaukat Aziz.

Even among the "neocon" architects of President Bush's democracy-promotion agenda it's hard to find an unkind word about Gen. Musharraf, as I discovered while spending several days last year in Islamabad with former Undersecretary of Defense Doug Feith. Behind this bipartisan support -- or at least acceptance -- is Pakistan's nuclear arsenal, and the perception that Gen. Musharraf is the only thing standing in the way of its takeover by a radical Islamic government. But there are good reasons to doubt this perception, and to suspect that allowing a permanent "Musharraf Exception" to the democracy agenda will do more harm than good.

On the plus side of the Musharraf ledger is, indeed, the obvious fact that the man with the keys to Pakistan's bombs is not a raving Islamic fanatic. He has been an ally -- of convenience, at least -- in the fight against al Qaeda. And his rule, while autocratic, is not oppressive. With a smart and vibrant free press, Pakistan undoubtedly passes what Condoleezza Rice has called the "public square test" -- a fancy way of saying you can speak your mind without fear of being carted away by the cops.

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At the same time, however, Gen. Musharraf suffers from his lack of legitimacy among the secular classes who have run Pakistan's democratic governments in the past, and who would almost surely win if another free poll is held. The Islamists got only 11% in the last parliamentary election, but the general is increasingly courting them as he attempts to hold power -- which may be one reason his antiterror efforts haven't included any attempts to crack down on the madrassas. For the same reason, Pakistan's efforts to control Taliban elements operating within its borders seem half-hearted. And when confronted with a question about this at the Council Monday night, Gen. Musharraf launched into an ethnocentric diatribe about supporting Afghanistan's Pashtun majority. Never mind that Afghan President Hamid Karzai is a Pashtun. Gen. Musharraf went on at length about the apparently unseemly fact that the late anti-Taliban leader Ahmed Shah Massoud -- a "minority" Tajik, he kept pointing out -- is revered in Kabul.

More broadly, Gen. Musharraf used his Council on Foreign Relations remarks to criticize the Bush administration's broader war on terror. "I feel that we are only using the instrument of the military to combat terrorism," he said, ignoring the democracy agenda. And what does he think the root cause of terrorism is? "Palestine is the core issue," he said, repeatedly. The audience could have been forgiven for thinking it was listening to the tired rhetoric of someone like Hosni Mubarak. But then, Gen. Musharraf seems increasingly like Mr. Mubarak, and less like the modernizer preparing Pakistan for a return to democracy that he claims to be.

Don't get me wrong. Your humble correspondent is under no illusions about the feasibility of immediate democratic revolutions in every country of the Islamic world. But equally, let's have no illusions about Pervez Musharraf. He took power illegitimately in a country with some history of democracy, however imperfect. And now he seems to be in no hurry to give it up. The Bush Doctrine can survive the Musharraf Exception over the short run. But over the longer term, the credibility of our efforts to address the root causes of terror will require nudging Pakistan, too, back toward the democratic path.

Mr. Pollock is a member of the Journal's editorial board.

Rumsfeld Comments On Intelligence Report (AP)

By Lolita C. Baldor

AP, September 28, 2006

It is impossible to know with any precision whether the wars in Iraq and Afghanistan have created more terrorists than they've killed, Defense Secretary Donald H. Rumsfeld said Thursday.

In his first extensive remarks about a recent U.S. intelligence report saying the threat of terrorism has risen, Rumsfeld told reporters at a NATO meeting that, in general, the value of intelligence reports can be uneven, and "sometimes it's just flat wrong."

But he added that, "the implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical."

In the much-discussed National Intelligence Estimate initially reported last weekend, the government's top analysts concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, they said, the risks to the U.S. interests at home and abroad surely will grow.

Rumsfeld did not specifically criticize or address the controversial intelligence report, but instead commented more broadly about the terrorist question that has gripped the political world since the report was disclosed last week.

"Are more terrorists being created in the world? We don't know. The world doesn't know," said Rumsfeld, adding that there are no good ways to measure "The world doesn't know. There aren't good ways to measure how many terrorists are being trained at camps around the world."

Disclosure of the classified report, and Bush's subsequent move to make public portions of it, has had broad political ramifications.

For Republicans, the report provides more evidence that Iraq is central to the war on terrorism and can't be abandoned without giving jihadists a crucial victory. And for Democrats, it furthers their argument that the 2003 Iraq invasion has inflamed anti-U.S. sentiments in the Muslim world and left the U.S. less safe.

Rumsfeld said any specific comments on the report should come from Bush. But he added that while it's hard to know how many terrorist are being created, officials have a better idea how many have been killed or captured.

On Thursday the new leader of al-Qaida in Iraq purportedly said in an audio message posted online that more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 — the first apparent acknowledgment from the insurgents about their losses.

Rumsfeld also said there are multiple groups of extremists whose goal is to murder and terrorize free people and their goal is to topple any Muslim regime that disagrees with them and replace them with extremists.

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"Ultimately they will fail," said Rumsfeld, adding that "anyone who thinks there is a single answer or a single reason, or a silver bullet that's going to solve the problem can't be right, its too complex... It's going to take time and its going to take a lot of work by people who are patient and believe in freedom."

Rumsfeld was attending a NATO defense ministers meeting here. During the meeting, the ministers approved extending NATO's control of military operations across all of Afghanistan — a move that Rumsfeld hailed as a "bold step forward" for the alliance.

Under the new arrangements, as many as 12,000 additional American troops will be put under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Rumsfeld Says Its Not Possible To Tell If Jihadist Ranks Are Growing (AFP)

AFP, September 28, 2006

Calling US intelligence uneven and "sometimes just flat wrong," US Defense Secretary Donald Rumsfeld said it is not possible to tell whether the ranks of Islamic extremists are growing or not.

Rumsfeld weighed in for the first time on a US intelligence estimate that warned that the war in Iraq has become a "cause celebre" for Islamic radicals, causing the ranks of "jihadists" to swell and disperse geographically.

Rumsfeld avoided direct comment on the key findings of the national intelligence estimate which were declassified on White House orders this week amid a political storm over its findings.

Instead, he said spoke in general terms about intelligence shortcomings that undercut the value of the reports.

"Every day people in policy positions get stacks like this of intelligence reports. Their value is uneven," he said at a press conference, using his hands to indicate the size of the stack.

"Their information is often qualified 'as one the one hand this, on the other hand that' because it is a difficult business," he said.

The reports are based on a wide range of sources from the public records to classified information to intelligence shared by allies in the US-led "global war on terrorism," he said.

"And frankly sometimes it's just flat wrong. It turns out not to be right. That's fair enough, too," he said.

Asking himself whether more terrorists were being created, Rumsfeld said: "We don't know. The world doesn't know."

"Over time how will they do? They will fail. Ultimately they will fail. In any given day, any given week, any given month, is the pool going up or down?" he said.

"The implication that if you stop killing or capturing the people who are trying to kill you that therefore the world would be a better place is obviously nonsensical," he said.

"On the other hand, it is not possible to know the answer to the question as to any given event," he said, referring to Iraq's impact on jihadist fortunes.

"There are multiple forces and anyone who thinks that there is a single answer or a single reason or a silver bullet that is going to solve the problem can't be right because it's not possible," he said.

Of Course Iraq Made It Worse (WP)

By Daniel Benjamin And Steven Simon

The Washington Post, September 29, 2006

The declassified judgments from the National Intelligence Estimate on terrorism caused a stir in the political world this week, but for most -- we would guess almost all -- scholars of jihadist terrorism, they are largely uncontroversial. The war in Iraq, the lack of reform in the Muslim world and anger at its endemic corruption and injustice, the pervasiveness of anti-Western sentiment -- all these have long been identified as major drivers of radical Islamist terror.

What's striking, instead, is that anyone could still disagree with this assessment of the role of Iraq, as President Bush and commentators such as Robert Kagan ["More Leaks, Please," op-ed, Sept. 26] have done. It's a shame that more of the document wasn't released, because none of the evidence or argumentation to support the claim that Iraq has added fuel to the jihadist fire was included. And there's no good reason most or all of it shouldn't be released.

In fact, though, you don't need an NIE to demonstrate the most controversial judgment -- that the war in Iraq has worsened the terrorist threat. The official coordinated evaluation by Britain's domestic security and foreign intelligence services noted that "the conflict in Iraq has exacerbated the threat from international terrorism and will continue to have an impact in the long term." This conclusion is echoed by interior ministries, law enforcement agencies and intelligence services in every part of the world.

Since the United States invaded Iraq, there has been a significant increase in the number of people committed to the jihadist cause. There is, of course, no turnstile counting those hopping aboard the jihadist train, as the NIE excerpt concedes. Demands for an unattainable precision on this aren't realistic.

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Although jihadist activity is burgeoning around the world, many of the new recruits can be grouped into three categories. The first are the "homegrown" terrorists who may have little connection to al-Qaeda or other existing groups but who have been won over by the ideas of Osama bin Laden and his followers. Self-starters have appeared not only in Madrid, Leeds and London but also in Canada, the Maghreb, the Middle East and Pakistan.

Some question whether these people have really been spurred by Iraq. Just as President Bush urges that we take the terrorists at their word about their wish to create a new caliphate, we take them at their word about their motivation: Iraq has been crucial. The Madrid bombers were explicit about their desire to punish Spain for its support of the United States in Iraq; friends and neighbors recounted that those who bombed the London subway system were obsessed with Iraq. And time and again, investigators have found that these new recruits hoarded Internet videos packed with scenes of violence from Iraq -- part of a narrative of heroic defiance that is deeply compelling to some young Muslims.

The two other categories of recruits are centered in Iraq itself. One consists of the foreign fighters, who, it turns out, are not the remnants of al-Qaeda that the administration believed would flock to their doom in Iraq. According to both Saudi and Israeli scholars who have studied the biographies of foreign fighters killed in Iraq, very few had prior experience of Islamic radicalism. They were drawn by their perception that the indignity of Iraqi occupation had to be fought.

The final category is Iraqi jihadists. There were virtually none in Iraq before the invasion. Now Sunni insurgent organizations espousing jihadism are dominated by Iraqis, who number in the thousands. As the NIE judgments suggest, those groups, which have already carried out bombings in Jordan, are likely to look for more targets outside Iraq.

The terrorists are increasing not only in numbers but also in lethality. As leaked government reports and expert analyses have observed, jihadists have been able to improve their bombmaking and urban warfare skills in Iraq in a way they could not in Afghanistan. A Marine intelligence report indicated last month that they have also acquired a sanctuary in Anbar province that the United States is probably incapable of destroying.

Defenders of the war in Iraq, such as Vice President Cheney, contend that since the United States has not been hit since Sept. 11, the threat cannot be growing. In fact, the terrorists understand that for now it is easier to kill Americans in Iraq than in America, and at this they have succeeded. After the Heathrow plot to destroy U.S.-bound commercial jets and the disclosure of a homegrown cell next-door in Canada, suggesting that the danger is subsiding bespeaks obliviousness or denial.

Then there is the claim that Iraq has not had a catalytic effect because the terrorists were already after us, an argument the president repeated Tuesday. "We weren't in Iraq when we got attacked on September the 11th. . . . We weren't in Iraq when they first attacked the World Trade Center in 1993."

No doubt the United States would have had a serious struggle against radical Islam after Sept. 11 under any circumstances. But the occupation of Iraq, by appearing to confirm bin Laden's arguments about America's antipathy toward the Muslim world, has had an incendiary effect and made matters dramatically worse.

The invasion of Iraq was the wrong answer to the terrorist challenge, for which we will pay a high price for years to come. The continued need to defend that move by the administration and its partisans is preventing the nation from crafting the necessary strategy to meet the terrorist challenge and make Americans safer. The evidence is at hand.

Daniel Benjamin is a senior fellow at the Center for Strategic and International Studies. Steven Simon is a senior fellow at the Council on Foreign Relations. They served on the National Security Council staff from 1994 to 1999.

U.N.: Al-Qaida Activity In Iraq May Drop (AP)

By Edith M. Lederer

AP, September 28, 2006

Al-Qaida's activity in Iraq may diminish as violence escalates and distinctions blur between sectarian attacks, criminal acts and the fight against Iraqi and non-Iraqi forces, according to a U.N. report.

In Afghanistan, the report said, Taliban rebels continue to benefit from a close relationship with al-Qaida and other foreign terrorist groups. As an example, it said, "new explosive devices are now used in Afghanistan within a month of their first appearing in Iraq."

The report by terrorism experts working for the U.N. Security Council committee monitoring sanctions against the Taliban and al-Qaida painted a grim picture of escalating violence and the spread of attacks.

"While the Taliban have not been found fighting outside Afghanistan/Pakistan, there have been reports of them training in both Iraq and Somalia," it said. Al-Qaida, however, is not only operating in Iraq but many attacks elsewhere have promoted al-Qaida objectives, "even if mounted by unconnected groups or individuals with narrowed sectarian or political aims."

Security Council members discussed the report Thursday. Afterward, Argentina's U.N. Ambassador Cesar Mayoral, who chairs the committee, urged all countries to provide additional names of individuals and entities linked to the Taliban and al-Qaida to bolster the list of those subject to sanctions.

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In the last six months, the experts said, "the violence in Afghanistan has increased considerably, and there has been no let up in Iraq, with al-Qaida's contribution remaining disproportionate to its size." A U.S.-led invasion ousted Afghanistan's Taliban-led regime in late 2001.

But as Iraq "continues to slide towards civil war, al-Qaida may paradoxically see more losses than gains," the experts' report said.

"It has gained by continuing to play a central role in the fighting and in encouraging the growth of sectarian violence; and Iraq has provided many recruits and an excellent training ground," it said.

But the experts said "the prominent role of al-Qaida may diminish as the violence escalates between communities, and distinctions blur between sectarian attacks on markets and places of worship, or purely criminal kidnapping and protection rackets on the one hand, and the fight against Iraqi and non-Iraqi forces on the other."

Also on the down side for al-Qaida, the report said several intelligence and security agencies told the experts that fewer foreign fighters have been killed or captured in Iraq in recent months, "suggesting that the flow has slackened." On returning home, they noted that some fighters had expressed dissatisfaction that they were asked to kill fellow Muslims rather than foreign soldiers and that the only role for them was to be suicide bombers.

The new leader of al-Qaida in Iraq purportedly said in an audio message posted online Thursday that more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 — the first apparent acknowledgment from the insurgents about their losses.

The Internet message was posted by a man who identified himself as Abu Hamza al-Muhajir — also known as Abu Ayyub al-Masri — the leader of al-Qaida in Iraq. The voice could not be independently identified.

The U.N. experts said some intelligence officials believe al-Muhajir "is in fact an Egyptian veteran who became an explosives expert in Afghanistan before spending time in Lebanon and Yemen."

"If so, while this will continue to provide al-Qaida in Iraq with links to external groups, his appointment may give rise to further tensions between a `foreign' leader and the Iraqi regional commanders," they said.

The report cited the deaths of al-Qaida in Iraq leader Abu Musab al-Zarqawi, Chechen warlord Shamil Basayev, who masterminded the 2004 school hostage-taking in Beslan, Russia, and other significant losses in Afghanistan and Iraq.

"There have been many arrests and disrupted plots, only some of which have been announced publicly," the report added, without elaborating.

Despite serious damage to al-Qaida's leadership, however, Taliban gains in Afghanistan are evident in the surge of violence that has led to more than 2,000 deaths between January and July, the experts said.

"While ideological support for the Taliban may be low, high levels of unemployment, poverty, hunger, illiteracy, and a general sense of insecurity have made farmers vulnerable to Taliban inducements on the one hand and intimidation on the other," they said.

"By murdering non-Taliban imams, school teachers and tribal and community leaders who might have encouraged a new generation of Afghans to believe in the possibility of peace, the Taliban have managed to undermine earlier progress and have further highlighted the huge problems that face the Afghan government," it said.

In July 2005, the Security Council unanimously adopted a resolution to clamp down on terrorist financing and expand sanctions to affiliates and splinter groups of al-Qaida and the Taliban.

Sanctions require all 192 U.N. member states to freeze financial assets and impose a travel ban and arms embargo against Afghanistan's former Taliban leaders, Osama bin Laden and al-Qaida and those "associated with" them. At the end of July, the list had 478 names.

Book Says Bush Ignored Urgent Warning On Iraq (NYT)

By David E. Sanger

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The White House ignored an urgent warning in September 2003 from a top Iraq adviser who said that thousands of additional American troops were desperately needed to quell the insurgency there, according to a new book by Bob Woodward, the Washington Post reporter and author. The book describes a White House riven by dysfunction and division over the war.

The warning is described in “State of Denial,” scheduled for publication on Monday by Simon & Schuster. The book says President Bush’s top advisers were often at odds among themselves, and sometimes were barely on speaking terms, but shared a tendency to dismiss as too pessimistic assessments from American commanders and others about the situation in Iraq.

As late as November 2003, Mr. Bush is quoted as saying of the situation in Iraq: “I don’t want anyone in the cabinet to say it is an insurgency. I don’t think we are there yet.”

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Secretary of Defense Donald H. Rumsfeld is described as disengaged from the nuts-and-bolts of occupying and reconstructing Iraq — a task that was initially supposed to be under the direction of the Pentagon — and so hostile toward Condoleezza Rice, then the national security adviser, that President Bush had to tell him to return her phone calls. The American commander for the Middle East, Gen. John P. Abizaid, is reported to have told visitors to his headquarters in Qatar in the fall of 2005 that "Rumsfeld doesn't have any credibility anymore" to make a public case for the American strategy for victory in Iraq.

The book, bought by a reporter for The New York Times at retail price in advance of its official release, is the third that Mr. Woodward has written chronicling the inner debates in the White House after the Sept. 11 attacks, the invasion of Afghanistan, and the subsequent decision to invade Iraq. Like Mr. Woodward's previous works, the book includes lengthy verbatim quotations from conversations and describes what senior officials are thinking at various times, without identifying the sources for the information.

Mr. Woodward writes that his book is based on "interviews with President Bush's national security team, their deputies, and other senior and key players in the administration responsible for the military, the diplomacy, and the intelligence on Iraq." Some of those interviewed, including Mr. Rumsfeld, are identified by name, but neither Mr. Bush nor Vice President Dick Cheney agreed to be interviewed, the book says.

Robert D. Blackwill, then the top Iraq adviser on the National Security Council, is said to have issued his warning about the need for more troops in a lengthy memorandum sent to Ms. Rice. The book says Mr. Blackwill's memorandum concluded that more ground troops, perhaps as many as 40,000, were desperately needed.

It says that Mr. Blackwill and L. Paul Bremer III, then the top American official in Iraq, later briefed Ms. Rice and Stephen J. Hadley, her deputy, about the pressing need for more troops during a secure teleconference from Iraq. It says the White House did nothing in response.

The book describes a deep fissure between Colin L. Powell, Mr. Bush's first secretary of state, and Mr. Rumsfeld: When Mr. Powell was eased out after the 2004 elections, he told Andrew H. Card Jr., the White House chief of staff, that "if I go, Don should go," referring to Mr. Rumsfeld.

Mr. Card then made a concerted effort to oust Mr. Rumsfeld at the end of 2005, according to the book, but was overruled by President Bush, who feared that it would disrupt the coming Iraqi elections and operations at the Pentagon.

Vice President Cheney is described as a man so determined to find proof that his claim about weapons of mass destruction in Iraq was accurate that, in the summer of 2003, his aides were calling the chief weapons inspector, David Kay, with specific satellite coordinates as the sites of possible caches. None resulted in any finds.

Two members of Mr. Bush's inner circle, Mr. Powell and the director of central intelligence, George J. Tenet, are described as ambivalent about the decision to invade Iraq. When Mr. Powell assented, reluctantly, in January 2003, Mr. Bush told him in an Oval Office meeting that it was "time to put your war uniform on," a reference to his many years in the Army.

Mr. Tenet, the man who once told Mr. Bush that it was a "slam-dunk" that weapons of mass destruction existed in Iraq, apparently did not share his qualms about invading Iraq directly with Mr. Bush, according to Mr. Woodward's account.

Mr. Woodward's first two books about the Bush administration, "Bush at War" and "Plan of Attack," portrayed a president firmly in command and a loyal, well-run team responding to a surprise attack and the retaliation that followed. As its title indicates, "State of Denial" follows a very different storyline, of an administration that seemed to have only a foggy notion that early military success in Iraq had given way to resentment of the occupiers.

The 537-page book describes tensions among senior officials from the very beginning of the administration. Mr. Woodward writes that in the weeks before the Sept. 11 attacks, Mr. Tenet believed that Mr. Rumsfeld was impeding the effort to develop a coherent strategy to capture or kill Osama bin Laden. Mr. Rumsfeld questioned the electronic signals from terrorism suspects that the National Security Agency had been intercepting, wondering whether they might be part of an elaborate deception plan by Al Qaeda.

On July 10, 2001, the book says, Mr. Tenet and his counterterrorism chief, J. Cofer Black, met with Ms. Rice at the White House to impress upon her the seriousness of the intelligence the agency was collecting about an impending attack. But both men came away from the meeting feeling that Ms. Rice had not taken the warnings seriously.

In the weeks before the Iraq war began, President Bush's parents did not share his confidence that the invasion of Iraq was the right step, the book recounts. Mr. Woodward writes about a private exchange in January 2003 between Mr. Bush's mother, Barbara Bush, the former first lady, and David L. Boren, a former chairman of the Senate Intelligence Committee and a Bush family friend.

The book says Mrs. Bush asked Mr. Boren whether it was right to be worried about a possible invasion of Iraq, and then to have confided that the president's father, former President George H. W. Bush, "is certainly worried and is losing sleep over it; he's up at night worried."

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The book describes an exchange in early 2003 between Lt. Gen. Jay Garner, the retired officer Mr. Bush appointed to administer postwar Iraq, and President Bush and others in the White House situation room. It describes senior war planners as having been thoroughly uninterested in the details of the postwar mission.

After General Garner finished his PowerPoint presentation — which included his plan to use up to 300,000 troops of the Iraqi Army to help secure postwar Iraq, the book says — there were no questions from anyone in the situation room, and the president gave him a rousing sendoff.

But it was General Garner who was soon removed, in favor of Mr. Bremer, whose actions in dismantling the Iraqi army and removing Baathists from office were eventually disparaged within the government.

The book suggests that senior intelligence officials were caught off guard in the opening days of the war when Iraqi civilian fighters engaged in suicide attacks against armored American forces, the first hint of the deadly insurgent attacks to come.

In a meeting with Mr. Tenet of the Central Intelligence Agency, several Pentagon officials talked about the attacks, the book says. It says that Mr. Tenet acknowledged that he did not know what to make of them.

Mr. Rumsfeld reached into political matters at the periphery of his responsibilities, according to the book. At one point, Mr. Bush traveled to Ohio, where the Abrams battle tank was manufactured. Mr. Rumsfeld phoned Mr. Card to complain that Mr. Bush should not have made the visit because Mr. Rumsfeld thought the heavy tank was incompatible with his vision of a light and fast military of the future. Mr. Woodward wrote that Mr. Card believed that Mr. Rumsfeld was “out of control.”

The fruitless search for unconventional weapons caused tension between Vice President Cheney’s office, the C.I.A. and officials in Iraq. Mr. Woodward wrote that Mr. Kay, the chief weapons inspector in Iraq, e-mailed top C.I.A. officials directly in the summer of 2003 with his most important early findings.

At one point, when Mr. Kay warned that it was possible the Iraqis might have had the capability to make such weapons but did not actually produce them, waiting instead until they were needed, the book says he was told by John McLaughlin, the C.I.A.’s deputy director: “Don’t tell anyone this. This could be upsetting. Be very careful. We can’t let this out until we’re sure.”

Mr. Cheney was involved in the details of the hunt for illicit weapons, the book says. One night, Mr. Woodward wrote, Mr. Kay was awakened at 3 a.m. by an aide who told him Mr. Cheney’s office was on the phone. It says Mr. Kay was told that Mr. Cheney wanted to make sure he had read a highly classified communications intercept picked up from Syria indicating a possible location for chemical weapons.

Mr. Woodward and a colleague, Carl Bernstein, led The Post’s reporting during Watergate, and Mr. Woodward has since written a string of best sellers about Washington. More recently, the identity of Mr. Woodward’s Watergate source known as Deep Throat was disclosed as having been W. Mark Felt, a senior F.B.I. official.

In late 2005, Mr. Woodward was subpoenaed by the special prosecutor in the C.I.A. leak case. He also apologized to The Post’s executive editor for concealing for more than two years that he had been drawn into the scandal.

Bob Woodward: Bush Misleads On Iraq (CBS)

CBSNews.com, September 28, 2006

(CBS) Veteran Washington reporter Bob Woodward tells Mike Wallace that the Bush administration has not told the truth regarding the level of violence, especially against U.S. troops, in Iraq. He also reveals key intelligence that predicts the insurgency will grow worse next year.

In Wallace’s interview with Woodward, to be broadcast on 60 Minutes this Sunday, Oct. 1, at 7 p.m. ET/PT, the reporter also claims that Henry Kissinger is among those advising Mr. Bush.

According to Woodward, insurgent attacks against coalition troops occur, on average, every 15 minutes, a shocking fact the administration has kept secret. "It’s getting to the point now where there are eight-, nine-hundred attacks a week. That's more than 100 a day. That is four an hour attacking our forces," says Woodward.

The situation is getting much worse, says Woodward, despite what the White House and the Pentagon are saying in public. "The truth is that the assessment by intelligence experts is that next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying], 'Oh, no, things are going to get better,'" he tells Wallace. "Now there’s public, and then there’s private. But what did they do with the private? They stamp it secret. No one is supposed to know," says Woodward.

"The insurgents know what they are doing. They know the level of violence and how effective they are. Who doesn't know? The American public," Woodward tells Wallace.

Woodward also reports that the president and vice president often meet with Henry Kissinger, who was President Richard Nixon’s secretary of state, as an adviser. Says Woodward, "Now what’s Kissinger’s advice? In Iraq, he declared very simply, ‘Victory is the only meaningful exit strategy.'" Woodward adds. "This is so fascinating. Kissinger’s fighting the Vietnam War again because, in his view, the problem in Vietnam was we lost our will."

President Bush is absolutely certain that he has the U.S. and Iraq on the right course, says Woodward. So certain is the president on this matter, Woodward says, that when Mr. Bush had key Republicans to the White House to discuss Iraq, he told them, "I will not withdraw, even if Laura and Barney are the only ones supporting me."

Woodward reported for two years and interviewed more than 200 people, including top officials in the Bush administration, to learn these and other revelations that he makes in his latest book, State of Denial, published by Simon & Schuster, part of the CBS Corp.

Zarqawi Successor Exhorts Scientists (WP/AP)

By Associated Press

The Washington Post, September 29, 2006

BAGHDAD, Sept. 28 -- Al-Qaeda in Iraq's leader, in a chilling audiotape released Thursday, called for nuclear scientists to join his group's holy war and urged insurgents to kidnap Westerners so they could be traded for a blind Egyptian sheik who is serving a life sentence in a U.S. prison.

The fugitive group leader said experts in the fields of "chemistry, physics, electronics, media and all other sciences -- especially nuclear scientists and explosives experts" should join his group's holy war against the West.

"We are in dire need of you," said the speaker, who identified himself as Abu Hamza al-Muhajer -- also known as Abu Ayyub al-Masri. "The field of jihad can satisfy your scientific ambitions, and the large American bases are good places to test your unconventional weapons, whether biological or dirty, as they call them."

The 20-minute audio was posted on a Web site that frequently airs al-Qaeda messages. The voice could not be independently identified, but it was thought to be Muhajer's. He is believed to have succeeded Abu Musab al-Zarqawi, who was killed in a U.S. airstrike north of Baghdad in June, as head of the al-Qaeda-linked organization.

Thursday's message focused attention on Sheik Omar Abdel Rahman, 68, an Egyptian cleric who was convicted in 1995 of seditious conspiracy for his advisory role in a plot to assassinate Egypt's president and blow up five New York City landmarks.

"I appeal to every holy warrior in the land of Iraq to exert all efforts in this holy month so that God may enable us to capture some of the Western dogs to swap them with our sheik and get him out of his dark prison," said Muhajer, who is also Egyptian.

He also said more than 4,000 foreign militants have been killed in Iraq since the U.S.-led invasion in 2003 -- the first known statement from the insurgents about their death toll.

It was unclear why Muhajer would advertise the loss of the group's foreign fighters, but martyrdom is revered among Islamic fundamentalists and could be used as a recruiting tool. Analysts said the announcement was probably a boast aimed at drumming up support.

"It's showing the level of dedication to their cause, the level of sacrifice jihadists are making," said Ben N. Venzke, director of the Alexandria-based IntelCenter, which monitors terrorism communications.

Audiotape Calls For Abduction Of Westerners (LAT)

By Solomon Moore

The Los Angeles Times, September 29, 2006

BAGHDAD — An audiotape allegedly from the leader of Al Qaeda in Iraq urges followers to kidnap Westerners to barter for the release of a cleric imprisoned for his role in the 1993 World Trade Center bombing, and encourages them to fight on despite the deaths of 4,000 fellow insurgents.

The taped message, posted Thursday on the Internet, says the hostages would be used to force the release of Omar Abdel Rahman, serving a life sentence for his involvement in the first bombing of the Trade Center.

The identity of the speaker, alleged to be Abu Ayyub Masri, also known as Sheik Abu Hamza or "Al Muhajir" to U.S. intelligence officials, could not be independently verified.

The speaker also calls on tribes that have turned against Al Qaeda to rejoin the movement. In translated excerpts provided by the SITE Institute, a privately funded group studying terrorism, the speaker urges Islamic scholars to support Al Qaeda and praises Sunni Arab tribes "who secretly and publicly supported us and provided us with the financing and the men."

After Abu Musab Zarqawi, Masri's predecessor, was killed in a U.S. airstrike in June, and with the subsequent capture of several of his aides, officials said they had disrupted the group. A senior U.S. military official said Wednesday that several tribes in the western province of Al Anbar, a Sunni insurgent stronghold, had begun attacking Al Qaeda fighters.

The tape offers the first acknowledgment of the toll the conflict has had on Al Qaeda fighters. "We fear that our hard work will go to waste because the blood we shed in Iraq was too much — over 4,000 foreign fighters and more than double this number in supporters of good and blessed causes," the speaker says.

The speaker also calls on Muslims with specialized skills to join Al Qaeda:

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"My final message is to the people with special qualifications, the highly experienced, the scientists of chemistry and physics, electronics and management, media — all the deep specialties — in particular nuclear scientists and explosive engineering. We say that we badly need you. The jihad battlefield needs your scientific ambitions, and all of the American camps are the best experimental fields for your knowledge."

After Burst Of Violence, As Many As 60 Bodies Are Found In Baghdad (NYT)

By Michael Luo

The New York Times, September 29, 2006

BAGHDAD, Sept. 28 —As many as 60 bodies, many of them shot in the head at close range and bearing signs of torture, were discovered across the city on Thursday, an Interior Ministry official said.

The death toll was one of the highest in weeks and came as American and Iraqi troops continued to sweep Baghdad's most dangerous neighborhoods in a broad effort to control the capital. Killings of this kind, often driven by sectarian hatred, increased sharply here after the bombing of a Shiite shrine in Samarra in February.

Maj. Gen. William B. Caldwell IV, a United States military spokesman, said Wednesday that such killings and other murders continued to claim more people in Baghdad than suicide bombings. Military officials had predicted a rise in violence with the advent of Ramadan, the holy month that began earlier this week.

Also on Thursday, an Islamist Internet site posted an audio clip of a man it identified as Hamza al-Muhajir, an Egyptian who the American military has said is Al Qaeda's new chief in Iraq. In the 20-minute clip, the man exhorts fellow Sunni fighters to "work hard in this holy month to capture some Christian dogs," to trade for an Egyptian sheik, Omar Abdel Rahman, who is imprisoned in the United States. Sheik Abdel Rahman, a blind Muslim cleric, was convicted in 1995 of plotting to blow up several New York City landmarks.

He also warned Sunni Arabs who he said had been working with the American occupation to change their ways by the end of Ramadan, considered by Muslims to be the month of forgiveness.

The authenticity of the audio clip could not be immediately verified.

Meanwhile, one of most damaging of several bombings in the capital on Thursday occurred in Shaab, a mostly Shiite neighborhood in northeastern Baghdad that had just been the focus of one of the concentrated sweeps by American and Iraqi troops trying to clear and hold problem-plagued areas as part of a new security plan for the capital.

A car parked near the headquarters of the Iraqi Army unit in the neighborhood exploded as a convoy of Iraqi military vehicles passed, an Interior Ministry official said. The blast, at about 7:15 a.m., killed two Iraqi soldiers and wounded eight others, as well as four civilians.

The blast was the first of several explosions across the city. Another car bomb exploded shortly afterward in Baya, a mixed neighborhood in the southwestern part of the city, killing one resident and wounding four others, the Interior Ministry official said.

A roadside bomb tore into a police patrol in Karada, a commercial district in central Baghdad at 8:30 a.m., wounding two policemen. Forty minutes later, another explosive device blew up in Yarmouk, in the western part of the city, killing a policeman and wounding three civilians.

A car bomb exploded around noon near one of the most popular movie theaters in Baghdad, Al Nasr. When the police arrived at the scene, another bomb went off. In total, four people, two of them police officers, were killed by the explosions, and 10 others were hurt.

There was also violence in the northern city of Kirkuk, where a suicide car bomber slammed into an Iraqi police convoy as it was leaving the American military base, said Col. Aiwa Khursheed, a police official. The explosion killed a policeman and wounded 11 others.

40 Torture Victims Found In Baghdad (AP)

AP, September 28, 2006

The bodies of 40 men who been tortured were found in the capital in a span of 24 hours, police said Thursday. Bombings and shootings killed at least 21 people in and around Baghdad, including five people who died from a car-bomb explosion near a restaurant.

Thirty-four people were wounded in the bombing. Many of them had serious burns, and some were not expected to survive, police Lt. Ali Mohsen said at the Kindi Hospital.

Although the Muslim fasting month of Ramadan is under way, some Iraqis — including Christians — are not abstaining from eating meals during daytime hours.

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Two Iraqi soldiers were killed and 10 more injured when a suicide car bomb slammed into a checkpoint in northeast Baghdad, police said. The attack came in the Shaab neighborhood, one that just been cleared by U.S. and Iraqi troops as part of a security drive in the capital.

The bodies of 40 men, more apparent victims of sectarian death squads, have been found dumped in eastern and western Baghdad in the past 24 hours, police said. All showed signs of torture, had been shot, and had their hands and feet bound, police Lt. Thayer Mahmoud said.

Gunmen killed seven people, including five policemen and a woman, in different locations in the province of Diyala just north of Baghdad, police said. Six militants were killed in a shootout between Iraqi soldiers and a truckload of gunmen southwest of the capital, officials said.

Iraq's government warned residents that it will soon restrict vehicle access into the capital as part of a security crackdown targeting militants and death squads.

The violence also came amid reports from a number of senior coalition military officials that a large and powerful militia run by radical Shiite cleric Muqtada al-Sadr has been breaking apart into freelance death squads and gangs — some of which are being influenced by Iran.

Al-Sadr's Mahdi army is one of the largest and most powerful militias in Iraq, along with the Badr Brigades, which were once the military wing of Iraq's largest Shiite political group — the Supreme Council for the Islamic Revolution in Iraq.

"There are fractures politically inside Sadr's movement, many of whom don't find him to be sufficiently radical now that he has taken a political course of action," said a senior coalition intelligence official who spoke to reporters in Baghdad on condition of anonymity because he was not permitted to speak publicly on intelligence issues.

The official added that "there have been elements. I can think of about at least six major players who have left his organization because he has been perhaps too accommodating to the coalition."

On Sept. 22, al-Sadr urged his followers not use force against U.S. troops, saying "I want a peaceful war against them and not to shed a drop of blood.

Al-Sadr's ability to control his militia is important both to the U.S. military and an Iraqi government seeking to control and disarm militias and death squads blamed for thousands of sectarian killings in recent months.

Iran has also sought to influence rogue or splinter elements that have broken away from the Mahdi army while it is still able to, the senior intelligence official said.

Chaos Moves Into A Neighborhood Called Liberty (LAT)

By Mohammed Rasheed And Solomon Moore

The Los Angeles Times, September 29, 2006

BAGHDAD — Shiite militiamen kidnapped their brother.

So as the sun went down Wednesday, six of the relatives — all Sunni Arab members of the powerful Mashhadani tribe — picked up their AK-47s and a bomb and headed for the other side of Hurriya, a mixed enclave in northwest Baghdad that used to be a model of peaceful coexistence.

The explosive detonated near the local office of Muqtada Sadr, a firebrand Shiite Muslim cleric whose Al Mahdi militia is accused of killing thousands of Sunnis execution-style in Baghdad.

As the militia fighters ran outside to investigate the explosion, the Mashhadani men rushed into the building, hoping to find their brother.

But the fighters recovered more quickly than the Mashhadanis expected. The militia surrounded the building and killed the rescue party.

Then they dragged two of the bodies into the street and set them on fire.

"They kept them burning until 1 a.m.," said Faraj Mohammed, 30, a Shiite resident.

In Baghdad, where at least 5,100 people died in July and August, there is nothing unusual about the story of the Mashhadani brothers. Mutilated bodies appear daily, often by the dozens, in neighborhoods such as Hurriya, which have been swept into the tide of sectarian violence that washed over the nation with the Feb. 22 bombing of a revered Shiite shrine.

By Thursday morning, Iraqi police had found the bodies of at least 60 more people in Baghdad, most of whom had been shot at close range. Seven people were killed in bombings and shootings Thursday in the capital.

The killings continue even as U.S. and Iraqi forces are conducting a major operation to restore order to the capital. Senior U.S. officials complained to reporters in Baghdad this week about the reluctance of Prime Minister Nouri Maliki's Shiite-led government to take decisive action against militias linked to his political base.

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U.S. commanders say they expect to reduce the violence eventually, although they acknowledge that they don't have enough troops to secure every problematic area of Baghdad. They blame Maliki's government for failing to deploy an additional 4,000 Iraqi soldiers to the city.

Violence has flared before in Hurriya. A captured Sunni cleric from the neighborhood once confessed on television to killing 80 people there. But several months ago, there were reports that Sunni and Shiite clerics had worked out a cease-fire.

Hurriya, Arabic for "liberty," is a working-class area known for its inexpensive food markets, tailors and electronics stores, and as the birthplace of famous ballad singers Basil Aziz and Kadhim Saher. Both men now live abroad, and Hurriya's shops are closed.

The neighborhood has 17 offices for rival political groups, including three linked to Sadr. All 17 are guarded by gunmen.

Residents are divided about who started the recent bout of violence, but most interviewed for this article agreed that Sadr's Al Mahdi militia now has the upper hand.

"Shiites are threatening Sunni families and forcing them to leave Hurriya," said Mohammed, the Shiite. "Anyone who doesn't obey will be killed. There used to be a lot of Sunnis in east Hurriya — now there are none."

Adnan Dulaimi, head of the Iraqi Accordance Front, a leading Sunni party that has offices in Hurriya, said 60% of the Sunni families that used to live in the neighborhood have fled.

Dulaimi said Shiite militiamen, some of them dressed in Iraqi army uniforms, attacked one of his party's offices less than two weeks ago. Several residents described a brutal firefight that ended when mortar rounds pounded the party building into ruins and killed two women living nearby.

Dulaimi has since acquired another office and brought in reinforcements to protect it.

"Yes, we have guards, and we have the right to defend ourselves," he said. "But we only have small arms, unlike the attackers who come with heavy weapons and missiles. Even with our simple weapons we were able to repel the attack — until the Iraqi army soldiers tipped the scale."

Residents said that Dulaimi's reinforcements, their rifles at the ready, recently marched through Hurriya's streets in a show of force. The display angered Al Mahdi militia members, who brought in fighters from nearby Shaab, one of the few Shiite neighborhoods targeted in the Baghdad security operation.

U.S. commanders complain that as soon as they move into one neighborhood, gunmen and militia fighters simply move into another.

A Sunni pharmacist who works in Hurriya said she and other business owners had closed their shops to avoid being caught in the crossfire. She said the fighting had peaked over the last four days.

"The worst day was yesterday, when an explosion happened and during the chaos a car passed near the office and shot at the Sadr office, killing four people," said the pharmacist, who asked for anonymity for fear of being killed by one of the warring factions.

"The Sadr people knew where they lived and attacked their houses," she added. "The brothers were killed and their bodies were taken into the street and burned. Then they burned their houses."

Abu Mustafa Saedi, an Al Mahdi militia commander in Hurriya, said his men were defending their community from Sunni terrorists. He said insurgents had attacked the houses of Shiites and driven families from the neighborhood.

"The U.S. forces are close by. But they are just standing still and watching the terrorists attack us," Saedi said. "When we arrest the terrorists and hand them over to the Americans, they release them. That's why the Shiites are striking the terrorists the same way they strike us."

A map provided by the U.S. military Wednesday showed that American and Iraqi forces had conducted operations in Ghazaliya but not in Hurriya, just across the Khair River.

Saedi said Dulaimi's recent show of force had only deepened the animosity toward the Sunnis, but he also said he was confident the conflict would be over soon.

"Hurriya's violence will soon end," he said. "Give us three days. The Mahdi army will clean out the area."

Insurgents Continue To Defy Security Drive (USAT)

By Zaid Sabah And Rick Jervis

USA Today, September 29, 2006

BAGHDAD — An unprecedented wave of violence this week in Baghdad threatens to collapse the U.S. strategy of imposing order on the capital as a first step in stabilizing Iraq, military experts said.

“We're beginning to lose,” said Michael O'Hanlon, a military analyst at the Brookings Institution, a Washington think tank. “This year has been a constant, gradual deterioration … from a starting point that wasn't very good to begin with. We're in bad, bad trouble.”

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Baghdad was rocked by mortar attacks Thursday. Bombings and shootings, mainly in and around the city, killed at least 23 people.

Police discovered 40 bodies, probably the victims of sectarian reprisal killings. Police Lt. Thayer Mahmoud told the Associated Press the victims had been shot, showed signs of torture and had their hands and feet bound.

Meanwhile Thursday, an audio message attributed to the leader of al-Qaeda in Iraq said more than 4,000 foreign insurgents have been killed in Iraq since the U.S.-led invasion in 2003. The AP reported that the message could not be independently verified but was posted on a website that frequently carries al-Qaeda messages. It would be the first such statement from insurgents about their number of dead in Iraq.

Suicide bombings, death squad murders and other attacks have spiked since Monday, when the Muslim holy month of Ramadan officially began in Iraq, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, said Wednesday. He said suicide attacks have hit a record but didn't provide figures.

The reason for the upsurge in attacks is unclear, but the increase has undermined a massive U.S.-Iraqi security crackdown underway in the capital since summer.

U.S. and Iraqi forces have completed sweeps in about half of Baghdad's neighborhoods, confiscating weapons and arresting suspects. As violence has dropped in secured areas, attacks have risen in other parts of the city, said Lt. Col. Jonathan Withington, a spokesman for U.S. troops in Baghdad.

Charles Pena, a military and security analyst at the Independent Institute, a non-partisan research group based in Oakland, said, “We still don't have a handle on what this insurgency is and who's in it and why.”

As part of the joint security drive, the Iraqi government announced it will soon impose traffic restrictions in the city. It also plans to start funneling vehicle traffic into and out of the capital through 28 checkpoints.

Rampaging death squads, some aligned with Shiite political parties in Prime Minister Nouri al-Maliki's coalition government, have surpassed attacks by Sunni insurgents as the No. 1 cause of civilian deaths, Caldwell said.

Iraqis expressed bitterness at the failure of U.S. and Iraqi forces to control the mayhem. Saad Hassan Saleh, a retired policeman, said he and other Sunnis fear attacks by rogue Interior Ministry police and the Mahdi Army militia of radical Shiite cleric Muqtada al-Sadr. “If we defend ourselves, the Interior Ministry will announce that we are terrorists attacking (ministry) police. If we do nothing, we will get tortured and executed like sheep.”

The Interior Ministry spokesman, Brig. Gen. Abdel Karim Khalaf al-Kenani, said 1,500 of the ministry's police have been fired in recent days. He disputed Caldwell's statement that attacks in the capital have increased. He said the latest violence “is coming from outside the capital” and accused news organizations of inflating attack and casualty numbers.

At Checkpoints In Baghdad, Disguise Is A Lifesaving Ritual (WP)

By Sudarsan Raghavan

The Washington Post, September 29, 2006

BAGHDAD -- Every time he drove, he feared this moment. Now, it was too late.

As Omar Adil Ahmed neared the checkpoint, he recalled, he saw armed men dressed in black ordering passengers out of a minivan and checking their identity cards. Some were told to get back into the van. Others were taken to a Shiite mosque across the street. The gunmen clutched Glock pistols, normally used by the Iraqi police.

Ahmed, 30, was a Sunni Muslim. And he was in Shaab, a volatile, Shiite Muslim-dominated neighborhood. Questions raced through his mind: Was the mosque a base for a Shiite militia? Were the men members of a Shiite death squad?

So Ahmed set in motion a ritual that many Sunnis across a divided Baghdad now practice. He pushed in a cassette tape with Shiite religious songs and turned up the volume. He wrapped a piece of green cloth that he brought from the Imam Ali shrine in Najaf, one of Shiite Islam's holiest sites, around his gearshift.

And he hung a small picture of Imam Ali, the son-in-law of the prophet Muhammad and the most revered Shiite saint, from his rearview mirror.

To the world outside, he was now a Shiite.

In a city riven by religion, violence and politics, fearful Sunnis and Shiites are hiding their identities to survive. Their differences -- some obvious, most subtle -- have become matters of life or death in ways never before seen in modern Iraq.

As he reached the checkpoint, Ahmed recalled, he was petrified. His wife, his mother and two small daughters were with him in their gray Honda. He pulled out his fake identity card, on which his Sunni tribal name, al-Obeidi, was changed to al-Hussein, a Shiite tribe.

"Deep inside, I was frightened," he said.'What Is Your Sect?'

For centuries, from the Ottoman Empire to the British-installed monarchy to the republic eventually ruled by Saddam Hussein, Sunnis were the elite who got the bulk of government jobs. Shiites, in Hussein's time, were badly persecuted.

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Yet in daily life hardly anyone cared about telling Sunnis and Shiites apart. It was considered rude to ask a person's sect, and it is practically impossible to discern from their looks, speech or dress. For generations, the two sects intermarried, making it difficult to differentiate them by surnames. They attended the same schools and lived in mixed neighborhoods.

Now, in the fourth year after a U.S.-led invasion toppled Hussein, a struggle for power is unfolding between Sunnis and Shiites in the political arena and in the streets of Baghdad. Since the bombing of a Shiite mosque in Samarra in February, sectarian strife and lawlessness have escalated.

At checkpoints set up by police or by sectarian militias, Iraqis said in interviews, it is common to hear questions such as "What is your sect?" or "What is your tribal name?" A wrong response could prove deadly.

On July 9, in Baghdad's al-Jihad neighborhood, Shiite militiamen allegedly killed 40 Sunnis after erecting checkpoints and checking identity cards. Three days later, unknown gunmen attacked a bus station in the northeastern town of Muqdadiyah and separated Sunni men from Shiites. They blindfolded and handcuffed the Shiites, then shot them in the head.

"People are basically killed or taken away simply because of their name, their identity or specific affiliations," said Gianni Magazzeni, head of the U.N. human rights office for Iraq.

In Baghdad, it is difficult to tell a real checkpoint from a fake one. Police uniforms and badges are easily available on the black market. Shiite militiamen have infiltrated the Iraqi security forces, while Sunnis have largely remained outside them. Sunni insurgents have set up checkpoints and targeted Shiites.A Fake ID and 12 Tips

"It is like Russian roulette," said Omar al-Azzawi, 33, a tall, broad-shouldered Sunni computer technician, who curled his fingers into the shape of a gun and pressed it against his temple. "I like my country, I like my people. But these days things are really different. To be in Iraq is to tempt fate."

Azzawi said Shiite militiamen abducted his aunt at a checkpoint in July in Baghdad's Shula neighborhood. Three days later, police found her body dumped on a street. Since then, Azzawi has taken measures to protect himself.

From his brown wallet, he pulled out a fake press credential from an Arabic-language newspaper. It cost him $35. On the red and white badge, Omar, a common Sunni name, became Amar, a common Shiite name.

Whenever he enters a Shiite neighborhood, Azzawi slips on a large silver ring worn by many Shiites, especially those considered to be descendants of Muhammad. He also carries a torba , a round piece of clay Shiites use to place their foreheads upon when they bow in prayer.

At work, Azzawi said, he often surfs Web sites to learn more about Shiites and their practices. For instance, he's been learning to recite the 12 imams of the Shiites, in perfect succession. He's heard that Shiite militiamen at checkpoints often use this as a test.

"I don't like to learn something that happened more than a thousand years ago," said Azzawi, who wore black jeans, a black shirt and a thin beard. "But I have to."

One Web site, http://www.iraqirabita.org , offers a 12-point plan for Sunnis to disguise themselves as Shiites. The No. 1 tip: "Get a forged ID card, especially if your name is Omar or Othman."

Other tips include keeping a poster of Imam Hussein, the grandson of Muhammad, and a copy of a Shiite prayer book inside your house; keeping a set of black clothes, like those Shiites wear to commemorate special religious occasions; and learning the dates of the births and deaths of the 12 imams.

Tip No. 8: Learn how to curse Yazid, the Sunni caliph whose army killed Imam Hussein in the 7th century.

And if all else fails, tip No. 11 reads: "It is okay to claim that you were a Sunni but you were later 'enlightened' and became a Shiite." And tip No. 12 reminds Sunnis to practice all 11 tips well -- and to pray in a husseiniya, or Shiite mosque.

Azzawi's cousin keeps a latmiya -- sad Shiite chants about the 12 imams -- in his collection of ring tones in his cellphone. He activates it in majority-Shiite neighborhoods. Other Sunnis have images of Imam Ali or Imam Hussein on their cellphone screens.

Haki Ismael is a Shiite guard at a government ministry. He lives in Amiriyah, a mostly Sunni neighborhood. Every time he left, he said, he used his fake Sunni identity card. But one recent morning, he was kidnapped by members of the Mahdi Army, the Shiite militia aligned with firebrand cleric Moqtada al-Sadr. They thought he was a Sunni, he recalled.

So Ismael spoke with an accent typical of Shiites from the south. The militiamen began to relax. They released him.Judging by Appearance

Ghassan Khalaf, a Sunni shopkeeper, was saved by his short hair. In June, Shiite policemen stopped his black BMW at a checkpoint in the mostly Shiite neighborhood of Bayaa. They saw the picture of Sadr near the speedometer and Imam Ali on the windshield. But their eyes zeroed in on Khalaf's cousin, Ahmad Jabbir. He had a long, bushy beard and a white tribal head scarf, worn by many religious Sunnis.

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The policemen asked him for his ID. He did not have a fake one. Worse, his tribal name was al-Douri, the same as Izzat Ibrahim al-Douri, who was a top deputy to Saddam Hussein. The policemen pushed Jabbir into their vehicle and ordered Khalaf to leave.

A few days later, Jabbir's corpse turned up in the morgue, Khalaf said. It had 24 holes from an electric drill; the head and beard were shaved.

Two weeks ago, a Shiite friend visited Khalaf's home, where photos of Sadr and Imam Ali are prominently displayed. Like most neighbors, he thought Khalaf was Shiite. He pulled out his cellphone and asked Khalaf:

"Did you see the last operation the heroes did?"

Then, Khalaf recalled, the friend played a grainy one-minute, 40-second video of armed men in black dragging a corpse by its shirt and dumping it in a sandy lot. "God help us get rid of the Salafis and Wahhabis," Khalaf told him afterward, referring to two Sunni branches.

"They think I am one of them," Khalaf explained later. "If you make a mistake, they'll find out you have some sympathy for Sunnis. They will kill me."

The friend asked Khalaf to pull out his blue cellphone with its latmiya ring tone. Then, he beamed over the video with a Bluetooth device.

"When my friend left, I cried because I remembered my cousin," Khalaf said.

"I thought, 'This is what happened to him.' "

Khalaf kept the video in his cellphone. It had become another piece of his disguise.A Song and a Blessing

At the checkpoint, one of the armed men in black ordered Ahmed to get out of his Honda. His family sat in silence, veiled in fear. The man looked inside the car and spotted the green cloth and the picture of Imam Ali. A Shiite religious song flowed through the speakers.

"Where are you coming from?" he asked Ahmed.

"From a ziyara ," he replied in a southern Shiite accent, using the word for a visit to a shrine.

"God bless you. Go fast," the armed man replied.

Ahmed stepped back into his Honda and drove away.

"I felt like life came back to me," Ahmed recalled.

Congressmen Say Iraq War Weakens Military Response To Other Crises (MCT)

By Drew Brown

McClatchy Newspapers, September 29, 2006

WASHINGTON - The war in Iraq has become such a drain on the Army and the Marines that it's seriously damaged the U.S. military's ability to respond if other crises arise, two Democratic congressmen said Thursday.

Speaking at the Center for Strategic and International Studies, Reps. John Murtha, D-Pa., and Neil Abercrombie, D-Hawaii, warned that because funding for the military has been siphoned off to pay for the war, the Army and Marines are running dangerously short of the necessary troops, equipment and training to stay combat ready.

"This makes deployments impossible unless we are prepared to put our troops at risk," said Abercrombie, a member of the House Armed Services Committee. "It also makes conducting homeland security or disaster response missions more difficult, if not unacceptable in terms of public confidence."

They said combat readiness for the Army especially had dropped to levels not seen since the end of the Vietnam War and would continue to deteriorate for as long as U.S. forces remained in Iraq. Because most of the active-duty U.S. ground forces are committed to the war, they said, the U.S. military lacks a strategic reserve to respond to other crises.

"We don't have a combat unit that is really trained to the point where it can be deployed," said Murtha, the ranking Democrat on the House Appropriations Defense Subcommittee. "We don't have a strategic reserve unless you say the Navy and Air Force are strategic reserves."

Abercrombie listed several concerns:

-"Only a handful" of Army and Marine Corps units that aren't deployed are combat ready with enough troops, equipment and training needed to go to war.

-National Guard units have only one-third of their authorized equipment, including tanks, trucks, radios, armored vehicles and night-vision devices. Most of their best equipment has been left in Iraq.

-The Marines were forced to call back 2,500 reservists involuntarily, many of whom had already served in Iraq.

Murtha's concerns, as outlined in a 12-page report, were:

-Funding shortfalls have created backlogs at the Army's key repair depots. At Anniston Army Depot, Ala., 600 M1 tanks are awaiting repairs. At Red River Depot, Texas, 700 Bradley Fighting Vehicles and more than 450 trucks haven't been serviced.

About 2,600 Humvees are awaiting repair at various depots, along with "tens of thousands" of small arms, radios and other key items.

-Pressure to meet recruiting goals forced the Army to increase the number of Category 4 recruits, the lowest acceptable category, from 2 percent to 4 percent of the annual goal in 2005. The Army also has allowed in more recruits with medical problems, moral issues or criminal records, an increase from 10 percent in 2001 to 15 percent in 2005. That figure could go as high as 18 percent in 2006.

Pentagon spokesman Lt. Col. Mark Ballesteros, responding to the assertions, pointed to an Aug. 2 statement by Defense Secretary Donald H. Rumsfeld.

"The truth is, as anyone in the Army leadership will tell you, is that the Army today is vastly better than it was two, four, six or eight years ago," Rumsfeld said. "It has much more equipment, much better equipment, and it's better trained and more experienced, and it is a better Army."

But last month Gen. Peter J. Schoomaker, the Army's chief of staff, refused to submit a budget after being told that he'd have to come up with a spending plan of $114 billion for fiscal 2008, a $2 billion cut from 2007.

Maj. Gabrielle Chapin, a Marine Corps spokeswoman, took issue with the assertions about Marine Corps readiness. "Every unit that is going to Iraq is combat ready," she said. "The Marine Corps is not taking any short cuts."

Paul Boyce, an Army spokesman, also differed with several of the assertions about the Army's readiness, saying the soldiers received all the equipment they needed.

Boyce said Schoomaker and other generals have been working with Congress to make sure there are enough funds to cover readiness, modernization and equipment repair.

Boyce acknowledged that waivers for recruits have increased recently, but said most of the waivers were for recruits who committed misdemeanors. Serious crime waivers remain below 1 percent, medical waivers have decreased and drug and alcohol waivers remain below 1 percent. He said positive results for drug screen tests have dropped from 2.13 percent in fiscal 2002 to 1.91 percent in fiscal 2005.

Boyce said that fewer than 4 percent of Army recruits are in Category 4, compared with 10 percent in the 1980s.

Iraq Contractor's Work Is Further Criticized (WP)

By Griff Witte

The Washington Post, September 29, 2006

The contractor that botched construction of a $75 million police academy in Baghdad so badly that human waste dripped from the ceilings has produced shoddy work on 13 out of 14 projects reviewed by federal auditors, the top official monitoring Iraq's reconstruction told Congress yesterday.

In a House hearing on what has gone wrong with reconstruction contracts in Iraq, Parsons Corp. quickly became the focus, taking bipartisan heat for its record of falling short on critical projects. The Pasadena, Calif., firm was supposed to build facilities at the heart of the $21 billion U.S.-led reconstruction program, including fire stations, border forts and health-care centers. But inspectors have found a litany of flaws in the firm's work. The one project reviewed by auditors that was being constructed correctly, a prison, was taken away from Parsons before its completion because of escalating costs.

In a report released yesterday, inspectors found that the Baghdad Police College posed a health risk after feces and urine leaked through the ceilings of student barracks. The facility, part of which will need to be demolished, also featured floors that heaved inches off the ground and a room where water dripped so heavily that it was known as "the rain forest."

The academy was intended as a showcase for U.S. efforts to train Iraqi recruits who eventually are expected to take control of the nation's security from the U.S. military. But lawmakers said yesterday they feared it will become a symbol of a different sort.

"This is the lens through which Iraqis will now see America," Rep. Henry Waxman (D-Calif.) said. "Incompetence. Profiteering. Arrogance. And human waste oozing out of ceilings as a result."

Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, said the project failed in part because Parsons had fallen down in its responsibility to manage the work.

"It boils down to a lack of oversight," Bowen said. His office will go back in the coming months to review all of Parsons' work in Iraq, which totals about $1 billion.

Parsons Senior Vice President Earnest O. Robbins II acknowledged the police academy construction was unacceptable, but told congressmen that poor work by Iraqi subcontractors, tight deadlines and a deteriorating security situation were to blame.

"We awarded over 1,700 subcontracts to Iraqi firms, and at the peak of construction we had over 11,000 Iraqis employed," Robbins said. "Even the day-to-day oversight of those Iraqi subcontractors was, as a result of cost and security reasons, conducted almost entirely by Iraqis hired and trained by Parsons."

Robbins said the company consistently faced "a shortage of capable Iraqi managers and skilled craftsmen."

Contractors in Iraq have been a frequent target of Democratic critics in the three and a half years since the U.S. invasion, with Texas oil services giant Halliburton Co. becoming the most prominent example of what many Democrats consider war profiteering. Until now, the work of Parsons -- an employee-owned engineering and construction firm that had $3 billion in revenue last year -- had not attracted much attention. But Parsons came under fire from Republicans and Democrats alike yesterday.

"On both sides of the aisle, we think this is outrageous. We want to get to the bottom of this," said Rep. Gil Gutknecht (R-Minn.).

Rep. Chris Van Hollen (D-Md.) pressed Robbins to give the government its money back. "Don't you think that Parsons, given what turned out to be a very shoddy job, should return some of its profits to the taxpayer?" Van Hollen said.

"No sir, I do not," Robbins replied, explaining that it was up to the Army Corps of Engineers, which managed the contract, to determine how much profit the company makes. Parsons earns a basic profit amounting to 3 percent of its costs, but can make an additional 12 percent profit depending on its performance, Robbins said.

Robbins declined to say how much the company earned on the police academy contract but said the Corps of Engineers had deemed the company's work acceptable when construction wrapped up in the spring. Corps spokeswoman Suzanne Fournier said it had taken several months for the project's flaws to become apparent, and that Parsons has agreed to fix the problems at no additional cost. She said that work will probably be done by the end of October.

Bowen told lawmakers it would be nearly impossible for the government to get a refund on the work because of the way the contract was structured.

At the beginning of the reconstruction effort, work was parceled out to some of the largest U.S. construction firms. Because of the volatility in Iraq, the government agreed to bear the risk of any surge in costs. Instead of setting contract values ahead of time, companies were given "cost-plus" contracts that reimbursed the firms for expenses and included a built-in percentage for profit. Critics have said the arrangement encouraged companies to run up their costs.

Under the contracts, the firms were expected to design electricity facilities, prisons, medical centers, water stations and other infrastructure that Iraq would need to become self-sustaining. But the companies were also asked to divide as much of the actual work as possible among Iraqi subcontractors.

Now, those original contracts are ending, even though much of the work remains undone. In some cases, the Iraqi subcontractors have been elevated to prime contractor after the U.S. firms failed to complete their assignments.

Bowen said that of all the projects his office has inspected, about 70 percent have met the requirements in their contracts.

Congress Is Told Of Failures Of Rebuilding Work In Iraq (NYT)

By James Glanz

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — In a sweeping new assessment of reconstruction failures in Iraq, a federal inspector told Congress on Thursday that 13 of 14 major projects built by the American contractor Parsons that were examined by his agency were substandard, with construction deficiencies and other serious problems.

The final project, a prison near the southern Iraqi city of Nasiriya, was terminated for other reasons, said the inspector, Stuart Bowen, who heads the Office of the Special Inspector General for Iraq Reconstruction. Delays and cost overruns led to its cancellation.

Whether because the political stakes in Iraq have risen with the approach of the November elections, or simply because of the scope of the problems, Mr. Bowen's testimony set off outrage on both sides of the political aisle on a topic — reconstruction failures — that previously was mostly in the sights of Congressional Democrats.

"So when they get the construction right, something else goes wrong?" said Representative John M. McHugh, Republican of New York, referring to cost and schedule problems that had plagued many projects.

"Wow — thank you," Mr. McHugh said, seemingly speechless for a moment after Mr. Bowen answered in the affirmative.

Work by two of the other largest contractors in Iraq — Bechtel and KBR, which was formerly known as Kellogg Brown & Root and is a subsidiary of Halliburton — also came in for severe criticism during the lengthy hearing.

The problems with Iraq reconstruction have become notorious enough that protesters engulfed Cliff Mumm, president of the Bechtel infrastructure division, as he emerged onto the street and tried to hail a taxi after his testimony before the House Government Reform Committee.

"Eviction notice for Bechtel and its subsidiaries!" a protester shouted through a megaphone.

Democrats and Republicans on the panel posed some of the most scathing questions yet to executives from Parsons, a company that has received little but criticism in the last year for projects including prisons, border forts, clinics and hospitals.

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Before his testimony, Mr. Bowen made available copies of an inspection report on one of the 13 substandard projects, a $72 million police college in Baghdad where plumbing work was so poor that the pipes burst, dumping urine and fecal matter throughout the college's buildings. The Washington Post reported on some of those problems on Thursday.

Earnest O. Robbins II, a Parsons vice president, struggled to explain how tests could have missed such fundamental problems, in which the pipes were often not joined by proper fixtures but simply set end to end and fastened with concrete.

How could the tests "not reveal these massive, massive problems?" asked Representative Chris Van Hollen, a Democrat from Maryland.

"I have some conjectures and that's all it would be," Mr. Robbins said, "and that is, it took a while of use for this to manifest itself, for the fittings to come loose or whatever."

The industry witnesses also fired back at their Congressional questioners, pointing out that their work generally met with the approval of government entities that were supposed to be overseeing the work. Mr. Mumm, of Bechtel, brought a hush to the room when he listed 24 Iraqi employees on the hospital project who had been killed by local militias or insurgents, greatly slowing the work. The Iraqi site manager was murdered, the site engineer's daughter was kidnapped and "they summarily marched out our mechanical contractor and murdered 12 of them," Mr. Mumm said.

Democrats spent much of the day connecting the reconstruction effort, which has cost an estimated $30 billion to $45 billion in Iraqi and American financing, to the wider effort in Iraq.

"This debacle is not just a waste of taxpayers' funds, and it doesn't just impact the reconstruction," Representative Henry A. Waxman, the ranking Democrat on the committee, said of one of the failed projects. "It impedes the entire effort in Iraq. This is the lens in which the Iraqis will view America."

Representative Tom Davis, the Virginia Republican who is the committee's chairman, began his own remarks by charging that critics of the reconstruction "oversimplify, distort and prejudge the outcome of a complex contracting process to fit the preordained conclusion that everything goes wrong in Iraq."

But then even Mr. Davis concluded that when it came to reconstruction, "original plans were wildly optimistic," and that only a fraction of originally planned water and electricity projects had been completed. As the hearing wore on, Mr. Davis expressed shock at statistics like the 13 of 14 projects that Mr. Bowen had found were substandard.

"What is going on here?" Mr. Davis asked. The question was never fully answered.

The 14 Parsons projects included three border forts in the north with undersize and inadequate structural beams and incomplete security measures; five health clinics around Kirkuk with crumbling concrete; and a hospital in Babil Province that also had structural problems.

Plumbing Problems At Iraq Site Spur Wider Contractor Review (LAT)

By Jonathan Peterson

The Los Angeles Times, September 29, 2006

WASHINGTON — A special inspector general said Thursday that he planned to review all of the Iraq building projects overseen by Pasadena's Parsons Corp. in the wake of severe plumbing problems that have surfaced at Baghdad's new police academy.

Sewage is seeping through the floors at the academy, and in one of the buildings "the water has been dripping at such a rapid rate that the Baghdad Police College director refers to this room as the 'Rain Forest,' " the auditors said in a report delivered to Congress by Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction.

"It boils down to a lack of oversight," Bowen told lawmakers.

The blistering report follows earlier criticisms of Iraqi building projects overseen by Parsons. The privately held construction and engineering firm and its partners have been awarded contracts for police stations, health clinics, prisons and other facilities that are potentially worth $2 billion or more.

Parsons executives have noted in the past that the ever-present threat of violence in Iraq has made its work more difficult. In a statement Thursday, Parsons said that once the problems were pointed out in July, the firm directed its Iraqi subcontractor to fix them.

"The subcontractor currently is changing out the pipes at no cost to the U.S. or Iraqi governments," said Erin Kuhlman, vice president of corporate relations, adding, "Parsons is proud of our brave men and women who have performed extremely well under very difficult and dangerous conditions in Iraq."

Parsons has relied on local Iraqi contractors to carry out much of its work in Iraq, including at the police academy, a $75-million project that is considered to be a symbol of U.S. efforts to help reestablish peace and security in Iraq.

According to the audit, leakage from plumbing was so severe at the academy that it threatened the structural integrity of the floors in eight dormitories intended to house as many as 2,800 police cadets.

The audit followed site visits to the police academy in August and September. It found that inferior plumbing techniques, methods and materials were causing a continual spread of water and human waste throughout the three-story buildings, from the top floor to the ground floor.

"For example, we witnessed a light fixture so full of diluted urine and feces that it would not operate," the auditors said in the report, which included photographs of the malfunctioning light and stained ceiling tiles. "As we continued our assessment throughout the second-floor bathroom, we identified evidence of large quantities of diluted urine dripping from the top floor down through the ceiling. The urine was so pervasive that it had permanently stained the ceiling tiles."

Parsons completed its work on the police academy in the spring, the company said Thursday, adding that Iraqi officials inspected the facility during April and May and accepted the work. Police and cadets then moved in.

At a hearing Thursday, Rep. Thomas M. Davis III (R-Va.), chairman of the House Committee on Government Reform, lamented the poor track record of U.S. building projects in Iraq.

"Poor security, an arcane, ill-suited management structure and a dizzying cascade of setbacks," he said.

"The committee is, of course, always concerned when there is defective workmanship under a government contract," said David Marin, the panel's staff director, though he noted that Parsons was addressing the problems through its subcontractor. "We will continue to follow this project closely to ensure that the Corps of Engineers takes appropriate remedial action."

Rep. Henry A. Waxman (D-Los Angeles) emphasized the stakes in properly handling the police academy project.

"What could be a more important symbol than getting police trained for security, and buildings which will give them a boost?" Waxman asked.

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Reuters was used in compiling this report.

Attacks Cost Iraq Oil Exports $16B (AP)

By Pauline Jelinek

AP, September 28, 2006

Iraq's most important moneymaker — its oil industry — lost $16 billion in potential foreign sales over two years to insurgent attacks, criminals and bad equipment, a secret U.S. audit says.

The Baghdad government "must take bold action" to protect its oil and electrical facilities, concludes an unclassified summary of the classified audit on Iraq's energy sector.

"Iraq cannot prosper without uninterrupted export of oil and the reliable delivery of electricity," Stuart W. Bowen, special inspector general for Iraq reconstruction, said in the summary released Thursday.

In another report, Bowen said sewage drips through the ceilings of a newly constructed building at the Baghdad Police College because of poor construction and the use of inferior plumbing materials.

Bowen released both reports as he prepared to testify Thursday before the House Government Reform Committee, which has been looking into waste and fraud in billions of dollars worth of Iraq reconstruction projects.

In addition to the estimated $16 billion loss of potential oil export revenue between January 2004 and March 2006, Bowen said Iraq also is paying billions of dollar to import refined petroleum products it needs.

The United States has invested some $320.3 million to help Iraq's security forces better protect its oil and electricity infrastructure. And it has developed an array of plans to help the three Iraq ministries that share responsibility — Ministry of Defense, Ministry of Oil and Ministry of Electricity.

But Baghdad didn't have a permanent government in place until recently and some ministries showed "limited initiative," leaving Iraq with "much to do" to put the U.S. plans into action, the summary said.

Bowen said that even if attacks ceased, criminal activity and aging and poorly maintained infrastructure would still hamper oil exports and electricity production.

The full energy report remains classified, as do U.S. figures on the number of attacks to the sector. Though the unclassified summary was released Thursday, the classified report was completed in July.

The Bush administration predicted three years ago that Iraq would finance its own reconstruction using oil revenues. Iraq, a founding member of the Organization of Petroleum Exporting Countries, has the world's third-highest proven reserves.

But oil production slipped after the invasion and the country has struggled to resume production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, according to the U.S. Energy Information Administration.

It is estimated that in 2005, oil exports earned the country about $26 billion.

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In the report on Baghdad's police academy, Bowen said his inspectors found "construction deficiencies of such magnitude" they need prompt attention.

Among problems was plumbing so bad that dirty water from sinks and toilets drained through concrete upper floors throughout the building and dripped into first-floor cadet dormitories, threatening health and possibly weakening the structure.

The Bush administration has hung U.S. withdrawal from Iraq on it's ability to train Iraqi police and soldiers to take over the country's security.

The police facility existed before but was being expanded so more cadets could be trained at one time.

The audit findings on the academy raise questions about whether the U.S. Army Corps of Engineers did a poor job monitoring the construction.

"The answer has to be yes," said Maj. Gen. William McCoy, the corps' chief Army engineer for Iraq reconstruction. "We allowed the quality to be like that. I'm investigating this right now. We have been for two weeks."

McCoy said by telephone from Baghdad that the corps recognized there were problems in May and so ended the contract for the project with Parsons Corp. The American company has had problems with others projects among some nearly $1 billion worth of work it has in Iraq.

"We had to terminate them because there was deplorable construction," McCoy said.

Parsons did not immediately return a phone call seeking comment.

Applying Diplomacy To Conflict (WP)

By Ann Scott Tyson

The Washington Post, September 29, 2006

BAQUBAH, Iraq -- Wearing an ethnic print jacket over a black shirt and slacks, veteran U.S. diplomat Kiki Munshi walks breezily across the gravel of the American military compound here, giving a tour of Forward Operating Base War Horse with the same finesse one would expect at a well-appointed embassy.

"This is our beloved generator," Munshi, 62, says with a graceful sweep of her arm and a deference appropriate for the hulking yellow piece of machinery that she regularly prays for.

Around the corner, Munshi stops beside some rectangular wooden boxes filled with parched dirt. "This is Armand's garden," she says with a wan smile, referring to her Iraqi bilingual-bicultural adviser. Glancing down at the lifeless display, her voice falls ever so slightly as she adds: "He hasn't gotten very far. . . ."

Munshi, the head of the State Department's 45-member provincial reconstruction team (PRT) in Baqubah, had comfortably retired after a 22-year career in the Foreign Service that included tours in Asia, Africa and Europe when her conscience nudged her into coming to Iraq. So she left her husband, two horses, a dog and a cat in Vandemere, N.C., and headed for the first time into a war zone.

"I felt a sense of moral obligation to try to help rebuild Iraq," she explained last month over a meal at the base chow hall, admitting that after a few months in Baqubah, she sees the prospects as "difficult at best."

The most urgent mission of Munshi's team is to promote "conflict resolution" in Diyala province, a demographically mixed region of strong sectarian and ethnic tensions that stretches from Baghdad to the Iranian border. The team works with local leaders on listening techniques and mediation -- "how to take a positive nucleus and expand it," Munshi explained.

In midsummer, the team's hopes soared when local leaders signed an 18-point peace manifesto in the troubled town of Muqdadiyah. The leaders agreed to stop kidnappings and killings, halt attacks on Iraqi security forces (if they "behaved") and -- in an important concession -- limit the weaponry of mosques to 10 AK-47 automatic rifles each (no heavy machine guns).

"People were cheering them and throwing flowers. It was very emotional," Munshi recalled.

The peace held for 10 days. Then it was shattered by a mass kidnapping, followed by the slaughter of dozens of minibus and taxi drivers. "It was so horrific," Munshi said.

Munshi has not given up on the peace process in Muqdadiyah and other towns. Even Iraqi leaders who rely on militias "realize the violence has gotten out of hand," she said. But progress, she says, is hard to discern.

Sectarian and insurgent violence in Diyala also severely hamper Munshi's team in getting places and meeting Iraqis.

Until recently, the team's bodyguards consisted of 18 Blackwater security contractors who restricted "outings" to three times a week for a maximum of three hours each. All excursions were planned, she said. "If they hadn't checked it out, we couldn't go," Munshi said.

With so many security guards, convoys had only three seats left for team members. "They didn't want anyone to go anywhere," she said of the State Department regional security office, which hired Blackwater.

Despite the frustrations, Munshi said, being surrounded by Blackwater guards -- with such radio call signs as Elvis, Josh and Dave -- did boost her spirits.

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"Here in Baqubah, the ultimate status symbol is your personal security detail," she explained with a knowing look. "So I'm weaving down the halls of the government center with these big hunks with guns -- they're very mean-looking -- and they're around me in a diamond formation, and I'm in the middle with my sandals and scarf."

The U.S. military took over security for the team over the summer because Blackwater was too expensive, Munshi said, and now the team can travel more freely. "Life is much easier," she said, "although my ego is not as well served."

When not busy with her primary job of conflict resolution, Munshi pursues other PRT initiatives, including an effort to provide Iraqi girls and women with a place to exercise in Baqubah. A building bought with U.S. funds for a women's organization had been taken over by the local telecommunications director, Munshi said.

"We were plotting . . . on how to get enough back to have a gym," she said, noting that Iraqi girls past age 10 "can't go out in shorts or pants and run around a field."

She hopes, too, to create a theater where girls can act onstage, something else that is "almost forbidden" for women in Iraq's Muslim society.

Munshi is also seeking funding for her latest idea: to provide riding therapy for Iraqi children injured in the violence.

Munshi signed up for a year on the U.S. military base, and said conditions are tolerable. She is one of the few with a shower and toilet in her trailerlike quarters, but she greatly misses her husband and pets. "There's no one to cuddle," she said. "I can't hug my team members."

Still, she perseveres. Munshi said one of her strongest impressions about Iraq is "how depressed people are."

Once she got into an argument with a young man who attributed his country's problems to Iraqis being "all bad people." Ultimately, the man joined Munshi's team. "We gave him a glimmer of hope," she said. "People are looking for some kind of evidence the future might be better."

Cost Of Iraq War Nearly $2b A Week (BOS)

By Bryan Bender

The Boston Globe, September 29, 2006

WASHINGTON -- A new congressional analysis shows the Iraq war is now costing taxpayers almost $2 billion a week -- nearly twice as much as in the first year of the conflict three years ago and 20 percent more than last year -- as the Pentagon spends more on establishing regional bases to support the extended deployment and scrambles to fix or replace equipment damaged in combat.

The upsurge occurs as the total cost of military operations at home and abroad since 2001, including the wars in Iraq and Afghanistan, will top half a trillion dollars, according to an internal assessment by the nonpartisan Congressional Research Service completed last week.

The spike in operating costs -- including a 20 percent increase over last year in Afghanistan, where the mission now costs about $370 million a week -- comes even though troop levels in both countries have remained stable. The reports attribute the rising costs in part to a higher pace of fighting in both countries, where insurgents and terrorists have increased their attacks on US and coalition troops and civilians.

Another major factor, however, is ``the building of more extensive infrastructure to support troops and equipment in and around Iraq and Afghanistan," according to the report. Based on Defense Department data, the report suggests that the construction of so-called semi-permanent support bases has picked up in recent months, making it increasingly clear that the US military will have a presence in both countries for years to come.

The United States maintains it is not building permanent military bases in Iraq or Afghanistan, where the local population distrusts America's long-term intentions.

But for the first time, a major factor in the growth of war spending is the result of a dramatic rise in ``investment costs," or spending needed to sustain a long-term deployment of American troops in the two countries, the report said. These include the additional purchases of protective equipment for troops, such as armored Humvees, radios, and night-vision equipment; new tanks and other equipment to replace battered gear from Army and Marine Corps units that have been deployed numerous times in recent years; and growing repair bills for damaged equipment, what the military calls ``reset" costs.

At least one lawmaker, referring to reports of equipment shortages in the war zones and at US bases where troops are training for combat, says some of the spending is misplaced. ``While we are spending billions in Iraq to build and maintain massive bases, we cannot [effectively] repair our abused equipment or replace it," US Representative Martin T. Meehan , a Lowell Democrat and member of the House Armed Services Committee, said in a statement.

The Pentagon, which had previously made public its own estimate of operating costs, has not released up-to-date war costs.

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The Congressional Research Service report estimates that after Congress approves two pending bills, the total war costs since Sept. 11, 2001, will reach about $509 billion. Of that, $379 billion will cover the cost of operations in Iraq, $97 billion will be the price tag for Afghanistan operations, and $26 billion will have gone to beefed-up security at US military bases around the world.

Though the military's operational costs in Iraq and Afghanistan have gone up despite a level number of US troops, the report attributes a large portion of the increased spending to the military's ongoing preparations to sustain combat operations in the two countries for the foreseeable future.

For example, the report shows that under the category of ``procurement," the funds designated for ``resetting the force" -- replacing or repairing equipment damaged in combat and preparing for long-term fighting -- has jumped from $7.2 billion in 2004 to $20.9 billion in 2005, and $22.9 billion this year. Separately, the Army has told Congress that it estimates it will need at least $36 billion more for equipment, while the Marine Corps has reported it needs nearly $12 billion.

Another major war cost is for infrastructure -- bases, landing strips, repair shops -- for the forces in Iraq and Afghanistan. These ``operations and maintenance" costs remained steady at about $40 billion per year in 2003, 2004, and 2005, but have spiked to more than $60 billion this year.

Those factors alone, however, are ``not enough to explain" the spiraling increase in operating costs, according to the report.

``You would expect [operating costs] to level off if you have the same level of people," said the report's principal author, Amy Belasco, a national defense specialist at the Congressional Research Service. ``You shouldn't have as much cost to fix buildings that were presumably repaired when you got there. It's a bit mysterious."

The Pentagon has not provided Congress with a detailed accounting of all the war funds, making it impossible to conduct a full, independent estimate of how much Americans are spending in Iraq and Afghanistan -- or to predict what future costs might be.

``In congressional hearings, the Department of Defense has typically provided estimates of the current or average monthly costs over a period of time for military operations, referred to as the `burn rate,' " the report stated. ``While this figure covers some of the costs of war, it excludes the cost of upgrading or replacing military equipment and improving or building facilities overseas, and it does not cover all funds appropriated."

Iraqi Journalists Add Laws To List Of Dangers (NYT)

By Paul Von Zielbauer

The New York Times, September 29, 2006

BAGHDAD — Ahmed al-Karbouli, a reporter for Baghdadiya TV in the violent city of Ramadi, did his best to ignore the death threats, right up until six armed men drilled him with bullets after midday prayers.

He was the fourth journalist killed in Iraq in September alone, out of a total of more than 130 since the 2003 invasion, the vast majority of them Iraqis. But these days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too.

Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year.

Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who "publicly insults" the government or public officials subject to up to seven years in prison.

On Sept. 7, the police sealed the offices of Al Arabiya, a Dubai-based satellite news channel, for what the government said was inflammatory reporting. And the Committee to Protect Journalists says that at least three Iraqi journalists have served time in prison for writing articles deemed criminally offensive.

The office of Prime Minister Nuri Kamal al-Maliki has lately refused to speak with news organizations that report on sectarian violence in ways that the government considers inflammatory; some outlets have been shut down.

In addition to coping with government pressures, dozens of Iraqi journalists have been kidnapped by criminal gangs or detained by the American military, on suspicion that they are helping Sunni insurgents or Shiite militias. One, Bilal Hussein, who photographed insurgents in Anbar Province for The Associated Press, has been in American custody without charges since April.

And all Iraqi journalists have to live with the fear of death, which often dictates extreme security measures. Abdel Karim Hamadie, the news manager for Al Iraqiya Television, said he sometimes went months without leaving the station's compound.

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"The last time I went home was three weeks ago," he said, showing off a small room adjacent to his office where he sleeps each night. "Before that, I spent three months at work. I used to hit my chair because I was so angry. But then I got a new chair."

American diplomats here say they admire the dedication of Iraqi reporters in covering the war and the government's efforts to create a democracy.

"Journalists here work under very, very difficult conditions," said a United States Embassy official, who spoke on condition of anonymity. "They are taking fire from every direction. They've got the defamation law hanging over their heads. They've got their political opponents gunning for them. They are trying very hard, and we want to encourage them."

Under Mr. Hussein, reporters and editors were licensed and carefully watched. Even typewriters had to be registered with the government. During that time, some reporters got by on the conviction that their articles, about the government's glorious new water projects or certain victory in the war with Iran, were at least patriotic.

"I never praised Saddam himself, never," said Shihab al-Tamimi, 73, who runs the Iraqi Journalists Union from a battered old mansion here. "But I praised the project, for the good of the country."

Now, Iraqi journalists still operate with considerable freedoms, at least compared with those in Saudi Arabia and other neighboring countries, and many Iraqis have achieved a new level of professionalism by working closely with Western journalists. So despite the growing government pressure, the news media have become increasingly aggressive.

Ethical boundaries, though, often remain murky. It was disclosed last year that the Lincoln Group, an American public relations firm hired by the Pentagon, paid Iraqi news outlets to print positive articles on the American presence here and provided stipends to Iraqi journalists in exchange for favorable treatment.

Even though the Iraqi news media have made strides, the journalists themselves are being killed at an extraordinary rate.

Since the Iraq war began, more than 130 journalists — most of them Iraqi — have been fatally shot, beaten or tortured to death, according to the Journalistic Freedoms Observatory, the most prominent domestic advocacy group for journalists to emerge since the invasion. (The Committee to Protect Journalists, which requires more evidence to verify reported killings, lists 79 journalists and 28 news workers.)

Most of the victims — reporters, photographers and editors — were working for local newspapers and television stations.

"Don't be surprised if you wake up one day to find that I have also been killed," said Habib al-Sadr, the chief executive of the government-financed Iraqi Media Network, the nation's largest media organization. In the network's office lobby, a display case holds the photographs of 13 reporters and editors killed on the job since 2003, including Amjad Hameed, the head of the network's television channel, Al Iraqiya.

"The road to democracy is not smoothly paved," Mr. Sadr said during a recent interview in his office, cigarette smoke curling around his face. "It is filled with bombs."

Despite the danger, Falah al-Mishaal, the editor of Al Sabah, the government-run newspaper in Baghdad, said he enjoyed his job now because he felt like a real journalist.

"Now, we are free," he said in an interview in late July. "We can write whatever we want."

Three weeks after the interview, a man drove a minibus filled with explosives into Al Sabah's rear parking lot and blew it up, killing two people and wounding 20 others.

September has been particularly deadly for journalists.

Safa Ismael Enad, a freelance news photographer, was buying film at his favorite print shop in eastern Baghdad on Sept. 13 when two men with guns walked in, fired two shots into his chest and dragged his bleeding body away.

Three days earlier, gunmen blocked Abdul-Kareem al-Rubaie, a designer for Al Sabah, as he traveled to work one sunny morning, and they shot him through the windshield. Last month, Mohammad Abbas Mohammad, a newspaper editor, was shot to death in western Baghdad, and Ismail Amin Ali, a blunt-spoken columnist, was killed on the street across town on the same day.

The disdain for truly free expression cuts across sectarian lines. The men who killed Mr. Karbouli after warning him to stop his critical reporting on the insurgency were almost certainly Sunni. The former governor of Wasit Province, and the judges and police officials who brought charges against the three journalists for questioning their ethics, were all Shiites.

In April, Mastura Mahmood, a young journalist for the women's weekly paper Rewan, was charged with defamation for an article that quoted an anti-government demonstrator in Halabja comparing the Iraqi police there with the Baathists who once ran the country. She was arrested and then released on bail.

In May, a court in Sulaimaniya, in Iraq's autonomous Kurdish region, sentenced two journalists, Twana Osman and Asos Hardi, to six-month suspended jail terms for an article claiming that a Kurdish official had two telephone company employees fired after they cut his phone service for failing to pay his bill.

"These cases show that Iraqi officials are quick to use the same kinds of onerous legal tools as their neighbors to punish outspoken media," said Joel Campagna, the Middle East program director for the Committee to Protect Journalists.

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Last month, more than 70 news organizations signed a nine-point pledge supporting the national reconciliation plan of Prime Minister Maliki, promising not to use inflammatory statements or images of people killed in attacks, and vowing to "disseminate news in a way that harmonizes with Iraq's interests." Days later, the police barred journalists from photographing corpses at the scenes of bombings and mortar attacks. Since then, policemen have smashed several photographers' cameras and digital memory cards.

At Al Arabiya, the Baghdad station shuttered by the Iraqi authorities earlier this month, the studio door handle is sealed in red wax and bound in police tape. (The door is adorned with a photo of Atwar Bahjat, who was kidnapped, tortured and killed in Samarra in February while reporting on the bombing of a Shiite shrine.)

Some news executives express support for Al Arabiya's closing.

"It is the right of the Iraqi government, as it combats terrorism, to silence any voice that tries to harm the national unity," said Mr. Sadr, of the Iraqi Media Network.

Parents, Kids Both Welcome Reopening Of Private Schools (USAT)

USA Today, September 29, 2006

Under Saddam Hussein, all Iraqi children attended government-run schools that taught a standardized, state-approved curriculum.

Now, private schools that provide specialized programs and less-crowded classrooms are beginning to open in Baghdad and elsewhere in Iraq.

"In the pre-Saddam Hussein era, private schools were common in the country. But after 1979 (when Saddam became president), these schools were banned," says Ibrahim Abed Wali, manager of the private teaching sector of Iraq's Education Ministry.

Wali, who is responsible for licensing the new private schools, says a law passed in 2004 allowed private schools to open again. Since then, the Education Ministry has licensed 224 private schools and preschools with a total enrollment of 4,628 students around Iraq.

The al-Massara Private School for Girls was licensed to open two years ago. It's located in the capital's Zayouna neighborhood, an affluent area in east Baghdad where residents are a mix of Sunni Muslims, Shiite Muslims and Christians. The school is run by the Eastern Orthodox Church of Iraq.

Zaki Jamil Hawa, the school's staff manager and physics teacher, says al-Massara had two grades and 30 students when it opened. This year, enrollment is 90.

"When we noticed that a lot of parents came to register their children, we opened five grades. And next year, the number will be completed," he says.

There will be three intermediate grades, equivalent to an American middle school, and three high school grades. Intermediate school students pay $250 per year. High school students pay $350 — about a third of the average annual salary in Iraq.

Aboud Jalal, the church's supervisor of the school, says 75% of the students are Muslim and the rest are Christian. "That shows the great reputation we have for teaching in the country," he says. Most Christians, who represent less than 3% of Iraq's 26.7 million people, live in the Baghdad area.

Al-Massara offers a secular education that includes French, English and computer studies.

On Monday, the first day of school, Mariam Saif, 14, eagerly waited for the bell to ring.

"I'm so excited today and can't wait to start studying," said Saif, a Christian student whose parents moved her to al-Massara from a state-run school in the Palestine Street district.

She says she barely was able to get through her first year of intermediate school last year because of the poor quality of teachers.

Huda Ahmad, 42, a Muslim who was waiting outside the school for her daughter to finish class, said they switched to al-Massara for other reasons. "We believe in the Christian teachers' loyalty. No more bribes. No more private lessons at home," she said.

Hawa says the private schools generally have half the number of students in a class as their state-run counterparts. That alone is worth the price.

"It's not expensive at all if you want your children to build their future properly," he says.

NATO To Command 12,000 G.I.'s In Afghanistan (NYT)

By David S. Cloud

The New York Times, September 29, 2006

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PORTOROZ, Slovenia, Sept. 28 — Defense Secretary Donald H. Rumsfeld agreed Thursday to put 12,000 American combat troops in eastern Afghanistan under NATO command, possibly as soon as next month, officials said.

The command shift, approved at a two-day meeting of NATO defense ministers at this Adriatic resort town, would extend the alliance's area of operations across all of Afghanistan. It would still leave about 10,000 American troops, including Special Operations units, under exclusive American control.

The Bush administration has long sought to draw the North Atlantic Treaty Organization into a larger role in providing security and reconstruction assistance in the country.

Although the move would not increase the number of combat troops in Afghanistan, it comes as a show of unity at a time when Taliban rebels have intensified attacks against NATO forces that took over responsibility for security in the south just two months ago, several officials said. The American decision to place more than half its forces in Afghanistan under the Atlantic alliance's theater commander, Lt. Gen. David J. Richards of Britain, would put the alliance in control of 32,000 soldiers from 37 countries.

NATO has showed "resolve, a lot of resolve, to stay the course in Afghanistan," Secretary General Jaap de Hoop Scheffer told reporters after the foreign ministers approved the NATO expansion.

Mr. Rumsfeld told reporters that the extension of the alliance's command into the American sector in the east, along the border with Pakistan, would happen "in the days and weeks ahead." The exact timing of the move appeared linked to whether European governments themselves would provide additional forces that NATO military planners have requested for southern Afghanistan, as well as progress on easing country-by-country restrictions that limit their use in combat.

In discussions on Thursday, a NATO official said several countries discussed providing additional troops or equipment, including Denmark, the Czech Republic and Canada. But major European powers, including France, Germany, Italy and Spain, have not sent additional troops to the south.

Asked whether the American soldiers might be used to buttress the alliance's efforts in the south, where British, Canadian and Dutch forces have faced tough fighting while inflicting heavy casualties on Taliban fighters recently, a NATO spokesman, James Appathurai, said he knew of no limits imposed by Washington on where they could go.

But American officials said it was unlikely that American units would be shifted in large numbers to the south because they were needed on the Afghanistan-Pakistan border, where attacks have also intensified.

Mr. Rumsfeld said that, in addition to supplying more forces and equipment, NATO governments were under pressure to lift so-called national caveats that restrict how and where their forces could be employed in Afghanistan. The biggest hurdle, officials said, are countries that bar their troops from being moved to the south, where the toughest fighting has been occurring. It is "difficult for the commander when he is not able to move forces around," Mr. Rumsfeld said, adding that the caveats in the aggregate created a "situation that is not acceptable."

But Mr. de Hoop Scheffer said that Germany, which has around 3,000 troops in Afghanistan, mostly in the north where there is little fighting, informed other NATO ministers that it would not lift restrictions that prevented its forces from being moved to the south. Any such redeployment must be approved by the German Parliament, where there is strong opposition to involving its forces in possible combat.

Mr. Rumsfeld said it was impossible to know precisely whether wars in Iraq and Afghanistan were resulting in more terrorists being killed than they were creating. He did not make specific comments on a recently declassified intelligence report that said that Iraq had become a "cause célèbre" for jihadists. He said that because he had been traveling he did not know which portions of the report had been made public.

But, he said, "The implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical."

Foreign Command To Direct U.S. Troops (AP)

By Lolita C. Baldor

AP, September 28, 2006

A plan approved Thursday to extend NATO's military control across all of Afghanistan would put as many as 12,000 American troops under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Defense Secretary Donald H. Rumsfeld hailed the change as a "bold step forward."

The move is expected to take place in the next few weeks, NATO spokesman James Appathurai said.

The largest number of U.S. troops ever under the control of foreign battlefield commanders was about 300,000 during World War I, said military officials traveling with Rumsfeld to the NATO meeting.

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It was not clear how many troops were under foreign command during World War II. A U.S. officer, Gen. James L. Jones, is in charge of the overall NATO force, but the new arrangement would put the U.S. troops under foreign commanders on the battlefield.

The ministers also agreed to provide substantial amounts of military equipment for the Afghan army.

"There were in rough numbers thousands of weapons offered up, and I believe probably millions of rounds of ammunition," Rumsfeld told reporters.

Rumsfeld said at a press conference that some countries had stepped forward in response to appeals from NATO commanders for as many as 2,500 more troops to join the operation against the Taliban in the south. But he said more were still needed. He declined to say which countries had made offers.

NATO-led troops took command of the southern portion of Afghanistan just two months ago and have been struggling to stem the escalating violence there. This plan would extend their control to the eastern section, which U.S. troops now command.

Plans all along have been for NATO to take over the military in all regions of the country. NATO's takeover of the eastern section had been expected to happen later this fall, switching at least 10,000 American troops from U.S. command to alliance control — specifically that of British Lt. Gen. David Richards. Currently about 2,000 U.S. troops are serving under NATO commanders in other portions of Afghanistan.

In opening remarks, NATO Secretary-General Jaap de Hoop Scheffer indicated that commitments for troops and equipment for Afghanistan would be a main goal of the meeting.

According to a senior U.S. official, Afghanistan had compiled a list of needed equipment, from helicopters and vehicles to armor and guns, and officials will set up a program to coordinate the donations. This information was passed on to the 26 NATO defense ministers at the meeting.

NATO countries recently have been slow to meet needs for more coalition forces for the alliance in Afghanistan, where violence has surged. Jones, who also heads the U.S. European Command, asked other nations this month for about 2,500 troops and other equipment, and said last week that some had come through.

Currently there are about 20,000 NATO troops in Afghanistan and an additional 21,000 from the United States.

Under the expected equipment deal, allies will be able to coordinate and donate supplies to the Afghan National Army. The official could not estimate how much equipment was included on Afghanistan's wish list.

NATO To Expand Military Operations Into Eastern Afghanistan (BLOOM)

By Ed Johnson

Bloomberg, September 29, 2006

Sept. 29 (Bloomberg) -- The North Atlantic Treaty Organization will expand its military operations into eastern Afghanistan, bringing about 12,000 U.S. soldiers under alliance command as it battles a Taliban insurgency.

The decision, authorized by defense ministers from the alliance's 26 member countries, will ``expand the mission to the whole country,'' NATO Secretary General Jaap de Hoop Scheffer said. Member states also agreed to donate military equipment to the Afghan army, he added.

NATO took command of Afghanistan's six southern provinces on July 31 and has been battling fighters loyal to the Taliban regime that a U.S.-led coalition ousted in 2001. The alliance says resistance has been stiffer than expected and is appealing for 2,000 extra troops to bolster the 19,000-strong International Security Assistance Force it commands.

The expansion into 14 additional provinces in the east, decided yesterday at a meeting of defense ministers in Portoroz, Slovenia, will bring the number of soldiers under NATO command to more than 30,000, the alliance said. The 12,000 U.S. soldiers are already in Afghanistan and will be transferred to NATO command in the ``next few days,'' NATO said on its Web site.

ISAF commanders will be able to move U.S. soldiers from the east to the south, where the Taliban insurgency has been strongest. A two-week battle against Islamist fighters in southern Kandahar province earlier this month was the ``most intense ground battle in NATO's history,'' alliance spokesman James Appathurai said Sept. 26.

Taliban Fighters

The offensive, codenamed ``Operation Medusa,'' killed more than 1,000 Taliban fighters, U.S. Marine General James Jones, NATO's supreme allied commander in Europe, said Sept. 20.

The Taliban underestimated NATO and thought it would be a ``soft touch,'' U.S. Defense Secretary Donald Rumsfeld, who is attending the talks in Slovenia, said yesterday, according to the U.S. Department of Defense. The alliance pledged to give thousands of weapons and millions of rounds of ammunition to the Afghan National Army, he added.

NATO is still seeking commitments for extra troops to boost its mission in Afghanistan. ``If you are in an alliance based on solidarity, you have to deliver,'' Agence France-Presse cited de Hoop Scheffer as saying yesterday.

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Canada, which has about 2,300 soldiers in Afghanistan, will immediately send an additional 200 soldiers, including military engineers, a tank squadron and an infantry company, the country's Chief of Defense Staff General Rick Hillier said Sept. 15.

Poland will speed up the deployment of 950 soldiers to bolster the ISAF force.

``The initial elements of the battalion will be going in relatively soon and will continue to flow into the country until early next year," Appathurai said in Brussels Sept. 26. The deployment, originally set for February, will start ``much earlier than previously planned."

Nations Limit Use Of NATO Forces (USAT)

By Jim Michaels

USA Today, September 29, 2006

PORTOROZ, Slovenia — Countries sending their troops to Afghanistan have placed a web of restrictions on how they can be used, creating headaches for combat commanders and hurting the coalition's ability to fight a resurgent Taliban.

The restrictions, also called caveats, vary and are imposed by governments who fear casualties or don't agree with all parts of the mission. Other caveats are due to a lack of training or equipment.

The result is some forces can't fight at night or in the most dangerous parts of Afghanistan.

At a NATO meeting here Thursday, U.S. Defense Secretary Donald Rumsfeld said it's understandable that nations don't want their troops to perform specific missions, but when numerous countries impose restrictions, it creates a “situation that really is not acceptable.” Rumsfeld and NATO authorities are working to get countries to lift the restrictions.

“It is very difficult for a commander … when he is not able to move forces around and to have them go where they're needed, when they're needed, to do the things that needed to be done,” Rumsfeld said.

“If you sign on to the mission, you should sign on to the whole package,” said Canadian Lt. Col. Rejean Duchesneau, a spokesman for NATO's military arm.

Caveats have long been part of multinational military operations. Concerns about them have become more acute, however, as NATO expands its command over coalition forces. Ousted in 2001, the fundamentalist Islamic Taliban militia has regained strength, particularly in the south.

On Thursday, ministers agreed to soon expand NATO command over the remaining eastern part of the country, bringing about 30,000 troops under the alliance, including 12,500 Americans, spread over Afghanistan. There are about 20,000 U.S. troops in Afghanistan, and some will remain independent of the NATO mission.

Of NATO's 26 countries, only six, including the United States, place no restrictions on the forces they contribute to NATO operations, the Pentagon says.

NATO does not release details about the restrictions for fear they could be exploited by enemy forces. A recent Congressional Research Service study said caveats on German troops mean they “do not go on extended patrols and do not respond to local security events.”

NATO Secretary-General Jaap de Hoop Scheffer said Germany has not dropped its restrictions.

Removing restrictions might reduce the number of troops needed in Afghanistan, since commanders could shift available forces wherever they are needed.

However, eliminating the caveats will be hard, said Anthony Cordesman of the Center for Strategic and International Studies. “This is the price for having them all there.”

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, September 29, 2006

Take Our Local Celebrities. Please.

Highlights from the 13th annual "Funniest Celebrity in Washington" fundraiser Wednesday at the Improv:

-- CNN Pentagon correspondent Jamie McIntyre (third-place winner), as a husband parrying his wife's questions in Don Rumsfeld "accountability avoidance" style: "Am I home late? It's unknowable. Was I out cavorting with women? Life is untidy. . . ."

-- Former Republican National Committee chairman Ed Gillespie and Rep. Dennis Kucinich (D-Ohio) getting heckled by their own "Crossfire" dummies (winning second place). Kucinich: "Like most politicians, I've wanted to run for president in the worst way." His dummy: "Well, you did!"

-- The winner, Rep. Linda Sanchez (D-Calif.): "The Republicans are getting a little carried away on immigration. They just built a 200-mile wall around my office. . . . The Republican flacks are so good, I'm scared to death of my little brown mother. She

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called me last week and told me she wanted to drop off some food, but she wasn't fooling me. I knew she was going to steal my stereo."

Why He Fights (FOX)

FoxNews.com, September 28, 2006

Sat., September 30 at 8 p.m. ET

Hosted by Bret Baier

FOX News takes an exclusive look at what motivates Defense Secretary Donald Rumsfeld and what makes him so controversial.

We'll examine why President Bush stands behind him and what drives the 73-year-old Rumsfeld to soldier on.

We'll show you how Rumsfeld set out to transform the U.S. military from a force designed to win past wars to make it faster, lighter, more efficient.

We'll examine how Rumsfeld used that concept to win a lightning victory in Afghanistan and, in the process, became one of America's most popular and admired leaders.

But that would change, however, with next front in the War on Terror: Iraq

We'll break down the success of Operation Iraqi Freedom, the ongoing battle to rebuild a nation that toiled for years under a brutal regime and why Rumsfeld faces heavy fire at home.

Louisville Paper Gets Disc With 232 Photos Of Nude National Guard Women (E&P)

Editor & Publisher, September 29, 2006

LOUISVILLE, KY. -- U.S. Army officials are taking a close look at whether women in a Kentucky National Guard unit posed nude for pictures with their M-16s and other military equipment, authorities said.

A local newspaper reported that it had a disc containing 232 of the photos, which they did not publish, and do not plan to publish, E&P has learned.

Andrew Wolfson, who disclosed the existence of the disc in the Louisville Courier-Journal today, told E&P it came from an "anonymous" source.

"This is not the kind of activity condoned by the command leadership of the Kentucky National Guard," Lt. Col. Phil Miller, a spokesman for the Kentucky Guard, told the newspaper. The allegations were reported to the commander of the 410th Quartermaster unit a week or so before the company shipped out for Iraq on Aug. 26 from Camp Shelby, Miss.

The newspaper reported a compact disc contained 232 photographs of at least a half-dozen nude and seminude women in various poses with military rifles and covering their breasts with American flag decals. An e-mail said the women photographed were from the Kentucky Guard.

Miller said 11 of the 107 soldiers who deployed with the Danville-based unit are women.

"The CD containing the photos was sent to the paper via mail from an anonymous source. After doing background checks and some investigating, the source was deemed credible," Wolfson told E & P.

When questioned about the photos, he added, military officials did not ask to see them or get the paper's copy. He assumes, therefore, that the military has its own copy.

Several television outlets have asked the paper to release the photos, but Wolfson says: "We've been asked for it by several TV outlets, but obviously haven't given it."

It is unclear where the photographs were taken, but some of the women are shown wearing dog tags. And in many photographs, recent inoculations, like those given in preparation for service abroad, are visible.

One woman was photographed partially clad in a military uniform, and a last name is visible on the blouse. Seitz said the Kentucky Guard wouldn't confirm whether a woman with that name works in the unit.

Lt. Col. Rich Steele, a spokesman for the First Army at Fort Gillem, Ga., said that if the allegations are proved, punishment could range from informal reprimands to courts-martial. He said the investigation is being conducted in Iraq.

Maj. Dylan Seitz, a staff lawyer for the Kentucky Guard in Frankfort, said commanders there don't know how many soldiers allegedly were involved, who took the pictures, or how they were distributed.

"We don't know what happened, other than there are some photos out there," he said.

Marsha Weinstein, former executive director of the Kentucky Commission on Women, said that it would be hypocritical to punish women involved when there is a "long history of male soldiers posting pin-ups in their lockers" and of the U.S. military flying in female sex symbols to entertain mostly male troops. "I don't think these women should be court-martialed," she told the Courier-Journal.

Quartermaster units provide logistics and supply support for other troops.

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E&P Staff and The Associated Press (letters@editorandpublisher.com)

CORPORATE SCANDALS:

House Panel Digs Deep In HP Spy Case (WP)

By Yuki Noguchi And Ellen Nakashima, Washington Post Staff Writers

The Washington Post, September 29, 2006

Dunn, Hurd Shoulder Brunt of Tough Questioning at Hearing

Lawmakers fiercely challenged former Hewlett-Packard Co. chairman Patricia C. Dunn yesterday on her assertion that she did not know about potentially illegal tactics used in the company's spy scandal, while 10 other key figures in the case shunned interrogation by refusing to testify during a congressional hearing.

A total of 14 witnesses, flanked by their lawyers, came before a phalanx of House subcommittee members. Most of the seven hours of questioning was directed at Dunn, who coolly endured accusations that she aided or condoned a widespread surveillance campaign against HP board of directors, journalists and their families.

Despite being confronted with a copy of a memo saying it was "probable" that Dunn had been informed that pretexting -- impersonating people to obtain information -- was necessary to acquire phone records, Dunn repeatedly said she was not aware of the methods investigators used to obtain personal calling records while investigating leaks to the media.

Chief executive Mark V. Hurd, furrowing his brow and peering over his reading glasses, assumed more responsibility while denying knowledge of possible illegal tactics. He admitted that his lack of involvement contributed to an investigation that overreached and damaged the company's reputation.

"This is not my finest hour," he said, adding later, "I should have caught it, I didn't."

The day began with the resignation of HP general counsel Ann O. Baskins, a 24-year veteran of HP who, hours before testimony started, became the sixth major HP executive or board member to resign since HP disclosed early this month that its investigators might have illegally obtained private phone records.

Lawmakers confronted Baskins with handwritten notes, apparently written by her during a phone call or meeting, suggesting that she had encouraged investigators to "[c]all carriers Nextel, Sprint and use pretexts to extract info."

"Now this document and others show that you were aware that HP was engaging in pretexting," said Edward Whitfield (R-Ky.), chairman of the House Energy and Commerce oversight investigations subcommittee.

Baskins declined to answer, citing her Fifth Amendment right against self-incrimination.

One by one, nine other HP employees and outside contractors also pleaded the Fifth Amendment, remaining silent after being confronted with the most vivid evidence suggesting they knew or should have known about the questionable surveillance activities. Those declining to testify included the main architects of the leak probe, HP's chief ethics director Kevin Hunsaker and global security head Anthony Gentilucci, and six private detectives.

The California attorney general and the FBI are conducting criminal investigations.

Later Dunn, Hurd, HP information technology security head Fred Adler and outside counsel Larry Sonsini sat somberly as subcommittee members chastised and interrupted them for presiding over a probe that led the venerable Silicon Valley company into such unethical behavior as sending bogus information to a reporter, sitting outside of journalists' and board members' homes and, most critically, impersonating people to obtain private phone records.

Taking turns, subcommittee members quoted from thick binders of internal documents and reports, and interrogated the panelists on what they knew and whether they still stood by their actions.

Dunn, who has resigned in the scandal, received or authored many of the e-mails. She acknowledged being party to briefings about the investigation but did not accept responsibility for the methods investigators used, saying she relied on guidance from Hunsaker, Baskins and Hurd. Dunn insisted she never approved the use of pretexting, saying, "I was unaware that the fraudulent misrepresentation of identity was a part of the standard arsenal of HP tactics or used in this investigation."

At one point, Rep. Diana DeGette (D-Colo.) said: "Ms. Dunn, you knew that a lot of these techniques were going on. You just didn't think it was your job to do anything about it."

Hurd, facing less confrontational questioning, called the investigators' methods "a rogue investigation that violated our own principles and values." He said he wished he had heeded signs that things were amiss, and added, "It will never happen again."

But subcommittee members said there were plenty of red flags in the case that should have made HP executives aware the company was entering unethical territory. In particular, HP executives approved sending false information to a News.com reporter, which contained an e-mail tracer that they hoped would lead them to the anonymous source quoted in her stories.

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DeGette asked Dunn if she was at all concerned about the technique used in an operation to "sting" a reporter to trick her into revealing her source.

"I sent the team to management to get approval for their techniques," Dunn replied.

"Who was that in management?" DeGette said.

"Mr. Hurd," she said.

For his part, asked whether he knew about the monitoring of board members and their families, the monitoring of reporters and the phone pretexting, Hurd said no each time. He faced the sharpest questioning when it came to the e-mail ruse in which HP investigators made up a fictitious tipster named "Jacob."

DeGette asked Hurd if he thought it was "ethical for investigators to be coming up with a fake individual to be e-mailing reporters."

"Let me try to tell you what was going through my head," he began.

"Yes or no," she said.

Pressed to answer, he shook his head "no."

Dunn stood by her decision to investigate boardroom leaks, restating her position that it was necessary to protect company trade secrets and confidential deliberations. "I believe that these methods may be quite common, not just at Hewlett Packard, but at companies around the country," she said of corporate-sponsored investigations. "Every company of consequence has people who do detective-type work in order to ferret out the sources of nefarious activities." HP launched its effort to flush out who leaked boardroom secrets after a series of news stories appeared in early 2005, citing sources close to its board. Investigators' actions, which members of the subcommittee compared to B-grade movie scripts, have spawned both state and federal criminal probes.

Though most of the questioning was cutting, there were moments of levity.

Rep. Joe Barton (R-Tex.) said stealing phone records was theft. To underscore his point, he asked Dunn whether she would give him her phone records.

"In your position, I would give you my phone records," Dunn said after some hesitation, soliciting laughter from the standing-room only crowd.

"I wouldn't give you mine," Barton retorted.

When a committee member encouraged Hurd to call the House majority leader and endorse legislation outlawing the unauthorized access to phone records, Hurd responded, "You have my support." There are four such bills pending in the House and Senate.

In addition to Hunsaker and Gentilucci, both of whom resigned from HP this week, and Baskin, others pleading the Fifth Amendment yesterday were Ronald DeLia, managing director of outside investigator Security Outsourcing Solutions Inc.; Joseph DePante, owner of Action Research Group; and Bryan Wagner, Charles Kelly, Valerie Preston, Cassandra Selvage, Darren Brost, all private investigators and subcontractors to Action Research Group.

H.P. Before A Skeptical Congress (NYT)

By Damon Darlin And Miguel Helft

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — Hewlett-Packard's former chairwoman and its current leader faced an admonishing and sometimes incredulous House subcommittee on Thursday as they tried to explain why they never questioned the legal foundation of an internal spying operation.

The former chairwoman, Patricia C. Dunn, who authorized the operation but said repeatedly that she was not its supervisor, came under especially harsh scrutiny because she refused to express contrition when invited to do so.

"I get the sense that you still don't believe that you did anything wrong," said Representative Cliff Stearns, Republican of Florida. After trying to answer obliquely, Ms. Dunn finally said, "I do not accept personal responsibility for what happened."

On the other hand, an apologetic Mark V. Hurd, the chief executive and Ms. Dunn's successor, encountered gentler questioning when he accepted blame for the "mess," as he put it. "There is no excuse for this aberration," Mr. Hurd said. "It happened, and it will never happen again."

The hearing shed little new light into the aggressive methods used by Hewlett-Packard to plug leaks to the news media from its board. But it provided a fresh expression of outrage over the investigation, which included the use of deception to obtain private phone records of board members, journalists and others.

"I have to ask our witnesses, what were you thinking?" said Representative John D. Dingell, Democrat of Michigan, who called the effort "a plumbers' operation that would make Richard Nixon blush were he still alive."

In a hearing that stretched from 10 a.m. to 6 p.m. with only a half-hour break, the legislators grilled Ms. Dunn over her responsibility for the investigation and her awareness of the methods, with only a few questions aimed at her fellow panel members. Mr. Hurd later testified alone.

The scene was remarkable for the gathering of so many officials of one company in a Congressional hearing room — at the behest of the Energy and Commerce investigations subcommittee, which once looked into quite different corporate scandals at Enron and WorldCom.

Before lawmakers got any answers, they had to dispense with a group of 10 recalcitrant witnesses, including three officials who have left the company and several of the investigators they employed. One by one, they declined to answer the committee's questions, invoking their Fifth Amendment right against self-incrimination.

They included the company's general counsel, Ann O. Baskins, whose lawyers announced early Thursday that she had resigned, while insisting that she had been repeatedly assured by subordinates that the operation was legal.

But the committee also released handwritten notes Ms. Baskins took in a meeting on June 15, 2005, that showed she was aware of the use of "pretexts to extract info."

It is the use of pretexting — obtaining another person's phone records through a ruse — that was the ostensible interest of the panel, which put forward legislation earlier this year to outlaw the practice. But as the day's hearing went on, the lawmakers' indignation extended to the investigators' whole bag of tricks.

Ms. Dunn provoked the most disbelief with her insistence that she did not supervise the investigation and that she believed that private phone records could be obtained legally. At one point, she said she believed until six months ago that one could simply call the phone company and obtain another person's records.

"You really believe that? You honestly believed that it was that simple?" asked Representative Greg Walden, Republican of Oregon.

Ms. Dunn was also questioned about her blessing of a plan to send a misleading e-mail message to a reporter, along with tracer software that would let H.P. detectives know to whom the document was forwarded.

Reading from a document, Representative Diana DeGette, Democrat of Colorado, noted that Ms. Dunn had said the plan was "clever" and should be sent to Mr. Hurd for approval.

"I regret the use of the word 'clever,' " Ms. Dunn said.

"I'm sure," Ms. DeGette replied.

By way of defending her actions — or rather, inaction — Ms. Dunn responded that it was not her role to approve investigative techniques.

"This is a very serious problem," Ms. DeGette said. "You can't say, 'I'm just a board member, but I'm not responsible for things that happen because I am not in the chain of command.' "

Ms. Dunn was repeatedly confronted with documents showing that Ronald R. DeLia, the outside investigator employed by H.P. and one of the witnesses who refused to testify, contended that she was aware of pretexting early in the investigation.

"I have no recollection of a conversation with Mr. DeLia that included the word 'pretexting,' " Ms. Dunn replied at one point. She later added, "I don't agree with Mr. DeLia's testimony."

Her main expression of remorse was in her opening statement when she said, "I deeply regret that so many people, including me, were badly let down by this reliance" on the expertise of others.

Questions for Mr. Hurd were rarely as tough. Representative Michael C. Burgess, Republican of Texas, asked him if he could restore integrity to Hewlett-Packard. Mr. Hurd pointedly removed his glasses and said, "I will."

It was an artful performance by Mr. Hurd, who acknowledged, as he had previously, that he was at two meetings where the operation was discussed. He said he did not pay attention because the investigation was not as high a priority as running the company. "I pick my spots where I dive into details," he said.

He also said he had approved sending an e-mail message with bogus information intended to smoke out a leaker, but said he had not approved adding tracer software.

Mr. Hurd was asked several times about the software's use. He did not say that the company would stop using it, only that it would investigate whether it should. Fred Adler, an investigator also called as a witness, said Hewlett-Packard had used it recently at least two dozen times.

Several members acknowledged that the panel had gone easier on Mr. Hurd than on Ms. Dunn. "We didn't have the documents on him that we had on her," Edward Whitfield, the subcommittee chairman, said later.

He said that Mr. Hurd's acceptance of responsibility also played a part in the way they questioned the two executives. Mr. Whitfield said with Ms. Dunn's extensive background in business and finance, he expected more sophisticated answers. "She portrayed herself as so far removed," he said.

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And few people think Mr. Hurd is in any trouble with H.P.'s shareholders or its board. On Wednesday, Robert Ryan, a board member, was calling reporters — with the company's authorization — to express his and the board's support for Mr. Hurd, who has presided over a resurgence of Hewlett-Packard's business.

Investors appeared to agree, with Hewlett-Packard's stock rising 1.6 percent in regular trading and 1.5 percent more after hours, when Mr. Hurd made his appearance.

Charles R. Wolf, a computer industry analyst with Needham & Company, said the strong stock performance and Mr. Hurd's popularity among employees would make it difficult for the board to remove him.

"I'd say the likelihood of his being forced to resign over this is close to zero," he said. "He's done such a terrific job managing this company for the past year and a half, it would take a bulldozer to get rid of him."

Before Mr. Hurd's appearance, the company's outside counsel, Larry W. Sonsini, whom many consider the most influential lawyer in Silicon Valley, appeared on the panel with Ms. Dunn.

He, too, was able to deflect much of the lawmakers' ire.

Mr. Sonsini said several times that a statement he had made in an e-mail message in June that the investigation appeared to be "within legal limits" had been misinterpreted. He said it did not amount to a legal opinion, but rather a statement reflecting what he was told by Kevin T. Hunsaker, the senior lawyer who led the investigation, and Ms. Baskins.

It was only later, after Hewlett-Packard asked his firm to investigate the investigation, that he fully understood the methods employed by Hewlett-Packard and concluded that "they are totally improper."

Lawmakers convened the hearing, in part, to emphasize the need for legislation that explicitly bans the use of pretexting to obtain phone records.

The committee approved a bill to that effect earlier this year, but it has yet to be taken up by the full House of Representatives.

In one of the few lighthearted exchanges, Representative Joe Barton, Republican of Texas and chairman of the full committee, told Ms. Dunn, "If I called you up, Ms. Dunn, and asked you for your phone records for the last six months, would you give me that?"

"In your position," Ms. Dunn said, then added after a pause, "I would give you my phone records."

The room exploded with laughter, and Mr. Barton replied, "Well, praise the Lord, I wouldn't give you mine."

Ousted HP Chairwoman Says She Consulted Others In Leak Probe, Believed Methods Were Legal (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, September 29, 2006

(AP) - WASHINGTON-Hewlett-Packard Co.'s ousted chairwoman said it was her duty to stem boardroom leaks of sensitive information and that her decision to initiate an investigation was made in concert with others at HP, according to prepared testimony released by a congressional committee.

Patricia Dunn said she "never doubted" the legality of the methods used in the investigation, and that she discussed the conduct of the probe with the technology company's CEO, Mark Hurd, and board members - getting a clear impression that the directors were satisfied with it.

"I never doubted ... that what they were doing was legal," Dunn said in written testimony prepared for her appearance Thursday at a hearing by the House Energy and Commerce Committee. It was released by the panel late Wednesday.

She was referring to the probe led by Ronald DeLia, the operator of a private detective firm, whom Dunn said was used because he was under contract to HP. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter.

"I asked Mr. DeLia at every point of contact for his representation that everything being done was proper, legal and fully in compliance with HP's normal practices," Dunn said.

The House committee is exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed Dunn, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors.

Hurd, whose testimony for the hearing also was made public Wednesday, again apologized to those whose privacy was violated in the cloak-and-dagger investigation conducted from early 2005 through last spring.

"How did such an abuse of privacy occur in a company renowned for its commitment to privacy? It's an age-old story. The ends came to justify the means," he said.

Hurd said Dunn had informed him of the existence of the investigation, "but I was not involved in the investigation itself."

Dunn, for her part, said she initiated the probe "in response to directors who urged me to take more serious action in response to leaks. I turned to resources that HP normally used to do this type of work."

"I was a director of the company, not an officer or employee, and had no authority to enter into contracts, approve invoices or handle any similar matters," Dunn said in her lengthy and detailed recounting of events.

She said she had assumed that Bob Wayman, HP's acting CEO, chief financial officer and director of administration in early 2005 - with ultimate authority to approve spending for corporate security - "had provided authorization for whatever work was undertaken."

Company executives say there were two phases to the leak investigation: the first from early 2005 through last November - which Hurd said yielded "inconclusive" results - and the second, prompted by new leaks to the media, from January through May of this year.

Five private investigators who allegedly served as the foot soldiers in the company's efforts to identify the source of leaks have been ordered to testify at Thursday's hearing.

The subpoenas, announced Wednesday, were the second batch issued by the Energy and Commerce Committee. The private eyes are believed to have masqueraded as journalists, HP directors and employees to obtain their phone records. Last weekend, two HP employees and DeLia, who runs Security Outsourcing Solutions Inc. of Needham, Massachusetts, were ordered to appear.

Besides Dunn and Hurd, who succeeded her as chairman on Friday, General Counsel Ann Baskins also has agreed to appear at the hearing. Also expected to appear is Larry Sonsini, HP's outside lawyer and one of Silicon Valley's most influential figures, who assured company executives of the legality of the spying probe.

The five private eyes summoned to appear are believed to have acted as "pretexters" who got phone records under false pretenses. They are Bryan Wagner of Littleton, Colorado; Charles Kelly of CAS Agency in Villa Rica, Georgia; Cassandra Selvage of Eye in the Sky Investigations, Dade City, Florida; Darren Brost of Austin, Texas, and Valerie Preston of InSearchOf Inc., Cooper City, Florida.

Wagner told an investigator that he had destroyed his computer with a hammer, The Wall Street Journal reported in Wednesday's editions, citing an anonymous person familiar with a probe of the HP case.

Documents have shown that investigators working for HP intruded into the personal lives of seven HP directors, two employees, nine reporters and family members of the targeted individuals. In addition to impersonating those targeted to procure phone records, they also spied on an HP director and his wife, sifted through their garbage, and concocted an e-mail sting to dupe reporter Dawn Kawamoto of CNet Networks Inc.'s technology news site.

On the Net:

Dunn testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Dunn.pdf

Hurd testimony: http://energycommerce.house.gov/108/News/09282006-Testimony-Hurd.pdf

Congress Slams H-P Over Board Scandal (MRKTWTCH)

By Robert Schroeder, Marketwatch

Market Watch, September 29, 2006

Company's general counsel quits; refuses to testify

WASHINGTON (MarketWatch) -- Corporate espionage met political outrage on Capitol Hill Thursday as current and former executives of Hewlett-Packard sparred with lawmakers over the technology giant's probe into leaks coming from its boardroom.

Hewlett-Packard Chief Executive Mark Hurd, former Chairwoman Patricia Dunn and others testified under oath in a standing-room-only hearing room adjacent to the Capitol, facing fired-up members of Congress demanding to know who knew about the leak probe and when they knew details of it.

Saying it "was not my finest hour," Hurd testified that while he felt it was necessary to find leaks coming from the company's boardroom, he wouldn't allow such an investigation to take place again.

Hurd's testimony capped a seven-and-a-half hour hearing during which members of a House Energy and Commerce subcommittee lashed out at Dunn for her role in overseeing and instigating a company probe into media leaks.

Several members also urged Congress to pass a bill approved by the Energy and Commerce Committee that would allow the federal government to impose civil penalties against obtaining personal information by using a false pretext. The bill would also beef up protections of customer-call records.

Also on Thursday, The Wall Street Journal reported that Verizon Wireless has filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellular phone records.

Verizon Wireless didn't identify defendants, but described the "pretexting" methods used to gain access to call records, The Journal's reported in its online edition. See Wall Street Journal story (subscription required).

The report added that an H-P director's account was subject to unauthorized access three times since last year, and the records of the director's spouse were also accessed, though the company couldn't determine what specific account information was obtained.

Earlier in the day at the congressional hearing, several former H-P executives and others close to the matter filed out of the room one by one Thursday morning after invoking their Fifth- Amendment rights and refusing to testify.

Contrite CEO

Hurd sounded contrite in accepting responsibility for not having what he called the "checks and balances" in place to signal possible problems with the company inquiry, which ultimately had outside investigators using Social Security numbers of board members to acquire private telephone records.

"I am in charge of the company. I'm responsible for H-P," Hurd said. "I should have been able to catch [investigation questions]. I didn't," Hurd told the panel's subcommittee on oversight and investigations.

Hurd, who joined H-P in March 2005, added that he felt it was appropriate to find out the source of the leaks, but he wasn't as concerned about the matter as he was about getting into the business of running one of the world's largest technology companies.

"Leaks were not the CEO's No. 1 priority," Hurd said.

The subcommittee's hearing focused on H-P's investigations of boardroom leaks in 2005 and 2006. Federal and California prosecutors are looking into the possibility that private investigators hired by H-P may have used illegal methods to obtain private phone records and other personal information.

Dunn's account

Hurd's testimony came after Dunn said that she "initiated [the investigation] at the request of the board," but had "no recollection" of any conversations regarding the use of pretexting or other methods of misrepresentation with H-P's then-general counsel Ann Baskins or outside investigator Ronald DeLia in 2005.

Thursday evening, Dunn's attorney James Brosnahan said a timeline provided by the company Wednesday contained "inaccuracies" about the leak probes that led to the scandal and Dunn's resignation as chairwoman. Brosnahan wrote that the first phase of the leak investigation started before Dunn became chairwoman.

Prior to the start of the subcommittee hearing Thursday, H-P announced that general counsel Ann Baskins had resigned, after 24 years with the company.

In a letter to the subcommittee, lawyers for Baskins said that their client "repeatedly sought and obtained assurances from a senior H-P counsel that the techniques about which she knew were entirely lawful."

Appearing briefly at Thursday's hearing, Baskins, along with former H-P senior counsel Kevin Hunsaker, former H-P global security chief Anthony Gentilucci and private investigators Joe Depante and DeLia all declined to answer questions, each invoking their Fifth Amendment right against self-incrimination.

'What were you thinking?'

The hearing Thursday began with committee members expressing their dismay over the actions that were taken by investigators in the name of H-P, long known for its reputation of having some of the strictest business and corporate ethics in the United States.

"We actually believed we had been a leader [in corporate privacy], and that's what's so disappointing about this," Hurd said.

Rep. John Dingell, D-Mich., chided Dunn, asking, "What were you thinking?" and adding that the steps taken by H-P's investigators were "an insult to the Keystone Kops."

Invoking memories of the Watergate scandal in the early 1970s, Dingell added: "It was a plumber's operation that would make Richard Nixon blush."

Some of the day's most-heated exchanges came between Dunn and Rep. Greg Walden, R-Ore., who peppered Dunn with questions about whether she knew that pretexting and other potentially illegal methods were used in the investigation.

"I had no reason to think that anything illegal was going on," Dunn said.

Among the methods investigators employed was the use of Social Security numbers to acquire telephone and other personal records of H-P board members. Dunn said that up until about six months ago, she believed that anyone could get another person's telephone records through something as easy as a Web search.

Walden was stunned by Dunn's response, asking her, "Do you believe I can call [a phone company] and get your phone records?"

Dunn replied: "That wouldn't surprise me."

H-P's investigation eventually determined that then-director George Keyworth was the source of the news leaks. Keyworth resigned from the board Sept. 12.

Tracing tool

Another issue that brought rebuke from the committee was an H-P effort to send a fake e-mail to a reporter from CNet News in an attempt to get her to forward the message to a source on the H-P board. The message was to include a tracing technology that would allow H-P to confirm the board member as the source of the leaks.

During an exchange with Rep. Jay Inslee, D-Wash., H-P outside counsel Larry Sonsini said "more clarity" is probably needed about the legality of using such a method.

"I think the law regarding that is not as clear as it should be," Sonsini added.

Jill Fisch, a corporate governance expert and law professor at Fordham University, said that she was surprised at the way Dunn and others maintained their positions about methods used in the leak investigations.

"I found the statements remarkably defensive in their continued attempt to justify the investigation and condemn the board leaks," Fisch added. "I don't think anyone questions the motivation of H-P officials in attempting to identify and stop the leaks; the only issue is the methods that were used. It seems like an attempt to deflect criticism from the main issue."

Dunn also testified that she told the company's investigation team members they needed to get approval from Hurd for the traceable e-mail messages. Dunn said that to her understanding, Hurd signed off on the e-mail ploy.

In testimony released Wednesday, Hurd said that while he approved the content of the e-mail, he didn't see mention of, nor approved the use, of the tracing technology.

It wasn't the first time H-P has employed such tracking technology to investigate employees and others. Fred Adler, H-P's head of information technology security, testified Thursday that while this was the first time H-P has used such tracking methods to investigate leaks, the company had deployed tracers as an investigative tool "one dozen, two dozen times" to tackle "issues such as theft and assisting law enforcement."

Separately Thursday, H-P said it has agreed to acquire VoodooPC, a designer and manufacturer of personalized gaming computer systems, for an undisclosed sum in a deal expected to close by November.

H-P added that it will form a separate business unit within its Personal Systems Group focused on the gaming industry, with VoodooPC co-owner Rahul Sood becoming chief technologist for the unit, and co-owner Ravi Sood becoming the unit's director of strategy.

Also Thursday, Mercury Interactive Corp. said it expects its $4.5 billion acquisition by H-P to close in the fourth quarter. Mercury said it has reached a proposed $35 million settlement with Securities and Exchange Commission staff on the SEC's formal investigation into the company's stock-option practices. H-P has consented to the settlement, and will be required to approve the final documentation.

H-P's shares, part of the Dow industrials, rose 58 cents to close at $35.97.

On Display At HP Hearing, Many Ways To Say 'Shocking' (WP)

By Dana Milbank

The Washington Post, September 29, 2006

The corporate spying scandal at Hewlett-Packard was so shocking that lawmakers had trouble even describing it as they grilled company executives yesterday.

"As I reviewed all of the documents for this hearing today, I felt like I was looking at a proposal for a made-for-TV movie," announced Rep. Diana DeGette (D-Colo.) at the start of a House Energy and Commerce subcommittee hearing into HP's use of "pretexting" to get phone records.

On the contrary, said Rep. Tammy Baldwin (D-Wis.), HP's wrongdoing "unfolded like the plot of a third-rate detective novel."

Rep. John Dingell (D-Mich.) had a different take. "Calling the folks who did or allowed or participated in this Keystone Kops is an insult of the grossest sort to the original Keystone Kops," he said.

Rep. Cliff Stearns (R-Fla.) took Dingell's objection into account. "The evidence we've seen shows that this investigation is part 'Keystone Kops,' it's part 'Mission: Impossible,' and perhaps part of 'All the President's Men' all tied together," he proposed.

Perhaps, but it put Rep. Edward Markey (D-Mass.) in the mind of "Hogan's Heroes." "HP might be suffering from Sergeant Schultz syndrome," he diagnosed, referring to the rotund concentration-camp guard remembered for the refrain "I know noth - ing!"

When it comes to technology, Congress is frequently a mouse click behind the times. Not long ago, the Senate commerce committee chairman, Ted Stevens (R-Alaska), sagely declared that the Internet is "not a truck; it's a series of tubes." The difficulty grappling with technology surfaced again yesterday in two simultaneous House hearings.

As they probed HP in the Rayburn Building, lawmakers argued among themselves about whether pretexting -- using a phony identity to gain access to personal records -- is actually illegal. Or, as Rep. Joe Barton (R-Tex.) put it: "Pretexting is pretending to be somebody you're not to get something you probably shouldn't have to use in a way that's probably wrong." The lawmakers were united in wondering why a bill making pretexting illegal, which the committee passed unanimously five months ago, still hasn't been taken up by the full House.

Next door in the Longworth Building, the House Administration Committee assembled to watch a Princeton computer scientist hack into electronic voting machines -- the same machines that counties across the country spent billions of dollars on to satisfy new standards imposed by Congress.

The computer wiz, an appropriately geeky academic named Edward Felten, demonstrated how, by dipping a virus-tainted voting card into a Diebold voting machine, he could reverse the results in a theoretical election pitting George Washington against Benedict Arnold.

"Every record in the machine is consistent with this fraudulent result," said Felten, claiming he got the key to the voting machine from a jukebox supply company. The professor repeated the demonstration at a news conference after the hearing. "There is really no limit to the amount of mischief that could be done," he said.

But lawmakers couldn't be too outraged. They were the ones who, reacting to Florida's paper-ballot fiasco in 2000, passed a law in 2002 giving jurisdictions $3 billion to buy new equipment full of bugs. "What we've got on our hands here is a Model T Ford," said Keith Cunningham, an Ohio elections official. "Can it be improved? Absolutely. [But] who's going to pay to fix it?"

Back in the Rayburn Building, lawmakers were hurling epithets at the HP executives who had used subterfuge to get phone records.

"Unacceptable," said Rep. Edward Whitfield (R-Ky.).

"Horribly offensive," added Rep. Greg Walden (R-Ore).

"Gross stupidity," submitted Dingell.

"Mr. Chair," observed Rep. Jay Inslee (D-Wash.), "we're all disturbed in our own unique way."

The HP executives and their collaborators responded in their own unique ways, too. Ten of them took the Fifth and were led from the room in a hail of camera fire. Those who did talk pleaded ignorance.

"I relied on the expertise of people in whom I had full confidence," said Patricia Dunn, the former chairman.

"We were not involved in the conduct," said lawyer Larry Sonsini. "I was not even aware of them."

"I did not supervise this investigation," said Dunn.

"I had no knowledge of the methodologies," said Sonsini.

"I had no staff," said Dunn.

"I learned of it after the fact," said Sonsini.

HP's best defense, in the end, was blaming Congress. "A positive outgrowth of the recent troubles at Hewlett-Packard would be passage of legislation governing such conduct," Sonsini said, noting that he had told the company that its pretexting "was not specifically unlawful."

"Based on my experience," Dunn suggested, "I hope that Congress will help companies like HP . . . by establishing bright-line laws in this area."

The lawmakers acknowledged they were part of the problem. "Currently, the law regarding pretexting is ambiguous," said Rep. Marsha Blackburn (R-Tenn.), an author of the languishing legislation that would ban the practice.

"It isn't just a leadership failure at HP; there's been a leadership failure in the GOP," added Inslee, the other author. "HP leadership may look back up here to GOP leadership and say, 'How come you're not moving this bill?' "

To that question, nobody in the room offered an answer.

House Panelists Rail At HP (LAT)

By Jim Puzzanghera

The Los Angeles Times, September 29, 2006

WASHINGTON — The main players in Hewlett-Packard Co.'s corporate spying drama faced outraged lawmakers Thursday, agreeing on only one thing: Someone else caused the mess.

Chief Executive Mark V. Hurd said responsibility ultimately rested with him. But then he asserted he had been unaware of just how far HP had gone in snooping on board members and journalists.

Former board Chairwoman Patricia C. Dunn, who initiated the probe into boardroom leaks, said she had assumed that HP executives were running a legal investigation.

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And three executives — all of whom have resigned over the scandal — along with seven private detectives and contractors who may have improperly obtained phone records in the probe, didn't say much at all. That's because they exercised their 5th Amendment right not to testify on the advice of their lawyers in the face of criminal investigations.

"It's a sad day for this proud company," Rep. Diana DeGette (D-Colo.) said.

Thursday began with HP announcing the resignation of General Counsel Ann O. Baskins, who executives and documents indicated helped direct the investigation. She later declined to testify.

It ended with Hurd vowing to restore the image of the Silicon Valley icon that started humbly in a garage and grew into one of the world's technology leaders.

"I pledge that HP will take whatever steps necessary to make sure nothing like this ever happens again," he told members of the House Energy and Commerce investigative subcommittee. "And I pledge that this company will regain not just its reputation as a model citizen with the highest ethical standards, but we will regain our pride."

That pride has taken a beating over the last several weeks as revelations have continued to emerge about the steps the Palo Alto-based company took to identify who was leaking information. Investigators working for the company followed board members, journalists and their relatives, impersonated them to obtain personal phone records, sent an e-mail with tracking software to a reporter and even combed through trash.

The House subcommittee summoned all of the main figures in the controversy to Capitol Hill — eight required subpoenas to show up — and administered a tongue-lashing.

Rep. John D. Dingell (D-Mich.) called HP's internal probe "a plumber's operation that would make Richard Nixon blush." Rep. Cliff Stearns (R-Fla.) said it was a mix of "Keystone Kops," "Mission: Impossible" and "All the President's Men."

And Rep. Edward J. Markey (D-Mass.) said the HP executives reminded him of the bumbling "Hogan's Heroes" character Sgt. Schultz: "I heard nothing, I saw nothing, I knew nothing."

Baskins, Senior Counsel Kevin Hunsaker and global investigations manager Anthony Gentilucci — all of whom have resigned from HP — invoked their constitutional right against self-incrimination in refusing to testify. They were joined by seven outside investigators and data brokers who worked on the probe.

The committee released one e-mail indicating that strong warnings were raised inside the company.

Vince Nye, a senior investigator in HP's security department, warned in a Feb. 7 e-mail that phone records were being obtained in a manner that was "very unethical at the least and probably illegal." But the e-mail was sent to Gentilucci and Hunsaker, who refused to testify, and Dunn said she never saw it.

Dunn was defiant in defending the goals of the internal investigation, while saying she was repeatedly assured by HP lawyers that no laws were being broken.

"If I knew then what I know now, I would have done things very differently," she said. "I do not accept personal responsibility for what happened. I am very sorry for what happened."

Dunn took most of the heat at the hearing. She said that although she knew investigators were obtaining phone records of people outside the company, she thought there were legal ways to get them. Rep. Greg Walden (R-Ore.) said that in one document he reviewed, Dunn suggested the records might have been available because of "administrative sloppiness" of phone companies.

The subcommittee released documents that indicated Dunn might have known that the legally questionable ruse known as pretexting — impersonating an account holder to obtain that person's records — was used in the investigation.

According to another document, private investigator Ronald DeLia, managing director of Security Outsourcing Solutions Inc. of Needham, Mass., said he told Dunn in 2005 how pretexting was conducted.

Dunn testified Thursday that she did not remember the conversation and that she did not learn of the practice until this June.

"Would you give me … your phone records?" Rep. Joe L. Barton (R-Texas) asked Dunn at one point, cutting to the heart of the controversy.

"In your position? I would give you my phone records," she responded.

"Well, praise the Lord! I wouldn't give you mine!" Barton said, as the packed hearing room exploded into laughter.

Then Dunn shot back: "I hope that doesn't mean you have something to hide."

Dunn asserted in the hearing that the privacy of board members was secondary to the damage to the company caused by leaks of confidential information.

But Hurd said plugging the leaks was not as high a priority for him as chief executive as running the entire company.

"Patti appropriately took it seriously," Hurd said. "It wasn't my personal No. 1 priority versus other things."

Everyone at Thursday's seven-hour hearing appeared to have vastly different goals.

Dunn was trying to salvage her reputation — her lawyer even passed out 87-page binders with her life story, letters of support and a DVD of her induction this month into a Silicon Valley business hall of fame.

Hurd is seeking to rescue HP's reputation and reassure investors who have seen him turn the company around, apologizing for the controversy and outlining how he plans to move forward.

People such as Baskins who were directly involved with the corporate spying wanted to avoid saying anything that could harm them if state law enforcement officials bring criminal charges. And lawmakers, with allusions to the Enron scandal, wanted to use HP's problems to push legislation forward that would clarify federal law to make pretexting illegal.

Legal and boardroom experts following what one called HP's monthlong "hemorrhaging of credibility and reputation" said they continued to be surprised by the lengths the company took and the knowledge that top executives had or should have had.

Dunn's insistence that she knew little and had no authority to direct managers is "a little disingenuous," said James Post, a Boston University business professor and lawyer.

Hurd, meanwhile, came out of Thursday's hearings as a "strong leader, making no excuses and pledging to get HP back on track," said Tim Bajarin, president of consulting firm Creative Strategies Inc.

Hurd and Dunn both supported the push by subcommittee members for pretexting legislation.

But Hurd said that, regardless of the law, HP failed itself.

"There's a difference between legality and ethical behavior, and I don't want to confuse the two," he said. "We have a standard of business conduct that this violated, regardless of the legality."

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Times staff writer James S. Granelli contributed to this report.

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(INFOBOX BELOW)

Key players in Hewlett-Packard Co.'s leak scandal

Patricia C. Dunn: Became a director in 1998, chairwoman in 2005. Ousted Sept. 22 for initiating the boardroom leak probe that has prompted state and federal investigations. Also vice chairwoman of Barclays Global Investors, where she previously served as chairwoman and CEO.

· Mark V. Hurd: Director since 2005, when he became HP's CEO and president. Named chairman Sept. 22 after Dunn stepped down. Previously CEO of NCR Corp. Low-key Midwesterner hired by the board under Dunn's leadership in 2005 to revive HP's sagging stock price and slumping morale. Hurd was briefed in March on the findings of the leak investigation but said he did not read a written report that outlined the techniques — including "pretexting," the practice of impersonating a person to access their private information. News reports have also linked Hurd to a plot to dupe a reporter by sending bogus e-mail news tips.

· George Keyworth II: Became an HP director in 1986. Resigned Sept. 12 after acknowledging that he was a source of a media leak. Science advisor to President Reagan and director of the White House Office of Science and Technology Policy from May 1981 to January 1986. Director of the Physics Division at Los Alamos National Laboratory, which he joined in 1968.

· Richard Hackborn: HP director since 1992 and chairman from January 2000 to September 2000. Named lead independent director when Dunn stepped down. Primary advisor and mentor to ex-CEO Carly Fiorina.

· Thomas J. Perkins: Resigned from board of directors in May after discovering HP's investigators used possibly illegal methods to gain home phone records of directors, journalists and other targets. Pressured HP to publicly disclose the reason for his departure.

· Ann O. Baskins: HP's general counsel who resigned Thursday. The company's top lawyer, Baskins' office oversaw the leak investigation using investigators from HP's global security team and outside contractors. Resigned amid criticism that she failed to protect the company's interests. E-mails suggest she assured others of the probe's legality.

· Kevin Hunsaker: HP's former chief ethics officer. Reported directly to Baskins and directed the second leak investigation that used pretexting to obtain phone records. Left the company Sept. 26.

· Lawrence W. Sonsini: HP's outside counsel. Reviewed HP's investigation after it was completed. Initially told Tom Perkins in an e-mail that the probe appeared to have been "well done and within legal limits." Later said he delivered that opinion based on information from HP's legal department before his firm had a chance to thoroughly review the case. Sonsini then changed his tune, and HP disclosed in a Securities and Exchange Commission filing that Sonsini's firm couldn't confirm that the tactics of the outside investigators "complied in all respects with applicable law."

· Ronald DeLia: Investigator with Security Outsourcing Solutions Inc., a detective firm and longtime HP contractor commissioned to conduct the leak probe. DeLia's firm also participated in the inconclusive 2005 HP investigation into boardroom leaks.

· Vince Nye: A senior investigator in HP's global security department. Sent a Feb. 7 e-mail to his boss, Anthony Gentilucci, warning that he had "serious reservations" about the tactics, saying they could be illegal and should be halted immediately. It's not clear how Gentilucci responded. Gentilucci resigned Sept. 25.

Source: the Associated Press

Probing The Pretexters (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, September 29, 2006

WASHINGTON -- The investigative team that plunged Hewlett-Packard Co. into one of the seamiest corporate spy scandals in years held a reunion yesterday -- on Capitol Hill.

Summoned before a U.S. House subcommittee investigating the computer-and-printer maker's prying into personal phone records and what one House member called "sleaze" tactics, a cast of nearly two dozen top H-P executives, lawyers, security officials and outside investigators jammed the front rows of a Capitol Hill hearing room. Most asserted their right against self-incrimination. And no bombshells emerged in the testimony of those who didn't plead the Fifth. But in a methodical grilling of deposed H-P Chairman Patricia Dunn, H-P Chief Executive Officer Mark Hurd and the company's outside lawyer, Larry Sonsini, H-P's astonishing failure to rein in a pair of cloak-and-dagger investigations of leaks on the company's board was laid uncomfortably bare.

Mr. Hurd took the stand, sounding contrite about having unwittingly allowed what he characterized as a "rogue" investigation. But he didn't resolve the question about how much he knew about the privacy intrusions when they occurred. He said that his failure to read an internal report on the probe was "not my finest hour" and expressed regret about sending a booby-trapped email to a reporter, with the hopes that it would lead them to the leaker. The email was sent along with software known as a tracer that could allow H-P investigators to see where it may have been forwarded. H-P has said the mail was sent, but the tracer was never activated. "Today, with the benefit of hindsight, I wouldn't do it again," Mr. Hurd said.

The atmosphere was more Watergate than Wall Street, and members of Congress spared no opportunity to play the people's David against H-P's Goliath.

WALL STREET JOURNAL VIDEO

1 · In his testimony before the House, H-P CEO Mark Hurd says2 the company believes it has been a leader on the issue of consumer privacy, and "that is what makes this so disappointing."

· Former H-P chairwoman Patricia Dunn testifies3 that she viewed finding the sources of leaks as a mandate from the board.

· Top H-P executives, including former general counsel Anne Baskins and chief ethics officer Mark Hunsaker, invoke the Fifth Amendment4 before the House.

"The H-P Way became synonymous with digging through people's trash, setting up bogus emails, stinging unsuspecting reporters, surveilling journalists using ex-FBI agents who sat in cars and watched, as if their subjects were busy making truck bombs," said Rep. Diana DeGette, Democrat of Colorado. Other lawmakers likened H-P to "The Keystone Cops," "Mission: Impossible" and "All the President's Men."

But the committee failed to answer the biggest unanswered question of the weeks-long scandal: How much did Mr. Hurd and Ms. Dunn know, and why didn't they know earlier? "Where did the buck stop?" asked Rep. Marsha Blackburn (R., Tenn.). "We don't have anybody who says 'Yes, indeed, I was in charge.' "

The day began with the surprising announcement that H-P General Counsel Ann Baskins was resigning from the company and would plead her constitutional right against self-incrimination at the hearing. Ms. Baskins had weathered weeks of media questions about her role in the spying affair; H-P officials had quietly said she wasn't implicated in any wrongdoing.

But in a packet of documents distributed at the hearing, it quickly became clear Ms. Baskins not only supervised H-P's leak investigations but was apparently informed about the use of "pretexting," or deceit, to obtain personal telephone records. In one of Ms. Baskins's handwritten notes circulated at the hearing, dated June 15, 2005 -- shortly after the start of H-P's first leak probe -- H-P's general counsel wrote: "Obtaining phone #'s is a time consuming process." Then, she added: "Call carriers (Nextel/Sprint) via pretext to extract info." Just under that, Ms. Baskins wrote "ie I didn't make the call."

Ms. Baskins's separation agreement came under attack at the hearings. Under an agreement that includes indemnification by H-P for her legal expenses, Ms. Baskins gets to keep nearly $3.7 million in vested stock options plus accelerated vesting of $1 million in other options she holds. Rep. Edward Markey (D., Mass.) labeled the deal a "$3.6 million golden parachute." An H-P spokesman declined to comment on the separation agreement.

Ms. Dunn said she received no severance package but said a board committee, in essence, "forced" her to accept $100,000 in stock this month in additional compensation for serving as the board's chairman. She didn't elaborate, and it wasn't clear whether she accepted the money. An H-P spokesman declined to comment.

In opening remarks, Ms. Dunn defended H-P's need to investigate its board leaks, and in a defiant tone, she showed little contrition for the privacy invasions that occurred. "I do not accept personal responsibility," she said.

She said she launched the investigations with the help of H-P's longtime chief financial officer and acting CEO at the time, Bob Wayman, and relied on the professional advice of the H-P investigators whom he recommended. She said she knew they were obtaining personal phone records but assumed they were acquired through proper, public sources. She said the first time she realized pretexting could entail fraud wasn't until June this year -- two months after the probe was complete -- when Mr. Sonsini discussed it in an email.

"My understanding was that these records were publicly available," Ms. Dunn testified. "You really believe that...you honestly believe it was that simple?" demanded Rep. Greg Walden (R., Ore.).

Some of Ms. Dunn's statements, however, were belied by documents released at the hearing. Among them are several memos written by attorneys at Wilson Sonsini, H-P's Silicon Valley law firm, who interviewed several key witnesses during a review this summer of how the leak probes were conducted. For example, in the lawyers' interview with Ronald DeLia -- H-P's main outside investigator, who led the investigations -- they said Mr. DeLia, very early in the first leak probe, told Ms. Dunn that he had done similar investigations in the past by obtaining phone records of journalists and others "via pretexting."

Then, in June 2005, the Wilson Sonsini lawyers wrote, Mr. DeLia briefed Ms. Dunn and Ms. Baskins in a conference call. "DeLia explained pretexting," on that call, the lawyers found, "telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary. DeLia informed Dunn and Baskins that pretexting had been used in connection with reporters." At yesterday's hearing, Ms. Dunn said she didn't learn reporters had also been pretexted until just this month.

The committee pressed for evidence that anyone inside H-P spoke up against the practice of pretexting. Fred Adler, H-P's global security manager, testified that he and other H-P employees had grown concerned that H-P's methods might be illegal and had appealed to H-P ethics manager Kevin Hunsaker and other higher-ups in H-P's general-counsel office, who, he said, concluded that the methods were legal.

Ms. Dunn said she relied heavily on the legal opinions of Ms. Baskins and Mr. Hunsaker, both now resigned. So did Mr. Sonsini; despite his reputation as Silicon Valley's most prominent lawyer, the longtime H-P outside counsel stressed that he initially simply relayed information from the H-P legal staff.

"It's important to note that I, too, did not understand pretexting," Mr. Sonsini said, saying that he was focused more on tensions at the board that were suggested by leaks. "There was a crisis in this boardroom," he said.

Ms. Dunn did pose a tantalizing suggestion that H-P's methods were well established within the company -- and in corporate America. "I believe these methods may be quite common," she said of pretexting, "at companies around the country."

The committee members generally treated Mr. Hurd with more deference than Ms. Dunn, perhaps because of his profuse apologies. They didn't press him to say what he was told at a July 2005 briefing by H-P's outside investigator that he attended, after several directors and journalists had already been pretexted. He said the first "trigger" of his concern about the probes wasn't until June this year, when he read an email mentioning pretexting by Mr. Sonsini.

Mr. Hurd also said leaks weren't a high priority for him, as they were for Ms. Dunn. However, in two speeches to employees in July 2005, he had railed about press leaks and threatened to deal with anyone found leaking "appropriately."

Some of the most pressing questions, though, couldn't be answered because of the refusal to testify by those who carried out the probe. Among those pleading the Fifth were Ms. Baskins, Mr. Hunsaker and Tony Gentilucci, who has resigned as H-P's manager of global security investigations. Also pleading the Fifth were outside contractors Mr. DeLia, operator of Security Outsourcing Solutions Inc.; Joseph DePante, owner of Action Research, a subcontractor to SOS; and people believed to be pretexters: Bryan Wagner, of Littleton, Colo.; Darren Brost, of Austin, Texas; Charles Kelly, of Villa Rica, Ga.; Cassandra Selvage, of Dade City, Fla.; and Valerie Preston, of Cooper City, Fla.

The House committee has proposed legislation designed to more clearly spell out that pretexting is illegal, but it failed to come to a vote the last time it passed out of committee. Representatives at the hearing expressed the hope that the H-P imbroglio could help provide the impetus to make the bill become law.

The hearing ended with Rep. Ed Whitfield, the subcommittee chairman, reading a February email from one of the two H-P employees who objected to pretexting people's phone records. "I think we need to re-focus our strategy and proceed on the high-ground course," wrote the H-P investigator. "That employee ought to get a day off," Rep. Whitfield told the H-P CEO.

---- Steve Stecklow contributed to this article.

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Hewlett's Hunt For Leak Became A Game Of Clue (NYT)

By Matt Richtel

The New York Times, September 29, 2006

SAN FRANCISCO, Sept. 28 — They were looking for an academic. The suspect was conversant in computer chip technology. And he would have to be the kind of person who used the word "pooped" to mean tired.

In a case right out of CSI: Corporate America, a team of private investigators spent months obsessively hunting the source of a news leak from inside Hewlett-Packard about the company's corporate strategy.

By the time they had finished their search, the team had solved the mystery of what eventually became the most notorious investigation in Silicon Valley. And the way they did it seemed to resemble a bureaucratic version of a Dan Brown thriller.

But in building a clue-heavy reconstruction — part dossier, part "Da Vinci Code" — the detectives ended up wreaking the havoc that has forced out Hewlett-Packard's chairwoman, led to the resignation Thursday of its general counsel and spawned a series of criminal investigations that are far from over.

The Hewlett-Packard scandal turned into a spectacle Thursday as a House committee brought all those involved to a packed hearing room on Capitol Hill so that lawmakers could chastise them before the television cameras for the series of subterfuges used in the company operation that spied on its own directors, journalists and others.

"As I reviewed all of the documents for this hearing today," said Representative Diana DeGette of Colorado, the ranking Democrat on the House Energy and Commerce Committee, "I felt like I was looking at a proposal for a made-for-TV movie, and maybe this will be a made-for-TV movie. But I think it's awfully, awfully sad."

While many of those brought before the committee declined to answer questions, invoking their Fifth Amendment rights against self-incrimination, those who did testify were at pains to distance themselves from the details of the internal investigation.

Mark V. Hurd, the chief executive, apologized for what he termed a "rogue operation." And he accused the investigators of being "so focused on finding the source of the leaks that they lost sight of the values of this company."

The company's sleuths produced an 18-page report, released Thursday by the Congressional committee, that reads at times like a whodunit, at other times like a dissertation. They created a profile of the leaker by studying phone records and e-mail message trails, even delving into physical mannerisms and speech patterns.

In the end, the investigation fingered George A. Keyworth II, who recently resigned as a member of the board.

Mr. Keyworth acknowledged that he talked to a reporter from CNet, an online technology news service, but insisted that nothing he discussed was confidential or damaging to Hewlett-Packard.

Before the investigators even confronted Mr. Keyworth this May, they had gone through more than 10,000 articles about Hewlett-Packard, they said, trying to determine which ones included secret information and whether Mr. Keyworth had spoken to reporters around the time of sensitive articles.

The scrutiny included intricately parsing the language of a Jan. 23 CNet article in which Dawn Kawamoto, a reporter for the service, described a board meeting that month. The article quoted an anonymous source as saying, "By the time the lectures were done at 10 p.m., we were pooped and went to bed."

Like Kremlinologists (or maybe Encyclopedia Brown), the investigators for Hewlett-Packard drilled in on the use of the word "pooped."

"This is also an unusual term," the report reads. "A number of key witnesses interviewed indicated that contrary to a number of members of the board, Keyworth often uses casual, colloquial terms in conversation, so this is a term he may use."

The investigators also focused — in that same CNet quote — on the use of the word "lectures."

"This is an academic term, rarely used in the business environment. Keyworth is the only board member with an academic background."

The level of detailed scrutiny shows the depths to which the investigators inside and outside Hewlett-Packard went to connect the dots and to expose a high-level board member who some at H.P. believed was a highly disruptive force. Not all of the investigation involved wordplay; much of it entailed detailed and highly sophisticated surveillance.

Above all, the corporate sleuths unearthed numerous personal and professional details about Mr. Keyworth, a former White House science adviser to Ronald Reagan who had worked earlier at the Los Alamos National Laboratory in New Mexico.

The report is "both childish and chilling," said Reginald J. Brown, Mr. Keyworth's lawyer. The analysis "piles inference on innuendo to reach a predetermined and hopelessly flawed conclusion."

"It was developed through illegal and invasive means."

"Dr. Keyworth did not reveal confidential or damaging information about H.P. to CNet, and spoke with the reporter with H.P.'s best interests in mind," Mr. Brown added. "More importantly, neither Dr. Keyworth and his family, nor any journalist and his or her family, deserved to have their records purloined, homes monitored or trash picked through by private investigators."

State and federal prosecutors are now trying to determine if the methods used by Hewlett-Packard's hired guns broke any laws by using pretexting, a technique in which an investigator lies about his own identity to obtain phone calling and other personal records.

The report was prepared by Kevin T. Hunsaker, a senior lawyer and the director of ethics who is leaving the company, and was delivered May 24 to Mr. Hurd; Ann O. Baskins, the general counsel who resigned Thursday; and the company's board.

The report focuses on the relationship between Mr. Keyworth and Ms. Kawamoto, the CNet reporter; Investigators determined they met at the beginning of 2001. They did so, curiously enough, at the behest of Hewlett-Packard's chief executive then, Carleton S. Fiorina, whom the report concluded instructed Mr. Keyworth to establish a relationship with Ms. Kawamoto to spread word of the company's new exploits.

Sarah Cain, a spokeswoman from CNet, said the news organization would not comment on Ms. Kawamoto's sources, nor discuss whether Mr. Keyworth was a source. Ms. Cain said the organization was distressed over the investigation into the activities and lives of reporters. "We feel it's a huge violation to our reporters' personal and profession privacy," she said.

The team of investigators — which included Mr. Hunsaker, members of the company's internal global security operation and outside detectives — found that Ms. Kawamoto had written 10 articles since 2002 about the company that cited a confidential source.

"One of the first things the investigation team noted is that Kawamoto always cites just one 'source' rather than citing 'sources' or 'people familiar with the situation,' like other reporters who more frequently cover H.P. do," the report theorized.

And unlike some other reporters, the investigators noted, Ms. Kawamoto did not contact the company's media relations department to confirm her articles. Investigators concluded the reporter must have found the source so highly credible and well placed that she did not believe it was necessary to nail down the information.

Then there were the phone conversations. By studying calling records, the investigators determined that on Jan. 18, just before a CNet article was published, a call was made from Ms. Kawamoto's cellphone to Mr. Keyworth's home in Piedmont, Calif. The call was placed at 5:25 p.m. and lasted approximately one minute. (In the final report, the notation about the call is in bold type, highlighting significance.)

"It should be noted that the phone is listed in Keyworth's wife's name," the report states. "There is no documented 411 call from Kawamoto's cellphone prior to the call. This indicates that Kawamoto likely knew the home phone number."

The sleuths determined that another call, for 10 minutes, was placed on Feb. 3, at 2:21, from Mr. Keyworth's cellphone to Ms. Kawamoto's office. Again, the report notes, there was no 411 call, suggesting to the investigators that Mr. Keyworth knew the number.

Meanwhile, the report suggests that the tension was getting to Mr. Keyworth and Thomas J. Perkins, a friend and compatriot on the board. The report says that during a break at a March board meeting — as the scrutiny from the investigation was mounting — Mr. Keyworth and Mr. Perkins were overheard in a heated discussion.

According to the report, "The arguments were mainly one-sided, with Keyworth intently speaking and even pointing his finger at Perkins' chest several times. At the very end of the second argument/heated discussion, Keyworth was overhead saying: 'They don't have enough to go there.' "

The investigators also drew a link between Mr. Keyworth and Stephen Shankland, a reporter who collaborated with Ms. Kawamoto on three articles in which a confidential source was used. The report indicates that Mr. Keyworth worked for six years at Los Alamos Labs with Thomas Shankland, Stephen Shankland's father.

"Stephen and Keyworth's son, George, who are just two years apart, likely attended the same elementary school," the report states.

But now that all their work has been exposed to the light of day, the investigators are unlikely to be taken up on the offer they presented in the final sentence of the report. "The investigation team," they wrote, "would be pleased to participate in any discussions regarding proactive measures designed to reduce the likelihood of similar incidents occurring in the future."

For Ten Witnesses, Nothing But The Fifth (WP)

By Yuki Noguchi, Washington Post Staff Writer

The Washington Post, September 29, 2006

Most Called to Testify at Hearing Refuse

One after another yesterday morning, 10 of the 14 people summoned by Congress to testify about their role in a spying scandal that has rocked Hewlett-Packard Co. spoke into the microphone and invoked a constitutional right against self-incrimination: the Fifth Amendment.

Pleading the Fifth isn't unprecedented in a congressional hearing. Executives from Enron to WorldCom to Qwest Communications have all exercised the right in front of lawmakers in recent years. And lawmakers have grown accustomed to it.

"As a former lawyer myself, I cherish the right of witnesses to invoke their Fifth Amendment right against self-incrimination. It's one of our important constitutional provisions," said Rep. Diana DeGette of Colorado, the ranking Democrat on the subcommittee that conducted yesterday's hearing.

"But it's very difficult for us in Congress to have an investigation where all the witnesses come in and, at the very last minute, inform the committee that they're invoking their Fifth Amendment rights," she said.

Legal experts say that it's often advantageous for witnesses in potentially criminal cases not to testify because it could create a legal trap for them later.

"There are a lot of potential pitfalls in congressional testimony," said lawyer Michael Levy, who represented some of the Enron Corp. executives in hearings. "An officer or director in a publicly traded company has to weigh the known employment risks of asserting the Fifth, versus the unknown risks of testifying" and potentially giving investigators information that can be used against them in a criminal probe.

In some cases, witnesses -- some of whom are now in federal prison for their roles in scandals -- should have exercised the right, DeGette said.

However, during yesterday's hearing she said, "when you haul in a whole panel of people like this just to have them take the Fifth Amendment, I think it's a waste of the committee's time and resources, and I think it's a waste of the witnesses' time and resources and legal fees."

The first 10 witnesses were called before the committee together and sat next to each other at a long table. As each was asked a specific question about the scandal, each exercised the right to not answer.

Ann O. Baskins, who was the company's top lawyer until she suddenly resigned yesterday morning, was the only one of the first 10 to answer a question. She confirmed her resignation and then respectfully declined to answer questions.

Later in the day, four others -- including former chairman Patricia C. Dunn and chief executive Mark V. Hurd -- answered the subcommittee's questions.

DeGette said she hoped that future hearings would not begin in a similar fashion. "I would hope we could work with witnesses in the future to prevent this kind of action," she said.

Staff writer Mike Musgrove and staff researcher Richard Drezen contributed to this report.

H-P General Counsel Resigns, Won't Testify (WSJ)

By Ashby Jones

The Wall Street Journal, September 29, 2006

Baskins Quits Her Post As Dunn Says She Relied On Lawyer's Judgment

In the weeks after the first news broke about Hewlett-Packard Co.'s board-spying imbroglio, little clarity emerged about just what role the general counsel, Ann Baskins, had played. While others left the company, she held on.

That all changed yesterday. As statements and documentation emerged that offered new details about her part, Ms. Baskins resigned and declined to testify before a congressional subcommittee, citing her constitutional right against self-incrimination.

Former H-P Chairman Patricia Dunn said in a statement released Wednesday in anticipation of the hearings that she had leaned heavily on Ms. Baskins's judgment about the propriety of the investigation. The fact that "attorneys were unambiguously overseeing the investigation ...reinforced my understanding that the investigations had been and were being handled appropriately," she said.

Ms. Dunn also said that at one point she had suggested hiring the "highly regarded" Kroll Associates to run an investigation. But Ms. Baskins instead recommended handing the matter to Kevin Hunsaker, a lawyer who worked for Ms. Baskins. "I had never heard of Mr. Hunsaker," said Ms. Dunn, "but his title and [Ms. Baskins's] strong positive opinion of his work were very reassuring to me; thus I concurred with her recommendation."

During congressional questioning, Ms. Dunn said of Ms. Baskins, "Her career is ruined. She made some errors in judgment. I relied upon her like many others."

A packet of documents distributed at the hearing suggested that Ms. Baskins was aware of the use of "pretexting," or deceit, to obtain personal telephone records. In one of Ms. Baskins's handwritten notes, dated June 15, 2005, shortly after the start of H-P's first leak probe, Ms. Baskins wrote: "Obtaining phone #'s is a time consuming process." She added: "Call carriers (Nextel/Sprint) via pretext to extract info." Just under that, she wrote, "ie I didn't make the call."

Mark Hurd, H-P chairman and chief executive, said: "Stepping down was a very hard decision for her, but by doing so she has put the interests of H-P above her own and that is to be commended."

Ms. Baskins's lawyers, K. Lee Blalack at O'Melveny & Myers in Washington, D.C., and Cristina Arguedas of Arguedas, Cassman & Headley in Berkeley, Calif., in a statement regarding her decision not to testify, said, "Please understand, however,

that Ms. Baskins very much wants to testify and discuss these matters with the subcommittee. Were she to do so, we are firmly convinced that the subcommittee would recognize that she acted legally and ethically at all times. Given the current environment, however, Ms. Baskins simply has no choice." Her lawyers weren't reached for comment.

Under a separation agreement in which Ms. Baskins agreed to cooperate in H-P's investigations and not to sue the company, she retains rights to exercise vested stock options, valued at nearly $3.7 million as of Sept. 27. The company said it will accelerate the vesting of other options so that the "aggregate intrinsic value" of the unvested options equals $1 million on Nov. 20.

-- Don Clark, Peter Waldman and Peter Lattman contributed to this article.

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Hewlett Lawyer's Liability Is Unclear, Experts Say (NYT)

By Katie Hafner

The New York Times, September 29, 2006

If a company's most senior lawyer is assured by a subordinate that something the company is doing is legal, what is her liability if it turns out that it might not be?

According to documents provided to the House Committee on Energy and Commerce, those assurances were given to Ann O. Baskins, the Hewlett-Packard general counsel, who resigned yesterday over the company's spying case. Yet legal specialists say it is too soon to say what Ms. Baskins's legal liability might be.

"It really depends on what shoe drops next, what information comes out and what the authorities decide to do with the case," said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware.

Ms. Baskins was one of 10 witnesses who declined to answer the committee's questions yesterday, invoking their Fifth Amendment right against self-incrimination. She is the fourth official to leave the company in the last week.

In a letter written to the House Committee on Energy and Commerce, K. Lee Blalack II, Ms. Baskins's lawyer, said Ms. Baskins "always believed that the investigative methods that she knew about were lawful, and she took affirmative steps to confirm their legality."

Ms. Baskins, he wrote, was led to believe in the legality of an investigation aimed at tracing news leaks from the company's board, which included the use of private detectives to use ruses to gain phone records — a method called pretexting. Those assurances came from a senior Hewlett-Packard counsel, Kevin T. Hunsaker, who directly oversaw this year's phase of the investigation.

Mr. Hunsaker, who is leaving the company, also cited his Fifth Amendment right.

Joel R. Reidenberg, a professor of law and the director of the Center on Law and Information Policy at Fordham Law School, said that too many questions existed to make an accurate evaluation of Ms. Baskins's legal vulnerability.

"There's an awful lot of information we don't know right now," he said.

"If she was giving the corporation bad advice, that's one thing, and it may be malpractice," Mr. Reidenberg said. "But if she was actively assisting in masking illegal activity being conducted on behalf of the corporation, it rises to another level and she could be a target of prosecution."

Ms. Baskins, 51, a native of California, joined Hewlett-Packard in 1982 as a lawyer, two years after receiving her law degree from the University of California, Los Angeles. She held a number of positions in the legal department before becoming general counsel in 2000.

The man she succeeded, Jack Brigham, said in an interview this month that Ms. Baskins was "the brightest and most hard-working lawyer we had at H.P."

Mr. Brigham said he had recommended her for the job because she distinguished herself when she took the lead in the complicated spinoff of Agilent Technologies in 1999. "She was not shy about taking on large amounts of responsibility," he said. She was on top of things all the time," he said.

He also said she handled detail well, but he never recalled her handling investigations.

The legal department includes several hundred lawyers in Hewlett-Packard offices around the world, and Ms. Baskins has been closely involved with some of the company's biggest deals, including its acquisition of Compaq Computer in 2001 and the ouster of Carleton S. Fiorina, the former chief executive, in 2005.

Through a negotiated resignation approved by the compensation committee of the Hewlett-Packard board, Ms. Baskins will receive stock options valued at $4.6 million as well as her full retirement plan, according to documents the company filed yesterday with the Securities and Exchange Commission. Ms. Baskins's lawyer sent the committee a two-page letter along with 24 pages of internal and legal documents, some labeled "privileged & confidential." The documents include a set of handwritten

notes taken by Ms. Baskins in June 2005 in which she noted the use of "pretexts to extract info." The documents also show that Ms. Baskins made repeated inquiries of Mr. Hunsaker, who assured her of the legality of what was being done.

"Her overall message is, 'Look, I did the right thing,' " said Eric Goldman, director of the High Tech Law Institute at the Santa Clara University School of Law in California. "But underlying all of that is still this nagging doubt that she knew pretexting wasn't appropriate and that's why she kept asking questions."

The documents provided to the committee mention that the scope of Mr. Hunsaker's research into the legality of pretexting consisted of an "hour's worth of online research," as well as interviews with the outside investigators and an outside lawyer with ties to the investigators.

"Every interaction described in these documents suggests she's still bothered by this," Mr. Goldman said, "and if you have to ask the question, 'Is this legal?' so many times, common sense says it's probably not appropriate, if not illegal."

Although it might have been awkward to do so, Mr. Goldman said, Ms. Baskins should have taken matters into her own hands.

"What I would have done if I had that feeling in the pit of my stomach is do my own independent research," he said. "I would have said something more than just, 'Thanks for the research.' I would have said, 'Show me why you think this is legal.' "

And Ms. Baskins might agree with him. "With the benefit of hindsight," wrote Mr. Blalack in his letter to the committee, "Ms. Baskins wishes that she had more actively inquired about the methods being used and taken steps to halt any that were inconsistent with H.P.'s high ethical standards, such as pretexting."

Hewlett-Packard Rebuked By Lawmakers For Allowing Leak Probe (BLOOM)

By Connie Guglielmo And Christopher Stern

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- Hewlett-Packard Co. executives were rebuked by lawmakers for allowing a probe of boardroom leaks that spiraled into potentially illegal spying.

The investigation was a ``fine case study in deceit, dishonesty, improper behavior and possibly illegal behavior," Representative John Dingell, the ranking Democrat on the U.S. House Committee on Energy and Commerce said at a hearing today in Washington designed to uncover the methods company investigators used to find the source of leaks to the media. He described the behavior as ``shameful" and worse than Keystone Cops.

Hewlett-Packard Chief Executive Officer Mark Hurd and former Chairwoman Patricia Dunn will testify today before the committee, which is seeking information on how Hewlett-Packard spied on its own directors and journalists. The scandal prompted the ouster of Dunn, General Counsel Ann Baskins and two company executives, and also has drawn scrutiny from the Justice Department and California's Attorney General.

Hewlett-Packard has said the probe extended to following directors, planting bugs on reporter's computers and going through trash. Investigators also took on false identities to obtain phone records, a practice known as pretexting that may be illegal.

The hearing is part of an eight-month inquiry by the House committee's Subcommittee on Oversight and Investigations into pretexting and today's session is dubbed ``Hewlett-Packard's Pretexting Scandal."

Pretexting is ``pretending to be someone you're not, to get something you shouldn't have, to use in a way that's probably wrong," said Representative Joe Barton, chairman of the U.S. House Committee. ``We must make pretexting clearly illegal."

Testimony

Representative Greg Walden, a Republican from Oregon, said the conduct was ``outrageous." ``Where was somebody to say this just isn't right?" Walden said in his opening statement. Dingell, from Michigan, asked the Hewlett-Packard officials assembled for the hearings ``what were you thinking?"

Representative Ed Whitfield, a Republican from Kentucky, said he gives ``little credence" to the arguments that the company and executives didn't know its investigators were using unsavory tactics.

Dunn arrived at the hearing early flanked by friends and lawyers and took a front row seat. Hurd hasn't arrived.

Resigned

Baskins resigned today after Dunn's statement implicated her in the probe. Baskins plans to take the Fifth Amendment to avoid incriminating herself when she appears before the committee, her attorneys K. Lee Blalack and Cristina Arguedas said in a letter to the committee today.

Dunn was ousted Sept. 22 and two other employees agreed to leave.

``These resignations are very important to clear the decks," said Stanley Nabi, who helps manage $7.5 billion at Silvercrest Asset Management in New York, including about 982,000 Hewlett- Packard shares. ``I think Hurd as a result of these events will become more empowered to take whatever action is necessary."

Shares of Palo Alto, California-based Hewlett-Packard are down 2.9 percent since the company said Sept. 6 that its investigators may have broken the law. The stock rose 35 cents, or 1 percent, to $35.74 at 10:46 a.m. in New York Stock Exchange composite trading.

`The Right Thing'

Hurd's success in reviving sales and profit growth at the world's second-largest personal-computer maker have driven the shares up 24 percent this year, to near five-year highs. The shares stumbled last week on concerns that Hurd may have been more involved than he previously let on. The CEO said he wasn't involved in the operational aspects of the probe and wasn't aware of the tactics used.

In a statement prepared for the panel and released yesterday, Dunn detailed Baskins's involvement in the investigation and said she discussed the probe with Baskins in mid-2005. While Dunn mentioned Baskins's role, she added that ``no one rates higher in my estimation than Ann Baskins for her commitment to ethics, integrity and doing the right thing for Hewlett-Packard every step of the way."

``Ms. Baskins always believed that the investigative methods that she knew about were lawful," Baskins' lawyers said in the letter. ``We are firmly convinced that the subcommittee would recognize that she acted ethically and legally at all times."

Little Choice

Baskins, who joined Hewlett-Packard right after law school 24 years ago, had regular meetings with her subordinate Kevin Hunsaker, who ran the investigation and left the company this week, Dunn said. While Hunsaker asked Dunn directly several times for guidance, most of these conversations included Baskins, 51, Dunn said.

A weekly project conference call was set up on Friday afternoons ``so Ann and I could be brought up on any progress and I could answer questions as appropriate," Dunn said in her statement that she will deliver later today.

Baskins had little choice but to resign, said James Post, a professor of management at Boston University. ``Patti Dunn detailed Baskins's involvement in her testimony leaving Baskins with little room to explain herself lest she provide self-incriminating statements," Post said.

Opening Statements

Hewlett-Packard hired Baskins as attorney for their legal department in Palo Alto. She was promoted to a senior attorney in 1985, a corporate counsel a year later, and then made general counsel in 2000. Baskins holds a law degree from University of California, Los Angeles. As an undergraduate at Stanford University, Baskins majored in history.

Hunsaker will testify today, as will Anthony Gentilucci, a Hewlett-Packard investigator. The company's outside counsel, Larry Sonsini, and seven private investigators hired by the company have also been called.

Dunn and Hurd released their opening statements yesterday. Hurd distanced himself from the probe, saying he had no involvement and didn't read a report he was sent on the matter. The 49 year-old CEO also said he didn't recall authorizing the use of trace technology to track an e-mail sent to a reporter at Cnet.com.

Rogue Investigator

Dunn used her testimony to paint herself as a victim of a rogue investigator, Ronald DeLia. She said Hewlett-Packard used DeLia in the past and he had been recommended to her by director and Chief Financial Officer Robert Wayman.

DeLia gave her the ``clear impression" that assuming fake identities to get phone records, or pretexting, is legal. Dunn said she was told the practice had been used by Hewlett-Packard previously.

``I was fully convinced that HP would never engage in anything illegal," Dunn said in her testimony.

Dunn said she now isn't sure if pretexting is legal or not.

Dunn's remarks may pit her against Hewlett-Packard and Hurd. Dunn said the board never questioned methods used in the probe. Hewlett-Packard has depicted Dunn as complicit in the actions of the investigators.

``Ultimately, someone has to be responsible for it," said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. ``The buck stops at the top."

Hewlett-Packard first gave details of the probe on Sept. 6 and mentioned only the pretexting. Last week the company added that investigators followed directors and used other means to find out who had leaked the information, including trawling through garbage.

Under Contract

DeLia's company had worked for Hewlett-Packard for eight or nine years, Dunn said, adding she had no reason to doubt the quality of his work.

``They were already under contract to HP when the leak investigation was initiated," Dunn said in the remarks titled ``My Role in the Hewlett-Packard Leak Investigation."

Dunn said she initiated an investigation at the insistence of a majority of the board. She said she received assurances through two phases of the probe, dubbed Kona 1 and Kona 2, that the methods used to obtain phone records were legal.

Hurd, 49, attended several meetings during the course of the investigations to root out the leaker, Dunn said. Hurd by contrast said he recalled attending one meeting briefly and didn't read a report sent to him by Hunsaker summing up the probe.

``He was included in perhaps two or three meetings, to my knowledge to review key milestones and provide his own input on the priority and motivations behind the investigation," Dunn said. ``Neither Mr. Hurd nor I designed or implemented the investigative techniques."

Hurd has the unanimous support of the board as he works to contain the scandal, director Robert Ryan said yesterday.

``Mark Hurd has taken complete control of this," Ryan, a Hewlett-Packard director since 2004, said in a telephone interview. ``I feel confident that this is something that won't happen in the future."

To contact the reporter on this story: Leon Lazaroff in New York at llazaroff@Bloomberg.net .

Sonsini Grilled During House Committee Hearing On HP Spying Scandal (LAW)

By Susan Beck And Justin Scheck, The Recorder

California Recorder, September 29, 2006

In a day of dramatic developments in the Hewlett-Packard Co. spying scandal, Larry Sonsini sat before a packed House committee for nearly five hours Thursday to answer harsh questions as the board's main outside counsel.

Sonsini flatly denied that he had any knowledge of the company's investigation into boardroom leaks until after that probe was finished. Members of the House Energy and Commerce Committee, however, repeatedly pressed Sonsini on why he didn't raise concerns about the investigation's unseemly methods when he learned about them in an April report this year.

They also questioned the assurance he gave to former director Thomas Perkins in an e-mail, when he said that the methods used to uncover the source of boardroom leaks, including "pretexting," appeared to be "within legal limits."

BASKINS PARACHUTES OUT

Shortly before the hearings started, Hewlett-Packard announced that its general counsel, Ann Baskins, had resigned. Hewlett-Packard had earlier said that Baskins would testify before the committee, but the longtime HP employee had a sudden change of heart. In a letter hand-delivered to the committee on Thursday, Baskins' lawyers said that they had advised their client to invoke her constitutional right under the Fifth Amendment not to incriminate herself.

Her lawyers -- Berkeley, Calif., white-collar specialist Cristina Arguedas and K. Lee Blalack of O'Melveny & Myers -- said in their letter to the committee that Baskins "very much wants to testify," and if she did so, "we are firmly convinced that the subcommittee would recognize that she acted legally and ethically at all times."

But, they stated, "Given the current environment ... Ms. Baskins simply has no choice."

Arguedas told The Recorder that it was a last-minute decision for her client to leave HP.

"She offered her resignation last week, and Mark Hurd declined it because he wanted her to continue on as general counsel," Arguedas said. "She came to Washington, really, with no intention of resigning, but starting around Monday, she saw the continuing focus on Mark Hurd and [thought] how can he put this event behind him, and how could HP put this behind it, as long as she remained as general counsel."

At that point, Arguedas said, Baskins decided to resign. "They had to make a clean sweep," she said. "She resigned for the good of the company."

No longer an HP staffer, Baskins was left in a difficult position before Congress, Arguedas said. In the hearings, there's little opportunity for witnesses to present their side of events, Arguedas said, and no opportunity for them to present evidence in their own defense. For that reason, Arguedas said she persuaded Baskins to not testify.

"It is not because we were afraid of the facts," Arguedas said. The letter to the committee included pages of documents intended to show that Baskins is not to blame for the troubled leak probe.

Much of Thursday's testimony suggested Baskins had in fact become the designated scapegoat. Both Sonsini and HP's former chairwoman, Patricia Dunn, who sat side by side at the hearing, pointed to Baskins as the person primarily responsible for the oversight of the leaks probe.

Sonsini stressed that he relied on Baskins -- as well as HP in-house lawyer Kevin Hunsaker, who also quit Thursday and took the Fifth -- for advice on whether pretexting is legal. Nonetheless, HP announced in a securities filing Thursday that Baskins will get a severance package that legislators at the committee hearing described as a "$3.6 million golden parachute."

Baskins is holding vested options worth a little over $3.6 million, according to an 8-K HP filed with the SEC. Under the terms of her severance agreement, she can exercise those options before Nov. 22. In addition, HP will accelerate the vesting of up to $1 million of her unvested options so that she may exercise them before Nov. 22, when all her unvested options will otherwise expire.

When asked by the committee why Baskins should receive such a package, Dunn said, "She's a 26-year employee. She bled HP blue ink. Her career is ruined. She made some errors in judgment."

Sonsini looked thin and weary, but he spoke forcefully during the hearing, at times raising his voice slightly in a combative tone when questioned about his judgment. He explained that he received an April 6, 2006, draft report that mentioned that Hewlett-Packard had obtained the phone records of certain individuals, and also discussed the use of "covert intelligence-gathering operations."

At that point, he admitted, "I was concerned about the scope of the investigation." To allay his concerns, however, he simply asked Baskins if she had researched the legality of the techniques used, and she assured him she did, according to his testimony.

He also stated that he was more focused on other things at the time. "When I got the report, it was with the view of what do we do with the result in terms of a corporate governance point of view. I did not focus on this sub rosa investigation."

CAUGHT IN A CROSSFIRE

Although they sat next to each other, Sonsini and Dunn were not always in agreement. At several points, Dunn took issue with Wilson Sonsini memos that the firm wrote in August when the board asked it to investigate the methods used in the company's leaks investigation. The memos indicated that Dunn was aware early on of the use of pretexting to get phone records.

But Dunn repeatedly said she thought the Wilson memos inaccurately described what she told them. "I disagree with the transcription by the Wilson Sonsni lawyer," she said at one point, about an interview conducted by Wilson partner Steven Schatz. Sonsini, for his part, staunchly defended his firm's work product. "I believe Mr. Schatz's ... notes accurately reflect the interview."

Sonsini bristled when Marsha Blackburn, a Tennessee Republican, accused him of contradicting himself regarding his knowledge of pretexting. On the one hand, she pointed out, Sonsini repeatedly told the committee that he wasn't an expert, and had never heard the term before this problem arose. Yet, she said, Sonsini conveyed the sense that he was sufficiently expert enough to chastise former director Perkins for suggesting that the pretexting was illegal.

"With all due respect, I was not chastising Mr. Perkins," Sonsini insisted. "I was being as forthright as I could be in laying out what I knew. I was the first one to tell him about pretexting. I was relying on the HP legal department. ... There's no inconsistency whatsoever in my conduct at this time."

Near the end of the hearing, Sonsini had to wrestle with another hard question: "You were told that people at HP were lying about their identity," said Colorado Democrat Diana DeGette. "You did not raise questions or say this is unacceptable. I don't understand."

"That's a fair question," Sonsini answered. "I didn't know what pretexting was."

Sonsini said he now believes pretexting is "clearly wrong, unethical and improper."

A BRACE OF LAWYERS

Previously Wilson Sonsini had announced that Sonsini would be represented by Akin Gump Strauss Hauer & Feld, and partner Michael Madigan was present. But when the committee asked Sonsini who represented him, he named Cravath, Swaine & Moore partner Evan Chesler.

Other Wilson Sonsini lawyers were in the audience, including partner Boris Feldman. Michael Holston of Morgan, Lewis & Bockius, who has supplanted Sonsini to lead Hewlett-Packard in its dealings with state and federal authorities, was also in attendance.

Dunn's lawyer, Morrison & Foerster's James Brosnahan, sat behind her during her testimony. After it concluded, he held a press conference outside the hearing room, in which he described Dunn as the "victim" in this matter.

Susan Beck is a senior writer with The American Lawyer, a Recorder affiliate. Justin Scheck is a reporter at The Recorder.

Investigator Who Worked For H-P Tailed Reporter In Unrelated Probe (WSJ)

By Peter Waldman

The Wall Street Journal, September 29, 2006

Hewlett-Packard Co.'s outside investigator said he gained access to a Wall Street Journal reporter's hotel-phone records to identify the reporter's source in an unrelated episode before H-P's 2005-06 board-leak investigation, according to an email to H-P from its outside law firm.

Ronald DeLia and his company, Security Outsourcing Solutions Inc., are suspected of leading the gathering of personal phone records through false pretenses, or "pretexting," as part of H-P's probe. H-P has acknowledged that nine reporters, including two for The Wall Street Journal, were pretexted as part of that probe. Mr. DeLia and SOS, a small private investigative firm in Needham, Mass., have been under contract with H-P for about eight years, H-P Chief Executive Mark Hurd said in Congressional testimony yesterday.

Private investigator Ronald R. DeLia leaves after taking the Fifth Amendment.

Mr. DeLia told lawyers interviewing him in August 2006, that he had informed Ms. Dunn that "he had undertaken a similar investigation involving leaks from a Big Five accounting firm to a Wall Street Journal reporter. Mr. DeLia was successful in finding

the source of the leaks in that case," according to an email circulated at House Energy and Commerce hearings on the H-P scandal yesterday.

The email, titled "Interview of Ron DeLia" and addressed to "HP Securities Litigation Team," was sent on Aug. 25, 2006, from Bahram Seyedin-Noor and Bryan Ketroser, lawyers with Wilson, Sonsini, Goodrich & Rosati. H-P in August asked Wilson Sonsini to investigate H-P's probes of 2005 and 2006.

The email reports that Mr. DeLia said he "had conducted visual -- not electronic -- surveillance of the reporter at issue while on vacation and had skip tracers call the hotel the reporter had been staying at to obtain his hotel call records via pretexting, which revealed a call to a senior executive with the company. Pretexting was also used to determine where the reporter was vacationing -- somebody called the reporter's office saying the reporter had requested certain information and asking someone in the office for the hotel number."

The email doesn't make clear who the Journal reporter was, or where or when the pretexting took place.

"H-P declines to comment to the investigative practices that Mr. DeLia may have used in investigations that are unrelated to H-P," said an H-P spokesman. Ms. Dunn said, through a spokesman, that Mr. DeLia never told her about any prior investigations involving journalists. Mr. Ketroser of Wilson Sonsini declined to comment on his interview with Mr. DeLia. Mr. DeLia couldn't be reached for comment.

"We are looking into this," said a spokesman for The Wall Street Journal.

Write to Peter Waldman at peter.waldman@wsj.com1

Phone Firm Files Pretexter Lawsuit In H-P Leak Case (WSJ)

By Amol Sharma

The Wall Street Journal, September 29, 2006

Verizon Wireless filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellphone records as part of Hewlett-Packard Co.'s scandal-tainted leak investigation.

The company didn't identify any defendants in the "John Doe" suit but described in detail the "pretexting" schemes they used to gain access to call records.

"Defendants used fraud, trickery and deceit to access confidential customer information," the company wrote in the complaint.

Verizon Wireless examined its records after news reports surfaced several weeks ago on the details of H-P's leak investigation, including how the accounts of directors, employees and journalists were fraudulently obtained by private investigators and so-called pretexters working for the company.

The account of one H-P director, who isn't identified in the complaint, was subject to unauthorized access three times since last year, according to Verizon's legal papers. The records of the director's spouse were also accessed, the complaint says.

In May of last year, the complaint says, a pretexter gained access to the director's account by posing as a Verizon Wireless employee in a call with a customer-service agent. Later, the pretexter was able to sign into the customer's online account and change the user ID and password associated with the account.

The company said it couldn't determine what specific account information was obtained during the session.

Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, is seeking, among other things, unspecified financial damages for violations of its customers' privacy and is asking for an injunction on all further pretexting activity by the individuals.

The company said it would amend the lawsuit when it learns the identities of the pretexters.

While the H-P case has raised the profile of pretexters, Verizon Wireless and other phone companies were already battling them. Verizon Wireless, Cingular Wireless, Sprint Nextel Corp., and T-Mobile USA have all taken pretexters to court in the past year. Sprint said it filed three such lawsuits this year and has settled two of them.

Write to Amol Sharma at amol.sharma@wsj.com13

Hewlett-Packard Scandal Catalyst Sails Far From Fray (Update1) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- While lawmakers grilled Hewlett- Packard Co. executives in Washington today, the man who exposed the company to public scorn and scrutiny was sailing in his 300- foot yacht.

Venture capitalist Tom Perkins, 74, who resigned from Hewlett-Packard's board in May in protest over the company's handling of a probe into news leaks, is vacationing on his yacht, the Maltese Falcon, spokesman Mark Corallo said.

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Perkins's disclosure that Hewlett-Packard had obtained his personal cell-phone and home-phone records sparked an outcry over its use of possibly illegal tactics. The company's probe is being investigated by the California Attorney General, the Securities and Exchange Commission and the Justice Department.

``Tom takes no pleasure in any of this," Corallo said. ``He has expressed his sorrow about this mess over and over, but he believes this is the best thing for the company."

Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, in an August letter to Hewlett-Packard's board accused the world's largest printer maker of improperly obtaining his telephone records and derided actions taken by then-Chairwoman Patricia Dunn.

Fake Identities

He also said the Palo Alto, California-based company covered up the reason he resigned as a director. The letter was made public, and Hewlett-Packard on Sept. 6 revealed in a regulatory filing that Dunn used private investigators who faked their identities to get phone records, a practice known as ``pretexting."

Representative John Dingell, the ranking Democrat on the U.S. House Committee on Energy and Commerce, said at a subcommittee hearing today in Washington that the incident is ``a fine case study in deceit, dishonesty, improper behavior, probably criminal misbehavior, and we have a fine display of arrogance, cover-up and probably gross stupidity."

Dunn, who was ousted last week, and Chief Executive Officer Mark Hurd testified as part of a probe into privacy abuses. Dunn said she didn't have direct supervision of the techniques used by investigators and was assured they were legal. Perkins wasn't called to come before the panel.

``He's a footnote," said Nell Minow, editor of Portland, Maine-based Corporate Library, which tracks corporate governance issued. ``It's not his story now."

Perkins had been in the Mediterranean, Corallo said. He didn't know the current whereabouts of the yacht, he said.

`Great Anger'

Perkins factors prominently in Dunn's written testimony submitted to the committee yesterday. She said Perkins ``erupted in great anger" at her during a May 18 board meeting in which directors were told that director George Keyworth was the leaker.

Dunn said Perkins claimed that they had an agreement to ``cover up the name of the leaker" and he resigned because he was angry at her ``betrayal." He made no complaint about the investigation until a week later, she said in her testimony.

Perkins ``didn't feel there was a need for a board member to be singled out," spokesman Corallo said.

``He has made his feelings about the illicit investigation and the unprofessional manner in which it was conducted well known, no matter what is being claimed."

To contact the reporter on this story: Karen Gullo in San Francisco at kgullo@bloomberg.net .

Comverse Ex-CEO Alexander Has Namibia Case Postponed (Update5) (BLOOM)

Bloomberg, September 29, 2006

By Vernon Wessels

Sept. 28 (Bloomberg) -- Jacob ``Kobi" Alexander, the former Comverse Technology Inc. chief executive officer who became a fugitive after being charged with securities fraud, has to stay in a Namibian prison pending a bail hearing on Oct. 2.

Alexander, 54, was arrested at the Windhoek Country Club casino resort in the Namibian capital yesterday and spent the night in jail. The U.S. government said it will ask that he be extradited to face the fraud charges. Alexander's application to be let out on bail while dealing with extradition was postponed today for four days by Magistrate Uaatja Uanivi, who ordered him kept in custody in the meantime.

``Things are very fluid at the moment, and they can change," Alexander's wife Hana said in an interview after the judge's bail ruling at a court in Katatura, near Windhoek. She declined to comment further.

The ex-Israeli intelligence officer turned high-technology entrepreneur was charged by U.S. prosecutors on Aug. 9 with backdating stock options to boost compensation of executives at New York-based Comverse, the world's largest maker of voicemail software. The probe of backdating at Comverse led to the most wide-ranging fraud charges yet from the more than 130 inquiries started by U.S. authorities and companies into manipulations of stock options timing.

The ex-CEO wore a dark blue open-collared shirt, a leather jacket, gray casual pants and black slip-on shoes in court where he repeatedly glanced at the ceiling and reporters during the hearing, which lasted about eight minutes. He sat through the morning and early afternoon in an interview room beside prisoner cells in the building.

Prison

Before being taken back to the prison Alexander was handed a black sports bag by one of his lawyers, advocate Rudi Cohrssen, who told reporters it contained clean clothes and toiletries.

Alexander has been in Namibia for a few months and had enrolled his three children in a local school, Cohrssen said, declining to give more details until the Oct. 2. bail hearing.

The Alexanders bought a brown, 500 square-meter two-story house about a month ago in a secure housing complex attached to the Windhoek Country Club's golf course, said the seller, Colleen Matthysen, who lives two doors away.

``The sale of the house went smoothly'' Matthysen said. ``They were very accommodating. They still have some of our stuff in their garage.''

$457,000 House

Her husband, Ludwig, sold the house to Alexander for 3.5 million Namibian dollars ($457,000) before the former CEO moved in Aug. 22. He had been staying in a hotel beforehand, Matthysen said.

``I sold through an estate agent,'' Matthysen said in an interview outside stables two-thirds of a mile from the country club. ``We never even spoke before the transaction.''

The Windhoek Country Club is a hotel, golf and casino complex. Its standard rates are 1,400 Namibian dollars ($183) a night in a double room, according to the club Web site.

An official at Namibia's bank regulatory agency about a month ago noticed the transfer of ``tens of millions of dollars'' into an account of Alexander, who had arrived days before, the Wall Street Journal reported. The transfer raised suspicions because Alexander had no known Namibian connections, and the official notified Interpol, the Journal said.

Alexander is the second CEO charged in the U.S. government probe of illegal stock-option backdating. Former Brocade Communications Systems Inc. CEO Gregory Reyes pleaded not guilty to 12 counts of securities fraud and other charges that he improperly backdated options at the San Jose-based company, the world's largest maker of switches for storage networks.

Interpol

Alexander was arrested by Interpol and local police on a Namibian warrant issued at the request of the U.S., which has to make an extradition request within 30 days of the arrest, said Dennis Khama, a Namibian justice official who will handle the request.

Namibia amended its laws governing extradition effective yesterday to allow the rendering of fugitives to the U.S., according to a letter from Brooklyn U.S. Attorney Roslynn Mauskopf's office filed in Brooklyn federal court. There is no formal extradition treaty between the countries.

Mauskopf's office, which will prosecute Alexander, said today that the government has until Oct. 27 to file a formal extradition request with the Namibian government to return him to the U.S. to face charges.

Mostly Desert

Namibia, a mostly desert country on Africa's southwest coast, shares its border with South Africa, Botswana, Zambia and Angola. It depends on diamonds, fish and tourism for much of its income, with De Beers mining the world's best quality gems from dredging boats in the Atlantic off the country's coast.

Katatura, the site of the court, means ``place we don't want to stay'' in the local Herero language and was founded as a township to settle black Namibians removed from other areas in 1958, when the country was under South African control.

Former subordinates of Alexander, David Kreinberg, Comverse's ex-chief financial officer, and William Sorin, a former general counsel, were also charged last month and released on $1 million bail each.

The three men were accused in a criminal complaint July 31 of changing the dates on millions of Comverse stock options so employees, including themselves, could buy shares at low prices. Kreinberg and Sorin pleaded not guilty.

Linda Lacewell, a prosecutor in Mauskopf's office, said yesterday the government is in talks regarding possible plea agreements with the two former subordinates. The two men would likely be required to cooperate in the prosecution of Alexander in exchange for pleading guilty to lesser charges.

First Charged

After Alexander was first charged, Interpol sent out a global ``red notice,'' asking police to arrest the former CEO. Robert Nardoza, a spokesman for Mauskopf, said Alexander, a citizen of Israel, is also a permanent resident of the U.S.

Alexander wired $57 million to Israel in July from an account at Citigroup Inc.'s Smith Barney Unit, the U.S. government said, calling the transfer an effort to ``launder the proceeds of the fraud.''

A 32-count indictment unsealed yesterday in Brooklyn federal court charged Alexander with crimes relating to an alleged ``slush fund'' and the backdating of stock options from 1998 to 2006. He is charged with conspiracy, securities fraud, making false filings with the U.S. Securities and Exchange Commission, mail fraud, wire fraud and money laundering.

If found guilty of the charges, Alexander may be sentenced to up to 25 years in prison, according to Mauskopf's statement.

The case is U.S. v. Jacob Alexander, 06-CR-00628, U.S. District Court for the Eastern District of New York (Brooklyn).

To contact the reporter on this story: Vernon Wessels in Windhoek at vwessels@bloomberg.net .

U.S. Fugitive In Options Case Displeased By His African Jail (NYT)

By John Grobler And Julie Creswell

The New York Times, September 29, 2006

WINDHOEK, Namibia, Sept. 28 — Brad Pitt and Angelina Jolie had a better time in Namibia than Jacob Alexander is having.

The celebrity couple praised the southwest African country and its government after the birth of their daughter there in May. Mr. Alexander, known as Kobi, is complaining to his lawyers that the food in jail is not quite up to par.

On Thursday, Mr. Alexander, former chief executive of the software communications company Comverse Technology, made his first appearance in front of a magistrate in Windhoek, the Namibian capital.

Appearing unshaved and wearing a black leather jacket, Mr. Alexander, 54, seemed calm at a hearing on his application to be released on bail. The proceeding was postponed until Monday to allow his local lawyers more time to prepare.

That means that Mr. Alexander will spend the next few days in the H-Section of Windhoek Central Prison, the country's largest.

His lawyers said they had been allowed to provide him with a change of clothing and some personal items. But they noted that Mr. Alexander had complained about the quality of the food there and that they were not sure if they would be allowed to bring him food from the outside.

His new surroundings are a vast difference from the Windhoek Country Club Resort and Casino, which he has apparently called home since he, his wife and three children entered the country late in July.

Mr. Alexander was arrested by the Namibian police at lunchtime Wednesday at the golf resort, situated on the city's southern outskirts.

Chief Inspector William Lloyd said Mr. Alexander remained calm when a preliminary warrant from the Justice Department, forwarded to the local Interpol office, was read to him. "But he got very nervous when we handcuffed him," Inspector Lloyd recalled. "He could see there was something serious coming at him."

Before his arrest, Mr. Alexander and his family appeared intent on putting down roots in Windhoek.

A former colleague recalled that they had gone on safari in Africa — he did not know if Namibia's game reserves were on the itinerary — at some point in the last four years or so.

Mr. Alexander's children had been enrolled at a local school, Inspector Lloyd said. Bloomberg News reported Thursday that he had bought a small house next to a golf course in the last month for $457,000.

A deputy prosecutor here, Johnny Truter, said the authorities intended to oppose Mr. Alexander's formal bail application on Monday.

What is unclear is whether he will fight attempts to bring him back to the United States to face charges, including conspiracy, securities fraud and money laundering in connection with a scheme to backdate stock options at Comverse. A 32-count indictment against Mr. Alexander was unsealed on Wednesday by federal prosecutors in Brooklyn.

Two other former executives — the chief financial officer, David Kreinberg, and the general counsel, William F. Sorin — pleaded not guilty to federal charges filed early in August.

After Comverse began an internal investigation into Mr. Alexander's role in the altering of dates of option grants, he resigned early in May. He left the United States and traveled to Israel with his family late in June or early in July, according to a person briefed on his travel.

The United States does not have an formal extradition agreement with Namibia. Nonetheless, Washington intends to request Mr. Alexander's extradition with the understanding that Namibian law permits extradition in the absence of a treaty in some circumstances, according to a State Department spokeswoman.

Dennis Khama of the Namibian Justice Ministry said: "Within the next 30 days, the U.S. must provide us with a formal extradition request or he must be released. He is allowed a formal bail application. If bail is refused, he will be remanded into custody for the next 30 days."

There have been instances of foreigners' fighting extradition proceedings from the country.

Hans-Jürgen Koch, a millionaire who faces tax and related fraud charges in Germany and who owns a luxury lodge and hunting estate in this country, has spent the last four years in a Namibian jail fighting efforts to return him to his homeland.

"What happened there is not going to happen here — that I can say for sure," said Herman Oosthuizen, a local lawyer representing Mr. Alexander. Mr. Oosthuizen is also representing Mr. Koch.

During the proceeding, Mr. Oost- huizen asked the court to refer to Mr. Alexander as "the respondent" and not "the accused."

"My client has not been charged with any crime here in Namibia," he added.

Royal Ahold Will Avoid Prosecution (BLOOM)

Bloomberg, September 29, 2006

Royal Ahold, the parent of U.S. Foodservice, will not be prosecuted in connection with a criminal fraud investigation that led to charges against a top company official and a shareholder lawsuit, the Justice Department disclosed yesterday.

Ahold and U.S. Foodservice agreed to cooperate with federal investigations of the company and its employees, the United States attorney of New York, Michael Garcia, said in a Sept. 25 letter to company lawyers released yesterday. In light of a $1.1 billion settlement with plaintiffs in a shareholder suit, the government is not asking for additional restitution, the letter said.

The agreement came three weeks after Michael J. Resnick, a former U.S. Foodservice chief financial officer, pleaded guilty to conspiracy in what prosecutors said was an $800 million fraud. His co-defendant, Mark P. Kaiser, a former U.S. Foodservice marketing chief, is set to be tried in New York next month.

Prosecutors said Mr. Resnick helped U.S. Foodservice, based in Columbia, Md., overstate earnings by about $800 million from 2000 to 2003, using false promotional allowance documents provided by vendors.

Ahold, which owns Stop & Shop Stores, admitted in 2003 that it overstated profit by $1.28 billion, mostly related to fraud involving promotional allowances at U.S. Foodservice.

Former Citibank Exec Guilty Of Fraud (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 29, 2006

A Great Neck man who formerly headed the worldwide commodities trading division of Citibank admitted Tuesday to doctoring his unit's profits to make them appear to be $20 million greater than they actually were, according to officials.

David Becker, 40, pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and wire fraud in a 2003 scheme to improve his job performance and increase his eligibility for bonuses, according to Michael Garcia, the U.S. attorney for the Southern District.

As part of his plea, Becker agreed to forfeit the extra $200,000 he earned through the scheme.

It is a federal crime to defraud bank officials such as Becker's superiors at Citibank.

After the plea, Becker's attorney, Ira Sorkin of Manhattan, said his client was "happy to put this behind him and to get on with his life."

As part of the scheme, Becker conspired with the head of the American trading unit at Citibank to input false data into the firm's computer models and accounting systems, according to court documents. That official was not identified. In addition to creating falsely inflated profits, the scheme underreported the risk in the operations they were undertaking.

U.S. District Judge Alvin Hellerstein scheduled sentencing for Becker for Jan. 26. He could get up to 5 years in prison.

Ex-head Of Citibank Commodities Desk Pleads Guilty In NYC (AP)

AP, September 29, 2006

NEW YORK - The former head of Citibank's worldwide commodities trading activity pleaded guilty Tuesday to conspiracy in a scheme the government says was aimed at inflating trading profits and boosting his eligibility for bonuses.

David Becker, 40, of Great Neck, pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and to commit wire fraud. Judge Alvin K. Hellerstein set sentencing for Jan. 26, when Becker could face up to five years in prison.

Becker was charged in a scheme to inflate the trading profits of the Citibank commodities desk by as much as $20 million during 2003.

Federal prosecutors said he wanted to enhance his job performance and his eligibility for bonuses from Citibank.

The government alleged that Becker headed Citibank's worldwide commodities trading activity when he conspired with the head of American commodities trading and sales to overstate the financial performance and understate the market risk of Citibank's commodities desk during 2003.

Becker told Hellerstein that his wrongdoing on $5 million in trades alone generated an extra $1 million in profits on the company's books.

The judge asked him if the appearance of enhanced performance increased the amount of money he was eligible for in bonuses; Becker said that it did.

Prosecutors said Becker essentially doctored the books, manipulating data in the computer so it appeared that profits were higher by millions of dollars than they actually were.

The government said Becker and his co-conspirator, whose identity it didn't reveal, also caused false information to be reported to the Citibank financial control department, which was responsible for monitoring the commodities desk.

Danielle Romero-Apsilos, a Citibank spokeswoman, said the company fired Becker after an internal investigation, the results of which were immediately referred to authorities, who began a criminal inquiry.

“Citigroup fully cooperated with the authorities and is committed to upholding the highest standards of integrity,” she said.

Gatekeeper GCs Increasingly Becoming Targets For Liability (NLJ)

By Sheri Qualters, The National Law Journal

National Law Journal, September 29, 2006

An SEC fine of $40K against a general counsel illustrates increased scrutiny

Corporate counsel are starting to look over their shoulders.

When the U.S. Securities and Exchange Commission went after Biopure Corp. and its executives for misleading public statements about the U.S. Food and Drug Administration's review of its products, the biopharmaceutical company escaped without financial repercussions.

But the Cambridge, Mass., company's general counsel ended up with a $40,000 civil penalty this month.

The government's cases against Biopure's former president and CEO and former senior vice president of regulatory affairs and operations are ongoing. But the SEC's settlement with general counsel Jane Kober illustrates the escalating government scrutiny of so-called "gatekeepers," including general counsel responsible for safeguarding shareholder's interests.

In-house counsel and their law firm advisers say they're increasingly concerned about potential liability faced by in-house lawyers, who are stepping up their documentation of advice and even taking on additional professional liability insurance as precautionary measures.

Biopure, which settled its case without admitting or denying the SEC's charges, agreed to an injunction against future violations of securities laws and hired an independent consultant to overhaul the company's disclosure policies.

The company did not return calls for comment, but in a Sept. 12 statement, Chairman and CEO Zafiris Zafirelis said that the settlement "removes a cloud over the company." Kober, who also settled with the agency without admitting or denying allegations, also did not return calls for comment.

INCREASED GC SCRUTINY

General counsel are increasingly scrutinized for their actions, said Karl Chen, co-chairman of the securities committee for the Washington Metropolitan area chapter of the Association of Corporate Counsel.

Chen, who is also a lawyer with Arlington, Va.-based recruiting company Watson Wyatt Worldwide Inc., pointed to a 2004 SEC order against John E. Isselmann Jr., former general counsel of Electro Scientific Industries Inc. of Portland, Ore. The SEC did not charge Isselmann with involvement in a fraudulent accounting scheme hatched by other corporate executives. But it brought a case against him for failing to provide information about a transaction to the company's board, auditors and audit committee.

That omission, which the SEC believes allowed other executives to hide the fraud from the auditors and board, resulted in the false reporting of a profit instead of a loss during a quarter in 2002. Isselmann settled the case with the agency for $50,000 and agreed to cease and desist from causing violations of SEC rules.

"If [the SEC] finds or believes there was a failure to convey material information they're certainly going after them and penalizing them," said Chen. "You probably have to fully document advice you provide."

Although he doesn't believe that the SEC treated him fairly, Isselmann said he was glad he resolved the case without litigation or a finding of wrongdoing.

He now practices government law and administrative law at his Vista Strategies consulting company in Salem, Ore.

Whatever the outcome, lawyers say their professional credibility is on the line from the first day the SEC brings such a case.

"It's not just your company at stake, it's your reputation at stake," said Lee Braem, president-elect of the New Jersey Corporate Counsel Association.

Braem said general counsel need to be concerned about rulings like Biopure because as officers and executives of companies, they "fit into that category of individual the government is allowed to go after."

The government often overreaches when it brings criminal charges against lawyers and accountants who are trying to fix problems in their companies, said white-collar defense lawyer Robert Ullmann of Boston's Nutter McClennen & Fish. "Just because a lawyer or an accountant doesn't quit or doesn't do enough fast enough in the government's eyes, that's not a proper basis for a criminal charge," Ullmann said.

'SCRIVENERS' NO MORE

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The current mindset at enforcement agencies is that general counsel need to protect the shareholders' best interests, not just do the management team's bidding, said William Schuman, a securities litigation lawyer in McDermott Will & Emery's Chicago office.

"The days when in-house lawyers were thought of [as] scriveners are over," Schuman said. "We're seeing more inquiries and investigations where the conduct of in-house counsel is being examined every bit as much as the businesspeople's."

That SEC philosophy leads to tension for general counsel, who both serve on an executive team and have responsibilities as company watchdogs under the rules of the Sarbanes-Oxley Act of 2002, said Frederick Gonzalez, general counsel of network security device maker SonicWALL Inc. of Sunnyvale, Calif.

"There's a fundamental tension between all the constituencies that look to the general counsel for ethical leadership, moral leadership and compliance leadership," Gonzalez said.

Sarbanes-Oxley added layers of responsibility for lawyers, but a well-known speech made by former SEC enforcement director Stephen M. Cutler two years ago at the University of California at Los Angeles School of Law raised awareness throughout the legal community, said Susan Hackett, senior vice president and general counsel of the Washington-based Association of Corporate Counsel.

In that speech Cutler said that the agency had stepped up its scrutiny of the role of lawyers and other gatekeepers in corporate fraud cases since 2002.

An SEC spokesman said that the agency brought more than two dozen enforcement actions against attorneys, including gatekeeper and stock market manipulation cases, in the fiscal year that ended on Sept. 30, 2005.

Holding corporate gatekeepers, including general counsel, responsible for the company's misleading or incomplete disclosures is still a priority, said David Bergers, district administrator of the SEC's Boston office.

"The commission will continue to focus on misleading disclosures in the biotechnology industry and other industries to ensure investors receive accurate info," Bergers said.

Most lawyers who face SEC sanctions had their hand in the cookie jar, according to a March 2005 study by the corporate counsel association, but the overall scrutiny of lawyers is much tighter and the number of cases is on the upswing, Hackett said.

"General counsel are seen as a fiduciary leader," Hackett said. "Therefore, they are now responsible [for what the company does]."

EXTRA INSURANCE

Relying on the advice of outside lawyers has proven an effective way to avoid at least criminal liability for a lawyer who is not actually involved in the wrongdoing, Hackett said.

Some lawyers are investing in extra insurance protection in case the government comes knocking.

Layering an employed-lawyer insurance policy on top of directors and officers liability insurance is one strategy, said Jennifer Camacho, vice president of intellectual property and chief patent counsel at Cambridge, Mass.-based Codon Devices Inc.

Camacho, who said employed-lawyer insurance runs about $3,000 to $4,000 per year, said she negotiated for the insurance during her employment offer.

"The D&O insurance isn't sufficient for in-house counsel," said Camacho. "It wasn't five years ago and it certainly isn't now."

Yet, ultimately, staying out of trouble can be as simple, and as difficult, as accepting that the general counsel's role is often to play the heavy among highly optimistic business leaders.

Insisting on disclosure of potential problems with the company's product can be challenging among a crowd that relies on sheer force of will to overcome obstacles to build new companies, said RoseAnn Rotandaro of Armor Legal Counsel in Palo Alto, Calif., who was formerly general counsel at two high-tech companies.

"It's hard to be a general counsel in an emerging growth company," Rotandaro said. "At times you have to really kind of help people understand why you're always the bad-news person. You have to be strong and stubborn and not be afraid to be in people's faces."

Hedge Fund Shrinks Staff And Faces S.E.C. Inquiry (NYT)

By Jenny Anderson

The New York Times, September 29, 2006

Pirate Capital, a hedge fund that takes pride in attacking management at underperforming companies, now finds itself under fire.

Pirate Capital, a $1.7 billion fund based in Norwalk, Conn., lost half its investment team this week, according to a letter from the founder and portfolio manager, Thomas Hudson. In addition, Pirate, an “activist” fund that pressures management to

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increase shareholder value, is being investigated by the Securities and Exchange Commission on suspicion of failing to alert the commission when it was selling stock, according to one person briefed on the inquiry.

Mr. Hudson's letter, dated Sept. 28 and on stationery with a pirate ship logo, said that Pirate would close to new investors Sunday, to focus on delivering returns rather than collecting more money.

"I've decided to return the firm to its roots," Mr. Hudson wrote. "The goal is to focus on returns and not the size of the assets we manage."

Pirate Capital has had a difficult year: its flagship Jolly Roger Fund is up only 3.3 percent, while its activist fund is up 2.86 percent, according to materials sent to investors. Those returns are well below the average activist fund. Hedge Fund Research in Chicago tracks the returns of 44 funds that operate solely activist strategies; through August those funds have returned 10.39 percent.

An S.E.C. spokesman, John Nester, declined to comment. Isa Bolotin, head of investor relations at Pirate Capital, did not return calls seeking comment.

Pirate is known for its unusually brash tactics and unabashed style. A New York magazine cover article reported that Zachary George, 27, an analyst with the firm and former competitive snowboarder, told the chief executive of the Cornell Companies, a prison operator, that "You work for us," and that Mr. George and Pirate wanted Cornell sold and the chief executive sacked. "Next year we're going to be here, and you won't," Mr. George told the chief executive, according to the article.

Mr. Hudson said two investment professionals, including Mr. George, resigned on Monday. On Wednesday, Carl Klein, a portfolio manager, resigned, and Mr. Hudson asked two more analysts to leave. Five people, including Mr. Hudson, remain.

Pirate, which uses terms like "shipwrecks" and "treasures" in its investor letters, is considered rare for its openness to publicity.

Not all investors welcome that approach. "Any fund that promotes itself in the news indicates one of two things," said Gordon C. Haave, director of investment and consulting at the Asset Services Company, a consulting firm. "That the fund manager is spending a lot more time worrying about his image in the community than about his investments, or two, that he is advertising to the rest of the world how everyone ought to copy his or her strategy."

The result, he said, was more money flowing into activist funds and the prospect of too many people chasing the same returns.

According to documents provided to prospective investors, Pirate Capital was started in 2002 with $2 million by Thomas Hudson, who worked in the distressed-asset area at Goldman Sachs, and his wife, Gabrielle Katz Hudson, who was responsible for "legal transfer documentation for private assets" at Goldman. The same document says that Mr. Hudson sued Goldman Sachs for wrongful dismissal after being asked to leave the firm because of a "consensual extramarital affair with a co-worker." That woman, according to the same document, became his wife, Gabrielle. The litigation, according to the document, was dismissed.

The S.E.C. is investigating whether Pirate was late in reporting to the commission material changes in its holdings. Investors with at least a 5 percent stake must report any changes to those holdings.

Some of Pirate's top investments took a drubbing recently, after a significant rise at the end of August. For example, Cutter & Buck, the apparel company, traded from $9.40 up to $11.17 toward the end of August before falling back to $9.48 yesterday. Walter Industries, which Pirate owned 8.1 percent of at the end of August, rallied to $55.12 at the end of August and has fallen to $43.56. Strong month-end buying can reflect portfolio managers buying stock to push up prices. It is not clear what drove those two stocks.

Regulators are increasingly concerned about "clustered" trades, or copycat trades among hedge funds, according to two regulators.

Pirate has planned a call for Tuesday to address investor concerns.

CRIMINAL LAW:

Pirro Wants Wiretap Leaks Investigated (NSDY)

By John Riley

Newsday, September 28, 2006

An embattled Jeanine Pirro Thursday asked U.S. Attorney General Alberto Gonzales to investigate the leaking of wiretaps that implicate her in a plot to bug her husband as she tried to dig her state attorney general campaign out from under the rubble of disclosures that she is the target of an FBI probe.

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"To date, the leak is the only crime committed here," the former Westchester County district attorney wrote to Gonzales one day after confirming at a dramatic news conference that she asked former New York City police commissioner Bernard Kerik to plant a recording device on a family yacht to try to catch her husband Albert in a tryst.

The FBI is investigating whether Pirro violated federal wiretapping laws.

In the letter, as well as an appearance in the Bronx and an interview with Fox News' Bill O'Reilly, Pirro spent the day frantically trying to move offensively. She asked for a special prosecutor to fast-track the probe and conclude it before Election Day. She called for the federal prosecutor who convicted Albert Pirro of tax fraud in 2000, Elliot Jacobson, to be removed from the new inquiry for alleged bias.

She also tried to draw her Democratic foe, Andrew Cuomo, into the fray, telling Gonzales that 20 years ago, Jacobson and Cuomo briefly worked together for the Manhattan district attorney, and taking a pass when a reporter asked if she thought Cuomo was somehow involved in leaking the wiretaps of her conversations with Kerik to a New York television station.

"What I can tell you is this: We're going to find out," Pirro said in response to a question. Cuomo's campaign said he didn't know Jacobson, and noted that Republican prosecutors are running the inquiry. Manhattan U.S. Attorney Michael Garcia, a Republican appointee, has denied any political motivations in the probe.

Pirro was also struggling to line up political support. Republican State Senate Majority Leader Joseph Bruno and Gov. George Pataki both waited a day to say they backed her, but last night the campaign said both had agreed to host fundraisers. Rudolph Giuliani backed out of a fundraiser Wednesday.

"This is a dispute between a husband and wife," Pataki said.

Outside the world of politics, that view got some support. "We sympathize with anyone whose privacy has been invaded," said Marcia Pappas, president of the New York chapter of the National Organization for Women. "If they were having marital problems, it's their private issue."

But the GOP candidate for governor, John Faso, called the allegations "very troubling," and political experts said Pirro's outlook was grim. "If you're running for attorney general and under investigation for criminal wrongdoing, it's not the stuff of which successful campaigns are made," said pollster Lee Miringoff.

As she did Wednesday, Pirro continued to maintain that Kerik never actually planted the bug they discussed, and that even if he had, it wasn't illegal for one spouse to surreptitiously tape another. In her letter to Gonzales, she cited three New York federal cases from the 1970s and 1980s for that assertion.

But her position drew sharp disagreement from several legal experts, such as Patricia Bellia, a Notre Dame law professor who co-authored a respected treatise on wiretapping. She said the federal statute contains no spousal exception, and the civil cases Pirro cited were all outdated.

"The trend is that courts are rejecting the idea that intraspousal surveillance is exempt," Bellia said.

"I don't think from a personal point of view that the government should be investigating a familial situation," said John Pollok, a Manhattan criminal-defense lawyer. "But on the other hand, the statute is pretty clear that what she did is illegal."

"She's a former district attorney, and she knows better," said Lynne Gold-Bikin, a former chairwoman of the American Bar Association's committee on family law. "Even if there's some case from the 1970s, you don't want the person who's supposed to enforce the law looking for back doors."

Pirro Hits Trail After Inquiry Emerges (NYT)

By Patrick Healy

The New York Times, September 29, 2006

After acknowledging on Wednesday that she is under investigation by federal prosecutors in New York, Jeanine F. Pirro, the Republican candidate for state attorney general, was back on the campaign trail today, insisting that she would not drop out of the race and calling for a federal inquiry into the leak of sealed transcripts of court-ordered wiretaps.

“I am calling on the United States attorney, Alberto Gonzales, to begin an investigation, to appoint a special prosecutor, to get Elliott Jacobson off this witch hunt,” she said, referring to the prosecutor who is heading the investigation of her and who sent her husband to jail for 11 months in 2000.

The investigation of Ms. Pirro is focused on whether she and Bernard B. Kerik, the former New York City police commissioner, illegally taped conversations of Ms. Pirro’s husband last year to determine if he was having an extramarital affair.

This afternoon Ms. Pirro’s campaign released the text of the letter she sent to Attorney General Alberto R. Gonzales in which she asked that a special prosecutor be appointed to conduct an investigation of the leak and to report the results within 20 days.

“To date, the leak is the only crime committed here,” the letter says.

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Her letter echoes comments she made this morning at a meeting of the New York Hispanic Clergy Organization in Morris Park. “Court documents that were sealed documents were released to the press,” Ms. Pirro said. “Ladies and gentlemen, that is a felony. That is the only felony that has occurred in this situation.”

She added, “I have fought to keep my family together and I’m proud of it.”

Ms. Pirro got a warm reception from the clergy members, who praised her for standing by her husband.

“She deserves our praise, she deserves our admiration, she deserves our sympathy,” said State Senator Ruben Diaz Sr., a Democrat and president of the clergy organization. “She is a heroine.”

Republican leaders in the state were not rushing to her defense. Speaking at a meeting of county officials in Lake George, the Republican candidate for governor, John Faso, called the accusations against Ms. Pirro “very troubling.”

“All I know about this is what I’ve read in the newspapers,” Mr. Faso said today. “Obviously, it has to play itself out and we’ll hear what authorities say and what she says in coming days, but they’re very troubling, obviously.”

But Joseph L. Bruno, the State Senate majority leader, released a statement today supporting Ms. Pirro: “As we have learned in the past, people can see beyond a public official’s marital difficulties and focus on their qualifications and record of service.

“I am confident that the people of New York will see beyond Jeanine Pirro’s situation, recognize her qualifications and see that she is the best choice to be New York State’s next attorney general.”

And the state chairman of the Conservative Party, Michael Long, said of Ms. Pirro, who is also his party’s nominee: "Very much she’s still a viable candidate. This is a bump in the road," according to The Associated Press

At a hastily arranged news conference on Wednesday, called because of an imminent television report on the inquiry, Ms. Pirro conceded that she had her husband, Albert, followed in the summer of 2005. She said she had discussed bugging the family’s boat with Mr. Kerik, an old friend who was then running his own security business. But Ms. Pirro, who was the district attorney of Westchester County at the time, said she never went through with the plan, and she insisted that she broke no laws.

Seething with anger, and choking up as she laid bare her marital problems, Ms. Pirro said that two federal agents approached her at her home late one recent night and revealed that the United States attorney’s office for the Southern District of New York was investigating her surveillance discussions. They had been caught on tape by Bronx authorities who were conducting a separate investigation of Mr. Kerik.

With less than six weeks to go until the Nov. 7 election, Ms. Pirro said she was being hounded by authorities as part of a “political witch hunt and smear campaign” led by the same federal lawyer who helped convict Mr. Pirro of tax evasion in 2000. But the United States attorney for the Southern District, Michael J. Garcia, a Republican appointee, issued a statement denying that the inquiry was politically motivated.

Ms. Pirro said she would remain in the race against the Democratic nominee, Andrew M. Cuomo, although top Republican leaders appeared torn over her fate, and former Mayor Rudolph W. Giuliani canceled a fund-raiser for her next month. A telegenic politician who has often appeared as a commentator on legal matters, she has been considered a potential future leader of the party and perhaps a candidate for governor. Republican leaders had considered Ms. Pirro’s bid to replace Attorney General Eliot Spitzer as the party’s best hope of capturing a statewide office.

At her news conference on Wednesday, Ms. Pirro acknowledged that she was angry with Mr. Pirro, who fathered a child in an extramarital affair in the 1980’s, and with whom Ms. Pirro has two children. But she said she was guilty only of the anger of a woman scorned. And she also said her political fate should be a matter of concern to women.

“There is no way — when I have the opportunity to be the first woman attorney general in the history of this state — that I am going to be pushed out of this race because somebody wants to delve into the personal lives of my husband and myself,” she said. “I’m standing up for myself and I’m standing up for women.”

Ms. Pirro, a former three-term district attorney, repeatedly said her actions were not illegal. Legal experts said the law was murky, and one important factor was whether the boat, owned by Mr. Pirro, would be treated the same way as a marital home. Mr. Pirro did not return telephone calls for comment.

Details of the conversations between Ms. Pirro and Mr. Kerik were rushed onto the air by WNBC-TV, which broke into its regular programming. Minutes later, Ms. Pirro held her news conference, in which she said prosecutors had no business investigating her “matrimonial discord,” and she demanded an investigation into how the report of her conversations with Mr. Kerik was leaked.

Joseph Tacopina, Mr. Kerik’s lawyer, said Wednesday that nothing illegal was discussed or done. “Bernie spoke to a friend in distress regarding a domestic conflict,” Mr. Tacopina said.

WNBC said the conversations included profanity-laden rants by Ms. Pirro about her husband, as well as politically damaging remarks. At one point, according to WNBC, she is said to be heard dismissing the attorney general’s job as a “been

there, done that kind of thing" for her; at another, she suggests she could be governor if not for Mr. Pirro's baggage. Ms. Pirro had initially run to unseat Senator Hillary Rodham Clinton, but pulled out of that race late last year at the urging of party leaders.

Ms. Pirro blamed for the revelations a man far less known to most New Yorkers, Elliott B. Jacobson, an assistant United States attorney who prosecuted Mr. Pirro in 2000 and sent him to jail for 11 months. She said Mr. Jacobson's motives were "personal and highly improper" and, as a result, federal agents were now "prying into the personal lives of married couples."

"Let me reiterate my disappointment with the United States attorney's office for allowing an unethical overzealous prosecutor with a partisan political agenda using taxpayers' money and public resources to pursue a baseless investigation into a marital situation and seek to affect the outcome of an election," Ms. Pirro said.

The United States attorney, Mr. Garcia, confirmed the investigation in a statement on Wednesday and disputed Ms. Pirro's accusation that the inquiry was politically motivated.

"Because the investigation is ongoing, we will not comment as to its substance, except to say that we do not take politics into account in deciding either the subject matter or timing of our investigations," said Mr. Garcia, who was appointed by President Bush.

The new revelations set the latest scene in one of the most Shakespearean political dramas in New York, the complicated lives of the Pirros, and immediately set off speculation about Ms. Pirro's future. State Republican leaders, who have suffered through the Pirro marriage for years now, watching her scuttle past plans to run for lieutenant governor and United States Senate, appeared torn over what to do.

The chairmen of the Republican and Conservative Parties, which are both running Ms. Pirro on their November ballot lines, issued statements supporting her candidacy. But these are two parties with a history of sacrificing problematic candidates, and Mr. Giuliani's move to cancel his Pirro fund-raiser was widely seen by top Republicans as a sign of things to come.

Other respected party leaders, like Edward F. Cox, a son-in-law of President Nixon, said openly that they doubted her candidacy could survive this latest controversy.

"The political issue is not whether she broke any laws, but the fact that she would think about doing this to her husband raises questions about her judgment and about whether you want that individual as attorney general," said Mr. Cox, a Manhattan lawyer who briefly ran against Ms. Pirro for the Republican nomination for the United States Senate against Mrs. Clinton last year.

Ms. Pirro said on Wednesday that she was staying with her husband, and she came close to tears as she explained why.

"My husband is a great father. I have two beautiful children in school, a teenage son who needs his father with him," she said, and then choked up audibly as she added, "These are personal choices that I have made, and I shouldn't have to keep explaining them."

Mr. Pirro, a prominent lawyer, Westchester power broker and a friend of state Republican leaders, has been a frequent source of embarrassment to his wife. Besides his prior conviction on tax evasion charges, investigations of his business practices have drawn scrutiny, particularly his ties to reputed mob figures, and he was ticketed twice for speeding this summer.

Ms. Pirro's lawyer, Paul Shechtman, maintained Wednesday that case law existed to support a spousal exception to the federal wiretapping statute. Regardless, he added emphatically, Ms. Pirro had never actually bugged the boat.

"There were no devices, no devices were put in anywhere," Mr. Shechtman said.

The tape recording of the Pirro-Kerik conversation was made by the Bronx district attorney's office and later provided to the F.B.I. It was made as part of the investigation into Mr. Kerik's acceptance of a free apartment renovation from a contractor looking for city work.

Ms. Pirro spoke to Mr. Kerik when she was dragging out deliberations in the summer of 2005 over whether to run for governor, senator or attorney general in 2006. She said at that time that she took so long to make her choice because her mother had been ill; it became clear for the first time on Wednesday that her concern about her husband's behavior was also a factor in the much-delayed decision.

"This was one of the reasons we wanted her to run for Senate — all this awful Al Pirro stuff would cloud her credentials to be the top law enforcement officer," said one Republican Party official who spoke only when granted anonymity.

The campaign of Mr. Cuomo, the son of former Gov. Mario M. Cuomo, and Democratic Party officials said they had nothing to do with the revelations. Ms. Pirro did not accuse her opponent, though associates of hers suggested that Mr. Cuomo and Mr. Jacobson might have worked together long ago.

Yet it is another man, Mr. Pirro, who has done more damage to Ms. Pirro than anyone else over time, Republicans and political analysts said Wednesday. Ms. Pirro acknowledged as much at her news conference, urging voters not to hold her accountable for a husband who had driven her to profound bitterness.

"I was a very angry woman and I said a lot of things, but what matters is what I did and didn't do, and I didn't do anything here other than vent," Ms. Pirro said.

New York Family Feuds Go Public (WP)

By Michael Powell

The Washington Post, September 29, 2006

NEW YORK, Sept. 28 -- This is proving to be quite a hellish year or so on the campaign trail for Jeanine Pirro.

Pirro, a longtime Republican district attorney who is running for state attorney general, acknowledged this week that she asked Bernard B. Kerik, a former New York City police commissioner, to plant a listening device on her family yacht. She hoped to catch her husband, who already has fathered one child out of wedlock, in flagrante delicto .

Kerik, who has a few potential legal problems of his own, is heard on a government tape cautioning Pirro that her request comes laden with risk. "Everyone is panic-stricken because it's you," Kerik is heard telling her on tapes obtained by a local NBC affiliate. "I've gone out on a limb."

"What am I supposed to do, Bernie?" she is heard replying. "Watch him [vulgar verb for intimate activity] her every night?"

Federal prosecutors in New York have launched an investigation of whether Pirro's conversations with Kerik jumped the tracks from angry spouse to conspirators to illegal bugging. That investigation outraged Pirro, 55, who insists her behavior reflects nothing more than the fury of a long-suffering spouse with a philandering husband.

"Sometime last year I came to believe my husband was seeing another woman," she said during a news conference Wednesday that was fraught with emotion. "I was angry, and had him followed to see if what I suspected was true."

The real crime, she has repeatedly emphasized, was committed by whomever leaked word of the investigation -- and the tapes -- to reporters. She strongly suggested that the leak came from the office of the federal prosecutor, who years ago obtained a felony conviction against her husband.

"Prying into the personal lives of married couples is not the business of a federal prosecutor, and it's time to stop," she said.

Pirro summarized her grievances in a letter to U.S. Attorney General Alberto R. Gonzales. So by Thursday, there was this intriguing spectacle: A Republican candidate had demanded that a Republican attorney general investigate a Republican federal prosecutor, accused of submarining her candidacy.

In pointed response, federal prosecutor Michael Garcia promptly released a statement confirming the investigation.

"This office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies," Garcia said. "Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me."

It already has been a long strange campaign cycle for Pirro. Last fall, she announced her intent to challenge Sen. Hillary Rodham Clinton (D-N.Y.). The early betting line was for a doozy of a race, as two smart, rhetorically sharp and polished pols had at it.

But Pirro faltered out of the gates, losing a page of her televised announcement speech and falling silent for 32 very long seconds. Then she talked about New York's border with Ohio, forgetting that Pennsylvania lay in between. Then her husband, Albert Pirro, a millionaire lobbyist, was caught trying to persuade Republican powerbrokers to force his wife to drop out of her race.

Pirro, the husband, has been a source of unending problems for Pirro, the wife. An influential fellow, he has served 11 months in prison for hiding $1 million in taxable income. He claimed his purchase of dozens of gilded items -- from pet pigs to his Ferrari and her Mercedes-Benz -- as business expenses. (Jeanine Pirro signed those tax forms but was not implicated.)

Then there is his child fathered out of wedlock, whom Albert acknowledged only after being confronted with DNA evidence.

Events have left Jeanine Pirro, who already was trailing her opponent, Andrew M. Cuomo, the son of the former governor, by double digits in recent polls, looking at a long slog to election day. "Looked at crassly, women very often get a pass on jerk husbands," said Joseph Mercurio, a political consultant in New York. "But this? It's a nail in her political coffin."

Pirro: Emotional Outburst Or Something More Sinister? (WNBC-TV)

WNBC-TV, New York, September 29, 2006

NEW YORK -- Now that Jeanine Pirro has openly discussed the criminal investigation focused on her, the big question revolves around her thoughts about eavesdropping on her husband: Was it a passing notion, or a lingering obsession?

In fact, NewsChannel 4 has learned the New York attorney general candidate may have spoken more than once about the possibility of spying on her husband.

Pirro denies any criminal wrongdoing and claims all she did was complain about her husband to former New York City Police Commissioner Bernard Kerik. However, NewsChannel 4's Jonathan Dienst has learned phone conversations between the two might have taken place over a longer period of time.

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In one call, Pirro called Kerik and apparently complained that for weeks she had been waiting for Kerik's people to plant a recording device on Albert Pirro's boat. Records now in the hands of numerous defense attorneys and at least six different state and federal agencies show Pirro complained bitterly.

"He went through the whole thing about, you know, who had the right to be on the boat and all this stuff and I said to him, 'Look,' I said, 'It's my, my ... it's (the boat's) in his name, but I have a right to be on it. I'd like to go on it when he's (Albert's) playing golf.' Um, he wasn't comfortable with that and with that I just said, 'Thank you very much.' He said he couldn't trust the fact that, you know, at some point I might say that he did it. And, um, I got to tell you Bernie, he wasted a month of my time," Pirro said in the recording, according to documents.

Yesterday, Pirro described her talks with Kerik by saying, "I didn't do anything here other than vent."

Pirro, a Republican, is handling the investigation by denying the allegations and trying to attack the professionalism of prosecutors. U.S. Attorney Michael Garcia is a career prosecutor who was appointed by a Republican, President George W. Bush.

Pirro is calling on U.S. Attorney General Alberto Gonzalez to conduct a probe, saying one of the assistants on the case is biased in part because he also prosecuted her husband Albert on tax fraud charges years ago.

Pirro: I'm Determined To Stay In Race (WP/AP)

By Mark Johnson, The Associated Press

The Washington Post, September 29, 2006

ALBANY, N.Y. -- The National Organization for Women came to the defense of Jeanine Pirro and Republican leaders said there were no plans to drop her as their candidate for state attorney general Thursday after it learned she is under federal investigation over a plan to secretly record her unfaithful husband.

A defiant Pirro said she is determined to stay in the race and will seek a federal investigation into the leak of sealed court documents regarding her discussions with former New York City Police Commissioner Bernard Kerik about taping her husband, Albert Pirro.

The leak "is the only felony that has occurred in this situation," Pirro told the New York Hispanic Clergy Association in New York City.

Pirro said that she had talked with Kerik about her desire to tape her husband and find out whether he was having another affair. But she denied any taping took place, and said she was was simply venting her anger in discussing the idea with Kerik.

Albert Pirro, a millionaire lobbyist, spent 11 months in prison after being convicted of tax fraud in 2000. He fathered an illegitimate daughter after the couple's wedding in 1975.

Marcia Pappas, president of the New York state chapter of NOW, said her group supports Jeanine Pirro "completely for fighting back on this intrusion."

"It's absolutely horrendous the government would intrude on anyone's life in this way," she said. "They are targeting her because she is a woman. If anyone believes in the right to privacy, they should be enraged by the behavior by our government."

Pirro, former district attorney of Westchester County, just outside New York City, has long been regarded as a rising star in the New York GOP.

Ryan Moses, executive director of the state Republican Party, said there are no plans to try to replace Pirro on the ticket. The only way to get off the ballot at this late date would be death, a move out of state, or a nomination for another office, such as a judgeship.

Asked if Pirro should quit the race or if his support for her was wavering, Republican Gov. George Pataki said, "No, not at all. This is a dispute between a husband and wife." Pataki called Pirro "the best-qualified candidate" for the post.

Pirro said she would contact Attorney General Alberto Gonzalez requesting that a special prosecutor be assigned to find the leak. And she said she would seek to have Assistant U.S. Attorney Elliott Jacobson removed from the case. Jacobson successfully prosecuted her husband on tax charges. Pirro has called the taping investigation a partisan witch hunt.

Asked if she thought her Democratic opponent, former federal Housing Secretary Andrew Cuomo, was involved in the leak, Pirro said, "What I can tell you is this: We're going to find out."

Cuomo campaign spokeswoman Wendy Katz said: "Ms. Pirro can refer any questions to the Republican Westchester District Attorney, the Republican U.S. attorney and the Republican head of the FBI investigating this matter."

The U.S. Attorney's office in New York declined to comment, and the Justice Department in Washington did not immediately return a call.

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Associated Press writers Marc Humbert in Albany and Beth Fouhy in New York contributed to this report.

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On the Net:
Jeanine Pirro: http://www.jeaninepirro.com
Andrew Cuomo: http://www.andrewcuomo.com

Candidate And Erring Spouse Rose To Power In Partnership (NYT)

By Leslie Eaton And Mike McIntire
The New York Times, September 29, 2006

To hear Jeanine F. Pirro's supporters tell it, she is a wronged woman leg-shackled to a loser, an ambitious and effective wife brought low by her badly behaved husband, Albert.

Now her fears about his philandering have set off a federal investigation into possible eavesdropping and have threatened to derail her quest to become New York attorney general.

But to many people who have been watching the couple for decades, the Pirros look a lot like an echo of that other Westchester power couple, the Clintons, who are also political and financial partners whose fates and fortunes are profoundly intertwined. The Pirros live in Rye, the Clintons in Chappaqua.

When it comes to the Pirros, "There's no question they are partners, there's no question it's a symbiotic relationship," said Murray Richman, a Bronx defense lawyer who knows both of the Pirros. "There's no question Jeanine would never be where she is without Al."

Mr. Pirro, 59, a lawyer and lobbyist, has provided money and political contacts for his wife's career and has financed their way of life: the fancy cars, the expensive houses, the pampered pot-bellied pigs. Her campaigns have been heavily financed by his business associates in Westchester, where he has a hand in many real estate projects. She, in turn, reflected her glamour and political power onto him.

"Picture those two as the celebrities, the royalty, the power brokers in Westchester," said Bennett L. Gershman, a former prosecutor and professor of law at Pace University who has been a frequent critic of Ms. Pirro, 55.

The Pirros' relationship has often come with a cost to Ms. Pirro, starting two decades ago when she dropped her bid for lieutenant governor in the face of questions about her husband's ties to a company in the garbage-hauling business, an activity that was often linked to the mob. (At the time, she said Mr. Pirro was not comfortable revealing his clients.)

During Mr. Pirro's 2000 trial on charges of tax evasion, it became clear that she had benefited from his largess. But prosecutors said they were not accusing her of knowing that her husband improperly deducted as business expenses items ranging from her two-seater Mercedes to a $135 gold mirror. More recently, mobsters were caught on tape claiming that Mr. Pirro had tipped them off to an investigation conducted by the Westchester district attorney's office when Ms. Pirro ran it, a claim he denied.

Ms. Pirro's loyalty to her husband has confounded those inside and outside the political world, and this week she hinted at why she stood by her man. At a news conference on Wednesday, she confirmed that she had talked to Bernard B. Kerik, the former New York police commissioner who is now a security consultant, about planting a listening device on her husband's boat. But she said no taping was done, and claimed that federal investigators looking into the matter were conducting a "political witch hunt."

Then she said she was tired of having to justify her relationship with her husband. He is a "great father" to their children, she said — a teenage son and a daughter in college. "These are personal choices that I have made, and I shouldn't have to keep explaining them."

But earlier in her career, she was happy to talk about Mr. Pirro, whom she once described as "the most exciting person I knew: quick, bright, always doing, very much an activist."

Jeanine and Albert Pirro met at Albany Law School, and were married in 1975, the year she graduated. She went to work in the Westchester district attorney's office, eventually becoming head of its domestic violence unit.

Mr. Pirro, meanwhile, became one of the leading real estate lawyers in Westchester, representing developers of offices, garages, malls and movie theaters. He represented Donald J. Trump in his effort to buy an island off New Rochelle in Long Island Sound.

Raising money for Republicans like George E. Pataki, Mr. Pirro became "the consummate political insider," in the words of Michael R. Edelman, a lawyer and Republican political commentator who has been a friend of the Pirros for three decades.

From her very first serious race — for judge in 1990 — Mr. Pirro used his connections to help his wife, according to a 1997 interview. That year, Mr. Pirro was under investigation for paying $5,000 to a Republican ward leader in Yonkers while he was seeking approvals for a theater complex there.

Mr. Pirro said the money was not a bribe but payment for a consulting arrangement that he initiated in order to gain inroads into the Republican establishment in Yonkers, where Ms. Pirro was largely unknown.

"What occurs is that we start to build a relationship in Yonkers," Mr. Pirro said, "which is not atypical in a political power move."

Mr. Pirro was never charged in connection with the payment, which was investigated by the same federal prosecutor, Elliott B. Jacobson, who Ms. Pirro said is involved in the current investigation of her dealings with Mr. Kerik.

Over the years, as Ms. Pirro's stature within the Republican Party grew, she developed a solid fund-raising base of her own and could reliably attract contributions from an array of companies and wealthy individuals, many of them her neighbors in Westchester.

Still, some of her largest contributors continue to be her husband's clients and business associates, who collectively have contributed tens of thousands of dollars to her campaigns.

Louis Cappelli, a longtime lobbying client and business partner of Mr. Pirro's, gave $25,000 to her campaign for attorney general in July and $4,200 to her Senate campaign last year. Mr. Cappelli is a developer who, most recently, retained Mr. Pirro to assist with a project to develop a Catskills resort.

Mr. Cappelli's wife, Kylie Travis, gave $33,900 to Ms. Pirro's main campaign committee in March, and an additional $10,800 to two other committees related to her endorsement by the Conservative and Independence Parties, state campaign finance records show.

Another of Mr. Pirro's business associates, Louis L. Ceruzzi, a Connecticut developer, has given $33,900 to Ms. Pirro's attorney general campaign. Mr. Ceruzzi and people associated with his company gave $31,500 to her Senate race. Mr. Ceruzzi builds stores for Home Depot, a client of Mr. Pirro's.

Mr. Cappelli declined to comment, and Mr. Ceruzzi did not return a message left at his office.

In 1993, Ms. Pirro was elected district attorney in Westchester, and her star continued to rise. Noted for her snappy suits and stiletto heels, she became a regular on television shows — Geraldo Rivera, "Nightline," Court TV — commenting on cases from O. J. Simpson to Martha Stewart. In 1997, People magazine named her one of its "50 Most Beautiful People."

In her personal life, there was trouble when DNA tests proved that Mr. Pirro had fathered a child with another woman while the Pirros were married.

Yet in terms of bad publicity, probably nothing compared to Mr. Pirro's tax evasion case. In 1998, the Pirros paid close to $1 million in back taxes, but Mr. Pirro was indicted the following year, basically for billing personal expenses to his businesses and taking tax deductions on them.

Among the purchases were a portrait of the Pirro children commissioned by Ms. Pirro, the set for her cable television show when she was a judge, furniture for their vacation home in West Palm Beach, Fla., and drivers and maids (in uniforms) to tend to the children, the wine cellar and the family's pet pot-bellied pigs.

In June 2000, a jury convicted Mr. Pirro on 34 counts of conspiracy, tax evasion and filing false returns. His brother, Anthony, an accountant, was also convicted. Albert Pirro served 11 months in federal prison.

While some people suggest that Mr. Pirro remained a formidable force in Westchester even after he got out of jail, others are not so sure. Mr. Edelman, the Republican lawyer, said Mr. Pirro is "out of the loop, not fund-raising, can't pull strings, doesn't have clout."

Indeed, he is mostly famous these days for accumulating speeding tickets. William O'Shaughnessy, who owns two radio stations in New Rochelle and is friendly with both of the Pirros, said: "I think she loves him, and the feeling is mutual. These episodes are a cri de coeur. He's saying, 'Jeanine, don't forget me!' "

Political Drama In New York (NYT)

The New York Times, September 29, 2006

Jeanine Pirro, the Republican candidate for attorney general, accomplished one thing this week that no one else has managed to do this year. She got New York voters talking about a state election race.

At a press conference Wednesday, Ms. Pirro denied that she had illegally taped her husband's conversations to determine whether he was having an affair in 2005, when she was Westchester district attorney. But she acknowledged that she had talked about the idea with Bernard Kerik, the former New York City police commissioner who by then had been disgraced in scandals that cost him the job of secretary of homeland security.

Ms. Pirro accused federal prosecutors, who are investigating whether she broke any laws, of "prying into the personal lives of married couples" and announced that she was "standing up for women" by staying in the race.

Three thoughts:

1. Women can get along without her help.

2. It's hard to count all the things about this latest mess that reflect badly on Ms. Pirro. Surely a seasoned district attorney should have known that it was not a good plan to ring up Mr. Kerik, who had already drawn the attention of prosecutors for

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accepting free housing renovations from a contractor with possible ties to organized crime, and urge him to get cracking on that potentially illegal bug.

3. The fact that Ms. Pirro was taped dismissing the attorney general's job as a "been there, done that kind of thing" might not have been quite so damaging if her entire campaign had not been such a running example of idea-free ineptitude.

While Ms. Pirro has been the story of the week, a second campaign scandal, involving Alan Hevesi, the state comptroller, deserves more attention. Mr. Hevesi, who is running for re-election, turns out to have been using a state driver to chauffeur his wife around for the last three years. Mr. Hevesi says he is now reimbursing the state $82,000 for the service. But it is unlikely that he would ever have done that if his opponent, a little-known Republican, Christopher Callaghan, had not raised the issue.

Mr. Hevesi has apologized, and asked the public to remember that his wife has been seriously ill. But the issue is not whether Mrs. Hevesi should have had a driver. It is whether Mr. Hevesi should have been paying for it. He asked the State Ethics Commission that very question three years ago, and the commission said that unless the assignment involved some overriding security issue related to his job, reimbursement was in order.

Unlike Ms. Pirro, Mr. Hevesi is an incumbent who has performed well in office. But now he is going to have to explain to the voters how he can continue telling officials around the state that there is no tolerance for mishandling public money when he has broken the rules so egregiously himself.

Report Links White House And Lobbyist (NYT)

By Philip Shenon

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — A bipartisan Congressional report documents hundreds of contacts between White House officials and the corrupt lobbyist Jack Abramoff and his partners, including at least 10 direct contacts between Mr. Abramoff and Karl Rove, the president's chief political strategist.

The House Government Reform Committee report, based on e-mail messages and other records subpoenaed from Mr. Abramoff's lobbying firm, found 485 contacts between Mr. Abramoff's lobbying team and White House officials from 2001 to 2004, including 82 with Mr. Rove's office.

The lobbyists spent almost $25,000 in meals and drinks for the White House officials and provided them with tickets to numerous sporting events and concerts, according to the report, scheduled for release Friday.

The authors of the report said it was generally unclear from available records whether the aides reimbursed Mr. Abramoff for the meals or tickets. Ethics rules bar White House officials from accepting lobbyists' gifts worth more than $20.

A White House spokeswoman, Dana Perino, said Thursday that while White House officials had not seen the report, earlier evidence showed that Mr. Abramoff had exaggerated his ties to the administration and was "ineffective in terms of getting government officials to take actions."

Ms. Perino added, "It's a real shame that so many of his clients were taken advantage of, lied to and ripped off."

The report describes several instances in which Mr. Abramoff, who pleaded guilty in January to conspiring to bribe public officials, failed to get the action he desired from the White House, and described his overall record in lobbying the White House as "mixed." But it also suggests that Mr. Abramoff's lobbying resulted in Bush administration actions that benefited Abramoff clients, including decisions to distribute millions of dollars in federal money to Indian tribes with large gambling operations.

After an especially aggressive lobbying campaign in 2001 and 2002 involving 73 contacts with White House officials, Mr. Abramoff claimed credit for an administration decision to release $16.3 million to a Mississippi tribe for jail construction despite opposition from the Justice Department, the report found.

A copy of the bipartisan report was provided to The New York Times by Congressional officials who were granted anonymity because the document had not been released publicly.

Mr. Rove has described Mr. Abramoff as a "casual acquaintance," but the records obtained by the House committee show that Mr. Rove and his aides sought Mr. Abramoff's help in obtaining seats at sporting events, and that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002.

After that game, Mr. Abramoff described Mr. Rove in an e-mail message to a colleague: "He's a great guy. Told me anytime we need something just let him know through Susan." The message was referring to Susan Ralson, Mr. Abramoff's former secretary, who joined the White House in February 2001 as Mr. Rove's executive assistant.

Ms. Ralston, who did not return phone calls seeking comment Thursday, was lobbied scores of times by Mr. Abramoff and his partners, the report found, and was instrumental in passing messages between Mr. Abramoff and senior officials at the White House, including Mr. Rove and Ken Mehlman.

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Mr. Mehlman, now chairman of the Republican National Committee, was then a senior White House political strategist. A national committee spokeswoman, Tracey Schmitt, said Thursday that in Mr. Mehlman's White House job, "it was not unusual" that he "would be in contact with supporters who had interest in administration policy."

In October 2001, the report said, Mr. Abramoff asked the White House to withhold an endorsement from a Republican candidate for governor of the Northern Marianas Islands, an American commonwealth in the western Pacific where Mr. Abramoff had clients; Mr. Abramoff was backing another candidate.

On Oct. 31, 2001, the report said, Ms. Ralson sent an e-mail message to Mr. Abramoff that read: "You win :) KR said no endorsement."

In March 2002, the report said, Mr. Abramoff contacted Ms. Ralson to offer tickets to Mr. Rove and his family for use of a skybox during the N.C.A.A. tournament at the MCI Center in Washington.

"Hi Susan," Mr. Abramoff wrote in an e-mail message." I just saw Karl and mentioned the N.C.A.A. opportunity, which he was really jazzed about. If he wants to join us in the Pollin box, please let me know as soon as you can."

Ms. Ralston replied: "Karl is interested in Fri. and Sun. 3 tickets for his family?"

Mr. Abramoff responded: "Done. Does he want to go Friday night or Friday afternoon or both?" The report said that Mr. Rove offered to pay for the tickets, prompting Mr. Abramoff to propose that Mr. Rove pay $50 per ticket "payable to me personally."

The report cited numerous e-mail messages in which Mr. Abramoff referred to Mr. Rove and his visits to Signatures, a Washington restaurant owned by Mr. Abramoff.

On learning in July 2002 that Mr. Rove planned to dine at Signatures with a party of 8 to 10 people, Mr. Abramoff wrote to a colleague: "I want him to be given a very nice bottle of wine and have Joseph whisper in his ear (only he should hear) that Abramoff wanted him to have this wine on the house." In another e-mail message, Mr. Abramoff directed his restaurant staff to "please put Karl Rove in his usual table."

Ms. Perino, the White House spokeswoman, said the offer of a free bottle of wine was actually proof of how little acquainted Mr. Abramoff and Mr. Rove were because "Karl doesn't drink alcohol."

Disclosure of the report's findings came as a federal judge in Miami agreed on Thursday to delay Mr. Abramoff's imprisonment, but not for as long as the Justice Department wanted.

In court papers this week, the department asked that Mr. Abramoff, who has been sentenced to nearly six years in prison, not have to surrender for three months because of the need for his continued cooperation in the influence-peddling investigation in Washington that is said to involve several members of Congress.

But the judge, Paul C. Huck, agreed to allow Mr. Abramoff to remain free only until Nov. 15, saying "there comes a time when people have to pay the piper." Mr. Abramoff pleaded guilty in Miami as part of an agreement with the Justice Department in which he confessed to corruption charges in Washington, and to fraud charges in Florida involving his purchase of a casino-boat fleet there.

Abramoff Put White House Contacts At 400 (WP)

By Susan Schmidt

The Washington Post, September 29, 2006

Disgraced lobbyist Jack Abramoff and his colleagues billed their clients for more than 400 contacts with White House officials between 2001 and 2004, according to a report released yesterday by the House Government Reform Committee. The report did not determine how many of those contacts -- referenced in e-mails and Abramoff's often falsified client bills -- actually occurred.

The 93-page report was jointly issued by the committee's chairman, Rep. Thomas M. Davis III (R-Va.), and its ranking Democrat, Rep. Henry A. Waxman (Calif.). They wrote that their investigation found the current reporting requirements "failed to protect public officials from the ethical undertow generated by Abramoff's claims of access to executive branch deliberations, particularly at the White House."

The report, based on 14,000 e-mails and other documents, conveys many assertions by Abramoff and his team about their efforts to lobby White House officials on matters affecting their Indian tribal clients.

Abramoff's team offered officials tickets to 19 sporting events and concerts, the report states, but "in many instances the documents do not indicate whether the White House officials requested or attended the events." One who did accept tickets, the report said, was Susan Ralston, executive assistant to White House presidential adviser Karl Rove.

The report also cites documents suggesting that former White House political director Ken Mehlman, now chairman of the Republican National Committee, may have helped Abramoff's team get money for a tribal client from the Justice Department. But the committee did not corroborate the claim.

"In many instances, there is little or no corroboration of the events described in the documents," the report's executive summary stated. "While the documents described in this report are authentic, that does not mean that the events actually transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

Abramoff, once one of Washington's most powerful Republican lobbyists, has pleaded guilty to conspiracy and fraud, along with three former members of his lobbying team. He is cooperating in a federal investigation into corruption in Congress and executive branch agencies.

"The only thing this report demonstrates is what a lot of us already know: Jack Abramoff had a penchant for exaggerating and charging his clients for minor contacts with government officials," White House spokeswoman Dana Perino said.

The committee subpoenaed Abramoff's client billing records and other documents from Greenberg Traurig LLP, his former firm. The report said the Abramoff team billed clients for $23,981 in meals and drinks with White House officials. But the report said it could not determine how many of those meals took place or whether White House officials paid their own way.

One exchange of e-mails cited in the report suggests that former Abramoff lobbying team member Tony C. Rudy succeeded in getting Mehlman to press reluctant Justice Department appointees to release millions of dollars in congressionally earmarked funds for a new jail for the Mississippi Choctaw tribe, an Abramoff client. Rudy wrote Abramoff in November 2001 e-mails that Mehlman said he would "take care of" the funding holdup at Justice after learning from Rudy that the tribe made large donations to the GOP.

Mehlman did not return a call to comment late yesterday. Perino called the suggestions of improper influence by Mehlman "triple hearsay by people who have admitted to having lied and oversold their influence with policymakers."

The committee report said Abramoff and his team were in frequent contact with Ralston, who was once Abramoff's executive assistant and who in February 2001 went to work in the same capacity for Rove.

Ralston passed along information about prospective political appointees and helped Abramoff's team "secure access to the White House and obtain photo opportunities for clients," the report said. It cited 69 e-mails and other contacts between Ralston and the Abramoff lobbyists, and said she was treated to tickets to sporting events on nine occasions.

Contacted by The Washington Post, Ralston said she had no comment. Perino declined to comment on the propriety of Ralston accepting gifts from her former associates, but said, "the president has very high standards, and he expects those standards to be met." Federal law bans government officials from accepting more than nominal gifts from lobbyists.

Report Details Abramoff Ties To White House (LAT)

By Peter Wallsten And Walter F. Roche Jr., Times Staff Writers

The Los Angeles Times, September 29, 2006

The convicted lobbyist and his associates had hundreds of contacts with the executive branch, a bipartisan House probe finds.

WASHINGTON — In 2002, the nation's capital was abuzz with March Madness as it prepared to host the NCAA basketball tournament's first- and second-round regional games. For highflying lobbyist Jack Abramoff, it was a chance to do what he did best — cozy up to powerful politicians.

So when he bumped into Karl Rove, the White House political advisor, Abramoff wasted no time. He invited Rove to sit in the private box of MCI Center owner Abe Pollin. The lobbyist followed up with an e-mail to Susan Ralston, his onetime aide who had gone to the White House as Rove's assistant, telling her that her boss was "really jazzed" about the idea.

"Karl is interested in Fri. and Sun.," Ralston messaged back. "3 tickets for his family?"

"Done," Abramoff replied.

The episode — reflecting the modus operandi of the lobbyist whose dealings have cast a shadow over some of Washington's most powerful figures — is captured in a congressional report to be released today. The report documents hundreds of direct contacts between the White House and the now-disgraced Abramoff and his colleagues, including 82 with Rove's office; nine of those were with President Bush's chief strategist himself.

Capping a months-long investigation by the Republican-controlled House Government Reform Committee, the report said its findings provided "an unusually detailed glimpse into a sordid subculture of fraud and attempted influence peddling."

Examining 14,000 pages of e-mails and other documents obtained from Abramoff's law firm, investigators found that between January 2001 and March 2004, the lobbyist and his associates had more than 400 contacts with White House officials. Many came in official meetings, and others involved pricey restaurants and sporting events such as the NCAA basketball playoffs.

In one instance, the report suggests, Abramoff's team secured $16.3 million in public money for a key client — the Choctaw Indian tribe — after a meeting with then-White House political director Ken Mehlman. The Department of Justice was

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resisting release of the funds, which were intended to finance a new jail for the tribe. But Abramoff partner Tony Rudy recounted in e-mails that he reminded Mehlman during their meeting of the Choctaws' contributions to Republicans.

"Mehlman said he would take care of this," Rudy wrote. "He's a rock star."

Abramoff pleaded guilty in January to federal charges as part of an ongoing congressional bribery investigation that has prompted Democrats to accuse the Republican Party of fostering a "culture of corruption" in Washington. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), has pleaded guilty to conspiracy. He admitted accepting favors, cash and other gifts while working in DeLay's House leadership office and after leaving to become a lobbyist.

Bush and White House aides have said they had little if any meaningful contact with Abramoff.

Dana Perino, a White House spokeswoman, said Thursday that the new report merely confirmed "what we already knew, that [Abramoff] had a penchant for exaggeration and for charging his clients for minor contacts with government officials."

A spokeswoman for Mehlman — now chairman of the Republican National Committee — said it would not have been unusual for him, while serving as White House political director, to "be in contact with supporters who had interest in administration policy."

The House committee's ranking Democrat, Rep. Henry A. Waxman of Los Angeles, said Thursday that the report portrays a "much closer relationship between Mr. Abramoff and White House officials than the White House has previously acknowledged."

"The documents reviewed by the committee, if accurate, contain evidence that White House officials at the most senior levels of government repeatedly took actions requested by Mr. Abramoff," Waxman said. "And they raise serious questions about the legality and ethics of the actions of multiple White House officials."

The committee's Republican chairman, Rep. Thomas M. Davis III of Virginia, said Thursday that the report raised questions about activities in the White House — rare criticism from a member of the GOP leadership.

A news release from Davis' office said the 95-page report revealed only "scant and circumstantial evidence that Abramoff's encounters and entreaties had a dispositive impact on administration policy or personnel decisions." But it singled out Ralston — Rove's assistant and Abramoff's former employee — who was lobbied 69 times, the most contacts with any individual named in the report. She also received numerous tickets to concerts and sporting events.

"Her role in brokering requests to Rove from her former boss raises questions … about some of her activities," the release said.

Even though Davis signed on to the critical report just six weeks before the midterm election determines control of Congress, he offered a cautionary note.

"These records are just one side of what was often a multi-party conversation," Davis said. "The almost complete absence of reply e-mails from Abramoff's lobbying targets … speaks volumes about how seriously most people in the White House took Jack Abramoff's schemes."

According to documents cited in the report, Abramoff said he and Rove discussed Israel and other issues during the basketball game March 17, 2002. The lobbyist later e-mailed an associate that Rove was "set to help us when we need it…. He's a great guy. Told me anytime we need something just let him know through Susan."

The e-mails cited in the report suggest that Rove paid Abramoff $50 per ticket he received to the game.

The report also cited a number of e-mails discussing Rove's visits to Signatures, a Washington restaurant owned by Abramoff. In one case, Abramoff heard that Rove was coming with a party of eight to 10 people and ordered: "I want him to be given a very nice bottle of wine and have Joseph whisper in his ear (only he should hear) that Abramoff wanted him to have this wine on the house."

The lobbyist apparently did not know that Rove does not drink — a point offered Thursday by the White House as further evidence that Abramoff was not as close to the strategist as he might have bragged.

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House Report Details 485 Contacts Between Abramoff Team And White House Officials (RC)

By John Bresnahan And Paul Kane

Roll Call, September 29, 2006

A House committee has documented hundreds of contacts between top White House officials and former lobbyist Jack Abramoff and his associates, as well as tens of thousands of dollors worth of meals and tickets to sporting events and concerts that were offered to these officials during a three-year period starting in early 2001.

A 95-page report, which was released by the House Government Reform Committee on Thursday evening, includes an analysis of more than 14,000 pages of documents provided to the panel by Abramoff's former lobbying firm, Greenberg Traurig.

Democrats and Republicans on the committee immediately began to fight over the report's findings, with each side portraying the results in the context of its own political needs.

Rep. Tom Davis (R-Va.), chairman of the Government Reform Committee, released a statement portraying Abramoff's efforts to lobby the Bush administration as largely ineffective.

Davis also pointed out that Abramoff's billing records and e-mail exchanges do not mean that events unfolded as he claimed to either his firm or his clients.

"These records are just one side of what was often a multi-party conversation," Davis said in a statement released by his office. "The almost complete absence of reply e-mails from Abramoff's lobbying targets in the White House has to be seen as telling. In an environment that lives and breathes on e-mail exchanges, that silence speaks volumes about how seriously most people in the White House took Jack Abramoff's schemes."

"A number of individuals appear to have been offered tickets to sporting events and concerts," said the statement from Davis' office. "The Committee does not know in all cases if executive branch employees accepted them, if they were allowed to accept them without paying for them, or if they indeed paid for them themselves. The Committee is confident the appropriate authorities will examine whether the tickets were accepted, required to be paid for, and if so, whether they were paid for."

A summary prepared for Democratic leaders by staffers for Rep. Henry Waxman (D-Calif.), ranking member of Government Reform, stated that the information provided by the Abramoff documents may show wrongdoing on the part of top White House officials.

Democrats suggested that the documents obtained by the committee "raised serious questions about the legality and ethics of the actions of multiple White House officials."

The Government Reform Committee report singled out two of President Bush's top lieutenants, Karl Rove and Ken Mehlman, as having been offered expensive meals and exclusive tickets to premier sporting events and concerts by Abramoff and his associates.

In total, the committee was able to document 485 contacts between White House officials and Abramoff and his lobbying team at the firm Greenberg Traurig from January 2001 to March 2004, with 82 of those contacts occurring in Rove¹s office, including 10 with Rove personally. The panel also said that Abramoff billed his clients nearly $25,000 for meals and drinks with White House officials during that period.

Rove, Mehlman, and other White House officials have denied having any close relationship with Abramoff, despite the fact that Abramoff was a "Pioneer" who raised hundreds of thousands of dollars for Bush's White House campaigns.

Democratic committee staff wrote in a three-page summary that accompanied the report: "The documents depict a much closer relationship between Mr. Abramoff and White House officials than the White House has previously acknowledged." Davis and Waxman this summer subpoenaed e-mails and billing records from Greenberg Traurig and other firms, including Alexander Strategy Group, which was run by one-time aides to former House Majority Leader Tom DeLay (R-Texas). They examined more than 14,000 pages of documents from Greenberg Traurig, including 6,600 pages of billing records and 7,700 pages of e-mail.

During the period examined by the committee, Bush administration officials repeatedly intervened on behalf of Abramoff's clients, including helping a Mississippi Indian tribe obtain $16 million in federal funds for a jail the tribe wanted to build.

Abramoff was able to block the nomination of one Interior Department official using Christian conservative Ralph Reed as a go-between with Rove, according to e-mails between Abramoff and Reed.

Abramoff also tried to oust a State Department employee who interfered with their efforts on behalf of the Commonwealth of the Northern Mariana Islands, one of Abramoff's most lucrative clients.

White House officials were allowed to view the draft report on Wednesday evening.

Dana Perino, a White House spokeswoman, dismissed Abramoff's claim of pull with the Bush administration. She also noted that Abramoff has pleaded guilty to a number of felonies during the last year, including fraud and conspiracy to bribe public officials.

"The billing records that are the basis of this report are widely regarded as fraudulent in how they misrepresented the activities and influence of Abramoff," Perino said. "There's no reason those records should be suddenly viewed as credible."

Perino added that she was unaware of any link between Abramoff's lobbying and White House intervention in policy or personnel matters affecting his clients. "Not that I'm aware of as a result of a direct contact," Perino said.

Perino did not specifically address whether White House officials ever accepted meals or tickets from Abramoff.

"We have high standards and expect them to be met," she said.

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In a bipartisan executive summary of the new report, committee staff said that "there are certain caveats" about Abramoff's actions that are impossible to verify because the report is based solely on the records of Abramoff and Greenberg Traurig employees.

"There is little or no corroboration of the events described in the documents," the summary states. "In other instances, the documents are vague about who was lobbied and what was said. While the documents described in this report are authentic, that does not mean that the events actually transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

Tracey Schmitt, a spokeswoman for the Republican National Committee, which Mehlman now chairs, said Mehlman and Abramoff would have interacted when Mehlman served as White House political director.

"In his capacity as Political Director of the White House, it is not unusual that Mr. Mehlman would be in contact with supporters who had interest in Administration policy," Schmitt said in a statement.

The committee was able to uncover numerous times when Abramoff and his associates attended social events with senior White House aides using tickets or passes supplied by Abramoff. For instance, Abramoff attended an NCAA Tournament college basketball game with Rove in March 2002. Afterward, Abramoff told an associate that Rove was "a great guy" who told him "anytime we need something, just let him know" via Rove's assistant, Susan Ralston. Ralston worked for Abramoff before moving over to the White House.

In June 2001, while he was still working at the White House, Mehlman was offered two tickets to a U2 concert by Abramoff. The documents do not indicate whether Mehlman paid for the tickets or attended the concert.

"If White House officials failed to pay for these meals and tickets, their actions would be a violation of these legal requirements," Democratic committee staff wrote in their summary, noting a ban on gifts from lobbyists worth more than $20 to executive branch officials.

The committee said its investigation is continuing.

Report Reveals Hundreds Of Contracts Between Lobbyists And Bush Aides (WSJ)

By John Harwood

The Wall Street Journal, September 29, 2006

LOBBYING TEAM SPENT $25,000 on meals for White House officials, report says.

House Government Reform Committee finds 500 contacts between members of since-disgraced lobbyist Abramoff's team and Bush aides over three years. An email shows one offering White House strategist Ken Mehlman, now national Republican chairman, two tickets to a sold-out U2 concert.

The administration has distanced Bush from Abramoff. But the report documents instances in which White House officials may have helped him. In another email, lobbying partner Tony Rudy tells Abramoff that "Mehlman said he would 'take care of' " a funding request. An RNC spokeswoman called it "not unusual" for Mehlman to talk to supporters interested in policy while working at the White House.

White House spokeswoman Dana Perino dismissed the report as "nothing new" and Rudy as an "an admitted liar."

UNFINISHED BUSINESS awaits lawmakers after October campaigning.

Senate accedes to White House pressure and restores $5 billion in proposed cuts in defense spending. But that money must now be cut from domestic spending bills in lame-duck session; stopgap funding bill expires Nov. 17.

Action on offshore drilling slips as falling gas prices ease pressure. Though House-backed border-fence measure may reduce conservatives' incentive to compromise, Senate backers of comprehensive overhaul aim to restart talks in November. "We must act on this issue," says Republican 2008 hopeful McCain.

REPUBLICANS HOPE better political conditions benefit open House seats.

Party strategists say lower gas prices, higher stock values, and stronger Bush ratings help most in races with no incumbent. Those include seats in Iowa, Florida, Minnesota and Colorado that Republicans are surrendering to seek higher office.

Yet, nonpartisan Cook Political Report shows 36 Republican seats still at risk, one more than in mid-August, bolstering Democratic arguments that national mood isn't shifting enough to turn campaign. "It is clear the political environment is better for Republicans" than before, analyst Amy Walter says, but it's still comparable with Democrats' predicament before 1994 defeat.

House Republican poll shows suburbanites no longer favor Democrats on economy, but still lean Democratic for elections.

DESPITE SCHWARZENEGGER'S recovery, fate of his $20 billion road bond issue is uncertain. A nonpartisan poll shows just 51% support. In Michigan, Democratic strategists envision expanded minority turnout for Gov. Granholm and Sen. Stabenow from effort to stop antiaffirmative action ballot measure; top Republicans also oppose it.

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GRAND OLD RALLY: A National Bureau of Economic Research study shows during 1880-2004 period, a Republican victory raised equity values about 2%. Since Reagan administration, Republican wins also have lifted government bond interest rates about 0.12%.

DEMOCRATS SEEK margins among women. While Republicans' security rhetoric helps split men's vote, minority party targets "security moms" and single women. To woo the latter group of "women on their own," Democrats will shift focus to health costs from gas prices; a pollster cites "80% rise in health-care premiums" during Bush presidency.

FRIST FRUSTRATES Senate tax-writers Grassley and Baucus by refusing to permit passage of "extender" tax credits before Congress leaves. Though backers of research-and-development tax credit eye action in lame-duck session, the issue moves into 2007. If Democrats take over, "it would become an opportunity for GOP in next Congress," a leadership aide says.

DUBAI PORTS WORLD still hasn't sold U.S. assets.

Months after furor over port deal, lawmakers scramble to save efforts to tighten U.S. government's foreign investment reviews. House leaders will seek compromise bill at lame-duck session.

They fear New Jersey Democratic Sen. Menendez, facing challenge, may block bill while advocating stricter scrutiny. An executive involved says sale of DPW assets may occur "a little beyond" six-month deadline set in March.

A senior U.S. official says the company has pared bidders to three.

MINOR MEMOS: Financial regulators see two categories of threat: "blowups" like Sept. 11, and "meltdowns" like plunging prices. ... Noting a prediction of steep home-price drops, Harvard economist Greg Mankiw notes, "Good news for affordable-housing."

Judge Delays Prison Again For Abramoff (AP-Y)

By Curt Anderson

AP, September 28, 2006

A judge agreed Thursday to again put off prison for disgraced lobbyist Jack Abramoff and a former business partner, but the delays were shorter than what lawyers on both sides sought.

Federal prosecutors and defense lawyers had jointly requested delays of 90 days beyond Monday's scheduled prison surrender date so Abramoff can continue to cooperate in a Washington corruption investigation, and Adam Kidan can provide more information about the gangland-style murder of former SunCruz Casinos owner Konstantinos Boulis.

U.S. District Judge Paul Huck reluctantly agreed to let Abramoff remain free until Nov. 15, and Adam Kidan until Oct. 23.

"I don't feel good about this," Huck said. "My main concern is, there comes a time when people have to pay the piper, so to speak. I think that time has come."

Abramoff and Kidan were each sentenced to nearly six years in prison after they pleaded guilty to charges of concocting a fake wire transfer to close a deal in 2000 to buy SunCruz Casinos from Boulis, who was shot down the following year.

Huck approved a 90-day delay for Abramoff and Kidan in June.

Judge Postpones Prison For Abramoff (MCT)

By Vanessa Blum, South Florida Sun-Sentinel

McClatchy Newspapers, September 29, 2006

MIAMI - A federal judge postponed for a third time the date Jack Abramoff must begin serving his 70-month prison sentence Thursday so the disgraced former super lobbyist can continue aiding federal authorities in an ongoing corruption investigation.

During a conference call with lawyers, U.S. District Judge Paul Huck expressed exasperation with the slow pace of the Washington, D.C., investigation and advised attorneys not to expect any further extensions.

"I don't feel good about it," Huck said as he reset Abramoff's surrender date to Nov. 15.

Huck gave Abramoff business partner Adam Kidan until Oct. 23 to turn himself in. Kidan also faces 70 months in prison.

Prison terms for both men were to have started Monday.

The men, who pleaded guilty to federal fraud and conspiracy charges in connection with their 2000 purchase of SunCruz Casinos, were sentenced in March.

At that time, Huck granted a request to defer their incarceration. He gave another 90-day extension in June at the urging of defense attorneys and federal prosecutors.

Lawyers asked for an additional 90-days last week for the men to continue working with federal and state authorities in different investigations.

Abramoff, who also pleaded guilty to federal corruption charges in Washington, D.C., has been cooperating with prosecutors in a wide-ranging Justice Department inquiry of bribery and influence peddling in the federal government.

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Kidan is assisting state authorities investigating the slaying of former SunCruz owner Konstantinos "Gus" Boulis, who was gunned down six months after selling the casino cruise line to Abramoff and Kidan, the lawyers said.

Kendall Day, a Justice Department lawyer, said Abramoff has spent seven days debriefing government officials, put in 300 hours reviewing possible evidence, and turned over roughly 13,000 pages of electronic documents to investigators since June.

Four public officials pleaded guilty, including U.S. Rep. Bob Ney, an Ohio Republican, and one was convicted at trial, partly due to Abramoff's full cooperation, Day said.

Abramoff's incarceration would make it more difficult for him to access electronic files and attend meetings, slowing the ongoing investigation and making it more expensive, he said.

Joseph Conway, who represents Kidan, said similar considerations apply to his client and his cooperation with state prosecutors on the Boulis case.

Three men hired by Kidan at SunCruz are awaiting trial in Boulis' slaying. State prosecutors recently informed Kidan he could be called as a witness, which means lawyers representing the three suspects have a right to interview him under oath, Conway said.

Huck rebuked the lawyers for not taking the Oct. 2 deadline seriously.

"There comes a time when people must pay the piper," he said. "You knew this date was coming."

The bank fraud case against Abramoff and Kidan rested on a fake wire transfer the men arranged to secure a $60 million loan for the purchase of SunCruz. The fraudulent document made it look like Abramoff and Kidan were putting $23 million of their own money into the deal.

At the time the men purchased SunCruz, Abramoff was a highly influential Republican lobbyist with ties to many Washington power players. In his plea agreement with the government, Abramoff admitted giving officials gifts to secure their support for his clients.

Gotti's Prosecutors Discovered New Evidence Failed To Help (NYT)

By Timothy Williams

The New York Times, September 29, 2006

Not long after word filtered into the courtroom on Wednesday that for the third time since last September a racketeering case against John A. Gotti would end in a mistrial, prosecutors had a chance to speak to the jury.

What they heard was that the most important new evidence against Mr. Gotti — secret F.B.I. recordings made while he was in federal prison — seemed not to have swayed a single juror.

"I'm not sure it changed anybody's mind," said one juror, who asked to retain the anonymity he was granted by the court while on the panel. "It just solidified people's opinions."

A federal official has said Mr. Gotti will probably not be prosecuted on the same racketeering and extortion charges a fourth time unless further evidence is uncovered.

Even if Michael J. Garcia, the United States attorney in Manhattan, approves another prosecution of Mr. Gotti, Judge Shira A. Scheindlin of Federal District Court, who has presided over the three trials and would likely oversee a fourth, seems reluctant to allow it.

Almost immediately after she declared a mistrial on Wednesday, Judge Scheindlin asked Mr. Gotti's lawyers whether they wanted to file any motions — referring to a move to dismiss the charges, which include orchestrating the kidnapping of Curtis Sliwa, the radio talk-show host.

Even before the third trial started, Judge Scheindlin expressed reservations about the fairness of the government trying Mr. Gotti three times.

Federal prosecutors, who declined to discuss the case yesterday, are expected to announce a decision about a retrial during the next 10 days.

In any case, Mr. Gotti found himself a relatively free man yesterday, for the first time since he was sent to prison on various racketeering and other offenses in 1999. Though he is still officially criminally charged, the United States attorney's office agreed to release him from two conditions of his bail, house arrest and electronic monitoring.

That government concession contrasts starkly with the aftermath of Mr. Gotti's first trial in September 2005, when Michael McGovern, a federal prosecutor, argued that Mr. Gotti should not be released from prison before a second trial because he might try to intimidate witnesses.

After the first trial, the government had attributed its failure to convict Mr. Gotti to a holdout juror who voted for acquittal on the extortion and racketeering conspiracy counts. A single juror also stood in the way of Mr. Gotti being convicted on charges of loan sharking as part of a racketeering enterprise.

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The second trial, which started in February, ended in another hung jury, but this time the jury split 8 to 4 on most counts, in favor of acquittal.

The sticking point for jurors was the same problem that arose in the third trial — the difficulty in determining whether Mr. Gotti had truly retired from the Mafia in July 1999 as he said. The defense maintained that since he was no longer in the mob, he could not have been part of any conspiracy.

For the third trial, the government went to court with two determined prosecutors, Victor Hou and Miriam E. Rocah, and the F.B.I. recordings, which had not been used in the first two trials.

Instead of the tapes revealing Mr. Gotti's continued membership in the Gambino organized crime family, they clouded the issue, according to jurors.

"The tapes didn't help," said a second juror, who also requested anonymity.

Jurors complained about the recordings' poor sound quality and the fact that Mr. Gotti seemed to make conflicting statements about whether he was in or out of the Mafia. On that question, the jury split 8 to 4.

The sheer volume of evidence the government presented contributed to the deadlock, the first juror said.

"We could have really used a road map here," he said.

Gotti Jr. Presses On As A Free Man (NSDY)

By Anthony D. Destefano, Newsday Staff Writer

Long Island Newsday, September 29, 2006

Freed of his electronic ankle bracelet and conditions of house arrest, John A. Gotti Thursday came and went from his Oyster Bay home with a freedom he hasn't known for years.

On Wednesday, after declaring the third mistrial in the racketeering case against Gotti, Manhattan federal Judge Shira Scheindlin relaxed the tough bail conditions Gotti had been living under since September 2005. It was then, after the first mistrial, that Gotti was freed on a $7 million bond, but restricted to his home. Gotti had been in federal prison on a previous racketeering case from 1999 to 2005.

Scheindlin late Wednesday allowed Gotti to take off the electronic ankle bracelet that tracked his movements and said he could come and go from his home on Redmond Drive as he pleased, said defense attorneys Seth Ginsberg and Charles Carnesi.

Gotti, 42, the son of the late Gambino crime boss, was seen leaving his property at least least three times as he was driven by another man in a black Ford Explorer.

Though Gotti didn't comment about his activity, he had said he planned to take his children to school and later attend the football practice of his son, John, 13, at nearby St. Anthony's High School in South Huntington.

Federal prosecutors in Manhattan have yet to decide if they will attempt to try Gotti a fourth time, a step that many defense attorneys and legal experts think is unlikely given the way three prior attempts had failed.

The jury Wednesday told the judge it couldn't agree on a key question: whether Gotti had withdrawn from the crime family by July 1999. That date was important because it would put the indictment outside the statute of limitations.

Gotti's attorneys said they will draft a motion to dismiss the indictment within the next two weeks if prosecutors don't announce that they are throwing in the towel.

Gotti told Newsday Wednesday that if he doesn't have to labor through a fourth trial he intends to leave the New York area, write a book, buy a ranch and move his wife, Kim, and the couple's six children out west. He said he intends to get a college degree and work with children.

After the mistrial, Gotti went straight to the home of his mother, Victoria, 65, in Howard Beach and then to Oyster Bay. Early Wednesday evening, Gotti, Carnesi and Ginsberg had dinner at the Altadonna restaurant in Douglaston.

Gotti's mother, sisters Angel and Victoria, and brother Peter ate elsewhere. The elder Victoria Gotti didn't want to comment Thursday, saying she wanted time to unwind.

In Ozone Park, across the street from the late John Gotti's former Bergin Hunt and Fish social club, Robert Jeremiah, of Jeremiah's Florist, wistfully remembered the excitement of the old days.

"The whole neighborhood has changed, all of those people from the '70s have moved to the Island," said Jeremiah, who loved the July Fourth fireworks display the late Gotti sponsored.

Staff writers Wil Cruz and Andrew Strickler contributed to this story.

Canterbury Woman Pleads Guilty To Falsifying Data On Cell Batteries Used In Astronaut Space Suits (NORBULL)

Norwich (CT) Bulletin, September 29, 2006

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CANTERBURY — A Canterbury woman could face up to a year in prison and a $100,000 maximum fine for falsifying test data on battery cells used in NASA space suits, U.S. Department of Justice officials said today.

Susan Belliveau, 46, of North Canterbury Road, pleaded guilty today in Hartford to one count of falsifying test data for battery cells her employer, BST Systems Inc. in Plainfield, had manufactured for NASA, the Department of Justice said.

Justice department spokesman Tom Carson said the investigation does not show institutional problems at BST Systems, and the charge applies only to Belliveau.

Company officials were not available for comment tonight.

Calls to the Belliveau residence were not answered. Her attorney responded to the matter.

"Sue has been an extremely hardworking, loyal and conscientious employee of the company for nearly 20 years and had a lapse in judgment that she deeply regrets," David T. Grudberg of New Haven said. "And we sincerely hope she will continue contributing her hard work and skills to the company for many years to come."

According to the Department of Justice, Belliveau, a lab supervisor, was responsible for overseeing the testing of cells to be used in batteries that power NASA space suits and are used by astronauts during space flight. The battery cells had been manufactured with a new component and were being tested to determine the period of time the cells will function correctly, called the "wet life," after being activated and then repeatedly being charged and discharged.

When the cell being tested failed prematurely, Belliveau created false documents, making it appear the cell functioned as it should have, according to the release.

NASA took corrective action when it learned of the premature failure of the cell and of what Belliveau had done. There were no injuries as a result of Belliveau's conduct.

Belliveau's sentencing for the misdemeanor charge is scheduled for Dec. 19.

Convicted Ex-procurement Chief Granted Sentencing Delay (GOVEXEC)

By Kimberly Palmer

Government Executive, September 29, 2006

David Safavian, the former head of the Office of Management and Budget's procurement policy shop convicted in June of obstructing justice and making false statements, has been granted a delay in his sentencing.

The sentencing was originally scheduled for Oct. 12, but will be moved to Oct. 27. Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. The case revolved around his dealings with former lobbyist Jack Abramoff while Safavian was at the General Services Administration, where he served as chief of staff.

Prosecutors apparently are seeking a two-point sentence enhancement -- which would add to the recommended prison time -- by arguing that Safavian obstructed justice during his trial. Safavian testified at his trial that he did not lie, make false statements, or obstruct an investigation, but the jury found him guilty of doing those things.

Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. Not including the potential two-point enhancement, the charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence. The actual sentence will be up to the judge's discretion.

Prosecutors often seek to extend the recommended sentence for convicted defendants by arguing that they obstructed justice or committed perjury by testifying that they did not commit the crime that they were later convicted of committing. The judge ultimately decides whether to take the alleged perjury into account during sentencing.

"It's an extra risk of testifying," said Peter Henning, professor of law at Wayne State University Law School and author of a blog about white-collar crime. "You run the risk of both making yourself look bad and then you could get hit with an enhancement."

Safavian's lawyer, Barbara "Biz" Van Gelder, said in her request for the delay that the court's probation officer needed more time to review Safavian's testimony since it would affect the sentencing recommendations. In an e-mail to the court and prosecutors, Van Gelder wrote, "After hearing the government's representation that they intend to argue that Mr. Safavian lied during his testimony, I believe it is important to have [the probation officer] review his testimony."

In an e-mail response, Justice Department prosecutor Peter Zeidenberg said he did not think the delay was necessary, but that he was not opposed to the delay if the court believed it was necessary.

U.S. District Judge Paul Friedman granted the request for the delay in late August.

Earlier this month, Friedman granted Safavian permission to travel to the Eastern Shore of Maryland or Delaware for vacation before his sentencing.

On Monday, Van Gelder filed a notice to appeal Safavian's convictions.

Prosecutor: Bus Company Had Shoddy Fleet (AP)

By Lynn Brezosky, The Associated Press

AP, September 29, 2006

MCALLEN, Texas - Proceedings were cut short Thursday in a trial of a bus company accused of ignoring safety and maintenance and falsifying logs because the defense didn't have witnesses ready.

U.S. District Judge Ricardo Hinojosa scolded Charles Banker, attorney for James Maples and Global Limo, Inc. for the witness shortage and suggested Banker was reading a lengthy motion for acquittal out loud to buy time.

"I'm not going to sit here and be filibustered by a motion for acquittal," Hinojosa said.

The routine motion after a prosecutor rests his case was denied. Hinojosa dismissed the jury until Friday.

Maples is the owner of Global Limo, which operated the bus that burst into flames during the evacuation of Hurricane Rita last year, killing 23 elderly nursing home residents. He and his company are charged with conspiracy to falsify time logs and failure to maintain his fleet and require drivers to keep inspection logs.

He is not charged with any of the deaths in the Dallas wreck, but could face prison time and up to $750,000 in fines against him and the company on the conspiracy charge, which is the most serious of the three counts.

The prosecution rested its case early Thursday afternoon.

Banker said he thought the government would take longer. Hinojosa told Banker the trial was scheduled more than a month ago and he had plenty of time to get his witnesses to court.

"Why don't you just admit you did something you shouldn't have done?" Hinojosa said.

Hinojosa has also snapped at Assistant U.S. Attorney John Kinchen for not including the accident in the actual charges in the indictment. Earlier in the day, he struck mention of the accident from the indictment's introduction, calling the placement a "back door" tactic and a "public relations play."

That means jurors may never see or hear reference to the accident that brought the company to the Justice Department's attention.

Prosecutors believed that because federal transportation regulations were lifted during the hurricane evacuation, they could not use the accident as evidence against Maples and Global Limo. Hinojosa told them they were wrong, but barred mention of it because it was not in the charge portion of the indictment.

High school band director Wilberto Perez testified for the prosection that on a cross-country bus trip with students and some parents, the air conditioning wasn't working properly and the VCRs couldn't play movies. He said one bus was too small, and four students had to ride on the floor for five hours until the bus was exchanged in the middle of a rainy night in San Antonio. He said they were late to sightseeing trips because New Mexico inspectors spent time citing the drivers for lack of proper log books and failure to pay certain road fees.

Perez also said parents stayed up talking to the drivers for fear they'd fall asleep. But on cross-examination he said that that had been the practice on long trips with other bus companies as well.

A former bus driver has said Maples told him to always mark eight hours off duty on trips for sleep, even though the buses had no sleeper compartments. Federal regulations require drivers who mark off duty and remain on the bus is if he is in a sleeper berth. The drivers would sleep in a passenger seat while a co-driver took the wheel.

Other drivers also said they incorrectly marked log books. Drivers also testified to driving buses despite problems including broken brake lights, malfunctioning wipers, and a windshield crack that was a foot in diameter.

Witnesses also testified that a post-accident investigation turned up evidence that mechanical problems with the buses were never corrected and logs and maintenance records were falsified.

Regulators shut the company down two weeks after the accident.

Vigil Case Ready For Jury (KRQE-TV)

KRQE-TV, September 29, 2006

ALBUQUERQUE -- The question of the day in U.S. District Court is what will this jury decide in the federal corruption retrial of former State Treasurer Robert Vigil.

Attorneys for both sides rested their cases today and then presented closing arguments to jurors who must decide if Vigil demanded and accepted kickbacks while in office.

Vigil's attorney followed the same strategy as the first trial and choose not to call a single witness. That decision, announced after lunch today, allowed closing arguments to begin about 2:30 p.m.

For the last three weeks federal prosecutors have been trying to prove that Vigil accepted kickbacks from a California investment advisor named Kent Nelson.

In their closing argument, prosecutors focused much of their attention on undercover video of Nelson handing Vigil thousands of dollars in cash. Vigil's attorneys have been arguing that payments were campaign contributions...

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The jury in the first trial could not reach a verdict in May.

Outside the courtroom, Jason Bowles, one of Vigil's attorneys, declined to comment on the strength of the prosecutions second case as compared to the first.

In his argument to the jury, Bowles said federal prosecutors and federal agents have been twisting innocent facts to make it seemed Vigil accepted kickbacks when in fact he did not.

The courtroom was packed this afternoon with about two dozen of Vigil's family members present to give support.

Closing arguments were continuing late in the day and it appeared jury deliberations would being Friday morning.

Vigil is charged with a total of 24 counts of racketeering, conspiracy and extortion.

No Defense Case Again In Vigil Trial (AP)

AP, September 29, 2006

The attorney for ex-state Treasurer Robert Vigil declined today to present any evidence in his client's public corruption trial.

Immediately after jurors and lawyers returned from their lunch break, U.S. District Judge James Browning asked Sam Bregman if he wanted to present any evidence or witnesses.

Bregman stood up and said, "Your honor, the defense rests."

Bregman declined to put on a case when Vigil was tried last spring on 24 federal extortion, racketeering and conspiracy counts, saying prosecutors never met their burden to prove Vigil's guilt beyond a reasonable doubt.

That trial resulted in a mistrial May 22 when one juror held out for an acquittal.

Vigil has pleaded not guilty to all charges.

Browning began reading jury instructions today, and attorneys for both sides were expected to present closing statements.

The government wrapped up its case just before noon with testimony from FBI agents Margaret Russin and Drew McCandless. Immediately after the prosecution rested, defense attorney Jason Bowles asked U.S. District Judge James Browning to dismiss the case.

Browning heard arguments from both attorneys for sides, then said he was inclined to let the jury determine whether Vigil committed any crimes.

"I do think there is evidence Mr. Vigil took a payment for which he was not entitled and that it was given in exchange for his official acts," Browning said.

The judge also said he wanted to further consider a defense request to eliminate an extortion count involving George Everage, a former treasurer's office employee who said he was pressured by Vigil to hire the wife of former Treasurer Michael Montoya for a job.

Earlier, Russin testified about discrepancies in Vigil's campaign finance reports, which didn't include an $11,500 contribution from a California investment adviser until seven months after Vigil's arrest last September.

The figure represented the amount that investment adviser Kent Nelson gave to Vigil while he was cooperating with the FBI. McCandless testified that on the day Vigil was arrested, Vigil denied receiving such a contribution

Papers Fight Secrecy In Fumo-related Case (PHI)

By John Shiffman

The Philadelphia Inquirer, September 29, 2006

The Inquirer yesterday asked a federal judge to reject a proposed confidentiality order in the case of two computer technicians charged with thwarting an FBI investigation of State Sen. Vincent J. Fumo.

The public's interest in open and honest government outweighs any need for secrecy, the newspaper's lawyers said.

"It is fundamental that the public is entitled to information about its government and those in whom the public has placed its trust," lawyers Amy B. Ginensky and Michael E. Baughman wrote on behalf of The Inquirer and the Philadelphia Daily News, which are owned by Philadelphia Newspapers L.L.C.

Federal prosecutors have sought an order barring defense attorneys from sharing pretrial discovery material - including grand jury transcripts - with anyone beyond the defense team and potential witnesses.

Prosecutors said they feared the information would be leaked to the media, causing embarrassment to people who may never be charged in the case.

Defense lawyers said they were offended by the notion that they might leak evidence. They said the prosecution's proposed restrictions would make it difficult for them to interview potential trial witnesses.

U.S. District Judge William H. Yohn Jr. held a hearing on the matter Wednesday and asked prosecutors and defense lawyers to try to settle their differences by next week.

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The obstruction-of-justice trial for former state Senate computer technicians Leonard Luchko and Mark Eister is scheduled for Jan. 8.

The underlying investigation - whether Fumo or others misused a South Philadelphia for personal or political gain - should be finished by Christmas, officials said Wednesday.

FILTH, OR FREE SPEECH? (ORLWEEK)

By Jeffrey C. Billman

Orlando (FL) Weekly, September 29, 2006

Feces porn brings the feds to Orlando. Welcome to Bush's war on obscenity

Under no circumstances would Toilet Man 6 be considered family viewing. As the title suggests, this fetish flick features feces-eating and vomit-smearing, and it stars a guy who calls himself Mike, "The Prince of Scat."

Disgusting as it may sound, the original was popular enough to warrant five sequels, so somebody's watching it. Until at least Sept. 5, according to documents filed in federal court, you could go to the website www.scatinbrazil.com, place an order and have your own Toilet Man 6 DVD shipped right to your door. Other titles available from Lexus Multimedia, based off South Kirkman Road in Orlando, included Bukkake 3 and Scat and Fist Fucking 2.

Enter the U.S. Department of Justice. Earlier this month, federal prosecutors filed criminal charges against Danilo Simões Croce of Orlando, who the feds say ran Lexus Multimedia. Croce was charged with accepting Internet payment for obscene materials, then shipping those obscene materials through the mail. (Obscenity is typically prosecuted at the local level, but the feds get involved if the material is distributed through the mail or Internet.) If convicted, he faces up to five years in prison for each of the two counts against him.

Attorneys familiar with free-speech issues say this prosecution is the first of its kind in Orlando, at least as far back as they can remember. Local authorities have prosecuted a few cases, but the feds have mostly stayed out of it in Central Florida. No more. In fact, the decision to prosecute Croce came straight from Washington, D.C., as part of a crackdown on hard-core porn.

While federal prosecutors went after some porn producers — mainly in Southern states — in the 1980s and early 1990s, those cases largely died out during the Clinton administration, says Lou Sirkin, a noted First Amendment attorney in Cincinnati. (Sirkin successfully challenged a federal law banning "virtual" child porn, and defended the director of Cincinnati's Community Arts Center when he was indicted for displaying Robert Mapplethorpe's photography in 1990.) That drop-off came much to the chagrin of family groups that wanted the government to crack down on smut, usually in the name of protecting children. After George W. Bush's election in 2000, the groups ramped up their pressure.

Former attorney general John Ashcroft was receptive to their cause. "Obscenity invades our homes persistently through the mail, phone, VCR, cable TV and now the Internet," Ashcroft told the Federal Prosecutors' Symposium on Obscenity at the National Advocacy Center in 2002. "This multimillion dollar industry with links to organized crime has strewn its victims from coast to coast. Never before has so much obscene material been so easily accessible to minors."

His successor, Alberto Gonzalez, continued the campaign. In 2005, Gonzalez formed the Obscenity Prosecution Task Force, which, according to its website, is "dedicated exclusively to the protection of America's children and families through the enforcement of our nation's obscenity laws." Two task force attorneys are working on the Croce case with one local federal prosecutor. (The task force's website links to www.moralityinmedia.org, which "works to inform citizens and public officials about the harms of pornography and about what they can do through law to protect their communities and children.")

The problem with enforcing obscenity laws, as has always been the case, is determining what exactly is obscene. Does penetration or sodomy count? Masturbation? Courts have relied on a handful of U.S. Supreme Court cases, the most notable of which is 1973's Miller v. California, to form a three-pronged test for obscenity: One, that the work appeals to "prurient interests"; two, it's "patently offensive"; and three, it has no artistic, literary or satirical merit. But all three of those tests rely on "the average person, applying contemporary adult community standards." That's about as vague as it gets.

For instance, what's patently offensive in San Francisco and Lawrence, Kan., are two very different things. But if you make a video in San Francisco and ship it to Lawrence, federal prosecutors can still apply the more conservative obscenity standards and charge you. Currently, the federal government is prosecuting a case in Pittsburgh against a California-based company because the company, Extreme Associates, shipped a porno flick to Pittsburgh through the mail. The community standards are more conservative in Pittsburgh than California. It is, in a very real sense, stacking the deck.

But even the U.S. Department of Justice has trouble defining exactly what constitutes obscenity. "There's not a list we work off of," spokesman Bryan Sierra says. "We don't charge cases by content, per se."

In other words, there's no memo that says bukkake is obscene but anal sex isn't. Instead, Sierra says, the department tries to train its 93 district attorney's offices in the requirements of the Miller case. "They know what in the community would be considered obscenity versus pornography. … It's a judgment call. They have to apply prosecutorial discretion."

Not everyone's a fan of the DOJ's new push.

"Adults make movies other adults wanted to see," says Larry Walters, a prominent Orlando free-speech attorney. Walters defended Chris Wilson, purveyor of the now-defunct www.nowthatsfuckedup.com, which featured both images of war casualties and porn, against obscenity charges in Polk County last year. In January, Wilson pleaded guilty to five misdemeanor counts, turned over his site to authorities and was put on probation. "The U.S. Attorney's [Office is] trying to censor what other people watch and see."

"The material is consensual," Sirkin adds.

Sirkin is working on obscenity cases similar to U.S. v. Croce in Pittsburgh and Phoenix, and he's heard about a handful of other prosecutions around the country. "They've been making sound waves that they'd be bringing things," he says.

Sierra couldn't say how many obscenity-related cases the Justice Department has brought during the Bush administration, or whether that number has peaked since Gonzalez formed the obscenity task force last year. (That task force was, however, responsible for the $2.1 million hit Girls Gone Wild producers took earlier this month for violating federal laws designed to protect minors from sexual exploitation, Sierra says.) He referred questions about the Croce case to the feds' Orlando office. Roger Handberg, one of the lawyers prosecuting Croce, did not return phone calls.

No trial date has been set for Danilo Croce. His attorney, David Fussell, did not return phone calls.

One thing is clear: Had 537 Florida votes swung differently in 2000, Croce probably wouldn't be worrying about federal prison. And, unless you were among the handful who get off on such things, you never would have heard of Toilet Man 6.

Tennessee Man Sentenced For Threatening Bush, Cheney, Others (AP)

AP, September 29, 2006

ATLANTA - A federal judge on Thursday sentenced a Tennessee man who threatened to kill the president, vice president and cabinet-level officials to more than three years in federal prison.

James Herman Bartholomai of Johnson City was sentenced to three years and one month in prison and three years of supervised release. He was convicted on June 29.

Federal prosecutors said Bartholomai, 35, was serving time as an inmate at the Atlanta federal prison for similar threats in August and September 2004 when he wrote several letters and made a threatening statement to a Secret Service agent.

In one letter, authorities said Bartholomai described President Bush and Vice President Cheney as "a darkness upon America" and wrote, "I am the avenger ... a terror and an act of treason shall begin ... with their death my quest to bring down the American government."

At his sentencing, Bartholomai said he needed mental health care, and the judge ordered continued psychological treatment and alcohol abuse counseling during his incarceration.

Bartholomai also threatened Attorney General Alberto Gonzales, then-Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld.

Feds Indict Two For Welfare Housing Fraud (LYNNIT)

By David Liscio

Lynn (MA) Daily Item, September 29, 2006

LYNN - The Justice Department has charged two women with stealing credit card and bank account numbers from the U.S. mail, filling out stolen courtesy checks to make fraudulent deposits, and using phony identification to obtain welfare housing in Lynn and Revere.

Esther Arias, 28, of Malden, and Gladys Cabrera, 31, of Brockton, were indicted Wednesday by a federal grand jury in Boston on multiple counts related to the thefts, according to U.S. Attorney Michael J. Sullivan.

The 47-count indictment charged Arias with 19 counts of mail fraud, seven counts of theft and receipt of stolen mail, two counts of bank fraud, one count of identity theft, and three counts of theft of government property involving U.S. Housing and Urban Development (HUD) benefits.

Cabrera was charged with conspiracy, six counts of mail fraud, 10 counts of theft and receipt of stolen mail, one count of bank fraud, and one count of theft involving HUD benefits.

Court documents indicate the pair began the crime spree in 2003 and continued through Jan. 10, 2004. The women allegedly "stole mail and used information contained within to obtain personal checks of people living in Lynn, which they altered and used to get cash and to make deposits to their bank accounts, as well as bank accounts opened under fictitious identities," according to U.S. Attorney's Office spokesman Samantha Martin.

The women were also indicted for obtaining credit cards by fraud and charging purchases to those cards in the names of other people and without their knowledge. Prosecutors further charged Arias with obtaining a bank automobile loan by using

someone else's identify and without their knowledge, and with using stolen checks and credit cards to make the loan payments, Martin said.

HUD joined the investigation after learning that Arias allegedly had obtained federal housing benefits for three apartments simultaneously under different identities, and that Cabrera had participated in the scam related to the third apartment, according to court documents.

Lynn Housing Authority and Neighborhood Development (LHAND), the local agency that oversees federal public housing in the city, had no record of either defendant under their real names, according to Barbara Morrison, supervisor of the authority's fraud unit. The aliases allegedly used by the women to obtain HUD Section 8 welfare apartments were unavailable.

If convicted on the conspiracy, mail fraud and theft charges, the defendants face up to five years behind bars, followed by three years of supervised release, and a $250,000 fine on each charge. Each count of theft of government property carries a maximum of 10 years' imprisonment, six-figure fines and additional supervision upon release. The bank fraud charges can lead to a 30-year jail term and $1 million in fines.

Arias is currently in federal custody pending trial under a separate indictment, charging her with conspiracy in a scheme to file bogus federal and state tax returns in the name of other people, according to Martin.

The U.S. Postal Inspection Service, HUD, the U.S. Internal Revenue Service, U.S. Immigration and Customs Enforcement and the Lynn Police Department investigated the case, related to housing fraud and mail theft in Lynn and Revere.

Witness Tells Court About Gang Rape In MS-13 Trial (WP)

By Ruben Castaneda

The Washington Post, September 29, 2006

The petite young woman was a 16-year-old Laurel High School student three years ago when she decided to skip classes one day to join two other girls at a party at a Hyattsville apartment.

At the party, she said, Oscar Ramos "Casper" Velasquez took her into a bedroom, where he kissed her and told her that if she didn't have sex with him, as many as 15 other teenagers and young men at the gathering would have sex with her.

When she resisted, two more young men entered the room, the woman told jurors yesterday in federal court. One man threw her on the bed and choked her, the other held down her arms and "Oscar pulled out a gun," she testified.

"He put it to my head, and he said if I didn't shut up, he was going to kill me," the woman told jurors.

Eight men raped her, the 19-year-old woman said. Two assaulted her simultaneously. Outside the room, she said, she heard one man say, "Five minutes each."

The graphic testimony about the May 12, 2003, assault was given in U.S. District Court in Greenbelt, where Velasquez, 21, of Baltimore, and Edgard Alberto "Pony" Ayala, 28, of Suitland, are on trial on federal racketeering charges.

They are the first two of 19 alleged members of Mara Salvatrucha, also known as MS-13, who are to be tried under the federal RICO law. In an indictment handed up last year, and in two later indictments, federal prosecutors say that the gang conspired to commit murder, rape and other crimes.

The young woman's appearance represented the first direct testimony about violence allegedly committed by MS-13 members. Prosecutors say she is one of two teenage girls sexually assaulted at the Hyattsville party.

During nearly three hours on the witness stand, the woman, a Salvadoran immigrant, maintained her poise as she testified through a translator. She did not appear to look at Velasquez, seated about 20 feet away.

The Washington Post does not identify victims of sexual assault without their consent.

Under direct examination by Assistant U.S. Attorney Sandra Wilkinson, the woman said that after Velasquez threatened her with the gun, another man came in and threatened her with a stick. As she continued to cry and plead to be left alone, yet another man came into the room and said, "I'll go first," she said.

The other four left the room, and the new man raped her, the woman testified.

Outside the room, she could hear teenagers and young men hollering and laughing.

The woman said she tried to get dressed between attacks.

Eventually, 10 men entered the room, but two did not rape her, the woman said. She testified that Velasquez did not sexually assault her.

Some of the attackers used condoms, she said. Eventually, a man came into the room and picked up the used condoms.

Asked by Wilkinson how the assault made her feel, the woman said, "Weak, in pain. Lost. Bad."

The woman said she heard one of the other girls yelling, just before all the men and teenagers in the apartment ran away. The woman said she got dressed and went outside, where she used the cellphone of a neighbor to call 911 and report that she had been raped.

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Federal prosecutors also called to the witness stand a Los Angeles police detective who testified about the origins of MS-13 and a court translator who read her translations of letters written by gang members.

MS-13 members live by the motto "We kill, we rape, we control," a federal prosecutor said in her opening statement Tuesday.

Federal prosecutors say that MS-13 committed six homicides and four attempted homicides between April 2003 and June 2005 in suburban Maryland. Eight attacks were in Prince George's, two in Montgomery.

An indictment handed up last week charges that the gang was responsible for a seventh homicide, in Fairfax County in January 2005, when two MS-13 members allegedly fired into a group of youths sitting outside an apartment building. One man was killed, and two juveniles were wounded.

Ayala is accused of driving with fellow gang members to the Fairfax attack.

CIVIL LAW:

Judge Denies Stay Motion In Government Case Against Tobacco (MRKTWTCH)

By Mark H. Anderson

Market Watch, September 29, 2006

WASHINGTON (MarketWatch) -- A federal judge Thursday denied a motion by several tobacco companies asking for the stay of a U.S. District Court ruling in the Justice Department's racketeering lawsuit against the tobacco industry.

U.S. District Judge Gladys Kessler's rejection of the request means the companies now must focus on filing appeals in the case in the Washington, D.C.-based U.S. Circuit Court of Appeals. Philip Morris USA, a unit of Altria Group Inc. (MO), said it will immediately appeal for a stay of the tobacco judgment with the D.C. Circuit while it prepares its broader appeal of Judge Kessler's ruling.

"Philip Morris USA believes a stay in this case is warranted," said William S. Ohlemeyer, associate general counsel at Philip Morris.

Judge Kessler, in an order denying the stay request, said "there is a very substantial likelihood that many individuals will be harmed if the stay is granted" and that "those considerations far outweigh defendants' purely economic concerns about losing what may, at most, be unrecoverable market share if the stay is denied."

Philip Morris, Reynolds American Inc. (RAI), Loews Corp.'s (LTR) Lorillard Inc. and British American Tobacco PLC (BTI) all asked that the Aug. 17 ruling be set aside pending appeals. Judge Kessler's decision said the cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco and ordered a series of remedial actions that include changes and restrictions on the marketing of light and low-tar cigarettes.

The companies argued the marketing restrictions and expenses of complying with the court order would substantially harm them economically. But Judge Kessler said "their complaints about the costs of compliance with the remedial order ring hollow."

Judge Kessler's denial of a stay, which would have set aside her 1,653-page decision, was expected. The appeals process at higher federal courts is likely to play out over the next couple months as the companies prepare to litigate at the appeals court level.

-Contact: 201-938-5400

What's The Judge Smoking? (WSJ)

The Wall Street Journal, September 29, 2006

Jack Weinstein is a federal judge in Brooklyn, New York, who's well-known for indulging class-action lawyers. His honor certainly didn't disappoint them this week when he granted class-action status to a $200 billion claim against Big Tobacco. That eye-popping dollar amount has garnered big headlines, but the real news rests on whether the decision holds up on appeal, which isn't likely.

Unlike so many past (and unsuccessful) lawsuits against tobacco companies, this one isn't about the health risks of smoking per se. Instead, plaintiffs attorneys argue that Philip Morris, R.J. Reynolds and other cigarette manufacturers fooled customers into thinking "light" and "low-tar" products are safer and less addictive, even though a pack of Marlboro Ultra Lights carries the same warning label as a pack of Camels.

Never mind, too, that a D.C. Circuit Court of Appeals ruling last month on the marketing of "light" cigarettes resulted in no damages being awarded. Or that a similar consumer fraud claim was rejected last year by the Illinois Supreme Court. In the latter case, which also involved Philip Morris, the court ruled that the Federal Trade Commission had authorized tobacco companies to use the terms "low tar" and "light" in marketing cigarettes. "If the FTC has specifically authorized the use of the term," said the

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court, "[Philip Morris] may not be held liable under the Consumer Fraud Act, even if the terms might be deemed false, deceptive or misleading."

A more immediate concern for plaintiffs is whether Judge Weinstein's class certification will be upheld by the Second Circuit Court of Appeals. If that happens, it would be the first "lights" case to be certified in federal court, and an estimated 50 million Americans -- anyone who's purchased a "light" cigarette since they went on the market in the 1970s -- could be part of the class.

If you're among those 50 million, however, don't spend your share of the money just yet. The federal courts have not looked kindly on certifying nationwide classes that are predicated on state consumer protection statutes. That's mainly because state laws vary so widely as to make class status untenable, particularly when it comes to remedies.

In a 2002 decision by Judge Frank Easterbrook, the Seventh Circuit Court of Appeals denied nationwide certification on those grounds to owners of SUVs who claimed their Firestone tires were unsafe. And just last year, the Second Circuit decided that another national class action against tobacco companies did not meet federal requirements, and that the judge who certified the class was out of bounds in doing so. The activist judge overturned in that case was none other than Jack Weinstein.

Our point is not to sympathize with tobacco companies, which obviously sell a dangerous (if legal) product. But neither should the tort bar be permitted to use current public sentiment against Big Tobacco to create a more lawsuit-friendly legal environment, which is what these "consumer fraud" cases are really about.

Looser requirements for class certification is their real long-term goal. But giving trial lawyers license to cobble together plaintiffs nationwide, and then shop around for the Judge Weinsteins of the bench, puts not only tobacco manufacturers but every deep-pocketed manufacturer at risk. Often, certification of a class -- before any evidence addressing the merits has been introduced -- is all that's needed to force a defendant to settle rather than risk a jury trial that could wipe out a business or industry. If you think that's alarmist, consult a manufacturer of breast implants, lead paint, asbestos or guns. Shares of Altria, the parent company of Philip Morris, fell 6.4% on news of the ruling, before recovering a bit.

Lax certification requirements are a green light for trial lawyers to push the envelope -- and a class that includes one-sixth of the U.S. population is really pushing it. It encourages more frivolous filings, which in turn crowd out the legitimate ones. Which is why Judge Weinstein's ruling deserves to be reversed.

Tenet Agrees To "Integrity" Pact (AP-YBIZ)

AP, September 29, 2006

Tenet Healthcare Agrees to "Corporate Integrity" Pact With Federal Authorities

DALLAS (AP) -- Tenet Healthcare Corp. on Thursday said it has agreed to a "corporate integrity" pact with federal authorities -- an offshoot of the hospital manager's $900 million settlement resolving investigations into alleged over-billing of Medicare.

The agreement with the Office of the Inspector General and Department of Health and Human Services establishes annual training requirements and compliance reviews by independent organizations. It targets Tenet's clinical standards, code of conduct and procedures in billing and reimbursement, among other areas.

Tenet, the nation's second-largest hospital operator, agreed in June to pay the $900 million to end investigations by the Justice Department and several U.S. attorneys into allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals, and used improper billing codes to bilk the health care program. The settlement did not include a determination that Tenet broke the law.

In a statement, President and Chief Executive Trevor Fetter said the company already has in place many of the procedures and systems called for under the corporate integrity pact, due to changes made over the past three years since the company came under investigation.

The agreement runs through September 2011.

Federal Judge Rejects Ohio Law Restricting Use Of Abortion Pill (FINDLAW/AP)

AP, September 29, 2006

(AP) - CINCINNATI-A federal judge struck down an Ohio law restricting the use of an abortion-inducing pill, calling the law vague and saying it could jeopardize women's health.

Wednesday's ruling by U.S. District Judge Susan Dlott came two years after a court challenge by Ohio abortion providers.

The 2004 law, which had never taken effect, bars doctors from prescribing mifepristone, or RU-486, after the seventh week of pregnancy.

The American College of Obstetricians and Gynecologists, which joined the suit this year, said the law interfered with medical decisions and criminalized practices that could be in the best interest of patients.

State officials argued the law was intended to protect women in accordance with Food and Drug Administration guidelines, which recommend that RU-486 not be prescribed to women more than seven weeks pregnant.

The judge said the law was unclear and contained no exception to allow use of the drug in cases where a woman's health was at risk.

In September 2004, Dlott issued a temporary injunction barring enforcement of the law one day before it was to take effect.

Plaintiffs celebrated the new ruling. "This is another piece of legislation that is intended to scare doctors away from providing reproductive health care," said Al Gerhardstein, an attorney for Planned Parenthood.

Mark Anthony, a spokesman for Attorney General Jim Petro, said Thursday that his office was reviewing the ruling and had not decided whether to appeal.

CIVIL RIGHTS:

Complex Designers And Builders Settle Discrimination Suit (AP)

AP, September 29, 2006

AUSTIN — Two apartment complexes will be retrofitted to make them more accessible for people with disabilities and settle a discrimination lawsuit the U.S. Justice Department filed against 10 companies involved in the design and construction of the facilities, the federal government said Thursday.

The settlement requires court approval, the Justice Department said in a news release.

The companies have to work on the parking areas, walkways, the interior of ground-floor units and common areas of the St. John's Village and Hunting Meadows Apartments. They also will pay $10,000 in civil penalties to the government and establish a $50,000 fund to compensate people harmed by the inaccessible housing.

A lawsuit against the developers, builders, architects and engineers alleged the dwellings didn't include features that make them more accessible to people with physical disabilities. It was filed in U.S. District Court for the Western District of Texas.

The companies are Legend Communities Inc., which does business as SDC Austin, Communities; Randall Jones Engineering, Inc.; Alexander Consulting Engineers, Inc., which does business as Professional Design Group; Trugreen Landcare, L.L.C., which does business as Land Design Studio; Hatch Partnership, L.L.P., Architects; Danze & Davis Architects, Inc.; St. John's Housing Partnership, L.P.; SMDC Development, Inc.; Decker Lane Partners, L.P. and SDCW Development Corp.

Two Groups Request Voting Monitors For Augusta November Election (WRDW-TV)

WRDW-TV, Augusta, GA, September 29, 2006

There's just over a month before voters head to the polls, but the Augusta NAACP is taking steps now to make sure the election is carried out fairly.

They're asking the US Justice Department to step in and oversee the election.

Under the Voting Rights Act, any voter or group has the right to ask for federal assistance if they have a serious concern about the fairness surrounding an upcoming election. Two local groups say they have several concerns and that's why they're asking for help.

"On election day, we want to make sure every vote is tallied, every vote is accurately counted," said Dr. Charles Smith, president of the Augusta NAACP.

Dr. Smith sent a letter to the US Department of Justice saying the citizens of Richmond County do not have trust and confidence in the reliability of the Diebold electronic voting machines.

"These machines are unreliable," he told News 12. "It's like a credit card. You scan it. If a person does not go through the whole process, or forgets to push the button, the vote won't count."

So Dr. Smith and Sharon Paschal of Taxpayers for Economic Justice are asking the Justice Department to deploy federal observers to Augusta to monitor the November election.

"Again, you have somebody that's back on the ballot that was on the ballot in the previous election, so you want to make sure the machines are cleared," Paschal said.

The groups have organized a petition with over 600 names.

Other than the voting machines, they're concerned about Deke Copenhaver's former campaign manager, Tim Moses, serving on the Board of Elections, which oversees the tabulation of votes.

"He recused himself during the hearing, but the Board may still be contaminated with his views," Paschal said.

While it's uncertain if the Justice Department will actually grant the groups' request, voters we talked to had mixed opinions about this step being taken.

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"If you've got people to protect you and get it done right then it goes right," said Alma Stringfeller.

"Were I a minority person, I might have some questions too, but I'm not sure if anything of untoward is going on at this point," said Lowell Barnhart.

Federal observers are trained by the Justice Department.

If they came to Augusta, they would watch, listen, and record everything that happens inside the polling places.

They would not be allowed to interfere with the election, but they would prepare a report, and that report would be used in court if there was a challenge.

Federal monitors have never been deployed to Augusta, but they have been sent to dozens of counties over the last few years.

So how long will it be before we know if the justice department will send the monitors.

We probably won't know for a couple of weeks whether the Justice Department will send the monitors. The decision lies with the Attorney General.

Secretary of State Cathy Cox says it will be expensive for extra security on those electronic voting machines.

She submitted a cost plan to the governor for providing paper trails for the electronic ballots.

The estimate is between $19.5 and $75 million for the system.

The state spent $75 million to switch to electronic ballots in 2002.

Lawmaker Questions E-voting Paper Trail (AP-Y)

By David Hammer

AP, September 28, 2006

A House committee chairman and an election official on Thursday punched holes in the notion that paper records will solve the problems with new electronic voting machines.

About a month before voters put their trust in computerized ballots, Rep. Vernon Ehlers, R-Mich., chairman of the House Administration Committee, subtly mocked the "Got Paper?" catchphrase of activists calling for paper audits of those votes.

Ehlers pointed to a photo of a pollworker in the 2000 Florida recount, his one eye appearing massive as it peered through a magnifying glass at a punch-card ballot.

"You can see this man has 'got paper,'" Ehlers said. "Simply saying let's use paper does not mean the problems go away."

Keith Cunningham, former head of the Ohio Association of County Elections Officials, testified that a recount of Cuyahoga County's voter-verified paper audit trail showed massive failure of the printouts — 10 percent of the receipt-like rolls were missing, blank or unreadable.

"I equate it to planting several hundred acres of wheat with a state-of-the-art machine and then going out and harvesting it by hand like the Amish do," Cunningham said.

Legislation proposed by Rep. Rush Holt, D-N.J., and backed by more than 200 lawmakers would require paper audit trails for all new electronic voting machines. About 39 percent of voters will use electronic ballots and about 41 percent will use paper ballots read by optical scanners in the Nov. 7 elections.

"It must be done this week," Holt wrote in a letter to colleagues. "Voter confidence — both parties — is unraveling."

Activists have filed lawsuits in at least nine states contending the new electronic voting machines are not secure and prone to as many errors as punch cards and other mechanical voting methods.

Princeton University Professor Edward Felten testified that Diebold Inc.'s computerized voting machines could be easily hacked. He used a generic jukebox key he said he bought on the Internet to break into a Diebold voting machine and change the outcome of a mock election.

Diebold has questioned the methods of Felten's analysis and of the paper trail review in Ohio.

Michael Shamos, a software researcher and Pennsylvania voting examiner, warned against condemning the whole expensive electronic voting system because of some fixable security concerns. He said Holt's legislation would do just that by imposing standards that no electronic voting machines can currently meet.

"If passed in its current form there could be no more electronic voting in this country," Shamos said. "Congress would be in position after spending $3 billion on new voting machines, of spending millions more to replace what it just paid for."

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The House resolution is H.R. 550

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On the Net:

Congress: http://thomas.loc.gov

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ANTITRUST:

Congressmen Ask For Delay In BellSouth, AT&T Merger (AP)

By John Dunbar, Associated Press

AP, September 29, 2006

WASHINGTON – The chairman and ranking member of the House Judiciary Committee have asked the Justice Department to delay approval of the merger of AT&T Inc. and BellSouth Corp. until a federal court decides whether two previous mergers were in the public interest.

Committee Chairman James Sensenbrenner, R-Wis., and ranking member John Conyers, D-Mich., sent a letter Thursday to Attorney General Alberto Gonzales asking the department delay its decision until a federal judge rules on the merger of SBC Communications Inc. and the old AT&T Corp., as well as the merger of Verizon Communications Inc. and MCI Inc.

Also Wednesday, Democrats on the Senate Judiciary Committee, Sens. Patrick Leahy of Vermont and Herb Kohl of Wisconsin, wrote a similar letter questioning whether Justice has been approving mergers too hastily, counter to the intent of federal law.

The Justice Department had no immediate comment.

Pols Call For Delay Of AT&T-BellSouth Merger (AJC)

By Scott Leith, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 29, 2006

Two congressmen have asked the Justice Department to slow down a review of the pending merger of AT&T and BellSouth.

The representatives, James Sensenbrenner (R-Wis.) and John Conyers (D-Mich.), sent a letter Wednesday to Attorney General Alberto Gonzales, questioning the possible approval of the AT&T-BellSouth deal before a judge completes his review of two other telecommunications mega-mergers from last year.

The letter, along with one sent to Justice by two senators, was touted Thursday by a group called the Competition Coalition, which opposes the AT&T-BellSouth combination.

The spotlight on the pending deal is intensifying as the Justice Department and the Federal Communications Commission both move closer to approving the merger. AT&T wants to complete its purchase of BellSouth as soon as next month, while opponents want to place certain restrictions on the deal.

The Justice Department must review mergers, and then a court must conduct its own review.

At the moment, a judge is looking at the approvals of two big mergers from 2005: Verizon Communications-MCI and SBC Communications-AT&T. The review is required under what is known as the Tunney Act.

"The court is examining the sufficiency of proposed remedies intended to alleviate competitive harm," Sensenbrenner and Conyers wrote. "Any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T-BellSouth merger."

AT&T, however, disagrees with requests for the Justice Department to slow down its review of the BellSouth deal to wait for the judge's decision regarding last year's deals.

"We see no reason for a delay," said AT&T spokesman Dave Pacholczyk. "These are different mergers. Our merger with BellSouth is proceeding along a separate path and is not part of the court's review."

The current AT&T was created when SBC Communications of San Antonio bought the old AT&T and took on the famous name.

In a separate letter, senators Patrick Leahy (D-Vt.) and Herb Kohl (D-Wis.) objected to the Justice Department's practice of letting mergers close before Tunney Act review.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," the letter said.

The Justice Department does not comment on pending reviews, as in the AT&T-BellSouth case.

Andrew Schwartzman, a member of the Competition Coalition, supports requests for a delay. "Were the DOJ and FCC to approve the AT&T-BellSouth merger before federal judicial review of prior Bell mergers, this administration will have demonstrated yet again that it has never met a merger it won't approve," Schwartzman said, in a prepared statement.

Last week, FCC Chairman Kevin Martin circulated a plan to approve the AT&T-BellSouth deal without conditions. The FCC's next meeting is currently scheduled for Oct. 12. Typically, the FCC lets the DOJ announce its decision first.

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Lawmakers Call For Delay In AT&T/BellSouth Merger (SABIZ)

San Antonio Business Journal, September 29, 2006

The House Judiciary Committee's chairman and ranking member have sent a letter to U.S. Attorney General Alberto Gonzales asking the Justice Department to put off approval of AT&T Inc.'s planned $67 billion acquisition of BellSouth Corp.

The letter asks that the approval be delayed until a federal court can determine if the previous SBC/AT&T and Verizon/MCI mergers are in the public interest.

A 2004 amendment to the Tunney Act requires the court to make this public interest determination, House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) and Ranking Member John Conyers Jr. (D-Mich.) said in the letter.

"In the current Tunney Act proceedings, the court is examining the sufficiency of proposed remedies intended to alleviate competitive harm, particularly in the local private line marketplace associated with the SBC/AT&T and Verizon/MCI mergers," the letter said.

"At the same time, the (Justice) Department is evaluating precisely the same question -- whether a proposed merger would produce competitive harm in the local private line market and what remedies could address this harm -- in the context of the proposed AT&T/BellSouth merger. As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T/BellSouth merger."

The two lawmakers also urged the Justice Department to carefully review the AT&T/BellSouth merger "due to the size and scope of the transaction" and to "mitigate the risk of competitive harm and to ensure that it is consistent with the public interest."

In March, San Antonio-based AT&T (NYSE: T) reported its plans to acquire Atlanta-based BellSouth (NYSE: BLS). The merger also will streamline the ownership and operations of Atlanta-based Cingular Wireless LLC, which AT&T and BellSouth own together.

The new company will be more innovative, nimble and efficient, providing benefits to customers by combining the Cingular, BellSouth and AT&T networks into a single fully integrated wireless and wireline Internet Protocol network that offers a full range of advanced technology, the companies contend.

The AT&T/BellSouth merger only needs approvals from the Justice Department and Federal Communications Commission in order to close. A spokeswoman for AT&T said Thursday the company still expects to clear these regulatory hurdles later this fall.

Lawmakers Seek Delay Of AT&T-BellSouth Deal Review (MRKTWTCH)

By Siobhan Hughes

Market Watch, September 29, 2006

WASHINGTON (MarketWatch) -- Two powerful House lawmakers are asking the Justice Department to postpone a review of AT&T Inc.'s (T) $67 acquisition of BellSouth Corp. (BLS) until a federal judge completes his determination of whether two prior telecommunications mergers are in the public interest.

The letter from House Judiciary Committee Chairman James Sensenbrenner, R-Wis., and Rep. John Conyers, D-Mich., the top Democrat on the panel, may throw a new kink into efforts to speed up a review of the merger. Federal Communications Commission Chairman Kevin Martin has set the stage for an Oct. 12 vote on the transaction, and it had been expected that the Justice Department might issue its own decision before then.

A Justice Department spokeswoman wasn't immediately available to comment.

U.S. District Judge Emmet Sullivan is currently reviewing the mergers of Verizon Communications Inc.'s (VZ) with MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T, under expanded power Congress gave the courts in the Tunney Act of 2004 to more closely scrutinize Justice Department antitrust pacts with companies.

Two groups representing Bell competitors as well as New York Attorney General Eliot Spitzer have challenged the mergers, arguing that the conditions imposed by the Justice Department failed to boost competition.

"As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the Department's review and analysis of the proposed AT&T/BellSouth merger," Sensenbrenner and Conyers wrote to U.S. Attorney General Alberto Gonzales on Sept. 28.

They also said that giving courts the power to review Justice Department approvals "is not only a reasonable request, but a clear directive Congress reaffirmed in its 2004 amendments to the Tunney Act."

Separately, two top Senate Judiciary Committee Democrats wrote Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a Sept. 27 letter. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review."

Leahy and Kohl referred specifically to the Verizon and MCI merger in the letter. A federal judge is reviewing both that merger and the separate merger of SBC Communications and AT&T.

The letter asks Barnett to explain why the Justice Department is allowing some mergers to complete before court reviews are final. The letter doesn't set a deadline, however, for when the antitrust chief must respond.

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(In a story published around 12:24 EDT, the amount of the transaction was incorrect.)

(Adds more details from House letter in third paragraph; comment from DOJ spokeswoman in fourth paragraph; FCC chairman's Tuesday comments in 10th paragraph; adds background on internal FCC political situation in 11th paragraph; analyst quote in 12th paragraph; moves section on Senators seeking conditions up to 13th paragraph)

WASHINGTON (MarketWatch) -- Two powerful House lawmakers are asking the Justice Department to postpone a review of AT&T Inc.'s (T) $67 billion acquisition of BellSouth Corp. (BLS) until a federal judge decides whether two prior telecommunications mergers were in the public interest.

The letter from House Judiciary Committee Chairman James Sensenbrenner, R-Wis., and Rep. John Conyers, D-Mich., the top Democrat on the panel, may throw a new kink into efforts to speed up a review of the merger. Federal Communications Commission Chairman Kevin Martin has set the stage for an Oct. 12 vote on the transaction, and it had been expected that the Justice Department might issue its own decision before then.

"We request the Department postpone concluding its examination of the proposed AT&T/BellSouth merger," the lawmakers' letter says.

"We're aware of it and will respond as appropriate," said Gina Talamona, a Justice Department spokeswoman. She declined to provide a timeframe for a response. An FCC official said that Martin had received a copy of the letter and a separate letter from the leaders of the Senate Judiciary Committee, but declined further comment.

U.S. District Judge Emmet Sullivan is currently reviewing the mergers of Verizon Communications Inc.'s (VZ) with MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T, under expanded power Congress gave the courts in the Tunney Act of 2004 to more closely scrutinize Justice Department antitrust pacts with companies.

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"As a result of this concurrent examination, any court decision in the pending Tunney Act proceedings would necessarily affect the [Justice] Department's review and analysis of the proposed AT&T/BellSouth merger," Sensenbrenner and Conyers wrote to U.S. Attorney General Alberto Gonzales on Thursday.

They also said that giving courts the power to review Justice Department approvals "is not only a reasonable request, but a clear directive Congress reaffirmed in its 2004 amendments to the Tunney Act." FCC Chief Supports Deadline

On Tuesday, the FCC chairman had suggested that sticking to a self-imposed deadline of reviewing mergers within 180 days was more important than allowing the federal judge's review to run its course. Although the Tunney Act doesn't apply to the FCC, its officials and Justice Department officials coordinate on telecommunications mergers, and have been doing so in this case. The Justice Department review typically is concluded first.

"We could stop the clock, obviously, and we don't always make 180 days," Martin told reporters after an FCC meeting on Tuesday. "But that's our goal of trying to and I think it's important for the commission to still continue to try to make that 180 day clock."

Even so, Martin already faces the possibility that he may not have a Republican majority on the five-member FCC to approve the transaction. FCC Commissioner Robert McDowell has indicated he may recuse himself from voting since his previous employer, a trade group for small phone companies, opposes the deal. The result would be to empower the FCC's two Democrats, who are likely to want stricter conditions than those Martin would request.

"The FCC can choose to act however it sees fit, because it's not part of the Tunney act review," said Jessica Zufolo, an analyst at Medley Global Advisors LLC. But the letter "definitely is intended to make the commission pause, and it may cause some consternation in the process at the commission." Senators Want Conditions

Meanwhile, Kohl and another committee member asked the Justice Department and the FCC to consider imposing conditions on the merger. Sen. Mike DeWine, R-Ohio, the top antitrust lawmaker on the judiciary panel, and Kohl said in a letter

Thursday that they were concerned about allegations the new company would stockpile the wireless spectrum it controls and keep it out of the hands of competitors, slowing the deployment of broadband wireless technologies known as "Wimax."

"We urge your agencies to carefully examine the market for spectrum, which types of spectrum may be necessary to efficiently and economically provide Wimax service, the impact of this merger on that spectrum market, and any allegations of warehousing, and to take whatever steps are appropriate," their letter says.

The senators also asked the FCC and Justice Department to examine whether AT&T and BellSouth should divest themselves of some so-called local loop facilities in BellSouth's territory in the southeastern U.S.

Two Senate top Senate Judiciary Committee Democrats added to the pressure, writing to Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed.

"Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review," Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a letter Wednesday. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review."

Leahy and Kohl referred specifically to the Verizon and MCI merger in the letter. A federal judge is reviewing both that merger and the separate merger of SBC Communications and AT&T.

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-Contact: 201-938-5400

'We Think It Will Pass' (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 29, 2006

WASHINGTON — The House will vote Friday on legislation that would repeal the Wright Amendment in eight years, after leaders changed the bill to conform to a Senate version.

"We've got the support to pass it," Rep. Kay Granger, R-Fort Worth, said. "I'm very happy about it. We think it will pass."

Granger, according to one lawmaker, has more than 300 votes for the bill. That's more than the two-thirds needed to pass bills under "suspension" of the rules, a calendar for typically noncontroversial legislation.

Those bills can't be amended, and House leaders have placed the bill on the suspension calendar to try and assure its passage.

In a bow to the power of the Texas GOP delegation, the House majority leader, John Boehner, R-Ohio, attended the group's weekly lunch Thursday to tell them he scheduled the vote for today.

Boehner worked this week to mollify House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who stripped antitrust immunity from a version of the legislation earlier this month.

The Wright Amendment legislation to be voted on has been changed to include language on antitrust issues negotiated last week by Sen. Kay Bailey Hutchison, R-Texas, and Arlen Specter, R-Pa., the Senate Judiciary Committee chairman. The new version also reinforces safety language.

The Wright Amendment, passed by Congress in the late 1970s to protect Dallas/Fort Worth Airport, restricts most passenger flights at Dallas Love Field to within Texas and several nearby states. Scheduled nonstop and connecting flights beyond that perimeter are prohibited, which critics say hampers competition at Love and keeps airfares high here.

The bill being voted on by the House reflects an agreement reached by Fort Worth, Dallas, American and Southwest airlines and Dallas/Fort Worth Airport in June that would reduce the number of Love's gates to 20 from 32, permit immediate through-ticketing beyond Texas and the eight states covered by existing Love Field limits, and abolish those limits in eight years. After eight years, airlines would be free to fly nonstop domestically from Love.

In modifying the House bill this week, negotiators removed the antitrust language that troubled House and Senate judiciary committee members.

The language said the signers to the agreement were protected "from any competition laws." The new language makes clear that the city of Dallas "shall reduce the number of gates," giving the parties legal cover for acting under congressional direction.

A House-passed bill with the changes should ease the way for passage in the Senate, where Hutchison has been working to get the bill approved.

Sen. Patrick Leahy, D-Vt., has raised questions about antitrust and has placed a hold on the Senate version.

The House and Senate are aiming to recess today for the fall elections, although the Senate could work through the weekend.

The Wright Amendment legislation could fall into a December session of Congress. The local Wright Amendment deal could be voided if Congress doesn't pass it intact before the end of December.

Jamie Loftus, Hutchison's spokesperson, said Hutchison is "still pursuing a unanimous consent option" in the Senate.

"We're still optimistic that we'll get the language passed by the Senate before the recess," said Marc Short, a Hutchison aide.

Meanwhile, American and Southwest airlines attempted to mobilize employees to help. Both airlines sent e-mails to their work forces Thursday, asking them to contact their representatives in Congress.

"You've got 120,000 people who are very involved in this issue," said John Carpenter, vice president of corporate affairs at American. "And they're all voters."

While events unfolded in Washington, the owners of the Legend Airlines terminal at Love Field filed a federal lawsuit against the city of Dallas in an attempt to stop the deal from progressing.

The suit accuses Dallas officials of having violated state open-meetings laws in negotiating the compromise, and asks the court to throw it out.

The suit named the city, Mayor Laura Miller and council members Angela Hunt, Linda Koop, Pauline Medrano, Ron Natinsky, Ed Oakley and Steve Salazar. The defendants were on a committee that negotiated the deal with representatives from Fort Worth, American, Southwest and D/FW.

The suit requested an injunction voiding the compromise and requiring the city to produce minutes and records of meetings held behind closed doors.

The terminal owners have opposed the agreement because the deal would require the city to seize and close the facility's gates. The owners say they were on the verge of a deal to sell the building for $100 million to Pinnacle Airlines, a regional partner of Northwest Airlines, before the Wright compromise was struck.

Dallas officials were not available to comment on the suit late Thursday.

Staff writers Trebor Banstetter and David Wethe contributed to this report.

Officials Make Another Pitch For Wright Compromise (AP)

AP, September 29, 2006

DALLAS - Officials from Dallas and Fort Worth made another pitch Thursday for a compromise on the Wright Amendment to lift restrictions on long-haul flights from Dallas Love Field after eight years, sending a letter to lawmakers in Washington who have expressed concerns about antitrust issues.

An agreement forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth calls for eventually repealing the Wright Amendment and eliminating some gates at Dallas Love Field.

The U.S. House is expected to take up the issue on Friday before recessing for the election break. The compromise is contingent on passage before the end of the year.

Sen. Patrick Leahy, D-Vt., has continued to block the legislation in the Senate over concerns about whether it sidesteps federal antitrust laws.

The letter from Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief as well as attorneys for the two cities said the compromise reached earlier this year is "a sensible solution to a decades-old problem," according to a news release from DFW Airport.

"The cities of Dallas and Fort Worth spearheaded this effort not only to repeal the Wright Amendment and thereby improve air competition, but simultaneously to improve the regional transportation infrastructure serving Dallas and Fort Worth, to stimulate to the greatest extent possible regional economic growth, and to address community concerns about the noise, traffic, and air pollution associated with increased service at these airports," they said in the letter.

In an accompanying letter, DFW board chairman Jan Collmer and other former chairmen said the goal of the legislation is open the North Texas market to more competition, not less. They said they expected $259 million a year in fare savings.

Under the Wright Amendment, flights from Love Field must land in Texas or eight nearby states.

Justice Formally Drops Exelon Case (AP-YBIZ)

AP, September 29, 2006

Justice Drops Exelon Antitrust Case in Wake of Collapse of Acquisition of PSEG

DOJ_NMG_0071224

WASHINGTON (AP) -- The Justice Department on Thursday said it has formally moved to dismiss its antitrust case against utility company Exelon Corp. for its purchase of New Jersey utility Public Service Enterprise Group, now that Exelon has given up on the acquisition.

Chicago-based Exelon sought to purchase Newark-based PSEG in a $17 billion deal announced in December 2004, but the acquisition fell apart in the face of opposition from New Jersey's utilities regulators. Exelon announced Sept. 14 that the two companies had dropped their plans to merge.

Justice approved the merger in June, but only on condition that Exelon sell six power plants. Those conditions were set out in a proposed settlement to an antitrust lawsuit the department had filed, but has now filed notice to dismiss.

Shares of Exelon finished down 40 cents, at $61.30 on the New York Stock Exchange. PSEG shares closed down 49 cents, at $61.63 on the NYSE.

West Penn Tries To Stop UPMC's Mercy Deal (PPG)

By Christopher Snowbeck

Pittsburgh Post-Gazette, September 29, 2006

The head of the region's second-largest health system is moving aggressively to try to block the merger of University of Pittsburgh Medical Center and Mercy Hospital, raising concerns with the U.S. Justice Department, the state attorney general and others.

The moves by Jerry J. Fedele, chief executive officer of West Penn Allegheny Health System, come as questions swirl about what a merger, announced a week ago, would mean for health care costs in the region.

Mr. Fedele argues that a merger would further UPMC's goal of creating a health care monopoly that would drive up costs by using its market share to demand better reimbursements from health insurers like Highmark Inc.

UPMC officials would not directly respond to the charge, but said they pursued the merger as a way to save the county's last Catholic hospital. The merger, which Mercy officials have said was initiated by them, primarily would benefit UPMC by giving the health system room for a needed expansion of hospital services.

Still, concerns remain about the cost impact of the merger, which Mercy and UPMC officials hope to conclude by the end of the year if they successfully clear a barrage of regulatory and other hurdles, including approval from Rome.

A report being released today by the Pennsylvania Health Care Cost Containment Council notes that charges for patients treated at UPMC's Presbyterian and Shadyside hospitals are consistently and considerably higher than the charges at Mercy.

For example, the study finds that UPMC Presbyterian Shadyside charges anywhere from 37 percent to 92 percent more than Mercy for patients with any of 30 common diagnoses.

Insurance companies rarely pay the sticker prices, which is what the report measured, acknowledged Christine Whipple, executive director of the local employer coalition Pittsburgh Business Group on Health.

So it would be wrong, she said, to suggest the spread in charges between UPMC and other hospitals precisely mirrors the difference in payments received by the hospitals.

But the report does raise questions, she said, about why the gap in charges is so large; whether the addition of Mercy to the UPMC stable might widen the spread between UPMC and other hospitals; and whether having UPMC control that much more of the market might drive costs up further.

"We have a highly concentrated market as it is," Ms. Whipple said.

"To continue to highly concentrate that market -- does that have the possibility of making someone too strong, or an entity so big that it can start to set prices?"

For now, the lack of transparency in what hospitals are paid by health insurers makes it difficult to judge the competing claims that have been made by Mr. Fedele and Robert Cindrich, UPMC's chief legal counsel.

Both have suggested that their advanced or "tertiary" hospitals receive lower reimbursements from Highmark than their competitor gets for providing the same service.

Mr. Cindrich has said he believes Mercy Hospital's reimbursements are better than UPMC's, as well.

That claim is doubted by some members of the business community, who question why insurers other than Highmark that have Mercy in their networks have had such trouble negotiating contracts to add UPMC Presbyterian and Shadyside.

Highmark, for its part, does not release information about payment rates to the hospitals, which means the cost containment council had to base its findings on the reported sticker prices for various procedures, not on the reimbursements the hospitals actually got.

Still, Michael Weinstein, a spokesman for the insurer, said the proposed merger would have no impact on the reimbursements received by UPMC because the two parties are operating under a 10-year contract that won't expire until 2012.

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Beyond that, it's not clear what impact the merger might have, he said. "There are too many variables to know what impact hospital and health system consolidations have on a market place."

The report on hospital charges, which is being released today, notes that patients with respiratory failure who needed mechanical ventilation at UPMC Presbyterian Shadyside between October 2004 and September 2005 faced average charges of $95,676. Patients with the same diagnosis at Mercy saw average charges of $54,494.

The council's report also notes that on average, hospitals in southwestern Pennsylvania received about 33 cents overall in net patient revenue for every dollar they actually charged.

While UPMC's charges might look high compared with Mercy, they're not as high as charges at academic medical centers in Philadelphia, said UPMC spokeswoman Wendy Zellner.

"The charge for an abnormal heartbeat case is $80,394 at Temple University Hospital vs. $27,505 at UPMC Presbyterian Shadyside," she said. "As a major academic medical center, we typically are treating the sickest patients and the most complex cases, which is reflected in those charges."

One things seems beyond dispute: A merger with Mercy would make UPMC bigger.

Pennsylvania Department of Health statistics indicate that as of June 2005, UPMC controlled 2,410 staffed hospital beds in Allegheny County -- 42.9 percent of the countywide total. Adding Mercy's beds would have given UPMC a majority -- 52.2 percent.

UPMC also controls the county's two premier specialty hospitals -- Children's Hospital of Pittsburgh, which had 260 staffed beds last year, and Magee-Womens Hospital, which had 223 staffed beds. Taking those beds into account, UPMC would have controlled about 56 percent of all staffed beds in the county.

Considering UPMC's size in the market already, Mr. Fedele, the West Penn Allegheny chief, said leaders of Mercy Hospital had an obligation to undergo a more thorough process in finding a merger partner.

"Mercy Hospital is a terribly important community asset," he said. "To say, 'We've decided we're going to cease doing business as Mercy Hospital' and default to the largest alternative that increases UPMC's quest for a monopoly, I think is inappropriate."

(Christopher Snowbeck can be reached at csnowbeck@post-gazette.com or 412-263-2625.)

West Penn Chief Blasts UPMC-Mercy Merger (PTR)

By Luis Fabregas

Pittsburgh Tribune-Review, September 29, 2006

The top executive at West Penn Allegheny Health System on Thursday called on employers, insurers and regulators to challenge the recently announced merger between Mercy Hospital and University of Pittsburgh Medical Center.

"This is a bad transaction," Jerry J. Fedele, president of West Penn Allegheny Health System said in an interview. "It's clear that they (UPMC) have a strategy of putting every competitor out of business."

In his first public comments about the merger, Fedele called the UPMC-Mercy deal "another step in UPMC's march toward monopoly" that could deteriorate quality, increase costs and limit choice for patients.

UPMC, which recently posted record profits of more than half a billion dollars, controls nearly half the hospital market in Allegheny County. Its $120 million merger with Mercy, which was announced Sept. 20, could be completed by year's end.

Under terms of the proposal, UPMC will take over operations of Mercy Hospital and Mercy Primary Care -- the hospital's employed physician practices. But other parts of the system, such as Mercy Behavioral Health and Mercy Jeannette Hospital in Westmoreland County, will remain under the direction of the Pittsburgh Mercy Health System.

Fedele said he has sent letters expressing his opposition to the U.S. Department of Justice, the Federal Trade Commission and the Pennsylvania Attorney General and expects to meet with those regulators in the next several weeks.

UPMC would not respond to Fedele's comments and instead issued a written statement from chief counsel Robert Cindrich.

"Although UPMC rarely hesitates to engage its competitors, we do not view this as an adversarial situation between UPMC and WPAHS," Cindrich wrote. "Rather, the heart of this matter is simply that UPMC, along with other key charitable organizations, have come together to insure the survival of Mercy Hospital, a valued community asset, and to preserve the important mission of the Sisters of Mercy."

It is unclear whether West Penn Allegheny's objections will get the government's attention, experts say.

"The FTC tends to place less weight on the views of the competitors," said Mike Cowie, a former FTC antitrust specialist who headed the agency's task force on hospital mergers. "It tends to place more weight on the views of customers."

Those customers are the payers who negotiate prices with hospitals on behalf of employers. The dominant private payer in Western Pennsylvania is Highmark Inc., which insures about 3.1 million people.

Highmark officials have said they support the UPMC-Mercy deal because it will preserve the choice of having a faith-based hospital in Pittsburgh four years after the loss of St. Francis Medical Center in Lawrenceville.

Fedele would not comment about Highmark's position, but said the merger will not preserve choice because UPMC will make fundamental changes to Mercy.

"To acquire a losing institution and maintain it without fundamental changes doesn't make sense," he said. "They're not acquiring it to maintain choice and lose $42 million a year. This is not about maintaining choice. This is a further erosion of choice in this market."

Only eight of about 900 hospital mergers in the U.S. since 1994 have been challenged by state and federal antitrust enforcers, according to a July 2004 report from the FTC and the Department Justice.

Federal agencies lost seven of those cases in a row, with only the most recent one -- in October 2005 -- resulting in a federal judge ordering the undoing of a two-hospital merger in northern Chicago.

That recent victory is under appeal, said FTC spokesman Mitch Katz.

But even if the Illinois case winds up an unsuccessful challenge, the court's initial decision could be a sign that the FTC is getting better at scrutinizing hospital mergers, Cowie said.

"The FTC has updated its thinking," he said, noting that the FTC is using better tools to analyze an organization's geographic market. "I wouldn't say they are more aggressive, but they have more current thinking."

The West Penn Allegheny network, which includes Allegheny General, West Penn and four other hospitals, is expected to post its third consecutive year of profits for the fiscal year that ended June 30, Fedele said.

But even then, Fedele worries that UPMC may inflict damage on West Penn Allegheny by luring away West Penn Allegheny doctors with bigger paychecks.

"They will state explicitly to those physicians that they want to damage our hospitals and put them out of business," he said.

Fedele said the UPMC-Mercy pact could have broader implications: It may become harder for the region to lure new business if there isn't a more competitive health care market. And he said health care professionals will find themselves unable to advance their careers because there will be no work alternatives.

"The facts tell a story that should be of great concern to the community and of great concern to the regulators," he said.

Luis Fabregas can be reached at lfabregas@tribweb.com or (412) 320-7998.

ENVIRONMENT:

Company Acts In Outbreak From Spinach (NYT)

By Libby Sander

The New York Times, September 29, 2006

The California produce company at the center of the recent E. coli outbreak announced steps yesterday to improve its food safety inspections and said it would offer to pay the out-of-pocket medical costs for those made ill.

The company, Natural Selection Foods, based in San Juan Bautista, Calif., processes fresh spinach for more than two dozen brands, including Earthbound Farm, Dole and Ready Pac. Government officials have found that several bags of Dole spinach that proved positive for the bacteria had been packed by Natural Selection, which on Sept. 15 recalled all its bagged spinach with “use by” dates of Aug. 17 through Oct. 1.

There has been no finding, however, that the spinach was contaminated at the company’s plant rather than earlier, in the fields where it was grown.

In fact, Charles Sweat, the company’s chief operating officer, said tests conducted by the Food and Drug Administration and the California Department of Health Services had found no E. coli contamination at the Natural Selection plant.

But neither the F.D.A. nor the state agency would confirm Mr. Sweat’s statement.

“We have not completed the inspection of the firm,” Julie Zawisza, an F.D.A. spokeswoman, said in an e-mail message late yesterday. “The investigation of the fields and farms is ongoing.”

Dr. Kevin Reilly of the California Department of Health Services implied that the Natural Selection announcement might have been premature. “We have not cleared any processing plants at this point,” he said.

The E. coli outbreak has sickened 187 people in 26 states, killing one. So far, Natural Selection faces federal lawsuits in Oregon, Utah and Wisconsin on behalf of victims, but a company spokeswoman, Samantha Cabaluna, said the offer to reimburse for medical expenses was in no way part of a strategy to fend off legal action.

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Of the company's new safety inspections, Mr. Sweat said there would be tests of all raw produce coming into the plant from the growers' fields, similar to the method used in the beef processing industry to screen for contaminated products.

Clean Air, Murky Precedent (NYT)

By William Sweet

The New York Times, September 29, 2006

ON Wednesday, Gov. Arnold Schwarzenegger of California signed a bold bill pledging the state to cut its greenhouse gas emissions 25 percent by 2020. It was refreshing to hear a politician of national stature explain, with an air of true conviction, why global warming is an urgent problem. "It creeps up on you," he told ABC News, the day he said he would sign the bill. "And then all of a sudden, it is too late to do something about it. ... We don't want to go there."

Just so. For the last nine years, since the United States refused to join in the Kyoto program to reduce greenhouse gas emissions, the country has acted in stubborn defiance of the obvious facts. Thus California is setting the country an admirable example. But there are a couple of worrisome aspects to the initiative: one is a possible reaction against greenhouse reductions elsewhere in America should California fail to meet its goals; the second is the question of whether this approach, even if successful, has much relevance for the rest of the country.

The new bill gives the California Air Resources Board, the state's air-quality watchdog, sweeping powers to create and put in place a plan to slash the state's greenhouse gas emissions back to 1990 levels. Although that still falls short of what the Kyoto Protocol asked of the United States — a cut to 7 percent below 1990 levels —the bill's objectives are formidable enough.

Working with other state agencies and building on a wide variety of regulations already in place, the board is in effect authorized to set rules for everything from making plastics to toasting English muffins. No doubt the plan will include stricter energy standards for residential and commercial construction, emissions caps for major industries like electric power and petrochemicals, and new practices for farmers. Inevitably, stricter limits on motor vehicles, which account for about 40 percent of the state's greenhouse gas emissions, will be a big part of the program.

Those involved in formulating the new law express confidence that its strategy is workable, based as it is on proved technologies identified by a climate panel that reported to Mr. Schwarzenegger this year.

But, paradoxically, the plan is threatened by California's previous success on the issue. The state is a world leader in green technologies, and the progress it has already made in constraining its emissions will make it harder in some ways to achieve even greater advances. Its per capita consumption of electricity and gasoline already are much lower than the national average — its annual per capita electricity use is less than 8,000 kilowatt/hours, while the country's is greater than 12,000. It is one of the nation's leading wind energy producers, and has the country's most ambitious solar roofs program.

The United States as a whole gets about half its electricity from coal, the most carbon-intense of fuels, and coal generation accounts for more than a third of its greenhouse gas emissions. So if the United States decided to get with the Kyoto program, it could comply just by replacing half its coal-fired plants with proven low-carbon sources like wind, natural gas and nuclear energy. A simple tax on carbon emissions or a national cap-and-trade system could get the job done.

In California, however, most electricity already comes from relatively low-carbon sources — there are no coal-fired plants in the state — so the burden of cutting the state's greenhouse gases necessarily falls on widely dispersed activities: cars, manufacturing, buildings, appliances.

That means that the air board will have to issue a huge number of very complicated regulations, which will set the stage for industrial interests and free-market advocates to mount a sustained counterattack on the whole idea of the bill. The argument that the bill puts California at a disadvantage economically will be a powerful weapon in their hands.

Supporters of the plan like Devra Wang, the director of energy research at the Natural Resources Defense Council in San Francisco, feel that political motivation can be sustained. She points out that the greenhouse bill had strong support from the leaders of both parties, and that the air board has a record of making good decisions based on science.

But the air board's record of trying to force the adoption of zero-emission cars in California does not inspire much confidence. Its efforts to make automakers provide lower-carbon vehicles, which began with a 2002 law, are tied up in federal court.

Even if California's program overcomes these obstacles and cuts emissions radically, its approach to doing the job is not likely to be a model for other states. What is more, there's a danger that failure could be taken incorrectly as proof that the job of radically cutting emissions cannot be done at all. Its goals may well be too ambitious for the state to meet, and be based on a flawed premise that greenhouse gas control can be done ad hoc and state by state.

No matter what happens, the end message will surely be that there's no real substitute for concerted national action. Simply put, though California deserves praise for attacking the climate problem head on, it may be trying to do too much on its own.

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More Comfort For The Comfortable (NYT)

The New York Times, September 29, 2006

Congress, which has done so little this session to address the nation's real problems, is expected to vote today on a deeply misguided giveaway for big real estate developers. The bill would create new property rights that could in many cases make it difficult, if not impossible, for local governments to stop property owners from using their land in socially destructive ways. It should be defeated.

The Private Property Rights Implementation Act would make it easier for developers challenging zoning decisions to bypass state courts and go to federal court, even if there was not a legitimate federal constitutional question. Zoning regulations are quintessentially local decisions. This bill would cast this tradition aside, and involve the federal government in issues like building density and lot sizes.

The bill would also make it easier for developers to sue when zoning decisions diminished the value of their property. Most zoning does that. Developers would make more money if they could cram more houses on small lots, build skyscrapers 200 stories tall, or develop on endangered wetlands. The bill would help developers claim monetary compensation for run-of-the-mill zoning decisions on matters like these. It would also make it easier for them to intimidate local zoning authorities by threatening to run to federal court.

Zoning is not an attack on property rights. It is an important government function, and most Americans appreciate that it helps keep their own neighborhoods from becoming more crowded, polluted and dangerous. If more people knew the details of this bill, there would be wide opposition. As it is, attorneys general from more than 30 states, of both parties, have joined the U.S. Conference of Mayors, the National Conference of State Legislatures and leading environmental groups in opposing it.

The bill does a lot of things its supporters claim to abhor. House Republicans were elected on a commitment to states' rights and local autonomy, and opposition to excessive litigation and meddling federal judges. It is remarkable how quickly they have pushed these principles aside to come to the aid of big developers.

Take It Back (WP)

The Washington Post, September 29, 2006

THE HOUSE of Representatives is scheduled to take up today a terrible piece of legislation designed to strengthen the hands of developers in their battles with government. Congress considered and rejected a similar bill in 1997 and again in 2000. Now it's back -- only worse.

The bill deals with legal claims under the "takings" doctrine -- a requirement of the Fifth Amendment under which government has to compensate property holders when it seizes their land. Under current law, landowners must give local governments a chance to resolve such disputes and state courts a fair chance to adjudicate them before bringing the federal courts into the picture. The House bill would let developers make federal courts their first stop. This would give developers a big club to wield over local policymakers, gum up the federal courts with local land-use disputes, and diminish the rightful autonomy of state and local governments on the most local of questions.

Then -- and here's where this year's bill is even worse than its predecessors -- the substantive rules concerning takings and other constitutional challenges to land-use regulations also would be changed in developers' favor. Right now, federal courts are leery of such challenges in land-use cases, generally deferring to local authorities. Under this proposal, however, they would have to invalidate as a violation of due process any local decision that was "arbitrary, capricious, [or] an abuse of discretion." The bill, in short, would make it easier for landowners to get into court and, once there, easier to block regulations or to demand payment for compliance with them.

Conservatives often style themselves as champions of federalism, and some conservative judges -- including Justice Samuel A. Alito Jr. while he served on the U.S. Court of Appeals for the 3rd Circuit -- have taken principled stands on preserving local authority over land use. In 1994, Judge Frank H. Easterbrook of the 7th Circuit wrote in frustration: "Federal courts are not boards of zoning appeals. This message, oft-repeated, has not penetrated the consciousness of property owners. . . ." It's time for it to penetrate the consciousness of members of Congress.

FBI/DEA/ATF/USMS:

2 Colombians Guilty Of U.S. Drug Charges (AP)

By Curt Anderson, Associated Press Writer

AP, September 29, 2006

MIAMI --Two members of Colombia's largest rebel group pleaded guilty Thursday to federal drug conspiracy charges, the first from the organization known as FARC to be convicted of narcotics trafficking in the United States, prosecutors said.

Cesar Augusto Perez-Parra, 43, and Farouk Shaikh-Reyes, 41, pleaded guilty to charges that they plotted to smuggle more than 4,400 pounds of cocaine about once a month from Colombia to Miami. They were arrested last year before they could import any of the drugs, said U.S. Attorney R. Alexander Acosta.

Both were associates of the Revolutionary Armed Forces of Colombia, or FARC, which is designated as a terrorist organization by the U.S. and European Union. Dozens of other FARC members have been indicted on drug trafficking charges, but Perez-Parra and Shaikh-Reyes are the first to be convicted in the U.S., Acosta said.

FARC is believed responsible for more than half of the U.S. cocaine supply.

The guilty pleas, coming on the heels of this week's conviction and sentencing in Miami of the two brothers who founded Colombia's Cali cocaine cartel, demonstrate that U.S. law enforcement officials are not easing up efforts to staunch the flow of the drug, Acosta said.

"With the death of the cartels, U.S. law enforcement has not walked away from Colombia," he said.

The suspected supervisor of the two men who pleaded guilty, Ferney Tovar-Parra, is in custody in Colombia and is awaiting extradition to face similar charges in Miami. He is accused of overseeing FARC coca fields and laboratories and of collecting "taxes and fees" for much of the group's cocaine industry.

Perez-Parra and Shaikh-Reyes could face several decades in prison when sentenced in January by U.S. District Judge K. Michael Moore.

FARC, created in 1964 and dedicated to overthrowing Colombia's government, boasts as many as 20,000 armed guerrillas whom U.S. officials and Colombian officials blame for bombings, murders, kidnappings, hijackings and other violent acts in addition to the drug trade. U.S. prosecutors say FARC uses drug proceeds to purchase weapons.

Gilberto and Miguel Rodriguez Orejuela were sentenced this week to 30 years in prison and ordered to forfeit $2.1 billion in assets after pleading guilty to drug charges stemming from operation of the Cali cartel. That cartel once supplied 80 percent of the world's cocaine but is now essentially defunct.

Feds Consider Death Penalty In Red River Valley Drug Killing (AP)

By Dave Kolpack

AP, September 29, 2006

FARGO, N.D. - Attorneys on Thursday were discussing whether to seek the death penalty against a man accused in a Red River Valley drug killing. In a separate case, the victim's mother, charged with conspiracy, was sentenced to life in prison.

U.S. Attorney Drew Wrigley said he has a Monday deadline to tell a federal judge whether his office will seek the death penalty for Michael Petzold in the shooting death of Lee Avila, 28, of East Grand Forks, Minn.

"I wouldn't call it a fever pitch, but there's a sense of urgency on all sides today," Wrigley said Thursday.

The prosecutor said he had filed his sentencing recommendations with the Justice Department but would not say what it was. A decision to seek the death penalty would be a first in North Dakota for a drug-related crime, he said. The state does not have the death penalty, but it is allowed in federal cases.

A federal jury last week sentenced convicted sex offender Alfonso Rodriguez Jr. to death for kidnapping resulting in the death of University of North Dakota student Dru Sjodin. It was the first death penalty case in North Dakota in nearly 100 years.

Petzold, of Norfolk, Neb., is charged with murder in furtherance of a continuing criminal enterprise. Police said they got a 911 call and found Avila shot to death in East Grand Forks on June 30, 2005. They said Avila had earlier criminal convictions and his death was the result of a drug dispute.

Avila's mother, Francisca Avila Vargas, was sentenced Thursday to life in prison without parole for her roles in a drug distribution ring in the Red River Valley.

A federal jury found Avila Vargas, of St. Paul, Minn., and Miquel Garcia, of Perley, Minn., guilty on May 23 of conspiring to distribute controlled substances and operating a continuing criminal enterprise. Police said Avila Vargas, 45, also known as "Poncha" and "Mama," supplied more than 30 pounds of methamphetamine to an organization in Fargo.

Garcia was convicted of distributing drugs. He also was sentenced to life in prison.

"This case is another example that repeat drug traffickers will be dealt with in an aggressive manner," said Assistant U.S. Attorney Chris Myers, who prosecuted the case.

Avila Vargas and Petzold were indicted in January along with four others in a separate case stemming from Avila's death. Investigators said Petzold was the leader of a drug ring that brought large amounts of methamphetamine, cocaine and marijuana from Mexico to the area over several years. His trial is scheduled for January.

Avila Vargas was not charged directly with her son's death, but she was charged with conspiracy in the case.

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Wrigley said he will meet the deadline to notify U.S. District Judge Ralph Erickson on the death penalty recommendation.

"We will notify the court on Monday, unless we had to request an extension of that," Wrigley said. Extending the deadline is "not my preference at this point," he said.

Authorities Keep Watch For Secret Meth Labs (HA)

Honolulu Advertiser, September 28, 2006

As the amount of methamphetamine coming into Hawai'i dwindles, law enforcement agencies are closely watching for the possible spread of secret laboratories used by dealers to dilute the illegal drug.

Dealers build labs to double or triple the volume of the methamphetamine they have, sacrificing the drug's purity in the process. The methods used to "step on" or "cut" the drug involve volatile chemicals, heat and combustible concoctions that leave toxic residue and create harmful fumes.

"Even if there is only one or two (labs) on this island, if they have a toxic spill or bury it underground, it can get into the water and wreak havoc," said Keith Kamita, chief of the narcotics enforcement division for the Department of Public Safety.

In response to the possible increase in lab activity, the state Department of Health this week released rules meant to govern the recognition and cleanup of clandestine drug laboratories. Most of the meth laboratories that are seized in Hawai'i are small "conversion" laboratories capable of manufacturing ounce quantities out of small amounts of pure methamphetamine, according to the U.S. Drug Enforcement Administration.

"Proliferation (of labs) is always a concern; there are some nasty things there," said Laurence Lau, DOH deputy director for environmental health. "Like people say about hurricanes, we may not have the numbers, but one can ruin your day or year. We're trying to provide guidance for cleanups ... and to let people know what procedures to follow."

Fumes and residue from the labs saturate carpets and other surfaces, exposing unsuspecting tenants to hazardous chemicals. Runoff from labs can contaminate soil and groundwater.

DECLINE IN POTENCY

The ice being taken off the streets in Hawai'i is half as potent as that of three years ago, with purity levels between 40 percent and 45 percent, compared with 90 percent to 98 percent in 2003, authorities said.

Ice arrests are headed toward a four-year low, and laws restricting access to methamphetamine's key component, pseudoephedrine, have cut the supply.

With less pure methamphetamine coming in from foreign countries and the Mainland, law officers are concerned dealers are going to build labs to create their own product or maximize their smuggled supply.

Law enforcement officials say that just because a slew of labs haven't been found, it doesn't mean they aren't out there. The cost to clean a drug lab is between $2,000 and $10,000, according to law enforcement and environmental services technicians.

Producing one pound of methamphetamine leaves 5 or 6 pounds of toxic waste.

"It's a danger; there is a real danger in the labs," said Larry Burnett, director of the Hawai'i High Intensity Drug Trafficking Area, a partnership of federal, state and county law enforcement agencies. "Every pound of product creates 5 to 7 pounds of waste, and here we have a fragile ecosystem."

NEW LAWS

Kamita hopes that laws put in place in the last year will deter would-be chemists from cooking up meth.

On Oct. 1, a law will take effect that limits consumers without a prescription to 3.6 grams or about one package of pseudoephedrine medicine a day and 9 grams or three packages a month. Consumers also will have to show identification and sign a log that may be examined by law officers.

Retailers will be required to put pseudoephedrine products behind the counter or in locked display cases. The new law mirrors federal pseudoephedrine controls added to the USA Patriot Act this year.

The Honolulu Police Department's clandestine laboratory unit makes use of two full-time officers dedicated solely to locating and taking down drug labs. Other officers within the narcotics/vice unit also have drug lab training, and the unit works jointly with the Hawai'i High Intensity Drug Trafficking Area, the DEA and state narcotics enforcement officers.

"The law enforcement community will continue to monitor the clandestine lab situation in Hawai'i. We are all aware of the dangers clandestine labs can cause to the public and the environment," said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. "It is equally important for the public to contact law enforcement if the existence of a clandestine lab is suspected."

U.S. Aims To Financially Impair Suspects (AP)

By The Associated Press

DOJ_NMG_0071231

AP, September 28, 2006

WASHINGTON (AP) --The Bush administration moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror.

The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them.

Six of the nine people suspected of links to the Revolutionary Armed Forces of Colombia were indicted by a federal court in Washington as part of a narcotics conspiracy, the department said. Those six were: Jose Juvenal Velandia, Jose Lisandro Lascarro, Alvaro Alfonso Serpa Diaz, Gener Garcia Molina, Gerardo Antonio Aguilar Ramirez and Gentil Alvis Patino.

Also designated was Ferney Tovar Parra, described as a member of the Colombian group, who has been indicted on federal drug trafficking charges in the Southern District of Florida, the department said.

Rodrigo Granda Escobar, an international representative for the Colombian group, and Jesus Emilio Carvajalino, a member of the group's governing body, also were designated, according to the department.

The group also is known by FARC, the acronym for its Spanish name Fuerzas Armadas Revolucionarias de Colombia.

"Today's action exposes key figures in the violent underworld of the FARC, one of the world's largest suppliers of cocaine and a notorious Colombian terrorist organization," said Adam Szubin, director of the Treasury Department's Office of Foreign Assets Control.

Separately, the department acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug trafficking outlet.

The targeted companies are the Tijuana real-estate firms Playa Mar S.A. de C.V; Inmobiliaria Esparta S.A. de C.V.; Inmobiliaria La Provincia S.A. de C.V.; Inmobiliaria Estado 29 S.A. de C.V.; and Inmobiliaria Tijuana Costa S.A. de C.V.

The people targeted included "long-term financial associates" of Aguirre Galindo, including Alberto Afredo Valencia Martinez, Urbano Hernandez Somero and Aguirre Galindo's son, Manuel Francisco Aguirre Ramos, the department said.

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On the Net:

OFAC: http://www.ustreas.gov/offices/enforcement/ofac/

Feds Sue Utah Couple Over Faked Cancer (SLT)

Salt Lake Tribune, September 28, 2006

Tania Clark's plea to her husband's supervisors at the U.S. Drug Enforcement Agency was so convincing, the DEA paid the family's moving expenses from Texas to Utah so she could be close to loved ones as she battled cancer.

Now that it's known she faked her illness, the feds want their money back.

In a lawsuit filed Wednesday in U.S. District Court, the DEA accuses Tania and Jeff James Clark of making false claims. The agency is seeking triple the amount it shelled out - or $143,418 - and $10,000 for each false claim the couple allegedly made.

The agency was sympathetic to the family at one time. In an emotional letter, Tania Clark described her struggle with cancer and the burden taken on by her husband, DEA agent Jeff Clark.

"Jeff was left to pick up all the pieces dropped by the rest of us when my illness was diagnosed," Tania Clark wrote in 2001. "Meals, shopping, kids, bills and housework all had to be juggled as he tried to manage his own job and our house and provide all of us with the reassurance we badly needed." Based on that plea and a letter purportedly from a Texas doctor, the DEA paid $47,806 to move the Clarks from Houston to West Jordan, where they could be close to family. Once in Utah,

Advertisement

Tania Clark also collected thousands of dollars from friends and neighbors by pretending to need a bone marrow transplant. Her story began to fall apart when an article in the weekly South Valley Journal prompted an e-mail from her sister, who said Clark could not be trusted.

An investigation showed that Clark had never been a patient at M.D. Anderson Cancer Center in Houston or the Huntsman Cancer Institute, where she had claimed to be receiving treatment. And no person with the name of the doctor who supposedly treated the woman in Texas had ever practiced medicine at Anderson.

Tania Clark was sentenced last year in a state court to 30 days in jail and ordered to pay restitution to the contributors to her transplant fund. Charges against her husband, who insisted he also had been duped, were dropped.

Rethinking Plan Colombia: Some Ways To Fix It (CSM)

By Danna Harman

The Christian Science Monitor, September 29, 2006

DOJ_NMG_0071232

BOGOTÁ, COLOMBIA

The Colombian soldiers look young. A little disinterested, perhaps. Or maybe just scared. One by one, they politely stand in the spare courtroom and state their names and ranks. They are charged with planning and carrying out the murder of 10 US-trained counternarcotic policemen and a civilian - at the behest of narcotraffickers.

But this is simply a preliminary hearing. More than four months after the May 22 massacre in Jamundí, the prosecution of this high-profile case has barely begun.

Oscar Hurtado, the civilian judge tapped in June, passed the case to a military tribunal in July: "I'm not going to risk my life," he explained. "I feel threatened ... there are no guarantees of my security."

In August, the Attorney General's office angrily sent the case back to Judge Hurtado - who proceeded to check into the hospital, citing heart-related problems.

"This fits squarely with an ongoing pattern of impunity," says Maria McFarland, Human Rights Watch's Colombia researcher. "For years, the Colombian military has had problems with committing human rights abuses ... and it's extremely rare for anyone to get arrested or prosecuted."

Local papers are already dubbing Jamundí another Guaitarilla, in reference to a southwestern town where seven police officers and four civilians were shot dead by the Colombian military in March 2004. In that case, evidence was destroyed, the facts were never aired in civilian court, and the accused soldiers were eventually absolved by a military court.

* * *

But in Washington, Jamundí continues to resonate, giving ammunition to those who say that Plan Colombia, the US' six-year $4.7 billion program to fight the drug trade, needs a serious overhaul.

"The US has to stop being a cheap date ... doing everything and expecting nothing in return," fumes Rep. Jim McGovern (D) of Massachusetts. "We are sending billions of dollars to bankroll the Colombian military and are being told everything is terrific. And then bang, this happens. Where is the outrage?"

Congressman McGovern sees Jamundí as indicative of a much larger, institutional problem. "Just how far have the drug mafias penetrated the military? Just how cowered are the courts?" he asks. "All the money we have sent down there has basically not worked."

Right after the massacre, McGovern proposed cutting US aid to Colombia's military and police next year - expected to be over $700 million - by $30 million, a symbolic gesture. The proposal failed, but 174 congressmen supported it.

Meanwhile, the Senate appropriations committee has balked at the State Department's certification of Plan Colombia monies this year - a certification that came three days after the massacre and did not mention it. The committee continues to withhold its support for the funding, a portion of which is supposed to be tied to human-rights practices, until it receives satisfactory explanations for what happened in Jamundí and in several other reported cases of abuse and corruption.

"The White House insists it is winning the war against drugs. Those boasts fly in the face of the facts, but the White House would rather stick to a flawed plan than to admit that their approach isn't working and to fix it," says committee member Sen. Patrick Leahy (D) of Vermont. "Congressional oversight ... has been sorely lacking," he says. "It is past time for an honest reassessment of Plan Colombia."

* * *

Reevaluating Plan Colombia, say critics, requires a look at the priorities set by Washington that shape the way the war against drugs is waged. When experts and politicians are asked what changes might yield better results, the responses often divide into two different approaches.

The first is the school of alternative development. Sandro Calvani, director of the UN's office on Drugs and Crime in Colombia (UNODC) argues that Plan Colombia's heavy focus on aerial spraying needs to be supplemented with increased efforts to deal with the social and economic roots of Colombia's coca industry. Specifically, he wants the US and others in the international community to offer strategies - and funds - for rural development that would ensure alternative livelihoods for poor farmers who face destruction of their chief cash crop.

"Why do Colombians go back to replanting coca? Because it's easy, and no one talks to them about doing something else," says Mr. Calvani. The alternative development programs that have been attempted, he says, show clear, impressive results. A UNODC survey released in June shows that 70 percent of the fields eradicated through Plan Colombia are replanted. But if farmers receive alternative development assistance, states Calvani, the percentage of coca fields replanted dives to 3 percent. They're replaced with coffee, hearts of palm, and red beans. "Once coca peasants live on licit crops for one year, they never go back to the illicit economy," he says.

Pablo Casas, a security expert at the Bogotá-based Security and Democracy foundation, says aerial spraying also comes at the expense of combating the criminal structure higher up. "Eradication targets the smallest cogs in the machine," he says, "We need to focus on the money laundering businesses, on attacking the imports of cocaine precursors into Colombia, on

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intercepting the final product, and on weeding out corruption." Targeting the farmers and failing to provide them with alternatives is not only an opportunity cost, he argues, it is counterproductive, causing greater poverty and displacement.

Some $1.2 billion has been spent directly on eradication between 2000 and 2005, but alternative development projects have garnered $213 million in the same period. "When it comes to fighting drugs, there is no real division of the pie," says Calvani. "Practically the entire pie is used for interdiction ... and anything else gets thrown a cookie."

White House drug czar John Walters replies that security must be established in an area first. "Alternative development is most effective when conditioned on a police presence," he says.

At a Congressional hearing in Washington last week, House Republicans noted the rising cocaine use in Europe, and called for European governments to engage more in Colombia's drug fight. Rep. Dan Burton (R) of Indiana said Europe needs to fulfill its pledges of "soft-side assistance."

Europe says it opposes aerial eradication on environmental grounds and extols the alternative development option. "The US does not have enough faith in alternative development, and the Europeans have faith, but do very little," says Calvani.

Increasingly, Colombian President Alvaro Uribe himself has also voiced criticism of the eradication focus and begun calling for a more "multidimensional approach."

"We cannot disconnect alternative development from this war," he said last week, speaking to the Colombian American Association in New York. "It is necessary to eliminate crops, yes. But we need to combine this with options, and with better access to markets," he said.

Mr. Uribe's administration is lobbying for Colombia to be reclassified as a US "strategic partner" in the war on drugs - a move that would give Bogotá greater control of where money was spent.

If awarded this freedom, he would, for example, suggest expanding the Forest Warden Families program that pays farmers monthly stipends in return for keeping their land free of illicit crops. "We have 43,000 families looking after 1.7 million hectares. In that area, coca production has fallen 80 percent and we have recovered 236,000 hectares of forest where coca was being grown," said Uribe last week. "The results are spectacular."

The continued US focus on aerial spraying, despite questionable results, has to do in part with who's in charge of the drug fight, admits one State Department official. Development and social experts have, historically, been far less involved and listened to, she claims, speaking off the record because she is not authorized to discuss the subject. The defense and security voices - with their more combat-oriented approach - have the upper hand, she notes.

The post-Sept. 11 discourse used by President Bush and adopted by Uribe (including rechristening narcotraffickers and guerrillas as narcoterrorists) has made it even harder to replace "hard" measures with softer ones. The US political cycle also plays a part in drug-fighting methods, adds Bruce Bagley, an expert on drug trafficking at the University of Miami. "No one in the US wants to look 'soft' on drugs, and nothing looks tougher than spraying hundreds of thousands of hectares of coca fields," he says. "Talking about [alternative] development won't get you re-elected."

* * *

The second school of criticism wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production. The Washington Office on Latin America (WOLA), an advocacy group, argues for dedicating more funds toward drug prevention, treatment, and rehabilitation programs in the US - and for scaling back altogether on programs aimed at stopping the supply of drugs from Colombia. US treatment programs, in particular, have been proven effective. They cite a 1994 RAND Corp. study that found that if the goal was to reduce cocaine use in the US, treatment of heavy cocaine users was 23 times more cost-effective than drug-crop eradication and other source-country programs, and three times more effective than mandatory minimum sentencing.

But only about 17 percent of Americans who needed treatment for an illicit drug use problem in 2004 received it, because of prohibitive costs, insurance limits, or other barriers, according to WOLA.

Assertions by the White House drug czar's office that the vast majority of the drug-control funding already goes toward battling domestic demand are dismissed by WOLA, which does not consider spending in the US on law enforcement as part of the demand-side solution.

"Six years into Plan Colombia the mili- tary is murdering in broad daylight. We are bolstering militaries and ignoring human rights," says John Walsh, a drug policy expert at WOLA. "Yet we continue to perpetuate the illusion that some supply-side solution exists. The opportunity cost of that is that we are not investing enough in managing the demand in the US. The real game is here."

* * *

Monica Fernando Santacruz Ospina is tired.

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Her husband, Maj. Elkin Molina, the officer in charge of the police unit slain in Jamundí, would have turned 36 this month. Normally, Ms. Fernando, his wife of 10 years, would buy a giant cream cake for the occasion. She is a great cook, she clarifies, but she has trouble with cakes. And a birthday demands a cake.

This year, she went to put flowers on his grave instead. It was raining, and she was crying, and she felt like just lying down in the ground beside him.

They had lunch together the day of his death - grilled chicken and vegetables, she remembers, because he was on a diet. She had said: "May God be with you," when he left the house. He kissed their 9-year-old, and told him to stop playing Xbox and do his homework.

Later, while visiting with a neighbor, Fernando's police walkie-talkie started crackling (she was issued the radio as the wife of the unit commander).

"Don't shoot us! Have mercy! We are police. We are fathers!" she heard familiar voices screaming. She knew who was yelling, but she refused to accept it. Again and again, she tried to reach her husband on the radio.

"I want to know who ordered this," she says today, pushing her hair away from her face. "I am scared no one will pay."

Since the massacre, Fernando and her son have relocated from Cali to Bogotá, and, with the help of the police and the US Drug Enforcement Administration (DEA) agents who had trained her husband, she has gone back to school. She's studying criminology.

"I want to make sure my husband's death was not in vain," she says defiantly. "I refuse to be scared out of fighting back." Fernando then slowly puts her head in her hands and begins to sob. She is stressed, she apologizes, because she does not really know how or when it will all end.

In Washington, Anthony Placido, the DEA's chief of intelligence, understands. "A war has a definable beginning and end. This is not that," he admits, putting aside the usual terminology. "We are more like gardeners, pulling up the weeds," he says. "We are not going to raise a flag and say, we have won. We can't declare an end, a victory."

Back at the courthouse in Bogotá, the preliminary hearing for the Colombian soldiers on trial for the Jamundí massacre is cut short because of a technicality. The young soldiers shuffle out of the courtroom.

· Last of three parts. Parts 1 and 2 appeared on Sept. 27 and 28.

Doubts Aside, U.S. Set To Boost Colombia Aid (LAT)

By Chris Kraul

The Los Angeles Times, September 29, 2006

BOGOTA, Colombia — Despite growing bipartisan concern over alleged corruption in the Colombian army, the U.S. Congress appears likely to approve increased funds for this country's war on drugs.

A final vote on Plan Colombia funding — the largest U.S. foreign aid program outside the Middle East and Afghanistan — probably won't take place until after the November congressional elections. But staffers and analysts in Washington say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year.

Separate House and Senate versions to fund Plan Colombia each call for at least that much to be granted to the government of President Alvaro Uribe, the United States' staunchest ally in South America.

But even Republican stalwarts such as Rep. Henry J. Hyde of Illinois, chairman of the International Relations Committee, are voicing concern over allegations of corruption in the Colombian army, an institution the U.S. has spent billions of dollars to train and expand.

This month, the Colombian Defense Ministry said it was investigating media reports that army officers planted explosives in Bogota, the capital, in the days leading up to Uribe's second inauguration in August, in an apparent scheme to collect rewards for discovering the bombs.

The alleged plot, which reportedly involved explosives supplied by a former member of Colombia's largest rebel group, is still under investigation. Uribe went on national television recently to deny the story, saying there was no evidence linking the officers to the bombs.

In August, army units in the Caribbean port of Barranquilla killed six people, an incident at first portrayed as accidental deaths during a kidnapping rescue attempt, then as drug-gang killings. Eight army officers and soldiers have been arrested on suspicion of murder in the case.

But the most disturbing incident for some U.S. legislators happened in May, when Colombian army troops killed 10 U.S.-trained anti-narcotics police officers and an informant in the village of Jamundi, near Cali in the west of the country.

The shootout was first described as a case of mistaken identity. But one high-ranking Uribe official has since then called it "a criminal act" in which the army units allegedly did the bidding of narco-traffickers. Fifteen army officers and soldiers are being held while a civil judge investigates the case.

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Concerned about a possible whitewash of the episode, Hyde wrote a letter to Uribe this summer requesting "assurances that the Jamundi case will conclude with the exposure of the full truth and all of the facts wherever they may lead."

A senior staffer on Hyde's committee said Thursday: "Everyone wants to see justice done and not have this swept under the rug. This was one of Colombia's best-trained units that worked side by side with the U.S."

Tim Rieser, an aide to Sen. Patrick J. Leahy (D-Vt.), said the incidents raised unsettling questions about U.S. aid and oversight. "The Jamundi case and other cases in which civilians have been targeted and killed by the Colombian army illustrates that six years into Plan Colombia and after more than $1 billion in U.S. aid to the armed forces, it remains a flawed institution whose officers are rarely accountable under the law."

Plan Colombia also faced scrutiny this year after a United Nations survey showed that five years of effort and $4.7 billion had not put much of a dent in overall coca-leaf cultivation.

Nonetheless, it appears unlikely that Plan Colombia aid will be suspended or cut, said Adam Isaacson of the Center for International Policy, a Washington-based think tank that has been critical of the aid program.

"It shows the Colombian government has managed to do an excellent job of lobbying," Isaacson said. "Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it."

Several Colombian analysts say that, scandals aside, the security forces need an overhaul. They say the 35% growth in army and national police units since Plan Colombia began in 2000 has put too much strain on the institutions' command structures and oversight mechanisms.

"The repeated incidents leave little credibility to the notion that these are isolated events," said Alejo Vargas, a political scientist at the National University of Colombia. "The problems are profound and indicate management is inadequate."

Officials Investigate Fire At Indicted Woman's Home (PALHER)

By Paul Stone, The Palestine Herald

Palestine (TX) Herald, September 29, 2006

PALESTINE — Authorities are investigating a fire earlier this week which destroyed the $440,000 Anderson County home of a California woman federally indicted this past spring for allegedly operating brothels in Los Angeles and Dallas.

Jong Ock Mao, 47, who is also known as Kimberly Mao and June Mao according to authorities, was arrested April 11 in Madisonville after being one of four defendants named in a 40-count federal indictment charging her with money laundering and violations of the Travel Act.

MX-Oasis Motocross track, located on her property on FM 322, approximately 3 miles south of Palestine, was the subject of multiple noise complaints in the days and weeks prior to Mao's arrest last spring.

Anderson County Sheriff Greg Taylor said the residence at 6032 FM 322 owned by Mao – adjacent to the motocross track – was completely destroyed by fire Monday night. The blaze was reported to authorities by a passing motorist at 6:27 p.m. Monday, according to records.

Three volunteer fire departments headed by the Southside Volunteer Fire Department responded to the fire.

"It was a complete loss," Taylor said Tuesday. "It was completely involved when they got there. The top floor (of the two-story house) had collapsed to the lower level."

No one has been living at the residence in recent weeks, according to Jay Russell, Anderson County sheriff's investigator, although Mao's son reportedly was residing there back in the spring around the time of his mother's arrest.

"The house was full of property and furniture," Russell said Wednesday, "but evidently no one had been living there for the past month.

Firefighters did not uncover any evidence at the scene to suggest the fire was intentionally set, although Taylor pointed out the federal government is in the process of attempting to seize the residence and property listed in the name of Jong's Consulting Inc., one of several businesses allegedly owned by Mao.

Russell said it "appears it started in the center of the residence."

"The fact it was unoccupied makes it suspicious," Taylor added.

Russell said representatives of the U.S. attorney's office in Santa Ana, Calif. have been notified of the fire. A team of specially-trained ATF agents could be assigned to come to Palestine since the federal government is in the process of attempting to seize the residence and property, he added.

"They (the U.S. attorney's office) could possibly get a (ATF) response team to come look at it to see if it's worthy of an investigation," Russell said Wednesday.

According to records of the Anderson County Appraisal District, the 3,866-square foot, two story residence constructed in 1997 had a value of $442,580.

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According to a press release issued by the U.S. Immigration and Customs Enforcement (ICE) at the time of her arrest, Mao violated the Travel Act by using interstate facilities to promote and establish an illegal business which is described in the indictment as a prostitution ring.

The indictment alleged Mao owned five brothels in Los Angeles and one in Dallas. The brothels were housed in a variety of businesses, including chiropractic offices, acupuncture clinics, spas, tanning salons and massage parlors, according to the indictment.

Federal authorities have alleged that Mao used proceeds from illegal activities to purchase four private motocross tracks in California, Florida and Texas, including the MX-Oasis Motocross Track in Palestine.

Under federal law, properties acquired with the proceeds of illegal activities are subject to forfeiture.

Taylor said Tuesday his agency has not received any complaints concerning the motocross track for weeks.

Pet Store Arson Kills Animals; Rescued Reptiles On Brink (BOSH)

By Laura Crimaldi

Boston Herald, September 29, 2006

At least 21 reptiles and 60 fish are dead and dozens more are fighting for their lives after an arson at a crowded Cambridge pet store on which the message “NO MORE Exploitation OF ANIMALS” had been spray-painted.

“The state fire marshal’s office is not at a point that we would definitely link the fire to the environmental terrorism motive,” said State Fire Marshal Stephen Coan, who confirmed that the fire at Boston Tropical Fish & Reptile on Wednesday night was arson.

Animal rights extremists in other cities have freed animals from pet stores and then set the shops ablaze, fire officials said. The FBI is monitoring the situation, a spokeswoman said. Store officials could not be reached.

Among the dead animals at the shop are three boa constrictors, two South American wood turtles, two California king snakes, two Mexican king snakes, three leopard geckos and three fat-tailed geckos, said Lt. Alan Borgal of the Animal Rescue League of Boston.

“It’s never a good sight where you see animals caught in a fire and can’t escape,” said Cambridge Animal Control Director Mark McCabe.

A nearby Petco is caring for surviving fish and rats, Borgal said. The rescued reptiles are being cared for by a Beverly herpetologist.

“Some of the reptiles have a poor prognosis,” Borgal said. “They’re concerned about smoke inhalation and the animals are very stressed.”

Pet Shop Blaze Deliberately Set, Fire Officials Say (BOS)

By Brian R. Ballou, Globe Staff

The Boston Globe, September 29, 2006

A fire that killed more than two-dozen exotic snakes, frogs, fish, and other reptiles in a Cambridge pet shop Wednesday night was deliberately set, perhaps by the person who spray-painted the message ``No more exploitation of animals" on the store front, fire officials said yesterday.

State Fire Marshal Stephen D. Coan said that investigators were not focusing on any single motive for the blaze, which apparently started on the second floor of the Boston Tropical Fish and Reptiles building on Monsignor O'Brien Highway around 9:45 p.m. and sent animals slithering and scurrying from the flames and heat.

Referring to the note sprayed on the front of the store, Coan said: ``The investigation team is not ruling out the graffiti. We're looking at a number of potential scenarios."

Store owner Dianne San Filippo took offense at the message. ``One of our largest snakes was found melted in his tank," she said, standing outside her gutted store yesterday morning. ``Is that kind of death better than exploitation? I don't think so."

San Filippo said her manager had trouble with several people about two weeks ago. ``He had to tell a couple of people who came in to leave, after they started yelling at him and giving him a hard time about the feeder mice," she said, of the stock of mice the store keeps to feed some of the reptiles. ``I don't know if that has anything to do with the fire, if it's a coincidence."

Authorities said the fire appeared to have started on the second floor of the two-story building. It was put out at 10:33 p.m.

``This case is peculiar, because there is no evidence any animals were freed, which is certainly contradictory to that message," Cambridge Fire Captain Gerry Mahoney said. ``It's cause for alarm, because usually animal rights groups attempt to set the animals free."

Alan B. Borgal, a state humane officer with the Animal Rescue League of Boston, said a portion of the store that was untouched by flames appeared to be cluttered and unsanitary, in violation of state codes.

Borgal said 14 animals, mostly reptiles, and up to 75 fish were carried out of the fire alive. The number of fish that died was unknown; Borgal said those that survived were taken to an emergency hospital set up at a Petco store near the Cambridgeside Galleria. Rainforest Reptiles in Beverly took all the reptiles. The Animal Rescue League of Boston took the rats.

Senator To Put 'Hold' On Gun Dealer Bill (AP)

By Jim Abrams, Associated Press Writer

AP, September 29, 2006

WASHINGTON — Sen. Dianne Feinstein said Thursday she would block the Senate from taking up a House-passed bill that would change how the government handles gun dealer violations.

The House on Wednesday voted 277-131 in favor of the legislation to change how the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF, pursues gun dealer violations.

"This legislation would make it difficult, if not impossible, for the ATF to penalize gun dealers who have broken the law, and to prevent rogue dealers from continuing to sell guns," Feinstein, D-Calif., said in a statement.

A single senator can put a "hold" on legislation, preventing it from being offered on the floor without the approval of 60 senators.

The legislation differentiates penalties based on the seriousness of the violation and the size of the firearm business. It requires that any ATF decision on a dealer's license be reviewed by an administrative law judge.

Rep. Howard Coble, R-N.C., who sponsored the House bill, said it would give the ATF greater flexibility to deal appropriately with minor violations while going after gun dealers who are breaking the law. "Despite what the critics said," Coble said in a statement, "our bill puts additional muscle in the arm of the ATF."

But Rep. Carolyn McCarthy, D-N.Y., a leading gun control advocate, said the bill would make it harder to revoke the licenses of corrupt and negligent gun dealers. "Even if the ATF is able to revoke a corrupt gun dealer's license, this bill gives the dealer 60 days to sell off his remaining inventory. This defies common sense," she said.

The ATF bill was part of the House GOP's "American Values Agenda" announced last June which included flag protection, a ban on gay marriage, a ban on human cloning and tax cuts.

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The bill is H.R. 5092

On the Net:

Congress: http://thomas.loc.gov/

IMMIGRATION:

Senate Moves Toward Action On Border Fence (NYT)

By Rachel L. Swarns

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — The Senate agreed on Thursday night to end debate and press ahead with a final vote on the construction of 700 miles of fencing along the United States border with Mexico to help stem the tide of illegal immigration.

The bill would require construction of two layers of reinforced fencing in stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the 2,000-mile border with Mexico.

It would also require officials of the Department of Homeland Security to establish “operational control” over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles. The Senate, which voted 71 to 28 to end debate, is expected to hold a final vote on the measure by Saturday.

The fence represents one of the few elements from the broad bipartisan immigration measure approved by the Senate in May to win support from House Republicans, who passed their own fencing bill this month. The Senate bill also provided for the creation of a guest worker program and the legalization of most of the nation’s illegal immigrants, measures hailed by President Bush.

House Republicans rejected that approach, refusing to consider any bill that could be called amnesty for illegal immigrants, and choosing instead to focus on toughening border security.

On Thursday, the Republican architects of the Senate bill — including Senators John McCain of Arizona, Lindsey Graham of South Carolina, Mel Martinez of Florida and Chuck Hagel of Nebraska — supported the decision to bring the fencing measure to a final vote. The lawmakers, who still favor the legalization of illegal immigrants, have said they view the fence as one step toward achieving their broader legislative goals.

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One Republican, Senator Lincoln Chafee of Rhode Island, voted against shutting off debate on the fence. Eighteen Democrats voted in favor of it.

Senator Jeff Sessions, Republican of Alabama, described the vote as a crucial effort toward stopping the flood of illegal immigrants pouring into the United States.

"We know that fencing works," Mr. Sessions said. "It's time to make it a reality. Then we'll have some credibility with the American people. Then we can talk comprehensively about how to fix an absolutely broken immigration system."

Senator Edward M. Kennedy, Democrat of Massachusetts, derided the bill as "a good-feel, bumper-sticker vote" intended to energize conservative voters before the midterm elections. He noted that nearly half of the illegal immigrants in the country entered the country legally, without sneaking across the Mexican border, and overstayed their visas.

"This is a waste of money," Mr. Kennedy said. "It isn't going to work, and it's going to be enormously costly."

The fence is one of several border security measures the Senate hopes to pass this week before Congress recesses to campaign for the Nov. 7 elections. On Monday, House and Senate negotiators agreed to provide $1.2 billion for several hundred miles of fencing as part of a $34.8 billion spending plan for the Department of Homeland Security for the coming year.

The border security spending is one of several major policy initiatives that Congressional leaders decided to insert into the annual appropriations bill. It includes money to hire 1,500 new Border Patrol agents, increasing the force to 14,800, and to add 6,700 detention beds. The $1.2 billion for border security is designated for a traditional fence, vehicle barriers and a so-called virtual fence, which includes lighting, cameras and ground sensors.

The fence would be built near Tecate, Mexico, and Calexico, Calif.; Columbus, N.M.; and El Paso, Del Rio, Eagle Pass, Laredo and Brownsville in Texas.

Senators still sparred late into the night on Thursday, however, over two amendments to the fencing measure.

One amendment, proposed by Senator Kay Bailey Hutchison, Republican of Texas, would require the Department of Homeland Security to work with state and local officials in border states to determine where the fencing should be.

The second amendment, proposed by Mr. Martinez, would give the secretary of homeland security greater flexibility in determining when operational control of the borders is achieved.

Border Bill Takes A Detour (LAT)

By Nicole Gaouette

The Los Angeles Times, September 29, 2006

WASHINGTON — The Senate set the stage Thursday for a vote by week's end on a bill to wall off 700 miles of the U.S. border from Mexico, but a lastminute push by senators concerned about the severe shortage of agricultural workers could derail the measure's progress.

Senators agreed, by a vote of 71-28, to limit debate on the House-passed measure — a tally that many see as an indicator of the outcome of a final vote, which could come as early as today.

But a surprise move by Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) to add a guest worker program for agricultural workers has complicated matters.

The two senators planned to meet with Senate Majority Leader Bill Frist (R-Tenn.) this morning to press him yet again to consider adding their AgJobs proposal, intended to help farmers faced with rotting crops and thousands of dollars in lost revenue because they do not have enough workers to harvest their crops this year.

The senators' move creates a dilemma for Frist, eager for victories to counter criticism of a GOP "do-nothing Congress."

It also highlights the long-standing tension over immigration that is coming to a head in these waning days of the 109th Congress.

Republicans have built a broad-based election campaign based on security, saying their party can make America safer at the border and in the fight against terrorism. As part of this, House Republicans insist on an enforcement-only approach to immigration.

If Frist adds an agricultural guest worker program to the fence bill, the House is very unlikely to support it. If he refuses to add the agricultural program, as he has done for some time now, he will face strong opposition from Feinstein and Craig, who could rally other lawmakers against the measure. Craig said 80 lawmakers supported the AgJobs proposal.

On Thursday night, Craig said he believed there would be enough votes in the House to support the AgJobs proposal, but he acknowledged the tension surrounding immigration. "The House is in such a political panic about this issue," he said.

In introducing the Secure Fence Act of 2006, Sen. Jeff Sessions (R-Ala.) described fences as "absolutely effective" at stopping illegal immigration and reducing crime.

Sen. Edward M. Kennedy (D-Mass.) blasted the measure. "They think this simple bumper sticker will work, but it won't," he said. "It's a crass political effort by those more interested in saving their seats than securing the border."

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Approval of a fencing requirement could represent a victory for the House in its ongoing battle with the Senate over how immigration laws should be overhauled.

The chambers' approaches differ: The Senate has supported a guest worker program and a path to citizenship for those now here illegally, along with stronger border security. The House has focused solely on enforcement. House leaders, who have refused to negotiate with the Senate, have pushed this week to get a series of enforcement-only measures through Congress.

But in a quiet power struggle that has unfolded behind closed doors this week, influential Republican senators have blocked House leaders from attaching the enforcement provisions to a series of spending bills.

The measures, which the House passed last week, include a provision that would make it easier to detain and deport suspected gang members.

The struggle over these provisions continues even as the legislative session enters its final days, and is holding up a defense policy bill.

Lacking legislative triumphs, Republicans in both chambers are representing the Homeland Security spending bill, with its funding for border security, as a victory.

The entire budget for border protection, immigration enforcement and related activity for fiscal 2007 is $21.3 billion, a 10% increase from last year.

"I think it's very important for the American people to know that … regardless of what happens to the fence bill, which I support, we will have, through the appropriations process, added 4,000 new border agents. We will have 10,000 detention beds, we will have $1.2 billion for building that fence, at the end of the week whether or not that fence bill passes," Frist said Wednesday.

When asked about stymied House attempts to attach additional enforcement measures to spending legislation, House Majority Leader John A. Boehner (R-Ohio) acknowledged: "There is clearly some concern about some of the border security issues that the House passed last week. We would have liked to have seen them in, but having said that … if you look at the additional funds that did get in there, we've taken a big step on securing our border."

The Secure Fence Act would direct the Department of Homeland Security to study installing a state-of-the-art security system along the border with Canada, and would encourage the Customs and Border Protection agency to consider new ways of stopping smugglers — options that Republican staffers say could include the use of rubber bullets.

The legislation recommends unmanned aerial vehicles, vehicle barriers and all-weather access roads, and specifically outlines requirements for at least two layers of reinforced fencing. Whereas the House bill dictates exactly where the fence should go in areas around Tecate and Calexico, Calif., and near border towns in New Mexico, Arizona and Texas, the Senate bill allows these communities to have more input on placement.

It also tones down House language giving Homeland Security 18 months to stop all illegal entries into the U.S.

Cost estimates for the 700-mile fence range from $2 billion to $9 billion.

The Senate approved its own 370-mile fence measure this year.

The fence requirement prompted fierce opposition from border communities, religious groups, advocates and lawmakers. The Tohono O'odham Nation of Arizona, whose land runs along 75 miles of the U.S.-Mexico border, has also expressed deep concern that the fence would threaten wildlife and the desert ecosystem.

Critics have also argued that it would make the border more violent; would force illegal immigrants to take more dangerous routes through the desert; would harm trade and relations with Mexico; and still wouldn't solve the problem of illegal immigration.

Kennedy pointed out that at least 40% of illegal immigrants had entered the U.S. legally, through an airport, and simply overstayed their visas.

Supporters of such fences argue that they are an invaluable aid to border patrol agents and reduce the impact of illegal immigration on border communities. They often cite a 56% drop in crime in San Diego County since a fence was built in that area.

If the Secure Fence Act is not approved, the Homeland Security spending bill for fiscal 2007 will provide the department with $1.2 billion to continue adding physical reinforcements and barriers along the southern boundary with Mexico.

The department already erects fences, roads, vehicle barriers, lights and cameras along the border, complying with relevant laws and working with private and public land owners in doing so.

TAX:

Merck Faces $2.3 Bln Tax Bill In U.S. Expense Dispute (Update2) (BLOOM)

By Angela Zimm And Ryan J. Donmoyer

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- Merck & Co., already facing thousands of lawsuits related to its withdrawn Vioxx painkiller, may have to pay as much as $2.32 billion to the Internal Revenue Service in connection with disputed expenses on its tax returns.

The IRS has sent notices that it won't allow royalty-related expenses Merck claimed on its tax returns from 1993 through 1999, the Whitehouse Station, New Jersey-based drugmaker said in a Securities and Exchange Commission filing. The Wall Street Journal reported today that the IRS is contesting an arrangement by which Merck cut its U.S. tax bill by $1.5 billion over 10 years by paying a Bermuda-based unit to use its own patents.

The dispute relates to a ``partnership transaction'' that Merck set up in 1993, according to the Aug. 7 filing. The IRS is increasingly challenging cross-border transactions that companies are using to lower their federal tax bills. It also has taken regulatory steps to curb the transfer of assets such as patents and licenses to subsidiaries in low-tax countries.

Merck said in the quarterly filing that it ``vigorously disagrees'' with the IRS's proposed adjustments to its tax returns.

``An unfavorable resolution could have a material effect on the company's results of operations or cash flows in the quarter in which an adjustment is recorded or the tax is due or paid,'' Merck said in the filing.

Reserves

Merck has set aside reserves for the tax liability, spokesman Raymond Kerins said in a telephone interview. He didn't disclose the amount. Merck has outlined the tax liability in its quarterly filings ``for years,'' he said. He declined to comment on the particulars of the dispute with U.S. tax authorities.

``We don't disclose any communications with the IRS,'' Kerins said today in a telephone interview. ``The partnership transaction was in full compliance with IRS rules and regulations.''

Shares of Merck fell 34 cents to $42.06 at the close of New York Stock Exchange composite trading. They have climbed 53 percent in the past 12 months.

The IRS also issued a summons in January requesting information in connection with a ``minority interest equity financing transaction'' from 1995, according to the filing.

Vioxx Litigation Costs

Merck, the fourth largest U.S. drugmaker, is defending itself against more than 18,000 lawsuits over Vioxx, which it pulled from the market two years ago because of a link to an increased risk for heart attacks and strokes. The company has set aside almost $1 billion for litigation-related costs.

According to the Wall Street Journal article, which cites documents and people familiar with the situation, Merck set up a subsidiary in Bermuda in 1993 to which it transferred patents covering its Zocor and Mevacor cholesterol-lowering drugs. The IRS is challenging the tax benefits Merck gained from the transaction, the journal reported.

The transaction is similar to one used by General Electric Co. to save $62 million in taxes in the 1990s by shifting about $310 million in income from leases on old airplanes to a pair of Dutch banks via a Bermuda-based partnership called Castle Harbour LLC, according to court filings.

The arrangement is designed to take advantage of different tax rules in different countries. In the Merck and GE cases, the U.S. company essentially generates tax deductions without offsetting income. Foreign partners take advantage of rules in their own countries that don't tax income earned outside of their borders.

American companies choose foreign partners in places such as the Netherlands because of accommodating banking laws and favorable tax treaty rules.

GE Ruling

The Second Circuit Court of Appeals in New York ruled on Aug. 3 that the GE transaction had no business purpose other than to save taxes and was thus a sham, reversing an earlier district court decision that the transaction was legitimate.

At the time, Eileen O'Connor, assistant attorney general for the Tax Division at the Justice Department, called the ruling ``another paving stone in the Department's path to stopping abusive tax shelters.'' GE is appealing.

GE spokesman Russell Wilkerson didn't immediately return a phone call or respond to an e-mail.

Dow Case

A third case with similar allegations is pending in federal court in Louisiana, where Dow Chemical Co. is fighting to restore more than $130 million in claimed tax benefits. The company has paid tax bills the IRS has sent so far, said Dow spokesman Chris Huntley.

In that case, the U.S. government said it will seek information from five European banks as well as ``extensive discovery'' of third parties involved with the transaction, including Goldman Sachs Group Inc. According to the Wall Street Journal, Goldman Sachs helped structure both the Dow and Merck transactions.

``This was a legitimate financing arrangement,'' Huntley said today in a telephone interview. ``We firmly believe our position is entirely justified.''

Goldman Sachs spokesman Peter Rose said the company had no comment.

The IRS is taking action on the arrangements on the heels of other enforcement in the area of international tax avoidance. On Sept. 11, GlaxoSmithKline PLC, Europe's largest drugmaker, agreed to pay about $3.1 billion in taxes to settle what the IRS said was its biggest dispute ever.

Transfer Pricing

That case involved transfer pricing, a common practice for multinational businesses. Multinational companies also regularly use partnerships to reduce their tax liability, said Lee Sheppard, a contributing editor at the journal Tax Notes.

``Use of a partnership to send taxable income in one direction and cash in another is a longstanding tactic," she said.

The government has also taken regulatory steps intended to prevent companies from undervaluing patents and intellectual property when they're transferred to subsidiaries located in tax havens.

The low-cost transfers allow companies to maximize their income in tax havens such as Ireland while providing their U.S. parent companies with deductions for research and development expenses.

Existing rules have helped companies stockpile more than $650 billion in cash overseas. Many U.S. companies are repatriating those funds to the U.S. under a one-year tax holiday passed by Congress for 2005 that can be used this year in certain circumstances.

Rules the U.S. Treasury Department issued last year now require companies to value assets at the same price they would charge a competitor to acquire them.

To contact the reporter on this story: Angela Zimm in Boston at azimm@bloomberg.net ; Ryan Donmoyer in Washington at rdonmoyer@bloomberg.net .

War Stress May Hit Part-time Soldiers The Hardest (USAT)

By Gregg Zoroya

USA Today, September 29, 2006

WASHINGTON — The wars in Iraq and Afghanistan appear to be taking a greater toll on the mental health of the so-called weekend warriors than on that of active-duty troops, the Army's leading expert on combat stress said during a congressional hearing Thursday.

Army Col. Charles Hoge testified that 41% of National Guardsmen and reservists raised concerns about their mental health in answers to a survey taken three to six months after they returned from combat.

That compares with 32% of active-duty troops who responded to the survey, says Hoge, a psychiatrist with the Walter Reed Army Institute of Research and an expert in post-traumatic stress disorder.

In addition, a third of the citizen soldiers complained of problems serious enough that they were referred for mental health counseling; only 13% of active-duty soldiers were referred.

The findings come as the Army, under enormous strain from fighting on two war fronts at once, considers greater use of its part-time soldiers in combat.

The program to screen soldiers for health problems began earlier this year. More than 70,000 troops have been screened. Soldiers are asked whether they have suffered depression, abused alcohol, had relationship problems or felt suicidal.

Hoge, who testified before aHouse Veterans Affairs subcommittee Thursday, said he did not know why Guard and Reserve troops showed more evidence of mental health problems. He said more research was needed. "It is important not to misinterpret these data as suggesting that they are in some way less mentally healthy than the active-component soldiers," Hoge said.

He said one of the differences could be that the part-time soldiers are concerned about access to health care after returning to their hometowns, while active-duty soldiers are guaranteed access on their bases.

Another reason, Hoge said, could be that active-duty soldiers remain together after combat and can discuss their experiences.

More than 160,000 members of the National Guard have served or are serving in Iraq and Afghanistan.

VA Didn't Spend All Money Appropriated For Mental-health Services, GAOsays (MCT)

By David Goldstein

McClatchy Newspapers, September 29, 2006

WASHINGTON - The Department of Veterans Affairs failed to fully spend a promised $300 million since 2005 to fill critical gaps in mental-health services for returning troops and others, congressional investigators said.

The money was supposed to be used to improve awareness of the VA's mental-health programs and provide better access to them for soldiers who served in Iraq and Afghanistan, women and other veterans suffering from mental illnesses.

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But a Government Accountability Office (GAO) report released Thursday found that the agency underspent the money, and not all of what it did spend went to those programs.

"Veterans expect that wounds suffered in service, be they to mind or body, will be cared for by the nation they served," Rep. Henry Brown Jr., R-S.C., said during a hearing he chaired Thursday on mental health issues. "We will exercise greater oversight ... to ensure that funds allocated by the American people are used as intended."

The VA did not respond to requests for comment.

The Kansas City Star reported in May that the VA had dramatically underestimated the number of troops that would return from Iraq this year suffering from post-traumatic stress disorder. The GAO reached a similar conclusion in a separate report last week.

In Thursday's GAO report, investigators found that the VA spent only $53 million of the $100 million it planned to use in fiscal 2005 on gaps in care under a mental-health strategic plan. It sent $35 million of the $100 million to a VA general fund, where the money could be spent on a variety of programs.

Investigators also said that the VA didn't tell its hospital and health-care officials that the $35 million was available, and they "were unaware that any specific portion of their general allocation was to be used for mental health strategic plan initiatives."

The GAO said that in fiscal 2006, which ends Saturday, the VA budgeted $200 million for the strategic plan, but $42 million remains unspent.

CONGRESS-ADMINISTRATION:

Term Should Indicate New Justices' Influence (USAT)

By Joan Biskupic

USA Today, September 29, 2006

WASHINGTON — The Supreme Court will begin its annual term Monday with a schedule that includes cases on abortion rights, school integration and global warming, topics that will test the impact of the court's two new conservative members.

Such disputes, and a slate of business cases, could offer significant clues on how Chief Justice John Roberts and Justice Samuel Alito will influence the law. Both have roots in Ronald Reagan's administration and were touted by President Bush as reliable conservatives.

Roberts replaced another conservative, the late William Rehnquist. Alito succeeded the retired Sandra Day O'Connor, a moderate justice who was at the court's ideological center. As her views evolved over her quarter-century tenure, O'Connor became the key vote on a divided, nine-member court. By voting with the court's four liberals, she helped to ensure abortion rights and the use of affirmative action in college admissions.

That's why the new cases could be poignant signs of how the court has changed with Alito on the bench instead of O'Connor. Alito's record as a lower court judge suggests he would be less open to abortion and affirmative action than she was.

“The outcome of these new cases will tell us a great deal about the future direction of the Roberts court, on specific issues and more generally on the court's respect for past rulings,” American Civil Liberties Union legal director Steven Shapiro says.

Washington lawyer Helgi Walker, a former law clerk to conservative Justice Clarence Thomas, says that although “we could see watershed decisions” this term, it's also possible “the cases could be decided on incremental grounds” that don't dramatically change the law.

Six years ago, O'Connor joined the court's liberals in a 5-4 decision that struck down a state ban on a procedure abortion foes call “partial birth” abortion. The court cited the law's lack of an exception for when a physician believed the procedure to be best for a woman's health.

The justices will consider a federal ban on the “partial birth” procedure, which Congress passed in 2003 while asserting that the method is never necessary to preserve a woman's health.

In urging the court to uphold the ban, U.S. Solicitor General Paul Clement says the dispute is a crucial test of Congress' power to make findings and set policy. On the other side, lawyer Eve Gartner of Planned Parenthood says the ban could affect most abortions in the second trimester — roughly 12-20 weeks of gestation, before the fetus can survive outside of the womb.

According to the Guttmacher Institute, which compiles nationwide abortion data used by both sides of the debate, about 1.3 million abortions are done in the USA each year: 89% in the first trimester, 10% in the second and 1% in the third.

Disputes over abortion rights have been a staple of the high court's docket since the Roe v. Wade decision in 1973, when the court first declared that there is a constitutional right to end a pregnancy. The ruling transformed national politics and generated a stream of cases over government limits on the abortion procedure.

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Through the years, as the court became more conservative, the justices have allowed regulation of abortion but have affirmed the core right to end a pregnancy. The current case does not challenge the basic right to abortion. Rather, it tests whether the court, for the first time, will allow a particular method of abortion to be outlawed.

The banned procedure, in which a physician partially delivers the fetus before collapsing its skull, covers medical methods known as "dilation and extraction" and intact "dilation and evacuation."

A pair of cases that will come before the court focus on the divisive debate over racial preferences and school desegregation.

In Louisville, the Jefferson County School Board makes sure the enrollment of each elementary and secondary school is at least 15% African-American, but no more than 50%. In Seattle, a student assignment plan on hold because of the litigation seeks to achieve a racial balance in high schools. When a school has too many applicants, officials use "tiebreakers" to fill openings. One of the tiebreakers considers the applicant's race.

Parents of children who did not get their first choice of schools sued, citing the Constitution's guarantee of equality. School officials say they have a compelling interest in racially diverse schools and in not having campuses mirror the separation of whites and blacks found in housing patterns.

In 2003, O'Connor's vote in a University of Michigan case ensured colleges could use applicants' race for campus diversity.

The justices also will take up several key business cases, including those that test limits on punitive damages and pollution regulation.

Jesse Williams, who smoked two packs of Marlboros a day for 45 years, died of lung cancer in 1997. His widow sued Philip Morris, which makes Marlboros. She won a jury award of $79.5 million in punitive damages, nearly 100 times the damages set for her loss.

Philip Morris argues that the award was unconstitutionally excessive and that the jury was improperly allowed to consider harm to other Oregon smokers.

The justices also will hear their first case focused on global warming, in an appeal from a dozen states and several cities that want the federal government to regulate gases emitted from tailpipes of new cars and trucks. The question is whether the Clean Air Act gives the Environmental Protection Agency the power to regulate "greenhouse gases," which many scientists blame for global warming.

The EPA says it doesn't have authority to regulate such emissions. Massachusetts Attorney General Tom Reilly countered recently, "The federal government is shirking its responsibility to apply the law."

Key Cases On Court's Docket (USAT)

USA Today, September 29, 2006

Key cases to be considered by the Supreme Court during its 2006-07 term, and the legal questions they pose:

·Gonzales v. Carhart; Gonzales v. Planned Parenthood — Whether a federal ban on a procedure called "partial birth" abortion violates a woman's constitutional right to end a pregnancy because the ban lacks an exception for cases in which a physician believes the procedure is the best option to preserve a woman's health.

·Parents Involved in Community Schools v. Seattle School District No. 1; Meredith v. Jefferson County Board of Education — Whether a public school district's consideration of a student's race in school assignments as part of an effort to achieve racial diversity in schools violates the constitutional guarantee of equality.

·Philip Morris USA v. Williams — Whether a judge reviewing a jury's punitive-damages award may find that a company's conduct was reprehensible enough to override the usual requirement that such damages be reasonably related to the actual harm caused. The case also tests whether a jury may punish a company for the effects of its misconduct on people who were not parties to the case.

·Massachusetts v. Environmental Protection Agency — Whether the EPA has the authority to regulate carbon dioxide and other pollution from tailpipe emissions linked to global warming, and whether the agency may decline to issue emission standards for vehicles.

·Ledbetter v. Goodyear Tire & Rubber Co. — Whether a person alleging illegal pay discrimination may sue her employer over a salary decision after a 180-day period for filing such complaints has passed.

·Carey v. Musladin — Whether an appeals court erred in throwing out a jury's murder conviction on the grounds that three family members of the victim were in court wearing buttons depicting the deceased.

·Cunningham v. California — Whether California's sentencing law, which permits judges to boost sentences based on their determination of facts (rather than a jury's assessment), violates defendants' 6th Amendment right to a jury trial and recent Supreme Court rulings limiting judges' discretion.

DOJ_NMG_0071244

·Whorton v. Bockting — Whether a 2004 Supreme Court decision barring the introduction at trial of certain out-of-court statements applies retroactively to thousands of criminal cases that were pending at the time.

Abortion, Race Cases Will Challenge Roberts' Goal Of Consensus (LAW)

By Tony Mauro, Legal Times

Legal Times, September 29, 2006

Chief Justice John Roberts Jr., speaking at a judicial conference this summer, sounded positively proud of the consensus he forged in his first term in office. Roughly half the cases were decided unanimously, almost twice as many as in recent years.

And when the run of unanimity ended with some contentious 5-4 decisions in June, Roberts noted unhappily to his audience, some commentators pronounced that the era of good feelings was over.

"You know, when Joe DiMaggio finally ended his hitting streak, sportswriters didn't say, 'He's all washed up,'" Roberts said, mildly miffed, to the 9th Circuit conference in California.

True enough, but then again, DiMaggio, the legendary New York Yankee, never again matched that 56-game hitting streak of 1941 -- nor has anyone else. And Roberts may not have another term as harmonious as his first, either.

Roberts' second term as chief justice begins Monday with a slew of tough curveball cases on the docket. Contentious disputes over abortion rights, race, punitive damages and the environment loom large, and the Court has only just begun to fill its argument calendar for the term.

The cases will bring crucial and tricky choices for the Court's other new justice, Samuel Alito Jr., who replaced centrist Sandra Day O'Connor on the bench, as well as for Justice Anthony Kennedy, who replaced O'Connor in the less official position of swing voter.

But this term will also be a test of Roberts' leadership, especially since he has been so vocal in establishing greater unanimity and consensus as a goal for the Court.

In remarks at the same 9th Circuit conference in July, Roberts offered a remarkable definition of a justice's duties. "It's important for all of the justices to view it as part of their responsibilities to try to work as a Court, rather than the pursuit of individualized jurisprudence." The late Chief Justice William Rehnquist stopped trying for that kind of collegiality in his final years, presiding instead over a growing cacophony of split decisions, separate concurrences, and partial dissents.

Roberts is determined to reverse that trend to enhance the "stature and legitimacy of the Court," he said. And if achieving the goal of greater harmony means deciding cases very narrowly, Roberts added, so be it.

"There are many cases we get that can be decided on a number of different grounds," Roberts told the conference. "If there's one where it's 8-1 or 9-to-nothing, and another where it's 5-4, I think it's better to decide on the former ground and let it go at that."

Roberts' strategy, said former acting Solicitor General Walter Dellinger III, is a throwback to Roberts' days as a skilled Supreme Court advocate. "Advocacy makes you a minimalist," Dellinger said at a Cato Institute conference. Now head of O'Melveny & Myers' appellate practice, Dellinger said that finding narrow ground on which to win a case is "what he did for a living."

But will that minimalist approach cut it in the big cases this coming term, when advocates will be seeking broad decisions either preserving or toppling controversial precedents? Florida International University law professor Thomas Baker, a former aide to Rehnquist, thinks the institutional pressures on Roberts and Alito will result in small change. "The Court is like a big ship -- it only turns slowly."

But Baker and others still view the coming term as far more important than the last. Last term, he says, "they were looking for cases they could decide in ways where Justice O'Connor was not crucial to the outcome. Now we are going to see what her departure really means."

ABORTION AGONISTES

Nowhere will O'Connor's departure mean more this term than in a pair of cases set for oral argument Nov. 8, Gonzales v. Carhart and Gonzales v. Planned Parenthood. At issue in both is the federal law banning "partial birth abortion," which Congress passed in the wake of the Court's 2000 decision Stenberg v. Carhart, which struck down a similar statute in Nebraska because it failed to include an exception that would allow the procedure if needed to protect the health of the mother. The federal law also does not contain such an exception, but Congress cited medical evidence -- which abortion rights supporters dispute -- to conclude that the procedure is never needed to protect a woman's health.

O'Connor was in the majority that struck down the Nebraska law, and Kennedy was in dissent, even though both had been architects of the 1992 decision Planned Parenthood v. Casey, which rescued Roe v. Wade from being overturned.

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Kennedy now must grapple with a no-win dilemma that rivals the agonizing he did before Casey, which at the time produced his now-classic musing: "Sometimes you don't know if you're Caesar about to cross the Rubicon or Captain Queeg cutting your own towline."

If Kennedy votes to strike down the federal law in the November cases, he could be viewed alternately as:

Conservative, because he will be following the Rehnquist Court view of limited congressional power to regulate states;

Liberal, because he will be siding with the abortion rights advocates;

Activist, because he won't be deferring to the will of an elected Congress; or

Nonactivist, because he will be adhering to established precedent regarding the health exception.

By the same token, if Kennedy sticks with his 2000 stance against partial birth abortion and votes to uphold the federal law, he could be viewed as:

Conservative, because he will again join the camp of abortion rights opponents;

Liberal, because he will be supporting the view that Congress has broad power to override the views of states;

Activist, because he will be overturning recent precedent; or

Nonactivist, because he will be showing deference to elected legislators.

"Which Kennedy will show up?" asks Florida International's Baker. "The Casey Kennedy or the Stenberg Kennedy?" He thinks it may be the latter, with Kennedy adhering to his dissent in Stenberg by voting to uphold the federal ban.

"The late Justice Potter Stewart would dissent one year, then feel honor-bound to follow the precedent the next year," says Baker. "I don't see that in Kennedy's jurisprudence."

RACE JUDICATA

Similar issues of precedent will influence the Court's consideration of two race cases, Parents Involved in Community Schools v. Seattle School District and Meredith v. Jefferson County Board of Education. The 6th and 9th circuits upheld plans in Kentucky and Seattle, respectively, that use race as a factor in assigning students to public schools to achieve diversity.

Though the cases pose somewhat different issues than those raised by the higher education program upheld in the 2003 affirmative action case Grutter v. Bollinger, many analysts see that precedent now up for grabs. Again, O'Connor was in the majority in Grutter, and Kennedy was in dissent.

"It will be very hard to overturn the school cases without overturning Grutter, even if the opinions claim they are not doing so," says Court historian David Garrow, who teaches at the University of Cambridge in England. "The Court is institutionally disinclined to discard its own high-visibility precedents."

The Court's business docket occupies an unusually high proportion of the cases it's accepted for this term -- namely, 13 of the 29 granted review so far -- said veteran advocate Roy Englert Jr. of Robbins, Russell, Englert, Orseck & Untereiner at a Chamber of Commerce briefing. Continuing its recent trend of heightened interest in antitrust issues, he said, the Court is expected to rule in "a minimum of five" antitrust disputes this term.

But the most high-profile business cases so far involve the following:

Punitive damages. In Philip Morris v. Williams, set for argument Oct. 31, business groups are hoping the Court will continue down the road it took in the 2003 decision State Farm v. Campbell, which sought to temper punitive damage awards. The 2003 ruling suggested a maximum of a 9-1 ratio between punitive and compensatory damages, but states have responded in widely varying ways. In the case before the Court, an Oregon jury awarded Mayola Williams $79 million in punitive damages on top of an $895,000 compensatory award. "This is the first case Roberts and Alito will decide in the punitive damages area," says Mark Levy, counsel at Kilpatrick Stockton in Washington. Both, he says, are "up for grabs."

Patents. In KSR International v. Teleflex the Court will consider an issue that arises in almost every patent dispute: When is an invention so obvious that it does not deserve a patent? The U.S. Court of Appeals for the Federal Circuit set a standard for assessing obviousness that critics say has allowed too many patents to be approved.

Global warming. The Court will review the Environmental Protection Agency's determination that it has no authority to regulate emissions of carbon dioxide and other greenhouse gases emitted by cars. The EPA also said scientific uncertainty about the effect of these gases on the global climate led it to decide it should not regulate these emissions. In Massachusetts v. EPA, 12 states challenged a ruling by the U.S. Court of Appeals for the D.C. Circuit that the EPA had "properly exercised" its discretion in declining to regulate.

But even beyond the headline-making cases, the Court's cases include many that could have a broad impact on everyday life.

That will be clear from the first argument on the first day the justices are on the bench, Tuesday. (There will be no arguments Monday because of the Yom Kippur holiday.)

Two cases consolidated for argument Tuesday could expose thousands of immigrants to automatic deportation. Those convicted of felonies already can be deported, but in these cases, from South Dakota and Texas, the issue is whether

deportation should result from relatively minor offenses such as drug possession, which is a felony under state law but a misdemeanor under federal law.

The immigrant cases will have "broad significance," said Steve Shapiro, legal director of the American Civil Liberties Union, at a briefing. Along with the blockbuster cases and others, said Shapiro, they will reveal the direction of the newly constituted Court.

"Last term we got a glimpse of the Roberts Court, but only a glimpse," Shapiro said at the Sept. 19 briefing. "At the end of this term, we will know a lot more."

High Tech For High Court (LAT)

The Los Angeles Times, September 29, 2006

IT WOULD BE UNFAIR TO SAY that arguments before the U.S. Supreme Court are shrouded in secrecy. Reporters and the public long have been able to attend arguments — though seating is scarce in high-profile cases — and transcripts are eventually published on the court's website, http://www.supremecourtus.gov . In recent years, the court has even authorized the same-day release of audiotapes of especially newsworthy arguments.

Compared with Congress, however, the supposedly public proceedings of the court are still far from transparent. But beginning Tuesday, public access to oral arguments will increase exponentially when the court begins posting same-day transcripts on its website.

As with congressional proceedings, some cases will be more absorbing than others. Many Americans will want to read transcripts of the upcoming argument in Gonzales vs. Carhart et al, in which the court will weigh the constitutionality of a federal law banning so-called partial-birth abortions. But only legal junkies will be clicking their mice to read arguments in BP America Production Co. et al vs. Burton, a case that poses the riveting question of "whether — contrary to the decision below but consistent with decisions of the Tenth and Federal Circuits — the limitations period in 28 U.S.C. § 2415(a) applies to federal agency orders requiring the payment of money claimed under a lease or other agreement."

Sensational or soporific, arguments before the court offer citizens an opportunity to learn how the justices think and occasionally to observe an internal debate among them expressed by posing questions to opposing counsel. Making such arguments more accessible could also increase informed knowledge about the judicial branch, always a good thing.

This innovation is the latest in a series of halting steps toward making the court more transparent. In 1993, it moved to deny access to recordings of old cases to a political scientist who had duplicated them for commercial publication. But the court relented, and the National Archives lifted a restriction on making copies. Now official transcripts of oral arguments actually identify justices by name — this counts as progress — when they ask a question.

Same-day transcripts still fall short of making audiotapes routinely available, and even that reform wouldn't allow citizens to see the justices in action. Unfortunately, most justices seem to concur with Justice David H. Souter's view that TV cameras will be brought into the courtroom "over my dead body."

Like lawyers who appear before the court, we hope Souter and his colleagues are willing to reexamine their view that television coverage would change what Justice Anthony Kennedy called the "dynamic" of the court. Reading the justices' questions — and lawyers' answers — will be educational. Even more illuminating would be the opportunity to watch and listen to those exchanges.

How Bush Looks To Define Energy-Policy Focus (WSJ)

By John D. McKinnon

The Wall Street Journal, September 29, 2006

HOOVER, Ala. -- President Bush said he would speed up his alternative-energy push during the remainder of his term with new spending focused on easing bottlenecks that are slowing the spread of ethanol in the market.

In an interview with The Wall Street Journal on a swing through Alabama, Mr. Bush said he is seeking ways to overcome difficulties in transporting the fuel, and to increase the number of stations selling it. "I envision more money being spent to accelerate" availability of ethanol and other alternative fuels. He pointed to a federally funded project to build fueling stations along the highway from Indiana to the Gulf Coast as an example. (Read the full interview1.)

The president also damped speculation that his administration is exploring a major shift in global-warming policy and may soon embrace some kind of formal government-imposed limits. Though Mr. Bush did imply that a shift could happen in the unlikely event that the modest voluntary goals set by his administration to reduce so-called greenhouse-gas emissions were failing.

"I put some targets out there and we're meeting those targets," Mr. Bush said. "But should we not meet the targets, then I said that the country ought to consider a cap and trade," in emissions credits, he said.

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Aides later emphasized that Mr. Bush was reiterating a longstanding administration policy, and the president himself underscored his preference to focus on developing new technologies, even as some states -- notably California -- have begun moving toward more-direct regulation. "As you diversify away and/or improve the capacity to burn certain fuels, you're developing environmentally friendly technologies," he said.

Mr. Bush's comments on energy and global warming come as he and aides try to hone the priorities for his final two years in office. He is increasingly focused on making diversification from oil one of his long-term legacies, and is trying to respond to growing political pressure for more direct government action on greenhouse gases, while continuing to stave off demands for concrete rules.

While Mr. Bush has talked a great deal in recent months about cleaner energies and finding alternatives to oil, he continues to be widely criticized by environmentalists for failing to back his rhetoric with enough government action -- either spending or tougher regulations to cut pollution. His resistance in particular to federal limits on greenhouse gases -- which result from burning fossil fuels and are believed to contribute to climate change by trapping the sun's rays -- has left him at odds with some business leaders who have come to endorse stronger federal action.

Beyond energy, Mr. Bush touched on a range of subjects during a break between an energy-promotion event in the morning and a fund-raiser for the re-election campaign of Alabama Republican Gov. Bob Riley.

On Iran, Mr. Bush said he is willing to let negotiations on Tehran's nuclear ambitions run awhile longer before trying to ratchet up pressure to curb such programs. "We ought to give the Europeans time to see whether or not the Iranians will make the proper choice about verifiably suspending [uranium enrichment]," he said. But he added that the ultimate deadline for a sanctions push would come "sooner rather than later, to make sure that these discussions are not their attempt to stall their way into us losing our interest in the subject."

On the continuing problems of auto giants General Motors Corp. and Ford Motor Co., Mr. Bush said he is interested in talking with their top executives after the November elections, but he appeared to hold out little hope that the federal government would take the lead in relieving the companies of their huge legacy costs for retired workers. "If their concerns are rising health-care costs, I fully understand," he said. But "if their concerns are, 'We made some agreements in the past that we're not sure we can live with,' I will be most interested in hearing what the prescription would be."

Overall, Mr. Bush said he would place energy independence alongside his long-sought overhaul of federal entitlement programs as he approaches his final two years in office.

"A president has got to think about how ... we stay competitive," Mr. Bush explained in a city building where he had just met with officials who have converted their fleets to alternative fuels like ethanol. If the U.S. can make progress in diversifying its vehicle fuels and also overhaul entitlements such as Medicare and Social Security, "we'll be able to look back and say we made it easier for future Congresses and future presidents to stay competitive in the global economy," he said.

Mr. Bush said bluntly in his State of the Union address in January that America has become "addicted to oil." He pledged then to increase spending drastically for research into alternatives.

But while consumers have responded enthusiastically -- for example, snapping up so-called flex-fuel vehicles that run on gasoline or ethanol -- many still have nowhere to buy ethanol. Just a small fraction of the nation's gas stations sell the mainstay E85 fuel (85% ethanol; 15% gasoline). The number has been slowly rising but as of yesterday, fewer than 1,000 out of 170,000 gas stations stock E85, according to the National Ethanol Vehicle Coalition.

To increase that number, the federal government could sweeten existing tax credits and/or grant programs to help gas stations that add an ethanol pump or convert an existing gas pump into one that dispenses ethanol. The existing credit pays 30% of the conversion costs, up to $30,000.

The president also could propose increases in an Energy Department grant program that aims to increase ethanol availability. This year the department awarded $1.5 million to help expand the number of gas stations that stock E85. An additional $1.8 million was directed in 2005 to help the National Ethanol Vehicle Coalition give grants to stations for conversion.

To date, the E85 effort has been driven largely by the private sector. In recent months, for instance, Ford and General Motors, which sell most of the cars that can run on ethanol, have helped gas stations that want to add E85 pumps, often helping to publicize the efforts to local drivers. Yesterday, Mr. Bush said he continues to see a major role for private-sector investment, including venture-capital investment, in energy-diversification efforts. He suggested that recent softening of petroleum prices shouldn't affect alternative-energy investments too much.

Overall, Mr. Bush outlined a vision of the future in which ethanol would become available on a regional basis, as locally grown fuel sources such as wood chips and switchgrass become economically viable. "I think what you'll see is regional penetration, depending upon where the feed stocks are being grown," he said. "And as you see new breakthroughs ... then you'll see production plants springing up."

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Mr. Bush's comments appeared aimed at underscoring the administration's efforts on energy at a time when high gasoline prices continue to make the White House and Republicans politically vulnerable, despite recent easing of the problem. White House aides complain that Mr. Bush has gotten little credit for his energy initiatives throughout his tenure in office, amid global criticism of his rejection of the Kyoto accords on climate change.

Mr. Bush reflected that concern yesterday. "Part of my frustration is that what we have been doing hasn't quite penetrated into the American psyche," he said. "It was, 'Why aren't you diversifying? Why aren't you doing something?' But this administration has done more than any administration has done."

Bush Touts Ethanol As Way To Ease Dependence On Oil (DJ)

Dow Jones Newswire, September 29, 2006

WASHINGTON (Dow Jones)--President George W. Bush, touring an alternative fueling station in Hoover, Ala., said Thursday that the U.S. needs to develop ethanol-based fuels to wean drivers off oil.

"One way to become less dependent on foreign oil is for us to develop new ways to power our automobiles right here in America," Bush said.

Bush, who is to attend a luncheon fundraiser later Thursday for Gov. Bob Riley in Birmingham, got a briefing in Hoover on Alabama's efforts to develop alternative fuels and the E85 capacity at Hoover Public Safety Facility, which has been open since May 2004.

The city of Hoover's police force uses around 20,000 gallons of E85 - an ethanol and gas blend - per month, according to the White House.

Bush said the blend "works just fine because it helps keep our air clean. It works just fine because it helps address the national security issue."

"One of the important policies of government ought to be to encourage the production and use of ethanol," Bush said. "And there's a federal role for that."

The president, who repeatedly complains the U.S. has become addicted to oil, boasts that his administration has taken steps to promote energy diversity, including tax credits for ethanol blends and small ethanol producers and a Renewable Fuels Standard to boost the amount of homegrown fuel. He said researchers are working on breakthroughs to convert switchgrass and wood products into ethanol.

The Natural Resources Defense Council agreed with Bush's endorsement of ethanol but said Bush and Congress need to enact policies that will help bring the fuel to consumers more quickly.

"The president is on a forward-looking road by supporting these advanced fuels, but he's keeping his foot off the gas pedal when American farmers and families want to go full speed ahead," said Nathanael Greene, an NRDC senior policy analyst. "His administration and Congress need to enact policies that will advance these fuels quickly and affordably to move America beyond oil and cut global warming pollution."

Deficit Comes In Below Projections, Thanks To `off-budget' Borrowing (MCT)

By Kevin G. Hall

McClatchy Newspapers, September 29, 2006

WASHINGTON - The U.S. government closes the books on fiscal 2006 Saturday, and politicians are likely to trumpet that the federal deficit came in almost $60 billion below projections. Problem is, they won't be using the same math you use.

The nonpartisan Congressional Budget Office has projected that the federal deficit for the fiscal year ending Sept. 30 will total around $260 billion, aided by a surge in revenues. That's $58 billion lower than last year's deficit and about $77 billion lower than projections at the beginning of the fiscal year.

Great news? Budget experts in Washington and on Wall Street say it's a welcome development, but misleading. Washington's funny math excludes the Social Security trust fund, which is running a $177 billion surplus this year. Washington spends it, but doesn't count it as spending. It's officially listed as "off-budget" borrowing.

"In practice, all the money Washington collects goes into the same pot and gets spent the same. On paper, we say we'll pay Social Security back later," said Brian Riedl, chief budget analyst for the Heritage Foundation, a conservative research center.

So the deficit is actually about $437 billion, the CBO calculates: the $260 billion official deficit plus the $177 billion borrowed from the trust fund. Since the money is "borrowed," it adds to the gross federal debt, which is expected to reach about $8.5 trillion by Jan. 1.

This is why New York investment bank Goldman Sachs & Co. issued a dour report Sept. 22 titled "The U.S. Budget Outlook: No Lasting Improvement."

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Spending trust-fund money to mask the true size of the federal deficit is a longtime Washington gimmick, but even so, Heritage calculates that the Bush administration and the Republican-led Congress have increased government spending by 45 percent since 2001. Heritage uses spending numbers from the White House Office of Management and Budget.

Federal spending increased by 9 percent in fiscal 2006, the biggest jump since 1990. It's risen sharply for education, agriculture and several nondefense programs as well as for the war on terrorism and homeland security.

"It's really been a guns-and-butter spending spree," Riedl said. "Of all the federal spending increases since 2001, defense and homeland security combined are responsible for less than a third."

Heritage calculates that discretionary spending, excluding defense and homeland security, has increased by 7 percent annually during the Bush presidency. That nearly doubles the 4.2 percent annual growth under President Clinton.

The current spending increases appear less dramatic, however, when they're viewed as a percentage of gross domestic product, the total value of U.S. goods and services produced in a year. In its midyear review, the White House projected fiscal 2006 spending in the ballpark of 20 percent of the GDP. That's about the same as it was for most of the 1990s, although up sharply from 18.4 percent in 2000.

"We're in a situation where the immediate cash budget isn't the issue. People shouldn't focus too much on that," said Robert Bixby, the executive director of the Concord Coalition, a bipartisan grassroots organization that advocates balanced federal budgets. "The real issue we need to start paying more attention to is what sort of enormous balloon payment are we setting ourselves up for in the future."

Looming just over the horizon is a huge demographic shift that'll strain the federal budget enormously. On Jan. 1, 2008, the first baby boomers - 76 million Americans born from 1946 to 1964 - become eligible for Social Security benefits. From that point on, a two-decade assault on federal finances begins. The federal government will turn to an ever-declining number of active workers to pay for the health and retirement benefits it's promised to baby boomers.

"For people who think that's a long ways off, the first baby boomer collects their first Social Security check in 14 months," Riedl said. "No economic boom can make up for Medicare rising 9 percent, Medicaid rising 8 percent and Social Security rising 6 percent."

There's another important way that Washington math differs from yours. The nation's books are done on a cash basis: money coming in and going out. Most American business and family budgets don't look only at the flow of money. They use accrual-based accounting, in which liabilities, or commitments, are factored in.

When you buy something with a credit card, you incur those liabilities immediately even if you intend to pay off your debt in the future. The federal cash-basis budget doesn't treat things such as promised future pension benefits to veterans as immediate liabilities.

Buried deep in the nation's financial report, issued every December, is an alternative accrual-basis deficit calculation. For the fiscal year that ended Sept. 30, 2005, that deficit totaled $760 billion. It has grown every year of the Bush presidency. It will grow in the 2006 fiscal year too, approaching $800 billion or more.

Comptroller General David Walker, the nation's chief accounting auditor, has added up all the federal government's unfunded liabilities, or promises, and offers a present-day figure of $46 trillion. Think of that as promises to the tune of $155,932.18 for each of the 295 million Americans.

For more on the CBO's budget outlook, go to www.cbo.gov/ftpdocs/74xx/doc7492/08-17-BudgetUpdate.pdf

For historical data on the federal budget, go to www.cbo.gov/budget/historical.pdf

For the Government Accounting Office's latest budget update, go to www.gao.gov/new.items/d061077r.pdf

Judge Halts Effort To Recoup Mistaken Medicare Refunds (NYT)

By Robert Pear

The New York Times, September 29, 2006

WASHINGTON, Sept. 28 — A federal judge on Thursday ordered the Bush administration to halt its effort to collect $50 million from 230,000 Medicare beneficiaries who had received erroneous refunds of premiums paid for prescription drug coverage. He said many of them might qualify for waivers because repayment would cause hardship.

The judge, Henry H. Kennedy Jr. of Federal District Court here, said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, must immediately send a notice to every one of the 230,000 beneficiaries, stating that each has a right under federal law to request such waivers.

Federal officials had previously told beneficiaries to return the money by Saturday, Sept. 30. Judge Kennedy said the administration could not enforce that demand unless it first gave beneficiaries an opportunity to seek an exemption.

If a beneficiary requests a waiver, the government cannot try to recoup the money until the secretary of health and human services rules on the request, Judge Kennedy said in issuing a preliminary injunction sought by the plaintiffs. The plaintiffs

include the Action Alliance of Senior Citizens, based in Philadelphia, and Gray Panthers, a national organization for older Americans.

Judge Kennedy said that any money already paid to the government "must be immediately returned to the beneficiaries so that they may decide whether to request waiver."

Peter L. Ashkenaz, a spokesman for the Medicare agency, said government lawyers had not decided whether to appeal the decision. Mr. Ashkenaz said the government would do everything possible to ensure that beneficiaries continued to receive drug coverage "with the least inconvenience possible."

At a court hearing on Tuesday, Gill Deford, a lawyer at the Center for Medicare Advocacy, said some beneficiaries had almost certainly spent the money sent to them by the government.

Mr. Deford said beneficiaries were entitled to notice of their rights because of the Fifth Amendment to the Constitution, which states that no person shall be "deprived of life, liberty, or property, without due process of law." The administration's refusal to provide such notice violates the Constitution, as well as the Medicare law and regulations, he said.

The Medicare law says the government shall not recover an overpayment if the beneficiary was without fault and if it would be "against equity and good conscience" for the government to recover the money.

Dr. McClellan has, in effect, acknowledged that the beneficiaries are without fault, saying the mistake occurred because of "an error in Medicare computer systems."

At the court hearing, lawyers for Dr. McClellan and Michael O. Leavitt, the secretary of health and human services, argued that Medicare beneficiaries had no right to a waiver and therefore no right to be informed that they could fight the demand for repayment.

The erroneous refunds averaged $215 a person, and none exceeded $800, federal officials said.

Beneficiaries "have been unjustly enriched," Marcus H. Christ Jr., a lawyer from the Department of Health and Human Services, told the court. "Nothing in the Medicare program allows them to keep that money."

One plaintiff, Lucy C. Loveall of Franklin, Ky., pays for drug coverage by having premiums withheld from her Social Security checks. She received $161.70 from the government, representing a refund for seven months of premiums. Ms. Loveall, 65, said she could not afford to repay the money because she and her husband had total income of $2,214 a month and total monthly expenses of $3,067.

The poorest Medicare beneficiaries do not have to pay premiums for drug coverage. But Mr. Deford said that many of those who did pay premiums had relatively low incomes. About half of beneficiaries have annual incomes less than twice the poverty level, he said. The poverty level is $9,800 for an individual.

Medicare Drug Premiums Steady (USAT)

By Richard Wolf

USA Today, September 29, 2006

WASHINGTON — Average monthly premiums will hold steady next year under Medicare's prescription-drug program as competing insurers offer a range of new coverage options.

The average premium will be less than $24. Prices for the least expensive plans — as cheap as $1.87 in some parts of the country — will rise for the program's second year. Medicare officials will unveil details about 2007 plan offerings today.

Despite pleas from Congress to make the program simpler, seniors and people with disabilities still will face dozens of plans in most states. "There will be more options available with enhanced coverage," says Mark McClellan, administrator of the Centers on Medicare and Medicaid Services.

"The word seems to be pretty much price stability," says John Rother of the AARP, the nation's largest seniors organization.

More plans will have no coverage gap — a period during which beneficiaries must pay full price for drugs. Other plans will offer partial coverage in the gap for generic or certain brand-name drugs. Those plans will be more expensive. Nearly all of the 3,000-plus plans nationwide now have a gap that begins when total drug costs reach $2,250 and ends when enrollees have spent $3,600 of their own money.

Some plans also will add coverage of drugs not now covered by the program, such as certain antihistamines or sleep aids.

The program "is saving seniors on average $1,200 a year, and it just keeps getting better," Secretary of Health and Human Services Michael Leavitt says .

Democrats who wanted a government-run program, under which Medicare could negotiate lower prices with drug companies, aren't impressed. "Under the current drug program, there are winners and losers, and that won't change," says Rep. Charles Rangel, D-N.Y., top Democrat on the House Ways and Means Committee.

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Companies will begin marketing plans next week. The re-enrollment period begins Nov. 15, and beneficiaries will have until Jan. 1 to decide on a plan. Those who want to remain with their current plan do not need to take any action.

For those who want to shop around, details on the plans will be posted on the Medicare website, www.medicare.gov, in mid-October. Officials are urging people to enroll by Dec. 8 or risk a disruption in coverage in January.

A survey this month by J.D. Power and Associates found three in four Medicare prescription-drug beneficiaries satisfied with their plans. Jeffrey Leiman, the company's senior director of insurance, says only one in five are expected to shop around. Among those people, he says, “there's a lot of confusion.”

There was far more confusion last year, when federal officials rolled out the program passed by Congress in 2003. Seniors complained about the number of private insurance plans. Thousands of low-income beneficiaries previously covered by Medicaid were mistakenly dropped or overcharged.

Critics of the program say beneficiaries should look carefully before choosing. Unlike last year's six-month signup period, they will have only about six weeks this time. “This is just the tip of what you need to know,” says Deane Beebe of the Medicare Rights Center. “You better look closely and assume nothing.”

Sources Of Coverage (USAT)

USA Today, September 29, 2006

Medicare recipients, in millions Where they get prescription-drug coverage

10.4 Stand-alone prescription plans

6 Medicare Advantage (HMO) plans

6.1 Transferred from Medicaid

6.9 Private employer retiree plans

3.5 Federal retiree plans

2 Department of Veterans Affairs

2.6 Employers

0.7 Other

4.4 No coverage

Source: Centers for Medicare and Medicaid Services

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Lawmakers Argue Over AIDS Funding Bill (AP-Y)

By Erica Werner

AP, September 28, 2006

House members from rural areas and the South clashed with big-city lawmakers Thursday over who should get a bigger share of federal money to care for AIDS patients.

"It's shameful and disgraceful," shouted Rep. Eliot Engel, D-N.Y., denouncing amendments to the $2.1 billion Ryan White CARE Act that could take millions of dollars out of New York's health care coffers.

"The HIV/AIDS epidemic is moving," countered Rep. Joe Barton, R-Texas. "This is a very fair compromise. It begins to treat all states on an equal footing."

The House was expected to vote on the bill later in the evening. A two-thirds vote was needed for passage.

Even if it passes the House, the bill faces uncertain prospects in the Senate before Congress recesses at the end of the week to campaign for re-election. Senators from New York, New Jersey and California are blocking it.

Supporters said the election-year updates were needed because of how AIDS has changed since the Ryan White law first passed in 1990. Once a big-city epidemic infecting mostly gay white men, the disease is now prevalent in the South and among minorities.

By some measures federal funding has not kept up, and states like California, New York and New Jersey get more money per patient than Alabama, Kentucky or North Carolina.

The Ryan White amendments, the first since 2000, make a number of changes aiming to spread money more equally around the country.

While current law only counts patients with full-blown AIDS, the revision also would count patients with the HIV virus who have not developed AIDS.

That change would favor parts of the country where the disease is a newer phenomenon, which tend to be southern and rural areas.

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New York state stands to lose $100 million over the five years of the bill. New Jersey would lose $70 million.

Alabama, by contrast, would get an increase from $11 million a year to about $18 million a year.

"The problem is that the population of those needing services has grown, but the funding for Ryan White programs has not grown with it," said Rep. Henry Waxman, D-Calif. "That means if we're going to give to some people who are very deserving, we're going to take from others who are very deserving."

California and some other states are worried about a change in the bill that mandates counting HIV patients by name instead of codes. Some states used code-based systems out of concern for patient privacy. California could lose an estimated $50 million in the last year of the bill, when the name-based system would take effect, because it won't be prepared to make the transition.

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The bill is H.R. 6143.

Congress: http://thomas.loc.gov

New Sense Of Caution At F.D.A. (NYT)

By Andrew Pollack

The New York Times, September 29, 2006

A federal advisory group last week derided the Food and Drug Administration as a feckless watchdog unable to protect consumers from unsafe medicines. But try telling that to drug company executives, investors and analysts.

Many of them say the F.D.A. has already responded to a barrage of criticism over the last two years by quietly becoming more assertive about keeping new drugs off the market or refusing to approve new uses for existing medications.

The Nasdaq Biotechnology Index is down about 14 percent since late February, in part on Wall Street's perception that the F.D.A. has become a tougher gatekeeper.

"The uproar that's occurred in the wake of Vioxx has clearly had an effect on the way the F.D.A. approaches its work," said Ira Loss, who follows the F.D.A. for Washington Analysis, a firm that monitors the federal government for investors. "The agency doesn't hesitate to say 'No' or 'Send me more data.' "

Mr. Loss was referring to the market withdrawal of Merck's painkiller Vioxx for safety reasons two years ago. That episode ignited criticism of the F.D.A. and prompted the agency to commission the report issued last week by the federal advisory group, the Institute of Medicine.

Despite the report's critique, executives and analysts point to numerous unexpected delays and rejections by the F.D.A. since the Vioxx debacle that they say show the agency is taking a tougher stance.

Earlier this month, for instance, Genentech said approval of its colon cancer drug Avastin as a treatment for breast cancer would be delayed about a year because the F.D.A. had asked for more data. Genentech said the agency appeared to be toughening its requirements for certain types of clinical trials.

And some drugs that won approval in Europe have merely received "approvable" letters from the F.D.A., meaning they will not be allowed on the market without more information. These drugs include Sanofi-Aventis's Acomplia for obesity, NPS Pharmaceuticals' Preos for osteoporosis and Encysive Pharmaceuticals' Thelin for pulmonary hypertension.

Also whether from caution or a lack of manpower, it has also become common for the agency simply to postpone decisions by 90 days. About half a dozen drugs, including Pfizer's inhaled insulin, Exubera, that have been approved in the last several months were first subjected to 90-day delays.

The F.D.A.'s own statistics, too, show signs of a more cautious stance — at least for new drugs that the agency does not consider major advances over ones already available.

So far, only 1 of 14 such drugs submitted to the agency in the 2005 fiscal year — the Sucampo Pharmaceuticals drug Amitiza for constipation — has won approval on the first try. That is the lowest approval rate in at least a decade.

The main category in which the F.D.A. does not show signs of a slowdown is in approval rates for new drugs that merit a priority review, like the cancer drugs Sutent from Pfizer and Sprycel from Bristol-Myers Squibb. Both were approved within a six-month review.

A reason for the seeming discrepancy between the perceptions of the agency's critics and the experience of the drug industry may be that, to some extent, they are looking at different things. The Institute of Medicine report, as well as bills in Congress aimed at reforming the F.D.A., focus mainly on lapses in monitoring drugs already on the market, not on the initial approval process.

Indeed, the Institute of Medicine report said the F.D.A. devoted too much of its resources to reviewing new drug applications and not enough to tracking post-approval safety. But the report also criticized the approval process for emphasizing speed at the expense of safety.

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Dr. Bruce Psaty, a professor of medicine and epidemiology at the University of Washington and one of the report's authors, said that given the time required to compile the report, it might not reflect changes at the F.D.A. in the last few months.

It is difficult to judge whether the agency has actually become more cautious, because the data on which it bases decisions are usually not publicly released, and the agency does not discuss drugs under review. That means much of the information about the F.D.A.'s actions come from the drug companies themselves.

The F.D.A., which did not make anyone available to be interviewed for this article, denies that there has been a change. So do some of its critics.

The drug industry's laments are "just major kvetching" said Dr. Sidney Wolfe, the head of health research at the watchdog group Public Citizen. He said that executives and Wall Street were looking for a scapegoat for the pharmaceutical industry's failure to develop better drugs.

Even if there have been no official policy changes, though, people close to the F.D.A. say the agency's drug reviewers have become worried they will be hauled before Congress if they approve a drug that is later found to be unsafe. The lack of a permanent F.D.A. commissioner for the last year, along with severe budgetary constraints, are also cited as factors behind delays and rejections of drug applications.

"I speak to reviewers, and they all feel very worried that the decisions they make may come back to haunt them," said Dr. Lee Simon, a former F.D.A. division head, who is now an industry consultant.

One company that may have met such caution is Somaxon Pharmaceuticals of San Diego. It is testing a tiny dose of doxepin, an antidepressant that has been on the market since 1969, for use as a sleeping pill.

Jeff Raser, a co-founder and senior vice president for sales and marketing, said that the F.D.A. had assured the company that it could begin human clinical trials without first doing animal tests, because of doxepin's long history of use in people and because Somaxon was using only about 1 to 8 percent of the dose used to treat depression.

But in May, after Somaxon had completed several clinical trials and was meeting with the F.D.A. to discuss applying for approval, the agency asked for a full battery of animal tests, Mr. Raser said. That will delay the company's application for at least six months.

Another F.D.A. tool, the "approvable" letter, has come to be seen by some analysts as a way for the F.D.A. to make a decision by its deadline but that is really a delaying tactic. The F.D.A. denies this. In some cases there are just minor details to be worked out before approval. But some analysts say the agency is increasingly asking for more clinical trials, as in the case of Preos, NPS Pharmaceuticals' osteoporosis drug.

Some F.D.A. delays have angered patient advocates, as with the request for more data on Avastin, a Genentech cancer drug. They note that in a clinical trial the drug, used in combination with the generic chemotherapy treatment paclitaxel, delayed the worsening of breast cancer by more than six months, compared with paclitaxel alone.

"This, as usual with the F.D.A., does not seem to be about whether the drug combination works, or whether breast cancer patients would be better off if they could get it," said Steve Walker, chief adviser to the Abigail Alliance for Better Access to Developmental Drugs, a patient advocacy group.

The F.D.A. has also postponed by 90 days, until November, its deadline for deciding whether to approve Genentech's late-stage breast cancer drug Herceptin for use in earlier stages of the disease.

And yet, the F.D.A. has recently approved drugs for serious diseases in which few alternative medicines are available. In July, for example, the agency approved Gemzar, from Eli Lilly, as a treatment for recurrent ovarian cancer, even though its advisory committee had recommended against approval — in part on grounds that the drug had not prolonged survival, only delayed the worsening of cancer.Where a new caution seems most evident is in the F.D.A.'s review of drugs that may appear to provide few benefits over existing medicines.

One such case might be Sparlon, a drug for attention deficit disorder developed by Cephalon. Sparlon is a higher-dose version of Provigil, an alertness drug from Cephalon that was approved in 1998.

An F.D.A. advisory panel voted 12 to 1 in March that Sparlon's safety risks were too great to merit approval. Of particular concern was a suspected case of Stevens-Johnson Syndrome, a rare but potentially fatal blistering of the skin that can be caused by an allergic reaction to a drug.

But the boy who supposedly had the syndrome was never hospitalized, and Cephalon subsequently submitted evidence it said conclusively showed that the boy had a different skin condition caused by a virus.

Even so, in August the F.D.A. rejected Sparlon.

"It's amazing to all of us that a single case of a bad rash that the experts have said is not Stevens-Johnson Syndrome would yield a result from the F.D.A. of a nonapprovable letter," Frank Baldino Jr., Cephalon's chief executive, said in a conference call with analysts. He said the company would drop the drug because approval hurdles were too high.

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Mr. Loss of Washington Analysis said Cephalon had not shown that Sparlon was indispensable, given other drugs on the market. So even if there were only a slight chance of a fatal side effect, he said, “why would the F.D.A. take a risk like that?”

More Clout Sought For Social Studies In U.S. Law (WP)

By Ian Shapira

The Washington Post, September 29, 2006

RICHMOND -- With unprecedented requirements for annual testing in reading and math, a 2002 federal law put a premium on student achievement in those subjects. But some Virginia educators contend that No Child Left Behind has left a vital field behind: social studies.

This week, the Virginia Consortium of Social Studies Specialists and College Educators launched a campaign here to get its educational niche a more prominent place in the law as Congress begins to consider revisions in the coming year. The group aims to include social studies test scores in federal formulas used to rate schools.

As the law now stands, the group said Tuesday, subjects such as history, government and geography sometimes get short shrift while schools increase time spent on reading and math.

"[We] feel that it's time to speak out to emphasize the role that social studies plays in the education of the total student," said Terry LaRocco, a social studies curriculum coordinator for a Roanoke Valley school system who is president of the consortium. "Our society is neglecting skills and content that teach students about how they have been shaped by their past and their social environment, and how their history and society will impact their future."

The group's members, including many social studies department heads from Northern Virginia school districts, contend that the federal law has led elementary and middle schools to reduce social studies lesson time. They also said many teachers have been given less time to prepare students for state social studies tests because those assessments are not factored into the federal ratings.

"Principals tend to schedule us first because they don't think we need as much time to prepare and because the other areas might be interpreted to be more important" in the federal ratings, said William F. Brazier, Loudoun County's social science instructional supervisor. "What we're concerned about is the message that might be interpreted within the school."

Some national data support the group's argument.

The Center on Education Policy, based in the District, reported in March that elementary schools have reduced instructional time for subjects other than reading and math in 71 percent of school districts surveyed.

Social studies lessons were cut the most, according to the survey. One-third of the districts reported that elementary schools have reduced social studies instructional time "somewhat" or to "a great extent."

The U.S. Department of Education said school systems are free to decide how to structure their lesson time. "We think that all subjects are important," said department spokeswoman Jo Ann Webb, "but I think it's certainly important to note that if a child doesn't learn to read well and comprehend what he or she is reading, then [the student] cannot possibly do well in other subjects."

The law requires testing of all students in reading and math in grades 3 through 8 and once in high school. Starting with the 2007-08 school year, schools also will be required to test students in science.

Some social studies experts fear that their field will lose money if it is not included in the federal mandates.

Judy McConville, a curriculum specialist for Alexandria schools, said a recent federal grant of nearly $1 million has helped train local social studies teachers. But that money soon will dry up, and McConville worries about whether another funding source will emerge.

"Someone said to me, 'Are you going to apply for another grant?' and I said, 'It's easier said than done' " McConville said. "I can apply, but it's so difficult to get one."

As Congress Wraps Up, Pandering Warps Policy (USAT)

USA Today, September 29, 2006

Members of Congress are heading for the exits and the campaign trail to spend the next five weeks trying to convince voters they should be allowed to keep their jobs. Their record is thin. Lawmakers left much undone — a promised ethics overhaul went nowhere, the minimum wage was unchanged and nearly all of the spending bills that keep the government running after Saturday are incomplete. What they did this week instead — on terror suspects, on immigration and on guns — reflected a greater desire to cater to powerful interests, or to look tough on issues that deserved far more thought and care, than to produce sound public policy.

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OTHER NEWS:

U.S. Economy: Second-Quarter Growth Is Revised Lower (Update4) (BLOOM)

By Joe Richter

Bloomberg, September 29, 2006

By Joe Richter

Sept. 28 (Bloomberg) -- The U.S. economy grew at an annual rate of 2.6 percent in the second quarter, less than previously estimated, as business spending, consumer demand and homebuilding slowed.

The gain in gross domestic product, the value of all goods and services produced in the country, compares with the Commerce Department's previous estimate of 2.9 percent and 5.6 percent in the first quarter.

The report shows that Federal Reserve policy makers made the right decision when they ended two years of interest-rate increases in June, economists said. The lower borrowing costs since then, combined with a 15 percent decline in the price of crude oil, may keep consumers spending and economic growth from unraveling further.

``This report is consistent with the Fed's view that the economy is slowing," said Nigel Gault, director of U.S. research at Global Insight Inc. in Lexington, Massachusetts. ``The decline in energy prices reduces the risk that housing will drag the whole economy down with it, so I think the Fed will be more comfortable staying where they are on interest rates for some time."

The slowdown in economic growth hasn't resulted in more firings, a separate government report showed. Initial jobless claims declined 6,000 last week to 316,000, the Labor Department said today in Washington.

Limited Hiring

Sales are strong enough to prompt companies to keep current staff on payrolls even as a slower pace of growth limits hiring. The Conference Board said today that its index of help-wanted advertising in U.S. newspapers fell to a 45-year low.

Stocks rose for a fourth day, briefly pushing the Dow Jones Industrial Average above its record closing level. The Dow Jones average closed up 29.21, or 0.3 percent, to 11,718.45. The yield on the benchmark 10-year U.S. Treasury note rose 1 basis point to 4.61 percent. A basis point is 0.01 percentage point.

Today's GDP estimate is the government's last for the quarter. Economists estimated the economy grew at a 2.9 percent annual rate last quarter, according to the median of 69 forecasts in a Bloomberg News survey.

Economic growth will probably average an annual rate of 2 percent to 2.5 percent in this year's second half, Kansas City Federal Reserve Bank President Thomas Hoenig said in a speech yesterday. Inflation ``will come down" as the economy cools, he said. During a Sept. 15 speech in Colorado, Hoenig said he expected the economy to grow 2.5 percent to 3 percent in the second half.

``There's certainly nothing to get worried about going into 2007," said Michael Darda, chief economist at MKM Partners, in an interview. ``I think we are going to have good growth."

The government's personal consumption expenditures price index excluding food and energy, a measure of prices tied to consumer spending and favored by Fed policy makers, rose at a 2.7 percent annual rate, less than the 2.8 percent pace reported last month. That followed a 2.1 percent first-quarter rise.

Home construction fell at an annual rate of 11.1 percent last quarter, the biggest decline since the second quarter of 1995, the Commerce Department's report showed. That compares with a 9.8 percent drop reported last month and a 0.3 percent decline the first three months of 2006.

Reports this month suggest the housing slump is deepening as the supply of unsold homes swells. Sales of previously owned homes in the U.S. fell in August to the lowest since early 2004, and prices fell from year-ago levels for the first time since 1995, the National Association of Realtors said this week. Housing starts fell to a three-year low in August.

The slowdown in housing may limit the cash consumers can obtain through mortgage refinancing and home equity loans, which have helped fuel household spending in the current expansion.

Consumer Spending Slows

Consumer spending, which accounts for more than two-thirds of the economy, expanded at a 2.6 percent annual pace, the same as reported last month and down from a 4.8 percent gain in the first quarter.

Spending will rise at a 3 percent rate this quarter before falling to a 2.6 percent pace in the first half of next year, according to economists surveyed by Bloomberg News this month. The economy will expand at an annual rate of 2.6 percent in the fourth quarter, down from an average of 4.1 percent in the first half, the survey showed.

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``We all knew housing would be a drag on economic growth, but no one expected energy prices to fall," said Michael Gregory, a senior economist at BMO Capital Markets in Toronto. ``The bar was set very low for the consumer for the second half, but we may still have a decent holiday shopping season assuming energy prices stay down."

Gasoline Prices

A gallon of regular gasoline at the pump cost $2.38 this week, down from an average of $2.85 in the second three months of the year, U.S. Energy Department figures show.

The International Council of Shopping Centers this week boosted its September sales forecast. The retail trade group projected an increase of at least 4 percent at stores open a year or more, up from its previous forecast of 3.5 percent gain.

Confidence among U.S. consumers rebounded more than forecast in September from a nine-month low, a report from the New York-based Conference Board showed. Almost one in three Americans said lower fuel prices have allowed them to spend more on other goods, according to a recent Bloomberg/Los Angeles Times survey.

``The economy should continue to grow at a robust pace in 2007 and beyond," in part because ``the weakness in the housing sector does not seem to be spreading to other sectors of the economy," Edward Lazear, chairman of the White House's Council of Economic Advisers, said in testimony today to the Senate Budget Committee. The recent decline in energy prices will help ``moderate" inflation, he said.

Corporate Profits

The Commerce Department also said that second-quarter profits rose 0.3 percent from the first quarter. In the 12 months ended in June, profits were up 17.4 percent.

Midland, Michigan-based Dow Chemical Co., world's second- biggest chemical company, expects to sustain growth rates in the U.S. and Europe as those economies experience a ``soft landing," Chief Executive Andrew Liveris in an interview.

Profitability will improve thanks to the falling price of crude oil, Liveris said yesterday at a groundbreaking ceremony for a plant it is building with Germany's BASF AG in Antwerp, Belgium.

Companies added to stockpiles at a $53.7 billion annual rate last quarter after adding to inventories at a $41.2 billion pace in the first three months of the year. Inventories added 0.44 percentage point to GDP.

Business fixed investment, which includes spending on commercial construction as well as equipment and software, grew at a annual rate of 4.4 percent in the second quarter, compared with a 4.7 percent gain reported last month and a 13.7 percent increase the first three months of the year.

Business Spending

Spending on equipment and software fell at an annual rate of 1.4 percent, the biggest drop since the end of 2002, revised from a 1.6 percent decline.

Investment in commercial building rose 20.3 percent, revised from a 22.2 percent increase reported earlier.

Government spending rose last quarter at an annual rate of 0.8 percent, compared with the 0.9 percent increase reported last month and a 4.9 percent first-quarter gain.

Trade added 0.42 percentage point to second-quarter growth instead of the 0.44 percentage point reported last month. Exports added 0.66 percentage point, more than the 0.54 percentage point previously reported.

Why Economists Track Firms' R&D (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, September 29, 2006

That research and development makes an important contribution to U.S. economic growth has long been obvious. But in an important advance, the nation's economic scorekeepers declared they can now measure that contribution and found that it is increasing.

The new data, part of efforts to pinpoint the role of knowledge creation in Americans' well-being, helps to explain why the U.S. economy tends to expand faster than the contributions of capital and labor alone, a puzzle that has been the subject of Nobel Prize-winning research.

In the current system of measuring gross domestic product, R&D is treated like a so-called intermediate expense. For example, salaries paid to research scientists are lumped in with wages paid to assembly-line workers. Under the new approach developed by the Commerce Department's Bureau of Economic Analysis and the National Science Foundation, R&D spending is treated like capital investment, such as the cost of a machine tool or an office building. By that measure, R&D would have accounted for nearly 7% of growth from 1995 to 2002, up from a little more than 4% from 1959 to 1994. (The rest comes from an expanding work force, increased capital and other, unexplained factors.) That exceeds by a wide margin the 2% contribution of investment in buildings and factories during the 1959-2002 period.

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Treating R&D as an investment would make the economy 3% larger and the national savings rate about two percentage points higher. "Our economy may be hundreds of billions of dollars larger than we currently calculate," said Commerce Secretary Carlos Gutierrez.

Since the 1950s, economists have explained economic output as the result of measurable inputs. Any increase in output that can't be explained by capital and labor is called "multifactor productivity" or "the Solow residual," after Robert Solow, the Nobel Prize-winning economist considered the father of modern growth theory.

From 1959 to 2002, this factor accounted for about 20% of U.S. growth. From 1995 to 2002, when productivity growth accelerated sharply, that grew to about 33%. Accounting for R&D would explain about one-fifth, by some measures, of the productivity mystery. It suggests companies have been investing more than the official data had previously shown -- a good omen for future economic growth. "The slump in investment is not as drastic as people thought before they saw these figures," says Dale Jorgenson, professor of economics at Harvard University.

Mr. Jorgenson noted a lot of the multifactor productivity growth remains unexplained. "The great mystery of growth ... is not eliminated."

Paul Romer, an economics professor at Stanford Business School, said the better the measurements of R&D become, the more economists and policy makers will realize other factors may be more important. "If you look at why we had rapid productivity growth in big-box retailing, there were lots of intangibles and ideas that ... don't get recorded as R&D."

BEA director Steve Landefeld said for now, GDP will continue to be measured in the typical way, but the agency plans to start including R&D regularly in 2012.

Separately, the BEA said GDP grew at a 2.6% annual rate in the second quarter, down from an estimated 2.9%, in part because businesses didn't boost their inventories as much. In another report, the Labor Department said the number of new claims for unemployment insurance fell by 6,000 last week to 316,000.

For A Moment, The Dow Was Above Its Record Close (NYT/AP)

By The Associated Press

The New York Times, September 29, 2006

By The Associated Press

The Dow Jones industrial average reached a milestone yesterday in Wall Street's nearly seven-year recovery from corporate upheaval, economic recession and terrorism, briefly trading above its record close of 11,722.98 set on Jan. 14, 2000.

The Dow index of 30 blue-chip stocks surpassed its record, rising to a high of 11,728.46 in early morning trading. Stocks closed only modestly higher amid a dearth of news that could motivate investors; still, it was the market's fourth straight advance.

"These numbers sometimes tend to act as magnets, and the market is sometimes pulled up toward it," said Russ Koesterich, senior portfolio manager at Barclays Global Investments in San Francisco.

The Dow rose 29.21 points, or 0.25 percent, to 11,718.45. It has yet to reach its record trading high of 11,750.28, also set Jan. 14, 2000.

The broader Standard & Poor's 500-stock index and Nasdaq composite index are far off their record highs, although their peaks were reached around the same time as the Dow's.

The S.& P., which gained 2.56 points, or 0.19 percent, to close at 1,339.15, is still about 188 points below its closing high of 1,527.46, but is at its highest in five and a half years. The Nasdaq, which rose 6.63 points, or 0.29 percent, to 2,270.02, is still far below its record of 5,048.62.

The Dow, whose large-cap stocks range from the aluminum producer Alcoa to the discount retailer Wal-Mart Stores, was the first big index to recover because it did not rise as much in value as the S.& P. 500 or the Nasdaq in 2000.

Wall Street made its way back slowly from its 2002 lows, with investors behaving more cautiously and limiting their exposure to risk as they slowly regained faith in stocks. What has also helped is more than four years of sturdy corporate profit growth despite the threat that energy prices and interest rates would hurt consumer spending and corporate profits.

More recently, the Federal Reserve's decision to pause after more than two years of interest rate increases and evidence that the economy is moderating and not heading for a hard landing have given investors the impetus to push the Dow up.

Yesterday, the economic news was mixed and did not appear to have much impact on trading. The Commerce Department revised its gross domestic product number for spring to 2.6 percent from 2.9 percent.

Meanwhile, the Labor Department reported that the number of new people signing up for unemployment benefits dropped last week. The department said new applications filed for unemployment insurance declined by a seasonally adjusted 6,000, to 316,000, for the workweek ended Sept. 23. The latest showing on claims was close to economists' expectations that claims would total around 315,000 last week.

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Bond prices fell, with the yield on the 10-year Treasury note at 4.61 percent, up from 4.60 percent. The price, which moves in the opposite direction from the yield, fell 4/32, to 1022/32. The dollar rose against other major currencies. Gold prices also rose.

Crude oil futures fell. A barrel of light crude settled at $62.76, down 20 cents.

In corporate news, General Motors rose 78 cents, to $33.06, after the dissident shareholder Kirk Kerkorian told G.M. that he was interested in buying up to 12 million more shares of the company as he pressed it to enter a three-way alliance with Renault and Nissan.

Hewlett-Packard, which is drawing scrutiny from Congress over a corporate spying investigation, rose 58 cents, to $35.97, after the company announced the resignation of its general counsel, Ann O. Baskins.

Following are the results of yesterday's auction of four-week Treasury bills:

Dow Industrials Flirt With Peak On Latest Climb (WSJ)

By Peter A. McKay, Scott Patterson And Karen Richardson

The Wall Street Journal, September 29, 2006

The Dow Jones Industrial Average bypassed its high within minutes of the market open, then again near the close, but trimmed its gains to finish shy of the record.

The indicator, which tracks 30 blue-chip companies, posted an intraday high of 11728.46, up 5.48 points from its January 2000 peak. But on the day, the Dow industrials finished up 29.21 points, or 0.29%, at 11718.45, up 9.3% on the year.

Among the Dow average's strongest components were Caterpillar and General Motors. GM rose after Kirk Kerkorian's Tracinda, which owns 9.9% of GM's shares outstanding, said it was considering purchasing as many as 12 million more shares of the auto maker. Tracinda also said it supports an alliance between GM and Renault-Nissan.

However, the three names with the biggest influence weightings in the price-weighted Dow industrial average -- International Business Machines, Altria Group and Boeing -- all finished the day off less than 0.5%. Even modest gains at one or two of those companies would have sent the Dow industrial average over its record, which now stands just 4.53 points away, at 11722.98.

"The Dow is teasing everybody right now," said Kenneth Tower, chief market strategist at the online-brokerage firm CyberTrader.

Analysts said investors are looking for selling opportunities around the Dow's highs, making it tough for the average to sustain its momentum. In the past two days, each time the industrials have neared the record, they have fallen back.

"It's not uncommon to see sell programs hit when an industry benchmark is around a new high," said Barry Hyman, equity-market strategist at EKN Financial Services.

Mr. Hyman also noted that some investors are likely growing wary of a rally that has lasted since mid-July amid a steady decline in energy prices and interest rates. "Enjoy it while it's here, but let's be aware that there are still risks in the market," he said.

Other stock indexes rallied on the day. The broader Standard & Poor's 500-stock index rallied 0.19%, or 2.56 points, to 1339.15, up 7.3% on the year. And the tech-stuffed Nasdaq Composite Index gained 0.29%, or 6.63 points, to end at 2270.02, up 2.9% on the year.

Fresh economic data were mildly surprising but did little to move stocks either way, analysts said. The Commerce Department revised its estimate of second-quarter growth in gross domestic product, which measures the value of all goods and services produced in the U.S., downward 2.6% from 2.9%. First-quarter GDP was 5.6%.

The Labor Department said the number of initial jobless claims fell by 6,000 claims last week to a seasonally adjusted total of 316,000. The drop was greater than Wall Street's expectation of a 3,000-claim decline, signaling continuing strength in the job market.

Bond prices fell -- the sort of development that is often a sign of rising inflation fears. But analysts said the day's pullback was an exception to a broader trend recently in which Treasury investors have bid up government debt and pushed yields lower, belying expectations that seem at odds with those of stock investors hoping for a sh

ort-lived economic slowdown.

Oil prices fell slightly as supply concerns eased. The November contract slipped 20 cents, or 0.32%, to $62.76 a barrel at the New York Mercantile Exchange.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, added 0.13%, or 0.28 point, to 220.15.

In major U.S. market action:

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Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.34 billion shares, as 1,756 stocks advanced and 1,554 fell.

Bond prices fell: The 10-year note shed 4/32 point, pushing the yield down to 4.618%. The 30-year bond fell 9/32 to yield 4.76%.

The dollar was mixed. Against the Japanese currency, the dollar rose to 117.77 yen, up from 117.5 yen. The euro rose to $1.2706, compared with 1.2703.

Riding The Beast As Stocks Near A High, Pressure Builds For A Professional Investor (WSJ)

By E.S. Browning

The Wall Street Journal, September 29, 2006

As the Dow Jones Industrial Average flirts with a record high, Jon Brorson is sitting at the base of what professional investors call "a wall of worry."

Mr. Brorson, a Chicago money manager with $2.3 billion under his supervision, is one of many doubters who stayed on the sidelines as the market marched ahead this summer. Now the Dow is up 9% in just over two months, within five points of its record closing high of 11722.98 after briefly crossing it yesterday. Investors like Mr. Brorson figure others are driving it too high, setting it up for a fall. They've been expecting a slowing economy to shrink corporate profits and lead to a pullback.

Oddly, these doubters are part of the dynamic that has let the market do well.

When the Dow hit its record in January 2000, most pros cheered it on. This time, many have been skeptical. The market's recent gains are based largely on hopes the Federal Reserve's interest-rate management will slow the economy enough to prevent inflation without making companies and consumers suffer. But investors with a different view worry that the Fed rarely has been able to raise interest rates without serious economic consequences.

So far, these skeptics have been outvoted. As stocks have risen, they've seen their holdings suffer -- slowly prompting more and more to throw in the towel and buy the kinds of stocks that benefit from a resilient economy. The gradual conversion of skeptics into stock-buying bulls has provided the fuel for gains. Hence, the cliché: A steadily rising market often "climbs a wall of worry."

Mr. Brorson's worries served him in May. Then, he shifted toward "defensive" companies whose sales tend to hold up in all kinds of economies, such as drug makers, food producers and electric utilities. His May move was gutsy -- and right. The Dow got to within 81 points of its record and then fell 8% into July.

Now, as it rises, he's fighting the trend again. Doing so keeps him up at night and, his wife says, makes him irritable. His travails over the past two months show just how hard it is even for dedicated pros to call the turns. It's especially hard at times like these when investors are debating whether a shifting economy will change stocks' direction.

"I am wiped out when I get home each day," says Mr. Brorson. He's typically in bed by 9 p.m.

Managing money has been his dream since high school, when he first began buying stocks. But at Northern Trust Corp., a big financial group in Chicago that caters to the wealthy, he initially was passed over for an investment job. He was so annoyed he demanded to know why he didn't get it. He got the next one.

After leaving Northern Trust in 1990 to set up his own firm, he was lured back to run most of Northern Trust's mutual funds. His ability to anticipate market shifts helped him weather the post-bubble bear market of 2000-02 better than many. By 2002, headhunters were calling.

A Sunday-school teacher for 23 years at his Scandinavian church, Mr. Brorson is a buttoned-down 49-year-old. He is a Midwest conservative down to his black shoes with a banker's cap toe, which he repeatedly ties and reties in the office when he's nervous. His suit is often a navy blue with pinstripes. "Sloppy dress means sloppy work, a sloppy mind," he says. But Mr. Brorson also has a flair for adventure, dog-sledding in Michigan's Upper Peninsula and kayaking in the Baltic Sea with his Swedish cousins.

He attacks the workday, rising at 4:50 a.m. and, after showering and praying, riding a crowded double-decker train. To be one of the first off, he sits on its stairs, his briefcase jammed behind him as he races through two newspapers.

In late 2002, Mr. Brorson and his team quit Northern Trust for money-management firm Neuberger Berman. The switch meant more pay and independence, but big-time pressure. The main goal in his old job had been to protect assets. But Neuberger Berman, now part of Lehman Brothers Holdings Inc., is determined to outdo the competition. It had fired his predecessor just before Christmas that year for being behind the curve. "The mindset is 180 degrees different," he says.

Mr. Brorson sets the direction for a variety of investment accounts including three mutual funds, letting portfolio managers pick most of the individual stocks. For three years, his team rode what proved to be a resurgent market, mostly staying ahead of the pack. But early this year, he got worried. A string of Fed interest-rate boosts was putting a drag on the economy, as were

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high oil prices. Yields of 10-year Treasury bonds had pushed above 5%, pulling mortgage rates up. Consumers showed signs of restraining their borrowing and spending.

Pulling out of a winning bet is one of the hardest things for investment pros to do. It means selling your strongest positions while others are buying and prices are high. Yet if you wait for stock prices to weaken, it may be too late. Mr. Brorson's stomach churned as he cut back on stocks tied to economic strength, such as copper company Phelps Dodge and aircraft maker Boeing, and shifted into "defensive" ones such as Coca-Cola.

"It is hard to kick out the girl that brought you to the dance and go over to Bertha," Mr. Brorson says.

When the market cracked in mid-May, he was exultant, as his move to caution had put him ahead of the more-bullish competition.

By August, he was newly queasy. The Dow was up 4% since a mid-July low -- and he was still with Bertha. Sitting in his office at 6:50 a.m. one day, he found himself nervously plowing through dozens of emailed analyst reports, scrolling through the headlines on his Bloomberg terminal, preparing to take calls from analysts and casting an eye toward the commentators on CNBC.

To do his job, he immerses himself in the market -- the data, the commentary, the moves of various stocks and indexes. One computer screen is on his desk in front of him, and two others, for email and for charts, on a credenza behind him. Most days he skips breakfast and lunch, munching on nuts, raisins and bananas and drinking coffee and water.

That Monday in the middle of August, the market wasn't going his way. The Dow had been down the Friday before, in line with his expectation, but now it was up 60 points, and his conservative stocks were trailing. With oil prices and mortgage rates by this time retreating, the market was betting on economic growth. More-speculative stocks linked to technology and consumer spending were leading. "We are giving back a lot of what we gained Friday," Mr. Brorson said, looking irritated.

CNBC reported that retailers, a group he had bet against, were rallying. "We knew that. Yup. Retailers are rallying," Mr. Brorson said. To process information, he regularly talks back to the TV screen, to his Bloomberg screen, or while listening to conference calls with his line muted.

Every morning, Mr. Brorson goes to the Web site of Morningstar, a mutual-fund research firm that compares funds to each other and to indexes. Thanks to his May move, in late August most of the funds still were ahead of the competition for the year, but slipping. He wanted to be able to report solid performance when the quarter ends today. "You don't want to bleed to death at the side of the road from getting nicked, but I am not going to change anything," he said. "What I am worried about is a more sustained move that goes up 15%-20% into December. We would have to react to that."

He believed the upturn wouldn't last. Meanwhile, he had bet that demand would keep energy stocks rising, and had hung onto them. Now, softer oil prices were pulling energy stocks down.

Other pros were selling energy stocks, "taking profits," and putting the money in beaten-down tech and retailing shares. "Very rarely does a sector lead for three consecutive years. I know that. And this would be year three for energy," he said. "But I am maintaining my position."

Although he bases decisions on fundamentals, Mr. Brorson occasionally peeks at another side of the investing world, called technical analysis, which tracks trends in historical and other charts. As he put it: "One of the oldest sayings on Wall Street is, 'I am not a technician, but....' " He pulled out a chart of oil prices, worrying that it seemed to have peaked and started down.

Ken Turek, who oversees the group's biggest fund, and Spiro Voulgaris, who does its data analysis, had been pushing him with increasing urgency to cut back on energy. He was beginning to waver. But suddenly the tension eased. The day's rally faded, and his more-conservative investments recovered. CNBC reported the news. "We knew it would do that. We knew it," he told the TV screen.

Mr. Brorson encourages those around him to think independently. In a staff meeting, Mr. Voulgaris said profit forecasts were rising, suggesting a stronger economy. But Mr. Brorson figured any gains in tech stocks would be a chance to cut holdings in them even more. "I hate these things. If they show any sign of life, shoot 'em between the eyes and throw 'em overboard," he said.

Over the next weeks, the market kept moving against Mr. Brorson. Economic reports reinforced hope the Fed was managing to cool the economy smoothly. The tech-heavy Nasdaq Composite Index was up 10% since mid-July. But rejecting colleagues' entreaties, Mr. Brorson was unwilling to buy more tech or retail stocks.

By mid-September, the stress was intense. Exxon Mobil, a big holding, was off almost 9% from an August high. "We had a lousy August and we are coming up to the end of the quarter," Mr. Brorson said. "I want to see some butt-kicking. Where is the butt-kicking?"

One thing buoying the market, Mr. Voulgaris noted, was that investment pros who were still trailing the indexes they were measured against felt pressure to buy the currently hot stocks before the quarter's end.

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Mr. Turek walked in, and said some of his best stocks were the tech and retailing ones Mr. Brorson had asked him to sell, while some of his worst were the energy stocks Mr. Brorson liked. Displaying a downward-sloping chart, Mr. Turek asked, "If that were a stock, what would you do with it?" Then he showed a chart of consumer stocks such as retailers. Its angle was upward.

"Son of a buck," Mr. Brorson said, the closest he comes to swearing. "Dang it."

Mr. Brorson rechecked which sectors were leading -- something he'd been doing almost every hour. Financials and health care, two of his favorites, were OK. Then he saw tech and retailing stocks pulling back a bit. He took a deep breath and relaxed. "You don't have to swing at every pitch," he said. As the market sank to a close, he untied the shoelaces he has been tying and retying all day.

But the day ended with his energy stocks still suffering. "Crap and a half. It was a stinking, frustrating day," he said.

At 2:30 a.m. that night, unable to sleep, he says, he went to the living room and read some of "Uncle Tom's Cabin."

The next day, the stress got worse.

"Today the Dow could be very close to making a new high that could break this wide open," he said. It was at 11580, less than 150 points from a record. He turned up CNBC. "There is a lot of optimism here on the floor," said a commentator.

"They are just a bunch of sheep," Mr. Brorson told the TV. He pulled out a stock chart and began drawing horizontal lines across its peaks and valleys. The work suggested the indexes were pushing back toward old highs. "Jeez," he said.

"We're on a record-high watch for the Dow," said a cheery CNBC announcer.

"Time to sell. Time to sell," muttered Mr. Brorson.

Yet within days, he had shifted his bet. He told associates he had made a classic mistake of staying too long with a winner: energy stocks. "I should have sold out when Ken wanted me to and Spiro wanted me to. So let's close the barn door when there is still a part of the horse left," he said.

They debated where to put the cash. Still expecting a weaker economy, Mr. Brorson wanted defensive stocks such as makers of food and household products. Mr. Voulgaris disagreed. "History suggests that headwinds haven't slowed the consumer in the past," he said, adding that auto-industry cutbacks, paradoxically, would put more money in people's pockets as they took buyouts. The staff compromised and spread the cash around, to stocks they already owned.

Mr. Brorson knows that if the market keeps defying his expectations, he will at some point be forced to start buying the winners, or risk falling behind. "I do believe we are at the midpoint in a much more elongated cycle, where China will be spending money to support the 2008 Olympics," he said. But he didn't want to position himself for that yet.

In a belief that quarterly profits, due out in October, could disappoint, he and his colleagues agreed late this month they won't chase the tech and consumer stocks. But they reminded themselves that, in the fourth quarter, technology often is a leading group. Their expectation: Techs will pull back after earnings reports; then they'll be prepared to buy.

The goal, Mr. Brorson repeatedly reminds himself, isn't to be right, it's to own winning stocks. "It is not a moral thing, about who is right and who is wrong," he said. "It is just money and we are paid to make it grow."

Hold Your Breath (WSJ)

By Vanessa O'Connell

The Wall Street Journal, September 29, 2006

The Dow industrials finished a whisper away from a record close yesterday, and investors can thank the world's smokers and a few sympathetic judges for helping.

Among the Dow's 30 components, the best-performing stock in the past six years -- and one of the three biggest contributors to the average's gains -- is Altria Group, parent company of Philip Morris USA, the nation's largest cigarette maker.

Since January 2000, when the industrials hit their record of 11722.98, Altria's share price has increased by more than a factor of three, from $24 a share to $76.97.

But events this week suggest it might not keep marching higher.

The big factor behind Altria's rally has been a string of legal victories in some once ominous-seeming antitobacco lawsuits brought by smokers and the U.S. Justice Department. The victories seemed to set the stage for Altria to spin off its 88%-owned Kraft Foods Inc. unit, the biggest food company in the U.S.

Spinning off Kraft was impossible when Philip Morris was under the shadow of so much litigation, because Altria could have been accused of transferring assets in order to avoid paying cigarette plaintiffs.

Philip Morris's strategy of challenging nearly every judgment against it has paid off. Many large plaintiff awards have been reduced on appeal, and the higher courts have ruled that some cases can't be treated as class actions. That has Altria investors clamoring for the long-sought corporate breakup.

A Kraft spinoff would allow the maker of Oreo cookies and Velveeta cheese to trade without being weighed down by uncertainty over the long-term prospects of the tobacco business. A new chief executive officer took charge of Kraft this summer,

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seeming to set the stage for a spinoff, something investors thought might be announced at the company's approaching Oct. 25 board meeting.

Now it looks like they'll have to wait longer. This week, a federal judge granted class-action status to tens of millions of smokers of "light cigarettes" -- exposing tobacco companies to a new $200 billion legal claim. The tobacco companies vow to appeal. But in the meantime, another Kraft-spinoff delay seems likely.

So investors will need to keep holding their breath ... for the Dow industrials and the Altria restructuring they've been waiting for.

How Great Dow Art (USAT)

USA Today, September 29, 2006

It's easy to pooh-pooh the significance of the Dow Jones Industrial Average's near record high on Thursday. With only 30 stocks, the Dow is a much narrower gauge of investor sentiment than indexes such as the Standard & Poor's 500 or the Nasdaq composite, both of which have a long way to go yet to climb back to their previous peaks. And, adjusted for inflation, the Dow would have to get above 13,000 to match the mark of 11,722.98 set on Jan. 14, 2000.

Yeah, yeah, yeah. This is all duly noted. But admit it. It feels good to be all the way back, or at least almost all the way back. Especially if you jumped into the market at the tail end of the past decade's bubble, causing family members and friends to question your investment acumen.

The energy crises and inflation of the 1970s caused a stock market malaise that lasted more than a decade. The Great Depression depressed the Dow's 1929 highs until the mid-1950s.

This time, it has taken just six years. In that period the market has worked off the excesses of the 1990s, when companies with few assets beyond their swell ideas were deemed to be worth billions of dollars. It has also rebounded from a terror attack, a recession, corporate scandals, volatile energy prices, wars and much more. After all that, it now sports a sunny optimism and has been spotted brazenly flirting with a new high.

Call it rational exuberance.

The Dow is rising because the companies within it are getting bigger, more efficient, more technologically savvy and — above all — more profitable. According to the Commerce Department, corporate profits have doubled since 2000. That means that, despite the recent run-up in stock prices, they still look a lot more reasonably priced than they did in 2000.

For all we know, the market will take a tumble some time soon, maybe even today. There are a thousand reasons why this could happen — the sagging housing market, the cooling economy, world events and terrorism, to name a few.

But, sooner or later, it will come back. The American economy and its capital markets are extraordinarily resilient. For all that is wrong with executive pay, ethical lapses on Wall Street and reckless government spending, U.S. capitalism is still the envy of the world, and companies in the Dow index are some of the best investments in it.

The Dow isn't everything. But it's a good indicator of a great country with a powerful economy. And maybe, just maybe, it is saying more than we think. For at least a day, it's OK again to party like it's 1999.

Doha Collapse Threatens US Farm Reform (FT)

By Alan Beattie

Financial Times, September 29, 2006

Another casualty of the suspension of the Doha round of global trade talks could be the long-awaited reform of American farm subsidies. Reformers are worried that the absence of Doha as an incentive to change will tip the balance back towards the expensive and inefficient status quo.

The current five-year US subsidy regime or “farm bill”, generous even by US standards, was signed in 2002 and will expire next year.

The Bush administration tried without much success to use the upcoming farm bill renewal to exact concessions from its negotiating partners in the Doha round, saying it could be their last chance for five years to influence the reform of US subsidies.

It is now appealing to Congress and the farm lobby to heed advice about trade rules and particularly the threat of litigation in the World Trade Organisation while writing the new farm bill. It is not an utterly hopeless task, but only an inveterate optimist would be confident of success.

Given how removed they now are from their original intent, American farm subsidies are remarkably resistant to reform. When created as a relief programme for embattled farmers during the Great Depression, the regime spread support by stabilising prices of a small number of “programme commodity” crops, including wheat, rice, corn, cotton and soy, of which most small farmers then grew at least one.

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Those crops are now grown on a much smaller number of mainly large mechanised farms. Today 93 per cent of subsidies (an estimated $21bn this year) go to the programme crops, while 60 per cent of American farmers get no such support at all. Farmers of higher-value crops such as fruit and vegetables, who want help with research and development rather than straight payouts, remain largely unsupported – even though US horticulture now grows nearly $50bn worth of produce a year, more than all the programme commodity crops put together.

A report published this week by the Chicago Council on Global Affairs put the case for switching farm spending towards conservation programmes and helping to protect all farmers from fluctuating income, not picking out a few favoured commodities.

Cal Dooley, president of the pro-reform Food Products Association and former California congressman, said that a coalition including environmentalists, anti-subsidy development charities such as Oxfam and neglected farmers in areas such as horticulture, wine and livestock would need to come together to effect change.

But groups of commodity farmers with a strong voice in lobbies such as the nationwide American Farm Bureau Federation have so far successfully resisted large-scale reform, and the suspension of Doha has strengthened their hand.

A successful conclusion to Doha would reduce trade-distorting subsidies such as the programme commodity payments, which are often linked to production, in return for opening agricultural export markets abroad. The US has already offered in the Doha talks to reduce the ceiling for trade-distorting subsidies by 60 per cent. But testifying to Congress last week, Bob Stallman, president of the AFBF (which claims it represents all farmers) called for the current farm bill to be extended in its current form. “Altering our farm programmes now to reduce supports by 60 per cent, just in case that is what is including in the final [Doha] agreement, makes no sense,” he said.

Charles Grassley, senator for corn-growing Iowa and chairman of the Senate finance committee, which oversees trade policy, told the FT that without a swift advance in Doha, “we will have a farm bill looking the same way it has looked for the past six years”.

For campaigners this is a grim prospect. Ken Cook, head of the Environmental Working Group, which campaigns for farm subsidies to be redirected to conservation, says the Bush administration could well repeat the fiasco of the 2002 farm bill when it was forced meekly to abandon its own reform-minded draft bill in favour of a more traditional and generous version.

Mike Johanns, the agriculture secretary, insists that change is possible. “There isn't any one group any more that controls the dialogue,” he told the FT this week. “This farm bill has worked well for some commodities and for others it has not worked at all.” The Farm Bureau and others supported a renewal of the current bill, he said, but noted that “there are farm lobbies that disagree with that”. Mr Johanns has also repeatedly warned that Brazil's recent successful legal challenge to US cotton subsidies at the WTO could be repeated across a range of programme commodities, with rice subsidies a prime candidate.

But Mr Stallman last week argued: “To alter farm programmes now because a country might file a case against our farm programmes . . . is not a good reason to alter current farm policy.”

Robert Thompson, professor of agricultural policy at the University of Illinois and co-chair of the Chicago Council report, wrote recently that the combination of overall federal budgetary pressures, the threat of litigation and public disquiet over the inefficiency of farm subsidies were all arguments for change.

But overall he expected inertia to win out. “If I were a betting person,” Prof Thompson said, “I would wager that the 2007 farm bill will look a lot like the 2002 farm bill.”

Risky Mortgages Threaten A Squeeze (CSM)

By Mark Trumbull

The Christian Science Monitor, September 29, 2006

A great shift toward adjustable mortgages helped push America's housing boom into high gear. Now, as the boom unwinds, the riskier side of those mortgages is coming home to roost.

The ultimate impact of all those "teaser" interest rates, the "no money down" mortgages, and exotic loans where homeowners' debt can rise over time will be muted somewhat, economists say, because it will be spread over the rest of this decade.

But that doesn't necessarily mean the mortgage shakeout will be easy. And for many individual borrowers, finance experts say, the sad result will be foreclosure.

"We just really don't have any precedent to say, 'This is how bad it can get,' " says Rick Sharga of RealtyTrac, which follows trends in foreclosure. "The homeowner who stretched to buy a house in the first place could find himself or herself in very serious financial trouble very quickly."

Economists generally don't believe the soaring popularity of "exotic" or nontraditional mortgages since 2004 will cause the kind of problems that push the nation into a recession. But foreclosure rates are already rising, and federal regulators are moving to develop new rules in a bid to keep banks from making loans to people who can't pay.

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At the very least, routine shifts like the phaseout of "teaser" interest rates will crimp the purchasing power of many borrowers, sucking some momentum out of a consumer-led US economy.

It's the down side of what for years has been viewed as a positive trend: Ever-expanding choices in the realm of mortgage financing have helped millions of borrowers and boosted homeownership to record levels nationwide.

In 1990, the last time the nation was entering a real estate slowdown, less than 10 percent of home loans were ARMs, adjustable-rate mortgages. For the first half of this year, that number is 46 percent of the total, measured in dollar volume, says Richard Brown, chief economist at the Federal Deposit Insurance Corp.

Of all the adjustable-rate loans, 63 percent of them this year have been nontraditional: either "interest only" loans (it's up to the buyer whether to pay any principal to build home equity) or "option ARMs," which give borrowers a choice of several possible payments each month. Even fixed-rate loans today can be "interest only."

The biggest trouble lies with the adjustable loans that begin with artificially low interest rates. Those rates may only last for a month, a year, or two years, and then comes a "payment shock" as the rates reset in ways that can double the required payments.

Earlier this year, an analysis by First American Real Estate Solutions in Santa Ana, Calif., estimated that $368 billion in adjustable-rate mortgages originated in 2004 and 2005 are at risk of default because of this pattern. Many more borrowers with traditional ARM loans also face the prospect of rising interest rates, but of a more manageable magnitude.

"This translates into ... 1.8 million families that are at risk as a result of the possibility of default and another 500,000 that are likely to go into foreclosure," Allen Fishbein of the Consumer Federation of America said last week at a Senate hearing on nontraditional mortgages.

Who is most at risk? Exotic loans have been rising nationwide, but are most prevalent in states such as California, Nevada, and Florida where home prices have been rising fastest. They are far less common in the Northeast or Midwest.

And while buyers at all income levels have been tempted - option ARMs were originally targeted at the wealthy in the 1980s - experts say families with modest or low incomes may be most at risk.

"A significant percentage of people taking out interest-only mortgages and option ARMs have credit scores below the median and incomes at median or below," Mr. Fishbein said in his testimony.

The challenges don't begin and end with the negative amortization loans. Many borrowers with poor credit resort to so-called hybrid ARMs that also rely initially on below-market rates.

Payment shocks will land hardest not simply on the states with the most exotic mortgages, experts say. Other key factors will be the trajectory of the economy and of the inventory of homes for sale in specific markets. In a worst-case scenario, many homeowners would simultaneously face a spike in their monthly payment and a decline in their home's value, so that it's harder to resell.

Recent trends, including numbers out this week, suggest that home prices are beginning to decline nationwide. It's rare for such a pattern to persist, but economists also say this housing downturn appears to be getting worse than the last one in the early 1990s.

"It will take more than five years to get housing valuations back to where they ought to be," Merrill Lynch economist Sheryl King writes in a recent report.

Experts on both the pessimistic side, such as Ms. King, and the optimistic side agree on one thing: The impact of the ARM adjustments will occur over several years.

That, along with what Dr. Brown says is a very healthy banking system, could mitigate any broader economic impact.

"It's a time release," says Christopher Cagan, who did the risk analysis at First American Real Estate Solutions. "It's not a single impact like Pearl Harbor."

Democratic Duo Brings Bravado To Party (WSJ)

By Jackie Calmes

The Wall Street Journal, September 29, 2006

WASHINGTON -- At midsummer, when House Republicans announced nationwide hearings to showcase their hard line against illegal immigration, the chairmen of the Democratic House and Senate campaign committees quickly took up the gauntlet. They assembled reporters and news cameras to promote a report documenting a decline in border enforcement actions under the Bush administration.

"If congressional Republicans want to make immigration the centerpiece of their 2006 campaign," said New York Sen. Charles Schumer, alongside Illinois Rep. Rahm Emanuel, "we've got three words for them: Make our day!"

Such bring-it-on bravado from the Democratic duo has been making for bad days for the beleaguered Republican majority in this midterm-election year.

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Yet both men's drive to win has at times left fellow Democrats feeling run over. In their determination to elect more Democrats from moderate and conservative districts, they have antagonized some of the party's loyal, liberal blocs: antiwar liberals, women's groups, civil libertarians and -- by their tough talk on immigration -- Hispanic groups.

Yet even some of the foils agree: These two high-energy partisans with their sharp elbows and tongues, and no apparent need to be loved, are just what Democrats need to end their exile from power. "We haven't had that kind of Rove-ian ruthlessness in the party -- to do or say anything to win -- in a long time," says party consultant Jenny Backus.

That suggests just how Democrats have come to see them: As a counter, finally, to President Bush's so-called architect, Karl Rove, melding policies and politics for electoral gain. Big-city liberals both -- 46-year-old Mr. Emanuel from Chicago's Daley machine and 55-year-old Mr. Schumer from Brooklyn -- they are nonetheless obsessed with winning back Reagan Democrats and others in the middle-class suburbs.

Both have pushed their roles beyond where previous campaign chiefs have gone, becoming not just candidate recruiters and fund-raisers, but message strategists as well.

They will be heroes if Democrats win majorities; if Democrats fall short, Mr. Schumer will still get credit, because expectations are lower for a Senate takeover. Mr. Emanuel has more to lose, given both higher expectations for House gains and the egos "Rahmbo" has bruised over time.

Even Republicans credit the men with expanding the field of competitive races. Both lobbied reluctant incumbents to seek another term, recruited credible challengers for Republican seats and ignored an unwritten rule against intervening in party primaries. Both sought moderates they felt could win in November, over liberals who appeal to party primary voters.

They didn't always prevail, and even where they did, the men's interference sometimes enraged local Democrats. In suburban Chicago, where the Democratic nominee is an Iraq veteran and double amputee Tammy Duckworth, 68-year-old Alice Doyle, a volunteer for a Duckworth rival in the primary, says, "I was so mad that Rahm Emanuel and the boys in Washington had chosen her." Now she concedes, "Tammy probably has a better chance" in the historically Republican district.

After Mr. Schumer helped recruit Pennsylvania state Treasurer Bob Casey Jr., an opponent of abortion rights, to challenge Republican Sen. Rick Santorum, feminist leader Kate Michelman confronted Mr. Schumer and, as a Pennsylvanian, weighed running against Mr. Casey. "I do not question his own commitment to women's rights and equality," she says of Mr. Schumer. "I do question the tactics from time to time." Still, she came to agree that by running, and splitting the Democratic vote, she would only help re-elect Mr. Santorum.

"I don't mind taking the flak," Mr. Schumer says. "This is a war. It's about time we Democrats won, and we" -- he and Mr. Emanuel -- "are trying to be the generals."

Both men have been equally aggressive at raising money. Each campaign committee had collected more than $80 million as of September, a record for Democrats. Mr. Schumer has swamped his Republican counterpart, North Carolina Sen. Elizabeth Dole, while Mr. Emanuel has nearly matched the House Republicans' campaign committee. But the Republican committees share about $60 million more from party Chairman Ken Mehlman, while the Democrats lack such aid from their party chairman, Howard Dean, spawning an intraparty cold war.

Tensions over the money issue flared publicly in May, when Mr. Emanuel bolted from the trio's summit in Mr. Dean's office. Mr. Dean has spent heavily on a "50-state program" for long-term party-building even in red states; the congressmen want funds targeted to states with hot races now. Other Democrats say both sides have a point, but refused to compromise. Recently Mr. Dean agreed to provide $12 million.

On the party's election-year message, Mr. Schumer has worked closely with Senate Minority Leader Harry Reid of Nevada. While House Minority Leader Nancy Pelosi tapped Mr. Emanuel for his job, their relationship has been more strained given his assertiveness and her liberal instincts. For more than a year, Democrats debated what platform to have for 2006, or whether to have one at all. Mr. Schumer was among those mostly content to bash Mr. Bush. "For us to put out a big range of ideas gives Republicans a target and gets the message off George Bush," he said in an interview as deliberations progressed.

But Mr. Emanuel, a former adviser to President Clinton, wanted an agenda. Paul Begala, a friend from their White House days, says, "We all learned under Clinton, it's just not enough to indict -- you have to offer an alternative." (Mr. Clinton has told audiences Mr. Emanuel was "my Karl Rove.")

When Mr. Emanuel appeared last October on NBC's "Meet the Press," host Tim Russert challenged him, "What are the Democratic ideas?" Mr. Emanuel rattled off five -- college aid, health care, a bipartisan budget summit, energy alternatives and a national technology institute. The "New Direction" agenda that Democrats announced last month roughly mirrors those points.

But he and Mr. Schumer sought to duck the year's big issue -- what to do in Iraq -- given party divisions and fears of Republican counterattacks. Instead, they have focused on what they perceive as administration mistakes and Congress's failure to provide any check.

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They are consumed by monitoring House and Senate votes for potential traps. In this week's votes on administration-supported legislation limiting terrorism suspects' legal rights, Democrats declined to try to block the bill for fear of being branded as soft on terror so close to an election. Similarly, though liberal groups earlier pressed Democrats to try to kill the Patriot Act, Mr. Schumer successfully argued for a compromise reauthorization.

But in February, Mr. Schumer set a trap of his own. Learning from a businessman that state-owned Dubai Ports World was near administration approval to operate six U.S. ports, he called a news conference to question the security implications. Republicans joined in to squelch the deal, over Mr. Bush's veto threat. Dubai Ports World withdrew its bid. Polls subsequently registered a dip in the president's ratings on national security.

When House Republicans passed their bill criminalizing illegal immigration months ago, Mr. Emanuel, himself a foe, was overheard urging vulnerable Democrats to vote for it. Hispanic groups were enraged. Rep. Luis Gutierrez, also of Chicago, sent him a scathing letter. "I'm not for taking a gun to someone's head and saying, 'You have to walk the plank for principle,'" Mr. Gutierrez says. "But when your leaders, with premeditation and threats, say, 'I want you to vote this way,' that's wrong."

More recently, Hispanics assailed Mr. Schumer's committee for a Web video about national security that mixed shots of Osama bin Laden with imagery of two people climbing a border fence. "This was over the top," says Lisa Navarrete, an official at the National Council of La Raza. The campaign committee removed the video.

In Close Races, Local Issues Still Dominate (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, September 29, 2006

MORGANTOWN, W.Va., Sept. 28 -- Spend nine days traveling through one of this year's most contested political regions and there is no mistaking the mood of voters: They are angry.

Nor is there any doubting the mood of incumbent politicians: They are anxious.

But it is a mistake to assume that anger and anxiety look and sound the same in these coveted precincts as they do in Washington.

The debates over Iraq and President Bush shadow virtually every competitive race, but they do not dominate the conversation -- which suits many Democrats just fine. This month's intense debate over policy toward terrorism detainees, meanwhile, carried hardly any echo at all.

Here is what has people talking in Kentucky's 3rd District: a new bridge over the Ohio River that would ease traffic for Louisville residents. In Indiana, voters are plenty steamed -- over the Republican governor's decision to privatize a toll road that runs through or near the seats of three embattled GOP representatives.

In Ohio's 6th District, visitors are likely to get an earful about what might be called earmark-envy: Why residents of neighboring West Virginia are getting a bigger slice of the federal budget pie.

The Washington Post logged a thousand miles traveling up the Ohio River Valley, where nine of the nation's most competitive House districts are clustered in a continuous line. The trip began in the tobacco fields of Kentucky and ended in this college town. Interviews with voters, candidates and operatives made plain why the old line about all politics being local is a truism: It really is true.

This is not to say the Ohio River Valley is insulated from national debates. They are clearly contributing to the uneasy mood evident in so many places along the dividing line of the upper South and industrial Midwest, even if that mood is often expressed in highly individualistic ways. Virtually every Republican candidate said they are concerned about what a sour electorate means for them on Nov. 7.

"I have never seen such anxiety," said Joy Padgett, a Republican running for the Ohio seat being vacated by GOP Congressman Robert W. Ney, who has pleaded guilty to corruption charges growing from the Jack Abramoff lobbying scandal. "I believe that spills over onto the skepticism about virtually everything."

This free-floating angst, she lamented, is influencing attitudes about the economy, terrorism and politics in general.

If voters' snappishness is unmistakable, its impact remains far from clear. Take Laurie Pitcock. She lives in Ney's district and said she is dismayed by Republican inaction on environmental issues and other matters. Even so, she said, "I am still proud to be a Republican."

Her reaction was a commonplace one in these nine districts -- people expressed disgust with the Republican leadership in Washington but not necessarily toward the Republicans representing them.

Against this ambiguous backdrop, Republicans and Democrats are pursuing two very different strategies in this region.

Republicans all seem to be reading out of the same playbook. To a person, they seek to localize the elections, and accuse Democrats of wanting to raise taxes and put liberals -- a bad word in these culturally conservative districts -- in charge of

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Congress. Voters are seeing a lot more of House Minority Leader Nancy Pelosi (D-Calif.) in GOP-sponsored television ads than of President Bush.

The National Republican Congressional Committee, for instance, is hitting Democrat Brad Ellsworth -- an antiabortion and anti-gun-control candidate in Indiana's 8th District -- for helping support an "extreme liberal."

"How can he possibly stop their liberal agenda?" the NRCC asks in an ad blanketing the district. Similar ads are popping up in other races.

There is one hitch in this strategy. Unlike in some past elections, Democrats have picked the kinds of candidates who have shown that they can win in heartland districts. Their positions on abortion, same-sex marriage and other fault-line issues are often indistinguishable from Republicans'.

Ellsworth has jumped out to a double-digit lead over GOP Rep. John N. Hostettler while running ads that highlight his social conservatism. "I fit the district well," Ellsworth said when asked the secret of his success. "People appreciate my conservative values."

The Democratic strategy differs from district to district but features one common theme: a need for change.

That appeal takes many forms, but in the Ohio River Valley races it is focused especially on the nation's energy policies. Democrats argue that Republicans have sold out the country for campaign cash from oil and gas companies -- a move they say led to soaring prices at the pump.

"The government should not be subsidizing the most profitable corporations in the history of the world," said Cincinnati City Council member John Cranley, who is running against Rep. Steve Chabot (R). That argument might have been more effective, however, when gas prices were topping $3 a gallon. They have since dropped by almost a dollar in some places.

Particularly in the rural districts, Democrats and Republicans sound alike when discussing Iraq. They lament strategic errors but oppose a speedy withdrawal. But Democrats cite the war as evidence that a divided government is essential to imposing accountability on the White House.

In Kentucky, Ken Lucas, a former Democratic representative seeking to return to his old job, repeatedly criticizes first-term Rep. Geoff Davis (R) for voting with Bush more than 95 percent of time. "You can send a robot to vote the party line," Lucas said -- twice. Because the two candidates differ on few issues, Lucas said, his race is likely to come down to voters' desire to shake up Washington.

That anti-Washington message has real resonance in this part of the country, where anyone who carries a Washington aura -- including out-of-town reporters -- is viewed skeptically at first.

This is also a region where memories run long. Former Kentucky state Senate president Joe Prather is a case in point. Prather, the Democratic candidate in the 1994 special election in Kentucky 's 2nd District, refused to be interviewed last week because of lingering resentment about a story written by The Post 12 years before that he believes cost him the seat in Congress. Mike Weaver, the Democratic candidate in this year's race in that district, said he did not much trust the Washington media either.

Though the campaigns have been jousting for months, it is clear in interviews that, six weeks before Election Day, most voters are just starting to tune in. Good luck to those who want to tune out. In Louisville, where the television market reaches into three competitive races, it is not uncommon while watching the evening news to see a cascade of political ads, uninterrupted by pitches for cars or soap.

Back in Ohio, as in other places, the air wars have a partisan edge, often aimed at voters who insist this is not how they want elections to be waged. "I'd love to get beyond party lines and get things done," said voter Laurie Pitcock -- a wish not likely to be granted between now and Nov. 7.

Religious-Right Voter Guides Facing Challenge From Left (WP)

By Alan Cooperman

The Washington Post, September 29, 2006

A new group called Catholics in Alliance for the Common Good said yesterday that it will distribute at least 1 million voter guides before the Nov. 7 elections, emphasizing church teachings on war, poverty and social justice as well as on abortion, contraception and homosexuality.

The 12-page booklet, called "Voting for the Common Good: A Practical Guide for Conscientious Catholics," is part of a broader effort by liberal and moderate religious groups to challenge the Christian right on moral values, said Alexia Kelley, the group's executive director and a former employee of the U.S. Conference of Catholic Bishops.

Secular groups such as the NAACP, the League of Women Voters and the Sierra Club have long published election-year guides to issues and candidates' positions. Since the conservative Christian Coalition began distributing voter guides in 1992, however, it has faced little or no competition from liberal or moderate religious organizations.

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In Roman Catholic parishes, the group Catholic Answers, based in California, had the field largely to itself in 2004, when it distributed 10 million copies of its "Voter's Guide for Serious Catholics." This year, as in the past, the Catholic Answers guide urges Catholics to base their votes on five "non-negotiable" issues: abortion, euthanasia, embryonic stem cell research, human cloning and same-sex marriage.

"No one endorsing the wrong side of these issues can be said to act in accord with the Church's moral norms," it says.

The Common Good guide takes a different approach, saying: "In recent years some have suggested that we can answer this question [of how to vote] by applying a simple 'litmus test' of a few selected issues. But common sense tells us that deciding who to vote for is much more complicated."

Both guides are available on the Web sites of their respective producers, http://www.catholic.com and http://thecatholicalliance.org .

Quoting documents issued by the U.S. bishops conference, the Common Good guide outlines seven "key themes of Catholic social teaching" -- including "prioritizing the needs of the poor and vulnerable" -- and lists 18 "issues important to Catholics," including immigration, the environment, nuclear disarmament and workers' rights.

"Seldom does a single candidate or party offer a consistently Catholic set of positions," it says, adding that "we often must vote for candidates who may hold the 'wrong' Catholic positions on some issues in order to maximize the good our vote achieves in other areas."

Leading Catholic conservatives reacted to the new guide with disdain. Austin Ruse, president of the Catholic Family and Human Rights Institute in Washington, called it "a blatant attempt to convince Catholics that they can vote for candidates who are wrong on the primary human rights issue of our time, which is abortion."

The Rev. Joseph Fessio, provost of Ave Maria University in Naples, Fla., said it is "a flight into abstraction" that treats all issues as though they have the same weight. "Some issues are disqualifying issues. You don't vote for someone who kills babies. You don't vote for someone who destroys the family by supporting homosexual marriage," he said.

But the Rev. David Hollenbach, a professor of Catholic theology at Boston College, defended the guide. "If one were to decide the only thing that matters in the election is avoidance of war and not to look at abortion and poverty, that . . . would not wash, and vice versa," he said. "This cuts against people on both the left and the right."

In Protestant churches, the Christian Coalition's guides will face competition this year from "Voting God's Politics," a brochure produced by the liberal evangelical magazine Sojourners and the anti-poverty group Call to Renewal. Like the Common Good guide, it discusses issues, not individual candidates.

"Even the term 'voter guide' has been so tainted by the religious right that people are afraid that ours is going to be just a left-wing version of theirs, a thinly camouflaged signal to vote for particular candidates," said Jim Wallis, editor of Sojourners. "Our guide levels the playing field; it makes clear that God is not a Republican or a Democrat."

In numbers, however, the battle of the voter guides is still not an even match. Sojourners has distributed 50,000 of its brochures and plans to print 150,000 more. Roberta Combs, president of the Christian Coalition, said her group will distribute "millions" of its guides, which she said it is now compiling, to candidates in key races.

Lieberman Leads Lamont In Connecticut Poll (AP)

The Associated Press, September 28, 2006

WASHINGTON (AP) -- Sen. John Kerry is ready to join an exclusive club: prominent Democrats shunning three-term Sen. Joe Lieberman to campaign in Connecticut for his anti-war rival Ned Lamont.

The Massachusetts senator, the party's 2004 presidential nominee, plans to travel to the state Oct. 25 for Lamont. Kerry's running mate, former Sen. John Edwards of North Carolina, appeared at a Lamont rally last month.

Other top Democrats, however, have tacitly backed Lamont, who seized the Democratic nomination from Lieberman in last month's primary, but have avoided public displays of support. The rationale is simple: Lieberman is running as an independent and has a good shot of winning another term; a statewide poll released Thursday showed him up by 10 percentage points.

Democrats want to stay in Lieberman's good graces to ensure that he remains on their side.

"The Senate is a club," said veteran Democratic strategist Dan Payne. "Once a club member, always a club member. And one club member doesn't generally campaign against another club member."

Kerry and Edwards are potential 2008 White House candidates whose campaigning for Lamont could pay dividends among the liberal voters who tend to dominate Democratic presidential primaries.

Kerry has scolded Lieberman, the 2000 Democratic vice presidential nominee, over his staunch support for the Iraq war and for echoing Vice President Dick Cheney.

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Leading Democrats have lined up behind their nominee Lamont, but they have also been reluctant to alienate Lieberman, who has served 18 years in the Senate. Democrats greeted Lieberman with applause when he returned to the Senate a few weeks ago -- even as they vowed to fully support Lamont.

It is a delicate dance for Democrats eager to shatter the GOP's lock on Congress.

If Democrats can gain six seats this fall and Lieberman wins, the party will need him to recapture control of the Senate.

"Democrats know it is a win-win situation for them, either way," Payne said.

Lieberman has vowed to remain a Democrat if he wins a fourth term. He expects to retain his seniority and committee seats and, if the Democrats take control, he is in line to become chairman of the Homeland Security and Governmental Affairs Committee, a key panel which deals with issues such as terrorism.

Former Rep. Norman D'Amours, D-N.H., said party rules prevent some elected Democratic officials from voicing public support for Lieberman.

"There are people who are not supporting Joe, for the time being ... who, on a secret ballot would probably vote for Joe," D'Amours said. "They have a responsibility to abide by party rules."

D'Amours made his remarks on a conference call with reporters to announce "Dems for Joe," a group of former senators, House members and Clinton administration officials backing Lieberman. The group includes ex-Sens. Dennis DeConcini, D-Ariz., Bob Kerrey, D-Neb., John Breaux, D-La., and former CIA chief James Woolsey.

The Lamont camp said it is seeking to strike a balance between an influx of national support and the campaign's Connecticut flavor.

Lamont spokeswoman Liz Dupont-Diehl said state Democrats have been strongly supportive. Kerry, she noted, would help galvanize voters, particularly Democrats and the independents whom Lamont needs to win. Kerry beat President Bush in Connecticut by 10 percentage points in the 2004 presidential contest.

"We don't have all the relationships that incumbency brings, but a significant number of Democrats support the positive changes that Ned is talking about," Dupont-Diehl said. "Senator Kerry is one of the many Democrats who is frustrated with Senator Lieberman's pandering to the Bush administration."

Another prospective 2008 presidential candidate, Sen. Hillary Rodham Clinton, D-N.Y., met with Lamont after the primary to talk about campaign strategy and she also offered to host a fundraiser for Lamont.

They met privately.

Now, Even Allen's Apologies Are Getting Him In Trouble (WP)

By Michael D. Shear

The Washington Post, September 29, 2006

RICHMOND, Sept. 28 -- Sen. George Allen can't seem to win: first, he apologizes for addressing an Indian American with a racial slur and acknowledges that many view the Confederate flag as a hate symbol. Now, the Sons of Confederate Veterans want him to apologize, too.

As he fights Democrat James Webb for a second term in the Senate, Allen has spent the last six weeks battling charges of racism after calling a young Indian American man "macaca" and later being accused of having used a racial epithet toward blacks.

He has vehemently denied ever using the "N-word." He has apologized profusely for saying "macaca." And he has insisted that he has moved far beyond his youthful admiration of controversial symbols like the battle flag.

"What I was slow to appreciate and wish I had understood much sooner," Allen told a black audience last month, "is that this symbol . . . is, for black Americans, an emblem of hate and terror, an emblem of intolerance and intimidation."

Now, even that statement is getting him into trouble.

"He's apologizing to others, certainly he should apologize to us as well," said B. Frank Earnest Sr., the Virginia commander of the confederate group at a news conference. "We're all aware, ourselves included, of the statements that got him into this. The infamous macaca statement. He's using our flag to wipe the muck from his shoes that he's now stepped in."

Over the years, Allen has been a darling of the confederate group. As governor, he designated April as Confederate History Month. He has displayed the battle flag in his home as part of what he said is a flag collection. And his high school yearbook picture shows him wearing a Confederate flag pin.

But the senator has been distancing himself from those symbols as he pursues reelection and considers a bid for the presidency in 2008.

In the past several years, he has co-sponsored legislation condemning the lynching of blacks and has promised to work on similar legislation apologizing for slavery. He recently said of the Confederate flag that "the symbols you use matter because of how others may take them."

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Allen's recent statements didn't sit well with the SCV. They accused him yesterday of trying to appeal to liberal voters with his new position.

"The denunciation of the flag to score political points is anathema to our organization," said Brag Bowling, a former past commander of the group.

Allen campaign manager Dick Wadhams brushed aside criticisms from the group, saying "Senator Allen stands by his comments."

Even as Allen was getting hammered by the confederates, another person emerged on MSNBC's "Hardball with Chris Matthews" to accuse him of using the N-word.

Patricia Waring, who described herself as the wife of Allen's rugby coach in 1978 and 1979, said she overheard Allen repeatedly using the epithet during a match in 1978. She said she confronted Allen at the time, urging him not to use that word.

"I heard to my left, the N-word, and I heard it again, and I looked around and heard it again," she said. "And there was this fellow sitting on the ground. He was putting on red rugby shoes -- it is seared in my brain, believe me. And he was kind of showing off, I guess, but he was telling a story and . . . in the story was a lot of N-words."

Waring said she is a Democratic activist from Maryland. She said she has had no contact with Webb or his campaign staff.

Asked about Waring's charges, Wadhams said: "It's the latest false accusation. It's patently untrue, made by a self-confessed partisan liberal Democrat."

Peter Schmidt, 58, a former rugby teammate of Allen's, said Thursday night that he did not remember Waring or her husband and said he "never heard anything like that from [Allen]. I just have no way I could possibly believe that."

Also Thursday, a former roommate of Webb's challenged a report that Webb had used the N-word and harassed blacks. An associate of Webb's, Dan Cragg, told The Washington Post on Wednesday that Webb told him he took drives through the black neighborhood of Watts, where he and members of his Reserve Officer Training Corps unit used racial epithets and pointed fake guns at blacks to scare them. Cragg was referred to The Post by the Allen campaign.

Oleg Jankovic, 60, said he was Webb's roommate in 1963 and 1964.

"No. No. It just wasn't happening," Jankovic said of Cragg's allegation. He said Webb once shot rifles into the air from the top of a dorm, but never drove through Watts with one or yelled epithets. "No. Absolutely not."

Also Thursday, black lawmakers in the General Assembly met to discuss whether to endorse Webb. The Democrat has struggled to earn their support because of statements he has made about affirmative action. Members of the black caucus said they would announce a decision Friday.

During the Democratic primary this year, Webb performed poorly in areas of the state heavily populated by blacks after his opponent highlighted comments he had made saying affirmative action is "state-sponsored racism." Webb has since said he supports affirmative action for blacks, but that it should not have been broadened into a larger diversity program.

One member of the caucus, Sen. Benjamin J. Lambert III (D-Richmond), has endorsed Allen, saying he was swayed by Allen's efforts to secure money for historically black colleges and universities.

Group Accuses Allen Of Spurning Heritage (AP-Y)

By Bob Lewis

AP, September 28, 2006

Sen. George Allen's use of the word "macaca" for a young man of Indian descent forced him to spend the past six weeks disputing claims that his past is littered with racist language and a fondness for Confederate symbols. On Thursday, the furor came full circle when the Sons of Confederate Veterans turned on Allen.

The organization criticized the Republican for saying he had been slow to grasp the pain that Old South symbols like the Confederate flag cause black people.

"The denunciation of the flag to score political points is anathema to our organization," Brag Bowling, immediate past state commander of the SCV, told reporters near the state Capitol, once the Confederacy's seat of government.

Allen campaign manager Dick Wadhams said Allen stands by his comments.

What had been a warm-up race for a 2008 presidential bid has become the fight of Allen's political life. He had been a strong favorite over Democrat Jim Webb, a decorated combat veteran who once served as President Reagan's Navy secretary.

"Before the Macaca incident, this race was over. George Allen had a 16-point lead in the polls and had a huge financial advantage over his opponent, who had no money. In one moment, he took a race that was essentially won and turned it competitive overnight," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University.

Since Aug. 11, when Allen singled out Webb campaign volunteer S.R. Sidarth at a mostly white rally and called him "macaca" — a term considered by some to be a racial slur — the senator has been beset by damaging claims from his past. Allen's campaign gave conflicting accounts of how he came up with the word.

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College-era acquaintances then claimed he used a common racial slur for blacks. Stories about how the Confederate flag he kept in his home and a hangman's noose in his law office have gained new currency. At a debate, Allen was startled and irritated by a question about whether his grandfather was Jewish, then confirmed it a day later.

Allen now has even Republicans publicly questioning what has gone wrong with a candidate known for disciplined, surefooted campaigns in two convincing statewide triumphs the past 13 years.

"Allen's mistake is he's taken his re-election for granted and he's been getting his nice presidential team together," conservative commentator Bay Buchanan said last week on CNN.

Allen Campaign Ads Launch Two-pronged Attack (WT)

By Christina Bellantoni

The Washington Times, September 29, 2006

Sen. George Allen yesterday released two ads that reveal a strategic split and indicate a fundamental problem with his campaign.

One ad, which takes aim from the right, features Sen. John McCain, Arizona Republican, saying the Virginia Republican should be re-elected because of his tough stance against terrorism. The other attacks Mr. Allen's Democratic opponent, James H. Webb Jr., for an article he penned 27 years ago about women in the military.

"I'm intrigued as to why he'd be criticizing Webb on this," said David Domke, a University of Washington professor who analyzes campaign ads. "Most social conservatives would say women don't belong in combat roles. The ad is powerful because it attempts to undercut Webb's appeal to a key Democratic constituency: women."

Conservative blogger Dean Barnett also finds it odd that the Allen campaign is using the "ancient" article, saying Mr. Allen is attacking Mr. Webb "from the left."

Allen campaign manager Dick Wadhams disagreed, saying, "The ad speaks for itself."

Mr. Webb, a former Republican who served as Navy secretary under President Reagan, now says he is "completely comfortable" with women's roles in the military.

The Allen ad features three female Naval Academy graduates saying the article, "Women Can't Fight," was a "slap in the face" and "demoralizing."

"I really have to make it very clear to the women of Virginia who may be considering voting for this man that he is no advocate for women," says Kathleen Murray, a 1984 Naval Academy graduate.

Scott Howell and Co., which produced the spot, also created ads for Republican Jerry W. Kilgore in the Virginia gubernatorial race last year that said his opponent would not oppose the death penalty even for Adolf Hitler. Pundits think the ad was a factor in Mr. Kilgore's loss to Democratic candidate Timothy M. Kaine.

Webb spokeswoman Kristian Denny-Todd noted similarities between Mr. Allen's ads and the "Hitler" ads.

"They wear negative campaigning like a badge of honor," she said, dismissing the ad as "very inaccurate."

Mrs. Denny-Todd said Mr. Allen's image is so damaged that his campaign is avoiding talking about the senator's record or substantive issues. "They've got nothing to run on," she said.

The other ad features Mr. McCain calling Mr. Allen a courageous leader.

Mr. Allen "has the utmost confidence and belief that in this terrible, titanic struggle that's going on between good and evil in the world that we will and must prevail," Mr. McCain says in the ad, which juxtaposes images of an Iraqi woman with Osama bin Laden.

Mr. Allen's $650,000 statewide ad blitz aims to combat accusations that he used racial slurs as a young man.

Mr. Webb, who lags his opponent in fundraising, is running an ad that focuses on the increasingly unpopular Iraq war.

"The people who failed to prevent this disaster are not the ones you can count on to fix it," the decorated Vietnam veteran says in the 30-second spot. "We need to end our occupation of Iraq and to bring stability to the Middle East. We can do it with the right kind of leadership."

The ad alternates between Mr. Allen and President Bush saying the U.S. must "stay the course."

Mr. Webb recently got $300,000 from a Democratic fundraiser with former Gov. Mark Warner, after visits from Sens. Barack Obama of Illinois and John Kerry of Massachusetts. Also raising money for the Virginia candidate were former Sen. John Edwards of North Carolina, the Democratic vice-presidential nominee in 2004, and authors Stephen King and John Grisham.

Mr. Webb's campaign also benefited in the weeks after Mr. Allen's nationally televised gaffe calling a man of Indian descent "macaca," a term considered a racial slur in some cultures.

After that, a former football teammate from the University of Virginia accused Mr. Allen of using the "n-word" decades ago. Since then, numerous racial accusations have surfaced, some substantiated and most not.

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Yesterday, Mr. Allen introduced a bill he says will expand the number of black farmers eligible for compensation under a class-action lawsuit against the U.S. Department of Agriculture in the late 1990s. The farmers were found to have encountered discrimination when applying for federal farm loans.

Unraveling Allen (WP)

By Eugene Robinson

The Washington Post, September 29, 2006

Boy, talk about stepping in a pile of macaca.

Every political campaign frog-marches the candidate through a process of self-discovery, but this is getting ridiculous. Sen. George Allen of Virginia was supposed to coast to reelection this November, then start polishing his cowboy boots for a presidential run. Instead the political world is asking aloud whether he's remotely ready for prime time -- and the senator himself has got to be pondering questions of a more existential nature.

First came the "macaca" incident, in which he referred to a young man of Indian descent with a word that might be some kind of exotic ethnic slur (as Allen's opponents claim) or innocent nonsense (as Allen now maintains, after a few false starts), but sure didn't sound like a compliment. Scrambling to limit the damage threw Allen, whose natural walk is a college quarterback's swagger, off his stride.

Then he had to deal with the revelation that his maternal grandparents were Jewish, which means his mother is Jewish, which means -- what, that Allen is Jewish, too? The answer depends on whether you consider Jewishness (which is matrilineal) to be a matter of ethnicity, religion, culture, history or perhaps even choice. If you accept Allen's assurance that he never had an inkling -- which suggests a pretty incurious nature, but never mind -- then his self-image must have been smitten and his self-confidence sent reeling.

That's what it looked like, at least. By his own account he had a month to prepare for the question of his family history, if anyone ever were to raise it. But when the question came, he was wholly unprepared, as if he hadn't taken the time to process this new information about himself. He bristled, then later softened. He fiercely protected his mother, as any son should. He spoke of his respect for his newfound Jewish heritage but also talked about how much he loves eating a variety of pork products.

I think it's safe to say that the man was a tad conflicted.

What could possibly happen next? The joke in my office was that the only thing left was for a black ancestor to surface.

Not exactly, as it turned out.

What surfaced instead was a story in the cybermagazine Salon.com quoting three of Allen's college football teammates as saying that back in the early 1970s, they heard Allen frequently use the unforgivable racial slur that has come to be known by the too-cute euphemism "the N-word." One former teammate claimed Allen was then such a racist that he stuffed a severed deer head into the mailbox of a black family, in an echo of "The Godfather."

Allen angrily called the whole story "absolutely false" and said he never recalled using the N-word slur. His campaign produced other teammates who defended him and attacked the accusers. Then Larry Sabato, a University of Virginia professor who is frequently quoted as an authority on politics -- and who was in school with Allen -- went on MSNBC's "Hardball" and said that Allen did too use the racial slur, though he later acknowledged that he was relying on hearsay.

Now, instead of cruising to victory, Allen is locked in a tight battle with Democrat James Webb. Perhaps helpfully for Allen, Webb now has an N-word problem of his own -- he can't deny having used it, which amounts to an admission.

But Allen brings unhelpful baggage to this "he said, he said" controversy. In the past he has had to try to explain his love of the Confederate flag, which is unusual for a man who was born in California, and also the fact that he used to keep a hangman's noose in his office. In my book, those would be strikes one and two.

It should be noted that Allen has already spoken words of contrition and atonement for past racial insensitivities. Earlier this month, in a speech to officials from historically black colleges and universities, Allen acknowledged that he was "slow to appreciate" why black Americans were not fond of the Confederate flag. He said that over the past three years he has come to understand "just how completely different, and incredibly difficult, the journey traveled by African Americans has been in this country."

This is a grown man speaking, a grown man who went to college and now sits in the United States Senate. If you take Allen at his word, then I suppose you could say better late than never. But it's hard to put unalloyed faith in the word of a man who, in every sense, seems to know so very little about himself.

Ugly Words (WP)

The Washington Post, September 29, 2006

DOJ_NMG_0071273

DID REPUBLICAN Sen. George Allen use racial slurs years ago? Did his Democratic challenger, James Webb? Does it matter, in a race between two candidates with long public records and substantial differences on Iraq, health care, the economy and other critical issues?

Yes, it does matter. Mr. Allen said he does not recall having used what newspapers delicately call "the N-word." But at least a half-dozen people, including ones with upstanding reputations and no evident political agendas, have now told journalists that he did. The stories they have recounted about Mr. Allen's behavior raise disturbing questions about his character and credibility.

In the wake of the furor over the senator's reported comments, Mr. Webb would not deny that he had employed the ugly term. He said he has never used it as a slur but added to the Richmond Times-Dispatch, "I don't think that there's anyone who grew up around the South that hasn't had the word pass through their lips at one time in their life."

It is unfortunate that Mr. Allen, a man who has held elected office practically his entire adult life, is only now, in his fifties, subjected to damning revelations about events that are three decades old. We wish the questions about his racial attitudes had been raised and raked through earlier in his career. But Mr. Allen helped open the door to this inquiry this summer when he singled out the lone person of color at a rural campaign rally, mocked him with the word "macaca" and then offered no plausible explanation for his use of what others see as a racial slur. He's also vulnerable because, as had been reported, he used to display Confederate flags at home and a hangman's noose in his office.

And his public record on racial matters is mixed. As governor of Virginia in the 1990s, Mr. Allen named relatively few blacks to his Cabinet, opposed a state holiday in honor of the Rev. Martin Luther King Jr., and declared an annual Confederate History Month without reference to the institution of slavery and the scars it left on this country. On the other hand, as a senator he helped provide federal technology grants to historically black colleges and universities and sponsored legislation to apologize for slavery.

The senator has admitted to youthful "insensitivity" and apologized for the macaca incident, just as Mr. Webb has said he would not today endorse the disparaging remarks he once made about the role of women in the military. People can learn and grow; they also can profess change for reasons of political convenience. So the questions are legitimate. But so are the actions both men have taken over years in public office, and the positions they are staking out now. We hope the present discussion won't drown out a broader debate about what each candidate would seek to accomplish as a senator.

Politics In The Age Of YouTube (CBS)

CBS News.com, September 29, 2006

WASHINGTON, Sept. 27, 2006

Quote

"There's no such thing as opening off-Broadway anymore. It's all prime-time. So everything you say is out there for public consumption for better and occasionally for worse."

Se. Evan Bayh, D-Ind.

(CBS) Back in the 1990s, a forgettable movie called "Ed TV" made comedy out of the idea of following someone around with a camera 24/7.

But as CBS News correspondent Gloria Borger reports, fiction has become reality in political campaigns across the country. The idea now is to catch candidates making mistakes and then post them on the Internet, where they can be seen worldwide with the click of a mouse on sites like YouTube.

Virginia Sen. George Allen has become the poster child for what can go wrong when a candidate gets caught saying something stupid.

"Let's give a welcome to Macaca here. Welcome to America," Allen said.

"Macaca" means "monkey" to some. It’s not a smart thing to call your opponent's campaign aide when he has a camera pointing right at you. It all wound up on YouTube, and the controversy paved the way for new charges this week that Allen has a racist past.

But Allen isn't the only politician who has been caught on tape. Florida Republican Tramm Hudson lost his primary this month after a video of him was posted on a political Web site.

"I know this from my own experience that blacks are not the greatest swimmers or may not even know how to swim," Hudson was heard saying on tape.

The video was posted on the Web on a Thursday. By Friday, the story was making headlines in the local media. On Tuesday, the once-unknown Tramm Hudson was already a punch line on "The Daily Show."

Hudson's political consultant, Dan Hazelwood, did his best to control the damage.

"What you see here is the political equivalent of a drive-by shooting," Hazelwood says.

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Hudson may have shot himself, but his campaign believes the video was shot and delivered to the Web by his political enemies. It's a form of guerilla warfare that's now a fact of life.

"You got to have your person out there video taping the other side. You've got to have your staff traveling with you, taping them, and you probably got to have a backup in case one of them needs to run an errand. It's 24/7 now for everyone," Hazelwood says.

Including the candidate. Indiana Democratic Sen. Evan Bayh is running for president, and he has even joined the popular college site Facebook to woo young voters. But he also knows negative news can pop up online instantly, anonymously and cheaply.

"There's no such thing as opening off-Broadway anymore. It's all prime time, and it's all real time. So everything you say is out there for public consumption for better, and occasionally for worse," Bayh says.

It used to be that 90 percent of life was showing up. Well, not anymore. Ask Montana Sen. Conrad Burns, who was seen online while dozing. Now you have to stay awake, too.

Menendez's Firing Of Staffer Buoys New Jersey GOP Hopes (WP)

By Shailagh Murray

The Washington Post, September 29, 2006

Sen. Robert Menendez (D-N.J.) severed ties with a longtime campaign associate who was taped seeking a political favor on his behalf, the latest of several ethics-related incidents to shadow Menendez as he seeks a full Senate term in November.

According to yesterday's editions of the Newark Star-Ledger and the Philadelphia Inquirer, the associate, Donald Scarinci, was a Menendez childhood friend who became the senator's closest political adviser and a top fundraiser. In a transcript of the recording reviewed by the newspapers, Scarinci asked a client, a Hudson County psychiatrist who held lucrative local contracts, to hire another physician as a favor to Menendez. The psychiatrist, Oscar Sandoval, secretly taped the conversation, which took place in 1999, when Menendez was a House member.

Gov. Jon S. Corzine (D) appointed Menendez in January to complete the governor's Senate term. The Scarinci story follows the disclosure of a federal review of a lease arrangement between Menendez and a Hudson County nonprofit organization.

The revelations have fueled Republican hopes that the New Jersey seat could flip to the GOP column in November. Although the state is strongly Democratic, polls show that the race between Menendez and GOP nominee Thomas Kean Jr. is extremely close.

A poll by Rutgers University's Eagleton Institute of Politics released yesterday showed Menendez leading Kean 45 percent to 44 percent among likely voters, with 11 percent undecided. A Quinnipiac University poll from last week found Kean ahead with likely voters by 48 percent to 45 percent, with 6 percent undecided.

The Scarinci story prompted speculation among some political operatives in Washington that Menendez could be replaced as the Democratic nominee, similar to what occurred in 2002, when Sen. Robert G. Torricelli was replaced by then-retired Sen. Frank R. Lautenberg five weeks before the election. Torricelli had dropped out of the race after a Senate admonishment over his financial dealings with a campaign supporter.

A senior Democratic campaign official dismissed talk of Menendez's departure as "disgusting" and "totally unfounded" and blamed Republicans for stirring it up. But some Democrats had worried when Corzine picked Menendez as his successor that his deep roots in Hudson County, a hotbed of public corruption scandals, could become a campaign focal point. Kean, the son and namesake of the popular former governor, has made a campaign issue of Menendez's Hudson ties.

Menendez spokesman Matthew Miller said the Sandoval disclosure was politically motivated and noted that the doctor was being sued by Hudson County to recover money lost through corruption. "Tom Kean Jr. has run his campaign in the gutter since the beginning and has now reached even further in to find this sleazy character," Miller said.

In a statement responding to the newspaper disclosures, Scarinci said he couldn't comment on details of the taped conversation, citing his involvement in the Hudson County lawsuit. But he added: "I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Senate Democrats To Keep Menendez On N.J. Ballot (WT)

By Amy Fagan

The Washington Times, September 29, 2006

Senate Democrats said they won't try to replace Sen. Robert Menendez of New Jersey, despite new accusations of corruption that surfaced yesterday in the Democratic incumbent's already tough re-election race.

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"We expect week after week they're going to throw these allegations around," said Sen. Charles E. Schumer, New York Democrat and chairman of the Democratic Senatorial Campaign Committee.

Asked whether he is sure that Democrats will not replace Mr. Menendez, Mr. Schumer replied with an emphatic "yes." He cited new polls that show Mr. Menendez either slightly ahead of or tied with his Republican challenger, Tom Kean Jr.

A Menendez fundraiser and confidant was heard on a newly released tape pressuring a government contractor to hire a person as "a favor" to Mr. Menendez, the Philadelphia Inquirer reported yesterday.

In the 20-minute taped telephone call, the Inquirer reported, lawyer Donald Scarinci tells contractor and former FBI informant Oscar Sandoval that agreeing to the hire would afford him "protection" and that failing to do so could result in "the law of the jungle."

Mr. Sandoval, who taped the conversation in 1999, said the clear implication was that he should the hire the person Mr. Menendez wanted or risk losing $1 million in government contracts, the Inquirer reported.

Earlier this month, the Newark Star-Ledger reported that federal investigators are looking into a rental deal between Mr. Menendez and a nonprofit agency that received millions in federal funding while he was a House member.

Recent polls show that the New Jersey Senate race is very close. An Eagleton-Rutgers poll conducted Sept. 24 to 26 called the race a "virtual tie." Among 404 likely voters, Mr. Menendez was at 45 percent and Mr. Kean was at 44 percent, the poll found. A Quinnipiac University poll of likely voters conducted Sept. 13 to 18 found Mr. Kean at 48 percent and Mr. Menendez at 45 percent.

If Democrats lose Mr. Menendez's seat, it will all but kill their quest to regain control of the Senate this year, because they must have a net gain of six seats to end the Republican majority.

"A Menendez loss is the ultimate insurance for Republicans that they won't lose control" of the Senate, said Republican pollster Scott Reed.

Mr. Schumer said yesterday that Democrats face an "uphill" battle to regain the Senate but that he is "feeling good" about New Jersey and the Senate races in general. He said that Democrats always anticipated Republicans would launch a "smear" campaign against Mr. Menendez but that Democrats will continue to repeat the theme that resonates most deeply in heavily Democratic New Jersey: "A vote for Tom Kean Jr. is a vote for President Bush."

The National Republican Senatorial Committee (NRSC), meanwhile, has a legal team ready to fight any last-minute Democratic effort to replace Mr. Menendez on the ballot, as the party did in 2002, when it ousted embattled Democratic Sen. Robert G. Torricelli in favor of Frank R. Lautenberg, a Democrat who went on to win the Senate election.

"Democrats have a track record in New Jersey of pulling last-minute stunts," said William McGinley, NRSC's general counsel.

Mr. Menendez fought back yesterday with a new radio ad accusing his opponent of ethical hypocrisy, saying Mr. Kean is linked to two ongoing federal investigations.

"Tom Kean Jr. is falsely attacking Bob Menendez. But Tom Kean Jr. is the one under the ethical cloud," the ad says.

Menendez: 'Nothing ... In That Tape Was At My Direction.' (NSL)

By Robert Cohen And Jeff Whelan

Newark Star-Ledger, September 29, 2006

Posted by The Star-Ledger September 28, 2006 21:53

Print | Email

With the Democratic establishment standing firmly behind him, U.S. Sen. Robert Menendez today denied any involvement in the alleged shakedown of a Union City psychiatrist seven years ago.

Menendez, in a brief interview on Capitol Hill, said he did not know that his closest political adviser, Donald Scarinci, invoked his name in pressuring the psychiatrist to give another physician a job in 1999.

In a secretly recorded telephone call, Scarinci tells the psychiatrist, Oscar Sandoval, Menendez would consider it "a favor." On the same tape, Scarinci said the hire would offer Sandoval "protection."

"As it relates to Donald's comments, I am disappointed in him," Menendez said today. "Nothing Scarinci said in that tape was at my direction."

Sandoval contends the tape buttresses claims he makes in a lawsuit against Hudson County and some of its key figures. The suit, filed in March, characterizes Sandoval as a victim of extortion and racketeering and contends Menendez, then a congressman, was actively involved in the campaign to pressure the psychiatrist to provide a job for physician Vicente Ruiz.

The suit alleges that as Scarinci, Sandoval and Ruiz put the final touches on the hiring arrangement in 1999, "Menendez came into the meeting and stated that he was glad we could work out our differences and could work together." Under the

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arrangement, Sandoval claims, one third of the money that Ruiz made for Sandoval's practice would go to Scarinci and Menendez.

Sandoval claims tapes and documents will back up every assertion in his lawsuit, but he declined to make them available today.

Matt Miller, a spokesman for Menendez's campaign against Republican state Sen. Tom Kean Jr., said Menendez has "no recollection of that meeting, of any of that." Miller said Sandoval's allegation about kicking cash to Scarinci and Menendez was "absolutely not true."

Sandoval is a controversial figure in Hudson County. An FBI informer for two years, he helped federal prosecutors win corruption convictions against former County Executive Robert Janiszewski and two former freeholders, William Braker and Nidia Davila Colon. But his methods irked even the judge in the corruption cases. Sandoval made numerous secret recordings of Colon, his psychiatric patient and lover at the time, who was convicted of ferrying bribes from Sandoval to Janiszewski. Sandoval was never charged.

Hudson County has since filed suit against Sandoval and other contractors, seeking the return of millions of dollars that county officials say were lost to corruption. The county is seeking $7 million just from Sandoval, who once held $2.3 million in contracts to provide services at the Hudson Couty Jail, a county-run psychiatric hospital and the youth detention center.

Menendez has cut off all campaign ties to Scarinci, a Hudson County lawyer and prolific fundraiser. Today the senator's daughter, Alicia, resigned from Scarinci's law firm. But Menendez said he remains a personal friend of Scarinci.

Democratic party chairman Joe Cryan said the tempest has made Democrats, who havve won every U.S. Senate race in New Jersey since 1972, more resolved. "The party understands were not going to win this campaign by virtue of our previous successes," he said.

Democrats, led by Gov. Jon Corzine, fell into line behind Menendez. Corzine press secretary Anthony Coley said Menendez still has the governor's unqualified support. "He was his guy when he appointed him in January and hell be his guy until election day."

Tape About Hiring Puts Menendez Camp On The Defensive (NYT)

By Ray Rivera

The New York Times, September 29, 2006

After months of fighting off charges by his Republican opponent that he is but one more ethically challenged New Jersey Democrat, Senator Robert Menendez found himself facing another set of accusations yesterday.

Senator Menendez, who is being challenged by State Senator Thomas H. Kean Jr. in a fierce race for his Senate seat, is on the defensive again, over a tape-recorded conversation in which a longtime friend and political confidant is overheard asking a psychiatrist with $1 million in Hudson County contracts to hire one of Mr. Menendez's political patrons or risk losing the contracts.

A Menendez campaign spokesman denied that the senator had any involvement in exerting any influence on the psychiatrist. He moved quickly to disassociate the campaign from the man accused of applying the pressure, Donald J. Scarinci, after excerpts of the conversation, which took place in 1999, appeared in The Philadelphia Inquirer and other newspapers yesterday.

"If those tapes are accurate, Mr. Scarinci was using the senator's name without his knowledge and without his approval," said Matt Miller, a spokesman for Mr. Menendez. "Because of that, he will no longer have any role in our campaign."

Mr. Scarinci, a powerful New Jersey lawyer and fund-raiser whose ties to Mr. Menendez go back to their childhoods, said he could not discuss the tape recordings or their contents yesterday because they were part of an ongoing civil lawsuit.

"That being said," he added in a written statement, "I will clearly state that none of my dealings" with the psychiatrist, Dr. Oscar Sandoval, "were either directed or requested by Bob Menendez."

In an interview yesterday, Dr. Sandoval said that the tape was of one of dozens of conversations between himself and Mr. Scarinci that he secretly recorded, and that Mr. Menendez was present on several occasions when the issue was being discussed. Dr. Sandoval declined to release any other tapes yesterday.

"It's an insult to the intelligence of the New Jersey public to ask them to believe that Scarinci, who has millions of dollars of business in more than 20 municipalities because of Bob Menendez's influence, did this without Menendez's involvement," Dr. Sandoval said.

According to several public opinion polls, Mr. Menendez is locked in a dead heat with Mr. Kean in his bid to retain his Senate seat — which he inherited from Jon S. Corzine after Mr. Corzine was elected governor — against Mr. Kean.

Democratic leaders publicly rallied around Mr. Menendez and vowed to continue to support him. "Bob is a very good candidate," said Frank R. Lautenberg, the other New Jersey senator. "He is a very good legislator. And he's going to win.'"

Mr. Kean — who has made Mr. Menendez's ethical record the focal point of his campaign — received ammunition earlier this month when federal investigators launched an investigation into a lease arrangement in which Mr. Menendez rented property in Union City, N.J., to a nonprofit agency, the North Hudson Community Action Corporation, that he helped to win millions of dollars in federal grants as a member of the House.

The latest accusations first surfaced earlier this year as part of a civil racketeering lawsuit filed by Hudson County against the former Hudson County executive, Robert Janiszewski, and dozens of others, including Dr. Sandoval, that claimed they used bribery and other means to defraud the county of millions in government contracts.

Dr. Sandoval, a Union City psychiatrist, turned informant in 1999 in an F.B.I. investigation that led to the convictions of a half-dozen New Jersey politicians, including Mr. Janiszewski.

In a counterclaim filed in March, Dr. Sandoval said that in early 1999, he was contacted by Mr. Scarinci and was told that Mr. Mendendez, a congressman at the time, "would very much appreciate if Dr. Sandoval would rehire Dr. Vicente Ruiz," a physician whom Dr. Sandoval had fired a year earlier.

In exchange, Dr. Sandoval claims he was told, his contracts would be protected from Mr. Janiszewski, with whom he had fallen out of favor.

According to a transcript of the conversation provided by Dr. Sandoval, Mr. Scarinci told him, "If you could take this guy back and do something with him it would be a favor to the congressman."

Later in the transcript, Mr. Scarinci is quoted as saying that from his point of view, "it makes sense for you, because it gives you protection."

After a deal was struck making Dr. Ruiz an equal partner, Dr. Sandoval claims that Mr. Menendez met personally with him, Dr. Ruiz and Mr. Scarinci at his law office and stated that "he was glad we could work out our difference."

A 1998 form submitted to the Internal Revenue Service showed that Dr. Ruiz was one of the highest-paid employees of the North Hudson Community Action Corporation — the nonprofit agency that leased property from Mr. Menendez — earning $125,192. Dr. Ruiz remained an employee of the agency until he resigned in January 2000, an agency spokesman said yesterday.

Attempts to reach Dr. Ruiz yesterday were unsuccessful.

Mr. Miller, the Menendez campaign spokesman, said yesterday that Mr. Menendez had no recollection of such a meeting. He added that Dr. Ruiz was a longtime acquaintance of the senator and had contributed to past campaigns.

He charged that the tape's release appeared to have been coordinated by the Kean camp, a charge denied by the Kean campaign and Dr. Sandoval, who said he released it after being asked about it by reporters.

Menendez Linked On Tape To Gov't Contracts Scheme (AP)

By Donna De La Cruz

AP, September 29, 2006

WASHINGTON - A childhood friend and close political adviser of Democratic Sen. Robert Menendez used the senator's name to pressure a doctor to share his county government contract, and the doctor believed some of the money would be kicked back to Menendez, according to a transcript of the telephone call and court documents. Menendez campaign spokesman Matthew Miller called the allegations "completely false."

The transcript of the 1999 conversation, obtained Thursday by The Associated Press, depicts an expletive- and chuckle-laden chat between Donald Scarinci, Menendez's friend and adviser, and Oscar Sandoval, a psychiatrist who taped the exchange as part of his work as an FBI informant in a criminal investigation of several northern New Jersey politicians.

In the conversation, Scarinci asks Sandoval to rehire a doctor, Dr. Vicente Ruiz, whom he fired the year before. At the time of the conversation, Sandoval had contracts with the Hudson County Jail and a county hospital.

The revelation of the conversation - reported by several newspapers Thursday, including The Philadelphia Inquirer, which obtained a copy of the tape - and details of the court filings were the latest in the ethics barrage hitting Menendez as his campaign enters its final months. Menendez, a longtime Democratic congressman appointed to the Senate when Jon Corzine took office as governor, is locked in a tight race with Republican state Sen. Tom Kean Jr.

In the transcript, Scarinci is quoted as saying, "If you can deal with Dr. Ruiz and make him happy, Menendez will consider that a favor, if you can't, then that's okay ... you can't."

Scarinci later says hiring Ruiz would give Sandoval "protection" but does not say what that meant. In court documents filed in March, Sandoval said "protection" meant that he would keep his government contracts.

The documents also state Sandoval was told by Ruiz he would have to divide his contract earnings between himself, Ruiz, Scarinci and Menendez. Sandoval had fired Ruiz in 1998, according to the documents, which give no reason for the dismissal.

Ruiz was not able to be reached for comment Thursday. He was rehired by Sandoval following the 1999 conversation and the court documents, filed as part of an ongoing civil lawsuit involving government corruption, indicate that Menendez was in on the talks.

"After this Dr. Ruiz, Scarinci and Dr. Sandoval met at Scarinci's office with the purpose of working together at which time now U.S. senator then U.S. U.S. Rep. Menendez came into the meeting and stated that he was glad we could work out our difference (sic) and could work together," one document states.

Ruiz in 1998 served as a physician with the North Hudson Community Action Corp. The U.S. attorney's office has issued a subpoena seeking records from the nonprofit agency related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the organization obtain federal funds.

Scarinci in a statement said the tape and its contents have long been part of a civil lawsuit filed by Hudson County earlier this year against several county government vendors tied to former county executive Robert Janiszewski, who is serving a 41-month federal sentence after pleading guilty to taking more than $100,000 in bribes. One of the vendors mentioned in the lawsuit is Sandoval, who is countersuing.

"As I am party to the lawsuit and represented companies owned by Dr. Sandoval during the time it is contended this recording was made, regretfully I am legally constrained from making any further statement at this time," Scarinci said. "That being said, I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Miller said the campaign has severed its ties with Scarinci, who has served as a fundraiser to Menendez. He did not respond the court documents' allegation that Menendez stood to get a share of the county contracts.

Miller did say Sandoval has many reasons to lie and questioned statements made by a man accused of seducing one of his own psychiatrist patients and then using her to bribe public officials for millions of dollars in contracts.

Miller was referring to Nidia Davila Colon, a five-term Hudson County freeholder, who was sentenced to a 2 1/2-year prison term after being convicted of passing more than $10,000 in bribes to Janiszewski so Sandoval could win millions of dollars in county contracts. Janiszewski testified against her at trial. Sandoval became an FBI informant and was never charged.

Miller also questioned Kean's judgment for campaigning with Jose Sandoval, who is running for Congress in the 8th Congressional District, saying that Oscar Sandoval and Jose Sandoval are brothers. Miller later said that he was mistaken and the two Sandovals are not related. Kean has questioned Menendez's ethics throughout the campaign.

Telephone calls made to Oscar Sandoval's two attorneys - Tomas Espinosa and Edward Duschock - were not returned Thursday.

The transcript also has an exchange where Scarinci takes credit for getting Colon hired by Carl Goldberg, a developer and Menendez fundraiser who is also chairman of the New Jersey Sports & Exposition Authority, the agency that operates the Meadowlands Sports Complex and other venues.

Scarinci told Sandoval "ultimately I had to physically take Bob by the hand, and sit him down at a table with Carl Goldberg, when Carl handed him $12,000 in checks as campaign contribution. And I said, 'Bob, isn't there something else you that you need from Carl Goldberg?'"

Miller said the "Bob" in this conversation referred to Janiszewski. Janiszewski's lawyer, William F. Maderer, said Thursday he was unaware of the tape and could not comment.

A message left Thursday for Goldberg was not immediately returned. In a statement, Goldberg said he was "puzzled and dismayed by how my role was portrayed in a conversation that took place seven and a half years ago."

Meanwhile, rumors were rampant that the Sandoval-Scarinci phone call would force Democrats to replace Menendez on the ballot with Democratic Rep. Robert Andrews. In a telephone call to The Associated Press, Andrews said to his knowledge, there has never been any discussion of replacing Menendez on the ballot.

"The governor and the party leaders are both behind Menendez and so am I," Andrews said.

N.J. Senate Race A Dead Heat, Poll Shows (AP-Y)

By Donna De La Cruz

AP, September 28, 2006

New Jersey's Senate candidates remained locked in a tie, according to a poll released Thursday that also showed confusion about the candidates among state voters.

Among 404 likely voters, 45 percent preferred Democratic Sen. Robert Menendez while 44 percent backed Republican challenger Tom Kean Jr., according to the Rutgers-Eagleton poll. The error margin was plus or minus 5 percent.

Among 660 registered voters, 42 percent backed Kean while 40 percent chose Menendez. This survey had an error margin of 4 percent. The survey of both likely and registered voters was conducted Sept. 24-26.

The poll showed there was ample opportunity for either candidate to take this race. Murray Edelman of the Eagleton Center for Public Interest Polling said about half of all registered voters said they have not heard of the candidates or do not have an opinion of them.

Only 36 percent of voters correctly identified Menendez as their senator. Menendez was appointed to the seat in January by Gov. Jon Corzine to serve out the remaining year of his term. He served 14 years as a congressman from northern New Jersey.

Eight percent of registered voters said Kean Jr. was the governor of New Jersey, an office held by his father, Thomas Kean. Another 8 percent thought that Kean, a state senator, was a U.S. senator.

"The candidates have a ways to go to capture the attention of the voters," Edelman said. "The major campaign advertising has yet to begin, and the ads could have a considerable effect considering the lack of voter knowledge about the candidates."

The survey also showed that 51 percent of voters associated Kean closely or somewhat closely to President Bush, while 50 percent said Menendez was very closely or somewhat closely associated to Corzine.

Bush's job approval rating was 30 percent, an all-time low for the president in this poll. Corzine's job approval rating was 48 percent, up three points since June.

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On the Net:

http://www.rutgers.edu.

Kean-Menendez Seante Racel Too Close To Call (NSL)

By Matthew Reilly

Newark Star-Ledger, September 29, 2006

The race for U.S. Senate in New Jersey is virtually tied, with Democratic incumbent Robert Menendez holding only a 1-point lead over Republican state Sen. Tom Kean Jr. in a Rutgers-Eagleton Poll released today.

Menendez had the support of 45 percent of likely voters and Kean was the choice of 44 percent of likely voters. The difference is well within the 4.9 percent margin of error in the poll of 404 likely voters.

Among registered voters, Kean has a 2-point lead over Menendez, 42 percent to 40 percent, compared to the four-point advantage Menendez had in the June survey. The margin of error for the 660 registered voters polled Sept. 24-26 is 3.8 percent.

Forty-five percent of registered voters who supported one of the two candidates said they might change their minds by Election Day.

Contributed by Matthew Reilly

Comments | Add Your Comment

Posted By: (28/09/2006 2:19:09 PM)

Comment: Once the polls reflect Menendez's latest ethics news, he'll be fortunate to garner 40%. Does it really surprise anyone that Menendez's Hudson County cronies used strongarm tactics to get their way? The new "tapes" out are likely the tip of the iceberg.

Polls Show Kean, Menendez Close (TSNJ)

By Martin C. Bricketto

Today's Sunbeam (NJ), September 29, 2006

Trenton Bureau

TRENTON -- The two candidates running for U.S. Senate are neck and neck, with the Republican scoring points on ethics and the Democrat polling better on national issues, according to a new poll released Thursday.

Findings from the Rutgers-Eagleton Poll were released the same day as published reports that an advisor to Democratic candidate U.S. Sen. Robert Menendez was secretly recorded seven years ago pressing a Hudson County contractor to hire someone as a favor to the then congressman.

Menendez had since cut ties with that advisor, according to the reports.

"It has the potential to be death by a thousand cuts if these stories keep coming out," said Dr. Tim Vercellotti, assistant director at the Eagleton Center for Public Interest Polling. "If so, Kean has a choice between two easy options, sit back and let Menendez react or continue to campaign on ethics."

A separate on-line poll from Zogby International on Thursday placed Menendez ahead of Kean by six points.

Of 404 likely voters who participated in the Eagleton survey from Sept. 24 to Sept. 26, 45 percent supported Menendez, just ahead of State Sen. Tom Kean Jr. at 44 percent. The poll had a 4.9-percent margin of error.

Of 660 registered voters sampled, Kean leads Menendez 42 to 40 percent, with a margin of error of 3.8 percent.

Among South Jersey participants, Menendez leads Kean 40 to 37 percent. Seventeen percent said they were undecided -- just above the percentage of undecided participants in central and northern New Jersey. Both candidates are from the northern half of the state.

It all adds up to a virtual tie with six weeks to go before the election on Nov. 7.

"There's a lot of time to go and there's a lot of money," said Dr. Murray Edelman, a consultant and distinguished scholar with the Eagleton Institute.

"We don't think the candidates are spending money at all like they're going to."

Kean spokeswoman Jill Hazelbaker said Menendez has been conducting a paid media campaign for three weeks which has not changed the poll numbers dramatically.

"I think that shows a serious weakness on Menendez's part," Hazelbaker said. "This guy has serious problems and I think as we begin our paid media campaign and really start to focus the race in on those issues the numbers are going to change dramatically."

Running in a blue state, Kean should be the happiest about the poll results, Edelman said.

"I would think all the stars favor Menendez. He's a sitting senator, which is of some values, he's in a Democratic state.. plus (President) Bush is hurting (candidates) all over the country," Edelman said. "I think it's not so much that Kean is doing so great, but Menendez has all this baggage with the corruption issues."

Michigan Woes Fuel GOP Election Hopes (WT)

By Charles Hurt

The Washington Times, September 29, 2006

LINCOLN PARK, Mich. -- The fever among voters to throw incumbents out of office -- furiously stoked by Democrats in Washington -- might backfire in this state, where Republicans are riding a surge of voter discontent.

With Democrats holding both Senate seats and the governor's mansion, Michigan is suffering the worst economy of any state in the nation. The state's unemployment rate is nearly twice the national average of 4.7 percent, and the auto industry is losing jobs by the tens of thousands. A recent job fair offering factory work for $10 an hour with no benefits drew 4,000 applicants.

"They're Democrats, but they want jobs," John Katinsky said of his neighbors in this hard-hit town downriver from Detroit.

Much of the discontent is being directed at Sen. Debbie Stabenow, the first-term senator who is trying to fend off a challenge from Oakland County Sheriff Michael Bouchard.

"Only one state in America has lost jobs for three straight years and that's Michigan," Mr. Bouchard says. "That needs to change, and it's going to change by starting with the leadership."

Mrs. Stabenow's primary line of attack on Mr. Bouchard is linking him to President Bush, who lost the state in the 2000 and 2004 elections, though by relatively small margins.

"The people of Michigan have a clear choice in this election between a senator who is fighting hard for them and delivering real results and someone who insists on endorsing the failed and tired policies of the Bush administration even as they continue to cost us jobs and threaten our Michigan way of life," Stabenow campaign spokesman Brent Colburn said.

Not a 'nice'-lady race

Mr. Bouchard often tells voters on the campaign trail that Mrs. Stabenow is a "nice" lady but that they're not running in a nice-lady contest. He then rattles off reasons why he thinks she should be replaced.

He tells people that Mrs. Stabenow voted to grant Social Security benefits to illegal aliens, is one of the biggest pork-barrel spenders in Washington and has authored only one successful bill in Congress: a law to rename a federal building in Detroit.

Last month, Mr. Bouchard toured the state in a moving van to highlight the exodus of Michigan residents leaving the state in search of jobs. The flight is so bad, Mr. Bouchard said in an interview with The Washington Times, that when his neighbors put their house on the market, they had to wait more than a week before a "for sale" sign was available.

On his tour, he promised to curb federal spending, reduce "regulatory burdens" on small businesses and make tax cuts permanent.

Mrs. Stabenow, he says, has spent six years in Washington with little to show for it. She has authored 68 bills, according to records kept by the Library of Congress, and only one has been approved by the Senate. The bill, S.1285, renamed a building in Detroit the "Rosa Parks Federal Building" in honor of the civil rights activist.

During that same period, she also has written 68 amendments, 19 of which were adopted by her colleagues.

Those figures do not accurately reflect how hard she is working on behalf of her state, Mrs. Stabenow's campaign says.

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She has "set the standard for constituent service," fought for lower health care costs and wrote the ban on drilling for oil in the Great Lakes, according to the campaign. In addition, she has supported tax cuts for businesses that create jobs in the United States and "helped lead the delegation effort" to secure more federal transportation dollars for Michigan roads.

A lackluster record?

Despite her successes, even Mrs. Stabenow's staunchest supporters are somewhat at a loss to name her accomplishments as a U.S. senator.

A survey by The Washington Times of delegates who attended the state Democratic convention in Detroit in August found no one who could list any specific successes.

Larry Lewis of Detroit said, "She's done an outstanding job."

Asked to name any accomplishments, Mr. Lewis replied: "I don't have her record in front of me. I couldn't go over it verbatim."

Thelma Murrell of Southgate said: "Off the top of my head, I can't name them. But she does a great deal of things for us. It's not just caring; she really does help."

Carol Poenisch of Northville couldn't name any legislative victories for Mrs. Stabenow, but applauded her efforts to stop Canadian trucks from hauling tons of garbage across the border and dumping it in U.S. landfills. It's an issue that has dogged Michigan politicians for years.

Just last month, Mrs. Stabenow issued a press release boasting that she and other Democrats in the state had reached a deal with Canadian officials "to stop shipments of municipal solid waste to Michigan over the next four years."

But Canada's environment ministry officials weren't losing much sleep over the deal they cut with Mrs. Stabenow. They told local reporters that it does nothing to curb industrial and commercial waste, which makes up more than half of the 4 million metric tons of Canadian trash hauled into Michigan each year.

Moreover, they said the relatively generous deal was prompted by fears that bipartisan legislation moving through Congress would end all trash shipments by year's end.

"Our garbage trucks could have been turned back from the border as early as January 2007," Ontario's environment ministry spokeswoman, Kate Jordan, told the Detroit News. "We needed to find a solution to avert that."

Indeed, that legislation was approved by the House a few days later. But it's not likely to go anywhere soon because the Senate version of the bill — introduced by Mrs. Stabenow — has languished for more than a year in the chamber's Environmental and Public Works Committee.

And, as part of her deal with Canadian officials, Mrs. Stabenow agreed to drop any efforts to get tougher legislation through Congress for the next four years.

Taking a stand on illegals

During these lean times in Michigan, illegal entry has become a top concern for voters. Polls consistently show that three-quarters or more of voters in the state oppose granting amnesty to illegals and support building a wall along the U.S. border with Mexico.

After the Senate passed a bill last spring that would allow illegals to become citizens, Republicans in Macomb County revolted. Rep. Tom Tancredo, the Colorado Republican who is little known except for his tough stance against illegal entry, surprised Republican officials by winning a straw poll in the county for the presidential nomination. Among the Republican luminaries Mr. Tancredo beat were Sen. John McCain of Arizona, former New York Mayor Rudolph W. Giuliani and Massachusetts Gov. Mitt Romney, the son of former Michigan Gov. George Romney.

A standard line of Mr. Bouchard's stump speech is that anything that begins with the word "illegal" — as in illegal entry — he's against. Mrs. Stabenow, on the other hand, he says, has a weak record on the issue.

No immigration vote has dogged Mrs. Stabenow more than the one she cast to grant Social Security benefits to illegal aliens for the work they performed illegally.

Mr. Colburn flatly denies that Mrs. Stabenow supported granting the benefits to illegal aliens and called such accusations "misleading and disingenuous."

"Senator Stabenow does not support and has never supported granting Social Security benefits to illegal immigrants," he said.

But, according to the Congressional Record — the official publication of all votes and floor speeches in Congress — Mrs. Stabenow voted on May 18 to strike Amendment No. 3985 offered by Sen. John Ensign, Nevada Republican. That amendment would have prohibited illegals from collecting "Social Security benefits as a result of unlawful activity."

While Mrs. Stabenow went on to vote against the overall Senate immigration bill, she provided the deciding vote that would allow aliens to collect Social Security benefits for illegal work, even if that work had been done using forged documents. And today, that provision remains part of the Senate immigration bill.

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Watching the polls

Despite the hostile environment for incumbents here, the Stabenow campaign still takes solace in the poll numbers, which show Mrs. Stabenow more than 10 points ahead of Mr. Bouchard.

The Bouchard campaign notes that her support, however, hovers around 50 percent. With plenty of undecided voters remaining, Mr. Bouchard hopes to see his numbers rise as people across the expansive state learn more about him and hear more about Mrs. Stabenow's positions on key issues.

An ace in Mr. Bouchard's pocket, his campaign says, is Oakland County, which has been trending Democratic in recent elections and is the state's second largest county. In 2004 — when Mr. Bush lost the county — Mr. Bouchard won with more than 60 percent of the vote.

Stabenow supporters say the senator has worked tirelessly on constituent services and that voters here relate better to common-touch Democrats than pro-business Republicans.

"What you have to ask yourself is if you're better off now than you were four years ago," says Jack Childress, a General Motors retiree who supports Mrs. Stabenow. "If you answer that honestly, you won't vote for no Republican."

But Mr. Bouchard is hardly a corporate Republican in a pin-stripe suit. At a carnival in this downtrodden, industrial suburb of Detroit, he rides up in a pack of motorcycles on his Harley-Davidson Road King.

Mr. Katinsky, who calls himself a "closet Republican," also doesn't fit the usual description of a Republican. Wearing yellow machinist's glasses, seven earrings and a long braided pony tail, he asks for a picture with Mr. Bouchard.

Though most of his neighbors are Democrats, he said they desperately want jobs to return to the state. Also, they're alarmed by the influx of illegal aliens who are taking many of the jobs that pay little but are jobs nonetheless.

"Everybody I know wants these borders locked up," he said. "How is that racist? It might be anti-noncitizen, but it ain't racist."

After milling around the carnival with voters for about an hour, Mr. Bouchard stops to talk to a man who is unshaven, smoking a cigarette and wearing thick, military-issue glasses. The man says he's out of work. Mr. Bouchard tells him that he intends to make Michigan a better place to do business.

"Bush is killing us," the man says, shaking Mr. Bouchard's hand. "You got my vote."

GOP Zeroing In On Mollohan's Problems (WP)

By Chris Cillizza And Jim Vandehei

The Washington Post, September 29, 2006

MORGANTOWN, W.Va., Sept. 28 -- Nine college-age guys stood silently Thursday morning across the street from Rep. Alan B. Mollohan's (W.Va.) office, holding signs that read "Be My Cellmate" and "Man of Steal."

They were trying to bring attention to allegations that the Democratic incumbent used his congressional power to get rich and reward friends. But few people were listening. "We just want some answers," says Tommy Phillips, 25, who helped organize the rather flaccid protest.

There is only one way for Republicans to win in this Democratic district: convince voters that Mollohan is a crook. The lunchtime protest is the least sophisticated part of a destroy-the-Democrat strategy that includes operatives in Washington, a rich home builder in Texas, conservative activists in this college town and challenger Chris Wakim himself.

The target is the 12-term representative's complicated financial dealings. Mollohan, a member of the Appropriations Committee, set up several nonprofit groups over the past decade or so to administer millions of dollars he was steering to his rural district. The money benefited friends and big donors.

In a four-year period starting in 2000, Mollohan's net worth ballooned from about $500,000 to more than $6 million. The chief reason for his newfound wealth was real estate investments with one of those friends who benefited from his work in Congress. Mollohan has denied any wrongdoing, saying he was simply helping his district by maximizing its share of federal money.

That is a point that resonates with many voters here. But as the controversy reached a boil this spring, Mollohan was forced to step down from the House ethics committee. He also admitted he misstated some of his financial dealings in public records.

"He was clearly sacking the treasury and stuffing it in his own pockets," Wakim said of Mollohan. "I'm running on the idea that you can trust your congressman."

But scandal alone might not be enough to topple the popular incumbent. As Democrats are finding out in several key races, voters often seem more concerned about local issues than charges of ethical lapses.

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Mollohan shows why. Since succeeding his father in Congress in 1982, he has faced only one tough race. That was 14 years ago, when redistricting forced a primary showdown with a fellow Democrat. Mollohan won that race with 61 percent and has coasted through elections ever since.

When news of the Mollohan scandal broke on the front page of the Wall Street Journal, many thought the incumbent was in trouble. But Democratic opposition researchers discovered that Wakim had lied about his rÃ©sumÃ©. Wakim acknowledged some padding but called the furor an attempt to distract voters.

There has been no public polling in the race. Republicans admit that Wakim's rÃ©sumÃ© inflation hampered his attempts to cast the race as a referendum on the incumbent's ethical lapses. But they still think Mollohan can be beaten -- if enough attention is paid, via TV ads, to his finances.

A big part of this effort rests on the shoulders of Texas builder Bob Perry, who has invested $5 million in a group calling itself the Economic Freedom Fund. With Wakim at a clear fundraising disadvantage in the race, Perry is blanketing the 1st District with ads attacking Mollohan's ethics. The group is also sending direct mail and calling voters.

Wakim is running ads of his own that allege Mollohan has "been too busy helping himself and his friends to do the job for us."

Mollohan has not sat on his hands either. He has been unloading on Wakim on television over the past month while touting his own ability to deliver for West Virginia -- a potentially powerful message in a state so dependent on federal largess.

Of his critics, Mollohan said, "They are trying to make all this good look bad."

Challenger Seeks Probe Of Rep. Foley's E-Mails To Boy, 16 (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 29, 2006

The Democratic opponent of Rep. Mark Foley (R-Fla.) is calling for an investigation into an e-mail exchange that Foley conducted last year with a 16-year-old boy who had worked as a congressional page.

Foley, 52, has served in the House for six terms and is seeking reelection. He said that the five e-mails he wrote to the boy were harmless and that their publication is part of an attempt by Democrats to smear him.

"The e-mails in question were a response to a handwritten thank-you letter from a former page," said Jason Kello, Foley's spokesman. "There have not been any allegations made by anyone except by Tim Mahoney and the Democrats who are attempting to misrepresent a series of innocent communications to prop up a failing political campaign."

Jessica Santillo, a spokeswoman for Mahoney, a Venus, Fla., rancher and business executive who is running against Foley, said in a written statement: "This is a matter for the appropriate authorities to investigate."

In the brief but chatty e-mails, which were first reported by ABC News, Foley asked how old the boy was, inquired what he wanted for his birthday, requested a picture of the young man and told him that he had just finished a long bike ride and was going to the gym.

According to ABC, the boy forwarded the e-mail that requested his picture to an unidentified congressional staffer and wrote that the e-mail was "sick sick sick sick sick." In another e-mail to a staffer, ABC reported, the boy wrote: "Maybe it is just me being paranoid, but seriously. This freaked me out."

Kello, the Foley spokesman, declined to identify the boy.

Kello said that around the time the boy was leaving his job as a page, or House floor assistant, in the summer of 2005, the boy handed Foley a card "thanking him for being a friendly face." The boy then returned to his home in Louisiana.

Foley kept in touch with him, especially around the time of Hurricane Katrina. "He was concerned about the kid because he knew he was from Louisiana," Kello said.

The e-mail, which ended "send me a pic of you as well," began, "How are you weathering the hurricane . . . are you safe." Kello said Foley asked what the boy wanted for his birthday because in a previous e-mail, a copy of which has not been published, the boy had informed the congressman that he was celebrating a birthday.

Kello also said that it is not unusual for someone from Foley's office to seek photographs to keep on file in case people seek recommendations.

Foley was familiar and friendly in his e-mails. In one, he wrote, "did you have fun at your conference" and "what stuff do you like to do." In another, he wrote, "Glad your home safe and sound" and "its nice here . . . been raining today." In a third, Foley referred to someone named Will and said, "hes such a nice guy . . . acts much older than his age . . . and hes in really great shape."

Lawmaker Questioned On E-Mails To Page (LAT)

By Noam N. Levey

DOJ_NMG_0071284

The Los Angeles Times, September 29, 2006

WASHINGTON — A Republican House member from Florida who was expected to cruise to reelection faced questions Thursday about the propriety of e-mails he sent to a teenage page on Capitol Hill, potentially adding to the GOP's political struggles as it attempts to maintain its congressional majority.

Six-term Rep. Mark Foley, a member of the powerful Ways and Means Committee and chairman of the House Entertainment Industry Task Force, is being made to explain a series of e-mails he sent in 2005 in which he asked the page how old he was and requested a photo.

The e-mails, copies of which were obtained by The Times, indicate that the boy, 16, then complained to another congressional staff member, noting: "Maybe it is just me being paranoid, but seriously. This freaked me out."

In another e-mail sent to the page, Foley, 52, said of a second teenager working on Capitol Hill, "He's in such great shape."

A Foley spokesman acknowledged that the congressman had sent the e-mails to the page. But the spokesman said they reflected nothing more than an innocent interest in helping young people.

"It was encouragement for a person who was interested in politics," said Jason Kello, noting that the page had written Foley a thank-you note after his service was over.

"This is character assassination in the worst," Kello said, blaming the campaign of Foley's Democratic opponent, Tim Mahoney.

The Mahoney campaign released a statement Thursday disavowing any involvement in the release of the e-mails, which have been floating around Capitol Hill for months.

Mahoney, a businessman new to politics, was widely considered a long shot for Foley's seat, which has attracted relatively little attention from the national parties as they battle for control of Capitol Hill.

But the e-mails have become news in Foley's district; the NBC television affiliate in West Palm Beach, Fla., broadcast a story on them Thursday.

Some of the e-mails were posted on the Internet by a blogger over the weekend.

Teenage pages, who come to Washington from around the country and serve primarily as messengers in and around the Capitol, were at the center of controversy two decades ago when two congressman were accused of having sex with pages. The scandals generated new ethics rules banning such liaisons.

Republicans In Ohio Say Motivating Voters Is Harder This Year (BLOOM)

By Richard Keil

Bloomberg, September 29, 2006

Sept. 28 (Bloomberg) -- For a brief time on Election Night 2004, Scott Owens was one of the most important Republicans in America.

Owens, the party's executive director in Ohio's Butler County -- which encompasses Cincinnati's heavily Republican suburbs -- was calling vote tallies in to the White House. When Ken Mehlman, President George W. Bush's campaign manager, interrupted the sixth update to yell ``You rock!'' Owens knew he'd delivered enough of a victory margin to give Bush the state -- and the election -- over Democrat John Kerry.

Two years later, Ohio again looms as a battleground as Republicans try to hang onto control of Congress. This time, Owens says he's worried that when he phones his tallies into Mehlman, the news may not be cause for celebration.

Mehlman, now chairman of the Republican National Committee, is counting on Owens's organization to save Republican Senator Mike DeWine and House incumbent Steve Chabot, both of whom trail in their re-election bids. With Ohio Republicans reeling from scandals and Bush's low poll ratings, Owens says party voters are a dispirited bunch.

``It's just a different atmosphere,'' he said in an interview. ``The enthusiasm isn't there. In 2004, we had 950 volunteers'' to help spur voter turnout. ``They just believed in George W. Bush. This year, we have maybe 150, tops. I'll ask people if they can make phone calls or go door-to-door and they'll say, `Um, let me check my schedule.'"

Data-Mining

The key to the Republicans' turnout machine is computerized data-mining, which identifies even tiny blocs of GOP-leaning partisans, and cadres of volunteers that contact voters in their communities and get them to the polls.

The technique was perfected in 2004, when Ohio was at the forefront of the turnout wars. Democrats relied on union members and paid canvassers; Republicans put their faith in micro- targeting and community-based appeals.

While Democrats boosted their vote with gains in cities such as Cleveland and Columbus, the Republicans prevailed by doing even better in suburbs and rural areas.

Kerry got 10,000 more votes in Butler County than nominee Al Gore did in 2000. But while Gore lost the county to Bush by 20,000 votes, Bush's 2004 surge swamped Kerry, who wound up losing by 53,000 votes.

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By using advanced marketing-research techniques to increase their margins, Republicans duplicated their Butler County feat in pockets of support all over Ohio. In the process, they sealed their reputation as the leaders in voter mobilization.

Missing in Action

This year, a repeat of the party's Ohio heroics may prove difficult. With Republicans on the defensive in the state, many of Owens's foot soldiers are missing in action.

To be sure, Republicans' faltering efforts in Ohio may represent a worst-case-scenario. Compared to their opposition, Republicans have more advanced voter-identification technology, more money, and, thanks to a 72-hour voter-contact blitz they mount in the final days of a campaign, a reputation as better closers than the Democrats.

According to Federal Election Commission reports, the RNC raised $176 million through the end of August, versus $97 million for the Democratic National Committee. Some of that cash is reserved for late advertising, while Mehlman has pledged up to $60 million for activities to motivate party voters to turn out.

Energized Democrats

The Republicans' concern is that polls show, to this point at least, it's the Democrats who are more energized about the election. The challenges faced by Owens in Ohio and his counterparts in other states are one reason that Democrats are banking on their own turnout drives to recapture the House of Representatives and, if a political tsunami hits, perhaps the Senate. Democrats need to gain 15 seats to take the House and six to grab the Senate.

In the previous election, Republicans ``had Bush and the perfect foil in Kerry to turn out their vote," said Tom O'Donnell, a consultant to Democrat Sherrod Brown, an Ohio Senate candidate. ``This year, it's much harder to galvanize their voters."

Ohio is further complicated for Republicans this year because party office-holders have been enmeshed in scandals. Republican Governor Bob Taft pleaded guilty in August to a misdemeanor and paid a fine of $4,000 for failing to report golf outings with fund-raiser Tom Noe. Ohio Representative Robert Ney is under pressure to resign after pleading guilty to accepting illegal gifts from disgraced Washington lobbyist Jack Abramoff.

Backlash

A public backlash over the scandals has hurt Republicans across the board. A Columbus Dispatch poll released on Sept. 25 found Democratic gubernatorial candidate Ted Strickland leading Republican Ken Blackwell by 19 percent, and had Brown holding a 5-point lead over incumbent Republican Senator DeWine. The survey was mailed to 1,791 registered voters and has a margin of error of plus or minus 2 percentage points.

And in a state where Republicans hold the governor's mansion and control the state legislature, a Sept. 20 University of Cincinnati survey found that about 7 in 10 likely voters said Ohio is on the ``wrong track."

George Lang is a trustee of the Butler County township of West Chester, where no Democrats hold office. He says dismay over the Iraq war is likely to depress turnout. ``Republicans are going to take some hits, state-wide and nationwide," Lang said. ``This war in Iraq? Core Republicans are not where the president is. More and more are of the opinion that we should get out."

Malls and Subdivisions

While much of central Ohio is in a Rust Belt swoon, Butler County is a bustling place where farmland is being turned into upscale subdivisions and horse farms are converted into tony shopping malls.

This year, the county Republican Party will operate out of new $850,000 headquarters. On a recent tour, a visitor found 10 volunteers manning phone banks. Republicans plan to ramp up to a seven-days-a-week operation between now and Election Day, and are recruiting volunteers at four different sites to make up to a 1,000 calls per night.

Joe Tellup of Oxford, a carpenter who assists in the party's Ohio turnout campaign, said it's tough finding other volunteers to call or knock on doors on behalf of the Republican Party. ``Regrettably, we're getting a lot of undecideds and `Nos,'" Tellup said.

Republicans' sagging morale puts even more pressure on Owens, because off-year elections often produce lower turnout. ``Some of our people have done things that have our people down and discouraged," Owens said of the scandals. ``I keep telling the state party, `This isn't the same train that was running two years ago.' "

It's Not Easy Getting Out Of The House (USAT)

By Bill Nichols

USA Today, September 29, 2006

DES MOINES — Jim Nussle is one of Washington's major players — an eight-term Republican who has led the powerful House Budget Committee since 2001.

But as Nussle seeks to move from the House of Representatives to become Iowa's next governor, his formidable Washington résumé is one of the last things he talks to voters about as he barnstorms the state.

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At a breakfast for Iowa professional developers last week, the words “Washington” and “Congress” never pass Nussle's lips as he outlines his budget, health care and education plans.

Meanwhile, his opponent, Iowa Secretary of State Chet Culver, raises Nussle's Washington tenure at every opportunity.

“He's part of the D.C. culture of cronyism and corruption,” Culver says. “He's got a lot of baggage, and we're not going to be shy about pointing that out.”

Nussle rejects the notion that his House experience is a drag on his statewide election chances and says Iowa voters want to hear about his plans for the future, not a rehash of his Washington past. “What's your plan? That's what voters want to know,” he says.

Of 16 House members running for governor or the Senate this year, all but four either have suffered primary losses, trail their opponents in polls or are locked in tossup races. A Sept. 17 poll by The Des Moines Register found the Culver-Nussle race a dead heat.

Historical data show it's never easy to seek promotion from the House. In 2000, 10 House members sought new jobs; two won.

Political analysts say low ratings for President Bush and Congress as an institution present a particularly challenging environment for House members. These lawmakers also get little bounce in local races from the GOP's major political strength in most polls: national security.

“It's a tough year to be a Republican, but it's particularly tough to be a Republican from Washington,” says Peverill Squire, a political analyst at the University of Iowa.

Culver, son of former U.S. senator John Culver and Iowa secretary of State since 1999, hammers Nussle on the growth of the federal budget deficit during the time he has headed the Budget Committee. Other Culver targets: Nussle's opposition to expanding federal funding for research using embryonic stem cells and his support for the new Medicare prescription-drug benefit.

“Congressman Nussle isn't working for Iowans in Congress,” Culver says. “Iowa voters are not going to fall for the Nussle hustle.”

Nussle responds by saying that he has a record of strong leadership and that it's “easy to say that budget plus Nussle equals deficit. What's more difficult is to come up with a plan to actually govern.”

In races from Florida to Hawaii, House members are facing similarly tough races for new jobs. Nussle is one of nine House members seeking to be chief executive of his home state — the most to run for governor in 30 years.

Polls show Ohio Democrat Ted Strickland and Idaho Republican C.L. “Butch” Otter with double-digit leads in their gubernatorial bids. In Senate races, polls show Vermont independent Bernie Sanders and Maryland Democrat Ben Cardin with double-digit leads.

Nebraska Republican Tom Osborne lost a gubernatorial primary in May, and Hawaii Democrat Ed Case lost a primary bid to unseat Sen. Daniel Akaka on Saturday. Meanwhile, the other 10 members of Congress seeking new jobs feel Nussle's pain. Some examples:

·In Wisconsin, Republican Mark Green trails Democratic incumbent Gov. James Doyle by 45% to 40%, according to a poll released Wednesday by the Wisconsin Policy Research Institute.

Doyle “wants to blame poor Mark Green for all the federal budget deficits that there have ever been,” says Charles Franklin, a political analyst at the University of Wisconsin.

·In the Florida governor's race, Democratic Rep. Jim Davis trails Republican Charlie Crist 51% to 36%, according to an Orlando Sentinel poll out Wednesday.

University of South Florida political scientist Susan McManus says one issue that could hurt Davis is his attendance record in Congress while running for governor. Davis has missed about one-fourth of the roll call votes cast in the current two-year congressional term.

“People remember that kind of thing,” McManus says. “It has to do with the fact that people are kind of down on Congress right now.”

·In Colorado's race for governor, Republican Rep. Bob Beauprez trails Democrat Bill Ritter 50% to 33%, according to a Rocky Mountain News poll published Sept. 14.

Colorado College political analyst Bob Loevy says Ritter likes to ask Beauprez, when a specific issue comes up: “Well, you were a member of Congress. Why didn't you do something about it?”

Loevy cautions, however, that while anti-Congress sentiment is an issue in the race, it is dwarfed by more local concerns such as Beauprez's opposition to a 2005 referendum that allowed the state to keep millions in tax revenue

Thomas Mann, a congressional expert at the Brookings Institution, a Washington think tank, also warns against making too much of the trouble House members seem to be having seeking other posts.

Mann says that while there are “ample signs of a negative referendum on President Bush and the Republican Party,” there are not indications of general opposition to incumbents, regardless of party.

The struggle House members are having running for the Senate or governor “likely reflects factors peculiar to each race,” he says.

House members like Nussle, however, may feel they have a common burden to bear. While Nussle was stuck in Washington last week trying to wrap up the legislative session, Culver was at the state Capitol, receiving the endorsement of a group of 20,000 Iowa health care professionals.

“We've spent a lot of time over the last four years trying to track down Congressman Nussle,” says Sarah Swisher, director of Iowa for Health Care. “He's a hard guy to get answers from.”

Effort Aims To Push Muslims To The Polls (WP)

By Michelle Boorstein

The Washington Post, September 29, 2006

National Muslim civic leaders announced a new push yesterday to get the country's estimated 2.2 million registered Muslim voters to the polls, unveiling a Web site that spells out key races of "Muslim interest" and ATM-like voter registration machines that will be put in mosques and Islamic student centers.

The campaign by the Washington-based Muslim American Society is a continuation of an effort that has been underway since the Sept. 11, 2001, attacks to increase American Muslims' involvement in the political process. A 2005 survey by the Muslim American Political Action Committee said 84 percent of registered Muslims voted in the November 2004 election, compared with 41 percent in 2000.

The efforts are getting more tailored, Muslim leaders said in announcing the creation of the society's Center for Electoral Empowerment. The center's main feature is a Web site that offers details on issues that the political action committee says are the most important to Muslim voters: concerns about "the erosion of civil liberties," "fair" immigration reform and foreign policy, said Mukit Hossain, president of MAPAC.

The site, http://www.masvip.org , highlights 30 races in 11 states where there are significant Muslim populations, including Illinois, New Jersey, California and Texas.

The focus on Muslim voting -- both by Muslim American leaders and political candidates -- rose again after the 2004 election, when the Muslim vote moved significantly away from the Republican Party.

According to a September 2004 poll conducted by Zogby International for Georgetown University's Project MAPS, 76 percent of Muslims backed the Kerry-Edwards ticket, compared with 7 percent for Bush-Cheney. This was a significant change from 2000, when President Bush received 42 percent of the Muslim vote compared with Al Gore's 31 percent.

In one example of increased candidate interest in the Muslim vote, the annual Virginia Muslim Civic Picnic, held in August for Virginia candidates and sponsored by the Virginia Muslim Political Action Committee, attracted 37 candidates last year, compared with two in 2001.

Estimates vary widely of the number of Muslims in the United States, from 3 million to 7 million, and polls of U.S. Muslim political behavior also show discrepancies.

However, polls and anecdotal research from civic leaders agree that Muslims have become much more involved in elections, not just in philanthropy and other civic work.

Now, Muslim leaders said yesterday, many Muslim Americans don't like the consequences of not participating, said Mahdi Bray, executive director of the Muslim American Society's civic training arm, the Freedom Foundation.

"Now I have a double whammy: I have to worry about driving while black and flying while Muslim," Bray said. "I say to Muslims -- take your souls to the polls."

The MAPAC's 2005 survey found that the largest segment of registered Muslim American voters, by age, is people between the ages of 25 and 34; 25 percent of all voters were in this age category. Women in that age group were the largest single segment of Muslim American voters.

Amtrak Requests Yet More Money (WT)

By Sean Lengell

The Washington Times, September 29, 2006

The survival of Amtrak rides on providing reliable, on-time service between major cities, the railroad's new boss told lawmakers yesterday.

But to meet this goal, the ailing passenger rail service must find new sources of money to supplement the billion-plus federal dollars it receives annually, said Amtrak President and Chief Executive Officer Alex Kummant.

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"You just can't escape that the answer is capital," Mr. Kummant said during a House Transportation and Infrastructure railroads subcommittee hearing. "There is no other magic bullet."

Mr. Kummant, who took control of Amtrak Sept. 12, offered few specifics on how to improve the railroad. But he said issuing bonds, securing state financing or wooing private investors are possibilities.

"I don't know what the right answer is," he said. "We just need to take a look at all the options."

The Senate has backed a plan to boost annual Amtrak subsidies to $1.4 billion, while the House has approved a $1.1 billion budget. The Bush administration wants to split up Amtrak, shift some of the cost of operations to states and significantly cut federal subsidies.

Even the Senate's more generous proposal isn't enough to pay for needed infrastructure, such as bridge and tunnel improvements, that could help alleviate frequent delays that have plagued the railroad for years, Mr. Kummant said.

Amtrak, which carries 22 million riders a year, also must work with freight carriers, which own and share most of the tracks Amtrak uses, to devise better schedules between passenger and freight trains.

"At a time of high oil prices, growing highway and airport congestion ... we should be embracing rail and developing it as quickly and as responsibly as we can," Mr. Kummant said. "We should go beyond the debate of a few hundred million dollars of operating costs and begin to realize the potential rail passenger service has to offer with the right level of investment."

Amtrak's future lies with its "rail corridors" -- service between large cities 300 to 500 miles apart -- the railroad's fastest-growing service, he said.

"I hope that in my time at Amtrak we will continue to see more corridor growth and the realization of a federal and state funding partnership for these corridors," Mr. Kummant said.

Rep. John L. Mica, Florida Republican, said Amtrak must look at possibly privatizing its popular Northeast Corridor, which is among the railroad's most successful routes.

"The Northeastern Corridor is very important -- it's the only real hard asset you've got," said Mr. Mica, a longtime proponent of privatizing at least a portion of Amtrak. "Simple math will tell you you're not going to get ahead building your infrastructure" without private money.

Mr. Kummant said he had no immediate plans for the Northeast corridor.

"The only mandate I have from the [Amtrak] board is to run a safe and efficient railroad," he said.

Rep. Leonard L. Boswell, Iowa Democrat, urged Mr. Kummant not to forsake rural routes on behalf of corridor service.

"I understand the importance of the East Coast and the West Coast, but we're a United States and we have to connect together," Mr. Boswell said.

Mr. Kummant, who previously served as regional vice president of the Union Pacific Railroad, the biggest U.S. railroad, inherits a rail service with a bumpy past and uncertain future.

Amtrak never has been profitable since it was created by Congress in 1971, acquiring debt of more than $3.5 billion. Its operating loss its last fiscal year, which ended Sept. 30, 2005, topped $550 million.

Amtrak's former top executive, David L. Gunn, was fired in November after opposing the Bush administration's proposal to break up the railroad. David Hughes served as interim CEO.

Beneficiaries Of CITGO Heating Oil Program Having Second Thoughts (MCT)

By Pablo Bachelet

McClatchy Newspapers, September 29, 2006

BOSTON - For 42 years, Agnes Crosson has lived in the same three-bedroom house in Quincy, Mass., where she's often visited by her 14 grandchildren. Heating her high-ceiling home during New England's long, cold winters has become increasingly expensive for the former social worker.

Enter Venezuelan President Hugo Chavez.

Last winter, Crosson enrolled in a heating oil program backed by CITGO Petroleum, controlled by the Venezuelan government, to fill her 250-gallon heating oil tank. She saved $200 on the purchase.

Despite the savings, Crosson is having second thoughts about re-enrolling this year after reading about Chavez's speech last week at the U.N. General Assembly. Chavez called President Bush "the devil" and U.S. policies "genocidal."

"I'm not a Bush person, believe me," said the trim, 75-year-old widow, "but I really resented that."

Chavez has said his comments were directed at Bush and not at the American people, but many of the program's beneficiaries are wondering if the CITGO initiative is a tool in Chavez's anti-Bush crusade, as many Chavez critics believe. Still, their condemnations are tempered by growing nervousness over how to pay for heating, and most hope that the program continues.

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Last winter, CITGO distributed more than 4 million gallons of discounted heating oil to 50,000 households in Massachusetts - a big chunk of the 16 million gallons delivered in eight states, according to the Venezuelan Embassy in Washington. Households get a 40 percent one-time discount on 200 gallons purchased.

CITGO has a long-running presence in Massachusetts, where it employs 3,500 and controls 300 gas stations. The CITGO sign in Boston's Kenmore Square, visible past the left field wall at Fenway Park, is considered a local landmark.

Controversy over CITGO and its oil program was stoked by Chavez's U.N. speech. One local politician even proposed replacing the CITGO sign with a U.S. flag.

Venezuela denied that its initiative is a political ploy.

"The program is a humanitarian outreach to people hurt by events beyond their control," according to the Venezuelan Embassy. "It is not intended to embarrass the United States or be seen as a geopolitical move."

Chavez and CITGO have relentlessly promoted the program, taking out full-page ads in U.S. newspapers and producing a glossy booklet, "From the Venezuelan Heart to the U.S. Hearts," with testimonials by grateful politicians and beneficiaries.

In April, 63 beneficiaries were flown to Caracas, Venezuela, to discuss the program with Chavez in a televised event.

And the day after his U.N. speech, Chavez went to a Harlem church and, as TV cameras whirred, announced the program will expand beyond its Northeast core to reach 450,000 households - almost tripling the previous total - in 17 states this winter, including Virginia, Alaska and Wisconsin.

Venezuelan officials are also considering setting aside 30 percent of the revenue from heating oil sales to fund community programs.

Many Boston beneficiaries are grateful. Yushanna Eutsay, a 30-year-old mother of three, said Chavez seemed "like a very nice man" who was "doing more for his people than Bush is for us."

Still, the U.N. speech has cost Chavez support. Rep. Bill Delahunt, the Democrat who represents Quincy and a backer of the heating oil program, co-wrote a letter with Rep. Gregory Meeks, D-N.Y., condemning the "gratuitous personal attack" on Bush as "a direct insult to the people of the United States."

John Baldacci, the Democratic governor of Maine, which received 8 million gallons of discounted heating oil last winter, said that "based on current events," he won't renew his agreement with CITGO.

But some heating oil beneficiaries, the poor people Chavez says he wants to help, are perplexed by his outburst, which included repeated references to the smell of sulfur around the podium where Bush had spoken earlier.

"He stepped out of line," said Linda Kelly, 45, who suffers from multiple sclerosis. She was a member of the delegation that visited Caracas in April.

The ceremony launching the CITGO program was held at Kelly's home on Nov. 22, as a delivery truck pumped heating oil into her tank.

She worried that the controversy will end the CITGO initiative.

"The important thing is that our children are warm at night," she said.

Concern over winter heating bills have triggered hundreds of calls inquiring about the CITGO initiative, said Brian O'Connor, a spokesman with Citizens Energy Corp., a nonprofit group run by former Rep. Joseph P. Kennedy II of Massachusetts. Citizens Energy helped set up the program.

The price of a gallon of heating oil jumped from $1.65 a gallon in 2004 to $2.61 a gallon last year. It now sells for about $2.50 a gallon.

Other U.S. oil corporations, noted O'Connor, have declined to participate in similar programs despite large profits.

Most Uninsured Children Have A Parent Who Works (LAT)

By Moises Mendoza

The Los Angeles Times, September 29, 2006

WASHINGTON — A majority of the 9 million children in the United States who lack health insurance live in two-parent families in which at least one parent is working, according to a report released Thursday by a healthcare advocacy group.

In many of these families, one parent or both either have jobs that do not offer insurance or do not make enough to afford the coverage offered by their employers, the report by Families USA found.

These children are much less likely to get regular medical or dental care and are five times as likely to have unmet healthcare needs as insured children, said the report, which was prepared for the Campaign for Children's Health Care, a group that is seeking comprehensive health insurance coverage for all children.

California has more than 1.3 million uninsured children, the report said, more than any other state.

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They include 16-year-old Michael Duckworth of Mi-Wuk Village, near Yosemite National Park, who was diagnosed with grand mal seizures in January. Because his family has no health insurance, his parents can't afford to take him to a neurologist until late this year, when a plan at his father's new job takes effect.

"It's a very scary time right now," said his mother, Shannon.

In most states, families with incomes of as much as twice the federal poverty level — for a family of three, that would be $33,200 — can enroll their children in the State Children's Health Insurance Program, or SCHIP, a federal and state government-sponsored plan to aid people who make too much to qualify for Medicare.

California allows enrollment of children whose families make as much as 250% of the poverty level, or $41,500 for a family of three. The vast majority of the state's uninsured children are eligible for the program.

But according to the report, financial constraints are affecting the ability of states to ensure that all eligible children are enrolled. To save money, the report said, some states have frozen their SCHIP plans, preventing eligible children from being enrolled.

SCHIP must be reauthorized by Congress next year, and it faces a funding shortfall of nearly $1 billion in fiscal 2007.

Two-thirds of uninsured children qualify for some form of government-sponsored insurance program, the report said, but some families are not aware of the options. And complex regulations often discourage people from signing up, said Andy Schneider, a senior advisor at the Center on Budget and Policy Priorities, which advocates for the poor.

Other families such as the Duckworths, with incomes too large to qualify for government insurance but too small to make private coverage affordable, fall through the cracks.

The uninsured sometimes put off seeing a physician for months or years, which can lead to higher healthcare costs later on.

Some activists and members of Congress say that if Democrats win a congressional majority in the November election, they will push harder for universal healthcare coverage.

"I think you're seeing some real pressure building as fewer and fewer people are getting employment-based benefits," said Rep. Pete Stark (D-Fremont), who has introduced legislation to provide health insurance to all children by 2012. "I'm sensing a strong feeling throughout the country that we need to get healthcare for all."

Union Blocks Foreign Healthcare Plan (CSM)

By Patrik Jonsson

The Christian Science Monitor, September 29, 2006

ATLANTA

Carl Garrett, an Appalachian paper mill worker, had hoped to go to India this month for medical care - but it didn't work out that way.

The planned journey to New Delhi by Mr. Garrett, a Leicester, N.C., resident wasn't just about fixing his aching left shoulder. His employer, Blue Ridge Paper Products of Canton, N.C., wanted to send a message to American hospitals: Control costs or we'll give our insured workers the option of going overseas for quality, but low-cost care.

Garrett, who belongs to the United Steelworkers, would have been the first union member to go overseas for medical care. But after his pioneering trip became public, the union stepped in and threatened to file an injunction to stop it.

In response, Blue Ridge Paper withdrew the proposal to send its employee to India for surgery. So two days before Garrett was to leave, he had to unpack his bags.

The union, which recently negotiated a new contract with the milk-carton factory containing healthcare provisions for its members, worried that volunteer trips overseas to receive medical care would soon become mandatory even for children and the elderly as companies seek to cut costs and increase profits.

Garrett's case shows how the tug-of-war between labor and corporations on healthcare options "is having a tremendous impact on how we live on a day to day basis," says Norm Solomon, a labor expert at Fairfield University in Connecticut. "If costs keep going up the way they have, it's going to be difficult to maintain them in unionized firms."

American workers' healthcare costs have risen 60 percent in the past five years, according to a new study by HR consultants TowersPerrin. Those cost increases are not only being borne directly by employees, but companies are cutting an average of 1 percent off annual raises to contain healthcare expenditures, TowersPerrin concludes.

Garrett's trip was intended to be a test case for Blue Ridge Paper's plan to offer its employees and their dependents the option of seeking medical care overseas beginning in 2007. For several years, the company failed in its attempt to obtain discounts from healthcare providers for its 5,000 covered workers.

The self-insured company decided to contract with IndUShealth, a Raleigh, N.C., firm that sends patients to Indian hospitals for major savings compared with American hospital care.

Garrett quickly volunteered, mostly for the financial incentive. The operations he was scheduled to have would have cost $20,000 in India compared with about $100,000 in the US. The trip was expected to save the company $50,000, and he was being given a share of the company's total savings. Aside from not retiring in medical debt, Garrett was eager for the opportunity to see the Taj Mahal as part of a two-day tour before his procedure.

But the plan alarmed the USW. "We made it clear that if healthcare was going to be resolved, it would be resolved by modifying the system in the US, not by offshoring or exporting our own people [to receive medical care]," says union representative Stan Johnson, who stepped in to stop Garrett's trip. The USW has more than 850,000 members.

In mid-September, USW president Leo Gerard used the Blue Ridge example in a letter to Congress, calling the possibility of health insurance plans forcing workers and their families to travel overseas for care "frightening."

USW's protest comes at a time when insurance companies from Michigan to Florida, and even the state of West Virginia, are researching overseas healthcare options in order to reduce costs.

At the Blue Ridge Paper plant the union's reaction was met with dismay, says Garrett, who has worked at the company for 40 years. "People had given me so much encouragement, so much positive response, and they're devastated," he says. "A lot of people were waiting for me to report back on how it went and perhaps go themselves. This leaves them in limbo, too."

But Tom Keesling of IndUShealth calls the defunct trip an "isolated incident."

"The basic motivation of this kind of offshoring is not to take US jobs, but to preserve US jobs," says Mr. Keesling. "The challenge is there's a giant freight train called healthcare that is barreling down, so someone has to do something."

Rose Kennedy's Life, In Her Own Words (NYT/AP)

By The Associated Press

The New York Times, September 29, 2006

BOSTON, Sept. 28 (AP) — Rose Kennedy, for one brief moment the most powerful mother in America, went over her son President John F. Kennedy's head in 1962 to write directly to the Russian leader Nikita S. Khrushchev. For that, she got a playful scolding from her son.

She wrote a letter asking Khrushchev to autograph photographs of his meeting with her son, and he complied.

"Would you be sure to let me know in the future any contacts you have with heads of state," Kennedy wrote to his mother on White House stationery on Nov. 3, 1962, just days after the Cuban missile crisis ended. "Requests of this nature are subject to interpretations and therefore I would like to have you clear them before they are sent."

Unfazed, Mrs. Kennedy wrote back: "Dear Jack: I am so glad you warned me about contacting heads of state as I was just about to write to Castro."

The exchange is in Rose Fitzgerald Kennedy's papers — 250 boxes of letters, photographs, notes — that became available to the public for the first time on Thursday at the John F. Kennedy Presidential Library and Museum in Boston.

The eldest daughter of a former Boston mayor, John F. Fitzgerald, who also was a congressman, Rose Fitzgerald married Joseph P. Kennedy. Their 1914 Wedding Log, which is part of the collection, shows that they traveled to Philadelphia on their honeymoon to watch the Boston Braves in a World Series game at Shibe Park.

As a teenager she became comfortable on the campaign trail with her father, said James Wagner, the exhibits specialist at the library. That came in handy during her son's 1960 presidential campaign, when she visited more than a dozen states.

A six-page draft of a stump speech she gave in Wisconsin in 1960 includes her revisions.

"On the dais up until the last minute, she'd be revamping her speech," Mr. Wagner said. "She was a very comfortable public speaker. She would write her own speeches and edit them."

Bush's Conception Conflict (WP)

By Michael Kinsley

The Washington Post, September 29, 2006

It was, I believe, Rep. Barney Frank (D-Mass.) who first made the excellent, bitter and terribly unfair joke about conservatives who believe in a right to life that begins at conception and ends at birth.

This joke has been adapted for use against various Republican politicians ever since. In the case of President Bush, though, it appears to be literally true.

Bush, as we know, believes deeply and earnestly that human life begins at conception. Even tiny embryos composed of a half-dozen microscopic cells, he thinks, have the same right to life as you and I do. That is why he cannot bring himself to allow federal funding for research on new lines of embryonic stem cells or even for other projects in labs where stem cell research is going on. Even though these embryos are obtained from fertility clinics, where they would otherwise be destroyed anyway, and even though he appears to have no objection to the fertility clinics themselves, where these same embryos are manufactured

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and destroyed by the thousands -- nevertheless, the much smaller number of embryos needed and destroyed in the process of developing cures for diseases such as Parkinson's are, in effect, tiny little children whose use in this way constitutes killing a human being and therefore is intolerable.

But President Bush does not believe that the deaths of all little children as a result of U.S. policy are, in effect, murder. He thinks that some, while very unfortunate, are also inevitable and essential.

You know who I mean. Close to 50,000 Iraqi civilians have died so far as a direct result of our invasion and occupation of their country, in order to liberate them. The numbers are increasing as the country slides into chaos: more than 6,500 in July and August alone. These numbers are from reliable sources and are not seriously contested. They include many who were tortured and then killed, along with others blown up less personally by car bombs and suicide bombers. The number does not include the hundreds of thousands who have died prematurely as a result of a decade and a half of war and embargos imposed on the Iraqi economy. Nor does it include soldiers on both sides, most of whom are innocent, too. Last week the number of American soldiers killed in Iraq and Afghanistan surpassed the number of people who died in the terrorist attacks of Sept. 11, 2001.

Bush is right, of course, that the inevitable loss of innocent life in wartime cannot be a reason not to go to war or a reason not to fight that war in a way intended to win. Eggs, omelets and all that. "Collateral damage" should be a consideration weighed in the balance. But there is no formula to determine when you have the balance right. It does seem to me that both our wars in Iraq were started and conducted with insufficient consideration for the cost in innocent blood. Callousness, naivete and isolation -- isolation of the decision makers from democratic accountability and isolation of citizens from the consequences, or even the awareness, of what is being done in their name -- all have played a role. I don't see anything coming out of this war that is worth 50,000 innocent lives, although a case can be made, I guess.

But it is hard -- indeed, I would say it is impossible -- to reconcile Bush's absolutism over allegedly human life when it is a clump of unknowing, unfeeling cells with his sophisticated, if not cavalier, attitude toward the loss of innocent human life when it is children and adults in Iraq.

In all discussions weighing the cost of something or other in terms of human life, a philosopher pops up at this point and says that the crucial difference is a matter of intentions. Terrorists purposely target innocent civilians. We try hard not to kill innocent civilians, even if we know it can't be avoided. They're worse, even if our score is sadly higher.

But are stem cells any different? Stem cell researchers don't want to kill embryos. They know that the deaths of embryos are a consequence of what they do, and they think that curing terrible diseases is worth it -- just as President Bush thinks that bringing democracy to Iraq is worth it. In the case of stem cells, there is the added element that the embryos in question will be killed anyway (or pointlessly frozen indefinitely) if they are not used for research. And -- oh, yes -- there is still the question of whether a clump of a half-dozen cells you can't see without a microscope is actually a human being in the same sense as a 6-year-old girl blown up as she skips off to kindergarten in Baghdad.

A commander in chief who must face life-or-death questions such as these deserves a bit of sympathy. I would sympathize more with Bush if his answers weren't so preening and struggle-free. It is wonderful to be so morally pure that you won't allow a single embryo to be destroyed in the quest for medical cures that could save lives by the thousands. You are way beyond Gandhi, sweeping the path ahead to avoid stepping on an insect: Insects have more human characteristics than a six-cell embryo.

And regarding Iraq you are quite the man, aren't you, "making the tough decisions." A regular Harry Truman, consigning thousands to death in order to bring democracy and freedom and peace to millions. But Truman actually produced democracy and freedom and peace, whereas you want credit for your hopes. That's not how it works. If you want to be the hard-ass, you get judged by results. And you can't be Gandhi and Truman at the same time.

Kazakh President Opens Washington Stay (AP-Y)

By George Gedda

AP, September 28, 2006

Kazakhstan President Nursultan Nazarbayev is opening the official leg of a U.S. visit which is likely to include broad discussions of the country's growing importance as an oil supplier and its shortcomings in protecting human rights.

Nazarbayev spent part of Tuesday and Wednesday in Maine as guest of former President George H.W. Bush. Yachting was on their agenda. He will meet with President Bush at the White House on Friday.

On Thursday morning, Nazarbayev planned to unveil a monument to his country's independence at the Kazakh Embassy, located a short distance from the White House.

He also planned to host an evening reception at a local hotel, the theme of which is the nuclear disarmament efforts of the former Soviet republic.

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Kazakhstan, a vast country north of Afghanistan and Iran that is nearly the size of Western Europe, is expected to pump 3.5 million barrels of oil a day in the coming decade.

Nazarbayev has been his country's only leader since it achieved independence in December 1991 and has brought stability and prosperity. Like those of most other Central Asian nations, however, Kazakhstan's record on democracy and protecting human rights is regarded as poor.

White House press secretary Tony Snow said Thursday that the U.S. government's concerns about democracy in Kazakhstan would come up during the meeting with Bush, but he would not characterize how big a place on the agenda it would hold.

Secretary of State Condoleezza Rice laid groundwork for Bush's discussion with Nazarbayev by meeting on Monday in New York with his foreign minister, Kassymzhomart Taokaev. Rice signaled that human rights will be on the agenda with Bush by inviting her chief aide on that issue, Barry Lowenkron, to join her at the meeting.

Freedom House, a pro-democracy group, said in a letter to Bush that Nazarbayev's visit offers Bush a "critical opportunity to reinforce your commitment to promoting democracy and human rights around the world."

It urged Bush not to support Kazakhstan's candidacy to chair the Organization of Security and Cooperation in Europe in 2009. The administration is said to oppose Kazakhstan's bid.

Martha Brill Olcott, a Kazakhstan specialist at the Carnegie Endowment for International Peace, predicted that Kazakhstan's candidacy will fall short.

"He's getting lunch, but he's not getting what he really wants," she said, alluding to Nazarbayev's White House visit on Friday.

Olcott added that Kazakhstan is a very friendly country in a part of the world where pro-American sentiment is not widespread. As for Nazarbayev's rights record, Olcott said, "The red carpet's been out for a lot worse dictators than this man."

Republican Rep. Christopher Smith of New Jersey, a staunch advocate of human rights, said in a statement to The Associated Press that Kazakhstan's record on human rights and democratization continues to leave a great deal to be desired.

"The president rightfully understands that good relations between our two countries are very much in our shared interest," Smith said. "However, in seeking better relations between our countries, we must insist Kazakhstan follow through on vital human rights and substantive democratic reforms sooner rather than later, especially if they want U.S. support for their bid for chair-in-office of the OSCE," he said.

Although Kazakhstan is located in Central Asia, it is a member of the predominantly European OSCE along with other former Soviet republics. The 55-member group is Europe's largest security organization.

Bush To Seal Strategic Link With Kazakh Leader (FT)

By Guy Dinmore And Isabel Gorst

Financial Times, September 29, 2006

Nursultan Nazarbayev, Kazakhstan's president, comes to the White House on Friday confident that his role as an oil-rich and stable ally in the "war on terror" has trumped the US administration's professed sensibilities over his government's shortcomings in corruption, human rights and democratic reforms.

Nonetheless, the developing military and energy relationship between the US and the central Asian giant has led to accusations that President George W. Bush is reverting to the "guns for oil" strategy which his own administration argues created the "false stability" in the Middle East that spawned al-Qaeda.

Senior US officials would not comment on the possibility that Mr Nazarbayev's meeting with Mr Bush would result in an arms deal involving US sales of helicopters and patrol boats for the Caspian, a development that would be sure to antagonise Iran and Russia.

Richard Boucher, assistant secretary of state for that region, told the FT that "military co-operation" would be on the agenda. Kazakhstan has provided troops for Afghanistan and is clearing minefields in Iraq.

One of the prime goals of the US, according to official publications, has been to develop Kazakhstan's military away from its old Soviet framework towards more integration with the US, in air defence systems, communications and vehicles.

Asked about arms sales, a Pentagon spokesman said he had no information to provide "at this time". He expressed US appreciation for "Kazakhstan's support to the war on terrorism, their leadership in the region, and the strong US-Kazakh military-to-military relationship".

Mr Nazarbayev secured his invitation to the White House, and thereby a powerful validation of his international standing, after signing a long-delayed treaty with Azerbaijan sanctioning the transport of Kazakh oil via the Baku-Tbilisi-Ceyhan pipeline (BTC) across the Caucasus to the Turkish Mediterranean.

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Transit contracts are now being negotiated. Mr Bush is expected to seek assurances that US oil companies' interests in huge Kazakh oil projects will be protected, and that Mr Nazarbayev will smooth negotiations for the delivery of his oil. The US is also pushing Kazakh-stan to approve construction of a natural gas export pipeline across the Caspian.

The BTC project lies at the core of US Caspian policy to break Russia's dominance over oil export routes out of the landlocked region. The US is also sensitive to Kazakh needs to preserve good energy ties with Russia and China.

Mr Nazarbayev wants diplomatic support for his bid to chair the Organisation for Co-operation and Security in Europe (OSCE) in 2009. Both the US and the UK doubt Kazakhstan's fitness to chair an organisation dedicated to raising democratic standards. The US has asked Kazakhstan to postpone its bid to avoid a potentially humiliating rejection.

London and Washington are putting pressure on Kazakhstan to reform electoral laws, lift a ban on street demonstrations and annul restrictive new amendments to the media law. The assassination in February of Altynbek Sarsanbayev, a prominent member of the Kazakh opposition, hardened resistance to Kazakhstan's OSCE bid.

Mr Boucher said the US would raise its concerns over Kazakhstan's human rights record, "but you can't have a single-dimensional policy".

"We're not out there to overthrow governments or support colour revolutions," he told a Senate hearing this week.

The Bush administration is not expected to raise the issue of a continuing US court case against a US businessman accused of giving $78m (€61.4m, £41m) in bribes to Mr Nazarbayev and a former oil minister in the 1990s. Mr Nazarbayev is named as a recipient but has not been charged.

Energy On Agenda At Bush-Nazarbayev Talks (AFP)

By Stephen Collinson

AFP, September 29, 2006

US President George W. Bush welcomes Kazakhstan's President Nursultan Nazarbayev to the White House Friday, in the latest steps of the diplomatic dance over Central Asia's energy riches.

The visit finds Washington finessing worries over human rights and political reform to advance strategic and economic goals with Muslim-majority Kazakhstan, an emerging gas and oil giant also being courted by Russia and China.

In a moment of symbolism, Bush sent his Energy Secretary Samuel Bodman to join Nazarbayev at the Kazakh embassy in Washington to unveil a monument marking the former Soviet Republic's split from Moscow in 1991.

"I hope the outcome of our visit will bring our bilateral relations up to a new level," Nazarbayev said, after pulling a light-blue sheet from a 12-foot (three metre) monument of an ancient warrior astride a winged leopard.

Bodman said Americans and Kazakhs shared a common heritage of striving for self rule and had forged close economic and strategic relations.

Though the two sides agreed on most things, "we don't agree on every issue," Bodman said, in an apparent reference to US worries over Kazakhstan's record on human rights and democratization.

The Bush administration however is conscious Kazakhstan is at the center of the new Great Game energy grab in Central Asia.

Nazarbayev also enjoys US kudos as he has been a valued ally in the "war on terror", sent troops to Afghanistan and Iraq, and has been a bulwark against Islamic fundamentalism in the region.

In a sign of his high regard here, Nazarbayev stayed with the current US president's father, former president George Bush, at the family summer compound in Kennebunkport, Maine, a diplomat said.

Ahead of his meeting with Bush, Nazarbayev also met Vice President Dick Cheney, and was feted at a dinner by leading figures including former US Senator Sam Nunn and CNN founder Ted Turner, to honor Kazakhstan's dismantling of its former Soviet-era nuclear weapons.

The United States has pumped billions of dollars into the Kazakh economy since the fall of the Soviet Union, and suspicions of rights activists were particulary spurred by Cheney's visit to Kazakhstan in May.

After rebuking Russia for stifling democracy, Cheney heaped praise and "admiration" on Kazakhstan over its economic and political development.

That praise came despite the US government's warning last year that "irregularities" appear to have marked December's election which saw Nazarbayev sweep up 91 percent of the vote.

In June Bush urged Kazakhstan to export its oil through a US-backed pipeline that bypasses Russian territory.

The four-billion-dollar project goes through Azerbaijan and is designed to carry Caspian Sea oil to Western markets via Georgia and Turkey.

Kazakhstan is pleading for time from its critics.

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"It's a case half full or half empty, we are moving towards democracy," a Kazakh diplomat said on condition of anonymity Wednesday.

"There is no denying we are not finished with our program of building a developed democratic society and a civil society."

But rights groups argue that the idea that Washington can either have a partner in Kazakhstan or demand it treat its people better is a false choice.

"Why is there a presumption that pushing on democracy issues, per se is going to lose your ally?" said Rachel Denber, Central Asia specialist with Human Rights Watch.

"There is no reason why Kazakhstan can't do better on human rights," she said.

In a nod to US critics, Secretary of State Condoleezza Rice met Kazakh Foreign Minister Kasymzhomart Tokayev in New York last week, and took along senior State Department official Barry Lowenkron.

The United States has expressed concern at the murder of an opposition leader and the suspicious death of a second in the past year, which have not been solved.

The latest State Department Human Rights Report called the Kazakhstan government's record "poor."

Embrace For A Strongman (WP)

The Washington Post, September 29, 2006

PRESIDENT BUSH once made the authoritarian president of Kazakhstan, Nursultan Nazarbayev, a focus of his freedom agenda. He urged the ruler of the energy-rich Central Asian nation to allow more freedom for political parties and media and to hold a fair election for president. The effort failed utterly: Mr. Nazarbayev was awarded 91 percent of the vote last December in an election condemned by international observers. Two months later, a leading opponent was brutally murdered by members of the state security forces. In July, Mr. Nazarbayev ignored Western objections and approved a law tightening already-strict controls on the media.

Today Mr. Bush is treating Mr. Nazarbayev to a White House visit, following a special demonstration of family friendship: The Kazakh leader was a guest of the president's father at the Bush compound in Maine. In short, Mr. Nazarbayev has suffered no consequences for his rejection of the democracy agenda. Instead, he is being feted as a valued ally because his government is supportive of U.S. military operations in Afghanistan and Iraq, and because Kazakhstan recently agreed to pump some of its rapidly growing supplies of oil through a U.S.-backed pipeline to the West. Even the fact that Mr. Nazarbayev has been accused by U.S. federal prosecutors of accepting the bulk of $78 million in bribes -- a small part of the fortune his family has amassed -- has been ignored by the White House.

Mr. Bush has given numerous speeches in the past several years repudiating what he says was the mistake of backing corrupt authoritarian regimes in the Middle East in exchange for economic and security cooperation, as well as an illusory "stability." But that is exactly what he is doing in Kazakhstan -- and in Azerbaijan, Pakistan, Libya and Egypt, among other Muslim countries. Perhaps the only difference is that in the past, the United States rarely attempted to persuade governments to liberalize. Mr. Bush has asked Mr. Nazarbayev, Azerbaijan's Ilham Aliyev and Egypt's Hosni Mubarak to change. When they refused, his administration, in effect, shrugged. It did not significantly alter economic aid, military cooperation or any other aspect of the relationship.

Administration officials defend the Kazakh policy with arguments that are familiar from the Cold War: that it is better to "engage" a strongman than to shun him; that Russia and China, which are competing with the United States for political influence and energy resources in Central Asia, are happy to embrace Mr. Nazarbayev. Such arguments merely condemn the United States to a losing geopolitical strategy, since strongmen will always be more likely to align themselves with Russia and China than with the United States. The arguments also ignore Kazakhstan's own strategic interest in diversifying its energy customers and partnering with the world's only superpower.

In fact, the history of U.S. relations with Muslim states during the Cold War -- such as Iran and Iraq -- vividly demonstrates the shortsightedness of befriending rulers such as Mr. Nazarbayev. That, at least, is what Mr. Bush says in his speeches.

Kazakhstan's No Joke (LAT)

The Los Angeles Times, September 29, 2006

KAZAKHSTAN PRESIDENT Nursultan Nazarbayev's visit with President Bush today has generated a good deal of attention, mostly for the wrong reasons. The government of Kazakhstan has been buying newspaper advertisements and TV commercials as part of a misguided PR blitz to show that the country isn't really the anti-Semitic, homophobic, sexist backwater that comedian Sacha Baron Cohen — in the character of a Kazakh journalist named Borat Sagdiyev — portrays it to be. Kazakhs' primary hobbies are not, as he says, "disco dancing, archery, rape and table tennis." Really.

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It's not clear whether this advertising blitz has changed anyone's opinion about Kazakhstan (although it has certainly been a publicity boon for Cohen and his upcoming film). Not too many Westerners, including Cohen, have ever been to Kazakhstan, a country bigger than all of Western Europe but with a population only about 1 1/2 times that of Los Angeles County, making it the perfect blank slate for satire.

Yet there are few nations more strategically important to the United States than Kazakhstan. Its mineral resources are vast; by 2015, it is expected to account for nearly as much oil production as Iran. It is a stable U.S. ally in a region marked by shaky friends, rivals and foes, such as Russia, China, Afghanistan and Iran. It is a majority-Muslim country that sent troops to Iraq and opened its airspace to U.S. flights during the invasion of Afghanistan. It is a model for nuclear disarmament, having agreed to destroy the missiles it inherited from the former Soviet Union.

Those not tittering over Nazarbayev's visit because of the Borat fuss, such as Sen. Carl Levin (D-Mich.), are mostly complaining about it. Levin told the Senate on Tuesday that the visit was yet another example of foreign policy hypocrisy by the Bush administration. The president's "courtship of corrupt dictators" such as Nazarbayev, he said, is "morally wrong."

It is true that Bush's commitment to spreading democracy and rooting out kleptocratic leaders does seem to wane when an important oil-producing state is involved. Though Nazarbayev appears to be genuinely popular with his people, he is undoubtedly guilty of repressing the media and imprisoning his political opponents.

Yet Kazakhstan is too important to ignore or keep at a distance — and the reasons go far beyond its oil wealth. If Bush confines himself to meeting only with leaders who have perfect democratic records, he'll have to rule out the heads of most countries in the developing world.

By the standards of Central Asia, Kazakhstan is practically a Jeffersonian wonderland. Administration officials say the need for democratic reform in Kazakhstan will be part of Bush's discussion with Nazarbayev. It should be. The president can have more influence over Nazarbayev by keeping him close — and offering incentives to open his society — than by shunning him.

Rice To Meet With Arab Allies, Israel (AP)

By Anne Gearan

AP, September 29, 2006

Secretary of State Condoleezza Rice returns to the Middle East next week for diplomatic meetings with Arab allies and Israel to test the waters for possible new moves toward peace.

Rice will travel to Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders "who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East," State Department spokesman Sean McCormack said Thursday.

In addition to the Israel-Palestinian dispute, McCormack said Rice will seek to move her democracy agenda forward and discuss threats to stability and moderation in the region, including Iran, Hamas and Hezbollah.

Rice will hold the Bush administration's third meeting in two weeks with Palestinian leader Mahmoud Abbas, the embattled secular leader whom President Bush last week called a "man of courage" for trying to revive Mideast peace talks despite a continued political stalemate with Hamas militants.

The top U.S. diplomat hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank. The territories on opposite flanks of Israel would form an independent Palestinian state under a U.S.-backed plan for long-term peace.

Israel wants to reopen dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Abbas retains his position as president but is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the U.S. and Israel are leery of the plan.

Prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Israel has new leadership following Ariel Sharon's sudden massive stroke. The new prime minister, Ehud Olmert, is on the defensive at home because of widespread dissatisfaction with the conduct and outcome of Israel's summer war with Hezbollah militants in Lebanon.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. The festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

Hamas has given no sign that it will meet international demands that would resolve the stalemate with Abbas and allow aid to flow: Renounce violence, recognize Israel and abide by agreements made by the previous secular Palestinian leadership.

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It is Rice's first trip to the Middle East since a U.N.-brokered cease-fire stopped Israel's one-month war with Hezbollah militants in southern Lebanon. Rice took heavy criticism during her last visit, in late July and early August, for U.S. unwillingness to move for a quicker end to the fighting.

Rice To Visit Israelis, Palestinians With Little Sign Of Breakthrough (AFP)

By David Millikin

AFP, September 29, 2006

US Secretary of State Condoleezza Rice will travel to the Middle East next week, US officials announced, but with little prospect of producing a breakthrough in the long-stalled Israeli-Palestinian peace process.

With the United States under intense pressure from its European and Arab allies to do more to revive peace efforts, Rice will leave Sunday and visit Israel and the Palestinian territories as well as Saudi Arabia and Egypt.

State Department spokesman Sean McCormack was quick to play down the ambitions for Rice's trip, saying the focus would be "consultations" rather than big decisions.

"This is a trip designed to lay the foundations, potentially, for moving the process forward. There aren't any guarantees in that regard," he said.

The decision to dispatch Rice to the region followed a new show of impatience with President George W. Bush's administration, which is seen to have neglected the Israeli-Palestinian crisis as he focused on toppling Saddam Hussein's regime in Iraq and the broader "war on terrorism".

At the UN General Assembly last week in New York, Rice and Bush heard one world leader after another appeal for renewed action, saying the festering Israeli-Palestinian conflict lay at the root of global instability and terrorism.

Bush for his part offered a minor initiative involving Rice working with Arab allies to strengthen Palestinian security services loyal to the moderate President Mahmud Abbas -- a task she will follow up on this trip, McCormack said.

But the spokesman held out little hope for any significant progress in ending the deadlock that has gripped Israeli-Palestinian dealings since the radical Hamas movement took control of the Palestinian government in March.

Scant details were provided for Rice's agenda, though she is expected to meet with Abbas and Israeli Prime Minister Ehud Olmert, a US ally in need of support following his government's perceived mishandling of the recent war with the Hezbollah militia in Lebanon.

Although Olmert told Israeli radio earlier Thursday that he planned "in the coming days" to hold his first direct meeting with Abbas since June, McCormack said there were no plans yet for Rice to make that a three-way encounter.

Abbas has been trying to form a unity government between his moderate Fatah Party and Hamas in hopes of ending Western sanctions and renewing negotiations with Israel on the creation of a Palestinian state.

Israel and the West have suspended essential financial support to the Hamas government, plunging the Palestinian territories into dire hardship but also weakening public support for the Islamist movement, according to US officials.

The United States and its major power allies have said they would lift the aid restrictions only once a Palestinian government recognizes Israel's right to exist, renounces violence and abides by past peace accords.

While Abbas has vowed to meet those conditions, Hamas, which Washington and the European Union consider a terrorist organization, has rejected them.

Rice this week blamed Hamas's hardliners based in Damascus for torpedoing the Abbas initiative and suggested more moderate Hamas leaders could emerge in the Palestinian territories.

But McCormack ruled out any possible contact between Rice and Hamas leaders as long as they continue rejecting the three "principles" laid down by the United States, United Nations, European Union and Russia -- the so-called Quartet on peace negotiations.

"We're not talking to Hamas, and we're not going to talk to Hamas," he said.

McCormack said Rice would consult with "leaders who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East".

Topics would include the stand-off with Iran over its suspected nuclear weapons program, the situation in Lebanon following the recent war between Israel and the Hezbollah militia, and broader issues of security in terrorism, he said.

In Cairo, Rice will also talk to President Hosni Mubarak "about the importance of continuing the democratic reform process in Egypt," he said.

Rice Sees Moderates As Key To Mideast (WT)

By Nicholas Kralev

The Washington Times, September 29, 2006

DOJ_NMG_0071298

U.S. officials see the struggle between moderates and extremists -- not the Israeli-Palestinian conflict -- as the defining issue in the Middle East, the State Department said yesterday in announcing that Secretary of State Condoleezza Rice will visit the region next week.

Although Miss Rice attaches critical importance to the Israeli-Palestinian peace process and will explore ways to revitalize it, her more ambitious task will be to urge moderates in the region to unite against extremists, said department spokesman Sean McCormack.

"This is a trip designed to lay the foundations potentially for moving the [peace] process forward," Mr. McCormack told reporters. "There seems to be a genuine desire among leaders in the region -- you start to see some of those emerge in Saudi Arabia, in Egypt, as well as others -- to try to move that process forward."

He acknowledged that "some people subscribe" to a view of "the Palestinian-Israeli dispute being at the heart of all disputes in the Middle East" but said he does not agree.

"I would just look at the issue a little bit differently," he said. "It will be a frame" for Miss Rice's conversations during her trip.

He said the secretary will visit Saudi Arabia, Egypt and Israel -- countries that are "on the side of moderation" -- because they "have an interest in a more stable, peaceful, prosperous Middle East."

In Egypt, Mr. McCormack said, Miss Rice will discuss with President Hosni Mubarak "the importance of continuing the democratic reform process."

Asked about Egypt's mixed record on promoting democracy, he contrasted that country with "forces for extremism and violence" such as Iran, Syria and Hamas, the militant group that controls the Palestinian parliament and government.

Miss Rice plans to meet with Palestinian Authority President Mahmoud Abbas, head of the Fatah party, but "we are not going to talk to a Hamas-led government, and we are certainly not going to advocate others, including the Israelis, talking to a Hamas-led government," Mr. McCormack said.

It will be the secretary's first visit to the region since July during Israel's border war with Hezbollah. Israeli Prime Minister Ehud Olmert said yesterday that he hoped to meet with Mr. Abbas soon, but Mr. McCormack said there were no plans for a three-way meeting involving Miss Rice.

Middle East analysts were doubtful that Miss Rice's trip would produce significant results.

"I don't see what is achievable at this moment," said Danielle Pletka, vice president of the American Enterprise Institute. "Islamists are riding high, dictators are feeling comfortable, and the United States seems at best confused about how to deal with both Iran and Iraq. ...

"If democracy is the centerpiece [of Miss Rice´s trip], that's terrific, because the solution of most problems in the Middle East is broadening the democratic base," she said. "That seems to have been put on the back burner."

David Schenker, senior fellow at the Washington Institute for Near East Policy, said the only benefit from Miss Rice's visit would be the show of high-level attention to the region at a time when the administration stands accused of lacking interest in Arab-Israeli affairs.

"This is also a critical time for Lebanon, and lending her support to [Prime Minister Fuad] Siniora's government ... is very important," Mr. Schenker said.

Mr. McCormack, asked whether Miss Rice might go to Beirut, said he had no additional stops to announce.

Little Progress In EU-Iran Talks (FT)

By Roula Khalaf

Financial Times, September 29, 2006

European Union talks with Iran on suspending uranium enrichment on Thursday failed to produce substantive progress but both sides suggested the diplomatic process would continue.

After seven hours of discussions with Ali Larijani, Iran's top nuclear negotiator, Javier Solana, the EU foreign policy chief, said in Berlin that there were still "important issues that have not been closed".

The EU and Iran are in a pre-negotiations phase. Thursday's meeting was designed to find ways to resume the formal talks on curbing Tehran's nuclear ambitions.

In June, the US, UK, France, Germany, Russia and China offered Iran a set of incentives if it suspended uranium enrichment, the most sensitive part of its nuclear programme. The six governments would start negotiations over the package when Tehran agreed to the condition.

Iranian officials have hinted that Tehran would be willing to envisage a two-month suspension to allow for a return to formal negotiations. In return, however, Iran apparently wants European governments to indicate that the negotiations would lead to a deal that gives Iran the right to a small-scale enrichment facility.

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European diplomats, who have demanded an unconditional suspension, on Thursday said no agreement could be reached in Berlin. “Progress was made on peripheral issues, not on important issues,” said one diplomat. “There’s no commitment by the Iranians to enter into a suspension.”

Manouchehr Mohammadi, an Iranian deputy foreign minister, said in Madrid there were “some problems with regards to the cycle of enrichment and the suspension”.

Mr Solana said contacts with Iran would continue next week, perhaps by telephone. Failure to resume negotiations would lead to renewed pressure on Tehran at the United Nations Security Council, where the US will be pushing for economic and political sanctions.

Condoleezza Rice, US secretary of state, warned on Wednesday that the talks about talks “clearly won’t go on very much longer”.

Iran, EU Fail To Reach A Deal In Berlin (AP)

By Stephen Graham, Associated Press Writer

AP, September 29, 2006

Iran and the European Union failed to reach a deal in their latest round of nuclear talks but came to "some positive conclusions," Tehran's chief negotiator said Thursday. Neither Ali Larijani nor EU foreign policy chief Javier Solana gave any details of what had been achieved, but both spoke positively of the discussions over Tehran's disputed nuclear program.

Solana and Larijani are holding the latest round of talks over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its uranium enrichment program and returning to full-scale negotiations.

Iran missed an Aug. 31 Security Council deadline over the issue. The six are considering seeking sanctions in the U.N. Security Council if Tehran does not comply.

"We have had long, constructive negotiations" Larijani said. "We have been able to come to some positive conclusions."

Soland said, "We have been progressing."

"But still, we have some issues, that have been put but have not been closed," Solana said, adding that the two sides "will keep in touch."

Solana said he hoped to have further telephone contact with the Iranian side later this week, but he gave no specifics. Larijani indicated they had discussed how future negotiations could proceed and expressed hope they could "embark on the main negotiations as soon as possible."

Secretary of State Condoleezza Rice telephoned Solana on Wednesday and renewed U.S. support for his talks with Iran, she told reporters in Washington, D.C.

Rice said if Larijani agreed to a suspension of processing uranium "we would be on a course for negotiations."

But, Rice told reporters, she had told Solana "clearly this won't go on very much longer."

Solana is to report back to the six countries trying to persuade Iran to give up its program to enrich uranium.

Germany has joined with the permanent U.N. Security Council members in pressing Iran to give up what the U.S. says is a nuclear weapons program. Iran says its program is peaceful.

Enriched uranium can be used for power plants or for weapons, depending on the level of enrichment.

European Official Reports Progress In Talks With Iran (NYT)

By Judy Dempsey, International Herald Tribune

The New York Times, September 29, 2006

BERLIN, Sept. 28 — Javier Solana, the European Union’s foreign policy chief, said Thursday that “some important progress” had been made in two days of talks over resolving Iran’s nuclear ambitions and that more talks would be held next week.

“We have had the opportunity of being together for several hours and of working with great intensity,” Mr. Solana said after the talks with Ali Larijani, Iran’s chief nuclear negotiator. “We have made some important progress on the elements related to how the potential negotiations can take place.”

Mr. Solana was referring to a package of political, economic and technological incentives that six nations — France, Germany, Britain, the United States, Russia and China — offered Iran in June in return for a suspension of Tehran’s uranium enrichment program.

Diplomats said that reaching the point of negotiations on the incentives depended on establishing a timetable for Iran to suspend uranium enrichment.

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"It is now a question of sequencing," said a European diplomat who spoke on the condition of anonymity because he was not authorized to speak publicly on the matter. "This is about Iran specifically agreeing to when it will start suspending its uranium enrichment program."

Despite the optimistic report here, President Mahmoud Ahmadinejad of Iran said Thursday that his nation would not be deterred from its nuclear ambitions, though he said that Iran was ready for fair negotiations.

"We support negotiations and talks in the framework of law and fair conditions and on the basis of defending the obvious right of the Iranian nation," he said during a speech at a rally in Karaj, a city west of Tehran. But he said, as he has previously, that Iran would not suspend enrichment.

"Why are they insisting that we suspend our atomic work?" he said. "Because they control the advertising network of the world, and they want to tell the nations that they were right and Iran wanted to produce nuclear weapons, and after that they would never let us continue our program."

Iran's Uranium Glitch (WP)

By David Ignatius

The Washington Post, September 29, 2006

Intelligence analysts believe that Iran is encountering technical difficulties in mastering the complex process of uranium enrichment. That means the West may have a bit more time than previously expected to pursue a diplomatic solution to the Iranian nuclear standoff.

The problem, according to intelligence officials, is that the centrifuges that are supposed to enrich uranium are overheating. Some are breaking down and must be replaced. As a result, Iran has not ramped up its enrichment effort as quickly as analysts had expected.

This assessment is based on recent conversations with analysts from several Western nations that are watching the Iranian program closely and on an unpublished report by the International Atomic Energy Agency that was completed Aug. 31. To me, it's the equivalent of adding some extra time to the clock in a tense football game. The urgency remains, but there is an opportunity for a few additional plays before the game is over.

"There's time, purely from the point of view of the technical development of the threat, to let diplomacy play out in the case of Iran," says Harvard professor Ashton B. Carter, who closely follows the issue.

The technical difficulties involve the uranium enrichment facility in Natanz, north of Isfahan in central Iran. The Iranians broke IAEA seals at Natanz in January and began enriching uranium. It's a highly complex process, in which uranium gas is injected into the linked array of centrifuges that spin at roughly the speed of sound. President Mahmoud Ahmadinejad announced April 11 that the Iranians had succeeded in enriching uranium to an initial level of 3.5 percent, and in June Iran told the IAEA it had achieved 5 percent enrichment. That's far below the 90 percent level needed for a nuclear weapon, but it suggested the Iranians were on their way to mastering the technology.

Western analysts had expected that the Iranians would move quickly to expand the enrichment effort to meet their near-term goal of having six cascades of 164 centrifuges each, or a total of nearly 1,000 centrifuges. The danger here was technological mastery rather than raw output of uranium. Even with 3,000 centrifuges operating, intelligence analysts estimate that it would take two to three years to produce enough highly enriched uranium for one bomb. Iran's eventual goal is a massive array of more than 50,000 centrifuges at Natanz.

But problems surfaced this summer. The Aug. 31 IAEA report, marked "Restricted Distribution," noted that since June, Iran had been feeding uranium into a small 20-centrifuge test cascade "for short periods of time," and that it had conducted various tests in June, July and August of the initial 164-centrifuge cascade. "The installation of a second 164-machine cascade is proceeding," the report noted, but it added that Iran planned to test the second cascade in September without injecting uranium.

What happened to slow the expected pace? IAEA analysts have told U.S. and European officials that it appears the centrifuges are overheating when uranium gas is injected. "The Iranians are unable to control higher temperatures, and after a short period they must stop because of higher temperatures. So far they haven't been able to solve this," says one Western intelligence official who has been briefed on the IAEA findings. In addition, this official said, some centrifuges "are simply crashing -- 10 or so have broken down and must be replaced."

There's a lively debate among intelligence analysts about what may be causing these problems. One theory holds that Iran's home-produced uranium, mixed with foreign ore, isn't sufficiently pure for the delicate centrifuges, but other analysts reject that argument. Several analysts I talked to agreed, however, that if Iranian scientists continue with enrichment, they are likely to solve the technical problems eventually through trial and error. That's why U.S. and European officials are still calling for Iran to suspend enrichment, before they have cracked the puzzles they are encountering.

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Iran continues to insist that its nuclear program is peaceful. And although it's taken for granted in many Western countries that these statements mask a secret plan to build nuclear weapons, intelligence analysts from several nations told me they lack decisive evidence of an Iranian bomb effort. So far, there is no "smoking gun," said an intelligence analyst from one Western nation. Nevertheless, the United States, Israel and some European countries remain convinced that a covert weapons program exists.

The clock is still ticking. That's the real import of these new intelligence findings. Iran and the West still have time to find a diplomatic solution to the nuclear showdown. This genie isn't quite out of the bottle.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

Hughes: Fixing U.S. Image May Take Years (AP)

By Anne Gearan

AP, September 29, 2006

It may take decades to change anti-American feelings around the world that have been aggravated by war in Iraq, U.S. policy toward Israel and America's "sex and violence" culture, the State Department official in charge of dealing with the U.S. image abroad said Thursday.

"The anti-Americanism, the concern around the world ... this ideological struggle, it's not going to change" quickly, Undersecretary of State Karen Hughes said in an interview with The Associated Press. "It's going to be the work of years and maybe decades."

Hughes, a longtime adviser to President Bush, has worked for more than a year to retool the way America sells itself overseas, but she acknowledged that success can be next to impossible to measure.

A June poll by the Pew Research Center for the People & the Press found that America's image in 15 nations dropped sharply in 2006. For example, less than one-third of the people in Egypt, Pakistan, Jordan and Turkey had a favorable view of the U.S.

According to that poll, America's continued involvement in Iraq was seen as a worse problem than Iran and its nuclear ambitions.

In the bleak National Intelligence Estimate portion declassified this week, the government's top analysts concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts found, the risks to the U.S. interests at home and abroad will grow.

Hughes said the three-year-old Iraq war "is the most recent excuse" for anti-American grievance in the Muslim world.

"Much of the world did not agree with our decision to go into Iraq," just as there is long-standing disagreement with U.S. support for Israel, Hughes said.

Answering those complaints and defending U.S. policy is part of Hughes' job heading the broad category of U.S. outreach known as "public diplomacy." Although her job involves all regions of the world, Bush asked her to concentrate on reframing the U.S. image in the Islamic world.

"All you have to do is sit in a hotel room in the Middle East and watch the media and you see there is a lot, there is a big drumbeat out there going against our interests," Hughes said.

"I'm trying to approach this as putting in place the type of things that over the long run will make a difference for our country, because I don't expect that in the two years and ... three or four months of the president's administration that we'll see a significant shift."

Hughes has sent Arabic speakers to do four times as many interviews with Arabic media as in previous years and set up three rapid public relations response centers overseas to monitor and respond to the news.

Asked whether America's critics have any legitimate gripes, Hughes said yes.

"One of the things that I hear a lot, particularly in deeply conservative societies, is that parents feel kind of assaulted by American culture," Hughes said. "The sex and the violence that they see on television and movies ... some of the lyrics of our music."

The fact that American culture is so pervasive and accessible around the globe is "a double-edged sword," Hughes said. "Obviously, a lot of young people find our pop culture very appealing."

Hughes said the United States must be careful not to cast its fight against extremism and terrorism as a confrontation with Islam as a whole. She would not say whether she and Secretary of State Condoleezza Rice had advised Bush to stop using the term "Islamic fascism" to describe the ideology behind terrorism.

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Bush and his spokesman used the phrase several times in August, but it has apparently disappeared from the White House lexicon since then. A check of transcripts on the State Department Web site indicates Rice, who is Hughes' boss, has apparently not used that phrase.

Hughes said that while she would not reveal private conversations with Bush, "that has been a subject of great debate within the administration."

"It's difficult to know what to call the ideology that we're up against, because it is a perversion of Islam," Hughes said.

"I use 'violent extremist,' because I think they are extremists, they are violent, they are actually mass murderers who pervert their religion."

Thailand Names Interim Prime Minister (AP)

AP, September 29, 2006

Surayud Chulanont, a former army commander and a close adviser to Thailand's powerful monarch, has been chosen as the country's interim prime minister, the auditor general said Thursday night.

Surayud, a highly regarded 62-year-old retired officer, was selected by the country's ruling military council which seized power from Prime Minister Thaksin Shinawatra Sept. 19 and vowed to name a civilian prime minister within two weeks.

"Yes, definitely, Gen. Surayud is the prime minister. He is the suitable person," Auditor General Jaruvan Maintaka told reporters. Her comments were later carried on an official government Web site.

The appointment is expected to be officially announced this weekend or Monday after it receives approval from King Bhumibol Adulyadej.

Akara Thiroj, a spokesman for the council, said an interim constitution has already been finalized and sent to the Royal Palace. He hoped the constitution could be unveiled Saturday or Sunday and followed by the formal announcement of the prime minister on the weekend or Monday.

"The media seems to know more than I do. Every newspaper put his name on the front page," Akara said when asked who the new prime minister would be.

All Friday morning Bangkok newspapers carried headlines that Surayud would probably head the new government which is to serve until an election promised for October 2007.

The other much-touted possibility for the job had been former World Trade Organization chief Supachai Panitchpakdi, who now heads the U.N. Conference on Trade and Development, or UNCTAD.

Surayud's appointment is expected to be widely praised in Thailand.

Korn Chatikavanij, deputy general secretary of the Democrat Party, said earlier that Surayud is an "appropriate" choice. The Democrat Party was the leading opposition to Thaksin's government.

Although being a former general might give the outside world the impression the military was merely transferring power to one of its cronies, that would be neither true nor relevant, he said.

"What is important is domestic reconciliation and Gen. Surayud is ideal for that," Korn told The Associated Press.

The military ousted elected prime minister Thaksin in a bloodless coup while Thaksin was visiting New York. He is now in London, and has not indicated if or when he may try to return to Thailand.

Large demonstrations demanding his ouster — following allegations of corruption and abuse of power — reflected a polarized Thai society.

The United States, which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand.

State Department spokesman Sean McCormack said U.S. financing of U.S. military sales to Thailand is being cut off along with training for Thai military personnel.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," he said.

Retired General Picked As Thai New PM As US Cuts Off Military Aid (AFP)

AFP, September 29, 2006

Thailand's junta has chosen General Surayud Chulanont, a former head of the military, to succeed overthrown prime minister Thaksin Shinawatra, the website of state-run Radio Thailand reports.

The website quoted Thailand's auditor general Jaruvan Maintaka as telling reporters that Surayud, 63, was the generals' choice.

"It is quite certain," she said.

"General Surayud is the most suitable for the job, given his qualification and his seniority," she said, according to Radio Thailand, which is run by the government's public relations department.

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The generals are expected Sunday to formally announce a new prime minister after ousting Thaksin in a bloodless coup on September 19.

Thailand's media Friday all tipped Surayud, who is a senior royal advisor, but there was no official confirmation.

"Conclusion: Surayud, New Prime Minister," read the headline of Thailand's top-selling daily, Thairath.

The English-language daily Nation also said Surayud was "the most suitable choice in the current situation," while the Bangkok Post said the military had asked Surayud to serve as interim prime minister.

A source close to coup leader General Sonthi Boonyaratglin told the Bangkok Post that Sonthi had asked Surayud "if he was ready to take the post if nominated."

Junta spokesman Palangoon Klaharn would not confirm or deny the reports.

"It's just news. The name of a new prime minister should be announced after the endorsement of the constitution, which has not happened yet," he said.

The United States has stripped millions of dollars in military aid from its ally Thailand, in protest at the coup.

The sanctions jolted years of close links between Thai and US forces in the Asia-Pacific, which co-hosts the region's biggest annual American war games.

But some aid deemed crucial to US national security was spared, notably in the field of counterterrorism, in which the kingdom has emerged as a low-key, yet valued partner in the US battle against Al-Qaeda.

"In response to the military coup on September 19 in Thailand, the United States has suspended almost 24 million dollars of assistance to the Thai government," State Department spokesman Sean McCormack said.

The aid cutoff involved foreign military financing, international military education and training, and peacekeeping operations.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," McCormack said.

"We look forward to being able to reinstate these programs after a democratically elected government takes office," he said.

The sanctions were imposed automatically under a US law which forbids assistance to the government of a country where an elected leader has been deposed in a coup.

But using a waiver, Washington will maintain 9.77 million dollars in aid to Thailand deemed to be in US national interests, focusing on counter-terrorism, combating weapons of mass destruction and fighting communicable diseases.

The United States had previously condemned the coup and called on the generals to call elections before their one-year deadline.

Official US military trips to Thailand had previously been suspended and all temporary defense duties in Thailand frozen, according to Stars and Stripes, a daily newspaper published for the US military.

US military personnel in Thailand on temporary orders have been recalled, it said.

The White House has also hinted that so far inconclusive talks with Bangkok on a free trade agreement might also depend on a return to democratic rule.

Thailand's military rulers said earlier Thursday they had selected a new prime minister to be unveiled at the weekend, but refused to say when they would lift martial law and pull troops off the streets.

Thailand is a US diplomatic and non-NATO ally and has been a voice for democratic reform in the Association of Southeast Asian Nations (ASEAN), which also includes several totalitarian states.

The fate was also unclear of the next annual "Cobra Gold" live-fire exercise, the largest US war games in Asia, which the United States hosts along with Thailand.

The exercises, launched 25 years ago and originally limited to US and Thai troops, has been expanded in recent years to include an anti-terror component.

Thailand has also played an important role in the US "war on terror" launched after the September 11, 2001 attacks.

Hambali, leader of the Al-Qaeda-affiliated Southeast Asian terror group Jemaah Islamiya, was captured in the country in August 2003.

But Thailand has denied reports in the US media that it was one of the sites for the CIA's secret prisons, now emptied, for top Al-Qaeda suspects.

In recent weeks, the United States had registered concern at an insurgency raging in the Muslim-majority south of the mainly Buddhist kingdom, fearing it could feed into Southeast Asia's Al-Qaeda-linked terror networks.

S. Korean Contender For U.N. Post Has An Edge (WP)

By Colum Lynch

The Washington Post, September 29, 2006

DOJ_NMG_0071304

UNITED NATIONS, Sept. 28 -- The leading candidate to succeed Kofi Annan as secretary general of the United Nations, Ban Ki Moon, South Korea's minister of foreign affairs and trade, has at least one potential advantage over his rivals in the electoral race for the world's top diplomat:

Ban is the architect of South Korea's trade and aid policies, so he is responsible for signing trade deals and doling out foreign assistance that sometimes benefits countries with a hand in deciding his fate.

Rivals have privately grumbled that South Korea, which has the world's 11th-largest economy, has wielded its economic might to generate support for his candidacy. They cited South Korean President Roh Moo Hyun's trade mission earlier this month to Greece, which holds the Security Council's presidency. The visit, the first by a South Korean leader to Greece since 1961, concluded with the signing of trade and tourism agreements.

Ban was also the first senior South Korean minister to visit Congo, another Security Council member, since that country's independence in 1960.

Ban said the insinuations are "groundless" and that he had arranged the trade mission to Greece long ago to balance a similar mission last year to Turkey, Greece's regional rival. He said the Congo trip was part of a process of reaching out to countries that South Korea has neglected over the years. Like most of the candidates, he has tried to visit all the Security Council nations.

"As front-runner, I know that I can become a target of this very scrutinizing process," he said in an interview Wednesday night. "I am a man of integrity."

The political sniping that has accompanied Ban's success in the race marks a departure from previous contests for the top U.N. job, which were traditionally conducted behind closed doors.

With Annan's term expiring at year's end, a field of seven candidates has mounted a global political campaign featuring televised debates, newspaper op-ed pieces and appearances at world and regional summits. To win, a candidate requires the support of at least nine of the 15 members of the Security Council, including its five permanent members.

Ban maintained his lead in the race Thursday when the council took its third straw poll, with 13 council members encouraging his candidacy, one discouraging it and one expressing no opinion. He was followed by Shashi Tharoor, an Indian novelist and U.N. civil servant (8-3-4), and Latvian President Vaira Vike-Freiberga, the only female candidate (7-6-2).

The council is scheduled Monday to hold a potentially decisive vote, which for the first time will reveal whether any of the five permanent members have chosen to veto any of the candidates.

Tharoor, who was urged by Annan's office to take a leave of absence from his U.N. job during the campaign to avoid the perception of a conflict of interest, said it is still possible that the council might want "a two-horse or a three-horse race." But he conceded in an interview before Thursday's vote that if Ban strengthens his lead, "I guess we'll have to admit that it's pretty much over."

U.N. officials and other diplomats say that while Ban lacks charisma, he is an experienced and skillful diplomat who knows the United Nations from a stint as South Korea's ambassador there. He also speaks English and French, a prerequisite for the job.

Ban has cultivated good relations with China, Russia and the United States as South Korea's chief negotiator in talks over the fate of North Korea's nuclear weapons program. "We've always had the highest professional regard for him," said John R. Bolton, the U.S. ambassador to the world body.

In a speech Monday to a gathering of representatives from small countries, Ban underscored that fixing the United Nations' administrative culture -- a U.S. priority -- would be his "job number one." He also vowed in an interview to play a more active role in persuading North Korea to scrap its nuclear weapons program. "I think I can be in a much better position to play an important role," he said. Still, some U.N. observers said the election of a stalwart U.S. military and political ally could exacerbate tensions at the United Nations with developing nations, which have increasingly opposed U.S. efforts to reform the United Nations' financial practices and to reorient it to confront terrorism and the spread of weapons of mass destruction.

The high costs of running a global campaign have handicapped secretary general candidates from some of the United Nations' least powerful countries, who previously fared well in races for the top U.N. post. Jayantha Dhanapala, a Sri Lankan diplomat and one of the candidates, said it has been "impossible to mount the high-cost, high-budget campaign" that a president, foreign minister or top official from a wealthier country can afford. "I can only assume that some of the candidates have been able to do more extensive travel than I've been engaged in."

Industrialized nations have a "long-standing practice" of using development and trade deals to secure voting support for their nationals in international organizations, said William R. Pace, the director of the Institute for Global Policy, which is monitoring the race.

Ban said that he has proudly guided South Korea, once a poor recipient of international assistance, into the exclusive club of aid donors committed to alleviating the plight of the world's most disadvantaged.

Last week, Ban attended a conference hosted by French President Jacques Chirac to build support for an initiative to use airline taxes to fund programs to combat AIDS and other infectious diseases.

Speaking in French, Ban said South Korea would be the first Asian country to back the initiative. "Korea feels very much proud to have become a donor country from a recipient," he said in an interview, noting that his government will double its aid to poor countries, particularly in Africa, in the next three years.

Some key council members dismissed suggestions that South Korea's trade and aid policies have influenced the race. "Our judgment of the candidates is not based on any kind of deal. It's based on the policies they follow," said Greece's ambassador, Adamantios Vassilakis.

"Politics goes on all the time," Bolton said. "And every candidate has his or her strategy, and they follow it, and everybody can evaluate that strategy" in selecting the next secretary general.

South Korean Favored To Win Top Job At U.N. (NYT)

By Warren Hoge

The New York Times, September 29, 2006

UNITED NATIONS, Sept. 28 — Ban Ki-moon, the South Korean foreign minister, moved significantly closer on Thursday to becoming the successor to Kofi Annan as United Nations secretary general by maintaining a wide lead over six other candidates in the Security Council's third informal poll.

A fourth and more definitive informal poll is scheduled for Monday, and Mr. Ban, with 13 favorable votes from the 15 Council members, goes into that poll as the only candidate with the 9 votes required for approval.

On Monday, the ballots of the five permanent members, Britain, China, France, Russia and the United States, will be colored different than the others, a way of determining whether any nation with veto power has exercised it. Barring a veto, Mr. Ban's election in a subsequent formal vote appears assured.

"I am encouraged by the level of support I received, and I hope that eventually I will have unanimous support," Mr. Ban said in a telephone interview from Seoul on Thursday after his return from New York.

Mr. Ban, 62, has traveled widely as he has campaigned for the secretary general position over the past six months, and questions have arisen about how effective his modest and soft-spoken style would be in bringing discipline and coherence to such a sprawling and rivalry-ridden organization as the United Nations.

"I now realize that some people regard me as a person with a soft leadership," he said. "But I have been telling them that while I may look soft and have a sense of humility and speak in a restrained manner, this should not be regarded as a lack of determination or commitment."

"Some people have a different aspect," he said. "They speak loud and have a more flamboyant attitude. But I think I have my own charisma."

Mr. Ban has a master's degree from the Kennedy School of Government at Harvard, was assigned twice to the South Korean Embassy in Washington and is a former director general of American affairs for South Korea's Foreign Ministry.

He has the firm backing of the Bush administration and is known as an ally of Washington. If he gets the job, that part of his political makeup will be closely monitored at the United Nations, where tensions between the United States and the developing world have been on the rise.

"I have many friends in the United States, and I think this can be a great asset for me instead of a point of concern for others," he said. "The countries in the third world, in Africa, the Middle East, Southeast Asia and Latin America, they know that I am their close friend, too."

Mr. Annan steps down Dec. 31 after two five-year terms. Under United Nations procedures for choosing a secretary general, the Security Council selects one name and sends it to the 192-member General Assembly for ratification.

Six of the seven candidates are Asian, in keeping with the unwritten but accepted notion at the United Nations that this year it is Asia's turn to occupy the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

In the informal polls, the 15 members of the Council have been asked to mark one of three boxes — "encourage," "discourage" or "no opinion" — after each candidate's name.

Mr. Ban's latest total actually decreased by a vote compared with the tally from the previous secret poll on Sept. 14, because one positive shifted to no opinion. But his lead widened over his closest challenger, Shashi Tharoor, 50, the under secretary general for public information, who saw his support diminish to 8 favorable votes from 10.

Vaira Vike-Freiberga, 68, the president of Latvia, a new entry and the only woman under consideration, polled seven favorable votes. The other new candidate, Ashraf Ghani, 57, a former finance minister of Afghanistan and the current chancellor of Kabul University, managed to attract only three.

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Surakiart Sathirathai, 47, deputy prime minister of Thailand, saw his positives fall to five from nine. Both Prince Zeid Raad Zeid al-Hussein, 42, Jordan's ambassador to the United Nations, and Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, drew only three positive votes.

S Korean Foreign Minister UN Frontrunner (FT)

By Mark Turner

Financial Times, September 29, 2006

Ban Ki-moon, South Korea's foreign minister, on Thursday increased his lead over other six declared candidates in the race to become the next secretary general of the United Nations.

Mr Ban - considered the frontrunner to succeed Kofi Annan - received 13 votes in favour, one against and one of no opinion. He did slightly worse than in the last straw poll, where he won 14 votes in favour and one against.

Shashi Tharoor, the Indian candidate, dropped significantly with only eight votes in favour and three against. Vaira Vike-Freiberga, the Latvian president, won seven encouragements but six against. Surakiart Sathirathai, the Thai candidate, dipped to five votes in favour. All the other candidates won 3 apiece.

Ahead of Thursday's straw poll Mr Ban hit the right notes without offending any powerful countries, and promised reforms people want without specifying any of the tough decisions that would entail.

"It is rather sensitive for me as one of the candidates to go into any specific personnel management issues," Mr Ban told the Financial Times in an interview that revealed a reluctance to move much beyond assurances of personal competence, and the need to rise to new challenges.

On the other hand, he displayed a growing mastery of UN vocabulary. Phrases such as "ownership", "gender mainstreaming", "equitable geographical distribution" and, of course, "the common good of the international community", peppered his replies. That said, the word "genocide" appeared to elude him – with regards to Darfur and Rwanda – although he did call for "bolder measures" to ensure events like the 1994 "massacre" in central Africa were not repeated.

On nuclear proliferation – an issue with which he has some personal experience – he noted that "on certain cases, specific cases, I know that the secretary-general may have limitations. This is a fact of life", he said. Nevertheless, "the secretary- general as a chief international diplomat of the world body should play an impartial, but very skilful and astute diplomatic facilitator and mediating role".

Some UN insiders are asking if deals are being made to safeguard the current leadership's interests. Mr Ban declined to say whom he would appoint as deputy secretary-general. But he did say: "I intend to delegate a significant amount of day-to-day management," while he as secretary-general would "more visibly" be involved in resolving conflicts.

His experience in reforming South Korea's foreign ministry may, as he claims, go some way to helping him do that. But the UN is another place altogether; and this softly spoken controversy-avoiding politician may be in for a shock.

South Korean Favored For Annan's Post (AP)

By Nick Wadhams

AP, September 28, 2006

South Korea's foreign minister kept his spot as the favorite in the race to succeed U.N. Secretary-General Kofi Annan in an informal poll Thursday, the only one among the seven candidates to get the needed majority of votes.

Ban Ki-Moon received 13 votes in favor, one against and one of no opinion, China's U.N. Ambassador Wang Guangya said. He slipped slightly from the previous poll, held Sept. 14, when he received 14 votes in favor and one against.

Despite that dominating lead, the secrecy of the ballot meant no one knows whether he got the necessary approval of all five veto-wielding members of the council. The ballot is also difficult to interpret: The results could give Ban the momentum he needs to win or clear the field for more people to enter the race.

The 15 council nations checked one of three boxes for each candidate: "Encourage," "discourage," and "no opinion." None of the six other candidates even got the necessary nine favorable votes to make their campaigns viable.

As with the previous two polls, Shashi Tharoor, the Indian U.N. undersecretary-general, was second, with eight council members in favor, three against and four undecided. Latvia's President Vaira Vike-Freiberga was third with seven in favor, six against and two undecided.

Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, received five favorable votes and seven against, worse than last time and likely the result of a coup back home.

The other three candidates — former U.N. disarmament chief Jayantha Dhanapala, Jordan's U.N. Ambassador Prince Zeid al Hussein and former Afghan Finance Minister Ashraf Ghani — received only three votes in favor.

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So far there was no indication that anyone would drop out of the race. Thailand's U.N. ambassador, Laxanachantorn Laohaphan, said Surakiart would not withdraw, and Ghani said in an interview that his campaign would continue.

"In the past, there have been all kinds of indications from the council that have not proven right," Ghani told The AP. "One cannot read the council from the outside."

Diplomats generally agree that the next secretary-general should come from Asia because of a tradition that the post rotate among regions of the world. The last Asian secretary-general was Burma's U Thant, who served from 1961-71.

Annan steps down on Dec. 31, when his second five-year term expires. Diplomats have said they want the race wrapped up by the end of October so the next secretary-general can have time to prepare for the job.

In the next straw poll, set for Monday, the five veto-wielding members of the council will use different colored ballots than the other 10. A veto from one of the five — Britain, China, France, Russia or the United States — could doom their campaigns.

U.S. Ambassador John Bolton said he would have preferred the colored ballots Thursday.

"We should have had a differentiated ballot today," Bolton said in a statement. "I look forward to a real vote on Monday, when we'll have two different colored ballots.

Bangladesh's U.N. Ambassador Iftekhar Chowdhury said he attended a speech Ban gave on Wednesday and approved.

"He came out quite good — mature, balanced, and with the right amount of experience, gravitas, the qualities that you seek in a secretary-general," Chowdhury said. "We think he'll make an excellent secretary-general, of course."

Senate Shies Away From Vote On Bolton (AP)

By Barry Schweid

AP, September 29, 2006

John R. Bolton's quest for a longer lease on his temporary job as U.S. ambassador to the United Nations remained elusive Thursday as the Senate shied away from a vote to confirm him.

Sen. Richard Lugar, chairman of the Foreign Relations Committee, said the Senate likely would recess later this week without voting on his nomination. Lugar, R-Ind., said in an interview with The Associated Press that no committee meeting had been scheduled to take up the controversial nominee.

The Senate is expected to return after the congressional elections in November. Bolton has been serving as the U.S. ambassador to the U.N. under a recess appointment that is due to expire at the end of the year.

Lugar said that if one Democratic senator were to step forward and support Bolton, he might be able to set a committee vote before the recess. In the meantime, Lugar added, Sen. Lincoln Chafee, a Rhode Island Republican, is holding up the nomination with questions about the Bush administration's Middle East policy.

Chafee wants "some clarification" of the U.S. policy on Israel's expansion of settlements, his spokesman Stephen Hourahan told the AP. He wrote Secretary of State Condoleezza Rice on Sept. 7, two days after 690 housing permits were issued, and did not get a reply that was satisfactory, Hourahan said.

Chafee, who is chairman of the Senate Mideast subcommittee, is not opposed to the settlements if they are part of an overall agreement between Israel and the Palestinians, Hourahan said.

As a result, Lugar said, "it appears very likely the committee will not act" on Bolton's nomination before recess at the end of the week. "Most probably not," Lugar said.

Earlier in the month, the committee unexpectedly postponed a vote on confirming Bolton as U.N. ambassador when Chafee, who was in a tough Republican primary fight at home, said he had more questions.

The committee had been expected to vote along party lines to approve Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans.

Chafee won the primary against a conservative GOP challenger.

Chafee's opponent in the primary, Cranston Mayor Steve Laffey, chastised the senator at the time, saying, "Once again, Senator Chafee has demonstrated how indecisive he is on the critical issues."

Republicans control the Foreign Relations Committee by 10-8. A tie vote is not enough to advance a nomination to the full Senate.

Bolton's Post Left In Limbo (WT)

By David R. Sands

The Washington Times, September 29, 2006

The deadlocked Senate Foreign Relations Committee will not take up the confirmation vote for combative U.N. Ambassador John R. Bolton before Congress adjourns this weekend for the fall elections, committee officials confirmed yesterday.

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But Mr. Bolton, whose recess appointment to the post expires soon, may get one last chance to save his job in a widely expected lame-duck session after the November elections.

"We have no more business meetings set and the time has just about run out," said committee spokesman Andy Fisher.

Mr. Bolton, the State Department's arms control chief in Mr. Bush's first term, has been lauded by conservatives for his frank criticisms of U.N. inefficiency and his defense of U.S. foreign policy interests in New York. Critics say his blunt style has alienated potential allies and has set back the cause of U.N. reform.

Facing a fierce confirmation fight in the Senate, President Bush in August 2005 put Mr. Bolton in the U.N. post while the Senate was in recess. Under the Constitution, Mr. Bolton's term will expire when the 109th Congress wraps up at the end of the year.

Committee Chairman Richard G. Lugar, Indiana Republican, told the Associated Press yesterday that Sen. Lincoln Chafee, Rhode Island Republican, remains a holdout on the nomination. The liberal Mr. Chafee, who faces a tough re-election fight in November, has said he would not vote on Mr. Bolton until the administration addressed his concerns about general policy in the Middle East.

Secretary of State Condoleezza Rice has personally lobbied Mr. Chafee in a bid to get Mr. Bolton confirmed. Mr. Chafee's office did not return a phone call seeking comment yesterday.

Supporters say the nomination still can be taken up at a postelection Senate session.

Whether Mr. Bolton's chances improve in the lame-duck session may depend heavily on the outcome of congressional elections, Senate aides said.

The foreign relations panel deadlocked earlier this year when Sen. George V. Voinovich, Ohio Republican, joined the committee's eight Democrats in opposing confirmation, producing a 9-9 tie. Mr. Voinovich has said he will now support the nomination, but then Mr. Chafee balked.

Mr. Bolton's supporters have privately floated several scenarios that could allow him to stay at his post. In one, Mr. Bolton could be named political deputy to the U.N. ambassador -- bypassing the need for a Senate confirmation vote -- and serve as acting ambassador at the lower pay grade.

A study by Congressional Research Service analyst Henry B. Hogue said the Constitution does not flatly bar a second recess appointment by Mr. Bush.

But such an action could offend senators jealous of their prerogative to approve executive nominees. Mr. Hogue said it was likely, based on recent practice, that Mr. Bolton would not be able to draw a salary in a second recess appointment.

Call To Overhaul Security Council Heard (AP-Y)

By Nick Wadhams

AP, September 28, 2006

Amid the vitriol and accusations, leaders at this year's General Assembly meeting sounded the same note: The U.N. Security Council doesn't represent our interests anymore, and it must be reshaped to reflect the world of 2006, not 1945, the year it was created.

The demand was not new, but the insistence was. Reform of the Security Council had been given up for dead last year, suffocated by bitter national rivalries and a refusal to compromise. But with this year's General Assembly session, it's been resurrected.

Many speakers in the General Assembly suggested a new anger toward the council had fueled their call. The Security Council took more than a month to respond to the war between Israel and Hezbollah, a delay that was largely blamed on the United States.

Iran was also dragged before the council under European and American urging, though many poor nations don't share their concern about its suspect nuclear program.

"The Security Council has not only to be more representative but also to be more effective if it is to be able to satisfactorily perform the role mandated to it by the charter," Indian Defense Minister Pranab Mukherjee told the Assembly debate.

Modernizing the Security Council was a key element of a reform package unveiled by U.N. Secretary-General Kofi Annan in the spring of 2005. Months of jockeying, negotiations, deals and promises ultimately came to nothing, the work stymied by national rivalries and bickering.

But an increased feeling among poor nations that their wealthy neighbors dominate the Security Council has galvanized them.

Their anger has gotten so bad that many speakers warned the council could losing its authority. The body already has enough trouble getting nations to listen to its demands, and it risks slipping toward irrelevancy without change.

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That could be to the detriment of President Bush, who has routed many of his biggest foreign policy initiatives through the council recently, after circumventing it in his first term.

"My argument is that the Security Council is losing legitimacy and that should be of concern to us," said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

According to a U.N. official who studied the themes of the debate, Security Council reform was the third-most discussed issue of this year's General Assembly, underscoring its importance. It trailed only terrorism and the Millennium Development Goals.

"It just seems to be a topic of active debate and discussion again — that this cat has another life," said the official, who spoke on condition of anonymity because of his reluctance to speak on behalf of member states.

At the center of the issue is that the 15-nation council represents the dynamics of 1945, when it was created, not 2006. There is resentment that its five permanent members — Britain, China, France, Russia and the United States — wield so much power, mostly because the five can veto any measure they don't like.

And there is resentment that nations and regions that have risen in power and importance in the last 60 years aren't among them — such as India, Japan, Brazil or any African nation.

Almost everyone agrees that reform is necessary, but they can't agree how to do it.

"Reforming the United Nations has always been a top priority for the United States," said U.S. mission spokesman Richard Grenell. "As part of that reform, having the Security Council reflect the realities of today has always been an important priority as well."

It seems extremely unlikely the five permanent members will either agree to add more veto-wielding members or abandon their own vetoes. That means the best anyone can hope for is that the council would be expanded — possibly to about 25 members — but without any new permanent ones.

The renewed calls for change have been accompanied by what appears to be a new predilection toward compromise among those who have pushed for reform.

The attitude was evident at a dinner meeting attended by more than 130 of the U.N.'s 192 member states that was held to discuss overcoming the impasse between the most serious proposals for council reform.

Unlike in the past, representatives of both sides were there. That included Germany and Japan, who are seeking permanent seats along with Brazil and India, and a group called "Uniting for Consensus," which wants to expand the number of non-permanent seats.

"Let's hope that before the end of this session of the General Assembly, we will succeed in turning the page, engaging in a negotiating process that we never had in more than 10 years of fruitless debates," Italian Prime Minister Romano Prodi said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 29, 2006

China policy shift

The Bush administration's China policy is shifting noticeably to the left through several key appointments. First, President Bush announced Sept. 1 he was permanently appointing National Security Council staffer Dennis Wilder, a longtime CIA analyst with a record of leading mistaken analyses on China, as the senior director of East Asian affairs. Mr. Wilder had been acting senior director.

In another politically suspect move, Treasury Secretary Henry M. Paulson Jr., the former Goldman Sachs executive, recently appointed Deborah Lehr as the lead staffer in charge of the new "economic strategic dialogue" with China. Mr. Paulson has been dubbed China's man in the Bush Cabinet by columnist Frank Gaffney because of his pro-China stance.

The White House announcement on her appointment described Miss Lehr as a well-known China specialist but failed to mention that she will be leaving the consulting firm of Clinton administration National Security Adviser Samuel R. "Sandy" Berger to take the new Treasury post.

Mr. Berger, now head of Stonebridge International, was the architect of the disastrous Clinton administration China policy that gave us Chinese missiles with improved accuracy based on illegally transferred U.S. space technology, not to mention Chinese government payoffs to the 1996 Clinton re-election bid. Mr. Berger also pleaded guilty last year in his mishandling of classified documents from the National Archives.

"It is the most outrageous mistake by White House personnel I have ever seen," one administration official said. "She used to be at [the U.S. Trade Representative's Office] in charge of getting China into the [World Trade Organization], so she is a perfect panda hugger."

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She also has worked at the National Security Council and was involved in export-control and trade-policy issues at the Commerce Department.

White House press secretary Tony Snow said in an e-mail that Mr. Bush makes China policy and that it is markedly different from President Clinton's.

Doonesbury

Liberal cartoonist Garry Trudeau, creator of the syndicated Doonesbury strip, is a constant critic of conservatives and President Bush, especially in the war on Islamist terrorists. The Pentagon is a fairly conservative place. One would guess Mr. Bush would get 70 percent of the vote, or more.

But there was Mr. Trudeau at lunchtime Tuesday, sitting at a desk along the Pentagon shopping concourse, signing copies of his new book, "The War Within."

The book is a sequel to "The Long Road Home." It continues the chronicles of war veteran B.D., a longtime Doonesbury character who loses a leg fighting in the war. The book tells the story of B.D.'s struggle to re-enter American society. Mr. Trudeau is donating book proceeds to Fisher House, the network of homes-away-from-home for wounded troops receiving medical treatment and their families.

Troop facts

The Army is putting out a "fact sheet" to help reporters understand its wartime troop commitments.

Among the facts:

·The Army has 105,000 soldiers in Iraq, 15,000 in Kuwait and 16,000 in Afghanistan. The Army National Guard has 55,327 soldiers mobilized; the Reserve has 32,286.

·Units in the combat rotation cycle spend 14 months at home before deploying again for one year.

·There are 499,000 soldiers on active duty. Congress has authorized the Army 482,400 active-duty troops. Defense Secretary Donald H. Rumsfeld has OK'd a temporary increase up to 512,000.

"The bottom line is the U.S. Army is the best Army in the world," the statement says. "It is the best manned, trained and equipped force fielded in over a decade."

Some retired generals say the force is near the breaking point because of frequent deployments and lack of equipment for stateside troops to train.

Skeptical press

Afghan President Hamid Karzai, addressing Washington reporters this week on the premise that attacking terrorists begets more terrorists:

"Ma'am ... terrorism was hurting us way before Iraq or September 11. The president mentioned some examples of it. These extremist forces were killing people in Afghanistan and around for years: closing schools; burning mosques; killing children; uprooting vineyards with vine trees, grapes hanging on them; forcing populations to poverty and misery.

"They came to America on September 11th, but they were attacking you before September 11 in other parts of the world. We are a witness in Afghanistan as to what they are and how they can hurt. You were a witness in New York. Do you — do you forget people jumping off the 80th floor or 70th floor when the planes hit them? Can you imagine what it will be for a man or a woman to jump off that high?

"Who did that? And where are they now? And how do we fight them? How do we get rid of them, other than going after them? Should we wait for them to come and kill us again?"

Growing terrorists

The fact that al Qaeda-linked groups are growing in numbers is not new. It was happening in the 1990s, before President Bush declared war on Islamist extremists.

A National Intelligence Estimate, completed in April, stated, "We ... assess that the global jihadist movement — which includes al Qaeda, affiliated and independent terrorist groups, and emerging networks and cells — is spreading and adapting to counterterrorism efforts."

The implication is that the war on terror is creating terrorists. Maybe it is. But the Clinton administration faced a similar trend in the 1990s.

Former Clinton national security aides Daniel Benjamin and Steven Simon wrote in their 2002 book, "The Age of Sacred Terror," of stopping terror plots in 1999.

"The sense of success was mingled with astonishment at how many groups were out there," they wrote. "The millennium experience had the further effect of leaving the counterterrorism community stunned at how many terrorists ... had turned up in the United States."

China Lets Currency Rise A Bit On Dollar (NYT)

By Keith Bradsher And Steven R. Weisman

The New York Times, September 29, 2006

HONG KONG, Sept. 28 — It's been just days since Treasury Secretary Henry M. Paulson Jr. returned from China, but already the Chinese government has sharply stepped up the appreciation of its currency, allowing it to push through an important level against the dollar on Thursday for the first time.

The recent climb — less than a full percentage point since the beginning of September — is still modest and perhaps will not last. But it is producing cautious hope in the Bush administration that the Chinese government may be lifting its opposition to a revaluation that could ease China's huge trade surplus with the United States.

And partly in response to the currency lift in China, two influential senators in Washington announced Thursday that they were pulling back legislation that would punish China with tariffs if it did not allow the value of its currency to rise, a step that would make exports to the United States more expensive and imports from America more competitive.

Though modest, the rise this month in the value of China's currency, the yuan, has been at a rate more than four times the currency's appreciation for most of the past year.

On Thursday, China's government let the yuan push through 7.9 to the dollar, the latest in a series of daily highs that for the last two weeks has proceeded at an annualized rate of 17 percent.

The White House and Mr. Paulson had vigorously opposed the measure by Charles E. Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, arguing that putting pressure on the Chinese would backfire. The administration also argued that imposing tariffs as the bill contemplated would violate international rules. Mr. Paulson called for the bill to be pulled back after he returned from China last Friday.

Mr. Schumer said Thursday that he and Mr. Graham would work with other senators to write a bill for submission next year that would press the Chinese but not do anything that might contravene rules of the World Trade Organization.

"There's a view in both the administration and in Congress that our legislation and the Paulson visit to China has given an impetus for the Chinese to move," he said in an interview. "Our bill was an admittedly blunt instrument. We have decided that it has run its course and that it is time to move to another approach that complies with the W.T.O." Analysts disagreed on Thursday whether the Chinese action was significant, a harbinger of a trend or a feint that could be reversed easily.

The strengthening of the currency in September, at an annualized rate of 10 percent, compares with an annual appreciation of less than 2.5 percent for most of the year after China's small revaluation in July 2005.

"The reality is they're moving at a faster pace," said Jonathan Anderson, the chief Asia economist at UBS. Others said the pace was likely to be temporary.

"The Chinese are doing this as a gesture of good will," said Tao Dong, the chief Asia economist at Credit Suisse, while adding that he expected the pace of appreciation to settle down soon to about 5 percent a year.

Beijing's leaders have long bridled at foreign criticism, prompting some China watchers to suggest that quiet diplomacy, rather than confrontation, may be more productive in bringing about an appreciation of the yuan.

Mr. Paulson accumulated decades of experience in dealing with China while at Goldman Sachs, where he served as president before resigning last summer to become Treasury chief. He has pursued a much more low-key approach this summer than his predecessors or American lawmakers, preferring to raise the currency issue in private with Chinese leaders.

Bush administration officials and many analysts cautioned against enthusiasm that the currency appreciation will continue. In the past, the currency has sometimes risen slightly only to fall back again later.

"We're not crowing over this," said an administration official, asking not to be identified because the administration policy is not to comment on these matters.

"If you look back over the last year, there is reason for caution," the official added. "Does this represent a change? Or does it mean that the Chinese are letting us feel good about the Paulson trip and then planning to go back to what they were doing."

Nicholas Lardy, a senior China analyst at the International Institute of Economics, said it was too soon to say whether China had embarked on a trend toward revaluation.

"Extrapolation on the basis of a trend like this is a dangerous business," Mr. Lardy said. "It could be a good will gesture for Paulson. But if there's little more net change over the next six months, people will say that the Chinese are just taking us in again."

Just two weeks ago, before the World Bank and International Monetary Fund annual meetings in Singapore, Chinese officials had repeated their longstanding promises to let the market start playing a greater role in the currency's value, without giving any indication of a timetable.

This month, Mr. Paulson met with top Chinese leaders and established a "strategic economic dialogue" between senior officials in the United States and China to discuss a range of economic issues, including currency. Mr. Paulson said the dialogue

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would be aimed at enlisting broad support among Chinese leaders to push for economic changes in a variety of areas, including currency policy.

Mr. Paulson said he was encouraged by his meetings with various officials, including President Hu Jintao, but he cautioned against expecting quick results. Nevertheless, the slight increase in China's currency has prompted speculation that the Chinese wanted to reward him.

The yuan's rise also comes at a time when the Chinese economy seems to have settled down to sustained but controlled economic growth. That may make Chinese officials more prepared to experiment a little more with the value of the yuan.

After signs emerged last spring of possible overheating in investment, China's central bank raised interest rates and tightened bank reserve requirements, among other measures. The moves, like a halt to projects that had started without the central government's permission, have helped temper growth.

The official New China News Agency reported on Thursday that Xu Yifan, the deputy director of the National Bureau of Statistics, had predicted the Chinese economy would grow about 10 percent this year for the third year in a row.

Year-over-year growth had jumped to 11.3 percent in the second quarter.

"The various measures that were taken have worked, they've taken some of the steam out," said Michael R. P. Smith, the president and chief executive of the Hongkong and Shanghai Banking Corporation, which encompasses almost all of the Asian operations of HSBC.

Overall economic growth continues in China at a pace that any other country would love to match, Mr. Smith said in an interview on Wednesday afternoon, adding that the Chinese economy "is galloping, but it's in control."

The exception is the trade surplus, which is soaring and has set records for four months in a row through August. "The one big problem sticking out in China like a thumb, like a five-ton thumb, is the trade surplus," Mr. Anderson said.

The People's Bank of China, the country's central bank, said when it revalued the currency by 2.1 percent in July last year that it would start setting the value of the yuan based on a basket of foreign currencies, and would no longer peg it just to the dollar.

But in practice, the central bank has allowed the yuan to appreciate at a fairly steady but very gradual pace against the dollar; statistical analyses of changes in the yuan's value have shown almost no correlation to currencies other than the dollar. The yuan rose 0.07 percent in Shanghai trading on Thursday to trade at 7.8965 dollars at 5:30 p.m.

To prevent the currency from appreciating more rapidly, the central bank has bought dollars and sold yuan on a large scale. It has accumulated the world's largest foreign exchange reserves, which are on track to reach $1 trillion in the coming weeks.

Senators End Plans To Vote For Tariff On Chinese Goods (WSJ)

By Greg Hitt

The Wall Street Journal, September 29, 2006

WASHINGTON -- Key senators dropped plans for a vote this week on legislation to impose a hefty tariff on Chinese-made goods because of Beijing's currency policies, and will work to keep pressure on China through other means.

The decision by Sens. Charles Schumer (D., N.Y.) and Lindsey Graham, (R., S.C.), brings to a close a dispute in Congress about China's currency-management practices, and avoids action the Bush administration had worried might weaken Washington's standing as a free-trade leader.

The measure at issue would have slapped a 27.5% tariff on Chinese goods if Beijing didn't take steps to loosen control of its currency, the yuan. The senators instead said they will coordinate with leaders of the Senate Finance Committee on new legislation designed to put trade pressure on China. Critics say Beijing keeps the yuan's value artificially low to make Chinese goods relatively cheap in world markets, giving Chinese companies an unfair competitive edge.

Yesterday's announcement came two days after Treasury Secretary Henry Paulson urged the lawmakers to give the Chinese more time to adopt economic changes, and after President Bush appealed personally to Mr. Graham to show flexibility.

"I'm convinced the administration is committed to a strategy that will require China to reform its currency manipulation practices," Mr. Graham said.

A Treasury spokeswoman welcomed "the decision to not consider the bill" and said the department "looks forward to working hard on a range of issues through the strategic economic dialogue."

On a visit to China, Mr. Paulson launched a high-level dialogue that will focus on easing the many flash points in the Sino-U.S. economic relationship, including U.S. currency concerns.

Leaders of the Senate Finance Committee, the starting point for trade legislation in the chamber, have for months argued against the Schumer-Graham legislation. Instead, Chairman Charles Grassley (R., Iowa) and Montana Sen. Max Baucus, the panel's top-ranking Democrat, have called for more modest action to address currency concerns. Among other things, they have

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backed legislation that would direct the Treasury Department to use U.S. leverage at the International Monetary Fund to resolve currency imbalances.

The senators vowed new legislation in the first few months of 2007, after the next Congress is seated. Mr. Grassley said its focus would address China and other nations that manipulate their currencies unfairly.

Bill For Tariffs Against China Dropped (AP-Y)

By Foster Klug

AP, September 28, 2006

Two senators said Thursday they will abandon legislation that would have hit Chinese goods with steep tariffs but promised to renew efforts next year. Their goal is to pressure Beijing to change currency policies they say cost millions of U.S. jobs.

Sen. Lindsey Graham, R-S.C., said he and Sen. Charles Schumer, D-N.Y., were asked by President Bush on Thursday to scrap this week's vote on the bill. The measure would have imposed a 27.5 percent tariff on Chinese products coming into the United States unless China went further to revalue its currency.

Graham said the president urged more time for Treasury Secretary Henry Paulson to persuade China to allow the yuan to strengthen against the dollar. Critics say China's currency is undervalued by up to 40 percent, making Chinese goods cheaper for American consumers and U.S. products more expensive in China.

"The hope is to have a constructive dialogue with the Chinese where reform will move forward without legislation," Graham said. But, he added, "the jury is still out" about China's currency policies.

Schumer said senators are discussing legislation that would seek to pressure China to live up to commitments it made when joining the World Trade Organization in 2001. He said such a measure could be considered next year.

Many analysts believed the senators' bill would have passed. But there was no House version and Bush almost certainly would have vetoed it.

Chinese leaders have said they plan eventually to let the yuan trade freely on world markets, but that doing so immediately would cause financial turmoil and damage the Chinese economy.

China's Spending For Research Outpaces The U.S. (WSJ)

By Gautam Naik

The Wall Street Journal, September 29, 2006

An unprecedented surge in research and development spending is helping China catch up with the two longstanding leaders in the field, the U.S. and Japan, a new study found.

R&D spending in China has been growing at an annual rate of about 17%, and is far higher than the 4% to 5% annual growth rates reported for the U.S., Japan and the European Union over the past dozen years. China's massive investments in education are also bearing fruit. In 2002, its industrial-research work force was 42% the size of the equivalent U.S. work force, up from 16% in 1991.

China is increasingly making its mark with scientific discoveries and patents held by its scientists. In 2003 China became only the third country, after the U.S. and Russia, to put a person into orbit on its own. Yesterday, Michael Griffin, administrator of the National Aeronautics and Space Administration, returned to the U.S. after a visit to China -- the first time a NASA administrator has visited that country -- to explore and expand space-program cooperation.

"China's significant investment in R&D is predicated on the assumption that they want to be a player and competitor both economically and militarily," said Jules Duga, senior analyst at Battelle Memorial Institute, a nonprofit trust in Columbus, Ohio, that runs labs for the government and industry.

The study, co-written by Mr. Duga, was conducted by Battelle and R&D Magazine and is being published today. The study included in its measure expenditures such as scientists' salaries and lab equipment in both the public and private sector, but excluded long-term capital expenditures such as buildings and major equipment.

China's technology-driven rise could heighten worries that the U.S. is ceding some of its competitive edge in science and technology to Asia's new power. America's share of total global R&D is estimated to slip slightly to 31.9% in 2007 from 32.7% last year, according to the study. Japan and Europe are projected to show similar declines, while China's share of global R&D is set to increase to 14.8% in 2007 from 12.7% in 2005.

But the U.S. remains an R&D powerhouse, investing $320 billion in such efforts last year, compared with $236 billion invested by the EU and $125 billion by Japan. Though China's R&D spending now makes up about 1.6% of its gross domestic product, up from about 1% five years ago -- it's still a far cry from the 2.6% of GDP that the U.S. invests, and the 3.2% of GDP that Japan invests.

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In the last few years, the increase in U.S. R&D investment has been driven by military-related research. Roughly 60% of America's research and development originates from the private sector. In a ranking of the top five R&D-spending companies, four are American, including Pfizer Inc., Ford Motor Co., Microsoft Corp. and General Motors Corp. The other is Toyota Motor Corp. of Japan.

American firms also make the biggest biotechnology investments, according to the Battelle report. One spur: a continuing decline in the number of new drug approvals by large pharmaceutical companies.

Despite the shifting R&D landscape, "there's no need for the U.S. to panic," said Mr. Duga. Instead, he said, "the U.S. needs to be prepared for a change. We need to figure out how we can keep ourselves in a strong position" in crucial areas of science and technology. His prescription: Spend more on math and science education, and invest more in pure research, which U.S. industry increasingly has shunned.

China's Crackdown Puts Teeth Into Effort To Cool Property Boom (WSJ)

By James T. Areddy

The Wall Street Journal, September 29, 2006

SHANGHAI, China -- China's central government said it has dispatched senior inspectors nationwide to check whether local authorities are following through on orders to cool real-estate prices, the latest development in Shanghai's widening pension and property scandal.

On Thursday, the State Council, China's highest administrative body, sent "high-level officials" from several ministries to 11 provinces to review adherence by local governments to various policies Beijing has set down since 2003, the official Xinhua News Agency said.

Despite the central government's efforts to cool housing prices, values have continued to soar as much as 20% annually in some places, according to Xinhua.

The latest inspection is further indication that the government's investigation into corruption is continuing, even after this week's ouster of Shanghai Party Secretary Chen Liangyu. The Construction Ministry sent six property inspectors to Shanghai after his dismissal was announced Monday.

Also on Thursday, Sun Luyi, secretary-general of the party's Shanghai Municipal Committee, became at least the eighth person detained for questioning on what a government spokesman said is suspicion of "a severe breach of discipline."

Real estate is increasingly central to the two-month investigation, which centers on a misuse of Shanghai's $1.2 billion pension fund. The fund invested, perhaps illegally, in a number of high-profile projects that likely served to inflate land prices at a time when authorities in Beijing were urging local officials to keep real estate affordable.

Chinese President Hu Jintao may also be using the pension probe to strengthen his grip on Shanghai, a major city that has traditionally been run by officials aligned with retired President Jiang Zemin.

The downfall of Mr. Chen and the ongoing probes have boosted hopes for changes in government and prompted unusually large public protests outside some official Shanghai offices this week by people trying to have various complaints addressed.

The problems in Shanghai have sparked a nationwide audit of pension funds, which are often managed by local banks and brokerages but are thought to have widely invested beyond the legal scope. Shanghai Pudong Development Bank Co. and China Everbright Bank say they are among those that have managed Shanghai's money.

A Hong Kong real-estate builder, Shui On Land Ltd., this week detailed how it was pledged nearly $190 million from the Shanghai pension fund to a build a big project in the city.

Shui On said one of its subsidiaries had drawn 875 million yuan ($111 million) of a 1.5 billion yuan loan facility to finance its "Shanghai Knowledge and Innovation Community" project, an 840,000 square meter technology-development zone near Shanghai universities that company materials say is designed to be a local version of California's Silicon Valley. The money originated at an enterprise investment company owned by the pension fund but was actually lent via Shanghai Pudong Development Bank, Shui On said.

Shui On, which is known for its development of a Shanghai entertainment zone called Xintiandi, had confirmed some aspects of the arrangement in response to questions earlier in September from The Wall Street Journal. The extra details were contained in a prospectus related to its plans for an initial public offering in Hong Kong.

Analysts say the $790 million equity sale will succeed, but the stock could suffer when it is listed Oct. 4.

Shui On said in the prospectus that its lawyers believe the borrowing arrangement involving the pension money was "legal, valid and binding" but also warned investors that the company or its officials may "become involved" in the investigation, and that the Knowledge project "may face unpredictable consequences." The company said it is now negotiating alternative sources of financing for the project.

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U.S. Financier Helps A Chairman Shake China Inc. (WSJ)

By Jason Dean

The Wall Street Journal, September 29, 2006

BEIJING -- Zhang Chunjiang, the chairman of China Netcom Group Corp. (Hong Kong) Ltd., was moving quickly through a routine board meeting of the state-controlled phone giant last year when something extraordinary happened: a director disagreed with him.

The conflict came over a plan for Netcom to buy some assets from its parent company. Netcom management had picked an investment bank to advise on the plan. That drew a dissent from director John Thornton, a former president of Goldman Sachs Group Inc., who said a board committee set up to oversee the deal should pick the banker.

"This was the first time I'd ever encountered opposition," says Mr. Zhang, a 48-year-old former government vice minister. "But we had made a real mistake." He scrapped his selection and let the committee decide.

Walking a tightrope: Zhang Chunjiang, chairman of China Netcom Group Corp. (Hong Kong) Ltd., is trying to keep the Communist Party in control of his company while respecting the rights of foreign investors.

As boardroom dramas go, this one was modest. (The committee went on to choose the same investment bank.) But it helped trigger one of China's most ambitious corporate-governance overhauls. At Netcom, outside directors now have effective veto power over many key decisions, providing a counterbalance to the government's previously unchecked authority. That's a first in the government's empire of companies in banking, oil and many other industries.

At Goldman, the 52-year-old Mr. Thornton helped shepherd some of China's first big overseas initial public offerings, including China Mobile Ltd. and PetroChina Co. Today, three and a half years after leaving Goldman, he spends five months a year in China -- teaching at prestigious Tsinghua University, advising government officials and executives, and serving on boards.

As he promotes Western-style governance notions in China, Mr. Thornton faces a business culture in transition. The government, run by the Communist Party, still controls a vast swath of the economy and has no intention of giving that up -- particularly in strategic industries such as telecommunications. The government owns 75% of China Netcom.

However, policy makers also believe that Chinese companies will perform better if they are exposed to the demands of international investors, just as companies in the West are. That is why Beijing has encouraged its biggest and best companies to list their shares in New York, Hong Kong and London, even though the companies usually don't have an immediate need for funds.

The tightrope Messrs. Zhang and Thornton are trying to walk: Keep the Communist Party in control, but respect the rights of the foreigners who now own a chunk of corporate China.

Another big IPO is coming as early as next month, when Industrial & Commercial Bank of China, the nation's largest lender, is preparing to list its shares in Hong Kong. The offering is expected to raise at least $19 billion, which would be the most of any IPO in history. Mr. Thornton is also on the bank's board.

Until now, China has taken pains to prevent global investors from having their way with prized Chinese companies. The state usually retains more than 60% of the shares in any listed company. While financial reports tell investors something about institutions that used to be black boxes, boards of directors have had no real power. That is reserved for Communist Party committees comprised of a handful of senior executives. In 2004, just before Netcom's listing, the government suddenly swapped top executives at China's big four telecom companies. Boards were presented with a fait accompli.

"There are many listed companies now, and they all have the form of modern corporations," says Qian Yingyi, a leading Chinese expert on corporate governance and a director at Netcom. "But the question is whether those systems work. The answer is, in most cases, no."

Netcom's Mr. Zhang is hoping to change that. Outside directors at Netcom outnumber directors who work for the company. Rules drafted with the help of McKinsey & Co. require that two-thirds of directors approve major decisions. Directors say that would make a repeat of the 2004 executive swapfest difficult unless the board consents.

Netcom, which has annual revenue of about $11 billion, was formed in 2001 from 10 provincial phone networks that were separated from China Telecom Corp., the government's former phone monopoly. The move was intended to spur competition, but it left Netcom far behind China Telecom, which owns networks in about 20 provinces including many of the wealthiest ones. These two companies, with their core in fixed-line services, face challenges from two companies focusing on mobile phones, in particular market leader China Mobile, the world's biggest wireless carrier by number of subscribers.

Cellphone use is surging so fast in China that many of the nation's more than 400 million wireless users never had a traditional phone. Netcom may get a license to offer advanced wireless services, but to tackle that market will require huge capital outlays and a major shift in management and technology.

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Mr. Zhang says Netcom's vulnerabilities made him more open to new ideas -- including the idea of appealing to investors for support. "Of China's four big telecom companies, we are the one with the biggest difficulties," he says. "So under those circumstances, we thought, what can we do to make people feel confident about investing in Netcom?...We wanted to develop a corporate-governance system that could let investors relax."

A longtime Communist Party member, the 48-year-old was born in China's industrial northeast, trained as an engineer and worked most of his life in government. He rose to the level of vice minister in the agency that regulates China's telecom industry before being appointed to head Netcom's parent in May 2003.

Mr. Zhang's modest origins and bureaucratic experience made for a sharp contrast with Mr. Thornton. He's a product of Harvard by way of Connecticut's elite Hotchkiss School, where he briefly overlapped with the young Bill Ford Jr., now Ford Motor Co.'s chairman. Mr. Thornton spent 23 years at Goldman, including stints in Europe and Asia, and rose to be the investment bank's second-in-command.

In 2003, he jumped off the fast track and started a global leadership program at Tsinghua. He hand-picks the roughly 50 students in his management course and invites luminaries such as the head of Wal-Mart Stores Inc. to help teach it. Mr. Thornton also sits on the boards of several big U.S. companies that do business in China, including Ford and Intel Corp. In Washington, he serves as chairman of the Brookings Institution, a leading think tank, and sometimes advises government leaders on China affairs.

"What I know for certain is that whatever I do with the rest of my life, China will be a central element," Mr. Thornton said in an interview.

Messrs. Zhang and Thornton call each other friends although they share no common language. Mr. Thornton, who doesn't speak Mandarin, participates in meetings with a translator.

In mid-2004 Mr. Thornton was introduced to Mr. Zhang by Edward Tian, Netcom's founding chief executive. The U.S.-trained Mr. Tian was one of the few private-sector entrepreneurs to take a top post at a big Chinese state company. Messrs. Zhang and Thornton had breakfast at the Grand Hyatt in downtown Beijing, where Mr. Thornton lives when he's in town.

Mr. Zhang wasted no time offering the American a spot on Netcom's board. Mr. Thornton accepted and made a proposal of his own: Netcom should have a corporate-governance committee on its board. Mr. Zhang immediately agreed and asked Mr. Thornton to head it. Netcom also recruited as an outside director Mr. Qian, the governance expert who teaches at the University of California, Berkeley. Seven of Netcom's 13 directors are outsiders, compared with four of 13 at China Mobile.

Netcom, which went public in Hong Kong and New York in 2004 has annual revenue of about $11 billion. It remains far behind market leader China Telecom, the government's former phone monopoly, and faces challenges from cellphone-centered companies.

After Netcom went public in November 2004 on the Hong Kong and New York stock exchanges, the first big question on corporate governance came the next August, when Mr. Thornton raised his objection over how the asset acquisition was proceeding. Lawyers at the meeting noted that it was legal for management to pick an investment bank itself. Mr. Thornton agreed but said that wouldn't follow best practice in corporate governance.

"It was a seemingly small incident that touched off something much bigger," Mr. Zhang recalls. "It made me think about how we could set up a corporate-governance structure that would put the capital markets at ease."

Netcom hired McKinsey and a Tsinghua expert and asked them to suggest an overhaul of the board's operations -- but not before Mr. Zhang delivered a little talk on how China Inc. really works. At the first meeting of the project's working group, Mr. Zhang explained the role of the Communist Party committee at Netcom. Such committees, usually headed by the chairman and staffed with handpicked executives, essentially run China's government-controlled companies, channeling state policy into corporate practice. Their role is little understood outside China. U.S. regulatory filings by Chinese state-owned companies generally don't mention the party committees.

"I am Netcom's party secretary. What is my responsibility? To make sure that the direction of our Communist Party is upheld within China Netcom," Mr. Zhang says in an interview. He argues that such influence isn't inherently inimical to shareholder interests, because the party is looking at the company's broader social and economic impact.

Having taken several huge Chinese state-owned companies public at Goldman in the late 1990s, Mr. Thornton was already far more familiar with how they were run than most outsiders. But even he found Mr. Zhang's lecture eye-opening. "There were six functions for which the party committee was responsible, and they were the ones that mattered," he recalls.

McKinsey's consultants knew that merely importing a U.S. playbook wouldn't pass muster. Chinese companies need "something other than a Wall Street model, something that acknowledges that they have other obligations, social obligations. It's a broader set of stakeholders," says Dominic Barton, chairman of Asia-Pacific for McKinsey.

The working group's driving idea was to have the government exercise its authority as majority shareholder and minimize arbitrary actions taken by the party apparatus outside the corporate structure. For months, McKinsey consultants interviewed

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directors and executives, sat in on board meetings and tried to figure out how to push change without setting off political bombs. The debate was sometimes heated, people involved say.

One meeting among people from McKinsey and Netcom took place in the office of the company's current Communist Party committee, adorned with a painted collage of socialist luminaries from Marx to Mao. "Let's just stop and enjoy this moment," remarked an amused Netcom official, according to people who were present.

As the work went on, the relationship between Messrs. Zhang and Thornton deepened. Mr. Thornton invited Mr. Zhang to speak to his class at Tsinghua. In May, Mr. Zhang traveled to New York at Mr. Thornton's suggestion to meet with investors and governance experts including Roderick Hills, a former chairman of the Securities and Exchange Commission and veteran of many U.S. boards. Mr. Zhang "wants to set a pattern for China," says Mr. Hills. "He recognizes that the latent control of the government is a potential problem for investors."

Mr. Zhang was back this week in New York, where he met with Mr. Thornton and discussed a possible plan to have a U.S. company that specializes in rating corporate governance review Netcom's performance.

In June, Netcom's advisers presented their recommendations, which the board is now implementing. Among them: more-regular evaluations of senior executives by the board and rules to ensure that directors have enough time and information to review key decisions.

The effort has also prompted the board to get more involved in the company's long-term challenges. Until the overhaul, the board's corporate-strategy committee had met only once. This year, it has met at least three times to discuss challenges such as managing communications for the 2008 Olympics in Beijing.

Netcom is 75% owned by its parent, which is in turn wholly owned by a government body called the State-Owned Assets Supervision and Administration Commission. The commission is reviewing Netcom's proposed changes. People familiar with the matter say the commission views Netcom as a test case whose model could eventually be applied to other companies.

Mr. Zhang stresses that the state has legitimate interests in its companies. But he says limiting the state's interference in management -- and giving boards more autonomy -- is crucial to making companies more flexible and competitive. "China's companies are trying to catch up with the world's leading companies," he says. "Governance isn't the only important factor. But you have to have it. If you don't have a modern governance system, you can't compete."

Europe Union Weary From Growing Pains (CSM)

By Mark Rice-Oxley

The Christian Science Monitor, September 29, 2006

LONDON

When Britain threw open its doors to workers from Eastern Europe two years ago, plumbers like Keith Millar didn't know what to expect. Official projections anticipated a few thousand pioneers would take advantage of their new status as EU members and seek new lives in Britain, a drop in the ocean for a work force of 30 million.

In reality, more than half a million came, two thirds of them from Poland - and many of those tradesmen like Mr. Millar.

"It's not a level playing field any more," he says, grumbling about the cheap Polish workers muscling in on his business. "I'll do a boiler estimate for a client and they say they'll think about it. Then I go back a few weeks later and find they've had the boiler installed. These Poles are hardworking and they do the job for half the price."

Millar's concerns are symptomatic of a deep fatigue in Europe with the idea of expansion. Old notions of uniting Europe in one large happy bloc and spreading peace, prosperity, and stability to all four corners of the continent are getting lost in more gritty concerns: Will poorer eastern members dilute the wealth of "old Europe"? Will a Lithuanian welder come and take my job? Is the EU club getting too big, unwieldy - unmanageable even?

This week, the EU gave the green light to Bulgaria and Romania to join in January 2007, expanding the union to 27 countries and nearly 500 million people. But it did so in almost grudging fashion, setting strict conditions for membership and allowing curbs on migrant workers from the two countries. So far, only Finland says it will welcome Bulgarian and Romanian migrant workers.

At the same time, the EU's top Eurocrat, Jose Manuel Barroso, signaled that it may be time to draw breath before bringing any more countries into the EU. "We are not in a position to further integrate Europe without further institutional reform," he said. "There are limits to our absorption capacity."

The EU has come a long way since it started out as a trade agreement between six Western European countries in 1957. By 1982, there were 12 members, 15 a decade later, and suddenly 25 when 10 new countries, mostly Eastern European, joined in 2004.

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But the new wave has met with skepticism, an "enlargement fatigue" that is at its weariest in Central European countries like Germany and Austria that adjoin the new EU countries of the East and fear that issues like migration and poverty will upset their delicate social and economic balance.

In countries of "Old Europe," where unemployment remains a stubborn problem, authorities struggle to find work for their own work force, without the additional problems of migrant workers undercutting locals.

And yet, argues Denis MacShane, a British MP who once served as Europe minister, this fatigue is as much about globalization as about enlargement. Migrant workers are still going to flock to wealthy countries, whether they are EU citizens or not (there are already a million Romanians in Italy for example, before the country has joined). Jobs, factories, production lines will migrate to cheaper locations, regardless of EU membership.

"Keeping them out of the EU doesn't solve any of these problems," says Mr. MacShane. "You don't stop people coming, you don't stop the pernicious influence of trafficking and corruption and crime.

"But bringing [new countries] in [to the EU] means they are under pressure to try and improve their game," he adds. In other words, by pushing new members to improve in the regulatory arenas of human rights, health, and worker safety, EU membership will eventually level the playing field for businesses and workers across the continent.

In Britain moreover, it is arguable that the migrant influx - described by one academic as the largest wave of immigration the British Isles have ever experienced - has transformed the country in a good way. Employers have generally found the workmanship of the new arrivals reliable and cost-efficient. And for customers, there is no longer a shortage of handymen, so there is greater choice and better value.

"Our customers are happy," says self-employed Polish builder Marek Flaszka. "We are cheaper, but we give the same guarantees."

Yet Britain has decided that with Bulgaria and Romania it will not allow free access. There is a sense that in some parts of the country, the post-2004 immigration surge has led to imbalances, overcrowding, and serious pressure on local authorities. Some schools have reported that suddenly a quarter of their pupils are Polish.

Even immigrants like Mr Flaszka are unsure if a further influx is a good idea. "England is not so big for everybody in the world to come here," he says. "This is a problem if lots more builders come. The price will go down."

It remains to be seen if these doubts will ultimately lead to drawing up the bridge or just drawing breath.

Some European thinkers say that in the future, new entrants might get different types of members, that some European countries will be "more equal than others."

Katinka Barysch, an expert with the Centre for European Reform in London says that "inevitably you will have different forms of membership." She notes that some countries are moving closer together on justice and policing, others are bound in the single currency, and still others collaborate on regional foreign policy concerns.

"It will be a more flexible and fuzzy EU and that will make it easier to join," she says. "You won't have to take the whole package straight away."

Poland's Budget Underscores Divisions Among New EU Members (WSJ)

By Joellen Perry

The Wall Street Journal, September 29, 2006

Capping more than a week of political turmoil, Poland's central-bank chief lambasted the government's draft 2007 budget -- which projects a deficit -- as one of "irresponsibility and populism."

The incident highlights mounting tensions among reform-minded central-bank chiefs and populist politicians across the eight Central and Eastern European countries that entered the European Union in 2004.

Slovakia's central bank has criticized the government of newly elected populist Prime Minister Robert Fico, who has said he wants to slow the pace of privatization and give the state more control of utilities and banks. The central bank worries those steps would result in fiscal deficits that endanger the country's 2009 goal for adopting the euro currency. EU member nations must have deficits of less than 3% of GDP in order to adopt the common currency, used by 12 nations.

Meanwhile, the National Bank of Hungary was a vocal critic of that government's fiscal profligacy long before riots broke out there last week following the prime minister's broadcast admission that he had lied about the dire state of the economy and the budget deficit to help secure re-election this spring. In a report on the eight EU newcomers released Wednesday, the World Bank warned of the dangers of rising populism and a backlash against the measures implemented to foster the transition to market economies.

"There is clearly a fairly large group of people who have not benefited much from the reforms and transformations of the last 15 years, and that provides fertile ground for more-populist forces," said Thomas Laursen, the World Bank's lead economist

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for Central Europe and the Baltic states. He noted that fiscal balances are deteriorating in several countries this year and that 2007 budget plans signal further erosion.

Poland's 2007 budget -- which according to the World Bank forecasts a deficit of 42.5 billion zlotys ($13.6 billion), or about 3.7% of gross domestic product -- avoids spending cuts wanted by the Finance Ministry. That frustrates central-bank expectations that the government would use strong economic expansion to press for further overhauls.

Noting that Poland's relatively sound currency and low inflation rate make fiscal erosion on Hungary's scale unlikely -- Hungary's deficit will be 10% of GDP this year -- central-bank President Leszek Balcerowicz, whose term expires in January, yesterday nonetheless called Poland's public finances "sick."

The clash caps more than a week of political chaos in the country, where elections could be held as soon as Nov. 26. Prime Minister Jaroslaw Kaczynski's government earlier this week encountered pressure following the leak of a tape to local media that showed a top aide asking an opposition lawmaker what she expected in return for supporting the government.

Last week the country's fractious ruling coalition collapsed when the prime minister fired his deputy, who had protested that the 2007 budget skimps on funding for agriculture, education and health. Now, roughly six seats short of a majority in the lower house of Parliament, the prime minister is scrambling for support.

The current government has clashed with the central bank before. Mr. Balcerowicz, who was Poland's finance minister in the 1990s and oversaw the country's transition to a market economy, is often heralded as the father of the country's recent economic success. Foreign-direct investment continues to roll in to the country. Yesterday, the bank projected GDP growth of 5% for next year, up from a previous projection of 4.8%.

Irked by Mr. Balcerowicz's support this year for the merger of two Polish banks owned by Italy's UniCredit SpA, the government recently established a financial regulator to oversee the banking, insurance and securities sectors. That prompted the European Central Bank to issue calls for central-bank independence.

Last week Poland's constitutional court ruled that a separate parliamentary commission established to investigate central-bank activities is unconstitutional. Wednesday the central bank kept rates on hold at a low of 4%, but warned yesterday about the dangers of rising inflation rates as growth accelerates.

The World Bank's report Wednesday also warned about mounting inflation pressures across the region, which further endanger hopes of adopting the euro currency. The central banks of Slovakia, Hungary and the Czech Republic all raised interest rates this week.

U.N. Peacekeepers In Darfur Unlikely (AP)

By Alfred De Montesquiou

AP, September 28, 2006

The U.N. chief in Sudan said Thursday the government is unlikely to let U.N. peacekeepers in the country anytime soon, and the international community should instead push for the African Union force to remain in the war-torn region indefinitely.

The comments came after Sudanese authorities and a Darfur rebel group that signed a peace agreement with the government clashed in an affluent neighborhood of Omdurman, a city across the river from Khartoum. The incident underscored the simmering tensions in the country.

A U.N. Security Council resolution calls for 20,000 peacekeepers to replace the ill-equipped and underfunded AU force that has done little to prevent escalating violence in Darfur. But Sudan's president fiercely rejects the U.N. mission, and it can't deploy without his consent.

"I don't expect the government to accept a U.N. transition any time soon," Jan Pronk, the U.N. chief envoy to Sudan, told The Associated Press. "The international community should instead push for the African Union's mission to be prolonged and reinforced."

He called for the AU force to be extended indefinitely to prevent jeopardizing humanitarian work in Darfur, where more than 200,000 people have been killed and 2.5 million displaced in three years of fighting.

At least 350,000 people are cut off from any aid in North Darfur because of the intensified fighting there, the U.N. said. At least another 100,000 people have fled their homes.

Pronk said he was confident the Sudanese government would allow the African troops to stay on in the region, though for now Khartoum only has agreed to keeping them an extra three months.

Pronk also urged the international community to guarantee more funds for the AU force. He said there were reports the AU force was so strapped for cash that some soldiers in Darfur were not being fed and patrols weren't going out because there was no gas for their armored vehicles.

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The current 7,000-strong AU force was due to leave Darfur at the end of September but recently prolonged its mission until the end of the year. John Bolton, the U.S. ambassador to the U.N., called it a temporary measure while the international community pressures Sudan to allow troops into the country.

Earlier this week, Sudan's top official for Darfur said the government was willing to let a trickle of U.N. military advisers join the AU forces, describing it as "a third way" that could resolve the stand off between Khartoum and the United Nations.

Pronk said these discussions were now being settled and the first batch of 105 U.N. military advisers and dozens of police could be sent to Darfur "very soon." He hinted that their numbers could be increased "in a step by step process."

Meanwhile, the AU has pledged to boost its force by up to 4,000 troops. Some of the soldiers would be immediately available, but the AU says it doesn't have the cash to send them in.

The U.N. chief maintained that the peace agreement signed in May between the government and the rebel faction was "in a coma," which he said reflects the worsening humanitarian situation.

Both government forces and rebels have violated the cease-fire more than 70 times between May and August, and there were new violations in September after Khartoum launched a large-scale offensive in northern Darfur, Pronk said.

On Thursday, tensions degenerated into an open shootout in Omdurman, Khartoum's sister city. Rebel leaders with the Sudan Liberation Movement say they took three police officers hostage in retaliation for the arrests of two of their members.

Pronk said one man was killed during the clashes. "That (the conflict) has now reached Khartoum is just another proof of how bad things are," he said.

Caucus Presses Rice On Darfur (MCT)

By William Douglas

McClatchy Newspapers, September 29, 2006

WASHINGTON - The Congressional Black Caucus urged the Bush administration Thursday to push China and moderate Arab nations to pressure Sudan into admitting a U.N. peacekeeping force to help end the violence and humanitarian crisis in its Darfur region.

The caucus made the suggestion to Secretary of State Condoleezza Rice during a closed-door meeting on Capitol Hill. It came a day after Rice warned in a speech that Sudan faces "a choice between cooperation and confrontation" if it doesn't allow U.N. forces in.

Bush has called ending the three-year-old conflict, which the United States considers genocide, a priority for his administration.

Rep. Donald Payne, D-N.J., a caucus member, said the group told Rice that the administration could apply more pressure to nations with major business and cultural connections with Sudan, pointing to China, Egypt and Jordan.

Last year, Beijing purchased half of Sudan's oil exports, which covered only 5 percent of China's ravenous oil appetite, according to the Council on Foreign Relations. Chinese firms also are pouring billions of dollars into office and infrastructure projects in Sudan.

"Our feeling was there should be, whether it's quiet diplomacy, that the U.S. should tell China to tell (Sudanese President Omar Hassan) al-Bashir to stop what he is doing and stop putting out this so-called opposition to the United Nations coming," Payne said.

China is a veto-holding member of the U.N. Security Council, which passed a resolution calling for a U.N. peacekeeping force in Darfur to replace a 7,000-person African Union force there.

Bashir has rejected the resolution, and China historically has shied away from pressuring other nations through the Security Council.

The violence began when Darfur's African tribal villagers armed themselves against the Arab-dominated government in Khartoum in a fight for greater political rights. Human-rights groups estimate that as many as 450,000 people have been killed and another 2 million displaced by the violence.

White House officials thought they had achieved a breakthrough last May when the U.S. brokered a peace accord between Sudan's government, which has supported Arab militias known as the janjaweed, and the rebels. But the agreement has failed to take hold.

The White House has been imploring the U.N. to get peacekeepers into Darfur. Last week Bush named Andrew S. Natsios, a former head of the U.S. Agency for International Development, as a special presidential envoy to Sudan.

Rice painted a bleak picture of the situation in a speech Wednesday to the Africa Society.

"At this moment ... the government of Sudan has renewed its military offensive against the rebels, which is undermining the Darfur Peace Agreement, as well as our collective humanitarian efforts," she said. "Because of the current lack of security,

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humanitarian aid workers are unable to reach hundreds of thousands of people in the camps. Without food, and water, and other assistance in the coming months, all will suffer, and many could die."

Susan E. Rice, former assistant secretary of state for African affairs under President Clinton, said the world was rapidly approaching a "Kosovo moment" in Darfur.

"If we're serious about saving lives in Africa, as we are in Europe, we'd give the Sudanese government a short, time-limited ultimatum: Accept a U.N. force or face military action, perhaps airstrikes like in Kosovo."

White House Press Secretary Tony Snow hinted last week that there might be movement on Darfur. "There are behind-the-scenes, ongoing diplomatic efforts," he said.

Payne said he was confident that the White House would prevail. "The U.N. will be in Sudan by the end of the year. Period," he said.

Meanwhile, the 43-member Congressional Black Caucus is pursing its own diplomacy. Caucus members met Tuesday with China's U.S. ambassador, and with Arab League representatives Thursday.

"We believe that the Arab League can have an influence on the government of Sudan - as a matter of fact, all the influence in the world," Payne said. "We're saying to moderate Arab countries - Egypt, Jordan - that they can't sit by and allow the government of Sudan, where they have excellent relations with, to continue the killing."

The caucus has done more than talk about Darfur. Several members, including its chairman, Rep. Melvin L. Watt, D-N.C., have been arrested protesting outside the Sudanese embassy in Washington.

Darfur is the latest cause in the caucus' long history of weighing in on international matters that interest African-Americans. The caucus played vital roles in calling for U.S. intervention in crises in Liberia, Somalia and Haiti and for sanctions against South Africa's apartheid government.

"International affairs and the foreign policy of our country has always been a critical part of the Congressional Black Caucus' agenda," said Paul A. Brathwaite, the caucus' executive director.

From The Ashes, A Chunk Of America Beckons In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, September 28, 2006

MOGADISHU, Somalia, Sept. 23 — They call her the “Black Hawk Down” lady.

And in the corner of her dirt yard, beneath rags drying in the sun and next to a bowl of filthy wash water, she keeps a chunk of history that most Americans would probably like to forget.

It is the battered nose of a Black Hawk helicopter, from one of the two that got shot down in Mogadishu on Oct. 3, 1993, in an infamous battle that killed 18 Americans, led to a major foreign policy shift and spawned a big movie.

The Black Hawk Down lady stands fiercely at her gate and charges admission to see it.

“You, you, you,” she said on a recent day, jabbing her finger at three visitors. “Pay, pay, pay.”

American military officials, who were sent e-mail messages with pictures, said the nose piece did appear to be from one of the Black Hawks brought down that day. But they said they had no interest in retrieving it, for a memorial or any other purpose.

So it remains a strange tourist attraction in a strange and war-weary place, where bazooka guns hang in the market next to slabs of fly-bitten goat meat, and children at school casually recite passages about massacres in English class. And just as the Black Hawk Down episode has special significance for Americans, it does, too, for many Somalis, who take enormous pride in having humiliated a superpower that day.

The Black Hawk Down lady’s real name is Hawa Elmi. She grew up a nomad, herding camels in Somalia’s deserts, and never went to school. She moved to Mogadishu in the 1960’s, when it was a showcase of Italian architecture, a gem along the sea.

She is 66, loud and excitable. The other day during an interview, every answer came in shouts.

On the afternoon of Oct. 3, 1993, Ms. Elmi said, she was sitting in her yard, minding her own business, when a helicopter slammed into the back of her house. A task force of Army Rangers and Delta Force commandos were trying to snatch the henchmen of one of Mogadishu’s most notorious warlords, Mohammed Farah Aidid. But the mission quickly went sideways — a soldier slipped off a rope while rappelling from a helicopter, a rescue convoy got lost in the maze of Mogadishu’s streets and Somali militiamen plucked off two Black Hawks with rocket-propelled grenades.

The neighborhood closed in on the trapped Americans, and by the time the battle was over, 18 elite American soldiers were dead and dozens were wounded and approximately 1,000 Somalis had been killed.

A few days later, President Clinton began drawing up plans to pull out the troops.

Ecstatic Somalis ransacked the wreckage, stripping the helicopters and melting down the metal. Some people even ripped insignia patches off the bodies of the soldiers to keep as grim souvenirs.

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Maxamed Cali Geedi, who fought for Mr. Aidid years ago, still carries a set of insignia from an American sergeant's uniform.

"To remember my friends who were killed," he explained.

But Ms. Elmi had a different plan. Her husband had died a long time ago, and she had six children to feed. Two of her older sons were killed, she said, when the helicopter crashed. She dragged the cracked nose piece, about five feet across but actually pretty light because it was made of fiberglass, back to her house. She lives in the middle of a neighborhood named Tokyo, because it is so packed. It is a warren of tin shacks and sandy streets, as shot up and smashed by cannon fire as the rest of Mogadishu.

Ms. Elmi began humbly, charging neighborhood boys the equivalent of a few cents to get a peek at her one exhibit, the last known chunk of wreckage from what Somalis refer to as Ma-alinti Rangers, the Day of the Rangers.

But after the movie "Black Hawk Down" came out in 2001 — and pirated copies found their way to Mogadishu — business boomed.

"So many people came, I cannot count," she said. "White people, brown people, black people."

When asked why they come, she snapped: "How should I know? Do you think I am mind reader?"

The entrance fee is now around $3 for foreigners; locals get a discount and pay 75 cents.

Anthony C. Zinni, a retired American general who helped oversee operations in Somalia in 1993, said he thought it was a little weird that residents in a city littered with so much war wreckage would pay anything to see this. "Nothing, however, about Somalia surprises me," he added.

Ms. Elmi said that foreign visitors (most likely journalists and aid workers) usually tipped well, but that many times rude militiamen barged in and refused to pay at all.

Those days are largely over. Mogadishu is now ruled by Islamist clerics who have delivered a level of order and stability that the city had not seen for years, though that may not last. Part of the reason they rose to power was that the Islamists tapped into anti-American sentiment by challenging warlords backed by the United States.

Some people say they fear the Islamists will impose a draconian version of Islam in Somalia, which up until recently had been relatively secular.

But Ms. Elmi said she loved the Islamists. And she has her own reasons.

"They bring peace," she said. "And peace brings tourists."

Kenya Pressured To Apprehend Fugitive From Rwandan Genocide (MCT)

By Munene Kilongi

McClatchy Newspapers, September 29, 2006

NAIROBI, Kenya - U.S. and other international diplomats are stepping up pressure on Kenya to arrest the man who's accused of being the primary financier behind Rwanda's 1994 genocide.

Investigators with the International Criminal Tribunal for Rwanda, which is trying war-crimes suspects, have seen Felicien Kabuga, a wealthy businessman who allegedly provided money and supplies to the extremist Hutu militias that massacred 800,000 rival Tutsis over three months, several times this year in Kenya.

He's evaded capture repeatedly, leading some investigators to suspect that a security network linked to the Kenyan government is protecting him.

On Thursday, the tribunal's chief prosecutor, Hassan Bubacar Jallow, said Kenyan authorities had assured him after two days of meetings in Nairobi that they'd investigate suspected Kabuga associates, provide more information on his movements in and out of the country, and possibly seize assets.

"All the information that continues to reach us is to the effect that he visits or resides and carries on business in this country," Jallow said.

Kenyan officials denied knowledge of Kabuga's whereabouts and rejected claims of complicity, saying they'd helped capture several other Rwandan fugitives whom the tribunal wanted.

"Just because you suspect someone doesn't mean they are there," government spokesman Alfred Mutua said.

U.S. and European diplomats issued a joint statement Thursday urging Kenya "to pursue all available leads."

"We are hopeful that these efforts will soon bear fruit with the apprehension and prosecution of Mr. Kabuga before the ICTR," the statement said, referring to the tribunal.

In a visit to Kenya last month, U.S. Sen. Barack Obama, D-Ill., accused the country of providing safe haven to Kabuga, drawing sharp rebuttals from Kenyan officials.

The Tanzania-based tribunal indicted Kabuga in 1997. He's accused of supplying machetes, hoes and other tools that the extremist Interahamwe militia used as weapons.

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In 2002, U.S. authorities offered a $5 million reward for information leading to Kabuga's capture. The wealthy businessman - who's reported to hold stakes in Kenyan transportation, real estate and farming - is thought to have a formidable protection network that includes former Kenyan officials who tip him whenever investigators are closing in.

A Kenyan informant, William Munuhe, was murdered in 2002 one day before he was expected to lure Kabuga to a meeting at which U.S. investigators were to seize him.

"We have got very, very close to him and he has escaped," Jallow said.

Kabuga is one of 18 people who've been indicted in the Rwandan genocide but have yet to be captured. The others are thought to be hiding in the remote eastern reaches of the Democratic Republic of Congo, in territory held by Congolese rebels.

The tribunal has decided 31 cases stemming from the genocide and has convicted 26 people of war crimes. All cases are expected to be concluded by 2008.

Chávez's Anti-US Campaign (CSM)

By Howard LaFranchi

The Christian Science Monitor, September 29, 2006

WASHINGTON

Venezuelan President Hugo Chávez may be best known these days for vividly undiplomatic language about President Bush. Yet throughout his consolidation of power at home, the blunt-tongued Latin leader has been driven by a quest to build a bloc of like-minded countries united in opposition to the American superpower.

At first focused on South America, his vision has grown to embrace the world - in particular other energy-rich countries such as Iran and Sudan.

When Mr. Chávez called Mr. Bush "the devil himself" before the UN General Assembly last week, his remarks generated giggles, even applause. But can he form an alliance against American power?

The next test of his ambition will come next month, when the General Assembly is to decide if Venezuela will be among the next five countries to hold two-year seats on the United Nations Security Council.

"Chávez wants to be a global player taking a part in the big issues of the day - like Iran's right to a nuclear program - and he realizes the [Council] is the perfect platform for him to play that role," says Michael Shifter, vice president at the Inter-American Dialogue in Washington.

Although UN diplomats and analysts say that other criteria, including regional ties and economic relations, figure in how countries vote for the coveted Security Council seats, they also acknowledge that the Chávez factor will play a role.

One country that supports Venezuela's campaign is China, which is perhaps not enthralled with the Chávez rhetoric but is lured by the idea of more countries holding its worldview on the Council. China has not been shy about its preference to see greater respect in Security Council deliberations for nation-states' rights, and less attention to individuals' universal rights - ideas implicit in Chávez's discourse.

China also wouldn't mind beefing up the bloc of Security Council countries willing to stand up to the United States, analysts say. Others point out that Venezuela's competition for the open Latin American seat is Guatemala, which has opened diplomatic relations with Taiwan - a move China is keen to discourage.

Some "fence-sitting countries" might be "sympathetic to the notion that some counterweight to American power could be a good thing," says one UN diplomat who asked to remain unnamed because his position in dealing with UN members demands neutrality. "But imagine the pressure that could follow a vote for someone who just called the US president the devil."

Of course the Chávez campaign, joined most publicly by Iranian President Mahmoud Ahmadinejad, is not the first time countries have joined to check American power, as some foreign-policy practitioners note.

"It's been this way at the UN for quite some time," said John Danforth, former US ambassador to the UN, commenting at a Monitor breakfast this week.

Iconic figures of the cold-war era, from Nikita Khrushchev to Fidel Castro, also rose to the UN dais to challenge the US. One difference with the Chávez effort is that it is backed by Venezuela's oil wealth and Chávez's willingness to use his petrodollars to further his cause.

Even countries in the developing world with good relations with the US are not deaf to Chávez's siren song, some experts say. "Across the developing world, there's no doubt that in their view, the US has hijacked the actions of the Security Council," says Jeffrey Laurenti, a UN expert at the Century Foundation in New York. "To their eyes, special allies are protected - that means Israel - and others who get in [the United States'] way are labeled as rogues."

That view has been exacerbated by a "perfect storm" of actions in Washington, he says - including disregard for some international treaties - that leads some countries to nod in approval "at the notion of the US as a superpower rogue."

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Despite that, Mr. Laurenti says that Chávez "may have a price to pay" for his attacks when it comes time for the vote on Council seats, set for Oct. 16. "Before the speech, I would say Venezuela had a substantial lead," he says. "But there's also a sense that you don't want to have two years of constant invective in the Security Council."

Venezuela's bid for a seat is dividing Latin America, as countries consider what profile Chávez would give the region against that of Guatemala - which has US support. Regions often submit consensus candidates for the rotating Security Council seats, but last year Latin America was also the focus of the only contested election - which ended with Peru prevailing over Nicaragua.

The divisions fed by Chávez's rise is one reason for Latin America's lack of consensus, Mr. Shifter says, but so is the proximity and historic influence of the US. "The asymmetry of power between the US and Latin America continues to be a unique and defining factor of politics in this hemisphere," he says. "Chávez knows that and is trying to exploit it."

Still, Laurenti says that history suggests Venezuela's presence would not disrupt the Security Council, which remains dominated by its five permanent members. Noting that Cuba was on the Council in 1990-91 when the UN sanctioned the Gulf War, he says, "We could expect some bearbaiting in public, but behind closed doors Venezuela would be just as businesslike" as Cuba was.

Chavez Ally Surges In Ecuadorean Race (AP)

By Gonzalo Solano And Jeanneth Valdivieso

AP, September 28, 2006

A U.S.-trained economist has suddenly become the front-runner in Oct. 15 presidential elections by pledging to "give the lash" to his nation's corrupt political class and delivering an anti-U.S. message similar to that of Venezuelan President Hugo Chavez.

On a recent afternoon, Rafael Correa spoke to thousands of Indians in their native Quichua, reminding them that he lived among them two decades ago as a volunteer teacher and development worker, and brandishing a belt as he spoke out against the politicians who have long oppressed them.

"Dale Correa!" — "Give them the belt!" — the crowd responded, a play on the candidate's name.

Correa, 43, pledges to cut foreign debt payments and re-negotiate contracts with foreign oil firms to benefit Ecuador's poor majority. A relative political newcomer, he has risen suddenly in the polls in the last two weeks, alarming Washington and Wall Street — not to mention Ecuador's political establishment.

Correa's rhetoric echoes that of other Chavez allies, including President Evo Morales of Bolivia and Ollanta Humala, the nationalist who came close to winning Peru's presidency this year. Last week, Chavez called President Bush "the devil" in a speech to the U.N. General Assembly.

"Calling Bush the devil is offending the devil," Correa told Channel 8 television Wednesday. "The devil is evil, but intelligent."

"I believe Bush is a tremendously dimwitted president who has done great damage to his country and to the world," Correa said.

Tall, dark-skinned with blue eyes and exuding confidence, Correa has about 27 percent backing in the polls, 7 points ahead of his closest challenger, Leon Roldos, a center-left former vice president. Conservative former Rep. Cynthia Viteri trails a distant third among 13 candidates.

If no candidate wins more than half the vote — or at least 40 percent with a 10-percentage point advantage over the nearest challenger — a runoff will be held on Nov. 26.

In this small Andean nation notorious for its unstable, corrupt politics — Ecuador has had seven presidents in the last 10 years, three of whom were forced from office — Correa is seen as something of an outsider.

Correa "is new, with a dynamic spirit, and I like that," said Franklin Almachi, a 40-year-old Indian merchant from the village of Guaytambo. "He doesn't come off like the rest of the same old" politicians.

Until recently a professor at Quito's San Francisco University, Correa earned his doctorate from the University of Illinois in 2001.

He was a political unknown in April 2005, when he was appointed economy minister. He was forced to resign after four months when he failed to consult the president before publicly lambasting the World Bank for denying Ecuador a $100 million loan.

Since then, Correa has cozied up to Chavez, Latin America's outspoken anti-U.S. crusader. Correa says that in August he dined with Chavez and spent the night at the home of the Venezuelan president's parents.

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Chavez — who has been accused of meddling in elections this year in Peru, Mexico and Nicaragua to boost leftist candidates — has made no public statement about Correa or his presidential bid. Correa denies allegations that Chavez is financing his campaign.

Correa describes himself as a man of "Christian leftist" ideals, telling foreign correspondents on Monday that "my political, economic and social thinking is nourished by the sacred writings and social doctrine of the church."

He opposes resuming stalled free-trade talks with Washington and says he would not extend a treaty scheduled to expire in 2009 that lets the U.S. military use Manta air base for drug-surveillance flights.

Correa also says he will cut ties to international lending institutions, including the World Bank and the International Monetary Fund, and has threatened a moratorium on foreign debt payments unless foreign bondholders agree to lower Ecuador's debt service by half.

Correa is even tougher on Ecuador's political class, pledging to hold a constituent assembly to rewrite the constitution to increase the executive branch's power.

His political foes say Correa would ruin the economy. But not everyone familiar with his background agrees.

"My guess is that some of the posture he's taking now is because that's the way he hopes to get elected and win votes," said University of Illinois economics professor Werner Baer, who sat on the committee that approved Correa's doctorate. "Once in power, I doubt that he would be virulently anti-American like Chavez."

Baer described Correa as a top-notch economist, and said he would more likely follow the lead of President Luiz Inacio Lula da Silva of Brazil, who spooked investors with radical discourse as candidate, but once in office "became extremely orthodox in his economic policy."

U.S. Aims To Financially Impair Suspects (AP-Y)

By Jeannine Aversa

AP, September 28, 2006

The Bush administration moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror.

The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them.

Six of the nine people suspected of links to the Revolutionary Armed Forces of Colombia were indicted by a federal court in Washington as part of a narcotics conspiracy, the department said. Those six were: Jose Juvenal Velandia, Jose Lisandro Lascarro, Alvaro Alfonso Serpa Diaz, Gener Garcia Molina, Gerardo Antonio Aguilar Ramirez and Gentil Alvis Patino.

Also designated was Ferney Tovar Parra, described as a member of the Colombian group, who has been indicted on federal drug trafficking charges in the Southern District of Florida, the department said.

Rodrigo Granda Escobar, an international representative for the Colombian group, and Jesus Emilio Carvajalino, a member of the group's governing body, also were designated, according to the department.

The group also is known by FARC, the acronym for its Spanish name Fuerzas Armadas Revolucionarias de Colombia.

"Today's action exposes key figures in the violent underworld of the FARC, one of the world's largest suppliers of cocaine and a notorious Colombian terrorist organization," said Adam Szubin, director of the Treasury Department's Office of Foreign Assets Control.

Separately, the department acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug trafficking outlet.

The targeted companies are the Tijuana real-estate firms Playa Mar S.A. de C.V; Inmobiliaria Esparta S.A. de C.V.; Inmobiliaria La Provincia S.A. de C.V.; Inmobiliaria Estado 29 S.A. de C.V.; and Inmobiliaria Tijuana Costa S.A. de C.V.

The people targeted included "long-term financial associates" of Aguirre Galindo, including Alberto Afredo Valencia Martinez, Urbano Hernandez Somero and Aguirre Galindo's son, Manuel Francisco Aguirre Ramos, the department said.

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On the Net:

OFAC: http://www.ustreas.gov/offices/enforcement/ofac/

Russia Recalls Envoy To Georgia (WP)

By Peter Finn

The Washington Post, September 29, 2006

DOJ_NMG_0071326

TBILISI, Georgia, Sept. 28 -- Russia recalled its ambassador to Georgia on Thursday and warned that it would use "all means available to us" to secure the release of Russian military intelligence officers arrested here Wednesday on charges of espionage.

In New York, the Russian government called an emergency meeting of the U.N. Security Council in an attempt to step up international pressure on Georgia to exercise restraint. But the council decided to defer consideration of a Russian statement on the crisis in Georgia until Friday, following a request by the United States and others.

Russian aircraft were to fly some Russian citizens home Friday.

Georgian police continued to surround Russian military headquarters in central Tbilisi, the Georgian capital, demanding that the Russians turn over another officer who they say is also implicated in spying. Russia has maintained a military presence in Georgia, its southern neighbor, since the fall of the Soviet Union, although all its troops are scheduled to be withdrawn by 2008.

Relations between the two countries have been marked by mutual loathing since President Mikheil Saakashvili came to power here in January 2004 and declared his intention to take Georgia, a former Soviet republic, out of Russia's orbit and into the NATO alliance.

Georgia also accuses Russia of supporting two breakaway regions that are inside the country's internationally recognized borders but have been effectively independent since short, bloody wars in the early 1990s.

On Wednesday, Georgian officials announced that they had arrested four Russian officers -- three lieutenant colonels and a major -- accusing them of attempting to gather classified information on Georgia's cooperation with NATO and on some of its military deployments. The Interior Ministry here said Thursday that it had detained two more Russian servicemen on suspicion of espionage.

After the arrests, barrages of rhetoric about the officers flew across the Caucasus Mountains, which separate the two countries.

"The charges that have been brought against them are moronic and absolutely far-fetched," said Russian Defense Minister Sergei Ivanov, visibly angry as he spoke on Russian television Thursday. "As for the prosecution case, I will not be surprised if they get indicted for planning to steal the sun from the sky."

Russia's foreign minister, Sergei Lavrov, speaking during a visit to Sakhalin, in Russia's far east, said his government would achieve the men's release "with all the means available to us," according to the RIA Novosti news agency. The Interfax agency said he called the arrests "the latest example of an anti-Russian policy."

Georgian officials continued to insist that they had audio and video evidence of the Russians' involvement in espionage. They also said they had arrested 12 Georgian citizens who were recruited by the Russians.

"We will not allow agents and spies to be on the loose here," said Defense Minister Irakly Okruashvili. "My counterpart, Mr. Ivanov, is irritated because he has found himself in a hot spot as his men have been detained and charged with spying."

Georgia's interior minister, Vano Merabishvili, said, "The files reliably show officers of Russia's Main Intelligence Directorate personally conducting intelligence activities, personally recruiting Georgian nationals, and carrying out unlawful activities."

Merabishvili said the spy ring was led by a Russian who was involved in a car bombing that killed three police officers in the provincial town of Gori in February 2005.

Russian defense officials said the arrested officers had not been posted to the region until the summer. Some Russian lawmakers called for military action to free the officers, but Ivanov said Russia's response would be "sensible and judicious.'

In addition to recalling its ambassador, who will leave Friday, Russia stopped issuing visas to Georgians on Thursday. The Foreign Ministry also said it was ordering the partial evacuation of Russian officials and their families living in Georgia and advising Russian citizens not to travel there.

Saakashvili described the evacuation as "hysteria" and said, "Russian personnel and their families face absolutely no threat here."

Analysts said Russia might also consider some form of sanctions, including a ban on remittances from the many Georgians living and working in Russia. But Russia has already used up much of its economic leverage by banning the import of Georgian wine and bottled water and restricting sales of produce and other products.

"Russia has already used all possible tools of pressure," said Ghia Nodia, chairman of the Caucasian Institute for Peace, Democracy and Development in Tbilisi. "It is believed here that Russia is trying to overthrow the government."

Some Russian analysts said further sanctions were likely. "Symmetrical actions are possible, too -- I mean the arrest of Georgian citizens in Russia," said Boris Makarenko of the Center for Political Technologies in Moscow. "I thought it was almost impossible to make the relations worse. Now it turns out it was possible."

Russia Outraged By Arrest Of 5 Military Officers (LAT)

DOJ_NMG_0071327

By Alex Rodriguez
The Los Angeles Times, September 29, 2006

MOSCOW — Russia reacted furiously Thursday to Georgia's arrest of five Russian military officers on spying charges, labeling the action "wild and hysterical" and recalling Moscow's ambassador.

Georgian authorities have not fully explained the charges against the five officers, saying only that the men set up a spy ring that for several years sought information about Georgia's defense capabilities, energy security and efforts to join the North Atlantic Treaty Organization.

The officers were arrested Wednesday in Tbilisi, the capital, and in the Black Sea port of Batumi. Georgian police have cordoned off Russia's military headquarters in Tbilisi, where authorities say a sixth Russian military intelligence officer is hiding to avoid arrest.

The arrests drew condemnations from Russia's top leaders, including Defense Minister Sergei B. Ivanov, who demanded that the officers be released. He called the charges "moronic and absolutely far-fetched…. I would not be surprised if they get indicted for planning to steal the sun from the sky."

The Russian Foreign Ministry said it was concerned about the safety of Russian Embassy workers and their families in Georgia, and would begin a partial evacuation today. A statement on the ministry's website urged all Russians to avoid traveling to Georgia. The Russian Embassy in Tbilisi stopped issuing visas to Georgians planning to travel to Russia.

Moscow's relationship with Georgia has long been strained, but it worsened considerably with the rise of Georgian President Mikheil Saakashvili, the Western-educated reformist who led the so-called Rose Revolution against President Eduard A. Shevardnadze in 2003.

Saakashvili has turned his small mountainous republic on Russia's southern border into a strong U.S. ally that is pursuing membership in NATO and integration with Europe.

Russia has about 3,000 troops in military bases in Batumi and near the border of Georgia and Armenia, holdovers from the Soviet era. The Kremlin has pledged to shut the bases by 2008.

The officers arrested Wednesday are members of Russia's military intelligence service and do not have diplomatic immunity, Georgian authorities said. At least 10 Georgian nationals accused of working with the officers also were arrested.

Georgian Interior Minister Vano Merabishvili said the men would be formally charged today.

Russia To Grant Cuba $350 Million Credit (AP)

By Andrea Rodriguez
AP, September 28, 2006

Russia agreed on Thursday to grant Cuba credit worth $350 million and restructure some of its recent debt during a visit by Russia's prime minister, officials said. The two countries also signed a military cooperation agreement.

Cuban Defense Minister Raul Castro, who is acting president while his elder brother Fidel recovers from intestinal surgery, gave red-carpet treatment to Mikhail Fradkov, the highest-ranking Russian official to come to Cuba since a visit by President Vladimir Putin in 2000.

Wearing a gray suit instead of his customary military uniform, Castro escorted Fradkov through the halls of Havana's Palace of the Revolution, past rows of soldiers playing Cuba's anthem.

The two met privately and did not speak to the press about the encounter.

But Alexander Bochanov, the press liaison at the Russian Embassy in Havana, said that Russia had agreed to restructure some $166 million of debt acquired in recent years.

The $350 million line of credit will be used to buy Russian goods and services. It is a 10-year loan with annual 4-percent interest, according to Russia's RIA Novosti news agency, which reported that Fradkov said the credit would be used to help modernize Cuba's energy sector and transportation system, reconstruct water conservation facilities and railroads, and design and deliver air navigation systems.

Under an ideological and economic alliance that lasted three decades, Cuba once relied on Soviet Union subsidies for about 20 percent of its gross national product. Its economy has since become more self-sufficient, though it now benefits from strong relations with Venezuela, its current leading trading partner.

Bochanov said Raul Castro and Fradkov did not discuss Cuba's Soviet-era debts with Moscow, which Russian media reports have estimated at more than $20 billion. Havana puts the amount at closer to $11 billion.

Fradkov arrived in Havana late Wednesday as the head of a delegation looking to increase business with Cuba in the aviation, transport and energy sectors.

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The group will visit Russia's pavilion at the International Transport Fair taking place in Havana through Saturday. Fradkov will also go to the island's Center for Genetic Engineering and Biotechnology, and is scheduled to meet Friday with Parliament Speaker Ricardo Alarcon.

Relations between Russia and Cuba chilled after the Soviet Union's collapse but warmed with Putin's visit in 2000.

The Caribbean island exports sugar to Russia, as well as vaccines and other products from its advanced biotech industry.

Wary Eye Cast On Abe's 'New Japan' (LAT)

By Bruce Wallace

The Los Angeles Times, September 29, 2006

TOKYO — For those who view Japan's swelling nationalism through suspicious eyes, there is plenty of evidence that the World War II loser is straining at its pacifist shackles.

New Prime Minister Shinzo Abe has vowed to rewrite Japan's war-renouncing constitution. He yearns for a robust role in world affairs, and has even mused about the possibility of a pre-emptive military strike against North Korean missile sites.

Abe's talk of a "new Japan" also includes a plan to inculcate patriotism in schools and put an end to teaching what he calls a "masochistic" version of Japanese history. His newly minted Cabinet tilts so far to the hawkish side of Japanese politics that Mizuho Fukushima, the opposition socialist leader, has christened it "a Cabinet to prepare for war."

So as Abe took power this week, wary observers warned of a virulent form of nationalism they say is moving into the mainstream for the first time since Japan's defeat in 1945. Those voices came from American and European analysts, not just from China and Korea (the usual suspects, to Abe supporters), where memories of Japan's imperial aggression still burn. When Abe suggested during the summer that it might be necessary to take out North Korea's missile bases in self-defense, South Korea's government spokesman said the declaration "unveiled Japan's expansionist nature."

Is Japan sliding back to the dark days of the militarist 1930s? Are the Japanese really prepared to surrender their breathtaking materialism for the sort of foreign adventures that brought ruin upon their grandparents' generation?

Absurd, the Abe crowd responds.

"No single Japanese person thinks we are going back to that period," says Yoshihide Suga, one of the governing Liberal Democratic Party's most conservative members and someone who was an early Abe ally on the need to take a hard line with North Korea. "Other countries accuse us of going in a militarist direction, but we are just trying to become a normal country."

Those who dispute parallels with the 1930s point out that military spending then was the largest single budget item, whereas now it is less than 1% of Japan's gross domestic product. And unlike the 1930s, Japan no longer has a command economy tailored to the needs of the armed forces, and civilian leaders do not bend to the will of the army and navy.

Yet Abe's supporters do want to roll history's clock back if only as far as 1945. Their quarrel is with the political culture that was thrust on Japan after the war. Their targets are the American-imposed constitution and an accompanying education system they accuse of weakening traditional Japanese values and leading to a morally flabby nation.

"When we mention conservative politics, it is not the same as prewar politics or militarism," says Hakubun Shimomura, deputy chief Cabinet secretary of Abe's new government. "It is not an arrogant nationalism. We are not hostile to other cultures. But we want Japanese people to respect traditional Japanese culture, a culture that goes back more than 2,000 years but which has been weakened in the last 60 years."

It is a recurring theme with this new generation of nationalists. Yes, we got rich under the postwar American umbrella, they say. But the excesses of foreign values also infused an individualistic streak that diluted the social harmony at the core of Japanese society.

Foreigners look upon Japan as a remarkably cohesive society, but conservatives here see runaway egotism. And they complain that it has led to more broken families, a dearth of discipline in schools, youths adrift without jobs or hope — and even children who kill their parents.

And they fret that a rapacious capitalism accompanying globalization is undermining Japan's business culture, which has traditionally been far less cutthroat.

"Abe's stance is that postwar Japan is bad," says Takashi Tachibana, a commentator and author who has written about Japan's prewar intellectual class and is a critic of the new prime minister. Tachibana says Abe sees the constitution and the 1947 basic education law as the underpinnings of a stunted postwar era, "the root of all evils that need to be fixed."

Abe's is not a minority view. Polls show nearly two-thirds of Japanese support a new education law that would require schools to teach patriotism. Although teachers have resisted school board directives ordering them to stand, face the flag and sing the national anthem at school ceremonies, others see patriotic education as simply code for restoring discipline in classrooms gone wild.

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Gearing up for a battle to rewrite the education law, Abe has stocked his Cabinet and closest advisors with socially conservative politicians connected to the clamor to restore family values.

The mood is reflected in Japan's popular culture. One of the best-selling books this year has been Masahiko Fujiwara's "Dignity of a State," a lament for the lost values of bushido that the author contends lie at the heart of Japan's national character. Better known as the samurai warrior's code, bushido emphasizes a public morality based on virtues such as benevolence, loyalty, respect and honesty.

These values strike a chord in a society wounded by the decade-plus malaise that followed the economic collapse of the 1990s. When the Tokyo office of Warner Bros. was looking for ways to market Hollywood's "The Last Samurai" to a modern young Japanese audience in 2004, it chose to emphasize the vitality of the movie's bushido theme. The film made $115 million in Japan.

"Even though kids didn't know a lot about bushido, it appealed to something in the national DNA," said William Ireton, head of Warner Japan.

Those are just the sort of emotional atmospherics that worry Abe's critics. They note the newfound willingness to question postwar shibboleths such as pacifism and war guilt. And they fear a mass mood could be manipulated into something more sinister, pointing to recent cases of government critics intimidated by threats of violence from right-wing extremists.

Abe's circle dismisses such cases as individual acts, sporadic in nature, and certainly not as savage as the attacks from the hard left in the 1960s and '70s. Its members recall the days of massive anti-American demonstrations and the bombing of industrial targets by left-wing groups.

In fact, they say, right-wing violence is declining, along with the number of groups involved.

Abe and his colleagues represent the backlash to the leftist cultural politics of the postwar era. Shimomura, the deputy chief Cabinet secretary, says he looks back at his schooling and "can tell I was brainwashed by left-wing teachers. When I was a child, I was taught to have a negative view of the Japanese flag and national anthem."

For this generation of conservatives, any existential threat to Japan comes not from resurgent militarism at home but from undemocratic, communist governments in China and North Korea. They worry that Japanese diplomatic instincts have atrophied over 60 years of relying on the pacifist constitution for protection. The Abe crowd is highly critical of the diplomats in the Foreign Ministry, whom they accuse of tiptoeing around North Korean and Chinese sensibilities instead of standing up for Japan.

"The older generation was brainwashed by the postwar pacifist education system, but Abe is a realist who sees the dangers in northeast Asia and understands the delusion of pacifism," says Hideaki Kase, a conservative media commentator. "Japan has been sleeping, and we are waking up to a North Korean nuclear threat and a China that is building its military power and trying to exercise hegemony in Asia.

"Abe has less trust than the older generation in an absolute dependence on U.S. military protection."

To critics, this is just the kind of talk that leads to trouble. The danger, they say, lies in miscalculation, in the hubris that can sink great ambitions.

"It's not that Abe himself is so extreme," Tachibana says. "But when a nation starts taking a strange direction, events can build. No one predicted that the war Japan started against China would spread to all of China and eventually into a Pacific war.

"But it ended up destroying Japan."

Don't Force Democracy In Burma (NYT)

By Thant Myint-U

The New York Times, September 29, 2006

THIS afternoon, the United Nations Security Council will hold its first-ever meeting on Myanmar, also known as Burma. The American ambassador to the United Nations, John Bolton, has pushed hard for this meeting, arguing over Chinese and Russian objections that the situation in Myanmar constitutes a threat to international peace and security and warrants urgent attention.

Recent reports warn of severe human rights abuses, ethnic violence and a looming humanitarian emergency. An intransigent military regime seems unwilling to begin even the first steps toward a democratic transition, and calls from advocates for tougher sanctions and censure of all kinds have become more strident.

But will any of this work? What outside pressure can bring about democratic change? And why, after nearly two decades of boycotts, aid cutoffs, trade bans and diplomatic condemnation, are Myanmar's generals apparently more in charge than ever before? Are we really looking at Myanmar — a country of some 55 million people — in the right way?

Though interest and concern over Myanmar has mushroomed in recent years, few really understand its history. There is, for example, the myth that Burma emerged, at its independence from Britain in 1948, a rich and promising country only to descend into poverty and violence under the present military regime.

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In fact, Burma in 1948 was already at war with itself, a bloody civil war that became one of the longest-running armed conflicts in the world. For more than four decades the Burmese Army battled communist insurgents as well as an array of ethnic rebels and drug warlord militias.

In the course of this civil war, the army learned from the United States, Britain, Australia, Israel and other countries, becoming ever more professional, growing in size and eventually, in 1962, overthrowing the civilian government, in part to prosecute the war without interference from politicians and party politics. Once numbering only 2,000, the Burmese Army is today, at more than 400,000 soldiers, among the biggest and most experienced in the world.

For many on the outside, the story of Myanmar's last 20 years has been one of a pro-democracy movement held down by repression. But the generals see it as a civil war finally coming to an end with the collapse of the communist insurgency in 1989 and the cease-fire agreements, in the late 1980's and early 1990's, between the army and 17 of its remaining battlefield opponents. For the generals, the near conclusion of the war is the very beginning of a long state-building exercise (on their terms), rather than a time to hand over power to the politicians they distrust.

We incorrectly see Myanmar as a "democracy transition" problem, sort of a Velvet Revolution gone wrong. But it actually represents a post-conflict challenge, more like Afghanistan or the war-torn societies of sub-Saharan Africa — and therefore incredibly complex.

And what of sanctions? In 1962, the military's chief, Gen. Ne Win, and his Revolutionary Council sealed off the country, banning almost all external trade and investment, kicking out foreign aid programs, nationalizing businesses, expelling ethnic Indian communities and shutting the door to all tourism. The result was disaster for an already impoverished economy.

And then, in the early 1990's, a new generation of army officers, while shunning meaningful democratic change, wanted an end to the country's international isolation and allowed market-oriented economic reforms, hoping to attract tourism and foreign investment for the first time in decades.

But this was a hesitant move. Some believed the market-oriented reforms were going too far, that the country was opening up too fast. In this context, Western sanctions and boycotts have strengthened the hand of those who oppose even these tentative measures, rather than acting as pressure for more basic political change.

Myanmar is also a country emerging only cautiously from more than 30 years of self-imposed isolation, with a tough military machine and a society brutalized from generations of war. The cease-fires could still unravel, state structures (other than the armed forces) are nearly nonexistent and millions of poor people, long denied access to foreign aid, might soon face more dire conditions. Only the army will do well with more international isolation.

This is all not to say that Myanmar shouldn't be a democracy. Far from it. Only liberal democracy can bring long-term stability to a country as ethnically and culturally diverse as Myanmar. The question is how to go from here to there, leave behind the rhetoric and look for practical measures based on a better understanding of the country's past. As the Security Council takes up Myanmar for the very first time, it would be good to be mindful of Burmese history.

Thant Myint-U is the author of the forthcoming"The River of Lost Footsteps: Histories of Burma."

Clinton And Blair Map A Path Of Change (FT)

By Philip Stephens

Financial Times, September 29, 2006

It is not often that you hear the most accomplished communicators in politics speak from the same platform. It happened this week in Manchester. Tony Blair was saying goodbye to his party. Bill Clinton, the British prime minister's long-time friend and mentor, gave a masterclass in how there can, after all, be life after high office.

Mr Blair's final speech as leader to the annual gathering of the Labour faithful left many in the hall wondering why they were letting him go. True, there has never been great affection between leader and party. He has always been too dismissive of its ideological icons. In recent years, the relationship has been poisoned by Iraq. But his dazzling performance at the podium reminded the audience once again just why they have been in power for the past decade. "Thank God he is going", was the reaction of David Cameron's Conservatives.

Gordon Brown, Mr Blair's most likely though not yet certain successor, has his own qualities, not least a solidity that many may find a welcome contrast to some of the celebrity spin of the past few years. But the chancellor will never match Mr Blair's charm and charisma – nor his easy skill in weaving the myriad complexities of modern life into a persuasive narrative for change.

Mr Brown's fear must be that he will inherit the crown not by acclaim but by default. There was no shortage of fellow ministers in Manchester ready to conclude that his campaign for the leadership looks unstoppable. There were almost as many voicing doubts that he can beat Mr Cameron, the youthful Conservative leader, in a general election.

The only person who can upstage Mr Blair these days is Mr Clinton. In Manchester, the former US president was careful not to steal the prime minister's thunder. Instead, in the guise of the visiting kindly uncle, he offered a gentle sermon on the

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implications for progressive politicians of globalisation. The brilliance lay not so much in the rhetorical construction, but in the simple clarity of the thinking and the deftness of touch and timing.

Mr Clinton has his flaws. In the end, his presidency was defined as much by regret at what might have been as by its achievements. But every time I listen to him, I am reminded of the petty vindictiveness of the Republicans who sought to force him from office because of a tryst with a White House intern.

It was not all schmaltz. Far from it. Messrs Clinton and Blair remain the two leaders who best understand the crucial difference between ends and means in politics. Their electoral success was built in detaching the progressive values of their parties from the outdated and mostly unpopular policies with which they had become fatally entangled.

During the 1990s, the two men redrew the old left-right boundaries by embracing effective economic management as the route to a fairer society. That meant bullying Democratic and Labour colleagues alike into abandoning old shibboleths about the size and purpose of the state as well as positioning the two parties as allies of aspiration as well as compassion.

In those days, Mr Blair dared remind his party that respect for the law was as much a progressive as a conservative value. I seem to recall that Mr Clinton's reform of the American welfare system to get benefit recipients back to work was excoriated at the time by many in his own party. Now it is lauded for helping to pull hundreds of thousands of Americans out of poverty and dependency.

There are plenty of Democrats, and Labourites, who think the switch from big to active government was change enough. They want a rest. The insight shared by Mr Clinton and Mr Blair is that change must become a permanent feature of centre-left politics. Globalisation has rewritten the rules of the game. In the former president's description, the choice is not between change and the status quo but between managing change and being washed away by it.

This may sound something of a platitude. But look around Europe or, for that matter, at the Democrats in the US and it has yet to be grasped. Trade protectionism in Washington, a backlash about European Union enlargement in Brussels and defence of the existing social model in Paris, speak to the same delusion: that governments can throw up the barricades against the world beyond.

Only this week we have seen the EU's decision to admit Bulgaria and Romania raise all sorts of alarms about organised crime, migration and the rest. The assumption is that by keeping them out, the rest of Europe could avoid such threats. But the Union's borders are porous. By some estimates, fully 90 per cent of the heroin reaching western Europe from Afghanistan comes through Kosovo. Yet Kosovo is probably a decade from membership of the club.

The most interesting part of Mr Blair's speech covered precisely this ground. The task in the 1990s, he said, had been to prove that sound economics and social justice did not stand in opposition to each other. The challenge now was to show that openness to the opportunities of globalisation can be combined with measures to ensure security, physical and economic, against its threats.

That will not be quite as easy as either of the stars at the Manchester podium made it sound. One of the big consequences of borderless trade and capital flows, instant global communications and mass migration has been a weakening of the nation state. Paradoxically, these same forces lead individual citizens to look to national governments for protection against the new insecurities.

The challenge to centre-left governments is particularly acute. Nine years of a Labour government in Britain has called a halt to rising inequality. But only just. And all the economic pressures of globalisation are pulling in the opposite direction. None of these circles is easily squared. But, in Mr Blair's characterisation, the bigger mistake would be retreat to the illusory comfort zone of the status quo.

There is something wistful about Mr Clinton these days. It is as if the energy he now invests in efforts to combat disease in Africa and to promote international action on climate change is in part a penance for opportunities missed. For his part, Mr Blair is in no mood for apologies – for Iraq or anything else. That may change when he joins his friend on the international lecture and, I suspect, public service circuit. Either way, I can think of no other two politicians who better describe the realities of the modern world.

Islam And The Pope (NYT)

By Thomas L. Friedman

The New York Times, September 29, 2006

We need to stop insulting Islam. It's enough already.

No, that doesn't mean the pope should apologize. The pope was actually treating Islam with dignity. He was treating the faith and its community as adults who could be challenged and engaged. That is a sign of respect.

What is insulting is the politically correct, kid-gloves view of how to deal with Muslims that is taking root in the West today. It goes like this: "Hushhh! Don't say anything about Islam! Don't you understand? If you say anything critical or questioning about

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Muslims, they'll burn down your house. Hushhh! Just let them be. Don't rile them. They are not capable of a civil, rational dialogue about problems in their faith community."

Now that is insulting. It's an attitude full of contempt and self-censorship, but that is the attitude of Western elites today, and it's helping to foster the slow-motion clash of civilizations that Sam Huntington predicted. Because Western masses don't buy it. They see violence exploding from Muslim communities and they find it frightening, and they don't think their leaders are talking honestly about it. So many now just want to build a wall against Islam. It will be terrible if Turkey is blocked from entering the European Union, but that's where we're heading, and the only thing that will halt it is honest dialogue.

But it is not the dialogue the pope mentioned — one between Islam and Christianity. That's necessary, but it's not sufficient. What is needed first is an honest dialogue between Muslims and Muslims.

As someone who has lived in the Muslim world, enjoyed the friendship of many Muslims there and seen the compassionate side of Islam in action, I have to admit I am confused as to what Islam stands for today.

Why? On the first day of Ramadan last year a Sunni Muslim suicide bomber blew up a Shiite mosque in Hilla, Iraq, in the middle of a memorial service, killing 25 worshipers. This year on the first day of Ramadan, a Sunni suicide bomber in Baghdad killed 35 people who were lining up in a Shiite neighborhood to buy fuel. The same day, the severed heads of nine murdered Iraqi police officers and soldiers were found north of Baghdad.

I don't get it. How can Muslims blow up other Muslims on their most holy day of the year — in mosques! — and there is barely a peep of protest in the Muslim world, let alone a million Muslim march? Yet Danish cartoons or a papal speech lead to violent protests. If Muslims butchering Muslims — in Sudan, Iraq, Egypt, Pakistan and Jordan — produces little communal reaction, while cartoons and papal remarks produce mass protests, what does Islam stand for today? It is not an insult to ask that question.

Muslims might say: "Well, what about Abu Ghraib, Guantánamo or Palestine? Let's talk about all your violent behavior." To which I would say: "Let's talk about it! But you'll have to get in line behind us, because we're constantly talking about where we've gone wrong." We can't have a meaningful dialogue if we, too, are not self-critical, but neither can Muslims.

Part of the problem in getting answers is that Islam has no hierarchy. There is no Muslim pope defining the faith. There are centers of Muslim learning, in Egypt and Saudi Arabia, but their credibility with the masses is uneven because they're often seen as tools of regimes. So those Muslim preachers with authenticity tend to be the street preachers — firebrands, who gain legitimacy by spewing hatred at both their own regimes and the Western powers that support them.

As a result, there is a huge body of disenfranchised Sunni Muslims, who are neither violent fundamentalists nor wannabe secularists. They are people who'd like to see a marriage between Islam and modernity. But right now there is little free space in the Sunni Muslim world — between the firebrand preachers and the "official" ones — for that synthesis to be discussed and defined.

I had hoped Iraq would be that space. Whenever people asked me how I'd know if we'd won in Iraq, I said: when Salman Rushdie could give a lecture in Baghdad. I'm all for a respectful dialogue between Islam and the West, but first there needs to be a respectful, free dialogue between Muslims and Muslims. What matters is not what Muslims tell us they stand for. What matters is what they tell themselves, in their own languages, and how they treat their own.

Without a real war of ideas within Islam to sort that out — a war that progressives win — I fear we are drifting at best toward a wall between civilizations and at worst toward a real clash.

Tales From The Crypt (WSJ)

The Wall Street Journal, September 29, 2006

America's fall from the top of the World Economic Forum's latest competitiveness rankings, released this week, drew the usual reactions from the usual suspects. Namely, that the U.S. will continue to slide beyond its new sixth-place position if it doesn't "adopt the Nordic model of high taxes, a generous social safety net and lightly regulated markets," as a Washington Post columnist put it.

Really? Let's take a closer look. As compilers with the Heritage Foundation of the annual Index of Economic Freedom, we think an index can usefully highlight policy successes and shortcomings. But the conclusions depend on the assumptions. In WEF's "Global Competitiveness Report," a key assumption is that balancing the national budget is itself a great good, no matter how it's done.

According to the WEF, this is America's biggest shortcoming: "With potentially open-ended expenditure commitments linked to defense and homeland security, ongoing plans to further lower taxes, as well as other longer-term potential claims on the budget" -- here the authors speculate about global warming -- "the prospects for sustained fiscal adjustment do not seem bright." They also throw in a low national savings rate and the trade deficit to justify the demotion.

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This notion that economies rotate on the axis of fiscal deficits is a familiar idea straight from the crypt of the International Monetary Fund. On this reasoning Sweden has a stronger economy than the U.S. Sweden is number three on the WEF list, despite 17% hidden unemployment and a fraction of America's growth in the past decade.

The Nordic countries have improved in recent years, but their prosperity is the result of free-market reforms. And they're not finished: Swedish voters just elected a center-right government that plans to, yes, cut taxes and loosen labor-market regulations. That might cost the Swedes in the next "Global Competitiveness Report," but we'll leave it to them to decide whether the gains from faster growth and fewer jobless -- criteria not considered by the WEF green-eyeshade crowd -- are worth it.

Regarding deficits, the question is how to put a budget back in balance: through expenditure cuts or tax hikes. Keeping spending growth at a rate lower than revenue increases is the way to trim deficits without hurting economic growth. Thanks to the growth spurred by the 2003 tax cuts, U.S. revenues have climbed by some $500 billion in the past two years. Even with spending on a war against radical Islamists, America's budget deficit is heading toward 2% of GDP.

Speaking of fiscal discipline, who does the WEF consider star performers? Meet the Algerian Tiger. By the WEF's methodology, this poor Maghreb country that lost 200,000 lives in a 1990s civil war is tops in terms of budget surplus, national savings, public debt, inflation, interest-rate spread and real effective exchange rate. Hearing this, the millions of Algerians struggling to build better lives in Europe will surely rush home.

The Davos crowd would also, apparently, prefer Canadian and British hospitals over American ones. The U.S. ranks below them in the health-care table, which relied on HIV infection, life expectancy and infant mortality measures. Tell that to the Canadians fleeing south of the border to escape the long lines and poor services offered by their socialized medical system.

The U.S. at least gets credit for setting the standard in higher education, market efficiency, innovation and business sophistication. But the WEF's headline findings give new life to the old wish-fantasy about Europe's economic superiority. If one ignores economic growth, unemployment and per-capita income, as this index does, it almost seems true.

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USDOJ- Office of Public Affairs

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Sent:	Friday, September 29, 2006 8:19 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, September 29, 2006
Attachments:	agnb060929.pdf; agnb060929.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 29, 2006 7:45 AM EDT

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TERRORISM NEWS:

Administration Detainee Policies Endorsed By Senate. The Senate provided President Bush with a legislative victory by passing a bill allowing the Administration to continue to prosecute and interrogate suspected terrorists. It passed by a 65-34 margin with over 25 percent of Democratic Senators supporting the bill. Passage of the bill received significant front page coverage in the major US newspapers.

Providing the most extensive coverage among the nightly news programs, NBC Nightly News (9/28, story 3, 2:10, Williams, 9.87M) reported, "Now to a major development there on Capitol Hill tonight, a big vote in the Senate to give final approval to a bill giving President Bush unprecedented powers to prosecute and interrogate terrorism suspects over the objections of some Democrats. It has been a very emotional debate. Our report tonight from NBC's Chip Reid." NBC (Reid) added, "Republicans are calling it a big victory for President Bush. In a rare visit to Capitol Hill this morning, the President personally lobbied Republican senators to pass the detainee bill. This afternoon, he got what he asked for." Reid concluded the story: "Republicans say they will go after Democrats who opposed the bill, but the Democrats say they, too, want to get the terrorists, but do it within the Constitution."

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CBS Evening News (9/28, story 5, 0:15, Couric, 7.66M) briefly noted that "after a long political battle, the Senate is expected tonight to approve President Bush's revised plan to deal with foreign terror suspects. He could sign it as early as tomorrow. The bill creates military commissions to prosecute the suspects and set guidelines for the questioning of detainees."

The Washington Post (9/29, A1, Babington, Weisman, 748K) in a front page article titled "Senate Approves Detainee Bill Backed By Bush" reports, "The Senate joined the House in embracing President Bush's view that the battle against terrorism justifies the imposition of extraordinary limits on defendants' traditional rights in the courtroom. They include restrictions on a suspect's ability to challenge his detention, examine all evidence against him, and bar testimony allegedly acquired through coercion of witnesses." It "marked a victory for Bush and fellow Republicans a month before the Nov. 7 elections as their party tries to make anti-terrorism a signature campaign issue. Underscoring that strategy, the House last night voted 232 to 191 to authorize Bush's warrantless wiretapping program, with GOP leaders hoping to add it to their list of accomplishments even though it has no chance of Senate passage before this weekend's scheduled adjournment. On the final wiretapping vote, 18 Democrats joined 214 Republicans to win passage. Thirteen Republicans, 177 Democrats and one independent voted nay."

The New York Times (9/29, A1, Zernike, 1.21M) reports, "Both parties also positioned themselves for the continuing clash over national security going into the homestretch of the midterm elections. The vote showed that Democrats believe that President Bush's power to wield national security as a political issue is seriously diminished." It was "was a compromise between the White House and three Republican senators who had resisted what they saw as Mr. Bush's effort to rewrite the nation's obligations under the Geneva Conventions. Although the president had to relent on some major provisions, the vote allows him to claim victory in achieving a main legislative priority." In a statement Bush said, "As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats."

The AP (9/29, Flaherty) reports, "Senate approval was the latest step in the remarkable journey that Bush has taken in shaping how the United States treats the terrorism suspects it has been holding, some for almost five years." Passage "before lawmakers leave for the elections has been a top priority for Republicans. GOP leaders fought off attempts by Democrats and a lone Republican to change the bill, ensuring swift passage." USA Today (9/29, 2.27M) publishes an abbreviated version of the AP article.

The Financial Times (9/29, Daniel) reports, "A turning point came on September 6, when Mr Bush reframed the debate about tribunals by announcing plans to transfer 14 high-profile al-Qaeda suspects, including Khalid Sheikh Mohammed, the alleged mastermind of 9/11 to Guantanamo Bay to await trial. The move transformed an abstruse legal debate into a more personalised one about how to treat those accused of being behind the worst terrorist attack on US soil."

The Washington Times (9/29, A1, Hurt, 88K) in a front page story reports Senate Minority Leader Harry Reid said voting for the bill "would be a 'grave error,' and he predicted that it would be found unconstitutional by the Supreme Court." And "Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 presidential candidate, joined Mr. Reid in opposing the legislation" saying, "Democrats and Republicans alike believe that terrorists must be caught, captured, sentenced, punished. … I believe there can be no mercy for those who perpetrated 9/11 and other crimes against humanity, but in the process of accomplishing what I believe is essential for our security, we must hold on to our values and set an example that we can point to with pride, not shame."

Bloomberg (9/29, Rowley) notes, "Military prosecutors have prepared war-crimes charges against 10 suspected terrorists seized since the Sept. 11, 2001, attacks."

Questions Raised About Challenges To New Detainee Rules. In an analysis of the Senate detainee bill titled "Many Rights In U.S. Legal System Absent In New Bill" the Washington Post (9/29, A13, Smith, 748K) says that "Bush's argument that the government requires extraordinary power to respond to the unusual threat of terrorism helped him win final support for a system of military trials with highly truncated defendant's rights. The United States used similar trials on just four occasions: during the country's revolution, the Mexican-American War, the Civil War and World War II." The Post notes, "Written largely, but not completely, on the administration's terms, with passages that give executive branch officials discretion to set details or divert from its protections, the bill is meant to provide what Bush said yesterday are 'the tools' needed to handle terrorism suspects U.S. officials hope to capture." He "has received much of the

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authority he desired from party loyalists and a handful of Democrats on Capitol Hill. 'The American people need to know we're working together,' Bush told senators before yesterday's vote."

The Los Angeles Times (9/29, Savage, Simon, 918K) notes "The measure's most disputed provision would block foreign prisoners held by the military from turning to the federal courts to end their imprisonment. By preventing detainees from challenging their confinement in court, it sets up a potential constitutional conflict before the Supreme Court."

CQ (9/29) Kady) reports, "Democrats, civil rights experts and even some Republicans predicted that at least parts of the legislation would be thrown out in court in the future." And "Democrats, along with Sen. Arlen Specter, R-Pa., who sponsored the failed amendment to allow habeas rights for detainees, worry that Congress could be back at work fixing the law if it's rejected by the Supreme Court." But Republicans "expressed confidence that the legislation will be upheld in any court challenge." Sen. Lindsey Graham said, "I am confident that the power we gave the president is consistent with the [Geneva Conventions] treaty."

Republicans Seen As United Behind Bush On Detainee Bill. CNN's The Situation Room (9/28, Blitzer) reported, "Bush went to Capitol Hill earlier today to personally lobby for a bill on the interrogation and trial of terror suspects." CNN (Koppel) added, "The last time President Bush was up here on the Hill, just a couple of weeks ago, Republicans were split over this bill, pitting Mr. Bush against several senior Senate Republicans. Now, they're united and that same bill seems certain to pass."

Democrats Seen As Confident In Challenging Bush On National Security. The New York Times (9/29, Hulse, 1.21M) in an article titled "Democrats See Strength In Bucking Bush" reports, "The Democratic vote in the Senate on Thursday against legislation governing the treatment of terrorism suspects showed that party leaders believe that President Bush's power to wield national security as a political issue is seriously diminished." The Times asserts, "The most vivid example of the Democratic assessment came from the party's many presidential hopefuls in the Senate. All of them voted against the bill, apparently calculating that Mr. Bush's handling of Iraq has undercut the traditional Republican strength on national security and will insulate them from what are certain to be strong attacks from Republicans not only this year but also in 2008." The Times adds, "It was a stark change from four years ago, when Mr. Bush cornered Democrats into another defining pre-election vote on security issues -- that one to give the president the authority to launch an attack against Iraq. At the time, many Democrats felt they had little choice politically but to side with Mr. Bush, and a majority of Senate Democrats backed him."

Democratic Strategy Criticized. Daniel Henninger in his column in the Wall Street Journal (9/29, 2.03M) writes that "at this late stage of the campaign, Iraq-as-failure has become the central narrative in the Democrats' strategy. A memo sent out to Democrats last week by Greenberg Quinlan Rosner, a strategy group led by former Clinton pollster Stan Greenberg, discusses Mr. Bush's 'failure in Iraq, which energized Democrats and dispirited Republicans.' It urges Democrats: 'On Iraq, stress Bush/GOP "mismanagement" and need for a "new direction."'" But their "problem is this: They are trying to beat policy with politics and weaken belief with polls. This may work for Social Security. I don't think it works with war. Don't be surprised if come November, Democrats are still on message -- Iraq as failure -- and still in the minority."

Judge Stays NSA Surveillance Ban For One Week. The AP (9/29, Karush) reports, "The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal." The AP continues, "U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks. … The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months. … Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati."

Bloomberg (9/29, Fisk) reports, "Taylor said that to prevent possible harm to the public she wouldn't order the surveillance stopped immediately, instead giving the

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government a week to get a federal appeals court order allowing continued surveillance. The government filed that request following the hearing. An immediate stop to the program would harm U.S. security, a government lawyer told the judge. … 'The terrorism surveillance program was authorized to close a gap in intelligence,' Justice Department attorney Anthony J. Coppolino told Taylor. 'A chilling effect on a small number of communicators speaking with al-Qaeda or suspected al-Qaeda does not outweigh the harm' to the public if the program stops, he said." Bloomberg adds, "In ruling against the government, Taylor said she saw 'no likelihood of the government prevailing on the merits on appeal.' The program was challenged by the American Civil Liberties Union and advocacy groups."

The Detroit Free Press (9/29, Ashenfelter) reports, "The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted client's ability to confer with sources to conduct research, locate witnesses and engage in advocacy." The Free Press adds, "Coppolino and Taylor traded gentle barbs during Thursday's 30-minute court hearing. … 'Your injunction, as far as we can see, was the first time in history that foreign intelligence has been enjoined at a time of war,' Coppolino told Taylor. … In rejecting his request for a stay pending the outcome of the appeal, Taylor remarked that the government had failed to cite any steps it had taken to comply with her order."

The Detroit News (9/29, Egan) reports that Coppolino told Judge Taylor "that stopping the program would be 'an extraordinarily dangerous thing to do,' because the government depends on the program to detect terrorist threats by al-Qaida. … But Ann Beeson, associate legal director for the American Civil Liberties Union, said if Taylor lifted the temporary stay on her order, it would only mean the president and the government would have to follow the law."

United Press International (9/29) reports, "The National Security Agency began the wiretapping program soon after the Sept. 11, 2001, terrorist attacks. The program became public late last year through an article in The New York Times. … 'Monitoring al-Qaida operatives and their confederates remains one of the pre-eminent concerns of the war on terrorism,' the NSA argued. 'It should be self-evident that suspending those activities -- even in the limited period during which the court of appeals reviews the matter -- would threaten the gravest of harms to the United States and its people.' … The American Civil Liberties Union, which brought the suit, argued that allowing the wiretapping to continue could cause grave harm."

FNC's Special Report (9/28, 6:15 p.m.) reported, "Before the house could even debate the Matter, a federal judge in Detroit, Anna Diggs Taylor, made things more difficult for the program. She ordered a permanent injunction against a program in early August. The government asked for a stay until the appeals court could hear the case. Today, Judge Taylor said no, and gave the Justice Department just seven days to get a higher court to step in. The justice department moved swiftly and late today asked the appeals court to act saying it is imperative to keep the program operating. 'Plaintiffs can present no harm' the filing said. 'Comparable to the drastic risk of harm to the nation that would follow if the terrorist surveillance program were halted by court order prior to an opportunity for appellate review. Because we cannot control how or when the enemy will seek to communicate or strike if continued, even a temporary interruption could result in grave harm to the American public.'"

Local Television. Only a few local newscasts reported that federal judge Anna Diggs Taylor gave the federal government one week to get a higher court to say whether the wiretapping program should be allowed to continue. WDIV-TV Detroit, (9/28, 5:32 p.m.) reported, "A federal judge, who struck down President Bush's warrantless surveillance program, will allow the government to continue the program while the president's attorneys seek action from an appeals court. You may remember last month, a federal judge ruled the surveillance program, which targets communication between people in this country and overseas, violates the rights to free speech and privacy."

WWMT-TV Grand Rapids, (9/28, 5:32 p.m.) reported, "Another constitutional showdown is coming to a Detroit courtroom. A civil trial over domestic spying by the White House was to begin today. It's been it's been pushed back seven days. In august, a U.S. district judge declared the program unconstitutional."

WLNS-TV Lansing, (9/28, 11:18 p.m.) reported, "A federal judge in Detroit, who struck down the governments warrantless surveillance program, is allowing it to continue for another week. The judge says the program can operate while the government appeals the ruling that claims the surveillance violates free speech and privacy rights as well as the constitutional separation of powers."

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House Approves NSA Surveillance Bill 232 to 191. The New York Times (9/29, Lichtblau, 1.21M) reports, "The House voted on Thursday to give the president the formal power to order wiretaps on Americans without a court order for 90 days, even as a federal judge in Detroit once again declared the administration's program of wiretapping without warrants to be illegal. The House approved the surveillance measure, 232 to 191, after rejecting efforts by Democrats and some Republicans to impose greater restrictions on the wiretapping authority." The Times notes, "Senate Republicans held out hope that they would vote on Friday or Saturday on a bill of theirs that takes a different approach…and has the backing of the White House. Even if the Senate acts this week, lawmakers agreed, there would not be time before the recess for House-Senate negotiators to reach an accord on a final plan, depriving the White House of the chance to sign a bill into law before Election Day."

The AP (7/29, Karush) reports, "The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal. … The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks." The AP notes DOJ "asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months." After US District Judge Anna Diggs Taylor rejected the stay yesterday, "the government filed a motion for a stay with the appeals court in Cincinnati."

Meanwhile, the AP (9/29, Kellman) reports that "the White House announced that it strongly supports House passage of its version but isn't satisfied with it, adding that the administration 'looks forward to working with Congress to strengthen the bill as it moves through the legislative process.' But with Congress giving Bush the other half of his September anti-terrorism agenda — a bill setting conditions on how terrorism suspects are to be detained, interrogated and tried — Republicans shifted from lawmaking to campaign mode."

CQ (9/29, Starks) notes, "Even if the Senate brings a bill to the floor this week, Senate Majority Leader Bill Frist, R-Tenn., and others have said Congress must wait until the lame-duck session to clear NSA legislation. There are significant differences between the House-passed bill and the leading Senate Republican's NSA proposal (S 3931)." The Los Angeles Times (9/29, Schmitt, 918K) reports similar details.

Belgium Finds Swift Broke EU Rules By Aiding US Anti-Terror Program. The New York Times/International Herald Tribune (9/29, Bilefsky) reports, "The Belgian banking consortium Swift breached European privacy rules when it aided a United States antiterrorism program by providing confidential information about money transfers, Belgium's privacy protection commission concluded Thursday. Prime Minister Guy Verhofstadt announced the findings by Belgium's privacy protection commission on the Swift case Thursday in Brussels." The IHT adds, "Swift and officials with the United States Treasury Department…have insisted that the American government's demands for documents were narrowly tailored and limited. The Belgian investigation found that, at least at the outset of the operation, the American agencies obtained 'massive' amounts of information in what it described as a 'carpet-sweeping technique' to gather financial transactions from particular countries."

The Washington Post (9/29, A14, Anderson, 748K) notes that the "ruling is the latest in a string of European complaints about how the United States is conducting global operations against terrorism. … Asked about the Belgian ruling, U.S. Treasury spokeswoman Molly Millerwise said in an e-mail that the department was 'mindful of privacy concerns and for that very reason implemented significant safeguards' for what the department calls the Terrorist Finance Tracking Program. 'The U.S. Treasury Department welcomes the suggestion of the Belgian government to engage in greater dialogue at an EU level on how to make the [tracking program] a more cooperative effort. The dialogue is already underway with our European counterparts; such cooperation can only further our common goals,' Millerwise said."

The Wall Street Journal (9/29, A10, Echikson, Simpson, 2.03M) reports, "The controversy sharpens the conflict between the U.S. and Europe over the degree of enhanced surveillance needed to combat terrorism. … Belgian and European Union officials will now seek to negotiate a new oversight agreement for the financial-intelligence program, said…Verhofstadt Thursday, adding that Swift had been caught between conflicting European and American laws."

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Albany Imam Denies Endorsing Houseguests' Talk Of Attacks On US. The AP (9/29, Hill) reports, "Jabbing his finger and speaking emphatically," Albany imam Yassin Aref "told a court Thursday that though houseguests spoke to him about attacking the United States, he never endorsed the idea. … Prosecutors have used a diary kept by Aref in 1999, when he was living in Syria, to portray him as someone aligned with terrorists. A potentially damning passage comes from that January, in which Aref wrote about hosting two Muslim guests from Libya and Palestine. Aref said there was a discussion about 'moving the war to America and Israel,' making explosives, and attacking Western targets to gain attention." Yesterday, "pointing his finger at the projection screen as he spoke, he said nowhere in the diary does he say that he agreed with these men, supported their ideas or invited them back to his home."

Miami Activists Form "Liberty City 7 Defense Committee." The Miami Herald (9/29, McClain, 310K) reports, "Activists Thursday announced the formation of the 'Liberty City 7 Defense Committee' to support a group of local men arrested and charged in June in connection with a terror plot to blow up the Sears Tower in Chicago and federal buildings in Miami. At a news conference outside federal court in downtown Miami, family members and representatives of several community groups called for the men's release. … 'We conclude that these arrests were wrongful, politically motivated and racially motivated,' said Max Rameau of Miami CopWatch, a lead group organizing the defense committee. The seven men in question are black."

FBI Arrests Alabama Man For Allegedly Operating Illegal Hawala. The Tuscaloosa News (9/29, Morton) reports, "The man who shot and killed a would-be robber late last year now faces federal allegations of illegally sending money out of the country. Jack Mohamed S. Mused was arrested Thursday on charges of operating an unlicensed money transmitting business, conspiracy to operate an unlicensed money transmitting business and trafficking counterfeit goods." The News adds, "Members of the Federal Bureau of Investigation's Joint Terrorism Task Force arrested him, but details regarding what he did to justify the charges are vague. Dale Miskell, an FBI supervisory special agent for the Birmingham office, said he could not disclose many facts about the case, but confirmed that the allegations center on Mused's transferring money outside the U.S. without a license."

The AP (9/29) notes, "FBI spokesman Paul Daymond said several other people in other parts of the country were also arrested Thursday in relation to this case. Daymond said he did not know exactly how many other people were arrested or whether they face the same charges as Mused." US Attorney Donald Washington said, "There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of." Daymond "said the Joint Terrorism Task Force participates in investigations any time there is any potential link to terrorism. But he said he could not confirm that Mused's activity had a link to terrorism."

Judge Rules Ashcroft Can Be Held Personally Liable In Material Witness Case. The Washington Post (9/29, A12, Eggen, 748K) reports Idaho US District Judge Edward J. Lodge "has ruled that former attorney general John D. Ashcroft can be held personally responsible for the wrongful detention of a U.S. citizen arrested as a 'material witness' in a terrorism case." Judge Lodge "dismissed claims by the Justice Department that Ashcroft and other officials should be granted immunity from claims by a former star college football player arrested at Dulles International Airport in 2003." Attorneys for plaintiff Abdullah al-Kidd "said the decision raises the possibility that Ashcroft could be forced to testify or turn over records about the government's use of the material witness law, a cornerstone of its controversial legal strategy after the Sept. 11, 2001, terrorist attacks."

Confiscated Documents Make Proving Innocence Difficult For Guantanamo Detainees. The AP (9/29, Selsky) reports, "His ankles chained to the floor of the hearing room, a Saudi detainee hoped to convince three U.S. military officers that he is not a danger to the United States, has no intelligence value and should be released from the Guantanamo Bay prison." Yet "in his one shot this year at getting out of here, the detainee could not produce letters from his family that he wanted to submit as evidence. They were seized by the military, along with thousands of other documents from detainees, as it investigates whether the suicides of three prisoners in June were assisted or encouraged."

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Top Mountie Apologizes For Rendition Of Suspect To Syria. The Washington Post (9/29, A16, Struck, 748K) reports, "Canada's top Mountie apologized Thursday for the "terrible injustices" done to a Canadian Muslim spirited to Syria and tortured for 10 months on false suspicions of terrorist ties. Critics of the government demanded that the prime minister offer his own apology."

Amnesty Report Finds US Bounties Fueling Pakistani Abductions. The Financial Times (9/29, Burgis) reports, "Bounties offered by the US for suspected terrorists have created a black market in abductions in Pakistan, according to a report published on Wednesday. People have been seized by Pakistani police, border guards and bounty hunters eager to claim rewards offered for suspected terrorists, evidence compiled by human rights organisation Amnesty International shows. … Amnesty's report says people abducted in Pakistan account for about two-thirds of the 759 past or present inmates at…Guantánamo." The FT notes, "A Pentagon spokesman said: 'The rewards programme is effective in helping to protect Americans and citizens around the world from terrorists, including those who harbour or aid the enemy.'"

HOMELAND RESPONSE:

FBI Denies Overestimating Anthrax Potency, Rejects Holt Briefing Request. In a widely-distributed story, the AP (9/29, Sniffen) reports, "The FBI denied Thursday that it ever overestimated the potency of the anthrax spores used in mailings that killed five people in 2001. The bureau also rejected a request for a classified briefing on the case from Rep. Rush Holt, D-N.J." FBI Assistant Director Eleni P. Kalisch wrote Holt on Thursday, "The FBI and its partners in this investigation have never been under any misconceptions about the character of the anthrax used in the attacks. On the contrary, since the earliest months of this investigation, we have consulted with the world's foremost scientific experts on anthrax and relevant bio-forensic sciences, both inside and outside the FBI. While there may have been erroneous media reports about the character of the 2001 anthrax, the FBI's investigation has never been guided by such reports.'" Responding to Kalisch's rejection of his request for a briefing, Hurt said, "The inference that any member of the intelligence committee was the source of previous leaks is outrageous, irresponsible and without foundation." He added that the case "clearly falls within the purview of the intelligence committee. Our job is to see that the government functions well and in the anthrax investigation our government has not functioned well."

GOP Hoping Ports Legislation Will Add To Security Image. The Wall Street Journal (9/29, A10, Rogers, 2.03M) reports approval is nearing in Congress for a $34.8 billion homeland security budget that features "$1.8 billion in emergency funds to help burnish" the GOP's border security image, and bestows new government powers to regulate high-risk chemical plants. Republicans hope to make "port-security legislation -- taking final shape last night -- …a third feather in their cap going into the midterm elections." It is "viewed as an important first step toward tightening inspections at home and abroad for US bound cargoes. … While the primary focus is on preventing attacks, there is a tacit acknowledgement that disruptions could yet come. And the bill requires the establishment of protocols for the resumption of trade and port operations after a security incident."

Meanwhile, the AP (9/29, Abrams) reported, "Democratic negotiators at the ports security conference expressed concern that the final version would fail to address another significant threat _ that of terrorist attacks on the nation's rail and mass transit systems. Pointing to rail attacks in Madrid, London and Bombay, they said they would try to restore language from the original Senate bill that authorized funding for rail and mass transit security."

Dispute Over Passport Requirement Resolved. CQ (9/29, Yoest) reports a dispute was resolved Thursday after the homeland security budget bill "was held up most of the day by House Judiciary Chairman F. James Sensenbrenner Jr., who strongly objected to a provision in the bill that would delay" a passport requirement for all travelers entering the US. "The passport provision remains in the conference report that was filed Thursday, but House Majority Leader John A. Boehner, R-Ohio, said a colloquy on the issue would take place Friday during floor debate. … With the passport spat out of the way, the Republican leadership in both chambers plans to act fast on the spending bill (HR 5441)."

Wall Street Journal Says Felons Should Be Barred From Sensitive Dock Jobs. In an editorial, the Wall Street Journal (9/29, A16, 2.03M) sees "an odd but telling footnote to the political fight over port security: The powerful International

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Longshore and Warehouse Union is lobbying Congress not to bar felons from working in sensitive dock security jobs. Really." The union "and its labor allies are muscling Congress to strike" the provision, sponsored by Sen. Jim DeMint, with Larry Willis, the general counsel for the Transportation Trades Department at the AFL-CIO, arguing "that the felonious categories that would bar workers are 'too broad.'" The Journal finds it "bizarre" that such "a political furor" was raised over the "non-threat" posed by the Dubai Ports World deal only to be followed by complacency "about sensitive port access by proven crooks."

Group To Air Ads Criticizing Clinton's National Security Record. The Washington Times (9/29, McCaslin, 88K) reports in its "Inside The Beltway" column, "The group Move America Forward, based in Sacramento, Calif., says it's had enough of [former President Bill] Clinton and his loyal lieutenants trying to 'rewrite history' about the war on terrorism and goes so far as to call the former commander in chief 'shameless.'" The group will begin airing ads that will remind viewers "that Mr. Clinton's national security adviser, Samuel R. 'Sandy' Berger, was nabbed by security officials at the National Archives after he 'stole and ate classified documents that exposed the failures of the Clinton anti-terrorism policies.' One TV ad, we're told, will be finalized today. Move America Forward predicts Mr. Clinton 'won't like it one bit.'"

Columnist Praises Clinton Reaction On Fox. E. J. Dionne in his column in the Washington Post (9/29, A21, 748K) writes, "Bill Clinton's eruption on "Fox News Sunday" last weekend over questions about his administration's handling of terrorism was a long time coming and has political implications that go beyond this fall's elections." He "forced an argument about the past that had up to now been largely a one-sided propaganda war waged by the right. The conservative movement understands the political value of controlling the interpretation of history. Now its control is finally being contested."

Insurance Industry Fights For Federal Backing Of Terrorism Coverage. The New York Times (9/29, Treaster, 1.21M) reports that when a presidential working group led by Treasury Secretary Henry M. Paulson Jr. issues its assessment of whether insurers are able to handle terrorism coverage without federal backing, the industry fears "that the group will argue, as a Treasury report did in June 2005, that the federal program interferes with market forces." However, "Insurers say that the frequency and severity of terrorism attacks are unpredictable and that is why the industry needs the government to play a role." The industry and its allies "stepped up their lobbying this week, pointing out that countries like Britain, Spain, France and Germany have government-backed programs for terrorism insurance."

WAR NEWS:

Bush Fires Back At Critics Of Iraq War. ABC did not mention passage of the detainee interrogation bill but provided the most extensive coverage of Bush's remarks on Democrats and Iraq. Each network news show quoted Bush saying "The party of FDR and the party of Harry Truman has become the party of cut and run." ABC World News (9/18, story 4, 2:30, Gibson) reported that campaigning in Alabama Bush "accused Democrats of playing politics with the Iraq war" saying "Democrats are using the National Intelligence Estimate that ties Iraq to rising terrorism to try to win votes in November." ABC proceeded to focus on Bush's campaign efforts for GOP candidates, noting his "weak" job approval rating of 42% "complicates things on the campaign trail." ABC (Reynolds) added, "It's been a busy week on the stump for President Bush. But you don't see much of him actually campaigning. The vast majority of his political forays are confined to this. Quick hits for a private, no press, no pictures, fundraiser. The irony is that once inside, Mr. Bush raises hundreds of thousands, if not millions of dollars, for Republican candidates who then turn around and use the money on commercials, touting their independence from him and his policies."

In brief stories CBS Evening News (9/28, story 11, 0:25, Couric, 7.66M) reported, "Bush hit back hard today at Democrats who have been attacking his Iraq policy, especially after an intelligence report tied the war to an increase in terrorism worldwide." And NBC Nightly News (9/28, story 4, 0:45, Williams, 9.87M) reported Bush "used some of the harshest language ever to criticize Democrats, accusing them of being soft on terrorism and the war in Iraq." But "Democrats respond saying it is the President's failed policies that's made this country less safe and increased terrorism elsewhere."

CNN's The Situation Room (9/28, Blitzer) reported that Bush "fired back at his Democratic critics on Iraq. … He

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spoke about the recently leaked finding of a National Intelligence Estimate, that the Iraq war has rallied Muslim extremists." Bush: "Five years after 9/11, the worst attack on America homeland in history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing. The party of FDR and the party of Harry Truman has become the party of cut and run."

Fox News' Special Report (9/28, Baier) reported, "In his most direct attack on Democrats this election season," Bush "flatly charged that Democrats are incapable of effectively fighting the war on terror." He "also accused Democrats of twisting the findings of the National Intelligence Estimate or NIE to win votes in November." Fox added, "Senior White House officials tell Fox the President's speech is a 'road map for the Republican party,' showing candidates how to forcefully tout the national security issue while also 'showing Democrats' shortcomings on that same issue.'"

The New York Times (9/29, Rutenberg, 1.21M) reports, "Bush has been honing his offensive against Democrats for weeks as his political team seeks to shift the election-year focus from a debate about him and the unpopular war to one about terrorism in general, his party's efforts to combat it and what he describes as the opposition's promotion of defeatism and retreat." Yet "until now he had left the sort of hard-charging talk that he used here to his political strategist Karl Rove, Vice President Dick Cheney and the Republican national chairman, Ken Mehlman."

The Washington Post (9/29, A12, Fletcher, 748K) reports, "Speaking before a large and enthusiastic audience at a fundraising luncheon for Alabama Gov. Bob Riley (R), Bush attempted to turn criticism of his Iraq policy into a cudgel." He "also criticized many Democrats for not supporting his approach to trying terrorism suspects. Pointing to Wednesday's vote on a bill passed by the House authorizing military tribunals for the suspects, Bush reminded his audience that 160 Democrats – 'including the entire Democrat leadership' -- voted against the measure, which passed 253 to 168."

The Los Angeles Times (9/29, Gerstenzang, 918K) says Bush "melded politics, a defense of the war in Iraq and the anti-terrorism fight to a greater extent than he had recently." His "speech brought together the two most difficult issues he is facing during his sixth year in office — the war and the challenge of keeping GOP majorities in the House and Senate — more openly than he had before."

The AP (9/29, Loven) reports, "Bush's no-holds-barred speech, one of his harshest yet on the campaign trail, came less than six weeks before midterm elections." The AP adds, "Though not by name, he quoted Rep. Jane Harman of California, top Democrat on the House Intelligence Committee, as saying that because of the Iraq war 'it may become more likely' that the U.S. will have to contend with terrorists on its own soil again, rather than less likely as the president argues. And he quoted Sen. Jay Rockefeller of West Virginia, top Democrat on the Senate Intelligence Committee, as saying the world would be better off without the Iraq war and if former Iraqi leader Saddam Hussein were still in power."

The Washington Times (9/29, Dinan, 88K) notes, "Democrats taunted back, saying Mr. Bush has a chance to prove himself right by releasing the entire intelligence document." They "hope the NIE information helps them regain the initiative and refocus the debate on Iraq after Mr. Bush's successful September, during which his series of speeches on the broader war on terror boosted both his approval ratings and support for Republicans' job in handling terror."

Former 9/11 Commissioner Hamilton Warns US National Security Ignored. Former vice chairman of the 9/11 Commission Lee Hamilton on CBS Evening News (9/28, story 12, 2:05, Couric, 7.66M) "Free Speech" segment warned the political debate over national security leaks was distracting attention from homeland security efforts saying that "amidst the partisan finger pointing there are very real threats that we should be talking about. Radicalization of the Islamic world, particularly young Muslims; bombings by persistent Taliban and al-Qaeda-led insurgency in Afghanistan; the urgent need to secure loose nuclear materials around the world, particularly in the former Soviet Union; five years after 9/11, our failure to set clear priorities in protecting the homeland; and largely ineffective congressional oversight of intelligence and homeland security. The quality of the political discourse on these topics is discouraging, to say the least. We'd all be a lot better off and a lot safer if we spent less time arguing over who gained a political advantage from the latest leak and more time having a dialogue on how to protect our country."

Addressing National Security Concerns Helps Raise Bush Poll Numbers. The Washington Times (9/29, Dinan, 88K) in an article titled "Ratings Rise With Terror Talks" reports, "Bush talks about the war on terror frequently --

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including a biting attack on Democrats at a fundraiser in Alabama yesterday -- but the White House said the recent series of speeches was designed to cut through day-to-day matters and give the president a chance to get across some specific points." In recent speeches "Bush laid out a more complete picture of al Qaeda, using quotes from terrorist leaders, and demanded that Congress give him tools such as wiretapping authority to go after terrorists. He also challenged both Americans and people worldwide to accept that the battle against terrorism is the major ideological struggle of this century."

Bush's Approval Rating Up To 42% In Fox News Poll. Fox News' Special Report (9/28, Hume) reported, "President Bush's approval numbers are up slightly in the latest Fox News poll. The President's approval rating is up to 42%. That's from 40% two weeks ago but the disapproval number climbed from 49% to 54%."

Baptists Remain Strong Supporters Of Bush, Iraq War. The AP (9/29, French) reports, "The head of public policy for the Southern Baptist Convention," Richard Land "says an overwhelming majority of Baptists still support President Bush and his handling of the Iraq war." He "said that exit polls showed about 84 percent of Southern Baptists voted for Bush in 2004. The Iraq war hasn't significantly eroded that support, he said, despite recent polls that show Republicans losing ground with moderate evangelicals."

Relations Remain Strained Between Musharraf, Karzai. The AP (9/28, Gearan) reports, "In a Rose Garden appearance arranged to show warmth and unity, the bickering leaders of Pakistan and Afghanistan shook hands with President Bush but not with each other." Pakistan's Pervez Musharraf and Afghanistan's Hamid Karzai "barely looked at one another as Bush appealed for cooperation against the common enemy of terrorism." But the two "actually did shake hands before joining Bush in appearing before reporters."

Musharraf, Karzai Agree To Three Meetings. The Washington Times (9/29, Behn, 88K) reports that "after days of public sniping," the two leaders "agreed during dinner with President Bush to meet three times in an attempt to end violence in the region." Musharraf and "will attend two gatherings of tribal elders, one on each side of the border," and will also "meet a third time, probably in Islamabad."

Musharraf Moves On To UK, Meets With Blair. The New York Times (9/29, Cowell, 1.21M) reports Musharraf arrived in the UK Thursday "and found himself facing accusations that his country's intelligence service had indirect ties to Al Qaeda and that his government committed widespread human rights abuses as an ally of the United States in its effort to curb terrorism." His visit came after "a rocky visit in Washington." The AP (9/28, Quinn) reports Musharraf and British PM Tony Blair "met for two hours, with both reinforcing their support of a NATO-led mission to support" the Karzai government.

More Commentary. The New York Times (9/29, 1.21M) editorializes, "It will take more than a shared dinner at the White House" to get Musharraf and Karzai "to think and say nice things about each other. Their quarrel is no mere war of words in competing press interviews. It is about the real war being waged on Afghan soil by a revitalized Taliban, which recruits fighters in Pakistan and sends them almost unimpeded across a shared border." Musharraf "says he is doing his best to stop this infiltration. But his best has been strikingly ineffective, considering the powers he wields as a military dictator, accountable only to his fellow Pakistani generals. ... Karzai, for his part, has been far too indulgent of corruption and drug trafficking. And, in the hope of extending his authority beyond Kabul, he has made damaging deals with brutal warlords."

In a Wall Street Journal (9/29, A16, 2.03M) commentary, editorial board member Robert L. Pollock writes, "Pervez Musharraf is America's favorite dictator. The Bush administration seems to consider the Pakistani general -- who took power in a 1999 military coup -- an indispensable ally, and has yet to publicly pressure him on the democracy front. Democrats and foreign policy thinkers of the 'realist' school seem equally comfortable with the idea of Gen. Musharraf running Pakistan for the indefinite future. ... On the plus side of the Musharraf ledger is, indeed, the obvious fact that the man with the keys to Pakistan's bombs is not a raving Islamic fanatic. He has been an ally -- of convenience, at least -- in the fight against al Qaeda. And his rule, while autocratic, is not oppressive. ... At the same time, however, Gen. Musharraf suffers from his lack of legitimacy among the secular classes who have run Pakistan's democratic governments in the past, and who would almost surely win if another free poll is held. ... The Bush Doctrine can survive the Musharraf Exception over the short run. But over the longer term, the credibility of our efforts to address the root causes of terror will require nudging Pakistan, too, back toward the democratic path."

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Rumsfeld Says "We Don't Know" If Wars Are Creating More Terrorists. The AP (9/28, Baldor) reports Secretary Rumsfeld said Thursday that it is "impossible to know with any precision whether the wars in Iraq and Afghanistan have created more terrorists than they've killed." Rumsfeld "told reporters at a NATO meeting that, in general, the value of intelligence reports can be uneven, and 'sometimes it's just flat wrong.' But he added that, 'the implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical.'" Rumsfeld "did not specifically criticize or address the controversial intelligence report, but instead commented more broadly about the terrorist question that has gripped the political world since the report was disclosed last week." He said, "Are more terrorists being created in the world? We don't know. The world doesn't know."

AFP (9/28) says Rumsfeld "spoke in general terms about intelligence shortcomings that undercut the value of the reports." He said, "Every day people in policy positions get stacks like this of intelligence reports. Their value is uneven. Their information is often qualified 'as one the one hand this, on the other hand that' because it is a difficult business."

Ex-NSC Members Say Iraq War Led To More Terrorism. In a Washington Post (9/29, A21, 748K) op-ed, Center for Strategic and International Studies Senior Fellow Daniel Benjamin and Council on Foreign Relations Senior Fellow Steven Simon, who served together on the National Security Council staff from 1994 to 1999, write, "The declassified judgments from the National Intelligence Estimate on terrorism caused a stir in the political world this week, but for most -- we would guess almost all -- scholars of jihadist terrorism, they are largely uncontroversial. The war in Iraq, the lack of reform in the Muslim world and anger at its endemic corruption and injustice, the pervasiveness of anti-Western sentiment -- all these have long been identified as major drivers of radical Islamist terror. ... You don't need an NIE to demonstrate the most controversial judgment -- that the war in Iraq has worsened the terrorist threat. ... The invasion of Iraq was the wrong answer to the terrorist challenge, for which we will pay a high price for years to come."

Rumsfeld Viewed Favorably By 35% In CNN Poll. CNN's The Situation Room (9/28, Blitzer) reported, "In a new CNN poll, 35 percent of Americans say they have a favorable opinion of Donald Rumsfeld. That's down from a 58 percent favorable rating back in 2003."

UN Report Says Al Qaeda Activity In Iraq May Decline. The AP (9/28, Lederer) reports a UN report says al Qaeda activity in Iraq "may diminish as violence escalates and distinctions blur between sectarian attacks, criminal acts and the fight against Iraqi and non-Iraqi forces." Meanwhile in Afghanistan, "Taliban rebels continue to benefit from a close relationship with al-Qaida and other foreign terrorist groups," the report says.

Woodward Book Said To Offer Harsh Portrait Of Iraq War, Administration Divisions. NBC reported extensively on Bob Woodward's upcoming book on the Bush Administration's Iraq war policy, while CBS, which will air an interview with Woodward this weekend on "60 Minutes," only mentioned it on its website. NBC Nightly News (9/28, lead story, 2:35, Williams, 9.87M) led its broadcast by reporting, "An explosive new book now days away from store shelf system tonight making news even before arriving on the market." The book "alleges that attacks by insurgents on coalition forces in Iraq are worse than Americans have been led to believe. It also alleges a kind of campaign of deception on the part of the Bush Administration. While this news is just now emerging, this will not be a welcome development at the White House." NBC (Miklaszewski) added, "Now it is no secret the Bush Administration has tried to put the best face on the war in Iraq. But author Bob Woodward claims it is a deliberate attempt to deceive the American people about the worsening state of the war. Woodward claims President Bush and the Pentagon are concealing key intelligence that predicts the violence in Iraq will only get worse in the coming year." NBC Nightly News (9/28, story 2, 1:10, Williams, 9.87M) analyst Barry McCaffrey said of Woodward's claims, "It didn't come as a surprise to me. I keep reminding people, 23,000 of our troops have been killed or wounded in this struggle so far. Another considerable number in Afghanistan. $7 billion a month. We lose a battalion a month of soldiers and Marines, primarily killed and wounded. This is a real war."

The New York Times (9/29, Sanger, 1.21M) reports "State of Denial," to be published Monday, "describes a White House riven by dysfunction and division over the war." Secretary Rumsfeld "is described as disengaged from the nuts-and-bolts of occupying and reconstructing Iraq -- a task that was initially supposed to be under the direction of the

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Pentagon -- and so hostile toward Condoleezza Rice, then the national security adviser, that President Bush had to tell him to return her phone calls. The American commander for the Middle East, Gen. John P. Abizaid, is reported to have told visitors to his headquarters in Qatar in the fall of 2005 that 'Rumsfeld doesn't have any credibility anymore' to make a public case for the American strategy for victory in Iraq." Woodward "writes that his book is based on 'interviews with President Bush's national security team, their deputies, and other senior and key players in the administration responsible for the military, the diplomacy, and the intelligence on Iraq.' Some of those interviewed, including Mr. Rumsfeld, are identified by name, but neither Mr. Bush nor Vice President Dick Cheney agreed to be interviewed, the book says."

CNN's The Situation Room (9/28, Blitzer) reported that Woodward "is accusing the White House of being in a 'State of Denial' about Iraq." CNN called Woodward's book "a new blow to the President's effort to defend the Iraq mission." CNN (Snow) added that there is "talk it could have the potential to be election altering."

CBSNews.com (9/28) said Woodward "tells Mike Wallace that the Bush administration has not told the truth regarding the level of violence, especially against U.S. troops, in Iraq," in the interview to air Sunday.

Al-Masri Wants Nuclear Scientists To Join Fight, And Also Calls For Kidnappings. The Washington Post (9/29, A15, 748K) reports Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, "in a chilling audiotape released Thursday, called for nuclear scientists to join his group's holy war and urged insurgents to kidnap Westerners so they could be traded for a blind Egyptian sheik who is serving a life sentence in a U.S. prison." He said "experts in the fields of 'chemistry, physics, electronics, media and all other sciences -- especially nuclear scientists and explosives experts' should join his group's holy war against the West." The Los Angeles Times (9/29, Moore, 918K) reports that the speaker, who "could not be independently verified" as al- Masri, "also calls on tribes that have turned against Al Qaeda to rejoin the movement."

CBS Evening News (9/28, story 3, 0:35, Couric, 7.66M) reported on "what you could call holiday greetings from the head of al Qaeda in Iraq. On an audio tape posted today on the Internet, al-Masri calls on Muslim militants in Iraq to mark Ramadan by kidnapping Westerners so they can be traded for Sheikh Abdul Rahman, in prison for 1993 World Trade Center bombing. He also says more than 4,000 foreign fighters have been killed in Iraq since the US invasion. This is the first known statement from the enemy about their losses."

CNN's The Situation Room (9/28, Blitzer) reported that "there's a new audiotape out believed to be from the new leader of al Qaeda in Iraq. He's warning his group is launching a major military campaign, and he urges other Muslims in Iraq to join in as well."

As Many As 60 Bodies Found Strewn Across Baghdad. The New York Times (9/29, Luo, 1.21M) reports Iraq's Interior Ministry said as many as 60 bodies, "many of them shot in the head at close range and bearing signs of torture, were discovered across the city on Thursday." It was "one of the highest" body counts in weeks, "and came as American and Iraqi troops continued to sweep Baghdad's most dangerous neighborhoods in a broad effort to control the capital." The AP (9/28) says the bodies of 40 men who been tortured "were found in the capital in a span of 24 hours," while "bombings and shootings killed at least 21 people in and around Baghdad, including five people who died from a car-bomb explosion near a restaurant."

The Los Angeles Times (9/29, Rasheed, Moore, 918K) reports, "The killings continue even as U.S. and Iraqi forces are conducting a major operation to restore order to the capital." US commanders "say they expect to reduce the violence eventually, although they acknowledge that they don't have enough troops to secure every problematic area of Baghdad." They blame the Iraqi government "for failing to deploy an additional 4,000 Iraqi soldiers to the city."

USA Today (9/29, Sabah, Jervis, 2.27M) reports the "unprecedented wave of violence this week in Baghdad threatens to collapse the U.S. strategy of imposing order on the capital as a first step in stabilizing Iraq, military experts said." Brookings Institution military analyst Michael O'Hanlon said, "We're beginning to lose. This year has been a constant, gradual deterioration...from a starting point that wasn't very good to begin with. We're in bad, bad trouble."

Iraqis Disguising Themselves To Survive Sectarian Violence. The Washington Post (9/29, Raghavan, 748K) runs a front-page feature on how Iraqis are taking to disguising themselves in order to survive the wave of sectarian violence. At one checkpoint, a Sunni in Shaab, a "volatile, Shiite Muslim-dominated neighborhood" of Baghdad, was stopped, and "questions raced through his mind: Was the mosque a base for a Shiite militia? Were the

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men members of a Shiite death squad?" He "set in motion a ritual that many Sunnis across a divided Baghdad now practice. He pushed in a cassette tape with Shiite religious songs and turned up the volume. He wrapped a piece of green cloth that he brought from the Imam Ali shrine in Najaf, one of Shiite Islam's holiest sites, around his gearshift. And he hung a small picture of Imam Ali, the son-in-law of the prophet Muhammad and the most revered Shiite saint, from his rearview mirror. To the world outside, he was now a Shiite."

Murtha, Abercrombie Say Iraq Has Drained Military's Response Capability. McClatchy (9/29, Brown) reports Reps. John Murtha and Neil Abercrombie, speaking at the Center for Strategic and International Studies, said the Iraq war "has become such a drain on the Army and the Marines that it's seriously damaged the U.S. military's ability to respond if other crises arise." Murtha said, "We don't have a combat unit that is really trained to the point where it can be deployed. We don't have a strategic reserve unless you say the Navy and Air Force are strategic reserves."

"Damning" Audits Show Massive Problems In Iraq Rebuilding. ABC World News (9/18, story 3, 2:35, Gibson) reported, "Federal investigators monitoring the rebuilding of Iraq released damning audits" Thursday. One says Iraq's oil industry "has lost $16 billion in potential foreign sales because of crime, insurgent attacks and bad equipment. Another audit, one of the most important projects: the construction of the police academy. $75 million of US funds already have been spent. But the work has been so shoddy that parts of the project may have to be torn down."

CBS Evening News (9/28, story 4, 2:45, Couric, 7.66M) reported, "The US death toll in Iraq is now more than 2,700, and now there is a new estimate of the monetary cost. The Congressional Research Service says the war is now costing taxpayers $2 billion a week. That's right -- $2 billion a week. Meanwhile, US auditors say a lot of the money that's going to Iraq is being wasted." The CBS report also focused mainly on the police academy project. The Washington Post (9/29, A15, Witte, 748K) leads its report with the police academy issue, where construction was "botched...so badly that human waste dripped from the ceilings."

The New York Times (9/29, Glanz, 1.21M) reports that the "sweeping new assessment of reconstruction failures in Iraq" found that "13 of 14 major projects built by the American contractor Parsons that were examined by his agency were substandard, with construction deficiencies and other serious problems. The final project, a prison near the southern Iraqi city of Nasiriya, was terminated for other reasons, said the inspector, Stuart Bowen, who heads the Office of the Special Inspector General for Iraq Reconstruction."

The Los Angeles Times (9/29, Peterson, 918K) reports, "The blistering report follows earlier criticisms of Iraqi building projects overseen by Parsons. The privately held construction and engineering firm and its partners have been awarded contracts for police stations, health clinics, prisons and other facilities that are potentially worth $2 billion or more."

The AP (9/28, Jelinek) leads its report with the oil industry audit, which says Iraq's "most important moneymaker...lost $16 billion in potential foreign sales over two years to insurgent attacks."

Retired Diplomat Leads PRT In Baqubah. The Washington Post (9/29, A19, Tyson, 748K) details the work of FSO Kiki Munshi in Baqubah, Iraq. "Munshi, the head of the State Department's 45-member provincial reconstruction team (PRT) in Baqubah, had comfortably retired after a 22-year career in the Foreign Service that included tours in Asia, Africa and Europe when her conscience nudged her into coming to Iraq. So she left her husband, two horses, a dog and a cat in Vandemere, N.C., and headed for the first time into a war zone." She is quoted saying, "I felt a sense of moral obligation to try to help rebuild Iraq," and that her work is "difficult at best." The centerpiece of that work is "to promote 'conflict resolution' in Diyala province," and Munshi's "team works with local leaders on listening techniques and mediation." She says "progress…is hard to discern," and the Post says "sectarian and insurgent violence in Diyala also severely hamper Munshi's team in getting places and meeting Iraqis." Of her robust security force, Munshi "said, being surrounded by Blackwater guards -- with such radio call signs as Elvis, Josh and Dave -- did boost her spirits." The Post notes, "The U.S. military took over security for the team over the summer because Blackwater was too expensive, Munshi said, and now the team can travel more freely. 'Life is much easier,' she said, 'although my ego is not as well served.'"

CRS Says Iraq War Costs Nearly $2 Billion Per Week. The Boston Globe (9/29, Bender, 425K) reports the Congressional Research Service said last week

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that the Iraq war "is now costing taxpayers almost $2 billion a week -- nearly twice as much as in the first year of the conflict three years ago and 20 percent more than last year -- as the Pentagon spends more on establishing regional bases to support the extended deployment and scrambles to fix or replace equipment damaged in combat.

Iraqi Journalists Faced With Strict Restrictions On Speech. The New York Times (9/29, Von Zielbauer, 1.21M) reports, "These days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too. Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year. Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who 'publicly insults' the government or public officials subject to up to seven years in prison."

Private Schools, Banned Under Saddam, Reopening In Iraq. USA Today (9/29, 2.27M) reports on the reopening of private schools in Iraq. Under Saddam Hussein, all students were required to attend "government-run schools that taught a standardized, state-approved curriculum."

Rumsfeld Agrees To Put 12,000 US Troops In Afghanistan Under NATO Command. The New York Times (9/29, Cloud, 1.21M) reports Secretary Rumsfeld "agreed Thursday to put 12,000 American combat troops in eastern Afghanistan under NATO command, possibly as soon as next month." The command shift "would extend the alliance's area of operations across all of Afghanistan. It would still leave about 10,000 American troops, including Special Operations units, under exclusive American control." While the move "would not increase the number of combat troops in Afghanistan, it comes as a show of unity at a time when Taliban rebels have intensified attacks against NATO forces that took over responsibility for security in the south just two months ago." The AP (9/28, Baldor) also reports that "as many as 12,000 American troops" will be placed "under foreign battlefield command," and Bloomberg (9/29, Johnson) runs a similar report.

However, USA Today (9/29, Michaels, 2.27M) reports, nations sending troops "have placed a web of restrictions on how they can be used, creating headaches for combat commanders and hurting the coalition's ability" to fight the Taliban. Rumsfeld said it is "understandable that nations don't want their troops to perform specific missions, but when numerous countries impose restrictions, it creates a 'situation that really is not acceptable.'"

CNN's McIntyre Spoofs Rumsfeld's Question-Answering Style. The Washington Post (9/29, C3, Argetsinger, Roberts, 748K) "Reliable Source" column writes that CNN Pentagon correspondent Jamie McIntyre took third place at the Improv's "Funniest Celebrity in Washington" fundraiser, in part for his portrayal of "a husband parrying his wife's questions in Don Rumsfeld 'accountability avoidance' style: 'Am I home late? It's unknowable. Was I out cavorting with women? Life is untidy...'"

Fox News To Air Special Report On Rumsfeld Saturday. FoxNews.com (9/28) announces that the Fox News Channel will take "an exclusive look at what motivates" Secretary Rumsfeld "and what makes him so controversial" in a special called "Why He Fights," to be broadcast Saturday at 8:00 p.m. The report will "examine why President Bush stands behind him and what drives the 73-year-old Rumsfeld to soldier on."

Army Investigating Reported Risque Photos Of Female National Guard Members. The AP/Editor and Publisher (9/28) reports Army officials "are taking a close look at whether women in a Kentucky National Guard unit posed nude for pictures with their M-16s and other military equipment, authorities said." Editor and Publisher writers add that the Louisville Courier-Journal said it "had a disc containing 232 of the photos, which they did not publish, and do not plan to publish." Andrew Wolfson, "who disclosed the existence of the disc in the Louisville Courier-Journal today, told E&P it came from an 'anonymous' source."

CORPORATE SCANDALS:

Lawmakers Grill Hewlett-Packard Officials Over Leak Probe Tactics. CBS Evening News (9/28,

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story 7, 0:35, Couric, 7.66M) reported, "Hewlett-Packard's ousted chairwoman was in the hot seat today, and she is in our news briefing tonight. Patricia Dunn answered questions from a House committee about the spying scandal that's rocked the company's boardroom. One committee member said the computer giant used questionable tactics that would have made Richard Nixon blush. Ten other company officials took the Fifth, including HP's general counsel Ann Baskins, who resigned this morning."

The Washington Post (9/29, D1, Noguchi, Nakashima) reports, "Lawmakers fiercely challenged former Hewlett-Packard Co. chairman Patricia C. Dunn yesterday on her assertion that she did not know about potentially illegal tactics used in the company's spy scandal, while 10 other key figures in the case shunned interrogation by refusing to testify during a congressional hearing." The Post continues, "A total of 14 witnesses, flanked by their lawyers, came before a phalanx of House subcommittee members. Most of the seven hours of questioning was directed at Dunn, who coolly endured accusations that she aided or condoned a widespread surveillance campaign against HP board of directors, journalists and their families." The Post adds, "Despite being confronted with a copy of a memo saying it was 'probable' that Dunn had been informed that pretexting -- impersonating people to obtain information -- was necessary to acquire phone records, Dunn repeatedly said she was not aware of the methods investigators used to obtain personal calling records while investigating leaks to the media." The Post notes, "Chief executive Mark V. Hurd…assumed more responsibility while denying knowledge of possible illegal tactics. He admitted that his lack of involvement contributed to an investigation that overreached and damaged the company's reputation."

The New York Times (9/29, Darlin, Helft) reports, "Dunn, who authorized the operation but said repeatedly that she was not its supervisor, came under especially harsh scrutiny because she refused to express contrition when invited to do so. … 'I get the sense that you still don't believe that you did anything wrong,' said Representative Cliff Stearns, Republican of Florida. After trying to answer obliquely, Ms. Dunn finally said, 'I do not accept personal responsibility for what happened.' … On the other hand, an apologetic Mark V. Hurd, the chief executive and Ms. Dunn's successor, encountered gentler questioning when he accepted blame for the 'mess,' as he put it. 'There is no excuse for this aberration,' Mr. Hurd said. 'It happened, and it will never happen again.'" The Times adds, "The hearing shed little new light into the aggressive methods used by Hewlett-Packard to plug leaks to the news media from its board. But it provided a fresh expression of outrage over the investigation, which included the use of deception to obtain private phone records of board members, journalists and others."

The AP (9/29, Gordon) reports, "Dunn said she 'never doubted' the legality of the methods used in the investigation, and that she discussed the conduct of the probe with the technology company's CEO, Mark Hurd, and board members - getting a clear impression that the directors were satisfied with it. … She was referring to the probe led by Ronald DeLia, the operator of a private detective firm, whom Dunn said was used because he was under contract to HP. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter. … 'I asked Mr. DeLia at every point of contact for his representation that everything being done was proper, legal and fully in compliance with HP's normal practices,' Dunn said." The AP adds, "The House committee is exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed Dunn, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors."

Market Watch (9/29, Schroeder) reports, "Several members also urged Congress to pass a bill approved by the Energy and Commerce Committee that would allow the federal government to impose civil penalties against obtaining personal information by using a false pretext. The bill would also beef up protections of customer-call records."

ABC's Nightline (9/28, 11:40 p.m.) reported, "So many Hewlett-Packard executives took the fifth is a tell-tale sign they fear future legal action, including criminal prosecution in California. Federal law bans pretexting to obtain bank or federal records. But acquiring telephone record is governed by a hodgepodge of state laws. 'The lack of clarity in this area underscores the need for Congress to take action and to make sure that people understand that pretexting will be prosecuted.' But corporate security is a $95 billion a year business. And industry lobbyists are out to kill reforms that would further regulate snooping by corporate America. 'There is a possibility that Congress in its zeal to try to correct

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problems in investigations, will go too far, will take a -- too broad or sweeping an approach. I think what is needed is for the professional investigators themselves to self-regulate, to develop a national code of practice, which will ensure their investigations are effective and ethical.'"

The Washington Post (9/29, A2, Milbank, 748K) reports the "corporate spying scandal at Hewlett-Packard was so shocking that lawmakers had trouble even describing it as they grilled company executives yesterday." When it "comes to technology, Congress is frequently a mouse click behind the times. Not long ago, the Senate commerce committee chairman, Ted Stevens (R-Alaska), sagely declared that the Internet is 'not a truck; it's a series of tubes.' The difficulty grappling with technology surfaced again yesterday in two simultaneous House hearings." As they "probed HP in the Rayburn Building, lawmakers argued among themselves about whether pretexting -- using a phony identity to gain access to personal records -- is actually illegal."

CQ (9/27, Tessler) reports Dunn "drew scorn and disbelief from lawmakers Thursday at a hearing on how company investigators used questionable tactics to track down the source of boardroom leaks to the media. Members of both parties used the event to call for congressional action to criminalize 'pretexting,' a practice in which investigators and data brokers misrepresent themselves to obtain confidential phone records." Rep. Joe L. Barton said, "We must make pretexting clearly illegal. There is no room in our society for pretexters getting your phone records. If it can happen to the board of directors of a Fortune 500 company like Hewlett-Packard, it can happen to any of us." CQ adds, "Although four bills intended to crack down on the practice have moved through committees in both chambers this year, none has been enacted into law."

The Los Angeles Times (9/29, Puzzanghera, 918K) reports the "main players in Hewlett-Packard Co.'s corporate spying drama faced outraged lawmakers Thursday, agreeing on only one thing: Someone else caused the mess." Chief Executive Mark V. Hurd said "responsibility ultimately rested with him. But then he asserted he had been unaware of just how far HP had gone in snooping on board members and journalists." Former board Chairwoman Patricia C. Dunn, "who initiated the probe into boardroom leaks, said she had assumed that HP executives were running a legal investigation." And "three executives — all of whom have resigned over the scandal — along with seven private detectives and contractors who may have improperly obtained phone records in the probe, didn't say much at all. That's because they exercised their 5th Amendment right not to testify on the advice of their lawyers in the face of criminal investigations."

Investigation Tactics Called Into Question. The Wall Street Journal (9/29, Waldman, Clark) reports, "The investigative team that plunged Hewlett-Packard Co. into one of the seamiest corporate spy scandals in years held a reunion yesterday -- on Capitol Hill. … Summoned before a U.S. House subcommittee investigating the computer-and-printer maker's prying into personal phone records and what one House member called 'sleaze' tactics, a cast of nearly two dozen top H-P executives, lawyers, security officials and outside investigators jammed the front rows of a Capitol Hill hearing room. Most asserted their right against self-incrimination. And no bombshells emerged in the testimony of those who didn't plead the Fifth. But in a methodical grilling of deposed H-P Chairman Patricia Dunn, H-P Chief Executive Officer Mark Hurd and the company's outside lawyer, Larry Sonsini, H-P's astonishing failure to rein in a pair of cloak-and-dagger investigations of leaks on the company's board was laid uncomfortably bare." The Journal adds, "Mr. Hurd took the stand, sounding contrite about having unwittingly allowed what he characterized as a 'rogue' investigation. But he didn't resolve the question about how much he knew about the privacy intrusions when they occurred. He said that his failure to read an internal report on the probe was 'not my finest hour' and expressed regret about sending a booby-trapped email to a reporter, with the hopes that it would lead them to the leaker. The email was sent along with software known as a tracer that could allow H-P investigators to see where it may have been forwarded. H-P has said the mail was sent, but the tracer was never activated. 'Today, with the benefit of hindsight, I wouldn't do it again,' Mr. Hurd said."

The New York Times (9/29, Richtel) reports, "They were looking for an academic. The suspect was conversant in computer chip technology. And he would have to be the kind of person who used the word 'pooped' to mean tired. … In a case right out of CSI: Corporate America, a team of private investigators spent months obsessively hunting the source of a news leak from inside Hewlett-Packard about the company's corporate strategy." The Times continues, "By the time they had finished their search, the team had solved the mystery of what eventually became the most notorious investigation in Silicon Valley. And the way they did it seemed to resemble a bureaucratic version of a Dan Brown thriller. …

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But in building a clue-heavy reconstruction — part dossier, part 'Da Vinci Code' — the detectives ended up wreaking the havoc that has forced out Hewlett-Packard's chairwoman, led to the resignation Thursday of its general counsel and spawned a series of criminal investigations that are far from over."

Most Witnesses Refuse To Testify. The Washington Post (9/29, D1, Noguchi) reports, "One after another yesterday morning, 10 of the 14 people summoned by Congress to testify about their role in a spying scandal that has rocked Hewlett-Packard Co. spoke into the microphone and invoked a constitutional right against self-incrimination: the Fifth Amendment." The Post continues, "Pleading the Fifth isn't unprecedented in a congressional hearing. Executives from Enron to WorldCom to Qwest Communications have all exercised the right in front of lawmakers in recent years. And lawmakers have grown accustomed to it. … 'As a former lawyer myself, I cherish the right of witnesses to invoke their Fifth Amendment right against self-incrimination. It's one of our important constitutional provisions,' said Rep. Diana DeGette of Colorado, the ranking Democrat on the subcommittee that conducted yesterday's hearing. … 'But it's very difficult for us in Congress to have an investigation where all the witnesses come in and, at the very last minute, inform the committee that they're invoking their Fifth Amendment rights,' she said." The Post adds, "Legal experts say that it's often advantageous for witnesses in potentially criminal cases not to testify because it could create a legal trap for them later. … 'There are a lot of potential pitfalls in congressional testimony,' said lawyer Michael Levy, who represented some of the Enron Corp. executives in hearings. 'An officer or director in a publicly traded company has to weigh the known employment risks of asserting the Fifth, versus the unknown risks of testifying' and potentially giving investigators information that can be used against them in a criminal probe."

HP General Counsel Resigns, Will Not Testify. The Wall Street Journal (9/29, Jones) reports, "In the weeks after the first news broke about Hewlett-Packard Co.'s board-spying imbroglio, little clarity emerged about just what role the general counsel, Ann Baskins, had played. While others left the company, she held on. … That all changed yesterday. As statements and documentation emerged that offered new details about her part, Ms. Baskins resigned and declined to testify before a congressional subcommittee, citing her constitutional right against self-incrimination." The Journal continues, "Former H-P Chairman Patricia Dunn said in a statement released Wednesday in anticipation of the hearings that she had leaned heavily on Ms. Baskins's judgment about the propriety of the investigation. The fact that 'attorneys were unambiguously overseeing the investigation ...reinforced my understanding that the investigations had been and were being handled appropriately,' she said. … Ms. Dunn also said that at one point she had suggested hiring the 'highly regarded' Kroll Associates to run an investigation. But Ms. Baskins instead recommended handing the matter to Kevin Hunsaker, a lawyer who worked for Ms. Baskins. 'I had never heard of Mr. Hunsaker,' said Ms. Dunn, 'but his title and [Ms. Baskins's] strong positive opinion of his work were very reassuring to me; thus I concurred with her recommendation.' … During congressional questioning, Ms. Dunn said of Ms. Baskins, 'Her career is ruined. She made some errors in judgment. I relied upon her like many others.'"

The New York Times (9/29, Hafner) reports, "If a company's most senior lawyer is assured by a subordinate that something the company is doing is legal, what is her liability if it turns out that it might not be? … According to documents provided to the House Committee on Energy and Commerce, those assurances were given to Ann O. Baskins, the Hewlett-Packard general counsel, who resigned yesterday over the company's spying case. Yet legal specialists say it is too soon to say what Ms. Baskins's legal liability might be. … 't really depends on what shoe drops next, what information comes out and what the authorities decide to do with the case,'said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware." The Times adds, "In a letter written to the House Committee on Energy and Commerce, K. Lee Blalack II, Ms. Baskins's lawyer, said Ms. Baskins 'lways believed that the investigative methods that she knew about were lawful, and she took affirmative steps to confirm their legality.' … Ms. Baskins, he wrote, was led to believe in the legality of an investigation aimed at tracing news leaks from the company's board, which included the use of private detectives to use ruses to gain phone records…Those assurances came from a senior Hewlett-Packard counsel, Kevin T. Hunsaker, who directly oversaw this year's phase of the investigation."

Bloomberg (9/29, Guglielmo, Stern) reports, "Baskins, who joined Hewlett-Packard right after law school 24 years ago, had regular meetings with her subordinate Kevin Hunsaker, who ran the investigation and left the company this

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week, Dunn said. While Hunsaker asked Dunn directly several times for guidance, most of these conversations included Baskins, 51, Dunn said. … A weekly project conference call was set up on Friday afternoons 'o Ann and I could be brought up on any progress and I could answer questions as appropriate,'Dunn said in her statement …Baskins had little choice but to resign, said James Post, a professor of management at Boston University. 'Patti Dunn detailed Baskins's involvement in her testimony leaving Baskins with little room to explain herself lest she provide self-incriminating statements,' Post said."

Outside Counsel Denies Knowledge Of Leak Probe. The California Recorder (9/29, Beck, Scheck) reports, "In a day of dramatic developments in the Hewlett-Packard Co. spying scandal, Larry Sonsini sat before a packed House committee for nearly five hours Thursday to answer harsh questions as the board's main outside counsel." The Recorder continues, "Sonsini flatly denied that he had any knowledge of the company's investigation into boardroom leaks until after that probe was finished. Members of the House Energy and Commerce Committee, however, repeatedly pressed Sonsini on why he didn't raise concerns about the investigation's unseemly methods when he learned about them in an April report this year. … They also questioned the assurance he gave to former director Thomas Perkins in an e-mail, when he said that the methods used to uncover the source of boardroom leaks, including 'pretexting,' appeared to be 'within legal limits.'" The Recorder notes, "Much of Thursday's testimony suggested Baskins had in fact become the designated scapegoat. Both Sonsini and HP's former chairwoman, Patricia Dunn, who sat side by side at the hearing, pointed to Baskins as the person primarily responsible for the oversight of the leaks probe. … Sonsini stressed that he relied on Baskins -- as well as HP in-house lawyer Kevin Hunsaker, who also quit Thursday and took the Fifth -- for advice on whether pretexting is legal. Nonetheless, HP announced in a securities filing Thursday that Baskins will get a severance package that legislators at the committee hearing described as a '$3.6 million golden parachute.'"

HP Investigator Tailed Reporter In Unrelated Probe. The Wall Street Journal (9/29, B2, Waldman) reports, "Hewlett-Packard Co.'s outside investigator said he gained access to a Wall Street Journal reporter's hotel-phone records to identify the reporter's source in an unrelated episode before H-P's 2005-06 board-leak investigation, according to an email to H-P from its outside law firm." The Journal continues, "Ronald DeLia and his company, Security Outsourcing Solutions Inc., are suspected of leading the gathering of personal phone records through false pretenses, or 'pretexting,' as part of H-P's probe. H-P has acknowledged that nine reporters, including two for The Wall Street Journal, were pretexted as part of that probe. Mr. DeLia and SOS, a small private investigative firm in Needham, Mass., have been under contract with H-P for about eight years, H-P Chief Executive Mark Hurd said in Congressional testimony yesterday." The Journal adds, "Mr. DeLia told lawyers interviewing him in August 2006, that he had informed Ms. Dunn that 'he had undertaken a similar investigation involving leaks from a Big Five accounting firm to a Wall Street Journal reporter. Mr. DeLia was successful in finding the source of the leaks in that case,' according to an email circulated at House Energy and Commerce hearings on the H-P scandal yesterday."

Verizon Sues HP Over Leak Probe. The Wall Street Journal (9/29, Sharma) reports, "Verizon Wireless filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellphone records as part of Hewlett-Packard Co.'s scandal-tainted leak investigation." The Journal continues, "The company didn't identify any defendants in the 'John Doe' suit but described in detail the 'pretexting' schemes they used to gain access to call records. … 'Defendants used fraud, trickery and deceit to access confidential customer information,' the company wrote in the complaint." The Journal adds, "Verizon Wireless examined its records after news reports surfaced several weeks ago on the details of H-P's leak investigation, including how the accounts of directors, employees and journalists were fraudulently obtained by private investigators and so-called pretexters working for the company. … The account of one H-P director, who isn't identified in the complaint, was subject to unauthorized access three times since last year, according to Verizon's legal papers. The records of the director's spouse were also accessed, the complaint says."

Perkins Sails Above HP Fray. Bloomberg (9/29, Gullo, Guglielmo) reports, "While lawmakers grilled Hewlett-Packard Co. executives in Washington today, the man who exposed the company to public scorn and scrutiny was sailing in his 300- foot yacht." Bloomberg continues, "Venture capitalist Tom Perkins, 74, who resigned from Hewlett-Packard's board in May in protest over the company's handling of a probe into news leaks, is vacationing on his

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yacht, the Maltese Falcon, spokesman Mark Corallo said. … Perkins's disclosure that Hewlett-Packard had obtained his personal cell-phone and home-phone records sparked an outcry over its use of possibly illegal tactics. The company's probe is being investigated by the California Attorney General, the Securities and Exchange Commission and the Justice Department. … 'Tom takes no pleasure in any of this,' Corallo said. 'He has expressed his sorrow about this mess over and over, but he believes this is the best thing for the company.'" Bloomberg notes, "Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, in an August letter to Hewlett-Packard's board accused the world's largest printer maker of improperly obtaining his telephone records and derided actions taken by then- Chairwoman Patricia Dunn. … He also said the Palo Alto, California-based company covered up the reason he resigned as a director. The letter was made public, and Hewlett-Packard on Sept. 6 revealed in a regulatory filing that Dunn used private investigators who faked their identities to get phone records …"

Local Television. More than 200 local newscasts reported on the HP executives' testimony before the House Energy and Commerce Committee. The coverage focused on the refusal by ten HP executives to testify, citing the Fifth Amendment. Several newscasts said that this scandal will push the Congress to rush a legislation to formally ban pretexting. Some examples: WFTV-TV Orlando, (9/28, 11:51 p.m.) reported, "Hewlett-Packard executives took the fifth is a tell-tale sign they fear future legal action, including criminal prosecution in California. Federal law bans pretexting to obtain bank or federal records. But acquiring telephone record is governed by a hodgepodge of state laws. The lack of clarity in this area underscores the need for Congress to take action and to make sure that people understand that pretexting will be prosecuted."

JLA-TV Washington, DC, (9/28, 6:12 p.m.) reported, "Lawmakers grilled executives of computer giant Hewlett-Packard today about their company's alleged internal spying. Ten of the key players took the Fifth Amendment and refused to testify, and the few who did testify did not take responsibility for illegal spying methods or ethical breaches. Congress is debating a bill to make it illegal to impersonate officials to obtain phone records."

WKHWB-TV Houston, (9/28, 9:19 p.m.) reported, "The Hewlett-Packard's spying scandal hit a brick wall in Congress. Ten people went before a congressional panel and refused to testify, invoking their Fifth Amendment right against self-incrimination. … Former chairwoman Patricia Dunn told the panel she was assured the phone records were obtained legally."

KPIX-TV San Francisco, (9/28, 6:05 p.m.) reported, "Lawmakers didn't get all the answers that they were looking for."

KTVU-TV San Francisco, (9/28, 4:59 p.m.) reported, "Dunn answered scores of questions and withstood a series of verbal punches from members of congress."

KOMO-TV Seattle, (9/28, 6:41 p.m.) reported, "Members of Congress compared the scandal to Watergate, and said some of the tactics used would make Richard Nixon blush."

WEWS-TV Cleveland, (9/28, 11:47 p.m.) reported, "This scandal is raising some interesting questions. For instance, can your boss spy on your outside life? "

KTVU-TV San Francisco, (9/28, 6:03 p.m.) reported, "The house was already considering legislation to formally ban the so-called pretexting. This scandal could very well convince Congress to pass that legislation sooner rather than later."

Judge Denies Alexander Bail, Delays Extradition Hearing. Bloomberg (9/29, Wessels) reports former Comverse CEO Jacob "Kobi" Alexander "has to stay in a Namibian prison pending a bail hearing on Oct. 2. … The U.S. government said it will ask that he be extradited to face the fraud charges. Alexander's application to be let out on bail while dealing with extradition was postponed today for four days by Magistrate Uaatja Uanivi, who ordered him kept in custody in the meantime. 'Things are very fluid at the moment, and they can change,' Alexander's wife Hana said in an interview after the judge's bail ruling at a court in Katatura, near Windhoek."

Alexander Unhappy With Namibian Jail. The New York Times (9/29, Grobler, Creswell) reports that former Comverse Technology CEO Jacob "Kobi" Alexander is unhappy with his treatment in a Namibia jail, where he awaits extradition to the US "to face charges, including conspiracy, securities fraud and money laundering in connection with a scheme to backdate stock options at Comverse. A 32-count indictment against Mr. Alexander was unsealed on Wednesday by federal prosecutors in Brooklyn." The Times reports, "On Thursday, Mr. Alexander…made his first appearance in front of a magistrate in Windhoek, the

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Namibian capital. … Appearing unshaved and wearing a black leather jacket, Mr. Alexander, 54, seemed calm at a hearing on his application to be released on bail. The proceeding was postponed until Monday to allow his local lawyers more time to prepare. … That means that Mr. Alexander will spend the next few days in the H-Section of Windhoek Central Prison, the country's largest." The Times adds, "His lawyers said they had been allowed to provide him with a change of clothing and some personal items. But they noted that Mr. Alexander had complained about the quality of the food there and that they were not sure if they would be allowed to bring him food from the outside. … His new surroundings are a vast difference from the Windhoek Country Club Resort and Casino, which he has apparently called home since he, his wife and three children entered the country late in July." The Times notes, "A deputy prosecutor here, Johnny Truter, said the authorities intended to oppose Mr. Alexander's formal bail application on Monday. … What is unclear is whether he will fight attempts to bring him back to the United States … "

DOJ Will Not Prosecute Royal Ahold. Bloomberg (9/29) reports, "Royal Ahold, the parent of U.S. Foodservice, will not be prosecuted in connection with a criminal fraud investigation that led to charges against a top company official and a shareholder lawsuit, the Justice Department disclosed yesterday." Bloomberg continues, "Ahold and U.S. Foodservice agreed to cooperate with federal investigations of the company and its employees, the United States attorney of New York, Michael Garcia, said in a Sept. 25 letter to company lawyers released yesterday. In light of a $1.1 billion settlement with plaintiffs in a shareholder suit, the government is not asking for additional restitution, the letter said." Bloomberg adds, "The agreement came three weeks after Michael J. Resnick, a former U.S. Foodservice chief financial officer, pleaded guilty to conspiracy in what prosecutors said was an $800 million fraud. His co-defendant, Mark P. Kaiser, a former U.S. Foodservice marketing chief, is set to be tried in New York next month. … Prosecutors said Mr. Resnick helped U.S. Foodservice, based in Columbia, Md., overstate earnings by about $800 million from 2000 to 2003, using false promotional allowance documents provided by vendors."

Former Top Citibank Commodities Trader Pleads Guilty To Fraud. Newsday (9/27, Kessler) reported, "A Great Neck man who formerly headed the worldwide commodities trading division of Citibank admitted Tuesday to doctoring his unit's profits to make them appear to be $20 million greater than they actually were, according to officials." David Becker "pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and wire fraud in a 2003 scheme to improve his job performance and increase his eligibility for bonuses, according to Michael Garcia, the U.S. attorney for the Southern District. As part of his plea, Becker agreed to forfeit the extra $200,000 he earned through the scheme." The AP (9/27) noted, "Federal prosecutors said he wanted to enhance his job performance and his eligibility for bonuses from Citibank." The New York Post (9/27, 608K) also reported on Becker's plea in "Business Briefs."

General Counsels Come Under Increasing Scrutiny. The National Law Journal (9/29, Qualters) reports, "Corporate counsel are starting to look over their shoulders. … When the U.S. Securities and Exchange Commission went after Biopure Corp. and its executives for misleading public statements about the U.S. Food and Drug Administration's review of its products, the biopharmaceutical company escaped without financial repercussions. … But the Cambridge, Mass., company's general counsel ended up with a $40,000 civil penalty this month." The Journal continues, "The government's cases against Biopure's former president and CEO and former senior vice president of regulatory affairs and operations are ongoing. But the SEC's settlement with general counsel Jane Kober illustrates the escalating government scrutiny of so-called "gatekeepers," including general counsel responsible for safeguarding shareholder's interests. … In-house counsel and their law firm advisers say they're increasingly concerned about potential liability faced by in-house lawyers, who are stepping up their documentation of advice and even taking on additional professional liability insurance as precautionary measures." The Journal adds, "Biopure, which settled its case without admitting or denying the SEC's charges, agreed to an injunction against future violations of securities laws and hired an independent consultant to overhaul the company's disclosure policies. … General counsel are increasingly scrutinized for their actions, said Karl Chen, co-chairman of the securities committee for the Washington Metropolitan area chapter of the Association of Corporate Counsel."

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Pirate Capital Faces SEC Probe. The New York Times (9/29, Anderson) reports, "Pirate Capital, a hedge fund that takes pride in attacking management at underperforming companies, now finds itself under fire. … Pirate Capital, a $1.7 billion fund based in Norwalk, Conn., lost half its investment team this week, according to a letter from the founder and portfolio manager, Thomas Hudson. In addition, Pirate, an 'activist' fund that pressures management to increase shareholder value, is being investigated by the Securities and Exchange Commission on suspicion of failing to alert the commission when it was selling stock, according to one person briefed on the inquiry." The Times continues, "Mr. Hudson's letter, dated Sept. 28 and on stationery with a pirate ship logo, said that Pirate would close to new investors Sunday, to focus on delivering returns rather than collecting more money. … Pirate Capital has had a difficult year: its flagship Jolly Roger Fund is up only 3.3 percent, while its activist fund is up 2.86 percent, according to materials sent to investors. Those returns are well below the average activist fund. Hedge Fund Research in Chicago tracks the returns of 44 funds that operate solely activist strategies; through August those funds have returned 10.39 percent."

CRIMINAL LAW:

Pirro Asks For DOJ Probe Of Wiretap Leaks. Newsday (9/28, Riley) reports, "An embattled Jeanine Pirro Thursday asked U.S. Attorney General Alberto Gonzales to investigate the leaking of wiretaps that implicate her in a plot to bug her husband as she tried to dig her state attorney general campaign out from under the rubble of disclosures that she is the target of an FBI probe. … 'To date, the leak is the only crime committed here,' the former Westchester County district attorney wrote to Gonzales one day after confirming at a dramatic news conference that she asked former New York City police commissioner Bernard Kerik to plant a recording device on a family yacht to try to catch her husband Albert in a tryst. … The FBI is investigating whether Pirro violated federal wiretapping laws." Newsday adds, "In the letter, as well as an appearance in the Bronx and an interview with Fox News' Bill O'Reilly, Pirro spent the day frantically trying to move offensively. She asked for a special prosecutor to fast-track the probe and conclude it before Election Day. She called for the federal prosecutor who convicted Albert Pirro of tax fraud in 2000, Elliot Jacobson, to be removed from the new inquiry for alleged bias. … She also tried to draw her Democratic foe, Andrew Cuomo, into the fray, telling Gonzales that 20 years ago, Jacobson and Cuomo briefly worked together for the Manhattan district attorney, and taking a pass when a reporter asked if she thought Cuomo was somehow involved in leaking the wiretaps of her conversations with Kerik to a New York television station. … 'What I can tell you is this: We're going to find out,' Pirro said in response to a question. Cuomo's campaign said he didn't know Jacobson, and noted that Republican prosecutors are running the inquiry. Manhattan U.S. Attorney Michael Garcia, a Republican appointee, has denied any political motivations in the probe."

The New York Times (9/29, Healy) reports, "This afternoon Ms. Pirro's campaign released the text of the letter she sent to Attorney General Alberto R. Gonzales in which she asked that a special prosecutor be appointed to conduct an investigation of the leak and to report the results within 20 days. … Her letter echoes comments she made this morning at a meeting of the New York Hispanic Clergy Organization in Morris Park. 'Court documents that were sealed documents were released to the press,' Ms. Pirro said. 'Ladies and gentlemen, that is a felony. That is the only felony that has occurred in this situation.'"

The Washington Post (9/29, A3, Powell) reports, "Pirro summarized her grievances in a letter to U.S. Attorney General Alberto R. Gonzales. So by Thursday, there was this intriguing spectacle: A Republican candidate had demanded that a Republican attorney general investigate a Republican federal prosecutor, accused of submarining her candidacy. … In pointed response, federal prosecutor Michael Garcia promptly released a statement confirming the investigation. … 'This office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies,' Garcia said. 'Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me.'"

Local Television. Several NY local newscasts reported that attorney general candidate urged U.S. attorney general Alberto Gonzales to investigate the leaking of the leaking of sealed court documents that implicate her in a plot to eavesdrop on her husband. The reporting noted that Pirro demands the lead investigator be taken off the case. Some examples: CNEWS9-TV Albany, (9/28, 8:30 p.m.) reported, "In a letter to U.S. attorney general Alberto Gonzales, Pirro called for a federal investigation to be launched into the leak

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of a sealed court document. That court document is what led to the story of her plotting to wiretap her husband. Pirro also wants Assistant U.S. attorney Elliott Jabson off the investigation into her private life."

WNYT-TV Albany, (9/28, 5:29 p.m.) reported, "Leaks about ongoing investigations are not necessarily illegal, but Pirro sent a letter to U.S. attorney Alberto Gonzales, demanding a full investigation…and a report to New Yorkers in 30 days … The information about Pirro's conversations with Kerik is in the possession of six different law enforcement agencies as well as defense attorneys."

CNEWS9-TV Albany, (9/28, 6:30 p.m.) reported, "Attorney general candidate Jeanine Pirro continues to do damage control. She is now calling for another investigation this one into who leaked the information."

WTEN-TV Albany, (9/28, 05:59 p.m.) reported, "Now the feds have launched an investigation into the leak of sealed court documents that led to Pirro's revelation yesterday about the alleged wiretap plan. Pirro has already asked that the lead investigator be taken off the case."

KTVK-TV Phoenix, (9/28, 8:07 p.m.) reported, "A defiant Pirro says she is determined to stay in the race and will seek a federal investigation into the leak of sealed court documents that led to the story going public."

WNYT-TV Albany, (9/28, 06:02 p.m.) reported, "Jeanine Pirro … is calling for the prosecutor with the wiretapping scheme to step down."

WTEN-TV Albany, (9/28, 05:03 p.m.) reported, "Jeanine Pirro says, 'Secret documents have been leaked here and I demand an investigation.'"

Documents Suggest Pirro Discussed Eavesdropping More Than Once. WNBC-TV, New York (9/29) reports, "Now that Jeanine Pirro has openly discussed the criminal investigation focused on her, the big question revolves around her thoughts about eavesdropping on her husband: Was it a passing notion, or a lingering obsession? … In fact, NewsChannel 4 has learned the New York attorney general candidate may have spoken more than once about the possibility of spying on her husband." WNBC-TV continues, "Pirro denies any criminal wrongdoing and claims all she did was complain about her husband to former New York City Police Commissioner Bernard Kerik. However, NewsChannel 4's Jonathan Dienst has learned phone conversations between the two might have taken place over a longer period of time. … In one call, Pirro called Kerik and apparently complained that for weeks she had been waiting for Kerik's people to plant a recording device on Albert Pirro's boat. Records now in the hands of numerous defense attorneys and at least six different state and federal agencies show Pirro complained bitterly. … 'He went through the whole thing about, you know, who had the right to be on the boat and all this stuff and I said to him, "Look," I said, "It's my, my ... it's (the boat's) in his name, but I have a right to be on it. I'd like to go on it when he's (Albert's) playing golf." Um, he wasn't comfortable with that and with that I just said, "Thank you very much." He said he couldn't trust the fact that, you know, at some point I might say that he did it. And, um, I got to tell you Bernie, he wasted a month of my time,' Pirro said in the recording, according to documents."

NOW Defends Pirro. The Washington Post/AP (9/29, Johnson) reports, "The National Organization for Women came to the defense of Jeanine Pirro and Republican leaders said there were no plans to drop her as their candidate for state attorney general Thursday after it learned she is under federal investigation over a plan to secretly record her unfaithful husband." The AP continues, "Marcia Pappas, president of the New York state chapter of NOW, said her group supports Jeanine Pirro 'completely for fighting back on this intrusion.' … 'It's absolutely horrendous the government would intrude on anyone's life in this way,' she said. 'They are targeting her because she is a woman. If anyone believes in the right to privacy, they should be enraged by the behavior by our government.'"

Pirros Rose To Power In Partnership. The New York Times (9/29, Eaton, Mcintire) reports, "To hear Jeanine F. Pirro's supporters tell it, she is a wronged woman leg-shackled to a loser, an ambitious and effective wife brought low by her badly behaved husband, Albert. … Now her fears about his philandering have set off a federal investigation into possible eavesdropping and have threatened to derail her quest to become New York attorney general. … But to many people who have been watching the couple for decades, the Pirros look a lot like an echo of that other Westchester power couple, the Clintons, who are also political and financial partners whose fates and fortunes are profoundly intertwined. The Pirros live in Rye, the Clintons in Chappaqua." The Times adds, "When it comes to the Pirros, 'There's no question they are partners, there's no question it's a symbiotic relationship,' said Murray Richman, a Bronx defense lawyer who knows both of the Pirros. 'There's no question Jeanine would never be where she is without Al.'"

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More Commentary. The New York Times (9/29) editorializes, "Ms. Pirro accused federal prosecutors, who are investigating whether she broke any laws, of 'prying into the personal lives of married couples' and announced that she was 'standing up for women' by staying in the race. … Three thoughts: … 1. Women can get along without her help. … 2. It's hard to count all the things about this latest mess that reflect badly on Ms. Pirro. Surely a seasoned district attorney should have known that it was not a good plan to ring up Mr. Kerik, who had already drawn the attention of prosecutors for accepting free housing renovations from a contractor with possible ties to organized crime, and urge him to get cracking on that potentially illegal bug. … 3. The fact that Ms. Pirro was taped dismissing the attorney general's job as a 'been there, done that kind of thing' might not have been quite so damaging if her entire campaign had not been such a running example of idea-free ineptitude."

Report Says Abramoff's Contacts More Extensive Than White House Acknowledged. A House Government Affairs Committee report on convicted lobbyists Jack Abramoff's contacts with the White House and key GOP officials such as Karl Rove and Republican National Committee Chairman Ken Mehlman reportedly says the contacts were more extensive than previously known.

The story was the lead on ABC World News (9/18, lead story, 3:00, Gibson) last night, which reported, "The report will state that prime among Abramoff's lobbying target were the man who is now chairman of the Republican National Committee and Karl Rove, the President's adviser. It will be a bombshell tomorrow." ABC (Stephanopoulos) added the report is "based on a detailed examination of the billing records and the e-mails they received from Jack Abramoff and his associates at his firm. What it's going to show, as you suggested, is far more extensive contacts than we were led to believe in the past with the White House and the Republican National Committee. It also has some circumstantial evidence that Abramoff was able to get some action on behalf of his clients from the Administration. It also will detail offers from Abramoff and his associates of dinners and concert tickets and other kinds of meals and drinks to White House officials. Far more extensive than we have heard about in the past." Stephanopoulos added, "According to the report, what I've been told is there were 450 contacts with White House officials. Including nine contacts with the President's chief political adviser, Karl Rove. It also shows that Abramoff tried to get 20 people hired in the Administration. In this case, it shows he was only successful, though, once." The White House "says what this shows is Abramoff was singularly unsuccessful as a lobbyist, even though he was trying very hard. They also point out that this investigation is largely based on his billing records, his e-mails. And that he's been shown to have lied in the past."

The major dailies also each ran a report on the story. The New York Times (9/29, Shenon, 1.21M) reports the "bipartisan Congressional report documents hundreds of contacts between White House officials and the corrupt lobbyist Jack Abramoff and his partners, including at least 10 direct contacts between Mr. Abramoff and Karl Rove, the president's chief political strategist." The report "found 485 contacts between Mr. Abramoff's lobbying team and White House officials from 2001 to 2004, including 82 with Mr. Rove's office. The lobbyists spent almost $25,000 in meals and drinks for the White House officials and provided them with tickets to numerous sporting events and concerts, according to the report, scheduled for release Friday." The authors of the report "said it was generally unclear from available records whether the aides reimbursed Mr. Abramoff for the meals or tickets. Ethics rules bar White House officials from accepting lobbyists' gifts worth more than $20." White House spokeswoman Dana Perino "said Thursday that while White House officials had not seen the report, earlier evidence showed that Mr. Abramoff had exaggerated his ties to the administration and was 'ineffective in terms of getting government officials to take actions.'"

The Washington Post (9/29, A12, Schmidt, 748K) reports Abramoff "and his colleagues billed their clients for more than 400 contacts with White House officials between 2001 and 2004, according to a report released yesterday by the House Government Reform Committee. The report did not determine how many of those contacts -- referenced in e-mails and Abramoff's often falsified client bills -- actually occurred." The report "also cites documents suggesting that former White House political director Ken Mehlman, now chairman of the Republican National Committee, may have helped Abramoff's team get money for a tribal client from the Justice Department. But the committee did not corroborate the claim." The executive summary says, "In many instances, there is little or no corroboration of the events described in the documents. While the documents described in this report are authentic, that does not mean that the events actually

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transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

The Los Angeles Times (9/29, Wallsten, Roche, 918K) highlights Abramoff's offer of box tickets for the 2002 NCAA basketball tournament to Rove, which was apparently accepted. The "episode — reflecting the modus operandi of the lobbyist whose dealings have cast a shadow over some of Washington's most powerful figures — is captured in a congressional report to be released today." Capping a "months-long investigation by the Republican-controlled House Government Reform Committee, the report said its findings provided "an unusually detailed glimpse into a sordid subculture of fraud and attempted influence peddling."

The Roll Call (9/29, Bresnahan, Kane) reports Democrats and Republicans on the Government Affairs committee "immediately began to fight over the report's findings, with each side portraying the results in the context of its own political needs. Rep. Tom Davis (R-Va.), chairman of the Government Reform Committee, released a statement portraying Abramoff's efforts to lobby the Bush administration as largely ineffective." A summary "prepared for Democratic leaders by staffers for Rep. Henry Waxman (D-Calif.), ranking member of Government Reform, stated that the information provided by the Abramoff documents may show wrongdoing on the part of top White House officials."

The Wall Street Journal (9/29, Harwood, 2.03M) reports in its "Washington Wire" column, "Lobbying team spent $25,000 on meals for White House officials, report says. House Government Reform Committee finds 500 contacts between members of since-disgraced lobbyist Abramoff's team and Bush aides over three years. An email shows one offering White House strategist Ken Mehlman, now national Republican chairman, two tickets to a sold-out U2 concert." Whi9le the Bush Administration has distanced itself from Abramoff, the report "documents instances in which White House officials may have helped him."

Judge Again Delays Start Of Abramoff Prison Sentence. The AP (9/29, Anderson) reports US District Judge Paul Huck "agreed Thursday to again put off prison for disgraced lobbyist Jack Abramoff and a former business partner, but the delays were shorter than what lawyers on both sides sought." Federal prosecutors and defense lawyers "had jointly requested delays of 90 days beyond Monday's scheduled prison surrender date so Abramoff can continue to cooperate in a Washington corruption investigation, and Adam Kidan can provide more information about the gangland-style murder of former SunCruz Casinos owner Konstantinos Boulis." But Judge Huck "reluctantly agreed to let Abramoff remain free until Nov. 15, and Adam Kidan until Oct. 23."

McClatchy (9/29, Blum) reports, "Huck gave Abramoff business partner Adam Kidan until Oct. 23 to turn himself in. Kidan also faces 70 months in prison. .. .Prison terms for both men were to have started Monday. … The men, who pleaded guilty to federal fraud and conspiracy charges in connection with their 2000 purchase of SunCruz Casinos, were sentenced in March. … At that time, Huck granted a request to defer their incarceration. He gave another 90-day extension in June at the urging of defense attorneys and federal prosecutors." McClatchy notes, "Abramoff, who also pleaded guilty to federal corruption charges in Washington, D.C., has been cooperating with prosecutors in a wide-ranging Justice Department inquiry of bribery and influence peddling in the federal government."

New Evidence Against Gotti Did Not Sway Jurors. The New York Times (9/29, Williams) reports, "Not long after word filtered into the courtroom on Wednesday that for the third time since last September a racketeering case against John A. Gotti would end in a mistrial, prosecutors had a chance to speak to the jury. … What they heard was that the most important new evidence against Mr. Gotti — secret F.B.I. recordings made while he was in federal prison — seemed not to have swayed a single juror. … 'I'm not sure it changed anybody's mind,' said one juror, who asked to retain the anonymity he was granted by the court while on the panel. 'It just solidified people's opinions.'" The Times continues, "A federal official has said Mr. Gotti will probably not be prosecuted on the same racketeering and extortion charges a fourth time unless further evidence is uncovered. … Even if Michael J. Garcia, the United States attorney in Manhattan, approves another prosecution of Mr. Gotti, Judge Shira A. Scheindlin of Federal District Court, who has presided over the three trials and would likely oversee a fourth, seems reluctant to allow it." The Times adds, "Almost immediately after she declared a mistrial on Wednesday, Judge Scheindlin asked Mr. Gotti's lawyers whether they wanted to file any motions — referring to a move to dismiss the charges, which include orchestrating the kidnapping of Curtis Sliwa, the radio talk-show host. … Even before the third trial started, Judge Scheindlin expressed reservations about the fairness of the government trying Mr. Gotti three times. …

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Federal prosecutors, who declined to discuss the case yesterday, are expected to announce a decision about a retrial during the next 10 days."

Judge Frees Gotti From Electronic Bracelet, House Arrest. Newsday (9/29, DeStefano) reports, "Freed of his electronic ankle bracelet and conditions of house arrest, John A. Gotti Thursday came and went from his Oyster Bay home with a freedom he hasn't known for years." US District Judge Shira Scheindlin "late Wednesday allowed Gotti to take off the electronic ankle bracelet that tracked his movements and said he could come and go from his home on Redmond Drive as he pleased, said defense attorneys Seth Ginsberg and Charles Carnesi. … Though Gotti didn't comment about his activity, he had said he planned to take his children to school and later attend the football practice of his son, John, 13, at nearby St. Anthony's High School in South Huntington."

Connecticut Woman Pleads Guilty To Falsifying NASA Battery Data. The Norwich (CT) Bulletin (9/29) reports, "A Canterbury (CT) woman could face up to a year in prison and a $100,000 maximum fine for falsifying test data on battery cells used in NASA space suits, U.S. Department of Justice officials said today." The Bulletin continues, "Susan Belliveau, 46, of North Canterbury Road, pleaded guilty today in Hartford to one count of falsifying test data for battery cells her employer, BST Systems Inc. in Plainfield, had manufactured for NASA, the Department of Justice said. … Justice department spokesman Tom Carson said the investigation does not show institutional problems at BST Systems, and the charge applies only to Belliveau. … 'Sue has been an extremely hardworking, loyal and conscientious employee of the company for nearly 20 years and had a lapse in judgment that she deeply regrets,' David T. Grudberg of New Haven said. 'And we sincerely hope she will continue contributing her hard work and skills to the company for many years to come.'" The Bulletin notes, "According to the Department of Justice, Belliveau, a lab supervisor, was responsible for overseeing the testing of cells to be used in batteries that power NASA space suits and are used by astronauts during space flight. The battery cells had been manufactured with a new component and were being tested to determine the period of time the cells will function correctly, called the "wet life," after being activated and then repeatedly being charged and discharged. .. . When the cell being tested failed prematurely, Belliveau created false documents, making it appear the cell functioned as it should have, according to the release."

Judge Delays Safavian Sentencing. Government Executive (9/29, Palmer) reports, "David Safavian, the former head of the Office of Management and Budget's procurement policy shop convicted in June of obstructing justice and making false statements, has been granted a delay in his sentencing." GE continues, "The sentencing was originally scheduled for Oct. 12, but will be moved to Oct. 27. Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. The case revolved around his dealings with former lobbyist Jack Abramoff while Safavian was at the General Services Administration, where he served as chief of staff." GE adds, "Prosecutors apparently are seeking a two-point sentence enhancement -- which would add to the recommended prison time -- by arguing that Safavian obstructed justice during his trial. Safavian testified at his trial that he did not lie, make false statements, or obstruct an investigation, but the jury found him guilty of doing those things. … Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. Not including the potential two-point enhancement, the charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence. The actual sentence will be up to the judge's discretion." GE notes, "Prosecutors often seek to extend the recommended sentence for convicted defendants by arguing that they obstructed justice or committed perjury by testifying that they did not commit the crime that they were later convicted of committing. The judge ultimately decides whether to take the alleged perjury into account during sentencing."

Judge Admonishes Both Sides In Texas Bus Fire Case. The AP (9/29, Brezosky) reports, "Proceedings were cut short Thursday in a trial of a bus company accused of ignoring safety and maintenance and falsifying logs because the defense didn't have witnesses ready." The AP continues, "U.S. District Judge Ricardo Hinojosa scolded Charles Banker, attorney for James Maples and Global Limo, Inc. for the witness shortage and suggested Banker was reading a lengthy motion for acquittal out loud to buy time. … 'I'm not going to sit here and be filibustered by a motion for acquittal,' Hinojosa said. … The routine motion after a

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prosecutor rests his case was denied. Hinojosa dismissed the jury until Friday." The AP adds, "Maples is the owner of Global Limo, which operated the bus that burst into flames during the evacuation of Hurricane Rita last year, killing 23 elderly nursing home residents. He and his company are charged with conspiracy to falsify time logs and failure to maintain his fleet and require drivers to keep inspection logs. … He is not charged with any of the deaths in the Dallas wreck, but could face prison time and up to $750,000 in fines against him and the company on the conspiracy charge, which is the most serious of the three counts." The AP notes, "The prosecution rested its case early Thursday afternoon. … Banker said he thought the government would take longer. Hinojosa told Banker the trial was scheduled more than a month ago and he had plenty of time to get his witnesses to court. … Hinojosa has also snapped at Assistant U.S. Attorney John Kinchen for not including the accident in the actual charges in the indictment. Earlier in the day, he struck mention of the accident from the indictment's introduction, calling the placement a 'back door' tactic and a 'public relations play.' … That means jurors may never see or hear reference to the accident that brought the company to the Justice Department's attention."

Closing Arguments Made After Vigil Defense Rests Without Calling Witnesses. KRQE-TV Albuquerque (9/28) reported, "The question of the day in U.S. District Court is what will this jury decide in the federal corruption retrial of former State Treasurer Robert Vigil. Attorneys for both sides rested their cases today and then presented closing arguments to jurors who must decide if Vigil demanded and accepted kickbacks while in office," particularly from California investment advisor Kent Nelson. "Vigil's attorney followed the same strategy as the first trial and choose not to call a single witness." KRQE noted, "In their closing argument, prosecutors focused much of their attention on undercover video of Nelson handing Vigil thousands of dollars in cash," but defense lawyer Jason Bowles "said federal prosecutors and federal agents have been twisting innocent facts to make it seemed Vigil accepted kickbacks when in fact he did not."

The AP (9/29, Korte) notes, "The government wrapped up its case just before noon with testimony from FBI agents Margaret Russin and Drew McCandless." Russin "testified about discrepancies in Vigil's campaign finance reports, which didn't include an $11,500 contribution from a California investment adviser until seven months after Vigil's arrest last September. The figure represented the amount that investment adviser Kent Nelson gave to Vigil while he was cooperating with the FBI. McCandless testified that on the day Vigil was arrested, Vigil denied receiving such a contribution."

Philadelphia Inquirer Asks Judge To Reject Protective Order In Fumo Case. The Philadelphia Inquirer (9/29, Shiffman, 399K) reports, "The Inquirer yesterday asked a federal judge to reject a proposed confidentiality order in the case of two computer technicians charged with thwarting an FBI investigation of State Sen. Vincent J. Fumo. The public's interest in open and honest government outweighs any need for secrecy, the newspaper's lawyers said." The Inquirer notes, "Federal prosecutors have sought an order barring defense attorneys from sharing pretrial discovery material - including grand jury transcripts - with anyone beyond the defense team and potential witnesses. Prosecutors said they feared the information would be leaked to the media, causing embarrassment to people who may never be charged in the case."

DOJ Cracks Down On Florida Obscenity Merchant. The Orlando (FL) Weekly (9/29, Billman) reports, "Earlier this month, federal prosecutors filed criminal charges against Danilo Simões Croce of Orlando, who the feds say ran Lexus Multimedia. Croce was charged with accepting Internet payment for obscene materials, then shipping those obscene materials through the mail. (Obscenity is typically prosecuted at the local level, but the feds get involved if the material is distributed through the mail or Internet.) If convicted, he faces up to five years in prison for each of the two counts against him." The Weekly continues, "Attorneys familiar with free-speech issues say this prosecution is the first of its kind in Orlando, at least as far back as they can remember. Local authorities have prosecuted a few cases, but the feds have mostly stayed out of it in Central Florida. No more. In fact, the decision to prosecute Croce came straight from Washington, D.C., as part of a crackdown on hard-core porn." The Weekly adds, "While federal prosecutors went after some porn producers — mainly in Southern states — in the 1980s and early 1990s, those cases largely died out during the Clinton administration, says Lou Sirkin, a noted First Amendment attorney in Cincinnati. (Sirkin successfully challenged a federal law

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banning 'virtual' child porn, and defended the director of Cincinnati's Community Arts Center when he was indicted for displaying Robert Mapplethorpe's photography in 1990.) That drop-off came much to the chagrin of family groups that wanted the government to crack down on smut, usually in the name of protecting children. After George W. Bush's election in 2000, the groups ramped up their pressure. … Former attorney general John Ashcroft was receptive to their cause. … His successor, Alberto Gonzalez, continued the campaign. In 2005, Gonzalez formed the Obscenity Prosecution Task Force, which, according to its website, is 'dedicated exclusively to the protection of America's children and families through the enforcement of our nation's obscenity laws.' Two task force attorneys are working on the Croce case with one local federal prosecutor."

Tennessee Man Sentenced For Threatening Federal Officials. The AP (9/29) reports from Atlanta, "A federal judge on Thursday sentenced a Tennessee man who threatened to kill the president, vice president and cabinet-level officials to more than three years in federal prison." The AP continues, "James Herman Bartholomai of Johnson City was sentenced to three years and one month in prison and three years of supervised release. He was convicted on June 29." The AP adds, "Federal prosecutors said Bartholomai, 35, was serving time as an inmate at the Atlanta federal prison for similar threats in August and September 2004 when he wrote several letters and made a threatening statement to a Secret Service agent. … In one letter, authorities said Bartholomai described President Bush and Vice President Cheney as 'a darkness upon America' and wrote, 'I am the avenger ... a terror and an act of treason shall begin ... with their death my quest to bring down the American government.' … At his sentencing, Bartholomai said he needed mental health care, and the judge ordered continued psychological treatment and alcohol abuse counseling during his incarceration. … Bartholomai also threatened Attorney General Alberto Gonzales, then-Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld."

US Indicts Two Massachusetts Women For Welfare Housing Fraud. The Lynn (MA) Daily Item (9/29, Liscio) reports, "The Justice Department has charged two women with stealing credit card and bank account numbers from the U.S. mail, filling out stolen courtesy checks to make fraudulent deposits, and using phony identification to obtain welfare housing in Lynn and Revere." The Item continues, "Esther Arias, 28, of Malden, and Gladys Cabrera, 31, of Brockton, were indicted Wednesday by a federal grand jury in Boston on multiple counts related to the thefts, according to U.S. Attorney Michael J. Sullivan." The Item adds, "The 47-count indictment charged Arias with 19 counts of mail fraud, seven counts of theft and receipt of stolen mail, two counts of bank fraud, one count of identity theft, and three counts of theft of government property involving U.S. Housing and Urban Development (HUD) benefits. .. .Cabrera was charged with conspiracy, six counts of mail fraud, 10 counts of theft and receipt of stolen mail, one count of bank fraud, and one count of theft involving HUD benefits." The Item notes, "Court documents indicate the pair began the crime spree in 2003 and continued through Jan. 10, 2004. The women allegedly 'stole mail and used information contained within to obtain personal checks of people living in Lynn, which they altered and used to get cash and to make deposits to their bank accounts, as well as bank accounts opened under fictitious identities,' according to U.S. Attorney's Office spokesman Samantha Martin."

Witness Testifies To Gang Rape In MS-13 Trial. The Washington Post (9/29, B2, Castaneda) reports, "The petite young woman was a 16-year-old Laurel High School student three years ago when she decided to skip classes one day to join two other girls at a party at a Hyattsville apartment. … At the party, she said, Oscar Ramos 'Casper' Velasquez took her into a bedroom, where he kissed her and told her that if she didn't have sex with him, as many as 15 other teenagers and young men at the gathering would have sex with her. … Eight men raped her, the 19-year-old woman said. … The graphic testimony about the May 12, 2003, assault was given in U.S. District Court in Greenbelt, where Velasquez, 21, of Baltimore, and Edgard Alberto "Pony" Ayala, 28, of Suitland, are on trial on federal racketeering charges." The Post continues, "They are the first two of 19 alleged members of Mara Salvatrucha, also known as MS-13, who are to be tried under the federal RICO law. In an indictment handed up last year, and in two later indictments, federal prosecutors say that the gang conspired to commit murder, rape and other crimes." The Post adds, "The young woman's appearance represented the first direct testimony about violence allegedly committed by MS-13 members. Prosecutors say she is one of two teenage girls sexually assaulted at the Hyattsville party."

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CIVIL LAW:

Judge Denies Tobacco Companies' Stay Request. Market Watch (9/29, Anderson) reports, "A federal judge Thursday denied a motion by several tobacco companies asking for the stay of a U.S. District Court ruling in the Justice Department's racketeering lawsuit against the tobacco industry." Market Watch continues, "U.S. District Judge Gladys Kessler's rejection of the request means the companies now must focus on filing appeals in the case in the Washington, D.C.-based U.S. Circuit Court of Appeals. Philip Morris USA, a unit of Altria Group Inc., said it will immediately appeal for a stay of the tobacco judgment with the D.C. Circuit while it prepares its broader appeal of Judge Kessler's ruling. … 'Philip Morris USA believes a stay in this case is warranted,' said William S. Ohlemeyer, associate general counsel at Philip Morris." Market Watch adds, "Judge Kessler, in an order denying the stay request, said 'there is a very substantial likelihood that many individuals will be harmed if the stay is granted' and that 'those considerations far outweigh defendants' purely economic concerns about losing what may, at most, be unrecoverable market share if the stay is denied.'" Market Watch notes, "Philip Morris, Reynolds American Inc., Loews Corp.'s Lorillard Inc. and British American Tobacco PLC all asked that the Aug. 17 ruling be set aside pending appeals. Judge Kessler's decision said the cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco and ordered a series of remedial actions that include changes and restrictions on the marketing of light and low-tar cigarettes."

WSJ Decries Lax Class-Action Certification Requirements. The Wall Street Journal (9/29) editorializes, "Jack Weinstein is a federal judge in Brooklyn, New York, who's well-known for indulging class-action lawyers. His honor certainly didn't disappoint them this week when he granted class-action status to a $200 billion claim against Big Tobacco. That eye-popping dollar amount has garnered big headlines, but the real news rests on whether the decision holds up on appeal, which isn't likely." The Journal continues, "Unlike so many past (and unsuccessful) lawsuits against tobacco companies, this one isn't about the health risks of smoking per se. Instead, plaintiffs attorneys argue that Philip Morris, R.J. Reynolds and other cigarette manufacturers fooled customers into thinking 'light' and 'low-tar' products are safer and less addictive, even though a pack of Marlboro Ultra Lights carries the same warning label as a pack of Camels. … Never mind, too, that a D.C. Circuit Court of Appeals ruling last month on the marketing of 'light' cigarettes resulted in no damages being awarded. Or that a similar consumer fraud claim was rejected last year by the Illinois Supreme Court." The Journal concludes, "Our point is not to sympathize with tobacco companies, which obviously sell a dangerous (if legal) product. But neither should the tort bar be permitted to use current public sentiment against Big Tobacco to create a more lawsuit-friendly legal environment, which is what these 'consumer fraud' cases are really about. … Looser requirements for class certification is their real long-term goal. But giving trial lawyers license to cobble together plaintiffs nationwide, and then shop around for the Judge Weinsteins of the bench, puts not only tobacco manufacturers but every deep-pocketed manufacturer at risk. … Lax certification requirements are a green light for trial lawyers to push the envelope -- and a class that includes one-sixth of the U.S. population is really pushing it. It encourages more frivolous filings, which in turn crowd out the legitimate ones. Which is why Judge Weinstein's ruling deserves to be reversed."

Tenet Reaches "Corporate Integrity" Agreement With US. The AP (9/29) reports, "Tenet Healthcare Corp. on Thursday said it has agreed to a 'corporate integrity' pact with federal authorities -- an offshoot of the hospital manager's $900 million settlement resolving investigations into alleged over-billing of Medicare." The AP continues, "The agreement with the Office of the Inspector General and Department of Health and Human Services establishes annual training requirements and compliance reviews by independent organizations. It targets Tenet's clinical standards, code of conduct and procedures in billing and reimbursement, among other areas." The AP adds, "Tenet, the nation's second-largest hospital operator, agreed in June to pay the $900 million to end investigations by the Justice Department and several U.S. attorneys into allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals, and used improper billing codes to bilk the health care program. The settlement did not include a determination that Tenet broke the law."

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Judge Tosses Ohio Restrictions On Abortion Pill. The AP (9/29) reports, "A federal judge struck down an Ohio law restricting the use of an abortion-inducing pill, calling the law vague and saying it could jeopardize women's health." The AP continues, "Wednesday's ruling by U.S. District Judge Susan Dlott came two years after a court challenge by Ohio abortion providers. … The 2004 law, which had never taken effect, bars doctors from prescribing mifepristone, or RU-486, after the seventh week of pregnancy." The AP adds, "The American College of Obstetricians and Gynecologists, which joined the suit this year, said the law interfered with medical decisions and criminalized practices that could be in the best interest of patients. .. State officials argued the law was intended to protect women in accordance with Food and Drug Administration guidelines, which recommend that RU-486 not be prescribed to women more than seven weeks pregnant. … The judge said the law was unclear and contained no exception to allow use of the drug in cases where a woman's health was at risk."

CIVIL RIGHTS:

DOJ Settles ADA Suit With Texas Apartment Complex Designers, Builders. The AP (9/29) reports, "Two (Austin, TX) apartment complexes will be retrofitted to make them more accessible for people with disabilities and settle a discrimination lawsuit the U.S. Justice Department filed against 10 companies involved in the design and construction of the facilities, the federal government said Thursday. … The settlement requires court approval, the Justice Department said in a news release." The AP continues, "The companies have to work on the parking areas, walkways, the interior of ground-floor units and common areas of the St. John's Village and Hunting Meadows Apartments. They also will pay $10,000 in civil penalties to the government and establish a $50,000 fund to compensate people harmed by the inaccessible housing. … A lawsuit against the developers, builders, architects and engineers alleged the dwellings didn't include features that make them more accessible to people with physical disabilities. It was filed in U.S. District Court for the Western District of Texas."

NAACP Seeks DOJ Monitoring Of Georgia Election. WRDW-TV, Augusta, GA (9/29) reports, "There's just over a month before voters head to the polls, but the Augusta NAACP is taking steps now to make sure the election is carried out fairly. … They're asking the US Justice Department to step in and oversee the election." WRDW-TV continues, "Under the Voting Rights Act, any voter or group has the right to ask for federal assistance if they have a serious concern about the fairness surrounding an upcoming election. Two local groups say they have several concerns and that's why they're asking for help. … 'On election day, we want to make sure every vote is tallied, every vote is accurately counted,' said Dr. Charles Smith, president of the Augusta NAACP." WRDW-TV adds, "Dr. Smith sent a letter to the US Department of Justice saying the citizens of Richmond County do not have trust and confidence in the reliability of the Diebold electronic voting machines. … 'These machines are unreliable,' he told News 12. 'It's like a credit card. You scan it. If a person does not go through the whole process, or forgets to push the button, the vote won't count.' … So Dr. Smith and Sharon Paschal of Taxpayers for Economic Justice are asking the Justice Department to deploy federal observers to Augusta to monitor the November election."

House Panel Chairman Questions Need For E-Voting Paper Records. The AP (9/29, Hammer) reports, "A House committee chairman and an election official on Thursday punched holes in the notion that paper records will solve the problems with new electronic voting machines." MI3 Rep. Vernon Ehlers (R), "chairman of the House Administration Committee, subtly mocked the 'Got Paper?' catchphrase of activists calling for paper audits of those votes. Ehlers pointed to a photo of a pollworker in the 2000 Florida recount, his one eye appearing massive as it peered through a magnifying glass at a punch-card ballot. 'You can see this man has 'got paper,'' Ehlers said. 'Simply saying let's use paper does not mean the problems go away.' Keith Cunningham, former head of the Ohio Association of County Elections Officials, testified that a recount of Cuyahoga County's voter-verified paper audit trail showed massive failure of the printouts -- 10 percent of the receipt-like rolls were missing, blank or unreadable." The AP adds, "Legislation proposed by Rep. Rush Holt, D-N.J., and backed by more than 200 lawmakers would require paper audit trails for all new electronic voting machines. About 39 percent of voters will use electronic ballots and about 41 percent will

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use paper ballots read by optical scanners in the Nov. 7 elections. 'It must be done this week,' Holt wrote in a letter to colleagues. 'Voter confidence -- both parties -- is unraveling.'"

With Elections Approaching, Some Concerned Over Electronic-Voting Machines. CBS Evening News (9/28, story 6, 2:45, Couric, 7.66M) reported, "Some experts, meanwhile, are questioning whether the new electronic voting machines are the way to go in the midterm elections that are just 40 days away. There were hearings about them on Capitol Hill today, with some members of Congress saying they want paper ballots to back up the machines. Is electronic balloting a $3 billion blunder?" CBS (Armen Keteyian) added, "Nothing quite stirs political blood like an incumbent's own survival, which is a big reason today members of Congress were questioning the security of electronic voting machines like the Diebold Acuvote. Translation, your ballot box. This November for the first time more than 80% of all votes in this country will be cast or counted electronically. The result of the Federal law passed in the wake of the Bush-Gore hanging chad debacle, phasing out paper ballots for touch screens and optical scanners." Paul DeGregono, CHNN, election assistant commission: "There will be glitches, but I think in the end results, you can have confidence in the system." Keteyian: "But lately, trust has been shaken. In a recent Maryland primary, one county official forgot to supply 13,000 electronic access cards, resulting in voter chaos. While in Ohio's biggest county, there were problems with paper backup. … Princeton University's Ed Felten obtained a Diebold machine and ran a mock presidential application." Keteyian: "In his office, we saw three votes cast for Washington and none for Benedict Arnold. Then a virus went to work and Arnold suddenly won, two votes to one." Felten: "Either you switch to a back-up system like a low-tech paper ballot, or you just cross your fingers and hope for the best." Keteyian: "Next week, the Federal Government will propose new standards for machine certification to take effect this January, two months after so many political fates have been decided."

ANTITRUST:

Lawmakers Ask DOJ To Delay Approval Of AT&T-BellSouth Merger. The AP (9/29, Dunbar) reports, "The chairman and ranking member of the House Judiciary Committee have asked the Justice Department to delay approval of the merger of AT&T Inc. and BellSouth Corp. until a federal court decides whether two previous mergers were in the public interest." The AP continues, "Committee Chairman James Sensenbrenner, R-Wis., and ranking member John Conyers, D-Mich., sent a letter Thursday to Attorney General Alberto Gonzales asking the department delay its decision until a federal judge rules on the merger of SBC Communications Inc. and the old AT&T Corp., as well as the merger of Verizon Communications Inc. and MCI Inc." The AP adds, "Also Wednesday, Democrats on the Senate Judiciary Committee, Sens. Patrick Leahy of Vermont and Herb Kohl of Wisconsin, wrote a similar letter questioning whether Justice has been approving mergers too hastily, counter to the intent of federal law."

The Atlanta Journal-Constitution (9/29, Leith) reports, "The letter…was touted Thursday by a group called the Competition Coalition, which opposes the AT&T-BellSouth combination. … The spotlight on the pending deal is intensifying as the Justice Department and the Federal Communications Commission both move closer to approving the merger. AT&T wants to complete its purchase of BellSouth as soon as next month, while opponents want to place certain restrictions on the deal. … The Justice Department must review mergers, and then a court must conduct its own review." The AJC adds, "At the moment, a judge is looking at the approvals of two big mergers from 2005: Verizon Communications-MCI and SBC Communications-AT&T. The review is required under what is known as the Tunney Act. … 'The court is examining the sufficiency of proposed remedies intended to alleviate competitive harm,' Sensenbrenner and Conyers wrote. 'Any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T-BellSouth merger.' … AT&T, however, disagrees with requests for the Justice Department to slow down its review of the BellSouth deal to wait for the judge's decision regarding last year's deals. … 'We see no reason for a delay,' said AT&T spokesman Dave Pacholczyk. 'These are different mergers. Our merger with BellSouth is proceeding along a separate path and is not part of the court's review.'"

The San Antonio Business Journal (9/29) reports, "The two lawmakers also urged the Justice Department to carefully review the AT&T/BellSouth merger 'due to the size and scope of the transaction' and to 'mitigate the risk of competitive harm and to ensure that it is consistent with the public interest.'"

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Market Watch (9/29, Hughes) reports, "Two groups representing Bell competitors as well as New York Attorney General Eliot Spitzer have challenged the mergers, arguing that the conditions imposed by the Justice Department failed to boost competition. … Separately, two top Senate Judiciary Committee Democrats wrote Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed. … 'Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review,' Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a Sept. 27 letter. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review.' … The letter asks Barnett to explain why the Justice Department is allowing some mergers to complete before court reviews are final. The letter doesn't set a deadline, however, for when the antitrust chief must respond."

Local Television. At least one local newscast reported that Rep. John Conyers (D, MI) and Rep. James Sensenbrenner (R, WI) asked attorney general Alberto Gonzales to delay approval of the proposed merger of AT&T and BellSouth until a federal court decides whether two previous mergers were in the public interest. WJRT-TV Flint, (9/28, 5:34 p.m.) reported, "A Michigan lawmaker is asking the Justice Department to delay approval of the AT&T and BellSouth merger until a federal court decides whether two previous mergers were in the public interest. Michigan representative John Conyers, along with a Wisconsin representative, wrote attorney general Alberto Gonzales asking the department to delay its decision. They want to see how a federal judge rules on the merger of SBC and the old AT&T, as well as the Verizon-MCI merger."

Granger Optimistic About Chances For Wright Bill. The Fort Worth Star-Telegram (9/29, Recio) reports, "The House will vote Friday on legislation that would repeal the Wright Amendment in eight years, after leaders changed the bill to conform to a Senate version. … 'We've got the support to pass it,' Rep. Kay Granger, R-Fort Worth, said. 'I'm very happy about it. We think it will pass.'" The Star-Telegram continues, "Granger, according to one lawmaker, has more than 300 votes for the bill. That's more than the two-thirds needed to pass bills under 'suspension' of the rules, a calendar for typically noncontroversial legislation. … Those bills can't be amended, and House leaders have placed the bill on the suspension calendar to try and assure its passage." The Star-Telegram adds, "In a bow to the power of the Texas GOP delegation, the House majority leader, John Boehner, R-Ohio, attended the group's weekly lunch Thursday to tell them he scheduled the vote for today. … Boehner worked this week to mollify House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who stripped antitrust immunity from a version of the legislation earlier this month. … The Wright Amendment legislation to be voted on has been changed to include language on antitrust issues negotiated last week by Sen. Kay Bailey Hutchison, R-Texas, and Arlen Specter, R-Pa., the Senate Judiciary Committee chairman. The new version also reinforces safety language."

Bill Supporters Continue Push. The AP (9/29) reports, "Officials from Dallas and Fort Worth made another pitch Thursday for a compromise on the Wright Amendment to lift restrictions on long-haul flights from Dallas Love Field after eight years, sending a letter to lawmakers in Washington who have expressed concerns about antitrust issues." The AP continues, "An agreement forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth calls for eventually repealing the Wright Amendment and eliminating some gates at Dallas Love Field. … The U.S. House is expected to take up the issue on Friday before recessing for the election break. The compromise is contingent on passage before the end of the year." The AP adds, "Sen. Patrick Leahy, D-Vt., has continued to block the legislation in the Senate over concerns about whether it sidesteps federal antitrust laws. … The letter from Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief as well as attorneys for the two cities said the compromise reached earlier this year is 'a sensible solution to a decades-old problem,' according to a news release from DFW Airport."

DOJ Drops Exelon Antitrust Case In Wake Of Merger Collapse. The AP (9/29) reports, "The Justice Department on Thursday said it has formally moved to dismiss its antitrust case against utility company Exelon Corp. for its purchase of New Jersey utility Public Service Enterprise Group, now that Exelon has given up on the acquisition." The AP continues, "Chicago-based Exelon sought to purchase Newark-based PSEG in a $17 billion deal announced in December 2004, but the acquisition fell apart in the face of

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opposition from New Jersey's utilities regulators. Exelon announced Sept. 14 that the two companies had dropped their plans to merge." The AP adds, "Justice approved the merger in June, but only on condition that Exelon sell six power plants. Those conditions were set out in a proposed settlement to an antitrust lawsuit the department had filed, but has now filed notice to dismiss."

Proposed Pittsburgh Hospital Merger Raises Competitor's Ire. The Pittsburgh Post-Gazette (9/29, Snowbeck) reports, "The head of the (Pittsburgh) region's second-largest health system is moving aggressively to try to block the merger of University of Pittsburgh Medical Center and Mercy Hospital, raising concerns with the U.S. Justice Department, the state attorney general and others." The Post-Gazette continues, "The moves by Jerry J. Fedele, chief executive officer of West Penn Allegheny Health System, come as questions swirl about what a merger, announced a week ago, would mean for health care costs in the region. … Mr. Fedele argues that a merger would further UPMC's goal of creating a health care monopoly that would drive up costs by using its market share to demand better reimbursements from health insurers like Highmark Inc." The Post-Gazette adds, "UPMC officials would not directly respond to the charge, but said they pursued the merger as a way to save the county's last Catholic hospital. The merger, which Mercy officials have said was initiated by them, primarily would benefit UPMC by giving the health system room for a needed expansion of hospital services. … Still, concerns remain about the cost impact of the merger, which Mercy and UPMC officials hope to conclude by the end of the year if they successfully clear a barrage of regulatory and other hurdles, including approval from Rome."

The Pittsburgh Tribune-Review (9/29, Fabregas) reports, "In his first public comments about the merger, Fedele called the UPMC-Mercy deal 'another step in UPMC's march toward monopoly' that could deteriorate quality, increase costs and limit choice for patients." The Tribune-Review continues, "UPMC, which recently posted record profits of more than half a billion dollars, controls nearly half the hospital market in Allegheny County. Its $120 million merger with Mercy, which was announced Sept. 20, could be completed by year's end. … Under terms of the proposal, UPMC will take over operations of Mercy Hospital and Mercy Primary Care -- the hospital's employed physician practices. But other parts of the system, such as Mercy Behavioral Health and Mercy Jeannette Hospital in Westmoreland County, will remain under the direction of the Pittsburgh Mercy Health System. … Fedele said he has sent letters expressing his opposition to the U.S. Department of Justice, the Federal Trade Commission and the Pennsylvania Attorney General and expects to meet with those regulators in the next several weeks."

ENVIRONMENT:

Produce Company Takes Actions In E. Coli Outbreak. The New York Times (9/29, Sander, 1.21M) reports the California produce company at the center of the recent E. coli outbreak announced steps yesterday to "improve its food safety inspections and said it would offer to pay the out-of-pocket medical costs for those made ill." Government officials found that several bags of the California-based Natural Selection Foods' spinach tested positive for the bacteria, but there has been no finding that the spinach was contaminated at the company's plant.

California Effort To Reduce Greenhouse Gases Critiqued. In a New York Times op-ed (9/29), William Sweet, news editor of Spectrum, the magazine of the Institute of Electrical and Electronics Engineers, says that this week, Gov. Arnold Schwarzenegger of California "signed a bold bill pledging the state to cut its greenhouse gas emissions 25 percent by 2020. It was refreshing to hear a politician of national stature explain, with an air of true conviction, why global warming is an urgent problem. 'It creeps up on you,' he told ABC News, the day he said he would sign the bill. 'And then all of a sudden, it is too late to do something about it. ... We don't want to go there.'" The Times adds, "Just so. For the last nine years, since the United States refused to join in the Kyoto program to reduce greenhouse gas emissions, the country has acted in stubborn defiance of the obvious facts. Thus California is setting the country an admirable example. But there are a couple of worrisome aspects to the initiative: one is a possible reaction against greenhouse reductions elsewhere in America should California fail to meet its goals; the second is the question of whether this approach, even if successful, has much relevance for the rest of the country."

NYTimes Decries House Zoning Act. The New York Times (9/29, 1.21M) editorializes, "Congress, which has

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done so little this session to address the nation's real problems, is expected to vote today on a deeply misguided giveaway for big real estate developers. The bill would create new property rights that could in many cases make it difficult, if not impossible, for local governments to stop property owners from using their land in socially destructive ways. It should be defeated. The Private Property Rights Implementation Act would make it easier for developers challenging zoning decisions to bypass state courts and go to federal court, even if there was not a legitimate federal constitutional question." The Times opines, "House Republicans were elected on a commitment to states' rights and local autonomy, and opposition to excessive litigation and meddling federal judges. It is remarkable how quickly they have pushed these principles aside to come to the aid of big developers."

More Commentary. The Washington Post (9/29, 748K) editorializes, "Conservatives often style themselves as champions of federalism, and some conservative judges -- including Justice Samuel A. Alito Jr. while he served on the U.S. Court of Appeals for the 3rd Circuit -- have taken principled stands on preserving local authority over land use. … It's time for it to penetrate the consciousness of members of Congress."

FBI/DEA/ATF/USMS:

Two FARC Figures Plead Guilty To US Drug Charges. The AP (9/29, Anderson) reports from Miami, "Two members of Colombia's largest rebel group pleaded guilty Thursday to federal drug conspiracy charges, the first from the organization known as FARC to be convicted of narcotics trafficking in the United States, prosecutors said." The AP continues, "Cesar Augusto Perez-Parra, 43, and Farouk Shaikh-Reyes, 41, pleaded guilty to charges that they plotted to smuggle more than 4,400 pounds of cocaine about once a month from Colombia to Miami. They were arrested last year before they could import any of the drugs, said U.S. Attorney R. Alexander Acosta. … Both were associates of the Revolutionary Armed Forces of Colombia, or FARC, which is designated as a terrorist organization by the U.S. and European Union. Dozens of other FARC members have been indicted on drug trafficking charges, but Perez-Parra and Shaikh-Reyes are the first to be convicted in the U.S., Acosta said. … FARC is believed responsible for more than half of the U.S. cocaine supply." The AP adds, "The guilty pleas, coming on the heels of this week's conviction and sentencing in Miami of the two brothers who founded Colombia's Cali cocaine cartel, demonstrate that U.S. law enforcement officials are not easing up efforts to staunch the flow of the drug, Acosta said."

DOJ Considers Death Penalty In North Dakota Drug Killing. The AP (9/29, Kolpack) reports from Fargo, ND, "Attorneys on Thursday were discussing whether to seek the death penalty against a man accused in a Red River Valley drug killing. In a separate case, the victim's mother, charged with conspiracy, was sentenced to life in prison." The AP continues, "U.S. Attorney Drew Wrigley said he has a Monday deadline to tell a federal judge whether his office will seek the death penalty for Michael Petzold in the shooting death of Lee Avila, 28, of East Grand Forks, Minn. .. .'I wouldn't call it a fever pitch, but there's a sense of urgency on all sides today,' Wrigley said Thursday." The AP adds, "The prosecutor said he had filed his sentencing recommendations with the Justice Department but would not say what it was. A decision to seek the death penalty would be a first in North Dakota for a drug-related crime, he said. The state does not have the death penalty, but it is allowed in federal cases. … A federal jury last week sentenced convicted sex offender Alfonso Rodriguez Jr. to death for kidnapping resulting in the death of University of North Dakota student Dru Sjodin. It was the first death penalty case in North Dakota in nearly 100 years. .. .Petzold, of Norfolk, Neb., is charged with murder in furtherance of a continuing criminal enterprise. Police said they got a 911 call and found Avila shot to death in East Grand Forks on June 30, 2005. They said Avila had earlier criminal convictions and his death was the result of a drug dispute."

Hawaii Authorities Watch For Possible Spread Of Meth Labs. The Honolulu Advertiser (9/28) reports that as the amount of meth "coming into Hawai'i dwindles, law enforcement agencies are closely watching for the possible spread of secret laboratories used by dealers to dilute the illegal drug. … 'The law enforcement community will continue to monitor the clandestine lab situation in Hawai'i. We are all aware of the dangers clandestine labs can cause to the public and the environment,' said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. 'It is

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equally important for the public to contact law enforcement if the existence of a clandestine lab is suspected.'"

Bush Administration Blocks Assets Of Suspects Linked To Drug Trafficking, Terrorism. The AP (9/28) reports the Bush administration "moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror. The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them." The AP reports the department said six of the nine people suspected of links to FARC "were indicted by a federal court in Washington as part of a narcotics conspiracy." The department also "acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug-trafficking outlet."

DEA Files Lawsuit After Paying Moving Expenses For Woman Who Faked Illness. The Salt Lake Tribune (9/28) reports Tania Clark's "plea to her husband's supervisors at the U.S. Drug Enforcement Agency was so convincing, the DEA paid the family's moving expenses from Texas to Utah so she could be close to loved ones as she battled cancer. Now that it's known she faked her illness, the feds want their money back. In a lawsuit filed Wednesday in U.S. District Court, the DEA accuses Tania and Jeff James Clark of making false claims. The agency is seeking triple the amount it shelled out - or $143,418 - and $10,000 for each false claim the couple allegedly made. … In an emotional letter, Tania Clark described her struggle with cancer and the burden taken on by her husband, DEA agent Jeff Clark."

Critics Push For Overhaul Of Plan Colombia Following Police Unit Killings. For a third consecutive day, the Christian Science Monitor (9/29) focuses on the May 22 killing of members of an elite police unit in Jamundí, Colombia, and how that "massacre" continues to resonate in Washington, "giving ammunition to those who say that Plan Colombia…needs a serious overhaul." According to the Monitor, one group of critics "wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production." The Monitor adds, "In Washington, Anthony Placido, the DEA's chief of intelligence," says, "'A war has a definable beginning and end. This is not that,' he admits, putting aside the usual terminology. 'We are more like gardeners, pulling up the weeds,' he says. 'We are not going to raise a flag and say, we have won. We can't declare an end, a victory.'"

US Expected To Increase Aid To Colombia. The Los Angeles Times (9/29) reports that despite concerns regarding alleged corruption of the Colombian army, staffers and analysts in Washington "say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year." However, the Times notes that a final vote on Plan Colombia funding "probably won't take place until after the November congressional elections." The Times adds that Adam Isaacson of the Center for International Policy said it appears Plan Colombia aid will not be suspended or cut. "'It shows the Colombian government has managed to do an excellent job of lobbying,' Isaacson said. 'Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it.'"

ATF May Join Probe Of Texas Fire. The Palestine (TX) Herald (9/29, Stone) reports, "Authorities are investigating a fire earlier this week which destroyed the $440,000 Anderson County (TX) home of a California woman federally indicted this past spring for allegedly operating brothels in Los Angeles and Dallas." The Herald continues, "Jong Ock Mao, 47, who is also known as Kimberly Mao and June Mao according to authorities, was arrested April 11 in Madisonville after being one of four defendants named in a 40-count federal indictment charging her with money laundering and violations of the Travel Act. .. .MX-Oasis Motocross track, located on her property on FM 322, approximately 3 miles south of Palestine, was the subject of multiple noise complaints in the days and weeks prior to Mao's arrest last spring." The Herald adds, "Anderson County Sheriff Greg Taylor said the residence at 6032 FM 322 owned by Mao – adjacent to the motocross track – was completely destroyed by fire Monday night. The blaze was reported to authorities by a passing motorist at 6:27 p.m. Monday, according to records. … No one has been living at the residence in recent weeks, according to Jay Russell, Anderson County sheriff's investigator, although Mao's son reportedly was residing there back in the spring around the time of his mother's arrest. … Russell said representatives of

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the U.S. attorney's office in Santa Ana, Calif. have been notified of the fire. A team of specially-trained ATF agents could be assigned to come to Palestine since the federal government is in the process of attempting to seize the residence and property, he added."

Arson Destroys Boston Pet Store. The Boston Herald (9/29, Crimaldi, 203K) reports, "At least 21 reptiles and 60 fish are dead and dozens more are fighting for their lives after an arson at a crowded Cambridge pet store on which the message 'NO MORE Exploitation OF ANIMALS' had been spray-painted. … 'The state fire marshal's office is not at a point that we would definitely link the fire to the environmental terrorism motive,' said State Fire Marshal Stephen Coan, who confirmed that the fire at Boston Tropical Fish & Reptile on Wednesday night was arson. Animal rights extremists in other cities have freed animals from pet stores and then set the shops ablaze, fire officials said. The FBI is monitoring the situation, a spokeswoman said." The Boston Globe (9/29, Ballou, 425K) notes, "Store owner Dianne San Filippo took offense at the message. 'One of our largest snakes was found melted in his tank,' she said, standing outside her gutted store yesterday morning. 'Is that kind of death better than exploitation? I don't think so.' San Filippo said her manager had trouble with several people about two weeks ago. 'He had to tell a couple of people who came in to leave, after they started yelling at him and giving him a hard time about the feeder mice,' she said."

Feinstein To Put Hold On Gun Dealer Bill. The AP (9/29, Abrams) reports, "Sen. Dianne Feinstein said Thursday she would block the Senate from taking up a House-passed bill that would change how the government handles gun dealer violations." The AP continues, "The House on Wednesday voted 277-131 in favor of the legislation to change how the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF, pursues gun dealer violations. … 'This legislation would make it difficult, if not impossible, for the ATF to penalize gun dealers who have broken the law, and to prevent rogue dealers from continuing to sell guns,' Feinstein, D-Calif., said in a statement." The AP adds, "The legislation differentiates penalties based on the seriousness of the violation and the size of the firearm business. It requires that any ATF decision on a dealer's license be reviewed by an administrative law judge. … Rep. Howard Coble, R-N.C., who sponsored the House bill, said it would give the ATF greater flexibility to deal appropriately with minor violations while going after gun dealers who are breaking the law. 'Despite what the critics said,' Coble said in a statement, 'our bill puts additional muscle in the arm of the ATF.' … But Rep. Carolyn McCarthy, D-N.Y., a leading gun control advocate, said the bill would make it harder to revoke the licenses of corrupt and negligent gun dealers. 'Even if the ATF is able to revoke a corrupt gun dealer's license, this bill gives the dealer 60 days to sell off his remaining inventory. This defies common sense,' she said."

IMMIGRATION:

Senate Ends Debate On Border Fence Bill. The New York Times (9/29, Swarns, 1.21M) reports the Senate "agreed on Thursday night to end debate and press ahead with a final vote on the construction of 700 miles of fencing along the United States border with Mexico to help stem the tide of illegal immigration." The bill "would require construction of two layers of reinforced fencing in stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the 2,000-mile border with Mexico." It would "also require officials of the Department of Homeland Security to establish 'operational control' over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles. The Senate, which voted 71 to 28 to end debate, is expected to hold a final vote on the measure by Saturday." The "Republican architects of the Senate bill — including Senators John McCain of Arizona, Lindsey Graham of South Carolina, Mel Martinez of Florida and Chuck Hagel of Nebraska — supported the decision to bring the fencing measure to a final vote. The lawmakers, who still favor the legalization of illegal immigrants, have said they view the fence as one step toward achieving their broader legislative goals."

CQ (9/28, Sandler) reports the "final vote is expected Friday, and the bill appeared headed for passage after the Senate easily reached the 60-vote supermajority threshold, 71-28, to invoke cloture." The "strong margin on the cloture vote seemed surprising after Senate Majority Leader Bill Frist, R-Tenn., hinted Sept. 27 that the 60 votes were not guaranteed. He said Democrats were going to block cloture on the bill (HR 6061), which also would authorize a 'virtual fence' of sensors, cameras, unmanned aerial vehicles and other surveillance technology. But Democrats said Thursday

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they would not try to make opposition to the bill a test of party loyalty, and several indicated that they would vote for it."

The Los Angeles Times (9/29, Gaouette, 918K) reports the Senate "set the stage Thursday for a vote by week's end on a bill to wall off 700 miles of the U.S. border from Mexico, but a lastminute push by senators concerned about the severe shortage of agricultural workers could derail the measure's progress." A "surprise move by Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) to add a guest worker program for agricultural workers has complicated matters. The two senators planned to meet with Senate Majority Leader Bill Frist (R-Tenn.) this morning to press him yet again to consider adding their AgJobs proposal, intended to help farmers faced with rotting crops and thousands of dollars in lost revenue because they do not have enough workers to harvest their crops this year." The senators' move "creates a dilemma for Frist, eager for victories to counter criticism of a GOP 'do-nothing Congress.' It also highlights the long-standing tension over immigration that is coming to a head in these waning days of the 109th Congress."

TAX:

IRS Says Merck Faces $2.3 Billion Tax Bill. Bloomberg (9/29, Zimm, Donmoyer) reports, "Merck & Co., already facing thousands of lawsuits related to its withdrawn Vioxx painkiller, may have to pay as much as $2.32 billion to the Internal Revenue Service in connection with disputed expenses on its tax returns." Bloomberg continues, "The IRS has sent notices that it won't allow royalty-related expenses Merck claimed on its tax returns from 1993 through 1999, the Whitehouse Station, New Jersey-based drugmaker said in a Securities and Exchange Commission filing. The Wall Street Journal reported today that the IRS is contesting an arrangement by which Merck cut its U.S. tax bill by $1.5 billion over 10 years by paying a Bermuda-based unit to use its own patents." Bloomberg adds, "The dispute relates to a 'partnership transaction' that Merck set up in 1993, according to the Aug. 7 filing. The IRS is increasingly challenging cross-border transactions that companies are using to lower their federal tax bills. It also has taken regulatory steps to curb the transfer of assets such as patents and licenses to subsidiaries in low-tax countries. … Merck said in the quarterly filing that it 'vigorously disagrees' with the IRS's proposed adjustments to its tax returns."

"Part-time Soldiers" Show Higher Incidence Of PTSD Than Active-Duty Troops. USA Today (9/29, Zoroya, 2.27M) reports, "The wars in Iraq and Afghanistan appear to be taking a greater toll on the mental health of the so-called weekend warriors than on that of active-duty troops, the Army's leading expert on combat stress said during a congressional hearing Thursday." Army Col. Charles Hoge, a "psychiatrist with the Walter Reed Army Institute of Research and an expert in post-traumatic stress disorder," told a House Veterans Affairs subcommittee that "41% of National Guardsmen and reservists raised concerns about their mental health in answers to a survey taken three to six months after they returned from combat" compared with "32% of active-duty troops." Hoge said more research was needed to determine a reason why a greater degree of "mental health problems" was found in Guard and Reserve troops He suggests possible explanations: that "part-time soldiers are concerned about access to health care after returning to their hometowns, while active-duty soldiers are guaranteed access on their bases" and that "active-duty soldiers remain together after combat and can discuss their experiences."

GAO Faults VA For Spending Too Little On Mental Health Services. McClatchey News Service (9/28, Goldstein) reports, "The Department of Veterans Affairs failed to fully spend a promised $300 million since 2005 to fill critical gaps in mental-health services for returning troops and others, congressional investigators said." According to a Government Accountability Office (GAO) report released Thursday, the allocation was "supposed to be used to improve awareness of the VA's mental-health programs" and to provide recent veterans with better access to services. Instead, investigators say the VA spent "only $53 million of the $100 million it planned to use in fiscal 2005 on gaps in care under a mental-health strategic plan," sent $35 million to a "general fund" not specifically earmarked for mental-health programs and then "didn't tell its hospital and health-care officials that the $35 million was available." While $200 million was budgeted by VA this year for the "mental health strategic plan initiatives," the GAO says $42 million remains unspent as fiscal 2006 ends Saturday.

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CONGRESS-ADMINISTRATION:

Supreme Court Docket Expected To Give Insight Into Legal Views Of Roberts, Alito. USA Today (9/29, Biskupic, 2.27M) reports the Supreme Court "will begin its annual term Monday with a schedule that includes cases on abortion rights, school integration and global warming, topics that will test the impact of the court's two new conservative members." The hot button cases and "a slate of business cases, could offer significant clues on how Chief Justice John Roberts and Justice Samuel Alito will influence the law." The justices "will consider a federal ban on the 'partial birth' procedure, which Congress passed in 2003 while asserting that the method is never necessary to preserve a woman's health."

USA Today (9/29, 2.27M) also lists some of the key cases that the high court will consider, including the Gonzales v. Carhart; Gonzales v. Planned Parenthood cases, which will consider "whether a federal ban on a procedure called 'partial birth' abortion violates a woman's constitutional right to end a pregnancy because the ban lacks an exception for cases in which a physician believes the procedure is the best option to preserve a woman's health."

Roberts' Leadership To Be Tested In Upcoming Term. The Legal Times (9/29, Mauro) reports, "Chief Justice John Roberts Jr., speaking at a judicial conference this summer, sounded positively proud of the consensus he forged in his first term in office. Roughly half the cases were decided unanimously, almost twice as many as in recent years. … And when the run of unanimity ended with some contentious 5-4 decisions in June, Roberts noted unhappily to his audience, some commentators pronounced that the era of good feelings was over." The Times continues, "Roberts' second term as chief justice begins Monday with a slew of tough curveball cases on the docket. Contentious disputes over abortion rights, race, punitive damages and the environment loom large, and the Court has only just begun to fill its argument calendar for the term. .. .The cases will bring crucial and tricky choices for the Court's other new justice, Samuel Alito Jr., who replaced centrist Sandra Day O'Connor on the bench, as well as for Justice Anthony Kennedy, who replaced O'Connor in the less official position of swing voter. … But this term will also be a test of Roberts' leadership, especially since he has been so vocal in establishing greater unanimity and consensus as a goal for the Court." The Times notes, "In remarks at the same 9th Circuit conference in July, Roberts offered a remarkable definition of a justice's duties. 'It's important for all of the justices to view it as part of their responsibilities to try to work as a Court, rather than the pursuit of individualized jurisprudence.' The late Chief Justice William Rehnquist stopped trying for that kind of collegiality in his final years, presiding instead over a growing cacophony of split decisions, separate concurrences, and partial dissents. … Roberts is determined to reverse that trend to enhance the 'stature and legitimacy of the Court,' he said. And if achieving the goal of greater harmony means deciding cases very narrowly, Roberts added, so be it."

LATimes Praises Supreme Court Decision To Post Transcripts On Internet. The Los Angeles Times (9/29, 918K) says in an editorial, "It would be unfair to say that arguments before the U.S. Supreme Court are shrouded in secrecy. Reporters and the public long have been able to attend arguments — though seating is scarce in high-profile cases — and transcripts are eventually published on the court's website, http://www.supremecourtus.gov . In recent years, the court has even authorized the same-day release of audiotapes of especially newsworthy arguments." Compared with Congress, however, "the supposedly public proceedings of the court are still far from transparent. But beginning Tuesday, public access to oral arguments will increase exponentially when the court begins posting same-day transcripts on its website." This innovation "is the latest in a series of halting steps toward making the court more transparent."

Bush Energy Agenda Focuses On Diversification. The Wall Street Journal (9/29, McKinnon, 2.03M) reports, "President Bush said he would speed up his alternative-energy push during the remainder of his term with new spending focused on easing bottlenecks that are slowing the spread of ethanol in the market. In an interview with The Wall Street Journal on a swing through Alabama, Mr. Bush said he is seeking ways to overcome difficulties in transporting the fuel, and to increase the number of stations selling it." He "damped speculation that his administration is exploring a major shift in global-warming policy and may soon embrace some kind of formal government-imposed limits." The President "is increasingly focused on making diversification from oil one of his long-term legacies." The Journal notes that although consumers have "snapped up" flex-fuel vehicles, "[j]ust a small fraction of

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the nation's gas stations sell the mainstay E85 fuel." To increase E85's availability, "the federal government could sweeten existing tax credits and/or grant programs to help gas stations that add an ethanol pump or convert an existing gas pump into one that dispenses ethanol. ... The president also could propose increases in an Energy Department grant program that aims to increase ethanol availability." He "outlined a vision of the future in which ethanol would become available on a regional basis, as locally grown fuel sources such as wood chips and switchgrass become economically viable."

Under the headline "Bush Touts Ethanol As Way To Ease Dependence On Oil," the Dow Jones Newswire (9/29) reports President Bush, touring an alternative fueling station in Hoover, Alabama said Thursday that the US needs to develop ethanol-based fuels to wean drivers off oil. "One way to become less dependent on foreign oil is for us to develop new ways to power our automobiles right here in America," Bush said. Dow Jones notes that the President, "who repeatedly complains the US has become addicted to oil, boasts that his administration has taken steps to promote energy diversity, including tax credits for ethanol blends and small ethanol producers and a Renewable Fuels Standard to boost the amount of homegrown fuel." Meanwhile, the Natural Resources Defense Council "agreed with Bush's endorsement of ethanol but said Bush and Congress need to enact policies that will help bring the fuel to consumers more quickly."

CNN's Headline News (9/28, 12:33 PM) reported President Bush "arrived about 45 minutes ago in time for his speech in Hoover," Alabama. The president "is calling for more investment in alternative energy sources. He's highlighting Hoover's use of an ethanol fuel blend to run 137 city vehicles. He plans to get a close-up look at the use of switchgrass for biofuel production. He mentioned the alternative fuel source during his State of the Union Address back in January."

WBRC-TV Birmingham, AL (9/28, 5:00 PM) reported, "President Bush made a stop in Hoover to recognize the use of ethanol in the city's fleet. It's a major issue for the president, who has called for increased investment in alternative fuel sources. … Hoover switched to E85 fuel several years ago when they purchased 100 new police cars that use the 85% ethanol blend." The station added that "the President…says Hoover is setting an example for other cities."

Senate Support Key For Enacting Bush Agenda In 2007. CQ (9/29, Ota) reports, "President Bush made a rare call Thursday on a small constituency that will be vital to the prospects for his second-term agenda: Republican senators." Bush's "hastily arranged visit seemed to underscore that those senators hold the key to Bush's success in the more than 27 months that remain of his presidency." Bush "sought to bind together a caucus that has been fractured if not deeply divided from time to time on priorities that range from Bush's national security initiatives to the extension of expiring tax cuts and must-pass spending bills." CQ notes, "Lawmakers on both sides of Capitol Hill now envision a truncated political calendar next year, regardless which party wins control of the House or Senate. Some lawmakers expect there will be a narrow window for Bush to try to cut deals before the 2007 summer recess. By next fall, those lawmakers said, positioning for the following year's presidential campaign will push legislating aside."

Use Of Trust Funds Masks True Size Of Federal Deficit. McClatchy Newspapers (9/29, Hall) reports the Federal Government "closes the books on fiscal 2006 Saturday, and politicians are likely to trumpet that the federal deficit came in almost $60 billion below projections. Problem is, they won't be using the same math you use." The Congressional Budget Office "has projected that the federal deficit for the fiscal year ending Sept. 30 will total around $260 billion, aided by a surge in revenues. That's $58 billion lower than last year's deficit and about $77 billion lower than projections at the beginning of the fiscal year." But "Washington's funny math excludes the Social Security trust fund, which is running a $177 billion surplus this year. Washington spends it, but doesn't count it as spending. It's officially listed as 'off-budget' borrowing." So the "deficit is actually about $437 billion, the CBO calculates: the $260 billion official deficit plus the $177 billion borrowed from the trust fund. Since the money is "borrowed," it adds to the gross federal debt, which is expected to reach about $8.5 trillion by Jan. 1." Spending "trust-fund money to mask the true size of the federal deficit is a longtime Washington gimmick, but even so, Heritage calculates that the Bush administration and the Republican-led Congress have increased government spending by 45 percent since 2001."

Judge Halts Administration Effort To Collect Erroneous Medicare Refunds. The New York

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Times (9/29, Pear, 1.21M) reports Federal Judge Henry H. Kennedy Jr. of the Washington, DC, District Court "ordered the Bush administration to halt its effort to collect $50 million from 230,000 Medicare beneficiaries who had received erroneous refunds of premiums paid for prescription drug coverage. He said many of them might qualify for waivers because repayment would cause hardship." Judge Kennedy "said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, must immediately send a notice to every one of the 230,000 beneficiaries, stating that each has a right under federal law to request such waivers." Federal officials "had previously told beneficiaries to return the money by Saturday, Sept. 30. Judge Kennedy said the administration could not enforce that demand unless it first gave beneficiaries an opportunity to seek an exemption."

Medicare Prescription Drug Premiums To Remain Constant For 2007. USA Today (9/29, 1A, Wolf, 2.27M) reports in a front page story that the "average monthly premiums will hold steady next year under Medicare's prescription-drug program as competing insurers offer a range of new coverage options." The average premium "will be less than $24. Prices for the least expensive plans — as cheap as $1.87 in some parts of the country — will rise for the program's second year. Medicare officials will unveil details about 2007 plan offerings today." Despite "pleas from Congress to make the program simpler, seniors and people with disabilities still will face dozens of plans in most states." Mark McClellan, administrator of the Centers on Medicare and Medicaid Services, said, "There will be more options available with enhanced coverage." USA adds, "More plans will have no coverage gap — a period during which beneficiaries must pay full price for drugs. Other plans will offer partial coverage in the gap for generic or certain brand-name drugs. Those plans will be more expensive."

USA Today (9/29, 2.27M) also includes a chart showing Medicare recipients' sources of coverage for prescription drugs.

Rural, Urban House Members Clash Over AIDS Funding Formula. The AP (9/29, Werner) reports House members "from rural areas and the South clashed with big-city lawmakers Thursday over who should get a bigger share of federal money to care for AIDS patients." Even if "it passes the House, the bill faces uncertain prospects in the Senate before Congress recesses at the end of the week to campaign for re-election. Senators from New York, New Jersey and California are blocking it." Supporters said the "election-year updates were needed because of how AIDS has changed since the Ryan White law first passed in 1990. Once a big-city epidemic infecting mostly gay white men, the disease is now prevalent in the South and among minorities." By "some measures federal funding has not kept up, and states like California, New York and New Jersey get more money per patient than Alabama, Kentucky or North Carolina." New York state "stands to lose $100 million over the five years of the bill. New Jersey would lose $70 million. Alabama, by contrast, would get an increase from $11 million a year to about $18 million a year."

Bush Not Expected To Bail Out US Automakers. President Bush in an interview while campaigning for Alabama Republican Gov. Bob Riley the Wall Street Journal (9/29, McKinnon, 2.03M) reports, "On the continuing problems of auto giants General Motors Corp. and Ford Motor Co., Mr. Bush said he is interested in talking with their top executives after the November elections, but he appeared to hold out little hope that the federal government would take the lead in relieving the companies of their huge legacy costs for retired workers. 'If their concerns are rising health-care costs, I fully understand,' he said. But 'if their concerns are, "We made some agreements in the past that we're not sure we can live with," I will be most interested in hearing what the prescription would be.'"

Industry Sources Say FDA Has Become More Cautious. The New York Times (9/29, Pollack, 1.21M) reports a federal advisory group "last week derided the Food and Drug Administration as a feckless watchdog unable to protect consumers from unsafe medicines. But try telling that to drug company executives, investors and analysts." Many "of them say the F.D.A. has already responded to a barrage of criticism over the last two years by quietly becoming more assertive about keeping new drugs off the market or refusing to approve new uses for existing medications. The Nasdaq Biotechnology Index is down about 14 percent since late February, in part on Wall Street's perception that the F.D.A. has become a tougher gatekeeper."

Virginia Group Seeks Place For Social Studies In Reauthorization Of Bush

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Education Law. The Washington Post (9/29, B1, Shapira, 748K) reports, "With unprecedented requirements for annual testing in reading and math," the No Child Left Behind Act "put a premium on student achievement in those subjects. But some Virginia educators contend" it has "left a vital field behind: social studies." Now the Virginia Consortium of Social Studies Specialists and College Educators has "launched a campaign…to get its educational niche a more prominent place in the law as Congress begins to consider revisions in the coming year. The group aims to include social studies test scores in federal formulas used to rate schools."

USAToday Says Congress's Latest Legislation Caters To Special Interests. USA Today (9/29, 2.27M) editorializes, "Members of Congress are heading for the exits and the campaign trail to spend the next five weeks trying to convince voters they should be allowed to keep their jobs. Their record is thin. Lawmakers left much undone," and the issue they handled this week - terror suspects, immigration, and guns – "reflected a greater desire to cater to powerful interests, or to look tough on issues that deserved far more thought and care, than to produce sound public policy."

OTHER NEWS:

Economy's Growth Figures For Second Quarter Revised Downward. Bloomberg (9/29, Richter) reports that a government report showed "the U.S. economy grew at an annual rate of 2.6 percent in the second quarter, less than previously estimated, as business spending, consumer demand and homebuilding slowed," which was lower than "the Commerce Department's previous estimate of 2.9 percent." Economists said that the figures show "that Federal Reserve policy makers made the right decision when they ended two years of interest-rate increases." Also, "a separate government report showed" that "the slowdown in economic growth hasn't resulted in more firings."

R&D's Contribution To Economy's Growth Said To Be Measured. The Wall Street Journal/Dow Jones (9/29, Ip, Whitehores) reports that "in an important advance, the nation's economic scorekeepers declared they can now measure" research and development's contribution to U.S. economic growth, "and found that it is increasing." This "helps to explain why the U.S. economy tends to expand faster than the contributions of capital and labor alone, a puzzle that has been the subject of Nobel Prize-winning research." Using a "new approach developed by the Commerce Department's Bureau of Economic Analysis and the National Science Foundation, R&D spending is treated like capital investment," which "would make the economy 3% larger and the national savings rate about two percentage points higher."

Dow Trades Above Record Closing High. The Dow's near record was noted briefly on the nightly news y CBS and NBC. CBS Evening News (9/28, story 8, 0:15, Couric, 7.66M) reported, "Close but no cigar for the Dow. Blue chips briefly traded above the all-time record close that in January of 2000, but at the bell the Dow was four and a half point shy of that mark."

NBC Nightly News (9/28, story 6, 0:15, Williams, 9.87M) reported, "The Dow cracked above its all-time high before falling back a bit in the end. The blue chips finished up more than 29 points [to close at 11,718.45]. NASDAQ gained almost seven points [to close at 2,270.02] on the day."

The New York Times/AP (9/29) reports, "The Dow Jones industrial average reached a milestone yesterday in Wall Street's nearly seven-year recovery from corporate upheaval, economic recession and terrorism, briefly trading above its record close of 11,722.98 set on Jan. 14, 2000," although "It has yet to reach its record trading high of 11,750.28, also set Jan. 14, 2000." Also, "the broader Standard & Poor's 500-stock index and Nasdaq composite index are far off their record highs, although their peaks were reached around the same time as the Dow's." The Wall Street Journal/Dow Jones (9/29, C1 McKay, Patterson, Richardson) adds, "Analysts said investors are looking for selling opportunities around the Dow's highs, making it tough for the average to sustain its momentum."

Skeptical Investors Said To Drive Dow's Climb. The Wall Street Journal (9/29, A1, Browning, 2.03M) reports "many doubters…stayed on the sidelines as the market marched ahead this summer," as they "figure others are driving it too high, setting it up for a fall. They've been expecting a slowing economy to shrink corporate profits and lead to a pullback. Oddly, these doubters are part of the dynamic that has let the market do well," because "the gradual conversion of skeptics into stock-buying bulls has

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provided the fuel for gains." The Journal then goes on to profile Jon Brorson, one of those skeptics.

Altria Ralley, Which Pushed Dow, Expected To Dampen With New Tobacco Lawsuit. Vanessa O'Connell writes in a column in the Wall Street Journal (9/29, C1, 2.03M) reports, "The Dow industrials finished a whisper away from a record close yesterday, and investors can thank the world's smokers and a few sympathetic judges for helping," as "the best-performing stock in the past six years… is Altria Group, parent company of Philip Morris USA, the nation's largest cigarette maker," and the "big factor behind Altria's rally has been a string of legal victories in some once ominous-seeming antitobacco lawsuits." However, "events this week suggest it might not keep marching higher," as "a federal judge granted class-action status to tens of millions of smokers of 'light cigarettes' -- exposing tobacco companies to a new $200 billion legal claim."

USAToday Points To Dow As Example Of US Economy's Resilience. USA Today (9/29, 2.27M) editorializes, "It's easy to pooh-pooh the significance of the Dow Jones Industrial Average's near record high on Thursday," but "It feels good to be all the way back, or at least almost all the way back." You can "call it rational exuberance." Our "economy and its capital markets are extraordinarily resilient. For all that is wrong with executive pay, ethical lapses on Wall Street and reckless government spending, U.S. capitalism is still the envy of the world, and companies in the Dow index are some of the best investments in it."

Doha Collapse Threatens US Farm Reform. The Financial Times (9/29, Beattie) reports that "another casualty" of the collapse of the Doha round of global trade talks "could be the long-awaited reform of American farm subsidies." According to the Times, reformers are "worried that the absence of Doha as an incentive to change will tip the balance back towards the expensive and inefficient status quo." The newspaper notes that the Bush administration "tried without much success" to use the upcoming farm bill renewal to "exact concessions…saying it could be their last chance for five years to influence the reform of US subsidies." Now the Administration is "appealing to Congress and the farm lobby to heed advice about trade rules and particularly the threat of litigation in the World Trade Organization" while writing the new farm bill.

Borrowers May Soon Regret Risky Mortgagees. The Christian Science Monitor (9/29, Trumbull, 58K) reports, "A great shift toward adjustable mortgages helped push America's housing boom into high gear. Now, as the boom unwinds, the riskier side of those mortgages is coming home to roost." The greatest "impact of all those 'teaser' interest rates, the 'no money down' mortgages, and exotic loans where homeowners' debt can rise over time will be muted somewhat, economists say, because it will be spread over the rest of this decade." However, that does not "mean the mortgage shakeout will be easy. And for many individual borrowers, finance experts say, the sad result will be foreclosure. 'We just really don't have any precedent to say, 'This is how bad it can get,' says Rick Sharga of RealtyTrac, which follows trends in foreclosure. 'The homeowner who stretched to buy a house in the first place could find himself or herself in very serious financial trouble very quickly.'"

Schumer, Emanuel Portrayed As Hardnosed Campaigners. The Wall Street Journal (9/29, Calmes, 2.03M) reports on the congressional Democrats' "Dynamic Duo," Democratic Senatorial Campaign Committee Chairman Charles Schumer and Democratic Congressional Campaign Committee Chairman Rahm Emanuel. Their "bring-it-on bravado" has "been making for bad days for the beleaguered Republican majority in this midterm-election year. Yet both men's drive to win has at times left fellow Democrats feeling run over. In their determination to elect more Democrats from moderate and conservative districts, they have antagonized some of the party's loyal, liberal blocs: antiwar liberals, women's groups, civil libertarians and -- by their tough talk on immigration -- Hispanic groups." Yet "even some of the foils agree: These two high-energy partisans with their sharp elbows and tongues, and no apparent need to be loved, are just what Democrats need to end their exile from power. 'We haven't had that kind of Rove-ian ruthlessness in the party -- to do or say anything to win -- in a long time,' says party consultant Jenny Backus."

Local Issues Said To Be Key In Ohio River Valley House Races. The Washington Post (9/29, A1, Vandehei, Cillizza, 748K) reports in a front page story that voters "are angry," and incumbent politicians "are anxious. But it is a mistake to assume that anger and anxiety look and sound the same in these coveted precincts" of the Ohio River

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Valley "as they do in Washington. The debates over Iraq and President Bush shadow virtually every competitive race, but they do not dominate the conversation -- which suits many Democrats just fine. This month's intense debate over policy toward terrorism detainees, meanwhile, carried hardly any echo at all." In Kentucky's 3rd District, people are talking about "a new bridge over the Ohio River that would ease traffic for Louisville residents. In Indiana, voters are plenty steamed -- over the Republican governor's decision to privatize a toll road that runs through or near the seats of three embattled GOP representatives." In Ohio's 6th District, "visitors are likely to get an earful about what might be called earmark-envy: Why residents of neighboring West Virginia are getting a bigger slice of the federal budget pie." The Washington Post "logged a thousand miles traveling up the Ohio River Valley, where nine of the nation's most competitive House districts are clustered in a continuous line. The trip began in the tobacco fields of Kentucky and ended in this college town. Interviews with voters, candidates and operatives made plain why the old line about all politics being local is a truism: It really is true."

Liberal Catholics To Distribute Voter Guides. The Washington Post (9/29, A5, Cooperman, 748K) reports a new group "called Catholics in Alliance for the Common Good said yesterday that it will distribute at least 1 million voter guides before the Nov. 7 elections, emphasizing church teachings on war, poverty and social justice as well as on abortion, contraception and homosexuality." The 12-page booklet, "called 'Voting for the Common Good: A Practical Guide for Conscientious Catholics,' is part of a broader effort by liberal and moderate religious groups to challenge the Christian right on moral values, said Alexia Kelley, the group's executive director and a former employee of the U.S. Conference of Catholic Bishops." Leading Catholic conservatives "reacted to the new guide with disdain. Austin Ruse, president of the Catholic Family and Human Rights Institute in Washington, called it 'a blatant attempt to convince Catholics that they can vote for candidates who are wrong on the primary human rights issue of our time, which is abortion.'"

Kerry To Campaign With Lamont. The New York Times/AP (9/29) reports Sen. John Kerry "is ready to join an exclusive club: prominent Democrats shunning three-term Sen. Joe Lieberman to campaign in Connecticut for his anti-war rival Ned Lamont." Kerry, "the party's 2004 presidential nominee, plans to travel to the state Oct. 25 for Lamont. Kerry's running mate, former Sen. John Edwards of North Carolina, appeared at a Lamont rally last month." Other top Democrats, "however, have tacitly backed Lamont, who seized the Democratic nomination from Lieberman in last month's primary, but have avoided public displays of support. The rationale is simple: Lieberman is running as an independent and has a good shot of winning another term; a statewide poll released Thursday showed him up by 10 percentage points." Democrats want "to stay in Lieberman's good graces to ensure that he remains on their side."

Poll Shows Lieberman With 10 Point Lead Over Lamont. The Washington Times (9/29, Harper, 88K) reports in its "Inside Politics" column that a Quinnipiac University poll finds that Sen. Joe Lieberman "holds a 10-point lead over Democrat Ned Lamont in the Senate race." Lieberman "held a 49 percent to 39 percent lead. … The Quinnipiac poll of 1,181 likely voters was conducted Sept. 21 through Monday and had an error margin of 2.9 percentage points."

Confederate Group Also Wants Apology From Allen. The Washington Post (9/29, B1, Shear, 748K) reports Sen. George Allen "can't seem to win: first, he apologizes for addressing an Indian American with a racial slur and acknowledges that many view the Confederate flag as a hate symbol. Now, the Sons of Confederate Veterans want him to apologize, too." B. Frank Earnest Sr., the Virginia commander of the confederate group, said, "He's apologizing to others, certainly he should apologize to us as well. We're all aware, ourselves included, of the statements that got him into this. The infamous macaca statement. He's using our flag to wipe the muck from his shoes that he's now stepped in." The Post adds that over the years, Allen "has been a darling of the confederate group. As governor, he designated April as Confederate History Month. He has displayed the battle flag in his home as part of what he said is a flag collection. And his high school yearbook picture shows him wearing a Confederate flag pin." But the he "has been distancing himself from those symbols as he pursues reelection and considers a bid for the presidency in 2008."

The AP (9/29, Lewis) reports "the Sons of Confederate Veterans turned on Allen. The organization criticized the Republican for saying he had been slow to grasp the pain that Old South symbols like the Confederate flag cause black people."

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Diverging Goals Of Allen Ads Noted. The Washington Times (9/29, Bellantoni, 88K) reports Sen. George Allen "released two ads that reveal a strategic split and indicate a fundamental problem with his campaign." One ad, "which takes aim from the right, features Sen. John McCain, Arizona Republican, saying the Virginia Republican should be re-elected because of his tough stance against terrorism. The other attacks Mr. Allen's Democratic opponent, James H. Webb Jr., for an article he penned 27 years ago about women in the military." David Domke, a University of Washington professor "who analyzes campaign ads" said, "Most social conservatives would say women don't belong in combat roles. The ad is powerful because it attempts to undercut Webb's appeal to a key Democratic constituency: women."

Other Commentary. In his Washington Post column (9/29, A21), Eugene Robinson says, "It should be noted that Allen has already spoken words of contrition and atonement for past racial insensitivities. Earlier this month, in a speech to officials from historically black colleges and universities, Allen acknowledged that he was 'slow to appreciate' why black Americans were not fond of the Confederate flag. He said that over the past three years he has come to understand 'just how completely different, and incredibly difficult, the journey traveled by African Americans has been in this country.' This is a grown man speaking, a grown man who went to college and now sits in the United States Senate. If you take Allen at his word, then I suppose you could say better late than never. But it's hard to put unalloyed faith in the word of a man who, in every sense, seems to know so very little about himself."

The Washington Post (9/29, A20, 748K) says in an editorial, "Yes, it does matter. Mr. Allen said he does not recall having used what newspapers delicately call 'the N-word.' But at least a half-dozen people, including ones with upstanding reputations and no evident political agendas, have now told journalists that he did. The stories they have recounted about Mr. Allen's behavior raise disturbing questions about his character and credibility."

Politicians' Videotaped Mistakes Take Life Of Own On Internet. CBS.com (9/28, Borger) reported political campaigns are now trying to "catch candidates making mistakes and then post them on the Internet, where they can be seen worldwide with the click of a mouse on sites like YouTube. Virginia Sen. George Allen has become the poster child for what can go wrong when a candidate gets caught saying something stupid," as shown in the video of his "macaca" remark. It "all wound up on YouTube, and the controversy paved the way for new charges this week that Allen has a racist past." But Allen "isn't the only politician who has been caught on tape. Florida Republican Tramm Hudson lost his primary this month after a video of him was posted on a political Web site." Hudson said, "I know this from my own experience that blacks are not the greatest swimmers or may not even know how to swim." Hudson may "have shot himself, but his campaign believes the video was shot and delivered to the Web by his political enemies. It's a form of guerilla warfare that's now a fact of life."

A version of the story also ran on the CBS Evening News (9/28, story 10, 1:55, Couric, 7.66M) but much of the report was interrupted by local news coverage of severe weather in the metro Washington, DC, area. After the interruption, CBS (Borger) reported, "Democratic Senator Evan Bayh is running for president and he's even joined the popular college site Facebook to woo young voters. But he also knows negative news can pop up on line, instantly, anonymously and cheaply." Sen. Evan Bayh: "There's no such thing as opening off- Broadway anymore. It's all primetime and it's all real time, so everything you say is out there for public consumption for better and occasionally for worse."

Elizabeth Edwards Discusses New Biography. NBC Nightly News (9/28, story 8, 3:05, Williams, 9.87M) interviewed Elizabeth Edwards about her biography, "Saving Graces." Edwards discusses "the loss of a son and winning the fight against breast cancer," and says "she had already been through the worst day of her life, losing her 16-year-old son Wade in a car accident." Edwards: "What I had discovered and I discovered it when Wade died and I discovered it particularly with the breast cancer, there are people that have been through the same thing and they feel so close to you and you to them. Because they know better than anybody else what you are going through, how hard sometimes it is to be optimistic, how desperate sometimes that you feel." Asked how she felt about President Bush, Edwards said, "Disappointing. He's been disappointing. He has not been willing to do something which I think has been incredibly important, which is to say I was wrong."NATIONAL II

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Menendez Cuts Ties With Key Adviser Recorded On Tape Asking For "Favor." The Washington Post (9/29, A6, Murray, 748K) reports that New Jersey Sen. Bob Menendez (D) "severed ties with a longtime campaign associate who was taped seeking a political favor on his behalf, the latest of several ethics-related incidents to shadow Menendez as he seeks a full Senate term in November. According to yesterday's editions of the Newark Star-Ledger and the Philadelphia Inquirer, the associate, Donald Scarinci, was a Menendez childhood friend who became the senator's closest political adviser and a top fundraiser. In a transcript of the recording reviewed by the newspapers, Scarinci asked a client, a Hudson County psychiatrist who held lucrative local contracts, to hire another physician as a favor to Menendez. The psychiatrist, Oscar Sandoval, secretly taped the conversation, which took place in 1999, when Menendez was a House member." The Post notes that the Scarinci story, which "follows the disclosure of a federal review of a lease arrangement between Menendez and a Hudson County nonprofit organization" led to "speculation among some political operatives in Washington that Menendez could be replaced as the Democratic nominee, similar to what occurred in 2002, when Sen. Robert G. Torricelli was replaced by then-retired Sen. Frank R. Lautenberg five weeks before the election."

However, the Washington Times (9/29, Fagan, 88K) reports, "Senate Democrats said they won't try to replace" Menendez, despite the "new accusations of corruption that surfaced yesterday in the Democratic incumbent's already tough re-election race. 'We expect week after week they're going to throw these allegations around,' said Sen. Charles E. Schumer, New York Democrat and chairman of the Democratic Senatorial Campaign Committee. Asked whether he is sure that Democrats will not replace Mr. Menendez, Mr. Schumer replied with an emphatic 'yes.'" The Times notes, "If Democrats lose Mr. Menendez's seat, it will all but kill their quest to regain control of the Senate this year, because they must have a net gain of six seats to end the Republican majority. 'A Menendez loss is the ultimate insurance for Republicans that they won't lose control' of the Senate, said Republican pollster Scott Reed."

The Newark Star-Ledger (9/29, Cohen, Whelan) reports that Menendez said Thursday that "he did not know that" Scarinci "invoked his name in pressuring the psychiatrist to give another physician a job in 1999." In the "secretly recorded telephone call, Scarinci tells" Sandoval "Menendez would consider it 'a favor.' On the same tape, Scarinci said the hire would offer Sandoval 'protection.' 'As it relates to Donald's comments, I am disappointed in him,'" Menendez said Thursday, adding, "Nothing Scarinci said in that tape was at my direction." Sandoval "contends the tape buttresses claims he makes in a lawsuit against Hudson County and some of its key figures. The suit, filed in March, characterizes Sandoval as a victim of extortion and racketeering and contends Menendez, then a congressman, was actively involved in the campaign to pressure the psychiatrist to provide a job for physician Vicente Ruiz."

The New York Times (9/29, Rivera, 1.21M) reports that Menendez spokesman Matt Miller said, "If those tapes are accurate, Mr. Scarinci was using the senator's name without his knowledge and without his approval. … Because of that, he will no longer have any role in our campaign." The Times notes, "In an interview yesterday, Dr. Sandoval said that the tape was of one of dozens of conversations between himself and Mr. Scarinci that he secretly recorded, and that Mr. Menendez was present on several occasions when the issue was being discussed. … 'It's an insult to the intelligence of the New Jersey public to ask them to believe that Scarinci, who has millions of dollars of business in more than 20 municipalities because of Bob Menendez's influence, did this without Menendez's involvement,' Dr. Sandoval said." The Times adds, "After a deal was struck making Dr. Ruiz an equal partner, Dr. Sandoval claims that Mr. Menendez met personally with him, Dr. Ruiz and Mr. Scarinci at his law office and stated that 'he was glad we could work out our difference.'"

The AP (9/28, de la Cruz) reported that Ruiz "in 1998 served as a physician with the North Hudson Community Action Corp. The U.S. attorney's office has issued a subpoena seeking records from the nonprofit agency related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the organization obtain federal funds." Scarcini, in a brief statement, said, "As I am party to the lawsuit and represented companies owned by Dr. Sandoval during the time it is contended this recording was made, regretfully I am legally constrained from making any further statement at this time. … That being said, I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Polls Show Menendez, Kean Running Neck And Neck In New Jersey. CNN's The Situation Room (9/28,

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Blitzer) reported that in New Jersey, a new poll shows Sen. Menendez "running neck-and-neck among likely voters with his Republican opponent, Tom Kean. The Rutgers-Eagleton poll also shows about half of all registered voters haven't heard of the candidates or don't have an opinion about them."

The AP (9/29, de la Cruz) reports that the Rutgers-Eagleton poll showed that among "404 likely voters," Menendez leads Kean 45% to 44%. The poll's "error margin was plus or minus 5 percent. Among 660 registered voters, 42 percent backed Kean while 40 percent chose Menendez. This survey had an error margin of 4 percent. The survey of both likely and registered voters was conducted Sept. 24-26." The Newark Star-Ledger (9/28, Reilly) reported, "Forty-five percent of registered voters who supported one of the two candidates said they might change their minds by Election Day." Meanwhile, Today's Sunbeam (NJ) (9/29, Bricketto, 10K) reports, "A separate on-line poll from Zogby International on Thursday placed Menendez ahead of Kean by six points."

With Michigan Economy Struggling, Bouchard Takes Aim At Stabenow. The Washington Times (9/29, Hurt, 88K) reports that with Democrats in Michigan "holding both Senate seats and the governor's mansion, Michigan is suffering the worst economy of any state in the nation. The state's unemployment rate is nearly twice the national average of 4.7 percent, and the auto industry is losing jobs by the tens of thousands." The Times notes that voters' "discontent is being directed at Sen. Debbie Stabenow, the first-term senator who is trying to fend off a challenge from Oakland County Sheriff Michael Bouchard. 'Only one state in America has lost jobs for three straight years and that's Michigan,' Mr. Bouchard says. 'That needs to change, and it's going to change by starting with the leadership.'" The Times adds, "Despite the hostile environment for incumbents here, the Stabenow campaign still takes solace in the poll numbers, which show Mrs. Stabenow more than 10 points ahead of Mr. Bouchard. The Bouchard campaign notes that her support, however, hovers around 50 percent. With plenty of undecided voters remaining, Mr. Bouchard hopes to see his numbers rise as people across the expansive state learn more about him and hear more about Mrs. Stabenow's positions on key issues."

Republicans Targeting Entrenched Mollohan On Ethics. The Washington Post (9/29, A4, Cillizza, VandeHei, 748K) reports, "Nine college-age guys stood silently Thursday morning across the street from Rep. Alan B. Mollohan's (W.Va.) office, holding signs that read 'Be My Cellmate' and 'Man of Steal.' They were trying to bring attention to allegations that" Mollohan "used his congressional power to get rich and reward friends." The Post notes, "There is only one way for Republicans to win in this Democratic district: convince voters that Mollohan is a crook. The lunchtime protest is the least sophisticated part of a destroy-the-Democrat strategy that includes operatives in Washington…conservative activists in this college town and challenger Chris Wakim himself." Mollohan, "a member of the Appropriations Committee, set up several nonprofit groups over the past decade or so to administer millions of dollars he was steering to his rural district. The money benefited friends and big donors. In a four-year period starting in 2000, Mollohan's net worth ballooned from about $500,000 to more than $6 million. The chief reason for his newfound wealth was real estate investments with one of those friends who benefited from his work in Congress." Earlier this spring, Mollohan "was forced to step down from the House ethics committee" and "admitted he misstated some of his financial dealings in public records." However, "scandal alone might not be enough to topple the popular incumbent," as "voters often seem more concerned about local issues than charges of ethical lapses."

Foley Foe Calls For Probe Of Congressman's E-Mails To Teenage Boy. The Washington Post (9/29, A7, Birnbaum, 748K) reports that FL16 Rep. Mark Foley's (R) Democratic opponent "is calling for an investigation into an e-mail exchange that Foley conducted last year with a 16-year-old boy who had worked as a congressional page." Foley "said that the five e-mails he wrote to the boy were harmless and that their publication is part of an attempt by Democrats to smear him." Foley spokesman Jason Kello said, "The e-mails in question were a response to a handwritten thank-you letter from a former page. … There have not been any allegations made by anyone except by Tim Mahoney and the Democrats who are attempting to misrepresent a series of innocent communications to prop up a failing political campaign." Jessica Santillo, a spokeswoman for Foley's Democratic opponent, Tim Mahoney, "said in a written statement: 'This is a matter for the appropriate authorities to investigate.'" The Post notes, "In the brief but chatty e-mails, which were first reported by ABC News, Foley asked how old the boy was,

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inquired what he wanted for his birthday, requested a picture of the young man and told him that he had just finished a long bike ride and was going to the gym. According to ABC, the boy forwarded the e-mail that requested his picture to an unidentified congressional staffer and wrote that the e-mail was 'sick sick sick sick sick.' In another e-mail to a staffer, ABC reported, the boy wrote: 'Maybe it is just me being paranoid, but seriously. This freaked me out.'" The Los Angeles Times (9/29, Levey, 918K) reports similar details.

Republicans In Ohio Face Challenge In Turning Out Voters For November Elections. Bloomberg (9/29, Keil) reports, "For a brief time on Election Night 2004, Scott Owens was one of the most important Republicans in America. Owens, the party's executive director in Ohio's Butler County -- which encompasses Cincinnati's heavily Republican suburbs -- was calling vote tallies in to the White House. When Ken Mehlman, President George W. Bush's campaign manager, interrupted the sixth update to yell 'You rock!' Owens knew he'd delivered enough of a victory margin to give Bush the state -- and the election -- over Democrat John Kerry. Two years later, Ohio again looms as a battleground as Republicans try to hang onto control of Congress. This time, Owens says he's worried that when he phones his tallies into Mehlman, the news may not be cause for celebration." Bloomberg notes, "With Ohio Republicans reeling from scandals and Bush's low poll ratings, Owens says party voters are a dispirited bunch. 'It's just a different atmosphere,' he said in an interview. 'The enthusiasm isn't there. In 2004, we had 950 volunteers' to help spur voter turnout. … 'This year, we have maybe 150, tops.'" Bloomberg adds, "In the previous election, Republicans 'had Bush and the perfect foil in Kerry to turn out their vote,' said Tom O'Donnell, a consultant to Democrat Sherrod Brown, an Ohio Senate candidate. 'This year, it's much harder to galvanize their voters.'"

House Members Said To Have Difficulty Seeking Other Offices. USA Today (9/29, Nichols, 2.27M) reports "Of 16 House members running for governor or the Senate this year, all but four either have suffered primary losses, trail their opponents in polls or are locked in tossup race." While "Historical data show it's never easy to seek promotion from the House," according to political analysts, "low ratings for President Bush and Congress as an institution present a particularly challenging environment for House members" even as they "get little bounce in local races from the GOP's major political strength in most polls: national security."

Poll Finds 51% Back Schwarzenegger's Road Bond Issue. The Wall Street Journal (9/29, Harwood, 2.03M) reports in its "Washington Wire" column that the fate of California Gov. Arnold Schwarzenegger's $20 billion road bond issue is uncertain. A "nonpartisan poll shows just 51% support. In Michigan, Democratic strategists envision expanded minority turnout for Gov. Granholm and Sen. Stabenow from effort to stop antiaffirmative action ballot measure; top Republicans also oppose it."

New Push Underway To Boost Muslim Voter Turnout. The Washington Post (9/29, A7, Boorstein, 748K) reports, "National Muslim civic leaders announced a new push yesterday to get the country's estimated 2.2 million registered Muslim voters to the polls, unveiling a Web site that spells out key races of 'Muslim interest' and ATM-like voter registration machines that will be put in mosques and Islamic student centers. The campaign by the Washington-based Muslim American Society is a continuation of an effort that has been underway since the Sept. 11, 2001, attacks to increase American Muslims' involvement in the political process. A 2005 survey by the Muslim American Political Action Committee said 84 percent of registered Muslims voted in the November 2004 election, compared with 41 percent in 2000." Muslim leaders announced "the creation of the society's Center for Electoral Empowerment. The center's main feature is a Web site that offers details on issues that the political action committee says are the most important to Muslim voters: concerns about 'the erosion of civil liberties,' 'fair' immigration reform and foreign policy, said Mukit Hossain, president of MAPAC. The site, http://www.masvip.org/ , highlights 30 races in 11 states where there are significant Muslim populations, including Illinois, New Jersey, California and Texas."

New Amtrak Head Says More Revenue Sources Needed. The Washington Times (9/29, Lengell, 88K) reports Amtrak President and Chief Executive Officer Alex Kummant said "the survival of Amtrak rides on providing reliable, on-time service between major cities." But to "meet this goal, the ailing passenger rail service must find new sources of money to supplement the billion-plus federal

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dollars it receives annually." At a House Transportation and Infrastructure railroads subcommittee hearing, Kummant said, "You just can't escape that the answer is capita. There is no other magic bullet." Kummant, "who took control of Amtrak Sept. 12, offered few specifics on how to improve the railroad. But he said issuing bonds, securing state financing or wooing private investors are possibilities."

Chavez's Criticism Of Bush, US Leaves Some CITGO Beneficiaries Doubting. McClatchy Newspapers (9/29, Bachelet) reports Agnes Crosson last winter "enrolled in a heating oil program backed by CITGO Petroleum, controlled by the Venezuelan government, to fill her 250-gallon heating oil tank. She saved $200 on the purchase." Despite the "savings, Crosson is having second thoughts about re-enrolling this year after reading about" Venezuelan President Hugo Chavez's speech "last week at the U.N. General Assembly. Chavez called President Bush 'the devil' and U.S. policies 'genocidal.'" Crosson said, "I'm not a Bush person, believe me, but I really resented that." McClatchy adds Chavez has "said his comments were directed at Bush and not at the American people, but many of the program's beneficiaries are wondering if the CITGO initiative is a tool in Chavez's anti-Bush crusade, as many Chavez critics believe. Still, their condemnations are tempered by growing nervousness over how to pay for heating, and most hope that the program continues."

Report: Majority Of Uninsured Children Have At Least One Working Parent. The Los Angeles Times (9/29, Mendoza, 918K) reports that a report released by Families USA found that "a majority of the 9 million children in the United States who lack health insurance live in two-parent families in which at least one parent is working," but the "either have jobs that do not offer insurance or do not make enough to afford the coverage offered by their employers." These children "are much less likely to get regular medical or dental care and are five times as likely to have unmet healthcare needs as insured children." While, "In most states, families with incomes of as much as twice the federal poverty level…can enroll their children in the State Children's Health Insurance Program," but the report says "financial constraints are affecting the ability of states to ensure that all eligible children are enrolled. To save money, the report said, some states have frozen their SCHIP plans, preventing eligible children from being enrolled."

Union Blocks Worker's Trip To India For Medical Treatment. The Christian Science Monitor (9/29, Jonsson, 58K) reports Carl Garrett, "an Appalachian paper mill worker, had hoped to go to India this month for medical care - but it didn't work out that way." Garrett's employer, Blue Ridge Paper Products of Canton, N.C., "wanted to send a message to American hospitals: Control costs or we'll give our insured workers the option of going overseas for quality, but low-cost care." Garrett, who "belongs to the United Steelworkers, would have been the first union member to go overseas for medical care. But after his pioneering trip became public, the union stepped in and threatened to file an injunction to stop it. In response, Blue Ridge Paper withdrew the proposal to send its employee to India for surgery." The union, "which recently negotiated a new contract with the milk-carton factory containing healthcare provisions for its members, worried that volunteer trips overseas to receive medical care would soon become mandatory even for children and the elderly as companies seek to cut costs and increase profits."

Rose Kennedy's Papers Released. The New York Times/AP (9/29, Press) reports Rose Kennedy, "for one brief moment the most powerful mother in America, went over her son President John F. Kennedy's head in 1962 to write directly to the Russian leader Nikita S. Khrushchev. For that, she got a playful scolding from her son." She wrote "a letter asking Khrushchev to autograph photographs of his meeting with her son, and he complied." Kennedy wrote, "Would you be sure to let me know in the future any contacts you have with heads of state. Requests of this nature are subject to interpretations and therefore I would like to have you clear them before they are sent." The Times adds the letter, "on White House stationery," was sent "on Nov. 3, 1962, just days after the Cuban missile crisis ended." And "unfazed, Mrs. Kennedy wrote back: 'Dear Jack: I am so glad you warned me about contacting heads of state as I was just about to write to Castro.'" The "exchange is in Rose Fitzgerald Kennedy's papers — 250 boxes of letters, photographs, notes — that became available to the public for the first time on Thursday at the John F. Kennedy Presidential Library and Museum in Boston."

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Bush View On Right To Life Said To Contradict Iraq Policy. In his Washington Post column (9/29, A21), Michael Kinsley says, "It was, I believe, Rep. Barney Frank (D-Mass.) who first made the excellent, bitter and terribly unfair joke about conservatives who believe in a right to life that begins at conception and ends at birth. This joke has been adapted for use against various Republican politicians ever since. In the case of President Bush, though, it appears to be literally true. Bush, as we know, believes deeply and earnestly that human life begins at conception. Even tiny embryos composed of a half-dozen microscopic cells, he thinks, have the same right to life as you and I do." But President Bush "does not believe that the deaths of all little children as a result of U.S. policy are, in effect, murder. He thinks that some, while very unfortunate, are also inevitable and essential. You know who I mean. Close to 50,000 Iraqi civilians have died so far as a direct result of our invasion and occupation of their country, in order to liberate them."

Kazakh President To Meet With Bush. The AP (9/29, Gedda) reports, "Kazakhstan President Nursultan Nazarbayev is opening the official leg of a U.S. visit which is likely to include broad discussions of the country's growing importance as an oil supplier and its shortcomings in protecting human rights." He "spent part of Tuesday and Wednesday in Maine as guest of former President George H.W. Bush," and will meet with President Bush at the White House on Friday." White House press secretary Tony Snow said "the U.S. government's concerns about democracy in Kazakhstan would come up during the meeting with Bush, but he would not characterize how big a place on the agenda it would hold."

Nazarbayez's White House Visit Could Include Arms Sales Discussion. The Financial Times (9/29, Dinmore, Gorst) reports Kazakh President Nursultan Nazarbayev "comes to the White House on Friday confident that his role as an oil-rich and stable ally in the 'war on terror' has trumped the US administration's professed sensibilities over his government's shortcomings in corruption, human rights and democratic reforms. Nonetheless, the developing military and energy relationship between the US and the central Asian giant has led to accusations that" President Bush "is reverting to the 'guns for oil' strategy which his own administration argues created the 'false stability' in the Middle East that spawned al-Qaeda." Assistant Secretary Richard Boucher "told the FT that "military co-operation" would be on the agenda," however, Administration "officials would not comment on the possibility" of "an arms deal" today. The Times says Nazarbayez "secured his invitation to the White House, and thereby a powerful validation of his international standing, after signing a long-delayed treaty with Azerbaijan sanctioning the transport of Kazakh oil via the Baku-Tbilisi-Ceyhan pipeline (BTC) across the Caucasus to the Turkish Mediterranean."

AFP (9/29, Collinson) calls the visit "the latest steps of the diplomatic dance over Central Asia's energy riches. The visit finds Washington finessing worries over human rights and political reform to advance strategic and economic goals with Muslim-majority Kazakhstan." Despite "US worries over [their] record on human rights and democratization," the Administration "is conscious Kazakhstan is at the center of the new Great Game energy grab in Central Asia."

WPost Says Bush Goes Against Freedom Agenda With Kazakhstan. The Washington Post (9/29, A20, 748K) editorializes, "President Bush once made the authoritarian president of Kazakhstan, Nursultan Nazarbayev, a focus of his freedom agenda," and "the effort failed utterly." While "Bush has given numerous speeches in the past several years repudiating what he says was the mistake of backing corrupt authoritarian regimes in the Middle East in exchange for economic and security cooperation, as well as an illusory 'stability,'" president "Nazarbayev has suffered no consequences for his rejection of the democracy agenda. Instead, he is being feted as a valued ally." Some may argue it is necessary, as we are competing with Russia and China for influence. However, this will "condemn the United States to a losing geopolitical strategy, since strongmen will always be more likely to align themselves with Russia and China than with the United States." Our "elations with Muslim states during the Cold War -- such as Iran and Iraq -- vividly demonstrates the shortsightedness of befriending rulers such as Mr. Nazarbayev. That, at least, is what Mr. Bush says in his speeches."

LATimes Argues Kazakhstan Is An Important Ally. The Los Angeles Times (9/29, 918K) editorializes that "there are few nations more strategically important to the United States" than Kazakhstan. "It is a stable U.S. ally in a region marked by shaky friends, rivals and foes.' While "Bush's commitment to spreading democracy and rooting out kleptocratic leaders does seem to wane when an important oil-producing state is involved," this one "is too important to

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ignore or keep at a distance." Besides, "By the standards of Central Asia, Kazakhstan is practically a Jeffersonian wonderland," and Bush "can have more influence over Nazarbayev by keeping him close — and offering incentives to open his society — than by shunning him."

Rice Will Visit Middle East Next Week. The AP (9/29, Gearan) reports Secretary Rice "returns to the Middle East next week for diplomatic meetings with Arab allies and Israel to test the waters for possible new moves toward peace." She "will travel to Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders 'who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East,' State Department spokesman Sean McCormack said Thursday." He also "said Rice will seek to move her democracy agenda forward and discuss threats to stability and moderation in the region, including Iran, Hamas and Hezbollah." The AP says she "hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank." AFP (9/29, Millikin) titles its coverage, "Rice To Visit Israelis, Palestinians With Little Sign Of Breakthrough."

The Washington Times notes, "U.S. officials see the struggle between moderates and extremists -- not the Israeli-Palestinian conflict -- as the defining issue in the Middle East, the State Department said yesterday in announcing" Rice's trip. Although she "attaches critical importance to the Israeli-Palestinian peace process and will explore ways to revitalize it, her more ambitious task will be to urge moderates in the region to unite against extremists, said department spokesman Sean McCormack." He later "acknowledged that 'some people subscribe' to a view of 'the Palestinian-Israeli dispute being at the heart of all disputes in the Middle East' but said he does not agree," and added that Rice "will visit Saudi Arabia, Egypt and Israel -- countries that are 'on the side of moderation' -- because they 'have an interest in a more stable, peaceful, prosperous Middle East.'"

Solana-Larijani Talks Achieve Limited Gains. The Financial Times (9/29, Khalaf) reports "little progress" was made when EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larijani met again yesterday, saying those talks "failed to produce substantive progress but both sides suggested the diplomatic process would continue." The Times says the "EU and Iran are in a pre-negotiations phase," and yesterday's discussion "was designed to find ways to resume the formal talks on curbing Tehran's nuclear ambitions." The AP (9/29, Graham) says the two sides "failed to reach a deal in their latest round of nuclear talks but came to 'some positive conclusions,'" according to Larijani. Neither man "gave any details of what had been achieved, but both spoke positively of the discussions over Tehran's disputed nuclear program."

In contrast, the New York Times (9/29, Dempsey, 1.21M) titles its piece, "European Official Reports Progress In Talks With Iran." Solana "said Thursday that 'some important progress' had been made in two days of talks over resolving Iran's nuclear ambitions and that more talks would be held next week." Officials involved in the discussions "said that reaching the point of negotiations on the incentives depended on establishing a timetable for Iran to suspend uranium enrichment."

Bush Remains Committed To Pressuring Iran. President Bush in an interview while campaigning for Alabama Republican Gov. Bob Riley the Wall Street Journal (9/29, McKinnon, 2.03M) reports, "On Iran, Mr. Bush said he is willing to let negotiations on Tehran's nuclear ambitions run awhile longer before trying to ratchet up pressure to curb such programs. 'We ought to give the Europeans time to see whether or not the Iranians will make the proper choice about verifiably suspending [uranium enrichment],' he said. But he added that the ultimate deadline for a sanctions push would come 'sooner rather than later, to make sure that these discussions are not their attempt to stall their way into us losing our interest in the subject.'"

Columnist Says US Has Time To Negotiate With Iran. David Ignatius in his column in the Washington Post (9/29, A21, 748K) writes, "Intelligence analysts believe that Iran is encountering technical difficulties in mastering the complex process of uranium enrichment. That means the West may have a bit more time than previously expected to pursue a diplomatic solution to the Iranian nuclear standoff."

Hughes Says US Image Reversal "May Take Decades." The AP (9/29, Gearan) details their interview with Undersecretary Hughes, in which she says "it may take decades to change anti-American feelings around the world that have been aggravated by war in Iraq, U.S. policy toward Israel and America's 'sex and violence' culture." Hughes "has worked for more than a year to retool the way America sells itself overseas, but she acknowledged that success can be next to impossible to measure." She "said the three-year-old

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Iraq war 'is the most recent excuse' for anti-American grievance in the Muslim world." The AP says that, "although her job involves all regions of the world, Bush asked her to concentrate on reframing the U.S. image in the Islamic world." Hughes "has sent Arabic speakers to do four times as many interviews with Arabic media as in previous years and set up three rapid public relations response centers overseas to monitor and respond to the news. Asked whether America's critics have any legitimate gripes, Hughes said yes."

US Ends Military Aid To Thailand As Interim Premier Named. The AP (9/29) reports Thai coup leaders have named Surayud Chulanont, "a former army commander and a close adviser to Thailand's powerful monarch," to be interim prime minister. His "appointment is expected to be officially announced this weekend or Monday after it receives approval from King Bhumibol Adulyadej," and it "is expected to be widely praised in Thailand." The AP adds, "Although being a former general might give the outside world the impression the military was merely transferring power to one of its cronies, that would be neither true nor relevant," one politician said. Washington, "which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand." Assistant Secretary McCormack "said U.S. financing of U.S. military sales to Thailand is being cut off along with training for Thai military personnel." AFP (9/29) says Washington "has stripped millions of dollars in military aid from its ally Thailand, in protest at the coup. The sanctions jolted years of close links between Thai and US forces in the Asia-Pacific, which co-hosts the region's biggest annual American war games. But some aid deemed crucial to US national security was spared, notably in the field of counterterrorism, in which the kingdom has emerged as a low-key, yet valued partner in the US battle against Al-Qaeda."

South Korea's Ban Wins UNSC Straw Poll, On Track To Be UNSYG. The UNSC's straw poll vote on UNSYG candidates were widely reported. The Washington Post (9/29, A16, Lynch, 748K) says South Korean Foreign Minister Ban Ki-moon "has at least one potential advantage over his rivals in the electoral race for the world's top diplomat: [he] is the architect of South Korea's trade and aid policies, so he is responsible for signing trade deals and doling out foreign assistance that sometimes benefits countries with a hand in deciding his fate. Rivals have privately grumbled that South Korea…has wielded its economic might to generate support for his candidacy." Ban "said the insinuations are 'groundless' and that he had arranged the trade mission to Greece long ago to balance a similar mission last year to Turkey, Greece's regional rival. He said [his trip to Congo] was part of a process of reaching out to countries that South Korea has neglected over the years." Ban "maintained his lead in the [UNSYG] race Thursday when the council took its third straw poll, with 13 council members encouraging his candidacy, one discouraging it and one expressing no opinion." Shashi Tharoor finished second, and Latvian President Vaira Vike-Freiberga, "the only female candidate," finished third.

The New York Times (9/29, Hoge, 1.21M) adds Ban "moved significantly closer on Thursday to [winning] by maintaining a wide lead over six other candidates in the" straw poll. "A fourth and more definitive informal poll is scheduled for Monday, and Mr. Ban, with 13 favorable votes from the 15 Council members, goes into that poll as the only candidate with the 9 votes required for approval. … Barring a veto, Mr. Ban's election in a subsequent formal vote appears assured." Ban "has the firm backing of the Bush administration and is known as an ally of Washington. If he gets the job, that part of his political makeup will be closely monitored at the United Nations, where tensions between the United States and the developing world have been on the rise."

The Financial Times (9/29, Turner) calls Ban the "frontrunner," and says he "increased his lead over other six declared candidates in the race" yesterday. The AP (9/29, Wadhams) says Ban is "favored" to win," but cautions, "Despite [his] dominating lead, the secrecy of the ballot meant no one knows whether he got the necessary approval of all five veto-wielding members of the council. The ballot is also difficult to interpret: The results could give Ban the momentum he needs to win or clear the field for more people to enter the race."

Senate Vote On Bolton Nomination Unlikely Before Election. The AP (9/29, Schweid) notes Ambassador Bolton's "quest for a longer lease on his temporary job…remained elusive Thursday as the Senate shied away from a vote to confirm him." SFRC Chairman Richard Lugar "said the Senate likely would recess later this week without voting on his nomination," and that "no

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committee meeting had been scheduled to take up the controversial nominee." He also "said that if one Democratic senator were to step forward and support Bolton, he might be able to set a committee vote before the recess. In the meantime, Lugar added, Sen. Lincoln Chafee is holding up the nomination with questions about the Bush administration's Middle East policy." Chafee "wants 'some clarification' of the U.S. policy on Israel's expansion of settlements, his spokesman Stephen Hourahan told the AP."

The Washington Times (9/29, Sands, 88K) adds the "deadlocked" SFRC "will not take up the confirmation vote for combative U.N. Ambassador John R. Bolton before Congress adjourns this weekend." However, Bolton "may get one last chance to save his job in a widely expected lame-duck session after the November elections." Lugar "told the" AP that Chafee "remains a holdout on the nomination."

UN General Assembly Pushes For Security Council Reform. The AP (9/29, Wadhams) reports that while a reform of the UN Security Council died "last year, suffocated by bitter national rivalries and a refusal to compromise," This year, "Amid the vitriol and accusations, leaders" in the General Assembly "sounded the same note: The U.N. Security Council doesn't represent our interests anymore, and it must be reshaped to reflect the world of 2006." Many "suggested a new anger toward the council had fueled their call," as well as "an increased feeling among poor nations that their wealthy neighbors dominate the Security Council has galvanized them." Notably, "the renewed calls for change have been accompanied by what appears to be a new predilection toward compromise among those who have pushed for reform."

Administration China Policy Said To Be Shifting To The Left. The Washington Times (9/29, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "The Bush administration's China policy is shifting noticeably to the left through several key appointments. First, President Bush announced Sept. 1 he was permanently appointing National Security Council staffer Dennis Wilder, a longtime CIA analyst with a record of leading mistaken analyses on China, as the senior director of East Asian affairs. Mr. Wilder had been acting senior director. In another politically suspect move, Treasury Secretary Henry M. Paulson Jr., the former Goldman Sachs executive, recently appointed Deborah Lehr as the lead staffer in charge of the new 'economic strategic dialogue' with China. … The White House announcement on her appointment described Miss Lehr as a well-known China specialist but failed to mention that she will be leaving the consulting firm of Clinton administration National Security Adviser Samuel R. 'Sandy' Berger to take the new Treasury post."

China Allows Currency To Appreciate Slightly. The New York Times (9/29, Bradsher, Weisman, 1.21M) reports that China "has sharply stepped up the appreciation of its currency, allowing it to push through an important level against the dollar on Thursday for the first time. The recent climb — less than a full percentage point since the beginning of September — is still modest and perhaps will not last. But it is producing cautious hope in the Bush administration that the Chinese government may be lifting its opposition to a revaluation that could ease China's huge trade surplus with the United States."

Senators Drop Plans For Vote To Impose Tariffs On China. The Wall Street Journal (9/29, Hitt, 2.03M) reports that Sens. Charles Schumer and Lindsey Graham have dropped their plans to vote on legislation to impose tariffs on Chinese-made goods because of China's currency policies. The Senators' decision "brings to a close a dispute in Congress about China's currency-management practices, and avoids action the Bush administration had worried might weaken Washington's standing as a free-trade leader."

The AP (9/29, Klug) reports, "Graham said the president urged more time for Treasury Secretary Henry Paulson to persuade China to allow the yuan to strengthen against the dollar. Critics say China's currency is undervalued by up to 40 percent, making Chinese goods cheaper for American consumers and U.S. products more expensive in China. 'The hope is to have a constructive dialogue with the Chinese where reform will move forward without legislation,' Graham said. But, he added, 'the jury is still out' about China's currency policies."

China's R&D Spending Catching Up With US, Japan. The Wall Street Journal (9/29, Naik, 2.03M) reports, "An unprecedented surge in research and development spending is helping China catch up with the two longstanding leaders in the field, the US and Japan, a new study found. R&D spending in China has been growing at an annual rate of about 17%, and is far higher than the 4% to 5% annual growth rates reported for the US, Japan and the European Union over the past dozen years. China's massive investments

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in education are also bearing fruit. In 2002, its industrial-research work force was 42% the size of the equivalent US work force, up from 16% in 1991."

China Moves To Enforce Order To Cool Real Estate Prices. The Wall Street Journal (9/29, Areddy, 2.03M) reports, "China's central government said it has dispatched senior inspectors nationwide to check whether local authorities are following through on orders to cool real-estate prices, the latest development in Shanghai's widening pension and property scandal. On Thursday, the State Council, China's highest administrative body, sent 'high-level officials' from several ministries to 11 provinces to review adherence by local governments to various policies Beijing has set down since 2003, the official Xinhua News Agency said." The Journal adds, "Despite the central government's efforts to cool housing prices, values have continued to soar as much as 20% annually in some places, according to Xinhua."

Outside Investors Have Veto Power Over Chinese Company's Decision. A front page story in the Wall Street Journal (9/29, 2.03M) reports, "Zhang Chunjiang, the chairman of China Netcom Group Corp. (Hong Kong) Ltd., was moving quickly through a routine board meeting of the state-controlled phone giant last year when something extraordinary happened: a director disagreed with him. The conflict came over a plan for Netcom to buy some assets from its parent company. Netcom management had picked an investment bank to advise on the plan. That drew a dissent from director John Thornton, a former president of Goldman Sachs Group Inc., who said a board committee set up to oversee the deal should pick the banker." The Journal adds, "As boardroom dramas go, this one was modest. (The committee went on to choose the same investment bank.) But it helped trigger one of China's most ambitious corporate-governance overhauls. At Netcom, outside directors now have effective veto power over many key decisions, providing a counterbalance to the government's previously unchecked authority. That's a first in the government's empire of companies in banking, oil and many other industries."

New EU Memberships Met With Skepticism.

The Christian Science Monitor (9/29, Rice-Oxley, 58K) reports, "This week, the EU gave the green light to Bulgaria and Romania to join in January 2007, expanding the union to 27 countries and nearly 500 million people. But it did so in almost grudging fashion, setting strict conditions for membership and allowing curbs on migrant workers from the two countries. So far, only Finland says it will welcome Bulgarian and Romanian migrant workers. At the same time, the EU's top Eurocrat, Jose Manuel Barroso, signaled that it may be time to draw breath before bringing any more countries into the EU." The new wave of EU memberships "has met with skepticism, an 'enlargement fatigue' that is at its weariest in Central European countries like Germany and Austria that adjoin the new EU countries of the East and fear that issues like migration and poverty will upset their delicate social and economic balance."

Poland's Budget Highlights Tensions Among New EU Members. The Wall Street Journal (9/29, Perry, 2.03M) reports, "Poland's central-bank chief lambasted the government's draft 2007 budget –- which projects a deficit -- as one of 'irresponsibility and populism.' The incident highlights mounting tensions among reform-minded central-bank chiefs and populist politicians across the eight Central and Eastern European countries that entered the European Union in 2004."

UN Peacekeepers In Darfur Seen As Unlikely.

The AP (9/29, De Montesquiou) reports, "The UN chief in Sudan said Thursday the government is unlikely to let UN peacekeepers in the country anytime soon, and the international community should instead push for the African Union force to remain in the war-torn region indefinitely. … A UN Security Council resolution calls for 20,000 peacekeepers to replace the ill-equipped and underfunded AU force that has done little to prevent escalating violence in Darfur. But Sudan's president fiercely rejects the UN mission, and it can't deploy without his consent."

Black Caucus Urges Administration On Sudan Peacekeepers. McClatchy Newspapers (9/29, Douglas) reports, "The Congressional Black Caucus urged the Bush administration Thursday to push China and moderate Arab nations to pressure Sudan into admitting a UN peacekeeping force to help end the violence and humanitarian crisis in its Darfur region. The caucus made the suggestion to Secretary of State Condoleezza Rice during a closed-door meeting on Capitol Hill. It came a day after Rice warned in a speech that Sudan faces 'a choice between cooperation and confrontation' if it doesn't allow UN forces in."

Somali Woman Charges Admission To View Nose Of Downed US Helicopter.

The New York

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Times (9/28, Gettleman, 1.21M) reports on a woman in Mogadishu, Somalia who charges admission to see the battered nose of a Black Hawk helicopter that was shot down in October 1993. American military officials, "who were sent e-mail messages with pictures, said the nose piece did appear to be from one of the Black Hawks brought down that day. But they said they had no interest in retrieving it, for a memorial or any other purpose. So it remains a strange tourist attraction in a strange and war-weary place, where bazooka guns hang in the market next to slabs of fly-bitten goat meat, and children at school casually recite passages about massacres in English class. And just as the Black Hawk Down episode has special significance for Americans, it does, too, for many Somalis, who take enormous pride in having humiliated a superpower that day."

Kenya Urged To Arrest Fugitive From Rwandan Genocide. McClatchy Newspapers (9/29, Kilongi) reports, "US and other international diplomats are stepping up pressure on Kenya to arrest the man who's accused of being the primary financier behind Rwanda's 1994 genocide. Investigators with the International Criminal Tribunal for Rwanda, which is trying war-crimes suspects, have seen Felicien Kabuga, a wealthy businessman who allegedly provided money and supplies to the extremist Hutu militias that massacred 800,000 rival Tutsis over three months, several times this year in Kenya." Kenyan officials "denied knowledge of Kabuga's whereabouts and rejected claims of complicity, saying they'd helped capture several other Rwandan fugitives whom the tribunal wanted."

China Backs Venezuela's Bid For Security Council Membership. The Christian Science Monitor (9/29, Lafranchi, 58K) reports that throughout Venezuelan President Hugo Chavez's consolidation of power at home, he "has been driven by a quest to build a bloc of like-minded countries united in opposition to the American superpower. At first focused on South America, his vision has grown to embrace the world - in particular other energy-rich countries such as Iran and Sudan. … The next test of his ambition will come next month, when the General Assembly is to decide if Venezuela will be among the next five countries to hold two-year seats on the United Nations Security Council." The Monitor adds, "One country that supports Venezuela's campaign is China, which is perhaps not enthralled with the Chávez rhetoric but is lured by the idea of more countries holding its worldview on the Council. … China also wouldn't mind beefing up the bloc of Security Council countries willing to stand up to the United States, analysts say."

Ecuadorian Presidential Frontrunner Touts Message Similar To Chavez's. The AP (9/29, Solano, Valdivieso) reports that Rafael Correa, a US-trained economist, has become the frontrunner ion Ecuador's October 15 presidential election "by pledging to 'give the lash' to his nation's corrupt political class and delivering an anti-US message similar to that of Venezuelan President Hugo Chavez." Correa "pledges to cut foreign debt payments and re-negotiate contracts with foreign oil firms to benefit Ecuador's poor majority. A relative political newcomer, he has risen suddenly in the polls in the last two weeks, alarming Washington and Wall Street — not to mention Ecuador's political establishment." The AP adds, "Correa's rhetoric echoes that of other Chavez allies, including President Evo Morales of Bolivia and Ollanta Humala, the nationalist who came close to winning Peru's presidency this year."

Bush Administration Blocks Assets Of Suspects Linked To Drug Trafficking, Terrorism. The AP (9/28) reports the Bush administration "moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror. The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them." The AP reports the department said six of the nine people suspected of links to FARC "were indicted by a federal court in Washington as part of a narcotics conspiracy." The department also "acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug-trafficking outlet."

US Expected To Increase Aid To Colombia. The Los Angeles Times (9/29, 918K) reports that despite concerns regarding alleged corruption of the Colombian army, staffers and analysts in Washington "say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year." However, the Times notes that a final vote on Plan Colombia funding "probably won't take place until after the November congressional elections." The Times adds that Adam Isaacson of the Center for

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International Policy said it appears Plan Colombia aid will not be suspended or cut. "'It shows the Colombian government has managed to do an excellent job of lobbying,' Isaacson said. 'Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it.'"

Critics Push For Overhaul Of Plan Colombia Following Killing Of Police Unit. For a third consecutive day, the Christian Science Monitor (9/29, 58K) focuses on the May 22 killings of members of an elite police unit in Jamundí, Colombia, and how that "massacre" continues to resonate in Washington, "giving ammunition to those who say that Plan Colombia…needs a serious overhaul." According to the Monitor, one group of critics "wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production." The Monitor adds, "Assertions by the White House drug czar's office that the vast majority of the drug-control funding already goes toward battling domestic demand are dismissed by WOLA [The Washington Office on Latin America], which does not consider spending in the U.S. on law enforcement as part of the demand-side solution."

Russia Recalls Ambassador To Georgia. The Washington Post (9/29, A14, Finn, 748K) reports, "Russia recalled its ambassador to Georgia on Thursday and warned that it would use 'all means available to us' to secure the release of Russian military intelligence officers arrested here Wednesday on charges of espionage. In New York, the Russian government called an emergency meeting of the UN Security Council in an attempt to step up international pressure on Georgia to exercise restraint. But the council decided to defer consideration of a Russian statement on the crisis in Georgia until Friday, following a request by the United States and others." On Wednesday, Georgian officials "announced that they had arrested four Russian officers -- three lieutenant colonels and a major -- accusing them of attempting to gather classified information on Georgia's cooperation with NATO and on some of its military deployments. The Interior Ministry here said Thursday that it had detained two more Russian servicemen on suspicion of espionage." The Los Angeles Times (9/29, Rodriguez, 918K) reports similar details.

Russia To Grant Cuba $350 Million Line Of Credit. The AP (9/29, Rodriguez) reports, "Russia agreed on Thursday to grant Cuba credit worth $350 million and restructure some of its recent debt during a visit by Russia's prime minister, officials said. The two countries also signed a military cooperation agreement. … The $350 million line of credit will be used to buy Russian goods and services. It is a 10-year loan with annual 4-percent interest, according to Russia's RIA Novosti news agency, which reported that Fradkov said the credit would be used to help modernize Cuba's energy sector and transportation system, reconstruct water conservation facilities and railroads, and design and deliver air navigation systems."

Japanese PM's Hawkish, Nationalistic Push Worries Some. The Los Angeles Times (9/29, Wallace, 918K) reports, "For those who view Japan's swelling nationalism through suspicious eyes, there is plenty of evidence that the World War II loser is straining at its pacifist shackles. New Prime Minister Shinzo Abe has vowed to rewrite Japan's war-renouncing constitution. He yearns for a robust role in world affairs, and has even mused about the possibility of a pre-emptive military strike against North Korean missile sites." He has "a plan to inculcate patriotism in schools and put an end to teaching what he calls a 'masochistic' version of Japanese history." Abe and his supporters "accuse" the American-imposed constitution and an accompanying education system "of weakening traditional Japanese values and leading to a morally flabby nation." However, Abe's critics "note the newfound willingness to question postwar shibboleths such as pacifism and war guilt. And they fear a mass mood could be manipulated into something more sinister, pointing to recent cases of government critics intimidated by threats of violence from right-wing extremists."

Author Says Security Council Should Keep Burma's History In Mind. Author Thant Myint-U writes in the New York Times (9/29, 1.21M), "This afternoon, the United Nations Security Council will hold its first-ever meeting on Myanmar, also known as Burma. The American ambassador to the United Nations, John Bolton, has pushed hard for this meeting, arguing over Chinese and Russian objections that the situation in Myanmar constitutes a threat to international peace and security and warrants urgent attention. … But will any of this work? What outside pressure can bring about democratic change? And why, after nearly two decades of boycotts, aid cutoffs, trade bans and diplomatic condemnation, are Myanmar's generals

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apparently more in charge than ever before? Are we really looking at Myanmar — a country of some 55 million people — in the right way? … As the Security Council takes up Myanmar for the very first time, it would be good to be mindful of Burmese history."

Stephens Says Blair, Clinton Describe Realities Of The Modern World. Philip Stephens writes in the Financial Times (9/29) that Tony Blair's "final speech as leader to the annual gathering of the Labour faithful left many in the hall wondering why they were letting him go. … The only person who can upstage Mr Blair these days is [former President Bill] Clinton. … There is something wistful about Mr Clinton these days. It is as if the energy he now invests in efforts to combat disease in Africa and to promote international action on climate change is in part a penance for opportunities missed. For his part, Mr Blair is in no mood for apologies – for Iraq or anything else. That may change when he joins his friend on the international lecture and, I suspect, public service circuit. Either way, I can think of no other two politicians who better describe the realities of the modern world.

Friedman Decries "Kid Gloves" Treatment of Muslims By The West. Thomas Friedman writes in the New York Times (9/29, 1.21M), "We need to stop insulting Islam. It's enough already. … What is insulting is the politically correct, kid-gloves view of how to deal with Muslims that is taking root in the West today. It goes like this: 'Hushhh! Don't say anything about Islam! Don't you understand? If you say anything critical or questioning about Muslims, they'll burn down your house. Hushhh! Just let them be. Don't rile them. They are not capable of a civil, rational dialogue about problems in their faith community.' Now that is insulting. It's an attitude full of contempt and self-censorship, but that is the attitude of Western elites today, and it's helping to foster the slow-motion clash of civilizations that Sam Huntington predicted." Friedman adds that "I fear we are drifting at best toward a wall between civilizations and at worst toward a real clash."

WSJournal Says Competitiveness Ranking Feeds Fantasy Of Europe's Economic Superiority. The Wall Street Journal (9/29, 2.03M) editorializes, "America's fall from the top of the World Economic Forum's latest competitiveness rankings, released this week, drew the usual reactions from the usual suspects. … As compilers with the Heritage Foundation of the annual Index of Economic Freedom, we think an index can usefully highlight policy successes and shortcomings. But the conclusions depend on the assumptions. In WEF's 'Global Competitiveness Report,' a key assumption is that balancing the national budget is itself a great good, no matter how it's done." The WEF's "headline findings give new life to the old wish-fantasy about Europe's economic superiority. If one ignores economic growth, unemployment and per-capita income, as this index does, it almost seems true."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Legal Battle Over Detainee Bill Is Likely."
"Reviving A Faded Movie Star And Her Pool."
"House Panelists Rail At HP."
"Wary Eye Cast On Abe's 'New Japan'."
"More Home Buyers Stretch Truth, Budgets To Get Loans."
"Border Bill Takes A Detour."
"Corporate Gifts Help Governor Fund Bill-Signing Ceremonies."

USA Today:

"Some Restrictions."
"Sources Of Coverage."
"Nations Limit Use Of NATO Forces."
"Medicare Drug Premiums Steady."
"Teammates Jeter, Rodriguez Are Alike, But Not In Fans' Hearts."

New York Times:

"Senate Approves Broad New Rules To Try Detainees."
"Hewlett's Hunt For Leak Became A Game Of Clue."
"Pirro & Pirro, a Partnership Of Love, Power And Distrust."
"Book Says Bush Ignored Urgent Warning On Iraq."
"In Teeming India, Water Crisis Means Dry Pipes And Foul Sludge."
"Democrat Ahead In New York G.O.P. Areas, Poll Finds."
"Iraqi Journalists Add Laws To List Of Dangers."

Washington Post:

"Senate Approves Detainee Bill Backed By Bush."
"Developers Selected To Transform Southwest Waterfront."
"Va. Transportation Funding Talks Die."

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"In Close Races, Local Issues Still Dominate."
"Wildlife Waste Is Major Water Polluter, Studies Say."
"At Checkpoints In Baghdad, Disguise Is A Lifesaving Ritual."

Washington Times:
"Senate Oks Detainees Tribunal Bill."
"Bush Scolds 'Party Of Cut And run.'"
"Forest Heights Suspends Mayor."
"Chess Champ Plays 'Head' Games."
"No Blackouts In Space."

Detroit Free Press:
"Kerkorian cranks Up Pressure On GM."
"On The Rise."
"One Stop: Drop Off Laundry, Fly To Paris."

Atlanta Journal-Constitution:
"Pollution Watchdog's Dual Roles Stir Doubts."
"Senate Gives Bush Victory On Detainees."
""When Does A Murderer earn Parole? Victim's Kin Says Never."
"Crop Disaster With A Silver Lining."

Houston Chronicle:
"Baylor To Build Hospital Without Partner."
"Astros On Verge Of Making History."
"Declaring A Family Bond."
"Congress Clamps Tight New Rules On Detainees."

Story Lineup From Last Night's Network News:
ABC: Abramoff & White House; Gunman-Colorado High School; Iraq-Audits; Campaign 2006; School Security-Safety; Rose Kennedy's Papers; 60's Song Controversy; NASCA Romance Novels.
CBS: Gunman-Colorado; Two Deputy Sheriffs Shoot-Florida; Iraq-Sectarian Violence; Iraq Audit; Detainee Bill; Computer Ballots; HP Controversy; Stock Market; Owens Hospitalized; Bush's Harsh Words; Lee Hamilton-Opinion; Panda Cubs; Mars Rovers.
NBC: Woodward's New Book-Iraq War; Woodward's Book Analysis; Detainee Interrogation Bill; Bush's Harsh Words; Gunman-Colorado; Stock Market; Oil Royalties; Elizabeth Edward's Book; Babies Learning Speech.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: White House-Abramoff Contacts; Senate-Detainee Bill; FL-Deputies Shot; MD-Tornado.
CBS: Senate-Detainee Bill; Woodward Book-Iraq Insurgency; White House-Abramoff Links; CO-School Shooting; FL-Deputies Shot.
NPR: House-Wiretapping Bill; Senate-Terror Detainee Bill; House–H-P Hearing; Wall Street; Iraq-Zarqawi tape; CA-Wildfire.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Marriott Wardman Park Hotel; meets with the President of Kazakhstan, Oval Office; attends 2006 National Book Festival gala, Library of Congress; attends National Book Festival gala dinner, Library of Congress.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in ribbon cutting ceremony for the National Garden, US Botanic Garden Conservatory; attends the 2006 National Book Festival Gala performance, Library of Congress; attends the 2006 National Book Festival gala dinner, Library of Congress.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.R. 4772 - Private Property Rights Implementation Act of 2006.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on ``Internet Data Brokers and Pretexting: Who Has Access to Your Private Records." Doug Atkin, owner, Anglo-American Investigations Inc.; Thomas Meiss, associate general counsel, Cingular Wireless; Michael Holden, litigation counsel, Verizon Wireless; Charles Wunsch, vice president for corporate transactions and business law, Sprint Nextel; Lauren Venezia, deputy general counsel, T-Mobile USA; Greg Schaeffer, chief security officer, Alltel Wireless; Rochelle Boersma, vice president for customer service, U.S. Cellular; Joel Winston, associate director, Division of Privacy and Identity Protection, Bureau of Consumer Protection, Federal Trade Commission; Kris Anne Monteith, chief, Enforcement Bureau, Federal Communications Commission; others. Location: Room 2123, Rayburn.

10 a.m. SCIENCE _ Full Committee. Hearing on the GAO report on NOAA's weather satellite program. David Powner, GAO; NOAA Administrator Conrad Lautenbacher. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Subcommittee. Hearing on Falun Gong,

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organ harvesting and human rights in China. David Kilgour, former member of the Canadian House of Commons; David Matas, B'nai Brith Canada; Erping Zhang, Association for Asian Research. Location: Room 2172, Rayburn.

Other: PRESIDENT NURSULTAN NAZARBAYEV OF KAZAKHSTAN _ Highlights: 11 a.m. Meets with President Bush. Oval Office.

US-AFRICA INFRASTRUCTURE _ Financiers, project developers, and African government officials participate in the Corporate Council on Africa (CCA)s first annual U.S.-Africa Infrastructure Conference. Highlights: 7:30 a.m. - 2:15 p.m. Breakfast session, workshops and closing luncheon. 9 a.m. Session on financing of projects in Africa with Robert Mosbacher Jr., President and Chief Executive Officer, U.S. Overseas Private Investment Corporation; J. Joseph Grandmaison, Member Board of Directors, Export-Import Bank of the U.S.; and Tony Elumelu, Group Managing Director and Chief Executive Officer, United Bank for Africa. 1 p.m. Deputy USTR Karan Bhatia. Location: Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Md.

COUNTERFEITING _ The US Chamber of Commerce, others hold the Third Annual Anti-counterfeiting and Piracy Summit. Highlights: 9:45 a.m. Attorney General Gonzales. 10:30 a.m. Session with Robert Wright, CEO, General Electric and NBC Universal, on motion picture piracy and the U.S. economy. 11 a.m. Roundtable session with MPAA CEO Dan Glickman, John Gray of the Healthcare Distribution Management Association, Robert Holleyman of the Business Software Alliance, and Chris Singer of the Pharmaceutical Research and Manufacturers Association. Location: 1615 H St. NW.

JUDICIARY _ Georgetown University Law Center holds a conference on the state of the judiciary. Highlights: 9 a.m. Attorney General Gonzales. 12 p.m. Concluding remarks with Supreme Court Justice Stephen Breyer and retired Justice Sandra Day O'Connor. Location: Georgetown University Law wCenter, 600 New Jersey Ave. NW., unless otherwise noted.

RELIGION _ The Catholic University Columbus School of Law holds a symposium on religion in the public square. Location: 2nd floor Slowinski Courtroom, 3600 John McCormack Rd. NE.

WOMEN-DEMOCRATS _ The women's Leadership Forum of the Democratic National Committee holds its 13th Annual National Issues Conference. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

NURSING HOMES _ 9 a.m. - 3:30 p.m. National Summit on Nursing Home Quality. Highlights: 9:15 a.m. Keynote remarks by CMMS Administrator Mark McClellan, Mississippi Gov. Haley Barbour, others. 2:45 p.m. AARP President-elect Jennie Chin Hansen discusses expectations for quality improvements. Location: National Academy of Sciences Auditorium, 2101 Constitution Ave. NW.

BOOK FESTIVAL _ 10 a.m. - 5 p.m. The Library of Congress 2006 National Book Festival hosted by First Lady Laura Bush, will be held on the National Mall. Location: National Mall between 7th and 14th Streets NW.

FOREIGN POLICY _ 8:30 a.m. George Mason University holds a panel discussion on foreign policy priorities, with various professors from the university. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Sean B. MacFarland, commander of 1st Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HAITI _ 9:30 a.m. The US Institute of Peace holds a program on Haiti, with Larry Rossin, formerly of the UN Stabilization Mission in Haiti; Marlye Gelin-Adams of CARE International; Brian Nichols of the State Department, others. Location: 2nd floor conference room, 1200 17th St. NW.

JAPANESE CABINET _ 10 a.m. The Center for Strategic and International Studies holds a discussion on the new Japanese Cabinet, with Michael Green of CSIS and Gerald Curtis of Columbia University. Location: B-1 conference level, 1800 K St. NW.

HURRICANES _ 10:30 a.m. The National Science Board holds a briefing to release a report proposing a major national hurricane research initiative. Location: Room SC-6, Capitol.

MEXICAN IMMIGRATION _ 10:30 a.m. Screening of a documentary by Notre Dame University theologian Father Daniel Groddy about Mexican immigration, focusing on spirituality and the social, economic and political issues. Location: Room 1116, Longworth.

JAPAN _ 11 a.m. OECD releases its 2006 economic survey of Japan. Location: OECD, Suite 650, 2001 L St. NW.

VOTERS-CONGRESS _ 11 a.m. New York University holds a news conference to release a study that finds voters demanding action by Congress. Location: Wilson Center for Scholars, Reagan Trade Building.

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IMMIGRATION _ 12 p.m. The National Immigration Forum holds a telphone news briefing, ``The Congressional Endgame on Immigration: What Happened, What Didn't, Why, and Whats Next?" Participants are: Kevin Appleby, Director of Migration and Refugee Policy, U.S. Conference of Catholic Bishops; Cecilia Muqoz, Vice President, National Council of La Raza; Frank Sharry, Executive Director, National Immigration Forum; Angela M. Kelley, Deputy Director, National Immigration Forum, Moderator. Notes: Dial: 800-817-4887; Confirmation Code: 7604916 or 913-981-4913 for international callers.

ISLAM _ 12:30 p.m. The New America Foundation holds a presentation with Alastair Crooke, former EU Middle East security envoy and co-director of Conflicts Forum discussing Islam, Hamas, Hezbollah, Jamaat e-Islami and the Muslim Brotherhood. Location: 7th floor, 1630 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 29, 2006 7:45 AM EDT

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TERRORISM NEWS:

Administration Detainee Policies Endorsed By Senate. The Senate provided President Bush with a legislative victory by passing a bill allowing the Administration to continue to prosecute and interrogate suspected terrorists. It passed by a 65-34 margin with over 25 percent of Democratic Senators supporting the bill. Passage of the bill received significant front page coverage in the major US newspapers.

Providing the most extensive coverage among the nightly news programs, NBC Nightly News (9/28, story 3, 2:10, Williams, 9.87M) reported, "Now to a major development there on Capitol Hill tonight, a big vote in the Senate to give final approval to a bill giving President Bush unprecedented powers to prosecute and interrogate terrorism suspects over the objections of some Democrats. It has been a very emotional debate. Our report tonight from NBC's Chip Reid." NBC (Reid) added, "Republicans are calling it a big victory for President Bush. In a rare visit to Capitol Hill this morning, the President personally lobbied Republican senators to pass the detainee bill. This afternoon, he got what he asked for." Reid concluded the story: "Republicans say they will go after Democrats who opposed the bill, but the Democrats say they, too, want to get the terrorists, but do it within the Constitution."

CBS Evening News (9/28, story 5, 0:15, Couric, 7.66M) briefly noted that "after a long political battle, the Senate is expected tonight to approve President Bush's revised plan to deal with foreign terror suspects. He could sign it as early as tomorrow. The bill creates military commissions to prosecute the suspects and set guidelines for the questioning of detainees."

The Washington Post (9/29, A1, Babington, Weisman, 748K) in a front page article titled "Senate Approves Detainee Bill Backed By Bush" reports, "The Senate joined the House in embracing President Bush's view that the battle against terrorism justifies the imposition of extraordinary limits on defendants' traditional rights in the courtroom. They include restrictions on a suspect's ability to challenge his detention, examine all evidence against him, and bar testimony allegedly acquired through coercion of witnesses." It "marked a victory for Bush and fellow Republicans a month before the Nov. 7 elections as their party tries to make anti-terrorism a signature campaign issue. Underscoring that strategy, the House last night voted 232 to 191 to authorize Bush's warrantless wiretapping program, with GOP leaders hoping to add it to their list of accomplishments even though it has no chance of Senate passage before this weekend's scheduled adjournment. On the final wiretapping vote, 18 Democrats joined 214 Republicans to win passage. Thirteen Republicans, 177 Democrats and one independent voted nay."

The New York Times (9/29, A1, Zernike, 1.21M) reports, "Both parties also positioned themselves for the continuing clash over national security going into the homestretch of the midterm elections. The vote showed that Democrats believe that President Bush's power to wield national security as a political issue is seriously diminished." It was "was a compromise between the White House and three Republican senators who had resisted what they saw as Mr. Bush's effort to rewrite the nation's obligations under the Geneva Conventions. Although the president had to relent on some major provisions, the vote allows him to claim victory in achieving a main legislative priority." In a statement Bush said, "As our troops risk their lives to fight terrorism, this bill will ensure they are prepared to defeat today's enemies and address tomorrow's threats."

The AP (9/29, Flaherty) reports, "Senate approval was the latest step in the remarkable journey that Bush has taken in shaping how the United States treats the terrorism suspects it has been holding, some for almost five years." Passage "before lawmakers leave for the elections has been a top priority for Republicans. GOP leaders fought off attempts by Democrats and a lone Republican to change the bill, ensuring swift passage." USA Today (9/29, 2.27M) publishes an abbreviated version of the AP article.

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The Financial Times (9/29, Daniel) reports, "A turning point came on September 6, when Mr Bush reframed the debate about tribunals by announcing plans to transfer 14 high-profile al-Qaeda suspects, including Khalid Sheikh Mohammed, the alleged mastermind of 9/11 to Guantanamo Bay to await trial. The move transformed an abstruse legal debate into a more personalised one about how to treat those accused of being behind the worst terrorist attack on US soil."

The Washington Times (9/29, A1, Hurt, 88K) in a front page story reports Senate Minority Leader Harry Reid said voting for the bill "would be a 'grave error,' and he predicted that it would be found unconstitutional by the Supreme Court." And "Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 presidential candidate, joined Mr. Reid in opposing the legislation" saying, "Democrats and Republicans alike believe that terrorists must be caught, captured, sentenced, punished. … I believe there can be no mercy for those who perpetrated 9/11 and other crimes against humanity, but in the process of accomplishing what I believe is essential for our security, we must hold on to our values and set an example that we can point to with pride, not shame."

Bloomberg (9/29, Rowley) notes, "Military prosecutors have prepared war-crimes charges against 10 suspected terrorists seized since the Sept. 11, 2001, attacks."

Questions Raised About Challenges To New Detainee Rules. In an analysis of the Senate detainee bill titled "Many Rights In U.S. Legal System Absent In New Bill" the Washington Post (9/29, A13, Smith, 748K) says that "Bush's argument that the government requires extraordinary power to respond to the unusual threat of terrorism helped him win final support for a system of military trials with highly truncated defendant's rights. The United States used similar trials on just four occasions: during the country's revolution, the Mexican-American War, the Civil War and World War II." The Post notes, "Written largely, but not completely, on the administration's terms, with passages that give executive branch officials discretion to set details or divert from its protections, the bill is meant to provide what Bush said yesterday are 'the tools' needed to handle terrorism suspects U.S. officials hope to capture." He "has received much of the authority he desired from party loyalists and a handful of Democrats on Capitol Hill. 'The American people need to know we're working together,' Bush told senators before yesterday's vote."

The Los Angeles Times (9/29, Savage, Simon, 918K) notes "The measure's most disputed provision would block foreign prisoners held by the military from turning to the federal courts to end their imprisonment. By preventing detainees from challenging their confinement in court, it sets up a potential constitutional conflict before the Supreme Court."

CQ (9/29) Kady) reports, "Democrats, civil rights experts and even some Republicans predicted that at least parts of the legislation would be thrown out in court in the future." And "Democrats, along with Sen. Arlen Specter, R-Pa., who sponsored the failed amendment to allow habeas rights for detainees, worry that Congress could be back at work fixing the law if it's rejected by the Supreme Court." But Republicans "expressed confidence that the legislation will be upheld in any court challenge." Sen. Lindsey Graham said, "I am confident that the power we gave the president is consistent with the [Geneva Conventions] treaty."

Republicans Seen As United Behind Bush On Detainee Bill. CNN's The Situation Room (9/28, Blitzer) reported, "Bush went to Capitol Hill earlier today to personally lobby for a bill on the interrogation and trial of terror suspects." CNN (Koppel) added, "The last time President Bush was up here on the Hill, just a couple of weeks ago, Republicans were split over this bill, pitting Mr. Bush against several senior Senate Republicans. Now, they're united and that same bill seems certain to pass."

Democrats Seen As Confident In Challenging Bush On National Security. The New York Times (9/29, Hulse, 1.21M) in an article titled "Democrats See Strength In Bucking Bush" reports, "The Democratic vote in the Senate on Thursday against legislation governing the treatment of terrorism suspects showed that party leaders believe that President Bush's power to wield national security as a political issue is seriously diminished." The Times asserts, "The most vivid example of the Democratic assessment came from the party's many presidential hopefuls in the Senate. All of them voted against the bill, apparently calculating that Mr. Bush's handling of Iraq has undercut the traditional Republican strength on national security and will insulate them from what are certain to be strong attacks from Republicans not only this year but also in 2008." The Times adds, "It was a stark change from four years ago, when Mr. Bush cornered Democrats into another defining pre-election vote on security issues -- that one to give the president the authority to launch an attack against Iraq. At the time, many Democrats felt they had little choice politically but to side with Mr. Bush, and a majority of Senate Democrats backed him."

Democratic Strategy Criticized. Daniel Henninger in his column in the Wall Street Journal (9/29, 2.03M) writes that "at this late stage of the campaign, Iraq-as-failure has become the central narrative in the Democrats' strategy. A memo sent out to Democrats last week by Greenberg Quinlan Rosner, a strategy group led by former Clinton pollster Stan Greenberg, discusses Mr. Bush's 'failure in Iraq, which energized Democrats and dispirited Republicans.' It urges Democrats: 'On Iraq, stress Bush/GOP "mismanagement" and need for a "new direction."'" But their "problem is this: They are trying to beat policy with politics and weaken belief with polls. This may work for Social

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Security. I don't think it works with war. Don't be surprised if come November, Democrats are still on message -- Iraq as failure -- and still in the minority."

Judge Stays NSA Surveillance Ban For One Week. The AP (9/29, Karush) reports, "The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal." The AP continues, "U.S. Judge Anna Diggs Taylor ruled on Aug. 17 that the program, which targets communications between people in this country and people overseas when a link to terrorism is suspected, violates the rights to free speech and privacy, as well as the separation of powers in the Constitution. The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks. … The Justice Department asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months. … Taylor denied that request, but gave the government a seven-day reprieve while it seeks a stay from the appeals court during the time the appeal is pending. Later Thursday, the government filed a motion for a stay with the appeals court in Cincinnati."

Bloomberg (9/29, Fisk) reports, "Taylor said that to prevent possible harm to the public she wouldn't order the surveillance stopped immediately, instead giving the government a week to get a federal appeals court order allowing continued surveillance. The government filed that request following the hearing. An immediate stop to the program would harm U.S. security, a government lawyer told the judge. … 'The terrorism surveillance program was authorized to close a gap in intelligence,' Justice Department attorney Anthony J. Coppolino told Taylor. 'A chilling effect on a small number of communicators speaking with al-Qaeda or suspected al-Qaeda does not outweigh the harm' to the public if the program stops, he said." Bloomberg adds, "In ruling against the government, Taylor said she saw 'no likelihood of the government prevailing on the merits on appeal.' The program was challenged by the American Civil Liberties Union and advocacy groups."

The Detroit Free Press (9/29, Ashenfelter) reports, "The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted client's ability to confer with sources to conduct research, locate witnesses and engage in advocacy." The Free Press adds, "Coppolino and Taylor traded gentle barbs during Thursday's 30-minute court hearing. … 'Your injunction, as far as we can see, was the first time in history that foreign intelligence has been enjoined at a time of war,' Coppolino told Taylor. … In rejecting his request for a stay pending the outcome of the appeal, Taylor remarked that the government had failed to cite any steps it had taken to comply with her order."

The Detroit News (9/29, Egan) reports that Coppolino told Judge Taylor "that stopping the program would be 'an extraordinarily dangerous thing to do,' because the government depends on the program to detect terrorist threats by al-Qaida. … But Ann Beeson, associate legal director for the American Civil Liberties Union, said if Taylor lifted the temporary stay on her order, it would only mean the president and the government would have to follow the law."

United Press International (9/29) reports, "The National Security Agency began the wiretapping program soon after the Sept. 11, 2001, terrorist attacks. The program became public late last year through an article in The New York Times. … 'Monitoring al-Qaida operatives and their confederates remains one of the pre-eminent concerns of the war on terrorism,' the NSA argued. 'It should be self-evident that suspending those activities -- even in the limited period during which the court of appeals reviews the matter -- would threaten the gravest of harms to the United States and its people.' … The American Civil Liberties Union, which brought the suit, argued that allowing the wiretapping to continue could cause grave harm."

FNC's Special Report (9/28, 6:15 p.m.) reported, "Before the house could even debate the Matter, a federal judge in Detroit, Anna Diggs Taylor, made things more difficult for the program. She ordered a permanent injunction against a program in early August. The government asked for a stay until the appeals court could hear the case. Today, Judge Taylor said no, and gave the Justice Department just seven days to get a higher court to step in. The justice department moved swiftly and late today asked the appeals court to act saying it is imperative to keep the program operating. 'Plaintiffs can present no harm' the filing said. 'Comparable to the drastic risk of harm to the nation that would follow if the terrorist surveillance program were halted by court order prior to an opportunity for appellate review. Because we cannot control how or when the enemy will seek to communicate or strike if continued, even a temporary interruption could result in grave harm to the American public.'"

Local Television. Only a few local newscasts reported that federal judge Anna Diggs Taylor gave the federal government one week to get a higher court to say whether the wiretapping program should be allowed to continue. WDIV-TV Detroit, (9/28, 5:32 p.m.) reported, "A federal judge, who struck down President Bush's warrantless surveillance program, will allow the government to continue the program while the president's attorneys seek action from an appeals court. You may remember last month, a federal judge ruled the surveillance program, which targets communication

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between people in this country and overseas, violates the rights to free speech and privacy."

WWMT-TV Grand Rapids, (9/28, 5:32 p.m.) reported, "Another constitutional showdown is coming to a Detroit courtroom. A civil trial over domestic spying by the White House was to begin today. It's been it's been pushed back seven days. In august, a U.S. district judge declared the program unconstitutional."

WLNS-TV Lansing, (9/28, 11:18 p.m.) reported, "A federal judge in Detroit, who struck down the governments warrantless surveillance program, is allowing it to continue for another week. The judge says the program can operate while the government appeals the ruling that claims the surveillance violates free speech and privacy rights as well as the constitutional separation of powers."

House Approves NSA Surveillance Bill 232 to 191. The New York Times (9/29, Lichtblau, 1.21M) reports, "The House voted on Thursday to give the president the formal power to order wiretaps on Americans without a court order for 90 days, even as a federal judge in Detroit once again declared the administration's program of wiretapping without warrants to be illegal. The House approved the surveillance measure, 232 to 191, after rejecting efforts by Democrats and some Republicans to impose greater restrictions on the wiretapping authority." The Times notes, "Senate Republicans held out hope that they would vote on Friday or Saturday on a bill of theirs that takes a different approach…and has the backing of the White House. Even if the Senate acts this week, lawmakers agreed, there would not be time before the recess for House-Senate negotiators to reach an accord on a final plan, depriving the White House of the chance to sign a bill into law before Election Day."

The AP (7/29, Karush) reports, "The federal judge who struck down President Bush's warrantless surveillance program turned aside a government request for an indefinite stay Thursday but said the government could have a week to appeal. … The White House says the surveillance is a key tool in the fight against terrorism that already has helped prevent attacks." The AP notes DOJ "asked Taylor to allow the program to continue until the 6th U.S. Circuit Court of Appeals issues a final ruling on the legal issues, which could take months." After US District Judge Anna Diggs Taylor rejected the stay yesterday, "the government filed a motion for a stay with the appeals court in Cincinnati."

Meanwhile, the AP (9/29, Kellman) reports that "the White House announced that it strongly supports House passage of its version but isn't satisfied with it, adding that the administration 'looks forward to working with Congress to strengthen the bill as it moves through the legislative process.' But with Congress giving Bush the other half of his September anti-terrorism agenda — a bill setting conditions on how terrorism suspects are to be detained, interrogated and tried — Republicans shifted from lawmaking to campaign mode."

CQ (9/29, Starks) notes, "Even if the Senate brings a bill to the floor this week, Senate Majority Leader Bill Frist, R-Tenn., and others have said Congress must wait until the lame-duck session to clear NSA legislation. There are significant differences between the House-passed bill and the leading Senate Republican's NSA proposal (S 3931)." The Los Angeles Times (9/29, Schmitt, 918K) reports similar details.

Belgium Finds Swift Broke EU Rules By Aiding US Anti-Terror Program. The New York Times/International Herald Tribune (9/29, Bilefsky) reports, "The Belgian banking consortium Swift breached European privacy rules when it aided a United States antiterrorism program by providing confidential information about money transfers, Belgium's privacy protection commission concluded Thursday. Prime Minister Guy Verhofstadt announced the findings by Belgium's privacy protection commission on the Swift case Thursday in Brussels." The IHT adds, "Swift and officials with the United States Treasury Department…have insisted that the American government's demands for documents were narrowly tailored and limited. The Belgian investigation found that, at least at the outset of the operation, the American agencies obtained 'massive' amounts of information in what it described as a 'carpet-sweeping technique' to gather financial transactions from particular countries."

The Washington Post (9/29, A14, Anderson, 748K) notes that the "ruling is the latest in a string of European complaints about how the United States is conducting global operations against terrorism. … Asked about the Belgian ruling, U.S. Treasury spokeswoman Molly Millerwise said in an e-mail that the department was 'mindful of privacy concerns and for that very reason implemented significant safeguards' for what the department calls the Terrorist Finance Tracking Program. 'The U.S. Treasury Department welcomes the suggestion of the Belgian government to engage in greater dialogue at an EU level on how to make the [tracking program] a more cooperative effort. The dialogue is already underway with our European counterparts; such cooperation can only further our common goals,' Millerwise said."

The Wall Street Journal (9/29, A10, Echikson, Simpson, 2.03M) reports, "The controversy sharpens the conflict between the U.S. and Europe over the degree of enhanced surveillance needed to combat terrorism. … Belgian and European Union officials will now seek to negotiate a new oversight agreement for the financial-intelligence program,

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said…Verhofstadt Thursday, adding that Swift had been caught between conflicting European and American laws."

Albany Imam Denies Endorsing Houseguests' Talk Of Attacks On US. The AP (9/29, Hill) reports, "Jabbing his finger and speaking emphatically," Albany imam Yassin Aref "told a court Thursday that though houseguests spoke to him about attacking the United States, he never endorsed the idea. … Prosecutors have used a diary kept by Aref in 1999, when he was living in Syria, to portray him as someone aligned with terrorists. A potentially damning passage comes from that January, in which Aref wrote about hosting two Muslim guests from Libya and Palestine. Aref said there was a discussion about 'moving the war to America and Israel,' making explosives, and attacking Western targets to gain attention." Yesterday, "pointing his finger at the projection screen as he spoke, he said nowhere in the diary does he say that he agreed with these men, supported their ideas or invited them back to his home."

Miami Activists Form "Liberty City 7 Defense Committee." The Miami Herald (9/29, McClain, 310K) reports, "Activists Thursday announced the formation of the 'Liberty City 7 Defense Committee' to support a group of local men arrested and charged in June in connection with a terror plot to blow up the Sears Tower in Chicago and federal buildings in Miami. At a news conference outside federal court in downtown Miami, family members and representatives of several community groups called for the men's release. … 'We conclude that these arrests were wrongful, politically motivated and racially motivated,' said Max Rameau of Miami CopWatch, a lead group organizing the defense committee. The seven men in question are black."

FBI Arrests Alabama Man For Allegedly Operating Illegal Hawala. The Tuscaloosa News (9/29, Morton) reports, "The man who shot and killed a would-be robber late last year now faces federal allegations of illegally sending money out of the country. Jack Mohamed S. Mused was arrested Thursday on charges of operating an unlicensed money transmitting business, conspiracy to operate an unlicensed money transmitting business and trafficking counterfeit goods." The News adds, "Members of the Federal Bureau of Investigation's Joint Terrorism Task Force arrested him, but details regarding what he did to justify the charges are vague. Dale Miskell, an FBI supervisory special agent for the Birmingham office, said he could not disclose many facts about the case, but confirmed that the allegations center on Mused's transferring money outside the U.S. without a license."

The AP (9/29) notes, "FBI spokesman Paul Daymond said several other people in other parts of the country were also arrested Thursday in relation to this case. Daymond said he did not know exactly how many other people were arrested or whether they face the same charges as Mused." US Attorney Donald Washington said, "There is no present danger to the public related to the arrest of Mr. Mused that we are currently aware of." Daymond "said the Joint Terrorism Task Force participates in investigations any time there is any potential link to terrorism. But he said he could not confirm that Mused's activity had a link to terrorism."

Judge Rules Ashcroft Can Be Held Personally Liable In Material Witness Case. The Washington Post (9/29, A12, Eggen, 748K) reports Idaho US District Judge Edward J. Lodge "has ruled that former attorney general John D. Ashcroft can be held personally responsible for the wrongful detention of a U.S. citizen arrested as a 'material witness' in a terrorism case." Judge Lodge "dismissed claims by the Justice Department that Ashcroft and other officials should be granted immunity from claims by a former star college football player arrested at Dulles International Airport in 2003." Attorneys for plaintiff Abdullah al-Kidd "said the decision raises the possibility that Ashcroft could be forced to testify or turn over records about the government's use of the material witness law, a cornerstone of its controversial legal strategy after the Sept. 11, 2001, terrorist attacks."

Confiscated Documents Make Proving Innocence Difficult For Guantanamo Detainees. The AP (9/29, Selsky) reports, "His ankles chained to the floor of the hearing room, a Saudi detainee hoped to convince three U.S. military officers that he is not a danger to the United States, has no intelligence value and should be released from the Guantanamo Bay prison." Yet "in his one shot this year at getting out of here, the detainee could not produce letters from his family that he wanted to submit as evidence. They were seized by the military, along with thousands of other documents from detainees, as it investigates whether the suicides of three prisoners in June were assisted or encouraged."

Top Mountie Apologizes For Rendition Of Suspect To Syria. The Washington Post (9/29, A16, Struck, 748K) reports, "Canada's top Mountie apologized Thursday for the "terrible injustices" done to a Canadian Muslim spirited to Syria and tortured for 10 months on false suspicions of terrorist ties. Critics of the government demanded that the prime minister offer his own apology."

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Amnesty Report Finds US Bounties Fueling Pakistani Abductions. The Financial Times (9/29, Burgis) reports, "Bounties offered by the US for suspected terrorists have created a black market in abductions in Pakistan, according to a report published on Wednesday. People have been seized by Pakistani police, border guards and bounty hunters eager to claim rewards offered for suspected terrorists, evidence compiled by human rights organisation Amnesty International shows. … Amnesty's report says people abducted in Pakistan account for about two-thirds of the 759 past or present inmates at…Guantánamo." The FT notes, "A Pentagon spokesman said: 'The rewards programme is effective in helping to protect Americans and citizens around the world from terrorists, including those who harbour or aid the enemy.'"

HOMELAND RESPONSE:

FBI Denies Overestimating Anthrax Potency, Rejects Holt Briefing Request. In a widely-distributed story, the AP (9/29, Sniffen) reports, "The FBI denied Thursday that it ever overestimated the potency of the anthrax spores used in mailings that killed five people in 2001. The bureau also rejected a request for a classified briefing on the case from Rep. Rush Holt, D-N.J." FBI Assistant Director Eleni P. Kalisch wrote Holt on Thursday, "The FBI and its partners in this investigation have never been under any misconceptions about the character of the anthrax used in the attacks. On the contrary, since the earliest months of this investigation, we have consulted with the world's foremost scientific experts on anthrax and relevant bio-forensic sciences, both inside and outside the FBI. While there may have been erroneous media reports about the character of the 2001 anthrax, the FBI's investigation has never been guided by such reports.'" Responding to Kalisch's rejection of his request for a briefing, Hurt said, "The inference that any member of the intelligence committee was the source of previous leaks is outrageous, irresponsible and without foundation." He added that the case "clearly falls within the purview of the intelligence committee. Our job is to see that the government functions well and in the anthrax investigation our government has not functioned well."

GOP Hoping Ports Legislation Will Add To Security Image. The Wall Street Journal (9/29, A10, Rogers, 2.03M) reports approval is nearing in Congress for a $34.8 billion homeland security budget that features "$1.8 billion in emergency funds to help burnish" the GOP's border security image, and bestows new government powers to regulate high-risk chemical plants. Republicans hope to make "port-security legislation -- taking final shape last night -- …a third feather in their cap going into the midterm elections." It is "viewed as an important first step toward tightening inspections at home and abroad for US bound cargoes. … While the primary focus is on preventing attacks, there is a tacit acknowledgement that disruptions could yet come. And the bill requires the establishment of protocols for the resumption of trade and port operations after a security incident."

Meanwhile, the AP (9/29, Abrams) reported, "Democratic negotiators at the ports security conference expressed concern that the final version would fail to address another significant threat _ that of terrorist attacks on the nation's rail and mass transit systems. Pointing to rail attacks in Madrid, London and Bombay, they said they would try to restore language from the original Senate bill that authorized funding for rail and mass transit security."

Dispute Over Passport Requirement Resolved. CQ (9/29, Yoest) reports a dispute was resolved Thursday after the homeland security budget bill "was held up most of the day by House Judiciary Chairman F. James Sensenbrenner Jr., who strongly objected to a provision in the bill that would delay" a passport requirement for all travelers entering the US. "The passport provision remains in the conference report that was filed Thursday, but House Majority Leader John A. Boehner, R-Ohio, said a colloquy on the issue would take place Friday during floor debate. … With the passport spat out of the way, the Republican leadership in both chambers plans to act fast on the spending bill (HR 5441)."

Wall Street Journal Says Felons Should Be Barred From Sensitive Dock Jobs. In an editorial, the Wall Street Journal (9/29, A16, 2.03M) sees "an odd but telling footnote to the political fight over port security: The powerful International Longshore and Warehouse Union is lobbying Congress not to bar felons from working in sensitive dock security jobs. Really." The union "and its labor allies are muscling Congress to strike" the provision, sponsored by Sen. Jim DeMint, with Larry Willis, the general counsel for the Transportation Trades Department at the AFL-CIO, arguing "that the felonious categories that would bar workers are 'too broad.'" The Journal finds it "bizarre" that such "a political furor" was raised over the "non-threat" posed by the Dubai Ports World deal only to be followed by complacency "about sensitive port access by proven crooks."

Group To Air Ads Criticizing Clinton's National Security Record. The Washington Times (9/29, McCaslin, 88K) reports in its "Inside The Beltway" column, "The group Move America Forward, based in Sacramento, Calif., says it's had enough of [former President Bill] Clinton and his loyal lieutenants trying to 'rewrite history' about the war on terrorism and goes so far as to call the former commander in chief 'shameless.'" The group will begin airing

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ads that will remind viewers "that Mr. Clinton's national security adviser, Samuel R. 'Sandy' Berger, was nabbed by security officials at the National Archives after he 'stole and ate classified documents that exposed the failures of the Clinton anti-terrorism policies.' One TV ad, we're told, will be finalized today. Move America Forward predicts Mr. Clinton 'won't like it one bit.'"

Columnist Praises Clinton Reaction On Fox. E. J. Dionne in his column in the Washington Post (9/29, A21, 748K) writes, "Bill Clinton's eruption on "Fox News Sunday" last weekend over questions about his administration's handling of terrorism was a long time coming and has political implications that go beyond this fall's elections." He "forced an argument about the past that had up to now been largely a one-sided propaganda war waged by the right. The conservative movement understands the political value of controlling the interpretation of history. Now its control is finally being contested."

Insurance Industry Fights For Federal Backing Of Terrorism Coverage. The New York Times (9/29, Treaster, 1.21M) reports that when a presidential working group led by Treasury Secretary Henry M. Paulson Jr. issues its assessment of whether insurers are able to handle terrorism coverage without federal backing, the industry fears "that the group will argue, as a Treasury report did in June 2005, that the federal program interferes with market forces." However, "Insurers say that the frequency and severity of terrorism attacks are unpredictable and that is why the industry needs the government to play a role." The industry and its allies "stepped up their lobbying this week, pointing out that countries like Britain, Spain, France and Germany have government-backed programs for terrorism insurance."

WAR NEWS:

Bush Fires Back At Critics Of Iraq War. ABC did not mention passage of the detainee interrogation bill but provided the most extensive coverage of Bush's remarks on Democrats and Iraq. Each network news show quoted Bush saying "The party of FDR and the party of Harry Truman has become the party of cut and run." ABC World News (9/18, story 4, 2:30, Gibson) reported that campaigning in Alabama Bush "accused Democrats of playing politics with the Iraq war" saying "Democrats are using the National Intelligence Estimate that ties Iraq to rising terrorism to try to win votes in November." ABC proceeded to focus on Bush's campaign efforts for GOP candidates, noting his "weak" job approval rating of 42% "complicates things on the campaign trail." ABC (Reynolds) added, "It's been a busy week on the stump for President Bush. But you don't see much of him actually campaigning. The vast majority of his political forays are confined to this. Quick hits for a private, no press, no pictures, fundraiser. The irony is that once inside, Mr. Bush raises hundreds of thousands, if not millions of dollars, for Republican candidates who then turn around and use the money on commercials, touting their independence from him and his policies."

In brief stories CBS Evening News (9/28, story 11, 0:25, Couric, 7.66M) reported, "Bush hit back hard today at Democrats who have been attacking his Iraq policy, especially after an intelligence report tied the war to an increase in terrorism worldwide." And NBC Nightly News (9/28, story 4, 0:45, Williams, 9.87M) reported Bush "used some of the harshest language ever to criticize Democrats, accusing them of being soft on terrorism and the war in Iraq." But "Democrats respond saying it is the President's failed policies that's made this country less safe and increased terrorism elsewhere."

CNN's The Situation Room (9/28, Blitzer) reported that Bush "fired back at his Democratic critics on Iraq. … He spoke about the recently leaked finding of a National Intelligence Estimate, that the Iraq war has rallied Muslim extremists." Bush: "Five years after 9/11, the worst attack on America homeland in history, the Democrats offer nothing but criticism and obstruction, and endless second-guessing. The party of FDR and the party of Harry Truman has become the party of cut and run."

Fox News' Special Report (9/28, Baier) reported, "In his most direct attack on Democrats this election season," Bush "flatly charged that Democrats are incapable of effectively fighting the war on terror." He "also accused Democrats of twisting the findings of the National Intelligence Estimate or NIE to win votes in November." Fox added, "Senior White House officials tell Fox the President's speech is a 'road map for the Republican party,' showing candidates how to forcefully tout the national security issue while also 'showing Democrats' shortcomings on that same issue.'"

The New York Times (9/29, Rutenberg, 1.21M) reports, "Bush has been honing his offensive against Democrats for weeks as his political team seeks to shift the election-year focus from a debate about him and the unpopular war to one about terrorism in general, his party's efforts to combat it and what he describes as the opposition's promotion of defeatism and retreat." Yet "until now he had left the sort of hard-charging talk that he used here to his political strategist Karl Rove, Vice President Dick Cheney and the Republican national chairman, Ken Mehlman."

The Washington Post (9/29, A12, Fletcher, 748K) reports, "Speaking before a large and enthusiastic audience at a fundraising luncheon for Alabama Gov. Bob Riley (R), Bush attempted to turn criticism of his Iraq policy into a cudgel." He "also criticized many Democrats for not supporting his approach to trying terrorism suspects. Pointing to Wednesday's vote on a bill passed by the House

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authorizing military tribunals for the suspects, Bush reminded his audience that 160 Democrats – 'including the entire Democrat leadership' -- voted against the measure, which passed 253 to 168."

The Los Angeles Times (9/29, Gerstenzang, 918K) says Bush "melded politics, a defense of the war in Iraq and the anti-terrorism fight to a greater extent than he had recently." His "speech brought together the two most difficult issues he is facing during his sixth year in office — the war and the challenge of keeping GOP majorities in the House and Senate — more openly than he had before."

The AP (9/29, Loven) reports, "Bush's no-holds-barred speech, one of his harshest yet on the campaign trail, came less than six weeks before midterm elections." The AP adds, "Though not by name, he quoted Rep. Jane Harman of California, top Democrat on the House Intelligence Committee, as saying that because of the Iraq war 'it may become more likely' that the U.S. will have to contend with terrorists on its own soil again, rather than less likely as the president argues. And he quoted Sen. Jay Rockefeller of West Virginia, top Democrat on the Senate Intelligence Committee, as saying the world would be better off without the Iraq war and if former Iraqi leader Saddam Hussein were still in power."

The Washington Times (9/29, Dinan, 88K) notes, "Democrats taunted back, saying Mr. Bush has a chance to prove himself right by releasing the entire intelligence document." They "hope the NIE information helps them regain the initiative and refocus the debate on Iraq after Mr. Bush's successful September, during which his series of speeches on the broader war on terror boosted both his approval ratings and support for Republicans' job in handling terror."

Former 9/11 Commissioner Hamilton Warns US National Security Ignored. Former vice chairman of the 9/11 Commission Lee Hamilton on CBS Evening News (9/28, story 12, 2:05, Couric, 7.66M) "Free Speech" segment warned the political debate over national security leaks was distracting attention from homeland security efforts saying that "amidst the partisan finger pointing there are very real threats that we should be talking about. Radicalization of the Islamic world, particularly young Muslims; bombings by persistent Taliban and al-Qaeda-led insurgency in Afghanistan; the urgent need to secure loose nuclear materials around the world, particularly in the former Soviet Union; five years after 9/11, our failure to set clear priorities in protecting the homeland; and largely ineffective congressional oversight of intelligence and homeland security. The quality of the political discourse on these topics is discouraging, to say the least. We'd all be a lot better off and a lot safer if we spent less time arguing over who gained a political advantage from the latest leak and more time having a dialogue on how to protect our country."

Addressing National Security Concerns Helps Raise Bush Poll Numbers. The Washington Times (9/29, Dinan, 88K) in an article titled "Ratings Rise With Terror Talks" reports, "Bush talks about the war on terror frequently -- including a biting attack on Democrats at a fundraiser in Alabama yesterday -- but the White House said the recent series of speeches was designed to cut through day-to-day matters and give the president a chance to get across some specific points." In recent speeches "Bush laid out a more complete picture of al Qaeda, using quotes from terrorist leaders, and demanded that Congress give him tools such as wiretapping authority to go after terrorists. He also challenged both Americans and people worldwide to accept that the battle against terrorism is the major ideological struggle of this century."

Bush's Approval Rating Up To 42% In Fox News Poll. Fox News' Special Report (9/28, Hume) reported, "President Bush's approval numbers are up slightly in the latest Fox News poll. The President's approval rating is up to 42%. That's from 40% two weeks ago but the disapproval number climbed from 49% to 54%."

Baptists Remain Strong Supporters Of Bush, Iraq War. The AP (9/29, French) reports, "The head of public policy for the Southern Baptist Convention," Richard Land "says an overwhelming majority of Baptists still support President Bush and his handling of the Iraq war." He "said that exit polls showed about 84 percent of Southern Baptists voted for Bush in 2004. The Iraq war hasn't significantly eroded that support, he said, despite recent polls that show Republicans losing ground with moderate evangelicals."

Relations Remain Strained Between Musharraf, Karzai.

The AP (9/28, Gearan) reports, "In a Rose Garden appearance arranged to show warmth and unity, the bickering leaders of Pakistan and Afghanistan shook hands with President Bush but not with each other." Pakistan's Pervez Musharraf and Afghanistan's Hamid Karzai "barely looked at one another as Bush appealed for cooperation against the common enemy of terrorism." But the two "actually did shake hands before joining Bush in appearing before reporters."

Musharraf, Karzai Agree To Three Meetings. The Washington Times (9/29, Behn, 88K) reports that "after days of public sniping," the two leaders "agreed during dinner with President Bush to meet three times in an attempt to end violence in the region." Musharraf and "will attend two gatherings of tribal elders, one on each side of the border," and will also "meet a third time, probably in Islamabad."

Musharraf Moves On To UK, Meets With Blair. The New York Times (9/29, Cowell, 1.21M) reports Musharraf arrived in the UK Thursday "and found himself facing accusations that his country's intelligence service had indirect ties to Al Qaeda and that his government committed

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widespread human rights abuses as an ally of the United States in its effort to curb terrorism." His visit came after "a rocky visit in Washington." The AP (9/28, Quinn) reports Musharraf and British PM Tony Blair "met for two hours, with both reinforcing their support of a NATO-led mission to support" the Karzai government.

More Commentary. The New York Times (9/29, 1.21M) editorializes, "It will take more than a shared dinner at the White House" to get Musharraf and Karzai "to think and say nice things about each other. Their quarrel is no mere war of words in competing press interviews. It is about the real war being waged on Afghan soil by a revitalized Taliban, which recruits fighters in Pakistan and sends them almost unimpeded across a shared border." Musharraf "says he is doing his best to stop this infiltration. But his best has been strikingly ineffective, considering the powers he wields as a military dictator, accountable only to his fellow Pakistani generals. ... Karzai, for his part, has been far too indulgent of corruption and drug trafficking. And, in the hope of extending his authority beyond Kabul, he has made damaging deals with brutal warlords."

In a Wall Street Journal (9/29, A16, 2.03M) commentary, editorial board member Robert L. Pollock writes, "Pervez Musharraf is America's favorite dictator. The Bush administration seems to consider the Pakistani general -- who took power in a 1999 military coup -- an indispensable ally, and has yet to publicly pressure him on the democracy front. Democrats and foreign policy thinkers of the 'realist' school seem equally comfortable with the idea of Gen. Musharraf running Pakistan for the indefinite future. ... On the plus side of the Musharraf ledger is, indeed, the obvious fact that the man with the keys to Pakistan's bombs is not a raving Islamic fanatic. He has been an ally -- of convenience, at least -- in the fight against al Qaeda. And his rule, while autocratic, is not oppressive. ... At the same time, however, Gen. Musharraf suffers from his lack of legitimacy among the secular classes who have run Pakistan's democratic governments in the past, and who would almost surely win if another free poll is held. ... The Bush Doctrine can survive the Musharraf Exception over the short run. But over the longer term, the credibility of our efforts to address the root causes of terror will require nudging Pakistan, too, back toward the democratic path."

Rumsfeld Says "We Don't Know" If Wars Are Creating More Terrorists. The AP (9/28, Baldor) reports Secretary Rumsfeld said Thursday that it is "impossible to know with any precision whether the wars in Iraq and Afghanistan have created more terrorists than they've killed." Rumsfeld "told reporters at a NATO meeting that, in general, the value of intelligence reports can be uneven, and 'sometimes it's just flat wrong.' But he added that, 'the implication that if you stop killing or capturing people who are trying to kill you, then therefore the world would be a better place, is obviously nonsensical.'" Rumsfeld "did not specifically criticize or address the controversial intelligence report, but instead commented more broadly about the terrorist question that has gripped the political world since the report was disclosed last week." He said, "Are more terrorists being created in the world? We don't know. The world doesn't know."

AFP (9/28) says Rumsfeld "spoke in general terms about intelligence shortcomings that undercut the value of the reports." He said, "Every day people in policy positions get stacks like this of intelligence reports. Their value is uneven. Their information is often qualified 'as one the one hand this, on the other hand that' because it is a difficult business."

Ex-NSC Members Say Iraq War Led To More Terrorism. In a Washington Post (9/29, A21, 748K) op-ed, Center for Strategic and International Studies Senior Fellow Daniel Benjamin and Council on Foreign Relations Senior Fellow Steven Simon, who served together on the National Security Council staff from 1994 to 1999, write, "The declassified judgments from the National Intelligence Estimate on terrorism caused a stir in the political world this week, but for most -- we would guess almost all -- scholars of jihadist terrorism, they are largely uncontroversial. The war in Iraq, the lack of reform in the Muslim world and anger at its endemic corruption and injustice, the pervasiveness of anti-Western sentiment -- all these have long been identified as major drivers of radical Islamist terror. ... You don't need an NIE to demonstrate the most controversial judgment -- that the war in Iraq has worsened the terrorist threat. ... The invasion of Iraq was the wrong answer to the terrorist challenge, for which we will pay a high price for years to come."

Rumsfeld Viewed Favorably By 35% In CNN Poll. CNN's The Situation Room (9/28, Blitzer) reported, "In a new CNN poll, 35 percent of Americans say they have a favorable opinion of Donald Rumsfeld. That's down from a 58 percent favorable rating back in 2003."

UN Report Says Al Qaeda Activity In Iraq May Decline. The AP (9/28, Lederer) reports a UN report says al Qaeda activity in Iraq "may diminish as violence escalates and distinctions blur between sectarian attacks, criminal acts and the fight against Iraqi and non-Iraqi forces." Meanwhile in Afghanistan, "Taliban rebels continue to benefit from a close relationship with al-Qaida and other foreign terrorist groups," the report says.

Woodward Book Said To Offer Harsh Portrait Of Iraq War, Administration Divisions. NBC reported extensively on Bob Woodward's upcoming book on

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the Bush Administration's Iraq war policy, while CBS, which will air an interview with Woodward this weekend on "60 Minutes," only mentioned it on its website. NBC Nightly News (9/28, lead story, 2:35, Williams, 9.87M) led its broadcast by reporting, "An explosive new book now days away from store shelf system tonight making news even before arriving on the market." The book "alleges that attacks by insurgents on coalition forces in Iraq are worse than Americans have been led to believe. It also alleges a kind of campaign of deception on the part of the Bush Administration. While this news is just now emerging, this will not be a welcome development at the White House." NBC (Miklaszewski) added, "Now it is no secret the Bush Administration has tried to put the best face on the war in Iraq. But author Bob Woodward claims it is a deliberate attempt to deceive the American people about the worsening state of the war. Woodward claims President Bush and the Pentagon are concealing key intelligence that predicts the violence in Iraq will only get worse in the coming year." NBC Nightly News (9/28, story 2, 1:10, Williams, 9.87M) analyst Barry McCaffrey said of Woodward's claims, "It didn't come as a surprise to me. I keep reminding people, 23,000 of our troops have been killed or wounded in this struggle so far. Another considerable number in Afghanistan. $7 billion a month. We lose a battalion a month of soldiers and Marines, primarily killed and wounded. This is a real war."

The New York Times (9/29, Sanger, 1.21M) reports "State of Denial," to be published Monday, "describes a White House riven by dysfunction and division over the war." Secretary Rumsfeld "is described as disengaged from the nuts-and-bolts of occupying and reconstructing Iraq -- a task that was initially supposed to be under the direction of the Pentagon -- and so hostile toward Condoleezza Rice, then the national security adviser, that President Bush had to tell him to return her phone calls. The American commander for the Middle East, Gen. John P. Abizaid, is reported to have told visitors to his headquarters in Qatar in the fall of 2005 that 'Rumsfeld doesn't have any credibility anymore' to make a public case for the American strategy for victory in Iraq." Woodward "writes that his book is based on 'interviews with President Bush's national security team, their deputies, and other senior and key players in the administration responsible for the military, the diplomacy, and the intelligence on Iraq.' Some of those interviewed, including Mr. Rumsfeld, are identified by name, but neither Mr. Bush nor Vice President Dick Cheney agreed to be interviewed, the book says."

CNN's The Situation Room (9/28, Blitzer) reported that Woodward "is accusing the White House of being in a 'State of Denial' about Iraq." CNN called Woodward's book "a new blow to the President's effort to defend the Iraq mission." CNN (Snow) added that there is "talk it could have the potential to be election altering."

CBSNews.com (9/28) said Woodward "tells Mike Wallace that the Bush administration has not told the truth regarding the level of violence, especially against U.S. troops, in Iraq," in the interview to air Sunday.

Al-Masri Wants Nuclear Scientists To Join Fight, And Also Calls For Kidnappings. The Washington Post (9/29, A15, 748K) reports Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, "in a chilling audiotape released Thursday, called for nuclear scientists to join his group's holy war and urged insurgents to kidnap Westerners so they could be traded for a blind Egyptian sheik who is serving a life sentence in a U.S. prison." He said "experts in the fields of 'chemistry, physics, electronics, media and all other sciences -- especially nuclear scientists and explosives experts' should join his group's holy war against the West." The Los Angeles Times (9/29, Moore, 918K) reports that the speaker, who "could not be independently verified" as al- Masri, "also calls on tribes that have turned against Al Qaeda to rejoin the movement."

CBS Evening News (9/28, story 3, 0:35, Couric, 7.66M) reported on "what you could call holiday greetings from the head of al Qaeda in Iraq. On an audio tape posted today on the Internet, al-Masri calls on Muslim militants in Iraq to mark Ramadan by kidnapping Westerners so they can be traded for Sheikh Abdul Rahman, in prison for 1993 World Trade Center bombing. He also says more than 4,000 foreign fighters have been killed in Iraq since the US invasion. This is the first known statement from the enemy about their losses."

CNN's The Situation Room (9/28, Blitzer) reported that "there's a new audiotape out believed to be from the new leader of al Qaeda in Iraq. He's warning his group is launching a major military campaign, and he urges other Muslims in Iraq to join in as well."

As Many As 60 Bodies Found Strewn Across Baghdad. The New York Times (9/29, Luo, 1.21M) reports Iraq's Interior Ministry said as many as 60 bodies, "many of them shot in the head at close range and bearing signs of torture, were discovered across the city on Thursday." It was "one of the highest" body counts in weeks, "and came as American and Iraqi troops continued to sweep Baghdad's most dangerous neighborhoods in a broad effort to control the capital." The AP (9/28) says the bodies of 40 men who been tortured "were found in the capital in a span of 24 hours," while "bombings and shootings killed at least 21 people in and around Baghdad, including five people who died from a car-bomb explosion near a restaurant."

The Los Angeles Times (9/29, Rasheed, Moore, 918K) reports, "The killings continue even as U.S. and Iraqi forces are conducting a major operation to restore order to the

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capital." US commanders "say they expect to reduce the violence eventually, although they acknowledge that they don't have enough troops to secure every problematic area of Baghdad." They blame the Iraqi government "for failing to deploy an additional 4,000 Iraqi soldiers to the city."

USA Today (9/29, Sabah, Jervis, 2.27M) reports the "unprecedented wave of violence this week in Baghdad threatens to collapse the U.S. strategy of imposing order on the capital as a first step in stabilizing Iraq, military experts said." Brookings Institution military analyst Michael O'Hanlon said, "We're beginning to lose. This year has been a constant, gradual deterioration...from a starting point that wasn't very good to begin with. We're in bad, bad trouble."

Iraqis Disguising Themselves To Survive Sectarian Violence. The Washington Post (9/29, Raghavan, 748K) runs a front-page feature on how Iraqis are taking to disguising themselves in order to survive the wave of sectarian violence. At one checkpoint, a Sunni in Shaab, a "volatile, Shiite Muslim-dominated neighborhood" of Baghdad, was stopped, and "questions raced through his mind: Was the mosque a base for a Shiite militia? Were the men members of a Shiite death squad?" He "set in motion a ritual that many Sunnis across a divided Baghdad now practice. He pushed in a cassette tape with Shiite religious songs and turned up the volume. He wrapped a piece of green cloth that he brought from the Imam Ali shrine in Najaf, one of Shiite Islam's holiest sites, around his gearshift. And he hung a small picture of Imam Ali, the son-in-law of the prophet Muhammad and the most revered Shiite saint, from his rearview mirror. To the world outside, he was now a Shiite."

Murtha, Abercrombie Say Iraq Has Drained Military's Response Capability. McClatchy (9/29, Brown) reports Reps. John Murtha and Neil Abercrombie, speaking at the Center for Strategic and International Studies, said the Iraq war "has become such a drain on the Army and the Marines that it's seriously damaged the U.S. military's ability to respond if other crises arise." Murtha said, "We don't have a combat unit that is really trained to the point where it can be deployed. We don't have a strategic reserve unless you say the Navy and Air Force are strategic reserves."

"Damning" Audits Show Massive Problems In Iraq Rebuilding. ABC World News (9/18, story 3, 2:35, Gibson) reported, "Federal investigators monitoring the rebuilding of Iraq released damning audits" Thursday. One says Iraq's oil industry "has lost $16 billion in potential foreign sales because of crime, insurgent attacks and bad equipment. Another audit, one of the most important projects: the construction of the police academy. $75 million of US funds already have been spent. But the work has been so shoddy that parts of the project may have to be torn down."

CBS Evening News (9/28, story 4, 2:45, Couric, 7.66M) reported, "The US death toll in Iraq is now more than 2,700, and now there is a new estimate of the monetary cost. The Congressional Research Service says the war is now costing taxpayers $2 billion a week. That's right -- $2 billion a week. Meanwhile, US auditors say a lot of the money that's going to Iraq is being wasted." The CBS report also focused mainly on the police academy project. The Washington Post (9/29, A15, Witte, 748K) leads its report with the police academy issue, where construction was "botched...so badly that human waste dripped from the ceilings."

The New York Times (9/29, Glanz, 1.21M) reports that the "sweeping new assessment of reconstruction failures in Iraq" found that "13 of 14 major projects built by the American contractor Parsons that were examined by his agency were substandard, with construction deficiencies and other serious problems. The final project, a prison near the southern Iraqi city of Nasiriya, was terminated for other reasons, said the inspector, Stuart Bowen, who heads the Office of the Special Inspector General for Iraq Reconstruction."

The Los Angeles Times (9/29, Peterson, 918K) reports, "The blistering report follows earlier criticisms of Iraqi building projects overseen by Parsons. The privately held construction and engineering firm and its partners have been awarded contracts for police stations, health clinics, prisons and other facilities that are potentially worth $2 billion or more."

The AP (9/28, Jelinek) leads its report with the oil industry audit, which says Iraq's "most important moneymaker...lost $16 billion in potential foreign sales over two years to insurgent attacks."

Retired Diplomat Leads PRT In Baqubah. The Washington Post (9/29, A19, Tyson, 748K) details the work of FSO Kiki Munshi in Baqubah, Iraq. "Munshi, the head of the State Department's 45-member provincial reconstruction team (PRT) in Baqubah, had comfortably retired after a 22-year career in the Foreign Service that included tours in Asia, Africa and Europe when her conscience nudged her into coming to Iraq. So she left her husband, two horses, a dog and a cat in Vandemere, N.C., and headed for the first time into a war zone." She is quoted saying, "I felt a sense of moral obligation to try to help rebuild Iraq," and that her work is "difficult at best." The centerpiece of that work is "to promote 'conflict resolution' in Diyala province," and Munshi's "team works with local leaders on listening techniques and mediation." She says "progress…is hard to discern," and the Post says "sectarian and insurgent violence in Diyala also severely hamper Munshi's team in getting places and meeting Iraqis." Of her robust security force, Munshi "said, being surrounded by Blackwater guards -- with such radio call

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signs as Elvis, Josh and Dave -- did boost her spirits." The Post notes, "The U.S. military took over security for the team over the summer because Blackwater was too expensive, Munshi said, and now the team can travel more freely. 'Life is much easier,' she said, 'although my ego is not as well served.'"

CRS Says Iraq War Costs Nearly $2 Billion Per Week. The Boston Globe (9/29, Bender, 425K) reports the Congressional Research Service said last week that the Iraq war "is now costing taxpayers almost $2 billion a week -- nearly twice as much as in the first year of the conflict three years ago and 20 percent more than last year -- as the Pentagon spends more on establishing regional bases to support the extended deployment and scrambles to fix or replace equipment damaged in combat.

Iraqi Journalists Faced With Strict Restrictions On Speech. The New York Times (9/29, Von Zielbauer, 1.21M) reports, "These days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too. Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year. Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who 'publicly insults' the government or public officials subject to up to seven years in prison."

Private Schools, Banned Under Saddam, Reopening In Iraq. USA Today (9/29, 2.27M) reports on the reopening of private schools in Iraq. Under Saddam Hussein, all students were required to attend "government-run schools that taught a standardized, state-approved curriculum."

Rumsfeld Agrees To Put 12,000 US Troops In Afghanistan Under NATO Command. The New York Times (9/29, Cloud, 1.21M) reports Secretary Rumsfeld "agreed Thursday to put 12,000 American combat troops in eastern Afghanistan under NATO command, possibly as soon as next month." The command shift "would extend the alliance's area of operations across all of Afghanistan. It would still leave about 10,000 American troops, including Special Operations units, under exclusive American control." While the move "would not increase the number of combat troops in Afghanistan, it comes as a show of unity at a time when Taliban rebels have intensified attacks against NATO forces that took over responsibility for security in the south just two months ago." The AP (9/28, Baldor) also reports that "as many as 12,000 American troops" will be placed "under foreign battlefield command," and Bloomberg (9/29, Johnson) runs a similar report.

However, USA Today (9/29, Michaels, 2.27M) reports, nations sending troops "have placed a web of restrictions on how they can be used, creating headaches for combat commanders and hurting the coalition's ability" to fight the Taliban. Rumsfeld said it is "understandable that nations don't want their troops to perform specific missions, but when numerous countries impose restrictions, it creates a 'situation that really is not acceptable.'"

CNN's McIntyre Spoofs Rumsfeld's Question-Answering Style. The Washington Post (9/29, C3, Argetsinger, Roberts, 748K) "Reliable Source" column writes that CNN Pentagon correspondent Jamie McIntyre took third place at the Improv's "Funniest Celebrity in Washington" fundraiser, in part for his portrayal of "a husband parrying his wife's questions in Don Rumsfeld 'accountability avoidance' style: 'Am I home late? It's unknowable. Was I out cavorting with women? Life is untidy...'"

Fox News To Air Special Report On Rumsfeld Saturday. FoxNews.com (9/28) announces that the Fox News Channel will take "an exclusive look at what motivates" Secretary Rumsfeld "and what makes him so controversial" in a special called "Why He Fights," to be broadcast Saturday at 8:00 p.m. The report will "examine why President Bush stands behind him and what drives the 73-year-old Rumsfeld to soldier on."

Army Investigating Reported Risque Photos Of Female National Guard Members. The AP/Editor and Publisher (9/28) reports Army officials "are taking a close look at whether women in a Kentucky National Guard unit posed nude for pictures with their M-16s and other military equipment, authorities said." Editor and Publisher writers add that the Louisville Courier-Journal said it "had a disc containing 232 of the photos, which they did not publish, and do not plan to publish." Andrew Wolfson, "who disclosed the existence of the disc in the Louisville Courier-Journal today, told E&P it came from an 'anonymous' source."

CORPORATE SCANDALS:

Lawmakers Grill Hewlett-Packard Officials Over Leak Probe Tactics. CBS Evening News (9/28, story 7, 0:35, Couric, 7.66M) reported, "Hewlett-Packard's ousted chairwoman was in the hot seat today, and she is in our news

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briefing tonight. Patricia Dunn answered questions from a House committee about the spying scandal that's rocked the company's boardroom. One committee member said the computer giant used questionable tactics that would have made Richard Nixon blush. Ten other company officials took the Fifth, including HP's general counsel Ann Baskins, who resigned this morning."

The Washington Post (9/29, D1, Noguchi, Nakashima) reports, "Lawmakers fiercely challenged former Hewlett-Packard Co. chairman Patricia C. Dunn yesterday on her assertion that she did not know about potentially illegal tactics used in the company's spy scandal, while 10 other key figures in the case shunned interrogation by refusing to testify during a congressional hearing." The Post continues, "A total of 14 witnesses, flanked by their lawyers, came before a phalanx of House subcommittee members. Most of the seven hours of questioning was directed at Dunn, who coolly endured accusations that she aided or condoned a widespread surveillance campaign against HP board of directors, journalists and their families." The Post adds, "Despite being confronted with a copy of a memo saying it was 'probable' that Dunn had been informed that pretexting -- impersonating people to obtain information -- was necessary to acquire phone records, Dunn repeatedly said she was not aware of the methods investigators used to obtain personal calling records while investigating leaks to the media." The Post notes, "Chief executive Mark V. Hurd…assumed more responsibility while denying knowledge of possible illegal tactics. He admitted that his lack of involvement contributed to an investigation that overreached and damaged the company's reputation."

The New York Times (9/29, Darlin, Helft) reports, "Dunn, who authorized the operation but said repeatedly that she was not its supervisor, came under especially harsh scrutiny because she refused to express contrition when invited to do so. … 'I get the sense that you still don't believe that you did anything wrong,' said Representative Cliff Stearns, Republican of Florida. After trying to answer obliquely, Ms. Dunn finally said, 'I do not accept personal responsibility for what happened.' … On the other hand, an apologetic Mark V. Hurd, the chief executive and Ms. Dunn's successor, encountered gentler questioning when he accepted blame for the 'mess,' as he put it. 'There is no excuse for this aberration,' Mr. Hurd said. 'It happened, and it will never happen again.'" The Times adds, "The hearing shed little new light into the aggressive methods used by Hewlett-Packard to plug leaks to the news media from its board. But it provided a fresh expression of outrage over the investigation, which included the use of deception to obtain private phone records of board members, journalists and others."

The AP (9/29, Gordon) reports, "Dunn said she 'never doubted' the legality of the methods used in the investigation, and that she discussed the conduct of the probe with the technology company's CEO, Mark Hurd, and board members - getting a clear impression that the directors were satisfied with it. … She was referring to the probe led by Ronald DeLia, the operator of a private detective firm, whom Dunn said was used because he was under contract to HP. The investigation involved private eyes impersonating HP board members, employees and journalists to obtain their phone records, spying on targeted people and their relatives, sifting through their garbage, and using an e-mail sting to dupe a reporter. … 'I asked Mr. DeLia at every point of contact for his representation that everything being done was proper, legal and fully in compliance with HP's normal practices,' Dunn said." The AP adds, "The House committee is exploring a scandal has roiled Silicon Valley's largest and oldest technology company, brought federal and state criminal probes, and claimed Dunn, two directors and two high-level employees. California's attorney general has said he has enough evidence to indict HP insiders and contractors."

Market Watch (9/29, Schroeder) reports, "Several members also urged Congress to pass a bill approved by the Energy and Commerce Committee that would allow the federal government to impose civil penalties against obtaining personal information by using a false pretext. The bill would also beef up protections of customer-call records."

ABC's Nightline (9/28, 11:40 p.m.) reported, "So many Hewlett-Packard executives took the fifth is a tell-tale sign they fear future legal action, including criminal prosecution in California. Federal law bans pretexting to obtain bank or federal records. But acquiring telephone record is governed by a hodgepodge of state laws. 'The lack of clarity in this area underscores the need for Congress to take action and to make sure that people understand that pretexting will be prosecuted.' But corporate security is a $95 billion a year business. And industry lobbyists are out to kill reforms that would further regulate snooping by corporate America. 'There is a possibility that Congress in its zeal to try to correct problems in investigations, will go too far, will take a -- too broad or sweeping an approach. I think what is needed is for the professional investigators themselves to self-regulate, to develop a national code of practice, which will ensure their investigations are effective and ethical.'"

The Washington Post (9/29, A2, Milbank, 748K) reports the "corporate spying scandal at Hewlett-Packard was so shocking that lawmakers had trouble even describing it as they grilled company executives yesterday." When it "comes to technology, Congress is frequently a mouse click behind the times. Not long ago, the Senate commerce committee chairman, Ted Stevens (R-Alaska), sagely declared that the Internet is 'not a truck; it's a series of tubes.' The difficulty grappling with technology surfaced again yesterday in two simultaneous House hearings." As they "probed HP in the Rayburn Building, lawmakers argued among themselves

about whether pretexting -- using a phony identity to gain access to personal records -- is actually illegal."

CQ (9/27, Tessler) reports Dunn "drew scorn and disbelief from lawmakers Thursday at a hearing on how company investigators used questionable tactics to track down the source of boardroom leaks to the media. Members of both parties used the event to call for congressional action to criminalize 'pretexting,' a practice in which investigators and data brokers misrepresent themselves to obtain confidential phone records." Rep. Joe L. Barton said, "We must make pretexting clearly illegal. There is no room in our society for pretexters getting your phone records. If it can happen to the board of directors of a Fortune 500 company like Hewlett-Packard, it can happen to any of us." CQ adds, "Although four bills intended to crack down on the practice have moved through committees in both chambers this year, none has been enacted into law."

The Los Angeles Times (9/29, Puzzanghera, 918K) reports the "main players in Hewlett-Packard Co.'s corporate spying drama faced outraged lawmakers Thursday, agreeing on only one thing: Someone else caused the mess." Chief Executive Mark V. Hurd said "responsibility ultimately rested with him. But then he asserted he had been unaware of just how far HP had gone in snooping on board members and journalists." Former board Chairwoman Patricia C. Dunn, "who initiated the probe into boardroom leaks, said she had assumed that HP executives were running a legal investigation." And "three executives — all of whom have resigned over the scandal — along with seven private detectives and contractors who may have improperly obtained phone records in the probe, didn't say much at all. That's because they exercised their 5th Amendment right not to testify on the advice of their lawyers in the face of criminal investigations."

Investigation Tactics Called Into Question. The Wall Street Journal (9/29, Waldman, Clark) reports, "The investigative team that plunged Hewlett-Packard Co. into one of the seamiest corporate spy scandals in years held a reunion yesterday -- on Capitol Hill. … Summoned before a U.S. House subcommittee investigating the computer-and-printer maker's prying into personal phone records and what one House member called 'sleaze' tactics, a cast of nearly two dozen top H-P executives, lawyers, security officials and outside investigators jammed the front rows of a Capitol Hill hearing room. Most asserted their right against self-incrimination. And no bombshells emerged in the testimony of those who didn't plead the Fifth. But in a methodical grilling of deposed H-P Chairman Patricia Dunn, H-P Chief Executive Officer Mark Hurd and the company's outside lawyer, Larry Sonsini, H-P's astonishing failure to rein in a pair of cloak-and-dagger investigations of leaks on the company's board was laid uncomfortably bare." The Journal adds, "Mr. Hurd took the stand, sounding contrite about having unwittingly allowed what he characterized as a 'rogue' investigation. But he didn't resolve the question about how much he knew about the privacy intrusions when they occurred. He said that his failure to read an internal report on the probe was 'not my finest hour' and expressed regret about sending a booby-trapped email to a reporter, with the hopes that it would lead them to the leaker. The email was sent along with software known as a tracer that could allow H-P investigators to see where it may have been forwarded. H-P has said the mail was sent, but the tracer was never activated. 'Today, with the benefit of hindsight, I wouldn't do it again,' Mr. Hurd said."

The New York Times (9/29, Richtel) reports, "They were looking for an academic. The suspect was conversant in computer chip technology. And he would have to be the kind of person who used the word 'pooped' to mean tired. … In a case right out of CSI: Corporate America, a team of private investigators spent months obsessively hunting the source of a news leak from inside Hewlett-Packard about the company's corporate strategy." The Times continues, "By the time they had finished their search, the team had solved the mystery of what eventually became the most notorious investigation in Silicon Valley. And the way they did it seemed to resemble a bureaucratic version of a Dan Brown thriller. … But in building a clue-heavy reconstruction — part dossier, part 'Da Vinci Code' — the detectives ended up wreaking the havoc that has forced out Hewlett-Packard's chairwoman, led to the resignation Thursday of its general counsel and spawned a series of criminal investigations that are far from over."

Most Witnesses Refuse To Testify. The Washington Post (9/29, D1, Noguchi) reports, "One after another yesterday morning, 10 of the 14 people summoned by Congress to testify about their role in a spying scandal that has rocked Hewlett-Packard Co. spoke into the microphone and invoked a constitutional right against self-incrimination: the Fifth Amendment." The Post continues, "Pleading the Fifth isn't unprecedented in a congressional hearing. Executives from Enron to WorldCom to Qwest Communications have all exercised the right in front of lawmakers in recent years. And lawmakers have grown accustomed to it. … 'As a former lawyer myself, I cherish the right of witnesses to invoke their Fifth Amendment right against self-incrimination. It's one of our important constitutional provisions,' said Rep. Diana DeGette of Colorado, the ranking Democrat on the subcommittee that conducted yesterday's hearing. … 'But it's very difficult for us in Congress to have an investigation where all the witnesses come in and, at the very last minute, inform the committee that they're invoking their Fifth Amendment rights,' she said." The Post adds, "Legal experts say that it's often advantageous for witnesses in potentially criminal cases not to testify because it could create a legal trap for them later. … 'There are a lot of potential pitfalls in congressional

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testimony,' said lawyer Michael Levy, who represented some of the Enron Corp. executives in hearings. 'An officer or director in a publicly traded company has to weigh the known employment risks of asserting the Fifth, versus the unknown risks of testifying' and potentially giving investigators information that can be used against them in a criminal probe."

HP General Counsel Resigns, Will Not Testify. The Wall Street Journal (9/29, Jones) reports, "In the weeks after the first news broke about Hewlett-Packard Co.'s board-spying imbroglio, little clarity emerged about just what role the general counsel, Ann Baskins, had played. While others left the company, she held on. … That all changed yesterday. As statements and documentation emerged that offered new details about her part, Ms. Baskins resigned and declined to testify before a congressional subcommittee, citing her constitutional right against self-incrimination." The Journal continues, "Former H-P Chairman Patricia Dunn said in a statement released Wednesday in anticipation of the hearings that she had leaned heavily on Ms. Baskins's judgment about the propriety of the investigation. The fact that 'attorneys were unambiguously overseeing the investigation ...reinforced my understanding that the investigations had been and were being handled appropriately,' she said. … Ms. Dunn also said that at one point she had suggested hiring the 'highly regarded' Kroll Associates to run an investigation. But Ms. Baskins instead recommended handing the matter to Kevin Hunsaker, a lawyer who worked for Ms. Baskins. 'I had never heard of Mr. Hunsaker,' said Ms. Dunn, 'but his title and [Ms. Baskins's] strong positive opinion of his work were very reassuring to me; thus I concurred with her recommendation.' … During congressional questioning, Ms. Dunn said of Ms. Baskins, 'Her career is ruined. She made some errors in judgment. I relied upon her like many others.'"

The New York Times (9/29, Hafner) reports, "If a company's most senior lawyer is assured by a subordinate that something the company is doing is legal, what is her liability if it turns out that it might not be? … According to documents provided to the House Committee on Energy and Commerce, those assurances were given to Ann O. Baskins, the Hewlett-Packard general counsel, who resigned yesterday over the company's spying case. Yet legal specialists say it is too soon to say what Ms. Baskins's legal liability might be. … 't really depends on what shoe drops next, what information comes out and what the authorities decide to do with the case,'said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware." The Times adds, "In a letter written to the House Committee on Energy and Commerce, K. Lee Blalack II, Ms. Baskins's lawyer, said Ms. Baskins 'lways believed that the investigative methods that she knew about were lawful, and she took affirmative steps to confirm their legality.' … Ms. Baskins, he wrote, was led to believe in the legality of an investigation aimed at tracing news leaks from the company's board, which included the use of private detectives to use ruses to gain phone records…Those assurances came from a senior Hewlett-Packard counsel, Kevin T. Hunsaker, who directly oversaw this year's phase of the investigation."

Bloomberg (9/29, Guglielmo, Stern) reports, "Baskins, who joined Hewlett-Packard right after law school 24 years ago, had regular meetings with her subordinate Kevin Hunsaker, who ran the investigation and left the company this week, Dunn said. While Hunsaker asked Dunn directly several times for guidance, most of these conversations included Baskins, 51, Dunn said. … A weekly project conference call was set up on Friday afternoons 'o Ann and I could be brought up on any progress and I could answer questions as appropriate,'Dunn said in her statement …Baskins had little choice but to resign, said James Post, a professor of management at Boston University. 'Patti Dunn detailed Baskins's involvement in her testimony leaving Baskins with little room to explain herself lest she provide self- incriminating statements,' Post said."

Outside Counsel Denies Knowledge Of Leak Probe. The California Recorder (9/29, Beck, Scheck) reports, "In a day of dramatic developments in the Hewlett-Packard Co. spying scandal, Larry Sonsini sat before a packed House committee for nearly five hours Thursday to answer harsh questions as the board's main outside counsel." The Recorder continues, "Sonsini flatly denied that he had any knowledge of the company's investigation into boardroom leaks until after that probe was finished. Members of the House Energy and Commerce Committee, however, repeatedly pressed Sonsini on why he didn't raise concerns about the investigation's unseemly methods when he learned about them in an April report this year. … They also questioned the assurance he gave to former director Thomas Perkins in an e-mail, when he said that the methods used to uncover the source of boardroom leaks, including 'pretexting,' appeared to be 'within legal limits.'" The Recorder notes, "Much of Thursday's testimony suggested Baskins had in fact become the designated scapegoat. Both Sonsini and HP's former chairwoman, Patricia Dunn, who sat side by side at the hearing, pointed to Baskins as the person primarily responsible for the oversight of the leaks probe. … Sonsini stressed that he relied on Baskins -- as well as HP in-house lawyer Kevin Hunsaker, who also quit Thursday and took the Fifth -- for advice on whether pretexting is legal. Nonetheless, HP announced in a securities filing Thursday that Baskins will get a severance package that legislators at the committee hearing described as a '$3.6 million golden parachute.'"

HP Investigator Tailed Reporter In Unrelated Probe. The Wall Street Journal (9/29, B2, Waldman) reports, "Hewlett-Packard Co.'s outside investigator said he gained

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access to a Wall Street Journal reporter's hotel-phone records to identify the reporter's source in an unrelated episode before H-P's 2005-06 board-leak investigation, according to an email to H-P from its outside law firm." The Journal continues, "Ronald DeLia and his company, Security Outsourcing Solutions Inc., are suspected of leading the gathering of personal phone records through false pretenses, or 'pretexting,' as part of H-P's probe. H-P has acknowledged that nine reporters, including two for The Wall Street Journal, were pretexted as part of that probe. Mr. DeLia and SOS, a small private investigative firm in Needham, Mass., have been under contract with H-P for about eight years, H-P Chief Executive Mark Hurd said in Congressional testimony yesterday." The Journal adds, "Mr. DeLia told lawyers interviewing him in August 2006, that he had informed Ms. Dunn that 'he had undertaken a similar investigation involving leaks from a Big Five accounting firm to a Wall Street Journal reporter. Mr. DeLia was successful in finding the source of the leaks in that case,' according to an email circulated at House Energy and Commerce hearings on the H-P scandal yesterday."

Verizon Sues HP Over Leak Probe. The Wall Street Journal (9/29, Sharma) reports, "Verizon Wireless filed a lawsuit in New Jersey federal court against individuals who obtained its customers' cellphone records as part of Hewlett-Packard Co.'s scandal-tainted leak investigation." The Journal continues, "The company didn't identify any defendants in the 'John Doe' suit but described in detail the 'pretexting' schemes they used to gain access to call records. … 'Defendants used fraud, trickery and deceit to access confidential customer information,' the company wrote in the complaint." The Journal adds, "Verizon Wireless examined its records after news reports surfaced several weeks ago on the details of H-P's leak investigation, including how the accounts of directors, employees and journalists were fraudulently obtained by private investigators and so-called pretexters working for the company. … The account of one H-P director, who isn't identified in the complaint, was subject to unauthorized access three times since last year, according to Verizon's legal papers. The records of the director's spouse were also accessed, the complaint says."

Perkins Sails Above HP Fray. Bloomberg (9/29, Gullo, Guglielmo) reports, "While lawmakers grilled Hewlett-Packard Co. executives in Washington today, the man who exposed the company to public scorn and scrutiny was sailing in his 300- foot yacht." Bloomberg continues, "Venture capitalist Tom Perkins, 74, who resigned from Hewlett-Packard's board in May in protest over the company's handling of a probe into news leaks, is vacationing on his yacht, the Maltese Falcon, spokesman Mark Corallo said. … Perkins's disclosure that Hewlett-Packard had obtained his personal cell-phone and home-phone records sparked an outcry over its use of possibly illegal tactics. The company's probe is being investigated by the California Attorney General, the Securities and Exchange Commission and the Justice Department. … 'Tom takes no pleasure in any of this,' Corallo said. 'He has expressed his sorrow about this mess over and over, but he believes this is the best thing for the company.'" Bloomberg notes, "Perkins, co-founder of venture capital firm Kleiner Perkins Caufield & Byers, in an August letter to Hewlett-Packard's board accused the world's largest printer maker of improperly obtaining his telephone records and derided actions taken by then- Chairwoman Patricia Dunn. … He also said the Palo Alto, California-based company covered up the reason he resigned as a director. The letter was made public, and Hewlett-Packard on Sept. 6 revealed in a regulatory filing that Dunn used private investigators who faked their identities to get phone records …"

Local Television. More than 200 local newscasts reported on the HP executives' testimony before the House Energy and Commerce Committee. The coverage focused on the refusal by ten HP executives to testify, citing the Fifth Amendment. Several newscasts said that this scandal will push the Congress to rush a legislation to formally ban pretexting. Some examples: WFTV-TV Orlando, (9/28, 11:51 p.m.) reported, "Hewlett-Packard executives took the fifth is a tell-tale sign they fear future legal action, including criminal prosecution in California. Federal law bans pretexting to obtain bank or federal records. But acquiring telephone record is governed by a hodgepodge of state laws. The lack of clarity in this area underscores the need for Congress to take action and to make sure that people understand that pretexting will be prosecuted."

JLA-TV Washington, DC, (9/28, 6:12 p.m.) reported, "Lawmakers grilled executives of computer giant Hewlett-Packard today about their company's alleged internal spying. Ten of the key players took the Fifth Amendment and refused to testify, and the few who did testify did not take responsibility for illegal spying methods or ethical breaches. Congress is debating a bill to make it illegal to impersonate officials to obtain phone records."

WKHWB-TV Houston, (9/28, 9:19 p.m.) reported, "The Hewlett-Packard's spying scandal hit a brick wall in Congress. Ten people went before a congressional panel and refused to testify, invoking their Fifth Amendment right against self-incrimination. … Former chairwoman Patricia Dunn told the panel she was assured the phone records were obtained legally."

KPIX-TV San Francisco, (9/28, 6:05 p.m.) reported, "Lawmakers didn't get all the answers that they were looking for."

KTVU-TV San Francisco, (9/28, 4:59 p.m.) reported, "Dunn answered scores of questions and withstood a series of verbal punches from members of congress."

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KOMO-TV Seattle, (9/28, 6:41 p.m.) reported, "Members of Congress compared the scandal to Watergate, and said some of the tactics used would make Richard Nixon blush."

WEWS-TV Cleveland, (9/28, 11:47 p.m.) reported, "This scandal is raising some interesting questions. For instance, can your boss spy on your outside life? "

KTVU-TV San Francisco, (9/28, 6:03 p.m.) reported, "The house was already considering legislation to formally ban the so-called pretexting. This scandal could very well convince Congress to pass that legislation sooner rather than later."

Judge Denies Alexander Bail, Delays Extradition Hearing. Bloomberg (9/29, Wessels) reports former Comverse CEO Jacob "Kobi" Alexander "has to stay in a Namibian prison pending a bail hearing on Oct. 2. … The U.S. government said it will ask that he be extradited to face the fraud charges. Alexander's application to be let out on bail while dealing with extradition was postponed today for four days by Magistrate Uaatja Uanivi, who ordered him kept in custody in the meantime. 'Things are very fluid at the moment, and they can change,' Alexander's wife Hana said in an interview after the judge's bail ruling at a court in Katatura, near Windhoek."

Alexander Unhappy With Namibian Jail. The New York Times (9/29, Grobler, Creswell) reports that former Comverse Technology CEO Jacob "Kobi" Alexander is unhappy with his treatment in a Namibia jail, where he awaits extradition to the US "to face charges, including conspiracy, securities fraud and money laundering in connection with a scheme to backdate stock options at Comverse. A 32-count indictment against Mr. Alexander was unsealed on Wednesday by federal prosecutors in Brooklyn." The Times reports, "On Thursday, Mr. Alexander…made his first appearance in front of a magistrate in Windhoek, the Namibian capital. … Appearing unshaved and wearing a black leather jacket, Mr. Alexander, 54, seemed calm at a hearing on his application to be released on bail. The proceeding was postponed until Monday to allow his local lawyers more time to prepare. … That means that Mr. Alexander will spend the next few days in the H-Section of Windhoek Central Prison, the country's largest." The Times adds, "His lawyers said they had been allowed to provide him with a change of clothing and some personal items. But they noted that Mr. Alexander had complained about the quality of the food there and that they were not sure if they would be allowed to bring him food from the outside. … His new surroundings are a vast difference from the Windhoek Country Club Resort and Casino, which he has apparently called home since he, his wife and three children entered the country late in July." The Times notes, "A deputy prosecutor here, Johnny Truter, said the authorities intended to oppose Mr. Alexander's formal bail application on Monday. … What is unclear is whether he will fight attempts to bring him back to the United States … "

DOJ Will Not Prosecute Royal Ahold. Bloomberg (9/29) reports, "Royal Ahold, the parent of U.S. Foodservice, will not be prosecuted in connection with a criminal fraud investigation that led to charges against a top company official and a shareholder lawsuit, the Justice Department disclosed yesterday." Bloomberg continues, "Ahold and U.S. Foodservice agreed to cooperate with federal investigations of the company and its employees, the United States attorney of New York, Michael Garcia, said in a Sept. 25 letter to company lawyers released yesterday. In light of a $1.1 billion settlement with plaintiffs in a shareholder suit, the government is not asking for additional restitution, the letter said." Bloomberg adds, "The agreement came three weeks after Michael J. Resnick, a former U.S. Foodservice chief financial officer, pleaded guilty to conspiracy in what prosecutors said was an $800 million fraud. His co-defendant, Mark P. Kaiser, a former U.S. Foodservice marketing chief, is set to be tried in New York next month. … Prosecutors said Mr. Resnick helped U.S. Foodservice, based in Columbia, Md., overstate earnings by about $800 million from 2000 to 2003, using false promotional allowance documents provided by vendors."

Former Top Citibank Commodities Trader Pleads Guilty To Fraud. Newsday (9/27, Kessler) reported, "A Great Neck man who formerly headed the worldwide commodities trading division of Citibank admitted Tuesday to doctoring his unit's profits to make them appear to be $20 million greater than they actually were, according to officials." David Becker "pleaded guilty in U.S. District Court in Manhattan to conspiracy to falsify bank records and wire fraud in a 2003 scheme to improve his job performance and increase his eligibility for bonuses, according to Michael Garcia, the U.S. attorney for the Southern District. As part of his plea, Becker agreed to forfeit the extra $200,000 he earned through the scheme." The AP (9/27) noted, "Federal prosecutors said he wanted to enhance his job performance and his eligibility for bonuses from Citibank." The New York Post (9/27, 608K) also reported on Becker's plea in "Business Briefs."

General Counsels Come Under Increasing Scrutiny. The National Law Journal (9/29, Qualters) reports, "Corporate counsel are starting to look over their shoulders. … When the U.S. Securities and Exchange Commission went after Biopure Corp. and its executives for misleading public statements about the U.S. Food and Drug Administration's review of its products, the biopharmaceutical

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company escaped without financial repercussions. … But the Cambridge, Mass., company's general counsel ended up with a $40,000 civil penalty this month." The Journal continues, "The government's cases against Biopure's former president and CEO and former senior vice president of regulatory affairs and operations are ongoing. But the SEC's settlement with general counsel Jane Kober illustrates the escalating government scrutiny of so-called "gatekeepers," including general counsel responsible for safeguarding shareholder's interests. … In-house counsel and their law firm advisers say they're increasingly concerned about potential liability faced by in-house lawyers, who are stepping up their documentation of advice and even taking on additional professional liability insurance as precautionary measures." The Journal adds, "Biopure, which settled its case without admitting or denying the SEC's charges, agreed to an injunction against future violations of securities laws and hired an independent consultant to overhaul the company's disclosure policies. … General counsel are increasingly scrutinized for their actions, said Karl Chen, co-chairman of the securities committee for the Washington Metropolitan area chapter of the Association of Corporate Counsel."

Pirate Capital Faces SEC Probe. The New York Times (9/29, Anderson) reports, "Pirate Capital, a hedge fund that takes pride in attacking management at underperforming companies, now finds itself under fire. … Pirate Capital, a $1.7 billion fund based in Norwalk, Conn., lost half its investment team this week, according to a letter from the founder and portfolio manager, Thomas Hudson. In addition, Pirate, an 'activist' fund that pressures management to increase shareholder value, is being investigated by the Securities and Exchange Commission on suspicion of failing to alert the commission when it was selling stock, according to one person briefed on the inquiry." The Times continues, "Mr. Hudson's letter, dated Sept. 28 and on stationery with a pirate ship logo, said that Pirate would close to new investors Sunday, to focus on delivering returns rather than collecting more money. … Pirate Capital has had a difficult year: its flagship Jolly Roger Fund is up only 3.3 percent, while its activist fund is up 2.86 percent, according to materials sent to investors. Those returns are well below the average activist fund. Hedge Fund Research in Chicago tracks the returns of 44 funds that operate solely activist strategies; through August those funds have returned 10.39 percent."

CRIMINAL LAW:

Pirro Asks For DOJ Probe Of Wiretap Leaks. Newsday (9/28, Riley) reports, "An embattled Jeanine Pirro Thursday asked U.S. Attorney General Alberto Gonzales to investigate the leaking of wiretaps that implicate her in a plot to bug her husband as she tried to dig her state attorney general campaign out from under the rubble of disclosures that she is the target of an FBI probe. … 'To date, the leak is the only crime committed here,' the former Westchester County district attorney wrote to Gonzales one day after confirming at a dramatic news conference that she asked former New York City police commissioner Bernard Kerik to plant a recording device on a family yacht to try to catch her husband Albert in a tryst. … The FBI is investigating whether Pirro violated federal wiretapping laws." Newsday adds, "In the letter, as well as an appearance in the Bronx and an interview with Fox News' Bill O'Reilly, Pirro spent the day frantically trying to move offensively. She asked for a special prosecutor to fast-track the probe and conclude it before Election Day. She called for the federal prosecutor who convicted Albert Pirro of tax fraud in 2000, Elliot Jacobson, to be removed from the new inquiry for alleged bias. … She also tried to draw her Democratic foe, Andrew Cuomo, into the fray, telling Gonzales that 20 years ago, Jacobson and Cuomo briefly worked together for the Manhattan district attorney, and taking a pass when a reporter asked if she thought Cuomo was somehow involved in leaking the wiretaps of her conversations with Kerik to a New York television station. … 'What I can tell you is this: We're going to find out,' Pirro said in response to a question. Cuomo's campaign said he didn't know Jacobson, and noted that Republican prosecutors are running the inquiry. Manhattan U.S. Attorney Michael Garcia, a Republican appointee, has denied any political motivations in the probe."

The New York Times (9/29, Healy) reports, "This afternoon Ms. Pirro's campaign released the text of the letter she sent to Attorney General Alberto R. Gonzales in which she asked that a special prosecutor be appointed to conduct an investigation of the leak and to report the results within 20 days. … Her letter echoes comments she made this morning at a meeting of the New York Hispanic Clergy Organization in Morris Park. 'Court documents that were sealed documents were released to the press,' Ms. Pirro said. 'Ladies and gentlemen, that is a felony. That is the only felony that has occurred in this situation.'"

The Washington Post (9/29, A3, Powell) reports, "Pirro summarized her grievances in a letter to U.S. Attorney General Alberto R. Gonzales. So by Thursday, there was this intriguing spectacle: A Republican candidate had demanded that a Republican attorney general investigate a Republican federal prosecutor, accused of submarining her candidacy. … In pointed response, federal prosecutor Michael Garcia promptly released a statement confirming the investigation. … 'This office is, as Jeanine Pirro said today, investigating allegations recently brought to our attention by other law enforcement agencies,' Garcia said. 'Their actions, and those of the FBI agents with whom they are working, have been approved by several layers of supervisors, including me.'"

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Local Television. Several NY local newscasts reported that attorney general candidate urged U.S. attorney general Alberto Gonzales to investigate the leaking of the leaking of sealed court documents that implicate her in a plot to eavesdrop on her husband. The reporting noted that Pirro demands the lead investigator be taken off the case. Some examples: CNEWS9-TV Albany, (9/28, 8:30 p.m.) reported, "In a letter to U.S. attorney general Alberto Gonzales, Pirro called for a federal investigation to be launched into the leak of a sealed court document. That court document is what led to the story of her plotting to wiretap her husband. Pirro also wants Assistant U.S. attorney Elliott Jabson off the investigation into her private life."

WNYT-TV Albany, (9/28, 5:29 p.m.) reported, "Leaks about ongoing investigations are not necessarily illegal, but Pirro sent a letter to U.S. attorney Alberto Gonzales, demanding a full investigation…and a report to New Yorkers in 30 days … The information about Pirro's conversations with Kerik is in the possession of six different law enforcement agencies as well as defense attorneys."

CNEWS9-TV Albany, (9/28, 6:30 p.m.) reported, "Attorney general candidate Jeanine Pirro continues to do damage control. She is now calling for another investigation this one into who leaked the information."

WTEN-TV Albany, (9/28, 05:59 p.m.) reported, "Now the feds have launched an investigation into the leak of sealed court documents that led to Pirro's revelation yesterday about the alleged wiretap plan. Pirro has already asked that the lead investigator be taken off the case."

KTVK-TV Phoenix, (9/28, 8:07 p.m.) reported, "A defiant Pirro says she is determined to stay in the race and will seek a federal investigation into the leak of sealed court documents that led to the story going public."

WNYT-TV Albany, (9/28, 06:02 p.m.) reported, "Jeanine Pirro … is calling for the prosecutor with the wiretapping scheme to step down."

WTEN-TV Albany, (9/28, 05:03 p.m.) reported, "Jeanine Pirro says, 'Secret documents have been leaked here and I demand an investigation.'"

Documents Suggest Pirro Discussed Eavesdropping More Than Once. WNBC-TV, New York (9/29) reports, "Now that Jeanine Pirro has openly discussed the criminal investigation focused on her, the big question revolves around her thoughts about eavesdropping on her husband: Was it a passing notion, or a lingering obsession? … In fact, NewsChannel 4 has learned the New York attorney general candidate may have spoken more than once about the possibility of spying on her husband." WNBC-TV continues, "Pirro denies any criminal wrongdoing and claims all she did was complain about her husband to former New York City Police Commissioner Bernard Kerik. However, NewsChannel 4's Jonathan Dienst has learned phone conversations between the two might have taken place over a longer period of time. … In one call, Pirro called Kerik and apparently complained that for weeks she had been waiting for Kerik's people to plant a recording device on Albert Pirro's boat. Records now in the hands of numerous defense attorneys and at least six different state and federal agencies show Pirro complained bitterly. … 'He went through the whole thing about, you know, who had the right to be on the boat and all this stuff and I said to him, "Look," I said, "It's my, my ... it's (the boat's) in his name, but I have a right to be on it. I'd like to go on it when he's (Albert's) playing golf." Um, he wasn't comfortable with that and with that I just said, "Thank you very much." He said he couldn't trust the fact that, you know, at some point I might say that he did it. And, um, I got to tell you Bernie, he wasted a month of my time,' Pirro said in the recording, according to documents."

NOW Defends Pirro. The Washington Post/AP (9/29, Johnson) reports, "The National Organization for Women came to the defense of Jeanine Pirro and Republican leaders said there were no plans to drop her as their candidate for state attorney general Thursday after it learned she is under federal investigation over a plan to secretly record her unfaithful husband." The AP continues, "Marcia Pappas, president of the New York state chapter of NOW, said her group supports Jeanine Pirro 'completely for fighting back on this intrusion.' … 'It's absolutely horrendous the government would intrude on anyone's life in this way,' she said. 'They are targeting her because she is a woman. If anyone believes in the right to privacy, they should be enraged by the behavior by our government.'"

Pirros Rose To Power In Partnership. The New York Times (9/29, Eaton, Mcintire) reports, "To hear Jeanine F. Pirro's supporters tell it, she is a wronged woman leg-shackled to a loser, an ambitious and effective wife brought low by her badly behaved husband, Albert. … Now her fears about his philandering have set off a federal investigation into possible eavesdropping and have threatened to derail her quest to become New York attorney general. … But to many people who have been watching the couple for decades, the Pirros look a lot like an echo of that other Westchester power couple, the Clintons, who are also political and financial partners whose fates and fortunes are profoundly intertwined. The Pirros live in Rye, the Clintons in Chappaqua." The Times adds, "When it comes to the Pirros, 'There's no question they are partners, there's no question it's a symbiotic relationship,' said Murray Richman, a Bronx defense lawyer who knows both of the Pirros. 'There's no question Jeanine would never be where she is without Al.'"

More Commentary. The New York Times (9/29) editorializes, "Ms. Pirro accused federal prosecutors, who are investigating whether she broke any laws, of 'prying into the personal lives of married couples' and announced that she was 'standing up for women' by staying in the race. … Three thoughts: … 1. Women can get along without her help. … 2.

It's hard to count all the things about this latest mess that reflect badly on Ms. Pirro. Surely a seasoned district attorney should have known that it was not a good plan to ring up Mr. Kerik, who had already drawn the attention of prosecutors for accepting free housing renovations from a contractor with possible ties to organized crime, and urge him to get cracking on that potentially illegal bug. … 3. The fact that Ms. Pirro was taped dismissing the attorney general's job as a 'been there, done that kind of thing' might not have been quite so damaging if her entire campaign had not been such a running example of idea-free ineptitude."

Report Says Abramoff's Contacts More Extensive Than White House Acknowledged. A House Government Affairs Committee report on convicted lobbyists Jack Abramoff's contacts with the White House and key GOP officials such as Karl Rove and Republican National Committee Chairman Ken Mehlman reportedly says the contacts were more extensive than previously known.

The story was the lead on ABC World News (9/18, lead story, 3:00, Gibson) last night, which reported, "The report will state that prime among Abramoff's lobbying target were the man who is now chairman of the Republican National Committee and Karl Rove, the President's adviser. It will be a bombshell tomorrow." ABC (Stephanopoulos) added the report is "based on a detailed examination of the billing records and the e-mails they received from Jack Abramoff and his associates at his firm. What it's going to show, as you suggested, is far more extensive contacts than we were led to believe in the past with the White House and the Republican National Committee. It also has some circumstantial evidence that Abramoff was able to get some action on behalf of his clients from the Administration. It also will detail offers from Abramoff and his associates of dinners and concert tickets and other kinds of meals and drinks to White House officials. Far more extensive than we have heard about in the past." Stephanopoulos added, "According to the report, what I've been told is there were 450 contacts with White House officials. Including nine contacts with the President's chief political adviser, Karl Rove. It also shows that Abramoff tried to get 20 people hired in the Administration. In this case, it shows he was only successful, though, once." The White House "says what this shows is Abramoff was singularly unsuccessful as a lobbyist, even though he was trying very hard. They also point out that this investigation is largely based on his billing records, his e-mails. And that he's been shown to have lied in the past."

The major dailies also each ran a report on the story. The New York Times (9/29, Shenon, 1.21M) reports the "bipartisan Congressional report documents hundreds of contacts between White House officials and the corrupt lobbyist Jack Abramoff and his partners, including at least 10 direct contacts between Mr. Abramoff and Karl Rove, the president's chief political strategist." The report "found 485 contacts between Mr. Abramoff's lobbying team and White House officials from 2001 to 2004, including 82 with Mr. Rove's office. The lobbyists spent almost $25,000 in meals and drinks for the White House officials and provided them with tickets to numerous sporting events and concerts, according to the report, scheduled for release Friday." The authors of the report "said it was generally unclear from available records whether the aides reimbursed Mr. Abramoff for the meals or tickets. Ethics rules bar White House officials from accepting lobbyists' gifts worth more than $20." White House spokeswoman Dana Perino "said Thursday that while White House officials had not seen the report, earlier evidence showed that Mr. Abramoff had exaggerated his ties to the administration and was 'ineffective in terms of getting government officials to take actions.'"

The Washington Post (9/29, A12, Schmidt, 748K) reports Abramoff "and his colleagues billed their clients for more than 400 contacts with White House officials between 2001 and 2004, according to a report released yesterday by the House Government Reform Committee. The report did not determine how many of those contacts -- referenced in e-mails and Abramoff's often falsified client bills -- actually occurred." The report "also cites documents suggesting that former White House political director Ken Mehlman, now chairman of the Republican National Committee, may have helped Abramoff's team get money for a tribal client from the Justice Department. But the committee did not corroborate the claim." The executive summary says, "In many instances, there is little or no corroboration of the events described in the documents. While the documents described in this report are authentic, that does not mean that the events actually transpired or that Abramoff and his associates did not exaggerate or misrepresent their actions."

The Los Angeles Times (9/29, Wallsten, Roche, 918K) highlights Abramoff's offer of box tickets for the 2002 NCAA basketball tournament to Rove, which was apparently accepted. The "episode — reflecting the modus operandi of the lobbyist whose dealings have cast a shadow over some of Washington's most powerful figures — is captured in a congressional report to be released today." Capping a "months-long investigation by the Republican-controlled House Government Reform Committee, the report said its findings provided "an unusually detailed glimpse into a sordid subculture of fraud and attempted influence peddling."

The Roll Call (9/29, Bresnahan, Kane) reports Democrats and Republicans on the Government Affairs committee "immediately began to fight over the report's findings, with each side portraying the results in the context of its own political needs. Rep. Tom Davis (R-Va.), chairman of the Government Reform Committee, released a statement portraying Abramoff's efforts to lobby the Bush administration

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as largely ineffective." A summary "prepared for Democratic leaders by staffers for Rep. Henry Waxman (D-Calif.), ranking member of Government Reform, stated that the information provided by the Abramoff documents may show wrongdoing on the part of top White House officials."

The Wall Street Journal (9/29, Harwood, 2.03M) reports in its "Washington Wire" column, "Lobbying team spent $25,000 on meals for White House officials, report says. House Government Reform Committee finds 500 contacts between members of since-disgraced lobbyist Abramoff's team and Bush aides over three years. An email shows one offering White House strategist Ken Mehlman, now national Republican chairman, two tickets to a sold-out U2 concert." Whi9le the Bush Administration has distanced itself from Abramoff, the report "documents instances in which White House officials may have helped him."

Judge Again Delays Start Of Abramoff Prison Sentence. The AP (9/29, Anderson) reports US District Judge Paul Huck "agreed Thursday to again put off prison for disgraced lobbyist Jack Abramoff and a former business partner, but the delays were shorter than what lawyers on both sides sought." Federal prosecutors and defense lawyers "had jointly requested delays of 90 days beyond Monday's scheduled prison surrender date so Abramoff can continue to cooperate in a Washington corruption investigation, and Adam Kidan can provide more information about the gangland-style murder of former SunCruz Casinos owner Konstantinos Boulis." But Judge Huck "reluctantly agreed to let Abramoff remain free until Nov. 15, and Adam Kidan until Oct. 23."

McClatchy (9/29, Blum) reports, "Huck gave Abramoff business partner Adam Kidan until Oct. 23 to turn himself in. Kidan also faces 70 months in prison. .. .Prison terms for both men were to have started Monday. … The men, who pleaded guilty to federal fraud and conspiracy charges in connection with their 2000 purchase of SunCruz Casinos, were sentenced in March. … At that time, Huck granted a request to defer their incarceration. He gave another 90-day extension in June at the urging of defense attorneys and federal prosecutors." McClatchy notes, "Abramoff, who also pleaded guilty to federal corruption charges in Washington, D.C., has been cooperating with prosecutors in a wide-ranging Justice Department inquiry of bribery and influence peddling in the federal government."

New Evidence Against Gotti Did Not Sway Jurors. The New York Times (9/29, Williams) reports, "Not long after word filtered into the courtroom on Wednesday that for the third time since last September a racketeering case against John A. Gotti would end in a mistrial, prosecutors had a chance to speak to the jury. … What they heard was that the most important new evidence against Mr. Gotti — secret F.B.I. recordings made while he was in federal prison — seemed not to have swayed a single juror. … 'I'm not sure it changed anybody's mind,' said one juror, who asked to retain the anonymity he was granted by the court while on the panel. 'It just solidified people's opinions.'" The Times continues, "A federal official has said Mr. Gotti will probably not be prosecuted on the same racketeering and extortion charges a fourth time unless further evidence is uncovered. … Even if Michael J. Garcia, the United States attorney in Manhattan, approves another prosecution of Mr. Gotti, Judge Shira A. Scheindlin of Federal District Court, who has presided over the three trials and would likely oversee a fourth, seems reluctant to allow it." The Times adds, "Almost immediately after she declared a mistrial on Wednesday, Judge Scheindlin asked Mr. Gotti's lawyers whether they wanted to file any motions — referring to a move to dismiss the charges, which include orchestrating the kidnapping of Curtis Sliwa, the radio talk-show host. … Even before the third trial started, Judge Scheindlin expressed reservations about the fairness of the government trying Mr. Gotti three times. … Federal prosecutors, who declined to discuss the case yesterday, are expected to announce a decision about a retrial during the next 10 days."

Judge Frees Gotti From Electronic Bracelet, House Arrest. Newsday (9/29, DeStefano) reports, "Freed of his electronic ankle bracelet and conditions of house arrest, John A. Gotti Thursday came and went from his Oyster Bay home with a freedom he hasn't known for years." US District Judge Shira Scheindlin "late Wednesday allowed Gotti to take off the electronic ankle bracelet that tracked his movements and said he could come and go from his home on Redmond Drive as he pleased, said defense attorneys Seth Ginsberg and Charles Carnesi. … Though Gotti didn't comment about his activity, he had said he planned to take his children to school and later attend the football practice of his son, John, 13, at nearby St. Anthony's High School in South Huntington."

Connecticut Woman Pleads Guilty To Falsifying NASA Battery Data. The Norwich (CT) Bulletin (9/29) reports, "A Canterbury (CT) woman could face up to a year in prison and a $100,000 maximum fine for falsifying test data on battery cells used in NASA space suits, U.S. Department of Justice officials said today." The Bulletin continues, "Susan Belliveau, 46, of North Canterbury Road, pleaded guilty today in Hartford to one count of falsifying test data for battery cells her employer, BST Systems Inc. in Plainfield, had manufactured for NASA, the Department of Justice said. … Justice department spokesman Tom Carson said the investigation does not show institutional problems at BST Systems, and the charge applies only to Belliveau. … 'Sue has been an extremely hardworking, loyal and conscientious employee of the company for nearly 20 years

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and had a lapse in judgment that she deeply regrets,' David T. Grudberg of New Haven said. 'And we sincerely hope she will continue contributing her hard work and skills to the company for many years to come.'" The Bulletin notes, "According to the Department of Justice, Belliveau, a lab supervisor, was responsible for overseeing the testing of cells to be used in batteries that power NASA space suits and are used by astronauts during space flight. The battery cells had been manufactured with a new component and were being tested to determine the period of time the cells will function correctly, called the "wet life," after being activated and then repeatedly being charged and discharged. .. . When the cell being tested failed prematurely, Belliveau created false documents, making it appear the cell functioned as it should have, according to the release."

Judge Delays Safavian Sentencing. Government Executive (9/29, Palmer) reports, "David Safavian, the former head of the Office of Management and Budget's procurement policy shop convicted in June of obstructing justice and making false statements, has been granted a delay in his sentencing." GE continues, "The sentencing was originally scheduled for Oct. 12, but will be moved to Oct. 27. Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. The case revolved around his dealings with former lobbyist Jack Abramoff while Safavian was at the General Services Administration, where he served as chief of staff." GE adds, "Prosecutors apparently are seeking a two-point sentence enhancement -- which would add to the recommended prison time -- by arguing that Safavian obstructed justice during his trial. Safavian testified at his trial that he did not lie, make false statements, or obstruct an investigation, but the jury found him guilty of doing those things. … Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. Not including the potential two-point enhancement, the charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence. The actual sentence will be up to the judge's discretion." GE notes, "Prosecutors often seek to extend the recommended sentence for convicted defendants by arguing that they obstructed justice or committed perjury by testifying that they did not commit the crime that they were later convicted of committing. The judge ultimately decides whether to take the alleged perjury into account during sentencing."

Judge Admonishes Both Sides In Texas Bus Fire Case. The AP (9/29, Brezosky) reports, "Proceedings were cut short Thursday in a trial of a bus company accused of ignoring safety and maintenance and falsifying logs because the defense didn't have witnesses ready." The AP continues, "U.S. District Judge Ricardo Hinojosa scolded Charles Banker, attorney for James Maples and Global Limo, Inc. for the witness shortage and suggested Banker was reading a lengthy motion for acquittal out loud to buy time. … 'I'm not going to sit here and be filibustered by a motion for acquittal,' Hinojosa said. … The routine motion after a prosecutor rests his case was denied. Hinojosa dismissed the jury until Friday." The AP adds, "Maples is the owner of Global Limo, which operated the bus that burst into flames during the evacuation of Hurricane Rita last year, killing 23 elderly nursing home residents. He and his company are charged with conspiracy to falsify time logs and failure to maintain his fleet and require drivers to keep inspection logs. … He is not charged with any of the deaths in the Dallas wreck, but could face prison time and up to $750,000 in fines against him and the company on the conspiracy charge, which is the most serious of the three counts." The AP notes, "The prosecution rested its case early Thursday afternoon. … Banker said he thought the government would take longer. Hinojosa told Banker the trial was scheduled more than a month ago and he had plenty of time to get his witnesses to court. … Hinojosa has also snapped at Assistant U.S. Attorney John Kinchen for not including the accident in the actual charges in the indictment. Earlier in the day, he struck mention of the accident from the indictment's introduction, calling the placement a 'back door' tactic and a 'public relations play.' … That means jurors may never see or hear reference to the accident that brought the company to the Justice Department's attention."

Closing Arguments Made After Vigil Defense Rests Without Calling Witnesses. KRQE-TV Albuquerque (9/28) reported, "The question of the day in U.S. District Court is what will this jury decide in the federal corruption retrial of former State Treasurer Robert Vigil. Attorneys for both sides rested their cases today and then presented closing arguments to jurors who must decide if Vigil demanded and accepted kickbacks while in office," particularly from California investment advisor Kent Nelson. "Vigil's attorney followed the same strategy as the first trial and choose not to call a single witness." KRQE noted, "In their closing argument, prosecutors focused much of their attention on undercover video of Nelson handing Vigil thousands of dollars in cash," but defense lawyer Jason Bowles "said federal prosecutors and federal agents have been twisting innocent facts to make it seemed Vigil accepted kickbacks when in fact he did not."

The AP (9/29, Korte) notes, "The government wrapped up its case just before noon with testimony from FBI agents Margaret Russin and Drew McCandless." Russin "testified about discrepancies in Vigil's campaign finance reports, which didn't include an $11,500 contribution from a California investment adviser until seven months after Vigil's arrest last

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September. The figure represented the amount that investment adviser Kent Nelson gave to Vigil while he was cooperating with the FBI. McCandless testified that on the day Vigil was arrested, Vigil denied receiving such a contribution."

Philadelphia Inquirer Asks Judge To Reject Protective Order In Fumo Case. The Philadelphia Inquirer (9/29, Shiffman, 399K) reports, "The Inquirer yesterday asked a federal judge to reject a proposed confidentiality order in the case of two computer technicians charged with thwarting an FBI investigation of State Sen. Vincent J. Fumo. The public's interest in open and honest government outweighs any need for secrecy, the newspaper's lawyers said." The Inquirer notes, "Federal prosecutors have sought an order barring defense attorneys from sharing pretrial discovery material - including grand jury transcripts - with anyone beyond the defense team and potential witnesses. Prosecutors said they feared the information would be leaked to the media, causing embarrassment to people who may never be charged in the case."

DOJ Cracks Down On Florida Obscenity Merchant. The Orlando (FL) Weekly (9/29, Billman) reports, "Earlier this month, federal prosecutors filed criminal charges against Danilo Simões Croce of Orlando, who the feds say ran Lexus Multimedia. Croce was charged with accepting Internet payment for obscene materials, then shipping those obscene materials through the mail. (Obscenity is typically prosecuted at the local level, but the feds get involved if the material is distributed through the mail or Internet.) If convicted, he faces up to five years in prison for each of the two counts against him." The Weekly continues, "Attorneys familiar with free-speech issues say this prosecution is the first of its kind in Orlando, at least as far back as they can remember. Local authorities have prosecuted a few cases, but the feds have mostly stayed out of it in Central Florida. No more. In fact, the decision to prosecute Croce came straight from Washington, D.C., as part of a crackdown on hard-core porn." The Weekly adds, "While federal prosecutors went after some porn producers — mainly in Southern states — in the 1980s and early 1990s, those cases largely died out during the Clinton administration, says Lou Sirkin, a noted First Amendment attorney in Cincinnati. (Sirkin successfully challenged a federal law banning 'virtual' child porn, and defended the director of Cincinnati's Community Arts Center when he was indicted for displaying Robert Mapplethorpe's photography in 1990.) That drop-off came much to the chagrin of family groups that wanted the government to crack down on smut, usually in the name of protecting children. After George W. Bush's election in 2000, the groups ramped up their pressure. … Former attorney general John Ashcroft was receptive to their cause. … His successor, Alberto Gonzalez, continued the campaign. In 2005, Gonzalez formed the Obscenity Prosecution Task Force, which, according to its website, is 'dedicated exclusively to the protection of America's children and families through the enforcement of our nation's obscenity laws.' Two task force attorneys are working on the Croce case with one local federal prosecutor."

Tennessee Man Sentenced For Threatening Federal Officials. The AP (9/29) reports from Atlanta, "A federal judge on Thursday sentenced a Tennessee man who threatened to kill the president, vice president and cabinet-level officials to more than three years in federal prison." The AP continues, "James Herman Bartholomai of Johnson City was sentenced to three years and one month in prison and three years of supervised release. He was convicted on June 29." The AP adds, "Federal prosecutors said Bartholomai, 35, was serving time as an inmate at the Atlanta federal prison for similar threats in August and September 2004 when he wrote several letters and made a threatening statement to a Secret Service agent. … In one letter, authorities said Bartholomai described President Bush and Vice President Cheney as 'a darkness upon America' and wrote, 'I am the avenger ... a terror and an act of treason shall begin ... with their death my quest to bring down the American government.' … At his sentencing, Bartholomai said he needed mental health care, and the judge ordered continued psychological treatment and alcohol abuse counseling during his incarceration. … Bartholomai also threatened Attorney General Alberto Gonzales, then-Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld."

US Indicts Two Massachusetts Women For Welfare Housing Fraud. The Lynn (MA) Daily Item (9/29, Liscio) reports, "The Justice Department has charged two women with stealing credit card and bank account numbers from the U.S. mail, filling out stolen courtesy checks to make fraudulent deposits, and using phony identification to obtain welfare housing in Lynn and Revere." The Item continues, "Esther Arias, 28, of Malden, and Gladys Cabrera, 31, of Brockton, were indicted Wednesday by a federal grand jury in Boston on multiple counts related to the thefts, according to U.S. Attorney Michael J. Sullivan." The Item adds, "The 47-count indictment charged Arias with 19 counts of mail fraud, seven counts of theft and receipt of stolen mail, two counts of bank fraud, one count of identity theft, and three counts of theft of government property involving U.S. Housing and Urban Development (HUD) benefits. .. .Cabrera was charged with conspiracy, six counts of mail fraud, 10 counts of theft and receipt of stolen mail, one count of bank

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fraud, and one count of theft involving HUD benefits." The Item notes, "Court documents indicate the pair began the crime spree in 2003 and continued through Jan. 10, 2004. The women allegedly 'stole mail and used information contained within to obtain personal checks of people living in Lynn, which they altered and used to get cash and to make deposits to their bank accounts, as well as bank accounts opened under fictitious identities,' according to U.S. Attorney's Office spokesman Samantha Martin."

Witness Testifies To Gang Rape In MS-13 Trial. The Washington Post (9/29, B2, Castaneda) reports, "The petite young woman was a 16-year-old Laurel High School student three years ago when she decided to skip classes one day to join two other girls at a party at a Hyattsville apartment. … At the party, she said, Oscar Ramos 'Casper' Velasquez took her into a bedroom, where he kissed her and told her that if she didn't have sex with him, as many as 15 other teenagers and young men at the gathering would have sex with her. … Eight men raped her, the 19-year-old woman said. … The graphic testimony about the May 12, 2003, assault was given in U.S. District Court in Greenbelt, where Velasquez, 21, of Baltimore, and Edgard Alberto "Pony" Ayala, 28, of Suitland, are on trial on federal racketeering charges." The Post continues, "They are the first two of 19 alleged members of Mara Salvatrucha, also known as MS-13, who are to be tried under the federal RICO law. In an indictment handed up last year, and in two later indictments, federal prosecutors say that the gang conspired to commit murder, rape and other crimes." The Post adds, "The young woman's appearance represented the first direct testimony about violence allegedly committed by MS-13 members. Prosecutors say she is one of two teenage girls sexually assaulted at the Hyattsville party."

CIVIL LAW:

Judge Denies Tobacco Companies' Stay Request. Market Watch (9/29, Anderson) reports, "A federal judge Thursday denied a motion by several tobacco companies asking for the stay of a U.S. District Court ruling in the Justice Department's racketeering lawsuit against the tobacco industry." Market Watch continues, "U.S. District Judge Gladys Kessler's rejection of the request means the companies now must focus on filing appeals in the case in the Washington, D.C.-based U.S. Circuit Court of Appeals. Philip Morris USA, a unit of Altria Group Inc., said it will immediately appeal for a stay of the tobacco judgment with the D.C. Circuit while it prepares its broader appeal of Judge Kessler's ruling. … 'Philip Morris USA believes a stay in this case is warranted,' said William S. Ohlemeyer, associate general counsel at Philip Morris." Market Watch adds, "Judge Kessler, in an order denying the stay request, said 'there is a very substantial likelihood that many individuals will be harmed if the stay is granted' and that 'those considerations far outweigh defendants' purely economic concerns about losing what may, at most, be unrecoverable market share if the stay is denied.'" Market Watch notes, "Philip Morris, Reynolds American Inc., Loews Corp.'s Lorillard Inc. and British American Tobacco PLC all asked that the Aug. 17 ruling be set aside pending appeals. Judge Kessler's decision said the cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco and ordered a series of remedial actions that include changes and restrictions on the marketing of light and low-tar cigarettes."

WSJ Decries Lax Class-Action Certification Requirements. The Wall Street Journal (9/29) editorializes, "Jack Weinstein is a federal judge in Brooklyn, New York, who's well-known for indulging class-action lawyers. His honor certainly didn't disappoint them this week when he granted class-action status to a $200 billion claim against Big Tobacco. That eye-popping dollar amount has garnered big headlines, but the real news rests on whether the decision holds up on appeal, which isn't likely." The Journal continues, "Unlike so many past (and unsuccessful) lawsuits against tobacco companies, this one isn't about the health risks of smoking per se. Instead, plaintiffs attorneys argue that Philip Morris, R.J. Reynolds and other cigarette manufacturers fooled customers into thinking 'light' and 'low-tar' products are safer and less addictive, even though a pack of Marlboro Ultra Lights carries the same warning label as a pack of Camels. … Never mind, too, that a D.C. Circuit Court of Appeals ruling last month on the marketing of 'light' cigarettes resulted in no damages being awarded. Or that a similar consumer fraud claim was rejected last year by the Illinois Supreme Court." The Journal concludes, "Our point is not to sympathize with tobacco companies, which obviously sell a dangerous (if legal) product. But neither should the tort bar be permitted to use current public sentiment against Big Tobacco to create a more lawsuit-friendly legal environment, which is what these 'consumer fraud' cases are really about. … Looser requirements for class certification is their real long-term goal. But giving trial lawyers license to cobble together plaintiffs nationwide, and then shop around for the Judge Weinsteins of the bench, puts not only tobacco manufacturers but every deep-pocketed manufacturer at risk. … Lax certification requirements are a green light for trial lawyers to push the envelope -- and a class that includes one-sixth of the U.S. population is really pushing it. It encourages more frivolous filings, which in turn crowd out the legitimate ones. Which is why Judge Weinstein's ruling deserves to be reversed."

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Tenet Reaches "Corporate Integrity" Agreement With US. The AP (9/29) reports, "Tenet Healthcare Corp. on Thursday said it has agreed to a 'corporate integrity' pact with federal authorities -- an offshoot of the hospital manager's $900 million settlement resolving investigations into alleged over-billing of Medicare." The AP continues, "The agreement with the Office of the Inspector General and Department of Health and Human Services establishes annual training requirements and compliance reviews by independent organizations. It targets Tenet's clinical standards, code of conduct and procedures in billing and reimbursement, among other areas." The AP adds, "Tenet, the nation's second-largest hospital operator, agreed in June to pay the $900 million to end investigations by the Justice Department and several U.S. attorneys into allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals, and used improper billing codes to bilk the health care program. The settlement did not include a determination that Tenet broke the law."

Judge Tosses Ohio Restrictions On Abortion Pill. The AP (9/29) reports, "A federal judge struck down an Ohio law restricting the use of an abortion-inducing pill, calling the law vague and saying it could jeopardize women's health." The AP continues, "Wednesday's ruling by U.S. District Judge Susan Dlott came two years after a court challenge by Ohio abortion providers. … The 2004 law, which had never taken effect, bars doctors from prescribing mifepristone, or RU-486, after the seventh week of pregnancy." The AP adds, "The American College of Obstetricians and Gynecologists, which joined the suit this year, said the law interfered with medical decisions and criminalized practices that could be in the best interest of patients. .. State officials argued the law was intended to protect women in accordance with Food and Drug Administration guidelines, which recommend that RU-486 not be prescribed to women more than seven weeks pregnant. … The judge said the law was unclear and contained no exception to allow use of the drug in cases where a woman's health was at risk."

CIVIL RIGHTS:

DOJ Settles ADA Suit With Texas Apartment Complex Designers, Builders. The AP (9/29) reports, "Two (Austin, TX) apartment complexes will be retrofitted to make them more accessible for people with disabilities and settle a discrimination lawsuit the U.S. Justice Department filed against 10 companies involved in the design and construction of the facilities, the federal government said Thursday. … The settlement requires court approval, the Justice Department said in a news release." The AP continues, "The companies have to work on the parking areas, walkways, the interior of ground-floor units and common areas of the St. John's Village and Hunting Meadows Apartments. They also will pay $10,000 in civil penalties to the government and establish a $50,000 fund to compensate people harmed by the inaccessible housing. … A lawsuit against the developers, builders, architects and engineers alleged the dwellings didn't include features that make them more accessible to people with physical disabilities. It was filed in U.S. District Court for the Western District of Texas."

NAACP Seeks DOJ Monitoring Of Georgia Election. WRDW-TV, Augusta, GA (9/29) reports, "There's just over a month before voters head to the polls, but the Augusta NAACP is taking steps now to make sure the election is carried out fairly. … They're asking the US Justice Department to step in and oversee the election." WRDW-TV continues, "Under the Voting Rights Act, any voter or group has the right to ask for federal assistance if they have a serious concern about the fairness surrounding an upcoming election. Two local groups say they have several concerns and that's why they're asking for help. … 'On election day, we want to make sure every vote is tallied, every vote is accurately counted,' said Dr. Charles Smith, president of the Augusta NAACP." WRDW-TV adds, "Dr. Smith sent a letter to the US Department of Justice saying the citizens of Richmond County do not have trust and confidence in the reliability of the Diebold electronic voting machines. … 'These machines are unreliable,' he told News 12. 'It's like a credit card. You scan it. If a person does not go through the whole process, or forgets to push the button, the vote won't count.' … So Dr. Smith and Sharon Paschal of Taxpayers for Economic Justice are asking the Justice Department to deploy federal observers to Augusta to monitor the November election."

House Panel Chairman Questions Need For E-Voting Paper Records. The AP (9/29, Hammer) reports, "A House committee chairman and an election official on Thursday punched holes in the notion that paper records will solve the problems with new electronic voting machines." MI3 Rep. Vernon Ehlers (R), "chairman of the House Administration Committee, subtly mocked the 'Got Paper?' catchphrase of activists calling for paper audits of those votes. Ehlers pointed to a photo of a pollworker in the 2000 Florida recount, his one eye appearing massive as it peered through a magnifying glass at a punch-card ballot. 'You can see this man has 'got paper,'' Ehlers said. 'Simply saying let's use paper does not mean the problems go away.' Keith

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Cunningham, former head of the Ohio Association of County Elections Officials, testified that a recount of Cuyahoga County's voter-verified paper audit trail showed massive failure of the printouts -- 10 percent of the receipt-like rolls were missing, blank or unreadable." The AP adds, "Legislation proposed by Rep. Rush Holt, D-N.J., and backed by more than 200 lawmakers would require paper audit trails for all new electronic voting machines. About 39 percent of voters will use electronic ballots and about 41 percent will use paper ballots read by optical scanners in the Nov. 7 elections. 'It must be done this week,' Holt wrote in a letter to colleagues. 'Voter confidence -- both parties -- is unraveling.'"

With Elections Approaching, Some Concerned Over Electronic-Voting Machines. CBS Evening News (9/28, story 6, 2:45, Couric, 7.66M) reported, "Some experts, meanwhile, are questioning whether the new electronic voting machines are the way to go in the midterm elections that are just 40 days away. There were hearings about them on Capitol Hill today, with some members of Congress saying they want paper ballots to back up the machines. Is electronic balloting a $3 billion blunder?" CBS (Armen Keteyian) added, "Nothing quite stirs political blood like an incumbent's own survival, which is a big reason today members of Congress were questioning the security of electronic voting machines like the Diebold Acuvote. Translation, your ballot box. This November for the first time more than 80% of all votes in this country will be cast or counted electronically. The result of the Federal law passed in the wake of the Bush-Gore hanging chad debacle, phasing out paper ballots for touch screens and optical scanners." Paul DeGregono, CHNN, election assistant commission: "There will be glitches, but I think in the end results, you can have confidence in the system." Keteyian: "But lately, trust has been shaken. In a recent Maryland primary, one county official forgot to supply 13,000 electronic access cards, resulting in voter chaos. While in Ohio's biggest county, there were problems with paper backup. … Princeton University's Ed Felten obtained a Diebold machine and ran a mock presidential application." Keteyian: "In his office, we saw three votes cast for Washington and none for Benedict Arnold. Then a virus went to work and Arnold suddenly won, two votes to one." Felten: "Either you switch to a back-up system like a low-tech paper ballot, or you just cross your fingers and hope for the best." Keteyian: "Next week, the Federal Government will propose new standards for machine certification to take effect this January, two months after so many political fates have been decided."

ANTITRUST:

Lawmakers Ask DOJ To Delay Approval Of AT&T-BellSouth Merger. The AP (9/29, Dunbar) reports, "The chairman and ranking member of the House Judiciary Committee have asked the Justice Department to delay approval of the merger of AT&T Inc. and BellSouth Corp. until a federal court decides whether two previous mergers were in the public interest." The AP continues, "Committee Chairman James Sensenbrenner, R-Wis., and ranking member John Conyers, D-Mich., sent a letter Thursday to Attorney General Alberto Gonzales asking the department delay its decision until a federal judge rules on the merger of SBC Communications Inc. and the old AT&T Corp., as well as the merger of Verizon Communications Inc. and MCI Inc." The AP adds, "Also Wednesday, Democrats on the Senate Judiciary Committee, Sens. Patrick Leahy of Vermont and Herb Kohl of Wisconsin, wrote a similar letter questioning whether Justice has been approving mergers too hastily, counter to the intent of federal law."

The Atlanta Journal-Constitution (9/29, Leith) reports, "The letter…was touted Thursday by a group called the Competition Coalition, which opposes the AT&T-BellSouth combination. … The spotlight on the pending deal is intensifying as the Justice Department and the Federal Communications Commission both move closer to approving the merger. AT&T wants to complete its purchase of BellSouth as soon as next month, while opponents want to place certain restrictions on the deal. … The Justice Department must review mergers, and then a court must conduct its own review." The AJC adds, "At the moment, a judge is looking at the approvals of two big mergers from 2005: Verizon Communications-MCI and SBC Communications-AT&T. The review is required under what is known as the Tunney Act. … 'The court is examining the sufficiency of proposed remedies intended to alleviate competitive harm,' Sensenbrenner and Conyers wrote. 'Any court decision in the pending Tunney Act proceedings would necessarily affect the department's review and analysis of the proposed AT&T-BellSouth merger.' … AT&T, however, disagrees with requests for the Justice Department to slow down its review of the BellSouth deal to wait for the judge's decision regarding last year's deals. … 'We see no reason for a delay,' said AT&T spokesman Dave Pacholczyk. 'These are different mergers. Our merger with BellSouth is proceeding along a separate path and is not part of the court's review.'"

The San Antonio Business Journal (9/29) reports, "The two lawmakers also urged the Justice Department to carefully review the AT&T/BellSouth merger 'due to the size and scope of the transaction' and to 'mitigate the risk of competitive

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harm and to ensure that it is consistent with the public interest.'"

Market Watch (9/29, Hughes) reports, "Two groups representing Bell competitors as well as New York Attorney General Eliot Spitzer have challenged the mergers, arguing that the conditions imposed by the Justice Department failed to boost competition. … Separately, two top Senate Judiciary Committee Democrats wrote Justice antitrust chief Thomas Barnett to complain the agency has allowed high-profile telecommunications mergers to close before congressionally-mandated court reviews have been completed. … 'Serious questions arise as to whether endorsing the parties closing their deals in advance of Tunney Act review effectively negates the requirement of public interest judicial review,' Sens. Patrick Leahy, D-Vt., and Herb Kohl, D-Wis., said in a Sept. 27 letter. "We write to inquire as to why the Justice Department is permitting parties to close deals prior to Tunney Act review.' … The letter asks Barnett to explain why the Justice Department is allowing some mergers to complete before court reviews are final. The letter doesn't set a deadline, however, for when the antitrust chief must respond."

Local Television. At least one local newscast reported that Rep. John Conyers (D, MI) and Rep. James Sensenbrenner (R, WI) asked attorney general Alberto Gonzales to delay approval of the proposed merger of AT&T and BellSouth until a federal court decides whether two previous mergers were in the public interest. WJRT-TV Flint, (9/28, 5:34 p.m.) reported, "A Michigan lawmaker is asking the Justice Department to delay approval of the AT&T and BellSouth merger until a federal court decides whether two previous mergers were in the public interest. Michigan representative John Conyers, along with a Wisconsin representative, wrote attorney general Alberto Gonzales asking the department to delay its decision. They want to see how a federal judge rules on the merger of SBC and the old AT&T, as well as the Verizon-MCI merger."

Granger Optimistic About Chances For Wright Bill. The Fort Worth Star-Telegram (9/29, Recio) reports, "The House will vote Friday on legislation that would repeal the Wright Amendment in eight years, after leaders changed the bill to conform to a Senate version. … 'We've got the support to pass it,' Rep. Kay Granger, R-Fort Worth, said. 'I'm very happy about it. We think it will pass.'" The Star-Telegram continues, "Granger, according to one lawmaker, has more than 300 votes for the bill. That's more than the two-thirds needed to pass bills under 'suspension' of the rules, a calendar for typically noncontroversial legislation. … Those bills can't be amended, and House leaders have placed the bill on the suspension calendar to try and assure its passage." The Star-Telegram adds, "In a bow to the power of the Texas GOP delegation, the House majority leader, John Boehner, R-Ohio, attended the group's weekly lunch Thursday to tell them he scheduled the vote for today. … Boehner worked this week to mollify House Judiciary Committee Chairman James Sensenbrenner, R-Wis., who stripped antitrust immunity from a version of the legislation earlier this month. … The Wright Amendment legislation to be voted on has been changed to include language on antitrust issues negotiated last week by Sen. Kay Bailey Hutchison, R-Texas, and Arlen Specter, R-Pa., the Senate Judiciary Committee chairman. The new version also reinforces safety language."

Bill Supporters Continue Push. The AP (9/29) reports, "Officials from Dallas and Fort Worth made another pitch Thursday for a compromise on the Wright Amendment to lift restrictions on long-haul flights from Dallas Love Field after eight years, sending a letter to lawmakers in Washington who have expressed concerns about antitrust issues." The AP continues, "An agreement forged by Love-based Southwest Airlines, AMR Corp.'s American Airlines, Dallas Fort Worth International Airport and the cities of Dallas and Fort Worth calls for eventually repealing the Wright Amendment and eliminating some gates at Dallas Love Field. … The U.S. House is expected to take up the issue on Friday before recessing for the election break. The compromise is contingent on passage before the end of the year." The AP adds, "Sen. Patrick Leahy, D-Vt., has continued to block the legislation in the Senate over concerns about whether it sidesteps federal antitrust laws. … The letter from Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief as well as attorneys for the two cities said the compromise reached earlier this year is 'a sensible solution to a decades-old problem,' according to a news release from DFW Airport."

DOJ Drops Exelon Antitrust Case In Wake Of Merger Collapse. The AP (9/29) reports, "The Justice Department on Thursday said it has formally moved to dismiss its antitrust case against utility company Exelon Corp. for its purchase of New Jersey utility Public Service Enterprise Group, now that Exelon has given up on the acquisition." The AP continues, "Chicago-based Exelon sought to purchase Newark-based PSEG in a $17 billion deal announced in December 2004, but the acquisition fell apart in the face of opposition from New Jersey's utilities regulators. Exelon announced Sept. 14 that the two companies had dropped their plans to merge." The AP adds, "Justice approved the merger in June, but only on condition that Exelon sell six power plants. Those conditions were set out in a proposed settlement to an antitrust lawsuit the department had filed, but has now filed notice to dismiss."

Proposed Pittsburgh Hospital Merger Raises Competitor's Ire. The Pittsburgh Post-Gazette (9/29,

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Snowbeck) reports, "The head of the (Pittsburgh) region's second-largest health system is moving aggressively to try to block the merger of University of Pittsburgh Medical Center and Mercy Hospital, raising concerns with the U.S. Justice Department, the state attorney general and others." The Post-Gazette continues, "The moves by Jerry J. Fedele, chief executive officer of West Penn Allegheny Health System, come as questions swirl about what a merger, announced a week ago, would mean for health care costs in the region. … Mr. Fedele argues that a merger would further UPMC's goal of creating a health care monopoly that would drive up costs by using its market share to demand better reimbursements from health insurers like Highmark Inc." The Post-Gazette adds, "UPMC officials would not directly respond to the charge, but said they pursued the merger as a way to save the county's last Catholic hospital. The merger, which Mercy officials have said was initiated by them, primarily would benefit UPMC by giving the health system room for a needed expansion of hospital services. … Still, concerns remain about the cost impact of the merger, which Mercy and UPMC officials hope to conclude by the end of the year if they successfully clear a barrage of regulatory and other hurdles, including approval from Rome."

The Pittsburgh Tribune-Review (9/29, Fabregas) reports, "In his first public comments about the merger, Fedele called the UPMC-Mercy deal 'another step in UPMC's march toward monopoly' that could deteriorate quality, increase costs and limit choice for patients." The Tribune-Review continues, "UPMC, which recently posted record profits of more than half a billion dollars, controls nearly half the hospital market in Allegheny County. Its $120 million merger with Mercy, which was announced Sept. 20, could be completed by year's end. … Under terms of the proposal, UPMC will take over operations of Mercy Hospital and Mercy Primary Care -- the hospital's employed physician practices. But other parts of the system, such as Mercy Behavioral Health and Mercy Jeannette Hospital in Westmoreland County, will remain under the direction of the Pittsburgh Mercy Health System. … Fedele said he has sent letters expressing his opposition to the U.S. Department of Justice, the Federal Trade Commission and the Pennsylvania Attorney General and expects to meet with those regulators in the next several weeks."

ENVIRONMENT:

Produce Company Takes Actions In E. Coli Outbreak. The New York Times (9/29, Sander, 1.21M) reports the California produce company at the center of the recent E. coli outbreak announced steps yesterday to "improve its food safety inspections and said it would offer to pay the out-of-pocket medical costs for those made ill." Government officials found that several bags of the California-based Natural Selection Foods' spinach tested positive for the bacteria, but there has been no finding that the spinach was contaminated at the company's plant.

California Effort To Reduce Greenhouse Gases Critiqued. In a New York Times op-ed (9/29), William Sweet, news editor of Spectrum, the magazine of the Institute of Electrical and Electronics Engineers, says that this week, Gov. Arnold Schwarzenegger of California "signed a bold bill pledging the state to cut its greenhouse gas emissions 25 percent by 2020. It was refreshing to hear a politician of national stature explain, with an air of true conviction, why global warming is an urgent problem. 'It creeps up on you,' he told ABC News, the day he said he would sign the bill. 'And then all of a sudden, it is too late to do something about it. ... We don't want to go there.'" The Times adds, "Just so. For the last nine years, since the United States refused to join in the Kyoto program to reduce greenhouse gas emissions, the country has acted in stubborn defiance of the obvious facts. Thus California is setting the country an admirable example. But there are a couple of worrisome aspects to the initiative: one is a possible reaction against greenhouse reductions elsewhere in America should California fail to meet its goals; the second is the question of whether this approach, even if successful, has much relevance for the rest of the country."

NYTimes Decries House Zoning Act. The New York Times (9/29, 1.21M) editorializes, "Congress, which has done so little this session to address the nation's real problems, is expected to vote today on a deeply misguided giveaway for big real estate developers. The bill would create new property rights that could in many cases make it difficult, if not impossible, for local governments to stop property owners from using their land in socially destructive ways. It should be defeated. The Private Property Rights Implementation Act would make it easier for developers challenging zoning decisions to bypass state courts and go to federal court, even if there was not a legitimate federal constitutional question." The Times opines, "House Republicans were elected on a commitment to states' rights and local autonomy, and opposition to excessive litigation and meddling federal judges. It is remarkable how quickly they have pushed these principles aside to come to the aid of big developers."

More Commentary. The Washington Post (9/29, 748K) editorializes, "Conservatives often style themselves as champions of federalism, and some conservative judges -- including Justice Samuel A. Alito Jr. while he served on the U.S. Court of Appeals for the 3rd Circuit -- have taken principled stands on preserving local authority over land use. … It's time for it to penetrate the consciousness of members of Congress."

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FBI/DEA/ATF/USMS:

Two FARC Figures Plead Guilty To US Drug Charges. The AP (9/29, Anderson) reports from Miami, "Two members of Colombia's largest rebel group pleaded guilty Thursday to federal drug conspiracy charges, the first from the organization known as FARC to be convicted of narcotics trafficking in the United States, prosecutors said." The AP continues, "Cesar Augusto Perez-Parra, 43, and Farouk Shaikh-Reyes, 41, pleaded guilty to charges that they plotted to smuggle more than 4,400 pounds of cocaine about once a month from Colombia to Miami. They were arrested last year before they could import any of the drugs, said U.S. Attorney R. Alexander Acosta. … Both were associates of the Revolutionary Armed Forces of Colombia, or FARC, which is designated as a terrorist organization by the U.S. and European Union. Dozens of other FARC members have been indicted on drug trafficking charges, but Perez-Parra and Shaikh-Reyes are the first to be convicted in the U.S., Acosta said. … FARC is believed responsible for more than half of the U.S. cocaine supply." The AP adds, "The guilty pleas, coming on the heels of this week's conviction and sentencing in Miami of the two brothers who founded Colombia's Cali cocaine cartel, demonstrate that U.S. law enforcement officials are not easing up efforts to staunch the flow of the drug, Acosta said."

DOJ Considers Death Penalty In North Dakota Drug Killing. The AP (9/29, Kolpack) reports from Fargo, ND, "Attorneys on Thursday were discussing whether to seek the death penalty against a man accused in a Red River Valley drug killing. In a separate case, the victim's mother, charged with conspiracy, was sentenced to life in prison." The AP continues, "U.S. Attorney Drew Wrigley said he has a Monday deadline to tell a federal judge whether his office will seek the death penalty for Michael Petzold in the shooting death of Lee Avila, 28, of East Grand Forks, Minn. .. .'I wouldn't call it a fever pitch, but there's a sense of urgency on all sides today,' Wrigley said Thursday." The AP adds, "The prosecutor said he had filed his sentencing recommendations with the Justice Department but would not say what it was. A decision to seek the death penalty would be a first in North Dakota for a drug-related crime, he said. The state does not have the death penalty, but it is allowed in federal cases. … A federal jury last week sentenced convicted sex offender Alfonso Rodriguez Jr. to death for kidnapping resulting in the death of University of North Dakota student Dru Sjodin. It was the first death penalty case in North Dakota in nearly 100 years. .. .Petzold, of Norfolk, Neb., is charged with murder in furtherance of a continuing criminal enterprise. Police said they got a 911 call and found Avila shot to death in East Grand Forks on June 30, 2005. They said Avila had earlier criminal convictions and his death was the result of a drug dispute."

Hawaii Authorities Watch For Possible Spread Of Meth Labs. The Honolulu Advertiser (9/28) reports that as the amount of meth "coming into Hawai'i dwindles, law enforcement agencies are closely watching for the possible spread of secret laboratories used by dealers to dilute the illegal drug. … 'The law enforcement community will continue to monitor the clandestine lab situation in Hawai'i. We are all aware of the dangers clandestine labs can cause to the public and the environment,' said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. 'It is equally important for the public to contact law enforcement if the existence of a clandestine lab is suspected.'"

Bush Administration Blocks Assets Of Suspects Linked To Drug Trafficking, Terrorism. The AP (9/28) reports the Bush administration "moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the United States says traffics in drugs and terror. The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them." The AP reports the department said six of the nine people suspected of links to FARC "were indicted by a federal court in Washington as part of a narcotics conspiracy." The department also "acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug-trafficking outlet."

DEA Files Lawsuit After Paying Moving Expenses For Woman Who Faked Illness. The Salt Lake Tribune (9/28) reports Tania Clark's "plea to her husband's supervisors at the U.S. Drug Enforcement Agency was so convincing, the DEA paid the family's moving expenses from Texas to Utah so she could be close to loved ones as she battled cancer. Now that it's known she faked her illness, the feds want their money back. In a lawsuit filed Wednesday in U.S. District Court, the DEA accuses Tania and Jeff James Clark of making false claims. The agency is seeking triple the amount it shelled out - or $143,418 - and $10,000 for each false claim the couple allegedly made. … In an emotional letter, Tania Clark described her struggle with cancer and the burden taken on by her husband, DEA agent Jeff Clark."

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Critics Push For Overhaul Of Plan Colombia Following Police Unit Killings. For a third consecutive day, the Christian Science Monitor (9/29) focuses on the May 22 killing of members of an elite police unit in Jamundí, Colombia, and how that "massacre" continues to resonate in Washington, "giving ammunition to those who say that Plan Colombia…needs a serious overhaul." According to the Monitor, one group of critics "wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production." The Monitor adds, "In Washington, Anthony Placido, the DEA's chief of intelligence," says, "'A war has a definable beginning and end. This is not that,' he admits, putting aside the usual terminology. 'We are more like gardeners, pulling up the weeds,' he says. 'We are not going to raise a flag and say, we have won. We can't declare an end, a victory.'"

US Expected To Increase Aid To Colombia. The Los Angeles Times (9/29) reports that despite concerns regarding alleged corruption of the Colombian army, staffers and analysts in Washington "say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year." However, the Times notes that a final vote on Plan Colombia funding "probably won't take place until after the November congressional elections." The Times adds that Adam Isaacson of the Center for International Policy said it appears Plan Colombia aid will not be suspended or cut. "'It shows the Colombian government has managed to do an excellent job of lobbying,' Isaacson said. 'Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it.'"

ATF May Join Probe Of Texas Fire. The Palestine (TX) Herald (9/29, Stone) reports, "Authorities are investigating a fire earlier this week which destroyed the $440,000 Anderson County (TX) home of a California woman federally indicted this past spring for allegedly operating brothels in Los Angeles and Dallas." The Herald continues, "Jong Ock Mao, 47, who is also known as Kimberly Mao and June Mao according to authorities, was arrested April 11 in Madisonville after being one of four defendants named in a 40-count federal indictment charging her with money laundering and violations of the Travel Act. .. .MX-Oasis Motocross track, located on her property on FM 322, approximately 3 miles south of Palestine, was the subject of multiple noise complaints in the days and weeks prior to Mao's arrest last spring." The Herald adds, "Anderson County Sheriff Greg Taylor said the residence at 6032 FM 322 owned by Mao – adjacent to the motocross track – was completely destroyed by fire Monday night. The blaze was reported to authorities by a passing motorist at 6:27 p.m. Monday, according to records. … No one has been living at the residence in recent weeks, according to Jay Russell, Anderson County sheriff's investigator, although Mao's son reportedly was residing there back in the spring around the time of his mother's arrest. … Russell said representatives of the U.S. attorney's office in Santa Ana, Calif. have been notified of the fire. A team of specially-trained ATF agents could be assigned to come to Palestine since the federal government is in the process of attempting to seize the residence and property, he added."

Arson Destroys Boston Pet Store. The Boston Herald (9/29, Crimaldi, 203K) reports, "At least 21 reptiles and 60 fish are dead and dozens more are fighting for their lives after an arson at a crowded Cambridge pet store on which the message 'NO MORE Exploitation OF ANIMALS' had been spray-painted. … 'The state fire marshal's office is not at a point that we would definitely link the fire to the environmental terrorism motive,' said State Fire Marshal Stephen Coan, who confirmed that the fire at Boston Tropical Fish & Reptile on Wednesday night was arson. Animal rights extremists in other cities have freed animals from pet stores and then set the shops ablaze, fire officials said. The FBI is monitoring the situation, a spokeswoman said." The Boston Globe (9/29, Ballou, 425K) notes, "Store owner Dianne San Filippo took offense at the message. 'One of our largest snakes was found melted in his tank,' she said, standing outside her gutted store yesterday morning. 'Is that kind of death better than exploitation? I don't think so.' San Filippo said her manager had trouble with several people about two weeks ago. 'He had to tell a couple of people who came in to leave, after they started yelling at him and giving him a hard time about the feeder mice,' she said."

Feinstein To Put Hold On Gun Dealer Bill. The AP (9/29, Abrams) reports, "Sen. Dianne Feinstein said Thursday she would block the Senate from taking up a House-passed bill that would change how the government handles gun dealer violations." The AP continues, "The House on Wednesday voted 277-131 in favor of the legislation to change how the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF, pursues gun dealer violations. … 'This legislation would make it difficult, if not impossible, for the ATF to penalize gun dealers who have broken the law, and to prevent rogue dealers from continuing to sell guns,' Feinstein, D-Calif., said in a statement." The AP adds, "The legislation differentiates penalties based on the seriousness of the violation and the size of the firearm business. It requires that any ATF decision on a dealer's license be reviewed by an administrative law judge. … Rep. Howard Coble, R-N.C., who sponsored the House bill, said it would give the ATF greater flexibility to deal appropriately with minor violations while going after gun dealers who are breaking the law. 'Despite what the critics said,' Coble said in

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a statement, 'our bill puts additional muscle in the arm of the ATF.' … But Rep. Carolyn McCarthy, D-N.Y., a leading gun control advocate, said the bill would make it harder to revoke the licenses of corrupt and negligent gun dealers. 'Even if the ATF is able to revoke a corrupt gun dealer's license, this bill gives the dealer 60 days to sell off his remaining inventory. This defies common sense,' she said."

IMMIGRATION:

Senate Ends Debate On Border Fence Bill. The New York Times (9/29, Swarns, 1.21M) reports the Senate "agreed on Thursday night to end debate and press ahead with a final vote on the construction of 700 miles of fencing along the United States border with Mexico to help stem the tide of illegal immigration." The bill "would require construction of two layers of reinforced fencing in stretches of California, Arizona, New Mexico and Texas that are considered among the most porous parts of the 2,000-mile border with Mexico." It would "also require officials of the Department of Homeland Security to establish 'operational control' over all American land and sea borders by using Border Patrol agents, fencing, satellites, cameras and unmanned aerial vehicles. The Senate, which voted 71 to 28 to end debate, is expected to hold a final vote on the measure by Saturday." The "Republican architects of the Senate bill — including Senators John McCain of Arizona, Lindsey Graham of South Carolina, Mel Martinez of Florida and Chuck Hagel of Nebraska — supported the decision to bring the fencing measure to a final vote. The lawmakers, who still favor the legalization of illegal immigrants, have said they view the fence as one step toward achieving their broader legislative goals."

CQ (9/28, Sandler) reports the "final vote is expected Friday, and the bill appeared headed for passage after the Senate easily reached the 60-vote supermajority threshold, 71-28, to invoke cloture." The "strong margin on the cloture vote seemed surprising after Senate Majority Leader Bill Frist, R-Tenn., hinted Sept. 27 that the 60 votes were not guaranteed. He said Democrats were going to block cloture on the bill (HR 6061), which also would authorize a 'virtual fence' of sensors, cameras, unmanned aerial vehicles and other surveillance technology. But Democrats said Thursday they would not try to make opposition to the bill a test of party loyalty, and several indicated that they would vote for it."

The Los Angeles Times (9/29, Gaouette, 918K) reports the Senate "set the stage Thursday for a vote by week's end on a bill to wall off 700 miles of the U.S. border from Mexico, but a lastminute push by senators concerned about the severe shortage of agricultural workers could derail the measure's progress." A "surprise move by Sens. Dianne Feinstein (D-Calif.) and Larry E. Craig (R-Idaho) to add a guest worker program for agricultural workers has complicated matters. The two senators planned to meet with Senate Majority Leader Bill Frist (R-Tenn.) this morning to press him yet again to consider adding their AgJobs proposal, intended to help farmers faced with rotting crops and thousands of dollars in lost revenue because they do not have enough workers to harvest their crops this year." The senators' move "creates a dilemma for Frist, eager for victories to counter criticism of a GOP 'do-nothing Congress.' It also highlights the long-standing tension over immigration that is coming to a head in these waning days of the 109th Congress."

TAX:

IRS Says Merck Faces $2.3 Billion Tax Bill. Bloomberg (9/29, Zimm, Donmoyer) reports, "Merck & Co., already facing thousands of lawsuits related to its withdrawn Vioxx painkiller, may have to pay as much as $2.32 billion to the Internal Revenue Service in connection with disputed expenses on its tax returns." Bloomberg continues, "The IRS has sent notices that it won't allow royalty-related expenses Merck claimed on its tax returns from 1993 through 1999, the Whitehouse Station, New Jersey-based drugmaker said in a Securities and Exchange Commission filing. The Wall Street Journal reported today that the IRS is contesting an arrangement by which Merck cut its U.S. tax bill by $1.5 billion over 10 years by paying a Bermuda-based unit to use its own patents." Bloomberg adds, "The dispute relates to a 'partnership transaction' that Merck set up in 1993, according to the Aug. 7 filing. The IRS is increasingly challenging cross-border transactions that companies are using to lower their federal tax bills. It also has taken regulatory steps to curb the transfer of assets such as patents and licenses to subsidiaries in low-tax countries. … Merck said in the quarterly filing that it 'vigorously disagrees' with the IRS's proposed adjustments to its tax returns."

"Part-time Soldiers" Show Higher Incidence Of PTSD Than Active-Duty Troops. USA Today (9/29, Zoroya, 2.27M) reports, "The wars in Iraq and Afghanistan appear to be taking a greater toll on the mental health of the so-called weekend warriors than on that of active-duty troops, the Army's leading expert on combat stress said during a congressional hearing Thursday." Army Col. Charles Hoge, a "psychiatrist with the Walter Reed Army Institute of Research and an expert in post-traumatic stress disorder," told a House Veterans Affairs subcommittee that "41% of National Guardsmen and reservists raised concerns about their mental health in answers to a survey taken three to six months after they returned from combat" compared with "32% of active-duty troops." Hoge said more research was needed

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to determine a reason why a greater degree of "mental health problems" was found in Guard and Reserve troops He suggests possible explanations: that "part-time soldiers are concerned about access to health care after returning to their hometowns, while active-duty soldiers are guaranteed access on their bases" and that "active-duty soldiers remain together after combat and can discuss their experiences."

GAO Faults VA For Spending Too Little On Mental Health Services. McClatchey News Service (9/28, Goldstein) reports, "The Department of Veterans Affairs failed to fully spend a promised $300 million since 2005 to fill critical gaps in mental-health services for returning troops and others, congressional investigators said." According to a Government Accountability Office (GAO) report released Thursday, the allocation was "supposed to be used to improve awareness of the VA's mental-health programs" and to provide recent veterans with better access to services. Instead, investigators say the VA spent "only $53 million of the $100 million it planned to use in fiscal 2005 on gaps in care under a mental-health strategic plan," sent $35 million to a "general fund" not specifically earmarked for mental-health programs and then "didn't tell its hospital and health-care officials that the $35 million was available." While $200 million was budgeted by VA this year for the "mental health strategic plan initiatives," the GAO says $42 million remains unspent as fiscal 2006 ends Saturday.

CONGRESS-ADMINISTRATION:

Supreme Court Docket Expected To Give Insight Into Legal Views Of Roberts, Alito. USA Today (9/29, Biskupic, 2.27M) reports the Supreme Court "will begin its annual term Monday with a schedule that includes cases on abortion rights, school integration and global warming, topics that will test the impact of the court's two new conservative members." The hot button cases and "a slate of business cases, could offer significant clues on how Chief Justice John Roberts and Justice Samuel Alito will influence the law." The justices "will consider a federal ban on the 'partial birth' procedure, which Congress passed in 2003 while asserting that the method is never necessary to preserve a woman's health."

USA Today (9/29, 2.27M) also lists some of the key cases that the high court will consider, including the Gonzales v. Carhart; Gonzales v. Planned Parenthood cases, which will consider "whether a federal ban on a procedure called 'partial birth' abortion violates a woman's constitutional right to end a pregnancy because the ban lacks an exception for cases in which a physician believes the procedure is the best option to preserve a woman's health."

Roberts' Leadership To Be Tested In Upcoming Term. The Legal Times (9/29, Mauro) reports, "Chief Justice John Roberts Jr., speaking at a judicial conference this summer, sounded positively proud of the consensus he forged in his first term in office. Roughly half the cases were decided unanimously, almost twice as many as in recent years. … And when the run of unanimity ended with some contentious 5-4 decisions in June, Roberts noted unhappily to his audience, some commentators pronounced that the era of good feelings was over." The Times continues, "Roberts' second term as chief justice begins Monday with a slew of tough curveball cases on the docket. Contentious disputes over abortion rights, race, punitive damages and the environment loom large, and the Court has only just begun to fill its argument calendar for the term. .. .The cases will bring crucial and tricky choices for the Court's other new justice, Samuel Alito Jr., who replaced centrist Sandra Day O'Connor on the bench, as well as for Justice Anthony Kennedy, who replaced O'Connor in the less official position of swing voter. … But this term will also be a test of Roberts' leadership, especially since he has been so vocal in establishing greater unanimity and consensus as a goal for the Court." The Times notes, "In remarks at the same 9th Circuit conference in July, Roberts offered a remarkable definition of a justice's duties. 'It's important for all of the justices to view it as part of their responsibilities to try to work as a Court, rather than the pursuit of individualized jurisprudence.' The late Chief Justice William Rehnquist stopped trying for that kind of collegiality in his final years, presiding instead over a growing cacophony of split decisions, separate concurrences, and partial dissents. … Roberts is determined to reverse that trend to enhance the 'stature and legitimacy of the Court,' he said. And if achieving the goal of greater harmony means deciding cases very narrowly, Roberts added, so be it."

LATimes Praises Supreme Court Decision To Post Transcripts On Internet. The Los Angeles Times (9/29, 918K) says in an editorial, "It would be unfair to say that arguments before the U.S. Supreme Court are shrouded in secrecy. Reporters and the public long have been able to attend arguments — though seating is scarce in high-profile cases — and transcripts are eventually published on the court's website, http://www.supremecourtus.gov . In recent years, the court has even authorized the same-day release of audiotapes of especially newsworthy arguments." Compared with Congress, however, "the supposedly public proceedings of the court are still far from transparent. But beginning Tuesday, public access to oral arguments will increase exponentially when the court begins posting same-day transcripts on its website." This innovation "is the latest in a series of halting steps toward making the court more transparent."

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Bush Energy Agenda Focuses On Diversification. The Wall Street Journal (9/29, McKinnon, 2.03M) reports, "President Bush said he would speed up his alternative-energy push during the remainder of his term with new spending focused on easing bottlenecks that are slowing the spread of ethanol in the market. In an interview with The Wall Street Journal on a swing through Alabama, Mr. Bush said he is seeking ways to overcome difficulties in transporting the fuel, and to increase the number of stations selling it." He "damped speculation that his administration is exploring a major shift in global-warming policy and may soon embrace some kind of formal government-imposed limits." The President "is increasingly focused on making diversification from oil one of his long-term legacies." The Journal notes that although consumers have "snapped up" flex-fuel vehicles, "[j]ust a small fraction of the nation's gas stations sell the mainstay E85 fuel." To increase E85's availability, "the federal government could sweeten existing tax credits and/or grant programs to help gas stations that add an ethanol pump or convert an existing gas pump into one that dispenses ethanol. ... The president also could propose increases in an Energy Department grant program that aims to increase ethanol availability." He "outlined a vision of the future in which ethanol would become available on a regional basis, as locally grown fuel sources such as wood chips and switchgrass become economically viable."

Under the headline "Bush Touts Ethanol As Way To Ease Dependence On Oil," the Dow Jones Newswire (9/29) reports President Bush, touring an alternative fueling station in Hoover, Alabama said Thursday that the US needs to develop ethanol-based fuels to wean drivers off oil. "One way to become less dependent on foreign oil is for us to develop new ways to power our automobiles right here in America," Bush said. Dow Jones notes that the President, "who repeatedly complains the US has become addicted to oil, boasts that his administration has taken steps to promote energy diversity, including tax credits for ethanol blends and small ethanol producers and a Renewable Fuels Standard to boost the amount of homegrown fuel." Meanwhile, the Natural Resources Defense Council "agreed with Bush's endorsement of ethanol but said Bush and Congress need to enact policies that will help bring the fuel to consumers more quickly."

CNN's Headline News (9/28, 12:33 PM) reported President Bush "arrived about 45 minutes ago in time for his speech in Hoover," Alabama. The president "is calling for more investment in alternative energy sources. He's highlighting Hoover's use of an ethanol fuel blend to run 137 city vehicles. He plans to get a close-up look at the use of switchgrass for biofuel production. He mentioned the alternative fuel source during his State of the Union Address back in January."

WBRC-TV Birmingham, AL (9/28, 5:00 PM) reported, "President Bush made a stop in Hoover to recognize the use of ethanol in the city's fleet. It's a major issue for the president, who has called for increased investment in alternative fuel sources. … Hoover switched to E85 fuel several years ago when they purchased 100 new police cars that use the 85% ethanol blend." The station added that "the President…says Hoover is setting an example for other cities."

Senate Support Key For Enacting Bush Agenda In 2007. CQ (9/29, Ota) reports, "President Bush made a rare call Thursday on a small constituency that will be vital to the prospects for his second-term agenda: Republican senators." Bush's "hastily arranged visit seemed to underscore that those senators hold the key to Bush's success in the more than 27 months that remain of his presidency." Bush "sought to bind together a caucus that has been fractured if not deeply divided from time to time on priorities that range from Bush's national security initiatives to the extension of expiring tax cuts and must-pass spending bills." CQ notes, "Lawmakers on both sides of Capitol Hill now envision a truncated political calendar next year, regardless which party wins control of the House or Senate. Some lawmakers expect there will be a narrow window for Bush to try to cut deals before the 2007 summer recess. By next fall, those lawmakers said, positioning for the following year's presidential campaign will push legislating aside."

Use Of Trust Funds Masks True Size Of Federal Deficit. McClatchy Newspapers (9/29, Hall) reports the Federal Government "closes the books on fiscal 2006 Saturday, and politicians are likely to trumpet that the federal deficit came in almost $60 billion below projections. Problem is, they won't be using the same math you use." The Congressional Budget Office "has projected that the federal deficit for the fiscal year ending Sept. 30 will total around $260 billion, aided by a surge in revenues. That's $58 billion lower than last year's deficit and about $77 billion lower than projections at the beginning of the fiscal year." But "Washington's funny math excludes the Social Security trust fund, which is running a $177 billion surplus this year. Washington spends it, but doesn't count it as spending. It's officially listed as 'off-budget' borrowing." So the "deficit is actually about $437 billion, the CBO calculates: the $260 billion official deficit plus the $177 billion borrowed from the trust fund. Since the money is "borrowed," it adds to the gross federal debt, which is expected to reach about $8.5 trillion by Jan. 1." Spending "trust-fund money to mask the true size of the federal deficit is a longtime Washington

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gimmick, but even so, Heritage calculates that the Bush administration and the Republican-led Congress have increased government spending by 45 percent since 2001."

Judge Halts Administration Effort To Collect Erroneous Medicare Refunds. The New York Times (9/29, Pear, 1.21M) reports Federal Judge Henry H. Kennedy Jr. of the Washington, DC, District Court "ordered the Bush administration to halt its effort to collect $50 million from 230,000 Medicare beneficiaries who had received erroneous refunds of premiums paid for prescription drug coverage. He said many of them might qualify for waivers because repayment would cause hardship." Judge Kennedy "said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, must immediately send a notice to every one of the 230,000 beneficiaries, stating that each has a right under federal law to request such waivers." Federal officials "had previously told beneficiaries to return the money by Saturday, Sept. 30. Judge Kennedy said the administration could not enforce that demand unless it first gave beneficiaries an opportunity to seek an exemption."

Medicare Prescription Drug Premiums To Remain Constant For 2007. USA Today (9/29, 1A, Wolf, 2.27M) reports in a front page story that the "average monthly premiums will hold steady next year under Medicare's prescription-drug program as competing insurers offer a range of new coverage options." The average premium "will be less than $24. Prices for the least expensive plans — as cheap as $1.87 in some parts of the country — will rise for the program's second year. Medicare officials will unveil details about 2007 plan offerings today." Despite "pleas from Congress to make the program simpler, seniors and people with disabilities still will face dozens of plans in most states." Mark McClellan, administrator of the Centers on Medicare and Medicaid Services, said, "There will be more options available with enhanced coverage." USA adds, "More plans will have no coverage gap — a period during which beneficiaries must pay full price for drugs. Other plans will offer partial coverage in the gap for generic or certain brand-name drugs. Those plans will be more expensive."

USA Today (9/29, 2.27M) also includes a chart showing Medicare recipients' sources of coverage for prescription drugs.

Rural, Urban House Members Clash Over AIDS Funding Formula. The AP (9/29, Werner) reports House members "from rural areas and the South clashed with big-city lawmakers Thursday over who should get a bigger share of federal money to care for AIDS patients." Even if "it passes the House, the bill faces uncertain prospects in the Senate before Congress recesses at the end of the week to campaign for re-election. Senators from New York, New Jersey and California are blocking it." Supporters said the "election-year updates were needed because of how AIDS has changed since the Ryan White law first passed in 1990. Once a big-city epidemic infecting mostly gay white men, the disease is now prevalent in the South and among minorities." By "some measures federal funding has not kept up, and states like California, New York and New Jersey get more money per patient than Alabama, Kentucky or North Carolina." New York state "stands to lose $100 million over the five years of the bill. New Jersey would lose $70 million. Alabama, by contrast, would get an increase from $11 million a year to about $18 million a year."

Bush Not Expected To Bail Out US Automakers. President Bush in an interview while campaigning for Alabama Republican Gov. Bob Riley the Wall Street Journal (9/29, McKinnon, 2.03M) reports, "On the continuing problems of auto giants General Motors Corp. and Ford Motor Co., Mr. Bush said he is interested in talking with their top executives after the November elections, but he appeared to hold out little hope that the federal government would take the lead in relieving the companies of their huge legacy costs for retired workers. 'If their concerns are rising health-care costs, I fully understand,' he said. But 'if their concerns are, "We made some agreements in the past that we're not sure we can live with," I will be most interested in hearing what the prescription would be.'"

Industry Sources Say FDA Has Become More Cautious. The New York Times (9/29, Pollack, 1.21M) reports a federal advisory group "last week derided the Food and Drug Administration as a feckless watchdog unable to protect consumers from unsafe medicines. But try telling that to drug company executives, investors and analysts." Many "of them say the F.D.A. has already responded to a barrage of criticism over the last two years by quietly becoming more assertive about keeping new drugs off the market or refusing to approve new uses for existing medications. The Nasdaq Biotechnology Index is down about 14 percent since late February, in part on Wall Street's perception that the F.D.A. has become a tougher gatekeeper."

Virginia Group Seeks Place For Social Studies In Reauthorization Of Bush Education Law. The Washington Post (9/29, B1, Shapira, 748K) reports, "With unprecedented requirements for annual testing in reading and math," the No Child Left Behind Act "put a premium on student achievement in those subjects. But some Virginia educators contend" it has "left a vital field behind: social studies." Now the Virginia Consortium of Social Studies

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Specialists and College Educators has "launched a campaign…to get its educational niche a more prominent place in the law as Congress begins to consider revisions in the coming year. The group aims to include social studies test scores in federal formulas used to rate schools."

USAToday Says Congress's Latest Legislation Caters To Special Interests. USA Today (9/29, 2.27M) editorializes, "Members of Congress are heading for the exits and the campaign trail to spend the next five weeks trying to convince voters they should be allowed to keep their jobs. Their record is thin. Lawmakers left much undone," and the issue they handled this week - terror suspects, immigration, and guns – "reflected a greater desire to cater to powerful interests, or to look tough on issues that deserved far more thought and care, than to produce sound public policy."

OTHER NEWS:

Economy's Growth Figures For Second Quarter Revised Downward. Bloomberg (9/29, Richter) reports that a government report showed "the U.S. economy grew at an annual rate of 2.6 percent in the second quarter, less than previously estimated, as business spending, consumer demand and homebuilding slowed," which was lower than "the Commerce Department's previous estimate of 2.9 percent." Economists said that the figures show "that Federal Reserve policy makers made the right decision when they ended two years of interest-rate increases." Also, "a separate government report showed" that "the slowdown in economic growth hasn't resulted in more firings."

R&D's Contribution To Economy's Growth Said To Be Measured. The Wall Street Journal/Dow Jones (9/29, Ip, Whitehores) reports that "in an important advance, the nation's economic scorekeepers declared they can now measure" research and development's contribution to U.S. economic growth, "and found that it is increasing." This "helps to explain why the U.S. economy tends to expand faster than the contributions of capital and labor alone, a puzzle that has been the subject of Nobel Prize-winning research." Using a "new approach developed by the Commerce Department's Bureau of Economic Analysis and the National Science Foundation, R&D spending is treated like capital investment," which "would make the economy 3% larger and the national savings rate about two percentage points higher."

Dow Trades Above Record Closing High. The Dow's near record was noted briefly on the nightly news y CBS and NBC. CBS Evening News (9/28, story 8, 0:15, Couric, 7.66M) reported, "Close but no cigar for the Dow. Blue chips briefly traded above the all-time record close that in January of 2000, but at the bell the Dow was four and a half point shy of that mark."

NBC Nightly News (9/28, story 6, 0:15, Williams, 9.87M) reported, "The Dow cracked above its all-time high before falling back a bit in the end. The blue chips finished up more than 29 points [to close at 11,718.45]. NASDAQ gained almost seven points [to close at 2,270.02] on the day."

The New York Times/AP (9/29) reports, "The Dow Jones industrial average reached a milestone yesterday in Wall Street's nearly seven-year recovery from corporate upheaval, economic recession and terrorism, briefly trading above its record close of 11,722.98 set on Jan. 14, 2000," although "It has yet to reach its record trading high of 11,750.28, also set Jan. 14, 2000." Also, "the broader Standard & Poor's 500-stock index and Nasdaq composite index are far off their record highs, although their peaks were reached around the same time as the Dow's." The Wall Street Journal/Dow Jones (9/29, C1 McKay, Patterson, Richardson) adds, "Analysts said investors are looking for selling opportunities around the Dow's highs, making it tough for the average to sustain its momentum."

Skeptical Investors Said To Drive Dow's Climb. The Wall Street Journal (9/29, A1, Browning, 2.03M) reports "many doubters…stayed on the sidelines as the market marched ahead this summer," as they "figure others are driving it too high, setting it up for a fall. They've been expecting a slowing economy to shrink corporate profits and lead to a pullback. Oddly, these doubters are part of the dynamic that has let the market do well," because "the gradual conversion of skeptics into stock-buying bulls has provided the fuel for gains." The Journal then goes on to profile Jon Brorson, one of those skeptics.

Altria Ralley, Which Pushed Dow, Expected To Dampen With New Tobacco Lawsuit. Vanessa O'Connell writes in a column in the Wall Street Journal (9/29, C1, 2.03M) reports, "The Dow industrials finished a whisper away from a record close yesterday, and investors can thank the world's smokers and a few sympathetic judges for helping," as "the best-performing stock in the past six years… is Altria Group, parent company of Philip Morris USA, the nation's largest cigarette maker," and the "big factor behind Altria's rally has been a string of legal victories in some once ominous-seeming antitobacco lawsuits." However, "events this week suggest it might not keep marching higher," as "a federal judge granted class-action status to tens of millions of smokers of 'light cigarettes' -- exposing tobacco companies to a new $200 billion legal claim."

USAToday Points To Dow As Example Of US Economy's Resilience. USA Today (9/29, 2.27M) editorializes, "It's easy to pooh-pooh the significance of the

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Dow Jones Industrial Average's near record high on Thursday," but "It feels good to be all the way back, or at least almost all the way back." You can "call it rational exuberance." Our "economy and its capital markets are extraordinarily resilient. For all that is wrong with executive pay, ethical lapses on Wall Street and reckless government spending, U.S. capitalism is still the envy of the world, and companies in the Dow index are some of the best investments in it."

Doha Collapse Threatens US Farm Reform. The Financial Times (9/29, Beattie) reports that "another casualty" of the collapse of the Doha round of global trade talks "could be the long-awaited reform of American farm subsidies." According to the Times, reformers are "worried that the absence of Doha as an incentive to change will tip the balance back towards the expensive and inefficient status quo." The newspaper notes that the Bush administration "tried without much success" to use the upcoming farm bill renewal to "exact concessions…saying it could be their last chance for five years to influence the reform of US subsidies." Now the Administration is "appealing to Congress and the farm lobby to heed advice about trade rules and particularly the threat of litigation in the World Trade Organization" while writing the new farm bill.

Borrowers May Soon Regret Risky Mortgagees. The Christian Science Monitor (9/29, Trumbull, 58K) reports, "A great shift toward adjustable mortgages helped push America's housing boom into high gear. Now, as the boom unwinds, the riskier side of those mortgages is coming home to roost." The greatest "impact of all those 'teaser' interest rates, the 'no money down' mortgages, and exotic loans where homeowners' debt can rise over time will be muted somewhat, economists say, because it will be spread over the rest of this decade." However, that does not "mean the mortgage shakeout will be easy. And for many individual borrowers, finance experts say, the sad result will be foreclosure. 'We just really don't have any precedent to say, 'This is how bad it can get,' says Rick Sharga of RealtyTrac, which follows trends in foreclosure. 'The homeowner who stretched to buy a house in the first place could find himself or herself in very serious financial trouble very quickly.'"

Schumer, Emanuel Portrayed As Hardnosed Campaigners. The Wall Street Journal (9/29, Calmes, 2.03M) reports on the congressional Democrats' "Dynamic Duo," Democratic Senatorial Campaign Committee Chairman Charles Schumer and Democratic Congressional Campaign Committee Chairman Rahm Emanuel. Their "bring-it-on bravado" has "been making for bad days for the beleaguered Republican majority in this midterm-election year. Yet both men's drive to win has at times left fellow Democrats feeling run over. In their determination to elect more Democrats from moderate and conservative districts, they have antagonized some of the party's loyal, liberal blocs: antiwar liberals, women's groups, civil libertarians and -- by their tough talk on immigration -- Hispanic groups." Yet "even some of the foils agree: These two high-energy partisans with their sharp elbows and tongues, and no apparent need to be loved, are just what Democrats need to end their exile from power. 'We haven't had that kind of Rove-ian ruthlessness in the party -- to do or say anything to win -- in a long time,' says party consultant Jenny Backus."

Local Issues Said To Be Key In Ohio River Valley House Races. The Washington Post (9/29, A1, Vandehei, Cillizza, 748K) reports in a front page story that voters "are angry," and incumbent politicians "are anxious. But it is a mistake to assume that anger and anxiety look and sound the same in these coveted precincts" of the Ohio River Valley "as they do in Washington. The debates over Iraq and President Bush shadow virtually every competitive race, but they do not dominate the conversation -- which suits many Democrats just fine. This month's intense debate over policy toward terrorism detainees, meanwhile, carried hardly any echo at all." In Kentucky's 3rd District, people are talking about "a new bridge over the Ohio River that would ease traffic for Louisville residents. In Indiana, voters are plenty steamed -- over the Republican governor's decision to privatize a toll road that runs through or near the seats of three embattled GOP representatives." In Ohio's 6th District, "visitors are likely to get an earful about what might be called earmark-envy: Why residents of neighboring West Virginia are getting a bigger slice of the federal budget pie." The Washington Post "logged a thousand miles traveling up the Ohio River Valley, where nine of the nation's most competitive House districts are clustered in a continuous line. The trip began in the tobacco fields of Kentucky and ended in this college town. Interviews with voters, candidates and operatives made plain why the old line about all politics being local is a truism: It really is true."

Liberal Catholics To Distribute Voter Guides. The Washington Post (9/29, A5, Cooperman, 748K) reports a new group "called Catholics in Alliance for the Common Good said yesterday that it will distribute at least 1 million voter guides before the Nov. 7 elections, emphasizing church teachings on war, poverty and social justice as well as on abortion, contraception and homosexuality." The 12-page booklet, "called 'Voting for the Common Good: A Practical Guide for Conscientious Catholics,' is part of a broader effort by liberal and moderate religious groups to challenge the Christian right on moral values, said Alexia Kelley, the group's executive director and a former employee of the U.S. Conference of Catholic Bishops." Leading Catholic

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conservatives "reacted to the new guide with disdain. Austin Ruse, president of the Catholic Family and Human Rights Institute in Washington, called it 'a blatant attempt to convince Catholics that they can vote for candidates who are wrong on the primary human rights issue of our time, which is abortion.'"

Kerry To Campaign With Lamont. The New York Times/AP (9/29) reports Sen. John Kerry "is ready to join an exclusive club: prominent Democrats shunning three-term Sen. Joe Lieberman to campaign in Connecticut for his anti-war rival Ned Lamont." Kerry, "the party's 2004 presidential nominee, plans to travel to the state Oct. 25 for Lamont. Kerry's running mate, former Sen. John Edwards of North Carolina, appeared at a Lamont rally last month." Other top Democrats, "however, have tacitly backed Lamont, who seized the Democratic nomination from Lieberman in last month's primary, but have avoided public displays of support. The rationale is simple: Lieberman is running as an independent and has a good shot of winning another term; a statewide poll released Thursday showed him up by 10 percentage points." Democrats want "to stay in Lieberman's good graces to ensure that he remains on their side."

Poll Shows Lieberman With 10 Point Lead Over Lamont. The Washington Times (9/29, Harper, 88K) reports in its "Inside Politics" column that a Quinnipiac University poll finds that Sen. Joe Lieberman "holds a 10-point lead over Democrat Ned Lamont in the Senate race." Lieberman "held a 49 percent to 39 percent lead. … The Quinnipiac poll of 1,181 likely voters was conducted Sept. 21 through Monday and had an error margin of 2.9 percentage points."

Confederate Group Also Wants Apology From Allen. The Washington Post (9/29, B1, Shear, 748K) reports Sen. George Allen "can't seem to win: first, he apologizes for addressing an Indian American with a racial slur and acknowledges that many view the Confederate flag as a hate symbol. Now, the Sons of Confederate Veterans want him to apologize, too." B. Frank Earnest Sr., the Virginia commander of the confederate group, said, "He's apologizing to others, certainly he should apologize to us as well. We're all aware, ourselves included, of the statements that got him into this. The infamous macaca statement. He's using our flag to wipe the muck from his shoes that he's now stepped in." The Post adds that over the years, Allen "has been a darling of the confederate group. As governor, he designated April as Confederate History Month. He has displayed the battle flag in his home as part of what he said is a flag collection. And his high school yearbook picture shows him wearing a Confederate flag pin." But the he "has been distancing himself from those symbols as he pursues reelection and considers a bid for the presidency in 2008."

The AP (9/29, Lewis) reports "the Sons of Confederate Veterans turned on Allen. The organization criticized the Republican for saying he had been slow to grasp the pain that Old South symbols like the Confederate flag cause black people."

Diverging Goals Of Allen Ads Noted. The Washington Times (9/29, Bellantoni, 88K) reports Sen. George Allen "released two ads that reveal a strategic split and indicate a fundamental problem with his campaign." One ad, "which takes aim from the right, features Sen. John McCain, Arizona Republican, saying the Virginia Republican should be re-elected because of his tough stance against terrorism. The other attacks Mr. Allen's Democratic opponent, James H. Webb Jr., for an article he penned 27 years ago about women in the military." David Domke, a University of Washington professor "who analyzes campaign ads" said, "Most social conservatives would say women don't belong in combat roles. The ad is powerful because it attempts to undercut Webb's appeal to a key Democratic constituency: women."

Other Commentary. In his Washington Post column (9/29, A21), Eugene Robinson says, "It should be noted that Allen has already spoken words of contrition and atonement for past racial insensitivities. Earlier this month, in a speech to officials from historically black colleges and universities, Allen acknowledged that he was 'slow to appreciate' why black Americans were not fond of the Confederate flag. He said that over the past three years he has come to understand 'just how completely different, and incredibly difficult, the journey traveled by African Americans has been in this country.' This is a grown man speaking, a grown man who went to college and now sits in the United States Senate. If you take Allen at his word, then I suppose you could say better late than never. But it's hard to put unalloyed faith in the word of a man who, in every sense, seems to know so very little about himself."

The Washington Post (9/29, A20, 748K) says in an editorial, "Yes, it does matter. Mr. Allen said he does not recall having used what newspapers delicately call 'the N-word.' But at least a half-dozen people, including ones with upstanding reputations and no evident political agendas, have now told journalists that he did. The stories they have recounted about Mr. Allen's behavior raise disturbing questions about his character and credibility."

Politicians' Videotaped Mistakes Take Life Of Own On Internet. CBS.com (9/28, Borger) reported political campaigns are now trying to "catch candidates making mistakes and then post them on the Internet, where they can be seen worldwide with the click of a mouse on sites like YouTube. Virginia Sen. George Allen has become the poster child for what can go wrong when a candidate gets

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caught saying something stupid," as shown in the video of his "macaca" remark. It "all wound up on YouTube, and the controversy paved the way for new charges this week that Allen has a racist past." But Allen "isn't the only politician who has been caught on tape. Florida Republican Tramm Hudson lost his primary this month after a video of him was posted on a political Web site." Hudson said, "I know this from my own experience that blacks are not the greatest swimmers or may not even know how to swim." Hudson may "have shot himself, but his campaign believes the video was shot and delivered to the Web by his political enemies. It's a form of guerilla warfare that's now a fact of life."

A version of the story also ran on the CBS Evening News (9/28, story 10, 1:55, Couric, 7.66M) but much of the report was interrupted by local news coverage of severe weather in the metro Washington, DC, area. After the interruption, CBS (Borger) reported, "Democratic Senator Evan Bayh is running for president and he's even joined the popular college site Facebook to woo young voters. But he also knows negative news can pop up on line, instantly, anonymously and cheaply." Sen. Evan Bayh: "There's no such thing as opening off- Broadway anymore. It's all primetime and it's all real time, so everything you say is out there for public consumption for better and occasionally for worse."

Elizabeth Edwards Discusses New Biography. NBC Nightly News (9/28, story 8, 3:05, Williams, 9.87M) interviewed Elizabeth Edwards about her biography, "Saving Graces." Edwards discusses "the loss of a son and winning the fight against breast cancer," and says "she had already been through the worst day of her life, losing her 16-year-old son Wade in a car accident." Edwards: "What I had discovered and I discovered it when Wade died and I discovered it particularly with the breast cancer, there are people that have been through the same thing and they feel so close to you and you to them. Because they know better than anybody else what you are going through, how hard sometimes it is to be optimistic, how desperate sometimes that you feel." Asked how she felt about President Bush, Edwards said, "Disappointing. He's been disappointing. He has not been willing to do something which I think has been incredibly important, which is to say I was wrong."NATIONAL II

Menendez Cuts Ties With Key Adviser Recorded On Tape Asking For "Favor." The Washington Post (9/29, A6, Murray, 748K) reports that New Jersey Sen. Bob Menendez (D) "severed ties with a longtime campaign associate who was taped seeking a political favor on his behalf, the latest of several ethics-related incidents to shadow Menendez as he seeks a full Senate term in November. According to yesterday's editions of the Newark Star-Ledger and the Philadelphia Inquirer, the associate, Donald Scarinci, was a Menendez childhood friend who became the senator's closest political adviser and a top fundraiser. In a transcript of the recording reviewed by the newspapers, Scarinci asked a client, a Hudson County psychiatrist who held lucrative local contracts, to hire another physician as a favor to Menendez. The psychiatrist, Oscar Sandoval, secretly taped the conversation, which took place in 1999, when Menendez was a House member." The Post notes that the Scarinci story, which "follows the disclosure of a federal review of a lease arrangement between Menendez and a Hudson County nonprofit organization" led to "speculation among some political operatives in Washington that Menendez could be replaced as the Democratic nominee, similar to what occurred in 2002, when Sen. Robert G. Torricelli was replaced by then-retired Sen. Frank R. Lautenberg five weeks before the election."

However, the Washington Times (9/29, Fagan, 88K) reports, "Senate Democrats said they won't try to replace" Menendez, despite the "new accusations of corruption that surfaced yesterday in the Democratic incumbent's already tough re-election race. 'We expect week after week they're going to throw these allegations around,' said Sen. Charles E. Schumer, New York Democrat and chairman of the Democratic Senatorial Campaign Committee. Asked whether he is sure that Democrats will not replace Mr. Menendez, Mr. Schumer replied with an emphatic 'yes.'" The Times notes, "If Democrats lose Mr. Menendez's seat, it will all but kill their quest to regain control of the Senate this year, because they must have a net gain of six seats to end the Republican majority. 'A Menendez loss is the ultimate insurance for Republicans that they won't lose control' of the Senate, said Republican pollster Scott Reed."

The Newark Star-Ledger (9/29, Cohen, Whelan) reports that Menendez said Thursday that "he did not know that" Scarinci "invoked his name in pressuring the psychiatrist to give another physician a job in 1999." In the "secretly recorded telephone call, Scarinci tells" Sandoval "Menendez would consider it 'a favor.' On the same tape, Scarinci said the hire would offer Sandoval 'protection.' 'As it relates to Donald's comments, I am disappointed in him,'" Menendez said Thursday, adding, "Nothing Scarinci said in that tape was at my direction." Sandoval "contends the tape buttresses claims he makes in a lawsuit against Hudson County and some of its key figures. The suit, filed in March, characterizes Sandoval as a victim of extortion and racketeering and contends Menendez, then a congressman, was actively involved in the campaign to pressure the psychiatrist to provide a job for physician Vicente Ruiz."

The New York Times (9/29, Rivera, 1.21M) reports that Menendez spokesman Matt Miller said, "If those tapes are accurate, Mr. Scarinci was using the senator's name without his knowledge and without his approval. … Because of that,

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he will no longer have any role in our campaign." The Times notes, "In an interview yesterday, Dr. Sandoval said that the tape was of one of dozens of conversations between himself and Mr. Scarinci that he secretly recorded, and that Mr. Menendez was present on several occasions when the issue was being discussed. … 'It's an insult to the intelligence of the New Jersey public to ask them to believe that Scarinci, who has millions of dollars of business in more than 20 municipalities because of Bob Menendez's influence, did this without Menendez's involvement,' Dr. Sandoval said." The Times adds, "After a deal was struck making Dr. Ruiz an equal partner, Dr. Sandoval claims that Mr. Menendez met personally with him, Dr. Ruiz and Mr. Scarinci at his law office and stated that 'he was glad we could work out our difference.'"

The AP (9/28, de la Cruz) reported that Ruiz "in 1998 served as a physician with the North Hudson Community Action Corp. The U.S. attorney's office has issued a subpoena seeking records from the nonprofit agency related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the organization obtain federal funds." Scarcini, in a brief statement, said, "As I am party to the lawsuit and represented companies owned by Dr. Sandoval during the time it is contended this recording was made, regretfully I am legally constrained from making any further statement at this time. … That being said, I will clearly state that none of my dealings with Dr. Sandoval were either directed or requested by Bob Menendez."

Polls Show Menendez, Kean Running Neck And Neck In New Jersey. CNN's The Situation Room (9/28, Blitzer) reported that in New Jersey, a new poll shows Sen. Menendez "running neck-and-neck among likely voters with his Republican opponent, Tom Kean. The Rutgers-Eagleton poll also shows about half of all registered voters haven't heard of the candidates or don't have an opinion about them."

The AP (9/29, de la Cruz) reports that the Rutgers-Eagleton poll showed that among "404 likely voters," Menendez leads Kean 45% to 44%. The poll's "error margin was plus or minus 5 percent. Among 660 registered voters, 42 percent backed Kean while 40 percent chose Menendez. This survey had an error margin of 4 percent. The survey of both likely and registered voters was conducted Sept. 24-26." The Newark Star-Ledger (9/28, Reilly) reported, "Forty-five percent of registered voters who supported one of the two candidates said they might change their minds by Election Day." Meanwhile, Today's Sunbeam (NJ) (9/29, Bricketto, 10K) reports, "A separate on-line poll from Zogby International on Thursday placed Menendez ahead of Kean by six points."

With Michigan Economy Struggling, Bouchard Takes Aim At Stabenow. The Washington Times (9/29, Hurt, 88K) reports that with Democrats in Michigan "holding both Senate seats and the governor's mansion, Michigan is suffering the worst economy of any state in the nation. The state's unemployment rate is nearly twice the national average of 4.7 percent, and the auto industry is losing jobs by the tens of thousands." The Times notes that voters' "discontent is being directed at Sen. Debbie Stabenow, the first-term senator who is trying to fend off a challenge from Oakland County Sheriff Michael Bouchard. 'Only one state in America has lost jobs for three straight years and that's Michigan,' Mr. Bouchard says. 'That needs to change, and it's going to change by starting with the leadership.'" The Times adds, "Despite the hostile environment for incumbents here, the Stabenow campaign still takes solace in the poll numbers, which show Mrs. Stabenow more than 10 points ahead of Mr. Bouchard. The Bouchard campaign notes that her support, however, hovers around 50 percent. With plenty of undecided voters remaining, Mr. Bouchard hopes to see his numbers rise as people across the expansive state learn more about him and hear more about Mrs. Stabenow's positions on key issues."

Republicans Targeting Entrenched Mollohan On Ethics. The Washington Post (9/29, A4, Cillizza, VandeHei, 748K) reports, "Nine college-age guys stood silently Thursday morning across the street from Rep. Alan B. Mollohan's (W.Va.) office, holding signs that read 'Be My Cellmate' and 'Man of Steal.' They were trying to bring attention to allegations that" Mollohan "used his congressional power to get rich and reward friends." The Post notes, "There is only one way for Republicans to win in this Democratic district: convince voters that Mollohan is a crook. The lunchtime protest is the least sophisticated part of a destroy-the-Democrat strategy that includes operatives in Washington…conservative activists in this college town and challenger Chris Wakim himself." Mollohan, "a member of the Appropriations Committee, set up several nonprofit groups over the past decade or so to administer millions of dollars he was steering to his rural district. The money benefited friends and big donors. In a four-year period starting in 2000, Mollohan's net worth ballooned from about $500,000 to more than $6 million. The chief reason for his newfound wealth was real estate investments with one of those friends who benefited from his work in Congress." Earlier this spring, Mollohan "was forced to step down from the House ethics committee" and "admitted he misstated some of his financial dealings in public records." However, "scandal alone might not be enough to topple the popular incumbent," as "voters often seem more concerned about local issues than charges of ethical lapses."

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Foley Foe Calls For Probe Of Congressman's E-Mails To Teenage Boy. The Washington Post (9/29, A7, Birnbaum, 748K) reports that FL16 Rep. Mark Foley's (R) Democratic opponent "is calling for an investigation into an e-mail exchange that Foley conducted last year with a 16-year-old boy who had worked as a congressional page." Foley "said that the five e-mails he wrote to the boy were harmless and that their publication is part of an attempt by Democrats to smear him." Foley spokesman Jason Kello said, "The e-mails in question were a response to a handwritten thank-you letter from a former page. … There have not been any allegations made by anyone except by Tim Mahoney and the Democrats who are attempting to misrepresent a series of innocent communications to prop up a failing political campaign." Jessica Santillo, a spokeswoman for Foley's Democratic opponent, Tim Mahoney, "said in a written statement: 'This is a matter for the appropriate authorities to investigate.'" The Post notes, "In the brief but chatty e-mails, which were first reported by ABC News, Foley asked how old the boy was, inquired what he wanted for his birthday, requested a picture of the young man and told him that he had just finished a long bike ride and was going to the gym. According to ABC, the boy forwarded the e-mail that requested his picture to an unidentified congressional staffer and wrote that the e-mail was 'sick sick sick sick sick.' In another e-mail to a staffer, ABC reported, the boy wrote: 'Maybe it is just me being paranoid, but seriously. This freaked me out.'" The Los Angeles Times (9/29, Levey, 918K) reports similar details.

Republicans In Ohio Face Challenge In Turning Out Voters For November Elections. Bloomberg (9/29, Keil) reports, "For a brief time on Election Night 2004, Scott Owens was one of the most important Republicans in America. Owens, the party's executive director in Ohio's Butler County -- which encompasses Cincinnati's heavily Republican suburbs -- was calling vote tallies in to the White House. When Ken Mehlman, President George W. Bush's campaign manager, interrupted the sixth update to yell 'You rock!' Owens knew he'd delivered enough of a victory margin to give Bush the state -- and the election -- over Democrat John Kerry. Two years later, Ohio again looms as a battleground as Republicans try to hang onto control of Congress. This time, Owens says he's worried that when he phones his tallies into Mehlman, the news may not be cause for celebration." Bloomberg notes, "With Ohio Republicans reeling from scandals and Bush's low poll ratings, Owens says party voters are a dispirited bunch. 'It's just a different atmosphere,' he said in an interview. 'The enthusiasm isn't there. In 2004, we had 950 volunteers' to help spur voter turnout. … 'This year, we have maybe 150, tops.'" Bloomberg adds, "In the previous election, Republicans 'had Bush and the perfect foil in Kerry to turn out their vote,' said Tom O'Donnell, a consultant to Democrat Sherrod Brown, an Ohio Senate candidate. 'This year, it's much harder to galvanize their voters.'"

House Members Said To Have Difficulty Seeking Other Offices. USA Today (9/29, Nichols, 2.27M) reports "Of 16 House members running for governor or the Senate this year, all but four either have suffered primary losses, trail their opponents in polls or are locked in tossup race." While "Historical data show it's never easy to seek promotion from the House," according to political analysts, "low ratings for President Bush and Congress as an institution present a particularly challenging environment for House members" even as they "get little bounce in local races from the GOP's major political strength in most polls: national security."

Poll Finds 51% Back Schwarzenegger's Road Bond Issue. The Wall Street Journal (9/29, Harwood, 2.03M) reports in its "Washington Wire" column that the fate of California Gov. Arnold Schwarzenegger's $20 billion road bond issue is uncertain. A "nonpartisan poll shows just 51% support. In Michigan, Democratic strategists envision expanded minority turnout for Gov. Granholm and Sen. Stabenow from effort to stop antiaffirmative action ballot measure; top Republicans also oppose it."

New Push Underway To Boost Muslim Voter Turnout. The Washington Post (9/29, A7, Boorstein, 748K) reports, "National Muslim civic leaders announced a new push yesterday to get the country's estimated 2.2 million registered Muslim voters to the polls, unveiling a Web site that spells out key races of 'Muslim interest' and ATM-like voter registration machines that will be put in mosques and Islamic student centers. The campaign by the Washington-based Muslim American Society is a continuation of an effort that has been underway since the Sept. 11, 2001, attacks to increase American Muslims' involvement in the political process. A 2005 survey by the Muslim American Political Action Committee said 84 percent of registered Muslims voted in the November 2004 election, compared with 41 percent in 2000." Muslim leaders announced "the creation of the society's Center for Electoral Empowerment. The center's main feature is a Web site that offers details on issues that the political action committee says are the most important to Muslim voters: concerns about 'the erosion of civil liberties,' 'fair' immigration reform and foreign policy, said Mukit Hossain, president of MAPAC. The site, http://www.masvip.org/ , highlights 30 races in 11 states where there are significant Muslim populations, including Illinois, New Jersey, California and Texas."

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New Amtrak Head Says More Revenue Sources Needed. The Washington Times (9/29, Lengell, 88K) reports Amtrak President and Chief Executive Officer Alex Kummant said "the survival of Amtrak rides on providing reliable, on-time service between major cities." But to "meet this goal, the ailing passenger rail service must find new sources of money to supplement the billion-plus federal dollars it receives annually." At a House Transportation and Infrastructure railroads subcommittee hearing, Kummant said, "You just can't escape that the answer is capita. There is no other magic bullet." Kummant, "who took control of Amtrak Sept. 12, offered few specifics on how to improve the railroad. But he said issuing bonds, securing state financing or wooing private investors are possibilities."

Chavez's Criticism Of Bush, US Leaves Some CITGO Beneficiaries Doubting. McClatchy Newspapers (9/29, Bachelet) reports Agnes Crosson last winter "enrolled in a heating oil program backed by CITGO Petroleum, controlled by the Venezuelan government, to fill her 250-gallon heating oil tank. She saved $200 on the purchase." Despite the "savings, Crosson is having second thoughts about re-enrolling this year after reading about" Venezuelan President Hugo Chavez's speech "last week at the U.N. General Assembly. Chavez called President Bush 'the devil' and U.S. policies 'genocidal.'" Crosson said, "I'm not a Bush person, believe me, but I really resented that." McClatchy adds Chavez has "said his comments were directed at Bush and not at the American people, but many of the program's beneficiaries are wondering if the CITGO initiative is a tool in Chavez's anti-Bush crusade, as many Chavez critics believe. Still, their condemnations are tempered by growing nervousness over how to pay for heating, and most hope that the program continues."

Report: Majority Of Uninsured Children Have At Least One Working Parent. The Los Angeles Times (9/29, Mendoza, 918K) reports that a report released by Families USA found that "a majority of the 9 million children in the United States who lack health insurance live in two-parent families in which at least one parent is working," but the "either have jobs that do not offer insurance or do not make enough to afford the coverage offered by their employers." These children "are much less likely to get regular medical or dental care and are five times as likely to have unmet healthcare needs as insured children." While, "In most states, families with incomes of as much as twice the federal poverty level…can enroll their children in the State Children's Health Insurance Program," but the report says "financial constraints are affecting the ability of states to ensure that all eligible children are enrolled. To save money, the report said, some states have frozen their SCHIP plans, preventing eligible children from being enrolled."

Union Blocks Worker's Trip To India For Medical Treatment. The Christian Science Monitor (9/29, Jonsson, 58K) reports Carl Garrett, "an Appalachian paper mill worker, had hoped to go to India this month for medical care - but it didn't work out that way." Garrett's employer, Blue Ridge Paper Products of Canton, N.C., "wanted to send a message to American hospitals: Control costs or we'll give our insured workers the option of going overseas for quality, but low-cost care." Garrett, who "belongs to the United Steelworkers, would have been the first union member to go overseas for medical care. But after his pioneering trip became public, the union stepped in and threatened to file an injunction to stop it. In response, Blue Ridge Paper withdrew the proposal to send its employee to India for surgery." The union, "which recently negotiated a new contract with the milk-carton factory containing healthcare provisions for its members, worried that volunteer trips overseas to receive medical care would soon become mandatory even for children and the elderly as companies seek to cut costs and increase profits."

Rose Kennedy's Papers Released. The New York Times/AP (9/29, Press) reports Rose Kennedy, "for one brief moment the most powerful mother in America, went over her son President John F. Kennedy's head in 1962 to write directly to the Russian leader Nikita S. Khrushchev. For that, she got a playful scolding from her son." She wrote "a letter asking Khrushchev to autograph photographs of his meeting with her son, and he complied." Kennedy wrote, "Would you be sure to let me know in the future any contacts you have with heads of state. Requests of this nature are subject to interpretations and therefore I would like to have you clear them before they are sent." The Times adds the letter, "on White House stationery," was sent "on Nov. 3, 1962, just days after the Cuban missile crisis ended." And "unfazed, Mrs. Kennedy wrote back: 'Dear Jack: I am so glad you warned me about contacting heads of state as I was just about to write to Castro.'" The "exchange is in Rose Fitzgerald Kennedy's papers — 250 boxes of letters, photographs, notes — that became available to the public for the first time on Thursday at the John F. Kennedy Presidential Library and Museum in Boston."

Bush View On Right To Life Said To Contradict Iraq Policy. In his Washington Post column (9/29, A21), Michael Kinsley says, "It was, I believe, Rep. Barney Frank (D-Mass.) who first made the excellent, bitter and terribly unfair joke about conservatives who believe in a right to life that begins at conception and ends at birth. This joke has been adapted for use against various Republican politicians

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ever since. In the case of President Bush, though, it appears to be literally true. Bush, as we know, believes deeply and earnestly that human life begins at conception. Even tiny embryos composed of a half-dozen microscopic cells, he thinks, have the same right to life as you and I do." But President Bush "does not believe that the deaths of all little children as a result of U.S. policy are, in effect, murder. He thinks that some, while very unfortunate, are also inevitable and essential. You know who I mean. Close to 50,000 Iraqi civilians have died so far as a direct result of our invasion and occupation of their country, in order to liberate them."

Kazakh President To Meet With Bush. The AP (9/29, Gedda) reports, "Kazakhstan President Nursultan Nazarbayev is opening the official leg of a U.S. visit which is likely to include broad discussions of the country's growing importance as an oil supplier and its shortcomings in protecting human rights." He "spent part of Tuesday and Wednesday in Maine as guest of former President George H.W. Bush," and will meet with President Bush at the White House on Friday." White House press secretary Tony Snow said "the U.S. government's concerns about democracy in Kazakhstan would come up during the meeting with Bush, but he would not characterize how big a place on the agenda it would hold."

Nazarbayez's White House Visit Could Include Arms Sales Discussion. The Financial Times (9/29, Dinmore, Gorst) reports Kazakh President Nursultan Nazarbayev "comes to the White House on Friday confident that his role as an oil-rich and stable ally in the 'war on terror' has trumped the US administration's professed sensibilities over his government's shortcomings in corruption, human rights and democratic reforms. Nonetheless, the developing military and energy relationship between the US and the central Asian giant has led to accusations that" President Bush "is reverting to the 'guns for oil' strategy which his own administration argues created the 'false stability' in the Middle East that spawned al-Qaeda." Assistant Secretary Richard Boucher "told the FT that "military co-operation" would be on the agenda," however, Administration "officials would not comment on the possibility" of "an arms deal" today. The Times says Nazarbayez "secured his invitation to the White House, and thereby a powerful validation of his international standing, after signing a long-delayed treaty with Azerbaijan sanctioning the transport of Kazakh oil via the Baku-Tbilisi-Ceyhan pipeline (BTC) across the Caucasus to the Turkish Mediterranean."

AFP (9/29, Collinson) calls the visit "the latest steps of the diplomatic dance over Central Asia's energy riches. The visit finds Washington finessing worries over human rights and political reform to advance strategic and economic goals with Muslim-majority Kazakhstan." Despite "US worries over [their] record on human rights and democratization," the Administration "is conscious Kazakhstan is at the center of the new Great Game energy grab in Central Asia."

WPost Says Bush Goes Against Freedom Agenda With Kazakhstan. The Washington Post (9/29, A20, 748K) editorializes, "President Bush once made the authoritarian president of Kazakhstan, Nursultan Nazarbayev, a focus of his freedom agenda," and "the effort failed utterly." While "Bush has given numerous speeches in the past several years repudiating what he says was the mistake of backing corrupt authoritarian regimes in the Middle East in exchange for economic and security cooperation, as well as an illusory 'stability,'" president "Nazarbayev has suffered no consequences for his rejection of the democracy agenda. Instead, he is being feted as a valued ally." Some may argue it is necessary, as we are competing with Russia and China for influence. However, this will "condemn the United States to a losing geopolitical strategy, since strongmen will always be more likely to align themselves with Russia and China than with the United States." Our "elations with Muslim states during the Cold War -- such as Iran and Iraq -- vividly demonstrates the shortsightedness of befriending rulers such as Mr. Nazarbayev. That, at least, is what Mr. Bush says in his speeches."

LATimes Argues Kazakhstan Is An Important Ally. The Los Angeles Times (9/29, 918K) editorializes that "there are few nations more strategically important to the United States" than Kazakhstan. "It is a stable U.S. ally in a region marked by shaky friends, rivals and foes.' While "Bush's commitment to spreading democracy and rooting out kleptocratic leaders does seem to wane when an important oil-producing state is involved," this one "is too important to ignore or keep at a distance." Besides, "By the standards of Central Asia, Kazakhstan is practically a Jeffersonian wonderland," and Bush "can have more influence over Nazarbayev by keeping him close — and offering incentives to open his society — than by shunning him."

Rice Will Visit Middle East Next Week. The AP (9/29, Gearan) reports Secretary Rice "returns to the Middle East next week for diplomatic meetings with Arab allies and Israel to test the waters for possible new moves toward peace." She "will travel to Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders 'who have a vision for a more moderate, peaceful, democratic, stable and prosperous Middle East,' State Department spokesman Sean McCormack said Thursday." He also "said Rice will seek to move her democracy agenda forward and discuss threats to stability and moderation in the region, including Iran, Hamas and Hezbollah." The AP says she "hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank." AFP (9/29, Millikin)

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titles its coverage, "Rice To Visit Israelis, Palestinians With Little Sign Of Breakthrough."

The Washington Times notes, "U.S. officials see the struggle between moderates and extremists -- not the Israeli-Palestinian conflict -- as the defining issue in the Middle East, the State Department said yesterday in announcing" Rice's trip. Although she "attaches critical importance to the Israeli-Palestinian peace process and will explore ways to revitalize it, her more ambitious task will be to urge moderates in the region to unite against extremists, said department spokesman Sean McCormack." He later "acknowledged that 'some people subscribe' to a view of 'the Palestinian-Israeli dispute being at the heart of all disputes in the Middle East' but said he does not agree," and added that Rice "will visit Saudi Arabia, Egypt and Israel -- countries that are 'on the side of moderation' -- because they 'have an interest in a more stable, peaceful, prosperous Middle East.'"

Solana-Larijani Talks Achieve Limited Gains. The Financial Times (9/29, Khalaf) reports "little progress" was made when EU foreign policy chief Javier Solana and Iranian nuclear negotiator Ali Larijani met again yesterday, saying those talks "failed to produce substantive progress but both sides suggested the diplomatic process would continue." The Times says the "EU and Iran are in a pre-negotiations phase," and yesterday's discussion "was designed to find ways to resume the formal talks on curbing Tehran's nuclear ambitions." The AP (9/29, Graham) says the two sides "failed to reach a deal in their latest round of nuclear talks but came to 'some positive conclusions,'" according to Larijani. Neither man "gave any details of what had been achieved, but both spoke positively of the discussions over Tehran's disputed nuclear program."

In contrast, the New York Times (9/29, Dempsey, 1.21M) titles its piece, "European Official Reports Progress In Talks With Iran." Solana "said Thursday that 'some important progress' had been made in two days of talks over resolving Iran's nuclear ambitions and that more talks would be held next week." Officials involved in the discussions "said that reaching the point of negotiations on the incentives depended on establishing a timetable for Iran to suspend uranium enrichment."

Bush Remains Committed To Pressuring Iran. President Bush in an interview while campaigning for Alabama Republican Gov. Bob Riley the Wall Street Journal (9/29, McKinnon, 2.03M) reports, "On Iran, Mr. Bush said he is willing to let negotiations on Tehran's nuclear ambitions run awhile longer before trying to ratchet up pressure to curb such programs. 'We ought to give the Europeans time to see whether or not the Iranians will make the proper choice about verifiably suspending [uranium enrichment],' he said. But he added that the ultimate deadline for a sanctions push would come 'sooner rather than later, to make sure that these discussions are not their attempt to stall their way into us losing our interest in the subject.'"

Columnist Says US Has Time To Negotiate With Iran. David Ignatius in his column in the Washington Post (9/29, A21, 748K) writes, "Intelligence analysts believe that Iran is encountering technical difficulties in mastering the complex process of uranium enrichment. That means the West may have a bit more time than previously expected to pursue a diplomatic solution to the Iranian nuclear standoff."

Hughes Says US Image Reversal "May Take Decades." The AP (9/29, Gearan) details their interview with Undersecretary Hughes, in which she says "it may take decades to change anti-American feelings around the world that have been aggravated by war in Iraq, U.S. policy toward Israel and America's 'sex and violence' culture." Hughes "has worked for more than a year to retool the way America sells itself overseas, but she acknowledged that success can be next to impossible to measure." She "said the three-year-old Iraq war 'is the most recent excuse' for anti-American grievance in the Muslim world." The AP says that, "although her job involves all regions of the world, Bush asked her to concentrate on reframing the U.S. image in the Islamic world." Hughes "has sent Arabic speakers to do four times as many interviews with Arabic media as in previous years and set up three rapid public relations response centers overseas to monitor and respond to the news. Asked whether America's critics have any legitimate gripes, Hughes said yes."

US Ends Military Aid To Thailand As Interim Premier Named. The AP (9/29) reports Thai coup leaders have named Surayud Chulanont, "a former army commander and a close adviser to Thailand's powerful monarch," to be interim prime minister. His "appointment is expected to be officially announced this weekend or Monday after it receives approval from King Bhumibol Adulyadej," and it "is expected to be widely praised in Thailand." The AP adds, "Although being a former general might give the outside world the impression the military was merely transferring power to one of its cronies, that would be neither true nor relevant," one politician said. Washington, "which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand." Assistant Secretary McCormack "said U.S. financing of U.S. military sales to Thailand is being cut off along with training for Thai military personnel." AFP (9/29) says Washington "has stripped millions of dollars in military aid from its ally Thailand, in protest at the coup. The sanctions jolted years of close links between Thai and US forces in the Asia-Pacific, which co-hosts the region's biggest annual American war games. But some aid deemed crucial to US national security

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was spared, notably in the field of counterterrorism, in which the kingdom has emerged as a low-key, yet valued partner in the US battle against Al-Qaeda."

South Korea's Ban Wins UNSC Straw Poll, On Track To Be UNSYG. The UNSC's straw poll vote on UNSYG candidates were widely reported. The Washington Post (9/29, A16, Lynch, 748K) says South Korean Foreign Minister Ban Ki-moon "has at least one potential advantage over his rivals in the electoral race for the world's top diplomat: [he] is the architect of South Korea's trade and aid policies, so he is responsible for signing trade deals and doling out foreign assistance that sometimes benefits countries with a hand in deciding his fate. Rivals have privately grumbled that South Korea…has wielded its economic might to generate support for his candidacy." Ban "said the insinuations are 'groundless' and that he had arranged the trade mission to Greece long ago to balance a similar mission last year to Turkey, Greece's regional rival. He said [his trip to Congo] was part of a process of reaching out to countries that South Korea has neglected over the years." Ban "maintained his lead in the [UNSYG] race Thursday when the council took its third straw poll, with 13 council members encouraging his candidacy, one discouraging it and one expressing no opinion." Shashi Tharoor finished second, and Latvian President Vaira Vike-Freiberga, "the only female candidate," finished third.

The New York Times (9/29, Hoge, 1.21M) adds Ban "moved significantly closer on Thursday to [winning] by maintaining a wide lead over six other candidates in the" straw poll. "A fourth and more definitive informal poll is scheduled for Monday, and Mr. Ban, with 13 favorable votes from the 15 Council members, goes into that poll as the only candidate with the 9 votes required for approval. … Barring a veto, Mr. Ban's election in a subsequent formal vote appears assured." Ban "has the firm backing of the Bush administration and is known as an ally of Washington. If he gets the job, that part of his political makeup will be closely monitored at the United Nations, where tensions between the United States and the developing world have been on the rise."

The Financial Times (9/29, Turner) calls Ban the "frontrunner," and says he "increased his lead over other six declared candidates in the race" yesterday. The AP (9/29, Wadhams) says Ban is "favored" to win," but cautions, "Despite [his] dominating lead, the secrecy of the ballot meant no one knows whether he got the necessary approval of all five veto-wielding members of the council. The ballot is also difficult to interpret: The results could give Ban the momentum he needs to win or clear the field for more people to enter the race."

Senate Vote On Bolton Nomination Unlikely Before Election. The AP (9/29, Schweid) notes Ambassador Bolton's "quest for a longer lease on his temporary job…remained elusive Thursday as the Senate shied away from a vote to confirm him." SFRC Chairman Richard Lugar "said the Senate likely would recess later this week without voting on his nomination," and that "no committee meeting had been scheduled to take up the controversial nominee." He also "said that if one Democratic senator were to step forward and support Bolton, he might be able to set a committee vote before the recess. In the meantime, Lugar added, Sen. Lincoln Chafee is holding up the nomination with questions about the Bush administration's Middle East policy." Chafee "wants 'some clarification' of the U.S. policy on Israel's expansion of settlements, his spokesman Stephen Hourahan told the AP."

The Washington Times (9/29, Sands, 88K) adds the "deadlocked" SFRC "will not take up the confirmation vote for combative U.N. Ambassador John R. Bolton before Congress adjourns this weekend." However, Bolton "may get one last chance to save his job in a widely expected lame-duck session after the November elections." Lugar "told the" AP that Chafee "remains a holdout on the nomination."

UN General Assembly Pushes For Security Council Reform. The AP (9/29, Wadhams) reports that while a reform of the UN Security Council died "last year, suffocated by bitter national rivalries and a refusal to compromise," This year, "Amid the vitriol and accusations, leaders" in the General Assembly "sounded the same note: The U.N. Security Council doesn't represent our interests anymore, and it must be reshaped to reflect the world of 2006." Many "suggested a new anger toward the council had fueled their call," as well as "an increased feeling among poor nations that their wealthy neighbors dominate the Security Council has galvanized them." Notably, "the renewed calls for change have been accompanied by what appears to be a new predilection toward compromise among those who have pushed for reform."

Administration China Policy Said To Be Shifting To The Left. The Washington Times (9/29, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "The Bush administration's China policy is shifting noticeably to the left through several key appointments. First, President Bush announced Sept. 1 he was permanently appointing National Security Council staffer Dennis Wilder, a longtime CIA analyst with a record of leading mistaken analyses on China, as the senior director of East Asian affairs. Mr. Wilder had been acting senior director. In another politically suspect move, Treasury Secretary Henry M. Paulson Jr., the former Goldman Sachs executive, recently

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appointed Deborah Lehr as the lead staffer in charge of the new 'economic strategic dialogue' with China. … The White House announcement on her appointment described Miss Lehr as a well-known China specialist but failed to mention that she will be leaving the consulting firm of Clinton administration National Security Adviser Samuel R. 'Sandy' Berger to take the new Treasury post."

China Allows Currency To Appreciate Slightly. The New York Times (9/29, Bradsher, Weisman, 1.21M) reports that China "has sharply stepped up the appreciation of its currency, allowing it to push through an important level against the dollar on Thursday for the first time. The recent climb — less than a full percentage point since the beginning of September — is still modest and perhaps will not last. But it is producing cautious hope in the Bush administration that the Chinese government may be lifting its opposition to a revaluation that could ease China's huge trade surplus with the United States."

Senators Drop Plans For Vote To Impose Tariffs On China. The Wall Street Journal (9/29, Hitt, 2.03M) reports that Sens. Charles Schumer and Lindsey Graham have dropped their plans to vote on legislation to impose tariffs on Chinese-made goods because of China's currency policies. The Senators' decision "brings to a close a dispute in Congress about China's currency-management practices, and avoids action the Bush administration had worried might weaken Washington's standing as a free-trade leader."

The AP (9/29, Klug) reports, "Graham said the president urged more time for Treasury Secretary Henry Paulson to persuade China to allow the yuan to strengthen against the dollar. Critics say China's currency is undervalued by up to 40 percent, making Chinese goods cheaper for American consumers and U.S. products more expensive in China. 'The hope is to have a constructive dialogue with the Chinese where reform will move forward without legislation,' Graham said. But, he added, 'the jury is still out' about China's currency policies."

China's R&D Spending Catching Up With US, Japan. The Wall Street Journal (9/29, Naik, 2.03M) reports, "An unprecedented surge in research and development spending is helping China catch up with the two longstanding leaders in the field, the US and Japan, a new study found. R&D spending in China has been growing at an annual rate of about 17%, and is far higher than the 4% to 5% annual growth rates reported for the US, Japan and the European Union over the past dozen years. China's massive investments in education are also bearing fruit. In 2002, its industrial-research work force was 42% the size of the equivalent US work force, up from 16% in 1991."

China Moves To Enforce Order To Cool Real Estate Prices. The Wall Street Journal (9/29, Areddy, 2.03M) reports, "China's central government said it has dispatched senior inspectors nationwide to check whether local authorities are following through on orders to cool real-estate prices, the latest development in Shanghai's widening pension and property scandal. On Thursday, the State Council, China's highest administrative body, sent 'high-level officials' from several ministries to 11 provinces to review adherence by local governments to various policies Beijing has set down since 2003, the official Xinhua News Agency said." The Journal adds, "Despite the central government's efforts to cool housing prices, values have continued to soar as much as 20% annually in some places, according to Xinhua."

Outside Investors Have Veto Power Over Chinese Company's Decision. A front page story in the Wall Street Journal (9/29, 2.03M) reports, "Zhang Chunjiang, the chairman of China Netcom Group Corp. (Hong Kong) Ltd., was moving quickly through a routine board meeting of the state-controlled phone giant last year when something extraordinary happened: a director disagreed with him. The conflict came over a plan for Netcom to buy some assets from its parent company. Netcom management had picked an investment bank to advise on the plan. That drew a dissent from director John Thornton, a former president of Goldman Sachs Group Inc., who said a board committee set up to oversee the deal should pick the banker." The Journal adds, "As boardroom dramas go, this one was modest. (The committee went on to choose the same investment bank.) But it helped trigger one of China's most ambitious corporate-governance overhauls. At Netcom, outside directors now have effective veto power over many key decisions, providing a counterbalance to the government's previously unchecked authority. That's a first in the government's empire of companies in banking, oil and many other industries."

New EU Memberships Met With Skepticism. The Christian Science Monitor (9/29, Rice-Oxley, 58K) reports, "This week, the EU gave the green light to Bulgaria and Romania to join in January 2007, expanding the union to 27 countries and nearly 500 million people. But it did so in almost grudging fashion, setting strict conditions for membership and allowing curbs on migrant workers from the two countries. So far, only Finland says it will welcome Bulgarian and Romanian migrant workers. At the same time, the EU's top Eurocrat, Jose Manuel Barroso, signaled that it may be time to draw breath before bringing any more countries into the EU." The new wave of EU memberships "has met with skepticism, an 'enlargement fatigue' that is at its weariest in Central European countries like Germany and Austria that adjoin the new EU countries of the East and fear that issues like migration and poverty will upset their delicate social and economic balance."

Poland's Budget Highlights Tensions Among New EU Members. The Wall Street Journal (9/29, Perry, 2.03M)

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reports, "Poland's central-bank chief lambasted the government's draft 2007 budget — which projects a deficit -- as one of 'irresponsibility and populism.' The incident highlights mounting tensions among reform-minded central-bank chiefs and populist politicians across the eight Central and Eastern European countries that entered the European Union in 2004."

UN Peacekeepers In Darfur Seen As Unlikely. The AP (9/29, De Montesquiou) reports, "The UN chief in Sudan said Thursday the government is unlikely to let UN peacekeepers in the country anytime soon, and the international community should instead push for the African Union force to remain in the war-torn region indefinitely. … A UN Security Council resolution calls for 20,000 peacekeepers to replace the ill-equipped and underfunded AU force that has done little to prevent escalating violence in Darfur. But Sudan's president fiercely rejects the UN mission, and it can't deploy without his consent."

Black Caucus Urges Administration On Sudan Peacekeepers. McClatchy Newspapers (9/29, Douglas) reports, "The Congressional Black Caucus urged the Bush administration Thursday to push China and moderate Arab nations to pressure Sudan into admitting a UN peacekeeping force to help end the violence and humanitarian crisis in its Darfur region. The caucus made the suggestion to Secretary of State Condoleezza Rice during a closed-door meeting on Capitol Hill. It came a day after Rice warned in a speech that Sudan faces 'a choice between cooperation and confrontation' if it doesn't allow UN forces in."

Somali Woman Charges Admission To View Nose Of Downed US Helicopter. The New York Times (9/28, Gettleman, 1.21M) reports on a woman in Mogadishu, Somalia who charges admission to see the battered nose of a Black Hawk helicopter that was shot down in October 1993. American military officials, "who were sent e-mail messages with pictures, said the nose piece did appear to be from one of the Black Hawks brought down that day. But they said they had no interest in retrieving it, for a memorial or any other purpose. So it remains a strange tourist attraction in a strange and war-weary place, where bazooka guns hang in the market next to slabs of fly-bitten goat meat, and children at school casually recite passages about massacres in English class. And just as the Black Hawk Down episode has special significance for Americans, it does, too, for many Somalis, who take enormous pride in having humiliated a superpower that day."

Kenya Urged To Arrest Fugitive From Rwandan Genocide. McClatchy Newspapers (9/29, Kilongi) reports, "US and other international diplomats are stepping up pressure on Kenya to arrest the man who's accused of being the primary financier behind Rwanda's 1994 genocide. Investigators with the International Criminal Tribunal for Rwanda, which is trying war-crimes suspects, have seen Felicien Kabuga, a wealthy businessman who allegedly provided money and supplies to the extremist Hutu militias that massacred 800,000 rival Tutsis over three months, several times this year in Kenya." Kenyan officials "denied knowledge of Kabuga's whereabouts and rejected claims of complicity, saying they'd helped capture several other Rwandan fugitives whom the tribunal wanted."

China Backs Venezuela's Bid For Security Council Membership. The Christian Science Monitor (9/29, Lafranchi, 58K) reports that throughout Venezuelan President Hugo Chavez's consolidation of power at home, he "has been driven by a quest to build a bloc of like-minded countries united in opposition to the American superpower. At first focused on South America, his vision has grown to embrace the world - in particular other energy-rich countries such as Iran and Sudan. … The next test of his ambition will come next month, when the General Assembly is to decide if Venezuela will be among the next five countries to hold two-year seats on the United Nations Security Council." The Monitor adds, "One country that supports Venezuela's campaign is China, which is perhaps not enthralled with the Chávez rhetoric but is lured by the idea of more countries holding its worldview on the Council. … China also wouldn't mind beefing up the bloc of Security Council countries willing to stand up to the United States, analysts say."

Ecuadorian Presidential Frontrunner Touts Message Similar To Chavez's. The AP (9/29, Solano, Valdivieso) reports that Rafael Correa, a US-trained economist, has become the frontrunner ion Ecuador's October 15 presidential election "by pledging to 'give the lash' to his nation's corrupt political class and delivering an anti-US message similar to that of Venezuelan President Hugo Chavez." Correa "pledges to cut foreign debt payments and re-negotiate contracts with foreign oil firms to benefit Ecuador's poor majority. A relative political newcomer, he has risen suddenly in the polls in the last two weeks, alarming Washington and Wall Street — not to mention Ecuador's political establishment." The AP adds, "Correa's rhetoric echoes that of other Chavez allies, including President Evo Morales of Bolivia and Ollanta Humala, the nationalist who came close to winning Peru's presidency this year."

Bush Administration Blocks Assets Of Suspects Linked To Drug Trafficking, Terrorism. The AP (9/28) reports the Bush administration "moved Thursday to paralyze financially nine people suspected of having links to a Colombian group that the

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United States says traffics in drugs and terror. The action by the Treasury Department means that any assets belonging to those people found in the United States must be blocked and that Americans are forbidden to do business with them." The AP reports the department said six of the nine people suspected of links to FARC "were indicted by a federal court in Washington as part of a narcotics conspiracy." The department also "acted to block the financial assets of five Mexican companies and six people who have acted on behalf of fugitive Manuel Aguirre Galindo, a key leader of the Arellano Felix Organization, a major drug-trafficking outlet."

US Expected To Increase Aid To Colombia. The Los Angeles Times (9/29, 918K) reports that despite concerns regarding alleged corruption of the Colombian army, staffers and analysts in Washington "say Colombia will receive more than $750 million, exceeding the $728 million for the current fiscal year." However, the Times notes that a final vote on Plan Colombia funding "probably won't take place until after the November congressional elections." The Times adds that Adam Isaacson of the Center for International Policy said it appears Plan Colombia aid will not be suspended or cut. "'It shows the Colombian government has managed to do an excellent job of lobbying,' Isaacson said. 'Uribe knows he is one of the only friends the U.S. has in Latin America, and he is taking advantage of it.'"

Critics Push For Overhaul Of Plan Colombia Following Killing Of Police Unit. For a third consecutive day, the Christian Science Monitor (9/29, 58K) focuses on the May 22 killings of members of an elite police unit in Jamundí, Colombia, and how that "massacre" continues to resonate in Washington, "giving ammunition to those who say that Plan Colombia…needs a serious overhaul." According to the Monitor, one group of critics "wants to take the drug-war debate off Colombian soil. These critics say the solutions lie on the side of drug consumption, not production." The Monitor adds, "Assertions by the White House drug czar's office that the vast majority of the drug-control funding already goes toward battling domestic demand are dismissed by WOLA [The Washington Office on Latin America], which does not consider spending in the U.S. on law enforcement as part of the demand-side solution."

Russia Recalls Ambassador To Georgia. The Washington Post (9/29, A14, Finn, 748K) reports, "Russia recalled its ambassador to Georgia on Thursday and warned that it would use 'all means available to us' to secure the release of Russian military intelligence officers arrested here Wednesday on charges of espionage. In New York, the Russian government called an emergency meeting of the UN Security Council in an attempt to step up international pressure on Georgia to exercise restraint. But the council decided to defer consideration of a Russian statement on the crisis in Georgia until Friday, following a request by the United States and others." On Wednesday, Georgian officials "announced that they had arrested four Russian officers -- three lieutenant colonels and a major -- accusing them of attempting to gather classified information on Georgia's cooperation with NATO and on some of its military deployments. The Interior Ministry here said Thursday that it had detained two more Russian servicemen on suspicion of espionage." The Los Angeles Times (9/29, Rodriguez, 918K) reports similar details.

Russia To Grant Cuba $350 Million Line Of Credit. The AP (9/29, Rodriguez) reports, "Russia agreed on Thursday to grant Cuba credit worth $350 million and restructure some of its recent debt during a visit by Russia's prime minister, officials said. The two countries also signed a military cooperation agreement. … The $350 million line of credit will be used to buy Russian goods and services. It is a 10-year loan with annual 4-percent interest, according to Russia's RIA Novosti news agency, which reported that Fradkov said the credit would be used to help modernize Cuba's energy sector and transportation system, reconstruct water conservation facilities and railroads, and design and deliver air navigation systems."

Japanese PM's Hawkish, Nationalistic Push Worries Some. The Los Angeles Times (9/29, Wallace, 918K) reports, "For those who view Japan's swelling nationalism through suspicious eyes, there is plenty of evidence that the World War II loser is straining at its pacifist shackles. New Prime Minister Shinzo Abe has vowed to rewrite Japan's war-renouncing constitution. He yearns for a robust role in world affairs, and has even mused about the possibility of a pre-emptive military strike against North Korean missile sites." He has "a plan to inculcate patriotism in schools and put an end to teaching what he calls a 'masochistic' version of Japanese history." Abe and his supporters "accuse" the American-imposed constitution and an accompanying education system "of weakening traditional Japanese values and leading to a morally flabby nation." However, Abe's critics "note the newfound willingness to question postwar shibboleths such as pacifism and war guilt. And they fear a mass mood could be manipulated into something more sinister, pointing to recent cases of government critics intimidated by threats of violence from right-wing extremists."

Author Says Security Council Should Keep Burma's History In Mind. Author Thant Myint-U writes in the New York Times (9/29, 1.21M), "This afternoon, the United Nations Security Council will hold its first-ever meeting on Myanmar, also known as Burma. The American ambassador to the United Nations, John Bolton, has pushed

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hard for this meeting, arguing over Chinese and Russian objections that the situation in Myanmar constitutes a threat to international peace and security and warrants urgent attention. … But will any of this work? What outside pressure can bring about democratic change? And why, after nearly two decades of boycotts, aid cutoffs, trade bans and diplomatic condemnation, are Myanmar's generals apparently more in charge than ever before? Are we really looking at Myanmar — a country of some 55 million people — in the right way? … As the Security Council takes up Myanmar for the very first time, it would be good to be mindful of Burmese history."

Stephens Says Blair, Clinton Describe Realities Of The Modern World. Philip Stephens writes in the Financial Times (9/29) that Tony Blair's "final speech as leader to the annual gathering of the Labour faithful left many in the hall wondering why they were letting him go. … The only person who can upstage Mr Blair these days is [former President Bill] Clinton. … There is something wistful about Mr Clinton these days. It is as if the energy he now invests in efforts to combat disease in Africa and to promote international action on climate change is in part a penance for opportunities missed. For his part, Mr Blair is in no mood for apologies – for Iraq or anything else. That may change when he joins his friend on the international lecture and, I suspect, public service circuit. Either way, I can think of no other two politicians who better describe the realities of the modern world.

Friedman Decries "Kid Gloves" Treatment of Muslims By The West. Thomas Friedman writes in the New York Times (9/29, 1.21M), "We need to stop insulting Islam. It's enough already. … What is insulting is the politically correct, kid-gloves view of how to deal with Muslims that is taking root in the West today. It goes like this: 'Hushhh! Don't say anything about Islam! Don't you understand? If you say anything critical or questioning about Muslims, they'll burn down your house. Hushhh! Just let them be. Don't rile them. They are not capable of a civil, rational dialogue about problems in their faith community.' Now that is insulting. It's an attitude full of contempt and self-censorship, but that is the attitude of Western elites today, and it's helping to foster the slow-motion clash of civilizations that Sam Huntington predicted." Friedman adds that "I fear we are drifting at best toward a wall between civilizations and at worst toward a real clash."

WSJournal Says Competitiveness Ranking Feeds Fantasy Of Europe's Economic Superiority. The Wall Street Journal (9/29, 2.03M) editorializes, "America's fall from the top of the World Economic Forum's latest competitiveness rankings, released this week, drew the usual reactions from the usual suspects. … As compilers with the Heritage Foundation of the annual Index of Economic Freedom, we think an index can usefully highlight policy successes and shortcomings. But the conclusions depend on the assumptions. In WEF's 'Global Competitiveness Report,' a key assumption is that balancing the national budget is itself a great good, no matter how it's done." The WEF's "headline findings give new life to the old wish-fantasy about Europe's economic superiority. If one ignores economic growth, unemployment and per-capita income, as this index does, it almost seems true."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Legal Battle Over Detainee Bill Is Likely."
"Reviving A Faded Movie Star And Her Pool."
"House Panelists Rail At HP."
"Wary Eye Cast On Abe's 'New Japan'."
"More Home Buyers Stretch Truth, Budgets To Get Loans."
"Border Bill Takes A Detour."
"Corporate Gifts Help Governor Fund Bill-Signing Ceremonies."

USA Today:
"Some Restrictions."
"Sources Of Coverage."
"Nations Limit Use Of NATO Forces."
"Medicare Drug Premiums Steady."
"Teammates Jeter, Rodriguez Are Alike, But Not In Fans' Hearts."

New York Times:
"Senate Approves Broad New Rules To Try Detainees."
"Hewlett's Hunt For Leak Became A Game Of Clue."
"Pirro & Pirro, a Partnership Of Love, Power And Distrust."
"Book Says Bush Ignored Urgent Warning On Iraq."
"In Teeming India, Water Crisis Means Dry Pipes And Foul Sludge."
"Democrat Ahead In New York G.O.P. Areas, Poll Finds."
"Iraqi Journalists Add Laws To List Of Dangers."

Washington Post:
"Senate Approves Detainee Bill Backed By Bush."
"Developers Selected To Transform Southwest Waterfront."
"Va. Transportation Funding Talks Die."
"In Close Races, Local Issues Still Dominate."
"Wildlife Waste Is Major Water Polluter, Studies Say."
"At Checkpoints In Baghdad, Disguise Is A Lifesaving Ritual."

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Washington Times:
"Senate Oks Detainees Tribunal Bill."
"Bush Scolds 'Party Of Cut And run.'"
"Forest Heights Suspends Mayor."
"Chess Champ Plays 'Head' Games."
"No Blackouts In Space."

Detroit Free Press:
"Kerkorian cranks Up Pressure On GM."
"On The Rise."
"One Stop: Drop Off Laundry, Fly To Paris."

Atlanta Journal-Constitution:
"Pollution Watchdog's Dual Roles Stir Doubts."
"Senate Gives Bush Victory On Detainees."
""When Does A Murderer earn Parole? Victim's Kin Says Never."
"Crop Disaster With A Silver Lining."

Houston Chronicle:
"Baylor To Build Hospital Without Partner."
"Astros On Verge Of Making History."
"Declaring A Family Bond."
"Congress Clamps Tight New Rules On Detainees."

Story Lineup From Last Night's Network News:
ABC: Abramoff & White House; Gunman-Colorado High School; Iraq-Audits; Campaign 2006; School Security-Safety; Rose Kennedy's Papers; 60's Song Controversy; NASCA Romance Novels.
CBS: Gunman-Colorado; Two Deputy Sheriffs Shoot-Florida; Iraq-Sectarian Violence; Iraq Audit; Detainee Bill; Computer Ballots; HP Controversy; Stock Market; Owens Hospitalized; Bush's Harsh Words; Lee Hamilton-Opinion; Panda Cubs; Mars Rovers.
NBC: Woodward's New Book-Iraq War; Woodward's Book Analysis; Detainee Interrogation Bill; Bush's Harsh Words; Gunman-Colorado; Stock Market; Oil Royalties; Elizabeth Edward's Book; Babies Learning Speech.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: White House-Abramoff Contacts; Senate-Detainee Bill; FL-Deputies Shot; MD-Tornado.
CBS: Senate-Detainee Bill; Woodward Book-Iraq Insurgency; White House-Abramoff Links; CO-School Shooting; FL-Deputies Shot.
NPR: House-Wiretapping Bill; Senate-Terror Detainee Bill; House–H-P Hearing; Wall Street; Iraq-Zarqawi tape; CA-Wildfire.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Marriott Wardman Park Hotel; meets with the President of Kazakhstan, Oval Office; attends 2006 National Book Festival gala, Library of Congress; attends National Book Festival gala dinner, Library of Congress.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in ribbon cutting ceremony for the National Garden, US Botanic Garden Conservatory; attends the 2006 National Book Festival Gala performance, Library of Congress; attends the 2006 National Book Festival gala dinner, Library of Congress.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.R. 4772 - Private Property Rights Implementation Act of 2006.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on ``Internet Data Brokers and Pretexting: Who Has Access to Your Private Records." Doug Atkin, owner, Anglo-American Investigations Inc.; Thomas Meiss, associate general counsel, Cingular Wireless; Michael Holden, litigation counsel, Verizon Wireless; Charles Wunsch, vice president for corporate transactions and business law, Sprint Nextel; Lauren Venezia, deputy general counsel, T-Mobile USA; Greg Schaeffer, chief security officer, Alltel Wireless; Rochelle Boersma, vice president for customer service, U.S. Cellular; Joel Winston, associate director, Division of Privacy and Identity Protection, Bureau of Consumer Protection, Federal Trade Commission; Kris Anne Monteith, chief, Enforcement Bureau, Federal Communications Commission; others. Location: Room 2123, Rayburn.

10 a.m. SCIENCE _ Full Committee. Hearing on the GAO report on NOAA's weather satellite program. David Powner, GAO; NOAA Administrator Conrad Lautenbacher. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Subcommittee. Hearing on Falun Gong, organ harvesting and human rights in China. David Kilgour, former member of the Canadian House of Commons; David Matas, B'nai Brith Canada; Erping Zhang, Association for Asian Research. Location: Room 2172, Rayburn.

Other: PRESIDENT NURSULTAN NAZARBAYEV OF KAZAKHSTAN _ Highlights: 11 a.m. Meets with President Bush. Oval Office.

US-AFRICA INFRASTRUCTURE _ Financiers, project developers, and African government officials participate in the Corporate Council on Africa (CCA)s first annual U.S.-Africa Infrastructure Conference. Highlights: 7:30 a.m. - 2:15 p.m. Breakfast session, workshops and closing luncheon. 9 a.m. Session on financing of projects in Africa with Robert Mosbacher Jr., President and Chief Executive Officer, U.S. Overseas Private Investment Corporation; J. Joseph

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Grandmaison, Member Board of Directors, Export-Import Bank of the U.S.; and Tony Elumelu, Group Managing Director and Chief Executive Officer, United Bank for Africa. 1 p.m. Deputy USTR Karan Bhatia. Location: Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Md.

COUNTERFEITING _ The US Chamber of Commerce, others hold the Third Annual Anti-counterfeiting and Piracy Summit. Highlights: 9:45 a.m. Attorney General Gonzales. 10:30 a.m. Session with Robert Wright, CEO, General Electric and NBC Universal, on motion picture piracy and the U.S. economy. 11 a.m. Roundtable session with MPAA CEO Dan Glickman, John Gray of the Healthcare Distribution Management Association, Robert Holleyman of the Business Software Alliance, and Chris Singer of the Pharmaceutical Research and Manufacturers Association. Location: 1615 H St. NW.

JUDICIARY _ Georgetown University Law Center holds a conference on the state of the judiciary. Highlights: 9 a.m. Attorney General Gonzales. 12 p.m. Concluding remarks with Supreme Court Justice Stephen Breyer and retired Justice Sandra Day O'Connor. Location: Georgetown University Law wCenter, 600 New Jersey Ave. NW., unless otherwise noted.

RELIGION _ The Catholic University Columbus School of Law holds a symposium on religion in the public square. Location: 2nd floor Slowinski Courtroom, 3600 John McCormack Rd. NE.

WOMEN-DEMOCRATS _ The women's Leadership Forum of the Democratic National Committee holds its 13th Annual National Issues Conference. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

NURSING HOMES _ 9 a.m. - 3:30 p.m. National Summit on Nursing Home Quality. Highlights: 9:15 a.m. Keynote remarks by CMMS Administrator Mark McClellan, Mississippi Gov. Haley Barbour, others. 2:45 p.m. AARP President-elect Jennie Chin Hansen discusses expectations for quality improvements. Location: National Academy of Sciences Auditorium, 2101 Constitution Ave. NW.

BOOK FESTIVAL _ 10 a.m. - 5 p.m. The Library of Congress 2006 National Book Festival hosted by First Lady Laura Bush, will be held on the National Mall. Location: National Mall between 7th and 14th Streets NW.

FOREIGN POLICY _ 8:30 a.m. George Mason University holds a panel discussion on foreign policy priorities, with various professors from the university. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Sean B. MacFarland, commander of 1st Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HAITI _ 9:30 a.m. The US Institute of Peace holds a program on Haiti, with Larry Rossin, formerly of the UN Stabilization Mission in Haiti; Marlye Gelin-Adams of CARE International; Brian Nichols of the State Department, others. Location: 2nd floor conference room, 1200 17th St. NW.

JAPANESE CABINET _ 10 a.m. The Center for Strategic and International Studies holds a discussion on the new Japanese Cabinet, with Michael Green of CSIS and Gerald Curtis of Columbia University. Location: B-1 conference level, 1800 K St. NW.

HURRICANES _ 10:30 a.m. The National Science Board holds a briefing to release a report proposing a major national hurricane research initiative. Location: Room SC-6, Capitol.

MEXICAN IMMIGRATION _ 10:30 a.m. Screening of a documentary by Notre Dame University theologian Father Daniel Groddy about Mexican immigration, focusing on spirituality and the social, economic and political issues. Location: Room 1116, Longworth.

JAPAN _ 11 a.m. OECD releases its 2006 economic survey of Japan. Location: OECD, Suite 650, 2001 L St. NW.

VOTERS-CONGRESS _ 11 a.m. New York University holds a news conference to release a study that finds voters demanding action by Congress. Location: Wilson Center for Scholars, Reagan Trade Building.

IMMIGRATION _ 12 p.m. The National Immigration Forum holds a telphone news briefing, ``The Congressional Endgame on Immigration: What Happened, What Didn't, Why, and Whats Next?" Participants are: Kevin Appleby, Director of Migration and Refugee Policy, U.S. Conference of Catholic Bishops; Cecilia Muqoz, Vice President, National Council of La Raza; Frank Sharry, Executive Director, National Immigration Forum; Angela M. Kelley, Deputy Director, National Immigration Forum, Moderator. Notes: Dial: 800-817-4887; Confirmation Code: 7604916 or 913-981-4913 for international callers.

ISLAM _ 12:30 p.m. The New America Foundation holds a presentation with Alastair Crooke, former EU Middle East security envoy and co-director of Conflicts Forum discussing Islam, Hamas, Hezbollah, Jamaat e-Islami and the Muslim Brotherhood. Location: 7th floor, 1630 Connecticut Ave. NW.

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, September 29, 2006 11:01 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 9/29/06 Civil Division News

Bush's wiretap program gets 7-day reprieve; Judge allows time for federal appeal

Canada police sorry for Syria torture, says US shares blame

Federal judge: Indian farmers entitled to fair trial restructuring of Indian farmers' claims

Oil-spill decision brings frustration

Ashcroft Is Denied Immunity in Case

Tenet signs corporate integrity agreement

Entrepreneur feels victimized by federal agency, big competitors; PR firm folds after contract is pulled; 9-year court battle lost on jurisdictional issue

Detroit Free Press

September 29, 2006

Bush's wiretap program gets 7-day reprieve; Judge allows time for federal appeal

BY DAVID ASHENFELTER
FREE PRESS STAFF WRITER

The Bush administration's domestic spying program that monitors, without court approval, international phone calls and e-mails of people suspected of terrorism connections can continue for seven more days, a federal judge in Detroit ruled Thursday.

U.S. District Judge Anna Diggs Taylor declared the National Security Agency's program unconstitutional Aug. 17, saying it violates Americans' free speech and privacy rights.

She agreed Thursday to delay enforcement of her injunction for seven days to give government lawyers time to ask the U.S. 6th Circuit Court of Appeals for a longer stay.

The Justice Department filed the request after Thursday's hearing.

The department wanted Taylor to delay enforcement of the injunction until the appeals court decides in the coming months whether to uphold or overturn her ruling.

The American Civil Liberties Union asked Taylor to reject the government's request.

"Your injunction, as far as we can see, was the first time in history that foreign intelligence has been enjoined at a time of war," Assistant U.S. Attorney Anthony Coppolino told Taylor during the 30-minute court hearing.

He suggested that shutting down the program before the appeals court reviews her decision could expose the nation to another terrorist attack. He urged her to defer to the Bush administration's intelligence specialists.

In rejecting his request for a stay pending the outcome of the appeal, Taylor noted that the government had failed to cite any steps it had taken to comply with her order.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted their ability to confer with clients, conduct research and engage in advocacy.

Taylor agreed, ruling in August that the administration had usurped the power of Congress by eavesdropping without first obtaining warrants from the secret Foreign Intelligence Surveillance Court in Washington, D.C.

The 1978 law that created the court gives the administration the authority to perform electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. The law also lowered the amount of evidence required to get a warrant.

END

AGENCE FRANCE PRESSE ENGLISH WIRE

September 29, 2006

Canada police sorry for Syria torture, says US shares blame

by Michel Comte

OTTAWA, Sept 28, 2006 (AFP) - Canada's police commissioner apologized Thursday to a Canadian man deported by US authorities to Syria and tortured based on bad Canadian intelligence, but said the United States shared blame.

Giuliano Zaccardelli, commissioner of the Royal Canadian Mounted Police, said he was "truly sorry" for "the nightmare" Maher Arar experienced and for "whatever part" the federal police actions "may have

contributed to the terrible injustices" his family endured.

"It is true that the early days after 9/11 were confusing and challenging. Of course this doesn't excuse or allow us to avoid facing head-on the ramifications of that time," he told a parliamentary standing committee on public safety and national security.

Arar was stopped in September 2002 while he was travelling through New York, on his way to Canada from a trip to Tunisia, and was deported to Syria where he was jailed and tortured for more than a year, said a Canadian report released mid-September.

Syria denies the torture claims and Washington has refused to accept blame for any wrongdoing in the case.

The 822-page report, which cleared Arar of terrorism ties, stated that US authorities had likely relied on faulty intelligence provided by Canadian police to hold and deport the 36-year-old software engineer to Syria.

The Mounties had provided "inaccurate" information to US authorities saying Arar was an "Islamic extremist" linked to Osama bin Laden's Al-Qaeda terrorist group.

However, Zaccardelli said Thursday, US authorities were advised of the mistake while Arar was still in US custody in New York.

"When Mr Arar was in New York City, we clearly communicated with the Americans that there was false information there and we tried to correct that false information," he testified.

"I have no information, no indication as to why the Americans took the decision ... to detain him and send him to Syria," he said.

"We have attempted to get that information. We have not gotten that," despite closer US-Canada security ties since 2002, he later told reporters.

US Attorney General Alberto Gonzales said last week: "We were not responsible for his removal to Syria," and added it was not a rendition, the transfer of alleged terrorists to CIA custody, as some alleged.

"It was a deportation," he explained. Arar is a Canadian citizen born in Syria.

Canadian police first identified Arar as a "person of interest" after spotting him talking to another alleged terror suspect outside an Ottawa restaurant, Justice Dennis O'Connor said in his report.

Zaccardelli testified on Thursday that he did not know definitively during Arar's detention whether he was involved or not in terrorist activities, when asked why he did not publicly defend Arar.

But, the Mounties are no longer investigating Arar or his family, he added.

Last week, Canadian Public Safety Minister Stockwell Day said Arar had been removed from Canada's security watch list and US Homeland Security Secretary Michael Chertoff was asked to do the same in the United States.

Day testified Thursday that three similar cases involving Canadians Abdullah Almalki, Ahmad El Maati and Muayyed Nureddin would be reviewed.

Each claimed to have been detained, interrogated and tortured by Syrian Military Intelligence based on information that originated in Canada.

"The government is now pursuing the most efficient and most capable way of doing (an independent

review)," Day said. "It will be done."

He also said the Canadian government had "expressed its concerns to the government of Syria" about Arar's detention, but sidestepped queries about whether similar protests were made to Washington.

Arar, who sued the Canadian government for 400 million Canadian dollars (360 million US) after his return in 2003, said O'Connor's report restored his reputation. No settlement has yet been reached.

He also lamented on US television that US authorities had still not acknowledged their role in his ordeal.

In Canada, the case sparked a public outcry.

"Many thoughtful people have been struggling with the question of what is the appropriate role of a modern day police force," noted Zaccardelli.

"It is a terrible truth that we have had to acknowledge, that in the pursuit of justice against those who would destroy our way of life, innocent people can be swept up in our search to find those who might harm us. It happened in this instance," he said.

END

AP

September 29, 2006

Federal judge: Indian farmers entitled to fair trial restructuring of Indian farmers' claims

MARY CLARE JALONICK

Associated Press Writer

A federal judge says he believes American Indian farmers and ranchers are entitled to a fair trial against the federal Agriculture Department over a long-standing discrimination claim, but he is urging the Indians' lawyers to restructure their case.

U.S. District Judge Emmet Sullivan said at a hearing Thursday that it would be a "travesty" if some aging Indians do not live to see the trial. The lawsuit, which accuses the USDA of discrimination in the granting of loans since 1981, was filed in 1999.

Sullivan said his "heart goes out" to those who have been waiting for their day in court, but he urged lawyers to try to simplify their case.

Joe Sellers, the lead Washington attorney for the Indian farmers and ranchers, asked the judge for a trial on one part of the case next year and proposed handling the other later. He and other lawyers for the Indians have accused the USDA of stalling on the matter.

Sullivan said the court does not have the resources to deal with several trials, and he proposed the Indians drop some of their claims.

Government lawyers attending the hearing declined to comment on the case.

Sellers said after the hearing that he is pleased the judge appears receptive to an eventual trial and said

he would talk to his clients about how to proceed. Sellers and the lawyers representing USDA agreed to talk to a magistrate to resolve some of their differences, and Sullivan scheduled another status hearing for November.

Indian farmers and ranchers say USDA has denied and delayed loans in an attempt to squeeze them out of business. The lawsuit was granted class-action status in 2001, but the case has floundered in federal court since.

George Keepseagle, a Fort Yates, N.D., rancher, is the lead plaintiff in the lawsuit. Attorneys estimate the number of Indian farmer and rancher plaintiffs could be in the tens of thousands.

A settlement figure has not been calculated.

END

Tacoma News Tribune

Sept. 29, 2006

Oil-spill decision brings frustration

SUSAN GORDON; The News Tribune

A federal government veto of possible criminal action against the oil company whose tanker was blamed for the Dalco Passage spill nearly two years ago was poorly timed, a state official said Thursday.

Jay Manning, director of the state Department of Ecology, said federal lawyers waited too long to decide not to charge ConocoPhillips for the illegal spill that sullied 21 miles of Puget Sound beaches in October 2004.

“I understand the frustration. I am frustrated myself with how long this has taken,” he said. The federal delay undermines oil-spill law enforcement, Manning said.

Representatives of the U.S. Attorney’s Office in Seattle on Thursday confirmed news reports that no criminal action would be taken.

ConocoPhillips representatives, who have denied responsibility for the spill, did not return calls Thursday. An Associated Press story quoted company spokesman Rich Johnson as saying the company was cooperating with authorities.

Manning, a lawyer, said he is “not second-guessing” the federal decision. “You have to have evidence of intent. Usually in a criminal case that’s the hardest to come up with,” he said. But he also said it was a cooperative investigation in which the state deferred action to give federal officials the first opportunity.

The Ecology director promised his agency would announce a spill-related penalty and damage assessment in October, before a deadline expires.

“Now we’re not holding off,” he said.

The Dalco Passage spill was first reported by a tugboat operator about 1 a.m. on Oct. 14, 2004.

What was initially described as a mystery spill especially angered Vashon and Maury island residents because the islands were hit hard by the oily residue.

The Coast Guard response cost $2.23 million. Officials tapped a federal oil spill fund to compensate the Department of Ecology for its $482,000 share of the cleanup.

In December 2004, then-Gov. Gary Locke and Coast Guard Rear Adm. Jeffrey Garrett jointly announced the results of laboratory tests that linked the spill to the Polar Texas, a ConocoPhillips tanker that had delivered a load of Alaskan crude oil to the U.S. Oil and Refining Co.

Jim Oesterle, assistant U.S. attorney, confirmed no federal criminal charges will be filed against the oil company or any individuals who might have been involved in the Dalco Passage spill.

“There was nothing to be gained by criminal prosecution that could not otherwise be obtained in a civil process,” he said. For example, government officials still could order the company to pay fines, make restitution, take corrective action or submit to probationary status, he said.

Otherwise, Oesterle was reluctant to elaborate, saying he does not want to impede ongoing negotiations between the company, state officials and the federal Department of Justice.

Charles Miller, a Justice Department spokesman, refused to comment, citing an ongoing investigation.

“I’m disappointed,” said Stan Cummings, executive director of Citizens for a Healthy Bay, a Tacoma environmental advocacy group. “If they know who did it, why aren’t they going to pursue it?”

Kathy Fletcher, executive director of the nonprofit advocacy group People for Puget Sound, said she was not surprised by the lack of federal action because she said it mirrored the sluggish government response to the spill.

“The trail was somewhat cold by the time they got on it,” she said.

Two months after the spill, a task force appointed by Locke and Garrett determined that state and emergency response teams made mistakes in responding to the spill. Among them: waiting to long to call in crews to begin cleaning up the oil.

Also upsetting to Fletcher is the fact that government officials are negotiating with the oil company before a penalty has been issued, she said.

“Clearly, a substantial civil penalty is in order even if a criminal case isn’t going to be made,” she said. “I don’t understand why that is a matter of negotiation.”

END

Washington Post

Sept, 29, 2006

Ashcroft Is Denied Immunity in Case

By Dan Eggen
Washington Post Staff Writer

A federal judge in Idaho has ruled that former attorney general John D. Ashcroft can be held personally responsible for the wrongful detention of a U.S. citizen arrested as a "material witness" in a terrorism case.

U.S. District Judge Edward J. Lodge, in a ruling issued late Wednesday, dismissed claims by the Justice

Department that Ashcroft and other officials should be granted immunity from claims by a former star college football player arrested at Dulles International Airport in 2003.

Attorneys for the plaintiff in the civil suit, Abdullah al-Kidd, said the decision raises the possibility that Ashcroft could be forced to testify or turn over records about the government's use of the material witness law, a cornerstone of its controversial legal strategy after the Sept. 11, 2001, terrorist attacks.

Justice Department officials did not respond to telephone messages yesterday seeking comment. A spokeswoman for Ashcroft also did not respond to requests for comment.

Robin Goldfaden, one of Kidd's attorneys at the American Civil Liberties Union, said the case "could be the launching point for more fully documenting how the government is misusing the material witness statute."

The law was intended to give authorities the power to detain witnesses they feared might flee before testifying. But after the Sept. 11 attacks, the government used it to hold 70 men, nearly half of whom were never called to testify in court, according to a study by the ACLU and Human Rights Watch.

Kidd -- a Kansas native who was known as Lavoni T. Kidd before converting to Islam -- was arrested in March 2003 as he prepared to board a flight to Saudi Arabia, where he was planning to pursue a doctorate in Islamic studies. Federal prosecutors claimed he was a flight risk crucial to the prosecution of a fellow University of Idaho student, Sami Omar al-Hussayen.

Kidd was imprisoned for 16 days in three states and then placed under restrictive court supervision for more than a year. But Kidd was never called to testify against Hussayen, who was eventually acquitted of computer-related terrorism charges.

While not deciding on the veracity of Kidd's claims, Lodge, who was appointed to the federal bench in 1989 by President George H.W. Bush, ruled that Ashcroft could be found personally liable in the case because of his role in establishing and enforcing the government's material-witness policies.

END

Modern Healthcare

September 28, 2006 04:00 PM EDT

Tenet signs corporate integrity agreement

Tenet Healthcare Corp., Dallas, and the U.S. Justice Department signed a corporate integrity agreement governing Tenet's compliance program for five years through Sept. 26, 2011. Tenet said it has implemented most of the measures detailed in the 64-page agreement, which was anticipated when Tenet and the Justice Department reached a $900 million global settlement in June.

Tenet agreed to maintain an ethics and compliance department led by its chief compliance officer and distinct from its legal department. Regional and hospital-level compliance officers will report to the compliance department. Tenet agreed to implement policies and procedures based on its code of conduct and train all employees and many physicians on the procedures within 120 days.

The company also agreed to hire independent review organizations to monitor its compliance in five clinical and financial areas. Tenet must report to HHS' inspector general's office on its efforts to comply with the agreement in 150 days and once annually thereafter. Senior-level executives, from Tenet's chief executive officer to its regional compliance officers, will sign certifications of the company's reports to the inspector general's office. -- *by Vince Galloro*

END

Gazette

Sept. 29, 2006

Entrepreneur feels victimized by federal agency, big competitors; PR firm folds after contract is pulled; 9-year court battle lost on jurisdictional issue

by Kevin J. Shay

Staff Writer

At one time, Joseph Cooper's advertising and public relations company pulled down $3 million in annual sales and had 22 employees.

Then, things went south for the Rockville resident. The U.S. Immigration and Naturalization Service — which in 2003 split up into the Immigration and Customs Enforcement, and Citizenship and Immigration Services — pulled a substantial contract and gave the work to larger businesses, according to federal court documents.

That was fraudulent, Cooper said, because the contract was under a U.S. Small Business Administration program reserved for small companies. The new awardees were not small, he said, although they claimed to be, according to court documents.

After losing an almost decade-long legal battle this year, Cooper said he is in dire straits. He hasn't found regular employment, with his age — 59 — being a major hurdle. He lost his home and is living in a Rockville apartment through the generosity of friends and relatives.

He's left wondering what went wrong.

''This isn't the way it's supposed to be," Cooper said. ''My parents taught me to work hard and you will gain what you need in life … I worked hard, and to see it come to this — it's rough. It's really rough."

Cooper's plight highlights what some small-business advocates say is a pervasive problem: Large companies using loopholes to win billions of dollars in contracts that should go to small companies such as Cooper's.

SBA officials say they are making changes to fix the situation, and Congress is also trying to address it.

Cooper gets no satisfaction

Cooper had a strong case, said Anthony W. Robinson, president of the Minority Business Enterprise Legal Defense and Education Fund in Largo, who helped with the proceedings.

Many companies, especially minority-owned ones, have to deal with similar situations in which large businesses use smaller companies to get small-business contracts or misrepresent themselves to get the contracts, Robinson said. He was surprised that Cooper's lawsuit was dismissed on a ''technical issue."

In a Washington, D.C., federal court in March, District Judge Ricardo M. Urbina threw out the suit and awarded the defendants attorneys' fees due to a ''lack of subject-matter jurisdiction," because Cooper's claims were ''based on publicly disclosed information" of which he was not the original source.

Under a claim under the False Claims Act, Cooper would have had to show he was ‘‘the original source of either the information concerning the alleged misrepresentations or the information indicating that the defendants are all large businesses,” Urbina wrote.

The judge cited media reports that documented that the defendant companies were not small. But he wrote that the court did not have jurisdiction to hear the case because ‘‘information revealing the true state of facts already exists in the public domain in another form.”

Cooper and his attorney, Cyrus E. Phillips IV of Washington, are still scratching their heads over the ruling.

Phillips, who said he believed in the case’s merits so strongly that he took it on a contingency basis, has represented other small-business owners in similar instances who saw their cases settled in their favor.

‘‘It was an unexpected ruling,” he said.

Contract first won in 1995

Cooper, a Brooklyn, N.Y., native, said he started J. Cooper and Associates in 1987 in the District after holding advertising and other positions with the U.S. Postal Service, Commerce Department and Labor Department. He steadily built his business and joined the SBA’s 8(a) program that’s designed to help small minority-owned companies.

In 1995, Cooper won a contract from the immigration service that he said would have been worth $8 million over five years to conduct an advertising campaign to recruit Border Patrol agents and other employees. An immigration contracting employee said the contract allowed the agency to use multiple vendors, and officials did so because they ‘‘were not happy” with the performance of Cooper’s company, according to a 1997 U.S. Justice Department report.

However, Cooper said a senior contracting officer with the immigration agency later gave a sworn deposition in which he said Cooper’s company did nothing wrong.

‘‘They had to follow proper procedures to terminate the contract with us, and they didn’t do that,” Cooper said. ‘‘We had taken all the steps to qualify as an 8(a) firm and had signed government documents stating we were a small business ... The companies they gave the same contract to were not small businesses.”

The immigration employee told the Justice Department investigator that procedures allowed ‘‘verbal verification” over the phone of a company’s small-business status for certain contracts. At the time, the cap was $5 million in annual revenues. The new vendors, which included Bernard Hodes Group and J. Walter Thompson Co., verbally verified their status.

In 1985, Hodes agreed to merge with a business with ‘‘$20 million in billings,” while Thompson had ‘‘worldwide billings of nearly $1.5 billion in 1978,” according to media reports cited by the judge. Both companies are now part of multibillion-dollar global corporations, according to their Internet sites.

The immigration employee ‘‘believed each company was truthful in claiming their status as such and had no reason to doubt their certifications,” according to the Justice Department report.

In his ruling, Urbina wrote that ‘‘the evidence in this case shows that the [immigration service] was aware that the defendants were not small and/or disadvantaged businesses and offered them advertising and public relations contacts anyway.”

Immigration service purchase orders filed in the case showed that immigration officials classified the Thompson and Cass companies as ‘‘disadvantaged.” The businesses’ statements to the immigration employee that they were small or disadvantaged and the designation of the defendants as ‘‘disadvantaged” on the immigration agency’s orders were ‘‘admittedly curious,” Urbina wrote.

Kenneth Lee Blalack II, an attorney representing the defendant businesses, could not be reached for

comment. Officials with the companies also could not be reached for comment.

In 1997, Cooper filed a lawsuit in the U.S. Court of Federal Claims against the immigration service. The court dismissed the action ‘‘without prejudice to allow the plaintiff to exhaust administrative remedies,” Urbina wrote.

By 2000, Cooper’s business folded, as he said he was not able to recover from losing the big contract and spent much time waging what he called a ‘‘David vs. Goliath” battle. He filed another complaint that the court threw out, this time with prejudice.

Cooper appealed to a federal appeals court, which affirmed the lower court’s decision. In 2003, he filed the federal lawsuit against Hodes, Thompson and Cass Communications Inc. that was dismissed by Urbina.

Legal fees added up

Phillips said he lacked a basis to appeal. Costs were also a factor. Phillips and a law firm that formerly represented Cooper without being paid upfront spent more than $1 million on the case since 1997, Cooper said.

So Cooper wrote to people such as Rep. Christopher Van Hollen Jr. (D-Dist. 8) of Kensington. In a recent letter to Van Hollen, Luz A. Hopewell, associate administrator for business development for the SBA, wrote that the immigration service was only required to place orders of at least $250,000 with Cooper’s company under the 1995 contract and had paid the business more than $280,000.

A member of Van Hollen’s staff said she was looking into whether he can do anything more about Cooper’s situation.

According to testimony given in connection with Mr. Cooper’s lawsuit, [the immigration service] soon became dissatisfied with the quality of [Cooper’s company’s] work and began placing orders under the contract with other concerns,” Hopewell said.

The SBA tried to mediate the matter without success, Hopewell added.

A member of Van Hollen’s staff said his office was referring the case to the House Committee on Government Reform for further review.

Cooper said he should have received more help from the SBA, which he thought was trying to ‘‘pass the buck” to the immigration service, which was also pointing the finger elsewhere. His case was hamstrung because he ‘‘had to exhaust all administrative remedies” in the claims court, which did not have jurisdiction to hear the fraud allegation that he said was at the heart of his case.

Cooper noted that Urbina confirmed his allegations that the immigration service knew the other companies were not small, but that seemed little consolation with his options running out.

‘‘I don’t think I received a fair deal,” Cooper said. ‘‘I have been made to feel like I’m someone to avoid. I followed the laws, and I have worked within the system to try and resolve this matter.

‘‘But it didn’t work. And I’m stuck.”

END

Moschella, William

From: Moschella, William
Sent: Friday, September 29, 2006 7:43 PM
To: Gorsuch, Neil M
Subject: Not read: Draft Bradbury testimony re Hamdan

Moschella, William

From: Moschella, William
Sent: Friday, September 29, 2006 7:43 PM
To: Gorsuch, Neil M
Subject: Not read: Hamdan Guide revised

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, October 02, 2006 8:13 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, September 30, 2006
Attachments:	agnb060930.pdf; agnb060930.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 30, 2006 7:45 AM EDT

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DOJ_NMG_0071463

TERRORISM NEWS:

White House Dismisses Allegations In New Woodward Book. The White House was described as on the defensive and conducting damage control over the recent disclosure of details of Bob Woodward's new book describing the Administration as in "disarray" in response to terrorist threats and the Iraq war. The story was covered extensively in the media as the national network TV news programs devoted five stories to the subject totaling 14 minutes and it was covered in detail by the major US newspapers.

ABC World News (9/29, story 2, 3:00, Moran) reported, "Now, to an election season bombshell. A new book that describes vicious infighting in the Bush Administration over the Iraq war. And shows a pattern of outright deceit of the public." ABC (Karl) added, "Now Woodward says that the national security team is in disarray. They've failed to take steps to protect the public before September 11th. Misled the public about Iraq. And that they argued top officials organized over when it was time for Donald Rumsfeld to go." Woodward also "says that throughout the 2004 Presidential campaign, the White House tried to mislead the public about rising violence in Iraq. He says basic information about enemy attacks was kept classified." After detailing Woodward's claims ABC ends it story noting that in response, "White House Press Secretary Tony Snow said it's kind of like cotton candy. That it melts on contact. And the White House has not misled the public about Iraq. As for the issue of troop levels, the President has always given his military commanders whatever they have ask for."

CBS Evening News (9/29, lead story, 2:15, Couric, 7.66M) reported Woodward's book "is shaking up the White House. Woodward portrays the President in denial about the progress of the war and says he's misleading the public about it. Needless to say, it is topic 'A' at the White House tonight." CBS (Axelrod): "Make no mistake, Katie, this book is causing a tremendous amount of concern here at the White House." Woodward in "60 Minutes" interview: "The assessment by the intelligence experts is that by next year-- next year is 2007-- is going to get worse. And in public you have the President and you have the Pentagon saying 'No, no, things are going to get better.' Now, there's public and then there's private. But what did they do with the private? They stamp it secret." White House press secretary Tony Snow: "Nobody's tried to mislead anyone about it." Axelrod: "Today the Administration hit back." Snow: "In a lot of ways the book is like cotton candy, it melts on contact. We've read this book before." A

NBC Nightly News (9/29, story 2, 3:30, Williams, 9.87M) reported Woodward's "book paints a picture of dysfunction at the highest levels." NBC (Mitchell) added, "Bob Woodward's new book describes a feuding foreign policy team and a White House refusing to acknowledge the worsening situation in Iraq." Mitchell: "The White House tried to brush off the allegations." Tony Snow, White House Press Secretary: "In a lot of ways, the book's sort of like cotton candy it kind of Melts on contact." Mitchell: "The book describes a pattern of ignoring bad news on Iraq. Rice's closest advisor Phillip Zelicow told her in February 2005, Iraq was already a failed state. The book says Vice President Cheney was so determined to find weapons of mass destruction, his staff called David Kay, then leading the weapons hunt, at 3:00 in the morning with specific locations to check. And Woodward describes a classified report last May predicting an increase in the insurgency throughout next year while the Pentagon in this public report and the President, were far more optimistic." President Bush: "We have now reached a turning point in the struggle between freedom and terror."

The Washington Post (9/30, A1, Baker, 748K) in a front page story says, "New revelations that White House aides tried twice in the past two years to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld fueled a caustic election-season debate yesterday over the president's wartime leadership and underscored divisions within his administration." Woodward's book "paints a portrait of an administration riven by personal and policy disagreements exacerbated by a deteriorating situation in Iraq that has grown even worse than Bush admits to the public. In Woodward's account, Bush has become increasingly isolated as his team has rejected advice to shift gears in Iraq before it is too late."

The New York Times (9/30, Sanger, 1.21M) reports, "The White House on Friday dismissed a new book's portrayal of division and discord inside the Bush administration, suggesting that the account by Bob Woodward had been provided by former aides who believed that their advice on troop levels and other questions of strategy in Iraq had been ignored." Yet "other administration

DOJ_NMG_0071464

officials, speaking only if they were not identified, said the details in the book reflected a breakdown of discipline in an administration that once prized its ability to keep its disputes in-house."

The Los Angeles Times (9/30, Spiegel, 918K) notes, "The two books add to a growing chorus of former administration officials, retired generals and onetime war supporters who have broken ranks and spoken out against a White House once renowned for its tight lips and reverence for loyalty." The book "prompted backpedaling by the White House and was embraced by congressional Democrats, who cited it as further evidence of the administration's mismanagement of the war." The "account of the widening divisions within the administration over Iraq policy relies on at least four separate, privately written assessments that were submitted to senior administration officials detailing dire predictions for Iraq if the White House did not change course."

The Financial Times (9/30, Daniel) reports similar details about Rice and Rumsfeld and states, "Critics could use the account to question the White House's credibility on its handling of the Iraq war and the 'war on terror.' It comes at a time when Mr Bush has forcefully made the case that his actions since 9/11 have made the US safer."

Woodward Paints Scathing Indictment Of Bush Administration. In a review of Woodward's book titled "A Portrait Of The President As The Victim Of His Own Certitude" the New York Times (9/30, Kakutani, 1.21M) writes, "Bush emerges as a passive, impatient, sophomoric and intellectually incurious leader, presiding over a grossly dysfunctional war cabinet and given to an almost religious certainty that makes him disinclined to rethink or re-evaluate decisions he has made about the war. It's a portrait that stands in stark contrast to the laudatory one Mr. Woodward drew in 'Bush at War.'" Woodward depicts it as "an administration in which virtually no one will speak truth to power, an administration in which the traditional policy-making process involving methodical analysis and debate is routinely subverted. He notes that experts -- who recommended higher troop levels in Iraq, warned about the consequences of disbanding the Iraqi Army or worried about the lack of postwar planning -- were continually ignored by the White House and Pentagon leadership, or themselves failed, out of cowardice or blind loyalty, to press insistently their case for an altered course in the war." The Times notes, "The former Saudi Arabian ambassador Prince Bandar bin Sultan, Mr. Card, Mr. Tenet, Deputy Secretary of State Richard L. Armitage and Brent Scowcroft, the former national security adviser (to Bush senior), appear to be among the author's primary sources."

Rumsfeld Dismisses Woodward's Allegations. ABC World News (9/29, story 2, 3:00, Karl) reported, "According to Woodward, all the positive talk about the war didn't sit well with General John Abizaid, the top military commander in the Middle East, who complained to the CIA director that Iraq is 'not as rosy' as Rumsfeld says it is. 'They need to let me run the war.' At one meeting, Woodward writes Abizaid said, 'these bastards in Washington have no idea what they're doing.' today, Abizaid's spokesman said he could not confirm the quotes. But he said, 'has a great deal of respect for Mr. Rumsfeld.' Rumsfeld had this to say. Donald Rumsfeld, Secretary of Defense: "I haven't seen the book. I haven't read his first two books. I wouldn't hold your breath on this one."

The Los Angeles Times (9/30, Spiegel, 918K) notes, "Asked about the book's contents by reporters traveling with him at a NATO meeting in Slovenia, Rumsfeld said he had not read the account -- or Woodward's previous books on the war. 'I wouldn't hold your breath on this one,' Rumsfeld said."

Bush Remains Committed In Support Of Rumsfeld. Much of the media's attention was focused on the efforts of former White House Chief of staff Andy Card's efforts to replace Rumsfeld after the 2004 election. CBS Evening News (9/29, lead story, 2:15, Axelrod, 7.66M) noted, "Woodward also writes of fierce efforts inside the White House to fire Secretary of Defense Donald Rumsfeld, efforts that apparently continue to this day. But I talked to a top Republican strategist close to the White House who says just this week he heard President Bush say 'I know the key to keeping support for the war in Iraq is to fire Donald Rumsfeld but I am not going to do that, it's just not gonna happen.'"

ABC World News (9/29, story 2, 3:00, Karl) reported, "Woodward said doubts about Rumsfeld were also heard at the White House. Where he said chief of staff Andrew Card got the defense secretary was out of control. And twice tried to get Rumsfeld fired. Today, Card told ABC News that he did recommend replacing Rumsfeld after the 2004 election as part of a thorough overhaul of the cabinet. Card says he suggested several possible replacements, including former Secretary of State James Baker. Regarding Rumsfeld, Card told ABC News, 'he's a very controlled and disciplined individual. But there may have been times that his emotions

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got the best of him.' The President kept Rumsfeld. But it fell to Card to tell Secretary of State Colin Powell it was time for him to leave. According to Woodward, Powell said, 'if I go, Don should go.'"

NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "A central character in the book -- defense secretary Donald Rumsfeld. In 'State of Denial' Woodward reports for the first time that former Bush chief of staff Andrew Card tried for 18 month months to get the President to fire Rumsfeld for being overbearing and replace him with former Secretary of State James Baker. Woodward says Laura Bush encouraged the switch. But that Bush and Vice President Cheney refused. Rumsfeld, who was interviewed by Woodward for the book, at a NATO meeting in Slovenia today." Donald Rumsfeld, Secretary of Defense: "First of all, I haven't read it. Second, I don't know what you're referring to and third, you can find someone in government to say almost anything."

CBS Evening News (9/29, story 2, 2:30, Martin, 7.66M) also devotes an entire segment to the effort to replace Rumsfeld reporting, "The ranks of those calling for Donald Rumsfeld's resignation included the President's then chief of staff Andy Card, apparently with the backing of First Lady Laura Bush." Mike Wallace: "You report that after George W. Bush was reelected, his then chief of staff Andy Card tried for months to convince the President to fire Donald Rumsfeld. Why?" Woodward in "60 Minutes" interview: "To replace him. Because it wasn't working, Card felt very strongly that the President needed a whole new national security team." Mike Wallace: "You write 'Laura Bush was worried Rumsfeld was hurting her husband.' Andy Card told her the President seemed happy with Rumsfeld and the First Lady replied 'He's happy with this but I'm not.' And later she said 'I don't know why he's not upset.'" Martin: "The First Lady's office says not true. But according to Woodward, Card had at least one other high-level ally, Secretary of State Colin Powell, who himself was leaving the Administration told Card 'If I go, Don should go.' But the Vice President thought differently." Mike Wallace: "Dick Cheney wanted Rumsfeld to stay. Why?" Woodward in "60 Minutes" interview: "Well, Rumsfeld's his guy and Cheney confided to an aide that if Rumsfeld goes next they'll be after Cheney." Martin: "It's not clear Rumsfeld knew what Card was up to, but in an interview with Woodward, the Defense Secretary said he told Card after the election he'd be happy to stay or go depending on what the President wanted. There's no secret about what the President wanted, as he told Fox News." Bush in Fox News interview: "He's doing a heck of a good job. I've got no intention of changing him." Martin: "In the end, it was Card, not Rumsfeld, who left, and Rumsfeld hosted a fair well dinner his honor."

The AP (9/30, Raum) reports that in an interview "Card rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term." Bush and Card "talked about every Cabinet post and senior White House position." Card "said he kept a notebook listing all top jobs and possible replacements. 'It's the chief of staff's job to give the lay of the land, have the president consider a lot of different options,' Card said."

The New York Times (9/30, Sanger, 1.21M) notes, "Card confirmed that he had raised the issue, but suggested that Mr. Woodward had ignored the context." In an interview Card said, "There was no campaign, and I didn't go out and solicit others to back any view about getting rid of anyone. I could talk about these things with the president, and plant seeds, because there is a cadence to life in Washington and you raise these issues periodically."

Card Denies Discussing Replacing Rumsfeld With First Lady. NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "Tonight former White House chief of staff reached in California did not dispute that he did discuss replacing Rumsfeld with the President. But he said he denied ever talking about it with the First Lady."

Rice And Rumsfeld Described As Feuding Behind The Scenes. NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "The book describes Rumsfeld as running roughshod over his commanders like former joint Chiefs Chairman Hugh Shelton. Feuding with Condoleezza Rice, when she was national security advisor, refusing to answer her phone calls and telling her he didn't report to her. After a blowup over Iraq policy last May, they claimed they were getting along fine." Donald Rumsfeld: "I agree." Condoleezza Rice, Secretary of State: "I agree. I like him. I think he likes me."

The Washington Post (9/30, A1, Baker, 748K) in a front page story reports Woodward's "book details how Rumsfeld alienated key figures throughout the government and military: Rice complained that Rumsfeld would not return her telephone calls, forcing Bush to personally intervene. Rumsfeld rebuffed Card when he conveyed Bush's order to send National Guard troops to Louisiana after Hurricane Katrina until hearing from the president himself. Gen. John P. Abizaid, the senior U.S. commander in the Middle East,

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concluded that 'Rumsfeld doesn't have any credibility anymore.'"

The New York Times (9/30, Sanger, 1.21M) notes, "Other senior State Department officials dismissed the book's account as a familiar one. 'This just in -- Condi and Rumsfeld argue a lot,' one said. 'Didn't we know that?'" Previously "State Department officials have described extreme tension between the two over Ms. Rice's sense that Secretary of Defense Donald H. Rumsfeld was not paying enough attention to detention issues, beginning with the abuses at the Abu Ghraib prison in Iraq that came to light in 2004."

The trade journal Editor & Publisher (9/30) focuses on Snow's responses and notes he "tried to counter some allegations and put off others. One high point came when a reporter asked about Woodward's depiction of very strong and ongoing disputes between" Rice and Rumsfeld. He "replied that he had asked Rice about this specifically and she said, 'That is ridiculous and I told that to Woodward.'"

Spokesman Dismisses Allegation Rice Did Not Take Terror Warnings Seriously. ABC World News (9/29, story 2, 3:00, Karl) reported "on terrorism warnings. Woodward says that CIA director George Tenet was so worried about new intelligence of a coming terrorist attack that he rushed to the White House on July 10th, 2001, to meet with then National Security adviser Condoleezza Rice. Richard Clarke was at the meeting." Richard Clarke, former National Security Official: "The message from the director of central intelligence and from me was that there was still going to be a major al Qaeda attack in the next several weeks." Karl: "Woodward says Tenet did not believe Rice took the warning seriously. Today, a spokesperson for Rice said that is wrong. She did take the warning seriously.

In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes Woodward's book "adds new information about Rice's role in the Bush administration's efforts to combat terrorism in the months before the Sept. 11 attacks." Former CIA Director George Tenet and counterterrorism chief J. Cofer Black "felt that Rice gave them 'the brush-off,' according to Woodward, telling them that a plan for coherent action against bin Laden was already in the works. Woodward writes that both Tenet and Black felt that the meeting was the starkest warning the White House was given about bin Laden." They felt "that Rice could have gotten through to Bush on the bin Laden threat but that she had not understood it in time. Black described his frustration more directly, according to Woodward: 'The only thing we didn't do was pull the trigger to the gun we were holding to her head.'"

The Washington Post (9/30, A1, Baker, 748K) in its front page story reports, "The July 10 meeting of Rice, Tenet and Black went unmentioned in various investigations into the Sept. 11 attacks, and Woodward wrote that Black 'felt there were things the commissions wanted to know about and things they didn't want to know about.'" And "Jamie S. Gorelick, a member of the Sept. 11 commission, said she checked with commission staff members who told her investigators were never told about a July 10 meeting. 'We didn't know about the meeting itself,' she said. 'I can assure you it would have been in our report if we had known to ask about it.'" Administration officials "confirmed that the July 10 meeting took place, although they took issue with Woodward's portrayal of its results. State Department spokesman Sean McCormack, responding on behalf of Rice, said Tenet and Black had never publicly expressed any frustration with her response." McCormack said, "This is the first time these thoughts and feelings associated with that meeting have been expressed. … People are free to revise and extend their remarks, but that is certainly not the story that was told to the 9/11 commission."

The New York Times (9/30, Sanger, 1.21M) notes, "The book describes the meeting as a heated one in which Mr. Tenet hoped to 'shake Rice' into developing covert and overt plans to stop Osama bin Laden from attacking." Yet "Rice and other State Department officials denied that was the case, noting that the report of the Sept. 11 commission, which had testimony from Mr. Tenet and others at the meeting, made no mention of the July 10 encounter."

Woodward Suggests Rice Ignored Appeals For More Troops. ABC World News (9/29, story 2, 3:00, Karl) also reported, "On the Iraq war, Woodward writes about an urgent appeal for more troops. He says Robert Blackwill, the top national Security Council official for Iraq, wrote a lengthy memo to Condoleezza Rice in September 2003. 'The bottom line we need more troops in Iraq. 40,000 more.' Blackwill and Iraqi administrator Paul Bremer followed up via video conference from Iraq to the White House. But, Woodward said, the White House did nothing."

The New York Times (9/30, Sanger, 1.21M) notes, "Blackwill refused on Friday to discuss his recommendation but said that Ms. Rice, then the national security adviser, and her deputy, Stephen J. Hadley, 'were always more than willing

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to give me as much time as I wanted to make my arguments.' It was unclear whether Mr. Blackwill's view was passed on to the president."

In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes, "Woodward describes Rice as frequently at odds with Rumsfeld when she served as national security adviser, and her staff as increasingly concerned about the lack of a strategy for winning the war in Iraq." After "she became secretary of state in 2005, Rice asked Philip D. Zelikow, an old friend whom she had brought on as an adviser, to travel to Iraq to assess the situation. On Feb. 10, two weeks after Rice became secretary, Zelikow presented her with a 15-page, single-spaced memo." Zelikow wrote, "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change."

The New York Times (9/30, Sanger, 1.21M) reports, "Zelikow characterized Iraq as 'a failed state' two years after the invasion, and another in September 2005, in which he said there was a 70 percent chance of success in achieving a stable, democratic state. That meant, Mr. Zelikow said, that there was a 30 percent chance of failure, including what he called a 'significant risk' of 'catastrophic failure,' meaning a collapse of the state Mr. Bush has tried to create." He "declined to comment on Friday, apart from confirming the accuracy of the words from the memorandums Mr. Woodward cited in the book."

Woodward Portrays Rice As Ineffectual. In a review of Woodward's book the New York Times (9/30, Kakutani, 1.21M) writes, "Rice (who appears in this volume primarily in her former role as national security adviser) is depicted as a presidential enabler, ineffectual at her job of coordinating interagency strategy and planning."

Rumsfeld Management Style Criticized. In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) reports, "Woodward writes that Rice and Rumsfeld have been warned repeatedly about the deteriorating situation in Iraq." For example, "retired Lt. Gen. Jay Garner told Rumsfeld on June 18, 2003, that the United States made 'three terrible mistakes' in Iraq." Garner said, "There's still time to turn it around," yet "Rumsfeld dismissed the idea, according to Woodward. 'We're not going to go back,' Rumsfeld said." In 2004 "Rumsfeld received even more blunt criticism from Steve Herbits, a longtime friend who, according to Woodward, has served as an informal adviser to Rumsfeld since he became defense secretary. In a seven-page memo in July 2004 titled 'Summary of Post-Iraq Planning and Execution Problems,' Herbits listed a series of questions for Rumsfeld:" Herbits "then described 'Rumsfeld's style of operation,' which he said was the 'Haldeman model, arrogant,' referring to President Richard M. Nixon's White House chief of staff H.R. 'Bob' Haldeman. 'Indecisive, contrary to popular image. Would not accept that some people in some areas were smarter than he. … Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions.'" The Post adds, "Some of the highest-ranking officers serving under Rumsfeld had similar misgivings about Iraq."

In a review of Woodward's book titled "A Portrait Of The President As The Victim Of His Own Certitude" the New York Times (9/30, Kakutani, 1.21M) writes, "Woodward draws an equally scathing portrait of Secretary of Defense Donald H. Rumsfeld, who comes off as a bully and control freak who is reluctant to assume responsibility for his department's failures, and who has surrounded himself with yes men and created a system that bleached out 'strong, forceful military advice.' Mr. Rumsfeld remains wedded to his plan to conduct the war in Iraq with a lighter, faster force (reflecting his idée fixe of 'transforming' the military), even as the situation there continues to deteriorate."

Woodward Describes Cheney As "Lost" Without Libby. In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes, "Unlike Woodward's previous books…'State of Denial' does not focus on Bush. Woodward writes that Bush, who agreed to be interviewed for the first two books, declined this time." He "also spends little time on Cheney, writing that since 2005 the vice president has been perceived as having no visible role in Iraq policy. He describes Cheney's associates as saying he was 'lost' without his former chief of staff, I. Lewis 'Scooter' Libby." The Post notes, "According to Woodward, Cheney relied on his wife, Lynne, and his daughter Liz for advice, and some close friends believed he 'became increasingly removed from reality.'"

Kissinger Seen As Influencing Bush To Repeat Mistakes Of Vietnam. CBS Evening News (9/29, lead story, 2:15, Axelrod, 7.66M) reported, "In this book Woodward describes the growing influence of former Secretary of State Henry Kissinger with Mr. Bush. Kissinger was one of the architects of strategy for the Vietnam war." Woodward in "60 Minutes" interview: "Now, what's Kissinger's advice? In Iraq he declared very simply 'victory is the only meaningful exit

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strategy.' This is so fascinating. Kissinger's fighting the Vietnam War again. Because in his view, the problem in Vietnam is we lost our will that we didn't stick to it."

NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "Woodward alleges that former Secretary of State Henry Kissinger had a powerful, largely invisible influence on Bush policy. Something that Kissinger denies, despite frequent visits." Henry Kissinger: "The President occasionally asks me to come in and see him. They're almost always one-on-one meetings."

Democrats Take Advantage Of Woodward Allegations. NBC Nightly News (9/29, story 3, 2:40, Gregory, 9.87M) reported, "Democrats treated the Woodward book as the October surprise they'd been waiting for to use against the White House." Sen. Harry Reid: "It's time for the misleading, the mistakes, the misconduct to end." Rep. Nancy Pelosi: "Let's work together in a bipartisan way to clean up the mess you have made in Iraq because you have not been in touch with reality." Gregory: "Now, unlike past election years, more Democrats, namely those considering a run for the House, are eager to fight the President on national security. And today the White House was again on the defensive over the war." Tony Snow, White House Press Secretary: "A couple of weeks ago the President was being accused of trying to scare people. Now all of a sudden he's accused of looking at the world through rose-colored glasses. Neither one is true." Meanwhile Bush "is still trying to define the Democrats as weak on National Security." Friday Bush "dismissed Democrats who say Iraq has made America more vulnerable." Bush: "This argument buys into the enemy's propaganda that the terrorists attack us because we're provoking them." Gregory: "So after a week of attack and counterattack, the outlines of this debate are clear -- will this fall election be about the President's performance in Iraq and the war on terror or will it turn on the other question, in who is best suited to fight the war on terror in the future?"

The Washington Post (9/30, A1, Baker, 748K) in its front page story notes, "The title alone quickly became a Democratic mantra throughout the day. House Minority Leader Nancy Pelosi (D-Calif.) said four times at a separate briefing that Bush was 'in denial,' and Democrats released a series of statements and 'fact sheets' trumpeting the line."

Woodward To Reveal Bush's Father's Opinion On War. Previewing the release of more details CBS Evening News (9/29, story 2, 2:30, Couric, 7.66M) notted, "There's a lot more of Bob Woodward's reporting. You'll hear how the President's father felt about his son taking the country to war."

White House Aides Scramble To Prepare Calm Response To Woodward Allegations. The Washington Post (9/30, A1, Baker, 748K) in a front page story notes, "After the New York Times managed to buy an early copy of 'State of Denial' and reported on it on yesterday's front page, Bush aides frantically called Woodward and asked for copies, which he sent over. A squadron of White House aides then spent hours tearing through the book and doing quick research to try to undercut its more damaging elements. They settled on a strategy of disputing certain conclusions while broadly dismissing it as old news."

Newsweek (9/30, Wolffe, 3.12M) in a web exclusive reports that in response to the release of the book early "it was clear the White House had settled on a time-tested strategy: deny, downplay and sidestep. Snow had a quip at the ready. 'The book's certainly cotton candy—it kind of melts on contact.'" Newsweek states, "The calculated ho-hum reaction is partly the result of having already responded to several critical books on Iraq in recent months -- as well as public discontent with the war. Bush's aides believe they have already debated extensively the conflicting recommendations about troop levels, and consider that an old -- and exhausted -- dispute." They "also think they can easily knock down Woodward's premise that Bush has misled the public about the level of attacks on troops in Iraq. Since late last year, Bush has spoken more openly and directly about the nature of the enemy in Iraq and the scale of the challenge in building a peaceful and democratic nation."

Time (9/30, Carney, 4.03M) in a web exclusive reports that in contrast to Woodward's previous books on the Administration, "Now we have State of Denial. The title alone is a departure for Woodward. His books during the Clinton years -- The Agenda, The Choice -- all carried neutral titles that revealed little about how the people in power were portrayed. The same can be said of Bush At War and Plan of Attack. From the moment the title of the third book leaked, White House officials knew they were in trouble." Time adds, "Actually, they suspected long ago that Woodward's newest book would not be good for them." The Bush strategy "is that it's 'nothing new' and 'old news' — the standard damage control response I remember hearing again and again from Clinton flacks during times of trouble in those years." Yet "we know that some of Woodward's revelations ARE new."

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White House Aides Wary Of Woodward's Intentions. The Washington Post (9/30, C1, Kurtz, 748K) reports, "Woodward said he pushed repeatedly to interview Bush. … But White House counselor Dan Bartlett and national security adviser Stephen Hadley, after a period of cooperation, told him an interview was unlikely and then stopped returning his calls. In the new book, Woodward attributes the lack of a presidential interview -- which has the effect of removing a strong counterweight to criticism of the White House -- to Bush's declining popularity." Meanwhile, "Bartlett said yesterday that he and other officials, while cooperating, noticed 'a different tone and tenor to this project. … Some pretty hard conclusions had already formed in Bob's mind. So we made the judgment that the third time was not a charm.' The book's 'gossipy' aspects will titillate the cocktail party circuit, Bartlett said, but 'the underlying issues are ones covered by a half-dozen books before his.'"

New Book To Reveal Powell Forced Out Of Administration. The Los Angeles Times (9/30, Spiegel, 918K) notes, "Another upcoming book on the Bush administration, a biography of former Secretary of State Colin L. Powell by Washington Post editor Karen DeYoung, will report that Powell was forced out of his job." That "contradicts statements by the White House at the time -- as well as Powell's own resignation letter -- which made it appear that his decision to leave following the 2004 election was mutual. The excerpt from the book, 'Soldier: The Life of Colin Powell,' obtained by the Los Angeles Times ahead of next week's publication, recounts how Card broke the news to an unsuspecting Powell." Card tld Powell, "The president would like to make a change." The book asserts Powel also warned Bush of the deteriorating situation Iraq. DeYoung writes, "The war in Iraq was going south, [Powell] said after a few moments of small talk, and the president had little time left to turn it around."

Release Of Woodward Book Disrupted By New York Times Scoop. The New York Times (9/30, Seelye, 1.21M) reports the disruption of Simon & Shuster's plans to release Woodward's book "raises questions about the relationship between The Post and Mr. Woodward. … His books often contain exclusive material that has not appeared in the newspaper, where he is an assistant managing editor." The Times continues, "'60 Minutes' began promoting its segment about 'State of Denial,' including details of the book's content, on its Web site on Thursday. An internal critique yesterday at The Post, written by a former reporter, suggested little patience with Mr. Woodward's special relationship with his paper."

Gonzales Warns Judges To Respect Presidential Authority. The AP (9/30, Sniffen) reports, "Attorney General Alberto Gonzales, who is defending President Bush's anti-terrorism tactics in multiple court battles, said Friday that federal judges should not substitute their personal views for the president's judgments in wartime." Gonzales "said the Constitution makes the president commander in chief and the Supreme Court has long recognized the president's pre-eminent role in foreign affairs. 'The Constitution, by contrast, provides the courts with relatively few tools to superintend military and foreign policy decisions, especially during wartime,' the attorney general told a conference on the judiciary at Georgetown University Law Center." Gonzales added, "Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review."

Passage Of Detainee Bill Strengthens Administration Counter Terrorism Policies. The New York Times (9/30, A1, Shane, Liptak, 1.21M) in a front page article titled "Detainee Bill Shifts Power To President" reports, "With the final passage through Congress of the detainee treatment bill, President Bush on Friday achieved a signal victory, shoring up with legislation his determined conduct of the campaign against terrorism in the face of challenges from critics and the courts." Instead of "reining in the formidable presidential powers Mr. Bush and Vice President Dick Cheney have asserted since Sept. 11, 2001, the law gives some of those powers a solid statutory foundation. In effect it allows the president to identify enemies, imprison them indefinitely and interrogate them — albeit with a ban on the harshest treatment — beyond the reach of the full court reviews traditionally afforded criminal defendants and ordinary prisoners." It "will give the president more power over terrorism suspects than he had before the Supreme Court decision this summer in Hamdan v. Rumsfeld that undercut more than four years of White House policy." The Times notes, "Even if the Supreme Court decides it has the power to hear challenges to the bill, the Bush administration has gained a crucial advantage. In adding a Congressional imprimatur to a comprehensive set of

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procedures and tactics, lawmakers explicitly endorsed measures that in other eras were achieved by executive fiat."

The Los Angeles Times (9/30, McManus, 918K) reports, "Three months ago, the Supreme Court handed President Bush what appeared to be a stinging defeat," yet "this week, the president brushed aside those setbacks and won what appeared to be a significant political victory largely on his terms, securing passage of tough rules that allow the government to hold, interrogate and try "enemy combatants" while granting them legal rights that are limited." It "not only gave Bush most of what he wanted in substance, it also provided Republicans with a rhetorical club to use against Democrats on terrorism."

UK Officials Questions US Adoption Of New Detainee Policies. The Washington Post (9/30, A12, Jordan, 748K) reports, "Charles Falconer, one of the highest-ranking justice officials in Britain, said Friday that there is a 'great divergence' in how Britain and the United States are handling the fight against terrorists, describing the U.S. approach as a willingness 'to do things beyond the law.'" He "said in an interview that the practices of holding terrorism suspects without charge at Guantanamo Bay, Cuba, and interrogating them in secret CIA prisons have made it 'harder to identify to the world what your values are.'" Falconer "is scheduled to visit Washington next week, where he will meet with Attorney General Alberto R. Gonzales and Chief Justice John G. Roberts Jr. and deliver a speech at Georgetown University."

CIA Not Entirely Immune Under New Detainee Policy. McClatchy Newspapers (9/30, Gordon, Taylor) reports, "Congress has eased the worries of CIA interrogators and senior administration officials by granting them immunity from U.S. criminal prosecutions for all but "grave" abuses of terrorism detainees." Yet "legislation passed Friday may not leave them entirely in the clear." It "is meaningless overseas, where international courts theoretically could still prosecute alleged violations of anti-torture treaties." The scenario is "highly unlikely" but "Avril McDonald, an international law expert based in The Hague, said it's possible that U.S. officials could be charged with conspiracy in the ICC or in countries such as Belgium, whose legal systems allow private parties to bring war crimes charges." MccLatchy notes, "At least 11 officials were involved in shaping the U.S. policy for interrogating captives overseas, including three Cabinet members -- Attorney General Alberto Gonzales…Rumsfeld and Homeland Security Secretary Michael Chertoff."

House Approves Detainee Bill. House approval of the detainee bill was expected and did not generate much attention in the media. ABC World News (9/29, story 5, 0:20, Moran) in a brief story noted, "Congress has passed landmark legislation on how to deal with terror suspects. The House today gave final approval to a bill that would set up military tribunals that would interrogate and try suspected terrorists. Under this measure, suspects will not have access to US Courts to contest their detention and testimony that has been coerced, that will be allowed."

Bush Accused Of Starting Process Of Destruction Of US. Author Robert Harris in an op-ed in the New York Times (9/30, 1.21M) compares the Bush Administration counter-terrorism policies with the loss of civil rights in ancient Rome "in the panicky aftermath of" a pirate attack when "the Roman people made decisions that set them on the path to the destruction of their Constitution, their democracy and their liberty. One cannot help wondering if history is repeating itself." After Pompey defeated the pirates, "it was too late to raise such questions. By the oldest trick in the political book -- the whipping up of a panic, in which any dissenting voice could be dismissed as 'soft' or even 'traitorous' -- powers had been ceded by the people that would never be returned. Pompey stayed in the Middle East for six years, establishing puppet regimes throughout the region, and turning himself into the richest man in the empire."

DOJ And Pentagon Move To Expedite Trials Of Terror Suspects. The New York Times (9/30, Lewis, 1.21M) reports, "Officials at the Justice Department and the Pentagon said Friday that they would move quickly to adopt the regulations on treating terrorism suspects as soon as President Bush signed them law." The Times adds, "The military said it planned to go to trial with up to 14 senior members of Al Qaeda, as government lawyers prepared to defend a provision that would strip hundreds of other suspects of their right to challenge in court their detention."

Detainee Bill Could Leave Less Threatening Suspects Without Relief. The Los Angeles Times (9/30, Barnes, Schmitt, 918K) reports, "The bill that Congress approved Friday to bring terrorism suspects to trial contains a central irony: The suspects considered most dangerous will have the most rights, while the others will remain in legal limbo with no ability to challenge their detention." Suspected terrorists charged "would be able to appeal convictions to the

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U.S. courts" but the 355 detainees "who are considered less of a threat, may never be tried and may therefore be denied the right to challenge their imprisonment." But "Administration officials say they have no intention of indefinitely holding people without charge and are working to clear detainees they do not intend to try. 'We would like it to be less than 100 in Guantanamo,' said a Pentagon official."

Amnesty International Accuses Pakistan Of Illegal Detentions. The AP (9/30, Ahmad) reports, "Pakistan illegally detained innocent people on suspicion of terrorism, secretly imprisoned them, and transferred them to U.S. custody for money, human rights watchdog Amnesty International said Friday." The AP continues, "Hundreds of Pakistanis and foreigners were rounded up in Pakistan on suspicion of links to terrorism since the U.S.-led war on terror started after the Sept. 11 attacks, Amnesty said in a report, titled 'Human Rights Ignored in the War on Terror.'" Amnesty researcher Angelika Pathak claims, "The phenomenon of enforced disappearance was virtually unknown before the war on terror."

Albany Imam Testifies He Thought FBI Informant Was Crazy. The Albany Times-Union (9/30, Lyons) reported, "The leader of an Albany mosque testified Friday that he thought an FBI informant was crazy and lying when he spoke about a terrorist attack being planned in New York City." Yassin Aref "appeared to stun Assistant U.S. Attorney William Pericak as he admitted hearing about the attack." Pericak "pressed the defendant on why he didn't call the FBI, especially since agents had visited him months earlier, left their business cards and asked him to report any suspicious activity. 'And an attack on New York City as described by Malik, that's not suspicious?' Pericak said. 'Yes, it was suspicious if I believe so, but 100 percent I was sure that's not right, that's not true,' Aref answered." The Times-Union added, "During dozens of conversations between the informant and Aref, many of which were replayed for jurors on Friday, the informant can be heard soliciting spiritual advice from Aref as he baits him about whether it is all right under their Muslim faith to support a Pakistani terrorist group. Aref cautioned the informant to be careful, warning him about American laws and the FBI, as he repeatedly told the informant he did not know anything about the group except what he had seen on television."

Capital News 9 Albany (9/29, Ference) reported, "Prosecutors said Aref clearly understood the terrorism-related talk by the government's informant…who spoke with Aref during the sting. That includes talk about a missile, caught on audio tape and played for the courtroom where Malik told Aref, 'That's why the missile that we sent it to New York City to teach President Musharraf the lesson.' Aref said, 'Right brother.' Or did he? Aref maintains he asked, 'What brother?' He also said he 'thought said Messiah, not missile.' The prosecutor asked, 'You understood him to be sending the Messiah to New York?' Aref said, 'No. I don't know what he was talking.'"

Six Alleged Tamil Tiger Arms Dealers Arrested In Maryland. The Baltimore Sun (9/30, Dolan) reported, "Six South Asian arms dealers who paid undercover customs agents in Maryland hundreds of thousands of dollars to ship restricted, high-tech weapons to rebels in Sri Lanka and the Indonesian Army have been arrested by federal authorities in Guam, officials said" Friday. "The elaborate sting operation took center stage in Baltimore this summer, where federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in illegally buying." The Sun noted that the case "again highlighted how attractive Maryland appears to be to arms dealers who want to buy banned state-of-the-art weapons in a state rich with defense contractors. … Last month, FBI agents searched the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers. Officials said yesterday that the two cases are unrelated."

The Washington Post (9/30, A3, Rich) reported, "The suspects are accused of arranging, during negotiations that accelerated in April, for a $900,000 shipment of arms to be delivered to international waters in the Indian Ocean. The shipment was to be received by members of the violent separatist group, which the United States has designated a terrorist organization since 1997." The Post noted, "U.S. Attorney Rod J. Rosenstein said the suspects were arrested Thursday and Friday in Guam, where they had met with undercover agents to finalize the details of delivery to the ethnic separatist group." The AP (9/30, Witte) noted ICE Baltimore Acting SAC Mark Bastan "said the weapons were intended to be used against the Sri Lankan government, but it

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was unclear whether they were to be used for a specific attack."

Administration Seen As At Odds With Details Of NIE. Newsweek (9/30, Isikoff, Hosenball, 3.12M) in a web exclusive reports, "The White House's release of a dire National Intelligence Estimate on global terrorism has illustrated once again how easy it is to publicly misrepresent intelligence-community findings -- especially when almost all of the key documents remained shrouded in secrecy." Despite the Administration's response "that the document's conclusions were entirely consistent with the public statements of the president and other Bush administration officials," the "actual wording of the NIE contains sobering conclusions that, in tone and substance, are very different from what Bush and other administration officials have recently been saying about the government's progress in the war on terror. Even more potentially problematic for the White House, intelligence-community officials say, there are at least two more secret studies underway that are likely to undercut the administration's public positions on sensitive national-security issues."

Framing Debate Over NIE Could Be Key To Election. Newsweek (9/30, Wolffe, Bailey, 3.12M) in a second web exclusive reports, "Until the NIE emerged, the conventional wisdom inside the Beltway was that the election would come down to a struggle between terrorism and Iraq. If the debate were about terrorism, the GOP would win; if about Iraq, the Democrats would win." But now "the NIE sheds light on a different debate that is all about Iraq. In November, voters will have a relatively simple choice: they need to decide whether to punish the GOP for starting the war or trust the GOP to end the war."

Al Qaeda Uses Internet To Build Support. The New York Times (9/30, Fattah, 1.21M) reports, "As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important." Recently "Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages."

HOMELAND RESPONSE:

House Approves Port Security Bill. The AP (9/30, Abrams) reports the House "approved a major ports security bill early Saturday, providing new steps to prevent terrorists from slipping a nuclear, chemical or biological device into one of the 11 million shipping containers entering the nation every year. Passage of the bill was the last act of the House as lawmakers left for a five-week election campaign. … The Senate also planned to endorse the bill before it recessed, sending it to the president for his signature." According to the AP, "The bill approves $400 million a year over five years for risk-based grants for training and exercises at ports. 1It requires the nation's 22 largest ports, which handle 98 percent of all cargo entering the country, to install radiation detectors by the end of next year. … Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials. Background checks and credentials will be required for workers at the nation's 361 ports, and the Homeland Security Department would set up protocols for resuming operations after an attack or incident." The Los Angeles Times (9/30, Simon, 918K) reports similar details.

Treasury Warns Charities About Ties To Terrorist Groups. The AP (9/30, Aversa) reports, "Risks facing charitable organizations not only include contributions being diverted to bankroll terror activities but also the use of charities' services to build grass-roots support for a terrorist organization, the Treasury Department said Friday. The Bush administration examines these possibilities when it considers whether or not a charity should be put on a U.S. list that requires banks to freeze its assets and forbids Americans from doing business with it. Charities should be on the lookout for such risks as well, the department suggested as it released updated best practices for charitable organizations to consider as they try to protect themselves from abuse from terrorist financiers. … As cases in point, the department, citing media reports, mentioned the role of Hamas-associated charities in building popular support in the Palestinian territories for the Hamas terror organization, and Hezbollah's control of charitable distribution networks in southern Lebanon."

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The Wall Street Journal (9/30, Matthews, 2.03M) reports Patrick O'Brien, assistant secretary for terrorist financing and financial crimes at the Treasury Department, "said that making the guidelines voluntary allows charities to have some flexibility by not hamstringing them with rules that may not apply. 'We don't really see a one size fits all,' he said. 'These are not legal requirements. They seek to provide information to structure their own affairs to help them avoid diversion of funds.'"

Federal Officials Increasingly Concerned About Agroterrorism Threat. The Chicago Tribune (9/30, George) reported, "While the threat of terrorism clearly hangs over urban areas, a growing concern about an attack on the U.S. food supply is bringing more attention from law enforcement to rural America and farms." The Agriculture Department "has produced a list of recommended security steps for farmers," and "the recent E. coli outbreak has underscored how quickly contaminated food can impact people's lives and shake America's faith in agriculture. … 'The threat from agroterrorism may not be one you recognize,' FBI Deputy Director John Pistole said at a symposium this week in Kansas City, where about 1,000 farmers, police officers, scientists and economists gathered to discuss better ways to protect agriculture. 'But the threat is real,' he said. 'And the impact could be devastating.'" The E. coli outbreak, "while not intentional, offers a glimpse of such devastation, Pistole said. … Pistole pointed to U.S. agriculture information found in Afghanistan after the Sept. 11 attacks as proof that there is intent to disrupt the food supply. 'The bottom line is that agriculture, just like buildings, bridges and tunnels, is a critical infrastructure in need of defense,' he said."

Fake Bomb Planted At Kennedy Airport. The New York Times/AP (9/30, Press) reports, "A Vermont man was arrested yesterday on charges of putting a fake bomb in a bag at a parking lot at Kennedy International Airport, officials said. The man's action caused traffic to be halted for hours on Thursday night. The man, Peter Gonick, 55, of Island Pond, Vt., was accused of reckless endangerment and putting a fake bomb at a transportation facility."

USAF Deputy JAG Questions Wisdom Of Deploying Military In US Cities. In a commentary for the Washington Post (9/30, 748K), Air Force Deputy JAG Charles Dunlap, Jr. acknowledges the "cool efficiency of full-time military professionals on the hot New Orleans streets" after Hurricane Katrina. However, he warns against the use of the military in homeland security, saying, "Few models exist around the world in which the recurring use of militaries in law enforcement furthers democratic values. ... Most conventionally trained soldiers advance on potential threats with a view toward destroying them, not arresting them." He suggests instead, "Getting together to organize the country's nearly 800,000 civilian police could provide governors nationwide with experienced law enforcement resources in times of crisis. Preparing the 400,000 citizen-soldiers of the National Guard for police duties is another option."

WAR NEWS:

Bush Cites Afghan-Pakistani Progress. The Washington Post (9/30, A6, Fletcher, 748K) reports, "President Bush highlighted anti-terrorism efforts of Afghanistan and Pakistan yesterday, calling the nations invaluable allies despite a surge of violence in southern Afghanistan that has provoked deep suspicions about their ability -- and appetite -- to battle extremists." The President admitted that "Afghan police 'have faced problems with corruption and substandard leadership'" that "have undermined confidence in the police," but added, "we've made our concerns known to our friends in the Afghan government." Bush also said "the United States is helping Pakistan with development aid and high-tech equipment to help it gain better control of its borders."

The Financial Times (9/30, Daniel, Dinmore) reports, "President George W. Bush moved to address mounting Democratic criticism of his policy in Afghanistan on Friday, conceding the need for more legal reform and the existence of 'corruption and sub-standard leadership' in the Afghan police but defending the nation's 'liberation' as 'a great achievement.' Mr Bush's speech marks a renewed focus on Afghanistan, which has seen a steep rise in violence and a renewed Taliban insurgency." In addition, the dinner with Hamid Karzai and Pervez Musharraf "appears to have led to new ideas on intelligence- sharing and on how to deal with the border tribal areas that lie outside their control and provide a refuge for Taliban and al-Qaeda fugitives."

The AP (9/30, Raum) reports that President Bush "acknowledged setbacks in Afghanistan against a Taliban resurgence but predicted eventual victory." In his Friday speech, the latest "defending his Iraq and anti-terrorism

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policies against heightened attacks from Democrats," Bush said, "The training of the Afghan police has not gone as smoothly as that of the army. The police have faced problems with corruption and substandard leadership." DNC chair Howard Dean and House Democratic leader Nancy Pelosi are both quoted criticizing Bush's remarks.

McClatchy Newspapers (9/30, Douglas, Landay) reports, "Amid signs that the Taliban insurgency is regaining strength, President Bush on Friday defended his efforts to stabilize war-savaged Afghanistan and blasted critics who charge that his policies there are failing." McClatchy writes pessimistically, "Afghanistan is reeling from its worst bloodshed since the 2001 U.S.-led intervention as the Taliban and allied warlords tie down 42,000 American and NATO-led troops and President Hamid Karzai struggles with colossal corruption, record opium production and nose-diving popularity." Bush "made no mention of the key reasons for the Taliban's resurgence: the diversion of U.S. troops to Iraq; America's failure to make good on a promise of a reconstruction program akin to the rebuilding of post-World War II Europe; endemic corruption; and the support the Taliban receive from Pakistan. Bush instead praised Pakistan as a strong ally in fighting terrorism." In addition, McClatchy calls some of his remarks on police reform "misleading."

The New York Times (9/30, Stolberg, 1.21M) reports only briefly Bush's remarks in an article about his meeting with the Kazakh president: "On Friday morning, in his latest speech on fighting terrorism, Mr. Bush touted his efforts to build a free nation in Afghanistan and to push Pakistan toward free elections."

The Washington Times (9/30, Curl, 88K) reports, "During his speech to the Reserve Officers Association that focused on U.S. efforts to spur Pakistan and Afghanistan toward greater freedom, the president acknowledged setbacks in both countries but called on Americans to be patient."

Australian PM Defends Special Forces Withdrawal From Afghanistan. The Washington Times/AFP (9/30) reports, "Prime Minister John Howard this week defended his decision to withdraw special forces from Afghanistan during an increasingly bloody insurgency. About 200 Special Air Services troops and commandos are expected to return to Australia soon after spending a year conducting operations in southern Afghanistan's Uruzgan province." Even though NATO mission commander Gen. James Jones has been "pleading for 2,000 more soldiers," Howard "said it would be a mistake to put too much pressure on Australia's special forces." Foreign Minister Alexander Downer "said more troops would be desirable, but there was also scope for some European troops to remove conditions on their existing deployments so they could be reassigned from the relatively quiet north to hot spots elsewhere in the country."

Afghan Explosion Kills 12. The Los Angeles Times (9/30, Watson, 918K) reports, "A suicide bomber strapped with explosives detonated in front of the Afghan Interior Ministry as staffers arrived for work today, killing at least 12 people and wounding 42." Suicide bombers, "once rare in Afghanistan, have carried out at least 50 attacks this year in the worst wave of insurgent violence since U.S.-led forces toppled the Taliban regime five years ago."

US Ambassador Says Iraqi PM Has "Short Time" To End Violence. The Washington Post (9/30, A14, Paley, Raghavan, 748K) reports, "The U.S. ambassador to Iraq warned on Friday that time is running out for Prime Minister Nouri al-Maliki to contain the burgeoning sectarian bloodshed that threatens to plunge the country into civil war. 'He has a window of a couple months,' said the ambassador, Zalmay Khalilzad." His words "reinforced comments by several senior U.S. military officials this week that Maliki's government must move urgently to tackle the militias and death squads wreaking havoc across the country." However, unlike the commander, the ambassador "said he and President Bush still have full confidence in Maliki and were 'cautiously optimistic' that his government has the political will to rein in the bloodletting."

General Casey Defends Maliki. The Los Angeles Times (9/30, Spiegel, 918K) reports that Gen. George W. Casey, Jr. "disavowed criticism leveled by several senior officers at Iraqi Prime Minister Nouri Maliki for failing to rein in Shiite militias. Army Gen. George W. Casey Jr. said in a sharply written statement that Maliki was doing a good job in bad circumstances." Anonymous military officials had "said Maliki has stood in the way of plans to clear death squads from the sprawling Sadr City slum where [Moqtada al-Sadr's] militia is based." The Times observes that Casey's statement "ended on a note of soaring optimism," causing an Army spokesman to state that "the language was common in statements 'primarily intended for an Arab audience.'"

Commander Implies Anbar Not Winnable Unless US Forces Leave. The AP (9/30, Burns) reports in a pessimistic article, "It is still possible to defeat the entrenched

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insurgency in Iraq's western Anbar province but probably not until U.S. troops leave, the American commander of forces in the provincial capital said Friday." Col. Sean McFarland "did not say point-blank that the insurgency could be defeated only if U.S. forces left, but he emphasized that the security force best suited to deal with anti-government elements eventually will be the Iraqi police. His comments were the latest to suggest that progress this year against the insurgency has been spotty and that conditions are too fragile to permit any sizeable decrease in the U.S. military presence." The Pentagon has "announced that MacFarland's brigade has been ordered to remain in Anbar for 46 days beyond its previously scheduled departure in mid-January. That means the nearly 4,000 soldiers there will exceed the 12-month tour of duty that the Army has said should be the maximum for all units in Iraq."

New Iraqi Law Endangers Journalists. The New York Times (9/29, Von Zielbauer, 1.21M) reports, "Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year." The Times adds that the law makes "men with gavels" a new threat to journalists, who already face assassination.

Al Qaeda Uses Internet To Build Support. The New York Times (9/30, Fattah, 1.21M) reports, "As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important." Recently "Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages."

Baghdad Is Put On Curfew. NBC Nightly News (9/29, lead story, 1:35, Williams, 9.87M) reported, "All day long today the story we've been chasing has to do with major new charges about the handling of the Iraq war. Evidence that the reality is far worse than we've been led to believe. Tonight the lead story comes from the war zone. Late today and without warning the city of Baghdad was placed under a sudden and unexplained curfew. No pedestrians, no cars until Sunday morning. Rumors are flying as to the reasons why and the city tonight is shut down." NBC (Engel) added, "The Iraqi government said the curfew was imposed for specific intelligence reasons and security concerns. Violence here has been on the rise since the start this weekend of the Muslim holy month of Ramadan. The US military says that suicide bombers are at an all-time high. There's also growing frustration with the government of Maliki, both by the US military and the Iraqi people. Iraq's deputy prime minister said he has evidence uncovered that the Iraqi military had been planning to stage a coup and that there were recent meetings in Jordan, in Beirut and here in Baghdad to try to unseat the Iraqi government. An Iraqi government spokesman said that coup attempt never got beyond the planning stages." Williams: "The city of Baghdad shut down tonight."

Baghdad Journalist Describes Worsening Security Situation. CBS Evening News (9/29, story 8, 2:50, Couric, 7.66M) reported, "In Baghdad tonight, a new curfew has been ordered. No one is allowed on the streets until Sunday. Just another reminder of how difficult and dangerous working there is for anyone, including journalists." CBS (Logan): "The American media is criticized for not giving enough good news about Iraq and only concentrating on the bad news. As a journalist and an Iraqi who lives here and works here, what would you say to that?" Iraqi journalist Lara Mohammed: "We don't just pull things out of our pockets. What good things are happening? The death toll is even underestimated so as not to panic Iraqi people and some media even conceal the obvious truth that Iraq is on the verge of civil war."

New Saddam Judge's Brother-In-Law Is Killed. The AP (9/29, Rising) reports, "A relative of the new presiding judge in Saddam Hussein's genocide trial was shot and killed in Baghdad on Friday, an attack condemned by the country's top prosecutor as an attempt to force the trial to be moved out of Iraq." However, "It was unclear whether Judge Mohammed Oreibi al-Khalifa's relatives were targeted because of his role in the trial, or if the shooting was just another of the sectarian attacks that have been plaguing Baghdad." In additional news, on Friday the government imposed a "complete curfew' on Baghdad; "such wide-ranging curfews have been imposed following intelligence information that car or suicide bombs were planned in Baghdad."

Sadr Orders Followers To Lay Down Arms. The McClatchy Newspapers (9/30, Youssef) reports, "Muqtada al Sadr, the firebrand Shiite Muslim cleric whose Mahdi Army is

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arguably Iraq's most powerful armed group, has ordered his followers to put down their weapons temporarily, three of his aides told McClatchy Newspapers on Friday." Experts "differed on the significance of the directive, which Sadr delivered in secret to his commanders two weeks ago in the southern city of Kufa. Some saw it as Sadr's way of distancing himself from rising sectarian violence." Skeptics "said the order was little more than an effort by Sadr to head off an offensive by American and Iraqi forces against his militia." His orders "suggest that his organization is feeling pressure to curb the violence between Shiites and their Sunni Muslim rivals," but "analysts also think that Sadr is having trouble controlling his organization."

Iraqi Linked To Sunni Bloc Is Held. The New York Times (9/30, Tavernise, Mizher, 1.21M) reports, "American forces detained an Iraqi working for one of Iraq's most prominent Sunni Arab political leaders on Friday on suspicion that the man was helping to plan a multiple-car suicide bombing inside the Green Zone." In addition, the government banned "all vehicle and pedestrian traffic in Baghdad until Sunday morning," which was considered unusual because it included a "ban on walking." The curfew "may indicate fears that Sunni radicals might respond violently" to the arrest of the Sunni functionary.

Allegedly Abusive Iraqi Police Could Lose US Aid. The New York Times (9/30, Oppel, 1.21M) reports, "American officials have warned Iraqi leaders that they might have to curtail aid to the Interior Ministry police because of a United States law that prohibits the financing of foreign security forces that commit 'gross violations of human rights' and are not brought to justice." The dispute "centers on one of the most sensitive subjects within the Iraqi government: the joint Iraqi-American inspection in May and subsequent investigation of a prison in eastern Baghdad known as Site 4." The Times adds, "The controversy over Site 4 has become emblematic of the problem of militia members infiltrating the Interior Ministry's security forces and fears that Iraqi leaders are unwilling to take action against rogue groups."

Al Zawahiri Calls Bush A "Liar" In GWOT.

ABC and CBS both reported Al Zawahiri's latest Internet posting. ABC World News (9/29, story 4, 0:25, Moran, 8.78M) reported, "Overseas, now, more threats and venom from Osama bin Laden's right-hand man, Ayman al Zawahiri. In an internet post today, Zawahiri taunted President Bush, calling him a lying failure. And he added a new target, Pope Benedict. Saying, 'this charlatan accused Islam of being incompatible with rationality forgetting that his own Christianity is unacceptable to a sensible mind.'"

CBS Evening News (9/29, story 7, 0:10, Couric, 7.66M) reported, "Al Qaeda put out a new video message today from its second in command. Ayman al-Zawahiri accuses President Bush of being a liar who misled the American public about going to war in Iraq."

The AP (9/29, Mroue) reports, "Al-Qaida has released a string of videos to coincide with the fifth anniversary of the Sept. 11 attacks, showing increasingly sophisticated production techniques in a likely effort to demonstrate that it remains a powerful, confident force despite the U.S.-led war on terror." Al Qaeda has released 48 videos this year, triple the total of 2005, "which had been the highest."

Congress Approves $70 Billion For Iraq, Afghanistan.

ABC World News (9/29, story 6, 0:15, Moran, 8.78M) reported, "And Congress dealt with the high cost in the wars in Iraq and Afghanistan. The Senate passed a record Pentagon spending bill. Totaling $448 billion, with $70 billion earmarked for the wars in Iraq and Afghanistan, alone."

The Washington Post (9/30, Tyson, 748K) in a front page article reports that of the $70 billion, "nearly $24 billion [is allocated] for the Army and Marine Corps to repair and replace worn-out equipment. The new funding provides more than $2 billion for the military's efforts to defeat the road bombs, or "improvised explosive devices," that are the leading cause of deaths among U.S. troops in Iraq." The Post reports, "U.S. commanders are increasingly asserting that military power alone is not sufficient to stabilize Iraq. ... Some experts on counterinsurgency have criticized the U.S. effort in Iraq for violating the military principle of unity of command, which posits that one person should be in charge of any overall effort. The U.S. presence in Iraq has always been divided, with separate chains of command for the military and for civilians."

The Wall Street Journal (9/30, 2.03M) reports, "Congress sent a $447.6 billion Pentagon budget to President Bush, as lawmakers sought to clear the path for homeland and port bills tailored to burnish Republican security credentials going into November's midterm elections. The record Pentagon measure is laden with emergency funds to restore the readiness levels and equipment of Marine and Army units worn down by the war in Iraq." The Journal notes

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critically, "From an historic standpoint, overall defense outlays in the fiscal year beginning Oct. 1 are projected to surpass -- in real dollars -- defense spending at the height of the Vietnam War in 1968. ... under pressure from the Army and Marines, an estimated $23 billion would be set aside to help the services begin to rebuild units strained by the war. The Army has had to struggle just to meet its payroll at the end of the fiscal year."

The Washington Times (9/30, Hurt, Fagan, 88K) reports, "Congress approved a series of war-related measures yesterday, including $70 billion more for military operations in Iraq and Afghanistan and a plan for trying detainees in the war on terrorism. ... The Senate failed, however, to provide President Bush with the authority he wants to continue a wiretapping program that allows listening to international communications between suspected terrorists without a court order."

The Norfolk Virginian Pilot (9/30, Eisman) reports that the new budget "includes more pay, more ships." The Virginian Pilot discusses implications for the Navy, noting that the budget "adds 30,000 soldiers and 5,000 Marines to the active-duty force while trimming 12,000 sailors from the Navy - a cut requested by the service as part of an ongoing drive to reduce personnel costs. It permits construction of seven new ships, including an attack submarine to be built in part at the Northrop Grumman Newport News shipyard, and sets aside $739 million toward a new-design aircraft carrier to be built in Newport News beginning in 2008." "Of particular interest to Hampton Roads" are provisions allowing (1) "the Navy to fully retire the battleship Wisconsin and turn it over to Virginia and Norfolk authorities for use as a floating museum" and (2) at least temporarily rolling back "Navy and Air Force regulations that some evangelical chaplains complain could restrict their right to pray as their faith dictates."

Lawmakers Limit Payday Loan Interest Rates. The San Diego Union Tribune/AP (9/29. Hanamel) reports, "Interest rates on payday loans to military service members would be limited under an agreement reached Friday by House and Senate Republicans. The measure imposing a 36 percent cap on the annual interest rate for payday loans to service members or their spouses will be included in the defense authorization bill." DOD "strongly supported the rate cap measure after issuing a report earlier this year finding many payday lenders are clustered around military bases."

Father And Son Serving In Same Unit In Iraq. ABC World News (9/29, story 9, 3:10, Moran, 8.78M) reported, "And finally from us, our 'persons of the week.' they're two men bound by duty, sacrifice and service to their country. But their connection runs deeper than that. ABC (Hayes) added, "Michael Shacklee found himself struggling this week with the fact that he's leaving his wife, their babies. For at least a year. His father, Thomas, has been helping him through it. Remembers heading to the first Persian Gulf War, when Michael was just a boy." Thomas Shacklee: "I know the emotions when you leave your little ones behind, at least the ones I had." Hayes: "And now, their lives have come full circle. Michael joined the army because of 9/11. And his father stayed in the army because of Michael. Now they're heading to Iraq together. Both helicopter pilots in the same brigade."

Families Have Cardboard Cutouts Of Deployed Dads. The New York Times (9/30, Zezima, 1.21M) reports, "The Maine National Guard is giving life-size from-the-waist-up pictures of soldiers to the families of deployed guard members. Guard officials and families say the cutouts, known as Flat Daddies or Flat Soldiers, connect families with a relative who is thousands of miles away. The Flat Daddies are toted everywhere from soccer practice to coffee shops to weddings." Various family members describe their attachment to the cutouts.

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Stecher Named Interim US Attorney For Nebraska. The AP (9/30) reports, "Joe Stecher, an assistant United States attorney, was appointed Friday as interim U.S. attorney for the District of Nebraska." The AP continues, "Stecher succeeds Mike Heavican, who is leaving the department to serve as chief justice of Nebraska's Supreme Court. Heavican had held the post since 2001. … The U.S. Department of Justice announced Stecher's appointment." The AP adds, "Before joining the justice department, Stecher served in the Dodge County attorney's office for 16 years, first as deputy county attorney, then as chief deputy county attorney, and from 1999-2002 as Dodge County attorney."

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CORPORATE SCANDALS:

House Hears Testimony On Protecting Phone Records. The Wall Street Journal (9/30, A6, Godfrey, Wells, 2.03M) reports, "The House could vote in the near future on legislation that would require telephone companies to better protect customer records, and crack down on data brokers who lie to get those records, House Energy and Commerce Committee Chairman Joe Barton (R., Texas) said Friday."

The Washington Post (9/30, D8, Noguchi, 748K) reports, "Gaining unauthorized access to such records is far more common than the recent Hewlett-Packard Co. case suggests, members of a House subcommittee were told at a hearing yesterday, the day after HP executives, former executives and investigators were called to testify on the tactics used to spy on communications between journalists and members of the company's board of directors."

HP Tries To Weather Storm. The New York Times (9/30, Darlin) reports, "What if the initials H.P. — as in Hewlett-Packard — enter the lexicon in the same manner that Google has? Google, of course, has become much more than a corporate name. It now doubles as a catch-all term for online search that has resulted in nifty little verbs like 'Googled,' 'Googles' and 'Googling.'" The Times continues, "If H.P. undergoes the same sort of metamorphosis and becomes shorthand for illicit snooping, you might be telling your friends that a stalking ex-boyfriend is "so H.P." or that your office mate, who snoops through the stuff on your desk and listens a little too closely to your calls, has 'gone H.P.' … But the prospect of children hurtling the epithet 'H.P.'er' at parents who monitor their Web surfing is just one of the minor worries for Hewlett-Packard, which, as the world's largest technology company, has its brand name on millions of computers, printers, ink cartridges and corporate data servers. Revelations that the company's detectives and lawyers planned and supervised an extensive investigation of some of its directors, journalists who covered the company, a few employees and others have blemished its reputation." The Times adds, "The question is whether the scandal will more seriously damage one of the most storied names in corporate America. Mark V. Hurd, the chairman and chief executive, is the person shouldering the responsibility for managing the scandal's fallout and, for the time being, it appears that he has guided Hewlett-Packard through the crisis with the same skill he has been using to turn around this once-stumbling technology giant. … By many measures, the company so far has escaped any serious damage. Its stock, about the only visible barometer of public perception other than retail sales and late-night talk-show jokes, is as strong as it was before the spying operation was revealed in early September. … Nor would it seem that the outlandish plots concocted by the company's Clouseaus have convinced customers that a Dell notebook or a Sun server makes more sense these days. … H.P. certainly does not appear to be paralyzed by the imbroglio. Last Thursday evening, the same day that Mr. Hurd testified before a Congressional subcommittee examining his company's investigative methods, the company's personal computer division announced the acquisition of Voodoo Computers, a maker of high-powered computers for hard-core gamers."

HP Officials Read Reporter's Messages. The New York Times (9/30, Helft) reports, "Hewlett-Packard's effort to plug news leaks included monitoring at least one employee's instant-messaging exchanges with a reporter, according to documents provided to Congressional investigators." The Times continues, "The documents also provide other new details of the operation, including the company's payments for the services of investigators, and they shed light on a feud that simmered for months between Patricia C. Dunn, the chairwoman, and Thomas J. Perkins, a board member who resigned in protest over the inquiry. … They are included in the voluminous files made available to lawmakers in preparation for the House subcommittee hearing held Thursday on the Hewlett-Packard case." The Times adds, "In a March 2 e-mail message, Kevin T. Hunsaker, the senior lawyer in charge of the investigation, asked Fred Adler, the company's information security investigator, to 'do some monitoring on incoming and outgoing calls to Pui-Wing Tam,' a reporter at The Wall Street Journal, 'and keep a really close eye on her I.M. traffic with Moeller,' Mr. Hunsaker wrote, presumably referring to Michael Moeller of Hewlett-Packard's media relations team. … An e-mail message sent by Mr. Adler some two weeks earlier appears to celebrate what was a new investigative tool for the team. 'New monitoring system that captures AOL Instant Messaging is now up and running and deployed on Moeller's computer,' Mr. Adler wrote to Mr. Hunsaker and others on the investigative team. 'It instantly began to pay results.' … The rest of the message shows the text of close to 70 instant-messaging exchanges between Ms. Tam and Mr. Moeller, mostly discussing the company's

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earnings in what appears a fairly routine exchange between a reporter and a company spokesman. … Experts say it is not clear whether the monitoring of an employee's instant messages would raise any new legal issues for Hewlett-Packard or those involved."

Cingular Sues CAS Over H-P-Related Records Access. The Wall Street Journal (9/30, Sharma) reports, "Cingular Wireless filed suit Friday against a company it says fraudulently accessed the records of one of its customers, a CNET News.com reporter, as part of the Hewlett-Packard Co. boardroom-leak investigation." The Journal continues, 'The lawsuit, filed in U.S District Court in Atlanta, names CAS Agency Inc. and one of its employees, Charles Kelly, as defendants. The cellphone operator says the agency illegally obtained the records of CNET reporter Dawn Kawamoto, who reported on internal discussions within H-P's board." The Journal adds, "Cingular learned that CAS had accessed the records of Ms. Kawamoto at a congressional hearing Thursday. Cingular also listed as defendants 100 unidentified 'John Does' and 100 unidentified companies that it says have attempted to obtain and sell its customers' records. Neither CAS nor Mr. Kelly could be reached for comment. … Cingular, a joint venture of AT&T Inc. and BellSouth Corp., is the second cellphone operator to take legal action against firms that participated in the H-P investigation. On Thursday, Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, filed a lawsuit in New Jersey federal court against 20 unidentified individuals who it says obtained its customers' cellphone records as part of the H-P probe."

NYT Columnist Questions Fastow Sentence. In a column for the New York Times (9/30), Joe Nocera writes, "In some deep part of his soul, Andrew S. Fastow, who was given a surprisingly light six-year sentence this week for his role in the Enron debacle, always knew he was guilty of crimes. Not the big crimes, mind you, like his role as Enron's chief financial officer in dreaming up those special-purpose entities he controlled — the ones that generated hundreds of millions of dollars in fake earnings, helping to create the illusion that Enron was a prosperous company." Nocera continues, "At Enron, that was something to be proud of. That was how they gamed the system. As Mr. Fastow testified during the trial of his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, when he set up his first special-purpose entity, called LJM, 'I thought I was being a hero for Enron.'" Nocera adds, "It was the petty crimes, the skimming operations, the secret guarantees that his partnerships wouldn't lose money: that's where Mr. Fastow knew he was vulnerable. Not long after Enron filed for bankruptcy, he met with several advisers, one of whom recalls his response to a question about whether all the deals had been proper. Well, he replied, the Southampton deal was a problem. … The Southampton Place partnership originated in a 1999 deal in which Mr. Fastow and his right-hand man Michael Kopper conspired with three British bankers to defraud NatWest bank of Britain of $19 million. It wasn't one of those complicated Enron accounting scams that are impossible to explain. It was the kind of straightforward crime jurors understand. … So why then, knowing what he knew, did it take Mr. Fastow three years after the feds began circling Enron for him to agree to a plea bargain? And why did it take more time still for Mr. Fastow to morph into what the federal prosecutor John Hueston described to me as a man who gave the Enron task force 'extraordinary cooperation, unprecedented in my 13 years as a prosecutor?' And why, oh, why, given how long it took him to get there, did he wind up getting a 40 percent reduction in the 10-year sentence he agreed to when he finally decided to help the government put away Mr. Skilling and Mr. Lay? … Mr. Fastow gave the government incalculable assistance, and does indeed seem to be a changed man. Give him credit for both. But it took him a very long time to get to that place. … In the end, he did the crime. And he should have served the time — all 10 years."

CRIMINAL LAW:

White House "Skeptical" Of Report On Abramoff Contacts. ABC World News (9/29, story 3, 2:00, Moran) reported on "another controversy swirling around the White House. Last night, we told you about a Congressional report that revealed far more contact between the White House and the corrupt lobbyist Jack Abramoff than anyone previously admitted. The report says that Jack Abramoff had 485 contacts with officials. Including 187 get-togethers of meals or drinks. That cost Abramoff $25,000. Tonight, the fallout." ABC's George Stephanopoulos added, "Tony Snow had a very busy day. He responded to it in a sober way. He said the White House is going to take these questions seriously. He was also skeptical. He cited parts of the report that says a lot of the e-mails and billing records were uncorroborated."

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The Washington Post (9/30, A3, Grimaldi, Schmidt, 748K) reports Susan Ralston, a "top aide to presidential adviser Karl Rove passed along inside White House information to superlobbyist Jack Abramoff at a time when she was also accepting his tickets to nine sports and entertainment events, according to e-mails released yesterday in a bipartisan congressional report. The e-mails, released by the House Government Reform Committee, show that…Ralston also on occasion discussed possible business ventures with Abramoff. Ralston had worked for Abramoff before joining Rove in the White House in 2001." House Minority Leader Nancy Pelosi "seized on the report yesterday: 'A disgraced lobbyist traded perks and campaign contributions for special access to the Bush White House.' But White House press secretary Tony Snow disagreed. 'Jack Abramoff was an exuberant practitioner of sleaze to the point that it's very difficult within the report itself to figure out how many actual contacts there are,' Snow said."

Abramoff's Attempts To Lobby White House Said To Have Been "Largely Unsuccessful." Time (9/30, Bacon, 4.03M) reports, "The White House has tried hard to distance itself from the congressional lobbying scandal. But a new report suggests that Jack Abramoff wasn't always exaggerating his contacts with the Bush Administration … Abramoff was looking to fund projects for his Indian clients, so he focused most of his energy in the right place, on Capitol Hill and in the agencies like the Department of the Interior that dole out federal dollars and oversee them much closer than the White House. But his efforts to get his friends hired in key administration posts, such as chief of staff to Secretary of the Interior Gail Norton, were largely unsuccessful. His biggest coup was getting the White House to back some candidates he liked and at one point to deny support to someone he opposed, but those races were in Guam and the Commonwealth of the Northern Mariana Islands. Abramoff got nothing like the results he had on Capitol Hill, where Ney inserted comments in the Congressional Record attacking one of Abramoff's business rivals and other members inserted money into billls for tribal schools and other pet projects."

DOJ Asked Federal Judge To Delay Abramoff Sentencing. The AP (9/30, Apuzzo) reports, "The bribery investigation involving influence-peddler Jack Abramoff may have been stymied by a federal judge in Florida just as prosecutors began asking questions about the lobbyist's ties to the White House. U.S. District Judge Paul Huck refused to delay Abramoff's prison sentence for fraud charges Thursday, rejecting a plea by the Justice Department's top corruption prosecutor, who said Abramoff was providing information about officials whose names hadn't yet surfaced in the case." The AP goes on to report, "In the past month, the FBI has been pursuing leads about Abramoff's access to the White House and whether he was able to help lawmakers get Bush administration backing for their bills, according to someone familiar with the direction of the investigation who spoke on condition of anonymity because of its secrecy."

US To Question Attorney's Wife In Pirro Probe. The New York Daily News (9/30, Wilson, Smith, Lucadamo) reports, "The pretty housewife Jeanine Pirro feared was having a fling with her philandering husband will be subpoenaed by federal prosecutors, the Daily News has learned - yet the stunner's spouse insisted yesterday that 'nothing happened.' … 'I know my wife. We've been married 13 years, and I have the utmost confidence that nothing went wrong, nothing happened here,' Michael Santangelo said outside his house in Westchester." The News continues, "His wife, Lisa Santangelo, a raven-haired beauty who is 20 years younger than Jeanine Pirro, was a 'good friend to him [Albert Pirro], there is no question,' admitted her husband, who represented Albert Pirro at his federal tax evasion trial. … After Pirro was convicted, both Santangelos visited him while he served his 11-month sentence in a federal prison in Florida. … When asked if he ever worried his wife's friendship with Albert had flowered into an affair, Santangelo said no way. … Federal prosecutors plan to call Santangelo's 35-year-old wife as a witness in their eavesdropping investigation, The News has learned. … She has been notified that she will be asked to testify before a sitting grand jury, said a source familiar with the matter."

Long Island Newsday (9/30, Riley) reports, "For everyone else, the pictures of the 'other woman' in Albert Pirro's life that graced New York City's tabloid covers Friday were the talk of the town. But not for his wife Jeanine, or so she said. … [I have no reaction,' the embattled attorney general candidate asserted during a Channel 4 news showtaping Friday. '... This salacious stuff that we see on the front pages of the newspapers is just that. It doesn't belong in the public eye, it doesn't belong in federal offices. It is, you know, just fodder for people to talk about.'" Newsday adds, "Two days after Pirro admitted she had tried to get former New York City police commissioner Bernard Kerik to bug the family boat in 2005, sources familiar with the situation

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confirmed that she suspected he was having an affair with Lisa Santangelo, the wife of Al Pirro's lawyer and a mother of two. … Michael Santangelo, one of Pirro's defense lawyers when the one-time GOP power broker was convicted of tax fraud in 2000, told reporters in the driveway outside his Harrison mansion that he and his wife were longtime friends of the Pirros. But he said the relationship between his 35-year-old wife and Albert Pirro, 59, never went beyond friendship. … 'People are friends, people have relationships, and people may look at the relationships as something other than they are,' Santangelo, 59, said. 'If you people had any evidence of it, you'd be publishing it. You wouldn't just be saying this innuendo. I know my wife. We're married 13 years and I have the utmost confidence that nothing went wrong. Nothing happened here.' … Santangelo, in broadcast remarks, said his wife couldn't talk to reporters because of the ongoing FBI probe of whether Jeanine Pirro's bugging plan violated federal law. But he insisted that despite the unwanted publicity, the couple didn't hold it against Pirro, 55. … She has tried to take the political offensive by claiming -- contrary to most legal experts -- that it is legal to secretly eavesdrop on a spouse. She has also alleged that leaks about her are politically motivated, and asked the Justice Department for a fast-track investigation to clear her before election day. She made that request in a letter to Attorney General Alberto Gonzalez released to the media Thursday. But in Washington Friday, a Justice Department spokesman had no comment. … 'We still haven't received anything formal,' said spokesman Bryan Sierra."

Lawyers Doubt Pirro's Legal Opinion On Taping. 1010WINS (9/30) reports, "Republican attorney general candidate Jeanine Pirro would have violated federal wiretapping laws if she had carried out her plan to secretly tape her husband's conversations on a family boat, some legal experts said Friday." WINS continues, "The former Westchester County district attorney has said that the eavesdropping she considered was legal under established federal case law. .. . But some legal experts argue Pirro is wrong. … 'You can't tape record your spouse's conversations without his permission,' said New York City matrimonial lawyer Alton Abramowitz. 'It strikes me that Jeanine Pirro, a former district attorney, should know the law on wiretapping and tape recording conversations to which she is not a party. I'm sure she must have approved hundreds, if not thousands, of wiretaps while in office.'" WINS adds, "New York defense attorney John Pollok agreed. … 'The statute specifically does not have a marital exemption,' he said 'The FBI should have better things to do than become involved in familial problems, but the statute is very clear.' … Pirro, however, maintains she wouldn't have violated any law if she taped her husband Albert, a lobbyist and real estate developer who she suspected was having an affair. Paul Shechtman, her lawyer and chairman of the state Ethics Commission, backed Pirro's interpretation of three previous cases in which judges have ruled the taping of one spouse by another did not violate the federal wiretapping law."

Experts Say Leak Of Pirro Information Not Criminal. The New York Journal News (9/29, Fitz-Gibbon) reports, "Any information leaked from a federal investigation into former Westchester District Attorney Jeanine Pirro should concern the Justice Department — but not as a criminal matter, legal experts said yesterday." The News continues, "While Attorney General Alberto Gonzalez might want to know if federal investigations are being compromised by leaks from within, it is unlikely that release of any information from an investigation into Pirro would constitute a crime, the experts said. … 'From a practical standpoint, from an administrative standpoint, from an internal standpoint, if I had someone working in my office who was leaking information concerning ongoing investigations, that would be a firing offense,' said former federal prosecutor William Aronwald, now a practicing attorney in White Plains. … 'It would be a violation of the internal agency rules of the department,' said Aronwald, a frequent Pirro critic. 'But it doesn't mean it's a violation of any criminal statute.'" The News adds, "Pirro, who is running for state attorney general, maintained this week that investigators at the U.S. Attorney's Office in Manhattan were politically motivated in releasing transcripts in which she urged former New York City Police Commissioner Bernard Kerik to wiretap her husband's boat last year because she suspected he was having an affair. … The conversations, which surfaced as part of an unrelated corruption case against Kerik, are part of a local probe. … Yesterday, Pirro urged that Gonzalez appoint a special prosecutor to investigate her allegations of a leak and that Assistant U.S. Attorney Elliot Jacobson be removed from the case because, she asserts, he has a gripe against her family. Jacobson was among the federal prosecutors who won a tax evasion conviction against Pirro's husband, lobbyist Al Pirro."

Jailed FBI Informant Offered Advice To Menendez Opponent's Campaign. The Newark

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Star-Ledger (9/30, Whelan, Margolin) reported, "A researcher working for Republican Tom Kean Jr.'s campaign became pen pals with a jailed Democratic political boss in an effort to dig up damaging information on Kean's opponent, U.S. Sen. Robert Menendez. Former Hudson County Executive Robert Janiszewski, now serving time in a federal prison in Kentucky on corruption charges, offered political history and strategic advice to the Kean campaign in a chatty, friendly letter obtained by The Star-Ledger." Janiszewski "offered a long list of local politicians who hold grudges against the senator and may be able to provide damaging information about him," including Dr. Oscar Sandoval, who "rocked the U.S. Senate campaign this week by disclosing a secret recording he had made of Menendez's closest adviser." The Star-Ledger noted, "The Menendez campaign, which has been reeling from this week's release of the recordings and a federal investigation of the senator's rental property, seized on the letter and called it evidence of a 'smear campaign' by Kean."

New Jersey GOP Calls For State Probe Of Menendez Corruption Allegations. The Asbury Park Press (9/30, Volpe) reported, "State Republicans called Friday for the attorney general to investigate the dealings of U.S. Sen. Robert Menendez, D-N.J., and his close political ally who was secretly recorded using Menendez's name to pressure a Hudson County psychiatrist to hire a doctor. … The recordings by an FBI informant were acknowledged in court filings and published reports in the spring." The Press noted, "Menendez spokesman Matt Miller said while the existence of the tapes were reported in March, the actual recordings were not released until this week. … The spokesman called the request for an investigation another sleaze tactic by the campaign for Menendez's opponent, state Sen. Thomas H. Kean Jr."

MS-13 Gang Member Convicted In Virginia Slaying. The Washington Post (9/30, Markon) reports, "Wilfredo Montoya Baires thought he smelled a rat. Or so he told fellow members of the Mara Salvatrucha street gang. … Actually, prosecutors told the jury at Baires's federal court trial in Alexandria, the 27-year-old gang member wanted to eliminate a rival. So he and three other MS-13 members went to a townhouse in Manassas, where Baires shot Jose Escobar, 22, before another gang member cut his throat." The Post continues, "Baires was convicted Thursday in the August 2004 slaying of Escobar, an MS-13 member who had been 'greenlighted,' or targeted for death, by the violent gang because of his alleged cooperation with law enforcement, prosecutors said yesterday. As it turned out, prosecutors told the jury, Escobar never did cooperate, and Baires made the accusation as a pretext for murder." The Post adds, "Baires became the 14th MS-13 member convicted in U.S. District Court in Alexandria on murder-related charges since 2002. Federal officials have been cracking down on the gang, considered the largest and most violent in Northern Virginia, by using racketeering statutes once employed against the Mafia. Jurors convicted Baires of murder in aid of racketeering and three other counts. Two other MS-13 members earlier pleaded guilty in Escobar's death. .. . The two-week trial revealed much about the inner workings of MS-13, which has its roots in El Salvador and Los Angeles, prosecutors said. Government witnesses, including several MS-13 members, testified that the Escobar killing resulted from a power struggle within the gang."

FBI, New Jersey Police Search Atlantic City Government Offices. The Press of Atlantic City (9/30, Harper) reported, "Mayor Bob Levy said federal and local investigators searched and took files from the city's Department of Neighborhood Services office Friday, as ordered by a federal subpoena. Levy and other officials pledged complete cooperation with the investigation." The Press noted, "It is unclear what records were sought. City Business Administrator Domenic Cappella said the records include files from 2002 to the present day. … Other Neighborhood Services Department workers said hard drives were taken from computers used by department Director David Tayoun and two others in his office. Investigators also took hard drives from computers in the mercantile office. … Tayoun raised eyebrows in June after City Council approved a lucrative Boardwalk vending machine contract for a company half-owned by Tayoun's wife over the conflict-of-interest concerns of two municipal attorneys."

California Hearing On Lethal Injection Could Lead To Changes. The Los Angeles Times (9/30, Weinstein, Dolan) reports, "The most detailed hearing ever held on lethal injection in California concluded Friday with a judge exploring a new drug protocol that could prolong condemned individuals' deaths but also reduce the risk of an inmate experiencing excruciating pain." The Times continues, "The current procedures call for a three-drug cocktail including a barbiturate anesthetic, a muscle-

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paralyzing drug and a heart-stopping chemical. Critics say the state does not properly administer enough anesthetic to deaden the pain of the final drug, whose effects are masked by the paralytic." The Times adds, "Introducing the possibility of a single-drug protocol, U.S. District Judge Jeremy Fogel asked an expert witness for the state to estimate the length of time it would take to 'achieve a flat line' on an electrocardiogram — meaning someone was dead — just using 'a massive dose of barbiturate.' … 'We are looking at 20 minutes at the low end and 40 minutes toward the upper end,' said Dr. Robert Singler, a Napa anesthesiologist. … Fogel is considering a lawsuit brought by death row inmate Michael Morales, who contends that California's current lethal injection protocol presents an unnecessary risk of subjecting condemned inmates to cruel and unusual punishment in violation of the Constitution. … Morales was originally scheduled for execution Feb. 21 but state corrections officials postponed it after they were unable to meet conditions the judge imposed. Since then, the state has revised the protocol slightly, but has stuck by the three-drug cocktail."

Congress OKs Bill Curbing US Payments To Online Gaming Sites. Bloomberg (9/30, Roberts) reports, "Congress passed legislation today that curbs financial payments from banks to offshore Internet casinos that are illegal under U.S. law. … 'Basically we are shutting down the payment system for Internet gambling,' said Representative James Leach, an Iowa Republican. 'It is has an enormous effect.'" Bloomberg continues, "The measure, added to unrelated legislation providing $3.4 billion for U.S. port security, makes it unlawful for credit-card companies to collect payments for transactions with online-gaming sites. Congress passed the port security plan before recessing to campaign for the Nov. 7 elections. … Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, take in billions from U.S. gamblers. .. .The Justice Department has been pursuing wire fraud charges against executives and operators of online casinos."

Grand Jury Probing Katrina Fraud Claims. The Biloxi (MS) Sun Herald (9/30, Lee) reports, "A federal grand jury investigating post-Katrina insurance-industry claims practices plans a detailed study of an Oklahoma City case that ended with a $13 million verdict against State Farm Fire & Casualty Co., court records show." The Herald continues, "Attorney Jeff Marr, who represents 71 State Farm policyholders in Oklahoma, has been ordered to produce a transcript of the trial, Watkins v. State Farm; sworn testimony taken outside court from 26 individuals, the policyholders' claims files and other records. … The grand jury wants the records delivered by Oct. 11 to the federal courthouse in Jackson. … They include testimony from State Farm's top officers: Company chairman and CEO Edward B. Rust Jr., president and vice chairman Vincent J. Trosino and claims vice president Susan Q. Hood." The Herald adds, "The grand jury also has subpoenaed testimony given by engineers from Texas-based Haag Engineering Inc. and engineering reports from Haag. … State Farm officials declined comment Friday on the investigation, but have said in the past the company is cooperating with the U.S. Justice Department and state attorney general's office, which also is investigating insurers."

Detroit Free Press Reporter Fights Convertino's Demand For Sources' Names. The AP (9/29, Karush) reports, "A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government." The AP continues, "Lawyers for reporter David Ashenfelter filed a lawsuit Sept. 12 against Richard Convertino, who is facing criminal charges over his handling of a high-profile terrorism trial during his time as a federal prosecutor. They filed the suit in U.S. District Court in Detroit, the same court Ashenfelter covers for the Free Press and where Convertino once worked and is now a criminal defendant." The AP adds, "Convertino demanded in July that the owner of the Free Press, Gannett Co., reveal the identities of Ashenfelter's sources for a January 2004 article. That story detailed an internal Justice Department investigation into Convertino's conduct in the terrorism trial. Convertino has sued the Justice Department in Washington over the article, accusing officials of violating the federal Privacy Act by leaking information about him. … 'The information concerning Ashenfelter's confidential source(s) is in his possession, in Detroit. Gannett does not possess any of this information,' the reporter's lawyers wrote. .. . 'A reporter's privilege shields the production of this information in civil discovery, and it belongs to Ashenfelter. He, and he alone, is the reporter who spoke with the confidential source(s), gave

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the promise of confidentiality, and wrote the article based on the confidential information.' … Convertino's lawyer, Stephen Kohn, called Ashenfelter's lawsuit 'frivolous and harassing and sanctionable.' He said the reporter was acting prematurely, since Convertino has not subpoenaed him up to this point."

CIVIL LAW:

Old Stone Corp To Seek SCOTUS Ruling On Suit Against US. The Providence Journal (9/30, Downing) reports, "Old Stone Corp. of Providence wants the U.S. Supreme Court to weigh in on the company's longstanding lawsuit against the federal government." The Journal continues, "Old Stone's board of directors voted yesterday to petition the Supreme Court to hear the company's breach-of-contract lawsuit. … It would be the final avenue of appeal; Old Stone has exhausted all others -- including one last week." The Journal adds, "Old Stone, which formerly owned Old Stone Bank, filed the lawsuit 14 years ago this month. … Old Stone alleged that the government had broken its promises involving Old Stone's acquisition of two ailing savings-and-loan institutions during the 1980s. … In effect, the government encouraged Old Stone to take over Rhode Island Federal Savings & Loan, of Providence, in 1984, and Citizens Federal Savings & Loan, of Seattle, Wash., in 1985. … As part of those transactions, the government allowed Old Stone to use some accounting maneuvers so that the acquisitions would not harm Old Stone's financial picture. … The government later disallowed the accounting maneuvers. That contributed to a decline in Old Stone's financial health, so Old Stone sued. (Dozens of other banking companies in similar situations also filed such lawsuits.) … A spokesman for the U.S. Department of Justice, Charles Miller, declined yesterday to comment on the case. If the Supreme Court agrees to hear the case, the Justice Department will respond to the legal papers that Old Stone files with the court, according to the schedule established by the court, Miller said."

CIVIL RIGHTS:

DOJ Sues New Jersey Landlord Over Rental Bias. The Ocean County (NJ) Observer (9/30, Hollowell) reports, "The U.S. Department of Justice filed a lawsuit yesterday against Triple H. Realty LLC and a current and former employee, alleging they gave preferential treatment to Orthodox Jewish tenants at the Cottage Manor Apartments, according to a department news release. … Neither person is named in the release and no one from the department could be reached for comment last night. … However, in July, the U.S. Department of Housing and Urban Development charged the company, managing agent Harry Kantor and former onsite supervisor Vincent Ortiz with violating the Fair Housing Act by trying to segregate tenants based on religion, race, color and national origin." The Observer continues, "The Justice Department complaint, filed yesterday in federal district court in Newark, alleges the complex was marketed to Orthodox Jews in the local area beginning in 2002 by offering lower rents than current tenants paid for comparable apartments. … Non-Jewish black and Hispanic residents were allegedly pressured to move out of buildings that management reserved for incoming Jewish tenants and that were better maintained than other buildings in the complex. The com-plaint also alleges that management provided Jewish residents more favorable living conditions, such as a fenced, landscaped yard. … 'It is inexcusable and illegal to deny equal access to housing based on one's race or ethnicity,' Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement. 'The Department of Justice will continue to vigorously protect the equal housing rights of all Americans.'"

Euclid, OH, To Release New Redistricting Plan. The Cleveland Plain Dealer (9/30, Atassi) reports that the Euclid, OH, City Council "will decide on Monday whether it will act in time for the November 2007 election to adopt a redistricting plan that increases the number of black residents in two of the city's four wards." The Plain Dealer continues, "Cleveland State University researchers, with suggestions from Council President Ed Gudenas, drafted the new districts to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats. … The plan would shuffle about 13 percent of Euclid's residents to increase Ward 4's black population from 51 percent to 54 percent and Ward 3's from 34 percent to 40 percent. But it maintains the four at-large seats that the U.S. Justice Department wanted replaced with an eight-ward system and a council president elected at-large." The Plain Dealer adds, "City officials hope the changes will be enough to cut short the legal battle that erupted when a three-year

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investigation concluded that the city's broadly drawn districts and a system for electing at-large council members have diluted minority voting strength in a city with a population that is more than 30 percent black. … Some residents in the sections of town who would be recruited to help increase Ward 3's black population to 40 percent said that council was moving too fast to approve a plan that might not even satisfy the Justice Department or achieve its goal of getting a black candidate elected."

DOJ To Monitor Louisiana Voting. The Baton Rouge Advocate (9/30, Burgess, Courreges) reports, "Federal observers will be working the precincts in St. Landry Parish today when voters hit the machines for a variety of local and state elections and ballot issues. … In St. Landry, observers with the U.S. Department of Justice will keeping an eye on activity around those voting machines and asking some voters questions about the election, St. Landry Parish Clerk of Court Charles Jagneaux said. … 'They came because there were some allegations of vote buying and because there's some contentious elections,' he said." The Advocate adds, 'Jagneaux noted that of specific interest is the election for St. Landry Parish Sheriff, where interim Sheriff Laura Balthazar faces challengers Lambert Castille and Bobby Guidroz. … Jagneaux said his staff met with Justice Department officials Friday, joined by representatives of the Louisiana secretary of state's elections fraud unit. … 'I'm sure the allegations were racial in nature,' Jagneaux said. 'They said something about preventing the dilution of the black vote.' … U.S. Attorney Donald Washington said federal officials heard rumors about the potential for voter irregularities, particularly in the sheriff's race. .. 'There were concerns about the potential for intimidation based on race,' he said."

SCOTUS Will Hear Two Abortion Cases November 8. The Wall Street Journal (9/30, A2, Schlesinger, 2.03M) reports, "The Supreme Court comes back to work Monday to take up some hot-button new issues -- notably abortion and racial diversity in schools -- and thereby begin the first full measure of the impact of the nation's newest justice, Samuel Alito. … The justices hear arguments in two abortion cases the day after midterm elections, on Nov. 8. Both involve the federal 'Partial-Birth Abortion Ban Act,' passed by Congress and signed by President Bush after the Supreme Court struck down a similar Nebraska law in 2000." The Journal adds, "Some time later in the term -- arguments haven't yet been scheduled -- the court will take up racial-balancing plans in public-school districts in Jefferson County, Ky., and Seattle. Both districts have complex enrollment formulas designed to ensure school populations reflect the racial balance of the local community."

McClatchy Newspapers (9/30, Henderson) reports, "In the abortion case, the court could make it much more difficult to challenge restrictions on women's ability to terminate pregnancies. … The abortion cases…will test how strongly Roberts and Alito feel about preserving recent court precedents." McClatchy notes, "Government lawyers say the federal ban's lack of a health exception doesn't matter because Congress made a 'factual finding' that late-term abortion is never medically necessary. But to uphold the federal ban, the court would need to back away from its stringent requirement of a health exception; that would mean significantly altering or undermining the 2000 ruling."

Gingrich Claims Congressional Majority Is Sufficient To Override SCOTUS. The AP (9/30) reports, former House Speaker Newt Gingrich told the audience at a Georgetown law conference that Supreme Court decisions "that are 'so clearly at variance with the national will' should be overridden by the other branches of government. … 'What I reject, out of hand, is the idea that by five to four, judges can rewrite the Constitution, but it takes two-thirds of the House, two-thirds of the Senate and three-fourths of the states to equal five judges,' Gingrich said."

Senate Fails To Pass Abortion Bill Banning Transport Of Minors. The Los Angeles Times/AP (9/30) reports, "A bill to criminalize taking minors over state lines for secret abortions failed late Friday in the Senate when Republicans were unable to get the 60 votes required to advance the bill to a final vote. … The House voted 264 to 153 Tuesday to approve the legislation, which would have made it a federal crime for anyone other than a parent to take a child over state lines for an abortion in an effort to circumvent parental involvement laws."

Judge Rules Gay Couple From Rhode Island Can Wed In Massachusetts. The New York Times (9/30, Zezima, 1.21M) reports, "Same-sex couples who live in Rhode Island can marry in Massachusetts, a Superior Court judge here ruled on Friday. The judge, Thomas E. Connolly, ruled that because Rhode Island did not prohibit same-sex

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marriage by statute or in its Constitution, same-sex couples were allowed to marry in Massachusetts under state law."

Wiccans Sue VA To Force Recognition Of Pentacle. The New York Times (9/30, Goodstein, 1.21M) reports, "Military veterans are entitled to have their headstones engraved by the government with a symbol of their religion. Families of the deceased may choose from emblems representing a variety of 18 Christian churches, a number of Buddhist sects, Judaism, Islam, Sikhism, Hinduism and atheism (represented by an atom with an A inside) — 38 religious symbols in all. But not the Wiccan pentacle, which the Department of Veterans Affairs has neither approved nor disallowed despite various petitions over the last nine years. Yesterday three Wiccan families and two Wiccan churches sued to force the department to include their symbol — a five-pointed star inside a circle — on the list of approved emblems." The Times ntoes, "The American Civil Liberties Union, representing the plaintiffs, brought the action in the United States Court of Appeals for Veterans Claims, in Washington. A spokesman for the V.A. did not respond to requests for an interview."

ANTITRUST:

Congress Passes Bill Repealing Wright Amendment. The Fort Worth Star-Telegram (9/30, Recio) reports, "The House and Senate approved historic legislation repealing the Wright Amendment on Friday after proponents and critics sparred in the House over whether the bill would protect consumers." The Star-Telegram continues, "Shortly after 10 p.m. Central time, House members voted 386-22 to approve the bill. The Senate passed it on a voice vote early in the afternoon, and the measure now goes to President Bush for his signature." The Star-Telegram adds, "The bill caps decades of acrimony over the issue between Fort Worth and Dallas. It opens up Dallas Love Field to nonstop domestic flights after eight years, allows immediate connecting and one-stop passenger flights to distant cities, and slashes Love Field to 20 gates from 32. Proponents said the bill will increase air travel competition in North Texas and drive fares down at Dallas/Fort Worth Airport. Critics argued that eight years is too long, that the gate reductions strengthen near-monopolies by American Airlines and Southwest Airlines at their D/FW and Love Field home bases, and that through-ticketing won't bring fares down as much as hoped. … Southwest, which dominates Love Field, will add 40 one-stop destinations from the Dallas airport within days of the president's signature, spokeswoman Beth Harbin said Friday. That will probably include service to cities such as Chicago, Las Vegas and Washington, D.C. American officials wouldn't comment on their plans, but they are also likely to begin connecting service from Love."

The Dallas Morning News (9/30, Reddy) reports, "The legislation won Senate passage under unanimous consent earlier Friday after months of pressure by Texas Sens. Kay Bailey Hutchison and John Cornyn to win over a final detractor, Sen. Patrick Leahy, D-Vt. … President Bush is expected to sign the measure as early as next week." The News adds, "Lawmakers acknowledged that the Wright battle may not be over. Opponents of the deal are expected to challenge the legislation in court. .. . The Wright legislation stalled this summer under criticism over its treatment of federal antitrust laws, and supporters in Congress fought hard for language to help shield the deal from a long court fight. .. .The legislation will repeal Wright in 2014, implementing a June agreement by the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and D/FW Airport."

Bloomberg (9/30, Hughes) also reports this story.

YouTube Shaking Up Video World. The New York Times (9/30, Hansell) reports, "Chad Hurley effects a calm, almost detached demeanor, even as the Web site he runs, YouTube.com, has provoked a frenzy of consternation among executives of record labels, TV networks and movie studios. For millions of Internet users, the site that opened to the public less than a year ago provides a daily fix of odd and interesting video clips, from White House speeches to frat house pranks." The Times continues, "YouTube has also become a vast repository of video taken without permission from television shows and movies, not to mention home movies constructed — with nary a cent paid in royalties — from commercial music and imagery. .. . Mr. Hurley was surrounded by curious media executives at Allen & Company's annual Sun Valley mogulfest in July. They wondered: friend or foe? Is he earnestly working to make YouTube and its exuberant users conform to the existing standards of copyright law and contractual obligations? Or is he cynically flouting the law to enable YouTube to grow rapidly, calculating that he will be able to cut a more advantageous deal later, or perhaps sell the company to someone else who will be able to sort through the mess of

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liabilities?" The Times adds, "In an interview this week, Mr. Hurley, not surprisingly, portrayed himself as mainly trying to improve the site for its users while working to find arrangements that will satisfy Hollywood. .. YouTube has started to attract mainstream advertisers and the site has become financially stable, Mr. Hurley said, despite the huge cost of showing more than 100 million video clips a day. Potentially most significant, Mr. Hurley pointed to a deal signed recently with Warner Music that he hopes will be a model for dealing with Hollywood and record companies from now on. YouTube is developing technology that will identify Warner music used in a video that is uploaded. When the site plays those videos, it will share some of its advertising revenue with Warner and others with copyrighted material that is used."

Rival Emerges In Delphi Takeover Talks. The Wall Street Journal (9/30, Dugan) reports, "For weeks, senior auto-industry executives have been gathering at a Manhattan law firm to hammer out an agreement to bring auto-parts giant Delphi Corp. out of bankruptcy protection. … They have included Delphi Chief Executive Officer Robert 'Steve' Miller and Frederick A. Henderson, chief financial officer of General Motors Corp., Delphi's former parent. But the man who has emerged as pivotal in the talks, according to several participants, is David A. Tepper, a blunt hedge-fund billionaire who has been a thorn in Delphi's side for months." The Journal continues, "Mr. Tepper, 49 years old, is head of Appaloosa Management, a $4.5 billion hedge fund that owns 9.3% of Delphi's stock. Mr. Tepper, who grew up in a middle-class household in Pittsburgh, has gotten rich investing in America's broken companies and declining industries. He bought into the steel and coal industries when they slumped and picked up bargain-priced securities of firms tainted with asbestos suits." The Journal adds, "Mr. Tepper has been pushing a restructuring plan that could leave him in control of a far bigger stake in Delphi. After weeks of negotiations, the group is near an agreement under which Mr. Tepper would inject billions of dollars more into Delphi and wind up controlling up to one-third of Delphi's stock when it emerges from bankruptcy, people involved in the meetings say. An agreement would end a bankruptcy-court battle between Delphi, its stockholders and creditors, and GM, which still has significant financial ties to Delphi. .. .Mr. Tepper is betting he can make big money as Delphi cuts back its operations, which will be painful for some Delphi employees. Delphi wants to close many plants and lay off thousands of people. It also intends to cut wages and benefits."

Commerce Department Gives Icann Greater Autonomy. The New York Times (9/30, Shannon, 1.21M) reports the Commerce Department "agreed yesterday to loosen its control over the agency that manages the Internet address system, a move that experts called a big step toward private-sector control. The agreement is part of a three-year renewal of the partnership between the government and Icann, the California-based nonprofit group that keeps technical tabs on the Internet. It replaces an agreement that expires today. In addition to providing for more autonomy, the accord calls for a midterm review in 18 months, the earliest point at which Icann could become unleashed from government oversight. …The 'joint project agreement' signed yesterday is meant to be the last of six that have given Icann the authority to keep the Internet running since 1998. John M. R. Kneuer, the Commerce Department acting assistant secretary for communications and information, said other countries 'should draw some heart' from the latest agreement's goal to allow Icann to become a private-sector organization."

The Financial Times (9/30, Waters) reports Commerce's "continuing influence over the internet's root directory…came under fire last year from the European Union, which wanted broader international oversight. Icann, the body that runs the addressing system under licence from the US, has also been accused of secrecy, and of moving too slowly to extending the addressing system to languages other than English."

ENVIRONMENT/INDIAN AFFAIRS:

House Bill Allows Property Owners To Appeal Zoning Laws. The Washington Times (9/30, Thompson, 88K) reports, "The House last night passed a bill that would enable individuals to appeal zoning laws in federal courts, giving private property owners additional protection that opponents say will benefit big developers. Rep. Steve Chabot "said the bill that passed 231-181 responded to the Supreme Court San Remo Hotel ruling, in which the court denied property owners the ability to appeal state court rulings on zoning laws in federal courts. The hotel is in San Francisco. … Mr. Chabot said zoning laws fall under the taking clause of the Constitution's Fifth "

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FDA Says Grocery Chains Now Carrying Spinach On Their Shelves. ABC World News (9/29, story 8, 2:35, Moran) reported, "Spinach is back on the shelves." Today at many grocery stores across the country Spinach can now be found. The FDA "today said it now believes that all the spinach that might have been contaminated with E. Coli has been recalled FDA officials also say the 'product is safe', as long as the product was grown outside of the sate of California. We feel confident to have confidence in this product again."

Natural Selection Foods Offers Reimbursements For Medical Expenses. On the NBC Nightly News (9/29, story 9, 2:45, Williams, 9.87M) quoted COO Natural Selection Foods Charles Sweat saying, "We will be offering them reimbursements for their out of pocket medical expenses."

FDA Confirms All Tainted Spinach Came From Natural Select Foods. The New York Times (9/29, Yadley, 1.21M) reports that "Consumers can now resume buying and eating fresh spinach, the Food and Drug Administration said. The tainted spinach all came from Natural Selection Foods…"

Storm Research Money Sought. The New York Times/AP (9/30) reports that the US "Government should invest more money in understanding hurricanes because they are so deadly and expensive, according to a draft of a federal report. The report, from the National Science Board, recommends a streamlined, multiage effort to improve hurricane science and engineering research, along with about $300 million a year in additional financing." However, "the Hurricane Research Division of the National Oceanic and Atmospheric Administration has never exceeded $5.1 million, and its staff has declined by 30 percent in the past decade…"

DuPont Settlement To Help Delaware Wetlands. The Wilmington (DE) News Journal (9/30, Montgomery) reports, "The DuPont Co. will pay $700,000 to restore wetlands east of Milford as part of a proposed settlement with state and federal agencies for natural resource damages along the Christina River in Newport." The Journal continues, "Under the multi-agency agreement announced Friday, DuPont's overall expense will total about $1.6 million for penalties, investigation reimbursements and other expenses connected with DuPont's Newport Superfund site, which straddles the Christina River just west of Del. 141." The Journal adds, "Near Milford, the money will finance the purchase of an 'environmental covenant' that will protect and restore 56 acres of land along the Mispillion River, east of Del. 1. Planned work includes stabilization of about 2,000 feet of riverbank, some channel improvements and elimination of invasive phragmites reeds across the property. … 'This settlement will result in significant habitat improvements in the Mispillion River ecosystem -- home to many valuable natural resources, such as blue crab, Atlantic herring, spot and striped bass,' said Sue Ellen Wooldridge, assistant attorney general for the Justice Department's Environment and Natural Resources Division. … Department of Natural Resources and Environmental Control Secretary John A. Hughes said ecological restoration was a 'fundamental goal' for the agency, and said that the settlement will help to improve aquatic and wetland habitats in the Mispillion."

Nevada Couple Charged With Exotic Animal Violations. The Pahrump Valley (NV) Times (9/30, Waite) reports on "Gert Abby Hedengran, 58, and his wife Roena Emma Hedengran, 54, who recently moved to Pahrump. The Hedengrans were arrested March 16, 2005, at their former home in Moorpark, Calif., in Ventura County, after a Siberian tiger escaped and roamed for three weeks before being shot near an elementary school and public park in a residential neighborhood." The Times continues, "Gert Hedengran agreed to plead guilty to one felony count of making a false statement and one felony count of obstruction of justice in a plea agreement. The Justice Department claims Hedengran misled and obstructed officers who were attempting to track down and capture the tiger. … He also pleaded guilty to misdemeanor counts of improper transportation of exotic felines; improper handling of exotic felines, in a manner causing physical and emotional trauma; and exhibition of exotic felines without a license." The Times adds, "Thom Mrozek, a spokesman for the U.S. Attorney's Office in the Central District of California, said U.S. District Judge George H. King had some questions about the vagueness of the animal welfare charges in the misdemeanor counts."

Study Finds Native Women Most Abused US Group. The Arizona Daily Sun (9/30, Rave) reports, "The report, when it was released in 1999, could have been a call to action: … Native women are raped, abused, stalked and murdered more than any other group in the country. … It

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wasn't. .. . 'When those statistics came out, there was no cry. There was no outrage,' said Karen Artichoker, director of Sacred Circle, a crisis center in Rapid City, S.D. .. But in the years since the Bureau of Justice report was released, longtime activists like Artichoker redirected their efforts and took their cause to the nation's leaders. And they've successfully blazed a trail on behalf of Native women." The Sun continues, "Tribal leaders, through the National Congress of American Indians, have since joined with more than 30 tribal domestic violence coalitions across Indian Country. … Together, they spurred Congress to action. The result: In January, President Bush reauthorized the 2005 Violence Against Women Act, which contained an important and unprecedented provision specifically aimed at making life safer for indigenous women." The Sun adds, "The Violence Against Women Act's Safety for Indian Women provision could dramatically improve the way the Justice Department's Office on Violence Against Women provides services to tribes around the country. .. . Justice Department officials met Sept. 19 with tribal leaders and anti-domestic violence coalitions in Minnesota for a first-ever government-to-government consultation to discuss safety for Native women."

Energy Proposals Languished In Congress This Year. The Washington Post (9/30, D1, Mufson, 748K) reports, "When oil prices punched through $75 a barrel and gasoline topped $3 a gallon five months ago, members of Congress offered a raft of proposals, ranging from more U.S. drilling to windfall profits taxes to antitrust investigations. … Five months later, long after 'Energy Week' came and went in the House of Representatives, Congress is heading home without adopting any significant legislation on energy. Most notably, the Senate and House failed to bridge differences over how much offshore oil and gas drilling to allow on the Outer Continental Shelf, with angry negotiators blaming each other for the collapse of talks early yesterday." The Post adds, "Among the ideas that failed to gain traction in Congress: a bipartisan move to raise mileage standards…and a White House request for clearer authority to set fuel efficiency targets under the Corporate Average Fuel Economy (CAFE) program."

NYT Says Government Needs To Take Action To Reduce Greenhouse Gases. The New York Times (9/30, 1.21M) writes in an editorial that "If the world is going to reduce the quantity of greenhouse gases spewed into the atmosphere, every industry has to find ways to use energy more efficiently. One of the most common-sense proposals we have heard lately comes from Sir Richard Branson, chairman of Virgin Atlantic airline." It is the belief of many that "the more entrepreneurs like the brash Sir Richard get involved in green business, the faster we will end our reliance on petroleum." However, "the actions of private citizens and businesses do not absolve the government of responsibility to act decisively. The United States government still needs to regulate emissions of heat-trapping greenhouse gases. Only when there is a price associated with polluting the atmosphere with carbon dioxide will the clean-energy businesses supported by people like Sir Richard really take off."

FBI/DEA/ATF/USMS:

9th Circuit Panel Rules Bonds' Trainer Must Remain Jailed. The AP (9/30) reports, "A federal appeals court rejected a bid to free Barry Bonds' personal trainer, who has been jailed for refusing to testify to a grand jury." The AP continues, "The three-judge panel of the 9th U.S. Circuit Court of Appeals on Thursday sent Greg Anderson's contempt case back to U.S. District Judge William Alsup to decide a key issue." The AP adds, 'Anderson's lawyers have argued he shouldn't have to testify about whether he gave the Giants slugger steroids, contending prosecutors illegally tape recorded him. .. Prosecutors say the recording was made during a face-to-face meeting and wasn't obtained improperly. And they promise not to use its contents when questioning Anderson before a grand jury. .. . The appeals court demanded Alsup rule whether the tape recording was indeed illegal but rejected Anderson's other claims. The 9th Circuit also granted prosecutors' request to seal some documents in the case."

IMMIGRATION:

Senate Approves 700-Mile Fence On US-Mexico Border. None of last night's network news broadcasts covered the Senate's debate over border security legislation but it received significant coverage in prominent US newspapers. The New York Times (9/30, Hulse, Swarns, 1.21M) reports that in an 80-19 vote the Senate "approved the

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building of 700 miles of fence along the nation's southwestern border, fulfilling a demand by conservative Republicans to take steps to slow the flow of illegal immigrants before exploring broader changes to immigration law. … It sent the fence measure to President Bush, who has promised to sign it despite his earlier push for a more comprehensive approach that could lead to citizenship for some who are in the country illegally." DHS Secretary Michael Chertoff "praised the money for border security. He said it would 'enable the department to make substantial progress toward preventing terrorists and others from exploiting our borders and provides flexibility for smart deployment of physical infrastructure that needs to be built along the southwest border.'" The Times notes, "Some Democrats ridiculed the fence idea and said a broader approach was the only way to halt the influx."

The Washington Post (9/30, A1, Weisman, 748K), in a front-page story, reported, "The measure was pushed hard by House Republican leaders, who badly wanted to pass a piece of legislation that would make good on their promises to get tough on illegal immigrants, despite warnings from critics that a multibillion-dollar fence would do little to address the underlying economic, social and law enforcement problems, or to prevent others from slipping across the border." Senate Majority Leader Bill Frist "surprised many advocates of a more comprehensive approach to immigration problems when he took up the House bill last week."

The Los Angeles Times (9/30, A1, Gaouette, 918K) reports, "The legislation's opponents dismissed it as a costly political gimmick that would have little effect on stopping illegal immigration. They also chided Congress for failing to create a guest worker program or to address the status of the estimated 12 million illegal immigrants already in the U.S. The fence is 'a feel-good plan that will have little effect in the real world,' said Sen. Edward M. Kennedy (D-Mass.). … The Secure Fence Act specifies that fencing extend 10 miles to the east and west of Tecate, Calif., and from 10 miles west of Calexico, Calif., to five miles east of Douglas, Ariz. In other areas, the fencing would start five miles west of Columbus, N.M., and extend to 10 miles east of El Paso; extend from five miles northwest of Del Rio, Texas, to five miles southeast of Eagle Pass, Texas; and from 15 miles northwest of Laredo, Texas, to Brownsville, Texas."

The Washington Times (9/30, Hurt, 88K) reports, "Eight Democratic senators who supported the bill last night switched their position from the previous day, when they voted to block the fence. They are Sens. Barbara Boxer of California, Thomas Carper of Delaware, Hillary Rodham Clinton of New York, Christopher J. Dodd of Connecticut, Tom Harkin of Iowa, Herb Kohl of Wisconsin, Barack Obama of Illinois and Charles E. Schumer of New York. Many of the Democrats who joined Republicans on the vote either face close elections this November or represent mostly conservative states. But for the most part, Democrats opposed the measure."

Bush's Effort To Gain Comprehensive Reform Said To Be "In Disarray." McClatchy Newspapers (9/30, Montgomery) reports the vote left President Bush's "proposed immigration overhaul in disarray. … The legislation - which Bush has agreed to sign - was denounced by critics as little more than a symbolic gesture by Republicans to appeal for votes in their re-election campaigns. But GOP supporters hailed the fence as the cornerstone of a legislative offensive to plug the porous 2,000-mile border with Mexico. 'It's important that we demonstrate to the American people that we are serious about securing our border,' said Sen. Jon Kyl, 'and it can't be done without the fence.'"

The AP (9/30, Gamboa) reports, "The fence bill became House Republicans' immigration focus in September after they abandoned President Bush's call to bring millions of illegal immigrants into the American mainstream."

Financing For Fence And Other border Security Initiatives Advances. The AP (9/30, Gamboa) reports, "Republicans will go into the elections with a message that they've made great strides fighting illegal immigration." According to the AP, "No one knows how much [the fence] will cost, but a separate bill also on the way to the White House makes a $1.2 billion down payment on it. A 14-mile segment of fence under construction in San Diego is costing $126.5 million. … In addition to money for starting work on the fence, a homeland security bill passed Friday by the House and later by the Senate includes $380 million to hire 1,500 more Border Patrol agents and money to build detention facilities to hold 6,700 more illegal immigrants until they can be deported."

Mexican Foreign Secretary Urges Bush To Veto Bill. The AP (9/30, Castillo) reports the government of Mexico "said Friday it will try to persuade President Bush not to sign a bill that would extend a wall along the border in an effort to stop illegal immigrants." Foreign Secretary Luis

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Ernesto Derbez "said Mexico will send a letter to the U.S. government strongly condemning the measure. Asked by a reporter if the government would try to 'dissuade' Bush from signing the bill into law, he replied, 'Without a doubt.' Derbez is quoted as saying, "We think it is a gesture that doesn't reflect the friendship between nations of Latin America and the Caribbean and the United States."

Federal Agencies Work Against One Another In Refugee Cases. The New York Times (9/30, Bernstein, 1.21M) reports, "No one disputes that at 15, Ana Cristibel Sandoval was a victim of abuse and human trafficking, first by her family in her native Honduras, then by smugglers who drugged, raped and held her captive in a house in Phoenix in 2002. But in the four years since the police found her there, one arm of the federal government has treated her as a traumatized teenager in need of care and refuge, while another arm keeps trying to deport her." The case is one aspect of "the larger tug of war between the Department of Health and Human Services and the Department of Homeland Security." According to the Times, "officials at Immigration and Customs Enforcement have battled Ms. Sandoval's lawyers at every step of her four-year legal struggle for permanent refuge in the United States."

Washington Detention Centers See Influx Of Immigrants. The Seattle Times (9/30, Turnbull) reports, "Unbeknownst to her family, friends and attorney, Maria Del Toro Chacon was suddenly moved this week from the Northwest Detention Center in Tacoma, where she'd been held for the past year." The Times continues, "Chacon — a Mexican national and mother of two — and 14 other women were not told where they were going, weren't allowed to take personal possessions and weren't permitted to make any telephone calls. .. . In the dark on Sunday night, she said, they were driven south in two vans that left the highway somewhere beyond Olympia, eventually coming to idle in an unlit, isolated area. In the back of the van, the panicked women cried and prayed — certain they were being taken somewhere to be shot. .. . They were transferred from the vans to a bus and taken to Columbia County jail in St. Helens, Ore., where they remained for four days before being returned to the detention center in Tacoma." The Times adds, "Movements like these, from and between immigration detention centers nationwide, have occurred with increasing frequency since this summer, when the Department of Homeland Security stepped up efforts to detain and deport illegal immigrants. .. . Chacon and the others were relocated, immigration officials said, to free up bed space for a new group of detainees expected in from another state. The move was also intended to relieve overcrowding that resulted after a flight to remove some detainees was canceled. … Under mounting pressure from Congress and the public to better enforce immigration laws and expel illegal immigrants, Homeland Security is moving to detain every illegal immigrant taken into custody by guaranteeing a bed somewhere in the country — anywhere in the country, no matter how far away. .. . It replaces a practice known as catch and release, in which immigrants picked up in areas with chronic bed shortages were released on the promise they would show up for court later."

TAX:

US Accuses New York Tax Preparer Of Tax Fraud. The New York Times (9/30, Ramirez) reports, "Garry P. Webb-Bey of Brooklyn is a tax preparer who sees tax-reducing tactics in behalf of his clients that other tax preparers might not see. .. . This week, one of his stratagems attracted the stern attention of the federal Department of Justice, to wit: getting big tax refunds for clients by declaring, unilaterally, that New York State is a separate country." The Times continues, "Wages earned in the state, therefore, are 'foreign' income, Mr. Webb-Bey claims, qualifying his clients for the foreign earned-income tax exclusion. .. . The federal government, in civil court papers, disagreed, accusing Mr. Webb-Bey of fraud and interfering with the administration of the internal revenue laws." The Times adds, "For the record, the government has determined that New York State — admitted to the union in 1788 and the home of the nation's first capital, at New York City — is not a foreign country within the meaning of the federal tax code." The Times adds, "Mr. Webb-Bey, 44, who was interviewed yesterday at his apartment building in the Bedford-Stuyvesant section of Brooklyn, said the government accusations were inaccurate. .. . Mr. Webb-Bey describes himself as 'self-taught in the law' and said he was puzzled by the government's action. 'If someone makes a claim that is inaccurate, they would audit you and it is rectified,' he said. .. . In a complaint filed on Wednesday in Federal District Court in Brooklyn, the Justice Department sought the shutdown of Mr. Webb-Bey's tax-preparation activities."

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DOJ Forces Three Arizonans To Shut Down Tax Fraud Scheme. The Arizona Republic (9/30) reports, "Three Arizona men who operated a tax-fraud scheme have been forced to shut down after costing the government millions of dollars in lost revenue, the Justice Department said." The Republic continues, "A permanent U.S. District Court injunction was issued this week against Mesa tax preparer James G. Morris, barring him from promoting business trusts or limited liability companies as a means of evading taxes." The Republic adds, "The Justice Department previously obtained injunctions against two associates, Dennis H. Lawrence of Tempe and Allen Vanderwey of Phoenix. .. . According to a Justice Department news release, Vanderwey promoted the scheme through insurance salespeople; Lawrence handled the paperwork; Morris prepared false returns."

New Jersey Man Pleads Guilty In Tax Case. The South Jersey Courier-Post (9/30, Stilwell) reports, "Elliott Kattan, former owner of the Pennsauken Mart, pleaded guilty in federal court this week to income tax evasion and hiding money in two Israeli bank accounts between 1996 and 2000." The Courier-Post continues, "Kattan, 53, of Oakhurst, Monmouth County, was sentenced to probation at the end of 1997 for three years on a prior tax evasion conviction. .. . This time he is not likely to get off without jail time, said Ken Vert, prosecuting attorney within the tax division of the U.S. Justice Department." The Courier-Post adds, "When Kattan is sentenced Jan. 10 in Camden before U.S. District Judge Joseph H. Rodriguez Jr., he faces a maximum of eight years imprisonment and a $500,000 fine. … Rodriguez may honor a plea agreement that calls for at least 15 to 21 months in federal prison. Kattan also has agreed to pay the IRS $53,000 in back taxes, plus interest and possible penalties. … Kattan failed to report $134,000 in taxable income, resulting in a tax loss of $53,000 on his 1999 and 2000 tax returns. That money was found in Israeli bank accounts in the names of two straw corporations with headquarters in Panama, according to court papers. .. .All residents with offshore accounts in excess of $10,000 must report them to the IRS."

CONGRESS-ADMINISTRATION:

Foley Resigns From Congress After Disclosure Of Inappropriate Email. NBC Nightly News (9/29, story 4, 2:05, Russert, 9.87M) reported, "Mark Foley of Florida, Republican congressman is stepping down for allegedly sending emails to young male capitol pages. These are young high school students, under the age of 18, who come to Washington to work for the US Congress and this is the kind of conduct that people will view as very reprehensible."

CBS Evening News (9/29, story 3, 2:20, Couric, 7.66M) reported, "As if the Republican party needed any more bad news, a Congressman was forced to resign today, his seat thought to be safe in November as the GOP fights to retain control of the House, is suddenly not safe at all. This is a scandal that's unfolding at warp speed." CBS added, "It's too late for Republicans to put another candidate's name on the ballot. And while there are theoretical scenarios involving a write-in Republican and special elections, Republicans tell CBS News they've probably lost the seat. Lost it to Democrat Tim Mahoney, 13 points behind in the polls just last week."

ABC World News (9/29, lead story, 3:20, Ross) reported, "Foley's resignation came hours after ABC News questioned the Congressman, about messages involving the Congressional pages. … In Congress, Foley was part of the Republican leadership and the chairman of the House caucus on missing and exploited children. He crusaded for tough laws against those who used the internet for sexual exploitation of children," but "according to several former Congressional pages, the Congressman used the internet to engage in sexually explicit exchanges. … One former page tells ABC News that his class was warned about Foley by people involved in the program. Other pages told ABC News they were hesitant to report Foley because of his power in Congress. This all came to a head in the last 24 hours. Yesterday, we asked the Congressman about much tamer e-mails from one page. And he said he was being overly friendly. After we posted that story online, we began to hear from other pages who shared the explicit instant messages. When the Congressman realized we had them, he resigned."

The New York Times (9/30, Zernike, Goodnough, 1.21M) reports Foley "became well known for his ardent efforts to safeguard the young and vulnerable, leading the House caucus on missing and exploited children and championing laws against sexual predators. On Friday, Mr. Foley resigned abruptly after being confronted with a series of sexually explicit Internet messages he is reported to have sent to under-age Congressional pages. He stands accused of being the very kind of predator he had denounced. … The first e-mail messages to one male page, sexually suggestive

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but not explicit, were reported by ABC News on Thursday. Mr. Foley, a member of the House Republican leadership, dismissed them as 'overly friendly' but not inappropriate. But by Friday, other pages had come forward with more blatant instant messages. 'What ya wearing?' Mr. Foley wrote to one, according to the network. 'Tshirt and shorts,' the teenager responded. 'Love to slip them off of you,' Mr. Foley replied. ABC News said it had read him other messages that were far more graphic."

Boehner Says He Told Hastert About Foley's Behavior Last Spring. The Washington Post (9/30, A1, Babington, Weisman, 748K) reports House Majority Leader John A. Boehner "told The Washington Post last night that he had learned this spring of inappropriate 'contact' between Foley and a 16-year-old page. Boehner said he then told House Speaker J. Dennis Hastert (R-Ill.). Boehner later contacted The Post and said he could not remember whether he talked to Hastert. It was not immediately clear what actions Hastert took. His spokesman had said earlier that the speaker did not know of the sexually charged online exchanges between Foley and the boy." Rep. Rodney Alexander, "who sponsored the page from his district, said he had learned of some of the online exchanges from a reporter some months ago and passed on the information to Rep. Thomas Reynolds (R-N.Y.), chairman of the House Republican campaign organization, the Associated Press reported. Alexander said he did not pursue the matter further because 'his parents said they didn't want me to do anything.'"

The Los Angeles Times (9/30, Levey, 918K) reports, "For the GOP, it also provided another embarrassment during a legislative session that began in January with the party trying to distance itself from lobbyist Jack Abramoff after he pleaded guilty to corruption charges — including charges that he had tried to bribe members of Congress." Hastert "did not respond Friday night to a report by the Associated Press that GOP congressional leaders had been warned nearly a year ago by one of Foley's Republican colleagues about potential questions concerning his behavior. But Hastert was visibly uncomfortable discussing Foley at a news conference Friday afternoon that he had called to trumpet congressional passage of rules for questioning and prosecuting suspected terrorists."

Shimkus Admits To Having Seen Foley's Emails In "Late 2005." The New York Times (9/30, Zernike, Goodnough, 1.21M) reports Rep. John Shimkus, chairman of the House Page Board, "issued a statement late Friday saying he had known of the first e-mail messages 'in late 2005.' Mr. Foley, Mr. Shimkus said, had said he was simply acting as a mentor, but Mr. Shimkus told him to cut off contact with the page and 'be especially mindful of his conduct' with pages." Rep. Nancy Pelosi "called late Friday for an investigation into who knew of the messages, and when. After Republicans criticized her move on the floor, the House referred the request to the ethics committee."

Foley's Name Likely To Remain On Ballot. McClatchy Newspapers (9/30, Clark, Talev) report, "Democrats, who need to win 15 Republican seats to regain the House, were struggling to gain traction against the popular incumbent in the Republican-leaning district. Foley's campaign on Thursday had blamed the release of the e-mails on his Democratic opponent, Tim Mahoney. A spokesman for Mahoney denied any role in publicizing the e-mails. Spokesman Eric Jotkoff said the campaign learned about the e-mails when a reporter called to ask about them. That was followed by a posting on the Web site Wonkette.com and on Thursday by ABC News, Jotkoff said. Foley's name is likely to appear on the ballot, though Republicans weren't conceding that Friday. If his name does appear, any votes he receives would go to a candidate chosen by the Republican Party of Florida, but Republicans said it would be difficult to win with his name on the ballot. … By late Friday, Florida state Rep. Joe Negron, who ran for the seat in 2004 when Foley planned to run for the Senate and who has $1 million available from a campaign he dropped for state attorney general, had offered his candidacy."

The AP (9/30, Farrington) reports, "Republicans' hold on…Foley's seat has gone from safe to shaky overnight. … Whoever runs will face Mahoney, a millionaire financial services executive and a former Republican who entered the race a year ago."

The Washington Times (9/30, Fagan, Hurt, 88K) reports, "Republican lawyers are examining Florida election law to determine whether a new Republican candidate could be added to the November ballot. If not, Republicans would be required to mount a write-in campaign for a replacement, which is difficult. … A Democratic Congressional Campaign Committee memo yesterday afternoon argued that Mr. Foley's name 'cannot be removed from the general election ballot.'"

CDC Finance Office Investigated By GAO, HHS IG. The New York Times (9/30, Harris, 1.21M) reports, "The finance office of the Centers for Disease Control

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and Prevention is plagued with inefficiency and ineffective leadership, outside consultants have concluded. Still, the office's leaders have in recent years been showered with bonus money. The consulting firm, Deloitte Consulting, found that, in part because of low morale and fatigue, 53 percent of finance office employees planned to leave within two years. … The finance office, the agency's accounting and budgeting arm, with several hundred employees, is the subject of an investigation by the inspector general of the Department of Health and Human Services, said Jill Kozeny, a spokeswoman for Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee. The investigation, first reported by The Atlanta Journal-Constitution, involves accusations that officials had changed or falsified payment records to avoid paying late fees on overdue bills to drug companies, Ms. Kozeny said." The GAO "is also investigating whether the disease control agency is properly overseeing $5 billion in state bioterrorism grants, she said."

Bush Signs Credit Rating Agency Reform Act. The AP (9/30) reports President Bush "signed legislation under which the government will more closely monitor agencies that rate the creditworthiness of corporations with publicly held securities. Supporters described the Credit Rating Agency Reform Act as a significant component of congressional efforts tighten controls over the financial community following the corporate accounting scandals at the beginning of the decade. The bill takes steps to increase competition in a field now dominated by three Wall Street agencies."

Nebraska Firm Was Overpaid By $278 Million By Education Dept. The AP (9/30, Ben Feller) reports, "A Nebraska company was improperly paid more than $278 million by misusing the federal student aid program, according to a federal audit released Friday. The overpayments could swell to $882 million through 2015 if the company, Nelnet, is not ordered to change its billing practices, the Education Department's inspector general found. The department should make Nelnet return the money after the company does its own calculation of what it was overpaid, the audit says, estimating the figure at $278 million." Nelnet officials "called the report inaccurate and denied wrongdoing."

More Insurers Will Offer Medicare Drug Program Plans Next Year. The Wall Street Journal (9/30, Zhang, Fuhrmans, 2.03M) reports, "The number of companies offering nationwide Medicare prescription-drug plans will increase to 17 next year from nine this year, and more plans will feature zero deductibles and coverage in a gap commonly called the 'doughnut hole,' federal officials said. … Officials at the Centers for Medicare and Medicaid Services said that beneficiaries who are satisfied with their current Medicare prescription-drug coverage won't have to take any action. But even if they opt to remain in the same plans, they may see changes in their co-payments, premiums and list of covered drugs. The average premium will remain about $24 a month, about the same as this year, and the lowest will be around $10, up from about $2 this year, according to Medicare. Officials added that more than 80% of seniors will have access to plans with premiums lower than they are paying this year."

The Washington Times (9/30, Lopes, 88K) reports, "The initial months of the program were plagued by consumer confusion over issues such as signing up for the appropriate plan that met a patient's individual needs. Consumer advocates blamed the startup glitches on the large number of drug plans offered in 2006. This year, the number of plans will increase because nearly no insurance companies pulled out of the program. Instead, eight companies are being added to the list offering nationwide coverage."

McClellan Touts New Options. The AP (9/30, Freking) reports, "Many of the new plans are offering coverage that seniors have been asking for, such as no deductible or coverage in the so-called 'doughnut hole,' said Mark McClellan, the Bush administration's point man on Medicare. The doughnut hole is the gap created at the point when beneficiaries have to pick up all of their drug costs. 'The new options that are available are primarily options that provide enhanced coverage,' McClellan said. 'The number of variations for basic coverage have gone down significantly.'"

FDA Asserts That Bayer Failed To Reveal Drug Risk Study. The New York Times (9/30, Harris, 1.21M) reports that "Bayer A.G., the German pharmaceutical giant, failed to reveal to federal drug officials the results of a large study suggesting that a widely used heart-surgery medicine might increase the risks of death and stroke,"

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according to the FDA. The scientist at the company even made the steps at a public meeting "called by the F.D.A. on Sept. 21 to discuss the possibility that the drug, Trasylol, might have serious risks. But they did not mention the study or its worrisome results." Long-time FDA critic Sen. Charles Grassley "said Bayer's behavior proved that the agency was largely toothless. 'The remedy is mandatory reporting of all clinical trials and real teeth for the FDA to do its job in holding drug companies accountable."

The Wall Street Journal (9/30, Mathews, 2.03M) reports the FDA "said preliminary results of the new study showed that use of the drug may increase the risk of death, serious kidney damage, congestive heart failure and strokes. Some of those results echo two earlier studies about the drug."

Defense Spending Bill Packed With Billions Of Dollars Worth Of Earmarks. The New York Times (9/30, Kirkpatrick, 1.21M) reports, "Less than a year after two bribery scandals produced bipartisan calls for Congress to overhaul the way it finances lawmakers' pet projects, the $436.6 billion military spending bill passed Friday is packed with them. The bill, which accounts for about half of federal discretionary spending, includes only a small part of the expected costs of next year's military operations in Iraq. … Lawmakers nonetheless found room in the bill to pay for thousands of requests never sought by the Defense Department. These projects, or earmarks, included $2.1 billion for 10 additional C-17 Globemaster III cargo jets, which the Pentagon is trying to discontinue. They are made by Boeing in the home state of Senator Jim Talent, Republican of Missouri, who is locked in a tight race for re-election." The Times notes, "The total cost of earmarks is subject to debate. The House Appropriations Committee said the value of the 'member projects' in the spending bill this time was $6.7 billion, down from $7.7 billion in the bill approved last year. The Congressional Research Service estimated the total cost of earmarks in last year's bill at more than $9 billion."

Congress Said To Have Earned "Do Nothing" Tag. McClatchy Newspapers (9/30, Talev) reports, "The 109th Congress recesses this weekend for November's elections having earned a reputation among scholars as a 'do-nothing Congress' of historic proportions. It failed to enact a host of once top-priority legislation on issues such as overhauling Social Security, immigration and lobbying laws. None of those is expected to be resolved in Congress' brief lame-duck session after the elections. … The Republican-led Congress conducted little meaningful oversight of the Bush administration and its policies in Iraq and Afghanistan.

The Financial Times (9/30, Yeager) reports, "Democrats will…use the campaign to highlight what they say has been the lack of attention by the Republican-controlled Congress to issues that are important to ordinary Americans. 'We haven't had time to increase the minimum wage, to cut the cost of student loans for America's college students, to lower prescription drug prices, to roll back tax breaks for big oil or to pass the 9/11 commission recommendations [on homeland security],' said Nancy Pelosi, Democratic leader in the House."

Murtha Revives His Campaign For Leadership Post. The AP (9/30) reports Rep. John Murtha "said Friday he has started campaigning again for the position of House majority leader if the Democrats oust the Republicans in power in November. In June, the Pennsylvania Democrat who has been the leading voice for pulling troops out of Iraq agreed to suspend his campaign for the position out of concern that it could divert from the party's ability to gain the 15 House seats it would need to take control of the House. … Murtha's decision to seek the position put him on a possible collision course with Democratic Whip Steny Hoyer."

Carter Says Bush Administration Depriving Veterans Of Care, Attention, Priority. The Reno Gazette Journal (9/29, Hagar) interviews former President Jimmy Carter. During the interview, Carter said, "I have seen in recent months with this administration, a tremendous desire to cut back taxes on the richest people in America and at the same time, to deprive veterans -- even the disabled veterans coming back from Iraq -- the kind of care, attention and priority that they have had through history and which they deserve. The head of the Disabled Veterans Administration just pointed out to me that now, there is no guaranteed budget allocation for disabled veterans in Washington. It is just a temporary, flexible allocation of funds."

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OTHER NEWS:

Stock Market Drops Slightly, But Ends Third Quarter Strong. NBC Nightly News (9/29, story 6, 0:20, Williams, 9.87M) reported, "At Wall Street today. No record close for the Dow fell today almost 40 points [to close at 11,679.07]. and the NASDAQ fell 11 and a half [to close at 2,258.43]. For the week the Dow was up 170.97 and the NASDAQ was up 39.and a half points."

The New York Times/AP (9/30) reports, "Wall Street ended a stellar third quarter with a moderate decline yesterday, as the Dow Jones industrial average pulled back further from record-high levels." The market "dipped after William Poole, the president of the Federal Reserve Bank of St. Louis, said the Fed would continue to watch economic data as it sets interest-rate policy. His comments were seen as leaving the door open to additional interest rate increases if inflation necessitates them; traders had been hoping the increases were over."

The Washington Post (9/30, D1, Masters, 748K) reports that "the markets briefly dipped in mid-July, the major indicators have been on a hot streak since, and each ended the quarter with significant gains. The S&P 500, which rose 3.30 points to 1335.85 Friday, was up 5.2 percent for the quarter and at a 5 1/2 -year high. The Nasdaq composite index, which fell 11.59 Friday to 2258.43, was up nearly 4 percent." The Dow "is flirting with its highest close, 11,722.98 in January 2000. The Dow briefly topped that level during the day Thursday and again on Friday before closing at 11,679.07, down 39.38 for the day but up 4.7 percent for the quarter." Bloomberg (9/30) reports similar details.

The Financial Times (9/30, Mackenzie, Brown-humes) reports, "A growing belief that the US economy will achieve a soft landing helped stock markets make strong gains in the third quarter and took the Dow Jones Industrial Average to within a whisker of its all-time high this week." It "has been driven by the Federal Reserve's decision in August to stop raising rates and a sharp decline in oil and commodity prices that has tempered inflation expectations. Equity markets have so far shrugged aside worries that the slowing US housing market could lead to a sharp fall in consumer spending."

Taking a more pessimistic tone, The Wall Street Journal (9/30, A1, Opdyke, Laise, Kim, 2.03M) in a front page story reports, "The Dow Jones Industrial Average is bumping up against a new high, but that likely isn't reflected in the portfolios of most individual investors." The news on stocks is good "if your portfolio consists of nothing but the 30 big-company stocks comprising the Dow. Few portfolios are built that way, however. Most individuals hold stocks found in the Standard & Poor's 500, the Nasdaq 100 and other indices. The bulk of investors own a blend of stocks, many of which aren't helping to drive the Dow toward record highs." Although "the Dow nears uncharted territory, the S&P 500 remains some 12% below its early 2000 record, and the Nasdaq Stock Market is more than 55% short of the peak above 5000 it reached in March 2000."

WSJ Blames Fed For Confusion In Direction Of Economy. The Wall Street Journal (9/30, 2.03M) editorializes, "If you're unsure about the direction of the U.S. economy, don't worry. Most of the "experts" are too, including the gurus at the Federal Reserve. This is what happens at the stage of an expansion that a friend of ours compares to a shoreline river channel: The tide is going one way but the wind is going another, creating a significant amount of chop and turbulence." While "the economy continuing to show underlying strength" there is turmoil because "the economy is now adjusting to the Fed's mistake of keeping monetary policy too easy for too long from 2003 into 2005. The Fed did an admirable job of easing money in the wake of the dot-com collapse and 9/11. But spooked by what Ben Bernanke (then a Fed governor, now chairman) called 'deflation,' and underestimating the power of the 2003 tax cuts, the Fed let inflation creep back into investor expectations."

Consumer Spending Down. The New York Times (9/30, Peters, 1.21M) reports, "Americans were more frugal in their spending in August as their incomes rose at a slower pace, and one important measure of inflation climbed faster than it has in 11 years, according to a government report released yesterday." The Times continues, "The Commerce Department said in its monthly report on personal income and consumption that American consumers spent 0.1 percent more in August than in July, the smallest month-to-month increase since November. When the figures are adjusted for inflation, spending fell by 0.1 percent." Additionally, "personal income posted its smallest monthly increase since November, rising 0.3 percent. The comparable figure for July was 0.5 percent." The Times notes, "After a number of recent economic reports suggesting that inflationary pressures were easing, the report yesterday, released by the Commerce Department, was a sign that they

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are not gone for good. While the Fed has said it expects inflation to gradually diminish as a problem, the central bank has not yet sounded the all-clear — and the latest figures indicate why."

Bloomberg (9/30) notes, "Consumers are finding it harder to tap the equity in their homes, a major source of cash in recent years, as the property market cools. Rising incomes combined with the recent drop in gasoline prices may prevent spending from sliding even more in coming months, ensuring the economy survives the housing slump."

The Wall Street Journal (9/30, Gerena-Morales, 2.03M) reports that some experts "say current economic conditions might not be as bad as the August reading on income and spending suggests. They note, for example, that taking July and August together, spending is on track to rise at an annualized rate of about 3% in the third quarter. That is in line with the growth rate over the past year, though slower than the 3.5% growth recorded in all of 2005." Yet "as housing activity deteriorates, economists expect consumer spending to slow even further later this year, and as a result many have marked down their projections for economic growth for the second half of this year. The consensus estimate of 56 economic forecasters queried in WSJ.com's September survey calls for gross domestic product, adjusted for inflation, to rise at a seasonally adjusted annual rate of 2.7% during the second half, compared with 4.1% in the first half. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27."

New Poll Finds Allen And Webb Tied At 43. McClatchy Newspapers (9/30, Thomma) report Sen. George Allen "has lost his lead in his bid for re-election and is now tied with Democratic challenger James Webb, a new poll for McClatchy Newspapers and MSNBC showed Friday. The poll found that the two men each have the support of 43 percent of registered voters, with a third-party candidate supported by 2 percent and the other 12 percent undecided." McClatchy notes, "A key reason for the race tightening has been enormous publicity over Allen's stumbling responses to questions about his character, surprising missteps for a polished campaigner up against an often awkward challenger. … Iraq was the number one issue for 23 percent of Virginia voters, followed by terrorism for 19 percent and the economy and jobs for 16 percent."

The AP (9/30, Lewis) reports, "The latest poll was conducted amid new, widely publicized claims by Allen's former University of Virginia football teammates that, in the early 1970s, Allen often used a racial epithet commonly applied to black people. Allen said in a Friday night interview on the Fox News Network that Webb and his Democratic allies were fanning the issues to confuse voters."

Black Legislators Endorse Webb. The Washington Post (9/30, B3, Craig, Gowen, 748K) reports, "With a little more than five weeks to go before the election, the race between Allen (R) and Webb has gotten nasty, as supporters of each candidate accuse the other of dirty politics. … The Virginia Legislative Black Caucus, which has been slow to back Webb because of his stance on affirmative action, formally threw its support behind him yesterday. In a statement, the group of 17 black members of the General Assembly charged Allen and President Bush with practicing 'the politics of division.'

New Ad Spotlights Sherwood's Affair And Alleged Abuse. The AP (9/30) reports, "A Democratic House candidate has launched the first TV commercial to focus on his Republican opponent's affair with a woman who claimed Rep. Don Sherwood abused her. Chris Carney's commercial features a Republican voter from Sherwood's hometown who speaks directly to the camera and says: 'This incident with Don Sherwood just cuts right at the core values of our district.' As he speaks, the phrases 'repeatedly choking' and 'attempting to strangle plaintiff,' taken from a lawsuit filed against the four-term congressman, appear on screen." Sherwood "admitted to the affair with Cynthia Ore, but denied any abuse. The married father of three reached a confidential settlement with Ore, who sued claiming Sherwood had choked her at his Washington apartment."

Drake's Challenger Plead Guilty To Assault In 1978. The AP (9/30, Barisic) reports, "Democratic congressional candidate Phil Kellam said Friday he regrets his actions in an incident that led to him plead guilty to assaulting a woman 28 years ago, when he was a 21-year-old college student in North Carolina. Kellam, who is challenging first-term Republican Rep. Thelma Drake, said he never touched the woman but lost his temper after almost getting into a traffic accident with her."

White House Denies GOP Candidates Seek Distance From Bush. McClatchy Newspapers (9/30, Hutcheson) reports President Bush "assumes the role of

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campaigner in chief on Monday, kicking off a month-long drive to help Republicans keep control of Congress. … He's still a big draw for Republican fundraisers, but some candidates who proudly campaigned with Bush in the past are keeping their distance now. Bush's three-day swing through Nevada, California, Arizona and Colorado is packed with closed-door donor receptions, but doesn't include a single open-door event or public rally." McClatchy notes White House aides "scoff at suggestions that Bush is trying to operate under the radar. … Big public rallies are planned for later, closer to the Nov. 7 election." White House spokesman Tony Snow "said Bush will be on the road almost constantly between now and Election Day. … 'You're going to see a very active travel schedule. He's going to be all over the country campaigning for Republicans,' Snow said at a recent breakfast. 'There are a lot of candidates saying, `Please, please, please, come to my district or come to my state.'"

Drop In Gas Prices May Have Eliminated Key Campaign Issue. The New York Times (9/30, Mouawad, 1.21M) reports, "Gasoline prices have plummeted in the last month, dropping by nearly 25 percent since mid-July, and despite a recent uptick in crude oil prices, most energy experts still expect the price of gasoline to fall a bit further by November. Six weeks from the midterm elections, the falloff is comforting the Republican majority up for re-election in Congress, limiting the impact of a potentially damaging issue. But Democrats hope to gain power on Capitol Hill, in part, by hitting on the toll that high energy costs have taken on American consumers and trying to draw connections to what they see as the Bush administration's kowtowing to big oil interests." The Times goes on to report, "The sudden decline has also ignited suspicions that the Republican administration and giant oil companies conspired to cut gasoline prices for electoral gains." The Times notes a Sept. 15-17 Gallup poll, "which found that 42 percent of respondents said that they believed the Bush administration was manipulating the price of gasoline in advance of the fall elections."

Goldman Sachs Index Move Precipitated Decline In Oil Prices. The New York Times (9/30, Timmons, 1.21M) reports, "Politics and worries about oil supplies may have caused gasoline prices to go up at the pump earlier this year, but one big investment bank quietly helped their rapid drop in recent weeks, according to some economists, traders and analysts. Goldman Sachs, which runs the largest commodity index, the G.S.C.I., said in early August that it was reducing the index's weighting in gasoline futures significantly. The announcement did not make big headlines, but it has reverberated through the markets in the weeks since and some other investors who had been betting that gasoline would rise followed suit on their weightings."

Woodward Suggests Decline In Oil Prices Politically Motivated. In an article on Bob Woodward's new book the Financial Times (9/30, Daniel) notes, "In a claim that could fuel conspiracy theories about the recent oil price decline – in an interview to be broadcast on CBS on Sunday – Mr Woodward described a conversation between Prince Bandar bin Sultan and Mr Bush in which the former Saudi ambassador said he could ease oil prices ahead of the elections." Woodward says, "They could go down very quickly. That's the Saudi pledge. Certainly over the summer, or as we get closer to the election, they could increase production several million barrels a day."

Wal-Mart Launches GOTV Effort Targeting Its Employees. The Washington Post (9/30, A2, Mui, 748K) reports Wal-Mart Stores "launched a voter registration drive aimed at its 1.3 million U.S. employees in what it describes as the largest such effort by a private company. The kickoff was held in Iowa, a key battleground in the upcoming midterm elections. Workers at Wal-Mart's roughly 3,800 other facilities across the country also received registration forms yesterday. Although the world's largest retailer said it does not want to influence how its workers vote, David Tovar, director of media relations, said the drive was prompted by recent criticism of the company by politicians." The Post notes Wal-Mart "sent letters to 18,000 Iowa employees in August criticizing Sens. Evan Bayh of Indiana and Joseph R. Biden Jr. of Delaware and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico -- all Democrats -- for participating in a bus tour arranged by Wake Up Wal-Mart, which is funded by the United Food and Commercial Workers International Union. Similar letters were sent to workers in New Hampshire, South Carolina and Nevada." The Financial Times (9/30) also covers Wal-Mart's announcement.

MySpace.com Begins Voter Registration Drive. CBS Evening News (9/29, story 10, 0:15, Couric, 7.66M) reported, "Just in time for the congressional midterm elections, Myspace.Com has launched a massive drive to

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sign up new voters. Registration forms are just a click away. Other web sites have done this before, but none has the reach of Myspace with 54 million subscribers."

Democrats Said To Have Opened Coordinated Campaign Against Fox News. The New York Times (10/1, Manly, 1.21M) reports, "THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations. The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on 'Fox News Sunday' into a finger-pointing tirade against what he called a 'conservative hit job.' Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine. … The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself."

Powerful Pastors Organize GOTV Efforts Among Christian Conservatives. The Los Angeles Times (10/1, Simon, 918K) reports, "With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004. Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power. … The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 'patriot pastors' nationwide to promote an agenda that aligns neatly with Republican platforms. 'We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand,' Scarborough said. 'Our higher calling is to Christ.' The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates."

Dean's Party Building Efforts Regarded As Wasteful By Other Top Democrats. In an extremely lengthy (8,500 word) piece for the New York Times Magazine (10/1) Matt Bai, after describing a recent visit to Alaska by DNC Chairman Howard Dean, writes, "In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. … But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America." According to Bai, "Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities." Bai adds, "numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all."

Dean Works To Increase Minority Turnout. The AP (10/1, Heilprin) reports, "Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday. Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively."

GOP Groups Outspending Democratic Counterparts This Year. The AP (10/1, Kuhnhenn) reports, "Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts. Between Jan. 1 and Sept. 26, Republican-leaning groups

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spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats. That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help." The AP continues, "television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth."

Pressure On House Democrats To Contribute "Dues" Described. The New York Times (10/1, Zeleny, 1.21M) reports, "To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues. … This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority. Last weekend" House minority leader Nancy Pelosi "made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed. … Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party."

Democrats Reportedly Less Optimistic About Retaking House. The Washington Times (10/1, Lambro, 88K) reports, "Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party. 'I'm not as confident of the House switching as I once was,' a Democratic campaign consultant said last week. … Recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections. 'I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own,' said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country."

GOP Seen As Likely To Benefit From Another "Base-Driven" Campaign. In an op-ed for the New York Times (10/1, 1.21M) Mark Halperin, political director of ABC News, writes, "two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate. Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy."

Lobbyists Overwhelmed By Invitations To Fundraisers. The Kansas City Star (10/1, Stearns, 278K) reports, "Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers. … The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections. How many invitations did he get? About 200. How many of the events did he attend? Eleven. Did he feel like an ATM sometimes? You bet."

Kerry And Giuliani Campaign For Candidates In Florida. The South Florida Sun-Sentinel (10/1, Man, 265K) reports, "Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House. Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away,

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Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day." Kerry "stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings. It was different with Giuliani. … He has the ability to attract far more television cameras than even a candidate for governor might get on his own. Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor."

Romney Uses GOP Governors' Association To Build 2008 Campaign Operation. The Boston Globe (10/1, Klein, 425K) reports, "As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president. The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies. … Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions."

Romney Will Allow Out-Of-State Gay Couples To Marry In Massachusetts. The Boston Globe (10/1, Levenson, 425K) reports Romney "all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts. `I have to follow the law,' a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. `This is a nation of laws, even if I don't like them.'"

Edwards Seen As Inspiration For "Factory-Floor Populists." The New York Times' David Brooks (10/1) reports, "Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her. Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Lind's Book On "American Strategy" Is Praised. The New York Times (9/30, Frankel, 1.21M), in a review of *The American Way of Strategy*, by Michael Lind, writes, "His glance back at our performance over the last 15 years is helpfully damning. The essence of his complaint concerns our pursuit of hegemony, which he describes not only as a desire for international dominance but also as a lust for unchallengeable power that is bound to wreck the American economy and enfeeble our democracy. ... Lind's main theme survives his porous prescriptions. The United States alone cannot afford to police the world, never mind democratizing it."

LATimes Criticizes Angelides' Attacks On Bush. The Los Angeles Times (9/30, 918K) reports, "By now you've probably seen the commercial featuring Gov. Arnold Schwarzenegger leading a chant for President Bush at a campaign rally. That was two years ago. In Ohio. Intended to persuade Californians to vote for Democrat Phil Angelides for governor, the spot instead raises the question of who he's running against and which job he's running for. What can the governor of California do about Iraq? Not much, but that hasn't stopped Angelides from trying to convert California's robust antiwar sentiment into votes."

Bush Courts Kazakh President For Support In Region. The New York Times (9/30, Stolberg, 1.21M) reports, "President Bush took another step in his delicate foreign policy waltz with the authoritarian government of Kazakhstan on Friday, praising the oil-rich Central Asian country as 'a free nation' while welcoming its president, Nursultan A. Nazarbayev, to the White House for lunch." That it was "a small lunch rather than…a state dinner" is "a sign that Kazakhstan's leader is working his way into the president's inner foreign policy circle, but is not all the way there." Kazakhstan "poses a diplomatic challenge for President Bush, who has made promoting democracy a central component of his foreign policy," and Friday "Neither man mentioned the sore points in that partnership: the absence of free elections in Kazakhstan…and its recent

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decision to shut down two prominent American democracy organizations -- a move that American officials are trying to reverse." Still, "the White House views Kazakhstan…as a critical ally in promoting economic stability and security in that region," and "an administration official, granted anonymity to talk about the meeting, said 'the issue of democracy was raised' during the visit," adding, "They're moving in the right direction."

The Washington Post (9/30, A6, Fletcher, 748K) adds, "The Bush administration has offered only mild criticism of" Kazakhstan's "banning opposition parties, harassing advocacy groups and closing newspapers," seeking "to gain greater influence with the oil-rich nation." The Los Angeles Times (9/30, Gerstenzang, 918K) notes that Nazarbayev "has become one of the current administration's favored allies in a troubled region, with officials downplaying questions critics have raised about his commitment to democracy and about government corruption." The AP (9/30, Gedda) lead that "Bush heaped praise" on Nazarbayev."

Kazakh President Offers Country As Nuclear Disarmament Model. The Washington Times (9/30, Sands, 88K) leads, "Kazakhstan's President Nursultan Nazarbayev said yesterday that his country's plan to dismantle its vast Soviet-era nuclear weapons programs could serve as a model for solving the confrontation over Iran's nuclear ambitions." Energy officials announced "an agreement to 'down-blend' Kazakhstan's remaining stocks of highly enriched uranium, which can be used for nuclear weapons, and to convert a Kazakh research reactor so it can operate on the safer, low-enriched uranium for civilian power needs." He "said he explained to hard-line Iranian President Mahmoud Ahmadinejad in a recent talk the benefits Kazakhstan had won by voluntarily giving up its weapons, test sites and other nuclear assets inherited after the Soviet collapse," getting "in return…security and territorial guarantees from the United States and other major powers, as well as major American financial aid to eliminate existing weapons stocks and transform its facilities to peaceful uses."

Dowd Notes Bush's Softer Stance On Kazakh Democracy. Maureen Dowd writes in her column in the New York Times (9/30, 1.21M), "Nursultan Nazarbayev may have a corrupt and authoritarian regime where political opponents have been known to die very, very suddenly, but, hey, he's got oil and he's an ally in the war on terror."

Rice Seeking To Revive Gaza Border Crossing Agreement With Mideast Trip. The Los Angeles Times (9/30, Ellingwood, Richter, 918K) reports that with Secretary of State Rice "poised to return" to the Middle East "next week, the pact" she brokered "to ease the flow of people and goods in and out of the Gaza Strip" now "lies in tatters amid ongoing violence and mutual finger pointing between Israel and its neighbors." She "hopes to rescue the crossing agreement as a part of her mission to find ways of renewing the peace process. She is to meet with leaders of moderate Arab states, Palestinians and Israelis to discuss the aftermath of the war in Lebanon, Palestinian-Israeli issues, Iran and Iraq." However, "experts on the Middle East caution that Rice's new mission is unlikely to achieve lasting success without a broad new agreement on security and other issues."

Turkey's Drift Away From West Said To Be Concern For US, Europe. Philip Shishkin writes in a column in the Wall Street Journal (9/30, A2, 2.03M), "Given deteriorating relations with the West and increasing ambivalence at home over alliances with the U.S. and Europe, Turkey's prime minister, Recep Tayyip Erdogan, will have plenty to talk about during trips to Washington and London and a visit from the German chancellor this coming week." Turkey's "partnership with the U.S. and to its quest to join the European Union," which are "traditional pillars of Turkey's foreign policy," now "are coming under pressure as rising numbers of Turks believe they stand more to lose than to gain from getting closer to the West," and that "perception alone, whether it is right or wrong, should cause alarm in Washington and across Europe." Still, a "silver lining for the U.S. and Europe is that Turkey is so deeply integrated into the Western economic and political structures that a complete rupture is extremely unlikely. But if the Turks continue to perceive that the West isn't meeting their concerns, they will be more likely to elect leaders whose support for Western policies cannot be taken for granted."

UN-Israel Incident Underlines Uncertainty On Lebanon Border. The AP (9/30, Hendawi) reports, "An encounter between a U.N. tank patrol and an Israeli army unit near the border underlines the uncertainty in south Lebanon, with Israel reluctant to pull out the last of its troops and Hezbollah warning of impatience with Israeli truce 'violations.' French peacekeepers on Thursday blocked the path of an

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Israeli armored personnel carrier and two Humvees that crossed into Lebanon," and while "the hour-long incident was resolved amicably, it marked the first such known encounter." The Israeli army "confirmed that its troops came close to the French peacekeepers but said there was no confrontation." Alexander Ivanko, spokesman for the U.N. peacekeeping force, "said French peacekeepers 'observed an Israeli violation of the Blue Line,'" but that "the encounter was peaceful and there was no tension." Lebanon's state-run news agency reported that on Friday Lebanese Prime Minister Fuad Saniora "stressed the need for Israel to withdraw completely in a telephone call to Secretary of State Condoleeza Rice."

Hamas Holds Giant Rally. The AP (9/30, Barzak) reports, "Tens of thousands of Hamas supporters marched in the Gaza Strip on Friday to show their backing for the militant group, even as its efforts to form a national unity government appeared stalled." However, Hamas lawmaker Mushir al-Masri "said Hamas remained committed to forming the coalition. 'We are going to move ahead with the president, because there is no choice.'"

Thriving Palestine Said To Be Basis For Permanent Peace. Zahi Khouri, a Palestinian-American businessman, writes in an op-ed in the Wall Street Journal (9/30, A8, 2.03M), "Israel has decided that we Americans are not welcome. Many, like me, have lived in the West Bank for more than a decade. Unlike American Jews -- or Jews from anywhere -- who can receive instant citizenship upon arrival, we are unable to obtain residency." Now, after "Hamas assumed government authority after democratic elections this year, Israel has begun to deny Palestinian Americans the right to enter," and "it is discouraging investors. It is driving out the very people the U.S. State Department, the World Bank and other international organizations encouraged to return." However, "Only an open and thriving Palestinian economy can lay the foundation for a sustainable peace." The Administration has "tremendous influence with Israel. They should use it to insist on freedom of movement of people and goods, and to maintain access for Palestinian Americans and Palestinians with other foreign passports to continue to play a role in economic development. A vibrant Palestinian economy serves the interests of all -- Palestinians, Israelis and Americans."

NYTimes Calls For Administration To Push Israeli-Palestinian Peace. The New York Times (9/30, 1.21M) editorializes, "at least some of President Bush's aides have begun to acknowledge the patently obvious: There needs to be a serious effort to settle the Israeli-Palestinian conflict." Philip Zelikow, the State Department counselor, said "that some sense of progress on the Arab-Israeli dispute is 'just a sine qua non' for getting moderate Arabs and the Europeans to cooperate on Iran and the region's many other dangerous problems," but "We fear that Mr. Bush and his secretary of state haven't yet caught up to that." Still, without an Israeli-Palestinian peace, "the United States has no chance of salvaging its battered reputation in the Islamic world. No chance of rallying moderate Arab leaders to fight extremists or contain Iran. And no chance of ensuring Israel's lasting security." The "disastrous wars in Lebanon and Gaza" teach "that the time for listening tours and tactical steps is far past."

Naturalized US Citizen From Iranian Indicted On Terrorism Support Charges. The AP (9/30, Nguyen) reports that Zeinab Taleb-Jedi, "A naturalized U.S. citizen from Iran who was found in Iraq" was indicted by federal prosecutors "on charges of providing support to" Mujahedin-e Khalq, "a terrorist organization that seeks to overthrow the Iranian regime." According to the State Department, "the MEK groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s."

Venezuela, Nigeria To Cut Oil Production. The New York Times (9/30, Mouawad, 1.21M) reports, "Some members of OPEC are getting really nervous about oil at $60 a barrel." Nigeria and Venezuela said "they would make voluntary cuts in their production in response to oil prices that have fallen nearly 20 percent from their peak two months ago." This "comes after days of mixed signals from some OPEC officials who have been increasingly concerned about the rapid drop in prices." While the nes "was initially shrugged off by oil traders who say there was still plenty of oil supplies on the market," the confusion surrounding "OPEC's position helped push up the price of crude oil on the New York Mercantile Exchange."

The Financial Times (9/30, Hoyos) adds that "Several other key members of the Organisation of the Petroleum Exporting Countries were said to be furious about the unilateral decision," although "data due to be released in the next few weeks are expected to show those other members,

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which include Saudi Arabia, Iran, Kuwait and the United Arab Emirates, are also reducing output but keeping quiet about the measure."

Bolton Criticizes UN Deputy For Sudan Comments. The AP (9/30, Wadhams) reports that in "his latest attack on" Deputy U.N. Secretary-General Mark Malloch Brown, US ambassador John Bolton accused him "of discrediting the United Nations by criticizing American and British diplomacy over Darfur." Bolton "demanded" that Malloch Brown "apologize over comments that appeared in Friday's editions of the Independent newspaper in London" that "criticized President Bush and British Prime Minister Tony Blair for threatening Sudan over its refusal to allow U.N. peacekeepers in Darfur," adding that " Malloch Brown's remarks could undermine the U.N. Security Council's demand that the U.N. take over from an underfunded African Union force that has been unable to stop the violence in Darfur." State Department spokesman Sean McCormack said "that the United States was proud to have kept the pressure on Sudan," adding, "Rather than focusing on what the U.S. or the U.K. or others might be doing, [Malloch Brown] might apply himself to the task at hand rather than giving speeches."

Radical Islam May Be Spreading From Traditional Urban Slums In Morocco. The AP (9/30, Thorne) reports, "Since the Sept. 11 attacks in the United States and suicide bombings two years later that killed 33 people in Casablanca, this country's economic capital, Moroccans have grown accustomed to police crackdowns on Islamic militants. Thousands have been detained, drawing frequent accusations of abuse and forced confessions at the hands of police," however, the latest case is significant as "Middle-class women and security force members allegedly formed the core" of the terrorist group, while "Previously, Islamic extremism was most evident in Morocco's urban slums." The "penetration of the army would be a particular blow because the Western-equipped force has traditionally stood as a pillar of state power."

French Teacher Hides After Death Threats Follow His Criticism Of Islam. The New York Times (9/30, Sciolino, 1.21M) reports that in "the latest manifestation in Europe of a mounting ideological battle that pits those who believe Islam and the Prophet Muhammad can be criticized in the name of free speech against those in the Muslim community who believe no criticism can be tolerated," Robert Redeker, "A French high school philosophy teacher and author who carried out a scathing attack against the Prophet Muhammad and Islam in a newspaper commentary," said "he has gone into hiding under police protection after receiving a series of death threats." An online Islamist Web site known as Al Hesbah that has "ties to Al Qaeda" had "published photos of him and what it said was his home address, directions to his home and his cellphone number."

Musical Aims To Intensify Pressure On North Korea. The Wall Street Journal (9/30, A5, Solomon, 2.03M) reports, "As international concern about North Korea's nuclear program intensifies, human-rights groups and Christian activists in the U.S. are unveiling a new weapon near here Wednesday in their campaign to dislodge dictator Kim Jong Il: a musical." "Yoduk Story" is about "star-crossed lovers imprisoned in North Korea's most notorious prison camp," and its "unflinching portrayal of Pyongyang's gulags -- including floggings and amputations -- is viewed as a crucial tool by activists in pressuring governments to take a more aggressive approach toward confronting North Korea." While "the play's producers have sent invitations to the president, first lady and a number of cabinet sectaries to attend one of next week's performances," according to the White House "it is unlikely Mr. Bush will attend."

Former General Said To Be Thai Junta's Pick For Prime Minister. The New York Times (9/30, Mydans, Fuller, 1.21M) reports, "Thailand's junta said Friday that it would not interfere with the workings of the interim government it has promised to appoint. But it said it reserved the right to fire the government in exceptional circumstances." Thai newspapers quoted Auditor General Jaruvan Maintaka "as saying that the civilian government would be headed by Surayud Chulanont,…a respected former general who is close to the palace." While she "backed away from her earlier statement," and ""he appointment of the prime minister must be formally approved by King Bhumibol Adulyadej before it is announced," there have been "hints from other officials that it was true." Krit Garnjana-Goonchorn, the permanent secretary of the Foreign Ministry said the junta, calling itself the Council for National Security, "has "no power to issue any order

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whatsoever in the running of the government, except in security." Also, "the junta announced a military shuffle that consolidated its control over the armed forces, sidelining officers loyal to" deposed prime minister Thaksin Shinawatra, and that "the drafting of a constitution should take no longer than nine months, somewhat accelerating a timetable that was given earlier."

The Financial Times (9/30, Kazmin) adds that Chulanont's "appointment could heighten the concerns of the international community, already dismayed by the military's seizure of power." Whoever is appointed is expected to be named "over the weekend or early next week, as they seek to fulfill their initial promise to transfer power to a civilian government within two weeks." Notably, "despite international condemnation of the coup – and calls for a quick restoration of democracy, Thailand has so far faced remarkably few repercussions in its relations with the outside world, due to the bloodless coup."

The AP (9/30, Peck) reports, "Gen. Sondhi Boonyaratkalin, who led the coup that ousted Prime Minister Thaksin Shinawatra, told reporters that a draft constitution has been completed and sent to the Royal Palace. He said he hoped the constitution would be approved by King Bhumibol Adulyadej this weekend, followed by the formal announcement of the prime minister." The AFP (9/30, Promyamyai) adds, "a military source, who asked not to be named, said" Chulanont "had in fact turned the offer down." After him, "the other main candidate has been former World Trade Organization chief and current head of the UN Conference on Trade and Development, Supachai Panitchpakdi."

Temasek Says They Didn't Know Tax-Free Details Of Deal, Deny Any Responsibility For Coup. Newsweek (9/30, Kolesnikov-jessop, 3.12M) reports that when Thai ex-Prime Minister Thaksin Shinawatra sold his family telecommunications empire, Shin Corp., to Singapore's government-investment fund, Temasek, it "was the beginning of the end for Thailand's tycoon-turned-prime minister." However, "the deal that brought him down remains an enigma—both for its complex structure and because Temasek stayed silent as Thailand's political crisis unfolded." Temasek managing director for strategic development Jimmy Phoon has now spoken, and "two key details stand out: he says Temasek was not informed that the sale was structured so that the prime minister's family would avoid taxes, nor was payment made into offshore bank accounts, as has been reported. Phoon insists that Temasek's motivations were purely commercial, rejects the notion that Temasek ignored glaring political risks and bears no responsibility for the Thai crisis."

Rumsfeld Worries Over Russo-Georgian Tensions. The AP (9/29, Baldor) reports, "Defense Secretary Donald H. Rumsfeld, concluding a visit to the Balkan region Friday, voiced concern to his Russian counterpart about growing tensions between Moscow and Georgia." He has wrapped up his trip "pleased with agreements that some two-dozen NATO defense ministers reached there to bolster the alliance's support of the war in Afghanistan. He spent much of the week trying to drum up more support, resources and troops for the war on terror and the transfer of military control in Afghanistan to NATO." The AP writes that he "broke his silence" on the leaked NIE and with his wife "broke away from his NATO responsibilities for a few hours to indulge one of his passions — horses."

Georgia Arrests, Holds Russian On Spying Charges. The Washington Post (9/30, A11, Finn, 748K) reports, "A Georgian court on Friday ordered four Russian military intelligence officers to be held for two months on espionage charges in a pretrial detention center, a decision that could prolong and deepen the heated dispute over alleged spying here." Russian Vice Consul Viktor Kortenov said, "Russia cannot comprehend this court ruling," and "Russia's ambassador to Georgia, Vyacheslav Kovalenko, left the country Friday after being recalled by his government to protest the arrest." Meanwhile, "Russian legislators continued to call for tough sanctions against Georgia." Russian Defense Minister Sergei Ivanov, who was part of "talks with ministers from the NATO alliance Friday in Slovenia, complained bitterly about Georgia's actions. Ivanov charged that Georgia was provoking a conflict to try to oust Russian forces from two breakaway parts of Georgia that pledge loyalty to Moscow," saying "Georgia has chosen the military route for settling the conflicts." Georgian President Mikheil Saakashvili is determined to enter NATO, "an ambition that infuriates Moscow." At the meeting, "Defense Secretary Donald H. Rumsfeld called on Russia and Georgia to exercise restraint."

The Wall Street Journal (9/30, Champion, 2.03M) adds that Ivanov "demanded that NATO stop entertaining Georgia's attempts to join the Western military alliance." Officials and diplomats familiar with the matter say that Georgia's move is

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"an attempt to prompt quick international intervention to end Moscow's grip over separatist enclaves in Georgia," but this "gambit is risky," as it "could succeed in provoking Russia, but fail in securing Western support." However, "a senior U.S. State Department official said that, while some countries have lost their appetite for getting involved there since a series of pro-Western governments swept to power in the region in recent years, the U.S. 'absolutely and definitely' has not."

Russia Accuses NATO States Of Selling Georgia Arms Illegally. The Financial Times (9/30, Schmid) reports, "Russia on Friday raised the temperature of a simmering spy dispute with Georgia, accusing Nato member states of illegally supplying arms to the former Soviet republic." Sergei Ivanov, Russia's defense minister, called it "a form of piracy." While "Ivanov declined to name the countries," he "referred to 'the younger generation of Nato members', presumably meaning the seven former eastern bloc nations that joined Nato in 2004." Moscow says they sell "defence products ac-quired from Russia to Georgia, in breach of the original contracts."

Russia May Change Georgia Troop Withdrawal Plans. The New York Times/AP (9/30) reported, "Russia warned on Friday that its plans to close military bases in Georgia were in doubt." The commander of Russian military forces in Georgia, Gen. Andrei Popov, "said Russia's obligation to close its two remaining military bases in Georgia by the end of 2008 still stands, but added that 'if our servicemen are arrested and put in custody, there will be problems with the withdrawal since there will be no people left to prepare weapons for the pullout.'" Meanwhile, Georgia "accused Russia of redeploying additional troops closer to the border and said the Russian Black Sea fleet was expected to start maneuvers in the next few days." Interior Minister Vano Merabishvili said, "I would advise our colleagues to stop saber-rattling."

Dissidents Once Again Forcibly Committed In Russia. The Washington Post (9/30, A1, Finn, 748K) reports that according to human rights activists and some mental health professionals there "is new evidence that Soviet-style forced psychiatry has reemerged in Russia as a weapon to intimidate or discredit citizens who tangle with the authorities," and "some of the new cases have been abetted by institutions or doctors involved in it in the Soviet period." The Independent Psychiatric Association "says that the number of activists being wrongfully hospitalized in mental facilities totals dozens of cases in recent years and is increasing," and "activists have also documented an increase of family or business disputes in which wrongful hospitalization provides an opening to seize a person's property."

Russia Said To Seek Government Ownership Of More Energy Production. The Wall Street Journal (9/30, A3, White, 2.03M) reports, "Russia's state-controlled energy giants are gearing up for a new round of acquisitions that could give the Kremlin ownership of nearly half the country's oil production." After "it crushed Yukos with back-tax claims starting in 2003, the Kremlin has steadily reasserted control over the energy sector. While the growing state ownership is popular in Russia, pro-market government officials and analysts warn that it is likely to reduce efficiency and raise doubts about the outlook for production growth." Now, "Industry executives and others close to the situation say state oil company OAO Rosneft is seeking at least several billion dollars of financing to buy many of the remaining assets of OAO Yukos at state-mandated bankruptcy auctions in coming months. OAO Gazprom, the majority state-owned natural-gas giant, this week said it would be interested in buying out the Russian partners who now hold half of TNK-BP Ltd., a joint venture with BP PLC that is the third-largest oil producer in Russia."

Israel Said To Block Investigation Of Its Bombing Of UN Observers. The AP (9/30, Wadhams) reports that the United Nations said "Israel refused to give a U.N.-appointed investigation access to the officials who may have been responsible for the bombing of an observation post that killed four unarmed peacekeepers at the height of the conflict with Hezbollah." They "said the bombing of the U.N. peacekeeping post…was a mistake that occurred at the 'operational level,'" and "the U.N. panel investigating the killings was not allowed to interview commanders at that level." A U.N. official said that "there was nothing in the Board of Inquiry's findings to contradict U.N. Secretary-General Kofi Annan's earlier claim that the attack was 'apparently deliberate.'"

South Korean Foreign Minister Leads Race For UN Secretary-General. Time (9/30, Walsh, 4.03M) reports that South Korean Foreign Minister Ban Ki Moon has "become one of South Korea's most respected

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foreign ministers," and "after winning Thursday's most recent straw U.N. Security Council straw poll, Ban has solidified his status as the front-runner in the race to replace Secretary-General Kofi Annan." He "calls himself a 'harmonizer' — quiet but effective," and "seems incapable of making enemies." Already "South Korea's normally contentious politicians…have united behind Ban's candidacy." However, "the deciding vote will likely be cast by China," and if "the South Korean is viewed by Beijing as too close to Washington, he may find China cool to his candidacy. Ironically, however, there's also a danger that South Korean President Roh Moo Hyun's rocky relationship with Washington could cool U.S. support for Ban." Still, "in a race typically won by the candidate most widely viewed as least objectionable, the collegial South Korean is clearly a frontrunner."

Book On Annan Said To Be "Sympathetic And Deeply Critical." The Financial Times (9/30, Turner) reports, "Kofi Annan is likely to be remembered as one of the most significant secretary-generals in United Nations history, yet remarkably little is known about the quiet Ghanaian," and "James Traub's 'The Best Intentions' goes some way towards revealing the personality of this lifetime UN man." The book "will disappoint" critics of the UN, and those with questions about his personal conduct over oil-for-food." However, "Traub is both sympathetic and deeply critical." It "offers a tough appraisal of [Annan's] record, and leaves even a sympathetic reader with an uneasy impression that there may be rather less to Annan than they imagined." Still, "Traub's book is about much more than Annan. It is about the post cold-war rise of the US, its growing disaffection with multilateralism, and the UN's painstaking efforts to bring it back into the fold."

Eurozone Said To Be In "Goldilocks" Recovery. The Financial Times (9/30, Atkins) reports, "The eurozone economy is for now enjoying a 'Goldilocks' recovery – not too hot, not too cold." Official figures indicate that "Inflation has fallen to the lowest for more than two years, while business and consumer confidence has soared to a fresh five-year high." Also, a "European Commission survey suggested robust growth in the eurozone, which exceeded the US in the second quarter, was continuing." Still, "tumbling energy prices led to eurozone inflation falling from an annual rate of 2.3 per cent in August to 1.8 per cent in September, according to Eurostat," which "creates a presentational challenge for the ECB, which is expected to raise its main interest rate by another quarter percentage point." Also, "economists fear fiscal tightening in Germany and Italy, a possible slowdown in the US and a stronger euro could soon spoil the current upbeat mood."

European Political Labels Noted To Have Different Meanings Than In US. Matthew Kaminski writes in an op-ed in the Wall Street Journal (9/30, A8, 2.03M), "conservatism doesn't necessarily mean the same thing" in Europe. In Germany and France "right-wing rulers remain wedded to the nanny state…and to close alliances with guilds and big business that tend to stifle competition," even though elsewhere "the momentum is with free-market ideas, thanks in part to formerly communist Central Europe, whose zest for capitalism proved infectious back West." Still, "the campaign for next year's presidential elections is livening up the French debate." These days "traditional labels…are even less helpful to understanding politics in Europe. Best to set aside the old straight left-right line." Alain Madelin, France's most prominent laissez-faire politician, "suggests a return to the triangle used in the 19th century with conservatives, socialists and liberals (or free-marketers) at each point." All three compete, and "the battle is raging and its outcome far from decided."

US To Propose Myanmar Resolution. The Los Angeles Times (9/30, Farley, 918K) reports, "The Security Council held its first official meeting to discuss Myanmar on Friday," after "U.S. Ambassador John R. Bolton pushed hard to get Myanmar on the council's agenda despite objections from several quarters," including "resistance from China and Russia, who believe Myanmar does not pose a grave threat to the international order; U.N. officials who have been working quietly behind the scenes to win the confidence of the country's rulers; and European allies 'who thought it wasn't a priority.'" At the meeting, the U.N. chief of political affairs, Ibrahim Gambari, "argued for a careful approach that would not undo incremental progress by the reclusive regime." Myanmar is "a popular political cause in the United States," and the US has "announced that it was preparing a resolution to pressure the regime to release political prisoners and stop flows of drugs, AIDS and refugees that Washington says are destabilizing the region."

Nicaragua To Announce Plans For Second Cross Central America Canal. The Los Angeles

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Times (9/30, Tobar, Kraul, 918K) reports, "Seeking to cash in on booming Asian exports, Nicaragua will announce a $20-billion proposal next week" fir a joint public-private venture financed by unnamed investors "to build a canal linking the Pacific and the Atlantic oceans that would accommodate ships too large to use the Panama Canal." This "Grand Inter-Oceanic Nicaragua Canal would make use of the 60-mile-wide Lake Nicaragua and follow at least part of a route first proposed by American and European entrepreneurs in the 19th century." The official announcement is expected on "Monday, when Nicaragua plays host to a summit of Western Hemisphere defense ministers, including U.S. Defense Secretary Donald H. Rumsfeld." However, "Rodolfo Sabonge, a top official of the Panama Canal Authority,…said Friday that there was insufficient ship traffic to support both a widened Panama Canal and a second canal in Nicaragua." Panama will vote on expanding its canal on Oct.22.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Border Barrier Approved
Voters Cool Toward State Bond Package
In Russia, Juries Must Try, Try Again
Next L.A. Schools Chief Gets New Powers Too
HIV Ads Embrace, and Stun, Audience
Detainee Bill Boosts the GOP

New York Times:

Iraqi Police Cited in Abuses May Lose Aid
F.D.A. Says Bayer Failed to Reveal Drug Risk Study
Detainee Bill Shifts Power to President
In Many Public Schools, the Paddle Is No Relic
Lawmaker Quits Over Messages Sent to Teenage Pages
Wisconsin's Crown of Cheese Lies Within California's Reach
Senate Passes Bill on Building Border Fence
Hedge Fund With Big Loss Says It Will Close
India Digs Deeper, but Wells Are Drying Up, and a Farming Crisis Looms
White House Disputes Book's Account of Rifts on Iraq
A Portrait of the President as the Victim of His Own Certitude
Finance Office of Disease Control Agency Is Slipshod, Federal Report Says
Bathroom Dispute Halts Chess Championship
Ex-Firebrand Ortega on the Comeback Trail
When Soldiers Go to War, Flat Daddies Hold Their Place at Home

Washington Post:

"$70 Billion for Iraq, Afghanistan Wars Approved."
"Anti-Rumsfeld Effort Detailed In Book Denied By White House."
"Rep. Foley Quits In E-Mail Scandal."
"In Russia, Psychiatry Is Again A Tool Against Dissent."
"Ehrlich Ads Hammer O'Malley On Crime."
"A Long Journey."

Washington Times:

Congress OKs funds for war, detainee trials
Arlington, D.C. schools ban sweets from class parties Senate approves fence for border
Foley quits in Hill sex scandal
Risky home loans reined in
A Terps team player on and off the field

Detroit Free Press:

"Donwtown's Lineup: More hits, Some Holes."
"Have You Seen Wayne State Football Lately."
"Acquittal Sinks In For The Marlingas."

Atlanta Journal-Constitution:

DA: Nichols tried to call witness
DeKalb police shootings surge
Bigamist busted in Gwinnett
Oyster deaths spark alert
Boy rescued after text message
Congress OKs more war funds

Houston Chronicle:

Congress OKs 700 miles of fence on border
UH kills plan for NW campus, blames conditions
4 fired Houston staffers charged in pay scandal
White House bashes Woodward's Iraq book
Harris hospital district targets diagnostics wait
Montrose center offers special help for aging gays
Harris jury rules against boy, 12, who killed father
High-tech analysis may rewrite space history
Fastow judge ranks among Houston's lenient
Six-man football a new tradition at Jewish school

Story Lineup From Last Night's Network News:

ABC: Congressman Sex Scandal; Woodward's Book; Abramoff & White House; Al Qaeda Message; Detainee Bill; Military Spending Bill; School Shooting-Wisconsin; E. Coli Outbreak; Two Soldiers Story.

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CBS: Woodward's Book; Rumsfeld Resignation Rumors; Foley Resigns Amid Scandal; Florida Suspect Shot; School Shooting-Wisconsin; Colorado School Shooting Note; Zawahiri Bush Iraq Lies; Baghdad Journalist Threatened; Breast Feeding Health; Internet Vote Registration; Shuttle Atlantis Picture; Cardinal Weblog; Former High School Football Star..

NBC: Baghdad Shut Down; Woodward's Book; Woodward's Book-Reaction; Congressman's Sex Scandal; Nightclub Fires; Stock Market; California Wildfires; Fatal School Shooting-Wisconsin; E. Coli Outbreak; A Woman OF Science.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 26 - Oct. 1. FAMILY MEDICINE _ The American Academy of Family Physicians holds it Scientific Assembly. Location: Washington Convention Center. Contacts: Barbara Kowalski, 800-274-2237 ext 5204 .

Sept. 29 - 30. 10 a.m. - 5 p.m. BOOK FESTIVAL _ The Library of Congress 2006 National Book Festival hosted by First Lady Laura Bush, will be held on the National Mall. Location: National Mall between 7th and 14th Streets NW. Contacts: Trish Shuman, 202-707-1940

Sept. 30 - Oct. 1. DEMOCRATS-HISPANICS _ The Democratic National Committee and its Hispanic Caucus hold the 2006 Hispanic Leadership Summit. Highlights:
12 p.m. Luncheon remarks by Rep. Hilda Solis, and keynote remarks by DNC Chairman Howard Dean. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Luis Miranda, 202-863-8148

10 a.m. F-14 TOMACT CELEBRATION _ The National Air and Space Museum celebrates the F-14 Tomcat fighter jet with an all-day salute. Location: Steven F. Udvar-Hazy Center in Chantilly, Va. Contacts: Peter Golkin, 202-633-2374 .

12:45 p.m. - 1:30 p.m. ANIMAL RIGHTS _ Animal activists from a tri-state area are converging on the National Mall, next to the U.S. Department of Agriculture headquarters, clothed in funeral attire and wearing masks of the animals they represent, they will lie in motionless silence for 30 minutes to protest animal slaughter. Location: Northwest corner of Independence Ave and 14th Street. Contacts: Dawn Moncrief, 301-530-5683.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 30, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Dismisses Allegations In New Woodward Book. The White House was described as on the defensive and conducting damage control over the recent disclosure of details of Bob Woodward's new book describing the Administration as in "disarray" in response to terrorist threats and the Iraq war. The story was covered extensively in the media as the national network TV news programs devoted five stories to the subject totaling 14 minutes and it was covered in detail by the major US newspapers.

ABC World News (9/29, story 2, 3:00, Moran) reported, "Now, to an election season bombshell. A new book that describes vicious infighting in the Bush Administration over the Iraq war. And shows a pattern of outright deceit of the public." ABC (Karl) added, "Now Woodward says that the national security team is in disarray. They've failed to take steps to protect the public before September 11th. Misled the public about Iraq. And that they argued top officials organized over when it was time for Donald Rumsfeld to go." Woodward also "says that throughout the 2004 Presidential campaign, the White House tried to mislead the public about rising violence in Iraq. He says basic information about enemy attacks was kept classified." After detailing Woodward's claims ABC ends it story noting that in response, "White House Press Secretary Tony Snow said it's kind of like cotton candy. That it melts on contact. And the White House has not misled the public about Iraq. As for the issue of troop levels, the President has always given his military commanders whatever they have ask for."

CBS Evening News (9/29, lead story, 2:15, Couric, 7.66M) reported Woodward's book "is shaking up the White House. Woodward portrays the President in denial about the progress of the war and says he's misleading the public about it. Needless to say, it is topic 'A' at the White House tonight." CBS (Axelrod): "Make no mistake, Katie, this book is causing a tremendous amount of concern here at the White House." Woodward in "60 Minutes" interview: "The assessment by the intelligence experts is that by next year-- next year is 2007-- is going to get worse. And in public you have the President and you have the Pentagon saying 'No, no, things are going to get better.' Now, there's public and then there's private. But what did they do with the private? They stamp it secret." White House press secretary Tony Snow: "Nobody's tried to mislead anyone about it." Axelrod: "Today the Administration hit back." Snow: "In a lot of ways the book is like cotton candy, it melts on contact. We've read this book before." A

NBC Nightly News (9/29, story 2, 3:30, Williams, 9.87M) reported Woodward's "book paints a picture of dysfunction at the highest levels." NBC (Mitchell) added, "Bob Woodward's new book describes a feuding foreign policy team and a White House refusing to acknowledge the worsening situation in Iraq." Mitchell: "The White House tried to brush off the allegations." Tony Snow, White House Press Secretary: "In a lot of ways, the book's sort of like cotton candy it kind of Melts on contact." Mitchell: "The book describes a pattern of ignoring bad news on Iraq. Rice's closest advisor Phillip Zelicow told her in February 2005, Iraq was already a failed state. The book says Vice President Cheney was so determined to find weapons of mass destruction, his staff called David Kay, then leading the weapons hunt, at 3:00 in the morning with specific locations to check. And Woodward describes a classified report last May predicting an increase in the insurgency throughout next year while the Pentagon in this public report and the President, were far more optimistic." President Bush: "We have now reached a turning point in the struggle between freedom and terror."

The Washington Post (9/30, A1, Baker, 748K) in a front page story says, "New revelations that White House aides tried twice in the past two years to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld fueled a caustic election-season debate yesterday over the president's wartime leadership and underscored divisions within his administration." Woodward's book "paints a portrait of an administration riven by personal and policy disagreements exacerbated by a deteriorating situation in Iraq that has grown even worse than Bush admits to the public. In Woodward's account, Bush has become increasingly isolated as his team has rejected advice to shift gears in Iraq before it is too late."

The New York Times (9/30, Sanger, 1.21M) reports, "The White House on Friday dismissed a new book's portrayal of division and discord inside the Bush administration, suggesting that the account by Bob Woodward had been provided by former aides who believed that their advice on troop levels and other questions of strategy in Iraq had been ignored." Yet "other administration officials, speaking only if they were not identified, said the details in the book reflected a breakdown of discipline in an administration that once prized its ability to keep its disputes in-house."

The Los Angeles Times (9/30, Spiegel, 918K) notes, "The two books add to a growing chorus of former administration officials, retired generals and onetime war supporters who have broken ranks and spoken out against a White House once renowned for its tight lips and reverence for loyalty." The book "prompted backpedaling by the White

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House and was embraced by congressional Democrats, who cited it as further evidence of the administration's mismanagement of the war." The "account of the widening divisions within the administration over Iraq policy relies on at least four separate, privately written assessments that were submitted to senior administration officials detailing dire predictions for Iraq if the White House did not change course."

The Financial Times (9/30, Daniel) reports similar details about Rice and Rumsfeld and states, "Critics could use the account to question the White House's credibility on its handling of the Iraq war and the 'war on terror.' It comes at a time when Mr Bush has forcefully made the case that his actions since 9/11 have made the US safer."

Woodward Paints Scathing Indictment Of Bush Administration. In a review of Woodward's book titled "A Portrait Of The President As The Victim Of His Own Certitude" the New York Times (9/30, Kakutani, 1.21M) writes, "Bush emerges as a passive, impatient, sophomoric and intellectually incurious leader, presiding over a grossly dysfunctional war cabinet and given to an almost religious certainty that makes him disinclined to rethink or re-evaluate decisions he has made about the war. It's a portrait that stands in stark contrast to the laudatory one Mr. Woodward drew in 'Bush at War.'" Woodward depicts it as "an administration in which virtually no one will speak truth to power, an administration in which the traditional policy-making process involving methodical analysis and debate is routinely subverted. He notes that experts -- who recommended higher troop levels in Iraq, warned about the consequences of disbanding the Iraqi Army or worried about the lack of postwar planning -- were continually ignored by the White House and Pentagon leadership, or themselves failed, out of cowardice or blind loyalty, to press insistently their case for an altered course in the war." The Times notes, "The former Saudi Arabian ambassador Prince Bandar bin Sultan, Mr. Card, Mr. Tenet, Deputy Secretary of State Richard L. Armitage and Brent Scowcroft, the former national security adviser (to Bush senior), appear to be among the author's primary sources."

Rumsfeld Dismisses Woodward's Allegations. ABC World News (9/29, story 2, 3:00, Karl) reported, "According to Woodward, all the positive talk about the war didn't sit well with General John Abizaid, the top military commander in the Middle East, who complained to the CIA director that Iraq is 'not as rosy' as Rumsfeld says it is. 'They need to let me run the war.' At one meeting, Woodward writes Abizaid said, 'these bastards in Washington have no idea what they're doing.' today, Abizaid's spokesman said he could not confirm the quotes. But he said, 'has a great deal of respect for Mr. Rumsfeld.' Rumsfeld had this to say. Donald Rumsfeld, Secretary of Defense: "I haven't seen the book. I haven't read his first two books. I wouldn't hold your breath on this one."

The Los Angeles Times (9/30, Spiegel, 918K) notes, "Asked about the book's contents by reporters traveling with him at a NATO meeting in Slovenia, Rumsfeld said he had not read the account -- or Woodward's previous books on the war. 'I wouldn't hold your breath on this one,' Rumsfeld said."

Bush Remains Committed In Support Of Rumsfeld. Much of the media's attention was focused on the efforts of former White House Chief of staff Andy Card's efforts to replace Rumsfeld after the 2004 election. CBS Evening News (9/29, lead story, 2:15, Axelrod, 7.66M) noted, "Woodward also writes of fierce efforts inside the White House to fire Secretary of Defense Donald Rumsfeld, efforts that apparently continue to this day. But I talked to a top Republican strategist close to the White House who says just this week he heard President Bush say 'I know the key to keeping support for the war in Iraq is to fire Donald Rumsfeld but I am not going to do that, it's just not gonna happen.'"

ABC World News (9/29, story 2, 3:00, Karl) reported, "Woodward said doubts about Rumsfeld were also heard at the White House. Where he said chief of staff Andrew Card got the defense secretary was out of control. And twice tried to get Rumsfeld fired. Today, Card told ABC News that he did recommend replacing Rumsfeld after the 2004 election as part of a thorough overhaul of the cabinet. Card says he suggested several possible replacements, including former Secretary of State James Baker. Regarding Rumsfeld, Card told ABC News, 'he's a very controlled and disciplined individual. But there may have been times that his emotions got the best of him.' The President kept Rumsfeld. But it fell to Card to tell Secretary of State Colin Powell it was time for him to leave. According to Woodward, Powell said, 'if I go, Don should go.'"

NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "A central character in the book -- defense secretary Donald Rumsfeld. In 'State of Denial' Woodward reports for the first time that former Bush chief of staff Andrew Card tried for 18 month months to get the President to fire Rumsfeld for being overbearing and replace him with former Secretary of State James Baker. Woodward says Laura Bush encouraged the switch. But that Bush and Vice President Cheney refused. Rumsfeld, who was interviewed by Woodward for the book, at a NATO meeting in Slovenia today." Donald Rumsfeld, Secretary of Defense: "First of all, I haven't read it. Second, I don't know what you're referring to and third, you can find someone in government to say almost anything."

CBS Evening News (9/29, story 2, 2:30, Martin, 7.66M) also devotes an entire segment to the effort to replace Rumsfeld reporting, "The ranks of those calling for Donald Rumsfeld's resignation included the President's then chief of staff Andy Card, apparently with the backing of First Lady

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Laura Bush." Mike Wallace: "You report that after George W. Bush was reelected, his then chief of staff Andy Card tried for months to convince the President to fire Donald Rumsfeld. Why?" Woodward in "60 Minutes" interview: "To replace him. Because it wasn't working, Card felt very strongly that the President needed a whole new national security team." Mike Wallace: "You write 'Laura Bush was worried Rumsfeld was hurting her husband.' Andy Card told her the President seemed happy with Rumsfeld and the First Lady replied 'He's happy with this but I'm not.' And later she said 'I don't know why he's not upset.'" Martin: "The First Lady's office says not true. But according to Woodward, Card had at least one other high-level ally, Secretary of State Colin Powell, who himself was leaving the Administration told Card 'If I go, Don should go.' But the Vice President thought differently." Mike Wallace: "Dick Cheney wanted Rumsfeld to stay. Why?" Woodward in "60 Minutes" interview: "Well, Rumsfeld's his guy and Cheney confided to an aide that if Rumsfeld goes next they'll be after Cheney." Martin: "It's not clear Rumsfeld knew what Card was up to, but in an interview with Woodward, the Defense Secretary said he told Card after the election he'd be happy to stay or go depending on what the President wanted. There's no secret about what the President wanted, as he told Fox News." Bush in Fox News interview: "He's doing a heck of a good job. I've got no intention of changing him." Martin: "In the end, it was Card, not Rumsfeld, who left, and Rumsfeld hosted a fair well dinner his honor."

The AP (9/30, Raum) reports that in an interview "Card rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term." Bush and Card "talked about every Cabinet post and senior White House position." Card "said he kept a notebook listing all top jobs and possible replacements. 'It's the chief of staff's job to give the lay of the land, have the president consider a lot of different options,' Card said."

The New York Times (9/30, Sanger, 1.21M) notes, "Card confirmed that he had raised the issue, but suggested that Mr. Woodward had ignored the context." In an interview Card said, "There was no campaign, and I didn't go out and solicit others to back any view about getting rid of anyone. I could talk about these things with the president, and plant seeds, because there is a cadence to life in Washington and you raise these issues periodically."

Card Denies Discussing Replacing Rumsfeld With First Lady. NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "Tonight former White House chief of staff reached in California did not dispute that he did discuss replacing Rumsfeld with the President. But he said he denied ever talking about it with the First Lady."

Rice And Rumsfeld Described As Feuding Behind The Scenes. NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "The book describes Rumsfeld as running roughshod over his commanders like former joint Chiefs Chairman Hugh Shelton. Feuding with Condoleezza Rice, when she was national security advisor, refusing to answer her phone calls and telling her he didn't report to her. After a blowup over Iraq policy last May, they claimed they were getting along fine." Donald Rumsfeld: "I agree." Condoleezza Rice, Secretary of State: "I agree. I like him. I think he likes me."

The Washington Post (9/30, A1, Baker, 748K) in a front page story reports Woodward's "book details how Rumsfeld alienated key figures throughout the government and military: Rice complained that Rumsfeld would not return her telephone calls, forcing Bush to personally intervene. Rumsfeld rebuffed Card when he conveyed Bush's order to send National Guard troops to Louisiana after Hurricane Katrina until hearing from the president himself. Gen. John P. Abizaid, the senior U.S. commander in the Middle East, concluded that 'Rumsfeld doesn't have any credibility anymore.'"

The New York Times (9/30, Sanger, 1.21M) notes, "Other senior State Department officials dismissed the book's account as a familiar one. 'This just in -- Condi and Rumsfeld argue a lot,' one said. 'Didn't we know that?'" Previously "State Department officials have described extreme tension between the two over Ms. Rice's sense that Secretary of Defense Donald H. Rumsfeld was not paying enough attention to detention issues, beginning with the abuses at the Abu Ghraib prison in Iraq that came to light in 2004."

The trade journal Editor & Publisher (9/30) focuses on Snow's responses and notes he "tried to counter some allegations and put off others. One high point came when a reporter asked about Woodward's depiction of very strong and ongoing disputes between" Rice and Rumsfeld. He "replied that he had asked Rice about this specifically and she said, 'That is ridiculous and I told that to Woodward.'"

Spokesman Dismisses Allegation Rice Did Not Take Terror Warnings Seriously. ABC World News (9/29, story 2, 3:00, Karl) reported "on terrorism warnings. Woodward says that CIA director George Tenet was so worried about new intelligence of a coming terrorist attack that he rushed to the White House on July 10th, 2001, to meet with then National Security adviser Condoleezza Rice. Richard Clarke was at the meeting." Richard Clarke, former National Security Official: "The message from the director of central intelligence and from me was that there was still going to be a major al Qaeda attack in the next several weeks." Karl: "Woodward says Tenet did not believe Rice took the warning seriously. Today, a spokesperson for Rice said that is wrong. She did take the warning seriously.

In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes Woodward's book "adds new information about Rice's role in

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the Bush administration's efforts to combat terrorism in the months before the Sept. 11 attacks." Former CIA Director George Tenet and counterterrorism chief J. Cofer Black "felt that Rice gave them 'the brush-off,' according to Woodward, telling them that a plan for coherent action against bin Laden was already in the works. Woodward writes that both Tenet and Black felt that the meeting was the starkest warning the White House was given about bin Laden." They felt "that Rice could have gotten through to Bush on the bin Laden threat but that she had not understood it in time. Black described his frustration more directly, according to Woodward: 'The only thing we didn't do was pull the trigger to the gun we were holding to her head.'"

The Washington Post (9/30, A1, Baker, 748K) in its front page story reports, "The July 10 meeting of Rice, Tenet and Black went unmentioned in various investigations into the Sept. 11 attacks, and Woodward wrote that Black 'felt there were things the commissions wanted to know about and things they didn't want to know about.'" And "Jamie S. Gorelick, a member of the Sept. 11 commission, said she checked with commission staff members who told her investigators were never told about a July 10 meeting. 'We didn't know about the meeting itself,' she said. 'I can assure you it would have been in our report if we had known to ask about it.'" Administration officials "confirmed that the July 10 meeting took place, although they took issue with Woodward's portrayal of its results. State Department spokesman Sean McCormack, responding on behalf of Rice, said Tenet and Black had never publicly expressed any frustration with her response." McCormack said, "This is the first time these thoughts and feelings associated with that meeting have been expressed. … People are free to revise and extend their remarks, but that is certainly not the story that was told to the 9/11 commission."

The New York Times (9/30, Sanger, 1.21M) notes, "The book describes the meeting as a heated one in which Mr. Tenet hoped to 'shake Rice' into developing covert and overt plans to stop Osama bin Laden from attacking." Yet "Rice and other State Department officials denied that was the case, noting that the report of the Sept. 11 commission, which had testimony from Mr. Tenet and others at the meeting, made no mention of the July 10 encounter."

Woodward Suggests Rice Ignored Appeals For More Troops. ABC World News (9/29, story 2, 3:00, Karl) also reported, "On the Iraq war, Woodward writes about an urgent appeal for more troops. He says Robert Blackwill, the top national Security Council official for Iraq, wrote a lengthy memo to Condoleezza Rice in September 2003. 'The bottom line we need more troops in Iraq. 40,000 more.' Blackwill and Iraqi administrator Paul Bremer followed up via video conference from Iraq to the White House. But, Woodward said, the White House did nothing."

The New York Times (9/30, Sanger, 1.21M) notes, "Blackwill refused on Friday to discuss his recommendation but said that Ms. Rice, then the national security adviser, and her deputy, Stephen J. Hadley, 'were always more than willing to give me as much time as I wanted to make my arguments.' It was unclear whether Mr. Blackwill's view was passed on to the president."

In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes, "Woodward describes Rice as frequently at odds with Rumsfeld when she served as national security adviser, and her staff as increasingly concerned about the lack of a strategy for winning the war in Iraq." After "she became secretary of state in 2005, Rice asked Philip D. Zelikow, an old friend whom she had brought on as an adviser, to travel to Iraq to assess the situation. On Feb. 10, two weeks after Rice became secretary, Zelikow presented her with a 15-page, single-spaced memo." Zelikow wrote, "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change."

The New York Times (9/30, Sanger, 1.21M) reports, "Zelikow characterized Iraq as 'a failed state' two years after the invasion, and another in September 2005, in which he said there was a 70 percent chance of success in achieving a stable, democratic state. That meant, Mr. Zelikow said, that there was a 30 percent chance of failure, including what he called a 'significant risk' of 'catastrophic failure,' meaning a collapse of the state Mr. Bush has tried to create." He "declined to comment on Friday, apart from confirming the accuracy of the words from the memorandums Mr. Woodward cited in the book."

Woodward Portrays Rice As Ineffectual. In a review of Woodward's book the New York Times (9/30, Kakutani, 1.21M) writes, "Rice (who appears in this volume primarily in her former role as national security adviser) is depicted as a presidential enabler, ineffectual at her job of coordinating interagency strategy and planning."

Rumsfeld Management Style Criticized. In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) reports, "Woodward writes that Rice and Rumsfeld have been warned repeatedly about the deteriorating situation in Iraq." For example, "retired Lt. Gen. Jay Garner told Rumsfeld on June 18, 2003, that the United States made 'three terrible mistakes' in Iraq." Garner said, "There's still time to turn it around," yet "Rumsfeld dismissed the idea, according to Woodward. 'We're not going to go back,' Rumsfeld said." In 2004 "Rumsfeld received even more blunt criticism from Steve Herbits, a longtime friend who, according to Woodward, has served as an informal adviser to Rumsfeld since he became defense secretary. In a seven-page memo in July 2004 titled 'Summary of Post-Iraq Planning and Execution Problems,' Herbits listed a series of questions for Rumsfeld:" Herbits "then described

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'Rumsfeld's style of operation,' which he said was the 'Haldeman model, arrogant,' referring to President Richard M. Nixon's White House chief of staff H.R. 'Bob' Haldeman. 'Indecisive, contrary to popular image. Would not accept that some people in some areas were smarter than he. … Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions.'" The Post adds, "Some of the highest-ranking officers serving under Rumsfeld had similar misgivings about Iraq."

In a review of Woodward's book titled "A Portrait Of The President As The Victim Of His Own Certitude" the New York Times (9/30, Kakutani, 1.21M) writes, "Woodward draws an equally scathing portrait of Secretary of Defense Donald H. Rumsfeld, who comes off as a bully and control freak who is reluctant to assume responsibility for his department's failures, and who has surrounded himself with yes men and created a system that bleached out 'strong, forceful military advice.' Mr. Rumsfeld remains wedded to his plan to conduct the war in Iraq with a lighter, faster force (reflecting his idée fixe of 'transforming' the military), even as the situation there continues to deteriorate."

Woodward Describes Cheney As "Lost" Without Libby. In a second article focused on criticism of Rumsfeld the Washington Post (9/30, A4, Hamilton, 748K) also notes, "Unlike Woodward's previous books…'State of Denial' does not focus on Bush. Woodward writes that Bush, who agreed to be interviewed for the first two books, declined this time." He "also spends little time on Cheney, writing that since 2005 the vice president has been perceived as having no visible role in Iraq policy. He describes Cheney's associates as saying he was 'lost' without his former chief of staff, I. Lewis 'Scooter' Libby." The Post notes, "According to Woodward, Cheney relied on his wife, Lynne, and his daughter Liz for advice, and some close friends believed he 'became increasingly removed from reality.'"

Kissinger Seen As Influencing Bush To Repeat Mistakes Of Vietnam. CBS Evening News (9/29, lead story, 2:15, Axelrod, 7.66M) reported, "In this book Woodward describes the growing influence of former Secretary of State Henry Kissinger with Mr. Bush. Kissinger was one of the architects of strategy for the Vietnam war." Woodward in "60 Minutes" interview: "Now, what's Kissinger's advice? In Iraq he declared very simply 'victory is the only meaningful exit strategy.' This is so fascinating. Kissinger's fighting the Vietnam War again. Because in his view, the problem in Vietnam is we lost our will that we didn't stick to it."

NBC Nightly News (9/29, story 2, 3:30, Mitchell, 9.87M) reported, "Woodward alleges that former Secretary of State Henry Kissinger had a powerful, largely invisible influence on Bush policy. Something that Kissinger denies, despite frequent visits." Henry Kissinger: "The President occasionally asks me to come in and see him. They're almost always one-on-one meetings."

Democrats Take Advantage Of Woodward Allegations. NBC Nightly News (9/29, story 3, 2:40, Gregory, 9.87M) reported, "Democrats treated the Woodward book as the October surprise they'd been waiting for to use against the White House." Sen. Harry Reid: "It's time for the misleading, the mistakes, the misconduct to end." Rep. Nancy Pelosi: "Let's work together in a bipartisan way to clean up the mess you have made in Iraq because you have not been in touch with reality." Gregory: "Now, unlike past election years, more Democrats, namely those considering a run for the House, are eager to fight the President on national security. And today the White House was again on the defensive over the war." Tony Snow, White House Press Secretary: "A couple of weeks ago the President was being accused of trying to scare people. Now all of a sudden he's accused of looking at the world through rose-colored glasses. Neither one is true." Meanwhile Bush "is still trying to define the Democrats as weak on National Security." Friday Bush "dismissed Democrats who say Iraq has made America more vulnerable." Bush: "This argument buys into the enemy's propaganda that the terrorists attack us because we're provoking them." Gregory: "So after a week of attack and counterattack, the outlines of this debate are clear -- will this fall election be about the President's performance in Iraq and the war on terror or will it turn on the other question, in who is best suited to fight the war on terror in the future?"

The Washington Post (9/30, A1, Baker, 748K) in its front page story notes, "The title alone quickly became a Democratic mantra throughout the day. House Minority Leader Nancy Pelosi (D-Calif.) said four times at a separate briefing that Bush was 'in denial,' and Democrats released a series of statements and 'fact sheets' trumpeting the line."

Woodward To Reveal Bush's Father's Opinion On War. Previewing the release of more details CBS Evening News (9/29, story 2, 2:30, Couric, 7.66M) notted, "There's a lot more of Bob Woodward's reporting. You'll hear how the President's father felt about his son taking the country to war."

White House Aides Scramble To Prepare Calm Response To Woodward Allegations. The Washington Post (9/30, A1, Baker, 748K) in a front page story notes, "After the New York Times managed to buy an early copy of 'State of Denial' and reported on it on yesterday's front page, Bush aides frantically called Woodward and asked for copies, which he sent over. A squadron of White House aides then spent hours tearing through the book and doing quick research to try to undercut its more damaging elements. They settled on a strategy of disputing certain conclusions while broadly dismissing it as old news."

Newsweek (9/30, Wolffe, 3.12M) in a web exclusive reports that in response to the release of the book early "it was clear the White House had settled on a time-tested

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strategy: deny, downplay and sidestep. Snow had a quip at the ready. 'The book's certainly cotton candy—it kind of melts on contact.'" Newsweek states, "The calculated ho-hum reaction is partly the result of having already responded to several critical books on Iraq in recent months -- as well as public discontent with the war. Bush's aides believe they have already debated extensively the conflicting recommendations about troop levels, and consider that an old -- and exhausted -- dispute." They "also think they can easily knock down Woodward's premise that Bush has misled the public about the level of attacks on troops in Iraq. Since late last year, Bush has spoken more openly and directly about the nature of the enemy in Iraq and the scale of the challenge in building a peaceful and democratic nation."

Time (9/30, Carney, 4.03M) in a web exclusive reports that in contrast to Woodward's previous books on the Administration, "Now we have State of Denial. The title alone is a departure for Woodward. His books during the Clinton years -- The Agenda, The Choice -- all carried neutral titles that revealed little about how the people in power were portrayed. The same can be said of Bush At War and Plan of Attack. From the moment the title of the third book leaked, White House officials knew they were in trouble." Time adds, "Actually, they suspected long ago that Woodward's newest book would not be good for them." The Bush strategy "is that it's 'nothing new' and 'old news' — the standard damage control response I remember hearing again and again from Clinton flacks during times of trouble in those years." Yet "we know that some of Woodward's revelations ARE new."

White House Aides Wary Of Woodward's Intentions. The Washington Post (9/30, C1, Kurtz, 748K) reports, "Woodward said he pushed repeatedly to interview Bush. … But White House counselor Dan Bartlett and national security adviser Stephen Hadley, after a period of cooperation, told him an interview was unlikely and then stopped returning his calls. In the new book, Woodward attributes the lack of a presidential interview -- which has the effect of removing a strong counterweight to criticism of the White House -- to Bush's declining popularity." Meanwhile, "Bartlett said yesterday that he and other officials, while cooperating, noticed 'a different tone and tenor to this project. … Some pretty hard conclusions had already formed in Bob's mind. So we made the judgment that the third time was not a charm.' The book's 'gossipy' aspects will titillate the cocktail party circuit, Bartlett said, but 'the underlying issues are ones covered by a half-dozen books before his.'"

New Book To Reveal Powell Forced Out Of Administration. The Los Angeles Times (9/30, Spiegel, 918K) notes, "Another upcoming book on the Bush administration, a biography of former Secretary of State Colin L. Powell by Washington Post editor Karen DeYoung, will report that Powell was forced out of his job." That "contradicts statements by the White House at the time -- as well as Powell's own resignation letter -- which made it appear that his decision to leave following the 2004 election was mutual. The excerpt from the book, 'Soldier: The Life of Colin Powell,' obtained by the Los Angeles Times ahead of next week's publication, recounts how Card broke the news to an unsuspecting Powell." Card tld Powell, "The president would like to make a change." The book asserts Powel also warned Bush of the deteriorating situation Iraq. DeYoung writes, "The war in Iraq was going south, [Powell] said after a few moments of small talk, and the president had little time left to turn it around."

Release Of Woodward Book Disrupted By New York Times Scoop. The New York Times (9/30, Seelye, 1.21M) reports the disruption of Simon & Shuster's plans to release Woodward's book "raises questions about the relationship between The Post and Mr. Woodward. … His books often contain exclusive material that has not appeared in the newspaper, where he is an assistant managing editor." The Times continues, "'60 Minutes' began promoting its segment about 'State of Denial,' including details of the book's content, on its Web site on Thursday. An internal critique yesterday at The Post, written by a former reporter, suggested little patience with Mr. Woodward's special relationship with his paper."

Gonzales Warns Judges To Respect Presidential Authority. The AP (9/30, Sniffen) reports, "Attorney General Alberto Gonzales, who is defending President Bush's anti-terrorism tactics in multiple court battles, said Friday that federal judges should not substitute their personal views for the president's judgments in wartime." Gonzales "said the Constitution makes the president commander in chief and the Supreme Court has long recognized the president's pre-eminent role in foreign affairs. 'The Constitution, by contrast, provides the courts with relatively few tools to superintend military and foreign policy decisions, especially during wartime,' the attorney general told a conference on the judiciary at Georgetown University Law Center." Gonzales added, "Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review."

Passage Of Detainee Bill Strengthens Administration Counter Terrorism Policies. The New York Times (9/30, A1, Shane, Liptak, 1.21M) in a front page article titled "Detainee Bill Shifts Power To President" reports, "With the final passage through Congress of the detainee treatment bill, President Bush on Friday achieved a signal victory, shoring up with legislation his determined conduct of the campaign against terrorism in the face of challenges from critics and the courts." Instead of "reining in

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the formidable presidential powers Mr. Bush and Vice President Dick Cheney have asserted since Sept. 11, 2001, the law gives some of those powers a solid statutory foundation. In effect it allows the president to identify enemies, imprison them indefinitely and interrogate them — albeit with a ban on the harshest treatment — beyond the reach of the full court reviews traditionally afforded criminal defendants and ordinary prisoners." It "will give the president more power over terrorism suspects than he had before the Supreme Court decision this summer in Hamdan v. Rumsfeld that undercut more than four years of White House policy." The Times notes, "Even if the Supreme Court decides it has the power to hear challenges to the bill, the Bush administration has gained a crucial advantage. In adding a Congressional imprimatur to a comprehensive set of procedures and tactics, lawmakers explicitly endorsed measures that in other eras were achieved by executive fiat."

The Los Angeles Times (9/30, McManus, 918K) reports, "Three months ago, the Supreme Court handed President Bush what appeared to be a stinging defeat," yet "this week, the president brushed aside those setbacks and won what appeared to be a significant political victory largely on his terms, securing passage of tough rules that allow the government to hold, interrogate and try "enemy combatants" while granting them legal rights that are limited." It "not only gave Bush most of what he wanted in substance, it also provided Republicans with a rhetorical club to use against Democrats on terrorism."

UK Officials Questions US Adoption Of New Detainee Policies. The Washington Post (9/30, A12, Jordan, 748K) reports, "Charles Falconer, one of the highest-ranking justice officials in Britain, said Friday that there is a 'great divergence' in how Britain and the United States are handling the fight against terrorists, describing the U.S. approach as a willingness 'to do things beyond the law.'" He "said in an interview that the practices of holding terrorism suspects without charge at Guantanamo Bay, Cuba, and interrogating them in secret CIA prisons have made it 'harder to identify to the world what your values are.'" Falconer "is scheduled to visit Washington next week, where he will meet with Attorney General Alberto R. Gonzales and Chief Justice John G. Roberts Jr. and deliver a speech at Georgetown University."

CIA Not Entirely Immune Under New Detainee Policy. McClatchy Newspapers (9/30, Gordon, Taylor) reports, "Congress has eased the worries of CIA interrogators and senior administration officials by granting them immunity from U.S. criminal prosecutions for all but "grave" abuses of terrorism detainees." Yet "legislation passed Friday may not leave them entirely in the clear." It "is meaningless overseas, where international courts theoretically could still prosecute alleged violations of anti-torture treaties." The scenario is "highly unlikely" but "Avril McDonald, an international law expert based in The Hague, said it's possible that U.S. officials could be charged with conspiracy in the ICC or in countries such as Belgium, whose legal systems allow private parties to bring war crimes charges." MccLatchy notes, "At least 11 officials were involved in shaping the U.S. policy for interrogating captives overseas, including three Cabinet members -- Attorney General Alberto Gonzales…Rumsfeld and Homeland Security Secretary Michael Chertoff."

House Approves Detainee Bill. House approval of the detainee bill was expected and did not generate much attention in the media. ABC World News (9/29, story 5, 0:20, Moran) in a brief story noted, "Congress has passed landmark legislation on how to deal with terror suspects. The House today gave final approval to a bill that would set up military tribunals that would interrogate and try suspected terrorists. Under this measure, suspects will not have access to US Courts to contest their detention and testimony that has been coerced, that will be allowed."

Bush Accused Of Starting Process Of Destruction Of US. Author Robert Harris in an op-ed in the New York Times (9/30, 1.21M) compares the Bush Administration counter-terrorism policies with the loss of civil rights in ancient Rome "in the panicky aftermath of" a pirate attack when "the Roman people made decisions that set them on the path to the destruction of their Constitution, their democracy and their liberty. One cannot help wondering if history is repeating itself." After Pompey defeated the pirates, "it was too late to raise such questions. By the oldest trick in the political book -- the whipping up of a panic, in which any dissenting voice could be dismissed as 'soft' or even 'traitorous' -- powers had been ceded by the people that would never be returned. Pompey stayed in the Middle East for six years, establishing puppet regimes throughout the region, and turning himself into the richest man in the empire."

DOJ And Pentagon Move To Expedite Trials Of Terror Suspects. The New York Times (9/30, Lewis, 1.21M) reports, "Officials at the Justice Department and the Pentagon said Friday that they would move quickly to adopt the regulations on treating terrorism suspects as soon as President Bush signed them law." The Times adds, "The military said it planned to go to trial with up to 14 senior members of Al Qaeda, as government lawyers prepared to defend a provision that would strip hundreds of other suspects of their right to challenge in court their detention."

Detainee Bill Could Leave Less Threatening Suspects Without Relief. The Los Angeles Times (9/30, Barnes, Schmitt, 918K) reports, "The bill that Congress approved Friday to bring terrorism suspects to trial contains a central irony: The suspects considered most dangerous will have the most rights, while the others will remain in legal limbo with no ability to challenge their detention." Suspected terrorists charged "would be able to appeal convictions to the

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U.S. courts" but the 355 detainees "who are considered less of a threat, may never be tried and may therefore be denied the right to challenge their imprisonment." But "Administration officials say they have no intention of indefinitely holding people without charge and are working to clear detainees they do not intend to try. 'We would like it to be less than 100 in Guantanamo,' said a Pentagon official."

Amnesty International Accuses Pakistan Of Illegal Detentions. The AP (9/30, Ahmad) reports, "Pakistan illegally detained innocent people on suspicion of terrorism, secretly imprisoned them, and transferred them to U.S. custody for money, human rights watchdog Amnesty International said Friday." The AP continues, "Hundreds of Pakistanis and foreigners were rounded up in Pakistan on suspicion of links to terrorism since the U.S.-led war on terror started after the Sept. 11 attacks, Amnesty said in a report, titled 'Human Rights Ignored in the War on Terror.'" Amnesty researcher Angelika Pathak claims, "The phenomenon of enforced disappearance was virtually unknown before the war on terror."

Albany Imam Testifies He Thought FBI Informant Was Crazy. The Albany Times-Union (9/30, Lyons) reported, "The leader of an Albany mosque testified Friday that he thought an FBI informant was crazy and lying when he spoke about a terrorist attack being planned in New York City." Yassin Aref "appeared to stun Assistant U.S. Attorney William Pericak as he admitted hearing about the attack." Pericak "pressed the defendant on why he didn't call the FBI, especially since agents had visited him months earlier, left their business cards and asked him to report any suspicious activity. 'And an attack on New York City as described by Malik, that's not suspicious?' Pericak said. 'Yes, it was suspicious if I believe so, but 100 percent I was sure that's not right, that's not true,' Aref answered." The Times-Union added, "During dozens of conversations between the informant and Aref, many of which were replayed for jurors on Friday, the informant can be heard soliciting spiritual advice from Aref as he baits him about whether it is all right under their Muslim faith to support a Pakistani terrorist group. Aref cautioned the informant to be careful, warning him about American laws and the FBI, as he repeatedly told the informant he did not know anything about the group except what he had seen on television."

Capital News 9 Albany (9/29, Ference) reported, "Prosecutors said Aref clearly understood the terrorism-related talk by the government's informant…who spoke with Aref during the sting. That includes talk about a missile, caught on audio tape and played for the courtroom where Malik told Aref, 'That's why the missile that we sent it to New York City to teach President Musharraf the lesson.' Aref said, 'Right brother.' Or did he? Aref maintains he asked, 'What brother?' He also said he 'thought said Messiah, not missile.' The prosecutor asked, 'You understood him to be sending the Messiah to New York?' Aref said, 'No. I don't know what he was talking.'"

Six Alleged Tamil Tiger Arms Dealers Arrested In Maryland. The Baltimore Sun (9/30, Dolan) reported, "Six South Asian arms dealers who paid undercover customs agents in Maryland hundreds of thousands of dollars to ship restricted, high-tech weapons to rebels in Sri Lanka and the Indonesian Army have been arrested by federal authorities in Guam, officials said" Friday. "The elaborate sting operation took center stage in Baltimore this summer, where federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in illegally buying." The Sun noted that the case "again highlighted how attractive Maryland appears to be to arms dealers who want to buy banned state-of-the-art weapons in a state rich with defense contractors. … Last month, FBI agents searched the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers. Officials said yesterday that the two cases are unrelated."

The Washington Post (9/30, A3, Rich) reported, "The suspects are accused of arranging, during negotiations that accelerated in April, for a $900,000 shipment of arms to be delivered to international waters in the Indian Ocean. The shipment was to be received by members of the violent separatist group, which the United States has designated a terrorist organization since 1997." The Post noted, "U.S. Attorney Rod J. Rosenstein said the suspects were arrested Thursday and Friday in Guam, where they had met with undercover agents to finalize the details of delivery to the ethnic separatist group." The AP (9/30, Witte) noted ICE Baltimore Acting SAC Mark Bastan "said the weapons were intended to be used against the Sri Lankan government, but it was unclear whether they were to be used for a specific attack."

Administration Seen As At Odds With Details Of NIE. Newsweek (9/30, Isikoff, Hosenball, 3.12M) in a web exclusive reports, "The White House's release of a dire National Intelligence Estimate on global terrorism has illustrated once again how easy it is to publicly misrepresent intelligence-community findings -- especially when almost all of the key documents remained shrouded in secrecy." Despite the Administration's response "that the document's conclusions were entirely consistent with the public statements of the president and other Bush administration

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officials," the "actual wording of the NIE contains sobering conclusions that, in tone and substance, are very different from what Bush and other administration officials have recently been saying about the government's progress in the war on terror. Even more potentially problematic for the White House, intelligence-community officials say, there are at least two more secret studies underway that are likely to undercut the administration's public positions on sensitive national-security issues."

Framing Debate Over NIE Could Be Key To Election. Newsweek (9/30, Wolffe, Bailey, 3.12M) in a second web exclusive reports, "Until the NIE emerged, the conventional wisdom inside the Beltway was that the election would come down to a struggle between terrorism and Iraq. If the debate were about terrorism, the GOP would win; if about Iraq, the Democrats would win." But now "the NIE sheds light on a different debate that is all about Iraq. In November, voters will have a relatively simple choice: they need to decide whether to punish the GOP for starting the war or trust the GOP to end the war."

Al Qaeda Uses Internet To Build Support. The New York Times (9/30, Fattah, 1.21M) reports, "As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important." Recently "Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages."

HOMELAND RESPONSE:

House Approves Port Security Bill. The AP (9/30, Abrams) reports the House "approved a major ports security bill early Saturday, providing new steps to prevent terrorists from slipping a nuclear, chemical or biological device into one of the 11 million shipping containers entering the nation every year. Passage of the bill was the last act of the House as lawmakers left for a five-week election campaign. … The Senate also planned to endorse the bill before it recessed, sending it to the president for his signature." According to the AP, "The bill approves $400 million a year over five years for risk-based grants for training and exercises at ports. 1It requires the nation's 22 largest ports, which handle 98 percent of all cargo entering the country, to install radiation detectors by the end of next year. … Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials. Background checks and credentials will be required for workers at the nation's 361 ports, and the Homeland Security Department would set up protocols for resuming operations after an attack or incident." The Los Angeles Times (9/30, Simon, 918K) reports similar details.

Treasury Warns Charities About Ties To Terrorist Groups. The AP (9/30, Aversa) reports, "Risks facing charitable organizations not only include contributions being diverted to bankroll terror activities but also the use of charities' services to build grass-roots support for a terrorist organization, the Treasury Department said Friday. The Bush administration examines these possibilities when it considers whether or not a charity should be put on a U.S. list that requires banks to freeze its assets and forbids Americans from doing business with it. Charities should be on the lookout for such risks as well, the department suggested as it released updated best practices for charitable organizations to consider as they try to protect themselves from abuse from terrorist financiers. … As cases in point, the department, citing media reports, mentioned the role of Hamas-associated charities in building popular support in the Palestinian territories for the Hamas terror organization, and Hezbollah's control of charitable distribution networks in southern Lebanon."

The Wall Street Journal (9/30, Matthews, 2.03M) reports Patrick O'Brien, assistant secretary for terrorist financing and financial crimes at the Treasury Department, "said that making the guidelines voluntary allows charities to have some flexibility by not hamstringing them with rules that may not apply. 'We don't really see a one size fits all,' he said. 'These are not legal requirements. They seek to provide information to structure their own affairs to help them avoid diversion of funds.'"

Federal Officials Increasingly Concerned About Agroterrorism Threat. The Chicago Tribune (9/30, George) reported, "While the threat of terrorism clearly hangs over urban areas, a growing concern about an attack on the U.S. food supply is bringing more attention from law enforcement to rural America and farms." The Agriculture Department "has produced a list of recommended security steps for farmers," and "the recent E. coli outbreak has underscored how quickly contaminated food can impact people's lives and shake America's faith in agriculture. … 'The threat from agroterrorism may not be one you recognize,' FBI Deputy Director John Pistole said at a symposium this week in Kansas City, where about 1,000 farmers, police officers, scientists and economists gathered to discuss better ways to protect agriculture. 'But the threat is real,' he said. 'And the impact could be devastating.'" The E.

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coli outbreak, "while not intentional, offers a glimpse of such devastation, Pistole said. … Pistole pointed to U.S. agriculture information found in Afghanistan after the Sept. 11 attacks as proof that there is intent to disrupt the food supply. 'The bottom line is that agriculture, just like buildings, bridges and tunnels, is a critical infrastructure in need of defense,' he said."

Fake Bomb Planted At Kennedy Airport. The New York Times/AP (9/30, Press) reports, "A Vermont man was arrested yesterday on charges of putting a fake bomb in a bag at a parking lot at Kennedy International Airport, officials said. The man's action caused traffic to be halted for hours on Thursday night. The man, Peter Gonick, 55, of Island Pond, Vt., was accused of reckless endangerment and putting a fake bomb at a transportation facility."

USAF Deputy JAG Questions Wisdom Of Deploying Military In US Cities. In a commentary for the Washington Post (9/30, 748K), Air Force Deputy JAG Charles Dunlap, Jr. acknowledges the "cool efficiency of full-time military professionals on the hot New Orleans streets" after Hurricane Katrina. However, he warns against the use of the military in homeland security, saying, "Few models exist around the world in which the recurring use of militaries in law enforcement furthers democratic values. ... Most conventionally trained soldiers advance on potential threats with a view toward destroying them, not arresting them." He suggests instead, "Getting together to organize the country's nearly 800,000 civilian police could provide governors nationwide with experienced law enforcement resources in times of crisis. Preparing the 400,000 citizen-soldiers of the National Guard for police duties is another option."

WAR NEWS:

Bush Cites Afghan-Pakistani Progress. The Washington Post (9/30, A6, Fletcher, 748K) reports, "President Bush highlighted anti-terrorism efforts of Afghanistan and Pakistan yesterday, calling the nations invaluable allies despite a surge of violence in southern Afghanistan that has provoked deep suspicions about their ability -- and appetite -- to battle extremists." The President admitted that "Afghan police 'have faced problems with corruption and substandard leadership'" that "have undermined confidence in the police," but added, "we've made our concerns known to our friends in the Afghan government." Bush also said "the United States is helping Pakistan with development aid and high-tech equipment to help it gain better control of its borders."

The Financial Times (9/30, Daniel, Dinmore) reports, "President George W. Bush moved to address mounting Democratic criticism of his policy in Afghanistan on Friday, conceding the need for more legal reform and the existence of 'corruption and sub-standard leadership' in the Afghan police but defending the nation's 'liberation' as 'a great achievement.' Mr Bush's speech marks a renewed focus on Afghanistan, which has seen a steep rise in violence and a renewed Taliban insurgency." In addition, the dinner with Hamid Karzai and Pervez Musharraf "appears to have led to new ideas on intelligence- sharing and on how to deal with the border tribal areas that lie outside their control and provide a refuge for Taliban and al-Qaeda fugitives."

The AP (9/30, Raum) reports that President Bush "acknowledged setbacks in Afghanistan against a Taliban resurgence but predicted eventual victory." In his Friday speech, the latest "defending his Iraq and anti-terrorism policies against heightened attacks from Democrats," Bush said, "The training of the Afghan police has not gone as smoothly as that of the army. The police have faced problems with corruption and substandard leadership." DNC chair Howard Dean and House Democratic leader Nancy Pelosi are both quoted criticizing Bush's remarks.

McClatchy Newspapers (9/30, Douglas, Landay) reports, "Amid signs that the Taliban insurgency is regaining strength, President Bush on Friday defended his efforts to stabilize war-savaged Afghanistan and blasted critics who charge that his policies there are failing." McClatchy writes pessimistically, "Afghanistan is reeling from its worst bloodshed since the 2001 U.S.-led intervention as the Taliban and allied warlords tie down 42,000 American and NATO-led troops and President Hamid Karzai struggles with colossal corruption, record opium production and nose-diving popularity." Bush "made no mention of the key reasons for the Taliban's resurgence: the diversion of U.S. troops to Iraq; America's failure to make good on a promise of a reconstruction program akin to the rebuilding of post-World War II Europe; endemic corruption; and the support the Taliban receive from Pakistan. Bush instead praised Pakistan as a strong ally in fighting terrorism." In addition, McClatchy calls some of his remarks on police reform "misleading."

The New York Times (9/30, Stolberg, 1.21M) reports only briefly Bush's remarks in an article about his meeting with the Kazakh president: "On Friday morning, in his latest speech on fighting terrorism, Mr. Bush touted his efforts to build a free nation in Afghanistan and to push Pakistan toward free elections."

The Washington Times (9/30, Curl, 88K) reports, "During his speech to the Reserve Officers Association that focused on U.S. efforts to spur Pakistan and Afghanistan toward greater freedom, the president acknowledged setbacks in both countries but called on Americans to be patient."

Australian PM Defends Special Forces Withdrawal From Afghanistan. The Washington Times/AFP (9/30)

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reports, "Prime Minister John Howard this week defended his decision to withdraw special forces from Afghanistan during an increasingly bloody insurgency. About 200 Special Air Services troops and commandos are expected to return to Australia soon after spending a year conducting operations in southern Afghanistan's Uruzgan province." Even though NATO mission commander Gen. James Jones has been "pleading for 2,000 more soldiers," Howard "said it would be a mistake to put too much pressure on Australia's special forces." Foreign Minister Alexander Downer "said more troops would be desirable, but there was also scope for some European troops to remove conditions on their existing deployments so they could be reassigned from the relatively quiet north to hot spots elsewhere in the country."

Afghan Explosion Kills 12. The Los Angeles Times (9/30, Watson, 918K) reports, "A suicide bomber strapped with explosives detonated in front of the Afghan Interior Ministry as staffers arrived for work today, killing at least 12 people and wounding 42." Suicide bombers, "once rare in Afghanistan, have carried out at least 50 attacks this year in the worst wave of insurgent violence since U.S.-led forces toppled the Taliban regime five years ago."

US Ambassador Says Iraqi PM Has "Short Time" To End Violence. The Washington Post (9/30, A14, Paley, Raghavan, 748K) reports, "The U.S. ambassador to Iraq warned on Friday that time is running out for Prime Minister Nouri al-Maliki to contain the burgeoning sectarian bloodshed that threatens to plunge the country into civil war. 'He has a window of a couple months,' said the ambassador, Zalmay Khalilzad." His words "reinforced comments by several senior U.S. military officials this week that Maliki's government must move urgently to tackle the militias and death squads wreaking havoc across the country." However, unlike the commander, the ambassador "said he and President Bush still have full confidence in Maliki and were 'cautiously optimistic' that his government has the political will to rein in the bloodletting."

General Casey Defends Maliki. The Los Angeles Times (9/30, Spiegel, 918K) reports that Gen. George W. Casey, Jr. "disavowed criticism leveled by several senior officers at Iraqi Prime Minister Nouri Maliki for failing to rein in Shiite militias. Army Gen. George W. Casey Jr. said in a sharply written statement that Maliki was doing a good job in bad circumstances." Anonymous military officials had "said Maliki has stood in the way of plans to clear death squads from the sprawling Sadr City slum where [Moqtada al-Sadr's] militia is based." The Times observes that Casey's statement "ended on a note of soaring optimism," causing an Army spokesman to state that "the language was common in statements 'primarily intended for an Arab audience.'"

Commander Implies Anbar Not Winnable Unless US Forces Leave. The AP (9/30, Burns) reports in a pessimistic article, "It is still possible to defeat the entrenched insurgency in Iraq's western Anbar province but probably not until U.S. troops leave, the American commander of forces in the provincial capital said Friday." Col. Sean McFarland "did not say point-blank that the insurgency could be defeated only if U.S. forces left, but he emphasized that the security force best suited to deal with anti-government elements eventually will be the Iraqi police. His comments were the latest to suggest that progress this year against the insurgency has been spotty and that conditions are too fragile to permit any sizeable decrease in the U.S. military presence." The Pentagon has "announced that MacFarland's brigade has been ordered to remain in Anbar for 46 days beyond its previously scheduled departure in mid-January. That means the nearly 4,000 soldiers there will exceed the 12-month tour of duty that the Army has said should be the maximum for all units in Iraq."

New Iraqi Law Endangers Journalists. The New York Times (9/29, Von Zielbauer, 1.21M) reports, "Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year." The Times adds that the law makes "men with gavels" a new threat to journalists, who already face assassination.

Al Qaeda Uses Internet To Build Support. The New York Times (9/30, Fattah, 1.21M) reports, "As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important." Recently "Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages."

Baghdad Is Put On Curfew. NBC Nightly News (9/29, lead story, 1:35, Williams, 9.87M) reported, "All day long today the story we've been chasing has to do with major new charges about the handling of the Iraq war. Evidence that the reality is far worse than we've been led to believe. Tonight the lead story comes from the war zone. Late today and without warning the city of Baghdad was placed under a sudden and unexplained curfew. No pedestrians, no cars until Sunday morning. Rumors are flying as to the reasons why and the city tonight is shut down." NBC (Engel) added, "The Iraqi government said the curfew was imposed for specific intelligence reasons and security concerns. Violence

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here has been on the rise since the start this weekend of the Muslim holy month of Ramadan. The US military says that suicide bombers are at an all-time high. There's also growing frustration with the government of Maliki, both by the US military and the Iraqi people. Iraq's deputy prime minister said he has evidence uncovered that the Iraqi military had been planning to stage a coup and that there were recent meetings in Jordan, in Beirut and here in Baghdad to try to unseat the Iraqi government. An Iraqi government spokesman said that coup attempt never got beyond the planning stages." Williams: "The city of Baghdad shut down tonight."

Baghdad Journalist Describes Worsening Security Situation. CBS Evening News (9/29, story 8, 2:50, Couric, 7.66M) reported, "In Baghdad tonight, a new curfew has been ordered. No one is allowed on the streets until Sunday. Just another reminder of how difficult and dangerous working there is for anyone, including journalists." CBS (Logan): "The American media is criticized for not giving enough good news about Iraq and only concentrating on the bad news. As a journalist and an Iraqi who lives here and works here, what would you say to that?" Iraqi journalist Lara Mohammed: "We don't just pull things out of our pockets. What good things are happening? The death toll is even underestimated so as not to panic Iraqi people and some media even conceal the obvious truth that Iraq is on the verge of civil war."

New Saddam Judge's Brother-In-Law Is Killed. The AP (9/29, Rising) reports, "A relative of the new presiding judge in Saddam Hussein's genocide trial was shot and killed in Baghdad on Friday, an attack condemned by the country's top prosecutor as an attempt to force the trial to be moved out of Iraq." However, "It was unclear whether Judge Mohammed Oreibi al-Khalifa's relatives were targeted because of his role in the trial, or if the shooting was just another of the sectarian attacks that have been plaguing Baghdad." In additional news, on Friday the government imposed a "complete curfew' on Baghdad; "such wide-ranging curfews have been imposed following intelligence information that car or suicide bombs were planned in Baghdad."

Sadr Orders Followers To Lay Down Arms. The McClatchy Newspapers (9/30, Youssef) reports, "Muqtada al Sadr, the firebrand Shiite Muslim cleric whose Mahdi Army is arguably Iraq's most powerful armed group, has ordered his followers to put down their weapons temporarily, three of his aides told McClatchy Newspapers on Friday." Experts "differed on the significance of the directive, which Sadr delivered in secret to his commanders two weeks ago in the southern city of Kufa. Some saw it as Sadr's way of distancing himself from rising sectarian violence." Skeptics "said the order was little more than an effort by Sadr to head off an offensive by American and Iraqi forces against his militia." His orders "suggest that his organization is feeling pressure to curb the violence between Shiites and their Sunni Muslim rivals," but "analysts also think that Sadr is having trouble controlling his organization."

Iraqi Linked To Sunni Bloc Is Held. The New York Times (9/30, Tavernise, Mizher, 1.21M) reports, "American forces detained an Iraqi working for one of Iraq's most prominent Sunni Arab political leaders on Friday on suspicion that the man was helping to plan a multiple-car suicide bombing inside the Green Zone." In addition, the government banned "all vehicle and pedestrian traffic in Baghdad until Sunday morning," which was considered unusual because it included a "ban on walking." The curfew "may indicate fears that Sunni radicals might respond violently" to the arrest of the Sunni functionary.

Allegedly Abusive Iraqi Police Could Lose US Aid. The New York Times (9/30, Oppel, 1.21M) reports, "American officials have warned Iraqi leaders that they might have to curtail aid to the Interior Ministry police because of a United States law that prohibits the financing of foreign security forces that commit 'gross violations of human rights' and are not brought to justice." The dispute "centers on one of the most sensitive subjects within the Iraqi government: the joint Iraqi-American inspection in May and subsequent investigation of a prison in eastern Baghdad known as Site 4." The Times adds, "The controversy over Site 4 has become emblematic of the problem of militia members infiltrating the Interior Ministry's security forces and fears that Iraqi leaders are unwilling to take action against rogue groups."

Al Zawahiri Calls Bush A "Liar" In GWOT. ABC and CBS both reported Al Zawahiri's latest Internet posting. ABC World News (9/29, story 4, 0:25, Moran, 8.78M) reported, "Overseas, now, more threats and venom from Osama bin Laden's right-hand man, Ayman al Zawahiri. In an internet post today, Zawahiri taunted President Bush, calling him a lying failure. And he added a new target, Pope Benedict. Saying, 'this charlatan accused Islam of being incompatible with rationality forgetting that his own Christianity is unacceptable to a sensible mind.'"

CBS Evening News (9/29, story 7, 0:10, Couric, 7.66M) reported, "Al Qaeda put out a new video message today from its second in command. Ayman al-Zawahiri accuses President Bush of being a liar who misled the American public about going to war in Iraq."

The AP (9/29, Mroue) reports, "Al-Qaida has released a string of videos to coincide with the fifth anniversary of the Sept. 11 attacks, showing increasingly sophisticated production techniques in a likely effort to demonstrate that it remains a powerful, confident force despite the U.S.-led war on terror." Al Qaeda has released 48 videos this year, triple the total of 2005, "which had been the highest."

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Congress Approves $70 Billion For Iraq, Afghanistan. ABC World News (9/29, story 6, 0:15, Moran, 8.78M) reported, "And Congress dealt with the high cost in the wars in Iraq and Afghanistan. The Senate passed a record Pentagon spending bill. Totaling $448 billion, with $70 billion earmarked for the wars in Iraq and Afghanistan, alone."

The Washington Post (9/30, Tyson, 748K) in a front page article reports that of the $70 billion, "nearly $24 billion [is allocated] for the Army and Marine Corps to repair and replace worn-out equipment. The new funding provides more than $2 billion for the military's efforts to defeat the road bombs, or "improvised explosive devices," that are the leading cause of deaths among U.S. troops in Iraq." The Post reports, "U.S. commanders are increasingly asserting that military power alone is not sufficient to stabilize Iraq. ... Some experts on counterinsurgency have criticized the U.S. effort in Iraq for violating the military principle of unity of command, which posits that one person should be in charge of any overall effort. The U.S. presence in Iraq has always been divided, with separate chains of command for the military and for civilians."

The Wall Street Journal (9/30, 2.03M) reports, "Congress sent a $447.6 billion Pentagon budget to President Bush, as lawmakers sought to clear the path for homeland and port bills tailored to burnish Republican security credentials going into November's midterm elections. The record Pentagon measure is laden with emergency funds to restore the readiness levels and equipment of Marine and Army units worn down by the war in Iraq." The Journal notes critically, "From an historic standpoint, overall defense outlays in the fiscal year beginning Oct. 1 are projected to surpass -- in real dollars -- defense spending at the height of the Vietnam War in 1968. ... under pressure from the Army and Marines, an estimated $23 billion would be set aside to help the services begin to rebuild units strained by the war. The Army has had to struggle just to meet its payroll at the end of the fiscal year."

The Washington Times (9/30, Hurt, Fagan, 88K) reports, "Congress approved a series of war-related measures yesterday, including $70 billion more for military operations in Iraq and Afghanistan and a plan for trying detainees in the war on terrorism. ... The Senate failed, however, to provide President Bush with the authority he wants to continue a wiretapping program that allows listening to international communications between suspected terrorists without a court order."

The Norfolk Virginian Pilot (9/30, Eisman) reports that the new budget "includes more pay, more ships." The Virginian Pilot discusses implications for the Navy, noting that the budget "adds 30,000 soldiers and 5,000 Marines to the active-duty force while trimming 12,000 sailors from the Navy - a cut requested by the service as part of an ongoing drive to reduce personnel costs. It permits construction of seven new ships, including an attack submarine to be built in part at the Northrop Grumman Newport News shipyard, and sets aside $739 million toward a new-design aircraft carrier to be built in Newport News beginning in 2008." "Of particular interest to Hampton Roads" are provisions allowing (1) "the Navy to fully retire the battleship Wisconsin and turn it over to Virginia and Norfolk authorities for use as a floating museum" and (2) at least temporarily rolling back "Navy and Air Force regulations that some evangelical chaplains complain could restrict their right to pray as their faith dictates."

Lawmakers Limit Payday Loan Interest Rates. The San Diego Union Tribune/AP (9/29. Hanamel) reports, "Interest rates on payday loans to military service members would be limited under an agreement reached Friday by House and Senate Republicans. The measure imposing a 36 percent cap on the annual interest rate for payday loans to service members or their spouses will be included in the defense authorization bill." DOD "strongly supported the rate cap measure after issuing a report earlier this year finding many payday lenders are clustered around military bases."

Father And Son Serving In Same Unit In Iraq. ABC World News (9/29, story 9, 3:10, Moran, 8.78M) reported, "And finally from us, our 'persons of the week.' they're two men bound by duty, sacrifice and service to their country. But their connection runs deeper than that. ABC (Hayes) added, "Michael Shacklee found himself struggling this week with the fact that he's leaving his wife, their babies. For at least a year. His father, Thomas, has been helping him through it. Remembers heading to the first Persian Gulf War, when Michael was just a boy." Thomas Shacklee: "I know the emotions when you leave your little ones behind, at least the ones I had." Hayes: "And now, their lives have come full circle. Michael joined the army because of 9/11. And his father stayed in the army because of Michael. Now they're heading to Iraq together. Both helicopter pilots in the same brigade."

Families Have Cardboard Cutouts Of Deployed Dads. The New York Times (9/30, Zezima, 1.21M) reports, "The Maine National Guard is giving life-size from-the-waist-up pictures of soldiers to the families of deployed guard members. Guard officials and families say the cutouts, known as Flat Daddies or Flat Soldiers, connect families with a relative who is thousands of miles away. The Flat Daddies are toted everywhere from soccer practice to coffee shops to weddings." Various family members describe their attachment to the cutouts.

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Stecher Named Interim US Attorney For Nebraska. The AP (9/30) reports, "Joe Stecher, an assistant United States attorney, was appointed Friday as interim U.S. attorney for the District of Nebraska." The AP continues, "Stecher succeeds Mike Heavican, who is leaving the department to serve as chief justice of Nebraska's Supreme Court. Heavican had held the post since 2001. … The U.S. Department of Justice announced Stecher's appointment." The AP adds, "Before joining the justice department, Stecher served in the Dodge County attorney's office for 16 years, first as deputy county attorney, then as chief deputy county attorney, and from 1999-2002 as Dodge County attorney."

CORPORATE SCANDALS:

House Hears Testimony On Protecting Phone Records. The Wall Street Journal (9/30, A6, Godfrey, Wells, 2.03M) reports, "The House could vote in the near future on legislation that would require telephone companies to better protect customer records, and crack down on data brokers who lie to get those records, House Energy and Commerce Committee Chairman Joe Barton (R., Texas) said Friday."

The Washington Post (9/30, D8, Noguchi, 748K) reports, "Gaining unauthorized access to such records is far more common than the recent Hewlett-Packard Co. case suggests, members of a House subcommittee were told at a hearing yesterday, the day after HP executives, former executives and investigators were called to testify on the tactics used to spy on communications between journalists and members of the company's board of directors."

HP Tries To Weather Storm. The New York Times (9/30, Darlin) reports, "What if the initials H.P. — as in Hewlett-Packard — enter the lexicon in the same manner that Google has? Google, of course, has become much more than a corporate name. It now doubles as a catch-all term for online search that has resulted in nifty little verbs like 'Googled,' 'Googles' and 'Googling.'" The Times continues, "If H.P. undergoes the same sort of metamorphosis and becomes shorthand for illicit snooping, you might be telling your friends that a stalking ex-boyfriend is "so H.P." or that your office mate, who snoops through the stuff on your desk and listens a little too closely to your calls, has 'gone H.P.' … But the prospect of children hurtling the epithet 'H.P.'er' at parents who monitor their Web surfing is just one of the minor worries for Hewlett-Packard, which, as the world's largest technology company, has its brand name on millions of computers, printers, ink cartridges and corporate data servers. Revelations that the company's detectives and lawyers planned and supervised an extensive investigation of some of its directors, journalists who covered the company, a few employees and others have blemished its reputation." The Times adds, "The question is whether the scandal will more seriously damage one of the most storied names in corporate America. Mark V. Hurd, the chairman and chief executive, is the person shouldering the responsibility for managing the scandal's fallout and, for the time being, it appears that he has guided Hewlett-Packard through the crisis with the same skill he has been using to turn around this once-stumbling technology giant. … By many measures, the company so far has escaped any serious damage. Its stock, about the only visible barometer of public perception other than retail sales and late-night talk-show jokes, is as strong as it was before the spying operation was revealed in early September. … Nor would it seem that the outlandish plots concocted by the company's Clouseaus have convinced customers that a Dell notebook or a Sun server makes more sense these days. … H.P. certainly does not appear to be paralyzed by the imbroglio. Last Thursday evening, the same day that Mr. Hurd testified before a Congressional subcommittee examining his company's investigative methods, the company's personal computer division announced the acquisition of Voodoo Computers, a maker of high-powered computers for hard-core gamers."

HP Officials Read Reporter's Messages. The New York Times (9/30, Helft) reports, "Hewlett-Packard's effort to plug news leaks included monitoring at least one employee's instant-messaging exchanges with a reporter, according to documents provided to Congressional investigators." The Times continues, "The documents also provide other new details of the operation, including the company's payments for the services of investigators, and they shed light on a feud that simmered for months between Patricia C. Dunn, the chairwoman, and Thomas J. Perkins, a board member who resigned in protest over the inquiry. … They are included in the voluminous files made available to lawmakers in preparation for the House subcommittee hearing held Thursday on the Hewlett-Packard case." The Times adds, "In a March 2 e-mail message, Kevin T. Hunsaker, the senior lawyer in charge of the investigation, asked Fred Adler, the company's information security investigator, to 'do some monitoring on incoming and outgoing calls to Pui-Wing Tam,' a reporter at The Wall Street Journal, 'and keep a really close eye on her I.M. traffic with Moeller,' Mr. Hunsaker wrote, presumably referring to Michael Moeller of Hewlett-Packard's media relations team. … An e-mail message sent by Mr. Adler some two weeks earlier appears to celebrate what was a new investigative tool for the team. 'New monitoring system that captures AOL Instant Messaging is now up and running and deployed on Moeller's computer,' Mr. Adler wrote to Mr.

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Hunsaker and others on the investigative team. 'It instantly began to pay results.' … The rest of the message shows the text of close to 70 instant-messaging exchanges between Ms. Tam and Mr. Moeller, mostly discussing the company's earnings in what appears a fairly routine exchange between a reporter and a company spokesman. … Experts say it is not clear whether the monitoring of an employee's instant messages would raise any new legal issues for Hewlett-Packard or those involved."

Cingular Sues CAS Over H-P-Related Records Access. The Wall Street Journal (9/30, Sharma) reports, "Cingular Wireless filed suit Friday against a company it says fraudulently accessed the records of one of its customers, a CNET News.com reporter, as part of the Hewlett-Packard Co. boardroom-leak investigation." The Journal continues, 'The lawsuit, filed in U.S District Court in Atlanta, names CAS Agency Inc. and one of its employees, Charles Kelly, as defendants. The cellphone operator says the agency illegally obtained the records of CNET reporter Dawn Kawamoto, who reported on internal discussions within H-P's board." The Journal adds, "Cingular learned that CAS had accessed the records of Ms. Kawamoto at a congressional hearing Thursday. Cingular also listed as defendants 100 unidentified 'John Does' and 100 unidentified companies that it says have attempted to obtain and sell its customers' records. Neither CAS nor Mr. Kelly could be reached for comment. … Cingular, a joint venture of AT&T Inc. and BellSouth Corp., is the second cellphone operator to take legal action against firms that participated in the H-P investigation. On Thursday, Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, filed a lawsuit in New Jersey federal court against 20 unidentified individuals who it says obtained its customers' cellphone records as part of the H-P probe."

NYT Columnist Questions Fastow Sentence. In a column for the New York Times (9/30), Joe Nocera writes, "In some deep part of his soul, Andrew S. Fastow, who was given a surprisingly light six-year sentence this week for his role in the Enron debacle, always knew he was guilty of crimes. Not the big crimes, mind you, like his role as Enron's chief financial officer in dreaming up those special-purpose entities he controlled — the ones that generated hundreds of millions of dollars in fake earnings, helping to create the illusion that Enron was a prosperous company." Nocera continues, "At Enron, that was something to be proud of. That was how they gamed the system. As Mr. Fastow testified during the trial of his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, when he set up his first special-purpose entity, called LJM, 'I thought I was being a hero for Enron.'" Nocera adds, "It was the petty crimes, the skimming operations, the secret guarantees that his partnerships wouldn't lose money: that's where Mr. Fastow knew he was vulnerable. Not long after Enron filed for bankruptcy, he met with several advisers, one of whom recalls his response to a question about whether all the deals had been proper. Well, he replied, the Southampton deal was a problem. … The Southampton Place partnership originated in a 1999 deal in which Mr. Fastow and his right-hand man Michael Kopper conspired with three British bankers to defraud NatWest bank of Britain of $19 million. It wasn't one of those complicated Enron accounting scams that are impossible to explain. It was the kind of straightforward crime jurors understand. … So why then, knowing what he knew, did it take Mr. Fastow three years after the feds began circling Enron for him to agree to a plea bargain? And why did it take more time still for Mr. Fastow to morph into what the federal prosecutor John Hueston described to me as a man who gave the Enron task force 'extraordinary cooperation, unprecedented in my 13 years as a prosecutor?' And why, oh, why, given how long it took him to get there, did he wind up getting a 40 percent reduction in the 10-year sentence he agreed to when he finally decided to help the government put away Mr. Skilling and Mr. Lay? … Mr. Fastow gave the government incalculable assistance, and does indeed seem to be a changed man. Give him credit for both. But it took him a very long time to get to that place. … In the end, he did the crime. And he should have served the time — all 10 years."

CRIMINAL LAW:

White House "Skeptical" Of Report On Abramoff Contacts. ABC World News (9/29, story 3, 2:00, Moran) reported on "another controversy swirling around the White House. Last night, we told you about a Congressional report that revealed far more contact between the White House and the corrupt lobbyist Jack Abramoff than anyone previously admitted. The report says that Jack Abramoff had 485 contacts with officials. Including 187 get-togethers of meals or drinks. That cost Abramoff $25,000. Tonight, the fallout." ABC's George Stephanopoulos added, "Tony Snow had a very busy day. He responded to it in a sober way. He said the White House is going to take these questions seriously. He was also skeptical. He cited parts of the report that says a lot of the e-mails and billing records were uncorroborated."

The Washington Post (9/30, A3, Grimaldi, Schmidt, 748K) reports Susan Ralston, a "top aide to presidential adviser Karl Rove passed along inside White House information to superlobbyist Jack Abramoff at a time when she was also accepting his tickets to nine sports and entertainment events, according to e-mails released yesterday in a bipartisan congressional report. The e-mails, released by the House Government Reform Committee, show that…Ralston also on occasion discussed possible

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business ventures with Abramoff. Ralston had worked for Abramoff before joining Rove in the White House in 2001." House Minority Leader Nancy Pelosi "seized on the report yesterday: 'A disgraced lobbyist traded perks and campaign contributions for special access to the Bush White House.' But White House press secretary Tony Snow disagreed. 'Jack Abramoff was an exuberant practitioner of sleaze to the point that it's very difficult within the report itself to figure out how many actual contacts there are,' Snow said."

Abramoff's Attempts To Lobby White House Said To Have Been "Largely Unsuccessful." Time (9/30, Bacon, 4.03M) reports, "The White House has tried hard to distance itself from the congressional lobbying scandal. But a new report suggests that Jack Abramoff wasn't always exaggerating his contacts with the Bush Administration … Abramoff was looking to fund projects for his Indian clients, so he focused most of his energy in the right place, on Capitol Hill and in the agencies like the Department of the Interior that dole out federal dollars and oversee them much closer than the White House. But his efforts to get his friends hired in key administration posts, such as chief of staff to Secretary of the Interior Gail Norton, were largely unsuccessful. His biggest coup was getting the White House to back some candidates he liked and at one point to deny support to someone he opposed, but those races were in Guam and the Commonwealth of the Northern Mariana Islands. Abramoff got nothing like the results he had on Capitol Hill, where Ney inserted comments in the Congressional Record attacking one of Abramoff's business rivals and other members inserted money into billls for tribal schools and other pet projects."

DOJ Asked Federal Judge To Delay Abramoff Sentencing. The AP (9/30, Apuzzo) reports, "The bribery investigation involving influence-peddler Jack Abramoff may have been stymied by a federal judge in Florida just as prosecutors began asking questions about the lobbyist's ties to the White House. U.S. District Judge Paul Huck refused to delay Abramoff's prison sentence for fraud charges Thursday, rejecting a plea by the Justice Department's top corruption prosecutor, who said Abramoff was providing information about officials whose names hadn't yet surfaced in the case." The AP goes on to report, "In the past month, the FBI has been pursuing leads about Abramoff's access to the White House and whether he was able to help lawmakers get Bush administration backing for their bills, according to someone familiar with the direction of the investigation who spoke on condition of anonymity because of its secrecy."

US To Question Attorney's Wife In Pirro Probe.

The New York Daily News (9/30, Wilson, Smith, Lucadamo) reports, "The pretty housewife Jeanine Pirro feared was having a fling with her philandering husband will be subpoenaed by federal prosecutors, the Daily News has learned - yet the stunner's spouse insisted yesterday that 'nothing happened.' … 'I know my wife. We've been married 13 years, and I have the utmost confidence that nothing went wrong, nothing happened here,' Michael Santangelo said outside his house in Westchester." The News continues, "His wife, Lisa Santangelo, a raven-haired beauty who is 20 years younger than Jeanine Pirro, was a 'good friend to him [Albert Pirro], there is no question,' admitted her husband, who represented Albert Pirro at his federal tax evasion trial. … After Pirro was convicted, both Santangelos visited him while he served his 11-month sentence in a federal prison in Florida. … When asked if he ever worried his wife's friendship with Albert had flowered into an affair, Santangelo said no way. … Federal prosecutors plan to call Santangelo's 35-year-old wife as a witness in their eavesdropping investigation, The News has learned. … She has been notified that she will be asked to testify before a sitting grand jury, said a source familiar with the matter."

Long Island Newsday (9/30, Riley) reports, "For everyone else, the pictures of the 'other woman' in Albert Pirro's life that graced New York City's tabloid covers Friday were the talk of the town. But not for his wife Jeanine, or so she said. … [I have no reaction,' the embattled attorney general candidate asserted during a Channel 4 news showtaping Friday. '... This salacious stuff that we see on the front pages of the newspapers is just that. It doesn't belong in the public eye, it doesn't belong in federal offices. It is, you know, just fodder for people to talk about.'" Newsday adds, "Two days after Pirro admitted she had tried to get former New York City police commissioner Bernard Kerik to bug the family boat in 2005, sources familiar with the situation confirmed that she suspected he was having an affair with Lisa Santangelo, the wife of Al Pirro's lawyer and a mother of two. … Michael Santangelo, one of Pirro's defense lawyers when the one-time GOP power broker was convicted of tax fraud in 2000, told reporters in the driveway outside his Harrison mansion that he and his wife were longtime friends of the Pirros. But he said the relationship between his 35-year-old wife and Albert Pirro, 59, never went beyond friendship. … 'People are friends, people have relationships, and people may look at the relationships as something other than they are,' Santangelo, 59, said. 'If you people had any evidence of it, you'd be publishing it. You wouldn't just be saying this innuendo. I know my wife. We're married 13 years and I have the utmost confidence that nothing went wrong. Nothing happened here.' … Santangelo, in broadcast remarks, said his wife couldn't talk to reporters because of the ongoing FBI probe of whether Jeanine Pirro's bugging plan violated federal law. But he insisted that despite the unwanted publicity, the couple didn't hold it against Pirro, 55. … She has tried to take the political offensive by claiming -- contrary to most legal experts -- that it is legal to secretly eavesdrop on a spouse. She has also alleged that leaks

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about her are politically motivated, and asked the Justice Department for a fast-track investigation to clear her before election day. She made that request in a letter to Attorney General Alberto Gonzalez released to the media Thursday. But in Washington Friday, a Justice Department spokesman had no comment. … 'We still haven't received anything formal,' said spokesman Bryan Sierra."

Lawyers Doubt Pirro's Legal Opinion On Taping. 1010WINS (9/30) reports, "Republican attorney general candidate Jeanine Pirro would have violated federal wiretapping laws if she had carried out her plan to secretly tape her husband's conversations on a family boat, some legal experts said Friday." WINS continues, "The former Westchester County district attorney has said that the eavesdropping she considered was legal under established federal case law. .. . But some legal experts argue Pirro is wrong. … 'You can't tape record your spouse's conversations without his permission,' said New York City matrimonial lawyer Alton Abramowitz. 'It strikes me that Jeanine Pirro, a former district attorney, should know the law on wiretapping and tape recording conversations to which she is not a party. I'm sure she must have approved hundreds, if not thousands, of wiretaps while in office.'" WINS adds, "New York defense attorney John Pollok agreed. … 'The statute specifically does not have a marital exemption,' he said 'The FBI should have better things to do than become involved in familial problems, but the statute is very clear.' … Pirro, however, maintains she wouldn't have violated any law if she taped her husband Albert, a lobbyist and real estate developer who she suspected was having an affair. Paul Shechtman, her lawyer and chairman of the state Ethics Commission, backed Pirro's interpretation of three previous cases in which judges have ruled the taping of one spouse by another did not violate the federal wiretapping law."

Experts Say Leak Of Pirro Information Not Criminal. The New York Journal News (9/29, Fitz-Gibbon) reports, "Any information leaked from a federal investigation into former Westchester District Attorney Jeanine Pirro should concern the Justice Department — but not as a criminal matter, legal experts said yesterday." The News continues, "While Attorney General Alberto Gonzalez might want to know if federal investigations are being compromised by leaks from within, it is unlikely that release of any information from an investigation into Pirro would constitute a crime, the experts said. … 'From a practical standpoint, from an administrative standpoint, from an internal standpoint, if I had someone working in my office who was leaking information concerning ongoing investigations, that would be a firing offense,' said former federal prosecutor William Aronwald, now a practicing attorney in White Plains. … 'It would be a violation of the internal agency rules of the department,' said Aronwald, a frequent Pirro critic. 'But it doesn't mean it's a violation of any criminal statute.'" The News adds, "Pirro, who is running for state attorney general, maintained this week that investigators at the U.S. Attorney's Office in Manhattan were politically motivated in releasing transcripts in which she urged former New York City Police Commissioner Bernard Kerik to wiretap her husband's boat last year because she suspected he was having an affair. … The conversations, which surfaced as part of an unrelated corruption case against Kerik, are part of a local probe. … Yesterday, Pirro urged that Gonzalez appoint a special prosecutor to investigate her allegations of a leak and that Assistant U.S. Attorney Elliot Jacobson be removed from the case because, she asserts, he has a gripe against her family. Jacobson was among the federal prosecutors who won a tax evasion conviction against Pirro's husband, lobbyist Al Pirro."

Jailed FBI Informant Offered Advice To Menendez Opponent's Campaign. The Newark Star-Ledger (9/30, Whelan, Margolin) reported, "A researcher working for Republican Tom Kean Jr.'s campaign became pen pals with a jailed Democratic political boss in an effort to dig up damaging information on Kean's opponent, U.S. Sen. Robert Menendez. Former Hudson County Executive Robert Janiszewski, now serving time in a federal prison in Kentucky on corruption charges, offered political history and strategic advice to the Kean campaign in a chatty, friendly letter obtained by The Star-Ledger." Janiszewski "offered a long list of local politicians who hold grudges against the senator and may be able to provide damaging information about him," including Dr. Oscar Sandoval, who "rocked the U.S. Senate campaign this week by disclosing a secret recording he had made of Menendez's closest adviser." The Star-Ledger noted, "The Menendez campaign, which has been reeling from this week's release of the recordings and a federal investigation of the senator's rental property, seized on the letter and called it evidence of a 'smear campaign' by Kean."

New Jersey GOP Calls For State Probe Of Menendez Corruption Allegations. The Asbury Park Press (9/30, Volpe) reported, "State Republicans called Friday for the attorney general to investigate the dealings of U.S. Sen. Robert Menendez, D-N.J., and his close political ally who was secretly recorded using Menendez's name to pressure a Hudson County psychiatrist to hire a doctor. … The recordings by an FBI informant were acknowledged in court filings and published reports in the spring." The Press noted, "Menendez spokesman Matt Miller said while the existence of the tapes were reported in March, the actual recordings were not released until this week. … The spokesman called the request for an investigation another sleaze tactic by the campaign for Menendez's opponent, state Sen. Thomas H. Kean Jr."

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MS-13 Gang Member Convicted In Virginia Slaying. The Washington Post (9/30, Markon) reports, "Wilfredo Montoya Baires thought he smelled a rat. Or so he told fellow members of the Mara Salvatrucha street gang. … Actually, prosecutors told the jury at Baires's federal court trial in Alexandria, the 27-year-old gang member wanted to eliminate a rival. So he and three other MS-13 members went to a townhouse in Manassas, where Baires shot Jose Escobar, 22, before another gang member cut his throat." The Post continues, "Baires was convicted Thursday in the August 2004 slaying of Escobar, an MS-13 member who had been 'greenlighted,' or targeted for death, by the violent gang because of his alleged cooperation with law enforcement, prosecutors said yesterday. As it turned out, prosecutors told the jury, Escobar never did cooperate, and Baires made the accusation as a pretext for murder." The Post adds, "Baires became the 14th MS-13 member convicted in U.S. District Court in Alexandria on murder-related charges since 2002. Federal officials have been cracking down on the gang, considered the largest and most violent in Northern Virginia, by using racketeering statutes once employed against the Mafia. Jurors convicted Baires of murder in aid of racketeering and three other counts. Two other MS-13 members earlier pleaded guilty in Escobar's death. .. . The two-week trial revealed much about the inner workings of MS-13, which has its roots in El Salvador and Los Angeles, prosecutors said. Government witnesses, including several MS-13 members, testified that the Escobar killing resulted from a power struggle within the gang."

FBI, New Jersey Police Search Atlantic City Government Offices. The Press of Atlantic City (9/30, Harper) reported, "Mayor Bob Levy said federal and local investigators searched and took files from the city's Department of Neighborhood Services office Friday, as ordered by a federal subpoena. Levy and other officials pledged complete cooperation with the investigation." The Press noted, "It is unclear what records were sought. City Business Administrator Domenic Cappella said the records include files from 2002 to the present day. … Other Neighborhood Services Department workers said hard drives were taken from computers used by department Director David Tayoun and two others in his office. Investigators also took hard drives from computers in the mercantile office. … Tayoun raised eyebrows in June after City Council approved a lucrative Boardwalk vending machine contract for a company half-owned by Tayoun's wife over the conflict-of-interest concerns of two municipal attorneys."

California Hearing On Lethal Injection Could Lead To Changes. The Los Angeles Times (9/30, Weinstein, Dolan) reports, "The most detailed hearing ever held on lethal injection in California concluded Friday with a judge exploring a new drug protocol that could prolong condemned individuals' deaths but also reduce the risk of an inmate experiencing excruciating pain." The Times continues, "The current procedures call for a three-drug cocktail including a barbiturate anesthetic, a muscle-paralyzing drug and a heart-stopping chemical. Critics say the state does not properly administer enough anesthetic to deaden the pain of the final drug, whose effects are masked by the paralytic." The Times adds, "Introducing the possibility of a single-drug protocol, U.S. District Judge Jeremy Fogel asked an expert witness for the state to estimate the length of time it would take to 'achieve a flat line' on an electrocardiogram — meaning someone was dead — just using 'a massive dose of barbiturate.' … 'We are looking at 20 minutes at the low end and 40 minutes toward the upper end,' said Dr. Robert Singler, a Napa anesthesiologist. … Fogel is considering a lawsuit brought by death row inmate Michael Morales, who contends that California's current lethal injection protocol presents an unnecessary risk of subjecting condemned inmates to cruel and unusual punishment in violation of the Constitution. … Morales was originally scheduled for execution Feb. 21 but state corrections officials postponed it after they were unable to meet conditions the judge imposed. Since then, the state has revised the protocol slightly, but has stuck by the three-drug cocktail."

Congress OKs Bill Curbing US Payments To Online Gaming Sites. Bloomberg (9/30, Roberts) reports, "Congress passed legislation today that curbs financial payments from banks to offshore Internet casinos that are illegal under U.S. law. … 'Basically we are shutting down the payment system for Internet gambling,' said Representative James Leach, an Iowa Republican. 'It is has an enormous effect.'" Bloomberg continues, "The measure, added to unrelated legislation providing $3.4 billion for U.S. port security, makes it unlawful for credit-card companies to collect payments for transactions with online-gaming sites. Congress passed the port security plan before recessing to campaign for the Nov. 7 elections. … Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, take in billions from U.S. gamblers. .. .The Justice Department has been pursuing wire fraud charges against executives and operators of online casinos."

Grand Jury Probing Katrina Fraud Claims. The Biloxi (MS) Sun Herald (9/30, Lee) reports, "A federal grand jury investigating post-Katrina insurance-industry claims practices plans a detailed study of an Oklahoma City case that ended with a $13 million verdict against State Farm Fire & Casualty Co., court records show." The Herald continues,

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"Attorney Jeff Marr, who represents 71 State Farm policyholders in Oklahoma, has been ordered to produce a transcript of the trial, Watkins v. State Farm; sworn testimony taken outside court from 26 individuals, the policyholders' claims files and other records. … The grand jury wants the records delivered by Oct. 11 to the federal courthouse in Jackson. … They include testimony from State Farm's top officers: Company chairman and CEO Edward B. Rust Jr., president and vice chairman Vincent J. Trosino and claims vice president Susan Q. Hood." The Herald adds, "The grand jury also has subpoenaed testimony given by engineers from Texas-based Haag Engineering Inc. and engineering reports from Haag. … State Farm officials declined comment Friday on the investigation, but have said in the past the company is cooperating with the U.S. Justice Department and state attorney general's office, which also is investigating insurers."

Detroit Free Press Reporter Fights Convertino's Demand For Sources' Names. The AP (9/29, Karush) reports, "A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government." The AP continues, "Lawyers for reporter David Ashenfelter filed a lawsuit Sept. 12 against Richard Convertino, who is facing criminal charges over his handling of a high-profile terrorism trial during his time as a federal prosecutor. They filed the suit in U.S. District Court in Detroit, the same court Ashenfelter covers for the Free Press and where Convertino once worked and is now a criminal defendant." The AP adds, "Convertino demanded in July that the owner of the Free Press, Gannett Co., reveal the identities of Ashenfelter's sources for a January 2004 article. That story detailed an internal Justice Department investigation into Convertino's conduct in the terrorism trial. Convertino has sued the Justice Department in Washington over the article, accusing officials of violating the federal Privacy Act by leaking information about him. … 'The information concerning Ashenfelter's confidential source(s) is in his possession, in Detroit. Gannett does not possess any of this information,' the reporter's lawyers wrote. .. . 'A reporter's privilege shields the production of this information in civil discovery, and it belongs to Ashenfelter. He, and he alone, is the reporter who spoke with the confidential source(s), gave the promise of confidentiality, and wrote the article based on the confidential information.' … Convertino's lawyer, Stephen Kohn, called Ashenfelter's lawsuit 'frivolous and harassing and sanctionable.' He said the reporter was acting prematurely, since Convertino has not subpoenaed him up to this point."

CIVIL LAW:

Old Stone Corp To Seek SCOTUS Ruling On Suit Against US. The Providence Journal (9/30, Downing) reports, "Old Stone Corp. of Providence wants the U.S. Supreme Court to weigh in on the company's longstanding lawsuit against the federal government." The Journal continues, "Old Stone's board of directors voted yesterday to petition the Supreme Court to hear the company's breach-of-contract lawsuit. … It would be the final avenue of appeal; Old Stone has exhausted all others -- including one last week." The Journal adds, "Old Stone, which formerly owned Old Stone Bank, filed the lawsuit 14 years ago this month. … Old Stone alleged that the government had broken its promises involving Old Stone's acquisition of two ailing savings-and-loan institutions during the 1980s. … In effect, the government encouraged Old Stone to take over Rhode Island Federal Savings & Loan, of Providence, in 1984, and Citizens Federal Savings & Loan, of Seattle, Wash., in 1985. … As part of those transactions, the government allowed Old Stone to use some accounting maneuvers so that the acquisitions would not harm Old Stone's financial picture. … The government later disallowed the accounting maneuvers. That contributed to a decline in Old Stone's financial health, so Old Stone sued. (Dozens of other banking companies in similar situations also filed such lawsuits.) … A spokesman for the U.S. Department of Justice, Charles Miller, declined yesterday to comment on the case. If the Supreme Court agrees to hear the case, the Justice Department will respond to the legal papers that Old Stone files with the court, according to the schedule established by the court, Miller said."

CIVIL RIGHTS:

DOJ Sues New Jersey Landlord Over Rental Bias. The Ocean County (NJ) Observer (9/30, Hollowell) reports, "The U.S. Department of Justice filed a lawsuit yesterday against Triple H. Realty LLC and a current and former employee, alleging they gave preferential treatment to Orthodox Jewish tenants at the Cottage Manor Apartments, according to a department news release. … Neither person is named in the release and no one from the department could be reached for comment last night. … However, in July, the U.S. Department of Housing and Urban Development charged the company, managing agent Harry Kantor and former onsite supervisor Vincent Ortiz with violating the Fair Housing Act by trying to segregate tenants based on religion, race, color and national origin." The Observer continues, "The Justice Department complaint, filed

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yesterday in federal district court in Newark, alleges the complex was marketed to Orthodox Jews in the local area beginning in 2002 by offering lower rents than current tenants paid for comparable apartments. … Non-Jewish black and Hispanic residents were allegedly pressured to move out of buildings that management reserved for incoming Jewish tenants and that were better maintained than other buildings in the complex. The com-plaint also alleges that management provided Jewish residents more favorable living conditions, such as a fenced, landscaped yard. … 'It is inexcusable and illegal to deny equal access to housing based on one's race or ethnicity,' Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement. 'The Department of Justice will continue to vigorously protect the equal housing rights of all Americans.'"

Euclid, OH, To Release New Redistricting Plan. The Cleveland Plain Dealer (9/30, Atassi) reports that the Euclid, OH, City Council "will decide on Monday whether it will act in time for the November 2007 election to adopt a redistricting plan that increases the number of black residents in two of the city's four wards." The Plain Dealer continues, "Cleveland State University researchers, with suggestions from Council President Ed Gudenas, drafted the new districts to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats. … The plan would shuffle about 13 percent of Euclid's residents to increase Ward 4's black population from 51 percent to 54 percent and Ward 3's from 34 percent to 40 percent. But it maintains the four at-large seats that the U.S. Justice Department wanted replaced with an eight-ward system and a council president elected at-large." The Plain Dealer adds, "City officials hope the changes will be enough to cut short the legal battle that erupted when a three-year investigation concluded that the city's broadly drawn districts and a system for electing at-large council members have diluted minority voting strength in a city with a population that is more than 30 percent black. … Some residents in the sections of town who would be recruited to help increase Ward 3's black population to 40 percent said that council was moving too fast to approve a plan that might not even satisfy the Justice Department or achieve its goal of getting a black candidate elected."

DOJ To Monitor Louisiana Voting. The Baton Rouge Advocate (9/30, Burgess, Courreges) reports, "Federal observers will be working the precincts in St. Landry Parish today when voters hit the machines for a variety of local and state elections and ballot issues. … In St. Landry, observers with the U.S. Department of Justice will keeping an eye on activity around those voting machines and asking some voters questions about the election, St. Landry Parish Clerk of Court Charles Jagneaux said. … 'They came because there were some allegations of vote buying and because there's some contentious elections,' he said." The Advocate adds, 'Jagneaux noted that of specific interest is the election for St. Landry Parish Sheriff, where interim Sheriff Laura Balthazar faces challengers Lambert Castille and Bobby Guidroz. … Jagneaux said his staff met with Justice Department officials Friday, joined by representatives of the Louisiana secretary of state's elections fraud unit. … 'I'm sure the allegations were racial in nature,' Jagneaux said. 'They said something about preventing the dilution of the black vote.' … U.S. Attorney Donald Washington said federal officials heard rumors about the potential for voter irregularities, particularly in the sheriff's race. .. 'There were concerns about the potential for intimidation based on race,' he said."

SCOTUS Will Hear Two Abortion Cases November 8. The Wall Street Journal (9/30, A2, Schlesinger, 2.03M) reports, "The Supreme Court comes back to work Monday to take up some hot-button new issues -- notably abortion and racial diversity in schools -- and thereby begin the first full measure of the impact of the nation's newest justice, Samuel Alito. … The justices hear arguments in two abortion cases the day after midterm elections, on Nov. 8. Both involve the federal 'Partial-Birth Abortion Ban Act,' passed by Congress and signed by President Bush after the Supreme Court struck down a similar Nebraska law in 2000." The Journal adds, "Some time later in the term -- arguments haven't yet been scheduled -- the court will take up racial-balancing plans in public-school districts in Jefferson County, Ky., and Seattle. Both districts have complex enrollment formulas designed to ensure school populations reflect the racial balance of the local community."

McClatchy Newspapers (9/30, Henderson) reports, "In the abortion case, the court could make it much more difficult to challenge restrictions on women's ability to terminate pregnancies. … The abortion cases…will test how strongly Roberts and Alito feel about preserving recent court precedents." McClatchy notes, "Government lawyers say the federal ban's lack of a health exception doesn't matter because Congress made a 'factual finding' that late-term abortion is never medically necessary. But to uphold the federal ban, the court would need to back away from its stringent requirement of a health exception; that would mean significantly altering or undermining the 2000 ruling."

Gingrich Claims Congressional Majority Is Sufficient To Override SCOTUS. The AP (9/30) reports, former House Speaker Newt Gingrich told the audience at a Georgetown law conference that Supreme Court decisions "that are 'so clearly at variance with the national will' should be overridden by the other branches of government. … 'What I reject, out of hand, is the idea that by five to four,

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judges can rewrite the Constitution, but it takes two-thirds of the House, two-thirds of the Senate and three-fourths of the states to equal five judges,' Gingrich said."

Senate Fails To Pass Abortion Bill Banning Transport Of Minors. The Los Angeles Times/AP (9/30) reports, "A bill to criminalize taking minors over state lines for secret abortions failed late Friday in the Senate when Republicans were unable to get the 60 votes required to advance the bill to a final vote. … The House voted 264 to 153 Tuesday to approve the legislation, which would have made it a federal crime for anyone other than a parent to take a child over state lines for an abortion in an effort to circumvent parental involvement laws."

Judge Rules Gay Couple From Rhode Island Can Wed In Massachusetts. The New York Times (9/30, Zezima, 1.21M) reports, "Same-sex couples who live in Rhode Island can marry in Massachusetts, a Superior Court judge here ruled on Friday. The judge, Thomas E. Connolly, ruled that because Rhode Island did not prohibit same-sex marriage by statute or in its Constitution, same-sex couples were allowed to marry in Massachusetts under state law."

Wiccans Sue VA To Force Recognition Of Pentacle. The New York Times (9/30, Goodstein, 1.21M) reports, "Military veterans are entitled to have their headstones engraved by the government with a symbol of their religion. Families of the deceased may choose from emblems representing a variety of 18 Christian churches, a number of Buddhist sects, Judaism, Islam, Sikhism, Hinduism and atheism (represented by an atom with an A inside) — 38 religious symbols in all. But not the Wiccan pentacle, which the Department of Veterans Affairs has neither approved nor disallowed despite various petitions over the last nine years. Yesterday three Wiccan families and two Wiccan churches sued to force the department to include their symbol — a five-pointed star inside a circle — on the list of approved emblems." The Times ntoes, "The American Civil Liberties Union, representing the plaintiffs, brought the action in the United States Court of Appeals for Veterans Claims, in Washington. A spokesman for the V.A. did not respond to requests for an interview."

ANTITRUST:

Congress Passes Bill Repealing Wright Amendment. The Fort Worth Star-Telegram (9/30, Recio) reports, "The House and Senate approved historic legislation repealing the Wright Amendment on Friday after proponents and critics sparred in the House over whether the bill would protect consumers." The Star-Telegram continues, "Shortly after 10 p.m. Central time, House members voted 386-22 to approve the bill. The Senate passed it on a voice vote early in the afternoon, and the measure now goes to President Bush for his signature." The Star-Telegram adds, "The bill caps decades of acrimony over the issue between Fort Worth and Dallas. It opens up Dallas Love Field to nonstop domestic flights after eight years, allows immediate connecting and one-stop passenger flights to distant cities, and slashes Love Field to 20 gates from 32. Proponents said the bill will increase air travel competition in North Texas and drive fares down at Dallas/Fort Worth Airport. Critics argued that eight years is too long, that the gate reductions strengthen near-monopolies by American Airlines and Southwest Airlines at their D/FW and Love Field home bases, and that through-ticketing won't bring fares down as much as hoped. … Southwest, which dominates Love Field, will add 40 one-stop destinations from the Dallas airport within days of the president's signature, spokeswoman Beth Harbin said Friday. That will probably include service to cities such as Chicago, Las Vegas and Washington, D.C. American officials wouldn't comment on their plans, but they are also likely to begin connecting service from Love."

The Dallas Morning News (9/30, Reddy) reports, "The legislation won Senate passage under unanimous consent earlier Friday after months of pressure by Texas Sens. Kay Bailey Hutchison and John Cornyn to win over a final detractor, Sen. Patrick Leahy, D-Vt. … President Bush is expected to sign the measure as early as next week." The News adds, "Lawmakers acknowledged that the Wright battle may not be over. Opponents of the deal are expected to challenge the legislation in court. .. . The Wright legislation stalled this summer under criticism over its treatment of federal antitrust laws, and supporters in Congress fought hard for language to help shield the deal from a long court fight. .. .The legislation will repeal Wright in 2014, implementing a June agreement by the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and D/FW Airport."

Bloomberg (9/30, Hughes) also reports this story.

YouTube Shaking Up Video World. The New York Times (9/30, Hansell) reports, "Chad Hurley effects a calm, almost detached demeanor, even as the Web site he runs, YouTube.com, has provoked a frenzy of consternation among executives of record labels, TV networks and movie studios. For millions of Internet users, the site that opened to the public less than a year ago provides a daily fix of odd and interesting video clips, from White House speeches to frat house pranks." The Times continues, "YouTube has also become a vast repository of video taken without permission from television shows and movies, not to mention home movies constructed — with nary a cent paid in royalties — from commercial music and imagery. .. . Mr. Hurley was

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surrounded by curious media executives at Allen & Company's annual Sun Valley mogulfest in July. They wondered: friend or foe? Is he earnestly working to make YouTube and its exuberant users conform to the existing standards of copyright law and contractual obligations? Or is he cynically flouting the law to enable YouTube to grow rapidly, calculating that he will be able to cut a more advantageous deal later, or perhaps sell the company to someone else who will be able to sort through the mess of liabilities?" The Times adds, "In an interview this week, Mr. Hurley, not surprisingly, portrayed himself as mainly trying to improve the site for its users while working to find arrangements that will satisfy Hollywood. .. YouTube has started to attract mainstream advertisers and the site has become financially stable, Mr. Hurley said, despite the huge cost of showing more than 100 million video clips a day. Potentially most significant, Mr. Hurley pointed to a deal signed recently with Warner Music that he hopes will be a model for dealing with Hollywood and record companies from now on. YouTube is developing technology that will identify Warner music used in a video that is uploaded. When the site plays those videos, it will share some of its advertising revenue with Warner and others with copyrighted material that is used."

Rival Emerges In Delphi Takeover Talks. The Wall Street Journal (9/30, Dugan) reports, "For weeks, senior auto-industry executives have been gathering at a Manhattan law firm to hammer out an agreement to bring auto-parts giant Delphi Corp. out of bankruptcy protection. … They have included Delphi Chief Executive Officer Robert 'Steve' Miller and Frederick A. Henderson, chief financial officer of General Motors Corp., Delphi's former parent. But the man who has emerged as pivotal in the talks, according to several participants, is David A. Tepper, a blunt hedge-fund billionaire who has been a thorn in Delphi's side for months." The Journal continues, "Mr. Tepper, 49 years old, is head of Appaloosa Management, a $4.5 billion hedge fund that owns 9.3% of Delphi's stock. Mr. Tepper, who grew up in a middle-class household in Pittsburgh, has gotten rich investing in America's broken companies and declining industries. He bought into the steel and coal industries when they slumped and picked up bargain-priced securities of firms tainted with asbestos suits." The Journal adds, "Mr. Tepper has been pushing a restructuring plan that could leave him in control of a far bigger stake in Delphi. After weeks of negotiations, the group is near an agreement under which Mr. Tepper would inject billions of dollars more into Delphi and wind up controlling up to one-third of Delphi's stock when it emerges from bankruptcy, people involved in the meetings say. An agreement would end a bankruptcy-court battle between Delphi, its stockholders and creditors, and GM, which still has significant financial ties to Delphi. .. .Mr. Tepper is betting he can make big money as Delphi cuts back its operations, which will be painful for some Delphi employees. Delphi wants to close many plants and lay off thousands of people. It also intends to cut wages and benefits."

Commerce Department Gives Icann Greater Autonomy. The New York Times (9/30, Shannon, 1.21M) reports the Commerce Department "agreed yesterday to loosen its control over the agency that manages the Internet address system, a move that experts called a big step toward private-sector control. The agreement is part of a three-year renewal of the partnership between the government and Icann, the California-based nonprofit group that keeps technical tabs on the Internet. It replaces an agreement that expires today. In addition to providing for more autonomy, the accord calls for a midterm review in 18 months, the earliest point at which Icann could become unleashed from government oversight. …The 'joint project agreement' signed yesterday is meant to be the last of six that have given Icann the authority to keep the Internet running since 1998. John M. R. Kneuer, the Commerce Department acting assistant secretary for communications and information, said other countries 'should draw some heart' from the latest agreement's goal to allow Icann to become a private-sector organization."

The Financial Times (9/30, Waters) reports Commerce's "continuing influence over the internet's root directory…came under fire last year from the European Union, which wanted broader international oversight. Icann, the body that runs the addressing system under licence from the US, has also been accused of secrecy, and of moving too slowly to extending the addressing system to languages other than English."

ENVIRONMENT/INDIAN AFFAIRS:

House Bill Allows Property Owners To Appeal Zoning Laws. The Washington Times (9/30, Thompson, 88K) reports, "The House last night passed a bill that would enable individuals to appeal zoning laws in federal courts, giving private property owners additional protection that opponents say will benefit big developers. Rep. Steve Chabot "said the bill that passed 231-181 responded to the Supreme Court San Remo Hotel ruling, in which the court denied property owners the ability to appeal state court rulings on zoning laws in federal courts. The hotel is in San Francisco. … Mr. Chabot said zoning laws fall under the taking clause of the Constitution's Fifth "

FDA Says Grocery Chains Now Carrying Spinach On Their Shelves. ABC World News (9/29,

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story 8, 2:35, Moran) reported, "Spinach is back on the shelves." Today at many grocery stores across the country Spinach can now be found. The FDA "today said it now believes that all the spinach that might have been contaminated with E. Coli has been recalled FDA officials also say the 'product is safe', as long as the product was grown outside of the sate of California. We feel confident to have confidence in this product again."

Natural Selection Foods Offers Reimbursements For Medical Expenses. On the NBC Nightly News (9/29, story 9, 2:45, Williams, 9.87M) quoted COO Natural Selection Foods Charles Sweat saying, "We will be offering them reimbursements for their out of pocket medical expenses."

FDA Confirms All Tainted Spinach Came From Natural Select Foods. The New York Times (9/29, Yadley, 1.21M) reports that "Consumers can now resume buying and eating fresh spinach, the Food and Drug Administration said. The tainted spinach all came from Natural Selection Foods…"

Storm Research Money Sought. The New York Times/AP (9/30) reports that the US "Government should invest more money in understanding hurricanes because they are so deadly and expensive, according to a draft of a federal report. The report, from the National Science Board, recommends a streamlined, multiage effort to improve hurricane science and engineering research, along with about $300 million a year in additional financing." However, "the Hurricane Research Division of the National Oceanic and Atmospheric Administration has never exceeded $5.1 million, and its staff has declined by 30 percent in the past decade…"

DuPont Settlement To Help Delaware Wetlands. The Wilmington (DE) News Journal (9/30, Montgomery) reports, "The DuPont Co. will pay $700,000 to restore wetlands east of Milford as part of a proposed settlement with state and federal agencies for natural resource damages along the Christina River in Newport." The Journal continues, "Under the multi-agency agreement announced Friday, DuPont's overall expense will total about $1.6 million for penalties, investigation reimbursements and other expenses connected with DuPont's Newport Superfund site, which straddles the Christina River just west of Del. 141." The Journal adds, "Near Milford, the money will finance the purchase of an 'environmental covenant' that will protect and restore 56 acres of land along the Mispillion River, east of Del. 1. Planned work includes stabilization of about 2,000 feet of riverbank, some channel improvements and elimination of invasive phragmites reeds across the property. … 'This settlement will result in significant habitat improvements in the Mispillion River ecosystem -- home to many valuable natural resources, such as blue crab, Atlantic herring, spot and striped bass,' said Sue Ellen Wooldridge, assistant attorney general for the Justice Department's Environment and Natural Resources Division. … Department of Natural Resources and Environmental Control Secretary John A. Hughes said ecological restoration was a 'fundamental goal' for the agency, and said that the settlement will help to improve aquatic and wetland habitats in the Mispillion."

Nevada Couple Charged With Exotic Animal Violations. The Pahrump Valley (NV) Times (9/30, Waite) reports on "Gert Abby Hedengran, 58, and his wife Roena Emma Hedengran, 54, who recently moved to Pahrump. The Hedengrans were arrested March 16, 2005, at their former home in Moorpark, Calif., in Ventura County, after a Siberian tiger escaped and roamed for three weeks before being shot near an elementary school and public park in a residential neighborhood." The Times continues, "Gert Hedengran agreed to plead guilty to one felony count of making a false statement and one felony count of obstruction of justice in a plea agreement. The Justice Department claims Hedengran misled and obstructed officers who were attempting to track down and capture the tiger. … He also pleaded guilty to misdemeanor counts of improper transportation of exotic felines; improper handling of exotic felines, in a manner causing physical and emotional trauma; and exhibition of exotic felines without a license." The Times adds, "Thom Mrozek, a spokesman for the U.S. Attorney's Office in the Central District of California, said U.S. District Judge George H. King had some questions about the vagueness of the animal welfare charges in the misdemeanor counts."

Study Finds Native Women Most Abused US Group. The Arizona Daily Sun (9/30, Rave) reports, "The report, when it was released in 1999, could have been a call to action: … Native women are raped, abused, stalked and murdered more than any other group in the country. … It wasn't. .. . 'When those statistics came out, there was no cry. There was no outrage,' said Karen Artichoker, director of Sacred Circle, a crisis center in Rapid City, S.D. .. But in the years since the Bureau of Justice report was released, longtime activists like Artichoker redirected their efforts and took their cause to the nation's leaders. And they've successfully blazed a trail on behalf of Native women." The Sun continues, "Tribal leaders, through the National Congress of American Indians, have since joined with more than 30 tribal domestic violence coalitions across Indian Country. … Together, they spurred Congress to action. The result: In January, President Bush reauthorized the 2005 Violence Against Women Act, which contained an important and unprecedented provision specifically aimed at making life safer for indigenous women." The Sun adds, "The Violence Against Women Act's Safety for Indian Women provision could dramatically improve the way the Justice Department's Office on Violence Against Women provides services to tribes

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around the country. .. . Justice Department officials met Sept. 19 with tribal leaders and anti-domestic violence coalitions in Minnesota for a first-ever government-to-government consultation to discuss safety for Native women."

Energy Proposals Languished In Congress This Year. The Washington Post (9/30, D1, Mufson, 748K) reports, "When oil prices punched through $75 a barrel and gasoline topped $3 a gallon five months ago, members of Congress offered a raft of proposals, ranging from more U.S. drilling to windfall profits taxes to antitrust investigations. … Five months later, long after 'Energy Week' came and went in the House of Representatives, Congress is heading home without adopting any significant legislation on energy. Most notably, the Senate and House failed to bridge differences over how much offshore oil and gas drilling to allow on the Outer Continental Shelf, with angry negotiators blaming each other for the collapse of talks early yesterday." The Post adds, "Among the ideas that failed to gain traction in Congress: a bipartisan move to raise mileage standards…and a White House request for clearer authority to set fuel efficiency targets under the Corporate Average Fuel Economy (CAFE) program."

NYT Says Government Needs To Take Action To Reduce Greenhouse Gases. The New York Times (9/30, 1.21M) writes in an editorial that "If the world is going to reduce the quantity of greenhouse gases spewed into the atmosphere, every industry has to find ways to use energy more efficiently. One of the most common-sense proposals we have heard lately comes from Sir Richard Branson, chairman of Virgin Atlantic airline." It is the belief of many that "the more entrepreneurs like the brash Sir Richard get involved in green business, the faster we will end our reliance on petroleum." However, "the actions of private citizens and businesses do not absolve the government of responsibility to act decisively. The United States government still needs to regulate emissions of heat-trapping greenhouse gases. Only when there is a price associated with polluting the atmosphere with carbon dioxide will the clean-energy businesses supported by people like Sir Richard really take off."

FBI/DEA/ATF/USMS:

9th Circuit Panel Rules Bonds' Trainer Must Remain Jailed. The AP (9/30) reports, "A federal appeals court rejected a bid to free Barry Bonds' personal trainer, who has been jailed for refusing to testify to a grand jury." The AP continues, "The three-judge panel of the 9th U.S. Circuit Court of Appeals on Thursday sent Greg Anderson's contempt case back to U.S. District Judge William Alsup to decide a key issue." The AP adds, 'Anderson's lawyers have argued he shouldn't have to testify about whether he gave the Giants slugger steroids, contending prosecutors illegally tape recorded him. .. Prosecutors say the recording was made during a face-to-face meeting and wasn't obtained improperly. And they promise not to use its contents when questioning Anderson before a grand jury. .. . The appeals court demanded Alsup rule whether the tape recording was indeed illegal but rejected Anderson's other claims. The 9th Circuit also granted prosecutors' request to seal some documents in the case."

IMMIGRATION:

Senate Approves 700-Mile Fence On US-Mexico Border. None of last night's network news broadcasts covered the Senate's debate over border security legislation but it received significant coverage in prominent US newspapers. The New York Times (9/30, Hulse, Swarns, 1.21M) reports that in an 80-19 vote the Senate "approved the building of 700 miles of fence along the nation's southwestern border, fulfilling a demand by conservative Republicans to take steps to slow the flow of illegal immigrants before exploring broader changes to immigration law. … It sent the fence measure to President Bush, who has promised to sign it despite his earlier push for a more comprehensive approach that could lead to citizenship for some who are in the country illegally." DHS Secretary Michael Chertoff "praised the money for border security. He said it would 'enable the department to make substantial progress toward preventing terrorists and others from exploiting our borders and provides flexibility for smart deployment of physical infrastructure that needs to be built along the southwest border.'" The Times notes, "Some Democrats ridiculed the fence idea and said a broader approach was the only way to halt the influx."

The Washington Post (9/30, A1, Weisman, 748K), in a front-page story, reported, "The measure was pushed hard by House Republican leaders, who badly wanted to pass a piece of legislation that would make good on their promises to get tough on illegal immigrants, despite warnings from critics that a multibillion-dollar fence would do little to address the underlying economic, social and law enforcement problems, or to prevent others from slipping across the border." Senate Majority Leader Bill Frist "surprised many advocates of a more comprehensive approach to immigration problems when he took up the House bill last week."

The Los Angeles Times (9/30, A1, Gaouette, 918K) reports, "The legislation's opponents dismissed it as a costly political gimmick that would have little effect on stopping illegal immigration. They also chided Congress for failing to

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create a guest worker program or to address the status of the estimated 12 million illegal immigrants already in the U.S. The fence is 'a feel-good plan that will have little effect in the real world,' said Sen. Edward M. Kennedy (D-Mass.). … The Secure Fence Act specifies that fencing extend 10 miles to the east and west of Tecate, Calif., and from 10 miles west of Calexico, Calif., to five miles east of Douglas, Ariz. In other areas, the fencing would start five miles west of Columbus, N.M., and extend to 10 miles east of El Paso; extend from five miles northwest of Del Rio, Texas, to five miles southeast of Eagle Pass, Texas; and from 15 miles northwest of Laredo, Texas, to Brownsville, Texas."

The Washington Times (9/30, Hurt, 88K) reports, "Eight Democratic senators who supported the bill last night switched their position from the previous day, when they voted to block the fence. They are Sens. Barbara Boxer of California, Thomas Carper of Delaware, Hillary Rodham Clinton of New York, Christopher J. Dodd of Connecticut, Tom Harkin of Iowa, Herb Kohl of Wisconsin, Barack Obama of Illinois and Charles E. Schumer of New York. Many of the Democrats who joined Republicans on the vote either face close elections this November or represent mostly conservative states. But for the most part, Democrats opposed the measure."

Bush's Effort To Gain Comprehensive Reform Said To Be "In Disarray." McClatchy Newspapers (9/30, Montgomery) reports the vote left President Bush's "proposed immigration overhaul in disarray. … The legislation - which Bush has agreed to sign - was denounced by critics as little more than a symbolic gesture by Republicans to appeal for votes in their re-election campaigns. But GOP supporters hailed the fence as the cornerstone of a legislative offensive to plug the porous 2,000-mile border with Mexico. 'It's important that we demonstrate to the American people that we are serious about securing our border,' said Sen. Jon Kyl, 'and it can't be done without the fence.'"

The AP (9/30, Gamboa) reports, "The fence bill became House Republicans' immigration focus in September after they abandoned President Bush's call to bring millions of illegal immigrants into the American mainstream."

Financing For Fence And Other border Security Initiatives Advances. The AP (9/30, Gamboa) reports, "Republicans will go into the elections with a message that they've made great strides fighting illegal immigration." According to the AP, "No one knows how much [the fence] will cost, but a separate bill also on the way to the White House makes a $1.2 billion down payment on it. A 14-mile segment of fence under construction in San Diego is costing $126.5 million. … In addition to money for starting work on the fence, a homeland security bill passed Friday by the House and later by the Senate includes $380 million to hire 1,500 more Border Patrol agents and money to build detention facilities to hold 6,700 more illegal immigrants until they can be deported."

Mexican Foreign Secretary Urges Bush To Veto Bill. The AP (9/30, Castillo) reports the government of Mexico "said Friday it will try to persuade President Bush not to sign a bill that would extend a wall along the border in an effort to stop illegal immigrants." Foreign Secretary Luis Ernesto Derbez "said Mexico will send a letter to the U.S. government strongly condemning the measure. Asked by a reporter if the government would try to 'dissuade' Bush from signing the bill into law, he replied, 'Without a doubt.' Derbez is quoted as saying, "We think it is a gesture that doesn't reflect the friendship between nations of Latin America and the Caribbean and the United States."

Federal Agencies Work Against One Another In Refugee Cases. The New York Times (9/30, Bernstein, 1.21M) reports, "No one disputes that at 15, Ana Cristibel Sandoval was a victim of abuse and human trafficking, first by her family in her native Honduras, then by smugglers who drugged, raped and held her captive in a house in Phoenix in 2002. But in the four years since the police found her there, one arm of the federal government has treated her as a traumatized teenager in need of care and refuge, while another arm keeps trying to deport her." The case is one aspect of "the larger tug of war between the Department of Health and Human Services and the Department of Homeland Security." According to the Times, "officials at Immigration and Customs Enforcement have battled Ms. Sandoval's lawyers at every step of her four-year legal struggle for permanent refuge in the United States."

Washington Detention Centers See Influx Of Immigrants. The Seattle Times (9/30, Turnbull) reports, "Unbeknownst to her family, friends and attorney, Maria Del Toro Chacon was suddenly moved this week from the Northwest Detention Center in Tacoma, where she'd been held for the past year." The Times continues, "Chacon — a Mexican national and mother of two — and 14 other women were not told where they were going, weren't allowed to take personal possessions and weren't permitted to make any telephone calls. .. . In the dark on Sunday night, she said, they were driven south in two vans that left the highway somewhere beyond Olympia, eventually coming to idle in an unlit, isolated area. In the back of the van, the panicked women cried and prayed — certain they were being taken somewhere to be shot. .. . They were transferred from the vans to a bus and taken to Columbia County jail in St. Helens, Ore., where they remained for four days before being returned to the detention center in Tacoma." The Times adds, "Movements like these, from and between immigration detention centers nationwide, have occurred with increasing frequency since this summer, when the Department of Homeland Security stepped up efforts to detain and deport

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illegal immigrants. .. . Chacon and the others were relocated, immigration officials said, to free up bed space for a new group of detainees expected in from another state. The move was also intended to relieve overcrowding that resulted after a flight to remove some detainees was canceled. … Under mounting pressure from Congress and the public to better enforce immigration laws and expel illegal immigrants, Homeland Security is moving to detain every illegal immigrant taken into custody by guaranteeing a bed somewhere in the country — anywhere in the country, no matter how far away. .. . It replaces a practice known as catch and release, in which immigrants picked up in areas with chronic bed shortages were released on the promise they would show up for court later."

TAX:

US Accuses New York Tax Preparer Of Tax Fraud. The New York Times (9/30, Ramirez) reports, "Garry P. Webb-Bey of Brooklyn is a tax preparer who sees tax-reducing tactics in behalf of his clients that other tax preparers might not see. .. . This week, one of his stratagems attracted the stern attention of the federal Department of Justice, to wit: getting big tax refunds for clients by declaring, unilaterally, that New York State is a separate country." The Times continues, "Wages earned in the state, therefore, are 'foreign' income, Mr. Webb-Bey claims, qualifying his clients for the foreign earned-income tax exclusion. .. . The federal government, in civil court papers, disagreed, accusing Mr. Webb-Bey of fraud and interfering with the administration of the internal revenue laws." The Times adds, "For the record, the government has determined that New York State — admitted to the union in 1788 and the home of the nation's first capital, at New York City — is not a foreign country within the meaning of the federal tax code." The Times adds, "Mr. Webb-Bey, 44, who was interviewed yesterday at his apartment building in the Bedford-Stuyvesant section of Brooklyn, said the government accusations were inaccurate. .. . Mr. Webb-Bey describes himself as 'self-taught in the law' and said he was puzzled by the government's action. 'If someone makes a claim that is inaccurate, they would audit you and it is rectified,' he said. .. . In a complaint filed on Wednesday in Federal District Court in Brooklyn, the Justice Department sought the shutdown of Mr. Webb-Bey's tax-preparation activities."

DOJ Forces Three Arizonans To Shut Down Tax Fraud Scheme. The Arizona Republic (9/30) reports, "Three Arizona men who operated a tax-fraud scheme have been forced to shut down after costing the government millions of dollars in lost revenue, the Justice Department said." The Republic continues, "A permanent U.S. District Court injunction was issued this week against Mesa tax preparer James G. Morris, barring him from promoting business trusts or limited liability companies as a means of evading taxes." The Republic adds, "The Justice Department previously obtained injunctions against two associates, Dennis H. Lawrence of Tempe and Allen Vanderwey of Phoenix. .. . According to a Justice Department news release, Vanderwey promoted the scheme through insurance salespeople; Lawrence handled the paperwork; Morris prepared false returns."

New Jersey Man Pleads Guilty In Tax Case. The South Jersey Courier-Post (9/30, Stilwell) reports, "Elliott Kattan, former owner of the Pennsauken Mart, pleaded guilty in federal court this week to income tax evasion and hiding money in two Israeli bank accounts between 1996 and 2000." The Courier-Post continues, "Kattan, 53, of Oakhurst, Monmouth County, was sentenced to probation at the end of 1997 for three years on a prior tax evasion conviction. .. . This time he is not likely to get off without jail time, said Ken Vert, prosecuting attorney within the tax division of the U.S. Justice Department." The Courier-Post adds, "When Kattan is sentenced Jan. 10 in Camden before U.S. District Judge Joseph H. Rodriguez Jr., he faces a maximum of eight years imprisonment and a $500,000 fine. … Rodriguez may honor a plea agreement that calls for at least 15 to 21 months in federal prison. Kattan also has agreed to pay the IRS $53,000 in back taxes, plus interest and possible penalties. … Kattan failed to report $134,000 in taxable income, resulting in a tax loss of $53,000 on his 1999 and 2000 tax returns. That money was found in Israeli bank accounts in the names of two straw corporations with headquarters in Panama, according to court papers. .. .All residents with offshore accounts in excess of $10,000 must report them to the IRS."

CONGRESS-ADMINISTRATION:

Foley Resigns From Congress After Disclosure Of Inappropriate Email. NBC Nightly News (9/29, story 4, 2:05, Russert, 9.87M) reported, "Mark Foley of Florida, Republican congressman is stepping down for allegedly sending emails to young male capitol pages. These are young high school students, under the age of 18, who come to Washington to work for the US Congress and this is the kind of conduct that people will view as very reprehensible."

CBS Evening News (9/29, story 3, 2:20, Couric, 7.66M) reported, "As if the Republican party needed any more bad news, a Congressman was forced to resign today, his seat thought to be safe in November as the GOP fights to retain control of the House, is suddenly not safe at all. This is a scandal that's unfolding at warp speed." CBS added, "It's too

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late for Republicans to put another candidate's name on the ballot. And while there are theoretical scenarios involving a write-in Republican and special elections, Republicans tell CBS News they've probably lost the seat. Lost it to Democrat Tim Mahoney, 13 points behind in the polls just last week."

ABC World News (9/29, lead story, 3:20, Ross) reported, "Foley's resignation came hours after ABC News questioned the Congressman, about messages involving the Congressional pages. … In Congress, Foley was part of the Republican leadership and the chairman of the House caucus on missing and exploited children. He crusaded for tough laws against those who used the internet for sexual exploitation of children," but "according to several former Congressional pages, the Congressman used the internet to engage in sexually explicit exchanges. … One former page tells ABC News that his class was warned about Foley by people involved in the program. Other pages told ABC News they were hesitant to report Foley because of his power in Congress. This all came to a head in the last 24 hours. Yesterday, we asked the Congressman about much tamer e-mails from one page. And he said he was being overly friendly. After we posted that story online, we began to hear from other pages who shared the explicit instant messages. When the Congressman realized we had them, he resigned."

The New York Times (9/30, Zernike, Goodnough, 1.21M) reports Foley "became well known for his ardent efforts to safeguard the young and vulnerable, leading the House caucus on missing and exploited children and championing laws against sexual predators. On Friday, Mr. Foley resigned abruptly after being confronted with a series of sexually explicit Internet messages he is reported to have sent to under-age Congressional pages. He stands accused of being the very kind of predator he had denounced. … The first e-mail messages to one male page, sexually suggestive but not explicit, were reported by ABC News on Thursday. Mr. Foley, a member of the House Republican leadership, dismissed them as 'overly friendly' but not inappropriate. But by Friday, other pages had come forward with more blatant instant messages. 'What ya wearing?' Mr. Foley wrote to one, according to the network. 'Tshirt and shorts,' the teenager responded. 'Love to slip them off of you,' Mr. Foley replied. ABC News said it had read him other messages that were far more graphic."

Boehner Says He Told Hastert About Foley's Behavior Last Spring. The Washington Post (9/30, A1, Babington, Weisman, 748K) reports House Majority Leader John A. Boehner "told The Washington Post last night that he had learned this spring of inappropriate 'contact' between Foley and a 16-year-old page. Boehner said he then told House Speaker J. Dennis Hastert (R-Ill.). Boehner later contacted The Post and said he could not remember whether he talked to Hastert. It was not immediately clear what actions Hastert took. His spokesman had said earlier that the speaker did not know of the sexually charged online exchanges between Foley and the boy." Rep. Rodney Alexander, "who sponsored the page from his district, said he had learned of some of the online exchanges from a reporter some months ago and passed on the information to Rep. Thomas Reynolds (R-N.Y.), chairman of the House Republican campaign organization, the Associated Press reported. Alexander said he did not pursue the matter further because 'his parents said they didn't want me to do anything.'"

The Los Angeles Times (9/30, Levey, 918K) reports, "For the GOP, it also provided another embarrassment during a legislative session that began in January with the party trying to distance itself from lobbyist Jack Abramoff after he pleaded guilty to corruption charges — including charges that he had tried to bribe members of Congress." Hastert "did not respond Friday night to a report by the Associated Press that GOP congressional leaders had been warned nearly a year ago by one of Foley's Republican colleagues about potential questions concerning his behavior. But Hastert was visibly uncomfortable discussing Foley at a news conference Friday afternoon that he had called to trumpet congressional passage of rules for questioning and prosecuting suspected terrorists."

Shimkus Admits To Having Seen Foley's Emails In "Late 2005." The New York Times (9/30, Zernike, Goodnough, 1.21M) reports Rep. John Shimkus, chairman of the House Page Board, "issued a statement late Friday saying he had known of the first e-mail messages 'in late 2005.' Mr. Foley, Mr. Shimkus said, had said he was simply acting as a mentor, but Mr. Shimkus told him to cut off contact with the page and 'be especially mindful of his conduct' with pages." Rep. Nancy Pelosi "called late Friday for an investigation into who knew of the messages, and when. After Republicans criticized her move on the floor, the House referred the request to the ethics committee."

Foley's Name Likely To Remain On Ballot. McClatchy Newspapers (9/30, Clark, Talev) report, "Democrats, who need to win 15 Republican seats to regain the House, were struggling to gain traction against the popular incumbent in the Republican-leaning district. Foley's campaign on Thursday had blamed the release of the e-mails on his Democratic opponent, Tim Mahoney. A spokesman for Mahoney denied any role in publicizing the e-mails. Spokesman Eric Jotkoff said the campaign learned about the e-mails when a reporter called to ask about them. That was followed by a posting on the Web site Wonkette.com and on Thursday by ABC News, Jotkoff said. Foley's name is likely to appear on the ballot, though Republicans weren't conceding that Friday. If his name does appear, any votes he receives would go to a candidate chosen by the Republican Party of Florida, but Republicans said it would be difficult to win with his name on the ballot. … By late Friday,

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Florida state Rep. Joe Negron, who ran for the seat in 2004 when Foley planned to run for the Senate and who has $1 million available from a campaign he dropped for state attorney general, had offered his candidacy."

The AP (9/30, Farrington) reports, "Republicans' hold on…Foley's seat has gone from safe to shaky overnight. … Whoever runs will face Mahoney, a millionaire financial services executive and a former Republican who entered the race a year ago."

The Washington Times (9/30, Fagan, Hurt, 88K) reports, "Republican lawyers are examining Florida election law to determine whether a new Republican candidate could be added to the November ballot. If not, Republicans would be required to mount a write-in campaign for a replacement, which is difficult. … A Democratic Congressional Campaign Committee memo yesterday afternoon argued that Mr. Foley's name 'cannot be removed from the general election ballot.'"

CDC Finance Office Investigated By GAO, HHS IG. The New York Times (9/30, Harris, 1.21M) reports, "The finance office of the Centers for Disease Control and Prevention is plagued with inefficiency and ineffective leadership, outside consultants have concluded. Still, the office's leaders have in recent years been showered with bonus money. The consulting firm, Deloitte Consulting, found that, in part because of low morale and fatigue, 53 percent of finance office employees planned to leave within two years. … The finance office, the agency's accounting and budgeting arm, with several hundred employees, is the subject of an investigation by the inspector general of the Department of Health and Human Services, said Jill Kozeny, a spokeswoman for Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee. The investigation, first reported by The Atlanta Journal-Constitution, involves accusations that officials had changed or falsified payment records to avoid paying late fees on overdue bills to drug companies, Ms. Kozeny said." The GAO "is also investigating whether the disease control agency is properly overseeing $5 billion in state bioterrorism grants, she said."

Bush Signs Credit Rating Agency Reform Act. The AP (9/30) reports President Bush "signed legislation under which the government will more closely monitor agencies that rate the creditworthiness of corporations with publicly held securities. Supporters described the Credit Rating Agency Reform Act as a significant component of congressional efforts tighten controls over the financial community following the corporate accounting scandals at the beginning of the decade. The bill takes steps to increase competition in a field now dominated by three Wall Street agencies."

Nebraska Firm Was Overpaid By $278 Million By Education Dept. The AP (9/30, Ben Feller) reports, "A Nebraska company was improperly paid more than $278 million by misusing the federal student aid program, according to a federal audit released Friday. The overpayments could swell to $882 million through 2015 if the company, Nelnet, is not ordered to change its billing practices, the Education Department's inspector general found. The department should make Nelnet return the money after the company does its own calculation of what it was overpaid, the audit says, estimating the figure at $278 million." Nelnet officials "called the report inaccurate and denied wrongdoing."

More Insurers Will Offer Medicare Drug Program Plans Next Year. The Wall Street Journal (9/30, Zhang, Fuhrmans, 2.03M) reports, "The number of companies offering nationwide Medicare prescription-drug plans will increase to 17 next year from nine this year, and more plans will feature zero deductibles and coverage in a gap commonly called the 'doughnut hole,' federal officials said. … Officials at the Centers for Medicare and Medicaid Services said that beneficiaries who are satisfied with their current Medicare prescription-drug coverage won't have to take any action. But even if they opt to remain in the same plans, they may see changes in their co-payments, premiums and list of covered drugs. The average premium will remain about $24 a month, about the same as this year, and the lowest will be around $10, up from about $2 this year, according to Medicare. Officials added that more than 80% of seniors will have access to plans with premiums lower than they are paying this year."

The Washington Times (9/30, Lopes, 88K) reports, "The initial months of the program were plagued by consumer confusion over issues such as signing up for the appropriate plan that met a patient's individual needs. Consumer advocates blamed the startup glitches on the large number of drug plans offered in 2006. This year, the number of plans will increase because nearly no insurance companies pulled out of the program. Instead, eight companies are being added to the list offering nationwide coverage."

McClellan Touts New Options. The AP (9/30, Freking) reports, "Many of the new plans are offering coverage that seniors have been asking for, such as no deductible or coverage in the so-called 'doughnut hole,' said Mark McClellan, the Bush administration's point man on Medicare. The doughnut hole is the gap created at the point when beneficiaries have to pick up all of their drug costs. 'The new options that are available are primarily options that provide enhanced coverage,' McClellan said. 'The number of variations for basic coverage have gone down significantly.'"

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FDA Asserts That Bayer Failed To Reveal Drug Risk Study. The New York Times (9/30, Harris, 1.21M) reports that "Bayer A.G., the German pharmaceutical giant, failed to reveal to federal drug officials the results of a large study suggesting that a widely used heart-surgery medicine might increase the risks of death and stroke," according to the FDA. The scientist at the company even made the steps at a public meeting "called by the F.D.A. on Sept. 21 to discuss the possibility that the drug, Trasylol, might have serious risks. But they did not mention the study or its worrisome results." Long-time FDA critic Sen. Charles Grassley "said Bayer's behavior proved that the agency was largely toothless. 'The remedy is mandatory reporting of all clinical trials and real teeth for the FDA to do its job in holding drug companies accountable."

The Wall Street Journal (9/30, Mathews, 2.03M) reports the FDA "said preliminary results of the new study showed that use of the drug may increase the risk of death, serious kidney damage, congestive heart failure and strokes. Some of those results echo two earlier studies about the drug."

Defense Spending Bill Packed With Billions Of Dollars Worth Of Earmarks. The New York Times (9/30, Kirkpatrick, 1.21M) reports, "Less than a year after two bribery scandals produced bipartisan calls for Congress to overhaul the way it finances lawmakers' pet projects, the $436.6 billion military spending bill passed Friday is packed with them. The bill, which accounts for about half of federal discretionary spending, includes only a small part of the expected costs of next year's military operations in Iraq. … Lawmakers nonetheless found room in the bill to pay for thousands of requests never sought by the Defense Department. These projects, or earmarks, included $2.1 billion for 10 additional C-17 Globemaster III cargo jets, which the Pentagon is trying to discontinue. They are made by Boeing in the home state of Senator Jim Talent, Republican of Missouri, who is locked in a tight race for re-election." The Times notes, "The total cost of earmarks is subject to debate. The House Appropriations Committee said the value of the 'member projects' in the spending bill this time was $6.7 billion, down from $7.7 billion in the bill approved last year. The Congressional Research Service estimated the total cost of earmarks in last year's bill at more than $9 billion."

Congress Said To Have Earned "Do Nothing" Tag. McClatchy Newspapers (9/30, Talev) reports, "The 109th Congress recesses this weekend for November's elections having earned a reputation among scholars as a 'do-nothing Congress' of historic proportions. It failed to enact a host of once top-priority legislation on issues such as overhauling Social Security, immigration and lobbying laws. None of those is expected to be resolved in Congress' brief lame-duck session after the elections. … The Republican-led Congress conducted little meaningful oversight of the Bush administration and its policies in Iraq and Afghanistan.

The Financial Times (9/30, Yeager) reports, "Democrats will…use the campaign to highlight what they say has been the lack of attention by the Republican-controlled Congress to issues that are important to ordinary Americans. 'We haven't had time to increase the minimum wage, to cut the cost of student loans for America's college students, to lower prescription drug prices, to roll back tax breaks for big oil or to pass the 9/11 commission recommendations [on homeland security],' said Nancy Pelosi, Democratic leader in the House."

Murtha Revives His Campaign For Leadership Post. The AP (9/30) reports Rep. John Murtha "said Friday he has started campaigning again for the position of House majority leader if the Democrats oust the Republicans in power in November. In June, the Pennsylvania Democrat who has been the leading voice for pulling troops out of Iraq agreed to suspend his campaign for the position out of concern that it could divert from the party's ability to gain the 15 House seats it would need to take control of the House. … Murtha's decision to seek the position put him on a possible collision course with Democratic Whip Steny Hoyer."

Carter Says Bush Administration Depriving Veterans Of Care, Attention, Priority. The Reno Gazette Journal (9/29, Hagar) interviews former President Jimmy Carter. During the interview, Carter said, "I have seen in recent months with this administration, a tremendous desire to cut back taxes on the richest people in America and at the same time, to deprive veterans -- even the disabled veterans coming back from Iraq -- the kind of care, attention and priority that they have had through history and which they deserve. The head of the Disabled Veterans Administration just pointed out to me that now, there is no guaranteed budget allocation for disabled veterans in Washington. It is just a temporary, flexible allocation of funds."

OTHER NEWS:

Stock Market Drops Slightly, But Ends Third Quarter Strong. NBC Nightly News (9/29, story 6, 0:20, Williams, 9.87M) reported, "At Wall Street today. No record close for the Dow fell today almost 40 points [to close at 11,679.07]. and the NASDAQ fell 11 and a half [to close at 2,258.43]. For the week the Dow was up 170.97 and the NASDAQ was up 39.and a half points."

The New York Times/AP (9/30) reports, "Wall Street ended a stellar third quarter with a moderate decline

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yesterday, as the Dow Jones industrial average pulled back further from record-high levels." The market "dipped after William Poole, the president of the Federal Reserve Bank of St. Louis, said the Fed would continue to watch economic data as it sets interest-rate policy. His comments were seen as leaving the door open to additional interest rate increases if inflation necessitates them; traders had been hoping the increases were over."

The Washington Post (9/30, D1, Masters, 748K) reports that "the markets briefly dipped in mid-July, the major indicators have been on a hot streak since, and each ended the quarter with significant gains. The S&P 500, which rose 3.30 points to 1335.85 Friday, was up 5.2 percent for the quarter and at a 5 1/2 -year high. The Nasdaq composite index, which fell 11.59 Friday to 2258.43, was up nearly 4 percent." The Dow "is flirting with its highest close, 11,722.98 in January 2000. The Dow briefly topped that level during the day Thursday and again on Friday before closing at 11,679.07, down 39.38 for the day but up 4.7 percent for the quarter." Bloomberg (9/30) reports similar details.

The Financial Times (9/30, Mackenzie, Brown-humes) reports, "A growing belief that the US economy will achieve a soft landing helped stock markets make strong gains in the third quarter and took the Dow Jones Industrial Average to within a whisker of its all-time high this week." It "has been driven by the Federal Reserve's decision in August to stop raising rates and a sharp decline in oil and commodity prices that has tempered inflation expectations. Equity markets have so far shrugged aside worries that the slowing US housing market could lead to a sharp fall in consumer spending."

Taking a more pessimistic tone, The Wall Street Journal (9/30, A1, Opdyke, Laise, Kim, 2.03M) in a front page story reports, "The Dow Jones Industrial Average is bumping up against a new high, but that likely isn't reflected in the portfolios of most individual investors." The news on stocks is good "if your portfolio consists of nothing but the 30 big-company stocks comprising the Dow. Few portfolios are built that way, however. Most individuals hold stocks found in the Standard & Poor's 500, the Nasdaq 100 and other indices. The bulk of investors own a blend of stocks, many of which aren't helping to drive the Dow toward record highs." Although "the Dow nears uncharted territory, the S&P 500 remains some 12% below its early 2000 record, and the Nasdaq Stock Market is more than 55% short of the peak above 5000 it reached in March 2000."

WSJ Blames Fed For Confusion In Direction Of Economy. The Wall Street Journal (9/30, 2.03M) editorializes, "If you're unsure about the direction of the U.S. economy, don't worry. Most of the "experts" are too, including the gurus at the Federal Reserve. This is what happens at the stage of an expansion that a friend of ours compares to a shoreline river channel: The tide is going one way but the wind is going another, creating a significant amount of chop and turbulence." While "the economy continuing to show underlying strength" there is turmoil because "the economy is now adjusting to the Fed's mistake of keeping monetary policy too easy for too long from 2003 into 2005. The Fed did an admirable job of easing money in the wake of the dot-com collapse and 9/11. But spooked by what Ben Bernanke (then a Fed governor, now chairman) called 'deflation,' and underestimating the power of the 2003 tax cuts, the Fed let inflation creep back into investor expectations."

Consumer Spending Down. The New York Times (9/30, Peters, 1.21M) reports, "Americans were more frugal in their spending in August as their incomes rose at a slower pace, and one important measure of inflation climbed faster than it has in 11 years, according to a government report released yesterday." The Times continues, "The Commerce Department said in its monthly report on personal income and consumption that American consumers spent 0.1 percent more in August than in July, the smallest month-to-month increase since November. When the figures are adjusted for inflation, spending fell by 0.1 percent." Additionally, "personal income posted its smallest monthly increase since November, rising 0.3 percent. The comparable figure for July was 0.5 percent." The Times notes, "After a number of recent economic reports suggesting that inflationary pressures were easing, the report yesterday, released by the Commerce Department, was a sign that they are not gone for good. While the Fed has said it expects inflation to gradually diminish as a problem, the central bank has not yet sounded the all-clear — and the latest figures indicate why."

Bloomberg (9/30) notes, "Consumers are finding it harder to tap the equity in their homes, a major source of cash in recent years, as the property market cools. Rising incomes combined with the recent drop in gasoline prices may prevent spending from sliding even more in coming months, ensuring the economy survives the housing slump."

The Wall Street Journal (9/30, Gerena-Morales, 2.03M) reports that some experts "say current economic conditions might not be as bad as the August reading on income and spending suggests. They note, for example, that taking July and August together, spending is on track to rise at an annualized rate of about 3% in the third quarter. That is in line with the growth rate over the past year, though slower than the 3.5% growth recorded in all of 2005." Yet "as housing activity deteriorates, economists expect consumer spending to slow even further later this year, and as a result many have marked down their projections for economic growth for the second half of this year. The consensus estimate of 56 economic forecasters queried in WSJ.com's September survey calls for gross domestic product, adjusted for inflation, to rise at a seasonally adjusted annual rate of 2.7% during the second half, compared with 4.1% in the first

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half. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27."

New Poll Finds Allen And Webb Tied At 43. McClatchy Newspapers (9/30, Thomma) report Sen. George Allen "has lost his lead in his bid for re-election and is now tied with Democratic challenger James Webb, a new poll for McClatchy Newspapers and MSNBC showed Friday. The poll found that the two men each have the support of 43 percent of registered voters, with a third-party candidate supported by 2 percent and the other 12 percent undecided." McClatchy notes, "A key reason for the race tightening has been enormous publicity over Allen's stumbling responses to questions about his character, surprising missteps for a polished campaigner up against an often awkward challenger. … Iraq was the number one issue for 23 percent of Virginia voters, followed by terrorism for 19 percent and the economy and jobs for 16 percent."

The AP (9/30, Lewis) reports, "The latest poll was conducted amid new, widely publicized claims by Allen's former University of Virginia football teammates that, in the early 1970s, Allen often used a racial epithet commonly applied to black people. Allen said in a Friday night interview on the Fox News Network that Webb and his Democratic allies were fanning the issues to confuse voters."

Black Legislators Endorse Webb. The Washington Post (9/30, B3, Craig, Gowen, 748K) reports, "With a little more than five weeks to go before the election, the race between Allen (R) and Webb has gotten nasty, as supporters of each candidate accuse the other of dirty politics. … The Virginia Legislative Black Caucus, which has been slow to back Webb because of his stance on affirmative action, formally threw its support behind him yesterday. In a statement, the group of 17 black members of the General Assembly charged Allen and President Bush with practicing 'the politics of division.'

New Ad Spotlights Sherwood's Affair And Alleged Abuse. The AP (9/30) reports, "A Democratic House candidate has launched the first TV commercial to focus on his Republican opponent's affair with a woman who claimed Rep. Don Sherwood abused her. Chris Carney's commercial features a Republican voter from Sherwood's hometown who speaks directly to the camera and says: 'This incident with Don Sherwood just cuts right at the core values of our district.' As he speaks, the phrases 'repeatedly choking' and 'attempting to strangle plaintiff,' taken from a lawsuit filed against the four-term congressman, appear on screen." Sherwood "admitted to the affair with Cynthia Ore, but denied any abuse. The married father of three reached a confidential settlement with Ore, who sued claiming Sherwood had choked her at his Washington apartment."

Drake's Challenger Plead Guilty To Assault In 1978. The AP (9/30, Barisic) reports, "Democratic congressional candidate Phil Kellam said Friday he regrets his actions in an incident that led to him plead guilty to assaulting a woman 28 years ago, when he was a 21-year-old college student in North Carolina. Kellam, who is challenging first-term Republican Rep. Thelma Drake, said he never touched the woman but lost his temper after almost getting into a traffic accident with her."

White House Denies GOP Candidates Seek Distance From Bush. McClatchy Newspapers (9/30, Hutcheson) reports President Bush "assumes the role of campaigner in chief on Monday, kicking off a month-long drive to help Republicans keep control of Congress. … He's still a big draw for Republican fundraisers, but some candidates who proudly campaigned with Bush in the past are keeping their distance now. Bush's three-day swing through Nevada, California, Arizona and Colorado is packed with closed-door donor receptions, but doesn't include a single open-door event or public rally." McClatchy notes White House aides "scoff at suggestions that Bush is trying to operate under the radar. … Big public rallies are planned for later, closer to the Nov. 7 election." White House spokesman Tony Snow "said Bush will be on the road almost constantly between now and Election Day. … 'You're going to see a very active travel schedule. He's going to be all over the country campaigning for Republicans,' Snow said at a recent breakfast. 'There are a lot of candidates saying, `Please, please, please, come to my district or come to my state.'"

Drop In Gas Prices May Have Eliminated Key Campaign Issue. The New York Times (9/30, Mouawad, 1.21M) reports, "Gasoline prices have plummeted in the last month, dropping by nearly 25 percent since mid-July, and despite a recent uptick in crude oil prices, most energy experts still expect the price of gasoline to fall a bit further by November. Six weeks from the midterm elections, the falloff is comforting the Republican majority up for re-election in Congress, limiting the impact of a potentially damaging issue. But Democrats hope to gain power on Capitol Hill, in part, by hitting on the toll that high energy costs have taken on American consumers and trying to draw connections to what they see as the Bush administration's kowtowing to big oil interests." The Times goes on to report, "The sudden decline has also ignited suspicions that the Republican administration and giant oil companies conspired to cut gasoline prices for electoral gains." The Times notes a Sept. 15-17 Gallup poll, "which found that 42 percent of respondents said that they believed the Bush administration was manipulating the price of gasoline in advance of the fall elections."

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Goldman Sachs Index Move Precipitated Decline In Oil Prices. The New York Times (9/30, Timmons, 1.21M) reports, "Politics and worries about oil supplies may have caused gasoline prices to go up at the pump earlier this year, but one big investment bank quietly helped their rapid drop in recent weeks, according to some economists, traders and analysts. Goldman Sachs, which runs the largest commodity index, the G.S.C.I., said in early August that it was reducing the index's weighting in gasoline futures significantly. The announcement did not make big headlines, but it has reverberated through the markets in the weeks since and some other investors who had been betting that gasoline would rise followed suit on their weightings."

Woodward Suggests Decline In Oil Prices Politically Motivated. In an article on Bob Woodward's new book the Financial Times (9/30, Daniel) notes, "In a claim that could fuel conspiracy theories about the recent oil price decline – in an interview to be broadcast on CBS on Sunday – Mr Woodward described a conversation between Prince Bandar bin Sultan and Mr Bush in which the former Saudi ambassador said he could ease oil prices ahead of the elections." Woodward says, "They could go down very quickly. That's the Saudi pledge. Certainly over the summer, or as we get closer to the election, they could increase production several million barrels a day."

Wal-Mart Launches GOTV Effort Targeting Its Employees. The Washington Post (9/30, A2, Mui, 748K) reports Wal-Mart Stores "launched a voter registration drive aimed at its 1.3 million U.S. employees in what it describes as the largest such effort by a private company. The kickoff was held in Iowa, a key battleground in the upcoming midterm elections. Workers at Wal-Mart's roughly 3,800 other facilities across the country also received registration forms yesterday. Although the world's largest retailer said it does not want to influence how its workers vote, David Tovar, director of media relations, said the drive was prompted by recent criticism of the company by politicians." The Post notes Wal-Mart "sent letters to 18,000 Iowa employees in August criticizing Sens. Evan Bayh of Indiana and Joseph R. Biden Jr. of Delaware and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico -- all Democrats -- for participating in a bus tour arranged by Wake Up Wal-Mart, which is funded by the United Food and Commercial Workers International Union. Similar letters were sent to workers in New Hampshire, South Carolina and Nevada." The Financial Times (9/30) also covers Wal-Mart's announcement.

MySpace.com Begins Voter Registration Drive. CBS Evening News (9/29, story 10, 0:15, Couric, 7.66M) reported, "Just in time for the congressional midterm elections, Myspace.Com has launched a massive drive to sign up new voters. Registration forms are just a click away. Other web sites have done this before, but none has the reach of Myspace with 54 million subscribers."

Democrats Said To Have Opened Coordinated Campaign Against Fox News. The New York Times (10/1, Manly, 1.21M) reports, "THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations. The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on 'Fox News Sunday' into a finger-pointing tirade against what he called a 'conservative hit job.' Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine. … The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself."

Powerful Pastors Organize GOTV Efforts Among Christian Conservatives. The Los Angeles Times (10/1, Simon, 918K) reports, "With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004. Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power. … The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 'patriot pastors' nationwide to promote an agenda that aligns neatly with Republican platforms. 'We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand,' Scarborough said. 'Our higher calling is to Christ.' The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates."

Dean's Party Building Efforts Regarded As Wasteful By Other Top Democrats. In an extremely lengthy (8,500 word) piece for the New York Times Magazine (10/1) Matt Bai, after describing a recent visit to Alaska by

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DNC Chairman Howard Dean, writes, "In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. … But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America." According to Bai, "Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities." Bai adds, "numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all."

Dean Works To Increase Minority Turnout. The AP (10/1, Heilprin) reports, "Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday. Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively."

GOP Groups Outspending Democratic Counterparts This Year. The AP (10/1, Kuhnhenn) reports, "Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts. Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats. That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help." The AP continues, "television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth."

Pressure On House Democrats To Contribute "Dues" Described. The New York Times (10/1, Zeleny, 1.21M) reports, "To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues. … This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority. Last weekend" House minority leader Nancy Pelosi "made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed. … Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party."

Democrats Reportedly Less Optimistic About Retaking House. The Washington Times (10/1, Lambro, 88K) reports, "Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party. 'I'm not as confident of the House switching as I once was,' a Democratic campaign consultant said last week. … Recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections. 'I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own,' said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country."

GOP Seen As Likely To Benefit From Another "Base-Driven" Campaign. In an op-ed for the New York Times (10/1, 1.21M) Mark Halperin, political director of ABC News, writes, "two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate.

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Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy."

Lobbyists Overwhelmed By Invitations To Fundraisers. The Kansas City Star (10/1, Stearns, 278K) reports, "Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers. … The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections. How many invitations did he get? About 200. How many of the events did he attend? Eleven. Did he feel like an ATM sometimes? You bet."

Kerry And Giuliani Campaign For Candidates In Florida. The South Florida Sun-Sentinel (10/1, Man, 265K) reports, "Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House. Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day." Kerry "stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings. It was different with Giuliani. … He has the ability to attract far more television cameras than even a candidate for governor might get on his own. Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor."

Romney Uses GOP Governors' Association To Build 2008 Campaign Operation. The Boston Globe (10/1, Klein, 425K) reports, "As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president. The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies. … Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions."

Romney Will Allow Out-Of-State Gay Couples To Marry In Massachusetts. The Boston Globe (10/1, Levenson, 425K) reports Romney "all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts. `I have to follow the law,' a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. `This is a nation of laws, even if I don't like them.'"

Edwards Seen As Inspiration For "Factory-Floor Populists." The New York Times' David Brooks (10/1) reports, "Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her. Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Lind's Book On "American Strategy" Is Praised. The New York Times (9/30, Frankel, 1.21M), in a review of *The American Way of Strategy*, by Michael Lind, writes, "His glance back at our performance over the last 15 years is helpfully damning. The essence of his complaint concerns our pursuit of hegemony, which he describes not only as a desire for international dominance but also as a lust for unchallengeable power that is bound to wreck the American economy and enfeeble our democracy. ... Lind's main theme survives his porous prescriptions. The United States alone cannot afford to police the world, never mind democratizing it."

LATimes Criticizes Angelides' Attacks On Bush. The Los Angeles Times (9/30, 918K) reports, "By now you've probably seen the commercial featuring Gov. Arnold Schwarzenegger leading a chant for President Bush at a campaign rally. That was two years ago. In Ohio. Intended to persuade Californians to vote for Democrat Phil Angelides for governor, the spot instead raises the question of who he's running against and which job he's running for. What can the governor of California do about Iraq? Not much, but that hasn't stopped Angelides from trying to convert California's robust antiwar sentiment into votes."

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Bush Courts Kazakh President For Support In Region. The New York Times (9/30, Stolberg, 1.21M) reports, "President Bush took another step in his delicate foreign policy waltz with the authoritarian government of Kazakhstan on Friday, praising the oil-rich Central Asian country as 'a free nation' while welcoming its president, Nursultan A. Nazarbayev, to the White House for lunch." That it was "a small lunch rather than…a state dinner" is "a sign that Kazakhstan's leader is working his way into the president's inner foreign policy circle, but is not all the way there." Kazakhstan "poses a diplomatic challenge for President Bush, who has made promoting democracy a central component of his foreign policy," and Friday "Neither man mentioned the sore points in that partnership: the absence of free elections in Kazakhstan…and its recent decision to shut down two prominent American democracy organizations -- a move that American officials are trying to reverse." Still, "the White House views Kazakhstan…as a critical ally in promoting economic stability and security in that region," and "an administration official, granted anonymity to talk about the meeting, said 'the issue of democracy was raised' during the visit," adding, "They're moving in the right direction."

The Washington Post (9/30, A6, Fletcher, 748K) adds, "The Bush administration has offered only mild criticism of" Kazakhstan's "banning opposition parties, harassing advocacy groups and closing newspapers," seeking "to gain greater influence with the oil-rich nation." The Los Angeles Times (9/30, Gerstenzang, 918K) notes that Nazarbayev "has become one of the current administration's favored allies in a troubled region, with officials downplaying questions critics have raised about his commitment to democracy and about government corruption." The AP (9/30, Gedda) lead that "Bush heaped praise" on Nazarbayev."

Kazakh President Offers Country As Nuclear Disarmament Model. The Washington Times (9/30, Sands, 88K) leads, "Kazakhstan's President Nursultan Nazarbayev said yesterday that his country's plan to dismantle its vast Soviet-era nuclear weapons programs could serve as a model for solving the confrontation over Iran's nuclear ambitions." Energy officials announced "an agreement to 'down-blend' Kazakhstan's remaining stocks of highly enriched uranium, which can be used for nuclear weapons, and to convert a Kazakh research reactor so it can operate on the safer, low-enriched uranium for civilian power needs." He "said he explained to hard-line Iranian President Mahmoud Ahmadinejad in a recent talk the benefits Kazakhstan had won by voluntarily giving up its weapons, test sites and other nuclear assets inherited after the Soviet collapse," getting "in return…security and territorial guarantees from the United States and other major powers, as well as major American financial aid to eliminate existing weapons stocks and transform its facilities to peaceful uses."

Dowd Notes Bush's Softer Stance On Kazakh Democracy. Maureen Dowd writes in her column in the New York Times (9/30, 1.21M), "Nursultan Nazarbayev may have a corrupt and authoritarian regime where political opponents have been known to die very, very suddenly, but, hey, he's got oil and he's an ally in the war on terror."

Rice Seeking To Revive Gaza Border Crossing Agreement With Mideast Trip. The Los Angeles Times (9/30, Ellingwood, Richter, 918K) reports that with Secretary of State Rice "poised to return" to the Middle East "next week, the pact" she brokered "to ease the flow of people and goods in and out of the Gaza Strip" now "lies in tatters amid ongoing violence and mutual finger pointing between Israel and its neighbors." She "hopes to rescue the crossing agreement as a part of her mission to find ways of renewing the peace process. She is to meet with leaders of moderate Arab states, Palestinians and Israelis to discuss the aftermath of the war in Lebanon, Palestinian-Israeli issues, Iran and Iraq." However, "experts on the Middle East caution that Rice's new mission is unlikely to achieve lasting success without a broad new agreement on security and other issues."

Turkey's Drift Away From West Said To Be Concern For US, Europe. Philip Shishkin writes in a column in the Wall Street Journal (9/30, A2, 2.03M), "Given deteriorating relations with the West and increasing ambivalence at home over alliances with the U.S. and Europe, Turkey's prime minister, Recep Tayyip Erdogan, will have plenty to talk about during trips to Washington and London and a visit from the German chancellor this coming week." Turkey's "partnership with the U.S. and to its quest to join the European Union," which are "traditional pillars of Turkey's foreign policy," now "are coming under pressure as rising numbers of Turks believe they stand more to lose than to gain from getting closer to the West," and that "perception alone, whether it is right or wrong, should cause alarm in Washington and across Europe." Still, a "silver lining for the U.S. and Europe is that Turkey is so deeply integrated into the Western economic and political structures that a complete rupture is extremely unlikely. But if the Turks continue to perceive that the West isn't meeting their concerns, they will be more likely to elect leaders whose support for Western policies cannot be taken for granted."

UN-Israel Incident Underlines Uncertainty On Lebanon Border. The AP (9/30, Hendawi) reports, "An encounter between a U.N. tank patrol and an Israeli army unit near the border underlines the uncertainty in south Lebanon,

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with Israel reluctant to pull out the last of its troops and Hezbollah warning of impatience with Israeli truce 'violations.' French peacekeepers on Thursday blocked the path of an Israeli armored personnel carrier and two Humvees that crossed into Lebanon," and while "the hour-long incident was resolved amicably, it marked the first such known encounter." The Israeli army "confirmed that its troops came close to the French peacekeepers but said there was no confrontation." Alexander Ivanko, spokesman for the U.N. peacekeeping force, "said French peacekeepers 'observed an Israeli violation of the Blue Line,'" but that "the encounter was peaceful and there was no tension." Lebanon's state-run news agency reported that on Friday Lebanese Prime Minister Fuad Saniora "stressed the need for Israel to withdraw completely in a telephone call to Secretary of State Condoleeza Rice."

Hamas Holds Giant Rally. The AP (9/30, Barzak) reports, "Tens of thousands of Hamas supporters marched in the Gaza Strip on Friday to show their backing for the militant group, even as its efforts to form a national unity government appeared stalled." However, Hamas lawmaker Mushir al-Masri "said Hamas remained committed to forming the coalition. 'We are going to move ahead with the president, because there is no choice.'"

Thriving Palestine Said To Be Basis For Permanent Peace. Zahi Khouri, a Palestinian-American businessman, writes in an op-ed in the Wall Street Journal (9/30, A8, 2.03M), "Israel has decided that we Americans are not welcome. Many, like me, have lived in the West Bank for more than a decade. Unlike American Jews -- or Jews from anywhere -- who can receive instant citizenship upon arrival, we are unable to obtain residency." Now, after "Hamas assumed government authority after democratic elections this year, Israel has begun to deny Palestinian Americans the right to enter," and "it is discouraging investors. It is driving out the very people the U.S. State Department, the World Bank and other international organizations encouraged to return." However, "Only an open and thriving Palestinian economy can lay the foundation for a sustainable peace." The Administration has "tremendous influence with Israel. They should use it to insist on freedom of movement of people and goods, and to maintain access for Palestinian Americans and Palestinians with other foreign passports to continue to play a role in economic development. A vibrant Palestinian economy serves the interests of all -- Palestinians, Israelis and Americans."

NYTimes Calls For Administration To Push Israeli-Palestinian Peace. The New York Times (9/30, 1.21M) editorializes, "at least some of President Bush's aides have begun to acknowledge the patently obvious: There needs to be a serious effort to settle the Israeli-Palestinian conflict." Philip Zelikow, the State Department counselor, said "that some sense of progress on the Arab-Israeli dispute is 'just a sine qua non' for getting moderate Arabs and the Europeans to cooperate on Iran and the region's many other dangerous problems," but "We fear that Mr. Bush and his secretary of state haven't yet caught up to that." Still, without an Israeli-Palestinian peace, "the United States has no chance of salvaging its battered reputation in the Islamic world. No chance of rallying moderate Arab leaders to fight extremists or contain Iran. And no chance of ensuring Israel's lasting security." The "disastrous wars in Lebanon and Gaza" teach "that the time for listening tours and tactical steps is far past."

Naturalized US Citizen From Iranian Indicted On Terrorism Support Charges. The AP (9/30, Nguyen) reports that Zeinab Taleb-Jedi, "A naturalized U.S. citizen from Iran who was found in Iraq" was indicted by federal prosecutors "on charges of providing support to" Mujahedin-e Khalq, "a terrorist organization that seeks to overthrow the Iranian regime." According to the State Department, "the MEK groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s."

Venezuela, Nigeria To Cut Oil Production. The New York Times (9/30, Mouawad, 1.21M) reports, "Some members of OPEC are getting really nervous about oil at $60 a barrel." Nigeria and Venezuela said "they would make voluntary cuts in their production in response to oil prices that have fallen nearly 20 percent from their peak two months ago." This "comes after days of mixed signals from some OPEC officials who have been increasingly concerned about the rapid drop in prices." While the nes "was initially shrugged off by oil traders who say there was still plenty of oil supplies on the market," the confusion surrounding "OPEC's position helped push up the price of crude oil on the New York Mercantile Exchange."

The Financial Times (9/30, Hoyos) adds that "Several other key members of the Organisation of the Petroleum Exporting Countries were said to be furious about the unilateral decision," although "data due to be released in the next few weeks are expected to show those other members, which include Saudi Arabia, Iran, Kuwait and the United Arab Emirates, are also reducing output but keeping quiet about the measure."

Bolton Criticizes UN Deputy For Sudan Comments. The AP (9/30, Wadhams) reports that in "his latest attack on" Deputy U.N. Secretary-General Mark Malloch Brown, US ambassador John Bolton accused him "of discrediting the United Nations by criticizing American and British diplomacy over Darfur." Bolton "demanded" that Malloch Brown "apologize over comments that appeared in

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Friday's editions of the Independent newspaper in London" that "criticized President Bush and British Prime Minister Tony Blair for threatening Sudan over its refusal to allow U.N. peacekeepers in Darfur," adding that " Malloch Brown's remarks could undermine the U.N. Security Council's demand that the U.N. take over from an underfunded African Union force that has been unable to stop the violence in Darfur." State Department spokesman Sean McCormack said "that the United States was proud to have kept the pressure on Sudan," adding, "Rather than focusing on what the U.S. or the U.K. or others might be doing, [Malloch Brown] might apply himself to the task at hand rather than giving speeches."

Radical Islam May Be Spreading From Traditional Urban Slums In Morocco. The AP (9/30, Thorne) reports, "Since the Sept. 11 attacks in the United States and suicide bombings two years later that killed 33 people in Casablanca, this country's economic capital, Moroccans have grown accustomed to police crackdowns on Islamic militants. Thousands have been detained, drawing frequent accusations of abuse and forced confessions at the hands of police," however, the latest case is significant as "Middle-class women and security force members allegedly formed the core" of the terrorist group, while "Previously, Islamic extremism was most evident in Morocco's urban slums." The "penetration of the army would be a particular blow because the Western-equipped force has traditionally stood as a pillar of state power."

French Teacher Hides After Death Threats Follow His Criticism Of Islam. The New York Times (9/30, Sciolino, 1.21M) reports that in "the latest manifestation in Europe of a mounting ideological battle that pits those who believe Islam and the Prophet Muhammad can be criticized in the name of free speech against those in the Muslim community who believe no criticism can be tolerated," Robert Redeker, "A French high school philosophy teacher and author who carried out a scathing attack against the Prophet Muhammad and Islam in a newspaper commentary," said "he has gone into hiding under police protection after receiving a series of death threats." An online Islamist Web site known as Al Hesbah that has "ties to Al Qaeda" had "published photos of him and what it said was his home address, directions to his home and his cellphone number."

Musical Aims To Intensify Pressure On North Korea. The Wall Street Journal (9/30, A5, Solomon, 2.03M) reports, "As international concern about North Korea's nuclear program intensifies, human-rights groups and Christian activists in the U.S. are unveiling a new weapon near here Wednesday in their campaign to dislodge dictator Kim Jong Il: a musical." "Yoduk Story" is about "star-crossed lovers imprisoned in North Korea's most notorious prison camp," and its "unflinching portrayal of Pyongyang's gulags -- including floggings and amputations -- is viewed as a crucial tool by activists in pressuring governments to take a more aggressive approach toward confronting North Korea." While "the play's producers have sent invitations to the president, first lady and a number of cabinet sectaries to attend one of next week's performances," according to the White House "it is unlikely Mr. Bush will attend."

Former General Said To Be Thai Junta's Pick For Prime Minister. The New York Times (9/30, Mydans, Fuller, 1.21M) reports, "Thailand's junta said Friday that it would not interfere with the workings of the interim government it has promised to appoint. But it said it reserved the right to fire the government in exceptional circumstances." Thai newspapers quoted Auditor General Jaruvan Maintaka "as saying that the civilian government would be headed by Surayud Chulanont,…a respected former general who is close to the palace." While she "backed away from her earlier statement," and ""he appointment of the prime minister must be formally approved by King Bhumibol Adulyadej before it is announced," there have been "hints from other officials that it was true." Krit Garnjana-Goonchorn, the permanent secretary of the Foreign Ministry said the junta, calling itself the Council for National Security, "has "no power to issue any order whatsoever in the running of the government, except in security." Also, "the junta announced a military shuffle that consolidated its control over the armed forces, sidelining officers loyal to" deposed prime minister Thaksin Shinawatra, and that "the drafting of a constitution should take no longer than nine months, somewhat accelerating a timetable that was given earlier."

The Financial Times (9/30, Kazmin) adds that Chulanont's "appointment could heighten the concerns of the international community, already dismayed by the military's seizure of power." Whoever is appointed is expected to be named "over the weekend or early next week, as they seek to fulfill their initial promise to transfer power to a civilian government within two weeks." Notably, "despite international condemnation of the coup – and calls for a quick restoration of democracy, Thailand has so far faced remarkably few repercussions in its relations with the outside world, due to the bloodless coup."

The AP (9/30, Peck) reports, "Gen. Sondhi Boonyaratkalin, who led the coup that ousted Prime Minister Thaksin Shinawatra, told reporters that a draft constitution has been completed and sent to the Royal Palace. He said he hoped the constitution would be approved by King Bhumibol Adulyadej this weekend, followed by the formal announcement of the prime minister." The AFP (9/30,

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Promyamyai) adds, "a military source, who asked not to be named, said" Chulanont "had in fact turned the offer down." After him, "the other main candidate has been former World Trade Organization chief and current head of the UN Conference on Trade and Development, Supachai Panitchpakdi."

Temasek Says They Didn't Know Tax-Free Details Of Deal, Deny Any Responsibility For Coup. Newsweek (9/30, Kolesnikov-jessop, 3.12M) reports that when Thai ex-Prime Minister Thaksin Shinawatra sold his family telecommunications empire, Shin Corp., to Singapore's government-investment fund, Temasek, it "was the beginning of the end for Thailand's tycoon-turned-prime minister." However, "the deal that brought him down remains an enigma—both for its complex structure and because Temasek stayed silent as Thailand's political crisis unfolded." Temasek managing director for strategic development Jimmy Phoon has now spoken, and "two key details stand out: he says Temasek was not informed that the sale was structured so that the prime minister's family would avoid taxes, nor was payment made into offshore bank accounts, as has been reported. Phoon insists that Temasek's motivations were purely commercial, rejects the notion that Temasek ignored glaring political risks and bears no responsibility for the Thai crisis."

Rumsfeld Worries Over Russo-Georgian Tensions. The AP (9/29, Baldor) reports, "Defense Secretary Donald H. Rumsfeld, concluding a visit to the Balkan region Friday, voiced concern to his Russian counterpart about growing tensions between Moscow and Georgia." He has wrapped up his trip "pleased with agreements that some two-dozen NATO defense ministers reached there to bolster the alliance's support of the war in Afghanistan. He spent much of the week trying to drum up more support, resources and troops for the war on terror and the transfer of military control in Afghanistan to NATO." The AP writes that he "broke his silence" on the leaked NIE and with his wife "broke away from his NATO responsibilities for a few hours to indulge one of his passions — horses."

Georgia Arrests, Holds Russian On Spying Charges. The Washington Post (9/30, A11, Finn, 748K) reports, "A Georgian court on Friday ordered four Russian military intelligence officers to be held for two months on espionage charges in a pretrial detention center, a decision that could prolong and deepen the heated dispute over alleged spying here." Russian Vice Consul Viktor Kortenov said, "Russia cannot comprehend this court ruling," and "Russia's ambassador to Georgia, Vyacheslav Kovalenko, left the country Friday after being recalled by his government to protest the arrest." Meanwhile, "Russian legislators continued to call for tough sanctions against Georgia." Russian Defense Minister Sergei Ivanov, who was part of "talks with ministers from the NATO alliance Friday in Slovenia, complained bitterly about Georgia's actions. Ivanov charged that Georgia was provoking a conflict to try to oust Russian forces from two breakaway parts of Georgia that pledge loyalty to Moscow," saying "Georgia has chosen the military route for settling the conflicts." Georgian President Mikheil Saakashvili is determined to enter NATO, "an ambition that infuriates Moscow." At the meeting, "Defense Secretary Donald H. Rumsfeld called on Russia and Georgia to exercise restraint."

The Wall Street Journal (9/30, Champion, 2.03M) adds that Ivanov "demanded that NATO stop entertaining Georgia's attempts to join the Western military alliance." Officials and diplomats familiar with the matter say that Georgia's move is "an attempt to prompt quick international intervention to end Moscow's grip over separatist enclaves in Georgia," but this "gambit is risky," as it "could succeed in provoking Russia, but fail in securing Western support." However, "a senior U.S. State Department official said that, while some countries have lost their appetite for getting involved there since a series of pro-Western governments swept to power in the region in recent years, the U.S. 'absolutely and definitely' has not."

Russia Accuses NATO States Of Selling Georgia Arms Illegally. The Financial Times (9/30, Schmid) reports, "Russia on Friday raised the temperature of a simmering spy dispute with Georgia, accusing Nato member states of illegally supplying arms to the former Soviet republic." Sergei Ivanov, Russia's defense minister, called it "a form of piracy." While "Ivanov declined to name the countries," he "referred to 'the younger generation of Nato members', presumably meaning the seven former eastern bloc nations that joined Nato in 2004." Moscow says they sell "defence products acquired from Russia to Georgia, in breach of the original contracts."

Russia May Change Georgia Troop Withdrawal Plans. The New York Times/AP (9/30) reported, "Russia warned on Friday that its plans to close military bases in Georgia were in doubt." The commander of Russian military forces in Georgia, Gen. Andrei Popov, "said Russia's obligation to close its two remaining military bases in Georgia by the end of 2008 still stands, but added that 'if our servicemen are arrested and put in custody, there will be problems with the withdrawal since there will be no people left to prepare weapons for the pullout.'" Meanwhile, Georgia "accused Russia of redeploying additional troops closer to the border and said the Russian Black Sea fleet was expected to start maneuvers in the next few days." Interior Minister Vano Merabishvili said, "I would advise our colleagues to stop saber-rattling."

Dissidents Once Again Forcibly Committed In Russia. The Washington Post (9/30, A1, Finn, 748K)

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reports that according to human rights activists and some mental health professionals there "is new evidence that Soviet-style forced psychiatry has reemerged in Russia as a weapon to intimidate or discredit citizens who tangle with the authorities," and "some of the new cases have been abetted by institutions or doctors involved in it in the Soviet period." The Independent Psychiatric Association "says that the number of activists being wrongfully hospitalized in mental facilities totals dozens of cases in recent years and is increasing," and "activists have also documented an increase of family or business disputes in which wrongful hospitalization provides an opening to seize a person's property."

Russia Said To Seek Government Ownership Of More Energy Production. The Wall Street Journal (9/30, A3, White, 2.03M) reports, "Russia's state-controlled energy giants are gearing up for a new round of acquisitions that could give the Kremlin ownership of nearly half the country's oil production." After "it crushed Yukos with back-tax claims starting in 2003, the Kremlin has steadily reasserted control over the energy sector. While the growing state ownership is popular in Russia, pro-market government officials and analysts warn that it is likely to reduce efficiency and raise doubts about the outlook for production growth." Now, "Industry executives and others close to the situation say state oil company OAO Rosneft is seeking at least several billion dollars of financing to buy many of the remaining assets of OAO Yukos at state-mandated bankruptcy auctions in coming months. OAO Gazprom, the majority state-owned natural-gas giant, this week said it would be interested in buying out the Russian partners who now hold half of TNK-BP Ltd., a joint venture with BP PLC that is the third-largest oil producer in Russia."

Israel Said To Block Investigation Of Its Bombing Of UN Observers. The AP (9/30, Wadhams) reports that the United Nations said "Israel refused to give a U.N.-appointed investigation access to the officials who may have been responsible for the bombing of an observation post that killed four unarmed peacekeepers at the height of the conflict with Hezbollah." They "said the bombing of the U.N. peacekeeping post…was a mistake that occurred at the 'operational level,'" and "the U.N. panel investigating the killings was not allowed to interview commanders at that level." A U.N. official said that "there was nothing in the Board of Inquiry's findings to contradict U.N. Secretary-General Kofi Annan's earlier claim that the attack was 'apparently deliberate.'"

South Korean Foreign Minister Leads Race For UN Secretary-General. Time (9/30, Walsh, 4.03M) reports that South Korean Foreign Minister Ban Ki Moon has "become one of South Korea's most respected foreign ministers," and "after winning Thursday's most recent straw U.N. Security Council straw poll, Ban has solidified his status as the front-runner in the race to replace Secretary-General Kofi Annan." He "calls himself a 'harmonizer' — quiet but effective," and "seems incapable of making enemies." Already "South Korea's normally contentious politicians…have united behind Ban's candidacy." However, "the deciding vote will likely be cast by China," and if "the South Korean is viewed by Beijing as too close to Washington, he may find China cool to his candidacy. Ironically, however, there's also a danger that South Korean President Roh Moo Hyun's rocky relationship with Washington could cool U.S. support for Ban." Still, "in a race typically won by the candidate most widely viewed as least objectionable, the collegial South Korean is clearly a frontrunner."

Book On Annan Said To Be "Sympathetic And Deeply Critical." The Financial Times (9/30, Turner) reports, "Kofi Annan is likely to be remembered as one of the most significant secretary-generals in United Nations history, yet remarkably little is known about the quiet Ghanaian," and "James Traub's 'The Best Intentions' goes some way towards revealing the personality of this lifetime UN man." The book "will disappoint" critics of the UN, and those with questions about his personal conduct over oil-for-food." However, "Traub is both sympathetic and deeply critical." It "offers a tough appraisal of [Annan's] record, and leaves even a sympathetic reader with an uneasy impression that there may be rather less to Annan than they imagined." Still, "Traub's book is about much more than Annan. It is about the post cold-war rise of the US, its growing disaffection with multilateralism, and the UN's painstaking efforts to bring it back into the fold."

Eurozone Said To Be In "Goldilocks" Recovery. The Financial Times (9/30, Atkins) reports, "The eurozone economy is for now enjoying a 'Goldilocks' recovery – not too hot, not too cold." Official figures indicate that "Inflation has fallen to the lowest for more than two years, while business and consumer confidence has soared to a fresh five-year high." Also, a "European Commission survey suggested robust growth in the eurozone, which exceeded the US in the second quarter, was continuing." Still, "tumbling energy prices led to eurozone inflation falling from an annual rate of 2.3 per cent in August to 1.8 per cent in September, according to Eurostat," which "creates a presentational challenge for the ECB, which is expected to raise its main interest rate by another quarter percentage point." Also, "economists fear fiscal tightening in Germany and Italy, a possible slowdown in the US and a stronger euro could soon spoil the current upbeat mood."

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European Political Labels Noted To Have Different Meanings Than In US. Matthew Kaminski writes in an op-ed in the Wall Street Journal (9/30, A8, 2.03M), "conservatism doesn't necessarily mean the same thing" in Europe. In Germany and France "right-wing rulers remain wedded to the nanny state…and to close alliances with guilds and big business that tend to stifle competition," even though elsewhere "the momentum is with free-market ideas, thanks in part to formerly communist Central Europe, whose zest for capitalism proved infectious back West." Still, "the campaign for next year's presidential elections is livening up the French debate." These days "traditional labels…are even less helpful to understanding politics in Europe. Best to set aside the old straight left-right line." Alain Madelin, France's most prominent laissez-faire politician, "suggests a return to the triangle used in the 19th century with conservatives, socialists and liberals (or free-marketers) at each point." All three compete, and "the battle is raging and its outcome far from decided."

US To Propose Myanmar Resolution. The Los Angeles Times (9/30, Farley, 918K) reports, "The Security Council held its first official meeting to discuss Myanmar on Friday," after "U.S. Ambassador John R. Bolton pushed hard to get Myanmar on the council's agenda despite objections from several quarters," including "resistance from China and Russia, who believe Myanmar does not pose a grave threat to the international order; U.N. officials who have been working quietly behind the scenes to win the confidence of the country's rulers; and European allies 'who thought it wasn't a priority.'" At the meeting, the U.N. chief of political affairs, Ibrahim Gambari, "argued for a careful approach that would not undo incremental progress by the reclusive regime." Myanmar is "a popular political cause in the United States," and the US has "announced that it was preparing a resolution to pressure the regime to release political prisoners and stop flows of drugs, AIDS and refugees that Washington says are destabilizing the region."

Nicaragua To Announce Plans For Second Cross Central America Canal. The Los Angeles Times (9/30, Tobar, Kraul, 918K) reports, "Seeking to cash in on booming Asian exports, Nicaragua will announce a $20-billion proposal next week" fir a joint public-private venture financed by unnamed investors "to build a canal linking the Pacific and the Atlantic oceans that would accommodate ships too large to use the Panama Canal." This "Grand Inter-Oceanic Nicaragua Canal would make use of the 60-mile-wide Lake Nicaragua and follow at least part of a route first proposed by American and European entrepreneurs in the 19th century." The official announcement is expected on "Monday, when Nicaragua plays host to a summit of Western Hemisphere defense ministers, including U.S. Defense Secretary Donald H. Rumsfeld." However, "Rodolfo Sabonge, a top official of the Panama Canal Authority,…said Friday that there was insufficient ship traffic to support both a widened Panama Canal and a second canal in Nicaragua." Panama will vote on expanding its canal on Oct.22.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Border Barrier Approved
Voters Cool Toward State Bond Package
In Russia, Juries Must Try, Try Again
Next L.A. Schools Chief Gets New Powers Too
HIV Ads Embrace, and Stun, Audience
Detainee Bill Boosts the GOP

New York Times:

Iraqi Police Cited in Abuses May Lose Aid
F.D.A. Says Bayer Failed to Reveal Drug Risk Study
Detainee Bill Shifts Power to President
In Many Public Schools, the Paddle Is No Relic
Lawmaker Quits Over Messages Sent to Teenage Pages
Wisconsin's Crown of Cheese Lies Within California's Reach
Senate Passes Bill on Building Border Fence
Hedge Fund With Big Loss Says It Will Close
India Digs Deeper, but Wells Are Drying Up, and a Farming Crisis Looms
White House Disputes Book's Account of Rifts on Iraq
A Portrait of the President as the Victim of His Own Certitude
Finance Office of Disease Control Agency Is Slipshod, Federal Report Says
Bathroom Dispute Halts Chess Championship
Ex-Firebrand Ortega on the Comeback Trail
When Soldiers Go to War, Flat Daddies Hold Their Place at Home

Washington Post:

"$70 Billion for Iraq, Afghanistan Wars Approved."
"Anti-Rumsfeld Effort Detailed In Book Denied By White House."
"Rep. Foley Quits In E-Mail Scandal."
"In Russia, Psychiatry Is Again A Tool Against Dissent."
"Ehrlich Ads Hammer O'Malley On Crime."
"A Long Journey."

Washington Times:

Congress OKs funds for war, detainee trials
Arlington, D.C. schools ban sweets from class parties Senate approves fence for border
Foley quits in Hill sex scandal

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Risky home loans reined in
A Terps team player on and off the field

Detroit Free Press:
"Donwtown's Lineup: More hits, Some Holes."
"Have You Seen Wayne State Football Lately."
"Acquittal Sinks In For The Marlingas."

Atlanta Journal-Constitution:
DA: Nichols tried to call witness
DeKalb police shootings surge
Bigamist busted in Gwinnett
Oyster deaths spark alert
Boy rescued after text message
Congress OKs more war funds

Houston Chronicle:
Congress OKs 700 miles of fence on border
UH kills plan for NW campus, blames conditions
4 fired Houston staffers charged in pay scandal
White House bashes Woodward's Iraq book
Harris hospital district targets diagnostics wait
Montrose center offers special help for aging gays
Harris jury rules against boy, 12, who killed father
High-tech analysis may rewrite space history
Fastow judge ranks among Houston's lenient
Six-man football a new tradition at Jewish school

Story Lineup From Last Night's Network News:
ABC: Congressman Sex Scandal; Woodward's Book; Abramoff & White House; Al Qaeda Message; Detainee Bill; Military Spending Bill; School Shooting-Wisconsin; E. Coli Outbreak; Two Soldiers Story.
CBS: Woodward's Book; Rumsfeld Resignation Rumors; Foley Resigns Amid Scandal; Florida Suspect Shot; School Shooting-Wisconsin; Colorado School Shooting Note; Zawahiri Bush Iraq Lies; Baghdad Journalist Threatened; Breast Feeding Health; Internet Vote Registration; Shuttle Atlantis Picture; Cardinal Weblog; Former High School Football Star..
NBC: Baghdad Shut Down; Woodward's Book; Woodward's Book-Reaction; Congressman's Sex Scandal; Nightclub Fires; Stock Market; California Wildfires; Fatal School Shooting-Wisconsin; E. Coli Outbreak; A Woman OF Science.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 26 - Oct. 1. FAMILY MEDICINE _ The American Academy of Family Physicians holds it Scientific Assembly. Location: Washington Convention Center. Contacts: Barbara Kowalski, 800-274-2237 ext 5204 .

Sept. 29 - 30. 10 a.m. - 5 p.m. BOOK FESTIVAL _ The Library of Congress 2006 National Book Festival hosted by First Lady Laura Bush, will be held on the National Mall. Location: National Mall between 7th and 14th Streets NW. Contacts: Trish Shuman, 202-707-1940

Sept. 30 - Oct. 1. DEMOCRATS-HISPANICS _ The Democratic National Committee and its Hispanic Caucus hold the 2006 Hispanic Leadership Summit. Highlights:
12 p.m. Luncheon remarks by Rep. Hilda Solis, and keynote remarks by DNC Chairman Howard Dean. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.
Contacts: Luis Miranda, 202-863-8148

10 a.m. F-14 TOMACT CELEBRATION _ The National Air and Space Museum celebrates the F-14 Tomcat fighter jet with an all-day salute. Location: Steven F. Udvar-Hazy Center in Chantilly, Va. Contacts: Peter Golkin, 202-633-2374 .

12:45 p.m. - 1:30 p.m. ANIMAL RIGHTS _ Animal activists from a tri-state area are converging on the National Mall, next to the U.S. Department of Agriculture headquarters, clothed in funeral attire and wearing masks of the animals they represent, they will lie in motionless silence for 30 minutes to protest animal slaughter. Location: Northwest corner of Independence Ave and 14th Street. Contacts: Dawn Moncrief, 301-530-5683.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 1, 2006, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Dismisses Woodward Allegations. The White House issued a response to "Five Key Myths" in Bob Woodward's new book which characterized the Administration as in disarray in response to terrorist threats and the Iraq war. NBC repeated the same details reported yesterday about the allegations in Woodward's book. NBC Nightly News (9/30, story 4, 3:00, Holt, 9.87M) reported, "The White House is in a state of denial over claims made in a new book of the same name. It describes an Administration sharply divided over Iraq policy." Now "the White House is rushing to get its response out as well." After rehashing the details focused on Defense Secretary Rumsfeld and Secretary of State Rice from yesterday NBC (Ohm): "In fact the book set-off a flurry of denials from the White House. Today a three-page response was released called 'Five Key Myths in Bob Woodward's book.'" And Sunday morning "the President's top communications advisor Dan Bartlett plans to challenge the claims in 'State of Denial' on the Sunday talk shows as an attempt to minimize the political fallout from the book with just over a month to go before the crucial midterm elections."

Woodward Characterizes Administration As Ignoring Reports Contradicting Policy. The Washington Post (10/1, A1, Woodward, 748K) in a 2,544 word front page story based on his new book focuses on allegations intelligence and military reports contradicted the Administration's public statements about the Iraq War reporting, "There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly. But the discrepancy was not surprising. In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation." For example, "June 18, 2003, Jay Garner went to see Defense Secretary Donald H. Rumsfeld to report on his brief tenure in Iraq as head of the postwar planning office." Garner told Rumsfeld "We've made three tragic decisions," but after describing them "Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. 'Well,' he said, 'I don't think there is anything we can do, because we are where we are.'" Afterward, "Garner went with Rumsfeld to the White House. But in a meeting with Bush, he made no mention of mistakes. Instead he regaled the president with stories from his time in Baghdad."

Woodward's book is also excerpted in a Newsweek (10/1, 3.12M) more extensive web exclusive where he writes of Garner's meeting with Bush, "Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news." Woodward continues, "It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all."

Tenet Warned Rice Of Possible Attack Months Before 9/11. The Washington Post (10/1, A17, 748K) publishes an excerpt from Bon Woodward's new book that claims that On July 10, 2001 then-CIA Director George J. Tenet and counterterrorism chief J. Cofer Black has "a mass of fragments and dots that nonetheless made a compelling case" for "the increasing likelihood that al-Qaeda would soon attack the United States." He "called Condoleezza Rice, then national security adviser…and said he needed to see her right away." Over the last few months "Tenet had been pressing Rice to set a clear counterterrorism policy, including specific presidential orders called 'findings' that would give the CIA stronger authority to conduct covert action against bin Laden," and with this meeting he "hoped to convey the depth of their anxiety and get Rice to kick-start the government into immediate action." However, "Rice seemed focused on other administration priorities," and "Tenet and Black felt they were not getting through to Rice. She was polite, but they felt the brush-off." Tenet "felt that he had done his job and had been very direct about the threat, but that Rice had not moved quickly. He felt she was not organized and did not push people, as he tried to do at the CIA." Black, however, "felt the

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decision to just keep planning was a sustained policy failure. Rice and the Bush team had been in hibernation too long."

Administration Chided For Avoiding Answers To Woodward Allegations. David Sanger in a short Week in Review essay in the New York Times (10/1, 1.21M) describes the practice in DC of the "non-denial denial, in which politicians try to rebut a storyline without quite denying the specifics." For example, some "officials in the Bush administration" say they "were ignored when they called for an increase in the number of troops in Iraq," yet "none, said Tony Snow, the press secretary, were in the 'chain of command,' meaning that they were not generals asking for more troops." Sanger asks, "Did Mr. Bush listen only to his generals? Of course not, said the White House. So what happened to all those recommendations? No one is willing to say."

Columnist Accuses Administration Of Ignoring Intelligence. Frank Rich in his column in the New York Times (10/1, 1.21M) dismisses the debate over the NIE as old news and states, "The facts of Iraq are not in dispute. But the truth is that facts don't matter anyway to this administration, and that's what makes this whole N.I.E. debate beside the point. From the start, honest information has never figured into the prosecution of this war. The White House doesn't care about intelligence, good or bad, classified or unclassified, because it believes it knows best, regardless of what anyone else has to say. The debate over the latest N.I.E. or any yet to leak will not alter that fundamental and self-destructive operating principle. That's the truly bad news."

Clarke Accuses Administration Of Failing To Unite Country In Face Of Terrorism. Former counterterrorism official Richard Clarke in an op-ed in the New York Times (10/1, 1.21M) says both the Clinton and Bush Administrations failed in preventing the 9/11 attacks but blames the current "erosion" of unity in America on "the invasion and occupation of Iraq" that "shattered the post-9/11 American consensus." Clarke advises Bush to forge consensus by admitting "there is a serious problem with the current strategy and taking advice from a bipartisan group of respected experts" like the Iraq Study Group. Clarke also accuses the Administration of using "9/11 as an excuse to strengthen presidential power and erode fundamental American civil liberties" and laments the "widespread sense that some in government have been waving the bloody shirt -- scaring voters with the hobgoblin of Al Qaeda to reap political advantage." Clarke concludes, "We must reject the use of fear and terrorism to divide America for political advantage. And we must not let ourselves get trapped in pointless, partisan debates that result only in having the past obscure the future."

Administration Seen As Divided Over Detainee Policy. The New York Times (10/1, A1, Golden, 1.21M) in a 2,598 word front page story reports that a June 2005 memo from acting deputy secretary of defense Gordon England and State Department counselor Philip Zelikow "urged the administration to seek Congressional approval for its detention policies" and "included several of the major policy shifts that President Bush laid out in a White House address on Sept. 6, five officials who read the document said. But the memorandum's fate underscores the deep, long-running conflicts over detention policy that continued to divide the administration even as it pushed new legislation through Congress last week on the handling of terrorism suspects." The Administration's "debate over detention issues that began within weeks after the terrorist attacks of Sept. 11, 2001, has come to light before. But interviews show that the struggle, pitting top officials against one another, intensified behind the scenes over the last year as criticism of the administration's approach grew in the United States and abroad. Crucial elements of that approach were struck down by the Supreme Court on June 29, forcing a resolution of disputes that had gone on for months." The Times characterizes the dispute as between Vice President Dick Cheney the State Department and the Pentagon and says "even as the White House negotiated with Congress in recent weeks, administration forces led by the vice president's office reasserted themselves. Officials said Mr. Cheney's staff and its bureaucratic allies — having agreed reluctantly to the disclosure of the C.I.A. operation and other changes — were closely involved in guiding the talks with Republican senators. Their adversaries in the administration, meanwhile, had to scramble just to keep up with details of the bargaining."

WPost Chastises Both Parties For Detainee Bill. The Washington Post (10/1, B6, 748K) in an editorial writes, "Once again, with a midterm election looming, President Bush stoked and won a major legislative confrontation over a complex national security question." He "must bear responsibility for his cynical pursuit of the wrong answer" but "Republicans in both chambers, forgetting that Congress is supposed to be an independent branch, snapped to attention when the president told them what to do." And "Democrats hoped that they could duck behind Sen. John McCain (R-

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Ariz.) and two other Republicans who for a time fought a lonely fight for a better bill. When the three renegades settled for very little, the Democrats were left exposed, and it wasn't pretty." The Post concludes that "Bush's pressure tactics worked again. He has the lamentable legislation he wanted -- which will bring discredit onto this country in any number of ways -- and Republicans are busily blasting Democrats as terrorist-coddlers anyway."

More Commentary. Sen. Christopher Dodd in an op-ed in the Los Angeles Times (10/1, 918K) compares the debate over the detainee bill to the Nuremberg trials and writes, "President Harry Truman understood that our nation's ability to bring about a world of peace and justice was rooted not in our military might but in our moral authority; not on the ability to compel people with our tanks and planes but to convince them that our values and our ideals were right. He understood that our ability to succeed in spreading American values of freedom and human rights are only as effective as our willingness to uphold them." The US "should never tailor its eternal principles to the conflict of the moment, because if we do, we will be walking in the footsteps of the enemies we despise. By abandoning the rule of law, as Congress did last week, we will lose much more than what we gain."

Australian Detainee Trial Could Be Expedited. The Houston Chronicle/AP (10/1, McGuirk) reports, "The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday." In response to "mounting" pressure Australian AG Philip Ruddock met with US Alberto Gonzales "to press for a speedy resolution." Ruddock said, "It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard."

U.S. Allies In Middle East Ramp Up Security To Counter Terror Threat. The Washington Times (10/1, 88K) reports, "America's allies in the Persian Gulf are at least as worried about terrorism as the United States, spending billions of dollars on security fences in the desert, eye-scanning machines at airports and other measures to keep out militants. Saudi Arabia, for example, has ordered the construction of a 550-mile fence with state-of-the art technology to seal off its troubled northern neighbor, Iraq." According to the report, "Al Qaeda's warning that the Gulf is among its next targets is prompting increased security measures among the affluent Arab countries that have largely been spared major violence so far. They have a lot to lose. Kuwait, Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates are enjoying tremendous economic growth, boosted by oil money and also because they are seen by investors as islands of stability in a volatile region."

As Deadline Passes, U.S., EU Issue Conflicting Reports On Status Of Airline Passenger Data Talks. The Los Angeles Times (10/1, Peterson, 918K) reports, "U.S. officials expressed confidence Saturday that talks with the European Union on the sharing of airline passenger data were headed toward a successful conclusion, shortly after an EU spokesman said negotiations had broken down. The conflicting statements came on the day of a court-imposed deadline to formalize the sharing of passenger data, a practice adopted after the Sept. 11, 2001, terrorist attacks. In May, the European Court of Justice struck down the arrangement because of legal and privacy considerations." According to the Times, "Lacking an accord, airlines potentially face legal action from individual European nations for providing personal information sought by U.S. security agencies. … The sharply different characterizations of the Brussels-based negotiations led to confusion, with Europeans suggesting travel chaos could ensue and Americans downplaying concerns."

The AP (10/1, Miller) reports, "The United States and the European Union failed to reach a new deal on sharing air passenger data by yesterday's deadline, though officials disagreed about the impact on trans-Atlantic air travel. Homeland Security Secretary Michael Chertoff said the failure to agree wouldn't disrupt trans-Atlantic air travel." According to the report, "Data including passengers' names, addresses and credit card details must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States. The EU's top court in May ruled that the deal put in place after the September 11 attacks on the United States was illegal because it was not using the right legal basis under EU law." According to the AP, "An EU court allowed the data to keep flowing until Sept. 30 to give officials time to negotiate a new deal."

U.S. Senate Ratifies Extradition Treaty With U.K. Bloomberg (10/1) reports, "The Senate early today unanimously ratified an extradition treaty between the U.S.

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and the U.K., three years after it was signed, according to the U.S. embassy in London. The treaty, which speeds extradition of prisoners between the two countries, was negotiated in 2003." According to Bloomberg, "The treaty, first sent to the Senate for approval in April 2004, lowers the level of proof the U.S. must show to win extradition of a suspect. … Ratification had been slowed by complaints from some Irish- American groups that the treaty would create new legal jeopardy for U.S. citizens who opposed British policy in Northern Ireland."

Video Shows 9/11 Attackers Meeting In Afghanistan. The UK Times (10/1) reports, "Film of the ringleader of the September 11 hijackers reading his 'martyrdom' will inside Afghanistan at Osama Bin Laden's headquarters has emerged five years after the Al-Qaeda outrage. It is the first time that a videotape has appeared of Mohammed Atta…at a training camp in Afghanistan. It fills in a significant gap in the timing of the build-up to the attacks on the United States." The Times notes, "The video indicates how easily they slipped from a western identity to a fundamentalist one. It also shows up the subterfuge they maintained in Germany and America that they did not know each other, all part of evading detection."

HOMELAND RESPONSE:

Biodefense Government Contractor To Delay Vaccine Delivery. The AP (10/1, Elias) reports, "By now, millions of anthrax vaccine shots developed through cutting-edge genetic engineering were supposed to be filling a new national stockpile of biodefense drugs. Instead, five years after anthrax attacks left five dead, sickened 17 and panicked the country, the nearly $1 billion contract awarded by the U.S. Department of Health and Human Services to a tiny and struggling San Francisco Bay Area biotechnology company is plagued with misfortune and delays." According to the report, "Delivery has been put off until at least 2008 — and maybe later — while the government and VaxGen Inc. trade barbs over who is at fault. The dispute has further tarnished Project Bioshield, a government program that has alienated many potential biodefense contractors."

U.S. Government Accused Of Suppressing Dissent By Denying Visa. In an op/ed in The Washington Post (10/1, B1, 748K), Oxford University's Tariq Ramadan writes, "For more than two years now, the U.S. government has barred me from entering the United States to pursue an academic career. The reasons have changed over time, and have evolved from defamatory to absurd, but the effect has remained the same: I've been kept out." Ramadan adds, "First, I was told that I could not enter the country because I had endorsed terrorism and violated the USA Patriot Act," and later "U.S. authorities offered a new rationale for turning me away: Between 1998 and 2002, I had contributed small sums of money to a French charity supporting humanitarian work in the Palestinian territories. I am increasingly convinced that the Bush administration has barred me for a much simpler reason: It doesn't care for my political views. … My experience reveals how U.S. authorities seek to suppress dissenting voices and -- by excluding people such as me from their country -- manipulate political debate in America."

Virginia Teenagers Among Nation's Youngest Muslim Imams. The Washington Post (10/1, A1, Vargas, 748K) reports that 13-year-old Aman Chhipa "and another teenager, Uzair Jawed, 16, were thrust into the revered role of imam, or prayer leader, at the Islamic Community Center of Northern Virginia, mostly out of desperation. A cleric from South Africa was supposed to lead the center's nightly prayer for Ramadan, the holiest month for Muslims, as he had done for the past three years. But after Ismail Mullah arrived at Dulles International Airport on Sept. 22, he was detained by U.S. Customs and Border Protection officials and sent back to South Africa." According to the report, Nihad Awad, the national executive director of the Council on American-Islamic Relations, said Uzair and Aman "might be the nation's youngest imams," adding that "The two are also a testament to the post-9/11 need for U.S. Muslims to groom their own leaders and stop depending on those from other countries, he said."

Louisiana Voters Approve Levee Board Reforms. The AP (10/1, Simpson) reports, "Louisiana voters on Saturday approved consolidating the New Orleans area's levee boards, the generations-old agencies whose politically appointed members were criticized after Hurricane Katrina for failing to maintain the area's levees and floodwalls. The constitutional amendment — passing with about 80 percent of the vote — will combine 10 southeast Louisiana boards into two, one for each bank of the Mississippi River."

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According to the report, "Members of the new boards will be required to have expertise in engineering, geology and hydrology, mandates that advocates of the new structure hope will convince Congress and the nation that Louisiana has shed a system mired in cronyism."

WAR NEWS:

Bush Challenges Opponents Of Iraq Policy. President Bush's weekly radio address was covered by the wire services. The AP (10/1, Loven) reports, "Gloves-off election-year rhetoric hit the radio Saturday, as President Bush argued that critics are wrongheaded to argue for a different policy in Iraq while Democrats suggested Bush is more interested in politically helpful slogans than success in the war." Bush "has been fighting back against the Democratic attacks with a series of appearances, and he recycled many lines from earlier in the week in his Saturday radio address." He "argued Saturday that maintaining the U.S. presence in Iraq is crucial to winning the broader war on terror." Bush said, "Our safety depends on the outcome of the battle in Iraq. … Withdrawing from Iraq before the enemy is defeated would embolden the terrorists."

Bloomberg (10/1, Mathewson) notes, "This is the seventh week in the past eight that Bush has made the war on terrorism the topic of his radio address." And as the election approaches, "Democrats are making criticisms of Republican Bush's conduct of the war a central part of their midterm election campaigns. Republicans respond that defeating extremists in Iraq would be a major blow to terrorists globally. At the same time, they argue that the invasion of Iraq didn't provoke jihadists' anti-American campaign."

Veteran Candidate Accuses Bush Of Using Iraq As Campaign Issue. The AP (10/1, Conrad) reports, "An Illinois congressional candidate who lost both her legs during combat in Iraq said Saturday that President Bush has no real strategy for securing the war-ravaged nation, just political talk designed to appeal to voters." In the Democratic weekly radio address former Army Capt. Tammy Duckworth said, "Instead of a plan or a strategy, we get shallow slogans like 'mission accomplished' and 'stay the course.'" Duckworth added, "Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed. … My helicopter was shot down long after you proclaimed 'mission accomplished."

Experts Doubt Usefulness Of More Troops Now In Iraq. The Baltimore Sun (10/1, Wood, 262K) reports, "Renewed allegations that the White House and Pentagon blundered by not deploying sufficient troops in Iraq to deal with the aftermath of the 2003 invasion swarmed around the administration this weekend, stirred by publication of Bob Woodward's new book, *State of Denial*." However, some experts now "conclude that it would be difficult and costly to scrape up enough troops to raise levels in Iraq significantly and that even raising troop levels now might not work." The Sun quotes CSIS analyst Anthony Cordesman, Brookings analyst Michael O'Hanlon, and *Fiasco* author Thomas Ricks as expressing doubts on the usefulness of raising troop levels now. The Sun concludes, "A review of the record shows that the Bush administration made decisions to keep troop levels low in Iraq and that in the uncontrolled chaos that followed, the insurgency took hold."

Bush Described In Powell Book As Disengaged On Iraq. The New York Times (10/1, Broder, 1.21M) reports that according to the new biography of former Secretary of State Colin Powell by Washington Post associate editor Karen DeYoung that in his last meeting with President Bush former Secretary of State Colin Powell "tried to impress upon him one last time the dangers he saw the United States facing in Iraq." But "Bush appeared disengaged, the book says, and brushed off Mr. Powell's complaints about dysfunction in his government."

Powell Blames CIA For Faulty Iraq WMD Information. The Washington Post Magazine (10/1, W12) publishes an excerpts from Washington Post associate editor Karen DeYoung's new biography on former Secretary of State Colin Powell. Repeatedly "during the administration's bumpy first year, Powell had seen Rumsfeld and Vice President Cheney intervene to nudge a willing Bush away from moderation and diplomacy, and toward a hard line on foreign policy issues from North Korea to the Middle East. After the September 11, 2001, terrorist attacks by al-Qaeda on New York and Washington, their attention turned sharply toward Iraq, and by the following summer it was clear that the administration was headed toward war with Saddam Hussein." And "Powell found little evidence to support thinly veiled White House suggestions that Hussein had had a hand in the September 11 attacks. But he saw no reason to doubt the CIA's assessment, fervidly promoted and expanded upon by Cheney and the Defense Department, that the Iraqi leader

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had stockpiles of chemical, biological and perhaps even nuclear weapons, which he was ready to hand over to terrorists bent on destruction of the United States." The excerpt describes in detail Powell's negotiations with Administration officials over his speech to the UN about Iraq's WMD programs. Afterward "Powell's irritation at the White House was coupled with a growing anger at the CIA. Right or wrong, at least Bush had willingly shouldered the ultimate responsibility for the decision to go to war. Powell felt he had done his own duty by privately voicing caution even as he gave the president his full support. But it was increasingly apparent that the intelligence community had been careless with the truth and hence with Powell's most precious commodity -- his credibility with the American people."

Rumsfeld Management Of Defense Department Examined. The one-hour program on Secretary Rumsfeld quotes supporters Newt Gingrich and Midge Decter (his biographer), as well as the Secretary's wife, balancing them with the critical former Marine Gen. Paul van Riper. Decter said that, in the 1970s, Rumsfeld was one of the first to equate terrorism with war but that his arguments garnered little attention then (Rumsfeld 1). Newt Gingrich likened Eisenhower's assertion of civilian control over the military to Rumsfeld's efforts before 9/11 to reform the military; he also argues that Afghanistan vindicated Rumsfeld's thinking about the use of light forces and defends Rumsfeld's strategy for invading Iraq, saying that the Army had presented him with a "massive, sluggish" war plan (Rumsfeld 2). Fox notes that the Secretary's popularity has fallen since the Iraq war started; the critic most prominently featured is former Gen. van Riper, who says that the Secretary is "stubborn" and "doesn't listen to advice" and should have been removed three years ago (Rumsfeld 3). Former JCS chair Gen. Richard Myers says that Rumsfeld "did not micromanage," while current JCS chair Gen. Peter Pace also defends Rumsfeld but concedes that the secretary "pushes" his convictions hard.

Video of the entire Fox News interview with Secretary Rumsfeld can be viewed in the following segments. Rumsfeld Fox Interview Clip 1, Rumsfeld Fox Interview Clip 2, Rumsfeld Fox Interview Clip 3, Rumsfeld Fox Interview Clip 4, Rumsfeld Fox Interview Clip 5, Rumsfeld Fox Interview Clip 6, Rumsfeld Fox Interview Clip 7, Rumsfeld Fox Interview Clip 8, Rumsfeld Fox Interview Clip 9, Rumsfeld Fox Interview Clip 10.

Iraqi Forces Have Yet To Stand Up. The Washington Post (10/1, Ricks, 748K) reports, "Training programs have developed more than 300,000 members of the Iraqi army and national police, close to the desired number of homegrown forces. Yet as that number has grown, so, too, has violence in Iraq. ... With the insurgency undiminished and Iraqi forces seemingly unable to counter it, U.S. commanders say they expect to stay at the current level of U.S. troops -- about 140,000 -- until at least next spring. That requirement is placing new strains on service members who leave Iraq and then must prepare to return a few months later." Experts "said that the Iraqi training program has worked but that its success is undercut by the lack of strong Iraqi political leadership." Critics, though, "believe that the U.S. training program itself is flawed, lacking both funding and enough U.S. advisers and trainers."

Brookings Scholars Say US Is Neither Winning Nor Losing In Iraq. In a commentary for the New York Times (10/1, 1.21M), Brookings scholars Michael O'Hanlon and Nina Kamp and graphic designer Amy Unikiewicz argue, "Our own tracking statistics from the last four years in Iraq will provide ammunition for both supporters and critics of the war. But one fact seems clear: this year's violence was the worst since liberation, and probably the worst over all since 1991. ... On balance, the data suggest that while Iraq is not lost, the United States and its allies there are hardly winning either."

Baghdad Is Under Curfew; Sunni Politician's Guard Is Arrested. The Washington Post (10/1, Raghavan, 748K) reports, "The streets of Baghdad were mostly quiet Saturday, with the capital under total lockdown a day after U.S. troops arrested a bodyguard of a Sunni Arab political leader on suspicion of planning suicide bombings inside the fortified Green Zone. The day-long curfew in this city of 7 million people was the first to ban both pedestrian and vehicle traffic since the U.S.-led invasion in 2003." In addition, US forces "raided the residence of Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in Iraq's parliament, and took into custody his bodyguard, identified by Dulaimi's supporters as Khudir Farhan Zargan." After Dulaimi's denials of Zargan's guilt, the US military revised its statement about the arrest, saying that "this operation in no way implies [Dulaimi] was associated with any illegal activity; he was not the target in this operation."

The New York Times (10/1, Luo, 1.21M) says the city is "quiet" under a "strict curfew," writing, "Uncertainty remained,

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however, over what exactly prompted the curfew on vehicle and pedestrian traffic, called Friday night without explanation by the Iraqi prime minister's office." The Times, like the Post, reports the suspicions surrounding Dulaimi.

The AP (10/1, Quinn) reports, "There have been fears that insurgents would try to stage a spectacular attack during Ramadan following a series of calls from al-Qaida in Iraq's new leader." The arrested bodyguard "could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful he could ever have reached the heavily guarded U.S. embassy compound inside the Green Zone." The Washington Times (10/1, 88K) carries a shortened version of this story.

The Los Angeles Times (10/1, Smith, Rasheed, 918K) reports, "A statement from the U.S. Army said the man was part of an Al Qaeda cell 'in the final stages of launching a series of … attacks' that would have used several vehicles and possibly suicide vests. It said a seven-member cell believed to be linked to vehicle bombings in south Baghdad was planning the attacks on the area that houses the Iraqi government and U.S. and other embassies under heavy military protection." Both US and Iraqi officials "denied any connection between the curfew announcement late Friday and the politically sensitive arrest. An Army spokesman said the U.S. had recommended the curfew in hopes of quelling violence that has increased during the monthlong observance of Ramadan." However, an Iraqi police official said "the curfew was a reaction to a plot that sounded similar to the one described by U.S. officials but was instead aimed at Baghdad residents." Suspicions linger around the politician Dulaimi; "Jill Carroll was abducted and her driver killed as they were leaving Dulaimi's headquarters after the lawmaker failed to show up for a scheduled interview."

Ambassador Defends Maliki's Security Plan.

The Los Angeles Times (10/1, Moore, 918K) reports, "U.S. Ambassador Zalmay Khalilzad said Saturday that he supported the Iraqi prime minister's plan to disband sectarian militias through negotiations while using his military to go after the most extreme elements." Khalilzad "disagreed with recent complaints by U.S. military officials in Iraq and politicians in Washington that Prime Minister Nouri Maliki hasn't been doing enough to rein in Shiite militias." He called those complaints evidence of "tactical differences" he had with those commanders.

Iraqi Engineer Recalls Being Held Hostage.

In the New York Times magazine (10/1), Iraqi engineer Raad Ali Abdulaziz writes that he was kidnapped while working for an "Italian humanitarian organization" in 2004. The captors released him and two Italians "after a secret deal with the Italian Red Cross." Abdulaziz complains "that many Iraqis and Arabs around the world hoped I would be beheaded — even some people I knew." He concludes, "This cannot be God's way."

Bombing Kills 12 In Afghanistan. The New York Times (10/1, Gall, 1.21M) reports, "Central Kabul was rocked by a deadly suicide bombing that killed 12 and wounded more than 40, just hours before President Hamid Karzai announced that his recent trip to Washington had elicited assurances from Pakistan that it would act against Taliban insurgents in its territory. The suicide attack [was] the second in Kabul, the capital, this month."

The Washington Post /AP(10/1, Faiez, 748K) reports too that "it was the second major suicide attack in Kabul this month." The AP reports the release and departure from Afghanistan of Brent Bennett "after serving more than two years for operating a private prison as part of a freelance hunt for terrorists." The Washington Times/AP (10/1, Straziuso) also reports the release of Bennett, writing, "It was not clear if Bennett, 29, was free or in the custody of U.S. officials."

Afghanistan Considers Herbicide. The AP (10/1, Krane) reports, "With profits from this spring's record opium crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide. Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes." However, "U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops." The AP calls opium eradication "one of the great failures of the five-year period since the U.S.-led invasion in 2001."

NATO Takes Command Of Some US Troops. The AP (10/1, Krane) reports, "NATO will take command of up to 12,000 U.S. troops and the territory they control in Afghanistan in a 'few days,' a spokesman for the alliance said Sunday. The planned expansion of the alliance's operation to the rest of the country will consolidate most military

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responsibilities under the command of top NATO leader, British Lt. Gen. David Richards." According to an alliance spokesman, "Some 8,000 U.S. troops tracking al-Qaida terrorists or involved in aerial operations will remain under direct U.S. command"; on the other hand, "The 12,000 U.S. troops in the regional command in eastern Afghanistan headed by U.S. Army Maj. Gen. Benjamin Freakley will fall under NATO command." The transition puts the role of Lt. Gen. Karl Eikenberry "in doubt."

Afghanistan "Triangle" Copes With Trouble. In a Week in Review piece for the New York Times (10/1, 1.21M), reporter David Rohde writes, "There are three critical problems today: the weakness of Afghan security forces, a rampant opium trade and allegations that Pakistani officials turn a blind eye to Taliban activity in their territory. Those three problems are wrapped up with a fourth: a creeping skepticism among Afghans and Pakistanis about the seriousness of the American and NATO commitments to stay in Afghanistan."

Rohde Fact-Checks Musharraf Book. In the New York Times Week in Review (10/1), Rohde examines some assertions of Pervez Musharraf's new book. He contends that, despite Musharraf's claim that no Pakistani troops have left the "tribal areas," "Pakistani forces have withdrawn to their barracks and tribal militias now patrol the border area, where American officials believe Taliban members cross into and out of Afghanistan."

Musharraf Book Seen As Critical Of Karzai. Dan Eggen in the Washington Post (10/1, B3, 748K) Outlook section similarly examines passages from Musharraf's book noting he writes, "The fact that so many Saudis are in the Konar area [of Afghanistan] perhaps suggests that this is where Osama bin Laden has his hideout, but we cannot be sure. I have said, half-jokingly, that I hope he is not caught in Pakistan, by Pakistan's troops." Eggen states, "This claim amounts to a public slap at Afghan President Hamid Karzai -- who complains about Pakistani tolerance of militants along the border -- and U.S. intelligence officials, who have long thought that bin Laden is in Pakistan. The affront was made worse by timing: President Bush hosted Musharraf and Karzai last week at a joint dinner meant to improve relations between the two feuding leaders."

Dallas News Urges Military "Rebuilding." The Dallas Morning News (10/1, 500K) editorializes, "The U.S. military hasn't failed in Iraq. It accomplished exactly what it was asked to do, which was overthrow Saddam Hussein. What its leadership didn't bargain for – and what our military isn't built for – is the messy aftermath. Simply, Washington has asked its military to do too much with too little. ... The core of this country's readiness – the men and women in uniform – must be restored as smartly and quickly as possible. ... The elements of that sacrifice – whether a tax increase, a draft or some other drastic measure – are unpalatable topics headed into an election."

Eric Posner Criticizes "Humanitarian War Myth." In a commentary for the Washington Post (10/1, 748K), law professor Eric Posner argues against justifying wars for humanitarian reasons: "Yet, if the United Nations were to have its way, the Iraqi debacle would be just the first in a series of such wars -- the effect of a well-meaning but ill-considered effort to make humanitarian intervention obligatory as a matter of international law. Today Iraq, tomorrow Darfur." Somalia and Iraq have proven humanitarian war to be "an oxymoron," since costs are high and benefits "usually are low." Posner says that an intervention in Darfur will "surely" prove this point again.

Book Review Praises Three War-Critic Authors. In a review for the San Francisco Chronicle (10/1, 405K), author Todd Oppenheimer writes, "Individually, each of these books -- Fiasco (The Penguin Press; 482 pages; $27.95), Imperial Life in the Emerald City: Inside Iraq's Green Zone (Knopf; 320 pages; $25.95) and The End of Iraq: How American Incompetence Created a War Without End (Simon & Schuster; 260 pages; $26) -- has its shortcomings. But those misses are dwarfed by the weight of persuasive material each author has found, and by the elegance of their presentations. Taken together, their evidence makes a staggering case against President Bush and his staff. ... Although the ultimate blame for a campaign that fails at a cost of $5 billion a month obviously falls on the president, the finger in each of these books points repeatedly at a more direct target: Defense Secretary Donald Rumsfeld. Judging from these and other reporters' accounts, Rumsfeld has little patience for scholarly deliberation, and he seems allergic to the concept of planning."

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Indiana Federal Prosecutor Says Fighting Corruption Still Major Priority. The Northwest Indiana Times (10/1, Carlson) reports, "With a mission to fight political corruption, Joe Van Bokkelen knew he had a major job on his hands in becoming the top federal prosecutor in a district that included Lake County." The Times continues, "Sure, Van Bokkelen and his prosecutors in the U.S. attorney's office have sent hundreds of drug dealers and gang thugs to prison -- particularly felons carrying firearms in defiance of strong federal anti-gun laws. .. . But when he came to office five years ago this month, Van Bokkelen carried a bias toward fighting public corruption." The Times adds, "In a wide-ranging interview last week, he said he's proud of the work accomplished under his watch. Those jailed include a former U.S. congresswoman (Katie Hall), a former state party chairman (Peter Manous), a former town judge (Deborah Riga), and more than 30 county, city and township employees. .. . 'For the life of me, I don't understand why public officials think they're entitled to more money than the statute says,' he said. 'You shouldn't become a public servant to get rich. I have no tolerance for people who think they're entitled to more.' .. . But some observers question the long-term impact of his work. Can one watchdog office change a political culture? Even Van Bokkelen acknowledged disappointment that his prosecutors' efforts don't seem to have changed the expectations voters have for their public servants."

CORPORATE SCANDALS:

Silicon Valley Called A "Hotbed" For Corporate Espionage. The Contra Costa Times (10/1, Ha) reports, "One day last June, FBI agents swooped into two affluent Silicon Valley homes and arrested two engineers. Lan Lee and Yuefei Ge stand accused of stealing proprietary chip designs and software from their employer, NetLogic Microsystems of Mountain View and Taiwan Semiconductor Manufacturing Co. in San Jose. .. . Now investigators are asking the Justice Department to charge Lee, an American citizen, and Ge, a Chinese national, with a more serious crime: economic espionage to benefit China." The Times continues, "The case highlights China's role as the main adversary in a complex game of 21st century espionage where many agents aren't trained spies in trench coats but businessmen, students and researchers. Silicon Valley, counterintelligence experts say, is ground zero. .. . 'Silicon Valley is a hotbed' of economic espionage, said Don Przybyla, who heads a FBI counterintelligence unit in San Jose. The valley is home to many of the estimated 3,000 Chinese front companies nationwide set up to steal secrets and acquire technology, according to the FBI." The Times adds, "Lee and Ge allegedly set up a front company backed by a Beijing venture capital firm with links to China's military and planned to go into business with the Chinese government. … In a global economy where intellectual property has become a valuable currency, state-directed espionage increasingly targets technology and commercial trade secrets to advance a nation's military and economic strength."

CRIMINAL LAW:

Pirro Repeats Call For DOJ Leak Probe. Long Island Newsday (10/2, Virasami) reports, "At a Staten Island rally, Jeanine Pirro got a warm welcome from her Republican colleagues who also slammed her opponent and vowed to stick with her through Election Day despite her recent bug planting scandal." Newsday continues, "In a show of Republican unity, Pirro, the state GOP candidate for attorney general, was among friendly faces at the rally that included gubernatorial candidate John Faso and Rep. Vito Fossella of Staten Island. … After the rally, Pirro made another defiant call for Attorney General Alberto Gonzales to appoint a special prosecutor to investigate the leak about her alleged plot to bug her husband's boat over suspicions he was having an affair. … Pirro said she wants a 'fast track' probe of the leak to help clear her name so that she can focus on the campaign. .. . 'We've seen it too often. You hear about smears in a political campaign and then all of a sudden at the end of the campaign it all goes away,' Pirro said. 'Not this time, not with this candidate and not here in New York any more.'"

Long Island Newsday (10/1, Kessler, Kelleher) reports, "To federal prosecutors, it may not matter that attorney general candidate Jeanine Pirro and former New York City Police Commissioner Bernard Kerik did not fully act on discussions about planting a bug on her husband's boat to try to find out if he was having an extramarital affair. Regardless, the two still may have violated federal conspiracy laws, sources familiar with the investigation said Saturday."

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Newsday continues, "One source noted that if someone plans and takes steps to carry out a bank robbery, one doesn't actually have to rob a bank to be charged with conspiracy. … But in an interview Saturday, Pirro's attorney, Paul Shechtman, scoffed at the entire investigation. … It is not entirely clear under what circumstances one spouse can bug another or whether the site of the potential bugging -- in this case, the boat of Pirro's husband, Albert -- is a joint marital property, the sources said."

Jury Convicts Former New Mexico Treasurer Of Single Extortion Count. In a widely-distributed story, the AP (10/1, Korte) reported former New Mexico Treasurer Robert Vigil "was convicted Saturday of one count of attempted extortion and acquitted of 23 remaining counts of extortion and racketeering in his public corruption trial. … The federal investigation…spanned two years and also led to the arrest of Michael Montoya, Vigil's predecessor. Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil." The AP noted, "Jury foreman Bill Strouse said the panelists didn't believe government witnesses, including Montoya. 'The acquittal doesn't mean Mr. Vigil was universally admired,' he said. 'It just means he wasn't guilty of a crime.'" KRQE-TV Albuquerque (9/30, McCormick) reported, "Jurors found him not guilty of demanding and accepting kickbacks while state treasurer despite what appeared to be compelling evidence against him including secret recordings and testimony from former colleagues who cooperated with the FBI and federal prosecutors. Undercover video showed Vigil accepting thousands of dollars in cash from a man doing business with the state. However juror Michael Cisneros told KRQE News 13 the evidence didn't convince him Vigil demanded any payments but did suggest he had been set up."

Columnist Says US Ignoring Rise In Crime. In a column for the Boston Globe (10/1), Joan Vennochi writes, "Across the country, violent crime is on the rise. Does anyone in Washington care? … No, complains a growing chorus of police chiefs and mayors. … 'They're not home,' says Boston's mayor, Thomas M. Menino, when asked about the federal response to pleas for assistance in fighting urban crime. 'Mayors are frustrated. They're on the frontlines, and no one's helping.'" Vennochi continues, "The global war on terrorism -- the one fought in Iraq, Afghanistan, and at home -- is now the Bush administration's priority. The other war on terror -- the one against street gangs and miscellaneous thugs across America -- is left to resource-deprived locals. … 'The federal government has stepped back significantly from dealing with the issue of local crime,' charges Los Angeles Police Chief William J. Bratton. 'This administration in Washington clearly feels that local crime is an issue for local towns and municipalities.'" Vennochi adds, "Bratton said he and other local law enforcement officials met last summer with US Attorney General Alberto R. Gonzales and 'expressed our frustration' with the lack of support from Washington. According to Bratton, Gonzales was not moved by their pleas: 'He told us the priorities of the federal government have to be focused on issues of terrorism, to prevent the cataclysmic casualties we saw clearly at the World Trade Center [during the Sept. 11, 2001 attack]. But the reality is, the 16,000 American citizens we are losing to gun violence and many thousands of others being shot, far surpasses anything launched by groups engaged in terrorism.' … The global war on terrorism is now a national priority, but it took the shock of 9/11 to make that happen. … What will it take to make the homegrown violence on America's streets of equal concern in the nation's capital?"

Effectiveness Of Transition Work Programs For Ex-Convicts To Be Assessed In New Study. The New York Times (10/1, Eckholm, 1.21M) reports that though garbage sorting jobs for released convicts are "noisy, dusty and smelly, paying $6.50 an hour," many of the workers "see the temporary work as a fresh start. The jobs are arranged by a Chicago charity, the Safer Foundation, which works with current and former prisoners. Offering transitional jobs like these — immediate, closely supervised work and help finding permanent employment — is a growing tactic in the effort to usher felons back to society and curb recidivism." According to the report, "Now the effectiveness of this approach is about to be tested scientifically for the first time. Starting in January, the employment and recidivism rates of 2,000 newly released male prisoners, all with similar histories of little work and poor schooling, will be studied in Detroit, Milwaukee, St. Paul and Chicago." According to the report, "The experiment, which will track the two groups over three years, is being sponsored by the Joyce Foundation in Chicago and directed by the Manpower Development Research Corporation in New York, which specializes in scientific studies of poverty programs."

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CIVIL RIGHTS:

Gay Marriage Proponents Hope To Win Victory At The Polls. The AP (10/1, Crary) reports, "When it comes to statewide votes on gay marriage, the score so far is 20-0 in favor of keeping it a one-man, one-woman institution. If there's a chance to break the streak on Nov. 7, it might be in Wisconsin, where activists believe that support from unions, college students and church leaders — coupled with hoped-for conservative apathy — could enable them to finally overcome the string of losses." According to the report, "Eight states will vote on ban-gay-marriage amendments in November, following 20 that previously approved such measures. Passage is considered certain in Idaho, South Carolina, South Dakota and Tennessee, but gay-rights strategists believe their side is at least competitive in Arizona, Colorado, Virginia and Wisconsin."

Congress Removes Chaplain Prayer Provision. The New York Times (10/1, Banerjee, 1.21M) reports, "Congress removed a controversial provision in a military bill on Friday that would have permitted chaplains to offer sectarian prayer at mandatory nondenominational events. At the same time, lawmakers moved to rescind guidelines issued last year by the Air Force and Navy meant to curtail the risk of religious coercion and proselytizing within the ranks. ... The provision's backers — among them Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee — contended that Christian chaplains had long invoked Christ in nondenominational settings. The provision was championed by some evangelical chaplains and Christian groups, like Focus on the Family. But it was opposed by the Pentagon, the National Association of Evangelicals and a dozen or so ecumenical groups."

Integration Of All-Women's Virginia College Draws Controversy. The Washington Times (10/1, Lang, 88K) reports, "Some alumnae and teachers at Randolph-Macon Woman's College say accepting male students to resolve financial problems is a shortsighted effort that undermines the school's 115-year-old tradition. … Board members voted 25-2 last month in favor of admitting men in the fall of 2007, the culmination of a three-year effort by the board to develop strategies to ensure the college's future." According to the report, "The vote also brings in a new strategic plan that emphasizes a 'global honors curriculum,' which focuses more on individual study, travel and honor-system values. … However, the changes have sparked a backlash -- from alumnae withdrawing their support to protests and boycotts by many of the about 680 female undergraduates on the pastoral Lynchburg, Va., campus."

ANTITRUST:

Group Urges DOJ Probe Of Smithfield Deal. The Sioux Falls (SD) Argus Leader (10/1, Dobbs) reports, "A coalition of agriculture and consumer groups threw its support behind Midwest lawmakers who want the U.S. Department of Justice to investigate Smithfield Foods' plan to buy rival Premium Standard Farms of Missouri, a deal that would merge the nation's two largest hog producers." The Argus Leader continues, "The coalition contends that the proposed acquisition, if approved, will hasten the consolidation of livestock markets and swing open the doors to inflated pork prices for consumers. That, critics say, could happen because the deal would lessen competition in the livestock industry. … That, they say, should raise antitrust concerns for federal investigators. .. . 'Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive, and consumers lose,' the coalition, which includes 15 groups in all, said in a letter to Attorney General Alberto Gonzales." The Argus Leader adds, "The coalition includes Dakota Rural Action, Dakota Resource Council, the National Consumers League and the National Farmers Union … Virginia-based Smithfield, which owns the John Morrell & Co. meatpacking plant in Sioux Falls, announced in September it would buy its rival for about $650 million in cash and stock. … The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own about 20 percent of the nation's hogs. That could limit independent hog producers' options and ability to get good prices for their meat, lawmakers said."

DOJ Official Clarifies Law On Online Bidding. In a letter to the editor of the New York Times Magazine (10/1), Scott D. Hammond, Deputy Assistant Attorney General for the Justice Department's Antitrust Division, writes, "In the Sept. 3 column, the Ethicist told an art collector that accepting a proposal from a fellow collector to agree not to

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bid on the same prints in eBay auctions would be unethical. I agree. The Ethicist also reported a lawyer's advice that 'collusive bidding is illegal in the auction world,' adding that it 'may not be illegal online — Internet auctions are largely unregulated.' But the federal antitrust laws apply to competition on Internet auctions as much as to physical auctions. Agreements between bidders not to bid against one another or to bid at certain prices are criminal violations of the Sherman Antitrust Act, punishable by up to 10 years in prison."

ENVIRONMENT:

US Charges Citgo With Texas Air Pollution. The San Antonio Express-News (10/1, Caputo) reports, "Two massive vats of oil, each capable of holding 12 million gallons, sat uncovered in this city's sprawling refinery row for at least a dozen years, releasing unknown quantities of toxic benzene into the air." The Express-News continues, "In August, the Justice Department leveled a 10-count criminal indictment against Citgo Petroleum Corp. and the environmental manager of its Corpus East plant, alleging the refinery released tons more of the cancer-causing chemical than allowed by law in 2001 and 2002 — while company officials knowingly underreported the emissions. .. . But state regulators have been trying unsuccessfully to force Citgo to install lids and pollution-control systems since 1999, according to a review of thousands of pages of regulatory documents obtained by the San Antonio Express-News under state open records laws." The Express-News adds, "The review revealed that the refinery's pollution issues go back much further than the indictment shows. State regulators, documents indicate, seemed to exert little influence over the the refinery's operation, and enforcement efforts often dragged on and on, letting the company operate with violations for years before paying fines. .. .Texas Commission on Environmental Quality records show that the refinery spewed tons more benzene than permitted not just in 2001 and 2002, as the federal indictment charges, but also in 1998, 1999 and 2000."

Senate Allots $75 Million For Artillery Shelling Of National Park. The Washington Post (10/1, A3, Harden, 748K) reports, "the Burlington Northern Santa Fe Railway, now wants to lob artillery shells into mountain-goat habitat inside [Glacier national Park], which straddles the Continental Divide here in northwest Montana. The shelling would help control winter avalanches that sometimes threaten BNSF freight trains, about 40 of which pass daily through mountains just south of the park's border. Besides seeking federal permission for the occasional wintertime bombardment of the park, the highly profitable railroad stands to benefit from little-known legislation -- passed in the Senate and pending in the House -- that would spend as much as $75 million in federal grants to pay for avalanche control. The legislation, introduced by two senior Republican lawmakers from Alaska and written, in part, by an avalanche expert who is a paid consultant to BNSF, would approve the use of federal money to assist 'avalanche artillery users.'"

In Absence Of Federal Action, Local, State Governments Act On Environmental, Energy Issues. In an outlook column in The Los Angeles Times (10/1, 918K), Ronald Brownstein writes, "In the absence of serious national action, state and local governments and the private sector are taking the initiative in confronting the interlocked problems of global warming and energy conservation. The most dramatic example is the legislation California Gov. Arnold Schwarzenegger signed last week mandating reductions in the state's emissions of the gases associated with global warming." Brownstein adds, "But city governments and the private sector are also formulating some of the most innovative responses to a problem the federal government still refuses to confront head-on. … The real message of the green development movement is that American ingenuity can meet the test if the federal government challenges us to combat global warming by using energy more efficiently. Now all we need is a government with the confidence and foresight to issue the challenge."

FBI/DEA/ATF/USMS:

Colorado School Shooter Wrote Of Childhood Abuse. The Denver Post (10/1, Mitchell) reports, "A fishing trip with his older brother was the only happy memory Duane Roger Morrison recounted in a farewell letter in which he describes a difficult, abusive childhood. … His childhood was so crippling, he told five siblings in the rambling 14-page letter, that he was never able to function normally, and it was time to end his pain, a law enforcement official said Morrison wrote." The Post

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continues, "The letter said that as long as he lived, he would never forget the abuse at home and how petrified he was whenever his father approached him. .. . The Denver Post obtained previously unpublished details Saturday about the contents of the letter. .. .The letter, mailed from Shawnee, just outside of Bailey, was received by one of Morrison's brothers Thursday, the day after Morrison entered Platte Canyon High School, took six girls hostage, sexually assaulted them and ultimately killed Emily Keyes, 16, and himself." The Post notes, "Morrison gave no hint in the letter of what he planned to do at the high school, Park County Sheriff Fred Wegener said. … The letter stated that Morrison was in emotional pain because of treatment by his father, said Joe Gordon, the Bureau of Alcohol, Tobacco, Firearms and Explosives' assistant agent in charge of a five-state region that includes Colorado."

IMMIGRATION:

Border Fence Seen As Likely To Emerge As Campaign Issue. NBC Nightly News (10/1, story 7, 2:00, Holt, 9.87M) reported, "On Capitol Hill, the Senate approved a package to build a 700-mile fence along the border with Mexico. The President promised to sign it despite anger from immigrant groups." NBC added, "The additional 700 miles would cost an estimated $2 billion to $9 billion. … The wall would be similar to what the National Guard is putting up south of San Diego. Immigrant rights groups say it is the wrong approach." NBC noted, "The bill doesn't address the status of the estimated 12 million immigrants living here illegally and makes no provision for a guest worker program. Farmers and some elected officials complain a further crackdown will cripple agriculture. … Democrats will use the issue to court Latino voters in the elections."

Congress "Postponed" Immigration Debate Until Next Year. The Houston Chronicle (10/1, Mittelstadt, 535K) reports, "For all the fierce debate that raged this year in congressional corridors and spilled onto the streets of Houston and other cities in massive demonstrations, Congress has left town essentially stalemated over illegal immigration. Though congressional Republicans can claim some success in adding billions of dollars for enhanced border security and securing approval for 700 miles of fencing along portions of the U.S.-Mexico boundary, the philosophical clash between the enforcement-minded House and the legalization-friendly Senate has been postponed — most likely until next year. … In the end, vastly different diagnoses about how to prevent illegal immigration, internal Republican divisions, President Bush's loss of clout on Capitol Hill and a highly competitive clash for control of Congress in the November elections all contributed to lawmakers' failure to deliver on an issue they vaulted to public attention."

Many Texas Border Towns' Residents Critical Of Fence Proposal. The Los Angeles Times (10/1, Bustillo, 918K) reports, "Many of these Texas border towns blossomed on the riverbanks not even a football field away from Mexico, a bilingual, binational culture where everyone knows someone on the other side. Here, the fence was widely seen as a federal government misadventure that would trample private property rights without accomplishing anything. … Many expressed shock that a proposal they considered a pipe dream by pandering Washington politicians had been approved, and that a fence they likened to the Berlin Wall could soon separate them from their neighbors. 'For so many years, we talked about tearing down that wall. Now we want to build a wall between us and Mexico? It makes us look like hypocrites,' said Denise Carreon, 21, who like many border residents still had family members to the south. Many others expressed outrage that the Rio Grande, a near-mystical river in the Texas imagination and one of the most prized bird-watching spots in North America, could soon be blocked from view."

Tighter Border Security Blamed For Farm Laborer Shortage. The AP (10/1, White) reports, "Growers say tightened border security and longer lines for day crossers have cut the numbers of farm workers who cross the border legally or illegally. Illegal immigrant workers who used to travel the country picking different crops as the seasons changed are hesitant to migrate for fear of being caught. And the lure of higher paid jobs with better working conditions, such as construction, are keeping some farm workers away. And the labor shortage will only get worse until Congress tackles immigration reform, growers and worker advocate groups say." The AP goes on to report, "According to the Department of Labor's National Agricultural Workers Survey, 53 percent of the hired crop labor force lacked authorization to work in the U.S. in 2001-02. Worker advocates and grower associations agree the actual figure is probably closer to 80 percent. Three-quarters of the hired farm work force in the U.S. was born in Mexico. And more than 40 percent of crop

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workers were migrants, meaning they had traveled at least 75 miles in the previous year to get a farm job, the survey showed."

Mexicans Respond To Congress's Approval Of Border Fence. The Los Angeles Times (10/1, Tobar, 918K) reports the Senate vote on the border fence "has left many Mexicans wondering whether the open door to the north may slowly be closing. Some Mexicans saw the vote as a collective slap in the face that highlighted the failure of their country's leaders to give Mexicans a reason to stay home. Few observers here expect the new barriers to stop people from Mexico and Central America from seeking a better life in the United States. New smuggling routes are expected to open through ever-more-remote stretches of desert, or over the waters of the Rio Grande. But the bill approved by Congress, and soon to be signed by President Bush, signals a new shift in an era that has seen dramatic cultural and demographic changes in both countries."

Most Economists Said To Regard Illegal Immigration As A Net Positive. The Los Angeles Times (10/1, Streitfeld, 918K) reports, "The presence in the United States of…12 million other illegal immigrants is one of the most contentious issues of the era. … Economists are less divided. In the main, they say the American engines of industry and commerce have always been fueled by a steady supply of new arrivals. Immigrants, they contend, contribute to consumer spending and, instead of replacing native workers, create jobs. 'Overall, immigration has been a net gain for American citizens, though a modest one in proportion to the size of our $13-trillion economy,' 500 economists wrote in an open letter to Congress on June 19. Measuring the contributions of illegal workers is a difficult task, however. Many numbers are vague or open to dispute. A few experts contend that the gains are not clear-cut and that any benefits are far from being universally shared."

Houston Police To Work More Closely With Federal Immigration Agents. The Houston Chronicle (10/1, Stiles, 535K) reports, "Under fire in recent months over its policy toward illegal immigrants, the Houston Police Department is unveiling new procedures today to allow more cooperation with federal agents trying to catch criminals living in the country illegally. Officers still will not inquire about the immigration status of people they haven't arrested, so the changes are unlikely to quiet critics who have labeled Houston a 'sanctuary city' for illegal immigrants. But the department is making several key revisions. An announcement is expected today, less than two weeks after the shooting death of police officer Rodney Johnson caused simmering opposition to the department policy to flare anew. An illegal immigrant who previously had been deported is charged in the slaying."

Northern Virginia Town Votes To Enforce Immigration Laws. The Washington Post (10/1, C7, Turque, Brulliard, 748K) reports Herndon, Virginia's council "voted last week to apply to U.S. Immigration and Customs Enforcement for enrollment in the agency's 'Section 287(g)' program, which trains local police officers to determine whether criminal suspects in custody are illegal immigrants. Officers certified by the program can detain them and even begin deportation proceedings before turning cases over to the federal agency. … The prospect of Herndon's entry into the program has again placed the town near the epicenter of the national debate on immigration policy. About a quarter of its 23,000 residents are Latino immigrants, according to census data. It has also rekindled tensions that emerged with the council's decision last year to open a publicly funded day-labor center to help immigrant workers find jobs."

Immigration Said To Contribute To Environmental Concerns. The Washington Times (10/1, Richardson, 88K) reports, "Illegal immigration is an environmental issue for Shela A. McFarlin, who has seen firsthand the tons of trash dumped in the fragile Arizona desert by border-crossers. Illegal aliens have turned parts of the Southwest desert into environmental disaster areas -- dumping an estimated 25 million pounds of trash in the Arizona desert, carving out hundreds of miles of roads through the wilderness and destroying thousands of acres of habitat with cooking fires that have gone awry. … Once the immigrants, both legal and illegal, arrive, the scenario isn't much rosier. Immigration is now the primary factor in U.S. population growth, which drives such environmental woes as housing sprawl, pollution and traffic. But don't expect your local Green Party activist to grab a lawn chair and join the Minutemen border patrols any time soon: The mainstream environmental movement is firmly and uniformly agnostic on the issue."

Judge Rules Against Immigrant Activist Living Facing Deportation. The AP (10/1, Tareen) reports, "An immigration activist who took refuge in a church after the government ordered her deported to Mexico said Saturday she will remain holed up there, even though a federal judge dismissed a lawsuit filed on her behalf. The lawsuit against the government had contended that deporting Arellano [no

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first name given] would effectively deport her son Saul, who is a U.S. citizen, and would violate his rights. U.S. District Judge Amy St. Eve ruled Friday that although the 7-year-old would face hardships, they weren't of constitutional magnitude. Arellano, 31, and her son have been living at the Adalberto United Methodist Church since mid-August."

Lack Of Maintenance Along US-Canada Border Proves Problematic. The Washington Times/AP (10/1) reports, "The United States wants to better secure its border with Canada, but it may have trouble finding it in some areas, an official with the agency that maintains the border said. The United States and Canada have fallen so far behind on basic maintenance of their shared border that law-enforcement officials may have to search through overgrown vegetation for markers in some places, the official said. "

CONGRESS-ADMINISTRATION:

Focus Of Foley Scandal Shifts To GOP Leadership's Conduct. NBC Nightly News (9/30, story 2, 2:30, Holt, 9.87M) reported, "Back in this country the email scandal that forced Friday's resignation of congressman Mark Foley exposed what may have been an open secret on Capitol Hill. There is word tonight that some key House Republicans, including the Speaker of the House, have known for months about Foley's inappropriate emails to an underage former page." NBC went on to report, "House Speaker Dennis Hastert said Foley did the right thing and called for an ethics investigation. … The Speaker said he had been told months ago about emails that raised some questions but not about any sexually explicit messages. But the head of the page system, Illinois congressman John Shimkus, said he and other House Republicans knew about those first ambiguous emails last year and 'we ordered Foley to cease all contact' with the boy."

The Los Angeles Times (10/1, Neubauer, 918K) reports, "Top House officials conceded that they had been alerted as early as last fall to concerns about Foley…but said they had discussed it with the congressman and were told that his relationship with the page was that of a mentor."

Hastert "Does Not Explicitly Recall" Previously Hearing About Foley Allegations. The New York Times (10/1, Hulse, Hernandez, 1.21M) reports, "Top House Republicans knew for months about e-mail traffic between Representative Mark Foley and a former teenage page, but kept the matter secret and allowed Mr. Foley to remain head of a Congressional caucus on children's issues, Republican lawmakers said Saturday. … The revelations set off a political upheaval, with Democrats and some Republicans calling for a full investigation of Mr. Foley's conduct and whether House leaders did enough to look into it. Members of the Republican leadership sought Saturday to detail how they had handled the case in an effort to defuse the situation, even as it was emerging as an issue in Congressional races. Among those who became aware earlier this year of the fall 2005 communications…were Representative John A. Boehner, the majority leader, and Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. Mr. Reynolds said in a statement Saturday that he had also personally raised the issue with" Hastert." The Times adds, "In a chronology of the episode released later on Saturday, the speaker's office said Mr. Hastert did not recall any such discussion and had no previous knowledge of the matter. 'While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution,' the statement said. … 'No one in the speaker's office was made aware of the sexually explicit text messages which press reports suggest had been directed to another individual until they were revealed in the press and on the Internet this week,' the statement from Mr. Hastert's office said."

Boehner And Reynolds Contradict Hastert's Original Statement. The Washington Post (10/1, A1, Weisman, Babington, 748K), in a front-page article titled, "GOP Leader Rebuts Hastert On Foley: Reynolds: Speaker Knew of E-Mails in Spring," reports Hastert "was notified early this year of inappropriate e-mails from" Foley "a top GOP House member [Reynolds] said yesterday -- contradicting the speaker's assertions that he learned of concerns about Foley only last week." Reynolds "and his office confirmed that some of Hastert's top aides knew last year that Foley had been ordered to cease contact with the boy and to treat all pages respectfully." Reynolds "became the second senior House Republican to say that Hastert has known of Foley's contacts for months, prompting Democratic attacks about the GOP leadership's inaction." Boehner "told The Washington Post on Friday that he had learned in late spring of inappropriate e-mails Foley sent to the page…and that he promptly told Hastert, who appeared to know already of the concerns. Hours later, Boehner contacted The Post to say he could not be sure he had spoken with Hastert." The Post adds,

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"Yesterday's developments revealed a rift at the highest echelons of House Republican ranks…and they threatened to expand the scandal to a full-blown party dilemma."

The AP (10/1, Barrett) reports, "On Friday night, Hastert spokesman Ron Bonjean said the top House Republican had not known about the allegations. … Democrats charged Reynolds did far too little and said more digging should be done. 'Congressman Reynolds' inaction in the face of such a serious situation is very troubling, and raises important questions about whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day,' said Democratic National Committee spokeswoman Karen Finney. New York Democrats hoping to unseat Reynolds blasted the congressman, saying they call into question the Republican's values."

Shimkus Recounts Confronting Foley Over Emails. The St. Louis Post-Dispatch (10/1, Shesgreen, 300K) reports, "Last year, the House clerk grabbed Rep. John Shimkus off the floor during a vote and said they needed to talk. It wasn't unusual for the clerk at that time, Jeff Trandahl, to catch Shimkus, in the hallway or on the House floor, since together they oversaw the House page program and often had items to discuss. This time, though, Trandahl had in his hand an email exchange between one of the House pages, a 16-year-old boy, and" Foley. Shimkus and Trandal "agreed: 'That was enough for us to approach Mark,' Shimkus recalled an interview Saturday. Soon after, they met with Foley and his chief of staff in the Florida congressman's office. 'We basically said, 'We got these emails. And we don't think this is appropriate. ... You have to stop (contacting this boy)',' Shimkus said. Shimkus said Foley told them, ''When I was a young person, an adult became my mentor inspired me to be a congressman and that's all I'm doing'.' Foley said if he was guilty of anything, Shimkus recalled, it was of being 'overly friendly.' As Shimkus and the rest of his House colleagues now know, 'He lied to me. He lied to the former clerk.'"

Democratic Candidate Now Favored To Take Foley's Seat. NBC Nightly News (9/30, story 3, 2:00, Holt, 9.87M) reported, "Florida Republicans are dealing with their own fall-out over the email scandal. Mark Foley had been expected to win re-election but his resignation may have turned the tables and put a critical seat for both parties up for grabs." NBC continued, "By early morning word had spread throughout Foley's district that the long-term congressman, who was very well liked here, is now embroiled in scandal. Much the reaction was harsh. … Political analysts say his democrat opponent, businessman Tim Mahoney, now has a strong chance to win the seat. Today Mahoney made a campaign appearance with Sen. John Kerry chastising republican leaders who knew earlier about Foley's misdeeds." Tim Mahoney: "It looks to me it was more important to hold on to a seat and hold on to power than take care of our children."

The AP (10/1, Farrington) reports, "Florida Republican officials on Saturday were still discussing the procedure to replace Foley as a candidate in the South Florida district, which President Bush won with 55 percent of the vote in 2004 and is now in play for November. Though Florida ballots have already been printed with Foley's name and cannot be changed, any votes for Foley will count toward the party's choice. State Rep. Joe Negron has been mentioned as a possible candidate. He would enter the race with several hundred thousand dollars left over from an attorney general campaign that he ended to avoid a primary with former U.S. Rep. Bill McCollum."

The South Florida Sun-Sentinel (10/1, Gibson, Hafenbrack, 265K) reports Rep. Debbie Wasserman Schultz and Kerry "seized on Foley's resignation and apology while campaigning for" Mahoney. According to the Sentinel, "Suddenly Democrats have the advantage in that race, putting the 16th District in the middle of a titanic nationwide struggle for majority control of the House. South Florida Republicans scrambled to contain the damage but acknowledged that the once-safe seat is vulnerable. 'It's going to be very much of an uphill battle,' said Palm Beach County Commissioner Mary McCarty."

Foley Portrayed Himself As Scourge Of Sexual Predators. The Washington Post (10/1, A4, Smith, 748K) reports Foley "built his political career in large measure on legislative proposals meant to halt the sexual predation of children and others. Beginning with his 1993 sponsorship of a measure in the Florida state legislature to seize the cars of men who solicited prostitutes, former restaurant owner and real estate agent Mark Foley repeatedly attracted a flattering political spotlight by inveighing against those involved in sexual crimes and presenting himself as a protector of exploited children.'

The New York Times' Mark Leibovich (10/1) writes Foley "gets triple bonus points for hypocrisy. As co-chairman of the House caucus on missing and exploited children, he

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has been a fierce advocate for tough sanctions against people who sexually exploit children over the Internet. Not that Democrats have been pointing this out relentlessly since the news broke or anything. Or reminding people that Mr. Foley was a big supporter of President Clinton's impeachment."

Page Program Has Figured In Past Scandals. The New York Times (10/1, Zeleny, 1.21M) reports, "The page program, a storied part of official Washington since 1829 and whose alumni include sitting members of Congress, is again at the center of a political controversy." Hastert "has ordered a fresh review of the program allowing high school students to work as messengers on Capitol Hill."

WPost Urges Appointment Of Outside Investigator. The Washington Post (10/1, B6, 748K) , in an editorial, writes, "Numerous fellow lawmakers, including Republican leaders, apparently had at least partial knowledge about Mr. Foley's disturbing conduct. A thorough and prompt accounting is needed of what colleagues knew about his behavior, when they knew it and what they did about it. … This isn't a matter of judging whether an individual member complied with ethics rules so much as of assessing the House's institutional response to a problem in its midst. The better course would be to appoint an outside investigator to do the fact-finding."

More Medicare Drug Plan Options Could Add To Confusion. The New York Times (10/1, Pear, 1.21M) reports, "Medicare beneficiaries will have access to more options for prescription drug coverage in 2007, with many insurers offering better value and a larger number of medications, the Bush administration said Friday. But the potential for confusion may also increase. … Consumer advocates…said beneficiaries should carefully review the options because prices have changed, often by significant amounts." The Times adds, "The drug program got off to a chaotic start in January. But the Bush administration, realizing that health care could be a potent issue for Democrats in midterm elections this fall, appears to have solved many of the biggest problems. Many experts had predicted a shakeout in the market for drug coverage, which is offered through dozens of private insurers subsidized by the government. But it did not occur."

Consumers' Preference For Expensive Drugs Drives Up Healthcare Costs. The New York Times (10/1, Berenson, 1.21M) reports, "Despite decades of efforts by governments and insurers to restrain costs, patients continue to want the newest — and most expensive — drugs and medical devices. And doctors and the health care industry have little reason to keep costs in check, because insurers rarely deny coverage for new treatments on the basis of price. As a result, health care costs continue to skyrocket. On Tuesday, the Kaiser Family Foundation reported that the cost of employee health insurance coverage rose 8 percent, according to a survey conducted from January to May this year. Businesses now spend about $8,500 a year for health insurance for the average family, the foundation said, with employees adding $3,000, not counting the cost of deductibles and other out-of-pocket payments."

Senate Confirms Peters As New Transportation Secretary. The AP (10/1) reports, "The Senate early Saturday confirmed President Bush's nomination of Mary Peters, Arizona's former Department of Transportation director, as the new secretary of transportation. Peters, a former federal highway administrator, succeeds Norman Mineta, a Democrat who resigned in July after six years in office."

Conservatives Look For SCOTUS To Revisit Recent Decisions. The Washington Post (10/1, A6, Lane, 748K) reports, "Abortion and race dominate the Supreme Court's agenda for the term that begins tomorrow, with the Bush administration and its conservative allies urging the justices to put limits on abortion rights and affirmative action. Conservatives want the court to uphold a 2003 federal law banning the procedure opponents call 'partial-birth' abortion, and to strike down local integration policies that distribute students by race. They are asking the court not only to rule in their favor, but to limit -- or, possibly, overrule -- recent constitutional decisions that have drawn heavy fire from the right." The Post notes, "The conservative push on social issues is just what Democrats and liberals…warned against during confirmation hearings for the two Bush appointees now on the court -- Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. In response, Roberts and Alito pledged to take due account of stare decisis , the rule that says the court should avoid overruling past decisions. So this term will be closely watched not only for the results the court reaches, but for how it reaches them."

Ryan Seeks To Shift Context Of Abortion Debate. In an op-ed for the Washington Post (10/1, B2, 748K) Slate's William Saletan writes, "IDemocrats for Life of America ,

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which has eight members of Congress on its advisory board and works with 30 others, has devised a plan to reduce the abortion rate by 95 percent ' by helping and supporting pregnant women .' Rep. Timothy J. Ryan (D-Ohio) was set to lead the charge. Then Ryan looked at the data and realized that to get anywhere near that target, he and his colleagues would have to provide more birth control. … From an antiabortion standpoint, trading contraception for 'choosing life' was a net loss. That's why Ryan insists on birth control. He's tired of pious slogans and symbolic bills crafted to save more congressional seats than babies. He has had enough of the debate between life and choice. He wants a new abortion debate. 'You're either for reducing the number, or you're not,' he says."

Iraq, Abramoff And Foley Scandal Said To Overshadow GOP Accomplishments. The New York Times (10/1, Hulse, Zernike, 1.21M) reports, "Republicans scored significant legislative victories in the closing hours. They pushed through the bill for detainee trials after weeks of internal squabbling, won approval for 700 miles of border fencing to show they are serious about cracking down on illegal immigration, passed spending bills for defense and domestic security, and enacted new port security initiatives. But the finale hardly went according to script for Republicans as they headed out to try to hold off Democrats determined to win a majority. The highly publicized case of [Rep. Mark] Foley…threatened to build into an institutional scandal. … But that was not all. Republicans were unable to win final approval of a bill to regulate domestic wiretapping." The Times also notes, "The disclosure of a National Intelligence Estimate saying the war in Iraq was fueling terrorism called attention to the issue Democrats most want to campaign on. … And Republicans wrapped up the way they started the year, with new revelations about Jack Abramoff."

GOP Said To Have Failed To Realize Ambitious Legislative Goals. The Boston Globe/AP (10/1, Abrams) reports, "Much work was left undone when Congress adjourned, after a legislative year that has been marked by sharp partisanship and the failure of Congress to agree on major lobbying reform and immigration legislation. … Many of the biggest legislative failures were Republican priorities that toppled when Republicans split into factions."

The Los Angeles Times (10/1, Hook, Levey, 918K) reports Republicans "left town with a record of accomplishment that paled in comparison to the grand ambitions they laid out following their 2004 election triumphs. It remains uncertain whether the gap between what the GOP set out to do and what it achieved will haunt its bid to retain control of the House and Senate — elections are decided by many factors beyond legislative scorecards. Still, the tally for the 109th Congress looms as a potential burden for Republican candidates. During the two-year session, President Bush and his party abandoned or scaled back the groundbreaking initiatives they once promised voters."

DeLay's Resignation May Have Exacerbated GOP's Loss Of Cohesion. The Houston Chronicle (10/1, Roth, Mittelstadt, 535K) reports, "Without Tom DeLay around to keep Republicans in line, the House has been unable to resolve tough issues, from immigration to lobbying reform. It has been criticized by independent experts and Democrats as a 'do-nothing' chamber. … Some GOP activists bemoan the loss of DeLay, saying his legendary arm-twisting skills are sorely missed."

NYTimes Calls Congress's Inability To Pass Spending Bills "Appalling." The New York Times (10/1, 1.21M) editorializes, "The new budget year, 2007, starts today. But Congress left town last week without having passed the spending bills needed to pay for about 20 percent of the federal government, basically everything except the military and homeland security, and automatic payments like Social Security and interest on the national debt. … For now, departments and programs that Congress has not gotten around to funding will operate at last year's level, or somewhat below. But fallback funding will not necessarily prevent hardship. Take the State Children's Health Insurance Program, paid for by the states and the federal government to insure four million low-income children. At least 17 states are entering the new budget year without enough money, jeopardizing coverage for 600,000 children. It's appalling that Congress did not act to avert this, especially since the Census Bureau recently reported that the percentage of uninsured children rose last year for the first time since 1998. Appalling, but not surprising."

Use Of Data Collected Under NCLB Criticized. In an op-ed in The Washington Post (10/1, 748K), George Will writes, "Common sense and conservatism, which are usually similar, said that the No Child Left Behind law, which vastly expanded the federal government's supervision of education from kindergarten

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through 12th grade, was problematic for two reasons: A few of the 50 state governors are apt to be wise innovators, so let policymaking remain at state and local levels." Will adds, "And when Washington makes a mistake, as it has been known to do, it is a continental mistake. The federal government has recently made one that subverts a promising development in education at the state level." Will adds, "That development is the 65 percent requirement: 65 percent of every school district's education operational budget should be spent on classroom instruction." According to Will, "No Child Left Behind supposedly promotes education accountability by mandating reliable data to measure progress. But Washington looks like an untrustworthy manipulator of data when it uses the phrase 'instruction-related activity' to draw a bull's-eye around the status quo."

Reading First Controversy Viewed As Indicative Of Federal Bureaucracy Gone Wrong. In an outlook piece in The Washington Post (10/1, 748K) Michael Grunwald writes that President Bush's No Child Left Behind Act has three goals. "The first was to focus on low-performing schools and students. … The second was to beef up the federal role in education, enforcing national standards through testing. The third was to bring facts and evidence to the notoriously squishy world of education policy, promoting teaching methods backed by 'scientifically based research' instead of instinct and fad." Grunwald adds, "The centerpiece of the new research-based approach was Reading First … Five years later, an accumulating mound of evidence from reports, interviews and program documents suggests that Reading First has had little to do with science or rigor. Instead, the billions have gone to what is effectively a pilot project for untested programs with friends in high places." According to Grunwald, "Local domination of education is an American tradition, and Bush took up a storied cause in challenging it. … But local-control advocates have always warned that empowering heavy-handed federal bureaucrats would breed self-serving, one-size-fits-all solutions. Now, Reading First is making them look like prophets."

"Intelligent Design" Viewed As Setback To Scientific Teaching. In an outlook piece in The Washington Post (10/1, 748K), the Biotechnology Institute's Paul Hanle writes, "I recently addressed a group of French engineering graduate students who were visiting Washington from the prestigious School of Mines in Paris." According to Hanle, he encouraged them to teach biotechnology, but one student said, "'How can you teach biotechnology in this country when you don't even accept evolution?' I wanted to disagree, but the kid had a point. Proponents of 'intelligent design' in the United States are waging a war against teaching science as scientists understand it. Over the past year alone, efforts to incorporate creationist language or undermine evolution in science classrooms at public schools have emerged in at least 15 states, according to the National Center for Science Education." Hanle adds, "This war could decimate the development of U.S. scientific talent and erode whatever competitive advantage the United States enjoys in the technology-based global economy."

Financial Aid Reforms Viewed As More Critical Than Ending Early Admissions In Higher Ed. In an op/ed in The Washington Post (10/1, 748K), University of Pennsylvania President Amy Gutmann writes, "To end or not to end early admissions: That is the question that colleges and universities are debating once again. The passion is great, but the stakes are small and the debate is a distraction from a far more important matter: the urgent need of all but a handful of colleges and universities to improve financial aid for students from low-income and middle-income families." Gutmann adds, "At the University of Pennsylvania and many other colleges and universities, early admissions have not been an impediment to improving access, and abolishing the practice will do no significant social good. … But we will accomplish nothing significant in improving access for students from low- and middle-income families unless we focus our attention on strengthening our need-based financial aid program."

In one of a series of education letters to the editor of The Washington Post (10/1, 748K), Harvard Graduate School of Education's Gary Orfield writes, "There should be efforts to very actively recruit middle-class people into neighborhood schools and make sure these really are schools that prepare kids for college. This recruitment has to be done with artistry and couldn't be started without straight talk about education and race." Orfied adds that in D.C., "You've got all this cherry-picking and vouchers that increases segregation across the system. If you're going to have millions of little charter schools, it's very hard to have a coherent educational plan for the city."

In another letter in the series of eight short op/eds by education experts in The Post, The Hoover Institution's Chester Finn Jr. writes, "A hundred efforts to reform the D.C. school system have foundered on the shoals of bureaucratic lethargy, union contracts and messed-up governance. A

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dozen 'reformist' superintendents have come and gone." According to Finn, "What's worked best to date — albeit not perfectly — is creating alternatives to the system's schools and letting children freely attend them. The District's burgeoning charter-school sector and its scholarship/voucher program attest both to the demand for such alternatives and to the feasibility of providing them."

OTHER NEWS:

Rising Interest Rates Impact National Debt. The New York Times (10/1, Gross, 1.21M) reports, "Money has gotten more expensive. The Federal Reserve's benchmark short-term interest rate has risen to 5.25 percent, from just 1 percent in June 2004. Long-term interest rates have risen less sharply." An Americans are "already paying a steeper price: taxpayers. After all, the United States government is the largest adjustable-rate borrower in the world. Each year, the national debt grows. Congress spends more than it is willing to raise in taxes, so it finances operations by selling debt to the public. In the last five years, the gross national debt, which includes bonds pledged to fund Social Security and other entitlements, has risen 46 percent, to about $8.5 trillion, from $5.8 trillion at the end of September 2001." The Times notes, "In the early years of this decade, even as President Bush and the Republican-controlled Congress sharply increased spending, net interest payments fell — to $184 billion in 2005 from $206 billion in 2001." But that "is reversing."

Bull Market Extends To Fourth Year. The New York Times (10/1, Lim, 1.21M) reports, "Next week, the bull market will celebrate its fourth birthday. This means that this bull is on the verge of accomplishing what four of the past seven could not — surviving to at least the start of Year 5." The Times notes, "If history is any guide, that fifth year may be surprisingly robust. Since 1942, bull markets that made it that far still had enough gas in the tank to generate average fifth-year gains of 10 percent, according to Standard & Poor's." Then "why isn't Wall Street in a more celebratory mood?" The Times adds, "It may have to do with how long this bull market is taking to bring stock prices back to their previous highs. It's been more than six years since equity prices peaked, in early 2000."

The Wall Street Journal (10/1, Talley, Hadi, 2.03M) reports, "The Dow Jones Industrial Average didn't manage to set a new record last week. But hang on. History suggests there's a good chance it will after the Nov. 7 election. Stocks tend to do very well following midterm elections, which occur two years into each presidential term. Indeed, since 1950, the average return for the Dow Jones Industrial Average from the November of a midterm-election year through the following October has been 18.6%. That's far better than the average annual gain of 8.4% from November 1950 through October 2003, a year after the last midterm election, in 2002."

Bush Will Devote Much Of The Next Month To Assisting GOP Candidates. The Los Angeles Times (10/1, Gerstenzang, 918K), in an article titled, "Bush Still Serves As GOP's Fundraiser In Chief," reports President Bush "has raised more than $180 million for the Republican Party and its candidates since he was reelected — an average of more than $261,000 per day. And now, the pace is picking up. This week, he begins a Western fundraising trip: Monday in Reno; Tuesday in Stockton, El Dorado County and Bel-Air; and Wednesday in Scottsdale, Ariz., and Englewood, Colo. Among the beneficiaries in California will be Reps. Richard W. Pombo (R-Tracy) and John T. Doolittle (R-Roseville). Each has had ties to convicted lobbyist Jack Abramoff, and each was considered vulnerable earlier in the campaign. … Bush's trip is part of what aides say will be an active travel schedule as the November elections approach." The Times goes on to report, "Bush will spend more time campaigning for GOP candidates in these weeks before election day, aides said. The White House continues to receive more requests for Bush's time as a campaigner than he can meet, said Deputy Press Secretary Dana Perino. 'Supply is not keeping up with demand,' she said."

Cheney's Unscripted Meeting With Reporters Noted. The Houston Chronicle (10/1, Mason, 535K) reports, "Reporters traveling with Vice President Dick Cheney were treated to an odd celebration last week aboard Air Force Two after he headlined his 100th campaign fundraiser of the 2005-06 election cycle. It was a milestone like no other, in part because of Cheney's famous animosity toward the media. But no matter — en route from Grand Rapids, Mich., to Andrews Air Force Base here, Cheney briefly emerged from his private cabin for some cake and banter." The Chronicle notes, "Cheney rarely takes reporters with him and when he does, generally avoids unscripted contact or gratuitous hospitality."

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Democrats Said To Have Opened Coordinated Campaign Against Fox News. The New York Times (10/1, Manly, 1.21M) reports, "THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations. The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on 'Fox News Sunday' into a finger-pointing tirade against what he called a 'conservative hit job.' Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine. … The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself."

Powerful Pastors Organize GOTV Efforts Among Christian Conservatives. The Los Angeles Times (10/1, Simon, 918K) reports, "With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004. Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power. … The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 'patriot pastors' nationwide to promote an agenda that aligns neatly with Republican platforms. 'We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand,' Scarborough said. 'Our higher calling is to Christ.' The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates."

Dean's Party Building Efforts Regarded As Wasteful By Other Top Democrats. In an extremely lengthy (8,500 word) piece for the New York Times Magazine (10/1) Matt Bai, after describing a recent visit to Alaska by DNC Chairman Howard Dean, writes, "In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. … But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America." According to Bai, "Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities." Bai adds, "numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all."

Dean Works To Increase Minority Turnout. The AP (10/1, Heilprin) reports, "Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday. Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively."

GOP Groups Outspending Democratic Counterparts This Year. The AP (10/1, Kuhnhenn) reports, "Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts. Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising

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the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats. That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help." The AP continues, "television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth."

Pressure On House Democrats To Contribute "Dues" Described. The New York Times (10/1, Zeleny, 1.21M) reports, "To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues. … This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority. Last weekend" House minority leader Nancy Pelosi "made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed. … Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party."

Democrats Reportedly Less Optimistic About Retaking House. The Washington Times (10/1, Lambro, 88K) reports, "Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party. 'I'm not as confident of the House switching as I once was,' a Democratic campaign consultant said last week. … Recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections. 'I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own,' said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country."

GOP Seen As Likely To Benefit From Another "Base-Driven" Campaign. In an op-ed for the New York Times (10/1, 1.21M) Mark Halperin, political director of ABC News, writes, "two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate. Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy."

Lobbyists Overwhelmed By Invitations To Fundraisers. The Kansas City Star (10/1, Stearns, 278K) reports, "Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers. … The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections. How many invitations did he get? About 200. How many of the events did he attend? Eleven. Did he feel like an ATM sometimes? You bet."

Kerry And Giuliani Campaign For Candidates In Florida. The South Florida Sun-Sentinel (10/1, Man, 265K) reports, "Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House. Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day." Kerry "stopped in five cities Saturday for four

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candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings. It was different with Giuliani. … He has the ability to attract far more television cameras than even a candidate for governor might get on his own. Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor."

Romney Uses GOP Governors' Association To Build 2008 Campaign Operation. The Boston Globe (10/1, Klein, 425K) reports, "As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president. The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies. … Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions."

Romney Will Allow Out-Of-State Gay Couples To Marry In Massachusetts. The Boston Globe (10/1, Levenson, 425K) reports Romney "all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts. `I have to follow the law,' a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. `This is a nation of laws, even if I don't like them.'"

Edwards Seen As Inspiration For "Factory-Floor Populists." The New York Times' David Brooks (10/1) reports, "Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her. Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Despite Presidential Ambitions, George Allen Struggling To Retain Senate Seat. The Washington Post (10/1, A1, Barnes, Balz, 748K) reports, "It was always a tricky proposition for Sen. George Allen to balance his 2006 reelection campaign with his 2008 presidential ambitions, and now the increased scrutiny and criticism that came with his role on the national stage endanger both. Allen's prominence in the Republican presidential contest is the main reason the controversies that have roiled his effort to win a second term to the Senate have emerged now, after a 23-year political career, according to campaign strategists." According to the report, "Many GOP strategists believed that the combination of Allen's ideology and personality would make him one of the favorites among activist conservatives who play such a significant role in the nomination process. … Today, in the wake of the problems Allen has encountered, the doubts have spread far more widely inside the party."

Washington Post Ombudsman Examines Coverage Of Virginia Senate Race. In a column in The Washington Post (10/1, B6, 748K), ombudsman Deborah Howell writes, "So is The Post out to get George Allen? That's what some folks have been angrily charging lately." According to Howell, "Several questions arise about the coverage of the Virginia Republican senator in his campaign against Democrat James Webb. … First, let's go to the macaca tape." According to Howell, "Did The Post overplay the incident? Not initially, but the coverage went on for too long after he apologized. … Then the matter of Allen's Jewish roots emerged." According to the report, "Does all the coverage hurt Allen's reelection prospects? The stories -- six of them were on Page 1 -- don't help him, but there are five long weeks before Election Day." Howell adds, "While this has nothing to do with news coverage, it has been noted that The Post's editorial board has never endorsed Allen. That is true, but it also did not endorse Webb in the Democratic primary." Howell adds, "I trust that Arlington reader David Tuma's wish will be fulfilled by Election Day. He wrote: 'Frankly, I think more important (and responsible) reporting would be on what has shaped their views since then and what both have done to improve conditions for all people.'"

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Minnesota U.S. Senate Candidate Profiled. The Minneapolis Star Tribune (10/1, Weiner, 398K) reports that Minnesota U.S. Senate candidate Mark Kennedy is "undaunted by polls that show him trailing" Democrat Amy Klobuchar in the polls, as he "begins many of his campaign days by opening a blue three-ring binder. It's crammed with single-spaced briefing notes that he types on issues he plans to tackle in his speeches." According to the report, "As he campaigns, Kennedy, 49, speaks knowledgeably about energy and the economy, education or the war in Iraq. But with notebook in hand on the summer day his RV rumbled to Winona, the one-time St. Cloud Community Theater actor kept studying lines he would repeat over and over to voters down the road."

Maryland Democrats Worry Lack Of Black Candidates Will Suppress Turnout. The Baltimore Sun (10/1, Green, 262K) reports that in Maryland, "Democrats are fretting that after watching two high-profile African-Americans lose primary battles for spots on their statewide ticket, black voters, the key to the party's chances in November, won't bother to vote. Maryland Republicans are practically gleeful at the Democrats' situation." According to the report, "Much of the GOP's message less than six weeks before the election centers on the diversity of its statewide ticket, which features Lt. Gov. Michael S. Steele, an African-American, as its candidate for U.S. Senate, as well as women running for lieutenant governor and comptroller. The party is promoting the idea that Democrats take minorities -- blacks in particular -- for granted."

Maryland Senate Candidates' Differences To Crystallize In Upcoming Debate. The Washington Times (10/1, Miller, 88K) reports, "Maryland's U.S. Senate candidates have more in common on key issues than either candidate is willing to admit. Rep. Benjamin L. Cardin, the Democratic nominee, and Lt. Gov. Michael S. Steele, the Republican nominee, both demand an exit strategy for troops in Iraq. They also want to preserve Social Security benefits for current retirees, but give workers more choice in retirement planning, and they say government should help provide more affordable energy, health care, prescription drugs and college education." However, according to the report, "On the stump the two men sound worlds apart and likely will continue to emphasize their differences in their first debate Tuesday night at the Greater Baltimore Urban League."

Close Missouri Senate Race Key To Determining Congressional Balance Of Power. The St. Louis Post-Dispatch (10/1) reports, "Losing her lifelong dream of becoming Missouri's first woman governor didn't slow Claire McCaskill down. Months after that 2004 defeat, she decided to challenge Republican Sen. Jim Talent. … Some of McCaskill's friends say this race could be her 'up-or-out' campaign." According to the report, "McCaskill, 53, doesn't dwell on the possibility of losing. She's too busy calling potential donors and canvassing the state in a bright blue RV." According to the report, "Polls show Talent and McCaskill in a dead heat. The race is one of a handful nationwide that will determine whether Republicans will keep control of the Senate."

Missouri Senator A Consensus Builder, Despite Sharply Conservative Philosophy. The St. Louis Post-Dispatch (10/1, Shesgreen) reports that Missouri Sen. Jim Talent (R) "approaches nearly every issue with a zeal for detail. He doesn't rush into anything, taking a deliberative, careful tack. And although he is staunchly conservative, he is also deeply pragmatic." According to the report, "Among his Senate colleagues, Talent is known as astute, affable, and intense. He is driven and ambitious, but not splashy or sharp-elbowed. He's a policy wonk who avoids the Sunday talk shows and is rarely found at the center of any Washington media throng." However, according to the report, "Behind Talent's pleasant persona lies a sharply conservative philosophy."

Write-In GOP Candidate Uses Partisan Tact In Race For Seat Formerly Held By Delay. The Houston Chronicle (10/1, Mack, 535K) reports, "Former U.S. Rep. Tom DeLay is as partisan as they come, and the Republican write-in candidate to succeed him is taking the same approach. The Democrat in the race, perhaps not surprisingly, is playing down his party ties in the Republican-leaning suburban Houston district." According to the report, "City Councilwoman Shelley Sekula-Gibbs is invoking the name of U.S. House Minority Leader Nancy Pelosi, a bogeywoman to Republicans, and raising the specter of Pelosi as speaker should the Democrats reclaim control of the House." The report adds, "Democrat Nick Lampson, by contrast, talks mostly about wanting to advance the district beyond partisan politics. … His only ballot opponent is a Libertarian, and that party has had little success in Texas. DeLay resigned from Congress after winning nomination for a

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12th term, and courts prohibited Republicans from replacing him on the Nov. 7 ballot."

Veterans Mobilize To Stump For Murtha, Under Fire For Calls To Withdraw From Iraq. The Pittsburgh Post-Gazette (10/1, Toland, 241K) reports, "If John Murtha is ceding a significant segment of the military voting block to Republican challenger Diana Irey, as she hopes and claims, there were few signs of it yesterday. A cavalcade of rank-and-file vets and Democratic military brass gathered in Johnstown's damp Central Park to support the representative from Pennsylvania's 12th Congressional District." According to the report, "They all hit on a common theme -- that Mr. Murtha, the top-ranking Democrat on the House committee that disburses defense appropriations -- is a great friend of the American soldier, not a foe, as his challengers are trying to paint him." According to the report, "Murtha, who spent 37 years in the Marine Corps and its reserves, angered some veterans, and became a visible target for the GOP, when he began publicly campaigning for a military withdrawal from Iraq."

GOP Challenger Irey Facing Uphill Battle Against 16-Term Murtha. The Times Leader (NE PA) (10/1, Yates, 40K) reports, "Republican Diana Irey knew she was taking on a political giant when she decided to run against U.S. Rep. John Murtha, now best-known for his opposition to the Iraq war. But she is hoping her strong support for the war will make her stand out." According to the report, "Irey, who is just under 5 feet tall and nearly 30 years younger than Murtha, has been a Washington County commissioner for 11 years but is making her first bid for Congress. … Irey said she was spurred to run in part because of Murtha's high-profile criticism of the Iraq war, which has turned the once low-profile congressman into a nationally prominent figure." According to the report, "At the least, Irey said, she is giving voters a clear choice. Irey wants troops in Iraq to stay the course while Murtha has called for a withdrawal. She supports term limits; he is in his 16th term. She wants to make President Bush's tax cuts permanent; he voted against them. But her No. 1 issue remains the war."

Iraq Issue Avoided By Both Candidates In Some Congressional Races. The Milwaukee Journal Sentinel (10/1, Schultze, Gilbert, 259K) reports, "When prompted, Republican congressional candidate John Gard offers a staunch defense of the current U.S. policy in Iraq. … His words echo President Bush's determined line on the war, an issue that's dragged down Bush's popularity. But suggest that Gard takes the 'Bush' position on Iraq, and the candidate objects." According to the report, Gard says, "'I believe in the Reagan strategy of peace through strength.' Such comments underscore the political dilemma Republicans in hot races this fall face over the war, as they strive to support the Iraq effort without being identified too closely with the way it has been handled." According to the report, "Of course, they're not entirely alone. Democrats face some dilemmas of their own, such as whether to support a pullout from Iraq and how to shield themselves from GOP charges of 'retreat and defeat.' … The result is that in some congressional races, the Iraq debate has been surprisingly muted."

Medicare Prescription Drug Coverage Gap Key Issue In Florida Race. The Washington Post (10/1, A4, Asthana, 748K) reports, "Betty Priscak has voted for veteran Rep. E. Clay Shaw Jr. (R-Fla.) in every election he has been in, but now she thinks it is time for a change. Priscak, a 74-year-old in increasingly poor health, plans to vote for Ron Klein, Shaw's Democratic challenger, in November. Why? She is upset with the Medicare prescription drug program passed by the Republicans in 2003." According to the Post, "The initial uproar over the program's complexity died down once many seniors had signed up, but now Priscak and millions of other older Americans are confronting an interruption in their drug coverage that will require them to pay the full cost of their prescriptions -- or go without."

New Poll Shows Schwarzenegger Leads Angelides 50-33. The Los Angeles Times (10/1, Finnegan, 918K) reports, "Just over five weeks before election day, Gov. Arnold Schwarzenegger holds a commanding lead over his Democratic challenger, state Treasurer Phil Angelides, who has built scant support beyond a core base of liberals, according to a new Los Angeles Times poll. If the Nov. 7 election were held today, likely voters would favor the Republican governor over Angelides 50% to 33%. The survey found an abundance of grim signs for Angelides, including a failure to match Schwarzenegger's success in rallying voters of his own party strongly behind his candidacy. Just 61% of Democrats support Angelides, while 88% of Republicans

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favor Schwarzenegger. And independents, a crucial swing vote, support Schwarzenegger over Angelides 49% to 31%."

Schwarzenegger Adaptability Key Advantage. In an op/ed in The Washington Post (10/1, B7, 748K), David Broder writes, "The likely victory of Gov. Arnold Schwarzenegger in next month's election could change the dynamics of California government and the way both national parties think about this mega-state." According to Broder, "It has been a long time since a Republican presidential candidate won California: not since George H.W. Bush in 1988. And it had been almost as long since any Republican won major statewide office -- until Schwarzenegger won the special election of 2003." Broder adds that now, Schwarzenegger "is running as the Republican nominee against a single legitimate Democratic contender, state Treasurer Phil Angelides, a former party chairman. And the double-digit lead that Schwarzenegger has fashioned cannot be put down to luck," but "it reflects his rapid adaptation after a serious political miscalculation" leading to losses on four ballot initiatives after declaring "war on the Democratic legislature and the public-employee unions. … After that repudiation, Schwarzenegger reopened negotiations with the legislature this year, passed a heap of big bills and won the applause of an independent electorate."

Topinka Fails To Close Gap In Race Against Blagojevich. The St. Louis Post-Dispatch (10/1, Jadhav, 300K) reports, "From the beginning, the Judy Baar Topinka gubernatorial campaign expected to be outgunned financially. Gov. Rod Blagojevich, a Democrat, has used his prolific fundraising to run TV ads almost non-stop since the March primary, save for a brief hiatus midsummer. Topinka began her television attack in September. For every $1 she has spent, he's burned $9. Now, with just over five weeks left until the November election, Topinka, a three-term state treasurer, and her running mate on the Republican ticket, Joe Birkett, find themselves an average 10 points behind in most polls. In an interview with the Post-Dispatch this week, Birkett gave a candid review of the campaign, expressing plenty of optimism, but acknowledging hurdles, too."

Ehrlich Mailing Notes FBI Investigation Of Baltimore Police. The Baltimore Sun (10/1, Olson, 262K) reports Gov. Robert Ehrlich's re-election committee "asserts in a mailing that 'The FBI is investigating Martin O'Malley's leadership of the police department' - a charge denounced yesterday as 'malicious' by O'Malley's gubernatorial campaign and 'disgraceful' by a top Baltimore police official. The brochure - the latest to slam O'Malley's record on crime - names no specific investigation, but states that 'the FBI launched an investigation of the Baltimore Police Department and their involvement in theft, rape and evidence planting.' Shareese N. DeLeaver, spokeswoman for the Ehrlich campaign, said, 'We're not implying that Martin O'Malley is under investigation, but the Baltimore City Police Department, under his failed leadership, is.'" The Sun notes, "Currently, the FBI is monitoring an investigation by city Police Department internal affairs and city prosecutors, after a grand jury indicted members of a squad in the city's Southwestern District on charges that an officer forced a woman to have sex in a station house, as well as allegations of illegal drug possession."

Judicial Independence May Be Threatened By Campaign Spending. The New York Times (10/1, Liptak, Roberts, 1.21M) reports, "In the fall of 2004, Terrence O'Donnell, an affable judge with the placid good looks of a small-market news anchor, was running hard to keep his seat on the Ohio Supreme Court. He was also considering two important class-action lawsuits that had been argued many months before." According to the report, "In the weeks before the election, Justice O'Donnell's campaign accepted thousands of dollars from the political action committees of three companies that were defendants in the suits. … Justice O'Donnell's conduct was unexceptional." According to the report, "In one of the cases, every justice in the 4-to-3 majority had taken money from affiliates of the companies. None of the dissenters had done so, but they had accepted contributions from lawyers for the plaintiffs." The Times adds, "Thirty-nine states elect judges, and 30 states are holding elections for seats on their highest courts this year. Spending in these races is skyrocketing, with some judges raising $2 million or more for a single campaign. As the amounts rise, questions about whether money is polluting the independence of the judiciary are being fiercely debated across the nation."

Revamping Emergency Departments To Better Deal With Child Patients Urged. In an op/ed in The Washington Post (10/1, B8, 748K), the Institute of Medicine's Committee on the Future of Emergency Care's Joseph Wright writes, "The anniversaries of Sept. 11, 2001,

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and Hurricane Katrina were painful reminders that the United States needs to be better prepared for the unexpected. A three-part report by the Institute of Medicine released this summer underscores the need for major reordering of priorities in emergency medicine, but the portion of the report devoted to the needs of children has not received the attention it deserves." According to Wright, "The Institute of Medicine's recommendations to Congress should be considered and implemented immediately if we, as a society, want to properly address the emergency needs of children."

New Sanctions Law Targets Iran's Trading Partners. AFP (10/1) reports, "President George W. Bush signed into law a new set of sanctions targeting foreign countries that continue nuclear cooperation with Iran and sell it advanced weaponry." While "it does not name any countries, the measure is seen as a clear warning to Russia and China." However, "Mindful of the situation in Iraq, lawmakers warned that nothing in this document should be 'construed as authorizing the use of force against Iran.'" The AP (10/1) adds, "The measure sanctions any entity that contributes to Iran's ability to acquire chemical, biological or nuclear weapons."

Iran Won't Suspend Uranium Enrichment. The New York Times/AFP (10/1) reports that Iranian "President Mahmoud Ahmadinejad said Saturday that Iran would not halt uranium enrichment even for a short period," saying "they will use this for propaganda and say Iran has suspended and it has caved in" and "Nobody has the right to make Iran back down over its rights." However, "European diplomats have said that" Iran's chief nuclear negotiator, Ali Larijani, "offered a two-month suspension in talks recently. Some diplomats say there may be division within Iran's leadership over whether to allow a suspension."

Administration Seen As "Divided" Over Attacking Iran. The New York Daily News (10/1, Phelps, 729K) reports that the administration is divided, as it was during the run-up to Iraq, over whether to attack Iran: "The lineup, according to sources with good contacts inside the administration, is almost exactly what it was before, with the vice president and secretary of defense pushing for a tougher approach, and the secretary of state holding out for patient diplomacy." However, "so far Secretary of State Condoleezza Rice is prevailing, while Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld and their conservative allies in the capital have been left sputtering."

US Urged To Talk With Opponents. Noah Feldman, a law professor at New York University and adjunct senior fellow at the Council on Foreign Relations, writes in the New York Times Magazine (10/1), "After a summer of protracted and mostly pointless bombing, the talking season is upon us," but "conspicuously absent from…negotiations is the United States." However, "if politics is the art of compromise, then surely conversation is one of its methods." Also, "fruitful negotiations are based on a different premise: under certain conditions, the motives that drive people and regimes can be changed. Properly carried out, diplomacy creates new incentives that alter countries' underlying interests — and thus their behavior." Unfortunately, the "refusal to speak with Hamas since its election victory has had real costs," and "We would do better to sit down with Iran now, recalling that by the time we began negotiating with North Korea, its nuclear progress had become all but a fait accompli." Right now, "we need a breakthrough, one that will help either the Israeli-Palestinian track, the Iraq situation or both. To get that, we will need the much-maligned diplomats." While for "an ideological age, diplomacy may seem weak and prosaic," it "sometimes…is all we have."

Taking a similar tone, Ian Bremmer, president of Eurasia Group and author of "The J Curve: A New Way to Understand Why Nations Rise and Fall," writes in an op-ed in the Washington Post (10/1, B3, 748K), "the United States seems not to recognize is that the world's most repressive regimes depend on isolation to survive; they are stable precisely because they are closed. … Threatening that regime with isolation is like threatening a drowning man with a lifeboat," and "many authoritarian leaders know that if they provoke the United States, Washington will isolate their countries and thus strengthen their authority." Instead, "the best way to transform a stable but closed state into a stable and open one" is contact with others," as "the most powerful agents for change in any society are the people living in it." Unfortunately, "U.S. policy too often helps authoritarian governments isolate their people." Still, the transformation from a closed to an open society "historically…required countries to go through a dangerous period of turmoil," and "imposing such a transformation from the outside is likely to exacerbate the transitional turmoil." Then, "it is natural for the public to demand a quick return to stability, even if it means sacrificing openness," and moving the country towards both openness and stability "requires plenty of time and political capital."

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Israel Pulls Last Troops Out Of Lebanon. The Washington Times/AP (10/1, Friedman) reports, "Israeli military officials said the army withdrew the last of its troops from Lebanon early today, fulfilling a key condition of the cease-fire that ended a monthlong war with Hezbollah guerrillas" and clearing "the way for the full deployment of an international peacekeeping force that will police the border." The military "imposed a blackout on all details of the troop movements" during the withdrawal, "for security concerns. The army set up roadblocks to block reporters from reaching the border." U.N. peacekeepers are "expected to send patrols today to verify the Israeli withdrawal."

Lebanese Government Lags On Rebuilding. The New York Times (10/1, Slackman, 1.21M) reports that there is "little progress toward rebuilding tens of thousands of homes devastated by the 34 days of Israeli bombing" of Lebanon. "Money has begun flowing in, from foreign governments and nongovernmental organizations. But nearly $900 million in international pledges remains untapped by the Lebanese government, whose presence is barely visible in the south. In contrast, Hezbollah, with money from Iran, continues to give cash payments to individual Lebanese for damaged homes. And the central government has allowed, and indeed encouraged, some foreign countries to begin giving similar grants." While "the government defends its performance, saying that it has gotten vital services such as water and electricity back, opened roads and kept the economy functioning," it "has been slow to respond" on building homes. "The central government's stumbles started early," as "financial mechanisms to guarantee that international aid would not be squandered…remain incomplete," despite international urgings to create them even before the war ended.

Circumstances Said To Suggest Little Agreement Between Hamas, Fatah In Near Future. The Boston Globe (10/1, Barnard, 425K) reports, "Palestinian President Mahmoud Abbas has spent the past two weeks struggling to reach a power-sharing deal with the Hamas government." However, officials from both sides say that "with the daily work of government hamstrung by political infighting and financial crisis" – the government "hasn't paid salaries in six months and…hobbles along with thousands of workers on strike and four Cabinet members in Israeli jails" - neither Hamas nor Fatah "is in a position to make a bold compromise or sell one to its people," and, "in the places where the Palestinian Authority tries to do its work, many dejected officials say it is absurd to expect such a deal against the current backdrop of chaos." The "frustrations in the streets are directed not just at Hamas, but also at the Palestinian Authority bureaucracy and security forces, dominated by Fatah." All this "suggests there's little hope any time soon for advancing the Middle East peace process or for ending Palestinians' crippling economic isolation."

Government Employees Protest Salary Delays In Gaza. The AP (10/1, Barzak) reports, "Thousands of government employees and security officials burned tires, blocked roads and fired shots in the air on Gaza streets Saturday to protest delays in receiving long-awaited salaries. Palestinian Interior Minister Said Siyam ordered security forces to deploy in the streets Sunday to prevent similar protests," authorizing "the use of 'all means of force.'" While "the Palestinian government on Thursday began paying partial salaries to 165,000 civil servants who haven't received their full wages in months due to an economic embargo on the Palestinian Authority," from donations by Qatar and Saudi Arabia," the "government employees complained that in some cases, the money hadn't arrived, and in others they were left with nothing after Palestinian banks had deducted commissions and interest and paid off existing loans."

Attempts At Unity Government May Presage Intensified Conflict. In a week in review article, Steven Erlanger writes in the New York Times (10/1, 1.21M), "The Palestinians may soon have a new government of national unity — or may not." Palestinian president Mahmoud Abbas "announced he had reached agreement with the radical Islamic group Hamas on the political platform for such a government," but "Hamas repudiated the political program almost as soon as Mr. Abbas announced it. In the muddle since then, what has become clearest is the danger of diplomacy when reality confronts language intended to disguise it." Hamas's "major obstacle is that any new government would represent a defeat…an admission that it cannot govern alone, with no ideological modifications." So, "the vision of a unified Palestinian government may wither quickly," and, "in interviews last week, Secretary of State Condoleezza Rice talked as if a national-unity government were dead, and her government was said to be pushing Mr. Abbas to confront Hamas and fire Mr. Haniya. The mirage of national unity may, on closer inspection, presage intensified conflict. Or it may not."

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Author Argues Israel's Fence Damages Its Interests. Gershom Gorenberg, the author of "The Accidental Empire: Israel and the Birth of the Settlements, 1967-1977," writes in an op-ed in the Washington Post (10/1, B7, 748K) that Israel's "separation fence" is "changing the face of the land in a way that makes life far more difficult for Palestinians while damaging Israel's own long-term interests." It's "route has been drawn to place major 'settlement blocs' on the Israeli side," but "Palestinian communities are also inside the" fence. While "the fence is the government's assertion, drawn in concrete and barbed wire, of what land it seeks to keep," the "Palestinian residents…will not be annexed to Israel." While "to pursue this project today makes no sense," the Olmert government "continues to invest in the failed project of the settlements, which for nearly 40 years has drained Israel's energies, subverted its democracy and harmed its security." There also is not "any reasonable explanation for why Israel's strategic ally, the United States, virtually ignores what is happening."

Two Killed By Israeli Airstrike In Gaza. The AP (10/1) reports that, according to medical officials, "an Israeli airstrike in the southern Gaza Strip killed two Palestinian militants and wounded three people" in Rafah. "The army said it had targeted a vehicle carrying a group of militants involved in attacks on Israel. But witnesses said the missile struck a group of pedestrians."

Critics Compare Jordan's King To Shah, Warn Of Possibility Of Same Fate. The Los Angeles Times (10/1, Daragahi, 918K) reports that many Jordanians fear that…King Abdullah II, the Jordanian monarch who assumed power after his charismatic father died in 1999," could suffer the same fate as the Shahs of Iran. "Numerous parallels exist between the shah's rule and that of Abdullah," including the close ties to the US in intelligence, technology, and trade. Jordan politics pit the "conservative East Bank tribes' demands for stability while also attending to calls from the nation's more cosmopolitan majority Palestinians for democratic change." However, "critics on both sides of the Jordanian divide say the 44-year-old king has failed to garner popular support." He "has emboldened a legion of critics among the country's tradition-minded tribes that are the backbone of the monarchy" and "many critics say the monarch has been too busy pursuing a Western agenda instead of forging ahead with a vision for uniting the country."

India Accuses Pakistan Of Plotting Mumbai Bombings. The New York Times (10/1, Giridharadas, 1.21M) reports, "In a declaration likely to increase tensions on this subcontinent, the Indian police on Saturday accused Pakistan's intelligence agency of being behind the July 11 train bombings that killed more than 180 people in Mumbai. Officials in Islamabad swiftly rejected the allegation, which comes at an awkward moment for Pakistan," as in "stormy visits to Washington and London this week," Pakistani president Gen. Pervez Musharraf "was dogged by accusations that Pakistan was not doing enough to curb Islamic militancy, or, worse, might even be aiding it." Anami Narayan Roy, the police chief of Mumbai, said in a televised news conference, "The whole attack was planned by Pakistan's I.S.I. and carried out by Lashkar-e-Taiba and their operatives in India." Parvinder Singh Pasricha, the police chief of Maharashtra State, which contains Mumbai said in a telephone interview that "the accusations by the police had been cleared with and corroborated by India's national intelligence agencies." This "latest accusation complicates a recent initiative to rescue the India-Pakistan peace process."

The Washington Post/AP (10/1, A20, Badam) adds, "Roy gave a detailed description of how the explosives were transported into India and by whom." Pakistani minister of state for information Tariq Azim, "denied the claim, calling it 'sad and unfortunate.'" It is not yet "clear how Roy's remarks would affect the fragile peace process between the nuclear-armed neighbors."

Karzai, Musharraf To Meet With Border Tribes. The AP (10/1, Krane) reports that Afghan "President Hamid Karzai said on Saturday that he and the Pakistani president will jointly lead a series of tribal gatherings along their countries' shared border to quell attacks on Afghanistan by Pakistan-based Taliban rebels." U.S. officials said "the number of attacks in the Afghan border regions has tripled following a peace agreement between the Pakistani government and pro-Taliban tribesmen in its territory," and Karzai said, "We're waiting to see how this peace deal works out. So far it hasn't been fruitful for Afghanistan." However, he "appears to have been unable to secure Pakistan's immediate cooperation in shutting down radical religious schools or arresting Taliban leaders living in Pakistan." Still, "Karzai played down suggestions that relations between Pakistan and Afghanistan had cooled because of his bickering with" Pakistan's President Gen. Pervez Musharraf.

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Kurdish Guerrillas Announce Cease-Fire. The New York Times/AP (10/1) reports that the Kurdish guerrilla group the Kurdistan Workers Party, or P.K.K., "declared a new unilateral cease-fire in its war for autonomy in Turkey's southeast on Saturday, heeding a call from its imprisoned leader," Abdullah Ocalan," after "American pledges of support in cracking down on the P.K.K., which is listed as a terrorist organization by the United States and the European Union." The PKK "said its fighters would not use arms unless attacked by the Turkish Army," but "the Turkish government has ignored previous cease-fires by the group, saying it does not negotiate with terrorists."

Caldwell Says German "Opera Affair" Illustrates Germany's Experience In Policing National Subconscious. Christopher Caldwell writes in a week in review article in the New York Times (10/1, 1.21M), "Expression that tramples on the sensibilities of vulnerable minorities usually gives Germans, at the very least, pause. The absence of any such pause" in the protests against a German opera's cancellation of Mozart's "Idomeneo" due to fears of Islamic violence is "distinctive." Even the defenders "did so on the grounds of risk analysis, not on the grounds that demeaning religious symbols might be a bad idea. And this seems part of an emerging pattern." While "the 'opera affair' suggests that fear of Islam has lodged itself deeply in the minds of a lot of Westerners. … What made the German media and the broader public turn so suddenly on Ms. Harms was a kind of collective embarrassment. Germany has as much reason as other Western countries to worry about Islamist excesses. But the last half century has given it more experience in policing the fears inside its national subconscious."

US Is In "Final Stages" Of Installing Missile Defense In Japan. AFP (9/30) reports, "The US military has entered the final stage of installing an advanced surface-to-air missile defense system in southern Japan, amid mounting concern over North Korea's missile launches. The first batch of equipment for the Patriot Advanced Capability-3 (PAC-3) system was unloaded Saturday at a military port on Okinawa island amid protests from a handful of anti-war activists." Missile defense "has been a pillar of the strengthened Japan-US military alliance in recent years."

The AP (9/30) reports, "Heavy vehicles and other equipment related to the upcoming deployment of advanced Patriot interceptor missiles at American bases on southern Okinawa island arrived in Japan on Saturday." The AP adds, "Earlier this week, the U.S. military activated a high-powered 'X-Band' radar outpost in northern Japan that is a key part of a joint missile defense shield and meant to track ballistic missiles in the region. The U.S. in late August replaced a guided missile cruiser stationed at Yokosuka near Tokyo with the USS Shiloh."

Experts Believe Other Regional Militants May Adopt Thai Tactics. The Los Angeles Times (10/1, Glionna, 918K) reports, "Since 2004, militants in Thailand's predominantly Muslim south have waged a bloody separatist insurgency against the cultural elite of this largely Buddhist nation," but "the campaign of almost-daily bombings, arson attacks, kidnappings and assassinations has gone largely unnoticed in a Western world fixated on higher-profile Islamic terrorism campaigns in Iraq and elsewhere." However, "International terrorism experts are keeping a close eye on southern Thailand's guerrilla war, believing that the attacks could become a blueprint for small insurgencies in the post9/11 world," as other regional militants could adopt their "strategy of incessant low-level attacks against civilians." Also, "a recent State Department report concluded that" while "there was no evidence of any connection between the militants and global terrorist groups such as Al Qaeda or Jemaah Islamiah, based in Southeast Asia," there was still "concern…that these groups may attempt to capitalize on an increasingly violent situation for their own purposes."

Russia Suspends Closure Of Its Bases In Georgia. The Los Angeles Times (10/1, Holley, 918K) reports, "The Russian military Saturday suspended the closure of its two military bases in the former Soviet republic of Georgia, saying it was acting to protect its citizens there as relations between the two countries spiraled downward in the midst of a spy scandal." The closure had been agreed to in "a joint statement in May 2005 in which Russia promised to close the two Soviet-era bases by 2008." Georgian officials have arrested five Russian officers and are demanding "the hand-over of a sixth officer, believed to have taken refuge in Russia's military headquarters in Tbilisi."

Chirac Says Turkey Should Recognize Historical Massacres Of Armenians. The New York Times/AFP (10/1) reports, "French President Jacques

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Chirac on Saturday urged Turkey to recognize World War I-era massacres of Armenians as genocide if it wants to join the European Union." When "asked if he thought Turkey should recognize the 1915 massacres as genocide before it joins the European Union, the French president replied, 'Honestly, I believe so.'" This is "likely to irritate Turkey and further strain its relations with France."

EU Drops "Guilt Clause" Requirement For Turkey's Entry. The Washington Times (10/1, Borowiec, 88K) reports, "The Armenian quest for Turkey's admission that it massacred ethnic Armenians nearly a century ago has suffered a setback with an EU decision to drop the historic 'guilt clause' as a requirement for EU membership." It is "seen as a considerable blow to Armenian hopes."

Serbian Parliament Approves Constitution That Sets Kosovo As Part Of The State. The AP (10/1, Gec) reports, "Serbia's parliament approved a new constitution Saturday declaring U.N.-run Kosovo part of the Balkan state despite ongoing negotiations on the breakaway province's future. The hastily drafted constitution…is designed to underscore Serbia's opposition to possible independence for Kosovo as the result of the U.N.-brokered talks on the province's future," and still "needs a 'yes' vote in a national referendum," scheduled for Oct. 28-29, "before it becomes valid." However, "Several hundred government critics rallied in front of the parliament building during the session to protest against the new constitution, saying that it will jeopardize Serbia's future by declaring Kosovo its own." They also "announced a campaign for a referendum boycott."

Chavez Claims Assassination Attempt Stopped, Hints At Links To Electoral Opponent. The AP (10/1, Pearson) reports that Venezuelan "President Hugo Chavez, who has repeatedly spoken of various plots on his life, said Saturday a sniper with a long-range gun and a motorcycle to escape on had planned to shoot him as he exited a helicopter on a recent trip to western Venezuela." He "appeared to link the plot to his main rival in upcoming presidential elections, Gov. Manuel Rosales of Zulia state, claiming that he is in constant danger from opponents seeking to get rid of him."

Scandal Could Send Brazilian Presidential Election Into Runoff. The New York Times (10/1, A10, Rohter, 1.21M) reports, "With yet another ethics and corruption scandal," Brazilian President Luiz Inácio Lula da Silva will go into the presidential elections. While he "has been leading in polls and seems assured of finishing first by a comfortable margin in the initial round of balloting," there is some "uncertainty as to whether the president, made vulnerable by an unpleasant 'September Surprise' involving some of his closest aides, will obtain the majority he needs to avoid a runoff," which "political analysts are unanimous in agreeing that Mr. da Silva wants at all costs to avoid." Since "operatives of the Workers' Party, which Mr. da Silva founded in 1980 and still leads, were caught trying to pay $792,000 in cash for a dossier they apparently thought would incriminate" His leading opponent's party in a corruption scandal," every day "the Brazilian press is full of new reports that incriminate his closest associates and let his rivals raise the question of the president's knowledge of or involvement in skullduggery." In response, da Silva is "simultaneously accusing the opposition of seeking to achieve through undemocratic means what it cannot achieve at the ballot box and vaguely acknowledging that some of those around him are responsible for what he calls an 'insane' act of 'barbarism.'"

The AP (10/1, Clendenning) adds that Silva "slipped in the polls on the eve of elections Sunday, indicating he may not win a convincing first-round victory but will instead be forced to campaign for another month amid spiraling corruption allegations against his party." The Ibope and the Datafolha polling institutes predicted his getting 49 percent and 50 percent of the vote, respectively, but they both have a margin of error of 2 percentage points. For the US "Silva's re-election would be a mixed blessing." While "he proclaims himself a friend of Cuban leader Fidel Castro and helped sink the U.S.-sponsored Free Trade Area of the Americas," he also "is widely seen as a soothing influence on a continent where far-left sentiment is on the rise."

Support Of The Poor Said To Be Key To Lula. The Washington Post (10/1, A19, Reel, 748K) reports, "The dividing lines that will determine Brazil's presidential election on Sunday are extraordinarily clear," that between the poor and the more affluent classes. "Lula is expected to coast to victory for this reason: In Latin America's largest democracy, a lot more people" are poor than middle class. While four years ago "backing among more than 50 percent of middle-class voters was the key that allowed" Lula to become president, today "the nature of his electoral support this year is different," relying on the poor. The "polls suggest the criticisms haven't

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stuck to him, particularly among those who have benefited from his social programs."

Somalis Victims Of Attacks In South Africa. The Washington Post (10/1, A20, Timberg, 748K) reports, "In the past three months, community leaders say, 32 Somalis have been killed in attacks in townships as South African businessmen have violently defended their turf against" Somali newcomers. The Post continues, "The attacks on Somali immigrants have drawn attention to a vicious strain of xenophobia lurking in South Africa, a nation determined to portray itself as a model of harmonious diversity but tormented by some of the world's highest rates of violent crime. The attacks are also a chilling reminder, South Africans say, of the violence that marked the final years of apartheid. … Somalis say the recent attacks have convinced them that South Africa's townships are no safer than Mogadishu, the violent capital of a country so riven by power struggles that no government has controlled all of it since 1991."

Sata Holds "Commanding" Lead In Zambian Election. The New York Times (10/1, Wines, 1.21M) reports, "The tallying of Zambia's presidential election was held up after a ballot shortage delayed voting in some provinces, but the state-owned newspaper The Zambia Daily Mail, citing a survey of voters leaving polls, reported that Michael Sata, a populist former cabinet minister, held a commanding lead over the incumbent, Levy Mwanawasa."

Chinese "House Churches" Hover In "Legal Netherworld." The Washington Post (10/1, A19, Fan, 748K) reports, "[I]n Wenzhou and the surrounding province of Zhejiang, just south of Shanghai, a growing number of congregations that began life as house churches -- unauthorized places of worship set up in private, often dilapidated homes -- have recently registered with the government, while continuing to spurn the rules of the official Protestant church in China. Like so many institutions in China, these churches now hover in a sort of legal netherworld." The Post continues, "The fact that many Christians in this region have turned away from the official church's beliefs, analysts say, is a result of history and prosperity. … Meanwhile, a growing number of college students, lawyers, businessmen and preachers educated abroad are also joining illegal house churches."

India Considers How To Balance Monsoons, Droughts. The New York Times (10/1, Sengupta, 1.21M) reports, "India's average annual rainfall rate hovers at an abundant 46 inches, as much as Ireland's. Yet growing water scarcity threatens both farms and cities. With the population hitting 1.1 billion, the amount of water available to each Indian is roughly the same as the amount available to the average Sudanese, according to the Food and Agriculture Organization. India's rains tend to come in short, furious bursts, meaning that much of that water escapes as untapped potential, washing into the sea and wreaking havoc on the fragile villages and flourishing cities that stand in its way."

Burmese Government Detains Two Dissident Leaders. The Washington Post/AP (10/1, A20) reports, "Burma's military junta detained two former dissident leaders on Saturday as part of a renewed crackdown on pro-democracy activists that followed anniversary celebrations of Aung San Suu Kyi's political party. Min Zeya, 45, and Pyone Cho, 40, were taken from their homes Saturday, a day after sending a letter to the ruling junta chairman inquiring about the status of three other activists detained Wednesday."

Quebec Highway Collapses. NBC Nightly News (9/30, lead story, 2:00, Holt, 9.87M) reported that a two-lane secion of higway overpass in Canada "collapsed, leaving at least five people hurt and at least two others trapped beneath the rubble." NBC (Tibbles) continued, "At about 1:00 this afternoon in this suburb it was busy with Saturday shopping traffic when a massive concrete overpass collapsed crushing several cars. This witness says people didn't know if there had been an earthquake or explosion and adds he saw a motor cycle hurdle into the air from where the bridge used to be. … Witnesses say three lanes along with a pedestrian walk way came down. This is the second time a major overpass has collapsed here. In 2000 a large chunk of roadway fell on to a car killing one occupant. The Quebec department of transport offered a warning pieces of concrete were falling but there was no effort to close it down before tragedy struck."

The AP (10/1, Couvrette) adds, "Drivers on Highway 19 slammed on their brakes and watched in horror as the overpass slowly collapsed, sending cars plunging and crushing at least two vehicles. Quebec provincial police did not confirm any deaths but spokeswoman Chantal Mackels

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said police believed it was unlikely that anyone in the two crushed cars survived."

Kristof Calls For Peacekeapers In Chad, Central African Republic. In his column in the New York Times (10/1, 1.21M) Nicholas D. Kristof describes the Central African Republic's north as "a war zone, with rival armed bands (some from the government) burning villages, kidnapping children, robbing travelers and killing people with impunity." Kristoff adds, "The country is already unstable for its own reasons, and its own government has much to answer for, but the Sudanese incursion and the small arms rippling out from Darfur have left this region in complete chaos. The violence has driven 100,000 villagers from their homes, and the U.N. calls it 'the world's most neglected crisis.'" Kristoff adds, "When [Central African Republic] President Bozize traveled to the U.S. this month for the U.N. General Assembly, the Bush administration made available a mere deputy assistant secretary of state to talk to him. That's ridiculous, sending a signal that we're not engaged in Darfur's regional crisis and don't care what Sudan does to this country. If President Bush is serious about genocide, an immediate priority is to stop the cancer of Darfur from spreading further — which means working with France to shore up both Chad and the Central African Republic. (France has troops in both countries.) It also means putting U.N. peacekeepers in both places. Right now."

Ending Andes Trade Pact Said To Be Against US Interests. Sergio Muñoz, a former Times editorial writer, contributing editor to the paper, and internationally syndicated Spanish language columnist, writes in an op-ed in the Los Angeles Times (10/1, 918K), "The original goal of the" Andean Trade Promotion and Drug Eradication Act "was to combat drug production and traffic in Bolivia, Colombia, Ecuador and Peru by helping those countries create legitimate jobs, and it has largely worked." It also "is crucial to [Bolivia's] economic vitality. In recognition of that, the secretary general of the Organization of American States, Jose Miguel Insulza, has called for an extension of the program, as have all members of the group," but Sen. Charles E. Grassley "opposes any extension because of" Bolivian President Evo Morales' "move toward nationalization, even though no U.S. companies would be affected." However, to stop "Bolivian artisans' competitive advantage in the U.S. marketplace would be shortsighted and counterproductive, and it would border on the petty." The US "has a broad interest in promoting democracy in the Andean region, where Venezuelan President Hugo Chavez is using his country's vast oil wealth to spread his 'Bolivarian Revolution,'" and "it would be foolish for Washington to give Chavez more ammunition by denying poor Bolivian Indians access to the U.S. market. Extending the trade program not only would help solve Bolivia's enormous problems but would serve to restore regional trust in the U.S. commitment to democracy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Pastors Guiding Voters to GOP
Illegal -- but Essential
Booked-Up Publishers Could Be in a Bind
Clemens Is Named in Drug Affidavit
In Thailand, a New Model for Militants?
Symptom of a Body in Distress

New York Times:

G.O.P. Aides Knew in Late '05 of E-Mail
Detainee Memo Created Divide in White House
Ruined Towns Look to Beirut, Mostly in Vain
Campaign Cash Mirrors a High Court's Rulings
Often Parched, India Struggles to Tap the Monsoon
'Chorus Line' Returns, as Do Regrets Over Life Stories Signed Away
Of Party Dues and Deadbeats on Capitol Hill
Medicare Insurers to Offer More Options in '07
Black Incomes Surpass Whites in Queens
Israel Completes Pullout From Southern Lebanon
Congressional Memo: Along With Victories, G.O.P. Takes a Few Blows

Washington Post:

Secret Reports Dispute White House Optimism
After Homework, Duty as an Imam
GOP Leader Rebuts Hastert on Foley
'08 Scrutiny Shines Unkind Light on Allen
Robinson's Final Days
U.S. Military Is Still Waiting For Iraqi Forces to 'Stand Up'
Caring for Students' Souls and Dorm Rooms
In China, Churches Challenge the Rules

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Washington Times:
Iraqi guard arrested in Green Zone bomb plot
Gulf nations fortify against terror attacks
De-greening immigration
Coeducation no cure-all, foes say
Essay critical of Islam leaves teacher on run

Detroit Free Press:
Economy weighs on Granholm
Metro Arabs helping to rebuild Lebanon

Atlanta Journal-Constitution:
2005 tax break swift for Perdue
'Emerging gateway' for refugees
Cotton Bailout: Part 1
DA: Nichols tried to call witness
DeKalb police shootings surge
Boy rescued after text message

Dallas Morning News:
Club Blue developer tangles with city
Will social networking sites transform politics?
Sex scandal roils Washington
Governor candidates debate health care
A State Fair lesson like no udder
Defense rests in bus company trial

Houston Chronicle:
HPD revising its immigration policy
Congress leaves immigration bill for another day
Security fears grow on U.S.-Canadian border
'Dry' Texas counties put liquor option on ballots
Pasadena teacher accused of soliciting teen
Apartments to be torn down for Baylor hospital
District 22 race keys on who's missing on ballot
Web, tech gadgets integral to Generation Y lives
Pork-barrel politics trump ethics in Brazil
Israeli military completes Lebanon pullout
Yom Kippur leads followers to meditation

Story Lineup From Last Night's Network News:
ABC: Preempted by NCAA Football.
CBS: Preempted by NCAA Football.
NBC: Canada highway collapse, Foley Scandal, Woodward Book, Brazilian Jet crash, CO Teen funeral, Border fence

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Oct. 1 - 2. PRIME MINISTER RECEP TAYYIP ERDOGAN Highlights: 5 p.m. Speaks at Georgetown University on ``Turkey's Message for Global Peace and Justice." O'donovan Dining Hall, Upper Level, Georgetown University. Media RSVP to Andrea Sarubbi, 202-687-4328.

Sept. 26 - Oct. 1. FAMILY MEDICINE _ The American Academy of Family Physicians holds it Scientific Assembly. Location: Washington Convention Center. Contacts: Barbara Kowalski, 800-274-2237 ext 5204.

Sept. 30 - Oct. 1. DEMOCRATS-HISPANICS _ The Democratic National Committee and its Hispanic Caucus hold the 2006 Hispanic Leadership Summit. Highlights: 9:30 a.m. Remarks by Bronx Borough President Adolfo Carrion. 9:45 a.m. Session on maximimizing the role of Hispanic voters in the 2008 nominating progress by Teresa Benitez Thompson, Nevada Democratic Party Vice-Chair. 10 a.m. Session on faith and values, with Rev. Luis Cortes and Father Eugenio Hoyos. 11 a.m. Session on winning elections with Rep. Xavier Becerra. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Luis Miranda, 202-863-8148.

Oct. 1 - 4. GASIFICATION _ The Gasification Technologies Council holds its annual conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW. Contacts: Richard VanOrnum, 202-478-3548.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House Dismisses Woodward Allegations.

The White House issued a response to "Five Key Myths" in Bob Woodward's new book which characterized the Administration as in disarray in response to terrorist threats and the Iraq war. NBC repeated the same details reported yesterday about the allegations in Woodward's book. NBC Nightly News (9/30, story 4, 3:00, Holt, 9.87M) reported, "The White House is in a state of denial over claims made in a new book of the same name. It describes an Administration sharply divided over Iraq policy." Now "the White House is rushing to get its response out as well." After rehashing the details focused on Defense Secretary Rumsfeld and Secretary of State Rice from yesterday NBC (Ohm): "In fact the book set-off a flurry of denials from the White House. Today a three-page response was released called 'Five Key Myths in Bob Woodward's book.'" And Sunday morning "the President's top communications advisor Dan Bartlett plans to challenge the claims in 'State of Denial' on the Sunday talk shows as an attempt to minimize the political fallout from the book with just over a month to go before the crucial midterm elections."

Woodward Characterizes Administration As Ignoring Reports Contradicting Policy. The Washington Post (10/1, A1, Woodward, 748K) in a 2,544 word front page story based on his new book focuses on allegations intelligence and military reports contradicted the Administration's public statements about the Iraq War reporting, "There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly. But the discrepancy was not surprising. In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation." For example, "June 18, 2003, Jay Garner went to see Defense Secretary Donald H. Rumsfeld to report on his brief tenure in Iraq as head of the postwar planning office." Garner told Rumsfeld "We've made three tragic decisions," but after describing them "Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. 'Well,' he said, 'I don't think there is anything we can do, because we are where we are.'" Afterward, "Garner went with Rumsfeld to the White House. But in a meeting with Bush, he made no mention of mistakes. Instead he regaled the president with stories from his time in Baghdad."

Woodward's book is also excerpted in a Newsweek (10/1, 3.12M) more extensive web exclusive where he writes of Garner's meeting with Bush, "Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news." Woodward continues, "It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all."

Tenet Warned Rice Of Possible Attack Months Before 9/11. The Washington Post (10/1, A17, 748K) publishes an excerpt from Bon Woodward's new book that claims that On July 10, 2001 then-CIA Director George J. Tenet and counterterrorism chief J. Cofer Black has "a mass of fragments and dots that nonetheless made a compelling case" for "the increasing likelihood that al-Qaeda would soon attack the United States." He "called Condoleezza Rice, then national security adviser…and said he needed to see her right away." Over the last few months "Tenet had been pressing Rice to set a clear counterterrorism policy, including specific presidential orders called 'findings' that would give the CIA stronger authority to conduct covert action against bin Laden," and with this meeting he "hoped to convey the depth of their anxiety and get Rice to kick-start the government into immediate action." However, "Rice seemed focused on other administration priorities," and "Tenet and Black felt they were not getting through to Rice. She was polite, but they felt the brush-off." Tenet "felt that he had done his job and had been very direct about the threat, but that Rice had not moved quickly. He felt she was not organized and did not push people, as he tried to do at the CIA." Black, however, "felt the decision to just keep planning was a sustained policy failure. Rice and the Bush team had been in hibernation too long."

Administration Chided For Avoiding Answers To Woodward Allegations. David Sanger in a short Week in Review essay in the New York Times (10/1, 1.21M) describes the practice in DC of the "non-denial denial, in which politicians try to rebut a storyline without quite denying the specifics." For example, some "officials in the Bush administration" say they "were ignored when they called for an increase in the number of troops in Iraq," yet "none, said Tony Snow, the press secretary, were in the 'chain of command,' meaning that they were not generals asking for more troops." Sanger asks, "Did Mr. Bush listen only to his generals? Of course not, said the White House. So what

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happened to all those recommendations? No one is willing to say."

Columnist Accuses Administration Of Ignoring Intelligence. Frank Rich in his column in the New York Times (10/1, 1.21M) dismisses the debate over the NIE as old news and states, "The facts of Iraq are not in dispute. But the truth is that facts don't matter anyway to this administration, and that's what makes this whole N.I.E. debate beside the point. From the start, honest information has never figured into the prosecution of this war. The White House doesn't care about intelligence, good or bad, classified or unclassified, because it believes it knows best, regardless of what anyone else has to say. The debate over the latest N.I.E. or any yet to leak will not alter that fundamental and self-destructive operating principle. That's the truly bad news."

Clarke Accuses Administration Of Failing To Unite Country In Face Of Terrorism. Former counterterrorism official Richard Clarke in an op-ed in the New York Times (10/1, 1.21M) says both the Clinton and Bush Administrations failed in preventing the 9/11 attacks but blames the current "erosion" of unity in America on "the invasion and occupation of Iraq" that "shattered the post-9/11 American consensus." Clarke advises Bush to forge consensus by admitting "there is a serious problem with the current strategy and taking advice from a bipartisan group of respected experts" like the Iraq Study Group. Clarke also accuses the Administration of using "9/11 as an excuse to strengthen presidential power and erode fundamental American civil liberties" and laments the "widespread sense that some in government have been waving the bloody shirt -- scaring voters with the hobgoblin of Al Qaeda to reap political advantage." Clarke concludes, "We must reject the use of fear and terrorism to divide America for political advantage. And we must not let ourselves get trapped in pointless, partisan debates that result only in having the past obscure the future."

Administration Seen As Divided Over Detainee Policy. The New York Times (10/1, A1, Golden, 1.21M) in a 2,598 word front page story reports that a June 2005 memo from acting deputy secretary of defense Gordon England and State Department counselor Philip Zelikow "urged the administration to seek Congressional approval for its detention policies" and "included several of the major policy shifts that President Bush laid out in a White House address on Sept. 6, five officials who read the document said. But the memorandum's fate underscores the deep, long-running conflicts over detention policy that continued to divide the administration even as it pushed new legislation through Congress last week on the handling of terrorism suspects." The Administration's "debate over detention issues that began within weeks after the terrorist attacks of Sept. 11, 2001, has come to light before. But interviews show that the struggle, pitting top officials against one another, intensified behind the scenes over the last year as criticism of the administration's approach grew in the United States and abroad. Crucial elements of that approach were struck down by the Supreme Court on June 29, forcing a resolution of disputes that had gone on for months." The Times characterizes the dispute as between Vice President Dick Cheney the State Department and the Pentagon and says "even as the White House negotiated with Congress in recent weeks, administration forces led by the vice president's office reasserted themselves. Officials said Mr. Cheney's staff and its bureaucratic allies — having agreed reluctantly to the disclosure of the C.I.A. operation and other changes — were closely involved in guiding the talks with Republican senators. Their adversaries in the administration, meanwhile, had to scramble just to keep up with details of the bargaining."

WPost Chastises Both Parties For Detainee Bill. The Washington Post (10/1, B6, 748K) in an editorial writes, "Once again, with a midterm election looming, President Bush stoked and won a major legislative confrontation over a complex national security question." He "must bear responsibility for his cynical pursuit of the wrong answer" but "Republicans in both chambers, forgetting that Congress is supposed to be an independent branch, snapped to attention when the president told them what to do." And "Democrats hoped that they could duck behind Sen. John McCain (R-Ariz.) and two other Republicans who for a time fought a lonely fight for a better bill. When the three renegades settled for very little, the Democrats were left exposed, and it wasn't pretty." The Post concludes that "Bush's pressure tactics worked again. He has the lamentable legislation he wanted -- which will bring discredit onto this country in any number of ways -- and Republicans are busily blasting Democrats as terrorist-coddlers anyway."

More Commentary. Sen. Christopher Dodd in an op-ed in the Los Angeles Times (10/1, 918K) compares the debate over the detainee bill to the Nuremberg trials and writes, "President Harry Truman understood that our nation's ability to bring about a world of peace and justice was rooted not in our military might but in our moral authority; not on the ability to compel people with our tanks and planes but to convince them that our values and our ideals were right. He understood that our ability to succeed in spreading American values of freedom and human rights are only as effective as our willingness to uphold them." The US "should never tailor its eternal principles to the conflict of the moment, because if we do, we will be walking in the footsteps of the enemies we despise. By abandoning the rule of law, as Congress did last week, we will lose much more than what we gain."

Australian Detainee Trial Could Be Expedited. The Houston Chronicle/AP (10/1, McGuirk) reports, "The only Australian held at Guantanamo Bay, Cuba, will be among the

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first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday." In response to "mounting" pressure Australian AG Philip Ruddock met with US Alberto Gonzales "to press for a speedy resolution." Ruddock said, "It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard."

U.S. Allies In Middle East Ramp Up Security To Counter Terror Threat. The Washington Times (10/1, 88K) reports, "America's allies in the Persian Gulf are at least as worried about terrorism as the United States, spending billions of dollars on security fences in the desert, eye-scanning machines at airports and other measures to keep out militants. Saudi Arabia, for example, has ordered the construction of a 550-mile fence with state-of-the art technology to seal off its troubled northern neighbor, Iraq." According to the report, "Al Qaeda's warning that the Gulf is among its next targets is prompting increased security measures among the affluent Arab countries that have largely been spared major violence so far. They have a lot to lose. Kuwait, Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates are enjoying tremendous economic growth, boosted by oil money and also because they are seen by investors as islands of stability in a volatile region."

As Deadline Passes, U.S., EU Issue Conflicting Reports On Status Of Airline Passenger Data Talks. The Los Angeles Times (10/1, Peterson, 918K) reports, "U.S. officials expressed confidence Saturday that talks with the European Union on the sharing of airline passenger data were headed toward a successful conclusion, shortly after an EU spokesman said negotiations had broken down. The conflicting statements came on the day of a court-imposed deadline to formalize the sharing of passenger data, a practice adopted after the Sept. 11, 2001, terrorist attacks. In May, the European Court of Justice struck down the arrangement because of legal and privacy considerations." According to the Times, "Lacking an accord, airlines potentially face legal action from individual European nations for providing personal information sought by U.S. security agencies. … The sharply different characterizations of the Brussels-based negotiations led to confusion, with Europeans suggesting travel chaos could ensue and Americans downplaying concerns."

The AP (10/1, Miller) reports, "The United States and the European Union failed to reach a new deal on sharing air passenger data by yesterday's deadline, though officials disagreed about the impact on trans-Atlantic air travel. Homeland Security Secretary Michael Chertoff said the failure to agree wouldn't disrupt trans-Atlantic air travel." According to the report, "Data including passengers' names, addresses and credit card details must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States. The EU's top court in May ruled that the deal put in place after the September 11 attacks on the United States was illegal because it was not using the right legal basis under EU law." According to the AP, "An EU court allowed the data to keep flowing until Sept. 30 to give officials time to negotiate a new deal."

U.S. Senate Ratifies Extradition Treaty With U.K. Bloomberg (10/1) reports, "The Senate early today unanimously ratified an extradition treaty between the U.S. and the U.K., three years after it was signed, according to the U.S. embassy in London. The treaty, which speeds extradition of prisoners between the two countries, was negotiated in 2003." According to Bloomberg, "The treaty, first sent to the Senate for approval in April 2004, lowers the level of proof the U.S. must show to win extradition of a suspect. … Ratification had been slowed by complaints from some Irish- American groups that the treaty would create new legal jeopardy for U.S. citizens who opposed British policy in Northern Ireland."

Video Shows 9/11 Attackers Meeting In Afghanistan. The UK Times (10/1) reports, "Film of the ringleader of the September 11 hijackers reading his 'martyrdom' will inside Afghanistan at Osama Bin Laden's headquarters has emerged five years after the Al-Qaeda outrage. It is the first time that a videotape has appeared of Mohammed Atta…at a training camp in Afghanistan. It fills in a significant gap in the timing of the build-up to the attacks on the United States." The Times notes, "The video indicates how easily they slipped from a western identity to a fundamentalist one. It also shows up the subterfuge they maintained in Germany and America that they did not know each other, all part of evading detection."

HOMELAND RESPONSE:

Biodefense Government Contractor To Delay Vaccine Delivery. The AP (10/1, Elias) reports, "By now, millions of anthrax vaccine shots developed through cutting-edge genetic engineering were supposed to be filling a new national stockpile of biodefense drugs. Instead, five years after anthrax attacks left five dead, sickened 17 and panicked the country, the nearly $1 billion contract awarded by the U.S. Department of Health and Human Services to a tiny and struggling San Francisco Bay Area biotechnology company is plagued with misfortune and delays." According to the report, "Delivery has been put off until at least 2008 — and maybe

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later — while the government and VaxGen Inc. trade barbs over who is at fault. The dispute has further tarnished Project Bioshield, a government program that has alienated many potential biodefense contractors."

U.S. Government Accused Of Suppressing Dissent By Denying Visa. In an op/ed in The Washington Post (10/1, B1, 748K), Oxford University's Tariq Ramadan writes, "For more than two years now, the U.S. government has barred me from entering the United States to pursue an academic career. The reasons have changed over time, and have evolved from defamatory to absurd, but the effect has remained the same: I've been kept out." Ramadan adds, "First, I was told that I could not enter the country because I had endorsed terrorism and violated the USA Patriot Act," and later "U.S. authorities offered a new rationale for turning me away: Between 1998 and 2002, I had contributed small sums of money to a French charity supporting humanitarian work in the Palestinian territories. I am increasingly convinced that the Bush administration has barred me for a much simpler reason: It doesn't care for my political views. … My experience reveals how U.S. authorities seek to suppress dissenting voices and -- by excluding people such as me from their country -- manipulate political debate in America."

Virginia Teenagers Among Nation's Youngest Muslim Imams. The Washington Post (10/1, A1, Vargas, 748K) reports that 13-year-old Aman Chhipa "and another teenager, Uzair Jawed, 16, were thrust into the revered role of imam, or prayer leader, at the Islamic Community Center of Northern Virginia, mostly out of desperation. A cleric from South Africa was supposed to lead the center's nightly prayer for Ramadan, the holiest month for Muslims, as he had done for the past three years. But after Ismail Mullah arrived at Dulles International Airport on Sept. 22, he was detained by U.S. Customs and Border Protection officials and sent back to South Africa." According to the report, Nihad Awad, the national executive director of the Council on American-Islamic Relations, said Uzair and Aman "might be the nation's youngest imams," adding that "The two are also a testament to the post-9/11 need for U.S. Muslims to groom their own leaders and stop depending on those from other countries, he said."

Louisiana Voters Approve Levee Board Reforms. The AP (10/1, Simpson) reports, "Louisiana voters on Saturday approved consolidating the New Orleans area's levee boards, the generations-old agencies whose politically appointed members were criticized after Hurricane Katrina for failing to maintain the area's levees and floodwalls. The constitutional amendment — passing with about 80 percent of the vote — will combine 10 southeast Louisiana boards into two, one for each bank of the Mississippi River." According to the report, "Members of the new boards will be required to have expertise in engineering, geology and hydrology, mandates that advocates of the new structure hope will convince Congress and the nation that Louisiana has shed a system mired in cronyism."

WAR NEWS:

Bush Challenges Opponents Of Iraq Policy. President Bush's weekly radio address was covered by the wire services. The AP (10/1, Loven) reports, "Gloves-off election-year rhetoric hit the radio Saturday, as President Bush argued that critics are wrongheaded to argue for a different policy in Iraq while Democrats suggested Bush is more interested in politically helpful slogans than success in the war." Bush "has been fighting back against the Democratic attacks with a series of appearances, and he recycled many lines from earlier in the week in his Saturday radio address." He "argued Saturday that maintaining the U.S. presence in Iraq is crucial to winning the broader war on terror." Bush said, "Our safety depends on the outcome of the battle in Iraq. … Withdrawing from Iraq before the enemy is defeated would embolden the terrorists."

Bloomberg (10/1, Mathewson) notes, "This is the seventh week in the past eight that Bush has made the war on terrorism the topic of his radio address." And as the election approaches, "Democrats are making criticisms of Republican Bush's conduct of the war a central part of their midterm election campaigns. Republicans respond that defeating extremists in Iraq would be a major blow to terrorists globally. At the same time, they argue that the invasion of Iraq didn't provoke jihadists' anti-American campaign."

Veteran Candidate Accuses Bush Of Using Iraq As Campaign Issue. The AP (10/1, Conrad) reports, "An Illinois congressional candidate who lost both her legs during combat in Iraq said Saturday that President Bush has no real strategy for securing the war-ravaged nation, just political talk designed to appeal to voters." In the Democratic weekly radio address former Army Capt. Tammy Duckworth said, "Instead of a plan or a strategy, we get shallow slogans like 'mission accomplished' and 'stay the course.'" Duckworth added, "Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed. … My helicopter was shot down long after you proclaimed 'mission accomplished."

Experts Doubt Usefulness Of More Troops Now In Iraq. The Baltimore Sun (10/1, Wood, 262K) reports, "Renewed allegations that the White House and Pentagon blundered by not deploying sufficient troops in Iraq to deal with the aftermath of the 2003 invasion swarmed around the

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administration this weekend, stirred by publication of Bob Woodward's new book, *State of Denial*." However, some experts now "conclude that it would be difficult and costly to scrape up enough troops to raise levels in Iraq significantly and that even raising troop levels now might not work." The Sun quotes CSIS analyst Anthony Cordesman, Brookings analyst Michael O'Hanlon, and *Fiasco* author Thomas Ricks as expressing doubts on the usefulness of raising troop levels now. The Sun concludes, "A review of the record shows that the Bush administration made decisions to keep troop levels low in Iraq and that in the uncontrolled chaos that followed, the insurgency took hold."

Bush Described In Powell Book As Disengaged On Iraq. The New York Times (10/1, Broder, 1.21M) reports that according to the new biography of former Secretary of State Colin Powell by Washington Post associate editor Karen DeYoung that in his last meeting with President Bush former Secretary of State Colin Powell "tried to impress upon him one last time the dangers he saw the United States facing in Iraq." But "Bush appeared disengaged, the book says, and brushed off Mr. Powell's complaints about dysfunction in his government."

Powell Blames CIA For Faulty Iraq WMD Information. The Washington Post Magazine (10/1, W12) publishes an excerpts from Washington Post associate editor Karen DeYoung's new biography on former Secretary of State Colin Powell. Repeatedly "during the administration's bumpy first year, Powell had seen Rumsfeld and Vice President Cheney intervene to nudge a willing Bush away from moderation and diplomacy, and toward a hard line on foreign policy issues from North Korea to the Middle East. After the September 11, 2001, terrorist attacks by al-Qaeda on New York and Washington, their attention turned sharply toward Iraq, and by the following summer it was clear that the administration was headed toward war with Saddam Hussein." And "Powell found little evidence to support thinly veiled White House suggestions that Hussein had had a hand in the September 11 attacks. But he saw no reason to doubt the CIA's assessment, fervidly promoted and expanded upon by Cheney and the Defense Department, that the Iraqi leader had stockpiles of chemical, biological and perhaps even nuclear weapons, which he was ready to hand over to terrorists bent on destruction of the United States." The excerpt describes in detail Powell's negotiations with Administration officials over his speech to the UN about Iraq's WMD programs. Afterward "Powell's irritation at the White House was coupled with a growing anger at the CIA. Right or wrong, at least Bush had willingly shouldered the ultimate responsibility for the decision to go to war. Powell felt he had done his own duty by privately voicing caution even as he gave the president his full support. But it was increasingly apparent that the intelligence community had been careless with the truth and hence with Powell's most precious commodity -- his credibility with the American people."

Rumsfeld Management Of Defense Department Examined. The one-hour program on Secretary Rumsfeld quotes supporters Newt Gingrich and Midge Decter (his biographer), as well as the Secretary's wife, balancing them with the critical former Marine Gen. Paul van Riper. Decter said that, in the 1970s, Rumsfeld was one of the first to equate terrorism with war but that his arguments garnered little attention then (Rumsfeld 1). Newt Gingrich likened Eisenhower's assertion of civilian control over the military to Rumsfeld's efforts before 9/11 to reform the military; he also argues that Afghanistan vindicated Rumsfeld's thinking about the use of light forces and defends Rumsfeld's strategy for invading Iraq, saying that the Army had presented him with a "massive, sluggish" war plan (Rumsfeld 2). Fox notes that the Secretary's popularity has fallen since the Iraq war started; the critic most prominently featured is former Gen. van Riper, who says that the Secretary is "stubborn" and "doesn't listen to advice" and should have been removed three years ago (Rumsfeld 3). Former JCS chair Gen. Richard Myers says that Rumsfeld "did not micromanage," while current JCS chair Gen. Peter Pace also defends Rumsfeld but concedes that the secretary "pushes" his convictions hard.

Video of the entire Fox News interview with Secretary Rumsfeld can be viewed in the following segments. Rumsfeld Fox Interview Clip 1, Rumsfeld Fox Interview Clip 2, Rumsfeld Fox Interview Clip 3, Rumsfeld Fox Interview Clip 4, Rumsfeld Fox Interview Clip 5, Rumsfeld Fox Interview Clip 6, Rumsfeld Fox Interview Clip 7, Rumsfeld Fox Interview Clip 8, Rumsfeld Fox Interview Clip 9, Rumsfeld Fox Interview Clip 10.

Iraqi Forces Have Yet To Stand Up. The Washington Post (10/1, Ricks, 748K) reports, "Training programs have developed more than 300,000 members of the Iraqi army and national police, close to the desired number of homegrown forces. Yet as that number has grown, so, too, has violence in Iraq. ... With the insurgency undiminished and Iraqi forces seemingly unable to counter it, U.S. commanders say they expect to stay at the current level of U.S. troops -- about 140,000 -- until at least next spring. That requirement is placing new strains on service members who leave Iraq and then must prepare to return a few months later." Experts "said that the Iraqi training program has worked but that its success is undercut by the lack of strong Iraqi political leadership." Critics, though, "believe that the U.S. training program itself is flawed, lacking both funding and enough U.S. advisers and trainers."

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Brookings Scholars Say US Is Neither Winning Nor Losing In Iraq. In a commentary for the New York Times (10/1, 1.21M), Brookings scholars Michael O'Hanlon and Nina Kamp and graphic designer Amy Unikiewicz argue, "Our own tracking statistics from the last four years in Iraq will provide ammunition for both supporters and critics of the war. But one fact seems clear: this year's violence was the worst since liberation, and probably the worst over all since 1991. ... On balance, the data suggest that while Iraq is not lost, the United States and its allies there are hardly winning either."

Baghdad Is Under Curfew; Sunni Politician's Guard Is Arrested. The Washington Post (10/1, Raghavan, 748K) reports, "The streets of Baghdad were mostly quiet Saturday, with the capital under total lockdown a day after U.S. troops arrested a bodyguard of a Sunni Arab political leader on suspicion of planning suicide bombings inside the fortified Green Zone. The day-long curfew in this city of 7 million people was the first to ban both pedestrian and vehicle traffic since the U.S.-led invasion in 2003." In addition, US forces "raided the residence of Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in Iraq's parliament, and took into custody his bodyguard, identified by Dulaimi's supporters as Khudir Farhan Zargan." After Dulaimi's denials of Zargan's guilt, the US military revised its statement about the arrest, saying that "this operation in no way implies [Dulaimi] was associated with any illegal activity; he was not the target in this operation."

The New York Times (10/1, Luo, 1.21M) says the city is "quiet" under a "strict curfew," writing, "Uncertainty remained, however, over what exactly prompted the curfew on vehicle and pedestrian traffic, called Friday night without explanation by the Iraqi prime minister's office." The Times, like the Post, reports the suspicions surrounding Dulaimi.

The AP (10/1, Quinn) reports, "There have been fears that insurgents would try to stage a spectacular attack during Ramadan following a series of calls from al-Qaida in Iraq's new leader." The arrested bodyguard "could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful he could ever have reached the heavily guarded U.S. embassy compound inside the Green Zone." The Washington Times (10/1, 88K) carries a shortened version of this story.

The Los Angeles Times (10/1, Smith, Rasheed, 918K) reports, "A statement from the U.S. Army said the man was part of an Al Qaeda cell 'in the final stages of launching a series of … attacks' that would have used several vehicles and possibly suicide vests. It said a seven-member cell believed to be linked to vehicle bombings in south Baghdad was planning the attacks on the area that houses the Iraqi government and U.S. and other embassies under heavy military protection." Both US and Iraqi officials "denied any connection between the curfew announcement late Friday and the politically sensitive arrest. An Army spokesman said the U.S. had recommended the curfew in hopes of quelling violence that has increased during the monthlong observance of Ramadan." However, an Iraqi police official said "the curfew was a reaction to a plot that sounded similar to the one described by U.S. officials but was instead aimed at Baghdad residents." Suspicions linger around the politician Dulaimi; "Jill Carroll was abducted and her driver killed as they were leaving Dulaimi's headquarters after the lawmaker failed to show up for a scheduled interview."

Ambassador Defends Maliki's Security Plan. The Los Angeles Times (10/1, Moore, 918K) reports, "U.S. Ambassador Zalmay Khalilzad said Saturday that he supported the Iraqi prime minister's plan to disband sectarian militias through negotiations while using his military to go after the most extreme elements." Khalilzad "disagreed with recent complaints by U.S. military officials in Iraq and politicians in Washington that Prime Minister Nouri Maliki hasn't been doing enough to rein in Shiite militias." He called those complaints evidence of "tactical differences" he had with those commanders.

Iraqi Engineer Recalls Being Held Hostage. In the New York Times magazine (10/1), Iraqi engineer Raad Ali Abdulaziz writes that he was kidnapped while working for an "Italian humanitarian organization" in 2004. The captors released him and two Italians "after a secret deal with the Italian Red Cross." Abdulaziz complains "that many Iraqis and Arabs around the world hoped I would be beheaded — even some people I knew." He concludes, "This cannot be God's way."

Bombing Kills 12 In Afghanistan. The New York Times (10/1, Gall, 1.21M) reports, "Central Kabul was rocked by a deadly suicide bombing that killed 12 and wounded more than 40, just hours before President Hamid Karzai announced that his recent trip to Washington had elicited assurances from Pakistan that it would act against Taliban insurgents in its territory. The suicide attack [was] the second in Kabul, the capital, this month."

The Washington Post /AP(10/1, Faiez, 748K) reports too that "it was the second major suicide attack in Kabul this month." The AP reports the release and departure from Afghanistan of Brent Bennett "after serving more than two years for operating a private prison as part of a freelance hunt for terrorists." The Washington Times/AP (10/1, Straziuso) also reports the release of Bennett, writing, "It was not clear if Bennett, 29, was free or in the custody of U.S. officials."

Afghanistan Considers Herbicide. The AP (10/1, Krane) reports, "With profits from this spring's record opium

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crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide. Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes." However, "U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops." The AP calls opium eradication "one of the great failures of the five-year period since the U.S.-led invasion in 2001."

NATO Takes Command Of Some US Troops. The AP (10/1, Krane) reports, "NATO will take command of up to 12,000 U.S. troops and the territory they control in Afghanistan in a 'few days,' a spokesman for the alliance said Sunday. The planned expansion of the alliance's operation to the rest of the country will consolidate most military responsibilities under the command of top NATO leader, British Lt. Gen. David Richards." According to an alliance spokesman, "Some 8,000 U.S. troops tracking al-Qaida terrorists or involved in aerial operations will remain under direct U.S. command"; on the other hand, "The 12,000 U.S. troops in the regional command in eastern Afghanistan headed by U.S. Army Maj. Gen. Benjamin Freakley will fall under NATO command." The transition puts the role of Lt. Gen. Karl Eikenberry "in doubt."

Afghanistan "Triangle" Copes With Trouble. In a Week in Review piece for the New York Times (10/1, 1.21M), reporter David Rohde writes, "There are three critical problems today: the weakness of Afghan security forces, a rampant opium trade and allegations that Pakistani officials turn a blind eye to Taliban activity in their territory. Those three problems are wrapped up with a fourth: a creeping skepticism among Afghans and Pakistanis about the seriousness of the American and NATO commitments to stay in Afghanistan."

Rohde Fact-Checks Musharraf Book. In the New York Times Week in Review (10/1), Rohde examines some assertions of Pervez Musharraf's new book. He contends that, despite Musharraf's claim that no Pakistani troops have left the "tribal areas," "Pakistani forces have withdrawn to their barracks and tribal militias now patrol the border area, where American officials believe Taliban members cross into and out of Afghanistan."

Musharraf Book Seen As Critical Of Karzai. Dan Eggen in the Washington Post (10/1, B3, 748K) Outlook section similarly examines passages from Musharraf's book noting he writes, "The fact that so many Saudis are in the Konar area [of Afghanistan] perhaps suggests that this is where Osama bin Laden has his hideout, but we cannot be sure. I have said, half-jokingly, that I hope he is not caught in Pakistan, by Pakistan's troops." Eggen states, "This claim amounts to a public slap at Afghan President Hamid Karzai -- who complains about Pakistani tolerance of militants along the border -- and U.S. intelligence officials, who have long thought that bin Laden is in Pakistan. The affront was made worse by timing: President Bush hosted Musharraf and Karzai last week at a joint dinner meant to improve relations between the two feuding leaders."

Dallas News Urges Military "Rebuilding." The Dallas Morning News (10/1, 500K) editorializes, "The U.S. military hasn't failed in Iraq. It accomplished exactly what it was asked to do, which was overthrow Saddam Hussein. What its leadership didn't bargain for – and what our military isn't built for – is the messy aftermath. Simply, Washington has asked its military to do too much with too little. ... The core of this country's readiness – the men and women in uniform – must be restored as smartly and quickly as possible. ... The elements of that sacrifice – whether a tax increase, a draft or some other drastic measure – are unpalatable topics headed into an election."

Eric Posner Criticizes "Humanitarian War Myth." In a commentary for the Washington Post (10/1, 748K), law professor Eric Posner argues against justifying wars for humanitarian reasons: "Yet, if the United Nations were to have its way, the Iraqi debacle would be just the first in a series of such wars -- the effect of a well-meaning but ill-considered effort to make humanitarian intervention obligatory as a matter of international law. Today Iraq, tomorrow Darfur." Somalia and Iraq have proven humanitarian war to be "an oxymoron," since costs are high and benefits "usually are low." Posner says that an intervention in Darfur will "surely" prove this point again.

Book Review Praises Three War-Critic Authors. In a review for the San Francisco Chronicle (10/1, 405K), author Todd Oppenheimer writes, "Individually, each of these books -- Fiasco (The Penguin Press; 482 pages; $27.95), Imperial Life in the Emerald City: Inside Iraq's Green Zone (Knopf; 320 pages; $25.95) and The End of Iraq: How American Incompetence Created a War Without End (Simon & Schuster; 260 pages; $26) -- has its shortcomings. But those misses are dwarfed by the weight of persuasive material each author has found, and by the elegance of their presentations. Taken together, their evidence makes a staggering case against President Bush and his staff. ... Although the ultimate blame for a campaign that fails at a cost of $5 billion a month obviously falls on the president, the finger in each of these books points repeatedly at a more direct target: Defense Secretary Donald Rumsfeld. Judging from these and other reporters' accounts, Rumsfeld has little

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patience for scholarly deliberation, and he seems allergic to the concept of planning."

DOJ:

Indiana Federal Prosecutor Says Fighting Corruption Still Major Priority. The Northwest Indiana Times (10/1, Carlson) reports, "With a mission to fight political corruption, Joe Van Bokkelen knew he had a major job on his hands in becoming the top federal prosecutor in a district that included Lake County." The Times continues, "Sure, Van Bokkelen and his prosecutors in the U.S. attorney's office have sent hundreds of drug dealers and gang thugs to prison -- particularly felons carrying firearms in defiance of strong federal anti-gun laws. .. . But when he came to office five years ago this month, Van Bokkelen carried a bias toward fighting public corruption." The Times adds, "In a wide-ranging interview last week, he said he's proud of the work accomplished under his watch. Those jailed include a former U.S. congresswoman (Katie Hall), a former state party chairman (Peter Manous), a former town judge (Deborah Riga), and more than 30 county, city and township employees. .. . 'For the life of me, I don't understand why public officials think they're entitled to more money than the statute says,' he said. 'You shouldn't become a public servant to get rich. I have no tolerance for people who think they're entitled to more.' .. . But some observers question the long-term impact of his work. Can one watchdog office change a political culture? Even Van Bokkelen acknowledged disappointment that his prosecutors' efforts don't seem to have changed the expectations voters have for their public servants."

CORPORATE SCANDALS:

Silicon Valley Called A "Hotbed" For Corporate Espionage. The Contra Costa Times (10/1, Ha) reports, "One day last June, FBI agents swooped into two affluent Silicon Valley homes and arrested two engineers. Lan Lee and Yuefei Ge stand accused of stealing proprietary chip designs and software from their employer, NetLogic Microsystems of Mountain View and Taiwan Semiconductor Manufacturing Co. in San Jose. .. . Now investigators are asking the Justice Department to charge Lee, an American citizen, and Ge, a Chinese national, with a more serious crime: economic espionage to benefit China." The Times continues, "The case highlights China's role as the main adversary in a complex game of 21st century espionage where many agents aren't trained spies in trench coats but businessmen, students and researchers. Silicon Valley, counterintelligence experts say, is ground zero. .. . 'Silicon Valley is a hotbed' of economic espionage, said Don Przybyla, who heads a FBI counterintelligence unit in San Jose. The valley is home to many of the estimated 3,000 Chinese front companies nationwide set up to steal secrets and acquire technology, according to the FBI." The Times adds, "Lee and Ge allegedly set up a front company backed by a Beijing venture capital firm with links to China's military and planned to go into business with the Chinese government. … In a global economy where intellectual property has become a valuable currency, state-directed espionage increasingly targets technology and commercial trade secrets to advance a nation's military and economic strength."

CRIMINAL LAW:

Pirro Repeats Call For DOJ Leak Probe. Long Island Newsday (10/2, Virasami) reports, "At a Staten Island rally, Jeanine Pirro got a warm welcome from her Republican colleagues who also slammed her opponent and vowed to stick with her through Election Day despite her recent bug planting scandal." Newsday continues, "In a show of Republican unity, Pirro, the state GOP candidate for attorney general, was among friendly faces at the rally that included gubernatorial candidate John Faso and Rep. Vito Fossella of Staten Island. … After the rally, Pirro made another defiant call for Attorney General Alberto Gonzales to appoint a special prosecutor to investigate the leak about her alleged plot to bug her husband's boat over suspicions he was having an affair. … Pirro said she wants a 'fast track' probe of the leak to help clear her name so that she can focus on the campaign. .. . 'We've seen it too often. You hear about smears in a political campaign and then all of a sudden at the end of the campaign it all goes away,' Pirro said. 'Not this time, not with this candidate and not here in New York any more.'"

Long Island Newsday (10/1, Kessler, Kelleher) reports, "To federal prosecutors, it may not matter that attorney general candidate Jeanine Pirro and former New York City Police Commissioner Bernard Kerik did not fully act on discussions about planting a bug on her husband's boat to try to find out if he was having an extramarital affair. Regardless, the two still may have violated federal conspiracy laws, sources familiar with the investigation said Saturday." Newsday continues, "One source noted that if someone plans and takes steps to carry out a bank robbery, one doesn't actually have to rob a bank to be charged with conspiracy. … But in an interview Saturday, Pirro's attorney, Paul Shechtman, scoffed at the entire investigation. … It is not entirely clear under what circumstances one spouse can bug another or whether the site of the potential bugging -- in this

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case, the boat of Pirro's husband, Albert -- is a joint marital property, the sources said."

Jury Convicts Former New Mexico Treasurer Of Single Extortion Count. In a widely-distributed story, the AP (10/1, Korte) reported former New Mexico Treasurer Robert Vigil "was convicted Saturday of one count of attempted extortion and acquitted of 23 remaining counts of extortion and racketeering in his public corruption trial. … The federal investigation…spanned two years and also led to the arrest of Michael Montoya, Vigil's predecessor. Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil." The AP noted, "Jury foreman Bill Strouse said the panelists didn't believe government witnesses, including Montoya. 'The acquittal doesn't mean Mr. Vigil was universally admired,' he said. 'It just means he wasn't guilty of a crime.'" KRQE-TV Albuquerque (9/30, McCormick) reported, "Jurors found him not guilty of demanding and accepting kickbacks while state treasurer despite what appeared to be compelling evidence against him including secret recordings and testimony from former colleagues who cooperated with the FBI and federal prosecutors. Undercover video showed Vigil accepting thousands of dollars in cash from a man doing business with the state. However juror Michael Cisneros told KRQE News 13 the evidence didn't convince him Vigil demanded any payments but did suggest he had been set up."

Columnist Says US Ignoring Rise In Crime. In a column for the Boston Globe (10/1), Joan Vennochi writes, "Across the country, violent crime is on the rise. Does anyone in Washington care? … No, complains a growing chorus of police chiefs and mayors. … 'They're not home,' says Boston's mayor, Thomas M. Menino, when asked about the federal response to pleas for assistance in fighting urban crime. 'Mayors are frustrated. They're on the frontlines, and no one's helping.'" Vennochi continues, "The global war on terrorism -- the one fought in Iraq, Afghanistan, and at home -- is now the Bush administration's priority. The other war on terror -- the one against street gangs and miscellaneous thugs across America -- is left to resource-deprived locals. … 'The federal government has stepped back significantly from dealing with the issue of local crime,' charges Los Angeles Police Chief William J. Bratton. 'This administration in Washington clearly feels that local crime is an issue for local towns and municipalities.'" Vennochi adds, "Bratton said he and other local law enforcement officials met last summer with US Attorney General Alberto R. Gonzales and 'expressed our frustration' with the lack of support from Washington. According to Bratton, Gonzales was not moved by their pleas: 'He told us the priorities of the federal government have to be focused on issues of terrorism, to prevent the cataclysmic casualties we saw clearly at the World Trade Center [during the Sept. 11, 2001 attack]. But the reality is, the 16,000 American citizens we are losing to gun violence and many thousands of others being shot, far surpasses anything launched by groups engaged in terrorism.' … The global war on terrorism is now a national priority, but it took the shock of 9/11 to make that happen. … What will it take to make the homegrown violence on America's streets of equal concern in the nation's capital?"

Effectiveness Of Transition Work Programs For Ex-Convicts To Be Assessed In New Study. The New York Times (10/1, Eckholm, 1.21M) reports that though garbage sorting jobs for released convicts are "noisy, dusty and smelly, paying $6.50 an hour," many of the workers "see the temporary work as a fresh start. The jobs are arranged by a Chicago charity, the Safer Foundation, which works with current and former prisoners. Offering transitional jobs like these — immediate, closely supervised work and help finding permanent employment — is a growing tactic in the effort to usher felons back to society and curb recidivism." According to the report, "Now the effectiveness of this approach is about to be tested scientifically for the first time. Starting in January, the employment and recidivism rates of 2,000 newly released male prisoners, all with similar histories of little work and poor schooling, will be studied in Detroit, Milwaukee, St. Paul and Chicago." According to the report, "The experiment, which will track the two groups over three years, is being sponsored by the Joyce Foundation in Chicago and directed by the Manpower Development Research Corporation in New York, which specializes in scientific studies of poverty programs."

CIVIL RIGHTS:

Gay Marriage Proponents Hope To Win Victory At The Polls. The AP (10/1, Crary) reports, "When it comes to statewide votes on gay marriage, the score so far is 20-0 in favor of keeping it a one-man, one-woman institution. If there's a chance to break the streak on Nov. 7, it might be in Wisconsin, where activists believe that support from unions, college students and church leaders — coupled with hoped-for conservative apathy — could enable them to finally overcome the string of losses." According to the report, "Eight states will vote on ban-gay-marriage amendments in November, following 20 that previously approved such measures. Passage is considered certain in Idaho, South Carolina, South Dakota and Tennessee, but gay-rights strategists believe their side is at least competitive in Arizona, Colorado, Virginia and Wisconsin."

Congress Removes Chaplain Prayer Provision. The New York Times (10/1, Banerjee, 1.21M) reports,

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"Congress removed a controversial provision in a military bill on Friday that would have permitted chaplains to offer sectarian prayer at mandatory nondenominational events. At the same time, lawmakers moved to rescind guidelines issued last year by the Air Force and Navy meant to curtail the risk of religious coercion and proselytizing within the ranks. ... The provision's backers — among them Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee — contended that Christian chaplains had long invoked Christ in nondenominational settings. The provision was championed by some evangelical chaplains and Christian groups, like Focus on the Family. But it was opposed by the Pentagon, the National Association of Evangelicals and a dozen or so ecumenical groups."

Integration Of All-Women's Virginia College Draws Controversy. The Washington Times (10/1, Lang, 88K) reports, "Some alumnae and teachers at Randolph-Macon Woman's College say accepting male students to resolve financial problems is a shortsighted effort that undermines the school's 115-year-old tradition. … Board members voted 25-2 last month in favor of admitting men in the fall of 2007, the culmination of a three-year effort by the board to develop strategies to ensure the college's future." According to the report, "The vote also brings in a new strategic plan that emphasizes a 'global honors curriculum,' which focuses more on individual study, travel and honor-system values. … However, the changes have sparked a backlash -- from alumnae withdrawing their support to protests and boycotts by many of the about 680 female undergraduates on the pastoral Lynchburg, Va., campus."

ANTITRUST:

Group Urges DOJ Probe Of Smithfield Deal. The Sioux Falls (SD) Argus Leader (10/1, Dobbs) reports, "A coalition of agriculture and consumer groups threw its support behind Midwest lawmakers who want the U.S. Department of Justice to investigate Smithfield Foods' plan to buy rival Premium Standard Farms of Missouri, a deal that would merge the nation's two largest hog producers." The Argus Leader continues, "The coalition contends that the proposed acquisition, if approved, will hasten the consolidation of livestock markets and swing open the doors to inflated pork prices for consumers. That, critics say, could happen because the deal would lessen competition in the livestock industry. … That, they say, should raise antitrust concerns for federal investigators. .. . 'Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive, and consumers lose,' the coalition, which includes 15 groups in all, said in a letter to Attorney General Alberto Gonzales." The Argus Leader adds, "The coalition includes Dakota Rural Action, Dakota Resource Council, the National Consumers League and the National Farmers Union … Virginia-based Smithfield, which owns the John Morrell & Co. meatpacking plant in Sioux Falls, announced in September it would buy its rival for about $650 million in cash and stock. … The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own about 20 percent of the nation's hogs. That could limit independent hog producers' options and ability to get good prices for their meat, lawmakers said."

DOJ Official Clarifies Law On Online Bidding. In a letter to the editor of the New York Times Magazine (10/1), Scott D. Hammond, Deputy Assistant Attorney General for the Justice Department's Antitrust Division, writes, "In the Sept. 3 column, the Ethicist told an art collector that accepting a proposal from a fellow collector to agree not to bid on the same prints in eBay auctions would be unethical. I agree. The Ethicist also reported a lawyer's advice that 'collusive bidding is illegal in the auction world,' adding that it 'may not be illegal online — Internet auctions are largely unregulated.' But the federal antitrust laws apply to competition on Internet auctions as much as to physical auctions. Agreements between bidders not to bid against one another or to bid at certain prices are criminal violations of the Sherman Antitrust Act, punishable by up to 10 years in prison."

ENVIRONMENT:

US Charges Citgo With Texas Air Pollution. The San Antonio Express-News (10/1, Caputo) reports, "Two massive vats of oil, each capable of holding 12 million gallons, sat uncovered in this city's sprawling refinery row for at least a dozen years, releasing unknown quantities of toxic benzene into the air." The Express-News continues, "In August, the Justice Department leveled a 10-count criminal indictment against Citgo Petroleum Corp. and the environmental manager of its Corpus East plant, alleging the refinery released tons more of the cancer-causing chemical than allowed by law in 2001 and 2002 — while company officials knowingly underreported the emissions. .. . But state regulators have been trying unsuccessfully to force Citgo to install lids and pollution-control systems since 1999, according to a review of thousands of pages of regulatory documents obtained by the San Antonio Express-News under state open records laws." The Express-News adds, "The review revealed that the refinery's pollution issues go back much further than the indictment shows. State regulators, documents indicate, seemed to exert little

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influence over the the refinery's operation, and enforcement efforts often dragged on and on, letting the company operate with violations for years before paying fines. .. .Texas Commission on Environmental Quality records show that the refinery spewed tons more benzene than permitted not just in 2001 and 2002, as the federal indictment charges, but also in 1998, 1999 and 2000."

Senate Allots $75 Million For Artillery Shelling Of National Park. The Washington Post (10/1, A3, Harden, 748K) reports, "the Burlington Northern Santa Fe Railway, now wants to lob artillery shells into mountain-goat habitat inside [Glacier national Park], which straddles the Continental Divide here in northwest Montana. The shelling would help control winter avalanches that sometimes threaten BNSF freight trains, about 40 of which pass daily through mountains just south of the park's border. Besides seeking federal permission for the occasional wintertime bombardment of the park, the highly profitable railroad stands to benefit from little-known legislation -- passed in the Senate and pending in the House -- that would spend as much as $75 million in federal grants to pay for avalanche control. The legislation, introduced by two senior Republican lawmakers from Alaska and written, in part, by an avalanche expert who is a paid consultant to BNSF, would approve the use of federal money to assist 'avalanche artillery users.'"

In Absence Of Federal Action, Local, State Governments Act On Environmental, Energy Issues. In an outlook column in The Los Angeles Times (10/1, 918K), Ronald Brownstein writes, "In the absence of serious national action, state and local governments and the private sector are taking the initiative in confronting the interlocked problems of global warming and energy conservation. The most dramatic example is the legislation California Gov. Arnold Schwarzenegger signed last week mandating reductions in the state's emissions of the gases associated with global warming." Brownstein adds, "But city governments and the private sector are also formulating some of the most innovative responses to a problem the federal government still refuses to confront head-on. … The real message of the green development movement is that American ingenuity can meet the test if the federal government challenges us to combat global warming by using energy more efficiently. Now all we need is a government with the confidence and foresight to issue the challenge."

FBI/DEA/ATF/USMS:

Colorado School Shooter Wrote Of Childhood Abuse. The Denver Post (10/1, Mitchell) reports, "A fishing trip with his older brother was the only happy memory Duane Roger Morrison recounted in a farewell letter in which he describes a difficult, abusive childhood. … His childhood was so crippling, he told five siblings in the rambling 14-page letter, that he was never able to function normally, and it was time to end his pain, a law enforcement official said Morrison wrote." The Post continues, "The letter said that as long as he lived, he would never forget the abuse at home and how petrified he was whenever his father approached him. .. . The Denver Post obtained previously unpublished details Saturday about the contents of the letter. .. .The letter, mailed from Shawnee, just outside of Bailey, was received by one of Morrison's brothers Thursday, the day after Morrison entered Platte Canyon High School, took six girls hostage, sexually assaulted them and ultimately killed Emily Keyes, 16, and himself." The Post notes, "Morrison gave no hint in the letter of what he planned to do at the high school, Park County Sheriff Fred Wegener said. … The letter stated that Morrison was in emotional pain because of treatment by his father, said Joe Gordon, the Bureau of Alcohol, Tobacco, Firearms and Explosives' assistant agent in charge of a five-state region that includes Colorado."

IMMIGRATION:

Border Fence Seen As Likely To Emerge As Campaign Issue. NBC Nightly News (10/1, story 7, 2:00, Holt, 9.87M) reported, "On Capitol Hill, the Senate approved a package to build a 700-mile fence along the border with Mexico. The President promised to sign it despite anger from immigrant groups." NBC added, "The additional 700 miles would cost an estimated $2 billion to $9 billion. … The wall would be similar to what the National Guard is putting up south of San Diego. Immigrant rights groups say it is the wrong approach." NBC noted, "The bill doesn't address the status of the estimated 12 million immigrants living here illegally and makes no provision for a guest worker program. Farmers and some elected officials complain a further crackdown will cripple agriculture. … Democrats will use the issue to court Latino voters in the elections."

Congress "Postponed" Immigration Debate Until Next Year. The Houston Chronicle (10/1, Mittelstadt, 535K) reports, "For all the fierce debate that raged this year in congressional corridors and spilled onto the streets of Houston and other cities in massive demonstrations, Congress has left town essentially stalemated over illegal

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immigration. Though congressional Republicans can claim some success in adding billions of dollars for enhanced border security and securing approval for 700 miles of fencing along portions of the U.S.-Mexico boundary, the philosophical clash between the enforcement-minded House and the legalization-friendly Senate has been postponed — most likely until next year. … In the end, vastly different diagnoses about how to prevent illegal immigration, internal Republican divisions, President Bush's loss of clout on Capitol Hill and a highly competitive clash for control of Congress in the November elections all contributed to lawmakers' failure to deliver on an issue they vaulted to public attention."

Many Texas Border Towns' Residents Critical Of Fence Proposal. The Los Angeles Times (10/1, Bustillo, 918K) reports, "Many of these Texas border towns blossomed on the riverbanks not even a football field away from Mexico, a bilingual, binational culture where everyone knows someone on the other side. Here, the fence was widely seen as a federal government misadventure that would trample private property rights without accomplishing anything. … Many expressed shock that a proposal they considered a pipe dream by pandering Washington politicians had been approved, and that a fence they likened to the Berlin Wall could soon separate them from their neighbors. 'For so many years, we talked about tearing down that wall. Now we want to build a wall between us and Mexico? It makes us look like hypocrites,' said Denise Carreon, 21, who like many border residents still had family members to the south. Many others expressed outrage that the Rio Grande, a near-mystical river in the Texas imagination and one of the most prized bird-watching spots in North America, could soon be blocked from view."

Tighter Border Security Blamed For Farm Laborer Shortage. The AP (10/1, White) reports, "Growers say tightened border security and longer lines for day crossers have cut the numbers of farm workers who cross the border legally or illegally. Illegal immigrant workers who used to travel the country picking different crops as the seasons changed are hesitant to migrate for fear of being caught. And the lure of higher paid jobs with better working conditions, such as construction, are keeping some farm workers away. And the labor shortage will only get worse until Congress tackles immigration reform, growers and worker advocate groups say." The AP goes on to report, "According to the Department of Labor's National Agricultural Workers Survey, 53 percent of the hired crop labor force lacked authorization to work in the U.S. in 2001-02. Worker advocates and grower associations agree the actual figure is probably closer to 80 percent. Three-quarters of the hired farm work force in the U.S. was born in Mexico. And more than 40 percent of crop workers were migrants, meaning they had traveled at least 75 miles in the previous year to get a farm job, the survey showed."

Mexicans Respond To Congress's Approval Of Border Fence. The Los Angeles Times (10/1, Tobar, 918K) reports the Senate vote on the border fence "has left many Mexicans wondering whether the open door to the north may slowly be closing. Some Mexicans saw the vote as a collective slap in the face that highlighted the failure of their country's leaders to give Mexicans a reason to stay home. Few observers here expect the new barriers to stop people from Mexico and Central America from seeking a better life in the United States. New smuggling routes are expected to open through ever-more-remote stretches of desert, or over the waters of the Rio Grande. But the bill approved by Congress, and soon to be signed by President Bush, signals a new shift in an era that has seen dramatic cultural and demographic changes in both countries."

Most Economists Said To Regard Illegal Immigration As A Net Positive. The Los Angeles Times (10/1, Streitfeld, 918K) reports, "The presence in the United States of…12 million other illegal immigrants is one of the most contentious issues of the era. … Economists are less divided. In the main, they say the American engines of industry and commerce have always been fueled by a steady supply of new arrivals. Immigrants, they contend, contribute to consumer spending and, instead of replacing native workers, create jobs. 'Overall, immigration has been a net gain for American citizens, though a modest one in proportion to the size of our $13-trillion economy,' 500 economists wrote in an open letter to Congress on June 19. Measuring the contributions of illegal workers is a difficult task, however. Many numbers are vague or open to dispute. A few experts contend that the gains are not clear-cut and that any benefits are far from being universally shared."

Houston Police To Work More Closely With Federal Immigration Agents. The Houston Chronicle (10/1, Stiles, 535K) reports, "Under fire in recent months over its policy toward illegal immigrants, the Houston Police Department is unveiling new procedures today to allow more cooperation with federal agents trying to catch criminals living in the country illegally. Officers still will not inquire about the immigration status of people they haven't arrested, so the changes are unlikely to quiet critics who have labeled Houston a 'sanctuary city' for illegal immigrants. But the department is making several key revisions. An announcement is expected today, less than two weeks after the shooting death of police officer Rodney Johnson caused simmering opposition to the department policy to flare anew. An illegal immigrant who previously had been deported is charged in the slaying."

Northern Virginia Town Votes To Enforce Immigration Laws. The Washington Post (10/1, C7, Turque, Brulliard, 748K) reports Herndon, Virginia's council "voted last week to apply to U.S. Immigration and Customs Enforcement for enrollment in the agency's 'Section 287(g)' program, which

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trains local police officers to determine whether criminal suspects in custody are illegal immigrants. Officers certified by the program can detain them and even begin deportation proceedings before turning cases over to the federal agency. … The prospect of Herndon's entry into the program has again placed the town near the epicenter of the national debate on immigration policy. About a quarter of its 23,000 residents are Latino immigrants, according to census data. It has also rekindled tensions that emerged with the council's decision last year to open a publicly funded day-labor center to help immigrant workers find jobs."

Immigration Said To Contribute To Environmental Concerns. The Washington Times (10/1, Richardson, 88K) reports, "Illegal immigration is an environmental issue for Shela A. McFarlin, who has seen firsthand the tons of trash dumped in the fragile Arizona desert by border-crossers. Illegal aliens have turned parts of the Southwest desert into environmental disaster areas -- dumping an estimated 25 million pounds of trash in the Arizona desert, carving out hundreds of miles of roads through the wilderness and destroying thousands of acres of habitat with cooking fires that have gone awry. … Once the immigrants, both legal and illegal, arrive, the scenario isn't much rosier. Immigration is now the primary factor in U.S. population growth, which drives such environmental woes as housing sprawl, pollution and traffic. But don't expect your local Green Party activist to grab a lawn chair and join the Minutemen border patrols any time soon: The mainstream environmental movement is firmly and uniformly agnostic on the issue."

Judge Rules Against Immigrant Activist Living Facing Deportation. The AP (10/1, Tareen) reports, "An immigration activist who took refuge in a church after the government ordered her deported to Mexico said Saturday she will remain holed up there, even though a federal judge dismissed a lawsuit filed on her behalf. The lawsuit against the government had contended that deporting Arellano [no first name given] would effectively deport her son Saul, who is a U.S. citizen, and would violate his rights. U.S. District Judge Amy St. Eve ruled Friday that although the 7-year-old would face hardships, they weren't of constitutional magnitude. Arellano, 31, and her son have been living at the Adalberto United Methodist Church since mid-August."

Lack Of Maintenance Along US-Canada Border Proves Problematic. The Washington Times/AP (10/1) reports, "The United States wants to better secure its border with Canada, but it may have trouble finding it in some areas, an official with the agency that maintains the border said. The United States and Canada have fallen so far behind on basic maintenance of their shared border that law-enforcement officials may have to search through overgrown vegetation for markers in some places, the official said. "

CONGRESS-ADMINISTRATION:

Focus Of Foley Scandal Shifts To GOP Leadership's Conduct. NBC Nightly News (9/30, story 2, 2:30, Holt, 9.87M) reported, "Back in this country the email scandal that forced Friday's resignation of congressman Mark Foley exposed what may have been an open secret on Capitol Hill. There is word tonight that some key House Republicans, including the Speaker of the House, have known for months about Foley's inappropriate emails to an underage former page." NBC went on to report, "House Speaker Dennis Hastert said Foley did the right thing and called for an ethics investigation. … The Speaker said he had been told months ago about emails that raised some questions but not about any sexually explicit messages. But the head of the page system, Illinois congressman John Shimkus, said he and other House Republicans knew about those first ambiguous emails last year and 'we ordered Foley to cease all contact' with the boy."

The Los Angeles Times (10/1, Neubauer, 918K) reports, "Top House officials conceded that they had been alerted as early as last fall to concerns about Foley…but said they had discussed it with the congressman and were told that his relationship with the page was that of a mentor."

Hastert "Does Not Explicitly Recall" Previously Hearing About Foley Allegations. The New York Times (10/1, Hulse, Hernandez, 1.21M) reports, "Top House Republicans knew for months about e-mail traffic between Representative Mark Foley and a former teenage page, but kept the matter secret and allowed Mr. Foley to remain head of a Congressional caucus on children's issues, Republican lawmakers said Saturday. … The revelations set off a political upheaval, with Democrats and some Republicans calling for a full investigation of Mr. Foley's conduct and whether House leaders did enough to look into it. Members of the Republican leadership sought Saturday to detail how they had handled the case in an effort to defuse the situation, even as it was emerging as an issue in Congressional races. Among those who became aware earlier this year of the fall 2005 communications…were Representative John A. Boehner, the majority leader, and Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. Mr. Reynolds said in a statement Saturday that he had also personally raised the issue with" Hastert." The Times adds, "In a chronology of the episode released later on Saturday, the speaker's office said Mr. Hastert did not recall any such discussion and had no previous knowledge of the matter. 'While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution,' the statement said.

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… 'No one in the speaker's office was made aware of the sexually explicit text messages which press reports suggest had been directed to another individual until they were revealed in the press and on the Internet this week,' the statement from Mr. Hastert's office said."

Boehner And Reynolds Contradict Hastert's Original Statement. The Washington Post (10/1, A1, Weisman, Babington, 748K), in a front-page article titled, "GOP Leader Rebuts Hastert On Foley: Reynolds: Speaker Knew of E-Mails in Spring," reports Hastert "was notified early this year of inappropriate e-mails from" Foley "a top GOP House member [Reynolds] said yesterday -- contradicting the speaker's assertions that he learned of concerns about Foley only last week." Reynolds "and his office confirmed that some of Hastert's top aides knew last year that Foley had been ordered to cease contact with the boy and to treat all pages respectfully." Reynolds "became the second senior House Republican to say that Hastert has known of Foley's contacts for months, prompting Democratic attacks about the GOP leadership's inaction." Boehner "told The Washington Post on Friday that he had learned in late spring of inappropriate e-mails Foley sent to the page…and that he promptly told Hastert, who appeared to know already of the concerns. Hours later, Boehner contacted The Post to say he could not be sure he had spoken with Hastert." The Post adds, "Yesterday's developments revealed a rift at the highest echelons of House Republican ranks…and they threatened to expand the scandal to a full-blown party dilemma."

The AP (10/1, Barrett) reports, "On Friday night, Hastert spokesman Ron Bonjean said the top House Republican had not known about the allegations. … Democrats charged Reynolds did far too little and said more digging should be done. 'Congressman Reynolds' inaction in the face of such a serious situation is very troubling, and raises important questions about whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day,' said Democratic National Committee spokeswoman Karen Finney. New York Democrats hoping to unseat Reynolds blasted the congressman, saying they call into question the Republican's values."

Shimkus Recounts Confronting Foley Over Emails. The St. Louis Post-Dispatch (10/1, Shesgreen, 300K) reports, "Last year, the House clerk grabbed Rep. John Shimkus off the floor during a vote and said they needed to talk. It wasn't unusual for the clerk at that time, Jeff Trandahl, to catch Shimkus, in the hallway or on the House floor, since together they oversaw the House page program and often had items to discuss. This time, though, Trandahl had in his hand an email exchange between one of the House pages, a 16-year-old boy, and" Foley. Shimkus and Trandal "agreed: 'That was enough for us to approach Mark,' Shimkus recalled an interview Saturday. Soon after, they met with Foley and his chief of staff in the Florida congressman's office. 'We basically said, 'We got these emails. And we don't think this is appropriate. ... You have to stop (contacting this boy)',' Shimkus said. Shimkus said Foley told them, ''When I was a young person, an adult became my mentor inspired me to be a congressman and that's all I'm doing'.' Foley said if he was guilty of anything, Shimkus recalled, it was of being 'overly friendly.' As Shimkus and the rest of his House colleagues now know, 'He lied to me. He lied to the former clerk.'"

Democratic Candidate Now Favored To Take Foley's Seat. NBC Nightly News (9/30, story 3, 2:00, Holt, 9.87M) reported, "Florida Republicans are dealing with their own fall-out over the email scandal. Mark Foley had been expected to win re-election but his resignation may have turned the tables and put a critical seat for both parties up for grabs." NBC continued, "By early morning word had spread throughout Foley's district that the long-term congressman, who was very well liked here, is now embroiled in scandal. Much the reaction was harsh. … Political analysts say his democrat opponent, businessman Tim Mahoney, now has a strong chance to win the seat. Today Mahoney made a campaign appearance with Sen. John Kerry chastising republican leaders who knew earlier about Foley's misdeeds." Tim Mahoney: "It looks to me it was more important to hold on to a seat and hold on to power than take care of our children."

The AP (10/1, Farrington) reports, "Florida Republican officials on Saturday were still discussing the procedure to replace Foley as a candidate in the South Florida district, which President Bush won with 55 percent of the vote in 2004 and is now in play for November. Though Florida ballots have already been printed with Foley's name and cannot be changed, any votes for Foley will count toward the party's choice. State Rep. Joe Negron has been mentioned as a possible candidate. He would enter the race with several hundred thousand dollars left over from an attorney general campaign that he ended to avoid a primary with former U.S. Rep. Bill McCollum."

The South Florida Sun-Sentinel (10/1, Gibson, Hafenbrack, 265K) reports Rep. Debbie Wasserman Schultz and Kerry "seized on Foley's resignation and apology while campaigning for" Mahoney. According to the Sentinel, "Suddenly Democrats have the advantage in that race, putting the 16th District in the middle of a titanic nationwide struggle for majority control of the House. South Florida Republicans scrambled to contain the damage but acknowledged that the once-safe seat is vulnerable. 'It's going to be very much of an uphill battle,' said Palm Beach County Commissioner Mary McCarty."

Foley Portrayed Himself As Scourge Of Sexual Predators. The Washington Post (10/1, A4, Smith, 748K) reports Foley "built his political career in large measure on

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legislative proposals meant to halt the sexual predation of children and others. Beginning with his 1993 sponsorship of a measure in the Florida state legislature to seize the cars of men who solicited prostitutes, former restaurant owner and real estate agent Mark Foley repeatedly attracted a flattering political spotlight by inveighing against those involved in sexual crimes and presenting himself as a protector of exploited children.'

The New York Times' Mark Leibovich (10/1) writes Foley "gets triple bonus points for hypocrisy. As co-chairman of the House caucus on missing and exploited children, he has been a fierce advocate for tough sanctions against people who sexually exploit children over the Internet. Not that Democrats have been pointing this out relentlessly since the news broke or anything. Or reminding people that Mr. Foley was a big supporter of President Clinton's impeachment."

Page Program Has Figured In Past Scandals. The New York Times (10/1, Zeleny, 1.21M) reports, "The page program, a storied part of official Washington since 1829 and whose alumni include sitting members of Congress, is again at the center of a political controversy." Hastert "has ordered a fresh review of the program allowing high school students to work as messengers on Capitol Hill."

WPost Urges Appointment Of Outside Investigator. The Washington Post (10/1, B6, 748K) , in an editorial, writes, "Numerous fellow lawmakers, including Republican leaders, apparently had at least partial knowledge about Mr. Foley's disturbing conduct. A thorough and prompt accounting is needed of what colleagues knew about his behavior, when they knew it and what they did about it. … This isn't a matter of judging whether an individual member complied with ethics rules so much as of assessing the House's institutional response to a problem in its midst. The better course would be to appoint an outside investigator to do the fact-finding."

More Medicare Drug Plan Options Could Add To Confusion. The New York Times (10/1, Pear, 1.21M) reports, "Medicare beneficiaries will have access to more options for prescription drug coverage in 2007, with many insurers offering better value and a larger number of medications, the Bush administration said Friday. But the potential for confusion may also increase. … Consumer advocates…said beneficiaries should carefully review the options because prices have changed, often by significant amounts." The Times adds, "The drug program got off to a chaotic start in January. But the Bush administration, realizing that health care could be a potent issue for Democrats in midterm elections this fall, appears to have solved many of the biggest problems. Many experts had predicted a shakeout in the market for drug coverage, which is offered through dozens of private insurers subsidized by the government. But it did not occur."

Consumers' Preference For Expensive Drugs Drives Up Healthcare Costs. The New York Times (10/1, Berenson, 1.21M) reports, "Despite decades of efforts by governments and insurers to restrain costs, patients continue to want the newest — and most expensive — drugs and medical devices. And doctors and the health care industry have little reason to keep costs in check, because insurers rarely deny coverage for new treatments on the basis of price. As a result, health care costs continue to skyrocket. On Tuesday, the Kaiser Family Foundation reported that the cost of employee health insurance coverage rose 8 percent, according to a survey conducted from January to May this year. Businesses now spend about $8,500 a year for health insurance for the average family, the foundation said, with employees adding $3,000, not counting the cost of deductibles and other out-of-pocket payments."

Senate Confirms Peters As New Transportation Secretary. The AP (10/1) reports, "The Senate early Saturday confirmed President Bush's nomination of Mary Peters, Arizona's former Department of Transportation director, as the new secretary of transportation. Peters, a former federal highway administrator, succeeds Norman Mineta, a Democrat who resigned in July after six years in office."

Conservatives Look For SCOTUS To Revisit Recent Decisions. The Washington Post (10/1, A6, Lane, 748K) reports, "Abortion and race dominate the Supreme Court's agenda for the term that begins tomorrow, with the Bush administration and its conservative allies urging the justices to put limits on abortion rights and affirmative action. Conservatives want the court to uphold a 2003 federal law banning the procedure opponents call 'partial-birth' abortion, and to strike down local integration policies that distribute students by race. They are asking the court not only to rule in their favor, but to limit -- or, possibly, overrule -- recent constitutional decisions that have drawn heavy fire from the right." The Post notes, "The conservative push on social issues is just what Democrats and liberals…warned against during confirmation hearings for the two Bush appointees now on the court -- Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. In response, Roberts and Alito pledged to take due account of stare decisis , the rule that says the court should avoid overruling past decisions. So this term will be closely watched not only for the results the court reaches, but for how it reaches them."

Ryan Seeks To Shift Context Of Abortion Debate. In an op-ed for the Washington Post (10/1, B2, 748K) Slate's William Saletan writes, "IDemocrats for Life of America ,

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which has eight members of Congress on its advisory board and works with 30 others, has devised a plan to reduce the abortion rate by 95 percent ' by helping and supporting pregnant women .' Rep. Timothy J. Ryan (D-Ohio) was set to lead the charge. Then Ryan looked at the data and realized that to get anywhere near that target, he and his colleagues would have to provide more birth control. … From an antiabortion standpoint, trading contraception for 'choosing life' was a net loss. That's why Ryan insists on birth control. He's tired of pious slogans and symbolic bills crafted to save more congressional seats than babies. He has had enough of the debate between life and choice. He wants a new abortion debate. 'You're either for reducing the number, or you're not,' he says."

Iraq, Abramoff And Foley Scandal Said To Overshadow GOP Accomplishments. The New York Times (10/1, Hulse, Zernike, 1.21M) reports, "Republicans scored significant legislative victories in the closing hours. They pushed through the bill for detainee trials after weeks of internal squabbling, won approval for 700 miles of border fencing to show they are serious about cracking down on illegal immigration, passed spending bills for defense and domestic security, and enacted new port security initiatives. But the finale hardly went according to script for Republicans as they headed out to try to hold off Democrats determined to win a majority. The highly publicized case of [Rep. Mark] Foley…threatened to build into an institutional scandal. … But that was not all. Republicans were unable to win final approval of a bill to regulate domestic wiretapping." The Times also notes, "The disclosure of a National Intelligence Estimate saying the war in Iraq was fueling terrorism called attention to the issue Democrats most want to campaign on. … And Republicans wrapped up the way they started the year, with new revelations about Jack Abramoff."

GOP Said To Have Failed To Realize Ambitious Legislative Goals. The Boston Globe/AP (10/1, Abrams) reports, "Much work was left undone when Congress adjourned, after a legislative year that has been marked by sharp partisanship and the failure of Congress to agree on major lobbying reform and immigration legislation. … Many of the biggest legislative failures were Republican priorities that toppled when Republicans split into factions."

The Los Angeles Times (10/1, Hook, Levey, 918K) reports Republicans "left town with a record of accomplishment that paled in comparison to the grand ambitions they laid out following their 2004 election triumphs. It remains uncertain whether the gap between what the GOP set out to do and what it achieved will haunt its bid to retain control of the House and Senate — elections are decided by many factors beyond legislative scorecards. Still, the tally for the 109th Congress looms as a potential burden for Republican candidates. During the two-year session, President Bush and his party abandoned or scaled back the groundbreaking initiatives they once promised voters."

DeLay's Resignation May Have Exacerbated GOP's Loss Of Cohesion. The Houston Chronicle (10/1, Roth, Mittelstadt, 535K) reports, "Without Tom DeLay around to keep Republicans in line, the House has been unable to resolve tough issues, from immigration to lobbying reform. It has been criticized by independent experts and Democrats as a 'do-nothing' chamber. … Some GOP activists bemoan the loss of DeLay, saying his legendary arm-twisting skills are sorely missed."

NYTimes Calls Congress's Inability To Pass Spending Bills "Appalling." The New York Times (10/1, 1.21M) editorializes, "The new budget year, 2007, starts today. But Congress left town last week without having passed the spending bills needed to pay for about 20 percent of the federal government, basically everything except the military and homeland security, and automatic payments like Social Security and interest on the national debt. … For now, departments and programs that Congress has not gotten around to funding will operate at last year's level, or somewhat below. But fallback funding will not necessarily prevent hardship. Take the State Children's Health Insurance Program, paid for by the states and the federal government to insure four million low-income children. At least 17 states are entering the new budget year without enough money, jeopardizing coverage for 600,000 children. It's appalling that Congress did not act to avert this, especially since the Census Bureau recently reported that the percentage of uninsured children rose last year for the first time since 1998. Appalling, but not surprising."

Use Of Data Collected Under NCLB Criticized. In an op-ed in The Washington Post (10/1, 748K), George Will writes, "Common sense and conservatism, which are usually similar, said that the No Child Left Behind law, which vastly expanded the federal government's supervision of education from kindergarten through 12th grade, was problematic for two reasons: A few of the 50 state governors are apt to be wise innovators, so let policymaking remain at state and local levels." Will adds, "And when Washington makes a mistake, as it has been known to do, it is a continental mistake. The federal government has recently made one that subverts a promising development in education at the state level." Will adds, "That development is the 65 percent requirement: 65 percent of every school district's education operational budget should be spent on classroom instruction." According to Will, "No Child Left Behind supposedly promotes education accountability by mandating reliable data to measure progress. But Washington looks like an untrustworthy manipulator of data

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when it uses the phrase 'instruction-related activity' to draw a bull's-eye around the status quo."

Reading First Controversy Viewed As Indicative Of Federal Bureaucracy Gone Wrong. In an outlook piece in The Washington Post (10/1, 748K) Michael Grunwald writes that President Bush's No Child Left Behind Act has three goals. "The first was to focus on low-performing schools and students. … The second was to beef up the federal role in education, enforcing national standards through testing. The third was to bring facts and evidence to the notoriously squishy world of education policy, promoting teaching methods backed by 'scientifically based research' instead of instinct and fad." Grunwald adds, "The centerpiece of the new research-based approach was Reading First … Five years later, an accumulating mound of evidence from reports, interviews and program documents suggests that Reading First has had little to do with science or rigor. Instead, the billions have gone to what is effectively a pilot project for untested programs with friends in high places." According to Grunwald, "Local domination of education is an American tradition, and Bush took up a storied cause in challenging it. … But local-control advocates have always warned that empowering heavy-handed federal bureaucrats would breed self-serving, one-size-fits-all solutions. Now, Reading First is making them look like prophets."

"Intelligent Design" Viewed As Setback To Scientific Teaching. In an outlook piece in The Washington Post (10/1, 748K), the Biotechnology Institute's Paul Hanle writes, "I recently addressed a group of French engineering graduate students who were visiting Washington from the prestigious School of Mines in Paris." According to Hanle, he encouraged them to teach biotechnology, but one student said, "'How can you teach biotechnology in this country when you don't even accept evolution?' I wanted to disagree, but the kid had a point. Proponents of 'intelligent design' in the United States are waging a war against teaching science as scientists understand it. Over the past year alone, efforts to incorporate creationist language or undermine evolution in science classrooms at public schools have emerged in at least 15 states, according to the National Center for Science Education." Hanle adds, "This war could decimate the development of U.S. scientific talent and erode whatever competitive advantage the United States enjoys in the technology-based global economy."

Financial Aid Reforms Viewed As More Critical Than Ending Early Admissions In Higher Ed. In an op/ed in The Washington Post (10/1, 748K), University of Pennsylvania President Amy Gutmann writes, "To end or not to end early admissions: That is the question that colleges and universities are debating once again. The passion is great, but the stakes are small and the debate is a distraction from a far more important matter: the urgent need of all but a handful of colleges and universities to improve financial aid for students from low-income and middle-income families." Gutmann adds, "At the University of Pennsylvania and many other colleges and universities, early admissions have not been an impediment to improving access, and abolishing the practice will do no significant social good. … But we will accomplish nothing significant in improving access for students from low- and middle-income families unless we focus our attention on strengthening our need-based financial aid program."

In one of a series of education letters to the editor of The Washington Post (10/1, 748K), Harvard Graduate School of Education's Gary Orfield writes, "There should be efforts to very actively recruit middle-class people into neighborhood schools and make sure these really are schools that prepare kids for college. This recruitment has to be done with artistry and couldn't be started without straight talk about education and race." Orfied adds that in D.C., "You've got all this cherry-picking and vouchers that increases segregation across the system. If you're going to have millions of little charter schools, it's very hard to have a coherent educational plan for the city."

In another letter in the series of eight short op/eds by education experts in The Post, The Hoover Institution's Chester Finn Jr. writes, "A hundred efforts to reform the D.C. school system have foundered on the shoals of bureaucratic lethargy, union contracts and messed-up governance. A dozen 'reformist' superintendents have come and gone." According to Finn, "What's worked best to date — albeit not perfectly — is creating alternatives to the system's schools and letting children freely attend them. The District's burgeoning charter-school sector and its scholarship/voucher program attest both to the demand for such alternatives and to the feasibility of providing them."

OTHER NEWS:

Rising Interest Rates Impact National Debt. The New York Times (10/1, Gross, 1.21M) reports, "Money has gotten more expensive. The Federal Reserve's benchmark short-term interest rate has risen to 5.25 percent, from just 1 percent in June 2004. Long-term interest rates have risen less sharply." An Americans are "already paying a steeper price: taxpayers. After all, the United States government is the largest adjustable-rate borrower in the world. Each year, the national debt grows. Congress spends more than it is willing to raise in taxes, so it finances operations by selling debt to the public. In the last five years, the gross national debt, which includes bonds pledged to fund Social Security and other entitlements, has risen 46 percent, to about $8.5 trillion, from $5.8 trillion at the end of September 2001." The Times notes, "In the early years of this decade, even as President Bush and the Republican-controlled Congress

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sharply increased spending, net interest payments fell — to $184 billion in 2005 from $206 billion in 2001." But that "is reversing."

Bull Market Extends To Fourth Year. The New York Times (10/1, Lim, 1.21M) reports, "Next week, the bull market will celebrate its fourth birthday. This means that this bull is on the verge of accomplishing what four of the past seven could not — surviving to at least the start of Year 5." The Times notes, "If history is any guide, that fifth year may be surprisingly robust. Since 1942, bull markets that made it that far still had enough gas in the tank to generate average fifth-year gains of 10 percent, according to Standard & Poor's." Then "why isn't Wall Street in a more celebratory mood?" The Times adds, "It may have to do with how long this bull market is taking to bring stock prices back to their previous highs. It's been more than six years since equity prices peaked, in early 2000."

The Wall Street Journal (10/1, Talley, Hadi, 2.03M) reports, "The Dow Jones Industrial Average didn't manage to set a new record last week. But hang on. History suggests there's a good chance it will after the Nov. 7 election. Stocks tend to do very well following midterm elections, which occur two years into each presidential term. Indeed, since 1950, the average return for the Dow Jones Industrial Average from the November of a midterm-election year through the following October has been 18.6%. That's far better than the average annual gain of 8.4% from November 1950 through October 2003, a year after the last midterm election, in 2002."

Bush Will Devote Much Of The Next Month To Assisting GOP Candidates. The Los Angeles Times (10/1, Gerstenzang, 918K), in an article titled, "Bush Still Serves As GOP's Fundraiser In Chief," reports President Bush "has raised more than $180 million for the Republican Party and its candidates since he was reelected — an average of more than $261,000 per day. And now, the pace is picking up. This week, he begins a Western fundraising trip: Monday in Reno; Tuesday in Stockton, El Dorado County and Bel-Air; and Wednesday in Scottsdale, Ariz., and Englewood, Colo. Among the beneficiaries in California will be Reps. Richard W. Pombo (R-Tracy) and John T. Doolittle (R-Roseville). Each has had ties to convicted lobbyist Jack Abramoff, and each was considered vulnerable earlier in the campaign. … Bush's trip is part of what aides say will be an active travel schedule as the November elections approach." The Times goes on to report, "Bush will spend more time campaigning for GOP candidates in these weeks before election day, aides said. The White House continues to receive more requests for Bush's time as a campaigner than he can meet, said Deputy Press Secretary Dana Perino. 'Supply is not keeping up with demand,' she said."

Cheney's Unscripted Meeting With Reporters Noted. The Houston Chronicle (10/1, Mason, 535K) reports, "Reporters traveling with Vice President Dick Cheney were treated to an odd celebration last week aboard Air Force Two after he headlined his 100th campaign fundraiser of the 2005-06 election cycle. It was a milestone like no other, in part because of Cheney's famous animosity toward the media. But no matter — en route from Grand Rapids, Mich., to Andrews Air Force Base here, Cheney briefly emerged from his private cabin for some cake and banter." The Chronicle notes, "Cheney rarely takes reporters with him and when he does, generally avoids unscripted contact or gratuitous hospitality."

Democrats Said To Have Opened Coordinated Campaign Against Fox News. The New York Times (10/1, Manly, 1.21M) reports, "THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations. The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on 'Fox News Sunday' into a finger-pointing tirade against what he called a 'conservative hit job.' Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine. … The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself."

Powerful Pastors Organize GOTV Efforts Among Christian Conservatives. The Los Angeles Times (10/1, Simon, 918K) reports, "With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004. Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power. … The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 'patriot pastors' nationwide to promote an agenda that aligns neatly with Republican platforms. 'We urge them to avoid legal entanglement, but there are times in

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a pastor's life when he needs to take a biblical stand,' Scarborough said. 'Our higher calling is to Christ.' The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates."

Dean's Party Building Efforts Regarded As Wasteful By Other Top Democrats. In an extremely lengthy (8,500 word) piece for the New York Times Magazine (10/1) Matt Bai, after describing a recent visit to Alaska by DNC Chairman Howard Dean, writes, "In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. … But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America." According to Bai, "Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities." Bai adds, "numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all."

Dean Works To Increase Minority Turnout. The AP (10/1, Heilprin) reports, "Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday. Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively."

GOP Groups Outspending Democratic Counterparts This Year. The AP (10/1, Kuhnhenn) reports, "Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts. Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats. That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help." The AP continues, "television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth."

Pressure On House Democrats To Contribute "Dues" Described. The New York Times (10/1, Zeleny, 1.21M) reports, "To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues. … This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority. Last weekend" House minority leader Nancy Pelosi "made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed. … Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party."

Democrats Reportedly Less Optimistic About Retaking House. The Washington Times (10/1, Lambro, 88K) reports, "Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party. 'I'm not as confident of the House switching as I once was,' a Democratic campaign consultant said last week. … Recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections. 'I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own,' said Alan Secrest, a veteran

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campaign consultant and pollster who is advising Democratic House candidates across the country."

GOP Seen As Likely To Benefit From Another "Base-Driven" Campaign. In an op-ed for the New York Times (10/1, 1.21M) Mark Halperin, political director of ABC News, writes, "two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate. Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy."

Lobbyists Overwhelmed By Invitations To Fundraisers. The Kansas City Star (10/1, Stearns, 278K) reports, "Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers. … The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections. How many invitations did he get? About 200. How many of the events did he attend? Eleven. Did he feel like an ATM sometimes? You bet."

Kerry And Giuliani Campaign For Candidates In Florida. The South Florida Sun-Sentinel (10/1, Man, 265K) reports, "Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House. Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day." Kerry "stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings. It was different with Giuliani. … He has the ability to attract far more television cameras than even a candidate for governor might get on his own. Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor."

Romney Uses GOP Governors' Association To Build 2008 Campaign Operation. The Boston Globe (10/1, Klein, 425K) reports, "As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president. The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies. … Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions."

Romney Will Allow Out-Of-State Gay Couples To Marry In Massachusetts. The Boston Globe (10/1, Levenson, 425K) reports Romney "all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts. `I have to follow the law,' a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. `This is a nation of laws, even if I don't like them.'"

Edwards Seen As Inspiration For "Factory-Floor Populists." The New York Times' David Brooks (10/1) reports, "Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her. Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Despite Presidential Ambitions, George Allen Struggling To Retain Senate Seat. The Washington Post (10/1, A1, Barnes, Balz, 748K) reports, "It was always a tricky proposition for Sen. George Allen to balance his 2006 reelection campaign with his 2008 presidential ambitions, and now the increased scrutiny and criticism that came with his role on the national stage endanger both. Allen's prominence in the Republican presidential contest is the main reason the controversies that have roiled his effort to win a second term to the Senate have emerged now, after a 23-year political career, according to campaign strategists." According to the report, "Many GOP strategists believed that the combination of Allen's ideology and personality would make him one of the favorites among activist conservatives who play such a

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significant role in the nomination process. … Today, in the wake of the problems Allen has encountered, the doubts have spread far more widely inside the party."

Washington Post Ombudsman Examines Coverage Of Virginia Senate Race. In a column in The Washington Post (10/1, B6, 748K), ombudsman Deborah Howell writes, "So is The Post out to get George Allen? That's what some folks have been angrily charging lately." According to Howell, "Several questions arise about the coverage of the Virginia Republican senator in his campaign against Democrat James Webb. … First, let's go to the macaca tape." According to Howell, "Did The Post overplay the incident? Not initially, but the coverage went on for too long after he apologized. … Then the matter of Allen's Jewish roots emerged." According to the report, "Does all the coverage hurt Allen's reelection prospects? The stories -- six of them were on Page 1 -- don't help him, but there are five long weeks before Election Day." Howell adds, "While this has nothing to do with news coverage, it has been noted that The Post's editorial board has never endorsed Allen. That is true, but it also did not endorse Webb in the Democratic primary." Howell adds, "I trust that Arlington reader David Tuma's wish will be fulfilled by Election Day. He wrote: 'Frankly, I think more important (and responsible) reporting would be on what has shaped their views since then and what both have done to improve conditions for all people.'"

Minnesota U.S. Senate Candidate Profiled. The Minneapolis Star Tribune (10/1, Weiner, 398K) reports that Minnesota U.S. Senate candidate Mark Kennedy is "undaunted by polls that show him trailing" Democrat Amy Klobuchar in the polls, as he "begins many of his campaign days by opening a blue three-ring binder. It's crammed with single-spaced briefing notes that he types on issues he plans to tackle in his speeches." According to the report, "As he campaigns, Kennedy, 49, speaks knowledgeably about energy and the economy, education or the war in Iraq. But with notebook in hand on the summer day his RV rumbled to Winona, the one-time St. Cloud Community Theater actor kept studying lines he would repeat over and over to voters down the road."

Maryland Democrats Worry Lack Of Black Candidates Will Suppress Turnout. The Baltimore Sun (10/1, Green, 262K) reports that in Maryland, "Democrats are fretting that after watching two high-profile African-Americans lose primary battles for spots on their statewide ticket, black voters, the key to the party's chances in November, won't bother to vote. Maryland Republicans are practically gleeful at the Democrats' situation." According to the report, "Much of the GOP's message less than six weeks before the election centers on the diversity of its statewide ticket, which features Lt. Gov. Michael S. Steele, an African-American, as its candidate for U.S. Senate, as well as women running for lieutenant governor and comptroller. The party is promoting the idea that Democrats take minorities -- blacks in particular -- for granted."

Maryland Senate Candidates' Differences To Crystallize In Upcoming Debate. The Washington Times (10/1, Miller, 88K) reports, "Maryland's U.S. Senate candidates have more in common on key issues than either candidate is willing to admit. Rep. Benjamin L. Cardin, the Democratic nominee, and Lt. Gov. Michael S. Steele, the Republican nominee, both demand an exit strategy for troops in Iraq. They also want to preserve Social Security benefits for current retirees, but give workers more choice in retirement planning, and they say government should help provide more affordable energy, health care, prescription drugs and college education." However, according to the report, "On the stump the two men sound worlds apart and likely will continue to emphasize their differences in their first debate Tuesday night at the Greater Baltimore Urban League."

Close Missouri Senate Race Key To Determining Congressional Balance Of Power. The St. Louis Post-Dispatch (10/1) reports, "Losing her lifelong dream of becoming Missouri's first woman governor didn't slow Claire McCaskill down. Months after that 2004 defeat, she decided to challenge Republican Sen. Jim Talent. … Some of McCaskill's friends say this race could be her 'up-or-out' campaign." According to the report, "McCaskill, 53, doesn't dwell on the possibility of losing. She's too busy calling potential donors and canvassing the state in a bright blue RV." According to the report, "Polls show Talent and McCaskill in a dead heat. The race is one of a handful nationwide that will determine whether Republicans will keep control of the Senate."

Missouri Senator A Consensus Builder, Despite Sharply Conservative Philosophy. The St. Louis Post-Dispatch (10/1, Shesgreen) reports that Missouri Sen. Jim Talent (R) "approaches nearly every issue with a zeal for detail. He doesn't rush into anything, taking a deliberative, careful tack. And although he is staunchly conservative, he is also deeply pragmatic." According to the report, "Among his Senate colleagues, Talent is known as astute, affable, and intense. He is driven and ambitious, but not splashy or sharp-elbowed. He's a policy wonk who avoids the Sunday talk shows and is rarely found at the center of any Washington media throng." However, according to the report, "Behind Talent's pleasant persona lies a sharply conservative philosophy."

Write-In GOP Candidate Uses Partisan Tact In Race For Seat Formerly Held By Delay. The

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Houston Chronicle (10/1, Mack, 535K) reports, "Former U.S. Rep. Tom DeLay is as partisan as they come, and the Republican write-in candidate to succeed him is taking the same approach. The Democrat in the race, perhaps not surprisingly, is playing down his party ties in the Republican-leaning suburban Houston district." According to the report, "City Councilwoman Shelley Sekula-Gibbs is invoking the name of U.S. House Minority Leader Nancy Pelosi, a bogeywoman to Republicans, and raising the specter of Pelosi as speaker should the Democrats reclaim control of the House." The report adds, "Democrat Nick Lampson, by contrast, talks mostly about wanting to advance the district beyond partisan politics. … His only ballot opponent is a Libertarian, and that party has had little success in Texas. DeLay resigned from Congress after winning nomination for a 12th term, and courts prohibited Republicans from replacing him on the Nov. 7 ballot."

Veterans Mobilize To Stump For Murtha, Under Fire For Calls To Withdraw From Iraq. The Pittsburgh Post-Gazette (10/1, Toland, 241K) reports, "If John Murtha is ceding a significant segment of the military voting block to Republican challenger Diana Irey, as she hopes and claims, there were few signs of it yesterday. A cavalcade of rank-and-file vets and Democratic military brass gathered in Johnstown's damp Central Park to support the representative from Pennsylvania's 12th Congressional District." According to the report, "They all hit on a common theme -- that Mr. Murtha, the top-ranking Democrat on the House committee that disburses defense appropriations -- is a great friend of the American soldier, not a foe, as his challengers are trying to paint him." According to the report, "Murtha, who spent 37 years in the Marine Corps and its reserves, angered some veterans, and became a visible target for the GOP, when he began publicly campaigning for a military withdrawal from Iraq."

GOP Challenger Irey Facing Uphill Battle Against 16-Term Murtha. The Times Leader (NE PA) (10/1, Yates, 40K) reports, "Republican Diana Irey knew she was taking on a political giant when she decided to run against U.S. Rep. John Murtha, now best-known for his opposition to the Iraq war. But she is hoping her strong support for the war will make her stand out." According to the report, "Irey, who is just under 5 feet tall and nearly 30 years younger than Murtha, has been a Washington County commissioner for 11 years but is making her first bid for Congress. … Irey said she was spurred to run in part because of Murtha's high-profile criticism of the Iraq war, which has turned the once low-profile congressman into a nationally prominent figure." According to the report, "At the least, Irey said, she is giving voters a clear choice. Irey wants troops in Iraq to stay the course while Murtha has called for a withdrawal. She supports term limits; he is in his 16th term. She wants to make President Bush's tax cuts permanent; he voted against them. But her No. 1 issue remains the war."

Iraq Issue Avoided By Both Candidates In Some Congressional Races. The Milwaukee Journal Sentinel (10/1, Schultze, Gilbert, 259K) reports, "When prompted, Republican congressional candidate John Gard offers a staunch defense of the current U.S. policy in Iraq. … His words echo President Bush's determined line on the war, an issue that's dragged down Bush's popularity. But suggest that Gard takes the 'Bush' position on Iraq, and the candidate objects." According to the report, Gard says, "'I believe in the Reagan strategy of peace through strength.' Such comments underscore the political dilemma Republicans in hot races this fall face over the war, as they strive to support the Iraq effort without being identified too closely with the way it has been handled." According to the report, "Of course, they're not entirely alone. Democrats face some dilemmas of their own, such as whether to support a pullout from Iraq and how to shield themselves from GOP charges of 'retreat and defeat.' … The result is that in some congressional races, the Iraq debate has been surprisingly muted."

Medicare Prescription Drug Coverage Gap Key Issue In Florida Race. The Washington Post (10/1, A4, Asthana, 748K) reports, "Betty Priscak has voted for veteran Rep. E. Clay Shaw Jr. (R-Fla.) in every election he has been in, but now she thinks it is time for a change. Priscak, a 74-year-old in increasingly poor health, plans to vote for Ron Klein, Shaw's Democratic challenger, in November. Why? She is upset with the Medicare prescription drug program passed by the Republicans in 2003." According to the Post, "The initial uproar over the program's complexity died down once many seniors had signed up, but now Priscak and millions of other older Americans are confronting an interruption in their drug coverage that will require them to pay the full cost of their prescriptions -- or go without."

New Poll Shows Schwarzenegger Leads Angelides 50-33. The Los Angeles Times (10/1, Finnegan, 918K) reports, "Just over five weeks before election day, Gov. Arnold Schwarzenegger holds a commanding lead over his Democratic challenger, state Treasurer Phil Angelides, who has built scant support beyond a core base of liberals, according to a new Los Angeles Times poll. If the Nov. 7 election were held today, likely voters would favor the Republican governor over Angelides 50% to 33%. The survey found an abundance of grim signs for Angelides, including a failure to match Schwarzenegger's success in rallying voters of his own party strongly behind his candidacy. Just 61% of Democrats support Angelides, while

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88% of Republicans favor Schwarzenegger. And independents, a crucial swing vote, support Schwarzenegger over Angelides 49% to 31%."

Schwarzenegger Adaptability Key Advantage. In an op/ed in The Washington Post (10/1, B7, 748K), David Broder writes, "The likely victory of Gov. Arnold Schwarzenegger in next month's election could change the dynamics of California government and the way both national parties think about this mega-state." According to Broder, "It has been a long time since a Republican presidential candidate won California: not since George H.W. Bush in 1988. And it had been almost as long since any Republican won major statewide office -- until Schwarzenegger won the special election of 2003." Broder adds that now, Schwarzenegger "is running as the Republican nominee against a single legitimate Democratic contender, state Treasurer Phil Angelides, a former party chairman. And the double-digit lead that Schwarzenegger has fashioned cannot be put down to luck," but "it reflects his rapid adaptation after a serious political miscalculation" leading to losses on four ballot initiatives after declaring "war on the Democratic legislature and the public-employee unions. … After that repudiation, Schwarzenegger reopened negotiations with the legislature this year, passed a heap of big bills and won the applause of an independent electorate."

Topinka Fails To Close Gap In Race Against Blagojevich. The St. Louis Post-Dispatch (10/1, Jadhav, 300K) reports, "From the beginning, the Judy Baar Topinka gubernatorial campaign expected to be outgunned financially. Gov. Rod Blagojevich, a Democrat, has used his prolific fundraising to run TV ads almost non-stop since the March primary, save for a brief hiatus midsummer. Topinka began her television attack in September. For every $1 she has spent, he's burned $9. Now, with just over five weeks left until the November election, Topinka, a three-term state treasurer, and her running mate on the Republican ticket, Joe Birkett, find themselves an average 10 points behind in most polls. In an interview with the Post-Dispatch this week, Birkett gave a candid review of the campaign, expressing plenty of optimism, but acknowledging hurdles, too."

Ehrlich Mailing Notes FBI Investigation Of Baltimore Police. The Baltimore Sun (10/1, Olson, 262K) reports Gov. Robert Ehrlich's re-election committee "asserts in a mailing that 'The FBI is investigating Martin O'Malley's leadership of the police department' - a charge denounced yesterday as 'malicious' by O'Malley's gubernatorial campaign and 'disgraceful' by a top Baltimore police official. The brochure - the latest to slam O'Malley's record on crime - names no specific investigation, but states that 'the FBI launched an investigation of the Baltimore Police Department and their involvement in theft, rape and evidence planting.' Shareese N. DeLeaver, spokeswoman for the Ehrlich campaign, said, 'We're not implying that Martin O'Malley is under investigation, but the Baltimore City Police Department, under his failed leadership, is.'" The Sun notes, "Currently, the FBI is monitoring an investigation by city Police Department internal affairs and city prosecutors, after a grand jury indicted members of a squad in the city's Southwestern District on charges that an officer forced a woman to have sex in a station house, as well as allegations of illegal drug possession."

Judicial Independence May Be Threatened By Campaign Spending. The New York Times (10/1, Liptak, Roberts, 1.21M) reports, "In the fall of 2004, Terrence O'Donnell, an affable judge with the placid good looks of a small-market news anchor, was running hard to keep his seat on the Ohio Supreme Court. He was also considering two important class-action lawsuits that had been argued many months before." According to the report, "In the weeks before the election, Justice O'Donnell's campaign accepted thousands of dollars from the political action committees of three companies that were defendants in the suits. … Justice O'Donnell's conduct was unexceptional." According to the report, "In one of the cases, every justice in the 4-to-3 majority had taken money from affiliates of the companies. None of the dissenters had done so, but they had accepted contributions from lawyers for the plaintiffs." The Times adds, "Thirty-nine states elect judges, and 30 states are holding elections for seats on their highest courts this year. Spending in these races is skyrocketing, with some judges raising $2 million or more for a single campaign. As the amounts rise, questions about whether money is polluting the independence of the judiciary are being fiercely debated across the nation."

Revamping Emergency Departments To Better Deal With Child Patients Urged. In an op/ed in The Washington Post (10/1, B8, 748K), the Institute of Medicine's Committee on the Future of Emergency Care's Joseph Wright writes, "The anniversaries of Sept. 11, 2001, and Hurricane Katrina were painful reminders that the United States needs to be better prepared for the unexpected. A three-part report by the Institute of Medicine released this summer underscores the need for major reordering of priorities in emergency medicine, but the portion of the report devoted to the needs of children has not received the attention it deserves." According to Wright, "The Institute of Medicine's recommendations to Congress should be considered and implemented immediately if we, as a society, want to properly address the emergency needs of children."

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New Sanctions Law Targets Iran's Trading Partners. AFP (10/1) reports, "President George W. Bush signed into law a new set of sanctions targeting foreign countries that continue nuclear cooperation with Iran and sell it advanced weaponry." While "it does not name any countries, the measure is seen as a clear warning to Russia and China." However, "Mindful of the situation in Iraq, lawmakers warned that nothing in this document should be 'construed as authorizing the use of force against Iran.'" The AP (10/1) adds, "The measure sanctions any entity that contributes to Iran's ability to acquire chemical, biological or nuclear weapons."

Iran Won't Suspend Uranium Enrichment. The New York Times/AFP (10/1) reports that Iranian "President Mahmoud Ahmadinejad said Saturday that Iran would not halt uranium enrichment even for a short period," saying "they will use this for propaganda and say Iran has suspended and it has caved in" and "Nobody has the right to make Iran back down over its rights." However, "European diplomats have said that" Iran's chief nuclear negotiator, Ali Larijani, "offered a two-month suspension in talks recently. Some diplomats say there may be division within Iran's leadership over whether to allow a suspension."

Administration Seen As "Divided" Over Attacking Iran. The New York Daily News (10/1, Phelps, 729K) reports that the administration is divided, as it was during the run-up to Iraq, over whether to attack Iran: "The lineup, according to sources with good contacts inside the administration, is almost exactly what it was before, with the vice president and secretary of defense pushing for a tougher approach, and the secretary of state holding out for patient diplomacy." However, "so far Secretary of State Condoleezza Rice is prevailing, while Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld and their conservative allies in the capital have been left sputtering."

US Urged To Talk With Opponents. Noah Feldman, a law professor at New York University and adjunct senior fellow at the Council on Foreign Relations, writes in the New York Times Magazine (10/1), "After a summer of protracted and mostly pointless bombing, the talking season is upon us," but "conspicuously absent from…negotiations is the United States." However, "if politics is the art of compromise, then surely conversation is one of its methods." Also, "fruitful negotiations are based on a different premise: under certain conditions, the motives that drive people and regimes can be changed. Properly carried out, diplomacy creates new incentives that alter countries' underlying interests — and thus their behavior." Unfortunately, the "refusal to speak with Hamas since its election victory has had real costs," and "We would do better to sit down with Iran now, recalling that by the time we began negotiating with North Korea, its nuclear progress had become all but a fait accompli." Right now, "we need a breakthrough, one that will help either the Israeli-Palestinian track, the Iraq situation or both. To get that, we will need the much-maligned diplomats." While for "an ideological age, diplomacy may seem weak and prosaic," it "sometimes…is all we have."

Taking a similar tone, Ian Bremmer, president of Eurasia Group and author of "The J Curve: A New Way to Understand Why Nations Rise and Fall," writes in an op-ed in the Washington Post (10/1, B3, 748K), "the United States seems not to recognize is that the world's most repressive regimes depend on isolation to survive; they are stable precisely because they are closed. … Threatening that regime with isolation is like threatening a drowning man with a lifeboat," and "many authoritarian leaders know that if they provoke the United States, Washington will isolate their countries and thus strengthen their authority." Instead, "the best way to transform a stable but closed state into a stable and open one" is contact with others," as "the most powerful agents for change in any society are the people living in it." Unfortunately, "U.S. policy too often helps authoritarian governments isolate their people." Still, the transformation from a closed to an open society "historically…required countries to go through a dangerous period of turmoil," and "imposing such a transformation from the outside is likely to exacerbate the transitional turmoil." Then, "it is natural for the public to demand a quick return to stability, even if it means sacrificing openness," and moving the country towards both openness and stability "requires plenty of time and political capital."

Israel Pulls Last Troops Out Of Lebanon. The Washington Times/AP (10/1, Friedman) reports, "Israeli military officials said the army withdrew the last of its troops from Lebanon early today, fulfilling a key condition of the cease-fire that ended a monthlong war with Hezbollah guerrillas" and clearing "the way for the full deployment of an international peacekeeping force that will police the border." The military "imposed a blackout on all details of the troop movements" during the withdrawal, "for security concerns. The army set up roadblocks to block reporters from reaching the border." U.N. peacekeepers are "expected to send patrols today to verify the Israeli withdrawal."

Lebanese Government Lags On Rebuilding. The New York Times (10/1, Slackman, 1.21M) reports that there is "little progress toward rebuilding tens of thousands of homes devastated by the 34 days of Israeli bombing" of Lebanon. "Money has begun flowing in, from foreign governments and nongovernmental organizations. But nearly $900 million in international pledges remains untapped by the Lebanese government, whose presence is barely visible in the south. In contrast, Hezbollah, with money from Iran, continues to give cash payments to individual Lebanese for

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damaged homes. And the central government has allowed, and indeed encouraged, some foreign countries to begin giving similar grants." While "the government defends its performance, saying that it has gotten vital services such as water and electricity back, opened roads and kept the economy functioning," it "has been slow to respond" on building homes. "The central government's stumbles started early," as "financial mechanisms to guarantee that international aid would not be squandered…remain incomplete," despite international urgings to create them even before the war ended.

Circumstances Said To Suggest Little Agreement Between Hamas, Fatah In Near Future. The Boston Globe (10/1, Barnard, 425K) reports, "Palestinian President Mahmoud Abbas has spent the past two weeks struggling to reach a power-sharing deal with the Hamas government." However, officials from both sides say that "with the daily work of government hamstrung by political infighting and financial crisis" – the government "hasn't paid salaries in six months and…hobbles along with thousands of workers on strike and four Cabinet members in Israeli jails" - neither Hamas nor Fatah "is in a position to make a bold compromise or sell one to its people," and, "in the places where the Palestinian Authority tries to do its work, many dejected officials say it is absurd to expect such a deal against the current backdrop of chaos." The "frustrations in the streets are directed not just at Hamas, but also at the Palestinian Authority bureaucracy and security forces, dominated by Fatah." All this "suggests there's little hope any time soon for advancing the Middle East peace process or for ending Palestinians' crippling economic isolation."

Government Employees Protest Salary Delays In Gaza. The AP (10/1, Barzak) reports, "Thousands of government employees and security officials burned tires, blocked roads and fired shots in the air on Gaza streets Saturday to protest delays in receiving long-awaited salaries. Palestinian Interior Minister Said Siyam ordered security forces to deploy in the streets Sunday to prevent similar protests," authorizing "the use of 'all means of force.'" While "the Palestinian government on Thursday began paying partial salaries to 165,000 civil servants who haven't received their full wages in months due to an economic embargo on the Palestinian Authority," from donations by Qatar and Saudi Arabia," the "government employees complained that in some cases, the money hadn't arrived, and in others they were left with nothing after Palestinian banks had deducted commissions and interest and paid off existing loans."

Attempts At Unity Government May Presage Intensified Conflict. In a week in review article, Steven Erlanger writes in the New York Times (10/1, 1.21M), "The Palestinians may soon have a new government of national unity — or may not." Palestinian president Mahmoud Abbas "announced he had reached agreement with the radical Islamic group Hamas on the political platform for such a government," but "Hamas repudiated the political program almost as soon as Mr. Abbas announced it. In the muddle since then, what has become clearest is the danger of diplomacy when reality confronts language intended to disguise it." Hamas's "major obstacle is that any new government would represent a defeat…an admission that it cannot govern alone, with no ideological modifications." So, "the vision of a unified Palestinian government may wither quickly," and, "in interviews last week, Secretary of State Condoleezza Rice talked as if a national-unity government were dead, and her government was said to be pushing Mr. Abbas to confront Hamas and fire Mr. Haniya. The mirage of national unity may, on closer inspection, presage intensified conflict. Or it may not."

Author Argues Israel's Fence Damages Its Interests. Gershom Gorenberg, the author of "The Accidental Empire: Israel and the Birth of the Settlements, 1967-1977," writes in an op-ed in the Washington Post (10/1, B7, 748K) that Israel's "separation fence" is "changing the face of the land in a way that makes life far more difficult for Palestinians while damaging Israel's own long-term interests." It's "route has been drawn to place major 'settlement blocs' on the Israeli side," but "Palestinian communities are also inside the" fence. While "the fence is the government's assertion, drawn in concrete and barbed wire, of what land it seeks to keep," the "Palestinian residents…will not be annexed to Israel." While "to pursue this project today makes no sense," the Olmert government "continues to invest in the failed project of the settlements, which for nearly 40 years has drained Israel's energies, subverted its democracy and harmed its security." There also is not "any reasonable explanation for why Israel's strategic ally, the United States, virtually ignores what is happening."

Two Killed By Israeli Airstrike In Gaza. The AP (10/1) reports that, according to medical officials, "an Israeli airstrike in the southern Gaza Strip killed two Palestinian militants and wounded three people" in Rafah. "The army said it had targeted a vehicle carrying a group of militants involved in attacks on Israel. But witnesses said the missile struck a group of pedestrians."

Critics Compare Jordan's King To Shah, Warn Of Possibility Of Same Fate. The Los Angeles Times (10/1, Daragahi, 918K) reports that many Jordanians fear that…King Abdullah II, the Jordanian monarch who assumed power after his charismatic father died in 1999," could suffer the same fate as the Shahs of Iran. "Numerous parallels exist between the shah's rule and that of Abdullah," including the close ties to the US in intelligence, technology, and trade.

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Jordan politics pit the "conservative East Bank tribes' demands for stability while also attending to calls from the nation's more cosmopolitan majority Palestinians for democratic change." However, "critics on both sides of the Jordanian divide say the 44-year-old king has failed to garner popular support." He "has emboldened a legion of critics among the country's tradition-minded tribes that are the backbone of the monarchy" and "many critics say the monarch has been too busy pursuing a Western agenda instead of forging ahead with a vision for uniting the country."

India Accuses Pakistan Of Plotting Mumbai Bombings. The New York Times (10/1, Giridharadas, 1.21M) reports, "In a declaration likely to increase tensions on this subcontinent, the Indian police on Saturday accused Pakistan's intelligence agency of being behind the July 11 train bombings that killed more than 180 people in Mumbai. Officials in Islamabad swiftly rejected the allegation, which comes at an awkward moment for Pakistan," as in "stormy visits to Washington and London this week," Pakistani president Gen. Pervez Musharraf "was dogged by accusations that Pakistan was not doing enough to curb Islamic militancy, or, worse, might even be aiding it." Anami Narayan Roy, the police chief of Mumbai, said in a televised news conference, "The whole attack was planned by Pakistan's I.S.I. and carried out by Lashkar-e-Taiba and their operatives in India." Parvinder Singh Pasricha, the police chief of Maharashtra State, which contains Mumbai said in a telephone interview that "the accusations by the police had been cleared with and corroborated by India's national intelligence agencies." This "latest accusation complicates a recent initiative to rescue the India-Pakistan peace process."

The Washington Post/AP (10/1, A20, Badam) adds, "Roy gave a detailed description of how the explosives were transported into India and by whom." Pakistani minister of state for information Tariq Azim, "denied the claim, calling it 'sad and unfortunate.'" It is not yet "clear how Roy's remarks would affect the fragile peace process between the nuclear-armed neighbors."

Karzai, Musharraf To Meet With Border Tribes. The AP (10/1, Krane) reports that Afghan "President Hamid Karzai said on Saturday that he and the Pakistani president will jointly lead a series of tribal gatherings along their countries' shared border to quell attacks on Afghanistan by Pakistan-based Taliban rebels." U.S. officials said "the number of attacks in the Afghan border regions has tripled following a peace agreement between the Pakistani government and pro-Taliban tribesmen in its territory," and Karzai said, "We're waiting to see how this peace deal works out. So far it hasn't been fruitful for Afghanistan." However, he "appears to have been unable to secure Pakistan's immediate cooperation in shutting down radical religious schools or arresting Taliban leaders living in Pakistan." Still, "Karzai played down suggestions that relations between Pakistan and Afghanistan had cooled because of his bickering with" Pakistan's President Gen. Pervez Musharraf.

Kurdish Guerrillas Announce Cease-Fire. The New York Times/AP (10/1) reports that the Kurdish guerrilla group the Kurdistan Workers Party, or P.K.K., "declared a new unilateral cease-fire in its war for autonomy in Turkey's southeast on Saturday, heeding a call from its imprisoned leader," Abdullah Ocalan," after "American pledges of support in cracking down on the P.K.K., which is listed as a terrorist organization by the United States and the European Union." The PKK "said its fighters would not use arms unless attacked by the Turkish Army," but "the Turkish government has ignored previous cease-fires by the group, saying it does not negotiate with terrorists."

Caldwell Says German "Opera Affair" Illustrates Germany's Experience In Policing National Subconscious. Christopher Caldwell writes in a week in review article in the New York Times (10/1, 1.21M), "Expression that tramples on the sensibilities of vulnerable minorities usually gives Germans, at the very least, pause. The absence of any such pause" in the protests against a German opera's cancellation of Mozart's "Idomeneo" due to fears of Islamic violence is "distinctive." Even the defenders "did so on the grounds of risk analysis, not on the grounds that demeaning religious symbols might be a bad idea. And this seems part of an emerging pattern." While "the 'opera affair' suggests that fear of Islam has lodged itself deeply in the minds of a lot of Westerners. … What made the German media and the broader public turn so suddenly on Ms. Harms was a kind of collective embarrassment. Germany has as much reason as other Western countries to worry about Islamist excesses. But the last half century has given it more experience in policing the fears inside its national subconscious."

US Is In "Final Stages" Of Installing Missile Defense In Japan. AFP (9/30) reports, "The US military has entered the final stage of installing an advanced surface-to-air missile defense system in southern Japan, amid mounting concern over North Korea's missile launches. The first batch of equipment for the Patriot Advanced Capability-3 (PAC-3) system was unloaded Saturday at a military port on Okinawa island amid protests from a handful of anti-war activists." Missile defense "has been a pillar of the strengthened Japan-US military alliance in recent years."

The AP (9/30) reports, "Heavy vehicles and other equipment related to the upcoming deployment of advanced Patriot interceptor missiles at American bases on southern

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Okinawa island arrived in Japan on Saturday." The AP adds, "Earlier this week, the U.S. military activated a high-powered 'X-Band' radar outpost in northern Japan that is a key part of a joint missile defense shield and meant to track ballistic missiles in the region. The U.S. in late August replaced a guided missile cruiser stationed at Yokosuka near Tokyo with the USS Shiloh."

Experts Believe Other Regional Militants May Adopt Thai Tactics. The Los Angeles Times (10/1, Glionna, 918K) reports, "Since 2004, militants in Thailand's predominantly Muslim south have waged a bloody separatist insurgency against the cultural elite of this largely Buddhist nation," but "the campaign of almost-daily bombings, arson attacks, kidnappings and assassinations has gone largely unnoticed in a Western world fixated on higher-profile Islamic terrorism campaigns in Iraq and elsewhere." However, "International terrorism experts are keeping a close eye on southern Thailand's guerrilla war, believing that the attacks could become a blueprint for small insurgencies in the post9/11 world," as other regional militants could adopt their "strategy of incessant low-level attacks against civilians." Also, "a recent State Department report concluded that" while "there was no evidence of any connection between the militants and global terrorist groups such as Al Qaeda or Jemaah Islamiah, based in Southeast Asia," there was still "concern…that these groups may attempt to capitalize on an increasingly violent situation for their own purposes."

Russia Suspends Closure Of Its Bases In Georgia. The Los Angeles Times (10/1, Holley, 918K) reports, "The Russian military Saturday suspended the closure of its two military bases in the former Soviet republic of Georgia, saying it was acting to protect its citizens there as relations between the two countries spiraled downward in the midst of a spy scandal." The closure had been agreed to in "a joint statement in May 2005 in which Russia promised to close the two Soviet-era bases by 2008." Georgian officials have arrested five Russian officers and are demanding "the hand-over of a sixth officer, believed to have taken refuge in Russia's military headquarters in Tbilisi."

Chirac Says Turkey Should Recognize Historical Massacres Of Armenians. The New York Times/AFP (10/1) reports, "French President Jacques Chirac on Saturday urged Turkey to recognize World War I-era massacres of Armenians as genocide if it wants to join the European Union." When "asked if he thought Turkey should recognize the 1915 massacres as genocide before it joins the European Union, the French president replied, 'Honestly, I believe so.'" This is "likely to irritate Turkey and further strain its relations with France."

EU Drops "Guilt Clause" Requirement For Turkey's Entry. The Washington Times (10/1, Borowiec, 88K) reports, "The Armenian quest for Turkey's admission that it massacred ethnic Armenians nearly a century ago has suffered a setback with an EU decision to drop the historic 'guilt clause' as a requirement for EU membership." It is "seen as a considerable blow to Armenian hopes."

Serbian Parliament Approves Constitution That Sets Kosovo As Part Of The State. The AP (10/1, Gec) reports, "Serbia's parliament approved a new constitution Saturday declaring U.N.-run Kosovo part of the Balkan state despite ongoing negotiations on the breakaway province's future. The hastily drafted constitution…is designed to underscore Serbia's opposition to possible independence for Kosovo as the result of the U.N.-brokered talks on the province's future," and still "needs a 'yes' vote in a national referendum," scheduled for Oct. 28-29, "before it becomes valid." However, "Several hundred government critics rallied in front of the parliament building during the session to protest against the new constitution, saying that it will jeopardize Serbia's future by declaring Kosovo its own." They also "announced a campaign for a referendum boycott."

Chavez Claims Assassination Attempt Stopped, Hints At Links To Electoral Opponent. The AP (10/1, Pearson) reports that Venezuelan "President Hugo Chavez, who has repeatedly spoken of various plots on his life, said Saturday a sniper with a long-range gun and a motorcycle to escape on had planned to shoot him as he exited a helicopter on a recent trip to western Venezuela." He "appeared to link the plot to his main rival in upcoming presidential elections, Gov. Manuel Rosales of Zulia state, claiming that he is in constant danger from opponents seeking to get rid of him."

Scandal Could Send Brazilian Presidential Election Into Runoff. The New York Times (10/1, A10, Rohter, 1.21M) reports, "With yet another ethics and corruption scandal," Brazilian President Luiz Inácio Lula da Silva will go into the presidential elections. While he "has been leading in polls and seems assured of finishing first by a comfortable margin in the initial round of balloting," there is some "uncertainty as to whether the president, made vulnerable by an unpleasant 'September Surprise' involving some of his closest aides, will obtain the majority he needs to avoid a runoff," which "political analysts are unanimous in agreeing that Mr. da Silva wants at all costs to avoid." Since "operatives of the Workers' Party, which Mr. da Silva founded in 1980 and still leads, were caught trying to pay $792,000 in cash for a dossier they apparently thought would incriminate" His leading opponent's party in a corruption scandal," every

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day "the Brazilian press is full of new reports that incriminate his closest associates and let his rivals raise the question of the president's knowledge of or involvement in skullduggery." In response, da Silva is "simultaneously accusing the opposition of seeking to achieve through undemocratic means what it cannot achieve at the ballot box and vaguely acknowledging that some of those around him are responsible for what he calls an 'insane' act of 'barbarism.'"

The AP (10/1, Clendenning) adds that Silva "slipped in the polls on the eve of elections Sunday, indicating he may not win a convincing first-round victory but will instead be forced to campaign for another month amid spiraling corruption allegations against his party." The Ibope and the Datafolha polling institutes predicted his getting 49 percent and 50 percent of the vote, respectively, but they both have a margin of error of 2 percentage points. For the US "Silva's re-election would be a mixed blessing." While "he proclaims himself a friend of Cuban leader Fidel Castro and helped sink the U.S.-sponsored Free Trade Area of the Americas," he also "is widely seen as a soothing influence on a continent where far-left sentiment is on the rise."

Support Of The Poor Said To Be Key To Lula. The Washington Post (10/1, A19, Reel, 748K) reports, "The dividing lines that will determine Brazil's presidential election on Sunday are extraordinarily clear," that between the poor and the more affluent classes. "Lula is expected to coast to victory for this reason: In Latin America's largest democracy, a lot more people" are poor than middle class. While four years ago "backing among more than 50 percent of middle-class voters was the key that allowed" Lula to become president, today "the nature of his electoral support this year is different," relying on the poor. The "polls suggest the criticisms haven't stuck to him, particularly among those who have benefited from his social programs."

Somalis Victims Of Attacks In South Africa. The Washington Post (10/1, A20, Timberg, 748K) reports, "In the past three months, community leaders say, 32 Somalis have been killed in attacks in townships as South African businessmen have violently defended their turf against" Somali newcomers. The Post continues, "The attacks on Somali immigrants have drawn attention to a vicious strain of xenophobia lurking in South Africa, a nation determined to portray itself as a model of harmonious diversity but tormented by some of the world's highest rates of violent crime. The attacks are also a chilling reminder, South Africans say, of the violence that marked the final years of apartheid. … Somalis say the recent attacks have convinced them that South Africa's townships are no safer than Mogadishu, the violent capital of a country so riven by power struggles that no government has controlled all of it since 1991."

Sata Holds "Commanding" Lead In Zambian Election. The New York Times (10/1, Wines, 1.21M) reports, "The tallying of Zambia's presidential election was held up after a ballot shortage delayed voting in some provinces, but the state-owned newspaper The Zambia Daily Mail, citing a survey of voters leaving polls, reported that Michael Sata, a populist former cabinet minister, held a commanding lead over the incumbent, Levy Mwanawasa."

Chinese "House Churches" Hover In "Legal Netherworld." The Washington Post (10/1, A19, Fan, 748K) reports, "[I]n Wenzhou and the surrounding province of Zhejiang, just south of Shanghai, a growing number of congregations that began life as house churches -- unauthorized places of worship set up in private, often dilapidated homes -- have recently registered with the government, while continuing to spurn the rules of the official Protestant church in China. Like so many institutions in China, these churches now hover in a sort of legal netherworld." The Post continues, "The fact that many Christians in this region have turned away from the official church's beliefs, analysts say, is a result of history and prosperity. … Meanwhile, a growing number of college students, lawyers, businessmen and preachers educated abroad are also joining illegal house churches."

India Considers How To Balance Monsoons, Droughts. The New York Times (10/1, Sengupta, 1.21M) reports, "India's average annual rainfall rate hovers at an abundant 46 inches, as much as Ireland's. Yet growing water scarcity threatens both farms and cities. With the population hitting 1.1 billion, the amount of water available to each Indian is roughly the same as the amount available to the average Sudanese, according to the Food and Agriculture Organization. India's rains tend to come in short, furious bursts, meaning that much of that water escapes as untapped potential, washing into the sea and wreaking havoc on the fragile villages and flourishing cities that stand in its way."

Burmese Government Detains Two Dissident Leaders. The Washington Post/AP (10/1, A20) reports, "Burma's military junta detained two former dissident leaders on Saturday as part of a renewed crackdown on pro-democracy activists that followed anniversary celebrations of Aung San Suu Kyi's political party. Min Zeya, 45, and Pyone Cho, 40, were taken from their homes Saturday, a day after sending a letter to the ruling junta chairman inquiring about the status of three other activists detained Wednesday."

Quebec Highway Collapses. NBC Nightly News (9/30, lead story, 2:00, Holt, 9.87M) reported that a two-lane

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secion of higway overpass in Canada "collapsed, leaving at least five people hurt and at least two others trapped beneath the rubble." NBC (Tibbles) continued, "At about 1:00 this afternoon in this suburb it was busy with Saturday shopping traffic when a massive concrete overpass collapsed crushing several cars. This witness says people didn't know if there had been an earthquake or explosion and adds he saw a motor cycle hurdle into the air from where the bridge used to be. … Witnesses say three lanes along with a pedestrian walk way came down. This is the second time a major overpass has collapsed here. In 2000 a large chunk of roadway fell on to a car killing one occupant. The Quebec department of transport offered a warning pieces of concrete were falling but there was no effort to close it down before tragedy struck."

The AP (10/1, Couvrette) adds, "Drivers on Highway 19 slammed on their brakes and watched in horror as the overpass slowly collapsed, sending cars plunging and crushing at least two vehicles. Quebec provincial police did not confirm any deaths but spokeswoman Chantal Mackels said police believed it was unlikely that anyone in the two crushed cars survived."

Kristof Calls For Peacekeapers In Chad, Central African Republic. In his column in the New York Times (10/1, 1.21M) Nicholas D. Kristof describes the Central African Republic's north as "a war zone, with rival armed bands (some from the government) burning villages, kidnapping children, robbing travelers and killing people with impunity." Kristoff adds, "The country is already unstable for its own reasons, and its own government has much to answer for, but the Sudanese incursion and the small arms rippling out from Darfur have left this region in complete chaos. The violence has driven 100,000 villagers from their homes, and the U.N. calls it 'the world's most neglected crisis.'" Kristoff adds, "When [Central African Republic] President Bozize traveled to the U.S. this month for the U.N. General Assembly, the Bush administration made available a mere deputy assistant secretary of state to talk to him. That's ridiculous, sending a signal that we're not engaged in Darfur's regional crisis and don't care what Sudan does to this country. If President Bush is serious about genocide, an immediate priority is to stop the cancer of Darfur from spreading further — which means working with France to shore up both Chad and the Central African Republic. (France has troops in both countries.) It also means putting U.N. peacekeepers in both places. Right now."

Ending Andes Trade Pact Said To Be Against US Interests. Sergio Muñoz, a former Times editorial writer, contributing editor to the paper, and internationally syndicated Spanish language columnist, writes in an op-ed in the Los Angeles Times (10/1, 918K), "The original goal of the" Andean Trade Promotion and Drug Eradication Act "was to combat drug production and traffic in Bolivia, Colombia, Ecuador and Peru by helping those countries create legitimate jobs, and it has largely worked." It also "is crucial to [Bolivia's] economic vitality. In recognition of that, the secretary general of the Organization of American States, Jose Miguel Insulza, has called for an extension of the program, as have all members of the group," but Sen. Charles E. Grassley "opposes any extension because of" Bolivian President Evo Morales' "move toward nationalization, even though no U.S. companies would be affected." However, to stop "Bolivian artisans' competitive advantage in the U.S. marketplace would be shortsighted and counterproductive, and it would border on the petty." The US "has a broad interest in promoting democracy in the Andean region, where Venezuelan President Hugo Chavez is using his country's vast oil wealth to spread his 'Bolivarian Revolution,'" and "it would be foolish for Washington to give Chavez more ammunition by denying poor Bolivian Indians access to the U.S. market. Extending the trade program not only would help solve Bolivia's enormous problems but would serve to restore regional trust in the U.S. commitment to democracy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Pastors Guiding Voters to GOP
Illegal -- but Essential
Booked-Up Publishers Could Be in a Bind
Clemens Is Named in Drug Affidavit
In Thailand, a New Model for Militants?
Symptom of a Body in Distress

New York Times:

G.O.P. Aides Knew in Late '05 of E-Mail
Detainee Memo Created Divide in White House
Ruined Towns Look to Beirut, Mostly in Vain
Campaign Cash Mirrors a High Court's Rulings
Often Parched, India Struggles to Tap the Monsoon
'Chorus Line' Returns, as Do Regrets Over Life Stories
Signed Away
Of Party Dues and Deadbeats on Capitol Hill
Medicare Insurers to Offer More Options in '07
Black Incomes Surpass Whites in Queens
Israel Completes Pullout From Southern Lebanon
Congressional Memo: Along With Victories, G.O.P. Takes a Few Blows

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Washington Post:
Secret Reports Dispute White House Optimism
After Homework, Duty as an Imam
GOP Leader Rebuts Hastert on Foley
'08 Scrutiny Shines Unkind Light on Allen
Robinson's Final Days
U.S. Military Is Still Waiting For Iraqi Forces to 'Stand Up'
Caring for Students' Souls and Dorm Rooms
In China, Churches Challenge the Rules

Washington Times:
Iraqi guard arrested in Green Zone bomb plot
Gulf nations fortify against terror attacks
De-greening immigration
Coeducation no cure-all, foes say
Essay critical of Islam leaves teacher on run

Detroit Free Press:
Economy weighs on Granholm
Metro Arabs helping to rebuild Lebanon

Atlanta Journal-Constitution:
2005 tax break swift for Perdue
'Emerging gateway' for refugees
Cotton Bailout: Part 1
DA: Nichols tried to call witness
DeKalb police shootings surge
Boy rescued after text message

Dallas Morning News:
Club Blue developer tangles with city
Will social networking sites transform politics?
Sex scandal roils Washington
Governor candidates debate health care
A State Fair lesson like no udder
Defense rests in bus company trial

Houston Chronicle:
HPD revising its immigration policy
Congress leaves immigration bill for another day
Security fears grow on U.S.-Canadian border
'Dry' Texas counties put liquor option on ballots
Pasadena teacher accused of soliciting teen
Apartments to be torn down for Baylor hospital
District 22 race keys on who's missing on ballot
Web, tech gadgets integral to Generation Y lives
Pork-barrel politics trump ethics in Brazil
Israeli military completes Lebanon pullout
Yom Kippur leads followers to meditation

Story Lineup From Last Night's Network News:
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CBS: Preempted by NCAA Football.
NBC: Canada highway collapse, Foley Scandal, Woodward Book, Brazilian Jet crash, CO Teen funeral, Border fence

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Oct. 1 - 2. PRIME MINISTER RECEP TAYYIP ERDOGAN Highlights: 5 p.m. Speaks at Georgetown University on ``Turkey's Message for Global Peace and Justice." O'donovan Dining Hall, Upper Level, Georgetown University. Media RSVP to Andrea Sarubbi, 202-687-4328.

Sept. 26 - Oct. 1. FAMILY MEDICINE _ The American Academy of Family Physicians holds it Scientific Assembly. Location: Washington Convention Center. Contacts: Barbara Kowalski, 800-274-2237 ext 5204.

Sept. 30 - Oct. 1. DEMOCRATS-HISPANICS _ The Democratic National Committee and its Hispanic Caucus hold the 2006 Hispanic Leadership Summit. Highlights: 9:30 a.m. Remarks by Bronx Borough President Adolfo Carrion. 9:45 a.m. Session on maximimizing the role of Hispanic voters in the 2008 nominating progress by Teresa Benitez Thompson, Nevada Democratic Party Vice-Chair. 10 a.m. Session on faith and values, with Rev. Luis Cortes and Father Eugenio Hoyos. 11 a.m. Session on winning elections with Rep. Xavier Becerra. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Luis Miranda, 202-863-8148.

Oct. 1 - 4. GASIFICATION _ The Gasification Technologies Council holds its annual conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW. Contacts: Richard VanOrnum, 202-478-3548.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, OCTOBER 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Disputes Claim Tenet Warned Rice Of Al Qaeda Threat In July, 2001. The New York Times (10/2, Shenon, 1.21M) reports, "Members of the Sept. 11 commission said Sunday they were alarmed that they were told nothing about a July 2001 White House meeting at which George J. Tenet, then director of central intelligence, is reported to have warned Condoleezza Rice, then national security adviser, about an imminent attack by Al Qaeda and failed to persuade her to take action." Details of the meeting on July 10, 2001, two months before the Sept. 11 terrorist attacks, were first reported last week" in Woodward's book, State of Denial. The White House "disputes his account." Since the release of the book, "the White House and Ms. Rice have disputed major elements of Mr. Woodward's account. Ms. Rice has said through spokesmen that there had been no such exchange in a private meeting with Mr. Tenet and that he had expressed none of the frustration attributed to him in Mr. Woodward's book." Bartlett said, "It really didn't match Secretary Rice's recollection of the meeting at all. It kind of left us scratching our heads because we don't believe that's an accurate account." The Times adds, "Passages of the book suggest that Mr. Tenet was a major source for Mr. Woodward. The former intelligence director has refused to comment on the book since its release."

Asked about Woodward's claim that on July 10, 2001 CIA Director George Tenet and his counterterrorism chief, Cofer Black, warned then-National Security Advisor Condoleezza Rice about an upcoming al Qaeda attack on US interests, Bartlett, on ABC's This Week (10/1, Stephanopoulos), responded, "I spoke to [Secretary Rice] this morning. She believes that this is a very grossly misaccurate characterization of the meeting they had. … The first eight months of President Bush's presidency has been some of the most investigated eight months in any presidency because of the 9/11 attack. We had the 9-11 Commission, a bipartisan commission, look at all of it, look at all of the information that was provided to government officials. They testified before it. Now 4 1/2, 5 years later we're just now hearing about these vivid accounts of meetings with Secretary Rice." ABC's George Stephanopoulos then asked Bartlett, "So this didn't happen," to which Bartlett replied, "That's Secretary Rice's view -- that that type of urgent request to go after bin Laden, as the book alleges, in her mind didn't happen."

On CBS' Face the Nation (10/1, Schieffer) Bartlett claimed "the account in this book…really didn't match Secretary Rice's recollection of the meeting at all. In fact, these very vivid accounts we're hearing from -- allegedly from Cofer Black and from George Tenet were not shared with the 9/11 Commission. … So we find it to be puzzling to see some sort of quote like this. I talked to Secretary Rice this morning. She disputes it vigorously." Bartlett continued, "She does remember meeting, this meeting and other meetings that they had where they were talking generalized about the threats and about what we're doing. But the suggestion in this is that they asked for a very specific plan to go after bin Laden. … That is just not how she recalls it whatsoever."

Sen. Joseph Biden, on CBS' Face the Nation (10/1, Schieffer), commented, "If that meeting really did take place, why didn't Condi Rice or George Tenet tell the 9/11 Commission about that? They were obliged to do that and they didn't. … If this in fact did occur, and take Woodward at his word that he has proof that it did occur, then Dr. Rice, Secretary of State Rice did not meet her obligation to the 9-11 Commission, and George Tenet did not meet his obligation."

Scheuer Says Clinton Lied During Contentious Fox Interview. The Washington Times (10/2, Pfeiffer, 88K) reports, "Michael Scheuer, whose 2004 book 'Imperial Hubris' won hosannas from liberals as an indictment of the Bush administration's conduct of the war on terror, turned his sights on former President Bill Clinton yesterday." In an appearance on "Fox News Sunday," the former CIA counterterrorism official "denounced as 'lies' Mr. Clinton's contentious defense last week of his efforts against Osama bin Laden, saying the administration passed up at least 10 chances to capture or kill the al Qaeda leader." Said Scheuer, "Mr. Richard Clarke, Mr. Sandy Berger, President Clinton are lying about the opportunities they had to kill Osama bin Laden. That's the plain truth, the exact truth." Scheuer also "disputed Mr. Clinton's assertion that he did not have the necessary authorization to kill bin Laden, pointing out the president is the person who issues authorizations, not the person who needs them."

Tape Shows 9/11 Terrorists Preparing For Attacks In January 2000. ABC World News (10/1, lead story, 2:50,

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Holt, 8.78M) reported, "9/11 ringleader Mohammed Atta no doubt took many secrets to his death when the plane he commandeered five years ago dove into the World Trade Center. But…a chilling piece of video has emerged. It was shot more than a year an a half before September, 11, 2001. It shows Atta and another hijacker deep in preparation for the attacks. While their smiles and laughter may in retrospect seem to be taunting us from the grave it may also be shedding important new light on the 9/11 plot unfolded." NBC (Myers) added, "Key parts of this tape were shot in Afghanistan in January 2000, a year and eight months before the 9/11 attacks. That underscores how far in advance Osama bin Laden set his deadly plan in motion. The most chilling scene, 9/11 ringleader Mohammed Atta and pilot Ziad Jarrah laughing and joking around as they prepared to record their so-called 'martyrdom videos' in preparation for the suicide attacks."

ABC World News (10/1, story 3, 1:30, Harris, 8.78M) noted the videotape "was first obtained by 'The London Sunday Times' newspaper." ABC (Ross) added, This was January 2000. As a reference point, it was a week and a half before the Iowa caucuses in the political season. This will refocus the debate of who was responsible for what. It was at this time that Richard Clarke and the White House security staff was urging bombing of the camps of bin Laden, requests he could not get approve approved."

The New York Times and Washington Post (10/2, 748K), among other newspapers, run an AP story on the tape, which reports "American intelligence officials in Washington said Sunday that the tape was being analyzed, and one confirmed the men's identities."

Warner, McCain, Graham Defend Compromise On Detainee Legislation. Sens. John Warner, John McCain and Lindsey Graham write in the Wall Street Journal (10/2, A10, 2.03M), "Negotiating a complicated piece of legislation with wide-ranging implications is always a difficult endeavor, and the Military Commissions Act of 2006 was no exception. We worked with the administration to achieve a fair system for the prosecution and conviction of suspected terrorists. The proposed legislation also reaffirms and underscores our nation's commitment to the Geneva Conventions, which we must uphold as a matter of principle and to protect our service members in this and future wars. We believe that we have succeeded in this effort." They add, "It is axiomatic that a compromise makes no one happy. Our mission was to help our nation in the war on terror and to give protection to our men and women in uniform, particularly if they are captured. Anyone may disagree with elements of the final product, but an accurate understanding of the legislation is essential to all sides of the debate."

The Christian Science Monitor (10/2, Chaddock, 58K) analyzes the bill, saying that "in historic votes last week, lawmakers banned torture, rape, and murder in the interrogation of terrorist suspects. But they left to the president to determine what techniques short of "serious" physical or mental pain or suffering are still allowed." They also "voted to give immunity to those involved in secret interrogations before last year's torture ban and to allow evidence obtained by 'cruel and inhuman treatment' before that date to be used in military trials." And "in the most tightly contested decision of the week, lawmakers denied detainees in the war on the terror the right to challenge their detention in US courts." That "means that anyone that the president or the secretary of Defense determines to be an enemy combatant - including noncitizens living legally in the United States - can be held indefinitely without trial."

Lawmakers Says Supreme Court May Overturn Detainee Bill Approved By Congress. U.S. News and World Report (10/9, Knight, 2.03M) reports that although the House and Senate passed a bill last week governing the treatment and prosecution of terror suspects, and President Bush is expected to sign it shortly, "some lawmakers warned that the Supreme Court might still overturn part of the law, just as the high court overturned the President's original concept for military tribunals back in June." These lawmakers "said the Supreme Court might object to provisions that eliminate a detainee's ability to challenge detention."

Time (10/9, Duffy, 4.03M) reports that the legislation approved by Congress "left the President in charge of filling in the details of what the allowable methods should be. The clearest limit to what might be done was actually not so clear." Time adds, "What the legislation is likely to do even sooner is put the CIA's secret-prison program back online. That's right: back online."

WSJournal Suggests Democrats Soft On Terrorists. The Wall Street Journal (10/2, 2.03M) editorializes, "Democrats keep insisting that, whatever their opposition to the war in Iraq, they'd be as tough as anyone in fighting al Qaeda. We'd love to believe this for the country's sake, but then what are Americans to make of last week's

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Congressional vote on detainee interrogation and military tribunals? … Over in the Senate, 32 Democrats opposed the bill, including the leadership and everyone who's been mentioned as a potential Presidential candidate in 2008: Hillary Clinton, Evan Bayh, John Kerry, Joe Biden, Chris Dodd, Russ Feingold. The dozen who voted yes are either up for re-election or from swing states. If an election weren't coming, we doubt there'd have even been that many." The Journal concludes, "This amazing vote only reinforces the Republican argument that, given the chance, Democrats would return to the pre-9/11, law-enforcement model of fighting terrorism. In voting 'no,' they were opposing aggressive interrogation of even the worst al Qaeda captives. If Democrats fall short of regaining Congress this year, votes like this will be the reason."

Law Professor Worries About Detainee Bill. In a commentary for the Washington Post (10/2, 748K), law professor and Gitmo litigant Joseph Margulies recalls, "Thirty-six American airmen, shot from the sky during the Korean War, falsely confessed to a vast plot to bomb civilian targets. How did this happen? ... The airmen were subjected to something new: touchless torture. They were kept isolated from all human contact, apart from their interrogators." The CIA studied the North Koreans' practices and published a manual; Margulies asks, "Will mild 'homeostatic derangement' be deemed acceptable under the legislation just passed by Congress -- a little sleep deprivation here, some extended standing there, perhaps a few more hours in the cold room, a wee drop of solitary confinement now and again, extended isolation from the outside world?"

Bush Said To Be "Nearly Obsessed" With Finding Bin Laden. U.S. News and World Report (10/9, Bedard, 2.03M) reports in its "Washington Whispers" column, "One key insider says that Bush is nearly obsessed with" Osama bin Laden. Terrorism adviser Frances Townsend said, "He's very taken with the hunt, and it is very much a priority on his mind," adding, "He has an extraordinary memory for detail. He has an extraordinary ability to recall particular details, plots, individuals, to ask questions about it. And I will tell you that he asks very specific questions on the hunt for bin Laden on a regular basis."

Musharraf Says He Does Not Know Where Bin Laden Is. In its Notebook" column, Time (10/9, 4.03M) interviews Pakistani President Pervez Musharraf. Asked if he believes recent rumors that Osama bin Laden is dead. Musharraf said, "I have no such information. I spoke to my intelligence chief, and he did not substantiate this point." Asked if he believes bin Laden is in Pakistan, Musharraf said, "These are things that agitate me. I could say he could be in any country. But I never say that because I don't know. We have excellent intelligence sources, so if we don't know where he is, I don't know how anyone else knows. We don't know where he is. We are guessing."

UN Antiterror Program Comes Under Criticism. The Wall Street Journal (10/2, Crawford, 2.03M) reports, "Governments around the world have drawn criticism for some extrajudicial steps taken to corral suspected terrorists, from secret prisons to surreptitious abductions to deportations that could lead to torture or execution." Meanwhile, "a program overseen by the United Nations Security Council has stripped hundreds of people of assets and international-travel rights -- and even the right to earn a salary or buy groceries -- without so much as a hearing, let alone trial or appeal. Apart from suspects' lawyers and a European human-rights watchdog, the program has drawn little scrutiny." Today, "359 people are on this blacklist created by Security Council Resolution 1267. No court process is involved in adding someone to the list, nor is it debated by the council's member states. Those added have no right to present exculpatory evidence to Security Council members, nor any right of appeal." The Journal adds, "The U.S. and other governments say these sanctions are an important weapon in the fight against international terrorism, cutting suspects off from the money they need to communicate and operate, either from jail or when the law would otherwise let them go free." Opponents "say the program has lost its original purpose and is used by governments to evade due process in pursuit of alleged terrorists and their accomplices." Critics also "decry the opportunity for governments to abuse the system by framing dissidents and others who draw official disfavor."

FBI Intensifying Examination Of Potential Mafia-Al Qaeda Cooperation. The AP (10/2, Milton) reports, "The FBI's top counterterrorism official harbors lots of concerns: weapons of mass destruction, undetected homegrown terrorists and the possibility that old-fashioned mobsters will team up with al-Qaeda for the right price," although "there is no direct evidence yet of organized crime collaborating with terrorists." The AP adds, "The new

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strategy involves an analysis of nationwide criminal investigations, particularly white collar crime, side by side with intelligence and terrorist activity." FBI counter-terrorism chief Joseph Billy Jr. said in an interview with AP, "We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover."

Relatives Of Californian Convicted Of Terror Support Return To US From Pakistan. The New York Times (10/2, Archibold, 1.21M) reports, "Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators." Muhammad and Jaber Ismail "are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. … The Ismails were not charged in the case." The Times notes, "Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect. … Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details."

Publisher Will Put Out Al Qaeda Operative's Memoir. The New York Times (10/2, Bosman, 1.21M) reports, "Basic Books says it will soon publish what it calls the first inside account of life as an Al Qaeda operative. 'Inside the Jihad: My Life with Al Qaeda, A Spy's Story,' by Omar Nasiri, is a first-person narrative of Mr. Nasiri's time in an Al Qaeda training camp in Afghanistan in the 1990's, followed by a stint as a spy for a Western intelligence service.' The publisher acknowledges potential problems, such as the lack of a "traditional book tour" for an author "who lives in hiding at an undisclosed location abroad" and reluctance by some to buy the book.

Ashcroft Lashes Out At Administration Critics In New Book. The Washington Times (10/2, Pierce, 88K) reports in its "Inside Politics" column, "Former Attorney General John Ashcroft is to publish a memoir of his time in office, lashing critics of the Bush administration's strategy in the war on terror. Advance copies of 'Never Again: Securing America and Restoring Justice,' which is to be published this week, were not available, but one person close to Mr. Ashcroft told Shaun Waterman of United Press International that he 'hits out hard at critics of the administration' and its war on terror." Ashcroft "has particularly harsh words for some of the members of the September 11 commission, especially Democratic former Justice Department senior official Jamie Gorelick, the source says."

Chinese Air Marshals Participate In US Training Program. The Washington Post (10/2, A17, Wilber, 748K) reports 18 Chinese air marshals came to the US recently as "part of an international exchange program that brings foreign air marshals to the high-tech and sprawling training compound here that is used by US air marshals. Beijing requested the training because the air marshals will soon be patrolling flights by Chinese carriers that are bound for the United States, authorities said. Since July 2005, more than 100 air marshals from seven countries -- including Mexico, Poland and Japan -- have participated in the program, which lasts one to two weeks."

Diplomatic Showdown Over US-EU Disagreement On Passenger Data Feared. The Wall Street Journal (10/2, A4, Block, 2.03M) reports the failure of US and EU negotiators to agree on a deal for sharing confidential airline-passenger information has set "the stage for a possible showdown over US plans for greater security data-mining." US and European officials close to the talks say a deal was near Saturday when DHS Secretary Michael Chertoff "introduced new demands and the Europeans balked. Officials provided no details about those demands, but Mr. Chertoff has said publicly on many occasions that Homeland Security wants to share European PNR information with investigators from other US law-enforcement agencies as well as with US allies."

Australian Guantanamo Detainee To Receive Military Trial. The AP (10/2, McGuirk) reports, "The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday." The AP continues, "With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last

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week to press for a speedy resolution. He returned home Sunday. … 'It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard,' Ruddock told Australian Broadcasting Corp. television. … 'They don't think it will be within weeks -- obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months -- but they're very conscious of our view that this needs to happen very expeditiously,' he said." The AP adds, "Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy. .. .Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid."

HOMELAND RESPONSE:

Amerithrax Seen As Making Little Headway. Under the headline "5 Years After Anthrax Attacks, Investigators Still Have No Answers," the South Florida Sun-Sentinel (10/2, Franceschina, 265K) reported, "When Bob Stevens, a photo editor in Boca Raton, died of anthrax poisoning five years ago, he became the first U.S. casualty in a new era of bioterrorism threats. … What disturbs some bioterrorism experts is the lack of positive signs the FBI will ever solve the mystery." The Sun-Sentinel noted, "Though the investigation appears stalled, the FBI says the 'Amerithrax' investigation remains a priority, with 17 agents and 10 postal inspectors assigned to the case. 'Despite the frustrations that come with any complex investigation, no one in the FBI has, for a moment, stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed,' Joseph Persichini Jr., acting assistant director of the FBI's Washington Field Office, said in a recent statement. … It now appears the person or group behind the attacks didn't require highly specialized scientific training to manufacture the anthrax," and "the FBI's first public comment on the nature of the anthrax is drawing attention from a scientific community that at times has been divided on how technologically accomplished the attacks were."

DHS Investigating Possible Conflict Of Interest In Deal With Laboratory. The Washington Post (10/2, A12, Hsu, 748K) reports, "The Homeland Security Department is reviewing whether managers with ties to Oak Ridge National Laboratory improperly influenced the decision to give $20 million to the laboratory since 2004 to help develop a list of the nation's top potential terrorist targets, according to DHS officials. Officials are examining the roles played by two former Energy Department employees who were working for DHS as well as an Idaho National Laboratory employee who was on assignment to the department, said Undersecretary for Preparedness George W. Foresman. … One of the staffers has been reassigned, nearly $40 million more destined for the lab has been placed on hold, and a team was sent Sept. 15 to Oak Ridge, Tenn., to scrutinize its work and determine whether to refocus its efforts, department officials said."

WAR NEWS:

White House Seeks To Rebut Woodward Claims On Iraq. Bob Woodward's "State of Denial" continues to reverberate through Washington, as White House aides sought to undercut the book's central claims on the weekend talk shows. White House counselor Dan Bartlett appeared on three weekend talk shows. Also, the debate over the book was covered by NBC last night, while the major dailies report various angles of the story this morning. Defense Secretary Rumfeld's status was a central focus in much of the coverage.

NBC Nightly News (10/1, story 3, 2:45, Holt, 9.87M) reported, "While plenty of purported tell-all insider books have rankled this Administration in the past, the response to this book has been careful and aggressive." NBC (Corke) added, "Today it was the White House returning fire. It was a well coordinated counter offensive." Dan Bartlett, counselor to the President: "Time after time after time, counterevidence was provided to Bob and we didn't feel like our point was getting across." Former White House Chief of Staff Andrew Card: "I disagree with the context." Corke: "As the President returned from a weekend at Camp David, his top advisors were refuting claims made by Bob Woodward in his book 'State of Denial.'" It's "a delicate balance for a White House that trumpeted the accuracy of Woodward's reporting, notably his 2004

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bestseller, 'Plan of Attack.' This time the strategy seems clear, attack the message and not the messenger."

Bartlett made his case on ABC's This Week (10/1, Stephanopoulos), CBS' Face the Nation (10/1, Schieffer) and CNN's Late Edition (10/1, Blitzer). Typical of Bartlett's argument was his assertion on ABC that "as we worked with Bob on this project from the very outset, it was unfortunate that we felt he had already formulated some conclusions even before the interviewing began. … After reading this book over the weekend, I was really struck by the fact that the central thesis of this book, the claim that the President was in 'a state of denial,' that he was misleading the American people about what was happening in Iraq, quite frankly, is not backed up with the own facts that are in the book." Bartlett repeated much the same criticism of Woodward's book on CNN's Late Edition (10/1, Blitzer), adding, "In this book, I must say, I was really -- I am puzzled by the fact that he's come to the conclusion of this title, this central thesis, because I don't even think the evidence in his own book backs it up."

The Washington Post (10/2, A9, Fletcher, 748K) reports the White House "intensified efforts yesterday to limit the political damage caused by" Woodward's new book, which portrays "the Bush administration as divided to the point of dysfunction over the war in Iraq, as top officials took to network talk shows to rebut the book's suggestion that President Bush has misled the nation about how dire the situation is there." Bartlett "said that despite assertions in 'State of Denial," the "president has been forthright with the public about the challenges in Iraq." On ABC's This Week, Bartlett said, "What's interesting about this book is that he doesn't connect his own dots. … He references throughout the book time after time after time where the president was being presented with the bad information, was pushing the internal process to make sure we were adapting to the enemy, and he was sharing this news with the American people."

McClatchy (10/2, Hall) reports the White House accused Woodward "of pursuing an agenda in researching his new book 'State of Denial,' which portrays the Bush administration in an unflattering way." On This Week, Bartlett said Woodward "had 'already formulated some conclusions even before the interviewing began' with current and former top administration officials."

AFP (10/2, Gallen) reports Woodward's "explosive new book" has "rocked the White House just five weeks before key US congressional elections." Woodward "says Bush told Congress and the public that US efforts to establish a democratic government in Iraq were progressing steadily, even as internal White House reports detailed a growing threat of civil war."

Bartlett Confirms Rice Suggested Bush "Bring In A Whole New National Security Team." On CNN's Late Edition (10/1, Blitzer) White House Counselor Dan Bartlett was asked if it is true that Secretary of State Condoleezza Rice has urged the president "to dump Rumsfeld," as reported in Bob Woodward's new book, "State of Denial." Bartlett replied, "Secretary Rice didn't call for Secretary Rumsfeld's dismissal. She suggested to the president maybe he ought to bring in a whole new national security team, starting in the second term."

Card's Effort To Replace Rumsfeld Examined. The Washington Post (10/2, A1, 748K) runs an excerpt of Woodward's "State of Denial." Woodward reports that in 2004, as then-White House Chief of Staff Andrew Card considered personnel changes, "the champions of change at the Defense Department included Condoleezza Rice, the national security adviser who would soon be nominated to become the new secretary of state; her replacement as national security adviser, Stephen J. Hadley; and Card himself." Card had "the names of 11 possible Rumsfeld replacements in his 'hit-by-the-bus' book, among them Sen. Joseph I. Lieberman (D-Conn.), who had been Al Gore's vice presidential running mate in 2000 and was a staunch defender of the Iraq war, and Sen. John McCain (R-Ariz.)." But Card "thought the best replacement for Rumsfeld would be James A. Baker III, who had been White House chief of staff and Treasury secretary under President Ronald Reagan, then secretary of state and chief political adviser to the president's father."

Bartlett Defends Rumsfeld, Who Says He's Not Considering Resigning. The AP (10/2, Baldor) reports Secretary Rumsfeld, "coming under renewed fire for his management of the Iraq war, said Sunday he is not considering resigning and said the president had called him personally in recent days to express his continued support." Rumsfeld said "he was not surprised by reports in a new book that White House staff had encouraged President Bush to fire him after the 2004 election." Rumsfeld said, "It's the task of the chief of staff of the White House -- and having been one, I know that -- to raise all kinds of questions with the president and think through different ways of approaching things."

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USA Today (10/2, 2.27M) reports President Bush "has full confidence in Defense Secretary Donald Rumsfeld and his management of the war in Iraq, a top White House official said Sunday in responding to a critical new book." In an appearance on ABC's This Week, White House counselor Dan Bartlett "denied that Bush was misleading the American public about the level of violence against U.S. troops in Iraq, an assertion made in Washington Post Assistant Managing Editor Bob Woodward's book, State of Denial." Bartlett said Bush "continues to believe that Rumsfeld is 'the right man to do the job that he's doing,' dismissing critics who say the administration failed to adequately plan for the war in Iraq or send enough troops."

The AP (10/2) reports Bartlett "did not directly respond to questions about whether the White House has considered possible replacements for Rumsfeld, as reported in Bob Woodward's new book on the Bush administration's Iraq war policy." Bartlett said "'every Cabinet member serves at the pleasure of the president,' but that Bush believes Rumsfeld is the right man to run the Pentagon."

The Los Angeles Times (10/2, Peterson, 918K) reports Bartlett said Rumsfeld "is doing an enormously difficult job fighting a war. We recognize that he has his critics. We recognize that he's made some very difficult decisions. Some people don't like his bedside manner." The Times adds that since "the first details" of Woodward's book "were publicized late last week, administration spokesmen have been struggling to rebut unfavorable accounts and prevent the notion that Bush has clung to a rosy outlook, despite possessing evidence to the contrary."

The New York Times (10/2, Pear, 1.21M) reports Secretary Rumsfeld "said Sunday that President Bush had called to affirm his support in the midst of an uproar over a new book raising questions about Mr. Rumsfeld's management of the war in Iraq." In remarks to "journalists traveling with him to a meeting" in Managua, Nicaragua, "of defense ministers from the Western Hemisphere," Rumsfeld said the president "made some comments in a larger group, by secure video, and then he called me personally." Asked if the president "had expressed his support, Mr. Rumsfeld said, 'Oh, my Lord, yes.'" Rumsfeld said "he had no intention of resigning. And he denied that he had had a feud with Secretary of State Condoleezza Rice."

The Wall Street Journal (10/2, Jaffe, Dreazen, 2.03M) reports Woodward's book "paints Mr. Rumsfeld as isolated from his Bush administration colleagues and at odds with some of his generals," and it is "providing fodder for more questions about his leadership." The "heightened focus" on Rumsfeld "is complicating White House efforts to keep November's midterm elections from becoming a referendum on the war. Just as significantly, Mr. Rumsfeld's apparent increasing political isolation is affecting how he runs the Defense Department and oversees the war." The "criticism continued yesterday. 'I don't have confidence in Don Rumsfeld. He's made major mistakes in this war,' said Sen. Mike DeWine, an Ohio Republican facing a tough re-election campaign." In his appearance on NBC's "Meet the Press," Sen. DeWine "stopped short of calling for Mr. Rumsfeld's resignation, saying that should be President Bush's decision."

Sen. Richard Lugar, on CNN's Late Edition (10/1, Blitzer), said, "I'm not going to offer judgments, categorically, person by person as to whether the president should have this person or that. I would think, conceivably, a wider circle of advisers and, maybe, now, in a bipartisan way, would be very helpful to the president as opposed to a much narrower circle that, apparently, has been the case."

Sen. Mike DeWine, on NBC's Meet the Press (10/1, Russert), commented, "I've already said…I don't have confidence in Rumsfeld. He's made major mistakes in this war. There's absolutely no doubt about it. The decision to put Rumsfeld in was made by the president, and that's his decision to keep. I was not elected president of the United States. The president was. That's why we have elections. … Ultimately, I don't have confidence in him, no."

Rumsfeld Takes Credit For "Mission Accomplished" Banner. The Washington Post (10/2, A17, Kamen, 748K) reports in its "In the Loop" column, "Remember that great 'Mission Accomplished' banner on the aircraft carrier Abraham Lincoln on May 1, 2003, when President Bush dramatically landed there to give his speech announcing the end of 'major combat operations' in Iraq? The White House said the banner was not its doing and must have been the Navy's idea. Now we find out, in Bob Woodward 's new book 'State of Denial,' that wasn't the case. None other than Secretary of Defense Donald Rumsfeld, on the record, tells Woodward that 'I took 'Mission Accomplished' out' upon reading a draft of the speech. 'And I fixed it and sent it back. They fixed the speech,' he said, 'but not the sign.'"

With Cheney Present, Biden Claims He Told Bush Cheney Ought To Resign. Appearing on CBS' Face the Nation (10/1, Schieffer), Sen. Joseph Biden claimed, in responding to a question about the Woodward book's claim

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that several Administration officials have sough Secretary of Defense Rumsfeld's resignation, that "I went down to the White House to meet with the president and the vice president in the Oval Office. The present said to me, quote, 'why do you keep picking on Rummy?' I looked at the president, and I said, 'Mr. President, with all due respect,' and I looked at the vice president, 'Mr. Vice President, I would call for your resignation as well, were you not a constitutional officer.' And the president said, 'why would you say that?' And I said, 'Mr. President, not one piece of advice either Don Rumsfeld or Dick Cheney has given you has turned out to be correct with regard to Iraq.' And the president just seems completely wedded to the notion. … I told the president that with Dick Cheney right there. I was straightforward." Asked if he still believes Vice president Cheney "ought to resign," Biden answered "No, no, no. … I was making the point that these guys just don't know what they're doing. And no one takes them seriously anymore -- except the president, apparently."

Murtha Describes Meeting With Abizaid Mentioned In Woodward's Book. Rep. Jack Murtha was asked on ABC's This Week (10/1, Stephanopoulos) to confirm an account of a meeting he had with General John Abizaid where Abizaid "raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, 'we're that far apart'" regarding Murtha's call for redeployment of US troops in Iraq. Murtha replied, "that's exactly what he said. My staff was in the meeting when we talked. There's no question about it. The military commander has been telling me this for a long time. … Everybody wanted to withdraw troops." Murtha added, "this thing's gotten out of hand. It's Sunnis fighting Shias, and our troops are caught in between."

Woodward's Book Called "A Dogged Piece Of Reporting." In a Los Angeles Times review (10/2), Tim Rutten says Woodward's book's "analysis essentially mirrors the shift in opinion on the administration's conduct of the war that has occurred in the foreign policy establishment's broad middle ground, where 'reasonable' Republicans and Democrats still mingle in amiable, man-of-the-world solidarity. Still, 'State of Denial' is a dogged piece of reporting — rich in anecdote, telling detail, fascinating snippets of conversation and troubling stories heretofore untold." But for "all the sensational revelations — and there are several — the overwhelming impression left at this very long book's rather wan end is that much labor has gone into establishing that, when it comes to the Bush White House and its war in Iraq, things are pretty much what they seem. You don't really need a classified briefing to recognize a military and political quagmire."

Woodward Says Administration Has Not Told The Truth About Iraq Insurgency's Strength. U.S. News and World Report (10/9, Walsh, 2.03M) reports on Bob Woodward's new book "State of Denial." According to US News, "Unlike the positive tone of his previous writings about [President George W.] Bush and his advisers, this time [Bob] Woodward is highly negative and appears to be revising his own earlier assessments. He told CBS's 60 Minutes last weekend that the administration has not told the truth about the level of violence in Iraq, especially against US troops, and says intelligence sources have predicted an even more violent insurgency there. Woodward writes that, last May, the intelligence division of the Pentagon's Joint Chiefs of Staff predicted an increase in violence not only this year but also in 2007. This report, Woodward writes, also painted a bleak picture of oil production, electricity generation, and the potential for political stability." US News adds, "In an interview with Mike Wallace, Woodward said attacks against coalition troops occur, on average, every 15 minutes, which he says the administration has kept secret."

Meanwhile, Newsweek (10/9, Thomas, Wolffe, 3.12M) reports, "The White House had more than an inkling of what was coming. … When 'State of Denial' arrived at the White House Friday morning, a team of aides went to work deconstructing the 576-page volume. Some of Woodward's revelations, like the scenes of Bush rejecting pleas for more troops in Iraq, the White House tried to dismiss as old news. Woodward's depictions of tensions within Bush's inner circle were played down or denied."

In its cover story, Newsweek (10/9, 3.12M) provides a lengthy excerpt from Bob Woodward's new book "State of Denial." Woodward writes, "A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. … 'After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain,' Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and monitors looking over their shoulders than there were 'front-line troops

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with weapons.'" The "Anchor Chain" memo, "which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that 'our job, therefore, is to work together to sharpen the sword that the next president will wield.'" Woodward adds, "Rumsfeld micromanaged daily Pentagon life and rode roughshod over people."

Woodward Portrays Rumsfeld As "Bullying And Petty." Newsweek (10/9, Thomas, Wolffe, 3.12M) reports that the Defense Secretary Donald Rumsfeld "portrayed by Woodward is bullying and petty. Bush himself doesn't come off much better. The president is folksy and jocular, but incurious to the point of cluelessness. His war cabinet is deeply dysfunctional. Condoleezza Rice is almost a pathetic figure, whining to the president that she can't get Rumsfeld to return her calls."

Woodward Book, NIE's Release Prompt Second Guessing About Bush's War Policy.

U.S. News and World Report (10/9, Walsh, 2.03M) reports, "With the November 7 congressional elections just around the corner, two new developments are stoking a surge of second-guessing about President Bush's conduct of the war and raising new concerns about how Washington can extricate itself from what most Americans now see as a deadly, baffling mess." The first was the partial release last week of a National Intelligence Estimate "that pokes big holes in Bush's rationale for the conflict." The second "is a new book by investigative reporter Bob Woodward asserting that the administration is putting a deliberately misleading spin on how the war is going." US News adds, "All this, coupled with daily news reports of chilling new spasms of violence there, is deepening America's sour mood about the war and escalating tensions in Washington." A "senior White House adviser said the situation, prompted by New York Times and Washington Post stories about the NIE, was so potentially damaging politically that 'we needed to get our arms around this quickly.'"

Majority Of Iraqis Believe US Presence Provoking More Violence. U.S. News and World Report (10/9, Walsh, 2.03M) reports that "a new poll conducted for the University of Maryland's Program on International Policy Attitudes found that a large majority of Iraqis believe the US military presence there is provoking more violence than it is preventing. Most want US troops out within a year, and 6 out of 10 support attacks on US-led forces."

Army May Ask Congress To Increase Number Of Troops In Iraq. U.S. News and World Report (10/9, Walsh, 2.03M) reports that US News "has learned that the U.S. Army may ask Congress to expand its 504,000-strong force by 30,000-in large part because of the manpower strains from keeping 140,000 troops in Iraq."

Kurdish Separatists May Use Northern Iraq To Stage War Against Turks And Iranians. Newsweek (10/9, Hastings, 3.12M) reports, "Even as US forces struggle against rising chaos and violence elsewhere in Iraq, the fear now is that the north could also be engulfed, thanks to Kurdish separatists' use of Iraqi soil as a staging area for their war against the Turks and the Iranians. The rebels see themselves as standing up against centuries of often brutal repression."

Turkish Foreign Minister Says PKK IS A Terrorist Organization. Newsweek (10/9, Weymouth, 3.12M) interviews Turkey's foreign minister Abdullah Gul. Gul said, "The PKK is a terrorist organization. The Americans...will [ultimately] withdraw, and he will be living with his neighbors -- so he should be careful." Asked if there can ever be a cease fire with the PKK, Gul said, "We cannot bargain with a terrorist organization." Gul was also asked if the Kurds could control the PKK if they wanted to. He said, "If they don't, we have the capacity, ability and determination to fight to the end...PKK terrorism has increased. Also, the PKK has a new source of weapons. They have obtained weapons and explosives from the Iraqi Army. They bring them into Turkey and use them with remote-control devices."

Residents Believe Saddam's Henchmen Are Taking Revenge On Witnesses Against Him. Time (10/9, Bennett, 4.03M) reports, "If putting Saddam on trial is intended to help Iraqis bury the demons of his murderous rule, the spate of vendetta killings has served as a reminder of the unchecked mayhem that has followed it. Nowhere has the trial brought more misery than in Dujail, a town of 84,000, most of them Shi'ites, in the middle of the Sunni triangle. Since the start of Saddam's trial, Dujail has been infiltrated by ex-Baathist hit squads. Residents believe they have been ordered by Saddam's former henchmen to take out the families of witnesses. A number of insurgent cells operating around Saddam's hometown of Tikrit, a mere 45-minute drive

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north of Dujail, have targeted relatives of witnesses, most of whom rarely leave the Green Zone."

Officials Reportedly Closing In On Al Qaeda Leader In Iraq. NBC Nightly News (10/1, story 4, 0:45, Holt, 9.87M) reported, "Officials in Iraq say they are closing in on one of the nation's most wanted persons, al Qaeda leader Abu Ayyub al-Masri. Today they released home video seized in a recent raid that shows al-Masri giving instructions on how to make a car bomb. It is the first time his face has been clearly captured on tape. Officials say they want the public to be able to identify him and make it difficult for him to hide. Some portions were altered to prevent its use by terrorists."

Letter Reveals Al Qaeda Leaders Warned Zarqawi Not To Alienate Sunnis, Religious Leaders. The Washington Post (10/2, A1, DeYoung, 748K) reports, "Six months before the death of Abu Musab al-Zarqawi in June, a senior al-Qaeda figure warned him in a letter that he risked removal as al-Qaeda's leader in Iraq if he continued to alienate Sunni tribal and religious leaders and rival insurgent groups." The author of the letter, "who said he was writing from al-Qaeda headquarters in the Waziristan region of Pakistan, was a member of Osama bin Laden's high command who signed himself 'Atiyah.'" Counterterrorism officials "said they believe he is Atiyah Abd al-Rahman, a 37-year-old Libyan who joined bin Laden in Afghanistan as a teenager during the 1980s." Atiyah "is no longer in Waziristan, according to U.S. officials who declined to speculate on his current whereabouts. But they said he was not in US custody and expressed certainty that he is still alive."

US General Takes Hands-On Approach To Terror Hunt. The Washington Times (10/2, Scarborough, 88K) reports, "A group of American terrorist-hunters that included one of the most senior commanders in Iraq quickly descended on the burned-out rubble that framed the dying body of Abu Musab Zarqawi. The deadly operative of al Qaeda leader Osama bin Laden, Zarqawi had been the personal quarry of a super-secret task force whose backbone is the Army Delta Force and Navy SEALs of US Joint Special Operations Command (JSOC). Its commander, Army Lt. Gen. Stanley A. McChrystal, was so personally involved in the hunt that he went with his men to the bombed-out hut near Baqouba to make sure they got their man." A "source close to the special-operations community said Gen. McChrystal's eyes-on identification is representative of the three-star general's hands-on approach as Defense Secretary Donald H. Rumsfeld's chief terrorist pursuer in Iraq and Afghanistan." Said the source, "He goes on raids. He doesn't sit back at headquarters." The general's "personal commitment to the mission has led some to dub him the first 'commander-forward' of JSOC. He spends little time at the command's headquarters at Fort Bragg, N.C. Instead, he shuttles between task forces in Afghanistan and Iraq to personally supervise hundreds of commandos."

Foiled Plot To Bomb Green Zone Rattles Iraqi Government Coalition. USA Today (10/2, Jervis, 2.27M) reports, "Iraqis returned to the tense streets of the capital Sunday following a sudden curfew imposed after one of its bloodiest weeks and arrests in a plot to set off car bombs inside the fortified Green Zone. … News of the bomb plot rattled Shiite, Sunni and Kurdish parties in Prime Minister Nouri al-Maliki's fragile unity government. It prompted cancellation of Sunday's session of the parliament, which was to debate a bill to divide Iraq into autonomous regions." USA Today adds, "A guard to Adnan Dulaimi, leader of the main Sunni coalition, and others were arrested."

The AP (10/2, Abdul-Zahra) reports, "Shiite politicians demanded changes in the Iraqi government Sunday, accusing a Sunni Arab party in the coalition of ties to terrorism after a bodyguard of its leader was arrested on suspicion of planning bomb attacks." The dispute "threatened a sectarian crisis within the national unity government of Prime Minister Nouri al-Maliki, which is struggling to contain spiraling Shiite-Sunni killings that the U.S. ambassador said have surpassed Sunni insurgent attacks in deadliness."

The Washington Post (10/2, A16, Paley, Ibrahim, 748K) reports, "The political bloc of anti-American cleric Moqtada al-Sadr demanded a shake-up of Prime Minister Nouri al-Maliki's cabinet on Sunday, the latest challenge to the country's increasingly beleaguered unity government." Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party, said, "Some of those who are in this government have direct or indirect relationships with terrorists. … The democracy that the occupation brought to Iraq is being exploited by the Sunni insurgents and the terrorists to kill our sons and our men."

The New York Times (10/2, Tavernise, 1.21M) reports, "The outburst underscored the weakness of Iraq's government. A patchwork of parties and groups that represents most of Iraq's ethnicities and sects, the government was assembled through weeks of bitter

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negotiations brokered by the Americans this spring." The Times adds, "Until now, Shiites have largely held back from explicit criticism of the government, which is run by a Shiite, Nuri Kamal al-Maliki, out of fear of weakening him." But "progress has been slow, and Shiites seized on the accusation that a guard working for the Sunni leader may have been planning a suicide bombing."

Conflict Between Turkey And Kurdish Guerrillas Puts US In Difficult Spot. The Wall Street Journal (10/2, A1, Shishkin, 2.03M) reports, "Kurdish guerrillas have used the remote mountains of northern Iraq as a base to attack Turkey for years. Now their presence has become a thorny problem for Washington." The Journal adds, "As the US begins to exert pressure on Iraq to rein in the anti-Turkey fighters, it finds itself caught between two key allies. On one side is Iraqi Kurdistan, which supported the U.S. invasion of Iraq and whose leaders have deep ties with the Kurdistan Workers' Party. On the other is Turkey, a member of the North Atlantic Treaty Organization and a Muslim democracy, whose leaders say they are committed to destroying the PKK. Stakes for Washington are high." Iraqi Kurdistan "is the safest part of Iraq. Armed conflict between Turkey and Kurdish fighters would prove calamitous, adding another front to the bloody Iraqi battlefield and further stretching US and Iraqi security forces." Turkey "said this summer it is drawing up plans to attack the guerrillas' positions."

Baghdad Doctors Feel Endangered. The Washington Times (10/2, Palmer, 88K) reports on the hardships and danger suffered by doctors at Yarmouk hospital in Baghdad. They struck to protest a confrontation with Interior Ministry forces who demanded treatment for a wounded comrade: "It was the third time that Yarmouk's doctors have walked off the job in three years because of the harsh working environment, said the hospital's director, Haqqi Razzaiki. He said 16 physicians had quit in the past two months because of miserable working conditions." The staff "treats 100 to 300 emergencies a day. Yarmouk also attracts patients from the violent western Anbar province because it is one of the first large government-run hospitals along the highway into Baghdad."

Diehl Suggests External Intervention In Iraqi Political Stalemate. In the Washington Post (10/2, A19, 748K), columnist Jackson Diehl writes, "The central question for discussion is this: ... is it necessary to override the new political system and mount some sort of intervention, led by the United States and perhaps other governments, to force the necessary deals?" Senator Joe Biden (D-DE) "is proposing that the United States enlist its NATO allies, U.N. Security Council members and Iraq's neighbors for an intervention that would be aimed at forcing political and sectarian leaders to leap to the political settlement they are now creeping toward." Diehl says that the "basic idea -- of an external political intervention backed by an international alliance -- is the one big option the Bush administration hasn't tried. It wouldn't be surprising if [James] Baker ... finds it compelling."

US Troops In Afghanistan Face Skepticism While Doing Good Works. The Christian Science Monitor (10/2, Peterson, 58K) reports, "US forces are fighting two enemies here [in Nuristan]: the insurgents, and local skepticism that they will stay and deliver on promises of projects that will improve their lives. For two years, one elder carried a letter and business card from a US State Department official - and his unfulfilled promise to build a road. The 3-71 Cavalry has so far approved $1.33 million worth of projects, contracted $966,000 of that, and disbursed some $250,000 in the long-neglected Kamdesh District alone." The US projects have provoked violence from the Taliban: "Forward bases were attacked daily for weeks." Also, a cooperative village elder and a border police colonel were killed.

Marines Take Care Of Wounded. The Christian Science Monitor (10/2, McCauley, 58K) reports in a sympathetic story on the work of Marines at National Naval Medical Center: "Here, thanks to [Rudy] Perez and his staff, who carry out a rich interpretation of the fiercely loyal Marine Corps' tradition of caring for its own, the war in Iraq is already a world away for the newly arrived marine. ... National Naval is where marines most seriously wounded in Iraq are treated." An 18-member "all-reserve unit serves as a 'five-star concierge service' for patients and families."

CORPORATE SCANDALS:

Judge Approves Settlement For Qwest Shareholder Suit. The Wall Street Journal (10/2) reports, "A judge gave final approval to a $400 million

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settlement of a consolidated shareholder lawsuit that accused Qwest Communications International Inc. of civil fraud in connection with a multibillion-dollar accounting scandal. The settlement, announced in November 2005, covers Qwest and most former executives, except former Chief Executive Officer Joe Nacchio and former Chief Financial Officer Robert Woodruff." Nacchio "has pleaded not guilty to 42 counts of insider trading."

Information From Fastow Could Lead To Billions In Settlements. The New York Times (10/2, Barrionuevo) reports, "Andrew S. Fastow is telling all, naming names, and the lawyers suing Enron's former banks on behalf of investors say that his words could lead to billions of dollars in fresh settlements." In his last weeks of freedom before being sentenced to six years in jail for stealing from Enron, Fastow "spent long days giving plaintiffs' lawyers his account of the role that banks played in helping Enron disguise how much debt and how little cash it had." The Times adds, "It remains to be seen if assistance from Mr. Fastow will prove convincing in a courtroom and be a help to the plaintiffs. Nevertheless, the information that Mr. Fastow has provided so far has given a new burst of confidence to lawyers suing Enron that they can force the remaining banks in the case to settle claims or prevail at trial, if necessary."

In Wake Of Recent Scandals, Corporate Directors Rubber Stamping Management Less. The Wall Street Journal (10/2, Lublin, White) reports, "Corporate directors, pressed to become more vocal following the scandals of the Enron era, are throwing their weight around more, rubber-stamping management less -- and roiling many once-clubby boardrooms. … Propelled by changes in stock-exchange rules and the Sarbanes-Oxley corporate-reform law, more independent directors have more leadership positions on boards and meet more often without management. Adding to the mix are several other forces, including mergers that have left a legacy of distrust, forceful investors who have won board seats through persuasion or proxy fights and directors' fears of personal liability for corporate misdeeds. Friction is inevitable in such circumstances, directors and board watchers say."

In-House Lawyers Lack Clout At Many Silicon Valley Companies. The Wall Street Journal (10/2, Jones) reports that while in-house corporate lawyers have grown in clout and stature at many US companies. Over the past two decades, "that trend hasn't fully taken hold in Silicon Valley, some lawyers say." Lawyers "inside and outside the valley say in-house lawyers at technology companies sometimes lack the respect the position commands elsewhere. One indication: Some big Silicon Valley companies don't have general counsel -- the title typically conferred on top in-house attorneys. … Despite some changes, general counsel in Silicon Valley are still sometimes 'seen as a blockage to the execution' of the company's plans, says Scott Bohannon, general manager of the General Counsel Roundtable, a Washington research organization."

CRIMINAL LAW:

FBI Begins Investigation Of Foley. ABC World News (10/1, lead story, 2:50, Harris, 8.78M) reported, "ABC News has learned the FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually explicit e-mail messages he sent to teenage boys working as congressional pages. It comes as Republican leaders of the House of Representatives are saying their own handling of this investigation, might be worthy of a criminal investigation. It is an attempt to contain what is a massive, metastasizing scandal, just five weeks before Election Day." ABC (Ross) added, "Tonight, it turns out that Foley's obsession with 16-year-old and 17-year-old male pages have been known to Republicans on Capitol Hill for at least five years. But other than issue a warning, little else seems to have been done about the Congressman." ABC News "has obtain obtained Internet messages September by Foley, to three different pages after that warning. Two of them were sent to pages in the 2001-2002 class with sexually explicit messages, most too graphic to be broadcast from Foley, who used the screen name, Maf54." The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI, already examining some of the Internet messages. It's possible that Foley would end up being prosecuted in laws he helped to enact as the co-Chairman of the House Caucus for Missing and Exploited Children."

ABC World News (10/1, story 2, 2:50, Marlantes, 8.78M) reported, "Foley's name has already been removed from his office door. And just as quickly, Republicans have moved into damage control mode. With midterm elections just five

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weeks away, they're trying to beat back allegations of a cover up." Rep. Peter King: "We should be rushing to get all the facts out. Certainly, anyone in the Republican leadership, any member of the Congress who knew anything at all about this should tell exactly what they knew and when they knew it." Marlantes: "The top three Republicans in the House have already issued a joint statement calling Foley's behavior 'an obscene breach of trust.' Today, House Speaker Dennis Hastert called on the Attorney General to investigate his own party. Democrats are demanding Republican candidates return money from Foley. They say the scandal raises questions about which party is stronger on family values." Democrat Tim Mahoney, "campaigning this weekend with Senator John Kerry, is in a good position to win Foley's seat. If Republicans can't quell the furor in days to come, the political repercussions could be much broader."

NBC Nightly News (10/1, story 2, 2;40, Holt, 9.87M) reported, "There are signs the resignation of Congressman Mark Foley over those emails he sent to underage pages is heating up in an election season bonfire. The Speaker of the House, perhaps looking to cover up charges the Republicans covered up Foley's behavior, joined Democrats in calling for a criminal investigation into Foley's behavior." NBC (Taibbi) added, "The fallout from the scandal has been gathering steam. Outrage, even, at the highest levels of government." Dan Bartlett, counselor to the President: "I think like most people we were very shocked by this revelation." Taibbi: "And calls from Democrats and Republicans for a criminal investigation of Foley himself and a closer look at what his colleagues did and did not do at the first whiff of potential scandal." At least "five Republican House members did know ahead of time and some nearly a year ago about emails described as overfriendly that he sent a 16-year-old male page, though not about any overtly sexual messages."

The Wall Street Journal (10/2, Rogers, 2.03M) reports Republicans "worked to get ahead of the Mark Foley page scandal, with the White House moving toward a criminal investigation that might take some heat off the majority party." In "back-to-back letters released last night, Speaker Dennis Hastert formally asked both Attorney General Alberto Gonzales and Florida Gov. Jeb Bush to begin inquiries, and the Illinois Republican said the investigations should look at both Mr. Foley's conduct and how some of the most sexually explicit messages were kept secret for as long as three years." But House Democratic Leader Nancy Pelosi (D., Calif.) "demanded that the House Ethics Committee begin its own inquiry and take sworn testimony from Republican leaders about what they knew of the Florida congressman's improper advances to teenage male pages in emails and suggestive instant messages."

Bloomberg (10/2) reports Hastert's request "follows calls from Democrats for a full inquiry into Foley's actions and those of Republican leaders, who learned months ago that the Florida Republican was communicating by e-mail with at least one teenage congressional page and kept the matter under wraps." Democrats, "who need to gain 15 seats in the Nov. 7 elections to take control of the House, seized on the scandal. Senate Democratic leader Harry Reid earlier in the day urged Gonzalez to investigate Foley's actions and those of Republican leaders, who he said ignored warnings about the Florida representative 'to preserve a congressional seat this election year.'"

USA Today (10/2, Wolf, Johnson, 2.27M) reports the FBI is "'conducting an assessment to determine whether any federal laws were broken,' bureau spokesman Richard Kolko said." House Republicans "stood by Hastert and the GOP leadership for now. 'If it is found that any member of Congress or staff willingly participated in a coverup of Mr. Foley's actions, that individual should resign immediately,' said Rep. Rob Simmons, R-Conn."

The New York Times (10/2, Hulse, Zeleny, 1.21M) reports officials "described the F.B.I. action as a review of the evidence and relevant statutes to determine whether to open a full investigation, though one appeared likely."

The Washington Post (10/2, A1, Babington, Weisman, 748K) reports in a front page story that Republican leaders "continued to insist yesterday that it was understandable that the 'over-friendly' Internet e-mails they had seen did not set off alarm bells. But one House GOP leadership aide, speaking on the condition of anonymity for fear of losing his job, conceded that Republicans had erred in not notifying the three-member, bipartisan panel that oversees the page system. Instead, they left it to the panel chairman, Rep. John M. Shimkus (R-Ill.), to confront Foley."

The Washington Times (10/2, A1, Pfeiffer, 88K) reports in a front page story, Speaker Hastert "also requested an investigation into whether anyone had 'specific knowledge' of the sexually explicit communications between Mr. Foley and any current or former House pages." Meanwhile, Republican leaders "said they expect state Rep. Joe Negron of Stuart, Fla., to be named to replace Mr. Foley as the Republican candidate in the House race for the 16th Congressional

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District when the state party's 37-member executive board meets today in Orlando."

The Financial Times (10/2, Waldmeir) reports Rep. John Murtha said on ABC's This Week, "I just cannot believe that they allowed this to happen and just told him, OK, stay away from this kid. It really makes me nervous that they looked like they tried to cover it up."

The Christian Science Monitor (10/2, Feldmann, 58K) reports the Foley scandal "has engulfed the Republican leadership of the House of Representatives, adding an explosive issue to the pile of woes facing the GOP in its tough battle to retain control of Congress." Republican leaders "say they did not know about the more-explicit messages until last week. But critics charge that at the first sign of possible trouble earlier this year, when the leaders learned of the e-mail traffic between Foley and the Louisiana boy, the GOP leadership should have acted more forcefully against Foley." Adding to "the black eye for the GOP, which calls itself the party of family values, is the fact that Foley had co-chaired the House Caucus on Missing and Exploited Children, and had sponsored numerous bills aimed at protecting children from predators."

The New York Times (10/2, Swarns, 1.21M) reports that in "the hierarchy of Congress, the high school students who serve as Congressional pages fall somewhere near the bottom," but "in that rarefied world," Rep. Foley, "the silver-haired Republican from Florida, stood out. He took pains to befriend the 16- and 17-year-old aides, several former pages said in interviews on Sunday. He chatted with them on the House floor, they said, sent handwritten notes and urged them to keep in touch when they left Washington for their hometowns." Foley's "resignation on Friday, following the disclosure of his sexually explicit Internet and cellphone messages to pages, left many former pages shaken."

USA Today (10/2, Gomez, 2.27M) reports Foley's "former constituents shifted their anger Sunday from the disgraced Republican to House GOP leaders, who knew for months about inappropriate e-mails between Foley and at least one teenage page." His "former constituents in the 16th Congressional District called Sunday on House GOP leaders to step down."

Former House Speaker Newt Gingrich, on Fox News Sunday (10/1, Wallace) said, "I think if you look at what they [the House GOP leadership] actually knew, which was that the family did not want anyone involved and the actual notes were relatively innocuous -- there was nothing sexual in those notes. They had him counseled. They had the head of the page program, Congressman Shimkus, talk to him very directly. And I think they thought it was over. … I think, had they overly aggressively reacted to the initial round, they would have also been accused of gay bashing. I mean, the original notes had no sexual innuendo, and the parents did not want any action taken."

ABC's Sunday Evening News (9/1, 6:04 p.m.) reported, "The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI already examining some of the internet messages. It's possible that Foley would end up being prosecuted in laws he helped to enact as the co-chairman of the House Caucus for missing and exploited children." More than 200 local television newscasts reported that the Federal Bureau of Investigation is looking into former Rep. Mark Foley's e-mail exchanges with teenagers to determine if they violated federal law.

At least one local television newscast noted that unless the FBI agents find more evidence, the e-mails exchanges do not appear to be criminal because there is no solicitation of sex. Some examples: NC8-TV Washington, DC, (10/1, 10:02 p.m.) reported, "The FBI has now stepped in. to determine whether or not former Congressman Mark Foley violated any laws. The microscope is also under members of congress to determine what they knew and when they knew it. The FBI is trying to determine if Mark Foley, the former Florida congressman who resigned last week, broke the law when he allegedly sent sexually suggestive electronic messages to congressional pages, who at the time, were minors."

WSYX-TV Columbus, (10/1, 6:31 p.m.) reported, "The FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually-explicit e-mails and messages he sent to teenage boys working as congressional pages. It comes as Republican leaders of the House of Representatives are saying their own handling of this investigation might be worthy of a criminal investigation."

WPTV-TV West Palm Beach, (10/1, 11:31 p.m.) reported, "FBI will look into Foley's actions. Agents from the FBI's cyber division are checking into the messages."

KTRK-TV Houston, (10/1, 5:01 p.m.) reported, "The FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually-explicit e-mail messages he sent to teenage boys working as congressional pages."

WPLG-TV Miami, (10/1, 11:03 p.m.) reported, "FBI is now trying to determine whether former Florida Congressman

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Mark Foley broke the law when he sent sexually explicit e-mails to teenager boys."

WEWS-TV Cleveland, (10/1, 6:28 p.m.) reported, "The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI already examining some of the internet messages."

WDIV-TV Detroit, (10/1, 11:45 p.m.) reported, "An FBI spokesman will only say that the agency is conducting an assessment to see if there's been a violation of federal law."

KGO-TV San Francisco, (10/1, 6:03 p.m.) reported, "But unless they find more evidence, the e-mails exchanges with the male page do not appear to be criminal because there is no solicitation of sex."

Hastert Asks Justice Department to Investigate Foley. CNN's Live Sunday (9/1, 6:29 p.m.) reported, "Dennis Hastert gives a letter to the attorney general of the United States, asking that Alberto Gonzales investigate the Foley Matter on Capitol Hill. This is just released moments ago. As you know the House on Friday night authorized an ethics committee investigation. But the letter, just handed to us, says they do not have jurisdiction over federal law or over him upon his resignation from office. 'Therefore,' Mr. Hastert goes on to say, 'as speaker of the house, I hereby request that the department of justice conduct an investigation of Mr. Foley's conduct with current and former house pages to determine what extent any of his actions violated federal law.' It's a lengthy letter that goes on to draw a distinction between the first series of e-mails that republican leadership made aware of last fall, and the second more sexually explicit instant messages that were revealed by ABC news earlier this week. Drawing that distinction, Mr. Hastert says, in his letter to the Attorney General, that unlike the first communication, the second communication was a set of instant messages that contained sexually explicit statements and were reportedly generated three years ago. He wants a complete investigation of that. Goes on to say, he would like the department to undertake an investigation into who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current house pages, and what actions such individuals took, if any, to provide them to law enforcement. 'I request that the scope of your investigation include any and all individuals who may have been aware of this matter, be they members of congress, employees of the House of Representatives or anyone outside of congress. Your attention to this serious Matter is appreciated.' And then some more words in this two-page statement. A letter released just moments ago from the speaker of the house to the Attorney General of the United States, asking for a Justice Department investigation of those Foley e-mails."

ABC's Sunday Evening News (9/1, 6:06 p.m.) reported, "Just tonight, House Speaker, Dennis Hastert has released a letter to attorney general Alberto Gonzales, asking that he investigates any individuals who may have had knowledge of this Matter, including members of congress."

House Speaker Rep. Dennis Hastert's letter to attorney general Alberto Gonzales, asking him to investigate Rep. Mark Foley, received moderate coverage by local television newscasts. Some examples: XETV-TV San Diego, (9/1, 10:15 p.m.) reported, "House Speaker Dennis Hastert is asking the Justice Department to look into sexually suggestive messages allegedly sent by former Florida Congressman Mark Foley to teenage boys. In a letter, Hastert asked attorney general Alberto Gonzales for an investigation into whether Foley's actions violated federal law."

WOLO-TV Columbus, (9/1, 6:03 p.m.) reported, "House speaker Dennis Hastert has released a letter to attorney general Alberto Gonzales, asking he investigate any individuals who may have had knowledge of this matter, including members of Congress."

WNEP-TV Wilkes Barre (9/1, 11:07 p.m.) reported, "House Speaker Dennis Hastert released a letter to attorney general Alberto Gonzales, asking that he investigates 'anyone' who may have had knowledge of this matter."

White House Expects Criminal Probe. The AP (10/2, Heilprin) reports, "The White House and Democratic leaders in Congress also called Sunday for a criminal probe. White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week." Bartlett said, "There is going to be, I'm sure, a criminal investigation into the particulars of this case. We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected."

Democrats Accuse Republicans Of Covering Up Foley's Indiscretions. Newsweek (10/9, Thomas, Isikoff, 3.12M) reports on the resignation of six term GOP Rep. Mark Foley following the release of sexually explicit messages he had exchanged with 16- and 17-year-old congressional pages. Newsweek reports that "the politics of Foley's downfall

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are messy and intriguing, coming just weeks before hotly contested congressional elections. The Democrats accused the Republicans of trying to cover up Foley's indiscretions until after Election Day, while the Republicans accused the Democrats of leaking the story just in time to cost the GOP a crucial seat."

Democrats Turn Tables On Republicans Over "Family Values." The New York Times (10/2, Hernandez, 1.21M) reports Republican leaders "have not hesitated to hit the Democrats hard when it comes to the issue of protecting children." Now, Democrats "are suddenly seeing an opportunity to turn the tables, questioning the actions of Representative Thomas M. Reynolds of New York, the chairman of the Congressional committee, and other top Republicans who have acknowledged that they had been aware for months of e-mail exchanges between Representative Mark Foley, a Florida Republican, and a former teenage page." Democrats are "accusing Republican leaders of keeping silent about Mr. Foley and allowing him to remain as chairman of the House Caucus on Missing and Exploited Children until the disclosure on Friday of the more sexually explicit e-mail messages."

The Los Angeles Times (10/2, Levey, Neubauer, 918K) reports the Republicans' "effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation. Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show."

Rep. Jane Harman, also on Fox News Sunday (10/1, Wallace), contended that "the Democratic leadership should have been told 10 months ago. This was a very serious charge. And just because one page's family doesn't want facts out, I don't think is an adequate reason to do nothing. And I gather that basically nothing was done, except that Foley was warned."

Rep. Jack Murtha, on ABC's This Week (10/1, Stephanopoulos), said, "If they [the GOP's House leadership] knew any extent at all of what happened, I just cannot believe that they allowed this to happen and just told him, 'OK, stay away from this kid.' I don't know what they saw. But it's really makes me nervous that they looked like they tried to cover it up. This is what the investigation has to be all about, and it has to be a very quick investigation. ... I think the ethics committee can handle it if they do a quick job of it. I mean, this is something that could be done internally."

Miami Herald Also Declined To Run Story Based On Foley's Emails. The Miami Herald (10/2, Clark, 310K) reports Hastert's letter "drew a sharp distinction between the instant messaging sessions -- which Hastert said he was never made aware of -- and e-mails between Foley and a former House page, which top GOP leaders saw in 2005. Foley was told to cease contact with the page. Hastert noted that the same e-mails were viewed by editors at The St. Petersburg Times, which reviewed them, considered them "friendly chit chat' and declined to run a story." Miami Herald Executive Editor Tom Fiedler "said Sunday the newspaper also saw the same e-mails and 'didn't feel there was sufficient clarity in the e-mails to warrant a story.'" Fiedler said, "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story."

St. Petersburg Times Says Hastert Wrong On Decision To Not Publish Emails. The St. Petersburg Times (10/2, Kumar) reports, "To bolster his argument, Hastert refers to an editor's note published on the St. Petersburg Times Web site Saturday that explains that the newspaper received copies of some of the e-mails to the Louisiana page in November 2005, but characterized them as 'friendly chit-chat' and chose not to print a story about them after speaking to Foley." But on Sunday night, St. Peterburg Times editors "rebutted his statements. 'The speaker is inaccurate. Our decision not to publish last fall was not based on an explanation from Rep. Foley,' managing editor Stephen Buckley said." Buckley added, "We didn't publish because the Louisiana teenager's parents did not want to pursue the issue, and because, despite our best efforts, we weren't able to track down any pages who had received inappropriate e-mails from the congressman. We didn't know about any sexually explicit exchanges between Rep. Foley and any former pages until the instant messages became public on Friday."

Prosecutors Have Exercised Wide Discretion In Cases Similar To Foley's. The New York Times (10/2, Liptak, 1.21M) reports Foley's decision to resign "after the disclosure of his sexually explicit e-mail and text messaging exchanges with Congressional pages has been followed by a flood of demands from his former Congressional colleagues — Republicans and Democrats alike — that he face 'the full

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weight of the criminal justice system.' Legal experts consulted yesterday said that weight could be considerable." In the past, "legal experts said, prosecutors have exercised a great deal of discretion in deciding whether to pursue such cases." Legal experts "cautioned that any case against Mr. Foley would involve difficult jurisdictional and constitutional questions. At least three jurisdictions may be implicated: Washington and Florida, where Mr. Foley worked; the federal system; and perhaps other states, as information about contacts with pages emerges."

Federal Prosecutors Seek Pirro's Financial Records. The New York Times (10/2, Chan, Rashbaum) reports, "Federal prosecutors have issued a subpoena for copies of financial disclosure statements filed by Jeanine F. Pirro, the Republican candidate for state attorney general, from 1998 to 2005, when she was the Westchester County district attorney, a person familiar with the subpoena said yesterday." The Times continues, "The request for the documents, which contain details of Ms. Pirro's personal finances, is the latest in a series of developments that have roiled her campaign. On Wednesday, Ms. Pirro disclosed that she was the subject of a federal investigation into whether she illegally recorded her husband's conversations on the family's boat last year to determine whether he was having an affair. .. .The New York Post, which reported on the subpoena yesterday, said it came from a federal grand jury in Manhattan." The Times adds, "A person familiar with the subpoena said yesterday that it was delivered late Friday afternoon to the Westchester County Board of Ethics and gave county officials until Wednesday to respond. .. . The subpoena asked for disclosure reports from 1998 to 2005 and for the instructions given to Ms. Pirro to use in filling out the reports, according to the person, who spoke on the condition of anonymity because of the highly politicized nature of the case. .. . The reports ask officials to disclose bank accounts, stock transactions, real estate holdings, memberships on corporate boards and significant stock ownership. It was not clear why the disclosure statements were being sought."

FBI Talks To Woman Suspected Of Having An Affair With Pirro's Husband. At least one local television newscast reported that the FBI talked to Lisa Santagelo, the woman Jeanine Pirro suspected of having an affair with her husband, Albert Pirro. WABC-TV New York (9/1, 5:02 p.m.) reported, "Sources today confirmed the FBI has talked to Lisa, the woman who … Jeanine Pirro suspected of having an affair with her husband."

White House Launches Internal Probe Of Rove Aide's Contacts With Abramoff. Newsweek (10/9, 3.12M) reports in its "Periscope" column, "The White House has launched an internal ethics inquiry into one [Deputy Chief of Staff Karl] Rove aide in response to new e-mails showing that Rove's office had far more extensive conduct with convicted lobbyist Jack Abramoff than previously acknowledged. The e-mails, obtained by a House committee, show that Rove's executive assistant, Susan Ralston, may have violated a White House ban on accepting gifts worth more than $20 from lobbyists." The e-mails "show Ralston peppering Abramoff with requests for small perks and favors." Newsweek adds, "The e-mails show Rove's then chief political deputy, Ken Mehlman, now chairman of the Republican National Committee, had his own repeated contacts with Abramoff -- in stark contrast to previous public statements. According to the new records, Abramoff and his associates turned to Mehlman in their bid to obtain $16.3 million in federal funds from the Justice Department to build a jail for the Mississippi Band of Choctaws, an Abramoff client."

Lawmaker's Ties To Abramoff Help Democrats Raise Funds In Some Districts. Time (10/9, Calabresi, 4.03M) reports that Democrats "are finding that in a handful of districts like [Rep. John] Doolittle's, their opponents' ties to Abramoff are helping them raise money and close poll numbers, forcing expensive countermeasures like" President Bush's visit to the district. With "races tightening across the country, a handful of districts may be enough. The Abramoff factor has put up to five seats in play for Democrats in a contest in which 15 would give them control of the House."

FBI Investigating Prominent NYC Pols Over Bronx Real Estate Deals. The New York Post (10/2, Weiss, Seifman, 608K) reports, "The feds are probing two Bronx political powerhouses and their roles in lucrative real-estate dealings in the borough, The Post has learned. Sources said the FBI is investigating the dealings of Bronx Democratic leader José Rivera and Stanley Schlein, the longtime lawyer for the party" who "served as a lobbyist for the New York Yankees." The investigation "doesn't currently include the new Yankee Stadium project, but sources said the deal likely will be examined. About a month ago, an agent from the bureau's Public Corruption Unit quizzed Ellington

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Taylor, 62, who until his recent retirement had served as Rivera's driver for more than two decades." The Post notes, "Schlein expressed shock when contacted by The Post yesterday, saying there is no basis for an investigation."

Many Lethal Injection Executions Reportedly Less Than Humane. The Los Angeles Times (10/2, Dolan, Weinstein, 918K) reports, "Operational Procedure No. 770, the state's name for execution by lethal injection, is performed in a dark, cramped room by men and women who know little, if anything, about the deadly drugs they inject under extreme stress. Thousands of pages of depositions and four days of testimony last week in a federal courtroom here provided the most intimate portrait yet of a state's lethal injection methods. Witnesses depicted executions by lethal injection — long considered a more humane alternative to the gas chamber or the electric chair — as almost haphazard events, and medical experts on both sides could not rule out the possibility that one or more inmates had been conscious and experienced an excruciating sensation of drowning or strangulation before death."

FBI Busts Alleged NYC Boiler-Room Operation Targeting Elderly. The New York Post (9/30, Cornell, 608K) reported, "The feds busted seven members of a Lower Manhattan boiler-room operation that allegedly raked in $6.7 million in just six months -- bilking many elderly victims out of their life savings. The FBI rousted the alleged scammers from their beds early" Friday "morning, charging them with wire and mail fraud for cold-calling victims and using high-pressure tactics to squeeze cash out of 230 investors in a foreign currency scam from 2002 to 2003." The Post added, "Victims throughout the U.S. initially received bogus monthly financial statements reporting 5 percent growth on their investments over the first several months, according to Andrew Arena, chief of the FBI's criminal division in New York. All the while, the alleged scam artists were secretly sending cash from the operation overseas to Cyprus and Russia. … 'It was basically a flat-out boiler-room operation,' Arena said."

Newsday (9/30, Kessler) reported that Arena "said some victims lost their life savings. … The defendants operated from an office on William Street in Manhattan from 2002 to 2003, under the name of Holston, Young, Parker & Associates, officials said." The AP (9/30, Hays) noted, "Many victims were elderly people who 'fell for the hard sell,' said Andrew Arena, head of the criminal division of the FBI's New York office. Some lost their life savings. … In 2002 and 2003, the defendants, most of Russian descent, operated 'a "boiler room" with Holston cold-callers and brokers making numerous unsolicited telephone calls on a daily basis and using high-pressure tactics,' the court papers said. … By the time a final statement arrived showing 90 percent losses, the suspects had closed their doors."

888 Holdings To Suspend US Business Today. The Financial Times (10/2, Blitz) reports, "888 Holdings, one of the biggest companies in the $12bn online gambling industry, is expected to suspend indefinitely business from US customers on Monday. The move comes as the sector braces itself for a massive reaction from investors to the dramatic US decision to tighten its anti-gambling laws. People close to 888 said they believed the company would issue a statement to the London Stock Exchange accepting that the passing of the bill in the US Senate on Friday would have a 'material' detrimental impact on its business. The bill prohibits US gamblers from using credit cards, cheques and electronic fund transfers to make online wagers, and throws the high-risk industry – already damaged by the impact of arrests of executives on US soil – into turmoil."

FBI Busts New York Child Porn Ring, Arresting 12. The Buffalo News (9/29, Pignataro) reported, "A dozen men, including eight from Western New York, are facing federal child pornography charges here under a national initiative targeting those who sexually exploit children, the FBI and U.S. Department of Justice announced Thursday. Those charged face a variety of offenses including possessing, transporting or distributing child pornography. The crimes range from possessing images of child pornography downloaded from the Internet to the production of child pornography during sexually abusive acts, authorities said. 'These are monsters that prey upon our innocent children,' said Laurie J. Bennett, special agent in charge of the Buffalo Field Office of the FBI." The News noted, "Bennett said the Buffalo office was one of the first 13 offices nationwide to institute the Innocent Images National Initiative to target those involved in the online sexual exploitation of children. Since 2002, more than 400 arrests have been made, she said."

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FBI Arrests California Man On Child Porn Possession Charges. The Los Angeles Times (9/30, 918K) reported, "A Brea man has been arrested on suspicion of possessing child pornography, officials said Friday." Theodore Allen Jedinak "was in federal custody in Santa Ana and set to be arraigned Monday after authorities found numerous pornographic images and videos of minors on his home computer, according to the FBI. The material came to the bureau's attention, an agency statement said, after Jedinak engaged in the 'initial stages' of a relationship with an unidentified individual he met online. After being shown multiple videos of minors engaged in sex acts, the statement said, the individual called Brea police, who contacted federal officials."

Illinois Man Sentenced To Prison For Child Enticement. The AP (10/1) reported, "An Illinois man was sentenced to five years in prison after pleading guilty to interstate transportation of a minor and engaging a boy in a relationship that included sexually explicit Internet communication. Stephen Quinn, 45, of Harwood Heights, Ill., was sentenced Friday by U.S. District Judge Donald Molloy. The FBI began investigating Quinn in 2005, about two years after he made contact with the boy in a gay chat room on the Internet. Prosecutors said that in July 2004, Quinn traveled to Montana and engaged in sexual activity with the boy, then 16." The AP noted that in May 2005, "Quinn spoke with the boy's mother in a conversation recorded by the FBI. The FBI also obtained threatening e-mails, text messages and recorded phone calls from Quinn to the boy."

FBI Arrests Former Nevada Controller's Husband For Her Murder. The Reno Gazette-Journal (9/30) reported, "Reno police arrested critical-care nurse Chaz Higgs on Friday in Hampton, Va., on a warrant charging him with first-degree murder in the death of his wife, former State Controller Kathy Augustine. The arrest was made after police received a toxicology report from the FBI indicating the presence of succinylcholine, a powerful paralyzing drug, in her urine. … Augustine, 50, was taken to Washoe Medical Center the next day after Higgs said she had suffered a massive heart attack in their Reno home. He said the heart attack was brought on from the stress of political campaigning. Augustine, the only Nevada constitutional office ever to be impeached and convicted, was running as a Republican for state treasurer."

The Las Vegas Review-Journal (9/30, Haynes, Puit, Vogel) noted, "The couple's relationship was on the rocks, and she was talking about divorce, people said. He didn't seem to grieve like a loving husband would. She was in perfect health. … For Phil Alfano, Augustine's brother, the arrest confirmed suspicions that had been simmering since Augustine was hospitalized." The Journal added, "Reno police received the FBI's test results on Wednesday. … Police got an arrest warrant for Higgs the same day and sent two detectives to Hampton, Va., where Higgs had been visiting relatives for about a month, Reno police Lt. Jon Catalano said. … FBI agents staked out Higgs' brother's house Friday and arrested him about 2:50 p.m. Pacific Daylight Time when he pulled into the driveway, he said."

The AP (9/30, Sonner) reported, "The warrant was issued Wednesday afternoon, just hours after a coroner's autopsy and results of FBI toxicology tests showed evidence of the drug succinylcholine in Augustine's system." Reno police spokesman Steve Frady said, "The FBI has been involved for some time. It was a good cooperative effort." The Los Angeles Times (9/30, Verhovek, 918K) and Hampton Roads Daily Press (9/30, Day, 94K) also reported on the arrest and FBI analysis.

LATimes Opposes "Jessica's Law" Sex-Offender Initiative. The Los Angeles Times (10/2, 918K) editorializes, "California already has some of the toughest sex-offender laws in the country. Late last month, Gov. Arnold Schwarzenegger signed a batch of new ones, including measures increasing prison terms for most convicted offenders and barring them from loitering near schools and parks once they're released. Now comes Proposition 83, known as Jessica's Law, which would duplicate many of those measures while adding several costly and questionable features that would do little to reduce crime. Californians should resist letting fear and emotion trump reason and vote no."

CIVIL LAW:

Indiana Man Ordered To Pay $64.2 Million For Chicago Medicare Fraud Scheme. The Chicago Tribune (9/30, Japsen, 623K) reported, "In one of the largest civil health-care fraud judgments in Chicago history, a federal judge Friday ordered the one-time owner of Edgewater Medical Center to pay more than $60 million for

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his role in engineering a massive fraud scheme to bilk government health programs. U.S. District Judge John Darrah ordered Peter Rogan of Valparaiso, Ind., to pay $64.2 million in damages and penalties, saying he had a key role in engineering an elaborate kickback scheme that paid doctors and others to admit patients for unnecessary care from the mid-1990s through 2000." The Tribune noted, "In his 64-page opinion and order Darrah said Rogan knew of the scheme and made efforts to conceal his role, citing conversations Rogan had that were taped by physicians cooperating with the FBI. Rogan told his fellow managers he 'smelled a rat' and said he would be on guard when talking to physicians he believed were taping his conversations, the judge's order says."

In a widely-distributed story, the AP (9/30) also reported, "Rogan knew of the scheme and tried to conceal his role, Darrah said, citing taped conversations Rogan had with doctors who cooperated with the FBI. 'The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims,' Darrah said."

CIVIL RIGHTS:

Virginia Gay Marriage Ban Opponents Warn Of "Unintended Consequences." The Washington Post (10/2, B1, Jenkins, 748K) reports supporters of a Virginia state constitutional amendment "that would ban same-sex marriage contend that the measure wouldn't change life for Virginians, gay or not, one iota. … Supporters say action is needed to protect the commonwealth's laws against same-sex marriage from state judges who could rule that they are unconstitutional, as happened in Massachusetts in 2003 and in Maryland in January when a circuit court judge ruled that a law banning same-sex marriage was discriminatory." However, "Opponents of the measure…have largely based their campaign on convincing voters that the amendment could have all sorts of unintended consequences, including jeopardizing contracts between unwed heterosexual couples, threatening safeguards for unmarried victims of domestic violence and hurting Virginia's business climate."

Texas Police Officer Pleads Guilty To Violating Witness' Civil Rights. The Jacksonville (TX) Progress (9/20, DaBarbe) reported, "Pleading guilty to retaliation against a witness and two counts of violation of civil rights, former Jacksonville Police Officer Larry Pugh and his attorneys asked U.S. Magistrate Judge John Love to accept a plea bargain Thursday at the U.S. Federal Courthouse in Tyler. Love accepted the plea, and the maximum punishment of 12 years in prison will be recommended at a sentencing likely to be held in 45 to 60 days. 'This is a plea bargain only for his (Pugh's) three federal charges,' said Pete Galbraith, supervisory senior special agent with the Federal Bureau of Investigation during a press conference immediately following the proceedings. 'The Cherokee County charges will have to be folded into this.'" The Progress added Assistant JPD Chief of Police John Page "said he feels 'justice was served.' Page said JPD and the FBI worked together to resolve the case."

The Tyler Morning Telegraph (9/28, Dean) reported that at a press conference following the hearing, US Attorney John Radcliff "said in one incident Pugh arrested the woman and then released her after she had sex with him. In the other incident Pugh offered the woman a courtesy ride then took her to a mobile home where he had sex with her then drove her back to her neighborhood. Pugh also admitted to retaliating against one of the victims because she was cooperating with law enforcement." The Telegraph added, "FBI Special Agent Pete Galbraith said the women were credible and Pugh, by accepting the plea, admitted he committed the acts listed against him. … 'I am very proud of the courage of these two witnesses in this case, because it's very hard to stand up against someone who is a police officer.'" The Lufkin Daily News (9/28) also reported on the plea agreement.

Book Club Provides Oasis For African-American Youth. The Washington Post (10/2, A1, Parker, 748K), in a front-page story, profiles "the YoungMenRead book club at Karibu Books in" Bowie, MD "where it was cool for black boys to hang out, speak up and be smart."

ANTITRUST:

Court To Tackle Important Antitrust, Patent Cases. The AP (10/2) reports, "The Supreme Court is about to plunge into an agenda laden with business sector issues, including cases involving the Weyerhaeuser Co. and

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Safeco." The AP continues, "Of the 38 cases the court has agreed to consider so far in the term that begins today, 17 are business related, 'an unusually high fraction,' Washington lawyer Roy Englert says. … Chief Justice John Roberts was managing partner of a major law firm that had a very sizable portfolio of business clients and is 'comfortable with the issues presented in business cases in ways that Chief Justice William Rehnquist' was not, Pepperdine University law professor Douglas Kmiec says." The AP adds, "The Weyerhaeuser case is one of two antitrust cases set for this term so far. The Bush administration wants the justices to throw out a $79 million verdict against lumber industry giant Weyerhaeuser in a lawsuit brought by a smaller company. At issue is whether 'predatory bidding,' or paying too much for raw material, is an anti-competitive practice. … In the second antitrust case, the largest phone companies are accused of dividing up the market to protect regional monopolies. .. . In the realm of consumer rights, two insurance companies are fighting allegations that they should have notified people about adverse information in their credit reports. The consumers say Geico and Safeco denied them insurance or increased premiums based on data in the reports."

The Financial Times (10/2, Waldmeir) reports, "The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases." The Times continues, "Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. 'It's a very important term for business,' says Jonathan Franklin, of the law firm Fulbright & Jaworski." The Times adds, "US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies. … The justices will also hear a potential watershed patent case, which could set a standard for determining when an invention is too obvious to deserve patent protection. … Legal experts say the decision could affect virtually every patent case, since every patent application must pass the test for 'non-obviousness'. .. . Critics of the US patent system say that too many obvious inventions are patented – like the adjustable accelerator pedal at issue in KSR v Teleflex, the case before them."

Investment Group To Buy AWG. The Wall Street Journal (10/2) reports, "An investment group consisting mainly of pension funds plans to announce today that it has agreed to buy British water utility AWG PLC for about £2.2 billion ($4.12 billion), according to people familiar with the situation. The group of Australian and Canadian pension funds and British venture-capital and private-equity firm 3i Group PLC have agreed to bid £15.55 ($29.12) a share for AWG, which operates mainly in southeast England and serves about six million industrial, commercial and residential customers. AWG announced it had been approached about a takeover Sept. 14. The deal comes as three of Britain's largest water utilities are the subjects of potential buyouts."

EU Expands Microsoft Vista Inquiry. The Financial Times (10/2, Buck) reports, "European antitrust regulators have expanded their probe into Microsoft's Vista operating system, by raising concerns over plans to add encryption and handwriting recognition software to the group's new flagship product." The Times continues, "The new concerns are based on complaints from small European software developers who fear the bundling of these new functions into Vista will undermine their products in this area. … It is understood that the European Commission raised these concerns in a letter to Microsoft in July." The Times adds, "Vista, which is due to replace the group's ubiquitous Windows operating system from next year, is already at the centre of a new antitrust battle between the Commission and Microsoft. … The Brussels-based regulator fears that Vista might raise the same competition problems that led the Commission to issue a landmark ruling against Microsoft more than two years ago. … In particular, the regulator is concerned about the 'bundling' of new features and programs into the operating system. Brussels fears the addition of an internet search engine and a rangeof software security featureswill undermine competition from companies which sell similar products on a stand-alone basis."

Financial Regulators To Oppose EU Merger Reform Plans. The Financial Times (10/2, Parker, Schieritz) reports, "Europe's top financial regulators will today attack Brussels' plans to shake up the vetting of cross-border mergers, which aim to speed decisions and tackle national protectionism." The Times continues, "Charlie McCreevy, EU internal market commissioner, proposed the shake-up this month in an attempt to stop national regulators obstructing

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cross-border takeovers and mergers on bogus grounds. But today Europe's three main regulatory bodies, covering banking, securities and insurance, will claim that Mr McCreevy's plan would force them to work too quickly, compromising their decisions." The Times adds, "They will warn that they are unwilling to hand over some confidential merger material to Mr McCreevy, potentially preventing him from deciding whether national regulators are acting in good faith. … The warning comes in a letter, seen by the Financial Times, from the chairs of the three European financial services regulatory committees - CEBS, CESR and CEIOPS - representing national regulators in banking, securities and insurance respectively. .. .The clash comes as Mr McCreevy tries to revise the EU's banking directive to tackle protectionism, which he believes is -hampering the development of pan-European financial services companies."

ENVIRONMENT:

Rural Midwest Benefiting From Ethanol Boom. USA Today (10/2, Keen, 2.27M) reports, "Rising gas prices and the push for less dependence on foreign oil have increased demand for ethanol," which has "created a rapidly expanding industry that is centered in the rural Midwest. There are 105 ethanol plants in operation; almost half are owned by local farmers, according to the Renewable Fuels Association, an industry group. Forty-one more are under construction, and seven are expanding. Capacity is 5 billion gallons a year. When the new plants are running, that number will grow to 7.9 billion."

Corporate Agriculture Seen As Endangering Family Farmers. The New York Times (10/2, Leduff, 1.21M) reports profiles a farmer in the "heart of the heartland," Lebanon, Kansas and notes that family farmers are being forced out of by "large corporate farmers" who are "taking over" because they "understand the ins and outs of the international trade policies and government subsidies that are changing the landscape."

Snakeheads Expanding Territory In Potomac River. The Washington Post (10/2, B1, Fahrenthold) reports, "The northern snakehead fish seems to be expanding its territory in the Potomac River, government researchers say, after a year in which the toothy Asian transplant has appeared in new places and at higher concentrations across the area. … Over the past year, the snakeheads have spread out and become endemic in about 15 miles of the Potomac and some of its tributaries south of Washington from a home base of two creeks in Virginia, he said. That has switched scientists' focus from eradication to coexistence."

NYTimes Claims Spinach Contamination Shows Need For Greater FDA Oversight. The New York Times (10/2, 1.21M) editorializes, "Just when many of us thought that eating lots of fresh green leafy vegetables was the key to good health, along comes an outbreak of bacterial contamination in bagged spinach. … Roughly half of the 20 outbreaks have been traced to central California, suggesting something amiss in the environment or processes used there. Regulators are leaning on the food industry to clean up its act, and the industry is scrambling to comply. But the safest route is to give the Food and Drug Administration greater authority and more personnel to inspect and regulate food growers and processors."

Officials Plan To Clean Up Tires Dumped Off Coast Of Florida. The Washington Post (10/2, A12, Whoriskey) reports that in the spring of 1972 the idea of dumping a million tires off the cost of Florida "looked like ecological enlightenment. From the scrap tires, artificial reefs would grow and fish would throng, or so it was thought. … What happened instead is a vast underwater dump -- a spectacular disaster spawned from good intentions. Today there are no reefs, no fishy throngs, just a lifeless underwater gloom of haphazardly dropped tires stretching across 35 acres of ocean bottom. … So, after years in which the site was studied and then neglected, officials here are planning to clean up the environmental experiment gone awry. Coastal America, a partnership of federal agencies, state and local governments and private groups, is trying to organize a cleanup using military salvage teams that would use the tire retrieval as a training exercise. Once the divers pulled the tires up, they would be disposed of by the state at a cost of about $3 million to $5 million."

Waterfront Development Raises Questions About New Jersey's Handling Of Toxic Dump Sites. The New York Times (10/2, Mansnerus) reports that some environmentalists view the development on a New Jersey waterfront as "an experiment of sorts because of what lies underneath it: dirt spotted with hexavalent

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chromium, a manufacturing component that has been identified as a cause of lung cancer, liver and kidney damage and mutations to human DNA. Hudson County is the nation's chromium-waste center, with almost 200 sites where it was dumped decades ago. Of all those sites, this slice of Weehawken is the first to be reclaimed for residential development, and the reborn riverfront here — representing an investment of hundreds of millions of dollars — depends on the remedy that the state has chosen for sites polluted by chromium." The Times adds, "The state and local authorities have approved everything the developer, Roseland Properties, has done, and they say the cleanup has far exceeded their standards. But the state's policies are not settled at the moment. Rather, they are caught up in a politically charged discussion about how the state has handled the rush to turn urban wastelands into sought-after real estate."

Herbert Says Black Family Was Denied Information About Contaminated Drinking Water. Bob Herbert writes in the New York Times (10/2) that the Holt family home in Dickson, Tennessee is adjacent to a government-owned landfill. According to Herbert, "Toxic chemicals from the landfill have polluted the pristine water that was once drawn from the Holt family well. … The Holts were not just unaware that their water was contaminated; they had been assured by federal environmental officials way back in 1991 that the water had been tested and was safe to drink. … During that time, the government warned white families that the water had been contaminated and provided them with an alternate source of drinking water. The Holts, who are black, were left oblivious to the danger. Welcome to the world of environmental racism, a subject that doesn't get nearly enough attention."

FBI/DEA/ATF/USMS:

Nine Charged In Heroin-Trafficking Investigation. The Chicago Sun-Times (9/29) reports nine members accused of involvement in an international drug-trafficking ring that "supplied heroin from Ghana to Chicago and other Midwest cities were charged Friday as apart of a joint investigation by Chicago Police and the U.S. DEA. Seven of the nine were in custody as of Friday afternoon, according to a release from Chicago Police, including Moshoodi E. Ajijola. Authorities identified Ajijola as the head of the operation and charged him and eight others with federal drug conspiracy." The Sun-Times adds, "After a six-month undercover investigation by police and DEA agents dubbed 'Operation Saheroin,' authorities learned the organization imported pure heroin from Africa through Indian to America and finally to Chicago, where it was sold to customers for redistribution around the Midwest."

The Chicago Sun-Times (9/30) also writes that the accused heroin dealers "were smuggling dope from Ghana and Nigeria to Chicago in the lining of suitcases and by using human mules."

The Chicago Tribune (9/29) noted that two suspects remained at large.

Four Vermont Men Sentenced In Drug-Smuggling Conspiracy. The AP (10/1) reports four northern Vermont men "were sentenced in federal court Thursday and Friday in what authorities described as a large conspiracy to smuggle millions of dollars worth of Canadian marijuana into the United States. The four were among 12 people who have been sentenced or have pleaded guilty and are awaiting sentencing in connection with a ring that smuggled loads of as much as 1,000 pounds of pot at a time in grain trucks entering Vermont from Quebec, the U.S. attorney's office said." The AP notes the DEA's involvement in the investigation.

The Burlington (VT) Free Press (9/30) reports DEA officials "said they seized $930,000 in cash and $1.5 million in cars, trucks, motorcycles, boats and other vehicles. The smuggling operation unraveled Oct. 25, 2003 when investigators seized about 135 pounds of marijuana…that was in a storage shed."

Nine Indicted In Connection With California Marijuana House Raids. On its Web site, KCRA-TV, Sacramento (9/29) reports federal indictments "were handed down Friday afternoon related to homes recently raided in Stockton and believe to be connected to a massive drug ring. Investigators seized thousands of marijuana plants being grown inside the homes. A federal grand jury has now handed down a total of nine indictments related to the case and a joint task force has been formed that includes the Drug Enforcement Administration."

The Stockton Record (9/30) reports a score of indoor marijuana-growing operations "uncovered this month in successive raids in several typically peaceful residential

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areas will become part of a larger federal probe in the region. A federal grand jury in Sacramento on Thursday handed down indictments on four San Francisco men arrested Sept. 13 in the first of the raids in Stockton, said Gordon Taylor, U.S. Drug Enforcement Agency assistant special agent in charge. Federal prosecution is already under way in what investigators say is a related operation involving 21 houses in Sacramento and Elk Grove that also led to four arrests."

The Sacramento Bee (9/30) reports four Bay Area residents, "indicted this week after a series of raids at homes in Stockton where marijuana was being grown, are part of the same organized crime syndicate behind a pot-growing network in the Sacramento area, authorities said Friday. Described by agents as a Bay Area-based Asian organized crime network, the group is 'without a doubt the most sophisticated crime syndicate we have ever investigated in this region,' said Gordon Taylor, assistant special agent in charge of the Sacramento office of the federal Drug Enforcement Administration."

Combat Meth Act Rules Take Effect. Parsippany, New Jersey's Daily Record (9/30) reports on rules now in effect due to the Combat Methamphetamine Epidemic Act of 2005, which "ordered pharmacies nationwide to move all over-the-counter cold and allergy medicines with the decongestants pseudoephedrine, ephedrine and phenylpropanolamine to a secured area and limited the amount that a consumer could purchase at one time. … The new regulations will be enforced by the U.S. Drug Enforcement Agency. The federal rules are more strict than those put into New Jersey law last year."

Ontario, California's Inland Valley Daily Bulletin (9/30) writes, "The Combat Methamphetamine Epidemic Act of 2005 is the latest move by the government to hinder methamphetamine manufacturers by cutting off one of their sources of pseudoephedrine - one of the key ingredients in making the drug. … The law also requires that any employee selling these cold medicines must receive training on the law and its requirements."

The Palm Beach (FL) Post (9/30) reports the pharmaceutical industry "has tried to adapt to the changes by reconstituting many of the products and eliminating the offending ingredient. But while the new products can be sold over the counter, there is some question about whether they work. Brace yourself: Federal authorities may have another cluster of drugs in their sights, a list that includes such humble bromides as Alka-Seltzer Plus and Vicks 44 Cough Relief."

The Oregonian (9/30) reports Oregon consumers "will be unaffected by the new rules under the Combat Methamphetamine Epidemic Act, which President Bush signed in March. Oregon is exempt because the state imposed a far tougher pseudoephedrine restriction starting in July: a prescription. … Rusty Payne…said stores that sell pseudoephedrine without a certification 'run the risk of DEA action, such as an inspection or audit.' He declined to say how many businesses had completed the process, which the DEA announced on its Web site 11 days ago."

Newsday (9/29) reports Jan Engle, a professor of pharmacy practice at the University of Illinois College of Pharmacy, "said the important thing is to educate consumers about where their medications are now located and about differences in the new decongestants on open shelves. Many brands are substituting ephedrine and pseudoephedrine, which have 12- and 24-hour time-release formulas, with phenlyephrine, an older drug that lasts about four hours, she said."

TIME/CNN (10/1, Gorman) reports, "The national rule, which echoes restrictions found in several states, is supposed to make it tougher for criminals to manufacture the illegal drug methamphetamine using packets of pseudoephedrine as its raw material. Allergy sufferers who don't want to go through the extra trouble had better have a lot of tissues on hand. The most common alternative, the nasal decongestant phenylephrine, may not be as effective."

Report: Baseball's Clemens Among 6 Players Linked To Performance-Enhancing Drugs. There are more than 700 media references to a report, first published by the LA Times, that Houston Astros pitcher Roger Clemens is accused of using performance-enhancing drugs. The Los Angeles Times (10/1, Pugmire) reports Clemens "is among six players allegedly linked to performance-enhancing drugs by a former teammate. … The names had been blacked out in an affidavit filed in federal court. Others whose identities had been concealed include Clemens' fellow Houston Astros pitcher Andy Pettitte and former American League most valuable player Miguel Tejada of the Baltimore Orioles. The discovery ends four months of speculation surrounding the possible identities of Major League Baseball figures whose names were redacted from the search warrant affidavit filed in Phoenix on May 31."

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The Los Angeles Times (10/2) also reports Clemens and Pettitte "denied allegations that they had used performance-enhancing drugs, with Clemens saying he was angry and Pettitte saying he was embarrassed by a report that first appeared in the Times." Clemens "called the act of leaking the names 'very dangerous and malicious and reckless' and said he would consider legal action if one of his sponsors decided to drop him as a client as a result of the allegations."

The New York Times (10/2) cites the Los Angeles Times story, and William C. Rhoden writes, "It is awful, and infuriating, that the hypocrisies of two industries — baseball and news media — are converging. Baseball, if it didn't encourage drug use, at least looked the other way season after season as players did what they it had to do to make it through 162 games. The news media, selectively picking and choosing who to vilify, has been on a Bonds hunt for two seasons. Now it may be confronted with Clemens."

The AP (10/2) reports some of baseball's stars "responded with denials and denunciations Sunday following a Los Angeles Times report in which former pitcher Jason Grimsley accused five players of using performance-enhancing drugs, according to a federal agent's affidavit. The other players cited were Baltimore teammates Brian Roberts and Jay Gibbons."

The Washington Post (10/2, E5, Shipley) reports that agent Randy Hendricks "noted that Grimsley has said through his attorney that he did not disclose names to federal investigators."

Network TV Coverage. ABC World News (10/1, story 6, 2:15, Harris) reported, "The Los Angeles Times is reporting that one of the game's biggest stars, pitcher Roger Clemens, is now linked to the investigation by a former teammate and admitted steroid user. … Questions are being raised about how he has performed so well for so long. Today, the Los Angeles Times reported that former pitcher, Jason Grimsley claimed in a Federal affidavit that Roger Clemens was one of several players who used performance-enhancing drugs."

NBC Nightly News (10/1, story 9, 0:20, Holt) reported, "Roger Clemens is denying a report that suggests he may have used performance-enhancing drugs. It identified him and five other players in affidavits. The seven-time Cy Young award winner says he has been tested numerous times and passed every test."

Schwarzenegger Rejects Industrial Hemp Bill. The Los Angeles Times (10/2, Rau) reports Gov. Arnold Schwarzenegger "finished evaluating the year's crop of legislation Saturday. … The governor refused to allow California farmers to grow industrial hemp. Although AB 1147 by Assemblyman Mark Leno (D-San Francisco) would have permitted only hemp that was free of the chemical that is found in marijuana, Schwarzenegger said in his veto message that the measure conflicted with federal law and would have made it harder for law enforcement to keep track of illegal drug crops."

Officials Consider Using Herbicide To Eradicate Afghanistan's Opium Poppy Fields. The AP (10/1) reports Afghan authorities "say they are considering a once unthinkable way to deal with [a] scourge: spraying poppy fields with herbicide. Afghans including President Hamid Karzai are deeply opposed to spraying the crop. … But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop. … 'This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it,' said Lt. Gen. Mohammed Daoud Daoud."

Idaho Town Considers Mandating Gun Ownership. USA Today (10/2, Florio, 2.27M) reports, "The Town Council in Greenleaf, Idaho, is considering a recommendation that all households keep and maintain guns because of the crime that might come with the encroaching growth from nearby Boise."

IMMIGRATION:

WPost Regards Virginia Town's Proposed Crackdown On Illegals As "Small-Minded." The Washington Post (10/2, A18, 748K) editorializes, "Northern Virginia's town of Herndon…is back in the news with more ideas on how to clamp down on illegal immigrants. The proposals are small-minded and, if enacted, are likely to be futile in resolving any problems. … Herndon is proposing to train local police to enforce federal immigration laws and to place new restrictions on businesses. Anyone seeking a

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business license would have to prove valid immigration status, and anyone wanting to do business with the town would have to show that workers for the business are in the country legally."

TAX:

Study Finds Middle Income Earners Shouldering Larger Tax Burden. USA Today (10/2, McCoy) reports Americans "of every income have benefited from a drop in federal income tax rates as Bush administration tax cuts enacted since 2000 took effect, an independent analysis of newly released IRS data shows." But those "earning $75,000 to $500,000 are shouldering a larger share of total taxes paid as millions more of them earn higher incomes and get hit with the Alternative Minimum Tax, the analysis also found." The review "by the Tax Foundation, a non-partisan research group that favors low taxes, provides one of the first detailed looks at the impact of federal tax changes phased in between 2000 and 2004."

CONGRESS-ADMINISTRATION:

Supreme Court To Consider Contentious Issues This Term. NBC Nightly News (10/1, story 7, 2;25, Holt, 9.87M) reported, "The US Supreme Court will begin its new term and take on a hot plate of social issues from abortion to global warming to the role of race in school admissions." NBC (Williams) added the court will consider the "'partial birth abortion' ban. Some said it would stop late term abortions that partially deliver a fetus and then collapse its skull. It grants no exceptions to protect a woman's health." Jay Sekulow, American Center for Law And Justice: "When you are talking about the partial delivery of a child and then that child's life is exterminated that is where that line can be drawn." Williams: "The ban would actually restrict much more." Prescilla Smith, Center for Reproductive Rights: "It is extremely broad and would ban second trimester abortions in essence. It is about the fundamental right to choose abortion."

The Los Angeles Times (10/2, Savage, 918K) reports, "Abortion remains the most divisive issue before the court. Until now, a 5-4 majority has held to the view that the government may not regulate abortion in a way that threatens the life or health of pregnant women."

The Christian Science Monitor (10/2, Richey, 58K) reports "race-based public school enrollment plans are among major national issues at the US Supreme Court this year in a term that offers the first real insight into the constitutional vision of the high court under Chief Justice John Roberts. Constitutional scholars and other analysts are watching closely to see if respect for legal precedent…emerges as a defining approach, or whether the Roberts court will seek to build on the conservative agenda of the Rehnquist court, with sweeping rulings that erode or erase liberal precedents."

The New York Times (10/2, Greenhouse, 1.21M) reports, "If Year 1 was the transition for the new Roberts court, Year 2 is likely to be the test. During the first term under the leadership of Chief Justice John G. Roberts Jr., the justices were able to find common ground with some regularity by agreeing not to decide much. By the time the term ended in late June, the extent to which the members of the newly configured court were prepared to confront either precedent or one another remained unclear." The Times adds, "Chances are high that the new term, which begins on Monday, will be different. The cases that the court has agreed to decide -- 38 so far -- offer few off-ramps, requiring instead that the justices proceed to rulings that will define the new court in both substance and style."

The Financial Times (10/2, Waldmeir) reports, "The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases. Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. … US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies." The justices "will weigh in on the debate over how to punish corporate wrongdoing by considering whether to tighten limits on punitive damage awards, the big fines levied by juries to protest and deter corporate misconduct that are often out of all proportion to actual damages."

Kelo Decision Inspired A Raft Of State Initiatives On Private Property. The Washington Post (10/1, Harden, Eilperin, 748K) reports, "Libertarians and land developers have found populist fodder in a contentious Supreme Court

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decision from last year, Kelo v. New London, "that favors eminent domain over private property. This fall, they are trying to harness anger over the ruling in an effort to pass state initiatives in the West and federal legislation that could unravel a long-standing fabric of state and local land-use regulations. … The property-rights movement, as it is known, has a major new benefactor -- Howard Rich, a wealthy libertarian real estate investor from Manhattan. He has spent millions -- estimates run as high as $11 million -- to support initiatives that will appear on ballots throughout much of the West."

Kennedy Expected To Be A Swing Vote As Supreme Court Resumes This Week. Time (10/9, Thompson, 4.03M) reports in its "Notebook" column, "The Supreme Court returns for its new term this week, and it's expected to be a corker." On the docket "are a raft of high-profile cases on hot-button issues that should give the best indication yet of the decision-making dynamics and working style of the John Roberts era." Time also notes, "With Sandra Day O'Connor retired and his colleagues evenly divided, centrist [Anthony] Kennedy is the likely swing vote in tight cases. … Watch for Kennedy's leanings in November, when the court hears arguments on the constitutionality of the 2003 federal ban on dilation-and-extraction (a.k.a. partial-birth) abortions." Time also reports, "In December, the court will wrestle with whether race can be used to assign pupils to public elementary and secondary schools. … The most recent precedent: 2003, when the court ruled 5-4 that race could be used as a factor in admissions to public universities. Kennedy, who dissented in that case, could swing the decision the other way now."

More Commentary. The New York Times (10/2, 1.21M), under the headline "Whose Court Is It Anyway?," editorializes, "The Roberts court officially began last year, but the term that starts this week should give the first clear picture of what kind of court it will be. The docket includes major cases involving abortion, affirmative action and the environment." The justices in the Court's "now solidly conservative majority will be given a chance to prove what sort of conservatives they intend to be: those who issue rulings to match their personal ideology, or those who want to keep the court on a steady path by respecting precedent. … If Chief Justice Roberts and Justice Alito turn out to be conservatives with a deep respect for precedent, the court is likely to remain fairly centrist. But the biggest factor is likely to be Justice Anthony Kennedy, who began last term to fill Justice O'Connor's role as a voice of moderation. We hope he continues to do so."

The Wall Street Journal (10/2, 2.03M) editorializes, "It's no secret that the political power and influence of US public-employee unions derives from their ability to collect mandatory dues. But the issue of whether these forced dues can be used for political activities without explicit permission to do so from workers could use some legal clarification." That "might happen now that the Supreme Court has agreed to hear an appeal from the state of Washington, where even nonmembers of unions can be compelled to pay collective-bargaining dues as a condition of employment." The Court "now has an opportunity to set some national guidelines regarding the constitutionality of both paycheck protection laws for nonunion workers and the more general practice of unions extracting money from any worker involuntarily. Let's hope they don't take a pass."

Four Justices, Other Top Officials Attend Red Mass. The New York Times (10/2, Banerjee, 1.21M) reports, "Speaking to Supreme Court justices, cabinet members, politicians and hundreds of judges and lawyers gathered here on Sunday to celebrate a special Mass marking the start of the judicial calendar, Archbishop Donald W. Wuerl of Washington rejoiced in what he called the resurgence of faith in the shaping of public policy and urged those before him to remain rooted in their religion. … Officially called the Solemn Votive Mass of the Holy Spirit, 'votive' indicating that it is being celebrated for a particular intention, Red Masses are held all over the country, typically at the start of a judicial year." Worshipers "ask for the blessing of the Holy Spirit on those who administer justice, in a tradition that goes back to 13th-century Europe. The service is called the Red Mass because of the red vestments clergy members wear."

The Washington Post (10/2, B2, Schwartzman, 748K) notes the Mass was "attended by four US Supreme Court justices." Chief Justice Roberts "sat in the first pew during the service at the Cathedral of St. Matthew of the Apostle in Northwest Washington alongside Justices Antonin Scalia, Anthony M. Kennedy and Clarence Thomas." Attorney General Alberto R. Gonzales "was among five members of President Bush's Cabinet who attended the service."

The Washington Times (10/2, Wagner, 88K) says other US officials present included Secretary of Commerce Carlos Gutierrez, Secretary of Housing and Urban Development Alphonso R. Jackson, Secretary of Health and Human Services Michael O. Leavitt and Solicitor General Paul D.

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Clement, "who conducted the second reading of Mass. The first reading was performed by Anita B. McBride, chief of staff to first lady Laura Bush."

The AP (10/2, Sanner) also notes Gonzales' attendance at the Mass.

Gonzales, Roberts Address Different Aspects Of Judicial Independence. The Legal Times (10/2, Mauro) reports, "Chief Justice John Roberts Jr. has made his strongest plea yet for judicial independence, even warning fellow conservatives to back off from attacking judges for unpopular decisions." The Times continues, "Speaking Thursday and Friday before a historic D.C. gathering of federal and state judges, lawyers, academics and business leaders aimed at preserving a 'fair and independent' judiciary, Roberts recalled former President Ronald Reagan's definition of a judge's duties. .. 'The judge's commitment to the preservation of our rights often requires the lonely courage of a patriot,' Roberts quoted Reagan as saying 25 years ago. 'To the extent that attacks on judicial independence come from conservative quarters, I would commend to those quarters the words of the leading conservative voice of our time.' .. .But Roberts also said attacks on the judiciary are 'utterly bipartisan,' and a key to warding off such attacks is to use 'self-restraint' in decision-making. … 'Judges are insulated from political pressure precisely because they are not supposed to be making political decisions but deciding cases according to the rule of law,' said Roberts. … But the chief justice urged all to defend the judiciary. 'Just as attacks on judicial independence come from all parts of the political spectrum, so should the defense of judicial independence.'" The Times notes, "At the same conference, sponsored by Georgetown University and the American Law Institute, Attorney General Alberto Gonzales offered similar remarks, defending the judiciary while warning judges not to overstep their authority. .. . 'It is essential that judges be courageous enough to do the right thing, motivated solely by a respect for the law, undeterred by criticism or the possible outcome of the next election,' said Gonzales. But he urged judges to retain 'a proper sense of judicial humility.' .. .Though he couched his comments in largely general terms, Gonzales went on to criticize high court rulings that have struck down Bush administration wartime measures. The Constitution gives the courts 'relatively few tools' to intervene in military and foreign policy, Gonzales said, adding, 'Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review.'"

House Republicans Sought To Bolster Incumbents Through Legislation. The Washington Post (10/1, Weisman) reports that in a bid "to help embattled incumbents win tough reelection campaigns in November, House Republican leaders last week muscled through more than 165 bills that their members can use to win over voters back home -- and deflect attention from the scandals they left behind in Washington." In the "face of such ill winds, House Republican leaders have urged GOP candidates to focus their campaigns on local issues and personal accomplishments. The last days of legislating were devoted to giving the candidates the specifics to run on." Dozens of "the made-to-order bills that flew through the House bear the names of the endangered lawmakers, from Pennsylvania Rep. Jim Gerlach's Open Space and Farmland Preservation Act to Connecticut Rep. Christopher Shays's reauthorization of the HOPE VI housing program, to measures to preserve Native American languages and assist in water planning for Rep. Heather A. Wilson (R-N.M.)." Though "larding up bills for endangered incumbents is nothing new," with "money tight and only two spending bills completed, this year's efforts focused less on home-district spending and more on substantive measures tailored to specific constituents -- a 'suburban agenda' for embattled Republicans in the suburbs of Philadelphia, bills to appeal to Christian conservatives for troubled Midwestern Republicans and expressions of independence for Republicans from districts that have turned against President Bush."

Murtha Said To Be Adept At "Turning Earmarks Into Power." The New York Times (10/2, Kirkpatrick, 1.21M) reports, "Outside Washington," Rep. Jack Murtha, "a Vietnam veteran and longtime hawk, may be best known for his break with the president over the Iraq war last fall. But inside the Capitol, he is best known for turning earmarks into power. As the top Democrat on the House military spending subcommittee, he often delivers Democratic votes to Republican leaders in a tacit exchange for earmarks for himself and his allies. ... In one case that particularly irked Democratic partisans, Mr. Murtha led three others in voting against a politically vulnerable Louisiana Democrat's proposal to divert money intended to be spent on base closings to research prosthetic limbs for veterans. It

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failed by one vote." Within his district, his patronage "has transformed Johnstown into a national hub of the defense business, attracting giants like Lockheed Martin and Northrop Grumman. He even built one contractor from scratch."

Bill Would Allow GSA To Create Federal Acquisition Service. The Washington Post (10/2, Barr, 748K) reports in its "Federal Diary" column, "Legislation that would permit the General Services Administration to revamp troubled operations and create a new purchasing service has been sent to the president for his signature. Once the bill is signed, the GSA will roll out a new Federal Acquisition Service, which will combine the agency's Federal Supply Service and Federal Technology Service. Officials plan to have the FAS operating within 60 days after President Bush acts."

Study Finds Many Constituent E-Mails Not Reaching Lawmakers. The Washington Post (10/2, D1, Birnbaum, 748K) reports in its "K Street Confidential" column, "When citizens send e-mails to their congressmen through the Web sites of lobby groups, they expect those messages to zip electronically to the place they intended. It turns out that isn't always the case. A new study by a company that routes thousands of these e-mails to Congress shows that plenty of constituent e-mails never reach lawmakers' offices." The Post adds, "Lawmakers tend to think that e-mail communications and, in fact, almost all mass mailings are fake and can easily be disregarded, several executives said."

VA Depicted As Lacking Resources To Address Veterans' PTSD. In this week's edition, US News and World Report reports on Post Traumatic Stress Disorder in a package that includes a 3,900-word article, two sidebars, and a photo essay. Coverage is mixed for VA. While US News acknowledges progress t hat has been made in diagnosing and treating PTSD, the report nevertheless depicts VA as "straining" to meet the needs of returning veterans. Additionally, the article contrasts the way DoD deals with soldiers' PTSD with VA's treatment of the condition. In the article, U.S. News and World Report (10/1, Streisand, 2.03M) reports, "Since the war began, the departments of Defense and Veterans Affairs have stepped up efforts to address the mental health needs of soldiers before, during, and after they are deployed. And more effective treatments for PTSD have been developed. But as the war drags on, the psychological costs are mounting and so is the tab for mental health care. … Those who make it home often feel too stigmatized to ask for treatment lest they jeopardize their military careers. And if they do ask, they often can't get the care they need when they need it." Additionally, "there are concerns among veterans groups that the Bush administration is trying to reduce the runaway cost of the war by holding down the number of PTSD cases diagnosed (and benefits paid), and that the promise to protect the mental health of nearly 1.5 million troops is not being kept."

Bush Enjoying A Bump In The Polls. U.S. News and World Report (10/9, Pethokoukis, 2.03M) reports in its cover story, "President Bush is enjoying a bump up in the polls: His approval ratings-as measured by the USA Today/Gallup Poll-have drifted up from the mid-30s in early June to 44 percent now, their highest levels in more than a year. … The timing for a turnaround certainly is auspicious for Republicans going into the November 7 midterm congressional elections." US News adds, "Is the economy suddenly giving the GOP a lift? … As he stumps for GOP candidates, the president is talking more and more about the economy, first because he believes it is trending his way and second, many suspect, because he wants to distract voters from an unpopular war."

Krugman Says Bush's Social Security Proposal Spurred "Right-Wing Crackup." The New York Times' Paul Krugman (10/2) writes, "Future historians may date the beginning of the right-wing crackup to the days immediately following the 2004 election, when President Bush tried to convert a victory won by portraying John Kerry as weak on defense into a mandate for Social Security privatization. The attempted bait-and-switch failed in the face of overwhelming public opposition. If anything, the Bush plan was even less popular in deep-red states like Montana than in states that voted for Mr. Kerry. And the religious and cultural right, which boasted of having supplied the Bush campaign with its 'shock troops' and expected a right-wing cultural agenda in return — starting with a constitutional amendment banning gay marriage — was dismayed when the administration put its energy into attacking the welfare state instead."

Democrats Urged To Consider Social Security Reform Proposals. The Washington Post's Sebastian Mallaby (10/2) writes, "In rejecting Social Security

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discussions last week, the Democrats painted the conservatives' petition as a Trojan horse designed to get personal accounts back onto the table. Even if that were true, since when was all mention of personal accounts taboo for Democrats? A decade ago, a majority of the appointees to Bill Clinton's Social Security commission came out in favor of personal accounts. Even the dissenting minority was open to the idea of investing Social Security funds in the stock market. If today's Democratic leaders were even a little bit awake, they would realize that the case for Social Security reform has grown stronger since the Clinton era."

WPost Notes Allegations Of Impropriety Leveled Against Administration. The Washington Post (10/2, A18, 748K), in an editorial, notes the Interior Department's inspector general "says the department suffers from an 'anything goes' ethical culture." The Education Department's inspector general "found…officials violated conflict-of-interest rules and steered contracts for its $4.8 billion Reading First program to favored textbook publishers. Meanwhile, three top officials at the Department of Housing and Urban Development told the inspector general there that Secretary Alphonso Jackson had said 'it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered.' … And then there was the U.S. Coalition Provisional Authority in Iraq, which sent -- in the account of The Post's Rajiv Chandrasekaran, 'the loyal and the willing instead of the best and the brightest' to help rebuild Iraq -- with a screening process that featured questions on whether applicants voted for George W. Bush or even what they thought about Roe v. Wade ."

WSJournal Regards 109th Congress As A "Major Disappointment." The Wall Street Journal (10/2, 2.03M) editorializes, "It's not too soon to say that Republicans in the 109th have been a major disappointment. The best thing about this Congress is that by doing little at least it did little harm. But despite their best chance in 50 years to reform the creaky institutions of the welfare state, Republicans couldn't maintain the unity or discipline to achieve nearly any of what they promised in 2004." The Journal adds that "too many Republicans now believe their purpose in Washington is keeping power for its own sake. The reform impulse that won the House in 1994 has given way to incumbent protection."

LATimes Says Democratic Congress Would Provide A "Check On The Presidency." The Los Angeles Times (10/2, 918K) editorializes, "Not long ago, even the most optimistic Democrats thought the party would be lucky to regain control of the House of Representatives in the midterm elections. Now, buoyed by bad news for President Bush and once-favored GOP incumbents such as the gaffe-prone Sen. George Allen of Virginia, Democrats are daring to dream that they will gain control of both houses of Congress on election day. … A Democratic Congress would be more of a check on the presidency, less patient with the U.S. involvement in Iraq, more protective of civil liberties in the war on terror, more willing to allow regressive tax cuts to expire and, in the case of a Democratic Senate, unlikely to approve stridently conservative judicial nominees. It also would be more sympathetic to one of Bush's priorities, comprehensive immigration reform."

NYTimes Argues Federal Deficit Feeds Protectionist Fears. The New York Times (10/2, 1.21M), in an editorial, writes, "The Treasury secretary, Henry Paulson Jr., capped off his recent trip to China with a visit last week to Capitol Hill. His aim was to dissuade Senator Charles Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, from moving forward on their bill to impose punitive tariffs on China. … Mr. Paulson was right to try to parry the senators' protectionist efforts, and he has succeeded, for now. But the issue will persist so long as he fails to satisfactorily address a root cause of mounting protectionist pressures: the United States' growing indebtedness to the rest of the world. … To reduce excessive foreign borrowing, it is imperative to reduce the federal deficit."

OTHER NEWS:

Democrats Hope Message On Economic Inequality Resonates With Voters. The Wall Street Journal (10/2, Solomon) reports in a front page story that "many Democratic politicians, shrugging off lessons of recent political history, see this as the year when the widening gap between the rich and the rest of America will help win them votes." Democrats from Rep. Brad Miller in North Carolina "to Michigan Sen. Debbie Stabenow in a tough re-election fight and Claire McCaskill in her challenge to

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Missouri incumbent Republican Sen. Jim Talent -- are sounding similar themes: The U.S. economy is growing, but the poor and especially the middle class aren't benefiting. The rich are. And President George W. Bush and a Republican Congress are to blame, they argue." The Journal adds, "It's a risky bet. Government data do show an unambiguous trend toward a widening gap between the rich and everyone else, a trend that pre-dates Mr. Bush's election in 2000. And yet U.S. electoral history is littered with Democrats who tried to use the inequality issue only to find voters unswayed and Republicans accusing them of 'class warfare' or business-bashing."

Consumer Spending Remains Strong Despite Less Use Of Home Equity. The Wall Street Journal (10/2, Conkey) reports a year "into the housing market's slowdown, Americans have yet to snap shut their wallets, defying predictions that the cooling market would have a chilling effect on consumer spending." Despite what appears "to be the most significant housing-market slump in more than a decade, the nation's consumers have increased their purchases of goods and services at an inflation-adjusted annual rate of more than 3% -- just as they have for the past two years." Americans "aren't using their houses like ATMs as much as they once did. Even so, their willingness to spend hasn't suffered, though economists don't agree on why."

Workers' Compensation Said To Be Rising. In a Wall Street Journal op-ed (10/2), Allan Hubbard director of the National Economic Council, and Edward Lazear, chairman of the President's Council of Economic Advisers, say, "American workers are among the hardest working and most productive in the world. They deserve to receive their share of the gains in this economic expansion, as they have in past expansions." A pattern "that prevails as the economy moves from recession to recovery, and then into a sustained expansion, is that productivity grows first. The higher productivity growth means higher profits for businesses, which induce them to expand output and then employment. Later, as fewer workers are available for hire, wages grow, profit rates fall, and workers' share of the gains rises. This is what we observed during the last expansion. After the recession in the early 1990s, wage growth was flat. It did not pick up until the last few years of the decade. We are seeing the same pattern in this economic expansion. Productivity growth has been exceptionally strong in the past five years, well above the historical average. And now employee compensation per hour has also picked up. Over the first half of this year, compensation growth has averaged a remarkable 6.3%, at an annual rate adjusted for inflation. This growth is much faster than in previous years."

Democrats Hope Military Candidates Boost Image On National Security. The Christian Science Monitor (10/2, Feldmann) reports that for "most of the 51 Democratic military veterans running for Congress this fall as nonincumbents - 50 for the House and one for the Senate - the climb is steep. In the House, only six are in competitive races, as defined by the nonpartisan Cook Political Report. The one Democratic Senate challenger who's a vet, Jim Webb of Virginia, is locked in a tight race against Sen. George Allen (R) after a series of mishaps by the senator." Of the "40 Republican military vets running for the House as challengers, only five are in competitive races. So the military credential has not been a big boon to either party's roster. But the Democratic Party, which has struggled for decades with an image of weakness on security, has tried to make more of their candidates' military service than has the GOP. And even if winning election to Congress is beyond the reach of many Democratic vets, they argue that they can still help their party."

Bush Will Spend Much Of This Month Raising Funds For GOP Candidates. USA Today (10/2, Jackson, 2.27M) reports President Bush's "calendar this month will be filled with political events on behalf of GOP candidates for the House of Representatives, Senate and governor's offices, including a three-day Western swing starting today. 'The fact is we've got more requests than time,' White House spokesman Tony Snow said." USA Today notes that "Over the next three days, Bush will stump and raise money for House candidates in Nevada, Arizona and California. In the Golden State, Republican incumbent Reps. John Doolittle and Richard Pombo have had to answer questions about ties to disgraced lobbyist Jack Abramoff. Both deny any impropriety or wrongdoing. Bush will try this week to help Bob Beauprez in Colorado, where the congressman lags in the polls in his bid for governor." Bush "through Friday has raised $182 million for Republican candidates and organizations, the Republican National Committee says. That's closing in on the at least $188 million he took in during the 2001-02 campaign season, according to published reports."

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Brown Leads DeWine 45-43 According To New Mason-Dixon Poll. The Washington Times (10/2, Pfeiffer, 88K) reports, "The Mason-Dixon poll of 625 registered Ohio voters shows" Rep. Sherrod Brown leading Sen. Mike DeWine "45 percent to 43 percent, with a four-point margin of error. In the same poll, Mr. DeWine is trailing Mr. Brown among independent voters, 52 percent to 33 percent. … The Mason-Dixon poll shows 10 percent of voters remain undecided about which candidate they will support, meaning either candidate is well within striking distance with just over a month before Election Day." McClatchy (10/2, Thomma) notes DeWine "led among men by 47-43 percent, but trailed among women 47-39 percent."

DeWine Distances Himself From Bush's "Cut And Run" Comment. During a debate on NBC's Meet the Press (10/1, Russert) DeWine was asked if he agreed with President Bush that the Democratic Party has become "the party of cut-and-run," DeWine answered, "I don't use that term at all. … It's just not a term that I use, cut-and-run." Asked if the president's rhetoric was "inappropriate," DeWine replied, "I don't know what it means. I don't know what it means to people." But let me tell you what I believe and what I feel in my heart and what I think the evidence clearly shows."

Brown Says He Would Not Cut-Off Funding For Iraq War. Also on NBC's Meet the Press (10/1, Russert) Brown was asked if he would support "measures to cut off funding for the war." Brown responded, "No, I would not vote against the troops in the field." Brown went on to explain that he had voted against $87 billion in military spending in 2003 because "there was a better way to do it. Much of that $87 billion went to Halliburton and went to Bechtel and went to Parsons, and it was not -- there was no accountability. It was a blank check. I wanted $87 billion, the money to go to the troops for body armor. I spoke out on body armor in committee over, over and over." DeWine countered, "You are absolutely unbelievable. How can you say this when you, Sherrod, voted five different times against funding for body armor when it really counted, when it was real money? You voted five times against body armor."

USA Today (10/2, 2.27M) reports Brown, "who voted against giving President Bush the authority to go to war in 2003, seized on the recent disclosure of a secret intelligence report and new books saying the war has increased terrorist threats."

The Washington Times (10/2, Pfeiffer, 88K) reports Brown "said U.S. commanders should initiate a plan for troop withdrawal within two years. When it was pointed out that he voted in favor of a 1998 resolution calling for regime change in Iraq, Mr. Brown said he supported the resolution under the reasoning that economic sanctions would be enough to force Saddam from power."

Ford Pulls Ahead Of Corker 43-42. The AP (10/2) reports that according to a new Mason-Dixon poll Rep. Harold Ford "is running even with Republican Bob Corker in Tennessee. … Ford had the backing of 43 percent …while former Chattanooga, Tenn., Mayor Corker was backed by 42 percent. Corker had a lead in midsummer polling matching the two." The AP notes the poll "of 625 registered voters" was "conducted Sept. 25-28." The margin of error is "plus or minus 4 percentage points."

McClatchy (10/2, Thomma) reports Ford "led among women 47-38 percent, and among Democrats 88-4 percent. He also led among his fellow African-Americans by a margin of 91-3 percent." Corker "led among men by 46-to-39 percent, among Republicans by 76-to-10 percent and among independents by 43-to-33 percent. He led among whites by 49-to-35 percent."

Tester Widens Lead Over Burns To 47-40. The AP (10/2) reports that in Montana, Democrat Jon Tester "has edged ahead of" Sen. Conrad Burns "by 47 percent to 40 percent. They were tied in August polling."

GOP Officials Say Party's Election Prospects Are Not As Bad As Reported. Time (10/9, Allen, Carney, 4.03M) reports that "top Republican officials maintain an eerie Zen-like calm" going into this fall's elections despite polls that "keep suggesting that Republicans could be in for a historic drubbing." GOP officials "insist that the prospects for their congressional candidates in November's midterms have never been as bad as advertised and are getting better by the day." Time adds, "Over the next few weeks, the party will begin flying experienced paid and volunteer workers into states for the final push. The Senate Republicans' campaign committee calls its agents special teams, led by marshals, all in the service of the partywide effort known as the 72-Hour Task Force because its working philosophy initially focused on the final three days before an election. So Republicans hope to close the deal in tight races with a get-out-the-vote strategy that was developed in the wreckage of the 2000 presidential campaign."

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GOP Frames Message Around Higher Taxes Under Democratic Congress. U.S. News and World Report (10/9, Gilgoff, 2.03M) reports, "While the debate over the Iraq war and national security has absorbed most of the national media spotlight going into the midterms, the question of whether voters share the Democrats' gloomy view of the national economy or the more upbeat Republican assessment is expected to be almost as important in determining which party will control Congress next year. … With that in mind, the GOP is framing its economic message around the specter of higher taxes under a Democratic-controlled Congress. The National Republican Congressional Committee is running attack ads on taxes in roughly 10 districts, more than it's running on any other issue, including immigration or terrorism."

Experts Say Graham Unlikely To Run Unopposed In 2008. U.S. News and World Report (10/9, Knight, 2.03M) reports that in the four years he has been in the Senate, South Carolina Sen. Lindsey Graham "has quickly become a key player-known both for his willingness to challenge the Bush administration and his ability to work across the aisle. This mix of talents has won him a host of admirers, some of whom think he might someday be presidential timber, as well as a few grumbles from conservatives back home." US News adds, "Graham's appearances with Sen. Hillary Rodham Clinton and other Democrats, and his support of McCain's presidential bid in 2000, don't always sit well with conservatives back home. … So political experts say Graham probably won't go unopposed in the 2008 primary. But he is also unlikely to lose."

Clinton's Meeting With Liberal Bloggers Seen As Part Of 2008 Strategy. In an op-ed for USA Today (10/2, 2.27M) David Perlmutter, a professor at the University of Kansas, writes, "Recently, Bill Clinton went to the blogs. Now the political world might never be the same. While blogging has caught on everywhere, presidential front-runner Hillary Clinton still does not blog -- or at least not much. But her husband's lunch with leftbloggers such as Atrios, MyDD's Matt Stoller, Daily Kos' McJoan and Americablog's John (according to TalkLeft.com) might signal an innovative commitment to blogging for the office of commander in chief."

Fox News Celebrating Its Tenth Anniversary. USA Today (10/2, Johnson, 2.27M) reports, "In just 10 years, Fox News — the channel liberals love to hate — has transformed the cable news landscape with its in-your-face brand of news with 'tude. In the process, it has reduced granddaddy CNN to a distant second and NBC's cable news venture, MSNBC, to an also-ran. … As Fox News begins its next decade, the explosive growth that marked its first has ebbed. Fox News Channel now draws an average of 840,000 viewers daily (6 a.m. to 11 p.m.) — compared with CNN's 448,000 and MSNBC's 270,000. But Fox's average prime-time viewership dipped 35% in the third quarter of this year compared with last year, when Katrina dominated the news."

The Washington Post's Howard Kurtz (10/2) writes this morning, "Ten years after he created Fox News Channel, Roger Ailes says he still avoids mentioning his place of employment in certain circles. … If the paunchy 66-year-old executive sounds as though he still harbors sharp resentments toward a liberal-leaning world, that bristling attitude is embedded in his network's genetic code as well. Ailes says he recently considered retiring but rejected the idea because, well, there are too many things that still tick him off."

Drudge's Influence Said To Rival Cronkite's. ABC World News (10/1, story 8, 315, Harris) reported, "In this year's crucial Congressional elections, one of the most potent weapons in the Republican arsenal is a lone man, running a no-frills Website out of his apartment in Miami." Matt Drudge "whether you read him or not, he's had a tremendous influence on what you know about politics." Drudge "can send shockwaves through newsrooms and campaign headquarters nationwide with breaking news, often heralded by his trademark siren." Mark McKinnon, Bush Campaign consultant: "When there's a siren, man, that's a three-alarm news day." Harris: "Republican operatives keep an open line to Drudge, often using him to attack their opponents." McKinnon: "I know that we'd have meetings and that information would find its way to Drudge. And walk out of meetings, and ten minutes later, it would be on Drudge." Harris: "And then the traditional media often picks it up." A new book, "co-authored by ABC news political director Mark Halperin, compares Matt drudge to Walter Cronkite. You describe him as being the Walter Cronkite of his generation. Is that not somewhat of an overstatement?" Mark Halperin: "Today Matt Drudge can influence the news like Walter

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Cronkite did. No one else has the power of Matt Drudge, just like Walter Cronkite to change the story line, put something on the radar, get something in the consciousness."

Flawed 1936 Poll's Influence Noted. The Wall Street Journal (10/2, Crossen, 2.03M) reports that the failure of a "massive" poll on the 1936 presidential election led to changes that influenced the modern polling industry.

Rice Opens Middle East Trip. The New York Times (10/2, Shenon, 1.21M) reports Secretary Rice "departed Sunday for the Middle East, on a trip billed by aides as an effort to bolster the embattled" Palestinian President Mahmoud Abbas "in his struggles with [Hamas], and to consult with Arab allies on Iran's nuclear program and the turmoil in Iraq." The Times says the State Department "sought to play down expectations for Ms. Rice's trip," and notes that she "was criticized by Arab leaders for failing to move quickly to try to end the" Israel-Hezbollah war during her July visit to the region. Assistant Secretary McCormack "said this week's trip, scheduled to begin in Saudi Arabia and to include stops in Egypt, Israel and the West Bank, was not likely to produce any major steps forward for American policies in the Middle East." The Times adds, "Despite her absence from Washington, Ms. Rice seemed most likely to be dogged from a distance this week about descriptions of her actions in" Bob Woodward's "State of Denial."

The AP (10/2) adds Rice "is renewing efforts to revive stalled Mideast peace talks, visiting the region this week for the first time since" July. She "planned stops in Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders. On Tuesday, she meets with Egypt's president and eight Arab foreign ministers in Cairo with the Israel-Palestinian dispute at the top of the agenda." The AP says Rice "took heavy criticism for U.S. unwillingness to move for a quicker end to fighting in Lebanon" during her July trip. "This time, Rice's goal will be to move the U.S. democracy agenda forward with a discussion of threats to stability and moderation in the region such as Iran, Hamas and Hezbollah, her spokesman said last week."

USA Today (10/2, Slavin, 2.27M) reports, "Jamal Khashoggi, an adviser to the Saudi ambassador to Washington, Prince Turki al-Faisal, said the Bush administration plans a major push to address the Israeli-Palestinian dispute after U.S. elections in November. In part, the effort is intended to help the United States' Arab allies offset criticism that they have done less to help the Palestinians than radicals such as Hezbollah and Iran, Khashoggi said." USA Today adds, "Expectations for quick progress by Rice are modest."

Ahmadinejad Vows To Expand Uranium Enrichment. The AP (10/2, Dareini) reports Iranian President Mahmoud Ahmadinejad "said his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel and calling allegations that Tehran was seeking nuclear weapons a 'big lie.'" Yesterday, he "reinforced his rejection of demands by the U.S. and its allies to stop enrichment, saying his country was committed to generating nuclear fuel for electricity," and added "that Iran will hopefully install up to 100,000 centrifuges." The AP says this public address "was one of several lately in which Ahmadinejad has said Iran will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium to produce nuclear fuel and won't consider suspending it, even for a day."

Iran Seeks Face-Saving Language To Halt Uranium Enrichment. U.S. News and World Report (10/9, Bedard, 2.03M) reports in its "Washington Whispers" column, "Good news on those Iran-European Union talks over stopping Tehran's bid to build a nuke: Iran's likely to suspend its uranium enrichment program if nobody really calls it that. Insiders say they want some face-saving language in any deal that makes it look like they didn't cave in to western pressure."

Koppel Says US Should Let Iran Have Nuclear Weapons. Ted Koppel writes in the New York Times (10/2, 1.21M), "Ahmadinejad's tweaking of the West and his refusal to bow to pressure on the nuclear issue are widely popular in Iran. There was a time, not long ago, when many Iranians genuinely believed that there was a danger of an American military attack, even an invasion. Hardly anyone seems to believe in that possibility any more. What, then, can the United States do to prevent Iran from developing nuclear technology? Little or nothing. Washington should instead bow to the inevitable." Koppel adds, "If Iran is bound and determined to have nuclear weapons, let it. The elimination of American opposition on this issue would open the way to genuine normalization between our two nations. It might even convince the Iranians that their country can flourish without nuclear weapons." But "this should also be made clear to Tehran: If a dirty bomb explodes in Milwaukee, or some other nuclear device detonates in Baltimore or Wichita, if Israel or Egypt or Saudi Arabia should fall victim to a nuclear

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'accident,' Iran should understand that the United States government will not search around for the perpetrator. T he return address will be predetermined, and it will be somewhere in Iran."

Hamas-Fatah Gun Battle Kills At Least Six, Wounds More Than 100. ABC World News (10/1, story 4, 0:20, Harris, 8.78M) reported, "In the Middle East, fierce fighting in the Gaza Strip, between two rival Palestinian factions. At least seven people were killed in the worst violence in months between the two major political parties, Hamas and Fatah. This will complication the mission of US Secretary of State Condoleezza Rice, who was coming to the region to try to restart peace talks between Israel and the Palestinians."

NBC Nightly News (10/1, story 5, 1:45, Aspell, 9.87M) reported, "Many of the casualties were civilians caught in the cross fire. Among those wounded, a camera man. In the West Bank loyalists stormed the Hamas controlled legislative council building setting offices on fire. The Hamas Prime Minister defended his militiamen saying they had act the lawfully to break up the street protests. But Fatah loyalists blame Hamas for refuse to honor agreements signed by the former Palestinian government."

The Washington Post (10/2, A14, Wilson, 748K) reports, "At least six people were killed, including two teenage boys, and more than 100 were injured in day-long clashes that marked the most severe partisan violence between the two sides in months." The Post says the failure of Fatah and Hamas leaders to form a unity government "has brought mutual…at a time of stifling economic crisis in the territories stemming from international sanctions." Fatah leaders "called on Abbas…to launch a probe into the crackdown and take action against the Hamas government." While he "has so far declined to exercise his authority to fire [Prime Minister] Haniyeh and dissolve the government," the Post says "pressure is building within [Fatah] for him to take bold steps to end the political crisis following" the end of unity talks.

The New York Times (10/2, Erlanger, 1.21M) notes Hamas and Fatah "gunmen fought running battles in Gaza on Sunday, as Hamas forces tried to disrupt Fatah-organized protests over unpaid government salaries. Six Palestinians were killed and more than 100 were wounded. The clashes were among the most severe between the Palestinian factions since" the January elections. The Times adds the "clashes in Gaza were bloody," and notes Hamas forces "fired guns and antitank grenades after the interior minister, Siad Siam, ordered them to stop what Hamas considers to be a rebellion among the Fatah-dominated security forces." The Times says "tensions throughout the Palestinian territories have been particularly high during the Muslim holy month of Ramadan, because both" Abbas and Haniya "had promised that a month's salary would be paid to the 170,000 or so employees."

The Washington Times/AP (10/2, Barzak) adds, "Heavily armed Hamas militiamen's efforts to break up anti-government protests on Sunday sparked gunbattles across the Gaza Strip that killed eight people in the worst internal Palestinian violence since Hamas took power." Fatah forces "retaliated by torching the Palestinian Cabinet building in Ramallah, attacking Hamas offices throughout the West Bank, kidnapping a Hamas minister and threatening a mass strike. The spasm of violence dampened already fading hopes for the creation of a national unity government between the two groups that could end crippling economic sanctions." The Los Angeles Times (10/2, Ellingwood, 918K) runs a similar report.

Israeli Soldiers Pull Out Of Lebanon. ABC World News (10/1, story 5, 0:10, Harris, 8.78M) reported, "Israel finished pulling its troops out of almost all of southern Lebanon six weeks after a ceasefire took hold there. The Israeli soldiers returned home with little fanfare to a country many believe was weakened by the war."

The AP (10/2, Hendawi) reports, "Both the Lebanese government and Hezbollah dismissed the withdrawal, which came more than six weeks after a cease-fire ended the 34-day conflict, as 'incomplete' and demanded Israel stop what they called its violations of Lebanon's airspace, sea and land. … Senior Hezbollah official Sheik Hassan Ezzeddine warned the Islamic militant group would resume attacks against Israel if it breached the UN cease-fire, which went into effect Aug. 14."

Pakistan's ISI Accused Of Sponsoring Terrorism. The Washington Times (10/2, Bedi, 88K) reports, "India accused Pakistan's spy agency yesterday of colluding with Islamist militants in a series of bomb attacks that killed 186 persons on trains in Bombay in July." Bombay's police commissioner, A.N. Roy, "said the 'terror plot' was sponsored by Pakistan's Inter-Services Intelligence (ISI), executed by Pakistani militants and aided by a banned

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Indian Islamist group." Commissioner Roy "said an intensive investigation, including the use of 'narco-analysis tests,' or truth serum, showed that at least 12 Indians and 11 Pakistanis were involved in the bombings."

The Christian Science Monitor (10/2, Sappenfield, 58K) reports "other nations are joining the chorus. Last week, a think tank in Britain's Defence Ministry released an incendiary report saying that Pakistan's Inter-Services Intelligence (ISI) agency 'has been supporting terrorism and extremism, whether in London...or in Afghanistan or Iraq.' On top of that, Afghan President Hamid Karzai spent most of the past week condemning Pakistan for ignoring and even abetting extremism, while frustrated American military officials decried Paki-stan's inability to clamp down on the Taliban in its border territories." The ISI has "a well known history of incubating militant outfits. In a bid for greater influence in Afghan affairs, ISI is believed to have helped the Taliban during its rise a decade ago. Indeed, Pakistan was one of only three countries to recognize the Taliban government. The ISI is also widely believed to have become involved with terrorist groups directed toward the conflict in Kashmir."

China Sends Bird Flu Samples To CDC After 18 Month Delay. The Washington Times (10/2, Zarocostas, 88K) reports, "After 18 months of stalling and repeated calls for cooperation by international health officials, China is expected to deliver a batch of animal virus samples of the lethal avian influenza virus H5N1," officials at the World Health Organization say. The Centers for Disease Control and Prevention (CDC) laboratory in Atlanta expects the samples to arrive "in the coming days," said WHO researcher Mike Purdue. The Times notes that international health officials and diplomats "have long been frustrated" by Beijing's failure to send the samples "promptly, despite its public pledges of full cooperation."

Brazilian President Forced Into Runoff. The Brazilian presidential election is widely covered in major newspapers, and reporting tends to emphasize President Luiz Inacio Lula da Silva's failure to win an outright majority and avoid a runoff. The Washington Post (10/2, A14, Reel, 748K) reports Silva "won the first round of Brazil's presidential election Sunday, but fell short of earning enough votes to avoid a runoff later this month against the second-place challenger," former Sao Paulo Gov. Geraldo Alckmin. The Post adds, "Corruption scandals have hounded him during the past year, including one that surfaced just before the election charging that his campaign staff paid for damaging information about Alckmin." However, "overwhelming support from the poor has helped Lula weather" those allegations, and "his support rests on the fact that poverty rates have dipped since he was elected four years ago, thanks in part to increased government social spending, lower inflation and a stable currency."

The Financial Times (10/2, Wheatley) notes, "Brazilian voters have delivered an unexpected setback to" Silva, "who had been widely expected to win an outright majority in elections on Sunday and avoid the need for a second-round run-off." His "commanding lead in opinion polls fell away in" recent days "after leaders of his campaign team and his left-leaning party, the PT, were caught attempting to smear an opposition candidate."

The Washington Times/AP 10/2, Olmos) calls the results "a stunning defeat for Silva, after polls less than a week ago predicted him trouncing Alckmin with 59 percent of the vote." Silva "saw his once-commanding lead plummet on the eve of the vote as his Workers' Party was battered by allegations that party officials tried to buy a mysterious dossier that apparently contained incriminating information about a political rival."

The Wall Street Journal (10/2, A3, Moffett, Samor, 2.03M) says, "Turned off by government corruption, Brazilian voters denied" Silva "the majority of the vote he needed to win re-election in yesterday's first round of balloting, setting the stage for a runoff with centrist Geraldo Alckmin" that will occur October 29. Silva "has witnessed an erosion in his once formidable lead in the past couple of weeks following" scandal "revelations," and his "failure to convincingly address the scandal -- he skipped a debate with other candidates Thursday -- clearly upset voters, who had seen a host of previous corruption cases in his government." The Journal says Silva enters the runoff with "the advantages of incumbency," but Alckmin has "momentum," and recent polling showed Alckmin within "just five points" of Silva.

The New York Times (10/2, Rohter, 1.21M) reports Alckmin "ended up finishing first in the more industrialized, modern and prosperous states of Brazil's south, including his home state of São Paulo, with 40 million people the largest in this nation of 185 million." Silva "performed strongest in the poorer, more backward states of the country's northeast, his native region, where he ended up polling more than two-thirds of the vote." The Times notes the "division of Latin

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America's largest country into two evenly matched groups, one pro-Lula, the other opposed to him." The Los Angeles Times (10/2, McConnell, 918K) also reports the story.

Social Democrats Win Austrian Elections. The New York Times (10/2, Landler, 1.21M) reports, "In an election shadowed by fears about immigration, voters in Austria rebuked the governing People's Party on Sunday, handing a narrow victory to the Social Democratic Party and leaving two extreme right parties as players on an uncertain political landscape." Chancellor Wolfgang Schüssel's People's Party "won 34.2 percent of the vote, a loss of more than eight percentage points from the election in 2002. The Social Democrats won 35.7 percent, raising the prospect that their leader, Alfred Gusenbauer, could replace Mr. Schüssel as chancellor, perhaps in a so-called grand coalition with the People's Party." The Times says "the size of" Schussel's "loss was a surprise, and a stinging reversal for [the man] who once reaped credit for Austria's robust economy." Jorg Haider's Alliance for Austria's Future "appeared to have clung to seats in Parliament, winning 4.2 percent of the vote, just above the required 4 percent threshold," making the election "a reprieve from political extinction." The Times adds, "While the extreme right did not match its best result — 27 percent in 1999 — it remains a force. A sign of that, analysts said, is that the anti-immigrant talk honed by Mr. Haider in the 1990's has become part of the political mainstream. … Many Austrians are convinced that the European Union's expansion will flood the country with people bent on taking their jobs."

The Financial Times (10/2, Frey, Simonian) adds Schussel "suffered a stunning defeat in general elections on Sunday as the rival Social Democrats narrowly beat [the People's Party] into first place. The result makes it almost certain" that the Schussel government "will be replaced by a grand coalition led by Alfred Gusenbauer, the Social Democrat leader." The Times notes that "the broader economic measures that have made Austria one of the European Union's most successful members and prompted growth of more than 3 per cent this year are not expected to change significantly." The AP (10/2, Oleksyn) says the results will move "the country to the center-left after more than six years of influence by the extreme right, final unofficial returns showed."

Hungarian Prime Minister's Party Loses Local Elections, President's Backing. The Financial Times (10/2, Condon) reports Hungarian Prime Minister Ferenc Gyurcsany "suffered a double blow on Sunday night, when Laszlo Solyom, the president, called for his removal. Later, voters in nationwide local elections gave his Socialist party a beating. Neither Mr Gyurcsany's position nor his newly introduced austerity measures was immediately threatened as his party continued to rally behind him." The Times says Gyurcsany's "ability to press forward with long-term plans for difficult public sector reforms may have suffered" after the opposition Fidesz Party "looked headed for victory in 18 of 19 counties and in 19 of 23 cities." Gyurcsany's "Socialists were headed for only one significant victory, in Budapest, where they and their liberal coalition looked likely to retain control of the city council and the mayor's office."

The New York Times (10/2, Dempsey, 1.21M) says Solyom "asked Parliament to oust" Gyurcsany "for lying to the country about the state of the economy." The Times reports somewhat more positive local elections results for the Socialist Party.

Serbia Adopts Constitution Asserting Sovereignty Over Kosovo. The New York Times (10/2, Wood, 1.21M) reports, "As the United Nations Security Council looks increasingly likely to grant independence to Kosovo, Serbia's government has adopted a new Constitution that asserts what it considers is its irrefutable right to the province." The Serbian Parliament "voted overwhelmingly on Saturday to pass the Constitution, which includes a provision that defines Kosovo -- currently administered by the United Nations -- as an 'integral part' of Serbia."

Tension Between Russia And Georgia Increases. The AP (10/2, Danilova) reports, "The Cold War is long over, but the tension between Georgia and Russia revisits many of its issues -- allegations of spying by Moscow, suspicions of interference by the United States and concerns that a hot war will start without some sort of compromise. Last week's arrest of four Russian soldiers on charges of spying pushed a decade of animosity between Russia and Georgia to new heights. Russia recalled its ambassador, called Georgia a 'bandit state' and stopped issuing visas to Georgians." The reactions "were far stronger than the tit-for-tat expulsions that usually accompany espionage scandals." The AP adds, "Amid an exchange of angry words, Russian President Vladimir Putin's response on Sunday stood out --

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likening Georgia's actions to those of Lavrenti Beria, the Georgian who headed the Soviet secret police under Joseph Stalin, and calling them 'state terrorism.'" But "also Sunday, Putin took a step that could keep the tensions from spiraling further by ordering the defense ministry to continue its plans for withdrawing troops from Georgia. A Russian general a day earlier had announced that the plans were suspended."

The Washington Post (10/2, A16, Finn, 748K) reports, "Georgian officials denounced the comments of Putin and other Russian officials as bellicose. 'Our opinion is that this warlike rhetoric...can be described as an explicit threat to use military force,' the Georgian Foreign Ministry said in a statement." The Post adds, "The intensity of the rhetoric has alarmed Western officials, who are calling for a negotiated settlement and privately urging the Georgians to find a quick solution, probably by expelling the Russians rather than putting them on trial, diplomats said." Some Russian legislators "are calling for a military solution, which would put Russia in conflict with a close U.S. ally with a force trained by Americans. Senior Russian officials so far have ruled out that option." The Los Angeles Times (10/2, Holley, 918K) also reports the story under the headline "Putin Accuses Georgia of Employing Stalinist Tactics."

Incumbent President Leading In Zambian Election. The New York Times (10/2, Wines, 1.21M) reports, "Zambia's incumbent president, Levy Mwanawasa, surged into the lead on Sunday as vote-counting in that nation's presidential election neared a conclusion, leading angry supporters of the main opposition candidate to riot in some urban centers." Mwanawasa's rival, Michael Sata, "who led in vote tallies until now, accused the government of withholding results from provinces where he had done well and said the government was "creating tension in the nation" by refusing to acknowledge his victory." But "the nation's largest independent newspaper, The Zambia Post, said the results so far seemed to reflect its own polling of voters around the country. And a leading political historian, Bennett Siamwiza of the University of Zambia, said in a telephone interview that he believed that the vote, on Thursday, had been the most orderly and corruption-free in the nation's history."

Private Companies Seek To Take Over Peacekeeping Missions In Darfur. The Washington Times (10/2, Witter, 88K) reports, "Private military companies protecting American diplomats, aid workers and local officials in Iraq and Afghanistan are making a pitch to take over UN peacekeeping missions in Darfur and other global hot spots where the United Nations is unable to stop the killing. Companies such as Blackwater, Triple Canopy, DynCorp and Halliburton have mushroomed in size and number since the 2003 Iraq invasion, serving an increasing need to protect people and projects from terrorist attacks. … Some companies are looking beyond Iraq and seeking a greater role in peacekeeping, and the largely ineffective deployment of a 7,000-member African Union (AU) force in the Darfur region of western Sudan provides an opportunity."

US Urged To Use Force To Stop Darfur Genocide. Susan E. Rice, a senior fellow at the Brookings Institution, Anthony Lake, a professor at Georgetown University, and Donald M. Payne a Democratic representative from New Jersey, write in the Washington Post (10/2, A19, 748K) that Sudan "is launching a major offensive in Darfur. After three years of fruitless negotiation and feckless rhetoric, it's time to go beyond unenforced U.N. resolutions to a new kind of resolution: the firm resolve to act." The US "should press for a U.N. resolution that issues Sudan an ultimatum: accept unconditional deployment of the U.N. force within one week or face military consequences. … The United States, preferably with NATO involvement and African political support, would strike Sudanese airfields, aircraft and other military assets." They add, "This genocide has lasted three long years. Peaceful measures have failed. The Sudanese government is poised to launch a second round. The real question is this: Will we use force to save Africans in Darfur as we did to save Europeans in Kosovo?"

Report Alleges Effort To Rig Bahrain Elections. The New York Times (10/2, Fattah, 1.21M) reports that a report from a former government adviser has set off a firestorm just months before Bahrain is to hold parliamentary and municipal elections. In the report, the former adviser describes "what he says is a vast conspiracy to rig the elections, manipulate the country's sectarian balance and ensure Sunni domination over the country's majority Shiites. The scandal, which is being called 'Bandargate' after the author of the report, Salah al-Bandar, reaches to the core of this tiny island kingdom's simmering tensions."

Toxic Sludge Kills Eight In Ivory Coast. The New York Times (10/2, Polgreen, Simons, 1.21M) reports that

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toxic sludge dumped from a Greek-owned tanker flying a Panamanian flag and leased by the London branch of a Swiss trading corporation, has caused the deaths of eight people in Ivory Coast. In addition, "dozens have been hospitalized and 85,000 have sought medical attention, paralyzing the fragile health care system in a country divided and impoverished by civil war, and the crisis has forced a government shakeup." The Times adds, "Exactly where the waste originated remains unclear. A spokesman for Trafigura, Jan Maat, said the Probo Koala had served in the Mediterranean 'as a floating storage tank' and had taken on loads from several different ships, but he declined to give details."

US To Forgive Guatemalan Debt In Effort To Save Threatened Forests. The New York Times (10/2, Lacey, 1.21M) reports, "The United States government has joined with two environmental groups in a debt-for-nature swap, which will forgive about 20 percent of Guatemala's $108 million in foreign debt to Washington in an effort to help threatened tropical forests there, American and conservation officials said late last week. In a deal to be announced Monday in Guatemala City, the government of Guatemala has agreed, in exchange for the debt forgiveness, to invest $24.4 million over the next 15 years in conservation work in four nature regions." The Times adds, "The bulk of the money generated by the debt forgiveness will go to private organizations working to preserve the country's nature areas. A $4.9 million conservation trust fund will also be set up to generate interest income for future grants."

Sarkozy Says Turkey Should Not Be Given Full EU Membership. Nicolas Sarkozy, France's interior minister, writes in the Wall Street Journal (10/2, 2.03M), "Next year's 50th anniversary of the EU's founding Rome treaty should be celebrated with pride, for it marks an historic achievement: Half a century of reuniting a divided Continent. … So who is European and who is not? Clearly, some non-member countries are part of the European continent and have the right to full EU membership. … Then there are other countries whose right to join the Union is debatable or who, although neighbors, are clearly non-European. For this latter group in the Euro-Asian and Mediterranean areas we should avoid presenting them with overly stark choices: Full membership or nothing at all. Our first step should be to establish preferential partnerships so we can work together while still observing our different interests and values. Of all the countries with which the EU should have preferential relations there is Turkey, our neighbor and friend, sharing many of our security concerns and many of our values. These are good reasons for strengthening our ties with Turkey, without going so far as offering full membership."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"FBI To Look At Foley's Actions."
"Private-Sector Anger Builds As Public Pension Costs Rise."
"Mercy Comes To A Slum."
"A Ribbon Cut Stubborn Day Fire Down To Size."
"The Chaos Behind California Executions."
"Playoff-Bound Dodgers Already Thinking Ahead."

USA Today:

"Largest By Enrollment."
"Schools Give Student Data To Banks."
"10 Years later, Fox News Turns Up The Cable Volume."
"FBI Looks At Foley's E-Mails To Teens."

New York Times:

"Roberts Court May Be Defined In Second Term."
"Former Pages Describe Foley As Caring Ally."
"Global Sludge Ends In Tragedy For Ivory Coast."
"Trading Votes For Pork Across The House Aisle."
"Wal-Mart to Add More Part-Timers And Wage Caps."
"Hardball Ain't the Only Game In Brooklyn Anymore."

Washington Post:

"Should He Stay?"
"FBI To Examine Foley's E-Mails."
"Letter Gives Glimpse of Al-Qaeda's Leadership."
"Fenty To Name D.C. Administrator."
"Book Club Inspiries Black Youths."

Washington Times:

"Respect Comes Full Circle As Robinson Says Goodbye."
"Hastert Ask For Inquiry Of Foley."
"Hamas-Fatah Gunbattles Cover Gaza."
"DeWine Senate race Now Dead Heat."
"Threatened By Soldiers, Iraq Doctors 'Don't Feel Safe.'"
"Where's The Beef? Cattle Rustlers Know."

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Detroit Free Press:
"Roadwork Ahead."
"Metro Arabs See Cost Of War."
"Survivors Gather In Lake George And Celebrate Life."

Atlanta Journal-Constitution:
"Limits On Farm Aid Exist-On Paper."
"Perdue's Lead Big, Poll Finds."
"Wired For Debate."
"Twin Teacher Teams Draw Double Takes."

Houston Chronicle:
"Court To Decide: Does Deportation Fit Crime?"
"Deadly Smuggling Case Back In Court."
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"A Super Day For Williams, Texans."
FBI Reviewing Ex-Lawmaker's E-Mail To Teens."

Story Lineup From Last Night's Network News:
ABC: Foley Investigation; Foley Possible Cover Up; Hijacker Video Tape; Middle East Violence-Gaza; Israel Pulls Out Troops; Baseball's Drug Scandal; Colorado Shooting; Matt Drudge; Too Many Churches.
CBS: Preempted By Football.
NBC: Hijacker Video Tape; Foley Possible Cover Up; Woodward's Book; Iraq-Al Qaeda Suspect; Middle East Violence-Gaza; Highway Collapse; Supreme New Term; Safe Foods; Baseball Drug Use; Ol Miss Remembers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Foley Investigation; Clemens-Steroids Allegations; WA-Wildfire.
CBS: Foley Investigation; Woodward Book; OH-Lightning Strike; Brazil-Plane Crash.
NPR: 9/11 Hijackers' Video; Baghdad-US Raids; Foley Investigation; Canada-Highway Overpass Collapse; Brazil-Plane Crash; University Of Mississippi-Civil Right Monument.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Special Envoy for Sudan, Oval Office, The White House; meets with the Prime Minister of Turkey, Oval Office; attends a Heller for Congress reception, Mercury Air Center, Reno, Nev.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Barbara Cubin, Casper Events Center; speaks at a reception for Rep. Dennis Rehberg, Billings Hotel and Convention Center.

LAURA BUSH — Attends Garden ceremony to unveil the Laura Bush Rose, East Garden; participates in Elm Tree Plantings on the North Grounds.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER RECEP TAYYIP ERDOGAN _ Highlights: 10 a.m. Meets with President Bush. White House.

GASIFICATION _ The Gasification Technologies Council holds its annual conference. Highlights: 8:30 a.m. Roundtable to discuss energy alternatives, with Shell Oil CEO John Hofmeister, Peabody Energy CEO Gregory Boyce, Siemens Power Generation CEO Randy Zwirn, and Texas Railroad Commission Commissioner Michael Williams. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on education in the Hispanic community, with Rep. Ruben Hinojosa, Scott Lilly of the Center for American Progress, Maria Neira of AFT and NY State United Teachers First, others. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

MIGRANT EDUCATION _ 8:30 a.m. Deputy Education Secretary Raymond Simon addresses the Binational Migrant Education Forum. Location: Renaissance Washington Hotel, 999 9th St. NW.

EL SALVADOR _ 11:30 a.m. The U.S. Chamber of Commerce holds a program with a business delegation from El Salvador including Trade Minister Jose Ruben Rochi on travel and tourism investment opportunities in El Salvador. Location: 1615 H St. NW.

VISA REFORM _ 12 p.m. The Heritage Foundation hosts a discussion, ``Winning the War of Ideas: Visa Reform." Participants are: Steven Clemons, director, American Strategy Program, New America Foundation; and Daniel T. Griswold Director, Center for Trade Policy Studies, Cato. Location: Room 2218, Rayburn House Office Building.

IRAN-IRANIANS _ 12:30 p.m. The Heritage Foundation holds a program on ``Why Iranians Do Not Think Like the Iranian Regime," with Iranian dissident Amir Abbas Fakhravar. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

VOTING EQUIPMENT _ 2 p.m. Election Data Services, Inc. holds a press conference to release an updated study on voting equipment usage for the November, 2006 general

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election. Based upon constant monitoring of voting equipment sales and changes for both counties and townships in the entire nation, President Kimball Brace will announce what percent of the country will be using various types of voting equipment this fall. The Election Data Services study will also reveal how much change has occurred in this country's election administration process over the past six years. Location: National Press Club, Murrow Room.

EDUCATION-RELIGION _ 5 p.m. The School of Advanced International Studies holds a program with Maria van der Hoeven, minister for Education, Culture and Science of the Netherlands, and Francis Fukuyama, director of the SAIS International Development Program, on what role education can play in the integration of different religious communities within democratic societies. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

ABORTION PROTEST _ 7:30 p.m. The American Life League's youth outreach team holds a candlelight vigil on the first day of the Supreme Court's fall session. Location: Outside the Supreme Court Building.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, OCTOBER 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

White House Disputes Claim Tenet Warned Rice Of Al Qaeda Threat In July, 2001. The New York Times (10/2, Shenon, 1.21M) reports, "Members of the Sept. 11 commission said Sunday they were alarmed that they were told nothing about a July 2001 White House meeting at which George J. Tenet, then director of central intelligence, is reported to have warned Condoleezza Rice, then national security adviser, about an imminent attack by Al Qaeda and failed to persuade her to take action." Details of the meeting on July 10, 2001, two months before the Sept. 11 terrorist attacks, were first reported last week" in Woodward's book, State of Denial. The White House "disputes his account." Since the release of the book, "the White House and Ms. Rice have disputed major elements of Mr. Woodward's account. Ms. Rice has said through spokesmen that there had been no such exchange in a private meeting with Mr. Tenet and that he had expressed none of the frustration attributed to him in Mr. Woodward's book." Bartlett said, "It really didn't match Secretary Rice's recollection of the meeting at all. It kind of left us scratching our heads because we don't believe that's an accurate account." The Times adds, "Passages of the book suggest that Mr. Tenet was a major source for Mr. Woodward. The former intelligence director has refused to comment on the book since its release."

Asked about Woodward's claim that on July 10, 2001 CIA Director George Tenet and his counterterrorism chief, Cofer Black, warned then-National Security Advisor Condoleezza Rice about an upcoming al Qaeda attack on US interests, Bartlett, on ABC's This Week (10/1, Stephanopoulos), responded, "I spoke to [Secretary Rice] this morning. She believes that this is a very grossly misaccurate characterization of the meeting they had. … The first eight months of President Bush's presidency has been some of the most investigated eight months in any presidency because of the 9/11 attack. We had the 9-11 Commission, a bipartisan commission, look at all of it, look at all of the information that was provided to government officials. They testified before it. Now 4 1/2, 5 years later we're just now hearing about these vivid accounts of meetings with Secretary Rice." ABC's George Stephanopoulos then asked Bartlett, "So this didn't happen," to which Bartlett replied, "That's Secretary Rice's view -- that that type of urgent request to go after bin Laden, as the book alleges, in her mind didn't happen."

On CBS' Face the Nation (10/1, Schieffer) Bartlett claimed "the account in this book…really didn't match Secretary Rice's recollection of the meeting at all. In fact, these very vivid accounts we're hearing from -- allegedly from Cofer Black and from George Tenet were not shared with the 9/11 Commission. … So we find it to be puzzling to see some sort of quote like this. I talked to Secretary Rice this morning. She disputes it vigorously." Bartlett continued, "She does remember meeting, this meeting and other meetings that they had where they were talking generalized about the threats and about what we're doing. But the suggestion in this is that they asked for a very specific plan to go after bin Laden. … That is just not how she recalls it whatsoever."

Sen. Joseph Biden, on CBS' Face the Nation (10/1, Schieffer), commented, "If that meeting really did take place, why didn't Condi Rice or George Tenet tell the 9/11 Commission about that? They were obliged to do that and they didn't. … If this in fact did occur, and take Woodward at his word that he has proof that it did occur, then Dr. Rice, Secretary of State Rice did not meet her obligation to the 9-11 Commission, and George Tenet did not meet his obligation."

Scheuer Says Clinton Lied During Contentious Fox Interview. The Washington Times (10/2, Pfeiffer, 88K) reports, "Michael Scheuer, whose 2004 book 'Imperial Hubris' won hosannas from liberals as an indictment of the Bush administration's conduct of the war on terror, turned his sights on former President Bill Clinton yesterday." In an appearance on "Fox News Sunday," the former CIA counterterrorism official "denounced as 'lies' Mr. Clinton's contentious defense last week of his efforts against Osama bin Laden, saying the administration passed up at least 10 chances to capture or kill the al Qaeda leader." Said Scheuer, "Mr. Richard Clarke, Mr. Sandy Berger, President Clinton are lying about the opportunities they had to kill Osama bin Laden. That's the plain truth, the exact truth." Scheuer also "disputed Mr. Clinton's assertion that he did not have the necessary authorization to kill bin Laden, pointing out the president is the person who issues authorizations, not the person who needs them."

Tape Shows 9/11 Terrorists Preparing For Attacks In January 2000. ABC World News (10/1, lead story, 2:50, Holt, 8.78M) reported, "9/11 ringleader Mohammed Atta no doubt took many secrets to his death when the plane he commandeered five years ago dove into the World Trade Center. But…a chilling piece of video has emerged. It was shot more than a year an a half before September, 11, 2001. It shows Atta and another hijacker deep in preparation for the attacks. While their smiles and laughter may in retrospect seem to be taunting us from the grave it may also be shedding important new light on the 9/11 plot unfolded." NBC (Myers) added, "Key parts of this tape were shot in Afghanistan in January 2000, a year and eight months before

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the 9/11 attacks. That underscores how far in advance Osama bin Laden set his deadly plan in motion. The most chilling scene, 9/11 ringleader Mohammed Atta and pilot Ziad Jarrah laughing and joking around as they prepared to record their so-called 'martyrdom videos' in preparation for the suicide attacks."

ABC World News (10/1, story 3, 1:30, Harris, 8.78M) noted the videotape "was first obtained by 'The London Sunday Times' newspaper." ABC (Ross) added, This was January 2000. As a reference point, it was a week and a half before the Iowa caucuses in the political season. This will refocus the debate of who was responsible for what. It was at this time that Richard Clarke and the White House security staff was urging bombing of the camps of bin Laden, requests he could not get approve approved."

The New York Times and Washington Post (10/2, 748K), among other newspapers, run an AP story on the tape, which reports "American intelligence officials in Washington said Sunday that the tape was being analyzed, and one confirmed the men's identities."

Warner, McCain, Graham Defend Compromise On Detainee Legislation. Sens. John Warner, John McCain and Lindsey Graham write in the Wall Street Journal (10/2, A10, 2.03M), "Negotiating a complicated piece of legislation with wide-ranging implications is always a difficult endeavor, and the Military Commissions Act of 2006 was no exception. We worked with the administration to achieve a fair system for the prosecution and conviction of suspected terrorists. The proposed legislation also reaffirms and underscores our nation's commitment to the Geneva Conventions, which we must uphold as a matter of principle and to protect our service members in this and future wars. We believe that we have succeeded in this effort." They add, "It is axiomatic that a compromise makes no one happy. Our mission was to help our nation in the war on terror and to give protection to our men and women in uniform, particularly if they are captured. Anyone may disagree with elements of the final product, but an accurate understanding of the legislation is essential to all sides of the debate."

The Christian Science Monitor (10/2, Chaddock, 58K) analyzes the bill, saying that "in historic votes last week, lawmakers banned torture, rape, and murder in the interrogation of terrorist suspects. But they left to the president to determine what techniques short of "serious" physical or mental pain or suffering are still allowed." They also "voted to give immunity to those involved in secret interrogations before last year's torture ban and to allow evidence obtained by 'cruel and inhuman treatment' before that date to be used in military trials." And "in the most tightly contested decision of the week, lawmakers denied detainees in the war on the terror the right to challenge their detention in US courts." That "means that anyone that the president or the secretary of Defense determines to be an enemy combatant - including noncitizens living legally in the United States - can be held indefinitely without trial."

Lawmakers Says Supreme Court May Overturn Detainee Bill Approved By Congress. U.S. News and World Report (10/9, Knight, 2.03M) reports that although the House and Senate passed a bill last week governing the treatment and prosecution of terror suspects, and President Bush is expected to sign it shortly, "some lawmakers warned that the Supreme Court might still overturn part of the law, just as the high court overturned the President's original concept for military tribunals back in June." These lawmakers "said the Supreme Court might object to provisions that eliminate a detainee's ability to challenge detention."

Time (10/9, Duffy, 4.03M) reports that the legislation approved by Congress "left the President in charge of filling in the details of what the allowable methods should be. The clearest limit to what might be done was actually not so clear." Time adds, "What the legislation is likely to do even sooner is put the CIA's secret-prison program back online. That's right: back online."

WSJournal Suggests Democrats Soft On Terrorists. The Wall Street Journal (10/2, 2.03M) editorializes, "Democrats keep insisting that, whatever their opposition to the war in Iraq, they'd be as tough as anyone in fighting al Qaeda. We'd love to believe this for the country's sake, but then what are Americans to make of last week's Congressional vote on detainee interrogation and military tribunals? … Over in the Senate, 32 Democrats opposed the bill, including the leadership and everyone who's been mentioned as a potential Presidential candidate in 2008: Hillary Clinton, Evan Bayh, John Kerry, Joe Biden, Chris Dodd, Russ Feingold. The dozen who voted yes are either up for re-election or from swing states. If an election weren't coming, we doubt there'd have even been that many." The Journal concludes, "This amazing vote only reinforces the Republican argument that, given the chance, Democrats would return to the pre-9/11, law-enforcement model of fighting terrorism. In voting 'no,' they were opposing aggressive interrogation of even the worst al Qaeda captives. If Democrats fall short of regaining Congress this year, votes like this will be the reason."

Law Professor Worries About Detainee Bill. In a commentary for the Washington Post (10/2, 748K), law professor and Gitmo litigant Joseph Margulies recalls, "Thirty-six American airmen, shot from the sky during the Korean War, falsely confessed to a vast plot to bomb civilian targets. How did this happen? ... The airmen were subjected to something new: touchless torture. They were kept isolated from all human contact, apart from their interrogators." The CIA studied the North Koreans' practices and published a manual; Margulies asks, "Will mild 'homeostatic

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derangement' be deemed acceptable under the legislation just passed by Congress -- a little sleep deprivation here, some extended standing there, perhaps a few more hours in the cold room, a wee drop of solitary confinement now and again, extended isolation from the outside world?"

Bush Said To Be "Nearly Obsessed" With Finding Bin Laden. U.S. News and World Report (10/9, Bedard, 2.03M) reports in its "Washington Whispers" column, "One key insider says that Bush is nearly obsessed with" Osama bin Laden. Terrorism adviser Frances Townsend said, "He's very taken with the hunt, and it is very much a priority on his mind," adding, "He has an extraordinary memory for detail. He has an extraordinary ability to recall particular details, plots, individuals, to ask questions about it. And I will tell you that he asks very specific questions on the hunt for bin Laden on a regular basis."

Musharraf Says He Does Not Know Where Bin Laden Is. In its Notebook" column, Time (10/9, 4.03M) interviews Pakistani President Pervez Musharraf. Asked if he believes recent rumors that Osama bin Laden is dead. Musharraf said, "I have no such information. I spoke to my intelligence chief, and he did not substantiate this point." Asked if he believes bin Laden is in Pakistan, Musharraf said, "These are things that agitate me. I could say he could be in any country. But I never say that because I don't know. We have excellent intelligence sources, so if we don't know where he is, I don't know how anyone else knows. We don't know where he is. We are guessing."

UN Antiterror Program Comes Under Criticism. The Wall Street Journal (10/2, Crawford, 2.03M) reports, "Governments around the world have drawn criticism for some extrajudicial steps taken to corral suspected terrorists, from secret prisons to surreptitious abductions to deportations that could lead to torture or execution." Meanwhile, "a program overseen by the United Nations Security Council has stripped hundreds of people of assets and international-travel rights -- and even the right to earn a salary or buy groceries -- without so much as a hearing, let alone trial or appeal. Apart from suspects' lawyers and a European human-rights watchdog, the program has drawn little scrutiny." Today, "359 people are on this blacklist created by Security Council Resolution 1267. No court process is involved in adding someone to the list, nor is it debated by the council's member states. Those added have no right to present exculpatory evidence to Security Council members, nor any right of appeal." The Journal adds, "The U.S. and other governments say these sanctions are an important weapon in the fight against international terrorism, cutting suspects off from the money they need to communicate and operate, either from jail or when the law would otherwise let them go free." Opponents "say the program has lost its original purpose and is used by governments to evade due process in pursuit of alleged terrorists and their accomplices." Critics also "decry the opportunity for governments to abuse the system by framing dissidents and others who draw official disfavor."

FBI Intensifying Examination Of Potential Mafia-Al Qaeda Cooperation. The AP (10/2, Milton) reports, "The FBI's top counterterrorism official harbors lots of concerns: weapons of mass destruction, undetected homegrown terrorists and the possibility that old-fashioned mobsters will team up with al-Qaeda for the right price," although "there is no direct evidence yet of organized crime collaborating with terrorists." The AP adds, "The new strategy involves an analysis of nationwide criminal investigations, particularly white collar crime, side by side with intelligence and terrorist activity." FBI counter-terrorism chief Joseph Billy Jr. said in an interview with AP, "We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover."

Relatives Of Californian Convicted Of Terror Support Return To US From Pakistan. The New York Times (10/2, Archibold, 1.21M) reports, "Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators." Muhammad and Jaber Ismail "are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. … The Ismails were not charged in the case." The Times notes, "Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect. … Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details."

Publisher Will Put Out Al Qaeda Operative's Memoir. The New York Times (10/2, Bosman, 1.21M) reports, "Basic Books says it will soon publish what it calls the first inside account of life as an Al Qaeda operative. 'Inside the Jihad: My Life with Al Qaeda, A Spy's Story,' by Omar Nasiri, is a first-person narrative of Mr. Nasiri's time in an Al Qaeda training camp in Afghanistan in the 1990's, followed by a stint as a spy for a Western intelligence service.' The publisher acknowledges potential problems, such as the lack of a "traditional book tour" for an author "who lives in hiding at an undisclosed location abroad" and reluctance by some to buy the book.

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Ashcroft Lashes Out At Administration Critics In New Book. The Washington Times (10/2, Pierce, 88K) reports in its "Inside Politics" column, "Former Attorney General John Ashcroft is to publish a memoir of his time in office, lashing critics of the Bush administration's strategy in the war on terror. Advance copies of 'Never Again: Securing America and Restoring Justice,' which is to be published this week, were not available, but one person close to Mr. Ashcroft told Shaun Waterman of United Press International that he 'hits out hard at critics of the administration' and its war on terror." Ashcroft "has particularly harsh words for some of the members of the September 11 commission, especially Democratic former Justice Department senior official Jamie Gorelick, the source says."

Chinese Air Marshals Participate In US Training Program. The Washington Post (10/2, A17, Wilber, 748K) reports 18 Chinese air marshals came to the US recently as "part of an international exchange program that brings foreign air marshals to the high-tech and sprawling training compound here that is used by US air marshals. Beijing requested the training because the air marshals will soon be patrolling flights by Chinese carriers that are bound for the United States, authorities said. Since July 2005, more than 100 air marshals from seven countries -- including Mexico, Poland and Japan -- have participated in the program, which lasts one to two weeks."

Diplomatic Showdown Over US-EU Disagreement On Passenger Data Feared. The Wall Street Journal (10/2, A4, Block, 2.03M) reports the failure of US and EU negotiators to agree on a deal for sharing confidential airline-passenger information has set "the stage for a possible showdown over US plans for greater security data-mining." US and European officials close to the talks say a deal was near Saturday when DHS Secretary Michael Chertoff "introduced new demands and the Europeans balked. Officials provided no details about those demands, but Mr. Chertoff has said publicly on many occasions that Homeland Security wants to share European PNR information with investigators from other US law-enforcement agencies as well as with US allies."

Australian Guantanamo Detainee To Receive Military Trial. The AP (10/2, McGuirk) reports, "The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday." The AP continues, "With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last week to press for a speedy resolution. He returned home Sunday. … 'It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard,' Ruddock told Australian Broadcasting Corp. television. … 'They don't think it will be within weeks -- obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months -- but they're very conscious of our view that this needs to happen very expeditiously,' he said." The AP adds, "Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy. .. .Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid."

HOMELAND RESPONSE:

Amerithrax Seen As Making Little Headway. Under the headline "5 Years After Anthrax Attacks, Investigators Still Have No Answers," the South Florida Sun-Sentinel (10/2, Franceschina, 265K) reported, "When Bob Stevens, a photo editor in Boca Raton, died of anthrax poisoning five years ago, he became the first U.S. casualty in a new era of bioterrorism threats. … What disturbs some bioterrorism experts is the lack of positive signs the FBI will ever solve the mystery." The Sun-Sentinel noted, "Though the investigation appears stalled, the FBI says the 'Amerithrax' investigation remains a priority, with 17 agents and 10 postal inspectors assigned to the case. 'Despite the frustrations that come with any complex investigation, no one in the FBI has, for a moment, stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed,' Joseph Persichini Jr., acting assistant director of the FBI's Washington Field Office, said in a recent statement. … It now appears the person or group behind the attacks didn't require highly specialized scientific training to manufacture the anthrax," and "the FBI's first public comment on the nature of the anthrax is drawing attention from a scientific community that at times has been divided on how technologically accomplished the attacks were."

DHS Investigating Possible Conflict Of Interest In Deal With Laboratory. The Washington Post (10/2, A12, Hsu, 748K) reports, "The Homeland Security Department is reviewing whether managers with ties to Oak Ridge National Laboratory improperly influenced the decision

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to give $20 million to the laboratory since 2004 to help develop a list of the nation's top potential terrorist targets, according to DHS officials. Officials are examining the roles played by two former Energy Department employees who were working for DHS as well as an Idaho National Laboratory employee who was on assignment to the department, said Undersecretary for Preparedness George W. Foresman. … One of the staffers has been reassigned, nearly $40 million more destined for the lab has been placed on hold, and a team was sent Sept. 15 to Oak Ridge, Tenn., to scrutinize its work and determine whether to refocus its efforts, department officials said."

WAR NEWS:

White House Seeks To Rebut Woodward Claims On Iraq. Bob Woodward's "State of Denial" continues to reverberate through Washington, as White House aides sought to undercut the book's central claims on the weekend talk shows. White House counselor Dan Bartlett appeared on three weekend talk shows. Also, the debate over the book was covered by NBC last night, while the major dailies report various angles of the story this morning. Defense Secretary Rumfeld's status was a central focus in much of the coverage.

NBC Nightly News (10/1, story 3, 2:45, Holt, 9.87M) reported, "While plenty of purported tell-all insider books have rankled this Administration in the past, the response to this book has been careful and aggressive." NBC (Corke) added, "Today it was the White House returning fire. It was a well coordinated counter offensive." Dan Bartlett, counselor to the President: "Time after time after time, counterevidence was provided to Bob and we didn't feel like our point was getting across." Former White House Chief of Staff Andrew Card: "I disagree with the context." Corke: "As the President returned from a weekend at Camp David, his top advisors were refuting claims made by Bob Woodward in his book 'State of Denial.'" It's "a delicate balance for a White House that trumpeted the accuracy of Woodward's reporting, notably his 2004 bestseller, 'Plan of Attack.' This time the strategy seems clear, attack the message and not the messenger."

Bartlett made his case on ABC's This Week (10/1, Stephanopoulos), CBS' Face the Nation (10/1, Schieffer) and CNN's Late Edition (10/1, Blitzer). Typical of Bartlett's argument was his assertion on ABC that "as we worked with Bob on this project from the very outset, it was unfortunate that we felt he had already formulated some conclusions even before the interviewing began. … After reading this book over the weekend, I was really struck by the fact that the central thesis of this book, the claim that the President was in 'a state of denial,' that he was misleading the American people about what was happening in Iraq, quite frankly, is not backed up with the own facts that are in the book." Bartlett repeated much the same criticism of Woodward's book on CNN's Late Edition (10/1, Blitzer), adding, "In this book, I must say, I was really -- I am puzzled by the fact that he's come to the conclusion of this title, this central thesis, because I don't even think the evidence in his own book backs it up."

The Washington Post (10/2, A9, Fletcher, 748K) reports the White House "intensified efforts yesterday to limit the political damage caused by" Woodward's new book, which portrays "the Bush administration as divided to the point of dysfunction over the war in Iraq, as top officials took to network talk shows to rebut the book's suggestion that President Bush has misled the nation about how dire the situation is there." Bartlett "said that despite assertions in 'State of Denial," the "president has been forthright with the public about the challenges in Iraq." On ABC's This Week, Bartlett said, "What's interesting about this book is that he doesn't connect his own dots. … He references throughout the book time after time after time where the president was being presented with the bad information, was pushing the internal process to make sure we were adapting to the enemy, and he was sharing this news with the American people."

McClatchy (10/2, Hall) reports the White House accused Woodward "of pursuing an agenda in researching his new book 'State of Denial,' which portrays the Bush administration in an unflattering way." On This Week, Bartlett said Woodward "had 'already formulated some conclusions even before the interviewing began' with current and former top administration officials."

AFP (10/2, Gallen) reports Woodward's "explosive new book" has "rocked the White House just five weeks before key US congressional elections." Woodward "says Bush told Congress and the public that US efforts to establish a democratic government in Iraq were progressing steadily, even as internal White House reports detailed a growing threat of civil war."

Bartlett Confirms Rice Suggested Bush "Bring In A Whole New National Security Team." On CNN's Late Edition (10/1, Blitzer) White House Counselor Dan Bartlett was asked if it is true that Secretary of State Condoleezza Rice has urged the president "to dump Rumsfeld," as reported in Bob Woodward's new book, "State of Denial." Bartlett replied, "Secretary Rice didn't call for Secretary Rumsfeld's dismissal. She suggested to the president maybe he ought to bring in a whole new national security team, starting in the second term."

Card's Effort To Replace Rumsfeld Examined. The Washington Post (10/2, A1, 748K) runs an excerpt of Woodward's "State of Denial." Woodward reports that in 2004, as then-White House Chief of Staff Andrew Card considered personnel changes, "the champions of change at

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the Defense Department included Condoleezza Rice, the national security adviser who would soon be nominated to become the new secretary of state; her replacement as national security adviser, Stephen J. Hadley; and Card himself." Card had "the names of 11 possible Rumsfeld replacements in his 'hit-by-the-bus' book, among them Sen. Joseph I. Lieberman (D-Conn.), who had been Al Gore's vice presidential running mate in 2000 and was a staunch defender of the Iraq war, and Sen. John McCain (R-Ariz.)." But Card "thought the best replacement for Rumsfeld would be James A. Baker III, who had been White House chief of staff and Treasury secretary under President Ronald Reagan, then secretary of state and chief political adviser to the president's father."

Bartlett Defends Rumsfeld, Who Says He's Not Considering Resigning. The AP (10/2, Baldor) reports Secretary Rumsfeld, "coming under renewed fire for his management of the Iraq war, said Sunday he is not considering resigning and said the president had called him personally in recent days to express his continued support." Rumsfeld said "he was not surprised by reports in a new book that White House staff had encouraged President Bush to fire him after the 2004 election." Rumsfeld said, "It's the task of the chief of staff of the White House -- and having been one, I know that -- to raise all kinds of questions with the president and think through different ways of approaching things."

USA Today (10/2, 2.27M) reports President Bush "has full confidence in Defense Secretary Donald Rumsfeld and his management of the war in Iraq, a top White House official said Sunday in responding to a critical new book." In an appearance on ABC's This Week, White House counselor Dan Bartlett "denied that Bush was misleading the American public about the level of violence against U.S. troops in Iraq, an assertion made in Washington Post Assistant Managing Editor Bob Woodward's book, State of Denial." Bartlett said Bush "continues to believe that Rumsfeld is 'the right man to do the job that he's doing,' dismissing critics who say the administration failed to adequately plan for the war in Iraq or send enough troops."

The AP (10/2) reports Bartlett "did not directly respond to questions about whether the White House has considered possible replacements for Rumsfeld, as reported in Bob Woodward's new book on the Bush administration's Iraq war policy." Bartlett said "'every Cabinet member serves at the pleasure of the president,' but that Bush believes Rumsfeld is the right man to run the Pentagon."

The Los Angeles Times (10/2, Peterson, 918K) reports Bartlett said Rumsfeld "is doing an enormously difficult job fighting a war. We recognize that he has his critics. We recognize that he's made some very difficult decisions. Some people don't like his bedside manner." The Times adds that since "the first details" of Woodward's book "were publicized late last week, administration spokesmen have been struggling to rebut unfavorable accounts and prevent the notion that Bush has clung to a rosy outlook, despite possessing evidence to the contrary."

The New York Times (10/2, Pear, 1.21M) reports Secretary Rumsfeld "said Sunday that President Bush had called to affirm his support in the midst of an uproar over a new book raising questions about Mr. Rumsfeld's management of the war in Iraq." In remarks to "journalists traveling with him to a meeting" in Managua, Nicaragua, "of defense ministers from the Western Hemisphere," Rumsfeld said the president "made some comments in a larger group, by secure video, and then he called me personally." Asked if the president "had expressed his support, Mr. Rumsfeld said, 'Oh, my Lord, yes.'" Rumsfeld said "he had no intention of resigning. And he denied that he had had a feud with Secretary of State Condoleezza Rice."

The Wall Street Journal (10/2, Jaffe, Dreazen, 2.03M) reports Woodward's book "paints Mr. Rumsfeld as isolated from his Bush administration colleagues and at odds with some of his generals," and it is "providing fodder for more questions about his leadership." The "heightened focus" on Rumsfeld "is complicating White House efforts to keep November's midterm elections from becoming a referendum on the war. Just as significantly, Mr. Rumsfeld's apparent increasing political isolation is affecting how he runs the Defense Department and oversees the war." The "criticism continued yesterday. 'I don't have confidence in Don Rumsfeld. He's made major mistakes in this war,' said Sen. Mike DeWine, an Ohio Republican facing a tough re-election campaign." In his appearance on NBC's "Meet the Press," Sen. DeWine "stopped short of calling for Mr. Rumsfeld's resignation, saying that should be President Bush's decision."

Sen. Richard Lugar, on CNN's Late Edition (10/1, Blitzer), said, "I'm not going to offer judgments, categorically, person by person as to whether the president should have this person or that. I would think, conceivably, a wider circle of advisers and, maybe, now, in a bipartisan way, would be very helpful to the president as opposed to a much narrower circle that, apparently, has been the case."

Sen. Mike DeWine, on NBC's Meet the Press (10/1, Russert), commented, "I've already said…I don't have confidence in Rumsfeld. He's made major mistakes in this war. There's absolutely no doubt about it. The decision to put Rumsfeld in was made by the president, and that's his decision to keep. I was not elected president of the United States. The president was. That's why we have elections. … Ultimately, I don't have confidence in him, no."

Rumsfeld Takes Credit For "Mission Accomplished" Banner. The Washington Post (10/2, A17, Kamen, 748K) reports in its "In the Loop" column, "Remember that great 'Mission Accomplished' banner on the aircraft carrier Abraham Lincoln on May 1, 2003, when

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President Bush dramatically landed there to give his speech announcing the end of 'major combat operations' in Iraq? The White House said the banner was not its doing and must have been the Navy's idea. Now we find out, in Bob Woodward 's new book 'State of Denial,' that wasn't the case. None other than Secretary of Defense Donald Rumsfeld, on the record, tells Woodward that 'I took 'Mission Accomplished' out' upon reading a draft of the speech. 'And I fixed it and sent it back. They fixed the speech,' he said, 'but not the sign.'"

With Cheney Present, Biden Claims He Told Bush Cheney Ought To Resign. Appearing on CBS' Face the Nation (10/1, Schieffer), Sen. Joseph Biden claimed, in responding to a question about the Woodward book's claim that several Administration officials have sough Secretary of Defense Rumsfeld's resignation, that "I went down to the White House to meet with the president and the vice president in the Oval Office. The present said to me, quote, 'why do you keep picking on Rummy?' I looked at the president, and I said, 'Mr. President, with all due respect,' and I looked at the vice president, 'Mr. Vice President, I would call for your resignation as well, were you not a constitutional officer.' And the president said, 'why would you say that?' And I said, 'Mr. President, not one piece of advice either Don Rumsfeld or Dick Cheney has given you has turned out to be correct with regard to Iraq.' And the president just seems completely wedded to the notion. … I told the president that with Dick Cheney right there. I was straightforward." Asked if he still believes Vice president Cheney "ought to resign," Biden answered "No, no, no. … I was making the point that these guys just don't know what they're doing. And no one takes them seriously anymore -- except the president, apparently."

Murtha Describes Meeting With Abizaid Mentioned In Woodward's Book. Rep. Jack Murtha was asked on ABC's This Week (10/1, Stephanopoulos) to confirm an account of a meeting he had with General John Abizaid where Abizaid "raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, 'we're that far apart'" regarding Murtha's call for redeployment of US troops in Iraq. Murtha replied, "that's exactly what he said. My staff was in the meeting when we talked. There's no question about it. The military commander has been telling me this for a long time. … Everybody wanted to withdraw troops." Murtha added, "this thing's gotten out of hand. It's Sunnis fighting Shias, and our troops are caught in between."

Woodward's Book Called "A Dogged Piece Of Reporting." In a Los Angeles Times review (10/2), Tim Rutten says Woodward's book's "analysis essentially mirrors the shift in opinion on the administration's conduct of the war that has occurred in the foreign policy establishment's broad middle ground, where 'reasonable' Republicans and Democrats still mingle in amiable, man-of-the-world solidarity. Still, 'State of Denial' is a dogged piece of reporting — rich in anecdote, telling detail, fascinating snippets of conversation and troubling stories heretofore untold." But for "all the sensational revelations — and there are several — the overwhelming impression left at this very long book's rather wan end is that much labor has gone into establishing that, when it comes to the Bush White House and its war in Iraq, things are pretty much what they seem. You don't really need a classified briefing to recognize a military and political quagmire."

Woodward Says Administration Has Not Told The Truth About Iraq Insurgency's Strength.

U.S. News and World Report (10/9, Walsh, 2.03M) reports on Bob Woodward's new book "State of Denial." According to US News, "Unlike the positive tone of his previous writings about [President George W.] Bush and his advisers, this time [Bob] Woodward is highly negative and appears to be revising his own earlier assessments. He told CBS's 60 Minutes last weekend that the administration has not told the truth about the level of violence in Iraq, especially against US troops, and says intelligence sources have predicted an even more violent insurgency there. Woodward writes that, last May, the intelligence division of the Pentagon's Joint Chiefs of Staff predicted an increase in violence not only this year but also in 2007. This report, Woodward writes, also painted a bleak picture of oil production, electricity generation, and the potential for political stability." US News adds, "In an interview with Mike Wallace, Woodward said attacks against coalition troops occur, on average, every 15 minutes, which he says the administration has kept secret."

Meanwhile, Newsweek (10/9, Thomas, Wolffe, 3.12M) reports, "The White House had more than an inkling of what was coming. … When 'State of Denial' arrived at the White House Friday morning, a team of aides went to work deconstructing the 576-page volume. Some of Woodward's revelations, like the scenes of Bush rejecting pleas for more troops in Iraq, the White House tried to dismiss as old news. Woodward's depictions of tensions within Bush's inner circle were played down or denied."

In its cover story, Newsweek (10/9, 3.12M) provides a lengthy excerpt from Bob Woodward's new book "State of Denial." Woodward writes, "A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. … 'After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain,' Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and

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monitors looking over their shoulders than there were 'front-line troops with weapons.'" The "Anchor Chain" memo, "which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that 'our job, therefore, is to work together to sharpen the sword that the next president will wield.'" Woodward adds, "Rumsfeld micromanaged daily Pentagon life and rode roughshod over people."

Woodward Portrays Rumsfeld As "Bullying And Petty." Newsweek (10/9, Thomas, Wolffe, 3.12M) reports that the Defense Secretary Donald Rumsfeld "portrayed by Woodward is bullying and petty. Bush himself doesn't come off much better. The president is folksy and jocular, but incurious to the point of cluelessness. His war cabinet is deeply dysfunctional. Condoleezza Rice is almost a pathetic figure, whining to the president that she can't get Rumsfeld to return her calls."

Woodward Book, NIE's Release Prompt Second Guessing About Bush's War Policy. U.S. News and World Report (10/9, Walsh, 2.03M) reports, "With the November 7 congressional elections just around the corner, two new developments are stoking a surge of second-guessing about President Bush's conduct of the war and raising new concerns about how Washington can extricate itself from what most Americans now see as a deadly, baffling mess." The first was the partial release last week of a National Intelligence Estimate "that pokes big holes in Bush's rationale for the conflict." The second "is a new book by investigative reporter Bob Woodward asserting that the administration is putting a deliberately misleading spin on how the war is going." US News adds, "All this, coupled with daily news reports of chilling new spasms of violence there, is deepening America's sour mood about the war and escalating tensions in Washington." A "senior White House adviser said the situation, prompted by New York Times and Washington Post stories about the NIE, was so potentially damaging politically that 'we needed to get our arms around this quickly.'"

Majority Of Iraqis Believe US Presence Provoking More Violence. U.S. News and World Report (10/9, Walsh, 2.03M) reports that "a new poll conducted for the University of Maryland's Program on International Policy Attitudes found that a large majority of Iraqis believe the US military presence there is provoking more violence than it is preventing. Most want US troops out within a year, and 6 out of 10 support attacks on US-led forces."

Army May Ask Congress To Increase Number Of Troops In Iraq. U.S. News and World Report (10/9, Walsh, 2.03M) reports that US News "has learned that the U.S. Army may ask Congress to expand its 504,000-strong force by 30,000-in large part because of the manpower strains from keeping 140,000 troops in Iraq."

Kurdish Separatists May Use Northern Iraq To Stage War Against Turks And Iranians. Newsweek (10/9, Hastings, 3.12M) reports, "Even as US forces struggle against rising chaos and violence elsewhere in Iraq, the fear now is that the north could also be engulfed, thanks to Kurdish separatists' use of Iraqi soil as a staging area for their war against the Turks and the Iranians. The rebels see themselves as standing up against centuries of often brutal repression."

Turkish Foreign Minister Says PKK IS A Terrorist Organization. Newsweek (10/9, Weymouth, 3.12M) interviews Turkey's foreign minister Abdullah Gul. Gul said, "The PKK is a terrorist organization. The Americans...will [ultimately] withdraw, and he will be living with his neighbors -- so he should be careful." Asked if there can ever be a cease fire with the PKK, Gul said, "We cannot bargain with a terrorist organization." Gul was also asked if the Kurds could control the PKK if they wanted to. He said, "If they don't, we have the capacity, ability and determination to fight to the end...PKK terrorism has increased. Also, the PKK has a new source of weapons. They have obtained weapons and explosives from the Iraqi Army. They bring them into Turkey and use them with remote-control devices."

Residents Believe Saddam's Henchmen Are Taking Revenge On Witnesses Against Him. Time (10/9, Bennett, 4.03M) reports, "If putting Saddam on trial is intended to help Iraqis bury the demons of his murderous rule, the spate of vendetta killings has served as a reminder of the unchecked mayhem that has followed it. Nowhere has the trial brought more misery than in Dujail, a town of 84,000, most of them Shi'ites, in the middle of the Sunni triangle. Since the start of Saddam's trial, Dujail has been infiltrated by ex-Baathist hit squads. Residents believe they have been ordered by Saddam's former henchmen to take out the families of witnesses. A number of insurgent cells operating around Saddam's hometown of Tikrit, a mere 45-minute drive north of Dujail, have targeted relatives of witnesses, most of whom rarely leave the Green Zone."

Officials Reportedly Closing In On Al Qaeda Leader In Iraq. NBC Nightly News (10/1, story 4, 0:45, Holt, 9.87M) reported, "Officials in Iraq say they are closing in on one of the nation's most wanted persons, al Qaeda leader Abu Ayyub al-Masri. Today they released home video seized in a recent raid that shows al-Masri giving instructions on how to make a car bomb. It is the first time his face has been clearly captured on tape. Officials say they want the public to be able to identify him and make it difficult for him to hide. Some portions were altered to prevent its use by terrorists."

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Letter Reveals Al Qaeda Leaders Warned Zarqawi Not To Alienate Sunnis, Religious Leaders. The Washington Post (10/2, A1, DeYoung, 748K) reports, "Six months before the death of Abu Musab al-Zarqawi in June, a senior al-Qaeda figure warned him in a letter that he risked removal as al-Qaeda's leader in Iraq if he continued to alienate Sunni tribal and religious leaders and rival insurgent groups." The author of the letter, "who said he was writing from al-Qaeda headquarters in the Waziristan region of Pakistan, was a member of Osama bin Laden's high command who signed himself 'Atiyah.'" Counterterrorism officials "said they believe he is Atiyah Abd al-Rahman, a 37-year-old Libyan who joined bin Laden in Afghanistan as a teenager during the 1980s." Atiyah "is no longer in Waziristan, according to U.S. officials who declined to speculate on his current whereabouts. But they said he was not in US custody and expressed certainty that he is still alive."

US General Takes Hands-On Approach To Terror Hunt. The Washington Times (10/2, Scarborough, 88K) reports, "A group of American terrorist-hunters that included one of the most senior commanders in Iraq quickly descended on the burned-out rubble that framed the dying body of Abu Musab Zarqawi. The deadly operative of al Qaeda leader Osama bin Laden, Zarqawi had been the personal quarry of a super-secret task force whose backbone is the Army Delta Force and Navy SEALs of US Joint Special Operations Command (JSOC). Its commander, Army Lt. Gen. Stanley A. McChrystal, was so personally involved in the hunt that he went with his men to the bombed-out hut near Baqouba to make sure they got their man." A "source close to the special-operations community said Gen. McChrystal's eyes-on identification is representative of the three-star general's hands-on approach as Defense Secretary Donald H. Rumsfeld's chief terrorist pursuer in Iraq and Afghanistan." Said the source, "He goes on raids. He doesn't sit back at headquarters." The general's "personal commitment to the mission has led some to dub him the first 'commander-forward' of JSOC. He spends little time at the command's headquarters at Fort Bragg, N.C. Instead, he shuttles between task forces in Afghanistan and Iraq to personally supervise hundreds of commandos."

Foiled Plot To Bomb Green Zone Rattles Iraqi Government Coalition. USA Today (10/2, Jervis, 2.27M) reports, "Iraqis returned to the tense streets of the capital Sunday following a sudden curfew imposed after one of its bloodiest weeks and arrests in a plot to set off car bombs inside the fortified Green Zone. … News of the bomb plot rattled Shiite, Sunni and Kurdish parties in Prime Minister Nouri al-Maliki's fragile unity government. It prompted cancellation of Sunday's session of the parliament, which was to debate a bill to divide Iraq into autonomous regions." USA Today adds, "A guard to Adnan Dulaimi, leader of the main Sunni coalition, and others were arrested."

The AP (10/2, Abdul-Zahra) reports, "Shiite politicians demanded changes in the Iraqi government Sunday, accusing a Sunni Arab party in the coalition of ties to terrorism after a bodyguard of its leader was arrested on suspicion of planning bomb attacks." The dispute "threatened a sectarian crisis within the national unity government of Prime Minister Nouri al-Maliki, which is struggling to contain spiraling Shiite-Sunni killings that the U.S. ambassador said have surpassed Sunni insurgent attacks in deadliness."

The Washington Post (10/2, A16, Paley, Ibrahim, 748K) reports, "The political bloc of anti-American cleric Moqtada al-Sadr demanded a shake-up of Prime Minister Nouri al-Maliki's cabinet on Sunday, the latest challenge to the country's increasingly beleaguered unity government." Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party, said, "Some of those who are in this government have direct or indirect relationships with terrorists. … The democracy that the occupation brought to Iraq is being exploited by the Sunni insurgents and the terrorists to kill our sons and our men."

The New York Times (10/2, Tavernise, 1.21M) reports, "The outburst underscored the weakness of Iraq's government. A patchwork of parties and groups that represents most of Iraq's ethnicities and sects, the government was assembled through weeks of bitter negotiations brokered by the Americans this spring." The Times adds, "Until now, Shiites have largely held back from explicit criticism of the government, which is run by a Shiite, Nuri Kamal al-Maliki, out of fear of weakening him." But "progress has been slow, and Shiites seized on the accusation that a guard working for the Sunni leader may have been planning a suicide bombing."

Conflict Between Turkey And Kurdish Guerrillas Puts US In Difficult Spot. The Wall Street Journal (10/2, A1, Shishkin, 2.03M) reports, "Kurdish guerrillas have used the remote mountains of northern Iraq as a base to attack Turkey for years. Now their presence has become a thorny problem for Washington." The Journal adds, "As the US begins to exert pressure on Iraq to rein in the anti-Turkey fighters, it finds itself caught between two key allies. On one side is Iraqi Kurdistan, which supported the U.S. invasion of Iraq and whose leaders have deep ties with the Kurdistan Workers' Party. On the other is Turkey, a member of the North Atlantic Treaty Organization and a Muslim democracy, whose leaders say they are committed to destroying the PKK. Stakes for Washington are high." Iraqi Kurdistan "is the safest part of Iraq. Armed conflict between Turkey and Kurdish fighters would prove calamitous, adding

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another front to the bloody Iraqi battlefield and further stretching US and Iraqi security forces." Turkey "said this summer it is drawing up plans to attack the guerrillas' positions."

Baghdad Doctors Feel Endangered. The Washington Times (10/2, Palmer, 88K) reports on the hardships and danger suffered by doctors at Yarmouk hospital in Baghdad. They struck to protest a confrontation with Interior Ministry forces who demanded treatment for a wounded comrade: "It was the third time that Yarmouk's doctors have walked off the job in three years because of the harsh working environment, said the hospital's director, Haqqi Razzaiki. He said 16 physicians had quit in the past two months because of miserable working conditions." The staff "treats 100 to 300 emergencies a day. Yarmouk also attracts patients from the violent western Anbar province because it is one of the first large government-run hospitals along the highway into Baghdad."

Diehl Suggests External Intervention In Iraqi Political Stalemate. In the Washington Post (10/2, A19, 748K), columnist Jackson Diehl writes, "The central question for discussion is this: ... is it necessary to override the new political system and mount some sort of intervention, led by the United States and perhaps other governments, to force the necessary deals?" Senator Joe Biden (D-DE) "is proposing that the United States enlist its NATO allies, U.N. Security Council members and Iraq's neighbors for an intervention that would be aimed at forcing political and sectarian leaders to leap to the political settlement they are now creeping toward." Diehl says that the "basic idea -- of an external political intervention backed by an international alliance -- is the one big option the Bush administration hasn't tried. It wouldn't be surprising if [James] Baker ... finds it compelling."

US Troops In Afghanistan Face Skepticism While Doing Good Works. The Christian Science Monitor (10/2, Peterson, 58K) reports, "US forces are fighting two enemies here [in Nuristan]: the insurgents, and local skepticism that they will stay and deliver on promises of projects that will improve their lives. For two years, one elder carried a letter and business card from a US State Department official - and his unfulfilled promise to build a road. The 3-71 Cavalry has so far approved $1.33 million worth of projects, contracted $966,000 of that, and disbursed some $250,000 in the long-neglected Kamdesh District alone." The US projects have provoked violence from the Taliban: "Forward bases were attacked daily for weeks." Also, a cooperative village elder and a border police colonel were killed.

Marines Take Care Of Wounded. The Christian Science Monitor (10/2, McCauley, 58K) reports in a sympathetic story on the work of Marines at National Naval Medical Center: "Here, thanks to [Rudy] Perez and his staff, who carry out a rich interpretation of the fiercely loyal Marine Corps' tradition of caring for its own, the war in Iraq is already a world away for the newly arrived marine. ... National Naval is where marines most seriously wounded in Iraq are treated." An 18-member "all-reserve unit serves as a 'five-star concierge service' for patients and families."

CORPORATE SCANDALS:

Judge Approves Settlement For Qwest Shareholder Suit. The Wall Street Journal (10/2) reports, "A judge gave final approval to a $400 million settlement of a consolidated shareholder lawsuit that accused Qwest Communications International Inc. of civil fraud in connection with a multibillion-dollar accounting scandal. The settlement, announced in November 2005, covers Qwest and most former executives, except former Chief Executive Officer Joe Nacchio and former Chief Financial Officer Robert Woodruff." Nacchio "has pleaded not guilty to 42 counts of insider trading."

Information From Fastow Could Lead To Billions In Settlements. The New York Times (10/2, Barrionuevo) reports, "Andrew S. Fastow is telling all, naming names, and the lawyers suing Enron's former banks on behalf of investors say that his words could lead to billions of dollars in fresh settlements." In his last weeks of freedom before being sentenced to six years in jail for stealing from Enron, Fastow "spent long days giving plaintiffs' lawyers his account of the role that banks played in helping Enron disguise how much debt and how little cash it had." The Times adds, "It remains to be seen if assistance from Mr. Fastow will prove convincing in a courtroom and be a help to the plaintiffs. Nevertheless, the information that Mr. Fastow has provided so far has given a new burst of confidence to lawyers suing Enron that they can force the remaining banks in the case to settle claims or prevail at trial, if necessary."

In Wake Of Recent Scandals, Corporate Directors Rubber Stamping Management Less. The Wall Street Journal (10/2, Lublin, White) reports, "Corporate directors, pressed to become more vocal following the scandals of the Enron era, are throwing their weight around more, rubber-stamping management less -- and roiling many once-clubby boardrooms. … Propelled by changes in stock-exchange rules and the Sarbanes-Oxley corporate-reform law, more independent directors have more

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leadership positions on boards and meet more often without management. Adding to the mix are several other forces, including mergers that have left a legacy of distrust, forceful investors who have won board seats through persuasion or proxy fights and directors' fears of personal liability for corporate misdeeds. Friction is inevitable in such circumstances, directors and board watchers say."

In-House Lawyers Lack Clout At Many Silicon Valley Companies. The Wall Street Journal (10/2, Jones) reports that while in-house corporate lawyers have grown in clout and stature at many US companies. Over the past two decades, "that trend hasn't fully taken hold in Silicon Valley, some lawyers say." Lawyers "inside and outside the valley say in-house lawyers at technology companies sometimes lack the respect the position commands elsewhere. One indication: Some big Silicon Valley companies don't have general counsel -- the title typically conferred on top in-house attorneys. … Despite some changes, general counsel in Silicon Valley are still sometimes 'seen as a blockage to the execution' of the company's plans, says Scott Bohannon, general manager of the General Counsel Roundtable, a Washington research organization."

CRIMINAL LAW:

FBI Begins Investigation Of Foley. ABC World News (10/1, lead story, 2:50, Harris, 8.78M) reported, "ABC News has learned the FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually explicit e-mail messages he sent to teenage boys working as congressional pages. It comes as Republican leaders of the House of Representatives are saying their own handling of this investigation, might be worthy of a criminal investigation. It is an attempt to contain what is a massive, metastasizing scandal, just five weeks before Election Day." ABC (Ross) added, "Tonight, it turns out that Foley's obsession with 16-year-old and 17-year-old male pages have been known to Republicans on Capitol Hill for at least five years. But other than issue a warning, little else seems to have been done about the Congressman." ABC News "has obtain obtained Internet messages September by Foley, to three different pages after that warning. Two of them were sent to pages in the 2001-2002 class with sexually explicit messages, most too graphic to be broadcast from Foley, who used the screen name, Maf54." The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI, already examining some of the Internet messages. It's possible that Foley would end up being prosecuted in laws he helped to enact as the co-Chairman of the House Caucus for Missing and Exploited Children."

ABC World News (10/1, story 2, 2:50, Marlantes, 8.78M) reported, "Foley's name has already been removed from his office door. And just as quickly, Republicans have moved into damage control mode. With midterm elections just five weeks away, they're trying to beat back allegations of a cover up." Rep. Peter King: "We should be rushing to get all the facts out. Certainly, anyone in the Republican leadership, any member of the Congress who knew anything at all about this should tell exactly what they knew and when they knew it." Marlantes: "The top three Republicans in the House have already issued a joint statement calling Foley's behavior 'an obscene breach of trust.' Today, House Speaker Dennis Hastert called on the Attorney General to investigate his own party. Democrats are demanding Republican candidates return money from Foley. They say the scandal raises questions about which party is stronger on family values." Democrat Tim Mahoney, "campaigning this weekend with Senator John Kerry, is in a good position to win Foley's seat. If Republicans can't quell the furor in days to come, the political repercussions could be much broader."

NBC Nightly News (10/1, story 2, 2;40, Holt, 9.87M) reported, "There are signs the resignation of Congressman Mark Foley over those emails he sent to underage pages is heating up in an election season bonfire. The Speaker of the House, perhaps looking to cover up charges the Republicans covered up Foley's behavior, joined Democrats in calling for a criminal investigation into Foley's behavior." NBC (Taibbi) added, "The fallout from the scandal has been gathering steam. Outrage, even, at the highest levels of government." Dan Bartlett, counselor to the President: "I think like most people we were very shocked by this revelation." Taibbi: "And calls from Democrats and Republicans for a criminal investigation of Foley himself and a closer look at what his colleagues did and did not do at the first whiff of potential scandal." At least "five Republican House members did know ahead of time and some nearly a year ago about emails described as overfriendly that he sent a 16-year-old male page, though not about any overtly sexual messages."

The Wall Street Journal (10/2, Rogers, 2.03M) reports Republicans "worked to get ahead of the Mark Foley page scandal, with the White House moving toward a criminal investigation that might take some heat off the majority party." In "back-to-back letters released last night, Speaker Dennis Hastert formally asked both Attorney General Alberto Gonzales and Florida Gov. Jeb Bush to begin inquiries, and the Illinois Republican said the investigations should look at both Mr. Foley's conduct and how some of the most sexually explicit messages were kept secret for as long as three years." But House Democratic Leader Nancy Pelosi (D., Calif.) "demanded that the House Ethics Committee begin its own inquiry and take sworn testimony from Republican leaders about what they knew of the Florida congressman's

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improper advances to teenage male pages in emails and suggestive instant messages."

Bloomberg (10/2) reports Hastert's request "follows calls from Democrats for a full inquiry into Foley's actions and those of Republican leaders, who learned months ago that the Florida Republican was communicating by e-mail with at least one teenage congressional page and kept the matter under wraps." Democrats, "who need to gain 15 seats in the Nov. 7 elections to take control of the House, seized on the scandal. Senate Democratic leader Harry Reid earlier in the day urged Gonzalez to investigate Foley's actions and those of Republican leaders, who he said ignored warnings about the Florida representative 'to preserve a congressional seat this election year.'"

USA Today (10/2, Wolf, Johnson, 2.27M) reports the FBI is "'conducting an assessment to determine whether any federal laws were broken,' bureau spokesman Richard Kolko said." House Republicans "stood by Hastert and the GOP leadership for now. 'If it is found that any member of Congress or staff willingly participated in a coverup of Mr. Foley's actions, that individual should resign immediately,' said Rep. Rob Simmons, R-Conn."

The New York Times (10/2, Hulse, Zeleny, 1.21M) reports officials "described the F.B.I. action as a review of the evidence and relevant statutes to determine whether to open a full investigation, though one appeared likely."

The Washington Post (10/2, A1, Babington, Weisman, 748K) reports in a front page story that Republican leaders "continued to insist yesterday that it was understandable that the 'over-friendly' Internet e-mails they had seen did not set off alarm bells. But one House GOP leadership aide, speaking on the condition of anonymity for fear of losing his job, conceded that Republicans had erred in not notifying the three-member, bipartisan panel that oversees the page system. Instead, they left it to the panel chairman, Rep. John M. Shimkus (R-Ill.), to confront Foley."

The Washington Times (10/2, A1, Pfeiffer, 88K) reports in a front page story, Speaker Hastert "also requested an investigation into whether anyone had 'specific knowledge' of the sexually explicit communications between Mr. Foley and any current or former House pages." Meanwhile, Republican leaders "said they expect state Rep. Joe Negron of Stuart, Fla., to be named to replace Mr. Foley as the Republican candidate in the House race for the 16th Congressional District when the state party's 37-member executive board meets today in Orlando."

The Financial Times (10/2, Waldmeir) reports Rep. John Murtha said on ABC's This Week, "I just cannot believe that they allowed this to happen and just told him, OK, stay away from this kid. It really makes me nervous that they looked like they tried to cover it up."

The Christian Science Monitor (10/2, Feldmann, 58K) reports the Foley scandal "has engulfed the Republican leadership of the House of Representatives, adding an explosive issue to the pile of woes facing the GOP in its tough battle to retain control of Congress." Republican leaders "say they did not know about the more-explicit messages until last week. But critics charge that at the first sign of possible trouble earlier this year, when the leaders learned of the e-mail traffic between Foley and the Louisiana boy, the GOP leadership should have acted more forcefully against Foley." Adding to "the black eye for the GOP, which calls itself the party of family values, is the fact that Foley had co-chaired the House Caucus on Missing and Exploited Children, and had sponsored numerous bills aimed at protecting children from predators."

The New York Times (10/2, Swarns, 1.21M) reports that in "the hierarchy of Congress, the high school students who serve as Congressional pages fall somewhere near the bottom," but "in that rarefied world," Rep. Foley, "the silver-haired Republican from Florida, stood out. He took pains to befriend the 16- and 17-year-old aides, several former pages said in interviews on Sunday. He chatted with them on the House floor, they said, sent handwritten notes and urged them to keep in touch when they left Washington for their hometowns." Foley's "resignation on Friday, following the disclosure of his sexually explicit Internet and cellphone messages to pages, left many former pages shaken."

USA Today (10/2, Gomez, 2.27M) reports Foley's "former constituents shifted their anger Sunday from the disgraced Republican to House GOP leaders, who knew for months about inappropriate e-mails between Foley and at least one teenage page." His "former constituents in the 16th Congressional District called Sunday on House GOP leaders to step down."

Former House Speaker Newt Gingrich, on Fox News Sunday (10/1, Wallace) said, "I think if you look at what they [the House GOP leadership] actually knew, which was that the family did not want anyone involved and the actual notes were relatively innocuous -- there was nothing sexual in those notes. They had him counseled. They had the head of the page program, Congressman Shimkus, talk to him very directly. And I think they thought it was over. … I think, had they overly aggressively reacted to the initial round, they would have also been accused of gay bashing. I mean, the original notes had no sexual innuendo, and the parents did not want any action taken."

ABC's Sunday Evening News (9/1, 6:04 p.m.) reported, "The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI already examining some of the internet messages. It's possible that Foley would end up being prosecuted in laws he helped to enact as the co-chairman of the House Caucus for missing and exploited children." More than 200 local television newscasts reported that the Federal Bureau of Investigation

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is looking into former Rep. Mark Foley's e-mail exchanges with teenagers to determine if they violated federal law.

At least one local television newscast noted that unless the FBI agents find more evidence, the e-mails exchanges do not appear to be criminal because there is no solicitation of sex. Some examples: NC8-TV Washington, DC, (10/1, 10:02 p.m.) reported, "The FBI has now stepped in. to determine whether or not former Congressman Mark Foley violated any laws. The microscope is also under members of congress to determine what they knew and when they knew it. The FBI is trying to determine if Mark Foley, the former Florida congressman who resigned last week, broke the law when he allegedly sent sexually suggestive electronic messages to congressional pages, who at the time, were minors."

WSYX-TV Columbus, (10/1, 6:31 p.m.) reported, "The FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually-explicit e-mails and messages he sent to teenage boys working as congressional pages. It comes as Republican leaders of the House of Representatives are saying their own handling of this investigation might be worthy of a criminal investigation."

WPTV-TV West Palm Beach, (10/1, 11:31 p.m.) reported, "FBI will look into Foley's actions. Agents from the FBI's cyber division are checking into the messages."

KTRK-TV Houston, (10/1, 5:01 p.m.) reported, "The FBI is opening a preliminary investigation into Republican Congressman Mark Foley and the sexually-explicit e-mail messages he sent to teenage boys working as congressional pages."

WPLG-TV Miami, (10/1, 11:03 p.m.) reported, "FBI is now trying to determine whether former Florida Congressman Mark Foley broke the law when he sent sexually explicit e-mails to teenager boys."

WEWS-TV Cleveland, (10/1, 6:28 p.m.) reported, "The FBI's preliminary investigation of Foley began over the weekend, with agents in the cyber unit of the FBI already examining some of the internet messages."

WDIV-TV Detroit, (10/1, 11:45 p.m.) reported, "An FBI spokesman will only say that the agency is conducting an assessment to see if there's been a violation of federal law."

KGO-TV San Francisco, (10/1, 6:03 p.m.) reported, "But unless they find more evidence, the e-mails exchanges with the male page do not appear to be criminal because there is no solicitation of sex."

Hastert Asks Justice Department to Investigate Foley. CNN's Live Sunday (9/1, 6:29 p.m.) reported, "Dennis Hastert gives a letter to the attorney general of the United States, asking that Alberto Gonzales investigate the Foley Matter on Capitol Hill. This is just released moments ago. As you know the House on Friday night authorized an ethics committee investigation. But the letter, just handed to us, says they do not have jurisdiction over federal law or over him upon his resignation from office. 'Therefore,' Mr. Hastert goes on to say, 'as speaker of the house, I hereby request that the department of justice conduct an investigation of Mr. Foley's conduct with current and former house pages to determine what extent any of his actions violated federal law.' It's a lengthy letter that goes on to draw a distinction between the first series of e-mails that republican leadership made aware of last fall, and the second more sexually explicit instant messages that were revealed by ABC news earlier this week. Drawing that distinction, Mr. Hastert says, in his letter to the Attorney General, that unlike the first communication, the second communication was a set of instant messages that contained sexually explicit statements and were reportedly generated three years ago. He wants a complete investigation of that. Goes on to say, he would like the department to undertake an investigation into who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current house pages, and what actions such individuals took, if any, to provide them to law enforcement. 'I request that the scope of your investigation include any and all individuals who may have been aware of this matter, be they members of congress, employees of the House of Representatives or anyone outside of congress. Your attention to this serious Matter is appreciated.' And then some more words in this two-page statement. A letter released just moments ago from the speaker of the house to the Attorney General of the United States, asking for a Justice Department investigation of those Foley e-mails."

ABC's Sunday Evening News (9/1, 6:06 p.m.) reported, "Just tonight, House Speaker, Dennis Hastert has released a letter to attorney general Alberto Gonzales, asking that he investigates any individuals who may have had knowledge of this Matter, including members of congress."

House Speaker Rep. Dennis Hastert's letter to attorney general Alberto Gonzales, asking him to investigate Rep. Mark Foley, received moderate coverage by local television newscasts. Some examples: XETV-TV San Diego, (9/1, 10:15 p.m.) reported, "House Speaker Dennis Hastert is asking the Justice Department to look into sexually suggestive messages allegedly sent by former Florida Congressman Mark Foley to teenage boys. In a letter, Hastert asked attorney general Alberto Gonzales for an investigation into whether Foley's actions violated federal law."

WOLO-TV Columbus, (9/1, 6:03 p.m.) reported, "House speaker Dennis Hastert has released a letter to attorney general Alberto Gonzales, asking he investigate any individuals who may have had knowledge of this matter, including members of Congress."

WNEP-TV Wilkes Barre (9/1, 11:07 p.m.) reported, "House Speaker Dennis Hastert released a letter to attorney

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general Alberto Gonzales, asking that he investigates 'anyone' who may have had knowledge of this matter."

White House Expects Criminal Probe. The AP (10/2, Heilprin) reports, "The White House and Democratic leaders in Congress also called Sunday for a criminal probe. White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week." Bartlett said, "There is going to be, I'm sure, a criminal investigation into the particulars of this case. We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected."

Democrats Accuse Republicans Of Covering Up Foley's Indiscretions. Newsweek (10/9, Thomas, Isikoff, 3.12M) reports on the resignation of six term GOP Rep. Mark Foley following the release of sexually explicit messages he had exchanged with 16- and 17-year-old congressional pages. Newsweek reports that "the politics of Foley's downfall are messy and intriguing, coming just weeks before hotly contested congressional elections. The Democrats accused the Republicans of trying to cover up Foley's indiscretions until after Election Day, while the Republicans accused the Democrats of leaking the story just in time to cost the GOP a crucial seat."

Democrats Turn Tables On Republicans Over "Family Values." The New York Times (10/2, Hernandez, 1.21M) reports Republican leaders "have not hesitated to hit the Democrats hard when it comes to the issue of protecting children." Now, Democrats "are suddenly seeing an opportunity to turn the tables, questioning the actions of Representative Thomas M. Reynolds of New York, the chairman of the Congressional committee, and other top Republicans who have acknowledged that they had been aware for months of e-mail exchanges between Representative Mark Foley, a Florida Republican, and a former teenage page." Democrats are "accusing Republican leaders of keeping silent about Mr. Foley and allowing him to remain as chairman of the House Caucus on Missing and Exploited Children until the disclosure on Friday of the more sexually explicit e-mail messages."

The Los Angeles Times (10/2, Levey, Neubauer, 918K) reports the Republicans' "effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation. Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show."

Rep. Jane Harman, also on Fox News Sunday (10/1, Wallace), contended that "the Democratic leadership should have been told 10 months ago. This was a very serious charge. And just because one page's family doesn't want facts out, I don't think is an adequate reason to do nothing. And I gather that basically nothing was done, except that Foley was warned."

Rep. Jack Murtha, on ABC's This Week (10/1, Stephanopoulos), said, "If they [the GOP's House leadership] knew any extent at all of what happened, I just cannot believe that they allowed this to happen and just told him, 'OK, stay away from this kid.' I don't know what they saw. But it's really makes me nervous that they looked like they tried to cover it up. This is what the investigation has to be all about, and it has to be a very quick investigation. … I think the ethics committee can handle it if they do a quick job of it. I mean, this is something that could be done internally."

Miami Herald Also Declined To Run Story Based On Foley's Emails. The Miami Herald (10/2, Clark, 310K) reports Hastert's letter "drew a sharp distinction between the instant messaging sessions -- which Hastert said he was never made aware of -- and e-mails between Foley and a former House page, which top GOP leaders saw in 2005. Foley was told to cease contact with the page. Hastert noted that the same e-mails were viewed by editors at The St. Petersburg Times, which reviewed them, considered them "friendly chit chat' and declined to run a story." Miami Herald Executive Editor Tom Fiedler "said Sunday the newspaper also saw the same e-mails and 'didn't feel there was sufficient clarity in the e-mails to warrant a story.'" Fiedler said, "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story."

St. Petersburg Times Says Hastert Wrong On Decision To Not Publish Emails. The St. Petersburg Times (10/2, Kumar) reports, "To bolster his argument, Hastert refers to an editor's note published on the St. Petersburg Times Web site Saturday that explains that the newspaper received copies of some of the e-mails to the Louisiana page in November 2005, but characterized them as 'friendly chit-chat' and chose not to print a story about them after speaking to Foley." But on Sunday night, St. Peterburg Times editors "rebutted his statements. 'The speaker is inaccurate. Our decision not to publish last fall was not based on an explanation from Rep. Foley,' managing editor Stephen Buckley said." Buckley added, "We didn't publish because the Louisiana teenager's parents did not want to pursue the issue, and because, despite our best efforts, we weren't able to track down any pages who had received inappropriate e-mails from the congressman. We didn't know about any sexually explicit exchanges between Rep. Foley and any former pages until the instant messages became public on Friday."

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Prosecutors Have Exercised Wide Discretion In Cases Similar To Foley's. The New York Times (10/2, Liptak, 1.21M) reports Foley's decision to resign "after the disclosure of his sexually explicit e-mail and text messaging exchanges with Congressional pages has been followed by a flood of demands from his former Congressional colleagues — Republicans and Democrats alike — that he face 'the full weight of the criminal justice system.' Legal experts consulted yesterday said that weight could be considerable." In the past, "legal experts said, prosecutors have exercised a great deal of discretion in deciding whether to pursue such cases." Legal experts "cautioned that any case against Mr. Foley would involve difficult jurisdictional and constitutional questions. At least three jurisdictions may be implicated: Washington and Florida, where Mr. Foley worked; the federal system; and perhaps other states, as information about contacts with pages emerges."

Federal Prosecutors Seek Pirro's Financial Records. The New York Times (10/2, Chan, Rashbaum) reports, "Federal prosecutors have issued a subpoena for copies of financial disclosure statements filed by Jeanine F. Pirro, the Republican candidate for state attorney general, from 1998 to 2005, when she was the Westchester County district attorney, a person familiar with the subpoena said yesterday." The Times continues, "The request for the documents, which contain details of Ms. Pirro's personal finances, is the latest in a series of developments that have roiled her campaign. On Wednesday, Ms. Pirro disclosed that she was the subject of a federal investigation into whether she illegally recorded her husband's conversations on the family's boat last year to determine whether he was having an affair. .. .The New York Post, which reported on the subpoena yesterday, said it came from a federal grand jury in Manhattan." The Times adds, "A person familiar with the subpoena said yesterday that it was delivered late Friday afternoon to the Westchester County Board of Ethics and gave county officials until Wednesday to respond. .. . The subpoena asked for disclosure reports from 1998 to 2005 and for the instructions given to Ms. Pirro to use in filling out the reports, according to the person, who spoke on the condition of anonymity because of the highly politicized nature of the case. .. . The reports ask officials to disclose bank accounts, stock transactions, real estate holdings, memberships on corporate boards and significant stock ownership. It was not clear why the disclosure statements were being sought."

FBI Talks To Woman Suspected Of Having An Affair With Pirro's Husband. At least one local television newscast reported that the FBI talked to Lisa Santagelo, the woman Jeanine Pirro suspected of having an affair with her husband, Albert Pirro. WABC-TV New York (9/1, 5:02 p.m.) reported, "Sources today confirmed the FBI has talked to Lisa, the woman who … Jeanine Pirro suspected of having an affair with her husband."

White House Launches Internal Probe Of Rove Aide's Contacts With Abramoff. Newsweek (10/9, 3.12M) reports in its "Periscope" column, "The White House has launched an internal ethics inquiry into one [Deputy Chief of Staff Karl] Rove aide in response to new e-mails showing that Rove's office had far more extensive conduct with convicted lobbyist Jack Abramoff than previously acknowledged. The e-mails, obtained by a House committee, show that Rove's executive assistant, Susan Ralston, may have violated a White House ban on accepting gifts worth more than $20 from lobbyists." The e-mails "show Ralston peppering Abramoff with requests for small perks and favors." Newsweek adds, "The e-mails show Rove's then chief political deputy, Ken Mehlman, now chairman of the Republican National Committee, had his own repeated contacts with Abramoff -- in stark contrast to previous public statements. According to the new records, Abramoff and his associates turned to Mehlman in their bid to obtain $16.3 million in federal funds from the Justice Department to build a jail for the Mississippi Band of Choctaws, an Abramoff client."

Lawmaker's Ties To Abramoff Help Democrats Raise Funds In Some Districts. Time (10/9, Calabresi, 4.03M) reports that Democrats "are finding that in a handful of districts like [Rep. John] Doolittle's, their opponents' ties to Abramoff are helping them raise money and close poll numbers, forcing expensive countermeasures like" President Bush's visit to the district. With "races tightening across the country, a handful of districts may be enough. The Abramoff factor has put up to five seats in play for Democrats in a contest in which 15 would give them control of the House."

FBI Investigating Prominent NYC Pols Over Bronx Real Estate Deals. The New York Post (10/2, Weiss, Seifman, 608K) reports, "The feds are probing two Bronx political powerhouses and their roles in lucrative real-estate dealings in the borough, The Post has learned. Sources said the FBI is investigating the dealings of Bronx Democratic leader José Rivera and Stanley Schlein, the longtime lawyer for the party" who "served as a lobbyist for the New York Yankees." The investigation "doesn't currently include the new Yankee Stadium project, but sources said the deal likely will be examined. About a month ago, an agent from the bureau's Public Corruption Unit quizzed Ellington Taylor, 62, who until his recent retirement had served as Rivera's driver for more than two decades." The Post notes, "Schlein expressed shock when contacted by The Post yesterday, saying there is no basis for an investigation."

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Many Lethal Injection Executions Reportedly Less Than Humane. The Los Angeles Times (10/2, Dolan, Weinstein, 918K) reports, "Operational Procedure No. 770, the state's name for execution by lethal injection, is performed in a dark, cramped room by men and women who know little, if anything, about the deadly drugs they inject under extreme stress. Thousands of pages of depositions and four days of testimony last week in a federal courtroom here provided the most intimate portrait yet of a state's lethal injection methods. Witnesses depicted executions by lethal injection — long considered a more humane alternative to the gas chamber or the electric chair — as almost haphazard events, and medical experts on both sides could not rule out the possibility that one or more inmates had been conscious and experienced an excruciating sensation of drowning or strangulation before death."

FBI Busts Alleged NYC Boiler-Room Operation Targeting Elderly. The New York Post (9/30, Cornell, 608K) reported, "The feds busted seven members of a Lower Manhattan boiler-room operation that allegedly raked in $6.7 million in just six months -- bilking many elderly victims out of their life savings. The FBI rousted the alleged scammers from their beds early" Friday "morning, charging them with wire and mail fraud for cold-calling victims and using high-pressure tactics to squeeze cash out of 230 investors in a foreign currency scam from 2002 to 2003." The Post added, "Victims throughout the U.S. initially received bogus monthly financial statements reporting 5 percent growth on their investments over the first several months, according to Andrew Arena, chief of the FBI's criminal division in New York. All the while, the alleged scam artists were secretly sending cash from the operation overseas to Cyprus and Russia. … 'It was basically a flat-out boiler-room operation,' Arena said."

Newsday (9/30, Kessler) reported that Arena "said some victims lost their life savings. … The defendants operated from an office on William Street in Manhattan from 2002 to 2003, under the name of Holston, Young, Parker & Associates, officials said." The AP (9/30, Hays) noted, "Many victims were elderly people who 'fell for the hard sell,' said Andrew Arena, head of the criminal division of the FBI's New York office. Some lost their life savings. … In 2002 and 2003, the defendants, most of Russian descent, operated 'a "boiler room" with Holston cold-callers and brokers making numerous unsolicited telephone calls on a daily basis and using high-pressure tactics,' the court papers said. … By the time a final statement arrived showing 90 percent losses, the suspects had closed their doors."

888 Holdings To Suspend US Business Today. The Financial Times (10/2, Blitz) reports, "888 Holdings, one of the biggest companies in the $12bn online gambling industry, is expected to suspend indefinitely business from US customers on Monday. The move comes as the sector braces itself for a massive reaction from investors to the dramatic US decision to tighten its anti-gambling laws. People close to 888 said they believed the company would issue a statement to the London Stock Exchange accepting that the passing of the bill in the US Senate on Friday would have a 'material' detrimental impact on its business. The bill prohibits US gamblers from using credit cards, cheques and electronic fund transfers to make online wagers, and throws the high-risk industry – already damaged by the impact of arrests of executives on US soil – into turmoil."

FBI Busts New York Child Porn Ring, Arresting 12. The Buffalo News (9/29, Pignataro) reported, "A dozen men, including eight from Western New York, are facing federal child pornography charges here under a national initiative targeting those who sexually exploit children, the FBI and U.S. Department of Justice announced Thursday. Those charged face a variety of offenses including possessing, transporting or distributing child pornography. The crimes range from possessing images of child pornography downloaded from the Internet to the production of child pornography during sexually abusive acts, authorities said. 'These are monsters that prey upon our innocent children,' said Laurie J. Bennett, special agent in charge of the Buffalo Field Office of the FBI." The News noted, "Bennett said the Buffalo office was one of the first 13 offices nationwide to institute the Innocent Images National Initiative to target those involved in the online sexual exploitation of children. Since 2002, more than 400 arrests have been made, she said."

FBI Arrests California Man On Child Porn Possession Charges. The Los Angeles Times (9/30, 918K) reported, "A Brea man has been arrested on suspicion of possessing child pornography, officials said Friday." Theodore Allen Jedinak "was in federal custody in Santa Ana and set to be arraigned Monday after authorities found numerous pornographic images and videos of minors on his home computer, according to the FBI. The material came to the bureau's attention, an agency statement said, after Jedinak engaged in the 'initial stages' of a relationship with an unidentified individual he met online. After being shown multiple videos of minors engaged in sex acts, the statement said, the individual called Brea police, who contacted federal officials."

Illinois Man Sentenced To Prison For Child Enticement. The AP (10/1) reported, "An Illinois man was sentenced to five years in prison after pleading guilty to interstate transportation of a minor and engaging a boy in a

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relationship that included sexually explicit Internet communication. Stephen Quinn, 45, of Harwood Heights, Ill., was sentenced Friday by U.S. District Judge Donald Molloy. The FBI began investigating Quinn in 2005, about two years after he made contact with the boy in a gay chat room on the Internet. Prosecutors said that in July 2004, Quinn traveled to Montana and engaged in sexual activity with the boy, then 16." The AP noted that in May 2005, "Quinn spoke with the boy's mother in a conversation recorded by the FBI. The FBI also obtained threatening e-mails, text messages and recorded phone calls from Quinn to the boy."

FBI Arrests Former Nevada Controller's Husband For Her Murder. The Reno Gazette-Journal (9/30) reported, "Reno police arrested critical-care nurse Chaz Higgs on Friday in Hampton, Va., on a warrant charging him with first-degree murder in the death of his wife, former State Controller Kathy Augustine. The arrest was made after police received a toxicology report from the FBI indicating the presence of succinylcholine, a powerful paralyzing drug, in her urine. … Augustine, 50, was taken to Washoe Medical Center the next day after Higgs said she had suffered a massive heart attack in their Reno home. He said the heart attack was brought on from the stress of political campaigning. Augustine, the only Nevada constitutional office ever to be impeached and convicted, was running as a Republican for state treasurer."

The Las Vegas Review-Journal (9/30, Haynes, Puit, Vogel) noted, "The couple's relationship was on the rocks, and she was talking about divorce, people said. He didn't seem to grieve like a loving husband would. She was in perfect health. … For Phil Alfano, Augustine's brother, the arrest confirmed suspicions that had been simmering since Augustine was hospitalized." The Journal added, "Reno police received the FBI's test results on Wednesday. … Police got an arrest warrant for Higgs the same day and sent two detectives to Hampton, Va., where Higgs had been visiting relatives for about a month, Reno police Lt. Jon Catalano said. … FBI agents staked out Higgs' brother's house Friday and arrested him about 2:50 p.m. Pacific Daylight Time when he pulled into the driveway, he said."

The AP (9/30, Sonner) reported, "The warrant was issued Wednesday afternoon, just hours after a coroner's autopsy and results of FBI toxicology tests showed evidence of the drug succinylcholine in Augustine's system." Reno police spokesman Steve Frady said, "The FBI has been involved for some time. It was a good cooperative effort." The Los Angeles Times (9/30, Verhovek, 918K) and Hampton Roads Daily Press (9/30, Day, 94K) also reported on the arrest and FBI analysis.

LATimes Opposes "Jessica's Law" Sex-Offender Initiative. The Los Angeles Times (10/2, 918K) editorializes, "California already has some of the toughest sex-offender laws in the country. Late last month, Gov. Arnold Schwarzenegger signed a batch of new ones, including measures increasing prison terms for most convicted offenders and barring them from loitering near schools and parks once they're released. Now comes Proposition 83, known as Jessica's Law, which would duplicate many of those measures while adding several costly and questionable features that would do little to reduce crime. Californians should resist letting fear and emotion trump reason and vote no."

CIVIL LAW:

Indiana Man Ordered To Pay $64.2 Million For Chicago Medicare Fraud Scheme. The Chicago Tribune (9/30, Japsen, 623K) reported, "In one of the largest civil health-care fraud judgments in Chicago history, a federal judge Friday ordered the one-time owner of Edgewater Medical Center to pay more than $60 million for his role in engineering a massive fraud scheme to bilk government health programs. U.S. District Judge John Darrah ordered Peter Rogan of Valparaiso, Ind., to pay $64.2 million in damages and penalties, saying he had a key role in engineering an elaborate kickback scheme that paid doctors and others to admit patients for unnecessary care from the mid-1990s through 2000." The Tribune noted, "In his 64-page opinion and order Darrah said Rogan knew of the scheme and made efforts to conceal his role, citing conversations Rogan had that were taped by physicians cooperating with the FBI. Rogan told his fellow managers he 'smelled a rat' and said he would be on guard when talking to physicians he believed were taping his conversations, the judge's order says."

In a widely-distributed story, the AP (9/30) also reported, "Rogan knew of the scheme and tried to conceal his role, Darrah said, citing taped conversations Rogan had with doctors who cooperated with the FBI. 'The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims,' Darrah said."

CIVIL RIGHTS:

Virginia Gay Marriage Ban Opponents Warn Of "Unintended Consequences." The Washington Post (10/2, B1, Jenkins, 748K) reports supporters of a Virginia

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state constitutional amendment "that would ban same-sex marriage contend that the measure wouldn't change life for Virginians, gay or not, one iota. … Supporters say action is needed to protect the commonwealth's laws against same-sex marriage from state judges who could rule that they are unconstitutional, as happened in Massachusetts in 2003 and in Maryland in January when a circuit court judge ruled that a law banning same-sex marriage was discriminatory." However, "Opponents of the measure…have largely based their campaign on convincing voters that the amendment could have all sorts of unintended consequences, including jeopardizing contracts between unwed heterosexual couples, threatening safeguards for unmarried victims of domestic violence and hurting Virginia's business climate."

Texas Police Officer Pleads Guilty To Violating Witness' Civil Rights. The Jacksonville (TX) Progress (9/20, DaBarbe) reported, "Pleading guilty to retaliation against a witness and two counts of violation of civil rights, former Jacksonville Police Officer Larry Pugh and his attorneys asked U.S. Magistrate Judge John Love to accept a plea bargain Thursday at the U.S. Federal Courthouse in Tyler. Love accepted the plea, and the maximum punishment of 12 years in prison will be recommended at a sentencing likely to be held in 45 to 60 days. 'This is a plea bargain only for his (Pugh's) three federal charges,' said Pete Galbraith, supervisory senior special agent with the Federal Bureau of Investigation during a press conference immediately following the proceedings. 'The Cherokee County charges will have to be folded into this.'" The Progress added Assistant JPD Chief of Police John Page "said he feels 'justice was served.' Page said JPD and the FBI worked together to resolve the case."

The Tyler Morning Telegraph (9/28, Dean) reported that at a press conference following the hearing, US Attorney John Radcliff "said in one incident Pugh arrested the woman and then released her after she had sex with him. In the other incident Pugh offered the woman a courtesy ride then took her to a mobile home where he had sex with her then drove her back to her neighborhood. Pugh also admitted to retaliating against one of the victims because she was cooperating with law enforcement." The Telegraph added, "FBI Special Agent Pete Galbraith said the women were credible and Pugh, by accepting the plea, admitted he committed the acts listed against him. … 'I am very proud of the courage of these two witnesses in this case, because it's very hard to stand up against someone who is a police officer.'" The Lufkin Daily News (9/28) also reported on the plea agreement.

Book Club Provides Oasis For African-American Youth. The Washington Post (10/2, A1, Parker, 748K), in a front-page story, profiles "the YoungMenRead book club at Karibu Books in" Bowie, MD "where it was cool for black boys to hang out, speak up and be smart."

ANTITRUST:

Court To Tackle Important Antitrust, Patent Cases. The AP (10/2) reports, "The Supreme Court is about to plunge into an agenda laden with business sector issues, including cases involving the Weyerhaeuser Co. and Safeco." The AP continues, "Of the 38 cases the court has agreed to consider so far in the term that begins today, 17 are business related, 'an unusually high fraction,' Washington lawyer Roy Englert says. … Chief Justice John Roberts was managing partner of a major law firm that had a very sizable portfolio of business clients and is 'comfortable with the issues presented in business cases in ways that Chief Justice William Rehnquist' was not, Pepperdine University law professor Douglas Kmiec says." The AP adds, "The Weyerhaeuser case is one of two antitrust cases set for this term so far. The Bush administration wants the justices to throw out a $79 million verdict against lumber industry giant Weyerhaeuser in a lawsuit brought by a smaller company. At issue is whether 'predatory bidding,' or paying too much for raw material, is an anti-competitive practice. … In the second antitrust case, the largest phone companies are accused of dividing up the market to protect regional monopolies. .. . In the realm of consumer rights, two insurance companies are fighting allegations that they should have notified people about adverse information in their credit reports. The consumers say Geico and Safeco denied them insurance or increased premiums based on data in the reports."

The Financial Times (10/2, Waldmeir) reports, "The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases." The Times continues, "Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. 'It's a very important term for business,' says Jonathan Franklin, of the law firm Fulbright & Jaworski." The Times adds, "US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies. … The justices will also hear a potential watershed patent case, which could set a standard for determining when an invention is too obvious to deserve patent protection. … Legal experts say the decision could affect virtually every patent case, since every patent application must pass the test for 'non-

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obviousness'. .. . Critics of the US patent system say that too many obvious inventions are patented – like the adjustable accelerator pedal at issue in KSR v Teleflex, the case before them."

Investment Group To Buy AWG. The Wall Street Journal (10/2) reports, "An investment group consisting mainly of pension funds plans to announce today that it has agreed to buy British water utility AWG PLC for about £2.2 billion ($4.12 billion), according to people familiar with the situation. The group of Australian and Canadian pension funds and British venture-capital and private-equity firm 3i Group PLC have agreed to bid £15.55 ($29.12) a share for AWG, which operates mainly in southeast England and serves about six million industrial, commercial and residential customers. AWG announced it had been approached about a takeover Sept. 14. The deal comes as three of Britain's largest water utilities are the subjects of potential buyouts."

EU Expands Microsoft Vista Inquiry. The Financial Times (10/2, Buck) reports, "European antitrust regulators have expanded their probe into Microsoft's Vista operating system, by raising concerns over plans to add encryption and handwriting recognition software to the group's new flagship product." The Times continues, "The new concerns are based on complaints from small European software developers who fear the bundling of these new functions into Vista will undermine their products in this area. … It is understood that the European Commission raised these concerns in a letter to Microsoft in July." The Times adds, "Vista, which is due to replace the group's ubiquitous Windows operating system from next year, is already at the centre of a new antitrust battle between the Commission and Microsoft. … The Brussels-based regulator fears that Vista might raise the same competition problems that led the Commission to issue a landmark ruling against Microsoft more than two years ago. … In particular, the regulator is concerned about the 'bundling' of new features and programs into the operating system. Brussels fears the addition of an internet search engine and a rangeof software security featureswill undermine competition from companies which sell similar products on a stand-alone basis."

Financial Regulators To Oppose EU Merger Reform Plans. The Financial Times (10/2, Parker, Schieritz) reports, "Europe's top financial regulators will today attack Brussels' plans to shake up the vetting of cross-border mergers, which aim to speed decisions and tackle national protectionism." The Times continues, "Charlie McCreevy, EU internal market commissioner, proposed the shake-up this month in an attempt to stop national regulators obstructing cross-border takeovers and mergers on bogus grounds. But today Europe's three main regulatory bodies, covering banking, securities and insurance, will claim that Mr McCreevy's plan would force them to work too quickly, compromising their decisions." The Times adds, "They will warn that they are unwilling to hand over some confidential merger material to Mr McCreevy, potentially preventing him from deciding whether national regulators are acting in good faith. … The warning comes in a letter, seen by the Financial Times, from the chairs of the three European financial services regulatory committees - CEBS, CESR and CEIOPS - representing national regulators in banking, securities and insurance respectively. .. .The clash comes as Mr McCreevy tries to revise the EU's banking directive to tackle protectionism, which he believes is -hampering the development of pan-European financial services companies."

ENVIRONMENT:

Rural Midwest Benefiting From Ethanol Boom. USA Today (10/2, Keen, 2.27M) reports, "Rising gas prices and the push for less dependence on foreign oil have increased demand for ethanol," which has "created a rapidly expanding industry that is centered in the rural Midwest. There are 105 ethanol plants in operation; almost half are owned by local farmers, according to the Renewable Fuels Association, an industry group. Forty-one more are under construction, and seven are expanding. Capacity is 5 billion gallons a year. When the new plants are running, that number will grow to 7.9 billion."

Corporate Agriculture Seen As Endangering Family Farmers. The New York Times (10/2, Leduff, 1.21M) reports profiles a farmer in the "heart of the heartland," Lebanon, Kansas and notes that family farmers are being forced out of by "large corporate farmers" who are "taking over" because they "understand the ins and outs of the international trade policies and government subsidies that are changing the landscape."

Snakeheads Expanding Territory In Potomac River. The Washington Post (10/2, B1, Fahrenthold) reports, "The northern snakehead fish seems to be expanding its territory in the Potomac River, government researchers say, after a year in which the toothy Asian transplant has appeared in new places and at higher concentrations across the area. … Over the past year, the snakeheads have spread out and become endemic in about 15 miles of the Potomac and some of its tributaries south of Washington from a home base of two creeks in Virginia, he said. That has switched scientists' focus from eradication to coexistence."

NYTimes Claims Spinach Contamination Shows Need For Greater FDA Oversight. The

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New York Times (10/2, 1.21M) editorializes, "Just when many of us thought that eating lots of fresh green leafy vegetables was the key to good health, along comes an outbreak of bacterial contamination in bagged spinach. … Roughly half of the 20 outbreaks have been traced to central California, suggesting something amiss in the environment or processes used there. Regulators are leaning on the food industry to clean up its act, and the industry is scrambling to comply. But the safest route is to give the Food and Drug Administration greater authority and more personnel to inspect and regulate food growers and processors."

Officials Plan To Clean Up Tires Dumped Off Coast Of Florida. The Washington Post (10/2, A12, Whoriskey) reports that in the spring of 1972 the idea of dumping a million tires off the cost of Florida "looked like ecological enlightenment. From the scrap tires, artificial reefs would grow and fish would throng, or so it was thought. … What happened instead is a vast underwater dump -- a spectacular disaster spawned from good intentions. Today there are no reefs, no fishy throngs, just a lifeless underwater gloom of haphazardly dropped tires stretching across 35 acres of ocean bottom. … So, after years in which the site was studied and then neglected, officials here are planning to clean up the environmental experiment gone awry. Coastal America, a partnership of federal agencies, state and local governments and private groups, is trying to organize a cleanup using military salvage teams that would use the tire retrieval as a training exercise. Once the divers pulled the tires up, they would be disposed of by the state at a cost of about $3 million to $5 million."

Waterfront Development Raises Questions About New Jersey's Handling Of Toxic Dump Sites. The New York Times (10/2, Mansnerus) reports that some environmentalists view the development on a New Jersey waterfront as "an experiment of sorts because of what lies underneath it: dirt spotted with hexavalent chromium, a manufacturing component that has been identified as a cause of lung cancer, liver and kidney damage and mutations to human DNA. Hudson County is the nation's chromium-waste center, with almost 200 sites where it was dumped decades ago. Of all those sites, this slice of Weehawken is the first to be reclaimed for residential development, and the reborn riverfront here — representing an investment of hundreds of millions of dollars — depends on the remedy that the state has chosen for sites polluted by chromium." The Times adds, "The state and local authorities have approved everything the developer, Roseland Properties, has done, and they say the cleanup has far exceeded their standards. But the state's policies are not settled at the moment. Rather, they are caught up in a politically charged discussion about how the state has handled the rush to turn urban wastelands into sought-after real estate."

Herbert Says Black Family Was Denied Information About Contaminated Drinking Water. Bob Herbert writes in the New York Times (10/2) that the Holt family home in Dickson, Tennessee is adjacent to a government-owned landfill. According to Herbert, "Toxic chemicals from the landfill have polluted the pristine water that was once drawn from the Holt family well. … The Holts were not just unaware that their water was contaminated; they had been assured by federal environmental officials way back in 1991 that the water had been tested and was safe to drink. … During that time, the government warned white families that the water had been contaminated and provided them with an alternate source of drinking water. The Holts, who are black, were left oblivious to the danger. Welcome to the world of environmental racism, a subject that doesn't get nearly enough attention."

FBI/DEA/ATF/USMS:

Nine Charged In Heroin-Trafficking Investigation. The Chicago Sun-Times (9/29) reports nine members accused of involvement in an international drug-trafficking ring that "supplied heroin from Ghana to Chicago and other Midwest cities were charged Friday as apart of a joint investigation by Chicago Police and the U.S. DEA. Seven of the nine were in custody as of Friday afternoon, according to a release from Chicago Police, including Moshoodi E. Ajijola. Authorities identified Ajijola as the head of the operation and charged him and eight others with federal drug conspiracy." The Sun-Times adds, "After a six-month undercover investigation by police and DEA agents dubbed 'Operation Saheroin,' authorities learned the organization imported pure heroin from Africa through Indian to America and finally to Chicago, where it was sold to customers for redistribution around the Midwest."

The Chicago Sun-Times (9/30) also writes that the accused heroin dealers "were smuggling dope from Ghana and Nigeria to Chicago in the lining of suitcases and by using human mules."

The Chicago Tribune (9/29) noted that two suspects remained at large.

Four Vermont Men Sentenced In Drug-Smuggling Conspiracy. The AP (10/1) reports four northern Vermont men "were sentenced in federal court Thursday and Friday in what authorities described as a large conspiracy to smuggle millions of dollars worth of Canadian marijuana into the United States. The four were among 12

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people who have been sentenced or have pleaded guilty and are awaiting sentencing in connection with a ring that smuggled loads of as much as 1,000 pounds of pot at a time in grain trucks entering Vermont from Quebec, the U.S. attorney's office said." The AP notes the DEA's involvement in the investigation.

The Burlington (VT) Free Press (9/30) reports DEA officials "said they seized $930,000 in cash and $1.5 million in cars, trucks, motorcycles, boats and other vehicles. The smuggling operation unraveled Oct. 25, 2003 when investigators seized about 135 pounds of marijuana…that was in a storage shed."

Nine Indicted In Connection With California Marijuana House Raids. On its Web site, KCRA-TV, Sacramento (9/29) reports federal indictments "were handed down Friday afternoon related to homes recently raided in Stockton and believe to be connected to a massive drug ring. Investigators seized thousands of marijuana plants being grown inside the homes. A federal grand jury has now handed down a total of nine indictments related to the case and a joint task force has been formed that includes the Drug Enforcement Administration."

The Stockton Record (9/30) reports a score of indoor marijuana-growing operations "uncovered this month in successive raids in several typically peaceful residential areas will become part of a larger federal probe in the region. A federal grand jury in Sacramento on Thursday handed down indictments on four San Francisco men arrested Sept. 13 in the first of the raids in Stockton, said Gordon Taylor, U.S. Drug Enforcement Agency assistant special agent in charge. Federal prosecution is already under way in what investigators say is a related operation involving 21 houses in Sacramento and Elk Grove that also led to four arrests."

The Sacramento Bee (9/30) reports four Bay Area residents, "indicted this week after a series of raids at homes in Stockton where marijuana was being grown, are part of the same organized crime syndicate behind a pot-growing network in the Sacramento area, authorities said Friday. Described by agents as a Bay Area-based Asian organized crime network, the group is 'without a doubt the most sophisticated crime syndicate we have ever investigated in this region,' said Gordon Taylor, assistant special agent in charge of the Sacramento office of the federal Drug Enforcement Administration."

Combat Meth Act Rules Take Effect. Parsippany, New Jersey's Daily Record (9/30) reports on rules now in effect due to the Combat Methamphetamine Epidemic Act of 2005, which "ordered pharmacies nationwide to move all over-the-counter cold and allergy medicines with the decongestants pseudoephedrine, ephedrine and phenylpropanolamine to a secured area and limited the amount that a consumer could purchase at one time. … The new regulations will be enforced by the U.S. Drug Enforcement Agency. The federal rules are more strict than those put into New Jersey law last year."

Ontario, California's Inland Valley Daily Bulletin (9/30) writes, "The Combat Methamphetamine Epidemic Act of 2005 is the latest move by the government to hinder methamphetamine manufacturers by cutting off one of their sources of pseudoephedrine - one of the key ingredients in making the drug. … The law also requires that any employee selling these cold medicines must receive training on the law and its requirements."

The Palm Beach (FL) Post (9/30) reports the pharmaceutical industry "has tried to adapt to the changes by reconstituting many of the products and eliminating the offending ingredient. But while the new products can be sold over the counter, there is some question about whether they work. Brace yourself: Federal authorities may have another cluster of drugs in their sights, a list that includes such humble bromides as Alka-Seltzer Plus and Vicks 44 Cough Relief."

The Oregonian (9/30) reports Oregon consumers "will be unaffected by the new rules under the Combat Methamphetamine Epidemic Act, which President Bush signed in March. Oregon is exempt because the state imposed a far tougher pseudoephedrine restriction starting in July: a prescription. … Rusty Payne…said stores that sell pseudoephedrine without a certification 'run the risk of DEA action, such as an inspection or audit.' He declined to say how many businesses had completed the process, which the DEA announced on its Web site 11 days ago."

Newsday (9/29) reports Jan Engle, a professor of pharmacy practice at the University of Illinois College of Pharmacy, "said the important thing is to educate consumers about where their medications are now located and about differences in the new decongestants on open shelves. Many brands are substituting ephedrine and pseudoephedrine, which have 12- and 24-hour time-release formulas, with phenlyephrine, an older drug that lasts about four hours, she said."

TIME/CNN (10/1, Gorman) reports, "The national rule, which echoes restrictions found in several states, is supposed to make it tougher for criminals to manufacture the illegal drug methamphetamine using packets of pseudoephedrine as its raw material. Allergy sufferers who don't want to go through the extra trouble had better have a lot of tissues on hand. The most common alternative, the nasal decongestant phenylephrine, may not be as effective."

Report: Baseball's Clemens Among 6 Players Linked To Performance-Enhancing Drugs. There are more than 700 media references to a report, first

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published by the LA Times, that Houston Astros pitcher Roger Clemens is accused of using performance-enhancing drugs. The Los Angeles Times (10/1, Pugmire) reports Clemens "is among six players allegedly linked to performance-enhancing drugs by a former teammate. … The names had been blacked out in an affidavit filed in federal court. Others whose identities had been concealed include Clemens' fellow Houston Astros pitcher Andy Pettitte and former American League most valuable player Miguel Tejada of the Baltimore Orioles. The discovery ends four months of speculation surrounding the possible identities of Major League Baseball figures whose names were redacted from the search warrant affidavit filed in Phoenix on May 31."

The Los Angeles Times (10/2) also reports Clemens and Pettitte "denied allegations that they had used performance-enhancing drugs, with Clemens saying he was angry and Pettitte saying he was embarrassed by a report that first appeared in the Times." Clemens "called the act of leaking the names 'very dangerous and malicious and reckless' and said he would consider legal action if one of his sponsors decided to drop him as a client as a result of the allegations."

The New York Times (10/2) cites the Los Angeles Times story, and William C. Rhoden writes, "It is awful, and infuriating, that the hypocrisies of two industries — baseball and news media — are converging. Baseball, if it didn't encourage drug use, at least looked the other way season after season as players did what they it had to do to make it through 162 games. The news media, selectively picking and choosing who to vilify, has been on a Bonds hunt for two seasons. Now it may be confronted with Clemens."

The AP (10/2) reports some of baseball's stars "responded with denials and denunciations Sunday following a Los Angeles Times report in which former pitcher Jason Grimsley accused five players of using performance-enhancing drugs, according to a federal agent's affidavit. The other players cited were Baltimore teammates Brian Roberts and Jay Gibbons."

The Washington Post (10/2, E5, Shipley) reports that agent Randy Hendricks "noted that Grimsley has said through his attorney that he did not disclose names to federal investigators."

Network TV Coverage. ABC World News (10/1, story 6, 2:15, Harris) reported, "The Los Angeles Times is reporting that one of the game's biggest stars, pitcher Roger Clemens, is now linked to the investigation by a former teammate and admitted steroid user. … Questions are being raised about how he has performed so well for so long. Today, the Los Angeles Times reported that former pitcher, Jason Grimsley claimed in a Federal affidavit that Roger Clemens was one of several players who used performance-enhancing drugs."

NBC Nightly News (10/1, story 9, 0:20, Holt) reported, "Roger Clemens is denying a report that suggests he may have used performance-enhancing drugs. It identified him and five other players in affidavits. The seven-time Cy Young award winner says he has been tested numerous times and passed every test."

Schwarzenegger Rejects Industrial Hemp Bill. The Los Angeles Times (10/2, Rau) reports Gov. Arnold Schwarzenegger "finished evaluating the year's crop of legislation Saturday. … The governor refused to allow California farmers to grow industrial hemp. Although AB 1147 by Assemblyman Mark Leno (D-San Francisco) would have permitted only hemp that was free of the chemical that is found in marijuana, Schwarzenegger said in his veto message that the measure conflicted with federal law and would have made it harder for law enforcement to keep track of illegal drug crops."

Officials Consider Using Herbicide To Eradicate Afghanistan's Opium Poppy Fields. The AP (10/1) reports Afghan authorities "say they are considering a once unthinkable way to deal with [a] scourge: spraying poppy fields with herbicide. Afghans including President Hamid Karzai are deeply opposed to spraying the crop. … But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop. … 'This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it,' said Lt. Gen. Mohammed Daoud Daoud."

Idaho Town Considers Mandating Gun Ownership. USA Today (10/2, Florio, 2.27M) reports, "The Town Council in Greenleaf, Idaho, is considering a recommendation that all households keep and maintain guns because of the crime that might come with the encroaching growth from nearby Boise."

IMMIGRATION:

WPost Regards Virginia Town's Proposed Crackdown On Illegals As "Small-Minded." The Washington Post (10/2, A18, 748K) editorializes, "Northern Virginia's town of Herndon…is back in the news with more ideas on how to clamp down on illegal immigrants. The proposals are small-minded and, if enacted, are likely to be futile in resolving any problems. … Herndon is proposing to train local police to enforce federal immigration laws and to place new restrictions on businesses. Anyone seeking a business license would have to prove valid immigration status, and anyone wanting to do business with the town

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would have to show that workers for the business are in the country legally."

TAX:

Study Finds Middle Income Earners Shouldering Larger Tax Burden. USA Today (10/2, McCoy) reports Americans "of every income have benefited from a drop in federal income tax rates as Bush administration tax cuts enacted since 2000 took effect, an independent analysis of newly released IRS data shows." But those "earning $75,000 to $500,000 are shouldering a larger share of total taxes paid as millions more of them earn higher incomes and get hit with the Alternative Minimum Tax, the analysis also found." The review "by the Tax Foundation, a non-partisan research group that favors low taxes, provides one of the first detailed looks at the impact of federal tax changes phased in between 2000 and 2004."

CONGRESS-ADMINISTRATION:

Supreme Court To Consider Contentious Issues This Term. NBC Nightly News (10/1, story 7, 2;25, Holt, 9.87M) reported, "The US Supreme Court will begin its new term and take on a hot plate of social issues from abortion to global warming to the role of race in school admissions." NBC (Williams) added the court will consider the "'partial birth abortion' ban. Some said it would stop late term abortions that partially deliver a fetus and then collapse its skull. It grants no exceptions to protect a woman's health." Jay Sekulow, American Center for Law And Justice: "When you are talking about the partial delivery of a child and then that child's life is exterminated that is where that line can be drawn." Williams: "The ban would actually restrict much more." Prescilla Smith, Center for Reproductive Rights: "It is extremely broad and would ban second trimester abortions in essence. It is about the fundamental right to choose abortion."

The Los Angeles Times (10/2, Savage, 918K) reports, "Abortion remains the most divisive issue before the court. Until now, a 5-4 majority has held to the view that the government may not regulate abortion in a way that threatens the life or health of pregnant women."

The Christian Science Monitor (10/2, Richey, 58K) reports "race-based public school enrollment plans are among major national issues at the US Supreme Court this year in a term that offers the first real insight into the constitutional vision of the high court under Chief Justice John Roberts. Constitutional scholars and other analysts are watching closely to see if respect for legal precedent…emerges as a defining approach, or whether the Roberts court will seek to build on the conservative agenda of the Rehnquist court, with sweeping rulings that erode or erase liberal precedents."

The New York Times (10/2, Greenhouse, 1.21M) reports, "If Year 1 was the transition for the new Roberts court, Year 2 is likely to be the test. During the first term under the leadership of Chief Justice John G. Roberts Jr., the justices were able to find common ground with some regularity by agreeing not to decide much. By the time the term ended in late June, the extent to which the members of the newly configured court were prepared to confront either precedent or one another remained unclear." The Times adds, "Chances are high that the new term, which begins on Monday, will be different. The cases that the court has agreed to decide -- 38 so far -- offer few off-ramps, requiring instead that the justices proceed to rulings that will define the new court in both substance and style."

The Financial Times (10/2, Waldmeir) reports, "The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases. Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. … US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies." The justices "will weigh in on the debate over how to punish corporate wrongdoing by considering whether to tighten limits on punitive damage awards, the big fines levied by juries to protest and deter corporate misconduct that are often out of all proportion to actual damages."

Kelo Decision Inspired A Raft Of State Initiatives On Private Property. The Washington Post (10/1, Harden, Eilperin, 748K) reports, "Libertarians and land developers have found populist fodder in a contentious Supreme Court decision from last year, Kelo v. New London, "that favors eminent domain over private property. This fall, they are trying to harness anger over the ruling in an effort to pass state initiatives in the West and federal legislation that could unravel a long-standing fabric of state and local land-use regulations. … The property-rights movement, as it is known, has a major new benefactor -- Howard Rich, a wealthy libertarian real estate investor from Manhattan. He has spent millions -- estimates run as high as $11 million -- to support initiatives that will appear on ballots throughout much of the West."

Kennedy Expected To Be A Swing Vote As Supreme Court Resumes This Week. Time (10/9, Thompson, 4.03M) reports in its "Notebook" column, "The Supreme Court returns for its new term this week, and it's expected to be a corker." On the docket "are a raft of high-

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profile cases on hot-button issues that should give the best indication yet of the decision-making dynamics and working style of the John Roberts era." Time also notes, "With Sandra Day O'Connor retired and his colleagues evenly divided, centrist [Anthony] Kennedy is the likely swing vote in tight cases. … Watch for Kennedy's leanings in November, when the court hears arguments on the constitutionality of the 2003 federal ban on dilation-and-extraction (a.k.a. partial-birth) abortions." Time also reports, "In December, the court will wrestle with whether race can be used to assign pupils to public elementary and secondary schools. … The most recent precedent: 2003, when the court ruled 5-4 that race could be used as a factor in admissions to public universities. Kennedy, who dissented in that case, could swing the decision the other way now."

More Commentary. The New York Times (10/2, 1.21M), under the headline "Whose Court Is It Anyway?," editorializes, "The Roberts court officially began last year, but the term that starts this week should give the first clear picture of what kind of court it will be. The docket includes major cases involving abortion, affirmative action and the environment." The justices in the Court's "now solidly conservative majority will be given a chance to prove what sort of conservatives they intend to be: those who issue rulings to match their personal ideology, or those who want to keep the court on a steady path by respecting precedent. … If Chief Justice Roberts and Justice Alito turn out to be conservatives with a deep respect for precedent, the court is likely to remain fairly centrist. But the biggest factor is likely to be Justice Anthony Kennedy, who began last term to fill Justice O'Connor's role as a voice of moderation. We hope he continues to do so."

The Wall Street Journal (10/2, 2.03M) editorializes, "It's no secret that the political power and influence of US public-employee unions derives from their ability to collect mandatory dues. But the issue of whether these forced dues can be used for political activities without explicit permission to do so from workers could use some legal clarification." That "might happen now that the Supreme Court has agreed to hear an appeal from the state of Washington, where even nonmembers of unions can be compelled to pay collective-bargaining dues as a condition of employment." The Court "now has an opportunity to set some national guidelines regarding the constitutionality of both paycheck protection laws for nonunion workers and the more general practice of unions extracting money from any worker involuntarily. Let's hope they don't take a pass."

Four Justices, Other Top Officials Attend Red Mass. The New York Times (10/2, Banerjee, 1.21M) reports, "Speaking to Supreme Court justices, cabinet members, politicians and hundreds of judges and lawyers gathered here on Sunday to celebrate a special Mass marking the start of the judicial calendar, Archbishop Donald W. Wuerl of Washington rejoiced in what he called the resurgence of faith in the shaping of public policy and urged those before him to remain rooted in their religion. … Officially called the Solemn Votive Mass of the Holy Spirit, 'votive' indicating that it is being celebrated for a particular intention, Red Masses are held all over the country, typically at the start of a judicial year." Worshipers "ask for the blessing of the Holy Spirit on those who administer justice, in a tradition that goes back to 13th-century Europe. The service is called the Red Mass because of the red vestments clergy members wear."

The Washington Post (10/2, B2, Schwartzman, 748K) notes the Mass was "attended by four US Supreme Court justices." Chief Justice Roberts "sat in the first pew during the service at the Cathedral of St. Matthew of the Apostle in Northwest Washington alongside Justices Antonin Scalia, Anthony M. Kennedy and Clarence Thomas." Attorney General Alberto R. Gonzales "was among five members of President Bush's Cabinet who attended the service."

The Washington Times (10/2, Wagner, 88K) says other US officials present included Secretary of Commerce Carlos Gutierrez, Secretary of Housing and Urban Development Alphonso R. Jackson, Secretary of Health and Human Services Michael O. Leavitt and Solicitor General Paul D. Clement, "who conducted the second reading of Mass. The first reading was performed by Anita B. McBride, chief of staff to first lady Laura Bush."

The AP (10/2, Sanner) also notes Gonzales' attendance at the Mass.

Gonzales, Roberts Address Different Aspects Of Judicial Independence. The Legal Times (10/2, Mauro) reports, "Chief Justice John Roberts Jr. has made his strongest plea yet for judicial independence, even warning fellow conservatives to back off from attacking judges for unpopular decisions." The Times continues, "Speaking Thursday and Friday before a historic D.C. gathering of federal and state judges, lawyers, academics and business leaders aimed at preserving a 'fair and independent' judiciary, Roberts recalled former President Ronald Reagan's definition of a judge's duties. .. 'The judge's commitment to the preservation of our rights often requires the lonely courage of a patriot,' Roberts quoted Reagan as saying 25 years ago. 'To the extent that attacks on judicial independence come from conservative quarters, I would commend to those quarters the words of the leading conservative voice of our time.' .. .But Roberts also said attacks on the judiciary are 'utterly bipartisan,' and a key to warding off such attacks is to use 'self-restraint' in decision-making. … 'Judges are insulated from political pressure precisely because they are not supposed to be making political decisions but deciding cases according to the rule of law,' said Roberts. … But the chief justice urged all to defend the judiciary. 'Just as attacks

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on judicial independence come from all parts of the political spectrum, so should the defense of judicial independence.'" The Times notes, "At the same conference, sponsored by Georgetown University and the American Law Institute, Attorney General Alberto Gonzales offered similar remarks, defending the judiciary while warning judges not to overstep their authority. .. . 'It is essential that judges be courageous enough to do the right thing, motivated solely by a respect for the law, undeterred by criticism or the possible outcome of the next election,' said Gonzales. But he urged judges to retain 'a proper sense of judicial humility.' .. .Though he couched his comments in largely general terms, Gonzales went on to criticize high court rulings that have struck down Bush administration wartime measures. The Constitution gives the courts 'relatively few tools' to intervene in military and foreign policy, Gonzales said, adding, 'Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review.'"

House Republicans Sought To Bolster Incumbents Through Legislation. The Washington Post (10/1, Weisman) reports that in a bid "to help embattled incumbents win tough reelection campaigns in November, House Republican leaders last week muscled through more than 165 bills that their members can use to win over voters back home -- and deflect attention from the scandals they left behind in Washington." In the "face of such ill winds, House Republican leaders have urged GOP candidates to focus their campaigns on local issues and personal accomplishments. The last days of legislating were devoted to giving the candidates the specifics to run on." Dozens of "the made-to-order bills that flew through the House bear the names of the endangered lawmakers, from Pennsylvania Rep. Jim Gerlach's Open Space and Farmland Preservation Act to Connecticut Rep. Christopher Shays's reauthorization of the HOPE VI housing program, to measures to preserve Native American languages and assist in water planning for Rep. Heather A. Wilson (R-N.M.)." Though "larding up bills for endangered incumbents is nothing new," with "money tight and only two spending bills completed, this year's efforts focused less on home-district spending and more on substantive measures tailored to specific constituents -- a 'suburban agenda' for embattled Republicans in the suburbs of Philadelphia, bills to appeal to Christian conservatives for troubled Midwestern Republicans and expressions of independence for Republicans from districts that have turned against President Bush."

Murtha Said To Be Adept At "Turning Earmarks Into Power." The New York Times (10/2, Kirkpatrick, 1.21M) reports, "Outside Washington," Rep. Jack Murtha, "a Vietnam veteran and longtime hawk, may be best known for his break with the president over the Iraq war last fall. But inside the Capitol, he is best known for turning earmarks into power. As the top Democrat on the House military spending subcommittee, he often delivers Democratic votes to Republican leaders in a tacit exchange for earmarks for himself and his allies. ... In one case that particularly irked Democratic partisans, Mr. Murtha led three others in voting against a politically vulnerable Louisiana Democrat's proposal to divert money intended to be spent on base closings to research prosthetic limbs for veterans. It failed by one vote." Within his district, his patronage "has transformed Johnstown into a national hub of the defense business, attracting giants like Lockheed Martin and Northrop Grumman. He even built one contractor from scratch."

Bill Would Allow GSA To Create Federal Acquisition Service. The Washington Post (10/2, Barr, 748K) reports in its "Federal Diary" column, "Legislation that would permit the General Services Administration to revamp troubled operations and create a new purchasing service has been sent to the president for his signature. Once the bill is signed, the GSA will roll out a new Federal Acquisition Service, which will combine the agency's Federal Supply Service and Federal Technology Service. Officials plan to have the FAS operating within 60 days after President Bush acts."

Study Finds Many Constituent E-Mails Not Reaching Lawmakers. The Washington Post (10/2, D1, Birnbaum, 748K) reports in its "K Street Confidential" column, "When citizens send e-mails to their congressmen through the Web sites of lobby groups, they expect those messages to zip electronically to the place they intended. It turns out that isn't always the case. A new study by a company that routes thousands of these e-mails to Congress shows that plenty of constituent e-mails never reach lawmakers' offices." The Post adds, "Lawmakers tend to think that e-mail communications and, in fact, almost all mass mailings are fake and can easily be disregarded, several executives said."

VA Depicted As Lacking Resources To Address Veterans' PTSD. In this week's edition, US News and World Report reports on Post Traumatic Stress Disorder in a package that includes a 3,900-word article, two sidebars, and a photo essay. Coverage is mixed for VA. While US News acknowledges progress t hat has been made in diagnosing and treating PTSD, the report nevertheless depicts VA as "straining" to meet the needs of returning veterans. Additionally, the article contrasts the way DoD deals with soldiers' PTSD with VA's treatment of the

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condition. In the article, U.S. News and World Report (10/1, Streisand, 2.03M) reports, "Since the war began, the departments of Defense and Veterans Affairs have stepped up efforts to address the mental health needs of soldiers before, during, and after they are deployed. And more effective treatments for PTSD have been developed. But as the war drags on, the psychological costs are mounting and so is the tab for mental health care. … Those who make it home often feel too stigmatized to ask for treatment lest they jeopardize their military careers. And if they do ask, they often can't get the care they need when they need it." Additionally, "there are concerns among veterans groups that the Bush administration is trying to reduce the runaway cost of the war by holding down the number of PTSD cases diagnosed (and benefits paid), and that the promise to protect the mental health of nearly 1.5 million troops is not being kept."

Bush Enjoying A Bump In The Polls. U.S. News and World Report (10/9, Pethokoukis, 2.03M) reports in its cover story, "President Bush is enjoying a bump up in the polls: His approval ratings-as measured by the USA Today/Gallup Poll-have drifted up from the mid-30s in early June to 44 percent now, their highest levels in more than a year. … The timing for a turnaround certainly is auspicious for Republicans going into the November 7 midterm congressional elections." US News adds, "Is the economy suddenly giving the GOP a lift? … As he stumps for GOP candidates, the president is talking more and more about the economy, first because he believes it is trending his way and second, many suspect, because he wants to distract voters from an unpopular war."

Krugman Says Bush's Social Security Proposal Spurred "Right-Wing Crackup." The New York Times' Paul Krugman (10/2) writes, "Future historians may date the beginning of the right-wing crackup to the days immediately following the 2004 election, when President Bush tried to convert a victory won by portraying John Kerry as weak on defense into a mandate for Social Security privatization. The attempted bait-and-switch failed in the face of overwhelming public opposition. If anything, the Bush plan was even less popular in deep-red states like Montana than in states that voted for Mr. Kerry. And the religious and cultural right, which boasted of having supplied the Bush campaign with its 'shock troops' and expected a right-wing cultural agenda in return — starting with a constitutional amendment banning gay marriage — was dismayed when the administration put its energy into attacking the welfare state instead."

Democrats Urged To Consider Social Security Reform Proposals. The Washington Post's Sebastian Mallaby (10/2) writes, "In rejecting Social Security discussions last week, the Democrats painted the conservatives' petition as a Trojan horse designed to get personal accounts back onto the table. Even if that were true, since when was all mention of personal accounts taboo for Democrats? A decade ago, a majority of the appointees to Bill Clinton's Social Security commission came out in favor of personal accounts. Even the dissenting minority was open to the idea of investing Social Security funds in the stock market. If today's Democratic leaders were even a little bit awake, they would realize that the case for Social Security reform has grown stronger since the Clinton era."

WPost Notes Allegations Of Impropriety Leveled Against Administration. The Washington Post (10/2, A18, 748K), in an editorial, notes the Interior Department's inspector general "says the department suffers from an 'anything goes' ethical culture." The Education Department's inspector general "found…officials violated conflict-of-interest rules and steered contracts for its $4.8 billion Reading First program to favored textbook publishers. Meanwhile, three top officials at the Department of Housing and Urban Development told the inspector general there that Secretary Alphonso Jackson had said 'it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered.' … And then there was the U.S. Coalition Provisional Authority in Iraq, which sent -- in the account of The Post's Rajiv Chandrasekaran, 'the loyal and the willing instead of the best and the brightest' to help rebuild Iraq -- with a screening process that featured questions on whether applicants voted for George W. Bush or even what they thought about Roe v. Wade ."

WSJournal Regards 109th Congress As A "Major Disappointment." The Wall Street Journal (10/2, 2.03M) editorializes, "It's not too soon to say that Republicans in the 109th have been a major disappointment. The best thing about this Congress is that by doing little at least it did little harm. But despite their best chance in 50 years to reform the creaky institutions of the welfare state, Republicans couldn't maintain the unity or discipline to achieve nearly any of what they promised in 2004." The Journal adds that "too many Republicans now believe their purpose in Washington is keeping power for its own sake. The reform impulse that won the House in 1994 has given way to incumbent protection."

LATimes Says Democratic Congress Would Provide A "Check On The Presidency." The Los Angeles Times (10/2, 918K) editorializes, "Not long ago, even the most optimistic Democrats thought the party would be lucky to regain control of the House of Representatives in the midterm elections. Now, buoyed by bad news for President

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Bush and once-favored GOP incumbents such as the gaffe-prone Sen. George Allen of Virginia, Democrats are daring to dream that they will gain control of both houses of Congress on election day. … A Democratic Congress would be more of a check on the presidency, less patient with the U.S. involvement in Iraq, more protective of civil liberties in the war on terror, more willing to allow regressive tax cuts to expire and, in the case of a Democratic Senate, unlikely to approve stridently conservative judicial nominees. It also would be more sympathetic to one of Bush's priorities, comprehensive immigration reform."

NYTimes Argues Federal Deficit Feeds Protectionist Fears. The New York Times (10/2, 1.21M), in an editorial, writes, "The Treasury secretary, Henry Paulson Jr., capped off his recent trip to China with a visit last week to Capitol Hill. His aim was to dissuade Senator Charles Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, from moving forward on their bill to impose punitive tariffs on China. … Mr. Paulson was right to try to parry the senators' protectionist efforts, and he has succeeded, for now. But the issue will persist so long as he fails to satisfactorily address a root cause of mounting protectionist pressures: the United States' growing indebtedness to the rest of the world. … To reduce excessive foreign borrowing, it is imperative to reduce the federal deficit."

OTHER NEWS:

Democrats Hope Message On Economic Inequality Resonates With Voters. The Wall Street Journal (10/2, Solomon) reports in a front page story that "many Democratic politicians, shrugging off lessons of recent political history, see this as the year when the widening gap between the rich and the rest of America will help win them votes." Democrats from Rep. Brad Miller in North Carolina "to Michigan Sen. Debbie Stabenow in a tough re-election fight and Claire McCaskill in her challenge to Missouri incumbent Republican Sen. Jim Talent -- are sounding similar themes: The U.S. economy is growing, but the poor and especially the middle class aren't benefiting. The rich are. And President George W. Bush and a Republican Congress are to blame, they argue." The Journal adds, "It's a risky bet. Government data do show an unambiguous trend toward a widening gap between the rich and everyone else, a trend that pre-dates Mr. Bush's election in 2000. And yet U.S. electoral history is littered with Democrats who tried to use the inequality issue only to find voters unswayed and Republicans accusing them of 'class warfare' or business-bashing."

Consumer Spending Remains Strong Despite Less Use Of Home Equity. The Wall Street Journal (10/2, Conkey) reports a year "into the housing market's slowdown, Americans have yet to snap shut their wallets, defying predictions that the cooling market would have a chilling effect on consumer spending." Despite what appears "to be the most significant housing-market slump in more than a decade, the nation's consumers have increased their purchases of goods and services at an inflation-adjusted annual rate of more than 3% -- just as they have for the past two years." Americans "aren't using their houses like ATMs as much as they once did. Even so, their willingness to spend hasn't suffered, though economists don't agree on why."

Workers' Compensation Said To Be Rising. In a Wall Street Journal op-ed (10/2), Allan Hubbard director of the National Economic Council, and Edward Lazear, chairman of the President's Council of Economic Advisers, say, "American workers are among the hardest working and most productive in the world. They deserve to receive their share of the gains in this economic expansion, as they have in past expansions." A pattern "that prevails as the economy moves from recession to recovery, and then into a sustained expansion, is that productivity grows first. The higher productivity growth means higher profits for businesses, which induce them to expand output and then employment. Later, as fewer workers are available for hire, wages grow, profit rates fall, and workers' share of the gains rises. This is what we observed during the last expansion. After the recession in the early 1990s, wage growth was flat. It did not pick up until the last few years of the decade. We are seeing the same pattern in this economic expansion. Productivity growth has been exceptionally strong in the past five years, well above the historical average. And now employee compensation per hour has also picked up. Over the first half of this year, compensation growth has averaged a remarkable 6.3%, at an annual rate adjusted for inflation. This growth is much faster than in previous years."

Democrats Hope Military Candidates Boost Image On National Security. The Christian Science Monitor (10/2, Feldmann) reports that for "most of the 51 Democratic military veterans running for Congress this fall as nonincumbents - 50 for the House and one for the Senate - the climb is steep. In the House, only six are in competitive races, as defined by the nonpartisan Cook Political Report. The one Democratic Senate challenger who's a vet, Jim Webb of Virginia, is locked in a tight race against Sen. George Allen (R) after a series of mishaps by the senator." Of the "40 Republican military vets running for the House as challengers, only five are in competitive races. So the military credential has not been a big boon to either party's roster. But the Democratic Party, which has struggled for decades with an image of weakness on security, has tried to make

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more of their candidates' military service than has the GOP. And even if winning election to Congress is beyond the reach of many Democratic vets, they argue that they can still help their party."

Bush Will Spend Much Of This Month Raising Funds For GOP Candidates. USA Today (10/2, Jackson, 2.27M) reports President Bush's "calendar this month will be filled with political events on behalf of GOP candidates for the House of Representatives, Senate and governor's offices, including a three-day Western swing starting today. 'The fact is we've got more requests than time,' White House spokesman Tony Snow said." USA Today notes that "Over the next three days, Bush will stump and raise money for House candidates in Nevada, Arizona and California. In the Golden State, Republican incumbent Reps. John Doolittle and Richard Pombo have had to answer questions about ties to disgraced lobbyist Jack Abramoff. Both deny any impropriety or wrongdoing. Bush will try this week to help Bob Beauprez in Colorado, where the congressman lags in the polls in his bid for governor." Bush "through Friday has raised $182 million for Republican candidates and organizations, the Republican National Committee says. That's closing in on the at least $188 million he took in during the 2001-02 campaign season, according to published reports."

Brown Leads DeWine 45-43 According To New Mason-Dixon Poll. The Washington Times (10/2, Pfeiffer, 88K) reports, "The Mason-Dixon poll of 625 registered Ohio voters shows" Rep. Sherrod Brown leading Sen. Mike DeWine "45 percent to 43 percent, with a four-point margin of error. In the same poll, Mr. DeWine is trailing Mr. Brown among independent voters, 52 percent to 33 percent. … The Mason-Dixon poll shows 10 percent of voters remain undecided about which candidate they will support, meaning either candidate is well within striking distance with just over a month before Election Day." McClatchy (10/2, Thomma) notes DeWine "led among men by 47-43 percent, but trailed among women 47-39 percent."

DeWine Distances Himself From Bush's "Cut And Run" Comment. During a debate on NBC's Meet the Press (10/1, Russert) DeWine was asked if he agreed with President Bush that the Democratic Party has become "the party of cut-and-run," DeWine answered, "I don't use that term at all. … It's just not a term that I use, cut-and-run." Asked if the president's rhetoric was "inappropriate," DeWine replied, "I don't know what it means. I don't know what it means to people." But let me tell you what I believe and what I feel in my heart and what I think the evidence clearly shows."

Brown Says He Would Not Cut-Off Funding For Iraq War. Also on NBC's Meet the Press (10/1, Russert) Brown was asked if he would support "measures to cut off funding for the war." Brown responded, "No, I would not vote against the troops in the field." Brown went on to explain that he had voted against $87 billion in military spending in 2003 because "there was a better way to do it. Much of that $87 billion went to Halliburton and went to Bechtel and went to Parsons, and it was not -- there was no accountability. It was a blank check. I wanted $87 billion, the money to go to the troops for body armor. I spoke out on body armor in committee over, over and over." DeWine countered, "You are absolutely unbelievable. How can you say this when you, Sherrod, voted five different times against funding for body armor when it really counted, when it was real money? You voted five times against body armor."

USA Today (10/2, 2.27M) reports Brown, "who voted against giving President Bush the authority to go to war in 2003, seized on the recent disclosure of a secret intelligence report and new books saying the war has increased terrorist threats."

The Washington Times (10/2, Pfeiffer, 88K) reports Brown "said U.S. commanders should initiate a plan for troop withdrawal within two years. When it was pointed out that he voted in favor of a 1998 resolution calling for regime change in Iraq, Mr. Brown said he supported the resolution under the reasoning that economic sanctions would be enough to force Saddam from power."

Ford Pulls Ahead Of Corker 43-42. The AP (10/2) reports that according to a new Mason-Dixon poll Rep. Harold Ford "is running even with Republican Bob Corker in Tennessee. … Ford had the backing of 43 percent …while former Chattanooga, Tenn., Mayor Corker was backed by 42 percent. Corker had a lead in midsummer polling matching the two." The AP notes the poll "of 625 registered voters" was "conducted Sept. 25-28." The margin of error is "plus or minus 4 percentage points."

McClatchy (10/2, Thomma) reports Ford "led among women 47-38 percent, and among Democrats 88-4 percent. He also led among his fellow African-Americans by a margin of 91-3 percent." Corker "led among men by 46-to-39 percent, among Republicans by 76-to-10 percent and among independents by 43-to-33 percent. He led among whites by 49-to-35 percent."

Tester Widens Lead Over Burns To 47-40. The AP (10/2) reports that in Montana, Democrat Jon Tester "has edged ahead of" Sen. Conrad Burns "by 47 percent to 40 percent. They were tied in August polling."

GOP Officials Say Party's Election Prospects Are Not As Bad As Reported. Time (10/9, Allen,

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Carney, 4.03M) reports that "top Republican officials maintain an eerie Zen-like calm" going into this fall's elections despite polls that "keep suggesting that Republicans could be in for a historic drubbing." GOP officials "insist that the prospects for their congressional candidates in November's midterms have never been as bad as advertised and are getting better by the day." Time adds, "Over the next few weeks, the party will begin flying experienced paid and volunteer workers into states for the final push. The Senate Republicans' campaign committee calls its agents special teams, led by marshals, all in the service of the partywide effort known as the 72-Hour Task Force because its working philosophy initially focused on the final three days before an election. So Republicans hope to close the deal in tight races with a get-out-the-vote strategy that was developed in the wreckage of the 2000 presidential campaign."

GOP Frames Message Around Higher Taxes Under Democratic Congress. U.S. News and World Report (10/9, Gilgoff, 2.03M) reports, "While the debate over the Iraq war and national security has absorbed most of the national media spotlight going into the midterms, the question of whether voters share the Democrats' gloomy view of the national economy or the more upbeat Republican assessment is expected to be almost as important in determining which party will control Congress next year. … With that in mind, the GOP is framing its economic message around the specter of higher taxes under a Democratic-controlled Congress. The National Republican Congressional Committee is running attack ads on taxes in roughly 10 districts, more than it's running on any other issue, including immigration or terrorism."

Experts Say Graham Unlikely To Run Unopposed In 2008. U.S. News and World Report (10/9, Knight, 2.03M) reports that in the four years he has been in the Senate, South Carolina Sen. Lindsey Graham "has quickly become a key player-known both for his willingness to challenge the Bush administration and his ability to work across the aisle. This mix of talents has won him a host of admirers, some of whom think he might someday be presidential timber, as well as a few grumbles from conservatives back home." US News adds, "Graham's appearances with Sen. Hillary Rodham Clinton and other Democrats, and his support of McCain's presidential bid in 2000, don't always sit well with conservatives back home. … So political experts say Graham probably won't go unopposed in the 2008 primary. But he is also unlikely to lose."

Clinton's Meeting With Liberal Bloggers Seen As Part Of 2008 Strategy. In an op-ed for USA Today (10/2, 2.27M) David Perlmutter, a professor at the University of Kansas, writes, "Recently, Bill Clinton went to the blogs. Now the political world might never be the same. While blogging has caught on everywhere, presidential front-runner Hillary Clinton still does not blog -- or at least not much. But her husband's lunch with leftbloggers such as Atrios, MyDD's Matt Stoller, Daily Kos' McJoan and Americablog's John (according to TalkLeft.com) might signal an innovative commitment to blogging for the office of commander in chief."

Fox News Celebrating Its Tenth Anniversary. USA Today (10/2, Johnson, 2.27M) reports, "In just 10 years, Fox News — the channel liberals love to hate — has transformed the cable news landscape with its in-your-face brand of news with 'tude. In the process, it has reduced granddaddy CNN to a distant second and NBC's cable news venture, MSNBC, to an also-ran. … As Fox News begins its next decade, the explosive growth that marked its first has ebbed. Fox News Channel now draws an average of 840,000 viewers daily (6 a.m. to 11 p.m.) — compared with CNN's 448,000 and MSNBC's 270,000. But Fox's average prime-time viewership dipped 35% in the third quarter of this year compared with last year, when Katrina dominated the news."

The Washington Post's Howard Kurtz (10/2) writes this morning, "Ten years after he created Fox News Channel, Roger Ailes says he still avoids mentioning his place of employment in certain circles. … If the paunchy 66-year-old executive sounds as though he still harbors sharp resentments toward a liberal-leaning world, that bristling attitude is embedded in his network's genetic code as well. Ailes says he recently considered retiring but rejected the idea because, well, there are too many things that still tick him off."

Drudge's Influence Said To Rival Cronkite's. ABC World News (10/1, story 8, 315, Harris) reported, "In this year's crucial Congressional elections, one of the most potent weapons in the Republican arsenal is a lone man, running a no-frills Website out of his apartment in Miami." Matt Drudge "whether you read him or not, he's had a tremendous influence on what you know about politics." Drudge "can send shockwaves through newsrooms and campaign headquarters nationwide with breaking news, often heralded by his trademark siren." Mark McKinnon, Bush Campaign consultant: "When there's a siren, man, that's a three-alarm news day." Harris: "Republican operatives keep an open line to Drudge, often using him to attack their opponents." McKinnon: "I know that we'd have meetings and that information would find its way to Drudge. And walk out of meetings, and ten minutes later, it would be on Drudge." Harris: "And then the traditional media often picks it up." A new book, "co-authored by ABC news political director Mark Halperin, compares Matt drudge to Walter Cronkite. You

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describe him as being the Walter Cronkite of his generation. Is that not somewhat of an overstatement?" Mark Halperin: "Today Matt Drudge can influence the news like Walter Cronkite did. No one else has the power of Matt Drudge, just like Walter Cronkite to change the story line, put something on the radar, get something in the consciousness."

Flawed 1936 Poll's Influence Noted. The Wall Street Journal (10/2, Crossen, 2.03M) reports that the failure of a "massive" poll on the 1936 presidential election led to changes that influenced the modern polling industry.

Rice Opens Middle East Trip. The New York Times (10/2, Shenon, 1.21M) reports Secretary Rice "departed Sunday for the Middle East, on a trip billed by aides as an effort to bolster the embattled" Palestinian President Mahmoud Abbas "in his struggles with [Hamas], and to consult with Arab allies on Iran's nuclear program and the turmoil in Iraq." The Times says the State Department "sought to play down expectations for Ms. Rice's trip," and notes that she "was criticized by Arab leaders for failing to move quickly to try to end the" Israel-Hezbollah war during her July visit to the region. Assistant Secretary McCormack "said this week's trip, scheduled to begin in Saudi Arabia and to include stops in Egypt, Israel and the West Bank, was not likely to produce any major steps forward for American policies in the Middle East." The Times adds, "Despite her absence from Washington, Ms. Rice seemed most likely to be dogged from a distance this week about descriptions of her actions in" Bob Woodward's "State of Denial."

The AP (10/2) adds Rice "is renewing efforts to revive stalled Mideast peace talks, visiting the region this week for the first time since" July. She "planned stops in Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders. On Tuesday, she meets with Egypt's president and eight Arab foreign ministers in Cairo with the Israel-Palestinian dispute at the top of the agenda." The AP says Rice "took heavy criticism for U.S. unwillingness to move for a quicker end to fighting in Lebanon" during her July trip. "This time, Rice's goal will be to move the U.S. democracy agenda forward with a discussion of threats to stability and moderation in the region such as Iran, Hamas and Hezbollah, her spokesman said last week."

USA Today (10/2, Slavin, 2.27M) reports, "Jamal Khashoggi, an adviser to the Saudi ambassador to Washington, Prince Turki al-Faisal, said the Bush administration plans a major push to address the Israeli-Palestinian dispute after U.S. elections in November. In part, the effort is intended to help the United States' Arab allies offset criticism that they have done less to help the Palestinians than radicals such as Hezbollah and Iran, Khashoggi said." USA Today adds, "Expectations for quick progress by Rice are modest."

Ahmadinejad Vows To Expand Uranium Enrichment. The AP (10/2, Dareini) reports Iranian President Mahmoud Ahmadinejad "said his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel and calling allegations that Tehran was seeking nuclear weapons a 'big lie.'" Yesterday, he "reinforced his rejection of demands by the U.S. and its allies to stop enrichment, saying his country was committed to generating nuclear fuel for electricity," and added "that Iran will hopefully install up to 100,000 centrifuges." The AP says this public address "was one of several lately in which Ahmadinejad has said Iran will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium to produce nuclear fuel and won't consider suspending it, even for a day."

Iran Seeks Face-Saving Language To Halt Uranium Enrichment. U.S. News and World Report (10/9, Bedard, 2.03M) reports in its "Washington Whispers" column, "Good news on those Iran-European Union talks over stopping Tehran's bid to build a nuke: Iran's likely to suspend its uranium enrichment program if nobody really calls it that. Insiders say they want some face-saving language in any deal that makes it look like they didn't cave in to western pressure."

Koppel Says US Should Let Iran Have Nuclear Weapons. Ted Koppel writes in the New York Times (10/2, 1.21M), "Ahmadinejad's tweaking of the West and his refusal to bow to pressure on the nuclear issue are widely popular in Iran. There was a time, not long ago, when many Iranians genuinely believed that there was a danger of an American military attack, even an invasion. Hardly anyone seems to believe in that possibility any more. What, then, can the United States do to prevent Iran from developing nuclear technology? Little or nothing. Washington should instead bow to the inevitable." Koppel adds, "If Iran is bound and determined to have nuclear weapons, let it. The elimination of American opposition on this issue would open the way to genuine normalization between our two nations. It might even convince the Iranians that their country can flourish without nuclear weapons." But "this should also be made clear to Tehran: If a dirty bomb explodes in Milwaukee, or some other nuclear device detonates in Baltimore or Wichita, if Israel or Egypt or Saudi Arabia should fall victim to a nuclear 'accident,' Iran should understand that the United States government will not search around for the perpetrator. T he return address will be predetermined, and it will be somewhere in Iran."

Hamas-Fatah Gun Battle Kills At Least Six, Wounds More Than 100. ABC World News (10/1, story 4, 0:20, Harris, 8.78M) reported, "In the Middle East, fierce fighting in the Gaza Strip, between two rival Palestinian

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factions. At least seven people were killed in the worst violence in months between the two major political parties, Hamas and Fatah. This will complication the mission of US Secretary of State Condoleezza Rice, who was coming to the region to try to restart peace talks between Israel and the Palestinians."

NBC Nightly News (10/1, story 5, 1:45, Aspell, 9.87M) reported, "Many of the casualties were civilians caught in the cross fire. Among those wounded, a camera man. In the West Bank loyalists stormed the Hamas controlled legislative council building setting offices on fire. The Hamas Prime Minister defended his militiamen saying they had act the lawfully to break up the street protests. But Fatah loyalists blame Hamas for refuse to honor agreements signed by the former Palestinian government."

The Washington Post (10/2, A14, Wilson, 748K) reports, "At least six people were killed, including two teenage boys, and more than 100 were injured in day-long clashes that marked the most severe partisan violence between the two sides in months." The Post says the failure of Fatah and Hamas leaders to form a unity government "has brought mutual…at a time of stifling economic crisis in the territories stemming from international sanctions." Fatah leaders "called on Abbas…to launch a probe into the crackdown and take action against the Hamas government." While he "has so far declined to exercise his authority to fire [Prime Minister] Haniyeh and dissolve the government," the Post says "pressure is building within [Fatah] for him to take bold steps to end the political crisis following" the end of unity talks.

The New York Times (10/2, Erlanger, 1.21M) notes Hamas and Fatah "gunmen fought running battles in Gaza on Sunday, as Hamas forces tried to disrupt Fatah-organized protests over unpaid government salaries. Six Palestinians were killed and more than 100 were wounded. The clashes were among the most severe between the Palestinian factions since" the January elections. The Times adds the "clashes in Gaza were bloody," and notes Hamas forces "fired guns and antitank grenades after the interior minister, Siad Siam, ordered them to stop what Hamas considers to be a rebellion among the Fatah-dominated security forces." The Times says "tensions throughout the Palestinian territories have been particularly high during the Muslim holy month of Ramadan, because both" Abbas and Haniya "had promised that a month's salary would be paid to the 170,000 or so employees."

The Washington Times/AP (10/2, Barzak) adds, "Heavily armed Hamas militiamen's efforts to break up anti-government protests on Sunday sparked gunbattles across the Gaza Strip that killed eight people in the worst internal Palestinian violence since Hamas took power." Fatah forces "retaliated by torching the Palestinian Cabinet building in Ramallah, attacking Hamas offices throughout the West Bank, kidnapping a Hamas minister and threatening a mass strike. The spasm of violence dampened already fading hopes for the creation of a national unity government between the two groups that could end crippling economic sanctions." The Los Angeles Times (10/2, Ellingwood, 918K) runs a similar report.

Israeli Soldiers Pull Out Of Lebanon. ABC World News (10/1, story 5, 0:10, Harris, 8.78M) reported, "Israel finished pulling its troops out of almost all of southern Lebanon six weeks after a ceasefire took hold there. The Israeli soldiers returned home with little fanfare to a country many believe was weakened by the war."

The AP (10/2, Hendawi) reports, "Both the Lebanese government and Hezbollah dismissed the withdrawal, which came more than six weeks after a cease-fire ended the 34-day conflict, as 'incomplete' and demanded Israel stop what they called its violations of Lebanon's airspace, sea and land. … Senior Hezbollah official Sheik Hassan Ezzeddine warned the Islamic militant group would resume attacks against Israel if it breached the UN cease-fire, which went into effect Aug. 14."

Pakistan's ISI Accused Of Sponsoring Terrorism. The Washington Times (10/2, Bedi, 88K) reports, "India accused Pakistan's spy agency yesterday of colluding with Islamist militants in a series of bomb attacks that killed 186 persons on trains in Bombay in July." Bombay's police commissioner, A.N. Roy, "said the 'terror plot' was sponsored by Pakistan's Inter-Services Intelligence (ISI), executed by Pakistani militants and aided by a banned Indian Islamist group." Commissioner Roy "said an intensive investigation, including the use of 'narco-analysis tests,' or truth serum, showed that at least 12 Indians and 11 Pakistanis were involved in the bombings."

The Christian Science Monitor (10/2, Sappenfield, 58K) reports "other nations are joining the chorus. Last week, a think tank in Britain's Defence Ministry released an incendiary report saying that Pakistan's Inter-Services Intelligence (ISI) agency 'has been supporting terrorism and extremism, whether in London...or in Afghanistan or Iraq.' On top of that, Afghan President Hamid Karzai spent most of the past week condemning Pakistan for ignoring and even abetting extremism, while frustrated American military officials decried Paki-stan's inability to clamp down on the Taliban in its border territories." The ISI has "a well known history of incubating militant outfits. In a bid for greater influence in Afghan affairs, ISI is believed to have helped the Taliban during its rise a decade ago. Indeed, Pakistan was one of only three countries to recognize the Taliban government. The ISI is also widely believed to have become involved with terrorist groups directed toward the conflict in Kashmir."

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China Sends Bird Flu Samples To CDC After 18 Month Delay. The Washington Times (10/2, Zarocostas, 88K) reports, "After 18 months of stalling and repeated calls for cooperation by international health officials, China is expected to deliver a batch of animal virus samples of the lethal avian influenza virus H5N1," officials at the World Health Organization say. The Centers for Disease Control and Prevention (CDC) laboratory in Atlanta expects the samples to arrive "in the coming days," said WHO researcher Mike Purdue. The Times notes that international health officials and diplomats "have long been frustrated" by Beijing's failure to send the samples "promptly, despite its public pledges of full cooperation."

Brazilian President Forced Into Runoff. The Brazilian presidential election is widely covered in major newspapers, and reporting tends to emphasize President Luiz Inacio Lula da Silva's failure to win an outright majority and avoid a runoff. The Washington Post (10/2, A14, Reel, 748K) reports Silva "won the first round of Brazil's presidential election Sunday, but fell short of earning enough votes to avoid a runoff later this month against the second-place challenger," former Sao Paulo Gov. Geraldo Alckmin. The Post adds, "Corruption scandals have hounded him during the past year, including one that surfaced just before the election charging that his campaign staff paid for damaging information about Alckmin." However, "overwhelming support from the poor has helped Lula weather" those allegations, and "his support rests on the fact that poverty rates have dipped since he was elected four years ago, thanks in part to increased government social spending, lower inflation and a stable currency."

The Financial Times (10/2, Wheatley) notes, "Brazilian voters have delivered an unexpected setback to" Silva, "who had been widely expected to win an outright majority in elections on Sunday and avoid the need for a second-round run-off." His "commanding lead in opinion polls fell away in" recent days "after leaders of his campaign team and his left-leaning party, the PT, were caught attempting to smear an opposition candidate."

The Washington Times/AP 10/2, Olmos) calls the results "a stunning defeat for Silva, after polls less than a week ago predicted him trouncing Alckmin with 59 percent of the vote." Silva "saw his once-commanding lead plummet on the eve of the vote as his Workers' Party was battered by allegations that party officials tried to buy a mysterious dossier that apparently contained incriminating information about a political rival."

The Wall Street Journal (10/2, A3, Moffett, Samor, 2.03M) says, "Turned off by government corruption, Brazilian voters denied" Silva "the majority of the vote he needed to win re-election in yesterday's first round of balloting, setting the stage for a runoff with centrist Geraldo Alckmin" that will occur October 29. Silva "has witnessed an erosion in his once formidable lead in the past couple of weeks following" scandal "revelations," and his "failure to convincingly address the scandal -- he skipped a debate with other candidates Thursday -- clearly upset voters, who had seen a host of previous corruption cases in his government." The Journal says Silva enters the runoff with "the advantages of incumbency," but Alckmin has "momentum," and recent polling showed Alckmin within "just five points" of Silva.

The New York Times (10/2, Rohter, 1.21M) reports Alckmin "ended up finishing first in the more industrialized, modern and prosperous states of Brazil's south, including his home state of São Paulo, with 40 million people the largest in this nation of 185 million." Silva "performed strongest in the poorer, more backward states of the country's northeast, his native region, where he ended up polling more than two-thirds of the vote." The Times notes the "division of Latin America's largest country into two evenly matched groups, one pro-Lula, the other opposed to him." The Los Angeles Times (10/2, McConnell, 918K) also reports the story.

Social Democrats Win Austrian Elections. The New York Times (10/2, Landler, 1.21M) reports, "In an election shadowed by fears about immigration, voters in Austria rebuked the governing People's Party on Sunday, handing a narrow victory to the Social Democratic Party and leaving two extreme right parties as players on an uncertain political landscape." Chancellor Wolfgang Schüssel's People's Party "won 34.2 percent of the vote, a loss of more than eight percentage points from the election in 2002. The Social Democrats won 35.7 percent, raising the prospect that their leader, Alfred Gusenbauer, could replace Mr. Schüssel as chancellor, perhaps in a so-called grand coalition with the People's Party." The Times says "the size of" Schussel's "loss was a surprise, and a stinging reversal for [the man] who once reaped credit for Austria's robust economy." Jorg Haider's Alliance for Austria's Future "appeared to have clung to seats in Parliament, winning 4.2 percent of the vote, just above the required 4 percent threshold," making the election "a reprieve from political extinction." The Times adds, "While the extreme right did not match its best result — 27 percent in 1999 — it remains a force. A sign of that, analysts said, is that the anti-immigrant talk honed by Mr. Haider in the 1990's has become part of the political mainstream. … Many Austrians are convinced that the European Union's expansion will flood the country with people bent on taking their jobs."

The Financial Times (10/2, Frey, Simonian) adds Schussel "suffered a stunning defeat in general elections on Sunday as the rival Social Democrats narrowly beat [the People's Party] into first place. The result makes it almost certain" that the Schussel government "will be replaced by a

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grand coalition led by Alfred Gusenbauer, the Social Democrat leader." The Times notes that "the broader economic measures that have made Austria one of the European Union's most successful members and prompted growth of more than 3 per cent this year are not expected to change significantly." The AP (10/2, Oleksyn) says the results will move "the country to the center-left after more than six years of influence by the extreme right, final unofficial returns showed."

Hungarian Prime Minister's Party Loses Local Elections, President's Backing. The Financial Times (10/2, Condon) reports Hungarian Prime Minister Ferenc Gyurcsany "suffered a double blow on Sunday night, when Laszlo Solyom, the president, called for his removal. Later, voters in nationwide local elections gave his Socialist party a beating. Neither Mr Gyurcsany's position nor his newly introduced austerity measures was immediately threatened as his party continued to rally behind him." The Times says Gyurcsany's "ability to press forward with long-term plans for difficult public sector reforms may have suffered" after the opposition Fidesz Party "looked headed for victory in 18 of 19 counties and in 19 of 23 cities." Gyurcsany's "Socialists were headed for only one significant victory, in Budapest, where they and their liberal coalition looked likely to retain control of the city council and the mayor's office."

The New York Times (10/2, Dempsey, 1.21M) says Solyom "asked Parliament to oust" Gyurcsany "for lying to the country about the state of the economy." The Times reports somewhat more positive local elections results for the Socialist Party.

Serbia Adopts Constitution Asserting Sovereignty Over Kosovo. The New York Times (10/2, Wood, 1.21M) reports, "As the United Nations Security Council looks increasingly likely to grant independence to Kosovo, Serbia's government has adopted a new Constitution that asserts what it considers is its irrefutable right to the province." The Serbian Parliament "voted overwhelmingly on Saturday to pass the Constitution, which includes a provision that defines Kosovo -- currently administered by the United Nations -- as an 'integral part' of Serbia."

Tension Between Russia And Georgia Increases. The AP (10/2, Danilova) reports, "The Cold War is long over, but the tension between Georgia and Russia revisits many of its issues -- allegations of spying by Moscow, suspicions of interference by the United States and concerns that a hot war will start without some sort of compromise. Last week's arrest of four Russian soldiers on charges of spying pushed a decade of animosity between Russia and Georgia to new heights. Russia recalled its ambassador, called Georgia a 'bandit state' and stopped issuing visas to Georgians." The reactions "were far stronger than the tit-for-tat expulsions that usually accompany espionage scandals." The AP adds, "Amid an exchange of angry words, Russian President Vladimir Putin's response on Sunday stood out -- likening Georgia's actions to those of Lavrenti Beria, the Georgian who headed the Soviet secret police under Joseph Stalin, and calling them 'state terrorism.'" But "also Sunday, Putin took a step that could keep the tensions from spiraling further by ordering the defense ministry to continue its plans for withdrawing troops from Georgia. A Russian general a day earlier had announced that the plans were suspended."

The Washington Post (10/2, A16, Finn, 748K) reports, "Georgian officials denounced the comments of Putin and other Russian officials as bellicose. 'Our opinion is that this warlike rhetoric...can be described as an explicit threat to use military force,' the Georgian Foreign Ministry said in a statement." The Post adds, "The intensity of the rhetoric has alarmed Western officials, who are calling for a negotiated settlement and privately urging the Georgians to find a quick solution, probably by expelling the Russians rather than putting them on trial, diplomats said." Some Russian legislators "are calling for a military solution, which would put Russia in conflict with a close U.S. ally with a force trained by Americans. Senior Russian officials so far have ruled out that option." The Los Angeles Times (10/2, Holley, 918K) also reports the story under the headline "Putin Accuses Georgia of Employing Stalinist Tactics."

Incumbent President Leading In Zambian Election. The New York Times (10/2, Wines, 1.21M) reports, "Zambia's incumbent president, Levy Mwanawasa, surged into the lead on Sunday as vote-counting in that nation's presidential election neared a conclusion, leading angry supporters of the main opposition candidate to riot in some urban centers." Mwanawasa's rival, Michael Sata, "who led in vote tallies until now, accused the government of withholding results from provinces where he had done well and said the government was "creating tension in the nation" by refusing to acknowledge his victory." But "the nation's largest independent newspaper, The Zambia Post, said the results so far seemed to reflect its own polling of voters around the country. And a leading political historian, Bennett Siamwiza of the University of Zambia, said in a telephone interview that he believed that the vote, on Thursday, had been the most orderly and corruption-free in the nation's history."

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Private Companies Seek To Take Over Peacekeeping Missions In Darfur. The Washington Times (10/2, Witter, 88K) reports, "Private military companies protecting American diplomats, aid workers and local officials in Iraq and Afghanistan are making a pitch to take over UN peacekeeping missions in Darfur and other global hot spots where the United Nations is unable to stop the killing. Companies such as Blackwater, Triple Canopy, DynCorp and Halliburton have mushroomed in size and number since the 2003 Iraq invasion, serving an increasing need to protect people and projects from terrorist attacks. … Some companies are looking beyond Iraq and seeking a greater role in peacekeeping, and the largely ineffective deployment of a 7,000-member African Union (AU) force in the Darfur region of western Sudan provides an opportunity."

US Urged To Use Force To Stop Darfur Genocide. Susan E. Rice, a senior fellow at the Brookings Institution, Anthony Lake, a professor at Georgetown University, and Donald M. Payne a Democratic representative from New Jersey, write in the Washington Post (10/2, A19, 748K) that Sudan "is launching a major offensive in Darfur. After three years of fruitless negotiation and feckless rhetoric, it's time to go beyond unenforced U.N. resolutions to a new kind of resolution: the firm resolve to act." The US "should press for a U.N. resolution that issues Sudan an ultimatum: accept unconditional deployment of the U.N. force within one week or face military consequences. … The United States, preferably with NATO involvement and African political support, would strike Sudanese airfields, aircraft and other military assets." They add, "This genocide has lasted three long years. Peaceful measures have failed. The Sudanese government is poised to launch a second round. The real question is this: Will we use force to save Africans in Darfur as we did to save Europeans in Kosovo?"

Report Alleges Effort To Rig Bahrain Elections. The New York Times (10/2, Fattah, 1.21M) reports that a report from a former government adviser has set off a firestorm just months before Bahrain is to hold parliamentary and municipal elections. In the report, the former adviser describes "what he says is a vast conspiracy to rig the elections, manipulate the country's sectarian balance and ensure Sunni domination over the country's majority Shiites. The scandal, which is being called 'Bandargate' after the author of the report, Salah al-Bandar, reaches to the core of this tiny island kingdom's simmering tensions."

Toxic Sludge Kills Eight In Ivory Coast. The New York Times (10/2, Polgreen, Simons, 1.21M) reports that toxic sludge dumped from a Greek-owned tanker flying a Panamanian flag and leased by the London branch of a Swiss trading corporation, has caused the deaths of eight people in Ivory Coast. In addition, "dozens have been hospitalized and 85,000 have sought medical attention, paralyzing the fragile health care system in a country divided and impoverished by civil war, and the crisis has forced a government shakeup." The Times adds, "Exactly where the waste originated remains unclear. A spokesman for Trafigura, Jan Maat, said the Probo Koala had served in the Mediterranean 'as a floating storage tank' and had taken on loads from several different ships, but he declined to give details."

US To Forgive Guatemalan Debt In Effort To Save Threatened Forests. The New York Times (10/2, Lacey, 1.21M) reports, "The United States government has joined with two environmental groups in a debt-for-nature swap, which will forgive about 20 percent of Guatemala's $108 million in foreign debt to Washington in an effort to help threatened tropical forests there, American and conservation officials said late last week. In a deal to be announced Monday in Guatemala City, the government of Guatemala has agreed, in exchange for the debt forgiveness, to invest $24.4 million over the next 15 years in conservation work in four nature regions." The Times adds, "The bulk of the money generated by the debt forgiveness will go to private organizations working to preserve the country's nature areas. A $4.9 million conservation trust fund will also be set up to generate interest income for future grants."

Sarkozy Says Turkey Should Not Be Given Full EU Membership. Nicolas Sarkozy, France's interior minister, writes in the Wall Street Journal (10/2, 2.03M), "Next year's 50th anniversary of the EU's founding Rome treaty should be celebrated with pride, for it marks an historic achievement: Half a century of reuniting a divided Continent. … So who is European and who is not? Clearly, some non-member countries are part of the European continent and have the right to full EU membership. … Then there are other countries whose right to join the Union is debatable or who, although neighbors, are clearly non-European. For this latter group in the Euro-Asian and Mediterranean areas we should avoid presenting them with overly stark choices: Full membership or nothing at all. Our first step should be to establish preferential partnerships so we can work together while still observing our different interests and values. Of all the countries with which the EU should have preferential relations there is Turkey, our neighbor and friend, sharing many of our security concerns and many of our values. These are good reasons for strengthening our ties with Turkey, without going so far as offering full membership."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"FBI To Look At Foley's Actions."
"Private-Sector Anger Builds As Public Pension Costs Rise."
"Mercy Comes To A Slum."
"A Ribbon Cut Stubborn Day Fire Down To Size."
"The Chaos Behind California Executions."
"Playoff-Bound Dodgers Already Thinking Ahead."

USA Today:
"Largest By Enrollment."
"Schools Give Student Data To Banks."
"10 Years later, Fox News Turns Up The Cable Volume."
"FBI Looks At Foley's E-Mails To Teens."

New York Times:
"Roberts Court May Be Defined In Second Term."
"Former Pages Describe Foley As Caring Ally."
"Global Sludge Ends In Tragedy For Ivory Coast."
"Trading Votes For Pork Across The House Aisle."
"Wal-Mart to Add More Part-Timers And Wage Caps."
"Hardball Ain't the Only Game In Brooklyn Anymore."

Washington Post:
"Should He Stay?"
"FBI To Examine Foley's E-Mails."
"Letter Gives Glimpse of Al-Qaeda's Leadership."
"Fenty To Name D.C. Administrator."
"Book Club Inspiries Black Youths."

Washington Times:
"Respect Comes Full Circle As Robinson Says Goodbye."
"Hastert Ask For Inquiry Of Foley."
"Hamas-Fatah Gunbattles Cover Gaza."
"DeWine Senate race Now Dead Heat."
"Threatened By Soldiers, Iraq Doctors 'Don't Feel Safe.'"
"Where's The Beef? Cattle Rustlers Know."

Detroit Free Press:
"Roadwork Ahead."
"Metro Arabs See Cost Of War."
"Survivors Gather In Lake George And Celebrate Life."

Atlanta Journal-Constitution:
"Limits On Farm Aid Exist-On Paper."
"Perdue's Lead Big, Poll Finds."
"Wired For Debate."
"Twin Teacher Teams Draw Double Takes."

Houston Chronicle:
"Court To Decide: Does Deportation Fit Crime?"
"Deadly Smuggling Case Back In Court."
"Season Ends Just Short Of Making History."
"A Super Day For Williams, Texans."
FBI Reviewing Ex-Lawmaker's E-Mail To Teens."

Story Lineup From Last Night's Network News:
ABC: Foley Investigation; Foley Possible Cover Up; Hijacker Video Tape; Middle East Violence-Gaza; Israel Pulls Out Troops; Baseball's Drug Scandal; Colorado Shooting; Matt Drudge; Too Many Churches.
CBS: Preempted By Football.
NBC: Hijacker Video Tape; Foley Possible Cover Up; Woodward's Book; Iraq-Al Qaeda Suspect; Middle East Violence-Gaza; Highway Collapse; Supreme New Term; Safe Foods; Baseball Drug Use; Ol Miss Remembers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Foley Investigation; Clemens-Steroids Allegations; WA-Wildfire.
CBS: Foley Investigation; Woodward Book; OH-Lightning Strike; Brazil-Plane Crash.
NPR: 9/11 Hijackers' Video; Baghdad-US Raids; Foley Investigation; Canada-Highway Overpass Collapse; Brazil-Plane Crash; University Of Mississippi-Civil Right Monument.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Special Envoy for Sudan, Oval Office, The White House; meets with the Prime Minister of Turkey, Oval Office; attends a Heller for Congress reception, Mercury Air Center, Reno, Nev.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Barbara Cubin, Casper Events Center; speaks at a reception for Rep. Dennis Rehberg, Billings Hotel and Convention Center.

LAURA BUSH — Attends Garden ceremony to unveil the Laura Bush Rose, East Garden; participates in Elm Tree Plantings on the North Grounds.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER RECEP TAYYIP ERDOGAN _ Highlights: 10 a.m. Meets with President Bush. White House.

GASIFICATION _ The Gasification Technologies Council holds its annual conference. Highlights: 8:30 a.m. Roundtable to discuss energy alternatives, with Shell Oil CEO John Hofmeister, Peabody Energy CEO Gregory Boyce, Siemens Power Generation CEO Randy Zwirn, and Texas Railroad Commission Commissioner Michael Williams. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on education in the Hispanic

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community, with Rep. Ruben Hinojosa, Scott Lilly of the Center for American Progress, Maria Neira of AFT and NY State United Teachers First, others. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

MIGRANT EDUCATION _ 8:30 a.m. Deputy Education Secretary Raymond Simon addresses the Binational Migrant Education Forum. Location: Renaissance Washington Hotel, 999 9th St. NW.

EL SALVADOR _ 11:30 a.m. The U.S. Chamber of Commerce holds a program with a business delegation from El Salvador including Trade Minister Jose Ruben Rochi on travel and tourism investment opportunities in El Salvador. Location: 1615 H St. NW.

VISA REFORM _ 12 p.m. The Heritage Foundation hosts a discussion, ``Winning the War of Ideas: Visa Reform.'' Participants are: Steven Clemons, director, American Strategy Program, New America Foundation; and Daniel T. Griswold Director, Center for Trade Policy Studies, Cato. Location: Room 2218, Rayburn House Office Building.

IRAN-IRANIANS _ 12:30 p.m. The Heritage Foundation holds a program on ``Why Iranians Do Not Think Like the Iranian Regime,'' with Iranian dissident Amir Abbas Fakhravar. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

VOTING EQUIPMENT _ 2 p.m. Election Data Services, Inc. holds a press conference to release an updated study on voting equipment usage for the November, 2006 general election. Based upon constant monitoring of voting equipment sales and changes for both counties and townships in the entire nation, President Kimball Brace will announce what percent of the country will be using various types of voting equipment this fall. The Election Data Services study will also reveal how much change has occurred in this country's election administration process over the past six years. Location: National Press Club, Murrow Room.

EDUCATION-RELIGION _ 5 p.m. The School of Advanced International Studies holds a program with Maria van der Hoeven, minister for Education, Culture and Science of the Netherlands, and Francis Fukuyama, director of the SAIS International Development Program, on what role education can play in the integration of different religious communities within democratic societies. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

ABORTION PROTEST _ 7:30 p.m. The American Life League's youth outreach team holds a candlelight vigil on the first day of the Supreme Court's fall session. Location: Outside the Supreme Court Building.

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

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TODAY'S EDITION

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TERRORISM NEWS:

White House Disputes Book's Report Of Anti-Rumsfeld Moves (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, September 30, 2006

New revelations that White House aides tried twice in the past two years to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld fueled a caustic election-season debate yesterday over the president's wartime leadership and underscored divisions within his administration.

The latest book by Washington Post journalist Bob Woodward, "State of Denial," paints a portrait of an administration riven by personal and policy disagreements exacerbated by a deteriorating situation in Iraq that has grown even worse than Bush admits to the public. In Woodward's account, Bush has become increasingly isolated as his team has rejected advice to shift gears in Iraq before it is too late.

The White House tried yesterday to dismiss the significance of Woodward's assertions, while Democrats eagerly seized on the book to bolster their campaign attacks five weeks before midterm elections. Coming days after the partial release of a National Intelligence Estimate concluding that the Iraq conflict has spread the "global jihadist movement," the latest disclosures kept the focus on the missteps and consequences of an unpopular war.

The book reports that then-White House Chief of Staff Andrew H. Card Jr. twice suggested that Bush fire Rumsfeld and replace him with former secretary of state James A. Baker III, first after the November 2004 election and again around Thanksgiving 2005. Card had the support of then-Secretary of State Colin L. Powell and his successor, Condoleezza Rice, as well as national security adviser Stephen J. Hadley and senior White House adviser Michael J. Gerson, according to the book.

Even first lady Laura Bush reportedly told Card that she agreed Rumsfeld had become a liability for her husband, although she noted that the president did not agree. "I don't know why he's not upset with this," she told Card, according to the book. But Vice President Cheney and senior Bush adviser Karl Rove argued against dumping Rumsfeld, and Bush agreed.

The book details how Rumsfeld alienated key figures throughout the government and military: Rice complained that Rumsfeld would not return her telephone calls, forcing Bush to personally intervene. Rumsfeld rebuffed Card when he conveyed Bush's order to send National Guard troops to Louisiana after Hurricane Katrina until hearing from the president himself. Gen. John P. Abizaid, the senior U.S. commander in the Middle East, concluded that "Rumsfeld doesn't have any credibility anymore."

It also reports on ultimately futile attempts by civilian officials to persuade the Bush team to send more troops to Iraq and outlines secret government findings about escalating attacks on U.S. troops and dire forecasts about the war worsening over the next year rather than improving.

The White House has been bracing for weeks for the book, which is scheduled for release next week and will be excerpted in The Washington Post tomorrow and Monday. Woodward, a Post assistant managing editor, has built a career on producing bestsellers with sensational revelations from unnamed sources that touch off Washington furors and send politicians racing to explain themselves.

The White House cooperated extensively with Woodward's first two books on the Bush presidency, "Bush at War" and "Plan of Attack," granting him extraordinary access, including four interviews with the president. The books were criticized by some as overly favorable to Bush. But the White House seems to have anticipated that Woodward's third book would take a more critical view, and Bush declined to speak with him for it.

After the New York Times managed to buy an early copy of "State of Denial" and reported on it on yesterday's front page, Bush aides frantically called Woodward and asked for copies, which he sent over. A squadron of White House aides then spent hours tearing through the book and doing quick research to try to undercut its more damaging elements. They settled on a strategy of disputing certain conclusions while broadly dismissing it as old news.

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"In a lot of ways, the book is sort of like cotton candy -- it kind of melts on contact," White House spokesman Tony Snow said at a briefing dominated by the topic. "We've read this book before. This tends to repeat what we've seen in a number of other books that have been out this year where people are ventilating old disputes over troop levels." Snow said it was well known that events in Iraq have been difficult and that officials have debated the right approach. "Rather than a state of denial," he said, "it's a state of the obvious."

Senate Democrats beat Snow to the punch and called their own news conference about the book two hours earlier, before they even had a copy. The title alone quickly became a Democratic mantra throughout the day. House Minority Leader Nancy Pelosi (D-Calif.) said four times at a separate briefing that Bush was "in denial," and Democrats released a series of statements and "fact sheets" trumpeting the line.

"The president himself is out of touch with reality, is in denial as to what is happening in Iraq," Pelosi said. "That could be the only explanation for why he has withheld the truth to the American people."

Rumsfeld, traveling overseas, said he has not read the book, and he declined to discuss it. A spokesman said the Pentagon would have no comment. Card, Hadley, Gerson and the first lady's office declined to comment or did not return telephone calls. But Snow, speaking on behalf of Laura Bush, said the first lady's office called Woodward's account "flatly not true." And Snow quoted Rice as saying of her reported dispute with Rumsfeld: "This is ridiculous, and I told that to Woodward."

Card confirmed to ABC News yesterday that he suggested replacing Rumsfeld with Baker after the 2004 election as part of broader changes to the Cabinet, but he denied to news services that he led "a campaign" to oust the defense secretary.

""But were there times that we talked about potential changes in the Cabinet? Yes. Did they center around Rumsfeld? Not necessarily. They were in a broader context." He denied that Laura Bush encouraged an effort to remove Rumsfeld. "Mrs. Bush and I never discussed it," Card told the Associated Press.

The book also reports that then-CIA Director George J. Tenet and his counterterrorism chief, J. Cofer Black, grew so concerned in the summer of 2001 about a possible al-Qaeda attack that they drove straight to the White House to get high-level attention.

Tenet called Rice, then the national security adviser, from his car to ask to see her, in hopes that the surprise appearance would make an impression. But the meeting on July 10, 2001, left Tenet and Black frustrated and feeling brushed off, Woodward reported. Rice, they thought, did not seem to feel the same sense of urgency about the threat and was content to wait for an ongoing policy review.

The report of such a meeting takes on heightened importance after former president Bill Clinton said this week that the Bush team did not do enough to try to kill Osama bin Laden before the Sept. 11, 2001, attacks. Sen. Hillary Rodham Clinton (D-N.Y.) said her husband would have paid more attention to warnings of a possible attack than Bush did. Rice fired back on behalf of the current president, saying the Bush administration "was at least as aggressive" in eight months as President Clinton had been in eight years.

The July 10 meeting of Rice, Tenet and Black went unmentioned in various investigations into the Sept. 11 attacks, and Woodward wrote that Black "felt there were things the commissions wanted to know about and things they didn't want to know about."

Jamie S. Gorelick, a member of the Sept. 11 commission, said she checked with commission staff members who told her investigators were never told about a July 10 meeting. "We didn't know about the meeting itself," she said. "I can assure you it would have been in our report if we had known to ask about it."

White House and State Department officials yesterday confirmed that the July 10 meeting took place, although they took issue with Woodward's portrayal of its results. State Department spokesman Sean McCormack, responding on behalf of Rice, said Tenet and Black had never publicly expressed any frustration with her response.

"This is the first time these thoughts and feelings associated with that meeting have been expressed," McCormack said. "People are free to revise and extend their remarks, but that is certainly not the story that was told to the 9/11 commission."

Tenet and Black did not respond to messages yesterday.

Staff writer Glenn Kessler contributed to this report.

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White House Disputes Book's Account Of Rifts On Iraq (NYT)

By David E. Sanger

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — The White House on Friday dismissed a new book's portrayal of division and discord inside the Bush administration, suggesting that the account by Bob Woodward had been provided by former aides who believed that their advice on troop levels and other questions of strategy in Iraq had been ignored.

Even as the White House scrambled to obtain a few copies of the book, "State of Denial," to be released Monday, administration officials were rebutting specific examples in Mr. Woodward's account, which described sharp clashes and long-running feuds fueled by the debate over the war. But other administration officials, speaking only if they were not identified, said the details in the book reflected a breakdown of discipline in an administration that once prized its ability to keep its disputes in-house.

"Look, this is a war, and you are going to have a lot of really smart people with completely different opinions," Tony Snow, the White House press secretary, said at a briefing on Friday afternoon.

In Washington, Mr. Snow said, "you're going to see people who are on the losing side of arguments being especially outspoken about their opinions." He added, "The average Washington memoir ought to be subtitled, 'If they only listened to me.' "

But Mr. Snow had difficulty explaining why President Bush had failed to listen to such a broad range of officials who had called for more troops, including Robert D. Blackwill, the former top Iraq adviser, and L. Paul Bremer III, the senior American official running the occupation. Nor did Mr. Snow explain why Mr. Bush's upbeat assessments of a "Plan for Victory" in Iraq, laid out in speeches late last year, contrasted so sharply with the contents of classified memorandums written by officials who warned that failure was also a significant possibility.

Some of those memorandums were written by Philip D. Zelikow, a counselor to Secretary of State Condoleezza Rice, including one in early 2005 in which Mr. Zelikow characterized Iraq as "a failed state" two years after the invasion, and another in September 2005, in which he said there was a 70 percent chance of success in achieving a stable, democratic state. That meant, Mr. Zelikow said, that there was a 30 percent chance of failure, including what he called a "significant risk" of "catastrophic failure," meaning a collapse of the state Mr. Bush has tried to create.

Mr. Zelikow declined to comment on Friday, apart from confirming the accuracy of the words from the memorandums Mr. Woodward cited in the book.

Other senior State Department officials dismissed the book's account as a familiar one. "This just in — Condi and Rumsfeld argue a lot," one said. "Didn't we know that?"

In the past, State Department officials have described extreme tension between the two over Ms. Rice's sense that Secretary of Defense Donald H. Rumsfeld was not paying enough attention to detention issues, beginning with the abuses at the Abu Ghraib prison in Iraq that came to light in 2004.

The book contends that Andrew H. Card Jr., as White House chief of staff, urged Mr. Bush to replace Mr. Rumsfeld. In a telephone interview on Friday, Mr. Card confirmed that he had raised the issue, but suggested that Mr. Woodward had ignored the context. "Right after the election, I went to Camp David and talked to the president, and we talked about a lot of changes, starting with the chief of staff," Mr. Card said, recounting how he used to tote around what he called his "hit by a bus book," a notebook of lists of potential replacements for senior White House staff members and top cabinet officials.

"It's not inaccurate to say that we talked about Rumsfeld," he said. "I can understand why Bob would try to create a climate around these conversations." But he added: "There was no campaign, and I didn't go out and solicit others to back any view about getting rid of anyone. I could talk about these things with the president, and plant seeds, because there is a cadence to life in Washington and you raise these issues periodically."

Mr. Card acknowledged that he renewed the question of replacing Mr. Rumsfeld this year, but again insisted that it was not part of a specific effort to single out the defense secretary for removal.

Many of the episodes Mr. Woodward describes in his book have not been previously disclosed, but others have been reported in other books and news accounts.

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Mr. Woodward, the Washington Post reporter and author, cites several instances where Gen. John P. Abizaid, the commander of American forces in the Middle East, criticized Mr. Rumsfeld to top officials.

On Friday, however, Maj. Chris Karns, a spokesman for the United States Central Command, said General Abizaid had denied ever telling visitors in Qatar that Mr. Rumsfeld "doesn't have any credibility anymore" to make the case for strategy in Iraq.

"General Abizaid has nothing but the greatest respect for Mr. Rumsfeld," Major Karns said.

The book also recounts a recommendation by Mr. Blackwill in September 2003 that 40,000 more troops were needed in Iraq. Mr. Blackwill refused on Friday to discuss his recommendation but said that Ms. Rice, then the national security adviser, and her deputy, Stephen J. Hadley, "were always more than willing to give me as much time as I wanted to make my arguments." It was unclear whether Mr. Blackwill's view was passed on to the president.

The White House went to extra lengths to dispute Mr. Woodward's portrait of Mr. Bush as a president who viewed news from Iraq through the best possible lens and who failed to come to grips with reports of a deteriorating security situation. "A couple of weeks ago, the president was being accused of trying to scare people," Mr. Snow told reporters. "Now, all of a sudden, he's accused of looking at the world through rose-colored glasses. Neither one is true."

The memorandums Mr. Woodward writes about — and others that have come to light, including a National Intelligence Estimate on terrorism and Iraq's role in inspiring terrorists that the White House declassified in part this week — suggest a more complex picture.

The memorandums and intelligence estimate clearly describe escalating terrorism, rising anti-Americanism and the risks of failure. Mr. Bush and Ms. Rice, among others, acknowledged the rising difficulties, but consistently expressed optimism about eventual victory.

In October 2005, for example, shortly after Mr. Zelikow's memorandum stating that there was a 30 percent chance of failure, Ms. Rice, in an interview with the BBC, referred to "a few violent men who can always wreak havoc, who can always grab the headlines, who can always kill innocent men, women and schoolchildren," but she would not be drawn into predictions of how long the insurgency could go on.

Mr. Bush's record is similarly complex. Last November, he began a series of speeches describing a strategy for victory. Mr. Card defended those speeches Friday, saying, "Nothing is 100 percent, but in the case of Iraq, failure is not an option."

The State Department also disputed the book's description of a meeting between George J. Tenet, then the director of central intelligence, and Ms. Rice on July 10, 2001, two months before the Sept. 11 attacks. The book describes the meeting as a heated one in which Mr. Tenet hoped to "shake Rice" into developing covert and overt plans to stop Osama bin Laden from attacking.

But Ms. Rice and other State Department officials denied that was the case, noting that the report of the Sept. 11 commission, which had testimony from Mr. Tenet and others at the meeting, made no mention of the July 10 encounter.

"The recollections as portrayed in the Woodward book in no way reflect the public and private testimony under oath of those individuals to the 9/11 commission," said Sean McCormack, the State Department spokesman.

Book Details Attempts To Oust Rumsfeld (LAT)

By Peter Spiegel

The Los Angeles Times, September 30, 2006

The White House disputes Woodward's account that the first lady backed one effort. A second book says Powell was forced out.

WASHINGTON — President Bush's then-chief of staff tried to convince the president to fire Defense Secretary Donald H. Rumsfeld on at least two occasions in the last two years, once with the support of First Lady Laura Bush, according to a new book by author and journalist Bob Woodward.

The first of the attempts by Andrew Card, made in November 2004, was thwarted by Vice President Dick Cheney, a longtime friend of Rumsfeld's, and Karl Rove, the White House political chief, who felt any move against Rumsfeld would be seen as an acknowledgment that the Iraq war was on the wrong course. The second effort, made a year later, came with Laura Bush's backing, the book says.

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Some of the assertions in the book, "State of Denial," were made public Friday by Woodward's newspaper, the Washington Post, after other news organizations acquired copies ahead of Monday's official publication date. A spokesman for Simon & Schuster, the publisher, said the book's release had been moved up to today because of the disclosures.

The White House on Friday did not contradict Woodward's account of Card's efforts to oust Rumsfeld. But Tony Snow, Bush's spokesman, denied that either of the efforts were supported by the first lady, saying her office dubbed the suggestion "flatly not true."

Card "was asked to take a look at everybody, including himself," Snow said at a news conference. "It's typical — as a matter of fact, quite often in administrations at this point, people are asked to submit their resignations. The president's commander in chief. He picks."

Asked about the book's contents by reporters traveling with him at a NATO meeting in Slovenia, Rumsfeld said he had not read the account — or Woodward's previous books on the war. "I wouldn't hold your breath on this one," Rumsfeld said.

Another upcoming book on the Bush administration, a biography of former Secretary of State Colin L. Powell by Washington Post editor Karen DeYoung, will report that Powell was forced out of his job.

The account contradicts statements by the White House at the time — as well as Powell's own resignation letter — which made it appear that his decision to leave following the 2004 election was mutual. The excerpt from the book, "Soldier: The Life of Colin Powell," obtained by the Los Angeles Times ahead of next week's publication, recounts how Card broke the news to an unsuspecting Powell.

" 'The president would like to make a change,' [Card] said, using a time-honored formulation that avoided the words 'resign' or 'fire,' " the book says.

The two books add to a growing chorus of former administration officials, retired generals and onetime war supporters who have broken ranks and spoken out against a White House once renowned for its tight lips and reverence for loyalty.

Indeed, the White House on Friday sought to dismiss the Woodward book as a repeat of old allegations, arguments over troop levels and bitter recriminations from former officials whose advice was not taken.

Despite White House efforts, however, Woodward's book — like his two preceding tomes on Bush's stewardship of the war in Iraq, "Bush at War" and "Plan of Attack" — hit Washington like a major movie opening, with details spilling out in advance and interviews scheduled by CBS' "60 Minutes" and CNN's Larry King.

The first two Woodward books were so laudatory that White House aides gave them to each other as Christmas gifts. "Plan of Attack" was even listed as recommended reading on the Bush campaign's reelection website. However, "State of Denial" prompted backpedaling by the White House and was embraced by congressional Democrats, who cited it as further evidence of the administration's mismanagement of the war.

Among the famous names in the book is Henry Kissinger, President Nixon's secretary of State during the Vietnam War. Woodward reports Kissinger has been a frequent visitor at the White House, offering Bush advice on Iraq.

"Now, what's Kissinger's advice?" Woodward said in his "60 Minutes" interview. "In Iraq, he declared very simply, 'Victory is the only meaningful exit strategy.' This is so fascinating. Kissinger's fighting the Vietnam War again, because in his view, the problem in Vietnam is we lost our will."

Woodward's account of the widening divisions within the administration over Iraq policy relies on at least four separate, privately written assessments that were submitted to senior administration officials detailing dire predictions for Iraq if the White House did not change course.

One of those assessments, Woodward recounts, is a secret intelligence estimate prepared in May by the intelligence division of the U.S. military's Joint Chiefs of Staff. It predicts that violence in Iraq will increase during 2007. The conclusion is similar to a National Intelligence Estimate prepared earlier this year, portions of which were declassified this week by Bush.

Another secret assessment revealed by Woodward is a 15-page memo prepared early last year for Secretary of State Condoleezza Rice by longtime friend and State Department Counselor Philip Zelikow, who wrote that Iraq was a "failed state shadowed by constant violence." Zelikow's memo was delivered to Rice even as the administration continued to insist Iraq was stabilizing.

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Rumsfeld himself received a private assessment from a close friend, Steve Herbits, in July 2005. The seven-page memo asked Rumsfeld who was responsible for several miscues in Iraq — including the disbanding of the Iraqi army and the overreaching effort to rid the Iraqi government of members of Saddam Hussein's Baath party — and bluntly informed the Defense secretary of how colleagues viewed "Rumsfeld's style of operation."

"Indecisive, contrary to popular image," Woodward writes, quoting the memo by Herbits, a former Seagram's executive who has worked as a Pentagon consultant. "Would not accept that some people in some areas were smarter than he."

The fourth assessment was written in September 2003 to Rice by Robert D. Blackwill, a former National Security Council advisor, warning that more ground troops — perhaps as many as 40,000 — were needed to stabilize Iraq.

Woodward writes that the White House did nothing in response, though Snow on Friday disputed that claim, noting that Rumsfeld had said in one interview that he recalled receiving the Blackwill memo and ordered it be taken seriously.

DeYoung's book on Powell contains an account of a similar warning given to Bush by Powell in their last meeting at the White House. Powell used the January 2005 Oval Office meeting, intended to be a "farewell call," to "unload," DeYoung recounts.

"The war in Iraq was going south, [Powell] said after a few moments of small talk, and the president had little time left to turn it around," DeYoung wrote, adding that Powell warned not to expect too much progress to emerge from upcoming Iraqi elections. "There would be a window of about two months after the election 'to start to see progress,' he told Bush. 'If by the first of April this insurgency is not starting to ameliorate in some way, then I think you really have a problem.' "

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Times staff writers Paul Richter and Moises Mendoza contributed to this report.

A Portrait Of The President As The Victim Of His Own Certitude (NYT)

By Michiko Kakutani

The New York Times, September 30, 2006

In Bob Woodward's highly anticipated new book, "State of Denial," President Bush emerges as a passive, impatient, sophomoric and intellectually incurious leader, presiding over a grossly dysfunctional war cabinet and given to an almost religious certainty that makes him disinclined to rethink or re-evaluate decisions he has made about the war. It's a portrait that stands in stark contrast to the laudatory one Mr. Woodward drew in "Bush at War," his 2002 book, which depicted the president — in terms that the White House press office itself has purveyed — as a judicious, resolute leader, blessed with the "vision thing" his father was accused of lacking and firmly in control of the ship of state.

As this new book's title indicates, Mr. Woodward now sees Mr. Bush as a president who lives in a state of willful denial about the worsening situation in Iraq, a president who insists he won't withdraw troops, even "if Laura and Barney are the only ones who support me." (Barney is Mr. Bush's Scottish terrier.) Mr. Woodward draws an equally scathing portrait of Secretary of Defense Donald H. Rumsfeld, who comes off as a bully and control freak who is reluctant to assume responsibility for his department's failures, and who has surrounded himself with yes men and created a system that bleached out "strong, forceful military advice." Mr. Rumsfeld remains wedded to his plan to conduct the war in Iraq with a lighter, faster force (reflecting his idée fixe of "transforming" the military), even as the situation there continues to deteriorate.

Mr. Woodward reports that after the 2004 election Andrew H. Card Jr., then White House chief of staff, pressed for Mr. Rumsfeld's ouster (he recommended former Secretary of State James A. Baker III as a replacement), and that Laura Bush shared his concern, worrying that Mr. Rumsfeld was hurting her husband's reputation. Vice President Dick Cheney, however, persuaded Mr. Bush to stay the course with Mr. Cheney's old friend Mr. Rumsfeld, arguing that any change might be perceived as an expression of doubt and hesitation on the war. Other members of the administration also come off poorly. Gen. Richard B. Myers is depicted as a weak chairman of the Joint Chiefs of Staff, who routinely capitulated to the will of Mr. Rumsfeld and who rarely offered an independent opinion. Former C.I.A. director George J. Tenet is described as believing that the war against Iraq was a terrible mistake, but never expressing his feelings to the president. And Secretary of State Condoleezza Rice (who appears in this volume primarily in her former role as national security adviser) is depicted as a presidential enabler, ineffectual at her job of coordinating interagency strategy and planning.

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For instance, Mr. Woodward writes that on July 10, 2001, Mr. Tenet and his counterterrorism coordinator, J. Cofer Black, met with Ms. Rice to warn her of mounting intelligence about an impending terrorist attack, but came away feeling they'd been given "the brush-off" — a revealing encounter, given Ms. Rice's recent comments, rebutting former President Bill Clinton's allegations that the Bush administration had failed to pursue counterterrorism measures aggressively before 9/11.

As depicted by Mr. Woodward, this is an administration in which virtually no one will speak truth to power, an administration in which the traditional policy-making process involving methodical analysis and debate is routinely subverted. He notes that experts — who recommended higher troop levels in Iraq, warned about the consequences of disbanding the Iraqi Army or worried about the lack of postwar planning— were continually ignored by the White House and Pentagon leadership, or themselves failed, out of cowardice or blind loyalty, to press insistently their case for an altered course in the war.

Mr. Woodward describes the administration's management of the war as being improvisatory and ad hoc, like a pickup basketball game, and argues that it continually tried to give the public a rosy picture of the war in Iraq (while accusing the press of accentuating the negative), even as its own intelligence was pointing to a rising number of attacks against American forces and an upward spiral of violence. A secret February 2005 report by Philip D. Zelikow, a State Department counselor, found that "Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change" and concluded that the American effort there suffered because it lacked a comprehensive, unified policy.

Startlingly little of this overall picture is new, of course. Mr. Woodward's portrait of Mr. Bush as a prisoner of his own certitude owes a serious debt to a 2004 article in The New York Times Magazine by the veteran reporter Ron Suskind, just as his portrait of the Pentagon's incompetent management of the war and occupation owes a serious debt to "Fiasco," the Washington Post reporter Thomas E. Ricks's devastating account of the war, published this summer. Other disclosures recapitulate information contained in books and articles by other journalists and former administration insiders.

But if much of "State of Denial" simply ratifies the larger outline of the Bush administration's bungled handling of the war as laid out by other reporters, Mr. Woodward does flesh out that narrative with new illustrations and some telling details that enrich the reader's understanding of the inner workings of this administration at this critical moment.

He reports, for instance, that the Vietnam-era Secretary of State Henry A. Kissinger "had a powerful, largely invisible influence on the foreign policy of the Bush administration," urging President Bush and Vice President Cheney to stick it out. According to Mr. Woodward, Mr. Kissinger gave the former Bush adviser and speechwriter Michael Gerson his so-called 1969 salted peanut memo, which warned President Richard M. Nixon that "withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded."

As with Mr. Woodward's earlier books, many of his interviews were conducted on background, though, from the point of view of particular passages, it's often easy for the reader to figure out just who his sources were. In some cases he recreates conversations seemingly based on interviews with only one of the participants. The former Saudi Arabian ambassador Prince Bandar bin Sultan, Mr. Card, Mr. Tenet, Deputy Secretary of State Richard L. Armitage and Brent Scowcroft, the former national security adviser (to Bush senior), appear to be among the author's primary sources.

Whereas Mr. Woodward has tended in the past to stand apart from his narrative, rarely pausing to analyze or assess the copious material he has gathered, he is more of an active agent in this volume — perhaps in a kind of belated mea culpa for his earlier positive portrayals of the administration. In particular, he inserts himself into interviews with Mr. Rumsfeld — clearly annoyed, even appalled, by the Pentagon chief's cavalier language and reluctance to assume responsibility for his department's failures.

Mr. Woodward reports that when he told Mr. Rumsfeld that the number of insurgent attacks was going up, the defense secretary replied that they're now "categorizing more things as attacks." Mr. Woodward quotes Mr. Rumsfeld as saying, "A random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things — a banana and an apple and an orange."

Mr. Woodward adds: "I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a 'fruit bowl,' a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal I.E.D.'s, standoff attacks with mortars and close engagements such as ambushes."

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Earlier in the volume, in a section describing the former Iraq administrator Jay Garner's reluctance to tell the president about the mistakes he saw the Pentagon making in Iraq, Mr. Woodward writes: "It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news and a good time had by all." Were the war in Iraq not a real war that has resulted in more than 2,700 American military casualties and more than 56,000 Iraqi civilian deaths, the picture of the Bush administration that emerges from this book might resemble a farce. It's like something out of "The Daily Show" or a "Saturday Night Live" sketch, with Freudian Bush family dramas and high-school-like rivalries between cabinet members who refuse to look at one another at meetings being played out on the world stage.

There's the president, who once said, "I don't have the foggiest idea about what I think about international, foreign policy," deciding that he's going to remake the Middle East and alter the course of American foreign policy. There's his father, former President George Herbert Walker Bush (who went to war against the same country a decade ago), worrying about the wisdom of another war but reluctant to offer his opinions to his son because he believes in the principle of "let him be himself." There's the president's national security adviser whining to him that the defense secretary won't return her phone calls. And there's the president and Karl Rove, his chief political adviser, trading fart jokes.

Mr. Woodward suggests that Mr. Rumsfeld decided to make the Iraq war plan "his personal project" after seeing a rival agency, the C.I.A., step up to run operations in Afghanistan (when it became clear that the Pentagon was unprepared for a quick invasion of that country, right after 9/11). And he suggests that President Bush chose Mr. Rumsfeld as his defense secretary, in part, because he knew his father mistrusted Mr. Rumsfeld, and the younger Bush wanted to prove his father wrong.

Many of the people in this book seem not only dismayed but also flummoxed by some of President Bush's decisions. Mr. Woodward quotes Laura Bush as telling Andrew Card that she doesn't understand why her husband isn't upset about Mr. Rumsfeld and the uproar over his handling of the war . And he quotes Mr. Armitage as telling former Secretary of State Colin L. Powell that he's baffled by President Bush's reluctance to make adjustments in his conduct of the war.

"Has he thought this through?" Mr. Armitage asks. "What the president says in effect is, We've got to press on in honor of the memory of those who have fallen. Another way to say that is we've got to have more men fall to honor the memories of those who have already fallen."

Woodward: Card Wanted To Fire Rumsfeld (AP)

By Tom Raum

AP, September 30, 2006

Former White House chief of staff Andrew Card twice sought to persuade President Bush to fire Defense Secretary Donald Rumsfeld, the second time with the support of first lady Laura Bush, Bob Woodward writes in a new book on the Bush administration's Iraq war policy.

Card on Friday did not dispute that he had talked about a Rumsfeld resignation with the president but said it was his job to discuss a wide range of possible replacements, including his own. He denied talking to Mrs. Bush about the subject.

The Washington Post assistant managing editor's third book on the Bush administration, "State of Denial," comes out next week. Some details have already appeared, however, including on the newspaper's Web site.

White House spokesman Tony Snow shrugged off the book as "cotton candy. It kind of melts on contact."

"We've read this book before. This tends to repeat what we've seen in a number of other books that have been out this year where people are ventilating old disputes over troop levels," Snow said Friday.

Woodward writes that Card sought and failed in November 2004, right after Bush won a second term, and again a year later, to persuade the president to fire Rumsfeld.

In an interview with The Associated Press, Card rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term.

After re-election, he and the president "talked about every Cabinet post and senior White House position," Card said.

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He said he kept a notebook listing all top jobs and possible replacements. "It's the chief of staff's job to give the lay of the land, have the president consider a lot of different options," Card said.

As to whether the first lady had any particular views about Rumsfeld, "Mrs. Bush and I never discussed it," Card said.

Dorrance Smith, the assistant secretary of defense for public affairs, responded to a request for comment by referring a reporter to Card's comments on the matter.

As for the war, Woodward writes that White House and Pentagon officials voiced concern about the conduct of the fighting in reports and internal memos and that a secret intelligence report circulated last May predicted violence would continue for the rest of 2006 and increase in 2007. At the same time, Bush, Rumsfeld and other senior officials insisted publicly the situation was going well, Woodward writes, according to the Post.

Snow insisted that the president "was not, in fact, painting a rose-colored picture. He has been saying that it's a tough war, it's a long war, it's a war that's going to outlive his presidency."

The White House spokesman did confirm one detail in Woodward's forthcoming book — that Henry Kissinger has been advising Bush about Iraq.

"The president has a lot of people in, and he listens to them. And Dr. Kissinger was one of them," Snow said. He said Bush listens to Kissinger's advice even when the two men disagree.

In an interview scheduled to air Sunday night on CBS-TV's "60 Minutes," Woodward says Kissinger, who served in the Nixon and Ford administrations, has been telling Bush and Vice President Dick Cheney that in Iraq, "victory is the only meaningful exit strategy."

As for accounts in the book of administration infighting, Snow said, "Quite often in a book like this you're going to see people who are on the losing side of arguments be especially outspoken about their opinions that nobody listened to."

"As a matter of fact, the average Washington memoir ought to be subtitled 'If only they listened to me,'" said the White House spokesman.

Reporters Press Tony Snow On The Woodward Book -- He Denies White House In Denial (EDNPUB)

Editor & Publisher, September 30, 2006

NEW YORK At his briefing this afternoon, Tony Snow, White House press secretary, faced probing questions from reporters fueled by numerous tidbits and charges already emerging from Bob Woodward's new "State of Denial" book.

Snow tried to counter some allegations and put off others. One high point came when a reporter asked about Woodward's depiction of very strong and ongoing disputes between Secretary of State Condoleeza Rice and Pentagon chief Donald Rumsfeld -- leading to Rumsfeld refusing to take her calls. Snow replied that he had asked Rice about this specifically and she said, "That is ridiculous and I told that to Woodward."

Snow repeated that denial a few minutes later.

Asked about Woodward claiming that Gen. John Abizaid had stated that Rumsfeld had lost all credibility, Snow simply said the reporters should ask Abizaid about that.

When a reporter pointed out that former top aide Andrew Card had confirmed today the charge in Woodward's book that Card had once sought Rumsfeld's exit, Snow said he had tried to reach Card himself today, unsuccessfully so far. He said he had not asked the president about this. He said it was traditional for the resignations of everyone to be on the table when the White House mulls a shakeup.

Snow ignored a question from one reporter who asked why the White House had hailed Woodward's two previous books on Bush and the war as accurate but now they say the new one has many errors.

He denied the White House was in "denial" about the war, saying that it was indeed a "war" and that people focus too much on Baghdad when there is progress elsewhere.

Snow also hit the Woodward book, and any such book, for being partly based on interviews with "smart" people who did not get their way. He said just about any Washington memoir could have been subtitled, "If Only They'd Listened To Me."

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Book Says Top Aide Urged Bush To Fire Rumsfeld (WP)

By William Hamilton, Washington Post Staff Writer

The Washington Post, September 30, 2006

Former White House chief of staff Andrew H. Card Jr. on two occasions tried and failed to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld, according to a new book by Bob Woodward that depicts senior officials of the Bush administration as unable to face the consequences of their policy in Iraq.

Card made his first attempt after Bush was reelected in November 2004, arguing that the administration needed a fresh start and recommending that Bush replace Rumsfeld with former secretary of state James A. Baker III. Woodward writes that Bush considered the move but was persuaded by Vice President Cheney and Karl Rove, his chief political adviser, that it would be seen as an expression of doubt about the course of the war and would expose Bush to criticism.

Card tried again around Thanksgiving 2005, this time with the support of first lady Laura Bush, who, according to Woodward, felt that Rumsfeld's overbearing manner was damaging to her husband. Bush refused for a second time, and Card left the administration in March, convinced that Iraq would be compared to Vietnam and that history would record that no senior administration officials had raised their voices in opposition to the conduct of the war.

The book is the third that Woodward, an assistant managing editor at The Washington Post, has written on the Bush administration since the terrorist attacks of Sept. 11, 2001. The first two were attacked by critics of the administration as depicting the president in a heroic light. But the new book's title, "State of Denial," conveys the different picture that Woodward paints of the administration since the invasion of Iraq in March 2003. Excerpts of the book will be published in the Sunday and Monday editions of The Post.

Woodward writes that there has been a vast difference between what the White House and the Pentagon knew about the situation in Iraq and what they have been saying publicly. In memos, reports and internal debates, administration officials have voiced their concerns about the conduct of the war, even while Bush and Cabinet members such as Rumsfeld and Secretary of State Condoleezza Rice have insisted that the war was going well.

In May, Woodward writes, the intelligence division of the Joint Chiefs of Staff circulated a secret intelligence estimate predicting that violence in Iraq will not only continue for the rest of this year but also increase in 2007.

"Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through the next year," said the report, which was distributed to the White House, the State Department and intelligence agencies.

The report presented a similarly bleak assessment of oil production, electricity generation and the political situation in Iraq.

"Threats of Shia ascendancy could harden and expand Shia militant opposition and increase calls for coalition withdrawal," the report said.Several Warnings on Iraq

Woodward writes that Rice and Rumsfeld have been warned repeatedly about the deteriorating situation in Iraq.

Returning from his assignment as the first head of the Iraq postwar planning office, retired Lt. Gen. Jay Garner told Rumsfeld on June 18, 2003, that the United States made "three terrible mistakes" in Iraq.

The first two, he said, were the orders his successor, L. Paul Bremer, had given banning members of the Baath Party from government jobs and disbanding the Iraqi military. The third was Bremer's dismissal of an interim Iraqi leadership group that had been eager to help the United States administer the country in the short term.

"There's still time to rectify this," Garner said. "There's still time to turn it around."

But Rumsfeld dismissed the idea, according to Woodward. "We're not going to go back," Rumsfeld said.

A year later, Rumsfeld received even more blunt criticism from Steve Herbits, a longtime friend who, according to Woodward, has served as an informal adviser to Rumsfeld since he became defense secretary. In a seven-page memo in July 2004 titled "Summary of Post-Iraq Planning and Execution Problems," Herbits listed a series of questions for Rumsfeld:

Â· "Who made the decision and why didn't we reconstitute the Iraqi Army?"

Â· "Did no one realize we were going to need Iraqi security forces?"

Â· "Did no one anticipate the importance of stabilization and how best to achieve it?"

Â· "Why was the de-Baathification so wide and deep?"

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He then described "Rumsfeld's style of operation," which he said was the "Haldeman model, arrogant," referring to President Richard M. Nixon's White House chief of staff H.R. "Bob" Haldeman. "Indecisive, contrary to popular image. Would not accept that some people in some areas were smarter than he. . . . Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions."

Woodward does not say how Rumsfeld responded.Misgivings in the Military

Some of the highest-ranking officers serving under Rumsfeld had similar misgivings about Iraq.

In March, Gen. John P. Abizaid, the senior U.S. commander for the Middle East, met privately with Rep. John P. Murtha (D-Pa.), who had criticized the Bush administration's approach to Iraq as "a flawed policy wrapped in illusion" and called for withdrawal. Murtha was attacked by the White House for "endorsing the policy positions of Michael Moore and the extreme liberal wing of the Democratic Party."

According to Murtha, Woodward writes, Abizaid raised his hand, held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

But, according to Woodward, Rumsfeld made sure that his choices for chairman of the Joint Chiefs of Staff -- Air Force Gen. Richard B. Myers and Marine Corps Gen. Peter Pace -- were not people who would directly challenge him.

Woodward writes that just before Pace was named chairman, he was visited by an old friend, Marine Corps Gen. James L. Jones, the NATO commander. Jones expressed concern that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. Jones said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest.

And, he told his friend, according to Woodward: "You should not be the parrot on the secretary's shoulder."

Woodward writes that he called Jones at NATO headquarters in Brussels and that Jones confirmed the story.

Woodward describes Rice as frequently at odds with Rumsfeld when she served as national security adviser, and her staff as increasingly concerned about the lack of a strategy for winning the war in Iraq.

When she became secretary of state in 2005, Rice asked Philip D. Zelikow, an old friend whom she had brought on as an adviser, to travel to Iraq to assess the situation. On Feb. 10, two weeks after Rice became secretary, Zelikow presented her with a 15-page, single-spaced memo.

"At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," he wrote.A 'Brush-Off' From Rice

"State of Denial" adds new information about Rice's role in the Bush administration's efforts to combat terrorism in the months before the Sept. 11 attacks. That subject became a source of controversy this week after former president Bill Clinton accused "President Bush's neocons" and other Republicans of ignoring Osama bin Laden until the attacks; Rice responded angrily to the charge.

Woodward writes that on July 10, 2001, then-CIA Director George J. Tenet became so concerned about the communications that intelligence agencies were receiving indicating a terrorist attack was imminent, he went to the White House with counterterrorism chief J. Cofer Black -- without an appointment -- to meet with Rice, then the national security adviser. He and Black hoped the meeting would alert Rice to the urgency they felt.

But Tenet and Black felt that Rice gave them "the brush-off," according to Woodward, telling them that a plan for coherent action against bin Laden was already in the works. Woodward writes that both Tenet and Black felt that the meeting was the starkest warning the White House was given about bin Laden.

The book describes Tenet as feeling that Rice could have gotten through to Bush on the bin Laden threat but that she had not understood it in time. Black described his frustration more directly, according to Woodward: "The only thing we didn't do was pull the trigger to the gun we were holding to her head."

Woodward writes that former secretary of state Henry A. Kissinger has played a key role as an outside adviser to Bush on the Iraq war. Kissinger, according to Woodward, sees Iraq through the prism of his experience in the Nixon administration during the Vietnam War, and has counseled Bush to "stick it out" and not even entertain the idea of withdrawing troops.

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At one point, to emphasize his position, he gave Michael Gerson, then a White House speechwriter, a copy of a memo he wrote to Nixon in September 1969. "Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded," Kissinger wrote.

Unlike Woodward's previous books, "Bush at War" and "Plan of Attack," "State of Denial" does not focus on Bush. Woodward writes that Bush, who agreed to be interviewed for the first two books, declined this time.

Woodward also spends little time on Cheney, writing that since 2005 the vice president has been perceived as having no visible role in Iraq policy. He describes Cheney's associates as saying he was "lost" without his former chief of staff, I. Lewis "Scooter" Libby, who resigned after he was indicted for his role in the Valerie Plame leak case.

According to Woodward, Cheney relied on his wife, Lynne, and his daughter Liz for advice, and some close friends believed he "became increasingly removed from reality."

The Bob Woodward Effect (NSWK)

By Richard Wolffe, Newsweek

Newsweek, September 30, 2006

The White House is in full damage-control mode over his new book WEB EXCLUSIVE

There are few journalists in Washington who can throw the White House off its stride: Bob Woodward is one of them. Woodward's new book, "State of Denial," paints a damning picture of White House policy in the aftermath of the Iraq invasion. After The New York Times printed excerpts of the book on Friday, the West Wing immediately went into full damage-control mode, as top aides tried to figure out how to respond. Woodward had delivered copies of the book to the White House on Friday morning—earlier than they expected because of the newspaper leak. The arrival of a Woodward Tome has become a kind of biennial ritual in Washington. The last two, which detailed the Afghan war and the successful early invasion of Iraq, were fairly kind to the president and his staff. But this was a different kind of book, and the administration was already bracing for a rougher ride.

The White House stayed quiet all morning, until the press briefing, which began unusually late. Soon after press secretary Tony Snow stepped up to the podium, it was clear the White House had settled on a time-tested strategy: deny, downplay and sidestep. Snow had a quip at the ready. "The book's certainly cotton candy—it kind of melts on contact."

The calculated ho-hum reaction is partly the result of having already responded to several critical books on Iraq in recent months—as well as public discontent with the war. Bush's aides believe they have already debated extensively the conflicting recommendations about troop levels, and consider that an old—and exhausted—dispute.

White House officials also think they can easily knock down Woodward's premise that Bush has misled the public about the level of attacks on troops in Iraq. Since late last year, Bush has spoken more openly and directly about the nature of the enemy in Iraq and the scale of the challenge in building a peaceful and democratic nation. Snow himself quoted Bush at length at a press conference in Chicago in July saying, "We've lost obviously a lot of lives here in the homeland, and we lost lives overseas." Snow added that Bush had been telling the American people that "it's a war that's going to outlive his presidency."

The harder material for the White House to dispute concerns Donald Rumsfeld—including harsh assessments of the Defense Secretary from Pentagon brass. According to the book, General Jim Jones, the NATO commander, told his friend Peter Pace, then in line to become chairman of the Joint Chiefs of Staff, to steer clear of the job. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You shoul not be the parrot on the secretary's shoulder," Jones said.

Administration officials prefer to either dismiss those stories as "gossip" (as Snow did on Friday) or sidestep them altogether. According to Woodward, former Chief of Staff Andy Card recommended that Rumsfeld should be fired. Instead of disputing that, Snow dodged the question altogether with an admirably confusing non sequiter. "Anybody who knows Andy Card knows that there's not a bitter bone in his body."

Bush's aides concede that they can't dispute the book's direct quotes from Card about his desire to see Rumsfeld leave. Instead, they focused their denials elsewhere. They rejected outright Woodward's contention that First Lady Laura Bush dislikes Rumsfeld. But the Bush team cannot easily dismiss Woodward's reporting skills outright. In his earlier two books—Bush At War

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and Plan of Attack—Woodward gained extensive cooperation from the White House, and Bush officials openly praised the quality of his reporting. This time around, neither Bush nor Dick Cheney agreed to be interviewed. That doesn't mean the White House froze Woodward out, merely that he was kept at the same distance as most journalists in Washington. As the president now knows, Woodward isn't fond of the view from the cheap seats.

End Of The Affair (TIME)

By James Carney

Time, September 30, 2006

The Bush White House used to love Bob Woodward. Now, thanks to the revelations in his newest book, State of Denial, the breakup will be nasty

Bob Woodward's first book on this Administration, Bush At War, was hagiography, the prose equivalent of those post-9/11 Annie Leibovitz photographs for Vanity Fair that captured the President and his War Cabinet in heroic still lifes. Woodward, the world's most famous investigative reporter and an assistant managing editor at the Washington Post, took a lot of heat for going soft on the President in Bush At War, but the author's critics were wrong to suggest he was politically motivated. That book, remember, chronicled the President and his inner circle during the first three months after 9/11. All things considered, and certainly by comparison to what followed, those were pretty good days for this Administration.

Then came Plan of Attack, Woodward's second Bush book. Published in April 2004, this one was decidedly more nuanced. Like all Woodward products, its tone reflected the moment in time when it was written — in this case, that fuzzy period between Bush celebrating Iraq as a "Mission Accomplished" and the turning point when the greater national security establishment decided Iraq had become a disaster. In Plan of Attack, Bush and his team were flawed, but well-intentioned; they made both good decisions and bad, and they feuded among themselves, sometimes less than nobly, over the best policies to pursue. But the White House and the Bush-Cheney campaign cleverly decided to ignore all the negative stuff in the book. Instead, they said it showed the President as a leader. They even listed it as recommended reading on the campaign's website. Thanks to the Bush team's embrace, Woodward was accused unfairly of being a lapdog for the President. Woodward, understandably, was chagrined; very, very rich for a working print journalist (Plan of Attack, like most Woodward books, was a best seller), but chagrined nonetheless.

Now we have State of Denial. The title alone is a departure for Woodward. His books during the Clinton years — The Agenda, The Choice — all carried neutral titles that revealed little about how the people in power were portrayed. The same can be said of Bush At War and Plan of Attack. From the moment the title of the third book leaked, White House officials knew they were in trouble.

Actually, they suspected long ago that Woodward's newest book would not be good for them. Woodward had plenty of access to Bush and Cheney for his first two tomes. Not this time. "We had a sense that this was going to be a different kind of book," says one source familiar with the discussions on how to handle Woodward. "The third time is not the charm."

The line out of Bush World on State of Denial is that it's "nothing new" and "old news" — the standard damage control response I remember hearing again and again from Clinton flacks during times of trouble in those years. "These are just gossipy snapshots of issues that have been covered ad nauseam," says Dan Bartlett, the President's counselor. Bartlett has the unenviable task this weekend of appearing on three Sunday shows to talk down the significance of the Woodward book.

But thanks to the New York Times' David Sanger, who scooped the Washington Post on the key revelations in State of Denial this morning, we know that some of Woodward's revelations ARE new. That then-White House Chief of Staff Andrew Card urged the removal of Defense Secretary Donald Rumsfeld — that's new. That Robert Blackwill, the White House point man on Iraq in the first term, told Condi Rice and her deputy that 40,000 more troops were needed but was rebuffed — that's new, too. And there are more.

Still, Bartlett and others on the Bush team may yet succeed in convincing people that Woodward's revelations are ancient history, but not necessarily for reasons that are helpful to the President or the Republican Party. The real-time news out of Iraq continues to be so relentlessly grim that nothing, not even another Woodward expose, may be able to steal the spotlight for too long. So come to think of it, the White House might want to make State of Denial recommended reading after all.

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'State Of Denial' Lands Early And Hits Harder (WP)

By Howard Kurtz

The Washington Post, September 30, 2006

Bob Woodward at Center of Whirlwind Over Latest Book

The impassioned debate that seems to surround each new book by Bob Woodward burst into public view yesterday, two days ahead of schedule.

The unveiling of "State of Denial," Woodward's latest take on the Bush administration's struggle with the conflict in Iraq, scrambled the usual media alliances. The New York Times ran a front-page exclusive on a book by a journalist for The Washington Post -- which begins running excerpts tomorrow -- and Brian Williams led "NBC Nightly News" with a story based on advance tidbits put out by CBS's "60 Minutes," which airs its Woodward interview tomorrow.

For several years now, liberal critics have been denigrating Woodward as a high-level stenographer for an administration they detest, even as his last two books have also revealed information that embarrassed the White House. But this new volume -- written, unlike the others, without access to President Bush -- has media and political circles buzzing about whether the one-time Watergate sleuth has suddenly gotten tougher on the administration.

"I found out new things, as is always the case when you re-plow old ground," Woodward said. "The bulk of them I discovered this year. I wish I'd had some of them for the earlier books, but I didn't."

Woodward said he pushed repeatedly to interview Bush, who actually suggested that he write the book "Plan of Attack." But White House counselor Dan Bartlett and national security adviser Stephen Hadley, after a period of cooperation, told him an interview was unlikely and then stopped returning his calls. In the new book, Woodward attributes the lack of a presidential interview -- which has the effect of removing a strong counterweight to criticism of the White House -- to Bush's declining popularity.

Bartlett said yesterday that he and other officials, while cooperating, noticed "a different tone and tenor to this project. . . . Some pretty hard conclusions had already formed in Bob's mind. So we made the judgment that the third time was not a charm." The book's "gossipy" aspects will titillate the cocktail party circuit, Bartlett said, but "the underlying issues are ones covered by a half-dozen books before his."

What accounts for the tsunami of publicity? Three decades after he was portrayed by Robert Redford in the movie version of the Watergate book "All the President's Men," Woodward has become a bankable commodity, his books virtually guaranteed to generate headlines and top bestseller lists.

But for all his popularity and credibility, Woodward has seen his reputation has taken a bit of a scuffing as detractors have assailed his recent books as too sympathetic toward Bush, Vice President Cheney and other officials who have cooperated with him. Woodward also apologized to The Post in November for failing to disclose for more than two years that an administration official had told him about Valerie Plame's status as a CIA operative, a silence he attributed to trying to avoid a subpoena from the special prosecutor investigating the leak.

The very title of "State of Denial" suggests a more sharp-edged approach than "Bush at War" or "Plan of Attack," although the latter, in particular, contained revelations about the administration that were seized upon by John Kerry's presidential campaign after its 2004 release. But the narrative pushed by Woodward's critics was that of a journalist who was an outsider while digging into the Nixon White House but had since become wealthy, famous and too cozy with those in the Bush White House.

The dominant theme of the new book -- that the administration was torn by internal divisions over Iraq and failed to recognize its blunders -- could prompt a reassessment of Woodward's work.

"In my view, his reputation had suffered from the first two books on the Bush administration, and I believe he's a very smart guy and he knows that," said Jay Rosen, a New York University journalism professor. "I think he was used to put out a narrative that was radically incomplete."

"Obviously he's more critical of the president, but this comes at a point when the war has gone on as long as World War II," said Times columnist Frank Rich, a fierce Bush critic.

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Said Bob Kuttner, co-executive editor of the liberal American Prospect: "Either Bob was shamed into using his tremendous reporting talent to explain what was really going on, or he felt foolish in light of what was written before and what was subsequently unearthed."

On the conservative side, Bill Kristol, editor of the Weekly Standard, said of the new book: "I don't know whether that's where his reporting led him or whether it's more fashionable to be anti-Bush in 2006 than in 2002. I don't see what the big revelations are, and I don't see this changing anyone's mind in November."

Asked about criticism that he has gone easy on the Bush team in the past, Woodward said: "Anyone who's read the books would realize that it's unfounded. All of the three books are reported, and this is what I found."

Some commentators have maintained that those who cooperate with Woodward fare better in his narratives. In this case, however, Defense Secretary Donald Rumsfeld -- who had to be ordered by Bush to cooperate with "Plan of Attack" -- granted two on-the-record interviews. Yet Rumsfeld is portrayed as "an arrogant, indecisive bumbler who won't take responsibility for his mistakes," as the New York Daily News, which also obtained an advance copy of the book, put it.

Yesterday's publication by the Times and Daily News -- Times reporter Julie Bosman bought her copy and, in what is usually a sin in New York, paid retail -- caused plenty of head-shaking in The Post newsroom, where numerous staffers wondered how the paper was beaten on a book by its own assistant managing editor. The Post quickly published a news story online yesterday morning.

Leonard Downie Jr., The Post's executive editor, said the book was "fair game" for any competitor and that he probably should have moved faster after "60 Minutes" issued a press release on the book Thursday.

"We weren't prohibited from doing it; I just didn't think to do it," Downie said. "I was sort of upset with myself for not having decided yesterday to just do a story. . . . I'm somewhat surprised at how much commotion the release of the book has caused."

Newsweek, a Washington Post Co. property, is still planning a cover-story excerpt for tomorrow. Editor Jon Meacham said he was "not surprised" by the leak. "The exclusive excerpts game has been changed over the last five to 10 years, and it's very hard to protect any book after it's shipped from the publisher."

While the Times was scooping The Post -- in part by keeping the story off its Web site until the middle of the night -- NBC was beating CBS by using footage of the "60 Minutes" interview posted on CBS's Web site. "We knew a story when we heard one, and we found a way to cover it," NBC anchor Williams said. "We unabashedly threw CBS's logo up on the air."

NBC correspondent Andrea Mitchell had signed a confidentiality agreement in exchange for an advance copy, Williams said, so "she recused herself from any discussions."

"60 Minutes" spokesman Kevin Tedesco was unperturbed, saying: "Ultimately it all adds to the buzz, and hopefully more viewers for Sunday's broadcast."

Times reporter David Sanger, who wrote his paper's story, said Woodward books are always news. "As someone who covers the White House, I can only view this with admiration," Sanger said. "He's got some fabulous supporting details and great scenes. Did we all know there was tension between Condoleezza Rice and Don Rumsfeld? Yes. Did we know the president told him to return her calls? No."

The busting of book embargoes is becoming common practice. After all, the Associated Press obtained an advance copy of "Plan of Attack" before The Post ran its excerpts. (Woodward was also scooped by Vanity Fair last year on the identity of Deep Throat, but that stemmed from his decision that one-time FBI official Mark Felt was no longer mentally competent to release him from a 33-year-old pledge of confidentiality.)

The Post was the aggressive party in 2003 when, on the heels of the AP, the paper obtained an advance copy of Hillary Rodham Clinton's autobiography before it was serialized in Time. A year later, Newsweek, the Times and the AP got hold of Bill Clinton's memoir before an exclusive Time interview with the former president.

When Newsweek had the rights to "Dutch," Edmund Morris's 1999 biography of Ronald Reagan, The Post scooped its sister publication by coming up with a copy. In 1995, Newsweek's Meacham obtained a manuscript of Colin Powell's autobiography, prompting Time to slash the fee it paid Random House for the excerpts.

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This time, Simon & Schuster, Woodward's publisher, responded to the leak by moving up the sale date for the book -- 825,000 copies have already been shipped -- from Monday to today. "We were completely blindsided by it," said publicity chief Victoria Meyer.

How does Woodward feel about his newspaper losing first crack at his book? "It's the world we live in," he said.

Research editor Alice Crites contributed to this report.

Woodward Book Debut Not Quite As Planned (NYT)

By Katharine Q. Seelye

The New York Times, September 30, 2006

Simon & Schuster had an intricate strategy all worked out for rolling out Bob Woodward's new book, "State of Denial," scheduled for publication on Monday.

Extensive excerpts would appear in The Washington Post, where Mr. Woodward works, on Sunday and Monday. The book would be featured Sunday night on "60 Minutes." And excerpts would appear Monday in Newsweek, which is also owned by the Washington Post Company.

But that plan was disrupted Friday when The New York Times and The Daily News published articles with details of the book, which describes behind-the-scenes disputes within the Bush administration over the Iraq war.

Now, Simon & Schuster has moved up the release of the book to today, allowing bookstores, which have had it for days, to put it on their shelves earlier than the scheduled sale date.

The decision to make the book available earlier than planned highlights the difficulty that publishers face in trying to execute a promotional strategy on their own timetable.

It also raises questions about the relationship between The Post and Mr. Woodward, a prolific author who is by far its most famous reporter for his role in exposing the Watergate scandal, which brought down Richard Nixon's presidency. His books often contain exclusive material that has not appeared in the newspaper, where he is an assistant managing editor.

"60 Minutes" began promoting its segment about "State of Denial," including details of the book's content, on its Web site on Thursday. An internal critique yesterday at The Post, written by a former reporter, suggested little patience with Mr. Woodward's special relationship with his paper.

"The big question of the day is, Why A1 didn't have Woodward on Bush before CBS began promoting their interview," the critique read. "Oh yeah, I know why, blah, blah, blah."

Leonard Downie Jr., the executive editor of The Post, said that during the course of reporting for this book and others, Mr. Woodward "has been helpful to us from time to time."

He declined to specify Mr. Woodward's contributions to the newspaper from "State of Denial," but noted that after the articles were published in The New York Times and The Daily News on Friday, The Post ran on its Web site "material that originated with us" and said that it would have excerpts in its Sunday issue, which will be available today.

"You will still read Woodward's words first in their entirety in The Washington Post," Mr. Downie said. He added that he was not upset about the turn of events, saying being scooped was part of the ebb and flow of a competitive business.

"Sometimes you win, and sometimes you lose," he said.

Simon & Schuster was somewhat less sanguine. Some industry watchers said that the front-page treatment in The Times could only help lift sales of the book. But David Rosenthal, publisher of Simon & Schuster, maintained that the book already had significant buzz and that it was not clear whether additional publicity would increase it.

Regardless of sales, he said, a principle was violated because it appeared some booksellers had sold the book to The Times, The Daily News and other outlets even though they had signed affidavits saying they would abide by embargoes.

Breaking an embargo, he said, can disrupt a highly structured, coordinated publicity and sales program.

"You want your sales to start happening at a synchronized time, in a concentrated period at first, to drive the book" on the best-seller lists, he said. "And its list position affects the discounting of a book."

Mr. Rosenthal said he had moved up the release date to today "because it's the soonest we can" and because "we don't want to penalize stores that are upholding the embargo."

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Barbara Meade, a co-owner of the Politics and Prose bookstore in Washington, said that she had received a “frenzy” of calls yesterday for the book. Even if the publisher had not moved up the sale to today, she said, she might have started selling it then anyway to avoid disappointing her customers. “It would be a bad business decision not to put it out,” she said.

Howard Rubenstein, a public relations executive familiar with roll-out campaigns like this one by Simon & Schuster, said that controlling such information “really doesn’t work anymore.”

He said that he advises clients to prepare a strategy for publicity but also to prepare for leaks. “And if it happens,” he said, “jump on the bandwagon.”

Gonzales Cautions Judges On Interfering (AP)

By Michael J. Sniffen

AP, September 30, 2006

Attorney General Alberto Gonzales, who is defending President Bush's anti-terrorism tactics in multiple court battles, said Friday that federal judges should not substitute their personal views for the president's judgments in wartime.

He said the Constitution makes the president commander in chief and the Supreme Court has long recognized the president's pre-eminent role in foreign affairs. "The Constitution, by contrast, provides the courts with relatively few tools to superintend military and foreign policy decisions, especially during wartime," the attorney general told a conference on the judiciary at Georgetown University Law Center.

"Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review," Gonzales said.

And he said the independence of federal judges, who are appointed for life, "has never meant, and should never mean, that judges or their decisions should be immune" from public criticism.

"Respectfully, when courts issue decisions that overturn long-standing traditions or policies without proper support in text or precedent, they cannot — and should not — be shielded from criticism," Gonzales said. "A proper sense of judicial humility requires judges to keep in mind the institutional limitations of the judiciary and the duties expressly assigned by the Constitution to the more politically accountable branches."

His audience included legal scholars and judges, including Justice Clarence Thomas, one of the Bush administration's most reliable supporters on the Supreme Court.

The attorney general did not refer to any specific case or decision but only to wartime, military and foreign affairs cases in general.

Gonzales has sent Justice Department lawyers into federal courts from coast to coast defending Bush's detention of terrorist suspects at Guantanamo Bay, Cuba, his plans to try some of them before military tribunals and his use of the National Security Agency to wiretap Americans without court warrants when they communicate with suspected terrorists abroad.

Over administration objections, the Supreme Court ordered that detainees could challenge aspects of their imprisonment in federal courts and overturned Bush's plans for military tribunals, forcing Bush to ask Congress to approve a new version of the panels.

A handful of federal district judges either ordered an end to the warrantless wiretapping or agreed to hear court challenges to it. Opponents of the plan argue the NSA program violates the Foreign Intelligence Surveillance Act's requirement that the government get a warrant from a court that meets in secret before wiretapping Americans to gain intelligence information.

The administration contends that despite the statute's language, the president has inherent authority from the Constitution to order such eavesdropping without court permission. Justice lawyers also have argued that the challenges to the NSA program should be thrown out of court because trials would expose state secrets. Most of the judges' rulings and proceedings have been stayed pending appeal.

Gonzales also said he thought more states should move away from having judges stand in partisan elections to keep their seats. Gonzales himself as a Texas Supreme Court justice "had to raise enough money to run print ads and place television spots around the state in order to retain my seat."

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In such contested elections, "most of the contributions come from lawyers and law firms, many of whom have had, or will have, cases before the court," Gonzales said. "The appearance of a conflict of interest is difficult to dismiss."

He noted favorably that some states have adopted other ways of picking judges, including merit selection and appointment with simple up-or-down retention elections rather than contested campaigns. With polls showing many voters think judges can be swayed by campaign contributions, Gonzales said, "If Americans come to believe that judges are simply politicians, or their decisions can be purchased for a price, state judicial systems will be undermined."

Detainee Bill Shifts Power To President (NYT)

By Scott Shane And Adam Liptak

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — With the final passage through Congress of the detainee treatment bill, President Bush on Friday achieved a signal victory, shoring up with legislation his determined conduct of the campaign against terrorism in the face of challenges from critics and the courts.

Rather than reining in the formidable presidential powers Mr. Bush and Vice President Dick Cheney have asserted since Sept. 11, 2001, the law gives some of those powers a solid statutory foundation. In effect it allows the president to identify enemies, imprison them indefinitely and interrogate them — albeit with a ban on the harshest treatment — beyond the reach of the full court reviews traditionally afforded criminal defendants and ordinary prisoners.

Taken as a whole, the law will give the president more power over terrorism suspects than he had before the Supreme Court decision this summer in Hamdan v. Rumsfeld that undercut more than four years of White House policy. It does, however, grant detainees brought before military commissions limited protections initially opposed by the White House. The bill, which cleared a final procedural hurdle in the House on Friday and is likely to be signed into law next week by Mr. Bush, does not just allow the president to determine the meaning and application of the Geneva Conventions; it also strips the courts of jurisdiction to hear challenges to his interpretation.

And it broadens the definition of "unlawful enemy combatant" to include not only those who fight the United States but also those who have "purposefully and materially supported hostilities against the United States." The latter group could include those accused of providing financial or other indirect support to terrorists, human rights groups say. The designation can be made by any "competent tribunal" created by the president or secretary of defense.

In very specific ways, the bill is a rejoinder to the Hamdan ruling, in which several justices said the absence of Congressional authorization was a central flaw in the administration's approach. The new bill solves that problem, legal experts said.

"The president should feel he has better authority and direction now," said Douglas W. Kmiec, a conservative legal scholar at the Pepperdine University School of Law. "I think he can reasonably be confident that this statute answers the Supreme Court and puts him back in a position to prevent another attack, which is the goal of interrogation."

But lawsuits challenging the bill are inevitable, and critics say substantial parts of it may well be rejected by the Supreme Court.

Over all, the legislation reallocates power among the three branches of government, taking authority away from the judiciary and handing it to the president.

Bruce Ackerman, a critic of the administration and a professor of law and political science at Yale University, sharply criticized the bill but agreed that it strengthened the White House position. "The president walked away with a lot more than most people thought," Mr. Ackerman said. He said the bill "further entrenches presidential power" and allows the administration to declare even an American citizen an unlawful combatant subject to indefinite detention.

"And it's not only about these prisoners," Mr. Ackerman said. "If Congress can strip courts of jurisdiction over cases because it fears their outcome, judicial independence is threatened."

Even if the Supreme Court decides it has the power to hear challenges to the bill, the Bush administration has gained a crucial advantage. In adding a Congressional imprimatur to a comprehensive set of procedures and tactics, lawmakers explicitly

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endorsed measures that in other eras were achieved by executive fiat. Earlier Supreme Court decisions have suggested that the president and Congress acting together in the national security arena can be an all-but-unstoppable force.

Public commentary on the bill, called the Military Commissions Act of 2006, has been fast-shifting and often contradictory, partly because its 96 pages cover so much ground and because the impact of some provisions is open to debate.

"This bill is about so many things, and it's a mixed bag," said Elisa Massimino, the Washington director of Human Rights First, a civil liberties group.

Ms. Massimino's group and others criticized the bill as a whole, but she agreed with the Republican senators who negotiated for weeks with the White House that it would ban the most extreme interrogation methods used by the Central Intelligence Agency and the military.

"The senators made clear that waterboarding is criminal," Ms. Massimino said, referring to a technique used to simulate drowning. "That's a human rights enforcement upside."

The debate over the limits of torture and the rules for military commission dominated discussion of the bill until this week. Only in the last few days has broad attention turned to its redefinition of "unlawful enemy combatant" and its ban on habeas corpus petitions, which suspects have traditionally used to challenge their incarceration.

Law professors will stay busy for months debating the implications. The most outspoken critics have likened the law's sweeping provisions to dark chapters in history, comparable to the passage of the Alien and Sedition Acts in the fragile years after the nation's founding and the internment of Japanese-Americans in the midst of World War II.

Conservative legal experts, by contrast, said critics could no longer say the Bush administration was guilty of unilateral executive overreaching. Congressional approval can cure many ills, Justice Robert H. Jackson wrote in his seminal concurrence in Youngstown Sheet and Tube Company v. Sawyer, the 1952 case that struck down President Harry S. Truman's unilateral seizure of the nation's steel mills during the Korean War.

Supporters of the law, in fact, say its critics will never be satisfied. "For years they've been saying that we don't like Bush doing things unilaterally, that we don't like Bush doing things piecemeal," said David B. Rivkin, a Justice Department official in the administrations of Ronald Reagan and George H. W. Bush.

How the measure will look decades hence may depend not just on how it is used but on how the terrorist threat evolves. If a major terrorist plot in the United States is uncovered — and surely if one succeeds — it may vindicate the Congressional decision to give the government more leeway to seize and question those who might know about the next attack.

If the attacks of 2001 recede as a devastating but unique tragedy, the decision to create a new legal framework may seem like overkill. "If there is never another terrorist attack and we never obtain actionable intelligence, this will look like a huge overreaction," said Gary J. Bass, a professor of politics and international affairs at Princeton.

Long before that judgment arrives, legal challenges are likely to bring the new law before the Supreme Court. Assuming the justices rule that they retain the power to hear the case at all, they will then decide whether Congress has resolved the flaws it found in June or must make another effort to balance the rights of accused terrorists and the desire for security.

Detainee Bill Boosts The GOP (LAT)

By Doyle Mcmanus, Times Staff Writer

The Los Angeles Times, September 30, 2006

Its passage on President Bush's terms renews public focus on an issue that has been a political winner for Republicans since 9/11.

WASHINGTON — Three months ago, the Supreme Court handed President Bush what appeared to be a stinging defeat, ruling that he had overstepped the bounds of his power by holding and trying terrorism suspects without clear authority from Congress. Two weeks ago, Bush's hopes of settling the issue with new legislation ran into serious trouble when powerful Republican senators rebelled against him.

But this week, the president brushed aside those setbacks and won what appeared to be a significant political victory largely on his terms, securing passage of tough rules that allow the government to hold, interrogate and try "enemy combatants" while granting them legal rights that are limited.

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The complex bill, which swept through the House and Senate after backroom negotiations, not only gave Bush most of what he wanted in substance, it also provided Republicans with a rhetorical club to use against Democrats on terrorism.

The renewed focus on the issue that has most benefited the GOP since Sept. 11, 2001, has provided a much-needed lift for Republicans as they move into the final weeks of the hotly contested campaign for control of Congress.

"At least for the moment," said political scientist Ross K. Baker of Rutgers University, "it has deprived the Democrats of the momentum that they enjoyed as recently as six weeks ago."

The opportunity was not lost on GOP leaders, who wasted no time in using it.

"Do [voters] want to be voting for a party that does unabashedly say, 'We're going to have victory in this war on terror,' or a party that says, 'We've got to surrender'?" Senate Majority Leader Bill Frist (R-Tenn.) said Friday.

House Speaker J. Dennis Hastert (R-Ill.) said in a television interview that Democrats "are so bent on protecting criminals … they're not allowing us to prosecute these people."

"The 130 most treacherous people probably in the world, and they want to put them and release them out in the public eventually," Hastert said.

No Democrat in Congress has called for releasing the detainees considered most dangerous at Guantanamo Bay, Cuba, or proposed that the United States surrender to terrorists.

As the dust settled after a week of heated debate and rapid-fire votes, some Democrats privately acknowledged Bush's clear victory.

What Democratic leaders most wanted was to change the subject from terrorism to Iraq, on which the president has been much less successful.

House Minority Leader Nancy Pelosi (D-San Francisco) held a news conference Friday to argue that recently released excerpts of a National Intelligence Estimate on terrorism, as well as a new book by Bob Woodward of the Washington Post, offered new evidence that the president had mismanaged the war in Iraq.

Legal experts said the tribunal law was certain to be challenged, beginning with a controversial provision that blocks foreign prisoners held by the military from appealing their detention in federal courts. But they also noted that no challenge would reach the Supreme Court before the Nov. 7 election.

"It is an appallingly bad bill. I think it is a stain on our national reputation and a national disgrace," said Harold Koh, a former Clinton administration official who is now dean of Yale Law School.

"By going on the offensive to turn this into a test of members' commitment to the war on terror, Bush bullied them into taking a bad bill with virtually no legislative process. Where were the hearings? Where were the expert witnesses?"

A conservative legal scholar, Douglas W. Kmiec of Pepperdine Law School, disagreed with Koh's assessment.

But he agreed that the bill had turned into a political football.

"I think this is a reasonable effort to respond to the concerns raised by the Supreme Court," said Kmiec, a former Reagan administration official. "I think it will be challenged; I think it should on its face survive challenge…. It is more protective and solicitous [of detainees' rights] than anything I can recall out of the Civil War, World War I or World War II."

Still, he added, "there's an awful lot of politics surrounding this matter at the moment, and both sides are playing the game.

"The president is insisting that Democrats who don't support him are weak in the defense of the nation, and Democrats in turn are suggesting that the president doesn't care about the Constitution."

Reflecting the power of the terrorism issue at the polls — or at least candidates' perception of its power — almost every Democratic lawmaker in a potentially tight Senate race voted with the Republican majority to approve the bill: Sens. Robert Menendez of New Jersey, Ben Nelson of Nebraska and Debbie Stabenow of Michigan and, in the House, Senate candidates Sherrod Brown of Ohio and Harold E. Ford Jr. of Tennessee.

On the flip side, Sen. Lincoln Chafee, facing a tough reelection battle in largely Democratic Rhode Island, was the sole Republican senator to vote no.

Though Menendez and Stabenow voted for the bill, a Republican group attacked them for earlier supporting an amendment by Sen. Arlen Specter (R-Pa.) that would have given terrorism suspects the right to challenge their detention in federal court.

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Menendez and Stabenow "sided with trial lawyers and terrorists," the National Republican Senatorial Committee charged, linking them to two of the GOP's favorite targets.

"We hit every Democrat in a competitive seat on this issue," said Brian Nick, a spokesman for the GOP committee.

The bill, said Rutgers' Baker, "is one more blunt instrument that the president can use on the Democrats to say what he's been saying all along … which is to charge that the Democrats are soft on terrorism."

"It's hard to know what issue is going to be the most powerful [in November].... But the pushback on terrorism has been extremely well-orchestrated," Baker said.

"The Republicans have stayed on message with incredible discipline."

Democratic consultant Jeremy Rosner argued that the charge of "soft on terrorism" might be less effective this year than it was four years ago. Republicans then gained seats in both chambers of Congress.

"I think it's too early to tell how this will all play for sure," he said.

The renewed attention to terrorism after the fifth anniversary of the Sept. 11 attacks "did lift Bush's personal approval in the polls, but it didn't move approval of Congress," Rosner said.

Congressional analyst Charlie Cook, editor of the nonpartisan Cook Political Report, said the outcome of November's election would still depend largely on what issue dominates voters' thinking five weeks from now.

"To the extent that the spotlight moves toward terrorism [and] national security … that's a good thing for President Bush, it's a good thing for his party," Cook said.

"If it moves back over toward Iraq, then that's bad for President Bush, it's bad for the Republican Party, and they lose the House for sure.

"The more likely outcome, I think, is what if that spotlight shifts about halfway over, so it's partially terrorism, national security, falling gas prices and partially on the war in Iraq," he said. "That's where this thing becomes a real, real, real close call, and the House could go either way."

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Times staff writer Richard Simon contributed to this report.

Briton Cites 'Divergence' With U.S. (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, September 30, 2006

Senior Official Critical of Going 'Beyond the Law' to Fight Terror

LONDON, Sept. 29 -- Charles Falconer, one of the highest-ranking justice officials in Britain, said Friday that there is a "great divergence" in how Britain and the United States are handling the fight against terrorists, describing the U.S. approach as a willingness "to do things beyond the law."

Falconer said in an interview that the practices of holding terrorism suspects without charge at Guantanamo Bay, Cuba, and interrogating them in secret CIA prisons have made it "harder to identify to the world what your values are."

Holding the posts of lord chancellor and secretary of state for constitutional affairs, Falconer is widely seen as a spokesman for the British government, the closest U.S. ally in the war in Iraq. He is scheduled to visit Washington next week, where he will meet with Attorney General Alberto R. Gonzales and Chief Justice John G. Roberts Jr. and deliver a speech at Georgetown University.

His visit will come shortly after Congress approved legislation to establish new policies for dealing with terrorism suspects and set rules for their legal rights. The U.S. Supreme Court in June struck down the Bush administration's program for trying suspects before military commissions.

Falconer recently called Guantanamo Bay "an affront to the principles of democracy." In a lengthy interview Friday, he said Britain had learned hard lessons in the 1970s when it pursued a hard-line course in response to the bombing campaign of the Irish Republican Army. Police got new leeway in interrogation, while suspects' civil protections were reduced. In multiple cases, innocent people were convicted and sentenced.

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"We suffered badly in the '70s and '80s," Falconer said, adding that the United States was among those criticizing the British approach at the time. He also noted that IRA fundraising "shot up" during this period.

Among the examples of miscarriages of justice that he mentioned were the Guildford Four, four men wrongly convicted in 1975 for a pub bombing that killed five people. They were imprisoned for 15 years before being exonerated; they said at their trial that they had been tortured by police into signing false confessions.

Prime Minister Tony Blair has since apologized for this and other legal cases.

"Keep your justice system as pure as you can," Falconer said. "This is advice to a friend from the experience we have had."

Falconer has gone further in his criticism than his close friend Blair, who has called Guantanamo Bay an "anomaly that has to end."

Blair has been faulted by critics here for not using his closeness with President Bush to urge the United States to shut down Guantanamo Bay right away and end extrajudicial methods in terrorism cases.

Anthony King, a professor of government at Essex University, said it is "very hard to read" whether Falconer in his statements is carrying a message for Blair. But King said, "My impression is the British government would like to separate itself for those particular ways the U.S. government is fighting the war on terror."

Falconer said both countries value democracy and rule of law. But some U.S. practices are "undercutting the very values both countries adhere to," he said.

Asked whether these practices had hurt U.S. prestige in the world, Falconer said, "it is something that is raised a lot."

Detainee Law May Not Provide Total Immunity For CIA Interrogators (MCT)

By Greg Gordon And Marisa Taylor

McClatchy Newspapers, September 30, 2006

WASHINGTON - Congress has eased the worries of CIA interrogators and senior administration officials by granting them immunity from U.S. criminal prosecutions for all but "grave" abuses of terrorism detainees.

But legislation passed Friday may not leave them entirely in the clear.

International legal experts said the measure is meaningless overseas, where international courts theoretically could still prosecute alleged violations of anti-torture treaties.

The same experts concede such prosecutions are highly unlikely - but not because there's no evidence of wrongdoing. Instead, they predict American economic, military and political power will deter any country from allowing the cases to proceed.

"The obstacles to these prosecutions are not legal, they're political," said William Schabas, director of the Irish Center for Human Rights at the National University of Ireland in Galway. "There's certainly an arguable case that international crimes have been committed by American officials, and probably with the blessing of civilian political leaders going right to the top."

President Bush asserts that al-Qaida terrorists are a different kind of enemy and that the Geneva Conventions ensuring the humane treatment of prisoners were too vague to define what interrogation methods could be used to extract information that might prevent another Sept. 11. He said in announcing the transfer of 14 top terror suspects from secret CIA prisons to Guantanamo Bay that the United States does not torture, but that "alternative" techniques gleaned information that disrupted attacks and saved lives.

Human rights groups here and abroad, however, are in an uproar, assailing tactics such as giving a detainee a drowning sensation or shackling him to the floor naked for hours in a 50-degree room.

On the Senate floor Wednesday, Sen. Richard Durbin, D-Ill., said some of the techniques appear to have broken the law, and that through amnesty, "those who sent out the memos, those who gave the new directions will be off the hook," setting a precedent that "will make it harder to prosecute war criminals who abuse Americans."

The firestorm seems sure to rage on, because the new legislation appears to allow Bush to authorize continued use of some coercive interrogation tactics, possibly including sleep deprivation or making a detainee stand for hours.

The law itself also is expected to face strong legal challenges in the United States, mainly because it bars captives from appealing their detentions in court.

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Michael Ratner, president of the Center for Constitutional Rights, which represents hundreds of detainees, said his group is preparing to file new war crimes charges in November in Germany against more than a dozen senior U.S. officials, probably including attorneys who shaped the policy. Two years ago, the group filed similar charges against Defense Secretary Donald H. Rumsfeld and 10 others - charges that were dismissed after Rumsfeld hedged on whether he would attend a conference in Germany.

Legal experts say charges also could be filed in a recently created International Criminal Court in The Hague, Netherlands, which has jurisdiction over war crimes. European authorities are under pressure to respond to allegations that they breached human rights laws by cooperating with illegal CIA kidnappings and detentions of their own citizens. Italy has issued arrest warrants for 22 CIA agents.

Avril McDonald, an international law expert based in The Hague, said it's possible that U.S. officials could be charged with conspiracy in the ICC or in countries such as Belgium, whose legal systems allow private parties to bring war crimes charges.

At least 11 officials were involved in shaping the U.S. policy for interrogating captives overseas, including three Cabinet members - Attorney General Alberto Gonzales, who was White House counsel at the time, Rumsfeld and Homeland Security Secretary Michael Chertoff, who officials say was consulted while he was chief of the Justice Department's Criminal Division. Another of those involved is 9th Circuit federal appeals court judge Jay Bybee, who as an assistant attorney general signed off on it.

Even if there were no prosecutions, experts said, the fallout from revelations over the U.S. government's secret policy could tarnish America's moral standing in the world.

Adam Roberts, a professor of international relations at Oxford University and co-editor of the book "Documents on the Laws of War," noted that the United States has been at the forefront in urging prosecutions of war criminals in genocides in Bosnia and Rwanda "no matter how high the positions" they held.

Roberts called the provision of immunity for all but grave abuses "extremely controversial both within the USA and internationally," adding that it sets a bad example for dictatorships to follow. He also said U.S. personnel could be arrested and prosecuted if they travel abroad and are recognized as alleged violators.

Congress was pressed into action after the Supreme Court ruled June 29 that Bush overstepped his authority in setting up a special military court system for terror detainees. The high court also suggested that the Geneva Conventions could apply.

The legislation now headed to Bush's desk not only creates a new military court system but also grants immunity to everyone involved in creating or carrying out the interrogation policies, so long as they did not commit "grave" Geneva violations. Sponsors of the bill said it would prohibit the most controversial technique - simulated drowning, known as "water boarding" - a method that sources say was used on self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed and No. 3 man Abu Zubaydah.

The policy permitting such tactics emerged as administration lawyers grappled with the reach of the president's war powers in responding to the Sept. 11 attacks. In January 2002, the Justice Department's Office of Legal Counsel issued an opinion that the Geneva Conventions do not apply to violent, stateless actors such as al-Qaida and the Taliban in Afghanistan.

When Secretary State Colin Powell objected, then-White House Counsel Gonzales urged Bush to stand firm. If the Geneva prohibition on "outrages upon personal dignity" applied, Gonzales wrote in a memo, U.S. officials could face prosecution under the 1996 U.S. War Crimes Act that enforced the treaty.

If Geneva were ruled inapplicable, he said, that "would provide a solid defense to any future prosecution."

With the CIA pressing for precise guidance on how far it could go in interrogating senior al-Qaida captives, Office of Legal Counsel chief Bybee issued a controversial Aug. 1, 2002, memo defining torture as actions triggering severe pain akin to organ failure "or even death."

John Yoo, the lawyer who drafted the memo, said in an interview on Wednesday that he and other administration lawyers faced "the toughest kinds of questions" in the months after Sept. 11 and "tried to do their best to protect the government from future attacks from a very dangerous enemy."

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Powell wasn't the only dissenter. FBI Director Robert Mueller directed bureau counter-terrorism agents to stay out of the room during coercive interrogations of detainees in Guantanamo Bay, said a U.S. government official who insisted upon anonymity because of the sensitivity of the matter.

While criminal prosecutions have been brought over abuse of Prisoners of War in Iraq and the death of a detainee in Afghanistan, a person familiar with the program said the interrogations of senior al-Qaida figures at secret sites were "very tightly controlled," with a physician and psychologist present.

Experts in international law said that the tactics would violate the Geneva Conventions, which override any nation's assertion of amnesty for war crimes.

"Legally, this isn't worth the paper it's written on," said McDonald, of the T.M.C. Asser Institute in The Hague.

Even so, Martin Lederman, a Georgetown University law professor, called it "virtually inconceivable" that interrogators who abided by Justice Department guidelines would face U.S. prosecution even without the amnesty provision.

The department's advice "was completely wrong in many respects, but nevertheless, it was probably reasonable for them to rely on it," Lederman said. Senior administration officials could argue they made reasonable legal interpretations, he said.

Yoo, now a University of California law professor who has written a book defending the expansion of the president's war powers, argued that Bush could abrogate any international treaty. He said he is not worried about legal liability.

McClatchy correspondent Tish Wells contributed to this report.

Pirates Of The Mediterranean (NYT)

By Robert Harris

The New York Times, September 30, 2006

Kintbury, England

IN the autumn of 68 B.C. the world's only military superpower was dealt a profound psychological blow by a daring terrorist attack on its very heart. Rome's port at Ostia was set on fire, the consular war fleet destroyed, and two prominent senators, together with their bodyguards and staff, kidnapped.

The incident, dramatic though it was, has not attracted much attention from modern historians. But history is mutable. An event that was merely a footnote five years ago has now, in our post-9/11 world, assumed a fresh and ominous significance. For in the panicky aftermath of the attack, the Roman people made decisions that set them on the path to the destruction of their Constitution, their democracy and their liberty. One cannot help wondering if history is repeating itself.

Consider the parallels. The perpetrators of this spectacular assault were not in the pay of any foreign power: no nation would have dared to attack Rome so provocatively. They were, rather, the disaffected of the earth: "The ruined men of all nations," in the words of the great 19th-century German historian Theodor Mommsen, "a piratical state with a peculiar esprit de corps."

Like Al Qaeda, these pirates were loosely organized, but able to spread a disproportionate amount of fear among citizens who had believed themselves immune from attack. To quote Mommsen again: "The Latin husbandman, the traveler on the Appian highway, the genteel bathing visitor at the terrestrial paradise of Baiae were no longer secure of their property or their life for a single moment."

What was to be done? Over the preceding centuries, the Constitution of ancient Rome had developed an intricate series of checks and balances intended to prevent the concentration of power in the hands of a single individual. The consulship, elected annually, was jointly held by two men. Military commands were of limited duration and subject to regular renewal. Ordinary citizens were accustomed to a remarkable degree of liberty: the cry of "Civis Romanus sum" — "I am a Roman citizen" — was a guarantee of safety throughout the world.

But such was the panic that ensued after Ostia that the people were willing to compromise these rights. The greatest soldier in Rome, the 38-year-old Gnaeus Pompeius Magnus (better known to posterity as Pompey the Great) arranged for a lieutenant of his, the tribune Aulus Gabinius, to rise in the Roman Forum and propose an astonishing new law.

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"Pompey was to be given not only the supreme naval command but what amounted in fact to an absolute authority and uncontrolled power over everyone," the Greek historian Plutarch wrote. "There were not many places in the Roman world that were not included within these limits."

Pompey eventually received almost the entire contents of the Roman Treasury — 144 million sesterces — to pay for his "war on terror," which included building a fleet of 500 ships and raising an army of 120,000 infantry and 5,000 cavalry. Such an accumulation of power was unprecedented, and there was literally a riot in the Senate when the bill was debated.

Nevertheless, at a tumultuous mass meeting in the center of Rome, Pompey's opponents were cowed into submission, the Lex Gabinia passed (illegally), and he was given his power. In the end, once he put to sea, it took less than three months to sweep the pirates from the entire Mediterranean. Even allowing for Pompey's genius as a military strategist, the suspicion arises that if the pirates could be defeated so swiftly, they could hardly have been such a grievous threat in the first place.

But it was too late to raise such questions. By the oldest trick in the political book — the whipping up of a panic, in which any dissenting voice could be dismissed as "soft" or even "traitorous" — powers had been ceded by the people that would never be returned. Pompey stayed in the Middle East for six years, establishing puppet regimes throughout the region, and turning himself into the richest man in the empire.

Those of us who are not Americans can only look on in wonder at the similar ease with which the ancient rights and liberties of the individual are being surrendered in the United States in the wake of 9/11. The vote by the Senate on Thursday to suspend the right of habeas corpus for terrorism detainees, denying them their right to challenge their detention in court; the careful wording about torture, which forbids only the inducement of "serious" physical and mental suffering to obtain information; the admissibility of evidence obtained in the United States without a search warrant; the licensing of the president to declare a legal resident of the United States an enemy combatant — all this represents an historic shift in the balance of power between the citizen and the executive.

An intelligent, skeptical American would no doubt scoff at the thought that what has happened since 9/11 could presage the destruction of a centuries-old constitution; but then, I suppose, an intelligent, skeptical Roman in 68 B.C. might well have done the same.

In truth, however, the Lex Gabinia was the beginning of the end of the Roman republic. It set a precedent. Less than a decade later, Julius Caesar — the only man, according to Plutarch, who spoke out in favor of Pompey's special command during the Senate debate — was awarded similar, extended military sovereignty in Gaul. Previously, the state, through the Senate, largely had direction of its armed forces; now the armed forces began to assume direction of the state.

It also brought a flood of money into an electoral system that had been designed for a simpler, non-imperial era. Caesar, like Pompey, with all the resources of Gaul at his disposal, became immensely wealthy, and used his treasure to fund his own political faction. Henceforth, the result of elections was determined largely by which candidate had the most money to bribe the electorate. In 49 B.C., the system collapsed completely, Caesar crossed the Rubicon — and the rest, as they say, is ancient history.

It may be that the Roman republic was doomed in any case. But the disproportionate reaction to the raid on Ostia unquestionably hastened the process, weakening the restraints on military adventurism and corrupting the political process. It was to be more than 1,800 years before anything remotely comparable to Rome's democracy — imperfect though it was — rose again.

The Lex Gabinia was a classic illustration of the law of unintended consequences: it fatally subverted the institution it was supposed to protect. Let us hope that vote in the United States Senate does not have the same result.

Officials Plan To Move Quickly For Terrorism Trials In Spring (NYT)

By Neil A. Lewis

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Officials at the Justice Department and the Pentagon said Friday that they would move quickly to adopt the regulations on treating terrorism suspects as soon as President Bush signed them law.

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The military said it planned to go to trial with up to 14 senior members of Al Qaeda, as government lawyers prepared to defend a provision that would strip hundreds of other suspects of their right to challenge in court their detention.

The Justice Department officials said they would argue in court that the new law would wipe out all the suits by the 450 or so detainees who have been held at Guantánamo Bay, Cuba. The bill would retroactively strip the detainees of the ability to file habeas corpus challenges that oblige the government to defend its reasons for detention before a federal judge.

Civil liberties groups are preparing to challenge that aspect of the law, most likely in an appeals court here that is already wrestling with a related suit on habeas corpus that was started before the new measure. The 14 senior Qaeda members at Guantánamo were recently sent there after as long as four years in secret Central Intelligence Agency custody.

The military is planning to put in motion the new procedures to try those suspects for war crimes before military commissions, though government and private lawyers estimate that the trials could begin no earlier than next spring.

The law provides for explicit Congressional approval of the commissions to try figures like Khalid Shaikh Mohammed, thought to be the chief planner of the Sept. 11, 2001, attacks, and other senior Qaeda prisoners who were in secret C.I.A. custody.

It is widely accepted that the new trials before a panel of military officers will take some time to organize.

"It's clear that the trials are not going to occur anywhere in the near future," said Eugene R. Fidell, a lawyer here who has closely followed the debate on the military commissions.

Kristine Huskey, a professor of clinical law at American University who represents a Guantánamo detainee, said it appeared that any trials would not start until spring at the earliest. Professor Huskey said that at a recent panel at her university, Brig. Gen. Thomas L. Hemingway, the Air Force officer who is legal adviser for the commissions, said the Pentagon was planning to spend the next month or so preparing a manual of procedures for the commissions before proceeding.

In a conference call with civilian lawyers on Thursday, General Hemingway said that his office hoped to move as quickly as possible to begin the trials and that the Pentagon was setting up a new appeals panel for the military commissions that would be composed entirely of military appeals judges.

Under the commission system that the Supreme Court overturned, the appeals panel was to be made up of senior civilian lawyers like Judge Griffin Bell, attorney general under President Jimmy Carter, and William T. Coleman, a former transportation secretary.

Military officials and lawyers have estimated that charges against the Qaeda prisoners are not likely to be brought before the end of January. The hiring of defense lawyers and challenges would make it unlikely that any trial could begin before the spring, they said.

After the new regulations are published and possibly challenged, it is almost certain that commission prosecutors will begin preparing cases against some or all the 14 new prisoners. Mr. Bush has said they will face war crimes trials. Other officials have suggested that some of the 14 will not be charged.

Any of the 14 who are charged will be assigned military lawyers. At that point, they are likely to acquire civilian defense lawyers, too. Bill Goodman, the legal director of the Center for Constitutional Rights, which has coordinated the assignment of volunteer lawyers for the hundreds of habeas suits, said several lawyers had expressed interest in representing the senior Qaeda officials.

Government lawyers and civil liberties groups say they expect the constitutionality of blocking habeas suits to be contested in the federal appeals court here.

After Mr. Bush signs the bill, government lawyers said, they expect to file briefs in the pending case in the United States Court of Appeals for the District of Columbia Circuit. The government is expected to argue that the suits filed by dozens of lawyers on behalf of all the Guantánamo detainees who were there before the 14 arrived this month are no longer valid.

Tribunal Bill Sets Up An Ironic Legal Limbo (LAT)

By Julian E. Barnes And Richard B. Schmitt

The Los Angeles Times, September 30, 2006

Detainees deemed less of a threat might go untried yet be unable to challenge detention.

WASHINGTON — The bill that Congress approved Friday to bring terrorism suspects to trial contains a central irony: The suspects considered most dangerous will have the most rights, while the others will remain in legal limbo with no ability to challenge their detention.

The government plans to try about 100 of the detainees being held at Guantanamo Bay, Cuba — those suspected of the most serious crimes against the United States. These prisoners, and any others charged, would be able to appeal convictions to the U.S. courts.

The other 355 detainees, who are considered less of a threat, may never be tried and may therefore be denied the right to challenge their imprisonment.

"It leaves them with no protection. You can put someone down there and never bring charges against them and leave them in that status forever," said retired Rear Adm. Don Guter, a former Navy judge advocate general.

The tribunal legislation also raises the prospect for the first time that foreigners in the United States could be declared "enemy combatants" and sent to Guantanamo, according to defense lawyers and advocacy groups.

Under the legislation, "enemy combatants" are defined to include not only people who have engaged in hostilities against the U.S. but people who have "purposefully and materially supported" hostilities.

The definition, which "certainly goes far beyond the battlefield, will include people who never took up arms or planned attacks, and will include people who simply gave money," said Chris Anders, a legislative counsel with the American Civil Liberties Union. "It greatly expands the number of people who can have their habeas rights stripped and potentially be brought before military commissions."

The tribunal bill officially strips prisoners of the right to challenge their detention under a writ of habeas corpus.

The legislation, which President Bush plans to sign soon, will set up the nation's first system for trying terrorism suspects. It is expected to face court challenges from detainees' lawyers.

U.S. officials plan to try 14 terrorism suspects who were secretly held by the CIA until recently, and 10 other detainees have been charged.

Officials are seeking, with mixed success, to send others swept up in the war in Afghanistan back to their homelands.

Administration officials say they have no intention of indefinitely holding people without charge and are working to clear detainees they do not intend to try. "We would like it to be less than 100 in Guantanamo," said a Pentagon official.

Although detainees could begin to be charged in the fall, the Defense Department needs at least a month to develop additional rules for the new military commissions. Defense lawyers said they did not expect the trials to begin before February.

The Justice Department has begun identifying federal prosecutors who could assist in the trials before the commissions. Under the statute, the Defense Department will be permitted to designate nonmilitary trial counsel.

Soon after Bush signs the measure into law, Justice Department lawyers are expected to request court dismissal of petitions challenging the confinement of hundreds of Guantanamo detainees.

The State Department has been working to send most of those detainees home, but it has run into trouble with the three countries where most are citizens: Afghanistan does not have the prisons to hold them, Yemen has not assured the U.S. they won't be tortured, and Saudi Arabia worries that they could destabilize the ruling regime.

"Anyone who was picked up wrongly we have either sent back home or are trying to send back," said an administration official.

Congressional negotiators said there was never any intention that everyone in Guantanamo would be tried.

"The idea was the guys we have the goods on, let's try, and the guys we don't, let's do something else with them," said a congressional aide involved in the negotiations.

Defense lawyers question what "something else" might be. Some wondered what would happen if home countries refused to take the detainees back but the U.S. lacked enough evidence to try them.

"The detainee who isn't charged with anything, he sits forever," said Army Maj. Tom Fleener, a military defense lawyer. "It is an absurd twist."

Besides the 100 or so detainees to be tried, defense and other administration officials say, any other Al Qaeda members or other international terrorists whom the U.S. captures could also be sent before a commission.

The officials say the system is not meant to try unlawful combatants in Iraq or Afghanistan who have attacked American troops.

Marine Maj. Michael Mori, who represents Guantanamo detainee David Hicks of Australia, says that just shows how the new tribunal system is more political than judicial.

"We are releasing people who have been shooting at American forces," Mori said. "There are people who have been shooting at Americans in Iraq and Afghanistan; why aren't they being tried? Because this isn't meant to be a real system."

Although the Pentagon says it does not intend to prosecute people captured in Iraq or the majority of detainees in Guantanamo, critics said the bill is written very broadly, in a way that would allow the military to prosecute any non-American suspected of being an enemy combatant.

"The justice system they created is so open they could try thousands and thousands of people," Fleener said. "Practically, though, I hope it's only a handful."

The congressional aide involved in the bill negotiations said the broad definition was necessary to ensure that Salim Ahmed Hamdan, Osama bin Laden's driver, could be charged under the law, as well as detainees accused of having made bombs to be used against U.S. troops.

A senior administration official disputed the idea that the definition in the law was overly broad and said that just because someone could be tried did not mean the person would be.

"The only people who will be tried will be people who have committed a crime," said the official.

But giving uncharged detainees the right to challenge their detention, the official said, would clog the courts with combatants legitimately captured on the battlefield. Instead, military judges are to periodically review their cases and status.

"In a normal war, people do not have a right to challenge their detention," the official said. "But we acknowledge this war is different, and we are giving them appropriate access to the courts."

Legal experts were divided on whether the restriction violated detainees' rights. The Supreme Court held in a 1950 case, Johnson vs. Eisentrager, that foreigners charged by a military commission had no constitutional right to challenge their confinement in civilian courts.

Though the situation of the Guantanamo detainees is different — they were picked up during an unconventional war and are afforded few rights by the status review boards — the current Supreme Court may be disinclined to depart from the precedent.

"The attorneys are going to have to go in and persuade a court that Eisentrager is either different in context or should be reinterpreted or overruled," said Scott Silliman, an expert in military law at Duke University law school. "I won't say that is an easy challenge. I think it is going to be a difficult challenge."

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(INFOBOX BELOW)

Tribunal system

The military commissions to be used to try terrorism suspects differ in significant ways from the civilian courts.

• Detainees will have no right to file a writ of habeas corpus in U.S. courts to challenge their detention as unlawful.

• Suspects will have no right to a speedy trial.

• Tribunals will be able to consider evidence that is obtained through coercion, though not through torture.

• Hearsay evidence will be allowed.

• Verdicts will be delivered not by juries, but by members of the armed services presided over by a military lawyer.

Source: Military Commissions Act of 2006

Pakistan Accused Of Illegal Detentions (AP)

By Munir Ahmad, Associated Press Writer

AP, September 30, 2006

DOJ_NMG_0071738

Pakistan illegally detained innocent people on suspicion of terrorism, secretly imprisoned them, and transferred them to U.S. custody for money, human rights watchdog Amnesty International said Friday.

President Gen. Pervez Musharraf, in a memoir released days ago, wrote that his government has earned bounties totaling "millions of dollars" from the transfer of terror suspects to U.S. authorities.

Hundreds of Pakistanis and foreigners were rounded up in Pakistan on suspicion of links to terrorism since the U.S.-led war on terror started after the Sept. 11 attacks, Amnesty said in a report, titled "Human Rights Ignored in the War on Terror."

"The war on terror has added a new layer of human rights violations to the existing patterns of abuses (in Pakistan)," said Angelika Pathak, an Amnesty researcher who helped prepare the report.

"The phenomenon of enforced disappearance was virtually unknown before the war on terror," Pathak said.

Amnesty suggested the lure of U.S. government rewards led in many cases to the illegal arrests of people, including women and children, in Pakistan.

Pakistan also has its own bounty program that provides money for the capture of suspected terrorists, which the Amnesty report did not take into consideration.

"Bounty hunters — including police officers and local people — have captured individuals of different nationalities, often apparently at random, and sold them into U.S. custody," said Claudio Cordone, senior director of research at Amnesty International.

Foreign Ministry spokeswoman Tasnim Aslam rejected the report's allegations that Pakistan illegally detained people in exchange for money.

"Whenever we arrest any foreign terror suspect, we try to send him back to the country he belongs," she told The Associated Press. "In most of the cases, such suspects are not accepted by their own government."

"Naturally, we cannot keep them here," she said.

Amnesty's allegations, largely based on interviews with former detainees, came days after Musharraf revealed in his memoir that Pakistan had captured 689 al-Qaida terror suspects and turned over 369 to Washington.

"We have earned bounties totaling millions of dollars," Musharraf wrote in his book, "In The Line of Fire," without specifying how much was paid.

Cordone said in a statement that many people detained in Pakistan ended up in secret locations or at U.S. prisons, including Guantanamo Bay and Bagram, north of the Afghan capital, Kabul.

"Hundreds of people have been picked up in mass arrests, many have been sold to the U.S.A. as 'terrorists' simply on the word of their captor, and hundreds have been transferred to Guantanamo Bay, Bagram Air base or secret detention centers run by the U.S.A.," he said. "The road to Guantanamo very literally starts in Pakistan."

Amnesty said the increase in enforced disappearances and holding of suspects incommunicado puts such detainees at "risk of torture and unlawful transfer to third countries."

Numerous detainees claimed U.S. agents were present during interrogations in Pakistan, the Amnesty report said. It also details the "unlawful transfer" of detainees into U.S. custody, including a Pakistani chicken farmer who was accused of being a deputy foreign minister for the Taliban and sent to Guantanamo.

Many innocents, including children, have also been rounded up in Pakistan under the pretext of the war on terror, the Amnesty report said.

"Some (children) were arrested alongside their adult relatives, some were themselves alleged to be terror suspects and some were held as hostages to make relatives give themselves up or confess," Amnesty stated.

The report also detailed the detentions and killings of reporters and activists allegedly targeted by Pakistani authorities. These include Hayatullah Khan, a journalist whose bullet-riddled body was found in the North Waziristan tribal region in June, more than six months after being detained.

Khan disappeared Dec. 5, 2005, days after photographing shrapnel from a Hellfire missile allegedly fired by an unmanned American aerial drone that killed a wanted Egyptian al-Qaida figure, Hamza Rabia, in the North Waziristan town of Mir Ali.

The photos sparked mass protests across Pakistan and spurred criticism of Islamabad's ties with Washington.

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Members of Khan's family accused Pakistan's intelligence service of involvement in his disappearance, but authorities denied it. No one has claimed responsibility.

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On the Net:

Amnesty report: http://web.amnesty.org/library/index/engasa330352006

Mosque Leader Tells Of Disbelief (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 30, 2006

Terror trial defendant says he thought FBI informant was crazy

ALBANY -- The leader of an Albany mosque testified Friday that he thought an FBI informant was crazy and lying when he spoke about a terrorist attack being planned in New York City.

Yassin M. Aref, a 36-year-old Kurdish refugee who was on the stand for the third straight day at his federal trial on terrorism-related charges, appeared to stun Assistant U.S. Attorney William Pericak as he admitted hearing about the attack.

"Oh, you heard him say they are -- they were going to do a missile attack in New York City?" Pericak asked, his voice raising slightly.

FBI agents had been hiding in a car nearby, listening in when their informant, who went by the name "Malik," told Aref about the attack in February 2004. But the conversation, which is a critical part of the sting case, was not taped because the informant's recording device had fallen off moments before the meeting.

"I didn't hear the word 'missile,' but that day he say ... next week it will be attack there," Aref said. "And we get mad at him and kick him out. And he say he was joking after that. And I say this is not way to joke."

Pericak, who began his cross-examination of Aref on Friday morning, pressed the defendant on why he didn't call the FBI, especially since agents had visited him months earlier, left their business cards and asked him to report any suspicious activity.

"And an attack on New York City as described by Malik, that's not suspicious?" Pericak said.

"Yes, it was suspicious if I believe so, but 100 percent I was sure that's not right, that's not true," Aref answered.

Federal authorities allege Aref and his co-defendant, Mohammed M. Hossain, 51, who owns an Albany pizzeria, willingly took part in a scheme to launder money from the sale of a shoulder-fired missile to terrorists. The year-long sting began in August 2003 when the FBI sent the informant into Hossain's shop posing as a wealthy businessman interested in buying Hossain's struggling Central Avenue shop.

Over the next year, authorities said, the informant gave almost $50,000 cash to Hossain in an alleged money-laundering scheme that involved Hossain paying him back with checks in monthly installments.

Still, the scheme was set up by the government as a loan, and Aref and Hossain contend they believed all along that it was nothing more than that, despite the informant's talk about missiles and supplying "ammunition" to terrorist groups.

Aref, who speaks broken English, said he never understood those words when they were used by the informant. As authorities played excerpts from the secretly recorded meetings in court, the informant could be heard using an unusual pronunciation of the word "missile," which sounded like "mizz-aisle."

Pericak pressed Aref on other words used by the informant, including "mujahideen."

"When Malik said mujahideen, he was bringing ammunition to his brother mujahideen to fight the holy war, did you understand it to mean the same thing?" Pericak asked.

"Never I meant here the holy war," Aref answered.

Under follow-up questioning from his attorney, Terence L. Kindlon, Aref said the money-laundering allegations make no sense because he told the informant during a recorded conversation that he thought Hossain was borrowing more money than he needed, and that he was concerned about his ability to repay it.

Kindlon also questioned Aref about the night the informant blurted out a warning about an impending missile attack in New York City.

"Did you think it was crazy?" Kindlon asked.

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"It is more than crazy, Mr. Kindlon," Aref said. "I get really mad. ... I told him get of my house."

During dozens of conversations between the informant and Aref, many of which were replayed for jurors on Friday, the informant can be heard soliciting spiritual advice from Aref as he baits him about whether it is all right under their Muslim faith to support a Pakistani terrorist group.

Aref cautioned the informant to be careful, warning him about American laws and the FBI, as he repeatedly told the informant he did not know anything about the group except what he had seen on television. He also encouraged the informant to help Muslims by donating money for women and children who may be suffering in oppressed and impoverished areas.

Aref is scheduled to resume his testimony on Monday as the trial enters its fourth week. Aref and Hossain, who are facing charges that include money laundering in support of terrorism, face up to 400 years if convicted.

Hossain, whom authorities said stood to make $5,000 from the loan, is pursuing an entrapment defense. Aref contends he was only called in to witness the loan, and that he never knew the informant claimed to be laundering money in connection with illegal arms dealing.

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Prosecutors Cross Examine Aref (CAPN9)

Capital News 9, September 30, 2006

The leader of an Albany mosque who's facing terrorism-related charges was questioned by federal prosecutors on Friday. Yassin Aref and Mohammed Hossain are on trial in federal court stemming from their arrest in a sting operation in August 2004. Aref answered questions from his own attorneys on Wednesday and Thursday. On Friday, prosecutors cross examined him.

One of the defendants on trial for supposedly supporting terrorism faced cross examination Friday. Prosecutors tried to poke holes in the explanations given by Yassin Aref, as the mosque leader continued to argue he didn't know what was going on when he allegedly laundered money in a 2004 FBI sting operation. Our Steve Ference has been reporting on this case and has the latest details.

Prosecutors said Aref clearly understood the terrorism-related talk by the government's informant - known as Malik - who spoke with Aref during the sting. That includes talk about a missile, caught on audio tape and played for the courtroom where Malik told Aref, "That's why the missile that we sent it to New York City to teach President Musharraf the lesson." Aref said, "Right brother." Or did he? Aref maintains he asked, "What brother?" He also said he "thought said Messiah, not missile." The prosecutor asked, "You understood him to be sending the Messiah to New York?" Aref said, "No. I don't know what he was talking."

On Thursday, Aref told the court he didn't know what missile meant until he was arrested. But the government produced a document in which Aref had defined several words, including rocket equalling missile. It's unclear when it was written or what that would mean.

Aref also denied being part of the money-laundering scheme that would supposedly purchase the fake missile for the New York City plot, saying he thought when Malik the informant said he needed to legalize the money, it meant Malik would use the money scheme to pay his business taxes.

This leaves the jury to decide how honest Aref has or hasn't been in his testimony. The trial continues Monday.

6 Charged In Md. Arms Deal Sting (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 30, 2006

Officials say Tamil Tigers were to receive weapons

Six South Asian arms dealers who paid undercover customs agents in Maryland hundreds of thousands of dollars to ship restricted, high-tech weapons to rebels in Sri Lanka and the Indonesian Army have been arrested by federal authorities in Guam, officials said yesterday.

The elaborate sting operation took center stage in Baltimore this summer, where federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in illegally buying.

The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers. The arms dealers also inquired about unmanned air vehicles and buying surface-to-air missiles to shoot down Israeli-built aircraft in Sri Lanka, according to federal court papers.

Yesterday's announcement once again highlighted how attractive Maryland appears to be to arms dealers who want to buy banned state-of-the-art weapons in a state rich with defense contractors. Officials said they have stepped up enforcement, pointing out that the original tip in the case was handled by a military technology task force set up by federal and local law enforcement in 2002 to root out those who attempt to export arms illegally.

Last month, FBI agents searched the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers. Officials said yesterday that the two cases are unrelated.

"It's our commitment to make sure we do everything we can not only to make sure that terrorists don't attack us in the United States, but terrorists do not find any support here in the United States for their activities overseas," Maryland U.S. Attorney Rod J. Rosenstein said at a news conference yesterday.

Federal prosecutors charged all six defendants - Haniffa Bin Osman, 55, of Singapore; Thirunavukarasu Varatharasa, 36, of Sri Lanka; and Erick Wotulo, 60, Haji Subandi, 69, Reinhard Rusli, 34, and Helmi Soedirdja, 33, of Indonesia - with conspiracy to export arms and munitions.

Osman, Wotulo and Subandi were also accused of money laundering and conspiring to provide material support to a terrorist organization.

The defendants, arrested Thursday and yesterday, traveled to the American-controlled South Pacific island to purchase night vision devices, sniper rifles, submachine guns with suppressors and grenade launchers. Federal prosecutors from Maryland will ask a judge in Guam on Monday to send the defendants to Baltimore for trial. The maximum prison sentences range from five years on conspiracy to export arms to 20 years for money laundering.

The military equipment at issue, which can only be purchased in the United States by a licensed dealer for an approved customer, was to be shipped to the Liberation Tigers of Tamil Eelam, also known as the Tamil Tigers, and customers in Indonesia, including the army, according to court papers and interviews with federal officials.

Mark Bastan, acting special agent in charge of the Baltimore office of the Bureau of Immigration and Customs Enforcement, said the potential arms shipment would have weighed more than 3 1/2 tons and would have filled 14 pallets on a truck.

"American-made weapons and weapons technology are the envy of the world. And they give us a competitive military edge," Bastan said, adding that the mission to combat the illegal export of military technology was among his agency's highest priorities. The customs investigators were aided by agents from the Baltimore FBI, the Defense Criminal Investigative Service and the Baltimore Police Department.

Investigators said they set up their operations in 2004 when an arms broker suspect contacted an undercover customs agent about acquiring arms for the Tamil Tigers. According to court papers, the broker became the link in both cases, introducing federal agents to those interested in buying weapons for the Tamil Tigers as well as the Indonesian military.

The Tamil Tigers have long advocated the violent overthrow of the Sri Lankan government, using suicide bombings. The State Department labeled the Tamil Tigers as a foreign terrorist organization in 1997. The paramilitary organization cannot legally raise money or buy sensitive military equipment in the United States. But experts said the Sri Lankan rebels have skirted the ban by seeking out arms in other countries.

"They have a global arms procurement network" stretching from Croatia to South Africa to Singapore, said Peter Chalk, senior analyst at the Rand Corp., based in Santa Monica, Calif.

The Tamil Tigers, Chalk said, purchased its most sophisticated weapons with funds raised largely by the foreign diaspora who support their cause, he said. A truce between the rebels and government forces ended in August of this year, leading to the conflict's resumption.

From March 2004 until April this year, Subandi told the undercover agent in Maryland that he intended to sell conventional arms and munitions to the Tamil Tigers, according to court papers.

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On May 24, federal prosecutors said, Subandi told agents that Osman, a representative for the Tamil Tigers, wanted grenade launchers and other weapons delivered to a spot in international waters off Sri Lanka's coast.

Wotulo, who identified himself two days later to undercover agents as a retired Indonesian Marine Corps general, entered the negotiations to submit a purchase order for nine restricted items totaling about $3 million, authorities said.

But it was Osman who traveled to Baltimore in late July and stayed at the Harborplace Renaissance Hotel. There, he told agents that the arms Wotulo requested were for the Tamil Tigers, and Osman knew the delivery would be illegal, according to court papers. Osman told agents that a subsequent order could be worth as much as $15 million, prosecutors said.

On July 28, Osman test-fired several of the weapons, including machine guns, at a Harford County police range, according to the indictment.

"After hours or in low-light conditions, it wouldn't stick out with a strong government or police feel," Havre de Grace police spokesman Maj. John Van Gilder.

The indictment says that on Aug. 2, undercover agents received $250,000 from a bank in Kuala Lumpur, Malaysia, as a down payment for the weapons purchase, expected to total $900,000.

Osman and Varatharasa met with undercover agents in Guam to inspect the weapons on Monday, federal prosecutors said. They were arrested days later.

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Sun reporter Justin Fenton contributed to this article.

4 Charged In Plot To Ship Arms (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, September 30, 2006

U.S. Agents Ran Md. Sting Operation

BALTIMORE, Sept. 29 -- An elaborate sting involving a business in Maryland that was secretly run by federal agents has led to the arrests of four foreign nationals on charges of conspiring to illegally ship surface-to-air missiles and other weapons to the Sri Lankan rebel group known as the Tamil Tigers, authorities said Friday.

The suspects are accused of arranging, during negotiations that accelerated in April, for a $900,000 shipment of arms to be delivered to international waters in the Indian Ocean. The shipment was to be received by members of the violent separatist group, which the United States has designated a terrorist organization since 1997.

Mark J. Bastan, the special agent in charge of U.S. Immigration and Customs Enforcement's Baltimore office, said at a news conference that the shoulder-fired missiles, grenade launchers, machine guns and other weapons amounted to "an arsenal of U.S. military hardware -- enough to inflict serious casualties on any military force, let alone a civilian population."

Although the suspects lived overseas, one -- Haniffa bin Osman of Singapore -- traveled to Baltimore in July, according to an indictment unsealed yesterday along with two criminal complaints. Bastan said undercover agents "wined and dined" Osman as he stayed at a four-star hotel on the Inner Harbor. "We treated him like any other businessman," Bastan said.

At one point, he said, Osman test-fired some of the weapons at a firing range in Havre de Grace, Md., -- but only after signs indicating that the facility belonged to local police had been removed.

U.S. Attorney Rod J. Rosenstein said the suspects were arrested Thursday and Friday in Guam, where they had met with undercover agents to finalize the details of delivery to the ethnic separatist group.

The Tamil Tigers have been among the world's most lethal rebel groups, carrying out scores of suicide bombings on the island nation of Sri Lanka since the late 1980s. The conflict between the Tigers and the government, which is dominated by members of the Sinhalese majority, has by many estimates claimed at least 65,000 lives.

In 1991, a suspected Tamil Tiger member assassinated former Indian prime minister Rajiv Gandhi. Two years later, another suspected member of the group staged a suicide bomb attack that killed Sri Lankan President Ranasinghe Premadasa and 23 others.

In addition to Osman, 55, the indictment unsealed here accuses Indonesian nationals Erick Wotulo, 60, and Haji Subandi, 69, of conspiring to provide material support to a terrorist organization, conspiring to export arms without a required State

Department license and money laundering. A related criminal complaint filed in Guam charges Thirunavukarasu Varatharasa, 36, a citizen of Sri Lanka, as a participant in the alleged conspiracy to export arms.

Subandi is also charged in a separate complaint, along with two other Indonesian nationals, with conspiring to ship state-of the-art night vision goggles to Indonesia without the necessary State Department approvals. Authorities said Subandi described the other defendants -- Reinhard Rusli, 34, and Helmi Soedirdja, 33 -- as his financial partners in that transaction.

Rosenstein said the suspects are expected to appear in federal court in Guam, a U.S. territory, on Monday and to later be transferred to Baltimore.

According to the indictment, Subandi presented himself as a broker as he corresponded with the undercover business on a regular basis beginning in March 2004 in an effort to secure military equipment and technology for potential buyers in Sri Lanka and Indonesia. The documents made public Friday do not indicate how those contacts began, and authorities for security reasons declined to provide details about the bogus company beyond what was contained in the public court file.

But in April, the indictment says, Subandi e-mailed the undercover business about a possible purchase of weapons that he said were for the Tamil Tigers. In May, it says, Subandi identified Wotulo and Osman as Tamil Tiger representatives who would be involved in the transaction.

In an e-mail to the agents May 26, the indictment says, Wotulo identified himself as a retired Indonesian Marine Corps general and wrote, "I understand this business is dangerous, also extraordinary, high risk." It says he later told the agents that "the chief" of the rebel group had requested that he and Osman travel to Baltimore -- although, in the end, only Osman allegedly did so.

In Baltimore, in late July, Osman told the agents that although he was helping the rebel group obtain arms, he was not a member. He said that if the delivery was successful, a second order could be worth as much as $15 million.

Also while in Maryland, Osman told undercover agents that Varatharasa would inspect the weaponry before it would be accepted by the rebel group, the complaint against Varatharasa says.

On Aug. 2, the undercover business received a $250,00 deposit in the form of a wire transfer from a bank in Kuala Lumpur, that complaint says.

It says Osman and Varatharasa met with the undercover agents in Guam on Monday. Then and the next day, they finalized the transaction, inspecting the shipment and arranging for $450,000 to be transferred as further payment.

Six Indicted In Arms Brokering For Tamil Tigers And Indonesia (AP)

By BRIAN WITTE

AP, September 30, 2006

BALTIMORE - Arms brokers for the Tamil Tiger terrorist group are charged with trying to buy missiles and other weapons through undercover agents in Maryland, along with arms dealers who tried to get military equipment for the Indonesian Army, federal officials said Friday.

Haji Subandi, a suspected international arms dealer from Indonesia, was at the center of two conspiracies to buy weapons and other military equipment, said U.S. Attorney Rod Rosenstein.

"The common tie between the two conspiracies is that members of both conspiracies dealt with a suspected international arms dealer named Haji Subandi, who acted as a broker and arranged for military equipment to be purchased," Rosenstein said at a news conference in Baltimore.

The Tamil Tigers are a rebel group that began fighting in 1983 for a separate state on the Indian Ocean island of Sri Lanka. The group was added to the U.S. State Department's list of foreign terrorist organizations in 1997. The designation bars the group from raising money, obtaining weaponry or lobbying for support in the United States.

In one conspiracy, Subandi made numerous requests to the undercover agents between March 2004 and April 2006 on behalf of Tamil Tigers to acquire night-vision goggles, special forces weaponry, communication devices, sonar technology and unmanned aerial vehicles, according to a federal indictment.

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Subandi, 69, has been charged with Haniffa Bin Osman, 55, and Erick Wotulo, 60, in a three-count indictment unsealed Friday. They are charged with conspiracy to export arms and munitions, conspiracy to provide material support to a foreign terrorist organization, and money laundering.

Thirunavukarasu Varatharasa, 36, of Sri Lanka, also is charged with being part of the conspiracy.

Wotulo, who identified himself to undercover agents as a retired Indonesian Marine Corps general, submitted a purchase order in June to a dummy business set up by U.S. investigators for weapons totaling about $3 million, authorities said. Osman told undercover agents that if the first order was successful, a second order could be worth as much as $15 million.

In another conspiracy, Subandi is charged with conspiracy to violate the arms export control act, along with Reinhard Rusli, 34, and Helmi Soedirdja, 33. The three are Indonesian citizens. They allegedly conspired to ship night-vision goggles and a holographic weapons sight to customers in Indonesia, according to the indictment.

All the men were arrested Thursday and Friday in Guam, where they met to examine the weapons, which weighed 3.5 tons and filled up 14 pallets in a truck, said Mark Bastan, acting special agent in charge of the U.S. Immigration and Customs Enforcement office in Baltimore.

"They had a plan to ship these weapons from Guam to members to the Tamil Tigers in the Indian Ocean, where they would then be used for their terrorist purposes," Rosenstein said.

The weapons waiting for them included grenade launchers, submachine guns, sniper rifles and night-vision devices, Bastan said.

Bastan said the weapons were intended to be used against the Sri Lankan government, but it was unclear whether they were to be used for a specific attack.

Authorities said that among the weapons Osman sought to purchase were surface-to-air missiles.

"The indictment quotes one defendant as saying that the Stinger missiles were for the Tamil Tigers to use in downing Israeli aircraft flown by Israeli pilots in Sri Lanka for the Sri Lankan Air Force," Bastan said.

Under the operation initiated by ICE, investigators posed as arms dealers, wining and dining Osman when he came to Baltimore in July to work out the deal. Investigators even took him to the Havre de Grace police department's firing range near the Susquehanna River to test some of the guns.

"We just took the police signs off" the range, Bastan said, describing the set up.

Last month, U.S. officials in New York announced that eight emissaries of the rebel group had conspired to buy surface-to-air missiles in the United States amid an escalating conflict with military forces in Sri Lanka. The men charged in that case also tried to get the Tamil Tigers removed from a list of terrorist organizations and sought to bribe U.S. officials for classified information, according to a criminal complaint.

Selective Intelligence (NSWK)

By Michael Isikoff And Mark Hosenball, Newsweek

Newsweek, September 30, 2006

The National Intelligence Estimate doesn't say what Bush says it does. How will he handle upcoming secret reports on Iran and Iraq? WEB EXCLUSIVE

The White House's release of a dire National Intelligence Estimate on global terrorism has illustrated once again how easy it is to publicly misrepresent intelligence-community findings—especially when almost all of the key documents remained shrouded in secrecy.

Only two days ago, while attempting to knock down stories by The New York Times and other publications about the NIE, White House Press Secretary Tony Snow insisted to reporters that the document's conclusions were entirely consistent with the public statements of the president and other Bush administration officials.

News reports on the NIE "contain nothing that the president hasn't said," Snow told reporters in Riverside, Conn. "Obviously, we're not going to go into what the classified report does say, but … the substance is precisely what the president has been saying."

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But the actual wording of the NIE contains sobering conclusions that, in tone and substance, are very different from what Bush and other administration officials have recently been saying about the government's progress in the war on terror. Even more potentially problematic for the White House, intelligence-community officials say, there are at least two more secret studies underway that are likely to undercut the administration's public positions on sensitive national-security issues.

The NIE, which is supposed to reflect the consensus judgment of the U.S. intelligence community, states that the global jihadist movement "is spreading and adapting to counter-terrorism efforts"; that the number of jihadists are "increasing in both number and geographic dispersion," and that the war in Iraq had become "the cause celebre" for jihadis around the world, "breeding a deep resentment of U.S involvement in the Muslim world and cultivating supporters for the global jihadist movement."

None of these downbeat assessments could be found in President Bush's speech just three weeks ago when he described the government's war on terror since September 11 in largely upbeat terms.

"Together with our coalition partners," Bush said, "we've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in American and other nations and stopped many attacks before they're carried out. We're on the offense against the terrorists on every battlefront.…"

While the president did warn that Al Qaeda "remains dangerous" and that there were more threats from "locally established terrorist cells," he gave no indication that the intelligence community had concluded that the numbers of actual terrorists had increased, rather than declined, in recent years.

Even yesterday, after four pages of the NIE were declassified and released, White House counterterrorism adviser Frances Fragos Townsend continued to insist that the NIE tracked with other public statements from the administration.

In a briefing at the White House, she pointed reporters to a section of the administration's "National Strategy for Combating Terrorism"—released the same day as the president's Sept. 5 speech on the subject—which warned that "terrorist networks today are more dispersed and less centralized." Yet that document too gave no hint that the terrorist movement was now judged by the U.S. intelligence community to be larger than it was five years ago.

Townsend also noted that the White House-released terrorism strategy had stated that the "ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry." Yet the public national strategy document left out the more significant finding from the secret NIE: that the terrorists' attempt to use Iraq for their own purposes had apparently succeeded and that by fueling resentment throughout the Muslim world had allowed them to cultivate new supporters.

None of this necessarily undercuts the president's argument that a U.S. defeat in Iraq would embolden the worldwide jihadi movement and make the country even more vulnerable to future attacks. But it does illustrate the perils for the White House when it mischaracterizes intelligence-community assessments in politically useful ways. Indeed, career intelligence officials this week expressed dismay that documents such as the NIE have been selectively used by policymakers—or leaked for political purposes. "It does get frustrating" to see such documents cited incompletely or quoted out of context, said one U.S. intelligence official, who asked not to be publicly identified because the matter is politically sensitive.

The potential for political misrepresentations may become even greater in the coming months as the U.S. intelligence community completes two more documents with a potential bearing on the Bush administration's approach to terrorism and related national-security issues. One of the studies is a broad overview of the military and political situation in Iraq; the other is an up-to-date assessment of the progress—or lack thereof—that the government of Iran is making in its alleged efforts to develop nuclear weapons.

National Intelligence Director John Negroponte's office began the Iraq study in the summer following demands by congressional Democrats that such an assessment be produced (although his spokesman maintained that the intelligence czar ordered up the Iraq study on his own and not in response to congressional demands). At the time the Iraq study was first proposed, intelligence sources said there was some pressure on agencies to produce the paper so it would be available before the November congressional elections—even if its contents remained classified, as is customary with such documents.

But as of this week, one official said, Negroponte's office was still exchanging messages with the agencies working on the paper about the document's "terms of reference"—the broad outlines of questions which the new estimate is expected to answer. Given that its structure has still not been agreed, the likelihood of the Iraq paper being completed before the midterm elections has become remote; officials now are talking about finishing it by next January.

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Indications are that whenever the new Iraq NIE is complete, it will not offer much optimism for Bush administration policymakers. Like the newly released NIE on terrorism, the upcoming intelligence estimate on Iraq is likely to contrast with public pronouncements of progress from the White House. In secret papers and briefings over the last 18 months, intelligence professionals have repeatedly portrayed a bleak picture in which disorder in Iraq appears to be growing rather than receding.

More than a year ago, a classified CIA paper assessment reported that Iraq had become a venue where a new wave of Islamic militants, many of them from outside Iraq, not only could be indoctrinated in jihad but could practice and perfect urban-warfare skills under live-fire conditions, in some cases presumably before returning to their home countries to carry out planned terror attacks. Two counterterrorism sources said there is no reason to believe CIA analysts have changed their pessimistic assessment since the paper was produced.

In a series of closed-door briefings earlier this summer on Capitol Hill, the Pentagon's Defense Intelligence Agency painted what people familiar with the sessions described as an extremely gloomy assessment of the situation in Iraq; in the briefings, according to the sources, DIA officials described a situation in which insurgent groups are continuing to thrive and grow, increasingly influential sectarian militias are stoking intercommunal violence and the elected Iraqi government is showing itself, at least at the moment, incapable of curbing the violence.

A Defense official familiar with the briefings said that DIA also assessed that if Iraqi security forces could be trained and put into operation according to U.S. and Iraqi government plans then the violence conceivably could be curbed. One official who is familiar with the contents of the DIA briefings commented, however, that administration officials have made similar assertions in the past about Iraqi security forces that, so far at least, have not been validated by events.

Spinning The Spin (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, September 30, 2006

For voters, the National Intelligence Estimate is probably the single most important document to emerge in this election. Plus, Dick Cheney's surprise party. WEB-EXCLUSIVE COMMENTARY

Amid all the hoopla about the National Intelligence Estimate on terrorism, it's worth stepping back to gain a little perspective. Like three and a half years of perspective. Back in March 2003, President Bush addressed the nation from the Oval Office just after the first military strikes in Iraq. "The people of the United States and our friends and allies will not live at the mercy of an outlaw regime that threatens the peace with weapons of mass murder," he said. "We will meet that threat now, with our Army, Air Force, Navy, Coast Guard and Marines, so that we do not have to meet it later with armies of firefighters and police and doctors on the streets of our cities."

Never mind that the weapons of mass murder were never found. And never mind the suggestion, now retracted, that Saddam's regime would coordinate operations with terrorists. The central premise of the war in Iraq was that military force would stop terrorists from attacking America—that troops would fight the threat in Iraq rather than firefighters rescuing the victims on the homeland.

Does the NIE's key findings support that strategy? Not exactly.

Iraq has not stopped the prospect of firefighters rescuing Americans from terrorist attacks because the global jihadist movement has grown. There are, according to the NIE, four reasons for this growth: entrenched grievances, the Iraq jihad, the slow pace of reforms in the Middle East and pervasive anti-American sentiment. In fact, the NIE also blames the pervasive anti-American sentiment on the Iraq conflict. So Iraq is really two of the four factors in the growth of the movement.

Does that mean the White House spin is out of control? Not exactly.

The NIE points out that defeat of the jihadis in Iraq would stop the movement's growth. It also points out that jihadi success in Iraq would inspire more to join the cause. In that sense, Bush's words in March 2003 were wrong at the time, but correct now.

Like the struggle against global jihadism, the political fight over Iraq and terrorism has adapted to the new realities on the ground. The battle over the NIE is a wonderful chance for both parties to lob their own grenades: Democrats can accuse Republicans of failing to make America safer, while Republicans can accuse Democrats of failing to have a plan for victory in Iraq.

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Is this a trivial debate, a case of dirty election tricks? Not at all. There's no more important debate facing voters in November's elections and beyond. The NIE is not the knockout blow that Democrats had hoped for, and it's not the vindication that the White House says it is.

But for voters, it's probably the single most important document to emerge in this election. The NIE report is a comprehensive assessment of terrorism produced in April by American intelligence agencies. After parts of it were leaked to The New York Times, President Bush announced yesterday that portions of it were being declassified and released to the media. In the NIE's analysis, the war in Iraq has not made America safer, but defeat in Iraq would make America even less safe than it is today.

Until the NIE emerged, the conventional wisdom inside the Beltway was that the election would come down to a struggle between terrorism and Iraq. If the debate were about terrorism, the GOP would win; if about Iraq, the Democrats would win.

Instead, the NIE sheds light on a different debate that is all about Iraq. In November, voters will have a relatively simple choice: they need to decide whether to punish the GOP for starting the war or trust the GOP to end the war.

It's My Party

Vice President Dick Cheney is a man who clearly doesn't like surprises. On Monday evening, en route back from a pair of party fund-raisers in the Midwest, Cheney's staff summoned reporters traveling with the VP to the front cabin of Air Force Two to watch as they presented Cheney with a cake celebrating his 100th fund-raiser for the GOP this election cycle.

It was a notable milestone. According to the Republican National Committee, Cheney has raised roughly $34 million for Republican parties and candidates over the last 10 months—making him the most prolific fund-raiser in the party after President Bush, who has raised more than $175 million for the GOP. On Monday, Cheney held his 99th and 100th events for the party: a rally for Wisconsin Republicans in Milwaukee and a private fund-raiser for GOP Senate candidate Mike Bouchard in Michigan. And Cheney has no plans of slowing up. In the weeks leading up to Election Day, the veep is set to headline at least 15 more events, including upcoming stops in Montana and Texas where he'll campaign for several congressional candidates.

On Air Force Two, Cheney's aides gathered around a red, white and blue sheet cake decorated with tiny paper U.S. flags that read 100 … ON TO VICTORY! Summoned from his private cabin, Cheney looked less surprised and more like a deer in headlights. Eying his staff and reporters a tad warily, Cheney seemed uncertain what to do or say. "What's this?" the veep asked, with an awkward smile. A few feet away, a White House photographer clicked away on his camera, capturing the moment for history's sake.

As one staffer handed Cheney a large knife to cut the cake, Mel Raines, Cheney's political director, explained the reason for celebrating. 'You're the only one here who's been to all 100," she said. Cheney wore a slight smile. "And I'm the only one who always has to give a speech," he quipped, as he moved to cut a narrow slice of cake. "Does my wife know about this?"

Handing a piece of cake to a reporter and the knife to his press secretary, Lea Anne McBride, Cheney lingered in the room for only a few minutes longer, before retreating back to his private cabin without sampling the cake. While the VP took just one question—about his fund-raising—the brief encounter was enough for reporters on the trip to wonder: was this the awkward beginnings of a Cheney charm offensive?

There are signs that Cheney has moved to improve his image. While reporters aren't always invited on Cheney's trips, they are asked to accompany him more often these days than in the past. Moreover, the VP's aides have moved to allow reporters to observe Cheney more candidly. Two weeks ago, on the anniversary of the 9/11 attacks, Cheney's aides allowed a handful of reporters to accompany the veep and his family to a memorial service that had initially been off-limits to the press. At the same time, Cheney's approval ratings are looking less dismal these days. A year ago, a CBS News poll found Cheney's approval rating was at a mere 19 percent, an all-time low. Two weeks ago, a Harris Interactive poll found Cheney's ratings up to 30 percent approval—about 10 points shy of his boss. Not great, but for a veep pegged by Democrats and some Republicans as a political bogeyman, not bad either.

Numbers, of course, seldom tell the whole story. On Monday, Cheney's aides were willing to answer one burning question that White House spokesman Tony Snow and the RNC were not willing to answer about Bush: of the 100 fund-raising events Cheney has attended this year, 56 have been closed to the press, preventing candidates or donors from being publicly

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photographed with the veep. The number suggests that in this tough election year, Cheney's image rehab still has some ways to go.

Growing Unarmed Battalion In Qaeda Army Is Using Internet To Get The Message Out (NYT)

By Hassan M. Fattah

The New York Times, September 30, 2006

AMMAN, Jordan — On the fifth anniversary of the Sept. 11 attacks, Abu Omar received the call to jihad. Literally.

"There's a present for you," a voice on the other end of the phone said that morning, he recalled. It was a common code whenever his friends and colleagues wanted to share a new broadcast or communiqué from Al Qaeda over the Internet, he said.

Abu Omar, speaking on the condition that only his nickname be used, said he soon went to one of the Internet cafes he frequents in Amman and began distributing the latest video by Al Qaeda, alerting friends and occasionally adding commentary.

"We are the energy behind the path to jihad," Abu Omar said proudly. "Just like the jihadis reached their target on Sept. 11, we will reach ours through the Internet."

Abu Omar, 28, is part of an increasingly sophisticated network of contributors and discussion leaders helping to wage Al Qaeda's battle for Muslim hearts and minds. A self-described Qaeda sympathizer who defends the Sept. 11 attacks and continues to find inspiration in Osama bin Laden's call for jihad, Abu Omar is part of a growing army of young men who may not seek to take violent action, but who help spread jihadist philosophy, shape its message and hope to inspire others to their cause.

Though he does not appear to be directly connected to Al Qaeda, Abu Omar does seem to be on a direct e-mail list for groups sympathetic to Al Qaeda, making him a link in a chain that spreads the organization's propaganda using code and special software to circumvent official scrutiny of their Internet activity.

As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important.

For example, this past Sept. 11, Abu Omar said, a link sent to a jihadist e-mail list took him to a general interest Islamic Web site, which led him to a password-protected Web site, then onto yet another site containing the latest release from Al Qaeda: a lecture by its No. 2 man, Ayman al-Zawahri, threatening attacks on Israel and the Persian Gulf. Abu Omar said he then passed the video to friends and confidants, acting as a local distributor to other sympathizers.

In recent years, Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages.

Al Sahab, whose name means the cloud, has continued to draw on a video library featuring everything from taped suicide messages by the Sept. 11 hijackers to images of gun battles and bombings spearheaded by Al Qaeda and others, said Marwan Shehadeh, an expert on Islamist movements with the Vision Research Institute in Amman who has close ties to jihadists in Jordan and Syria.

But this year Al Sahab has released many more recordings than in previous years, said Chris Heffelfinger, a specialist in jihadi ideology at the Combating Terrorism Center at West Point, in what many analysts see as a new offensive focusing on the Muslim mainstream. Jihadi Web sites, meanwhile, have continued sprouting on the Internet, serving as a conduit for Al Qaeda's propaganda.

Mr. Shehadeh describes Al Sahab as an informal group with video camcorders and laptops. Some news reports have described it as an organization with a mobile production unit that navigates the Pakistani provinces. "The jihadis have successfully used American technology to show the U.S. as a loser," Mr. Shehadeh said. "This is an open-ended war, and they use media as part of their jihad against Western and Arab regimes."

Just days before the fifth anniversary of the Sept. 11 attacks, Al Sahab released a barrage of videos, including images of Mr. bin Laden seated with some of the Sept. 11 suicide bombers; a documentary that some have described as a "making of Sept. 11" feature, with testaments by two of the bombers; and the lecture by Mr. Zawahri that Abu Omar said he received that morning.

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What is most striking about the messages is their tone, terrorism analysts say. In the past, the group's leaders were generally depicted as soldiers in battle, often filmed outdoors with weapons in the background. But the more recent communiqués show Al Qaeda's leaders in the comfort of a living room or office, set against bookshelves with religious texts. The group has also taken to quoting Western authors and famous speeches, in what seems to be an effort to reach those with Western sensibilities.

"It's a clear message: when there's a gun in the background, they're saying, 'I'm a fighter like you'; when there are books in the background, it means, 'I am a scholar and deserve authority,' " said Fares bin Hizam, a journalist who reports on militant groups for the Arab satellite news channel Al Arabiya. "It is a message that resonates well with an impressionable young man who is 17 or 18."

One result, terrorism analysts say, is a militant group in transition, seeking to push ideology over direct action, franchising its name and principles to smaller groups acting more independently.

"Al Qaeda has been turning itself from an active organization into a propaganda organization," said Mr. Heffelfinger. "They now appear to be focused on putting out disinformation and projecting the strength of the mujahedeen. They're no longer the group that is organizing the mujahedeen. Instead, they are giving guidance to all the movements."

Men like Abu Omar have become integral to that transformation. Mr. Shehadeh, who introduced Abu Omar to this reporter, says he has known Abu Omar ever since he was a teenager and has observed his gradual embrace of jihadist ideology. He says he has seen Abu Omar's contributions on numerous chat boards and notes that while Abu Omar is probably not a Qaeda member, he regularly relays news and spreads the group's message to friends and colleagues.

In Amman's more conservative neighborhoods, Abu Omar and several analysts said, one or two jihadists tend to be the organizers, distributing messages and content to volunteers, and controlling membership in jihadist e-mail lists.

"We are typically observers, but when we see something on the Net, our job is to share it," Abu Omar said. He no longer trusts news reports on television, he said. He even cast doubt on Al Jazeera, which typically broadcasts Al Qaeda's videos but is, he said, still beholden to Arab governments. "We become like journalists ourselves."

Abu Omar, who owns a computer store in one of Amman's refugee camps, said he became involved in jihadi movements about six years ago, driven in part by his anger over the death of his father, who he said was a fighter with the Palestinian faction Fatah when Israel invaded Lebanon in 1982. "On the Net, you can see all the pictures of Palestine and the Muslim world being attacked, and then you see the planes crashing into one of the towers and you think, 'I can understand it,' " he said.

He goes to an Internet cafe several times a week. In recent years, Jordan's Internet cafes have begun taking increased security measures, like registering users' identification cards, he said, but jihadists in Amman alternate among a network of sympathetic cafe owners who allow them to surf anonymously.

He never uses his own computer to search for jihadi content, and he limits his time online to about 30 minutes — not long enough for the authorities to locate him, he figures.

In 2005, Jordanian authorities arrested an 18-year-old man, Murad al-Assaydeh, accusing him of using the Internet to threaten attacks on intelligence officials. Abu Omar said several of his friends and comrades had been arrested by the General Information Department in Jordan in connection with Mr. Assaydeh's case and in subsequent dragnets. Abu Omar said he was once called in for questioning but was released the same day.

He now changes his e-mail address frequently, he said, and he typically carries software that can delete details of his actions from a computer. "In the beginning, I thought maybe I would go for jihad in Iraq, but it was very difficult to get there," he said. "Now I realize it's better to work on the Net and get the message out."

HOMELAND RESPONSE:

Ports Security Bill Passes In The House (AP-Y)

By Jim Abrams, Associated Press Writer

AP, September 30, 2006

DOJ_NMG_0071750

The House approved a major ports security bill early Saturday, providing new steps to prevent terrorists from slipping a nuclear, chemical or biological device into one of the 11 million shipping containers entering the nation every year.

Passage of the bill was the last act of the House as lawmakers left for a five-week election campaign during which candidates will be trying to prove to voters their commitment to keeping America safe in the war on terrorism. The Senate also planned to endorse the bill before it recessed, sending it to the president for his signature.

Containers, now largely uninspected, "have the potential to be the Trojan Horse of the 21st century," said Sen. Susan Collins, R-Maine, chairman of the Homeland Security and Governmental Affairs Committee. She said the legislation would be a "major leap ahead" in strengthening national security.

Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorist attack.

"The terrorist attacks on rail and transit systems in Spain, London and Mumbai (Bombay) should be enough evidence to convince the Republican-led Congress that U.S. rails are dangerously vulnerable," said Sen. Joe Lieberman, D-Conn.

The bill approves $400 million a year over five years for risk-based grants for training and exercises at ports. It requires the nation's 22 largest ports, which handle 98 percent of all cargo entering the country, to install radiation detectors by the end of next year.

Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials.

Background checks and credentials will be required for workers at the nation's 361 ports, and the Homeland Security Department would set up protocols for resuming operations after an attack or incident. It is feared that a terrorist attack, such as a nuclear device set off by remote control, could cripple the entire economy as well as cause massive casualties.

Preferential cargo processing is offered importers who meet certain security requirements.

The bill would authorize $3.4 billion over five years for ports security. The House vote was 409-2, with only Reps. Edward Markey, D-Mass., and Jeff Flake, R-Ariz., opposing.

The bill was slow in reaching the House and Senate floors because lawmakers from both sides sought to attach their own favorite pieces of legislation to the ports measure because of the certainty it would reach the president's desk.

In the end, the only major add-on was legislation to restrict Internet gambling. Also attached was a measure, pushed by Sen. David Vitter, R-La., to help communities lacking telecommunications infrastructure install sirens and other emergency alert systems.

With an eye to the election, Congress has concentrated on security-related issues in the past two weeks, considered measures on military tribunals, President Bush's wiretapping program, spending for defense and homeland security and a bill to build a 700-mile fence along the Mexican border.

Democrats, in a letter to House Homeland Security Committee Chairman Peter King, R-N.Y., who headed House-Senate negotiations on the bill, complained they were denied the right to offer amendments to restore rail security language contained in the original Senate bill.

Congress made port security a priority after a fight in February over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to promise it would sell the U.S. operations to an American company. The sale is pending.

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The bill is H.R. 4954

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On the Net:

Congress: http://thomas.loc.gov/

Congress OKs Port Security Bill (LAT)

By Richard Simon

The Los Angeles Times, September 30, 2006

DOJ_NMG_0071751

The legislation sent to the president authorizes millions to shore up defenses at ports such as the Los Angeles-Long Beach complex.

WASHINGTON — Congress early this morning approved and sent to President Bush a bill aimed at shoring up anti-terrorism defenses at U.S. ports.

The port security measure, which would bring millions of federal dollars to the Los Angeles-Long Beach port complex and other harbors, became a GOP priority after a political flap earlier this year over a Dubai company's ill-fated attempt to manage facilities at several U.S. ports.

The measure, which Bush is expected to sign, authorizes $400 million a year in federal grants to ports for the next five years, requires minimum security standards for the nearly 11 million cargo containers that enter U.S. ports each year and establishes a pilot program at three foreign ports to scan all U.S.-bound cargo.

It also sets up security training for waterfront workers and mandates radiation detectors at major ports by the end of next year. And it establishes deadlines for special identification cards to be issued to port workers after background checks.

The measure was approved by the Senate on a voice vote; the House approved it 409-2 early today.

Rep. Jane Harman (D-Venice), who along with Rep. Dan Lungren (R-Gold River) sponsored the House version of the legislation, said, "In a month that was supposed to be all about security, this measure is the only one we've considered that will actually make America more secure."

Sen. Susan Collins (R-Maine), chairwoman of the Senate Committee on Homeland Security and Governmental Affairs, called the bill "a major leap ahead in our efforts to strengthen our national security."

The measure was voted on in the final, hectic hours of the pre-election session, in which several security-related bills were sent to the president. The GOP is hoping to showcase its national security credentials before the November election.

As one of the last major bill moving through Congress before the election, it became a magnet for other Republican priorities, including a measure cracking down on online gambling that is a part of the party's election-year "values" agenda.

The port security bill is the only major legislation to emerge from the Dubai controversy, which triggered a debate about the vulnerability of ports. Another high-profile bill — one that would have subjected foreign investment in the U.S. to greater scrutiny — stalled because of a dispute between House and Senate Republicans.

Dubai Ports World's attempted takeover of some U.S. port facilities caused an embarrassing rift between Bush and congressional Republicans and gave Democrats an opportunity to attack the GOP as weak on national security. After the uproar, the Dubai company backed down from taking over the facilities.

Months after the brouhaha, Democratic Sen. Robert Menendez of New Jersey, locked in a tough campaign, is running a TV ad showing himself at the Port of Newark and declaring, "Five years after 9/11, President Bush just doesn't get it."

Democrats unsuccessfully sought to include in the bill a requirement for the screening of every cargo container. But business groups protested to Republicans that such a step would slow commerce and harm the U.S. economy.

Democrats also assailed Republicans for stripping funding for rail and transit security from the bill.

Separately, Congress approved the annual homeland security spending bill that would provide additional money for port security measures, including stationing more inspectors at foreign ports to check U.S.-bound cargo. It includes $210 million in port security grants, up from about $175 million this year.

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U.S. Advises Charities On Terror Links (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, September 30, 2006

Risks facing charitable organizations not only include contributions being diverted to bankroll terror activities but also the use of charities' services to build grass-roots support for a terrorist organization, the Treasury Department said Friday.

The Bush administration examines these possibilities when it considers whether or not a charity should be put on a U.S. list that requires banks to freeze its assets and forbids Americans from doing business with it.

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Charities should be on the lookout for such risks as well, the department suggested as it released updated best practices for charitable organizations to consider as they try to protect themselves from abuse from terrorist financiers. The best practices are voluntary.

"The risk of terrorist abuse facing charitable organizations is ongoing and significant and cannot be measured from the important but relatively narrow perspective of terrorist diversion of charitable funds," the department said. "Rather, terrorist abuse also includes the exploitation of charitable services and activities to radicalize vulnerable populations and cultivate support for terrorist organizations and activities."

As cases in point, the department, citing media reports, mentioned the role of Hamas-associated charities in building popular support in the Palestinian territories for the Hamas terror organization, and Hezbollah's control of charitable distribution networks in southern Lebanon.

The department also mentioned "exploitation" involving the Pakistani-based charity Jamaat-ud-Dawa, which is believed to be a front for Lashkar e Tayyiba, an Islamic militant group. The department did not elaborate. There have been media reports, however, that money raised for victims of last year's earthquake in South Asia was channeled through the charity to schemers of a foiled plot to blow up U.S.-bound passenger planes.

The United States since the 2001 terror attacks on New York and Washington has designated 43 charities worldwide and 29 people associated with them for providing support to terrorists, the department said.

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On the Net:

Treasury: http://www.ustreas.gov/

Charities Receive Treasury Guidance In Antiterror Move (WSJ)

By Robert Guy Matthews

The Wall Street Journal, September 30, 2006

WASHINGTON -- In the latest effort to combat terrorist financing, the U.S. Treasury Department issued revised guidelines to charities.

Under the voluntary guidelines, charities are being asked to search the Internet to determine whether recipients of charity funds have ever been accused of terrorist-related activities. In addition, the Treasury Department is recommending that charities collect the names and addresses of subcontracting organizations used by the recipients of charity donations. It also urged charities to check whether the government has labeled any recipient as a terrorist organization.

The latest guidelines update those issued in December 2005, taking into account changes suggested by charities over the last several months. The changes, for example, include a more flexible definition of what constitutes a governing board.

The guidelines provide a clearer road map for charities as the government tries to thwart inadvertent as well as intended financial support for organizations linked to terrorism.

Patrick O'Brien, assistant secretary for terrorist financing and financial crimes at the Treasury Department, said that making the guidelines voluntary allows charities to have some flexibility by not hamstringing them with rules that may not apply. "We don't really see a one size fits all," he said. "These are not legal requirements. They seek to provide information to structure their own affairs to help them avoid diversion of funds."

After the Sept. 11, 2001, terrorist attacks in New York and Washington, the federal government charged that some charities were being used as fronts to fund terrorist activities. Many charities were shut down, and a list of entities and individuals with terrorist ties was compiled to help keep legitimate charities from being duped.

Write to Robert Guy Matthews at robertguy.matthews@wsj.com1

Fear Grows Of Attack On Food Supply (CHIT)

By Jason George, Tribune Staff Reporter

Chicago Tribune, September 30, 2006

Officials seek ways to safeguard agriculture

DOJ_NMG_0071753

PLEASANT HILL, Mo. -- West Missouri farm country has no shortage of livestock and rolling hills, but terrorism targets seem few and far between. No tall buildings. No well-known landmarks.

The nearest Manhattan: It's in Kansas.

"Out here things are still pretty quiet," cattle rancher Rod Findley proudly declared this week as he finished feeding his Hereford heifers in an early-morning fog. "I would think a terrorist would be a little out of place around here."

While the threat of terrorism clearly hangs over urban areas, a growing concern about an attack on the U.S. food supply is bringing more attention from law enforcement to rural America and farms like Findley's.

This harvest season the U.S. Department of Agriculture has produced a list of recommended security steps for farmers, from protecting fence perimeters to safeguarding chirping chicks.

And the recent E. coli outbreak has underscored how quickly contaminated food can impact people's lives and shake America's faith in agriculture.

While food and agriculture account for 18 percent of U.S. employment and produce $140 billion in annual U.S. revenue, farm security has traditionally been quite lax. Typically, little more than making sure the corral gate is latched.

This year, the Illinois Department of Agriculture has spent $6.5 million to improve food safety--hardly a blip when compared to the billions of dollars directed toward airport and highway security, but it's a 25 percent increase from five years ago. The state also is creating a database of all the agriculture facilities in Illinois so authorities can notify farms in specific areas if a problem ever arose.

"The threat from agroterrorism may not be one you recognize," FBI Deputy Director John Pistole said at a symposium this week in Kansas City, where about 1,000 farmers, police officers, scientists and economists gathered to discuss better ways to protect agriculture.

"But the threat is real," he said. "And the impact could be devastating."

Offering a glimpse of impact

The recent E. coli outbreak from spinach, while not intentional, offers a glimpse of such devastation, Pistole said. Nearly 200 people have become sick and at least one person has died from the tainted spinach, and the negative economic impact could linger.

But imagine an outbreak that affects not only spinach but also such products as beef, chicken or corn. Then imagine terrorists are behind it. Such a massive attack not only would sicken more people, it could permanently rattle confidence here and abroad in American agriculture, said Greg Pompelli, a USDA economist.

Five years after the Sept. 11 attacks, agriculture's enormous importance to the economy undoubtedly makes it an appealing target to someone wanting to harm the United States, but the industry's significance and robustness creates plenty of good news for Americans, too, Pompelli said. For example, about 25 percent of food that makes it onto U.S. plates is not eaten, meaning there is plenty to go around if supply is cut because of a large mandatory destruction of livestock. And unlike in many other countries, there is great crop diversity.

"Staple crops--like corn, wheat, soybeans and oats--are grown in more than two-thirds of counties" of the United States, Pompelli said, explaining that this lessens the chance that one region's economy could be decimated.

"Even some fresh produce--apples, tomatoes and peaches--are spread broadly, with a third of all counties growing these."

There are numerous points on food's journey from field to fork that are vulnerable to a would-be terrorist. The pork supply, for example, could be harmed by driving a truck full of sick pigs past several farms, suggested David Kaplan, director of the USDA's emergency and domestic programs. Or terrorists might attempt something further down the food chain, such as poisoning apples at a grocery store.

Pistole pointed to U.S. agriculture information found in Afghanistan after the Sept. 11 attacks as proof that there is intent to disrupt the food supply.

"The bottom line is that agriculture, just like buildings, bridges and tunnels, is a critical infrastructure in need of defense," he said.

Ensuring food safety

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Farmers and veterinarians, who because of their jobs can spot problems before they reach consumers, guard the front lines when it comes to America's food defense. Both groups have a part in the Illinois Food Systems Policy Council, which was created last year and has been tasked with developing a strategy to improve food and agricultural security.

"We need to do everything within our power to assure the safety and security of the food we supply for our families and for families across the world," Gov. Rod Blagojevich remarked this month at the state's first food security "tabletop exercise." There, public officials and private industry discussed ways to improve safety in agriculture, which contributes $14.4 billion annually to Illinois' economy.

Similarly, the Kansas City conference aimed to bring together representatives from the military, law enforcement, agriculture and academia, said Jamie Berlowitz, a USDA director in the Elk Grove Village office's smuggling interdiction and trade compliance division."There are a lot of different perspectives we can get here," Berlowitz said. "You want to meet these people now rather than when there is problem."

Back on the farm, Findley relegates the threat of such a problem occurring on his 68-acre spread somewhere out toward the horizon--it just seems too unlikely. Here the concerns are gas prices, the cost of feed grain and whether the high school football team can maintain its undefeated season.

Focus could of course change, he said, mentioning that the once rarely traveled road in front of his farm now handles regular traffic.

"Everything's changing in Pleasant Hill."

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Man Arrested In Bomb Scare At Airport (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

By The Associated Press

A Vermont man was arrested yesterday on charges of putting a fake bomb in a bag at a parking lot at Kennedy International Airport, officials said.

The man’s action caused traffic to be halted for hours on Thursday night. The man, Peter Gonick, 55, of Island Pond, Vt., was accused of reckless endangerment and putting a fake bomb at a transportation facility, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey.

Mr. DiFulco said Mr. Gonick was questioned after his vehicle was found parked near where the bag had been placed.

The bag contained a powdery substance, but a hazardous-materials team deemed it nonhazardous, Mr. DiFulco said.

Around 1 a.m., the authorities started to allow traffic to resume at Terminals 1, 2 and 3, opposite the parking lot. Public transportation also resumed service to the area. People who had been forced to remain in Terminal 1 were allowed to leave. Mr. DiFulco said airport operations returned to normal yesterday.

Putting Troops On The Beat (WP)

By Charles J. Dunlap Jr.

The Washington Post, September 30, 2006

It's hurricane season again, which, along with recent reflections on the first anniversary of Hurricane Katrina, causes us to think about the complexities of dealing with disaster on a major scale. One stark lesson taught by last year's tragedy in New Orleans concerned the fragility of civilized societies. Scenes of chaos at the city's convention center and elsewhere illustrated how quickly the strong could exploit the weak.

Unfortunately, a chunk of the New Orleans police force was nowhere to be found. Scores of officers left the city, and a few were alleged to have joined in the looting. Distraught victims begged for help on national television.

The appearance of a no-nonsense professional soldier in Lt. Gen. Russell HonorÃ©, along with battle-tested units, including elements of the fabled 82nd Airborne Division, quickly improved the security and relief situation. With military leadership

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and resources in place, more than the weather brightened. The cool efficiency of full-time military professionals on the hot New Orleans streets was exactly what the people wanted to see.

And apparently they want to see more of it when the need arises -- and sooner. Indeed, few would debate the utility of a faster deployment of the active-duty military's rescue, logistics and engineering resources.

But security is another matter. The 1878 Posse Comitatus Act bars most direct military involvement in law enforcement, with several exceptions, including civil disturbances. Since Sept. 11, 2001, such threats as terrorist use of weapons of mass destruction have given the armed forces new legal authority. Should there be more?

Americans don't seem especially worried about increasing the full-time military's role. Despite troubles in Iraq and detainee abuse scandals, polls show that the armed forces are the most trusted institution in American society. Nevertheless, few models exist around the world in which the recurring use of militaries in law enforcement furthers democratic values.

Yes, it's true that military troops, unlike civilian police, can't quit their posts. But it's dangerous to think veterans of the mean streets of Fallujah would necessarily approach a task the way Big Easy cops on the beat would. In this respect, the military's versatility can be misunderstood.

Most conventionally trained soldiers advance on potential threats with a view toward destroying them, not arresting them. They don't expect to reason with "the enemy." A soldier's authority is his weapon and his willingness to use it.

Typically, police rely on public respect for the rule of law, expressed in the authority of the badge. They exercise the studied restraint the judicial process requires. Suspects are not "enemies" but citizens, innocent until proven guilty. The elimination of "threats" is the job of the courts. Weapons are defensive last resorts.

Converting the war-fighting mind-set of the professional military to one that readily accepts the risks -- and delays -- inherent in policing under our Constitution can be extremely challenging and confusing to those wielding the guns and attempting to establish order.

Nonetheless, some military officers welcome domestic law enforcement roles. In a world where hijacked airliners, anthrax-infested envelopes and other serious threats arise close to home, there is a certain appeal to their thinking. And praise for the better-late-than-never Katrina effort has created an attitude friendly to domestic security duties among many in uniform.

What are they missing? Appreciation for the erosion that law enforcement duties could cause in the public affection and admiration the military wants -- and needs -- to sustain itself as an all-volunteer force. Americans in the end do not like heavy-handed security efforts, regardless of how well-intended they are, and typically react quite negatively to them. Think Kent State, Waco and Ruby Ridge.

Midnight searches by well-armed troops might fly in Baghdad (though perhaps not even there anymore), but certainly not in Baltimore. Once the military loses the respect of ordinary Americans, what kind of person will want to enlist?

Is there another way? Yes. Getting together to organize the country's nearly 800,000 civilian police could provide governors nationwide with experienced law enforcement resources in times of crisis. Preparing the 400,000 citizen-soldiers of the National Guard for police duties is another option. Meanwhile, the uniformed regulars have plenty to do facing down threats beyond our borders.

America's full-time military will do whatever is asked of it, but America must carefully consider what it asks. Otherwise, Katrina's legacy could take yet another tragic twist.

The writer is deputy judge advocate general of the Air Force. The views expressed here are his own.

WAR NEWS:

Bush Cites Progress In Pakistan, Afghanistan (WP)

By Michael A. Fletcher, Washington Post Staff Writer

The Washington Post, September 30, 2006

In Speech, President Tries to Mend Relations

DOJ_NMG_0071756

President Bush highlighted anti-terrorism efforts of Afghanistan and Pakistan yesterday, calling the nations invaluable allies despite a surge of violence in southern Afghanistan that has provoked deep suspicions about their ability -- and appetite -- to battle extremists.

Speaking before a Washington audience that included members of the Reserve Officers Association and both countries' ambassadors to the United States, Bush said that 41,000 American and NATO troops in Afghanistan are making progress toward securing and rebuilding the war-torn nation, although significant hurdles remain. While more than 30,000 newly trained Afghan soldiers are working alongside Western troops to secure the country, Bush said, Afghan police "have faced problems with corruption and substandard leadership."

Those difficulties have undermined confidence in the police, "and we've made our concerns known to our friends in the Afghan government," Bush said, adding that the police now have new leadership.

Bush made his remarks as a resurgent Taliban is leading a spike in violence in southern Afghanistan, a development that has resulted in increasing friction between Afghanistan and Pakistan. Afghan President Hamid Karzai has accused his Pakistani counterpart, Gen. Pervez Musharraf, of tolerating the presence of extremists in Pakistan's remote western regions, from where they launch attacks into southern Afghanistan. Musharraf, in turn, has accused Karzai of being an ineffective leader whose policies create sympathy for the Taliban and other extremists.

Meanwhile, Musharraf has been dogged by accusations that his nation's intelligence service has ties to the Taliban -- something he has forcefully denied.

In his remarks, Bush praised Pakistan's efforts to track down some notorious terrorists, including the alleged mastermind of the Sept. 11, 2001, attacks, Khalid Sheik Mohammed. Bush said Pakistan also has been instrumental in preventing terrorism since 2001.

"Were it not for the information gained from the terrorists captured with the help of Pakistan, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

Bush has attempted to broker a verbal truce between the two leaders. Wednesday evening, he hosted a White House dinner with the two leaders in an effort to clear the air.

Meanwhile, he said, U.S. and NATO forces have mounted an offensive to clear Taliban fighters from the treacherous mountainous region in southern Afghanistan. Also, he said, the United States is helping Pakistan with development aid and high-tech equipment to help it gain better control of its borders.

After the speech yesterday, Bush met with Kazakh President Nursultan Nazarbayev, whose government has been criticized for skirting democratic norms by banning opposition parties, harassing advocacy groups and closing newspapers. The Bush administration has offered only mild criticism of that record as it works to gain greater influence with the oil-rich nation. Nazarbayev's visit to the White House -- his third since becoming president of Kazakhstan in 1990 -- followed a visit to the Bush family compound in Maine, where he met with former president George H.W. Bush.

"We discussed our desire to defeat extremism and our mutual desire to support the forces of moderation throughout the world," the current President Bush said after the meeting.

In conjunction with the visit, the Energy Department and the Nuclear Threat Initiative, a nonprofit organization dedicated to reducing the threat from nuclear, chemical and biological weapons, announced an anti-proliferation agreement with Kazakhstan. Among other things, it calls for a Kazakh research reactor that runs on highly enriched uranium, which can be used in nuclear weapons, to switch to low-enriched uranium.

"This nonproliferation cooperative project with Kazakhstan is critical to our efforts to eliminate excess amounts of potentially dangerous material around the world," said Linton F. Brooks, administrator of the Energy Department's National Nuclear Security Administration.

Bush Tackles Critics On Afghan Policy (FT)

By Caroline Daniel And Guy Dinmore

Financial Times, September 30, 2006

DOJ_NMG_0071757

President George W. Bush moved to address mounting Democratic criticism of his policy in Afghanistan on Friday, conceding the need for more legal reform and the existence of "corruption and sub-standard leadership" in the Afghan police but defending the nation's "liberation" as "a great achievement".

Mr Bush's speech marks a renewed focus on Afghanistan, which has seen a steep rise in violence and a renewed Taliban insurgency. In the past week he has met President Hamid Karzai of Afghanistan and President Pervez Musharraf of Pakistan, culminating in an effort to mediate by hosting a dinner for the two leaders on Wednesday.

"We had a long and we had a frank conversation about the challenges we face in defeating the extremists and the terrorists in their countries," he said.

The two-and-a-half-hour dinner appears to have led to new ideas on intelligence- sharing and on how to deal with the border tribal areas that lie outside their control and provide a refuge for Taliban and al-Qaeda fugitives. Mr Karzai proposed that he and Gen Musharraf host two jirgas, or councils of tribal elders, one on each side of the border, with the two presidents and leaders from each country attending both. Gen Musharraf accepted.

"The main concept is to empower tribal leaders and elders to fight extremism in Pakistan and Afghanistan," Said Tayeb Jawad, Afghanistan's ambassador to Washington, told the Financial Times. He said it was unlikely that US officials would attend the councils but that this had not yet been discussed. Mr Karzai is to visit Pakistan soon, and details of where and when the councils will take place will also be worked out in Washington, the ambassador said. He described the atmosphere at dinner as "friendly, with a few tense moments" but constructive. A Pakistan's embassy spokes-man said the mood was "sometimes tense, mostly soft".

"They agreed to tone down the rhetoric," he said, referring to the harsh language that surfaced in separate interviews given by the presidents before the dinner.

Democrats have argued that the Iraq war has been a distraction from Afghanistan. John Kerry, the 2004 Democrat presidential nominee, has called for 5,000 more troops. In a rare rebuke, Bill Clinton, the former president, told Fox News: "If I were still president we'd have more than 20,000 troops there . . . But you know, we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Mr Bush appeared to play down the idea of sending more troops, noting that critics "claim that the country is in danger of failing because we don't have enough American troops there", but instead stressed the need to tackle the "ideology of hate".

Bush Admits To Setbacks In Afghanistan (AP)

By Tom Raum

AP, September 30, 2006

President Bush asserted Friday that critics who claim the Iraq war has made America less safe embrace "the enemy's propaganda." He acknowledged setbacks in Afghanistan against a Taliban resurgence but predicted eventual victory.

"You do not create terrorism by fighting terrorism," he told a receptive military audience. "If that ever becomes the mind-set of the policymakers in Washington, it means we'll go back to the old days of waiting to be attacked — and then respond."

It was the latest in Bush's series of speeches defending his Iraq and anti-terrorism policies against heightened attacks from Democrats, who now are citing a government intelligence assessment to bolster their criticism. The classified National Intelligence Estimate, parts of which Bush declassified earlier this week, suggests the Iraq war has helped recruit more terrorists.

"Some have selectively quoted from this document to make the case that by fighting the terrorists — by fighting them in Iraq — we are making our people less secure here at home," Bush told the Reserve Officers Association. "This argument buys into the enemy's propaganda that the terrorists attack us because we're provoking them."

With just over five weeks left before congressional elections, Democrats were quick to react. "President Bush's election-year attacks are the product of a desperate White House with no credibility left with the American people," said Howard Dean, chairman of the Democratic National Committee.

"It was yet another example of how he is in denial over what is happening in the war on terror," said House Minority Leader Nancy Pelosi, D-Calif.

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Meanwhile, Bush spoke by phone for about 15 minutes on Friday with Iraqi Prime Minister Nouri al-Maliki, said White House spokesman Tony Snow. They discussed efforts to bring greater security to Baghdad and "the need for further progress in political reconciliation," Snow said.

Bush spent most of his speech talking about the conflict in Afghanistan, where militant violence, particularly in the southern part of the country, has spiked in the worst outbreak since the 2001 U.S.-led invasion that toppled the Taliban government.

"The training of the Afghan police has not gone as smoothly as that of the army," Bush said. "The police have faced problems with corruption and substandard leadership. And we've made our concerns known to our friends in the Afghan government."

Bush noted that Afghan President Hamid Karzai has named a new team to lead the national police. "As the police become more capable and better led and more disciplined, they will gain legitimacy and they will earn the respect of the Afghan people," Bush said. He met with Karzai on Tuesday and Wednesday.

Bush said he welcomed NATO's decision this week to take the lead in providing security and reconstruction assistance throughout Afghanistan.

"Under the plan, the U.S. will transfer 12,000 of our troops that are now serving in the country to the NATO force, while the rest will remain under coalition command and continue anti-terrorist operations across the country," Bush said.

The president also discussed Afghanistan in an Oval Office meeting with President Nursultan Nazarbayev of Kazakhstan, a Central Asian ally and important oil supplier. The former Soviet republic borders Afghanistan.

Bush thanked Nazarbayev for supporting the war in Iraq and for helping Afghanistan become a stable democracy.

"I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation," Bush said as the two sat side by side. Bush offered support for Kazakhstan's desire to join the World Trade Organization.

No mention was made of criticism of Kazakhstan for human rights abuses, corruption and heavily restricted political and civil freedoms.

During their private meeting, however, "there was encouragement for the government of Kazakhstan to pursue a democratic path," said Bush spokesman Snow.

Nazarbayev said his country would not have enjoyed its recent economic growth if the Taliban had still been in power in Afghanistan.

"Nobody in Central Asia will feel safe and in peace if we'd be surrounded by countries populated with terrorist people, and if we'd be surrounded by countries where some people crave to put their hands on nuclear weapons, which Kazakhstan renounced," said Nazarbayev.

Bush's speech to the military group followed one he gave the day before at a GOP fundraiser in Alabama, where he accused Democrats of "obstruction and endless second-guessing" and not having the stomach to persist in Iraq.

He said Friday that unauthorized disclosure of the National Intelligence Estimate had "set off a heated debate here in the United States, particularly in Washington. ... It's an indication that we're getting close to an election."

Bush was greeted warmly by the military audience. "We're safer because you stand ready to put on the uniform," he told the reservists.

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Associated Press Writer Ann Sanner contributed to this report.

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On the Net:

White House: http://www.whitehouse.gov

Bush Hails Liberation Of Afghanistan As A `great Achievement' (MCT)

By William Douglas And Jonathan S. Landay

McClatchy Newspapers, September 30, 2006

DOJ_NMG_0071759

WASHINGTON - Amid signs that the Taliban insurgency is regaining strength, President Bush on Friday defended his efforts to stabilize war-savaged Afghanistan and blasted critics who charge that his policies there are failing.

Afghanistan is reeling from its worst bloodshed since the 2001 U.S.-led intervention as the Taliban and allied warlords tie down 42,000 American and NATO-led troops and President Hamid Karzai struggles with colossal corruption, record opium production and nose-diving popularity.

In his most extensive remarks on Afghanistan recently, Bush sought to accentuate the positive, praising Karzai's democratic government, hailing the training of the Afghan National Army and noting the multinational contributions to the anti-Taliban fight.

"The liberation of Afghanistan was a great achievement," Bush told the Reserve Officers Association, which represents the interests of military reservists in Washington.

The president acknowledged setbacks, such as faltering police reform.

But he made no mention of the key reasons for the Taliban's resurgence: the diversion of U.S. troops to Iraq; America's failure to make good on a promise of a reconstruction program akin to the rebuilding of post-World War II Europe; endemic corruption; and the support the Taliban receive from Pakistan. Bush instead praised Pakistan as a strong ally in fighting terrorism.

Several of the president's statements about Afghanistan's judicial and legal reforms were misleading:

-He praised Karzai for naming new Supreme Court judges. But he failed to mention that the Afghan parliament rejected Karzai's nominee for chief justice, a conservative cleric blamed for stalling reform, who favored Islamic laws mandating that adulterers be stoned to death and thieves have their hands amputated.

-He praised Italy for helping to train Afghan judges and prosecutors. Many Western officials and experts say the effort is seriously flawed and that Afghanistan's legal system is in a state of collapse.

-He said the Afghan National Police "have faced problems with corruption and substandard leadership." He contended that Karzai's government began tackling the problem after appointing a new leadership team this summer. But he didn't mention that Karzai named to his team 14 senior police generals whom U.S., European and U.N. officials opposed because of their alleged involvement in human-rights abuses and corruption.

Bush's comments were the latest in a series of talks that he's been making to counter Democratic charges that his policies in Iraq and Afghanistan have fanned violent Islamic extremism.

He praised the NATO-led International Security Assistance Force for beating back a major Taliban offensive earlier this month near Afghanistan's southern city of Kandahar and said multinational reconstruction teams were helping to restore electricity, build roads and improve water, irrigation and sanitation.

He noted that the United States has approved more than $4.5 billion in reconstruction money.

"The critics warned that we were heading towards a `quagmire,' " the president said. "And then the Taliban fell, and operations began in Iraq, the critics held up the multinational coalition in Afghanistan as a model and said it showed that everything in Iraq was wrong. And now some of the critics who praised the multinational coalition we built in Afghanistan claim that the country is in danger of failing because we don't have enough American troops there."

More than a dozen current and former U.S., European and Afghan officials and commanders agreed in recent interviews that there aren't enough foreign forces to provide the security required to rebuild one of the most devastated nations on Earth.

There are 5,000 American combat troops for the 27,000 square miles of eastern Afghanistan and only 8,000 NATO soldiers in the Taliban's vast southern heartland.

More foreign and Afghan soldiers and civilians have died this year than in any year since 2001, and suicide bombings have risen from two in 2002 to about one every five days. Karzai has called for a change in U.S. tactics because of the rising civilian casualties, a major factor behind the plunge in his popularity.

The problems with the American-led police reform program, a key part of Bush's exit strategy, go beyond those that the president outlined.

For instance, he put the size of the force at 45,000 officers.

But police Gen. Gullam Jan, who's in charge of police recruiting, and three U.S. officials involved in the program told McClatchy Newspapers earlier this month that no one knows how many officers are on the force.

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Jan and the American officials, who requested anonymity because they weren't authorized to speak publicly, described the reform effort as paralyzed by immense corruption, nepotism, desertions, low pay, incompetence, massive pilfering of equipment and Taliban infiltration.

Bush praised Pakistani President Pervez Musharraf for making a "courageous choice" to end his country's support for the Taliban after the Sept. 11, 2001, terrorist attacks and to back the war on terrorism.

Bush noted that despite attempts on the Pakistani president's life, Musharraf has helped capture senior al-Qaida operatives whose information foiled terrorist plots and "saved American lives."

But Musharraf hasn't ordered the arrests of any of the Taliban leaders who fled to Pakistan in 2001 and who senior Afghan, U.S. and NATO officials say are directing the insurgency in Afghanistan from the Pakistani city of Quetta.

The United States has strong evidence that Pakistani intelligence officers are providing arms, training, money and protection to the Taliban as part of a long-held goal of installing a pro-Pakistan regime in Afghanistan's capital, according to U.S. officials and experts.

The insurgency will continue as long as the Taliban are given refuge in Pakistan, they warn.

Bush hosted Karzai and Musharraf at a White House dinner Wednesday in an effort to persuade them to put aside their differences and cooperate more closely.

In his speech Friday, Bush noted that Musharraf, who seized power in a 1999 military coup, plans to hold presidential elections next year.

Musharraf is expected to run, but he's refused say whether he'll relinquish the post of army chief of staff beforehand.

For an on-scene McClatchy report on conditions in Afghanistan, go to www.realcities.com/mld/krwashington/news/world/12426823.htm

Bush And Kazakh Leader Play Up Partnership (NYT)

By Sheryl Gay Stolberg

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — President Bush took another step in his delicate foreign policy waltz with the authoritarian government of Kazakhstan on Friday, praising the oil-rich Central Asian country as “a free nation” while welcoming its president, Nursultan A. Nazarbayev, to the White House for lunch.

During a brief joint appearance in the Oval Office, Mr. Bush said the two presidents pledged to “support the forces of moderation throughout the world,” while Mr. Nazarbayev, speaking through a translator, reiterated his commitment to ridding his country of nuclear weapons and said the two nations had “truly become close partners.”

Neither man mentioned the sore points in that partnership: the absence of free elections in Kazakhstan, which became an independent state in 1991; state restrictions on the news media; and its recent decision to shut down two prominent American democracy organizations — a move that American officials are trying to reverse.

“We talked about our commitment to institutions that will enable liberty to flourish,” Mr. Bush said. “I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that is now a free nation.”

Despite that transition, Kazakhstan also poses a diplomatic challenge for President Bush, who has made promoting democracy a central component of his foreign policy. On Friday morning, in his latest speech on fighting terrorism, Mr. Bush touted his efforts to build a free nation in Afghanistan and to push Pakistan toward free elections.

The White House views Kazakhstan, a state that has abundant oil and gas reserves and whose population is predominately Muslim, as a critical ally in promoting economic stability and security in that region. One-third of all foreign investment in Kazakhstan comes from the United States, and administration officials say the country has also been a strategic partner in Iraq and Afghanistan. It has a small ordnance removal team working in Iraq, and has given the United States fly-over rights so that military planes can take equipment to Afghanistan.

An administration official, granted anonymity to talk about the meeting, said “the issue of democracy was raised” during the visit. The leaders later put out a joint statement in which they agreed to “reaffirm the importance of democratic development” in institutions such as an independent news media and free and fair elections.

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"They're moving in the right direction," the official said, "and we think that bringing them in close will give us greater prospects of expecting quicker progress."

Mr. Bush invited Mr. Nazarbayev to a small lunch rather than holding a state dinner — a sign that Kazakhstan's leader is working his way into the president's inner foreign policy circle, but is not all the way there.

Bush Hits Vacillating Critics Of Terror War (WT)

By Joseph Curl

The Washington Times, September 30, 2006

For the second straight day, President Bush yesterday took aim at Democrats who he said have flip-flopped on the global war against terrorism, and urged Americans to support his strategy and oppose "critics who change their positions."

"From the beginning, the American people have heard the critics say we're failing -- but their reasons keep changing," the president said in a speech.

"In the first days of Operation Enduring Freedom, the critics warned that we were heading toward a 'quagmire.' And then when the Taliban fell, and operations began in Iraq, the critics held up the multinational coalition in Afghanistan as a model, and said it showed that everything we were doing in Iraq was wrong.

"And now some of the critics who praised the multinational coalition we built in Afghanistan claim that the country is in danger of failing because we don't have enough American troops there."

Mr. Bush said to win the ideological struggle of the 21st century leaders need to change tactics to meet conditions on the ground -- not in response to the constantly changing positions of critics.

Democrats, however, rejected Mr. Bush's criticism.

"President Bush's election-year attacks are the product of a desperate White House with no credibility left with the American people," said Howard Dean, chairman of the Democratic National Committee.

House Minority Leader Nancy Pelosi, of California said, "It was yet another example of how he is in denial over what is happening in the war on terror."

But Mr. Bush quoted British Prime Minister Tony Blair when he said terrorism "is not our fault. You do not create terrorism by fighting terrorism."

"If that ever becomes the mind-set of the policy-makers in Washington, it means we'll go back to the old days of waiting to be attacked -- and then respond," Mr. Bush, apparently referring to former President Bill Clinton.

During his speech to the Reserve Officers Association that focused on U.S. efforts to spur Pakistan and Afghanistan toward greater freedom, the president acknowledged setbacks in both countries but called on Americans to be patient.

"The training of the Afghan police has not gone as smoothly as the army," Mr. Bush said, citing "corruption and substandard leadership." But he said, "We've made our concerns known ... When we see a problem, we adjust, we change."

The president, who met earlier in the week with Afghan President Hamid Karzai, also applauded NATO's decision this week to take over command of all peacekeeping operations in Afghanistan.

Mr. Bush also met last week in the White House with Pakistan's President Pervez Musharraf, who he praised yesterday for helping to hunt down terrorists along the remote Pakistani-Afghan border. Mr. Bush said a major offensive in five eastern Afghan provinces was putting the Taliban on the defensive.

Australian Premier Defends Troop Pullout From Afghanistan (WT/AFP)

The Washington Times/AFP, September 30, 2006

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SYDNEY, Australia -- Prime Minister John Howard this week defended his decision to withdraw special forces from Afghanistan during an increasingly bloody insurgency.

About 200 Special Air Services troops and commandos are expected to return to Australia soon after spending a year conducting operations in southern Afghanistan's Uruzgan province.

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Mr. Howard defended pulling out the troops at a time when the insurgency was intensifying and the commander of NATO's mission in Afghanistan, U.S. Marine Gen. James Jones, appealed for 2,000 more soldiers. The prime minister said it would be a mistake to put too much pressure on Australia's special forces.

"The design of our force commitment always was that special forces would be there for a period of time, and then there would be a replacement by other forces," he told reporters.

"We think the current force composition is right and we have to be careful that we don't ask our special forces to carry all of the burden all of the time.

"I think you have to be very careful you don't overburden those people with all of the responsibilities."

Australia is in the process of deploying a 400-member reconstruction team backed by infantry troops to work with a Dutch-led reconstruction task force in Uruzgan.

Foreign Minister Alexander Downer said he met with NATO officials in Brussels to discuss the situation in Afghanistan.

He said more troops would be desirable, but there was also scope for some European troops to remove conditions on their existing deployments so they could be reassigned from the relatively quiet north to hot spots elsewhere in the country.

"The real challenge is that a larger number of countries in Afghanistan need to abandon the sort of caveats there are on their involvement and be prepared to support the countries that are shouldering the burden in the south of the country," Mr. Downer told Australian Broadcasting Corporation.

"I focus particularly on Canada. They've had 36 soldiers killed and they've been doing an enormous amount of work in the south of the country. "We'd like to feel that some of the other countries in the north of Afghanistan would be prepared to come in and provide backup support when it was needed in the south."

Suicide Blast At Afghan Interior Ministry Kills 12 (LAT)

By Paul Watson

The Los Angeles Times, September 30, 2006

KABUL, Afghanistan — A suicide bomber strapped with explosives detonated in front of the Afghan Interior Ministry as staffers arrived for work today, killing at least 12 people and wounding 42.

The bomber blew up in a crowd of people passing through a security gate on a narrow dirt road just before 8 a.m. Emarai Basheri, an Interior Ministry spokesman, blamed the attack on "the enemies of the nation and peace in Afghanistan."

The Interior Ministry is in charge of Afghanistan's police, including units responsible for counter-terrorism and counter-narcotics operations.

Mohammed Saddiq, a local photographer, was taking pictures of a customer near the ministry when police started shouting and ran toward a person in the crowd.

"As soon as the Interior Ministry officers got close to him, he exploded," Saddiq said. "There was flesh and blood and bones of people all around the area. A lot of people have been killed."

Suicide bombers, once rare in Afghanistan, have carried out at least 50 attacks this year in the worst wave of insurgent violence since U.S.-led forces toppled the Taliban regime five years ago.

This month, the U.S. military said a suicide cell in Kabul, the Afghan capital, was targeting American and other international troops. The warning followed a suicide car bombing near the U.S. Embassy, which killed two American soldiers and 14 Afghan civilians. That was the worst such attack in Kabul since the fall of the Taliban.

Insurgent attacks began to surge early this year as the North Atlantic Treaty Organization gradually took over more responsibility for security in southern Afghanistan from U.S. forces. NATO is in now command of military operations in the south, where Taliban and allied fighters have fought fierce battles in recent weeks.

The alliance says it doesn't have enough troops in Afghanistan to fight insurgents, who have surprised commanders with their tenacity. NATO has asked its members, which include the U.S., to send an additional 2,500 soldiers, but so far, European nations have failed to meet that request.

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NATO announced this week that it would soon assume command from U.S. forces in eastern Afghanistan, where insurgent attacks are also on the rise following a treaty between Pakistan's government and Pashtun tribesmen in North Waziristan, on the Afghan border.

Under the treaty, the tribes are supposed to expel foreign fighters and end attacks in Afghanistan in exchange for a reduction in Pakistani security forces in the largely autonomous tribal areas.

During a recent visit to the U.S., Pakistani President Pervez Musharraf defended the treaty, arguing that it was the best solution, but Afghan and U.S. officials doubt it will prevent Taliban and allied militants from moving into Afghanistan.

Musharraf contends that Afghan President Hamid Karzai is to blame for the rising violence, which the Pakistani president calls a "popular uprising" by Pashtuns, Afghanistan's largest ethnic group, from which the Taliban were born.

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Special correspondent Wesal Zaman in Kabul contributed to this report.

U.S. Envoy Says Iraqi Premier Has Short Time To Quell Violence (WP)

By Amit R. Paley And Sudarsan Raghavan, Washington Post Staff Writers

The Washington Post, September 30, 2006

BAGHDAD, Sept. 29 -- The U.S. ambassador to Iraq warned on Friday that time is running out for Prime Minister Nouri al-Maliki to contain the burgeoning sectarian bloodshed that threatens to plunge the country into civil war.

"He has a window of a couple months," said the ambassador, Zalmay Khalilzad. "If the perception is that this unity government is not able to deal with this issue, then a big opportunity would have been lost and it would take a long time to address this issue."

His remarks, which came during a surge in reprisal killings across Baghdad, reinforced comments by several senior U.S. military officials this week that Maliki's government must move urgently to tackle the militias and death squads wreaking havoc across the country.

Unlike the military commanders, however, Khalilzad said he and President Bush still have full confidence in Maliki and were "cautiously optimistic" that his government has the political will to rein in the bloodletting.

In a wide-ranging 45-minute interview at the ambassador's residence, Khalilzad also acknowledged that the U.S.-led invasion in 2003 was partly responsible for the violence engulfing Iraq, creating a "moral responsibility" for the United States to remain in the country to help solve the Sunni-Shiite bloodletting.

"They need our help," he said. "These circumstances have, in part, to do with the fact that we came in here."

After months of accusing Iran of fomenting violence in Iraq, Khalilzad on Friday also accused Syria of destabilizing the country. He said the Syrian government had harbored insurgents and allowed them to pour across the border into Iraq, adding that Iraqi President Jalal Talabani recently raised concerns with Syrian officials. "It's an issue for both the Iraqis and us to deal with," Khalilzad said.

The ambassador said sectarian violence had replaced the insurgency as the single biggest threat facing Iraq and called on the government to disarm unauthorized militias. He cited two armed groups: the Mahdi Army, controlled by anti-American Shiite cleric Moqtada al-Sadr, and the Badr Organization, run by the Supreme Council for the Islamic Revolution in Iraq, a major Shiite party.

"They need to be brought under control," Khalilzad said. "They both need to be brought down."

Maliki's focus on political rather than military solutions to the militia problem has shown some signs of success, Khalilzad said, pointing to a recent statement by Sadr that "he wants only peaceful resistance and he doesn't want violence against the coalition."

"That's progress compared to where he was. . . . Now we want to see, on the ground, that actions are consistent with that," Khalilzad said.

Senior U.S. military commanders have recently raised serious concerns that Maliki's government is not moving quickly enough to control militias. That goal is complicated by the fact that the militias are controlled by major political parties that make up the fragile unity government.

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"There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government," said one of the officials, who spoke on condition of anonymity during a briefing this week for reporters. "And I think the time is short for them to deal with that over time because this can't go on like that."

On Friday, the top American commander in Iraq said in a statement that Maliki "is very capable and he's doing a good job in a tough environment."

"He has an awful lot of challenges facing him," said Gen. George W. Casey Jr., "and I do believe he is very much up to the task."

Khalilzad said he was satisfied with Maliki's pace in dealing with the militia issue and did not agree with the assessment of many Iraqis that the government is paralyzed.

"But you can always raise questions: Will it be done? Will it be done on time? Those are issues," he said. "Terrible things are happening. People are dying. Sectarian violence is there."

Last week, the top American commander for the Middle East, Gen. John P. Abizaid, said the military was unlikely to draw down the 140,000 troops in Iraq before next spring. Khalilzad declined to comment on specific troop levels or when the United States should withdraw. But he warned that a premature departure could make Iraq an even worse breeding ground for terrorists than Afghanistan was after the decade-long Soviet occupation ended.

"Abandoning Iraq, I think, would have the most serious potential negative consequences of al-Qaeda taking a part of Iraq," he said. Because Iraq is in the heart of the Middle East and has vast oil wealth, he said, terrorism could be fostered on a scale that would make the Afghanistan of the 1990s, where Osama bin Laden sought refuge, seem like "child's play."

Violence across Iraq claimed dozens of lives on Friday. At least 35 people were killed or found dead, police said, including the brother-in-law of the new chief judge in Saddam Hussein's genocide trial.

Late Friday night, the prime minister's office announced an immediate ban on vehicle and pedestrian traffic that was scheduled to last until early Sunday morning. No explanation was provided.

Top U.S. Commander Defends Iraq's Premier (LAT)

By Doug Smith And Peter Spiegel

The Los Angeles Times, September 30, 2006

Army Gen. George W. Casey Jr. says Nouri Maliki is up to the task and criticisms by senior officers don't reflect the working relationship.

BAGHDAD — The highest-ranking U.S. military officer in Iraq on Friday disavowed criticism leveled by several senior officers at Iraqi Prime Minister Nouri Maliki for failing to rein in Shiite militias.

Army Gen. George W. Casey Jr. said in a sharply written statement that Maliki was doing a good job in bad circumstances. "These unattributed comments do not reflect the close partnership between the government of Iraq … and Multi-National Force," he said.

The about-face came as violence continued to rack the capital. The brother-in-law of the judge presiding over former President Saddam Hussein's current trial was slain late Thursday, and authorities on Friday said the bodies of 61 victims of execution and assassination had been found the previous day.

During a briefing Wednesday, military officials who spoke on condition of anonymity voiced impatience with Maliki's Shiite-led government for being lax on the militias of radical Shiite cleric Muqtada Sadr. They said time was running out to curtail sectarian violence linked to Sadr's Al Mahdi militia.

Every day dozens of bodies, usually showing signs of torture, are dumped in the city. Sadr followers, who hold 30 of the parliament's 275 seats, say they are legitimately defending Shiites against the largely Sunni insurgency that plants bombs in parts of the capital almost daily.

The military officials said Maliki has stood in the way of plans to clear death squads from the sprawling Sadr City slum where Sadr's militia is based.

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Since beefing up its Baghdad force with 4,000 troops, the U.S. military has conducted only light patrols in Sadr City, while clamping down on other, mostly Sunni, areas with sweeps and raids targeting nearly 100,000 buildings.

A Defense Department official who has discussed the comments about Maliki with U.S. officials in Baghdad said Friday that there was no pressure from the Pentagon to back down. Instead, the official said, officers in Baghdad felt that media reports overstated the level of frustration with Maliki.

A senior Pentagon official directly involved in Iraq policy, who spoke on condition of anonymity because of the sensitivity of the issue, said the Bush administration still supported Maliki but felt the challenges he was facing were increasingly difficult.

"He is stronger than his predecessor, he is well positioned, he is a moderate Shiite, he is reaching out to the Sunnis, he is in the right place politically," the Pentagon official said. "We think he is a really good guy. But the security situation is daunting."

The official said the Pentagon was also watching closely how Maliki handled corruption in the Interior Ministry.

The ministry is widely believed to be under the control of officials loyal to a number of Shiite militias, even though the minister, Jawad Bolani, is thought to be independent of such groups.

"The new minister of Interior we think is a decent guy. He is an improvement on his predecessor. The problem is, beneath him the ministry is bad," said the Pentagon official. "Maliki will have to decide. There are rumors he will have to replace [Bolani]."

At the earlier briefing, military officials said that Maliki had refused to authorize full-scale sweeps of Sadr City and that the effort to control the death squads had been hobbled by lists of Sadr followers who couldn't be arrested without the government's approval.

Officials in Washington also have expressed frustration with the Iraqi government's inability to control the militias.

But in the statement released Friday, Casey praised Maliki as "a determined, courageous leader taking on some very difficult issues."

"He has an awful lot of challenges facing him, and I do believe he is very much up to the task," Casey said.

The statement ended on a note of soaring optimism, saying, "Iraqis are taking control of their streets and their future and will soon serve as a model for democracy and freedom in the Middle East."

An Army spokesman declined to elaborate, but he said the language was common in statements "primarily intended for an Arab audience."

Authorities reported Friday that gunmen had killed the brother-in-law of Hussein trial judge Mohammed Orabi Khalefa in Ghazaliya, one of nine Baghdad neighborhoods the U.S. Army has designated as being cleared of insurgents. The assailants opened fire on the car carrying Kadhum Abdul-Hussein and his 10-year-old son. The boy was injured in the attack.

Khalefa was appointed less than two weeks ago after his predecessor said in court that Hussein was not a dictator.

Though it was not clear that the attack was related to the trial, the proceedings have been marred by assassinations in the past. Three of Hussein's lawyers have been killed.

Early Friday a march coursed through Sadr City in memory of Abdula Karim Abdul Wahid, an official in the Sadr organization who was shot and killed by Iraqi troops on the road between Najaf and Sadr City on Thursday when his car failed to stop at a checkpoint.

In the afternoon, Sadr City rang with denunciations of the U.S. military as an imam speaking for Sadr used the first Friday prayer of Ramadan to respond to the calls for a crackdown. Imam Sheik Abdul Zahraa Asowaiidi accused the U.S. of trying to incite Sadr's followers, and castigated the Americans for the arrest last week in Najaf of Sheik Salah Ubaidi, one of the radical cleric's assistants.

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Commander: Iraq Insurgents Losing Ground (AP)

By Robert Burns

AP, September 30, 2006

DOJ_NMG_0071766

It is still possible to defeat the entrenched insurgency in Iraq's western Anbar province but probably not until U.S. troops leave, the American commander of forces in the provincial capital said Friday.

The insurgents are losing ground, and Iraqi security forces are gaining, said Army Col. Sean B. MacFarland, commander of 1st Brigade, 1st Armored Division. He also said his soldiers' goal is not to destroy the insurgency but to build up the Iraqi army and police to a point where they can fight the insurgents on their own.

In an interview with reporters at the Pentagon from his headquarters in Ramadi, the capital of Anbar province, MacFarland was asked if it would be fair to say his mission is not to actually win or to defeat the insurgency.

"I think so," he replied.

"You know, an insurgency is a very difficult thing to defeat in a finite period of time. It takes a lot of persistence — perseverance is the actual term that we like to use. Who knows how long this is going to actually last? But if we get the level of violence down to a point where the Iraqi security forces are more than capable of dealing with it, the insurgency's days will eventually come to an end. And they will come to an end at the hands of the Iraqis who, by definition, will always be perceived as more legitimate than an external force like our own."

He did not say point-blank that the insurgency could be defeated only if U.S. forces left, but he emphasized that the security force best suited to deal with anti-government elements eventually will be the Iraqi police.

His comments were the latest to suggest that progress this year against the insurgency has been spotty and that conditions are too fragile to permit any sizeable decrease in the U.S. military presence. Gen. John Abizaid, the commander of all U.S. forces in the Middle East, said last week it is unlikely that any troop reductions will be made until next spring at the earliest.

There are now 141,000 U.S. troops in Iraq, 30,000 of them in Anbar province.

MacFarland described himself as optimistic but acknowledged there are reasons to see the situation in Anbar as grim. He was asked about an apparent disconnect between the often-upbeat assessments of Iraq offered by U.S. commanders and the more negative impressions conveyed by the American news media.

"It all depends on if you're a glass-half-empty or a glass-half-full kind of a person," he said. "Right now, you know, the glass is maybe three-quarters empty, a quarter full. But we're pouring more water in all the time."

MacFarland's brigade is fighting in Ramadi, a predominantly Sunni Arab city of about 400,000 people where the insurgency has become so entrenched and feared by residents that the city has no Iraqi mayor. Recently, he said, the tide has begun to turn against al-Qaida in Iraq, the insurgent group comprised mainly of Iraqis.

"It's a situation that's beginning to spiral in our favor," he said.

Local Sunni tribal leaders are increasingly coming forward to side with the Iraqi security forces against al-Qaida, he said. "I think al-Qaida has been pushed up against the ropes by this," MacFarland said, suggesting that some intimidation tactics have grown less effective.

MacFarland painted a largely upbeat picture of the battle for Ramadi. He said attacks against U.S. and Iraqi forces have dropped from about 20 per day to about 15 per day in the last couple of months, and the attacks have become less effective.

He would not discuss casualty trends in his brigade, saying that would assist the insurgents by telling them how effective they have been. This month alone, the Pentagon has announced that five soldiers from MacFarland's brigade were killed in action in Ramadi, four by roadside bombs, the other by small arms fire.

On Monday the Pentagon announced that MacFarland's brigade has been ordered to remain in Anbar for 46 days beyond its previously scheduled departure in mid-January. That means the nearly 4,000 soldiers there will exceed the 12-month tour of duty that the Army has said should be the maximum for all units in Iraq.

MacFarland described his soldiers as disappointed but greeting the news "with a collective shrug."

Iraqi Journalists Add Laws To List Of Dangers (NYT)

By Paul Von Zielbauer

The New York Times, September 29, 2006

BAGHDAD — Ahmed al-Karbouli, a reporter for Baghdadiya TV in the violent city of Ramadi, did his best to ignore the death threats, right up until six armed men drilled him with bullets after midday prayers.

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He was the fourth journalist killed in Iraq in September alone, out of a total of more than 130 since the 2003 invasion, the vast majority of them Iraqis. But these days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too.

Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year.

Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who "publicly insults" the government or public officials subject to up to seven years in prison.

On Sept. 7, the police sealed the offices of Al Arabiya, a Dubai-based satellite news channel, for what the government said was inflammatory reporting. And the Committee to Protect Journalists says that at least three Iraqi journalists have served time in prison for writing articles deemed criminally offensive.

The office of Prime Minister Nuri Kamal al-Maliki has lately refused to speak with news organizations that report on sectarian violence in ways that the government considers inflammatory; some outlets have been shut down.

In addition to coping with government pressures, dozens of Iraqi journalists have been kidnapped by criminal gangs or detained by the American military, on suspicion that they are helping Sunni insurgents or Shiite militias. One, Bilal Hussein, who photographed insurgents in Anbar Province for The Associated Press, has been in American custody without charges since April.

And all Iraqi journalists have to live with the fear of death, which often dictates extreme security measures. Abdel Karim Hamadie, the news manager for Al Iraqiya Television, said he sometimes went months without leaving the station's compound.

"The last time I went home was three weeks ago," he said, showing off a small room adjacent to his office where he sleeps each night. "Before that, I spent three months at work. I used to hit my chair because I was so angry. But then I got a new chair."

American diplomats here say they admire the dedication of Iraqi reporters in covering the war and the government's efforts to create a democracy.

"Journalists here work under very, very difficult conditions," said a United States Embassy official, who spoke on condition of anonymity. "They are taking fire from every direction. They've got the defamation law hanging over their heads. They've got their political opponents gunning for them. They are trying very hard, and we want to encourage them."

Under Mr. Hussein, reporters and editors were licensed and carefully watched. Even typewriters had to be registered with the government. During that time, some reporters got by on the conviction that their articles, about the government's glorious new water projects or certain victory in the war with Iran, were at least patriotic.

"I never praised Saddam himself, never," said Shihab al-Tamimi, 73, who runs the Iraqi Journalists Union from a battered old mansion here. "But I praised the project, for the good of the country."

Now, Iraqi journalists still operate with considerable freedoms, at least compared with those in Saudi Arabia and other neighboring countries, and many Iraqis have achieved a new level of professionalism by working closely with Western journalists. So despite the growing government pressure, the news media have become increasingly aggressive.

Ethical boundaries, though, often remain murky. It was disclosed last year that the Lincoln Group, an American public relations firm hired by the Pentagon, paid Iraqi news outlets to print positive articles on the American presence here and provided stipends to Iraqi journalists in exchange for favorable treatment.

Even though the Iraqi news media have made strides, the journalists themselves are being killed at an extraordinary rate.

Since the Iraq war began, more than 130 journalists — most of them Iraqi — have been fatally shot, beaten or tortured to death, according to the Journalistic Freedoms Observatory, the most prominent domestic advocacy group for journalists to emerge since the invasion. (The Committee to Protect Journalists, which requires more evidence to verify reported killings, lists 79 journalists and 28 news workers.)

Most of the victims — reporters, photographers and editors — were working for local newspapers and television stations.

"Don't be surprised if you wake up one day to find that I have also been killed," said Habib al-Sadr, the chief executive of the government-financed Iraqi Media Network, the nation's largest media organization. In the network's office lobby, a display case

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holds the photographs of 13 reporters and editors killed on the job since 2003, including Amjad Hameed, the head of the network's television channel, Al Iraqiya.

"The road to democracy is not smoothly paved," Mr. Sadr said during a recent interview in his office, cigarette smoke curling around his face. "It is filled with bombs."

Despite the danger, Falah al-Mishaal, the editor of Al Sabah, the government-run newspaper in Baghdad, said he enjoyed his job now because he felt like a real journalist.

"Now, we are free," he said in an interview in late July. "We can write whatever we want."

Three weeks after the interview, a man drove a minibus filled with explosives into Al Sabah's rear parking lot and blew it up, killing two people and wounding 20 others.

September has been particularly deadly for journalists.

Safa Ismael Enad, a freelance news photographer, was buying film at his favorite print shop in eastern Baghdad on Sept. 13 when two men with guns walked in, fired two shots into his chest and dragged his bleeding body away.

Three days earlier, gunmen blocked Abdul-Kareem al-Rubaie, a designer for Al Sabah, as he traveled to work one sunny morning, and they shot him through the windshield. Last month, Mohammad Abbas Mohammad, a newspaper editor, was shot to death in western Baghdad, and Ismail Amin Ali, a blunt-spoken columnist, was killed on the street across town on the same day.

The disdain for truly free expression cuts across sectarian lines. The men who killed Mr. Karbouli after warning him to stop his critical reporting on the insurgency were almost certainly Sunni. The former governor of Wasit Province, and the judges and police officials who brought charges against the three journalists for questioning their ethics, were all Shiites.

In April, Mastura Mahmood, a young journalist for the women's weekly paper Rewan, was charged with defamation for an article that quoted an anti-government demonstrator in Halabja comparing the Iraqi police there with the Baathists who once ran the country. She was arrested and then released on bail.

In May, a court in Sulaimaniya, in Iraq's autonomous Kurdish region, sentenced two journalists, Twana Osman and Asos Hardi, to six-month suspended jail terms for an article claiming that a Kurdish official had two telephone company employees fired after they cut his phone service for failing to pay his bill.

"These cases show that Iraqi officials are quick to use the same kinds of onerous legal tools as their neighbors to punish outspoken media," said Joel Campagna, the Middle East program director for the Committee to Protect Journalists.

Last month, more than 70 news organizations signed a nine-point pledge supporting the national reconciliation plan of Prime Minister Maliki, promising not to use inflammatory statements or images of people killed in attacks, and vowing to "disseminate news in a way that harmonizes with Iraq's interests." Days later, the police barred journalists from photographing corpses at the scenes of bombings and mortar attacks. Since then, policemen have smashed several photographers' cameras and digital memory cards.

At Al Arabiya, the Baghdad station shuttered by the Iraqi authorities earlier this month, the studio door handle is sealed in red wax and bound in police tape. (The door is adorned with a photo of Atwar Bahjat, who was kidnapped, tortured and killed in Samarra in February while reporting on the bombing of a Shiite shrine.)

Some news executives express support for Al Arabiya's closing.

"It is the right of the Iraqi government, as it combats terrorism, to silence any voice that tries to harm the national unity," said Mr. Sadr, of the Iraqi Media Network.

Muqtada Al Sadr Orders Followers To Put Down Their Weapons (MCT)

By Nancy A. Youssef

McClatchy Newspapers, September 30, 2006

BAGHDAD, Iraq - Muqtada al Sadr, the firebrand Shiite Muslim cleric whose Mahdi Army is arguably Iraq's most powerful armed group, has ordered his followers to put down their weapons temporarily, three of his aides told McClatchy Newspapers on Friday.

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Analysts differed on the significance of the directive, which Sadr delivered in secret to his commanders two weeks ago in the southern city of Kufa. Some saw it as Sadr's way of distancing himself from rising sectarian violence, most of which has been blamed on his followers.

Others said the order was little more than an effort by Sadr to head off an offensive by American and Iraqi forces against his militia, which increasingly is seen as a shadow sectarian security force. Controlling many of Iraq's larger cities, the Mahdi Army uses its political hold on several government ministries to win new supporters.

"The American and the Iraqi governments are starting to feel how powerful he is getting. It's obvious that both of them are fed up," said Mithal Alusi, a secular Shiite member of parliament. "That's why the Sadrists are playing a tactical game: to quiet the attacks and buy time."

Whichever view is correct, Sadr's directives suggest that his organization is feeling pressure to curb the violence between Shiites and their Sunni Muslim rivals. U.S. officials have blamed Sadr for much of the killing and have pledged to move against his forces.

Iraqi army troops clashed with Mahdi Army members last month in Diwaniya, and tensions have been rising with U.S. troops, who earlier this month detained Sadr supporters meeting in Najaf. American troops fought pitched battles with Sadr's forces twice in 2004. Both times, Sadr's forces took heavy casualties but the cleric survived, and his militia grew stronger.

Now many think the Mahdi Army controls security in much of Iraq through death squads and its infiltration and intimidation of Iraqi security forces. Sadr's political supporters are influential with Prime Minister Nouri al Maliki, who won his post through the backing of Sadr, who controls the largest voting bloc in the parliament.

Analysts also think that Sadr is having trouble controlling his organization. Some militant members have criticized him for joining the political process last year, accusing him of straying from his pledge to reject the American-created government and rid Iraq of foreign forces. A senior U.S. military official said earlier this week that at least six former Mahdi Army leaders no longer answered to Sadr.

Those leaders now are members of rival groups that are competing for power, popularity and funding from the same sources as Sadr.

"What you do see over time is that you'll see guys, who, for whatever reason, become motivated to become more militant, and the militant elements find the political framework confining," the U.S. military official said, speaking only on condition of anonymity because he was giving confidential information. "I'll tell you as time goes on, you're going to continue to see elements break off the organization and become sort of these semi-independent or independent players, but none of them remain independent for long. They all find a sponsor."

Regaining control may be one reason that Sadr issued his four-point mandate orally to his commanders. According to three top Sadr aides, who agreed to discuss the meeting only if they weren't identified because it had been secret, Sadr told the commanders to:

-Reduce the size of units to 75 fighters from as many as 400, to make the units more manageable.

-Issue new identification cards to Mahdi Army members to replace IDs that have been forged.

-Send every member to an orientation course that would outline the group's mission.

-Lay down weapons temporarily.

The last directive is intended to flush out armed groups who say they're part of the Mahdi Army but in fact don't answer to Sadr. No armed operation is to be undertaken, the aides said, without Sadr's permission.

"As long as we don't have orders, we can't do anything. The Mahdi Army will be known as only fighting the Americans," a top Mahdi Army leader in Kufa said Friday.

It remains to be seen whether Sadr's directive will be followed.

There's been no drop in sectarian killings in the days since Sadr supposedly issued his orders.

Clerics aligned with him offered little moderation in their sermons Friday.

In remarks aimed at Prime Minister Maliki on Friday, Sheik Mouad al Khazraji, a Sadr supporter, told worshippers: "The arms that fight the tyrants are still alive. The weapons, which helped you become prime minister, are still full with powder and we are ready to teach you and your master" - referring to the Americans - "a lesson in endurance. Our patience has limits."

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Iraqi Linked To Sunni Bloc Is Held In Plot, Military Says (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, September 30, 2006

BAGHDAD, Sept. 29 — American forces detained an Iraqi working for one of Iraq's most prominent Sunni Arab political leaders on Friday on suspicion that the man was helping to plan a multiple-car suicide bombing inside the Green Zone, the military said.

Shortly after Iraqi television channels began Friday night to broadcast news of the detention, the Iraqi prime minister's office took the unusual step of banning all vehicle and pedestrian traffic in Baghdad until Sunday morning.

The government declined to give a reason for the curfew and did not say whether it was linked to the detention. Authorities had never before banned walking in Baghdad, and the order may indicate fears that Sunni radicals might respond violently.

The military did not identify the man it detained, but said he had been at a compound near the house of Adnan al-Dulaimi, leader of the Iraqi Consensus Front, the largest bloc of Sunni parties in Iraq, which holds about a sixth of the seats in Parliament.

Mr. Dulaimi confirmed that one of his guards was taken Friday, but he said he did not know the reason.

"Credible intelligence indicates that the individual and seven members of his cell were in the final stages of launching a series of vehicle-borne improvised device attacks inside the international zone, possibly involving suicide vests," a military spokesman said.

Mr. Dulaimi identified the man as Khodar Farhan Ghargan. He said the raid of his compound was the third by American troops. He denied Iraqi television reports that troops had also found bomb-making equipment.

"They told me that they wanted some information about one of my guys," Mr. Dulaimi said. "They searched all the bedrooms of the guards. They found nothing."

News of the detention was likely to embarrass Sunni Arab political leaders, who have long dismissed accusations among rival Shiites that their guards and staff belong to the insurgency.

Mr. Dulaimi, a hard-line Sunni, has long been at the center of the Sunni political elite, helping to found the largest bloc of Sunni parties and then acting as its leader. He was nominated but not chosen as speaker of Parliament this spring.

Also on Friday, Iraqi authorities announced the killing of the brother-in-law of the judge who is presiding over the trial of Saddam Hussein. It was not clear whether the shooting was sectarian in nature or tied to the family's relation to the judge.

Iraqi Police Cited In Abuses May Lose Aid (NYT)

By Richard A. Oppel Jr.

The New York Times, September 30, 2006

BAGHDAD, Sept. 29 — American officials have warned Iraqi leaders that they might have to curtail aid to the Interior Ministry police because of a United States law that prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice.

The Interior Ministry, dominated by Shiites, has long been accused by Sunni Arabs of complicity in torture and killings.

The American ambassador to Iraq, Zalmay Khalilzad, said in an interview on Friday that "at this point" Iraq had not been formally notified that its national police were in violation of the legislation, known as the Leahy Law. He said he remained optimistic that Iraqi officials would "do the right thing" and resolve the matter. Nonetheless, he said American officials had begun reviewing programs that might have to be ended.

The issue centers on one of the most sensitive subjects within the Iraqi government: the joint Iraqi-American inspection in May and subsequent investigation of a prison in eastern Baghdad known as Site 4.

Within the prison there was clear evidence of systematic abuse and torture, including victims who had "lesions resulting from torture" as well as "equipment used for this purpose," according to a human rights report later published by the United Nations mission in Iraq.

The prison, run by an Interior Ministry national police unit, had more than 1,400 prisoners crowded into a small area. An American officer said some had been beaten or bound and hung by their arms. At least 37 teenagers or children were in the prison.

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In another sign of Iraq's security problems, the Iraqi government late on Friday banned all vehicle and pedestrian traffic in Baghdad until Sunday. No reason was given, but the decision followed news that the United States military had arrested an Iraqi employee of a leading Sunni politician on suspicion that he was helping to plan an attack inside the Green Zone. [Page A6.]

The controversy over Site 4 has become emblematic of the problem of militia members infiltrating the Interior Ministry's security forces and fears that Iraqi leaders are unwilling to take action against rogue groups.

A number of high-ranking officials have been implicated, including one division commander, an American official said. According to United Nations officials, as many as 52 arrest warrants have been issued, though none have been carried out. And shortly after the Site 4 inspection, the government stopped allowing joint Iraqi-American prison inspections.

American officials have long warned about the dangers of militia influence, and had hoped the new government of Prime Minister Nuri Kamal al-Maliki would crack down on the groups.

Lately, though, senior American military officials have been voicing increasing concerns about the government's reluctance to take action against militia members. One senior American military official acknowledged last week, "There's a political piece to this to see if they deal with these guys."

The Leahy Law, named for its author, Senator Patrick Leahy, Democrat of Vermont, requires that assistance to foreign military and police forces stop if the secretary of state has "credible evidence" implicating them in human rights abuses — unless effective measures are taken to bring offenders to justice. The law covers money in the foreign operations budget and Defense Department training programs.

"There is abundant evidence that Iraqi government forces are committing atrocities with impunity, yet the Pentagon has refused to even report on its procedures for monitoring U.S. aid to these forces," Mr. Leahy said through an aide on Friday night. "Their controls on the weapons we provide have been lax to nonexistent, and so has been their adherence to the law. This avoids accountability, it taints us to be connected to these abuses, and it needs to change."

In an interview, Mr. Khalilzad said that the Site 4 investigation was continuing and that he had discussed it several times recently with the new Iraqi interior minister, Jawad al-Bolani.

"There is a Leahy Law that affects support if the terms of the law are not observed and implemented, and he has assured us that he will do so," Mr. Khalilzad said. "And we are still in discussions with him." Mr. Khalilzad did not specify how long Iraqi leaders have to take action.

In the past, Western officials in Baghdad have described Mr. Bolani, a Shiite engineer, as committed to removing militia members and other offenders from the ministry. But they have also said his independence from Shiite political parties — the very thing that won him support for the job from a wide range of political parties — also meant that he had little muscle to dislodge politically connected officials.

Mr. Bolani has expressed a willingness to take action on the Site 4 abuses even without pressure from the United States, Mr. Khalilzad said, and he emphasized that American officials had not "threatened" him over the issue.

"He wants to do the right thing," he said. "Not because of us, but because that's what Iraqi law would require him to do as well. That's a much better reason for him to do the right thing than for the U.S. pressing him or the U.S. threatening with some sort of a sanction."

However, the ambassador also said American officials were examining what programs might be cut if the law were applied. "We're looking at the potential implications of that, what will be affected, what won't be affected," he said.

One reason Mr. Bolani has not taken action in the Site 4 case is that he has not received written confirmation that indictments have been handed up, Mr. Khalilzad said. He said he believed that the number of Interior Ministry officials involved might be closer to a dozen than to the 52 cited by the United Nations. A senior American official said he understood that indictments had been issued.

In an interview on Friday night, Brig. Abdul Karim Khalaf, an Interior Ministry spokesman, did not directly address whether the ministry was at risk of losing American aid. He said allegations that ministry officials were involved in torture were overblown.

But United Nations officials, who have repeatedly called attention to Site 4, warn that the failure to bring those accused of abuse to justice risks fueling sectarian violence by leading the Iraqi people to believe that militiamen and government employees are exempt from the rule of law.

"It can further the violence and counterviolence and revenge killings, because people may seek justice outside the judicial system," said Gianni Magazzeni, chief of the United Nations human rights office in Iraq. "Any action against impunity would be a step in the right direction."

In recent interviews, senior American military officials have said time is growing short for Iraqi leaders to take action against militias and corrupt officials, who they say are diverting money from the ministries to political parties.

In a statement on Friday, the commander of United States forces in Iraq, Gen. George W. Casey Jr., distanced himself from such comments, which he said "do not reflect the close partnership" between the American military and Iraqi leaders. General Casey described Prime Minister Maliki as a "determined, courageous leader" who is "doing a good job in a tough environment."

Al-Zawahri: Bush A Liar In War On Terror (AP)

By Bassem Mroue, Associated Press Writer

AP, September 30, 2006

Al-Qaida No. 2 Ayman al-Zawahri called President Bush a failure and a liar in the war on terror in a video statement released Friday, and he compared Pope Benedict XVI to the 11th century pontiff who launched the First Crusade.

"Can't you be honest at least once in your life, and admit that you are a deceitful liar who intentionally deceived your nation when you drove them to war in Iraq?" Osama bin Laden's deputy said, appearing in front of a standing lamp and a small, decorative cannon.

Al-Zawahri also criticized Bush for continuing to imprison al-Qaida leaders in prisons, including al-Qaida No. 3 Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind who was captured in Pakistan in March 2003.

"Bush, you deceitful charlatan, 3 1/2 years have passed since your capture of Khalid Sheikh Mohammed, so how have you found us during this time? Losing and surrendering? Or are we launching attacks with God's help and becoming martyrs?" he said.

"What you have perpetrated against Khalid Sheikh Mohammed and the other Muslim captives in your prisons and the prisons of your slaves in Egypt, Jordan, Pakistan and elsewhere is not hidden from anyone, and we are a people who do not sleep under oppression and who do not abandon our revenge until our chests have been healed of those who have committed aggression against us," he said.

"And we, by the grace of Allah, are seeking to exact revenge on behalf of Islam and Muslims from you and your soldiers and allies."

Al-Zawahri accused the United States and its agents of torturing Muslim prisoners seized across the Middle East.

"Your agents in the Arabian Peninsula, Yemen, Egypt, Jordan, Iraq, Pakistan and Afghanistan have captured thousands of the youth and soldiers of Islam whom you made to taste at your hands and the hands of your agents various types of punishment and torture," al-Zawahri said.

Ben Venzke, head of the Virginia-based IntelCenter, which monitors terrorism communications, said al-Zawahri essentially gave al-Qaida's spin on the arrests and detentions of its leaders.

"They are countering arguments that individuals have been able to provide useful information," he said. "And they are continuing to reinforce their intentions for revenge."

Al-Zawahri said Benedict is reminiscent of Pope Urban II, who in 1095 ordered the First Crusade to establish Christian control in the Holy Land.

"This charlatan Benedict brings back to our memories the speech of his predecessor charlatan Urban II in the 11th century ... in which he instigated Europeans to fight Muslims and launch the Crusades because he (Urban) claimed 'atheist Muslims, the enemies of Christ' are attacking the tomb of Jesus Christ, peace be upon him," al-Zawahri said.

Al-Zawahri's remarks about Benedict were a clear response to the pontiff's comments this month that sparked outrage across the Muslim world. In that speech, Benedict cited a Byzantine emperor who characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith."

"If Benedict attacked us, we will respond to his insults with good things. We will call upon him and all of the Christians to become Muslims who do not recognize the Trinity or the crucifixion," al-Zawahri said.

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Al-Zawahri also called a U.N. resolution to send peacekeepers into Sudan's war-torn Darfur region a "Crusader plan" and implored the Muslims of Darfur to defend themselves.

"There is a Crusader plan to send Crusaders forces to Darfur that is about to become a new field of the Crusades war. Oh, nation of Islam, rise up to defend your land from the Crusaders aggression who are coming wearing United Nations masks," he said. "No one will defend you (Darfur) but a popular holy war."

The nearly 18-minute statement, titled "Bush, the Pope, Darfur and the Crusades," was produced by al-Qaida's media arm, as-Sahab, and made available by the IntelCenter. An initial segment shows al-Zawahri in an office-type setting, while in the second part he is in front of a brown backdrop. The first segment also has English subtitles.

After conducting a technical analysis of the videotape, the CIA concluded "with confidence" that the speaker is in fact Ayman al-Zawahri, said a CIA spokesperson who spoke on condition of anonymity

An intelligence official, who also spoke on condition of anonymity, said U.S. experts view the latest video as a typical propaganda message, whose main thrust is a call for more people to join the jihad, or holy war.

It wasn't immediately clear when the message was recorded, the official said, but al-Zawahri's reference to the pope indicated the message was produced sometime after Benedict's Sept. 12 comments about Islam.

Al-Qaida has released a string of videos to coincide with the fifth anniversary of the Sept. 11 attacks, showing increasingly sophisticated production techniques in a likely effort to demonstrate that it remains a powerful, confident force despite the U.S.-led war on terror.

The IntelCenter said Friday's video was the 48th released by the al-Qaida Web site this year, three times more than last year's number — which had been the highest. It said al-Zawahri has appeared in 14 of the 2006 videos.

Congress Approves $70 Billion For Wars In Iraq, Afghanistan (WP)

By Ann Scott Tyson

The Washington Post, September 30, 2006

Congress yesterday authorized an additional $70 billion in emergency funds to pay for the wars in Iraq and Afghanistan through early next year, including nearly $24 billion for the Army and Marine Corps to repair and replace worn-out equipment.

The new funding provides more than $2 billion for the military's efforts to defeat the road bombs, or "improvised explosive devices," that are the leading cause of deaths among U.S. troops in Iraq.

Senate and House conferees also agreed yesterday on $463 billion in overall defense spending for fiscal 2007, a 3.6 percent increase over 2006. To ease the strain on U.S. ground forces, the conference report called for an increase of 30,000 soldiers and 5,000 Marines in 2007, with additional increases authorized through 2009.

The new funding brings to $507 billion the total amount authorized by Congress for the wars in Iraq and Afghanistan, as well as for extra security for military bases and embassies, since the Sept. 11, 2001, terrorist attacks.

Rising sectarian and insurgent violence is delaying troop cuts until well into next year, and U.S. commanders are increasingly asserting that military power alone is not sufficient to stabilize Iraq.

Yesterday, one U.S. commander in Iraq's volatile Anbar province said the job of American forces in his region is not to defeat the insurgency but to drive the violence down to a point at which it can be handled by Iraqi forces.

"Who knows how long this [insurgency] is going to actually last?" said Army Col. Sean MacFarland, who oversees thousands of U.S. and Iraqi troops fighting in Anbar's troubled capital, Ramadi. "But if we get the level of violence down to a point where the Iraqi security forces are more than capable of dealing with it, the insurgency's days will eventually come to an end. And they'll come to an end at the hands of the Iraqis," he said in a videoconference with reporters.

There are about 142,000 U.S. troops in Iraq and more than 20,000 in Afghanistan, and military officials say those levels will be necessary through next spring. Earlier this year, commanders had thought that those numbers would be lower by several thousand by now.

The higher-than-anticipated troop levels are further straining U.S. ground forces, as the Pentagon has had to keep thousands of soldiers in Iraq beyond the standard year-long tour. This week, the Pentagon extended for more than six weeks the tours of nearly 4,000 soldiers in MacFarland's unit, the 1st Brigade of the 1st Armored Division.

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The extension will allow an incoming brigade from the Army's 3rd Infantry Division to have a full year at home before deploying back to Iraq for the third time.

MacFarland said attacks have decreased 25 percent in Ramadi recently, falling from about 20 to about 15 a day, as local tribes have thrown their support behind Iraqi police recruiting efforts. However, he declined to say what impact this decline in attacks was having on U.S. troop casualties in Ramadi, where dozens of soldiers and Marines have died since the beginning of summer.

Senior Pentagon officials have stated emphatically that the U.S. military alone cannot win the war in Iraq, and that political and economic progress is vital to success there. In Anbar province, for example, a Marine intelligence report concluded last month that U.S. forces there faced a military stalemate as insurgents took advantage of weaknesses in the local government and economy. MacFarland acknowledged such problems in Ramadi, where there is no mayor or effective municipal council.

Separately, a senior Pentagon official faulted the U.S. effort in Iraq yesterday, saying that authorities are "struggling" to coordinate various projects and operations there.

"We don't sufficiently have unity of effort yet," said Eric S. Edelman, the undersecretary of defense for policy. Speaking at a State Department conference on how the U.S. government should better conduct counterinsurgency campaigns, he added that he believes it would "take an ongoing adaptive effort" to do better. Specifically, he said, he would like to see more coordination of reconstruction work with military operations.

After Edelman spoke, Meghan O'Sullivan, the deputy national security adviser for Iraqi affairs, stood to say that "the White House sees this as a conference of consequence. We really are in need of new tools."

Some experts on counterinsurgency have criticized the U.S. effort in Iraq for violating the military principle of unity of command, which posits that one person should be in charge of any overall effort. The U.S. presence in Iraq has always been divided, with separate chains of command for the military and for civilians.

Officials from the Pentagon and the State Department said after the Edelman speech that they were not aware of any plans to restructure the U.S. presence in Iraq to create a unified chain of command for the military and civilians.

Staff writer Thomas E. Ricks contributed to this report.

Record Defense-Spending Plan Of $447.6 Billion Goes To Bush (WSJ)

By DAVID ROGERS And SARAH LUECK

The Wall Street Journal, September 30, 2006

WASHINGTON -- Congress sent a $447.6 billion Pentagon budget to President Bush, as lawmakers sought to clear the path for homeland and port bills tailored to burnish Republican security credentials going into November's midterm elections.

The record Pentagon measure is laden with emergency funds to restore the readiness levels and equipment of Marine and Army units worn down by the war in Iraq. The $34.8 billion Homeland Security budget also relies on emergency funds to tighten border security in the wake of Congress's failure to pass comprehensive legislation to address illegal immigration. The Senate also was expected to approve a House-passed bill authorizing, but not paying for, 700 miles of fence along the U.S.-Mexico border.

Anxious to go home this weekend to campaign for the midterm elections, lawmakers were scrambling to complete negotiations on a bill addressing port security. Labor unions appeared to have successfully softened restrictions targeted at longshoremen with criminal records. Rail and transit security provisions were largely dropped to expedite matters, but attempts were being made to attach restrictions on Internet gambling.

WASHINGTON WIRE

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The White House and top Republicans were frustrated in their effort to add a provision shielding telephone companies from privacy lawsuits because they shared their customers' records with the government as part of the Bush administration's warrantless wiretap program. The provision had the support of Senate Commerce Committee Chairman Ted Stevens (R.,

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Alaska), and active help from Vice President Dick Cheney and the office of House Speaker Dennis Hastert (R., Ill.). But Senate Democratic Leader Harry Reid of Nevada raised objections and Sen. Susan Collins (R., Maine), chairwoman of the Senate homeland committee, was leery of adding the provision to the port bill at this time.

"I do believe as chairman of Commerce, that the entities that cooperated with our government -- particularly in the period of extreme stress that they did it following 9/11 -- deserve to have immunity from suit for having complied with the request from the government," said Mr. Stevens. He said William Barr, executive vice president and general counsel for Verizon Communications Inc., had raised the issue with him.

In recessing this weekend, Congress is leaving behind a huge backlog of work at a time when public-opinion polls show voters are unhappy with lawmakers' performance. Republicans and the White House have sought to emphasize security issues this fall, but the result has been to postpone final action on major education and domestic-spending bills. Even an effort to salvage bipartisan legislation to encourage greater use of health-information technology has been stymied by fighting among Republicans. Barring a major turnaround, the House expected no agreement with the Senate on a bill to encourage offshore oil-and-gas exploration.

The greatest activity on the domestic front has been on social issues. An effort that anti-abortion groups called a "do-or-die vote" was headed for failure in the Senate. The House-passed measure was designed to prevent minors from getting around states' parental-notification laws by traveling to other states for abortions. The House passed legislation making it easier for property owners to challenge zoning decisions in federal court, bypassing state courts.

More than any issue, perhaps, Iraq hangs over the political landscape. But despite the divide over the war, the Pentagon budget cleared the Senate easily Friday morning, bringing the total U.S. commitment since the war began in 2003 to $379 billion, according to updated estimates by the Congressional Research Service. From an historic standpoint, overall defense outlays in the fiscal year beginning Oct. 1 are projected to surpass -- in real dollars -- defense spending at the height of the Vietnam War in 1968.

The added $70 billion in emergency funds will finance U.S. military operations in Iraq and Afghanistan. But under pressure from the Army and Marines, an estimated $23 billion would be set aside to help the services begin to rebuild units strained by the war. The Army has had to struggle just to meet its payroll at the end of the fiscal year.

Congress OKs Funds For War, Detainee Trials (WT)

By Charles Hurt And Amy Fagan

The Washington Times, September 30, 2006

Congress approved a series of war-related measures yesterday, including $70 billion more for military operations in Iraq and Afghanistan and a plan for trying detainees in the war on terrorism.

The United States is "safer, stronger and more prosperous" because of the legislation, congressional Republicans told reporters before leaving town to campaign for November's midterm elections.

The Senate failed, however, to provide President Bush with the authority he wants to continue a wiretapping program that allows listening to international communications between suspected terrorists without a court order. That legislation was never taken up after House Republicans approved the measure earlier in the week.

Republicans focused instead on the passage of other security-related bills.

"The war against terror has been given incalculable support thanks to the recent enactment of legislation to clarify America's authority to hold and try enemy terrorists," House Speaker J. Dennis Hastert, Illinois Republican, said yesterday. "We have begun the process of securing our national borders and bringing our immigration system back under control, with three major border security bills passed in recent weeks."

With yesterday's 250-170 vote in the House, the terror-detainee legislation can be sent directly to Mr. Bush for his signature.

The Senate yesterday unanimously cleared the military funding bill, providing $448 billion to the Defense Department, including a 2.2 percent pay raise for military personnel.

Since lawmakers failed to pass the bulk of the annual spending bills, however, they included language in the defense bill that funds the rest of the government agencies through Nov. 17.

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The House voted 412-6 for a $34.8 billion spending bill to fund the Department of Homeland Security, and the Senate later followed suit, clearing it by voice vote. The measure includes $21.3 billion for border protection and immigration enforcement. It will help pay for 1,500 new Border Patrol agents, border fencing, vehicles and technology, and 6,700 new detention beds for illegal aliens.

Final legislation to bolster the nation's port security programs in order to prevent terrorist attacks was heading toward passage in the House last night. The Senate earlier OK'd a motion that will automatically approve the bill once the House passes it.

Republicans included in the ports legislation a provision that cracks down on Internet gambling by banning credit card companies from processing these transactions.

The House also voted 398-23 to approve a massive defense authorization bill, but the Senate had not passed a measure by late last night. Besides laying out a military budget, the bill would have rolled back recent Navy and Air Force rules that House Republicans say wrongly pressure military chaplains to pray vague public prayers instead of praying in Jesus' name or using other specifics of their faiths.

Conservatives received another disappointment late last night when most Senate Democrats and a handful of Republicans blocked final approval of House-passed legislation that would have punished anyone who skirts a state's parental involvement law by taking a pregnant minor to another state to obtain an abortion without her parents' knowledge. The measure, which fell short of the 60 votes it needed, also would have punished doctors who perform abortions on out-of-state minors without first contacting at least one of the parents.

Meanwhile, Senate and House Democrats held separate press conferences yesterday to criticize Republicans and Mr. Bush for refusing to acknowledge that the war in Iraq has encouraged terrorism and made America less safe. They cited the much-discussed April National Intelligence Estimate and Washington Post editor Bob Woodward's new book, "State of Denial," which strongly criticizes the administration.

"He has become Mr. Rosy Scenario," House Minority Leader Nancy Pelosi said of Mr. Bush. "The fact is his actions have not made us safer."

The California Democrat said Mr. Bush is in "denial" about the level of violence in Iraq and the mistakes his administration has made. "What he says is not in touch with reality," she said, insisting Democrats "can protect America in a way that will ... uphold the Constitution."

Senate Democrats renewed their calls to replace Defense Secretary Donald H. Rumsfeld, especially in light of Mr. Woodward's critical new book. "This secretary of defense has made deadly mistakes from the start," said Sen. Richard J. Durbin, Illinois Democrat.

Republicans countered by saying that the economy is strong and the country has not been attacked within its borders since September 11, 2001.

"Jobs are being created, and new investments are pouring into our economy," Mr. Hastert said. "As we continue to help win the war abroad, protect our borders and homeland, and make positive reforms here at home, we have not lost sight of the ever-present fact that much more must be done."

Defense Spending Bill Includes More Pay, More Ships (VAPILOT)

By Dale Eisman

Hampton Roads Virginian-Pilot, September 30, 2006

WASHINGTON - Congress moved toward approval late Friday of a record $533 billion defense spending program for 2007, including a 2.2 percent pay raise for most service members and $70 billion to offset the spiraling cost of the war in Iraq.

While the House passed the measure in the evening, Senate action was expected later Friday or early Saturday.

Approval was all but assured after a conference committee resolved differences between House and Senate versions of the legislation.

The bill adds 30,000 soldiers and 5,000 Marines to the active-duty force while trimming 12,000 sailors from the Navy - a cut requested by the service as part of an ongoing drive to reduce personnel costs.

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It permits construction of seven new ships, including an attack submarine to be built in part at the Northrop Grumman Newport News shipyard, and sets aside $739 million toward a new-design aircraft carrier to be built in Newport News beginning in 2008.

While pushing ahead with the new carrier, the Navy also won approval for plans to reduce the aircraft carrier fleet to 11, retiring the Florida-based carrier John F. Kennedy.

The Kennedy's departure could have long-term implications for Hampton Roads, as Florida lawmakers want a Norfolk-based carrier shifted to the Navy's base in Mayport, Fla., to replace the Kennedy.

Five carriers currently are based in Norfolk, but one, the George Washington, already is slated for transfer to a base in Japan in 2008.

Losing a carrier would drain 3,000 jobs and $225 million per year from the Hampton Roads economy, according to preliminary estimates by the Hampton Roads Planning District Commission.

The defense spending bill requires the service to offer the Kennedy to the NATO alliance or the Department of Homeland Security and to maintain the 38-year-old carrier so that it could be reactivated during a national emergency.

Congress voted last year to retain the Kennedy, over the objections of Navy leaders who say that changes in the way the service deploys and maintains other carriers permit it to trim the carrier force without reducing its overall strength.

Yet after the service announced that repairs needed to keep the ship in service would cost about $1 billion, the Kennedy's fate was sealed.

Of particular interest to Hampton Roads, the bill also:

Allows the Navy to fully retire the battleship Wisconsin and turn it over to Virginia and Norfolk authorities for use as a floating museum. The deck of the World War II-era dreadnought, moored alongside Nauticus in downtown Norfolk, has been open to public tours for several years.

A Navy spokesman, who spoke on background, said the legislation allows some portions of the interior to be opened as well. Under pressure from Marine veterans, who argue that battleships are unmatched in providing firepower to cover an amphibious landing, Congress ordered that the Wisconsin be preserved in a way that would allow it to be reactivated if needed.

At least temporarily rolls back Navy and Air Force regulations that some evangelical chaplains complain could restrict their right to pray as their faith dictates. The chaplains want to be able to offer sectarian prayers at public events, including ship christenings or change of command ceremonies. Military leaders say prayer at such events should be ecumenical.

Chaplains know they represent everybody and deserve to be trusted to offer prayers without a commanding officer's involvement, said Rep.

J. Randy Forbes, R-4th District, founder of the Congressional Prayer Caucus.

"Chaplains not only have tremendous wisdom in those situations, but they have exemplified that for a long period of time," he added.

The prayer issue is expected to be the subject of congressional hearings next year.

Sets a 36 percent limit on the interest rates that can be charged on "payday loans" taken out by many young service members and their families. Lenders now commonly charge 500 percent or more for such loans, which quickly leave many borrowers buried in debt.

Provides $2.9 billion for the purchase of 20 more F-22A Raptor fighter-bombers for the Air Force. The radar-evading Raptors are gradually replacing F-15

Eagles at Langley Air Force Base in Hampton. At more than $130 million each, they are the most expensive fighter aircraft ever.

The defense bill, passed annually to set guidelines for spending on thousands of military programs, typically tracks spending requests by the services and the president.

Lawmakers, however, broke sharply with the administration and uniformed leaders this year to block plans to double or triple health insurance premiums for more than 1 million retired troops and their families.

The administration sought the increases, as well as higher charges for prescription drugs; the two proposals sparked an intense and ultimately successful lobbying campaign by military service organizations.

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Staff writers Kate Wiltrout and Jack Dorsey contributed to this report.

Lawmakers Agree To Limit Interest Rates For Payday Loans (SDUT/AP)

By Sam Hananel

The San Diego Union-Tribune/AP, September 30, 2006

WASHINGTON – Interest rates on payday loans to military service members would be limited under an agreement reached Friday by House and Senate Republicans.

The measure imposing a 36 percent cap on the annual interest rate for payday loans to service members or their spouses will be included in the defense authorization bill, which Congress was expected to approve later Friday.

"We need to enact these new protections for our troops and their families because a growing predatory lending problem has impacted our operational readiness," said Sen. Jim Talent, R-Mo., who pushed the measure in the Senate.

Talent and other lawmakers charged that payday lenders target military personnel, offering quick cash advances at outrageously high interest rates that trap unsavvy borrowers in a cycle of debt.

Payday lenders offer short-term loans against borrowers' paychecks and charge fees. Borrowers who cannot repay the loan by the next payday often "roll over" the loan repeatedly, leading to more charges.

The average annual percentage rate for payday loans is about 390 percent. As lending fees pile up, borrowers can end up paying an annual percentage rate of 800 percent or more.

The Defense Department strongly supported the rate cap measure after issuing a report earlier this year finding many payday lenders are clustered around military bases.

"This will help get the message out about the importance of preserving the financial health or our sailors and Marines," said Navy Capt. Mark Patton, commanding officer for San Diego's Naval Base Point Loma, who headed a military task force campaigning against high-interest loans.

California Gov. Arnold Schwarzenegger welcome the news. Earlier this month, he said he would seek state legislation for a 36 percent cap on loans to troops after such a measure failed in the state Legislature.

"The governor is pleased that Congress is placing additional safeguards for service members and their families," said Schwarzenegger spokesman Bill Maile.

Industry officials say payday loans provide financial assistance to soldiers in need and claim military personnel will be forced to seek high-cost loans from unregulated Internet lenders.

"We are extremely disappointed that the conferees have chosen to take away valuable financial choices from service members," said Darrin Andersen, president of Community Financial Services Association of America, which represents more than half of the estimated 22,000 payday industry outlets.

Andersen said military personnel make up only 1.3 percent of revenue across the industry.

Pentagon officials said the problem was becoming an issue of military readiness, with spiraling debt causing service members to lose security clearances or become distracted from their missions.

Consumer protection advocates, who have long criticized payday lenders for preying on poor communities, also backed the measure.

"It's important for this to be in federal law because it will provide a base line of protection regardless of where you're stationed and regardless of what form of loan you're getting," said Jean Ann Fox, director of consumer protection for Consumer Federation of America.

When Soldiers Go To War, Flat Daddies Hold Their Place At Home (NYT)

By Katie Zezima

The New York Times, September 30, 2006

HERMON, Me. — It was the first day of school, and distance not withstanding, 9-year-old Baylee Smith wanted to take a picture with her father, Mark, who is stationed with a National Guard unit in Afghanistan. Real daddy was not available, but Sergeant Smith's doppelgänger was.

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"Where's Flat Daddy?" an excited Baylee asked as her stepmother, Jennifer Smith, pulled a large cardboard picture of Sergeant Smith, in his uniform, out of her Chevy Blazer and propped him on the bumper. The two, along with Ms. Smith's young sons, Alec and Derek, posed for a picture with their Flat Daddy, who promptly fell down.

"Stop it Dad, that's not funny. It's not a joke," Baylee said with a laugh.

The Maine National Guard is giving life-size from-the-waist-up pictures of soldiers to the families of deployed guard members. Guard officials and families say the cutouts, known as Flat Daddies or Flat Soldiers, connect families with a relative who is thousands of miles away. The Flat Daddies are toted everywhere from soccer practice to coffee shops to weddings.

"The response has been unbelievable," said Sgt. First Class Barbara Claudel, director of the Maine National Guard's family unit. "The families just miss people so much when they're gone that they try to bring their soldier everywhere."

The Maine National Guard has given out more than 200 Flat Soldiers since January. While other guard units are recommending Flat Soldiers, and families around the country are using them, officials here say Maine's National Guard is the only one giving one to each family that asks.

Flat Daddies have been used by military families since at least 2003, when Cindy Sorenson of Bismarck, N.D., ordered a life-size photo of her former husband, Capt. Dave Bruschwein, on a piece of foam board when he was stationed in Iraq with the North Dakota National Guard.

Ms. Sorenson heard that the children of local guard members made small cutouts of themselves modeled on the children's book "Flat Stanley," where the character is flattened and can travel by envelope, and then mailed the images to Iraq.

She wanted to make a similar, life-size version of Captain Bruschwein for their daughter, Sarah, who was 13 months old when her father was deployed. She took a picture of him and his jacket measurements to a local printer, who charged her $75 for Flat Dave, as he was called.

Ms. Sorenson said it helped Sarah, now 4, recognize her father when he came home on leave. "She saw him on the jetway and said, 'Daddy, Daddy,' " Ms. Sorenson said. "There was no anxiety."

Ms. Sorenson shared the idea with Elaine Dumler, a Colorado motivational speaker, who included it in a book on coping with deployment.

Ms. Dumler said National Guard families were receptive to the idea because many had never dealt with a long overseas deployment.

"It affects these families a little more," Ms. Dumler said, "because they're not living on a base or a post, surrounded by families who know what they're going through. They tend to feel a little more isolated."

That is especially true here in Maine, whose National Guard members are randomly assigned to bases throughout that large state. The National Guard tries to have parties where Flat Soldiers are invited, and family members sometimes take them to support meetings.

Cristin Gardner of Ellsworth, whose husband, Troy, is stationed in Iraq, said she often caught her 6-year-old son, Ashton, including Flat Daddy when he played with soldiers.

Rachel Austin of Colorado Springs paid $50 for a flat version of her husband, Toby, in February after hearing about them through the Colorado National Guard. Ms. Austin said Toby was at the dinner table every night with their sons, Ayden, 20 months, and Ryan, 5. Flat Toby also has been to pre-kindergarten graduation, an uncle's 50th birthday party in Cheyenne, Wyo., and a Denver Broncos game, although he sat in the car because it was raining.

Ms. Austin said Ayden, who was 13 months old when she brought Flat Toby home, recognized his father, often taking the image off its usual chair and kissing it. Flat Toby is a real person in their house, she said.

"It's nice to see him each day, just to remember that he's still with us," Ms. Austin said. "It's one of the best things I've done during this deployment. I really think it's helped us stay connected, to remember that he's still with us."

Angela Williams, 27, of Anchorage, got a flat version of her husband, who she married three months before he was deployed to Afghanistan, through the Alaska National Guard.

Her flat husband spends most of his time in their bedroom closet, but she will occasionally take him out to show to friends or to look at herself.

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"He went away so recently after we got married that sometimes I look at it and say, 'Oh, I'm married, and he's real and he's gorgeous,"' Ms. Williams said.

Parents of young deployed soldiers are also using flat soldiers. Carol Campbell of Anson, Me., got a flat version of her 24-year-old daughter, Jessica, who now sits at the family's kitchen table. Ms. Campbell writes all of the places Jessica has visited on the back of the cutout. In June, Flat Jessica even chaperoned an after-prom party that her younger sister attended.

Ms. Campbell said that her youngest daughter thought the idea was odd at first, and that their dog, Speckles, used to bark at the Flat Soldier, but that both are now used to it.

"At first, it can take you aback, but it never did for me," Ms. Campbell said. "I just felt like her presence is here. The Flat Soldier does provide comfort, and we'll take it any way we can."

DOJ:

Justice Department Appoints Assistant As Interim U.S. Attorney (AP)

AP, September 30, 2006

OMAHA — Joe Stecher, an assistant United States attorney, was appointed Friday as interim U.S. attorney for the District of Nebraska.

Stecher succeeds Mike Heavican, who is leaving the department to serve as chief justice of Nebraska's Supreme Court. Heavican had held the post since 2001.

The U.S. Department of Justice announced Stecher's appointment.

Before joining the justice department, Stecher served in the Dodge County attorney's office for 16 years, first as deputy county attorney, then as chief deputy county attorney, and from 1999-2002 as Dodge County attorney.

Stecher also served as director of the Nebraska County Attorney's Association from 1996-2002.

He received a law degree from the University of Nebraska College of Law, and his bachelor's degree from Wayne State College.

CORPORATE SCANDALS:

Odds Rise Congress Will Crack Down On 'Pretexting' (WSJ)

By John Godfrey, Rob Wells

The Wall Street Journal, September 30, 2006

WASHINGTON -- The House could vote in the near future on legislation that would require telephone companies to better protect customer records, and crack down on data brokers who lie to get those records, House Energy and Commerce Committee Chairman Joe Barton (R., Texas) said Friday.

"The bill is alive and healthy," he said. Mr. Barton acknowledged that there are issues to iron out, including the question of whether phone records are the property of the customer or the corporation.

Mr. Barton spoke as his committee's investigations panel held the second day of hearings into phone-customer privacy. The bill has drawn renewed support after Thursday's hearing on investigative techniques used by Hewlett-Packard Co. to track down a boardroom leak. Those techniques included scam artists posing as phone customers to acquire phone-calling records, a practice known as "pretexting."

Complete coverage7

The bill, which would clamp down on pretexting, isn't likely to come to a House vote until the lame-duck session following the Nov. 7 election. The bill passed the Energy and Commerce Committee unanimously in March and was scheduled to be considered by the full House on May 2. But House Republican leaders pulled the bill from the House schedule without explanation.

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Some lawmakers have questioned whether Republican leaders support it. Aides to House Majority Leader John Boehner (R., Ohio) said the delay was simply a matter of a jurisdictional conflict between committees.

Phone companies, which have considerable clout in Congress, oppose the bill, which would increase penalties on carriers for failing to adequately protect their customers' records. Fines could reach a maximum $300,000 per violation, up from $100,000. Multiple violations could result in a maximum fine of $3 million, according to a description of the bill supplied by the Energy and Commerce Committee.

Meanwhile, Joel Winston, the Federal Trade Commission's associate director in the privacy and identity-protection division, said at the Friday hearing that the FTC settled its case against data broker Integrity Security & Investigation Services Inc. The settlement blocks ISIS from obtaining or marketing consumer phone records, and requires the company and its principal, Edmund Edmister, to disgorge "ill-gotten gains derived from alleged violations," according to the FTC.

Congress Told Of Persistent Pretexting (WP)

By Yuki Noguchi

The Washington Post, September 30, 2006

Someone impersonating journalist Christopher Byron called AT&T's customer service 46 times over 2 1/2 months until a company representative finally divulged details of his phone calls.

"This is known as dialing for dummies," an animated Byron told lawmakers yesterday, complaining that the 2002 disclosure led to the identification of two of his confidential sources.

Gaining unauthorized access to such records is far more common than the recent Hewlett-Packard Co. case suggests, members of a House subcommittee were told at a hearing yesterday, the day after HP executives, former executives and investigators were called to testify on the tactics used to spy on communications between journalists and members of the company's board of directors.

Representatives of a private investigation firm, six wireless companies, the Federal Trade Commission and the Federal Communications Commission testified yesterday. An investigator, Doug Atkin of Anglo-American Investigations Inc. of Playa Del Rey, Calif., invoked his Fifth Amendment right against self-incrimination and refused to answer questions.

Compared with the previous day's standing-room-only session, the hearing yesterday had far fewer spectators. Committee members focused their questions on the mechanics of how phone companies verify the identities of people with whom their customer service agents speak and tried to determine the frequency with which impostors seek private information.

Rep. Cliff Stearns (R-Fla.) wondered whether the questions carriers ask to verify their customer's identities -- addresses and passwords -- are enough to stop most prying private eyes. "Are the wireless companies doing their best to protect their customers?" Stearns asked.

Wireless company executives sad tricksters will always try to work around ever-changing security measures. Snoops sometimes try to gain unauthorized access to records by posing as phone company employees, they said. In some cases, hackers try to change passwords to gain access through online accounts, as was the case with at least one HP board member.

Private investigators who sell such records -- sometimes advertised on the Internet -- use methods that are as creative as they are persistent, they said. "Human ingenuity is limitless," Charles Wunsch, Sprint Nextel Corp. vice president, told members of House Energy and Commerce Committee's oversight and investigations subcommittee. "Most customers demand fast and efficient service," and companies are faced with the challenge of trying to protect private customer data against legitimate requests for information from customers about their bills, he said.

FCC Enforcement Bureau chief Kris Anne Monteith said the agency had asked some carriers whether their databases were compromised in the HP case. Joel Winston, the FTC's associate director of consumer protection, said Congress should permit the FTC to levy criminal fines against people trying to gain access to phone records under false pretenses, a practice known as pretexting.

Both government witnesses testifying yesterday voiced their support for a Commerce Committee-backed bill that would outlaw the practice. That bill has not yet reached the House floor. A separate bill, from the Judiciary Committee, would make pretexting a crime, and has passed in the full House. Two proposals to outlaw the practice are pending in the Senate.

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Company representatives testifying yesterday also endorsed bills that would make pretexting a crime. Some said they had filed lawsuits against firms that allegedly accessed private records in violation of computer fraud laws.

Cingular Wireless and Verizon Wireless have sued investigative companies that they allege obtained records in connection with the HP scandal.

Staff researcher Richard Drezen contributed to this report.

H.P., Red-Faced But Still Selling (NYT)

By Damon Darlin

The New York Times, September 30, 2006

WHAT if the initials H.P. — as in Hewlett-Packard — enter the lexicon in the same manner that Google has? Google, of course, has become much more than a corporate name. It now doubles as a catch-all term for online search that has resulted in nifty little verbs like "Googled," "Googles" and "Googling."

If H.P. undergoes the same sort of metamorphosis and becomes shorthand for illicit snooping, you might be telling your friends that a stalking ex-boyfriend is "so H.P." or that your office mate, who snoops through the stuff on your desk and listens a little too closely to your calls, has "gone H.P."

But the prospect of children hurtling the epithet "H.P.'er" at parents who monitor their Web surfing is just one of the minor worries for Hewlett-Packard, which, as the world's largest technology company, has its brand name on millions of computers, printers, ink cartridges and corporate data servers. Revelations that the company's detectives and lawyers planned and supervised an extensive investigation of some of its directors, journalists who covered the company, a few employees and others have blemished its reputation.

The question is whether the scandal will more seriously damage one of the most storied names in corporate America. Mark V. Hurd, the chairman and chief executive, is the person shouldering the responsibility for managing the scandal's fallout and, for the time being, it appears that he has guided Hewlett-Packard through the crisis with the same skill he has been using to turn around this once-stumbling technology giant.

By many measures, the company so far has escaped any serious damage. Its stock, about the only visible barometer of public perception other than retail sales and late-night talk-show jokes, is as strong as it was before the spying operation was revealed in early September. The stock closed on Friday at $36.69, close to its 52-week high of $37.25, almost unchanged during a month of unrelenting reports of detectives obtaining personal phone records, rooting through garbage, following directors and journalists — spying on one while at Disneyland — and planning to infiltrate newsrooms with spies masquerading as janitors or clerks.

Nor would it seem that the outlandish plots concocted by the company's Clouseaus have convinced customers that a Dell notebook or a Sun server makes more sense these days. Kurt Francis, a Century 21 real estate agent in Escondido, Calif., said that Hewlett-Packard's woes did not change his view of the company and that it would not affect his willingness to buy H.P. products.

"H.P. is a lot bigger than one or two people," said Mr. Francis, who uses an H.P. financial calculator, an H.P. notebook computer and even an H.P. personal digital assistant. "It's very sad what's happened, but it will blow over — the average consumer is going to forget this in two months."

H.P. certainly does not appear to be paralyzed by the imbroglio. Last Thursday evening, the same day that Mr. Hurd testified before a Congressional subcommittee examining his company's investigative methods, the company's personal computer division announced the acquisition of Voodoo Computers, a maker of high-powered computers for hard-core gamers.

Ravi Sood, a co-founder of Voodoo, said the spying scandal did not make him or his fellow founder — and brother — Rahul Sood, waver in selling their operations to H.P. "It makes a statement that we closed the deal during this thing," he said. "Business goes on."

Rahul Sood, Voodoo's president, said that one reason he wanted to sell the company to Hewlett-Packard was his high regard for Mr. Hurd. He said Hewlett-Packard executives flirted with Voodoo in the past about a merger, but that nothing had happened. When Rahul Sood sent an e-mail message directly to Mr. Hurd in July 2005 outlining the rationale for a merger, "he

moved mountains," Mr. Sood said. (He gave another reason for wanting to link with H.P.: "Getting a ticket into H.P. Labs would be like Charlie getting a ticket to Willy Wonka's chocolate factory.")

Reassuring customers about the sale, Mr. Sood wrote on his blog that Mr. Hurd "is quick to make business decisions, but understated when it comes to 'glory.' " He recounted how Mr. Hurd has said that he did not want his photograph hanging in the lobby of the company headquarters near those of the company founders William R. Hewlett and David Packard.

Mr. Hurd's decision not to memorialize himself next to the famous founders is often cited by Hewlett-Packard and others as an example of his modesty. It is also no accident that the anecdote offers a contrast between Mr. Hurd and his predecessor as chief executive, Carleton S. Fiorina, who made sure that her picture was hung in the corporate lobby next to the founders.

Even so, analysts and others believe that Mr. Hurd's modesty has been an important factor in the company's comeback. When asked in a recent interview to comment on his critics' contention that Ms. Fiorina deserves the credit for the company's turnaround, he did not disparage her strategy. Instead, he said that her efforts "just needed a bit of crystallization."

Mr. Hurd's modest demeanor came into play again at the Congressional hearing on Thursday when he deployed it to defuse anger about privacy invasions by company-hired detectives, all of whom refused to testify and invoked their Fifth Amendment right against self incrimination.

Mr. Hurd took a big risk by volunteering to appear at the Congressional inquiry — any missteps at the hearing could haunt him personally, professionally and legally — but his advisers said he figured that owning up to well-publicized mistakes was a better path to follow than hiding. He also asked to appear alone at the witness table, something that the company's crisis consultants counseled against because it meant that he would probably be hit with more questions.

"It was Mark's decision; he's taken the position that he needs to take responsibility for what went wrong," said Michael J. Holston, a lawyer with Morgan, Lewis & Bockius, which is representing the company before the various state and federal investigators. "He concluded that he didn't have anything to hide so he got up there and answered all their questions."

Mr. Hurd also was not represented by a personal lawyer, a point he made sure that members of Congress — and the throng of reporters covering the event — noted.

As it turned out, Mr. Hurd never encountered a fusillade of hostile questions from the committee. Congressional ire was aimed, instead, at Patricia C. Dunn, who as Hewlett-Packard's chairwoman had instigated the investigation and tracked its details, according to documents given to investigators. (Ms. Dunn recently resigned from the board, and Mr. Hurd assumed her duties.) But Ms. Dunn did not accept any responsibility for the company's actions and repeatedly said she could not recall or could not remember meetings, e-mail messages and memos related to H.P.'s wide-ranging snooping. Some members of Congress were less than impressed by her.

"It showed that she was not credible," said Representative Edward Whitfield, the Kentucky Republican who is chairman of the House subcommittee.

Yet Mr. Hurd was fuzzy on the details, too, raising the classic questions that arise in any scandal, corporate or political: What did he know and when did he know it? Despite the lingering ambiguity surrounding Mr. Hurd's role in H.P.'s snooping, his name appears on only eight of some 20,000 pages of documents that the company has turned over to Congress, the California attorney general, and the United States Attorney's Office so far, , according to people who have examined most of those documents.

One of the stronger pieces of evidence that linked Mr. Hurd to the spying project was a March 10 draft report of the operations that Hewlett-Packard's investigators prepared for certain company executives. Mr. Hurd acknowledged receiving the report, but said he never read it. "It was not my finest hour, Mr. Chairman," he replied to Mr. Whitfield's questions about how he could have missed references to such things as surveillance, obtaining a reporter's cellphone records and installing tracer software on a reporter's computer.

Those references appear on the third and fourth pages of the 18-page report. While the reference to the legality of obtaining cellphone records was noted only in a footnote, a reference in the text of the report to a "covert intelligence gathering operation" would seem harder to miss. Mr. Hurd testified that he did not approve the use of the tracer software, which covertly pinpoints the Internet address of anyone who opens the document online. He said he had not ruled out the future use of such software in possible criminal investigations of fraud or theft perpetrated against the company. But according to people close to him, Mr. Hurd has forbidden its use on reporters.

For all of the apparent goodwill surrounding him, Mr. Hurd still has some tricky issues to juggle. Potential criminal charges still loom against H.P. and three employees who were deeply involved in the spying operations. As is always the case in corporate investigations, they may end up implicating their bosses as legal pressures mount. The three employees are Ann O. Baskins, the company's former general counsel (whose office was only several feet from Mr. Hurd's); Anthony R. Gentilucci, the company's manager of global investigations, who resigned; and Kevin T. Hunsaker, a senior counsel who reported to Ms. Baskins and led the investigation, who refused to resign and was fired.

Even with those employees — and Ms. Dunn — out of the company, it is still possible that William Lockyer, the California attorney general, could bring felony or misdemeanor charges against Hewlett-Packard. And it may be harder for Mr. Hurd to charm Mr. Lockyer than it was for him to charm members of Congress. Mr. Holston, the company's lawyer, said H.P. continued to supply documents to authorities. "We don't think a crime was committed," he said. "But we understand their argument and want to talk it through."

Mr. Hurd faces another challenge. The spy operation has led to the removal of three board members. Finding replacements will be a distraction. But it is also an opportunity to rebuild a board with members who are not at one another's throats, according to analysts.

"They've bled a ton of blood," said Robert Enderle, an analyst at Enderle Group, a technology market research firm in San Jose, Calif., who said the board needed people with a better understanding of the Internet and younger consumers. "It would be good to have someone on the board who understands consumer electronics — and not the way it was 10 or 20 years ago."

HOWEVER the scandal shakes out, one thing is clear: H.P. is now widely linked in the public mind with the invasion of privacy, and that perception strikes at the core of the company's identity and its marketing mojo.

"Privacy is a core H.P. value," said Scott Taylor, the company's chief privacy officer, in a Congressional hearing last June. "We firmly believe that our ability to succeed in the marketplace depends on earning and keeping our customer's trust."

Anyone who has an H.P. computer may have noticed the messages that pop up from time to time on the screen that are sent directly from the company. They were perceived before as innocuous, maybe bothersome. But now they may serve to remind customers of the spying episode, which Mr. Hurd described as a "breakdown at multiple levels."

In other words, whenever one of those Hewlett Packard pop-ups appear on users' computer screens, they may feel that they are being "H.P.'ed."

H.P. Read Messages Of Reporter (NYT)

By Miguel Helft

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Hewlett-Packard's effort to plug news leaks included monitoring at least one employee's instant-messaging exchanges with a reporter, according to documents provided to Congressional investigators.

The documents also provide other new details of the operation, including the company's payments for the services of investigators, and they shed light on a feud that simmered for months between Patricia C. Dunn, the chairwoman, and Thomas J. Perkins, a board member who resigned in protest over the inquiry.

They are included in the voluminous files made available to lawmakers in preparation for the House subcommittee hearing held Thursday on the Hewlett-Packard case.

In a March 2 e-mail message, Kevin T. Hunsaker, the senior lawyer in charge of the investigation, asked Fred Adler, the company's information security investigator, to "do some monitoring on incoming and outgoing calls to Pui-Wing Tam," a reporter at The Wall Street Journal, "and keep a really close eye on her I.M. traffic with Moeller," Mr. Hunsaker wrote, presumably referring to Michael Moeller of Hewlett-Packard's media relations team.

An e-mail message sent by Mr. Adler some two weeks earlier appears to celebrate what was a new investigative tool for the team. "New monitoring system that captures AOL Instant Messaging is now up and running and deployed on Moeller's computer," Mr. Adler wrote to Mr. Hunsaker and others on the investigative team. "It instantly began to pay results."

The rest of the message shows the text of close to 70 instant-messaging exchanges between Ms. Tam and Mr. Moeller, mostly discussing the company's earnings in what appears a fairly routine exchange between a reporter and a company spokesman.

Experts say it is not clear whether the monitoring of an employee's instant messages would raise any new legal issues for Hewlett-Packard or those involved.

If the employee is using the company's service as an Internet service provider, "then the company can monitor lawfully anything that the person sends or receives," said Clifford S. Fishman, a professor of law at Catholic University of America in Washington. But if the employee is using a third-party communications system, "it is less clear whether the company can monitor that."

As far as the monitoring of calls referred to in the message, the form was not specified. Hewlett-Packard has acknowledged that its operation included inspection of company phone records as well as acquiring private phone records through subterfuge, in a practice known as pretexting. But it has said no wiretapping was involved.

"I was aware that the company was monitoring instant messaging," Mr. Moeller said on Friday night, adding that Ms. Dunn and Mark V. Hurd, the chief executive, had both already apologized to him for the operation's scrutiny of him. Mr. Moeller was previously identified as a target of the pretexting efforts, along with board members and journalists, including Ms. Tam.

A spokesman for The Wall Street Journal declined to comment.

The documents also give an account of a daylong tracking of the activities of Mr. Moeller during a technology conference in Los Angeles, including reports on overheard snippets of his conversations.

Other documents provided to Congressional investigators revealed that Hewlett-Packard was billed a total of $325,641.65 for various services related to the leak investigation's second phase from January to April. That included $83,597.42 for surveillance, which was described as "Multiple Surv. And Sting Activity Palo Alto, Piedmont, SF, LA, CA & Denver CO." A parenthetical note clarifies that the surveillance included "trash re-con of all areas."

Background investigations on several board members and their relatives, as well as reporters for The Wall Street Journal and the online service CNet, did not come cheap. The bill was $66,688. There were also background checks on employees of Hewlett-Packard's media relations department, costing $6,435.

And locating, identifying, charting and cataloguing records of interested parties — the part of the investigation that apparently included pretexting — cost $44,875.

Invoices from the Action Research Group, the Florida company that is reported to have arranged the pretexting, are also among the more than 100 documents obtained by Congressional investigators. Many of them run in the vicinity of $100, but a 2005 invoice for call records of Carleton S. Fiorina, around the time of her dismissal as chairwoman and chief executive, shows a price tag of $500.

The invoices conclude with the line "Thank you for using our services!!!", all in capital letters, followed by a black-and-white rendition of Hello Kitty, a popular Japanese cartoon character.

The documents also illuminate the bitter conflict that developed over months between Ms. Dunn and Mr. Perkins, whose attacks on Ms. Dunn have been well publicized. They include an outburst at the board meeting in May, when Mr. Perkins resigned. But the animosity, according to Ms. Dunn, who resigned as chairwoman last week, had been building up earlier.

"I did not share details of my interactions with Tom during the year prior to his resignation," Ms. Dunn wrote to other Hewlett-Packard board members in an Aug. 17 e-mail message. "Tom's behavior to me in our one-on-one interactions was often so over the top that the simple facts would have seemed like exaggeration. I won't indulge in a chronology of the intimidation, pressure, rudeness and criticism that Tom directed at me, but will simply say that I have never had remotely similar experiences with anyone."

The investigation subcommittee of the House Energy and Commerce Committee, which held Thursday's hearing, continued its examination of pretexting on Friday with a hearing at which representatives of six cellular carriers testified. The officials said they thought pretexting should be against the law, but did not specifically endorse a pending bill approved by the House committee.

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The committee's chairman, Representative Joe Barton, Republican of Texas, said Friday that the long-stalled legislation might come up for a House vote soon.

Two of the carriers have also initiated legal action against detective agencies identified as having played a role in pretexting in the Hewlett-Packard case.

On Friday, Cingular Wireless filed a lawsuit against CAS Agency Inc. of Carrollton, Ga., and Charles Kelly, the company's registered agent. Cingular contends that CAS illegally obtained the telephone records of Dawn Kawamoto, a reporter for the online technology news service CNet, as part of the Hewlett-Packard operation.

The lawsuit, filed in United States District Court in Atlanta, also names 100 "John Doe" defendants and 100 unidentified companies that Cingular says conspired with CAS Agency.

The move came one day after Verizon Wireless filed a similar lawsuit against unidentified individuals for illegally obtaining phone records of its customers in the Hewlett-Packard effort.

Cingular Files Suit In Case Related To H-P Probe (WSJ)

By Amol Sharma

The Wall Street Journal, September 30, 2006

Cingular Wireless filed suit Friday against a company it says fraudulently accessed the records of one of its customers, a CNET News.com reporter, as part of the Hewlett-Packard Co. boardroom-leak investigation.

The lawsuit, filed in U.S District Court in Atlanta, names CAS Agency Inc. and one of its employees, Charles Kelly, as defendants. The cellphone operator says the agency illegally obtained the records of CNET reporter Dawn Kawamoto, who reported on internal discussions within H-P's board.

Cingular learned that CAS had accessed the records of Ms. Kawamoto at a congressional hearing Thursday. Cingular also listed as defendants 100 unidentified "John Does" and 100 unidentified companies that it says have attempted to obtain and sell its customers' records. Neither CAS nor Mr. Kelly could be reached for comment.

Cingular, a joint venture of AT&T Inc. and BellSouth Corp., is the second cellphone operator to take legal action against firms that participated in the H-P investigation. On Thursday, Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, filed a lawsuit in New Jersey federal court against 20 unidentified individuals who it says obtained its customers' cellphone records as part of the H-P probe.

Prior to the unfolding of the H-P scandal, cellphone operators were already taking aggressive action against companies that gain access to their customers' phone records through deceit or fraud -- a practice known as "pretexting."

Verizon and Cingular say the investigators working for H-P dishonestly posed as customers or as employees at the carriers in order to convince customer service agents to grant them access to accounts. Both companies are suing for, among other things, unspecified financial damages and a halt to further pretexting activity.

In the past year, Verizon Wireless, Cingular Wireless, Sprint Nextel Corp., and T-Mobile USA, a unit of Deutsche Telekom AG, have all taken pretexters to court.

Electronic Privacy Information Center associate director Lillie Coney9 says that despite H-P's expressed surprise, there are plenty of federal and state laws that protect consumers from having their records pretexted.

Sprint and T-Mobile haven't filed lawsuits against pretexters specific to the H-P case. H-P General Counsel Ann Baskins, who resigned from the company Thursday, referred specifically to Sprint and Nextel in handwritten notes dated June 15, 2005. In the notes, which were circulated at the congressional hearing Thursday, Ms. Baskins wrote: "Call carriers (Nextel/Sprint) via pretext to extract info." It remains unclear whether Sprint Nextel customers were actually targeted.

Sprint spokeswoman Jennifer Walsh said the company would pursue "anyone found to have victimized Sprint Nextel customers."

Fastow's Long Walk To Less Time (NYT)

By Joe Nocera

The New York Times, September 30, 2006

DOJ_NMG_0071787

In some deep part of his soul, Andrew S. Fastow, who was given a surprisingly light six-year sentence this week for his role in the Enron debacle, always knew he was guilty of crimes. Not the big crimes, mind you, like his role as Enron's chief financial officer in dreaming up those special-purpose entities he controlled — the ones that generated hundreds of millions of dollars in fake earnings, helping to create the illusion that Enron was a prosperous company.

At Enron, that was something to be proud of. That was how they gamed the system. As Mr. Fastow testified during the trial of his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, when he set up his first special-purpose entity, called LJM, "I thought I was being a hero for Enron."

It was the petty crimes, the skimming operations, the secret guarantees that his partnerships wouldn't lose money: that's where Mr. Fastow knew he was vulnerable. Not long after Enron filed for bankruptcy, he met with several advisers, one of whom recalls his response to a question about whether all the deals had been proper. Well, he replied, the Southampton deal was a problem.

The Southampton Place partnership originated in a 1999 deal in which Mr. Fastow and his right-hand man Michael Kopper conspired with three British bankers to defraud NatWest bank of Britain of $19 million. It wasn't one of those complicated Enron accounting scams that are impossible to explain. It was the kind of straightforward crime jurors understand.

So why then, knowing what he knew, did it take Mr. Fastow three years after the feds began circling Enron for him to agree to a plea bargain? And why did it take more time still for Mr. Fastow to morph into what the federal prosecutor John Hueston described to me as a man who gave the Enron task force "extraordinary cooperation, unprecedented in my 13 years as a prosecutor?" And why, oh, why, given how long it took him to get there, did he wind up getting a 40 percent reduction in the 10-year sentence he agreed to when he finally decided to help the government put away Mr. Skilling and Mr. Lay?

LAWYERS who do white-collar work like to compare defendants facing the possibility of hard time to a patient learning he has a deadly disease. There are stages to go through: denial, depression, anger, acceptance and, finally, surrender. Mr. Fastow went through all of them.

In the beginning, he still acted as though he were the chief financial officer of Enron — arrogant and prone to hissy fits — but also unwilling to think ill of Mr. Skilling. Mr. Skilling had shepherded Mr. Fastow's career, brought him into the Enron inner circle, and gave him a high-paying job for which he was supremely unqualified; as chief financial officer, he could barely dissect a balance sheet. (According to Mr. Fastow's testimony, Mr. Skilling is also the person who signed off on secret side deals ensuring that LJM would not lose money on its transactions with Enron.)

In addition, like many white-collar defendants, he thought that if he fought the charges with everything he had, then maybe — just maybe — he could wangle his way out of trouble. He felt sure that Mr. Kopper would not turn on him. His plan was to tough it out.

Then came the anger. There's no denying that Mr. Fastow was at the center of the Enron scandal. But the fact that he committed obvious crimes also make him an easy scapegoat for everyone else embroiled in the Enron scandal. Daniel Petrocelli, Mr. Skilling's lawyer, told me that "Fastow and Michael Kopper are the two people who brought Enron down and deserve the stiffest sentences." Mr. Skilling has long insisted that had Mr. Fastow not been committing criminal acts behind his back, Enron would be alive today.

But that wasn't remotely true, and no one knew that better than Mr. Fastow. Though he was making millions on the side, his partnerships were critical for Enron. They created a Potemkin village that made everybody at Enron rich, as the stock rose and their stock options became worth millions. In Mr. Fastow's view, all the Enron executives owed their wealth to him.

Mr. Fastow bitterly resented being the scapegoat. He told people that he had tried to explain to Mr. Skilling and Mr. Lay how bad things were, and that they knew much more about Enron's problems than they were letting on.

In August 2002, Mr. Fastow's chief ally, Mr. Kopper, became the first former Enron executive to plead guilty and agree to cooperate with the government. If anything should have caused Mr. Fastow to realize that the jig was up, that was it; virtually everything Mr. Kopper pleaded to involved Mr. Fastow. And yet, for the next year and a half, he continued to resist.

Meanwhile, a frustrated prosecution was homing in on his wife, Lea Fastow, for filing a false income tax return — a charge also related to the Enron scandal. It is hard to know what happened next. Mr. Fastow's supporters say that Mr. Fastow tried desperately to cut a deal that would allow her to remain unindicted. People in the prosecution insist that it was only after her

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indictment in March 2003 that Mr. Fastow finally realized, however grudgingly, that he had to start cooperating. Ultimately, under a joint plea agreement, Ms. Fastow served a year in jail — and Mr. Fastow agreed to a 10-year-sentence in return for his cooperation.

Even then, though, he didn't come willingly. In the beginning, said Mr. Hueston, the prosecutor who spent the most time with Mr. Fastow, "I saw a bitter, distant arrogant man who showed virtually no remorse." Sometimes Mr. Hueston would be asking him a question, and he would say, "I'm bored and I'm tired."

But over time, that began to change. "You wake up and look at yourself in the mirror, and say, 'I'm a convicted felon,' " said Craig Smyser, one of Mr. Fastow's Houston lawyers. "It is extremely difficult, but it can give you a kind of strength."

Mr. Hueston said that at first Mr. Fastow would become extremely angry whenever his wife's plea agreement came up, but he eventually accepted the fact that "his wrong decisions had dragged his wife into the case." (During the trial, Mr. Fastow testified that he had lied to his wife about the source of the money that was central to the tax return case — and that is why she had filed a false return.)

Mr. Hueston also said that the prosecution "had begun to conclude that if he didn't change he would make a terrible witness at trial."

"But," Mr. Hueston added, "over the course of the two years, he made a remarkable change." Mr. Fastow accepted responsibility for what he did. He acknowledged his crimes. He stopped rationalizing his behavior at Enron. He had reached the final stage: surrender.

Mr. Fastow turned out, of course, to be a terrific witness in the Enron trial. In his opening statement, Mr. Petrocelli had said that he would "destroy" Mr. Fastow's testimony, but that never happened. Mr. Fastow's contrition, remorse and acceptance of his wrongdoing trumped Mr. Petrocelli's every effort to cast him as the ultimate Enron villain. "He had the strength of a humbled man," Mr. Smyser said.

Mr. Petrocelli said that after the verdict at least one juror said that no one had paid any attention to Mr. Fastow's testimony. But even if that's true — and I have my doubts — Mr. Fastow's cooperation was critical in giving the government the deep understanding it gained of how Enron became a house of cards — and the role of Mr. Skilling and Mr. Lay in perpetuating the Enron fraud.

Which still poses the question: did Mr. Fastow deserve a 40 percent reduction in his sentence? Although he didn't say so directly — either in court or in our conversation — it seems clear that Mr. Hueston believed the reduced sentence was deserved.

But there are many people in Houston who are outraged. When Loren Steffy, a columnist at The Houston Chronicle, wrote a sympathetic article about Mr. Fastow's sentencing, he was bombarded with reader complaints. "What a travesty!" wrote one.

Others pointed to the notorious case of James Olis, a mid-level Dynegy executive who was originally sentenced to 24 years in prison for his role in one deal — one deal! — that tried to make a $300 million loan look like cash flow. Recently, his sentence was reduced to six years — that is, the same as Mr. Fastow's, who was involved in dozens of such deals, on a much broader scale, with a more much devastating outcome.

It is good that the judicial system has become tougher on white-collar crime. It's overdue, actually. When Mr. Skilling is sentenced next month, he is likely to be facing 20 to 30 years in prison. Bernard J. Ebbers, the 65-year-old former WorldCom chief executive, began serving a 25-year sentence this week.

Mr. Fastow gave the government incalculable assistance, and does indeed seem to be a changed man. Give him credit for both. But it took him a very long time to get to that place.

In the end, he did the crime. And he should have served the time — all 10 years.

CRIMINAL LAW:

Report Says Rove Aide Accepted Abramoff Gifts (WP)

By James V. Grimaldi And Susan Schmidt, Washington Post Staff Writers

The Washington Post, September 30, 2006

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A top aide to presidential adviser Karl Rove passed along inside White House information to superlobbyist Jack Abramoff at a time when she was also accepting his tickets to nine sports and entertainment events, according to e-mails released yesterday in a bipartisan congressional report.

The e-mails, released by the House Government Reform Committee, show that Susan Ralston also on occasion discussed possible business ventures with Abramoff. Ralston had worked for Abramoff before joining Rove in the White House in 2001.

White House contacts with Abramoff have been the focus of heated interest in Washington since he pleaded guilty to fraud and conspiracy charges earlier this year. Although the committee report documents that Abramoff's lobbying team billed their clients for more than 400 contacts with White House officials over three years, it remains unclear what results Abramoff obtained.

House Minority Leader Nancy Pelosi (D-Calif.) seized on the report yesterday: "A disgraced lobbyist traded perks and campaign contributions for special access to the Bush White House."

But White House press secretary Tony Snow disagreed.

"Jack Abramoff was an exuberant practitioner of sleaze to the point that it's very difficult within the report itself to figure out how many actual contacts there are," Snow said.

The report identified 66 Abramoff contacts with the White House, more than half of them with Ralston. Members of Abramoff's lobbying team at Greenberg Traurig LLP contacted Ralston 69 times.

Ralston has declined to comment on the report.

The report indicates that Abramoff was largely ineffective at placing people in key positions in the administration, apparently failing to win any of the appointments he sought.

When Ralston came through for Abramoff, it often was in relatively minor ways. On Oct. 21, 2001, Ralston e-mailed Abramoff that Rove had read an Abramoff memo about a political endorsement in an obscure race in the Mariana Islands. Ralston reported back to Abramoff that Rove had agreed, writing in an e-mail the next day: "You win :)"

Ralston also informed the Abramoff team about possible political appointees. But there is no evidence that Rove knew or approved of Ralston's actions.

She told Abramoff and his associates that she passed messages and documents to Rove, but the committee report did not confirm that she had done so. On Feb. 21, 2001, Ralston e-mailed Abramoff lobbyist Todd A. Boulanger: "Thanks for breakfast. I showed KR the binder. . . . He gave the binder to Mehlman to read cover to cover and to be prepared." Ken Mehlman was then the White House political director.

Mehlman, now the chairman of the Republican National Committee, said yesterday that he talked on occasion with members of the Abramoff team but does not specifically recall the issues raised. "When they come to me with ideas and issues, I would let relevant policymakers know," he said. "The job of the political director is to meet with interested parties."

Mehlman said everything he engaged in "was aboveboard, all stuff that was appropriate."

Ralston also helped Rove get tickets from Abramoff for a game in the NCAA basketball tournament, but Ralston told Abramoff that he "has to pay." The White House confirmed yesterday that Rove paid for the tickets.

But Ralston apparently did not pay for tickets she accepted to MCI Center events -- including two concerts featuring rocker Bruce Springsteen and singer Andrea Bocelli, three Capitals hockey games and a Wizards basketball game -- and seats at a Baltimore Orioles baseball game at Camden Yards.

On seven occasions, Ralston requested tickets, the report said. "You got 'em," Abramoff e-mailed Ralston when she asked in December 2001 for four prime Wizards tickets valued at $1,300, the report said.

In 2004, Ralston e-mailed Abramoff that she was "willing to pay" for Capitals tickets, but he replied, "No problem, and you don't have to pay!" In 2003, she thanked him for his "generosity" in providing Orioles tickets.

White House spokeswoman Dana Perino said the counsel's office is examining the report to determine whether ethics regulations were violated. Rules prohibit the acceptance of gifts worth more than $20 from anyone doing business with the government.

Ralston and Abramoff also discussed future business plans at least twice, the report said.

In February 2002, Ralston, Abramoff and Ben Waldman, an Abramoff business partner in his fraudulent purchase of a casino cruise line in Florida, exchanged e-mails about an aircraft leasing venture. In November 2002, Ralston and Abramoff exchanged e-mails about an idea to form a defense or homeland security contracting company.

Ralston expressed interest but said she thought it would take a lot of research to get the company off the ground. But she was committed to the White House, she said. "It would take a serious amount of money for me to be lured away so unless you're really serious and can make it worth my while, let's wait until 2005." Abramoff agreed, writing, "I am not in a position to offer you serious money for this right now."

Too Close For Comfort In The Abramoff Scandal (TIME)

By Perry Bacon Jr.

Time, September 30, 2006

Speed Read: The White House has tried hard to distance itself from the congressional lobbying scandal. But a new report suggests that Jack Abramoff wasn't always exaggerating his contacts with the Bush Administration

Disgraced Washington lobbyist Jack Abramoff used to be a problem for the White House primarily because his illegal lobbying activities got G.O.P. members of Congress in legal and political hot water and helped fuel Democrats' campaign message that congressional Republicans were a corrupt bunch that should be thrown out of power. Both Ohio Rep. Bob Ney and former House Majority Leader Tom DeLay of Texas announced they were stepping down from Congress this year after being dogged by questions about their relationships with the disgraced lobbyist, who has plead guilty to mail fraud and bribery; Ney has already pleaded guilty to bribery charges, while DeLay has continued to insist he did nothing wrong. But a bipartisan report by the House Committee on Government Reform released Thursday puts the White House at the center of questions about whether the lobbyist improperly influenced its decisions on policy matters, just as he did on Capitol Hill. Here's what we learned from the report report on Abramoff's contacts with the White House:

1. Abramoff had much more extensive contact with the White House than it has admitted in the past.

In January, after he was indicted and there were rumors —which turned out to be correct—that Abramoff was in several photos at the White House, Bush said at a news conference, "I, frankly, don't even remember having my picture taken with the guy... I don't know him." At the time, White House officials also suggested that Abramoff had little influence or contact with them. The report cites more than 400 instances of Abramoff's team lobbying the White House. This is a one-sided account though, as it relies on e-mails from Abramoff and his fellow lobbyists; in many instances he discusses meals with White House senior advisers like Karl Rove, and it' s unclear if those ever actually took place. The White House has long maintained that Abramoff has exaggerated his ties and contacts to the Bush Administration.

But the report makes clear that Abramoff was in frequent communication with White House officials, particularly Susan Ralston, who was an assistant to Abramoff before becoming Rove's assistant early in Bush's first term. Abramoff's clients, mainly Indian tribes, paid for skyboxes and tickets to events that the lobbyist used to host congressional aides and others, and in the e-mails, Ralston treats Abramoff like her own personal Ticketmaster, frequently asking him if he has tickets to games and leaving the impression in some messages that she occasionally didn't pay for them. White House officials are banned from taking gifts of more than $20, which would barely get you a cheap seat at any of these events, let alone a luxury box seat. Other Rove aides were shown to be in e-mail contact with lobbyists on Abramoff's staff, and Rove himself e-mailed Abramoff a few days before the 2000 elections, responding to a message from Abramoff noting that "Governor Bush is winning" by saying "Jack - I will rest much easier..." Abramoff relied on Ralston, who remains in the White House as an aide to Rove, and Ralph Reed, an advisor to the 2004 campaign who was close to Rove, to communicate his wishes.

To be sure, the messages make it clear Abramoff desperately wanted to have more personal time with Rove, and couldn't get it, often having his calls returned by Rove aides rather than the powerful aide himself. In Dec. 2000, he sent a message trying to ingratiate himself with Rove, noting "I am sure you well covered with everything, but just in case, please do not hesitate to ask me for anything you might need." Sounding like a high school nerd with a crush on the captain of the cheerleading team, he brags about and overstates his few actual interactions with Rove. A March 2002 e-mail says "I was sitting yesterday with Karl Rove, Bush's top adviser, at the NCAA basketball game discussing Israel when this e-mail came in. I showed it to him." And White

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House officials dispute this account, saying Rove didn't sit with Abramoff at the game but merely stopped by and said hello to him. Ralston seemed to know Abramoff needed the affection, writing in a message with the subject line "Diet" that "Karl said you looked great. He'd love to know your secret."

2. The access didn't get him much.

Abramoff was looking to fund projects for his Indian clients, so he focused most of his energy in the right place, on Capitol Hill and in the agencies like the Department of the Interior that dole out federal dollars and oversee them much closer than the White House. But his efforts to get his friends hired in key administration posts, such as chief of staff to Secretary of the Interior Gail Norton, were largely unsuccessful. His biggest coup was getting the White House to back some candidates he liked and at one point to deny support to someone he opposed, but those races were in Guam and the Commonwealth of the Northern Mariana Islands. Abramoff got nothing like the results he had on Capitol Hill, where Ney inserted comments in the Congressional Record attacking one of Abramoff's business rivals and other members inserted money into billls for tribal schools and other pet projects.

3. There is someone in Washington who has ethical standards.

The most angry exchange in the hundreds of e-mails isn't about Abramoff's clients not getting what they want from the White House. In 2003, administration officials had an ethics advisor talk to the Intergovernmental Affairs Office at the White House, which usually dealt with the tribes and their lobbyist, Abramoff. The advisor suggested that the White House officials should talk to the tribes directly, rather than the lobbyists, and that the lobbyists shouldn't even be in the room during these meetings. Abramoff's deputies were furious. And Abramoff knew these strict standards, which it doesn't appear were enforced, would endanger his job security. "This is horrible," he wrote." Why would they f--- us like this?"

Judge May Have Stymied Abramoff Probe (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, September 30, 2006

The bribery investigation involving influence-peddler Jack Abramoff may have been stymied by a federal judge in Florida just as prosecutors began asking questions about the lobbyist's ties to the White House.

U.S. District Judge Paul Huck refused to delay Abramoff's prison sentence for fraud charges Thursday, rejecting a plea by the Justice Department's top corruption prosecutor, who said Abramoff was providing information about officials whose names hadn't yet surfaced in the case.

In the past month, the FBI has been pursuing leads about Abramoff's access to the White House and whether he was able to help lawmakers get Bush administration backing for their bills, according to someone familiar with the direction of the investigation who spoke on condition of anonymity because of its secrecy.

A congressional report released Friday showed that Abramoff had hundreds of contacts with White House officials over three years, including 10 with top Bush aide Karl Rove. While Abramoff provided officials with meals or tickets to sporting events, the report said his efforts to influence presidential appointments and nominations "were often not successful."

During Thursday's court hearing in Miami, Ed Nucci, acting chief of the Justice Department's Public Integrity Section, did not mention any targets of the Abramoff case. He told the judge, however, that with the disgraced former lobbyist behind bars, "what we need from Mr. Abramoff will be impossible to get."

Huck ordered Abramoff to report for his nearly six-year prison sentence Nov. 15. Justice Department officials had asked for at least an extra month and could have returned to court then for another extension.

"There are so many areas that have to be explored and so many pockets," Nucci said during Thursday's hearing.

Huck, who was appointed to the bench by President Clinton, said Abramoff should not receive special treatment. Abramoff pleaded guilty in Florida to concocting a fake wire transfer to buy an offshore gambling fleet.

"My main concern is, there comes a time when people have to pay the piper, so to speak. I think that time has come," Huck said.

Abramoff pleaded in the Florida case on Jan. 3. Hours later, he flew to Washington to plead guilty to bribing members of Congress.

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Since then, Abramoff and others have provided information that helped prosecutors win guilty pleas from Rep. Bob Ney, R-Ohio, and several congressional aides. In recent weeks, discussion has also turned to the White House.

The Justice Department had no comment Friday evening about how it would continue debriefing Abramoff on the newly shortened timeline.

Officials also declined to say whether they would ask Huck to reconsider his ruling. Prosecutors had told Huck they would be willing to file sealed documents describing Abramoff's help, but as of Friday evening they had not.

Prosecutors have already won guilty pleas from Abramoff, Ney's former chief of staff and two aides to former House Majority Leader Tom DeLay. Former Bush White House official David Safavian was found guilty in June of covering up his dealings with Abramoff while in the General Services Administration.

Abramoff and the House aides are cooperating in the bribery investigations.

Others under scrutiny who have not been charged and maintain their innocence include DeLay and Sen. Conrad Burns, R-Mont., who received about $150,000 in donations from Abramoff and his associates and whose aides traveled on the lobbyist's jet to the 2001 Super Bowl.

Rep. John Doolittle, R-Calif., also used Abramoff's luxury sports box for a fundraiser without initially reporting it. Doolittle's wife and one of his former aides worked for Abramoff.

Steven Griles, a former deputy Interior Department secretary, is also under scrutiny, as is Italia Federici, former Interior Secretary Gale Norton's political fundraiser.

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Associated Press writer Curt Anderson in Miami contributed to this report.

Pirro Beauty To Be Quizzed (NYDN)

By Greg Wilson, Greg B. Smith And Kathleen Lucadamo

New York Daily News, September 30, 2006

The pretty housewife Jeanine Pirro feared was having a fling with her philandering husband will be subpoenaed by federal prosecutors, the Daily News has learned - yet the stunner's spouse insisted yesterday that "nothing happened."

"I know my wife. We've been married 13 years, and I have the utmost confidence that nothing went wrong, nothing happened here," Michael Santangelo said outside his house in Westchester.

His wife, Lisa Santangelo, a raven-haired beauty who is 20 years younger than Jeanine Pirro, was a "good friend to him [Albert Pirro], there is no question," admitted her husband, who represented Albert Pirro at his federal tax evasion trial.

After Pirro was convicted, both Santangelos visited him while he served his 11-month sentence in a federal prison in Florida.

When asked if he ever worried his wife's friendship with Albert had flowered into an affair, Santangelo said no way.

"I'm more certain of that than I am of my clients' innocence when I defend a case. I stand by her 100%," he said before leaving his Harrison property with a friend in a black Cadillac Escalade.

His wife was not available for comment yesterday. Santangelo said she and their two kids have fled the home until the Pirro frenzy calms down.

Federal prosecutors plan to call Santangelo's 35-year-old wife as a witness in their eavesdropping investigation, The News has learned.

She has been notified that she will be asked to testify before a sitting grand jury, said a source familiar with the matter.

Anthony Mangone, an attorney representing the Santangelos, said, "If a grand jury is convened, we're going to cooperate."

Pirro apparently suspected that her husband was having an affair with Lisa Santangelo and contacted ex-NYPD Commissioner Bernard Kerik last summer to have the family boat bugged and Albert Pirro tailed.

The wiretapping never happened, she claims, and the surveillance was a bust. But federal prosecutors deemed Pirro's conversation - which they found out about because Bronx prosecutors were taping Kerik as part of a different probe - compelling enough to launch an eavesdropping investigation.

A grand jury already has subpoenaed a former investigator who worked for a subsidiary of Giuliani Partners.

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Sources say Kerik used several Giuliani Partners investigators to follow Pirro's husband, Albert, hoping to catch him with Santangelo.

Sources said federal investigators are looking for evidence that goes beyond Jeanine Pirro and Kerik merely talking about planting a bug in the Pirro family boat.

One source said prosecutors were checking if Pirro and Kerik discussed bugging a phone used by Albert Pirro to capture his conversations with Santangelo.

Prosecutors are interested in Lisa Santangelo because she can say she did not consent to being recorded - bolstering the case that Pirro sought to make illegal secret recordings.

Kerik's lawyer, Joseph Tacopina, said the investigation began because of a mistaken interpretation of remarks made on tape.

Pressed by Pirro, then the Westchester County district attorney, Kerik agrees to look into the feasibility of planting such a device, but later is heard disparaging the idea.

Subsequently Kerik was heard on tape asking a Giuliani investigator, "Are you guys done?" The investigator replied yes.

On a request to continue the wiretap of Kerik, the Bronx district attorney wrote to the judge, "It appears from this conversation that the eavesdropping device was actually placed on the boat."

However, sources say the investigator was talking about another matter, and that the Giuliani Partners investigators working for Kerik balked at installing the bug because the boat was registered under the name of Albert Pirro - not his wife.

In July, believing the bug had been planted, Bronx prosecutors turned the Pirro/Kerik conversations over to Westchester District Attorney Janet DiFiore. She then contacted the FBI.

The bureau opened its probe shortly after Kerik pleaded guilty to misdemeanors in the Bronx.

"I know that the Bronx DA was operating under a misimpression that there was a completed act when there wasn't," said Tacopina. "I think this misimpression carried over to whatever agency initiated this investigation."

Jeanine Pirro is demanding U.S. Attorney General Alberto Gonzales investigate how the information was leaked to the press. She also urged him to remove Assistant U.S. Attorney Elliott Jacobson, who investigated her husband for tax fraud, from the current case.

Asked yesterday if Lisa Santangelo was a friend of hers, Jeanine Pirro acknowledged for the first time that she was.

"Yea, yea, definitely," Pirro said during a taping of WABC-TV's "Up Close with Diana Williams," which airs Sunday at 11 a.m. "But that's all personal, and I am not going to go into it."

Pirro also conceded she had "several conversations" with former NYPD top cop Bernard Kerik about bugging her husband's boat in the summer of 2005 - at a time when she knew Kerik was under investigation for taking gifts he didn't disclose.

"You know, that was all a matter of public record," she said of Kerik's legal troubles. "But Bernie was a friend."

Pirro Says "Other Woman" Pictures Not For Public Eye (NSDY)

By John Riley

Long Island Newsday, September 30, 2006

For everyone else, the pictures of the "other woman" in Albert Pirro's life that graced New York City's tabloid covers Friday were the talk of the town. But not for his wife Jeanine, or so she said.

"I have no reaction," the embattled attorney general candidate asserted during a Channel 4 news showtaping Friday. "... This salacious stuff that we see on the front pages of the newspapers is just that. It doesn't belong in the public eye, it doesn't belong in federal offices. It is, you know, just fodder for people to talk about."

It certainly was.

Two days after Pirro admitted she had tried to get former New York City police commissioner Bernard Kerik to bug the family boat in 2005, sources familiar with the situation confirmed that she suspected he was having an affair with Lisa Santangelo, the wife of Al Pirro's lawyer and a mother of two.

Michael Santangelo, one of Pirro's defense lawyers when the one-time GOP power broker was convicted of tax fraud in 2000, told reporters in the driveway outside his Harrison mansion that he and his wife were longtime friends of the Pirros. But he said the relationship between his 35-year-old wife and Albert Pirro, 59, never went beyond friendship.

"People are friends, people have relationships, and people may look at the relationships as something other than they are," Santangelo, 59, said. "If you people had any evidence of it, you'd be publishing it. You wouldn't just be saying this innuendo. I know my wife. We're married 13 years and I have the utmost confidence that nothing went wrong. Nothing happened here."

Santangelo, in broadcast remarks, said his wife couldn't talk to reporters because of the ongoing FBI probe of whether Jeanine Pirro's bugging plan violated federal law. But he insisted that despite the unwanted publicity, the couple didn't hold it against Pirro, 55.

"I'm not angry at Jeanine Pirro at all," he said. "Jeanine Pirro is the subject of an investigation. She's a friend of mine. Whatever happens, happens. We'll cooperate in any way we can."

As the suburban soap opera played itself out, Pirro, the former Westchester County district attorney, got some mixed but sobering early returns on her effort to put her campaign against Democrat Andrew Cuomo back on track.

A Marist College poll -- the first since leaked wiretaps from her conversations with Kerik forced Pirro on Wednesday to admit that she was a target of a federal investigation -- said she trailed Cuomo 54-31 percent.That's the same margin as a Marist poll from early this month, but suggests the scandal has stripped away any gains from a costly ad campaign she has been running.

In the poll, 72 percent of voters had heard about the bugging questions. A majority rejected her claims that the probe focuses on private matters that are none of the public's business, while 42 percent thought she acted unethically and 11 percent thought she acted illegally. Sixty-one percent said they were not troubled by what she did.

"The good news is that a lot of people are not terribly troubled by this, and most don't think she broke the law," said pollster Lee Miringoff. "But the bad news is that her argument that this is a private concern is not convincing people. And talk about being off-message!"

In addition to taping Gabe Pressman's Sunday news show Friday, Pirro attended a fundraiser and campaigned in upstate Olean.

She has tried to take the political offensive by claiming -- contrary to most legal experts -- that it is legal to secretly eavesdrop on a spouse. She has also alleged that leaks about her are politically motivated, and asked the Justice Department for a fast-track investigation to clear her before election day. She made that request in a letter to Attorney General Alberto Gonzalez released to the media Thursday. But in Washington Friday, a Justice Department spokesman had no comment.

"We still haven't received anything formal," said spokesman Bryan Sierra.

Experts Question Pirro's Legal Take On Taping (WINS Radio)

1010WINS, September 30, 2006

NEW YORK (1010 WINS) -- Republican attorney general candidate Jeanine Pirro would have violated federal wiretapping laws if she had carried out her plan to secretly tape her husband's conversations on a family boat, some legal experts said Friday.

The former Westchester County district attorney has said that the eavesdropping she considered was legal under established federal case law.

But some legal experts argue Pirro is wrong.

"You can't tape record your spouse's conversations without his permission," said New York City matrimonial lawyer Alton Abramowitz. "It strikes me that Jeanine Pirro, a former district attorney, should know the law on wiretapping and tape recording conversations to which she is not a party. I'm sure she must have approved hundreds, if not thousands, of wiretaps while in office."

New York defense attorney John Pollok agreed.

"The statute specifically does not have a marital exemption," he said "The FBI should have better things to do than become involved in familial problems, but the statute is very clear."

Pirro, however, maintains she wouldn't have violated any law if she taped her husband Albert, a lobbyist and real estate developer who she suspected was having an affair. Paul Shechtman, her lawyer and chairman of the state Ethics Commission,

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backed Pirro's interpretation of three previous cases in which judges have ruled the taping of one spouse by another did not violate the federal wiretapping law.

Pirro has also said her plan — caught by authorities on a wiretap targeting disgraced former New York City Police Commissioner Bernard Kerik — shouldn't be a public concern.

"This is a personal marital situation that has no business in the United States Attorney's office," she said on Fox News Thursday night. "This is a scenario where I said that I wanted to do certain things that I never did and even if I did do them, they weren't improper in any event."

Most New York voters disagree, according to a poll released Friday.

The WNBC/Marist poll found 53 percent of those who had heard of the scandal said Pirro acted unethically or illegally. Thirty percent felt she did nothing wrong. The poll found 72 percent of registered voters heard or read about the investigation.

Pirro spokesman John Gallagher did not immediately return calls for comment Friday.

Pirro has asked U.S. Attorney General Alberto Gonzalez for a special prosecutor to find the leak of the investigative records that forced her to acknowledge Wednesday that she planned electronic and other surveillance of her husband.

Alex Bunin, the federal public defender for the Northern District of New York, said the leak of the information appears to be a violation of the federal wiretapping law, but noted the statute doesn't include any criminal penalties for leaking. It does include the possibility of disciplinary action by an agency or civil penalties.

The statute allows law enforcement agencies to freely share wiretap evidence and offers numerous ways for an official charged with breaking the law to avoid facing legal action.

"If an officer who legitimately had access to those wiretap transcripts went over to The New York Times and just handed them to the paper, yes they are probably in violation of the law and the court's orders, but there doesn't seem to be any criminal penalty for doing that," Bunin said. "I don't see an investigation going very far."

Albert Pirro has been a source of controversy throughout his wife's public life. He was convicted of tax fraud in 2000 and served 11 months in federal prison and embarrassed her by fathering an illegitimate daughter after they were married.

Pirro faces Democrat Andrew Cuomo, a former federal housing secretary and the eldest son of former Gov. Mario Cuomo, in the November election.

Experts Say Leak Is Not Criminal (NYJN)

By JORGE FITZ-GIBBON

New York Journal News, September 29, 2006

Any information leaked from a federal investigation into former Westchester District Attorney Jeanine Pirro should concern the Justice Department — but not as a criminal matter, legal experts said yesterday.

While Attorney General Alberto Gonzalez might want to know if federal investigations are being compromised by leaks from within, it is unlikely that release of any information from an investigation into Pirro would constitute a crime, the experts said.

"From a practical standpoint, from an administrative standpoint, from an internal standpoint, if I had someone working in my office who was leaking information concerning ongoing investigations, that would be a firing offense," said former federal prosecutor William Aronwald, now a practicing attorney in White Plains.

"It would be a violation of the internal agency rules of the department," said Aronwald, a frequent Pirro critic. "But it doesn't mean it's a violation of any criminal statute."

Pirro, who is running for state attorney general, maintained this week that investigators at the U.S. Attorney's Office in Manhattan were politically motivated in releasing transcripts in which she urged former New York City Police Commissioner Bernard Kerik to wiretap her husband's boat last year because she suspected he was having an affair.

The conversations, which surfaced as part of an unrelated corruption case against Kerik, are part of a local probe.

Yesterday, Pirro urged that Gonzalez appoint a special prosecutor to investigate her allegations of a leak and that Assistant U.S. Attorney Elliot Jacobson be removed from the case because, she asserts, he has a gripe against her family. Jacobson was among the federal prosecutors who won a tax evasion conviction against Pirro's husband, lobbyist Al Pirro.

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Jeanine Pirro's taped phone conversations with Kerik were first reported Wednesday by WNBC-TV, and she angrily lashed out in a news conference later in the day.

But experts said any leak in the investigation would probably not be a crime, unless it violated federal wiretap laws or a release of grand jury evidence, and then only by citizens serving on the grand jury, court personnel or attorneys involved in the case.

"It's complicated by who had the data, who had the (transcribed) conversations, and how they came to get them," said defense attorney David L. Lewis. "The Justice Department should want to know the answer because it jeopardizes their ability to conduct their business. So her demand for an investigation, while perhaps for her own political and personal purposes, has a dual value to the Justice Department.

"Whether it's a criminal matter or not depends on so many different things," Lewis said. "But if someone was handed those tapes as part of discovery and there was no limiting court order ... then they're in the public domain."

Herb Haddad, a spokesman for the U.S. Attorney's Office in Manhattan, would not comment yesterday on whether a grand jury had been convened in the Pirro probe. Haddad would not discuss details of the investigation.

"It's not a crime to leak information concerning an investigation," Aronwald said. "It's only a crime to leak information concerning things that are before a grand jury. So, basically, it may be a violation of some administrative regulation or some internal regulation."

Imprisoned Democrat Aided A Researcher For Kean Campaign (NSL)

By Jeff Whelan And Josh Margolin, Star-ledger Staff

Newark Star-Ledger (NJ), September 30, 2006

Janiszewski offered a list to derail Menendez

A researcher working for Republican Tom Kean Jr.'s campaign became pen pals with a jailed Democratic political boss in an effort to dig up damaging information on Kean's opponent, U.S. Sen. Robert Menendez.

Former Hudson County Executive Robert Janiszewski, now serving time in a federal prison in Kentucky on corruption charges, offered political history and strategic advice to the Kean campaign in a chatty, friendly letter obtained by The Star-Ledger.

"Political intrigue is ... well ... intriguing," Janiszewski writes in the opening, summing up the unlikely alliance between himself and an agent for a Republican campaign. The letter, dated June 11, suggests an ongoing, secret correspondence.

"By the way, don't worry about the stamps -- the (Bureau of Prisons) rules prevent you from sending stamps anyway. And, I assure you that no one else is aware of our correspondence. You can imagine the position I would be in with a U.S. Senator breathing down my back -- I am a federal prisoner, after all," Janiszewski wrote.

Janiszewski, a sometime-ally, sometime-rival of Menendez's in Hudson County, offered a long list of local politicians who hold grudges against the senator and may be able to provide damaging information about him.

One of those people mentioned by Janiszewski -- Oscar Sandoval, a Union City psychiatrist and former FBI informant who helped land Janiszewski in prison -- rocked the U.S. Senate campaign this week by disclosing a secret recording he had made of Menendez's closest adviser.

"So ... Sandoval ... what a trip," Janiszewski wrote. "My read is that Sandoval cannot be trusted because he likely has several agendas to satisfy -- all having to do with advantaging himself -- so, be careful + seek proof. If he has it, then full speed ahead."

Sandoval, in an interview earlier this week, said the Kean researcher, Chris Lyon, approached him earlier this year. But Sandoval said he declined Lyon's request for an interview and that his public release of the tape was in no way connected to the Kean campaign.

Jill Hazelbaker, Kean's campaign spokeswoman, sought to downplay the significance of the letter. She said Kean was not aware of the correspondence and noted that Lyon is not on the campaign payroll. He is a subcontractor for Kean's chief political consultant, Matt Leonardo.

"Are you going to tell me that the Menendez campaign doesn't have a research operation? Let's get serious. This is nonsense," she said.

Asked if Lyon's reaching out to Janiszewski was appropriate, she said, "The campaign has heard from countless people who have firsthand experience of Bob Menendez's control over one of the most corrupt political organizations in New Jersey."

A 'SMEAR CAMPAIGN' The Menendez campaign, which has been reeling from this week's release of the recordings and a federal investigation of the senator's rental property, seized on the letter and called it evidence of a "smear campaign" by Kean.

"He's been working with disgraced felons like Bob Janiszewski and crooks like Oscar Sandoval since the beginning of this campaign to dig up sleaze and make up lies and now he's been caught red-handed," said Matt Miller, spokesman for the Menendez campaign.

Hazelbaker reiterated earlier denials that there was no collusion between Sandoval and the campaign.

"The notion that the Kean campaign was somehow involved in this story is absurd. The facts of this matter are very, very clear. There is a tape and the contents of that tape are indisputable," she said.

Kean has made ethics the cornerstone of his campaign and sought at every opportunity to highlight the fact that Menendez comes from Hudson County, a place legendary for its bareknuckled politics and history of corrupt public officials.

The most famous of those in recent years is Janiszewski, the former county executive who was caught in an FBI sting taking a bribe from Sandoval in 2000. He then cooperated with authorities to help nab others.

Janiszewski spent a year in hiding before emerging to plead guilty to extorting hundreds of thousands of dollars in exchange for his political influence. He testified that he took so many bribes that a filing cabinet in his home overflowed with cash stuffed envelopes.

He hasn't made any public statements since he was sent to prison, from which he is due to be released in April 2008.

In his letter, the jailed politician thanks Lyon for sending him court records regarding the lawsuit Sandoval filed earlier this year alleging he was a victim of extortion and racketeering by Menendez's closest adviser, Donald Scarinci, and other Hudson County political leaders. He flags Lyon to other records in the case, and suggests he take a look at them.

ADVICE FOR NEW PALS Janiszewski, a former Democratic powerbroker once considered one of the shrewdest political tacticians in the state, also offers general strategy for his new Republican friends.

"DO NOT -- I repeat -- DO NOT let Kean get trapped into the Bush/Cheney dragdown ... or some ridiculous votes in the NJ Legislature on his otherwise moderate record," Janiszewski wrote.

But most of the letter concerns itself with the Byzantine world of Hudson County politics. He talks about how he approached Menendez and encouraged him to run for Assembly on his ticket in 1987, but the relationship turned sour by the time Janiszewski considered running for governor in 1997.

"Menendez discerned that he couldn't control me. So in the 99 primary, he + Scarinci tried to generate opposition to my re-election. Typical, they tried to do this behind my back + got caught," he wrote. "I chose not to accuse Menendez. Within 90 days, I was the target of another FBI investigation."

Janiszewski, who as a cooperating witness worked closely with the FBI, goes on to suggest federal prosecutors have long had Scarinci and Menendez in their sights.

"I have no idea on how they enrich themselves, but I do know the feds have an interest -- just don't know why," he wrote.

Janiszewski's attorney, William Maderer, said he has not been in contact with the former Hudson County executive in the last year, so he could not comment.

Calls to the home of Janiszewski's wife, Beth, were not returned.

Lyon, who declined to comment on the letter, works in a field crucial to political campaigns, but one that rarely bubbles up into public view.

SKILLED RESEARCHER He has a reputation as a highly skilled and devastatingly effective researcher and has worked for political heavyweights such as U.S. Sen. John McCain and former New York City Mayor Rudy Giuliani.

In previous elections, Lyon also dug into the backgrounds of former acting Gov. Donald DiFrancesco and former U.S. Sen. Robert Torricelli, both of whom dropped out of their respective campaigns amid scandals.

Lyon left former Jersey City Mayor Bret Schundler's 2001 gubernatorial campaign after he was accused by the New Hampshire attorney general of orchestrating a "dirty tricks" campaign. He was accused of using anonymous postcards and telephone calls against a rival candidate.

GOP Chief Wants Probe Of Sen. Menendez's Political Ties (APP)

By GREGORY J. VOLPE, GANNETT STATE BUREAU

Asbury Park Press, September 30, 2006

TRENTON — State Republicans called Friday for the attorney general to investigate the dealings of U.S. Sen. Robert Menendez, D-N.J., and his close political ally who was secretly recorded using Menendez's name to pressure a Hudson County psychiatrist to hire a doctor.

Though Menendez said this week his friend Donald Scarinci was not authorized to use his name in 1999 when he tried to pressure psychiatrist Oscar Sandoval to hire a doctor through a contract he had with Hudson County, New Jersey Republican State Committee Chairman Tom Wilson questioned why Menendez waited until the story garnered large media attention before severing campaign ties with Scarinci. The recordings by an FBI informant were acknowledged in court filings and published reports in the spring.

"Mr. Menendez knew all of this six months ago, and the man who calls himself a reformer, who takes on corruption and stands up to do the right thing no matter what, did nothing at that time," Wilson said. "He did nothing until yesterday when this story threatened to end his already faltering campaign."

Menendez spokesman Matt Miller said while the existence of the tapes were reported in March, the actual recordings were not released until this week.

"That's a big difference," Miller said.

The spokesman called the request for an investigation another sleaze tactic by the campaign for Menendez's opponent, state Sen. Thomas H. Kean Jr., R-Union.

"Yesterday, Tom Kean Jr. rolled out his first sleazy attack dog, and today came the second one," Miller said. "Whether it's a crook like Oscar Sandoval, or a discredited hack like Tom Wilson, Tom Kean Jr. keeps running the gutter campaign because he has no credibility on the issues."

While the Kean campaign has made ethics a cornerstone of the campaign discourse, it maintains that it had no involvement with Sandoval releasing the recording. Sandoval has said the release was not campaign-related.

A spokesman for Attorney General Stuart Rabner, who was confirmed last week amid hopes he'll focus on corruption in New Jersey, declined comment. Scarinci did not return phone calls Friday.

Scarinci is the founding partner of Scarinci & Hollenbeck LLC, a Lyndhurst-based law firm with offices in Freehold Township and New York City.

One of the firm's clients is Monmouth County. Over the last 18 months, the firm has been paid $439,000 by the county for legal work, according to county billing records. Matthew Giacobbe, a lawyer with Scarinci & Hollenbeck, is Monmouth County's labor attorney.

In 2005, Scarinci contributed $3,800 to Monmouth County Republican candidates or organizations, according to Election Law Enforcement Commission filings. His partner, Kenneth Hollenbeck, also contributed $3,800 to Monmouth GOP candidates or organizations.

Meanwhile, the campaign of Menendez, the first Hispanic to represent New Jersey in the U.S. Senate, also faced allegations Friday that it is racist — against Hispanics.

On Thursday, when trying to discredit Oscar Sandoval, Miller, the Menendez spokesman, told reporters that he is the brother of Jose Sandoval, the Republican running for the 8th District congressional seat held by Rep. William J. Pascrell Jr., D-N.J.

The two are not related.

"I do not know Dr. Oscar Sandoval, and he is not related to me in any way, shape, or form," Jose Sandoval said in a statement. "This is blatant racism on behalf of the Menendez campaign. Just because we both have Hispanic surnames does not mean that we are related."

Added Assemblyman Eric Munoz, R-Union, who represents the same legislative district as Kean: "How dare he (Miller) make such racist assumptions? Just because two Hispanic individuals have the same name that does not mean they are related. Mr. Miller's statements are completely ignorant."

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Miller called that "silly."

"I made the same factual mistake that several reporters and others made, nothing more," Miller said.

While Jose Sandoval's lawyers huddled Friday, saying they were exploring whether a defamation of character lawsuit ought to be filed, Munoz demanded an apology from Menendez and removal of Miller from the campaign.

Press staff writer Bob Cullinane contributed to this report.

MS-13 Member Convicted In Slaying (WP)

By Jerry Markon

The Washington Post, September 30, 2006

Wilfredo Montoya Baires thought he smelled a rat. Or so he told fellow members of the Mara Salvatrucha street gang.

Actually, prosecutors told the jury at Baires's federal court trial in Alexandria, the 27-year-old gang member wanted to eliminate a rival. So he and three other MS-13 members went to a townhouse in Manassas, where Baires shot Jose Escobar, 22, before another gang member cut his throat.

Baires was convicted Thursday in the August 2004 slaying of Escobar, an MS-13 member who had been "greenlighted," or targeted for death, by the violent gang because of his alleged cooperation with law enforcement, prosecutors said yesterday. As it turned out, prosecutors told the jury, Escobar never did cooperate, and Baires made the accusation as a pretext for murder.

Baires became the 14th MS-13 member convicted in U.S. District Court in Alexandria on murder-related charges since 2002. Federal officials have been cracking down on the gang, considered the largest and most violent in Northern Virginia, by using racketeering statutes once employed against the Mafia. Jurors convicted Baires of murder in aid of racketeering and three other counts. Two other MS-13 members earlier pleaded guilty in Escobar's death.

The two-week trial revealed much about the inner workings of MS-13, which has its roots in El Salvador and Los Angeles, prosecutors said. Government witnesses, including several MS-13 members, testified that the Escobar killing resulted from a power struggle within the gang.

Los Angeles MS-13 members had come to Northern Virginia to impose order on the local gang, which was seen as riven by infighting and infested with cooperators, witnesses told the jury. Baires had allegedly allied himself with the Los Angeles gang members, a tactic that was opposed by Escobar.

The argument led to Baires, who viewed Escobar as a rival, telling fellow gang members that Escobar was a cooperator, according to evidence presented at the trial. The Los Angeles MS-13 members were arrested and were deported or have left Northern Virginia, prosecutors said.

Baires faces a mandatory life prison term when he is sentenced Dec. 15. The two MS-13 members who pleaded to charges related to Escobar's killing -- Wilfredo Lopez-Lopez, 29, and Fredy Escobar, 25 -- face up to 10 years in prison.

"Taking these guys off our streets and putting them in prison for a long, long time is good news for our community," said U.S. Attorney Chuck Rosenberg, who vowed to "make Virginia a very inhospitable place for these violent gangs and their members."

Nina Ginsburg, an attorney for Baires, said she was "disappointed in the verdict because we did not believe this was conduct motivated by his desire to advance himself in the gang. This was an argument that got out of control."

The defense, which presented no witnesses, portrayed the killing as a heat-of-passion crime that Baires was provoked into committing by other gang members. Defense attorneys said Baires did not intend to harm anyone when he went to the townhouse.

Escobar, of Manassas Park, worked for a Loudoun construction company. He was shot about 9:30 p.m. Aug. 11, 2004, and died in surgery at Inova Fairfax Hospital. The killing was one of a series of gang-related homicides that led federal and state officials to pour money and manpower into fighting MS-13, which has been responsible for a series of killings, assaults and other crimes in Northern Virginia.

Charges in the case were initially filed in Prince William County, and state court testimony indicated that MS-13 members had spread throughout the townhouse and blocked the exits to prevent Escobar from escaping. But further investigation showed that the gang members were concentrated in the hallway where Escobar was shot, prosecutors said.

The federal racketeering statute, known as the RICO law, was enacted in 1970 to fight the Mafia but has increasingly been used in recent years against violent gangs.

The first conviction on federal racketeering charges of an MS-13 member in the region came last year in Alexandria, and two MS-13 members charged with racketeering are now on trial in Maryland.

Officials Seize Files In A.C. City Hall (PAC)

By Derek Harper

Press of Atlantic City, September 30, 2006

ATLANTIC CITY -- Mayor Bob Levy said federal and local investigators searched and took files from the city's Department of Neighborhood Services office Friday, as ordered by a federal subpoena.

Levy and other officials pledged complete cooperation with the investigation.

Investigators looked at records from about 9:30 a.m. to 2 p.m., Atlantic City police Chief John Mooney said.

It is unclear what records were sought. City Business Administrator Domenic Cappella said the records include files from 2002 to the present day.

Four computer towers were taken from the city's construction office Friday, workers in that office said.

Other Neighborhood Services Department workers said hard drives were taken from computers used by department Director David Tayoun and two others in his office. Investigators also took hard drives from computers in the mercantile office.

A copy of the subpoena could not be obtained. Michael Drewniak, spokesman for Newark-based U.S. Attorney Christopher J. Christie, said it came from a grand jury and was therefore confidential.

FBI spokesman Stephen Siegel did not return a call seeking comment.

The Neighborhood Services Department, with a $1.6 million budget, is responsible for enforcing building codes, overseeing construction and issuing mercantile licenses in the resort.

City Councilman Ramon Rosario, who oversees council's Neighborhood Services Committee, did not return repeated calls Friday. Federal officials have said he is under investigation, but the councilman has consistently denied it.

In a prepared statement Friday, Levy seemed to backtrack from an Aug. 30 statement made hours after City Council President Craig Callaway pleaded guilty to accepting $36,000 in bribes from area contractor Terry Jacobs in exchange for construction management positions.

â€œOn Aug. 30, in a press conference held in my office, I referenced that none of my key cabinet members were in any way connected to the issues at hand that day,â€ the statement read. â€œAt the time of the press conference, those statements were true. However, the FBI and Atlantic City Police Department recently informed me of this separate and unrelated investigation involving Neighborhood Services.â€•

Tayoun, who remained in City Hall throughout the day, confirmed records had been taken from his department Friday. He referred other questions to City Solicitor Kim Baldwin, who declined comment.

Cappella did not say Tayoun, a retired city police officer, was a target. He said, â€œThe subpoena just asks for records throughout his department.â€•

Tayoun helped deliver ultimately unnecessary absentee ballots in Levy's successful 2005 primary election campaign. He is also close socially with Callaway, who lists a Brooklyn Avenue home half-owned by Tayoun as his residence.

Tayoun raised eyebrows in June after City Council approved a lucrative Boardwalk vending machine contract for a company half-owned by Tayoun's wife over the conflict-of-interest concerns of two municipal attorneys. Levy later said he refused to sign the contract, which means it was not awarded.

Tayoun's father is James Tayoun, a former Philadelphia city councilman and restaurateur who pleaded guilty to corruption charges and began a 35-month federal prison term in 1991. While incarcerated, he wrote two books, including a guide for first-time offenders called â€œGoing to Prison?â€• He now edits the Philadelphia Public Record newspaper.

Other officials questioned the potential involvement of the previous director, Thomas Russo, who is in the midst of a re-election campaign for Atlantic County freeholder. He oversaw Neighborhood Services throughout most of former Mayor Lorenzo Langford's administration.

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Langford did not return a call seeking comment.

County Democratic Chairman Ron Ruff said Russo should step aside. â€œWhenever the FBI takes records from where you were the director, it has to raise serious questions.â€•

â€œWait a minute,â€ Russo said. â€œThat's really stretching things. First of all, I know there's nothing wrong as far as I'm concerned.â€• He also hoped law enforcement would issue a statement clearing officials who are not targets.

County Republican Chair Keith Davis said, â€œIf the voters of Atlantic County want to see the corruption move from Atlantic City to Atlantic County, they ought to vote Democratic. If they want to see it remain clean, they ought to vote for Tom Russo and the rest of the Republican slate this year.â€•

Parts of the Neighborhood Services Department have had problems in recent years.

The mercantile office is responsible for licensing and inspecting a wide array of businesses interests in the city, including everything from taxicabs and hot dog stands to higher concerns.

In January 1992, a former hot-dog vendor said he had 60 tape recordings of mercantile inspectors and mercantile office workers accepting bribes.

Three months later, the head of the Mercantile Licensing Office resigned the day after State Police told city officials she and six other mercantile employees had engaged in corrupt activities.

A retired police detective replaced her.

More recently, city police Detective Sgt. Timothy Mooney took over the mercantile office when Levy took office in January. While Mooney declined comment Friday, in March he told a roomful of taxicab drivers â€œthe integrity issues have been addressed.â€•

Judge Concludes Hearings On Lethal Injection (LAT)

By Henry Weinstein And Maura Dolan

The Los Angeles Times, September 30, 2006

SAN JOSE — The most detailed hearing ever held on lethal injection in California concluded Friday with a judge exploring a new drug protocol that could prolong condemned individuals' deaths but also reduce the risk of an inmate experiencing excruciating pain.

The current procedures call for a three-drug cocktail including a barbiturate anesthetic, a muscle-paralyzing drug and a heart-stopping chemical. Critics say the state does not properly administer enough anesthetic to deaden the pain of the final drug, whose effects are masked by the paralytic.

Introducing the possibility of a single-drug protocol, U.S. District Judge Jeremy Fogel asked an expert witness for the state to estimate the length of time it would take to "achieve a flat line" on an electrocardiogram — meaning someone was dead — just using "a massive dose of barbiturate."

"We are looking at 20 minutes at the low end and 40 minutes toward the upper end," said Dr. Robert Singler, a Napa anesthesiologist.

Fogel is considering a lawsuit brought by death row inmate Michael Morales, who contends that California's current lethal injection protocol presents an unnecessary risk of subjecting condemned inmates to cruel and unusual punishment in violation of the Constitution.

Morales was originally scheduled for execution Feb. 21 but state corrections officials postponed it after they were unable to meet conditions the judge imposed. Since then, the state has revised the protocol slightly, but has stuck by the three-drug cocktail.

The judge has conducted an extensive review of the issue, going so far as to visit the execution chamber at San Quentin State Prison in Marin County to familiarize himself with the process.

Santa Clara University law professor Ellen Kreitzberg, who attended portions of the four-day hearing, said Fogel was truly delving into "the machinery of death."

In response to a question from Fogel, Singler said Friday that the paralytic pancuronium bromide could serve a useful purpose by deepening oxygen deprivation to the brain.

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Then the judge asked if an inmate were still conscious after the first drug was administered whether the effect of pancuronium bromide "would conceal that fact" from observers outside the sealed execution chamber. "Yes," Singler said.

Fogel continued to express concern, as he did earlier in the week, that some of the 11 people executed in California by lethal injection were still breathing for several minutes beyond what would be anticipated after the anesthetic was administered.

On Friday, Singler acknowledged that prison logs "raise the question" of whether convicted murderer Robert Lee Massie was awake when the final lethal drugs were injected in 2001. "I don't dispute that," Singler said.

The judge also asked Singler about an opinion issued by a federal judge earlier this month upholding Virginia's lethal injection procedures. In Virginia, according to the decision in Walker vs. Johnson, "the execution takes place in a one-room chamber," with the inmate strapped to a gurney in the front of the chamber, "and the executioner, IV team and the physician who pronounces death behind a curtain in the rear of the chamber. The curtain has two holes so the executioner and IV team can observe the inmate during the administration of the drugs."

"The IV team members have backgrounds in relevant medical fields and train on placing IV lines," the decision stated, and "the executioner has training to determine whether the IV line is flowing properly as he administers the drugs. Also, the executioner can see the inmate and the IV line to determine whether the drugs are entering the inmate's body properly. If the first IV line is not working properly, the executioner can switch to the second IV line."

In California, by contrast, the inmate is alone in a sealed chamber and the executioners administer the drugs from a dimly lighted anteroom through IV lines running into the chamber. During the hearing, there was considerable testimony questioning whether the executioners can see what is going on and attacking their capabilities.

Earlier this week Dr. Mark Heath, a Columbia University anesthesiologist who was the primary expert witness for Morales, characterized the team as "dysfunctional," based on prison records and statements that team members made in depositions.

After reading from the Virginia decision, Fogel asked Singler, "Do you have an opinion on whether what I read to you is of any value in assessing what you saw when you went to San Quentin" to observe the execution chamber and meet with team members a few days before Morales' execution was to take place?

"There are some improvements in what you read," Singler said. He also said the lighting in the execution area at San Quentin "is not optimal."

As he concluded the hearing, Fogel made it clear that the case will not turn solely on courtroom testimony but also on thousands of pages of depositions and 148 exhibits that he will review. He told the lawyers for both sides that he hoped to send them questions by the end of next week on issues that he would like them to focus on in closing briefs, which are due Oct. 27.

Fogel said he hoped to render a decision in early November, although it could take longer. "Let me stress, time is of the essence. I want to get this done so you can move on to the next level of review," the judge said, acknowledging that the losing side is likely to appeal his decision.

He also emphasized that "it is very important to focus on the issues in this case. There are a lot of issues that swirl around this case — how people feel about the death penalty, the rights of victims and victims' families, all of which are very important. But this court has a very specific job to do here and it will do that to the best of its ability."

Although those comments were similar to remarks the 57-year-old jurist made on the opening day of the hearing, they had added resonance Friday because of the presence of Barbara Christian, the mother of Morales' victim, Terri Winchell. Christian attended with several friends and her attorney Gloria Allred.

In a hallway after the hearing, Christian told reporters "I am very angry" that so much time is being spent on the issue of whether Morales, who murdered her daughter in 1981, "might be aware" of serious pain for "five to seven minutes."

Christian reminded reporters that Morales bashed in Winchell's skull with a claw hammer, stabbed her in the chest with a butcher knife, raped her and finally ran her over with a car. "I want to see him go meet God and let God judge him," Christian said of Morales.

Now 46, the convicted killer has been on death row for nearly a quarter-century.

Congress Passes Curbs On U.S. Payments To Online Gaming Sites (BLOOM)

By William Roberts

Bloomberg, September 30, 2006

Sept. 30 (Bloomberg) -- Congress passed legislation today that curbs financial payments from banks to offshore Internet casinos that are illegal under U.S. law.

``Basically we are shutting down the payment system for Internet gambling," said Representative James Leach, an Iowa Republican. ``It is has an enormous effect."

The measure, added to unrelated legislation providing $3.4 billion for U.S. port security, makes it unlawful for credit-card companies to collect payments for transactions with online-gaming sites. Congress passed the port security plan before recessing to campaign for the Nov. 7 elections.

Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, take in billions from U.S. gamblers.

The Justice Department has been pursuing wire fraud charges against executives and operators of online casinos.

Frist gave his support to the legislation at a hearing in Cedar Rapids, Iowa, with Leach on Sept. 1, saying Republicans in Congress had ``a responsibility to act." Frist, a Tennessee Republican, is weighing a run for the Republican presidential nomination in 2008 and is courting Iowa voters.

``Internet gambling has been illegal since inception of the Internet, but there has been no way to enforce it," Leach said. By making it ``illegal to use a financial instrument to settle an Internet wager," Congress is ``putting responsibility on the financial community," Leach said.

Defense Measure

Earlier this month, Republican leaders considered attaching the anti-online gaming bill to a pending defense measure. That was blocked when Senate Armed Service Committee Chairman John Warner of Virginia objected to the addition of any non-defense measures to the legislation.

The American Gaming Association, which represents major U.S. casino operators based in Las Vegas and elsewhere, had asked Congress to fund a federal commission that would study whether online gambling can be regulated and taxed in the U.S. The lobby group's hope is a study may eventually let major casino operators such as MGM Mirage and Harrah's Entertainment Inc. enter the online business.

Credit Cards

``If someone goes out and runs up a big credit card debt on one of these online casinos, they can't come back and say you have to pay us now," said Senator Jon Kyl an Arizona Republican and co-sponsor of the measure with Leach. ``The bank says, `We can't pay you.' In fact it's illegal for the bank to pay."

The measure provides for fines and imprisonment up to five years for violations. A specific exemption of the prohibition is provided for online gambling on horse racing, which is legal under a separate federal statute, fantasy sports games and betting that takes place only within or between Indian tribal lands.

The legislation directs the Federal Reserve and Department of Justice to issue regulations within nine months to banks establishing policies and procedures for blocking online gaming transactions.

Adding the anti-gambling measure to the $3.4 billion port legislation helped ``grease the wheels," said Senator Trent Lott, a Mississippi Republican.

The measure was supported by the NCAA, the NFL and other U.S. professional sports leagues, along with Christian church groups and state and federal law enforcement authorities.

Grand Jury To Study Claims (BSH)

By Anita Lee

Biloxi Sun Herald, September 30, 2006

JACKSON - A federal grand jury investigating post-Katrina insurance-industry claims practices plans a detailed study of an Oklahoma City case that ended with a $13 million verdict against State Farm Fire & Casualty Co., court records show.

DOJ_NMG_0071804

Attorney Jeff Marr, who represents 71 State Farm policyholders in Oklahoma, has been ordered to produce a transcript of the trial, Watkins v. State Farm; sworn testimony taken outside court from 26 individuals, the policyholders' claims files and other records.

The grand jury wants the records delivered by Oct. 11 to the federal courthouse in Jackson.

They include testimony from State Farm's top officers: Company chairman and CEO Edward B. Rust Jr., president and vice chairman Vincent J. Trosino and claims vice president Susan Q. Hood.

The grand jury also has subpoenaed testimony given by engineers from Texas-based Haag Engineering Inc. and engineering reports from Haag.

State Farm officials declined comment Friday on the investigation, but have said in the past the company is cooperating with the U.S. Justice Department and state attorney general's office, which also is investigating insurers.

The Oklahoma jury found in May that State Farm "intentionally and with malice breached its duty to deal fairly and act in good faith" with policyholders who sued over damages from a 1999 tornado.

The jury found State Farm hired Haag knowing the company was predisposed to produce damage assessments that would allow the insurer to minimize or deny policyholder claims.

Shortly after Hurricane Katrina, Haag engineer Timothy Marshall completed a damage assessment of the Mississippi coastline that concluded, unlike later reports, that Katrina's surge preceded the wind. His report also listed peak wind gusts of 115 miles per hour in Bay St. Louis, found the hurricane to be below Category 3 strength and said there were no tornadoes.

State Farm adjusters have said management viewed Marshall's report as "The Bible." State Farm and Nationwide adjusters attended training seminars conducted by Haag, according to court records in Mississippi.

Haag engineers also assessed damaged property for insurance companies after Katrina. The company has denied any bias in its work and maintains it has been providing objective, professional services for 82 years.

But State Farm suspended work with the company after the Oklahoma verdict and launched its own investigation of Haag, according to the company executives forced to submit to sworn questioning in the Oklahoma case.

Detroit Reporter Fights Ex-prosecutor's Demand For Sources' Names (AP)

By Sarah Karush

AP, September 29, 2006

DETROIT (AP) — A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government.

Lawyers for reporter David Ashenfelter filed a lawsuit Sept. 12 against Richard Convertino, who is facing criminal charges over his handling of a high-profile terrorism trial during his time as a federal prosecutor. They filed the suit in U.S. District Court in Detroit, the same court Ashenfelter covers for the Free Press and where Convertino once worked and is now a criminal defendant.

Convertino demanded in July that the owner of the Free Press, Gannett Co., reveal the identities of Ashenfelter's sources for a January 2004 article. That story detailed an internal Justice Department investigation into Convertino's conduct in the terrorism trial. Convertino has sued the Justice Department in Washington over the article, accusing officials of violating the federal Privacy Act by leaking information about him.

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Detroit reporter fights ex-prosecutor's demand for sources' names

9/29/2006, 4:33 p.m. ET

By SARAH KARUSH

The Associated Press

DETROIT (AP) — A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government.

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Advertisement

"The information concerning Ashenfelter's confidential source(s) is in his possession, in Detroit. Gannett does not possess any of this information," the reporter's lawyers wrote.

"A reporter's privilege shields the production of this information in civil discovery, and it belongs to Ashenfelter. He, and he alone, is the reporter who spoke with the confidential source(s), gave the promise of confidentiality, and wrote the article based on the confidential information."

Convertino's lawyer, Stephen Kohn, called Ashenfelter's lawsuit "frivolous and harassing and sanctionable." He said the reporter was acting prematurely, since Convertino has not subpoenaed him up to this point.

Kohn said he is first trying to determine whether Gannett has the information before seeking it from the Free Press or Ashenfelter. "The process is moving forward" with Gannett, he said.

Gannett spokeswoman Tara Connell said the company would not comment.

The newspaper group acquired the Free Press in August 2005, more than a year and a half after the paper ran Ashenfelter's article about the Convertino probe.

Convertino was the lead prosecutor in the nation's first post-Sept. 11 terrorism trial. He won convictions of three of the four defendants in 2003, but they were overturned the following year at the request of the government, which said the prosecutors had failed to turn over some documents that could have aided the defense.

The Justice Department had been investigating Convertino's handling of the terrorism case and two 1990s drug cases when he resigned last year. In March, he was indicted on charges of conspiracy, obstruction of justice and making false declarations.

Kohn maintains that the sources who provided the information about Convertino do not deserve to be protected. He says the information they shared was meant only to smear Convertino.

Ashenfelter's suit says the First Amendment protects a reporter from having to reveal the identity of sources.

"These protections reflect a paramount public interest in the existence and maintenance of a vigorous, aggressive and independent press capable of furthering a robust, unfettered debate over controversial matters and are based on the firm recognition that effective newsgathering depends significantly on journalists' ability to secure the confidence and trust of their sources," the lawyers wrote.

The Justice Department investigated the leak to the Free Press, but its December 2004 report was inconclusive. Investigators said they identified 30 people who had access to the information, but all of them denied giving the information to the paper.

CIVIL LAW:

Old Stone Will Ask Supreme Court To Hear Suit (PROJO)

By Neil Downing

The Providence Journal, September 30, 2006

Old Stone Corp. of Providence wants the U.S. Supreme Court to weigh in on the company's longstanding lawsuit against the federal government.

Old Stone's board of directors voted yesterday to petition the Supreme Court to hear the company's breach-of-contract lawsuit.

It would be the final avenue of appeal; Old Stone has exhausted all others -- including one last week.

Winfield W. Major, a member of Old Stone's board, acknowledged that the Supreme Court typically agrees to review only "a very small percentage" of cases.

Nevertheless, he said, "We feel that the merits of our case are strong, and just hope that the Supreme Court of the United States will agree."

Old Stone, which formerly owned Old Stone Bank, filed the lawsuit 14 years ago this month.

Old Stone alleged that the government had broken its promises involving Old Stone's acquisition of two ailing savings-and-loan institutions during the 1980s.

In effect, the government encouraged Old Stone to take over Rhode Island Federal Savings & Loan, of Providence, in 1984, and Citizens Federal Savings & Loan, of Seattle, Wash., in 1985.

As part of those transactions, the government allowed Old Stone to use some accounting maneuvers so that the acquisitions would not harm Old Stone's financial picture.

The government later disallowed the accounting maneuvers. That contributed to a decline in Old Stone's financial health, so Old Stone sued. (Dozens of other banking companies in similar situations also filed such lawsuits.)

The Old Stone case languished in the courts until November 2004, when a U.S. Court of Federal Claims judge scolded the government, agreed with Old Stone's claims, and ordered the government to pay the company $192.5 million in damages.

The government appealed to the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. In May, a three-judge panel from that court reduced the award by $118 million, to $74.5 million.

Old Stone Corp. asked the appeals court to reconsider that decision. Last week, the court refused.

Old Stone was thus left with a choice: accept the reduced award of $74.5 million, or appeal to the Supreme Court to try to reinstate the full award of $192.5 million.

Yesterday, Old Stone's board voted to petition the Supreme Court. It is "the only course [of appeal] available to us now," Major said by phone.

In a statement issued yesterday, Old Stone's chairman, Bernard V. Buonanno Jr., said, "We believe that our damages claims are strong and should have been affirmed in full under established precedents. We will ask the Supreme Court to review the appellate panel decision and to reinstate [the] . . . full award."

A spokesman for the U.S. Department of Justice, Charles Miller, declined yesterday to comment on the case. If the Supreme Court agrees to hear the case, the Justice Department will respond to the legal papers that Old Stone files with the court, according to the schedule established by the court, Miller said.

Major said, "Hopefully, we're getting near the time where we'll have some finality to this case."

CIVIL RIGHTS:

Feds File Suit Against Lakewood Landlord, Citing Discrimination (OCO)

By Eddie Hollowell

Ocean County (NJ) Observer, September 30, 2006

LAKEWOOD — The U.S. Department of Justice filed a lawsuit yesterday against Triple H. Realty LLC and a current and former employee, alleging they gave preferential treatment to Orthodox Jewish tenants at the Cottage Manor Apartments, according to a department news release.

Neither person is named in the release and no one from the department could be reached for comment last night.

However, in July, the U.S. Department of Housing and Urban Development charged the company, managing agent Harry Kantor and former onsite supervisor Vincent Ortiz with violating the Fair Housing Act by trying to segregate tenants based on religion, race, color and national origin.

The Justice Department complaint, filed yesterday in federal district court in Newark, alleges the complex was marketed to Orthodox Jews in the local area beginning in 2002 by offering lower rents than current tenants paid for comparable apartments.

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Non-Jewish black and Hispanic residents were allegedly pressured to move out of buildings that management reserved for incoming Jewish tenants and that were better maintained than other buildings in the complex. The com-plaint also alleges that management provided Jewish residents more favorable living conditions, such as a fenced, landscaped yard.

"It is inexcusable and illegal to deny equal access to housing based on one's race or ethnicity," Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement. "The Department of Justice will continue to vigorously protect the equal housing rights of all Americans."

The suit seeks monetary damages to compensate victims, civil penalties and a court order barring future discrimination.

Cottage Manor Apartments is a six-building, 104-unit garden complex located on Woehr Avenue. It is owned by Triple H. Realty, which is located at 227 Woehr Ave.

The allegations appear similar to ones that were detailed in a June HUD document, which refers to incidents between 2002 and 2004. It could not be determined last night whether the two documents were linked.

Those HUD allegations outlined a pattern of what they called "discrimination." As described in the HUD documents, in January 2002, Kantor started recruiting Orthodox Jews to fill vacancies after a housing assistance payments contract with the Lakewood Housing Authority was terminated.

Kantor claimed that Jewish tenants moving in expressed concerns that they did not mix well with non-Jewish families, according to HUD. To accommodate the new tenants, Hispanics and African-Americans already residing at the complex were asked to move to a building in the rear of the complex, HUD said.

Three complainants have said they refused, and were retaliated against, the HUD documents state.

Triple H. Realty and Kantor have denied the discrimination allegations, HUD said. The choice to reach out to the Orthodox Jewish community was "strictly a business decision," they claim in the document. Further, Kantor stated that neither he nor his employees refused to sign the complainants' lease, HUD asserts.

The story contains information from previous Ocean County Observer reports.

Euclid Reveals New Wards Plan (CLPD)

By Leila Atassi

The Cleveland Plain Dealer, September 30, 2006

Euclid -- City Council will decide on Monday whether it will act in time for the November 2007 election to adopt a redistricting plan that increases the number of black residents in two of the city's four wards.

Cleveland State University researchers, with suggestions from Council President Ed Gudenas, drafted the new districts to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

The plan would shuffle about 13 percent of Euclid's residents to increase Ward 4's black population from 51 percent to 54 percent and Ward 3's from 34 percent to 40 percent. But it maintains the four at-large seats that the U.S. Justice Department wanted replaced with an eight-ward system and a council president elected at-large.

City officials hope the changes will be enough to cut short the legal battle that erupted when a three-year investigation concluded that the city's broadly drawn districts and a system for electing at-large council members have diluted minority voting strength in a city with a population that is more than 30 percent black.

Some residents in the sections of town who would be recruited to help increase Ward 3's black population to 40 percent said that council was moving too fast to approve a plan that might not even satisfy the Justice Department or achieve its goal of getting a black candidate elected.

"You can make super-wards to reflect anything you want," said Pierce Jackson, who lives on Babbitt Road. "But isn't this plan really just rearranging the deck chairs on the Titanic?"

Nearly 70 people attended a public hearing this week to discuss the proposal.

Most who stepped to the lectern during the televised meeting slammed the Justice Department for refusing to provide evidence of its claims and for implying that residents are incapable of electing the most competent candidates -- regardless of race.

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But a few residents argued that the new districts would only further concentrate poverty in the city and that creating two wards with more black residents does not necessarily mean more black candidates will run for office.

Mayor Bill Cervenik, who added his name as a co-sponsor of the plan at the meeting, said that while the plan achieves the population balance that the Justice Department is looking for, he does not believe it will make a difference come election time.

"Adding my name as a sponsor does not negate for a minute my belief that this will not satisfy what the Justice Department is concerned about," Cervenik said in an interview Friday. "But what Justice is trying to do is much more harmful than the changes Council is proposing to our government. And in the end, changing wards won't change voting habits. We have a responsibility as the current elected officials to help that process."

Cervenik said he plans to spearhead a citizens committee, including one resident from each ward and three other residents selected by the administration, to provide feedback on the new ward boundaries, the federal lawsuit and ways the city can improve voter participation and education.

Feds To Watch Voting (BRADV)

By Richard Burgess And Patrick Courreges

Baton Rouge Advocate, September 30, 2006

Federal observers will be working the precincts in St. Landry Parish today when voters hit the machines for a variety of local and state elections and ballot issues.

Voting machines in the eight-parish Acadiana are awash today with candidates and propositions.

Even in areas without a particular local race or issue, two statewide races — insurance commissioner and secretary of state — and a baker's dozen of constitutional amendments.

In St. Landry, observers with the U.S. Department of Justice will keeping an eye on activity around those voting machines and asking some voters questions about the election, St. Landry Parish Clerk of Court Charles Jagneaux said.

"They came because there were some allegations of vote buying and because there's some contentious elections," he said.

Jagneaux noted that of specific interest is the election for St. Landry Parish Sheriff, where interim Sheriff Laura Balthazar faces challengers Lambert Castille and Bobby Guidroz.

Jagneaux said his staff met with Justice Department officials Friday, joined by representatives of the Louisiana secretary of state's elections fraud unit.

"I'm sure the allegations were racial in nature," Jagneaux said. "They said something about preventing the dilution of the black vote."

U.S. Attorney Donald Washington said federal officials heard rumors about the potential for voter irregularities, particularly in the sheriff's race.

"There were concerns about the potential for intimidation based on race," he said.

Washington said 12 election monitors will be working the parish — two teams of five with a captain and a co-captain.

Jagneaux said that some observers may want to ask voters questions about the election after they vote.

"I don't think the questions are going to be too contentious," Jagneaux said. "They're not trying to intimidate voters or the commissioners."

Poll observers will only ask questions of voters who have already cast their votes, Washington said.

"These are observers. They are not to take any action," he said. "We will not interfere in an election. We take reports, and we take any action after an election has occurred."

Jagneaux said the Justice Department will issue a report on its findings within a week and discuss them with elections officials.

Jagneaux said his office will also be reopening qualifications today for the Port Barre board of alderman race because one candidate — Democrat John E. Sylvester — died early Friday morning.

Jagneaux said the election for that seat will go forward today, with votes for Sylvester not being counted. He added that if no one qualifies for the post by 5 p.m. Monday, today's election results will stand.

DOJ_NMG_0071809

If any new candidate, however, files for the race and pays the $80 qualifying fee before the deadline, today's results will be thrown out and another election will be held on Nov. 7.

Signs will be posted at the affected polls notifying voters of Sylvester's death, according to the Secretary of State's office.

Supreme Court A Busy Docket Of Touchy Topics (WSJ)

By Jacob M. Schlesinger

The Wall Street Journal, September 30, 2006

The Supreme Court comes back to work Monday to take up some hot-button new issues -- notably abortion and racial diversity in schools -- and thereby begin the first full measure of the impact of the nation's newest justice, Samuel Alito.

Justice Alito replaced Justice Sandra Day O'Connor partway through the last session, in February. She was a swing vote on both subjects on a divided court, taking different sides on the questions, depending on how they were shaded. Court watchers expect Justice Alito to be a more consistently conservative vote, against both abortion rights and school diversity plans.

The justices hear arguments in two abortion cases the day after midterm elections, on Nov. 8. Both involve the federal "Partial-Birth Abortion Ban Act," passed by Congress and signed by President Bush after the Supreme Court struck down a similar Nebraska law in 2000.

Roe v. Wade -- the seminal 1973 court ruling upholding abortion rights -- isn't at stake. But the cases are central to the social conservatives' legal strategy of chipping away at Roe. The question is whether laws banning access to abortion procedures require an exception when the mother's health is at stake. Attorney General Alberto Gonzales asked the high court to consider the matter after lower courts struck down the federal law because it failed to provide such a provision. The Supreme Court used a similar standard in its 2000 Nebraska ruling. That vote was 5 to 4, with Justice O'Connor joining the majority.

Some time later in the term -- arguments haven't yet been scheduled -- the court will take up racial-balancing plans in public-school districts in Jefferson County, Ky., and Seattle. Both districts have complex enrollment formulas designed to ensure school populations reflect the racial balance of the local community. In Seattle, parents of white students protested when their children were denied entrance to a popular, oversubscribed, high-school academy. One tie-breaking factor determining admission was race. The cases raise questions similar to those in the Court's 2003 ruling upholding the University of Michigan's use of race as a factor in law-school admissions. That vote also was 5 to 4, with Justice O'Connor writing the majority opinion.

While those are the term's marquee issues, the justices also have agreed to take up an unusually heavy docket of business concerns. The U.S. Chamber of Commerce has filed briefs in at least 18 cases, hoping that the court under Chief Justice John Roberts, beginning his second term since succeeding William Rehnquist, will prove to be one of the most business friendly in decades.

The chamber's priorities include two cases it hopes will curb antitrust complaints, and one that could essentially affirm the Bush administration's decision to avoid setting global-warming regulations under the Clean Air Act. Another priority for companies: Philip Morris Inc.'s petition for relief from a 1999 $79.5 million Oregon jury award, which will be argued on Oct. 31.

While companies are hoping a conservative court will take their side against trial lawyers, the issue cuts across legal ideological lines. When the court ruled in 1995 to limit damages against BMW of North America Inc. , Justice O'Connor joined the 5-4 majority, while the bench's staunchest conservatives were in the minority. Justice Antonin Scalia mocked what he called the invention of the "Excessive Damages Clause of the Bill of Rights."

Abortion, Race, Environment On Supreme Court's Agenda (MCT)

By Stephen Henderson

McClatchy Newspapers, September 30, 2006

WASHINGTON - The Supreme Court returns Monday to a docket that includes important cases on abortion, race and the environment, and by next spring, when the court adjourns, it should be much clearer how new Justices John G. Roberts and Samuel Alito have changed things.

The key cases in particular will test the principles the new justices swore allegiance to during their confirmation hearings: precedent, restraint and judicial modesty. Depending on how they and the other justices rule, the laws in those areas could be altered dramatically.

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In the abortion case, the court could make it much more difficult to challenge restrictions on women's ability to terminate pregnancies.

The race cases, which involve whether school districts - like colleges and universities - should be able to consider ethnicity in their quest to foster diversity, could affect the reach of the landmark affirmative action cases from 2003.

The environmental case, which questions whether the Environmental Protection Agency may regulate so-called greenhouse gases, presents issues involving how to interpret congressional intent and the ability of individuals to sue in federal court over environmental issues.

Roberts and Alito gave clues during the last term, their first, as to how they might change the court.

Roberts, the court's 17th chief justice and a former clerk to the late Chief Justice William H. Rehnquist, led the court through a record stretch of unanimous opinions early in the term, reflecting his belief that the justices speak loudest when they speak together. Roberts also wrote several opinions that captured his respect for precedent, the guidepost for court stability, and restraint, the idea that the court shouldn't tread on territory reserved for the government's more democratic branches.

Alito had less time to reveal himself because he wasn't confirmed to the bench until halfway through last term. Once he was there, he had little opportunity to have a big impact, which is typical of first-year justices. But when he did write, he revealed much of what he'd been in 15 years on a federal appellate court: a jurist who favors cautious and guarded opinions to thunderous or flashy ones.

In political terms, though, both men have established themselves as reliable votes for the court's conservative block. Both voted consistently with Justice Antonin Scalia, widely regarded as the court's most ardent conservative.

"I don't think there will be many surprises with either of them," said Nan Aron, president of the Alliance for Justice, a liberal group that focuses on legal issues. The group opposed both Roberts' and Alito's nominations.

"The right has been getting exactly what they need out of their judicial nominees."

Arguments start on Tuesday, after the justices observe Yom Kippur on Monday, with two cases that will decide whether immigrants can be deported for committing crimes that are felonies under state laws and misdemeanors under federal law.

The abortion cases, scheduled to be argued in early November, will test how strongly Roberts and Alito feel about preserving recent court precedents. The cases involve a challenge to a federal ban on late-term abortions; the court in 2000 struck down an identical ban by the state of Nebraska because it lacked an exception for cases that threatened the health of pregnant women.

Government lawyers say the federal ban's lack of a health exception doesn't matter because Congress made a "factual finding" that late-term abortion is never medically necessary.

But to uphold the federal ban, the court would need to back away from its stringent requirement of a health exception; that would mean significantly altering or undermining the 2000 ruling.

Justice Sandra Day O'Connor, now retired, was the key fifth vote in the 2000 ruling, but both Roberts and Alito wrote memos while working in the Reagan administration questioning the validity of Roe v. Wade, which recognized a constitutional right to abortion.

If the two hew to their thinking on abortion, they could overturn the previous ruling. But if they stick with precedent, they might be forced to uphold and apply it in the case involving the federal ban.

Late last term, Roberts made it even less likely, according to some observers, that he'd overrule court precedents by joining an opinion by Justice Stephen Breyer that was a virtual paean to the importance of precedent and its effect on court stability.

"Adherence to precedent is the norm; departure from it is exceptional," Breyer wrote, saying that principle is especially true where "circumstances have not changed."

The abortion case also confronts another substantive issue about how restrictions are challenged. Right now, it's easier to challenge abortion laws than it is to question other laws, thanks to the way courts have interpreted a 1992 abortion ruling. But a lower-court judge has crafted an opinion that debunks that interpretation and suggests that abortion laws can be challenged the same way other laws are. If the justices adopt that thinking, it would be harder to overturn laws that place restrictions on abortion.

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The race cases involve efforts in Seattle and Louisville, Ky., to create diverse student bodies in public schools. Each district uses some form of racial consideration when assigning students to schools to ensure that each has certain percentages of minority and white children.

The school districts argue that they're no less entitled to this use of race than are colleges and universities, which were told in 2003 by the justices that limited use of racial preferences is fine.

Parent groups in both cities say the school districts are using race to an extent that violates the Constitution. The school districts are treating students as mere members of ethnic groups, rather than as individuals, they say.

The environmental cases involve whether the Environmental Protection Agency must regulate carbon dioxide emissions from new cars as part of its mandate to address any pollutant that might be "reasonably anticipated to endanger public health or welfare."

The case raises questions about the effects of global warming and whether greenhouse gases contribute to it. But legally, it challenges other important notions.

It questions how broadly an executive agency should be allowed to interpret a law passed by Congress, an issue that at least indirectly invokes the debate over the scope of executive power. And it raises questions about "standing," or the ability of individuals to sue in federal courts.

In some of the lower courts, judges have said individuals cannot show enough "particularized" injury from global warming to authorize them to sue in court.

Standing is an issue that Roberts in particular has found compelling. In a key opinion he wrote last term, he laid out a treatise on a relatively narrow interpretation of standing. In that case, he said taxpayers in Ohio and Michigan couldn't sue in federal court to stop legislators from granting tax incentives to businesses in their states.

The outcome of the case could significantly narrow the scope of the EPA's work - and the ability of private citizens to do much about it in court.

Gingrich Urges Overriding Supreme Court (AP-Y)

AP, September 30, 2006

Supreme Court decisions that are "so clearly at variance with the national will" should be overridden by the other branches of government, former House Speaker Newt Gingrich says.

"What I reject, out of hand, is the idea that by five to four, judges can rewrite the Constitution, but it takes two-thirds of the House, two-thirds of the Senate and three-fourths of the states to equal five judges," Gingrich said during a Georgetown University Law Center conference on the judiciary.

It takes approval by two-thirds of Congress and three-fourths of the 50 states to adopt an amendment to the Constitution, the government's bedrock document.

Gingrich, a Republican who represented a district in Georgia, noted that overwhelming majorities in Congress had reaffirmed the Pledge of Allegiance, and most of the public believes in its right to recite it.

As such, he said, "It would be a violation of the social compact of this country for the Supreme Court to decide otherwise and would lead, I hope, the two other branches to correct the court."

In 2002, the 9th U.S. Circuit Court of Appeals in California ruled that the pledge was unconstitutional when recited in public schools because of the reference to God. The Supreme Court in 2004 reversed that decision on a technicality, but the case has been revived.

Gingrich said "the other two branches have an absolute obligation to render independent judgment" in cases that are "at variance with the national will."

He spoke at Thursday's panel discussion on relations between the executive, judicial and legislative branches of government.

Former Senate Democratic leader Tom Daschle of South Dakota, who spoke on the same panel, noted the high court's 5-4 decision settling the contested 2000 presidential election in favor of Republican George W. Bush.

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"What if Al Gore had said I don't agree?" Daschle asked. "In a sense, what we did was put the court in the position of the American people. We were giving the court the power to make the decision for the American people based on their best judgment and I'm not challenging the judgment. I accept it, too, even though I disagree."

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On the Net:

Georgetown conference: http://www.law.georgetown.edu/judiciary/program.html

Abortion Bill Fails In Senate (LAT/AP)

The Los Angeles Times/AP, September 30, 2006

WASHINGTON — A bill to criminalize taking minors over state lines for secret abortions failed late Friday in the Senate when Republicans were unable to get the 60 votes required to advance the bill to a final vote.

The vote stopped the bill from heading to the White House for Bush's signature.

The House voted 264 to 153 Tuesday to approve the legislation, which would have made it a federal crime for anyone other than a parent to take a child over state lines for an abortion in an effort to circumvent parental involvement laws.

The vote was aimed at giving Republicans a shot at political redemption after a year that began and ended without Congress passing some major items on the agendas of social conservatives.

Republican leaders scheduled votes on some of those items, but bans on gay marriage and flag desecration failed.

Rhode Island Couple Wins Same-Sex Marriage Case (NYT)

By Katie Zezima

The New York Times, September 30, 2006

BOSTON, Sept. 29 — Same-sex couples who live in Rhode Island can marry in Massachusetts, a Superior Court judge here ruled on Friday.

The judge, Thomas E. Connolly, ruled that because Rhode Island did not prohibit same-sex marriage by statute or in its Constitution, same-sex couples were allowed to marry in Massachusetts under state law.

“No evidence was introduced before this court of a constitutional amendment, statute or controlling appellate decision from Rhode Island that explicitly deems void or otherwise expressly forbids same-sex marriage,” Judge Connolly ruled.

The Massachusetts attorney general, Thomas F. Reilly, said he would not appeal the ruling. Rhode Island’s attorney general, Patrick Lynch, said the marriages would not be valid in his state.

“This ruling does not authorize same-sex marriages in Rhode island, and it does not mean that Rhode Island will recognize a same-sex marriage performed in Massachusetts,” Mr. Lynch said in a statement. “Only the Rhode Island legislature or a Rhode Island court can decide if same-sex marriage is valid in Rhode Island.”

Same-sex marriage was legalized here in 2004. But until Friday, only residents could be granted marriage licenses because of a 1913 law that prohibited the state from performing marriages that were not legal in the couple’s home state. The state’s highest court upheld that law last year after same-sex couples from six states challenged it.

The court ruled that same-sex couples from Connecticut, Vermont, Maine and New Hampshire could not marry in Massachusetts because same-sex marriage was expressly prohibited by statute in those states.

The court left the door open for residents of New York and Rhode Island, but the New York State Court of Appeals ruled shortly after that that same-sex marriage was not allowed under state law. With Rhode Island being the only state with no express prohibition of same-sex marriage, two Providence residents, Wendy Becker and Mary Norton, appealed.

“After a very long engagement, we are thrilled to be able to marry and provide our family with the legal protection and social recognition we deserve,” Ms. Becker said Friday. “As the parents of two wonderful young children, our desire to marry has always been with them in mind. We want them to feel their family is as worthy as any other.”

Gay and Lesbian Advocates and Defenders, which argued the case, applauded the ruling.

“At last the fence of discrimination has been removed at the border of Massachusetts and Rhode Island,” Michele Granda, the lawyer who argued the case, said in a statement. “Loving, committed Rhode Island couples can now affirm their relationships in the most public and respected way our society knows.”

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Pagans Sue On Emblem For Graves (NYT)

By Laurie Goodstein

The New York Times, September 30, 2006

Military veterans are entitled to have their headstones engraved by the government with a symbol of their religion. Families of the deceased may choose from emblems representing a variety of 18 Christian churches, a number of Buddhist sects, Judaism, Islam, Sikhism, Hinduism and atheism (represented by an atom with an A inside) — 38 religious symbols in all.

But not the Wiccan pentacle, which the Department of Veterans Affairs has neither approved nor disallowed despite various petitions over the last nine years.

Yesterday three Wiccan families and two Wiccan churches sued to force the department to include their symbol — a five-pointed star inside a circle — on the list of approved emblems.

Wiccans, also called pagans, are often wrongly confused with Satanists. Theirs is a nature-based religion recognized by the Internal Revenue Service, and by the military itself in its chaplains' handbooks and on the dog tags that troops wear around their necks. There are an increasing number of Wiccans (pronounced WIK-ens) in the armed forces — 1,800, according to a Pentagon survey cited in the suit.

The American Civil Liberties Union, representing the plaintiffs, brought the action in the United States Court of Appeals for Veterans Claims, in Washington. A spokesman for the V.A. did not respond to requests for an interview.

In the years that Wiccans have been petitioning, the department has approved emblems for at least six groups, including the obscure Izumo Taishakyo Mission of Hawaii.

Kathleen Egbert, a Wiccan priestess in Laurel, Md., is among the plaintiffs. Her father, Abraham Kooiman, fought in World War II and received a Bronze Star and a Purple Heart. He died in 2001 at age 77 and was buried in Arlington National Cemetery, a Wiccan without a symbol on his headstone.

"I'm angry," Ms. Egbert said, "because if pagans can fight and die for our country, we should be recognized by our country the same way anyone else would be."

ANTITRUST:

Congress Approves Wright Repeal (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 30, 2006

WASHINGTON -- The House and Senate approved historic legislation repealing the Wright Amendment on Friday after proponents and critics sparred in the House over whether the bill would protect consumers.

Shortly after 10 p.m. Central time, House members voted 386-22 to approve the bill. The Senate passed it on a voice vote early in the afternoon, and the measure now goes to President Bush for his signature.

The bill caps decades of acrimony over the issue between Fort Worth and Dallas. It opens up Dallas Love Field to nonstop domestic flights after eight years, allows immediate connecting and one-stop passenger flights to distant cities, and slashes Love Field to 20 gates from 32. Proponents said the bill will increase air travel competition in North Texas and drive fares down at Dallas/Fort Worth Airport. Critics argued that eight years is too long, that the gate reductions strengthen near-monopolies by American Airlines and Southwest Airlines at their D/FW and Love Field home bases, and that through-ticketing won't bring fares down as much as hoped.

Southwest, which dominates Love Field, will add 40 one-stop destinations from the Dallas airport within days of the president's signature, spokeswoman Beth Harbin said Friday. That will probably include service to cities such as Chicago, Las Vegas and Washington, D.C. American officials wouldn't comment on their plans, but they are also likely to begin connecting service from Love.

"Everyone gave up something for the common good," Rep. Kay Granger, R-Fort Worth, told colleagues during House debate Friday night.

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Sen. Kay Bailey Hutchison, R-Texas, who led the Texas delegation's efforts to push the bill through Congress, called the votes "a historic accomplishment for the leaders of the North Texas community acting in the best interest of consumers."

Bill has its critics

But opponents said North Texas airfares will remain artificially high.

"You're going to pay more to fly to Dallas/Fort Worth, no question about that," said Rep. James Sensenbrenner, R-Wis., chairman of the House Judiciary Committee.

Sensenbrenner noted that he often sees "Don't Mess with Texas" bumper stickers on the cars of his colleagues in the Texas delegation.

"Tonight is one of those nights when I think we ought to mess with Texas," Sensenbrenner said during the debate. "This is the most anti-consumer, anti-free-enterprise piece of legislation that has come before this House in a long time."

Rep. John Conyers, D-Mich., the Judiciary Committee's ranking Democrat, said consumers were remarkably absent from negotiations on the repeal bill, which was crafted from a compromise reached in June by Fort Worth, Dallas, American and Southwest airlines, and Dallas/Fort Worth Airport.

"If anyone can explain to me how this is pro-consumer, of course" it should be made law, Conyers said.

Fort Worth Mayor Mike Moncrief, who led negotiations on the local compromise with Dallas Mayor Laura Miller, begged to differ.

"Who says miracles don't happen?" he said. "Tonight, a miracle did happen. I don't think there's any question it's a win for the traveling public."

Miller said in a statement: "I think it's very fortuitous that the Wright Amendment is passing Congress on opening day of the 120th year of the State Fair of Texas. Both are historic, and it's a super day to be in Dallas-Fort Worth."

The Wright Amendment, passed by Congress in the late 1970s to protect D/FW Airport from competition, has been a source of nonstop friction since.

Amendment's pros and cons

It limits most nonstop, connecting and one-stop passenger flights from Love Field to destinations within Texas and several nearby states. Critics have long argued that the law hampers competition in the North Texas air travel market and keeps fares high, while proponents such as Fort Worth argued that the law helped make D/FW into one of the world's busiest airports and an economic powerhouse for the region.

Southwest began campaigning for repeal two years ago. Fort Worth, Dallas, the airlines and D/FW began moving toward a compromise after Sen. Kit Bond of Missouri succeeded a year ago in getting his state included in the Wright Amendment boundaries.

Both houses approved the bill just before recessing for the November election season, avoiding having the debate spill over into a December lame-duck session. The local compromise could have been voided if Congress didn't pass it intact this year.

Debate over language in the bill exempting it from antitrust laws delayed the legislation. Ultimately, the exemption was stripped out of the bill and replaced by language making clear that Dallas will "reduce the number of gates," ostensibly giving the local parties cover from antitrust lawsuits because they would be acting under congressional direction.

Dallas is already facing a lawsuit by the owner of the former Legend Airlines terminal, which Dallas would seize and close under the local agreement. Bill Brewer, a Dallas attorney representing the owners, said Friday night that his client will proceed with its suit.

Brewer said the measure is "wildly anti-competitive and it's anti-consumer." Like other critics, he said the bill would help American and Southwest maintain near-monopolies at D/FW Airport and Love Field.

"I think it's inevitable that prices will keep going up at D/FW and we'll start to see the same thing at Love Field," Brewer said. "You're going to see over the next several years Southwest starting to act like the monopolist it will now be out at Love Field."

Andrea Newman, senior vice president of government affairs for Northwest Airlines, said she thinks other airlines' "ability to go into Love Field will be effectively eliminated" under the new law.

Darren Bush, an antitrust professor at the University of Houston, said he doesn't think the legislation is airtight against lawsuits and an injunction.

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"It certainly is subject to court challenges and therefore certainly could be subject to injunctions," he said. "I think a case could be made for irreparable harm in light of the impending destruction of the [Legend] terminal."

Airlines happy with passage

Officials with American and Southwest welcomed passage of the bill. Since 2004, when Southwest began campaigning for repeal, each airline has deployed lobbyists to oppose the other.

"This is tremendous news for travelers in Dallas," said Harbin, the Southwest spokeswoman. "We're incredibly excited to be finally opening the city."

Once the deal is approved by the Federal Aviation Administration, which is expected, Southwest will update its schedule within a few days to include the new long-haul cities Southwest will serve from Love via connections and one-stops. The airline will roll out an advertising blitz to let consumers know about the new service, she said.

"We're going to be treating Dallas like it's a brand new city to our network," Harbin said.

The Texas delegation, which backed the bill, was confident of its prospects in the House. House leaders placed the bill on the "suspension" calendar, which is typically used for noncontroversial bills. Those bills can't be amended, but they require two-thirds of members voting for passage.

The Senate vote earlier in the day hinged on allaying the objections of Sen. Patrick Leahy, D-Vt., the ranking Democrat on the Judiciary Committee, who signed off on the bill Friday morning, Hutchison said.

Leahy relented after getting additional assurances and after a wilderness bill he wanted for his state was also released for passage. Asked if she had placed a "hold" on Leahy's bill, Hutchison smiled and said, "Let's just say we came to an agreement that brought up both bills."

To appease Leahy's antitrust concerns, Sen. John Cornyn, R-Texas, a former judge and member of the Judiciary panel, engaged in what Senate procedures call a "colloquy," or a conversation to clarify congressional intent. Leahy, afraid of setting precedent by allowing the local parties to declare the legislation free of competition laws, emphasized that the Wright Amendment was unique.

"The similar respect Senator Cornyn and I have for preserving competition laws has made our conversations productive and moved the legislative process forward," Leahy said. "While my concerns remain about this legislation, I am prepared to accept it."

Cornyn said in his remarks: "The legislation contemplated here should not be a model for any future arrangement. In no way can I imagine a situation arising with a set of facts remotely similar to that created in Dallas by the passage of the Wright Amendment."

Many proponents of the bill say it was the best deal they could get, given the long conflict over it in North Texas.

"It's not perfect," said Rep. Sam Johnson, R-Plano, who, with Rep. Jeb Hensarling of Dallas, broke ranks with the Texas delegation and pressed for repeal before the local compromise was reached.

The Texas delegation in the House voted 30-1 for passage of the bill, with Hensarling voting no.

"In my opinion, it doesn't do the job fast enough," Johnson said. But he added that he knew he had to compromise to bring the law "into the 21st century."

Staff writers Trebor Banstetter and David Wethe contributed to this report.

Wright Amendment: What's next?

Andrew Fastow will be out of prison before the Wright Amendment is gone. Here's what's ahead:

Now that the House and Senate have passed identical bills to repeal the amendment, President Bush must sign the bill before it becomes law.

The Federal Aviation Administration must then certify that the agreement won't affect air safety. The agency is expected to approve the compromise.

Southwest Airlines says it will launch connecting and direct flights -- ones that include at least one stop, but where passengers stay on the same plane -- from its Dallas Love Field home base to long-haul cities within days of FAA approval. The airline isn't being more specific about its plans.

American Airlines is likely to begin connecting service at Love to compete with Southwest. But it's not expected to move significant operations from its D/FW Airport home base.

Love Field Terminal Partners, which has filed three lawsuits against the locally produced Wright Amendment compromise that led to the congressional bill, is likely to continue trying to upend the deal in the courts. The partners own the former Legend Airlines terminal at Love Field, which Dallas will seize and close as part of the repeal deal with Fort Worth, American and Southwest airlines, and D/FW.

Six years from now, Fastow -- who engineered the shrouded deals that led to Enron Corp.'s collapse -- is expected to be released from federal prison.

Assuming that Bush signs the bill into law, in 2014 all Wright Amendment restrictions will be fully repealed. That will leave airlines free to fly nonstop domestically from Love to long-haul cities, without having to make stops.

Congress Repeals Wright (DMN)

By Sudeep Reddy

The Dallas Morning News, September 30, 2006

WASHINGTON – Congress approved legislation late Friday to repeal the Wright amendment, potentially resolving a decades-old battle over the role of Dallas Love Field in North Texas.

The bill to phase out flight restrictions at the airport cleared the House overwhelmingly in a late-night vote before lawmakers departed for a pre-election recess.

The legislation won Senate passage under unanimous consent earlier Friday after months of pressure by Texas Sens. Kay Bailey Hutchison and John Cornyn to win over a final detractor, Sen. Patrick Leahy, D-Vt.

DallasNews.com/Extra

Southwest ready to expand Love service

Tracking the Wright amendment: History, opinions, links and FAQs

President Bush is expected to sign the measure as early as next week.

"It's a great relief to have a final solution," said Rep. Kenny Marchant, R-Coppell, whose district includes Dallas/Fort Worth International Airport. "The fact that none of the parties are completely happy and all of the parties are relieved to have it over should be a sign that it's a good agreement."

Lawmakers acknowledged that the Wright battle may not be over. Opponents of the deal are expected to challenge the legislation in court.

The Wright legislation stalled this summer under criticism over its treatment of federal antitrust laws, and supporters in Congress fought hard for language to help shield the deal from a long court fight.

The legislation will repeal Wright in 2014, implementing a June agreement by the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and D/FW Airport.

It would immediately allow flights anywhere from Love Field, as long as they first stopped inside the nine-state Wright perimeter.

The agreement would also cut the number of available gates at Love from 32 to 20, part of a plan to compensate for an expected increase in noise, pollution and congestion. Nineteen gates are used now.

On Congress' last day, the House turned out to be the greatest source of contention over repealing Wright.

House members planned to clear their bill under suspension of normal rules, a procedure often used for uncontroversial measures.

Suspension bills often pass without recorded votes, but objections to the Wright legislation forced proponents to corral the support of two-thirds of those present. A heated evening debate had opponents sparring over the antitrust issue, while also arguing over the bill's potential benefits.

The chairman of the House Judiciary Committee, James Sensenbrenner, R-Wis., said the bill "will continue vestiges of the Wright amendment" until 2025, when gate arrangements expire under the deal.

Unusual splits

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In a departure from many congressional debates, supporters and opponents of the Wright agreement weren't split by party affiliation or geography.

Rep. John Conyers of Michigan, the top Democrat on the judiciary committee, argued against a frequent ally, Rep. Eddie Bernice Johnson, D-Dallas, whose district includes Love Field.

Mr. Sensenbrenner, recalling the "Don't Mess with Texas" bumper stickers in the House garage, said, "Tonight is one of the nights where we ought to mess with Texas.

"This is the most anti-consumer, anti-free-enterprise legislation that has come before this House in a long time," he said.

Rep. Kay Granger, R-Fort Worth, was distributing red "Vote Yes" fliers to members on the floor; Ms. Johnson had her own yellow fliers supporting the bill.

The final tally, which came just past 10 p.m. Dallas time, was 386-22.

A tough fight had been expected in the Senate, where rules and traditions allow a single member the power to block legislation.

By early Thursday afternoon, after House members from North Texas had forged a path for their bill to reach the House floor, the pressure had grown on Ms. Hutchison and Mr. Cornyn, both Republicans.

Efforts in recent weeks to find language that was acceptable to Mr. Leahy and the North Texas parties had failed, even after changing the antitrust language from an explicit to implicit exemption to win over the chairman of the Senate Judiciary Committee, Arlen Specter, R-Pa.

Break in impasse

Word came from the Texas senators' staffs later Thursday afternoon that Mr. Leahy could come to an agreement for bringing the Wright bill up under unanimous consent, a procedure used for uncontroversial measures.

The senators and their staffs started working on statements to be read on the Senate floor.

Ms. Hutchison reached out to House members, e-mailing and talking with Ms. Granger past midnight to ask her to wait for a Senate bill to come to the House to prevent further procedural delays.

By Friday morning, Ms. Hutchison was sitting in a cloakroom off the Senate floor working out how the bill would come up under unanimous consent.

Mr. Leahy had been pushing a wilderness bill to move under unanimous consent, a measure that largely affected Vermont and New Hampshire.

Asked later if she was holding up his bill, Ms. Hutchison smiled. "Why would someone do that?

"Let's just say that we came to an agreement to pass both bills," she said.

The bill passed the Senate in less than a minute just before 1 p.m. Dallas time.

Then Mr. Cornyn and Mr. Leahy engaged in a colloquy, a discussion on the Senate floor that allows lawmakers to share their thinking for the record.

The dialogue does not offer the force of law but could help judges glean congressional intent in a court challenge.

"Senator Cornyn and I share a concern about providing antitrust immunity to agreements involving private parties," Mr. Leahy said. "While I would prefer greater clarity on this point in the bill, I am pleased that Senator Cornyn and I agree that this is an entirely unique situation, which should not be repeated."

Mr. Cornyn agreed that "the legislation contemplated here should not be a model for any future arrangement.

"In no way can I imagine a situation arising with a set of facts remotely similar to that created in Dallas by the passage of the Wright amendment," he said.

Mr. Cornyn, who serves on the judiciary committee with Mr. Leahy, said later that ending the impasse was a matter of talking through the details of the Wright law and the uniqueness of the situation.

"We had to explain to him that actually this increased competition rather than decreased competition," Mr. Cornyn said. "That was one of the hard things for people to understand because of the unique nature of the Wright amendment."

Ms. Hutchison, who urged North Texas officials early in the year to come up with a solution, said the Wright legislation took "an inordinate amount of time for a bill that shouldn't have been this complicated."

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"I have to say that in my 12 years in the Senate, the hardest thing that I've ever had to explain was the Wright amendment to outside people," she said.

Dallas Mayor Laura Miller was euphoric Friday. She'd feared the Senate would be the bigger obstacle. Ms. Miller said she was confident the terms of the bill would protect Dallas from losing a court challenge, due to a dedicated North Texas delegation and attorneys who worked around the clock.

"Without the language crafted in the Senate ... we would have a huge problem," Ms. Miller said.

Lawsuit a thorn

She acknowledged that the lawsuits filed by Love Terminal Partners, the owners of the former Legend Airlines terminal slated to be demolished under the Wright agreement, will continue to be a thorn in her side.

But Dallas will not wait for a court ruling, she said, as the Wright agreement directs the city to proceed immediately.

Love Terminal Partners' "tactic is to keep the pressure up, because they see we have a great chance of being successful," Ms. Miller said. "In the court of law, I sure hope a judge would say...[they] have frivolously filed this lawsuit."

Bill Brewer, a Dallas lawyer representing Love Terminal Partners, said a lawsuit he filed Thursday – his third pending suit regarding Wright – seeks to void the city's involvement in the agreement.

He also said changes that were achieved by the judiciary committee leaders "saved the right of consumers and others who are affected by this to go to court."

The legislation does not specify which gates must be demolished, Mr. Brewer noted, potentially protecting the Legend building.

Friday's actions followed a nearly two-year fight over the Wright amendment and Love Field.

In November 2004, Southwest announced that it would lobby Congress to lift the flight restrictions. American and D/FW vigorously opposed any changes.

Rep. Jeb Hensarling, R-Dallas, introduced legislation the following May to repeal Wright completely, spurring lawmakers nationwide to pick up the cause to win cheaper flights to and from North Texas.

But Mr. Hensarling decided not to back the compromise agreement, saying he could not support the nation's only congressional mandate on the number of gates at a local airport.

He sat quietly in the back row of the House on Friday evening to watch the debate. He ultimately voted against the bill.

Rep. Sam Johnson, R-Plano, who co-sponsored the original Wright repeal legislation with Mr. Hensarling, said the compromise was "not perfect" but still an agreement worthy of support.

Congress Approves Deal On Dallas Flights (BLOOM)

By John Hughes

Bloomberg, September 30, 2006

An agreement between Southwest Airlines Co. and American Airlines to ease limits on nonstop flights from Dallas Love Field won approval from the U.S. Congress and awaits President Bush's signature.

The House passed the measure Friday in Washington 386-22 after the bill cleared the Senate by unanimous consent. The Senate sponsor, Republican Kay Bailey Hutchison of Texas, and other lawmakers secured approval by resolving some colleagues' antitrust concerns.

Congress' action resolved a clash over Love Field flying between Dallas-based Southwest and AMR Corp.'s American. Southwest pushed for two years to repeal the 1979 federal law restricting nonstop flights from Love to Texas and eight nearby states, including Tennessee.

The Wright Amendment, which limits the number of destinations airlines can fly to from Dallas' Love Field, became law in 1979. It was designed to encourage flights into the Dallas/Fort Worth International Airport, American's hub.

If Bush signs the measure, it could mean lower airfares for travelers between Nashville and Dallas as well as an easier method of buying tickets for Southwest customers.

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Southwest has 96 percent of Love passengers, while American has more than 80 percent at Dallas-Fort Worth. Southwest, American and local governments agreed in June to scrap the Love limits in eight years and let flights there connect immediately at airports throughout the U.S.

The accord cuts Love Field's available gates to 20 from 32. •

YouTube's Video Poker (NYT)

By Saul Hansell

The New York Times, September 30, 2006

Chad Hurley effects a calm, almost detached demeanor, even as the Web site he runs, YouTube.com, has provoked a frenzy of consternation among executives of record labels, TV networks and movie studios. For millions of Internet users, the site that opened to the public less than a year ago provides a daily fix of odd and interesting video clips, from White House speeches to frat house pranks.

YouTube has also become a vast repository of video taken without permission from television shows and movies, not to mention home movies constructed — with nary a cent paid in royalties — from commercial music and imagery.

Mr. Hurley was surrounded by curious media executives at Allen & Company's annual Sun Valley mogulfest in July. They wondered: friend or foe? Is he earnestly working to make YouTube and its exuberant users conform to the existing standards of copyright law and contractual obligations? Or is he cynically flouting the law to enable YouTube to grow rapidly, calculating that he will be able to cut a more advantageous deal later, or perhaps sell the company to someone else who will be able to sort through the mess of liabilities?

In an interview this week, Mr. Hurley, not surprisingly, portrayed himself as mainly trying to improve the site for its users while working to find arrangements that will satisfy Hollywood.

"There's going to be bumps along the way, but we're trying to make an effort to make the new model work for everyone," he said. "We've been developing features and working on the problem. I don't think we have been just sitting back and just buying fancy furniture."

YouTube has started to attract mainstream advertisers and the site has become financially stable, Mr. Hurley said, despite the huge cost of showing more than 100 million video clips a day. Potentially most significant, Mr. Hurley pointed to a deal signed recently with Warner Music that he hopes will be a model for dealing with Hollywood and record companies from now on. YouTube is developing technology that will identify Warner music used in a video that is uploaded. When the site plays those videos, it will share some of its advertising revenue with Warner and others with copyrighted material that is used.

Moreover, Mr. Hurley says, there is much more to YouTube than piracy. And professionals are creating programs specifically for YouTube: the recent series of clips posted under the name Lonelygirl15, for example, showed an actress pretending to be a disaffected teenager.

Others are not so sure. Doug Morris, the chief executive of the Universal Music Group, said at an investor conference recently that YouTube and MySpace, the social networking site, "are copyright infringers and owe us tens of millions of dollars."

And Mark Cuban, who founded Broadcast.com, an early Internet video site that was bought by Yahoo, argued on his blog that YouTube did not have a viable business other than piracy.

"It is absolutely reminiscent of Napster," Mr. Cuban said in an interview. "It's nice that they say 'it's different this time,' but it's not."

Mr. Cuban argues that the deal with Warner is unworkable because it is too complex, with so many parties with potential claims on videos.

Alex Zubillaga, Warner's executive vice president for digital strategy, said in an interview that these problems could be solved. "This is a framework that allows us to monetize our assets while we unleash the creativity of the user," he said.

Warner, he said, is reaching out to other major media companies to negotiate how royalties from YouTube will be split in cases where more than one song or video program is included on one clip.

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Still, Mr. Zubillaga said, dealing with YouTube "is not the typical situation we run into every day" because the company has not thought through many of the issues raised by its business. "Part of what we are doing is working with them to figure out what their business model can be," he said.

Now 29, Mr. Hurley was a graphic designer at PayPal, the money transfer system. After it was acquired by eBay, he and Steve Chen, a former PayPal engineer, were looking for a new company to start. They decided to make a site that would help users exchange video files, much as many sites had been created to hold photographs.

Mr. Hurley found a backer in Roelof Botha, the former chief financial officer of PayPal and now a partner with Sequoia Capital, the powerful Silicon Valley venture capital firm that had backed Yahoo, Google and others. Sequoia is betting so heavily on YouTube that it has provided all of the company's financing so far, rather than bringing in other firms, as is common.

This was hardly a unique idea. There are several hundred video sharing sites. But YouTube took off quickly. Its technology was simple and easy to use. In addition, it tapped into the rapid growth of MySpace. YouTube developed a system that would allow anyone to insert a video directly onto a Web page. MySpace users leapt on this technology to show videos to their friends, and in turn they spread the YouTube logo throughout MySpace.

Last year, MySpace provided some 20 percent of the visitors to YouTube. That proportion has fallen sharply, in part because MySpace now offers its own video storage system. In the meantime, YouTube has established itself as the best place to look for videos, especially from professional programs.

YouTube gained a lot of notoriety as the place where users traded copies of "Lazy Sunday," a sketch that appeared on "Saturday Night Live" and became a cult hit. And much of the activity on the site is watching clips from "The Daily Show," "The Colbert Report" and other broadcast programs.

YouTube is relying on the Digital Millennium Copyright Act, which in general does not require Internet companies to screen material they store in advance. Rather, the law says Web sites must remove content when a copyright holder informs them of a violation.

But there are many who wonder how safe YouTube's position is. The Supreme Court ruled in the MGM v. Grokster case that music file sharing systems could be held liable for inducing users to violate copyrights. That said, many other mainstream sites, like MySpace and Yahoo, also post videos without trying to screen out copyrighted material. (Most do scan for pornography, though.)

Yet even Hollywood executives interested in finding a way to work with YouTube are perplexed about how to go about it. They are happy to use YouTube as a free place to distribute movie trailers and TV clips, but users prefer the very best bits of hit shows.

"The yin and yang of working with YouTube is you want to use them as a way to promote our programs but we don't want to give away the store," said John Miller, the chief marketing officer of NBC Universal television. NBC has bought advertising on YouTube and uploaded clips promoting shows like "The Office." And it has also actively demanded that the site take down clips from "Saturday Night Live."

Mr. Hurley hopes to be able to solve this concern by offering studios a share of ad revenue as it has for Warner Music. But for now YouTube does not have much advertising revenue. It displays graphical banner ads on some pages and text ads on its search pages. But Mr. Hurley rejects inserting commercials in front of video segments, an increasingly common advertising format.

Peter Levinsohn, the president of Fox Digital Media, the News Corporation unit that looks after Internet distribution of movies and television programs, said that YouTube's advertising revenue, typically measured in cost per 1,000 views, or cpm, appeared to be low.

"If they get a relatively low cpm, and give us the majority, there won't be enough left for them to sustain themselves," he said.

Mr. Hurley responds simply that the company is developing new, more engaging advertising formats that will lure people to watch commercials that interest them. And he argues that YouTube's bargaining power with Hollywood will increase along with its popularity.

"We have the most content and we have the largest audience," he said. "When people are making the decision to put a piece of content online they really do truly want to get it in front of the largest audience."

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Seeks To Put Billions More Into Bankrupt Delphi (WSJ)

By Ianthe Jeanne Dugan

The Wall Street Journal, September 30, 2006

For weeks, senior auto-industry executives have been gathering at a Manhattan law firm to hammer out an agreement to bring auto-parts giant Delphi Corp. out of bankruptcy protection.

They have included Delphi Chief Executive Officer Robert "Steve" Miller and Frederick A. Henderson, chief financial officer of General Motors Corp., Delphi's former parent. But the man who has emerged as pivotal in the talks, according to several participants, is David A. Tepper, a blunt hedge-fund billionaire who has been a thorn in Delphi's side for months.

Mr. Tepper, 49 years old, is head of Appaloosa Management, a $4.5 billion hedge fund that owns 9.3% of Delphi's stock. Mr. Tepper, who grew up in a middle-class household in Pittsburgh, has gotten rich investing in America's broken companies and declining industries. He bought into the steel and coal industries when they slumped and picked up bargain-priced securities of firms tainted with asbestos suits.

"Are you a good guy or a bad guy?" his wife asked him one evening in May as they stood in the kitchen of their New Jersey home watching televised footage of auto workers protesting in front of federal bankruptcy court in Manhattan. Mr. Tepper says he told her he is not causing economic pain -- he is just capitalizing on it.

"These employees are facing an economic reality," he told her. "You can't manufacture profitably in the United States with these salaries. One way or another, these people will be displaced."

Mr. Tepper has been pushing a restructuring plan that could leave him in control of a far bigger stake in Delphi. After weeks of negotiations, the group is near an agreement under which Mr. Tepper would inject billions of dollars more into Delphi and wind up controlling up to one-third of Delphi's stock when it emerges from bankruptcy, people involved in the meetings say. An agreement would end a bankruptcy-court battle between Delphi, its stockholders and creditors, and GM, which still has significant financial ties to Delphi.

Mr. Tepper is betting he can make big money as Delphi cuts back its operations, which will be painful for some Delphi employees. Delphi wants to close many plants and lay off thousands of people. It also intends to cut wages and benefits.

The negotiations have not been completed, and the complex plan could come unraveled. Several people involved in the discussions say they expect an agreement to come perhaps by early October.

Delphi's Chapter 11 bankruptcy filing on Oct. 8, 2005, was the largest in a recent wave of car-related bankruptcies, making Delphi a prime symbol of Detroit's woes. Its efforts to emerge from court protection are being watched closely in Detroit. The company cranks out everything from air-bag triggers to satellite radios. It employed 177,000 people world-wide as of June 30, reported $26.9 billion of revenue last year, and is the biggest supplier of parts to GM. Some investors in Delphi claim that GM is still responsible for billions of dollars of Delphi liabilities.

Mr. Tepper is among a small fraternity of contrarian investors betting that the American car industry will return to profitability, much the way the steel industry did. New York-based investor Wilbur Ross, who made a fortune buying steel companies, has also invested in an array of auto-parts makers. Mutual-fund manager Michael Price has bought into Delphi and other parts companies. Billionaire investor Kirk Kerkorian has a large stake in GM.

These investors have become flash points in the debate over the future of the car industry. In a June speech in Las Vegas, the president of the United Auto Workers, Ron Gettelfinger, said bankruptcy reform was needed to stop employers and "bankruptcy vultures" from "lining their pockets with everything of value and uncaringly destroying lives, hopes, dreams and communities in the process."

Mr. Tepper's Delphi foray illustrates how large private investment funds increasingly are affecting the fates of large companies and their employees. Mr. Tepper's fund buys stock and bonds in ailing companies, then leans on them to hammer out restructuring plans that will make his investments worth more. The process can pit him against existing management, unions and stockholders.

Mr. Tepper bought Appaloosa's stake in Delphi for just $16 million several days after its Chapter 11 filing, an investment that some people involved in the talks describe as his admission ticket to Delphi's restructuring.

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"Delphi is an important example of the kind of thing David Tepper does," says Mr. Price. "He makes a contrarian investment away from easy money and fights to unlock profits."

These days, Mr. Tepper declines to comment on the restructuring because he was given access to confidential financial information about Delphi in the talks. His comments for this article were made before that agreement last month.

Appaloosa occupies the first floor of a three-story brick building on Main Street in Chatham, N.J. Mr. Tepper often shuns his corner office for a cluttered desk on an open floor where a dozen traders work. On his desk sit three plastic pigs. He jokes that he rolls them for guidance on difficult trades. If all three snouts point down, in the eating position, it's a signal to buy.

"The media says that hedge funds are the new masters of the universe," he chuckles. "We're just a bunch of schmucks."

Mr. Tepper still lives in the two-story home he bought in 1990 for $1.23 million, according to real-estate records. He owns no vacation home. His kids attend public school. On weekends, he coaches his daughter's softball team at a municipal field. He says he feels out of place at his country club. "I'm just a middle-class dad trapped in a rich man's body," he says.

He grew up in a small brick house in a working-class section of Pittsburgh called Stanton Heights, the middle of three children. His father was an accountant, his mother a school teacher. His father, who died in January, "was not a warm and cozy guy," Mr. Tepper says. "He worked all the time. He was underpaid."

His mother, Roberta, now 74, says her husband worried constantly about money. He played the lottery, dabbled in stocks, and often visited casinos in Biloxi, Miss. Twenty years ago, he won a $715,000 lottery jackpot, which was paid out over two decades.

"We were all very quiet and shy kids," says Mr. Tepper's sister, Sheryl Weitman, 50. "We were the fat kids." Mr. Tepper rarely studied in high school, he says, but he enjoyed talking stocks with his father and began dabbling in the market.

When he went off to the University of Pittsburgh, he worked in the library and began trading risky stock options to pay his tuition, he says. "It was such a gamble," says his brother, Scott, 45. "I told him: 'Why don't you just go to Las Vegas?'"

His sister recalls: "David always said he'd be a millionaire by the time he was 30."

Mr. Tepper met his wife, Marlene, while working for a mutual fund in Boston. In the late 1980s, they moved to New York, where he worked for Goldman Sachs Group Inc. helping build a unit to buy and sell "junk" bonds, corporate debt securities that carry speculative ratings.

Although he was very successful, he was repeatedly passed over for partnership, he says. In the early 1990s, "distraught" about the situation, he quit as head of junk-bond trading, he says. After trading on his own for a few months at a spare desk in Mr. Price's office, he started Appaloosa. His clients included both institutional and individual investors.

Since it began, Appaloosa has delivered its investors an average annual return of 33.9%, after Mr. Tepper's 20% share of profits and 2% management fee are taken into account. But the returns have been volatile.

In 1998, Appaloosa lost hundreds of millions of dollars when Russia defaulted on its currency and global debt markets were thrown into chaos. It was up 67% in 2001, then fell 25% the following year when junk bonds crashed. In 2002, Mr. Tepper bought into the bond slump, building positions in Conseco Inc., an insurance company, and Marconi Corp., a British telecommunications company. The following year, the fund returned more than 150%. Institutional Investor magazine estimated that Mr. Tepper took home about $510 million, and ranked his compensation second only to famed hedge-fund manager George Soros.

Until then, he and his wife had kept the scope of their wealth a secret from friends, relatives and even their three teenage children. "Everything changes when people realize how much money you have," he says. "I didn't want my kids to get spoiled."

In 2004, he contributed $55 million to Carnegie Mellon University's school of industrial administration, where he got his graduate degree. It is now called the David A. Tepper School of Business. It stunned some relatives. "Suddenly, everywhere -- in the supermarket, at the bank -- everyone was asking me, 'Are you related to David Tepper?' " says his uncle, Bernard Tepper, a former bakery owner in Pittsburgh.

"There have been times when I opened the mailbox and found a nice check," his sister says. "I call my mother and say, 'Check your mailbox!' Then we call Scott and say, 'Check your mailbox! David is having a good year!' "

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Last year, he hired Ashlee Simpson to sing at his youngest daughter's bat mitzvah. And he bought his elder daughter a Lexus for her 17th birthday this year. "She's getting all A's," he says. His 19-year-old son asked him for money for a new Acura. Mr. Tepper says he told his son he would have to share the cost because his grades were too low.

Jon Corzine, his former Goldman boss, stopped in to see him during his successful campaign for the U.S. Senate. Mr. Tepper met him, but didn't contribute. "Maybe he was the reason I was passed over for partner," Mr. Tepper says. Mr. Corzine, now New Jersey's governor, says through a spokesman that he "was a big fan" of Mr. Tepper and didn't stand in the way partnership.

"In his position, you get to the point where people only call for money," says his sister. "It's incredibly difficult figuring out...who would be your friend if you weren't David Tepper the billionaire"

As the corporate scandals earlier this decade died down and competition among bottom-fishing investors for deals intensified, it became harder to find profitable niches. Mr. Tepper began studying the troubled auto industry.

Although more than six years have passed since Delphi was spun off from GM, questions remain about which company is responsible for pension and health-care liabilities for Delphi retirees. GM had agreed to cover them if Delphi was unable to pay, but Delphi had later agreed to release GM from the obligation. After Delphi sought bankruptcy protection -- listing $22 billion in debt and $17 billion in assets -- GM claimed in court that Delphi owes it money in connection with these liabilities.

GM's claim caught the eye of Mr. Tepper. He believed GM had no right to the money, and that its claim would be thrown out in court. Getting rid of that claim, he reasoned, would significantly narrow the gap between liabilities and assets and would allow Delphi to pay off its debts. GM has called the claims valid.

He saw other pluses. A big chunk of Delphi's revenues came from overseas, and those operations were not part of the bankruptcy filing. Moreover, the core of the company's business was electronics, which he felt would remain integral to making cars.

Often, holders of common shares wind up with nothing in bankruptcy reorganizations. But if this asset-liability gap could be narrowed, Mr. Tepper figured, Delphi's shares would be worth something.

"I saw a 10% chance of losing everything and a 90% chance of making money," Mr. Tepper said earlier this summer. "So, I had to roll the dice."

Days after the bankruptcy filing, he scooped up nearly 10% of the stock for about $16 million, and immediately began agitating to ensure that shareholders emerged intact. He blasted Delphi officials in letters, calling the bankruptcy filing a "sham." He fought to form a court-sanctioned committee of shareholders so they would have a say in the restructuring. A federal bankruptcy judge approved the formation of the committee, but a federal bankruptcy trustee left Mr. Tepper off it.

Earlier this year, Mr. Tepper decided on a friendlier approach. He called Delphi's chief executive, Mr. Miller, and invited him to Appaloosa's offices to talk. During their meeting, they began laying the groundwork for the current talks. Mr. Tepper agreed to stop trading Delphi shares in exchange for confidential financial information about the company.

In recent months, Mr. Tepper has raised $2 billion from his investors to inject into Delphi. Under the proposal being considered, the company's shareholders and bondholders would be given the option to invest new money into Delphi in exchange for a larger stakes in the restructured company, people involved in the talks say. Appaloosa is prepared to pump in billions of dollars, and the size of its future stake would depend on how much Delphi's other shareholders and bondholders invest, these people say.

The new money would be used to pay off debts and liberate Delphi from massive health-care and pension liabilities. In addition to Appaloosa, major shareholders in the restructured company are expected to include hedge fund Harbinger Capital Partners, UBS AG and Merrill Lynch & Co., people involved in the talks say.

U.S. Loosens Its Control Over Web Address Manager (NYT)

By Victoria Shannon

The New York Times, September 30, 2006

The Commerce Department agreed yesterday to loosen its control over the agency that manages the Internet address system, a move that experts called a big step toward private-sector control.

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The agreement is part of a three-year renewal of the partnership between the government and Icann, the California-based nonprofit group that keeps technical tabs on the Internet. It replaces an agreement that expires today.

In addition to providing for more autonomy, the accord calls for a midterm review in 18 months, the earliest point at which Icann could become unleashed from government oversight.

"The top line is that this is a major step forward for Icann to become completely autonomous," said Paul Twomey, the Australian who is chief executive of Icann.

Though much of the foundation of the Internet came out of American government and university research, over the last two decades the network has become a critical worldwide tool in commerce, communications and, for some countries, national security.

Countries in Asia and the Middle East in particular have strenuously objected to Washington's effective veto power over Icann and have lobbied to put Internet governance in international hands.

"Internationally, the world will see that the U.S. government is beginning to walk the talk," Mr. Twomey said in an interview. "The transition is now in the hands of the international community."

The "joint project agreement" signed yesterday is meant to be the last of six that have given Icann the authority to keep the Internet running since 1998.

John M. R. Kneuer, the Commerce Department acting assistant secretary for communications and information, said other countries "should draw some heart" from the latest agreement's goal to allow Icann to become a private-sector organization.

"Private-sector management of the Internet is demonstrably effective," he said in an interview. "The Internet has become a massive global source of innovation and commerce, and all of that is because the D.N.S. system has been running uninterrupted."

D.N.S. refers to the domain name system, which is managed by Icann through 13 so-called root computer servers and provides an address system that lets any computer on the network find any other one and pass along data traffic like e-mail messages and Web pages nearly instantaneously.

Paul Kane, chairman of Centr, a group of Internet country domain registries like .uk, agreed that the marketplace was in a better position to serve the global interests of the Internet than any single government or group of governments.

"The Internet today is run by private networks interconnecting computers around the world," he said, and "it is not in the private sector's interests to have an inefficient Internet."

Mr. Kneuer said he had had "broad support" from governments around the world for continuing to wean Icann from American government oversight.

Vinton Cerf, chairman of Icann, said in a conference call yesterday that the accord was a "major step forward" that defines "a rather new and different relationship with the Commerce Department."

Although Icann independence was also the goal of the agreement that expires today, Mr. Kneuer, Mr. Cerf and others said that the organization was not ready to be totally self-sufficient.

Icann has been criticized for not representing the Internet community at large and for not making decisions openly and publicly. No formal mechanisms to address these issues were announced yesterday.

Mr. Twomey said the role of the Commerce Department would now be "to consult with Icann on developing greater transparency and openness."

The American government would also continue to take part in policy developments through Icann's government advisory committee, "which is the way every other government does it," Mr. Twomey said.

Under the agreement, Icann no longer must report to the Commerce Department every six months; instead, it will file an annual report addressed to the whole Internet community.

US Keeps Control Of Key Web System (FT)

By Richard Waters In San Francisco

Financial Times, September 30, 2006

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The US is to retain its controversial control of the internet's core addressing system, at least for now, though it moved a step closer on Friday to handing responsibility for this key part of the online medium to a fully independent body.

The Department of Commerce's continuing influence over the internet's root directory – the system that "glues" the global internet together, enabling a person anywhere in the world to find any page – came under fire last year from the European Union, which wanted broader international oversight. Icann, the body that runs the addressing system under licence from the US, has also been accused of secrecy, and of moving too slowly to extending the addressing system to languages other than English.

That has raised the spectre of rival, national-level addressing systems springing up outside Icann's root directory, which would fragment the internet into a series of stand-alone networks.

The commerce department has repeatedly said it planned to hand control of the addressing system to the private sector, but only when it was sure that certain principles in the system were protected, such as technical stability, security, and competition.

On Friday, the department announced a new contract with Icann that provides for continued government authority, marking a step back from the indication it gave at the time of the last three-year agreement that it planned to work towards full independence. But it said it still planned to give up control eventually, and the new three-year agreement provided for a review after 18 months to see whether Icann has yet met the requirements.

Icann itself called its new relationship with the US government "a dramatic step" towards full management of the addressing system through what it called a "multi-stakeholder model of consultation". It said the new agreement would allow it to act more autonomously, for instance by allowing it to set its own work agenda.

In congressional testimony last week, John Kneuer, a commerce department official, said a consultation process run by his department had revealed "strong support for a more specific focus on transparency and accountability in Icann's internal procedures and decision-making processes", as well as "the continued involvement of the Department of Commerce in this transition".

ENVIRONMENT/INDIAN AFFAIRS:

House OKs Recourse For Private Property Owners (WT)

By Chrissie Thompson

The Washington Times, September 30, 2006

The House last night passed a bill that would enable individuals to appeal zoning laws in federal courts, giving private property owners additional protection that opponents say will benefit big developers.

Rep. Steve Chabot, Ohio Republican, said the bill that passed 231-181 responded to the Supreme Court San Remo Hotel ruling, in which the court denied property owners the ability to appeal state court rulings on zoning laws in federal courts. The hotel is in San Francisco.

"What has been taken from [owners] is the enjoyment of their property," said Mr. Chabot, who co-sponsored the bill with Rep. Bart Gordon, Tennessee Democrat. "If I say, 'That's your land, but you can't use it,' I'm basically taking your property."

Mr. Chabot said zoning laws fall under the taking clause of the Constitution's Fifth Amendment and require federal recourse for property owners pursuing compensation when the government takes their property.

Rep. Earl Blumenauer, Oregon Democrat, spearheaded the debate from opponents who argued the bill benefited big developers at the expense of others' property values.

"They basically flunked Property Protection 101," he said, noting that 35 state attorneys general opposed the bill, including Jim Petro, the attorney general from Mr. Chabot's state.

Mr. Blumenauer said zoning adequately protects property and argued local governments and state courts can best make decisions about local zoning disputes.

"They're going to federalize local land decisions anytime a big developer is told no," he said.

Mr. Blumenauer said most homeowners will not be able to afford lawsuits, and developers will utilize the bill to make money.

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"This is a big, expensive proposition," he said. "Small communities are going to be worn down. They won't have the firepower to stand up to Wal-Mart or to a big owner of a landfill or to some national company who wants to put up cell towers in people's back yards."

Mr. Blumenauer predicted the bill would not become law.

"Luckily, it's not going to pass the Senate," he said. "I mean, those people aren't crazy."

Spinach Called Safe (NYT)

By Bloomberg News And William Yardley

The New York Times, September 30, 2006

Consumers can now resume buying and eating fresh spinach, the Food and Drug Administration said. The tainted spinach all came from Natural Selection Foods, a vegetable grower and processor in San Juan Bautista, Calif., said David Acheson, chief medical officer for the Center for Food Safety and Applied Nutrition of the F.D.A. All brands that were affected by an outbreak of E. coli that killed one person and sickened 188 in the United States and Canada have been recalled, Dr. Acheson said. In Idaho, health officials said that tests showed E. coli in Kyle Allgood, 2, of Chubbuck, who died on Sept. 20, eight days after his parents said he drank a smoothie that contained fresh spinach. The state is conducting more tests to determine if the strain of E. coli was the same one that killed a woman in Wisconsin.

More Money Sought For Storm Research (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

The government should invest more money in understanding hurricanes because they are so deadly and expensive, according to a draft of a federal report. The report, from the National Science Board, recommends a streamlined, multiagency effort to improve hurricane science and engineering research, along with about $300 million a year in additional financing. Hurricane-related losses in the United States totaled $168 billion in the last two hurricane seasons, and 1,450 storm-related deaths were reported, according to the report. Meanwhile, annual financing for the Hurricane Research Division of the National Oceanic and Atmospheric Administration has never exceeded $5.1 million, and its staff has declined by 30 percent in the past decade, the report states.

DuPont Deal To Aid Milford-area Wetlands (WNJ)

By Jeff Montgomery

Wilmington (DE) News Journal, September 30, 2006

The DuPont Co. will pay $700,000 to restore wetlands east of Milford as part of a proposed settlement with state and federal agencies for natural resource damages along the Christina River in Newport.

Under the multi-agency agreement announced Friday, DuPont's overall expense will total about $1.6 million for penalties, investigation reimbursements and other expenses connected with DuPont's Newport Superfund site, which straddles the Christina River just west of Del. 141.

Near Milford, the money will finance the purchase of an "environmental covenant" that will protect and restore 56 acres of land along the Mispillion River, east of Del. 1. Planned work includes stabilization of about 2,000 feet of riverbank, some channel improvements and elimination of invasive phragmites reeds across the property.

"This settlement will result in significant habitat improvements in the Mispillion River ecosystem -- home to many valuable natural resources, such as blue crab, Atlantic herring, spot and striped bass," said Sue Ellen Wooldridge, assistant attorney general for the Justice Department's Environment and Natural Resources Division.

Department of Natural Resources and Environmental Control Secretary John A. Hughes said ecological restoration was a "fundamental goal" for the agency, and said that the settlement will help to improve aquatic and wetland habitats in the Mispillion.

DNREC officials said Delaware Bay shorelines near the Mispillion are especially important to migratory shorebirds.

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Greg Smith, public affairs manager for DuPont's Corporate Remediation Group, said DuPont and the agencies involved considered 38 other sites in the state before settling on the Mispillion property. It will be protected from development and deeded to the state after the owner's death.

Federally supervised cleanup work at DuPont's Newport site targeted a former pigment plant, a 7 acre landfill on the north side of the river and a 15 acre dump on the south side. Actions taken along the river included installation of buried steel sheet wall to stop contamination from entering the river, dredging of the river and nearby wetlands, and development of permanent caps for the landfills.

The deal does require federal court approval. Contact Jeff Montgomery at 678-4277 or jmontgomery@delawareonline.com.

EXPENSIVE CLEANUP

The DuPont Co. already has spent millions of dollars restoring wetlands, treating groundwater, removing contamination, and cleaning up and capping landfill on property formerly used for pigment production and waste disposal in Newport. Those projects included work that officials said "vastly improved" the habitat for fisheries and other aquatic life in the Christina River and wetlands near the site.

Big Cat Owner Says Proposal Overdone (PVT)

By Mark Waite

Pahrump Valley (NV) Times, September 30, 2006

A lot of residences bear the sign "Beware of dog," but in front of Zuzana Kukol's house is a sign that warns, "Beware of cat."

In this case, the cat isn't an ordinary Siamese, Maltese or tabby cat, but an eight-year-old, 350-pound white tiger named "Pepper."

Lately, Pepper has been a little jealous about the attention paid by her owner to "Bam Bam," a 10-month-old 110-pound African lion.

To complete the menagerie, Kukol also has an ocelot and a bobcat on her spacious property located in a remote part of Pahrump Valley.

Despite her overwhelming power and size, "Pepper" was hiding in her spacious cage when a reporter arrived for a visit, afraid of a strange human. That same fear of the unknown is what Kukol thinks is behind strict new regulations on exotic animal owners that are a major part of the proposed Nye County Animal Ordinance that will be discussed by county commissioners at 10 a.m. Tuesday.

Kukol showed a copy of a handout that urges: "Punish someone for deeds, not breeds."

"Go after the bad exotic owners," she said. "Why punish us for someone else's act?"

Kukol was referring to Gert Abby Hedengran, 58, and his wife Roena Emma Hedengran, 54, who recently moved to Pahrump. The Hedengrans were arrested March 16, 2005, at their former home in Moorpark, Calif., in Ventura County, after a Siberian tiger escaped and roamed for three weeks before being shot near an elementary school and public park in a residential neighborhood.

There were rumors of dangerous animals on the loose in Pahrump last December around the Hedengrans property. The Nye County Sheriff's Department and Nye County Emergency Services responded to the call, a Mercy Air helicopter even flew overhead, but no exotic animals were loose.

"Their housing is excellent," Debbie Pemberton, Nye County Animal Control Supervisor, told the Pahrump Valley Times. "I do not have any concerns with these animals getting out."

Pemberton, who compiled the ordinance draft, said she thought the alert came from nervous neighbors, after they heard lions roaring. At the time she said the Hedengrans had four or five caged lions and tigers as well as 14 smaller cats, like lynx and snow leopards.

"What happens if one of these animals gets out? It happened in California. It's a huge liability there," she said.

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Gert Hedengran agreed to plead guilty to one felony count of making a false statement and one felony count of obstruction of justice in a plea agreement. The Justice Department claims Hedengran misled and obstructed officers who were attempting to track down and capture the tiger.

He also pleaded guilty to misdemeanor counts of improper transportation of exotic felines; improper handling of exotic felines, in a manner causing physical and emotional trauma; and exhibition of exotic felines without a license.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in the Central District of California, said U.S. District Judge George H. King had some questions about the vagueness of the animal welfare charges in the misdemeanor counts.

The only reaction to a reporter's visit at Kukol's house was some growling from Pepper. The lion club was led out of his cage briefly for some photos, during which he endured some provoking from a Doberman. When Bam Bam reaches maturity, a trip out of the cage would be less likely. He will probably weigh 400 pounds and boast a beautiful mane.

Kukol said she agrees with provisions requiring double doors and perimeter fencing but complained about requirements for a $1 million liability insurance policy and notification of neighbors within one mile.

"Don't treat us like pedophiles, telling everybody within one mile," Kukol said. "I've been here six years. My current neighbors like me. Why put me at the mercy of new neighbors? This county, there's so few people here. Why are they trying to regulate us like this? People move here for freedom."

Kukol said no animal should be at large, regardless of species.

She sought to dispel some of the hysteria about exotic animals. In Clark County, animal control reported 29 bites by animals other than dogs and cats, which includes horses, 3 percent of the total. Nationally, nine fatalities involved exotic mammals (over half by elephants) out of 227 fatalities reported from all animal attacks between 1992 and 1997.

It's a matter of scale, Kukol indicated, saying a $1 million liability insurance policy would be applicable to some place like the Lowry Park Zoo in Tampa, Fla.

A Web site by the People for the Ethical Treatment of Animals, PETA, reported 16 people were fatally mauled by big cats between 1990 and 2006, or one per year. All the deaths occurred on the property where the animals were kept, Kukol said.

While Kukol lives some distance away from her nearest neighbor, LDO Management has submitted plans for 42 lots on 84 acres near her home.

"Here we have two people per square mile. Why do we need all these ordinances?" she asked. "In Clark County they adopted a new ordinance in 2003, and they formed an animal control board where exotic animal owners have input."

Kukol said Clark County has gradually reduced its liability insurance requirements down to from $10,000 to $50,000, depending on the size of the cat. She said there are only a few companies in the country who offer the insurance. A $1 million policy would require $3,000 in premiums per year, with a $10,000 deductible.

"If the regulations get so tough, sometimes it means a ban. People can't afford the insurance," Kukol said.

She said Pemberton's draft ordinance is based on an old Clark County ordinance, "which they never passed because it's so horrible."

Then there would be a $500 initial fee and a $250 annual permit fee. Nye County deputies would also be inspecting the facilities twice annually, while the animal control board would have authority to revoke her permit.

"You're subject to their mercy at any time," Kukol said. "Why? Because there's one idiot who shouldn't even be here if California officials were doing their job?"

Kukol said she doesn't need a federal license because she doesn't exhibit her lion and tiger as a commercial activity. She has a state license for the bobcat, which is a native species.

Pemberton said she's paying keen attention to the Hedengrans' case. She said the reason people like the Hedengrans are in Pahrump is because of a lack of ordinances on exotic animals. Existing county ordinances require exotic animal owners to get a permit, but she said, "The sheriff's office has never seen one, and they never issued a permit.

"If everyone with animals had a setup like Zuzana got, we wouldn't have an issue. If everyone was as conscientious as Zuzana is, we wouldn't have an issue," Pemberton said. "We're talking public safety here. One of these big cats get out, we're in a big deal of hurt."

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Among a few other residents who harbor such animals, Pemberton said Brian Turner owns a couple cougars. But Carl Beck, who owned tigers and used to perform in magic shows on the Las Vegas strip, has moved out of Pahrump. Jeanie Stevenson, who brought a lion, tiger, cougar and four bobcats to Pahrump, has also left.

"They're my pets," Kukol said.

When it comes to Pepper, Kukol added, "I still go to the cage, I don't let her hug me. But Bam Bam, I could hug him forever."

Statistics Show Native Women Most Abused Group In U.S. (ADS)

By Jodi Rave

Arizona Daily Sun, September 30, 2006

MISSOULA, Mont. -- The report, when it was released in 1999, could have been a call to action:

Native women are raped, abused, stalked and murdered more than any other group in the country.

It wasn't.

"When those statistics came out, there was no cry. There was no outrage," said Karen Artichoker, director of Sacred Circle, a crisis center in Rapid City, S.D.

But in the years since the Bureau of Justice report was released, longtime activists like Artichoker redirected their efforts and took their cause to the nation's leaders. And they've successfully blazed a trail on behalf of Native women.

Tribal leaders, through the National Congress of American Indians, have since joined with more than 30 tribal domestic violence coalitions across Indian Country.

Together, they spurred Congress to action. The result: In January, President Bush reauthorized the 2005 Violence Against Women Act, which contained an important and unprecedented provision specifically aimed at making life safer for indigenous women.

The Violence Against Women Act's Safety for Indian Women provision could dramatically improve the way the Justice Department's Office on Violence Against Women provides services to tribes around the country.

Justice Department officials met Sept. 19 with tribal leaders and anti-domestic violence coalitions in Minnesota for a first-ever government-to-government consultation to discuss safety for Native women.

"The turnout from Indian Country was so incredible," said Jacquelyn Johnson, NCAI executive director. "Every seat was filled. Every region was represented."

And all voices were heard.

"It was so powerful," said Juana Majel, a Pauma Band of Luiseno Mission Indians tribal leader from California and chair of the NCAI domestic violence task force.

"There are moments in time in Indian history and you're glad you were a witness. It was DOJ's first time out the door and it seemed like it was going to be more a 'talking-to,' but DOJ said, 'No, this is your time.'"

As the first year of the new Safety for Indian Women program begins, discussion centered on some of the act's most profound provisions, including federal imprisonment for habitual offenders, increased funding for tribes and organizations battling domestic violence, a revamped grant application process, domestic violence research and creation of an Indian Country sex-offender registry.

The registry will make it easier to track habitual offenders, who will now be subject to stiffer penalties.

For example, a person of any race who commits a third offense against a Native woman within tribal jurisdiction -- including crimes of domestic and dating violence, stalking and sexual assault -- will be tried in federal court.

Previously, a tribe could only give a one-year sentence. A third-time crime is now punishable with between five and 10 years in prison.

"The third offense becomes a federal offense," said Majel. "That's huge. That's the law now."

In the past, tribes did what they could with little money to bring protection and healing to women in their communities.

"Many tribes are so impoverished that it's nearly impossible to develop this full-spectrum response without the resources," said Sarah Deer, a Tribal Law and Policy Institute attorney in Minneapolis.

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But Title IX of the Violence Against Women Act promises to infuse millions of dollars into organizations, including tribal programs providing domestic violence services for Native women.

Majel is encouraged by the financial support provision in the act.

"What's so powerful about it, for the first time in legislative history, when we went to speak to our counterparts, our non-Native sisterhood out there ... they realized our journey was such that we weren't getting fair representation in the programs," Majel said.

"They actually set aside money in their grants, 10 percent across the board, in support of us in adding the Indian title."

The act also provided an additional $2.5 million -- funding for research, a baseline study, and criminal tracking and registry systems.

It's still unclear how the registry will work, but one goal is to track serial offenders who travel between tribal nations.

"We are not required to have a government relationship with each other, but it would be wise of us to do so," said Majel.

The House of Representatives has so far failed to include the needed $2.5 million allocation in the 2007 appropriations bill. The Senate is still debating the president's budget as well.

"I'm dedicated and our office is dedicated and so is our attorney general," said Diane Stuart, director of the Justice Department's Office of Violence Against Women. "Specifically, he and I have spoken about violence against Indian women and we'll do all we can to further their safety."

Since Stuart announced she will retire in October, tribal leaders have voiced their concern about moving forward.

"The message overall was that tribes are engaged and this is an important issue to our communities," Johnson said. "We believe there needs to be ongoing dialogue. This can't be a one-time consultation."

It's hoped another touted section of Title IX -- the creation of a deputy director of tribal affairs in the Office of Violence Against Women -- will allow for a seamless transition. The job is yet unfilled but is being advertised.

"Right now there's not a consistent person in the office that deals solely with tribal governments," Deer said.

Prior to the new provision, tribes often avoided the Violence Against Women Office's complicated grant process. Now, four staff members will work specifically with tribes requesting grants.

Artichoker, who also served on the National Congress of American Indians domestic violence task force, looks forward to the coming changes.

And she's ready to embrace the day when Native communities restore relationship balance in the home. The traditional knowledge of family relationships can be recovered, she said.

Said Deer: "People in Indian Country who work on these issues really talk about making social change."

"And not just responding to each case of violence, but rather working on a large scale to change public opinion and women's opinions about what abuse is and how it's infiltrated into our culture."

Energy Bills Don't Reach Finish Line In Congress (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, September 30, 2006

When oil prices punched through $75 a barrel and gasoline topped $3 a gallon five months ago, members of Congress offered a raft of proposals, ranging from more U.S. drilling to windfall profits taxes to antitrust investigations. They railed against oil executives' pay packages, and some called for higher gasoline mileage standards.

Five months later, long after "Energy Week" came and went in the House of Representatives, Congress is heading home without adopting any significant legislation on energy.

Most notably, the Senate and House failed to bridge differences over how much offshore oil and gas drilling to allow on the Outer Continental Shelf, with angry negotiators blaming each other for the collapse of talks early yesterday.

Offshore drilling made it further than other energy proposals that came up during the long, hot summer of high gasoline prices. Among the ideas that failed to gain traction in Congress: a bipartisan move to raise mileage standards led by Sen. Barack Obama (D-Ill.), Sen. Richard G. Lugar (R-Ind.) and others, and a White House request for clearer authority to set fuel efficiency

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targets under the Corporate Average Fuel Economy (CAFE) program. The CAFE fuel economy standard hasn't changed since 1985. About half of U.S. oil consumption goes to automobiles.

"The president started the year by saying we're 'addicted' to oil in the State of the Union address, and yet another year passed without any action on U.S. oil use and specifically on improving U.S. fuel economy," said Paul W. Bledsoe, director of communications and strategy at the National Commission on Energy Policy.

Efforts to open up U.S. coastal areas for drilling held out the most promise for legislation. Both chambers voted over the summer to add acreage for drilling -- and give states a big share of federal royalties. But the Senate limited itself to a single major lease area in the Gulf of Mexico; the House voted to open up the entire Atlantic and Pacific coasts at least 100 miles from shore and to let states choose to allow drilling as close as three miles from shore. Those coasts were closed to new oil and gas drilling after the Santa Barbara, Calif. oil spill a generation ago.

House negotiators, led by Resources Committee Chairman Richard Pombo (R-Calif.), held out for offshore drilling outside the Gulf of Mexico, while Senate leaders bluntly declared that they could not muster enough votes for that.

"He keeps asking us to do something that is politically impossible for us to do," Sen. Mary L. Landrieu (D-La.) said during the week. She played a key role in forging a compromise in the Senate, and her state stands to gain hundreds of millions of dollars of royalties from new drilling in the Gulf of Mexico. "I frankly wish there were more support for drilling off the Atlantic and Pacific coasts," she said, "but the political reality is that there is not. Period. The end."

House leaders said that the Senate version, which would have opened up 8.3 million acres in Gulf of Mexico federal lease 181 and adjacent deeper water to the south, didn't go far enough. They wanted a state to set a precedent outside the Gulf to generate broader support for offshore drilling when other states saw how much revenue could be earned. House leaders proposed opening up areas off the coasts of five states considered most friendly to drilling -- Virginia, the Carolinas, Georgia and Alaska. Later they discussed making it Virginia alone.

But talks broke down in the end over maps of the offshore state boundaries in what are now federal waters. A deal involving Virginia also would have injected new controversy into the closely contested Senate race there.

Lobbyists for more offshore drilling had earlier urged lawmakers to work things out. "For the first time in 20 years, the Congress has taken action. I'd hate to get three-quarters of the way around the bases and be left standing on third base," said Jack Gerard, president of the American Chemistry Council, an association of chemical companies.

Rep. John E. Peterson (R-Pa.), a leader of the push for wider offshore drilling, said yesterday that House leaders decided to wait for lawmakers to return after the elections. "We're hoping when we get back we can move the ball," he said. "There will be more vehicles in the lame duck than now."

That's a gamble though, especially if Democrats win back the House in November. " 'Wait for the lame duck' always strikes me as a desperate rallying cry," said Bledsoe.

Not everyone was disappointed about the sinking prospect of an offshore drilling bill. "The gridlock," said Athan Manuel, lands protection director at the Sierra Club, which opposes both versions of the bill, "from the environmental perspective is good."

The House can blame the Senate for another part of the gridlock. It adopted another energy measure that failed to get Senate support: one that would open part of the Arctic National Wildlife Refuge to oil exploration.

Peterson said that the recent easing of oil and gas prices was a factor in blunting the impetus for energy legislation. "That always hurts," he said. But he warned, "We're just another storm away, another pipeline problem away, from high prices."

Fuel For Thought (NYT)

The New York Times, September 30, 2006

If the world is going to reduce the quantity of greenhouse gases spewed into the atmosphere, every industry has to find ways to use energy more efficiently. One of the most common-sense proposals we have heard lately comes from Sir Richard Branson, chairman of Virgin Atlantic airline.

As passengers on late-departing flights are only too aware, jets taxi between the gate and the runway sometimes for an hour or longer. And they do it with their giant engines burning fuel the entire time. Sir Richard proposes simply that an aircraft's engines remain off until the plane is ready for takeoff.

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Under his proposal, tugs would pull the airplanes from the gates to a holding area near the end of the runway. This would reduce the pollution generated by the waiting planes. Not only does that help the effort against global warming, it also benefits the health of those living nearby.

Like any new system, there would be kinks to work out, such as how to power systems like air-conditioning or heating while the plane waited. The biggest hurdle of all may be bureaucratic, because of the many different companies and regulatory bodies represented at each location. But airlines should get behind the proposal because it would save fuel, which in the end would mean saving money.

Virgin says it is working with London's Gatwick and Heathrow airports to try to get trial programs up and running. We hope that Kennedy, LaGuardia and Newark get involved as well. An official at the Port Authority said it would embrace the opportunity, and pointed out that the authority has applied for a grant to acquire electric-powered tow vehicles. With a little cooperation, substantial reductions in airport ground pollution are within reach.

When Sir Richard pledged last week to invest $3 billion over 10 years to fight global warming, some questioned whether it was one of his many publicity stunts. This new proposal should allay doubts about his commitment and seriousness. Ultimately, private enterprise must play a critical role in moving away from an economy powered by fossil fuels and toward a sustainable one run on alternative power sources. The more entrepreneurs like the brash Sir Richard get involved in green business, the faster we will end our reliance on petroleum.

But the actions of private citizens and businesses do not absolve the government of responsibility to act decisively. The United States government still needs to regulate emissions of heat-trapping greenhouse gases. Only when there is a price associated with polluting the atmosphere with carbon dioxide will the clean-energy businesses supported by people like Sir Richard really take off.

FBI/DEA/ATF/USMS:

Appeals Court Rules Bonds' Trainer Must Stay In Jail (AP)

AP, September 30, 2006

SAN FRANCISCO -- A federal appeals court rejected a bid to free Barry Bonds' personal trainer, who has been jailed for refusing to testify to a grand jury.

The three-judge panel of the 9th U.S. Circuit Court of Appeals on Thursday sent Greg Anderson's contempt case back to U.S. District Judge William Alsup to decide a key issue.

Anderson's lawyers have argued he shouldn't have to testify about whether he gave the Giants slugger steroids, contending prosecutors illegally tape recorded him.

Prosecutors say the recording was made during a face-to-face meeting and wasn't obtained improperly. And they promise not to use its contents when questioning Anderson before a grand jury.

The appeals court demanded Alsup rule whether the tape recording was indeed illegal but rejected Anderson's other claims. The 9th Circuit also granted prosecutors' request to seal some documents in the case.

Anderson has been behind bars since August for refusing to testify before a federal grand jury investigating whether Bonds committed perjury when he told a grand jury he never knowingly used steroids.

Anderson also served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of the Bay Area Laboratory Co-Operative, which allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Anderson is currently being held at the Federal Correctional Institution in Dublin, near San Francisco.

IMMIGRATION:

Senate Passes Bill On Building Border Fence (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — The Senate on Friday approved the building of 700 miles of fence along the nation's southwestern border, fulfilling a demand by conservative Republicans to take steps to slow the flow of illegal immigrants before exploring broader changes to immigration law.

The Senate vote, 80 to 19, came as lawmakers finished a batch of legislation before heading home to campaign. It sent the fence measure to President Bush, who has promised to sign it despite his earlier push for a more comprehensive approach that could lead to citizenship for some who are in the country illegally.

House Republicans, fearing a voter backlash, had opposed any approach that smacked of amnesty and chose instead to focus on border security in advance of the elections, passing the fence bill earlier this month. With time running out, the Senate acquiesced despite its bipartisan passage of a broader bill in May.

Congress also passed a separate $34.8 billion homeland security spending bill that contained an estimated $21.3 billion for border security, including $1.2 billion for the fence and associated barriers and surveillance systems.

"This is something the American people have been wanting us to do for a long time," said Senator Jon Kyl, Republican of Arizona, whose state would be the site of substantial fence construction.

Homeland Security Secretary Michael Chertoff praised the money for border security. He said it would "enable the department to make substantial progress toward preventing terrorists and others from exploiting our borders and provides flexibility for smart deployment of physical infrastructure that needs to be built along the southwest border."

Some Democrats ridiculed the fence idea and said a broader approach was the only way to halt the influx. "You don't have to be a law enforcement or engineering expert to know that a 700-mile fence on a 2,000-mile border makes no sense," said Senator Richard J. Durbin of Illinois, the second-ranking Democrat in the Senate. Nevertheless, more than 20 Democrats moved behind the measure.

The fence bill and homeland spending were among security-related measures the Republican leadership was pushing through in the closing hours to bolster their security credentials.

On a 100-to-0 vote, the Senate earlier sent a $447.6 billion bill for the Defense Department to the president. It included $70 billion for operations in Iraq and Afghanistan, a sum that will bring the total spent on those wars and other military antiterrorism operations to more than $500 billion.

Lawmakers also sped through a port security bill that would institute new safeguards at the nation's 361 seaports, while a Pentagon policy measure stalled in a Senate dispute.

"Passage of this port security bill is a major leap ahead in our efforts to strengthen our national security," said Senator Susan Collins, Republican of Maine and chairwoman of the Senate homeland security panel.

At the urging of conservative groups and the National Football League, among other interests, the port security measure carried legislation cracking down on Internet gambling by prohibiting credit card companies and other financial institutions from processing the exchange of money between bettors and Web sites. The prohibition, which exempts some horse-racing operations, has previously passed the House and Senate at different times but has never cleared Congress.

"Although we can't monitor every online gambler or regulate offshore gambling, we can police the financial institutions that disregard our laws," said Senator Bill Frist of Tennessee, the majority leader, who lobbied to add the crackdown to the port bill.

Because Congress failed to finish nine other required spending bills before the Sept. 30 deadline, the Pentagon measure also contained a provision to maintain spending for other federal agencies through Nov. 17 to give lawmakers time to finish the bills in a post-election session.

In an end-of-session appeal to conservatives, Senate Republicans also brought up a measure that could lead to criminal charges against people who take under-age girls across state lines for abortions, but they were unable to get enough votes to overcome procedural obstacles, and the bill stalled.

The atmosphere in the Capitol was somewhat tense as lawmakers were set to head back to their districts for what is looming as a difficult election. And the sudden resignation of Representative Mark Foley, Republican of Florida, after the disclosure of sexually suggestive e-mail messages he reportedly sent to teenage pages, added to the turmoil.

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The fence legislation was one of the chief elements to survive the broader comprehensive bill that President Bush and a Senate coalition had hoped would tighten border security, grant legal status to most illegal immigrants and create a vast guest worker program to supply the nation's industries.

Senator Saxby Chambliss, Republican of Georgia, said the vote would build credibility with conservative voters who have been skeptical of the government's commitment to border security.

"They have been under the impression that Congress has been a lot about conversations about securing the border and not about action," said Mr. Chambliss, who opposes the legalization of illegal immigrants and voted against the Senate immigration bill. "This is real action."

But Republicans and Democrats alike acknowledged they were leaving the country's immigration problems largely unresolved. The border security measures passed do not address the 11 million people living here illegally, the call for a guest worker program by businesses or the need for a verification program that would ensure that companies do not hire illegal workers.

And while Congress wants 700 miles of fencing, it was appropriating only enough money to complete about 370 miles of it, Congressional aides acknowledged, leaving it unclear as to whether the entire structure will be built. Dana Perino, deputy White House press secretary, said Friday that Mr. Bush intended to keep pressing Congress for a broader fix. She said the White House was hopeful that Congress would return to the issue after the elections.

With Senate Vote, Congress Passes Border Fence Bill (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 30, 2006

Barrier Trumps Immigration Overhaul

The Senate gave final approval last night to legislation authorizing the construction of 700 miles of double-layered fencing on the U.S.-Mexico border, shelving President Bush's vision of a comprehensive overhaul of U.S. immigration laws in favor of a vast barrier.

The measure was pushed hard by House Republican leaders, who badly wanted to pass a piece of legislation that would make good on their promises to get tough on illegal immigrants, despite warnings from critics that a multibillion-dollar fence would do little to address the underlying economic, social and law enforcement problems, or to prevent others from slipping across the border. Senate Majority Leader Bill Frist (R-Tenn.) surprised many advocates of a more comprehensive approach to immigration problems when he took up the House bill last week.

But in Congress's rush to recess last night for the fall political campaigns, the fence bill passed easily, 80 to 19, with 26 Democrats joining 54 Republicans in support. One Republican, Sen. Lincoln D. Chafee (R.I.); one independent, Sen. James M. Jeffords (Vt.); and 17 Democrats opposed the bill. The president has indicated that he will sign it.

Mexico's foreign affairs secretary, Luis Ernesto Derbez, told reporters in Mexico City yesterday that his country plans to send a letter strongly condemning the measure in an effort to dissuade Bush from signing the bill.

If fully constructed, the fence would span a distance equivalent to the distance between Washington and Jacksonville, Fla.

The Secure Fence Act authorizes the construction of at least two layers of reinforced fencing around the border town of Tecate, Calif., and a huge expanse stretching from Calexico, Calif., to Douglas, Ariz. -- virtually the entire length of Arizona's border with Mexico. Another expanse would stretch over much of the southern border of New Mexico, with another section winding through Texas, from Del Rio to Eagle Pass, and from Laredo to Brownsville.

The Department of Homeland Security would be required to install an intricate network of surveillance cameras on the Arizona border by May 30, 2007, with the entire fence set for completion by the end of 2008.

Under the measure, the secretary of homeland security would have 18 months to achieve "operational control" of the U.S. frontier, using unmanned aerial vehicles, ground-based sensors, satellites, radar and cameras to prevent all unlawful U.S. entries. Fortifying those requirements, Congress approved $1.2 billion in a separate homeland security spending bill to bankroll the fence.

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That figure, however, is only a down payment and falls far short of the $6 billion the fence is expected to cost. Lawmakers from both parties conceded that even at 700 miles in length, the barrier would leave nearly 1,300 miles of border uncovered.

Foes of illegal immigration had clamored for the bill, flooding lawmakers' phones in the past week and sending lawmakers bricks symbolizing the wall they want on the southern border. Advocates of the measure called it a landmark step toward securing the nation's porous borders.

"Fortifying our borders is an integral component of national security," Frist said. "We can't afford to wait."

But opponents dismissed it as a political stunt, an international disgrace and an affront to the ideals laid out by Bush earlier this year when he called for legislation that would couple a border crackdown with new paths to lawful work and citizenship for foreigners seeking entry and for the nation's estimated 12 million undocumented workers.

"This is not a sign of strength and engagement, but a sign of weakness and fear. And frankly, speaking as an American, it's an embarrassment," said Kevin Appleby, director of migration and refugee policy at the U.S. Conference of Catholic Bishops.

Senate Minority Leader Harry M. Reid (D-Nev.) taunted Bush for laying out an expansive vision of immigration reform, only to cave "to the radical anti-immigrant right wing of his party."

"It is a shame that after he went on national television to call for comprehensive reform, even after he went to Mexico this summer and said he was against fences, he is now willing to settle for this ineffective half-measure," Reid said.

Advocates and opponents of the measure said it is not clear that the fence can be built as the bill envisions. The Arizona branch would have to plunge down steep ravines and scale craggy mountain peaks. "This is not Iowa farmland," said Rep. Raul M. Grijalva (D-Ariz.). Construction is "going to be near impossible."

A vast stretch of the Arizona fence would traverse the lands of the Tohono O'odham Nation, which strongly opposes it and could bring suit, said Rep. Jim Kolbe (R-Ariz.). Construction crews would have to deal with rivers and streams running north to south and wildlife migration routes that do not respect the U.S.-Mexico divide. And the Border Patrol does not have enough agents to stop smugglers from simply knocking holes in remote stretches.

"It's not feasible," said Kolbe, who is retiring from Congress at the end of the year. "It's a statement for the election. That's all."

Sen. Kay Bailey Hutchison (R-Tex.) tried to amend the Senate bill to give the Department of Homeland Security more flexibility in the placement of the barriers, but House leaders resisted any changes to the House-passed bill. In the end, she settled for a letter from GOP leaders promising to revisit the issue when Congress returns after the elections.

An effort by Sen. Mel Martinez (R-Fla.) to moderate the bill's definition of "operational control" was also dropped. The bill defines operational control as preventing all unlawful entries. Martinez suggested dropping the word "all."

Passage of the fence bill culminated a year of sometimes-vicious infighting among Republicans, who were divided between the get-tough approach of the House GOP and the more comprehensive vision embraced by Bush and many Senate Republicans. In December, the House approved legislation to declare illegal immigrants to be felons, build a border fence, increase penalties for employers who hire undocumented workers, expedite the detention and removal of illegal immigrants, and create a vast database of lawful Social Security numbers and other indicators for employers to use to check the legality of their workers.

The Senate, led by a bipartisan coalition headed by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), followed in May with legislation that coupled many of the same border security measures with guest-worker programs that would allow illegal immigrants to find lawful employment and, eventually, citizenship.

But House GOP leaders never moved to negotiate a final compromise. Instead, this summer, they launched a series of politically freighted immigration field hearings that entrenched the House's enforcement-only approach. House Republicans saw the final passage of the fence bill last night as a victory.

Border Barrier Approved (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, September 30, 2006

DOJ_NMG_0071836

The bill, which calls for 700 miles of fence and beefed-up enforcement, easily clears the Senate. It does not include a guest worker program.

WASHINGTON — The Senate on Friday approved and sent to President Bush a bill calling for construction of a 700-mile wall along the U.S. border with Mexico, voting overwhelmingly for a project that became the centerpiece of efforts to improve border security and stem illegal immigration.

Bush is expected to sign the measure into law.

"Most immigrants come to America with good intentions, but not all of them," Senate Majority Leader Bill Frist (R-Tenn.) said in supporting the bill. "We need an enforcement-first approach … [that] allows us to get full operational control of our border."

The bill, which passed 80 to 19 and is identical to legislation passed by the House last week, authorizes the building of double-layered fencing in areas near Tecate and Calexico, Calif., and border towns in New Mexico, Arizona and Texas.

It also empowers the government's Homeland Security secretary to "take all actions … necessary" to stop "all unlawful entries into the United States."

The legislation's opponents dismissed it as a costly political gimmick that would have little effect on stopping illegal immigration. They also chided Congress for failing to create a guest worker program or to address the status of the estimated 12 million illegal immigrants already in the U.S.

The fence is "a feel-good plan that will have little effect in the real world," said Sen. Edward M. Kennedy (D-Mass.).

Even before the bill passed, it prompted an angry condemnation from the Mexican government.

"We have indicated in a clear and unambiguous manner that the wall is unnecessary and that it is not a gesture that shows friendship between the countries of Latin America, the Caribbean and the United States," said Mexican Foreign Minister Luis Ernesto Derbez.

He said Mexico would send a note of diplomatic protest about the fence to the White House.

The debate on immigration dominated much of this year's congressional session, especially after Bush in a nationally televised speech in May called for a sweeping rewrite of current policy. He called for legislation that, in addition to increased border security, would create a path to U.S. citizenship for many illegal immigrants and a guest worker program as part of a broad effort to control entry into the U.S.

The Senate later that month passed a bill embracing the approach, but efforts to reach agreement with the House quickly reached a stalemate.

Republican House leaders objected to citizenship proposals as a form of "amnesty" for illegal immigrants and insisted that any legislation passed this year should focus on enforcement at the border. With an eye on the November midterm election, they argued that their view was in line with the sentiments of most voters.

After months of back-and-forth over the issue, the fence bill is the main result of the debate, representing a partial victory for House Republicans. Some other enforcement measures sought by the House, such as making it easier to deport illegal immigrants linked to gangs, fell by the wayside.

As part of the larger push to secure the border, the House and Senate on Friday approved and sent to Bush a spending bill for the Department of Homeland Security that, among other provisions, will alter the way Americans travel to and from Mexico, Canada and the Caribbean.

The bill, which Congress made a priority to pass before recessing for the November election, will require U.S. citizens to present a passport when returning from other countries in the Western Hemisphere, ending Americans' ability to cross these international borders with simply a driver's license or other forms of identification.

The provision, recommended by the independent commission that investigated the Sept. 11 terrorist attacks, is to take effect June 1, 2009.

The $33.7-billion spending bill also significantly boosts funding for border security and enforcement of immigration laws at work sites and elsewhere.

The bill will enable the Department of Homeland Security to hire an additional 1,500 border patrol agents and buy 6,700 more beds at detention centers for illegal immigrants. In the past, the lack of enough beds at these facilities has caused authorities to release some of the illegal immigrants they apprehended.

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The bill also provides $1.2 billion to pay for border fencing, vehicle barriers and improved sensor equipment at border crossings.

The money "provides flexibility for smart deployment of physical infrastructure that needs to be built along the Southwest border," said Homeland Security Secretary Michael Chertoff.

Estimates of the cost of construction of 700 miles of fencing range from $2 billion to $9 billion, so Congress will need to allocate more money for the project in future years.

Fencing over about 90 miles now runs along the border with Mexico. Some secondary fencing has been installed 50 to 200 yards north of the border around San Diego and Tucson.

The Secure Fence Act specifies that fencing extend 10 miles to the east and west of Tecate, Calif., and from 10 miles west of Calexico, Calif., to five miles east of Douglas, Ariz.

In other areas, the fencing would start five miles west of Columbus, N.M., and extend to 10 miles east of El Paso; extend from five miles northwest of Del Rio, Texas, to five miles southeast of Eagle Pass, Texas; and from 15 miles northwest of Laredo, Texas, to Brownsville, Texas.

The Homeland Security spending bill also makes it a criminal offense to build tunnels under U.S. borders, and includes prison terms for landowners who allow the tunnels to be built on their property.

The measure was sponsored in the Senate by Dianne Feinstein (D-Calif.) and in the House by David Dreier (R-San Dimas).

Although Feinstein was among those voting for the fence bill, she was highly critical that it did not include a guest worker program, arguing that such a measure was vital to agriculture in California and other parts of the country.

On Friday, she joined with Sen. Larry E. Craig (R-Idaho) in a failed effort to attach the program to the bill.

Labor shortages in the field are costing billions of dollars in lost produce this year.

Feinstein, noting that California produces about half of all America's fruits, vegetables and nuts, warned that harvest problems in the state would affect consumers in the other 49.

"I don't know what it takes to show that there is an emergency," she said. "I think next year we should be ready, willing and able to [create a guest worker program], but we will have lost one agricultural season. I just hope that someone will listen."

California's other senator, Democrat Barbara Boxer, also voted for the fence bill. Other prominent Democratic senators who supported it included Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Overall, the bill was backed by 54 Republicans and 26 Democrats; opposing it were 17 Democrats, one Republican (Lincoln Chafee of Rhode Island) and the Senate's lone independent (James M. Jeffords of Vermont).

Some of those voting for the bill said they believed it could serve as a prelude to the type of broader changes in immigration policy sought by Bush.

"Many people have told me they will support comprehensive immigration reform if we secure the border first," said Sen. Sam Brownback (R-Kan.). "I hope we can use passage of this bill as a starting point toward long-term, comprehensive immigration reform."

Immigrant advocates expressed skepticism that the 700 miles of fencing would ever be completed, given how costly it may prove. They also predicted the bill would have the unintended effect of hurting the long-term prospects of the Republican Party by sparking intense opposition among Latinos.

"I'm going to go out on a limb and say we'll never see a 700-mile wall along the southern border," said Frank Sharry, executive director of National Immigration Forum. "This is about incumbent protection, not border protection."

Cecilia Muñoz, a vice president at the National Council of La Raza, characterized the fence bill as "more symbolism than substance."

She added, "It's pretty clear to me it's going to have a negative impact on Republican prospects."

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Times staff writer Hector Tobar contributed to this report from Mexico City.

Senate Approves Fence For Border (WT)

DOJ_NMG_0071838

By Charles Hurt

The Washington Times, September 30, 2006

The Senate last night gave final approval for construction of 700 miles of fencing along the U.S.-Mexico border.

The bill passed on an 80-19 vote. One Republican, 17 Democrats and the chamber's lone independent voted against the measure.

The bill "will have a real impact on our homeland security now and is a vital step toward fixing the problem of illegal immigration," said Majority Whip Mitch McConnell, Kentucky Republican, adding that Congress also has increased the number of Border Patrol agents and detention beds for apprehended illegal aliens.

"This legislation will take us much closer to the operational control of our border that our homeland security requires," he said.

Eight Democratic senators who supported the bill last night switched their position from the previous day, when they voted to block the fence. They are Sens. Barbara Boxer of California, Thomas Carper of Delaware, Hillary Rodham Clinton of New York, Christopher J. Dodd of Connecticut, Tom Harkin of Iowa, Herb Kohl of Wisconsin, Barack Obama of Illinois and Charles E. Schumer of New York.

Many of the Democrats who joined Republicans on the vote either face close elections this November or represent mostly conservative states.

But for the most part, Democrats opposed the measure.

"We can build the tallest fence in the world, and it won't fix our broken immigration system. Nor will it strengthen security at our borders," Minority Leader Harry Reid said yesterday. "To do that, we need the kind of comprehensive reform that the Senate passed earlier this year."

The "comprehensive" legislation supported by Mr. Reid would grant citizenship rights to about 10 million illegal aliens already in the country and create a guest-worker program that would usher hundreds of thousands of new foreign workers into the country. That Senate-approved bill also would allow illegals to collect Social Security benefits accrued while working illegally.

That Senate bill also has many Republican supporters. But, realizing the comprehensive bill would not pass anytime soon, they supported last night's fence bill with the belief that at the very least the border should be secured.

Sen. Jon Kyl, Arizona Republican, said yesterday that he has long been a supporter of "comprehensive" legislation and still is.

"The place to start with that is the construction of fencing and other barriers to prevent illegal entry," he said.

House Republicans, who approved the fence bill earlier this month, applauded yesterday's Senate action.

But several other border security measures that the House approved this month essentially died on the Senate floor last night, when lawmakers were scheduled to adjourn to campaign for the November elections.

Among them was a bill to require voters to provide a valid photo identification before participating in federal elections. The Federal Election Integrity Act was approved on a nearly party-line vote in the House. Senate Democrats have said they are adamantly opposed to such legislation.

Also left incomplete by the Senate last night were House-passed bills to:

•Give state and local law enforcement more authority to combat illegal entry.

•Close a decades-old loophole that bars federal officials from placing illegal aliens from El Salvador into "expedited removal proceedings." The provision, adopted during El Salvador's 1980s civil war, means that suspected illegals often are freed back into the United States to await deportation proceedings but never are heard from again.

•Allow federal officials to detain illegal aliens for more than six months if they are awaiting deportation. The same bill also would bar illegals from obtaining political asylum if they are found to be part of a "criminal street gang."

•Criminalize the construction and financing of border tunnels with criminal penalties of up to 20 years' imprisonment for those who knowingly construct or help finance an unauthorized tunnel across a U.S. international border. Under current law, it is illegal to cross over a border but not under a border. In recent years, 39 such tunnels have been found along the southern border through which illegal aliens and large quantities of drugs are smuggled.

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Still, Senate Republicans said yesterday they had made great strides this year in securing the border.

"This bill continues a significant commitment to protecting our borders and improving our overall national security," said Sen. Judd Gregg, New Hampshire Republican who has helped lead the effort for tighter border security.

Senate Approves 700 Miles Of Fence Along The Border With Mexico (MCT)

By Dave Montgomery

McClatchy Newspapers, September 30, 2006

WASHINGTON - Leaving President Bush's proposed immigration overhaul in disarray, Republicans on Friday won congressional approval for fencing nearly one-third of the Southwest border and prepared to head into the November elections with a tough border security message.

Rushing to finish work before leaving on a six-week campaign recess, the Senate passed, by a vote of 80-19, and sent to President Bush a bill for more than 700 miles of fencing. The House approved the bill in mid-September.

The legislation - which Bush has agreed to sign - was denounced by critics as little more than a symbolic gesture by Republicans to appeal for votes in their re-election campaigns. But GOP supporters hailed the fence as the cornerstone of a legislative offensive to plug the porous 2,000-mile border with Mexico.

"It's important that we demonstrate to the American people that we are serious about securing our border," said Sen. Jon Kyl, R-Ariz., "and it can't be done without the fence."

The proposed construction of the five-section fence - along with roads and vehicle barriers - has threatened to tarnish diplomatic relations with Mexico and has prompted resolutions of opposition from several U.S. towns along the border. Outgoing Mexican President Vicente

Fox has condemned it as "shameful."

The largest section of fencing would reach 361 miles from Calexico, Calif., to Douglas, Ariz. Three sections would be in Texas - a 51-mile stretch from Del Rio to Eagle Pass; 176 miles from Laredo to Brownsville and 88 miles stretching westward to Columbus, N.M.

A 22-mile section would be built near San Diego, Calif.

Texas' two Republican senators, Kay Bailey Hutchison and John Cornyn, both expressed reservations with the House-passed bill, saying it was not Congress' role to tell states where the fences should be built.

Hutchison had hoped to offer an amendment that would have allowed the Department of Homeland Security to determine location and need for border fencing after consulting with state and local officials.

But Senate leaders decided not to allow amendments to avoid sending the measure back to the House, where it would have likely been rejected.

House and Senate leaders assured Hutchison that they would allow modifications to accommodate her concerns after lawmakers return for a so-called "lame-duck" session after the elections.

Bush has vowed to keep pushing Congress for enactment of an immigration package that includes a temporary guest worker program and legal status for millions of undocumented immigrants after they meet certain requirements. But with time running out before the 109th Congress adjourns by the end of the year, the prospects of a breakthrough seem unlikely.

"We've abandoned principles and allowed politics to triumph," said Sen. Ken Salazar, D-Colo., calling the fence a "political gimmick."

The Senate passed a comprehensive bill in May that embraced the key elements of Bush's immigration plan, including a guest worker plan and a three-tier program that would have put most of the more than 11 million illegal immigrants on a path to U.S. citizenship. But the plan was shelved in a stalemate with the House, which passed a strikingly different immigration bill focusing primarily on enforcement.

The fence was the most high-profile element of a late-breaking package of border security initiatives unveiled by House leaders following a series of summertime field hearings. Several other pieces of the package, including a bill empowering local officers to enforce immigration laws, have thus far stalled in the Senate.

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Supporters of the fence say it will complement an initiative by the Department of Homeland Security to erect a "virtual wall" that includes an array of high-tech gadgetry, including sensors, cameras, radar and unmanned aerial drones. The department has awarded the contract to a team led by Boeing Corp.

Congress Approves 700 Mile Border Fence (AP-Y)

By Suzanne Gamboa, Associated Press Writer

AP, September 30, 2006

Republicans will go into the elections with a message that they've made great strides fighting illegal immigration, including authorizing a fence along one-third of the U.S.-Mexico border and making a $1.2 billion down payment on it.

Among its final tasks before leaving to campaign, the Senate on Friday night passed and sent to President Bush a bill authorizing 700 new miles of fencing on the southern border. No one knows how much it will cost, but a separate bill also on the way to the White House makes a $1.2 billion down payment on it. A 14-mile segment of fence under construction in San Diego is costing $126.5 million.

The fence bill was passed by the House two weeks ago. The Senate vote on it Friday night was 80-19.

In addition to money for starting work on the fence, a homeland security bill passed Friday by the House and later by the Senate includes $380 million to hire 1,500 more Border Patrol agents and money to build detention facilities to hold 6,700 more illegal immigrants until they can be deported.

"We have made giant steps in terms of our ability to control illegal immigration," House Majority Leader John Boehner, R-Ohio, told reporters.

The fence bill became House Republicans' immigration focus in September after they abandoned President Bush's call to bring millions of illegal immigrants into the American mainstream.

In addition to the money in the Homeland Security spending bill, Boehner cited Bush's deployment of the National Guard on the border and more frequent arrests of illegal immigrants at work sites.

"The perception that has been painted mistakenly is that the United States government, our Congress is not delivering to the American people on a huge problem that's out there," said Senate Majority Leader Bill Frist, R-Tenn. "We're active."

Democrats and immigration advocates say Republicans can hardly claim victory.

House Republicans failed to win measures for deporting immigrant gang members and empowering local police to enforce immigration laws. Their biggest obstacle turned out to be another Republican, Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania.

House Minority Leader Nancy Pelosi, D-Calif., said the border security achievements trumpeted by Republicans don't measure up to the more comprehensive reforms her party backed. What the GOP calls achievements fall "very far short of what Democrats have proposed over and over and over again," she said.

After a debate that stretched over three months, the Senate in May passed a sweeping immigration bill that combined tougher border enforcement measures with new guest worker programs and a plan to give millions of illegal immigrants already in the U.S. a shot at citizenship.

Despite Bush's ringing endorsement of the measure, the House would have no part of it, sticking to the bill it passed five months earlier that would treat illegal immigrants and people who offer them aid as felons.

Rather than negotiate a compromise with the Senate, Republican leaders plucked out many provisions of the House bill for new votes in both the House and Senate over the past two weeks.

"It's been two years of high visibility, high volume debate in terms of which way to go in the immigration system," said Frank Sharry, executive director of the National Immigration Forum. In the end the debate ended in a tie, he said.

Sen. Edward M. Kennedy, D-Mass., called the fence "a bumper sticker solution for a complex problem."

"It's a feel-good plan that will have little effect in the real world," he said. "We all know what this is about. It may be good politics, but it's bad immigration policy. That's not what Americans want."

Sens. Larry Craig, R-Idaho, and Dianne Feinstein, D-Calif., made a 11th-hour appeal to colleagues to include in the fence bill a measure to help the agriculture industry, which relies heavily on undocumented workers.

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Those workers have become harder to find because of increased border enforcement and availability of jobs for the workers in construction and other industries, they said. Consumers ultimately will pay the price for that at the grocery store, they added.

"Pickers are few and the growers blame Congress," Craig said, reading a news headline. "The growers ought to blame Congress. They ought to blame a government that has been dysfunctional in an area of immigration that has been problem for decades."

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The secure fence bill is HR 6061; the homeland security spending bill is HR 5441.

On the Net:

To find legislation: http://thomas.loc.gov

Mexico To Lobby Bush Against Fence Bill (AP-Y)

By E. Eduardo Castillo, Associated Press Writer

AP, September 30, 2006

Mexico said Friday it will try to persuade President Bush not to sign a bill that would extend a wall along the border in an effort to stop illegal immigrants.

Foreign Secretary Luis Ernesto Derbez strongly criticized the legislation to build a 700-mile border fence, which the Senate approved Friday and sent to Bush to sign.

Derbez said Mexico will send a letter to the U.S. government strongly condemning the measure. Asked by a reporter if the government would try to "dissuade" Bush from signing the bill into law, he replied, "Without a doubt."

"We have pointed out in a clear and unequivocal way that it seems unnecessary to us and seems wrong," Derbez added. "We think it is a gesture that doesn't reflect the friendship between nations of Latin America and the Caribbean and the United States."

Congress has abandoned Mexico's top priority: an immigration accord that would have allowed more Mexicans to work legally in the United States. Bush had proposed a temporary worker program that would have given three-year work visas to those with jobs lined up in the U.S.

Instead, U.S. lawmakers have focused on increasing security along the border. The House of Representatives and Senate have maneuvered to speed construction of the double-layer fence along the U.S. southern border aimed at keeping migrants and criminals from entering the country illegally.

Derbez's remarks came a day after his office issued a statement saying the border fence would harm relations between Mexico and the United States. The Foreign Relations Department said that only comprehensive immigration reform would stop millions of Mexicans from sneaking across the border into the U.S.

"A partial measure that is exclusively focused on security does not deal with reality and represents a political answer rather than a viable solution," it said in the statement.

There are an estimated 11 million Mexicans in the United States, about half of whom are illegal. Last year, Mexican migrants sent home more than $20 billion in remittances, providing Mexico with its second biggest source of foreign income after oil.

For A Smuggling Victim, A Precarious Quest For Refuge (NYT)

By Nina Bernstein

The New York Times, September 30, 2006

No one disputes that at 15, Ana Cristibel Sandoval was a victim of abuse and human trafficking, first by her family in her native Honduras, then by smugglers who drugged, raped and held her captive in a house in Phoenix in 2002.

But in the four years since the police found her there, one arm of the federal government has treated her as a traumatized teenager in need of care and refuge, while another arm keeps trying to deport her.

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As immigration enforcement grows more aggressive, the case of Ms. Sandoval, now 19 and living in Freeport, N.Y., with her infant son, is in some ways typical of the government's conflict over how to handle the 5,000 unaccompanied minors apprehended in the United States each year.

But it took on unusual drama on Thursday, as the larger tug of war between the Department of Health and Human Services and the Department of Homeland Security played out in a windowless immigration office in Lower Manhattan.

After Ms. Sandoval, carrying her baby, reported to the office at 10 a.m. for what officials had called "a redetermination of her custody conditions," immigration officers insisted that they had to send her that same day to immigration detention in Phoenix.

The baby would have to stay behind, they said, according to Ms. Sandoval's volunteer lawyer, Andrew D. Morton of Latham & Watkins in Washington, who was with her all day and described events in cellphone calls and e-mail messages as they unfolded. He said officers demanded that Ms. Sandoval call her boyfriend, a construction worker, to pick up Jason, who is 5 months old.

"I told them: 'She's not calling anyone. She's not going anywhere,' " Mr. Morton said midway through a daylong battle that marshaled his law firm's influential contacts to keep Ms. Sandoval in New York with her child. In the end, however, her long-term situation was still precarious, suspended between the forces of law enforcement and child welfare.

Months after the police found her, bound and gagged, in the smugglers' house, the federal Office of Refugee Resettlement, part of Health and Human Services, arranged for her to be transferred from detention in February 2003 and treated for post-traumatic stress disorder and depression at juvenile centers in Texas and in Massachusetts, records show.

A family court judge in Massachusetts ruled last year that she had been abused, abandoned or neglected and that it would not be in her best interests to be returned to Honduras. That seemed to pave the way for her to seek a special juvenile visa, or green card.

But officials at Immigration and Customs Enforcement have battled Ms. Sandoval's lawyers at every step of her four-year legal struggle for permanent refuge in the United States. The crux of the government's case now, according to briefs filed at the Ninth Circuit Court of Appeals in San Francisco, is that Ms. Sandoval had no right to seek a juvenile green card without the prior consent of the Department of Homeland Security or the attorney general.

Patricia Vroom, the chief counsel handling the litigation for Homeland Security in Phoenix, said yesterday that she was not authorized to talk about the case. She referred questions to Russell Ahr, a spokesman for Immigration and Customs Enforcement, who said it was against the agency's policy to discuss it.

In the past, Homeland Security officials have argued that national security demands a law enforcement approach to illegal immigrants, regardless of their ages. In 2003, Congress passed a measure giving Health and Human Services responsibility for placing unaccompanied minors. But friction over the interpretation of the law has grown as a new influx of volunteer lawyers from corporate firms rallies to cases like Ms. Sandoval's, challenging government lawyers who are under pressure to win deportation cases.

On Thursday, Ms. Sandoval's deportation officer, Ricardo Perez, had seemed sympathetic to her, Mr. Morton said, telling him that if it were up to the New York office, she would be allowed to stay in Freeport and simply be required to report back periodically under an order of supervision.

"But they say Phoenix is calling the shots," the lawyer reported in a call late Thursday afternoon.

As Ms. Sandoval cried and rocked her baby, Mr. Morton demanded to speak to supervisors and sent frantic e-mail messages from his BlackBerry to colleagues and contacts. Calls ricocheted through the offices of congressmen and senators. Inquiries for this article alerted Dean Boyd, the press secretary for Immigration and Customs Enforcement in Washington, and Mark Thorn, the agency's spokesman in New York.

Just what turned the tide remains a mystery. But about 6 p.m., Mr. Perez, the deportation officer, returned with news. As Mr. Morton told it, Mr. Perez said, "I don't know who you know, but they changed their minds."

It was dark when Ms. Sandoval emerged from 26 Federal Plaza, happy to be going home with her baby under an order of supervision.

"They wanted to separate me from Jason," she said through a translator yesterday. "They wanted to send me to Phoenix. But my lawyer wouldn't let that happen."

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Still, she is frightened. “I’m afraid that they’ll deport me,” she said. “I have no one in my country; my mom is dead. I don’t want to see my father. He used to beat me.”

In a 2005 letter in Ms. Sandoval’s court file, Theresa M. Rhein, a clinical social worker who treated her at a residential treatment center in Attleboro, Mass., described her as “very likeable, warm and engaging” and “very motivated to succeed in school.”

She warned, though, that because of the life-threatening abuse the teenager experienced at the hands of the smugglers, she was afraid to be alone and had flashbacks, nightmares and suicidal thoughts that were often set off when she felt powerless and overwhelmed.

“Ana does not have any family connection and wants very much to be in a loving relationship,” the therapist wrote. “This puts Ana at very high risk for placing her trust in someone who may hurt or manipulate her.”

According to court documents, Ms. Sandoval’s family, for its own financial gain, hired smugglers to bring her to the United States. Those smugglers passed her in Mexico to others who took her to Phoenix and who are now in prison.

When she turned 18, Ms. Sandoval said, and was too old to live in her group home in Massachusetts, she called the brother of a Honduran woman friend for help. The brother, 32, whom she had never met, drove from New York to fetch her and bring her to his home. He became her boyfriend and is Jason’s father, and they live together in a small apartment in an industrial area of Freeport, on Long Island.

“I don’t really have friends,” she said yesterday. “I don’t go out very much, because I’m afraid immigration will pick me up.”

More Immigrants In Detention: Tacoma Center Getting Influx (SEATIMES)

By Lornet Turnbull

The Seattle Times, September 30, 2006

Unbeknownst to her family, friends and attorney, Maria Del Toro Chacon was suddenly moved this week from the Northwest Detention Center in Tacoma, where she'd been held for the past year.

Chacon — a Mexican national and mother of two — and 14 other women were not told where they were going, weren't allowed to take personal possessions and weren't permitted to make any telephone calls.

In the dark on Sunday night, she said, they were driven south in two vans that left the highway somewhere beyond Olympia, eventually coming to idle in an unlit, isolated area. In the back of the van, the panicked women cried and prayed — certain they were being taken somewhere to be shot.

They were transferred from the vans to a bus and taken to Columbia County jail in St. Helens, Ore., where they remained for four days before being returned to the detention center in Tacoma.

Movements like these, from and between immigration detention centers nationwide, have occurred with increasing frequency since this summer, when the Department of Homeland Security stepped up efforts to detain and deport illegal immigrants.

Chacon and the others were relocated, immigration officials said, to free up bed space for a new group of detainees expected in from another state. The move was also intended to relieve overcrowding that resulted after a flight to remove some detainees was canceled.

Under mounting pressure from Congress and the public to better enforce immigration laws and expel illegal immigrants, Homeland Security is moving to detain every illegal immigrant taken into custody by guaranteeing a bed somewhere in the country — anywhere in the country, no matter how far away.

It replaces a practice known as catch and release, in which immigrants picked up in areas with chronic bed shortages were released on the promise they would show up for court later.

Most, immigration officials said, never did.

As part of their new focus, enforcement officers are conducting more raids at work sites and scouring jails and prisons looking for immigrants — those here illegally and those holding green cards — who are nearing the end of their criminal sentences and are subject to deportation.

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The end goal: to expel from the country every illegal immigrant without a legitimate claim to be here. Within a year, officials expect to have rattled many of the estimated 12 million illegal immigrants in the country, creating a disincentive for others to attempt illegal crossings.

Homeland Security was on track to remove 180,000 people from the country during the fiscal year that ended Friday, up 7 percent from the previous year.

"We're detaining them with full expectation of removing them and, depending on where they came from, that process can be very quick," said Gary Mead, assistant director for detention and removal operations with the Department of Homeland Security in Washington, D.C. Homeland Security wants to send a clear message, he said: "If you come to this country illegally, we'll apprehend you, detain you and remove you."

Under Operation Reservation Guaranteed, as it is being called, detainees are flown to wherever in the country a bed is available. As part of the operation, Homeland Security has relocated about 700 detainees a week across the country, Mead said.

In recent weeks, they've come from places like New York, Puerto Rico and Guam to the Northwest Detention Center, which opened in the Tacoma Tideflats in spring 2004.

The self-contained complex boasts a law library, recreational facilities, two courtrooms and a fully equipped clinic capable of rapid detection and treatment for tuberculosis.

"Headquarters is looking to see where there are open beds," said Neil Clark, Seattle-based field director for detention and removal operations of Homeland Security. "They'd call and ask: Can you guys handle this many? We're using the efficiencies of the system."

When the operation began in July, there were about 18,000 immigrants in detention nationwide, he said. The current population is around 25,500.

The stepped-up enforcement has led to a crunch on beds throughout the system, and the push is on to add more space nationwide. The Bush administration's 2007 budget calls for a 25 percent increase in detention beds.

In the Pacific Northwest, where the number of beds has grown from 150 in 2004 to the current 800, officials expect to add another 200 by the start of the year. Clark said admissions at the detention center are about 1,000 people ahead of last year.

Angry advocates

This aggressive approach has angered many immigrant advocates, who call it inhumane and politically expedient in an election year. Attorneys for immigrants grumble that people's rights are being compromised.

More than two years after the Northwest's 147,000-square-foot detention center opened, they point out, the Justice Department has yet to assign a judge to either of the two courts there, a shortcoming government officials call a "resource issue."

Hearings in the courts are conducted by visiting judges, while routine procedures, such as first appearances, are done through videoconferencing, common throughout the detention system.

"One of the most unfortunate side effects of the increase in detention is this huge backlog of cases," said Nancy Acevedo, an attorney with the Northwest Immigrant Rights Project. The agency conducts workshops at the detention center to help explain immigrants' rights to them.

Detainees are entitled to a hearing before a judge within 10 days, she said, but "at this point they're getting pushed out to three to five weeks."

At least 80 percent of people detained don't have legal counsel, she said, mostly because they can't afford it. "There are so many of them and so few of us," she said.

Some people end up waiting so long they simply give up — even those with a legitimate immigration claim, said Robert Gibbs, a Seattle immigration attorney.

"If Homeland Security plans to realistically keep people detained, they are not set up in terms of having judges and courtrooms in proximity to the jails to do that," Gibbs said. "Which makes my point: They don't expect any of these people to ask for hearings."

Outside the detention center on Friday, Community to Community Development, a Whatcom County advocacy group, rallied to draw attention to the hardships such arrests are creating for immigrant families throughout the state.

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In raids across the state, from Bellingham to Yakima, workers have been picked up at job sites, including those that traditionally employ women, such as hotels and nursing homes. Many of the workers' families don't learn of their fate until the workers eventually call from Mexico.

"We're seeing a disproportionate number of women being taken," said Rosalinda Guillen, executive director of the group. "It's raising the level of paranoia in our communities."

"Back to the basics"

Operation Reservation Guaranteed was launched this summer along the southern border and later implemented nationwide with the goal of detaining and expelling virtually every illegal and criminal fugitive immigrant that enforcement officials apprehend.

"We're trying to get away from letting people walk out the door without addresses," Clark said. "With the immigration situation the way it is in this country, as many beds as we have, we can fill them. We're getting back to the basics — putting stability back into immigration enforcement."

Homeland Security contracts with The GEO Group, a national detention-management company, to run the Northwest Detention Center and several others nationwide.

These facilities were never intended to be punitive. Often they are the last stop for illegal immigrants with a one-way pass back to their home countries. Detainees are held while they await an initial hearing before an immigration judge, or while their case is on appeal. In other cases, they are simply waiting on paperwork for deportation.

There is constant churn in these centers. Two flights a week remove about 200 detainees from the Northwest Detention Center, most destined for Mexico or Central America.

Their beds don't stay vacant long.

The average stay, Clark said, is 21 days. "There are many who stay much longer," he said.

Chacon, who is waiting out an asylum appeal, will mark one year in detention next month.

She had been in the country 14 years when she was picked up last year at her job at a health-care facility in Burien. Her friends arranged for her teenage daughter to stay with other friends in Arizona. Her son attends college at Gonzaga University.

"The waiting is tough. I'm ready to give up," she said. "That's the one thing that keeps me going are my kids."

TAX:

U.S. Rebuts Tax Preparer Who Says State Is Sovereign (NYT)

By Anthony Ramirez

The New York Times, September 30, 2006

Garry P. Webb-Bey of Brooklyn is a tax preparer who sees tax-reducing tactics in behalf of his clients that other tax preparers might not see.

This week, one of his stratagems attracted the stern attention of the federal Department of Justice, to wit: getting big tax refunds for clients by declaring, unilaterally, that New York State is a separate country.

Wages earned in the state, therefore, are “foreign” income, Mr. Webb-Bey claims, qualifying his clients for the foreign earned-income tax exclusion.

The federal government, in civil court papers, disagreed, accusing Mr. Webb-Bey of fraud and interfering with the administration of the internal revenue laws.

For the record, the government has determined that New York State — admitted to the union in 1788 and the home of the nation’s first capital, at New York City — is not a foreign country within the meaning of the federal tax code.

Mr. Webb-Bey, 44, who was interviewed yesterday at his apartment building in the Bedford-Stuyvesant section of Brooklyn, said the government accusations were inaccurate.

Mr. Webb-Bey describes himself as “self-taught in the law” and said he was puzzled by the government’s action. “If someone makes a claim that is inaccurate, they would audit you and it is rectified,” he said.

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In a complaint filed on Wednesday in Federal District Court in Brooklyn, the Justice Department sought the shutdown of Mr. Webb-Bey's tax-preparation activities.

The court has not yet taken any action on the government's petition for temporary and permanent injunctions against what they described as Mr. Webb-Bey's business. For his part, Mr. Webb-Bey said that he did not charge his clients.

In the interview, Mr. Webb-Bey was vague about his principal source of income, referring only to "community work." He did not elaborate.

The Justice Department's tax division said in court filings that the Internal Revenue Service had so far identified 82 tax returns prepared by Mr. Webb-Bey and employing his novel tax argument.

The returns led to refund claims totaling more than $335,000 and actual refunds of more than $97,000, according to court papers. Mr. Webb-Bey has been preparing returns at least since 1997, the department said.

Because the refund claims are relatively small and spread over so many returns, retrieving the lost tax money is costly and vexing, the Justice Department said in court papers.

"Given the I.R.S.'s limited resources," the department said, "identifying and recovering all revenues lost from Webb's preparation of false and fraudulent returns may be impossible."

In court papers, the Justice Department said Mr. Webb-Bey told clients that only residents of the District of Columbia were required to pay federal income tax and that income earned in any of the 50 states was foreign income.

For example, in 2003, Mr. Webb-Bey prepared and signed a 2001 tax return for a New York City woman listing $68,704.77 in income, according to court papers. Mr. Webb-Bey is alleged to have used Form 2555, the foreign-income exclusion, which completely offset her income, leading to a claim for a tax refund of $4,932.87.

When Mr. Webb-Bey's methods were challenged at a hearing on Jan. 12, 2006, before the New York State Tax Appeals Tribunal, he asserted that "in order to be considered a foreign country, one must be present in an area under a government other than the government of the United States." New York dismissed Mr. Webb-Bey's assertion as "patently frivolous."

In the interview yesterday, Mr. Webb-Bey, who lives in the Brevoort Houses project in Bedford-Stuyvesant, said he attended the University of Buffalo in the early 1980's, but did not graduate. He recently added the Moorish honorific of Bey to his family name.

Mr. Webb-Bey said he assisted taxpayers because "a lot of people don't know what their rights are."

As for the government's denial of his foreign-tax argument, Mr. Webb-Bey said: "Basically, all this is their opinion and their assertions. I can't say whether it's true or not. I can't say they're lying."

Public records show that in 2005, the I.R.S. filed a personal tax lien of about $39,000 against Mr. Webb-Bey. In 1998, the New York State Tax Commission filed two judgments against him totaling about $4,700.

Asked about the judgments, Mr. Webb-Bey said, "I have no idea where they originated from."

Feds Force 3 Arizonans To Shut Down Fraud-scheme Business (AR)

The Arizona Republic, September 30, 2006

Three Arizona men who operated a tax-fraud scheme have been forced to shut down after costing the government millions of dollars in lost revenue, the Justice Department said.

A permanent U.S. District Court injunction was issued this week against Mesa tax preparer James G. Morris, barring him from promoting business trusts or limited liability companies as a means of evading taxes.

The Justice Department previously obtained injunctions against two associates, Dennis H. Lawrence of Tempe and Allen Vanderwey of Phoenix.

According to a Justice Department news release, Vanderwey promoted the scheme through insurance salespeople; Lawrence handled the paperwork; Morris prepared false returns.

Mart's Ex-owner Guilty In Tax Case (SJCP)

By Eileen Stilwell

South Jersey Courier-Post, September 30, 2006

DOJ_NMG_0071847

Elliott Kattan, former owner of the Pennsauken Mart, pleaded guilty in federal court this week to income tax evasion and hiding money in two Israeli bank accounts between 1996 and 2000.

Kattan, 53, of Oakhurst, Monmouth County, was sentenced to probation at the end of 1997 for three years on a prior tax evasion conviction.

This time he is not likely to get off without jail time, said Ken Vert, prosecuting attorney within the tax division of the U.S. Justice Department.

When Kattan is sentenced Jan. 10 in Camden before U.S. District Judge Joseph H. Rodriguez Jr., he faces a maximum of eight years imprisonment and a $500,000 fine.

Rodriguez may honor a plea agreement that calls for at least 15 to 21 months in federal prison. Kattan also has agreed to pay the IRS $53,000 in back taxes, plus interest and possible penalties.

Kattan failed to report $134,000 in taxable income, resulting in a tax loss of $53,000 on his 1999 and 2000 tax returns. That money was found in Israeli bank accounts in the names of two straw corporations with headquarters in Panama, according to court papers.

All residents with offshore accounts in excess of $10,000 must report them to the IRS.

Kattan was unavailable Friday for comment.

The Camden County Improvement Authority bought the former Pennsauken Mart from Kattan through condemnation in 2004 for $13.2 million.

Kattan owned the 35-acre site at the intersection of routes 73, 90 and 130 for 16 years before the county claimed it. The original plan was to build a civic and convention center.

After years of costly litigation and declining sales for the surviving merchants, the improvement authority closed the mart in January, displacing about 120 merchants. The site is slated to become a mix of housing and commercial properties though the authority still has no binding agreement with a developer.

Kerry Yobb, a jeweler at the mart for 25 years, recalled Friday some bitter fights with Kattan.

"I may have to take the day off to see the expression on his face when he is sentenced," Yobb said.

CONGRESS-ADMINISTRATION:

Lawmaker Quits Over Messages Sent To Teenage Pages (NYT)

By Kate Zernike And Abby Goodnough

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — In six terms representing a wealthy swath of southern Florida, Representative Mark Foley, a Republican, became well known for his ardent efforts to safeguard the young and vulnerable, leading the House caucus on missing and exploited children and championing laws against sexual predators.

On Friday, Mr. Foley resigned abruptly after being confronted with a series of sexually explicit Internet messages he is reported to have sent to under-age Congressional pages. He stands accused of being the very kind of predator he had denounced.

“I am deeply sorry,” Mr. Foley, 52, said in a three-sentence statement released by his office, “and I apologize for letting down my family and the people of Florida I have had the privilege to represent.” The statement did not refer specifically to the Internet messages.

The first e-mail messages to one male page, sexually suggestive but not explicit, were reported by ABC News on Thursday. Mr. Foley, a member of the House Republican leadership, dismissed them as “overly friendly” but not inappropriate.

But by Friday, other pages had come forward with more blatant instant messages. “What ya wearing?” Mr. Foley wrote to one, according to the network. “T shirt and shorts,” the teenager responded. “Love to slip them off of you,” Mr. Foley replied.

ABC News said it had read him other messages that were far more graphic. Within hours, Mr. Foley resigned in a one-sentence letter to Gov. Jeb Bush of Florida. He left the Capitol without answering questions.

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The resignation threw Congressional Republicans off stride on the day they were breaking to campaign for the midterm elections just five weeks away. It also gave Democrats hopes of capturing another seat in November. Even by the standards of Washington, this revelation stunned Mr. Foley's colleagues for how openly he had courted danger.

According to ABC, he exchanged instant messages with the pages using his initials and year of birth: "MAF54." And he might have known he would be watched; the pages, teenagers in navy blue uniforms who open doors and carry messages and water to members on the House and Senate floors, are closely guarded, not only for their vulnerability, but because they have been the object of past Congressional scandals.

The page who received the first e-mail messages told ABC News that people in the program had warned his class to watch out for Mr. Foley. The page worked for Representative Rodney Alexander, Republican of Louisiana, and sent the messages to a colleague in the office with a note saying they had "freaked me out."

Investigators would not say whether they were looking into the matter.

Mr. Foley's rise in Florida politics had been striking. He told interviewers of getting hooked on politics after he moved to Florida from Massachusetts as a small child, watching people flock around the local congressman as he shook hands at a shopping center in southern Florida.

He started a small family restaurant at age 20 and by 23 was elected to the city commission in Lake Worth, a working-class town south of West Palm Beach. He was known as a tireless campaigner and was elected to the State Legislature in 1990, and to Congress in 1994, at age 40. He was appointed to the powerful Ways and Means committee and was named one of the party's deputy whips by Tom DeLay, then the House Republican leader.

"He had a meteoric rise," said Al Cardenas, a former leader of the Florida Republican Party who described himself as a longtime friend of Mr. Foley. "In a span of six years he went through an incredible ascension in our party. He worked real hard, he had a very engaging personality, and people took him very seriously at a young age."

As a moderate Republican in Congress, Mr. Foley proved a good ideological match for his district, centered in the wealthy northern end of Palm Beach County. He was fiscally conservative but more moderate on social and environmental issues.

He spoke vehemently about the need to protect children from pedophiles. "We track library books better than we do sexual predators," he said, arguing the need for the Children's Safety Act, passed by the House in 2005.

Questions about his sexuality swirled beginning with his first run for Congress, when his opponent in the Republican primary sent out mailings saying Mr. Foley was gay. He was single and seemed uncommonly focused on politics. He sometimes referred to his sister, Donna, who often served as his campaign manager, as his "surrogate wife."

In 2003, when he was considered the front-runner in a crowded primary race for the Senate seat being vacated by Bob Graham, Mr. Foley gave a news conference to condemn rumors that he was gay but refused to say whether he was. A few months later, he dropped out of the race, saying he needed to spend more time with his father, who had prostate cancer. Many believed he had left the race to avoid questions about his sexual orientation.

"There were accusations made that he was gay, and clearly that had an impact on him deciding not to run for Senate," said Jim Kane, the chief pollster for Florida Voter, a nonpartisan polling organization. "He knew the scrutiny was clearly going to be much different once he stepped up a notch."

Mr. Foley reportedly sent the messages to the first page in August 2005.

Representative John Shimkus, Republican of Illinois and chairman of the House Page Board, issued a statement late Friday saying he had known of the first e-mail messages "in late 2005." Mr. Foley, Mr. Shimkus said, had said he was simply acting as a mentor, but Mr. Shimkus told him to cut off contact with the page and "be especially mindful of his conduct" with pages.

Representative Nancy Pelosi, the Democratic leader, called late Friday for an investigation into who knew of the messages, and when. After Republicans criticized her move on the floor, the House referred the request to the ethics committee.

Although his current race was considered competitive, Mr. Foley had been favored to win re-election; President Bush won his district in 2004 with 54 percent of the vote. And yet the campaign between Mr. Foley and his Democratic opponent, Tim Mahoney, had been combative. Mr. Mahoney, a businessman and former Republican, sued Mr. Foley this month, saying Mr. Foley had defamed him in campaign advertisements.

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The Democratic Congressional Campaign Committee had included the campaign in its list of "emerging races," or the 50 seats most primed for takeover. Mr. Mahoney, Democrats said, was a good candidate even before the scandal, with $1 million in his campaign chest.

State Republican Party leaders said they would meet with officials from each of the counties in Mr. Foley's district to nominate someone to replace him. But an election official in Florida said Friday night that Mr. Foley's name would have to remain on the ballot. Any votes for him will be counted for his replacement, the official said.

Rep. Foley Quits In Page Scandal (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 30, 2006

Explicit Online Notes Sent to Boy, 16

Six-term Rep. Mark Foley (R-Fla.) resigned yesterday amid reports that he had sent sexually explicit Internet messages to at least one underage male former page.

Foley, who was considered likely to win reelection this fall, said in a three-sentence letter of resignation: "I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent."

The resignation rocked the Capitol, and especially Foley's GOP colleagues, as lawmakers were rushing to adjourn for at least six weeks. House Majority Leader John A. Boehner (R-Ohio) told The Washington Post last night that he had learned this spring of inappropriate "contact" between Foley and a 16-year-old page. Boehner said he then told House Speaker J. Dennis Hastert (R-Ill.). Boehner later contacted The Post and said he could not remember whether he talked to Hastert.

It was not immediately clear what actions Hastert took. His spokesman had said earlier that the speaker did not know of the sexually charged online exchanges between Foley and the boy.

House Minority Leader Nancy Pelosi (D-Calif.) took the House floor last night to demand an investigation into the Foley matter. But Boehner headed her off, calling on the House to refer the matter to the ethics committee, which the House promptly voted unanimously to do.

The news of Foley's resignation overshadowed an afternoon Republican ceremony hailing a military commissions bill, and it gave Democrats sudden hopes of winning the Palm Beach-based 16th District. Many lawmakers think Democrats are on the verge of winning control of the House in November, and an unexpected gain could prove crucial.

At the Capitol Hill signing ceremony for the commissions bill, a GOP campaign priority, reporters asked Hastert only about Foley. "He's done the right thing," Hastert replied. "I've asked John Shimkus [R-Ill.], who is head of the Page Board, to look into this issue regarding Congressman Foley. We want to make sure that all of our pages are safe and our page system is safe. None of us are happy about it."

ABC News reported yesterday that it had interviewed Foley, 52, about excerpts of instant messages provided by current and former pages under the age of 18. ABC reported that Foley, under the AOL Instant Messenger screen name Maf54, made repeated references to sexual acts and body parts. Foley's spokesman did not respond to a Washington Post request for comment on the ABC report.

Rep. Rodney Alexander (R-La.), who sponsored the page from his district, said he had learned of some of the online exchanges from a reporter some months ago and passed on the information to Rep. Thomas Reynolds (R-N.Y.), chairman of the House Republican campaign organization, the Associated Press reported. Alexander said he did not pursue the matter further because "his parents said they didn't want me to do anything."

Carl Forti, a spokesman for the GOP campaign organization, said Reynolds learned from Alexander that the parents did not want to pursue the matter, AP reported.

Shimkus said in a statement last night, "in late 2005, I was notified by the then Clerk of the House," that Alexander had told the Clerk "about an email exchange between Congressman Foley and a former House Page. I took immediate action to investigate the matter."

In the e-mail, "Foley asked about the former Page's well-being after Hurricane Katrina and requested a photograph," Shimkus said. He said Foley assured him it was an innocent exchange, but "nevertheless, we ordered Congressman Foley to

cease all contact" with the boy and to respect all pages. "Only now have I learned that Congressman Foley was not honest about his conduct," Shimkus said.

The news emboldened Democrats that they could gain the 15 seats they need to regain the House majority they lost in 1994. The Florida district's Democratic nominee, Tim Mahoney, has been running a credible campaign, raising more than $700,000 and airing TV ads for nearly a month, according to the Democratic Congressional Campaign Committee. The committee said it is too late under Florida law to remove Foley's name as the GOP nominee on the Nov. 7 ballot, a circumstance that would greatly improve Mahoney's chances of being elected.

But Forti said lawyers hope they can replace Foley's name on the ballot. At a minimum, he said, party officials can designate an alternate candidate who would be credited with all votes cast for Foley on Nov. 7. "It's a very Republican seat," Forti said, adding that Republicans "can move forward" when they have a new candidate.

Florida GOP Chairwoman Carole Jean Jordan said in a statement that executives from each county in Foley's district "will meet to choose a replacement on the ballot." Possible candidates include state Rep. Joe Negron, she said. The decision, she said, is "very time-sensitive" because the replacement "would have the opportunity to get around the district and campaign in a very short amount of time."

Foley's resignation was startlingly sudden. He was a respected House member cruising toward a seventh term when ABC News reported Thursday that he had sent brief, chatty e-mails last year to a boy, then 16, who had been a House page. In them, Foley asked the boy's age and what he wanted for his birthday. He requested a picture of the boy and told him that he had just finished a long bike ride and was going to the gym. ABC reported that the boy forwarded the photo-request e-mail to an unidentified congressional staffer and wrote that the message was "sick sick sick sick sick."

Efforts by The Washington Post to reach the boy were unsuccessful. But he told the St. Petersburg Times last November: "I thought it was very inappropriate. After the one about the picture, I decided to stop e-mailing him back." The Times, which did not disclose the teenager's name, did not publish his comments until yesterday.

The e-mails were posted Friday on the Web site of Citizens for Responsibility and Ethics in Washington after ABC News reported their existence. The liberal-leaning watchdog group asked the House ethics committee to investigate the exchange Foley had with the boy.

Foley, who is single, moved to Florida as a child and opened a restaurant in Lake Worth at age 20. He also sold real estate and moved quickly into politics. He was elected to Florida's House in 1990, to the state Senate in 1992 and to the U.S. House in 1994.

In Congress, Foley pushed bills to deport imprisoned illegal immigrants and to amend the Constitution so that children born in the United States are not automatically citizens. He also sought to increase the number of immigrants admitted as farmworkers. He obtained a Government Accountability Office report into irregularities at cemeteries and crematoriums, and he called for tougher regulation of funeral workers.

Foley chaired the House caucus on missing and exploited children and was credited with writing the sexual-predator provisions of the Adam Walsh Child Protection and Safety Act of 2006, which Bush signed in July. A photo on the White House Web site shows Foley among those attending the signing ceremony.

In 2003, Foley faced questions about his sexual orientation as he prepared to run for Sen. Bob Graham's post. At a news conference in May of that year, he said he would not comment on rumors that he was gay. He later decided not to seek the Senate seat to care for his parents.

Congressional pages are teenagers who live in a Capitol Hill dorm and attend a special school while serving in the House and Senate. The program generally is trouble-free, but in July 1983 the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) for sexual misconduct with House pages.

Research editor Lucy Shackelford and political researcher Zachary A. Goldfarb contributed to this report.

Congressman Quits After Messages To Teens Revealed (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, September 30, 2006

DOJ_NMG_0071851

The GOP's Mark Foley appeared headed for reelection in Florida before the sex scandal.

WASHINGTON — In a setback for the Republican Party as it focuses on November's midterm election, a senior Florida congressman resigned Friday following revelations of explicit messages he sent to a male teenage House page.

Rep. Mark Foley, who came to Washington with the GOP landslide in 1994 and became a staunch supporter of the entertainment industry, issued a brief statement expressing regret and then left Washington, departing abruptly while the House remained in session.

"I am deeply sorry, and I apologize for letting down my family and the people of Florida I have had the privilege to represent," said the 52-year-old congressman, who is single.

He didn't address the e-mails — in which he asked the boy for a photo and described another teenage boy as being in "great shape" — or a series of sexually suggestive instant messages he wrote to male pages that were revealed Friday by ABC News.

Pages are high school students from across the nation who serve mainly as messengers for lawmakers on Capitol Hill.

The scandal added a tawdry note to the waning hours of a tumultuous congressional session, detracting from the efforts by Republican leaders to notch legislative victories as the party fights to hold on to its House and Senate majorities.

For the GOP, it also provided another embarrassment during a legislative session that began in January with the party trying to distance itself from lobbyist Jack Abramoff after he pleaded guilty to corruption charges — including charges that he had tried to bribe members of Congress.

Late Friday, the House voted unanimously to ask the Ethics Committee to look into the matter after a move by House Minority Leader Nancy Pelosi (D-Calif.) to get an immediate investigation was turned aside.

Democrats have been embarrassed by their own scandals this year, with Reps. Alan B. Mollohan of West Virginia and William J. Jefferson of Louisiana forced to give up committee assignments amid allegations of financial improprieties.

House Speaker J. Dennis Hastert (R-Ill.) did not respond Friday night to a report by the Associated Press that GOP congressional leaders had been warned nearly a year ago by one of Foley's Republican colleagues about potential questions concerning his behavior.

But Hastert was visibly uncomfortable discussing Foley at a news conference Friday afternoon that he had called to trumpet congressional passage of rules for questioning and prosecuting suspected terrorists.

"None of us are very happy," he said when asked about the Floridian.

Foley had been a clear favorite to win reelection in a district that includes part of Palm Beach County and stretches across south-central Florida. The scandal presumably boosts Democratic chances to win the seat, further clouding the GOP's bid to retain control of the House.

Democrats need a net gain of 15 seats in November to secure a majority. With competitive contests underway in dozens of districts, Republicans do not want to face a tough battle in a district they had thought would be secure.

Foley's troubles began surfacing publicly last weekend when a blogger posted the e-mails sent to the page. News reports on the e-mails followed, including stories in Foley's district.

A Foley spokesman on Thursday said the congressman's relatively unknown Democratic opponent, Tim Mahoney, had engaged in a smear campaign by questioning the appropriateness of the e-mails. The spokesman said the communications with the page were innocent attempts by Foley to help out a young person.

But ABC News reported Friday that it had obtained copies of instant messages to current and former male pages in which Foley made numerous explicit sexual references. In one case he asked: "Do I make you a little horny?"

Foley — who had co-chaired the Congressional Missing and Exploited Children's Caucus and championed a number of bills aimed at strengthening penalties against pedophiles and child pornographers — announced his resignation shortly afterward.

Under state law, GOP leaders in Florida's 16th District can select a replacement, but that candidate must run as a write-in; Foley's name will remain on the ballot.

Under a newly enacted law, the selected Republican candidate will automatically receive all ballots that are cast for Foley.

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"All of this makes this incredibly unpredictable," said Justin Sayfie, a former aide to Republican Gov. Jeb Bush who operates a political website in the state. "The normal rules of political prognostication don't apply."

Florida GOP officials plan to meet next week to select a new candidate.

With Foley's resignation, the GOP will be defending three House seats in November that once seemed virtually unassailable.

The party is struggling to hold on to the Texas seat once held by former Majority Leader Tom DeLay, who abandoned his reelection bid and resigned his seat after former aides pleaded guilty in the Abramoff influence-peddling scandal.

The GOP is also in a dogfight to keep the Ohio seat held by Rep. Bob Ney, who this month pleaded guilty in connection to the Abramoff scandal and has abandoned his reelection campaign.

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Times staff writer Richard Simon contributed to this report.

Florida Congressman Resigns After Publication Of E-mails To Teen (MCT)

By Lesley Clark And Margaret Talev

McClatchy Newspapers, September 30, 2006

WASHINGTON - Rep. Mark Foley resigned from Congress Friday a day after the publication of overly friendly e-mails sent to a former underage male page and the discovery of a series of explicit instant messaging sessions with other boys.

And as the Florida Republican's personal and political life began to unravel, the resignation added to the burden for his party to maintain control of Congress in the pivotal November election.

Foley sent a terse resignation letter to Florida Gov. Jeb Bush. His office issued a brief statement, thanking his district for electing him to 12 years of public service.

"I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent," he said, making no mention of the e-mails that he sent to a 16-year-old page, in which he asked the page to send a picture of himself and noted that another page was "in really great shape."

ABC News reported Friday that Foley participated in sexually explicit instant messages with teenage male pages. In one exchange, Foley wrote: "Do I make you a little horny?" In another, he wrote, "You in your boxers, too? . . . Well, strip down and get naked."

ABC reported receiving the more explicit messages from other pages after posting the e-mails.

"When the congressman realized we had them, he resigned," ABC said.

Foley's abrupt resignation, which House of Representatives members said came after GOP leadership demanded it, comes less than six weeks before the midterm congressional election and throws a wrench into Republican efforts to retain control of the House.

Democrats, who need to win 15 Republican seats to regain the House, were struggling to gain traction against the popular incumbent in the Republican-leaning district. Foley's campaign on Thursday had blamed the release of the e-mails on his Democratic opponent, Tim Mahoney.

A spokesman for Mahoney denied any role in publicizing the e-mails. Spokesman Eric Jotkoff said the campaign learned about the e-mails when a reporter called to ask about them. That was followed by a posting on the Web site Wonkette.com and on Thursday by ABC News, Jotkoff said.

Foley's name is likely to appear on the ballot, though Republicans weren't conceding that Friday. If his name does appear, any votes he receives would go to a candidate chosen by the Republican Party of Florida, but Republicans said it would be difficult to win with his name on the ballot.

"Holding the seat is the least of my concerns right now, but it'd be tough to hold that seat," said Rep. Adam Putnam, R- Fla., chairman of the Republican Policy Committee. "Look at the shame he brought on the institution. Look at what he did to these kids, if it's true. These kids are given the opportunity of a lifetime to come here and serve in government. It makes us all look bad; it makes the institution look bad."

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By late Friday, Florida state Rep. Joe Negron, who ran for the seat in 2004 when Foley planned to run for the Senate and who has $1 million available from a campaign he dropped for state attorney general, had offered his candidacy.

House Speaker Dennis Hastert, R-Ill., said Friday that he was calling for an investigation into the House's page program, adding that Foley's resignation was "the right thing."

"We want to make sure that our pages are safe," Hastert said.

A clerk read Foley's resignation letter on the House floor, and Republicans greeted it with some relief. Rep. Ginny Brown-Waite, R-Fla., said GOP leadership had "suggested to Foley it was the right thing to do," and she said Foley didn't hesitate.

Foley was chairman of the Congressional Missing and Exploited Children's Caucus and was active in child protection issues, including pushing for legislation to protect children from exploitation by adults over the Internet and further restrictions of child pornography on the Web. In 2003, he led a charge to bash a Tampa-area nudist camp that permitted underage campers to be naked.

According to the e-mails obtained by several news organizations, including the Miami Herald, the boy who received the e-mail sent them to a House staffer for Rep. Rodney Alexander, R-La., saying the August 2005 exchange "freaked me out."

Foley's office on Thursday had called the release of the e-mails politically motivated and "an attempt at the worst kind of character assassination." They dismissed the e-mails as innocent replies to a thank-you letter given to Foley from a former page.

But by Friday, a group that Republicans have assailed for its attacks on GOP members was calling on the House ethics committee to investigate the matter.

Citizens for Responsibility and Ethics in Washington noted that the House censured two members for having sexual relationships with pages and frowned on a third for making sexual advances to a Peace Corps volunteer.

"The House of Representatives has the responsibility to protect teenagers who come to Congress to learn about the legislative process," the group's director wrote.

Questions about Foley's sexuality have dogged him in the past. In 2003, as a potential candidate for retiring Sen. Bob Graham's seat, he denounced rumors that he was gay and said it was no one's business if he was.

"Elected officials, even those who run for the United States Senate, must have some level of privacy," Foley said at the time.

He later took his name out of the running, citing a need to care for his ailing parents.

Foley Resigns From Congress Over E-mails (AP)

By Brendan Farrington

AP, September 30, 2006

Republicans' hold on U.S. Rep. Mark Foley's seat has gone from safe to shaky overnight.

Foley abruptly resigned Friday amid questions about e-mails he wrote a former teenage male page. His name will remain on November's ballot, but the votes will go toward whomever the state Republican Party chooses to face Democrat Tim Mahoney. The party has until Wednesday evening to choose a replacement.

Foley had been considered a strong bet for re-election. He has held the seat since 1994 and was popular with voters in his district, which stretches from Palm Beach County to Charlotte County on Florida's southwest gulf coast.

Foley's resignation could add to the GOP's difficulty in holding onto its House majority.

"The difficulty for whomever the candidate may be is he has to enter at a late date and has this disadvantage of not having his name on the ballot," said Darryl Paulson, a University of South Florida political science professor.

State Rep. Joe Negron is actively lobbying to be the replacement candidate, calling state GOP leaders to make his case. Negron was a candidate for attorney general before dropping out to avoid a primary with former U.S. Rep. Bill McCollum.

"I'm obviously saddened and shocked at the circumstances, however I think it's important that we don't give up on District 16," Negron said.

Negron, who said he has already received commitments from some Republican committee members, still has money left from his attorney general run, much of which he could transfer to a congressional account.

"I have very quick access to several hundred thousand dollars," Negron said.

State Republican Party Chairwoman Carole Jean Jordan praised Negron when talking about possible replacements.

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"He's a great guy, a great human being, a good candidate," Jordan said.

Whoever runs will face Mahoney, a millionaire financial services executive and a former Republican who entered the race a year ago.

It's not the first time Foley has backed out of a race. He was a candidate for U.S. Senate before the 2004 primary before dropping out citing his father's poor health.

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Associated Press writers Kelli Kennedy in West Palm Beach and David Royse in Tallahassee contributed to this report.

Foley Quits In Hill Sex Scandal (WT)

By Amy Fagan And Charles Hurt

The Washington Times, September 30, 2006

Republican Rep. Mark Foley resigned yesterday after the exposure of several sexually suggestive messages he sent to underage boys.

Mr. Foley, a Florida Republican and chairman of the Missing and Exploited Children Caucus, led efforts to overhaul sex-offender laws, apologized in a brief statement that did not mention the electronic correspondence with the former congressional pages.

"I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent," said Mr. Foley, 52, an unmarried real estate broker from Palm Beach.

The incident, the latest in a long history of sexual scandals that have plagued both parties, threatens the Republican campaign to retain control of the House of Representatives in the Nov. 7 elections.

ABC News first reported yesterday that Mr. Foley had engaged in several sexually explicit Internet conversations with current and former teenage male pages.

House Speaker J. Dennis Hastert said Mr. Foley, a 12-year member of the House who served as deputy majority whip, did the right thing by resigning. Mr. Hastert, speaking of the scandal, said, "None of us are very happy about it."

Late last night, the House voted 409-0 to let the House ethics panel decide whether to investigate the matter. House Minority Leader Nancy Pelosi, California Democrat, had officially demanded an investigation, but the House voted to defer the decision to the panel.

Mr. Foley's resignation, which stunned Capitol Hill, makes it more difficult for Republicans to keep the 16th District in Florida, long a reliable Republican district that voted 54 percent for President Bush in 2004. Mr. Foley won his last election with 68 percent.

"It obviously took a seat that was not competitive and made it competitive," said Jonathan Collegio, spokesman for the National Republican Congressional Committee.

Republican lawyers are examining Florida election law to determine whether a new Republican candidate could be added to the November ballot. If not, Republicans would be required to mount a write-in campaign for a replacement, which is difficult.

Even before yesterday's developments, House Republicans had speculated the party would lose seats, but hoped to lose fewer than 15, which would enable them to maintain control of the House. About 30 seats are considered in play.

A Democratic Congressional Campaign Committee memo yesterday afternoon argued that Mr. Foley's name "cannot be removed from the general election ballot," and promoted the candidacy of Tom Mahoney, a businessman described as a moderate Democrat who has raised more than $1 million for his campaign. However, the Florida Republican Party chairwoman said executives from each of the counties in the district will choose a replacement. State Rep. Joe Negron is said to be a leading contender.

Mr. Collegio said Republicans will field a strong candidate and called Mr. Mahoney a "B-list" candidate.

DCCC spokeswoman Sarah Feinberg said the Florida district was "always a very competitive race" and is now leaning more toward the Democrats. "This is a pretty decent district for Democrats," she said.

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Mr. Foley became the fourth Republican congressman to resign so far this year amidst scandal. Most recently, former Rep. Bob Ney of Ohio resigned after admitting to federal bribery charges. Tom DeLay of Texas, the former majority leader, resigned in the spring over ties to casino lobbyist Jack Abramoff after he was accused of campaign finance irregularities. Randy "Duke" Cunningham of California resigned and was convicted and imprisoned for bribery.

In its reporting, ABC News cited e-mail exchanges between Mr. Foley and a 16-year-old former congressional page in which the congressman asks the boy how old he is and requests a photograph. The boy seemed concerned about the exchange and alerted congressional staffers. ABC questioned Mr. Foley yesterday about earlier sexually explicit Internet messages with current and former congressional pages under the age of 18. Copies of the computer messages were given to ABC News by male former pages.

Mr. Hastert said he directed Rep. John Shimkus, Illinois Republican and head of the Page Board, to look into the matter. "We want to make sure that all our pages are safe and the page system is safe," Mr. Hastert said.

Steve Tomaszdwski, spokesman for Mr. Shimkus, said the Page Board of three House members would consult with lawyers to determine what authority, if any, the board has to investigate.

Finance Office Of Disease Control Agency Is Slipshod, Federal Report Says (NYT)

By Gardiner Harris

The New York Times, September 30, 2006

The finance office of the Centers for Disease Control and Prevention is plagued with inefficiency and ineffective leadership, outside consultants have concluded. Still, the office's leaders have in recent years been showered with bonus money.

The consulting firm, Deloitte Consulting, found that, in part because of low morale and fatigue, 53 percent of finance office employees planned to leave within two years. The leadership needs immediate improvement, said the report, which is dated July 2006 and is stamped "Draft."

The finance office, the agency's accounting and budgeting arm, with several hundred employees, is the subject of an investigation by the inspector general of the Department of Health and Human Services, said Jill Kozeny, a spokeswoman for Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee.

The investigation, first reported by The Atlanta Journal-Constitution, involves accusations that officials had changed or falsified payment records to avoid paying late fees on overdue bills to drug companies, Ms. Kozeny said.

The Government Accountability Office is also investigating whether the disease control agency is properly overseeing $5 billion in state bioterrorism grants, she said.

William H. Gimson III, the agency's chief operating officer, said in an interview yesterday that the finance office recently put in place the most complex financial management system in the federal government, and that some of the problems stemmed from carrying that out.

"Good managers find problems and fix them," Mr. Gimson said. "We are taking the report very seriously. In some areas we have lagged. We are taking steps to improve."

Much of the report describes a four-year overhaul that Deloitte proposed to oversee for $9 million. The centers have begun that transformation at meetings to ask employees to express their "challenges with and thoughts about" the services provided by the finance office, according to an e-mail message obtained by The New York Times from agency employees.

The Deloitte report found that scientific managers in the agency were "hiring staff to fulfill financial management responsibilities due to dissatisfaction with" the finance office staff. It found that payment backlogs rose 47 percent from 2004 to 2005.

"Managers are too removed from daily work and attend too many meetings; make decisions that should be made at lower levels, so people are constantly waiting on answers; people are unsure of which decisions they are allowed to make," it said.

Deloitte graded the finance office on five criteria. On "strategy" and "people," it gave the office grades of 1 out of a possible 5. On "process" and "technology," the office got 2's. Only on "infrastructure" did the office merit a 4.

Meanwhile, top management and finance officials at the disease centers have been rewarded with huge performance bonuses.

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Barbara W. Harris, the agency's chief financial officer, got $84,894 in bonuses from 2002 to the first half of 2006. Ms. Harris's bonus total was second to that of Mr. Gimson, who led the office through 2002 with $147,863 worth of premium bonuses — those greater than $2,500.

John C. Tibbs, director of the finance office, got $52,880 in premium bonuses from 2002 to early 2006.

Mr. Gimson defended the bonuses. "These are one-time recognitions, and I'm proud to have received" them, he said. "We are committed to rewarding the outstanding achievers at C.D.C."

Tom Skinner, a C.D.C. spokesman, said that Ms. Harris was not reachable and that Mr. Tibbs was not available for comment. John LaPlace, a spokesman for Deloitte, said he could not comment on the report for client confidentiality reasons.

Since Dr. Julie L. Gerberding became director of the centers in 2002, finance and other management officials have received a growing share of the bonuses. The share of premium bonuses given to those within the director's office has risen at least tenfold under Dr. Gerberding's leadership, according to a New York Times analysis of the records.

This resulted in part from a decision by the Bush administration to make a transformation of the management a priority, said Glen Nowak, the centers' media relations chief.

Deloitte spent six months this year interviewing more than 200 employees, according to a copy of the report obtained by The Times.

The report is yet another indication of problems at the centers under the leadership of Dr. Gerberding. Soon after arriving, she started a reorganization of the agency that is now in its third year. In its wake, many of the agency's senior scientists and leaders have left or have announced that they would leave.

The Washington Post and The Journal-Constitution investigated the resulting turmoil, and they quoted disgruntled former senior scientists who said Dr. Gerberding's leadership was creating a crisis.

Five of the six former directors recently wrote to Dr. Gerberding expressing concerns over the exodus of key leaders and scientists, according to The Journal-Constitution.

Dr. Gerberding was unavailable for comment, but in an e-mail message sent to the staff on Sept. 19 and reported by the Atlanta newspaper she defended her role and wrote that "press attacks" represented "symptoms of a disease within C.D.C."

"Frankly, I believe it is a chronic (or perhaps autoimmune) disease that pre-dates our leadership, but there is strong evidence of an acute exacerbation," she wrote in the message, a copy of which was obtained by The Times. In autoimmune diseases, the body attacks itself.

Bush Signs Bill To Monitor Credit Raters (AP-Y)

AP, September 30, 2006

President Bush on Friday signed legislation under which the government will more closely monitor agencies that rate the creditworthiness of corporations with publicly held securities.

Supporters described the Credit Rating Agency Reform Act as a significant component of congressional efforts tighten controls over the financial community following the corporate accounting scandals at the beginning of the decade.

The bill takes steps to increase competition in a field now dominated by three Wall Street agencies — Moody's Investors Service, Standard & Poor's and Fitch Ratings. It would also give the Securities and Exchange Commission expanded oversight over the credit agencies.

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The bill is S. 3850.

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On the Net:

Congress: http://thomas.loc.gov/

Audit: Firm Received Improper Payments (AP-Y)

By Ben Feller, Ap Education Writer

AP, September 30, 2006

DOJ_NMG_0071857

A Nebraska company was improperly paid more than $278 million by misusing the federal student aid program, according to a federal audit released Friday.

The overpayments could swell to $882 million through 2015 if the company, Nelnet, is not ordered to change its billing practices, the Education Department's inspector general found.

The department should make Nelnet return the money after the company does its own calculation of what it was overpaid, the audit says, estimating the figure at $278 million.

Nelnet officials called the report inaccurate and denied wrongdoing. They did not agree to return any money but pledged to work with the Education Department on a resolution.

Mike Dunlap, the chairman of the company, said Nelnet will examine "all other available remedies that prove the merits of our position. However this matter is resolved, we will continue to provide superior service."

Education Secretary Margaret Spellings will review the report and Nelnet's response before deciding how to proceed, said spokeswoman Katherine McLane.

"Secretary Spellings takes protection of American taxpayers very seriously and is concerned about the issues raised in the inspector general's report," McLane said.

The lawmaker who requested the audit, Sen. Edward M. Kennedy, D-Mass., said the Education Department should take action. He said hundreds of millions of dollars have gone to waste.

"Nelnet should be required to pay back the ill-gotten proceeds from these loans, and that money should be used to benefit students," Kennedy said.

The top Democrat on the House education committee also jumped on the findings.

"The depth and breadth of Nelnet's failure to comply with the law is breathtaking," said Rep. George Miller, D-Calif.

Nelnet is one of the nation's largest providers of student loans. The audit describes the company as purposely exploiting the loophole that lawmakers have been trying to close.

At issue is a promise the government made to lenders in 1980: a guaranteed return of 9.5 percent on loans financed by tax-exempt bonds. It forced billions of dollars in payments to banks when interest rates dropped and the government had to make up the difference.

Congress has tried to end the lofty payments to banks, most recently in 2004. Yet lenders have found ways to keep drawing in the large government payments by recycling older loans.

The inspector general says the Nelnet created a project just for that purpose, substantially increasing the amount of loans requiring a 9.5 percent payment. From March 2003 through June 2004, the amount of Nelnet loans billed rose from $551 million to $3.66 billion.

Auditors say the company did this in violation of the law and department regulations.

The company disputes that it made money off ineligible loans. It says it followed the department's guidance and that any loans billed at the higher rate "were fully eligible."

The report came out late Friday afternoon as Congress neared the end of its session.

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On The Net:

Office of the Inspector General: http://www.ed.gov/about/offices/list/oig/reports.html

More Choices For Medicare (WSJ)

By Jane Zhang And Vanessa Fuhrmans

The Wall Street Journal, September 30, 2006

New, Fine-Tuned Drug Plans Aim to Lower Costs, Expand Coverage

WASHINGTON -- The number of companies offering nationwide Medicare prescription-drug plans will increase to 17 next year from nine this year, and more plans will feature zero deductibles and coverage in a gap commonly called the "doughnut hole," federal officials said.

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Insurers are permitted to begin advertising their plans Sunday. Enrollment begins Nov. 15 and runs through the end of the year, with the new coverage beginning Jan. 1.

Officials at the Centers for Medicare and Medicaid Services said that beneficiaries who are satisfied with their current Medicare prescription-drug coverage won't have to take any action. But even if they opt to remain in the same plans, they may see changes in their co-payments, premiums and list of covered drugs.

The average premium will remain about $24 a month, about the same as this year, and the lowest will be around $10, up from about $2 this year, according to Medicare. Officials added that more than 80% of seniors will have access to plans with premiums lower than they are paying this year, and that more plans will offer more comprehensive coverage, including coverage in the "doughnut hole."

In 2007, that coverage gap begins after the federally subsidized drug plan and the beneficiary have spent $2,400 on drugs. At that point, a beneficiary must pay 100% of costs until he or she has spent a total of $3,850 out of pocket. Then the federal subsidy resumes, paying 95% of any additional drug purchases.

"As a result of robust competition and smart choices by seniors, plans are adding drugs, removing options that were not popular and providing more options with enhanced coverage," said Mark McClellan, CMS administrator.

The new offerings will unlikely change the nature of the market, where the 10 largest insurance companies already have 80% of the market, said Dan Mendelson, president of Avalere Health LLC, a health-care consulting firm in Washington. "You have a vibrant market," he said.

Avalere estimated that beneficiaries in most states will have about 15 or 16 choices of plans that cover drugs in the "doughnut hole," with most of the plans covering only generic drugs.

But some advocacy groups such as Families USA worry that more choices, a shorter enrollment period and changes in plans will confuse seniors even more than this year, when they had six months to make up their minds.

Company by company, the changes in plans and prices reflect lessons learned in the first year of the drug benefit. Many of the more-expensive plans in 2006 have come down in price to compete with the low-cost options that helped Humana Inc. sign up 3.5 million members for its drug plans this year -- second only to UnitedHealth Group Inc. Premiums for Aetna Inc.'s drug benefit plans, for instance, will fall by between 5% and 13%. Its lowest-cost plan will be $24.80 a month, compared with $27.50 for its lowest-cost plan this year.

Meanwhile, some of Humana's premiums -- though still the lowest to be had in 38 states -- have climbed higher. Its most basic option costs an average $15.34, $5.29 more than this year, while its more-enhanced version -- which covers the benefit's initial $265 deductible and requires beneficiaries to pay a flat co-payment rather than a percentage of a prescription's price -- will cost an average $22.02, $6.11 more than this year.

Cigna Corp. has lowered the cost of its most basic plan by roughly 30%, to an average $24, and spruced it up by making generics free. Its middle-range plan costs an average $33, down 18%, while its high-end plan costs an average $43, down 10%.

Write to Jane Zhang at Jane.Zhang@wsj.com4 and Vanessa Fuhrmans at vanessa.fuhrmans@wsj.com5

Medicare Expands Options To Ease Costs (WT)

By Gregory Lopes

The Washington Times, September 30, 2006

The number of drug plans in the Medicare prescription drug program will increase next year, giving consumers the option of further lowering their drug costs, federal officials announced yesterday.

Monthly premiums for beneficiaries who decide to stick with their current plan will remain around $24. But 83 percent of beneficiaries will have the option of choosing a less expensive plan in 2007, said Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services (CMS). The enrollment period begins Nov. 15.

In the District and Maryland, even more beneficiaries will have the option of lowering their monthly premiums while in Virginia, 70 percent will be able to pay less.

DOJ_NMG_0071859

The initial months of the program were plagued by consumer confusion over issues such as signing up for the appropriate plan that met a patient's individual needs. Consumer advocates blamed the startup glitches on the large number of drug plans offered in 2006.

This year, the number of plans will increase because nearly no insurance companies pulled out of the program. Instead, eight companies are being added to the list offering nationwide coverage.

Mr. McClellan said the number of plans will not be a source of confusion this year because consumers do not have to switch plans and CMS is improving the "plan finder" tool on the agency's Web site, www.medicare.gov, that will assist beneficiaries with choosing a different plan.

Mr. McClellan praised insurance companies for following the government's recommendation to offer more enhanced drug plans.

"What we were looking for and got was a shift in the options available," Mr. McClellan said. "There are still a lot of plans, but there are now a range of options with increased enhanced plans and coverage options."

In the District, 55 drug plans will be available next year, up from last year's 47. According to CMS, 87 percent of District residents will have access to less expensive drug coverage. In addition, 34 drug plans will offer coverage with no deductible. In 2006, 26 drug plans offered coverage with no deductible.

WellCare Health Plans Inc., an insurance company in Tampa, Fla., will offer the lowest monthly premium in the District and Maryland at $12.20 with a $265 deductible. At that price, consumers will get basic coverage and be subject to the gap in coverage.

In Virginia, 53 drug plans will be available to Medicare beneficiaries in 2007, seven more than were available in 2006, and 70 percent of the state's Medicare beneficiaries will have the option of choosing a new plan with a lower premium than they paid in 2006.

The insurance giant Humana will offer the lowest premium in Virginia at $13.40 for its standard plan with an annual deductible of $265. Unlike last year, Humana will offer only generic coverage..

At a monthly premium of $41.70, First Health will provide a drug plan that covers both brand name drugs and generics through the coverage gap. No drug plan's premium in Virginia will exceed $100.

U.S. OKs Firms To Give Medicare Coverage (AP-Y)

By Kevin Freking, Associated Press Writer

AP, September 30, 2006

Seniors who complained this year about a dizzying array of choices for a Medicare drug plan may find themselves even dizzier when they shop around for next year.

Federal officials announced Friday that 17 companies have been approved to provide Medicare drug coverage nationally. This year, there were nine.

As a result, beneficiaries in Oklahoma, for example, will have 57 stand-alone plans to select from, compared to 42 this year. Beneficiaries in North Carolina will have 51 stand-alone plans to select from, compared to 38 this year.

New York, Ohio, Pennsylvania and West Virginia have more than 60 plans each.

In addition, beneficiaries can get coverage through one of dozens of Medicare Advantage plans. Such plans offer protection from other medical expenses, such as a visit to the doctor's office.

Many of the new plans are offering coverage that seniors have been asking for, such as no deductible or coverage in the so-called "doughnut hole," said Mark McClellan, the Bush administration's point man on Medicare. The doughnut hole is the gap created at the point when beneficiaries have to pick up all of their drug costs.

"The new options that are available are primarily options that provide enhanced coverage," McClellan said. "The number of variations for basic coverage have gone down significantly."

Critics of the program said the benefit is getting more complicated, not easier.

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"The incredible confusion that persisted throughout this year is about to get considerably worse," said Ron Pollack, executive director of Families USA, an advocacy group. "This is because there will be quite a few more plans to choose from, they will all be different from each other, and seniors will have a much shorter time period to make decisions about enrollment."

Beginning Nov. 15, seniors have until the end of the year to enroll in a drug plan. During the program's start-up, they had about six months to enroll.

McClellan's comments came as the Department of Health and Human Services formally announced Friday which plans Medicare beneficiaries will have available to them during the benefit's second year. The officials said the monthly premium that beneficiaries pay next year will average $24 — about the same as in 2006.

Seniors happy with their drug coverage this year — and surveys indicate that most are — won't have to do any shopping if they want to stay with their plan, said HHS Secretary Mike Leavitt.

"We expect most of them will not want to change. However, we do encourage seniors to compare their current plans with the new offerings," Leavitt said.

Nationally, 83 percent of beneficiaries will have access to plans with premiums lower than they are paying this year, Leavitt said.

With the new year, insurers get to update their offerings to seniors and the disabled. Some are lowering their premiums. Others are raising them. Plans are including more drugs on the list of prescriptions that they will cover. On average, plans will cover about 13 percent more drugs next year, Leavitt said.

Insurers have predicted that some of the lowest-priced plans would become more expensive as the program matured, and some of the highest priced plans would be less expensive. That appears to have occurred. For instance, Humana offered a plan in several states this year costing just $1.87 a month. In 2007, the company's basic plan will cost $10.60 a month.

Deanne Beebe, a spokeswoman for the Medicare Rights Center, said that seniors won't be won over by all the additional options.

"They don't want dozens of choices," she said. "They want one affordable drug benefit they can count on when it comes time to fill their prescription."

But competition is the reason premiums won't be increasing next year, countered Rep. Bill Thomas, R-Calif.

"Competition brings down prices and ensures seniors save money on their prescription drug costs throughout their lifetimes," he said.

Dan Mendelson, president of Avalere Health, a consulting firm, said he's not surprised by the expansion of insurers offering drug coverage nationally. He said several companies, such as Humana, already operated in most states.

"Some plans wanted to experiment and might not have gone into certain regions. Now they're more confident because they're having a profitable experience," Mendelson said.

The 17 companies approved to operate nationally are: Aetna Inc., Caremark Inc., CIGNA, Coventry Health Care Inc., EnvisionRX Plus Inc., Express Scripts Inc., Health Net Inc., Humana Inc., Long Drug Stores Corp., Medco Health Solutions Inc., Member Health Inc., NewQuest Health Solutions LLC, NMHC Systems Inc., Torchmark Corp., UnitedHealthCare-Pacificare, WellCare Health Plans Inc., and Wellpoint Inc.

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On the Net:

Official Medicare site: http://www.medicare.gov

F.D.A. Says Bayer Failed To Reveal Drug Risk Study (NYT)

By Gardiner Harris

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Bayer A.G., the German pharmaceutical giant, failed to reveal to federal drug officials the results of a large study suggesting that a widely used heart-surgery medicine might increase the risks of death and stroke, the Food and Drug Administration announced Friday.

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Bayer scientists even appeared at a public meeting called by the F.D.A. on Sept. 21 to discuss the possibility that the drug, Trasylol, might have serious risks. But they did not mention the study or its worrisome results.

In a highly unusual move, the food and drug agency released a public health advisory saying it had learned of the study's existence only on Wednesday. Preliminary results of the study demonstrate "that use of Trasylol may increase the chance for death, serious kidney damage, congestive heart failure and strokes," the advisory said.

Nevertheless, the agency did not change its advice about whether patients should be given the drug. Instead, it restated previous warnings that Trasylol's use should be limited to patients in whom the risks of blood loss outweighed the drug's risks.

The disclosure comes exactly two years after Merck announced it was withdrawing its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attacks. Since then, members of Congress and even top scientific advisers have concluded that the F.D.A. lacks the regulatory authority and the money needed to detect and protect against drug dangers.

Drug companies have also been sharply criticized for failing to make public the results of some human trials of their drugs that suggest that the drugs are either ineffective or dangerous. Some lawmakers have proposed legislation that would require that nearly all human drug trials must be announced and their results disclosed publicly.

A top F.D.A. official said the agency learned of the Trasylol study on Wednesday only after a getting a tip from a researcher involved in it. The official insisted on anonymity because of the sensitive nature of the information.

In a written statement, Bayer said "that it mistakenly did not inform" the F.D.A. of the study and added, "This data was not shared immediately with the agency because it was preliminary in nature."

Staci Gouveia, a Bayer spokeswoman, said the company nonetheless stood behind the safety of Trasylol, which has become one of Bayer's fastest sellers. Sales last year were $200 million and were expected to nearly triple this year.

Several members of the advisory committee that met last week said they were shocked that Bayer failed to inform them of the study.

"For them not to mention that it was under way, that it was being analyzed or that results were available is appalling and will do significant harm to their reputation for transparency," said Dr. John Teerlink, an associate professor of medicine at the University of California, San Francisco, and a member of the advisory committee.

Steven Findlay, a health care analyst at Consumers Union and another committee member, said the agency needed to investigate whether Bayer knowingly withheld the information from the advisory committee.

"The safety of this drug is called into further question now," Mr. Findlay said.

Doctors give Trasylol to patients before surgery to reduce the risks of blood loss. It can also reduce the need for transfusions in patients undergoing heart bypass surgery. Trasylol, also known as aprotinin, has been on the market for 13 years.

But two recent studies suggested that the drug might have serious risks. One of the articles, published in January in The New England Journal of Medicine, found that the drug increases the risks of kidney failure, heart attack and stroke. The study concluded that halting the drug's use would prevent 10,000 to 11,000 cases of kidney failure a year and save more than $1 billion a year in dialysis costs, as well as nearly $250 million spent on the drug itself.

There are other, cheaper drugs that can be used in Trasylol's place.

Still, the advisory panel concluded that Trasylol's risks were worth taking in some patients. Dr. Teerlink said that despite the results of the new study, that might still be true.

Bayer's study was performed by a contract research organization. But Bayer did not inform the F.D.A. that the study was being done, even though that is routine practice.

It examined hospital records of 67,000 patients, 30,000 of whom received Trasylol. The rest got other drugs. It concluded that the patients given Trasylol were at greater risk.

Such studies, however, are fraught with statistical and other problems. Patients given Trasylol may have been sicker than those given other drugs. Their worse outcomes would be explained not by problems with Trasylol but by their own illness.

Susan Bro, an F.D.A. spokeswoman, said it was evaluating the new study and would decide soon whether the results merit changing the agency's advice about use of the drug.

"It is regrettable that the F.D.A. advisory board did not have the benefit of a frank scientific dialogue based on the totality of available data," she said.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee and a longtime critic of the F.D.A., said Bayer's behavior proved that the agency was largely toothless.

"The remedy is mandatory reporting of all clinical trials and real teeth for the F.D.A. to do its job in holding drug companies accountable," Mr. Grassley said.

Bayer Delayed Report To FDA On Study Results (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, September 30, 2006

Bayer AG failed to immediately disclose to U.S. regulators a study that may underscore serious safety concerns about its antibleeding drug Trasylol.

The Food and Drug Administration said preliminary results of the new study showed that use of the drug may increase the risk of death, serious kidney damage, congestive heart failure and strokes. Some of those results echo two earlier studies about the drug. Trasylol, used by about 150,000 U.S. patients last year, is approved to limit blood loss during coronary-artery bypass surgery.

The FDA said Bayer told the agency about the study, which the company had commissioned from an outside contractor, on Wednesday, nearly a week after the agency held an advisory-committee meeting on the safety of the drug.

Bayer said Friday that it told the agency about the study after an outside researcher, who isn't a Bayer employee, "requested that we inform the FDA." The company said it now "believes that, despite the highly preliminary nature of this data, the information should have been shared with the FDA before the Sept. 21 advisory-committee meeting." It called the failure to disclose it "a mistake on the company's part."

The FDA said it was evaluating the new study, which involved the database records of 67,000 patients. The agency repeated an earlier recommendation that doctors should carefully monitor patients taking the drug and use it only when it is most needed.

Without the Bayer-commissioned study, the FDA committee voted that Trasylol appeared safe and effective. Members of the committee questioned the methodology and downplayed the results of the main safety study that they did review, published in the New England Journal of Medicine and not funded by Bayer.

The history of Trasylol, approved in 1993, may underline worries about the U.S. system for detecting and confirming drug side effects. Companies are supposed to inform the agency about the results of studies they sponsor about their drugs, particularly those with new information relevant to evaluating the drug's safety. The agency has limited resources to do such studies on its own, and its authority to order manufacturers to do them isn't always clear.

In February, the FDA put out a warning about Trasylol, prompted by two published studies. One, in the Jan. 26 New England Journal, found the drug might be linked to a doubling of the risk of kidney failure, as well as increased risk of heart attacks, heart failure and strokes. The authors concluded that "continued use is not prudent." Another study, in the journal Transfusion, also linked Trasylol to kidney damage.

Earmarks Find Way Into Spending Bill (NYT)

By David D. Kirkpatrick

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Less than a year after two bribery scandals produced bipartisan calls for Congress to overhaul the way it finances lawmakers' pet projects, the $436.6 billion military spending bill passed Friday is packed with them.

The bill, which accounts for about half of federal discretionary spending, includes only a small part of the expected costs of next year's military operations in Iraq. After the fall elections, President Bush is expected to request another supplemental spending measure to pay for the war, just as the administration has for the last three years.

Lawmakers nonetheless found room in the bill to pay for thousands of requests never sought by the Defense Department. These projects, or earmarks, included $2.1 billion for 10 additional C-17 Globemaster III cargo jets, which the Pentagon is trying to discontinue. They are made by Boeing in the home state of Senator Jim Talent, Republican of Missouri, who is locked in a tight race for re-election.

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Lawmakers say earmarks can result in contributions to national security as well as to their districts' economies. The Defense Department complains that such projects divert billions of dollars from programs the Pentagon considers vital. But both sides agree that earmarks' merits are hard for Congress and the public to assess.

The number of earmarks has tripled over the last 12 years, straining the ability of Congressional staff members to vet each one. The opaque language of spending bills makes it hard for outsiders to know where the money for each project goes. And it is often impossible to know which lawmaker requested a specific project.

The total cost of earmarks is subject to debate. The House Appropriations Committee said the value of the "member projects" in the spending bill this time was $6.7 billion, down from $7.7 billion in the bill approved last year. The Congressional Research Service estimated the total cost of earmarks in last year's bill at more than $9 billion. Taxpayers for Common Sense, a nonpartisan group, has identified well over 2,000 earmarks in this year's bill, roughly on par with last year's.

Among the earmarks identified by Taxpayers for Common Sense were $1.7 million for photon research in upstate New York, care of Senators Hillary Rodham Clinton and Charles E. Schumer, both Democrats, and $1.2 million for prostate cancer research involving DNA, a pet cause of Senator Ted Stevens, Republican of Alaska, who is chairman of the military spending subcommittee and once suffered from the disease.

Lawmakers' projects have drawn new attention in the past year because they abetted the misdeeds of former Representative Randy Cunningham, a California Republican who accepted bribes in exchange for earmarking money for military contractors, and the lobbyist Jack Abramoff, who bribed lawmakers to insert earmarks into spending bills.

But as lawmakers head home for the fall campaign season, Congress has done little to alter the earmarking process.

"The appetite is undiminished," said Senator Tom Coburn, Republican of Oklahoma and a frequent critic of earmarks.

Congressional leaders said they were proud of several broader elements of the spending bill related to the war in Iraq. It includes $70 billion as a bridge until the next supplemental spending request. It provides $22.9 billion to replenish and refurbish equipment for the Army and the Marines. And it pays for a 2.2 percent increase in military pay.

In a shift from previous years, no new items were added — "airdropped," in the parlance of Capitol Hill — in the conference held to reconcile the House and Senate versions of the bill. If the conferees had added items, an internal rule passed by the House earlier this month would have required the sponsors to take responsibility publicly.

That did not stop the conference from adding $2.1 billion to pay for the additional C-17 Globemaster transport planes. Boeing, which makes the planes in Long Beach, Calif., and St. Louis, has lobbied for months to keep the military buying more. The Pentagon asked for a final 8 planes; the House and Senate bills added 4 more; and in closed conference, the leaders of the two appropriations committees decided to add 10, bringing the total to 22. Each costs about $200 million.

Senator Talent heralded the earmark on Friday with a statement declaring, "Senate approves Talent's request to keep the C-17 line open" for "our highly skilled workers in Missouri."

109th Congress Earns `do-nothing' Label, Scholars Say (MCT)

By Margaret Talev

McClatchy Newspapers, September 30, 2006

WASHINGTON - The 109th Congress recesses this weekend for November's elections having earned a reputation among scholars as a "do-nothing Congress" of historic proportions.

It failed to enact a host of once top-priority legislation on issues such as overhauling Social Security, immigration and lobbying laws. None of those is expected to be resolved in Congress' brief lame-duck session after the elections.

Lawmakers worked three-day weeks and took lots of time off. Both parties generally eschewed compromise. The Republican-led Congress conducted little meaningful oversight of the Bush administration and its policies in Iraq and Afghanistan.

Yet the do-nothing label belies at least three substantial legacies that this Congress will leave the nation:

-A surge in pork-barrel projects for lawmakers' constituents back home.

-Deference to a same-party president that shifted unchecked power to the executive branch and extended government's reach into people's private lives.

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-New rules that permit the government to hold suspected terrorists indefinitely without charges, to use harsh interrogation measures on them if the president approves and to convict them using evidence that would be inadmissible in any other court.

Republicans tout some of Congress' accomplishments on the home front, including pension revisions and keeping taxes down. They blame the small number of legislative accomplishments in part on Democrats' obstruction and more pressing wartime priorities.

"The post-9-11 world is a hugely different world, and the way the Congress functions has changed fundamentally," said Senate Budget Committee Chairman Judd Gregg, R-N.H. "We're so overwhelmingly absorbed by the issue of our national security and keeping ourselves from being attacked again."

Democrats, for their part, accuse Republicans of politicizing national security at a cost to the nation's traditions of free expression and human rights. They say the Republican-led Congress is but a rubber stamp for Bush, and its actions haven't made America safer.

"This Congress does exactly what the president tells them to do; a complacent, complicit Congress," said Rep. Steny Hoyer of Maryland, the second-ranking Democrat in the House of Representatives.

Democrats deny that their "obstructionism" limited Congress' achievements. Instead they blame Republican infighting on immigration, stem cells, spending and treatment of detainees. They deride the Republican leadership's fixation on tax cuts and social conservatives' unpopular priorities, such as last year's legislative effort to prolong the life of Terri Schiavo, a Florida woman in a vegetative state.

Voters aren't happy with either party.

A New York University national survey released Friday showed that most Americans think that Congress either can't or won't fix long-term problems, such as global warming, Social Security, Medicare and even aging roads and bridges.

Two of Washington's most respected scholars of Congress - Thomas Mann of the Brookings Institution, a center-left think tank, and Norman Ornstein of the American Enterprise Institute, a center-right research center - co-authored a new book on the legislature, "The Broken Branch." They argue that Congress is at a self-inflicted nadir.

They note that President Harry Truman first stuck the "do-nothing" tag on Congress in 1948. That year Congress was in session 110 days. This year Congress completes only 94 days of work before recessing for the elections.

Lawmakers typically are in Washington only from Tuesdays through Thursdays.

Mann and Ornstein say Congress' Republican leadership has taken traditional abuses of power farther than ever: They bypass committees, cut off floor debate, disallow amendments, force hasty votes on major bills that few have read and sometimes keep 15-minute vote counts open for hours while they browbeat junior members into supporting their position.

To be sure, there were instances when this Congress challenged the Bush administration, such as the Dubai ports deal and scrutiny of the Federal Emergency Management Agency after Hurricane Katrina. One committee investigated and publicized the activities of Jack Abramoff, a corrupt Republican lobbyist.

Three senior Senate Republicans - John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina - convinced the White House to make some concessions over the detention and trials of suspected terrorists. But civil rights experts say the senators didn't force the White House to give up much.

That's consistent with U.S. history. Since the nation's start, executive power has grown during wartime, only to subside later, said John J. Pitney, a government professor at Claremont McKenna College in California. He worked for Vice President Dick Cheney when Cheney was a congressman from Wyoming.

"It's no accident that in the 1990s we were talking about the increase of legislative power over the executive," Pitney said. "That came between the Cold War and 9-11."

On balance, scholars say Republican congressional leaders ignored their duty to question decision-making and investigate corruption within the Bush administration. "They've done almost no oversight on the war or almost anything that matters," Ornstein said.

In contrast, in the 1990s Republicans in Congress investigated whether President Clinton had used the White House Christmas card mailing list to scout for donors.

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"There were (more than) 100 hours of oversight hearings on alleged misuse of the Clinton Christmas card list, and 12 hours of hearings on Abu Ghraib. This tells you all you need to know," Ornstein said.

There's one area, however, in which scholars say members of both parties have excelled over the past two years: serving their constituents massive amounts of pork-barrel spending.

The taxpayer watchdog group Citizens Against Government Waste identified 9,963 special pork projects in the federal budget this year, collectively worth $29 billion. In 1996, the group found 958 projects worth less than $13 billion.

"Here, Congress has done a hell of a job, and every lawmaker has his earmark to show it," said Stephen J. Wayne, a government professor at Georgetown University.

The surge, Wayne said, tracks with trends in congressional redistricting that have made most seats in the House safe for one party or the other. One result of that is a polarized Congress. Another is that it gives lawmakers an incentive to tend to their own backyards and ignore national issues. "Congress is the only institution I can think of where the whole is less than the sum of its parts," Wayne said.

The ambition of Congress' agenda in its lame-duck session later this year will depend largely on whether Democrats capture either legislative chamber in November. That could compel Republicans to try to act while they still can, or Democrats to try to run out the clock.

"You want an irony of history?" Pitney said. "Everybody remembers the so-called `do nothing' Congress Truman ran against, but it was one of the most productive in history." It passed the National Security Act that reorganized the military, creating the Defense Department, Air Force, CIA and National Security Council. And it overrode Truman's veto of the anti-labor union Taft-Hartley Act.

This year, the case for a do-nothing Congress "is far stronger than it was in 1948," Pitney said. "But it's not a presidential election year. So the argument has to be made by (Democratic) members of Congress. And if Democrats talk about a do-nothing Congress, the danger is the public will find a plague on both their houses."

Sworn in in January 2005, the 109th Congress was poised to help President Bush carry out an ambitious agenda for conservatives on fiscal, religious and social issues. Republicans scored some victories, but had more mixed results or high-profile failures.

APPROVED:

-More lenient rules for interrogating and trying terrorism suspects.

-Confirmation of two Supreme Court justices and other conservative jurists.

-Pension revisions.

-Funding for fence construction along U.S.-Mexican border.

-Renewal of the Patriot Act.

-Tax cuts for individuals and businesses.

-Bankruptcy and tort-law overhauls.

-Omnibus energy and transportation bills.

-Voting rights act extension.

-Allowing transport of cheap prescription drugs from Canada.

UNFINISHED:

-Social Security and Medicare fiscal changes.

-Comprehensive immigration law changes.

-Comprehensive lobbying law changes.

-Passage of most annual appropriations bills.

-Constitutional bans on same-sex marriage and flag burning.

-Funding for new embryonic stem-cell research (vetoed).

-Repeal of estate tax.

-Minimum wage increase.

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-Closing gaps in Medicare prescription-drug plan.
-Expanded offshore oil and gas exploration.
-Restrictions on president's warrantless wiretap program.
-Action against identity theft.
-Action to curb global warming.

Republican-led Congress Winds Down (FT)

By Holly Yeager In Washington

Financial Times, September 30, 2006

Republican leaders in Congress gave a final push on Friday for last-minute accomplishments, hoping that action on military spending, a fence along the US-Mexico border and other security measures would give them a boost before the November 7 midterm elections.

But even before they left Washington for an intense period of campaigning, the contours of their election strategy were on display.

"Congress has made clear its commitment to the safety and security of the American people," said Bill Frist, the Republican majority leader, after the Senate approved a $448bn (€353bn, £240bn) defence spending bill.

John Boehner, majority leader in the House of Representatives, echoed that approach, insisting that while Republicans had tried to give the White House the national security tools it needed, Democrats had opposed many of them. "You can't say you're serious about taking on the terrorists if you stand up here every day and vote No."

The defence spending bill was set to go to the White House for President George W. Bush's signature, but the outcomes of the border fence and a homeland security spending bill were unclear.

The focus on national security does not come as a surprise to Democrats. But while Republicans have tried to paint their rivals as weak on defence, the party has shown new confidence on the topic in recent days.

A majority of Democrats in both chambers voted this week against legislation that sets out new rules for the treatment of terrorism suspects, arguing that the legislation neglected basic rights, permitted torture and weakened America's standing in the world.

Democrats will also use the campaign to highlight what they say has been the lack of attention by the Republican-controlled Congress to issues that are important to ordinary Americans.

"We haven't had time to increase the minimum wage, to cut the cost of student loans for America's college students, to lower prescription drug prices, to roll back tax breaks for big oil or to pass the 9/11 commission recommendations [on homeland security]," said Nancy Pelosi, Democratic leader in the House.

Republicans also failed this year to complete action on several proposals that they had made a top priority, including immigration and lobbying reform.

Opinion polls show Democrats have a strong chance of capturing the 15 seats they need to take control of the House, and, perhaps, the five more they need to control the Senate as well. Voters continue to list the war in Iraq as a top concern, explaining Republican attempts to talk about the unpopular conflict in the broader context of the "war on terror".

Charlie Cook, the respected political analyst, made it clear this week that while the themes of the election were clear, the outcome was not.

"I feel the frustration of a still photographer trying to capture a marathon," he wrote.

"A snapshot of the race at any given moment becomes obsolete the instant it is taken, and it reveals nothing about what will happen later in the contest."

Murtha Again Seeks House Leadership Post (AP)

Associated Press, September 30, 2006

WASHINGTON (AP) -- Rep. John Murtha said Friday he has started campaigning again for the position of House majority leader if the Democrats oust the Republicans in power in November.

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In June, the Pennsylvania Democrat who has been the leading voice for pulling troops out of Iraq agreed to suspend his campaign for the position out of concern that it could divert from the party's ability to gain the 15 House seats it would need to take control of the House.

"I think we need a presence. We need somebody that knows something about defense and we need a leadership team that will work together," Murtha said in an interview taped Friday on C-SPAN's "The Newsmakers" show to be aired Sunday.

Murtha's decision to seek the position put him on a possible collision course with Democratic Whip Steny Hoyer, D-Md., second-in-command to Democratic Party Leader Nancy Pelosi. Hoyer's press secretary said Friday he had no comment on Murtha's statement and referred to previous statements he has made about his first focus being on winning a majority in the House.

Murtha, a pro-military Democrat gained prominence by leading the party in demanding an early troop withdrawal from Iraq. He's spent the last several weeks traveling the country raising money for Democrats.

One On One With Former President: Jimmy Carter Talks Politics (RGJ)

By Ray Hagar

Reno Gazette Journal, September 29, 2006

Former President Jimmy Carter sat down with the Reno Gazette-Journal on Wednesday in Fallon for an exclusive one-on-one interview.

Question: Does your stature as a president help your son's campaign for the U.S. Senate in Nevada?

Carter: The fact that he is the son of a former president gives him some initial name recognition. When he is introduced to a crowd and they say, 'This is a son of a former president,' it helps him at the start. But of course, the success of his campaign will depend on him, his stand on the issues and how he does in the debates and things of that kind.

Question: When you ran for president in 1976 and 1980, you did not carry Nevada. So, has anything changed to make you think that a Carter can be a winner in Nevada in 2006?

Carter: Then, it was a hopeless cause for a Democrat. There was not any hope for a Democrat to carry Nevada.

But it was very close in 2004 in Nevada (in the presidential election) between Kerry and Bush, which was a pleasant surprise to us. John Kerry carried the metropolitan areas and lost the rural areas. And Jack, since he announced last October, has been concentrating on the rural areas to try to repair that damage.

Question: As a resident of Plains, Ga., how would you compare rural Georgia to rural Nevada?

Carter: It's similar in many ways. Jack and I come from a little town that still only has 635 people, Plains, Ga. It's agricultural, it's populated with hard-working people who are religious and who have to get along with each other or move out. They struggle, as working-class families do, to make a living.

We're very proud of our right to make our own decisions and not let the federal government interfere with what we do and what we decide as a town and as an individual family.

Clinging to moral values will never change, even though the international and national mood changes. The basic moral values of small towns don't change

Question: There seems to be a lot of consternation between the Democratic Party and some of the policies of the Bush administration. As a former president, what type of grade would you give President Bush for his performance?

Carter: I'd give him about as low of a grade as you could get.

It's not because it's a Republican administration. I am not talking about liberals versus conservatives. But this administration, for the last five years, has made radical departures from the basic values of all previous presidents "" compared to what his father did, to what Dwight Eisenhower did or Richard Nixon or Gerald Ford, as well as Democrats.

We have had a complete abandonment of every nuclear arms agreement that was ever negotiated. We have had no effort to bring peace to Israel and to the Middle East in the last five years. We had an administration where every tax bill has been designed to benefit the richest, tiniest portion of American citizens to the detriment of working class families. We have had a deliberate mixture of church and state that really has never been done in our country.

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We have also frittered away in the most dismal fashion the unanimous support that the United States had after 9/11 when the whole world combined as a team against terrorism. We did a half-job in Afghanistan and we let Osama bin Laden escape in order to start an ill-advised war in Iraq. So, in all those areas, we have had a major failure in the last five years.

Question: You have been on the campaign trail many times in your life. Your son, who is in his first campaign, was recently hospitalized with a stomach disorder and missed more than a week's worth of campaigning. How do you think that will effect his chances of being elected because he faces an uphill battle against an entrenched incumbent in Sen. John Ensign.

Carter: He knew that he had an uphill battle from the beginning. And I think that if he had to get ill, which I regret very much, that was probably the most convenient time to do it.

He still had six or seven weeks to let the people of Nevada know who he is and what he stands for.

I would say, as was the case with me, that the debates that are scheduled in the middle of October with Sen. Ensign will be the deciding factor in the campaign.

I know that when I ran for president, I was just a peanut farmer, running against the President of the United States Gerald Ford, who was a wonderful man. I did well enough in those debates that some people said, 'This guy is qualified to be president,' and I won. Question: Many of our state's political experts downplay the importance of debates. But you seem to be saying that the debates between your son and Sen. Ensign hold the key to this election. Can you explain?

Carter: It will be the first time for Nevada to observe both men on the same platform, talking about the same issues. There is no question that the senator (Ensign) has a lot more money than Jack Carter so that (debates) will be the equalizing factor.

Question: Some Democrats complain that President Bush was not fairly elected in 2000? Do you think he was fairly elected in 2000?

Carter: No, I don't. There is no question about it. He (Bush) lost by 200,000 votes across the nation, and he lost in Florida. But he won by a 5-4 vote in the U.S. Supreme Court. So there is no doubt that that was a very doubtful outcome. But it is over now. You can only have one candidate who is successful and you can't question the decision of the Supreme Court, even if you don't think it was fair.

Question: Your father served in World War I, you were a Navy submarine officer ... your son, Jack, volunteered for the Navy during the Vietnam War. You have been dismayed with the treatment of veterans by the Bush administration. Could you explain?

Carter: I have seen in recent months with this administration, a tremendous desire to cut back taxes on the richest people in America and at the same time, to deprive veterans "" even the disabled veterans coming back from Iraq "" the kind of care, attention and priority that they have had through history and which they deserve. The head of the disabled veterans administration just pointed out to me that now, there is no guaranteed budget allocation for disabled veterans in Washington. It is just a temporary, flexible allocation of funds. The incumbent senator (John Ensign) voted against increasing funds for veterans, voted against increased funds for body armor, voted against increased funds for the armor plates around Humvees and that sort of thing. So, I think that the veterans have really suffered under this administration.

OTHER NEWS:

Small Drop At End Of Strong Quarter (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

Wall Street ended a stellar third quarter with a moderate decline yesterday, as the Dow Jones industrial average pulled back further from record-high levels.

The major indexes closed out the week, month and quarter with gains.

The day's economic news was gloomy and money managers made few bold moves as the quarter ended.

"This is possibly a short-term top," Ken Tower, chief market strategist for CyberTrader, said of the Dow's briefly surpassing its closing record of 11,722.98 on Thursday.

"The Dow has been flirting with an all-time high; the market may be due for a little rest as we enter October," he added.

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Stocks dipped after William Poole, the president of the Federal Reserve Bank of St. Louis, said the Fed would continue to watch economic data as it sets interest-rate policy. His comments were seen as leaving the door open to additional interest rate increases if inflation necessitates them; traders had been hoping the increases were over.

The Dow Jones industrial average fell 39.38 points, or 0.34 percent, to 11,679.07. The blue-chip index briefly crossed its record close of 11,722.98 on Thursday, then fell back. It has yet to surpass its record intra-day trading high of 11,750.28; both that and the closing high were set Jan. 14, 2000.

Broader stock indicators also fell. The Standard & Poor's 500-stock index declined 3.30 points, or 0.25 percent, to 1,335.85, and the Nasdaq composite index slipped 11.59 points, or 0.51 percent, to 2,258.43.

Crude oil futures rose. A barrel of light crude settled at $62.91, up 15 cents, on the New York Mercantile Exchange.

In economic news, the Commerce Department said consumer spending dropped in August by the largest amount in nearly a year and core inflation for August, which excludes volatile food and energy prices, was up a worrisome 2.5 percent compared with a year ago, the biggest year-over-year increase in more than a decade.

Inflation's increase was far above what the Federal Reserve has set as its "comfort zone" and the concern on Wall Street is that it could portend additional Fed increases in its benchmark short-term interest rate.

The department said consumer spending, after adjusting for inflation, dropped by 0.1 percent last month, the first decline since a 0.3 percent fall in September 2005.

Income gains were anemic, rising by just 0.3 percent in August, the weakest performance in nine months.

Yesterday was also the end of an unusually strong third quarter as stocks rebounded from their May and June tumble. The Dow gained 4.74 percent for the quarter, the S.& P. 500 rose 5.17 percent and the Nasdaq gained 3.97 percent.

Declining prices for oil, commodities and real estate have once again made equities an attractive investment.

"Investors are getting out of commodities, getting out of residential real estate and getting into financial assets, including stocks," said a UBS economist, Maury Harris.

The markets also had a strong September. The Dow gained 2.62 percent; the S.& P. 500 rose 2.46 percent; and the Nasdaq advanced 3.42 percent.

In company news, Dell fell 13 cents, to $22.84, after it said it was increasing the recall of Sony battery packs used in its computers to 4.2 million units from 4.1 million units.

Wendy's International rose 43 cents, to $67, after a federal judge told the hamburger chain it could go ahead with its planned spinoff of its profitable Tim Hortons coffee and doughnut unit, rejecting a last-ditch effort by bondholders to block it.

Jabil Circuit, a maker of electronics, fell 20 cents, to $28.57, after it said it expected to record a $120.2 million charge related to a restructuring plan.

Jabil, which makes electronics and other equipment for larger technology companies, said in a filing with the Securities and Exchange Commission that it intended to incur the charge in the period ended Aug. 31.

Eli Lilly fell 32 cents, to $57, after it said it would decide whether to sink another five years of development into a proposed treatment for a diabetic eye disease after the Food and Drug Administration asked for additional data before granting approval.

Bonds were lower, with the 10-year Treasury note falling 3/32, to 10129/32. The note's yield, which moves in the opposite direction from the price, rose to 4.63 percent, from 4.61 percent late Thursday.

Stocks Broke Tradition In 3rd Quarter (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 30, 2006

Interest Rates, Oil Prices Credited for Strong Market

NEW YORK, Sept. 29 -- Historically, third quarters are losers. Over the past 16 years, the Standard & Poor's 500-stock index has on average lost 2 percent between the end of June and the end of September. "Sell in May, stay away," the Wall Street adage goes.

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Not this year. Though the markets briefly dipped in mid-July, the major indicators have been on a hot streak since, and each ended the quarter with significant gains. The S&P 500, which rose 3.30 points to 1335.85 Friday, was up 5.2 percent for the quarter and at a 5 1/2 -year high. The Nasdaq composite index, which fell 11.59 Friday to 2258.43, was up nearly 4 percent.

The Dow Jones industrial average is flirting with its highest close, 11,722.98 in January 2000. The Dow briefly topped that level during the day Thursday and again on Friday before closing at 11,679.07, down 39.38 for the day but up 4.7 percent for the quarter.

"Every now and then the market serves up a reminder that history is a guide not gospel," said Sam Stovall, Standard & Poor's' chief market analyst, who had predicted a third-quarter correction. "It was a pretty good quarter across the board."

Strong sectors in the S&P 500 included health care, telecommunications and technology, which all gained more than 8 percent. The losers were energy, materials and industrial stocks. .

The third-quarter results were all the more welcome to some investors because they came after a six-week swoon in May and June, during which the S&P lost 7.7 percent and emerging-market and small-company stocks did even worse.

Market analysts attributed the turnaround to two key factors. The Federal Reserve, which had raised its benchmark short-term interest rate at 17 straight meetings over more than two years, finally took a break and held the rate at 5.25 percent at its August and September meetings. Crude oil prices, which peaked at $78 a barrel in July, fell precipitously and closed the quarter at $62.91. Accordingly, gasoline prices, which topped $3 a gallon this summer, also fell significantly.

Debt payments and energy are huge expenses for both businesses and consumers. The halt in interest-rate increases reduced fears of an economic slowdown, while the drop in energy prices eased concerns about inflation.

"Two of the biggest headwinds in this market, rising interest rates and high energy prices, became tailwinds, and the fundamentals shown through," said Arthur R. Hogan III, chief market analyst for Jefferies and Co.

Steven Wieting, U.S. economist for Citigroup, said he thought the third-quarter rally was due in large part to market overreaction in May and June to news of a major slowdown in the housing market.

"People were exaggerating the risks for the U.S. economy," he said. "The third quarter was a recovery from exceptionally low expectations."

The recovery was not universal. Large-company stocks -- the blue chips in the Dow and the S&P 500 -- are up from where they were in May, but the smaller companies aren't doing as well. The Russell 2000 index, which measures companies with smaller market values, was up slightly for the quarter, but down 6 percent from its peak in early May. Analysts said the contrast suggests that small- and medium-size companies have already had their run and that larger companies are also comparatively cheap.

Analysts are divided as to where the markets go from here. Historically, the fourth quarter is positive. Since World War II, the average gain in the S&P has been 4.3 percent, and the market has lost money in only one of every five years.

"If it has happened in the past, it can happen in the future. A Dow of 14,000 would not be too surprising," said Curtis A. Teberg, who runs a fund of mutual funds that moves money from cash to equities and back based on historical patterns. He didn't do so well the third quarter but remains optimistic about his model. "The four most abused words in the financial sector are 'this time it's different,' " he said.

S&P's Stovall remains cautious, noting that the market took its biggest single-day dive ever in October 1987. "I think the market is getting ahead of itself," he said. "We could still experience a bull market correction. When nobody's looking for it, that's when it is likely to happen."Movers

General Motors rose 78 cents, to $33.06. Kirk Kerkorian said he was interested in buying up to 12 million more GM shares as he presses for an alliance with Renault and Nissan.

Hewlett-Packard rose 58 cents, to $35.97.

American Greetings fell $2.21, to $22.83.Indexes

New York Stock Exchange composite index fell 21.03, to 8469.65.

American Stock Exchange index fell 10.06, to 1906.86.

Russell 2000 index of smaller-company stocks fell 6.97, to 725.59.Volume

NYSE: 2.28 billion shares, down from 2.36 billion on Thursday. Decliners outnumbered advancers 10 to 7.

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Nasdaq: 1.86 billion shares, down from 1.91 billion. Decliners outnumbered advancers 3 to 2.Commodities

Crude oil for November delivery: $62.91, up 15 cents.

Gold for current delivery: $598.60 a troy ounce, down from $605.00 on Thursday.

U.S. Stocks Drop As Economic Data Shows Fed May Not Cut Rates (BLOOM)

By Nick Baker

Bloomberg, September 30, 2006

Sept. 29 (Bloomberg) -- U.S. stocks fell, ending a four-day rally that sent the Dow Jones Industrial Average near a record, as a pickup in manufacturing and growing consumer confidence signaled the Federal Reserve isn't about to cut interest rates.

Homebuilders dropped for a third day, led by Pulte Homes Inc., the largest U.S. builder, on concern that the Fed won't reverse course after 17 rate increases since June 2004. Home Depot Inc. and Nordstrom Inc. declined after a report showed slower growth in consumer spending, hurting retailers.

``We don't think it's a foregone conclusion that the Fed will start to ease rates," said Jason Hsu, who helps oversee $17 billion as director of research and investment management at Research Affiliates LLC in Pasadena, California. Inflation is ``probably the biggest risk factor for equities," he said.

Even with today's retreat, the Dow industrials briefly surpassed its record close in January 2000 for a second day and had its largest third-quarter advance since 1995. The Standard & Poor's 500 Index had its best third quarter in nine years.

The Dow industrials fell 39.38, or 0.3 percent, to 11,679.07. Earlier, the gauge rose to 11,741.99, moving above the record of 11,722.98. The S&P 500 lost 3.30, or 0.3 percent, to 1335.85.

Rate Cut?

A surge in Research In Motion Ltd. shares helped support the Nasdaq Composite Index, which slipped 11.59, or 0.5 percent, to 2258.43.

``The driving force behind higher stocks has been expectations that the Fed is going to ease," said Brett Gallagher, co-head of global equities at Julius Baer Investment Management in New York, which manages about $42 billion.

Falling oil prices and signs inflation is moderating have spurred stocks to rally in the past three months.

The S&P 500 rose 5.2 percent since June 30. The Dow average, which has surged about 1000 points this year, climbed 4.7 percent in the period. The Nasdaq jumped 4 percent.

For the week, the S&P 500 added 1.6 percent and the Dow climbed 1.5 percent. The Nasdaq increased 1.8 percent.

The National Association of Purchasing Management-Chicago said its business barometer rose to a 14-month high of 62.1, from 57.1 in August. Consumer sentiment as measured by the University of Michigan rose to a five-month high.

Consumer Spending

A Commerce Department report reignited concern about growth. Consumer spending in the U.S. climbed 0.1 percent in August, less than the forecast of a 0.2 percent gain, on a slump in housing. The advance followed a 0.8 percent July increase.

The government also said its core price index tied to spending patterns and excluding food and fuel, the Fed's preferred measure of inflation, rose 0.2 percent last month. That matched economists' forecasts.

Citigroup Inc., the biggest U.S. bank by assets, said today the Fed's benchmark rate will be cut to 5 percent by March as the slowing expansion diminishes inflation pressures. The firm has previously forecast rates would remain unchanged through June.

Policy makers last week left the target for overnight loans between banks unchanged at 5.25 percent for a second month.

Retailers in the S&P 500 lost 1.4 percent for the top decline among two dozen industry groups. Home Depot had the Dow average's No. 4 loss, declining 43 cents, or 1.2 percent, to $36.27. Nordstrom fell $1.45 to $42.30.

Pulte Homes Falls

Pulte Homes sank 99 cents to $31.86. A measure of homebuilders in S&P indexes declined 2.3 percent.

Research In Motion, maker of the BlackBerry e-mail phone, surged $16.59, or 19 percent, to $102.65 for the stock's biggest jump since December 2003. Second-quarter profit and its third- quarter forecast were more than analysts projected.

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Deutsche Bank AG analyst Brian Modoff raised his recommendation on the shares to ``hold" from ``sell." Merrill Lynch & Co. boosted its price estimate on Research In Motion shares to $110 from $100. RBC Capital Markets Corp. increased its forecast to $140 from $100.

About 13 stocks fell for every six that rose on the New York Stock Exchange. Some 1.47 billion shares changed hands on the Big Board, 4.9 percent less than the three-month daily average.

Texas Instruments Inc. dropped 64 cents to $33.25. Shares of the world's biggest mobile-phone chipmaker was cut to ``sell" from ``source of funds" by ThinkEquity Partners LLC's Robert Burleson. Fourth-quarter revenue ``may be meaningfully below current expectations," the analyst wrote.

Eli Lilly Drops

Eli Lilly & Co. retreated 32 cents to $57. The company said it may abandon its experimental drug for blindness caused by diabetes after U.S. regulators considering approval requested a further study.

Hewlett-Packard Co. added 72 cents, or 2 percent, to $36.69 for the top gain in the Dow average. Chief Executive Officer Mark Hurd emerged unscathed, investors said, from seven hours of hearings in Washington after pledging to repair the world's second-largest personal computer maker's image and stamp out unethical behavior.

Hurd, fielding questions from U.S. House Energy and Commerce Committee members, said he took responsibility for a company investigation into boardroom leaks that grew into a plot to spy on directors and reporters.

S&P 500 shares, called Spiders, slipped 11 cents to $133.58. Nasdaq-100 tracking shares, known by their QQQQ symbol, lost 18 cents to $40.65.

S&P 500 futures expiring in December fell 1.90 to 1345.40 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures slipped 2.25 to 1671.25.

The Russell 2000 Index, a benchmark for companies with a median market value of $617 million, declined 1 percent to 725.59. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, fell 0.3 percent to 13,322.49. Based on its slide, the value of stocks decreased by $47.9 billion.

Eli Lilly & Co. (LLY US) Hewlett-Packard Co. (HPQ US) Home Depot Inc. (HD US) Nordstrom Inc. (JWN US) Pulte Homes Inc. (PHM US) Research In Motion Ltd. (RIMM US) Texas Instruments Inc. (TXN US)

Hopes Of Soft US Landing Boost Markets (FT)

By Michael Mackenzie In New York And Christopher Brown-humes In London

Financial Times, September 30, 2006

A growing belief that the US economy will achieve a soft landing helped stock markets make strong gains in the third quarter and took the Dow Jones Industrial Average to within a whisker of its all-time high this week.

The rally has been driven by the Federal Reserve's decision in August to stop raising rates and a sharp decline in oil and commodity prices that has tempered inflation expectations. Equity markets have so far shrugged aside worries that the slowing US housing market could lead to a sharp fall in consumer spending.

Alan Ruskin, chief international strategist at RBS Greenwich Capital, said: "Lower bond yields, stronger equities and lower energy prices, will cushion the near-term slowdown."

Sentiment has swung markedly since the volatile markets of May and June when equities and risky assets were buffeted by concerns that rising inflation and commodity prices would provoke global central bank tightening.

The rebound began in late July and "pretty much reflects one long Fed pause," said Joseph Di Censo, global fixed income strategist at Lehman Brothers. "The rally in global markets has been predicated upon prospects of a soft landing in the US." The Dow closed in on its all-time record high of 11,750.28, achieved in 2000. The blue chip benchmark has gained 5 per cent this quarter, its best run since the third quarter of 1995. The Dow has risen 9.3 per cent this year.

The broader S&P 500 index also traded at a five and a half year high this week, having gained 5.3 per cent since the end of June.

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The buoyancy spread to Europe where the pan-European FTSE Eurofirst 300 index on Friday rose to within a point of its five and a half year peak of 1,405, set in May. The FTSE 100 index spiked through 6,000 yesterday and the mid-cap FTSE 250 breached 10,000, in each case for the first time since May. Germany's Dax index also breached 6,000.

Japan's Nikkei 225 Average has also advanced. It closed at 16,127.58, well short of its high for the year of 17,563 on April 7 but up 13.4 per cent since it bottomed at 14,218 in June.

Global bond markets have also been rallying. In the US, the Lehman Brothers aggregate index, consisting of Treasuries, corporate and high-yield bonds and mortgage and asset-backed securities is up 4.46 per cent, its best quarterly performance in four years.

Beneath The Dow's Surge, Investors Find A Mixed Bag (WSJ)

By Jeff D. Opdyke, Eleanor Laise And Jane J. Kim

The Wall Street Journal, September 30, 2006

Big Company Shares Thrive, But Many Are Missing Out; Assessing a Range of Sectors

The Dow Jones Industrial Average is bumping up against a new high, but that likely isn't reflected in the portfolios of most individual investors.

The most visible symbol of the U.S. stock market closed down 39.38 on Friday, 44 points below the peak of 11722.98 it reached in January 2000, in the waning days of the tech-inspired bubble. Still, the Dow gained 2.6% for the month, and more than 4% for the third quarter, making this the best third quarter in more than a decade.

That's profitable news -- if your portfolio consists of nothing but the 30 big-company stocks comprising the Dow. Few portfolios are built that way, however. Most individuals hold stocks found in the Standard & Poor's 500, the Nasdaq 100 and other indices. The bulk of investors own a blend of stocks, many of which aren't helping to drive the Dow toward record highs.

While the Dow nears uncharted territory, the S&P 500 remains some 12% below its early 2000 record, and the Nasdaq Stock Market is more than 55% short of the peak above 5000 it reached in March 2000.

While both indexes have rebounded from lows hit during the bear market, several underlying market sectors haven't fared so well. Some industry groups remain well below their levels when the Dow hit its 2000 peak, as measured by the Dow Jones Wilshire U.S. sector indexes. These industries include telecommunications, technology hardware and equipment, pharmaceuticals and biotech and autos and auto parts. The market's best performers have included oil and gas, aerospace, real estate and tobacco.

The Dow's strong performance comes after a shift in the market this summer, when professional investors began focusing more heavily on large-cap stocks, the big companies such as those that make up the Dow average. The biggest gainer has been General Motors Corp., which is up 70% since the start of the year.

For several years, investors had favored small and mid-cap stocks, which tend to show stronger earnings growth early in an economic recovery.

Walter McCormick, senior portfolio manager at Evergreen Investments, a Boston asset-management company, began early this year shifting more money into large-cap stocks, which now make up 85% of his portfolio, up from 73% a year ago. "If the economies around the world begin to settle in terms of the pace of growth, the advantage shifts to larger, more stable companies," he says.

Still, many mutual-fund investors aren't rushing into the stock market, an indication the Dow's strong run isn't luring Main Street investors. For the last four months, investors have consistently been yanking money out of domestic stock funds, according to AMG Data Services, a research firm in Arcata, Calif. Instead, they've been investing in international stock funds, real estate, utilities and natural-resources funds.

Here's a look at how various corners of Wall Street have performed in the run-up to the Dow's current level, and what the future could hold:

Financials

Financial-service firms have been strong performers in recent years. The Dow Jones Wilshire U.S. Financials Index has gained 7.6% annually since the Dow hit its last high in mid-January 2000. Analysts say the outlook is still favorable for many parts

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of the sector, which tends to do well when interest rates are stable or declining. One exception: Mortgage lenders could be hurt by a slowdown in the housing market.

Some economists expect the Federal Reserve, which has paused in its campaign of raising interest rates, to start cutting them next year. That would help shore up banks' profitability in their lending business. That business has been under pressure recently as short-term interest rates have risen above long-term rates, an unusual phenomenon known as an inverted yield curve.

Investment banks such as Goldman Sachs Group Inc. are a favorite of money managers who say they stand to benefit from a pickup in mergers-and-acquisitions activity. Asset managers and firms with big financial-planning practices -- including BlackRock Inc. and Merrill Lynch & Co. -- should benefit from broader trends including increased savings by an aging population, says Elizabeth Bramwell, a portfolio manager at Sentinel Asset Management Inc., a unit of National Life Group.

Dan Chung, chief executive and portfolio manager of Fred Alger Management Inc. in New York, likes UBS AG, which has a big business serving high-net-worth customers who should be somewhat shielded from a slowdown in the economy. He recommends shying away from credit-card and consumer-finance companies that provide services to low-income or subprime customers, given rising concerns over credit issues.

Consumer Goods

Strong consumer spending in recent years has buoyed the sector. Now, amid signs of a slowing economy, investors may want to look at companies making products that people need whether the economy is strong or not. Ms. Bramwell of Sentinel owns shares of firms like Colgate-Palmolive Co. and Procter & Gamble Co., which have been expanding their businesses overseas. "Not only are they coming up with new products, but they've also got new markets," she says.

Shares of companies that make consumer-durable goods -- things like washing machines and other big purchases that consumers buy only once every few years -- could see a hit. Consumers tend to feel comfortable buying big-ticket items when the economy is strong and when they can finance them more cheaply, analysts say.

Retailers

By the same token, retailers that sell affordable products are likely to do well in a slowing economy, while high-end retailers could see some softness. "The Targets and Wal-Marts of the world that sell staples and sell lower-priced goods may be the beneficiaries as people continue to buy those items and continue to search for value items," says Dorsey Farr, partner at French Wolf & Farr, an investment advisory firm in Atlanta.

Retailers that serve middle-market consumers with "scaled-up products at good prices" also should do well. Ms. Bramwell likes Walgreen Co., CVS Corp., J.C. Penney Co. and Federated Department Stores Inc.

Companies that target less-affluent consumers are likely to be hit harder, since wealthier investors are likely to be insulated from a slowdown in the economy, says Alger's Mr. Chung. He points out there already has been some weakness in dollar stores and low-end discounters, while shares of companies such as Coach Inc. have generally done well over the last five years.

Health Care

Health-care stocks have delivered lackluster returns in recent years. The Dow Jones Wilshire U.S. Health Care Index has climbed just 2.3% annually since 2000. Litigation, the threat of generic competition, and a dwindling supply of blockbuster drugs in the pipeline have plagued many companies in the sector.

There have been some bright spots. Health-care equipment and services companies, for example, have gained nearly 13% annually since early 2000.

Yet some money managers are now jumping in to the large pharmaceutical companies, seeing stable earnings even in an economic slowdown. Texas Capital Value & Growth Fund, for example, raised its health-care allocation to 18% from 14% earlier this month. The fund has been buying into big firms like GlaxoSmithKline PLC and AstraZeneca PLC, says Mark Coffelt, president and chief investment officer at Texas Capital Value Funds.

Technology

Technology hasn't fully recovered from the dot-com bust. The Dow Jones Wilshire U.S. Technology Index has delivered average annualized returns of -11.7% since January 2000. The pain in the sector has been widespread, hitting software and computer services companies alike and hardware and equipment.

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Investors who want to keep a foot in the volatile sector should diversify their holdings and be prepared to hold on for at least three to five years, says Mark Mowrey, senior analyst at Al Frank Asset Management. Mr. Mowrey sees opportunities in semiconductor stocks, since their chips increasingly turn up in automobiles, phones and other products.

Fred Hickey, editor of the High-Tech Strategist newsletter in Nashua, N.H., says companies overspent on technology in the bubble days and still haven't worked off those excesses. With growth slowing, companies are unlikely to boost their tech spending. One recent sign of trouble: So far in the third quarter, the number of tech companies issuing earnings warnings is three times as high as in the second quarter, Mr. Hickey says.

Industrials

While the broad Dow Jones Wilshire U.S. Industrials Index has slipped on average 0.5% annually since January 2000, the sector has had a number of bright spots, including construction and materials companies, which gained more than 10% a year, and aerospace and defense stocks, which gained about 12% annually. A weak dollar, strong global growth and low interest rates have created a profitable environment for companies selling construction equipment and airplanes to buyers around the world.

Many professional investors expect the good times to continue, barring a severe downturn in the U.S. or developing countries. While stock prices have climbed, earnings have climbed even faster at many companies, meaning valuations still look reasonable to many. And the favorable conditions of recent years, including a weak dollar and interest rates that are still low by historical measures, are widely expected to persist.

"I think the global demand for capital equipment will remain very strong as countries around the world are prospering and building infrastructure," says Ed Yardeni, chief investment strategist at Oak Associates Ltd.

Rick Helm, manager of the Cohen & Steers Dividend Value fund, likes aerospace and defense companies like General Dynamics Corp. and Lockheed Martin Corp., partly because he expects continued strong defense spending.

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The Channel Economy (WSJ)

The Wall Street Journal, September 30, 2006

If you're unsure about the direction of the U.S. economy, don't worry. Most of the "experts" are too, including the gurus at the Federal Reserve. This is what happens at the stage of an expansion that a friend of ours compares to a shoreline river channel: The tide is going one way but the wind is going another, creating a significant amount of chop and turbulence.

The tide in this case is still coming in, with the economy continuing to show underlying strength. While growth in the second quarter was revised downward this week to 2.6% from 2.9%, the main reason was less inventory buildup. In other words, that growth reflected real demand. The third quarter that ends today has also shown few signs of the great slowdown that many of our most quoted commentators have been predicting for months, if not years.

HOT TOPIC

Taking the Temperature of the U.S. Economy1

The job market remains robust, with the unemployment rate at a low 4.7% and weekly jobless claims falling. The big story in many parts of the country has been a labor shortage, especially for skilled workers and where the crackdown on immigrants has reduced the labor supply. Employers are paying more to keep their best employees, which is why wages have begun to rise more rapidly -- as they typically do at this stage of an expansion. Combined with falling gasoline prices, this will help buoy consumer spending in the months ahead.

Meanwhile, corporate profits and business investment keep growing at impressive rates. This has been the case since the 2003 tax cuts became law, raising the after-tax return on capital investment. The GOP Congress hasn't accomplished much this year, but one achievement was its extension of the 15% tax rate on capital gains and dividends for another two years through 2010. (Credit Arizona's Jon Kyl, who almost single-handedly pushed this through the Senate.) This maintains these incentives to invest past the 2008 election, when taxes will be a major battleground.

So what's creating today's choppy waters? The answer is that the economy is now adjusting to the Fed's mistake of keeping monetary policy too easy for too long from 2003 into 2005. The Fed did an admirable job of easing money in the wake of

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the dot-com collapse and 9/11. But spooked by what Ben Bernanke (then a Fed governor, now chairman) called "deflation," and underestimating the power of the 2003 tax cuts, the Fed let inflation creep back into investor expectations.

We are now living with the consequences of that mistake. A housing boom that in some markets became an asset bubble has begun to come back to Earth -- painfully so for those who stretched the limits of creative financing. Many Americans measure their net worth largely by their home values, so the housing slump also makes them feel poorer. The good news is that prices rose so far so fast that they'd have to fall quite a ways before they reach the declines last seen in the early 1990s. The slump will, however, take a bite out of GDP for some time to come.

The other great adjustment is likely to come as commodity and natural resource prices adjust to tighter monetary policy. Some of our friends keep saying that the rise of gold, oil, iron ore and other commodity prices in recent years was merely a change in relative prices due to rising demand from China and elsewhere. But we've never seen such a rapid price rise that wasn't also rooted in renewed inflationary expectations. Gold only climbs above $700 an ounce from close to $400 in two years when the Fed is creating too many dollars.

Some of these prices are now falling, as the Fed sticks more diligently to its antiinflation mandate. A decline in oil prices will help the economy, but some investors who made big bets on natural resources will be casualties. Just ask Amaranth Advisors, the hedge fund that may have to liquidate after one of its masters of the universe lost $6 billion betting on energy prices. There will surely be other Amaranths, though a silver lining is that its collapse has so far caused barely a ripple in the larger financial system. A few rich people merely lost a lot of money; that's capitalism.

Today's choppy waters are teaching us once again how dangerous it is for the Fed to allow inflation to infiltrate into investment decisions. Capital begins to move based on anticipated price changes, not on underlying economic value or technological promise. The price and asset booms are great while they last, but the workouts are painful.

A useful thought experiment is to imagine how the last four years would have gone without the tax cuts of 2003 to help overcome today's monetary headwinds. Growth has averaged nearly 4% a year, federal revenues have increased by more than $500 billion over the last two fiscal years, and unemployment is low. If tighter money leads to more trouble in the months ahead, let's hope Washington has the wit to cut taxes again.

Spending Fell In August As Income Growth Lagged (NYT)

By Jeremy W. Peters

The New York Times, September 30, 2006

Americans were more frugal in their spending in August as their incomes rose at a slower pace, and one important measure of inflation climbed faster than it has in 11 years, according to a government report released yesterday.

The Commerce Department said in its monthly report on personal income and consumption that American consumers spent 0.1 percent more in August than in July, the smallest month-to-month increase since November. When the figures are adjusted for inflation, spending fell by 0.1 percent.

“Clearly, the consumer spending binge is coming to an end,” said Joel Naroff, president of Naroff Economic Advisers.

In addition, personal income posted its smallest monthly increase since November, rising 0.3 percent. The comparable figure for July was 0.5 percent.

After a number of recent economic reports suggesting that inflationary pressures were easing, the report yesterday, released by the Commerce Department, was a sign that they are not gone for good. While the Fed has said it expects inflation to gradually diminish as a problem, the central bank has not yet sounded the all-clear — and the latest figures indicate why.

Of the many ways to gauge inflation, the one the Fed watches most carefully is the personal consumption expenditures deflator, a figure derived from the personal-spending statistics that excludes food and energy prices. The deflator showed an increase of 2.5 percent in August, compared with August 2005; it was the largest year-over-year increase since April 1995.

Stuart Hoffman, chief economist with PNC Financial, said that the jump was a reminder “that inflation cannot yet be completely written off.”

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In setting interest rates over the last several months, the Federal Reserve has weighed two competing factors: a slowing economy and rising inflation. So far, it has deferred to the slowing economy and left interest rates untouched for the last two months, saying that inflation will eventually subside.

Despite yesterday's surprisingly high inflation numbers, economists said that the Fed's economic forecast is still the most likely.

Tom Levinson, an economist with ING, said the report gave little reason for alarm. "Headline inflation measures," he said, "have started to turn lower, and it is unlikely to be too long before the lagging core measures follow suit."

Meanwhile, there were other signs yesterday that the economic outlook was brightening. The University of Michigan's index of consumer sentiment rose to 85.4 in September, from 82 in August, showing that Americans were more confident about the state of the economy than they have been since April.

And a measure of economic activity in the Chicago area showed an unexpected increase this month. The National Association of Purchasing Management-Chicago said that its business barometer rose to 62.1 in September from 57.1 in August.

U.S. August Spending Rises 0.1%; Core Prices Up 0.2% (Update3) (BLOOM)

Bloomberg, September 30, 2006

By Carlos Torres

Sept. 29 (Bloomberg) -- Consumer spending in the U.S. rose 0.1 percent last month, less than forecast and the smallest gain since November, as the tumbling housing market made Americans more thrifty.

The rise in spending followed a 0.8 percent July increase, the Commerce Department said today in Washington. Incomes rose and the Federal Reserve's preferred measure of inflation accelerated, the report also showed.

Consumers are finding it harder to tap the equity in their homes, a major source of cash in recent years, as the property market cools. Rising incomes combined with the recent drop in gasoline prices may prevent spending from sliding even more in coming months, ensuring the economy survives the housing slump.

``The consumer is not going to cave in," said Mark Vitner, a senior economist at Wachovia Corp in Charlotte, North Carolina. ``Spending will slow, but it will continue to grow at about the same pace as incomes. We are going to see more modest growth. The fall in gasoline prices should give us additional support."

Economists forecast spending would rise 0.2 percent, after a previously reported 0.8 percent July increase, according to the median of 69 estimates in a Bloomberg News survey.

Falling gasoline prices this month helped boost confidence among American consumers, a separate report showed. The University of Michigan's final index of consumer sentiment increased to 85.4, the highest level in five months, from 82 in August. The latest reading compares with a preliminary figure of 84.4 two weeks ago.

Chicago Manufacturing Survey

Manufacturing in the Chicago area this month unexpectedly accelerated as new orders picked up, a survey from the National Association of Purchasing Management-Chicago showed. The group said today its regional index rose to 62.1 this month from 57.1 in August. A reading greater than 50 signals growth.

Treasury securities fell after the reports, with the yield on the benchmark 10-year note rising 3 basis points to 4.64 percent As of 10:21 a.m. in New York.

The consumer spending report's price gauge tied to spending patterns and excluding food and energy costs, the Federal Reserve's preferred measure, rose 0.2 percent in August and was up 2.5 percent from the same month in 2005. The year-over-year gain was the biggest since April 1995.

Fed's Comfort Zone

Fed Chairman Ben S. Bernanke is among policy makers who have said they would be more comfortable with a 1 percent to 2 percent increase in the measure over a 12-month period.

The central bank last week kept its target rate for overnight lending between banks at 5.25 percent for a second month and said inflation will probably moderate as growth slows and energy prices drop.

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``The Fed is willing to be patient to allow a slowdown in the economy to take care of its inflation problem," said Avery Shenfeld, a senior economist at CIBC World Markets Inc. in Toronto. ``I don't think core inflation has definitely passed its peak, but it should be by the time 2007 gets under way."

Incomes increased 0.3 percent in August after a 0.5 percent rise. The monthly gain was the smallest since November. The gain in incomes matched the median forecast in the Bloomberg survey.

Because the increase in spending was smaller than the gain in incomes, the savings rate improved to minus 0.5 percent, from minus 0.7 percent in July. A negative rate suggests consumers are dipping into savings to maintain spending.

Disposable Income

Disposable income, or the money left over after taxes, increased 0.4 percent following a 0.6 percent rise the previous month. The gain left disposable income up 8.8 percent from the same month last year. A decline in incomes in August 2005 caused by uninsured losses from Hurricane Katrina dropped out of the year-over-year calculation last month, explaining the jump.

Taking into account changes in prices, spending dropped 0.1 percent last month, the first decrease since September 2005.

Inflation-adjusted spending on durable goods, such as autos, furniture, and other long-lasting items, fell 1.3 percent, the biggest since October, after rising 1.8 percent. Purchases of non-durable goods dropped 0.2 percent after rising 0.3 percent. Spending on services, which account for almost 60 percent of all outlays, increased 0.1 percent after rising 0.3 percent.

Slower sales have prompted General Motors Corp., Ford Motor Co. and DaimlerChrysler AG's Chrysler unit to announce that they'll make fewer vehicles for the rest of the year than previously estimated.

Home Equity Borrowing

A decline in the amount of cash owners have taken out of home equity may explain some of the drop in spending on durable goods. Homeowners extracted a net $497 billion at an annual rate from home equity in the second quarter, down from $649.2 billion in the first three months of the year, according to figures from James Kennedy, a Fed economist.

``Consumers just have less capacity to leverage the housing market in order to buy autos and other durable goods," Brian Bethune, an economist at Global Insight Inc. in Lexington, Massachusetts, said before the report. ``Things could perk up a little in the fourth quarter, but we are seeing a palpable slowdown from what we saw in the first half" of the year.

Falling Gasoline Prices

Still, rising incomes and falling gasoline prices are a powerful balm for consumers' housing woes, economists said.

``I don't think the consumer is going to be dragged down too much my housing," said Tim Rogers, chief economist at Briefing.com, a Boston forecasting firm. ``We have personal income growing, and that is always positive."

Americans may be able to stretch paychecks even farther as gasoline prices drop. The average price of a gallon of regular gasoline at the pump fell to $2.34 this week, the lowest since March, according to American Automobile Association.

Retailers have started to benefit from lower fuel costs. The International Council of Shopping Centers this week boosted its September sales forecast to a 4 percent gain compared with the same month last year from a previous estimate of 3.5 percent. The increase would be the biggest since May.

A report this week from the Conference Board, a New York research group, showed consumer confidence rebounded this month after reaching a nine-month low in August.

Clarence Otis, chief executive officer of Darden Restaurants Inc., owner of the Olive Garden and Red Lobster restaurant chains, said last week that September sales would be equal to or better than August results due to improving confidence.

``We're seeing consumer psychology improve in the last month or so," Otis said in a Sept. 20 interview.

To contact the reporter on this story: Carlos Torres in Washington ctorres2@bloomberg.net .

Consumer Spending Slows Sharply (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 30, 2006

Energy Costs Pinch Activity As Income Growth Eases; Inflation Measure Surges

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High energy prices and slow income growth suppressed consumer spending in August while a key measure of consumer-price inflation hit an 11-year high.

The Commerce Department reported Friday that personal spending rose a seasonally adjusted 0.1% in August from the previous month to $9.36 trillion. That was the lowest rate of growth since November and much slower than the 0.8% gain in July. Adjusted for inflation, consumer spending fell 0.1% in August, the first inflation-adjusted decline since September 2005, when business activity was disrupted by Hurricane Katrina. Analysts said spending was curtailed by declining auto sales, the continuing contraction in the housing market and gasoline prices that topped $3 a gallon in early August.

Personal income, meanwhile, rose a seasonally adjusted 0.3% in August from the previous month to $11.05 trillion. That followed a 0.5% gain in July. Income growth was the weakest in nine months, reflecting sluggish wage growth in August when job creation was modest.

The August spending deceleration suggests that consumers are "definitely stretched," said Nigel Gault, U.S. economist at Global Insight. "Gas prices had been going up [through early August]. They've tried to keep up their spending by reducing their saving. The value of their homes is no longer going up. They're saying, 'Maybe I should be a bit more cautious right now.'"

Some economists, however, say current economic conditions might not be as bad as the August reading on income and spending suggests. They note, for example, that taking July and August together, spending is on track to rise at an annualized rate of about 3% in the third quarter. That is in line with the growth rate over the past year, though slower than the 3.5% growth recorded in all of 2005.

But as housing activity deteriorates, economists expect consumer spending to slow even further later this year, and as a result many have marked down their projections for economic growth for the second half of this year. The consensus estimate of 56 economic forecasters queried in WSJ.com's September survey calls for gross domestic product, adjusted for inflation, to rise at a seasonally adjusted annual rate of 2.7% during the second half, compared with 4.1% in the first half. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27.

The core personal consumption expenditures price index -- the key inflation gauge followed by the Federal Reserve, which excludes food and energy -- rose 0.2% in August from a month earlier and was up 2.5% from a year earlier. That is the highest year-over-year reading since April 1995, and remains above the 1% to 2% comfort zone preferred by many Fed officials. Still, analysts said Friday that they expect inflation to ease in early 2007 as the broader economy slows. Indeed, the Fed in September left its short-term interest rate target at 5.25% for a second consecutive meeting.

UBS AG economist Jim O'Sullivan suggests that underlying inflation is more stable than it appears because the reading has been exclusively pushed higher by climbing rent costs. Excluding rent, which constitutes about 17% of this core index, core inflation in the eight months through August has climbed at an annualized rate of 2%. That is the same pace as for all of 2005 and "a sign that prices are not broadly overheating," he said.

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Separately, the University of Michigan reported that its consumer-sentiment index rose to 85.4 in September, from 82 in August, as falling gasoline prices improved consumer moods.

If lower gasoline prices hold, consumer spending "should look better" than in August, said Mr. Gault, of Global Insight. "People won't have to worry about pouring so much money into their gas tanks."

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com3

RELATED ARTICLE

• Fed Must Keep Inflation Contained, St. Louis President Poole Says6

McClatchy-MSNBC Poll:George Allen Loses Lead In VA Senate Race (MCT)

By Steven Thomma

McClatchy Newspapers, September 30, 2006

WASHINGTON - Republican Sen. George Allen of Virginia has lost his lead in his bid for re-election and is now tied with Democratic challenger James Webb, a new poll for McClatchy Newspapers and MSNBC showed Friday.

The poll found that the two men each have the support of 43 percent of registered voters, with a third-party candidate supported by 2 percent and the other 12 percent undecided.

The tie underscored how quickly prospects have changed for Allen, once thought to be cruising toward a comfortable re-election that he'd use as a springboard to a bid for the 2008 Republican presidential nomination.

The race's importance, however, extends far beyond Allen's own political prospects. It's one of a half-dozen Republican seats that are considered vulnerable to Democratic takeovers; Democrats need to gain six seats to take control of the Senate.

As late as July, Allen looked safe. He led Webb by 16 points, 48-to-32 percent, in a survey by Mason-Dixon Polling & Research Inc., which also conducted the McClatchy-MSNBC poll. Allen's lead had shrunk to 4 points, 46-to-42 percent, earlier this month, according to another Mason-Dixon survey.

A key reason for the race tightening has been enormous publicity over Allen's stumbling responses to questions about his character, surprising missteps for a polished campaigner up against an often awkward challenger.

Beyond the latest flaps, however, Allen grew more vulnerable when the Democrats nominated Webb, a candidate well suited to a right-of-center state that's home to the Atlantic fleet, as well as major Air Force and Army bases. Web, a Naval Academy graduate, is a decorated Vietnam combat veteran and Navy Secretary under Ronald Reagan whose campaign slogan is "born fighting."

Iraq was the number one issue for 23 percent of Virginia voters, followed by terrorism for 19 percent and the economy and jobs for 16 percent.

Webb opposes Bush's policies in Iraq, while Allen defends them.

Virginia voters were divided over what do to about Iraq: 26 percent want to send more troops; 19 percent want to keep the same number; 21 percent want to withdraw some; and 20 percent want to withdraw all U.S. troops. Some 15 percent said they weren't sure what to do.

Also, Allen is closely allied with President Bush, who's lost support in Virginia as he has elsewhere. The poll found that 57 percent of Virginia voters disapprove of the way Bush is handling his job, and 62 percent disapprove of his policies in Iraq. Virginia voted for Bush in 2000 and 2004.

Some 57 percent of Virginians said they think that the nation is on the "wrong track," while only 29 percent said it's going in the "right direction."

Virginians also expressed some desire for dividing government power in Washington between the two parties. The poll found 42 percent of Virginia voters saying they preferred divided government, 36 percent saying they preferred one party to be in charge, and 23 percent not sure.

Questions about Allen's character first arose in August, when he was caught on videotape at a rally referring to a dark-skinned Indian-American in the crowd as a "macaca" and sarcastically welcoming the native-born Virginian to Virginia.

"Macaca" is considered a racial slur in North Africa, where Allen's mother was from. He said that he didn't know the word and had simply made it up, and he subsequently apologized to the young man, who was a campaign worker for Webb monitoring Allen's rally.

In subsequent weeks, Allen reacted angrily when he was asked in a debate whether his mother was Jewish, calling that an "aspersion." Days later, he acknowledged his mother's Jewish ancestry, saying he'd learned of it only in August, when she told him after a Jewish magazine raised the issue.

In the past week, several people, including former college football teammates, accused Allen of using a racial slur for African-Americans in the 1970s, a charge he denies. Previously he'd been criticized for flaunting a Confederate flag as a young man.

It's all taken a toll with voters such as Diane Canary, 45, a homemaker from Roanoke, who said she supports Webb. "We're concerned with recent things that have been said about Allen and with the racist remarks."

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In the wake of the Allen flap, Webb also faced accusations that he used a racial slur. He said it might have passed his lips as a youth, but never as a slur directed at anyone. Webb has been criticized for using derogatory language about women in the military, especially in a 1979 Washingtonian magazine article titled "Women Can't Fight."

Webb has had his own missteps on other fronts. He aired an ad featuring praise from the late President Reagan, which drew a rebuke from former First Lady Nancy Reagan.

"That sent a bad message to me," said William Kilpatrick, 64, a retiree from Bluemont who supports Allen. "For him not to honor her request, I didn't think it was that out of line."

HOW WE POLL

The McClatchy-MSNBC Poll is a snapshot of voter opinion at the time it was conducted. It is not a prediction of how people will vote on Election Day.

The poll of 625 registered voters was conducted by telephone from Sept. 23 through Sept. 27. Those interviewed were selected by a random variation of telephone numbers from a cross section of telephone exchanges. That means anyone in the state had the same odds of being called as anyone else. Cell phones were not called.

The margin of error was plus or minus four percentage points. That means that 95 percent of the time, the accurate number could be somewhere between 4 percentage points above our poll number and four percentage points below it. The other 5 percent of the time, the number could be off by more.

The sampling margin of error does not include other variables that could affect results, including the way questions are worded or the order in which they are asked.

FOR MORE ON THE CAMPAIGNS:

www.georgeallen.com

www.webbforsenate.com

McClatchy correspondent Brady Averill contributed to this report.

Poll: Allen Tied With Democrat In Va. (AP)

By Bob Lewis

AP, September 30, 2006

U.S. Sen. George Allen's Democratic opponent has closed the gap in the race, reflecting two difficult weeks for the first-term Republican battling claims of racial insensitivity, according to a poll released Friday night.

Allen and Jim Webb each had the support of 43 percent of the respondents, according to the MSNBC/McClatchy Poll conducted by Mason-Dixon Polling & Research Inc.

Twelve percent were undecided and 2 percent backed independent candidate Gail Parker.

Allen, who was positioning himself for a 2008 presidential race as he sought re-election, led Webb by 16 percentage points in a Mason-Dixon poll two months ago.

Allen saw his support in drop in the polls since he singled out a 20-year-old Webb campaign volunteer of Indian descent at a nearly all-white rally on Aug. 11 and called him "Macaca," a word considered a racial slur in some cultures.

The latest poll was conducted amid new, widely publicized claims by Allen's former University of Virginia football teammates that, in the early 1970s, Allen often used a racial epithet commonly applied to black people.

Allen said in a Friday night interview on the Fox News Network that Webb and his Democratic allies were fanning the issues to confuse voters.

"The Democrats know that if they can get off on detours and distractions that avoids talking about ideas, issues and the record of performance," he said.

Webb campaign strategist Steve Jarding said the poll shows Allen is in a tailspin.

Accusations Continue To Fly In Racially Charged Contest (WP)

By Tim Craig And Annie Gowen

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The Washington Post, September 30, 2006

Black Caucus Backs Webb; Colleague Comes to Allen's Defense

The issue of race continued to dominate the Virginia Senate contest yesterday as a group of black lawmakers endorsed Democrat James Webb, while one of incumbent Sen. George Allen's colleagues defended him against charges of racism.

With a little more than five weeks to go before the election, the race between Allen (R) and Webb has gotten nasty, as supporters of each candidate accuse the other of dirty politics.

The race is tightening. A Mason-Dixon poll conducted for MSNBC and released yesterday shows a dead heat, with Allen and Webb each at 43 percent. In July, Allen led by 16 percentage points in the Mason-Dixon poll. His lead was 4 points earlier this month.

The Virginia Legislative Black Caucus, which has been slow to back Webb because of his stance on affirmative action, formally threw its support behind him yesterday. In a statement, the group of 17 black members of the General Assembly charged Allen and President Bush with practicing "the politics of division."

Earlier in the day, Sen. Kay Bailey Hutchison (R-Tex.) appeared at an event with Allen at which she accused Democrats of trying to smear Allen with charges he used racial epithets during and shortly after college.

"I have never seen . . . the personal attacks in a Senate race I have seen in this one," Hutchison said at a Republican gathering in Tysons Corner. "The people of Virginia are not going to be misled. . . . They are going to leave all this negative blur and say, 'Why didn't this come out before?' "

Since the summer, when he called an Indian American man who works for the Webb campaign "macaca," Allen has been forced to respond to charges of racism. Macaca is a genus of monkey and a racial slur in some cultures.

The macaca furor was heightened by questions about Allen's past, including the fact that he had the Confederate flag at his home and a noose decorating his law office.

Allen's background received further scrutiny this week after acquaintances came forward to allege that he used the N-word directed at black people during his college days and the years immediately after. Allen vehemently denies he ever used the word.

At the event with Hutchison, Allen briefly spoke to about 85 female supporters. He left without taking questions after Hutchison finished speaking. But his wife, Susan, responded to a question from the audience about how the family was "holding up."

"George is famous for saying, 'They haven't killed me yet.' And doggone it, we're still walking and talking," Susan Allen said.

Webb was also dogged this week by charges he had used the N-word. At the urging of the Allen campaign, a Fairfax County man contacted The Washington Post and said Webb told him in 1983 that while a student at the University of Southern California in the early 1960s, Webb drove around Watts and harassed blacks while shouting epithets. Webb denied the allegation, calling it a dirty trick by the Allen campaign.

African Americans, who make up about 20 percent of Virginia's electorate, are a reliable Democratic voting bloc. But Webb has struggled to gain the support of key black leaders because of his stance on affirmative action.

Webb once called affirmative action "state-sponsored racism," but he has since clarified his position. He now says he supports affirmative action programs for blacks but not for other ethnic minorities whose ancestors did not endure slavery.

In making their endorsement, members of the black caucus cited Webb's opposition to the war in Iraq and his economic policies. They also cited Allen's opposition while governor to the creation of a Martin Luther King Jr. Day holiday.

"George Allen has a history of insensitivity to the African American community and a voting record to match," said Del. Dwight Clinton Jones (D-Richmond), chairman of the caucus.

Dick Wadhams, Allen's campaign manager, dismissed the endorsement. "What a shock. The black caucus, which is all Democrats, endorsed James Webb," Wadhams said.

Wadhams noted that one prominent member of the black caucus, Sen. Benjamin J. Lambert III (D-Richmond), is supporting Allen. Lambert endorsed Allen last month, citing his support for historically black colleges and universities.

Wadhams also noted Allen has secured tens of millions of dollars for programs and services in predominantly African American communities.

Former governor L. Douglas Wilder, who is mayor of Richmond, said Allen "has put himself in a tough spot."

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"This campaign is Allen versus Allen," said Wilder, the state's only black governor. "The problem this raises for the senator is when you are put in a posture of denial, it does create questions."

Wilder says he hasn't decided whether to endorse a candidate, but he hopes the debate shifts to "real issues" soon."

"If you take the N-word and macaca, where do you go from here?" Wilder asked. "The voting public is left in a quandary."

Candidate Has Ad About Opponent's Affair (AP)

AP, September 30, 2006

A Democratic House candidate has launched the first TV commercial to focus on his Republican opponent's affair with a woman who claimed Rep. Don Sherwood abused her.

Chris Carney's commercial features a Republican voter from Sherwood's hometown who speaks directly to the camera and says: "This incident with Don Sherwood just cuts right at the core values of our district."

As he speaks, the phrases "repeatedly choking" and "attempting to strangle plaintiff," taken from a lawsuit filed against the four-term congressman, appear on screen.

The ad does not mention that Sherwood was never charged, and Sherwood's spokesman called the spot misleading.

Carney and Sherwood are locked in a battle for a seat considered safely Republican until last year, when the conservative congressman's five-year extramarital affair became public.

Sherwood admitted to the affair with Cynthia Ore, but denied any abuse. The married father of three reached a confidential settlement with Ore, who sued claiming Sherwood had choked her at his Washington apartment.

Sherwood's spokesman, Jake O'Donnell, said Carney has broken a pledge to refrain from running attack ads.

"Chris Carney said when he first announced he was running that he was going to run on the issues, and was not going to talk about the personal situation. But clearly his campaign has decided to do something different," O'Donnell said. "They're not interested in telling the truth in that ad."

Carney said Friday that the ad focuses on an issue important to voters.

"Wherever we are in the district, the constituents are talking about it," he said. "It's an issue that matters to everyone."

The spot, which began airing in the Scranton/Wilkes-Barre TV market Thursday night, was part of the campaign's weekly ad buy of $75,000. The campaign said it has not determined how long it will run.

Va. Candidate Pleaded In 1970s Assault (AP)

By Sonja Barisic

AP, September 30, 2006

Democratic congressional candidate Phil Kellam said Friday he regrets his actions in an incident that led to him plead guilty to assaulting a woman 28 years ago, when he was a 21-year-old college student in North Carolina.

Kellam, who is challenging first-term Republican Rep. Thelma Drake, said he never touched the woman but lost his temper after almost getting into a traffic accident with her.

"I didn't conduct myself as a gentleman, and I regret that," Kellam told reporters while briefly taking questions after attending a fundraiser. He said he's conducted his life since in a way that "shows that I am a person that is reliable, honest and honors personal responsibility."

Kellam didn't give details about the case, which came to light Thursday on a local conservative Web log, or blog, BearingDrift.com. Kellam questioned why "somebody goes and dredges up something that is a non-issue from 28 years ago."

Kellam campaign spokesman Drew Lankford accused the Drake campaign of being involved in spreading word of the case. He said Drake should fire her campaign manager, Tim Murtaugh, who acknowledged traveling to North Carolina to look into the case but said he did not give the information to the blog.

Murtaugh responded that "Phil Kellam has no room to talk, since he has spent $13,000 looking into Thelma Drake's background."

Lankford said the campaign has researched voting records but not the personal record of Drake, who represents the Republican-leaning 2nd District, which includes Virginia Beach, the Eastern Shore and parts of Norfolk and Hampton.

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Lankford said Kellam was driving with his then-girlfriend when a woman who had been tailgating him cut in front of him to go to a convenience store. Kellam, then a student at Elon University, slammed on his brakes, and his girlfriend hit her head on the windshield and her shoulder on the dashboard, Lankford said.

Angered, Kellam walked over to the woman's car, smacked the hood and yelled at the woman to watch where she was going, Lankford said.

He said Kellam pleaded guilty to simple assault, a misdemeanor, at the advice of his lawyer and paid court costs but no fine.

Murtaugh said he went to North Carolina to check out the case after someone anonymously sent the Drake campaign a court document.

Murtaugh said Kellam, the Virginia Beach commissioner of the revenue, should have told voters about this himself a long time ago.

Blogger Jim Hoeft said Friday that "a source who has a source in North Carolina" e-mailed him the court document with Kellam's plea and that the information did not come from anyone connected with the Drake campaign or the GOP.

Hoeft, who has been involved in Republican politics and worked on several campaigns, said he posted the document because he thought it was relevant to the campaign.

Bush Takes Up Campaigning Duties With Less Political Clout (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 30, 2006

WASHINGTON - President Bush assumes the role of campaigner in chief on Monday, kicking off a month-long drive to help Republicans keep control of Congress.

In the last midterm congressional elections four years ago, the president's efforts paid big dividends for his party, but since then the political ground has shifted. He's still a big draw for Republican fundraisers, but some candidates who proudly campaigned with Bush in the past are keeping their distance now.

Bush's three-day swing through Nevada, California, Arizona and Colorado is packed with closed-door donor receptions, but doesn't include a single open-door event or public rally.

"It's a Catch-22. They're in trouble because of Bush, but they still need Bush to raise money for them," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee. "They want to tap the White House ATM, but they don't want to do it in public."

White House aides scoff at suggestions that Bush is trying to operate under the radar. Nearly all receptions on the president's Western road trip will be open to media coverage, so it's not like he'll slip into town unnoticed. Big public rallies are planned for later, closer to the Nov. 7 election.

White House spokesman Tony Snow said Bush will be on the road almost constantly between now and Election Day. Democrats need to gain six Senate seats and 15 House of Representatives seats to take control of Congress.

"You're going to see a very active travel schedule. He's going to be all over the country campaigning for Republicans," Snow said at a recent breakfast. "There are a lot of candidates saying, `Please, please, please, come to my district or come to my state.'"

A spokesman for Rep. John Doolittle, who'll host Bush at a $2,000-per-person reception in El Dorado Hills, Calif., Tuesday afternoon, said the congressman was eager to have Bush come to his conservative district in north central California. Political handicappers in Washington list Doolittle as likely to win re-election.

"I think it's going to fire up our base. It's created a buzz," spokesman Richard Robinson said.

Still, there's no question that Bush's political stock has plummeted. While he may be welcome in Republican districts, he's become a liability for Republicans in hotly competitive swing districts.

Four years ago, the nonpartisan Gallup Poll showed Bush with an impressive 68 percent approval rating at the end of September. During the same period in 2004, he was headed for re-election with 54 percent approval.

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Now, fewer than half of Americans - 44 percent in the latest Gallup Poll - say they approve of Bush's job performance. His numbers are worse in California, where a nonpartisan Field Poll released Friday showed his job approval at 29 percent.

"Californians just aren't moved by Bush," Field Poll director Mark DiCamillo said. "If it's a competitive district, I think it would be a net negative to be embraced by the president."

The new dynamic shows up in campaign ads across the country. In 2002, Bush was featured in countless Republican ads, and even some Democrats touted their support for his tax cuts and his aggressive approach to terrorism. Now, he appears more often in Democratic attack ads than in Republican-sponsored messages.

"We've got a number of commercials where Bush is the star," said Singer, the Democratic campaign operative. "A negative ad this year basically is defined by having George Bush in it. That's the reality the White House is dealing with."

In Arizona, where Bush will stop on Wednesday, Republican Sen. Jon Kyl objected when Democratic candidate Jim Pederson aired an ad depicting him as a "yes man" for Bush. Kyl issued a three-page rebuttal detailing his eight votes against Bush's policies.

While distancing himself from Bush, Kyl embraced maverick Republican John McCain, the other Arizona senator and a frequent irritant to the White House.

Some Republican congressional candidates are trying to keep the focus on local issues, steering clear of the war in Iraq if at all possible. Rep. Richard Pombo, R-Calif., who'll host Bush at a Stockton reception Tuesday morning, doesn't even mention Iraq in the "issues" section of his campaign Web site.

Despite his diminished political appeal, Bush remains a potent fundraiser. He's already raised about $180 million for Republicans in this election cycle.

Robert Benedetti, a political science professor at University of the Pacific in Stockton, said Bush's four-state fundraising trip plays to his strength while reducing the risk of political embarrassment.

"This is a place, just like an Air Force base or an Army base, where he's not going to get a lot of hecklers," he said of Bush's visit to California's agricultural heartland. "He's always been highly controlled with his events. What they want here are good, positive media events - do no harm is very important to them - and money."

Better Mood At The Gas Pump. What About The Voting Booth? (NYT)

By Jad Mouawad

The New York Times, September 30, 2006

On election day, will voters see their gas tanks as half full or half empty?

Gasoline prices have plummeted in the last month, dropping by nearly 25 percent since mid-July, and despite a recent uptick in crude oil prices, most energy experts still expect the price of gasoline to fall a bit further by November.

Six weeks from the midterm elections, the falloff is comforting the Republican majority up for re-election in Congress, limiting the impact of a potentially damaging issue. But Democrats hope to gain power on Capitol Hill, in part, by hitting on the toll that high energy costs have taken on American consumers and trying to draw connections to what they see as the Bush administration's kowtowing to big oil interests.

A gallon of regular gas now averages $2.33, after rising above $3 in August. But given that even the current lower prices are higher than was common just a couple of years ago, the question of who will benefit politically from the drop is still hotly disputed.

"Nobody thinks $2.50 a gallon is cheap; it's still expensive," said Representative Rahm Emanuel, Democrat of Illinois, who is leading the effort to win a majority in the House. "Guess what? Republicans may be relieved from a political standpoint but their voters aren't."

So, are Republicans worried?

"Absolutely not," said Carl Forti, the spokesman for the National Republican Congressional Committee. "Right now people are excited they are not paying $3 a gallon anymore, and frankly, so am I. Today, in every place in America, gas is cheaper than a month ago."

The sudden decline has also ignited suspicions that the Republican administration and giant oil companies conspired to cut gasoline prices for electoral gains.

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"I think prices are going down now because it's election time but I feel they will go back up again right after," said Roberta Mays, a school bus driver in Knox, Pa.

Her opinion was reflected in a Sept. 15-17 Gallup poll, which found that 42 percent of respondents said that they believed the Bush administration was manipulating the price of gasoline in advance of the fall elections.

And the accusation has provoked a vigorous debate on the Web. On huffingtonpost.com, a left-wing blog, someone commented: "Anybody with any brains KNOWS this government manipulates almost everything here in the States."

The White House press secretary, Tony Snow, even brought up that conspiracy theory at a recent briefing by joking that some people thought "the President has been rigging gas prices, which would give him the kind of magisterial clout unknown to any other human being."

Prices are down largely because of a sharp drop in global oil prices, which peaked in July at $77 a barrel, and, while up slightly this week from recent lows around $60, are still under $63 a barrel.

Much of the drop can be attributed to a big sell-off by hedge funds and other speculative traders, who help determine the price of crude oil and other petroleum-based products on international commodity markets — and not to American oil companies, which control only a fraction of global oil supplies.

While the drop this fall is larger than under ordinary circumstances, it also fits a pattern that sometimes occurs at this time of year. Tom Kloza, publisher of the Oil Price Information Service, said a decline in prices after Labor Day was not uncommon because of lower demand in the months following the summer driving season. Demand then picks up in the winter, often leading to a rebound in prices.

"One of the reasons you don't hear much about gasoline during elections is because gasoline is almost always in retreat at this time of the year," Mr. Kloza said. "If we really want to see a meaningful energy policy in this country we need to change the elections to May." In recent weeks, oil traders have also been comforted by the fact that no strong hurricane has slammed into the Gulf of Mexico, home to a quarter of America's domestic energy supply, and that tensions in the Middle East seem to have eased a little.

Not surprisingly, the sharp decline in gasoline prices has lifted the morale of Americans. Consumer confidence indicators released on Tuesday rebounded from a nine-month low, thanks mainly to the drop in gasoline, which has left many Americans feeling a little wealthier.

The retreat of gasoline prices provides some relief to the Bush administration and Republicans that could help blunt public dissatisfaction with Washington.

"It removes a significant arrow from the quivers of Democrats," said Frank Luntz, a Republican political consultant and pollster. "When prices crossed $3, voters wanted their elected officials to feel as much pain as they felt. Now, all that anger is gone. I don't think it's going to help Republicans but it is no longer going to help Democrats either."

Still, despite the drop-off, many Americans remain deeply disturbed by the price of gasoline. Indeed, today's prices have merely erased the most recent highs and have barely returned to last year's levels.

Ms. Mays, 41, said she recently gave up a job that required a 60-mile commute each day, partly because of the high cost of gasoline. A single mother who is struggling to raise a 10-year-old son, she said the fuel price increase absorbed a large chunk of her $9,000 salary.

"It was almost not worth going to work anymore," she said. "I keep thinking when is gasoline going back to $1 again? It would be nice but I don't think so."

Democrats are hoping that such feelings will translate into a high turnout among discontented voters, enough perhaps for them to win the House and even the Senate.

"Voters see the link" between gasoline prices and chaos in the Middle East and in Iraq, said Paul Begala, a Democrat political strategist. "You don't have to tell them."

"If they pull up at the pump and pay $2.50 instead of $3 a gallon, it's an enormous difference," he added. "Do they say 'Thank you George Bush,' and vote Republican? Perhaps. But I wouldn't want to be the Republican staking my career on that decision."

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Political analysts said that while the war in Iraq and the handling of relief efforts after Hurricane Katrina are much bigger factors in shaping public attitudes, many Americans also see gasoline as a sore issue.

While the approval ratings for the Bush administration have risen somewhat from their lows of the early summer, the president's declining popularity has generally mirrored the rise in gasoline prices, said Andrew Kohut, the president of the Pew Research Center.

"Rising gasoline prices have taken quite a toll on President Bush's approval ratings," Mr. Kohut said. "Of course there have been other issues — like Katrina and Iraq — but if you track the rise in gasoline prices it correlates very nicely with Bush's falling ratings."

The question now, he added, "is how much will declining prices obviate that clear negative?"

Gasoline prices, visible to consumers every day, are not necessarily crucial in their own right. But they have acted as a proxy for attitudes toward the general economy, which, Democrats argue, has worsened for the average American under President Bush.

"It's a constant reminder that things are tough," said Senator Jack Reed, a Democrat of Rhode Island. "Everything keeps going up and wages for middle-class Americans have been stuck for five years."

In contrast to the previous energy shocks of the 1970's and early 1980's, however, the recent surge in oil prices did not seriously trip up the economy, sending it over the edge into a recession. The increase was driven by rising global demand, not by a supply shortage precipitated by events in the Middle East, and growth has continued right through the surge in prices.

Indeed, Americans are consuming more gasoline than ever, thanks to a growing population and an expanding economy. But the price increases have imposed a toll.

Gasoline demand in the United States is expected to rise just 1 percent this year, to 9.22 million barrels a day, according to the forecasts by the Energy Information Administration, compared with an annual growth of 1.9 percent from 1992 to 1999. Next year, the agency sees a rise of 1.2 percent in gasoline consumption.

"While gasoline demand has not declined, the growth has certainly declined from its longer-term trend," said Tancred Lidderdale, a senior economist at the Energy Information Administration. "One thing I would suggest is that the impact of high prices isn't immediate. Habits are slow to change."

They are changing, though. Wal-Mart has said that its customers are making fewer trips to its stores. Automakers in Detroit have suffered big drops in the sale of their S.U.V.'s and pickup trucks as buyers turn to smaller, more efficient models. More drivers are carpooling or delaying some trips because of the impact of high prices.

In a New York Times/CBS poll taken in May, 63 percent of respondents said they had reduced their driving because of higher prices; 49 percent said they planned to change their holiday plans because of higher gas costs; 56 percent said that high energy costs had led to cutbacks in household spending.

"It's hard on the middle class, on people like us," Jean Smith, 59, a schoolteacher in Kennett Square, Pa., said this week. She said high energy costs were a burden on her family, which has $15,000 in debt, one son in college and another in the military. She and her husband, also a high-school teacher, earn a combined income of about $75,000 a year.

"Our gasoline and heating oil bills have doubled in the past 10 years," she said, "but our salaries certainly haven't."

Change In Goldman Index Played Role In Gasoline Price Drop (NYT)

By Heather Timmons

The New York Times, September 30, 2006

LONDON, Sept. 29 — Politics and worries about oil supplies may have caused gasoline prices to go up at the pump earlier this year, but one big investment bank quietly helped their rapid drop in recent weeks, according to some economists, traders and analysts.

Goldman Sachs, which runs the largest commodity index, the G.S.C.I., said in early August that it was reducing the index's weighting in gasoline futures significantly. The announcement did not make big headlines, but it has reverberated through the markets in the weeks since and some other investors who had been betting that gasoline would rise followed suit on their weightings.

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"They started unwinding their positions, and those other longs also rushed to the door at the same time," said Lawrence J. Goldstein, president of the Petroleum Industry Research Foundation.

Wholesale prices for New York Harbor unleaded gasoline, the major gasoline contract traded on the New York Mercantile Exchange, dropped 18 cents a gallon on Aug. 10, to $1.9889 a gallon, a decline of more than 8 percent, and they have dropped further since then. In New York on Friday, gasoline futures for October delivery rose 4.81 cents, or 3.2 percent, to $1.5492 a gallon. Prices have fallen 9.4 percent this year.

The August announcement by Goldman Sachs caught some traders by surprise. The firm said in early June that it planned to roll its positions in the harbor contract into another futures contract, the reformulated gasoline blendstock, which is replacing the harbor contract at the end of the year because of changes to laws about gasoline additives.

Later in June, Goldman said it had rolled a third of its gasoline holdings into the reformulated contracts but would make further announcements as to whether the remainder would be rolled over. Then in August, the bank said it would not roll over any more positions into gasoline and would redistribute the weighting into other petroleum products.

Goldman Sachs declined to comment. Some traders speculated that Goldman might have been concerned about the liquidity of the reformulated contract and whether other traders would embrace it because there were so few contracts outstanding. The open interest, or number of futures contracts taken out, has increased ninefold in the reformulated contract since then.

Unleaded gasoline made up 8.72 percent of Goldman's commodity index as of June 30, but it is just 2.3 percent now, representing a sell-off of more than $6 billion in futures contract weighting.

Like many market indexes, trading in the Goldman Sachs Commodity Index is publicly available, allowing individual investors and third-party asset managers to participate in that market. The $100 billion invested comes from brokers, fund managers and individuals, probably including some of the same people who were hurt by high gasoline prices earlier in the year.

Goldman's announcement on Aug. 9 was not the only downward pressure on prices that week, market participants stress. And while it may have played a part in sending prices down, the market would never have continued its downward trend unless supplies had loosened up, they say.

Also during that week, climatologists revised their hurricane forecasts, easing fears that oil supplies could be disrupted. And BP said it would still produce some oil from its field in Prudhoe Bay, Alaska, where leaks were being repaired. Meanwhile, the peak gasoline season was ending, and new supplies of ethanol were coming online.

The week started with "everyone talking about $4 gasoline and ended with the market down sharply," said Phil Verleger, an independent economist in Aspen, Colo.

In following weeks, "traders all tried to push themselves through that door," Mr. Goldstein added.

"We saw gasoline fall 82 cents in the wholesale market over a four-week period, which is unprecedented," he said. Mr. Goldstein said that the decline in gasoline prices helped send prices of the whole group of energy-related products down.

Now, rather than highs, these products are hitting lows — natural gas, for example, traded on Wednesday at its lowest price in four years.

Wal-Mart Launches Employee Voter Drive (WP)

By Ylan Q. Mui, Washington Post Staff Writer

The Washington Post, September 30, 2006

Activists Question Retailer's Motives

Wal-Mart Stores Inc. yesterday launched a voter registration drive aimed at its 1.3 million U.S. employees in what it describes as the largest such effort by a private company.

The kickoff was held in Iowa, a key battleground in the upcoming midterm elections. Workers at Wal-Mart's roughly 3,800 other facilities across the country also received registration forms yesterday. Although the world's largest retailer said it does not want to influence how its workers vote, David Tovar, director of media relations, said the drive was prompted by recent criticism of the company by politicians.

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Wal-Mart workers "read the newspapers and see the headlines, just like you and I do," Tovar said. "They recognize there were some elected officials that were saying some things that didn't really represent the company. They wanted to have an opportunity to have their voice heard."

Wal-Mart is working with Democratic strategist Charles Baker of the law firm DLA Piper and Republican strategist Terry Nelson, founder of Crosslink Strategy, on what it has dubbed the Voter Education Program. The company has prepaid postage for voter registration forms in Iowa and several other states. It is also allowing workers whose shifts do not give them three hours to visit the polls to take paid time off to vote. Before the elections in 2004, they received two hours of unpaid time off.

Wal-Mart sent letters to 18,000 Iowa employees in August criticizing Sens. Evan Bayh of Indiana and Joseph R. Biden Jr. of Delaware and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico -- all Democrats -- for participating in a bus tour arranged by Wake Up Wal-Mart, which is funded by the United Food and Commercial Workers International Union. Similar letters were sent to workers in New Hampshire, South Carolina and Nevada.

The bus tour was designed to attract new members to Wake Up Wal-Mart and draw attention to the company's health benefits package.

Labor groups have accused the retailer of blocking employee attempts at unionizing. They also assert that Wal-Mart runs small companies out of business, depresses wages and does not provide adequate health coverage for its employees.

Wal-Mart Watch, which is backed by the Service Employees International Union, said it supports the retailer's voter drive but was still critical of its political efforts.

"Wal-Mart's employees realize that the company's lobbyists don't represent their personal interests," spokesman Nu Wexler said.

Some activist groups questioned the retailer's motives, citing Wal-Mart's policy of banning voter registration drives conducted by outside parties from its stores.

"If Wal-Mart is truly interested in promoting a just democracy, then customers and employees should be included in registration activities," said Edward A. Hailes Jr., senior attorney with Advancement Project, a national civil rights group organization that works on voting issues.

In the spring, volunteers with Project Vote and the Association of Community Organizations for Reform Now, a nonprofit group that has been critical of Wal-Mart, attempted to set up voting drives at several Florida stores, said Brian Mellor, the elections counsel for Project Vote. He said they were quickly asked to leave.

Tovar said the company's blanket policy bans such drives because it disrupts customers' shopping experience but that it has made exceptions for some nonpartisan groups.

Wal-Mart Launches Registration Drive (FT)

By Jonathan Birchall In New York

Financial Times, September 30, 2006

Wal-Mart, the largest US retailer, on Friday launched a drive to encourage its 1.3m employees to register to vote, in the biggest operation of its kind ever by a US private employer.

The company has begun distributing voter registration packages – including postage-paid application forms – to more than 17,000 employees at its stores and warehouses in Iowa, with other states due to follow.

In Taking On Fox, Democrats See Reward In The Risk (NYT)

By Lorne Manly

The New York Times, October 1, 2006

THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations.

The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on "Fox News Sunday" into a finger-pointing tirade against what he called a "conservative hit job." Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine.

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In separate appearances on Fox News over the next two days, Lanny J. Davis, a former special counsel to Mr. Clinton, and Barbara Boxer, the Democratic senator from California, mocked the news channel's trademarked motto of being "fair and balanced."

And on Wednesday Paul Begala and James Carville, Democratic commentators for CNN, engaged in more than five minutes of high-decibel debate on Fox with Bill O'Reilly about Mr. Clinton's appearance, daring Mr. O'Reilly to "come out of the closet" and admit Fox News is a "right-leaning, anti-Clinton network."

The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself.

"The Republicans are using Fox News to gin up their base, and now — for the first time — the Democrats are doing it, too," said Steve McMahon, a Democratic strategist with McMahon, Squier & Associates who handled Mr. Dean's presidential campaign.

Engaging Fox News in such an aggressive manner, however, may not be the smartest strategy. If there's a base that needs energizing for these midterm elections, it belongs to the Republicans, and a Clinton-led attack may only revivify them. And so far, there is just one clear beneficiary: Fox News. The news channel has highlighted the contretemps on many of its programs, boosting the ratings in the process.

Democrats do not view Chris Wallace as a partisan gunslinger, as they do some other Fox News personalities. But his questions about whether Mr. Clinton did enough to destroy Al Qaeda ignited simmering Democratic and Clintonian anger.

Democrats had been furious with White House attempts over the last few months to to portray Democrats as weaker on national security than Republicans. And defenders of the Clinton administration were furious about "The Path to 9/11," the ABC docudrama that they claimed depicted the administration in an unfair light. All this fed into last week's reaction, Democratic officials and strategists say. "I think it's important for us to call it what it is," said Karen Finney, communications director for the Democratic National Committee, speaking about the recent incidents. "We can't let conservatives and Republicans get away with painting us in a corner and mischaracterizing who we are and what we stand for."

The incendiary interview appeared on the same day the pessimistic National Intelligence Estimate on Iraq was leaked. And the two events provided an opportune moment to strike, Ms. Finney said.

Soon after the "Fox News Sunday" telecast, Mr. Dean mentioned both items in a combative statement. And the Democratic National Committee followed up Mr. Dean's statement with an e-mail fundraising appeal, complete with a YouTube link to the interview.

"I think you're seeing the beginning of an alternative Democratic approach," a desire to strike back hard, said Mr. Begala, a former Clinton adviser.

"Clinton tapped into something in the Democratic zeitgeist," Mr. Begala said. "We're really tired of being bullied, particularly by Fox."

Democrats have believed, nearly from the moment Fox News began in October of 1996, that the news channel was institutionally biased against them. Fox News officials have disputed such charges, saying the network is merely a corrective to what they contend is a pervasive liberal bias in the news media.

Nonetheless, most Democrats have believed the network could not be ignored. If no one appeared on their shows, who would make the Democratic case? The cable news channel, despite a fall-off in ratings over the past year, still towers over its competitors. And although the viewers who regularly watch Fox News are more likely to be Republican, Democrats and independents still turn up in significant numbers — 20 percent and 17 percent, respectively, compared with 34 percent who are Republicans — according to a recent survey from the Pew Research Center for the People & the Press.

Swing voters are important in some states, particularly the Northeast. How they react to the Democrats' more confrontational approach could help determine how far the Democrats get in their efforts to gain control of the House and Senate.

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Some Democrats said they believe that a more muscular approach in taking on the Republicans could help them grab onto an issue that has been an Achilles' heel for the Democrats in recent elections: national security.

And that couldn't make some Republicans happier. "I think it puts national security front and center and reminds people that this administration is taking the fight to the terrorists and recognizes the threat America faces," something the Democrats do not, said Danny Diaz, Republican National Committee spokesman.

The Republican National Committee is doing its bit to spread that point of view. After the Clinton interview, it sent talking points to its grassroots membership and to the news media, and ramped up efforts to book people on TV and radio programs to comment on the debate.

And Fox News executives have not seemed to mind furnishing screen time to Democrats so they can bash the network. (Roger Ailes, the chairman and chief executive of Fox News and Fox Television Stations, was unavailable to comment for this article.)

After all, the ratings don't lie.

The first three days of the week saw primetime and daily increases of 20 percent and 13 percent, respectively, compared with the average over the previous four weeks. And "Fox News Sunday" got its best ratings in three years.

Pastors Guiding Voters To GOP (LAT)

By Stephanie Simon, Times Staff Writer

The Los Angeles Times, October 1, 2006

The Christian right seeks out members who might not go to the polls. The focus is issues, but some leaders don't oppose endorsement.

With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004.

Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power.

Preachers "ought to put their toe right on the line," said Mathew D. Staver, founder of Liberty Counsel, a nonprofit law firm that supports conservative Christian causes.

The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 "patriot pastors" nationwide to promote an agenda that aligns neatly with Republican platforms. "We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand," Scarborough said. "Our higher calling is to Christ."

The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates. One online guide to discussing the election in church, produced by the Focus on the Family ministry, offers this tip: If a congregant says her top concerns are healthcare and national security, suggest that Jesus would make abortion and gay marriage priorities.

At a recent rally in Pennsylvania, Focus on the Family founder James C. Dobson told a crowd of 3,000 that it would be "downright frightening" if Republicans lost control of Congress. If there's a good Christian on the ballot, he said, failing to vote "would be a sin."

The law restricting political activity of churches and charities dates to 1954, when then-Sen. Lyndon B. Johnson pushed it through in a pique of anger over a nonprofit's effort to derail his reelection. Tax-exempt organizations, including churches, may not participate or intervene in political campaigns on behalf of any candidate. Intervention is broadly defined as "any and all activities that favor or oppose one or more candidate for public office," according to the Internal Revenue Service.

That sounds straightforward. In practice, though, there are many ways around the restriction, as the faithful recognize.

"If the pastor is doing the right job, the people will automatically vote for the right person," said Gale Wollenberg, who belongs to a conservative evangelical church in Topeka, Kan.

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Perhaps the biggest loophole is that churches can campaign on policy issues — even if that effort benefits a particular candidate. Scarborough, for instance, has spent a great deal of time far from his Texas parish, rallying Christian voters against an initiative promoting embryonic stem-cell research in Missouri. At his events, Scarborough makes a point not to mention Missouri's Republican Sen. Jim Talent, who is in a tight fight for reelection.

But in private, he says candidly that he expects — and hopes — his efforts will give Talent a boost. "If a pro-life candidate benefits from Christians being involved, to God be the glory," Scarborough said.

Pastors can further help their favored candidates by distributing "issue-oriented" voter guides in church, a tactic used for years among secular (often left-leaning) groups such as the National Assn. for the Advancement of Colored People and adapted to faith communities by the Christian Coalition in the 1990s.

The voter pamphlets are supposed to be neutral, but often present issues through a distinctly partisan lens. A guide distributed by a conservative group in Minnesota in 2004 laid out the candidates' views on aborting "unborn babies." One produced this year by the liberal evangelical group Sojourners describes immediate withdrawal of U.S. troops as the only way to bring peace to Iraq.

Pastors have a right to work directly for candidates on their own time, as long as they don't use church resources. In a recent article aimed at evangelical preachers, Staver wrote that they "should feel free" to go even further and endorse a candidate from the pulpit because he thought the IRS law was unconstitutional. He repeatedly noted that the IRS had rarely sanctioned churches. The Church at Pierce Creek in Binghamton, N.Y., is the only one ever to lose its tax-exempt certification, for sponsoring newspaper ads that opposed presidential candidate Bill Clinton.

Far more often, IRS agents resolve complaints by training church leaders to avoid future missteps, said Lois G. Lerner, who directs the IRS unit for tax-exempt groups. In 2004, the IRS resolved dozens of complaints this way, including such blatant violations as churches donating to a candidate's campaign or placing political signs on their property.

Given the slim chance of serious sanction, "I encourage pastors to exchange their muzzles for megaphones," Staver wrote in the Rev. Jerry Falwell's monthly newspaper, the National Liberty Journal.

Political preaching has been particularly fervent this season in Ohio, where two conservative mega-churches have promoted the Republican candidate for governor, J. Kenneth Blackwell. They've featured him in at least six rallies that blended patriotic appeals with Christian revival.

Yet the latest poll shows Blackwell trailing by 19 points. In part, that's because Ohio voters seem to be in an anti-Republican mood, after scandals involving state GOP politicians. It also shows that a pastor's influence only goes so far.

Many on the Christian right credit their aggressive mobilization, similar to this fall's campaign, with securing President Bush's reelection. And turnout among evangelical voters did jump 9% from 2000 to 2004.

But two religious groups that heavily back Democrats also came out in droves: Turnout was up 15% among Jews and 13% among mainline Protestants who attend liberal churches, according to surveys conducted by John C. Green, a senior fellow at the Pew Forum on Religion & Public Life. Overall turnout was up 4 points.

"It's really difficult to parse out" the effectiveness of the religious right's mobilization in 2004 "because it was such an intense campaign," Green said. "It does seem to bear fruit, but it varies a great deal from congregation to congregation."

Church-based campaigning may have been most influential in voters' choice of candidate. Bush won 78% of the evangelical vote in 2004, up from 68% in his first presidential bid. And evangelicals were far more likely than any other group of voters to say that religion was the most important factor in their political thinking.

Voter education from the church "can be enormously effective," said Colin Hanna, who directs the Pennsylvania Pastors Network. The group of 850 seeks to mobilize voters against "abortion and other evils," according to its website.

Some of this fall's efforts are aimed at energizing politically active but disillusioned Republicans who might otherwise stay home. But Hanna is particularly eager to reach the 30 million regular churchgoers, and an overlapping group of 19 million evangelicals, who did not vote in 2004. Their indifference to politics is "either a tragedy or a scandal," he said, but he's certain it can be overcome.

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Liberals, too, see potential in mingling faith and politics. Black churches have a long history of political activism from the pulpit, dating to the civil rights movement — but their efforts did not boost voter turnout in 2004. This time around, other Christians, including liberal Catholics, are jumping in to try to energize the religious left.

They plan to distribute more than 1 million voter guides urging Christians to evaluate candidates based on issues such as poverty and global warming. A new consulting firm, Common Good Strategies, aims to help Democratic candidates make stronger pitches to communities of faith.

For the most part, however, the left is far behind the right: "They've got organization and discipline that we don't really have yet," said Jack Pannell of Sojourners. "It may take us a generation."

With both the left and the right pursuing faith-based strategies, the IRS issued a warning in February that churches may be in danger of becoming "arms of political campaigns and parties." Agents are looking into about 40 reported violations by churches and other tax-exempt nonprofits. A few are holdovers from 2004, including the high-profile probe into an antiwar sermon at a liberal Pasadena church. But new allegations continue to come in at a brisk clip.

Liberal clergy in Ohio have filed a protest about the pastors' efforts on behalf of Blackwell. On the right, the website http://www.ratoutachurch.org is recruiting volunteers to report partisan activity from the pulpit that favors Democrats.

Melissa Rogers, a visiting professor of religion and public policy at Wake Forest University in Winston-Salem, N.C., says she expects more complaints as the election approaches. In their zeal to bring politics into the pews, some religious leaders "have made a decision to walk on the razor's edge of the law," she said. "Or over the edge."

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The Inside Agitator (NYT)

By Matt Bai

The New York Times, October 1, 2006

Not all states are equal on an election map, and Alaska is one of those less populous states — like Kansas or Idaho or Alabama — that national Democrats almost never bother to visit. For one thing, just getting there presents a logistical ordeal: the journey from Washington takes as long as it would to reach, say, Nigeria, and even then you sometimes need a hydroplane to get around. And more to the point, there aren't a whole lot of people to see once you get there. Registered Republicans outnumber Democrats by a margin of 2 to 1 in oil-crazed Alaska, which hasn't sent a Democrat to the House or Senate in more than 30 years. To put it another way, there were more Democrats in Central Park for the Dave Matthews concert a few years back than there are in the entire state of Alaska — all 656,000 square miles of it.

It seemed somewhat bizarre, then, when Howard Dean, the chairman of the Democratic National Committee, chose to make the long odyssey to Alaska at the end of May, near what was the beginning of one of the most intense and closely contested national election campaigns in memory, when every other Democrat in Washington was talking about potentially decisive states like Ohio, Pennsylvania and Connecticut. It was also strange that no one in Democratic Washington seemed to know he was going. Although I had been following Dean closely for months, I found out about the trip accidentally and invited myself along — an intrusion that Dean seemed merely to tolerate. We met up first in Las Vegas, where he was making appearances with

Harry Reid, the Senate minority leader. Dean, who enjoys his image as an unpretentious New Englander, is given to finding his own flights on discount Web sites, so it's sometimes hard for even his own staff to track his itinerary. On the morning we left for Alaska, Dean went missing for a good half-hour. It turned out that he was in the business center of the MGM Grand, where he had been trying to figure out how to print his boarding pass but somehow ended up in an impromptu game of online backgammon with a guy who claimed to be in China.

Touching down in Anchorage, we were greeted by Jonathan Teeters, a 25-year-old former offensive lineman at the University of Idaho who had been hired to help the state party begin to organize Democrats. It took less than 10 minutes, as Teeters drove us through a pounding rainstorm to the state headquarters, for Dean, seated in front, to unleash his usual brand of havoc on a state unaccustomed to it. First, he absently asked Teeters what kind of radio interviews he would be doing during his 24-hour stay and was told that he was booked on the local Air America affiliate, the only liberal radio option in town. This is what party chairmen get paid to do — rally the faithful, collect their money and urge them to vote.

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"Bull," Dean snapped, using a slightly more elongated version of the term.

"Huh?" Chris Canning, Dean's personal aide, suddenly looked up from a loose-leaf binder. He seemed to think he had misheard.

"I'm not going to do that," Dean replied firmly, craning his neck to address Canning in the back seat. "I didn't come all the way up here just to talk to people who already agree with us. I want to talk to everyone else. I'm fine with doing Air America, but we have to do something else too. Isn't there some conservative show we can do?" Teeters warned that the few right-wing shows in town could get nasty for the chairman. "If you can set something else up too, great," Dean said with finality. "Otherwise, I won't do Air America."

Then Dean wanted to know how many organizers the state party now had on the ground, and Teeters told him there was just one: Teeters himself. The D.N.C. created his job — along with a position for a communications director — last year as part of Dean's signature program, known as the 50-state strategy. Under this program, the national party is paying for hundreds of new organizers and press aides for the state parties, many of which have been operating on the edge of insolvency. The idea is to hire mostly young, ambitious activists who will go out and build county and precinct organizations to rival Republican machines in every state in the country. "We're going to be in places where the Democratic Party hasn't been in 25 years," Dean likes to say. "If you don't show up in 60 percent of the country, you don't win, and that's not going to happen anymore."

In paying for two new staffers, Dean had, virtually overnight, doubled the size of Alaska's beleaguered state party, which used to consist of only an executive director and a part-time fund-raiser. But now, as Dean considered the vastness of the state's landscape, he decided that one organizer wasn't enough. "In most states, we have three or four," Dean said, thinking out loud. "Seems like you should really have more. We should be able to find that money in the budget."

That night, after meeting with Dean at the sad little storefront office that houses the state party, Alaska's party chairman, Jake Metcalfe, announced to 400 assembled Democrats at a fund-raiser that Dean had just promised to hire an additional organizer for the state. The ballroom erupted in grateful applause as Dean sat there beaming. The members of his staff, gently rolling their eyes, began calling back to Washington, warning the political staff that they would need to find the money for yet another salary in, of all places, Alaska.

In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. Everyone in Democratic politics agrees, in principle, that party organizations in states like Alaska could use help from Washington to become competitive again, as opposed to the rusted-out machines they have become. But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America.

It's true that adding a second organizer in Alaska will cost the national party only a modest sum, maybe $35,000 this year, but that same money could pay the salaries for canvassers in Pennsylvania or Connecticut, where a few thousand votes could mean the difference between swearing in Speaker Hastert or Speaker Pelosi next January. Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities. (The D.N.C. has pledged to spend $12 million on this fall's races.) With the president's approval ratings stuck around 40 percent, and polls suggesting that the Democrats may have a real chance of rolling back 12 years of Republican rule, numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all.

This conflict between the party's chairman and its elected leaders (who tried mightily to keep local activists from giving him the job in the first place) might be viewed as a petty disagreement. But in fact, it represents the deepening of a rift that has its roots in the 2004 presidential campaign — a rift that raises the fundamental issue of what role, if any, a political party should play in 21st-century American life. Dean ran for president, and then for chairman, as an outsider who would seize power from the party's interest-group-based establishment and return it to the grass roots. And while he has gamely tried to play down his differences

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with elected Democrats since becoming chairman, it seems increasingly obvious that Dean is pursuing his own agenda for the party — an agenda that picks up, in many ways, where his renegade presidential campaign left off. Now, at power lunches and private meetings, perplexed Washington Democrats, the kind of people who have lorded over the party apparatus for decades, find themselves pondering the same bewildering questions. What on earth can Howard Dean be thinking? Does he really care about winning in November, or is he after something else?

The mere fact that Democrats would consider a "50-state strategy" to be novel — as if a national party might reasonably aspire to something less — says volumes about the rapid deterioration of the party that was, for most of the last century, America's dominant political force. Back when Democrats were the established majority, the state parties were run by bosses who doled out jobs and delivered votes, while the national party, functioning as a subsidiary of whoever happened to occupy the Oval Office, worried about electing presidents. For decades, the party claimed a sizable majority of the nation's governors, senators and congressmen, and in every one of the states where it controlled those seats, there was a centralized organization — a party "infrastructure," in the parlance of today's activists — whose job it was to recruit candidates and make sure voters got to the polls.

All that began to change with the social movements of the 1960's and 70's, which redefined the Democratic Party, in the minds of many rural voters, as mostly a coalition of urban blacks and high-minded intellectuals. From the Deep South up through the populist Plains, voters began abandoning Democratic candidates at the polls, and the old state machines found themselves out of power and starved for patronage. Slowly, the parties in these states atrophied, laying off staff members and allowing their network of local volunteers to dwindle. "We were on the verge of extinction, pretty much," Barry Rubin, the executive director of the Nebraska Democratic Party, told me recently.

When Dean took over the D.N.C. last year, he sent assessment teams, made up of veteran field organizers and former state party officials, to every state. A typical assessment report on one rural state — I was allowed to see the report only on the condition that I not name the state involved — bluntly stated that its local activists were "aging" and that its central committee was "dysfunctional." In most states, there were hardly any county or precinct organizations to speak of. More than half the states lacked any communications staff, meaning that no one was there to counter the Republican talking points that passed from Washington to the state parties to the local media with a kind of automated precision.

For the Democrats, winning presidential elections came to mean doing so without any help from the South or West, and that, in turn, meant cobbling together a relatively small number of so-called battleground states rather than running a truly national campaign. The D.N.C. quit doing much of anything in conservative rural states, and the party's presidential candidates didn't bother stopping by on their way to more promising terrain. Every four years, the national party became obsessed with "targeting" — that is, focusing all its efforts on 15 or 20 winnable urban states and pounding them with expensive TV ads. The D.N.C.'s defining purpose was to raise the money for those ads. The national party became, essentially, a service organization for a few hundred wealthy donors, who treated it like their private political club.

None of this was much on Howard Dean's mind when he set about running for president in 2003 with drab notions of health-care reform and a balanced budget; by the time he made his infamous "scream" speech in Des Moines a year later, however, Dean had become a folk hero for marginalized liberals. How this happened has been largely misunderstood. Dean has been credited with inciting an Internet-driven rebellion against his own party, but, in fact, he was more the accidental vehicle of a movement that was already emerging. The rise of Moveon.org, blogs and "meet-ups" was powered to some extent by the young, tech-savvy activists on both coasts who were so closely associated in the public mind with Dean's campaign. But the fast-growing Internet community was also a phenomenon of liberal enclaves in more conservative states, where disenchanted Democrats, mostly baby boomers, had long felt outnumbered and abandoned. Meet-ups for Dean drew overflow crowds in Austin, Tex., and Birmingham, Ala.; what the Web did was to connect disparate groups of Democratic voters who didn't live in targeted states and who had watched helplessly as Republicans overran their communities. These Democrats opposed the war in Iraq, but they were also against a party that seemed to care more about big donors and swing states than it did about them. Attracted to Dean's fiery defiance of the Washington establishment, these voters adopted him as their cause before he had ever heard of a blog.

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"What our campaign was about, not that I set out to make it this way, was empowering people," Dean told me recently. "The 'you have the power' stuff — that just arose spontaneously when I realized what incredible potential there was for people to get active who had given up on the political process because they didn't think either party was helping them."

Over the course of the campaign, Dean turned into an apostle, in politics, of the economic concept of "disintermediation" — the idea that, in the Internet age, voters could connect with candidates, and with one another, without the party acting as the conduit. In a sense, this is what his candidacy was all about. He still believed, though, that only a strong national party could mobilize voters on Election Day. At the Democratic convention in Boston, six months after he dropped out of the presidential race, he met with frustrated delegations from 18 "untargeted" states, meaning that the national party and its candidate, John Kerry, had completely ignored them. Dean was appalled. "The best window we have to talk to Democrats, the time when they pay the most attention, is in the presidential campaign," Dean told me, "and we were just saying to the people of those 18 states, 'We're not interested in you.' You cannot be a national party if you say that to anybody. Anybody."

It didn't take long, after the election, for a new band of Democratic outsiders — some inspired by Dean's campaign, others not — to begin asserting themselves on the local level. In Maryland, Terry Lierman, a venture capitalist who had been one of Dean's campaign-finance chairmen, ran for state party chairman, despite having had no previous involvement in local Democratic politics, and won. In North Carolina, Jerry Meek, a 35-year-old lawyer, took over the state party on a promise of re-energizing county organizations, even though both the governor and the state's leading national figure, John Edwards, strongly backed an inside candidate. Colorado and Arkansas, too, rejected incumbent chairmen in favor of obscure newcomers. In Texas, Fred Baron, a trial lawyer and Democratic contributor, established a privately financed effort to rebuild the Texas state party from the ground up — without the party's consent.

Meanwhile, the bloggers who supported Dean were taking up the same cause, inciting sporadic local rebellions. Chris Bowers, an influential blogger on the leftist site MyDD.com, demanded that the national party focus less on targeting races and more on recruiting candidates to run in every Congressional district in America. Bowers's call for individual activists to overwhelm and rebuild their local parties became a rallying point for the emerging Netroots party-reform movement. Setting his own example, Bowers got himself elected the captain of his local precinct in Philadelphia's 27th Ward and then won a seat on the party's state committee.

The question for Dean was how to harness and aggregate this state-by-state uprising that he had, by example, helped to create. Immediately after dropping out of the presidential race, he formed a political action committee called Democracy for America, whose mission was to raise money for "progressive" candidates seeking local offices, from mayoral and Congressional seats down to the local water board. This was revolt on a small scale, however, and Dean continued to ponder some grander strategy. He admits now that at the time he considered forming a third party, deciding, ultimately, that such ventures never went far in American politics.

Like Ronald Reagan, whose activist insurgency during the 1976 primaries failed to topple the Republican president, Gerald Ford, Dean might have begun work instantly on the next presidential race, building on his support among the Democratic base. But unlike Reagan, Dean had always exhibited more passion for campaigning among the grass roots than he did for the prospect of actually being the nation's president; he seemed less focused on changing the country than he did on changing the party. And the best way to do that, he concluded, was to run for chairman.

Dean, the celebrity candidate in a crowded if rather underwhelming field, campaigned on what seemed like a brazenly political promise to lavish spoils on the forgotten state parties, whose local activists held most of the votes for the chairmanship. The outcome was never much in doubt, although some skeptical Democrats refused to support him. Metcalfe, the Alaska chairman, told me that he supported Simon Rosenberg, a party strategist. "Simon was saying, 'I don't know if I can fund all the states,' and I thought that was honest," Metcalfe said. "Dean said he would give money to all the states, and I thought, That's not going to happen — not out here. I thought I was being realistic. He proved me wrong."

There were awkward moments during Dean's first months in Washington, early in 2005, when he found himself working among the party leaders he had repeatedly maligned. In his first official visit to the newly renovated D.N.C. building, Dean was greeted in the lobby by his predecessor, Terry McAuliffe, a close friend of the Clintons and probably the most gifted fund-raiser in the party's history, whom Dean's supporters had long pilloried as the personification of a party run by hacks and obsessed with

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corporate money. McAuliffe, a man of maddeningly good cheer, pointed to the new wall-size glass building dedication in the lobby, which featured McAuliffe's name at the very top, followed by a list of contributors. "Now, Howard," he said, "don't you go chiseling that down."

Not long after, Dean sat down with the party's Congressional leaders, Harry Reid and Nancy Pelosi, who had tried, ineptly and with almost comical desperation, to find a candidate who could stop him from becoming chairman. Reid and Pelosi promised to work with Dean, but they asked him to resist speaking out on key policy positions and acting as if he were the party's public face. In other words, Dean would be doing everyone in Washington a favor if he would just stay out of sight and raise money.

The latter goal proved challenging. The truth was that neither Dean nor the aides he brought with him from the presidential campaign knew much about the inner workings of the national party, and some of what they assumed they understood, based on contempt for anything they perceived to be the status quo, turned out to be more complicated than it first appeared. Determined to break the grip of millionaires on the party apparatus, Dean's team came into the D.N.C. with a plan to raise huge sums of money online, as Dean had done during the presidential campaign. Dean didn't bother reaching out to many of the party's top contributors, who were as suspicious of him as he was of them. But getting small-dollar donors excited about an established party proved a far more arduous task than getting them excited about an insurgent campaign. The situation grew perilous until, several months into his term, Dean relented and brought in one of McAuliffe's old acolytes, Jody Trapasso, to get the fund-raising operation in order. Trapasso introduced Dean to the big spenders, pushing him to devote a few hours of every day to making calls until the checks started rolling in.

Dean was discovering that he needed to find some Washington insiders to trust, after all — and he found them in what seemed an unlikely quarter. In his primary campaign in 2003, Dean struck up a friendship with Tina Flournoy, a well-respected operative who worked with Al Gore and

Joe Lieberman during the 2000 presidential race and who now held a senior position at the American Federation of Teachers, one of the party's most influential unions. Flournoy was also a charter member of an informal dinner clique whose members referred to themselves, good-naturedly, as the Colored Girls. The core group included several African-American women who had reached the highest echelons of Democratic politics. Donna Brazile, the veteran organizer who managed Gore's presidential campaign, was a regular; so were Minyon Moore, a consultant who worked in the Clinton White House; Yolanda Caraway, a public-relations specialist; and Leah Daughtry, who was McAuliffe's chief of staff (and who was retained in that job by Dean). Guest speakers at their dinners frequently included probable presidential candidates and top members of Congress. During the race for chairman, Flournoy brought Dean in as well, and he quickly clicked with the group.

Dean tapped Flournoy to run his transition team, and although she later returned to her job at the teachers' union, it is now common knowledge among Democrats in Washington that few big decisions are made at the D.N.C. without Flournoy's approval. The Colored Girls, as a whole, are unusually influential with Dean. It's an odd pairing, given that Dean governed one of the whitest states in the country, but what Dean and these women share is resentment, sometimes subtle and sometimes not, of the elite Washington Democrats who have always run the national party. Activists like Flournoy and Brazile have attained star status in the party, but they have never thought of themselves as insiders. This is partly because they are black women in a party dominated by white men — men who often seem to prize them more as symbols of diversity than for their expertise. But it is also because the women came up in Democratic politics as local field operatives — that is, as young organizers who knocked on doors, principally for Jesse Jackson — in an era when all of the power in the party was concentrated in the hands of the Washington consultants who made TV ads and polled the electorate. Dean came to Washington vowing to take power from the insiders and give it, instead, to ground-level activists. "That's our loyalty to Dean," Brazile says. "He gets it."

With help from Flournoy and the others, Dean cultivated an outsiders' culture inside the D.N.C. building. (It is more than symbolic that Dean himself never moved to Washington; he stays at the Capitol Hill Suites a few days a week before heading back to Burlington, Vt.) Dean's political staff hails largely from the state organizations, rather than from Washington; his political director, Pam Womack, formerly ran the Virginia party and the National Governors Association. Top Washington reporters and senior aides on Capitol Hill frequently complain that they now have trouble getting their calls to the D.N.C. returned, while state activists rave about the new responsiveness at headquarters.

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Flournoy also introduced Dean to the pollster Cornell Belcher, who became a constant fixture inside Dean's D.N.C. Belcher, a deep thinker and jazz aficionado who wears suit coats with unlaced Converse sneakers, had been an outsider, too, in the sense that he didn't fit into the capital's pinstriped culture and wasn't well known before Dean started taking him to meetings on the Hill. In public appearances, Dean almost always refers proudly to the fact that he has retained a "37-year-old African-American pollster" to shake up the staid Washington crowd. In fact, the main theme of Belcher's work concerns the white middle-class men and women who have deserted the Democrats in recent years. These voters care more about their faith and the character of their communities than they do about individual issues, Belcher says, and Democrats do better with rural and small-town voters when they frame their positions as values rather than as policy prescriptions. This is not an entirely new insight, but to Dean it is critically important. In his mind, it means that any voter in any state can be a Democrat, if only you bother to talk to him, and if only you make the right kind of argument.

The ultimate manifestation of this philosophy, of course, is the 50-state strategy, under which, for the first time, the national party has begun directly financing the staff at all but a few state headquarters. It's probably fair to say that if there hadn't been a quagmire in Iraq or a Hurricane Katrina — if the White House's political fortunes hadn't imploded over the last year — the 50-state strategy would not have aroused much opposition among Washington Democrats. It was only when they realized that they actually had a chance to take back the House, and maybe the Senate too, that Democratic leaders began to ask, with increasing urgency, what it was that Dean was doing with all the party's money.

This fall, the question of who will control Congress is likely to come down to about 40 Congressional districts and some dozen states with close Senate races, including such perennial battlegrounds as Pennsylvania, Ohio and Missouri. Candidates raise most of their campaign funds themselves, but they rely on additional money from Washington to pay for voter-turnout programs and last-minute TV ads. Each party has three separate entities to raise and disburse those dollars: a committee for Senate races, a second committee for House campaigns and the national party headquarters.

For Democrats, the fund-raising environment has improved over the last two years, as Bush has blundered from one legislative or foreign-policy disaster to another and as Democratic donors have seen the prospect of controlling at least one house of Congress — a notion that seemed unthinkable in 2004 — become a possibility. The Democrats who lead their party's Senate and House campaign committees, Senator Chuck Schumer of New York and Representative Rahm Emanuel of Illinois, respectively, have done their parts to make the party competitive. The Democratic Senate committee, which narrowly outperformed its Republican counterpart in 2004, has opened up an even wider margin in this election cycle. The Democratic House committee, which raised only half as much as the G.O.P.'s committee did two years ago, has closed that gap somewhat and, at last count, had virtually the same amount in the bank as its rival. Over at the D.N.C., however, it's a very different story. In 2004, the D.N.C., under McAuliffe, actually raised slightly more money than the Republican National Committee. Since Dean has taken over, however, the R.N.C. has taken an almost 2-to-1 lead in fund-raising, and going into the fall campaign it had more than $39 million stashed away, compared with just over $11 million for the Democrats. For Schumer and Emanuel, this discrepancy between the two parties is like a train coming down the track, and they're the ones sitting in its path. The R.N.C. will dump tens of millions of dollars into individual House and Senate races in the closing weeks, through TV ads and get-out-the-vote operations, and Democrats won't be able to counter it.

In a city rife with unchecked egos, few politicians exhibit the kind of unbridled self-assuredness for which both Emanuel and Schumer are known; to call the two of them pushy would be like calling Tom Cruise excitable. Emanuel, a triathlete who was

Bill Clinton's deputy chief of staff and enforcer, speaks in violent bursts of shrapnel, profanities flying in all directions. Schumer, like his native Brooklyn, can be, by turns, charming or downright dangerous, depending on which route delivers him faster to his destination.

Before this midterm election-year began, but not long after Dean became party head, Emanuel and Schumer decided that if Dean wasn't going to raise anywhere near as much money as his rivals at Republican headquarters, then he ought to at least give them whatever resources he could muster. They went to work on Dean, pleading with him to transfer as much as $10 million to the two committees to help them respond to the Republican TV barrage. Emanuel told anyone who would listen that back in 1994, when Republicans sensed a similarly historic mood swing in the electorate, the R.N.C. kicked in something like $20

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million in cash to its Congressional committees. (This argument was impressive, but not exactly true; the R.N.C. spent roughly that much on federal and local races combined in 1994, and little, if any, of that money went directly to the committees themselves.) Dean categorically refused to ante up. Having opposed the very idea of targeting a small number of states and races, he wasn't about to divert money from his long-term strategy — what he calls the "unsexy" work of rebuilding the party's infrastructure — to pay for a bunch of TV ads in Ohio. He wanted to win the 2006 elections as much as anyone, Dean told them, and he intended to help where he could. But Democratic candidates and their campaign committees were doing just fine on fund-raising, and the party couldn't continue giving in to the temptation to spend everything it had on every election cycle — no matter how big a checkbook the Republicans were waving around.

For Schumer, Emanuel and their allies, this rejection was irritating enough. When they heard the stories of how Dean was actually spending the party's cash, however, it was almost more than they could take. Dean was paying for four organizers in Mississippi, where there wasn't a single close House race, but he had sent only three new hires to Pennsylvania, which had a governor's race, a Senate campaign and four competitive House races. Emanuel said he was all for expanding the party's reach into rural states — roughly half the House seats he was targeting were in states like Texas, Indiana and Kentucky, after all — but he wanted the D.N.C. to focus on individual districts that Democrats could actually win, as opposed to just spreading money around aimlessly. The D.N.C. was spending its money not only in Alaska and Hawaii, but in the U.S. Virgin Islands as well. Democratic insiders began to rail against this wacky and expensive 50-state plan. "He says it's a long-term strategy," Paul Begala, the Democratic strategist, said during an appearance on CNN in May. "What he has spent it on, apparently, is just hiring a bunch of staff people to wander around Utah and Mississippi and pick their nose."

The disagreement with Emanuel and Schumer frayed Dean's already fragile détente with Washington's Democratic elite. Since coming to Washington, Dean had worked hard to forge a level of trust with Congressional leaders, subjugating some of his more combative impulses. In particular, he had formed what he thought of as a genuine friendship with Harry Reid. Nonetheless, the party's elected leaders and their legions of consultants remained uneasy about Dean. They suspected, correctly, that he strongly sympathized with outside forces — militant bloggers, disillusioned donors, Moveon.org — that were fomenting rebellion at the grass roots. It didn't help that Dean's younger brother, Jim, a onetime salesman who had taken over the PAC Dean started, Democracy for America, was out there proselytizing for insurgent candidates like Paul Hackett, whom Schumer eventually muscled out of a Senate primary in Ohio, and Ned Lamont, who upended Joe Lieberman in Connecticut. While campaign laws prohibited the Dean brothers from coordinating their activities, Washington Democrats assumed that Jim Dean's job was to carry out the chairman's subversive wishes.

In separate conversations, Reid and Pelosi each asked Dean — Reid in his quiet way, Pelosi more stridently — to send some money to the two campaign committees. Dean rebuffed them too. But he did promise that the D.N.C. would help with get-out-the vote campaigns. Emanuel and Schumer then began pressing Dean for a specific field plan — that is, a blueprint for how the D.N.C. would spend money on mobilizing voters, and where. The argument finally exploded during a meeting in May among Dean, Emanuel and Schumer in Dean's third-floor office at the D.N.C. Emanuel told Dean that the 50-state strategy was a waste of money; Dean shot back that winning elections wasn't only about TV ads. Emanuel wanted to know what Dean was doing to help in California's 50th district, where voters were about to hold a special election. When Dean said he had organizers on the ground, Emanuel erupted. <object.title class="Movie" idsrc="nyt_ttl" value="41705;159602">"Who?" he demanded. "Tell me their names!" Emanuel, who had a vote at the Capitol, stormed out of the meeting, cursing as he walked down the hall. </object.title>

By now, the situation had as much to do with clashing egos as it did with the elections. "The issue here is not our field plan," Dean told me. "The issue is an issue of control. I'm the new guy on the block, and they thought they were going to get me writing the check." For his part, Emanuel, who had been a pivotal adviser in several national elections (he was the model for the character Josh Lyman in "The West Wing"), seemed annoyed that Dean wouldn't defer to Democrats with more experience. That Dean raised money by talking about the closeness of the 2006 elections — and then spent much of that money in states that had nothing to do with the midterms — made Emanuel, whose office sits a floor below Dean's in the D.N.C. building, want to reach through the tile ceiling and throttle him. "I'm for a long-term strategy," Emanuel told me, "but I don't see how you have a long-term strategy if you take a historic election and walk away from it."

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What was remarkable about this fight, as it dragged on throughout the summer, was just how public it became, and the extent to which it seemed to be pulling influential Democrats into its vortex. Bren Simon, a wealthy Democratic patron from Indiana who has entertained virtually every leading Democrat at her second home in Washington, told me that she warned Emanuel and Schumer that she wouldn't write them any more checks if they didn't stop fighting Dean over his 50-state strategy. Then there was the morning early in the summer when Brazile ran into Emanuel on the steps of the D.N.C. building and started loudly lecturing him about his attacks on the chairman, in full view of party employees. Emanuel protested that he just wanted to win back the House. Two of the Democratic Party's leading strategists — one who had helped run the White House, the other who had managed a presidential campaign — stood there barking at each other on the street.

Underneath this clash of field plans and alpha personalities lay a deeper philosophical divide over how you go about rebuilding a party — which was really a dispute about cause and effect. Did you expand the party by winning elections, or did you win elections by expanding the party? Most party insiders had long put their faith in elections first, arguing that the best way to broaden the base of the party was to win more races. Schumer said as much in a written statement that his spokesman forwarded to me in response to my questions about his differences with Dean. "Our long-term goal is the same — a strong Democratic Party," Schumer stated. "But we" — meaning he and Emanuel — "believe that nothing does more to further that goal in 2006, 2008 and beyond than taking back the House and Senate so that we can implement a Democratic platform."

Recent history, though, would seem to undercut this theory. In the 1990's, the Democrats won two presidential elections behind a popular leader, and yet the party didn't grow. In fact, Democrats lost ground at every level of government except the White House and cemented their position as the party of coastal states. Steadily investing in political activity on the local level, as Republicans have done for years, seems to Dean and his allies a more realistic way for Democrats to expand the electoral map than simply trying, every four years, to piece together the same elusive majorities. Of course, every Democrat in Washington says he's for expanding the party's efforts beyond the familiar 18 or 20 battleground states, but only Dean, among his party's leaders, has been willing to argue that there is a choice involved, that you cannot actually invest for the long term unless you're willing to forgo some short-term priorities.

It takes courage, Dean told me, to try something new in the face of failure, which is why Washington Democrats were resisting his plan. "I think politicians are incredibly risk-averse, especially legislating politicians," he said. "This is like deciding to go to a psychiatrist — the risk of staying the same has to be greater than the risk of changing. And right now, in the history of the party, that's exactly where we are. The risk of doing nothing, the same old thing, is enormous. The risk of trying something new is much smaller. The risk of the 50-state strategy is much smaller than if we continue to do what we've been doing."

But you can accept Dean's premise and still wonder whether his 50-state strategy is really the best way to go about building the party. Even some Democrats who support Dean's larger vision have doubts about whether he has built enough accountability into his model for financing state parties. Republicans, as I saw firsthand in Ohio during the 2004 campaign, demand certain metrics of their local organizers. Field workers are expected to sign up so many new voters, or knock on so many doors, by a given date, and people who don't meet their quotas and deadlines can find themselves replaced — even if they're volunteers. Republican staffs in the states are required to take part in an unrelenting succession of conference calls with Washington.

By contrast, Jonathan Teeters, the 25-year-old activist I met in Anchorage, told me that he wished he spoke more often with his superiors at the D.N.C. "It's kind of an as-needed thing," he said. "As far as I can tell, they trust me to get it done. As long as I'm staying in contact, and as long as we're having success, that's how they know we're getting it done." When I asked Teeters how he knew if he was having success, he mentioned having attracted several hundred people to "Democratic reunion" barbecues across the state. "The first thing we have to do is create this energy, so people know we're here and we're active," he said.

Dean has no illusions that the 50-state strategy will succeed in every state. "They're going to make terrible mistakes — I know that," Dean said. "You never make changes without people making mistakes." He said he had visited 46 states as chairman, and each time he goes into a state, he gets some sense of the progress on the ground.

Unlike past chairmen, who mostly traveled to see donors and do some interviews, Dean spends a fair amount of time visiting party offices and mingling with grass-roots activists. His trips to more rural, conservative states, however, the kind of places where a sizable segment of voters go to church and follow Nascar, also raise some complicated issues for his fellow Democrats. Dean is treated like a Beatle by rank-and-file activists who have rarely seen a party leader in their midst, but for the rest of the

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country, Dean is that lefty who howled on national TV. Some Democratic governors and candidates have avoided Dean when he has been in town, for fear that their opponents would portray them as extremists. Which underscores the peculiar situation of Dean and his 50-state plan: he is the one guy in Washington determined to deliver the Democratic message to every part of the country, but as it turns out, he is also a guy from whom much of America doesn't want to hear it.

It's not that Dean doesn't try his damnedest to make himself palatable to culturally conservative voters. Acting on the advice of Cornell Belcher, his young pollster, he has taken to framing his positions in terms of faith and values, sometimes so transparently that it can make you wince. In Las Vegas, I heard Dean, who is not known to be a religious man, say to a Latino audience, "I don't expect the church to come out for gay marriage, but I do expect that we could say on an issue like this, 'What would Jesus do?' Equal rights under the law is not something that can be abridged by the Democratic Party, because it's really the law under Jesus Christ." The audience stared at him a little blankly, as you might stare at your mechanic if he rolled out from underneath your car and suddenly started speaking Latin.

Fairly or not, Dean has come to embody a species of Democrat that a lot of Americans of both parties find off-putting: the 60's antiwar liberal, reborn with a laptop and a Prius. On the day we landed in Anchorage, Tony Knowles, the former Democratic governor of the state, had just announced that he would run to reclaim the post. This was exciting news for Dean, since he and Knowles had served as governors together, and the two men would be attending the fund-raiser that night. But while we were at the party headquarters, the state party's executive director cautioned Dean, gingerly, that he should probably avoid getting too close to Knowles in public or saying nice things about him from the lectern. "I think he'd prefer to distance himself from the national party as much as he can," the executive director, Mike Coumbe, said.

Later that night, at the fund-raiser, I approached Knowles and asked him if it was true that he felt he needed to put some space between himself and his old friend. "I think they're about to introduce me," Knowles said, glancing helplessly toward the front of the room. "I do want to answer your question." But he was already backing away.

When dean and I last spoke, in August, I wondered aloud if the entire 50-state program wasn't, in a very basic way, inconsistent with the larger philosophy that guided his 2004 campaign. If Dean believed in disintermediation, then why was he spending so much money to strengthen the intermediaries? Weren't the state parties essentially just middlemen between the voters and the Democratic National Committee? What Dean seemed to be creating was a multilevel field organization modeled after the political machines of the 20th century rather than a new party that fostered direct communication between local activists and their leaders in Washington.

"That would be true if we thought we had to be centralized," Dean replied, raising an index finger. In fact, he went on, the Democratic Party needed to be decentralized, so that grass-roots Democrats built relationships with their state parties but had little to do with Washington at all. "State parties are not the intermediaries," he said. "If I get them trained right, they're the principals."

In other words, I suggested, he was talking about "devolving" the national Democratic Party, in the same way that Reagan and other conservative ideologues had always talked about devolving the federal government and returning power to the states. "That's what I want to do," Dean said firmly.

This struck me as a radical idea, and one that went to the heart of what Howard Dean is really thinking. Now that Dean has wrested control of the national party, his real agenda, it seems, is to radically reduce its relevance, in the same way that Grover Norquist and his crowd of conservative activists talk about "starving the beast" of the federal government they now control. Once you understand that, it's easy to understand why Dean isn't troubled by having less cash in the bank than people think he should, and why he isn't concerned about quantifying the success of the state parties he's financing. In Dean's mind, every dollar that goes to Alaska or Mississippi, or even to the Virgin Islands, even if it isn't perfectly utilized, is a dollar that isn't going into the pockets of the Washington syndicate of admen and pollsters who seem to profit more from each election cycle. And that is an end in itself. By shipping the party's money out of Washington as fast as he can collect it, Dean is trying to finish what he started three years ago — namely, the slow dismantling of the Democratic establishment.

This philosophical shift is bound to have consequences for the party's next presidential nominee. Dean argues that the 50-state strategy is actually going to broaden the playing field in 2008. By the time the next nominee is crowned, he says, a field network will already be in place, covering most of the counties and precincts in the United States; flip a switch, and the whole grid

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will light up with activity, from Baton Rouge to Boise. More than that, rebuilding Democratic ground operations in more states will force Republicans and their nominee to spend millions more dollars in states that the G.O.P. usually takes for granted, dollars that would otherwise be spent in the Midwest or in the pivotal Sun Belt.

This makes some sense, but it's also true that presidential candidates have long relied on the D.N.C. to do two simple things: underwrite TV ads and coordinate extensive field operations in a handful of perennially contested states — so much so, in fact, that every four years the nominee essentially takes over the D.N.C., installing his own strategists and fund-raisers to provide his campaign with air and ground support. If Dean isn't going to relinquish control or shift his resources into battleground states, the next nominee could find himself (or herself) outspent by the R.N.C. — and as piqued at Dean as Emanuel and Schumer are now.

Some more conspiracy-minded Democrats discern in Dean's decentralizing strategy the careful machinations of a shrewd and ambitious politician. After all, if the party's nominee loses in 2008, doesn't that set up Dean, potentially, as the grass-roots choice for 2012? Might this be his real plan — to strengthen the local activists who form his natural base of support while at the same time weakening the Washington apparatus that once tried to derail him?

It's an elegant theory, but it doesn't take into account Dean's basic ambivalence about electoral politics. In Vermont, Dean, a physician and part-time lieutenant governor, turned down the chance to run for governor, taking office only when his predecessor died. He may have run for president, as a former confidant of his once explained it to me, largely because he was looking for something to do. Dean has never evidenced much in the way of Machiavellian ambition. It's easier to imagine him, several years from now, serving as a cabinet secretary, or maybe running a university, than it is to see him rising up to lead a Reagan-like revolt at a raucous nominating convention in Las Vegas or Phoenix.

the more immediate question is whether Dean can make it through this year's elections without becoming a permanent pariah among his party's elected leadership. In September, Dean finally reached a compromise of sorts with Rahm Emanuel. In the end, Dean didn't pull any money from his 50-state strategy, nor did Emanuel successfully pressure him into giving cash directly to the campaign committees. Dean agreed, in principle, to pour about $2.6 million, on top of what he was spending on the 50-state strategy, into field operations in 40 targeted districts. "We have a basic understanding," Emanuel told me, sounding more peeved than conciliatory. "It's not everything I want, but I don't have any time to waste anymore, and I'm not waiting for Godot. I've got to get going." The deal seemed to ensure, at least, that Dean and the House campaign committee would be able to work in harmony through the elections. (Peace talks with Schumer were still going on.) It did not, however, do anything to resolve the underlying, more intractable disagreement: the importance of winning elections versus a longer-term investment in state parties. That argument will continue well after November's referendum on Republican rule.

Nor, clearly, did the compromise do much to endear Dean to his critics in Washington. "I'm not going to be on his holiday mailing list, and he's not going to be on my holiday mailing list," Emanuel snapped at one point during our conversation about Dean. "But this isn't about him or me." If Democrats fall short of retaking the House of Representatives in November, the party's elected leaders will almost certainly blame Dean for the near miss. They will say that he squandered their best chance in more than a decade to control the country. They will say it proves that Dean's risky strategy has badly hurt the party.

And yet, you could make a compelling argument that anything short of total victory in November would prove precisely the opposite. With polls consistently showing voters to be deeply nervous about a protracted war, high gas prices and stunted wages, this is that rare election that should turn less on tactics than on fundamental choices about the direction of the country; in other words, this election season is about the fear and fury of the electorate, not the addition of a few more door-knockers in New Haven or some negative 30-second spot broadcast in Columbus. As the Democratic strategist James Carville told Al Hunt, the Bloomberg News columnist, in August, "If we can't win in this environment, we have to question the whole premise of the party."

Most analysts in both parties now believe that Democrats have better-than-even odds of winning at least the House. But if they don't, rather than dissect the mechanical failures that cost them a few thousand votes here or there, Democrats might be forced to admit, at long last, that there is a structural flaw in their theory of party-building. Even a near miss, at a time of such overwhelming opportunity, would suggest that a national party may not, in fact, be able to win over the long term by fixating on a select group of industrial states while condemning entire regions of the country to what amounts to one-party rule. Which would mean that Howard Dean is right to replant his party's flag in the towns and counties along America's less-traveled highways, even

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if his plan isn't perfect, and even if he isn't the best messenger to carry it out. As another flawed visionary, the filmmaker Woody Allen, once put it, 80 percent of success is just showing up.

Dean: '08 May Hinge On Race, Immigration (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 1, 2006

Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday.

Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively.

"If that works, we're going to do that in 2008 all over the place, but in the meantime this is a great opportunity for us in 2006," Dean told 225 people attending a luncheon at the party's annual Hispanic leadership summit.

In New Mexico's largely Democratic 1st Congressional District, home to what Dean called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is fighting to get re-elected. Her opponent, Democratic Attorney General Patricia Madrid, grew up in a Hispanic household near the Mexican border.

Democrats hope to turn back the Republican Party's advances among Hispanic voters in recent years. President Bush's efforts to court Hispanic voters have helped double the GOP's share since 2000.

"We can't afford to have 45 percent of Latino population voting for Republican presidents. That diagram has to change," said Rep. Hilda Solis, D-Calif.

Dean and Solis said issues such as public education, health care, affordable housing, the minimum wage and immigration protection should continue to be party priorities.

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DAVENPORT, Iowa (AP) — Illinois Sen. Barack Obama, a potential presidential candidate for 2008, called on Democrats to embrace the national security debate in the campaign's closing weeks.

"I am happy to have a national security debate with the Republican Party," Obama said Saturday during his second visit in two weeks to Iowa, which traditionally opens the presidential nominating season. "What we need is a tough and smart national security agenda."

Obama said Democrats must stand up to Republicans' strategy of portraying them as weak on national security. He said Republicans "have a lock on the tough and dumb strategy" that Democrats must expose.

"We can't afford to be bullied because there's too much at stake," Obama said. "The only strategy the other side has is fear. That's what you're seeing and you're going to see more of it."

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HARTFORD, Conn. (AP) — Sen. Joe Lieberman, D-Conn., on Saturday launched a new TV ad that compares his nearly 18 years in the Senate with challenger Ned Lamont's relative inexperience.

The 30-second ad features a light bulb and a voice that asks: "Still waiting to hear a new idea out of Ned Lamont? Here's an idea for you."

The bulb lights up and the voice continues, "Experience matters."

In a Quinnipiac University poll released Thursday, voters by a margin of 47 percent to 38 percent said Lamont does not have the "right kind of experience" to serve as a U.S. senator.

Lieberman, who was defeated by Lamont in the Democratic primary last month and is now running as an independent, has a 10-point advantage among likely voters in the poll. He leads Lamont 49 percent to 39 percent in a three-way race. Republican Alan Schlesinger trails with 5 percent.

Lamont campaign spokeswoman Liz Dupont-Diehl said Lieberman's experience has led to the Bush-Cheney energy bill, increased terrorist activity and the loss of manufacturing jobs.

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CONCORD, N.H. (AP) — Massachusetts Gov. Mitt Romney supported plans to reduce illegal immigration from Mexico but said Saturday the U.S. should do more to keep foreign students who come here and earn advanced degrees.

"There's only one condition on getting your Ph.D. here in the U.S. and that is: You leave as soon as you get it," he told New Hampshire Republicans gathered for their annual convention. "Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay. ... It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither."

Romney, a possible 2008 presidential candidate, spoke about a growing gap in technology and education between countries like China and the United States. He described a conversation he'd had with a leader of a Massachusetts high-tech company, who said he expected that in 10 years, 90 percent of his employees will be in Asia.

"I was shocked," said Romney. "China alone graduates seven times the number of engineers that we are."

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Associated Press writer Mike Glover in Davenport, Iowa, contributed to this report.

Outside Groups Spending Millions On Ads (AP-Y)

By Jim Kuhnhenn, Associate Press Writer

AP, October 1, 2006

The images are searing, violent. Smoke and flames pouring from the World Trade Center towers. Bullets ripping through military protective vests.

The scenes are from this year's campaign ad wars, waged outside the control of candidates or political parties.

Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts.

Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats.

That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help.

"If it's there, I haven't seen it," said Rep. Rahm Emanuel, the Illinois Democrat who heads the Democratic Congressional Campaign Committee. "I can't tell you what happened from '04 to '06 and why some decided either not to participate in this election or not be at the same level."

As election day nears, television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth that attacked Sen. John Kerry's Vietnam record during the 2004 presidential race.

Progress for America is credited with helping President Bush's re-election with a powerful ad evoking the Sept. 11 attacks. The GOP-leaning group now is running ads in Missouri and Ohio that support the war in Iraq.

The Economic Freedom Fund, bankrolled by Perry, is running ads in congressional districts in Iowa, Indiana, Georgia and West Virginia.

Softer Voices, backed by Friess and Templeton, has spent $850,000 in an ad campaign in Pennsylvania on behalf of Republican Sen. Rick Santorum, who is running behind Democrat Bob Casey.

So far, most of the Democratic advertising help has come from MoveOn.org, a liberal group has been raising smaller contributions as a federally regulated political action committee.

MoveOn spent most of its advertising money in March, targeting congressional districts that were not yet considered vulnerable for Republicans but have since become competitive. Right now, MoveOn is only advertising in two New York congressional districts and one in New Hampshire.

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Democrats have gotten help from VoteVets, a PAC formed by military veterans who are critical of the Iraq war. The group is focusing on Santorum and Republican Sens. George Allen of Virginia and Conrad Burns of Montana.

The VoteVets ads accuse the senators of not supporting legislation to get better equipment for U.S. troops. The ads have been small buys, but have benefited from media coverage because they dramatically portray a sharpshooter firing through a protective vest.

A group of Democratic strategists has tried to raise about $20 million for an October advertising blitz. The effort, called the September Fund, is being led by Harold Ickes, a former aide to President Clinton and an adviser to Sen. Hillary Clinton, D-N.Y.

In a letter circulated to potential donors this month, the organizers said: "While we have achieved unprecedented unity, it is only meaningful if we can mobilize the power of progressive donors to ensure sufficient financial resources are available."

Among those solicited was billionaire financier George Soros, a donor to liberal causes who contributed more than $20 million to defeat Bush in 2004. Soros has put more than $2 million into this election, much of it toward get out the vote efforts. In an interview this month on CNN, Soros said he did not plan to spend as much as 2004.

"That was an exceptional situation," he said.

Democratic Party officials said outside groups such as the September Fund are organizing too late. "If it was September '05, I'd feel better," Emanuel said.

This year, the U.S. Chamber of Commerce has run the biggest ad campaign: $7.3 million on behalf of Republican candidates and $1.2 million on behalf of business friendly Democrats in primary contests. But the chamber had to stop those ads on Sept. 7, to abide by a legal prohibition on the use of union or corporate funds for electioneering ads 60 days before the vote.

Just in September, Progress for America has aired three rounds of ads linking the war in Iraq to the broader effort to combat terrorism. The ads area appearing on national cable networks and were broadcast statewide in Missouri and Ohio.

The first ad showed images of jet planes slicing into the World Trade Center Towers. The narrator warned, "These People Want to Kill Us." A new ad features Iraq war veterans describing the war's successes. None of the ads features politicians nor voices support for or against any elected official.

"A lot of people turn off political ads when they see a candidate," said Stuart Roy, a GOP consultant working with Progress for America. "These ads have a longer lasting effect than those that mention a candidate."

Still, some ads can backfire, and operatives from both parties have mixed views on their effectiveness.

Michael Steele, the Republican candidate for Senate in Maryland, was forced to repudiate a radio ad by an independent group supporting his candidacy that claimed Martin Luther King Jr. was a Republican and that Democrats initiated the Ku Klux Klan. Steele called the ad "insulting to Marylanders."

"Independent expenditures are overrated mostly because you're operating outside the strategic framework of the campaign," said Steve Elmendorf, a former top aide to one-time House Democratic leader Richard Gephardt and deputy campaign manager in Kerry's presidential campaign. "Sometimes they just create clutter."

MoveOn's executive director, Eli Pariser, said this election will be won on the ground, not the airwaves.

"For all the talk about ads," he said, "this is not a persuasion election as much as it is a turnout election."

Of Party Dues And Deadbeats On Capitol Hill (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues.

If you are a rank-and-file member of the House, the amount is up to $100,000. If your ambitions are to preside over a powerful committee, the duty is $300,000. For a top party leader, the tally can climb beyond $600,000.

Make those checks payable to the Republican or Democratic Congressional campaign committees.

Whether or not they are in competitive races, lawmakers are asked to mount vigorous fund-raising drives to fill their own campaign chests. Then they dole to the party, which spreads the money to the most competitive campaigns in the country.

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Four years after Congress tried to reduce the influence of money in politics by rewriting the rules of how campaigns are financed, Republicans and Democrats alike have found myriad replacements for the river of financial contributions known as soft money.

The practice of paying what the parties refer to as dues is not illegal, and it is not an entirely fresh notion by either party. This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority.

As members of Congress scurried to finish their business in Washington before heading home for the final stretch of the midterm election campaigns, leaders of both political parties were placing an unusually tight squeeze on colleagues who have not settled their bills.

With five weeks remaining in the race, nearly half of the House Democrats are in arrears. Even a month-by-month installment plan — let alone the prospect that they could regain control of the chamber if they can out-hustle the Republicans — has not provided an incentive for Democrats to pay what they owe.

"Some people make a lot of money for the party, others make a lot of issues," said Representative Dennis J. Kucinich, Democrat of Ohio, who contributed for the first time this week, but still owes $115,000. "I work on the issues side. That's where I excel."

The delinquency statements that Democrats sent via overnight delivery to representatives' homes throughout the year have been supplanted by telephone calls or personal visits from party leaders.

Representative Luis V. Gutierrez, Democrat of Illinois, said he had no intention of paying his dues of $250,000, assessed because of his seniority on the Financial Services Committee. But after a two-minute telephone conversation with the minority leader, Representative Nancy Pelosi of California, he changed course and sent in a check for $15,000.

"It's kind of hard to ignore," Mr. Gutierrez said in an interview, conceding that before Ms. Pelosi rang his cellphone, he had not given a nickel. "I still owe $225,000. Thank God it doesn't affect my credit score when I go get a mortgage."

It could, however, affect what committee assignments are passed out when Congress convenes in January. Several members said they had been told by party leaders that their positions could be on the line if they fail to contribute.

Last weekend, Ms. Pelosi made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed.

"This is not my job," said Mr. Emanuel, recalling the message he repeats again and again to fellow Democrats. "This is our job."

Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party.

The grid showed that Representative Maxine Waters, Democrat of California, had contributed $47,500. As a chief deputy whip of the party, she owes a total of $250,000.

Ms. Waters said she did not take kindly to humiliation or intimidation.

"Nobody puts the screws on me. I don't allow that," Ms. Waters said in a brief interview during a long evening of debate on the House floor. "I'm not trying to prove anything to anybody. Some years I've raised a lot, some years I've not raised so much, so I'll do whatever I do."

At the same time, contributions from more than a dozen Democrats have far exceeded their dues. Representative Charles B. Rangel of New York contributed twice as much as his $300,000 assessment and Representative John P. Murtha of Pennsylvania has nearly doubled his $250,000 requirement. Both men have their eye on leadership positions.

"When I see what some of these guys have to do to scratch for money, it's really too bad," Mr. Murtha said. "They can't raise the money, so we help them out."

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At least once a quarter, Democrats receive a fund-raising report card. To increase the motivation — or, perhaps, to embarrass them in front of their peers — the statement also points out how much money is available in individual campaign bank accounts.

The most recent document, for example, pointed out that Representative Robert E. Andrews, Democrat of New Jersey, had a balance of $2,054,562 but had paid only $40,000 of a $125,000 bill.

"I've held on to my money because New Jersey politics can be volatile," said Mr. Andrews, who has told some Democrats that he had been keeping a close watch on his state's Senate race if Senator Robert Menendez stumbles. "But there's no doubt I'll be contributing the full amount."

For Republicans, each member of the House is expected to make a contribution to the Battleground Program. The amounts range from $70,000 to $600,000, depending on the member's position. Since July, when the program began, party leaders said, about 90 percent of the members have contributed to the program, which they hope will raise $22.5 million.

There is no public disapproval for those who do not participate. Arm-twisting is conducted privately, which is why Republican officials said at least five members were summoned this week for a meeting with Speaker J. Dennis Hastert of Illinois; the majority leader, John A. Boehner of Ohio; and the majority whip, Roy Blunt of Missouri.

"Oftentimes Wall Street gauges a business's future success by the number of employees investing in their company," said Representative Eric Cantor, Republican of Virginia, who heads the House program. "I view Battleground the same way."

In the Senate, neither the Republicans nor the Democrats employ a rigorous system of dues and contributions.

Many senators raise more money for their respective party committees than their colleagues in the House, but committee assignments in the Senate depend on a tradition of seniority.

Still, in the House, where financial contributions and other demonstrations of party loyalty can trump seniority, not all longtime Democratic members believe this year's strong push to collect dues will ultimately raise, or lower, a member's prospects of winning an influential committee seat.

"No Democrat really believes that if you're going to be the chairman and you don't give the money that you're going to lose your seat," said Representative Barney Frank, Democrat of Massachusetts. "If you're a Republican, you do."

Showing some admiration for Republicans' efficiency, Mr. Frank said: "They threaten. We shame."

Mr. Frank has surpassed his dues of $300,000. His current tally? $310,700. And if Democrats win in November, he is poised to become chairman of the Financial Services Committee.

Democrats Less Sure About Recapturing House (WT)

By Donald Lambro, The Washington Times

The Washington Times, October 1, 2006

Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party.

"I'm not as confident of the House switching as I once was," a Democratic campaign consultant said last week.

But other Democratic congressional campaign advisers point to about two dozen congressional races where Republican incumbents are facing aggressive challenges that they say could return Democrats to power if there is a voter-turnout surge in November demanding change.

And the resignation Friday of Rep. Mark Foley, Florida Republican, gave Democrats another opportunity to pick up an open seat.

Mr. Foley, who stepped down after press reports that he sent sexually explicit e-mails to an underage former male page, had been considered a shoo-in to win a seventh term in the heavily Republican 16th District. His Democratic challenger, Tim Mahoney, a businessman, has been aggressively campaigning for more than a year, and Republican officials acknowledged it would be difficult for a new candidate to become well-known in the five weeks before Election Day.

Democrats need to win 15 additional seats to take control of the House, and in a tight election, Mr. Foley's seat could put them over the top.

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But recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections.

"I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own," said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country.

"But in the hot races, the competitive races where we're working, they remain as competitive as they were. So I believe the Gallup numbers showing a tightening in the generic polls can be true, even as the truly competitive races remain so," he said.

However, another Democratic campaign adviser, who spoke on the condition of anonymity, said the Republicans' stronger poll numbers in the part- preference surveys could make the Democrats' efforts to win back the House "a steeper climb."

"I expect things to tighten up," the campaign adviser said.

These concerns were confirmed last week by a top election forecaster who closely monitors the House's most competitive races.

"There has been a slight uptick in national GOP numbers, and that could help in a number of tight races, particularly in Republican-leaning districts that have been regarded as in play," campaign analyst Stuart Rothenberg told his newsletter subscribers.

Mr. Rothenberg said he thinks that "Democrats are now poised to net 15-20 seats, which would narrowly return the House to their control." But, he added, "they don't have much of a margin for error."

Mr. Secrest doesn't see the Democratic erosion that Gallup found last month in its national poll of likely voters ,which showed the party preference vote in a "dead heat."

"In the competitive races we are working in, the Democratic opportunity [to take back the House] is undiminished," he said.

Ace Of Base (NYT)

By Mark Halperin

The New York Times, October 1, 2006

BILL and Hillary Clinton have been known to cite a quip widely attributed to Einstein: "The definition of insanity is doing the same thing over and over again and expecting a different result." George W. Bush and Karl Rove live by an alternative dictum: Why do things differently when you like the results you have been getting?

In the 2002 and 2004 national elections, the president and his top political adviser won by margins provided by conservative voters who shared the White House's view that the country should continue to move right. Although the president is not on the ballot in November, the Bush-Rove model animates the Republican Party's election strategy for 2006.

Yet two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate.

Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy.

Why? In the eyes of the Bush team, America is a polarized country, one where there are fundamental divisions worth fighting over. A president — and a party — should not worry about slender margins of victory or legislative control. The goal is to accumulate just enough power to use the energies and passions of the base to effect ideological change in the nation's laws and institutions, even if — sometimes especially if — those changes might be at odds with majority public opinion.

For the Republicans, this brand of politics works because the United States in many ways remains a fundamentally conservative nation. Polls consistently indicate that there are more staunchly conservative Americans than liberal ones. Republican politicians, therefore, have the advantage of being able to proudly announce what they really think. They can go on offense.

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The party is helped, of course, by superior financial resources. And the Republicans have mastered micro-aiming rousing messages to ideologically sympathetic voters. These messages, generally on hot button issues like gay marriage and abortion, stir the kind of emotion and anger that provide the energy in Bush-Rove politics.

It's important to note, though, that this strategy depends on something else: the inability of Democrats to play by the same rules, to go on offense.

If Democrats in Congress took a secret ballot, it is safe to say there would be overwhelming support for a variety of positions that, in theory, could rally the party's base: a timely withdrawal of American troops from Iraq; a tax increase for the wealthy; universal health care; and increased rights for homosexuals. These are all positions in line with the activist wing of their party. And yet most Democrats will not openly espouse such policies, concerned that backing them could hurt their chances in 2006.

If they actually articulated what was in their hearts, Democrats worry that they would be marching into a buzz saw of negative political commercials and White House-led attacks. Democrats rightly believe that such attacks would energize the conservative base and also eat into their support among centrist voters. But their chosen alternative — in which they swallow their true beliefs on important national issues — demoralizes their own base.

If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy. On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message — both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues — has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center.

For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the G.O.P. base is coming home — and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections.

The speeches the president gave about national security leading up to the fifth anniversary of 9/11 re-engaged the base and raised his overall approval rating to around 40 percent. He also has shifted the debate back to his favored playing field: national security.

Although some Democrats are energized by the aggressive posture struck last week by Bill and Hillary Clinton on national security, the couple's visibility seems to be energizing the Republican base as well, perhaps more so.

As in 2002 and 2004, the Democrats have been baited into a heated discussion on terrorism and Iraq, blocking out debates that would be more favorable to their cause, like Social Security, the economy and gas prices. The Clintons have whipped up Democrats into a frenzy to fight back, but on Capitol Hill and on television they are largely fighting back on Republican terrain.

This is exactly what happened in the last two elections: Mr. Bush and Mr. Rove fired up the base on national security, taxes and social issues and found a way to win a majority of the electorate, even as they lost the allegiance of a majority of the country over all. The national security debate, the visibility of the Clintons and the momentum the Republicans gain from Mr. Bush's rising poll numbers — all of these echo previous election cycles.

Critics of the Bush administration assert that the politics of the base has run its course, and that the Iraq war, the partisan zealousness and the conservative social policies of the administration have made voters yearn for a more centrist, bipartisan government. But Mr. Bush's opponents may be imprudently lulled by the current storyline and broad national polls, both of which miss the power and consequence of a Republican base that may have one more victory to give.

Parties For Pay Fill D.C. Calendar (KCS)

By Matt Stearns

The Kansas City Star, October 1, 2006

WASHINGTON | Lonely lobbyist: The oxymoron of the season.

Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers.

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Breakfast invitations. Lunches. Cocktails. Dinners. Even hunting and golfing trips.

The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections.

How many invitations did he get? About 200. How many of the events did he attend? Eleven.

Did he feel like an ATM sometimes? You bet.

The lobbyist was offered the chance to nibble sushi and stone crabs with Rep. Connie Mack, a Florida Republican. Join the Mooseburger Oktoberfest with Rep. Don Young, an Alaska Democrat. Listen to bagpipes at Scotch Tasting Reception (kilt optional) hosted by Rep. John Campbell, a California Republican. And "dove shoot, sporting clays, bow and rifle deer hunting, fishing, horseback riding and golf" over a weekend on a 6,000-acre South Carolina plantation, courtesy of Republican Sen. Lindsey Graham.

That the party-and-pay carousel continues unabated shows that the lobbying scandal that rocked Washington earlier this year has changed nothing, said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a watchdog group.

And because lawmakers require ever greater piles of money to finance their campaigns — PAC cash given to congressional candidates this election cycle totaled about a quarter-billion dollars by July — they don't have much interest in real reform, she said.

"What has driven me nuts about lobbying reform is all the onus has been put on lobbyists, as if members of Congress are these babes in the woods," Sloan said. "That is so not the case."

Fundraising invitations often list members' committee assignments right under their names, Sloan said.

"It's intended to say, 'Do you have any clients with interests in front of me?' "

Attendees come with checks because they support a member of Congress' work and agenda, said Chuck Knapp, a spokesman for U.S. Rep. Todd Tiahrt, a Kansas Republican.

In September, the congressman was host of the second Todd Tiahrt European Driven Pheasant Hunt at the Flint Oak Hunting Resort near Fall River. The event was a benefit for Tiahrt's leadership PAC.

Cost: $2,500 per attendee.

Leadership PACs help a member gain influence within the caucus," Knapp said. "That's beneficial to the congressman in his work representing the district."

Graham's hunting, fishing and golfing extravaganza, to benefit his political action committee, was even pricier: $5,000. It was limited to 25 participants.

To Mary Boyle, a spokeswoman for Common Cause, a nonpartisan government watchdog group, such weekend trips are particularly troubling.

"They're meant to be sold as this opportunity to get real snuggly-close with a member of Congress," Boyle said. "That's what lobbyists are buying: access and influence."

The more typical events in Washington, where animals are not ducking for cover, cost a lobbyist at least $500, or $1,000 from his employer's PAC.

At least no lobbyist will go hungry.

On one typical September weekday, there were seven fundraising breakfasts and two lunches held at restaurants, Capitol Hill town houses owned by members of Congress or big companies and clubs associated with the Democratic and Republican parties.

The evening hours offered more than a dozen receptions and dinners around Capitol Hill and downtown Washington. Among them: the second fundraiser of the day for Sen. Jim Talent, a Missouri Republican.

Tiahrt also had his annual Fall Steak Out, that day, and U.S. Rep. Kenny Hulshof, a Missouri Republican, offered an "intimate dinner" at Bobby Van's Grill.

Perhaps most intriguing of all: "Pirates of Key West Night" at the Capitol Hill home of Rep. Ileana Ros-Lehtinen, a Florida Republican.

As Common Cause might say: Arrghh!

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INSIDE

A Florida Republican's resignation puts another House seat up for grabs. | A6

Presidential Hopefuls Boost Florida Candidates, Look To Help Themselves (FLSUNSEN)

By Anthony Man, Political Writer

South Florida Sun-Sentinel, October 1, 2006

Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House.

Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day.

"We're going to be seeing more of them. We've gotten a lot of calls and e-mails from their staffs," said Shane Strum, Broward Republican chairman. "They're going to crop up real quick."

The interaction between national and state candidates is the ultimate symbiotic relationship, like the tickbird feasting on insects from the back of cattle. While the presidential candidates garner publicity and build networks of supporters for their own campaigns, the gubernatorial and congressional candidates also enjoy the publicity and use the visitors to help attract donors to fundraising events.

Kerry, the Massachusetts senator who lost the 2004 presidential election, stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings.

It was different with Giuliani, the former New York mayor who was propelled to superstar status for his leadership after the Sept. 11, 2001, terrorist attacks. He has the ability to attract far more television cameras than even a candidate for governor might get on his own.

Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor. As the event wound up, retired Miami-Dade firefighter George Carbonell of Miramar yelled out his political hope: "Giuliani for president."

Carbonell, a registered Democrat, said his cry of support wasn't premeditated or planted by political operatives. Giuliani demurred, saying later he wouldn't make any decisions until after the November elections.

Kerry said Saturday that he would make a decision in late 2006 or early 2007.

He said his mission Saturday was to help elect Democrats, but said he hopes there is some political benefit. "Of course you hope that it's positive, but I can't predict. I can't tell you what's going to happen," he said.

Average voters like Carbonell aren't the motivation for visits by prospective presidential candidates.

More important is winning the support of people such as Mitchell Berger and William Scherer, both Fort Lauderdale lawyers.

Berger is a prominent national political fundraiser and finance chairman for Democratic gubernatorial candidate Jim Davis. Scherer is a prominent Republican fundraiser, reaching pioneer status for raising at least $100,000 for George W. Bush's 2000 campaign. In 2004 Scherer was a Bush ranger, raising at least $200,000.

Scherer, who said he won't pick a presidential candidate until after the gubernatorial election, is raising money for Crist this fall. The presidential candidate visits provide opportunities for people like Scherer and Berger to see the prospects up close, helping them evaluate whom they want to work for.

Bryan Miller, a lawyer who works in Fort Lauderdale and West Palm Beach, leads the Democratic Professionals Council, a regional group of moderate and business-oriented Democrats.

Miller said the presidential hopefuls are working with gubernatorial and congressional candidates and appearing before his group because Broward and Palm Beach counties are full of wealthy donors who can help fund their campaigns.

"They're down here to build fundraising bases," Miller said.

Miller and Mitch Ceasar, the Broward Democratic chairman, said Florida's role in determining the presidency is another factor.

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"Of all the big states in the country, there's only one swing state," Miller said. "Just do the math and Florida is the juggernaut in any presidential election."

California and New York are solidly Democratic and Texas is solidly Republican. Neither Republican red nor Democratic blue, Florida can go either way, and the state's 27 electoral votes are a tenth of what's needed to win the presidency.

"Florida is the only swing mega-state in the country," Ceasar added.

Another reason national figures in both parties want to help elect a governor is the value of the governorship in the presidential contest in two years, Berger said.

Berger said Bill Clinton almost won Florida in 1992, despite devoting little effort or money on the state, because Democrat Lawton Chiles was governor. In 2000 and 2004, President Bush benefited from his brother, Gov. Jeb Bush.

"Florida is a pivotal state," Scherer said. "Having the governor and the Legislature would make it far more friendly for a Republican candidate for president than it would be the other way around."

Democrats see it the same way. "The national party thinks that having a Florida governor is worth about five points in a presidential race," Miller said.

It's part of the way candidates build their networks of supporters.

"As long as it stays a purple state, that's a place the presidential candidates have to come," Miller said. "We're talking about a very crowded presidential field in 2008, and that makes it all the more important to be out early."

Romney Directs GOP Cash To Campaign States (BOS)

By Rick Klein, Globe Staff

The Boston Globe, October 1, 2006

WASHINGTON -- As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president.

The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies.

Romney, as chairman, plays the primary role in recommending which races receive funding, though all decisions are approved by an executive committee of the governors' association.

Florida, Michigan, and Iowa each have competitive governors' races, and Romney said in an interview that each funding decision was based on the merits.

Still, in a year in which even Romney concedes that Republicans are highly likely to suffer significant losses in governor's races nationally, some of the choices of where to send the association's money have raised eyebrows in political circles.

Two weeks ago, Romney traveled to Florida to deliver a $1 million check to Republican gubernatorial nominee Charlie Crist, even though polls have shown Crist holding a steady lead.

Even without the governors' association's contribution, Crist had nearly tripled the fund-raising kitty of his opponent, Democrat Jim Davis, suggesting the association's money might be better spent in other contests.

Also getting $1 million is Dick DeVos, who is running for governor in Michigan, a closely divided state that holds early presidential primaries -- and where Romney's father served as governor.

Though DeVos's race against Democratic Governor Jennifer Granholm is tight, DeVos is hardly strapped for cash, since he has already pumped more than $16 million of his Amway fortune into the race.

``We laughed at the Michigan money," said Jennifer Duffy, who tracks governors' races for the nonpartisan Cook Political Report. ``It's like Romney's third home state, after Utah and Massachusetts."

Romney is directing about $750,000 to Iowa, where Representative Jim Nussle, the chairman of the House budget committee, is locked in a campaign that's widely considered a toss-up.

While the tightness of the election makes the state a good target for governors' association money, the donation is noteworthy for its size, given that Iowa is a sparsely populated state with low advertising costs.

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Romney has paid frequent visits to Iowa, which has the first presidential nominating contest in the nation, including a series of stops last week.

``If Nussle wins, it gives [Romney] a friend in the governor's seat here, which can be useful as you look forward to the caucuses," said Peverill Squire , a political science professor at the University of Iowa. ``Even more important than that, it gives him a presence here, and elevates his profile among party activists. That's how you put together a campaign organization."

Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions. Some states, including Michigan and Florida, were given more money in part to reward major donors in those states, Romney said. Iowa, he added, represents perhaps the GOP's best chance for replacing a Democratic governor with a Republican.

``States that have provided a lot of money to the RGA have generally gotten more money back," Romney said. ``I'm sure when this is over, people will say, `Why did you send it there?' But we're sending money where we think it can best be spent."

Though the association declined to release its full spending figures, Romney himself has identified Florida, Michigan, and Iowa as the top three recipients so far. As a 527 organization, the RGA is required to file quarterly reports with the IRS, and third-quarter fund-raising and spending won't be released until mid-October.

RGA officials said the association also has spent heavily in states that don't figure as prominently in presidential campaigns. Romney said the group is making sizable investments in Wisconsin, Oregon, Colorado, and Maryland, among others.

By the end of the election cycle, Romney said, between 10 and 12 states will have received cash infusions of roughly similar amounts, though he declined to name the states or the amounts so as not to reveal strategy. He said he hopes those states include Massachusetts, where his lieutenant governor, Kerry Healey, is running to succeed him, but he has recused himself from decisions involving his home state.

At the same time, the governors' association has essentially written off governors' seats in New York and Ohio, and given little attention to Illinois. The association has passed up the chance to make big donations to Republican efforts to unseat Democratic incumbents in states that are historically friendly to the GOP. These include Kansas, Oklahoma, Wyoming, Tennessee, and Arizona.

The organization has given virtually nothing to Republican candidates in New Hampshire and South Carolina, two of the most important states in the presidential calendar, but where incumbents have big leads. Republican Governor Mark Sanford of South Carolina appears safe, as does Democratic Governor John Lynch of New Hampshire.

Despite Romney's efforts, polls and analysts say Republicans are likely to have a net loss of between four and eight governorships this year. If they lose four or more, they'll lose their majority status among governorships for the first time since 1994.

``The math would suggest we lose quite a few governorships," Romney said. ``We hope to do better than that, obviously."

By contrast, Romney's counterpart at the Democratic Governors Association, Bill Richardson of New Mexico, is predicting a banner year for Democrats in the 36 governor's races that will be decided Nov. 7. Richardson, like Romney, hopes to use the platform of the governors' association to boost his 2008 presidential prospects

Citing the most recent public polls, Richardson said Democrats are in a position to turn a 22-28 deficit in governorships into at least a 28-22 advantage. Richardson said Democratic pickups are likely in Massachusetts, New York, Maryland, Ohio, Arkansas, and Colorado. He said Democrats also stand good chances to take over from Republicans in Nevada, Alaska, Minnesota, and others.

``Two-thirds of the country is at stake, and we will get to a majority of governorships," Richardson said.

The factors driving the major trends in the governors' races are beyond Romney's control. Low approval ratings for President Bush and the Republican-controlled Congress are harming Republicans up and down the ballot. Romney has also been hampered by a rash of retirements among Republican governors -- including his own.

It all suggests an inauspicious debut on the national stage for Romney, who has become an increasingly public face on behalf of GOP gubernatorial candidates this year. But analysts say the losses are unlikely to significantly harm his presidential chances.

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The most important task of a governor s' association chairman is raising money, and Romney has maintained Republicans' historic cash advantage in governors' races, with the RGA raising $25.9 million -- a record for a nonpresidential year -- compared with the DGA's $17.9 million.

Because of his success bringing in money, Romney is unlikely to face recriminations for his leadership, even if the election turns out to be a bloodbath for Republicans, said Jeffrey Berry , a political science professor at Tufts University.

``Elephants have short memories, I suppose," he said.

Since taking over last November, Romney has retooled the RGA to eliminate its policy functions, allowing him to focus exclusively on fund-raising.

Even if Republicans falter on Election Day, Romney will end up glad he took on the RGA job, predicted Mickey Edwards, a former Republican representative who now teaches at Princeton University.

The travel has given Romney national exposure, and kept him in close contact with the moneymen and GOP powerbrokers who are crucial to the presidential nominating process, he said.

``It's been a big plus for him," Edwards said.

Romney Says He Must Obey Law On Marriage For Out-of-state Gay Couples (BOS)

By Michael Levenson, Globe Staff

The Boston Globe, October 1, 2006

CONCORD, N.H. -- Governor Mitt Romney all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts.

``I have to follow the law," a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. ``This is a nation of laws, even if I don't like them."

The governor's concession was made a day after Attorney General Thomas F. Reilly said he would not appeal the decision, despite a letter Romney had sent urging him to do so. The decision disappointed Romney as he looks to solidify his conservative credentials for a potential 2008 presidential run.

For the first time, the ruling makes it possible for gay couples from outside Massachusetts to come to the state and be granted marriage licenses. Issued Friday by Judge Thomas E. Connolly , the decision said Romney and Reilly cannot use a 1913 law to block Rhode Island couples from marrying in Massachusetts because Rhode Island's laws do not explicitly ban gay marriage.

Romney, who has said he does not want Massachusetts to become ``the Las Vegas of gay marriage," said the only option left is for Congress to approve a Constitutional amendment to define marriage as the union of one man and one woman. The amendment would then need the approval of three-fourths of the states.

President Bush has also called for such an amendment, but Congress has not approved it. Romney yesterday reiterated his call for a similar amendment to the Massachusetts Constitution, which he hopes to place on the ballot in November 2008.

``Let the citizens decide," Romney said. ``And I'm confident that if the citizens decide it in the privacy of a voting booth, they'll protect traditional marriage."

At the convention, held at the Capital Center for the Arts, several hundred Republicans enthusiastically applauded Romney, who delivered a speech in which he spoke about his experience managing the 2002 Winter Olympics, urged the nation to produce more scientists to compete with Asian nations, and expressed support for the ``sanctity of marriage and the foundational nature of the family."

``You and I agree on something about that, and that is my Supreme Judicial Court made a monumental error in saying that our Constitution in Massachusetts requires people of the same gender to marry," Romney said as Republicans cheered. ``I disagree with them on that. I think John Adams would disagree with them on that, as well."

Marriage, he said, is not a relationship ``just about adults."

``Marriage is primarily about the development and nurturing of children, and every child deserves a mother and a father," Romney said to more cheers and applause.

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Romney has been trying to lock up support in New Hampshire, where the early primary makes it an important state in presidential elections. Last week, the Commonwealth PAC, a political committee Romney is using to help lay the groundwork for a possible presidential run, signed up Tom Rath , a former New Hampshire attorney general, as its senior adviser. The committee has also doled out more than $100,000 to the New Hampshire GOP.

Wayne Semprini , the party's chairman, told delegates yesterday that Romney gave $60,000 to the state party this summer, when money was so tight ``the lights were flickering" at party headquarters. He also reminded delegates that Romney owns a home in New Hampshire, on the shores of Lake Winnipesaukee.

``We do love the state, as you all know," Romney's wife, Ann , said in brief remarks to the convention.

Delegates said yesterday that they were impressed with Romney.

``I think his message was excellent," said Norm Olsen , 54, of Portsmouth . ``He has some real experience in solving big problems."

Democrats Work The Factory Floor (NYT)

By David Brooks

The New York Times, October 1, 2006

Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her.

Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Senator Clinton is a well-educated professional who was influenced by the values politics of the 1960's and 70's. But most of today's strong Democratic candidates are traditionalist manly men who give the impression that if they had been involved in the Chicago riots, they would have been on the side of the cops, not the hippies. The Claritas research firm segments the country into different psychodemographic clusters. Today's most prominent Democratic candidates are more Mines and Mills than Towns and Gowns.

The Democrats were once a free trade party. But Sherrod Brown wrote a book called "Myths of Free Trade: Why American Trade Policy Has Failed" and most of this year's strong Democratic candidates rail — like John Edwards — against outsourcing and trade agreements. Their core issue is the economic resentment of the struggling middle class. Brown recently explained the political strategy to a gathering of liberal journalists: "I know that trade issues work with white male, nonunion, culturally conservative voters because they know how anxious trade issues have made them and their families."

Many of this year's prominent candidates are also surprisingly nationalist on immigration, playing off concerns about declining wages. "I do believe we must gain control of our borders," Webb said during a debate. "We also must gain control over corporate America's use of illegals. This, along with the Iraq war, has been the major failure of this administration."

On social issues, most of them are not exactly singing from the hymnal of the highly educated coastal elites. "I believe marriage should only be between men and women," Ford declares on the stump. "I don't know any better; that's how I was brought up. We didn't have any choice. Where I grew up, when you awakened on Sunday, you went to church. ... I learned the faith thing the old-fashioned way."

On Iraq, most are leaning toward the Edwards position. Unlike Senator Clinton, Edwards has disavowed his earlier support for the war. He calls for an immediate withdrawal of 40,000 troops and complete withdrawal within a year or so. But several candidates are careful to show they are not in the pocket of the A.C.L.U. Both Sherrod Brown and Harold Ford voted with President Bush on the military tribunal bill.

In sum, their message is a long way from the globalized Third Way politics Bill Clinton and Tony Blair exemplified in the 1990's. It's also a long way from the secular, multicultural liberalism that has alienated religious voters in droves.

Will it work politically? There's some evidence that it can. Michael Barone of U.S. News & World Report has noticed that so far Democrats are doing surprisingly well in rural America, where this economically progressive, socially traditionalist populism

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goes down well. Moreover, if Brown's economic populism can't win in a factory-decimated state like Ohio in a political climate like the one we have now, then it can't win anywhere, ever.

And yet Democrats have reason to worry long term. This message is based on a sort of economic nostalgia, what The Economist called a "rose-tinted version of the 1950's and 1960's" — when the middle class prospered, families cohered, America dominated, unions thrived, Islam was invisible and immigrants were Irish and Italian.

This nostalgia is certainly common today. In their must-read book, "Applebee's America," Doug Sosnik, Matt Dowd and Ron Fournier quote an anxious Michigan voter: "This is going to sound silly, but I wish things were like they were when we were growing up. ... I wish I could go back in time. We had stable lives. Mom could stay home, and we could afford it. Life was slower."

But nationwide, and in the decades ahead, can a politics that evades the modern realities of Islamic extremism and the skill-based global economy really be the basis of a majority movement? I doubt it.

The Imperial Impulse (NYT)

By Max Frankel

The New York Times, September 30, 2006

Whatever the worth of Michael Lind's prescriptions for American foreign policy, his glance back at our performance over the last 15 years is helpfully damning. The essence of his complaint concerns our pursuit of hegemony, which he describes not only as a desire for international dominance but also as a lust for unchallengeable power that is bound to wreck the American economy and enfeeble our democracy.

The imperial impulse is an aberration in American history, Lind contends in "The American Way of Strategy," and is due primarily to the fact that our success in the cold war was achieved through our total domination of the anti-Soviet coalition. The resulting hubris produced not merely the current mess in Iraq and the resentment of much of the world, he warns, but a pattern of behavior that bodes ill for the American way of life — our independence among nations and our domestic freedom from government regimentation.

Although Lind angrily traces our quixotic campaign to reorder the Middle East to the theologies of the neocon right, he blames the leaders of both political parties for the underlying failure, once the Soviet Union collapsed, to adopt "a more modest and solvent" foreign policy. "Instead of welcoming the emergence of a peaceful multipolar world, America's bipartisan foreign policy elite in the 1990's and 2000's sought to convert America's temporary cold war alliance hegemony into enduring American global hegemony."

Our misguided ambition, Lind observes, was to monopolize military strength, to discourage other great powers, like Japan, China, Russia and Germany, from arming for their own defense. We felt entitled, even obliged, to punish upstart "rogue" regimes that wanted weapons of mass destruction, with preventive war if necessary. Other signs of overreaching, he thinks, were the expansion of NATO into Eastern Europe (to deny Germany and Russia a sphere of influence there) and the war against Serbia (to reassert America's dominance in Europe and to keep the Russians out of the Balkans). Washington's current agitation against North Korea's nukes and missiles, he suggests, bespeaks not a fear of attack but concern that Japan and South Korea would also soon want advanced weapons and thus upset the American protectorate.

Implying that even the easy defense of Kuwait should not have been an American obligation, Lind writes that the gulf war of 1991 fully committed the United States to a "grand strategy of global hegemony." He thinks it led directly to the disastrous attempt of the present Bush administration to turn Iraq into an American client state and military base so as "to intimidate Iran and Syria, and to create a safer environment for Israel." Moreover, with new bases also in the former Soviet republics of Central Asia, America intended to command vital trade and oil routes and manage the "soft containment" of China and Russia.

In sum, the hegemonists were looking to transform overwhelming military superiority into diplomatic and economic pre-eminence, leaving other nations dependent or disadvantaged and America secure for the indefinite future.

What the pursuit of hegemony really guarantees, Lind argues most persuasively, is national bankruptcy, an imperial presidency, the erosion of our freedoms and diversion of precious resources. These are not just the temporary costs of the ill-fated Iraq venture, he contends, because hegemony requires commitment to three burdensome and permanent policies: (1) dissuasion — forever spending much more for our military than all other nations to keep them safely inferior; (2) reassurance —

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continually protecting other sizable powers and their interests, with military interventions as needed; and (3) coercive nonproliferation — regularly threatening or punishing states that attempt to disrupt the decreed American order.

You don't have to subscribe to every element of Lind's critique to judge it a shrewd and plausible indictment of the drift of policy since the cold war. And you can surely dismiss the first half of his book, which argues that before the cold war, all our wars, foreign policies and territorial expansions were inspired by maneuvers to produce or restore global balances of power. This glib history is mere prelude to the power-balancing that Lind finally presents as the essential antidote for hegemony. His way, in other words, has long been a proven "American way of strategy" — a clumsy phrase by which he stakes a claim to naming rights, a leg up, perhaps, in the rhetorical competitions of the think-tank punditry.

(Lind is a sometime journalist, public official and polemicist currently serving as the Whitehead senior fellow at the New America Foundation. He has been a protégé of leading conservatives as well as a renegade; has written for The New Republic, The New York Review of Books, The New Yorker, Harper's Magazine and The New York Times; and has used his frequent books to challenge prevailing opinion in diverse fields.)

"The American Way of Strategy" challenges not only the neoconservatives now dominant in Washington but also centrists like Michael Mandelbaum, who some months ago presented a rival treatise entitled "The Case for Goliath." It defended American dominance as essential, even if unappreciated, because it provides a virtual global government, offering other nations necessary regulation, stability and security.

Lind's case against Goliath is forceful but repetitive, and it culminates in only a vague and facile formula for a less taxing American posture. The United States should lead "a concert of power," he says, defining it as "a kind of hegemony shared among a number of great powers." Uncle Sam, as concert master, would rule alone over North and Central America but combine with different nations to manage different regions — with China, Japan and Russia in Northeast Asia; with China, Japan and India in Southeast Asia; with China, India, Russia and maybe Iran and Turkey in Central Asia; and so on.

If all these proud lions actually worked in concert, Lind would ask them to enforce peace and order, "not to produce liberty, democracy and the rule of law in every country." But he expects them also somehow to eliminate terrorism, prevent the spread of major weapons, rescue disintegrating states, end ethnic cleansing, manage energy supplies and protect the environment.

To stimulate such sweeping cooperation, Lind urges that we stop isolating Russia in Europe and threatening to fight China over Taiwan. He does not say what will happen if his regional teams fall out of balance and into conflict. And he concedes that no foreseeable concert can work in the Middle East, where the "least bad" option now, after retreat from Iraq, is for the United States to act as an "offshore balancer," arming others to preserve an equilibrium. That hardly addresses our problems if Egypt or Saudi Arabia succumbs to radicals or Iran eludes balancing.

Still, Lind's main theme survives his porous prescriptions. The United States alone cannot afford to police the world, never mind democratizing it. And even if prudently conserved, our relative power among nations is destined to decline. So long as jealously sovereign nations refuse to submit to a higher level of law and order, we had better learn to share the travails of living in a condition of global anarchy. For indeed, there's no point in saving America at the cost of the American way of life.

Angelides Vs. Bush (LAT)

The Los Angeles Times, September 30, 2006

Gubernatorial candidate might consider campaigning for governor instead of against the president.

'GEORGE W. BUSH! George W. Bush! George W. Bush!" By now you've probably seen the commercial featuring Gov. Arnold Schwarzenegger leading a chant for President Bush at a campaign rally. That was two years ago. In Ohio. Intended to persuade Californians to vote for Democrat Phil Angelides for

governor, the spot instead raises the question of who he's running against and which job he's running for.

What can the governor of California do about Iraq? Not much, but that hasn't stopped Angelides from trying to convert California's robust antiwar sentiment into votes. "As governor, I will do everything in my power to bring our state's National Guard troops home from Iraq," he said Tuesday. The proposal is a nonstarter both legally — the Supreme Court has ruled that a governor cannot block a National Guard deployment just because he doesn't like the purpose — and politically.

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The last candidate to campaign for governor by running against the president was Arianna Huffington in 2003. She received 0.6% of the vote. California, then as now, is a state confronted by myriad public policy challenges, including a decrepit infrastructure, a huge population of illegal residents and air and water pollution. It is these issues voters want and deserve to hear about.

California is big and exceptional enough to occasionally impersonate a nation, especially when its desires and regulations conflict with those in Washington. And it's hard to argue that the state has been shy about asserting itself lately.

Few other Republican governors have wandered further from the Bush reservation than Schwarzenegger, on issues such as the environment, immigration and stem cell research. While Angelides was spending the week on college campuses railing against "the Bush-Cheney-Rumsfeld excuse for a foreign policy," the governor was signing a historic anti-global warming bill into law.

Of course, Schwarzenegger's recent embrace of Democratic issues, in sharp contrast to his "girlie man" rhetoric of 2004 and his failed union-bashing of 2005, does raise the question of what his true principles are. At the very least, his tenure as governor leaves him open to charges of zigzagging. That's a case Angelides could make. At least then the discussion would shift to what the chief executive of California should be doing about the problems of California.

Bush Hails 'Free' Kazakhstan (LAT)

By James Gerstenzang

The Los Angeles Times, September 30, 2006

He stresses his alliance with the leader of the nation, which rights groups have criticized.

WASHINGTON — Seeking to encourage Kazakhstan to embrace democracy, President Bush on Friday characterized the oil-rich Central Asian country that faces continued criticism from human rights organizations as "a free nation."

With President Nursultan A. Nazarbayev at his side in the Oval Office, Bush said the United States and Kazakhstan shared a goal of defeating "extremism" and supporting "the forces of moderation throughout the world."

Nazarbayev, who first visited the Oval Office as Kazakhstan's chief executive when Bush's father was president, has become one of the current administration's favored allies in a troubled region, with officials downplaying questions critics have raised about his commitment to democracy and about government corruption.

Giving his guest a verbal pat on the back between their formal meeting and lunch, Bush said, "I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation."

Though Kazakhstan is seen as more open and economically progressive than some of its neighbors, Nazarbayev in July signed legislation tightening controls on the news media, drawing criticism from the West. His country's human rights record has also been assailed.

Asked whether Bush or his aides gave Nazarbayev a list of specific reforms to pursue, or raised complaints about the course of political freedom there, White House Press Secretary Tony Snow said: "There was an encouragement for the government of Kazakhstan to pursue a democratic path."

Another White House official, speaking on the condition of anonymity because he was not authorized to publicly address the conduct of a diplomatic meeting, said Nazarbayev, who was reelected nearly a year ago with more than 90% of the ballots amid opposition complaints of voting irregularities, "has a vision toward greater democracy, civil society, and freedom."

The official acknowledged that the U.S. needed to "push and enable" democracy in Kazakhstan and that it was working with the government there "to develop greater press freedom."

In the Oval Office, as he and Bush posed for photographers, Nazarbayev said that "in economics, in energy partnership, in policy, in war on terrorism, we've truly become close partners."

Kazakhstan has been a strong economic performer among developing nations, helped by oil riches that have fueled growth of about 9% a year since 2000.

In a written statement, the two countries agreed to extend cooperation in such areas as anti-terrorism, reconstruction in Iraq and Afghanistan and development of energy resources.

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Bush Praises Kazakhstan President (AP)

By George Gedda

AP, September 30, 2006

President Bush heaped praise Friday on the president of Kazakhstan, a Central Asian country important to the United States as an oil supplier and war-on-terror ally but which has a political system that stifles dissent.

U.S. concerns over President Nursultan Nazarbayev's heavy-handed rule did not come up when the two leaders appeared before reporters after their nearly hourlong Oval Office meeting. Instead, the two were all compliments in brief comments that came before Bush hosted a private luncheon for Nazarbayev in the White House residence.

Bush thanked Nazarbayev for supporting the U.S.-led war in Iraq, for his willingness to fight terrorists and to help neighboring Afghanistan become a stable democracy, and for his "commitment to institutions that will enable liberty to flourish." Bush offered support for Kazakhstan's desire to join the World Trade Organization.

"I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation," Bush said as the two sat side by side. "I appreciate your leadership, Mr. President."

White House officials had said beforehand they could not gauge how big a part of the agenda Nazarbayev's democratic record would be Bush's private meeting with him, and there was no immediate comment on the content of their talks.

Nazarbayev expressed gratitude for U.S. support for Kazakhstan's independence from the Soviet Union 15 years ago.

"In economics, in energy partnership, in policy, in war on terror, we truly become close partners," he told reporters, speaking through a translator.

His highest concern appeared to be the turmoil in nearby Afghanistan, where the Taliban has regrouped, illegal drug cultivation is rising and the democratic government remains fragile.

"Nobody in Central Asia will feel safe and peace if we are surrounded by countries populated with terrorist people and if we be surrounded by countries where some people crave to put their hand on the nuclear weapons which Kazakhstan renounced in the past voluntarily," Nazarbayev said.

That renunciation, in which Nazarbayev decided to dismantle the atomic arsenal he inherited from the Soviet Union, earned him acclaim Thursday night at a dinner put on by the Kazakh Embassy and the Nuclear Threat Initiative, which seeks to reduce the global threats from nuclear, biological and chemical weapons.

Nazarbayev said in his dinner speech that thousands of Kazakhs suffered from the radiological fallout from Soviet nuclear testing in his land that lasted more than 50 years. The testing took place in populated areas, he said. When an explosion occurred, he said, "people were told it was an earthquake."

He challenged the United States and other nuclear powers to follow his example and make their countries nuclear-free.

Kazakhstan, a vast country north of Afghanistan and Iran that is nearly the size of Western Europe, is expected to pump 3.5 million barrels of oil a day in the coming decade. It is also a very friendly country for the United States in a part of the world where pro-American sentiment is not widespread.

But it is also known internationally for a political system in which dissent is stifled.

Nazarbayev has been his country's only leader since it achieved independence in December 1991 and has brought stability and prosperity. Like those of most other Central Asian nations, however, Kazakhstan's record on democracy and protecting human rights is regarded as poor.

Nazarbayev was re-elected with 91 percent of the vote in December balloting that international observers called flawed. The 2004 parliamentary vote produced a legislature without a single opposition lawmaker.

The New York-based Freedom House and other groups that support democracy and protection of human rights had called on Bush to make the issue a priority in their meeting.

Kazakhstan Touts Itself As Nuke-free Model (WT)

By David R. Sands, The Washington Times

The Washington Times, September 30, 2006

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Kazakhstan's President Nursultan Nazarbayev said yesterday that his country's plan to dismantle its vast Soviet-era nuclear weapons programs could serve as a model for solving the confrontation over Iran's nuclear ambitions.

Mr. Nazarbayev spoke with a small group of reporters at Blair House after an Oval Office meeting and working lunch with President Bush. It was the Central Asian leader's first official visit to Washington in five years.

The Kazakh leader, whose human rights record has been sharply criticized by some U.S. groups during his visit, also said Mr. Bush had offered his support for Kazakhstan's bid to chair the 55-nation Organization for Security and Cooperation in Europe (OSCE) in 2009, which would be a diplomatic first for a former Soviet republic.

"Of course, in order to meet that objective, we have to accomplish a lot by 2009 and we are eager to do so," Mr. Nazarbayev said, speaking through a translator.

American and Kazakh energy officials announced yesterday an agreement to "down-blend" Kazakhstan's remaining stocks of highly enriched uranium, which can be used for nuclear weapons, and to convert a Kazakh research reactor so it can operate on the safer, low-enriched uranium for civilian power needs.

Mr. Nazarbayev, who has led his country since it gained independence in 1991, called Iran a "very close neighbor," and said he explained to hard-line Iranian President Mahmoud Ahmadinejad in a recent talk the benefits Kazakhstan had won by voluntarily giving up its weapons, test sites and other nuclear assets inherited after the Soviet collapse.

He said his country in return had received security and territorial guarantees from the United States and other major powers, as well as major American financial aid to eliminate existing weapons stocks and transform its facilities to peaceful uses.

"I told the president of Iran, 'Isn't that a shining example for Iran to follow?'" Mr. Nazarbayev said.

Mr. Ahmadinejad continues to defy U.N. demands that he halt Iran's efforts to enrich uranium.

The 66-year-old Mr. Nazarbayev displayed the balancing skills that have helped keep his large, resource-rich and lightly populated country an island of relative stability and prosperity in the troubled Central Asian region.

He noted that Kazakhstan also has extensive political and economic ties with Russia and China, even as it rates as a "strategic partner" of the United States.

The country's vast oil and gas reserves and its image as a model Muslim ally in the U.S.-led war on terror have boosted Kazakhstan's standing with the Bush administration, which has generally softened its public criticisms of the country's democratic shortcomings.

"I have watched very carefully the development of this important country from one that was in the Soviet space to one that is now a free nation," Mr. Bush told the Kazakh leader yesterday in the Oval Office, "and I appreciate your leadership."

A joint statement by the two leaders did not mention the U.S. stand on the OSCE chairmanship.

In an apparent reference to the government's closing last spring of two U.S. advocacy groups promoting democratic parties and institutions in Kazakhstan, the statement said Kazakh officials supported such groups and "will take the necessary steps to facilitate their legal functioning."3

Mr. Nazarbayev received a relatively warm welcome in Washington, a reflection of his country's political progress and an economy producing strong growth and expanding opportunities for foreign investors.

Just before the visit, Mr. Nazarbayev's government signed an accord to transport Kazakh oil through the new pipeline across Armenia, Georgia and Turkey, a route that bypasses Russia and has been strongly supported by the U.S. government.

During his visit, Mr. Nazarbayev also met with the heads of major U.S. corporations considering new investment in the country, including ExxonMobil, ConocoPhillips, and Halliburton.

Mr. Nazarbayev said General Electric had just signed a major deal to locate a factory in Kazakhstan.

The OSCE and Western civil rights groups have criticized restrictions on last year's presidential campaign, which gave the president a new seven-year term with 91 percent of the vote.

The country also has been shaken by the violent deaths of two opposition leaders in late 2005 and early 2006.

Analysts said Mr. Nazarbayev is genuinely popular despite the government's tight oversight of the press and political dissent, in large part because of rising prosperity.

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But the recent violence suggests that the delicate balance of competing factions within the country's ruling elite, with Mr. Nazarbayev as the ultimate arbiter, is under growing stress, according to Daniel Kimmage, Central Asia analyst for Radio Free Europe-Radio Liberty.

Mr. Nazarbayev in the interview acknowledged his country's democracy is "not perfect," but said his government has made a conscious decision to make economic development the first priority after independence.

As for getting 90 percent of the vote, he switched briefly to English to joke, "I am sorry."

"I wish it could have been less so you all would believe in it," he said, "but do you expect me to go to people and say, 'Don't vote for me. Vote for that guy.?'"

Jagshemash, Premier Bush (NYT)

By Maureen Dowd

The New York Times, September 30, 2006

Borat Sagdiyev, the Kazakh television reporter with the bushy mustache and cheap gray suit, showed up at the White House this week with an invitation for the man he calls the "mighty U.S. warlord."

He wanted to invite "Premier George Walker Bush," along with "other American dignitaries" like Mel Gibson and O.J. Simpson, to a screening of his new documentary about his anti-Semitic, misogynistic, scatological trek across America, followed by a cocktail party/summit meeting, no doubt featuring Kazakh-mopolitans made with fermented horse urine.

"We'll make discussion of cooperation between the two countries at Hooters," Borat told a befuddled White House guard.

Borat, of course, is Sacha Baron Cohen, the successor to Peter Sellers, a wildly original and brainy Cambridge grad and observant Jew from a distinguished British family. His HBO characters, the rapper Ali G, the fashion reporter Bruno, and Borat, collide with reality, exposing prejudice and puncturing pomposity.

The real Kazakhstan dictator was honored by President Bush at a state dinner this week. Nursultan Nazarbayev may have a corrupt and authoritarian regime where political opponents have been known to die very, very suddenly, but, hey, he's got oil and he's an ally in the war on terror. Respec', as Ali G would say.

So Mr. Cohen popped up as well, loping around D.C. to promote his new movie, "Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan." The satirist held a news conference in front of the Kazakh Embassy — as real officials inside fumed — to proclaim that any protestations that Kazakhstan treats women equally or tolerates all religions are "disgusting fabrications" by "evil nitwits" in rival Uzbekistan.

Mr. Cohen is a genius at turning reality into farce, taking lowbrow humor to high places, but he has met his match in W.

With the publication of parts of the classified intelligence report showing that the Bush administration has expanded the terrorist threat, as well as the books "State of Denial" by Bob Woodward, "Hubris" by Michael Isikoff and David Corn, and "Fiasco" by Thomas Ricks, all detailing the bumbling and infighting of Bush officials on Iraq, it's a tossup as to where we can find the most ludicrous, offensive and juvenile behavior — in the new Borat movie or the Bush White House. Let's compare and contrast:

At a Southern society dinner, an etiquette coach teaches Borat how to excuse himself to go to the bathroom. But when he returns to the table with a toilet doggie bag, no one laughs.

W. and Karl Rove "shared an array of fart jokes," Mr. Woodward writes. A White House aide put a toy that made a flatulence sound under Karl's chair for the senior staff meeting on July 7. When they learned of the terror attacks in London, the prank was postponed. But several weeks later, "the device was placed under Rove's chair and activated during the senior staff meeting. Everyone laughed."

Borat likes to wrestle guys naked. Karl liked to show W. his battery-powered "Redneck Horn," blasting obscenities and insults like "Hey, hogneck, who taught you how to drive?" in a Southern drawl.

Family values in Borat's comic portrait of Kazakhstan are reflected by his sister, an incestuous hooker, the town rapist, a cow in the bedroom, and the annual Pamplona-like "Running of the Jew."

Mr. Woodward writes about Bush family values, or the "Running of the WASP." Even though Poppy Bush found his old G.O.P. nemesis Donald Rumsfeld "arrogant, self-important, too sure of himself and Machiavellian," the author notes, W. chose Rummy as defense chief, feeling "it was a chance to prove his father wrong."

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Borat had a fantasy life in which he would bag — literally — Pamela Anderson and yoke her happily ever after to a plow on his farm. Dick Cheney had a fantasy life in which he would bag Saddam's W.M.D. by occupying Iraq. In July 2003, Vice and Scooter Libby pored over fragments of intelligence intercepts, trying to figure out where on earth those elusive W.M.D. were. Mr. Woodward notes that Cheney staffers even called the chief weapon hunter with satellite coordinates for possible hidden caches.

Borat thinks Pamela is silly to object to animal torture, just as Vice thinks the press is silly to object to prisoner torture.

After much chaos, Borat gives up on Pamela and marries a prostitute. After much chaos, and even though Laura wants Rummy out, W. sticks with him at Vice's insistence.

No doubt. For lowbrow antics and silly stunts, W. is the clear winner. Respec'.

Rice Hopes To Rescue Gaza Border Pact (LAT)

By Ken Ellingwood And Paul Richter

The Los Angeles Times, September 30, 2006

Deal she brokered last year to ease Palestinian crossings has gone nowhere. She'll tackle the finger pointing in a visit next week.

JERUSALEM — American officials declared a big breakthrough last year when Secretary of State Condoleezza Rice brokered an agreement between the Israelis and Palestinians to ease the flow of people and goods in and out of the Gaza Strip.

But with Rice poised to return here next week, the pact lies in tatters amid ongoing violence and mutual finger pointing between Israel and its neighbors.

Forged in November after intensive, wee-hours diplomacy by Rice, the accord sought to improve freedom of movement as a way to jump-start the battered Palestinian economy and give Palestinians more control over the Gaza border crossings in the wake of Israel's pullout from the territory several months earlier.

Besides laying out the terms of more open access through the main crossings at Karni, between Gaza and Israel, and Rafah, between Gaza and Egypt, the agreement called for bus convoys between Gaza and the West Bank and foresaw eventual development of a seaport in Gaza and reconstruction of its damaged airport.

But few provisions were carried out, and the main Gaza crossings have remained constricted or shut, leaving Palestinian farmers unable to export crops and deepening a sense of confinement felt by many of the territory's 1.3 million residents. The United Nations said in a recent report that the flow through Karni was lower than when the accord was crafted.

"The crossings agreement has joined the great pile of sand in which the Mitchell, Tenet, Zinni and the road map plans have been buried," Israeli journalist Aluf Benn wrote in July in the daily newspaper Haaretz, referring to earlier U.S. initiatives.

Israel and the Palestinians blame each other for the collapse.

The Palestinians say Israel stalled in implementing the agreement; the Israelis attribute their continuing hesitancy to security concerns, including renewed rocket fire from Gaza and the June capture of an Israeli soldier that resulted in an Israeli military incursion.

During her swing through the Middle East, which begins Monday in Saudi Arabia and includes a stop in Cairo, Rice hopes to rescue the crossing agreement as a part of her mission to find ways of renewing the peace process. She is to meet with leaders of moderate Arab states, Palestinians and Israelis to discuss the aftermath of the war in Lebanon, Palestinian-Israeli issues, Iran and Iraq.

Israeli and Palestinian officials say they want to salvage the border agreement, though Israel appears to favor a less sweeping version. In addition, European Union officials are considering whether to renew the assignment of monitors who have been posted at the Rafah crossing.

Freedom of movement is one of the most problematic day-to-day issues for Palestinians. The crossings deal was seen as a way for both sides to win: The Palestinians could develop the Gaza economy through increased trade, and Israel would gain security and further international support for its Gaza pullout the previous summer.

Under the agreement, the Karni crossing, which serves as the main cargo portal between Gaza and Israel, and Rafah were to operate "continuously."

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The Rafah crossing was to be turned over to the Palestinians, with Israel keeping track of who entered from Egypt by way of live video and data feeds.

In addition, the two sides were given a month to work out arrangements for bus convoys to carry Palestinians between the West Bank and Gaza Strip, which have been largely isolated from each other because of Israeli travel restrictions.

The Palestinian side would be responsible for guarding crossings from militant attack, and was to cooperate with Israeli and U.S. officials on security issues.

The Palestinians were also to crack down on the smuggling of weapons and explosives at Rafah, a chaotic border town where tunnels have been built for sneaking arms and contraband into Gaza.

But the deal began to unravel almost as soon as Rice left town. Discussions over the bus convoys quickly ran aground. When a suicide bomber killed five Israelis in Netanya, Israel said it was not ready to move forward.

Facing repeated rocket fire by Gaza-based militants, Israel kept the Karni crossing closed during much of the winter, the harvest season for export crops such as carnations, cherry tomatoes and strawberries. Unable to get their products out of Gaza, Palestinian farmers left them to rot or sold them at a loss in Gaza. Losses were estimated at $30 million.

Since then, Karni has been open only irregularly. An average of 30 to 40 truckloads a month make their way out of Gaza through the crossing — well short of the accord's goal of 400.

Some farmers have become so discouraged they skipped the planting season a few weeks ago, said Saad Khatib, trade policy advisor for Paltrade, a private-sector group that promotes Palestinian trade overseas.

Palestinians say the crossings agreement has failed because Israel didn't want to cede control of Gaza's borders in the first place. "There's no will on the Israeli side to improve this process," Khatib said.

Rafah was largely open until militants burrowed under the border into Israel and captured Israeli Cpl. Gilad Shalit on June 25. His fate remains unknown. In response, Israel launched a broad military incursion, its first in Gaza since the pullout, and has kept the crossing mostly closed since.

Israeli officials defend the closures on security grounds, whereas Palestinians charge that they are punitive. Israel, in turn, accuses the Palestinians of undermining the border agreement by failing to take steps to improve security around the crossings.

Salvoes of Kassam rockets into southern Israel have continued on and off — evidence, the Israelis say, of the inability of Palestinian authorities to assert control over the border. However, Palestinian police were able to thwart a militant attack on Karni in April.

Complicating matters, the victory of militant group Hamas in January's parliamentary elections also brought an end to most of Israel's dealings with the Palestinian government, though the crossings fall under the jurisdiction of Palestinian Authority President Mahmoud Abbas, who is a member of the Fatah movement. Unlike Hamas, Fatah does not call for Israel's destruction.

"From Israel's national security perspective, it's not in our interest to see Gaza as a failed state," said Mark Regev, a spokesman for the Israeli Foreign Ministry.

"The agreement was part of something bigger. The agreement failed because something bigger failed…. The crossings can't be seen in isolation."

American security coordinator Lt. Gen. Keith Dayton has proposed a plan for improving security at Karni through construction of more facilities, training of Palestinian security forces and possibly deployment of international observers.

But experts on the Middle East caution that Rice's new mission is unlikely to achieve lasting success without a broad new agreement on security and other issues.

"You could arrange to have Rafah opened by next Monday. But the question is, will it stay open?" said Aaron David Miller, a public policy scholar at the Woodrow Wilson Center in Washington. "If this is one of the top objectives of her trip … it may turn out to be a difficult trip."

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Turkey Trying To Bridge The Gap With The West (WSJ)

DOJ_NMG_0071924

By Philip Shishkin

The Wall Street Journal, September 30, 2006

Given deteriorating relations with the West and increasing ambivalence at home over alliances with the U.S. and Europe, Turkey's prime minister, Recep Tayyip Erdogan, will have plenty to talk about during trips to Washington and London and a visit from the German chancellor this coming week.

Straddling a strategic divide between East and West, the mostly Muslim country of 70 million people remains committed to its partnership with the U.S. and to its quest to join the European Union. But both of these traditional pillars of Turkey's foreign policy are coming under pressure as rising numbers of Turks believe they stand more to lose than to gain from getting closer to the West.

This perception alone, whether it is right or wrong, should cause alarm in Washington and across Europe, because many policy makers believe that Turkey's vibrant economy and relatively stable democracy -- both rare in the Middle East -- make it essential to keep the country fully within the West's strategic orbit.

Ankara's relations with Washington have recovered somewhat since Turkey banned the U.S. from using its territory as one stage for the 2003 invasion of Iraq. But plenty of bad blood remains, once again mostly because of Iraq. The Turks are outraged by what they see as U.S. inability to restrain Kurdish separatists who attack Turkish soldiers and use Northern Iraq as a haven.

In Turkey, where military service is compulsory and where every family has a relative in uniform, every soldier's death has immense resonance and further stokes anti-U.S. anger. "The U.S. hasn't done anything to help us," says a senior Turkish official. A recent poll showed that only one in five Turks feels warmly toward the U.S. Washington has started taking the issue seriously enough to appoint a special envoy to help address the separatist problem, and Turkey has welcomed the move. Privately, Turkish officials say they need to see concrete results. "Over the last three years, the U.S.-Turkish relationship has deteriorated markedly," writes Richard Haas, president of the Council on Foreign Relations.

A similar deterioration has marked Turkey's relations with the EU. Turkey is negotiating to join it, but against a rising tide of public opinion both in Europe and at home. Many Europeans, exhausted after admitting scores of Eastern European states to the union, view Turkey's membership with skepticism, saying the country is too big, too poor and too culturally different to enter the EU. The Turks, who never lacked national pride, view Europe as inherently biased against admitting their mostly Muslim country into their mostly Christian club.

This past week's EU decision to accept Bulgaria and Romania, despite the two countries' serious domestic problems, only confirmed Turkey's view that it is being held to a tougher standard. As Turkey's EU talks get more difficult and touch on sensitive issues -- such as the deadlock over the divided island of Cyprus and European criticism of Turkey's human-rights record -- more Turks are beginning to question the wisdom of joining.

The silver lining for the U.S. and Europe is that Turkey is so deeply integrated into the Western economic and political structures that a complete rupture is extremely unlikely. But if the Turks continue to perceive that the West isn't meeting their concerns, they will be more likely to elect leaders whose support for Western policies cannot be taken for granted.

U.N.-Israel Encounter Highlights Discord (AP)

By Hamza Hendawi, Associated Press Writer

AP, September 30, 2006

An encounter between a U.N. tank patrol and an Israeli army unit near the border underlines the uncertainty in south Lebanon, with Israel reluctant to pull out the last of its troops and Hezbollah warning of impatience with Israeli truce "violations."

French peacekeepers on Thursday blocked the path of an Israeli armored personnel carrier and two Humvees that crossed into Lebanon, said an Associated Press photographer who saw it. Although the hour-long incident was resolved amicably, it marked the first such known encounter.

The peacekeeping force has said it expects Israeli troops to leave Lebanon under the U.N. cease-fire resolution by Saturday. Israeli military officials said Thursday that the pullout would most likely come after the Jewish holy day of Yom Kippur on Monday.

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Israeli officials have been reluctant to withdraw the last of their troops, now thought to number several thousand after peaking around 30,000 at the end of the 34-day war with Hezbollah. They cited disagreements over the deployment of Lebanese and U.N. forces in southern Lebanon, which has long been a stronghold of the Shiite Muslim militants of Hezbollah.

But Lebanese Prime Minister Fuad Saniora on Friday stressed the need for Israel to withdraw completely in a telephone call to Secretary of State Condoleeza Rice, Lebanon's state-run news agency reported.

The U.N. resolution calls for 15,000 peacekeepers to work with an equal number of Lebanese soldiers to prevent another outbreak of fighting. It mandates a full Israeli pullout and requires the south be kept weapons-free except for arms approved by the Lebanese government.

Israel wants Hezbollah guerrillas disarmed, but neither the U.N. force nor the Lebanese military is eager to take on the task. The Iranian- and Syrian-backed Hezbollah says it will not disarm until a strong central government capable of defending Lebanon is in place.

Hezbollah leader Hassan Nasrallah has said guerrillas have shown patience with what he called Israeli cease-fire violations. But last week, he warned: "Be sure that we will not be patient for long if the (Lebanese) government abandons its role of protecting the land and the people."

Incidents on the ground could heighten tensions, as Thursday's encounter showed.

Israeli troops still stationed on a hilltop on the edge of the border village of Marwaheen had set up checkpoints in recent days on a stretch of road below their base and running parallel to the border fence, residents said.

On Thursday, French peacekeepers also were near the village.

Peter Dejong, an AP photographer, said four French Leclerc tanks painted white were on patrol in the area when an Israeli armored personnel carrier and two Humvees drove into Lebanon through a border gate.

The last French Leclerc tank in the patrol stopped, backed up about 150 yards and blocked the path, a narrow strip of tarmac extending from the gate.

The French and the Israelis then spent several minutes speaking to their commanders by mobile phones and two-way military radios.

Later, the two sides engaged in an animated conversation. Finally, the Israelis drove back to Israel in the troop carrier and the two Humvees.

Malak Sheetowy, a 19-year-old resident of Marwaheen, and her neighbor Marlene Ghanam gave a similar account Friday, saying the faceoff lasted about 60 minutes.

Israel's army confirmed that its troops came close to the French peacekeepers but said there was no confrontation. Israeli troops have been in the Marwaheen area since the cease-fire took effect Aug. 14 and will stay until the zone is transferred to peacekeepers, the army said.

Alexander Ivanko, spokesman for the U.N. peacekeeping force, said French peacekeepers "observed an Israeli violation of the Blue Line" — the U.N.-demarcated line between Lebanon and Israel.

Ivanko said the encounter was peaceful and there was no tension. "I checked with the French colonel and he told me it was amiable. ... They exchanged a couple of words and everyone went his way."

In Jerusalem, Israeli Foreign Ministry spokesman Mark Regev said he didn't know about the incident, but said that "Israel is honoring all its obligations" under the U.N. resolution and will continue to move toward its full implementation, including the withdrawal of Israeli troops.

Marwaheen, a Sunni village that survives on tobacco and olive crops, made headlines when vehicles carrying residents fleeing this summer's war came under missile fire that killed 12.

There are two U.N. bases in the village, one of which is 150 yards from a hilltop held by Israeli troops. An Israeli tank and an armored personnel carrier could be seen at the hilltop post.

Marwaheen's roughly 200 residents — about half the prewar population — were visited Friday by U.N. officials accompanied by bodyguards and interpreters to seek information on Thursday's incident.

Adnan Ghanim, a member of the village council, said he suspected the Israelis were trying to expand their hold on the area. "They wanted to move back into the village," he said.

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Tobacco farmer Moussa Obeid had similar concerns.

"It is not clear yet what these U.N. troops will do to protect us from the Israelis," he said, pointing to the Israeli position. "This is occupation. Look how close they are to us."

Tens Of Thousands Of Hamas Members Rally (AP)

By Ibrahim Barzak, Associated Press Writer

AP, September 30, 2006

Tens of thousands of Hamas supporters marched in the Gaza Strip on Friday to show their backing for the militant group, even as its efforts to form a national unity government appeared stalled.

Hamas, which won Palestinian parliamentary elections in January, has dropped in popularity in recent months as international sanctions against the Palestinian government and an Israeli military offensive in Gaza have worsened already intense poverty.

Thousands of people marched through the town of Jebaliya in northern Gaza, wearing green Hamas baseball hats and waving green Hamas flags. One banner carried by the marchers read: "Yes to our government, no to all the mercenaries trying to sabotage it."

"The aim of this demonstration is to send a message to the world and to those in our society that the Palestinian people are standing with their elected government. They are rejecting the unjust and unfair siege and all attempts to carry out an internal coup against this government," Hamas lawmaker Mushir al-Masri told reporters.

After Hamas took over the Palestinian Authority, Western governments and Israel cut off financial ties with the government, demanding the militant group recognize Israel, renounce violence and respect previous agreements signed with Israel.

The cutoff in foreign aid has prevented the Palestinian Authority from paying full salaries to its 165,000 employees for six months. Many civil servants responded by going on strike and calling for the resignation of the Hamas government.

The Palestinians' situation further deteriorated after Hamas-linked militants attacked an Israeli army post June 25, capturing a soldier, and Israel responded with a wide-scale offensive in Gaza.

In an effort to end the economic embargo on the government, Hamas officials have tried to form a coalition with Palestinian President Mahmoud Abbas' Fatah Party. However, efforts to form the national unity government have stalled because of Hamas' refusal to recognize Israel.

Al-Masri said Hamas remained committed to forming the coalition. "We are going to move ahead with the president, because there is no choice," he said.

Also on Friday, Israeli soldiers killed two Palestinian teenage brothers in the northern Gaza Strip, the army and Palestinian security officials said. The attack occurred in a field near the town of Beit Hanoun, which is often used as a staging base for rocket attacks on Israel.

Palestinian hospital officials said Anwar Hamdan, 16, and Hamam Hamdan, 14, were riding bicycles to inspect rocket launchers in the field when they were killed.

The army said the two were targeted because they had come to the field to collect launchers used to fire rockets in the past week. In recent months, Palestinian militant groups have sent children to collect the rocket launchers, believing they would be less likely to be attacked.

Late Friday night, an Israeli airstrike destroyed the home of a local Hamas leader in southern Gaza, officials said. There were no reports of casualties. The owner of the home, a senior member of Hamas' military wing in the area, received a call from the army about 15 minutes ahead of the blast telling him to evacuate the building, Hamas officials said. Rescue crews rushed to the area to search for wounded.

The army confirmed the airstrike, saying it had targeted a weapons storage facility. It said it warned people to stay away from the structure ahead of the attack to avoid civilian casualties.

The army has carried out a number of similar airstrikes since launching an offensive in Gaza in late June after Hamas-linked militants tunneled into Israel and captured an Israeli soldier.

Things Go Better With Rights (WSJ)

DOJ_NMG_0071927

By Zahi Khouri

The Wall Street Journal, September 30, 2006

In 1995, I moved from a comfortable life in America to Ramallah, Palestine, to invest in the most American of businesses there. I was instrumental in bringing Coca-Cola to the Middle East in the early 1980s; after the Oslo Peace Accords were signed I decided to launch the Coke franchise in the West Bank and Gaza.

Over the last decade, the business has grown. Today, Coca-Cola employs hundreds of Palestinians and sells 10 million cases of Coke a year.

As a Palestinian American, this was more than a moneymaking venture. Each gleaming bottle, with that red Coca-Cola swirl in both Arabic and English, would be a miniature ambassador from America. And each potential investor who saw that Coke was successful might decide to invest as well. It seemed the perfect strategy: to promote American interests while helping to build an economy that could serve as the foundation of a viable, independent Palestinian state.

Following the peace accords, scores of other Palestinian Americans moved to the West Bank and Gaza. Professors came to teach at universities. Doctors came to help modernize the healthcare system and treat patients. Artists came to exhibit and perform. Other business professionals came to invest, modernize the economy and create jobs. Each, in their way, wanted to help build an independent Palestine. Each served as the real ambassadors of America, so different from the American-made Apache helicopters and F-16 fighter jets Israel uses to rain destruction on the Palestinian economy, cities and villages.

But Israel has decided that we Americans are not welcome. Many, like me, have lived in the West Bank for more than a decade. Unlike American Jews -- or Jews from anywhere -- who can receive instant citizenship upon arrival, we are unable to obtain residency. Instead, we Christian and Muslim Palestinians must rely on our American passports, renewing our tourist visas every three months. A hassle, yes, but the only way to stay in Palestine, often in the homes our families have inhabited for generations.

Since Hamas assumed government authority after democratic elections this year, Israel has begun to deny Palestinian Americans the right to enter. We are left to wonder why.

This new policy could be another turn of the screw to pressure Hamas. It could be manufactured as a painless concession for future negotiations. It could be one more tactic in Israel's drive -- which began in 1948 with the expulsion of more than 700,000 Palestinians -- to empty as much land of as many Palestinians as possible.

We do not know the reason for denying entry to Palestinian Americans. But we do know the result. In addition to breaking families apart -- for example one spouse with children in the West Bank, and the other unable to return from visits to the U.S. -- it is discouraging investors. It is driving out the very people the U.S. State Department, the World Bank and other international organizations encouraged to return. We are the ones building businesses, creating jobs and inspiring hope for a better future.

Using the pretext of security, Israeli policies of home demolitions, land confiscation, restrictions on movement and construction of the separation wall have choked the Palestinian economy. According to the U.N., more than 540 checkpoints and other structures impede movement throughout the West Bank, and crossings into Gaza are rarely open. Gaza represents 30% of the Palestinian economy. Yet we cannot ship goods from the West Bank to Gaza. And Gaza cannot import raw materials for processing, even though it possesses a talented labor force. Israel has also been refusing to turn over nearly $55 million a month (now totaling roughly $400 million) in Palestinian tax revenue. With the cutoff of international aid, this has led to a humanitarian catastrophe. Since March, Palestinian Authority employees -- about one-quarter of the labor force -- have not received their salaries.

Israel will not gain security by creating Mogadishu next to Silicon Valley. Only an open and thriving Palestinian economy can lay the foundation for a sustainable peace.

Our humanitarian crisis is not the result of a natural catastrophe. There was no tsunami, earthquake or drought. We helped to build nations. We have the natural resources and human capital to build a thriving, stable Palestinian economy as well. We do not need international handouts. We need the free movement of people and goods. We need unrestricted gateways between the occupied Palestinian territory and the rest of the world.

American policy makers have tremendous influence with Israel. They should use it to insist on freedom of movement of people and goods, and to maintain access for Palestinian Americans and Palestinians with other foreign passports to continue to

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play a role in economic development. A vibrant Palestinian economy serves the interests of all -- Palestinians, Israelis and Americans.

Out Of The Mouths Of Aides (NYT)

The New York Times, September 30, 2006

It has taken five and a half years, but at least some of President Bush's aides have begun to acknowledge the patently obvious: There needs to be a serious effort to settle the Israeli-Palestinian conflict.

Without one, the United States has no chance of salvaging its battered reputation in the Islamic world. No chance of rallying moderate Arab leaders to fight extremists or contain Iran. And no chance of ensuring Israel's lasting security. We just hope that Mr. Bush will now make the long neglected peace effort a central priority for the remaining years of his presidency.

With Secretary of State Condoleezza Rice traveling to the region next week, Mr. Bush should give her an explicit mandate to press Israel, and not just the Palestinians, for real compromises. He should also give her the authority to talk to adversaries, and not just friends, about how to support the effort.

For years, Mr. Bush's advisers have woven an entire mythology about how Middle East peace required tanks on the road to Baghdad, rather than diplomats on planes to Jerusalem, Ramallah and Damascus.

So it was surprising to hear one of Ms. Rice's closest aides, Philip Zelikow, the State Department counselor, tell a think-tank audience that some sense of progress on the Arab-Israeli dispute is "just a sine qua non" for getting moderate Arabs and the Europeans to cooperate on Iran and the region's many other dangerous problems. "We can rail against that belief. We can find it completely justifiable. But it's fact," Mr. Zelikow said.

We fear that Mr. Bush and his secretary of state haven't yet caught up to that. As Ms. Rice prepared to leave, other aides said that the most she would do would be to rally support for the moderate Palestinian president, Mahmoud Abbas, and to solic it ideas on how to revive peace talks.

Ms. Rice should use this trip to commit herself to negotiating a comprehensive cease-fire. She can start by telling the Israelis they need to immediately end targeted killings and halt all settlement construction. Ms. Rice needs to make clear to the Palestinians that while words are important, she is less concerned with rhetoric than the ability and willingness of any Pale stinian government to halt, rather than abet, all attacks on Israel.

Washington is already encouraging Israel's prime minister, Ehud Olmert, to meet with Mr. Abbas, for more symbolic support. Ms. Rice should instead tell all sides that President Bush's goal is a full resumption of peace negotiations — and that he will commit the full resources of his presidency to the effort.

Ms. Rice should be willing to go to Damascus — or send a top aide — to tell President Bashar al-Assad that relations can improve if he restrains his clients Hamas and Hezbollah. The Europeans — who have been desperate for the United States to engage — should make the same trip to warn of real punishments should he refuse.

The lesson of this summer's disastrous wars in Lebanon and Gaza is that the time for listening tours and tactical steps is far past. We hope that Mr. Zelikow's bosses start paying attention.

Woman Accused Of Supporting Terror Group (AP)

By Daisy Nguyen, Associated Press Writer

AP, September 30, 2006

A naturalized U.S. citizen from Iran who was found in Iraq was indicted Friday on charges of providing support to a terrorist organization that seeks to overthrow the Iranian regime, federal prosecutors said.

Zeinab Taleb-Jedi, 51, then a resident of Herndon, Va., went to Iraq in 1999 to attend a training camp run by the Mujahedin-e Khalq, or MEK, the U.S. attorney's office in Los Angeles said in a statement.

MEK, also known as the People's Mujahedin of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. The group had sided with Iraq in its 1980-88 war against Iran.

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The State Department says the MEK groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

Taleb-Jedi was discovered by coalition forces at a camp called Ashraf Base about 40 miles northwest of Baghdad, the U.S. attorney's office statement said. It was unclear when.

U.S. forces took control of the camp and sent many members back to Iran on condition that they leave MEK, said Thom Mrozek, a spokesman for the attorney's office.

"An investigation reveals that she played an active role at the camp," Mrozek said.

Taleb-Jedi was indicted by a federal grand jury in New York City on one count of providing material support to a foreign terrorist organization. She faces up to 15 years in federal prison if convicted.

She was being prosecuted in New York because her plane landed at John F. Kennedy International Airport on March 31 upon her return from Iraq. The case was handled by Los Angeles-based prosecutors who have been involved in MEK-related investigations since the 1990s.

She was assigned a public defender in New York and released on bond.

Taleb-Jedi immigrated to the United States from Iran in 1978 and became a U.S. citizen in 1996, the government said. Her aliases include Nayer Taleb-Jedi or Nire Taleb-Jedi, according to the two-page indictment.

The attorney's office did not release any information on the woman's occupation.

Some members of Congress in recent years have advocated the group's removal from the terrorism list because of its stance against the Iranian regime and because it doesn't pose a direct threat to the U.S.

Venezuela And Nigeria, Both OPEC Members, Say They Will Cut Their Oil Production (NYT)

By Jad Mouawad

The New York Times, September 30, 2006

Some members of OPEC are getting really nervous about oil at $60 a barrel.

Two of the oil cartel's 11 members, Nigeria and Venezuela, said yesterday that they would make voluntary cuts in their production in response to oil prices that have fallen nearly 20 percent from their peak two months ago.

The modest move, which amounts to less than 200,000 barrels a day, comes after days of mixed signals from some OPEC officials who have been increasingly concerned about the rapid drop in prices.

Nigeria's oil minister, Edmund Daukoru, who is the OPEC president this year, recently said the price of oil was "very low." Both countries, traditional price hawks within the Organization of the Petroleum Exporting Countries, said their cut was part of an informal deal agreed to at OPEC's last meeting this month to pare output if prices declined.

Yesterday's announcement was initially shrugged off by oil traders who say there was still plenty of oil supplies on the market. But the confusion around OPEC's position helped push up the price of crude oil on the New York Mercantile Exchange. Oil futures for November delivery pared initial losses and closed at $62.90 a barrel, up 14 cents.

Since they last met in Vienna, OPEC representatives have become anxious as they watch crude oil futures decline rapidly from a midsummer high of $77.03 a barrel.

Mr. Daukoru has been in contact with other OPEC ministers to discuss falling oil prices, which briefly dropped below $60 a barrel in intraday trading for the first time in six months on Monday. But OPEC denied there had been a shift in policy.

One delegate from a Persian Gulf country, who spoke on the condition of anonymity because he was not entitled to talk about his country's policy publicly, had a calmer view.

"We are not currently concerned," he said. "The prices are currently manageable and fair. We're not overly alarmed by the prices. It's the market working."

Demand for crude oil typically declines after Labor Day, and it is not unusual for oil prices to drop once the summer driving season is over. Consumption tends to pick up again with the first winter cold.

"We are not going to push extra oil in the market or force it down our customers' throats; we just respond to demand," the delegate said.

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Still, despite assurances from Saudi Arabia and others that they would keep markets amply supplied with oil, the contradictory statements from senior OPEC representatives have raised doubts about the oil cartel's strategy.

Whether Nigeria and Venezuela actually reduce their output or not, the mixed messages have at least succeeded in one way: oil traders have been persuaded that OPEC will step in to defend prices, and, therefore, the recent price decline has slowed.

OPEC's acting secretary general, Mohammed Barkindo, who is also a senior Nigerian official, told the energy publication Platts that he had met with Saudi Arabia's oil minister this week in Riyadh and that Saudi Arabia was already cutting its production as part of the informal agreement. Saudi Arabia has not commented on any change in policy.

It will take a much larger drop in prices for OPEC to step in formally with a cartelwide production cut. Saudi Arabia, OPEC's largest and most influential member, is apparently comfortable seeing crude oil fall to around $55 a barrel. Further declines, however, might provoke action by OPEC.

"While apparently fanciful, reports of an imminent output cut reflect two hard facts: stocks are building faster than expected and several producers have an incredibly low pain threshold when it comes to price drops," Antoine Halff, an energy analyst with Fimat, wrote in a note yesterday. "However, more price declines will likely be needed before OPEC producers decide on any coordinated move."

Venezuela, which pumps about 2.5 million barrels a day, said it would cut its daily output by 50,000 barrels, starting tomorrow. Nigeria said it would trim its exports by 5 percent at the same date, amounting to a reduction of about 120,000 barrels a day. Nigeria produces about 3.8 million barrels a day. It is notable that these two countries are taking the self-appointed role of managing the market since neither is currently meeting its OPEC production quota.

Nigeria's production, for example, is hundreds of thousands of barrels short of its peak because of social unrest in the Niger Delta, while Venezuela has experienced lower output for some time.

"They are trying to influence the psychology of the market," said Larry Goldstein, an oil analyst and the president of the Petroleum Industry Research Foundation in New York. "Although they are reacting to the reduction in demand, they are trying to convince the market that they are actually anticipating it by making cuts ahead of the market. But they are simply reacting to it, which is how markets should operate."

Venezuela And Nigeria Cut Oil Output (FT)

By Carola Hoyos In London

Financial Times, September 30, 2006

Venezuela and Nigeria, both members of the Opec oil cartel, on Friday announced that they would reduce their oil production by as much as 200,000 barrels a day to shore up prices.

Several other key members of the Organisation of the Petroleum Exporting Countries were said to be furious about the unilateral decision.

Nevertheless, data due to be released in the next few weeks are expected to show those other members, which include Saudi Arabia, Iran, Kuwait and the United Arab Emirates, are also reducing output but keeping quiet about the measure.

Saudi Arabia and Kuwait are both allies of the US, the world's biggest oil consumer, and do not want to be seen trying to boost prices that are still relatively high at $60 a barrel.

Nonetheless, they are concerned about the speed with which prices have slipped from $75 over recent weeks and want to ensure that their oil, which trades slightly below the price of international benchmark crudes, does not fall below the $50 mark.

To that end, and because refineries are demanding less oil because of scheduled maintenance closures, Saudi Arabia is seen as having already cut production by 200,000 barrels a day, with another 200,000 being cut by Kuwait, Iran and the UAE.

Nigeria is cutting 120,000-150,000 barrels a day, while Venezuela is expected to cut 50,000 b/d. The total cuts would reduce Opec production to 27m b/d, a 600,000 b/d fall in two months. But oil prices did not rise significantly on the news.

Nigeria is already producing fewer barrels than its Opec quota allows because of militant attacks on oil facilities in the Delta region.

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Neil McMahon, analyst at Sanford Bernstein, said: “I can’t see it [the move by Nigeria and Venezuela] stabilising the price for long because Opec could turn on the tap again at any moment.” He noted that spare oil capacity had doubled in just a year and is now at 3m b/d.

He said the price fall had been prompted by a slowdown in demand. The US Department of Energy this week showed US demand in July had fallen by 1.3 per cent from a year earlier.

Bolton Rips U.N. Deputy Over Comments (AP)

By Nick Wadhams, Associated Press Writer

AP, September 30, 2006

The U.S. ambassador to the U.N. on Friday accused the No. 2 U.N. official of discrediting the United Nations by criticizing American and British diplomacy over Darfur, his latest attack on the deputy.

The ambassador John Bolton demanded Deputy U.N. Secretary-General Mark Malloch Brown apologize over comments that appeared in Friday's editions of the Independent newspaper in London. He criticized President Bush and British Prime Minister Tony Blair for threatening Sudan over its refusal to allow U.N. peacekeepers in Darfur.

"The Sudanese know we don't have troops to go in against a hostile Khartoum government; if Sudan opposes us there's no peace to keep anyway; you're in there to fight a war," Malloch Brown said. "It's just not a credible threat."

Malloch Brown said those threats allowed Sudan to portray itself as "the victims of the next crusade after Iraq and Afghanistan," and said the U.S. and Britain "need to get beyond this posturing and grandstanding."

Bolton said Malloch Brown's remarks could undermine the U.N. Security Council's demand that the U.N. take over from an underfunded African Union force that has been unable to stop the violence in Darfur. Sudan has so far refused to give the U.N. control of the mission.

"Let me say these remarks bring discredit to the United Nations and are a stain on its reputation," Bolton told reporters at the U.N. "It's a terrible signal to the government in Khartoum and should never have been uttered," he added later.

"We are proud that we have called the attention of the international community to the tragedy in Darfur. We are proud of our efforts to bring relief to that tragedy. And to have Mr. Malloch Brown attack those efforts, as I say, brings great discredit to this institution," he said.

Few U.N. officials seem to spark Bolton's ire more than Malloch Brown. In June, the American ambassador said Malloch Brown, a Briton, made a "very, very grave mistake" for a speech in which he argued that the U.S. employs stealth diplomacy at the U.N. — relying on it, yet refusing to defend it before critics at home.

And in an interview with USA Today earlier this year, Malloch Brown himself said Bolton was "a real force here, but in a way that provokes a lot of reaction and opposition from others."

In Washington, State Department spokesman Sean McCormack said Friday that the United States was proud to have kept the pressure on Sudan.

"Rather than focusing on what the U.S. or the U.K. or others might be doing, he might apply himself to the task at hand rather than giving speeches," McCormack said of Malloch Brown.

Extremist Islam May Be Rising In Morocco (AP)

By John Thorne, Associated Press Writer

AP, September 30, 2006

Little would seem to connect a soldier, a shopkeeper, airline pilots' wives and a woman known for helping people in need. But all have been named as suspects in a purported Islamic terrorist plot, suggesting extremism may be leaping Morocco's class divides.

In all, Moroccan authorities arrested 56 people last month for allegedly being part of a network that was planning attacks on military and tourist sites in hopes of bringing down the government of this North African monarchy.

Since the Sept. 11 attacks in the United States and suicide bombings two years later that killed 33 people in Casablanca, this country's economic capital, Moroccans have grown accustomed to police crackdowns on Islamic militants.

Thousands have been detained, drawing frequent accusations of abuse and forced confessions at the hands of police.

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What's new in the latest case is the wide range of people accused. Middle-class women and security force members allegedly formed the core of a group that authorities say called itself Ansar al-Mehdi, or Supporters of the Mehdi — a divine figure in Islamic tradition who will establish justice on Earth before Judgment Day.

Previously, Islamic extremism was most evident in Morocco's urban slums like Sidi Moumen, the cinderblock jungle in Casablanca where many of the 2003 suicide bombers lived. If the charges are true, the new case would suggest Muslim militancy is spreading into the middle class.

Penetration of the army would be a particular blow because the Western-equipped force has traditionally stood as a pillar of state power. After the sweep, King Mohammed VI fired the head of military intelligence and the head of Morocco's general security forces.

Morocco ended compulsory military service this month, but officials said it had nothing to do with the Ansar al-Mehdi revelations.

Officials have released little information about the Mehdi suspects and their alleged targets, divulging just a few names. The Justice Ministry says judges are preparing for public hearings originally planned for mid-September but now delayed until late October.

Two of the four female suspects are wives of Royal Air Maroc pilots, and Interior Minister Chakib Benmoussa alleged they were recruited by alleged Ansar al-Mehdi chief Hassan Khattab to carry out suicide attacks in Morocco.

Khattab spent two years in jail for involvement in the May 2003 suicide bombings.

Another woman in custody, Fatima Zahra Rehioui, 51, is described by authorities as a central figure in the alleged plot. In a rare news conference in August, Benmoussa said Rehioui was a confidant of Khattab and knowingly gave him $17,280 for terrorist activities.

Rehioui's lawyer tells a different story, describing her as someone who helps people. Attorney Khalid Idrissi said Khattab asked Rehioui for the money so he could see a doctor about a heart condition and she gave the money freely, with no questions asked.

"She's known as a very charitable woman who helps poor families in her area, especially during Ramadan and at other religious festivals," Idrissi said.

Moroccan authorities say that Badr Bouziki, a 27-year-old shopkeeper, also was deeply involved with Ansar al-Mehdi and that he helped test explosives in forests near Sale, just outside the Moroccan capital, Rabat.

"I know that he's not guilty," said one of Bouziki's relatives. He asked not to be further identified, saying he feared possible government reprisal.

The relative said that Bouziki is not particularly religious and that his arrest at a bus station while visiting relatives in north-central Morocco came as "a complete surprise."

When he visited Bouziki in jail, the relative said, the suspect complained of torture and showed signs of beatings.

Mohamed Khalouki, 27, whose family lives in an outlying village of Sale, is one of five soldiers arrested in the terror sweep.

"We know the truth: He has nothing to do with Ansar al-Mehdi," said Khalouki's sister, who also said she feared being quoted by name.

Growing up amid dusty fields, stands of pine trees and patches of rubbish, Khalouki sought purpose in military service, choosing to enroll at a military school at age 12, his family said.

Drawn early to music, he became a drummer in the army band, traveling to Europe for concerts and shifting his ambitions to a musical career. Denied permission to quit the army, he deserted in 2005 and was captured this year, serving three months in jail, the family said.

"On the day he was supposed to get out, I went to pick him up, but he wasn't there," a brother said. Khalouki had been transferred into police custody for alleged involvement with four fellow band members in Ansar al-Mehdi.

Teacher In Hiding After Attack On Islam Stirs Threats (NYT)

By Elaine Sciolino

The New York Times, September 30, 2006

DOJ_NMG_0071933

PARIS, Sept. 29 — A French high school philosophy teacher and author who carried out a scathing attack against the Prophet Muhammad and Islam in a newspaper commentary says he has gone into hiding under police protection after receiving a series of death threats, including one disseminated on an online radical Islamist forum.

The teacher, Robert Redeker, 52, wrote in the center-right daily Le Figaro 10 days ago that Muhammad was "a merciless warlord, a looter, a mass-murderer of Jews and a polygamist," and called the Koran "a book of incredible violence."

The Redeker case is the latest manifestation in Europe of a mounting ideological battle that pits those who believe Islam and the Prophet Muhammad can be criticized in the name of free speech against those in the Muslim community who believe no criticism can be tolerated.

A recent speech by Pope Benedict XVI that seemed to link Islam and violence caused such an uproar in the Muslim world that the pope issued a rare expression of regret.

The pope expressed regret for the reaction to his remarks after Muslims demonstrated against him around the world. Just this week, a Berlin opera house decided to cancel performances of the Mozart opera "Idomeneo" because of security fears over a scene showing the severed head of the Prophet Muhammad. The decision prompted an outpouring of protest about what was seen as the surrender of artistic freedom.

In his commentary, Mr. Redeker compared Islam unfavorably to Christianity and Judaism, although he admitted that the history of the Catholic Church was "full of dark pages," and he criticized the hostile reaction to the pope's remarks.

"Jesus is a master of love; Muhammad is a master of hatred," Mr. Redeker wrote, adding, "Whereas Judaism and Christianity are religions whose rites forsake violence and remove its legitimacy, Islam is a religion that, in its very sacred text, as much as in some of its everyday rites, exalts violence and hatred. Hatred and violence dwell in the very book that educates any Muslim, the Koran."

Immediately afterward, Mr. Redeker, who teaches in a public high school near Toulouse and is the author of several books on philosophy, began to receive death threats by telephone, e-mail and through the online Islamist Web site known as Al Hesbah, a password-protected forum with ties to Al Qaeda. The forum published photos of him and what it said was his home address, directions to his home and his cellphone number, according to the SITE Institute, which tracks violent Islamist groups.

That day's issue of Le Figaro was banned in Egypt and Tunisia. Mr. Redeker was denounced by a commentator on Al Jazeera television.

"I can't work, I can't come and go and am obliged to hide," Mr. Redeker told Europe 1 radio in a telephone interview from an undisclosed location on Friday. "So in some way, the Islamists have succeeded in punishing me on the territory of the republic as if I were guilty of a crime of opinion."

Mr. Redeker, who has kept in contact with news agencies by cellphone and e-mail, said that his wife and their children had also been threatened with death. He told Europe 1 that his wife was in hiding with him, but he was less clear about his three children, saying that one of them had been forced to move and that another was in a boarding school.

Asked to describe the sort of threats he had received, Mr. Redeker replied, "You will never feel secure on this earth. One billion, three hundred thousand Muslims are ready to kill you."

Prime Minister Dominique de Villepin on Friday called the threats "unacceptable," adding: "We are in a democracy. Everyone has the right to express his views freely, while respecting others, of course."

The Interior Ministry has confirmed that Mr. Redeker is under police surveillance, and that counterterrorism experts have begun a preliminary investigation into the threats, which the ministry has described as "dangerous." Mr. Redeker complained in the radio interview that he had to arrange his own logistics and "find a place to sleep at night or live for a day or two."

One of the threats came from a contributor to Al Hesbah, who wrote, "It is impossible that this day pass without the lions of France punishing him."

The contributor called on his Muslim brethren in France to follow the lead of Muhammad Bouyeri, who murdered the Dutch filmmaker Theo van Gogh after he made a film denouncing the plight of abused Muslim women.

"May God send some lion to cut his head," the contributor said of Mr. Redeker, whom he described as a "pig."

Mr. Redeker's situation echoes that of Ayaan Hirsi Ali, a Somali-born Dutch politician who collaborated with Mr. van Gogh on the film and has been relentless in her criticism of some Islamic practices. The subject of numerous death threats from

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radical Islamists, she was put under the protection of bodyguards in the Netherlands in 2002, and currently has security protection in Washington, where she recently became a fellow at the conservative American Enterprise Institute.

In the Figaro commentary, Mr. Redeker wrote, “Islam tries to dictate its rules to Europe: opening swimming pools at certain hours exclusively for women, forbidding the caricature of this religion, demanding a special diet for Muslim children in school cafeterias, fighting for wearing the veil in school, accusing free thinkers of Islamophobia.”

Mr. Redeker, who has written against Islam in the past, does not shy from controversy. At the time of the American-led invasion of Iraq, he criticized French pacifists, and he has written extensively about how watching sports competitions is worse than opium. His new book, “Depression and Philosophy,” is about to be published.

At first, Mr. Redeker did not speak out about the threats. In an e-mail message to The New York Times last Tuesday, he said it was not the right time to talk about his plight.

Then, in an interview with the local Toulouse newspaper, La Dépêche du Midi, published Thursday, Mr. Redeker described the death threats, adding, “What is happening to me corresponds fully to what I denounce in my writing: the West is under ideological surveillance by Islam.”

That interview set off a public defense of Mr. Redeker in the name of free speech and condemnations of those who threaten him, which snowballed Friday after his radio interview with Jean-Pierre Elkabbach, the president of Europe 1, who is the host of a popular interview show.

Philippe de Villiers, a far-right politician, wrote President Jacques Chirac a letter on Friday asking that Mr. Redeker be given “shelter — as a symbol — at the Élysée Palace, which is the palace of the republic, rather than let him wander,” according to Agence France-Presse.

Le Figaro, in an unusual front-page open letter on Friday signed by the editor and the publisher, said, “We condemn with the greatest conviction the grave attacks on freedom of thought and freedom of expression which this affair has provoked.”

On Thursday, Education Minister Gilles de Robien was less forceful. He expressed “solidarity” with Mr. Redeker, but cautioned that a “state employee must show prudence and moderation in all circumstances.”

But two large teachers’ unions in separate statements on Friday threw their support behind Mr. Redeker’s right to speak freely, though one of them made clear, “We do not share his convictions.”

Mr. Redeker said that he had no second thoughts about what he wrote. “No regrets,” he said in the radio interview. “I have given a lot of thought in writing this text.”

New Script On North Korea? (WSJ)

By Jay Solomon

The Wall Street Journal, September 30, 2006

Groups Hope Stark Prison Play Spurs Pressure on Pyongyang Regime

WASHINGTON -- As international concern about North Korea's nuclear program intensifies, human-rights groups and Christian activists in the U.S. are unveiling a new weapon near here Wednesday in their campaign to dislodge dictator Kim Jong Il: a musical.

"Yoduk Story," a smash hit in its initial run in South Korea earlier this year, tells the story of star-crossed lovers imprisoned in North Korea's most notorious prison camp. Few protagonists in the nearly three-hour drama survive Yoduk's dungeons and torture chambers. The main character, a North Korean singer, is raped, impregnated and eventually commits suicide. The play's unflinching portrayal of Pyongyang's gulags -- including floggings and amputations -- is viewed as a crucial tool by activists in pressuring governments to take a more aggressive approach toward confronting North Korea over religious persecution and human-rights abuses.

"The play is a cultural nuclear bomb against Kim Jong Il," says Suzanne Scholte, president of the conservative Defense Forum Foundation of Virginia, which is helping to stage the drama. It opens a three-night run Oct. 4 at the Strathmore, a theater in suburban Maryland.

The drama behind the play's journey to Washington is as intriguing as the on-stage script. Many of the human-rights, Christian, and Korean-American organizations promoting "Yoduk Story" have also been active in shaping broader U.S. policy

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toward North Korea in recent years. A coalition of these groups lobbied the White House to enact in 2004 the North Korean Human Rights Act, which binds Washington to process more expeditiously North Korean asylum seekers into the U.S. The bill also established a special presidential envoy to monitor North Korean human rights, currently Jay Lefkowitz, an attorney and former top White House aide to President George W. Bush. Mr. Lefkowitz will be attending the opening-night performance of "Yoduk Story."

The machinery behind the play's U.S. run is in many ways a microcosm of the human-rights and faith-based organizations that are increasingly seeking to drive American foreign policy. Many of the cast's 30 members are boarding at parishes in the Washington area for the East Coast run. And a national network of Korean-American churches, the Korean Church Coalition for North Korean Freedom, is calling on its members to buy a sizable block of the 6,000 seats currently on sale for the play's four-night run in Los Angeles next month.

Many Americans who have participated in the growing coalition of activists interested in North Korea believe human rights and refugees will ultimately be the defining tools in U.S. attempts to combat that country's dictatorship. They are seeking to use radio broadcasts, film and the Internet to turn the current trickle of North Korean refugees into a torrent that could potentially cripple the North Korean regime. "The key is how we can get a critical mass" of refugees, says Michael Horowtiz, a scholar at Washington's conservative Hudson Institute, who helped draft the North Korean Human Rights Act.

The creative force behind "Yoduk Story" is its director and chief financier, 37-year-old Jung Sung San, himself a North Korean defector. Mr. Jung narrowly escaped a 13-year prison term in Yoduk in 1994, after North Korean military police arrested him for listening to South Korean radio broadcasts. He was headed toward Yoduk's expansive prison site 70 miles northeast of Pyongyang, he said in an interview, when his vehicle overturned in a rain storm and he escaped. He eventually resettled in Seoul, after fleeing through China, Russia and Hong Kong.

A student of film in Pyongyang and Russia, Mr. Jung took up jobs writing and editing for television and film after his resettlement in South Korea. But his father's execution in North Korea in 2002 caused a major transformation in his life, he says. He contemplated suicide, after being told his escape was the reason for his father's death. But he eventually embraced Christianity and vowed to work to expose North Korea's system of gulags.

"I decided to let the world know about the prison camps" across North Korea, says Mr. Jung, a sprite man whose straight black hair is tinged with orange streaks. "We have a duty to save these people" who are still there.

The end result was "Yoduk Story," which Mr. Jung says he partially funded by offering up his kidney as collateral for a loan. He also faced stiff opposition from the South Korean government, which has been reluctant to antagonize North Korea as Seoul seeks economic and political engagement in an attempt to moderate Pyongyang's behavior. But the musical often sold out this year, as conservative political groups and Christian activists flocked to the play. It also received the blessing of senior South Korea politicians, such as former South Korean President Kim Young Sam.

From its conception, though, "Yoduk Story" was envisioned as a drama for the American public, Mr. Jung says. President Bush has shown a particular interest in the plight of North Korea's political prisoners, publicly disparaging Kim Jong Il for running a gulag and advising White House staff to read the memoirs of one of Yoduk's few escapees, Kang Chol Hwan. Mr. Bush last year gave a private Oval Office audience to Mr. Kang -- who is a consultant to "Yoduk Story" -- and the play's producers have sent invitations to the president, first lady and a number of cabinet sectaries to attend one of next week's performances.

The White House said it is unlikely Mr. Bush will attend. But an aide said Mr. Lefkowitz is looking forward to attending the event and addressing the cast and crew of "Yoduk Story."

Longer term, Mr. Jung has ambitious plans to bring "Yoduk Story" and other tales about North Korean life to film. Promoters of the play, meanwhile, hope its performance here will lead to even greater pressure on the U.S. government to confront North Korea's concentration camps and to accept those who have suffered into the U.S.

"It's an issue everyone should be concerned about," says Adrian Hong, the founder of Washington-based LiNK, or Liberty in North Korea, which is also supporting "Yoduk Story." "Americans have a place in their hearts for the oppressed."

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Thai Military Leaders Say They Retain Power To Remove A Civilian Government (NYT)

DOJ_NMG_0071936

By Seth Mydans And Thomas Fuller, International Herald Tribune

The New York Times, September 30, 2006

BANGKOK, Sept. 29 — Thailand's junta said Friday that it would not interfere with the workings of the interim government it has promised to appoint. But it said it reserved the right to fire the government in exceptional circumstances.

Thai newspapers quoted a high-ranking official as saying that the civilian government would be headed by Surayud Chulanont, 62, a respected former general who is close to the palace.

The appointment of the prime minister must be formally approved by King Bhumibol Adulyadej before it is announced, and on Friday the official, Auditor General Jaruvan Maintaka, backed away from her earlier statement. Still, there were hints from other officials that it was true.

General Surayud is known as a nonpolitical soldier who worked to professionalize the force when he was army chief. One of his oft-quoted comments is, "I always think that politics and I don't fit together."

Also on Friday, the junta announced a military shuffle that consolidated its control over the armed forces, sidelining officers loyal to Thaksin Shinawatra, the prime minister who was ousted in a coup on Sept. 19.

At a briefing for foreign reporters, Gen. Winai Phattiyakul, one of the six officers of the junta, said that Mr. Thaksin had been trying to gain personal control of the military by promoting his supporters and that the coup leaders were concerned about a split in the armed forces.

At the briefing, a senior Foreign Ministry official said the junta, calling itself the Council for National Security, would retain what he called "a partnership rather than a hierarchical relationship" with the civilian government.

The junta has "no power to issue any order whatsoever in the running of the government, except in security," said the official, Krit Garnjana-Goonchorn, the permanent secretary of the Foreign Ministry.

Nevertheless, he said, an interim constitution would give the junta the power to fire the civilian government. He cast this as a progressive move, saying the constitutional power would remove the need for any future coups.

"The power is there in reserve," he said. "If things did not work out, the Council for National Security would not have to resort to nonpeaceful means to effect change."

The interim government is to hold office until a new constitution is drawn and a new Parliament is elected, the coup leaders have said. At the briefing, the officials said the drafting of a constitution should take no longer than nine months, somewhat accelerating a timetable that was given earlier.

Although he is a former general, General Surayud has played a civilian role as a member of the Privy Council, the top advisory body to the king.

On Thursday he said he backed the coup, saying the generals had been forced to move because of the impending possibility of bloodshed, referring to an intensifying conflict between supporters and opponents of Mr. Thaksin. "The most important matter is to build unity in the country," he said.

In the military shuffle announced Friday, Mr. Thaksin's supporters and relatives have mostly been removed from commands and transferred to inactive positions or attached to agencies that put them outside the chain of command.

A struggle over promotions appeared to have been one of the sparks for the coup, as Mr. Thaksin tried to put his allies and relatives in positions that would have given him personal control over the military.

Some analysts saw this as a final step in Mr. Thaksin's attempt to secure personal control over the workings of government, having already co-opted the Senate, much of the judiciary and the independent agencies that were intended under a new Constitution as a check on executive power.

Secretary of State Condoleezza Rice has described the coup as "a U-turn" for democracy in Thailand, and the United States has suspended $24 million in military aid under a law that forbids assistance to a country where a democratically elected leader has been deposed in a coup.

But the Foreign Ministry official, Mr. Krit, said this was a minimal response in accordance with United States law and added, "I think they are measuring their response, keeping their eye on what's developing on the ground."

Thai Military May Pick General As Interim PM (FT)

DOJ_NMG_0071937

By Amy Kazmin In Bangkok

Financial Times, September 30, 2006

Thailand's military leaders appear poised to install a retired general and close adviser to the country's revered monarch as interim prime minister, as they seek to fend off international criticism of the coup d'etat that ousted Thaksin Shinawatra as prime minister.

Gen. Surayud Chulanont, former Supreme Commander of the Armed Forces and a member of the privy council of King Bhumibol Adulyadej, was reportedly chosen to head the interim administration, after the generals ruled out other potential candidates, including several with stronger economic backgrounds.

The coup-makers have refused to officially confirm their choice, as protocol requires the king to assent to the candidate before it is publicly announced. But in an apparent slip, Jaruvan Maintaka, who is probing corruption allegations against the now deposed government, said late Thursday that Gen. Surayud would get the job, while other army officials have also dropped broad hints in that direction to Thai reporters.

The coup-makers are expected to name a new premier over the weekend or early next week, as they seek to fulfill their initial promise to transfer power to a civilian government within two weeks.

Gen. Surayud, a known nature-lover who embodies the virtues of humility and respectfulness that Thais traditionally admire in their leaders, won accolades for his leadership of the army, and his efforts to de-politicise the armed forces.

But while the coup-makers insist he has been a civilian since his retirement several years ago, his appointment could heighten the concerns of the international community, already dismayed by the military's seizure of power.

The US on Thursday night suspended $24m in military aid to Thailand, an action required by US law in the aftermath of a coup. But despite international condemnation of the coup – and calls for a quick restoration of democracy, Thailand has so far faced remarkably few repercussions in its relations with the outside world, due to the bloodless coup.

Still, the army has been on an offensive to persuade the outside world that they had no choice but to take control - to prevent a looming violent confrontation between supporters and opponents of the highly divisive Mr Thaksin.

The coup took place a day before Mr Thaksin's critics were due to hold a massive demonstration, despite reports that some government ministers were organising counter-demonstrations with the aim of provoking clashes. The army itself was also reportedly split, raising concerns that factions of the army could end up in conflict.

"If you are driving a train, and you see it may derail or collide with another train and cause damage or loss of life, it make sense if you stop or make a sharp turn to avoid tragedy," Gen. Winai Phattiyakul, the secretary-general of the military's governing council, told foreign journalists on Friday. "That is why we made the decision to have political change."

However, Gen. Winai insisted that the coup-group, which calls itself the Council for Democratic Reform, has no intention of retaining power, and that "we are looking for free and fair elections ahead."

He also said that the interim premier will have a free hand to choose his own civilian Cabinet to run the government for the next year, although the coup group will retain the right to remove the premier should any problem arise.

Over the weekend, the council is unveil an interim constitution, which outlines a seven- to nine-month process for the drafting of a new permanent constitution, before the country holds fresh elections.

Reports: Thailand Selects Interim Leader (AP)

By Grant Peck, Associated Press Writer

AP, September 30, 2006

Thailand's coup leaders are likely to appoint a respected former army commander as interim prime minister until promised elections next year, newspapers reported Friday.

Retired Gen. Surayud Culanont, 63, was the ruling military council's top choice to fill the position, major newspapers in Bangkok reported. A formal announcement was expected in the coming days after a draft constitution is approved by the king.

Thailand's auditor general, Jaruvan Maintaka, was quoted as confirming the appointment in a posting on the Web site of the government's Public Relations Department. "Yes, definitely, Gen. Surayud is the prime minister. He is the suitable person," she was quoted as saying.

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However, when contacted by The Associated Press later Friday, she denied making the comments. "I didn't say so," she said, without elaborating.

Gen. Sondhi Boonyaratkalin, who led the coup that ousted Prime Minister Thaksin Shinawatra, told reporters that a draft constitution has been completed and sent to the Royal Palace. He said he hoped the constitution would be approved by King Bhumibol Adulyadej this weekend, followed by the formal announcement of the prime minister.

The expected appointment of Surayud was likely to be welcomed by many Thais.

Over a 40-year career in the military, Surayud garnered a reputation for effectiveness, tact and incorruptibility, the latter a trait not shared by some past Thai military officers. Upon his retirement in 2003, he was appointed to the Privy Council, the top advisory body to the king.

During his career, he fought Thai communist insurgents and dealt with the sensitive situation along the embattled Cambodian border during the 1980s. He was regarded as being close to the U.S. military, which praised him throughout his career.

A devout Buddhist, Surayud spent time as a monk after leaving the army and often said he had no intention of entering the political fray.

The coup leaders accused Thaksin of corruption and seized power in a bloodless takeover Sept. 19 while he was abroad, vowing to name a civilian prime minister within two weeks.

Large demonstrations early this year demanding his ouster reflected a polarized Thai society, and many Thais have greeted the coup as a resolution of a national crisis.

The United States, which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand.

The coup leaders, meanwhile, tightened their grip on power by sidelining officers in the military who had been key Thaksin supporters.

In an annual reshuffle of top-ranking officers announced Friday, a number of officers loyal to Thaksin were removed from commands and transferred to either inactive positions or attached to agencies that take them outside the chain of command.

An announcement in official media said the king endorsed the changes.

Two members of the ruling council — Gen. Winai Phattiyakul and Gen. Boonsang Niempradit — were given more powerful positions. Winai, secretary-general of the military council, is to become permanent secretary of the Defense Ministry, while Boonsang was promoted from deputy supreme commander of the armed forces to supreme commander.

Five other army generals who had opposed Thaksin also received promotions.

Winai said he had spoken with Thaksin and that the former prime minister had "decided to leave politics and will take a rest with his family." Thaksin, who is currently in London, had no current plans to return to Thailand, his party said Friday.

Thaksin's only public remarks since being ousted came in a prepared statement two days after the Sept. 19 coup in which he said he wanted to take a "deserved rest" from politics, and was planning to work on research and development and carry out "possible charitable work for Thailand."

The military has already said that Thaksin is welcome back in Thailand, but that a return right now might not be appropriate because of political tensions.

Retired General Seen As Thailand's New Premier (AFP)

By Thanaporn Promyamyai

AFP, September 30, 2006

Thailand's ruling junta has picked a former army chief to be the new prime minister, local media and a government official said, more than a week after the coup that ousted Thaksin Shinawatra.

At the same time, the military -- which refused to confirm or deny the name of their reported pick -- said it was reserving the right to sack the premier under an interim constitution due to be published this weekend.

General Surayud Chulanont, 63, now an advisor to the revered king, had been chosen as the successor to Thaksin, state-run Radio Thailand reported on its website citing auditor general Jaruvan Maintaka.

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The choice was "quite certain," it quoted her as saying, adding that he "is the most suitable for the job, given his qualification and his seniority."

Surayud's name was also splashed across the Thai media, although a military source, who asked not to be named, said he had in fact turned the offer down.

The junta's secretary general threw his support behind Surayud and said he figured "on the list" but that no names had been sent for royal approval.

"If it is General Surayud, I like him and I respect him," General Winai Phattiyakul said. "He may be my choice, but I do not have the power to choose the prime minister."

Winai indicated Surayud's army past would not be a bar to getting the post of premier. "We really consider that a retired general is a civilian," he said.

Thailand's new military leaders pledged after taking power on September 19 to appoint a new premier within two weeks to guide Thailand towards elections in October 2007.

"The endorsement of the prime minister and handing down of the Royal Command is expected to take place on Sunday at Government House," said junta spokesman Palangoon Klaharn Friday.

The other main candidate has been former World Trade Organization chief and current head of the UN Conference on Trade and Development, Supachai Panitchpakdi, who has refused to comment.

Whoever their choice, the generals have reserved the right in their interim constitution to sack him.

"The power is in reserve, as it were," said the permanent secretary of the foreign ministry, Krit Garnjana-Goonchorn.

The junta already plans to rename itself the Council for National Security and keep a close eye on the premier and his government.

"If things didn't work out the Council for National Security would not have to resort to non-peaceful means to effect change," Krit said, although adding he did not foresee any condition where they would have to use their power.

The coup, although welcomed by many Thais for ending months of political turmoil, has met with international condemnation.

The United States, Thailand's biggest trading partner and a close ally, on Thursday said it would cut 24 million dollars in military aid in protest.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," said State Department spokesman Sean McCormack.

Krit, of Thailand's foreign ministry, brushed off the measure, saying there was "no going back to square one" after decades of democracy.

Thailand's junta on Friday also announced a raft of promotions for military officers who backed last week's coup while sidelining Thaksin supporters.

The changes were announced in an annual reshuffle which had become a point of tension under Thaksin because of fears he was trying to cement his control over the armed forces by promoting loyalists.

A junta spokesman also said the military planned to withdraw tanks and troops from Bangkok by October 4 and hand over security operations to the police.

Surayud was in 1998 appointed the army's commander-in-chief and has been credited with professionalising the force that had been notorious for smuggling, political meddling and human rights abuses.

He retired in 2003, ending a 38-year military career, after he clashed with Thaksin, who had sidelined him to the less influential post of supreme commander.

Surayud then became a Buddhist monk for three months before joining the Privy Council, the inner circle of advisors to King Bhumipol Aduljadeh.

The general -- who has previously said the military should stay out of politics -- said Wednesday he would consider the job if offered to him, in part because he feared possible clashes between Thaksin supporters and opponents.

'We Complied With The Law' (NSWK)

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By Sonia Kolesnikov-jessop

Newsweek, September 30, 2006

An executive at Singapore's state-owned investment firm discusses the deal that triggered Thailand's political crisis. The company line: don't blame us. WEB EXCLUSIVE

It was the deal that crystallized Thailand's anger. Last January, Prime Minister Thaksin Shinawatra sold his family telecommunications empire, Shin Corp., to Singapore's government-investment fund, Temasek. The price: $1.9 billion—a sum Thaksin's family pocketed tax-free. In hindsight, the deal was the beginning of the end for Thailand's tycoon-turned-prime minister, who was toppled in a military coup on Sept. 19. Yet the deal that brought him down remains an enigma—both for its complex structure and because Temasek stayed silent as Thailand's political crisis unfolded. During spring political protests in Bangkok, effigies of Temasek CEO Ho Ching were burnt in the streets. More recently, Thai regulators have focused on whether Temasek breached a 49 percent limit on foreign holdings in strategic industries and have been investigating whether some of the consortium companies served as proxies for Temasek to gain control of Shin Corp.

Now, however, the company has come forth with its side of the story. On Sept. 28, Temasek managing director for strategic development Jimmy Phoon revealed key aspects of the transaction that will have an impact on new investigations into Thaksin's alleged corruption. Two key details stand out: he says Temasek was not informed that the sale was structured so that the prime minister's family would avoid taxes, nor was payment made into offshore bank accounts, as has been reported. Phoon insists that Temasek's motivations were purely commercial, rejects the notion that Temasek ignored glaring political risks and bears no responsibility for the Thai crisis. He spoke with NEWSWEEK's Sonia Kolesnikov-Jessop in Singapore. Excerpts:

NEWSWEEK: Why did you buy Shin Corp.?

Jimmy Phoon: We felt it was a very well run company with sound fundamentals. We believe it's a very good investment that will give us good returns. Moreover, we partnered with reputable co-investors such as Siam Commercial Bank. Underlying the investment is our belief in Thailand's growth potential. In particular, if you look at the telecom industry, the growth will be driven not just by [Thailand's economy] but also by the growing size of the middle-income class.

Who advised Temasek on the Shin Corp. deal?

Goldman Sachs was our international adviser and Hunton and Williams was our domestic advisor on the legal side. SCB Securities also advised us on the takeover offer in Thailand.

Did you receive any independent political risk analysis?

We did do political risk analysis as part of a detailed risk analysis, including industry risk and country risk. We are a long-term investor, and we invest purely on commercial grounds. Our investments are not predicated on which government is in power. We expect changes in environment to happen over time and we had factored in uncertainty as [we do] in all the investments that we make. There are always unforeseen developments.

Were you aware at the time of the deal that it was structured so that the seller would pay no taxes?

No, we were not aware of that. Our advisers were advising us on our side [of the transaction]. From our perspective, we've complied with all the laws and regulations in Thailand, and that's really what our advisers advised us about.

Government investigators in Bangkok suspect that Temasek-backed Thai investment company Kularb Kaew purchased Shin Corp. shares on its behalf, effectively raising Temasek's stake beyond the 49 percent legal limit. How do you respond?

We have not received any formal notification from the Ministry of Commerce regarding their review [of the sale]. Therefore it is not appropriate for us to comment. We've complied with all the laws and regulations and we will continue to cooperate fully with the authorities. We are confident that the outcome of the review by the Ministry of Commerce will be satisfactory as we complied with all laws. Currently, Temasek holds 41.7 percent of Shin Corp. directly through Aspen Holdings, while another 54.6 percent is held by Cedar Holdings, which is a joint venture by Temasek's Cypress Holdings, Siam Commercial Bank and Kularb Kaew. Importantly, the majority shareholder of Cedar is Kularb Kaew, which owns 45.2 percent and together with Siam Commercial Bank controls a majority of Cedar. Kularb Kaew was not a proxy for Temasek.

There's been speculation that you paid Thaksin's family for their stake in Shin Corp. in offshore accounts at the seller's request. Is that true?

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This is incorrect. The transaction was done through the stock exchange of Thailand and fully paid for in Thailand. The money was paid in Thailand and there isn't any buyback arrangement plan whatsoever.

Temasek answers to its only shareholder, the Singapore government. How has your shareholder reacted to Shin Corp.'s troubles?

We are responsible to our investor to deliver an appropriate return. All investment decisions are made by the board of Temasek, and the government does not interfere with any decision. Let's be clear: Shin Corp remains a good investment not withstanding what has just happened. We are still invested in Shin Corp. and the underlying performance of [group] companies remains robust. Moreover, our overall portfolio is $81.1 billion [compared to] the Shin deal of $1.9 billion. It has to be looked at in that context.

Recently the Financial Times calculated that Temasek has suffered a paper loss of $820 million on Shin Corp. Is that accurate?

[They] may be quoting the difference in share price from the time when we made the investment and now, but it should be said that during that time the overall stock market in Thailand has also come down. What is very important for a long-term investor is to look at Shin Corp.'s underlying performance.

In view of the current political challenges, what's your investment strategy in Thailand going forward?

Our investment strategy in Thailand remains unchanged. We continue to believe in the long-term fundamentals of the economy, and Thailand fits in very well with our overall investment theme of investing in rising Asian economies and tapping opportunities created by a growing middle class. We see no reason why we should change our investment strategy there.

Does Temasek accept any blame whatsoever for contributing to the fall of Thailand's government?

Of course not!

What lessons have you learned from this experience?

We have invested in many different industries in many countries. We have to accept there will be changes in the [business] environment, the economy and the markets. That's part and parcel of being a long-term investor.

Russia-Georgia Tensions Concern Rumsfeld (AP)

By Lolita C. Baldor, Associated Press Writer

AP, September 30, 2006

Defense Secretary Donald H. Rumsfeld, concluding a visit to the Balkan region Friday, voiced concern to his Russian counterpart about growing tensions between Moscow and Georgia.

"The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way," Rumsfeld said, when asked about the meeting at a briefing for reporters. He added that relationships between countries often ebb and flow, and "life goes on."

Russia has expressed worries about Georgia's efforts to gain membership in NATO, and the NATO ministers have been trying to calm the rift between the two countries.

Relations between Georgia and Russia became more strained in recent weeks; Georgia detained five Russian officers on spying charges. And an angry Russian Defense Minister Sergei Ivanov called it a "bandit state" and threatened to send two divisions of troops to the border.

Rumsfeld, however, said that "NATO membership really is a decision for individual countries, not for countries other than the individual country."

Rumsfeld was leaving for home pleased with agreements that some two-dozen NATO defense ministers reached there to bolster the alliance's support of the war in Afghanistan.

He spent much of the week trying to drum up more support, resources and troops for the war on terror and the transfer of military control in Afghanistan to NATO.

In visits to Montenegro, Albania and the wide-ranging NATO defense ministers meeting in Slovenia, Rumsfeld urged leaders to provide more equipment and troops for the Afghanistan mission and to join in training in the war on terror.

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In one of their key actions, the ministers approved a plan to extend NATO's military control across all of Afghanistan in the coming weeks. The move would put as many as 12,000 American troops under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Rumsfeld also broke his silence on the much-discussed classified U.S. intelligence report that concludes the terrorist threat to the U.S. has increased. He said efforts to judge whether the wars in Iraq and Afghanistan have fueled terrorism would be futile.

And while he did not directly criticize the report, he said that intelligence documents in general can be uneven, and at times "flat wrong."

The National Intelligence Estimate concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts said, the risks to the U.S. interests at home and abroad surely will grow.

"Are more terrorists being created in the world? We don't know," said Rumsfeld, adding that there aren't good ways to measure how many terrorists are being trained at camps around the world.

Rumsfeld, who was accompanied on the trip by his wife Joyce, also broke away from his NATO responsibilities for a few hours to indulge one of his passions — horses. He toured the Lipica Stud Farm, an historic resort in the scenic rolling hills near the Slovenia-Italy border, where Lippizaner horses have been bred and trained since 1580.

He took a horse-drawn carriage tour of the farm and watched riders train the horses — whose ancestors were rescued by U.S. Gen. George Patton in an infamous military operation during World War II.

Dispute Between Georgia, Russia Escalates (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 30, 2006

Moscow Alleges Provocation as Court Extends Detention of Officers Facing Espionage Charges

TBILISI, Georgia, Sept. 29 -- A Georgian court on Friday ordered four Russian military intelligence officers to be held for two months on espionage charges in a pretrial detention center, a decision that could prolong and deepen the heated dispute over alleged spying here.

"Russia cannot comprehend this court ruling," Russian Vice Consul Viktor Kortenov told reporters after the court hearing, which was closed to the news media. "It is unclear why a Russian lawyer was not admitted to the proceedings."

Russia's ambassador to Georgia, Vyacheslav Kovalenko, left the country Friday after being recalled by his government to protest the arrest of the Russian officers. He departed with more than 80 diplomats and their families, who were flown home by two Russian Emergency Ministry planes. Russia advised its citizens not to travel to Georgia, citing safety reasons.

Russian Defense Minister Sergei Ivanov, who held talks with ministers from the NATO alliance Friday in Slovenia, complained bitterly about Georgia's actions. Ivanov charged that Georgia was provoking a conflict to try to oust Russian forces from two breakaway parts of Georgia that pledge loyalty to Moscow.

Russia describes its forces in South Ossetia and Abkhazia as peacekeepers, but the Georgians assert that they are propping up illegitimate separatist governments that obtained de facto independence after defeating Georgian forces in the early 1990s.

"It is absolutely clear to us that Georgia has chosen the military route for settling the conflicts in Abkhazia and South Ossetia," Ivanov said after the NATO meeting. "All the rest follows from that." Georgia, he said, is making "appeals to the international community that Russia is to blame for everything, including the cold weather that hit Georgia last winter."

U.S. Defense Secretary Donald H. Rumsfeld called on Russia and Georgia to exercise restraint, as did other defense ministers at the meeting. "The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way," Rumsfeld said.

NATO Secretary General Jaap de Hoop Scheffer called for "moderation and de-escalation, and that goes for both parties."

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In Moscow, police cordoned off the Georgian Embassy and arrested a small group of nationalists who held a brief protest outside the building. In Tbilisi, Georgian police continued to surround a Russian military headquarters where they say a fifth Russian officer facing spying charges is hiding.

At Friday's court session, 10 Georgian citizens alleged to have been working with the Russians were accused of high treason and ordered into pretrial detention. Georgian officials say that the Russian officers were gathering classified information on Georgia's cooperation with NATO.

Georgian President Mikheil Saakashvili is determined to take Georgia, a former Soviet republic, into the Western military alliance, an ambition that infuriates Moscow. The military alliance agreed last week to step up discussions with Georgia on possible membership.

"NATO membership really is a decision for individual countries and not for countries other than the individual countries," Rumsfeld told reporters Friday.

Russian legislators continued to call for tough sanctions against Georgia. Yury Volkov, a deputy speaker of the lower house of the Russian parliament, said Russia should freeze bank accounts and suspend or annul business contracts with Georgia.

He didn't specify whether that could include cuts in energy supplies to Georgia, which imports Russian natural gas.

Spy Rift Has Roots In Separatist Feud (WSJ)

By Marc Champion

The Wall Street Journal, September 30, 2006

Georgia Hopes Arrests Get West to Help Push Russians Out of Breakaway Enclaves

Georgia's arrest this week of several Russian military officers is more than a run-of-the-mill case of alleged espionage, it is also an attempt to prompt quick international intervention to end Moscow's grip over separatist enclaves in Georgia, officials and diplomats familiar with the matter say.

The gambit is risky, however, in a volatile region where Russian and Western interests are clashing over expansion by the North Atlantic Treaty Organization, energy pipelines and democratization. Georgia -- which fears it soon may lose the disputed territories permanently -- could succeed in provoking Russia, but fail in securing Western support. The European Union in particular is reluctant to confront Russia, a strategic supplier of oil and natural gas, in its backyard, officials say.

Western diplomats say they are sympathetic to Georgia's desire to end the status quo in its two separatist areas, Abkhazia and South Ossetia, which split from Georgia during the breakup of the former Soviet Union and have been under protection of Russian-led peacekeepers ever since. But Western diplomats say it has to be done prudently.

"There is a sense in Georgia that the international community is not supporting them enough, and for that reason, by taking spectacular actions of this kind, they can raise attention to their problems," said a senior European diplomat who deals closely with Georgia.

As Russia on Friday evacuated about 80 official personnel and their families from Georgia, the already-tense relationship between the two neighbors hit a new low. Russia said its citizens were at risk in the country, after Georgia on Wednesday arrested five Russian military officers on espionage charges. A court in Tbilisi, the Georgian capital, on Friday ordered that four of the officers and 10 Georgian nationals be held for two months. The fifth Russian officer was released, while Georgian police are pursuing a sixth who has taken refuge in Russia's military headquarters in Tbilisi.

Russian Defense Minister Sergei Ivanov branded Georgia a "bandit state" and, at a NATO defense ministers' meeting in Slovenia Thursday night, demanded that NATO stop entertaining Georgia's attempts to join the Western military alliance. Russia told an emergency session of the United Nations Security Council Thursday that the arrests were a "dangerous" provocation by Georgia, while some Russian legislators warned darkly that Russia should use "any means" to get its soldiers back.

Denying in an interview that the arrests were designed to provoke Russia, Nino Burdzhanadze, the Georgian Parliament's powerful chairwoman, called the matter a "serious case." She said the interior ministry acted on information that the alleged spies were about to carry out an operation. While declining to describe the plot, she claimed it involved energy and noted that last winter the pipeline that supplies Georgia with Russian natural gas was blown up just inside Russia.

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Georgia is an increasingly important corridor for pipelines bringing gas and oil from the Caspian region to the West, skirting Russia and Iran. This year, a million-barrel-per-day oil pipeline started pumping crude from the Caspian Sea to Turkey's Mediterranean coast via Georgia. Later this year, a natural-gas pipeline will start operation. And last week, Western investors who own the oil terminal on Georgia's Black Sea coast formed a joint venture with Kazakhstan's national oil-and-gas company, KazMunaiGaz.

With European Union peacekeepers stretched from Lebanon to Afghanistan, and little willingness to anger Russia -- Europe's largest supplier of natural gas at a time of energy scarcity -- the Georgian strategy is "extremely risky," the European diplomat said. "There is not a whole lot of tolerance at this moment for more conflicts, particularly if they are seen as avoidable."

Georgian President Mikheil Saakashvili last week said in a speech to the United Nations that he would ask Russian-led peacekeepers to leave the enclaves, to be replaced by the U.N., the EU or another international organization. The U.S. and European governments persuaded him not to specify a timetable, fearing an ultimatum would precipitate a crisis, according to European and Georgian officials involved.

A senior U.S. State Department official said that, while some countries have lost their appetite for getting involved there since a series of pro-Western governments swept to power in the region in recent years, the U.S. "absolutely and definitely" has not. However, even the U.S. -- which is less dependent on Russian energy than Europe -- has reason to avoid angering Russia. Moscow's support is critical, for example, in getting U.N. sanctions to pressure Iran to give up its nuclear-fuel program, a key U.S. foreign-policy goal.

Georgia, however, is in a hurry. Russian President Vladimir Putin has warned that if the West grants independence to Kosovo, the largely ethnic-Albanian province of Serbia, as expected next year, then Russia would consider it a precedent for the two Georgian enclaves and another in Moldova.

It isn't clear Moscow would act on its threat to recognize Abkhazia and South Ossetia, which could open a Pandora's box over the legitimacy of Russia's own borders. But separatists in Moldova recently voted in a referendum to unify with Russia, and South Ossetia is due to hold a referendum on independence next month.

"Of course Russian peacekeepers will stay there, whatever Georgia says," said Vyacheslav Nikonov, president of the Moscow think tank Politika Foundation, who has close ties to the Kremlin. Noting that the borders of the former Soviet republic were drawn by Stalin, he says, "Why is Stalin's will more important than the principle of self-determination?"

--Gregory L. White contributed to this article.

Write to Marc Champion at marc.champion@wsj.com1

Russia's Nato Arms Claim Turns Up Heat In Georgia Dispute (FT)

By Fidelius Schmid In Portoroz

Financial Times, September 30, 2006

Russia on Friday raised the temperature of a simmering spy dispute with Georgia, accusing Nato member states of illegally supplying arms to the former Soviet republic.

Russian diplomats were on Friday being evacuated from Georgia – a day after Moscow recalled its ambassador – in response to the arrest this week of four Russian army officers, who faced a Tbilisi court on Friday accused of spying for Russian military intelligence. They were formally charged with espionage, which carries a maximum sentence of 10 years' imprisonment, and told they would be detained for at least a further two months.

After a tense meeting with Nato defence ministers in Slovenia, Sergei Ivanov, Russia's defence minister, accused eastern European members of the alliance of illegally selling Soviet-made arms to Georgia. "These Nato members are violating international practice," Mr Ivanov said. "This is a form of piracy."

Mr Ivanov declined to name the countries but referred to "the younger generation of Nato members", presumably meaning the seven former eastern bloc nations that joined Nato in 2004. According to Moscow, some of these countries sell on defence products ac-quired from Russia to Georgia, in breach of the original contracts with Russia.

According to diplomats, the Russian minister indignantly expressed his concerns over the affair to Nato ministers. After the meeting, Mr Ivanov said Georgia's arrest of the soldiers was an attempt to force his nation's troops out of the country so Georgian

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authorities could pursue a “military solution” to conflicts in the two pro-Russian breakaway provinces of South Ossetia and Abkhazia.

They said Jaap de Hoop Scheffer, Nato’s secretary-general, had told Mr Ivanov that arms sales to Georgia were not illegal, since there was no embargo. But they added that Nato ministers had urged that the dispute be handled calmly. “The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way,” said Donald Rumsfeld, US defence secretary.

Relations between Georgia and Moscow have been tense since the pro-western administration of President Mikheil Saakashvili took over from Eduard Shevardnadze in 2003.

Georgia is seeking to become a member of the 26-member alliance and last week received the green light to intensify its co-operation with Nato.

Moscow condemned this move as a throwback to the days of the cold war. Mr Ivanov even threatened last week to send Russian troops to the border with Georgia to ensure that “Russia’s security won’t be hurt if Georgia enters Nato”. Mr Ivanov said on Friday there was no link between Georgia’s aspirations for Nato membership and the current rift with Tbilisi.

Mr Rumsfeld insisted that Georgia was free to seek Nato membership. “Nato membership really is a decision for individual countries, not for countries other than the individual country,” Mr Rumsfeld said.

Russia May Revise Georgia Troops Plan (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

Filed at 1:32 a.m. ET

TBILISI, Georgia (AP) -- Russia warned on Friday that its plans to close military bases in Georgia were in doubt and Georgia claimed Russia was moving troops near their shared border, as relations between the countries deteriorated in one of their worst crises since the collapse of the Soviet Union.

Tensions between Russia and Georgia, which have increased since pro-Western President Mikhail Saakashvili came to power in 2003, escalated after the arrest in Georgia on Wednesday of four Russian military officers accused of spying.

Russia has recalled its ambassador, evacuated some diplomats and their families and issued a formal protest to the United Nations. Russian Defense Minister Sergei Ivanov has denounced Georgia as a "bandit" state.

Georgia on Friday accused Russia of redeploying additional troops closer to the border and said the Russian Black Sea fleet was expected to start maneuvers in the next few days. "I would advise our colleagues to stop saber-rattling. "This is unacceptable for a democratic country and we don't understand that," Interior Minister Vano Merabishvili told reporters.

Since gaining power in the Rose Revolution, Saakashvili has pledged to move the country out of Russia's orbit, take control of breakaway provinces of Abkhazia and South Ossetia and join NATO in 2008. Georgia's pro-Western course has vexed the Kremlin, and Georgian authorities accused Russia of backing separatists.

Tbilisi courts on Friday ordered the four Russian officers remanded in custody for two months, Anzor Khvadagiani, a Tbilisi prosecutor, told The Associated Press. A fifth serviceman also arrested Wednesday was released the next day for lack of evidence. The courts also extended the arrest of 10 Georgian citizens accused of involvement in a Russian spy ring.

Georgian Defense Minister Irakly Okruashvili said on Imedi television late Friday that the detained Russian officers could be returned to Russia. "I don't exclude such a possibility," Okruashvili said.

At the United Nations, the United States late Friday proposed major changes to a Russian statement expressing "deep concerns" about Georgia's actions. The U.S. did not publicly disclose the proposed changes but Russia's U.N. Mission said "the American proposals and amendments change the nature of the draft ... and that makes the acceptance of the presidential statement impossible."

Gen. Andrei Popov, commander of Russian military forces in Georgia, said Russia's obligation to close its two remaining military bases in Georgia by the end of 2008 still stands, but added that "if our servicemen are arrested and put in custody, there will be problems with the withdrawal since there will be no people left to prepare weapons for the pullout," the Interfax news agency reported.

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Popov's spokesman, Col. Vladimir Kuparadze, confirmed his statement.

Russia has between 3,000 and 4,000 troops at its two military bases in Georgia proper, and 2,500 peacekeepers deployed to separatist regions of Abkhazia and South Ossetia.

Ivanov, meeting Friday with NATO members in Slovenia, said the arrests were aimed at pushing Russian troops out of Georgia so the government could seize control of the breakaway provinces by force, and he accused unnamed newer NATO members of illegally supplying Georgia with Soviet-made weapons.

"It is absolutely clear to us that Georgia has chosen the military path, the forceful path, for resolving the conflicts in South Ossetia and Abkhazia," he said, adding that Georgia's actions were "to push Russian peacekeepers out by any means possible ... and then to submit an application to join NATO."

Two Russian planes, meanwhile, evacuated 84 diplomats and their relatives from Georgia, officials said. The Russian ambassador to Georgia, Vyacheslav Kovalenko, said after returning to Moscow that families of all Russian military in Georgia also will depart, Interfax reported.

Georgian police surrounded the Russian military headquarters in Tbilisi on Friday, hoping to detain another Russian officer accused of spying. Russia has refused to surrender the officer.

In Moscow, police blocked streets around the Georgian Embassy. They allowed some 20 nationalists to protest briefly against Georgia's president before detaining them for holding an unsanctioned rally.

Russia's ultranationalist leader Vladimir Zhirinovsky called on Friday for "the most resolute action, up to the deployment of forces and air raids." A Kremlin-connected lawmaker, Konstantin Kosachev, said Moscow would not yield to what he called Georgia's provocation and stressed that "any forceful measures are absolutely excluded."

Separately, an official in South Ossetia claimed that masked Georgian officers shot out the tires of a car carrying four Russian peacekeepers, a woman and a child Thursday night, then ordered the men out and beat them. One peacekeeper sustained a fractured skull, according to the internationally unrecognized South Ossetian government, and Ivanov said there was proof they were "brutally beaten."

Georgian officials denied the allegations, saying police stopped a car with Russian peacekeepers, checked their documents and released them.

Russia's Foreign Ministry advised its citizens to refrain from traveling to Georgia, citing security concerns, and its embassy in Tbilisi stopped issuing visas to Georgian citizens.

Saakashvili denounced the moves as hysteria.

NATO Secretary-General Jaap de Hoop Scheffer called for "moderation and de-escalation, and that goes for both parties," and a U.S. State Department official said both sides had to work toward a solution.

Matthew J. Bryza, in Berlin for diplomatic consultations on Abkhazia, also told journalists that "Georgia has expressed its sovereign view ... that it doesn't want Russian peacekeepers on its territory. There is a question of what is prudent, and what is the most effective way of asserting that right in the case of Tbilisi."

In Russia, Psychiatry Is Again A Tool Against Dissent (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 30, 2006

DUBNA, Russia -- On March 23, police and emergency medical personnel stormed Marina Trutko's home, breaking down her apartment door and quickly subduing her with an injection of haloperidol, a powerful tranquilizer. One policeman put her 78-year-old mother, Valentina, in a storage closet while Trutko, 42, was carried out to a waiting ambulance. It took her to the nearby Psychiatric Hospital No. 14.

The former nuclear scientist, a vocal activist and public defender for several years in this city 70 miles north of Moscow, spent the next six weeks undergoing a daily regimen of injections and drugs to treat what was diagnosed as a "paranoid personality disorder."

"She is also very rude," psychiatrists noted in her case file.

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In person, Trutko presents a different profile, reserved and formal as she recounts her legal and psychiatric ordeal and invokes the minutiae of Russian law without having to refer to texts. An independent evaluation found that although she did not have an "ordinary personality," she was "very gifted and creative" and displayed no psychiatric symptoms.

Trutko is new evidence that Soviet-style forced psychiatry has reemerged in Russia as a weapon to intimidate or discredit citizens who tangle with the authorities, according to human rights activists and some mental health professionals. Despite major reforms in the early 1990s, some officials are again employing this form of repression.

"Abuse has begun to creep back in, and we're seeing more cases," said Lyubov Vinogradova, executive director of the Independent Psychiatric Association of Russia, an advocacy group. "It's not on a mass scale like in Soviet times, but it's worrying."

In those years, tens of thousands of dissidents were wrongfully subjected to forced hospitalization, sometimes for years, based on trumped-up diagnoses of "schizophrenia." Dissidents were said to exhibit inflexibility of convictions and nervous exhaustion brought on by anti-government activities. "Reformist delusions," the Soviets called it. If you were against communism, in other words, you were insane.

Some of the new cases have been abetted by institutions or doctors involved in it in the Soviet period. Trutko, who is originally from Uzbekistan, was diagnosed at the Serbsky Institute for Social and Forensic Psychiatry in Moscow, one of the most infamous of the Soviet institutions that imprisoned dissidents. It remains a secretive institution that has never faced up to its repressive past, according to human rights groups.

As recently as 2001, the institute's director, Tatyana Dmitriyeva, denied that the Soviet Union engaged in any more psychiatric abuse than Western countries, according to the report "Human Rights and Psychiatry in the Russian Federation" by the Moscow Helsinki Group.

One of signatures on Trutko's official evaluation, which declared she had paranoid personality disorder, is that of Yakob Landau, a longtime Serbsky psychiatrist who headed the institute's notorious Unit No. 4 during Soviet days.

Officials at the institute, a walled and forbidding complex in central Moscow, said no one was available to comment for this article. Investigators in Trutko's case declined to comment.

The charge that psychiatry is again being abused is not universally accepted within the profession. "The problem of forced treatment or psychiatric persecution existed more than 20 years ago, but it was solved. And since then I haven't heard of any case of forced psychiatric examination or treatment," said Vladimir Rotstein, president of Public Initiative on Psychiatry, an advocacy group.

The Independent Psychiatric Association, however, says that the number of activists being wrongfully hospitalized in mental facilities totals dozens of cases in recent years and is increasing. Doctors and the courts are complicit with investigators who insist on a forced psychiatric evaluation or treatment, it says. Activists have also documented an increase of family or business disputes in which wrongful hospitalization provides an opening to seize a person's property, Vinogradova said.

Most of the targeted activists are not affiliated with major human rights groups. Rather, like Trutko, they are stubborn gadflies who are involved in long-running feuds with local authorities. Their sometimes intemperate complaints against authorities are used to open criminal investigations for slander. This allows authorities to seek hospitalization. Unlike Soviet dissidents, these activists are put away for relatively short periods of a week to several months.

Roman Lukin, a businessman in the Volga River city of Cheboksary, was hospitalized last year for "unexplainable behavior" after he held up a sign on a public square calling three judges "creeps." Seeking redress for a bad debt that ruined him, Lukin felt he had not received justice from the courts. He spent two weeks in the local psychiatric hospital, which recommended that he undergo further examination at a specialized clinic in Moscow for possible "paranoid personality disorder." Independent Psychiatric Association specialists evaluated Lukin and found no sign of mental illness.

Nikolai Skachkov, who protested police brutality and official corruption in the Omsk region of Siberia, was ordered to undergo a psychiatric evaluation last year because investigators said they suspected he was suffering from "an acute sense of justice." He spent six months in a closed psychiatric facility where he was diagnosed as paranoid. The association, which conducted a separate evaluation earlier this year, found that he was healthy.

"Psychiatry in this country has always been a tool of the authorities, a tool for managing people and pressuring people. And it still is," said Boris Panteleyev, head of the St. Petersburg Committee for Human Rights.

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In an interview in her apartment, Trutko recounted her own long run-in. "Now I have this stamp on my forehead that I am a psychiatric patient," she said. "I will always have this medical record now. That means I cannot go to court because judges say I'm a psycho and call for an ambulance."

Trutko is well known in the courts in this town, having argued dozens of court cases against the local authorities and police. She is studying to be a lawyer, and for several years has acted as a public defender, as advocates without law degrees are called here.

Her troubles with mental health authorities began four years ago in a courtroom in Dmitrov, about 35 miles from Dubna.

Trutko asserted that the judge displayed bias against her client in a property dispute, and she moved to have the judge withdrawn. She also complained that the judge was not wearing her robe as required and that the Russian flag was improperly displayed. The judge, who later left the bench and could not be reached for comment, alleged that Trutko said, "Look at that fat pig sitting up there," according to legal papers.

Prosecutors opened a criminal case against Trutko on charges of contempt of court. In July 2003, the court ordered Trutko to undergo an involuntary psychiatric evaluation. Psychiatrists at the hospital said she was uncooperative, illogical and displayed emotional reactions that were "not adequate" -- a common phrase here for mental illness.

The Independent Psychiatric Association questioned these conclusions. Its own evaluation of her, conducted by four psychiatrists, found that "she is not an ordinary personality, but a very gifted and creative person. . . . No psychiatric symptoms were observed. She shows high intellectual ability and good memory. She does not need any treatment."

Trutko continued to battle the criminal complaint in court. Before a hearing at the higher Moscow regional court, she filed a motion seeking the removal of a panel of judges from her case, again asserting bias. In this case there was no claim of verbal abuse, but prosecutors said her motion amounted to slander and contempt.

In April 2004, after leaving a hearing on her case in Moscow, Trutko was detained by investigators and taken to the Serbsky Institute. It was a Friday evening when she was admitted and there was no expert commission available to evaluate her, Trutko said. Human rights groups protested her detention and threatened legal action. Trutko said she was released the following Tuesday morning without having undergone any formal examination by psychiatrists.

But the institute issued a six-page evaluation that said she suffered from a "paranoid personality disorder." The condition manifested itself in her "subjectivity," her "tendencies to verbal aggression," her "suspicious" personality and her "inability to understand the peculiarities of interpersonal relations and communication," medical records show.

The report recommended that she undergo forced hospitalization and treatment.

In September 2004, a Moscow court approved that approach. But the authorities, for reasons that remain unclear, did not act on the order until they stormed Trutko's apartment earlier this year.

Despite her subsequent release, Trutko said, the court order remains in effect and she could be institutionalized again at any time. "My career is ruined," she said. "I just stay at home."

Russia's Titans Of Energy Prepare For Acquisitions (WSJ)

By GREGORY L. WHITE

The Wall Street Journal, September 30, 2006

MOSCOW -- Russia's state-controlled energy giants are gearing up for a new round of acquisitions that could give the Kremlin ownership of nearly half the country's oil production, the highest level since privatization of the Soviet industry began more than a decade ago.

Industry executives and others close to the situation say state oil company OAO Rosneft is seeking at least several billion dollars of financing to buy many of the remaining assets of OAO Yukos at state-mandated bankruptcy auctions in coming months. OAO Gazprom, the majority state-owned natural-gas giant, this week said it would be interested in buying out the Russian partners who now hold half of TNK-BP Ltd., a joint venture with BP PLC that is the third-largest oil producer in Russia.

TNK-BP's main Russian shareholders -- tycoons Mikhail Fridman, Viktor Vekselberg and Len Blavatnik -- haven't expressed a public desire to sell and company officials insist they continue to behave as committed long-term investors. But several people

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familiar with their thinking say that if the Kremlin were to indicate a desire for them to sell, they would likely agree as long as the price were reasonably fair.

Since it crushed Yukos with back-tax claims starting in 2003, the Kremlin has steadily reasserted control over the energy sector. While the growing state ownership is popular in Russia, pro-market government officials and analysts warn that it is likely to reduce efficiency and raise doubts about the outlook for production growth in the world's No. 2 oil-exporting country behind Saudi Arabia.

The current terms of the agreement between TNK-BP's Russian shareholders and BP requires the consent of both sides for any sale before the end of next year. But given the importance of maintaining good relations with the government here, BP would likely agree to a Kremlin-supported deal, according to people close to the company.

There are no discussions on a deal with Gazprom under way at the moment, however, and no deal is likely before next year, according to people close to the companies. But Alexander Ryazanov, the chief executive officer of Gazprom's oil unit, on Thursday said his company would be interested in buying the TNK-BP stake were it to come up for sale. He said it would be "no problem" for Gazprom to raise the money needed, which could be as much as $25 billion.

People close to the companies said his comments are partly an attempt to warn off potential rival bidders, especially Rosneft. In July, BP spent $1 billion to buy shares in Rosneft's initial public offering, helping the Kremlin meet its price target for the politically important issue.

People close to BP said the company might prefer working with Rosneft, which is much less bureaucratic and more business-oriented than Gazprom. But having ties with both state companies could also be an asset.

A deal with Gazprom, for example, might help unlock TNK-BP's massive Kovykta gas project in Eastern Siberia. That development has largely been blocked by Gazprom to date, and regulators are threatening to revoke the license to the project.

But one person close to Rosneft said that company isn't interested in TNK-BP's portfolio of largely older assets. A few newer TNK-BP projects in East Siberia might be of interest were they up for sale, this person said.

Rosneft's current focus, according to people close to the company, is the remaining assets of Yukos due to be auctioned in the next few months. Rosneft already bought Yukos's biggest unit after a controversial government auction in December 2004. Next to come on the block are two big oil-production units, as well as several refineries and regional marketing networks. Rosneft is said to be particularly interested in the profitable refining and marketing assets. Yukos's bankruptcy administrator will select a company in mid-October to value the assets before sale.

But Rosneft could face competition in the auctions from Gazprom, as well as Russia's big remaining private oil companies, OAO Lukoil and OAO Surgutneftegaz. Foreign companies aren't expected to participate. Rosneft has something of an advantage in the process, because it has about $5 billion of claims against Yukos already included in the bankruptcy proceedings and several billion more awaiting confirmation by a court.

Write to Gregory L. White at greg.white@wsj.com

U.N. Says Israel Blocked Investigators (AP)

By Nick Wadhams, Associated Press Writer

AP, September 30, 2006

Israel refused to give a U.N.-appointed investigation access to the officials who may have been responsible for the bombing of an observation post that killed four unarmed peacekeepers at the height of the conflict with Hezbollah, the United Nations said Friday.

Israel said the bombing of the U.N. peacekeeping post along the Israeli-Lebanese border was a mistake that occurred at the "operational level." The U.N. panel investigating the killings was not allowed to interview commanders at that level to determine what happened, U.N. spokesman Stephane Dujarric said in a statement.

The statement was delivered shortly after the Board of Inquiry investigating the attack submitted a confidential report with its findings to the U.N. and to the four nations whose observers were killed — Austria, Canada, China and Finland. The report was not sent to Israel.

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Dujarric's statement said it concluded that there was nothing else the United Nations could have done "that would have changed the outcome."

The four observers were killed by an Israeli precision-guided bomb that destroyed the bunker where they took shelter after their observation post near the town of Khiam came under heavy fire. U.N. officials in New York and Lebanon had repeatedly warned Israel that the observation post, built 30 years before, was under attack.

Because of Israel's refusal, the inquiry was "unable to determine why the attacks on the U.N. position were not halted despite repeated demarches to the Israeli authorities from U.N. personnel, both in the field and at headquarters," Dujarric said.

Israel has blamed inaccurate maps for its mistake, and said the airplane that dropped the bomb thought it was targeting Hezbollah. Hezbollah was active in the area, with a post about 150 yards away.

Asked to comment on Dujarric's statement, the spokeswoman for Israel's U.N. mission, Anat Friedman, said: "Israel has expressed its regret for the unfortunate event and has investigated the tragic incident."

Friedman refused to comment on the U.N. claim that the investigators had not been allowed to interview some officials.

A U.N. official said Israel never sufficiently explained why it kept bombing the base.

"We do not have a satisfactory answer as to why those attempts failed," said the official, who spoke anonymously because the report was confidential. "The Israelis are fully aware of our position on this incident."

The official said there was nothing in the Board of Inquiry's findings to contradict U.N. Secretary-General Kofi Annan's earlier claim that the attack was "apparently deliberate."

The Man Who Would Be Kofi (TIME)

By Bryan Walsh

Time, September 30, 2006

South Korea's quiet 'harmonizer' Ban Ki-Moon leads the race to lead the U.N.

The lowest point of South Korean Foreign Minister Ban Ki Moon's two-year tenure came in June 2004, when a Korean translator working in Iraq was captured and beheaded on video by insurgents. The brutal act enraged the South Korean public, many of whom opposed the planned dispatch of further Korean troops to Iraq, and much of that anger was directed squarely at Ban and the Foreign Ministry. Taxis in Seoul refused to pick up foreign service officers, and there were public calls for Ban's resignation. But instead of panicking, Ban calmly announced that he would be reassessing the ministry, eventually adding a 24-hour telephone hotline that South Koreans abroad could call if they needed help. The rage dissipated, Ban has gone on to become one of South Korea's most respected foreign ministers — and Korean soldiers still made it to Iraq, much to the satisfaction of their U.S. allies

It was a trademark performance by the man who calls himself a "harmonizer" — quiet but effective. Now Ban, a Harvard-educated diplomat who has served his country for 36 years in New Delhi, Washington and at the United Nations, may face the ultimate diplomatic challenge. After winning Thursday's most recent straw U.N. Security Council straw poll, Ban has solidified his status as the front-runner in the race to replace Secretary-General Kofi Annan, who is required to step down after completing his second term in the job at the end of 2006. If Ban wins — a big if, given the unpredictable politics of Secretary-General races — he'd be the first Asian to lead the U.N. since the Burmese diplomat U Thant in the 1960s. And it would be a big win for South Korea, which in many ways is the U.N.'s best success story, fighting off a North Korean invasion and rising from the ashes of war to become one of the world's most vibrant economies, all with significant help from the U.N. That explains why South Korea's normally contentious politicians — fistfights between opposing parties are not uncommon in the country's parliament — have united behind Ban's candidacy.

It helps as well that the soft-spoken and French-fluent minister seems incapable of making enemies. Though relations between South Korea and Japan are worse today than they have been in decades, Japanese diplomats generally like the 62-year-old Ban himself. That matters, as Japan is currently holds one of the 10 rotating seats on the Security Council. Ban has also received enthusiastic support from Australia. But the deciding vote will likely be cast by China, one of the Council's five veto-wielding permanent members. If the South Korean is viewed by Beijing as too close to Washington, he may find China cool to his candidacy. Ironically, however, there's also a danger that South Korean President Roh Moo Hyun's rocky relationship with

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Washington could cool U.S. support for Ban. Another drawback is his lack of international stature. Ban's highest-profile role has been in the Six-Party talks to defuse North Korea's nuclear ambitions, which ultimately yielded almost nothing — although that frustrating experience could be good practice for life in the U.N. But in a race typically won by the candidate most widely viewed as least objectionable, the collegial South Korean is clearly a frontrunner.

A Divided Man (FT)

By Mark Turner

Financial Times, September 30, 2006

The Best Intentions: Kofi Annan and the UN in the Era of American World Power

by James Traub

Bloomsbury £20, 464 pages

Kofi Annan is likely to be remembered as one of the most significant secretary-generals in United Nations history, yet remarkably little is known about the quiet Ghanaian. A global figure who still appears uncomfortable in the public gaze, he remains mysterious even to many near him.

James Traub's The Best Intentions goes some way towards revealing the personality of this lifetime UN man. As secretary-general since 1997, Annan has served in a period of extraordinary upheaval and expansion for the world body, and has come to symbolise its unique position as the US and the rest of the world struggle to define a new international system.

From mid-2004, the New York Times magazine journalist spent more than a year following the secretary-general and his entourage. Fresh from the UN's agonies over the war in Iraq, Annan - who won the Nobel Peace Prize in 2001 - found himself under attack for his management, and faced allegations of abuse of power over Iraq's oil-for-food programme.

The soft-spoken bureaucrat's natural inclination is to conciliate rather than fight. Traub tells how Annan lost his voice, and for a period almost disappeared. Then he returned to strength to advocate one of the UN's most ambitious reform processes - albeit with limited results.

Annan appears set to leave office this year with a well-documented bang. For the UN's critics, and those with questions about his personal conduct over oil-for-food, Traub's book, the first of this crop, will disappoint.

Traub tends to give Annan the benefit of the doubt over questions surrounding his son. He focuses more on his and the institution's response to mounting US pressure, and what it revealed about the UN's systematic flaws. He does little to explore unanswered questions about possible wrongdoing.

Yet those who imagined Traub would defend Annan on all counts are in for a surprise. This book offers a tough appraisal of his record, and leaves even a sympathetic reader with an uneasy impression that there may be rather less to Annan than they imagined.

On Bosnia and Rwanda, referring to Annan's time as head of peacekeeping, Traub is unforgiving. On Srebrenica he writes: "I asked if he felt, in retrospect, that he and his colleagues had refused to look the truth in the eye... and he said: 'We had to rely on the commanders on the ground. They made judgements...'" Traub describes this as "a surprisingly impersonal and guilt-free answer".

On Rwanda, Annan "paused, and thought, and paused a bit more. 'In retrospect', he finally said, '...we should have used the media more aggressively, and exposed the situation for them to see. Of course, at that time this organisation was media shy.' And that was it."

Later, when Annan was persuaded to usher in a new team at the height of the oil-for-food crisis, Traub says his horror of confrontation, "his cowardice, really", first postponed, then "unnecessarily exacerbated" the pain of removing confidante Elizabeth Lindenmayer.

The tales are not all so harsh. Annan emerges as a basically decent man tested by events that the best of us would struggle to survive. But such asides are striking from a journalist not tainted with the "right-wing" tag of the UN's harshest American detractors.

Traub's book is about much more than Annan. It is about the post cold-war rise of the US, its growing disaffection with multilateralism, and the UN's painstaking efforts to bring it back into the fold. One wonderful chapter, "Romancing Cousin Jesse",

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describes the courting and semi-conversion of Senator Helms, a UN critic, as Team Annan desperately tried to get Washington to pay its arrears. As he left a lunch with leading UN lights, "the senator was heard to murmur, 'Ah've met a lot o'nahce people'," Traub says.

Despite his analysis of US-UN relations and attempts to inject UN reform efforts with drama, it is the character portraits that demand most attention. Former political chief Kieran Prendergast is deliciously savage about the shifts around him; comments by and about UN number two Mark Malloch Brown, and Shashi Tharoor, the "splendiferous" secretary-general aspirant now heading the information department, show how the place ticks.

Traub is both sympathetic and deeply critical - a reaction familiar to anyone who knows the UN well. "I liked the people around Annan," he confesses. They were mainly "highly intelligent people who had seen a great many things" and "who believed deeply in the UN's mission, no matter how acutely aware they were of its failures."

Mark Turner is the FT's UN correspondent.

Eurozone Enjoys 'Goldilocks' Recovery (FT)

By Ralph Atkins In Frankfurt

Financial Times, September 30, 2006

The eurozone economy is for now enjoying a "Goldilocks" recovery – not too hot, not too cold. Inflation has fallen to the lowest for more than two years, while business and consumer confidence has soared to a fresh five-year high, official figures indicated on Friday.

Tumbling energy prices led to eurozone inflation falling from an annual rate of 2.3 per cent in August to 1.8 per cent in September, according to Eurostat, the European Union's statistical union. That was the lowest since March 2004 and the first time since January 2005 that inflation has been within the European Central Bank's target range – "below but close" to 2 per cent.

The drop creates a presentational challenge for the ECB, which is expected to raise its main interest rate by another quarter percentage point, to 3.25 per cent, at a meeting in Paris next week. The ECB will probably cite the volatility of monthly figures, and longer-term inflationary pressures – including those from a faster-growing economy. A three percentage point rise in German VAT in January, will also push inflation higher.

Separately, a European Commission survey suggested robust growth in the eurozone, which exceeded the US in the second quarter, was continuing. The institution's "economic sentiment" index, covering businesses and consumers, leapt from 108.3 in August to 109.3 in September – the highest since February 2001.

"The eurozone is enjoying a resilient and broad-based economic upswing that is not generating any major inflationary tensions," said Holger Schmieding, economist at Bank of America. Italy saw a particularly sharp rise in confidence, taking its index to the highest since June 2000.

However, economists fear fiscal tightening in Germany and Italy, a possible slowdown in the US and a stronger euro could soon spoil the current upbeat mood.

"It is a Goldilocks situation, I agree. The question is what happens next year," said Dirk Schumacher, economist at Goldman Sachs.

A reminder of the eurozone's weak spots came from German data that showed the country's consumers were still failing to spring to life – in spite of the economic upswing. German retail sales were unchanged in August after a 0.8 per cent fall in the previous month, according to the Federal Statistics Office.

In sharp contrast, French consumers' spending on manufactured goods leapt 3.3 per cent in August.

The poor summer weather in August, after an exceptionally hot July, had been expected to encourage more people into the shops. Germans were also expected to step up purchases to beat the VAT rise.

But economists stuck to the view that this year would bring some overall improvement. With energy prices falling and the VAT increase looming, "strong retail sales can be expected over the final months of this year, before January brings a serious slump," said Ralph Solveen, economist at Commerzbank.

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Separately, France reported an unexpected rise in unemployment in August. The jobless rate rose to 9.0 per cent in August from 8.9 per cent in July.

'Liberal' Europe? (WSJ)

By Matthew Kaminski

The Wall Street Journal, September 30, 2006

LYON, France -- To get a measure of where things stand in the battle of ideas in Europe today, one can do worse than check out the "summer university" put on by the Continent's center-right parties here last weekend. I found myself on a panel to discuss globalization and offered that conservatives might do well -- at the voting booth and otherwise -- to push free trade, liberalize markets, rein in farm subsidies and keep Europe's door open to Turkey. Nothing controversial for this crowd, I assumed, with the possible exception of the last.

The reality check arrived from a German Christian Democrat. "For us, a human being is not only a function of production," he lectured from the floor. "Our voters are not signing up to . . . your neoliberal, neoconservative agenda." (Jeesh, I hadn't even mentioned Iraq.) A senior European executive sitting nearby passed a note, "Please tell him one can be Christian and Democratic and liberal."

Maybe so. Yet the German politician served up a good reminder that conservatism doesn't necessarily mean the same thing on this side of the Atlantic. In Europe's biggest country, as well as in France, right-wing rulers remain wedded to the nanny state -- which emerged with Bismarck -- and to close alliances with guilds and big business that tend to stifle competition. In her day, Margaret Thatcher never felt welcome on the Continent.

A lot has changed since the Iron Lady resided at 10 Downing Street. In spite of some recent victories for the dirigistes, the momentum is with free-market ideas, thanks in part to formerly communist Central Europe, whose zest for capitalism proved infectious back West.

Imagine an arc that starts with Spain, where former conservative Prime Minister José María Aznar planted strong reform roots, which the ruling Socialists haven't strayed from. Continue to Britain and Labour's Tony Blair, who embraced Thatcherism. Then come the Nordic countries that, despite their reputation as welfare utopias, implemented innovative policies to revive stagnant economies. Swedes can use vouchers for schools and other public services; the country dropped the death tax and partially privatized pensions. (Take note, GOP strategists.) Next week a new center-right government comes into office in Stockholm with a pledge to cut taxes, privatize companies and hospitals, and end political control over universities.

Alas, the story line shifts dramatically in the heart of Europe -- France and Germany. On the American spectrum, the nominally conservative politicians who lead both countries would be found somewhere left of the Democrats. German Chancellor Angela Merkel last year failed to win a clear mandate, forcing her into a "grand coalition" with the Social Democrats. With this unwieldy government in place, economic reform has gone nowhere. And even so, her Christian Democratic electoral platform was a hodge-podge, calling for a flat tax as well as a large hike in the VAT. (No prize for guessing which was implemented.) The center-right has been burned in two consecutive elections; many members blame their association with unpopular free-market policies.

The ruling Gaullists in France are even more unabashedly statist than the German right. With his recent success in saving Europe's farm subsidies, keeping Chinese T-shirts out of stores and Polish plumbers and other workers from crossing borders, blocking pan-European takeovers -- the list goes on -- President Jacques Chirac is arguably the greatest champion of what Americans might call leftist policies in Europe. His prime minister, Dominique de Villepin, this year made "economic patriotism" the fig leaf du jour for protectionism of all kinds.

Yet the campaign for next year's presidential elections is livening up the French debate. The leading candidate on the right, Nicolas Sarkozy, wants a break with the Gaullists. Mr. Sarkozy mocks the idea of a French "social model," saying it's neither social (what with chronic unemployment) nor a model (who wants to copy it?). Where Mr. Chirac represents the status quo, Mr. Sarkozy says France must move with the times, citing Britain and America as examples. "Sarkozy has decided to create a quasi-cultural revolution in this country by shooting down the myths, the phony 'consensus' that we have had," says Pierre Lellouche, a

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French MP and Sarkozy adviser. "For the first time the right is becoming right again." On the left, Ségolène Royal also challenges Socialist shibboleths by praising Blairism and saying globalization isn't all bad.

By next spring France is sure to see a generational change. But don't set hopes too high for one of ideas as well, says Alain Madelin, the country's most prominent laissez-faire politician. The Socialist old guard detests Ms. Royal. Mr. Sarkozy may be "pro-business" or "for lower taxes," but Mr. Madelin asks: "Does Sarkozy understand the mechanism of the market? No. His instinct is to intervene." And free-market ideas don't sell well on election day, says Mr. Madelin, who should know. He won 3.91% in the 2002 presidential vote.

Traditional labels, smudged elsewhere these days, are even less helpful to understanding politics in Europe. Best to set aside the old straight left-right line. Mr. Madelin suggests a return to the triangle used in the 19th century with conservatives, socialists and liberals (or free-marketers) at each point. The liberals are gaining in strength but have found, and need, supporters in both camps.

It can be confusing and surprising; the great intangible seems to be the quality of leadership, of which Europe hasn't had a surfeit in recent years. So Italy's Romano Prodi, leading a center-left coalition since spring, in the early days has proved far more audacious in prying open his country to competition than his predecessor, the "pro-free market" media tycoon Silvio Berlusconi, was in five years in power. The imminent departure of the conservative Mr. Chirac -- no matter who wins -- looks likely to boost liberal economic ideas.

Yes, the battle is raging and its outcome far from decided.

Write to Matthew Kaminski at matthew.kaminski@wsj.com

Security Council To Get Resolution On Myanmar (LAT)

By Maggie Farley

The Los Angeles Times, September 30, 2006

UNITED NATIONS — The Security Council held its first official meeting to discuss Myanmar on Friday, and the United States announced that it was preparing a resolution to pressure the regime to release political prisoners and stop flows of drugs, AIDS and refugees that Washington says are destabilizing the region.

U.S. Ambassador John R. Bolton pushed hard to get Myanmar on the council's agenda despite objections from several quarters, and eased the way with unofficial briefings on an impending humanitarian crisis there.

Bolton said he overcame resistance from China and Russia, who believe Myanmar does not pose a grave threat to the international order; U.N. officials who have been working quietly behind the scenes to win the confidence of the country's rulers; and European allies "who thought it wasn't a priority."

"We didn't put this issue on the agenda just to have briefings," said Bolton, adding that the U.S. would present the resolution "in the very near future."

The U.N.'s chief of political affairs, Ibrahim Gambari, briefed the council on humanitarian problems in the country of 55 million and announced that he would make a second trip there soon to talk to the military regime about restoring political freedom and democracy.

Myanmar refused overtures from the U.N.'s special envoy for two years, but finally received Gambari in May. He said the country has made "measured progress" on public health and is developing a national action plan on HIV/AIDS.

Gambari argued for a careful approach that would not undo incremental progress by the reclusive regime. "We cannot simply assume that turning up the heat will yield results," he said. "Nor can engagement be an end by itself. It should lead to meaningful results."

Myanmar's foreign minister criticized the Security Council in a speech at the U.N. on Tuesday for treating his country like a threat, and he said the Southeast Asian nation has been implementing a seven-step road map to democracy.

"Myanmar has done nothing that can undermine the peace and security of any country, let alone regional or international peace and security," Foreign Minister Nyan Win said in a speech to the General Assembly.

The military has run Myanmar under various guises since 1962, and the current group of generals has been in power since 1988.

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Aung San Suu Kyi's National League for Democracy won a landslide election victory in 1990 but was denied power by the junta.

Myanmar, formerly known as Burma, has become a popular political cause in the United States. Suu Kyi, its charismatic opposition leader who won the Nobel Peace Prize and has been under house arrest on and off for two decades, has helped galvanize world support for democratic reforms. First Lady Laura Bush was the host of a round table on the issue last week during the General Assembly meeting.

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Rival To Panama Canal Planned (LAT)

By Héctor Tobar And Chris Kraul, Times Staff Writers

The Los Angeles Times, September 30, 2006

Nicaragua intends to spend $20 billion on a new Central American waterway that was initially proposed in the 19th century.

MEXICO CITY — Seeking to cash in on booming Asian exports, Nicaragua will announce a $20-billion proposal next week to build a canal linking the Pacific and the Atlantic oceans that would accommodate ships too large to use the Panama Canal, Nicaraguan officials said Friday.

If approved by Nicaragua's Congress, the project would be a joint public-private venture financed by unnamed investors, said Lindolfo Monjarretz, a spokesman for Nicaraguan President Enrique Bolanos.

The Grand Inter-Oceanic Nicaragua Canal would make use of the 60-mile-wide Lake Nicaragua and follow at least part of a route first proposed by American and European entrepreneurs in the 19th century, officials said.

"We will have a deeper draft than the Panama Canal and reach a different market than Panama," Monjarretz said in a telephone interview. "The construction of the canal … will be pushed forward by Nicaragua because it's necessary for global trade."

The official announcement will come Monday, when Nicaragua plays host to a summit of Western Hemisphere defense ministers, including U.S. Defense Secretary Donald H. Rumsfeld, Monjarretz said.

With the century-old Panama Canal expected to soon reach the limit of its capacity, a boom in Asian commerce is fueling several proposals for new projects to ship containers across the Central American isthmus.

The Panama Canal, opened in 1914, cannot accommodate vessels that are more than 106 feet wide and 965 feet long. On Oct. 22, Panamanians will vote on a referendum to expand their country's facilities. The proposed $5.25-billion upgrade would allow vessels with double the current tonnage to use the 50-mile-long waterway.

Rodolfo Sabonge, a top official of the Panama Canal Authority, the quasi-independent body that has run the canal since the United States turned it over to Panama in 1999, said Friday that there was insufficient ship traffic to support both a widened Panama Canal and a second canal in Nicaragua.

"If the referendum passes and the widening goes forward, [the Nicaraguan project] is not feasible," Sabonge said. "Our analysis shows that if our project is approved, there would not be enough demand to pay for the two, and they would have to have a cost structure much higher than ours."

Recent polls show that nearly two-thirds of Panamanian voters favor expanding the canal. If approved, the project calls for work to begin next year, with completion expected in 2014.

Private investors are behind at least two other so-called dry-canal projects across Nicaragua and neighboring Honduras that would include new highway and rail links connecting expanded Pacific and Caribbean ports on either side of the isthmus.

"Obviously they are trying to compete with the Panama big locks project," Geraldine Knatz, executive director of the Port of Los Angeles, said of the Nicaraguan proposal.

"But Panama has spent years studying this project, looking at the economics and doing the engineering," Knatz added. "This is not something you just decide on overnight…. It would be a big catch-up for Nicaragua to step in and do this."

Knatz said she favored an expanded Panama Canal. "I can look out ahead to a time when the West Coast is not going to be able to handle all of the volume," Knatz said, noting that the Port of Los Angeles, the nation's busiest container facility, would reach capacity between 2020 and 2025.

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Ships currently must reserve passage through the Panama Canal up to several months in advance. Those lacking a reservation can be forced to wait as long as four days for an open slot to cross from the Pacific to the Caribbean.

For years, shipping lines have called for the Panama Canal to be enlarged so that it could accommodate bigger oil tankers and containerships larger than the so-called Panamax generation of vessels, which are specifically designed to allow them to transit the canal.

Nicaraguan President Bolanos told reporters in Managua, the capital, last week that his government had been studying a canal proposal for "six or seven years." He said Nicaragua's canal would take a decade to build and when completed would be more modern than Panama's.

"We know that for every 100 ships that come to the Americas, only 7 use the Panama Canal," he said, according to Nicaraguan media reports. "There's a lot of business to share."

If a Nicaraguan canal were built, "it would bring an economic effervescence never seen before in Central America," Bolanos said.

Spokesman Monjarretz said that the Nicaraguan government had been in informal talks with private investors and that an announcement Monday would formalize an agreement. He declined to elaborate.

Nicaragua has been considered for a canal project since the mid-19th century, when increased shipping traffic from the California Gold Rush created a demand. At one point, railroad baron Cornelius Vanderbilt held an exclusive contract to build a canal there.

Although a canal was never built, thousands of pioneers made the transit disembarking from ships at San Juan del Norte on the Caribbean coast, trekking overland by stagecoach to Lake Nicaragua, crossing the lake by boat, then making their way to the nearby Pacific coast.

Nicaragua was seriously considered for the U.S.-built canal that was ultimately constructed in Panama in the early 1900s. A Nicaraguan postage stamp depicting a large volcano helped stoke fears among U.S. congressmen that an earthquake or volcanic eruption would hit the area.

Now, Panamanian President Martin Torrijos and other officials are warning that failure to widen the Panama Canal will invite competing projects, jeopardizing the nation's single-largest source of revenue.

In recent years, Japanese and Chinese investors, among others, have reportedly met with Nicaraguan officials to discuss a possible canal project.

New impetus to the efforts in Central America has come from the global explosion in world trade. Container traffic last year grew 4.8% worldwide.

Mike Wasem, spokesman for the Port of Tacoma, Wash., the West Coast's fourth-largest, said a large-scale canal system in Nicaragua "would certainly give shippers greater waterborne access to the Gulf Coast and the East Coast of the United States."

But he added that Nicaragua faced significant competition from projects already underway to build international container facilities at Prince Rupert, Canada, and Lazaro Cardenas, Mexico.

A Nicaraguan canal would pose little threat to U.S. West Coast ports, he said. "It would provide an additional outlet for a volume of cargo that is expected to grow beyond the current ports' expansion options."

Failure to boost capacity on the West Coast of the U.S. — or to expand cross-isthmus traffic in Central America — could lead to expanded use of the Suez Canal for shipping from East Asia to Europe, some analysts say.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

White House Disputes Book's Report Of Anti-Rumsfeld Moves (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, September 30, 2006

New revelations that White House aides tried twice in the past two years to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld fueled a caustic election-season debate yesterday over the president's wartime leadership and underscored divisions within his administration.

The latest book by Washington Post journalist Bob Woodward, "State of Denial," paints a portrait of an administration riven by personal and policy disagreements exacerbated by a deteriorating situation in Iraq that has grown even worse than Bush admits to the public. In Woodward's account, Bush has become increasingly isolated as his team has rejected advice to shift gears in Iraq before it is too late.

The White House tried yesterday to dismiss the significance of Woodward's assertions, while Democrats eagerly seized on the book to bolster their campaign attacks five weeks before midterm elections. Coming days after the partial release of a National Intelligence Estimate concluding that the Iraq conflict has spread the "global jihadist movement," the latest disclosures kept the focus on the missteps and consequences of an unpopular war.

The book reports that then-White House Chief of Staff Andrew H. Card Jr. twice suggested that Bush fire Rumsfeld and replace him with former secretary of state James A. Baker III, first after the November 2004 election and again around Thanksgiving 2005. Card had the support of then-Secretary of State Colin L. Powell and his successor, Condoleezza Rice, as well as national security adviser Stephen J. Hadley and senior White House adviser Michael J. Gerson, according to the book.

Even first lady Laura Bush reportedly told Card that she agreed Rumsfeld had become a liability for her husband, although she noted that the president did not agree. "I don't know why he's not upset with this," she told Card, according to the book. But Vice President Cheney and senior Bush adviser Karl Rove argued against dumping Rumsfeld, and Bush agreed.

The book details how Rumsfeld alienated key figures throughout the government and military: Rice complained that Rumsfeld would not return her telephone calls, forcing Bush to personally intervene. Rumsfeld rebuffed Card when he conveyed Bush's order to send National Guard troops to Louisiana after Hurricane Katrina until hearing from the president himself. Gen. John P. Abizaid, the senior U.S. commander in the Middle East, concluded that "Rumsfeld doesn't have any credibility anymore."

It also reports on ultimately futile attempts by civilian officials to persuade the Bush team to send more troops to Iraq and outlines secret government findings about escalating attacks on U.S. troops and dire forecasts about the war worsening over the next year rather than improving.

The White House has been bracing for weeks for the book, which is scheduled for release next week and will be excerpted in The Washington Post tomorrow and Monday. Woodward, a Post assistant managing editor, has built a career on producing bestsellers with sensational revelations from unnamed sources that touch off Washington furors and send politicians racing to explain themselves.

The White House cooperated extensively with Woodward's first two books on the Bush presidency, "Bush at War" and "Plan of Attack," granting him extraordinary access, including four interviews with the president. The books were criticized by some as overly favorable to Bush. But the White House seems to have anticipated that Woodward's third book would take a more critical view, and Bush declined to speak with him for it.

After the New York Times managed to buy an early copy of "State of Denial" and reported on it on yesterday's front page, Bush aides frantically called Woodward and asked for copies, which he sent over. A squadron of White House aides then spent hours tearing through the book and doing quick research to try to undercut its more damaging elements. They settled on a strategy of disputing certain conclusions while broadly dismissing it as old news.

"In a lot of ways, the book is sort of like cotton candy -- it kind of melts on contact," White House spokesman Tony Snow said at a briefing dominated by the topic. "We've read this book before. This tends to repeat what we've seen in a number of other books that have been out this year where people are ventilating old disputes over troop levels." Snow said it was well known that events in Iraq have been difficult and that officials have debated the right approach. "Rather than a state of denial," he said, "it's a state of the obvious."

Senate Democrats beat Snow to the punch and called their own news conference about the book two hours earlier, before they even had a copy. The title alone quickly became a Democratic mantra throughout the day. House Minority Leader Nancy

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Pelosi (D-Calif.) said four times at a separate briefing that Bush was "in denial," and Democrats released a series of statements and "fact sheets" trumpeting the line.

"The president himself is out of touch with reality, is in denial as to what is happening in Iraq," Pelosi said. "That could be the only explanation for why he has withheld the truth to the American people."

Rumsfeld, traveling overseas, said he has not read the book, and he declined to discuss it. A spokesman said the Pentagon would have no comment. Card, Hadley, Gerson and the first lady's office declined to comment or did not return telephone calls. But Snow, speaking on behalf of Laura Bush, said the first lady's office called Woodward's account "flatly not true." And Snow quoted Rice as saying of her reported dispute with Rumsfeld: "This is ridiculous, and I told that to Woodward."

Card confirmed to ABC News yesterday that he suggested replacing Rumsfeld with Baker after the 2004 election as part of broader changes to the Cabinet, but he denied to news services that he led "a campaign" to oust the defense secretary.

""But were there times that we talked about potential changes in the Cabinet? Yes. Did they center around Rumsfeld? Not necessarily. They were in a broader context." He denied that Laura Bush encouraged an effort to remove Rumsfeld. "Mrs. Bush and I never discussed it," Card told the Associated Press.

The book also reports that then-CIA Director George J. Tenet and his counterterrorism chief, J. Cofer Black, grew so concerned in the summer of 2001 about a possible al-Qaeda attack that they drove straight to the White House to get high-level attention.

Tenet called Rice, then the national security adviser, from his car to ask to see her, in hopes that the surprise appearance would make an impression. But the meeting on July 10, 2001, left Tenet and Black frustrated and feeling brushed off, Woodward reported. Rice, they thought, did not seem to feel the same sense of urgency about the threat and was content to wait for an ongoing policy review.

The report of such a meeting takes on heightened importance after former president Bill Clinton said this week that the Bush team did not do enough to try to kill Osama bin Laden before the Sept. 11, 2001, attacks. Sen. Hillary Rodham Clinton (D-N.Y.) said her husband would have paid more attention to warnings of a possible attack than Bush did. Rice fired back on behalf of the current president, saying the Bush administration "was at least as aggressive" in eight months as President Clinton had been in eight years.

The July 10 meeting of Rice, Tenet and Black went unmentioned in various investigations into the Sept. 11 attacks, and Woodward wrote that Black "felt there were things the commissions wanted to know about and things they didn't want to know about."

Jamie S. Gorelick, a member of the Sept. 11 commission, said she checked with commission staff members who told her investigators were never told about a July 10 meeting. "We didn't know about the meeting itself," she said. "I can assure you it would have been in our report if we had known to ask about it."

White House and State Department officials yesterday confirmed that the July 10 meeting took place, although they took issue with Woodward's portrayal of its results. State Department spokesman Sean McCormack, responding on behalf of Rice, said Tenet and Black had never publicly expressed any frustration with her response.

"This is the first time these thoughts and feelings associated with that meeting have been expressed," McCormack said. "People are free to revise and extend their remarks, but that is certainly not the story that was told to the 9/11 commission."

Tenet and Black did not respond to messages yesterday.

Staff writer Glenn Kessler contributed to this report.

White House Disputes Book's Account Of Rifts On Iraq (NYT)

By David E. Sanger

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — The White House on Friday dismissed a new book's portrayal of division and discord inside the Bush administration, suggesting that the account by Bob Woodward had been provided by former aides who believed that their advice on troop levels and other questions of strategy in Iraq had been ignored.

Even as the White House scrambled to obtain a few copies of the book, "State of Denial," to be released Monday, administration officials were rebutting specific examples in Mr. Woodward's account, which described sharp clashes and long-running feuds fueled by the debate over the war. But other administration officials, speaking only if they were not identified, said the details in the book reflected a breakdown of discipline in an administration that once prized its ability to keep its disputes in-house.

"Look, this is a war, and you are going to have a lot of really smart people with completely different opinions," Tony Snow, the White House press secretary, said at a briefing on Friday afternoon.

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In Washington, Mr. Snow said, "you're going to see people who are on the losing side of arguments being especially outspoken about their opinions." He added, "The average Washington memoir ought to be subtitled, 'If they only listened to me.' "

But Mr. Snow had difficulty explaining why President Bush had failed to listen to such a broad range of officials who had called for more troops, including Robert D. Blackwill, the former top Iraq adviser, and L. Paul Bremer III, the senior American official running the occupation. Nor did Mr. Snow explain why Mr. Bush's upbeat assessments of a "Plan for Victory" in Iraq, laid out in speeches late last year, contrasted so sharply with the contents of classified memorandums written by officials who warned that failure was also a significant possibility.

Some of those memorandums were written by Philip D. Zelikow, a counselor to Secretary of State Condoleezza Rice, including one in early 2005 in which Mr. Zelikow characterized Iraq as "a failed state" two years after the invasion, and another in September 2005, in which he said there was a 70 percent chance of success in achieving a stable, democratic state. That meant, Mr. Zelikow said, that there was a 30 percent chance of failure, including what he called a "significant risk" of "catastrophic failure," meaning a collapse of the state Mr. Bush has tried to create.

Mr. Zelikow declined to comment on Friday, apart from confirming the accuracy of the words from the memorandums Mr. Woodward cited in the book.

Other senior State Department officials dismissed the book's account as a familiar one. "This just in — Condi and Rumsfeld argue a lot," one said. "Didn't we know that?"

In the past, State Department officials have described extreme tension between the two over Ms. Rice's sense that Secretary of Defense Donald H. Rumsfeld was not paying enough attention to detention issues, beginning with the abuses at the Abu Ghraib prison in Iraq that came to light in 2004.

The book contends that Andrew H. Card Jr., as White House chief of staff, urged Mr. Bush to replace Mr. Rumsfeld. In a telephone interview on Friday, Mr. Card confirmed that he had raised the issue, but suggested that Mr. Woodward had ignored the context. "Right after the election, I went to Camp David and talked to the president, and we talked about a lot of changes, starting with the chief of staff," Mr. Card said, recounting how he used to tote around what he called his "hit by a bus book," a notebook of lists of potential replacements for senior White House staff members and top cabinet officials.

"It's not inaccurate to say that we talked about Rumsfeld," he said. "I can understand why Bob would try to create a climate around these conversations." But he added: "There was no campaign, and I didn't go out and solicit others to back any view about getting rid of anyone. I could talk about these things with the president, and plant seeds, because there is a cadence to life in Washington and you raise these issues periodically."

Mr. Card acknowledged that he renewed the question of replacing Mr. Rumsfeld this year, but again insisted that it was not part of a specific effort to single out the defense secretary for removal.

Many of the episodes Mr. Woodward describes in his book have not been previously disclosed, but others have been reported in other books and news accounts.

Mr. Woodward, the Washington Post reporter and author, cites several instances where Gen. John P. Abizaid, the commander of American forces in the Middle East, criticized Mr. Rumsfeld to top officials.

On Friday, however, Maj. Chris Karns, a spokesman for the United States Central Command, said General Abizaid had denied ever telling visitors in Qatar that Mr. Rumsfeld "doesn't have any credibility anymore" to make the case for strategy in Iraq.

"General Abizaid has nothing but the greatest respect for Mr. Rumsfeld," Major Karns said.

The book also recounts a recommendation by Mr. Blackwill in September 2003 that 40,000 more troops were needed in Iraq. Mr. Blackwill refused on Friday to discuss his recommendation but said that Ms. Rice, then the national security adviser, and her deputy, Stephen J. Hadley, "were always more than willing to give me as much time as I wanted to make my arguments." It was unclear whether Mr. Blackwill's view was passed on to the president.

The White House went to extra lengths to dispute Mr. Woodward's portrait of Mr. Bush as a president who viewed news from Iraq through the best possible lens and who failed to come to grips with reports of a deteriorating security situation. "A couple of weeks ago, the president was being accused of trying to scare people," Mr. Snow told reporters. "Now, all of a sudden, he's accused of looking at the world through rose-colored glasses. Neither one is true."

The memorandums Mr. Woodward writes about — and others that have come to light, including a National Intelligence Estimate on terrorism and Iraq's role in inspiring terrorists that the White House declassified in part this week — suggest a more complex picture.

The memorandums and intelligence estimate clearly describe escalating terrorism, rising anti-Americanism and the risks of failure. Mr. Bush and Ms. Rice, among others, acknowledged the rising difficulties, but consistently expressed optimism about eventual victory.

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In October 2005, for example, shortly after Mr. Zelikow's memorandum stating that there was a 30 percent chance of failure, Ms. Rice, in an interview with the BBC, referred to "a few violent men who can always wreak havoc, who can always grab the headlines, who can always kill innocent men, women and schoolchildren," but she would not be drawn into predictions of how long the insurgency could go on.

Mr. Bush's record is similarly complex. Last November, he began a series of speeches describing a strategy for victory. Mr. Card defended those speeches Friday, saying, "Nothing is 100 percent, but in the case of Iraq, failure is not an option."

The State Department also disputed the book's description of a meeting between George J. Tenet, then the director of central intelligence, and Ms. Rice on July 10, 2001, two months before the Sept. 11 attacks. The book describes the meeting as a heated one in which Mr. Tenet hoped to "shake Rice" into developing covert and overt plans to stop Osama bin Laden from attacking.

But Ms. Rice and other State Department officials denied that was the case, noting that the report of the Sept. 11 commission, which had testimony from Mr. Tenet and others at the meeting, made no mention of the July 10 encounter.

"The recollections as portrayed in the Woodward book in no way reflect the public and private testimony under oath of those individuals to the 9/11 commission," said Sean McCormack, the State Department spokesman.

Book Details Attempts To Oust Rumsfeld (LAT)

By Peter Spiegel

The Los Angeles Times, September 30, 2006

The White House disputes Woodward's account that the first lady backed one effort. A second book says Powell was forced out.

WASHINGTON — President Bush's then-chief of staff tried to convince the president to fire Defense Secretary Donald H. Rumsfeld on at least two occasions in the last two years, once with the support of First Lady Laura Bush, according to a new book by author and journalist Bob Woodward.

The first of the attempts by Andrew Card, made in November 2004, was thwarted by Vice President Dick Cheney, a longtime friend of Rumsfeld's, and Karl Rove, the White House political chief, who felt any move against Rumsfeld would be seen as an acknowledgment that the Iraq war was on the wrong course. The second effort, made a year later, came with Laura Bush's backing, the book says.

Some of the assertions in the book, "State of Denial," were made public Friday by Woodward's newspaper, the Washington Post, after other news organizations acquired copies ahead of Monday's official publication date. A spokesman for Simon & Schuster, the publisher, said the book's release had been moved up to today because of the disclosures.

The White House on Friday did not contradict Woodward's account of Card's efforts to oust Rumsfeld. But Tony Snow, Bush's spokesman, denied that either of the efforts were supported by the first lady, saying her office dubbed the suggestion "flatly not true."

Card "was asked to take a look at everybody, including himself," Snow said at a news conference. "It's typical — as a matter of fact, quite often in administrations at this point, people are asked to submit their resignations. The president's commander in chief. He picks."

Asked about the book's contents by reporters traveling with him at a NATO meeting in Slovenia, Rumsfeld said he had not read the account — or Woodward's previous books on the war. "I wouldn't hold your breath on this one," Rumsfeld said.

Another upcoming book on the Bush administration, a biography of former Secretary of State Colin L. Powell by Washington Post editor Karen DeYoung, will report that Powell was forced out of his job.

The account contradicts statements by the White House at the time — as well as Powell's own resignation letter — which made it appear that his decision to leave following the 2004 election was mutual. The excerpt from the book, "Soldier: The Life of Colin Powell," obtained by the Los Angeles Times ahead of next week's publication, recounts how Card broke the news to an unsuspecting Powell.

" 'The president would like to make a change,' [Card] said, using a time-honored formulation that avoided the words 'resign' or 'fire,' " the book says.

The two books add to a growing chorus of former administration officials, retired generals and onetime war supporters who have broken ranks and spoken out against a White House once renowned for its tight lips and reverence for loyalty.

Indeed, the White House on Friday sought to dismiss the Woodward book as a repeat of old allegations, arguments over troop levels and bitter recriminations from former officials whose advice was not taken.

Despite White House efforts, however, Woodward's book — like his two preceding tomes on Bush's stewardship of the war in Iraq, "Bush at War" and "Plan of Attack" — hit Washington like a major movie opening, with details spilling out in advance and interviews scheduled by CBS' "60 Minutes" and CNN's Larry King.

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The first two Woodward books were so laudatory that White House aides gave them to each other as Christmas gifts. "Plan of Attack" was even listed as recommended reading on the Bush campaign's reelection website. However, "State of Denial" prompted backpedaling by the White House and was embraced by congressional Democrats, who cited it as further evidence of the administration's mismanagement of the war.

Among the famous names in the book is Henry Kissinger, President Nixon's secretary of State during the Vietnam War. Woodward reports Kissinger has been a frequent visitor at the White House, offering Bush advice on Iraq.

"Now, what's Kissinger's advice?" Woodward said in his "60 Minutes" interview. "In Iraq, he declared very simply, 'Victory is the only meaningful exit strategy.' This is so fascinating. Kissinger's fighting the Vietnam War again, because in his view, the problem in Vietnam is we lost our will."

Woodward's account of the widening divisions within the administration over Iraq policy relies on at least four separate, privately written assessments that were submitted to senior administration officials detailing dire predictions for Iraq if the White House did not change course.

One of those assessments, Woodward recounts, is a secret intelligence estimate prepared in May by the intelligence division of the U.S. military's Joint Chiefs of Staff. It predicts that violence in Iraq will increase during 2007. The conclusion is similar to a National Intelligence Estimate prepared earlier this year, portions of which were declassified this week by Bush.

Another secret assessment revealed by Woodward is a 15-page memo prepared early last year for Secretary of State Condoleezza Rice by longtime friend and State Department Counselor Philip Zelikow, who wrote that Iraq was a "failed state shadowed by constant violence." Zelikow's memo was delivered to Rice even as the administration continued to insist Iraq was stabilizing.

Rumsfeld himself received a private assessment from a close friend, Steve Herbits, in July 2005. The seven-page memo asked Rumsfeld who was responsible for several miscues in Iraq — including the disbanding of the Iraqi army and the overreaching effort to rid the Iraqi government of members of Saddam Hussein's Baath party — and bluntly informed the Defense secretary of how colleagues viewed "Rumsfeld's style of operation."

"Indecisive, contrary to popular image," Woodward writes, quoting the memo by Herbits, a former Seagram's executive who has worked as a Pentagon consultant. "Would not accept that some people in some areas were smarter than he."

The fourth assessment was written in September 2003 to Rice by Robert D. Blackwill, a former National Security Council advisor, warning that more ground troops — perhaps as many as 40,000 — were needed to stabilize Iraq.

Woodward writes that the White House did nothing in response, though Snow on Friday disputed that claim, noting that Rumsfeld had said in one interview that he recalled receiving the Blackwill memo and ordered it be taken seriously.

DeYoung's book on Powell contains an account of a similar warning given to Bush by Powell in their last meeting at the White House. Powell used the January 2005 Oval Office meeting, intended to be a "farewell call," to "unload," DeYoung recounts.

"The war in Iraq was going south, [Powell] said after a few moments of small talk, and the president had little time left to turn it around," DeYoung wrote, adding that Powell warned not to expect too much progress to emerge from upcoming Iraqi elections. "There would be a window of about two months after the election 'to start to see progress,' he told Bush. 'If by the first of April this insurgency is not starting to ameliorate in some way, then I think you really have a problem.' "

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Times staff writers Paul Richter and Moises Mendoza contributed to this report.

A Portrait Of The President As The Victim Of His Own Certitude (NYT)

By Michiko Kakutani

The New York Times, September 30, 2006

In Bob Woodward's highly anticipated new book, "State of Denial," President Bush emerges as a passive, impatient, sophomoric and intellectually incurious leader, presiding over a grossly dysfunctional war cabinet and given to an almost religious certainty that makes him disinclined to rethink or re-evaluate decisions he has made about the war. It's a portrait that stands in stark contrast to the laudatory one Mr. Woodward drew in "Bush at War," his 2002 book, which depicted the president — in terms that the White House press office itself has purveyed — as a judicious, resolute leader, blessed with the "vision thing" his father was accused of lacking and firmly in control of the ship of state.

As this new book's title indicates, Mr. Woodward now sees Mr. Bush as a president who lives in a state of willful denial about the worsening situation in Iraq, a president who insists he won't withdraw troops, even "if Laura and Barney are the only ones who support me." (Barney is Mr. Bush's Scottish terrier.) Mr. Woodward draws an equally scathing portrait of Secretary of Defense Donald H. Rumsfeld, who comes off as a bully and control freak who is reluctant to assume responsibility for his department's failures, and who has surrounded himself with yes men and created a system that bleached out "strong, forceful

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military advice." Mr. Rumsfeld remains wedded to his plan to conduct the war in Iraq with a lighter, faster force (reflecting his idée fixe of "transforming" the military), even as the situation there continues to deteriorate.

Mr. Woodward reports that after the 2004 election Andrew H. Card Jr., then White House chief of staff, pressed for Mr. Rumsfeld's ouster (he recommended former Secretary of State James A. Baker III as a replacement), and that Laura Bush shared his concern, worrying that Mr. Rumsfeld was hurting her husband's reputation. Vice President Dick Cheney, however, persuaded Mr. Bush to stay the course with Mr. Cheney's old friend Mr. Rumsfeld, arguing that any change might be perceived as an expression of doubt and hesitation on the war. Other members of the administration also come off poorly. Gen. Richard B. Myers is depicted as a weak chairman of the Joint Chiefs of Staff, who routinely capitulated to the will of Mr. Rumsfeld and who rarely offered an independent opinion. Former C.I.A. director George J. Tenet is described as believing that the war against Iraq was a terrible mistake, but never expressing his feelings to the president. And Secretary of State Condoleezza Rice (who appears in this volume primarily in her former role as national security adviser) is depicted as a presidential enabler, ineffectual at her job of coordinating interagency strategy and planning.

For instance, Mr. Woodward writes that on July 10, 2001, Mr. Tenet and his counterterrorism coordinator, J. Cofer Black, met with Ms. Rice to warn her of mounting intelligence about an impending terrorist attack, but came away feeling they'd been given "the brush-off" — a revealing encounter, given Ms. Rice's recent comments, rebutting former President Bill Clinton's allegations that the Bush administration had failed to pursue counterterrorism measures aggressively before 9/11.

As depicted by Mr. Woodward, this is an administration in which virtually no one will speak truth to power, an administration in which the traditional policy-making process involving methodical analysis and debate is routinely subverted. He notes that experts — who recommended higher troop levels in Iraq, warned about the consequences of disbanding the Iraqi Army or worried about the lack of postwar planning— were continually ignored by the White House and Pentagon leadership, or themselves failed, out of cowardice or blind loyalty, to press insistently their case for an altered course in the war.

Mr. Woodward describes the administration's management of the war as being improvisatory and ad hoc, like a pickup basketball game, and argues that it continually tried to give the public a rosy picture of the war in Iraq (while accusing the press of accentuating the negative), even as its own intelligence was pointing to a rising number of attacks against American forces and an upward spiral of violence. A secret February 2005 report by Philip D. Zelikow, a State Department counselor, found that "Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change" and concluded that the American effort there suffered because it lacked a comprehensive, unified policy.

Startlingly little of this overall picture is new, of course. Mr. Woodward's portrait of Mr. Bush as a prisoner of his own certitude owes a serious debt to a 2004 article in The New York Times Magazine by the veteran reporter Ron Suskind, just as his portrait of the Pentagon's incompetent management of the war and occupation owes a serious debt to "Fiasco," the Washington Post reporter Thomas E. Ricks's devastating account of the war, published this summer. Other disclosures recapitulate information contained in books and articles by other journalists and former administration insiders.

But if much of "State of Denial" simply ratifies the larger outline of the Bush administration's bungled handling of the war as laid out by other reporters, Mr. Woodward does flesh out that narrative with new illustrations and some telling details that enrich the reader's understanding of the inner workings of this administration at this critical moment.

He reports, for instance, that the Vietnam-era Secretary of State Henry A. Kissinger "had a powerful, largely invisible influence on the foreign policy of the Bush administration," urging President Bush and Vice President Cheney to stick it out. According to Mr. Woodward, Mr. Kissinger gave the former Bush adviser and speechwriter Michael Gerson his so-called 1969 salted peanut memo, which warned President Richard M. Nixon that "withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded."

As with Mr. Woodward's earlier books, many of his interviews were conducted on background, though, from the point of view of particular passages, it's often easy for the reader to figure out just who his sources were. In some cases he recreates conversations seemingly based on interviews with only one of the participants. The former Saudi Arabian ambassador Prince Bandar bin Sultan, Mr. Card, Mr. Tenet, Deputy Secretary of State Richard L. Armitage and Brent Scowcroft, the former national security adviser (to Bush senior), appear to be among the author's primary sources.

Whereas Mr. Woodward has tended in the past to stand apart from his narrative, rarely pausing to analyze or assess the copious material he has gathered, he is more of an active agent in this volume — perhaps in a kind of belated mea culpa for his earlier positive portrayals of the administration. In particular, he inserts himself into interviews with Mr. Rumsfeld — clearly annoyed, even appalled, by the Pentagon chief's cavalier language and reluctance to assume responsibility for his department's failures.

Mr. Woodward reports that when he told Mr. Rumsfeld that the number of insurgent attacks was going up, the defense secretary replied that they're now "categorizing more things as attacks." Mr. Woodward quotes Mr. Rumsfeld as saying, "A

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random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things — a banana and an apple and an orange."

Mr. Woodward adds: "I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a 'fruit bowl,' a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal I.E.D.'s, standoff attacks with mortars and close engagements such as ambushes."

Earlier in the volume, in a section describing the former Iraq administrator Jay Garner's reluctance to tell the president about the mistakes he saw the Pentagon making in Iraq, Mr. Woodward writes: "It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news and a good time had by all." Were the war in Iraq not a real war that has resulted in more than 2,700 American military casualties and more than 56,000 Iraqi civilian deaths, the picture of the Bush administration that emerges from this book might resemble a farce. It's like something out of "The Daily Show" or a "Saturday Night Live" sketch, with Freudian Bush family dramas and high-school-like rivalries between cabinet members who refuse to look at one another at meetings being played out on the world stage.

There's the president, who once said, "I don't have the foggiest idea about what I think about international, foreign policy," deciding that he's going to remake the Middle East and alter the course of American foreign policy. There's his father, former President George Herbert Walker Bush (who went to war against the same country a decade ago), worrying about the wisdom of another war but reluctant to offer his opinions to his son because he believes in the principle of "let him be himself." There's the president's national security adviser whining to him that the defense secretary won't return her phone calls. And there's the president and Karl Rove, his chief political adviser, trading fart jokes.

Mr. Woodward suggests that Mr. Rumsfeld decided to make the Iraq war plan "his personal project" after seeing a rival agency, the C.I.A., step up to run operations in Afghanistan (when it became clear that the Pentagon was unprepared for a quick invasion of that country, right after 9/11). And he suggests that President Bush chose Mr. Rumsfeld as his defense secretary, in part, because he knew his father mistrusted Mr. Rumsfeld, and the younger Bush wanted to prove his father wrong.

Many of the people in this book seem not only dismayed but also flummoxed by some of President Bush's decisions. Mr. Woodward quotes Laura Bush as telling Andrew Card that she doesn't understand why her husband isn't upset about Mr. Rumsfeld and the uproar over his handling of the war . And he quotes Mr. Armitage as telling former Secretary of State Colin L. Powell that he's baffled by President Bush's reluctance to make adjustments in his conduct of the war.

"Has he thought this through?" Mr. Armitage asks. "What the president says in effect is, We've got to press on in honor of the memory of those who have fallen. Another way to say that is we've got to have more men fall to honor the memories of those who have already fallen."

Woodward: Card Wanted To Fire Rumsfeld (AP)

By Tom Raum

AP, September 30, 2006

Former White House chief of staff Andrew Card twice sought to persuade President Bush to fire Defense Secretary Donald Rumsfeld, the second time with the support of first lady Laura Bush, Bob Woodward writes in a new book on the Bush administration's Iraq war policy.

Card on Friday did not dispute that he had talked about a Rumsfeld resignation with the president but said it was his job to discuss a wide range of possible replacements, including his own. He denied talking to Mrs. Bush about the subject.

The Washington Post assistant managing editor's third book on the Bush administration, "State of Denial," comes out next week. Some details have already appeared, however, including on the newspaper's Web site.

White House spokesman Tony Snow shrugged off the book as "cotton candy. It kind of melts on contact."

"We've read this book before. This tends to repeat what we've seen in a number of other books that have been out this year where people are ventilating old disputes over troop levels," Snow said Friday.

Woodward writes that Card sought and failed in November 2004, right after Bush won a second term, and again a year later, to persuade the president to fire Rumsfeld.

In an interview with The Associated Press, Card rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term.

After re-election, he and the president "talked about every Cabinet post and senior White House position," Card said.

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He said he kept a notebook listing all top jobs and possible replacements. "It's the chief of staff's job to give the lay of the land, have the president consider a lot of different options," Card said.

As to whether the first lady had any particular views about Rumsfeld, "Mrs. Bush and I never discussed it," Card said.

Dorrance Smith, the assistant secretary of defense for public affairs, responded to a request for comment by referring a reporter to Card's comments on the matter.

As for the war, Woodward writes that White House and Pentagon officials voiced concern about the conduct of the fighting in reports and internal memos and that a secret intelligence report circulated last May predicted violence would continue for the rest of 2006 and increase in 2007. At the same time, Bush, Rumsfeld and other senior officials insisted publicly the situation was going well, Woodward writes, according to the Post.

Snow insisted that the president "was not, in fact, painting a rose-colored picture. He has been saying that it's a tough war, it's a long war, it's a war that's going to outlive his presidency."

The White House spokesman did confirm one detail in Woodward's forthcoming book — that Henry Kissinger has been advising Bush about Iraq.

"The president has a lot of people in, and he listens to them. And Dr. Kissinger was one of them," Snow said. He said Bush listens to Kissinger's advice even when the two men disagree.

In an interview scheduled to air Sunday night on CBS-TV's "60 Minutes," Woodward says Kissinger, who served in the Nixon and Ford administrations, has been telling Bush and Vice President Dick Cheney that in Iraq, "victory is the only meaningful exit strategy."

As for accounts in the book of administration infighting, Snow said, "Quite often in a book like this you're going to see people who are on the losing side of arguments be especially outspoken about their opinions that nobody listened to."

"As a matter of fact, the average Washington memoir ought to be subtitled 'If only they listened to me,'" said the White House spokesman.

Reporters Press Tony Snow On The Woodward Book -- He Denies White House In Denial (EDNPUB)

Editor & Publisher, September 30, 2006

NEW YORK At his briefing this afternoon, Tony Snow, White House press secretary, faced probing questions from reporters fueled by numerous tidbits and charges already emerging from Bob Woodward's new "State of Denial" book.

Snow tried to counter some allegations and put off others. One high point came when a reporter asked about Woodward's depiction of very strong and ongoing disputes between Secretary of State Condoleeza Rice and Pentagon chief Donald Rumsfeld -- leading to Rumsfeld refusing to take her calls. Snow replied that he had asked Rice about this specifically and she said, "That is ridiculous and I told that to Woodward."

Snow repeated that denial a few minutes later.

Asked about Woodward claiming that Gen. John Abizaid had stated that Rumsfeld had lost all credibility, Snow simply said the reporters should ask Abizaid about that.

When a reporter pointed out that former top aide Andrew Card had confirmed today the charge in Woodward's book that Card had once sought Rumsfeld's exit, Snow said he had tried to reach Card himself today, unsuccessfully so far. He said he had not asked the president about this. He said it was traditional for the resignations of everyone to be on the table when the White House mulls a shakeup.

Snow ignored a question from one reporter who asked why the White House had hailed Woodward's two previous books on Bush and the war as accurate but now they say the new one has many errors.

He denied the White House was in "denial" about the war, saying that it was indeed a "war" and that people focus too much on Baghdad when there is progress elsewhere.

Snow also hit the Woodward book, and any such book, for being partly based on interviews with "smart" people who did not get their way. He said just about any Washington memoir could have been subtitled, "If Only They'd Listened To Me."

Book Says Top Aide Urged Bush To Fire Rumsfeld (WP)

By William Hamilton, Washington Post Staff Writer

The Washington Post, September 30, 2006

Former White House chief of staff Andrew H. Card Jr. on two occasions tried and failed to persuade President Bush to fire Defense Secretary Donald H. Rumsfeld, according to a new book by Bob Woodward that depicts senior officials of the Bush administration as unable to face the consequences of their policy in Iraq.

Card made his first attempt after Bush was reelected in November 2004, arguing that the administration needed a fresh start and recommending that Bush replace Rumsfeld with former secretary of state James A. Baker III. Woodward writes that

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Bush considered the move but was persuaded by Vice President Cheney and Karl Rove, his chief political adviser, that it would be seen as an expression of doubt about the course of the war and would expose Bush to criticism.

Card tried again around Thanksgiving 2005, this time with the support of first lady Laura Bush, who, according to Woodward, felt that Rumsfeld's overbearing manner was damaging to her husband. Bush refused for a second time, and Card left the administration in March, convinced that Iraq would be compared to Vietnam and that history would record that no senior administration officials had raised their voices in opposition to the conduct of the war.

The book is the third that Woodward, an assistant managing editor at The Washington Post, has written on the Bush administration since the terrorist attacks of Sept. 11, 2001. The first two were attacked by critics of the administration as depicting the president in a heroic light. But the new book's title, "State of Denial," conveys the different picture that Woodward paints of the administration since the invasion of Iraq in March 2003. Excerpts of the book will be published in the Sunday and Monday editions of The Post.

Woodward writes that there has been a vast difference between what the White House and the Pentagon knew about the situation in Iraq and what they have been saying publicly. In memos, reports and internal debates, administration officials have voiced their concerns about the conduct of the war, even while Bush and Cabinet members such as Rumsfeld and Secretary of State Condoleezza Rice have insisted that the war was going well.

In May, Woodward writes, the intelligence division of the Joint Chiefs of Staff circulated a secret intelligence estimate predicting that violence in Iraq will not only continue for the rest of this year but also increase in 2007.

"Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through the next year," said the report, which was distributed to the White House, the State Department and intelligence agencies.

The report presented a similarly bleak assessment of oil production, electricity generation and the political situation in Iraq.

"Threats of Shia ascendancy could harden and expand Shia militant opposition and increase calls for coalition withdrawal," the report said.Several Warnings on Iraq

Woodward writes that Rice and Rumsfeld have been warned repeatedly about the deteriorating situation in Iraq.

Returning from his assignment as the first head of the Iraq postwar planning office, retired Lt. Gen. Jay Garner told Rumsfeld on June 18, 2003, that the United States made "three terrible mistakes" in Iraq.

The first two, he said, were the orders his successor, L. Paul Bremer, had given banning members of the Baath Party from government jobs and disbanding the Iraqi military. The third was Bremer's dismissal of an interim Iraqi leadership group that had been eager to help the United States administer the country in the short term.

"There's still time to rectify this," Garner said. "There's still time to turn it around."

But Rumsfeld dismissed the idea, according to Woodward. "We're not going to go back," Rumsfeld said.

A year later, Rumsfeld received even more blunt criticism from Steve Herbits, a longtime friend who, according to Woodward, has served as an informal adviser to Rumsfeld since he became defense secretary. In a seven-page memo in July 2004 titled "Summary of Post-Iraq Planning and Execution Problems," Herbits listed a series of questions for Rumsfeld:

Â· "Who made the decision and why didn't we reconstitute the Iraqi Army?"

Â· "Did no one realize we were going to need Iraqi security forces?"

Â· "Did no one anticipate the importance of stabilization and how best to achieve it?"

Â· "Why was the de-Baathification so wide and deep?"

He then described "Rumsfeld's style of operation," which he said was the "Haldeman model, arrogant," referring to President Richard M. Nixon's White House chief of staff H.R. "Bob" Haldeman. "Indecisive, contrary to popular image. Would not accept that some people in some areas were smarter than he. . . . Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions."

Woodward does not say how Rumsfeld responded.Misgivings in the Military

Some of the highest-ranking officers serving under Rumsfeld had similar misgivings about Iraq.

In March, Gen. John P. Abizaid, the senior U.S. commander for the Middle East, met privately with Rep. John P. Murtha (D-Pa.), who had criticized the Bush administration's approach to Iraq as "a flawed policy wrapped in illusion" and called for withdrawal. Murtha was attacked by the White House for "endorsing the policy positions of Michael Moore and the extreme liberal wing of the Democratic Party."

According to Murtha, Woodward writes, Abizaid raised his hand, held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

But, according to Woodward, Rumsfeld made sure that his choices for chairman of the Joint Chiefs of Staff -- Air Force Gen. Richard B. Myers and Marine Corps Gen. Peter Pace -- were not people who would directly challenge him.

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Woodward writes that just before Pace was named chairman, he was visited by an old friend, Marine Corps Gen. James L. Jones, the NATO commander. Jones expressed concern that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. Jones said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest.

And, he told his friend, according to Woodward: "You should not be the parrot on the secretary's shoulder."

Woodward writes that he called Jones at NATO headquarters in Brussels and that Jones confirmed the story.

Woodward describes Rice as frequently at odds with Rumsfeld when she served as national security adviser, and her staff as increasingly concerned about the lack of a strategy for winning the war in Iraq.

When she became secretary of state in 2005, Rice asked Philip D. Zelikow, an old friend whom she had brought on as an adviser, to travel to Iraq to assess the situation. On Feb. 10, two weeks after Rice became secretary, Zelikow presented her with a 15-page, single-spaced memo.

"At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," he wrote.A 'Brush-Off' From Rice

"State of Denial" adds new information about Rice's role in the Bush administration's efforts to combat terrorism in the months before the Sept. 11 attacks. That subject became a source of controversy this week after former president Bill Clinton accused "President Bush's neocons" and other Republicans of ignoring Osama bin Laden until the attacks; Rice responded angrily to the charge.

Woodward writes that on July 10, 2001, then-CIA Director George J. Tenet became so concerned about the communications that intelligence agencies were receiving indicating a terrorist attack was imminent, he went to the White House with counterterrorism chief J. Cofer Black -- without an appointment -- to meet with Rice, then the national security adviser. He and Black hoped the meeting would alert Rice to the urgency they felt.

But Tenet and Black felt that Rice gave them "the brush-off," according to Woodward, telling them that a plan for coherent action against bin Laden was already in the works. Woodward writes that both Tenet and Black felt that the meeting was the starkest warning the White House was given about bin Laden.

The book describes Tenet as feeling that Rice could have gotten through to Bush on the bin Laden threat but that she had not understood it in time. Black described his frustration more directly, according to Woodward: "The only thing we didn't do was pull the trigger to the gun we were holding to her head."

Woodward writes that former secretary of state Henry A. Kissinger has played a key role as an outside adviser to Bush on the Iraq war. Kissinger, according to Woodward, sees Iraq through the prism of his experience in the Nixon administration during the Vietnam War, and has counseled Bush to "stick it out" and not even entertain the idea of withdrawing troops.

At one point, to emphasize his position, he gave Michael Gerson, then a White House speechwriter, a copy of a memo he wrote to Nixon in September 1969. "Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded," Kissinger wrote.

Unlike Woodward's previous books, "Bush at War" and "Plan of Attack," "State of Denial" does not focus on Bush. Woodward writes that Bush, who agreed to be interviewed for the first two books, declined this time.

Woodward also spends little time on Cheney, writing that since 2005 the vice president has been perceived as having no visible role in Iraq policy. He describes Cheney's associates as saying he was "lost" without his former chief of staff, I. Lewis "Scooter" Libby, who resigned after he was indicted for his role in the Valerie Plame leak case.

According to Woodward, Cheney relied on his wife, Lynne, and his daughter Liz for advice, and some close friends believed he "became increasingly removed from reality."

The Bob Woodward Effect (NSWK)

By Richard Wolffe, Newsweek

Newsweek, September 30, 2006

The White House is in full damage-control mode over his new book WEB EXCLUSIVE

There are few journalists in Washington who can throw the White House off its stride: Bob Woodward is one of them. Woodward's new book, "State of Denial," paints a damning picture of White House policy in the aftermath of the Iraq invasion. After The New York Times printed excerpts of the book on Friday, the West Wing immediately went into full damage-control mode, as top aides tried to figure out how to respond. Woodward had delivered copies of the book to the White House on Friday morning—earlier than they expected because of the newspaper leak. The arrival of a Woodward Tome has become a kind of biennial ritual in Washington. The last two, which detailed the Afghan war and the successful early invasion of Iraq, were fairly kind to the president and his staff. But this was a different kind of book, and the administration was already bracing for a rougher ride.

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The White House stayed quiet all morning, until the press briefing, which began unusually late. Soon after press secretary Tony Snow stepped up to the podium, it was clear the White House had settled on a time-tested strategy: deny, downplay and sidestep. Snow had a quip at the ready. “The book’s certainly cotton candy—it kind of melts on contact.”

The calculated ho-hum reaction is partly the result of having already responded to several critical books on Iraq in recent months—as well as public discontent with the war. Bush’s aides believe they have already debated extensively the conflicting recommendations about troop levels, and consider that an old—and exhausted—dispute.

White House officials also think they can easily knock down Woodward’s premise that Bush has misled the public about the level of attacks on troops in Iraq. Since late last year, Bush has spoken more openly and directly about the nature of the enemy in Iraq and the scale of the challenge in building a peaceful and democratic nation. Snow himself quoted Bush at length at a press conference in Chicago in July saying, “We’ve lost obviously a lot of lives here in the homeland, and we lost lives overseas.” Snow added that Bush had been telling the American people that “it’s a war that’s going to outlive his presidency.”

The harder material for the White House to dispute concerns Donald Rumsfeld—including harsh assessments of the Defense Secretary from Pentagon brass. According to the book, General Jim Jones, the NATO commander, told his friend Peter Pace, then in line to become chairman of the Joint Chiefs of Staff, to steer clear of the job. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You shoul not be the parrot on the secretary's shoulder," Jones said.

Administration officials prefer to either dismiss those stories as “gossip” (as Snow did on Friday) or sidestep them altogether. According to Woodward, former Chief of Staff Andy Card recommended that Rumsfeld should be fired. Instead of disputing that, Snow dodged the question altogether with an admirably confusing non sequiter. "Anybody who knows Andy Card knows that there's not a bitter bone in his body."

Bush’s aides concede that they can't dispute the book's direct quotes from Card about his desire to see Rumsfeld leave. Instead, they focused their denials elsewhere. They rejected outright Woodward's contention that First Lady Laura Bush dislikes Rumsfeld. But the Bush team cannot easily dismiss Woodward's reporting skills outright. In his earlier two books—Bush At War and Plan of Attack—Woodward gained extensive cooperation from the White House, and Bush officials openly praised the quality of his reporting. This time around, neither Bush nor Dick Cheney agreed to be interviewed. That doesn’t mean the White House froze Woodward out, merely that he was kept at the same distance as most journalists in Washington. As the president now knows, Woodward isn't fond of the view from the cheap seats.

End Of The Affair (TIME)

By James Carney

Time, September 30, 2006

The Bush White House used to love Bob Woodward. Now, thanks to the revelations in his newest book, State of Denial, the breakup will be nasty

Bob Woodward's first book on this Administration, Bush At War, was hagiography, the prose equivalent of those post-9/11 Annie Leibovitz photographs for Vanity Fair that captured the President and his War Cabinet in heroic still lifes. Woodward, the world's most famous investigative reporter and an assistant managing editor at the Washington Post, took a lot of heat for going soft on the President in Bush At War, but the author's critics were wrong to suggest he was politically motivated. That book, remember, chronicled the President and his inner circle during the first three months after 9/11. All things considered, and certainly by comparison to what followed, those were pretty good days for this Administration.

Then came Plan of Attack, Woodward's second Bush book. Published in April 2004, this one was decidedly more nuanced. Like all Woodward products, its tone reflected the moment in time when it was written — in this case, that fuzzy period between Bush celebrating Iraq as a "Mission Accomplished" and the turning point when the greater national security establishment decided Iraq had become a disaster. In Plan of Attack, Bush and his team were flawed, but well-intentioned; they made both good decisions and bad, and they feuded among themselves, sometimes less than nobly, over the best policies to pursue. But the White House and the Bush-Cheney campaign cleverly decided to ignore all the negative stuff in the book. Instead, they said it showed the President as a leader. They even listed it as recommended reading on the campaign's website. Thanks to the Bush team's embrace, Woodward was accused unfairly of being a lapdog for the President. Woodward, understandably, was chagrined; very, very rich for a working print journalist (Plan of Attack, like most Woodward books, was a best seller), but chagrined nonetheless.

Now we have State of Denial. The title alone is a departure for Woodward. His books during the Clinton years — The Agenda, The Choice — all carried neutral titles that revealed little about how the people in power were portrayed. The same can be said of Bush At War and Plan of Attack. From the moment the title of the third book leaked, White House officials knew they were in trouble.

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Actually, they suspected long ago that Woodward's newest book would not be good for them. Woodward had plenty of access to Bush and Cheney for his first two tomes. Not this time. "We had a sense that this was going to be a different kind of book," says one source familiar with the discussions on how to handle Woodward. "The third time is not the charm."

The line out of Bush World on State of Denial is that it's "nothing new" and "old news" — the standard damage control response I remember hearing again and again from Clinton flacks during times of trouble in those years. "These are just gossipy snapshots of issues that have been covered ad nauseam," says Dan Bartlett, the President's counselor. Bartlett has the unenviable task this weekend of appearing on three Sunday shows to talk down the significance of the Woodward book.

But thanks to the New York Times' David Sanger, who scooped the Washington Post on the key revelations in State of Denial this morning, we know that some of Woodward's revelations ARE new. That then-White House Chief of Staff Andrew Card urged the removal of Defense Secretary Donald Rumsfeld — that's new. That Robert Blackwill, the White House point man on Iraq in the first term, told Condi Rice and her deputy that 40,000 more troops were needed but was rebuffed — that's new, too. And there are more.

Still, Bartlett and others on the Bush team may yet succeed in convincing people that Woodward's revelations are ancient history, but not necessarily for reasons that are helpful to the President or the Republican Party. The real-time news out of Iraq continues to be so relentlessly grim that nothing, not even another Woodward expose, may be able to steal the spotlight for too long. So come to think of it, the White House might want to make State of Denial recommended reading after all.

'State Of Denial' Lands Early And Hits Harder (WP)

By Howard Kurtz

The Washington Post, September 30, 2006

Bob Woodward at Center of Whirlwind Over Latest Book

The impassioned debate that seems to surround each new book by Bob Woodward burst into public view yesterday, two days ahead of schedule.

The unveiling of "State of Denial," Woodward's latest take on the Bush administration's struggle with the conflict in Iraq, scrambled the usual media alliances. The New York Times ran a front-page exclusive on a book by a journalist for The Washington Post -- which begins running excerpts tomorrow -- and Brian Williams led "NBC Nightly News" with a story based on advance tidbits put out by CBS's "60 Minutes," which airs its Woodward interview tomorrow.

For several years now, liberal critics have been denigrating Woodward as a high-level stenographer for an administration they detest, even as his last two books have also revealed information that embarrassed the White House. But this new volume -- written, unlike the others, without access to President Bush -- has media and political circles buzzing about whether the one-time Watergate sleuth has suddenly gotten tougher on the administration.

"I found out new things, as is always the case when you re-plow old ground," Woodward said. "The bulk of them I discovered this year. I wish I'd had some of them for the earlier books, but I didn't."

Woodward said he pushed repeatedly to interview Bush, who actually suggested that he write the book "Plan of Attack." But White House counselor Dan Bartlett and national security adviser Stephen Hadley, after a period of cooperation, told him an interview was unlikely and then stopped returning his calls. In the new book, Woodward attributes the lack of a presidential interview -- which has the effect of removing a strong counterweight to criticism of the White House -- to Bush's declining popularity.

Bartlett said yesterday that he and other officials, while cooperating, noticed "a different tone and tenor to this project. . . . Some pretty hard conclusions had already formed in Bob's mind. So we made the judgment that the third time was not a charm." The book's "gossipy" aspects will titillate the cocktail party circuit, Bartlett said, but "the underlying issues are ones covered by a half-dozen books before his."

What accounts for the tsunami of publicity? Three decades after he was portrayed by Robert Redford in the movie version of the Watergate book "All the President's Men," Woodward has become a bankable commodity, his books virtually guaranteed to generate headlines and top bestseller lists.

But for all his popularity and credibility, Woodward has seen his reputation has taken a bit of a scuffing as detractors have assailed his recent books as too sympathetic toward Bush, Vice President Cheney and other officials who have cooperated with him. Woodward also apologized to The Post in November for failing to disclose for more than two years that an administration official had told him about Valerie Plame's status as a CIA operative, a silence he attributed to trying to avoid a subpoena from the special prosecutor investigating the leak.

The very title of "State of Denial" suggests a more sharp-edged approach than "Bush at War" or "Plan of Attack," although the latter, in particular, contained revelations about the administration that were seized upon by John Kerry's presidential campaign after its 2004 release. But the narrative pushed by Woodward's critics was that of a journalist who was an outsider

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while digging into the Nixon White House but had since become wealthy, famous and too cozy with those in the Bush White House.

The dominant theme of the new book -- that the administration was torn by internal divisions over Iraq and failed to recognize its blunders -- could prompt a reassessment of Woodward's work.

"In my view, his reputation had suffered from the first two books on the Bush administration, and I believe he's a very smart guy and he knows that," said Jay Rosen, a New York University journalism professor. "I think he was used to put out a narrative that was radically incomplete."

"Obviously he's more critical of the president, but this comes at a point when the war has gone on as long as World War II," said Times columnist Frank Rich, a fierce Bush critic.

Said Bob Kuttner, co-executive editor of the liberal American Prospect: "Either Bob was shamed into using his tremendous reporting talent to explain what was really going on, or he felt foolish in light of what was written before and what was subsequently unearthed."

On the conservative side, Bill Kristol, editor of the Weekly Standard, said of the new book: "I don't know whether that's where his reporting led him or whether it's more fashionable to be anti-Bush in 2006 than in 2002. I don't see what the big revelations are, and I don't see this changing anyone's mind in November."

Asked about criticism that he has gone easy on the Bush team in the past, Woodward said: "Anyone who's read the books would realize that it's unfounded. All of the three books are reported, and this is what I found."

Some commentators have maintained that those who cooperate with Woodward fare better in his narratives. In this case, however, Defense Secretary Donald Rumsfeld -- who had to be ordered by Bush to cooperate with "Plan of Attack" -- granted two on-the-record interviews. Yet Rumsfeld is portrayed as "an arrogant, indecisive bumbler who won't take responsibility for his mistakes," as the New York Daily News, which also obtained an advance copy of the book, put it.

Yesterday's publication by the Times and Daily News -- Times reporter Julie Bosman bought her copy and, in what is usually a sin in New York, paid retail -- caused plenty of head-shaking in The Post newsroom, where numerous staffers wondered how the paper was beaten on a book by its own assistant managing editor. The Post quickly published a news story online yesterday morning.

Leonard Downie Jr., The Post's executive editor, said the book was "fair game" for any competitor and that he probably should have moved faster after "60 Minutes" issued a press release on the book Thursday.

"We weren't prohibited from doing it; I just didn't think to do it," Downie said. "I was sort of upset with myself for not having decided yesterday to just do a story. . . . I'm somewhat surprised at how much commotion the release of the book has caused."

Newsweek, a Washington Post Co. property, is still planning a cover-story excerpt for tomorrow. Editor Jon Meacham said he was "not surprised" by the leak. "The exclusive excerpts game has been changed over the last five to 10 years, and it's very hard to protect any book after it's shipped from the publisher."

While the Times was scooping The Post -- in part by keeping the story off its Web site until the middle of the night -- NBC was beating CBS by using footage of the "60 Minutes" interview posted on CBS's Web site. "We knew a story when we heard one, and we found a way to cover it," NBC anchor Williams said. "We unabashedly threw CBS's logo up on the air."

NBC correspondent Andrea Mitchell had signed a confidentiality agreement in exchange for an advance copy, Williams said, so "she recused herself from any discussions."

"60 Minutes" spokesman Kevin Tedesco was unperturbed, saying: "Ultimately it all adds to the buzz, and hopefully more viewers for Sunday's broadcast."

Times reporter David Sanger, who wrote his paper's story, said Woodward books are always news. "As someone who covers the White House, I can only view this with admiration," Sanger said. "He's got some fabulous supporting details and great scenes. Did we all know there was tension between Condoleezza Rice and Don Rumsfeld? Yes. Did we know the president told him to return her calls? No."

The busting of book embargoes is becoming common practice. After all, the Associated Press obtained an advance copy of "Plan of Attack" before The Post ran its excerpts. (Woodward was also scooped by Vanity Fair last year on the identity of Deep Throat, but that stemmed from his decision that one-time FBI official Mark Felt was no longer mentally competent to release him from a 33-year-old pledge of confidentiality.)

The Post was the aggressive party in 2003 when, on the heels of the AP, the paper obtained an advance copy of Hillary Rodham Clinton's autobiography before it was serialized in Time. A year later, Newsweek, the Times and the AP got hold of Bill Clinton's memoir before an exclusive Time interview with the former president.

When Newsweek had the rights to "Dutch," Edmund Morris's 1999 biography of Ronald Reagan, The Post scooped its sister publication by coming up with a copy. In 1995, Newsweek's Meacham obtained a manuscript of Colin Powell's autobiography, prompting Time to slash the fee it paid Random House for the excerpts.

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This time, Simon & Schuster, Woodward's publisher, responded to the leak by moving up the sale date for the book -- 825,000 copies have already been shipped -- from Monday to today. "We were completely blindsided by it," said publicity chief Victoria Meyer.

How does Woodward feel about his newspaper losing first crack at his book? "It's the world we live in," he said.

Research editor Alice Crites contributed to this report.

Woodward Book Debut Not Quite As Planned (NYT)

By Katharine Q. Seelye

The New York Times, September 30, 2006

Simon & Schuster had an intricate strategy all worked out for rolling out Bob Woodward's new book, "State of Denial," scheduled for publication on Monday.

Extensive excerpts would appear in The Washington Post, where Mr. Woodward works, on Sunday and Monday. The book would be featured Sunday night on "60 Minutes." And excerpts would appear Monday in Newsweek, which is also owned by the Washington Post Company.

But that plan was disrupted Friday when The New York Times and The Daily News published articles with details of the book, which describes behind-the-scenes disputes within the Bush administration over the Iraq war.

Now, Simon & Schuster has moved up the release of the book to today, allowing bookstores, which have had it for days, to put it on their shelves earlier than the scheduled sale date.

The decision to make the book available earlier than planned highlights the difficulty that publishers face in trying to execute a promotional strategy on their own timetable.

It also raises questions about the relationship between The Post and Mr. Woodward, a prolific author who is by far its most famous reporter for his role in exposing the Watergate scandal, which brought down Richard Nixon's presidency. His books often contain exclusive material that has not appeared in the newspaper, where he is an assistant managing editor.

"60 Minutes" began promoting its segment about "State of Denial," including details of the book's content, on its Web site on Thursday. An internal critique yesterday at The Post, written by a former reporter, suggested little patience with Mr. Woodward's special relationship with his paper.

"The big question of the day is, Why A1 didn't have Woodward on Bush before CBS began promoting their interview," the critique read. "Oh yeah, I know why, blah, blah, blah."

Leonard Downie Jr., the executive editor of The Post, said that during the course of reporting for this book and others, Mr. Woodward "has been helpful to us from time to time."

He declined to specify Mr. Woodward's contributions to the newspaper from "State of Denial," but noted that after the articles were published in The New York Times and The Daily News on Friday, The Post ran on its Web site "material that originated with us" and said that it would have excerpts in its Sunday issue, which will be available today.

"You will still read Woodward's words first in their entirety in The Washington Post," Mr. Downie said. He added that he was not upset about the turn of events, saying being scooped was part of the ebb and flow of a competitive business.

"Sometimes you win, and sometimes you lose," he said.

Simon & Schuster was somewhat less sanguine. Some industry watchers said that the front-page treatment in The Times could only help lift sales of the book. But David Rosenthal, publisher of Simon & Schuster, maintained that the book already had significant buzz and that it was not clear whether additional publicity would increase it.

Regardless of sales, he said, a principle was violated because it appeared some booksellers had sold the book to The Times, The Daily News and other outlets even though they had signed affidavits saying they would abide by embargoes.

Breaking an embargo, he said, can disrupt a highly structured, coordinated publicity and sales program.

"You want your sales to start happening at a synchronized time, in a concentrated period at first, to drive the book" on the best-seller lists, he said. "And its list position affects the discounting of a book."

Mr. Rosenthal said he had moved up the release date to today "because it's the soonest we can" and because "we don't want to penalize stores that are upholding the embargo."

Barbara Meade, a co-owner of the Politics and Prose bookstore in Washington, said that she had received a "frenzy" of calls yesterday for the book. Even if the publisher had not moved up the sale to today, she said, she might have started selling it then anyway to avoid disappointing her customers. "It would be a bad business decision not to put it out," she said.

Howard Rubenstein, a public relations executive familiar with roll-out campaigns like this one by Simon & Schuster, said that controlling such information "really doesn't work anymore."

He said that he advises clients to prepare a strategy for publicity but also to prepare for leaks. "And if it happens," he said, "jump on the bandwagon."

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Gonzales Cautions Judges On Interfering (AP)

By Michael J. Sniffen

AP, September 30, 2006

Attorney General Alberto Gonzales, who is defending President Bush's anti-terrorism tactics in multiple court battles, said Friday that federal judges should not substitute their personal views for the president's judgments in wartime.

He said the Constitution makes the president commander in chief and the Supreme Court has long recognized the president's pre-eminent role in foreign affairs. "The Constitution, by contrast, provides the courts with relatively few tools to superintend military and foreign policy decisions, especially during wartime," the attorney general told a conference on the judiciary at Georgetown University Law Center.

"Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review," Gonzales said.

And he said the independence of federal judges, who are appointed for life, "has never meant, and should never mean, that judges or their decisions should be immune" from public criticism.

"Respectfully, when courts issue decisions that overturn long-standing traditions or policies without proper support in text or precedent, they cannot — and should not — be shielded from criticism," Gonzales said. "A proper sense of judicial humility requires judges to keep in mind the institutional limitations of the judiciary and the duties expressly assigned by the Constitution to the more politically accountable branches."

His audience included legal scholars and judges, including Justice Clarence Thomas, one of the Bush administration's most reliable supporters on the Supreme Court.

The attorney general did not refer to any specific case or decision but only to wartime, military and foreign affairs cases in general.

Gonzales has sent Justice Department lawyers into federal courts from coast to coast defending Bush's detention of terrorist suspects at Guantanamo Bay, Cuba, his plans to try some of them before military tribunals and his use of the National Security Agency to wiretap Americans without court warrants when they communicate with suspected terrorists abroad.

Over administration objections, the Supreme Court ordered that detainees could challenge aspects of their imprisonment in federal courts and overturned Bush's plans for military tribunals, forcing Bush to ask Congress to approve a new version of the panels.

A handful of federal district judges either ordered an end to the warrantless wiretapping or agreed to hear court challenges to it. Opponents of the plan argue the NSA program violates the Foreign Intelligence Surveillance Act's requirement that the government get a warrant from a court that meets in secret before wiretapping Americans to gain intelligence information.

The administration contends that despite the statute's language, the president has inherent authority from the Constitution to order such eavesdropping without court permission. Justice lawyers also have argued that the challenges to the NSA program should be thrown out of court because trials would expose state secrets. Most of the judges' rulings and proceedings have been stayed pending appeal.

Gonzales also said he thought more states should move away from having judges stand in partisan elections to keep their seats. Gonzales himself as a Texas Supreme Court justice "had to raise enough money to run print ads and place television spots around the state in order to retain my seat."

In such contested elections, "most of the contributions come from lawyers and law firms, many of whom have had, or will have, cases before the court," Gonzales said. "The appearance of a conflict of interest is difficult to dismiss."

He noted favorably that some states have adopted other ways of picking judges, including merit selection and appointment with simple up-or-down retention elections rather than contested campaigns. With polls showing many voters think judges can be swayed by campaign contributions, Gonzales said, "If Americans come to believe that judges are simply politicians, or their decisions can be purchased for a price, state judicial systems will be undermined."

Detainee Bill Shifts Power To President (NYT)

By Scott Shane And Adam Liptak

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — With the final passage through Congress of the detainee treatment bill, President Bush on Friday achieved a signal victory, shoring up with legislation his determined conduct of the campaign against terrorism in the face of challenges from critics and the courts.

Rather than reining in the formidable presidential powers Mr. Bush and Vice President Dick Cheney have asserted since Sept. 11, 2001, the law gives some of those powers a solid statutory foundation. In effect it allows the president to identify

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enemies, imprison them indefinitely and interrogate them — albeit with a ban on the harshest treatment — beyond the reach of the full court reviews traditionally afforded criminal defendants and ordinary prisoners.

Taken as a whole, the law will give the president more power over terrorism suspects than he had before the Supreme Court decision this summer in Hamdan v. Rumsfeld that undercut more than four years of White House policy. It does, however, grant detainees brought before military commissions limited protections initially opposed by the White House. The bill, which cleared a final procedural hurdle in the House on Friday and is likely to be signed into law next week by Mr. Bush, does not just allow the president to determine the meaning and application of the Geneva Conventions; it also strips the courts of jurisdiction to hear challenges to his interpretation.

And it broadens the definition of "unlawful enemy combatant" to include not only those who fight the United States but also those who have "purposefully and materially supported hostilities against the United States." The latter group could include those accused of providing financial or other indirect support to terrorists, human rights groups say. The designation can be made by any "competent tribunal" created by the president or secretary of defense.

In very specific ways, the bill is a rejoinder to the Hamdan ruling, in which several justices said the absence of Congressional authorization was a central flaw in the administration's approach. The new bill solves that problem, legal experts said.

"The president should feel he has better authority and direction now," said Douglas W. Kmiec, a conservative legal scholar at the Pepperdine University School of Law. "I think he can reasonably be confident that this statute answers the Supreme Court and puts him back in a position to prevent another attack, which is the goal of interrogation."

But lawsuits challenging the bill are inevitable, and critics say substantial parts of it may well be rejected by the Supreme Court.

Over all, the legislation reallocates power among the three branches of government, taking authority away from the judiciary and handing it to the president.

Bruce Ackerman, a critic of the administration and a professor of law and political science at Yale University, sharply criticized the bill but agreed that it strengthened the White House position. "The president walked away with a lot more than most people thought," Mr. Ackerman said. He said the bill "further entrenches presidential power" and allows the administration to declare even an American citizen an unlawful combatant subject to indefinite detention.

"And it's not only about these prisoners," Mr. Ackerman said. "If Congress can strip courts of jurisdiction over cases because it fears their outcome, judicial independence is threatened."

Even if the Supreme Court decides it has the power to hear challenges to the bill, the Bush administration has gained a crucial advantage. In adding a Congressional imprimatur to a comprehensive set of procedures and tactics, lawmakers explicitly endorsed measures that in other eras were achieved by executive fiat. Earlier Supreme Court decisions have suggested that the president and Congress acting together in the national security arena can be an all-but-unstoppable force.

Public commentary on the bill, called the Military Commissions Act of 2006, has been fast-shifting and often contradictory, partly because its 96 pages cover so much ground and because the impact of some provisions is open to debate.

"This bill is about so many things, and it's a mixed bag," said Elisa Massimino, the Washington director of Human Rights First, a civil liberties group.

Ms. Massimino's group and others criticized the bill as a whole, but she agreed with the Republican senators who negotiated for weeks with the White House that it would ban the most extreme interrogation methods used by the Central Intelligence Agency and the military.

"The senators made clear that waterboarding is criminal," Ms. Massimino said, referring to a technique used to simulate drowning. "That's a human rights enforcement upside."

The debate over the limits of torture and the rules for military commission dominated discussion of the bill until this week. Only in the last few days has broad attention turned to its redefinition of "unlawful enemy combatant" and its ban on habeas corpus petitions, which suspects have traditionally used to challenge their incarceration.

Law professors will stay busy for months debating the implications. The most outspoken critics have likened the law's sweeping provisions to dark chapters in history, comparable to the passage of the Alien and Sedition Acts in the fragile years after the nation's founding and the internment of Japanese-Americans in the midst of World War II.

Conservative legal experts, by contrast, said critics could no longer say the Bush administration was guilty of unilateral executive overreaching. Congressional approval can cure many ills, Justice Robert H. Jackson wrote in his seminal concurrence in Youngstown Sheet and Tube Company v. Sawyer, the 1952 case that struck down President Harry S. Truman's unilateral seizure of the nation's steel mills during the Korean War.

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Supporters of the law, in fact, say its critics will never be satisfied. “For years they’ve been saying that we don’t like Bush doing things unilaterally, that we don’t like Bush doing things piecemeal,” said David B. Rivkin, a Justice Department official in the administrations of Ronald Reagan and George H. W. Bush.

How the measure will look decades hence may depend not just on how it is used but on how the terrorist threat evolves. If a major terrorist plot in the United States is uncovered — and surely if one succeeds — it may vindicate the Congressional decision to give the government more leeway to seize and question those who might know about the next attack.

If the attacks of 2001 recede as a devastating but unique tragedy, the decision to create a new legal framework may seem like overkill. “If there is never another terrorist attack and we never obtain actionable intelligence, this will look like a huge overreaction,” said Gary J. Bass, a professor of politics and international affairs at Princeton.

Long before that judgment arrives, legal challenges are likely to bring the new law before the Supreme Court. Assuming the justices rule that they retain the power to hear the case at all, they will then decide whether Congress has resolved the flaws it found in June or must make another effort to balance the rights of accused terrorists and the desire for security.

Detainee Bill Boosts The GOP (LAT)

By Doyle Mcmanus, Times Staff Writer

The Los Angeles Times, September 30, 2006

Its passage on President Bush's terms renews public focus on an issue that has been a political winner for Republicans since 9/11.

WASHINGTON — Three months ago, the Supreme Court handed President Bush what appeared to be a stinging defeat, ruling that he had overstepped the bounds of his power by holding and trying terrorism suspects without clear authority from Congress. Two weeks ago, Bush's hopes of settling the issue with new legislation ran into serious trouble when powerful Republican senators rebelled against him.

But this week, the president brushed aside those setbacks and won what appeared to be a significant political victory largely on his terms, securing passage of tough rules that allow the government to hold, interrogate and try "enemy combatants" while granting them legal rights that are limited.

The complex bill, which swept through the House and Senate after backroom negotiations, not only gave Bush most of what he wanted in substance, it also provided Republicans with a rhetorical club to use against Democrats on terrorism.

The renewed focus on the issue that has most benefited the GOP since Sept. 11, 2001, has provided a much-needed lift for Republicans as they move into the final weeks of the hotly contested campaign for control of Congress.

"At least for the moment," said political scientist Ross K. Baker of Rutgers University, "it has deprived the Democrats of the momentum that they enjoyed as recently as six weeks ago."

The opportunity was not lost on GOP leaders, who wasted no time in using it.

"Do [voters] want to be voting for a party that does unabashedly say, 'We're going to have victory in this war on terror,' or a party that says, 'We've got to surrender'?" Senate Majority Leader Bill Frist (R-Tenn.) said Friday.

House Speaker J. Dennis Hastert (R-Ill.) said in a television interview that Democrats "are so bent on protecting criminals … they're not allowing us to prosecute these people."

"The 130 most treacherous people probably in the world, and they want to put them and release them out in the public eventually," Hastert said.

No Democrat in Congress has called for releasing the detainees considered most dangerous at Guantanamo Bay, Cuba, or proposed that the United States surrender to terrorists.

As the dust settled after a week of heated debate and rapid-fire votes, some Democrats privately acknowledged Bush's clear victory.

What Democratic leaders most wanted was to change the subject from terrorism to Iraq, on which the president has been much less successful.

House Minority Leader Nancy Pelosi (D-San Francisco) held a news conference Friday to argue that recently released excerpts of a National Intelligence Estimate on terrorism, as well as a new book by Bob Woodward of the Washington Post, offered new evidence that the president had mismanaged the war in Iraq.

Legal experts said the tribunal law was certain to be challenged, beginning with a controversial provision that blocks foreign prisoners held by the military from appealing their detention in federal courts. But they also noted that no challenge would reach the Supreme Court before the Nov. 7 election.

"It is an appallingly bad bill. I think it is a stain on our national reputation and a national disgrace," said Harold Koh, a former Clinton administration official who is now dean of Yale Law School.

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"By going on the offensive to turn this into a test of members' commitment to the war on terror, Bush bullied them into taking a bad bill with virtually no legislative process. Where were the hearings? Where were the expert witnesses?"

A conservative legal scholar, Douglas W. Kmiec of Pepperdine Law School, disagreed with Koh's assessment.

But he agreed that the bill had turned into a political football.

"I think this is a reasonable effort to respond to the concerns raised by the Supreme Court," said Kmiec, a former Reagan administration official. "I think it will be challenged; I think it should on its face survive challenge…. It is more protective and solicitous [of detainees' rights] than anything I can recall out of the Civil War, World War I or World War II."

Still, he added, "there's an awful lot of politics surrounding this matter at the moment, and both sides are playing the game.

"The president is insisting that Democrats who don't support him are weak in the defense of the nation, and Democrats in turn are suggesting that the president doesn't care about the Constitution."

Reflecting the power of the terrorism issue at the polls — or at least candidates' perception of its power — almost every Democratic lawmaker in a potentially tight Senate race voted with the Republican majority to approve the bill: Sens. Robert Menendez of New Jersey, Ben Nelson of Nebraska and Debbie Stabenow of Michigan and, in the House, Senate candidates Sherrod Brown of Ohio and Harold E. Ford Jr. of Tennessee.

On the flip side, Sen. Lincoln Chafee, facing a tough reelection battle in largely Democratic Rhode Island, was the sole Republican senator to vote no.

Though Menendez and Stabenow voted for the bill, a Republican group attacked them for earlier supporting an amendment by Sen. Arlen Specter (R-Pa.) that would have given terrorism suspects the right to challenge their detention in federal court.

Menendez and Stabenow "sided with trial lawyers and terrorists," the National Republican Senatorial Committee charged, linking them to two of the GOP's favorite targets.

"We hit every Democrat in a competitive seat on this issue," said Brian Nick, a spokesman for the GOP committee.

The bill, said Rutgers' Baker, "is one more blunt instrument that the president can use on the Democrats to say what he's been saying all along … which is to charge that the Democrats are soft on terrorism."

"It's hard to know what issue is going to be the most powerful [in November]…. But the pushback on terrorism has been extremely well-orchestrated," Baker said.

"The Republicans have stayed on message with incredible discipline."

Democratic consultant Jeremy Rosner argued that the charge of "soft on terrorism" might be less effective this year than it was four years ago. Republicans then gained seats in both chambers of Congress.

"I think it's too early to tell how this will all play for sure," he said.

The renewed attention to terrorism after the fifth anniversary of the Sept. 11 attacks "did lift Bush's personal approval in the polls, but it didn't move approval of Congress," Rosner said.

Congressional analyst Charlie Cook, editor of the nonpartisan Cook Political Report, said the outcome of November's election would still depend largely on what issue dominates voters' thinking five weeks from now.

"To the extent that the spotlight moves toward terrorism [and] national security … that's a good thing for President Bush, it's a good thing for his party," Cook said.

"If it moves back over toward Iraq, then that's bad for President Bush, it's bad for the Republican Party, and they lose the House for sure.

"The more likely outcome, I think, is what if that spotlight shifts about halfway over, so it's partially terrorism, national security, falling gas prices and partially on the war in Iraq," he said. "That's where this thing becomes a real, real, real close call, and the House could go either way."

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Times staff writer Richard Simon contributed to this report.

Briton Cites 'Divergence' With U.S. (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, September 30, 2006

Senior Official Critical of Going 'Beyond the Law' to Fight Terror

LONDON, Sept. 29 -- Charles Falconer, one of the highest-ranking justice officials in Britain, said Friday that there is a "great divergence" in how Britain and the United States are handling the fight against terrorists, describing the U.S. approach as a willingness "to do things beyond the law."

Falconer said in an interview that the practices of holding terrorism suspects without charge at Guantanamo Bay, Cuba, and interrogating them in secret CIA prisons have made it "harder to identify to the world what your values are."

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Holding the posts of lord chancellor and secretary of state for constitutional affairs, Falconer is widely seen as a spokesman for the British government, the closest U.S. ally in the war in Iraq. He is scheduled to visit Washington next week, where he will meet with Attorney General Alberto R. Gonzales and Chief Justice John G. Roberts Jr. and deliver a speech at Georgetown University.

His visit will come shortly after Congress approved legislation to establish new policies for dealing with terrorism suspects and set rules for their legal rights. The U.S. Supreme Court in June struck down the Bush administration's program for trying suspects before military commissions.

Falconer recently called Guantanamo Bay "an affront to the principles of democracy." In a lengthy interview Friday, he said Britain had learned hard lessons in the 1970s when it pursued a hard-line course in response to the bombing campaign of the Irish Republican Army. Police got new leeway in interrogation, while suspects' civil protections were reduced. In multiple cases, innocent people were convicted and sentenced.

"We suffered badly in the '70s and '80s," Falconer said, adding that the United States was among those criticizing the British approach at the time. He also noted that IRA fundraising "shot up" during this period.

Among the examples of miscarriages of justice that he mentioned were the Guildford Four, four men wrongly convicted in 1975 for a pub bombing that killed five people. They were imprisoned for 15 years before being exonerated; they said at their trial that they had been tortured by police into signing false confessions.

Prime Minister Tony Blair has since apologized for this and other legal cases.

"Keep your justice system as pure as you can," Falconer said. "This is advice to a friend from the experience we have had."

Falconer has gone further in his criticism than his close friend Blair, who has called Guantanamo Bay an "anomaly that has to end."

Blair has been faulted by critics here for not using his closeness with President Bush to urge the United States to shut down Guantanamo Bay right away and end extrajudicial methods in terrorism cases.

Anthony King, a professor of government at Essex University, said it is "very hard to read" whether Falconer in his statements is carrying a message for Blair. But King said, "My impression is the British government would like to separate itself for those particular ways the U.S. government is fighting the war on terror."

Falconer said both countries value democracy and rule of law. But some U.S. practices are "undercutting the very values both countries adhere to," he said.

Asked whether these practices had hurt U.S. prestige in the world, Falconer said, "it is something that is raised a lot."

Detainee Law May Not Provide Total Immunity For CIA Interrogators (MCT)

By Greg Gordon And Marisa Taylor

McClatchy Newspapers, September 30, 2006

WASHINGTON - Congress has eased the worries of CIA interrogators and senior administration officials by granting them immunity from U.S. criminal prosecutions for all but "grave" abuses of terrorism detainees.

But legislation passed Friday may not leave them entirely in the clear.

International legal experts said the measure is meaningless overseas, where international courts theoretically could still prosecute alleged violations of anti-torture treaties.

The same experts concede such prosecutions are highly unlikely - but not because there's no evidence of wrongdoing. Instead, they predict American economic, military and political power will deter any country from allowing the cases to proceed.

"The obstacles to these prosecutions are not legal, they're political," said William Schabas, director of the Irish Center for Human Rights at the National University of Ireland in Galway. "There's certainly an arguable case that international crimes have been committed by American officials, and probably with the blessing of civilian political leaders going right to the top."

President Bush asserts that al-Qaida terrorists are a different kind of enemy and that the Geneva Conventions ensuring the humane treatment of prisoners were too vague to define what interrogation methods could be used to extract information that might prevent another Sept. 11. He said in announcing the transfer of 14 top terror suspects from secret CIA prisons to Guantanamo Bay that the United States does not torture, but that "alternative" techniques gleaned information that disrupted attacks and saved lives.

Human rights groups here and abroad, however, are in an uproar, assailing tactics such as giving a detainee a drowning sensation or shackling him to the floor naked for hours in a 50-degree room.

On the Senate floor Wednesday, Sen. Richard Durbin, D-Ill., said some of the techniques appear to have broken the law, and that through amnesty, "those who sent out the memos, those who gave the new directions will be off the hook," setting a precedent that "will make it harder to prosecute war criminals who abuse Americans."

The firestorm seems sure to rage on, because the new legislation appears to allow Bush to authorize continued use of some coercive interrogation tactics, possibly including sleep deprivation or making a detainee stand for hours.

The law itself also is expected to face strong legal challenges in the United States, mainly because it bars captives from appealing their detentions in court.

Michael Ratner, president of the Center for Constitutional Rights, which represents hundreds of detainees, said his group is preparing to file new war crimes charges in November in Germany against more than a dozen senior U.S. officials, probably including attorneys who shaped the policy. Two years ago, the group filed similar charges against Defense Secretary Donald H. Rumsfeld and 10 others - charges that were dismissed after Rumsfeld hedged on whether he would attend a conference in Germany.

Legal experts say charges also could be filed in a recently created International Criminal Court in The Hague, Netherlands, which has jurisdiction over war crimes. European authorities are under pressure to respond to allegations that they breached human rights laws by cooperating with illegal CIA kidnappings and detentions of their own citizens. Italy has issued arrest warrants for 22 CIA agents.

Avril McDonald, an international law expert based in The Hague, said it's possible that U.S. officials could be charged with conspiracy in the ICC or in countries such as Belgium, whose legal systems allow private parties to bring war crimes charges.

At least 11 officials were involved in shaping the U.S. policy for interrogating captives overseas, including three Cabinet members - Attorney General Alberto Gonzales, who was White House counsel at the time, Rumsfeld and Homeland Security Secretary Michael Chertoff, who officials say was consulted while he was chief of the Justice Department's Criminal Division. Another of those involved is 9th Circuit federal appeals court judge Jay Bybee, who as an assistant attorney general signed off on it.

Even if there were no prosecutions, experts said, the fallout from revelations over the U.S. government's secret policy could tarnish America's moral standing in the world.

Adam Roberts, a professor of international relations at Oxford University and co-editor of the book "Documents on the Laws of War," noted that the United States has been at the forefront in urging prosecutions of war criminals in genocides in Bosnia and Rwanda "no matter how high the positions" they held.

Roberts called the provision of immunity for all but grave abuses "extremely controversial both within the USA and internationally," adding that it sets a bad example for dictatorships to follow. He also said U.S. personnel could be arrested and prosecuted if they travel abroad and are recognized as alleged violators.

Congress was pressed into action after the Supreme Court ruled June 29 that Bush overstepped his authority in setting up a special military court system for terror detainees. The high court also suggested that the Geneva Conventions could apply.

The legislation now headed to Bush's desk not only creates a new military court system but also grants immunity to everyone involved in creating or carrying out the interrogation policies, so long as they did not commit "grave" Geneva violations. Sponsors of the bill said it would prohibit the most controversial technique - simulated drowning, known as "water boarding" - a method that sources say was used on self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed and No. 3 man Abu Zubaydah.

The policy permitting such tactics emerged as administration lawyers grappled with the reach of the president's war powers in responding to the Sept. 11 attacks. In January 2002, the Justice Department's Office of Legal Counsel issued an opinion that the Geneva Conventions do not apply to violent, stateless actors such as al-Qaida and the Taliban in Afghanistan.

When Secretary State Colin Powell objected, then-White House Counsel Gonzales urged Bush to stand firm. If the Geneva prohibition on "outrages upon personal dignity" applied, Gonzales wrote in a memo, U.S. officials could face prosecution under the 1996 U.S. War Crimes Act that enforced the treaty.

If Geneva were ruled inapplicable, he said, that "would provide a solid defense to any future prosecution."

With the CIA pressing for precise guidance on how far it could go in interrogating senior al-Qaida captives, Office of Legal Counsel chief Bybee issued a controversial Aug. 1, 2002, memo defining torture as actions triggering severe pain akin to organ failure "or even death."

John Yoo, the lawyer who drafted the memo, said in an interview on Wednesday that he and other administration lawyers faced "the toughest kinds of questions" in the months after Sept. 11 and "tried to do their best to protect the government from future attacks from a very dangerous enemy."

Powell wasn't the only dissenter. FBI Director Robert Mueller directed bureau counter-terrorism agents to stay out of the room during coercive interrogations of detainees in Guantanamo Bay, said a U.S. government official who insisted upon anonymity because of the sensitivity of the matter.

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While criminal prosecutions have been brought over abuse of Prisoners of War in Iraq and the death of a detainee in Afghanistan, a person familiar with the program said the interrogations of senior al-Qaida figures at secret sites were "very tightly controlled," with a physician and psychologist present.

Experts in international law said that the tactics would violate the Geneva Conventions, which override any nation's assertion of amnesty for war crimes.

"Legally, this isn't worth the paper it's written on," said McDonald, of the T.M.C. Asser Institute in The Hague.

Even so, Martin Lederman, a Georgetown University law professor, called it "virtually inconceivable" that interrogators who abided by Justice Department guidelines would face U.S. prosecution even without the amnesty provision.

The department's advice "was completely wrong in many respects, but nevertheless, it was probably reasonable for them to rely on it," Lederman said. Senior administration officials could argue they made reasonable legal interpretations, he said.

Yoo, now a University of California law professor who has written a book defending the expansion of the president's war powers, argued that Bush could abrogate any international treaty. He said he is not worried about legal liability.

McClatchy correspondent Tish Wells contributed to this report.

Pirates Of The Mediterranean (NYT)

By Robert Harris

The New York Times, September 30, 2006

Kintbury, England

IN the autumn of 68 B.C. the world's only military superpower was dealt a profound psychological blow by a daring terrorist attack on its very heart. Rome's port at Ostia was set on fire, the consular war fleet destroyed, and two prominent senators, together with their bodyguards and staff, kidnapped.

The incident, dramatic though it was, has not attracted much attention from modern historians. But history is mutable. An event that was merely a footnote five years ago has now, in our post-9/11 world, assumed a fresh and ominous significance. For in the panicky aftermath of the attack, the Roman people made decisions that set them on the path to the destruction of their Constitution, their democracy and their liberty. One cannot help wondering if history is repeating itself.

Consider the parallels. The perpetrators of this spectacular assault were not in the pay of any foreign power: no nation would have dared to attack Rome so provocatively. They were, rather, the disaffected of the earth: "The ruined men of all nations," in the words of the great 19th-century German historian Theodor Mommsen, "a piratical state with a peculiar esprit de corps."

Like Al Qaeda, these pirates were loosely organized, but able to spread a disproportionate amount of fear among citizens who had believed themselves immune from attack. To quote Mommsen again: "The Latin husbandman, the traveler on the Appian highway, the genteel bathing visitor at the terrestrial paradise of Baiae were no longer secure of their property or their life for a single moment."

What was to be done? Over the preceding centuries, the Constitution of ancient Rome had developed an intricate series of checks and balances intended to prevent the concentration of power in the hands of a single individual. The consulship, elected annually, was jointly held by two men. Military commands were of limited duration and subject to regular renewal. Ordinary citizens were accustomed to a remarkable degree of liberty: the cry of "Civis Romanus sum" — "I am a Roman citizen" — was a guarantee of safety throughout the world.

But such was the panic that ensued after Ostia that the people were willing to compromise these rights. The greatest soldier in Rome, the 38-year-old Gnaeus Pompeius Magnus (better known to posterity as Pompey the Great) arranged for a lieutenant of his, the tribune Aulus Gabinius, to rise in the Roman Forum and propose an astonishing new law.

"Pompey was to be given not only the supreme naval command but what amounted in fact to an absolute authority and uncontrolled power over everyone," the Greek historian Plutarch wrote. "There were not many places in the Roman world that were not included within these limits."

Pompey eventually received almost the entire contents of the Roman Treasury — 144 million sesterces — to pay for his "war on terror," which included building a fleet of 500 ships and raising an army of 120,000 infantry and 5,000 cavalry. Such an accumulation of power was unprecedented, and there was literally a riot in the Senate when the bill was debated.

Nevertheless, at a tumultuous mass meeting in the center of Rome, Pompey's opponents were cowed into submission, the Lex Gabinia passed (illegally), and he was given his power. In the end, once he put to sea, it took less than three months to sweep the pirates from the entire Mediterranean. Even allowing for Pompey's genius as a military strategist, the suspicion arises that if the pirates could be defeated so swiftly, they could hardly have been such a grievous threat in the first place.

But it was too late to raise such questions. By the oldest trick in the political book — the whipping up of a panic, in which any dissenting voice could be dismissed as "soft" or even "traitorous" — powers had been ceded by the people that would never

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be returned. Pompey stayed in the Middle East for six years, establishing puppet regimes throughout the region, and turning himself into the richest man in the empire.

Those of us who are not Americans can only look on in wonder at the similar ease with which the ancient rights and liberties of the individual are being surrendered in the United States in the wake of 9/11. The vote by the Senate on Thursday to suspend the right of habeas corpus for terrorism detainees, denying them their right to challenge their detention in court; the careful wording about torture, which forbids only the inducement of "serious" physical and mental suffering to obtain information; the admissibility of evidence obtained in the United States without a search warrant; the licensing of the president to declare a legal resident of the United States an enemy combatant — all this represents an historic shift in the balance of power between the citizen and the executive.

An intelligent, skeptical American would no doubt scoff at the thought that what has happened since 9/11 could presage the destruction of a centuries-old constitution; but then, I suppose, an intelligent, skeptical Roman in 68 B.C. might well have done the same.

In truth, however, the Lex Gabinia was the beginning of the end of the Roman republic. It set a precedent. Less than a decade later, Julius Caesar — the only man, according to Plutarch, who spoke out in favor of Pompey's special command during the Senate debate — was awarded similar, extended military sovereignty in Gaul. Previously, the state, through the Senate, largely had direction of its armed forces; now the armed forces began to assume direction of the state.

It also brought a flood of money into an electoral system that had been designed for a simpler, non-imperial era. Caesar, like Pompey, with all the resources of Gaul at his disposal, became immensely wealthy, and used his treasure to fund his own political faction. Henceforth, the result of elections was determined largely by which candidate had the most money to bribe the electorate. In 49 B.C., the system collapsed completely, Caesar crossed the Rubicon — and the rest, as they say, is ancient history.

It may be that the Roman republic was doomed in any case. But the disproportionate reaction to the raid on Ostia unquestionably hastened the process, weakening the restraints on military adventurism and corrupting the political process. It was to be more than 1,800 years before anything remotely comparable to Rome's democracy — imperfect though it was — rose again.

The Lex Gabinia was a classic illustration of the law of unintended consequences: it fatally subverted the institution it was supposed to protect. Let us hope that vote in the United States Senate does not have the same result.

Officials Plan To Move Quickly For Terrorism Trials In Spring (NYT)

By Neil A. Lewis

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Officials at the Justice Department and the Pentagon said Friday that they would move quickly to adopt the regulations on treating terrorism suspects as soon as President Bush signed them law.

The military said it planned to go to trial with up to 14 senior members of Al Qaeda, as government lawyers prepared to defend a provision that would strip hundreds of other suspects of their right to challenge in court their detention.

The Justice Department officials said they would argue in court that the new law would wipe out all the suits by the 450 or so detainees who have been held at Guantánamo Bay, Cuba. The bill would retroactively strip the detainees of the ability to file habeas corpus challenges that oblige the government to defend its reasons for detention before a federal judge.

Civil liberties groups are preparing to challenge that aspect of the law, most likely in an appeals court here that is already wrestling with a related suit on habeas corpus that was started before the new measure. The 14 senior Qaeda members at Guantánamo were recently sent there after as long as four years in secret Central Intelligence Agency custody.

The military is planning to put in motion the new procedures to try those suspects for war crimes before military commissions, though government and private lawyers estimate that the trials could begin no earlier than next spring.

The law provides for explicit Congressional approval of the commissions to try figures like Khalid Shaikh Mohammed, thought to be the chief planner of the Sept. 11, 2001, attacks, and other senior Qaeda prisoners who were in secret C.I.A. custody.

It is widely accepted that the new trials before a panel of military officers will take some time to organize.

"It's clear that the trials are not going to occur anywhere in the near future," said Eugene R. Fidell, a lawyer here who has closely followed the debate on the military commissions.

Kristine Huskey, a professor of clinical law at American University who represents a Guantánamo detainee, said it appeared that any trials would not start until spring at the earliest. Professor Huskey said that at a recent panel at her university, Brig. Gen. Thomas L. Hemingway, the Air Force officer who is legal adviser for the commissions, said the Pentagon was planning to spend the next month or so preparing a manual of procedures for the commissions before proceeding.

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In a conference call with civilian lawyers on Thursday, General Hemingway said that his office hoped to move as quickly as possible to begin the trials and that the Pentagon was setting up a new appeals panel for the military commissions that would be composed entirely of military appeals judges.

Under the commission system that the Supreme Court overturned, the appeals panel was to be made up of senior civilian lawyers like Judge Griffin Bell, attorney general under President Jimmy Carter, and William T. Coleman, a former transportation secretary.

Military officials and lawyers have estimated that charges against the Qaeda prisoners are not likely to be brought before the end of January. The hiring of defense lawyers and challenges would make it unlikely that any trial could begin before the spring, they said.

After the new regulations are published and possibly challenged, it is almost certain that commission prosecutors will begin preparing cases against some or all the 14 new prisoners. Mr. Bush has said they will face war crimes trials. Other officials have suggested that some of the 14 will not be charged.

Any of the 14 who are charged will be assigned military lawyers. At that point, they are likely to acquire civilian defense lawyers, too. Bill Goodman, the legal director of the Center for Constitutional Rights, which has coordinated the assignment of volunteer lawyers for the hundreds of habeas suits, said several lawyers had expressed interest in representing the senior Qaeda officials.

Government lawyers and civil liberties groups say they expect the constitutionality of blocking habeas suits to be contested in the federal appeals court here.

After Mr. Bush signs the bill, government lawyers said, they expect to file briefs in the pending case in the United States Court of Appeals for the District of Columbia Circuit. The government is expected to argue that the suits filed by dozens of lawyers on behalf of all the Guantánamo detainees who were there before the 14 arrived this month are no longer valid.

Tribunal Bill Sets Up An Ironic Legal Limbo (LAT)

By Julian E. Barnes And Richard B. Schmitt

The Los Angeles Times, September 30, 2006

Detainees deemed less of a threat might go untried yet be unable to challenge detention.

WASHINGTON — The bill that Congress approved Friday to bring terrorism suspects to trial contains a central irony: The suspects considered most dangerous will have the most rights, while the others will remain in legal limbo with no ability to challenge their detention.

The government plans to try about 100 of the detainees being held at Guantanamo Bay, Cuba — those suspected of the most serious crimes against the United States. These prisoners, and any others charged, would be able to appeal convictions to the U.S. courts.

The other 355 detainees, who are considered less of a threat, may never be tried and may therefore be denied the right to challenge their imprisonment.

"It leaves them with no protection. You can put someone down there and never bring charges against them and leave them in that status forever," said retired Rear Adm. Don Guter, a former Navy judge advocate general.

The tribunal legislation also raises the prospect for the first time that foreigners in the United States could be declared "enemy combatants" and sent to Guantanamo, according to defense lawyers and advocacy groups.

Under the legislation, "enemy combatants" are defined to include not only people who have engaged in hostilities against the U.S. but people who have "purposefully and materially supported" hostilities.

The definition, which "certainly goes far beyond the battlefield, will include people who never took up arms or planned attacks, and will include people who simply gave money," said Chris Anders, a legislative counsel with the American Civil Liberties Union. "It greatly expands the number of people who can have their habeas rights stripped and potentially be brought before military commissions."

The tribunal bill officially strips prisoners of the right to challenge their detention under a writ of habeas corpus.

The legislation, which President Bush plans to sign soon, will set up the nation's first system for trying terrorism suspects. It is expected to face court challenges from detainees' lawyers.

U.S. officials plan to try 14 terrorism suspects who were secretly held by the CIA until recently, and 10 other detainees have been charged.

Officials are seeking, with mixed success, to send others swept up in the war in Afghanistan back to their homelands.

Administration officials say they have no intention of indefinitely holding people without charge and are working to clear detainees they do not intend to try. "We would like it to be less than 100 in Guantanamo," said a Pentagon official.

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Although detainees could begin to be charged in the fall, the Defense Department needs at least a month to develop additional rules for the new military commissions. Defense lawyers said they did not expect the trials to begin before February.

The Justice Department has begun identifying federal prosecutors who could assist in the trials before the commissions. Under the statute, the Defense Department will be permitted to designate nonmilitary trial counsel.

Soon after Bush signs the measure into law, Justice Department lawyers are expected to request court dismissal of petitions challenging the confinement of hundreds of Guantanamo detainees.

The State Department has been working to send most of those detainees home, but it has run into trouble with the three countries where most are citizens: Afghanistan does not have the prisons to hold them, Yemen has not assured the U.S. they won't be tortured, and Saudi Arabia worries that they could destabilize the ruling regime.

"Anyone who was picked up wrongly we have either sent back home or are trying to send back," said an administration official.

Congressional negotiators said there was never any intention that everyone in Guantanamo would be tried.

"The idea was the guys we have the goods on, let's try, and the guys we don't, let's do something else with them," said a congressional aide involved in the negotiations.

Defense lawyers question what "something else" might be. Some wondered what would happen if home countries refused to take the detainees back but the U.S. lacked enough evidence to try them.

"The detainee who isn't charged with anything, he sits forever," said Army Maj. Tom Fleener, a military defense lawyer. "It is an absurd twist."

Besides the 100 or so detainees to be tried, defense and other administration officials say, any other Al Qaeda members or other international terrorists whom the U.S. captures could also be sent before a commission.

The officials say the system is not meant to try unlawful combatants in Iraq or Afghanistan who have attacked American troops.

Marine Maj. Michael Mori, who represents Guantanamo detainee David Hicks of Australia, says that just shows how the new tribunal system is more political than judicial.

"We are releasing people who have been shooting at American forces," Mori said. "There are people who have been shooting at Americans in Iraq and Afghanistan; why aren't they being tried? Because this isn't meant to be a real system."

Although the Pentagon says it does not intend to prosecute people captured in Iraq or the majority of detainees in Guantanamo, critics said the bill is written very broadly, in a way that would allow the military to prosecute any non-American suspected of being an enemy combatant.

"The justice system they created is so open they could try thousands and thousands of people," Fleener said. "Practically, though, I hope it's only a handful."

The congressional aide involved in the bill negotiations said the broad definition was necessary to ensure that Salim Ahmed Hamdan, Osama bin Laden's driver, could be charged under the law, as well as detainees accused of having made bombs to be used against U.S. troops.

A senior administration official disputed the idea that the definition in the law was overly broad and said that just because someone could be tried did not mean the person would be.

"The only people who will be tried will be people who have committed a crime," said the official.

But giving uncharged detainees the right to challenge their detention, the official said, would clog the courts with combatants legitimately captured on the battlefield. Instead, military judges are to periodically review their cases and status.

"In a normal war, people do not have a right to challenge their detention," the official said. "But we acknowledge this war is different, and we are giving them appropriate access to the courts."

Legal experts were divided on whether the restriction violated detainees' rights. The Supreme Court held in a 1950 case, Johnson vs. Eisentrager, that foreigners charged by a military commission had no constitutional right to challenge their confinement in civilian courts.

Though the situation of the Guantanamo detainees is different — they were picked up during an unconventional war and are afforded few rights by the status review boards — the current Supreme Court may be disinclined to depart from the precedent.

"The attorneys are going to have to go in and persuade a court that Eisentrager is either different in context or should be reinterpreted or overruled," said Scott Silliman, an expert in military law at Duke University law school. "I won't say that is an easy challenge. I think it is going to be a difficult challenge."

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(INFOBOX BELOW)
Tribunal system
The military commissions to be used to try terrorism suspects differ in significant ways from the civilian courts.
· Detainees will have no right to file a writ of habeas corpus in U.S. courts to challenge their detention as unlawful.
· Suspects will have no right to a speedy trial.
· Tribunals will be able to consider evidence that is obtained through coercion, though not through torture.
· Hearsay evidence will be allowed.
· Verdicts will be delivered not by juries, but by members of the armed services presided over by a military lawyer.
Source: Military Commissions Act of 2006

Pakistan Accused Of Illegal Detentions (AP)

By Munir Ahmad, Associated Press Writer
AP, September 30, 2006

Pakistan illegally detained innocent people on suspicion of terrorism, secretly imprisoned them, and transferred them to U.S. custody for money, human rights watchdog Amnesty International said Friday.

President Gen. Pervez Musharraf, in a memoir released days ago, wrote that his government has earned bounties totaling "millions of dollars" from the transfer of terror suspects to U.S. authorities.

Hundreds of Pakistanis and foreigners were rounded up in Pakistan on suspicion of links to terrorism since the U.S.-led war on terror started after the Sept. 11 attacks, Amnesty said in a report, titled "Human Rights Ignored in the War on Terror."

"The war on terror has added a new layer of human rights violations to the existing patterns of abuses (in Pakistan)," said Angelika Pathak, an Amnesty researcher who helped prepare the report.

"The phenomenon of enforced disappearance was virtually unknown before the war on terror," Pathak said.

Amnesty suggested the lure of U.S. government rewards led in many cases to the illegal arrests of people, including women and children, in Pakistan.

Pakistan also has its own bounty program that provides money for the capture of suspected terrorists, which the Amnesty report did not take into consideration.

"Bounty hunters — including police officers and local people — have captured individuals of different nationalities, often apparently at random, and sold them into U.S. custody," said Claudio Cordone, senior director of research at Amnesty International.

Foreign Ministry spokeswoman Tasnim Aslam rejected the report's allegations that Pakistan illegally detained people in exchange for money.

"Whenever we arrest any foreign terror suspect, we try to send him back to the country he belongs," she told The Associated Press. "In most of the cases, such suspects are not accepted by their own government."

"Naturally, we cannot keep them here," she said.

Amnesty's allegations, largely based on interviews with former detainees, came days after Musharraf revealed in his memoir that Pakistan had captured 689 al-Qaida terror suspects and turned over 369 to Washington.

"We have earned bounties totaling millions of dollars," Musharraf wrote in his book, "In The Line of Fire," without specifying how much was paid.

Cordone said in a statement that many people detained in Pakistan ended up in secret locations or at U.S. prisons, including Guantanamo Bay and Bagram, north of the Afghan capital, Kabul.

"Hundreds of people have been picked up in mass arrests, many have been sold to the U.S.A. as 'terrorists' simply on the word of their captor, and hundreds have been transferred to Guantanamo Bay, Bagram Air base or secret detention centers run by the U.S.A.," he said. "The road to Guantanamo very literally starts in Pakistan."

Amnesty said the increase in enforced disappearances and holding of suspects incommunicado puts such detainees at "risk of torture and unlawful transfer to third countries."

Numerous detainees claimed U.S. agents were present during interrogations in Pakistan, the Amnesty report said. It also details the "unlawful transfer" of detainees into U.S. custody, including a Pakistani chicken farmer who was accused of being a deputy foreign minister for the Taliban and sent to Guantanamo.

Many innocents, including children, have also been rounded up in Pakistan under the pretext of the war on terror, the Amnesty report said.

"Some (children) were arrested alongside their adult relatives, some were themselves alleged to be terror suspects and some were held as hostages to make relatives give themselves up or confess," Amnesty stated.

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The report also detailed the detentions and killings of reporters and activists allegedly targeted by Pakistani authorities. These include Hayatullah Khan, a journalist whose bullet-riddled body was found in the North Waziristan tribal region in June, more than six months after being detained.

Khan disappeared Dec. 5, 2005, days after photographing shrapnel from a Hellfire missile allegedly fired by an unmanned American aerial drone that killed a wanted Egyptian al-Qaida figure, Hamza Rabia, in the North Waziristan town of Mir Ali.

The photos sparked mass protests across Pakistan and spurred criticism of Islamabad's ties with Washington.

Members of Khan's family accused Pakistan's intelligence service of involvement in his disappearance, but authorities denied it. No one has claimed responsibility.

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On the Net:

Amnesty report: http://web.amnesty.org/library/index/engasa330352006

Mosque Leader Tells Of Disbelief (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, September 30, 2006

Terror trial defendant says he thought FBI informant was crazy

ALBANY -- The leader of an Albany mosque testified Friday that he thought an FBI informant was crazy and lying when he spoke about a terrorist attack being planned in New York City.

Yassin M. Aref, a 36-year-old Kurdish refugee who was on the stand for the third straight day at his federal trial on terrorism-related charges, appeared to stun Assistant U.S. Attorney William Pericak as he admitted hearing about the attack.

"Oh, you heard him say they are -- they were going to do a missile attack in New York City?" Pericak asked, his voice raising slightly.

FBI agents had been hiding in a car nearby, listening in when their informant, who went by the name "Malik," told Aref about the attack in February 2004. But the conversation, which is a critical part of the sting case, was not taped because the informant's recording device had fallen off moments before the meeting.

"I didn't hear the word 'missile,' but that day he say ... next week it will be attack there," Aref said. "And we get mad at him and kick him out. And he say he was joking after that. And I say this is not way to joke."

Pericak, who began his cross-examination of Aref on Friday morning, pressed the defendant on why he didn't call the FBI, especially since agents had visited him months earlier, left their business cards and asked him to report any suspicious activity.

"And an attack on New York City as described by Malik, that's not suspicious?" Pericak said.

"Yes, it was suspicious if I believe so, but 100 percent I was sure that's not right, that's not true," Aref answered.

Federal authorities allege Aref and his co-defendant, Mohammed M. Hossain, 51, who owns an Albany pizzeria, willingly took part in a scheme to launder money from the sale of a shoulder-fired missile to terrorists. The year-long sting began in August 2003 when the FBI sent the informant into Hossain's shop posing as a wealthy businessman interested in buying Hossain's struggling Central Avenue shop.

Over the next year, authorities said, the informant gave almost $50,000 cash to Hossain in an alleged money-laundering scheme that involved Hossain paying him back with checks in monthly installments.

Still, the scheme was set up by the government as a loan, and Aref and Hossain contend they believed all along that it was nothing more than that, despite the informant's talk about missiles and supplying "ammunition" to terrorist groups.

Aref, who speaks broken English, said he never understood those words when they were used by the informant. As authorities played excerpts from the secretly recorded meetings in court, the informant could be heard using an unusual pronunciation of the word "missile," which sounded like "mizz-aisle."

Pericak pressed Aref on other words used by the informant, including "mujahideen."

"When Malik said mujahideen, he was bringing ammunition to his brother mujahideen to fight the holy war, did you understand it to mean the same thing?" Pericak asked.

"Never I meant here the holy war," Aref answered.

Under follow-up questioning from his attorney, Terence L. Kindlon, Aref said the money-laundering allegations make no sense because he told the informant during a recorded conversation that he thought Hossain was borrowing more money than he needed, and that he was concerned about his ability to repay it.

Kindlon also questioned Aref about the night the informant blurted out a warning about an impending missile attack in New York City.

"Did you think it was crazy?" Kindlon asked.

"It is more than crazy, Mr. Kindlon," Aref said. "I get really mad. ... I told him get of my house."

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During dozens of conversations between the informant and Aref, many of which were replayed for jurors on Friday, the informant can be heard soliciting spiritual advice from Aref as he baits him about whether it is all right under their Muslim faith to support a Pakistani terrorist group.

Aref cautioned the informant to be careful, warning him about American laws and the FBI, as he repeatedly told the informant he did not know anything about the group except what he had seen on television. He also encouraged the informant to help Muslims by donating money for women and children who may be suffering in oppressed and impoverished areas.

Aref is scheduled to resume his testimony on Monday as the trial enters its fourth week. Aref and Hossain, who are facing charges that include money laundering in support of terrorism, face up to 400 years if convicted.

Hossain, whom authorities said stood to make $5,000 from the loan, is pursuing an entrapment defense. Aref contends he was only called in to witness the loan, and that he never knew the informant claimed to be laundering money in connection with illegal arms dealing.

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Prosecutors Cross Examine Aref (CAPN9)

Capital News 9, September 30, 2006

The leader of an Albany mosque who's facing terrorism-related charges was questioned by federal prosecutors on Friday. Yassin Aref and Mohammed Hossain are on trial in federal court stemming from their arrest in a sting operation in August 2004. Aref answered questions from his own attorneys on Wednesday and Thursday. On Friday, prosecutors cross examined him.

One of the defendants on trial for supposedly supporting terrorism faced cross examination Friday. Prosecutors tried to poke holes in the explanations given by Yassin Aref, as the mosque leader continued to argue he didn't know what was going on when he allegedly laundered money in a 2004 FBI sting operation. Our Steve Ference has been reporting on this case and has the latest details.

Prosecutors said Aref clearly understood the terrorism-related talk by the government's informant - known as Malik - who spoke with Aref during the sting. That includes talk about a missile, caught on audio tape and played for the courtroom where Malik told Aref, "That's why the missile that we sent it to New York City to teach President Musharraf the lesson." Aref said, "Right brother." Or did he? Aref maintains he asked, "What brother?" He also said he "thought said Messiah, not missile." The prosecutor asked, "You understood him to be sending the Messiah to New York?" Aref said, "No. I don't know what he was talking."

On Thursday, Aref told the court he didn't know what missile meant until he was arrested. But the government produced a document in which Aref had defined several words, including rocket equalling missile. It's unclear when it was written or what that would mean.

Aref also denied being part of the money-laundering scheme that would supposedly purchase the fake missile for the New York City plot, saying he thought when Malik the informant said he needed to legalize the money, it meant Malik would use the money scheme to pay his business taxes.

This leaves the jury to decide how honest Aref has or hasn't been in his testimony. The trial continues Monday.

6 Charged In Md. Arms Deal Sting (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, September 30, 2006

Officials say Tamil Tigers were to receive weapons

Six South Asian arms dealers who paid undercover customs agents in Maryland hundreds of thousands of dollars to ship restricted, high-tech weapons to rebels in Sri Lanka and the Indonesian Army have been arrested by federal authorities in Guam, officials said yesterday.

The elaborate sting operation took center stage in Baltimore this summer, where federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in illegally buying.

The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers. The arms dealers also inquired about unmanned air vehicles and buying surface-to-air missiles to shoot down Israeli-built aircraft in Sri Lanka, according to federal court papers.

Yesterday's announcement once again highlighted how attractive Maryland appears to be to arms dealers who want to buy banned state-of-the-art weapons in a state rich with defense contractors. Officials said they have stepped up enforcement,

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pointing out that the original tip in the case was handled by a military technology task force set up by federal and local law enforcement in 2002 to root out those who attempt to export arms illegally.

Last month, FBI agents searched the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers. Officials said yesterday that the two cases are unrelated.

"It's our commitment to make sure we do everything we can not only to make sure that terrorists don't attack us in the United States, but terrorists do not find any support here in the United States for their activities overseas," Maryland U.S. Attorney Rod J. Rosenstein said at a news conference yesterday.

Federal prosecutors charged all six defendants - Haniffa Bin Osman, 55, of Singapore; Thirunavukarasu Varatharasa, 36, of Sri Lanka; and Erick Wotulo, 60, Haji Subandi, 69, Reinhard Rusli, 34, and Helmi Soedirdja, 33, of Indonesia - with conspiracy to export arms and munitions.

Osman, Wotulo and Subandi were also accused of money laundering and conspiring to provide material support to a terrorist organization.

The defendants, arrested Thursday and yesterday, traveled to the American-controlled South Pacific island to purchase night vision devices, sniper rifles, submachine guns with suppressors and grenade launchers. Federal prosecutors from Maryland will ask a judge in Guam on Monday to send the defendants to Baltimore for trial. The maximum prison sentences range from five years on conspiracy to export arms to 20 years for money laundering.

The military equipment at issue, which can only be purchased in the United States by a licensed dealer for an approved customer, was to be shipped to the Liberation Tigers of Tamil Eelam, also known as the Tamil Tigers, and customers in Indonesia, including the army, according to court papers and interviews with federal officials.

Mark Bastan, acting special agent in charge of the Baltimore office of the Bureau of Immigration and Customs Enforcement, said the potential arms shipment would have weighed more than 3 1/2 tons and would have filled 14 pallets on a truck.

"American-made weapons and weapons technology are the envy of the world. And they give us a competitive military edge," Bastan said, adding that the mission to combat the illegal export of military technology was among his agency's highest priorities. The customs investigators were aided by agents from the Baltimore FBI, the Defense Criminal Investigative Service and the Baltimore Police Department.

Investigators said they set up their operations in 2004 when an arms broker suspect contacted an undercover customs agent about acquiring arms for the Tamil Tigers. According to court papers, the broker became the link in both cases, introducing federal agents to those interested in buying weapons for the Tamil Tigers as well as the Indonesian military.

The Tamil Tigers have long advocated the violent overthrow of the Sri Lankan government, using suicide bombings. The State Department labeled the Tamil Tigers as a foreign terrorist organization in 1997. The paramilitary organization cannot legally raise money or buy sensitive military equipment in the United States. But experts said the Sri Lankan rebels have skirted the ban by seeking out arms in other countries.

"They have a global arms procurement network" stretching from Croatia to South Africa to Singapore, said Peter Chalk, senior analyst at the Rand Corp., based in Santa Monica, Calif.

The Tamil Tigers, Chalk said, purchased its most sophisticated weapons with funds raised largely by the foreign diaspora who support their cause, he said. A truce between the rebels and government forces ended in August of this year, leading to the conflict's resumption.

From March 2004 until April this year, Subandi told the undercover agent in Maryland that he intended to sell conventional arms and munitions to the Tamil Tigers, according to court papers.

On May 24, federal prosecutors said, Subandi told agents that Osman, a representative for the Tamil Tigers, wanted grenade launchers and other weapons delivered to a spot in international waters off Sri Lanka's coast.

Wotulo, who identified himself two days later to undercover agents as a retired Indonesian Marine Corps general, entered the negotiations to submit a purchase order for nine restricted items totaling about $3 million, authorities said.

But it was Osman who traveled to Baltimore in late July and stayed at the Harborplace Renaissance Hotel. There, he told agents that the arms Wotulo requested were for the Tamil Tigers, and Osman knew the delivery would be illegal, according to court papers. Osman told agents that a subsequent order could be worth as much as $15 million, prosecutors said.

On July 28, Osman test-fired several of the weapons, including machine guns, at a Harford County police range, according to the indictment.

"After hours or in low-light conditions, it wouldn't stick out with a strong government or police feel," Havre de Grace police spokesman Maj. John Van Gilder.

The indictment says that on Aug. 2, undercover agents received $250,000 from a bank in Kuala Lumpur, Malaysia, as a down payment for the weapons purchase, expected to total $900,000.

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Osman and Varatharasa met with undercover agents in Guam to inspect the weapons on Monday, federal prosecutors said. They were arrested days later.

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Sun reporter Justin Fenton contributed to this article.

4 Charged In Plot To Ship Arms (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, September 30, 2006

U.S. Agents Ran Md. Sting Operation

BALTIMORE, Sept. 29 -- An elaborate sting involving a business in Maryland that was secretly run by federal agents has led to the arrests of four foreign nationals on charges of conspiring to illegally ship surface-to-air missiles and other weapons to the Sri Lankan rebel group known as the Tamil Tigers, authorities said Friday.

The suspects are accused of arranging, during negotiations that accelerated in April, for a $900,000 shipment of arms to be delivered to international waters in the Indian Ocean. The shipment was to be received by members of the violent separatist group, which the United States has designated a terrorist organization since 1997.

Mark J. Bastan, the special agent in charge of U.S. Immigration and Customs Enforcement's Baltimore office, said at a news conference that the shoulder-fired missiles, grenade launchers, machine guns and other weapons amounted to "an arsenal of U.S. military hardware -- enough to inflict serious casualties on any military force, let alone a civilian population."

Although the suspects lived overseas, one -- Haniffa bin Osman of Singapore -- traveled to Baltimore in July, according to an indictment unsealed yesterday along with two criminal complaints. Bastan said undercover agents "wined and dined" Osman as he stayed at a four-star hotel on the Inner Harbor. "We treated him like any other businessman," Bastan said.

At one point, he said, Osman test-fired some of the weapons at a firing range in Havre de Grace, Md., -- but only after signs indicating that the facility belonged to local police had been removed.

U.S. Attorney Rod J. Rosenstein said the suspects were arrested Thursday and Friday in Guam, where they had met with undercover agents to finalize the details of delivery to the ethnic separatist group.

The Tamil Tigers have been among the world's most lethal rebel groups, carrying out scores of suicide bombings on the island nation of Sri Lanka since the late 1980s. The conflict between the Tigers and the government, which is dominated by members of the Sinhalese majority, has by many estimates claimed at least 65,000 lives.

In 1991, a suspected Tamil Tiger member assassinated former Indian prime minister Rajiv Gandhi. Two years later, another suspected member of the group staged a suicide bomb attack that killed Sri Lankan President Ranasinghe Premadasa and 23 others.

In addition to Osman, 55, the indictment unsealed here accuses Indonesian nationals Erick Wotulo, 60, and Haji Subandi, 69, of conspiring to provide material support to a terrorist organization, conspiring to export arms without a required State Department license and money laundering. A related criminal complaint filed in Guam charges Thirunavukarasu Varatharasa, 36, a citizen of Sri Lanka, as a participant in the alleged conspiracy to export arms.

Subandi is also charged in a separate complaint, along with two other Indonesian nationals, with conspiring to ship state-of the-art night vision goggles to Indonesia without the necessary State Department approvals. Authorities said Subandi described the other defendants -- Reinhard Rusli, 34, and Helmi Soedirdja, 33 -- as his financial partners in that transaction.

Rosenstein said the suspects are expected to appear in federal court in Guam, a U.S. territory, on Monday and to later be transferred to Baltimore.

According to the indictment, Subandi presented himself as a broker as he corresponded with the undercover business on a regular basis beginning in March 2004 in an effort to secure military equipment and technology for potential buyers in Sri Lanka and Indonesia. The documents made public Friday do not indicate how those contacts began, and authorities for security reasons declined to provide details about the bogus company beyond what was contained in the public court file.

But in April, the indictment says, Subandi e-mailed the undercover business about a possible purchase of weapons that he said were for the Tamil Tigers. In May, it says, Subandi identified Wotulo and Osman as Tamil Tiger representatives who would be involved in the transaction.

In an e-mail to the agents May 26, the indictment says, Wotulo identified himself as a retired Indonesian Marine Corps general and wrote, "I understand this business is dangerous, also extraordinary, high risk." It says he later told the agents that "the chief" of the rebel group had requested that he and Osman travel to Baltimore -- although, in the end, only Osman allegedly did so.

In Baltimore, in late July, Osman told the agents that although he was helping the rebel group obtain arms, he was not a member. He said that if the delivery was successful, a second order could be worth as much as $15 million.

Also while in Maryland, Osman told undercover agents that Varatharasa would inspect the weaponry before it would be accepted by the rebel group, the complaint against Varatharasa says.

On Aug. 2, the undercover business received a $250,00 deposit in the form of a wire transfer from a bank in Kuala Lumpur, that complaint says.

It says Osman and Varatharasa met with the undercover agents in Guam on Monday. Then and the next day, they finalized the transaction, inspecting the shipment and arranging for $450,000 to be transferred as further payment.

Six Indicted In Arms Brokering For Tamil Tigers And Indonesia (AP)

By BRIAN WITTE

AP, September 30, 2006

BALTIMORE - Arms brokers for the Tamil Tiger terrorist group are charged with trying to buy missiles and other weapons through undercover agents in Maryland, along with arms dealers who tried to get military equipment for the Indonesian Army, federal officials said Friday.

Haji Subandi, a suspected international arms dealer from Indonesia, was at the center of two conspiracies to buy weapons and other military equipment, said U.S. Attorney Rod Rosenstein.

"The common tie between the two conspiracies is that members of both conspiracies dealt with a suspected international arms dealer named Haji Subandi, who acted as a broker and arranged for military equipment to be purchased," Rosenstein said at a news conference in Baltimore.

The Tamil Tigers are a rebel group that began fighting in 1983 for a separate state on the Indian Ocean island of Sri Lanka. The group was added to the U.S. State Department's list of foreign terrorist organizations in 1997. The designation bars the group from raising money, obtaining weaponry or lobbying for support in the United States.

In one conspiracy, Subandi made numerous requests to the undercover agents between March 2004 and April 2006 on behalf of Tamil Tigers to acquire night-vision goggles, special forces weaponry, communication devices, sonar technology and unmanned aerial vehicles, according to a federal indictment.

Subandi, 69, has been charged with Haniffa Bin Osman, 55, and Erick Wotulo, 60, in a three-count indictment unsealed Friday. They are charged with conspiracy to export arms and munitions, conspiracy to provide material support to a foreign terrorist organization, and money laundering.

Thirunavukarasu Varatharasa, 36, of Sri Lanka, also is charged with being part of the conspiracy.

Wotulo, who identified himself to undercover agents as a retired Indonesian Marine Corps general, submitted a purchase order in June to a dummy business set up by U.S. investigators for weapons totaling about $3 million, authorities said. Osman told undercover agents that if the first order was successful, a second order could be worth as much as $15 million.

In another conspiracy, Subandi is charged with conspiracy to violate the arms export control act, along with Reinhard Rusli, 34, and Helmi Soedirdja, 33. The three are Indonesian citizens. They allegedly conspired to ship night-vision goggles and a holographic weapons sight to customers in Indonesia, according to the indictment.

All the men were arrested Thursday and Friday in Guam, where they met to examine the weapons, which weighed 3.5 tons and filled up 14 pallets in a truck, said Mark Bastan, acting special agent in charge of the U.S. Immigration and Customs Enforcement office in Baltimore.

"They had a plan to ship these weapons from Guam to members to the Tamil Tigers in the Indian Ocean, where they would then be used for their terrorist purposes," Rosenstein said.

The weapons waiting for them included grenade launchers, submachine guns, sniper rifles and night-vision devices, Bastan said.

Bastan said the weapons were intended to be used against the Sri Lankan government, but it was unclear whether they were to be used for a specific attack.

Authorities said that among the weapons Osman sought to purchase were surface-to-air missiles.

"The indictment quotes one defendant as saying that the Stinger missiles were for the Tamil Tigers to use in downing Israeli aircraft flown by Israeli pilots in Sri Lanka for the Sri Lankan Air Force," Bastan said.

Under the operation initiated by ICE, investigators posed as arms dealers, wining and dining Osman when he came to Baltimore in July to work out the deal. Investigators even took him to the Havre de Grace police department's firing range near the Susquehanna River to test some of the guns.

"We just took the police signs off" the range, Bastan said, describing the set up.

Last month, U.S. officials in New York announced that eight emissaries of the rebel group had conspired to buy surface-to-air missiles in the United States amid an escalating conflict with military forces in Sri Lanka. The men charged in that case also

tried to get the Tamil Tigers removed from a list of terrorist organizations and sought to bribe U.S. officials for classified information, according to a criminal complaint.

Selective Intelligence (NSWK)

By Michael Isikoff And Mark Hosenball, Newsweek

Newsweek, September 30, 2006

The National Intelligence Estimate doesn't say what Bush says it does. How will he handle upcoming secret reports on Iran and Iraq? WEB EXCLUSIVE

The White House's release of a dire National Intelligence Estimate on global terrorism has illustrated once again how easy it is to publicly misrepresent intelligence-community findings—especially when almost all of the key documents remained shrouded in secrecy.

Only two days ago, while attempting to knock down stories by The New York Times and other publications about the NIE, White House Press Secretary Tony Snow insisted to reporters that the document's conclusions were entirely consistent with the public statements of the president and other Bush administration officials.

News reports on the NIE "contain nothing that the president hasn't said," Snow told reporters in Riverside, Conn. "Obviously, we're not going to go into what the classified report does say, but … the substance is precisely what the president has been saying."

But the actual wording of the NIE contains sobering conclusions that, in tone and substance, are very different from what Bush and other administration officials have recently been saying about the government's progress in the war on terror. Even more potentially problematic for the White House, intelligence-community officials say, there are at least two more secret studies underway that are likely to undercut the administration's public positions on sensitive national-security issues.

The NIE, which is supposed to reflect the consensus judgment of the U.S. intelligence community, states that the global jihadist movement "is spreading and adapting to counter-terrorism efforts"; that the number of jihadists are "increasing in both number and geographic dispersion," and that the war in Iraq had become "the cause celebre" for jihadis around the world, "breeding a deep resentment of U.S involvement in the Muslim world and cultivating supporters for the global jihadist movement."

None of these downbeat assessments could be found in President Bush's speech just three weeks ago when he described the government's war on terror since September 11 in largely upbeat terms.

"Together with our coalition partners," Bush said, "we've removed terrorist sanctuaries, disrupted their finances, killed and captured key operatives, broken up terrorist cells in American and other nations and stopped many attacks before they're carried out. We're on the offense against the terrorists on every battlefront.…"

While the president did warn that Al Qaeda "remains dangerous" and that there were more threats from "locally established terrorist cells," he gave no indication that the intelligence community had concluded that the numbers of actual terrorists had increased, rather than declined, in recent years.

Even yesterday, after four pages of the NIE were declassified and released, White House counterterrorism adviser Frances Fragos Townsend continued to insist that the NIE tracked with other public statements from the administration.

In a briefing at the White House, she pointed reporters to a section of the administration's "National Strategy for Combating Terrorism"—released the same day as the president's Sept. 5 speech on the subject—which warned that "terrorist networks today are more dispersed and less centralized." Yet that document too gave no hint that the terrorist movement was now judged by the U.S. intelligence community to be larger than it was five years ago.

Townsend also noted that the White House-released terrorism strategy had stated that the "ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry." Yet the public national strategy document left out the more significant finding from the secret NIE: that the terrorists' attempt to use Iraq for their own purposes had apparently succeeded and that by fueling resentment throughout the Muslim world had allowed them to cultivate new supporters.

None of this necessarily undercuts the president's argument that a U.S. defeat in Iraq would embolden the worldwide jihadi movement and make the country even more vulnerable to future attacks. But it does illustrate the perils for the White House when it mischaracterizes intelligence-community assessments in politically useful ways. Indeed, career intelligence officials this week expressed dismay that documents such as the NIE have been selectively used by policymakers—or leaked for political purposes. "It does get frustrating" to see such documents cited incompletely or quoted out of context, said one U.S. intelligence official, who asked not to be publicly identified because the matter is politically sensitive.

The potential for political misrepresentations may become even greater in the coming months as the U.S. intelligence community completes two more documents with a potential bearing on the Bush administration's approach to terrorism and related national-security issues. One of the studies is a broad overview of the military and political situation in Iraq; the other is an

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up-to-date assessment of the progress—or lack thereof—that the government of Iran is making in its alleged efforts to develop nuclear weapons.

National Intelligence Director John Negroponte's office began the Iraq study in the summer following demands by congressional Democrats that such an assessment be produced (although his spokesman maintained that the intelligence czar ordered up the Iraq study on his own and not in response to congressional demands). At the time the Iraq study was first proposed, intelligence sources said there was some pressure on agencies to produce the paper so it would be available before the November congressional elections—even if its contents remained classified, as is customary with such documents.

But as of this week, one official said, Negroponte's office was still exchanging messages with the agencies working on the paper about the document's "terms of reference"—the broad outlines of questions which the new estimate is expected to answer. Given that its structure has still not been agreed, the likelihood of the Iraq paper being completed before the midterm elections has become remote; officials now are talking about finishing it by next January.

Indications are that whenever the new Iraq NIE is complete, it will not offer much optimism for Bush administration policymakers. Like the newly released NIE on terrorism, the upcoming intelligence estimate on Iraq is likely to contrast with public pronouncements of progress from the White House. In secret papers and briefings over the last 18 months, intelligence professionals have repeatedly portrayed a bleak picture in which disorder in Iraq appears to be growing rather than receding.

More than a year ago, a classified CIA paper assessment reported that Iraq had become a venue where a new wave of Islamic militants, many of them from outside Iraq, not only could be indoctrinated in jihad but could practice and perfect urban-warfare skills under live-fire conditions, in some cases presumably before returning to their home countries to carry out planned terror attacks. Two counterterrorism sources said there is no reason to believe CIA analysts have changed their pessimistic assessment since the paper was produced.

In a series of closed-door briefings earlier this summer on Capitol Hill, the Pentagon's Defense Intelligence Agency painted what people familiar with the sessions described as an extremely gloomy assessment of the situation in Iraq; in the briefings, according to the sources, DIA officials described a situation in which insurgent groups are continuing to thrive and grow, increasingly influential sectarian militias are stoking intercommunal violence and the elected Iraqi government is showing itself, at least at the moment, incapable of curbing the violence.

A Defense official familiar with the briefings said that DIA also assessed that if Iraqi security forces could be trained and put into operation according to U.S. and Iraqi government plans then the violence conceivably could be curbed. One official who is familiar with the contents of the DIA briefings commented, however, that administration officials have made similar assertions in the past about Iraqi security forces that, so far at least, have not been validated by events.

Spinning The Spin (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, September 30, 2006

For voters, the National Intelligence Estimate is probably the single most important document to emerge in this election. Plus, Dick Cheney's surprise party. WEB-EXCLUSIVE COMMENTARY

Amid all the hoopla about the National Intelligence Estimate on terrorism, it's worth stepping back to gain a little perspective. Like three and a half years of perspective. Back in March 2003, President Bush addressed the nation from the Oval Office just after the first military strikes in Iraq. "The people of the United States and our friends and allies will not live at the mercy of an outlaw regime that threatens the peace with weapons of mass murder," he said. "We will meet that threat now, with our Army, Air Force, Navy, Coast Guard and Marines, so that we do not have to meet it later with armies of firefighters and police and doctors on the streets of our cities."

Never mind that the weapons of mass murder were never found. And never mind the suggestion, now retracted, that Saddam's regime would coordinate operations with terrorists. The central premise of the war in Iraq was that military force would stop terrorists from attacking America—that troops would fight the threat in Iraq rather than firefighters rescuing the victims on the homeland.

Does the NIE's key findings support that strategy? Not exactly.

Iraq has not stopped the prospect of firefighters rescuing Americans from terrorist attacks because the global jihadist movement has grown. There are, according to the NIE, four reasons for this growth: entrenched grievances, the Iraq jihad, the slow pace of reforms in the Middle East and pervasive anti-American sentiment. In fact, the NIE also blames the pervasive anti-American sentiment on the Iraq conflict. So Iraq is really two of the four factors in the growth of the movement.

Does that mean the White House spin is out of control? Not exactly.

The NIE points out that defeat of the jihadis in Iraq would stop the movement's growth. It also points out that jihadi success in Iraq would inspire more to join the cause. In that sense, Bush's words in March 2003 were wrong at the time, but correct now.

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Like the struggle against global jihadism, the political fight over Iraq and terrorism has adapted to the new realities on the ground. The battle over the NIE is a wonderful chance for both parties to lob their own grenades: Democrats can accuse Republicans of failing to make America safer, while Republicans can accuse Democrats of failing to have a plan for victory in Iraq.

Is this a trivial debate, a case of dirty election tricks? Not at all. There's no more important debate facing voters in November's elections and beyond. The NIE is not the knockout blow that Democrats had hoped for, and it's not the vindication that the White House says it is.

But for voters, it's probably the single most important document to emerge in this election. The NIE report is a comprehensive assessment of terrorism produced in April by American intelligence agencies. After parts of it were leaked to The New York Times, President Bush announced yesterday that portions of it were being declassified and released to the media. In the NIE's analysis, the war in Iraq has not made America safer, but defeat in Iraq would make America even less safe than it is today.

Until the NIE emerged, the conventional wisdom inside the Beltway was that the election would come down to a struggle between terrorism and Iraq. If the debate were about terrorism, the GOP would win; if about Iraq, the Democrats would win.

Instead, the NIE sheds light on a different debate that is all about Iraq. In November, voters will have a relatively simple choice: they need to decide whether to punish the GOP for starting the war or trust the GOP to end the war.

It's My Party

Vice President Dick Cheney is a man who clearly doesn't like surprises. On Monday evening, en route back from a pair of party fund-raisers in the Midwest, Cheney's staff summoned reporters traveling with the VP to the front cabin of Air Force Two to watch as they presented Cheney with a cake celebrating his 100th fund-raiser for the GOP this election cycle.

It was a notable milestone. According to the Republican National Committee, Cheney has raised roughly $34 million for Republican parties and candidates over the last 10 months—making him the most prolific fund-raiser in the party after President Bush, who has raised more than $175 million for the GOP. On Monday, Cheney held his 99th and 100th events for the party: a rally for Wisconsin Republicans in Milwaukee and a private fund-raiser for GOP Senate candidate Mike Bouchard in Michigan. And Cheney has no plans of slowing up. In the weeks leading up to Election Day, the veep is set to headline at least 15 more events, including upcoming stops in Montana and Texas where he'll campaign for several congressional candidates.

On Air Force Two, Cheney's aides gathered around a red, white and blue sheet cake decorated with tiny paper U.S. flags that read 100 … ON TO VICTORY! Summoned from his private cabin, Cheney looked less surprised and more like a deer in headlights. Eying his staff and reporters a tad warily, Cheney seemed uncertain what to do or say. "What's this?" the veep asked, with an awkward smile. A few feet away, a White House photographer clicked away on his camera, capturing the moment for history's sake.

As one staffer handed Cheney a large knife to cut the cake, Mel Raines, Cheney's political director, explained the reason for celebrating. 'You're the only one here who's been to all 100," she said. Cheney wore a slight smile. "And I'm the only one who always has to give a speech," he quipped, as he moved to cut a narrow slice of cake. "Does my wife know about this?"

Handing a piece of cake to a reporter and the knife to his press secretary, Lea Anne McBride, Cheney lingered in the room for only a few minutes longer, before retreating back to his private cabin without sampling the cake. While the VP took just one question—about his fund-raising—the brief encounter was enough for reporters on the trip to wonder: was this the awkward beginnings of a Cheney charm offensive?

There are signs that Cheney has moved to improve his image. While reporters aren't always invited on Cheney's trips, they are asked to accompany him more often these days than in the past. Moreover, the VP's aides have moved to allow reporters to observe Cheney more candidly. Two weeks ago, on the anniversary of the 9/11 attacks, Cheney's aides allowed a handful of reporters to accompany the veep and his family to a memorial service that had initially been off-limits to the press. At the same time, Cheney's approval ratings are looking less dismal these days. A year ago, a CBS News poll found Cheney's approval rating was at a mere 19 percent, an all-time low. Two weeks ago, a Harris Interactive poll found Cheney's ratings up to 30 percent approval—about 10 points shy of his boss. Not great, but for a veep pegged by Democrats and some Republicans as a political bogeyman, not bad either.

Numbers, of course, seldom tell the whole story. On Monday, Cheney's aides were willing to answer one burning question that White House spokesman Tony Snow and the RNC were not willing to answer about Bush: of the 100 fund-raising events Cheney has attended this year, 56 have been closed to the press, preventing candidates or donors from being publicly photographed with the veep. The number suggests that in this tough election year, Cheney's image rehab still has some ways to go.

Growing Unarmed Battalion In Qaeda Army Is Using Internet To Get The Message Out (NYT)

By Hassan M. Fattah

The New York Times, September 30, 2006

AMMAN, Jordan — On the fifth anniversary of the Sept. 11 attacks, Abu Omar received the call to jihad. Literally.

"There's a present for you," a voice on the other end of the phone said that morning, he recalled. It was a common code whenever his friends and colleagues wanted to share a new broadcast or communiqué from Al Qaeda over the Internet, he said.

Abu Omar, speaking on the condition that only his nickname be used, said he soon went to one of the Internet cafes he frequents in Amman and began distributing the latest video by Al Qaeda, alerting friends and occasionally adding commentary.

"We are the energy behind the path to jihad," Abu Omar said proudly. "Just like the jihadis reached their target on Sept. 11, we will reach ours through the Internet."

Abu Omar, 28, is part of an increasingly sophisticated network of contributors and discussion leaders helping to wage Al Qaeda's battle for Muslim hearts and minds. A self-described Qaeda sympathizer who defends the Sept. 11 attacks and continues to find inspiration in Osama bin Laden's call for jihad, Abu Omar is part of a growing army of young men who may not seek to take violent action, but who help spread jihadist philosophy, shape its message and hope to inspire others to their cause.

Though he does not appear to be directly connected to Al Qaeda, Abu Omar does seem to be on a direct e-mail list for groups sympathetic to Al Qaeda, making him a link in a chain that spreads the organization's propaganda using code and special software to circumvent official scrutiny of their Internet activity.

As Al Qaeda gradually transforms itself from a terrorist organization carrying out its own attacks into an ideological umbrella that encourages local movements to take action, its increased reliance on various forms of media have made Web-savvy sympathizers like Abu Omar ever more important.

For example, this past Sept. 11, Abu Omar said, a link sent to a jihadist e-mail list took him to a general interest Islamic Web site, which led him to a password-protected Web site, then onto yet another site containing the latest release from Al Qaeda: a lecture by its No. 2 man, Ayman al-Zawahri, threatening attacks on Israel and the Persian Gulf. Abu Omar said he then passed the video to friends and confidants, acting as a local distributor to other sympathizers.

In recent years, Al Qaeda has formed a special media production division called Al Sahab to produce videos about leaders like Mr. bin Laden and Mr. Zawahri, terrorism experts say. The group largely once relied on Arab television channels like Al Jazeera to broadcast its videos and taped messages.

Al Sahab, whose name means the cloud, has continued to draw on a video library featuring everything from taped suicide messages by the Sept. 11 hijackers to images of gun battles and bombings spearheaded by Al Qaeda and others, said Marwan Shehadeh, an expert on Islamist movements with the Vision Research Institute in Amman who has close ties to jihadists in Jordan and Syria.

But this year Al Sahab has released many more recordings than in previous years, said Chris Heffelfinger, a specialist in jihadi ideology at the Combating Terrorism Center at West Point, in what many analysts see as a new offensive focusing on the Muslim mainstream. Jihadi Web sites, meanwhile, have continued sprouting on the Internet, serving as a conduit for Al Qaeda's propaganda.

Mr. Shehadeh describes Al Sahab as an informal group with video camcorders and laptops. Some news reports have described it as an organization with a mobile production unit that navigates the Pakistani provinces. "The jihadis have successfully used American technology to show the U.S. as a loser," Mr. Shehadeh said. "This is an open-ended war, and they use media as part of their jihad against Western and Arab regimes."

Just days before the fifth anniversary of the Sept. 11 attacks, Al Sahab released a barrage of videos, including images of Mr. bin Laden seated with some of the Sept. 11 suicide bombers; a documentary that some have described as a "making of Sept. 11" feature, with testaments by two of the bombers; and the lecture by Mr. Zawahri that Abu Omar said he received that morning.

What is most striking about the messages is their tone, terrorism analysts say. In the past, the group's leaders were generally depicted as soldiers in battle, often filmed outdoors with weapons in the background. But the more recent communiqués show Al Qaeda's leaders in the comfort of a living room or office, set against bookshelves with religious texts. The group has also taken to quoting Western authors and famous speeches, in what seems to be an effort to reach those with Western sensibilities.

"It's a clear message: when there's a gun in the background, they're saying, 'I'm a fighter like you'; when there are books in the background, it means, 'I am a scholar and deserve authority,' " said Fares bin Hizam, a journalist who reports on militant groups for the Arab satellite news channel Al Arabiya. "It is a message that resonates well with an impressionable young man who is 17 or 18."

One result, terrorism analysts say, is a militant group in transition, seeking to push ideology over direct action, franchising its name and principles to smaller groups acting more independently.

"Al Qaeda has been turning itself from an active organization into a propaganda organization," said Mr. Heffelfinger. "They now appear to be focused on putting out disinformation and projecting the strength of the mujahedeen. They're no longer the group that is organizing the mujahedeen. Instead, they are giving guidance to all the movements."

Men like Abu Omar have become integral to that transformation. Mr. Shehadeh, who introduced Abu Omar to this reporter, says he has known Abu Omar ever since he was a teenager and has observed his gradual embrace of jihadist ideology. He says he has seen Abu Omar's contributions on numerous chat boards and notes that while Abu Omar is probably not a Qaeda member, he regularly relays news and spreads the group's message to friends and colleagues.

In Amman's more conservative neighborhoods, Abu Omar and several analysts said, one or two jihadists tend to be the organizers, distributing messages and content to volunteers, and controlling membership in jihadist e-mail lists.

"We are typically observers, but when we see something on the Net, our job is to share it," Abu Omar said. He no longer trusts news reports on television, he said. He even cast doubt on Al Jazeera, which typically broadcasts Al Qaeda's videos but is, he said, still beholden to Arab governments. "We become like journalists ourselves."

Abu Omar, who owns a computer store in one of Amman's refugee camps, said he became involved in jihadi movements about six years ago, driven in part by his anger over the death of his father, who he said was a fighter with the Palestinian faction Fatah when Israel invaded Lebanon in 1982. "On the Net, you can see all the pictures of Palestine and the Muslim world being attacked, and then you see the planes crashing into one of the towers and you think, 'I can understand it,' " he said.

He goes to an Internet cafe several times a week. In recent years, Jordan's Internet cafes have begun taking increased security measures, like registering users' identification cards, he said, but jihadists in Amman alternate among a network of sympathetic cafe owners who allow them to surf anonymously.

He never uses his own computer to search for jihadi content, and he limits his time online to about 30 minutes — not long enough for the authorities to locate him, he figures.

In 2005, Jordanian authorities arrested an 18-year-old man, Murad al-Assaydeh, accusing him of using the Internet to threaten attacks on intelligence officials. Abu Omar said several of his friends and comrades had been arrested by the General Information Department in Jordan in connection with Mr. Assaydeh's case and in subsequent dragnets. Abu Omar said he was once called in for questioning but was released the same day.

He now changes his e-mail address frequently, he said, and he typically carries software that can delete details of his actions from a computer. "In the beginning, I thought maybe I would go for jihad in Iraq, but it was very difficult to get there," he said. "Now I realize it's better to work on the Net and get the message out."

HOMELAND RESPONSE:

Ports Security Bill Passes In The House (AP-Y)

By Jim Abrams, Associated Press Writer

AP, September 30, 2006

The House approved a major ports security bill early Saturday, providing new steps to prevent terrorists from slipping a nuclear, chemical or biological device into one of the 11 million shipping containers entering the nation every year.

Passage of the bill was the last act of the House as lawmakers left for a five-week election campaign during which candidates will be trying to prove to voters their commitment to keeping America safe in the war on terrorism. The Senate also planned to endorse the bill before it recessed, sending it to the president for his signature.

Containers, now largely uninspected, "have the potential to be the Trojan Horse of the 21st century," said Sen. Susan Collins, R-Maine, chairman of the Homeland Security and Governmental Affairs Committee. She said the legislation would be a "major leap ahead" in strengthening national security.

Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorist attack.

"The terrorist attacks on rail and transit systems in Spain, London and Mumbai (Bombay) should be enough evidence to convince the Republican-led Congress that U.S. rails are dangerously vulnerable," said Sen. Joe Lieberman, D-Conn.

The bill approves $400 million a year over five years for risk-based grants for training and exercises at ports. It requires the nation's 22 largest ports, which handle 98 percent of all cargo entering the country, to install radiation detectors by the end of next year.

Pilot programs would be established at three foreign ports to test technology for nonintrusive cargo inspections. Currently only one foreign port, Hong Kong, scans all U.S.-bound cargo for nuclear materials.

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Background checks and credentials will be required for workers at the nation's 361 ports, and the Homeland Security Department would set up protocols for resuming operations after an attack or incident. It is feared that a terrorist attack, such as a nuclear device set off by remote control, could cripple the entire economy as well as cause massive casualties.

Preferential cargo processing is offered importers who meet certain security requirements.

The bill would authorize $3.4 billion over five years for ports security. The House vote was 409-2, with only Reps. Edward Markey, D-Mass., and Jeff Flake, R-Ariz., opposing.

The bill was slow in reaching the House and Senate floors because lawmakers from both sides sought to attach their own favorite pieces of legislation to the ports measure because of the certainty it would reach the president's desk.

In the end, the only major add-on was legislation to restrict Internet gambling. Also attached was a measure, pushed by Sen. David Vitter, R-La., to help communities lacking telecommunications infrastructure install sirens and other emergency alert systems.

With an eye to the election, Congress has concentrated on security-related issues in the past two weeks, considered measures on military tribunals, President Bush's wiretapping program, spending for defense and homeland security and a bill to build a 700-mile fence along the Mexican border.

Democrats, in a letter to House Homeland Security Committee Chairman Peter King, R-N.Y., who headed House-Senate negotiations on the bill, complained they were denied the right to offer amendments to restore rail security language contained in the original Senate bill.

Congress made port security a priority after a fight in February over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to promise it would sell the U.S. operations to an American company. The sale is pending.

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The bill is H.R. 4954

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On the Net:

Congress: http://thomas.loc.gov/

Congress OKs Port Security Bill (LAT)

By Richard Simon

The Los Angeles Times, September 30, 2006

The legislation sent to the president authorizes millions to shore up defenses at ports such as the Los Angeles-Long Beach complex.

WASHINGTON — Congress early this morning approved and sent to President Bush a bill aimed at shoring up anti-terrorism defenses at U.S. ports.

The port security measure, which would bring millions of federal dollars to the Los Angeles-Long Beach port complex and other harbors, became a GOP priority after a political flap earlier this year over a Dubai company's ill-fated attempt to manage facilities at several U.S. ports.

The measure, which Bush is expected to sign, authorizes $400 million a year in federal grants to ports for the next five years, requires minimum security standards for the nearly 11 million cargo containers that enter U.S. ports each year and establishes a pilot program at three foreign ports to scan all U.S.-bound cargo.

It also sets up security training for waterfront workers and mandates radiation detectors at major ports by the end of next year. And it establishes deadlines for special identification cards to be issued to port workers after background checks.

The measure was approved by the Senate on a voice vote; the House approved it 409-2 early today.

Rep. Jane Harman (D-Venice), who along with Rep. Dan Lungren (R-Gold River) sponsored the House version of the legislation, said, "In a month that was supposed to be all about security, this measure is the only one we've considered that will actually make America more secure."

Sen. Susan Collins (R-Maine), chairwoman of the Senate Committee on Homeland Security and Governmental Affairs, called the bill "a major leap ahead in our efforts to strengthen our national security."

The measure was voted on in the final, hectic hours of the pre-election session, in which several security-related bills were sent to the president. The GOP is hoping to showcase its national security credentials before the November election.

As one of the last major bill moving through Congress before the election, it became a magnet for other Republican priorities, including a measure cracking down on online gambling that is a part of the party's election-year "values" agenda.

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The port security bill is the only major legislation to emerge from the Dubai controversy, which triggered a debate about the vulnerability of ports. Another high-profile bill — one that would have subjected foreign investment in the U.S. to greater scrutiny — stalled because of a dispute between House and Senate Republicans.

Dubai Ports World's attempted takeover of some U.S. port facilities caused an embarrassing rift between Bush and congressional Republicans and gave Democrats an opportunity to attack the GOP as weak on national security. After the uproar, the Dubai company backed down from taking over the facilities.

Months after the brouhaha, Democratic Sen. Robert Menendez of New Jersey, locked in a tough campaign, is running a TV ad showing himself at the Port of Newark and declaring, "Five years after 9/11, President Bush just doesn't get it."

Democrats unsuccessfully sought to include in the bill a requirement for the screening of every cargo container. But business groups protested to Republicans that such a step would slow commerce and harm the U.S. economy.

Democrats also assailed Republicans for stripping funding for rail and transit security from the bill.

Separately, Congress approved the annual homeland security spending bill that would provide additional money for port security measures, including stationing more inspectors at foreign ports to check U.S.-bound cargo. It includes $210 million in port security grants, up from about $175 million this year.

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U.S. Advises Charities On Terror Links (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, September 30, 2006

Risks facing charitable organizations not only include contributions being diverted to bankroll terror activities but also the use of charities' services to build grass-roots support for a terrorist organization, the Treasury Department said Friday.

The Bush administration examines these possibilities when it considers whether or not a charity should be put on a U.S. list that requires banks to freeze its assets and forbids Americans from doing business with it.

Charities should be on the lookout for such risks as well, the department suggested as it released updated best practices for charitable organizations to consider as they try to protect themselves from abuse from terrorist financiers. The best practices are voluntary.

"The risk of terrorist abuse facing charitable organizations is ongoing and significant and cannot be measured from the important but relatively narrow perspective of terrorist diversion of charitable funds," the department said. "Rather, terrorist abuse also includes the exploitation of charitable services and activities to radicalize vulnerable populations and cultivate support for terrorist organizations and activities."

As cases in point, the department, citing media reports, mentioned the role of Hamas-associated charities in building popular support in the Palestinian territories for the Hamas terror organization, and Hezbollah's control of charitable distribution networks in southern Lebanon.

The department also mentioned "exploitation" involving the Pakistani-based charity Jamaat-ud-Dawa, which is believed to be a front for Lashkar e Tayyiba, an Islamic militant group. The department did not elaborate. There have been media reports, however, that money raised for victims of last year's earthquake in South Asia was channeled through the charity to schemers of a foiled plot to blow up U.S.-bound passenger planes.

The United States since the 2001 terror attacks on New York and Washington has designated 43 charities worldwide and 29 people associated with them for providing support to terrorists, the department said.

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On the Net:

Treasury: http://www.ustreas.gov/

Charities Receive Treasury Guidance In Antiterror Move (WSJ)

By Robert Guy Matthews

The Wall Street Journal, September 30, 2006

WASHINGTON -- In the latest effort to combat terrorist financing, the U.S. Treasury Department issued revised guidelines to charities.

Under the voluntary guidelines, charities are being asked to search the Internet to determine whether recipients of charity funds have ever been accused of terrorist-related activities. In addition, the Treasury Department is recommending that charities collect the names and addresses of subcontracting organizations used by the recipients of charity donations. It also urged charities to check whether the government has labeled any recipient as a terrorist organization.

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The latest guidelines update those issued in December 2005, taking into account changes suggested by charities over the last several months. The changes, for example, include a more flexible definition of what constitutes a governing board.

The guidelines provide a clearer road map for charities as the government tries to thwart inadvertent as well as intended financial support for organizations linked to terrorism.

Patrick O'Brien, assistant secretary for terrorist financing and financial crimes at the Treasury Department, said that making the guidelines voluntary allows charities to have some flexibility by not hamstringing them with rules that may not apply. "We don't really see a one size fits all," he said. "These are not legal requirements. They seek to provide information to structure their own affairs to help them avoid diversion of funds."

After the Sept. 11, 2001, terrorist attacks in New York and Washington, the federal government charged that some charities were being used as fronts to fund terrorist activities. Many charities were shut down, and a list of entities and individuals with terrorist ties was compiled to help keep legitimate charities from being duped.

Write to Robert Guy Matthews at robertguy.matthews@wsj.com1

Fear Grows Of Attack On Food Supply (CHIT)

By Jason George, Tribune Staff Reporter

Chicago Tribune, September 30, 2006

Officials seek ways to safeguard agriculture

PLEASANT HILL, Mo. -- West Missouri farm country has no shortage of livestock and rolling hills, but terrorism targets seem few and far between. No tall buildings. No well-known landmarks.

The nearest Manhattan: It's in Kansas.

"Out here things are still pretty quiet," cattle rancher Rod Findley proudly declared this week as he finished feeding his Hereford heifers in an early-morning fog. "I would think a terrorist would be a little out of place around here."

While the threat of terrorism clearly hangs over urban areas, a growing concern about an attack on the U.S. food supply is bringing more attention from law enforcement to rural America and farms like Findley's.

This harvest season the U.S. Department of Agriculture has produced a list of recommended security steps for farmers, from protecting fence perimeters to safeguarding chirping chicks.

And the recent E. coli outbreak has underscored how quickly contaminated food can impact people's lives and shake America's faith in agriculture.

While food and agriculture account for 18 percent of U.S. employment and produce $140 billion in annual U.S. revenue, farm security has traditionally been quite lax. Typically, little more than making sure the corral gate is latched.

This year, the Illinois Department of Agriculture has spent $6.5 million to improve food safety--hardly a blip when compared to the billions of dollars directed toward airport and highway security, but it's a 25 percent increase from five years ago. The state also is creating a database of all the agriculture facilities in Illinois so authorities can notify farms in specific areas if a problem ever arose.

"The threat from agroterrorism may not be one you recognize," FBI Deputy Director John Pistole said at a symposium this week in Kansas City, where about 1,000 farmers, police officers, scientists and economists gathered to discuss better ways to protect agriculture.

"But the threat is real," he said. "And the impact could be devastating."

Offering a glimpse of impact

The recent E. coli outbreak from spinach, while not intentional, offers a glimpse of such devastation, Pistole said. Nearly 200 people have become sick and at least one person has died from the tainted spinach, and the negative economic impact could linger.

But imagine an outbreak that affects not only spinach but also such products as beef, chicken or corn. Then imagine terrorists are behind it. Such a massive attack not only would sicken more people, it could permanently rattle confidence here and abroad in American agriculture, said Greg Pompelli, a USDA economist.

Five years after the Sept. 11 attacks, agriculture's enormous importance to the economy undoubtedly makes it an appealing target to someone wanting to harm the United States, but the industry's significance and robustness creates plenty of good news for Americans, too, Pompelli said. For example, about 25 percent of food that makes it onto U.S. plates is not eaten, meaning there is plenty to go around if supply is cut because of a large mandatory destruction of livestock. And unlike in many other countries, there is great crop diversity.

"Staple crops--like corn, wheat, soybeans and oats--are grown in more than two-thirds of counties" of the United States, Pompelli said, explaining that this lessens the chance that one region's economy could be decimated.

"Even some fresh produce--apples, tomatoes and peaches--are spread broadly, with a third of all counties growing these."

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There are numerous points on food's journey from field to fork that are vulnerable to a would-be terrorist. The pork supply, for example, could be harmed by driving a truck full of sick pigs past several farms, suggested David Kaplan, director of the USDA's emergency and domestic programs. Or terrorists might attempt something further down the food chain, such as poisoning apples at a grocery store.

Pistole pointed to U.S. agriculture information found in Afghanistan after the Sept. 11 attacks as proof that there is intent to disrupt the food supply.

"The bottom line is that agriculture, just like buildings, bridges and tunnels, is a critical infrastructure in need of defense," he said.

Ensuring food safety

Farmers and veterinarians, who because of their jobs can spot problems before they reach consumers, guard the front lines when it comes to America's food defense. Both groups have a part in the Illinois Food Systems Policy Council, which was created last year and has been tasked with developing a strategy to improve food and agricultural security.

"We need to do everything within our power to assure the safety and security of the food we supply for our families and for families across the world," Gov. Rod Blagojevich remarked this month at the state's first food security "tabletop exercise." There, public officials and private industry discussed ways to improve safety in agriculture, which contributes $14.4 billion annually to Illinois' economy.

Similarly, the Kansas City conference aimed to bring together representatives from the military, law enforcement, agriculture and academia, said Jamie Berlowitz, a USDA director in the Elk Grove Village office's smuggling interdiction and trade compliance division."There are a lot of different perspectives we can get here," Berlowitz said. "You want to meet these people now rather than when there is problem."

Back on the farm, Findley relegates the threat of such a problem occurring on his 68-acre spread somewhere out toward the horizon--it just seems too unlikely. Here the concerns are gas prices, the cost of feed grain and whether the high school football team can maintain its undefeated season.

Focus could of course change, he said, mentioning that the once rarely traveled road in front of his farm now handles regular traffic.

"Everything's changing in Pleasant Hill."

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Man Arrested In Bomb Scare At Airport (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

By The Associated Press

A Vermont man was arrested yesterday on charges of putting a fake bomb in a bag at a parking lot at Kennedy International Airport, officials said.

The man's action caused traffic to be halted for hours on Thursday night. The man, Peter Gonick, 55, of Island Pond, Vt., was accused of reckless endangerment and putting a fake bomb at a transportation facility, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey.

Mr. DiFulco said Mr. Gonick was questioned after his vehicle was found parked near where the bag had been placed.

The bag contained a powdery substance, but a hazardous-materials team deemed it nonhazardous, Mr. DiFulco said.

Around 1 a.m., the authorities started to allow traffic to resume at Terminals 1, 2 and 3, opposite the parking lot. Public transportation also resumed service to the area. People who had been forced to remain in Terminal 1 were allowed to leave. Mr. DiFulco said airport operations returned to normal yesterday.

Putting Troops On The Beat (WP)

By Charles J. Dunlap Jr.

The Washington Post, September 30, 2006

It's hurricane season again, which, along with recent reflections on the first anniversary of Hurricane Katrina, causes us to think about the complexities of dealing with disaster on a major scale. One stark lesson taught by last year's tragedy in New Orleans concerned the fragility of civilized societies. Scenes of chaos at the city's convention center and elsewhere illustrated how quickly the strong could exploit the weak.

Unfortunately, a chunk of the New Orleans police force was nowhere to be found. Scores of officers left the city, and a few were alleged to have joined in the looting. Distraught victims begged for help on national television.

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The appearance of a no-nonsense professional soldier in Lt. Gen. Russell HonorÃ©, along with battle-tested units, including elements of the fabled 82nd Airborne Division, quickly improved the security and relief situation. With military leadership and resources in place, more than the weather brightened. The cool efficiency of full-time military professionals on the hot New Orleans streets was exactly what the people wanted to see.

And apparently they want to see more of it when the need arises -- and sooner. Indeed, few would debate the utility of a faster deployment of the active-duty military's rescue, logistics and engineering resources.

But security is another matter. The 1878 Posse Comitatus Act bars most direct military involvement in law enforcement, with several exceptions, including civil disturbances. Since Sept. 11, 2001, such threats as terrorist use of weapons of mass destruction have given the armed forces new legal authority. Should there be more?

Americans don't seem especially worried about increasing the full-time military's role. Despite troubles in Iraq and detainee abuse scandals, polls show that the armed forces are the most trusted institution in American society. Nevertheless, few models exist around the world in which the recurring use of militaries in law enforcement furthers democratic values.

Yes, it's true that military troops, unlike civilian police, can't quit their posts. But it's dangerous to think veterans of the mean streets of Fallujah would necessarily approach a task the way Big Easy cops on the beat would. In this respect, the military's versatility can be misunderstood.

Most conventionally trained soldiers advance on potential threats with a view toward destroying them, not arresting them. They don't expect to reason with "the enemy." A soldier's authority is his weapon and his willingness to use it.

Typically, police rely on public respect for the rule of law, expressed in the authority of the badge. They exercise the studied restraint the judicial process requires. Suspects are not "enemies" but citizens, innocent until proven guilty. The elimination of "threats" is the job of the courts. Weapons are defensive last resorts.

Converting the war-fighting mind-set of the professional military to one that readily accepts the risks -- and delays -- inherent in policing under our Constitution can be extremely challenging and confusing to those wielding the guns and attempting to establish order.

Nonetheless, some military officers welcome domestic law enforcement roles. In a world where hijacked airliners, anthrax-infested envelopes and other serious threats arise close to home, there is a certain appeal to their thinking. And praise for the better-late-than-never Katrina effort has created an attitude friendly to domestic security duties among many in uniform.

What are they missing? Appreciation for the erosion that law enforcement duties could cause in the public affection and admiration the military wants -- and needs -- to sustain itself as an all-volunteer force. Americans in the end do not like heavy-handed security efforts, regardless of how well-intended they are, and typically react quite negatively to them. Think Kent State, Waco and Ruby Ridge.

Midnight searches by well-armed troops might fly in Baghdad (though perhaps not even there anymore), but certainly not in Baltimore. Once the military loses the respect of ordinary Americans, what kind of person will want to enlist?

Is there another way? Yes. Getting together to organize the country's nearly 800,000 civilian police could provide governors nationwide with experienced law enforcement resources in times of crisis. Preparing the 400,000 citizen-soldiers of the National Guard for police duties is another option. Meanwhile, the uniformed regulars have plenty to do facing down threats beyond our borders.

America's full-time military will do whatever is asked of it, but America must carefully consider what it asks. Otherwise, Katrina's legacy could take yet another tragic twist.

The writer is deputy judge advocate general of the Air Force. The views expressed here are his own.

WAR NEWS:

Bush Cites Progress In Pakistan, Afghanistan (WP)

By Michael A. Fletcher, Washington Post Staff Writer

The Washington Post, September 30, 2006

In Speech, President Tries to Mend Relations

President Bush highlighted anti-terrorism efforts of Afghanistan and Pakistan yesterday, calling the nations invaluable allies despite a surge of violence in southern Afghanistan that has provoked deep suspicions about their ability -- and appetite -- to battle extremists.

Speaking before a Washington audience that included members of the Reserve Officers Association and both countries' ambassadors to the United States, Bush said that 41,000 American and NATO troops in Afghanistan are making progress toward securing and rebuilding the war-torn nation, although significant hurdles remain. While more than 30,000 newly trained

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Afghan soldiers are working alongside Western troops to secure the country, Bush said, Afghan police "have faced problems with corruption and substandard leadership."

Those difficulties have undermined confidence in the police, "and we've made our concerns known to our friends in the Afghan government," Bush said, adding that the police now have new leadership.

Bush made his remarks as a resurgent Taliban is leading a spike in violence in southern Afghanistan, a development that has resulted in increasing friction between Afghanistan and Pakistan. Afghan President Hamid Karzai has accused his Pakistani counterpart, Gen. Pervez Musharraf, of tolerating the presence of extremists in Pakistan's remote western regions, from where they launch attacks into southern Afghanistan. Musharraf, in turn, has accused Karzai of being an ineffective leader whose policies create sympathy for the Taliban and other extremists.

Meanwhile, Musharraf has been dogged by accusations that his nation's intelligence service has ties to the Taliban -- something he has forcefully denied.

In his remarks, Bush praised Pakistan's efforts to track down some notorious terrorists, including the alleged mastermind of the Sept. 11, 2001, attacks, Khalid Sheik Mohammed. Bush said Pakistan also has been instrumental in preventing terrorism since 2001.

"Were it not for the information gained from the terrorists captured with the help of Pakistan, our intelligence community believes that al-Qaeda and its allies would have succeeded in launching another attack against the American homeland," he said.

Bush has attempted to broker a verbal truce between the two leaders. Wednesday evening, he hosted a White House dinner with the two leaders in an effort to clear the air.

Meanwhile, he said, U.S. and NATO forces have mounted an offensive to clear Taliban fighters from the treacherous mountainous region in southern Afghanistan. Also, he said, the United States is helping Pakistan with development aid and high-tech equipment to help it gain better control of its borders.

After the speech yesterday, Bush met with Kazakh President Nursultan Nazarbayev, whose government has been criticized for skirting democratic norms by banning opposition parties, harassing advocacy groups and closing newspapers. The Bush administration has offered only mild criticism of that record as it works to gain greater influence with the oil-rich nation. Nazarbayev's visit to the White House -- his third since becoming president of Kazakhstan in 1990 -- followed a visit to the Bush family compound in Maine, where he met with former president George H.W. Bush.

"We discussed our desire to defeat extremism and our mutual desire to support the forces of moderation throughout the world," the current President Bush said after the meeting.

In conjunction with the visit, the Energy Department and the Nuclear Threat Initiative, a nonprofit organization dedicated to reducing the threat from nuclear, chemical and biological weapons, announced an anti-proliferation agreement with Kazakhstan. Among other things, it calls for a Kazakh research reactor that runs on highly enriched uranium, which can be used in nuclear weapons, to switch to low-enriched uranium.

"This nonproliferation cooperative project with Kazakhstan is critical to our efforts to eliminate excess amounts of potentially dangerous material around the world," said Linton F. Brooks, administrator of the Energy Department's National Nuclear Security Administration.

Bush Tackles Critics On Afghan Policy (FT)

By Caroline Daniel And Guy Dinmore

Financial Times, September 30, 2006

President George W. Bush moved to address mounting Democratic criticism of his policy in Afghanistan on Friday, conceding the need for more legal reform and the existence of “corruption and sub-standard leadership” in the Afghan police but defending the nation’s “liberation” as “a great achievement”.

Mr Bush’s speech marks a renewed focus on Afghanistan, which has seen a steep rise in violence and a renewed Taliban insurgency. In the past week he has met President Hamid Karzai of Afghanistan and President Pervez Musharraf of Pakistan, culminating in an effort to mediate by hosting a dinner for the two leaders on Wednesday.

“We had a long and we had a frank conversation about the challenges we face in defeating the extremists and the terrorists in their countries,” he said.

The two-and-a-half-hour dinner appears to have led to new ideas on intelligence- sharing and on how to deal with the border tribal areas that lie outside their control and provide a refuge for Taliban and al-Qaeda fugitives. Mr Karzai proposed that he and Gen Musharraf host two jirgas, or councils of tribal elders, one on each side of the border, with the two presidents and leaders from each country attending both. Gen Musharraf accepted.

DOJ_NMG_0072001

"The main concept is to empower tribal leaders and elders to fight extremism in Pakistan and Afghanistan," Said Tayeb Jawad, Afghanistan's ambassador to Washington, told the Financial Times. He said it was unlikely that US officials would attend the councils but that this had not yet been discussed. Mr Karzai is to visit Pakistan soon, and details of where and when the councils will take place will also be worked out in Washington, the ambassador said. He described the atmosphere at dinner as "friendly, with a few tense moments" but constructive. A Pakistan's embassy spokes-man said the mood was "sometimes tense, mostly soft".

"They agreed to tone down the rhetoric," he said, referring to the harsh language that surfaced in separate interviews given by the presidents before the dinner.

Democrats have argued that the Iraq war has been a distraction from Afghanistan. John Kerry, the 2004 Democrat presidential nominee, has called for 5,000 more troops. In a rare rebuke, Bill Clinton, the former president, told Fox News: "If I were still president we'd have more than 20,000 troops there . . . But you know, we do have a government that thinks Afghanistan is only one-seventh as important as Iraq."

Mr Bush appeared to play down the idea of sending more troops, noting that critics "claim that the country is in danger of failing because we don't have enough American troops there", but instead stressed the need to tackle the "ideology of hate".

Bush Admits To Setbacks In Afghanistan (AP)

By Tom Raum

AP, September 30, 2006

President Bush asserted Friday that critics who claim the Iraq war has made America less safe embrace "the enemy's propaganda." He acknowledged setbacks in Afghanistan against a Taliban resurgence but predicted eventual victory.

"You do not create terrorism by fighting terrorism," he told a receptive military audience. "If that ever becomes the mind-set of the policymakers in Washington, it means we'll go back to the old days of waiting to be attacked — and then respond."

It was the latest in Bush's series of speeches defending his Iraq and anti-terrorism policies against heightened attacks from Democrats, who now are citing a government intelligence assessment to bolster their criticism. The classified National Intelligence Estimate, parts of which Bush declassified earlier this week, suggests the Iraq war has helped recruit more terrorists.

"Some have selectively quoted from this document to make the case that by fighting the terrorists — by fighting them in Iraq — we are making our people less secure here at home," Bush told the Reserve Officers Association. "This argument buys into the enemy's propaganda that the terrorists attack us because we're provoking them."

With just over five weeks left before congressional elections, Democrats were quick to react. "President Bush's election-year attacks are the product of a desperate White House with no credibility left with the American people," said Howard Dean, chairman of the Democratic National Committee.

"It was yet another example of how he is in denial over what is happening in the war on terror," said House Minority Leader Nancy Pelosi, D-Calif.

Meanwhile, Bush spoke by phone for about 15 minutes on Friday with Iraqi Prime Minister Nouri al-Maliki, said White House spokesman Tony Snow. They discussed efforts to bring greater security to Baghdad and "the need for further progress in political reconciliation," Snow said.

Bush spent most of his speech talking about the conflict in Afghanistan, where militant violence, particularly in the southern part of the country, has spiked in the worst outbreak since the 2001 U.S.-led invasion that toppled the Taliban government.

"The training of the Afghan police has not gone as smoothly as that of the army," Bush said. "The police have faced problems with corruption and substandard leadership. And we've made our concerns known to our friends in the Afghan government."

Bush noted that Afghan President Hamid Karzai has named a new team to lead the national police. "As the police become more capable and better led and more disciplined, they will gain legitimacy and they will earn the respect of the Afghan people," Bush said. He met with Karzai on Tuesday and Wednesday.

Bush said he welcomed NATO's decision this week to take the lead in providing security and reconstruction assistance throughout Afghanistan.

"Under the plan, the U.S. will transfer 12,000 of our troops that are now serving in the country to the NATO force, while the rest will remain under coalition command and continue anti-terrorist operations across the country," Bush said.

The president also discussed Afghanistan in an Oval Office meeting with President Nursultan Nazarbayev of Kazakhstan, a Central Asian ally and important oil supplier. The former Soviet republic borders Afghanistan.

Bush thanked Nazarbayev for supporting the war in Iraq and for helping Afghanistan become a stable democracy.

DOJ_NMG_0072002

"I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation," Bush said as the two sat side by side. Bush offered support for Kazakhstan's desire to join the World Trade Organization.

No mention was made of criticism of Kazakhstan for human rights abuses, corruption and heavily restricted political and civil freedoms.

During their private meeting, however, "there was encouragement for the government of Kazakhstan to pursue a democratic path," said Bush spokesman Snow.

Nazarbayev said his country would not have enjoyed its recent economic growth if the Taliban had still been in power in Afghanistan.

"Nobody in Central Asia will feel safe and in peace if we'd be surrounded by countries populated with terrorist people, and if we'd be surrounded by countries where some people crave to put their hands on nuclear weapons, which Kazakhstan renounced," said Nazarbayev.

Bush's speech to the military group followed one he gave the day before at a GOP fundraiser in Alabama, where he accused Democrats of "obstruction and endless second-guessing" and not having the stomach to persist in Iraq.

He said Friday that unauthorized disclosure of the National Intelligence Estimate had "set off a heated debate here in the United States, particularly in Washington. ... It's an indication that we're getting close to an election."

Bush was greeted warmly by the military audience. "We're safer because you stand ready to put on the uniform," he told the reservists.

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Associated Press Writer Ann Sanner contributed to this report.

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On the Net:

White House: http://www.whitehouse.gov

Bush Hails Liberation Of Afghanistan As A `great Achievement' (MCT)

By William Douglas And Jonathan S. Landay

McClatchy Newspapers, September 30, 2006

WASHINGTON - Amid signs that the Taliban insurgency is regaining strength, President Bush on Friday defended his efforts to stabilize war-savaged Afghanistan and blasted critics who charge that his policies there are failing.

Afghanistan is reeling from its worst bloodshed since the 2001 U.S.-led intervention as the Taliban and allied warlords tie down 42,000 American and NATO-led troops and President Hamid Karzai struggles with colossal corruption, record opium production and nose-diving popularity.

In his most extensive remarks on Afghanistan recently, Bush sought to accentuate the positive, praising Karzai's democratic government, hailing the training of the Afghan National Army and noting the multinational contributions to the anti-Taliban fight.

"The liberation of Afghanistan was a great achievement," Bush told the Reserve Officers Association, which represents the interests of military reservists in Washington.

The president acknowledged setbacks, such as faltering police reform.

But he made no mention of the key reasons for the Taliban's resurgence: the diversion of U.S. troops to Iraq; America's failure to make good on a promise of a reconstruction program akin to the rebuilding of post-World War II Europe; endemic corruption; and the support the Taliban receive from Pakistan. Bush instead praised Pakistan as a strong ally in fighting terrorism.

Several of the president's statements about Afghanistan's judicial and legal reforms were misleading:

-He praised Karzai for naming new Supreme Court judges. But he failed to mention that the Afghan parliament rejected Karzai's nominee for chief justice, a conservative cleric blamed for stalling reform, who favored Islamic laws mandating that adulterers be stoned to death and thieves have their hands amputated.

-He praised Italy for helping to train Afghan judges and prosecutors. Many Western officials and experts say the effort is seriously flawed and that Afghanistan's legal system is in a state of collapse.

-He said the Afghan National Police "have faced problems with corruption and substandard leadership." He contended that Karzai's government began tackling the problem after appointing a new leadership team this summer. But he didn't mention that Karzai named to his team 14 senior police generals whom U.S., European and U.N. officials opposed because of their alleged involvement in human-rights abuses and corruption.

DOJ_NMG_0072003

Bush's comments were the latest in a series of talks that he's been making to counter Democratic charges that his policies in Iraq and Afghanistan have fanned violent Islamic extremism.

He praised the NATO-led International Security Assistance Force for beating back a major Taliban offensive earlier this month near Afghanistan's southern city of Kandahar and said multinational reconstruction teams were helping to restore electricity, build roads and improve water, irrigation and sanitation.

He noted that the United States has approved more than $4.5 billion in reconstruction money.

"The critics warned that we were heading towards a `quagmire,' " the president said. "And then the Taliban fell, and operations began in Iraq, the critics held up the multinational coalition in Afghanistan as a model and said it showed that everything in Iraq was wrong. And now some of the critics who praised the multinational coalition we built in Afghanistan claim that the country is in danger of failing because we don't have enough American troops there."

More than a dozen current and former U.S., European and Afghan officials and commanders agreed in recent interviews that there aren't enough foreign forces to provide the security required to rebuild one of the most devastated nations on Earth.

There are 5,000 American combat troops for the 27,000 square miles of eastern Afghanistan and only 8,000 NATO soldiers in the Taliban's vast southern heartland.

More foreign and Afghan soldiers and civilians have died this year than in any year since 2001, and suicide bombings have risen from two in 2002 to about one every five days. Karzai has called for a change in U.S. tactics because of the rising civilian casualties, a major factor behind the plunge in his popularity.

The problems with the American-led police reform program, a key part of Bush's exit strategy, go beyond those that the president outlined.

For instance, he put the size of the force at 45,000 officers.

But police Gen. Gullam Jan, who's in charge of police recruiting, and three U.S. officials involved in the program told McClatchy Newspapers earlier this month that no one knows how many officers are on the force.

Jan and the American officials, who requested anonymity because they weren't authorized to speak publicly, described the reform effort as paralyzed by immense corruption, nepotism, desertions, low pay, incompetence, massive pilfering of equipment and Taliban infiltration.

Bush praised Pakistani President Pervez Musharraf for making a "courageous choice" to end his country's support for the Taliban after the Sept. 11, 2001, terrorist attacks and to back the war on terrorism.

Bush noted that despite attempts on the Pakistani president's life, Musharraf has helped capture senior al-Qaida operatives whose information foiled terrorist plots and "saved American lives."

But Musharraf hasn't ordered the arrests of any of the Taliban leaders who fled to Pakistan in 2001 and who senior Afghan, U.S. and NATO officials say are directing the insurgency in Afghanistan from the Pakistani city of Quetta.

The United States has strong evidence that Pakistani intelligence officers are providing arms, training, money and protection to the Taliban as part of a long-held goal of installing a pro-Pakistan regime in Afghanistan's capital, according to U.S. officials and experts.

The insurgency will continue as long as the Taliban are given refuge in Pakistan, they warn.

Bush hosted Karzai and Musharraf at a White House dinner Wednesday in an effort to persuade them to put aside their differences and cooperate more closely.

In his speech Friday, Bush noted that Musharraf, who seized power in a 1999 military coup, plans to hold presidential elections next year.

Musharraf is expected to run, but he's refused say whether he'll relinquish the post of army chief of staff beforehand.

For an on-scene McClatchy report on conditions in Afghanistan, go to www.realcities.com/mld/krwashington/news/world/12426823.htm

Bush And Kazakh Leader Play Up Partnership (NYT)

By Sheryl Gay Stolberg

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — President Bush took another step in his delicate foreign policy waltz with the authoritarian government of Kazakhstan on Friday, praising the oil-rich Central Asian country as “a free nation” while welcoming its president, Nursultan A. Nazarbayev, to the White House for lunch.

During a brief joint appearance in the Oval Office, Mr. Bush said the two presidents pledged to “support the forces of moderation throughout the world,” while Mr. Nazarbayev, speaking through a translator, reiterated his commitment to ridding his country of nuclear weapons and said the two nations had “truly become close partners.”

DOJ_NMG_0072004

Neither man mentioned the sore points in that partnership: the absence of free elections in Kazakhstan, which became an independent state in 1991; state restrictions on the news media; and its recent decision to shut down two prominent American democracy organizations — a move that American officials are trying to reverse.

"We talked about our commitment to institutions that will enable liberty to flourish," Mr. Bush said. "I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that is now a free nation."

Despite that transition, Kazakhstan also poses a diplomatic challenge for President Bush, who has made promoting democracy a central component of his foreign policy. On Friday morning, in his latest speech on fighting terrorism, Mr. Bush touted his efforts to build a free nation in Afghanistan and to push Pakistan toward free elections.

The White House views Kazakhstan, a state that has abundant oil and gas reserves and whose population is predominately Muslim, as a critical ally in promoting economic stability and security in that region. One-third of all foreign investment in Kazakhstan comes from the United States, and administration officials say the country has also been a strategic partner in Iraq and Afghanistan. It has a small ordnance removal team working in Iraq, and has given the United States fly-over rights so that military planes can take equipment to Afghanistan.

An administration official, granted anonymity to talk about the meeting, said "the issue of democracy was raised" during the visit. The leaders later put out a joint statement in which they agreed to "reaffirm the importance of democratic development" in institutions such as an independent news media and free and fair elections.

"They're moving in the right direction," the official said, "and we think that bringing them in close will give us greater prospects of expecting quicker progress."

Mr. Bush invited Mr. Nazarbayev to a small lunch rather than holding a state dinner — a sign that Kazakhstan's leader is working his way into the president's inner foreign policy circle, but is not all the way there.

Bush Hits Vacillating Critics Of Terror War (WT)

By Joseph Curl

The Washington Times, September 30, 2006

For the second straight day, President Bush yesterday took aim at Democrats who he said have flip-flopped on the global war against terrorism, and urged Americans to support his strategy and oppose "critics who change their positions."

"From the beginning, the American people have heard the critics say we're failing -- but their reasons keep changing," the president said in a speech.

"In the first days of Operation Enduring Freedom, the critics warned that we were heading toward a 'quagmire.' And then when the Taliban fell, and operations began in Iraq, the critics held up the multinational coalition in Afghanistan as a model, and said it showed that everything we were doing in Iraq was wrong.

"And now some of the critics who praised the multinational coalition we built in Afghanistan claim that the country is in danger of failing because we don't have enough American troops there."

Mr. Bush said to win the ideological struggle of the 21st century leaders need to change tactics to meet conditions on the ground -- not in response to the constantly changing positions of critics.

Democrats, however, rejected Mr. Bush's criticism.

"President Bush's election-year attacks are the product of a desperate White House with no credibility left with the American people," said Howard Dean, chairman of the Democratic National Committee.

House Minority Leader Nancy Pelosi, of California said, "It was yet another example of how he is in denial over what is happening in the war on terror."

But Mr. Bush quoted British Prime Minister Tony Blair when he said terrorism "is not our fault. You do not create terrorism by fighting terrorism."

"If that ever becomes the mind-set of the policy-makers in Washington, it means we'll go back to the old days of waiting to be attacked -- and then respond," Mr. Bush, apparently referring to former President Bill Clinton.

During his speech to the Reserve Officers Association that focused on U.S. efforts to spur Pakistan and Afghanistan toward greater freedom, the president acknowledged setbacks in both countries but called on Americans to be patient.

"The training of the Afghan police has not gone as smoothly as the army," Mr. Bush said, citing "corruption and substandard leadership." But he said, "We've made our concerns known ... When we see a problem, we adjust, we change."

The president, who met earlier in the week with Afghan President Hamid Karzai, also applauded NATO's decision this week to take over command of all peacekeeping operations in Afghanistan.

Mr. Bush also met last week in the White House with Pakistan's President Pervez Musharraf, who he praised yesterday for helping to hunt down terrorists along the remote Pakistani-Afghan border. Mr. Bush said a major offensive in five eastern Afghan provinces was putting the Taliban on the defensive.

DOJ_NMG_0072005

Australian Premier Defends Troop Pullout From Afghanistan (WT/AFP)

The Washington Times/AFP, September 30, 2006

AGENCE FRANCE-PRESSE

SYDNEY, Australia -- Prime Minister John Howard this week defended his decision to withdraw special forces from Afghanistan during an increasingly bloody insurgency.

About 200 Special Air Services troops and commandos are expected to return to Australia soon after spending a year conducting operations in southern Afghanistan's Uruzgan province.

Mr. Howard defended pulling out the troops at a time when the insurgency was intensifying and the commander of NATO's mission in Afghanistan, U.S. Marine Gen. James Jones, appealed for 2,000 more soldiers. The prime minister said it would be a mistake to put too much pressure on Australia's special forces.

"The design of our force commitment always was that special forces would be there for a period of time, and then there would be a replacement by other forces," he told reporters.

"We think the current force composition is right and we have to be careful that we don't ask our special forces to carry all of the burden all of the time.

"I think you have to be very careful you don't overburden those people with all of the responsibilities."

Australia is in the process of deploying a 400-member reconstruction team backed by infantry troops to work with a Dutch-led reconstruction task force in Uruzgan.

Foreign Minister Alexander Downer said he met with NATO officials in Brussels to discuss the situation in Afghanistan.

He said more troops would be desirable, but there was also scope for some European troops to remove conditions on their existing deployments so they could be reassigned from the relatively quiet north to hot spots elsewhere in the country.

"The real challenge is that a larger number of countries in Afghanistan need to abandon the sort of caveats there are on their involvement and be prepared to support the countries that are shouldering the burden in the south of the country," Mr. Downer told Australian Broadcasting Corporation.

"I focus particularly on Canada. They've had 36 soldiers killed and they've been doing an enormous amount of work in the south of the country. "We'd like to feel that some of the other countries in the north of Afghanistan would be prepared to come in and provide backup support when it was needed in the south."

Suicide Blast At Afghan Interior Ministry Kills 12 (LAT)

By Paul Watson

The Los Angeles Times, September 30, 2006

KABUL, Afghanistan — A suicide bomber strapped with explosives detonated in front of the Afghan Interior Ministry as staffers arrived for work today, killing at least 12 people and wounding 42.

The bomber blew up in a crowd of people passing through a security gate on a narrow dirt road just before 8 a.m. Emarai Basheri, an Interior Ministry spokesman, blamed the attack on "the enemies of the nation and peace in Afghanistan."

The Interior Ministry is in charge of Afghanistan's police, including units responsible for counter-terrorism and counter-narcotics operations.

Mohammed Saddiq, a local photographer, was taking pictures of a customer near the ministry when police started shouting and ran toward a person in the crowd.

"As soon as the Interior Ministry officers got close to him, he exploded," Saddiq said. "There was flesh and blood and bones of people all around the area. A lot of people have been killed."

Suicide bombers, once rare in Afghanistan, have carried out at least 50 attacks this year in the worst wave of insurgent violence since U.S.-led forces toppled the Taliban regime five years ago.

This month, the U.S. military said a suicide cell in Kabul, the Afghan capital, was targeting American and other international troops. The warning followed a suicide car bombing near the U.S. Embassy, which killed two American soldiers and 14 Afghan civilians. That was the worst such attack in Kabul since the fall of the Taliban.

Insurgent attacks began to surge early this year as the North Atlantic Treaty Organization gradually took over more responsibility for security in southern Afghanistan from U.S. forces. NATO is in now command of military operations in the south, where Taliban and allied fighters have fought fierce battles in recent weeks.

The alliance says it doesn't have enough troops in Afghanistan to fight insurgents, who have surprised commanders with their tenacity. NATO has asked its members, which include the U.S., to send an additional 2,500 soldiers, but so far, European nations have failed to meet that request.

DOJ_NMG_0072006

NATO announced this week that it would soon assume command from U.S. forces in eastern Afghanistan, where insurgent attacks are also on the rise following a treaty between Pakistan's government and Pashtun tribesmen in North Waziristan, on the Afghan border.

Under the treaty, the tribes are supposed to expel foreign fighters and end attacks in Afghanistan in exchange for a reduction in Pakistani security forces in the largely autonomous tribal areas.

During a recent visit to the U.S., Pakistani President Pervez Musharraf defended the treaty, arguing that it was the best solution, but Afghan and U.S. officials doubt it will prevent Taliban and allied militants from moving into Afghanistan.

Musharraf contends that Afghan President Hamid Karzai is to blame for the rising violence, which the Pakistani president calls a "popular uprising" by Pashtuns, Afghanistan's largest ethnic group, from which the Taliban were born.

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Special correspondent Wesal Zaman in Kabul contributed to this report.

U.S. Envoy Says Iraqi Premier Has Short Time To Quell Violence (WP)

By Amit R. Paley And Sudarsan Raghavan, Washington Post Staff Writers

The Washington Post, September 30, 2006

BAGHDAD, Sept. 29 -- The U.S. ambassador to Iraq warned on Friday that time is running out for Prime Minister Nouri al-Maliki to contain the burgeoning sectarian bloodshed that threatens to plunge the country into civil war.

"He has a window of a couple months," said the ambassador, Zalmay Khalilzad. "If the perception is that this unity government is not able to deal with this issue, then a big opportunity would have been lost and it would take a long time to address this issue."

His remarks, which came during a surge in reprisal killings across Baghdad, reinforced comments by several senior U.S. military officials this week that Maliki's government must move urgently to tackle the militias and death squads wreaking havoc across the country.

Unlike the military commanders, however, Khalilzad said he and President Bush still have full confidence in Maliki and were "cautiously optimistic" that his government has the political will to rein in the bloodletting.

In a wide-ranging 45-minute interview at the ambassador's residence, Khalilzad also acknowledged that the U.S.-led invasion in 2003 was partly responsible for the violence engulfing Iraq, creating a "moral responsibility" for the United States to remain in the country to help solve the Sunni-Shiite bloodletting.

"They need our help," he said. "These circumstances have, in part, to do with the fact that we came in here."

After months of accusing Iran of fomenting violence in Iraq, Khalilzad on Friday also accused Syria of destabilizing the country. He said the Syrian government had harbored insurgents and allowed them to pour across the border into Iraq, adding that Iraqi President Jalal Talabani recently raised concerns with Syrian officials. "It's an issue for both the Iraqis and us to deal with," Khalilzad said.

The ambassador said sectarian violence had replaced the insurgency as the single biggest threat facing Iraq and called on the government to disarm unauthorized militias. He cited two armed groups: the Mahdi Army, controlled by anti-American Shiite cleric Moqtada al-Sadr, and the Badr Organization, run by the Supreme Council for the Islamic Revolution in Iraq, a major Shiite party.

"They need to be brought under control," Khalilzad said. "They both need to be brought down."

Maliki's focus on political rather than military solutions to the militia problem has shown some signs of success, Khalilzad said, pointing to a recent statement by Sadr that "he wants only peaceful resistance and he doesn't want violence against the coalition."

"That's progress compared to where he was. . . . Now we want to see, on the ground, that actions are consistent with that," Khalilzad said.

Senior U.S. military commanders have recently raised serious concerns that Maliki's government is not moving quickly enough to control militias. That goal is complicated by the fact that the militias are controlled by major political parties that make up the fragile unity government.

"There is corruption and problems in some of these ministries, but it's got to be dealt with and it ought to be dealt with by the prime minister and the folks that are inside this government," said one of the officials, who spoke on condition of anonymity during a briefing this week for reporters. "And I think the time is short for them to deal with that over time because this can't go on like that."

On Friday, the top American commander in Iraq said in a statement that Maliki "is very capable and he's doing a good job in a tough environment."

DOJ_NMG_0072007

"He has an awful lot of challenges facing him," said Gen. George W. Casey Jr., "and I do believe he is very much up to the task."

Khalilzad said he was satisfied with Maliki's pace in dealing with the militia issue and did not agree with the assessment of many Iraqis that the government is paralyzed.

"But you can always raise questions: Will it be done? Will it be done on time? Those are issues," he said. "Terrible things are happening. People are dying. Sectarian violence is there."

Last week, the top American commander for the Middle East, Gen. John P. Abizaid, said the military was unlikely to draw down the 140,000 troops in Iraq before next spring. Khalilzad declined to comment on specific troop levels or when the United States should withdraw. But he warned that a premature departure could make Iraq an even worse breeding ground for terrorists than Afghanistan was after the decade-long Soviet occupation ended.

"Abandoning Iraq, I think, would have the most serious potential negative consequences of al-Qaeda taking a part of Iraq," he said. Because Iraq is in the heart of the Middle East and has vast oil wealth, he said, terrorism could be fostered on a scale that would make the Afghanistan of the 1990s, where Osama bin Laden sought refuge, seem like "child's play."

Violence across Iraq claimed dozens of lives on Friday. At least 35 people were killed or found dead, police said, including the brother-in-law of the new chief judge in Saddam Hussein's genocide trial.

Late Friday night, the prime minister's office announced an immediate ban on vehicle and pedestrian traffic that was scheduled to last until early Sunday morning. No explanation was provided.

Top U.S. Commander Defends Iraq's Premier (LAT)

By Doug Smith And Peter Spiegel

The Los Angeles Times, September 30, 2006

Army Gen. George W. Casey Jr. says Nouri Maliki is up to the task and criticisms by senior officers don't reflect the working relationship.

BAGHDAD — The highest-ranking U.S. military officer in Iraq on Friday disavowed criticism leveled by several senior officers at Iraqi Prime Minister Nouri Maliki for failing to rein in Shiite militias.

Army Gen. George W. Casey Jr. said in a sharply written statement that Maliki was doing a good job in bad circumstances. "These unattributed comments do not reflect the close partnership between the government of Iraq … and Multi-National Force," he said.

The about-face came as violence continued to rack the capital. The brother-in-law of the judge presiding over former President Saddam Hussein's current trial was slain late Thursday, and authorities on Friday said the bodies of 61 victims of execution and assassination had been found the previous day.

During a briefing Wednesday, military officials who spoke on condition of anonymity voiced impatience with Maliki's Shiite-led government for being lax on the militias of radical Shiite cleric Muqtada Sadr. They said time was running out to curtail sectarian violence linked to Sadr's Al Mahdi militia.

Every day dozens of bodies, usually showing signs of torture, are dumped in the city. Sadr followers, who hold 30 of the parliament's 275 seats, say they are legitimately defending Shiites against the largely Sunni insurgency that plants bombs in parts of the capital almost daily.

The military officials said Maliki has stood in the way of plans to clear death squads from the sprawling Sadr City slum where Sadr's militia is based.

Since beefing up its Baghdad force with 4,000 troops, the U.S. military has conducted only light patrols in Sadr City, while clamping down on other, mostly Sunni, areas with sweeps and raids targeting nearly 100,000 buildings.

A Defense Department official who has discussed the comments about Maliki with U.S. officials in Baghdad said Friday that there was no pressure from the Pentagon to back down. Instead, the official said, officers in Baghdad felt that media reports overstated the level of frustration with Maliki.

A senior Pentagon official directly involved in Iraq policy, who spoke on condition of anonymity because of the sensitivity of the issue, said the Bush administration still supported Maliki but felt the challenges he was facing were increasingly difficult.

"He is stronger than his predecessor, he is well positioned, he is a moderate Shiite, he is reaching out to the Sunnis, he is in the right place politically," the Pentagon official said. "We think he is a really good guy. But the security situation is daunting."

The official said the Pentagon was also watching closely how Maliki handled corruption in the Interior Ministry.

The ministry is widely believed to be under the control of officials loyal to a number of Shiite militias, even though the minister, Jawad Bolani, is thought to be independent of such groups.

"The new minister of Interior we think is a decent guy. He is an improvement on his predecessor. The problem is, beneath him the ministry is bad," said the Pentagon official. "Maliki will have to decide. There are rumors he will have to replace [Bolani]."

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At the earlier briefing, military officials said that Maliki had refused to authorize full-scale sweeps of Sadr City and that the effort to control the death squads had been hobbled by lists of Sadr followers who couldn't be arrested without the government's approval.

Officials in Washington also have expressed frustration with the Iraqi government's inability to control the militias.

But in the statement released Friday, Casey praised Maliki as "a determined, courageous leader taking on some very difficult issues."

"He has an awful lot of challenges facing him, and I do believe he is very much up to the task," Casey said.

The statement ended on a note of soaring optimism, saying, "Iraqis are taking control of their streets and their future and will soon serve as a model for democracy and freedom in the Middle East."

An Army spokesman declined to elaborate, but he said the language was common in statements "primarily intended for an Arab audience."

Authorities reported Friday that gunmen had killed the brother-in-law of Hussein trial judge Mohammed Orabi Khalefa in Ghazaliya, one of nine Baghdad neighborhoods the U.S. Army has designated as being cleared of insurgents. The assailants opened fire on the car carrying Kadhum Abdul-Hussein and his 10-year-old son. The boy was injured in the attack.

Khalefa was appointed less than two weeks ago after his predecessor said in court that Hussein was not a dictator.

Though it was not clear that the attack was related to the trial, the proceedings have been marred by assassinations in the past. Three of Hussein's lawyers have been killed.

Early Friday a march coursed through Sadr City in memory of Abdula Karim Abdul Wahid, an official in the Sadr organization who was shot and killed by Iraqi troops on the road between Najaf and Sadr City on Thursday when his car failed to stop at a checkpoint.

In the afternoon, Sadr City rang with denunciations of the U.S. military as an imam speaking for Sadr used the first Friday prayer of Ramadan to respond to the calls for a crackdown. Imam Sheik Abdul Zahraa Asowaiidi accused the U.S. of trying to incite Sadr's followers, and castigated the Americans for the arrest last week in Najaf of Sheik Salah Ubaidi, one of the radical cleric's assistants.

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Commander: Iraq Insurgents Losing Ground (AP)

By Robert Burns

AP, September 30, 2006

It is still possible to defeat the entrenched insurgency in Iraq's western Anbar province but probably not until U.S. troops leave, the American commander of forces in the provincial capital said Friday.

The insurgents are losing ground, and Iraqi security forces are gaining, said Army Col. Sean B. MacFarland, commander of 1st Brigade, 1st Armored Division. He also said his soldiers' goal is not to destroy the insurgency but to build up the Iraqi army and police to a point where they can fight the insurgents on their own.

In an interview with reporters at the Pentagon from his headquarters in Ramadi, the capital of Anbar province, MacFarland was asked if it would be fair to say his mission is not to actually win or to defeat the insurgency.

"I think so," he replied.

"You know, an insurgency is a very difficult thing to defeat in a finite period of time. It takes a lot of persistence — perseverance is the actual term that we like to use. Who knows how long this is going to actually last? But if we get the level of violence down to a point where the Iraqi security forces are more than capable of dealing with it, the insurgency's days will eventually come to an end. And they will come to an end at the hands of the Iraqis who, by definition, will always be perceived as more legitimate than an external force like our own."

He did not say point-blank that the insurgency could be defeated only if U.S. forces left, but he emphasized that the security force best suited to deal with anti-government elements eventually will be the Iraqi police.

His comments were the latest to suggest that progress this year against the insurgency has been spotty and that conditions are too fragile to permit any sizeable decrease in the U.S. military presence. Gen. John Abizaid, the commander of all U.S. forces in the Middle East, said last week it is unlikely that any troop reductions will be made until next spring at the earliest.

There are now 141,000 U.S. troops in Iraq, 30,000 of them in Anbar province.

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MacFarland described himself as optimistic but acknowledged there are reasons to see the situation in Anbar as grim. He was asked about an apparent disconnect between the often-upbeat assessments of Iraq offered by U.S. commanders and the more negative impressions conveyed by the American news media.

"It all depends on if you're a glass-half-empty or a glass-half-full kind of a person," he said. "Right now, you know, the glass is maybe three-quarters empty, a quarter full. But we're pouring more water in all the time."

MacFarland's brigade is fighting in Ramadi, a predominantly Sunni Arab city of about 400,000 people where the insurgency has become so entrenched and feared by residents that the city has no Iraqi mayor. Recently, he said, the tide has begun to turn against al-Qaida in Iraq, the insurgent group comprised mainly of Iraqis.

"It's a situation that's beginning to spiral in our favor," he said.

Local Sunni tribal leaders are increasingly coming forward to side with the Iraqi security forces against al-Qaida, he said. "I think al-Qaida has been pushed up against the ropes by this," MacFarland said, suggesting that some intimidation tactics have grown less effective.

MacFarland painted a largely upbeat picture of the battle for Ramadi. He said attacks against U.S. and Iraqi forces have dropped from about 20 per day to about 15 per day in the last couple of months, and the attacks have become less effective.

He would not discuss casualty trends in his brigade, saying that would assist the insurgents by telling them how effective they have been. This month alone, the Pentagon has announced that five soldiers from MacFarland's brigade were killed in action in Ramadi, four by roadside bombs, the other by small arms fire.

On Monday the Pentagon announced that MacFarland's brigade has been ordered to remain in Anbar for 46 days beyond its previously scheduled departure in mid-January. That means the nearly 4,000 soldiers there will exceed the 12-month tour of duty that the Army has said should be the maximum for all units in Iraq.

MacFarland described his soldiers as disappointed but greeting the news "with a collective shrug."

Iraqi Journalists Add Laws To List Of Dangers (NYT)

By Paul Von Zielbauer

The New York Times, September 29, 2006

BAGHDAD — Ahmed al-Karbouli, a reporter for Baghdadiya TV in the violent city of Ramadi, did his best to ignore the death threats, right up until six armed men drilled him with bullets after midday prayers.

He was the fourth journalist killed in Iraq in September alone, out of a total of more than 130 since the 2003 invasion, the vast majority of them Iraqis. But these days, men with guns are not Iraqi reporters' only threat. Men with gavels are, too.

Under a broad new set of laws criminalizing speech that ridicules the government or its officials, some resurrected verbatim from Saddam Hussein's penal code, roughly a dozen Iraqi journalists have been charged with offending public officials in the past year.

Currently, three journalists for a small newspaper in southeastern Iraq are being tried here for articles last year that accused a provincial governor, local judges and police officials of corruption. The journalists are accused of violating Paragraph 226 of the penal code, which makes anyone who "publicly insults" the government or public officials subject to up to seven years in prison.

On Sept. 7, the police sealed the offices of Al Arabiya, a Dubai-based satellite news channel, for what the government said was inflammatory reporting. And the Committee to Protect Journalists says that at least three Iraqi journalists have served time in prison for writing articles deemed criminally offensive.

The office of Prime Minister Nuri Kamal al-Maliki has lately refused to speak with news organizations that report on sectarian violence in ways that the government considers inflammatory; some outlets have been shut down.

In addition to coping with government pressures, dozens of Iraqi journalists have been kidnapped by criminal gangs or detained by the American military, on suspicion that they are helping Sunni insurgents or Shiite militias. One, Bilal Hussein, who photographed insurgents in Anbar Province for The Associated Press, has been in American custody without charges since April.

And all Iraqi journalists have to live with the fear of death, which often dictates extreme security measures. Abdel Karim Hamadie, the news manager for Al Iraqiya Television, said he sometimes went months without leaving the station's compound.

"The last time I went home was three weeks ago," he said, showing off a small room adjacent to his office where he sleeps each night. "Before that, I spent three months at work. I used to hit my chair because I was so angry. But then I got a new chair."

American diplomats here say they admire the dedication of Iraqi reporters in covering the war and the government's efforts to create a democracy.

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"Journalists here work under very, very difficult conditions," said a United States Embassy official, who spoke on condition of anonymity. "They are taking fire from every direction. They've got the defamation law hanging over their heads. They've got their political opponents gunning for them. They are trying very hard, and we want to encourage them."

Under Mr. Hussein, reporters and editors were licensed and carefully watched. Even typewriters had to be registered with the government. During that time, some reporters got by on the conviction that their articles, about the government's glorious new water projects or certain victory in the war with Iran, were at least patriotic.

"I never praised Saddam himself, never," said Shihab al-Tamimi, 73, who runs the Iraqi Journalists Union from a battered old mansion here. "But I praised the project, for the good of the country."

Now, Iraqi journalists still operate with considerable freedoms, at least compared with those in Saudi Arabia and other neighboring countries, and many Iraqis have achieved a new level of professionalism by working closely with Western journalists. So despite the growing government pressure, the news media have become increasingly aggressive.

Ethical boundaries, though, often remain murky. It was disclosed last year that the Lincoln Group, an American public relations firm hired by the Pentagon, paid Iraqi news outlets to print positive articles on the American presence here and provided stipends to Iraqi journalists in exchange for favorable treatment.

Even though the Iraqi news media have made strides, the journalists themselves are being killed at an extraordinary rate.

Since the Iraq war began, more than 130 journalists — most of them Iraqi — have been fatally shot, beaten or tortured to death, according to the Journalistic Freedoms Observatory, the most prominent domestic advocacy group for journalists to emerge since the invasion. (The Committee to Protect Journalists, which requires more evidence to verify reported killings, lists 79 journalists and 28 news workers.)

Most of the victims — reporters, photographers and editors — were working for local newspapers and television stations.

"Don't be surprised if you wake up one day to find that I have also been killed," said Habib al-Sadr, the chief executive of the government-financed Iraqi Media Network, the nation's largest media organization. In the network's office lobby, a display case holds the photographs of 13 reporters and editors killed on the job since 2003, including Amjad Hameed, the head of the network's television channel, Al Iraqiya.

"The road to democracy is not smoothly paved," Mr. Sadr said during a recent interview in his office, cigarette smoke curling around his face. "It is filled with bombs."

Despite the danger, Falah al-Mishaal, the editor of Al Sabah, the government-run newspaper in Baghdad, said he enjoyed his job now because he felt like a real journalist.

"Now, we are free," he said in an interview in late July. "We can write whatever we want."

Three weeks after the interview, a man drove a minibus filled with explosives into Al Sabah's rear parking lot and blew it up, killing two people and wounding 20 others.

September has been particularly deadly for journalists.

Safa Ismael Enad, a freelance news photographer, was buying film at his favorite print shop in eastern Baghdad on Sept. 13 when two men with guns walked in, fired two shots into his chest and dragged his bleeding body away.

Three days earlier, gunmen blocked Abdul-Kareem al-Rubaie, a designer for Al Sabah, as he traveled to work one sunny morning, and they shot him through the windshield. Last month, Mohammad Abbas Mohammad, a newspaper editor, was shot to death in western Baghdad, and Ismail Amin Ali, a blunt-spoken columnist, was killed on the street across town on the same day.

The disdain for truly free expression cuts across sectarian lines. The men who killed Mr. Karbouli after warning him to stop his critical reporting on the insurgency were almost certainly Sunni. The former governor of Wasit Province, and the judges and police officials who brought charges against the three journalists for questioning their ethics, were all Shiites.

In April, Mastura Mahmood, a young journalist for the women's weekly paper Rewan, was charged with defamation for an article that quoted an anti-government demonstrator in Halabja comparing the Iraqi police there with the Baathists who once ran the country. She was arrested and then released on bail.

In May, a court in Sulaimaniya, in Iraq's autonomous Kurdish region, sentenced two journalists, Twana Osman and Asos Hardi, to six-month suspended jail terms for an article claiming that a Kurdish official had two telephone company employees fired after they cut his phone service for failing to pay his bill.

"These cases show that Iraqi officials are quick to use the same kinds of onerous legal tools as their neighbors to punish outspoken media," said Joel Campagna, the Middle East program director for the Committee to Protect Journalists.

Last month, more than 70 news organizations signed a nine-point pledge supporting the national reconciliation plan of Prime Minister Maliki, promising not to use inflammatory statements or images of people killed in attacks, and vowing to "disseminate news in a way that harmonizes with Iraq's interests." Days later, the police barred journalists from photographing

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corpses at the scenes of bombings and mortar attacks. Since then, policemen have smashed several photographers' cameras and digital memory cards.

At Al Arabiya, the Baghdad station shuttered by the Iraqi authorities earlier this month, the studio door handle is sealed in red wax and bound in police tape. (The door is adorned with a photo of Atwar Bahjat, who was kidnapped, tortured and killed in Samarra in February while reporting on the bombing of a Shiite shrine.)

Some news executives express support for Al Arabiya's closing.

"It is the right of the Iraqi government, as it combats terrorism, to silence any voice that tries to harm the national unity," said Mr. Sadr, of the Iraqi Media Network.

Muqtada Al Sadr Orders Followers To Put Down Their Weapons (MCT)

By Nancy A. Youssef

McClatchy Newspapers, September 30, 2006

BAGHDAD, Iraq - Muqtada al Sadr, the firebrand Shiite Muslim cleric whose Mahdi Army is arguably Iraq's most powerful armed group, has ordered his followers to put down their weapons temporarily, three of his aides told McClatchy Newspapers on Friday.

Analysts differed on the significance of the directive, which Sadr delivered in secret to his commanders two weeks ago in the southern city of Kufa. Some saw it as Sadr's way of distancing himself from rising sectarian violence, most of which has been blamed on his followers.

Others said the order was little more than an effort by Sadr to head off an offensive by American and Iraqi forces against his militia, which increasingly is seen as a shadow sectarian security force. Controlling many of Iraq's larger cities, the Mahdi Army uses its political hold on several government ministries to win new supporters.

"The American and the Iraqi governments are starting to feel how powerful he is getting. It's obvious that both of them are fed up," said Mithal Alusi, a secular Shiite member of parliament. "That's why the Sadrists are playing a tactical game: to quiet the attacks and buy time."

Whichever view is correct, Sadr's directives suggest that his organization is feeling pressure to curb the violence between Shiites and their Sunni Muslim rivals. U.S. officials have blamed Sadr for much of the killing and have pledged to move against his forces.

Iraqi army troops clashed with Mahdi Army members last month in Diwaniya, and tensions have been rising with U.S. troops, who earlier this month detained Sadr supporters meeting in Najaf. American troops fought pitched battles with Sadr's forces twice in 2004. Both times, Sadr's forces took heavy casualties but the cleric survived, and his militia grew stronger.

Now many think the Mahdi Army controls security in much of Iraq through death squads and its infiltration and intimidation of Iraqi security forces. Sadr's political supporters are influential with Prime Minister Nouri al Maliki, who won his post through the backing of Sadr, who controls the largest voting bloc in the parliament.

Analysts also think that Sadr is having trouble controlling his organization. Some militant members have criticized him for joining the political process last year, accusing him of straying from his pledge to reject the American-created government and rid Iraq of foreign forces. A senior U.S. military official said earlier this week that at least six former Mahdi Army leaders no longer answered to Sadr.

Those leaders now are members of rival groups that are competing for power, popularity and funding from the same sources as Sadr.

"What you do see over time is that you'll see guys, who, for whatever reason, become motivated to become more militant, and the militant elements find the political framework confining," the U.S. military official said, speaking only on condition of anonymity because he was giving confidential information. "I'll tell you as time goes on, you're going to continue to see elements break off the organization and become sort of these semi-independent or independent players, but none of them remain independent for long. They all find a sponsor."

Regaining control may be one reason that Sadr issued his four-point mandate orally to his commanders. According to three top Sadr aides, who agreed to discuss the meeting only if they weren't identified because it had been secret, Sadr told the commanders to:

-Reduce the size of units to 75 fighters from as many as 400, to make the units more manageable.

-Issue new identification cards to Mahdi Army members to replace IDs that have been forged.

-Send every member to an orientation course that would outline the group's mission.

-Lay down weapons temporarily.

The last directive is intended to flush out armed groups who say they're part of the Mahdi Army but in fact don't answer to Sadr. No armed operation is to be undertaken, the aides said, without Sadr's permission.

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"As long as we don't have orders, we can't do anything. The Mahdi Army will be known as only fighting the Americans," a top Mahdi Army leader in Kufa said Friday.

It remains to be seen whether Sadr's directive will be followed.

There's been no drop in sectarian killings in the days since Sadr supposedly issued his orders.

Clerics aligned with him offered little moderation in their sermons Friday.

In remarks aimed at Prime Minister Maliki on Friday, Sheik Mouad al Khazraji, a Sadr supporter, told worshippers: "The arms that fight the tyrants are still alive. The weapons, which helped you become prime minister, are still full with powder and we are ready to teach you and your master" - referring to the Americans - "a lesson in endurance. Our patience has limits."

Iraqi Linked To Sunni Bloc Is Held In Plot, Military Says (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, September 30, 2006

BAGHDAD, Sept. 29 — American forces detained an Iraqi working for one of Iraq's most prominent Sunni Arab political leaders on Friday on suspicion that the man was helping to plan a multiple-car suicide bombing inside the Green Zone, the military said.

Shortly after Iraqi television channels began Friday night to broadcast news of the detention, the Iraqi prime minister's office took the unusual step of banning all vehicle and pedestrian traffic in Baghdad until Sunday morning.

The government declined to give a reason for the curfew and did not say whether it was linked to the detention. Authorities had never before banned walking in Baghdad, and the order may indicate fears that Sunni radicals might respond violently.

The military did not identify the man it detained, but said he had been at a compound near the house of Adnan al-Dulaimi, leader of the Iraqi Consensus Front, the largest bloc of Sunni parties in Iraq, which holds about a sixth of the seats in Parliament.

Mr. Dulaimi confirmed that one of his guards was taken Friday, but he said he did not know the reason.

"Credible intelligence indicates that the individual and seven members of his cell were in the final stages of launching a series of vehicle-borne improvised device attacks inside the international zone, possibly involving suicide vests," a military spokesman said.

Mr. Dulaimi identified the man as Khodar Farhan Ghargan. He said the raid of his compound was the third by American troops. He denied Iraqi television reports that troops had also found bomb-making equipment.

"They told me that they wanted some information about one of my guys," Mr. Dulaimi said. "They searched all the bedrooms of the guards. They found nothing."

News of the detention was likely to embarrass Sunni Arab political leaders, who have long dismissed accusations among rival Shiites that their guards and staff belong to the insurgency.

Mr. Dulaimi, a hard-line Sunni, has long been at the center of the Sunni political elite, helping to found the largest bloc of Sunni parties and then acting as its leader. He was nominated but not chosen as speaker of Parliament this spring.

Also on Friday, Iraqi authorities announced the killing of the brother-in-law of the judge who is presiding over the trial of Saddam Hussein. It was not clear whether the shooting was sectarian in nature or tied to the family's relation to the judge.

Iraqi Police Cited In Abuses May Lose Aid (NYT)

By Richard A. Oppel Jr.

The New York Times, September 30, 2006

BAGHDAD, Sept. 29 — American officials have warned Iraqi leaders that they might have to curtail aid to the Interior Ministry police because of a United States law that prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice.

The Interior Ministry, dominated by Shiites, has long been accused by Sunni Arabs of complicity in torture and killings.

The American ambassador to Iraq, Zalmay Khalilzad, said in an interview on Friday that "at this point" Iraq had not been formally notified that its national police were in violation of the legislation, known as the Leahy Law. He said he remained optimistic that Iraqi officials would "do the right thing" and resolve the matter. Nonetheless, he said American officials had begun reviewing programs that might have to be ended.

The issue centers on one of the most sensitive subjects within the Iraqi government: the joint Iraqi-American inspection in May and subsequent investigation of a prison in eastern Baghdad known as Site 4.

Within the prison there was clear evidence of systematic abuse and torture, including victims who had "lesions resulting from torture" as well as "equipment used for this purpose," according to a human rights report later published by the United Nations mission in Iraq.

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The prison, run by an Interior Ministry national police unit, had more than 1,400 prisoners crowded into a small area. An American officer said some had been beaten or bound and hung by their arms. At least 37 teenagers or children were in the prison.

In another sign of Iraq's security problems, the Iraqi government late on Friday banned all vehicle and pedestrian traffic in Baghdad until Sunday. No reason was given, but the decision followed news that the United States military had arrested an Iraqi employee of a leading Sunni politician on suspicion that he was helping to plan an attack inside the Green Zone. [Page A6.]

The controversy over Site 4 has become emblematic of the problem of militia members infiltrating the Interior Ministry's security forces and fears that Iraqi leaders are unwilling to take action against rogue groups.

A number of high-ranking officials have been implicated, including one division commander, an American official said. According to United Nations officials, as many as 52 arrest warrants have been issued, though none have been carried out. And shortly after the Site 4 inspection, the government stopped allowing joint Iraqi-American prison inspections.

American officials have long warned about the dangers of militia influence, and had hoped the new government of Prime Minister Nuri Kamal al-Maliki would crack down on the groups.

Lately, though, senior American military officials have been voicing increasing concerns about the government's reluctance to take action against militia members. One senior American military official acknowledged last week, "There's a political piece to this to see if they deal with these guys."

The Leahy Law, named for its author, Senator Patrick Leahy, Democrat of Vermont, requires that assistance to foreign military and police forces stop if the secretary of state has "credible evidence" implicating them in human rights abuses — unless effective measures are taken to bring offenders to justice. The law covers money in the foreign operations budget and Defense Department training programs.

"There is abundant evidence that Iraqi government forces are committing atrocities with impunity, yet the Pentagon has refused to even report on its procedures for monitoring U.S. aid to these forces," Mr. Leahy said through an aide on Friday night. "Their controls on the weapons we provide have been lax to nonexistent, and so has been their adherence to the law. This avoids accountability, it taints us to be connected to these abuses, and it needs to change."

In an interview, Mr. Khalilzad said that the Site 4 investigation was continuing and that he had discussed it several times recently with the new Iraqi interior minister, Jawad al-Bolani.

"There is a Leahy Law that affects support if the terms of the law are not observed and implemented, and he has assured us that he will do so," Mr. Khalilzad said. "And we are still in discussions with him." Mr. Khalilzad did not specify how long Iraqi leaders have to take action.

In the past, Western officials in Baghdad have described Mr. Bolani, a Shiite engineer, as committed to removing militia members and other offenders from the ministry. But they have also said his independence from Shiite political parties — the very thing that won him support for the job from a wide range of political parties — also meant that he had little muscle to dislodge politically connected officials.

Mr. Bolani has expressed a willingness to take action on the Site 4 abuses even without pressure from the United States, Mr. Khalilzad said, and he emphasized that American officials had not "threatened" him over the issue.

"He wants to do the right thing," he said. "Not because of us, but because that's what Iraqi law would require him to do as well. That's a much better reason for him to do the right thing than for the U.S. pressing him or the U.S. threatening with some sort of a sanction."

However, the ambassador also said American officials were examining what programs might be cut if the law were applied. "We're looking at the potential implications of that, what will be affected, what won't be affected," he said.

One reason Mr. Bolani has not taken action in the Site 4 case is that he has not received written confirmation that indictments have been handed up, Mr. Khalilzad said. He said he believed that the number of Interior Ministry officials involved might be closer to a dozen than to the 52 cited by the United Nations. A senior American official said he understood that indictments had been issued.

In an interview on Friday night, Brig. Abdul Karim Khalaf, an Interior Ministry spokesman, did not directly address whether the ministry was at risk of losing American aid. He said allegations that ministry officials were involved in torture were overblown.

But United Nations officials, who have repeatedly called attention to Site 4, warn that the failure to bring those accused of abuse to justice risks fueling sectarian violence by leading the Iraqi people to believe that militiamen and government employees are exempt from the rule of law.

"It can further the violence and counterviolence and revenge killings, because people may seek justice outside the judicial system," said Gianni Magazzeni, chief of the United Nations human rights office in Iraq. "Any action against impunity would be a step in the right direction."

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In recent interviews, senior American military officials have said time is growing short for Iraqi leaders to take action against militias and corrupt officials, who they say are diverting money from the ministries to political parties.

In a statement on Friday, the commander of United States forces in Iraq, Gen. George W. Casey Jr., distanced himself from such comments, which he said "do not reflect the close partnership" between the American military and Iraqi leaders. General Casey described Prime Minister Maliki as a "determined, courageous leader" who is "doing a good job in a tough environment."

Al-Zawahri: Bush A Liar In War On Terror (AP)

By Bassem Mroue, Associated Press Writer

AP, September 30, 2006

Al-Qaida No. 2 Ayman al-Zawahri called President Bush a failure and a liar in the war on terror in a video statement released Friday, and he compared Pope Benedict XVI to the 11th century pontiff who launched the First Crusade.

"Can't you be honest at least once in your life, and admit that you are a deceitful liar who intentionally deceived your nation when you drove them to war in Iraq?" Osama bin Laden's deputy said, appearing in front of a standing lamp and a small, decorative cannon.

Al-Zawahri also criticized Bush for continuing to imprison al-Qaida leaders in prisons, including al-Qaida No. 3 Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind who was captured in Pakistan in March 2003.

"Bush, you deceitful charlatan, 3 1/2 years have passed since your capture of Khalid Sheikh Mohammed, so how have you found us during this time? Losing and surrendering? Or are we launching attacks with God's help and becoming martyrs?" he said.

"What you have perpetrated against Khalid Sheikh Mohammed and the other Muslim captives in your prisons and the prisons of your slaves in Egypt, Jordan, Pakistan and elsewhere is not hidden from anyone, and we are a people who do not sleep under oppression and who do not abandon our revenge until our chests have been healed of those who have committed aggression against us," he said.

"And we, by the grace of Allah, are seeking to exact revenge on behalf of Islam and Muslims from you and your soldiers and allies."

Al-Zawahri accused the United States and its agents of torturing Muslim prisoners seized across the Middle East.

"Your agents in the Arabian Peninsula, Yemen, Egypt, Jordan, Iraq, Pakistan and Afghanistan have captured thousands of the youth and soldiers of Islam whom you made to taste at your hands and the hands of your agents various types of punishment and torture," al-Zawahri said.

Ben Venzke, head of the Virginia-based IntelCenter, which monitors terrorism communications, said al-Zawahri essentially gave al-Qaida's spin on the arrests and detentions of its leaders.

"They are countering arguments that individuals have been able to provide useful information," he said. "And they are continuing to reinforce their intentions for revenge."

Al-Zawahri said Benedict is reminiscent of Pope Urban II, who in 1095 ordered the First Crusade to establish Christian control in the Holy Land.

"This charlatan Benedict brings back to our memories the speech of his predecessor charlatan Urban II in the 11th century ... in which he instigated Europeans to fight Muslims and launch the Crusades because he (Urban) claimed 'atheist Muslims, the enemies of Christ' are attacking the tomb of Jesus Christ, peace be upon him," al-Zawahri said.

Al-Zawahri's remarks about Benedict were a clear response to the pontiff's comments this month that sparked outrage across the Muslim world. In that speech, Benedict cited a Byzantine emperor who characterized some of the teachings of the Prophet Muhammad as "evil and inhuman," particularly "his command to spread by the sword the faith."

"If Benedict attacked us, we will respond to his insults with good things. We will call upon him and all of the Christians to become Muslims who do not recognize the Trinity or the crucifixion," al-Zawahri said.

Al-Zawahri also called a U.N. resolution to send peacekeepers into Sudan's war-torn Darfur region a "Crusader plan" and implored the Muslims of Darfur to defend themselves.

"There is a Crusader plan to send Crusaders forces to Darfur that is about to become a new field of the Crusades war. Oh, nation of Islam, rise up to defend your land from the Crusaders aggression who are coming wearing United Nations masks," he said. "No one will defend you (Darfur) but a popular holy war."

The nearly 18-minute statement, titled "Bush, the Pope, Darfur and the Crusades," was produced by al-Qaida's media arm, as-Sahab, and made available by the IntelCenter. An initial segment shows al-Zawahri in an office-type setting, while in the second part he is in front of a brown backdrop. The first segment also has English subtitles.

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After conducting a technical analysis of the videotape, the CIA concluded "with confidence" that the speaker is in fact Ayman al-Zawahri, said a CIA spokesperson who spoke on condition of anonymity

An intelligence official, who also spoke on condition of anonymity, said U.S. experts view the latest video as a typical propaganda message, whose main thrust is a call for more people to join the jihad, or holy war.

It wasn't immediately clear when the message was recorded, the official said, but al-Zawahri's reference to the pope indicated the message was produced sometime after Benedict's Sept. 12 comments about Islam.

Al-Qaida has released a string of videos to coincide with the fifth anniversary of the Sept. 11 attacks, showing increasingly sophisticated production techniques in a likely effort to demonstrate that it remains a powerful, confident force despite the U.S.-led war on terror.

The IntelCenter said Friday's video was the 48th released by the al-Qaida Web site this year, three times more than last year's number — which had been the highest. It said al-Zawahri has appeared in 14 of the 2006 videos.

Congress Approves $70 Billion For Wars In Iraq, Afghanistan (WP)

By Ann Scott Tyson

The Washington Post, September 30, 2006

Congress yesterday authorized an additional $70 billion in emergency funds to pay for the wars in Iraq and Afghanistan through early next year, including nearly $24 billion for the Army and Marine Corps to repair and replace worn-out equipment.

The new funding provides more than $2 billion for the military's efforts to defeat the road bombs, or "improvised explosive devices," that are the leading cause of deaths among U.S. troops in Iraq.

Senate and House conferees also agreed yesterday on $463 billion in overall defense spending for fiscal 2007, a 3.6 percent increase over 2006. To ease the strain on U.S. ground forces, the conference report called for an increase of 30,000 soldiers and 5,000 Marines in 2007, with additional increases authorized through 2009.

The new funding brings to $507 billion the total amount authorized by Congress for the wars in Iraq and Afghanistan, as well as for extra security for military bases and embassies, since the Sept. 11, 2001, terrorist attacks.

Rising sectarian and insurgent violence is delaying troop cuts until well into next year, and U.S. commanders are increasingly asserting that military power alone is not sufficient to stabilize Iraq.

Yesterday, one U.S. commander in Iraq's volatile Anbar province said the job of American forces in his region is not to defeat the insurgency but to drive the violence down to a point at which it can be handled by Iraqi forces.

"Who knows how long this [insurgency] is going to actually last?" said Army Col. Sean MacFarland, who oversees thousands of U.S. and Iraqi troops fighting in Anbar's troubled capital, Ramadi. "But if we get the level of violence down to a point where the Iraqi security forces are more than capable of dealing with it, the insurgency's days will eventually come to an end. And they'll come to an end at the hands of the Iraqis," he said in a videoconference with reporters.

There are about 142,000 U.S. troops in Iraq and more than 20,000 in Afghanistan, and military officials say those levels will be necessary through next spring. Earlier this year, commanders had thought that those numbers would be lower by several thousand by now.

The higher-than-anticipated troop levels are further straining U.S. ground forces, as the Pentagon has had to keep thousands of soldiers in Iraq beyond the standard year-long tour. This week, the Pentagon extended for more than six weeks the tours of nearly 4,000 soldiers in MacFarland's unit, the 1st Brigade of the 1st Armored Division.

The extension will allow an incoming brigade from the Army's 3rd Infantry Division to have a full year at home before deploying back to Iraq for the third time.

MacFarland said attacks have decreased 25 percent in Ramadi recently, falling from about 20 to about 15 a day, as local tribes have thrown their support behind Iraqi police recruiting efforts. However, he declined to say what impact this decline in attacks was having on U.S. troop casualties in Ramadi, where dozens of soldiers and Marines have died since the beginning of summer.

Senior Pentagon officials have stated emphatically that the U.S. military alone cannot win the war in Iraq, and that political and economic progress is vital to success there. In Anbar province, for example, a Marine intelligence report concluded last month that U.S. forces there faced a military stalemate as insurgents took advantage of weaknesses in the local government and economy. MacFarland acknowledged such problems in Ramadi, where there is no mayor or effective municipal council.

Separately, a senior Pentagon official faulted the U.S. effort in Iraq yesterday, saying that authorities are "struggling" to coordinate various projects and operations there.

"We don't sufficiently have unity of effort yet," said Eric S. Edelman, the undersecretary of defense for policy. Speaking at a State Department conference on how the U.S. government should better conduct counterinsurgency campaigns, he added that

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he believes it would "take an ongoing adaptive effort" to do better. Specifically, he said, he would like to see more coordination of reconstruction work with military operations.

After Edelman spoke, Meghan O'Sullivan, the deputy national security adviser for Iraqi affairs, stood to say that "the White House sees this as a conference of consequence. We really are in need of new tools."

Some experts on counterinsurgency have criticized the U.S. effort in Iraq for violating the military principle of unity of command, which posits that one person should be in charge of any overall effort. The U.S. presence in Iraq has always been divided, with separate chains of command for the military and for civilians.

Officials from the Pentagon and the State Department said after the Edelman speech that they were not aware of any plans to restructure the U.S. presence in Iraq to create a unified chain of command for the military and civilians.

Staff writer Thomas E. Ricks contributed to this report.

Record Defense-Spending Plan Of $447.6 Billion Goes To Bush (WSJ)

By DAVID ROGERS And SARAH LUECK

The Wall Street Journal, September 30, 2006

WASHINGTON -- Congress sent a $447.6 billion Pentagon budget to President Bush, as lawmakers sought to clear the path for homeland and port bills tailored to burnish Republican security credentials going into November's midterm elections.

The record Pentagon measure is laden with emergency funds to restore the readiness levels and equipment of Marine and Army units worn down by the war in Iraq. The $34.8 billion Homeland Security budget also relies on emergency funds to tighten border security in the wake of Congress's failure to pass comprehensive legislation to address illegal immigration. The Senate also was expected to approve a House-passed bill authorizing, but not paying for, 700 miles of fence along the U.S.-Mexico border.

Anxious to go home this weekend to campaign for the midterm elections, lawmakers were scrambling to complete negotiations on a bill addressing port security. Labor unions appeared to have successfully softened restrictions targeted at longshoremen with criminal records. Rail and transit security provisions were largely dropped to expedite matters, but attempts were being made to attach restrictions on Internet gambling.

WASHINGTON WIRE

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See the expanded online Washington Wire2. The Journal's Washington bureau updates the Wire each weekday with political news, analysis and buzz from inside and outside the Beltway.

The White House and top Republicans were frustrated in their effort to add a provision shielding telephone companies from privacy lawsuits because they shared their customers' records with the government as part of the Bush administration's warrantless wiretap program. The provision had the support of Senate Commerce Committee Chairman Ted Stevens (R., Alaska), and active help from Vice President Dick Cheney and the office of House Speaker Dennis Hastert (R., Ill.). But Senate Democratic Leader Harry Reid of Nevada raised objections and Sen. Susan Collins (R., Maine), chairwoman of the Senate homeland committee, was leery of adding the provision to the port bill at this time.

"I do believe as chairman of Commerce, that the entities that cooperated with our government -- particularly in the period of extreme stress that they did it following 9/11 -- deserve to have immunity from suit for having complied with the request from the government," said Mr. Stevens. He said William Barr, executive vice president and general counsel for Verizon Communications Inc., had raised the issue with him.

In recessing this weekend, Congress is leaving behind a huge backlog of work at a time when public-opinion polls show voters are unhappy with lawmakers' performance. Republicans and the White House have sought to emphasize security issues this fall, but the result has been to postpone final action on major education and domestic-spending bills. Even an effort to salvage bipartisan legislation to encourage greater use of health-information technology has been stymied by fighting among Republicans. Barring a major turnaround, the House expected no agreement with the Senate on a bill to encourage offshore oil-and-gas exploration.

The greatest activity on the domestic front has been on social issues. An effort that anti-abortion groups called a "do-or-die vote" was headed for failure in the Senate. The House-passed measure was designed to prevent minors from getting around states' parental-notification laws by traveling to other states for abortions. The House passed legislation making it easier for property owners to challenge zoning decisions in federal court, bypassing state courts.

More than any issue, perhaps, Iraq hangs over the political landscape. But despite the divide over the war, the Pentagon budget cleared the Senate easily Friday morning, bringing the total U.S. commitment since the war began in 2003 to $379 billion, according to updated estimates by the Congressional Research Service. From an historic standpoint, overall defense outlays in

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the fiscal year beginning Oct. 1 are projected to surpass -- in real dollars -- defense spending at the height of the Vietnam War in 1968.

The added $70 billion in emergency funds will finance U.S. military operations in Iraq and Afghanistan. But under pressure from the Army and Marines, an estimated $23 billion would be set aside to help the services begin to rebuild units strained by the war. The Army has had to struggle just to meet its payroll at the end of the fiscal year.

Congress OKs Funds For War, Detainee Trials (WT)

By Charles Hurt And Amy Fagan

The Washington Times, September 30, 2006

Congress approved a series of war-related measures yesterday, including $70 billion more for military operations in Iraq and Afghanistan and a plan for trying detainees in the war on terrorism.

The United States is "safer, stronger and more prosperous" because of the legislation, congressional Republicans told reporters before leaving town to campaign for November's midterm elections.

The Senate failed, however, to provide President Bush with the authority he wants to continue a wiretapping program that allows listening to international communications between suspected terrorists without a court order. That legislation was never taken up after House Republicans approved the measure earlier in the week.

Republicans focused instead on the passage of other security-related bills.

"The war against terror has been given incalculable support thanks to the recent enactment of legislation to clarify America's authority to hold and try enemy terrorists," House Speaker J. Dennis Hastert, Illinois Republican, said yesterday. "We have begun the process of securing our national borders and bringing our immigration system back under control, with three major border security bills passed in recent weeks."

With yesterday's 250-170 vote in the House, the terror-detainee legislation can be sent directly to Mr. Bush for his signature.

The Senate yesterday unanimously cleared the military funding bill, providing $448 billion to the Defense Department, including a 2.2 percent pay raise for military personnel.

Since lawmakers failed to pass the bulk of the annual spending bills, however, they included language in the defense bill that funds the rest of the government agencies through Nov. 17.

The House voted 412-6 for a $34.8 billion spending bill to fund the Department of Homeland Security, and the Senate later followed suit, clearing it by voice vote. The measure includes $21.3 billion for border protection and immigration enforcement. It will help pay for 1,500 new Border Patrol agents, border fencing, vehicles and technology, and 6,700 new detention beds for illegal aliens.

Final legislation to bolster the nation's port security programs in order to prevent terrorist attacks was heading toward passage in the House last night. The Senate earlier OK'd a motion that will automatically approve the bill once the House passes it.

Republicans included in the ports legislation a provision that cracks down on Internet gambling by banning credit card companies from processing these transactions.

The House also voted 398-23 to approve a massive defense authorization bill, but the Senate had not passed a measure by late last night. Besides laying out a military budget, the bill would have rolled back recent Navy and Air Force rules that House Republicans say wrongly pressure military chaplains to pray vague public prayers instead of praying in Jesus' name or using other specifics of their faiths.

Conservatives received another disappointment late last night when most Senate Democrats and a handful of Republicans blocked final approval of House-passed legislation that would have punished anyone who skirts a state's parental involvement law by taking a pregnant minor to another state to obtain an abortion without her parents' knowledge. The measure, which fell short of the 60 votes it needed, also would have punished doctors who perform abortions on out-of-state minors without first contacting at least one of the parents.

Meanwhile, Senate and House Democrats held separate press conferences yesterday to criticize Republicans and Mr. Bush for refusing to acknowledge that the war in Iraq has encouraged terrorism and made America less safe. They cited the much-discussed April National Intelligence Estimate and Washington Post editor Bob Woodward's new book, "State of Denial," which strongly criticizes the administration.

"He has become Mr. Rosy Scenario," House Minority Leader Nancy Pelosi said of Mr. Bush. "The fact is his actions have not made us safer."

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The California Democrat said Mr. Bush is in "denial" about the level of violence in Iraq and the mistakes his administration has made. "What he says is not in touch with reality," she said, insisting Democrats "can protect America in a way that will ... uphold the Constitution."

Senate Democrats renewed their calls to replace Defense Secretary Donald H. Rumsfeld, especially in light of Mr. Woodward's critical new book. "This secretary of defense has made deadly mistakes from the start," said Sen. Richard J. Durbin, Illinois Democrat.

Republicans countered by saying that the economy is strong and the country has not been attacked within its borders since September 11, 2001.

"Jobs are being created, and new investments are pouring into our economy," Mr. Hastert said. "As we continue to help win the war abroad, protect our borders and homeland, and make positive reforms here at home, we have not lost sight of the ever-present fact that much more must be done."

Defense Spending Bill Includes More Pay, More Ships (VAPILOT)

By Dale Eisman

Hampton Roads Virginian-Pilot, September 30, 2006

WASHINGTON - Congress moved toward approval late Friday of a record $533 billion defense spending program for 2007, including a 2.2 percent pay raise for most service members and $70 billion to offset the spiraling cost of the war in Iraq.

While the House passed the measure in the evening, Senate action was expected later Friday or early Saturday.

Approval was all but assured after a conference committee resolved differences between House and Senate versions of the legislation.

The bill adds 30,000 soldiers and 5,000 Marines to the active-duty force while trimming 12,000 sailors from the Navy - a cut requested by the service as part of an ongoing drive to reduce personnel costs.

It permits construction of seven new ships, including an attack submarine to be built in part at the Northrop Grumman Newport News shipyard, and sets aside $739 million toward a new-design aircraft carrier to be built in Newport News beginning in 2008.

While pushing ahead with the new carrier, the Navy also won approval for plans to reduce the aircraft carrier fleet to 11, retiring the Florida-based carrier John F. Kennedy.

The Kennedy's departure could have long-term implications for Hampton Roads, as Florida lawmakers want a Norfolk-based carrier shifted to the Navy's base in Mayport, Fla., to replace the Kennedy.

Five carriers currently are based in Norfolk, but one, the George Washington, already is slated for transfer to a base in Japan in 2008.

Losing a carrier would drain 3,000 jobs and $225 million per year from the Hampton Roads economy, according to preliminary estimates by the Hampton Roads Planning District Commission.

The defense spending bill requires the service to offer the Kennedy to the NATO alliance or the Department of Homeland Security and to maintain the 38-year-old carrier so that it could be reactivated during a national emergency.

Congress voted last year to retain the Kennedy, over the objections of Navy leaders who say that changes in the way the service deploys and maintains other carriers permit it to trim the carrier force without reducing its overall strength.

Yet after the service announced that repairs needed to keep the ship in service would cost about $1 billion, the Kennedy's fate was sealed.

Of particular interest to Hampton Roads, the bill also:

Allows the Navy to fully retire the battleship Wisconsin and turn it over to Virginia and Norfolk authorities for use as a floating museum. The deck of the World War II-era dreadnought, moored alongside Nauticus in downtown Norfolk, has been open to public tours for several years.

A Navy spokesman, who spoke on background, said the legislation allows some portions of the interior to be opened as well. Under pressure from Marine veterans, who argue that battleships are unmatched in providing firepower to cover an amphibious landing, Congress ordered that the Wisconsin be preserved in a way that would allow it to be reactivated if needed.

At least temporarily rolls back Navy and Air Force regulations that some evangelical chaplains complain could restrict their right to pray as their faith dictates. The chaplains want to be able to offer sectarian prayers at public events, including ship christenings or change of command ceremonies. Military leaders say prayer at such events should be ecumenical.

Chaplains know they represent everybody and deserve to be trusted to offer prayers without a commanding officer's involvement, said Rep.

J. Randy Forbes, R-4th District, founder of the Congressional Prayer Caucus.

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"Chaplains not only have tremendous wisdom in those situations, but they have exemplified that for a long period of time," he added.

The prayer issue is expected to be the subject of c ongressional hearings next year.

Sets a 36 percent limit on the interest rates that can be charged on "payday loans" taken out by many young service members and their families. Lenders now commonly charge 500 percent or more for such loans, which quickly leave many borrowers buried in debt.

Provides $2.9 billion for the purchase of 20 more F-22A Raptor fighter-bombers for the Air Force. The radar-evading Raptors are gradually replacing F-15

Eagles at Langley Air Force Base in Hampton. At more than $130 million each, they are the most expensive fighter aircraft ever.

The defense bill, passed annually to set guidelines for spending on thousands of military programs, typically tracks spending requests by the services and the president.

Lawmakers, however, broke sharply with the administration and uniformed leaders this year to block plans to double or triple health insurance premiums for more than 1 million retired troops and their families.

The administration sought the increases, as well as higher charges for prescription drugs; the two proposals sparked an intense and ultimately successful lobbying campaign by military service organizations.

Staff writers Kate Wiltrout and Jack Dorsey contributed to this report.

Lawmakers Agree To Limit Interest Rates For Payday Loans (SDUT/AP)

By Sam Hananel

The San Diego Union-Tribune/AP, September 30, 2006

WASHINGTON – Interest rates on payday loans to military service members would be limited under an agreement reached Friday by House and Senate Republicans.

The measure imposing a 36 percent cap on the annual interest rate for payday loans to service members or their spouses will be included in the defense authorization bill, which Congress was expected to approve later Friday.

“We need to enact these new protections for our troops and their families because a growing predatory lending problem has impacted our operational readiness,” said Sen. Jim Talent, R-Mo., who pushed the measure in the Senate.

Talent and other lawmakers charged that payday lenders target military personnel, offering quick cash advances at outrageously high interest rates that trap unsavvy borrowers in a cycle of debt.

Payday lenders offer short-term loans against borrowers' paychecks and charge fees. Borrowers who cannot repay the loan by the next payday often “roll over” the loan repeatedly, leading to more charges.

The average annual percentage rate for payday loans is about 390 percent. As lending fees pile up, borrowers can end up paying an annual percentage rate of 800 percent or more.

The Defense Department strongly supported the rate cap measure after issuing a report earlier this year finding many payday lenders are clustered around military bases.

“This will help get the message out about the importance of preserving the financial health or our sailors and Marines,” said Navy Capt. Mark Patton, commanding officer for San Diego's Naval Base Point Loma, who headed a military task force campaigning against high-interest loans.

California Gov. Arnold Schwarzenegger welcome the news. Earlier this month, he said he would seek state legislation for a 36 percent cap on loans to troops after such a measure failed in the state Legislature.

“The governor is pleased that Congress is placing additional safeguards for service members and their families,” said Schwarzenegger spokesman Bill Maile.

Industry officials say payday loans provide financial assistance to soldiers in need and claim military personnel will be forced to seek high-cost loans from unregulated Internet lenders.

“We are extremely disappointed that the conferees have chosen to take away valuable financial choices from service members,” said Darrin Andersen, president of Community Financial Services Association of America, which represents more than half of the estimated 22,000 payday industry outlets.

Andersen said military personnel make up only 1.3 percent of revenue across the industry.

Pentagon officials said the problem was becoming an issue of military readiness, with spiraling debt causing service members to lose security clearances or become distracted from their missions.

Consumer protection advocates, who have long criticized payday lenders for preying on poor communities, also backed the measure.

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"It's important for this to be in federal law because it will provide a base line of protection regardless of where you're stationed and regardless of what form of loan you're getting," said Jean Ann Fox, director of consumer protection for Consumer Federation of America.

When Soldiers Go To War, Flat Daddies Hold Their Place At Home (NYT)

By Katie Zezima

The New York Times, September 30, 2006

HERMON, Me. — It was the first day of school, and distance not withstanding, 9-year-old Baylee Smith wanted to take a picture with her father, Mark, who is stationed with a National Guard unit in Afghanistan. Real daddy was not available, but Sergeant Smith's doppelgänger was.

"Where's Flat Daddy?" an excited Baylee asked as her stepmother, Jennifer Smith, pulled a large cardboard picture of Sergeant Smith, in his uniform, out of her Chevy Blazer and propped him on the bumper. The two, along with Ms. Smith's young sons, Alec and Derek, posed for a picture with their Flat Daddy, who promptly fell down.

"Stop it Dad, that's not funny. It's not a joke," Baylee said with a laugh.

The Maine National Guard is giving life-size from-the-waist-up pictures of soldiers to the families of deployed guard members. Guard officials and families say the cutouts, known as Flat Daddies or Flat Soldiers, connect families with a relative who is thousands of miles away. The Flat Daddies are toted everywhere from soccer practice to coffee shops to weddings.

"The response has been unbelievable," said Sgt. First Class Barbara Claudel, director of the Maine National Guard's family unit. "The families just miss people so much when they're gone that they try to bring their soldier everywhere."

The Maine National Guard has given out more than 200 Flat Soldiers since January. While other guard units are recommending Flat Soldiers, and families around the country are using them, officials here say Maine's National Guard is the only one giving one to each family that asks.

Flat Daddies have been used by military families since at least 2003, when Cindy Sorenson of Bismarck, N.D., ordered a life-size photo of her former husband, Capt. Dave Bruschwein, on a piece of foam board when he was stationed in Iraq with the North Dakota National Guard.

Ms. Sorenson heard that the children of local guard members made small cutouts of themselves modeled on the children's book "Flat Stanley," where the character is flattened and can travel by envelope, and then mailed the images to Iraq.

She wanted to make a similar, life-size version of Captain Bruschwein for their daughter, Sarah, who was 13 months old when her father was deployed. She took a picture of him and his jacket measurements to a local printer, who charged her $75 for Flat Dave, as he was called.

Ms. Sorenson said it helped Sarah, now 4, recognize her father when he came home on leave. "She saw him on the jetway and said, 'Daddy, Daddy,' " Ms. Sorenson said. "There was no anxiety."

Ms. Sorenson shared the idea with Elaine Dumler, a Colorado motivational speaker, who included it in a book on coping with deployment.

Ms. Dumler said National Guard families were receptive to the idea because many had never dealt with a long overseas deployment.

"It affects these families a little more," Ms. Dumler said, "because they're not living on a base or a post, surrounded by families who know what they're going through. They tend to feel a little more isolated."

That is especially true here in Maine, whose National Guard members are randomly assigned to bases throughout that large state. The National Guard tries to have parties where Flat Soldiers are invited, and family members sometimes take them to support meetings.

Cristin Gardner of Ellsworth, whose husband, Troy, is stationed in Iraq, said she often caught her 6-year-old son, Ashton, including Flat Daddy when he played with soldiers.

Rachel Austin of Colorado Springs paid $50 for a flat version of her husband, Toby, in February after hearing about them through the Colorado National Guard. Ms. Austin said Toby was at the dinner table every night with their sons, Ayden, 20 months, and Ryan, 5. Flat Toby also has been to pre-kindergarten graduation, an uncle's 50th birthday party in Cheyenne, Wyo., and a Denver Broncos game, although he sat in the car because it was raining.

Ms. Austin said Ayden, who was 13 months old when she brought Flat Toby home, recognized his father, often taking the image off its usual chair and kissing it. Flat Toby is a real person in their house, she said.

"It's nice to see him each day, just to remember that he's still with us," Ms. Austin said. "It's one of the best things I've done during this deployment. I really think it's helped us stay connected, to remember that he's still with us."

Angela Williams, 27, of Anchorage, got a flat version of her husband, who she married three months before he was deployed to Afghanistan, through the Alaska National Guard.

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Her flat husband spends most of his time in their bedroom closet, but she will occasionally take him out to show to friends or to look at herself.

"He went away so recently after we got married that sometimes I look at it and say, 'Oh, I'm married, and he's real and he's gorgeous,'" Ms. Williams said.

Parents of young deployed soldiers are also using flat soldiers. Carol Campbell of Anson, Me., got a flat version of her 24-year-old daughter, Jessica, who now sits at the family's kitchen table. Ms. Campbell writes all of the places Jessica has visited on the back of the cutout. In June, Flat Jessica even chaperoned an after-prom party that her younger sister attended.

Ms. Campbell said that her youngest daughter thought the idea was odd at first, and that their dog, Speckles, used to bark at the Flat Soldier, but that both are now used to it.

"At first, it can take you aback, but it never did for me," Ms. Campbell said. "I just felt like her presence is here. The Flat Soldier does provide comfort, and we'll take it any way we can."

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Justice Department Appoints Assistant As Interim U.S. Attorney (AP)

AP, September 30, 2006

OMAHA — Joe Stecher, an assistant United States attorney, was appointed Friday as interim U.S. attorney for the District of Nebraska.

Stecher succeeds Mike Heavican, who is leaving the department to serve as chief justice of Nebraska's Supreme Court. Heavican had held the post since 2001.

The U.S. Department of Justice announced Stecher's appointment.

Before joining the justice department, Stecher served in the Dodge County attorney's office for 16 years, first as deputy county attorney, then as chief deputy county attorney, and from 1999-2002 as Dodge County attorney.

Stecher also served as director of the Nebraska County Attorney's Association from 1996-2002.

He received a law degree from the University of Nebraska College of Law, and his bachelor's degree from Wayne State College.

CORPORATE SCANDALS:

Odds Rise Congress Will Crack Down On 'Pretexting' (WSJ)

By John Godfrey, Rob Wells

The Wall Street Journal, September 30, 2006

WASHINGTON -- The House could vote in the near future on legislation that would require telephone companies to better protect customer records, and crack down on data brokers who lie to get those records, House Energy and Commerce Committee Chairman Joe Barton (R., Texas) said Friday.

"The bill is alive and healthy," he said. Mr. Barton acknowledged that there are issues to iron out, including the question of whether phone records are the property of the customer or the corporation.

Mr. Barton spoke as his committee's investigations panel held the second day of hearings into phone-customer privacy. The bill has drawn renewed support after Thursday's hearing on investigative techniques used by Hewlett-Packard Co. to track down a boardroom leak. Those techniques included scam artists posing as phone customers to acquire phone-calling records, a practice known as "pretexting."

Complete coverage7

The bill, which would clamp down on pretexting, isn't likely to come to a House vote until the lame-duck session following the Nov. 7 election. The bill passed the Energy and Commerce Committee unanimously in March and was scheduled to be considered by the full House on May 2. But House Republican leaders pulled the bill from the House schedule without explanation.

Some lawmakers have questioned whether Republican leaders support it. Aides to House Majority Leader John Boehner (R., Ohio) said the delay was simply a matter of a jurisdictional conflict between committees.

Phone companies, which have considerable clout in Congress, oppose the bill, which would increase penalties on carriers for failing to adequately protect their customers' records. Fines could reach a maximum $300,000 per violation, up from

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$100,000. Multiple violations could result in a maximum fine of $3 million, according to a description of the bill supplied by the Energy and Commerce Committee.

Meanwhile, Joel Winston, the Federal Trade Commission's associate director in the privacy and identity-protection division, said at the Friday hearing that the FTC settled its case against data broker Integrity Security & Investigation Services Inc. The settlement blocks ISIS from obtaining or marketing consumer phone records, and requires the company and its principal, Edmund Edmister, to disgorge "ill-gotten gains derived from alleged violations," according to the FTC.

Congress Told Of Persistent Pretexting (WP)

By Yuki Noguchi

The Washington Post, September 30, 2006

Someone impersonating journalist Christopher Byron called AT&T's customer service 46 times over 2 1/2 months until a company representative finally divulged details of his phone calls.

"This is known as dialing for dummies," an animated Byron told lawmakers yesterday, complaining that the 2002 disclosure led to the identification of two of his confidential sources.

Gaining unauthorized access to such records is far more common than the recent Hewlett-Packard Co. case suggests, members of a House subcommittee were told at a hearing yesterday, the day after HP executives, former executives and investigators were called to testify on the tactics used to spy on communications between journalists and members of the company's board of directors.

Representatives of a private investigation firm, six wireless companies, the Federal Trade Commission and the Federal Communications Commission testified yesterday. An investigator, Doug Atkin of Anglo-American Investigations Inc. of Playa Del Rey, Calif., invoked his Fifth Amendment right against self-incrimination and refused to answer questions.

Compared with the previous day's standing-room-only session, the hearing yesterday had far fewer spectators. Committee members focused their questions on the mechanics of how phone companies verify the identities of people with whom their customer service agents speak and tried to determine the frequency with which impostors seek private information.

Rep. Cliff Stearns (R-Fla.) wondered whether the questions carriers ask to verify their customer's identities -- addresses and passwords -- are enough to stop most prying private eyes. "Are the wireless companies doing their best to protect their customers?" Stearns asked.

Wireless company executives sad tricksters will always try to work around ever-changing security measures. Snoops sometimes try to gain unauthorized access to records by posing as phone company employees, they said. In some cases, hackers try to change passwords to gain access through online accounts, as was the case with at least one HP board member.

Private investigators who sell such records -- sometimes advertised on the Internet -- use methods that are as creative as they are persistent, they said. "Human ingenuity is limitless," Charles Wunsch, Sprint Nextel Corp. vice president, told members of House Energy and Commerce Committee's oversight and investigations subcommittee. "Most customers demand fast and efficient service," and companies are faced with the challenge of trying to protect private customer data against legitimate requests for information from customers about their bills, he said.

FCC Enforcement Bureau chief Kris Anne Monteith said the agency had asked some carriers whether their databases were compromised in the HP case. Joel Winston, the FTC's associate director of consumer protection, said Congress should permit the FTC to levy criminal fines against people trying to gain access to phone records under false pretenses, a practice known as pretexting.

Both government witnesses testifying yesterday voiced their support for a Commerce Committee-backed bill that would outlaw the practice. That bill has not yet reached the House floor. A separate bill, from the Judiciary Committee, would make pretexting a crime, and has passed in the full House. Two proposals to outlaw the practice are pending in the Senate.

Company representatives testifying yesterday also endorsed bills that would make pretexting a crime. Some said they had filed lawsuits against firms that allegedly accessed private records in violation of computer fraud laws.

Cingular Wireless and Verizon Wireless have sued investigative companies that they allege obtained records in connection with the HP scandal.

Staff researcher Richard Drezen contributed to this report.

H.P., Red-Faced But Still Selling (NYT)

By Damon Darlin

The New York Times, September 30, 2006

DOJ_NMG_0072023

WHAT if the initials H.P. — as in Hewlett-Packard — enter the lexicon in the same manner that Google has? Google, of course, has become much more than a corporate name. It now doubles as a catch-all term for online search that has resulted in nifty little verbs like "Googled," "Googles" and "Googling."

If H.P. undergoes the same sort of metamorphosis and becomes shorthand for illicit snooping, you might be telling your friends that a stalking ex-boyfriend is "so H.P." or that your office mate, who snoops through the stuff on your desk and listens a little too closely to your calls, has "gone H.P."

But the prospect of children hurtling the epithet "H.P.'er" at parents who monitor their Web surfing is just one of the minor worries for Hewlett-Packard, which, as the world's largest technology company, has its brand name on millions of computers, printers, ink cartridges and corporate data servers. Revelations that the company's detectives and lawyers planned and supervised an extensive investigation of some of its directors, journalists who covered the company, a few employees and others have blemished its reputation.

The question is whether the scandal will more seriously damage one of the most storied names in corporate America. Mark V. Hurd, the chairman and chief executive, is the person shouldering the responsibility for managing the scandal's fallout and, for the time being, it appears that he has guided Hewlett-Packard through the crisis with the same skill he has been using to turn around this once-stumbling technology giant.

By many measures, the company so far has escaped any serious damage. Its stock, about the only visible barometer of public perception other than retail sales and late-night talk-show jokes, is as strong as it was before the spying operation was revealed in early September. The stock closed on Friday at $36.69, close to its 52-week high of $37.25, almost unchanged during a month of unrelenting reports of detectives obtaining personal phone records, rooting through garbage, following directors and journalists — spying on one while at Disneyland — and planning to infiltrate newsrooms with spies masquerading as janitors or clerks.

Nor would it seem that the outlandish plots concocted by the company's Clouseaus have convinced customers that a Dell notebook or a Sun server makes more sense these days. Kurt Francis, a Century 21 real estate agent in Escondido, Calif., said that Hewlett-Packard's woes did not change his view of the company and that it would not affect his willingness to buy H.P. products.

"H.P. is a lot bigger than one or two people," said Mr. Francis, who uses an H.P. financial calculator, an H.P. notebook computer and even an H.P. personal digital assistant. "It's very sad what's happened, but it will blow over — the average consumer is going to forget this in two months."

H.P. certainly does not appear to be paralyzed by the imbroglio. Last Thursday evening, the same day that Mr. Hurd testified before a Congressional subcommittee examining his company's investigative methods, the company's personal computer division announced the acquisition of Voodoo Computers, a maker of high-powered computers for hard-core gamers.

Ravi Sood, a co-founder of Voodoo, said the spying scandal did not make him or his fellow founder — and brother — Rahul Sood, waver in selling their operations to H.P. "It makes a statement that we closed the deal during this thing," he said. "Business goes on."

Rahul Sood, Voodoo's president, said that one reason he wanted to sell the company to Hewlett-Packard was his high regard for Mr. Hurd. He said Hewlett-Packard executives flirted with Voodoo in the past about a merger, but that nothing had happened. When Rahul Sood sent an e-mail message directly to Mr. Hurd in July 2005 outlining the rationale for a merger, "he moved mountains," Mr. Sood said. (He gave another reason for wanting to link with H.P.: "Getting a ticket into H.P. Labs would be like Charlie getting a ticket to Willy Wonka's chocolate factory.")

Reassuring customers about the sale, Mr. Sood wrote on his blog that Mr. Hurd "is quick to make business decisions, but understated when it comes to 'glory.' " He recounted how Mr. Hurd has said that he did not want his photograph hanging in the lobby of the company headquarters near those of the company founders William R. Hewlett and David Packard.

Mr. Hurd's decision not to memorialize himself next to the famous founders is often cited by Hewlett-Packard and others as an example of his modesty. It is also no accident that the anecdote offers a contrast between Mr. Hurd and his predecessor as chief executive, Carleton S. Fiorina, who made sure that her picture was hung in the corporate lobby next to the founders.

Even so, analysts and others believe that Mr. Hurd's modesty has been an important factor in the company's comeback. When asked in a recent interview to comment on his critics' contention that Ms. Fiorina deserves the credit for the company's turnaround, he did not disparage her strategy. Instead, he said that her efforts "just needed a bit of crystallization."

Mr. Hurd's modest demeanor came into play again at the Congressional hearing on Thursday when he deployed it to defuse anger about privacy invasions by company-hired detectives, all of whom refused to testify and invoked their Fifth Amendment right against self incrimination.

Mr. Hurd took a big risk by volunteering to appear at the Congressional inquiry — any missteps at the hearing could haunt him personally, professionally and legally — but his advisers said he figured that owning up to well-publicized mistakes was a

better path to follow than hiding. He also asked to appear alone at the witness table, something that the company's crisis consultants counseled against because it meant that he would probably be hit with more questions.

"It was Mark's decision; he's taken the position that he needs to take responsibility for what went wrong," said Michael J. Holston, a lawyer with Morgan, Lewis & Bockius, which is representing the company before the various state and federal investigators. "He concluded that he didn't have anything to hide so he got up there and answered all their questions."

Mr. Hurd also was not represented by a personal lawyer, a point he made sure that members of Congress — and the throng of reporters covering the event — noted.

As it turned out, Mr. Hurd never encountered a fusillade of hostile questions from the committee. Congressional ire was aimed, instead, at Patricia C. Dunn, who as Hewlett-Packard's chairwoman had instigated the investigation and tracked its details, according to documents given to investigators. (Ms. Dunn recently resigned from the board, and Mr. Hurd assumed her duties.) But Ms. Dunn did not accept any responsibility for the company's actions and repeatedly said she could not recall or could not remember meetings, e-mail messages and memos related to H.P.'s wide-ranging snooping. Some members of Congress were less than impressed by her.

"It showed that she was not credible," said Representative Edward Whitfield, the Kentucky Republican who is chairman of the House subcommittee.

Yet Mr. Hurd was fuzzy on the details, too, raising the classic questions that arise in any scandal, corporate or political: What did he know and when did he know it? Despite the lingering ambiguity surrounding Mr. Hurd's role in H.P.'s snooping, his name appears on only eight of some 20,000 pages of documents that the company has turned over to Congress, the California attorney general, and the United States Attorney's Office so far, , according to people who have examined most of those documents.

One of the stronger pieces of evidence that linked Mr. Hurd to the spying project was a March 10 draft report of the operations that Hewlett-Packard's investigators prepared for certain company executives. Mr. Hurd acknowledged receiving the report, but said he never read it. "It was not my finest hour, Mr. Chairman," he replied to Mr. Whitfield's questions about how he could have missed references to such things as surveillance, obtaining a reporter's cellphone records and installing tracer software on a reporter's computer.

Those references appear on the third and fourth pages of the 18-page report. While the reference to the legality of obtaining cellphone records was noted only in a footnote, a reference in the text of the report to a "covert intelligence gathering operation" would seem harder to miss. Mr. Hurd testified that he did not approve the use of the tracer software, which covertly pinpoints the Internet address of anyone who opens the document online. He said he had not ruled out the future use of such software in possible criminal investigations of fraud or theft perpetrated against the company. But according to people close to him, Mr. Hurd has forbidden its use on reporters.

For all of the apparent goodwill surrounding him, Mr. Hurd still has some tricky issues to juggle. Potential criminal charges still loom against H.P. and three employees who were deeply involved in the spying operations. As is always the case in corporate investigations, they may end up implicating their bosses as legal pressures mount. The three employees are Ann O. Baskins, the company's former general counsel (whose office was only several feet from Mr. Hurd's); Anthony R. Gentilucci, the company's manager of global investigations, who resigned; and Kevin T. Hunsaker, a senior counsel who reported to Ms. Baskins and led the investigation, who refused to resign and was fired.

Even with those employees — and Ms. Dunn — out of the company, it is still possible that William Lockyer, the California attorney general, could bring felony or misdemeanor charges against Hewlett-Packard. And it may be harder for Mr. Hurd to charm Mr. Lockyer than it was for him to charm members of Congress. Mr. Holston, the company's lawyer, said H.P. continued to supply documents to authorities. "We don't think a crime was committed," he said. "But we understand their argument and want to talk it through."

Mr. Hurd faces another challenge. The spy operation has led to the removal of three board members. Finding replacements will be a distraction. But it is also an opportunity to rebuild a board with members who are not at one another's throats, according to analysts.

"They've bled a ton of blood," said Robert Enderle, an analyst at Enderle Group, a technology market research firm in San Jose, Calif., who said the board needed people with a better understanding of the Internet and younger consumers. "It would be good to have someone on the board who understands consumer electronics — and not the way it was 10 or 20 years ago."

HOWEVER the scandal shakes out, one thing is clear: H.P. is now widely linked in the public mind with the invasion of privacy, and that perception strikes at the core of the company's identity and its marketing mojo.

"Privacy is a core H.P. value," said Scott Taylor, the company's chief privacy officer, in a Congressional hearing last June. "We firmly believe that our ability to succeed in the marketplace depends on earning and keeping our customer's trust."

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Anyone who has an H.P. computer may have noticed the messages that pop up from time to time on the screen that are sent directly from the company. They were perceived before as innocuous, maybe bothersome. But now they may serve to remind customers of the spying episode, which Mr. Hurd described as a "breakdown at multiple levels."

In other words, whenever one of those Hewlett Packard pop-ups appear on users' computer screens, they may feel that they are being "H.P.'ed."

H.P. Read Messages Of Reporter (NYT)

By Miguel Helft

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Hewlett-Packard's effort to plug news leaks included monitoring at least one employee's instant-messaging exchanges with a reporter, according to documents provided to Congressional investigators.

The documents also provide other new details of the operation, including the company's payments for the services of investigators, and they shed light on a feud that simmered for months between Patricia C. Dunn, the chairwoman, and Thomas J. Perkins, a board member who resigned in protest over the inquiry.

They are included in the voluminous files made available to lawmakers in preparation for the House subcommittee hearing held Thursday on the Hewlett-Packard case.

In a March 2 e-mail message, Kevin T. Hunsaker, the senior lawyer in charge of the investigation, asked Fred Adler, the company's information security investigator, to "do some monitoring on incoming and outgoing calls to Pui-Wing Tam," a reporter at The Wall Street Journal, "and keep a really close eye on her I.M. traffic with Moeller," Mr. Hunsaker wrote, presumably referring to Michael Moeller of Hewlett-Packard's media relations team.

An e-mail message sent by Mr. Adler some two weeks earlier appears to celebrate what was a new investigative tool for the team. "New monitoring system that captures AOL Instant Messaging is now up and running and deployed on Moeller's computer," Mr. Adler wrote to Mr. Hunsaker and others on the investigative team. "It instantly began to pay results."

The rest of the message shows the text of close to 70 instant-messaging exchanges between Ms. Tam and Mr. Moeller, mostly discussing the company's earnings in what appears a fairly routine exchange between a reporter and a company spokesman.

Experts say it is not clear whether the monitoring of an employee's instant messages would raise any new legal issues for Hewlett-Packard or those involved.

If the employee is using the company's service as an Internet service provider, "then the company can monitor lawfully anything that the person sends or receives," said Clifford S. Fishman, a professor of law at Catholic University of America in Washington. But if the employee is using a third-party communications system, "it is less clear whether the company can monitor that."

As far as the monitoring of calls referred to in the message, the form was not specified. Hewlett-Packard has acknowledged that its operation included inspection of company phone records as well as acquiring private phone records through subterfuge, in a practice known as pretexting. But it has said no wiretapping was involved.

"I was aware that the company was monitoring instant messaging," Mr. Moeller said on Friday night, adding that Ms. Dunn and Mark V. Hurd, the chief executive, had both already apologized to him for the operation's scrutiny of him. Mr. Moeller was previously identified as a target of the pretexting efforts, along with board members and journalists, including Ms. Tam.

A spokesman for The Wall Street Journal declined to comment.

The documents also give an account of a daylong tracking of the activities of Mr. Moeller during a technology conference in Los Angeles, including reports on overheard snippets of his conversations.

Other documents provided to Congressional investigators revealed that Hewlett-Packard was billed a total of $325,641.65 for various services related to the leak investigation's second phase from January to April. That included $83,597.42 for surveillance, which was described as "Multiple Surv. And Sting Activity Palo Alto, Piedmont, SF, LA, CA & Denver CO." A parenthetical note clarifies that the surveillance included "trash re-con of all areas."

Background investigations on several board members and their relatives, as well as reporters for The Wall Street Journal and the online service CNet, did not come cheap. The bill was $66,688. There were also background checks on employees of Hewlett-Packard's media relations department, costing $6,435.

And locating, identifying, charting and cataloguing records of interested parties — the part of the investigation that apparently included pretexting — cost $44,875.

Invoices from the Action Research Group, the Florida company that is reported to have arranged the pretexting, are also among the more than 100 documents obtained by Congressional investigators. Many of them run in the vicinity of $100, but a

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2005 invoice for call records of Carleton S. Fiorina, around the time of her dismissal as chairwoman and chief executive, shows a price tag of $500.

The invoices conclude with the line "Thank you for using our services!!!", all in capital letters, followed by a black-and-white rendition of Hello Kitty, a popular Japanese cartoon character.

The documents also illuminate the bitter conflict that developed over months between Ms. Dunn and Mr. Perkins, whose attacks on Ms. Dunn have been well publicized. They include an outburst at the board meeting in May, when Mr. Perkins resigned. But the animosity, according to Ms. Dunn, who resigned as chairwoman last week, had been building up earlier.

"I did not share details of my interactions with Tom during the year prior to his resignation," Ms. Dunn wrote to other Hewlett-Packard board members in an Aug. 17 e-mail message. "Tom's behavior to me in our one-on-one interactions was often so over the top that the simple facts would have seemed like exaggeration. I won't indulge in a chronology of the intimidation, pressure, rudeness and criticism that Tom directed at me, but will simply say that I have never had remotely similar experiences with anyone."

The investigation subcommittee of the House Energy and Commerce Committee, which held Thursday's hearing, continued its examination of pretexting on Friday with a hearing at which representatives of six cellular carriers testified. The officials said they thought pretexting should be against the law, but did not specifically endorse a pending bill approved by the House committee.

The committee's chairman, Representative Joe Barton, Republican of Texas, said Friday that the long-stalled legislation might come up for a House vote soon.

Two of the carriers have also initiated legal action against detective agencies identified as having played a role in pretexting in the Hewlett-Packard case.

On Friday, Cingular Wireless filed a lawsuit against CAS Agency Inc. of Carrollton, Ga., and Charles Kelly, the company's registered agent. Cingular contends that CAS illegally obtained the telephone records of Dawn Kawamoto, a reporter for the online technology news service CNet, as part of the Hewlett-Packard operation.

The lawsuit, filed in United States District Court in Atlanta, also names 100 "John Doe" defendants and 100 unidentified companies that Cingular says conspired with CAS Agency.

The move came one day after Verizon Wireless filed a similar lawsuit against unidentified individuals for illegally obtaining phone records of its customers in the Hewlett-Packard effort.

Cingular Files Suit In Case Related To H-P Probe (WSJ)

By Amol Sharma

The Wall Street Journal, September 30, 2006

Cingular Wireless filed suit Friday against a company it says fraudulently accessed the records of one of its customers, a CNET News.com reporter, as part of the Hewlett-Packard Co. boardroom-leak investigation.

The lawsuit, filed in U.S District Court in Atlanta, names CAS Agency Inc. and one of its employees, Charles Kelly, as defendants. The cellphone operator says the agency illegally obtained the records of CNET reporter Dawn Kawamoto, who reported on internal discussions within H-P's board.

Cingular learned that CAS had accessed the records of Ms. Kawamoto at a congressional hearing Thursday. Cingular also listed as defendants 100 unidentified "John Does" and 100 unidentified companies that it says have attempted to obtain and sell its customers' records. Neither CAS nor Mr. Kelly could be reached for comment.

Cingular, a joint venture of AT&T Inc. and BellSouth Corp., is the second cellphone operator to take legal action against firms that participated in the H-P investigation. On Thursday, Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, filed a lawsuit in New Jersey federal court against 20 unidentified individuals who it says obtained its customers' cellphone records as part of the H-P probe.

Prior to the unfolding of the H-P scandal, cellphone operators were already taking aggressive action against companies that gain access to their customers' phone records through deceit or fraud -- a practice known as "pretexting."

Verizon and Cingular say the investigators working for H-P dishonestly posed as customers or as employees at the carriers in order to convince customer service agents to grant them access to accounts. Both companies are suing for, among other things, unspecified financial damages and a halt to further pretexting activity.

In the past year, Verizon Wireless, Cingular Wireless, Sprint Nextel Corp., and T-Mobile USA, a unit of Deutsche Telekom AG, have all taken pretexters to court.

Electronic Privacy Information Center associate director Lillie Coney9 says that despite H-P's expressed surprise, there are plenty of federal and state laws that protect consumers from having their records pretexted.

Sprint and T-Mobile haven't filed lawsuits against pretexters specific to the H-P case. H-P General Counsel Ann Baskins, who resigned from the company Thursday, referred specifically to Sprint and Nextel in handwritten notes dated June 15, 2005. In the notes, which were circulated at the congressional hearing Thursday, Ms. Baskins wrote: "Call carriers (Nextel/Sprint) via pretext to extract info." It remains unclear whether Sprint Nextel customers were actually targeted.

Sprint spokeswoman Jennifer Walsh said the company would pursue "anyone found to have victimized Sprint Nextel customers."

Fastow's Long Walk To Less Time (NYT)

By Joe Nocera

The New York Times, September 30, 2006

In some deep part of his soul, Andrew S. Fastow, who was given a surprisingly light six-year sentence this week for his role in the Enron debacle, always knew he was guilty of crimes. Not the big crimes, mind you, like his role as Enron's chief financial officer in dreaming up those special-purpose entities he controlled — the ones that generated hundreds of millions of dollars in fake earnings, helping to create the illusion that Enron was a prosperous company.

At Enron, that was something to be proud of. That was how they gamed the system. As Mr. Fastow testified during the trial of his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, when he set up his first special-purpose entity, called LJM, "I thought I was being a hero for Enron."

It was the petty crimes, the skimming operations, the secret guarantees that his partnerships wouldn't lose money: that's where Mr. Fastow knew he was vulnerable. Not long after Enron filed for bankruptcy, he met with several advisers, one of whom recalls his response to a question about whether all the deals had been proper. Well, he replied, the Southampton deal was a problem.

The Southampton Place partnership originated in a 1999 deal in which Mr. Fastow and his right-hand man Michael Kopper conspired with three British bankers to defraud NatWest bank of Britain of $19 million. It wasn't one of those complicated Enron accounting scams that are impossible to explain. It was the kind of straightforward crime jurors understand.

So why then, knowing what he knew, did it take Mr. Fastow three years after the feds began circling Enron for him to agree to a plea bargain? And why did it take more time still for Mr. Fastow to morph into what the federal prosecutor John Hueston described to me as a man who gave the Enron task force "extraordinary cooperation, unprecedented in my 13 years as a prosecutor?" And why, oh, why, given how long it took him to get there, did he wind up getting a 40 percent reduction in the 10-year sentence he agreed to when he finally decided to help the government put away Mr. Skilling and Mr. Lay?

LAWYERS who do white-collar work like to compare defendants facing the possibility of hard time to a patient learning he has a deadly disease. There are stages to go through: denial, depression, anger, acceptance and, finally, surrender. Mr. Fastow went through all of them.

In the beginning, he still acted as though he were the chief financial officer of Enron — arrogant and prone to hissy fits — but also unwilling to think ill of Mr. Skilling. Mr. Skilling had shepherded Mr. Fastow's career, brought him into the Enron inner circle, and gave him a high-paying job for which he was supremely unqualified; as chief financial officer, he could barely dissect a balance sheet. (According to Mr. Fastow's testimony, Mr. Skilling is also the person who signed off on secret side deals ensuring that LJM would not lose money on its transactions with Enron.)

In addition, like many white-collar defendants, he thought that if he fought the charges with everything he had, then maybe — just maybe — he could wangle his way out of trouble. He felt sure that Mr. Kopper would not turn on him. His plan was to tough it out.

Then came the anger. There's no denying that Mr. Fastow was at the center of the Enron scandal. But the fact that he committed obvious crimes also make him an easy scapegoat for everyone else embroiled in the Enron scandal. Daniel Petrocelli, Mr. Skilling's lawyer, told me that "Fastow and Michael Kopper are the two people who brought Enron down and deserve the stiffest sentences." Mr. Skilling has long insisted that had Mr. Fastow not been committing criminal acts behind his back, Enron would be alive today.

But that wasn't remotely true, and no one knew that better than Mr. Fastow. Though he was making millions on the side, his partnerships were critical for Enron. They created a Potemkin village that made everybody at Enron rich, as the stock rose and their stock options became worth millions. In Mr. Fastow's view, all the Enron executives owed their wealth to him.

Mr. Fastow bitterly resented being the scapegoat. He told people that he had tried to explain to Mr. Skilling and Mr. Lay how bad things were, and that they knew much more about Enron's problems than they were letting on.

In August 2002, Mr. Fastow's chief ally, Mr. Kopper, became the first former Enron executive to plead guilty and agree to cooperate with the government. If anything should have caused Mr. Fastow to realize that the jig was up, that was it; virtually everything Mr. Kopper pleaded to involved Mr. Fastow. And yet, for the next year and a half, he continued to resist.

Meanwhile, a frustrated prosecution was homing in on his wife, Lea Fastow, for filing a false income tax return — a charge also related to the Enron scandal. It is hard to know what happened next. Mr. Fastow's supporters say that Mr. Fastow tried desperately to cut a deal that would allow her to remain unindicted. People in the prosecution insist that it was only after her indictment in March 2003 that Mr. Fastow finally realized, however grudgingly, that he had to start cooperating. Ultimately, under a joint plea agreement, Ms. Fastow served a year in jail — and Mr. Fastow agreed to a 10-year-sentence in return for his cooperation.

Even then, though, he didn't come willingly. In the beginning, said Mr. Hueston, the prosecutor who spent the most time with Mr. Fastow, "I saw a bitter, distant arrogant man who showed virtually no remorse." Sometimes Mr. Hueston would be asking him a question, and he would say, "I'm bored and I'm tired."

But over time, that began to change. "You wake up and look at yourself in the mirror, and say, 'I'm a convicted felon,' " said Craig Smyser, one of Mr. Fastow's Houston lawyers. "It is extremely difficult, but it can give you a kind of strength."

Mr. Hueston said that at first Mr. Fastow would become extremely angry whenever his wife's plea agreement came up, but he eventually accepted the fact that "his wrong decisions had dragged his wife into the case." (During the trial, Mr. Fastow testified that he had lied to his wife about the source of the money that was central to the tax return case — and that is why she had filed a false return.)

Mr. Hueston also said that the prosecution "had begun to conclude that if he didn't change he would make a terrible witness at trial."

"But," Mr. Hueston added, "over the course of the two years, he made a remarkable change." Mr. Fastow accepted responsibility for what he did. He acknowledged his crimes. He stopped rationalizing his behavior at Enron. He had reached the final stage: surrender.

Mr. Fastow turned out, of course, to be a terrific witness in the Enron trial. In his opening statement, Mr. Petrocelli had said that he would "destroy" Mr. Fastow's testimony, but that never happened. Mr. Fastow's contrition, remorse and acceptance of his wrongdoing trumped Mr. Petrocelli's every effort to cast him as the ultimate Enron villain. "He had the strength of a humbled man," Mr. Smyser said.

Mr. Petrocelli said that after the verdict at least one juror said that no one had paid any attention to Mr. Fastow's testimony. But even if that's true — and I have my doubts — Mr. Fastow's cooperation was critical in giving the government the deep understanding it gained of how Enron became a house of cards — and the role of Mr. Skilling and Mr. Lay in perpetuating the Enron fraud.

Which still poses the question: did Mr. Fastow deserve a 40 percent reduction in his sentence? Although he didn't say so directly — either in court or in our conversation — it seems clear that Mr. Hueston believed the reduced sentence was deserved.

But there are many people in Houston who are outraged. When Loren Steffy, a columnist at The Houston Chronicle, wrote a sympathetic article about Mr. Fastow's sentencing, he was bombarded with reader complaints. "What a travesty!" wrote one.

Others pointed to the notorious case of James Olis, a mid-level Dynegy executive who was originally sentenced to 24 years in prison for his role in one deal — one deal! — that tried to make a $300 million loan look like cash flow. Recently, his sentence was reduced to six years — that is, the same as Mr. Fastow's, who was involved in dozens of such deals, on a much broader scale, with a more much devastating outcome.

It is good that the judicial system has become tougher on white-collar crime. It's overdue, actually. When Mr. Skilling is sentenced next month, he is likely to be facing 20 to 30 years in prison. Bernard J. Ebbers, the 65-year-old former WorldCom chief executive, began serving a 25-year sentence this week.

Mr. Fastow gave the government incalculable assistance, and does indeed seem to be a changed man. Give him credit for both. But it took him a very long time to get to that place.

In the end, he did the crime. And he should have served the time — all 10 years.

CRIMINAL LAW:

Report Says Rove Aide Accepted Abramoff Gifts (WP)

By James V. Grimaldi And Susan Schmidt, Washington Post Staff Writers

The Washington Post, September 30, 2006

A top aide to presidential adviser Karl Rove passed along inside White House information to superlobbyist Jack Abramoff at a time when she was also accepting his tickets to nine sports and entertainment events, according to e-mails released yesterday in a bipartisan congressional report.

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The e-mails, released by the House Government Reform Committee, show that Susan Ralston also on occasion discussed possible business ventures with Abramoff. Ralston had worked for Abramoff before joining Rove in the White House in 2001.

White House contacts with Abramoff have been the focus of heated interest in Washington since he pleaded guilty to fraud and conspiracy charges earlier this year. Although the committee report documents that Abramoff's lobbying team billed their clients for more than 400 contacts with White House officials over three years, it remains unclear what results Abramoff obtained.

House Minority Leader Nancy Pelosi (D-Calif.) seized on the report yesterday: "A disgraced lobbyist traded perks and campaign contributions for special access to the Bush White House."

But White House press secretary Tony Snow disagreed.

"Jack Abramoff was an exuberant practitioner of sleaze to the point that it's very difficult within the report itself to figure out how many actual contacts there are," Snow said.

The report identified 66 Abramoff contacts with the White House, more than half of them with Ralston. Members of Abramoff's lobbying team at Greenberg Traurig LLP contacted Ralston 69 times.

Ralston has declined to comment on the report.

The report indicates that Abramoff was largely ineffective at placing people in key positions in the administration, apparently failing to win any of the appointments he sought.

When Ralston came through for Abramoff, it often was in relatively minor ways. On Oct. 21, 2001, Ralston e-mailed Abramoff that Rove had read an Abramoff memo about a political endorsement in an obscure race in the Mariana Islands. Ralston reported back to Abramoff that Rove had agreed, writing in an e-mail the next day: "You win :)"

Ralston also informed the Abramoff team about possible political appointees. But there is no evidence that Rove knew or approved of Ralston's actions.

She told Abramoff and his associates that she passed messages and documents to Rove, but the committee report did not confirm that she had done so. On Feb. 21, 2001, Ralston e-mailed Abramoff lobbyist Todd A. Boulanger: "Thanks for breakfast. I showed KR the binder. . . . He gave the binder to Mehlman to read cover to cover and to be prepared." Ken Mehlman was then the White House political director.

Mehlman, now the chairman of the Republican National Committee, said yesterday that he talked on occasion with members of the Abramoff team but does not specifically recall the issues raised. "When they come to me with ideas and issues, I would let relevant policymakers know," he said. "The job of the political director is to meet with interested parties."

Mehlman said everything he engaged in "was aboveboard, all stuff that was appropriate."

Ralston also helped Rove get tickets from Abramoff for a game in the NCAA basketball tournament, but Ralston told Abramoff that he "has to pay." The White House confirmed yesterday that Rove paid for the tickets.

But Ralston apparently did not pay for tickets she accepted to MCI Center events -- including two concerts featuring rocker Bruce Springsteen and singer Andrea Bocelli, three Capitals hockey games and a Wizards basketball game -- and seats at a Baltimore Orioles baseball game at Camden Yards.

On seven occasions, Ralston requested tickets, the report said. "You got 'em," Abramoff e-mailed Ralston when she asked in December 2001 for four prime Wizards tickets valued at $1,300, the report said.

In 2004, Ralston e-mailed Abramoff that she was "willing to pay" for Capitals tickets, but he replied, "No problem, and you don't have to pay!" In 2003, she thanked him for his "generosity" in providing Orioles tickets.

White House spokeswoman Dana Perino said the counsel's office is examining the report to determine whether ethics regulations were violated. Rules prohibit the acceptance of gifts worth more than $20 from anyone doing business with the government.

Ralston and Abramoff also discussed future business plans at least twice, the report said.

In February 2002, Ralston, Abramoff and Ben Waldman, an Abramoff business partner in his fraudulent purchase of a casino cruise line in Florida, exchanged e-mails about an aircraft leasing venture. In November 2002, Ralston and Abramoff exchanged e-mails about an idea to form a defense or homeland security contracting company.

Ralston expressed interest but said she thought it would take a lot of research to get the company off the ground. But she was committed to the White House, she said. "It would take a serious amount of money for me to be lured away so unless you're really serious and can make it worth my while, let's wait until 2005." Abramoff agreed, writing, "I am not in a position to offer you serious money for this right now."

Too Close For Comfort In The Abramoff Scandal (TIME)

By Perry Bacon Jr.

Time, September 30, 2006

Speed Read: The White House has tried hard to distance itself from the congressional lobbying scandal. But a new report suggests that Jack Abramoff wasn't always exaggerating his contacts with the Bush Administration

Disgraced Washington lobbyist Jack Abramoff used to be a problem for the White House primarily because his illegal lobbying activities got G.O.P. members of Congress in legal and political hot water and helped fuel Democrats' campaign message that congressional Republicans were a corrupt bunch that should be thrown out of power. Both Ohio Rep. Bob Ney and former House Majority Leader Tom DeLay of Texas announced they were stepping down from Congress this year after being dogged by questions about their relationships with the disgraced lobbyist, who has plead guilty to mail fraud and bribery; Ney has already pleaded guilty to bribery charges, while DeLay has continued to insist he did nothing wrong. But a bipartisan report by the House Committee on Government Reform released Thursday puts the White House at the center of questions about whether the lobbyist improperly influenced its decisions on policy matters, just as he did on Capitol Hill. Here's what we learned from the report report on Abramoff's contacts with the White House:

1. Abramoff had much more extensive contact with the White House than it has admitted in the past.

In January, after he was indicted and there were rumors —which turned out to be correct—that Abramoff was in several photos at the White House, Bush said at a news conference, "I, frankly, don't even remember having my picture taken with the guy... I don't know him." At the time, White House officials also suggested that Abramoff had little influence or contact with them. The report cites more than 400 instances of Abramoff's team lobbying the White House. This is a one-sided account though, as it relies on e-mails from Abramoff and his fellow lobbyists; in many instances he discusses meals with White House senior advisers like Karl Rove, and it' s unclear if those ever actually took place. The White House has long maintained that Abramoff has exaggerated his ties and contacts to the Bush Administration.

But the report makes clear that Abramoff was in frequent communication with White House officials, particularly Susan Ralston, who was an assistant to Abramoff before becoming Rove's assistant early in Bush's first term. Abramoff's clients, mainly Indian tribes, paid for skyboxes and tickets to events that the lobbyist used to host congressional aides and others, and in the e-mails, Ralston treats Abramoff like her own personal Ticketmaster, frequently asking him if he has tickets to games and leaving the impression in some messages that she occasionally didn't pay for them. White House officials are banned from taking gifts of more than $20, which would barely get you a cheap seat at any of these events, let alone a luxury box seat. Other Rove aides were shown to be in e-mail contact with lobbyists on Abramoff's staff, and Rove himself e-mailed Abramoff a few days before the 2000 elections, responding to a message from Abramoff noting that "Governor Bush is winning" by saying "Jack - I will rest much easier..." Abramoff relied on Ralston, who remains in the White House as an aide to Rove, and Ralph Reed, an advisor to the 2004 campaign who was close to Rove, to communicate his wishes.

To be sure, the messages make it clear Abramoff desperately wanted to have more personal time with Rove, and couldn't get it, often having his calls returned by Rove aides rather than the powerful aide himself. In Dec. 2000, he sent a message trying to ingratiate himself with Rove, noting "I am sure you well covered with everything, but just in case, please do not hesitate to ask me for anything you might need." Sounding like a high school nerd with a crush on the captain of the cheerleading team, he brags about and overstates his few actual interactions with Rove. A March 2002 e-mail says "I was sitting yesterday with Karl Rove, Bush's top adviser, at the NCAA basketball game discussing Israel when this e-mail came in. I showed it to him." And White House officials dispute this account, saying Rove didn't sit with Abramoff at the game but merely stopped by and said hello to him. Ralston seemed to know Abramoff needed the affection, writing in a message with the subject line "Diet" that "Karl said you looked great. He'd love to know your secret."

2. The access didn't get him much.

Abramoff was looking to fund projects for his Indian clients, so he focused most of his energy in the right place, on Capitol Hill and in the agencies like the Department of the Interior that dole out federal dollars and oversee them much closer than the White House. But his efforts to get his friends hired in key administration posts, such as chief of staff to Secretary of the Interior Gail Norton, were largely unsuccessful. His biggest coup was getting the White House to back some candidates he liked and at one point to deny support to someone he opposed, but those races were in Guam and the Commonwealth of the Northern Mariana Islands. Abramoff got nothing like the results he had on Capitol Hill, where Ney inserted comments in the Congressional Record attacking one of Abramoff's business rivals and other members inserted money into billls for tribal schools and other pet projects.

3. There is someone in Washington who has ethical standards.

The most angry exchange in the hundreds of e-mails isn't about Abramoff's clients not getting what they want from the White House. In 2003, administration officials had an ethics advisor talk to the Intergovernmental Affairs Office at the White House, which usually dealt with the tribes and their lobbyist, Abramoff. The advisor suggested that the White House officials should talk to the tribes directly, rather than the lobbyists, and that the lobbyists shouldn't even be in the room during these

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meetings. Abramoff's deputies were furious. And Abramoff knew these strict standards, which it doesn't appear were enforced, would endanger his job security. "This is horrible," he wrote." Why would they f--- us like this?"

Judge May Have Stymied Abramoff Probe (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, September 30, 2006

The bribery investigation involving influence-peddler Jack Abramoff may have been stymied by a federal judge in Florida just as prosecutors began asking questions about the lobbyist's ties to the White House.

U.S. District Judge Paul Huck refused to delay Abramoff's prison sentence for fraud charges Thursday, rejecting a plea by the Justice Department's top corruption prosecutor, who said Abramoff was providing information about officials whose names hadn't yet surfaced in the case.

In the past month, the FBI has been pursuing leads about Abramoff's access to the White House and whether he was able to help lawmakers get Bush administration backing for their bills, according to someone familiar with the direction of the investigation who spoke on condition of anonymity because of its secrecy.

A congressional report released Friday showed that Abramoff had hundreds of contacts with White House officials over three years, including 10 with top Bush aide Karl Rove. While Abramoff provided officials with meals or tickets to sporting events, the report said his efforts to influence presidential appointments and nominations "were often not successful."

During Thursday's court hearing in Miami, Ed Nucci, acting chief of the Justice Department's Public Integrity Section, did not mention any targets of the Abramoff case. He told the judge, however, that with the disgraced former lobbyist behind bars, "what we need from Mr. Abramoff will be impossible to get."

Huck ordered Abramoff to report for his nearly six-year prison sentence Nov. 15. Justice Department officials had asked for at least an extra month and could have returned to court then for another extension.

"There are so many areas that have to be explored and so many pockets," Nucci said during Thursday's hearing.

Huck, who was appointed to the bench by President Clinton, said Abramoff should not receive special treatment. Abramoff pleaded guilty in Florida to concocting a fake wire transfer to buy an offshore gambling fleet.

"My main concern is, there comes a time when people have to pay the piper, so to speak. I think that time has come," Huck said.

Abramoff pleaded in the Florida case on Jan. 3. Hours later, he flew to Washington to plead guilty to bribing members of Congress.

Since then, Abramoff and others have provided information that helped prosecutors win guilty pleas from Rep. Bob Ney, R-Ohio, and several congressional aides. In recent weeks, discussion has also turned to the White House.

The Justice Department had no comment Friday evening about how it would continue debriefing Abramoff on the newly shortened timeline.

Officials also declined to say whether they would ask Huck to reconsider his ruling. Prosecutors had told Huck they would be willing to file sealed documents describing Abramoff's help, but as of Friday evening they had not.

Prosecutors have already won guilty pleas from Abramoff, Ney's former chief of staff and two aides to former House Majority Leader Tom DeLay. Former Bush White House official David Safavian was found guilty in June of covering up his dealings with Abramoff while in the General Services Administration.

Abramoff and the House aides are cooperating in the bribery investigations.

Others under scrutiny who have not been charged and maintain their innocence include DeLay and Sen. Conrad Burns, R-Mont., who received about $150,000 in donations from Abramoff and his associates and whose aides traveled on the lobbyist's jet to the 2001 Super Bowl.

Rep. John Doolittle, R-Calif., also used Abramoff's luxury sports box for a fundraiser without initially reporting it. Doolittle's wife and one of his former aides worked for Abramoff.

Steven Griles, a former deputy Interior Department secretary, is also under scrutiny, as is Italia Federici, former Interior Secretary Gale Norton's political fundraiser.

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Associated Press writer Curt Anderson in Miami contributed to this report.

Pirro Beauty To Be Quizzed (NYDN)

By Greg Wilson, Greg B. Smith And Kathleen Lucadamo

New York Daily News, September 30, 2006

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The pretty housewife Jeanine Pirro feared was having a fling with her philandering husband will be subpoenaed by federal prosecutors, the Daily News has learned - yet the stunner's spouse insisted yesterday that "nothing happened."

"I know my wife. We've been married 13 years, and I have the utmost confidence that nothing went wrong, nothing happened here," Michael Santangelo said outside his house in Westchester.

His wife, Lisa Santangelo, a raven-haired beauty who is 20 years younger than Jeanine Pirro, was a "good friend to him [Albert Pirro], there is no question," admitted her husband, who represented Albert Pirro at his federal tax evasion trial.

After Pirro was convicted, both Santangelos visited him while he served his 11-month sentence in a federal prison in Florida.

When asked if he ever worried his wife's friendship with Albert had flowered into an affair, Santangelo said no way.

"I'm more certain of that than I am of my clients' innocence when I defend a case. I stand by her 100%," he said before leaving his Harrison property with a friend in a black Cadillac Escalade.

His wife was not available for comment yesterday. Santangelo said she and their two kids have fled the home until the Pirro frenzy calms down.

Federal prosecutors plan to call Santangelo's 35-year-old wife as a witness in their eavesdropping investigation, The News has learned.

She has been notified that she will be asked to testify before a sitting grand jury, said a source familiar with the matter.

Anthony Mangone, an attorney representing the Santangelos, said, "If a grand jury is convened, we're going to cooperate."

Pirro apparently suspected that her husband was having an affair with Lisa Santangelo and contacted ex-NYPD Commissioner Bernard Kerik last summer to have the family boat bugged and Albert Pirro tailed.

The wiretapping never happened, she claims, and the surveillance was a bust. But federal prosecutors deemed Pirro's conversation - which they found out about because Bronx prosecutors were taping Kerik as part of a different probe - compelling enough to launch an eavesdropping investigation.

A grand jury already has subpoenaed a former investigator who worked for a subsidiary of Giuliani Partners.

Sources say Kerik used several Giuliani Partners investigators to follow Pirro's husband, Albert, hoping to catch him with Santangelo.

Sources said federal investigators are looking for evidence that goes beyond Jeanine Pirro and Kerik merely talking about planting a bug in the Pirro family boat.

One source said prosecutors were checking if Pirro and Kerik discussed bugging a phone used by Albert Pirro to capture his conversations with Santangelo.

Prosecutors are interested in Lisa Santangelo because she can say she did not consent to being recorded - bolstering the case that Pirro sought to make illegal secret recordings.

Kerik's lawyer, Joseph Tacopina, said the investigation began because of a mistaken interpretation of remarks made on tape.

Pressed by Pirro, then the Westchester County district attorney, Kerik agrees to look into the feasibility of planting such a device, but later is heard disparaging the idea.

Subsequently Kerik was heard on tape asking a Giuliani investigator, "Are you guys done?" The investigator replied yes.

On a request to continue the wiretap of Kerik, the Bronx district attorney wrote to the judge, "It appears from this conversation that the eavesdropping device was actually placed on the boat."

However, sources say the investigator was talking about another matter, and that the Giuliani Partners investigators working for Kerik balked at installing the bug because the boat was registered under the name of Albert Pirro - not his wife.

In July, believing the bug had been planted, Bronx prosecutors turned the Pirro/Kerik conversations over to Westchester District Attorney Janet DiFiore. She then contacted the FBI.

The bureau opened its probe shortly after Kerik pleaded guilty to misdemeanors in the Bronx.

"I know that the Bronx DA was operating under a misimpression that there was a completed act when there wasn't," said Tacopina. "I think this misimpression carried over to whatever agency initiated this investigation."

Jeanine Pirro is demanding U.S. Attorney General Alberto Gonzales investigate how the information was leaked to the press. She also urged him to remove Assistant U.S. Attorney Elliott Jacobson, who investigated her husband for tax fraud, from the current case.

Asked yesterday if Lisa Santangelo was a friend of hers, Jeanine Pirro acknowledged for the first time that she was.

"Yea, yea, definitely," Pirro said during a taping of WABC-TV's "Up Close with Diana Williams," which airs Sunday at 11 a.m. "But that's all personal, and I am not going to go into it."

Pirro also conceded she had "several conversations" with former NYPD top cop Bernard Kerik about bugging her husband's boat in the summer of 2005 - at a time when she knew Kerik was under investigation for taking gifts he didn't disclose.

"You know, that was all a matter of public record," she said of Kerik's legal troubles. "But Bernie was a friend."

Pirro Says "Other Woman" Pictures Not For Public Eye (NSDY)

By John Riley

Long Island Newsday, September 30, 2006

For everyone else, the pictures of the "other woman" in Albert Pirro's life that graced New York City's tabloid covers Friday were the talk of the town. But not for his wife Jeanine, or so she said.

"I have no reaction," the embattled attorney general candidate asserted during a Channel 4 news showtaping Friday. "... This salacious stuff that we see on the front pages of the newspapers is just that. It doesn't belong in the public eye, it doesn't belong in federal offices. It is, you know, just fodder for people to talk about."

It certainly was.

Two days after Pirro admitted she had tried to get former New York City police commissioner Bernard Kerik to bug the family boat in 2005, sources familiar with the situation confirmed that she suspected he was having an affair with Lisa Santangelo, the wife of Al Pirro's lawyer and a mother of two.

Michael Santangelo, one of Pirro's defense lawyers when the one-time GOP power broker was convicted of tax fraud in 2000, told reporters in the driveway outside his Harrison mansion that he and his wife were longtime friends of the Pirros. But he said the relationship between his 35-year-old wife and Albert Pirro, 59, never went beyond friendship.

"People are friends, people have relationships, and people may look at the relationships as something other than they are," Santangelo, 59, said. "If you people had any evidence of it, you'd be publishing it. You wouldn't just be saying this innuendo. I know my wife. We're married 13 years and I have the utmost confidence that nothing went wrong. Nothing happened here."

Santangelo, in broadcast remarks, said his wife couldn't talk to reporters because of the ongoing FBI probe of whether Jeanine Pirro's bugging plan violated federal law. But he insisted that despite the unwanted publicity, the couple didn't hold it against Pirro, 55.

"I'm not angry at Jeanine Pirro at all," he said. "Jeanine Pirro is the subject of an investigation. She's a friend of mine. Whatever happens, happens. We'll cooperate in any way we can."

As the suburban soap opera played itself out, Pirro, the former Westchester County district attorney, got some mixed but sobering early returns on her effort to put her campaign against Democrat Andrew Cuomo back on track.

A Marist College poll -- the first since leaked wiretaps from her conversations with Kerik forced Pirro on Wednesday to admit that she was a target of a federal investigation -- said she trailed Cuomo 54-31 percent.That's the same margin as a Marist poll from early this month, but suggests the scandal has stripped away any gains from a costly ad campaign she has been running.

In the poll, 72 percent of voters had heard about the bugging questions. A majority rejected her claims that the probe focuses on private matters that are none of the public's business, while 42 percent thought she acted unethically and 11 percent thought she acted illegally. Sixty-one percent said they were not troubled by what she did.

"The good news is that a lot of people are not terribly troubled by this, and most don't think she broke the law," said pollster Lee Miringoff. "But the bad news is that her argument that this is a private concern is not convincing people. And talk about being off-message!"

In addition to taping Gabe Pressman's Sunday news show Friday, Pirro attended a fundraiser and campaigned in upstate Olean.

She has tried to take the political offensive by claiming -- contrary to most legal experts -- that it is legal to secretly eavesdrop on a spouse. She has also alleged that leaks about her are politically motivated, and asked the Justice Department for a fast-track investigation to clear her before election day. She made that request in a letter to Attorney General Alberto Gonzalez released to the media Thursday. But in Washington Friday, a Justice Department spokesman had no comment.

"We still haven't received anything formal," said spokesman Bryan Sierra.

Experts Question Pirro's Legal Take On Taping (WINS Radio)

1010WINS, September 30, 2006

NEW YORK (1010 WINS) -- Republican attorney general candidate Jeanine Pirro would have violated federal wiretapping laws if she had carried out her plan to secretly tape her husband's conversations on a family boat, some legal experts said Friday.

The former Westchester County district attorney has said that the eavesdropping she considered was legal under established federal case law.

But some legal experts argue Pirro is wrong.

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"You can't tape record your spouse's conversations without his permission," said New York City matrimonial lawyer Alton Abramowitz. "It strikes me that Jeanine Pirro, a former district attorney, should know the law on wiretapping and tape recording conversations to which she is not a party. I'm sure she must have approved hundreds, if not thousands, of wiretaps while in office."

New York defense attorney John Pollok agreed.

"The statute specifically does not have a marital exemption," he said "The FBI should have better things to do than become involved in familial problems, but the statute is very clear."

Pirro, however, maintains she wouldn't have violated any law if she taped her husband Albert, a lobbyist and real estate developer who she suspected was having an affair. Paul Shechtman, her lawyer and chairman of the state Ethics Commission, backed Pirro's interpretation of three previous cases in which judges have ruled the taping of one spouse by another did not violate the federal wiretapping law.

Pirro has also said her plan — caught by authorities on a wiretap targeting disgraced former New York City Police Commissioner Bernard Kerik — shouldn't be a public concern.

"This is a personal marital situation that has no business in the United States Attorney's office," she said on Fox News Thursday night. "This is a scenario where I said that I wanted to do certain things that I never did and even if I did do them, they weren't improper in any event."

Most New York voters disagree, according to a poll released Friday.

The WNBC/Marist poll found 53 percent of those who had heard of the scandal said Pirro acted unethically or illegally. Thirty percent felt she did nothing wrong. The poll found 72 percent of registered voters heard or read about the investigation.

Pirro spokesman John Gallagher did not immediately return calls for comment Friday.

Pirro has asked U.S. Attorney General Alberto Gonzalez for a special prosecutor to find the leak of the investigative records that forced her to acknowledge Wednesday that she planned electronic and other surveillance of her husband.

Alex Bunin, the federal public defender for the Northern District of New York, said the leak of the information appears to be a violation of the federal wiretapping law, but noted the statute doesn't include any criminal penalties for leaking. It does include the possibility of disciplinary action by an agency or civil penalties.

The statute allows law enforcement agencies to freely share wiretap evidence and offers numerous ways for an official charged with breaking the law to avoid facing legal action.

"If an officer who legitimately had access to those wiretap transcripts went over to The New York Times and just handed them to the paper, yes they are probably in violation of the law and the court's orders, but there doesn't seem to be any criminal penalty for doing that," Bunin said. "I don't see an investigation going very far."

Albert Pirro has been a source of controversy throughout his wife's public life. He was convicted of tax fraud in 2000 and served 11 months in federal prison and embarrassed her by fathering an illegitimate daughter after they were married.

Pirro faces Democrat Andrew Cuomo, a former federal housing secretary and the eldest son of former Gov. Mario Cuomo, in the November election.

Experts Say Leak Is Not Criminal (NYJN)

By JORGE FITZ-GIBBON

New York Journal News, September 29, 2006

Any information leaked from a federal investigation into former Westchester District Attorney Jeanine Pirro should concern the Justice Department — but not as a criminal matter, legal experts said yesterday.

While Attorney General Alberto Gonzalez might want to know if federal investigations are being compromised by leaks from within, it is unlikely that release of any information from an investigation into Pirro would constitute a crime, the experts said.

"From a practical standpoint, from an administrative standpoint, from an internal standpoint, if I had someone working in my office who was leaking information concerning ongoing investigations, that would be a firing offense," said former federal prosecutor William Aronwald, now a practicing attorney in White Plains.

"It would be a violation of the internal agency rules of the department," said Aronwald, a frequent Pirro critic. "But it doesn't mean it's a violation of any criminal statute."

Pirro, who is running for state attorney general, maintained this week that investigators at the U.S. Attorney's Office in Manhattan were politically motivated in releasing transcripts in which she urged former New York City Police Commissioner Bernard Kerik to wiretap her husband's boat last year because she suspected he was having an affair.

The conversations, which surfaced as part of an unrelated corruption case against Kerik, are part of a local probe.

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Yesterday, Pirro urged that Gonzalez appoint a special prosecutor to investigate her allegations of a leak and that Assistant U.S. Attorney Elliot Jacobson be removed from the case because, she asserts, he has a gripe against her family. Jacobson was among the federal prosecutors who won a tax evasion conviction against Pirro's husband, lobbyist Al Pirro.

Jeanine Pirro's taped phone conversations with Kerik were first reported Wednesday by WNBC-TV, and she angrily lashed out in a news conference later in the day.

But experts said any leak in the investigation would probably not be a crime, unless it violated federal wiretap laws or a release of grand jury evidence, and then only by citizens serving on the grand jury, court personnel or attorneys involved in the case.

"It's complicated by who had the data, who had the (transcribed) conversations, and how they came to get them," said defense attorney David L. Lewis. "The Justice Department should want to know the answer because it jeopardizes their ability to conduct their business. So her demand for an investigation, while perhaps for her own political and personal purposes, has a dual value to the Justice Department.

"Whether it's a criminal matter or not depends on so many different things," Lewis said. "But if someone was handed those tapes as part of discovery and there was no limiting court order ... then they're in the public domain."

Herb Haddad, a spokesman for the U.S. Attorney's Office in Manhattan, would not comment yesterday on whether a grand jury had been convened in the Pirro probe. Haddad would not discuss details of the investigation.

"It's not a crime to leak information concerning an investigation," Aronwald said. "It's only a crime to leak information concerning things that are before a grand jury. So, basically, it may be a violation of some administrative regulation or some internal regulation."

Imprisoned Democrat Aided A Researcher For Kean Campaign (NSL)

By Jeff Whelan And Josh Margolin, Star-ledger Staff

Newark Star-Ledger (NJ), September 30, 2006

Janiszewski offered a list to derail Menendez

A researcher working for Republican Tom Kean Jr.'s campaign became pen pals with a jailed Democratic political boss in an effort to dig up damaging information on Kean's opponent, U.S. Sen. Robert Menendez.

Former Hudson County Executive Robert Janiszewski, now serving time in a federal prison in Kentucky on corruption charges, offered political history and strategic advice to the Kean campaign in a chatty, friendly letter obtained by The Star-Ledger.

"Political intrigue is ... well ... intriguing," Janiszewski writes in the opening, summing up the unlikely alliance between himself and an agent for a Republican campaign. The letter, dated June 11, suggests an ongoing, secret correspondence.

"By the way, don't worry about the stamps -- the (Bureau of Prisons) rules prevent you from sending stamps anyway. And, I assure you that no one else is aware of our correspondence. You can imagine the position I would be in with a U.S. Senator breathing down my back -- I am a federal prisoner, after all," Janiszewski wrote.

Janiszewski, a sometime-ally, sometime-rival of Menendez's in Hudson County, offered a long list of local politicians who hold grudges against the senator and may be able to provide damaging information about him.

One of those people mentioned by Janiszewski -- Oscar Sandoval, a Union City psychiatrist and former FBI informant who helped land Janiszewski in prison -- rocked the U.S. Senate campaign this week by disclosing a secret recording he had made of Menendez's closest adviser.

"So ... Sandoval ... what a trip," Janiszewski wrote. "My read is that Sandoval cannot be trusted because he likely has several agendas to satisfy -- all having to do with advantaging himself -- so, be careful + seek proof. If he has it, then full speed ahead."

Sandoval, in an interview earlier this week, said the Kean researcher, Chris Lyon, approached him earlier this year. But Sandoval said he declined Lyon's request for an interview and that his public release of the tape was in no way connected to the Kean campaign.

Jill Hazelbaker, Kean's campaign spokeswoman, sought to downplay the significance of the letter. She said Kean was not aware of the correspondence and noted that Lyon is not on the campaign payroll. He is a subcontractor for Kean's chief political consultant, Matt Leonardo.

"Are you going to tell me that the Menendez campaign doesn't have a research operation? Let's get serious. This is nonsense," she said.

Asked if Lyon's reaching out to Janiszewski was appropriate, she said, "The campaign has heard from countless people who have firsthand experience of Bob Menendez's control over one of the most corrupt political organizations in New Jersey."

A 'SMEAR CAMPAIGN' The Menendez campaign, which has been reeling from this week's release of the recordings and a federal investigation of the senator's rental property, seized on the letter and called it evidence of a "smear campaign" by Kean.

"He's been working with disgraced felons like Bob Janiszewski and crooks like Oscar Sandoval since the beginning of this campaign to dig up sleaze and make up lies and now he's been caught red-handed," said Matt Miller, spokesman for the Menendez campaign.

Hazelbaker reiterated earlier denials that there was no collusion between Sandoval and the campaign.

"The notion that the Kean campaign was somehow involved in this story is absurd. The facts of this matter are very, very clear. There is a tape and the contents of that tape are indisputable," she said.

Kean has made ethics the cornerstone of his campaign and sought at every opportunity to highlight the fact that Menendez comes from Hudson County, a place legendary for its bareknuckled politics and history of corrupt public officials.

The most famous of those in recent years is Janiszewski, the former county executive who was caught in an FBI sting taking a bribe from Sandoval in 2000. He then cooperated with authorities to help nab others.

Janiszewski spent a year in hiding before emerging to plead guilty to extorting hundreds of thousands of dollars in exchange for his political influence. He testified that he took so many bribes that a filing cabinet in his home overflowed with cash stuffed envelopes.

He hasn't made any public statements since he was sent to prison, from which he is due to be released in April 2008.

In his letter, the jailed politician thanks Lyon for sending him court records regarding the lawsuit Sandoval filed earlier this year alleging he was a victim of extortion and racketeering by Menendez's closest adviser, Donald Scarinci, and other Hudson County political leaders. He flags Lyon to other records in the case, and suggests he take a look at them.

ADVICE FOR NEW PALS Janiszewski, a former Democratic powerbroker once considered one of the shrewdest political tacticians in the state, also offers general strategy for his new Republican friends.

"DO NOT -- I repeat -- DO NOT let Kean get trapped into the Bush/Cheney dragdown ... or some ridiculous votes in the NJ Legislature on his otherwise moderate record," Janiszewski wrote.

But most of the letter concerns itself with the Byzantine world of Hudson County politics. He talks about how he approached Menendez and encouraged him to run for Assembly on his ticket in 1987, but the relationship turned sour by the time Janiszewski considered running for governor in 1997.

"Menendez discerned that he couldn't control me. So in the 99 primary, he + Scarinci tried to generate opposition to my re-election. Typical, they tried to do this behind my back + got caught," he wrote. "I chose not to accuse Menendez. Within 90 days, I was the target of another FBI investigation."

Janiszewski, who as a cooperating witness worked closely with the FBI, goes on to suggest federal prosecutors have long had Scarinci and Menendez in their sights.

"I have no idea on how they enrich themselves, but I do know the feds have an interest -- just don't know why," he wrote.

Janiszewski's attorney, William Maderer, said he has not been in contact with the former Hudson County executive in the last year, so he could not comment.

Calls to the home of Janiszewski's wife, Beth, were not returned.

Lyon, who declined to comment on the letter, works in a field crucial to political campaigns, but one that rarely bubbles up into public view.

SKILLED RESEARCHER He has a reputation as a highly skilled and devastatingly effective researcher and has worked for political heavyweights such as U.S. Sen. John McCain and former New York City Mayor Rudy Giuliani.

In previous elections, Lyon also dug into the backgrounds of former acting Gov. Donald DiFrancesco and former U.S. Sen. Robert Torricelli, both of whom dropped out of their respective campaigns amid scandals.

Lyon left former Jersey City Mayor Bret Schundler's 2001 gubernatorial campaign after he was accused by the New Hampshire attorney general of orchestrating a "dirty tricks" campaign. He was accused of using anonymous postcards and telephone calls against a rival candidate.

GOP Chief Wants Probe Of Sen. Menendez's Political Ties (APP)

By GREGORY J. VOLPE, GANNETT STATE BUREAU

Asbury Park Press, September 30, 2006

TRENTON — State Republicans called Friday for the attorney general to investigate the dealings of U.S. Sen. Robert Menendez, D-N.J., and his close political ally who was secretly recorded using Menendez's name to pressure a Hudson County psychiatrist to hire a doctor.

Though Menendez said this week his friend Donald Scarinci was not authorized to use his name in 1999 when he tried to pressure psychiatrist Oscar Sandoval to hire a doctor through a contract he had with Hudson County, New Jersey Republican

State Committee Chairman Tom Wilson questioned why Menendez waited until the story garnered large media attention before severing campaign ties with Scarinci. The recordings by an FBI informant were acknowledged in court filings and published reports in the spring.

"Mr. Menendez knew all of this six months ago, and the man who calls himself a reformer, who takes on corruption and stands up to do the right thing no matter what, did nothing at that time," Wilson said. "He did nothing until yesterday when this story threatened to end his already faltering campaign."

Menendez spokesman Matt Miller said while the existence of the tapes were reported in March, the actual recordings were not released until this week.

"That's a big difference," Miller said.

The spokesman called the request for an investigation another sleaze tactic by the campaign for Menendez's opponent, state Sen. Thomas H. Kean Jr., R-Union.

"Yesterday, Tom Kean Jr. rolled out his first sleazy attack dog, and today came the second one," Miller said. "Whether it's a crook like Oscar Sandoval, or a discredited hack like Tom Wilson, Tom Kean Jr. keeps running the gutter campaign because he has no credibility on the issues."

While the Kean campaign has made ethics a cornerstone of the campaign discourse, it maintains that it had no involvement with Sandoval releasing the recording. Sandoval has said the release was not campaign-related.

A spokesman for Attorney General Stuart Rabner, who was confirmed last week amid hopes he'll focus on corruption in New Jersey, declined comment. Scarinci did not return phone calls Friday.

Scarinci is the founding partner of Scarinci & Hollenbeck LLC, a Lyndhurst-based law firm with offices in Freehold Township and New York City.

One of the firm's clients is Monmouth County. Over the last 18 months, the firm has been paid $439,000 by the county for legal work, according to county billing records. Matthew Giacobbe, a lawyer with Scarinci & Hollenbeck, is Monmouth County's labor attorney.

In 2005, Scarinci contributed $3,800 to Monmouth County Republican candidates or organizations, according to Election Law Enforcement Commission filings. His partner, Kenneth Hollenbeck, also contributed $3,800 to Monmouth GOP candidates or organizations.

Meanwhile, the campaign of Menendez, the first Hispanic to represent New Jersey in the U.S. Senate, also faced allegations Friday that it is racist — against Hispanics.

On Thursday, when trying to discredit Oscar Sandoval, Miller, the Menendez spokesman, told reporters that he is the brother of Jose Sandoval, the Republican running for the 8th District congressional seat held by Rep. William J. Pascrell Jr., D-N.J.

The two are not related.

"I do not know Dr. Oscar Sandoval, and he is not related to me in any way, shape, or form," Jose Sandoval said in a statement. "This is blatant racism on behalf of the Menendez campaign. Just because we both have Hispanic surnames does not mean that we are related."

Added Assemblyman Eric Munoz, R-Union, who represents the same legislative district as Kean: "How dare he (Miller) make such racist assumptions? Just because two Hispanic individuals have the same name that does not mean they are related. Mr. Miller's statements are completely ignorant."

Miller called that "silly."

"I made the same factual mistake that several reporters and others made, nothing more," Miller said.

While Jose Sandoval's lawyers huddled Friday, saying they were exploring whether a defamation of character lawsuit ought to be filed, Munoz demanded an apology from Menendez and removal of Miller from the campaign.

Press staff writer Bob Cullinane contributed to this report.

MS-13 Member Convicted In Slaying (WP)

By Jerry Markon

The Washington Post, September 30, 2006

Wilfredo Montoya Baires thought he smelled a rat. Or so he told fellow members of the Mara Salvatrucha street gang.

Actually, prosecutors told the jury at Baires's federal court trial in Alexandria, the 27-year-old gang member wanted to eliminate a rival. So he and three other MS-13 members went to a townhouse in Manassas, where Baires shot Jose Escobar, 22, before another gang member cut his throat.

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Baires was convicted Thursday in the August 2004 slaying of Escobar, an MS-13 member who had been "greenlighted," or targeted for death, by the violent gang because of his alleged cooperation with law enforcement, prosecutors said yesterday. As it turned out, prosecutors told the jury, Escobar never did cooperate, and Baires made the accusation as a pretext for murder.

Baires became the 14th MS-13 member convicted in U.S. District Court in Alexandria on murder-related charges since 2002. Federal officials have been cracking down on the gang, considered the largest and most violent in Northern Virginia, by using racketeering statutes once employed against the Mafia. Jurors convicted Baires of murder in aid of racketeering and three other counts. Two other MS-13 members earlier pleaded guilty in Escobar's death.

The two-week trial revealed much about the inner workings of MS-13, which has its roots in El Salvador and Los Angeles, prosecutors said. Government witnesses, including several MS-13 members, testified that the Escobar killing resulted from a power struggle within the gang.

Los Angeles MS-13 members had come to Northern Virginia to impose order on the local gang, which was seen as riven by infighting and infested with cooperators, witnesses told the jury. Baires had allegedly allied himself with the Los Angeles gang members, a tactic that was opposed by Escobar.

The argument led to Baires, who viewed Escobar as a rival, telling fellow gang members that Escobar was a cooperator, according to evidence presented at the trial. The Los Angeles MS-13 members were arrested and were deported or have left Northern Virginia, prosecutors said.

Baires faces a mandatory life prison term when he is sentenced Dec. 15. The two MS-13 members who pleaded to charges related to Escobar's killing -- Wilfredo Lopez-Lopez, 29, and Fredy Escobar, 25 -- face up to 10 years in prison.

"Taking these guys off our streets and putting them in prison for a long, long time is good news for our community," said U.S. Attorney Chuck Rosenberg, who vowed to "make Virginia a very inhospitable place for these violent gangs and their members."

Nina Ginsburg, an attorney for Baires, said she was "disappointed in the verdict because we did not believe this was conduct motivated by his desire to advance himself in the gang. This was an argument that got out of control."

The defense, which presented no witnesses, portrayed the killing as a heat-of-passion crime that Baires was provoked into committing by other gang members. Defense attorneys said Baires did not intend to harm anyone when he went to the townhouse.

Escobar, of Manassas Park, worked for a Loudoun construction company. He was shot about 9:30 p.m. Aug. 11, 2004, and died in surgery at Inova Fairfax Hospital. The killing was one of a series of gang-related homicides that led federal and state officials to pour money and manpower into fighting MS-13, which has been responsible for a series of killings, assaults and other crimes in Northern Virginia.

Charges in the case were initially filed in Prince William County, and state court testimony indicated that MS-13 members had spread throughout the townhouse and blocked the exits to prevent Escobar from escaping. But further investigation showed that the gang members were concentrated in the hallway where Escobar was shot, prosecutors said.

The federal racketeering statute, known as the RICO law, was enacted in 1970 to fight the Mafia but has increasingly been used in recent years against violent gangs.

The first conviction on federal racketeering charges of an MS-13 member in the region came last year in Alexandria, and two MS-13 members charged with racketeering are now on trial in Maryland.

Officials Seize Files In A.C. City Hall (PAC)

By Derek Harper

Press of Atlantic City, September 30, 2006

ATLANTIC CITY -- Mayor Bob Levy said federal and local investigators searched and took files from the city's Department of Neighborhood Services office Friday, as ordered by a federal subpoena.

Levy and other officials pledged complete cooperation with the investigation.

Investigators looked at records from about 9:30 a.m. to 2 p.m., Atlantic City police Chief John Mooney said.

It is unclear what records were sought. City Business Administrator Domenic Cappella said the records include files from 2002 to the present day.

Four computer towers were taken from the city's construction office Friday, workers in that office said.

Other Neighborhood Services Department workers said hard drives were taken from computers used by department Director David Tayoun and two others in his office. Investigators also took hard drives from computers in the mercantile office.

A copy of the subpoena could not be obtained. Michael Drewniak, spokesman for Newark-based U.S. Attorney Christopher J. Christie, said it came from a grand jury and was therefore confidential.

FBI spokesman Stephen Siegel did not return a call seeking comment.

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The Neighborhood Services Department, with a $1.6 million budget, is responsible for enforcing building codes, overseeing construction and issuing mercantile licenses in the resort.

City Councilman Ramon Rosario, who oversees council's Neighborhood Services Committee, did not return repeated calls Friday. Federal officials have said he is under investigation, but the councilman has consistently denied it.

In a prepared statement Friday, Levy seemed to backtrack from an Aug. 30 statement made hours after City Council President Craig Callaway pleaded guilty to accepting $36,000 in bribes from area contractor Terry Jacobs in exchange for construction management positions.

â€œOn Aug. 30, in a press conference held in my office, I referenced that none of my key cabinet members were in any way connected to the issues at hand that day,â€ the statement read. â€œAt the time of the press conference, those statements were true. However, the FBI and Atlantic City Police Department recently informed me of this separate and unrelated investigation involving Neighborhood Services.â€

Tayoun, who remained in City Hall throughout the day, confirmed records had been taken from his department Friday. He referred other questions to City Solicitor Kim Baldwin, who declined comment.

Cappella did not say Tayoun, a retired city police officer, was a target. He said, â€œThe subpoena just asks for records throughout his department.â€

Tayoun helped deliver ultimately unnecessary absentee ballots in Levy's successful 2005 primary election campaign. He is also close socially with Callaway, who lists a Brooklyn Avenue home half-owned by Tayoun as his residence.

Tayoun raised eyebrows in June after City Council approved a lucrative Boardwalk vending machine contract for a company half-owned by Tayoun's wife over the conflict-of-interest concerns of two municipal attorneys. Levy later said he refused to sign the contract, which means it was not awarded.

Tayoun's father is James Tayoun, a former Philadelphia city councilman and restaurateur who pleaded guilty to corruption charges and began a 35-month federal prison term in 1991. While incarcerated, he wrote two books, including a guide for first-time offenders called â€œGoing to Prison?â€ He now edits the Philadelphia Public Record newspaper.

Other officials questioned the potential involvement of the previous director, Thomas Russo, who is in the midst of a re-election campaign for Atlantic County freeholder. He oversaw Neighborhood Services throughout most of former Mayor Lorenzo Langford's administration.

Langford did not return a call seeking comment.

County Democratic Chairman Ron Ruff said Russo should step aside. â€œWhenever the FBI takes records from where you were the director, it has to raise serious questions.â€

â€œWait a minute,â€ Russo said. â€œThat's really stretching things. First of all, I know there's nothing wrong as far as I'm concerned.â€ He also hoped law enforcement would issue a statement clearing officials who are not targets.

County Republican Chair Keith Davis said, â€œIf the voters of Atlantic County want to see the corruption move from Atlantic City to Atlantic County, they ought to vote Democratic. If they want to see it remain clean, they ought to vote for Tom Russo and the rest of the Republican slate this year.â€

Parts of the Neighborhood Services Department have had problems in recent years.

The mercantile office is responsible for licensing and inspecting a wide array of businesses interests in the city, including everything from taxicabs and hot dog stands to higher concerns.

In January 1992, a former hot-dog vendor said he had 60 tape recordings of mercantile inspectors and mercantile office workers accepting bribes.

Three months later, the head of the Mercantile Licensing Office resigned the day after State Police told city officials she and six other mercantile employees had engaged in corrupt activities.

A retired police detective replaced her.

More recently, city police Detective Sgt. Timothy Mooney took over the mercantile office when Levy took office in January. While Mooney declined comment Friday, in March he told a roomful of taxicab drivers â€œthe integrity issues have been addressed.â€

Judge Concludes Hearings On Lethal Injection (LAT)

By Henry Weinstein And Maura Dolan

The Los Angeles Times, September 30, 2006

SAN JOSE — The most detailed hearing ever held on lethal injection in California concluded Friday with a judge exploring a new drug protocol that could prolong condemned individuals' deaths but also reduce the risk of an inmate experiencing excruciating pain.

The current procedures call for a three-drug cocktail including a barbiturate anesthetic, a muscle-paralyzing drug and a heart-stopping chemical. Critics say the state does not properly administer enough anesthetic to deaden the pain of the final drug, whose effects are masked by the paralytic.

Introducing the possibility of a single-drug protocol, U.S. District Judge Jeremy Fogel asked an expert witness for the state to estimate the length of time it would take to "achieve a flat line" on an electrocardiogram — meaning someone was dead — just using "a massive dose of barbiturate."

"We are looking at 20 minutes at the low end and 40 minutes toward the upper end," said Dr. Robert Singler, a Napa anesthesiologist.

Fogel is considering a lawsuit brought by death row inmate Michael Morales, who contends that California's current lethal injection protocol presents an unnecessary risk of subjecting condemned inmates to cruel and unusual punishment in violation of the Constitution.

Morales was originally scheduled for execution Feb. 21 but state corrections officials postponed it after they were unable to meet conditions the judge imposed. Since then, the state has revised the protocol slightly, but has stuck by the three-drug cocktail.

The judge has conducted an extensive review of the issue, going so far as to visit the execution chamber at San Quentin State Prison in Marin County to familiarize himself with the process.

Santa Clara University law professor Ellen Kreitzberg, who attended portions of the four-day hearing, said Fogel was truly delving into "the machinery of death."

In response to a question from Fogel, Singler said Friday that the paralytic pancuronium bromide could serve a useful purpose by deepening oxygen deprivation to the brain.

Then the judge asked if an inmate were still conscious after the first drug was administered whether the effect of pancuronium bromide "would conceal that fact" from observers outside the sealed execution chamber. "Yes," Singler said.

Fogel continued to express concern, as he did earlier in the week, that some of the 11 people executed in California by lethal injection were still breathing for several minutes beyond what would be anticipated after the anesthetic was administered.

On Friday, Singler acknowledged that prison logs "raise the question" of whether convicted murderer Robert Lee Massie was awake when the final lethal drugs were injected in 2001. "I don't dispute that," Singler said.

The judge also asked Singler about an opinion issued by a federal judge earlier this month upholding Virginia's lethal injection procedures. In Virginia, according to the decision in Walker vs. Johnson, "the execution takes place in a one-room chamber," with the inmate strapped to a gurney in the front of the chamber, "and the executioner, IV team and the physician who pronounces death behind a curtain in the rear of the chamber. The curtain has two holes so the executioner and IV team can observe the inmate during the administration of the drugs."

"The IV team members have backgrounds in relevant medical fields and train on placing IV lines," the decision stated, and "the executioner has training to determine whether the IV line is flowing properly as he administers the drugs. Also, the executioner can see the inmate and the IV line to determine whether the drugs are entering the inmate's body properly. If the first IV line is not working properly, the executioner can switch to the second IV line."

In California, by contrast, the inmate is alone in a sealed chamber and the executioners administer the drugs from a dimly lighted anteroom through IV lines running into the chamber. During the hearing, there was considerable testimony questioning whether the executioners can see what is going on and attacking their capabilities.

Earlier this week Dr. Mark Heath, a Columbia University anesthesiologist who was the primary expert witness for Morales, characterized the team as "dysfunctional," based on prison records and statements that team members made in depositions.

After reading from the Virginia decision, Fogel asked Singler, "Do you have an opinion on whether what I read to you is of any value in assessing what you saw when you went to San Quentin" to observe the execution chamber and meet with team members a few days before Morales' execution was to take place?

"There are some improvements in what you read," Singler said. He also said the lighting in the execution area at San Quentin "is not optimal."

As he concluded the hearing, Fogel made it clear that the case will not turn solely on courtroom testimony but also on thousands of pages of depositions and 148 exhibits that he will review. He told the lawyers for both sides that he hoped to send them questions by the end of next week on issues that he would like them to focus on in closing briefs, which are due Oct. 27.

Fogel said he hoped to render a decision in early November, although it could take longer. "Let me stress, time is of the essence. I want to get this done so you can move on to the next level of review," the judge said, acknowledging that the losing side is likely to appeal his decision.

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He also emphasized that "it is very important to focus on the issues in this case. There are a lot of issues that swirl around this case — how people feel about the death penalty, the rights of victims and victims' families, all of which are very important. But this court has a very specific job to do here and it will do that to the best of its ability."

Although those comments were similar to remarks the 57-year-old jurist made on the opening day of the hearing, they had added resonance Friday because of the presence of Barbara Christian, the mother of Morales' victim, Terri Winchell. Christian attended with several friends and her attorney Gloria Allred.

In a hallway after the hearing, Christian told reporters "I am very angry" that so much time is being spent on the issue of whether Morales, who murdered her daughter in 1981, "might be aware" of serious pain for "five to seven minutes."

Christian reminded reporters that Morales bashed in Winchell's skull with a claw hammer, stabbed her in the chest with a butcher knife, raped her and finally ran her over with a car. "I want to see him go meet God and let God judge him," Christian said of Morales.

Now 46, the convicted killer has been on death row for nearly a quarter-century.

Congress Passes Curbs On U.S. Payments To Online Gaming Sites (BLOOM)

By William Roberts

Bloomberg, September 30, 2006

Sept. 30 (Bloomberg) -- Congress passed legislation today that curbs financial payments from banks to offshore Internet casinos that are illegal under U.S. law.

``Basically we are shutting down the payment system for Internet gambling," said Representative James Leach, an Iowa Republican. ``It is has an enormous effect."

The measure, added to unrelated legislation providing $3.4 billion for U.S. port security, makes it unlawful for credit-card companies to collect payments for transactions with online-gaming sites. Congress passed the port security plan before recessing to campaign for the Nov. 7 elections.

Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, take in billions from U.S. gamblers.

The Justice Department has been pursuing wire fraud charges against executives and operators of online casinos.

Frist gave his support to the legislation at a hearing in Cedar Rapids, Iowa, with Leach on Sept. 1, saying Republicans in Congress had ``a responsibility to act." Frist, a Tennessee Republican, is weighing a run for the Republican presidential nomination in 2008 and is courting Iowa voters.

``Internet gambling has been illegal since inception of the Internet, but there has been no way to enforce it," Leach said. By making it ``illegal to use a financial instrument to settle an Internet wager," Congress is ``putting responsibility on the financial community," Leach said.

Defense Measure

Earlier this month, Republican leaders considered attaching the anti-online gaming bill to a pending defense measure. That was blocked when Senate Armed Service Committee Chairman John Warner of Virginia objected to the addition of any non-defense measures to the legislation.

The American Gaming Association, which represents major U.S. casino operators based in Las Vegas and elsewhere, had asked Congress to fund a federal commission that would study whether online gambling can be regulated and taxed in the U.S. The lobby group's hope is a study may eventually let major casino operators such as MGM Mirage and Harrah's Entertainment Inc. enter the online business.

Credit Cards

``If someone goes out and runs up a big credit card debt on one of these online casinos, they can't come back and say you have to pay us now," said Senator Jon Kyl an Arizona Republican and co-sponsor of the measure with Leach. ``The bank says, `We can't pay you.' In fact it's illegal for the bank to pay."

The measure provides for fines and imprisonment up to five years for violations. A specific exemption of the prohibition is provided for online gambling on horse racing, which is legal under a separate federal statute, fantasy sports games and betting that takes place only within or between Indian tribal lands.

The legislation directs the Federal Reserve and Department of Justice to issue regulations within nine months to banks establishing policies and procedures for blocking online gaming transactions.

Adding the anti-gambling measure to the $3.4 billion port legislation helped ``grease the wheels," said Senator Trent Lott, a Mississippi Republican.

The measure was supported by the NCAA, the NFL and other U.S. professional sports leagues, along with Christian church groups and state and federal law enforcement authorities.

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Grand Jury To Study Claims (BSH)

By Anita Lee

Biloxi Sun Herald, September 30, 2006

JACKSON - A federal grand jury investigating post-Katrina insurance-industry claims practices plans a detailed study of an Oklahoma City case that ended with a $13 million verdict against State Farm Fire & Casualty Co., court records show.

Attorney Jeff Marr, who represents 71 State Farm policyholders in Oklahoma, has been ordered to produce a transcript of the trial, Watkins v. State Farm; sworn testimony taken outside court from 26 individuals, the policyholders' claims files and other records.

The grand jury wants the records delivered by Oct. 11 to the federal courthouse in Jackson.

They include testimony from State Farm's top officers: Company chairman and CEO Edward B. Rust Jr., president and vice chairman Vincent J. Trosino and claims vice president Susan Q. Hood.

The grand jury also has subpoenaed testimony given by engineers from Texas-based Haag Engineering Inc. and engineering reports from Haag.

State Farm officials declined comment Friday on the investigation, but have said in the past the company is cooperating with the U.S. Justice Department and state attorney general's office, which also is investigating insurers.

The Oklahoma jury found in May that State Farm "intentionally and with malice breached its duty to deal fairly and act in good faith" with policyholders who sued over damages from a 1999 tornado.

The jury found State Farm hired Haag knowing the company was predisposed to produce damage assessments that would allow the insurer to minimize or deny policyholder claims.

Shortly after Hurricane Katrina, Haag engineer Timothy Marshall completed a damage assessment of the Mississippi coastline that concluded, unlike later reports, that Katrina's surge preceded the wind. His report also listed peak wind gusts of 115 miles per hour in Bay St. Louis, found the hurricane to be below Category 3 strength and said there were no tornadoes.

State Farm adjusters have said management viewed Marshall's report as "The Bible." State Farm and Nationwide adjusters attended training seminars conducted by Haag, according to court records in Mississippi.

Haag engineers also assessed damaged property for insurance companies after Katrina. The company has denied any bias in its work and maintains it has been providing objective, professional services for 82 years.

But State Farm suspended work with the company after the Oklahoma verdict and launched its own investigation of Haag, according to the company executives forced to submit to sworn questioning in the Oklahoma case.

Detroit Reporter Fights Ex-prosecutor's Demand For Sources' Names (AP)

By Sarah Karush

AP, September 29, 2006

DETROIT (AP) — A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government.

Lawyers for reporter David Ashenfelter filed a lawsuit Sept. 12 against Richard Convertino, who is facing criminal charges over his handling of a high-profile terrorism trial during his time as a federal prosecutor. They filed the suit in U.S. District Court in Detroit, the same court Ashenfelter covers for the Free Press and where Convertino once worked and is now a criminal defendant.

Convertino demanded in July that the owner of the Free Press, Gannett Co., reveal the identities of Ashenfelter's sources for a January 2004 article. That story detailed an internal Justice Department investigation into Convertino's conduct in the terrorism trial. Convertino has sued the Justice Department in Washington over the article, accusing officials of violating the federal Privacy Act by leaking information about him.

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Detroit reporter fights ex-prosecutor's demand for sources' names

9/29/2006, 4:33 p.m. ET

By SARAH KARUSH

The Associated Press

DETROIT (AP) — A Detroit Free Press reporter is asking a federal judge to declare the names of his sources off-limits for a former assistant U.S. attorney, who has demanded the information for his lawsuit against the government.

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Detroit, the same court Ashenfelter covers for the Free Press and where Convertino once worked and is now a criminal defendant.

Convertino demanded in July that the owner of the Free Press, Gannett Co., reveal the identities of Ashenfelter's sources for a January 2004 article. That story detailed an internal Justice Department investigation into Convertino's conduct in the terrorism trial. Convertino has sued the Justice Department in Washington over the article, accusing officials of violating the federal Privacy Act by leaking information about him.

Advertisement

"The information concerning Ashenfelter's confidential source(s) is in his possession, in Detroit. Gannett does not possess any of this information," the reporter's lawyers wrote.

"A reporter's privilege shields the production of this information in civil discovery, and it belongs to Ashenfelter. He, and he alone, is the reporter who spoke with the confidential source(s), gave the promise of confidentiality, and wrote the article based on the confidential information."

Convertino's lawyer, Stephen Kohn, called Ashenfelter's lawsuit "frivolous and harassing and sanctionable." He said the reporter was acting prematurely, since Convertino has not subpoenaed him up to this point.

Kohn said he is first trying to determine whether Gannett has the information before seeking it from the Free Press or Ashenfelter. "The process is moving forward" with Gannett, he said.

Gannett spokeswoman Tara Connell said the company would not comment.

The newspaper group acquired the Free Press in August 2005, more than a year and a half after the paper ran Ashenfelter's article about the Convertino probe.

Convertino was the lead prosecutor in the nation's first post-Sept. 11 terrorism trial. He won convictions of three of the four defendants in 2003, but they were overturned the following year at the request of the government, which said the prosecutors had failed to turn over some documents that could have aided the defense.

The Justice Department had been investigating Convertino's handling of the terrorism case and two 1990s drug cases when he resigned last year. In March, he was indicted on charges of conspiracy, obstruction of justice and making false declarations.

Kohn maintains that the sources who provided the information about Convertino do not deserve to be protected. He says the information they shared was meant only to smear Convertino.

Ashenfelter's suit says the First Amendment protects a reporter from having to reveal the identity of sources.

"These protections reflect a paramount public interest in the existence and maintenance of a vigorous, aggressive and independent press capable of furthering a robust, unfettered debate over controversial matters and are based on the firm recognition that effective newsgathering depends significantly on journalists' ability to secure the confidence and trust of their sources," the lawyers wrote.

The Justice Department investigated the leak to the Free Press, but its December 2004 report was inconclusive. Investigators said they identified 30 people who had access to the information, but all of them denied giving the information to the paper.

CIVIL LAW:

Old Stone Will Ask Supreme Court To Hear Suit (PROJO)

By Neil Downing

The Providence Journal, September 30, 2006

Old Stone Corp. of Providence wants the U.S. Supreme Court to weigh in on the company's longstanding lawsuit against the federal government.

Old Stone's board of directors voted yesterday to petition the Supreme Court to hear the company's breach-of-contract lawsuit.

It would be the final avenue of appeal; Old Stone has exhausted all others -- including one last week.

Winfield W. Major, a member of Old Stone's board, acknowledged that the Supreme Court typically agrees to review only "a very small percentage" of cases.

Nevertheless, he said, "We feel that the merits of our case are strong, and just hope that the Supreme Court of the United States will agree."

Old Stone, which formerly owned Old Stone Bank, filed the lawsuit 14 years ago this month.

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Old Stone alleged that the government had broken its promises involving Old Stone's acquisition of two ailing savings-and-loan institutions during the 1980s.

In effect, the government encouraged Old Stone to take over Rhode Island Federal Savings & Loan, of Providence, in 1984, and Citizens Federal Savings & Loan, of Seattle, Wash., in 1985.

As part of those transactions, the government allowed Old Stone to use some accounting maneuvers so that the acquisitions would not harm Old Stone's financial picture.

The government later disallowed the accounting maneuvers. That contributed to a decline in Old Stone's financial health, so Old Stone sued. (Dozens of other banking companies in similar situations also filed such lawsuits.)

The Old Stone case languished in the courts until November 2004, when a U.S. Court of Federal Claims judge scolded the government, agreed with Old Stone's claims, and ordered the government to pay the company $192.5 million in damages.

The government appealed to the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. In May, a three-judge panel from that court reduced the award by $118 million, to $74.5 million.

Old Stone Corp. asked the appeals court to reconsider that decision. Last week, the court refused.

Old Stone was thus left with a choice: accept the reduced award of $74.5 million, or appeal to the Supreme Court to try to reinstate the full award of $192.5 million.

Yesterday, Old Stone's board voted to petition the Supreme Court. It is "the only course [of appeal] available to us now," Major said by phone.

In a statement issued yesterday, Old Stone's chairman, Bernard V. Buonanno Jr., said, "We believe that our damages claims are strong and should have been affirmed in full under established precedents. We will ask the Supreme Court to review the appellate panel decision and to reinstate [the] . . . full award."

A spokesman for the U.S. Department of Justice, Charles Miller, declined yesterday to comment on the case. If the Supreme Court agrees to hear the case, the Justice Department will respond to the legal papers that Old Stone files with the court, according to the schedule established by the court, Miller said.

Major said, "Hopefully, we're getting near the time where we'll have some finality to this case."

CIVIL RIGHTS:

Feds File Suit Against Lakewood Landlord, Citing Discrimination (OCO)

By Eddie Hollowell

Ocean County (NJ) Observer, September 30, 2006

LAKEWOOD — The U.S. Department of Justice filed a lawsuit yesterday against Triple H. Realty LLC and a current and former employee, alleging they gave preferential treatment to Orthodox Jewish tenants at the Cottage Manor Apartments, according to a department news release.

Neither person is named in the release and no one from the department could be reached for comment last night.

However, in July, the U.S. Department of Housing and Urban Development charged the company, managing agent Harry Kantor and former onsite supervisor Vincent Ortiz with violating the Fair Housing Act by trying to segregate tenants based on religion, race, color and national origin.

The Justice Department complaint, filed yesterday in federal district court in Newark, alleges the complex was marketed to Orthodox Jews in the local area beginning in 2002 by offering lower rents than current tenants paid for comparable apartments.

Non-Jewish black and Hispanic residents were allegedly pressured to move out of buildings that management reserved for incoming Jewish tenants and that were better maintained than other buildings in the complex. The com-plaint also alleges that management provided Jewish residents more favorable living conditions, such as a fenced, landscaped yard.

"It is inexcusable and illegal to deny equal access to housing based on one's race or ethnicity," Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement. "The Department of Justice will continue to vigorously protect the equal housing rights of all Americans."

The suit seeks monetary damages to compensate victims, civil penalties and a court order barring future discrimination.

Cottage Manor Apartments is a six-building, 104-unit garden complex located on Woehr Avenue. It is owned by Triple H. Realty, which is located at 227 Woehr Ave.

The allegations appear similar to ones that were detailed in a June HUD document, which refers to incidents between 2002 and 2004. It could not be determined last night whether the two documents were linked.

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Those HUD allegations outlined a pattern of what they called "discrimination." As described in the HUD documents, in January 2002, Kantor started recruiting Orthodox Jews to fill vacancies after a housing assistance payments contract with the Lakewood Housing Authority was terminated.

Kantor claimed that Jewish tenants moving in expressed concerns that they did not mix well with non-Jewish families, according to HUD. To accommodate the new tenants, Hispanics and African-Americans already residing at the complex were asked to move to a building in the rear of the complex, HUD said.

Three complainants have said they refused, and were retaliated against, the HUD documents state.

Triple H. Realty and Kantor have denied the discrimination allegations, HUD said. The choice to reach out to the Orthodox Jewish community was "strictly a business decision," they claim in the document. Further, Kantor stated that neither he nor his employees refused to sign the complainants' lease, HUD asserts.

The story contains information from previous Ocean County Observer reports.

Euclid Reveals New Wards Plan (CLPD)

By Leila Atassi

The Cleveland Plain Dealer, September 30, 2006

Euclid -- City Council will decide on Monday whether it will act in time for the November 2007 election to adopt a redistricting plan that increases the number of black residents in two of the city's four wards.

Cleveland State University researchers, with suggestions from Council President Ed Gudenas, drafted the new districts to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

The plan would shuffle about 13 percent of Euclid's residents to increase Ward 4's black population from 51 percent to 54 percent and Ward 3's from 34 percent to 40 percent. But it maintains the four at-large seats that the U.S. Justice Department wanted replaced with an eight-ward system and a council president elected at-large.

City officials hope the changes will be enough to cut short the legal battle that erupted when a three-year investigation concluded that the city's broadly drawn districts and a system for electing at-large council members have diluted minority voting strength in a city with a population that is more than 30 percent black.

Some residents in the sections of town who would be recruited to help increase Ward 3's black population to 40 percent said that council was moving too fast to approve a plan that might not even satisfy the Justice Department or achieve its goal of getting a black candidate elected.

"You can make super-wards to reflect anything you want," said Pierce Jackson, who lives on Babbitt Road. "But isn't this plan really just rearranging the deck chairs on the Titanic?"

Nearly 70 people attended a public hearing this week to discuss the proposal.

Most who stepped to the lectern during the televised meeting slammed the Justice Department for refusing to provide evidence of its claims and for implying that residents are incapable of electing the most competent candidates -- regardless of race.

But a few residents argued that the new districts would only further concentrate poverty in the city and that creating two wards with more black residents does not necessarily mean more black candidates will run for office.

Mayor Bill Cervenik, who added his name as a co-sponsor of the plan at the meeting, said that while the plan achieves the population balance that the Justice Department is looking for, he does not believe it will make a difference come election time.

"Adding my name as a sponsor does not negate for a minute my belief that this will not satisfy what the Justice Department is concerned about," Cervenik said in an interview Friday. "But what Justice is trying to do is much more harmful than the changes Council is proposing to our government. And in the end, changing wards won't change voting habits. We have a responsibility as the current elected officials to help that process."

Cervenik said he plans to spearhead a citizens committee, including one resident from each ward and three other residents selected by the administration, to provide feedback on the new ward boundaries, the federal lawsuit and ways the city can improve voter participation and education.

Feds To Watch Voting (BRADV)

By Richard Burgess And Patrick Courreges

Baton Rouge Advocate, September 30, 2006

Federal observers will be working the precincts in St. Landry Parish today when voters hit the machines for a variety of local and state elections and ballot issues.

Voting machines in the eight-parish Acadiana are awash today with candidates and propositions.

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Even in areas without a particular local race or issue, two statewide races — insurance commissioner and secretary of state — and a baker's dozen of constitutional amendments.

In St. Landry, observers with the U.S. Department of Justice will keeping an eye on activity around those voting machines and asking some voters questions about the election, St. Landry Parish Clerk of Court Charles Jagneaux said.

"They came because there were some allegations of vote buying and because there's some contentious elections," he said.

Jagneaux noted that of specific interest is the election for St. Landry Parish Sheriff, where interim Sheriff Laura Balthazar faces challengers Lambert Castille and Bobby Guidroz.

Jagneaux said his staff met with Justice Department officials Friday, joined by representatives of the Louisiana secretary of state's elections fraud unit.

"I'm sure the allegations were racial in nature," Jagneaux said. "They said something about preventing the dilution of the black vote."

U.S. Attorney Donald Washington said federal officials heard rumors about the potential for voter irregularities, particularly in the sheriff's race.

"There were concerns about the potential for intimidation based on race," he said.

Washington said 12 election monitors will be working the parish — two teams of five with a captain and a co-captain.

Jagneaux said that some observers may want to ask voters questions about the election after they vote.

"I don't think the questions are going to be too contentious," Jagneaux said. "They're not trying to intimidate voters or the commissioners."

Poll observers will only ask questions of voters who have already cast their votes, Washington said.

"These are observers. They are not to take any action," he said. "We will not interfere in an election. We take reports, and we take any action after an election has occurred."

Jagneaux said the Justice Department will issue a report on its findings within a week and discuss them with elections officials.

Jagneaux said his office will also be reopening qualifications today for the Port Barre board of alderman race because one candidate — Democrat John E. Sylvester — died early Friday morning.

Jagneaux said the election for that seat will go forward today, with votes for Sylvester not being counted. He added that if no one qualifies for the post by 5 p.m. Monday, today's election results will stand.

If any new candidate, however, files for the race and pays the $80 qualifying fee before the deadline, today's results will be thrown out and another election will be held on Nov. 7.

Signs will be posted at the affected polls notifying voters of Sylvester's death, according to the Secretary of State's office.

Supreme Court A Busy Docket Of Touchy Topics (WSJ)

By Jacob M. Schlesinger

The Wall Street Journal, September 30, 2006

The Supreme Court comes back to work Monday to take up some hot-button new issues -- notably abortion and racial diversity in schools -- and thereby begin the first full measure of the impact of the nation's newest justice, Samuel Alito.

Justice Alito replaced Justice Sandra Day O'Connor partway through the last session, in February. She was a swing vote on both subjects on a divided court, taking different sides on the questions, depending on how they were shaded. Court watchers expect Justice Alito to be a more consistently conservative vote, against both abortion rights and school diversity plans.

The justices hear arguments in two abortion cases the day after midterm elections, on Nov. 8. Both involve the federal "Partial-Birth Abortion Ban Act," passed by Congress and signed by President Bush after the Supreme Court struck down a similar Nebraska law in 2000.

Roe v. Wade -- the seminal 1973 court ruling upholding abortion rights -- isn't at stake. But the cases are central to the social conservatives' legal strategy of chipping away at Roe. The question is whether laws banning access to abortion procedures require an exception when the mother's health is at stake. Attorney General Alberto Gonzales asked the high court to consider the matter after lower courts struck down the federal law because it failed to provide such a provision. The Supreme Court used a similar standard in its 2000 Nebraska ruling. That vote was 5 to 4, with Justice O'Connor joining the majority.

Some time later in the term -- arguments haven't yet been scheduled -- the court will take up racial-balancing plans in public-school districts in Jefferson County, Ky., and Seattle. Both districts have complex enrollment formulas designed to ensure school populations reflect the racial balance of the local community. In Seattle, parents of white students protested when their children were denied entrance to a popular, oversubscribed, high-school academy. One tie-breaking factor determining

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admission was race. The cases raise questions similar to those in the Court's 2003 ruling upholding the University of Michigan's use of race as a factor in law-school admissions. That vote also was 5 to 4, with Justice O'Connor writing the majority opinion.

While those are the term's marquee issues, the justices also have agreed to take up an unusually heavy docket of business concerns. The U.S. Chamber of Commerce has filed briefs in at least 18 cases, hoping that the court under Chief Justice John Roberts, beginning his second term since succeeding William Rehnquist, will prove to be one of the most business friendly in decades.

The chamber's priorities include two cases it hopes will curb antitrust complaints, and one that could essentially affirm the Bush administration's decision to avoid setting global-warming regulations under the Clean Air Act. Another priority for companies: Philip Morris Inc.'s petition for relief from a 1999 $79.5 million Oregon jury award, which will be argued on Oct. 31.

While companies are hoping a conservative court will take their side against trial lawyers, the issue cuts across legal ideological lines. When the court ruled in 1995 to limit damages against BMW of North America Inc. , Justice O'Connor joined the 5-4 majority, while the bench's staunchest conservatives were in the minority. Justice Antonin Scalia mocked what he called the invention of the "Excessive Damages Clause of the Bill of Rights."

Abortion, Race, Environment On Supreme Court's Agenda (MCT)

By Stephen Henderson

McClatchy Newspapers, September 30, 2006

WASHINGTON - The Supreme Court returns Monday to a docket that includes important cases on abortion, race and the environment, and by next spring, when the court adjourns, it should be much clearer how new Justices John G. Roberts and Samuel Alito have changed things.

The key cases in particular will test the principles the new justices swore allegiance to during their confirmation hearings: precedent, restraint and judicial modesty. Depending on how they and the other justices rule, the laws in those areas could be altered dramatically.

In the abortion case, the court could make it much more difficult to challenge restrictions on women's ability to terminate pregnancies.

The race cases, which involve whether school districts - like colleges and universities - should be able to consider ethnicity in their quest to foster diversity, could affect the reach of the landmark affirmative action cases from 2003.

The environmental case, which questions whether the Environmental Protection Agency may regulate so-called greenhouse gases, presents issues involving how to interpret congressional intent and the ability of individuals to sue in federal court over environmental issues.

Roberts and Alito gave clues during the last term, their first, as to how they might change the court.

Roberts, the court's 17th chief justice and a former clerk to the late Chief Justice William H. Rehnquist, led the court through a record stretch of unanimous opinions early in the term, reflecting his belief that the justices speak loudest when they speak together. Roberts also wrote several opinions that captured his respect for precedent, the guidepost for court stability, and restraint, the idea that the court shouldn't tread on territory reserved for the government's more democratic branches.

Alito had less time to reveal himself because he wasn't confirmed to the bench until halfway through last term. Once he was there, he had little opportunity to have a big impact, which is typical of first-year justices. But when he did write, he revealed much of what he'd been in 15 years on a federal appellate court: a jurist who favors cautious and guarded opinions to thunderous or flashy ones.

In political terms, though, both men have established themselves as reliable votes for the court's conservative block. Both voted consistently with Justice Antonin Scalia, widely regarded as the court's most ardent conservative.

"I don't think there will be many surprises with either of them," said Nan Aron, president of the Alliance for Justice, a liberal group that focuses on legal issues. The group opposed both Roberts' and Alito's nominations.

"The right has been getting exactly what they need out of their judicial nominees."

Arguments start on Tuesday, after the justices observe Yom Kippur on Monday, with two cases that will decide whether immigrants can be deported for committing crimes that are felonies under state laws and misdemeanors under federal law.

The abortion cases, scheduled to be argued in early November, will test how strongly Roberts and Alito feel about preserving recent court precedents. The cases involve a challenge to a federal ban on late-term abortions; the court in 2000 struck down an identical ban by the state of Nebraska because it lacked an exception for cases that threatened the health of pregnant women.

Government lawyers say the federal ban's lack of a health exception doesn't matter because Congress made a "factual finding" that late-term abortion is never medically necessary.

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But to uphold the federal ban, the court would need to back away from its stringent requirement of a health exception; that would mean significantly altering or undermining the 2000 ruling.

Justice Sandra Day O'Connor, now retired, was the key fifth vote in the 2000 ruling, but both Roberts and Alito wrote memos while working in the Reagan administration questioning the validity of Roe v. Wade, which recognized a constitutional right to abortion.

If the two hew to their thinking on abortion, they could overturn the previous ruling. But if they stick with precedent, they might be forced to uphold and apply it in the case involving the federal ban.

Late last term, Roberts made it even less likely, according to some observers, that he'd overrule court precedents by joining an opinion by Justice Stephen Breyer that was a virtual paean to the importance of precedent and its effect on court stability.

"Adherence to precedent is the norm; departure from it is exceptional," Breyer wrote, saying that principle is especially true where "circumstances have not changed."

The abortion case also confronts another substantive issue about how restrictions are challenged. Right now, it's easier to challenge abortion laws than it is to question other laws, thanks to the way courts have interpreted a 1992 abortion ruling. But a lower-court judge has crafted an opinion that debunks that interpretation and suggests that abortion laws can be challenged the same way other laws are. If the justices adopt that thinking, it would be harder to overturn laws that place restrictions on abortion.

The race cases involve efforts in Seattle and Louisville, Ky., to create diverse student bodies in public schools. Each district uses some form of racial consideration when assigning students to schools to ensure that each has certain percentages of minority and white children.

The school districts argue that they're no less entitled to this use of race than are colleges and universities, which were told in 2003 by the justices that limited use of racial preferences is fine.

Parent groups in both cities say the school districts are using race to an extent that violates the Constitution. The school districts are treating students as mere members of ethnic groups, rather than as individuals, they say.

The environmental cases involve whether the Environmental Protection Agency must regulate carbon dioxide emissions from new cars as part of its mandate to address any pollutant that might be "reasonably anticipated to endanger public health or welfare."

The case raises questions about the effects of global warming and whether greenhouse gases contribute to it. But legally, it challenges other important notions.

It questions how broadly an executive agency should be allowed to interpret a law passed by Congress, an issue that at least indirectly invokes the debate over the scope of executive power. And it raises questions about "standing," or the ability of individuals to sue in federal courts.

In some of the lower courts, judges have said individuals cannot show enough "particularized" injury from global warming to authorize them to sue in court.

Standing is an issue that Roberts in particular has found compelling. In a key opinion he wrote last term, he laid out a treatise on a relatively narrow interpretation of standing. In that case, he said taxpayers in Ohio and Michigan couldn't sue in federal court to stop legislators from granting tax incentives to businesses in their states.

The outcome of the case could significantly narrow the scope of the EPA's work - and the ability of private citizens to do much about it in court.

Gingrich Urges Overriding Supreme Court (AP-Y)

AP, September 30, 2006

Supreme Court decisions that are "so clearly at variance with the national will" should be overridden by the other branches of government, former House Speaker Newt Gingrich says.

"What I reject, out of hand, is the idea that by five to four, judges can rewrite the Constitution, but it takes two-thirds of the House, two-thirds of the Senate and three-fourths of the states to equal five judges," Gingrich said during a Georgetown University Law Center conference on the judiciary.

It takes approval by two-thirds of Congress and three-fourths of the 50 states to adopt an amendment to the Constitution, the government's bedrock document.

Gingrich, a Republican who represented a district in Georgia, noted that overwhelming majorities in Congress had reaffirmed the Pledge of Allegiance, and most of the public believes in its right to recite it.

As such, he said, "It would be a violation of the social compact of this country for the Supreme Court to decide otherwise and would lead, I hope, the two other branches to correct the court."

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In 2002, the 9th U.S. Circuit Court of Appeals in California ruled that the pledge was unconstitutional when recited in public schools because of the reference to God. The Supreme Court in 2004 reversed that decision on a technicality, but the case has been revived.

Gingrich said "the other two branches have an absolute obligation to render independent judgment" in cases that are "at variance with the national will."

He spoke at Thursday's panel discussion on relations between the executive, judicial and legislative branches of government.

Former Senate Democratic leader Tom Daschle of South Dakota, who spoke on the same panel, noted the high court's 5-4 decision settling the contested 2000 presidential election in favor of Republican George W. Bush.

"What if Al Gore had said I don't agree?" Daschle asked. "In a sense, what we did was put the court in the position of the American people. We were giving the court the power to make the decision for the American people based on their best judgment and I'm not challenging the judgment. I accept it, too, even though I disagree."

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On the Net:

Georgetown conference: http://www.law.georgetown.edu/judiciary/program.html

Abortion Bill Fails In Senate (LAT/AP)

The Los Angeles Times/AP, September 30, 2006

WASHINGTON — A bill to criminalize taking minors over state lines for secret abortions failed late Friday in the Senate when Republicans were unable to get the 60 votes required to advance the bill to a final vote.

The vote stopped the bill from heading to the White House for Bush's signature.

The House voted 264 to 153 Tuesday to approve the legislation, which would have made it a federal crime for anyone other than a parent to take a child over state lines for an abortion in an effort to circumvent parental involvement laws.

The vote was aimed at giving Republicans a shot at political redemption after a year that began and ended without Congress passing some major items on the agendas of social conservatives.

Republican leaders scheduled votes on some of those items, but bans on gay marriage and flag desecration failed.

Rhode Island Couple Wins Same-Sex Marriage Case (NYT)

By Katie Zezima

The New York Times, September 30, 2006

BOSTON, Sept. 29 — Same-sex couples who live in Rhode Island can marry in Massachusetts, a Superior Court judge here ruled on Friday.

The judge, Thomas E. Connolly, ruled that because Rhode Island did not prohibit same-sex marriage by statute or in its Constitution, same-sex couples were allowed to marry in Massachusetts under state law.

“No evidence was introduced before this court of a constitutional amendment, statute or controlling appellate decision from Rhode Island that explicitly deems void or otherwise expressly forbids same-sex marriage,” Judge Connolly ruled.

The Massachusetts attorney general, Thomas F. Reilly, said he would not appeal the ruling. Rhode Island’s attorney general, Patrick Lynch, said the marriages would not be valid in his state.

“This ruling does not authorize same-sex marriages in Rhode island, and it does not mean that Rhode Island will recognize a same-sex marriage performed in Massachusetts,” Mr. Lynch said in a statement. “Only the Rhode Island legislature or a Rhode Island court can decide if same-sex marriage is valid in Rhode Island.”

Same-sex marriage was legalized here in 2004. But until Friday, only residents could be granted marriage licenses because of a 1913 law that prohibited the state from performing marriages that were not legal in the couple’s home state. The state’s highest court upheld that law last year after same-sex couples from six states challenged it.

The court ruled that same-sex couples from Connecticut, Vermont, Maine and New Hampshire could not marry in Massachusetts because same-sex marriage was expressly prohibited by statute in those states.

The court left the door open for residents of New York and Rhode Island, but the New York State Court of Appeals ruled shortly after that that same-sex marriage was not allowed under state law. With Rhode Island being the only state with no express prohibition of same-sex marriage, two Providence residents, Wendy Becker and Mary Norton, appealed.

“After a very long engagement, we are thrilled to be able to marry and provide our family with the legal protection and social recognition we deserve,” Ms. Becker said Friday. “As the parents of two wonderful young children, our desire to marry has always been with them in mind. We want them to feel their family is as worthy as any other.”

Gay and Lesbian Advocates and Defenders, which argued the case, applauded the ruling.

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"At last the fence of discrimination has been removed at the border of Massachusetts and Rhode Island," Michele Granda, the lawyer who argued the case, said in a statement. "Loving, committed Rhode Island couples can now affirm their relationships in the most public and respected way our society knows."

Pagans Sue On Emblem For Graves (NYT)

By Laurie Goodstein

The New York Times, September 30, 2006

Military veterans are entitled to have their headstones engraved by the government with a symbol of their religion. Families of the deceased may choose from emblems representing a variety of 18 Christian churches, a number of Buddhist sects, Judaism, Islam, Sikhism, Hinduism and atheism (represented by an atom with an A inside) — 38 religious symbols in all.

But not the Wiccan pentacle, which the Department of Veterans Affairs has neither approved nor disallowed despite various petitions over the last nine years.

Yesterday three Wiccan families and two Wiccan churches sued to force the department to include their symbol — a five-pointed star inside a circle — on the list of approved emblems.

Wiccans, also called pagans, are often wrongly confused with Satanists. Theirs is a nature-based religion recognized by the Internal Revenue Service, and by the military itself in its chaplains' handbooks and on the dog tags that troops wear around their necks. There are an increasing number of Wiccans (pronounced WIK-ens) in the armed forces — 1,800, according to a Pentagon survey cited in the suit.

The American Civil Liberties Union, representing the plaintiffs, brought the action in the United States Court of Appeals for Veterans Claims, in Washington. A spokesman for the V.A. did not respond to requests for an interview.

In the years that Wiccans have been petitioning, the department has approved emblems for at least six groups, including the obscure Izumo Taishakyo Mission of Hawaii.

Kathleen Egbert, a Wiccan priestess in Laurel, Md., is among the plaintiffs. Her father, Abraham Kooiman, fought in World War II and received a Bronze Star and a Purple Heart. He died in 2001 at age 77 and was buried in Arlington National Cemetery, a Wiccan without a symbol on his headstone.

"I'm angry," Ms. Egbert said, "because if pagans can fight and die for our country, we should be recognized by our country the same way anyone else would be."

ANTITRUST:

Congress Approves Wright Repeal (FWST)

By Maria Recio

The Fort Worth Star-Telegram, September 30, 2006

WASHINGTON -- The House and Senate approved historic legislation repealing the Wright Amendment on Friday after proponents and critics sparred in the House over whether the bill would protect consumers.

Shortly after 10 p.m. Central time, House members voted 386-22 to approve the bill. The Senate passed it on a voice vote early in the afternoon, and the measure now goes to President Bush for his signature.

The bill caps decades of acrimony over the issue between Fort Worth and Dallas. It opens up Dallas Love Field to nonstop domestic flights after eight years, allows immediate connecting and one-stop passenger flights to distant cities, and slashes Love Field to 20 gates from 32. Proponents said the bill will increase air travel competition in North Texas and drive fares down at Dallas/Fort Worth Airport. Critics argued that eight years is too long, that the gate reductions strengthen near-monopolies by American Airlines and Southwest Airlines at their D/FW and Love Field home bases, and that through-ticketing won't bring fares down as much as hoped.

Southwest, which dominates Love Field, will add 40 one-stop destinations from the Dallas airport within days of the president's signature, spokeswoman Beth Harbin said Friday. That will probably include service to cities such as Chicago, Las Vegas and Washington, D.C. American officials wouldn't comment on their plans, but they are also likely to begin connecting service from Love.

"Everyone gave up something for the common good," Rep. Kay Granger, R-Fort Worth, told colleagues during House debate Friday night.

Sen. Kay Bailey Hutchison, R-Texas, who led the Texas delegation's efforts to push the bill through Congress, called the votes "a historic accomplishment for the leaders of the North Texas community acting in the best interest of consumers."

Bill has its critics

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But opponents said North Texas airfares will remain artificially high.

"You're going to pay more to fly to Dallas/Fort Worth, no question about that," said Rep. James Sensenbrenner, R-Wis., chairman of the House Judiciary Committee.

Sensenbrenner noted that he often sees "Don't Mess with Texas" bumper stickers on the cars of his colleagues in the Texas delegation.

"Tonight is one of those nights when I think we ought to mess with Texas," Sensenbrenner said during the debate. "This is the most anti-consumer, anti-free-enterprise piece of legislation that has come before this House in a long time."

Rep. John Conyers, D-Mich., the Judiciary Committee's ranking Democrat, said consumers were remarkably absent from negotiations on the repeal bill, which was crafted from a compromise reached in June by Fort Worth, Dallas, American and Southwest airlines, and Dallas/Fort Worth Airport.

"If anyone can explain to me how this is pro-consumer, of course" it should be made law, Conyers said.

Fort Worth Mayor Mike Moncrief, who led negotiations on the local compromise with Dallas Mayor Laura Miller, begged to differ.

"Who says miracles don't happen?" he said. "Tonight, a miracle did happen. I don't think there's any question it's a win for the traveling public."

Miller said in a statement: "I think it's very fortuitous that the Wright Amendment is passing Congress on opening day of the 120th year of the State Fair of Texas. Both are historic, and it's a super day to be in Dallas-Fort Worth."

The Wright Amendment, passed by Congress in the late 1970s to protect D/FW Airport from competition, has been a source of nonstop friction since.

Amendment's pros and cons

It limits most nonstop, connecting and one-stop passenger flights from Love Field to destinations within Texas and several nearby states. Critics have long argued that the law hampers competition in the North Texas air travel market and keeps fares high, while proponents such as Fort Worth argued that the law helped make D/FW into one of the world's busiest airports and an economic powerhouse for the region.

Southwest began campaigning for repeal two years ago. Fort Worth, Dallas, the airlines and D/FW began moving toward a compromise after Sen. Kit Bond of Missouri succeeded a year ago in getting his state included in the Wright Amendment boundaries.

Both houses approved the bill just before recessing for the November election season, avoiding having the debate spill over into a December lame-duck session. The local compromise could have been voided if Congress didn't pass it intact this year.

Debate over language in the bill exempting it from antitrust laws delayed the legislation. Ultimately, the exemption was stripped out of the bill and replaced by language making clear that Dallas will "reduce the number of gates," ostensibly giving the local parties cover from antitrust lawsuits because they would be acting under congressional direction.

Dallas is already facing a lawsuit by the owner of the former Legend Airlines terminal, which Dallas would seize and close under the local agreement. Bill Brewer, a Dallas attorney representing the owners, said Friday night that his client will proceed with its suit.

Brewer said the measure is "wildly anti-competitive and it's anti-consumer." Like other critics, he said the bill would help American and Southwest maintain near-monopolies at D/FW Airport and Love Field.

"I think it's inevitable that prices will keep going up at D/FW and we'll start to see the same thing at Love Field," Brewer said. "You're going to see over the next several years Southwest starting to act like the monopolist it will now be out at Love Field."

Andrea Newman, senior vice president of government affairs for Northwest Airlines, said she thinks other airlines' "ability to go into Love Field will be effectively eliminated" under the new law.

Darren Bush, an antitrust professor at the University of Houston, said he doesn't think the legislation is airtight against lawsuits and an injunction.

"It certainly is subject to court challenges and therefore certainly could be subject to injunctions," he said. "I think a case could be made for irreparable harm in light of the impending destruction of the [Legend] terminal."

Airlines happy with passage

Officials with American and Southwest welcomed passage of the bill. Since 2004, when Southwest began campaigning for repeal, each airline has deployed lobbyists to oppose the other.

"This is tremendous news for travelers in Dallas," said Harbin, the Southwest spokeswoman. "We're incredibly excited to be finally opening the city."

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Once the deal is approved by the Federal Aviation Administration, which is expected, Southwest will update its schedule within a few days to include the new long-haul cities Southwest will serve from Love via connections and one-stops. The airline will roll out an advertising blitz to let consumers know about the new service, she said.

"We're going to be treating Dallas like it's a brand new city to our network," Harbin said.

The Texas delegation, which backed the bill, was confident of its prospects in the House. House leaders placed the bill on the "suspension" calendar, which is typically used for noncontroversial bills. Those bills can't be amended, but they require two-thirds of members voting for passage.

The Senate vote earlier in the day hinged on allaying the objections of Sen. Patrick Leahy, D-Vt., the ranking Democrat on the Judiciary Committee, who signed off on the bill Friday morning, Hutchison said.

Leahy relented after getting additional assurances and after a wilderness bill he wanted for his state was also released for passage. Asked if she had placed a "hold" on Leahy's bill, Hutchison smiled and said, "Let's just say we came to an agreement that brought up both bills."

To appease Leahy's antitrust concerns, Sen. John Cornyn, R-Texas, a former judge and member of the Judiciary panel, engaged in what Senate procedures call a "colloquy," or a conversation to clarify congressional intent. Leahy, afraid of setting precedent by allowing the local parties to declare the legislation free of competition laws, emphasized that the Wright Amendment was unique.

"The similar respect Senator Cornyn and I have for preserving competition laws has made our conversations productive and moved the legislative process forward," Leahy said. "While my concerns remain about this legislation, I am prepared to accept it."

Cornyn said in his remarks: "The legislation contemplated here should not be a model for any future arrangement. In no way can I imagine a situation arising with a set of facts remotely similar to that created in Dallas by the passage of the Wright Amendment."

Many proponents of the bill say it was the best deal they could get, given the long conflict over it in North Texas.

"It's not perfect," said Rep. Sam Johnson, R-Plano, who, with Rep. Jeb Hensarling of Dallas, broke ranks with the Texas delegation and pressed for repeal before the local compromise was reached.

The Texas delegation in the House voted 30-1 for passage of the bill, with Hensarling voting no.

"In my opinion, it doesn't do the job fast enough," Johnson said. But he added that he knew he had to compromise to bring the law "into the 21st century."

Staff writers Trebor Banstetter and David Wethe contributed to this report.

Wright Amendment: What's next?

Andrew Fastow will be out of prison before the Wright Amendment is gone. Here's what's ahead:

Now that the House and Senate have passed identical bills to repeal the amendment, President Bush must sign the bill before it becomes law.

The Federal Aviation Administration must then certify that the agreement won't affect air safety. The agency is expected to approve the compromise.

Southwest Airlines says it will launch connecting and direct flights -- ones that include at least one stop, but where passengers stay on the same plane -- from its Dallas Love Field home base to long-haul cities within days of FAA approval. The airline isn't being more specific about its plans.

American Airlines is likely to begin connecting service at Love to compete with Southwest. But it's not expected to move significant operations from its D/FW Airport home base.

Love Field Terminal Partners, which has filed three lawsuits against the locally produced Wright Amendment compromise that led to the congressional bill, is likely to continue trying to upend the deal in the courts. The partners own the former Legend Airlines terminal at Love Field, which Dallas will seize and close as part of the repeal deal with Fort Worth, American and Southwest airlines, and D/FW.

Six years from now, Fastow -- who engineered the shrouded deals that led to Enron Corp.'s collapse -- is expected to be released from federal prison.

Assuming that Bush signs the bill into law, in 2014 all Wright Amendment restrictions will be fully repealed. That will leave airlines free to fly nonstop domestically from Love to long-haul cities, without having to make stops.

Congress Repeals Wright (DMN)

By Sudeep Reddy

The Dallas Morning News, September 30, 2006

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WASHINGTON – Congress approved legislation late Friday to repeal the Wright amendment, potentially resolving a decades-old battle over the role of Dallas Love Field in North Texas.

The bill to phase out flight restrictions at the airport cleared the House overwhelmingly in a late-night vote before lawmakers departed for a pre-election recess.

The legislation won Senate passage under unanimous consent earlier Friday after months of pressure by Texas Sens. Kay Bailey Hutchison and John Cornyn to win over a final detractor, Sen. Patrick Leahy, D-Vt.

DallasNews.com/Extra

Southwest ready to expand Love service

Tracking the Wright amendment: History, opinions, links and FAQs

President Bush is expected to sign the measure as early as next week.

"It's a great relief to have a final solution," said Rep. Kenny Marchant, R-Coppell, whose district includes Dallas/Fort Worth International Airport. "The fact that none of the parties are completely happy and all of the parties are relieved to have it over should be a sign that it's a good agreement."

Lawmakers acknowledged that the Wright battle may not be over. Opponents of the deal are expected to challenge the legislation in court.

The Wright legislation stalled this summer under criticism over its treatment of federal antitrust laws, and supporters in Congress fought hard for language to help shield the deal from a long court fight.

The legislation will repeal Wright in 2014, implementing a June agreement by the cities of Dallas and Fort Worth, American Airlines, Southwest Airlines and D/FW Airport.

It would immediately allow flights anywhere from Love Field, as long as they first stopped inside the nine-state Wright perimeter.

The agreement would also cut the number of available gates at Love from 32 to 20, part of a plan to compensate for an expected increase in noise, pollution and congestion. Nineteen gates are used now.

On Congress' last day, the House turned out to be the greatest source of contention over repealing Wright.

House members planned to clear their bill under suspension of normal rules, a procedure often used for uncontroversial measures.

Suspension bills often pass without recorded votes, but objections to the Wright legislation forced proponents to corral the support of two-thirds of those present. A heated evening debate had opponents sparring over the antitrust issue, while also arguing over the bill's potential benefits.

The chairman of the House Judiciary Committee, James Sensenbrenner, R-Wis., said the bill "will continue vestiges of the Wright amendment" until 2025, when gate arrangements expire under the deal.

Unusual splits

In a departure from many congressional debates, supporters and opponents of the Wright agreement weren't split by party affiliation or geography.

Rep. John Conyers of Michigan, the top Democrat on the judiciary committee, argued against a frequent ally, Rep. Eddie Bernice Johnson, D-Dallas, whose district includes Love Field.

Mr. Sensenbrenner, recalling the "Don't Mess with Texas" bumper stickers in the House garage, said, "Tonight is one of the nights where we ought to mess with Texas.

"This is the most anti-consumer, anti-free-enterprise legislation that has come before this House in a long time," he said.

Rep. Kay Granger, R-Fort Worth, was distributing red "Vote Yes" fliers to members on the floor; Ms. Johnson had her own yellow fliers supporting the bill.

The final tally, which came just past 10 p.m. Dallas time, was 386-22.

A tough fight had been expected in the Senate, where rules and traditions allow a single member the power to block legislation.

By early Thursday afternoon, after House members from North Texas had forged a path for their bill to reach the House floor, the pressure had grown on Ms. Hutchison and Mr. Cornyn, both Republicans.

Efforts in recent weeks to find language that was acceptable to Mr. Leahy and the North Texas parties had failed, even after changing the antitrust language from an explicit to implicit exemption to win over the chairman of the Senate Judiciary Committee, Arlen Specter, R-Pa.

Break in impasse

Word came from the Texas senators' staffs later Thursday afternoon that Mr. Leahy could come to an agreement for bringing the Wright bill up under unanimous consent, a procedure used for uncontroversial measures.

The senators and their staffs started working on statements to be read on the Senate floor.

Ms. Hutchison reached out to House members, e-mailing and talking with Ms. Granger past midnight to ask her to wait for a Senate bill to come to the House to prevent further procedural delays.

By Friday morning, Ms. Hutchison was sitting in a cloakroom off the Senate floor working out how the bill would come up under unanimous consent.

Mr. Leahy had been pushing a wilderness bill to move under unanimous consent, a measure that largely affected Vermont and New Hampshire.

Asked later if she was holding up his bill, Ms. Hutchison smiled. "Why would someone do that?

"Let's just say that we came to an agreement to pass both bills," she said.

The bill passed the Senate in less than a minute just before 1 p.m. Dallas time.

Then Mr. Cornyn and Mr. Leahy engaged in a colloquy, a discussion on the Senate floor that allows lawmakers to share their thinking for the record.

The dialogue does not offer the force of law but could help judges glean congressional intent in a court challenge.

"Senator Cornyn and I share a concern about providing antitrust immunity to agreements involving private parties," Mr. Leahy said. "While I would prefer greater clarity on this point in the bill, I am pleased that Senator Cornyn and I agree that this is an entirely unique situation, which should not be repeated."

Mr. Cornyn agreed that "the legislation contemplated here should not be a model for any future arrangement.

"In no way can I imagine a situation arising with a set of facts remotely similar to that created in Dallas by the passage of the Wright amendment," he said.

Mr. Cornyn, who serves on the judiciary committee with Mr. Leahy, said later that ending the impasse was a matter of talking through the details of the Wright law and the uniqueness of the situation.

"We had to explain to him that actually this increased competition rather than decreased competition," Mr. Cornyn said. "That was one of the hard things for people to understand because of the unique nature of the Wright amendment."

Ms. Hutchison, who urged North Texas officials early in the year to come up with a solution, said the Wright legislation took "an inordinate amount of time for a bill that shouldn't have been this complicated."

"I have to say that in my 12 years in the Senate, the hardest thing that I've ever had to explain was the Wright amendment to outside people," she said.

Dallas Mayor Laura Miller was euphoric Friday. She'd feared the Senate would be the bigger obstacle. Ms. Miller said she was confident the terms of the bill would protect Dallas from losing a court challenge, due to a dedicated North Texas delegation and attorneys who worked around the clock.

"Without the language crafted in the Senate ... we would have a huge problem," Ms. Miller said.

Lawsuit a thorn

She acknowledged that the lawsuits filed by Love Terminal Partners, the owners of the former Legend Airlines terminal slated to be demolished under the Wright agreement, will continue to be a thorn in her side.

But Dallas will not wait for a court ruling, she said, as the Wright agreement directs the city to proceed immediately.

Love Terminal Partners' "tactic is to keep the pressure up, because they see we have a great chance of being successful," Ms. Miller said. "In the court of law, I sure hope a judge would say...[they] have frivolously filed this lawsuit."

Bill Brewer, a Dallas lawyer representing Love Terminal Partners, said a lawsuit he filed Thursday – his third pending suit regarding Wright – seeks to void the city's involvement in the agreement.

He also said changes that were achieved by the judiciary committee leaders "saved the right of consumers and others who are affected by this to go to court."

The legislation does not specify which gates must be demolished, Mr. Brewer noted, potentially protecting the Legend building.

Friday's actions followed a nearly two-year fight over the Wright amendment and Love Field.

In November 2004, Southwest announced that it would lobby Congress to lift the flight restrictions. American and D/FW vigorously opposed any changes.

Rep. Jeb Hensarling, R-Dallas, introduced legislation the following May to repeal Wright completely, spurring lawmakers nationwide to pick up the cause to win cheaper flights to and from North Texas.

But Mr. Hensarling decided not to back the compromise agreement, saying he could not support the nation's only congressional mandate on the number of gates at a local airport.

He sat quietly in the back row of the House on Friday evening to watch the debate. He ultimately voted against the bill.

Rep. Sam Johnson, R-Plano, who co-sponsored the original Wright repeal legislation with Mr. Hensarling, said the compromise was "not perfect" but still an agreement worthy of support.

Congress Approves Deal On Dallas Flights (BLOOM)

By John Hughes

Bloomberg, September 30, 2006

An agreement between Southwest Airlines Co. and American Airlines to ease limits on nonstop flights from Dallas Love Field won approval from the U.S. Congress and awaits President Bush's signature.

The House passed the measure Friday in Washington 386-22 after the bill cleared the Senate by unanimous consent. The Senate sponsor, Republican Kay Bailey Hutchison of Texas, and other lawmakers secured approval by resolving some colleagues' antitrust concerns.

Congress' action resolved a clash over Love Field flying between Dallas-based Southwest and AMR Corp.'s American. Southwest pushed for two years to repeal the 1979 federal law restricting nonstop flights from Love to Texas and eight nearby states, including Tennessee.

The Wright Amendment, which limits the number of destinations airlines can fly to from Dallas' Love Field, became law in 1979. It was designed to encourage flights into the Dallas/Fort Worth International Airport, American's hub.

If Bush signs the measure, it could mean lower airfares for travelers between Nashville and Dallas as well as an easier method of buying tickets for Southwest customers.

Southwest has 96 percent of Love passengers, while American has more than 80 percent at Dallas-Fort Worth. Southwest, American and local governments agreed in June to scrap the Love limits in eight years and let flights there connect immediately at airports throughout the U.S.

The accord cuts Love Field's available gates to 20 from 32. ·

YouTube's Video Poker (NYT)

By Saul Hansell

The New York Times, September 30, 2006

Chad Hurley effects a calm, almost detached demeanor, even as the Web site he runs, YouTube.com, has provoked a frenzy of consternation among executives of record labels, TV networks and movie studios. For millions of Internet users, the site that opened to the public less than a year ago provides a daily fix of odd and interesting video clips, from White House speeches to frat house pranks.

YouTube has also become a vast repository of video taken without permission from television shows and movies, not to mention home movies constructed — with nary a cent paid in royalties — from commercial music and imagery.

Mr. Hurley was surrounded by curious media executives at Allen & Company's annual Sun Valley mogulfest in July. They wondered: friend or foe? Is he earnestly working to make YouTube and its exuberant users conform to the existing standards of copyright law and contractual obligations? Or is he cynically flouting the law to enable YouTube to grow rapidly, calculating that he will be able to cut a more advantageous deal later, or perhaps sell the company to someone else who will be able to sort through the mess of liabilities?

In an interview this week, Mr. Hurley, not surprisingly, portrayed himself as mainly trying to improve the site for its users while working to find arrangements that will satisfy Hollywood.

"There's going to be bumps along the way, but we're trying to make an effort to make the new model work for everyone," he said. "We've been developing features and working on the problem. I don't think we have been just sitting back and just buying fancy furniture."

YouTube has started to attract mainstream advertisers and the site has become financially stable, Mr. Hurley said, despite the huge cost of showing more than 100 million video clips a day. Potentially most significant, Mr. Hurley pointed to a deal signed recently with Warner Music that he hopes will be a model for dealing with Hollywood and record companies from now on. YouTube is developing technology that will identify Warner music used in a video that is uploaded. When the site plays those videos, it will share some of its advertising revenue with Warner and others with copyrighted material that is used.

Moreover, Mr. Hurley says, there is much more to YouTube than piracy. And professionals are creating programs specifically for YouTube: the recent series of clips posted under the name Lonelygirl15, for example, showed an actress pretending to be a disaffected teenager.

Others are not so sure. Doug Morris, the chief executive of the Universal Music Group, said at an investor conference recently that YouTube and MySpace, the social networking site, "are copyright infringers and owe us tens of millions of dollars."

And Mark Cuban, who founded Broadcast.com, an early Internet video site that was bought by Yahoo, argued on his blog that YouTube did not have a viable business other than piracy.

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"It is absolutely reminiscent of Napster," Mr. Cuban said in an interview. "It's nice that they say 'it's different this time,' but it's not."

Mr. Cuban argues that the deal with Warner is unworkable because it is too complex, with so many parties with potential claims on videos.

Alex Zubillaga, Warner's executive vice president for digital strategy, said in an interview that these problems could be solved. "This is a framework that allows us to monetize our assets while we unleash the creativity of the user," he said.

Warner, he said, is reaching out to other major media companies to negotiate how royalties from YouTube will be split in cases where more than one song or video program is included on one clip.

Still, Mr. Zubillaga said, dealing with YouTube "is not the typical situation we run into every day" because the company has not thought through many of the issues raised by its business. "Part of what we are doing is working with them to figure out what their business model can be," he said.

Now 29, Mr. Hurley was a graphic designer at PayPal, the money transfer system. After it was acquired by eBay, he and Steve Chen, a former PayPal engineer, were looking for a new company to start. They decided to make a site that would help users exchange video files, much as many sites had been created to hold photographs.

Mr. Hurley found a backer in Roelof Botha, the former chief financial officer of PayPal and now a partner with Sequoia Capital, the powerful Silicon Valley venture capital firm that had backed Yahoo, Google and others. Sequoia is betting so heavily on YouTube that it has provided all of the company's financing so far, rather than bringing in other firms, as is common.

This was hardly a unique idea. There are several hundred video sharing sites. But YouTube took off quickly. Its technology was simple and easy to use. In addition, it tapped into the rapid growth of MySpace. YouTube developed a system that would allow anyone to insert a video directly onto a Web page. MySpace users leapt on this technology to show videos to their friends, and in turn they spread the YouTube logo throughout MySpace.

Last year, MySpace provided some 20 percent of the visitors to YouTube. That proportion has fallen sharply, in part because MySpace now offers its own video storage system. In the meantime, YouTube has established itself as the best place to look for videos, especially from professional programs.

YouTube gained a lot of notoriety as the place where users traded copies of "Lazy Sunday," a sketch that appeared on "Saturday Night Live" and became a cult hit. And much of the activity on the site is watching clips from "The Daily Show," "The Colbert Report" and other broadcast programs.

YouTube is relying on the Digital Millennium Copyright Act, which in general does not require Internet companies to screen material they store in advance. Rather, the law says Web sites must remove content when a copyright holder informs them of a violation.

But there are many who wonder how safe YouTube's position is. The Supreme Court ruled in the MGM v. Grokster case that music file sharing systems could be held liable for inducing users to violate copyrights. That said, many other mainstream sites, like MySpace and Yahoo, also post videos without trying to screen out copyrighted material. (Most do scan for pornography, though.)

Yet even Hollywood executives interested in finding a way to work with YouTube are perplexed about how to go about it. They are happy to use YouTube as a free place to distribute movie trailers and TV clips, but users prefer the very best bits of hit shows.

"The yin and yang of working with YouTube is you want to use them as a way to promote our programs but we don't want to give away the store," said John Miller, the chief marketing officer of NBC Universal television. NBC has bought advertising on YouTube and uploaded clips promoting shows like "The Office." And it has also actively demanded that the site take down clips from "Saturday Night Live."

Mr. Hurley hopes to be able to solve this concern by offering studios a share of ad revenue as it has for Warner Music. But for now YouTube does not have much advertising revenue. It displays graphical banner ads on some pages and text ads on its search pages. But Mr. Hurley rejects inserting commercials in front of video segments, an increasingly common advertising format.

Peter Levinsohn, the president of Fox Digital Media, the News Corporation unit that looks after Internet distribution of movies and television programs, said that YouTube's advertising revenue, typically measured in cost per 1,000 views, or cpm, appeared to be low.

"If they get a relatively low cpm, and give us the majority, there won't be enough left for them to sustain themselves," he said.

Mr. Hurley responds simply that the company is developing new, more engaging advertising formats that will lure people to watch commercials that interest them. And he argues that YouTube's bargaining power with Hollywood will increase along with its popularity.

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"We have the most content and we have the largest audience," he said. "When people are making the decision to put a piece of content online they really do truly want to get it in front of the largest audience."

Seeks To Put Billions More Into Bankrupt Delphi (WSJ)

By Ianthe Jeanne Dugan

The Wall Street Journal, September 30, 2006

For weeks, senior auto-industry executives have been gathering at a Manhattan law firm to hammer out an agreement to bring auto-parts giant Delphi Corp. out of bankruptcy protection.

They have included Delphi Chief Executive Officer Robert "Steve" Miller and Frederick A. Henderson, chief financial officer of General Motors Corp., Delphi's former parent. But the man who has emerged as pivotal in the talks, according to several participants, is David A. Tepper, a blunt hedge-fund billionaire who has been a thorn in Delphi's side for months.

Mr. Tepper, 49 years old, is head of Appaloosa Management, a $4.5 billion hedge fund that owns 9.3% of Delphi's stock. Mr. Tepper, who grew up in a middle-class household in Pittsburgh, has gotten rich investing in America's broken companies and declining industries. He bought into the steel and coal industries when they slumped and picked up bargain-priced securities of firms tainted with asbestos suits.

"Are you a good guy or a bad guy?" his wife asked him one evening in May as they stood in the kitchen of their New Jersey home watching televised footage of auto workers protesting in front of federal bankruptcy court in Manhattan. Mr. Tepper says he told her he is not causing economic pain -- he is just capitalizing on it.

"These employees are facing an economic reality," he told her. "You can't manufacture profitably in the United States with these salaries. One way or another, these people will be displaced."

Mr. Tepper has been pushing a restructuring plan that could leave him in control of a far bigger stake in Delphi. After weeks of negotiations, the group is near an agreement under which Mr. Tepper would inject billions of dollars more into Delphi and wind up controlling up to one-third of Delphi's stock when it emerges from bankruptcy, people involved in the meetings say. An agreement would end a bankruptcy-court battle between Delphi, its stockholders and creditors, and GM, which still has significant financial ties to Delphi.

Mr. Tepper is betting he can make big money as Delphi cuts back its operations, which will be painful for some Delphi employees. Delphi wants to close many plants and lay off thousands of people. It also intends to cut wages and benefits.

The negotiations have not been completed, and the complex plan could come unraveled. Several people involved in the discussions say they expect an agreement to come perhaps by early October.

Delphi's Chapter 11 bankruptcy filing on Oct. 8, 2005, was the largest in a recent wave of car-related bankruptcies, making Delphi a prime symbol of Detroit's woes. Its efforts to emerge from court protection are being watched closely in Detroit. The company cranks out everything from air-bag triggers to satellite radios. It employed 177,000 people world-wide as of June 30, reported $26.9 billion of revenue last year, and is the biggest supplier of parts to GM. Some investors in Delphi claim that GM is still responsible for billions of dollars of Delphi liabilities.

Mr. Tepper is among a small fraternity of contrarian investors betting that the American car industry will return to profitability, much the way the steel industry did. New York-based investor Wilbur Ross, who made a fortune buying steel companies, has also invested in an array of auto-parts makers. Mutual-fund manager Michael Price has bought into Delphi and other parts companies. Billionaire investor Kirk Kerkorian has a large stake in GM.

These investors have become flash points in the debate over the future of the car industry. In a June speech in Las Vegas, the president of the United Auto Workers, Ron Gettelfinger, said bankruptcy reform was needed to stop employers and "bankruptcy vultures" from "lining their pockets with everything of value and uncaringly destroying lives, hopes, dreams and communities in the process."

Mr. Tepper's Delphi foray illustrates how large private investment funds increasingly are affecting the fates of large companies and their employees. Mr. Tepper's fund buys stock and bonds in ailing companies, then leans on them to hammer out restructuring plans that will make his investments worth more. The process can pit him against existing management, unions and stockholders.

Mr. Tepper bought Appaloosa's stake in Delphi for just $16 million several days after its Chapter 11 filing, an investment that some people involved in the talks describe as his admission ticket to Delphi's restructuring.

"Delphi is an important example of the kind of thing David Tepper does," says Mr. Price. "He makes a contrarian investment away from easy money and fights to unlock profits."

These days, Mr. Tepper declines to comment on the restructuring because he was given access to confidential financial information about Delphi in the talks. His comments for this article were made before that agreement last month.

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Appaloosa occupies the first floor of a three-story brick building on Main Street in Chatham, N.J. Mr. Tepper often shuns his corner office for a cluttered desk on an open floor where a dozen traders work. On his desk sit three plastic pigs. He jokes that he rolls them for guidance on difficult trades. If all three snouts point down, in the eating position, it's a signal to buy.

"The media says that hedge funds are the new masters of the universe," he chuckles. "We're just a bunch of schmucks."

Mr. Tepper still lives in the two-story home he bought in 1990 for $1.23 million, according to real-estate records. He owns no vacation home. His kids attend public school. On weekends, he coaches his daughter's softball team at a municipal field. He says he feels out of place at his country club. "I'm just a middle-class dad trapped in a rich man's body," he says.

He grew up in a small brick house in a working-class section of Pittsburgh called Stanton Heights, the middle of three children. His father was an accountant, his mother a school teacher. His father, who died in January, "was not a warm and cozy guy," Mr. Tepper says. "He worked all the time. He was underpaid."

His mother, Roberta, now 74, says her husband worried constantly about money. He played the lottery, dabbled in stocks, and often visited casinos in Biloxi, Miss. Twenty years ago, he won a $715,000 lottery jackpot, which was paid out over two decades.

"We were all very quiet and shy kids," says Mr. Tepper's sister, Sheryl Weitman, 50. "We were the fat kids." Mr. Tepper rarely studied in high school, he says, but he enjoyed talking stocks with his father and began dabbling in the market.

When he went off to the University of Pittsburgh, he worked in the library and began trading risky stock options to pay his tuition, he says. "It was such a gamble," says his brother, Scott, 45. "I told him: 'Why don't you just go to Las Vegas?'"

His sister recalls: "David always said he'd be a millionaire by the time he was 30."

Mr. Tepper met his wife, Marlene, while working for a mutual fund in Boston. In the late 1980s, they moved to New York, where he worked for Goldman Sachs Group Inc. helping build a unit to buy and sell "junk" bonds, corporate debt securities that carry speculative ratings.

Although he was very successful, he was repeatedly passed over for partnership, he says. In the early 1990s, "distraught" about the situation, he quit as head of junk-bond trading, he says. After trading on his own for a few months at a spare desk in Mr. Price's office, he started Appaloosa. His clients included both institutional and individual investors.

Since it began, Appaloosa has delivered its investors an average annual return of 33.9%, after Mr. Tepper's 20% share of profits and 2% management fee are taken into account. But the returns have been volatile.

In 1998, Appaloosa lost hundreds of millions of dollars when Russia defaulted on its currency and global debt markets were thrown into chaos. It was up 67% in 2001, then fell 25% the following year when junk bonds crashed. In 2002, Mr. Tepper bought into the bond slump, building positions in Conseco Inc., an insurance company, and Marconi Corp., a British telecommunications company. The following year, the fund returned more than 150%. Institutional Investor magazine estimated that Mr. Tepper took home about $510 million, and ranked his compensation second only to famed hedge-fund manager George Soros.

Until then, he and his wife had kept the scope of their wealth a secret from friends, relatives and even their three teenage children. "Everything changes when people realize how much money you have," he says. "I didn't want my kids to get spoiled."

In 2004, he contributed $55 million to Carnegie Mellon University's school of industrial administration, where he got his graduate degree. It is now called the David A. Tepper School of Business. It stunned some relatives. "Suddenly, everywhere -- in the supermarket, at the bank -- everyone was asking me, 'Are you related to David Tepper?' " says his uncle, Bernard Tepper, a former bakery owner in Pittsburgh.

"There have been times when I opened the mailbox and found a nice check," his sister says. "I call my mother and say, 'Check your mailbox!' Then we call Scott and say, 'Check your mailbox! David is having a good year!' "

Last year, he hired Ashlee Simpson to sing at his youngest daughter's bat mitzvah. And he bought his elder daughter a Lexus for her 17th birthday this year. "She's getting all A's," he says. His 19-year-old son asked him for money for a new Acura. Mr. Tepper says he told his son he would have to share the cost because his grades were too low.

Jon Corzine, his former Goldman boss, stopped in to see him during his successful campaign for the U.S. Senate. Mr. Tepper met him, but didn't contribute. "Maybe he was the reason I was passed over for partner," Mr. Tepper says. Mr. Corzine, now New Jersey's governor, says through a spokesman that he "was a big fan" of Mr. Tepper and didn't stand in the way partnership.

"In his position, you get to the point where people only call for money," says his sister. "It's incredibly difficult figuring out...who would be your friend if you weren't David Tepper the billionaire"

As the corporate scandals earlier this decade died down and competition among bottom-fishing investors for deals intensified, it became harder to find profitable niches. Mr. Tepper began studying the troubled auto industry.

Although more than six years have passed since Delphi was spun off from GM, questions remain about which company is responsible for pension and health-care liabilities for Delphi retirees. GM had agreed to cover them if Delphi was unable to pay,

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but Delphi had later agreed to release GM from the obligation. After Delphi sought bankruptcy protection -- listing $22 billion in debt and $17 billion in assets -- GM claimed in court that Delphi owes it money in connection with these liabilities.

GM's claim caught the eye of Mr. Tepper. He believed GM had no right to the money, and that its claim would be thrown out in court. Getting rid of that claim, he reasoned, would significantly narrow the gap between liabilities and assets and would allow Delphi to pay off its debts. GM has called the claims valid.

He saw other pluses. A big chunk of Delphi's revenues came from overseas, and those operations were not part of the bankruptcy filing. Moreover, the core of the company's business was electronics, which he felt would remain integral to making cars.

Often, holders of common shares wind up with nothing in bankruptcy reorganizations. But if this asset-liability gap could be narrowed, Mr. Tepper figured, Delphi's shares would be worth something.

"I saw a 10% chance of losing everything and a 90% chance of making money," Mr. Tepper said earlier this summer. "So, I had to roll the dice."

Days after the bankruptcy filing, he scooped up nearly 10% of the stock for about $16 million, and immediately began agitating to ensure that shareholders emerged intact. He blasted Delphi officials in letters, calling the bankruptcy filing a "sham." He fought to form a court-sanctioned committee of shareholders so they would have a say in the restructuring. A federal bankruptcy judge approved the formation of the committee, but a federal bankruptcy trustee left Mr. Tepper off it.

Earlier this year, Mr. Tepper decided on a friendlier approach. He called Delphi's chief executive, Mr. Miller, and invited him to Appaloosa's offices to talk. During their meeting, they began laying the groundwork for the current talks. Mr. Tepper agreed to stop trading Delphi shares in exchange for confidential financial information about the company.

In recent months, Mr. Tepper has raised $2 billion from his investors to inject into Delphi. Under the proposal being considered, the company's shareholders and bondholders would be given the option to invest new money into Delphi in exchange for a larger stakes in the restructured company, people involved in the talks say. Appaloosa is prepared to pump in billions of dollars, and the size of its future stake would depend on how much Delphi's other shareholders and bondholders invest, these people say.

The new money would be used to pay off debts and liberate Delphi from massive health-care and pension liabilities. In addition to Appaloosa, major shareholders in the restructured company are expected to include hedge fund Harbinger Capital Partners, UBS AG and Merrill Lynch & Co., people involved in the talks say.

U.S. Loosens Its Control Over Web Address Manager (NYT)

By Victoria Shannon

The New York Times, September 30, 2006

The Commerce Department agreed yesterday to loosen its control over the agency that manages the Internet address system, a move that experts called a big step toward private-sector control.

The agreement is part of a three-year renewal of the partnership between the government and Icann, the California-based nonprofit group that keeps technical tabs on the Internet. It replaces an agreement that expires today.

In addition to providing for more autonomy, the accord calls for a midterm review in 18 months, the earliest point at which Icann could become unleashed from government oversight.

“The top line is that this is a major step forward for Icann to become completely autonomous,” said Paul Twomey, the Australian who is chief executive of Icann.

Though much of the foundation of the Internet came out of American government and university research, over the last two decades the network has become a critical worldwide tool in commerce, communications and, for some countries, national security.

Countries in Asia and the Middle East in particular have strenuously objected to Washington’s effective veto power over Icann and have lobbied to put Internet governance in international hands.

“Internationally, the world will see that the U.S. government is beginning to walk the talk,” Mr. Twomey said in an interview. “The transition is now in the hands of the international community.”

The “joint project agreement” signed yesterday is meant to be the last of six that have given Icann the authority to keep the Internet running since 1998.

John M. R. Kneuer, the Commerce Department acting assistant secretary for communications and information, said other countries “should draw some heart” from the latest agreement’s goal to allow Icann to become a private-sector organization.

“Private-sector management of the Internet is demonstrably effective,” he said in an interview. “The Internet has become a massive global source of innovation and commerce, and all of that is because the D.N.S. system has been running uninterrupted.”

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D.N.S. refers to the domain name system, which is managed by Icann through 13 so-called root computer servers and provides an address system that lets any computer on the network find any other one and pass along data traffic like e-mail messages and Web pages nearly instantaneously.

Paul Kane, chairman of Centr, a group of Internet country domain registries like .uk, agreed that the marketplace was in a better position to serve the global interests of the Internet than any single government or group of governments.

"The Internet today is run by private networks interconnecting computers around the world," he said, and "it is not in the private sector's interests to have an inefficient Internet."

Mr. Kneuer said he had had "broad support" from governments around the world for continuing to wean Icann from American government oversight.

Vinton Cerf, chairman of Icann, said in a conference call yesterday that the accord was a "major step forward" that defines "a rather new and different relationship with the Commerce Department."

Although Icann independence was also the goal of the agreement that expires today, Mr. Kneuer, Mr. Cerf and others said that the organization was not ready to be totally self-sufficient.

Icann has been criticized for not representing the Internet community at large and for not making decisions openly and publicly. No formal mechanisms to address these issues were announced yesterday.

Mr. Twomey said the role of the Commerce Department would now be "to consult with Icann on developing greater transparency and openness."

The American government would also continue to take part in policy developments through Icann's government advisory committee, "which is the way every other government does it," Mr. Twomey said.

Under the agreement, Icann no longer must report to the Commerce Department every six months; instead, it will file an annual report addressed to the whole Internet community.

US Keeps Control Of Key Web System (FT)

By Richard Waters In San Francisco

Financial Times, September 30, 2006

The US is to retain its controversial control of the internet's core addressing system, at least for now, though it moved a step closer on Friday to handing responsibility for this key part of the online medium to a fully independent body.

The Department of Commerce's continuing influence over the internet's root directory – the system that "glues" the global internet together, enabling a person anywhere in the world to find any page – came under fire last year from the European Union, which wanted broader international oversight. Icann, the body that runs the addressing system under licence from the US, has also been accused of secrecy, and of moving too slowly to extending the addressing system to languages other than English.

That has raised the spectre of rival, national-level addressing systems springing up outside Icann's root directory, which would fragment the internet into a series of stand-alone networks.

The commerce department has repeatedly said it planned to hand control of the addressing system to the private sector, but only when it was sure that certain principles in the system were protected, such as technical stability, security, and competition.

On Friday, the department announced a new contract with Icann that provides for continued government authority, marking a step back from the indication it gave at the time of the last three-year agreement that it planned to work towards full independence. But it said it still planned to give up control eventually, and the new three-year agreement provided for a review after 18 months to see whether Icann has yet met the requirements.

Icann itself called its new relationship with the US government "a dramatic step" towards full management of the addressing system through what it called a "multi-stakeholder model of consultation". It said the new agreement would allow it to act more autonomously, for instance by allowing it to set its own work agenda.

In congressional testimony last week, John Kneuer, a commerce department official, said a consultation process run by his department had revealed "strong support for a more specific focus on transparency and accountability in Icann's internal procedures and decision-making processes", as well as "the continued involvement of the Department of Commerce in this transition".

ENVIRONMENT/INDIAN AFFAIRS:

House OKs Recourse For Private Property Owners (WT)

By Chrissie Thompson

DOJ_NMG_0072061

The Washington Times, September 30, 2006

The House last night passed a bill that would enable individuals to appeal zoning laws in federal courts, giving private property owners additional protection that opponents say will benefit big developers.

Rep. Steve Chabot, Ohio Republican, said the bill that passed 231-181 responded to the Supreme Court San Remo Hotel ruling, in which the court denied property owners the ability to appeal state court rulings on zoning laws in federal courts. The hotel is in San Francisco.

"What has been taken from [owners] is the enjoyment of their property," said Mr. Chabot, who co-sponsored the bill with Rep. Bart Gordon, Tennessee Democrat. "If I say, 'That's your land, but you can't use it,' I'm basically taking your property."

Mr. Chabot said zoning laws fall under the taking clause of the Constitution's Fifth Amendment and require federal recourse for property owners pursuing compensation when the government takes their property.

Rep. Earl Blumenauer, Oregon Democrat, spearheaded the debate from opponents who argued the bill benefited big developers at the expense of others' property values.

"They basically flunked Property Protection 101," he said, noting that 35 state attorneys general opposed the bill, including Jim Petro, the attorney general from Mr. Chabot's state.

Mr. Blumenauer said zoning adequately protects property and argued local governments and state courts can best make decisions about local zoning disputes.

"They're going to federalize local land decisions anytime a big developer is told no," he said.

Mr. Blumenauer said most homeowners will not be able to afford lawsuits, and developers will utilize the bill to make money.

"This is a big, expensive proposition," he said. "Small communities are going to be worn down. They won't have the firepower to stand up to Wal-Mart or to a big owner of a landfill or to some national company who wants to put up cell towers in people's back yards."

Mr. Blumenauer predicted the bill would not become law.

"Luckily, it's not going to pass the Senate," he said. "I mean, those people aren't crazy."

Spinach Called Safe (NYT)

By Bloomberg News And William Yardley

The New York Times, September 30, 2006

Consumers can now resume buying and eating fresh spinach, the Food and Drug Administration said. The tainted spinach all came from Natural Selection Foods, a vegetable grower and processor in San Juan Bautista, Calif., said David Acheson, chief medical officer for the Center for Food Safety and Applied Nutrition of the F.D.A. All brands that were affected by an outbreak of E. coli that killed one person and sickened 188 in the United States and Canada have been recalled, Dr. Acheson said. In Idaho, health officials said that tests showed E. coli in Kyle Allgood, 2, of Chubbuck, who died on Sept. 20, eight days after his parents said he drank a smoothie that contained fresh spinach. The state is conducting more tests to determine if the strain of E. coli was the same one that killed a woman in Wisconsin.

More Money Sought For Storm Research (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

The government should invest more money in understanding hurricanes because they are so deadly and expensive, according to a draft of a federal report. The report, from the National Science Board, recommends a streamlined, multiagency effort to improve hurricane science and engineering research, along with about $300 million a year in additional financing. Hurricane-related losses in the United States totaled $168 billion in the last two hurricane seasons, and 1,450 storm-related deaths were reported, according to the report. Meanwhile, annual financing for the Hurricane Research Division of the National Oceanic and Atmospheric Administration has never exceeded $5.1 million, and its staff has declined by 30 percent in the past decade, the report states.

DuPont Deal To Aid Milford-area Wetlands (WNJ)

By Jeff Montgomery

Wilmington (DE) News Journal, September 30, 2006

The DuPont Co. will pay $700,000 to restore wetlands east of Milford as part of a proposed settlement with state and federal agencies for natural resource damages along the Christina River in Newport.

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Under the multi-agency agreement announced Friday, DuPont's overall expense will total about $1.6 million for penalties, investigation reimbursements and other expenses connected with DuPont's Newport Superfund site, which straddles the Christina River just west of Del. 141.

Near Milford, the money will finance the purchase of an "environmental covenant" that will protect and restore 56 acres of land along the Mispillion River, east of Del. 1. Planned work includes stabilization of about 2,000 feet of riverbank, some channel improvements and elimination of invasive phragmites reeds across the property.

"This settlement will result in significant habitat improvements in the Mispillion River ecosystem -- home to many valuable natural resources, such as blue crab, Atlantic herring, spot and striped bass," said Sue Ellen Wooldridge, assistant attorney general for the Justice Department's Environment and Natural Resources Division.

Department of Natural Resources and Environmental Control Secretary John A. Hughes said ecological restoration was a "fundamental goal" for the agency, and said that the settlement will help to improve aquatic and wetland habitats in the Mispillion.

DNREC officials said Delaware Bay shorelines near the Mispillion are especially important to migratory shorebirds.

Greg Smith, public affairs manager for DuPont's Corporate Remediation Group, said DuPont and the agencies involved considered 38 other sites in the state before settling on the Mispillion property. It will be protected from development and deeded to the state after the owner's death.

Federally supervised cleanup work at DuPont's Newport site targeted a former pigment plant, a 7 acre landfill on the north side of the river and a 15 acre dump on the south side. Actions taken along the river included installation of buried steel sheet wall to stop contamination from entering the river, dredging of the river and nearby wetlands, and development of permanent caps for the landfills.

The deal does require federal court approval. Contact Jeff Montgomery at 678-4277 or jmontgomery@delawareonline.com.

EXPENSIVE CLEANUP

The DuPont Co. already has spent millions of dollars restoring wetlands, treating groundwater, removing contamination, and cleaning up and capping landfill on property formerly used for pigment production and waste disposal in Newport. Those projects included work that officials said "vastly improved" the habitat for fisheries and other aquatic life in the Christina River and wetlands near the site.

Big Cat Owner Says Proposal Overdone (PVT)

By Mark Waite

Pahrump Valley (NV) Times, September 30, 2006

A lot of residences bear the sign "Beware of dog," but in front of Zuzana Kukol's house is a sign that warns, "Beware of cat."

In this case, the cat isn't an ordinary Siamese, Maltese or tabby cat, but an eight-year-old, 350-pound white tiger named "Pepper."

Lately, Pepper has been a little jealous about the attention paid by her owner to "Bam Bam," a 10-month-old 110-pound African lion.

To complete the menagerie, Kukol also has an ocelot and a bobcat on her spacious property located in a remote part of Pahrump Valley.

Despite her overwhelming power and size, "Pepper" was hiding in her spacious cage when a reporter arrived for a visit, afraid of a strange human. That same fear of the unknown is what Kukol thinks is behind strict new regulations on exotic animal owners that are a major part of the proposed Nye County Animal Ordinance that will be discussed by county commissioners at 10 a.m. Tuesday.

Kukol showed a copy of a handout that urges: "Punish someone for deeds, not breeds."

"Go after the bad exotic owners," she said. "Why punish us for someone else's act?"

Kukol was referring to Gert Abby Hedengran, 58, and his wife Roena Emma Hedengran, 54, who recently moved to Pahrump. The Hedengrans were arrested March 16, 2005, at their former home in Moorpark, Calif., in Ventura County, after a Siberian tiger escaped and roamed for three weeks before being shot near an elementary school and public park in a residential neighborhood.

There were rumors of dangerous animals on the loose in Pahrump last December around the Hedengrans property. The Nye County Sheriff's Department and Nye County Emergency Services responded to the call, a Mercy Air helicopter even flew overhead, but no exotic animals were loose.

"Their housing is excellent," Debbie Pemberton, Nye County Animal Control Supervisor, told the Pahrump Valley Times. "I do not have any concerns with these animals getting out."

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Pemberton, who compiled the ordinance draft, said she thought the alert came from nervous neighbors, after they heard lions roaring. At the time she said the Hedengrans had four or five caged lions and tigers as well as 14 smaller cats, like lynx and snow leopards.

"What happens if one of these animals gets out? It happened in California. It's a huge liability there," she said.

Gert Hedengran agreed to plead guilty to one felony count of making a false statement and one felony count of obstruction of justice in a plea agreement. The Justice Department claims Hedengran misled and obstructed officers who were attempting to track down and capture the tiger.

He also pleaded guilty to misdemeanor counts of improper transportation of exotic felines; improper handling of exotic felines, in a manner causing physical and emotional trauma; and exhibition of exotic felines without a license.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in the Central District of California, said U.S. District Judge George H. King had some questions about the vagueness of the animal welfare charges in the misdemeanor counts.

The only reaction to a reporter's visit at Kukol's house was some growling from Pepper. The lion club was led out of his cage briefly for some photos, during which he endured some provoking from a Doberman. When Bam Bam reaches maturity, a trip out of the cage would be less likely. He will probably weigh 400 pounds and boast a beautiful mane.

Kukol said she agrees with provisions requiring double doors and perimeter fencing but complained about requirements for a $1 million liability insurance policy and notification of neighbors within one mile.

"Don't treat us like pedophiles, telling everybody within one mile," Kukol said. "I've been here six years. My current neighbors like me. Why put me at the mercy of new neighbors? This county, there's so few people here. Why are they trying to regulate us like this? People move here for freedom."

Kukol said no animal should be at large, regardless of species.

She sought to dispel some of the hysteria about exotic animals. In Clark County, animal control reported 29 bites by animals other than dogs and cats, which includes horses, 3 percent of the total. Nationally, nine fatalities involved exotic mammals (over half by elephants) out of 227 fatalities reported from all animal attacks between 1992 and 1997.

It's a matter of scale, Kukol indicated, saying a $1 million liability insurance policy would be applicable to some place like the Lowry Park Zoo in Tampa, Fla.

A Web site by the People for the Ethical Treatment of Animals, PETA, reported 16 people were fatally mauled by big cats between 1990 and 2006, or one per year. All the deaths occurred on the property where the animals were kept, Kukol said.

While Kukol lives some distance away from her nearest neighbor, LDO Management has submitted plans for 42 lots on 84 acres near her home.

"Here we have two people per square mile. Why do we need all these ordinances?" she asked. "In Clark County they adopted a new ordinance in 2003, and they formed an animal control board where exotic animal owners have input."

Kukol said Clark County has gradually reduced its liability insurance requirements down to from $10,000 to $50,000, depending on the size of the cat. She said there are only a few companies in the country who offer the insurance. A $1 million policy would require $3,000 in premiums per year, with a $10,000 deductible.

"If the regulations get so tough, sometimes it means a ban. People can't afford the insurance," Kukol said.

She said Pemberton's draft ordinance is based on an old Clark County ordinance, "which they never passed because it's so horrible."

Then there would be a $500 initial fee and a $250 annual permit fee. Nye County deputies would also be inspecting the facilities twice annually, while the animal control board would have authority to revoke her permit.

"You're subject to their mercy at any time," Kukol said. "Why? Because there's one idiot who shouldn't even be here if California officials were doing their job?"

Kukol said she doesn't need a federal license because she doesn't exhibit her lion and tiger as a commercial activity. She has a state license for the bobcat, which is a native species.

Pemberton said she's paying keen attention to the Hedengrans' case. She said the reason people like the Hedengrans are in Pahrump is because of a lack of ordinances on exotic animals. Existing county ordinances require exotic animal owners to get a permit, but she said, "The sheriff's office has never seen one, and they never issued a permit.

"If everyone with animals had a setup like Zuzana got, we wouldn't have an issue. If everyone was as conscientious as Zuzana is, we wouldn't have an issue," Pemberton said. "We're talking public safety here. One of these big cats get out, we're in a big deal of hurt."

Among a few other residents who harbor such animals, Pemberton said Brian Turner owns a couple cougars. But Carl Beck, who owned tigers and used to perform in magic shows on the Las Vegas strip, has moved out of Pahrump. Jeanie Stevenson, who brought a lion, tiger, cougar and four bobcats to Pahrump, has also left.

"They're my pets," Kukol said.

When it comes to Pepper, Kukol added, "I still go to the cage, I don't let her hug me. But Bam Bam, I could hug him forever."

Statistics Show Native Women Most Abused Group In U.S. (ADS)

By Jodi Rave

Arizona Daily Sun, September 30, 2006

MISSOULA, Mont. -- The report, when it was released in 1999, could have been a call to action:

Native women are raped, abused, stalked and murdered more than any other group in the country.

It wasn't.

"When those statistics came out, there was no cry. There was no outrage," said Karen Artichoker, director of Sacred Circle, a crisis center in Rapid City, S.D.

But in the years since the Bureau of Justice report was released, longtime activists like Artichoker redirected their efforts and took their cause to the nation's leaders. And they've successfully blazed a trail on behalf of Native women.

Tribal leaders, through the National Congress of American Indians, have since joined with more than 30 tribal domestic violence coalitions across Indian Country.

Together, they spurred Congress to action. The result: In January, President Bush reauthorized the 2005 Violence Against Women Act, which contained an important and unprecedented provision specifically aimed at making life safer for indigenous women.

The Violence Against Women Act's Safety for Indian Women provision could dramatically improve the way the Justice Department's Office on Violence Against Women provides services to tribes around the country.

Justice Department officials met Sept. 19 with tribal leaders and anti-domestic violence coalitions in Minnesota for a first-ever government-to-government consultation to discuss safety for Native women.

"The turnout from Indian Country was so incredible," said Jacquelyn Johnson, NCAI executive director. "Every seat was filled. Every region was represented."

And all voices were heard.

"It was so powerful," said Juana Majel, a Pauma Band of Luiseno Mission Indians tribal leader from California and chair of the NCAI domestic violence task force.

"There are moments in time in Indian history and you're glad you were a witness. It was DOJ's first time out the door and it seemed like it was going to be more a 'talking-to,' but DOJ said, 'No, this is your time.'"

As the first year of the new Safety for Indian Women program begins, discussion centered on some of the act's most profound provisions, including federal imprisonment for habitual offenders, increased funding for tribes and organizations battling domestic violence, a revamped grant application process, domestic violence research and creation of an Indian Country sex-offender registry.

The registry will make it easier to track habitual offenders, who will now be subject to stiffer penalties.

For example, a person of any race who commits a third offense against a Native woman within tribal jurisdiction -- including crimes of domestic and dating violence, stalking and sexual assault -- will be tried in federal court.

Previously, a tribe could only give a one-year sentence. A third-time crime is now punishable with between five and 10 years in prison.

"The third offense becomes a federal offense," said Majel. "That's huge. That's the law now."

In the past, tribes did what they could with little money to bring protection and healing to women in their communities.

"Many tribes are so impoverished that it's nearly impossible to develop this full-spectrum response without the resources," said Sarah Deer, a Tribal Law and Policy Institute attorney in Minneapolis.

But Title IX of the Violence Against Women Act promises to infuse millions of dollars into organizations, including tribal programs providing domestic violence services for Native women.

Majel is encouraged by the financial support provision in the act.

"What's so powerful about it, for the first time in legislative history, when we went to speak to our counterparts, our non-Native sisterhood out there ... they realized our journey was such that we weren't getting fair representation in the programs," Majel said.

"They actually set aside money in their grants, 10 percent across the board, in support of us in adding the Indian title."

The act also provided an additional $2.5 million -- funding for research, a baseline study, and criminal tracking and registry systems.

It's still unclear how the registry will work, but one goal is to track serial offenders who travel between tribal nations.

"We are not required to have a government relationship with each other, but it would be wise of us to do so," said Majel.

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The House of Representatives has so far failed to include the needed $2.5 million allocation in the 2007 appropriations bill. The Senate is still debating the president's budget as well.

"I'm dedicated and our office is dedicated and so is our attorney general," said Diane Stuart, director of the Justice Department's Office of Violence Against Women. "Specifically, he and I have spoken about violence against Indian women and we'll do all we can to further their safety."

Since Stuart announced she will retire in October, tribal leaders have voiced their concern about moving forward.

"The message overall was that tribes are engaged and this is an important issue to our communities," Johnson said. "We believe there needs to be ongoing dialogue. This can't be a one-time consultation."

It's hoped another touted section of Title IX -- the creation of a deputy director of tribal affairs in the Office of Violence Against Women -- will allow for a seamless transition. The job is yet unfilled but is being advertised.

"Right now there's not a consistent person in the office that deals solely with tribal governments," Deer said.

Prior to the new provision, tribes often avoided the Violence Against Women Office's complicated grant process. Now, four staff members will work specifically with tribes requesting grants.

Artichoker, who also served on the National Congress of American Indians domestic violence task force, looks forward to the coming changes.

And she's ready to embrace the day when Native communities restore relationship balance in the home. The traditional knowledge of family relationships can be recovered, she said.

Said Deer: "People in Indian Country who work on these issues really talk about making social change."

"And not just responding to each case of violence, but rather working on a large scale to change public opinion and women's opinions about what abuse is and how it's infiltrated into our culture."

Energy Bills Don't Reach Finish Line In Congress (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, September 30, 2006

When oil prices punched through $75 a barrel and gasoline topped $3 a gallon five months ago, members of Congress offered a raft of proposals, ranging from more U.S. drilling to windfall profits taxes to antitrust investigations. They railed against oil executives' pay packages, and some called for higher gasoline mileage standards.

Five months later, long after "Energy Week" came and went in the House of Representatives, Congress is heading home without adopting any significant legislation on energy.

Most notably, the Senate and House failed to bridge differences over how much offshore oil and gas drilling to allow on the Outer Continental Shelf, with angry negotiators blaming each other for the collapse of talks early yesterday.

Offshore drilling made it further than other energy proposals that came up during the long, hot summer of high gasoline prices. Among the ideas that failed to gain traction in Congress: a bipartisan move to raise mileage standards led by Sen. Barack Obama (D-Ill.), Sen. Richard G. Lugar (R-Ind.) and others, and a White House request for clearer authority to set fuel efficiency targets under the Corporate Average Fuel Economy (CAFE) program. The CAFE fuel economy standard hasn't changed since 1985. About half of U.S. oil consumption goes to automobiles.

"The president started the year by saying we're 'addicted' to oil in the State of the Union address, and yet another year passed without any action on U.S. oil use and specifically on improving U.S. fuel economy," said Paul W. Bledsoe, director of communications and strategy at the National Commission on Energy Policy.

Efforts to open up U.S. coastal areas for drilling held out the most promise for legislation. Both chambers voted over the summer to add acreage for drilling -- and give states a big share of federal royalties. But the Senate limited itself to a single major lease area in the Gulf of Mexico; the House voted to open up the entire Atlantic and Pacific coasts at least 100 miles from shore and to let states choose to allow drilling as close as three miles from shore. Those coasts were closed to new oil and gas drilling after the Santa Barbara, Calif. oil spill a generation ago.

House negotiators, led by Resources Committee Chairman Richard Pombo (R-Calif.), held out for offshore drilling outside the Gulf of Mexico, while Senate leaders bluntly declared that they could not muster enough votes for that.

"He keeps asking us to do something that is politically impossible for us to do," Sen. Mary L. Landrieu (D-La.) said during the week. She played a key role in forging a compromise in the Senate, and her state stands to gain hundreds of millions of dollars of royalties from new drilling in the Gulf of Mexico. "I frankly wish there were more support for drilling off the Atlantic and Pacific coasts," she said, "but the political reality is that there is not. Period. The end."

House leaders said that the Senate version, which would have opened up 8.3 million acres in Gulf of Mexico federal lease 181 and adjacent deeper water to the south, didn't go far enough. They wanted a state to set a precedent outside the Gulf to generate broader support for offshore drilling when other states saw how much revenue could be earned. House leaders

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proposed opening up areas off the coasts of five states considered most friendly to drilling -- Virginia, the Carolinas, Georgia and Alaska. Later they discussed making it Virginia alone.

But talks broke down in the end over maps of the offshore state boundaries in what are now federal waters. A deal involving Virginia also would have injected new controversy into the closely contested Senate race there.

Lobbyists for more offshore drilling had earlier urged lawmakers to work things out. "For the first time in 20 years, the Congress has taken action. I'd hate to get three-quarters of the way around the bases and be left standing on third base," said Jack Gerard, president of the American Chemistry Council, an association of chemical companies.

Rep. John E. Peterson (R-Pa.), a leader of the push for wider offshore drilling, said yesterday that House leaders decided to wait for lawmakers to return after the elections. "We're hoping when we get back we can move the ball," he said. "There will be more vehicles in the lame duck than now."

That's a gamble though, especially if Democrats win back the House in November. " 'Wait for the lame duck' always strikes me as a desperate rallying cry," said Bledsoe.

Not everyone was disappointed about the sinking prospect of an offshore drilling bill. "The gridlock," said Athan Manuel, lands protection director at the Sierra Club, which opposes both versions of the bill, "from the environmental perspective is good."

The House can blame the Senate for another part of the gridlock. It adopted another energy measure that failed to get Senate support: one that would open part of the Arctic National Wildlife Refuge to oil exploration.

Peterson said that the recent easing of oil and gas prices was a factor in blunting the impetus for energy legislation. "That always hurts," he said. But he warned, "We're just another storm away, another pipeline problem away, from high prices."

Fuel For Thought (NYT)

The New York Times, September 30, 2006

If the world is going to reduce the quantity of greenhouse gases spewed into the atmosphere, every industry has to find ways to use energy more efficiently. One of the most common-sense proposals we have heard lately comes from Sir Richard Branson, chairman of Virgin Atlantic airline.

As passengers on late-departing flights are only too aware, jets taxi between the gate and the runway sometimes for an hour or longer. And they do it with their giant engines burning fuel the entire time. Sir Richard proposes simply that an aircraft's engines remain off until the plane is ready for takeoff.

Under his proposal, tugs would pull the airplanes from the gates to a holding area near the end of the runway. This would reduce the pollution generated by the waiting planes. Not only does that help the effort against global warming, it also benefits the health of those living nearby.

Like any new system, there would be kinks to work out, such as how to power systems like air-conditioning or heating while the plane waited. The biggest hurdle of all may be bureaucratic, because of the many different companies and regulatory bodies represented at each location. But airlines should get behind the proposal because it would save fuel, which in the end would mean saving money.

Virgin says it is working with London's Gatwick and Heathrow airports to try to get trial programs up and running. We hope that Kennedy, LaGuardia and Newark get involved as well. An official at the Port Authority said it would embrace the opportunity, and pointed out that the authority has applied for a grant to acquire electric-powered tow vehicles. With a little cooperation, substantial reductions in airport ground pollution are within reach.

When Sir Richard pledged last week to invest $3 billion over 10 years to fight global warming, some questioned whether it was one of his many publicity stunts. This new proposal should allay doubts about his commitment and seriousness. Ultimately, private enterprise must play a critical role in moving away from an economy powered by fossil fuels and toward a sustainable one run on alternative power sources. The more entrepreneurs like the brash Sir Richard get involved in green business, the faster we will end our reliance on petroleum.

But the actions of private citizens and businesses do not absolve the government of responsibility to act decisively. The United States government still needs to regulate emissions of heat-trapping greenhouse gases. Only when there is a price associated with polluting the atmosphere with carbon dioxide will the clean-energy businesses supported by people like Sir Richard really take off.

FBI/DEA/ATF/USMS:

Appeals Court Rules Bonds' Trainer Must Stay In Jail (AP)

AP, September 30, 2006

SAN FRANCISCO -- A federal appeals court rejected a bid to free Barry Bonds' personal trainer, who has been jailed for refusing to testify to a grand jury.

The three-judge panel of the 9th U.S. Circuit Court of Appeals on Thursday sent Greg Anderson's contempt case back to U.S. District Judge William Alsup to decide a key issue.

Anderson's lawyers have argued he shouldn't have to testify about whether he gave the Giants slugger steroids, contending prosecutors illegally tape recorded him.

Prosecutors say the recording was made during a face-to-face meeting and wasn't obtained improperly. And they promise not to use its contents when questioning Anderson before a grand jury.

The appeals court demanded Alsup rule whether the tape recording was indeed illegal but rejected Anderson's other claims. The 9th Circuit also granted prosecutors' request to seal some documents in the case.

Anderson has been behind bars since August for refusing to testify before a federal grand jury investigating whether Bonds committed perjury when he told a grand jury he never knowingly used steroids.

Anderson also served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of the Bay Area Laboratory Co-Operative, which allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Anderson is currently being held at the Federal Correctional Institution in Dublin, near San Francisco.

IMMIGRATION:

Senate Passes Bill On Building Border Fence (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — The Senate on Friday approved the building of 700 miles of fence along the nation's southwestern border, fulfilling a demand by conservative Republicans to take steps to slow the flow of illegal immigrants before exploring broader changes to immigration law.

The Senate vote, 80 to 19, came as lawmakers finished a batch of legislation before heading home to campaign. It sent the fence measure to President Bush, who has promised to sign it despite his earlier push for a more comprehensive approach that could lead to citizenship for some who are in the country illegally.

House Republicans, fearing a voter backlash, had opposed any approach that smacked of amnesty and chose instead to focus on border security in advance of the elections, passing the fence bill earlier this month. With time running out, the Senate acquiesced despite its bipartisan passage of a broader bill in May.

Congress also passed a separate $34.8 billion homeland security spending bill that contained an estimated $21.3 billion for border security, including $1.2 billion for the fence and associated barriers and surveillance systems.

"This is something the American people have been wanting us to do for a long time," said Senator Jon Kyl, Republican of Arizona, whose state would be the site of substantial fence construction.

Homeland Security Secretary Michael Chertoff praised the money for border security. He said it would "enable the department to make substantial progress toward preventing terrorists and others from exploiting our borders and provides flexibility for smart deployment of physical infrastructure that needs to be built along the southwest border."

Some Democrats ridiculed the fence idea and said a broader approach was the only way to halt the influx. "You don't have to be a law enforcement or engineering expert to know that a 700-mile fence on a 2,000-mile border makes no sense," said Senator Richard J. Durbin of Illinois, the second-ranking Democrat in the Senate. Nevertheless, more than 20 Democrats moved behind the measure.

The fence bill and homeland spending were among security-related measures the Republican leadership was pushing through in the closing hours to bolster their security credentials.

On a 100-to-0 vote, the Senate earlier sent a $447.6 billion bill for the Defense Department to the president. It included $70 billion for operations in Iraq and Afghanistan, a sum that will bring the total spent on those wars and other military antiterrorism operations to more than $500 billion.

Lawmakers also sped through a port security bill that would institute new safeguards at the nation's 361 seaports, while a Pentagon policy measure stalled in a Senate dispute.

"Passage of this port security bill is a major leap ahead in our efforts to strengthen our national security," said Senator Susan Collins, Republican of Maine and chairwoman of the Senate homeland security panel.

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At the urging of conservative groups and the National Football League, among other interests, the port security measure carried legislation cracking down on Internet gambling by prohibiting credit card companies and other financial institutions from processing the exchange of money between bettors and Web sites. The prohibition, which exempts some horse-racing operations, has previously passed the House and Senate at different times but has never cleared Congress.

"Although we can't monitor every online gambler or regulate offshore gambling, we can police the financial institutions that disregard our laws," said Senator Bill Frist of Tennessee, the majority leader, who lobbied to add the crackdown to the port bill.

Because Congress failed to finish nine other required spending bills before the Sept. 30 deadline, the Pentagon measure also contained a provision to maintain spending for other federal agencies through Nov. 17 to give lawmakers time to finish the bills in a post-election session.

In an end-of-session appeal to conservatives, Senate Republicans also brought up a measure that could lead to criminal charges against people who take under-age girls across state lines for abortions, but they were unable to get enough votes to overcome procedural obstacles, and the bill stalled.

The atmosphere in the Capitol was somewhat tense as lawmakers were set to head back to their districts for what is looming as a difficult election. And the sudden resignation of Representative Mark Foley, Republican of Florida, after the disclosure of sexually suggestive e-mail messages he reportedly sent to teenage pages, added to the turmoil.

The fence legislation was one of the chief elements to survive the broader comprehensive bill that President Bush and a Senate coalition had hoped would tighten border security, grant legal status to most illegal immigrants and create a vast guest worker program to supply the nation's industries.

Senator Saxby Chambliss, Republican of Georgia, said the vote would build credibility with conservative voters who have been skeptical of the government's commitment to border security.

"They have been under the impression that Congress has been a lot about conversations about securing the border and not about action," said Mr. Chambliss, who opposes the legalization of illegal immigrants and voted against the Senate immigration bill. "This is real action."

But Republicans and Democrats alike acknowledged they were leaving the country's immigration problems largely unresolved. The border security measures passed do not address the 11 million people living here illegally, the call for a guest worker program by businesses or the need for a verification program that would ensure that companies do not hire illegal workers.

And while Congress wants 700 miles of fencing, it was appropriating only enough money to complete about 370 miles of it, Congressional aides acknowledged, leaving it unclear as to whether the entire structure will be built. Dana Perino, deputy White House press secretary, said Friday that Mr. Bush intended to keep pressing Congress for a broader fix. She said the White House was hopeful that Congress would return to the issue after the elections.

With Senate Vote, Congress Passes Border Fence Bill (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 30, 2006

Barrier Trumps Immigration Overhaul

The Senate gave final approval last night to legislation authorizing the construction of 700 miles of double-layered fencing on the U.S.-Mexico border, shelving President Bush's vision of a comprehensive overhaul of U.S. immigration laws in favor of a vast barrier.

The measure was pushed hard by House Republican leaders, who badly wanted to pass a piece of legislation that would make good on their promises to get tough on illegal immigrants, despite warnings from critics that a multibillion-dollar fence would do little to address the underlying economic, social and law enforcement problems, or to prevent others from slipping across the border. Senate Majority Leader Bill Frist (R-Tenn.) surprised many advocates of a more comprehensive approach to immigration problems when he took up the House bill last week.

But in Congress's rush to recess last night for the fall political campaigns, the fence bill passed easily, 80 to 19, with 26 Democrats joining 54 Republicans in support. One Republican, Sen. Lincoln D. Chafee (R.I.); one independent, Sen. James M. Jeffords (Vt.); and 17 Democrats opposed the bill. The president has indicated that he will sign it.

Mexico's foreign affairs secretary, Luis Ernesto Derbez, told reporters in Mexico City yesterday that his country plans to send a letter strongly condemning the measure in an effort to dissuade Bush from signing the bill.

If fully constructed, the fence would span a distance equivalent to the distance between Washington and Jacksonville, Fla.

The Secure Fence Act authorizes the construction of at least two layers of reinforced fencing around the border town of Tecate, Calif., and a huge expanse stretching from Calexico, Calif., to Douglas, Ariz. -- virtually the entire length of Arizona's

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border with Mexico. Another expanse would stretch over much of the southern border of New Mexico, with another section winding through Texas, from Del Rio to Eagle Pass, and from Laredo to Brownsville.

The Department of Homeland Security would be required to install an intricate network of surveillance cameras on the Arizona border by May 30, 2007, with the entire fence set for completion by the end of 2008.

Under the measure, the secretary of homeland security would have 18 months to achieve "operational control" of the U.S. frontier, using unmanned aerial vehicles, ground-based sensors, satellites, radar and cameras to prevent all unlawful U.S. entries. Fortifying those requirements, Congress approved $1.2 billion in a separate homeland security spending bill to bankroll the fence.

That figure, however, is only a down payment and falls far short of the $6 billion the fence is expected to cost. Lawmakers from both parties conceded that even at 700 miles in length, the barrier would leave nearly 1,300 miles of border uncovered.

Foes of illegal immigration had clamored for the bill, flooding lawmakers' phones in the past week and sending lawmakers bricks symbolizing the wall they want on the southern border. Advocates of the measure called it a landmark step toward securing the nation's porous borders.

"Fortifying our borders is an integral component of national security," Frist said. "We can't afford to wait."

But opponents dismissed it as a political stunt, an international disgrace and an affront to the ideals laid out by Bush earlier this year when he called for legislation that would couple a border crackdown with new paths to lawful work and citizenship for foreigners seeking entry and for the nation's estimated 12 million undocumented workers.

"This is not a sign of strength and engagement, but a sign of weakness and fear. And frankly, speaking as an American, it's an embarrassment," said Kevin Appleby, director of migration and refugee policy at the U.S. Conference of Catholic Bishops.

Senate Minority Leader Harry M. Reid (D-Nev.) taunted Bush for laying out an expansive vision of immigration reform, only to cave "to the radical anti-immigrant right wing of his party."

"It is a shame that after he went on national television to call for comprehensive reform, even after he went to Mexico this summer and said he was against fences, he is now willing to settle for this ineffective half-measure," Reid said.

Advocates and opponents of the measure said it is not clear that the fence can be built as the bill envisions. The Arizona branch would have to plunge down steep ravines and scale craggy mountain peaks. "This is not Iowa farmland," said Rep. Raul M. Grijalva (D-Ariz.). Construction is "going to be near impossible."

A vast stretch of the Arizona fence would traverse the lands of the Tohono O'odham Nation, which strongly opposes it and could bring suit, said Rep. Jim Kolbe (R-Ariz.). Construction crews would have to deal with rivers and streams running north to south and wildlife migration routes that do not respect the U.S.-Mexico divide. And the Border Patrol does not have enough agents to stop smugglers from simply knocking holes in remote stretches.

"It's not feasible," said Kolbe, who is retiring from Congress at the end of the year. "It's a statement for the election. That's all."

Sen. Kay Bailey Hutchison (R-Tex.) tried to amend the Senate bill to give the Department of Homeland Security more flexibility in the placement of the barriers, but House leaders resisted any changes to the House-passed bill. In the end, she settled for a letter from GOP leaders promising to revisit the issue when Congress returns after the elections.

An effort by Sen. Mel Martinez (R-Fla.) to moderate the bill's definition of "operational control" was also dropped. The bill defines operational control as preventing all unlawful entries. Martinez suggested dropping the word "all."

Passage of the fence bill culminated a year of sometimes-vicious infighting among Republicans, who were divided between the get-tough approach of the House GOP and the more comprehensive vision embraced by Bush and many Senate Republicans. In December, the House approved legislation to declare illegal immigrants to be felons, build a border fence, increase penalties for employers who hire undocumented workers, expedite the detention and removal of illegal immigrants, and create a vast database of lawful Social Security numbers and other indicators for employers to use to check the legality of their workers.

The Senate, led by a bipartisan coalition headed by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), followed in May with legislation that coupled many of the same border security measures with guest-worker programs that would allow illegal immigrants to find lawful employment and, eventually, citizenship.

But House GOP leaders never moved to negotiate a final compromise. Instead, this summer, they launched a series of politically freighted immigration field hearings that entrenched the House's enforcement-only approach. House Republicans saw the final passage of the fence bill last night as a victory.

Border Barrier Approved (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, September 30, 2006

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The bill, which calls for 700 miles of fence and beefed-up enforcement, easily clears the Senate. It does not include a guest worker program.

WASHINGTON — The Senate on Friday approved and sent to President Bush a bill calling for construction of a 700-mile wall along the U.S. border with Mexico, voting overwhelmingly for a project that became the centerpiece of efforts to improve border security and stem illegal immigration.

Bush is expected to sign the measure into law.

"Most immigrants come to America with good intentions, but not all of them," Senate Majority Leader Bill Frist (R-Tenn.) said in supporting the bill. "We need an enforcement-first approach … [that] allows us to get full operational control of our border."

The bill, which passed 80 to 19 and is identical to legislation passed by the House last week, authorizes the building of double-layered fencing in areas near Tecate and Calexico, Calif., and border towns in New Mexico, Arizona and Texas.

It also empowers the government's Homeland Security secretary to "take all actions … necessary" to stop "all unlawful entries into the United States."

The legislation's opponents dismissed it as a costly political gimmick that would have little effect on stopping illegal immigration. They also chided Congress for failing to create a guest worker program or to address the status of the estimated 12 million illegal immigrants already in the U.S.

The fence is "a feel-good plan that will have little effect in the real world," said Sen. Edward M. Kennedy (D-Mass.).

Even before the bill passed, it prompted an angry condemnation from the Mexican government.

"We have indicated in a clear and unambiguous manner that the wall is unnecessary and that it is not a gesture that shows friendship between the countries of Latin America, the Caribbean and the United States," said Mexican Foreign Minister Luis Ernesto Derbez.

He said Mexico would send a note of diplomatic protest about the fence to the White House.

The debate on immigration dominated much of this year's congressional session, especially after Bush in a nationally televised speech in May called for a sweeping rewrite of current policy. He called for legislation that, in addition to increased border security, would create a path to U.S. citizenship for many illegal immigrants and a guest worker program as part of a broad effort to control entry into the U.S.

The Senate later that month passed a bill embracing the approach, but efforts to reach agreement with the House quickly reached a stalemate.

Republican House leaders objected to citizenship proposals as a form of "amnesty" for illegal immigrants and insisted that any legislation passed this year should focus on enforcement at the border. With an eye on the November midterm election, they argued that their view was in line with the sentiments of most voters.

After months of back-and-forth over the issue, the fence bill is the main result of the debate, representing a partial victory for House Republicans. Some other enforcement measures sought by the House, such as making it easier to deport illegal immigrants linked to gangs, fell by the wayside.

As part of the larger push to secure the border, the House and Senate on Friday approved and sent to Bush a spending bill for the Department of Homeland Security that, among other provisions, will alter the way Americans travel to and from Mexico, Canada and the Caribbean.

The bill, which Congress made a priority to pass before recessing for the November election, will require U.S. citizens to present a passport when returning from other countries in the Western Hemisphere, ending Americans' ability to cross these international borders with simply a driver's license or other forms of identification.

The provision, recommended by the independent commission that investigated the Sept. 11 terrorist attacks, is to take effect June 1, 2009.

The $33.7-billion spending bill also significantly boosts funding for border security and enforcement of immigration laws at work sites and elsewhere.

The bill will enable the Department of Homeland Security to hire an additional 1,500 border patrol agents and buy 6,700 more beds at detention centers for illegal immigrants. In the past, the lack of enough beds at these facilities has caused authorities to release some of the illegal immigrants they apprehended.

The bill also provides $1.2 billion to pay for border fencing, vehicle barriers and improved sensor equipment at border crossings.

The money "provides flexibility for smart deployment of physical infrastructure that needs to be built along the Southwest border," said Homeland Security Secretary Michael Chertoff.

Estimates of the cost of construction of 700 miles of fencing range from $2 billion to $9 billion, so Congress will need to allocate more money for the project in future years.

Fencing over about 90 miles now runs along the border with Mexico. Some secondary fencing has been installed 50 to 200 yards north of the border around San Diego and Tucson.

The Secure Fence Act specifies that fencing extend 10 miles to the east and west of Tecate, Calif., and from 10 miles west of Calexico, Calif., to five miles east of Douglas, Ariz.

In other areas, the fencing would start five miles west of Columbus, N.M., and extend to 10 miles east of El Paso; extend from five miles northwest of Del Rio, Texas, to five miles southeast of Eagle Pass, Texas; and from 15 miles northwest of Laredo, Texas, to Brownsville, Texas.

The Homeland Security spending bill also makes it a criminal offense to build tunnels under U.S. borders, and includes prison terms for landowners who allow the tunnels to be built on their property.

The measure was sponsored in the Senate by Dianne Feinstein (D-Calif.) and in the House by David Dreier (R-San Dimas).

Although Feinstein was among those voting for the fence bill, she was highly critical that it did not include a guest worker program, arguing that such a measure was vital to agriculture in California and other parts of the country.

On Friday, she joined with Sen. Larry E. Craig (R-Idaho) in a failed effort to attach the program to the bill.

Labor shortages in the field are costing billions of dollars in lost produce this year.

Feinstein, noting that California produces about half of all America's fruits, vegetables and nuts, warned that harvest problems in the state would affect consumers in the other 49.

"I don't know what it takes to show that there is an emergency," she said. "I think next year we should be ready, willing and able to [create a guest worker program], but we will have lost one agricultural season. I just hope that someone will listen."

California's other senator, Democrat Barbara Boxer, also voted for the fence bill. Other prominent Democratic senators who supported it included Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Overall, the bill was backed by 54 Republicans and 26 Democrats; opposing it were 17 Democrats, one Republican (Lincoln Chafee of Rhode Island) and the Senate's lone independent (James M. Jeffords of Vermont).

Some of those voting for the bill said they believed it could serve as a prelude to the type of broader changes in immigration policy sought by Bush.

"Many people have told me they will support comprehensive immigration reform if we secure the border first," said Sen. Sam Brownback (R-Kan.). "I hope we can use passage of this bill as a starting point toward long-term, comprehensive immigration reform."

Immigrant advocates expressed skepticism that the 700 miles of fencing would ever be completed, given how costly it may prove. They also predicted the bill would have the unintended effect of hurting the long-term prospects of the Republican Party by sparking intense opposition among Latinos.

"I'm going to go out on a limb and say we'll never see a 700-mile wall along the southern border," said Frank Sharry, executive director of National Immigration Forum. "This is about incumbent protection, not border protection."

Cecilia Muñoz, a vice president at the National Council of La Raza, characterized the fence bill as "more symbolism than substance."

She added, "It's pretty clear to me it's going to have a negative impact on Republican prospects."

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Times staff writer Hector Tobar contributed to this report from Mexico City.

Senate Approves Fence For Border (WT)

By Charles Hurt

The Washington Times, September 30, 2006

The Senate last night gave final approval for construction of 700 miles of fencing along the U.S.-Mexico border.

The bill passed on an 80-19 vote. One Republican, 17 Democrats and the chamber's lone independent voted against the measure.

The bill "will have a real impact on our homeland security now and is a vital step toward fixing the problem of illegal immigration," said Majority Whip Mitch McConnell, Kentucky Republican, adding that Congress also has increased the number of Border Patrol agents and detention beds for apprehended illegal aliens.

"This legislation will take us much closer to the operational control of our border that our homeland security requires," he said.

Eight Democratic senators who supported the bill last night switched their position from the previous day, when they voted to block the fence. They are Sens. Barbara Boxer of California, Thomas Carper of Delaware, Hillary Rodham Clinton of New

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York, Christopher J. Dodd of Connecticut, Tom Harkin of Iowa, Herb Kohl of Wisconsin, Barack Obama of Illinois and Charles E. Schumer of New York.

Many of the Democrats who joined Republicans on the vote either face close elections this November or represent mostly conservative states.

But for the most part, Democrats opposed the measure.

"We can build the tallest fence in the world, and it won't fix our broken immigration system. Nor will it strengthen security at our borders," Minority Leader Harry Reid said yesterday. "To do that, we need the kind of comprehensive reform that the Senate passed earlier this year."

The "comprehensive" legislation supported by Mr. Reid would grant citizenship rights to about 10 million illegal aliens already in the country and create a guest-worker program that would usher hundreds of thousands of new foreign workers into the country. That Senate-approved bill also would allow illegals to collect Social Security benefits accrued while working illegally.

That Senate bill also has many Republican supporters. But, realizing the comprehensive bill would not pass anytime soon, they supported last night's fence bill with the belief that at the very least the border should be secured.

Sen. Jon Kyl, Arizona Republican, said yesterday that he has long been a supporter of "comprehensive" legislation and still is.

"The place to start with that is the construction of fencing and other barriers to prevent illegal entry," he said.

House Republicans, who approved the fence bill earlier this month, applauded yesterday's Senate action.

But several other border security measures that the House approved this month essentially died on the Senate floor last night, when lawmakers were scheduled to adjourn to campaign for the November elections.

Among them was a bill to require voters to provide a valid photo identification before participating in federal elections. The Federal Election Integrity Act was approved on a nearly party-line vote in the House. Senate Democrats have said they are adamantly opposed to such legislation.

Also left incomplete by the Senate last night were House-passed bills to:

·Give state and local law enforcement more authority to combat illegal entry.

·Close a decades-old loophole that bars federal officials from placing illegal aliens from El Salvador into "expedited removal proceedings." The provision, adopted during El Salvador's 1980s civil war, means that suspected illegals often are freed back into the United States to await deportation proceedings but never are heard from again.

·Allow federal officials to detain illegal aliens for more than six months if they are awaiting deportation. The same bill also would bar illegals from obtaining political asylum if they are found to be part of a "criminal street gang."

·Criminalize the construction and financing of border tunnels with criminal penalties of up to 20 years' imprisonment for those who knowingly construct or help finance an unauthorized tunnel across a U.S. international border. Under current law, it is illegal to cross over a border but not under a border. In recent years, 39 such tunnels have been found along the southern border through which illegal aliens and large quantities of drugs are smuggled.

Still, Senate Republicans said yesterday they had made great strides this year in securing the border.

"This bill continues a significant commitment to protecting our borders and improving our overall national security," said Sen. Judd Gregg, New Hampshire Republican who has helped lead the effort for tighter border security.

Senate Approves 700 Miles Of Fence Along The Border With Mexico (MCT)

By Dave Montgomery

McClatchy Newspapers, September 30, 2006

WASHINGTON - Leaving President Bush's proposed immigration overhaul in disarray, Republicans on Friday won congressional approval for fencing nearly one-third of the Southwest border and prepared to head into the November elections with a tough border security message.

Rushing to finish work before leaving on a six-week campaign recess, the Senate passed, by a vote of 80-19, and sent to President Bush a bill for more than 700 miles of fencing. The House approved the bill in mid-September.

The legislation - which Bush has agreed to sign - was denounced by critics as little more than a symbolic gesture by Republicans to appeal for votes in their re-election campaigns. But GOP supporters hailed the fence as the cornerstone of a legislative offensive to plug the porous 2,000-mile border with Mexico.

"It's important that we demonstrate to the American people that we are serious about securing our border," said Sen. Jon Kyl, R-Ariz., "and it can't be done without the fence."

The proposed construction of the five-section fence - along with roads and vehicle barriers - has threatened to tarnish diplomatic relations with Mexico and has prompted resolutions of opposition from several U.S. towns along the border. Outgoing Mexican President Vicente

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Fox has condemned it as "shameful."

The largest section of fencing would reach 361 miles from Calexico, Calif., to Douglas, Ariz. Three sections would be in Texas - a 51-mile stretch from Del Rio to Eagle Pass; 176 miles from Laredo to Brownsville and 88 miles stretching westward to Columbus, N.M.

A 22-mile section would be built near San Diego, Calif.

Texas' two Republican senators, Kay Bailey Hutchison and John Cornyn, both expressed reservations with the House-passed bill, saying it was not Congress' role to tell states where the fences should be built.

Hutchison had hoped to offer an amendment that would have allowed the Department of Homeland Security to determine location and need for border fencing after consulting with state and local officials.

But Senate leaders decided not to allow amendments to avoid sending the measure back to the House, where it would have likely been rejected.

House and Senate leaders assured Hutchison that they would allow modifications to accommodate her concerns after lawmakers return for a so-called "lame-duck" session after the elections.

Bush has vowed to keep pushing Congress for enactment of an immigration package that includes a temporary guest worker program and legal status for millions of undocumented immigrants after they meet certain requirements. But with time running out before the 109th Congress adjourns by the end of the year, the prospects of a breakthrough seem unlikely.

"We've abandoned principles and allowed politics to triumph," said Sen. Ken Salazar, D-Colo., calling the fence a "political gimmick."

The Senate passed a comprehensive bill in May that embraced the key elements of Bush's immigration plan, including a guest worker plan and a three-tier program that would have put most of the more than 11 million illegal immigrants on a path to U.S. citizenship. But the plan was shelved in a stalemate with the House, which passed a strikingly different immigration bill focusing primarily on enforcement.

The fence was the most high-profile element of a late-breaking package of border security initiatives unveiled by House leaders following a series of summertime field hearings. Several other pieces of the package, including a bill empowering local officers to enforce immigration laws, have thus far stalled in the Senate.

Supporters of the fence say it will complement an initiative by the Department of Homeland Security to erect a "virtual wall" that includes an array of high-tech gadgetry, including sensors, cameras, radar and unmanned aerial drones. The department has awarded the contract to a team led by Boeing Corp.

Congress Approves 700 Mile Border Fence (AP-Y)

By Suzanne Gamboa, Associated Press Writer

AP, September 30, 2006

Republicans will go into the elections with a message that they've made great strides fighting illegal immigration, including authorizing a fence along one-third of the U.S.-Mexico border and making a $1.2 billion down payment on it.

Among its final tasks before leaving to campaign, the Senate on Friday night passed and sent to President Bush a bill authorizing 700 new miles of fencing on the southern border. No one knows how much it will cost, but a separate bill also on the way to the White House makes a $1.2 billion down payment on it. A 14-mile segment of fence under construction in San Diego is costing $126.5 million.

The fence bill was passed by the House two weeks ago. The Senate vote on it Friday night was 80-19.

In addition to money for starting work on the fence, a homeland security bill passed Friday by the House and later by the Senate includes $380 million to hire 1,500 more Border Patrol agents and money to build detention facilities to hold 6,700 more illegal immigrants until they can be deported.

"We have made giant steps in terms of our ability to control illegal immigration," House Majority Leader John Boehner, R-Ohio, told reporters.

The fence bill became House Republicans' immigration focus in September after they abandoned President Bush's call to bring millions of illegal immigrants into the American mainstream.

In addition to the money in the Homeland Security spending bill, Boehner cited Bush's deployment of the National Guard on the border and more frequent arrests of illegal immigrants at work sites.

"The perception that has been painted mistakenly is that the United States government, our Congress is not delivering to the American people on a huge problem that's out there," said Senate Majority Leader Bill Frist, R-Tenn. "We're active."

Democrats and immigration advocates say Republicans can hardly claim victory.

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House Republicans failed to win measures for deporting immigrant gang members and empowering local police to enforce immigration laws. Their biggest obstacle turned out to be another Republican, Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania.

House Minority Leader Nancy Pelosi, D-Calif., said the border security achievements trumpeted by Republicans don't measure up to the more comprehensive reforms her party backed. What the GOP calls achievements fall "very far short of what Democrats have proposed over and over and over again," she said.

After a debate that stretched over three months, the Senate in May passed a sweeping immigration bill that combined tougher border enforcement measures with new guest worker programs and a plan to give millions of illegal immigrants already in the U.S. a shot at citizenship.

Despite Bush's ringing endorsement of the measure, the House would have no part of it, sticking to the bill it passed five months earlier that would treat illegal immigrants and people who offer them aid as felons.

Rather than negotiate a compromise with the Senate, Republican leaders plucked out many provisions of the House bill for new votes in both the House and Senate over the past two weeks.

"It's been two years of high visibility, high volume debate in terms of which way to go in the immigration system," said Frank Sharry, executive director of the National Immigration Forum. In the end the debate ended in a tie, he said.

Sen. Edward M. Kennedy, D-Mass., called the fence "a bumper sticker solution for a complex problem."

"It's a feel-good plan that will have little effect in the real world," he said. "We all know what this is about. It may be good politics, but it's bad immigration policy. That's not what Americans want."

Sens. Larry Craig, R-Idaho, and Dianne Feinstein, D-Calif., made a 11th-hour appeal to colleagues to include in the fence bill a measure to help the agriculture industry, which relies heavily on undocumented workers.

Those workers have become harder to find because of increased border enforcement and availability of jobs for the workers in construction and other industries, they said. Consumers ultimately will pay the price for that at the grocery store, they added.

"Pickers are few and the growers blame Congress," Craig said, reading a news headline. "The growers ought to blame Congress. They ought to blame a government that has been dysfunctional in an area of immigration that has been problem for decades."

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The secure fence bill is HR 6061; the homeland security spending bill is HR 5441.

On the Net:

To find legislation: http://thomas.loc.gov

Mexico To Lobby Bush Against Fence Bill (AP-Y)

By E. Eduardo Castillo, Associated Press Writer

AP, September 30, 2006

Mexico said Friday it will try to persuade President Bush not to sign a bill that would extend a wall along the border in an effort to stop illegal immigrants.

Foreign Secretary Luis Ernesto Derbez strongly criticized the legislation to build a 700-mile border fence, which the Senate approved Friday and sent to Bush to sign.

Derbez said Mexico will send a letter to the U.S. government strongly condemning the measure. Asked by a reporter if the government would try to "dissuade" Bush from signing the bill into law, he replied, "Without a doubt."

"We have pointed out in a clear and unequivocal way that it seems unnecessary to us and seems wrong," Derbez added. "We think it is a gesture that doesn't reflect the friendship between nations of Latin America and the Caribbean and the United States."

Congress has abandoned Mexico's top priority: an immigration accord that would have allowed more Mexicans to work legally in the United States. Bush had proposed a temporary worker program that would have given three-year work visas to those with jobs lined up in the U.S.

Instead, U.S. lawmakers have focused on increasing security along the border. The House of Representatives and Senate have maneuvered to speed construction of the double-layer fence along the U.S. southern border aimed at keeping migrants and criminals from entering the country illegally.

Derbez's remarks came a day after his office issued a statement saying the border fence would harm relations between Mexico and the United States. The Foreign Relations Department said that only comprehensive immigration reform would stop millions of Mexicans from sneaking across the border into the U.S.

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"A partial measure that is exclusively focused on security does not deal with reality and represents a political answer rather than a viable solution," it said in the statement.

There are an estimated 11 million Mexicans in the United States, about half of whom are illegal. Last year, Mexican migrants sent home more than $20 billion in remittances, providing Mexico with its second biggest source of foreign income after oil.

For A Smuggling Victim, A Precarious Quest For Refuge (NYT)

By Nina Bernstein

The New York Times, September 30, 2006

No one disputes that at 15, Ana Cristibel Sandoval was a victim of abuse and human trafficking, first by her family in her native Honduras, then by smugglers who drugged, raped and held her captive in a house in Phoenix in 2002.

But in the four years since the police found her there, one arm of the federal government has treated her as a traumatized teenager in need of care and refuge, while another arm keeps trying to deport her.

As immigration enforcement grows more aggressive, the case of Ms. Sandoval, now 19 and living in Freeport, N.Y., with her infant son, is in some ways typical of the government's conflict over how to handle the 5,000 unaccompanied minors apprehended in the United States each year.

But it took on unusual drama on Thursday, as the larger tug of war between the Department of Health and Human Services and the Department of Homeland Security played out in a windowless immigration office in Lower Manhattan.

After Ms. Sandoval, carrying her baby, reported to the office at 10 a.m. for what officials had called "a redetermination of her custody conditions," immigration officers insisted that they had to send her that same day to immigration detention in Phoenix.

The baby would have to stay behind, they said, according to Ms. Sandoval's volunteer lawyer, Andrew D. Morton of Latham & Watkins in Washington, who was with her all day and described events in cellphone calls and e-mail messages as they unfolded. He said officers demanded that Ms. Sandoval call her boyfriend, a construction worker, to pick up Jason, who is 5 months old.

"I told them: 'She's not calling anyone. She's not going anywhere,' " Mr. Morton said midway through a daylong battle that marshaled his law firm's influential contacts to keep Ms. Sandoval in New York with her child. In the end, however, her long-term situation was still precarious, suspended between the forces of law enforcement and child welfare.

Months after the police found her, bound and gagged, in the smugglers' house, the federal Office of Refugee Resettlement, part of Health and Human Services, arranged for her to be transferred from detention in February 2003 and treated for post-traumatic stress disorder and depression at juvenile centers in Texas and in Massachusetts, records show.

A family court judge in Massachusetts ruled last year that she had been abused, abandoned or neglected and that it would not be in her best interests to be returned to Honduras. That seemed to pave the way for her to seek a special juvenile visa, or green card.

But officials at Immigration and Customs Enforcement have battled Ms. Sandoval's lawyers at every step of her four-year legal struggle for permanent refuge in the United States. The crux of the government's case now, according to briefs filed at the Ninth Circuit Court of Appeals in San Francisco, is that Ms. Sandoval had no right to seek a juvenile green card without the prior consent of the Department of Homeland Security or the attorney general.

Patricia Vroom, the chief counsel handling the litigation for Homeland Security in Phoenix, said yesterday that she was not authorized to talk about the case. She referred questions to Russell Ahr, a spokesman for Immigration and Customs Enforcement, who said it was against the agency's policy to discuss it.

In the past, Homeland Security officials have argued that national security demands a law enforcement approach to illegal immigrants, regardless of their ages. In 2003, Congress passed a measure giving Health and Human Services responsibility for placing unaccompanied minors. But friction over the interpretation of the law has grown as a new influx of volunteer lawyers from corporate firms rallies to cases like Ms. Sandoval's, challenging government lawyers who are under pressure to win deportation cases.

On Thursday, Ms. Sandoval's deportation officer, Ricardo Perez, had seemed sympathetic to her, Mr. Morton said, telling him that if it were up to the New York office, she would be allowed to stay in Freeport and simply be required to report back periodically under an order of supervision.

"But they say Phoenix is calling the shots," the lawyer reported in a call late Thursday afternoon.

As Ms. Sandoval cried and rocked her baby, Mr. Morton demanded to speak to supervisors and sent frantic e-mail messages from his BlackBerry to colleagues and contacts. Calls ricocheted through the offices of congressmen and senators.

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Inquiries for this article alerted Dean Boyd, the press secretary for Immigration and Customs Enforcement in Washington, and Mark Thorn, the agency's spokesman in New York.

Just what turned the tide remains a mystery. But about 6 p.m., Mr. Perez, the deportation officer, returned with news. As Mr. Morton told it, Mr. Perez said, "I don't know who you know, but they changed their minds."

It was dark when Ms. Sandoval emerged from 26 Federal Plaza, happy to be going home with her baby under an order of supervision.

"They wanted to separate me from Jason," she said through a translator yesterday. "They wanted to send me to Phoenix. But my lawyer wouldn't let that happen."

Still, she is frightened. "I'm afraid that they'll deport me," she said. "I have no one in my country; my mom is dead. I don't want to see my father. He used to beat me."

In a 2005 letter in Ms. Sandoval's court file, Theresa M. Rhein, a clinical social worker who treated her at a residential treatment center in Attleboro, Mass., described her as "very likeable, warm and engaging" and "very motivated to succeed in school."

She warned, though, that because of the life-threatening abuse the teenager experienced at the hands of the smugglers, she was afraid to be alone and had flashbacks, nightmares and suicidal thoughts that were often set off when she felt powerless and overwhelmed.

"Ana does not have any family connection and wants very much to be in a loving relationship," the therapist wrote. "This puts Ana at very high risk for placing her trust in someone who may hurt or manipulate her."

According to court documents, Ms. Sandoval's family, for its own financial gain, hired smugglers to bring her to the United States. Those smugglers passed her in Mexico to others who took her to Phoenix and who are now in prison.

When she turned 18, Ms. Sandoval said, and was too old to live in her group home in Massachusetts, she called the brother of a Honduran woman friend for help. The brother, 32, whom she had never met, drove from New York to fetch her and bring her to his home. He became her boyfriend and is Jason's father, and they live together in a small apartment in an industrial area of Freeport, on Long Island.

"I don't really have friends," she said yesterday. "I don't go out very much, because I'm afraid immigration will pick me up."

More Immigrants In Detention: Tacoma Center Getting Influx (SEATIMES)

By Lornet Turnbull

The Seattle Times, September 30, 2006

Unbeknownst to her family, friends and attorney, Maria Del Toro Chacon was suddenly moved this week from the Northwest Detention Center in Tacoma, where she'd been held for the past year.

Chacon — a Mexican national and mother of two — and 14 other women were not told where they were going, weren't allowed to take personal possessions and weren't permitted to make any telephone calls.

In the dark on Sunday night, she said, they were driven south in two vans that left the highway somewhere beyond Olympia, eventually coming to idle in an unlit, isolated area. In the back of the van, the panicked women cried and prayed — certain they were being taken somewhere to be shot.

They were transferred from the vans to a bus and taken to Columbia County jail in St. Helens, Ore., where they remained for four days before being returned to the detention center in Tacoma.

Movements like these, from and between immigration detention centers nationwide, have occurred with increasing frequency since this summer, when the Department of Homeland Security stepped up efforts to detain and deport illegal immigrants.

Chacon and the others were relocated, immigration officials said, to free up bed space for a new group of detainees expected in from another state. The move was also intended to relieve overcrowding that resulted after a flight to remove some detainees was canceled.

Under mounting pressure from Congress and the public to better enforce immigration laws and expel illegal immigrants, Homeland Security is moving to detain every illegal immigrant taken into custody by guaranteeing a bed somewhere in the country — anywhere in the country, no matter how far away.

It replaces a practice known as catch and release, in which immigrants picked up in areas with chronic bed shortages were released on the promise they would show up for court later.

Most, immigration officials said, never did.

As part of their new focus, enforcement officers are conducting more raids at work sites and scouring jails and prisons looking for immigrants — those here illegally and those holding green cards — who are nearing the end of their criminal sentences and are subject to deportation.

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The end goal: to expel from the country every illegal immigrant without a legitimate claim to be here. Within a year, officials expect to have rattled many of the estimated 12 million illegal immigrants in the country, creating a disincentive for others to attempt illegal crossings.

Homeland Security was on track to remove 180,000 people from the country during the fiscal year that ended Friday, up 7 percent from the previous year.

"We're detaining them with full expectation of removing them and, depending on where they came from, that process can be very quick," said Gary Mead, assistant director for detention and removal operations with the Department of Homeland Security in Washington, D.C. Homeland Security wants to send a clear message, he said: "If you come to this country illegally, we'll apprehend you, detain you and remove you."

Under Operation Reservation Guaranteed, as it is being called, detainees are flown to wherever in the country a bed is available. As part of the operation, Homeland Security has relocated about 700 detainees a week across the country, Mead said.

In recent weeks, they've come from places like New York, Puerto Rico and Guam to the Northwest Detention Center, which opened in the Tacoma Tideflats in spring 2004.

The self-contained complex boasts a law library, recreational facilities, two courtrooms and a fully equipped clinic capable of rapid detection and treatment for tuberculosis.

"Headquarters is looking to see where there are open beds," said Neil Clark, Seattle-based field director for detention and removal operations of Homeland Security. "They'd call and ask: Can you guys handle this many? We're using the efficiencies of the system."

When the operation began in July, there were about 18,000 immigrants in detention nationwide, he said. The current population is around 25,500.

The stepped-up enforcement has led to a crunch on beds throughout the system, and the push is on to add more space nationwide. The Bush administration's 2007 budget calls for a 25 percent increase in detention beds.

In the Pacific Northwest, where the number of beds has grown from 150 in 2004 to the current 800, officials expect to add another 200 by the start of the year. Clark said admissions at the detention center are about 1,000 people ahead of last year.

Angry advocates

This aggressive approach has angered many immigrant advocates, who call it inhumane and politically expedient in an election year. Attorneys for immigrants grumble that people's rights are being compromised.

More than two years after the Northwest's 147,000-square-foot detention center opened, they point out, the Justice Department has yet to assign a judge to either of the two courts there, a shortcoming government officials call a "resource issue."

Hearings in the courts are conducted by visiting judges, while routine procedures, such as first appearances, are done through videoconferencing, common throughout the detention system.

"One of the most unfortunate side effects of the increase in detention is this huge backlog of cases," said Nancy Acevedo, an attorney with the Northwest Immigrant Rights Project. The agency conducts workshops at the detention center to help explain immigrants' rights to them.

Detainees are entitled to a hearing before a judge within 10 days, she said, but "at this point they're getting pushed out to three to five weeks."

At least 80 percent of people detained don't have legal counsel, she said, mostly because they can't afford it. "There are so many of them and so few of us," she said.

Some people end up waiting so long they simply give up — even those with a legitimate immigration claim, said Robert Gibbs, a Seattle immigration attorney.

"If Homeland Security plans to realistically keep people detained, they are not set up in terms of having judges and courtrooms in proximity to the jails to do that," Gibbs said. "Which makes my point: They don't expect any of these people to ask for hearings."

Outside the detention center on Friday, Community to Community Development, a Whatcom County advocacy group, rallied to draw attention to the hardships such arrests are creating for immigrant families throughout the state.

In raids across the state, from Bellingham to Yakima, workers have been picked up at job sites, including those that traditionally employ women, such as hotels and nursing homes. Many of the workers' families don't learn of their fate until the workers eventually call from Mexico.

"We're seeing a disproportionate number of women being taken," said Rosalinda Guillen, executive director of the group. "It's raising the level of paranoia in our communities."

"Back to the basics"

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Operation Reservation Guaranteed was launched this summer along the southern border and later implemented nationwide with the goal of detaining and expelling virtually every illegal and criminal fugitive immigrant that enforcement officials apprehend.

"We're trying to get away from letting people walk out the door without addresses," Clark said. "With the immigration situation the way it is in this country, as many beds as we have, we can fill them. We're getting back to the basics — putting stability back into immigration enforcement."

Homeland Security contracts with The GEO Group, a national detention-management company, to run the Northwest Detention Center and several others nationwide.

These facilities were never intended to be punitive. Often they are the last stop for illegal immigrants with a one-way pass back to their home countries. Detainees are held while they await an initial hearing before an immigration judge, or while their case is on appeal. In other cases, they are simply waiting on paperwork for deportation.

There is constant churn in these centers. Two flights a week remove about 200 detainees from the Northwest Detention Center, most destined for Mexico or Central America.

Their beds don't stay vacant long.

The average stay, Clark said, is 21 days. "There are many who stay much longer," he said.

Chacon, who is waiting out an asylum appeal, will mark one year in detention next month.

She had been in the country 14 years when she was picked up last year at her job at a health-care facility in Burien. Her friends arranged for her teenage daughter to stay with other friends in Arizona. Her son attends college at Gonzaga University.

"The waiting is tough. I'm ready to give up," she said. "That's the one thing that keeps me going are my kids."

TAX:

U.S. Rebuts Tax Preparer Who Says State Is Sovereign (NYT)

By Anthony Ramirez

The New York Times, September 30, 2006

Garry P. Webb-Bey of Brooklyn is a tax preparer who sees tax-reducing tactics in behalf of his clients that other tax preparers might not see.

This week, one of his stratagems attracted the stern attention of the federal Department of Justice, to wit: getting big tax refunds for clients by declaring, unilaterally, that New York State is a separate country.

Wages earned in the state, therefore, are “foreign” income, Mr. Webb-Bey claims, qualifying his clients for the foreign earned-income tax exclusion.

The federal government, in civil court papers, disagreed, accusing Mr. Webb-Bey of fraud and interfering with the administration of the internal revenue laws.

For the record, the government has determined that New York State — admitted to the union in 1788 and the home of the nation’s first capital, at New York City — is not a foreign country within the meaning of the federal tax code.

Mr. Webb-Bey, 44, who was interviewed yesterday at his apartment building in the Bedford-Stuyvesant section of Brooklyn, said the government accusations were inaccurate.

Mr. Webb-Bey describes himself as “self-taught in the law” and said he was puzzled by the government’s action. “If someone makes a claim that is inaccurate, they would audit you and it is rectified,” he said.

In a complaint filed on Wednesday in Federal District Court in Brooklyn, the Justice Department sought the shutdown of Mr. Webb-Bey’s tax-preparation activities.

The court has not yet taken any action on the government’s petition for temporary and permanent injunctions against what they described as Mr. Webb-Bey’s business. For his part, Mr. Webb-Bey said that he did not charge his clients.

In the interview, Mr. Webb-Bey was vague about his principal source of income, referring only to “community work.” He did not elaborate.

The Justice Department’s tax division said in court filings that the Internal Revenue Service had so far identified 82 tax returns prepared by Mr. Webb-Bey and employing his novel tax argument.

The returns led to refund claims totaling more than $335,000 and actual refunds of more than $97,000, according to court papers. Mr. Webb-Bey has been preparing returns at least since 1997, the department said.

Because the refund claims are relatively small and spread over so many returns, retrieving the lost tax money is costly and vexing, the Justice Department said in court papers.

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"Given the I.R.S.'s limited resources," the department said, "identifying and recovering all revenues lost from Webb's preparation of false and fraudulent returns may be impossible."

In court papers, the Justice Department said Mr. Webb-Bey told clients that only residents of the District of Columbia were required to pay federal income tax and that income earned in any of the 50 states was foreign income.

For example, in 2003, Mr. Webb-Bey prepared and signed a 2001 tax return for a New York City woman listing $68,704.77 in income, according to court papers. Mr. Webb-Bey is alleged to have used Form 2555, the foreign-income exclusion, which completely offset her income, leading to a claim for a tax refund of $4,932.87.

When Mr. Webb-Bey's methods were challenged at a hearing on Jan. 12, 2006, before the New York State Tax Appeals Tribunal, he asserted that "in order to be considered a foreign country, one must be present in an area under a government other than the government of the United States." New York dismissed Mr. Webb-Bey's assertion as "patently frivolous."

In the interview yesterday, Mr. Webb-Bey, who lives in the Brevoort Houses project in Bedford-Stuyvesant, said he attended the University of Buffalo in the early 1980's, but did not graduate. He recently added the Moorish honorific of Bey to his family name.

Mr. Webb-Bey said he assisted taxpayers because "a lot of people don't know what their rights are."

As for the government's denial of his foreign-tax argument, Mr. Webb-Bey said: "Basically, all this is their opinion and their assertions. I can't say whether it's true or not. I can't say they're lying."

Public records show that in 2005, the I.R.S. filed a personal tax lien of about $39,000 against Mr. Webb-Bey. In 1998, the New York State Tax Commission filed two judgments against him totaling about $4,700.

Asked about the judgments, Mr. Webb-Bey said, "I have no idea where they originated from."

Feds Force 3 Arizonans To Shut Down Fraud-scheme Business (AR)

The Arizona Republic, September 30, 2006

Three Arizona men who operated a tax-fraud scheme have been forced to shut down after costing the government millions of dollars in lost revenue, the Justice Department said.

A permanent U.S. District Court injunction was issued this week against Mesa tax preparer James G. Morris, barring him from promoting business trusts or limited liability companies as a means of evading taxes.

The Justice Department previously obtained injunctions against two associates, Dennis H. Lawrence of Tempe and Allen Vanderwey of Phoenix.

According to a Justice Department news release, Vanderwey promoted the scheme through insurance salespeople; Lawrence handled the paperwork; Morris prepared false returns.

Mart's Ex-owner Guilty In Tax Case (SJCP)

By Eileen Stilwell

South Jersey Courier-Post, September 30, 2006

Elliott Kattan, former owner of the Pennsauken Mart, pleaded guilty in federal court this week to income tax evasion and hiding money in two Israeli bank accounts between 1996 and 2000.

Kattan, 53, of Oakhurst, Monmouth County, was sentenced to probation at the end of 1997 for three years on a prior tax evasion conviction.

This time he is not likely to get off without jail time, said Ken Vert, prosecuting attorney within the tax division of the U.S. Justice Department.

When Kattan is sentenced Jan. 10 in Camden before U.S. District Judge Joseph H. Rodriguez Jr., he faces a maximum of eight years imprisonment and a $500,000 fine.

Rodriguez may honor a plea agreement that calls for at least 15 to 21 months in federal prison. Kattan also has agreed to pay the IRS $53,000 in back taxes, plus interest and possible penalties.

Kattan failed to report $134,000 in taxable income, resulting in a tax loss of $53,000 on his 1999 and 2000 tax returns. That money was found in Israeli bank accounts in the names of two straw corporations with headquarters in Panama, according to court papers.

All residents with offshore accounts in excess of $10,000 must report them to the IRS.

Kattan was unavailable Friday for comment.

The Camden County Improvement Authority bought the former Pennsauken Mart from Kattan through condemnation in 2004 for $13.2 million.

Kattan owned the 35-acre site at the intersection of routes 73, 90 and 130 for 16 years before the county claimed it. The original plan was to build a civic and convention center.

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After years of costly litigation and declining sales for the surviving merchants, the improvement authority closed the mart in January, displacing about 120 merchants. The site is slated to become a mix of housing and commercial properties though the authority still has no binding agreement with a developer.

Kerry Yobb, a jeweler at the mart for 25 years, recalled Friday some bitter fights with Kattan.

"I may have to take the day off to see the expression on his face when he is sentenced," Yobb said.

CONGRESS-ADMINISTRATION:

Lawmaker Quits Over Messages Sent To Teenage Pages (NYT)

By Kate Zernike And Abby Goodnough

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — In six terms representing a wealthy swath of southern Florida, Representative Mark Foley, a Republican, became well known for his ardent efforts to safeguard the young and vulnerable, leading the House caucus on missing and exploited children and championing laws against sexual predators.

On Friday, Mr. Foley resigned abruptly after being confronted with a series of sexually explicit Internet messages he is reported to have sent to under-age Congressional pages. He stands accused of being the very kind of predator he had denounced.

“I am deeply sorry,” Mr. Foley, 52, said in a three-sentence statement released by his office, “and I apologize for letting down my family and the people of Florida I have had the privilege to represent.” The statement did not refer specifically to the Internet messages.

The first e-mail messages to one male page, sexually suggestive but not explicit, were reported by ABC News on Thursday. Mr. Foley, a member of the House Republican leadership, dismissed them as “overly friendly” but not inappropriate.

But by Friday, other pages had come forward with more blatant instant messages. “What ya wearing?” Mr. Foley wrote to one, according to the network. “Tshirt and shorts,” the teenager responded. “Love to slip them off of you,” Mr. Foley replied.

ABC News said it had read him other messages that were far more graphic. Within hours, Mr. Foley resigned in a one-sentence letter to Gov. Jeb Bush of Florida. He left the Capitol without answering questions.

The resignation threw Congressional Republicans off stride on the day they were breaking to campaign for the midterm elections just five weeks away. It also gave Democrats hopes of capturing another seat in November. Even by the standards of Washington, this revelation stunned Mr. Foley’s colleagues for how openly he had courted danger.

According to ABC, he exchanged instant messages with the pages using his initials and year of birth: “MAF54.” And he might have known he would be watched; the pages, teenagers in navy blue uniforms who open doors and carry messages and water to members on the House and Senate floors, are closely guarded, not only for their vulnerability, but because they have been the object of past Congressional scandals.

The page who received the first e-mail messages told ABC News that people in the program had warned his class to watch out for Mr. Foley. The page worked for Representative Rodney Alexander, Republican of Louisiana, and sent the messages to a colleague in the office with a note saying they had “freaked me out.”

Investigators would not say whether they were looking into the matter.

Mr. Foley’s rise in Florida politics had been striking. He told interviewers of getting hooked on politics after he moved to Florida from Massachusetts as a small child, watching people flock around the local congressman as he shook hands at a shopping center in southern Florida.

He started a small family restaurant at age 20 and by 23 was elected to the city commission in Lake Worth, a working-class town south of West Palm Beach. He was known as a tireless campaigner and was elected to the State Legislature in 1990, and to Congress in 1994, at age 40. He was appointed to the powerful Ways and Means committee and was named one of the party’s deputy whips by Tom DeLay, then the House Republican leader.

“He had a meteoric rise,” said Al Cardenas, a former leader of the Florida Republican Party who described himself as a longtime friend of Mr. Foley. “In a span of six years he went through an incredible ascension in our party. He worked real hard, he had a very engaging personality, and people took him very seriously at a young age.”

As a moderate Republican in Congress, Mr. Foley proved a good ideological match for his district, centered in the wealthy northern end of Palm Beach County. He was fiscally conservative but more moderate on social and environmental issues.

He spoke vehemently about the need to protect children from pedophiles. “We track library books better than we do sexual predators,” he said, arguing the need for the Children’s Safety Act, passed by the House in 2005.

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Questions about his sexuality swirled beginning with his first run for Congress, when his opponent in the Republican primary sent out mailings saying Mr. Foley was gay. He was single and seemed uncommonly focused on politics. He sometimes referred to his sister, Donna, who often served as his campaign manager, as his "surrogate wife."

In 2003, when he was considered the front-runner in a crowded primary race for the Senate seat being vacated by Bob Graham, Mr. Foley gave a news conference to condemn rumors that he was gay but refused to say whether he was. A few months later, he dropped out of the race, saying he needed to spend more time with his father, who had prostate cancer. Many believed he had left the race to avoid questions about his sexual orientation.

"There were accusations made that he was gay, and clearly that had an impact on him deciding not to run for Senate," said Jim Kane, the chief pollster for Florida Voter, a nonpartisan polling organization. "He knew the scrutiny was clearly going to be much different once he stepped up a notch."

Mr. Foley reportedly sent the messages to the first page in August 2005.

Representative John Shimkus, Republican of Illinois and chairman of the House Page Board, issued a statement late Friday saying he had known of the first e-mail messages "in late 2005." Mr. Foley, Mr. Shimkus said, had said he was simply acting as a mentor, but Mr. Shimkus told him to cut off contact with the page and "be especially mindful of his conduct" with pages.

Representative Nancy Pelosi, the Democratic leader, called late Friday for an investigation into who knew of the messages, and when. After Republicans criticized her move on the floor, the House referred the request to the ethics committee.

Although his current race was considered competitive, Mr. Foley had been favored to win re-election; President Bush won his district in 2004 with 54 percent of the vote. And yet the campaign between Mr. Foley and his Democratic opponent, Tim Mahoney, had been combative. Mr. Mahoney, a businessman and former Republican, sued Mr. Foley this month, saying Mr. Foley had defamed him in campaign advertisements.

The Democratic Congressional Campaign Committee had included the campaign in its list of "emerging races," or the 50 seats most primed for takeover. Mr. Mahoney, Democrats said, was a good candidate even before the scandal, with $1 million in his campaign chest.

State Republican Party leaders said they would meet with officials from each of the counties in Mr. Foley's district to nominate someone to replace him. But an election official in Florida said Friday night that Mr. Foley's name would have to remain on the ballot. Any votes for him will be counted for his replacement, the official said.

Rep. Foley Quits In Page Scandal (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, September 30, 2006

Explicit Online Notes Sent to Boy, 16

Six-term Rep. Mark Foley (R-Fla.) resigned yesterday amid reports that he had sent sexually explicit Internet messages to at least one underage male former page.

Foley, who was considered likely to win reelection this fall, said in a three-sentence letter of resignation: "I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent."

The resignation rocked the Capitol, and especially Foley's GOP colleagues, as lawmakers were rushing to adjourn for at least six weeks. House Majority Leader John A. Boehner (R-Ohio) told The Washington Post last night that he had learned this spring of inappropriate "contact" between Foley and a 16-year-old page. Boehner said he then told House Speaker J. Dennis Hastert (R-Ill.). Boehner later contacted The Post and said he could not remember whether he talked to Hastert.

It was not immediately clear what actions Hastert took. His spokesman had said earlier that the speaker did not know of the sexually charged online exchanges between Foley and the boy.

House Minority Leader Nancy Pelosi (D-Calif.) took the House floor last night to demand an investigation into the Foley matter. But Boehner headed her off, calling on the House to refer the matter to the ethics committee, which the House promptly voted unanimously to do.

The news of Foley's resignation overshadowed an afternoon Republican ceremony hailing a military commissions bill, and it gave Democrats sudden hopes of winning the Palm Beach-based 16th District. Many lawmakers think Democrats are on the verge of winning control of the House in November, and an unexpected gain could prove crucial.

At the Capitol Hill signing ceremony for the commissions bill, a GOP campaign priority, reporters asked Hastert only about Foley. "He's done the right thing," Hastert replied. "I've asked John Shimkus [R-Ill.], who is head of the Page Board, to look into this issue regarding Congressman Foley. We want to make sure that all of our pages are safe and our page system is safe. None of us are happy about it."

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ABC News reported yesterday that it had interviewed Foley, 52, about excerpts of instant messages provided by current and former pages under the age of 18. ABC reported that Foley, under the AOL Instant Messenger screen name Maf54, made repeated references to sexual acts and body parts. Foley's spokesman did not respond to a Washington Post request for comment on the ABC report.

Rep. Rodney Alexander (R-La.), who sponsored the page from his district, said he had learned of some of the online exchanges from a reporter some months ago and passed on the information to Rep. Thomas Reynolds (R-N.Y.), chairman of the House Republican campaign organization, the Associated Press reported. Alexander said he did not pursue the matter further because "his parents said they didn't want me to do anything."

Carl Forti, a spokesman for the GOP campaign organization, said Reynolds learned from Alexander that the parents did not want to pursue the matter, AP reported.

Shimkus said in a statement last night, "in late 2005, I was notified by the then Clerk of the House," that Alexander had told the Clerk "about an email exchange between Congressman Foley and a former House Page. I took immediate action to investigate the matter."

In the e-mail, "Foley asked about the former Page's well-being after Hurricane Katrina and requested a photograph," Shimkus said. He said Foley assured him it was an innocent exchange, but "nevertheless, we ordered Congressman Foley to cease all contact" with the boy and to respect all pages. "Only now have I learned that Congressman Foley was not honest about his conduct," Shimkus said.

The news emboldened Democrats that they could gain the 15 seats they need to regain the House majority they lost in 1994. The Florida district's Democratic nominee, Tim Mahoney, has been running a credible campaign, raising more than $700,000 and airing TV ads for nearly a month, according to the Democratic Congressional Campaign Committee. The committee said it is too late under Florida law to remove Foley's name as the GOP nominee on the Nov. 7 ballot, a circumstance that would greatly improve Mahoney's chances of being elected.

But Forti said lawyers hope they can replace Foley's name on the ballot. At a minimum, he said, party officials can designate an alternate candidate who would be credited with all votes cast for Foley on Nov. 7. "It's a very Republican seat," Forti said, adding that Republicans "can move forward" when they have a new candidate.

Florida GOP Chairwoman Carole Jean Jordan said in a statement that executives from each county in Foley's district "will meet to choose a replacement on the ballot." Possible candidates include state Rep. Joe Negron, she said. The decision, she said, is "very time-sensitive" because the replacement "would have the opportunity to get around the district and campaign in a very short amount of time."

Foley's resignation was startlingly sudden. He was a respected House member cruising toward a seventh term when ABC News reported Thursday that he had sent brief, chatty e-mails last year to a boy, then 16, who had been a House page. In them, Foley asked the boy's age and what he wanted for his birthday. He requested a picture of the boy and told him that he had just finished a long bike ride and was going to the gym. ABC reported that the boy forwarded the photo-request e-mail to an unidentified congressional staffer and wrote that the message was "sick sick sick sick sick."

Efforts by The Washington Post to reach the boy were unsuccessful. But he told the St. Petersburg Times last November: "I thought it was very inappropriate. After the one about the picture, I decided to stop e-mailing him back." The Times, which did not disclose the teenager's name, did not publish his comments until yesterday.

The e-mails were posted Friday on the Web site of Citizens for Responsibility and Ethics in Washington after ABC News reported their existence. The liberal-leaning watchdog group asked the House ethics committee to investigate the exchange Foley had with the boy.

Foley, who is single, moved to Florida as a child and opened a restaurant in Lake Worth at age 20. He also sold real estate and moved quickly into politics. He was elected to Florida's House in 1990, to the state Senate in 1992 and to the U.S. House in 1994.

In Congress, Foley pushed bills to deport imprisoned illegal immigrants and to amend the Constitution so that children born in the United States are not automatically citizens. He also sought to increase the number of immigrants admitted as farmworkers. He obtained a Government Accountability Office report into irregularities at cemeteries and crematoriums, and he called for tougher regulation of funeral workers.

Foley chaired the House caucus on missing and exploited children and was credited with writing the sexual-predator provisions of the Adam Walsh Child Protection and Safety Act of 2006, which Bush signed in July. A photo on the White House Web site shows Foley among those attending the signing ceremony.

In 2003, Foley faced questions about his sexual orientation as he prepared to run for Sen. Bob Graham's post. At a news conference in May of that year, he said he would not comment on rumors that he was gay. He later decided not to seek the Senate seat to care for his parents.

Congressional pages are teenagers who live in a Capitol Hill dorm and attend a special school while serving in the House and Senate. The program generally is trouble-free, but in July 1983 the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) for sexual misconduct with House pages.

Research editor Lucy Shackelford and political researcher Zachary A. Goldfarb contributed to this report.

Congressman Quits After Messages To Teens Revealed (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, September 30, 2006

The GOP's Mark Foley appeared headed for reelection in Florida before the sex scandal.

WASHINGTON — In a setback for the Republican Party as it focuses on November's midterm election, a senior Florida congressman resigned Friday following revelations of explicit messages he sent to a male teenage House page.

Rep. Mark Foley, who came to Washington with the GOP landslide in 1994 and became a staunch supporter of the entertainment industry, issued a brief statement expressing regret and then left Washington, departing abruptly while the House remained in session.

"I am deeply sorry, and I apologize for letting down my family and the people of Florida I have had the privilege to represent," said the 52-year-old congressman, who is single.

He didn't address the e-mails — in which he asked the boy for a photo and described another teenage boy as being in "great shape" — or a series of sexually suggestive instant messages he wrote to male pages that were revealed Friday by ABC News.

Pages are high school students from across the nation who serve mainly as messengers for lawmakers on Capitol Hill.

The scandal added a tawdry note to the waning hours of a tumultuous congressional session, detracting from the efforts by Republican leaders to notch legislative victories as the party fights to hold on to its House and Senate majorities.

For the GOP, it also provided another embarrassment during a legislative session that began in January with the party trying to distance itself from lobbyist Jack Abramoff after he pleaded guilty to corruption charges — including charges that he had tried to bribe members of Congress.

Late Friday, the House voted unanimously to ask the Ethics Committee to look into the matter after a move by House Minority Leader Nancy Pelosi (D-Calif.) to get an immediate investigation was turned aside.

Democrats have been embarrassed by their own scandals this year, with Reps. Alan B. Mollohan of West Virginia and William J. Jefferson of Louisiana forced to give up committee assignments amid allegations of financial improprieties.

House Speaker J. Dennis Hastert (R-Ill.) did not respond Friday night to a report by the Associated Press that GOP congressional leaders had been warned nearly a year ago by one of Foley's Republican colleagues about potential questions concerning his behavior.

But Hastert was visibly uncomfortable discussing Foley at a news conference Friday afternoon that he had called to trumpet congressional passage of rules for questioning and prosecuting suspected terrorists.

"None of us are very happy," he said when asked about the Floridian.

Foley had been a clear favorite to win reelection in a district that includes part of Palm Beach County and stretches across south-central Florida. The scandal presumably boosts Democratic chances to win the seat, further clouding the GOP's bid to retain control of the House.

Democrats need a net gain of 15 seats in November to secure a majority. With competitive contests underway in dozens of districts, Republicans do not want to face a tough battle in a district they had thought would be secure.

Foley's troubles began surfacing publicly last weekend when a blogger posted the e-mails sent to the page. News reports on the e-mails followed, including stories in Foley's district.

A Foley spokesman on Thursday said the congressman's relatively unknown Democratic opponent, Tim Mahoney, had engaged in a smear campaign by questioning the appropriateness of the e-mails. The spokesman said the communications with the page were innocent attempts by Foley to help out a young person.

But ABC News reported Friday that it had obtained copies of instant messages to current and former male pages in which Foley made numerous explicit sexual references. In one case he asked: "Do I make you a little horny?"

Foley — who had co-chaired the Congressional Missing and Exploited Children's Caucus and championed a number of bills aimed at strengthening penalties against pedophiles and child pornographers — announced his resignation shortly afterward.

Under state law, GOP leaders in Florida's 16th District can select a replacement, but that candidate must run as a write-in; Foley's name will remain on the ballot.

Under a newly enacted law, the selected Republican candidate will automatically receive all ballots that are cast for Foley.

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"All of this makes this incredibly unpredictable," said Justin Sayfie, a former aide to Republican Gov. Jeb Bush who operates a political website in the state. "The normal rules of political prognostication don't apply."

Florida GOP officials plan to meet next week to select a new candidate.

With Foley's resignation, the GOP will be defending three House seats in November that once seemed virtually unassailable.

The party is struggling to hold on to the Texas seat once held by former Majority Leader Tom DeLay, who abandoned his reelection bid and resigned his seat after former aides pleaded guilty in the Abramoff influence-peddling scandal.

The GOP is also in a dogfight to keep the Ohio seat held by Rep. Bob Ney, who this month pleaded guilty in connection to the Abramoff scandal and has abandoned his reelection campaign.

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Times staff writer Richard Simon contributed to this report.

Florida Congressman Resigns After Publication Of E-mails To Teen (MCT)

By Lesley Clark And Margaret Talev

McClatchy Newspapers, September 30, 2006

WASHINGTON - Rep. Mark Foley resigned from Congress Friday a day after the publication of overly friendly e-mails sent to a former underage male page and the discovery of a series of explicit instant messaging sessions with other boys.

And as the Florida Republican's personal and political life began to unravel, the resignation added to the burden for his party to maintain control of Congress in the pivotal November election.

Foley sent a terse resignation letter to Florida Gov. Jeb Bush. His office issued a brief statement, thanking his district for electing him to 12 years of public service.

"I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent," he said, making no mention of the e-mails that he sent to a 16-year-old page, in which he asked the page to send a picture of himself and noted that another page was "in really great shape."

ABC News reported Friday that Foley participated in sexually explicit instant messages with teenage male pages. In one exchange, Foley wrote: "Do I make you a little horny?" In another, he wrote, "You in your boxers, too? . . . Well, strip down and get naked."

ABC reported receiving the more explicit messages from other pages after posting the e-mails.

"When the congressman realized we had them, he resigned," ABC said.

Foley's abrupt resignation, which House of Representatives members said came after GOP leadership demanded it, comes less than six weeks before the midterm congressional election and throws a wrench into Republican efforts to retain control of the House.

Democrats, who need to win 15 Republican seats to regain the House, were struggling to gain traction against the popular incumbent in the Republican-leaning district. Foley's campaign on Thursday had blamed the release of the e-mails on his Democratic opponent, Tim Mahoney.

A spokesman for Mahoney denied any role in publicizing the e-mails. Spokesman Eric Jotkoff said the campaign learned about the e-mails when a reporter called to ask about them. That was followed by a posting on the Web site Wonkette.com and on Thursday by ABC News, Jotkoff said.

Foley's name is likely to appear on the ballot, though Republicans weren't conceding that Friday. If his name does appear, any votes he receives would go to a candidate chosen by the Republican Party of Florida, but Republicans said it would be difficult to win with his name on the ballot.

"Holding the seat is the least of my concerns right now, but it'd be tough to hold that seat," said Rep. Adam Putnam, R-Fla., chairman of the Republican Policy Committee. "Look at the shame he brought on the institution. Look at what he did to these kids, if it's true. These kids are given the opportunity of a lifetime to come here and serve in government. It makes us all look bad; it makes the institution look bad."

By late Friday, Florida state Rep. Joe Negron, who ran for the seat in 2004 when Foley planned to run for the Senate and who has $1 million available from a campaign he dropped for state attorney general, had offered his candidacy.

House Speaker Dennis Hastert, R-Ill., said Friday that he was calling for an investigation into the House's page program, adding that Foley's resignation was "the right thing."

"We want to make sure that our pages are safe," Hastert said.

A clerk read Foley's resignation letter on the House floor, and Republicans greeted it with some relief. Rep. Ginny Brown-Waite, R-Fla., said GOP leadership had "suggested to Foley it was the right thing to do," and she said Foley didn't hesitate.

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Foley was chairman of the Congressional Missing and Exploited Children's Caucus and was active in child protection issues, including pushing for legislation to protect children from exploitation by adults over the Internet and further restrictions of child pornography on the Web. In 2003, he led a charge to bash a Tampa-area nudist camp that permitted underage campers to be naked.

According to the e-mails obtained by several news organizations, including the Miami Herald, the boy who received the e-mail sent them to a House staffer for Rep. Rodney Alexander, R-La., saying the August 2005 exchange "freaked me out."

Foley's office on Thursday had called the release of the e-mails politically motivated and "an attempt at the worst kind of character assassination." They dismissed the e-mails as innocent replies to a thank-you letter given to Foley from a former page.

But by Friday, a group that Republicans have assailed for its attacks on GOP members was calling on the House ethics committee to investigate the matter.

Citizens for Responsibility and Ethics in Washington noted that the House censured two members for having sexual relationships with pages and frowned on a third for making sexual advances to a Peace Corps volunteer.

"The House of Representatives has the responsibility to protect teenagers who come to Congress to learn about the legislative process," the group's director wrote.

Questions about Foley's sexuality have dogged him in the past. In 2003, as a potential candidate for retiring Sen. Bob Graham's seat, he denounced rumors that he was gay and said it was no one's business if he was.

"Elected officials, even those who run for the United States Senate, must have some level of privacy," Foley said at the time.

He later took his name out of the running, citing a need to care for his ailing parents.

Foley Resigns From Congress Over E-mails (AP)

By Brendan Farrington

AP, September 30, 2006

Republicans' hold on U.S. Rep. Mark Foley's seat has gone from safe to shaky overnight.

Foley abruptly resigned Friday amid questions about e-mails he wrote a former teenage male page. His name will remain on November's ballot, but the votes will go toward whomever the state Republican Party chooses to face Democrat Tim Mahoney. The party has until Wednesday evening to choose a replacement.

Foley had been considered a strong bet for re-election. He has held the seat since 1994 and was popular with voters in his district, which stretches from Palm Beach County to Charlotte County on Florida's southwest gulf coast.

Foley's resignation could add to the GOP's difficulty in holding onto its House majority.

"The difficulty for whomever the candidate may be is he has to enter at a late date and has this disadvantage of not having his name on the ballot," said Darryl Paulson, a University of South Florida political science professor.

State Rep. Joe Negron is actively lobbying to be the replacement candidate, calling state GOP leaders to make his case. Negron was a candidate for attorney general before dropping out to avoid a primary with former U.S. Rep. Bill McCollum.

"I'm obviously saddened and shocked at the circumstances, however I think it's important that we don't give up on District 16," Negron said.

Negron, who said he has already received commitments from some Republican committee members, still has money left from his attorney general run, much of which he could transfer to a congressional account.

"I have very quick access to several hundred thousand dollars," Negron said.

State Republican Party Chairwoman Carole Jean Jordan praised Negron when talking about possible replacements.

"He's a great guy, a great human being, a good candidate," Jordan said.

Whoever runs will face Mahoney, a millionaire financial services executive and a former Republican who entered the race a year ago.

It's not the first time Foley has backed out of a race. He was a candidate for U.S. Senate before the 2004 primary before dropping out citing his father's poor health.

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Associated Press writers Kelli Kennedy in West Palm Beach and David Royse in Tallahassee contributed to this report.

Foley Quits In Hill Sex Scandal (WT)

By Amy Fagan And Charles Hurt

The Washington Times, September 30, 2006

Republican Rep. Mark Foley resigned yesterday after the exposure of several sexually suggestive messages he sent to underage boys.

DOJ_NMG_0072086

Mr. Foley, a Florida Republican and chairman of the Missing and Exploited Children Caucus, led efforts to overhaul sex-offender laws, apologized in a brief statement that did not mention the electronic correspondence with the former congressional pages.

"I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent," said Mr. Foley, 52, an unmarried real estate broker from Palm Beach.

The incident, the latest in a long history of sexual scandals that have plagued both parties, threatens the Republican campaign to retain control of the House of Representatives in the Nov. 7 elections.

ABC News first reported yesterday that Mr. Foley had engaged in several sexually explicit Internet conversations with current and former teenage male pages.

House Speaker J. Dennis Hastert said Mr. Foley, a 12-year member of the House who served as deputy majority whip, did the right thing by resigning. Mr. Hastert, speaking of the scandal, said, "None of us are very happy about it."

Late last night, the House voted 409-0 to let the House ethics panel decide whether to investigate the matter. House Minority Leader Nancy Pelosi, California Democrat, had officially demanded an investigation, but the House voted to defer the decision to the panel.

Mr. Foley's resignation, which stunned Capitol Hill, makes it more difficult for Republicans to keep the 16th District in Florida, long a reliable Republican district that voted 54 percent for President Bush in 2004. Mr. Foley won his last election with 68 percent.

"It obviously took a seat that was not competitive and made it competitive," said Jonathan Collegio, spokesman for the National Republican Congressional Committee.

Republican lawyers are examining Florida election law to determine whether a new Republican candidate could be added to the November ballot. If not, Republicans would be required to mount a write-in campaign for a replacement, which is difficult.

Even before yesterday's developments, House Republicans had speculated the party would lose seats, but hoped to lose fewer than 15, which would enable them to maintain control of the House. About 30 seats are considered in play.

A Democratic Congressional Campaign Committee memo yesterday afternoon argued that Mr. Foley's name "cannot be removed from the general election ballot," and promoted the candidacy of Tom Mahoney, a businessman described as a moderate Democrat who has raised more than $1 million for his campaign. However, the Florida Republican Party chairwoman said executives from each of the counties in the district will choose a replacement. State Rep. Joe Negron is said to be a leading contender.

Mr. Collegio said Republicans will field a strong candidate and called Mr. Mahoney a "B-list" candidate.

DCCC spokeswoman Sarah Feinberg said the Florida district was "always a very competitive race" and is now leaning more toward the Democrats. "This is a pretty decent district for Democrats," she said.

Mr. Foley became the fourth Republican congressman to resign so far this year amidst scandal. Most recently, former Rep. Bob Ney of Ohio resigned after admitting to federal bribery charges. Tom DeLay of Texas, the former majority leader, resigned in the spring over ties to casino lobbyist Jack Abramoff after he was accused of campaign finance irregularities. Randy "Duke" Cunningham of California resigned and was convicted and imprisoned for bribery.

In its reporting, ABC News cited e-mail exchanges between Mr. Foley and a 16-year-old former congressional page in which the congressman asks the boy how old he is and requests a photograph. The boy seemed concerned about the exchange and alerted congressional staffers. ABC questioned Mr. Foley yesterday about earlier sexually explicit Internet messages with current and former congressional pages under the age of 18. Copies of the computer messages were given to ABC News by male former pages.

Mr. Hastert said he directed Rep. John Shimkus, Illinois Republican and head of the Page Board, to look into the matter. "We want to make sure that all our pages are safe and the page system is safe," Mr. Hastert said.

Steve Tomaszdwski, spokesman for Mr. Shimkus, said the Page Board of three House members would consult with lawyers to determine what authority, if any, the board has to investigate.

Finance Office Of Disease Control Agency Is Slipshod, Federal Report Says (NYT)

By Gardiner Harris

The New York Times, September 30, 2006

The finance office of the Centers for Disease Control and Prevention is plagued with inefficiency and ineffective leadership, outside consultants have concluded. Still, the office's leaders have in recent years been showered with bonus money.

The consulting firm, Deloitte Consulting, found that, in part because of low morale and fatigue, 53 percent of finance office employees planned to leave within two years. The leadership needs immediate improvement, said the report, which is dated July 2006 and is stamped "Draft."

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The finance office, the agency's accounting and budgeting arm, with several hundred employees, is the subject of an investigation by the inspector general of the Department of Health and Human Services, said Jill Kozeny, a spokeswoman for Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee.

The investigation, first reported by The Atlanta Journal-Constitution, involves accusations that officials had changed or falsified payment records to avoid paying late fees on overdue bills to drug companies, Ms. Kozeny said.

The Government Accountability Office is also investigating whether the disease control agency is properly overseeing $5 billion in state bioterrorism grants, she said.

William H. Gimson III, the agency's chief operating officer, said in an interview yesterday that the finance office recently put in place the most complex financial management system in the federal government, and that some of the problems stemmed from carrying that out.

"Good managers find problems and fix them," Mr. Gimson said. "We are taking the report very seriously. In some areas we have lagged. We are taking steps to improve."

Much of the report describes a four-year overhaul that Deloitte proposed to oversee for $9 million. The centers have begun that transformation at meetings to ask employees to express their "challenges with and thoughts about" the services provided by the finance office, according to an e-mail message obtained by The New York Times from agency employees.

The Deloitte report found that scientific managers in the agency were "hiring staff to fulfill financial management responsibilities due to dissatisfaction with" the finance office staff. It found that payment backlogs rose 47 percent from 2004 to 2005.

"Managers are too removed from daily work and attend too many meetings; make decisions that should be made at lower levels, so people are constantly waiting on answers; people are unsure of which decisions they are allowed to make," it said.

Deloitte graded the finance office on five criteria. On "strategy" and "people," it gave the office grades of 1 out of a possible 5. On "process" and "technology," the office got 2's. Only on "infrastructure" did the office merit a 4.

Meanwhile, top management and finance officials at the disease centers have been rewarded with huge performance bonuses.

Barbara W. Harris, the agency's chief financial officer, got $84,894 in bonuses from 2002 to the first half of 2006. Ms. Harris's bonus total was second to that of Mr. Gimson, who led the office through 2002 with $147,863 worth of premium bonuses — those greater than $2,500.

John C. Tibbs, director of the finance office, got $52,880 in premium bonuses from 2002 to early 2006.

Mr. Gimson defended the bonuses. "These are one-time recognitions, and I'm proud to have received" them, he said. "We are committed to rewarding the outstanding achievers at C.D.C."

Tom Skinner, a C.D.C. spokesman, said that Ms. Harris was not reachable and that Mr. Tibbs was not available for comment. John LaPlace, a spokesman for Deloitte, said he could not comment on the report for client confidentiality reasons.

Since Dr. Julie L. Gerberding became director of the centers in 2002, finance and other management officials have received a growing share of the bonuses. The share of premium bonuses given to those within the director's office has risen at least tenfold under Dr. Gerberding's leadership, according to a New York Times analysis of the records.

This resulted in part from a decision by the Bush administration to make a transformation of the management a priority, said Glen Nowak, the centers' media relations chief.

Deloitte spent six months this year interviewing more than 200 employees, according to a copy of the report obtained by The Times.

The report is yet another indication of problems at the centers under the leadership of Dr. Gerberding. Soon after arriving, she started a reorganization of the agency that is now in its third year. In its wake, many of the agency's senior scientists and leaders have left or have announced that they would leave.

The Washington Post and The Journal-Constitution investigated the resulting turmoil, and they quoted disgruntled former senior scientists who said Dr. Gerberding's leadership was creating a crisis.

Five of the six former directors recently wrote to Dr. Gerberding expressing concerns over the exodus of key leaders and scientists, according to The Journal-Constitution.

Dr. Gerberding was unavailable for comment, but in an e-mail message sent to the staff on Sept. 19 and reported by the Atlanta newspaper she defended her role and wrote that "press attacks" represented "symptoms of a disease within C.D.C."

"Frankly, I believe it is a chronic (or perhaps autoimmune) disease that pre-dates our leadership, but there is strong evidence of an acute exacerbation," she wrote in the message, a copy of which was obtained by The Times. In autoimmune diseases, the body attacks itself.

Bush Signs Bill To Monitor Credit Raters (AP-Y)

DOJ_NMG_0072088

AP, September 30, 2006

President Bush on Friday signed legislation under which the government will more closely monitor agencies that rate the creditworthiness of corporations with publicly held securities.

Supporters described the Credit Rating Agency Reform Act as a significant component of congressional efforts tighten controls over the financial community following the corporate accounting scandals at the beginning of the decade.

The bill takes steps to increase competition in a field now dominated by three Wall Street agencies — Moody's Investors Service, Standard & Poor's and Fitch Ratings. It would also give the Securities and Exchange Commission expanded oversight over the credit agencies.

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The bill is S. 3850.

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On the Net:

Congress: http://thomas.loc.gov/

Audit: Firm Received Improper Payments (AP-Y)

By Ben Feller, Ap Education Writer

AP, September 30, 2006

A Nebraska company was improperly paid more than $278 million by misusing the federal student aid program, according to a federal audit released Friday.

The overpayments could swell to $882 million through 2015 if the company, Nelnet, is not ordered to change its billing practices, the Education Department's inspector general found.

The department should make Nelnet return the money after the company does its own calculation of what it was overpaid, the audit says, estimating the figure at $278 million.

Nelnet officials called the report inaccurate and denied wrongdoing. They did not agree to return any money but pledged to work with the Education Department on a resolution.

Mike Dunlap, the chairman of the company, said Nelnet will examine "all other available remedies that prove the merits of our position. However this matter is resolved, we will continue to provide superior service."

Education Secretary Margaret Spellings will review the report and Nelnet's response before deciding how to proceed, said spokeswoman Katherine McLane.

"Secretary Spellings takes protection of American taxpayers very seriously and is concerned about the issues raised in the inspector general's report," McLane said.

The lawmaker who requested the audit, Sen. Edward M. Kennedy, D-Mass., said the Education Department should take action. He said hundreds of millions of dollars have gone to waste.

"Nelnet should be required to pay back the ill-gotten proceeds from these loans, and that money should be used to benefit students," Kennedy said.

The top Democrat on the House education committee also jumped on the findings.

"The depth and breadth of Nelnet's failure to comply with the law is breathtaking," said Rep. George Miller, D-Calif.

Nelnet is one of the nation's largest providers of student loans. The audit describes the company as purposely exploiting the loophole that lawmakers have been trying to close.

At issue is a promise the government made to lenders in 1980: a guaranteed return of 9.5 percent on loans financed by tax-exempt bonds. It forced billions of dollars in payments to banks when interest rates dropped and the government had to make up the difference.

Congress has tried to end the lofty payments to banks, most recently in 2004. Yet lenders have found ways to keep drawing in the large government payments by recycling older loans.

The inspector general says the Nelnet created a project just for that purpose, substantially increasing the amount of loans requiring a 9.5 percent payment. From March 2003 through June 2004, the amount of Nelnet loans billed rose from $551 million to $3.66 billion.

Auditors say the company did this in violation of the law and department regulations.

The company disputes that it made money off ineligible loans. It says it followed the department's guidance and that any loans billed at the higher rate "were fully eligible."

The report came out late Friday afternoon as Congress neared the end of its session.

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On The Net:

DOJ_NMG_0072089

Office of the Inspector General: http://www.ed.gov/about/offices/list/oig/reports.html

More Choices For Medicare (WSJ)

By Jane Zhang And Vanessa Fuhrmans

The Wall Street Journal, September 30, 2006

New, Fine-Tuned Drug Plans Aim to Lower Costs, Expand Coverage

WASHINGTON -- The number of companies offering nationwide Medicare prescription-drug plans will increase to 17 next year from nine this year, and more plans will feature zero deductibles and coverage in a gap commonly called the "doughnut hole," federal officials said.

Insurers are permitted to begin advertising their plans Sunday. Enrollment begins Nov. 15 and runs through the end of the year, with the new coverage beginning Jan. 1.

Officials at the Centers for Medicare and Medicaid Services said that beneficiaries who are satisfied with their current Medicare prescription-drug coverage won't have to take any action. But even if they opt to remain in the same plans, they may see changes in their co-payments, premiums and list of covered drugs.

The average premium will remain about $24 a month, about the same as this year, and the lowest will be around $10, up from about $2 this year, according to Medicare. Officials added that more than 80% of seniors will have access to plans with premiums lower than they are paying this year, and that more plans will offer more comprehensive coverage, including coverage in the "doughnut hole."

In 2007, that coverage gap begins after the federally subsidized drug plan and the beneficiary have spent $2,400 on drugs. At that point, a beneficiary must pay 100% of costs until he or she has spent a total of $3,850 out of pocket. Then the federal subsidy resumes, paying 95% of any additional drug purchases.

"As a result of robust competition and smart choices by seniors, plans are adding drugs, removing options that were not popular and providing more options with enhanced coverage," said Mark McClellan, CMS administrator.

The new offerings will unlikely change the nature of the market, where the 10 largest insurance companies already have 80% of the market, said Dan Mendelson, president of Avalere Health LLC, a health-care consulting firm in Washington. "You have a vibrant market," he said.

Avalere estimated that beneficiaries in most states will have about 15 or 16 choices of plans that cover drugs in the "doughnut hole," with most of the plans covering only generic drugs.

But some advocacy groups such as Families USA worry that more choices, a shorter enrollment period and changes in plans will confuse seniors even more than this year, when they had six months to make up their minds.

Company by company, the changes in plans and prices reflect lessons learned in the first year of the drug benefit. Many of the more-expensive plans in 2006 have come down in price to compete with the low-cost options that helped Humana Inc. sign up 3.5 million members for its drug plans this year -- second only to UnitedHealth Group Inc. Premiums for Aetna Inc.'s drug benefit plans, for instance, will fall by between 5% and 13%. Its lowest-cost plan will be $24.80 a month, compared with $27.50 for its lowest-cost plan this year.

Meanwhile, some of Humana's premiums -- though still the lowest to be had in 38 states -- have climbed higher. Its most basic option costs an average $15.34, $5.29 more than this year, while its more-enhanced version -- which covers the benefit's initial $265 deductible and requires beneficiaries to pay a flat co-payment rather than a percentage of a prescription's price -- will cost an average $22.02, $6.11 more than this year.

Cigna Corp. has lowered the cost of its most basic plan by roughly 30%, to an average $24, and spruced it up by making generics free. Its middle-range plan costs an average $33, down 18%, while its high-end plan costs an average $43, down 10%.

Write to Jane Zhang at Jane.Zhang@wsj.com4 and Vanessa Fuhrmans at vanessa.fuhrmans@wsj.com5

Medicare Expands Options To Ease Costs (WT)

By Gregory Lopes

The Washington Times, September 30, 2006

The number of drug plans in the Medicare prescription drug program will increase next year, giving consumers the option of further lowering their drug costs, federal officials announced yesterday.

Monthly premiums for beneficiaries who decide to stick with their current plan will remain around $24. But 83 percent of beneficiaries will have the option of choosing a less expensive plan in 2007, said Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services (CMS). The enrollment period begins Nov. 15.

In the District and Maryland, even more beneficiaries will have the option of lowering their monthly premiums while in Virginia, 70 percent will be able to pay less.

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The initial months of the program were plagued by consumer confusion over issues such as signing up for the appropriate plan that met a patient's individual needs. Consumer advocates blamed the startup glitches on the large number of drug plans offered in 2006.

This year, the number of plans will increase because nearly no insurance companies pulled out of the program. Instead, eight companies are being added to the list offering nationwide coverage.

Mr. McClellan said the number of plans will not be a source of confusion this year because consumers do not have to switch plans and CMS is improving the "plan finder" tool on the agency's Web site, www.medicare.gov, that will assist beneficiaries with choosing a different plan.

Mr. McClellan praised insurance companies for following the government's recommendation to offer more enhanced drug plans.

"What we were looking for and got was a shift in the options available," Mr. McClellan said. "There are still a lot of plans, but there are now a range of options with increased enhanced plans and coverage options."

In the District, 55 drug plans will be available next year, up from last year's 47. According to CMS, 87 percent of District residents will have access to less expensive drug coverage. In addition, 34 drug plans will offer coverage with no deductible. In 2006, 26 drug plans offered coverage with no deductible.

WellCare Health Plans Inc., an insurance company in Tampa, Fla., will offer the lowest monthly premium in the District and Maryland at $12.20 with a $265 deductible. At that price, consumers will get basic coverage and be subject to the gap in coverage.

In Virginia, 53 drug plans will be available to Medicare beneficiaries in 2007, seven more than were available in 2006, and 70 percent of the state's Medicare beneficiaries will have the option of choosing a new plan with a lower premium than they paid in 2006.

The insurance giant Humana will offer the lowest premium in Virginia at $13.40 for its standard plan with an annual deductible of $265. Unlike last year, Humana will offer only generic coverage..

At a monthly premium of $41.70, First Health will provide a drug plan that covers both brand name drugs and generics through the coverage gap. No drug plan's premium in Virginia will exceed $100.

U.S. OKs Firms To Give Medicare Coverage (AP-Y)

By Kevin Freking, Associated Press Writer

AP, September 30, 2006

Seniors who complained this year about a dizzying array of choices for a Medicare drug plan may find themselves even dizzier when they shop around for next year.

Federal officials announced Friday that 17 companies have been approved to provide Medicare drug coverage nationally. This year, there were nine.

As a result, beneficiaries in Oklahoma, for example, will have 57 stand-alone plans to select from, compared to 42 this year. Beneficiaries in North Carolina will have 51 stand-alone plans to select from, compared to 38 this year.

New York, Ohio, Pennsylvania and West Virginia have more than 60 plans each.

In addition, beneficiaries can get coverage through one of dozens of Medicare Advantage plans. Such plans offer protection from other medical expenses, such as a visit to the doctor's office.

Many of the new plans are offering coverage that seniors have been asking for, such as no deductible or coverage in the so-called "doughnut hole," said Mark McClellan, the Bush administration's point man on Medicare. The doughnut hole is the gap created at the point when beneficiaries have to pick up all of their drug costs.

"The new options that are available are primarily options that provide enhanced coverage," McClellan said. "The number of variations for basic coverage have gone down significantly."

Critics of the program said the benefit is getting more complicated, not easier.

"The incredible confusion that persisted throughout this year is about to get considerably worse," said Ron Pollack, executive director of Families USA, an advocacy group. "This is because there will be quite a few more plans to choose from, they will all be different from each other, and seniors will have a much shorter time period to make decisions about enrollment."

Beginning Nov. 15, seniors have until the end of the year to enroll in a drug plan. During the program's start-up, they had about six months to enroll.

McClellan's comments came as the Department of Health and Human Services formally announced Friday which plans Medicare beneficiaries will have available to them during the benefit's second year. The officials said the monthly premium that beneficiaries pay next year will average $24 — about the same as in 2006.

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Seniors happy with their drug coverage this year — and surveys indicate that most are — won't have to do any shopping if they want to stay with their plan, said HHS Secretary Mike Leavitt.

"We expect most of them will not want to change. However, we do encourage seniors to compare their current plans with the new offerings," Leavitt said.

Nationally, 83 percent of beneficiaries will have access to plans with premiums lower than they are paying this year, Leavitt said.

With the new year, insurers get to update their offerings to seniors and the disabled. Some are lowering their premiums. Others are raising them. Plans are including more drugs on the list of prescriptions that they will cover. On average, plans will cover about 13 percent more drugs next year, Leavitt said.

Insurers have predicted that some of the lowest-priced plans would become more expensive as the program matured, and some of the highest priced plans would be less expensive. That appears to have occurred. For instance, Humana offered a plan in several states this year costing just $1.87 a month. In 2007, the company's basic plan will cost $10.60 a month.

Deanne Beebe, a spokeswoman for the Medicare Rights Center, said that seniors won't be won over by all the additional options.

"They don't want dozens of choices," she said. "They want one affordable drug benefit they can count on when it comes time to fill their prescription."

But competition is the reason premiums won't be increasing next year, countered Rep. Bill Thomas, R-Calif.

"Competition brings down prices and ensures seniors save money on their prescription drug costs throughout their lifetimes," he said.

Dan Mendelson, president of Avalere Health, a consulting firm, said he's not surprised by the expansion of insurers offering drug coverage nationally. He said several companies, such as Humana, already operated in most states.

"Some plans wanted to experiment and might not have gone into certain regions. Now they're more confident because they're having a profitable experience," Mendelson said.

The 17 companies approved to operate nationally are: Aetna Inc., Caremark Inc., CIGNA, Coventry Health Care Inc., EnvisionRX Plus Inc., Express Scripts Inc., Health Net Inc., Humana Inc., Long Drug Stores Corp., Medco Health Solutions Inc., Member Health Inc., NewQuest Health Solutions LLC, NMHC Systems Inc., Torchmark Corp., UnitedHealthCare-Pacificare, WellCare Health Plans Inc., and Wellpoint Inc.

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On the Net:

Official Medicare site: http://www.medicare.gov

F.D.A. Says Bayer Failed To Reveal Drug Risk Study (NYT)

By Gardiner Harris

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Bayer A.G., the German pharmaceutical giant, failed to reveal to federal drug officials the results of a large study suggesting that a widely used heart-surgery medicine might increase the risks of death and stroke, the Food and Drug Administration announced Friday.

Bayer scientists even appeared at a public meeting called by the F.D.A. on Sept. 21 to discuss the possibility that the drug, Trasylol, might have serious risks. But they did not mention the study or its worrisome results.

In a highly unusual move, the food and drug agency released a public health advisory saying it had learned of the study's existence only on Wednesday. Preliminary results of the study demonstrate "that use of Trasylol may increase the chance for death, serious kidney damage, congestive heart failure and strokes," the advisory said.

Nevertheless, the agency did not change its advice about whether patients should be given the drug. Instead, it restated previous warnings that Trasylol's use should be limited to patients in whom the risks of blood loss outweighed the drug's risks.

The disclosure comes exactly two years after Merck announced it was withdrawing its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attacks. Since then, members of Congress and even top scientific advisers have concluded that the F.D.A. lacks the regulatory authority and the money needed to detect and protect against drug dangers.

Drug companies have also been sharply criticized for failing to make public the results of some human trials of their drugs that suggest that the drugs are either ineffective or dangerous. Some lawmakers have proposed legislation that would require that nearly all human drug trials must be announced and their results disclosed publicly.

A top F.D.A. official said the agency learned of the Trasylol study on Wednesday only after a getting a tip from a researcher involved in it. The official insisted on anonymity because of the sensitive nature of the information.

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In a written statement, Bayer said “that it mistakenly did not inform” the F.D.A. of the study and added, “This data was not shared immediately with the agency because it was preliminary in nature.”

Staci Gouveia, a Bayer spokeswoman, said the company nonetheless stood behind the safety of Trasylol, which has become one of Bayer’s fastest sellers. Sales last year were $200 million and were expected to nearly triple this year.

Several members of the advisory committee that met last week said they were shocked that Bayer failed to inform them of the study.

“For them not to mention that it was under way, that it was being analyzed or that results were available is appalling and will do significant harm to their reputation for transparency,” said Dr. John Teerlink, an associate professor of medicine at the University of California, San Francisco, and a member of the advisory committee.

Steven Findlay, a health care analyst at Consumers Union and another committee member, said the agency needed to investigate whether Bayer knowingly withheld the information from the advisory committee.

“The safety of this drug is called into further question now,” Mr. Findlay said.

Doctors give Trasylol to patients before surgery to reduce the risks of blood loss. It can also reduce the need for transfusions in patients undergoing heart bypass surgery. Trasylol, also known as aprotinin, has been on the market for 13 years.

But two recent studies suggested that the drug might have serious risks. One of the articles, published in January in The New England Journal of Medicine, found that the drug increases the risks of kidney failure, heart attack and stroke. The study concluded that halting the drug’s use would prevent 10,000 to 11,000 cases of kidney failure a year and save more than $1 billion a year in dialysis costs, as well as nearly $250 million spent on the drug itself.

There are other, cheaper drugs that can be used in Trasylol’s place.

Still, the advisory panel concluded that Trasylol’s risks were worth taking in some patients. Dr. Teerlink said that despite the results of the new study, that might still be true.

Bayer’s study was performed by a contract research organization. But Bayer did not inform the F.D.A. that the study was being done, even though that is routine practice.

It examined hospital records of 67,000 patients, 30,000 of whom received Trasylol. The rest got other drugs. It concluded that the patients given Trasylol were at greater risk.

Such studies, however, are fraught with statistical and other problems. Patients given Trasylol may have been sicker than those given other drugs. Their worse outcomes would be explained not by problems with Trasylol but by their own illness.

Susan Bro, an F.D.A. spokeswoman, said it was evaluating the new study and would decide soon whether the results merit changing the agency’s advice about use of the drug.

“It is regrettable that the F.D.A. advisory board did not have the benefit of a frank scientific dialogue based on the totality of available data,” she said.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee and a longtime critic of the F.D.A., said Bayer’s behavior proved that the agency was largely toothless.

“The remedy is mandatory reporting of all clinical trials and real teeth for the F.D.A. to do its job in holding drug companies accountable,” Mr. Grassley said.

Bayer Delayed Report To FDA On Study Results (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, September 30, 2006

Bayer AG failed to immediately disclose to U.S. regulators a study that may underscore serious safety concerns about its antibleeding drug Trasylol.

The Food and Drug Administration said preliminary results of the new study showed that use of the drug may increase the risk of death, serious kidney damage, congestive heart failure and strokes. Some of those results echo two earlier studies about the drug. Trasylol, used by about 150,000 U.S. patients last year, is approved to limit blood loss during coronary-artery bypass surgery.

The FDA said Bayer told the agency about the study, which the company had commissioned from an outside contractor, on Wednesday, nearly a week after the agency held an advisory-committee meeting on the safety of the drug.

Bayer said Friday that it told the agency about the study after an outside researcher, who isn't a Bayer employee, "requested that we inform the FDA." The company said it now "believes that, despite the highly preliminary nature of this data, the information should have been shared with the FDA before the Sept. 21 advisory-committee meeting." It called the failure to disclose it "a mistake on the company's part."

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The FDA said it was evaluating the new study, which involved the database records of 67,000 patients. The agency repeated an earlier recommendation that doctors should carefully monitor patients taking the drug and use it only when it is most needed.

Without the Bayer-commissioned study, the FDA committee voted that Trasylol appeared safe and effective. Members of the committee questioned the methodology and downplayed the results of the main safety study that they did review, published in the New England Journal of Medicine and not funded by Bayer.

The history of Trasylol, approved in 1993, may underline worries about the U.S. system for detecting and confirming drug side effects. Companies are supposed to inform the agency about the results of studies they sponsor about their drugs, particularly those with new information relevant to evaluating the drug's safety. The agency has limited resources to do such studies on its own, and its authority to order manufacturers to do them isn't always clear.

In February, the FDA put out a warning about Trasylol, prompted by two published studies. One, in the Jan. 26 New England Journal, found the drug might be linked to a doubling of the risk of kidney failure, as well as increased risk of heart attacks, heart failure and strokes. The authors concluded that "continued use is not prudent." Another study, in the journal Transfusion, also linked Trasylol to kidney damage.

Earmarks Find Way Into Spending Bill (NYT)

By David D. Kirkpatrick

The New York Times, September 30, 2006

WASHINGTON, Sept. 29 — Less than a year after two bribery scandals produced bipartisan calls for Congress to overhaul the way it finances lawmakers' pet projects, the $436.6 billion military spending bill passed Friday is packed with them.

The bill, which accounts for about half of federal discretionary spending, includes only a small part of the expected costs of next year's military operations in Iraq. After the fall elections, President Bush is expected to request another supplemental spending measure to pay for the war, just as the administration has for the last three years.

Lawmakers nonetheless found room in the bill to pay for thousands of requests never sought by the Defense Department. These projects, or earmarks, included $2.1 billion for 10 additional C-17 Globemaster III cargo jets, which the Pentagon is trying to discontinue. They are made by Boeing in the home state of Senator Jim Talent, Republican of Missouri, who is locked in a tight race for re-election.

Lawmakers say earmarks can result in contributions to national security as well as to their districts' economies. The Defense Department complains that such projects divert billions of dollars from programs the Pentagon considers vital. But both sides agree that earmarks' merits are hard for Congress and the public to assess.

The number of earmarks has tripled over the last 12 years, straining the ability of Congressional staff members to vet each one. The opaque language of spending bills makes it hard for outsiders to know where the money for each project goes. And it is often impossible to know which lawmaker requested a specific project.

The total cost of earmarks is subject to debate. The House Appropriations Committee said the value of the "member projects" in the spending bill this time was $6.7 billion, down from $7.7 billion in the bill approved last year. The Congressional Research Service estimated the total cost of earmarks in last year's bill at more than $9 billion. Taxpayers for Common Sense, a nonpartisan group, has identified well over 2,000 earmarks in this year's bill, roughly on par with last year's.

Among the earmarks identified by Taxpayers for Common Sense were $1.7 million for photon research in upstate New York, care of Senators Hillary Rodham Clinton and Charles E. Schumer, both Democrats, and $1.2 million for prostate cancer research involving DNA, a pet cause of Senator Ted Stevens, Republican of Alaska, who is chairman of the military spending subcommittee and once suffered from the disease.

Lawmakers' projects have drawn new attention in the past year because they abetted the misdeeds of former Representative Randy Cunningham, a California Republican who accepted bribes in exchange for earmarking money for military contractors, and the lobbyist Jack Abramoff, who bribed lawmakers to insert earmarks into spending bills.

But as lawmakers head home for the fall campaign season, Congress has done little to alter the earmarking process.

"The appetite is undiminished," said Senator Tom Coburn, Republican of Oklahoma and a frequent critic of earmarks.

Congressional leaders said they were proud of several broader elements of the spending bill related to the war in Iraq. It includes $70 billion as a bridge until the next supplemental spending request. It provides $22.9 billion to replenish and refurbish equipment for the Army and the Marines. And it pays for a 2.2 percent increase in military pay.

In a shift from previous years, no new items were added — "airdropped," in the parlance of Capitol Hill — in the conference held to reconcile the House and Senate versions of the bill. If the conferees had added items, an internal rule passed by the House earlier this month would have required the sponsors to take responsibility publicly.

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That did not stop the conference from adding $2.1 billion to pay for the additional C-17 Globemaster transport planes. Boeing, which makes the planes in Long Beach, Calif., and St. Louis, has lobbied for months to keep the military buying more. The Pentagon asked for a final 8 planes; the House and Senate bills added 4 more; and in closed conference, the leaders of the two appropriations committees decided to add 10, bringing the total to 22. Each costs about $200 million.

Senator Talent heralded the earmark on Friday with a statement declaring, “Senate approves Talent’s request to keep the C-17 line open” for “our highly skilled workers in Missouri.”

109th Congress Earns `do-nothing' Label, Scholars Say (MCT)

By Margaret Talev

McClatchy Newspapers, September 30, 2006

WASHINGTON - The 109th Congress recesses this weekend for November's elections having earned a reputation among scholars as a "do-nothing Congress" of historic proportions.

It failed to enact a host of once top-priority legislation on issues such as overhauling Social Security, immigration and lobbying laws. None of those is expected to be resolved in Congress' brief lame-duck session after the elections.

Lawmakers worked three-day weeks and took lots of time off. Both parties generally eschewed compromise. The Republican-led Congress conducted little meaningful oversight of the Bush administration and its policies in Iraq and Afghanistan.

Yet the do-nothing label belies at least three substantial legacies that this Congress will leave the nation:

-A surge in pork-barrel projects for lawmakers' constituents back home.

-Deference to a same-party president that shifted unchecked power to the executive branch and extended government's reach into people's private lives.

-New rules that permit the government to hold suspected terrorists indefinitely without charges, to use harsh interrogation measures on them if the president approves and to convict them using evidence that would be inadmissible in any other court.

Republicans tout some of Congress' accomplishments on the home front, including pension revisions and keeping taxes down. They blame the small number of legislative accomplishments in part on Democrats' obstruction and more pressing wartime priorities.

"The post-9-11 world is a hugely different world, and the way the Congress functions has changed fundamentally," said Senate Budget Committee Chairman Judd Gregg, R-N.H. "We're so overwhelmingly absorbed by the issue of our national security and keeping ourselves from being attacked again."

Democrats, for their part, accuse Republicans of politicizing national security at a cost to the nation's traditions of free expression and human rights. They say the Republican-led Congress is but a rubber stamp for Bush, and its actions haven't made America safer.

"This Congress does exactly what the president tells them to do; a complacent, complicit Congress," said Rep. Steny Hoyer of Maryland, the second-ranking Democrat in the House of Representatives.

Democrats deny that their "obstructionism" limited Congress' achievements. Instead they blame Republican infighting on immigration, stem cells, spending and treatment of detainees. They deride the Republican leadership's fixation on tax cuts and social conservatives' unpopular priorities, such as last year's legislative effort to prolong the life of Terri Schiavo, a Florida woman in a vegetative state.

Voters aren't happy with either party.

A New York University national survey released Friday showed that most Americans think that Congress either can't or won't fix long-term problems, such as global warming, Social Security, Medicare and even aging roads and bridges.

Two of Washington's most respected scholars of Congress - Thomas Mann of the Brookings Institution, a center-left think tank, and Norman Ornstein of the American Enterprise Institute, a center-right research center - co-authored a new book on the legislature, "The Broken Branch." They argue that Congress is at a self-inflicted nadir.

They note that President Harry Truman first stuck the "do-nothing" tag on Congress in 1948. That year Congress was in session 110 days. This year Congress completes only 94 days of work before recessing for the elections.

Lawmakers typically are in Washington only from Tuesdays through Thursdays.

Mann and Ornstein say Congress' Republican leadership has taken traditional abuses of power farther than ever: They bypass committees, cut off floor debate, disallow amendments, force hasty votes on major bills that few have read and sometimes keep 15-minute vote counts open for hours while they browbeat junior members into supporting their position.

To be sure, there were instances when this Congress challenged the Bush administration, such as the Dubai ports deal and scrutiny of the Federal Emergency Management Agency after Hurricane Katrina. One committee investigated and publicized the activities of Jack Abramoff, a corrupt Republican lobbyist.

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Three senior Senate Republicans - John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina - convinced the White House to make some concessions over the detention and trials of suspected terrorists. But civil rights experts say the senators didn't force the White House to give up much.

That's consistent with U.S. history. Since the nation's start, executive power has grown during wartime, only to subside later, said John J. Pitney, a government professor at Claremont McKenna College in California. He worked for Vice President Dick Cheney when Cheney was a congressman from Wyoming.

"It's no accident that in the 1990s we were talking about the increase of legislative power over the executive," Pitney said. "That came between the Cold War and 9-11."

On balance, scholars say Republican congressional leaders ignored their duty to question decision-making and investigate corruption within the Bush administration. "They've done almost no oversight on the war or almost anything that matters," Ornstein said.

In contrast, in the 1990s Republicans in Congress investigated whether President Clinton had used the White House Christmas card mailing list to scout for donors.

"There were (more than) 100 hours of oversight hearings on alleged misuse of the Clinton Christmas card list, and 12 hours of hearings on Abu Ghraib. This tells you all you need to know," Ornstein said.

There's one area, however, in which scholars say members of both parties have excelled over the past two years: serving their constituents massive amounts of pork-barrel spending.

The taxpayer watchdog group Citizens Against Government Waste identified 9,963 special pork projects in the federal budget this year, collectively worth $29 billion. In 1996, the group found 958 projects worth less than $13 billion.

"Here, Congress has done a hell of a job, and every lawmaker has his earmark to show it," said Stephen J. Wayne, a government professor at Georgetown University.

The surge, Wayne said, tracks with trends in congressional redistricting that have made most seats in the House safe for one party or the other. One result of that is a polarized Congress. Another is that it gives lawmakers an incentive to tend to their own backyards and ignore national issues. "Congress is the only institution I can think of where the whole is less than the sum of its parts," Wayne said.

The ambition of Congress' agenda in its lame-duck session later this year will depend largely on whether Democrats capture either legislative chamber in November. That could compel Republicans to try to act while they still can, or Democrats to try to run out the clock.

"You want an irony of history?" Pitney said. "Everybody remembers the so-called `do nothing' Congress Truman ran against, but it was one of the most productive in history." It passed the National Security Act that reorganized the military, creating the Defense Department, Air Force, CIA and National Security Council. And it overrode Truman's veto of the anti-labor union Taft-Hartley Act.

This year, the case for a do-nothing Congress "is far stronger than it was in 1948," Pitney said. "But it's not a presidential election year. So the argument has to be made by (Democratic) members of Congress. And if Democrats talk about a do-nothing Congress, the danger is the public will find a plague on both their houses."

Sworn in in January 2005, the 109th Congress was poised to help President Bush carry out an ambitious agenda for conservatives on fiscal, religious and social issues. Republicans scored some victories, but had more mixed results or high-profile failures.

APPROVED:

-More lenient rules for interrogating and trying terrorism suspects.

-Confirmation of two Supreme Court justices and other conservative jurists.

-Pension revisions.

-Funding for fence construction along U.S.-Mexican border.

-Renewal of the Patriot Act.

-Tax cuts for individuals and businesses.

-Bankruptcy and tort-law overhauls.

-Omnibus energy and transportation bills.

-Voting rights act extension.

-Allowing transport of cheap prescription drugs from Canada.

UNFINISHED:

-Social Security and Medicare fiscal changes.

-Comprehensive immigration law changes.

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-Comprehensive lobbying law changes.
-Passage of most annual appropriations bills.
-Constitutional bans on same-sex marriage and flag burning.
-Funding for new embryonic stem-cell research (vetoed).
-Repeal of estate tax.
-Minimum wage increase.
-Closing gaps in Medicare prescription-drug plan.
-Expanded offshore oil and gas exploration.
-Restrictions on president's warrantless wiretap program.
-Action against identity theft.
-Action to curb global warming.

Republican-led Congress Winds Down (FT)

By Holly Yeager In Washington
Financial Times, September 30, 2006

Republican leaders in Congress gave a final push on Friday for last-minute accomplishments, hoping that action on military spending, a fence along the US-Mexico border and other security measures would give them a boost before the November 7 midterm elections.

But even before they left Washington for an intense period of campaigning, the contours of their election strategy were on display.

"Congress has made clear its commitment to the safety and security of the American people," said Bill Frist, the Republican majority leader, after the Senate approved a $448bn (€353bn, £240bn) defence spending bill.

John Boehner, majority leader in the House of Representatives, echoed that approach, insisting that while Republicans had tried to give the White House the national security tools it needed, Democrats had opposed many of them. "You can't say you're serious about taking on the terrorists if you stand up here every day and vote No."

The defence spending bill was set to go to the White House for President George W. Bush's signature, but the outcomes of the border fence and a homeland security spending bill were unclear.

The focus on national security does not come as a surprise to Democrats. But while Republicans have tried to paint their rivals as weak on defence, the party has shown new confidence on the topic in recent days.

A majority of Democrats in both chambers voted this week against legislation that sets out new rules for the treatment of terrorism suspects, arguing that the legislation neglected basic rights, permitted torture and weakened America's standing in the world.

Democrats will also use the campaign to highlight what they say has been the lack of attention by the Republican-controlled Congress to issues that are important to ordinary Americans.

"We haven't had time to increase the minimum wage, to cut the cost of student loans for America's college students, to lower prescription drug prices, to roll back tax breaks for big oil or to pass the 9/11 commission recommendations [on homeland security]," said Nancy Pelosi, Democratic leader in the House.

Republicans also failed this year to complete action on several proposals that they had made a top priority, including immigration and lobbying reform.

Opinion polls show Democrats have a strong chance of capturing the 15 seats they need to take control of the House, and, perhaps, the five more they need to control the Senate as well. Voters continue to list the war in Iraq as a top concern, explaining Republican attempts to talk about the unpopular conflict in the broader context of the "war on terror".

Charlie Cook, the respected political analyst, made it clear this week that while the themes of the election were clear, the outcome was not.

"I feel the frustration of a still photographer trying to capture a marathon," he wrote.

"A snapshot of the race at any given moment becomes obsolete the instant it is taken, and it reveals nothing about what will happen later in the contest."

Murtha Again Seeks House Leadership Post (AP)

Associated Press, September 30, 2006

WASHINGTON (AP) -- Rep. John Murtha said Friday he has started campaigning again for the position of House majority leader if the Democrats oust the Republicans in power in November.

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In June, the Pennsylvania Democrat who has been the leading voice for pulling troops out of Iraq agreed to suspend his campaign for the position out of concern that it could divert from the party's ability to gain the 15 House seats it would need to take control of the House.

"I think we need a presence. We need somebody that knows something about defense and we need a leadership team that will work together," Murtha said in an interview taped Friday on C-SPAN's "The Newsmakers" show to be aired Sunday.

Murtha's decision to seek the position put him on a possible collision course with Democratic Whip Steny Hoyer, D-Md., second-in-command to Democratic Party Leader Nancy Pelosi. Hoyer's press secretary said Friday he had no comment on Murtha's statement and referred to previous statements he has made about his first focus being on winning a majority in the House.

Murtha, a pro-military Democrat gained prominence by leading the party in demanding an early troop withdrawal from Iraq. He's spent the last several weeks traveling the country raising money for Democrats.

One On One With Former President: Jimmy Carter Talks Politics (RGJ)

By Ray Hagar

Reno Gazette Journal, September 29, 2006

Former President Jimmy Carter sat down with the Reno Gazette-Journal on Wednesday in Fallon for an exclusive one-on-one interview.

Question: Does your stature as a president help your son's campaign for the U.S. Senate in Nevada?

Carter: The fact that he is the son of a former president gives him some initial name recognition. When he is introduced to a crowd and they say, 'This is a son of a former president,' it helps him at the start. But of course, the success of his campaign will depend on him, his stand on the issues and how he does in the debates and things of that kind.

Question: When you ran for president in 1976 and 1980, you did not carry Nevada. So, has anything changed to make you think that a Carter can be a winner in Nevada in 2006?

Carter: Then, it was a hopeless cause for a Democrat. There was not any hope for a Democrat to carry Nevada.

But it was very close in 2004 in Nevada (in the presidential election) between Kerry and Bush, which was a pleasant surprise to us. John Kerry carried the metropolitan areas and lost the rural areas. And Jack, since he announced last October, has been concentrating on the rural areas to try to repair that damage.

Question: As a resident of Plains, Ga., how would you compare rural Georgia to rural Nevada?

Carter: It's similar in many ways. Jack and I come from a little town that still only has 635 people, Plains, Ga. It's agricultural, it's populated with hard-working people who are religious and who have to get along with each other or move out. They struggle, as working-class families do, to make a living.

We're very proud of our right to make our own decisions and not let the federal government interfere with what we do and what we decide as a town and as an individual family.

Clinging to moral values will never change, even though the international and national mood changes. The basic moral values of small towns don't change

Question: There seems to be a lot of consternation between the Democratic Party and some of the policies of the Bush administration. As a former president, what type of grade would you give President Bush for his performance?

Carter: I'd give him about as low of a grade as you could get.

It's not because it's a Republican administration. I am not talking about liberals versus conservatives. But this administration, for the last five years, has made radical departures from the basic values of all previous presidents "" compared to what his father did, to what Dwight Eisenhower did or Richard Nixon or Gerald Ford, as well as Democrats.

We have had a complete abandonment of every nuclear arms agreement that was ever negotiated. We have had no effort to bring peace to Israel and to the Middle East in the last five years. We had an administration where every tax bill has been designed to benefit the richest, tiniest portion of American citizens to the detriment of working class families. We have had a deliberate mixture of church and state that really has never been done in our country.

We have also frittered away in the most dismal fashion the unanimous support that the United States had after 9/11 when the whole world combined as a team against terrorism. We did a half-job in Afghanistan and we let Osama bin Laden escape in order to start an ill-advised war in Iraq. So, in all those areas, we have had a major failure in the last five years.

Question: You have been on the campaign trail many times in your life. Your son, who is in his first campaign, was recently hospitalized with a stomach disorder and missed more than a week's worth of campaigning. How do you think that will effect his chances of being elected because he faces an uphill battle against an entrenched incumbent in Sen. John Ensign.

Carter: He knew that he had an uphill battle from the beginning. And I think that if he had to get ill, which I regret very much, that was probably the most convenient time to do it.

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He still had six or seven weeks to let the people of Nevada know who he is and what he stands for.

I would say, as was the case with me, that the debates that are scheduled in the middle of October with Sen. Ensign will be the deciding factor in the campaign.

I know that when I ran for president, I was just a peanut farmer, running against the President of the United States Gerald Ford, who was a wonderful man. I did well enough in those debates that some people said, 'This guy is qualified to be president,' and I won. Question: Many of our state's political experts downplay the importance of debates. But you seem to be saying that the debates between your son and Sen. Ensign hold the key to this election. Can you explain?

Carter: It will be the first time for Nevada to observe both men on the same platform, talking about the same issues. There is no question that the senator (Ensign) has a lot more money than Jack Carter so that (debates) will be the equalizing factor.

Question: Some Democrats complain that President Bush was not fairly elected in 2000? Do you think he was fairly elected in 2000?

Carter: No, I don't. There is no question about it. He (Bush) lost by 200,000 votes across the nation, and he lost in Florida. But he won by a 5-4 vote in the U.S. Supreme Court. So there is no doubt that that was a very doubtful outcome. But it is over now. You can only have one candidate who is successful and you can't question the decision of the Supreme Court, even if you don't think it was fair.

Question: Your father served in World War I, you were a Navy submarine officer ... your son, Jack, volunteered for the Navy during the Vietnam War. You have been dismayed with the treatment of veterans by the Bush administration. Could you explain?

Carter: I have seen in recent months with this administration, a tremendous desire to cut back taxes on the richest people in America and at the same time, to deprive veterans "" even the disabled veterans coming back from Iraq "" the kind of care, attention and priority that they have had through history and which they deserve. The head of the disabled veterans administration just pointed out to me that now, there is no guaranteed budget allocation for disabled veterans in Washington. It is just a temporary, flexible allocation of funds. The incumbent senator (John Ensign) voted against increasing funds for veterans, voted against increased funds for body armor, voted against increased funds for the armor plates around Humvees and that sort of thing. So, I think that the veterans have really suffered under this administration.

OTHER NEWS:

Small Drop At End Of Strong Quarter (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

Wall Street ended a stellar third quarter with a moderate decline yesterday, as the Dow Jones industrial average pulled back further from record-high levels.

The major indexes closed out the week, month and quarter with gains.

The day's economic news was gloomy and money managers made few bold moves as the quarter ended.

"This is possibly a short-term top," Ken Tower, chief market strategist for CyberTrader, said of the Dow's briefly surpassing its closing record of 11,722.98 on Thursday.

"The Dow has been flirting with an all-time high; the market may be due for a little rest as we enter October," he added.

Stocks dipped after William Poole, the president of the Federal Reserve Bank of St. Louis, said the Fed would continue to watch economic data as it sets interest-rate policy. His comments were seen as leaving the door open to additional interest rate increases if inflation necessitates them; traders had been hoping the increases were over.

The Dow Jones industrial average fell 39.38 points, or 0.34 percent, to 11,679.07. The blue-chip index briefly crossed its record close of 11,722.98 on Thursday, then fell back. It has yet to surpass its record intra-day trading high of 11,750.28; both that and the closing high were set Jan. 14, 2000.

Broader stock indicators also fell. The Standard & Poor's 500-stock index declined 3.30 points, or 0.25 percent, to 1,335.85, and the Nasdaq composite index slipped 11.59 points, or 0.51 percent, to 2,258.43.

Crude oil futures rose. A barrel of light crude settled at $62.91, up 15 cents, on the New York Mercantile Exchange.

In economic news, the Commerce Department said consumer spending dropped in August by the largest amount in nearly a year and core inflation for August, which excludes volatile food and energy prices, was up a worrisome 2.5 percent compared with a year ago, the biggest year-over-year increase in more than a decade.

Inflation's increase was far above what the Federal Reserve has set as its "comfort zone" and the concern on Wall Street is that it could portend additional Fed increases in its benchmark short-term interest rate.

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The department said consumer spending, after adjusting for inflation, dropped by 0.1 percent last month, the first decline since a 0.3 percent fall in September 2005.

Income gains were anemic, rising by just 0.3 percent in August, the weakest performance in nine months.

Yesterday was also the end of an unusually strong third quarter as stocks rebounded from their May and June tumble. The Dow gained 4.74 percent for the quarter, the S.& P. 500 rose 5.17 percent and the Nasdaq gained 3.97 percent.

Declining prices for oil, commodities and real estate have once again made equities an attractive investment.

”Investors are getting out of commodities, getting out of residential real estate and getting into financial assets, including stocks,” said a UBS economist, Maury Harris.

The markets also had a strong September. The Dow gained 2.62 percent; the S.& P. 500 rose 2.46 percent; and the Nasdaq advanced 3.42 percent.

In company news, Dell fell 13 cents, to $22.84, after it said it was increasing the recall of Sony battery packs used in its computers to 4.2 million units from 4.1 million units.

Wendy’s International rose 43 cents, to $67, after a federal judge told the hamburger chain it could go ahead with its planned spinoff of its profitable Tim Hortons coffee and doughnut unit, rejecting a last-ditch effort by bondholders to block it.

Jabil Circuit, a maker of electronics, fell 20 cents, to $28.57, after it said it expected to record a $120.2 million charge related to a restructuring plan.

Jabil, which makes electronics and other equipment for larger technology companies, said in a filing with the Securities and Exchange Commission that it intended to incur the charge in the period ended Aug. 31.

Eli Lilly fell 32 cents, to $57, after it said it would decide whether to sink another five years of development into a proposed treatment for a diabetic eye disease after the Food and Drug Administration asked for additional data before granting approval.

Bonds were lower, with the 10-year Treasury note falling 3/32, to 10129/32. The note’s yield, which moves in the opposite direction from the price, rose to 4.63 percent, from 4.61 percent late Thursday.

Stocks Broke Tradition In 3rd Quarter (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 30, 2006

Interest Rates, Oil Prices Credited for Strong Market

NEW YORK, Sept. 29 -- Historically, third quarters are losers. Over the past 16 years, the Standard & Poor's 500-stock index has on average lost 2 percent between the end of June and the end of September. "Sell in May, stay away," the Wall Street adage goes.

Not this year. Though the markets briefly dipped in mid-July, the major indicators have been on a hot streak since, and each ended the quarter with significant gains. The S&P 500, which rose 3.30 points to 1335.85 Friday, was up 5.2 percent for the quarter and at a 5 1/2 -year high. The Nasdaq composite index, which fell 11.59 Friday to 2258.43, was up nearly 4 percent.

The Dow Jones industrial average is flirting with its highest close, 11,722.98 in January 2000. The Dow briefly topped that level during the day Thursday and again on Friday before closing at 11,679.07, down 39.38 for the day but up 4.7 percent for the quarter.

"Every now and then the market serves up a reminder that history is a guide not gospel," said Sam Stovall, Standard & Poor's' chief market analyst, who had predicted a third-quarter correction. "It was a pretty good quarter across the board."

Strong sectors in the S&P 500 included health care, telecommunications and technology, which all gained more than 8 percent. The losers were energy, materials and industrial stocks. .

The third-quarter results were all the more welcome to some investors because they came after a six-week swoon in May and June, during which the S&P lost 7.7 percent and emerging-market and small-company stocks did even worse.

Market analysts attributed the turnaround to two key factors. The Federal Reserve, which had raised its benchmark short-term interest rate at 17 straight meetings over more than two years, finally took a break and held the rate at 5.25 percent at its August and September meetings. Crude oil prices, which peaked at $78 a barrel in July, fell precipitously and closed the quarter at $62.91. Accordingly, gasoline prices, which topped $3 a gallon this summer, also fell significantly.

Debt payments and energy are huge expenses for both businesses and consumers. The halt in interest-rate increases reduced fears of an economic slowdown, while the drop in energy prices eased concerns about inflation.

"Two of the biggest headwinds in this market, rising interest rates and high energy prices, became tailwinds, and the fundamentals shown through," said Arthur R. Hogan III, chief market analyst for Jefferies and Co.

Steven Wieting, U.S. economist for Citigroup, said he thought the third-quarter rally was due in large part to market overreaction in May and June to news of a major slowdown in the housing market.

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"People were exaggerating the risks for the U.S. economy," he said. "The third quarter was a recovery from exceptionally low expectations."

The recovery was not universal. Large-company stocks -- the blue chips in the Dow and the S&P 500 -- are up from where they were in May, but the smaller companies aren't doing as well. The Russell 2000 index, which measures companies with smaller market values, was up slightly for the quarter, but down 6 percent from its peak in early May. Analysts said the contrast suggests that small- and medium-size companies have already had their run and that larger companies are also comparatively cheap.

Analysts are divided as to where the markets go from here. Historically, the fourth quarter is positive. Since World War II, the average gain in the S&P has been 4.3 percent, and the market has lost money in only one of every five years.

"If it has happened in the past, it can happen in the future. A Dow of 14,000 would not be too surprising," said Curtis A. Teberg, who runs a fund of mutual funds that moves money from cash to equities and back based on historical patterns. He didn't do so well the third quarter but remains optimistic about his model. "The four most abused words in the financial sector are 'this time it's different,' " he said.

S&P's Stovall remains cautious, noting that the market took its biggest single-day dive ever in October 1987. "I think the market is getting ahead of itself," he said. "We could still experience a bull market correction. When nobody's looking for it, that's when it is likely to happen."Movers

General Motors rose 78 cents, to $33.06. Kirk Kerkorian said he was interested in buying up to 12 million more GM shares as he presses for an alliance with Renault and Nissan.

Hewlett-Packard rose 58 cents, to $35.97.

American Greetings fell $2.21, to $22.83.Indexes

New York Stock Exchange composite index fell 21.03, to 8469.65.

American Stock Exchange index fell 10.06, to 1906.86.

Russell 2000 index of smaller-company stocks fell 6.97, to 725.59.Volume

NYSE: 2.28 billion shares, down from 2.36 billion on Thursday. Decliners outnumbered advancers 10 to 7.

Nasdaq: 1.86 billion shares, down from 1.91 billion. Decliners outnumbered advancers 3 to 2.Commodities

Crude oil for November delivery: $62.91, up 15 cents.

Gold for current delivery: $598.60 a troy ounce, down from $605.00 on Thursday.

U.S. Stocks Drop As Economic Data Shows Fed May Not Cut Rates (BLOOM)

By Nick Baker

Bloomberg, September 30, 2006

Sept. 29 (Bloomberg) -- U.S. stocks fell, ending a four-day rally that sent the Dow Jones Industrial Average near a record, as a pickup in manufacturing and growing consumer confidence signaled the Federal Reserve isn't about to cut interest rates.

Homebuilders dropped for a third day, led by Pulte Homes Inc., the largest U.S. builder, on concern that the Fed won't reverse course after 17 rate increases since June 2004. Home Depot Inc. and Nordstrom Inc. declined after a report showed slower growth in consumer spending, hurting retailers.

``We don't think it's a foregone conclusion that the Fed will start to ease rates," said Jason Hsu, who helps oversee $17 billion as director of research and investment management at Research Affiliates LLC in Pasadena, California. Inflation is ``probably the biggest risk factor for equities," he said.

Even with today's retreat, the Dow industrials briefly surpassed its record close in January 2000 for a second day and had its largest third-quarter advance since 1995. The Standard & Poor's 500 Index had its best third quarter in nine years.

The Dow industrials fell 39.38, or 0.3 percent, to 11,679.07. Earlier, the gauge rose to 11,741.99, moving above the record of 11,722.98. The S&P 500 lost 3.30, or 0.3 percent, to 1335.85.

Rate Cut?

A surge in Research In Motion Ltd. shares helped support the Nasdaq Composite Index, which slipped 11.59, or 0.5 percent, to 2258.43.

``The driving force behind higher stocks has been expectations that the Fed is going to ease," said Brett Gallagher, co-head of global equities at Julius Baer Investment Management in New York, which manages about $42 billion.

Falling oil prices and signs inflation is moderating have spurred stocks to rally in the past three months.

The S&P 500 rose 5.2 percent since June 30. The Dow average, which has surged about 1000 points this year, climbed 4.7 percent in the period. The Nasdaq jumped 4 percent.

For the week, the S&P 500 added 1.6 percent and the Dow climbed 1.5 percent. The Nasdaq increased 1.8 percent.

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The National Association of Purchasing Management-Chicago said its business barometer rose to a 14-month high of 62.1, from 57.1 in August. Consumer sentiment as measured by the University of Michigan rose to a five-month high.

Consumer Spending

A Commerce Department report reignited concern about growth. Consumer spending in the U.S. climbed 0.1 percent in August, less than the forecast of a 0.2 percent gain, on a slump in housing. The advance followed a 0.8 percent July increase.

The government also said its core price index tied to spending patterns and excluding food and fuel, the Fed's preferred measure of inflation, rose 0.2 percent last month. That matched economists' forecasts.

Citigroup Inc., the biggest U.S. bank by assets, said today the Fed's benchmark rate will be cut to 5 percent by March as the slowing expansion diminishes inflation pressures. The firm has previously forecast rates would remain unchanged through June.

Policy makers last week left the target for overnight loans between banks unchanged at 5.25 percent for a second month.

Retailers in the S&P 500 lost 1.4 percent for the top decline among two dozen industry groups. Home Depot had the Dow average's No. 4 loss, declining 43 cents, or 1.2 percent, to $36.27. Nordstrom fell $1.45 to $42.30.

Pulte Homes Falls

Pulte Homes sank 99 cents to $31.86. A measure of homebuilders in S&P indexes declined 2.3 percent.

Research In Motion, maker of the BlackBerry e-mail phone, surged $16.59, or 19 percent, to $102.65 for the stock's biggest jump since December 2003. Second-quarter profit and its third- quarter forecast were more than analysts projected.

Deutsche Bank AG analyst Brian Modoff raised his recommendation on the shares to ``hold'' from ``sell.'' Merrill Lynch & Co. boosted its price estimate on Research In Motion shares to $110 from $100. RBC Capital Markets Corp. increased its forecast to $140 from $100.

About 13 stocks fell for every six that rose on the New York Stock Exchange. Some 1.47 billion shares changed hands on the Big Board, 4.9 percent less than the three-month daily average.

Texas Instruments Inc. dropped 64 cents to $33.25. Shares of the world's biggest mobile-phone chipmaker was cut to ``sell'' from ``source of funds'' by ThinkEquity Partners LLC's Robert Burleson. Fourth-quarter revenue ``may be meaningfully below current expectations,'' the analyst wrote.

Eli Lilly Drops

Eli Lilly & Co. retreated 32 cents to $57. The company said it may abandon its experimental drug for blindness caused by diabetes after U.S. regulators considering approval requested a further study.

Hewlett-Packard Co. added 72 cents, or 2 percent, to $36.69 for the top gain in the Dow average. Chief Executive Officer Mark Hurd emerged unscathed, investors said, from seven hours of hearings in Washington after pledging to repair the world's second-largest personal computer maker's image and stamp out unethical behavior.

Hurd, fielding questions from U.S. House Energy and Commerce Committee members, said he took responsibility for a company investigation into boardroom leaks that grew into a plot to spy on directors and reporters.

S&P 500 shares, called Spiders, slipped 11 cents to $133.58. Nasdaq-100 tracking shares, known by their QQQQ symbol, lost 18 cents to $40.65.

S&P 500 futures expiring in December fell 1.90 to 1345.40 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures slipped 2.25 to 1671.25.

The Russell 2000 Index, a benchmark for companies with a median market value of $617 million, declined 1 percent to 725.59. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, fell 0.3 percent to 13,322.49. Based on its slide, the value of stocks decreased by $47.9 billion.

Eli Lilly & Co. (LLY US) Hewlett-Packard Co. (HPQ US) Home Depot Inc. (HD US) Nordstrom Inc. (JWN US) Pulte Homes Inc. (PHM US) Research In Motion Ltd. (RIMM US) Texas Instruments Inc. (TXN US)

Hopes Of Soft US Landing Boost Markets (FT)

By Michael Mackenzie In New York And Christopher Brown-humes In London

Financial Times, September 30, 2006

A growing belief that the US economy will achieve a soft landing helped stock markets make strong gains in the third quarter and took the Dow Jones Industrial Average to within a whisker of its all-time high this week.

The rally has been driven by the Federal Reserve's decision in August to stop raising rates and a sharp decline in oil and commodity prices that has tempered inflation expectations. Equity markets have so far shrugged aside worries that the slowing US housing market could lead to a sharp fall in consumer spending.

Alan Ruskin, chief international strategist at RBS Greenwich Capital, said: "Lower bond yields, stronger equities and lower energy prices, will cushion the near-term slowdown."

Sentiment has swung markedly since the volatile markets of May and June when equities and risky assets were buffeted by concerns that rising inflation and commodity prices would provoke global central bank tightening.

The rebound began in late July and "pretty much reflects one long Fed pause," said Joseph Di Censo, global fixed income strategist at Lehman Brothers. "The rally in global markets has been predicated upon prospects of a soft landing in the US." The Dow closed in on its all-time record high of 11,750.28, achieved in 2000. The blue chip benchmark has gained 5 per cent this quarter, its best run since the third quarter of 1995. The Dow has risen 9.3 per cent this year.

The broader S&P 500 index also traded at a five and a half year high this week, having gained 5.3 per cent since the end of June.

The buoyancy spread to Europe where the pan-European FTSE Eurofirst 300 index on Friday rose to within a point of its five and a half year peak of 1,405, set in May. The FTSE 100 index spiked through 6,000 yesterday and the mid-cap FTSE 250 breached 10,000, in each case for the first time since May. Germany's Dax index also breached 6,000.

Japan's Nikkei 225 Average has also advanced. It closed at 16,127.58, well short of its high for the year of 17,563 on April 7 but up 13.4 per cent since it bottomed at 14,218 in June.

Global bond markets have also been rallying. In the US, the Lehman Brothers aggregate index, consisting of Treasuries, corporate and high-yield bonds and mortgage and asset-backed securities is up 4.46 per cent, its best quarterly performance in four years.

Beneath The Dow's Surge, Investors Find A Mixed Bag (WSJ)

By Jeff D. Opdyke, Eleanor Laise And Jane J. Kim

The Wall Street Journal, September 30, 2006

Big Company Shares Thrive, But Many Are Missing Out; Assessing a Range of Sectors

The Dow Jones Industrial Average is bumping up against a new high, but that likely isn't reflected in the portfolios of most individual investors.

The most visible symbol of the U.S. stock market closed down 39.38 on Friday, 44 points below the peak of 11722.98 it reached in January 2000, in the waning days of the tech-inspired bubble. Still, the Dow gained 2.6% for the month, and more than 4% for the third quarter, making this the best third quarter in more than a decade.

That's profitable news -- if your portfolio consists of nothing but the 30 big-company stocks comprising the Dow. Few portfolios are built that way, however. Most individuals hold stocks found in the Standard & Poor's 500, the Nasdaq 100 and other indices. The bulk of investors own a blend of stocks, many of which aren't helping to drive the Dow toward record highs.

While the Dow nears uncharted territory, the S&P 500 remains some 12% below its early 2000 record, and the Nasdaq Stock Market is more than 55% short of the peak above 5000 it reached in March 2000.

While both indexes have rebounded from lows hit during the bear market, several underlying market sectors haven't fared so well. Some industry groups remain well below their levels when the Dow hit its 2000 peak, as measured by the Dow Jones Wilshire U.S. sector indexes. These industries include telecommunications, technology hardware and equipment, pharmaceuticals and biotech and autos and auto parts. The market's best performers have included oil and gas, aerospace, real estate and tobacco.

The Dow's strong performance comes after a shift in the market this summer, when professional investors began focusing more heavily on large-cap stocks, the big companies such as those that make up the Dow average. The biggest gainer has been General Motors Corp., which is up 70% since the start of the year.

For several years, investors had favored small and mid-cap stocks, which tend to show stronger earnings growth early in an economic recovery.

Walter McCormick, senior portfolio manager at Evergreen Investments, a Boston asset-management company, began early this year shifting more money into large-cap stocks, which now make up 85% of his portfolio, up from 73% a year ago. "If the economies around the world begin to settle in terms of the pace of growth, the advantage shifts to larger, more stable companies," he says.

Still, many mutual-fund investors aren't rushing into the stock market, an indication the Dow's strong run isn't luring Main Street investors. For the last four months, investors have consistently been yanking money out of domestic stock funds, according to AMG Data Services, a research firm in Arcata, Calif. Instead, they've been investing in international stock funds, real estate, utilities and natural-resources funds.

Here's a look at how various corners of Wall Street have performed in the run-up to the Dow's current level, and what the future could hold:

Financials

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Financial-service firms have been strong performers in recent years. The Dow Jones Wilshire U.S. Financials Index has gained 7.6% annually since the Dow hit its last high in mid-January 2000. Analysts say the outlook is still favorable for many parts of the sector, which tends to do well when interest rates are stable or declining. One exception: Mortgage lenders could be hurt by a slowdown in the housing market.

Some economists expect the Federal Reserve, which has paused in its campaign of raising interest rates, to start cutting them next year. That would help shore up banks' profitability in their lending business. That business has been under pressure recently as short-term interest rates have risen above long-term rates, an unusual phenomenon known as an inverted yield curve.

Investment banks such as Goldman Sachs Group Inc. are a favorite of money managers who say they stand to benefit from a pickup in mergers-and-acquisitions activity. Asset managers and firms with big financial-planning practices -- including BlackRock Inc. and Merrill Lynch & Co. -- should benefit from broader trends including increased savings by an aging population, says Elizabeth Bramwell, a portfolio manager at Sentinel Asset Management Inc., a unit of National Life Group.

Dan Chung, chief executive and portfolio manager of Fred Alger Management Inc. in New York, likes UBS AG, which has a big business serving high-net-worth customers who should be somewhat shielded from a slowdown in the economy. He recommends shying away from credit-card and consumer-finance companies that provide services to low-income or subprime customers, given rising concerns over credit issues.

Consumer Goods

Strong consumer spending in recent years has buoyed the sector. Now, amid signs of a slowing economy, investors may want to look at companies making products that people need whether the economy is strong or not. Ms. Bramwell of Sentinel owns shares of firms like Colgate-Palmolive Co. and Procter & Gamble Co., which have been expanding their businesses overseas. "Not only are they coming up with new products, but they've also got new markets," she says.

Shares of companies that make consumer-durable goods -- things like washing machines and other big purchases that consumers buy only once every few years -- could see a hit. Consumers tend to feel comfortable buying big-ticket items when the economy is strong and when they can finance them more cheaply, analysts say.

Retailers

By the same token, retailers that sell affordable products are likely to do well in a slowing economy, while high-end retailers could see some softness. "The Targets and Wal-Marts of the world that sell staples and sell lower-priced goods may be the beneficiaries as people continue to buy those items and continue to search for value items," says Dorsey Farr, partner at French Wolf & Farr, an investment advisory firm in Atlanta.

Retailers that serve middle-market consumers with "scaled-up products at good prices" also should do well. Ms. Bramwell likes Walgreen Co., CVS Corp., J.C. Penney Co. and Federated Department Stores Inc.

Companies that target less-affluent consumers are likely to be hit harder, since wealthier investors are likely to be insulated from a slowdown in the economy, says Alger's Mr. Chung. He points out there already has been some weakness in dollar stores and low-end discounters, while shares of companies such as Coach Inc. have generally done well over the last five years.

Health Care

Health-care stocks have delivered lackluster returns in recent years. The Dow Jones Wilshire U.S. Health Care Index has climbed just 2.3% annually since 2000. Litigation, the threat of generic competition, and a dwindling supply of blockbuster drugs in the pipeline have plagued many companies in the sector.

There have been some bright spots. Health-care equipment and services companies, for example, have gained nearly 13% annually since early 2000.

Yet some money managers are now jumping in to the large pharmaceutical companies, seeing stable earnings even in an economic slowdown. Texas Capital Value & Growth Fund, for example, raised its health-care allocation to 18% from 14% earlier this month. The fund has been buying into big firms like GlaxoSmithKline PLC and AstraZeneca PLC, says Mark Coffelt, president and chief investment officer at Texas Capital Value Funds.

Technology

Technology hasn't fully recovered from the dot-com bust. The Dow Jones Wilshire U.S. Technology Index has delivered average annualized returns of -11.7% since January 2000. The pain in the sector has been widespread, hitting software and computer services companies alike and hardware and equipment.

Investors who want to keep a foot in the volatile sector should diversify their holdings and be prepared to hold on for at least three to five years, says Mark Mowrey, senior analyst at Al Frank Asset Management. Mr. Mowrey sees opportunities in semiconductor stocks, since their chips increasingly turn up in automobiles, phones and other products.

Fred Hickey, editor of the High-Tech Strategist newsletter in Nashua, N.H., says companies overspent on technology in the bubble days and still haven't worked off those excesses. With growth slowing, companies are unlikely to boost their tech

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spending. One recent sign of trouble: So far in the third quarter, the number of tech companies issuing earnings warnings is three times as high as in the second quarter, Mr. Hickey says.

Industrials

While the broad Dow Jones Wilshire U.S. Industrials Index has slipped on average 0.5% annually since January 2000, the sector has had a number of bright spots, including construction and materials companies, which gained more than 10% a year, and aerospace and defense stocks, which gained about 12% annually. A weak dollar, strong global growth and low interest rates have created a profitable environment for companies selling construction equipment and airplanes to buyers around the world.

Many professional investors expect the good times to continue, barring a severe downturn in the U.S. or developing countries. While stock prices have climbed, earnings have climbed even faster at many companies, meaning valuations still look reasonable to many. And the favorable conditions of recent years, including a weak dollar and interest rates that are still low by historical measures, are widely expected to persist.

"I think the global demand for capital equipment will remain very strong as countries around the world are prospering and building infrastructure," says Ed Yardeni, chief investment strategist at Oak Associates Ltd.

Rick Helm, manager of the Cohen & Steers Dividend Value fund, likes aerospace and defense companies like General Dynamics Corp. and Lockheed Martin Corp., partly because he expects continued strong defense spending.

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The Channel Economy (WSJ)

The Wall Street Journal, September 30, 2006

If you're unsure about the direction of the U.S. economy, don't worry. Most of the "experts" are too, including the gurus at the Federal Reserve. This is what happens at the stage of an expansion that a friend of ours compares to a shoreline river channel: The tide is going one way but the wind is going another, creating a significant amount of chop and turbulence.

The tide in this case is still coming in, with the economy continuing to show underlying strength. While growth in the second quarter was revised downward this week to 2.6% from 2.9%, the main reason was less inventory buildup. In other words, that growth reflected real demand. The third quarter that ends today has also shown few signs of the great slowdown that many of our most quoted commentators have been predicting for months, if not years.

HOT TOPIC

Taking the Temperature of the U.S. Economy1

The job market remains robust, with the unemployment rate at a low 4.7% and weekly jobless claims falling. The big story in many parts of the country has been a labor shortage, especially for skilled workers and where the crackdown on immigrants has reduced the labor supply. Employers are paying more to keep their best employees, which is why wages have begun to rise more rapidly -- as they typically do at this stage of an expansion. Combined with falling gasoline prices, this will help buoy consumer spending in the months ahead.

Meanwhile, corporate profits and business investment keep growing at impressive rates. This has been the case since the 2003 tax cuts became law, raising the after-tax return on capital investment. The GOP Congress hasn't accomplished much this year, but one achievement was its extension of the 15% tax rate on capital gains and dividends for another two years through 2010. (Credit Arizona's Jon Kyl, who almost single-handedly pushed this through the Senate.) This maintains these incentives to invest past the 2008 election, when taxes will be a major battleground.

So what's creating today's choppy waters? The answer is that the economy is now adjusting to the Fed's mistake of keeping monetary policy too easy for too long from 2003 into 2005. The Fed did an admirable job of easing money in the wake of the dot-com collapse and 9/11. But spooked by what Ben Bernanke (then a Fed governor, now chairman) called "deflation," and underestimating the power of the 2003 tax cuts, the Fed let inflation creep back into investor expectations.

We are now living with the consequences of that mistake. A housing boom that in some markets became an asset bubble has begun to come back to Earth -- painfully so for those who stretched the limits of creative financing. Many Americans measure their net worth largely by their home values, so the housing slump also makes them feel poorer. The good news is that prices rose so far so fast that they'd have to fall quite a ways before they reach the declines last seen in the early 1990s. The slump will, however, take a bite out of GDP for some time to come.

The other great adjustment is likely to come as commodity and natural resource prices adjust to tighter monetary policy. Some of our friends keep saying that the rise of gold, oil, iron ore and other commodity prices in recent years was merely a change in relative prices due to rising demand from China and elsewhere. But we've never seen such a rapid price rise that wasn't also rooted in renewed inflationary expectations. Gold only climbs above $700 an ounce from close to $400 in two years when the Fed is creating too many dollars.

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Some of these prices are now falling, as the Fed sticks more diligently to its antiinflation mandate. A decline in oil prices will help the economy, but some investors who made big bets on natural resources will be casualties. Just ask Amaranth Advisors, the hedge fund that may have to liquidate after one of its masters of the universe lost $6 billion betting on energy prices. There will surely be other Amaranths, though a silver lining is that its collapse has so far caused barely a ripple in the larger financial system. A few rich people merely lost a lot of money; that's capitalism.

Today's choppy waters are teaching us once again how dangerous it is for the Fed to allow inflation to infiltrate into investment decisions. Capital begins to move based on anticipated price changes, not on underlying economic value or technological promise. The price and asset booms are great while they last, but the workouts are painful.

A useful thought experiment is to imagine how the last four years would have gone without the tax cuts of 2003 to help overcome today's monetary headwinds. Growth has averaged nearly 4% a year, federal revenues have increased by more than $500 billion over the last two fiscal years, and unemployment is low. If tighter money leads to more trouble in the months ahead, let's hope Washington has the wit to cut taxes again.

Spending Fell In August As Income Growth Lagged (NYT)

By Jeremy W. Peters

The New York Times, September 30, 2006

Americans were more frugal in their spending in August as their incomes rose at a slower pace, and one important measure of inflation climbed faster than it has in 11 years, according to a government report released yesterday.

The Commerce Department said in its monthly report on personal income and consumption that American consumers spent 0.1 percent more in August than in July, the smallest month-to-month increase since November. When the figures are adjusted for inflation, spending fell by 0.1 percent.

“Clearly, the consumer spending binge is coming to an end,” said Joel Naroff, president of Naroff Economic Advisers.

In addition, personal income posted its smallest monthly increase since November, rising 0.3 percent. The comparable figure for July was 0.5 percent.

After a number of recent economic reports suggesting that inflationary pressures were easing, the report yesterday, released by the Commerce Department, was a sign that they are not gone for good. While the Fed has said it expects inflation to gradually diminish as a problem, the central bank has not yet sounded the all-clear — and the latest figures indicate why.

Of the many ways to gauge inflation, the one the Fed watches most carefully is the personal consumption expenditures deflator, a figure derived from the personal-spending statistics that excludes food and energy prices. The deflator showed an increase of 2.5 percent in August, compared with August 2005; it was the largest year-over-year increase since April 1995.

Stuart Hoffman, chief economist with PNC Financial, said that the jump was a reminder “that inflation cannot yet be completely written off.”

In setting interest rates over the last several months, the Federal Reserve has weighed two competing factors: a slowing economy and rising inflation. So far, it has deferred to the slowing economy and left interest rates untouched for the last two months, saying that inflation will eventually subside.

Despite yesterday’s surprisingly high inflation numbers, economists said that the Fed’s economic forecast is still the most likely.

Tom Levinson, an economist with ING, said the report gave little reason for alarm. “Headline inflation measures,” he said, “have started to turn lower, and it is unlikely to be too long before the lagging core measures follow suit.”

Meanwhile, there were other signs yesterday that the economic outlook was brightening. The University of Michigan’s index of consumer sentiment rose to 85.4 in September, from 82 in August, showing that Americans were more confident about the state of the economy than they have been since April.

And a measure of economic activity in the Chicago area showed an unexpected increase this month. The National Association of Purchasing Management-Chicago said that its business barometer rose to 62.1 in September from 57.1 in August.

U.S. August Spending Rises 0.1%; Core Prices Up 0.2% (Update3) (BLOOM)

Bloomberg, September 30, 2006

By Carlos Torres

Sept. 29 (Bloomberg) -- Consumer spending in the U.S. rose 0.1 percent last month, less than forecast and the smallest gain since November, as the tumbling housing market made Americans more thrifty.

The rise in spending followed a 0.8 percent July increase, the Commerce Department said today in Washington. Incomes rose and the Federal Reserve's preferred measure of inflation accelerated, the report also showed.

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Consumers are finding it harder to tap the equity in their homes, a major source of cash in recent years, as the property market cools. Rising incomes combined with the recent drop in gasoline prices may prevent spending from sliding even more in coming months, ensuring the economy survives the housing slump.

``The consumer is not going to cave in," said Mark Vitner, a senior economist at Wachovia Corp in Charlotte, North Carolina. ``Spending will slow, but it will continue to grow at about the same pace as incomes. We are going to see more modest growth. The fall in gasoline prices should give us additional support."

Economists forecast spending would rise 0.2 percent, after a previously reported 0.8 percent July increase, according to the median of 69 estimates in a Bloomberg News survey.

Falling gasoline prices this month helped boost confidence among American consumers, a separate report showed. The University of Michigan's final index of consumer sentiment increased to 85.4, the highest level in five months, from 82 in August. The latest reading compares with a preliminary figure of 84.4 two weeks ago.

Chicago Manufacturing Survey

Manufacturing in the Chicago area this month unexpectedly accelerated as new orders picked up, a survey from the National Association of Purchasing Management-Chicago showed. The group said today its regional index rose to 62.1 this month from 57.1 in August. A reading greater than 50 signals growth.

Treasury securities fell after the reports, with the yield on the benchmark 10-year note rising 3 basis points to 4.64 percent As of 10:21 a.m. in New York.

The consumer spending report's price gauge tied to spending patterns and excluding food and energy costs, the Federal Reserve's preferred measure, rose 0.2 percent in August and was up 2.5 percent from the same month in 2005. The year-over-year gain was the biggest since April 1995.

Fed's Comfort Zone

Fed Chairman Ben S. Bernanke is among policy makers who have said they would be more comfortable with a 1 percent to 2 percent increase in the measure over a 12-month period.

The central bank last week kept its target rate for overnight lending between banks at 5.25 percent for a second month and said inflation will probably moderate as growth slows and energy prices drop.

``The Fed is willing to be patient to allow a slowdown in the economy to take care of its inflation problem," said Avery Shenfeld, a senior economist at CIBC World Markets Inc. in Toronto. ``I don't think core inflation has definitely passed its peak, but it should be by the time 2007 gets under way."

Incomes increased 0.3 percent in August after a 0.5 percent rise. The monthly gain was the smallest since November. The gain in incomes matched the median forecast in the Bloomberg survey.

Because the increase in spending was smaller than the gain in incomes, the savings rate improved to minus 0.5 percent, from minus 0.7 percent in July. A negative rate suggests consumers are dipping into savings to maintain spending.

Disposable Income

Disposable income, or the money left over after taxes, increased 0.4 percent following a 0.6 percent rise the previous month. The gain left disposable income up 8.8 percent from the same month last year. A decline in incomes in August 2005 caused by uninsured losses from Hurricane Katrina dropped out of the year-over-year calculation last month, explaining the jump.

Taking into account changes in prices, spending dropped 0.1 percent last month, the first decrease since September 2005.

Inflation-adjusted spending on durable goods, such as autos, furniture, and other long-lasting items, fell 1.3 percent, the biggest since October, after rising 1.8 percent. Purchases of non-durable goods dropped 0.2 percent after rising 0.3 percent. Spending on services, which account for almost 60 percent of all outlays, increased 0.1 percent after rising 0.3 percent.

Slower sales have prompted General Motors Corp., Ford Motor Co. and DaimlerChrysler AG's Chrysler unit to announce that they'll make fewer vehicles for the rest of the year than previously estimated.

Home Equity Borrowing

A decline in the amount of cash owners have taken out of home equity may explain some of the drop in spending on durable goods. Homeowners extracted a net $497 billion at an annual rate from home equity in the second quarter, down from $649.2 billion in the first three months of the year, according to figures from James Kennedy, a Fed economist.

``Consumers just have less capacity to leverage the housing market in order to buy autos and other durable goods," Brian Bethune, an economist at Global Insight Inc. in Lexington, Massachusetts, said before the report. ``Things could perk up a little in the fourth quarter, but we are seeing a palpable slowdown from what we saw in the first half" of the year.

Falling Gasoline Prices

Still, rising incomes and falling gasoline prices are a powerful balm for consumers' housing woes, economists said.

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``I don't think the consumer is going to be dragged down too much my housing," said Tim Rogers, chief economist at Briefing.com, a Boston forecasting firm. ``We have personal income growing, and that is always positive."

Americans may be able to stretch paychecks even farther as gasoline prices drop. The average price of a gallon of regular gasoline at the pump fell to $2.34 this week, the lowest since March, according to American Automobile Association.

Retailers have started to benefit from lower fuel costs. The International Council of Shopping Centers this week boosted its September sales forecast to a 4 percent gain compared with the same month last year from a previous estimate of 3.5 percent. The increase would be the biggest since May.

A report this week from the Conference Board, a New York research group, showed consumer confidence rebounded this month after reaching a nine-month low in August.

Clarence Otis, chief executive officer of Darden Restaurants Inc., owner of the Olive Garden and Red Lobster restaurant chains, said last week that September sales would be equal to or better than August results due to improving confidence.

``We're seeing consumer psychology improve in the last month or so," Otis said in a Sept. 20 interview.

To contact the reporter on this story: Carlos Torres in Washington ctorres2@bloomberg.net .

Consumer Spending Slows Sharply (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 30, 2006

Energy Costs Pinch Activity As Income Growth Eases; Inflation Measure Surges

High energy prices and slow income growth suppressed consumer spending in August while a key measure of consumer-price inflation hit an 11-year high.

The Commerce Department reported Friday that personal spending rose a seasonally adjusted 0.1% in August from the previous month to $9.36 trillion. That was the lowest rate of growth since November and much slower than the 0.8% gain in July. Adjusted for inflation, consumer spending fell 0.1% in August, the first inflation-adjusted decline since September 2005, when business activity was disrupted by Hurricane Katrina. Analysts said spending was curtailed by declining auto sales, the continuing contraction in the housing market and gasoline prices that topped $3 a gallon in early August.

Personal income, meanwhile, rose a seasonally adjusted 0.3% in August from the previous month to $11.05 trillion. That followed a 0.5% gain in July. Income growth was the weakest in nine months, reflecting sluggish wage growth in August when job creation was modest.

The August spending deceleration suggests that consumers are "definitely stretched," said Nigel Gault, U.S. economist at Global Insight. "Gas prices had been going up [through early August]. They've tried to keep up their spending by reducing their saving. The value of their homes is no longer going up. They're saying, 'Maybe I should be a bit more cautious right now.'"

Some economists, however, say current economic conditions might not be as bad as the August reading on income and spending suggests. They note, for example, that taking July and August together, spending is on track to rise at an annualized rate of about 3% in the third quarter. That is in line with the growth rate over the past year, though slower than the 3.5% growth recorded in all of 2005.

But as housing activity deteriorates, economists expect consumer spending to slow even further later this year, and as a result many have marked down their projections for economic growth for the second half of this year. The consensus estimate of 56 economic forecasters queried in WSJ.com's September survey calls for gross domestic product, adjusted for inflation, to rise at a seasonally adjusted annual rate of 2.7% during the second half, compared with 4.1% in the first half. The Bureau of Economic Analysis is scheduled to release an estimate of third-quarter GDP on Oct. 27.

The core personal consumption expenditures price index -- the key inflation gauge followed by the Federal Reserve, which excludes food and energy -- rose 0.2% in August from a month earlier and was up 2.5% from a year earlier. That is the highest year-over-year reading since April 1995, and remains above the 1% to 2% comfort zone preferred by many Fed officials. Still, analysts said Friday that they expect inflation to ease in early 2007 as the broader economy slows. Indeed, the Fed in September left its short-term interest rate target at 5.25% for a second consecutive meeting.

UBS AG economist Jim O'Sullivan suggests that underlying inflation is more stable than it appears because the reading has been exclusively pushed higher by climbing rent costs. Excluding rent, which constitutes about 17% of this core index, core inflation in the eight months through August has climbed at an annualized rate of 2%. That is the same pace as for all of 2005 and "a sign that prices are not broadly overheating," he said.

DESKTOP NEWS ALERTS

1

DOJ_NMG_0072108

Get alerts for breaking news -- such as Fed moves, major world events and big mergers -- delivered straight to your desktop. Alerts will appear in a small window on your screen, much like an instant-messaging window. See a sample and get more information.2

Separately, the University of Michigan reported that its consumer-sentiment index rose to 85.4 in September, from 82 in August, as falling gasoline prices improved consumer moods.

If lower gasoline prices hold, consumer spending "should look better" than in August, said Mr. Gault, of Global Insight. "People won't have to worry about pouring so much money into their gas tanks."

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com3

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McClatchy-MSNBC Poll:George Allen Loses Lead In VA Senate Race (MCT)

By Steven Thomma

McClatchy Newspapers, September 30, 2006

WASHINGTON - Republican Sen. George Allen of Virginia has lost his lead in his bid for re-election and is now tied with Democratic challenger James Webb, a new poll for McClatchy Newspapers and MSNBC showed Friday.

The poll found that the two men each have the support of 43 percent of registered voters, with a third-party candidate supported by 2 percent and the other 12 percent undecided.

The tie underscored how quickly prospects have changed for Allen, once thought to be cruising toward a comfortable re-election that he'd use as a springboard to a bid for the 2008 Republican presidential nomination.

The race's importance, however, extends far beyond Allen's own political prospects. It's one of a half-dozen Republican seats that are considered vulnerable to Democratic takeovers; Democrats need to gain six seats to take control of the Senate.

As late as July, Allen looked safe. He led Webb by 16 points, 48-to-32 percent, in a survey by Mason-Dixon Polling & Research Inc., which also conducted the McClatchy-MSNBC poll. Allen's lead had shrunk to 4 points, 46-to-42 percent, earlier this month, according to another Mason-Dixon survey.

A key reason for the race tightening has been enormous publicity over Allen's stumbling responses to questions about his character, surprising missteps for a polished campaigner up against an often awkward challenger.

Beyond the latest flaps, however, Allen grew more vulnerable when the Democrats nominated Webb, a candidate well suited to a right-of-center state that's home to the Atlantic fleet, as well as major Air Force and Army bases. Web, a Naval Academy graduate, is a decorated Vietnam combat veteran and Navy Secretary under Ronald Reagan whose campaign slogan is "born fighting."

Iraq was the number one issue for 23 percent of Virginia voters, followed by terrorism for 19 percent and the economy and jobs for 16 percent.

Webb opposes Bush's policies in Iraq, while Allen defends them.

Virginia voters were divided over what do to about Iraq: 26 percent want to send more troops; 19 percent want to keep the same number; 21 percent want to withdraw some; and 20 percent want to withdraw all U.S. troops. Some 15 percent said they weren't sure what to do.

Also, Allen is closely allied with President Bush, who's lost support in Virginia as he has elsewhere. The poll found that 57 percent of Virginia voters disapprove of the way Bush is handling his job, and 62 percent disapprove of his policies in Iraq. Virginia voted for Bush in 2000 and 2004.

Some 57 percent of Virginians said they think that the nation is on the "wrong track," while only 29 percent said it's going in the "right direction."

Virginians also expressed some desire for dividing government power in Washington between the two parties. The poll found 42 percent of Virginia voters saying they preferred divided government, 36 percent saying they preferred one party to be in charge, and 23 percent not sure.

Questions about Allen's character first arose in August, when he was caught on videotape at a rally referring to a dark-skinned Indian-American in the crowd as a "macaca" and sarcastically welcoming the native-born Virginian to Virginia.

"Macaca" is considered a racial slur in North Africa, where Allen's mother was from. He said that he didn't know the word and had simply made it up, and he subsequently apologized to the young man, who was a campaign worker for Webb monitoring Allen's rally.

In subsequent weeks, Allen reacted angrily when he was asked in a debate whether his mother was Jewish, calling that an "aspersion." Days later, he acknowledged his mother's Jewish ancestry, saying he'd learned of it only in August, when she told him after a Jewish magazine raised the issue.

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In the past week, several people, including former college football teammates, accused Allen of using a racial slur for African-Americans in the 1970s, a charge he denies. Previously he'd been criticized for flaunting a Confederate flag as a young man.

It's all taken a toll with voters such as Diane Canary, 45, a homemaker from Roanoke, who said she supports Webb. "We're concerned with recent things that have been said about Allen and with the racist remarks."

In the wake of the Allen flap, Webb also faced accusations that he used a racial slur. He said it might have passed his lips as a youth, but never as a slur directed at anyone. Webb has been criticized for using derogatory language about women in the military, especially in a 1979 Washingtonian magazine article titled "Women Can't Fight."

Webb has had his own missteps on other fronts. He aired an ad featuring praise from the late President Reagan, which drew a rebuke from former First Lady Nancy Reagan.

"That sent a bad message to me," said William Kilpatrick, 64, a retiree from Bluemont who supports Allen. "For him not to honor her request, I didn't think it was that out of line."

HOW WE POLL

The McClatchy-MSNBC Poll is a snapshot of voter opinion at the time it was conducted. It is not a prediction of how people will vote on Election Day.

The poll of 625 registered voters was conducted by telephone from Sept. 23 through Sept. 27. Those interviewed were selected by a random variation of telephone numbers from a cross section of telephone exchanges. That means anyone in the state had the same odds of being called as anyone else. Cell phones were not called.

The margin of error was plus or minus four percentage points. That means that 95 percent of the time, the accurate number could be somewhere between 4 percentage points above our poll number and four percentage points below it. The other 5 percent of the time, the number could be off by more.

The sampling margin of error does not include other variables that could affect results, including the way questions are worded or the order in which they are asked.

FOR MORE ON THE CAMPAIGNS:

www.georgeallen.com

www.webbforsenate.com

McClatchy correspondent Brady Averill contributed to this report.

Poll: Allen Tied With Democrat In Va. (AP)

By Bob Lewis

AP, September 30, 2006

U.S. Sen. George Allen's Democratic opponent has closed the gap in the race, reflecting two difficult weeks for the first-term Republican battling claims of racial insensitivity, according to a poll released Friday night.

Allen and Jim Webb each had the support of 43 percent of the respondents, according to the MSNBC/McClatchy Poll conducted by Mason-Dixon Polling & Research Inc.

Twelve percent were undecided and 2 percent backed independent candidate Gail Parker.

Allen, who was positioning himself for a 2008 presidential race as he sought re-election, led Webb by 16 percentage points in a Mason-Dixon poll two months ago.

Allen saw his support in drop in the polls since he singled out a 20-year-old Webb campaign volunteer of Indian descent at a nearly all-white rally on Aug. 11 and called him "Macaca," a word considered a racial slur in some cultures.

The latest poll was conducted amid new, widely publicized claims by Allen's former University of Virginia football teammates that, in the early 1970s, Allen often used a racial epithet commonly applied to black people.

Allen said in a Friday night interview on the Fox News Network that Webb and his Democratic allies were fanning the issues to confuse voters.

"The Democrats know that if they can get off on detours and distractions that avoids talking about ideas, issues and the record of performance," he said.

Webb campaign strategist Steve Jarding said the poll shows Allen is in a tailspin.

Accusations Continue To Fly In Racially Charged Contest (WP)

By Tim Craig And Annie Gowen

The Washington Post, September 30, 2006

DOJ_NMG_0072110

Black Caucus Backs Webb; Colleague Comes to Allen's Defense

The issue of race continued to dominate the Virginia Senate contest yesterday as a group of black lawmakers endorsed Democrat James Webb, while one of incumbent Sen. George Allen's colleagues defended him against charges of racism.

With a little more than five weeks to go before the election, the race between Allen (R) and Webb has gotten nasty, as supporters of each candidate accuse the other of dirty politics.

The race is tightening. A Mason-Dixon poll conducted for MSNBC and released yesterday shows a dead heat, with Allen and Webb each at 43 percent. In July, Allen led by 16 percentage points in the Mason-Dixon poll. His lead was 4 points earlier this month.

The Virginia Legislative Black Caucus, which has been slow to back Webb because of his stance on affirmative action, formally threw its support behind him yesterday. In a statement, the group of 17 black members of the General Assembly charged Allen and President Bush with practicing "the politics of division."

Earlier in the day, Sen. Kay Bailey Hutchison (R-Tex.) appeared at an event with Allen at which she accused Democrats of trying to smear Allen with charges he used racial epithets during and shortly after college.

"I have never seen . . . the personal attacks in a Senate race I have seen in this one," Hutchison said at a Republican gathering in Tysons Corner. "The people of Virginia are not going to be misled. . . . They are going to leave all this negative blur and say, 'Why didn't this come out before?' "

Since the summer, when he called an Indian American man who works for the Webb campaign "macaca," Allen has been forced to respond to charges of racism. Macaca is a genus of monkey and a racial slur in some cultures.

The macaca furor was heightened by questions about Allen's past, including the fact that he had the Confederate flag at his home and a noose decorating his law office.

Allen's background received further scrutiny this week after acquaintances came forward to allege that he used the N-word directed at black people during his college days and the years immediately after. Allen vehemently denies he ever used the word.

At the event with Hutchison, Allen briefly spoke to about 85 female supporters. He left without taking questions after Hutchison finished speaking. But his wife, Susan, responded to a question from the audience about how the family was "holding up."

"George is famous for saying, 'They haven't killed me yet.' And doggone it, we're still walking and talking," Susan Allen said.

Webb was also dogged this week by charges he had used the N-word. At the urging of the Allen campaign, a Fairfax County man contacted The Washington Post and said Webb told him in 1983 that while a student at the University of Southern California in the early 1960s, Webb drove around Watts and harassed blacks while shouting epithets. Webb denied the allegation, calling it a dirty trick by the Allen campaign.

African Americans, who make up about 20 percent of Virginia's electorate, are a reliable Democratic voting bloc. But Webb has struggled to gain the support of key black leaders because of his stance on affirmative action.

Webb once called affirmative action "state-sponsored racism," but he has since clarified his position. He now says he supports affirmative action programs for blacks but not for other ethnic minorities whose ancestors did not endure slavery.

In making their endorsement, members of the black caucus cited Webb's opposition to the war in Iraq and his economic policies. They also cited Allen's opposition while governor to the creation of a Martin Luther King Jr. Day holiday.

"George Allen has a history of insensitivity to the African American community and a voting record to match," said Del. Dwight Clinton Jones (D-Richmond), chairman of the caucus.

Dick Wadhams, Allen's campaign manager, dismissed the endorsement. "What a shock. The black caucus, which is all Democrats, endorsed James Webb," Wadhams said.

Wadhams noted that one prominent member of the black caucus, Sen. Benjamin J. Lambert III (D-Richmond), is supporting Allen. Lambert endorsed Allen last month, citing his support for historically black colleges and universities.

Wadhams also noted Allen has secured tens of millions of dollars for programs and services in predominantly African American communities.

Former governor L. Douglas Wilder, who is mayor of Richmond, said Allen "has put himself in a tough spot."

"This campaign is Allen versus Allen," said Wilder, the state's only black governor. "The problem this raises for the senator is when you are put in a posture of denial, it does create questions."

Wilder says he hasn't decided whether to endorse a candidate, but he hopes the debate shifts to "real issues" soon."

"If you take the N-word and macaca, where do you go from here?" Wilder asked. "The voting public is left in a quandary."

Candidate Has Ad About Opponent's Affair (AP)

AP, September 30, 2006

A Democratic House candidate has launched the first TV commercial to focus on his Republican opponent's affair with a woman who claimed Rep. Don Sherwood abused her.

Chris Carney's commercial features a Republican voter from Sherwood's hometown who speaks directly to the camera and says: "This incident with Don Sherwood just cuts right at the core values of our district."

As he speaks, the phrases "repeatedly choking" and "attempting to strangle plaintiff," taken from a lawsuit filed against the four-term congressman, appear on screen.

The ad does not mention that Sherwood was never charged, and Sherwood's spokesman called the spot misleading.

Carney and Sherwood are locked in a battle for a seat considered safely Republican until last year, when the conservative congressman's five-year extramarital affair became public.

Sherwood admitted to the affair with Cynthia Ore, but denied any abuse. The married father of three reached a confidential settlement with Ore, who sued claiming Sherwood had choked her at his Washington apartment.

Sherwood's spokesman, Jake O'Donnell, said Carney has broken a pledge to refrain from running attack ads.

"Chris Carney said when he first announced he was running that he was going to run on the issues, and was not going to talk about the personal situation. But clearly his campaign has decided to do something different," O'Donnell said. "They're not interested in telling the truth in that ad."

Carney said Friday that the ad focuses on an issue important to voters.

"Wherever we are in the district, the constituents are talking about it," he said. "It's an issue that matters to everyone."

The spot, which began airing in the Scranton/Wilkes-Barre TV market Thursday night, was part of the campaign's weekly ad buy of $75,000. The campaign said it has not determined how long it will run.

Va. Candidate Pleaded In 1970s Assault (AP)

By Sonja Barisic

AP, September 30, 2006

Democratic congressional candidate Phil Kellam said Friday he regrets his actions in an incident that led to him plead guilty to assaulting a woman 28 years ago, when he was a 21-year-old college student in North Carolina.

Kellam, who is challenging first-term Republican Rep. Thelma Drake, said he never touched the woman but lost his temper after almost getting into a traffic accident with her.

"I didn't conduct myself as a gentleman, and I regret that," Kellam told reporters while briefly taking questions after attending a fundraiser. He said he's conducted his life since in a way that "shows that I am a person that is reliable, honest and honors personal responsibility."

Kellam didn't give details about the case, which came to light Thursday on a local conservative Web log, or blog, BearingDrift.com. Kellam questioned why "somebody goes and dredges up something that is a non-issue from 28 years ago."

Kellam campaign spokesman Drew Lankford accused the Drake campaign of being involved in spreading word of the case. He said Drake should fire her campaign manager, Tim Murtaugh, who acknowledged traveling to North Carolina to look into the case but said he did not give the information to the blog.

Murtaugh responded that "Phil Kellam has no room to talk, since he has spent $13,000 looking into Thelma Drake's background."

Lankford said the campaign has researched voting records but not the personal record of Drake, who represents the Republican-leaning 2nd District, which includes Virginia Beach, the Eastern Shore and parts of Norfolk and Hampton.

Lankford said Kellam was driving with his then-girlfriend when a woman who had been tailgating him cut in front of him to go to a convenience store. Kellam, then a student at Elon University, slammed on his brakes, and his girlfriend hit her head on the windshield and her shoulder on the dashboard, Lankford said.

Angered, Kellam walked over to the woman's car, smacked the hood and yelled at the woman to watch where she was going, Lankford said.

He said Kellam pleaded guilty to simple assault, a misdemeanor, at the advice of his lawyer and paid court costs but no fine.

Murtaugh said he went to North Carolina to check out the case after someone anonymously sent the Drake campaign a court document.

Murtaugh said Kellam, the Virginia Beach commissioner of the revenue, should have told voters about this himself a long time ago.

Blogger Jim Hoeft said Friday that "a source who has a source in North Carolina" e-mailed him the court document with Kellam's plea and that the information did not come from anyone connected with the Drake campaign or the GOP.

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Hoeft, who has been involved in Republican politics and worked on several campaigns, said he posted the document because he thought it was relevant to the campaign.

Bush Takes Up Campaigning Duties With Less Political Clout (MCT)

By Ron Hutcheson

McClatchy Newspapers, September 30, 2006

WASHINGTON - President Bush assumes the role of campaigner in chief on Monday, kicking off a month-long drive to help Republicans keep control of Congress.

In the last midterm congressional elections four years ago, the president's efforts paid big dividends for his party, but since then the political ground has shifted. He's still a big draw for Republican fundraisers, but some candidates who proudly campaigned with Bush in the past are keeping their distance now.

Bush's three-day swing through Nevada, California, Arizona and Colorado is packed with closed-door donor receptions, but doesn't include a single open-door event or public rally.

"It's a Catch-22. They're in trouble because of Bush, but they still need Bush to raise money for them," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee. "They want to tap the White House ATM, but they don't want to do it in public."

White House aides scoff at suggestions that Bush is trying to operate under the radar. Nearly all receptions on the president's Western road trip will be open to media coverage, so it's not like he'll slip into town unnoticed. Big public rallies are planned for later, closer to the Nov. 7 election.

White House spokesman Tony Snow said Bush will be on the road almost constantly between now and Election Day. Democrats need to gain six Senate seats and 15 House of Representatives seats to take control of Congress.

"You're going to see a very active travel schedule. He's going to be all over the country campaigning for Republicans," Snow said at a recent breakfast. "There are a lot of candidates saying, `Please, please, please, come to my district or come to my state.'"

A spokesman for Rep. John Doolittle, who'll host Bush at a $2,000-per-person reception in El Dorado Hills, Calif., Tuesday afternoon, said the congressman was eager to have Bush come to his conservative district in north central California. Political handicappers in Washington list Doolittle as likely to win re-election.

"I think it's going to fire up our base. It's created a buzz," spokesman Richard Robinson said.

Still, there's no question that Bush's political stock has plummeted. While he may be welcome in Republican districts, he's become a liability for Republicans in hotly competitive swing districts.

Four years ago, the nonpartisan Gallup Poll showed Bush with an impressive 68 percent approval rating at the end of September. During the same period in 2004, he was headed for re-election with 54 percent approval.

Now, fewer than half of Americans - 44 percent in the latest Gallup Poll - say they approve of Bush's job performance. His numbers are worse in California, where a nonpartisan Field Poll released Friday showed his job approval at 29 percent.

"Californians just aren't moved by Bush," Field Poll director Mark DiCamillo said. "If it's a competitive district, I think it would be a net negative to be embraced by the president."

The new dynamic shows up in campaign ads across the country. In 2002, Bush was featured in countless Republican ads, and even some Democrats touted their support for his tax cuts and his aggressive approach to terrorism. Now, he appears more often in Democratic attack ads than in Republican-sponsored messages.

"We've got a number of commercials where Bush is the star," said Singer, the Democratic campaign operative. "A negative ad this year basically is defined by having George Bush in it. That's the reality the White House is dealing with."

In Arizona, where Bush will stop on Wednesday, Republican Sen. Jon Kyl objected when Democratic candidate Jim Pederson aired an ad depicting him as a "yes man" for Bush. Kyl issued a three-page rebuttal detailing his eight votes against Bush's policies.

While distancing himself from Bush, Kyl embraced maverick Republican John McCain, the other Arizona senator and a frequent irritant to the White House.

Some Republican congressional candidates are trying to keep the focus on local issues, steering clear of the war in Iraq if at all possible. Rep. Richard Pombo, R-Calif., who'll host Bush at a Stockton reception Tuesday morning, doesn't even mention Iraq in the "issues" section of his campaign Web site.

Despite his diminished political appeal, Bush remains a potent fundraiser. He's already raised about $180 million for Republicans in this election cycle.

Robert Benedetti, a political science professor at University of the Pacific in Stockton, said Bush's four-state fundraising trip plays to his strength while reducing the risk of political embarrassment.

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"This is a place, just like an Air Force base or an Army base, where he's not going to get a lot of hecklers," he said of Bush's visit to California's agricultural heartland. "He's always been highly controlled with his events. What they want here are good, positive media events - do no harm is very important to them - and money."

Better Mood At The Gas Pump. What About The Voting Booth? (NYT)

By Jad Mouawad

The New York Times, September 30, 2006

On election day, will voters see their gas tanks as half full or half empty?

Gasoline prices have plummeted in the last month, dropping by nearly 25 percent since mid-July, and despite a recent uptick in crude oil prices, most energy experts still expect the price of gasoline to fall a bit further by November.

Six weeks from the midterm elections, the falloff is comforting the Republican majority up for re-election in Congress, limiting the impact of a potentially damaging issue. But Democrats hope to gain power on Capitol Hill, in part, by hitting on the toll that high energy costs have taken on American consumers and trying to draw connections to what they see as the Bush administration's kowtowing to big oil interests.

A gallon of regular gas now averages $2.33, after rising above $3 in August. But given that even the current lower prices are higher than was common just a couple of years ago, the question of who will benefit politically from the drop is still hotly disputed.

"Nobody thinks $2.50 a gallon is cheap; it's still expensive," said Representative Rahm Emanuel, Democrat of Illinois, who is leading the effort to win a majority in the House. "Guess what? Republicans may be relieved from a political standpoint but their voters aren't."

So, are Republicans worried?

"Absolutely not," said Carl Forti, the spokesman for the National Republican Congressional Committee. "Right now people are excited they are not paying $3 a gallon anymore, and frankly, so am I. Today, in every place in America, gas is cheaper than a month ago."

The sudden decline has also ignited suspicions that the Republican administration and giant oil companies conspired to cut gasoline prices for electoral gains.

"I think prices are going down now because it's election time but I feel they will go back up again right after," said Roberta Mays, a school bus driver in Knox, Pa.

Her opinion was reflected in a Sept. 15-17 Gallup poll, which found that 42 percent of respondents said that they believed the Bush administration was manipulating the price of gasoline in advance of the fall elections.

And the accusation has provoked a vigorous debate on the Web. On huffingtonpost.com, a left-wing blog, someone commented: "Anybody with any brains KNOWS this government manipulates almost everything here in the States."

The White House press secretary, Tony Snow, even brought up that conspiracy theory at a recent briefing by joking that some people thought "the President has been rigging gas prices, which would give him the kind of magisterial clout unknown to any other human being."

Prices are down largely because of a sharp drop in global oil prices, which peaked in July at $77 a barrel, and, while up slightly this week from recent lows around $60, are still under $63 a barrel.

Much of the drop can be attributed to a big sell-off by hedge funds and other speculative traders, who help determine the price of crude oil and other petroleum-based products on international commodity markets — and not to American oil companies, which control only a fraction of global oil supplies.

While the drop this fall is larger than under ordinary circumstances, it also fits a pattern that sometimes occurs at this time of year. Tom Kloza, publisher of the Oil Price Information Service, said a decline in prices after Labor Day was not uncommon because of lower demand in the months following the summer driving season. Demand then picks up in the winter, often leading to a rebound in prices.

"One of the reasons you don't hear much about gasoline during elections is because gasoline is almost always in retreat at this time of the year," Mr. Kloza said. "If we really want to see a meaningful energy policy in this country we need to change the elections to May." In recent weeks, oil traders have also been comforted by the fact that no strong hurricane has slammed into the Gulf of Mexico, home to a quarter of America's domestic energy supply, and that tensions in the Middle East seem to have eased a little.

Not surprisingly, the sharp decline in gasoline prices has lifted the morale of Americans. Consumer confidence indicators released on Tuesday rebounded from a nine-month low, thanks mainly to the drop in gasoline, which has left many Americans feeling a little wealthier.

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The retreat of gasoline prices provides some relief to the Bush administration and Republicans that could help blunt public dissatisfaction with Washington.

"It removes a significant arrow from the quivers of Democrats," said Frank Luntz, a Republican political consultant and pollster. "When prices crossed $3, voters wanted their elected officials to feel as much pain as they felt. Now, all that anger is gone. I don't think it's going to help Republicans but it is no longer going to help Democrats either."

Still, despite the drop-off, many Americans remain deeply disturbed by the price of gasoline. Indeed, today's prices have merely erased the most recent highs and have barely returned to last year's levels.

Ms. Mays, 41, said she recently gave up a job that required a 60-mile commute each day, partly because of the high cost of gasoline. A single mother who is struggling to raise a 10-year-old son, she said the fuel price increase absorbed a large chunk of her $9,000 salary.

"It was almost not worth going to work anymore," she said. "I keep thinking when is gasoline going back to $1 again? It would be nice but I don't think so."

Democrats are hoping that such feelings will translate into a high turnout among discontented voters, enough perhaps for them to win the House and even the Senate.

"Voters see the link" between gasoline prices and chaos in the Middle East and in Iraq, said Paul Begala, a Democrat political strategist. "You don't have to tell them."

"If they pull up at the pump and pay $2.50 instead of $3 a gallon, it's an enormous difference," he added. "Do they say 'Thank you George Bush,' and vote Republican? Perhaps. But I wouldn't want to be the Republican staking my career on that decision."

Political analysts said that while the war in Iraq and the handling of relief efforts after Hurricane Katrina are much bigger factors in shaping public attitudes, many Americans also see gasoline as a sore issue.

While the approval ratings for the Bush administration have risen somewhat from their lows of the early summer, the president's declining popularity has generally mirrored the rise in gasoline prices, said Andrew Kohut, the president of the Pew Research Center.

"Rising gasoline prices have taken quite a toll on President Bush's approval ratings," Mr. Kohut said. "Of course there have been other issues — like Katrina and Iraq — but if you track the rise in gasoline prices it correlates very nicely with Bush's falling ratings."

The question now, he added, "is how much will declining prices obviate that clear negative?"

Gasoline prices, visible to consumers every day, are not necessarily crucial in their own right. But they have acted as a proxy for attitudes toward the general economy, which, Democrats argue, has worsened for the average American under President Bush.

"It's a constant reminder that things are tough," said Senator Jack Reed, a Democrat of Rhode Island. "Everything keeps going up and wages for middle-class Americans have been stuck for five years."

In contrast to the previous energy shocks of the 1970's and early 1980's, however, the recent surge in oil prices did not seriously trip up the economy, sending it over the edge into a recession. The increase was driven by rising global demand, not by a supply shortage precipitated by events in the Middle East, and growth has continued right through the surge in prices.

Indeed, Americans are consuming more gasoline than ever, thanks to a growing population and an expanding economy. But the price increases have imposed a toll.

Gasoline demand in the United States is expected to rise just 1 percent this year, to 9.22 million barrels a day, according to the forecasts by the Energy Information Administration, compared with an annual growth of 1.9 percent from 1992 to 1999. Next year, the agency sees a rise of 1.2 percent in gasoline consumption.

"While gasoline demand has not declined, the growth has certainly declined from its longer-term trend," said Tancred Lidderdale, a senior economist at the Energy Information Administration. "One thing I would suggest is that the impact of high prices isn't immediate. Habits are slow to change."

They are changing, though. Wal-Mart has said that its customers are making fewer trips to its stores. Automakers in Detroit have suffered big drops in the sale of their S.U.V.'s and pickup trucks as buyers turn to smaller, more efficient models. More drivers are carpooling or delaying some trips because of the impact of high prices.

In a New York Times/CBS poll taken in May, 63 percent of respondents said they had reduced their driving because of higher prices; 49 percent said they planned to change their holiday plans because of higher gas costs; 56 percent said that high energy costs had led to cutbacks in household spending.

"It's hard on the middle class, on people like us," Jean Smith, 59, a schoolteacher in Kennett Square, Pa., said this week. She said high energy costs were a burden on her family, which has $15,000 in debt, one son in college and another in the military. She and her husband, also a high-school teacher, earn a combined income of about $75,000 a year.

"Our gasoline and heating oil bills have doubled in the past 10 years," she said, "but our salaries certainly haven't."

Change In Goldman Index Played Role In Gasoline Price Drop (NYT)

By Heather Timmons

The New York Times, September 30, 2006

LONDON, Sept. 29 — Politics and worries about oil supplies may have caused gasoline prices to go up at the pump earlier this year, but one big investment bank quietly helped their rapid drop in recent weeks, according to some economists, traders and analysts.

Goldman Sachs, which runs the largest commodity index, the G.S.C.I., said in early August that it was reducing the index's weighting in gasoline futures significantly. The announcement did not make big headlines, but it has reverberated through the markets in the weeks since and some other investors who had been betting that gasoline would rise followed suit on their weightings.

"They started unwinding their positions, and those other longs also rushed to the door at the same time," said Lawrence J. Goldstein, president of the Petroleum Industry Research Foundation.

Wholesale prices for New York Harbor unleaded gasoline, the major gasoline contract traded on the New York Mercantile Exchange, dropped 18 cents a gallon on Aug. 10, to $1.9889 a gallon, a decline of more than 8 percent, and they have dropped further since then. In New York on Friday, gasoline futures for October delivery rose 4.81 cents, or 3.2 percent, to $1.5492 a gallon. Prices have fallen 9.4 percent this year.

The August announcement by Goldman Sachs caught some traders by surprise. The firm said in early June that it planned to roll its positions in the harbor contract into another futures contract, the reformulated gasoline blendstock, which is replacing the harbor contract at the end of the year because of changes to laws about gasoline additives.

Later in June, Goldman said it had rolled a third of its gasoline holdings into the reformulated contracts but would make further announcements as to whether the remainder would be rolled over. Then in August, the bank said it would not roll over any more positions into gasoline and would redistribute the weighting into other petroleum products.

Goldman Sachs declined to comment. Some traders speculated that Goldman might have been concerned about the liquidity of the reformulated contract and whether other traders would embrace it because there were so few contracts outstanding. The open interest, or number of futures contracts taken out, has increased ninefold in the reformulated contract since then.

Unleaded gasoline made up 8.72 percent of Goldman's commodity index as of June 30, but it is just 2.3 percent now, representing a sell-off of more than $6 billion in futures contract weighting.

Like many market indexes, trading in the Goldman Sachs Commodity Index is publicly available, allowing individual investors and third-party asset managers to participate in that market. The $100 billion invested comes from brokers, fund managers and individuals, probably including some of the same people who were hurt by high gasoline prices earlier in the year.

Goldman's announcement on Aug. 9 was not the only downward pressure on prices that week, market participants stress. And while it may have played a part in sending prices down, the market would never have continued its downward trend unless supplies had loosened up, they say.

Also during that week, climatologists revised their hurricane forecasts, easing fears that oil supplies could be disrupted. And BP said it would still produce some oil from its field in Prudhoe Bay, Alaska, where leaks were being repaired. Meanwhile, the peak gasoline season was ending, and new supplies of ethanol were coming online.

The week started with "everyone talking about $4 gasoline and ended with the market down sharply," said Phil Verleger, an independent economist in Aspen, Colo.

In following weeks, "traders all tried to push themselves through that door," Mr. Goldstein added.

"We saw gasoline fall 82 cents in the wholesale market over a four-week period, which is unprecedented," he said. Mr. Goldstein said that the decline in gasoline prices helped send prices of the whole group of energy-related products down.

Now, rather than highs, these products are hitting lows — natural gas, for example, traded on Wednesday at its lowest price in four years.

Wal-Mart Launches Employee Voter Drive (WP)

By Ylan Q. Mui, Washington Post Staff Writer

The Washington Post, September 30, 2006

Activists Question Retailer's Motives

Wal-Mart Stores Inc. yesterday launched a voter registration drive aimed at its 1.3 million U.S. employees in what it describes as the largest such effort by a private company.

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The kickoff was held in Iowa, a key battleground in the upcoming midterm elections. Workers at Wal-Mart's roughly 3,800 other facilities across the country also received registration forms yesterday. Although the world's largest retailer said it does not want to influence how its workers vote, David Tovar, director of media relations, said the drive was prompted by recent criticism of the company by politicians.

Wal-Mart workers "read the newspapers and see the headlines, just like you and I do," Tovar said. "They recognize there were some elected officials that were saying some things that didn't really represent the company. They wanted to have an opportunity to have their voice heard."

Wal-Mart is working with Democratic strategist Charles Baker of the law firm DLA Piper and Republican strategist Terry Nelson, founder of Crosslink Strategy, on what it has dubbed the Voter Education Program. The company has prepaid postage for voter registration forms in Iowa and several other states. It is also allowing workers whose shifts do not give them three hours to visit the polls to take paid time off to vote. Before the elections in 2004, they received two hours of unpaid time off.

Wal-Mart sent letters to 18,000 Iowa employees in August criticizing Sens. Evan Bayh of Indiana and Joseph R. Biden Jr. of Delaware and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico -- all Democrats -- for participating in a bus tour arranged by Wake Up Wal-Mart, which is funded by the United Food and Commercial Workers International Union. Similar letters were sent to workers in New Hampshire, South Carolina and Nevada.

The bus tour was designed to attract new members to Wake Up Wal-Mart and draw attention to the company's health benefits package.

Labor groups have accused the retailer of blocking employee attempts at unionizing. They also assert that Wal-Mart runs small companies out of business, depresses wages and does not provide adequate health coverage for its employees.

Wal-Mart Watch, which is backed by the Service Employees International Union, said it supports the retailer's voter drive but was still critical of its political efforts.

"Wal-Mart's employees realize that the company's lobbyists don't represent their personal interests," spokesman Nu Wexler said.

Some activist groups questioned the retailer's motives, citing Wal-Mart's policy of banning voter registration drives conducted by outside parties from its stores.

"If Wal-Mart is truly interested in promoting a just democracy, then customers and employees should be included in registration activities," said Edward A. Hailes Jr., senior attorney with Advancement Project, a national civil rights group organization that works on voting issues.

In the spring, volunteers with Project Vote and the Association of Community Organizations for Reform Now, a nonprofit group that has been critical of Wal-Mart, attempted to set up voting drives at several Florida stores, said Brian Mellor, the elections counsel for Project Vote. He said they were quickly asked to leave.

Tovar said the company's blanket policy bans such drives because it disrupts customers' shopping experience but that it has made exceptions for some nonpartisan groups.

Wal-Mart Launches Registration Drive (FT)

By Jonathan Birchall In New York

Financial Times, September 30, 2006

Wal-Mart, the largest US retailer, on Friday launched a drive to encourage its 1.3m employees to register to vote, in the biggest operation of its kind ever by a US private employer.

The company has begun distributing voter registration packages – including postage-paid application forms – to more than 17,000 employees at its stores and warehouses in Iowa, with other states due to follow.

In Taking On Fox, Democrats See Reward In The Risk (NYT)

By Lorne Manly

The New York Times, October 1, 2006

THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations.

The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on "Fox News Sunday" into a finger-pointing tirade against what he called a "conservative hit job." Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine.

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In separate appearances on Fox News over the next two days, Lanny J. Davis, a former special counsel to Mr. Clinton, and Barbara Boxer, the Democratic senator from California, mocked the news channel's trademarked motto of being "fair and balanced."

And on Wednesday Paul Begala and James Carville, Democratic commentators for CNN, engaged in more than five minutes of high-decibel debate on Fox with Bill O'Reilly about Mr. Clinton's appearance, daring Mr. O'Reilly to "come out of the closet" and admit Fox News is a "right-leaning, anti-Clinton network."

The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself.

"The Republicans are using Fox News to gin up their base, and now — for the first time — the Democrats are doing it, too," said Steve McMahon, a Democratic strategist with McMahon, Squier & Associates who handled Mr. Dean's presidential campaign.

Engaging Fox News in such an aggressive manner, however, may not be the smartest strategy. If there's a base that needs energizing for these midterm elections, it belongs to the Republicans, and a Clinton-led attack may only revivify them. And so far, there is just one clear beneficiary: Fox News. The news channel has highlighted the contretemps on many of its programs, boosting the ratings in the process.

Democrats do not view Chris Wallace as a partisan gunslinger, as they do some other Fox News personalities. But his questions about whether Mr. Clinton did enough to destroy Al Qaeda ignited simmering Democratic and Clintonian anger.

Democrats had been furious with White House attempts over the last few months to to portray Democrats as weaker on national security than Republicans. And defenders of the Clinton administration were furious about "The Path to 9/11," the ABC docudrama that they claimed depicted the administration in an unfair light. All this fed into last week's reaction, Democratic officials and strategists say. "I think it's important for us to call it what it is," said Karen Finney, communications director for the Democratic National Committee, speaking about the recent incidents. "We can't let conservatives and Republicans get away with painting us in a corner and mischaracterizing who we are and what we stand for."

The incendiary interview appeared on the same day the pessimistic National Intelligence Estimate on Iraq was leaked. And the two events provided an opportune moment to strike, Ms. Finney said.

Soon after the "Fox News Sunday" telecast, Mr. Dean mentioned both items in a combative statement. And the Democratic National Committee followed up Mr. Dean's statement with an e-mail fundraising appeal, complete with a YouTube link to the interview.

"I think you're seeing the beginning of an alternative Democratic approach," a desire to strike back hard, said Mr. Begala, a former Clinton adviser.

"Clinton tapped into something in the Democratic zeitgeist," Mr. Begala said. "We're really tired of being bullied, particularly by Fox."

Democrats have believed, nearly from the moment Fox News began in October of 1996, that the news channel was institutionally biased against them. Fox News officials have disputed such charges, saying the network is merely a corrective to what they contend is a pervasive liberal bias in the news media.

Nonetheless, most Democrats have believed the network could not be ignored. If no one appeared on their shows, who would make the Democratic case? The cable news channel, despite a fall-off in ratings over the past year, still towers over its competitors. And although the viewers who regularly watch Fox News are more likely to be Republican, Democrats and independents still turn up in significant numbers — 20 percent and 17 percent, respectively, compared with 34 percent who are Republicans — according to a recent survey from the Pew Research Center for the People & the Press.

Swing voters are important in some states, particularly the Northeast. How they react to the Democrats' more confrontational approach could help determine how far the Democrats get in their efforts to gain control of the House and Senate.

Some Democrats said they believe that a more muscular approach in taking on the Republicans could help them grab onto an issue that has been an Achilles' heel for the Democrats in recent elections: national security.

And that couldn't make some Republicans happier. "I think it puts national security front and center and reminds people that this administration is taking the fight to the terrorists and recognizes the threat America faces," something the Democrats do not, said Danny Diaz, Republican National Committee spokesman.

The Republican National Committee is doing its bit to spread that point of view. After the Clinton interview, it sent talking points to its grassroots membership and to the news media, and ramped up efforts to book people on TV and radio programs to comment on the debate.

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And Fox News executives have not seemed to mind furnishing screen time to Democrats so they can bash the network. (Roger Ailes, the chairman and chief executive of Fox News and Fox Television Stations, was unavailable to comment for this article.)

After all, the ratings don't lie.

The first three days of the week saw primetime and daily increases of 20 percent and 13 percent, respectively, compared with the average over the previous four weeks. And "Fox News Sunday" got its best ratings in three years.

Pastors Guiding Voters To GOP (LAT)

By Stephanie Simon, Times Staff Writer

The Los Angeles Times, October 1, 2006

The Christian right seeks out members who might not go to the polls. The focus is issues, but some leaders don't oppose endorsement.

With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004.

Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power.

Preachers "ought to put their toe right on the line," said Mathew D. Staver, founder of Liberty Counsel, a nonprofit law firm that supports conservative Christian causes.

The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 "patriot pastors" nationwide to promote an agenda that aligns neatly with Republican platforms. "We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand," Scarborough said. "Our higher calling is to Christ."

The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates. One online guide to discussing the election in church, produced by the Focus on the Family ministry, offers this tip: If a congregant says her top concerns are healthcare and national security, suggest that Jesus would make abortion and gay marriage priorities.

At a recent rally in Pennsylvania, Focus on the Family founder James C. Dobson told a crowd of 3,000 that it would be "downright frightening" if Republicans lost control of Congress. If there's a good Christian on the ballot, he said, failing to vote "would be a sin."

The law restricting political activity of churches and charities dates to 1954, when then-Sen. Lyndon B. Johnson pushed it through in a pique of anger over a nonprofit's effort to derail his reelection. Tax-exempt organizations, including churches, may not participate or intervene in political campaigns on behalf of any candidate. Intervention is broadly defined as "any and all activities that favor or oppose one or more candidate for public office," according to the Internal Revenue Service.

That sounds straightforward. In practice, though, there are many ways around the restriction, as the faithful recognize.

"If the pastor is doing the right job, the people will automatically vote for the right person," said Gale Wollenberg, who belongs to a conservative evangelical church in Topeka, Kan.

Perhaps the biggest loophole is that churches can campaign on policy issues — even if that effort benefits a particular candidate. Scarborough, for instance, has spent a great deal of time far from his Texas parish, rallying Christian voters against an initiative promoting embryonic stem-cell research in Missouri. At his events, Scarborough makes a point not to mention Missouri's Republican Sen. Jim Talent, who is in a tight fight for reelection.

But in private, he says candidly that he expects — and hopes — his efforts will give Talent a boost. "If a pro-life candidate benefits from Christians being involved, to God be the glory," Scarborough said.

Pastors can further help their favored candidates by distributing "issue-oriented" voter guides in church, a tactic used for years among secular (often left-leaning) groups such as the National Assn. for the Advancement of Colored People and adapted to faith communities by the Christian Coalition in the 1990s.

The voter pamphlets are supposed to be neutral, but often present issues through a distinctly partisan lens. A guide distributed by a conservative group in Minnesota in 2004 laid out the candidates' views on aborting "unborn babies." One produced this year by the liberal evangelical group Sojourners describes immediate withdrawal of U.S. troops as the only way to bring peace to Iraq.

Pastors have a right to work directly for candidates on their own time, as long as they don't use church resources. In a recent article aimed at evangelical preachers, Staver wrote that they "should feel free" to go even further and endorse a candidate from the pulpit because he thought the IRS law was unconstitutional. He repeatedly noted that the IRS had rarely

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sanctioned churches. The Church at Pierce Creek in Binghamton, N.Y., is the only one ever to lose its tax-exempt certification, for sponsoring newspaper ads that opposed presidential candidate Bill Clinton.

Far more often, IRS agents resolve complaints by training church leaders to avoid future missteps, said Lois G. Lerner, who directs the IRS unit for tax-exempt groups. In 2004, the IRS resolved dozens of complaints this way, including such blatant violations as churches donating to a candidate's campaign or placing political signs on their property.

Given the slim chance of serious sanction, "I encourage pastors to exchange their muzzles for megaphones," Staver wrote in the Rev. Jerry Falwell's monthly newspaper, the National Liberty Journal.

Political preaching has been particularly fervent this season in Ohio, where two conservative mega-churches have promoted the Republican candidate for governor, J. Kenneth Blackwell. They've featured him in at least six rallies that blended patriotic appeals with Christian revival.

Yet the latest poll shows Blackwell trailing by 19 points. In part, that's because Ohio voters seem to be in an anti-Republican mood, after scandals involving state GOP politicians. It also shows that a pastor's influence only goes so far.

Many on the Christian right credit their aggressive mobilization, similar to this fall's campaign, with securing President Bush's reelection. And turnout among evangelical voters did jump 9% from 2000 to 2004.

But two religious groups that heavily back Democrats also came out in droves: Turnout was up 15% among Jews and 13% among mainline Protestants who attend liberal churches, according to surveys conducted by John C. Green, a senior fellow at the Pew Forum on Religion & Public Life. Overall turnout was up 4 points.

"It's really difficult to parse out" the effectiveness of the religious right's mobilization in 2004 "because it was such an intense campaign," Green said. "It does seem to bear fruit, but it varies a great deal from congregation to congregation."

Church-based campaigning may have been most influential in voters' choice of candidate. Bush won 78% of the evangelical vote in 2004, up from 68% in his first presidential bid. And evangelicals were far more likely than any other group of voters to say that religion was the most important factor in their political thinking.

Voter education from the church "can be enormously effective," said Colin Hanna, who directs the Pennsylvania Pastors Network. The group of 850 seeks to mobilize voters against "abortion and other evils," according to its website.

Some of this fall's efforts are aimed at energizing politically active but disillusioned Republicans who might otherwise stay home. But Hanna is particularly eager to reach the 30 million regular churchgoers, and an overlapping group of 19 million evangelicals, who did not vote in 2004. Their indifference to politics is "either a tragedy or a scandal," he said, but he's certain it can be overcome.

Liberals, too, see potential in mingling faith and politics. Black churches have a long history of political activism from the pulpit, dating to the civil rights movement — but their efforts did not boost voter turnout in 2004. This time around, other Christians, including liberal Catholics, are jumping in to try to energize the religious left.

They plan to distribute more than 1 million voter guides urging Christians to evaluate candidates based on issues such as poverty and global warming. A new consulting firm, Common Good Strategies, aims to help Democratic candidates make stronger pitches to communities of faith.

For the most part, however, the left is far behind the right: "They've got organization and discipline that we don't really have yet," said Jack Pannell of Sojourners. "It may take us a generation."

With both the left and the right pursuing faith-based strategies, the IRS issued a warning in February that churches may be in danger of becoming "arms of political campaigns and parties." Agents are looking into about 40 reported violations by churches and other tax-exempt nonprofits. A few are holdovers from 2004, including the high-profile probe into an antiwar sermon at a liberal Pasadena church. But new allegations continue to come in at a brisk clip.

Liberal clergy in Ohio have filed a protest about the pastors' efforts on behalf of Blackwell. On the right, the website http://www.ratoutachurch.org is recruiting volunteers to report partisan activity from the pulpit that favors Democrats.

Melissa Rogers, a visiting professor of religion and public policy at Wake Forest University in Winston-Salem, N.C., says she expects more complaints as the election approaches. In their zeal to bring politics into the pews, some religious leaders "have made a decision to walk on the razor's edge of the law," she said. "Or over the edge."

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The Inside Agitator (NYT)

By Matt Bai

The New York Times, October 1, 2006

Not all states are equal on an election map, and Alaska is one of those less populous states — like Kansas or Idaho or Alabama — that national Democrats almost never bother to visit. For one thing, just getting there presents a logistical ordeal: the journey from Washington takes as long as it would to reach, say, Nigeria, and even then you sometimes need a hydroplane to

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get around. And more to the point, there aren't a whole lot of people to see once you get there. Registered Republicans outnumber Democrats by a margin of 2 to 1 in oil-crazed Alaska, which hasn't sent a Democrat to the House or Senate in more than 30 years. To put it another way, there were more Democrats in Central Park for the Dave Matthews concert a few years back than there are in the entire state of Alaska — all 656,000 square miles of it.

It seemed somewhat bizarre, then, when Howard Dean, the chairman of the Democratic National Committee, chose to make the long odyssey to Alaska at the end of May, near what was the beginning of one of the most intense and closely contested national election campaigns in memory, when every other Democrat in Washington was talking about potentially decisive states like Ohio, Pennsylvania and Connecticut. It was also strange that no one in Democratic Washington seemed to know he was going. Although I had been following Dean closely for months, I found out about the trip accidentally and invited myself along — an intrusion that Dean seemed merely to tolerate. We met up first in Las Vegas, where he was making appearances with

Harry Reid, the Senate minority leader. Dean, who enjoys his image as an unpretentious New Englander, is given to finding his own flights on discount Web sites, so it's sometimes hard for even his own staff to track his itinerary. On the morning we left for Alaska, Dean went missing for a good half-hour. It turned out that he was in the business center of the MGM Grand, where he had been trying to figure out how to print his boarding pass but somehow ended up in an impromptu game of online backgammon with a guy who claimed to be in China.

Touching down in Anchorage, we were greeted by Jonathan Teeters, a 25-year-old former offensive lineman at the University of Idaho who had been hired to help the state party begin to organize Democrats. It took less than 10 minutes, as Teeters drove us through a pounding rainstorm to the state headquarters, for Dean, seated in front, to unleash his usual brand of havoc on a state unaccustomed to it. First, he absently asked Teeters what kind of radio interviews he would be doing during his 24-hour stay and was told that he was booked on the local Air America affiliate, the only liberal radio option in town. This is what party chairmen get paid to do — rally the faithful, collect their money and urge them to vote.

"Bull," Dean snapped, using a slightly more elongated version of the term.

"Huh?" Chris Canning, Dean's personal aide, suddenly looked up from a loose-leaf binder. He seemed to think he had misheard.

"I'm not going to do that," Dean replied firmly, craning his neck to address Canning in the back seat. "I didn't come all the way up here just to talk to people who already agree with us. I want to talk to everyone else. I'm fine with doing Air America, but we have to do something else too. Isn't there some conservative show we can do?" Teeters warned that the few right-wing shows in town could get nasty for the chairman. "If you can set something else up too, great," Dean said with finality. "Otherwise, I won't do Air America."

Then Dean wanted to know how many organizers the state party now had on the ground, and Teeters told him there was just one: Teeters himself. The D.N.C. created his job — along with a position for a communications director — last year as part of Dean's signature program, known as the 50-state strategy. Under this program, the national party is paying for hundreds of new organizers and press aides for the state parties, many of which have been operating on the edge of insolvency. The idea is to hire mostly young, ambitious activists who will go out and build county and precinct organizations to rival Republican machines in every state in the country. "We're going to be in places where the Democratic Party hasn't been in 25 years," Dean likes to say. "If you don't show up in 60 percent of the country, you don't win, and that's not going to happen anymore."

In paying for two new staffers, Dean had, virtually overnight, doubled the size of Alaska's beleaguered state party, which used to consist of only an executive director and a part-time fund-raiser. But now, as Dean considered the vastness of the state's landscape, he decided that one organizer wasn't enough. "In most states, we have three or four," Dean said, thinking out loud. "Seems like you should really have more. We should be able to find that money in the budget."

That night, after meeting with Dean at the sad little storefront office that houses the state party, Alaska's party chairman, Jake Metcalfe, announced to 400 assembled Democrats at a fund-raiser that Dean had just promised to hire an additional organizer for the state. The ballroom erupted in grateful applause as Dean sat there beaming. The members of his staff, gently rolling their eyes, began calling back to Washington, warning the political staff that they would need to find the money for yet another salary in, of all places, Alaska.

In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. Everyone in Democratic politics agrees, in principle, that party organizations in states like Alaska could use help from Washington to become competitive again, as opposed to the rusted-out machines they have become. But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide

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who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America.

It's true that adding a second organizer in Alaska will cost the national party only a modest sum, maybe $35,000 this year, but that same money could pay the salaries for canvassers in Pennsylvania or Connecticut, where a few thousand votes could mean the difference between swearing in Speaker Hastert or Speaker Pelosi next January. Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities. (The D.N.C. has pledged to spend $12 million on this fall's races.) With the president's approval ratings stuck around 40 percent, and polls suggesting that the Democrats may have a real chance of rolling back 12 years of Republican rule, numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all.

This conflict between the party's chairman and its elected leaders (who tried mightily to keep local activists from giving him the job in the first place) might be viewed as a petty disagreement. But in fact, it represents the deepening of a rift that has its roots in the 2004 presidential campaign — a rift that raises the fundamental issue of what role, if any, a political party should play in 21st-century American life. Dean ran for president, and then for chairman, as an outsider who would seize power from the party's interest-group-based establishment and return it to the grass roots. And while he has gamely tried to play down his differences with elected Democrats since becoming chairman, it seems increasingly obvious that Dean is pursuing his own agenda for the party — an agenda that picks up, in many ways, where his renegade presidential campaign left off. Now, at power lunches and private meetings, perplexed Washington Democrats, the kind of people who have lorded over the party apparatus for decades, find themselves pondering the same bewildering questions. What on earth can Howard Dean be thinking? Does he really care about winning in November, or is he after something else?

The mere fact that Democrats would consider a "50-state strategy" to be novel — as if a national party might reasonably aspire to something less — says volumes about the rapid deterioration of the party that was, for most of the last century, America's dominant political force. Back when Democrats were the established majority, the state parties were run by bosses who doled out jobs and delivered votes, while the national party, functioning as a subsidiary of whoever happened to occupy the Oval Office, worried about electing presidents. For decades, the party claimed a sizable majority of the nation's governors, senators and congressmen, and in every one of the states where it controlled those seats, there was a centralized organization — a party "infrastructure," in the parlance of today's activists — whose job it was to recruit candidates and make sure voters got to the polls.

All that began to change with the social movements of the 1960's and 70's, which redefined the Democratic Party, in the minds of many rural voters, as mostly a coalition of urban blacks and high-minded intellectuals. From the Deep South up through the populist Plains, voters began abandoning Democratic candidates at the polls, and the old state machines found themselves out of power and starved for patronage. Slowly, the parties in these states atrophied, laying off staff members and allowing their network of local volunteers to dwindle. "We were on the verge of extinction, pretty much," Barry Rubin, the executive director of the Nebraska Democratic Party, told me recently.

When Dean took over the D.N.C. last year, he sent assessment teams, made up of veteran field organizers and former state party officials, to every state. A typical assessment report on one rural state — I was allowed to see the report only on the condition that I not name the state involved — bluntly stated that its local activists were "aging" and that its central committee was "dysfunctional." In most states, there were hardly any county or precinct organizations to speak of. More than half the states lacked any communications staff, meaning that no one was there to counter the Republican talking points that passed from Washington to the state parties to the local media with a kind of automated precision.

For the Democrats, winning presidential elections came to mean doing so without any help from the South or West, and that, in turn, meant cobbling together a relatively small number of so-called battleground states rather than running a truly national campaign. The D.N.C. quit doing much of anything in conservative rural states, and the party's presidential candidates didn't bother stopping by on their way to more promising terrain. Every four years, the national party became obsessed with "targeting" — that is, focusing all its efforts on 15 or 20 winnable urban states and pounding them with expensive TV ads. The D.N.C.'s defining purpose was to raise the money for those ads. The national party became, essentially, a service organization for a few hundred wealthy donors, who treated it like their private political club.

None of this was much on Howard Dean's mind when he set about running for president in 2003 with drab notions of health-care reform and a balanced budget; by the time he made his infamous "scream" speech in Des Moines a year later, however, Dean had become a folk hero for marginalized liberals. How this happened has been largely misunderstood. Dean has been credited with inciting an Internet-driven rebellion against his own party, but, in fact, he was more the accidental vehicle of a movement that was already emerging. The rise of Moveon.org, blogs and "meet-ups" was powered to some extent by the young,

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tech-savvy activists on both coasts who were so closely associated in the public mind with Dean's campaign. But the fast-growing Internet community was also a phenomenon of liberal enclaves in more conservative states, where disenchanted Democrats, mostly baby boomers, had long felt outnumbered and abandoned. Meet-ups for Dean drew overflow crowds in Austin, Tex., and Birmingham, Ala.; what the Web did was to connect disparate groups of Democratic voters who didn't live in targeted states and who had watched helplessly as Republicans overran their communities. These Democrats opposed the war in Iraq, but they were also against a party that seemed to care more about big donors and swing states than it did about them. Attracted to Dean's fiery defiance of the Washington establishment, these voters adopted him as their cause before he had ever heard of a blog.

"What our campaign was about, not that I set out to make it this way, was empowering people," Dean told me recently. "The 'you have the power' stuff — that just arose spontaneously when I realized what incredible potential there was for people to get active who had given up on the political process because they didn't think either party was helping them."

Over the course of the campaign, Dean turned into an apostle, in politics, of the economic concept of "disintermediation" — the idea that, in the Internet age, voters could connect with candidates, and with one another, without the party acting as the conduit. In a sense, this is what his candidacy was all about. He still believed, though, that only a strong national party could mobilize voters on Election Day. At the Democratic convention in Boston, six months after he dropped out of the presidential race, he met with frustrated delegations from 18 "untargeted" states, meaning that the national party and its candidate, John Kerry, had completely ignored them. Dean was appalled. "The best window we have to talk to Democrats, the time when they pay the most attention, is in the presidential campaign," Dean told me, "and we were just saying to the people of those 18 states, 'We're not interested in you.' You cannot be a national party if you say that to anybody. Anybody."

It didn't take long, after the election, for a new band of Democratic outsiders — some inspired by Dean's campaign, others not — to begin asserting themselves on the local level. In Maryland, Terry Lierman, a venture capitalist who had been one of Dean's campaign-finance chairmen, ran for state party chairman, despite having had no previous involvement in local Democratic politics, and won. In North Carolina, Jerry Meek, a 35-year-old lawyer, took over the state party on a promise of re-energizing county organizations, even though both the governor and the state's leading national figure, John Edwards, strongly backed an inside candidate. Colorado and Arkansas, too, rejected incumbent chairmen in favor of obscure newcomers. In Texas, Fred Baron, a trial lawyer and Democratic contributor, established a privately financed effort to rebuild the Texas state party from the ground up — without the party's consent.

Meanwhile, the bloggers who supported Dean were taking up the same cause, inciting sporadic local rebellions. Chris Bowers, an influential blogger on the leftist site MyDD.com, demanded that the national party focus less on targeting races and more on recruiting candidates to run in every Congressional district in America. Bowers's call for individual activists to overwhelm and rebuild their local parties became a rallying point for the emerging Netroots party-reform movement. Setting his own example, Bowers got himself elected the captain of his local precinct in Philadelphia's 27th Ward and then won a seat on the party's state committee.

The question for Dean was how to harness and aggregate this state-by-state uprising that he had, by example, helped to create. Immediately after dropping out of the presidential race, he formed a political action committee called Democracy for America, whose mission was to raise money for "progressive" candidates seeking local offices, from mayoral and Congressional seats down to the local water board. This was revolt on a small scale, however, and Dean continued to ponder some grander strategy. He admits now that at the time he considered forming a third party, deciding, ultimately, that such ventures never went far in American politics.

Like Ronald Reagan, whose activist insurgency during the 1976 primaries failed to topple the Republican president, Gerald Ford, Dean might have begun work instantly on the next presidential race, building on his support among the Democratic base. But unlike Reagan, Dean had always exhibited more passion for campaigning among the grass roots than he did for the prospect of actually being the nation's president; he seemed less focused on changing the country than he did on changing the party. And the best way to do that, he concluded, was to run for chairman.

Dean, the celebrity candidate in a crowded if rather underwhelming field, campaigned on what seemed like a brazenly political promise to lavish spoils on the forgotten state parties, whose local activists held most of the votes for the chairmanship. The outcome was never much in doubt, although some skeptical Democrats refused to support him. Metcalfe, the Alaska chairman, told me that he supported Simon Rosenberg, a party strategist. "Simon was saying, 'I don't know if I can fund all the states,' and I thought that was honest," Metcalfe said. "Dean said he would give money to all the states, and I thought, That's not going to happen — not out here. I thought I was being realistic. He proved me wrong."

There were awkward moments during Dean's first months in Washington, early in 2005, when he found himself working among the party leaders he had repeatedly maligned. In his first official visit to the newly renovated D.N.C. building, Dean was greeted in the lobby by his predecessor, Terry McAuliffe, a close friend of the Clintons and probably the most gifted fund-raiser in

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the party's history, whom Dean's supporters had long pilloried as the personification of a party run by hacks and obsessed with corporate money. McAuliffe, a man of maddeningly good cheer, pointed to the new wall-size glass building dedication in the lobby, which featured McAuliffe's name at the very top, followed by a list of contributors. "Now, Howard," he said, "don't you go chiseling that down."

Not long after, Dean sat down with the party's Congressional leaders, Harry Reid and Nancy Pelosi, who had tried, ineptly and with almost comical desperation, to find a candidate who could stop him from becoming chairman. Reid and Pelosi promised to work with Dean, but they asked him to resist speaking out on key policy positions and acting as if he were the party's public face. In other words, Dean would be doing everyone in Washington a favor if he would just stay out of sight and raise money.

The latter goal proved challenging. The truth was that neither Dean nor the aides he brought with him from the presidential campaign knew much about the inner workings of the national party, and some of what they assumed they understood, based on contempt for anything they perceived to be the status quo, turned out to be more complicated than it first appeared. Determined to break the grip of millionaires on the party apparatus, Dean's team came into the D.N.C. with a plan to raise huge sums of money online, as Dean had done during the presidential campaign. Dean didn't bother reaching out to many of the party's top contributors, who were as suspicious of him as he was of them. But getting small-dollar donors excited about an established party proved a far more arduous task than getting them excited about an insurgent campaign. The situation grew perilous until, several months into his term, Dean relented and brought in one of McAuliffe's old acolytes, Jody Trapasso, to get the fund-raising operation in order. Trapasso introduced Dean to the big spenders, pushing him to devote a few hours of every day to making calls until the checks started rolling in.

Dean was discovering that he needed to find some Washington insiders to trust, after all — and he found them in what seemed an unlikely quarter. In his primary campaign in 2003, Dean struck up a friendship with Tina Flournoy, a well-respected operative who worked with Al Gore and

Joe Lieberman during the 2000 presidential race and who now held a senior position at the American Federation of Teachers, one of the party's most influential unions. Flournoy was also a charter member of an informal dinner clique whose members referred to themselves, good-naturedly, as the Colored Girls. The core group included several African-American women who had reached the highest echelons of Democratic politics. Donna Brazile, the veteran organizer who managed Gore's presidential campaign, was a regular; so were Minyon Moore, a consultant who worked in the Clinton White House; Yolanda Caraway, a public-relations specialist; and Leah Daughtry, who was McAuliffe's chief of staff (and who was retained in that job by Dean). Guest speakers at their dinners frequently included probable presidential candidates and top members of Congress. During the race for chairman, Flournoy brought Dean in as well, and he quickly clicked with the group.

Dean tapped Flournoy to run his transition team, and although she later returned to her job at the teachers' union, it is now common knowledge among Democrats in Washington that few big decisions are made at the D.N.C. without Flournoy's approval. The Colored Girls, as a whole, are unusually influential with Dean. It's an odd pairing, given that Dean governed one of the whitest states in the country, but what Dean and these women share is resentment, sometimes subtle and sometimes not, of the elite Washington Democrats who have always run the national party. Activists like Flournoy and Brazile have attained star status in the party, but they have never thought of themselves as insiders. This is partly because they are black women in a party dominated by white men — men who often seem to prize them more as symbols of diversity than for their expertise. But it is also because the women came up in Democratic politics as local field operatives — that is, as young organizers who knocked on doors, principally for Jesse Jackson — in an era when all of the power in the party was concentrated in the hands of the Washington consultants who made TV ads and polled the electorate. Dean came to Washington vowing to take power from the insiders and give it, instead, to ground-level activists. "That's our loyalty to Dean," Brazile says. "He gets it."

With help from Flournoy and the others, Dean cultivated an outsiders' culture inside the D.N.C. building. (It is more than symbolic that Dean himself never moved to Washington; he stays at the Capitol Hill Suites a few days a week before heading back to Burlington, Vt.) Dean's political staff hails largely from the state organizations, rather than from Washington; his political director, Pam Womack, formerly ran the Virginia party and the National Governors Association. Top Washington reporters and senior aides on Capitol Hill frequently complain that they now have trouble getting their calls to the D.N.C. returned, while state activists rave about the new responsiveness at headquarters.

Flournoy also introduced Dean to the pollster Cornell Belcher, who became a constant fixture inside Dean's D.N.C. Belcher, a deep thinker and jazz aficionado who wears suit coats with unlaced Converse sneakers, had been an outsider, too, in the sense that he didn't fit into the capital's pinstriped culture and wasn't well known before Dean started taking him to meetings on the Hill. In public appearances, Dean almost always refers proudly to the fact that he has retained a "37-year-old African-American pollster" to shake up the staid Washington crowd. In fact, the main theme of Belcher's work concerns the white middle-class men and women who have deserted the Democrats in recent years. These voters care more about their faith and the character of their communities than they do about individual issues, Belcher says, and Democrats do better with rural and small-

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town voters when they frame their positions as values rather than as policy prescriptions. This is not an entirely new insight, but to Dean it is critically important. In his mind, it means that any voter in any state can be a Democrat, if only you bother to talk to him, and if only you make the right kind of argument.

The ultimate manifestation of this philosophy, of course, is the 50-state strategy, under which, for the first time, the national party has begun directly financing the staff at all but a few state headquarters. It's probably fair to say that if there hadn't been a quagmire in Iraq or a Hurricane Katrina — if the White House's political fortunes hadn't imploded over the last year — the 50-state strategy would not have aroused much opposition among Washington Democrats. It was only when they realized that they actually had a chance to take back the House, and maybe the Senate too, that Democratic leaders began to ask, with increasing urgency, what it was that Dean was doing with all the party's money.

This fall, the question of who will control Congress is likely to come down to about 40 Congressional districts and some dozen states with close Senate races, including such perennial battlegrounds as Pennsylvania, Ohio and Missouri. Candidates raise most of their campaign funds themselves, but they rely on additional money from Washington to pay for voter-turnout programs and last-minute TV ads. Each party has three separate entities to raise and disburse those dollars: a committee for Senate races, a second committee for House campaigns and the national party headquarters.

For Democrats, the fund-raising environment has improved over the last two years, as Bush has blundered from one legislative or foreign-policy disaster to another and as Democratic donors have seen the prospect of controlling at least one house of Congress — a notion that seemed unthinkable in 2004 — become a possibility. The Democrats who lead their party's Senate and House campaign committees, Senator Chuck Schumer of New York and Representative Rahm Emanuel of Illinois, respectively, have done their parts to make the party competitive. The Democratic Senate committee, which narrowly outperformed its Republican counterpart in 2004, has opened up an even wider margin in this election cycle. The Democratic House committee, which raised only half as much as the G.O.P.'s committee did two years ago, has closed that gap somewhat and, at last count, had virtually the same amount in the bank as its rival. Over at the D.N.C., however, it's a very different story. In 2004, the D.N.C., under McAuliffe, actually raised slightly more money than the Republican National Committee. Since Dean has taken over, however, the R.N.C. has taken an almost 2-to-1 lead in fund-raising, and going into the fall campaign it had more than $39 million stashed away, compared with just over $11 million for the Democrats. For Schumer and Emanuel, this discrepancy between the two parties is like a train coming down the track, and they're the ones sitting in its path. The R.N.C. will dump tens of millions of dollars into individual House and Senate races in the closing weeks, through TV ads and get-out-the-vote operations, and Democrats won't be able to counter it.

In a city rife with unchecked egos, few politicians exhibit the kind of unbridled self-assuredness for which both Emanuel and Schumer are known; to call the two of them pushy would be like calling Tom Cruise excitable. Emanuel, a triathlete who was

Bill Clinton's deputy chief of staff and enforcer, speaks in violent bursts of shrapnel, profanities flying in all directions. Schumer, like his native Brooklyn, can be, by turns, charming or downright dangerous, depending on which route delivers him faster to his destination.

Before this midterm election-year began, but not long after Dean became party head, Emanuel and Schumer decided that if Dean wasn't going to raise anywhere near as much money as his rivals at Republican headquarters, then he ought to at least give them whatever resources he could muster. They went to work on Dean, pleading with him to transfer as much as $10 million to the two committees to help them respond to the Republican TV barrage. Emanuel told anyone who would listen that back in 1994, when Republicans sensed a similarly historic mood swing in the electorate, the R.N.C. kicked in something like $20 million in cash to its Congressional committees. (This argument was impressive, but not exactly true; the R.N.C. spent roughly that much on federal and local races combined in 1994, and little, if any, of that money went directly to the committees themselves.) Dean categorically refused to ante up. Having opposed the very idea of targeting a small number of states and races, he wasn't about to divert money from his long-term strategy — what he calls the "unsexy" work of rebuilding the party's infrastructure — to pay for a bunch of TV ads in Ohio. He wanted to win the 2006 elections as much as anyone, Dean told them, and he intended to help where he could. But Democratic candidates and their campaign committees were doing just fine on fund-raising, and the party couldn't continue giving in to the temptation to spend everything it had on every election cycle — no matter how big a checkbook the Republicans were waving around.

For Schumer, Emanuel and their allies, this rejection was irritating enough. When they heard the stories of how Dean was actually spending the party's cash, however, it was almost more than they could take. Dean was paying for four organizers in Mississippi, where there wasn't a single close House race, but he had sent only three new hires to Pennsylvania, which had a governor's race, a Senate campaign and four competitive House races. Emanuel said he was all for expanding the party's reach into rural states — roughly half the House seats he was targeting were in states like Texas, Indiana and Kentucky, after all — but he wanted the D.N.C. to focus on individual districts that Democrats could actually win, as opposed to just spreading money around aimlessly. The D.N.C. was spending its money not only in Alaska and Hawaii, but in the U.S. Virgin Islands as well.

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Democratic insiders began to rail against this wacky and expensive 50-state plan. “He says it’s a long-term strategy,” Paul Begala, the Democratic strategist, said during an appearance on CNN in May. “What he has spent it on, apparently, is just hiring a bunch of staff people to wander around Utah and Mississippi and pick their nose.”

The disagreement with Emanuel and Schumer frayed Dean’s already fragile détente with Washington’s Democratic elite. Since coming to Washington, Dean had worked hard to forge a level of trust with Congressional leaders, subjugating some of his more combative impulses. In particular, he had formed what he thought of as a genuine friendship with Harry Reid. Nonetheless, the party’s elected leaders and their legions of consultants remained uneasy about Dean. They suspected, correctly, that he strongly sympathized with outside forces — militant bloggers, disillusioned donors, Moveon.org — that were fomenting rebellion at the grass roots. It didn’t help that Dean’s younger brother, Jim, a onetime salesman who had taken over the PAC Dean started, Democracy for America, was out there proselytizing for insurgent candidates like Paul Hackett, whom Schumer eventually muscled out of a Senate primary in Ohio, and Ned Lamont, who upended Joe Lieberman in Connecticut. While campaign laws prohibited the Dean brothers from coordinating their activities, Washington Democrats assumed that Jim Dean’s job was to carry out the chairman’s subversive wishes.

In separate conversations, Reid and Pelosi each asked Dean — Reid in his quiet way, Pelosi more stridently — to send some money to the two campaign committees. Dean rebuffed them too. But he did promise that the D.N.C. would help with get-out-the vote campaigns. Emanuel and Schumer then began pressing Dean for a specific field plan — that is, a blueprint for how the D.N.C. would spend money on mobilizing voters, and where. The argument finally exploded during a meeting in May among Dean, Emanuel and Schumer in Dean’s third-floor office at the D.N.C. Emanuel told Dean that the 50-state strategy was a waste of money; Dean shot back that winning elections wasn’t only about TV ads. Emanuel wanted to know what Dean was doing to help in California’s 50th district, where voters were about to hold a special election. When Dean said he had organizers on the ground, Emanuel erupted. <object.title class="Movie" idsrc="nyt_ttl" value="41705;159602">“Who?” he demanded. “Tell me their names!” Emanuel, who had a vote at the Capitol, stormed out of the meeting, cursing as he walked down the hall. </object.title>

By now, the situation had as much to do with clashing egos as it did with the elections. “The issue here is not our field plan,” Dean told me. “The issue is an issue of control. I’m the new guy on the block, and they thought they were going to get me writing the check.” For his part, Emanuel, who had been a pivotal adviser in several national elections (he was the model for the character Josh Lyman in “The West Wing”), seemed annoyed that Dean wouldn’t defer to Democrats with more experience. That Dean raised money by talking about the closeness of the 2006 elections — and then spent much of that money in states that had nothing to do with the midterms — made Emanuel, whose office sits a floor below Dean’s in the D.N.C. building, want to reach through the tile ceiling and throttle him. “I’m for a long-term strategy,” Emanuel told me, “but I don’t see how you have a long-term strategy if you take a historic election and walk away from it.”

What was remarkable about this fight, as it dragged on throughout the summer, was just how public it became, and the extent to which it seemed to be pulling influential Democrats into its vortex. Bren Simon, a wealthy Democratic patron from Indiana who has entertained virtually every leading Democrat at her second home in Washington, told me that she warned Emanuel and Schumer that she wouldn’t write them any more checks if they didn’t stop fighting Dean over his 50-state strategy. Then there was the morning early in the summer when Brazile ran into Emanuel on the steps of the D.N.C. building and started loudly lecturing him about his attacks on the chairman, in full view of party employees. Emanuel protested that he just wanted to win back the House. Two of the Democratic Party’s leading strategists — one who had helped run the White House, the other who had managed a presidential campaign — stood there barking at each other on the street.

Underneath this clash of field plans and alpha personalities lay a deeper philosophical divide over how you go about rebuilding a party — which was really a dispute about cause and effect. Did you expand the party by winning elections, or did you win elections by expanding the party? Most party insiders had long put their faith in elections first, arguing that the best way to broaden the base of the party was to win more races. Schumer said as much in a written statement that his spokesman forwarded to me in response to my questions about his differences with Dean. “Our long-term goal is the same — a strong Democratic Party,” Schumer stated. “But we” — meaning he and Emanuel — “believe that nothing does more to further that goal in 2006, 2008 and beyond than taking back the House and Senate so that we can implement a Democratic platform.”

Recent history, though, would seem to undercut this theory. In the 1990’s, the Democrats won two presidential elections behind a popular leader, and yet the party didn’t grow. In fact, Democrats lost ground at every level of government except the White House and cemented their position as the party of coastal states. Steadily investing in political activity on the local level, as Republicans have done for years, seems to Dean and his allies a more realistic way for Democrats to expand the electoral map than simply trying, every four years, to piece together the same elusive majorities. Of course, every Democrat in Washington says he’s for expanding the party’s efforts beyond the familiar 18 or 20 battleground states, but only Dean, among his party’s leaders, has been willing to argue that there is a choice involved, that you cannot actually invest for the long term unless you’re willing to forgo some short-term priorities.

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It takes courage, Dean told me, to try something new in the face of failure, which is why Washington Democrats were resisting his plan. "I think politicians are incredibly risk-averse, especially legislating politicians," he said. "This is like deciding to go to a psychiatrist — the risk of staying the same has to be greater than the risk of changing. And right now, in the history of the party, that's exactly where we are. The risk of doing nothing, the same old thing, is enormous. The risk of trying something new is much smaller. The risk of the 50-state strategy is much smaller than if we continue to do what we've been doing."

But you can accept Dean's premise and still wonder whether his 50-state strategy is really the best way to go about building the party. Even some Democrats who support Dean's larger vision have doubts about whether he has built enough accountability into his model for financing state parties. Republicans, as I saw firsthand in Ohio during the 2004 campaign, demand certain metrics of their local organizers. Field workers are expected to sign up so many new voters, or knock on so many doors, by a given date, and people who don't meet their quotas and deadlines can find themselves replaced — even if they're volunteers. Republican staffs in the states are required to take part in an unrelenting succession of conference calls with Washington.

By contrast, Jonathan Teeters, the 25-year-old activist I met in Anchorage, told me that he wished he spoke more often with his superiors at the D.N.C. "It's kind of an as-needed thing," he said. "As far as I can tell, they trust me to get it done. As long as I'm staying in contact, and as long as we're having success, that's how they know we're getting it done." When I asked Teeters how he knew if he was having success, he mentioned having attracted several hundred people to "Democratic reunion" barbecues across the state. "The first thing we have to do is create this energy, so people know we're here and we're active," he said.

Dean has no illusions that the 50-state strategy will succeed in every state. "They're going to make terrible mistakes — I know that," Dean said. "You never make changes without people making mistakes." He said he had visited 46 states as chairman, and each time he goes into a state, he gets some sense of the progress on the ground.

Unlike past chairmen, who mostly traveled to see donors and do some interviews, Dean spends a fair amount of time visiting party offices and mingling with grass-roots activists. His trips to more rural, conservative states, however, the kind of places where a sizable segment of voters go to church and follow Nascar, also raise some complicated issues for his fellow Democrats. Dean is treated like a Beatle by rank-and-file activists who have rarely seen a party leader in their midst, but for the rest of the country, Dean is that lefty who howled on national TV. Some Democratic governors and candidates have avoided Dean when he has been in town, for fear that their opponents would portray them as extremists. Which underscores the peculiar situation of Dean and his 50-state plan: he is the one guy in Washington determined to deliver the Democratic message to every part of the country, but as it turns out, he is also a guy from whom much of America doesn't want to hear it.

It's not that Dean doesn't try his damnedest to make himself palatable to culturally conservative voters. Acting on the advice of Cornell Belcher, his young pollster, he has taken to framing his positions in terms of faith and values, sometimes so transparently that it can make you wince. In Las Vegas, I heard Dean, who is not known to be a religious man, say to a Latino audience, "I don't expect the church to come out for gay marriage, but I do expect that we could say on an issue like this, 'What would Jesus do?' Equal rights under the law is not something that can be abridged by the Democratic Party, because it's really the law under Jesus Christ." The audience stared at him a little blankly, as you might stare at your mechanic if he rolled out from underneath your car and suddenly started speaking Latin.

Fairly or not, Dean has come to embody a species of Democrat that a lot of Americans of both parties find off-putting: the 60's antiwar liberal, reborn with a laptop and a Prius. On the day we landed in Anchorage, Tony Knowles, the former Democratic governor of the state, had just announced that he would run to reclaim the post. This was exciting news for Dean, since he and Knowles had served as governors together, and the two men would be attending the fund-raiser that night. But while we were at the party headquarters, the state party's executive director cautioned Dean, gingerly, that he should probably avoid getting too close to Knowles in public or saying nice things about him from the lectern. "I think he'd prefer to distance himself from the national party as much as he can," the executive director, Mike Coumbe, said.

Later that night, at the fund-raiser, I approached Knowles and asked him if it was true that he felt he needed to put some space between himself and his old friend. "I think they're about to introduce me," Knowles said, glancing helplessly toward the front of the room. "I do want to answer your question." But he was already backing away.

When dean and I last spoke, in August, I wondered aloud if the entire 50-state program wasn't, in a very basic way, inconsistent with the larger philosophy that guided his 2004 campaign. If Dean believed in disintermediation, then why was he spending so much money to strengthen the intermediaries? Weren't the state parties essentially just middlemen between the voters and the Democratic National Committee? What Dean seemed to be creating was a multilevel field organization modeled after the political machines of the 20th century rather than a new party that fostered direct communication between local activists and their leaders in Washington.

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"That would be true if we thought we had to be centralized," Dean replied, raising an index finger. In fact, he went on, the Democratic Party needed to be decentralized, so that grass-roots Democrats built relationships with their state parties but had little to do with Washington at all. "State parties are not the intermediaries," he said. "If I get them trained right, they're the principals."

In other words, I suggested, he was talking about "devolving" the national Democratic Party, in the same way that Reagan and other conservative ideologues had always talked about devolving the federal government and returning power to the states. "That's what I want to do," Dean said firmly.

This struck me as a radical idea, and one that went to the heart of what Howard Dean is really thinking. Now that Dean has wrested control of the national party, his real agenda, it seems, is to radically reduce its relevance, in the same way that Grover Norquist and his crowd of conservative activists talk about "starving the beast" of the federal government they now control. Once you understand that, it's easy to understand why Dean isn't troubled by having less cash in the bank than people think he should, and why he isn't concerned about quantifying the success of the state parties he's financing. In Dean's mind, every dollar that goes to Alaska or Mississippi, or even to the Virgin Islands, even if it isn't perfectly utilized, is a dollar that isn't going into the pockets of the Washington syndicate of admen and pollsters who seem to profit more from each election cycle. And that is an end in itself. By shipping the party's money out of Washington as fast as he can collect it, Dean is trying to finish what he started three years ago — namely, the slow dismantling of the Democratic establishment.

This philosophical shift is bound to have consequences for the party's next presidential nominee. Dean argues that the 50-state strategy is actually going to broaden the playing field in 2008. By the time the next nominee is crowned, he says, a field network will already be in place, covering most of the counties and precincts in the United States; flip a switch, and the whole grid will light up with activity, from Baton Rouge to Boise. More than that, rebuilding Democratic ground operations in more states will force Republicans and their nominee to spend millions more dollars in states that the G.O.P. usually takes for granted, dollars that would otherwise be spent in the Midwest or in the pivotal Sun Belt.

This makes some sense, but it's also true that presidential candidates have long relied on the D.N.C. to do two simple things: underwrite TV ads and coordinate extensive field operations in a handful of perennially contested states — so much so, in fact, that every four years the nominee essentially takes over the D.N.C., installing his own strategists and fund-raisers to provide his campaign with air and ground support. If Dean isn't going to relinquish control or shift his resources into battleground states, the next nominee could find himself (or herself) outspent by the R.N.C. — and as piqued at Dean as Emanuel and Schumer are now.

Some more conspiracy-minded Democrats discern in Dean's decentralizing strategy the careful machinations of a shrewd and ambitious politician. After all, if the party's nominee loses in 2008, doesn't that set up Dean, potentially, as the grass-roots choice for 2012? Might this be his real plan — to strengthen the local activists who form his natural base of support while at the same time weakening the Washington apparatus that once tried to derail him?

It's an elegant theory, but it doesn't take into account Dean's basic ambivalence about electoral politics. In Vermont, Dean, a physician and part-time lieutenant governor, turned down the chance to run for governor, taking office only when his predecessor died. He may have run for president, as a former confidant of his once explained it to me, largely because he was looking for something to do. Dean has never evidenced much in the way of Machiavellian ambition. It's easier to imagine him, several years from now, serving as a cabinet secretary, or maybe running a university, than it is to see him rising up to lead a Reagan-like revolt at a raucous nominating convention in Las Vegas or Phoenix.

the more immediate question is whether Dean can make it through this year's elections without becoming a permanent pariah among his party's elected leadership. In September, Dean finally reached a compromise of sorts with Rahm Emanuel. In the end, Dean didn't pull any money from his 50-state strategy, nor did Emanuel successfully pressure him into giving cash directly to the campaign committees. Dean agreed, in principle, to pour about $2.6 million, on top of what he was spending on the 50-state strategy, into field operations in 40 targeted districts. "We have a basic understanding," Emanuel told me, sounding more peeved than conciliatory. "It's not everything I want, but I don't have any time to waste anymore, and I'm not waiting for Godot. I've got to get going." The deal seemed to ensure, at least, that Dean and the House campaign committee would be able to work in harmony through the elections. (Peace talks with Schumer were still going on.) It did not, however, do anything to resolve the underlying, more intractable disagreement: the importance of winning elections versus a longer-term investment in state parties. That argument will continue well after November's referendum on Republican rule.

Nor, clearly, did the compromise do much to endear Dean to his critics in Washington. "I'm not going to be on his holiday mailing list, and he's not going to be on my holiday mailing list," Emanuel snapped at one point during our conversation about Dean. "But this isn't about him or me." If Democrats fall short of retaking the House of Representatives in November, the party's elected leaders will almost certainly blame Dean for the near miss. They will say that he squandered their best chance in more than a decade to control the country. They will say it proves that Dean's risky strategy has badly hurt the party.

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And yet, you could make a compelling argument that anything short of total victory in November would prove precisely the opposite. With polls consistently showing voters to be deeply nervous about a protracted war, high gas prices and stunted wages, this is that rare election that should turn less on tactics than on fundamental choices about the direction of the country; in other words, this election season is about the fear and fury of the electorate, not the addition of a few more door-knockers in New Haven or some negative 30-second spot broadcast in Columbus. As the Democratic strategist James Carville told Al Hunt, the Bloomberg News columnist, in August, "If we can't win in this environment, we have to question the whole premise of the party."

Most analysts in both parties now believe that Democrats have better-than-even odds of winning at least the House. But if they don't, rather than dissect the mechanical failures that cost them a few thousand votes here or there, Democrats might be forced to admit, at long last, that there is a structural flaw in their theory of party-building. Even a near miss, at a time of such overwhelming opportunity, would suggest that a national party may not, in fact, be able to win over the long term by fixating on a select group of industrial states while condemning entire regions of the country to what amounts to one-party rule. Which would mean that Howard Dean is right to replant his party's flag in the towns and counties along America's less-traveled highways, even if his plan isn't perfect, and even if he isn't the best messenger to carry it out. As another flawed visionary, the filmmaker Woody Allen, once put it, 80 percent of success is just showing up.

Dean: '08 May Hinge On Race, Immigration (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 1, 2006

Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday.

Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively.

"If that works, we're going to do that in 2008 all over the place, but in the meantime this is a great opportunity for us in 2006," Dean told 225 people attending a luncheon at the party's annual Hispanic leadership summit.

In New Mexico's largely Democratic 1st Congressional District, home to what Dean called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is fighting to get re-elected. Her opponent, Democratic Attorney General Patricia Madrid, grew up in a Hispanic household near the Mexican border.

Democrats hope to turn back the Republican Party's advances among Hispanic voters in recent years. President Bush's efforts to court Hispanic voters have helped double the GOP's share since 2000.

"We can't afford to have 45 percent of Latino population voting for Republican presidents. That diagram has to change," said Rep. Hilda Solis, D-Calif.

Dean and Solis said issues such as public education, health care, affordable housing, the minimum wage and immigration protection should continue to be party priorities.

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DAVENPORT, Iowa (AP) — Illinois Sen. Barack Obama, a potential presidential candidate for 2008, called on Democrats to embrace the national security debate in the campaign's closing weeks.

"I am happy to have a national security debate with the Republican Party," Obama said Saturday during his second visit in two weeks to Iowa, which traditionally opens the presidential nominating season. "What we need is a tough and smart national security agenda."

Obama said Democrats must stand up to Republicans' strategy of portraying them as weak on national security. He said Republicans "have a lock on the tough and dumb strategy" that Democrats must expose.

"We can't afford to be bullied because there's too much at stake," Obama said. "The only strategy the other side has is fear. That's what you're seeing and you're going to see more of it."

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HARTFORD, Conn. (AP) — Sen. Joe Lieberman, D-Conn., on Saturday launched a new TV ad that compares his nearly 18 years in the Senate with challenger Ned Lamont's relative inexperience.

The 30-second ad features a light bulb and a voice that asks: "Still waiting to hear a new idea out of Ned Lamont? Here's an idea for you."

The bulb lights up and the voice continues, "Experience matters."

In a Quinnipiac University poll released Thursday, voters by a margin of 47 percent to 38 percent said Lamont does not have the "right kind of experience" to serve as a U.S. senator.

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Lieberman, who was defeated by Lamont in the Democratic primary last month and is now running as an independent, has a 10-point advantage among likely voters in the poll. He leads Lamont 49 percent to 39 percent in a three-way race. Republican Alan Schlesinger trails with 5 percent.

Lamont campaign spokeswoman Liz Dupont-Diehl said Lieberman's experience has led to the Bush-Cheney energy bill, increased terrorist activity and the loss of manufacturing jobs.

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CONCORD, N.H. (AP) — Massachusetts Gov. Mitt Romney supported plans to reduce illegal immigration from Mexico but said Saturday the U.S. should do more to keep foreign students who come here and earn advanced degrees.

"There's only one condition on getting your Ph.D. here in the U.S. and that is: You leave as soon as you get it," he told New Hampshire Republicans gathered for their annual convention. "Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay. ... It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither."

Romney, a possible 2008 presidential candidate, spoke about a growing gap in technology and education between countries like China and the United States. He described a conversation he'd had with a leader of a Massachusetts high-tech company, who said he expected that in 10 years, 90 percent of his employees will be in Asia.

"I was shocked," said Romney. "China alone graduates seven times the number of engineers that we are."

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Associated Press writer Mike Glover in Davenport, Iowa, contributed to this report.

Outside Groups Spending Millions On Ads (AP-Y)

By Jim Kuhnhenn, Associate Press Writer

AP, October 1, 2006

The images are searing, violent. Smoke and flames pouring from the World Trade Center towers. Bullets ripping through military protective vests.

The scenes are from this year's campaign ad wars, waged outside the control of candidates or political parties.

Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts.

Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats.

That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help.

"If it's there, I haven't seen it," said Rep. Rahm Emanuel, the Illinois Democrat who heads the Democratic Congressional Campaign Committee. "I can't tell you what happened from '04 to '06 and why some decided either not to participate in this election or not be at the same level."

As election day nears, television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth that attacked Sen. John Kerry's Vietnam record during the 2004 presidential race.

Progress for America is credited with helping President Bush's re-election with a powerful ad evoking the Sept. 11 attacks. The GOP-leaning group now is running ads in Missouri and Ohio that support the war in Iraq.

The Economic Freedom Fund, bankrolled by Perry, is running ads in congressional districts in Iowa, Indiana, Georgia and West Virginia.

Softer Voices, backed by Friess and Templeton, has spent $850,000 in an ad campaign in Pennsylvania on behalf of Republican Sen. Rick Santorum, who is running behind Democrat Bob Casey.

So far, most of the Democratic advertising help has come from MoveOn.org, a liberal group has been raising smaller contributions as a federally regulated political action committee.

MoveOn spent most of its advertising money in March, targeting congressional districts that were not yet considered vulnerable for Republicans but have since become competitive. Right now, MoveOn is only advertising in two New York congressional districts and one in New Hampshire.

Democrats have gotten help from VoteVets, a PAC formed by military veterans who are critical of the Iraq war. The group is focusing on Santorum and Republican Sens. George Allen of Virginia and Conrad Burns of Montana.

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The VoteVets ads accuse the senators of not supporting legislation to get better equipment for U.S. troops. The ads have been small buys, but have benefited from media coverage because they dramatically portray a sharpshooter firing through a protective vest.

A group of Democratic strategists has tried to raise about $20 million for an October advertising blitz. The effort, called the September Fund, is being led by Harold Ickes, a former aide to President Clinton and an adviser to Sen. Hillary Clinton, D-N.Y.

In a letter circulated to potential donors this month, the organizers said: "While we have achieved unprecedented unity, it is only meaningful if we can mobilize the power of progressive donors to ensure sufficient financial resources are available."

Among those solicited was billionaire financier George Soros, a donor to liberal causes who contributed more than $20 million to defeat Bush in 2004. Soros has put more than $2 million into this election, much of it toward get out the vote efforts. In an interview this month on CNN, Soros said he did not plan to spend as much as 2004.

"That was an exceptional situation," he said.

Democratic Party officials said outside groups such as the September Fund are organizing too late. "If it was September '05, I'd feel better," Emanuel said.

This year, the U.S. Chamber of Commerce has run the biggest ad campaign: $7.3 million on behalf of Republican candidates and $1.2 million on behalf of business friendly Democrats in primary contests. But the chamber had to stop those ads on Sept. 7, to abide by a legal prohibition on the use of union or corporate funds for electioneering ads 60 days before the vote.

Just in September, Progress for America has aired three rounds of ads linking the war in Iraq to the broader effort to combat terrorism. The ads area appearing on national cable networks and were broadcast statewide in Missouri and Ohio.

The first ad showed images of jet planes slicing into the World Trade Center Towers. The narrator warned, "These People Want to Kill Us." A new ad features Iraq war veterans describing the war's successes. None of the ads features politicians nor voices support for or against any elected official.

"A lot of people turn off political ads when they see a candidate," said Stuart Roy, a GOP consultant working with Progress for America. "These ads have a longer lasting effect than those that mention a candidate."

Still, some ads can backfire, and operatives from both parties have mixed views on their effectiveness.

Michael Steele, the Republican candidate for Senate in Maryland, was forced to repudiate a radio ad by an independent group supporting his candidacy that claimed Martin Luther King Jr. was a Republican and that Democrats initiated the Ku Klux Klan. Steele called the ad "insulting to Marylanders."

"Independent expenditures are overrated mostly because you're operating outside the strategic framework of the campaign," said Steve Elmendorf, a former top aide to one-time House Democratic leader Richard Gephardt and deputy campaign manager in Kerry's presidential campaign. "Sometimes they just create clutter."

MoveOn's executive director, Eli Pariser, said this election will be won on the ground, not the airwaves.

"For all the talk about ads," he said, "this is not a persuasion election as much as it is a turnout election."

Of Party Dues And Deadbeats On Capitol Hill (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues.

If you are a rank-and-file member of the House, the amount is up to $100,000. If your ambitions are to preside over a powerful committee, the duty is $300,000. For a top party leader, the tally can climb beyond $600,000.

Make those checks payable to the Republican or Democratic Congressional campaign committees.

Whether or not they are in competitive races, lawmakers are asked to mount vigorous fund-raising drives to fill their own campaign chests. Then they dole to the party, which spreads the money to the most competitive campaigns in the country.

Four years after Congress tried to reduce the influence of money in politics by rewriting the rules of how campaigns are financed, Republicans and Democrats alike have found myriad replacements for the river of financial contributions known as soft money.

The practice of paying what the parties refer to as dues is not illegal, and it is not an entirely fresh notion by either party. This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority.

As members of Congress scurried to finish their business in Washington before heading home for the final stretch of the midterm election campaigns, leaders of both political parties were placing an unusually tight squeeze on colleagues who have not settled their bills.

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With five weeks remaining in the race, nearly half of the House Democrats are in arrears. Even a month-by-month installment plan — let alone the prospect that they could regain control of the chamber if they can out-hustle the Republicans — has not provided an incentive for Democrats to pay what they owe.

"Some people make a lot of money for the party, others make a lot of issues," said Representative Dennis J. Kucinich, Democrat of Ohio, who contributed for the first time this week, but still owes $115,000. "I work on the issues side. That's where I excel."

The delinquency statements that Democrats sent via overnight delivery to representatives' homes throughout the year have been supplanted by telephone calls or personal visits from party leaders.

Representative Luis V. Gutierrez, Democrat of Illinois, said he had no intention of paying his dues of $250,000, assessed because of his seniority on the Financial Services Committee. But after a two-minute telephone conversation with the minority leader, Representative Nancy Pelosi of California, he changed course and sent in a check for $15,000.

"It's kind of hard to ignore," Mr. Gutierrez said in an interview, conceding that before Ms. Pelosi rang his cellphone, he had not given a nickel. "I still owe $225,000. Thank God it doesn't affect my credit score when I go get a mortgage."

It could, however, affect what committee assignments are passed out when Congress convenes in January. Several members said they had been told by party leaders that their positions could be on the line if they fail to contribute.

Last weekend, Ms. Pelosi made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed.

"This is not my job," said Mr. Emanuel, recalling the message he repeats again and again to fellow Democrats. "This is our job."

Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party.

The grid showed that Representative Maxine Waters, Democrat of California, had contributed $47,500. As a chief deputy whip of the party, she owes a total of $250,000.

Ms. Waters said she did not take kindly to humiliation or intimidation.

"Nobody puts the screws on me. I don't allow that," Ms. Waters said in a brief interview during a long evening of debate on the House floor. "I'm not trying to prove anything to anybody. Some years I've raised a lot, some years I've not raised so much, so I'll do whatever I do."

At the same time, contributions from more than a dozen Democrats have far exceeded their dues. Representative Charles B. Rangel of New York contributed twice as much as his $300,000 assessment and Representative John P. Murtha of Pennsylvania has nearly doubled his $250,000 requirement. Both men have their eye on leadership positions.

"When I see what some of these guys have to do to scratch for money, it's really too bad," Mr. Murtha said. "They can't raise the money, so we help them out."

At least once a quarter, Democrats receive a fund-raising report card. To increase the motivation — or, perhaps, to embarrass them in front of their peers — the statement also points out how much money is available in individual campaign bank accounts.

The most recent document, for example, pointed out that Representative Robert E. Andrews, Democrat of New Jersey, had a balance of $2,054,562 but had paid only $40,000 of a $125,000 bill.

"I've held on to my money because New Jersey politics can be volatile," said Mr. Andrews, who has told some Democrats that he had been keeping a close watch on his state's Senate race if Senator Robert Menendez stumbles. "But there's no doubt I'll be contributing the full amount."

For Republicans, each member of the House is expected to make a contribution to the Battleground Program. The amounts range from $70,000 to $600,000, depending on the member's position. Since July, when the program began, party leaders said, about 90 percent of the members have contributed to the program, which they hope will raise $22.5 million.

There is no public disapproval for those who do not participate. Arm-twisting is conducted privately, which is why Republican officials said at least five members were summoned this week for a meeting with Speaker J. Dennis Hastert of Illinois; the majority leader, John A. Boehner of Ohio; and the majority whip, Roy Blunt of Missouri.

"Oftentimes Wall Street gauges a business's future success by the number of employees investing in their company," said Representative Eric Cantor, Republican of Virginia, who heads the House program. "I view Battleground the same way."

In the Senate, neither the Republicans nor the Democrats employ a rigorous system of dues and contributions.

Many senators raise more money for their respective party committees than their colleagues in the House, but committee assignments in the Senate depend on a tradition of seniority.

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Still, in the House, where financial contributions and other demonstrations of party loyalty can trump seniority, not all longtime Democratic members believe this year's strong push to collect dues will ultimately raise, or lower, a member's prospects of winning an influential committee seat.

"No Democrat really believes that if you're going to be the chairman and you don't give the money that you're going to lose your seat," said Representative Barney Frank, Democrat of Massachusetts. "If you're a Republican, you do."

Showing some admiration for Republicans' efficiency, Mr. Frank said: "They threaten. We shame."

Mr. Frank has surpassed his dues of $300,000. His current tally? $310,700. And if Democrats win in November, he is poised to become chairman of the Financial Services Committee.

Democrats Less Sure About Recapturing House (WT)

By Donald Lambro, The Washington Times

The Washington Times, October 1, 2006

Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party.

"I'm not as confident of the House switching as I once was," a Democratic campaign consultant said last week.

But other Democratic congressional campaign advisers point to about two dozen congressional races where Republican incumbents are facing aggressive challenges that they say could return Democrats to power if there is a voter-turnout surge in November demanding change.

And the resignation Friday of Rep. Mark Foley, Florida Republican, gave Democrats another opportunity to pick up an open seat.

Mr. Foley, who stepped down after press reports that he sent sexually explicit e-mails to an underage former male page, had been considered a shoo-in to win a seventh term in the heavily Republican 16th District. His Democratic challenger, Tim Mahoney, a businessman, has been aggressively campaigning for more than a year, and Republican officials acknowledged it would be difficult for a new candidate to become well-known in the five weeks before Election Day.

Democrats need to win 15 additional seats to take control of the House, and in a tight election, Mr. Foley's seat could put them over the top.

But recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections.

"I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own," said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country.

"But in the hot races, the competitive races where we're working, they remain as competitive as they were. So I believe the Gallup numbers showing a tightening in the generic polls can be true, even as the truly competitive races remain so," he said.

However, another Democratic campaign adviser, who spoke on the condition of anonymity, said the Republicans' stronger poll numbers in the part- preference surveys could make the Democrats' efforts to win back the House "a steeper climb."

"I expect things to tighten up," the campaign adviser said.

These concerns were confirmed last week by a top election forecaster who closely monitors the House's most competitive races.

"There has been a slight uptick in national GOP numbers, and that could help in a number of tight races, particularly in Republican-leaning districts that have been regarded as in play," campaign analyst Stuart Rothenberg told his newsletter subscribers.

Mr. Rothenberg said he thinks that "Democrats are now poised to net 15-20 seats, which would narrowly return the House to their control." But, he added, "they don't have much of a margin for error."

Mr. Secrest doesn't see the Democratic erosion that Gallup found last month in its national poll of likely voters ,which showed the party preference vote in a "dead heat."

"In the competitive races we are working in, the Democratic opportunity [to take back the House] is undiminished," he said.

Ace Of Base (NYT)

By Mark Halperin

The New York Times, October 1, 2006

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BILL and Hillary Clinton have been known to cite a quip widely attributed to Einstein: "The definition of insanity is doing the same thing over and over again and expecting a different result." George W. Bush and Karl Rove live by an alternative dictum: Why do things differently when you like the results you have been getting?

In the 2002 and 2004 national elections, the president and his top political adviser won by margins provided by conservative voters who shared the White House's view that the country should continue to move right. Although the president is not on the ballot in November, the Bush-Rove model animates the Republican Party's election strategy for 2006.

Yet two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans' strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate.

Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy.

Why? In the eyes of the Bush team, America is a polarized country, one where there are fundamental divisions worth fighting over. A president — and a party — should not worry about slender margins of victory or legislative control. The goal is to accumulate just enough power to use the energies and passions of the base to effect ideological change in the nation's laws and institutions, even if — sometimes especially if — those changes might be at odds with majority public opinion.

For the Republicans, this brand of politics works because the United States in many ways remains a fundamentally conservative nation. Polls consistently indicate that there are more staunchly conservative Americans than liberal ones. Republican politicians, therefore, have the advantage of being able to proudly announce what they really think. They can go on offense.

The party is helped, of course, by superior financial resources. And the Republicans have mastered micro-aiming rousing messages to ideologically sympathetic voters. These messages, generally on hot button issues like gay marriage and abortion, stir the kind of emotion and anger that provide the energy in Bush-Rove politics.

It's important to note, though, that this strategy depends on something else: the inability of Democrats to play by the same rules, to go on offense.

If Democrats in Congress took a secret ballot, it is safe to say there would be overwhelming support for a variety of positions that, in theory, could rally the party's base: a timely withdrawal of American troops from Iraq; a tax increase for the wealthy; universal health care; and increased rights for homosexuals. These are all positions in line with the activist wing of their party. And yet most Democrats will not openly espouse such policies, concerned that backing them could hurt their chances in 2006.

If they actually articulated what was in their hearts, Democrats worry that they would be marching into a buzz saw of negative political commercials and White House-led attacks. Democrats rightly believe that such attacks would energize the conservative base and also eat into their support among centrist voters. But their chosen alternative — in which they swallow their true beliefs on important national issues — demoralizes their own base.

If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy. On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message — both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues — has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center.

For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the G.O.P. base is coming home — and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections.

The speeches the president gave about national security leading up to the fifth anniversary of 9/11 re-engaged the base and raised his overall approval rating to around 40 percent. He also has shifted the debate back to his favored playing field: national security.

Although some Democrats are energized by the aggressive posture struck last week by Bill and Hillary Clinton on national security, the couple's visibility seems to be energizing the Republican base as well, perhaps more so.

As in 2002 and 2004, the Democrats have been baited into a heated discussion on terrorism and Iraq, blocking out debates that would be more favorable to their cause, like Social Security, the economy and gas prices. The Clintons have whipped up Democrats into a frenzy to fight back, but on Capitol Hill and on television they are largely fighting back on Republican terrain.

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This is exactly what happened in the last two elections: Mr. Bush and Mr. Rove fired up the base on national security, taxes and social issues and found a way to win a majority of the electorate, even as they lost the allegiance of a majority of the country over all. The national security debate, the visibility of the Clintons and the momentum the Republicans gain from Mr. Bush's rising poll numbers — all of these echo previous election cycles.

Critics of the Bush administration assert that the politics of the base has run its course, and that the Iraq war, the partisan zealousness and the conservative social policies of the administration have made voters yearn for a more centrist, bipartisan government. But Mr. Bush's opponents may be imprudently lulled by the current storyline and broad national polls, both of which miss the power and consequence of a Republican base that may have one more victory to give.

Parties For Pay Fill D.C. Calendar (KCS)

By Matt Stearns

The Kansas City Star, October 1, 2006

WASHINGTON | Lonely lobbyist: The oxymoron of the season.

Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers.

Breakfast invitations. Lunches. Cocktails. Dinners. Even hunting and golfing trips.

The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections.

How many invitations did he get? About 200. How many of the events did he attend? Eleven.

Did he feel like an ATM sometimes? You bet.

The lobbyist was offered the chance to nibble sushi and stone crabs with Rep. Connie Mack, a Florida Republican. Join the Mooseburger Oktoberfest with Rep. Don Young, an Alaska Democrat. Listen to bagpipes at Scotch Tasting Reception (kilt optional) hosted by Rep. John Campbell, a California Republican. And "dove shoot, sporting clays, bow and rifle deer hunting, fishing, horseback riding and golf" over a weekend on a 6,000-acre South Carolina plantation, courtesy of Republican Sen. Lindsey Graham.

That the party-and-pay carousel continues unabated shows that the lobbying scandal that rocked Washington earlier this year has changed nothing, said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a watchdog group.

And because lawmakers require ever greater piles of money to finance their campaigns — PAC cash given to congressional candidates this election cycle totaled about a quarter-billion dollars by July — they don't have much interest in real reform, she said.

"What has driven me nuts about lobbying reform is all the onus has been put on lobbyists, as if members of Congress are these babes in the woods," Sloan said. "That is so not the case."

Fundraising invitations often list members' committee assignments right under their names, Sloan said.

"It's intended to say, 'Do you have any clients with interests in front of me?' "

Attendees come with checks because they support a member of Congress' work and agenda, said Chuck Knapp, a spokesman for U.S. Rep. Todd Tiahrt, a Kansas Republican.

In September, the congressman was host of the second Todd Tiahrt European Driven Pheasant Hunt at the Flint Oak Hunting Resort near Fall River. The event was a benefit for Tiahrt's leadership PAC.

Cost: $2,500 per attendee.

Leadership PACs help a member gain influence within the caucus," Knapp said. "That's beneficial to the congressman in his work representing the district."

Graham's hunting, fishing and golfing extravaganza, to benefit his political action committee, was even pricier: $5,000. It was limited to 25 participants.

To Mary Boyle, a spokeswoman for Common Cause, a nonpartisan government watchdog group, such weekend trips are particularly troubling.

"They're meant to be sold as this opportunity to get real snuggly-close with a member of Congress," Boyle said. "That's what lobbyists are buying: access and influence."

The more typical events in Washington, where animals are not ducking for cover, cost a lobbyist at least $500, or $1,000 from his employer's PAC.

At least no lobbyist will go hungry.

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On one typical September weekday, there were seven fundraising breakfasts and two lunches held at restaurants, Capitol Hill town houses owned by members of Congress or big companies and clubs associated with the Democratic and Republican parties.

The evening hours offered more than a dozen receptions and dinners around Capitol Hill and downtown Washington. Among them: the second fundraiser of the day for Sen. Jim Talent, a Missouri Republican.

Tiahrt also had his annual Fall Steak Out, that day, and U.S. Rep. Kenny Hulshof, a Missouri Republican, offered an "intimate dinner" at Bobby Van's Grill.

Perhaps most intriguing of all: "Pirates of Key West Night" at the Capitol Hill home of Rep. Ileana Ros-Lehtinen, a Florida Republican.

As Common Cause might say: Arrghh!

INSIDE

A Florida Republican's resignation puts another House seat up for grabs. | A6

Presidential Hopefuls Boost Florida Candidates, Look To Help Themselves (FLSUNSEN)

By Anthony Man, Political Writer

South Florida Sun-Sentinel, October 1, 2006

Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House.

Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day.

"We're going to be seeing more of them. We've gotten a lot of calls and e-mails from their staffs," said Shane Strum, Broward Republican chairman. "They're going to crop up real quick."

The interaction between national and state candidates is the ultimate symbiotic relationship, like the tickbird feasting on insects from the back of cattle. While the presidential candidates garner publicity and build networks of supporters for their own campaigns, the gubernatorial and congressional candidates also enjoy the publicity and use the visitors to help attract donors to fundraising events.

Kerry, the Massachusetts senator who lost the 2004 presidential election, stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings.

It was different with Giuliani, the former New York mayor who was propelled to superstar status for his leadership after the Sept. 11, 2001, terrorist attacks. He has the ability to attract far more television cameras than even a candidate for governor might get on his own.

Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor. As the event wound up, retired Miami-Dade firefighter George Carbonell of Miramar yelled out his political hope: "Giuliani for president."

Carbonell, a registered Democrat, said his cry of support wasn't premeditated or planted by political operatives. Giuliani demurred, saying later he wouldn't make any decisions until after the November elections.

Kerry said Saturday that he would make a decision in late 2006 or early 2007.

He said his mission Saturday was to help elect Democrats, but said he hopes there is some political benefit. "Of course you hope that it's positive, but I can't predict. I can't tell you what's going to happen," he said.

Average voters like Carbonell aren't the motivation for visits by prospective presidential candidates.

More important is winning the support of people such as Mitchell Berger and William Scherer, both Fort Lauderdale lawyers.

Berger is a prominent national political fundraiser and finance chairman for Democratic gubernatorial candidate Jim Davis. Scherer is a prominent Republican fundraiser, reaching pioneer status for raising at least $100,000 for George W. Bush's 2000 campaign. In 2004 Scherer was a Bush ranger, raising at least $200,000.

Scherer, who said he won't pick a presidential candidate until after the gubernatorial election, is raising money for Crist this fall. The presidential candidate visits provide opportunities for people like Scherer and Berger to see the prospects up close, helping them evaluate whom they want to work for.

Bryan Miller, a lawyer who works in Fort Lauderdale and West Palm Beach, leads the Democratic Professionals Council, a regional group of moderate and business-oriented Democrats.

Miller said the presidential hopefuls are working with gubernatorial and congressional candidates and appearing before his group because Broward and Palm Beach counties are full of wealthy donors who can help fund their campaigns.

"They're down here to build fundraising bases," Miller said.

Miller and Mitch Ceasar, the Broward Democratic chairman, said Florida's role in determining the presidency is another factor.

"Of all the big states in the country, there's only one swing state," Miller said. "Just do the math and Florida is the juggernaut in any presidential election."

California and New York are solidly Democratic and Texas is solidly Republican. Neither Republican red nor Democratic blue, Florida can go either way, and the state's 27 electoral votes are a tenth of what's needed to win the presidency.

"Florida is the only swing mega-state in the country," Ceasar added.

Another reason national figures in both parties want to help elect a governor is the value of the governorship in the presidential contest in two years, Berger said.

Berger said Bill Clinton almost won Florida in 1992, despite devoting little effort or money on the state, because Democrat Lawton Chiles was governor. In 2000 and 2004, President Bush benefited from his brother, Gov. Jeb Bush.

"Florida is a pivotal state," Scherer said. "Having the governor and the Legislature would make it far more friendly for a Republican candidate for president than it would be the other way around."

Democrats see it the same way. "The national party thinks that having a Florida governor is worth about five points in a presidential race," Miller said.

It's part of the way candidates build their networks of supporters.

"As long as it stays a purple state, that's a place the presidential candidates have to come," Miller said. "We're talking about a very crowded presidential field in 2008, and that makes it all the more important to be out early."

Romney Directs GOP Cash To Campaign States (BOS)

By Rick Klein, Globe Staff

The Boston Globe, October 1, 2006

WASHINGTON -- As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president.

The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies.

Romney, as chairman, plays the primary role in recommending which races receive funding, though all decisions are approved by an executive committee of the governors' association.

Florida, Michigan, and Iowa each have competitive governors' races, and Romney said in an interview that each funding decision was based on the merits.

Still, in a year in which even Romney concedes that Republicans are highly likely to suffer significant losses in governor's races nationally, some of the choices of where to send the association's money have raised eyebrows in political circles.

Two weeks ago, Romney traveled to Florida to deliver a $1 million check to Republican gubernatorial nominee Charlie Crist, even though polls have shown Crist holding a steady lead.

Even without the governors' association's contribution, Crist had nearly tripled the fund-raising kitty of his opponent, Democrat Jim Davis, suggesting the association's money might be better spent in other contests.

Also getting $1 million is Dick DeVos, who is running for governor in Michigan, a closely divided state that holds early presidential primaries -- and where Romney's father served as governor.

Though DeVos's race against Democratic Governor Jennifer Granholm is tight, DeVos is hardly strapped for cash, since he has already pumped more than $16 million of his Amway fortune into the race.

``We laughed at the Michigan money," said Jennifer Duffy, who tracks governors' races for the nonpartisan Cook Political Report. ``It's like Romney's third home state, after Utah and Massachusetts."

Romney is directing about $750,000 to Iowa, where Representative Jim Nussle, the chairman of the House budget committee, is locked in a campaign that's widely considered a toss-up.

While the tightness of the election makes the state a good target for governors' association money, the donation is noteworthy for its size, given that Iowa is a sparsely populated state with low advertising costs.

Romney has paid frequent visits to Iowa, which has the first presidential nominating contest in the nation, including a series of stops last week.

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``If Nussle wins, it gives [Romney] a friend in the governor's seat here, which can be useful as you look forward to the caucuses," said Peverill Squire , a political science professor at the University of Iowa. ``Even more important than that, it gives him a presence here, and elevates his profile among party activists. That's how you put together a campaign organization."

Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions. Some states, including Michigan and Florida, were given more money in part to reward major donors in those states, Romney said. Iowa, he added, represents perhaps the GOP's best chance for replacing a Democratic governor with a Republican.

``States that have provided a lot of money to the RGA have generally gotten more money back," Romney said. ``I'm sure when this is over, people will say, `Why did you send it there?' But we're sending money where we think it can best be spent."

Though the association declined to release its full spending figures, Romney himself has identified Florida, Michigan, and Iowa as the top three recipients so far. As a 527 organization, the RGA is required to file quarterly reports with the IRS, and third-quarter fund-raising and spending won't be released until mid-October.

RGA officials said the association also has spent heavily in states that don't figure as prominently in presidential campaigns. Romney said the group is making sizable investments in Wisconsin, Oregon, Colorado, and Maryland, among others.

By the end of the election cycle, Romney said, between 10 and 12 states will have received cash infusions of roughly similar amounts, though he declined to name the states or the amounts so as not to reveal strategy. He said he hopes those states include Massachusetts, where his lieutenant governor, Kerry Healey, is running to succeed him, but he has recused himself from decisions involving his home state.

At the same time, the governors' association has essentially written off governors' seats in New York and Ohio, and given little attention to Illinois. The association has passed up the chance to make big donations to Republican efforts to unseat Democratic incumbents in states that are historically friendly to the GOP. These include Kansas, Oklahoma, Wyoming, Tennessee, and Arizona.

The organization has given virtually nothing to Republican candidates in New Hampshire and South Carolina, two of the most important states in the presidential calendar, but where incumbents have big leads. Republican Governor Mark Sanford of South Carolina appears safe, as does Democratic Governor John Lynch of New Hampshire.

Despite Romney's efforts, polls and analysts say Republicans are likely to have a net loss of between four and eight governorships this year. If they lose four or more, they'll lose their majority status among governorships for the first time since 1994.

``The math would suggest we lose quite a few governorships," Romney said. ``We hope to do better than that, obviously."

By contrast, Romney's counterpart at the Democratic Governors Association, Bill Richardson of New Mexico, is predicting a banner year for Democrats in the 36 governor's races that will be decided Nov. 7. Richardson, like Romney, hopes to use the platform of the governors' association to boost his 2008 presidential prospects

Citing the most recent public polls, Richardson said Democrats are in a position to turn a 22-28 deficit in governorships into at least a 28-22 advantage. Richardson said Democratic pickups are likely in Massachusetts, New York, Maryland, Ohio, Arkansas, and Colorado. He said Democrats also stand good chances to take over from Republicans in Nevada, Alaska, Minnesota, and others.

``Two-thirds of the country is at stake, and we will get to a majority of governorships," Richardson said.

The factors driving the major trends in the governors' races are beyond Romney's control. Low approval ratings for President Bush and the Republican-controlled Congress are harming Republicans up and down the ballot. Romney has also been hampered by a rash of retirements among Republican governors -- including his own.

It all suggests an inauspicious debut on the national stage for Romney, who has become an increasingly public face on behalf of GOP gubernatorial candidates this year. But analysts say the losses are unlikely to significantly harm his presidential chances.

The most important task of a governor s' association chairman is raising money, and Romney has maintained Republicans' historic cash advantage in governors' races, with the RGA raising $25.9 million -- a record for a nonpresidential year -- compared with the DGA's $17.9 million.

Because of his success bringing in money, Romney is unlikely to face recriminations for his leadership, even if the election turns out to be a bloodbath for Republicans, said Jeffrey Berry , a political science professor at Tufts University.

``Elephants have short memories, I suppose," he said.

Since taking over last November, Romney has retooled the RGA to eliminate its policy functions, allowing him to focus exclusively on fund-raising.

Even if Republicans falter on Election Day, Romney will end up glad he took on the RGA job, predicted Mickey Edwards, a former Republican representative who now teaches at Princeton University.

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The travel has given Romney national exposure, and kept him in close contact with the moneymen and GOP powerbrokers who are crucial to the presidential nominating process, he said.

``It's been a big plus for him," Edwards said.

Romney Says He Must Obey Law On Marriage For Out-of-state Gay Couples (BOS)

By Michael Levenson, Globe Staff

The Boston Globe, October 1, 2006

CONCORD, N.H. -- Governor Mitt Romney all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts.

``I have to follow the law," a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. ``This is a nation of laws, even if I don't like them."

The governor's concession was made a day after Attorney General Thomas F. Reilly said he would not appeal the decision, despite a letter Romney had sent urging him to do so. The decision disappointed Romney as he looks to solidify his conservative credentials for a potential 2008 presidential run.

For the first time, the ruling makes it possible for gay couples from outside Massachusetts to come to the state and be granted marriage licenses. Issued Friday by Judge Thomas E. Connolly , the decision said Romney and Reilly cannot use a 1913 law to block Rhode Island couples from marrying in Massachusetts because Rhode Island's laws do not explicitly ban gay marriage.

Romney, who has said he does not want Massachusetts to become ``the Las Vegas of gay marriage," said the only option left is for Congress to approve a Constitutional amendment to define marriage as the union of one man and one woman. The amendment would then need the approval of three-fourths of the states.

President Bush has also called for such an amendment, but Congress has not approved it. Romney yesterday reiterated his call for a similar amendment to the Massachusetts Constitution, which he hopes to place on the ballot in November 2008.

``Let the citizens decide," Romney said. ``And I'm confident that if the citizens decide it in the privacy of a voting booth, they'll protect traditional marriage."

At the convention, held at the Capital Center for the Arts, several hundred Republicans enthusiastically applauded Romney, who delivered a speech in which he spoke about his experience managing the 2002 Winter Olympics, urged the nation to produce more scientists to compete with Asian nations, and expressed support for the ``sanctity of marriage and the foundational nature of the family."

``You and I agree on something about that, and that is my Supreme Judicial Court made a monumental error in saying that our Constitution in Massachusetts requires people of the same gender to marry," Romney said as Republicans cheered. ``I disagree with them on that. I think John Adams would disagree with them on that, as well."

Marriage, he said, is not a relationship ``just about adults."

``Marriage is primarily about the development and nurturing of children, and every child deserves a mother and a father," Romney said to more cheers and applause.

Romney has been trying to lock up support in New Hampshire, where the early primary makes it an important state in presidential elections. Last week, the Commonwealth PAC, a political committee Romney is using to help lay the groundwork for a possible presidential run, signed up Tom Rath , a former New Hampshire attorney general, as its senior adviser. The committee has also doled out more than $100,000 to the New Hampshire GOP.

Wayne Semprini , the party's chairman, told delegates yesterday that Romney gave $60,000 to the state party this summer, when money was so tight ``the lights were flickering" at party headquarters. He also reminded delegates that Romney owns a home in New Hampshire, on the shores of Lake Winnipesaukee.

``We do love the state, as you all know," Romney's wife, Ann , said in brief remarks to the convention.

Delegates said yesterday that they were impressed with Romney.

``I think his message was excellent," said Norm Olsen , 54, of Portsmouth . ``He has some real experience in solving big problems."

Democrats Work The Factory Floor (NYT)

By David Brooks

The New York Times, October 1, 2006

Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her.

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Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Senator Clinton is a well-educated professional who was influenced by the values politics of the 1960's and 70's. But most of today's strong Democratic candidates are traditionalist manly men who give the impression that if they had been involved in the Chicago riots, they would have been on the side of the cops, not the hippies. The Claritas research firm segments the country into different psychodemographic clusters. Today's most prominent Democratic candidates are more Mines and Mills than Towns and Gowns.

The Democrats were once a free trade party. But Sherrod Brown wrote a book called "Myths of Free Trade: Why American Trade Policy Has Failed" and most of this year's strong Democratic candidates rail — like John Edwards — against outsourcing and trade agreements. Their core issue is the economic resentment of the struggling middle class. Brown recently explained the political strategy to a gathering of liberal journalists: "I know that trade issues work with white male, nonunion, culturally conservative voters because they know how anxious trade issues have made them and their families."

Many of this year's prominent candidates are also surprisingly nationalist on immigration, playing off concerns about declining wages. "I do believe we must gain control of our borders," Webb said during a debate. "We also must gain control over corporate America's use of illegals. This, along with the Iraq war, has been the major failure of this administration."

On social issues, most of them are not exactly singing from the hymnal of the highly educated coastal elites. "I believe marriage should only be between men and women," Ford declares on the stump. "I don't know any better; that's how I was brought up. We didn't have any choice. Where I grew up, when you awakened on Sunday, you went to church. ... I learned the faith thing the old-fashioned way."

On Iraq, most are leaning toward the Edwards position. Unlike Senator Clinton, Edwards has disavowed his earlier support for the war. He calls for an immediate withdrawal of 40,000 troops and complete withdrawal within a year or so. But several candidates are careful to show they are not in the pocket of the A.C.L.U. Both Sherrod Brown and Harold Ford voted with President Bush on the military tribunal bill.

In sum, their message is a long way from the globalized Third Way politics Bill Clinton and Tony Blair exemplified in the 1990's. It's also a long way from the secular, multicultural liberalism that has alienated religious voters in droves.

Will it work politically? There's some evidence that it can. Michael Barone of U.S. News & World Report has noticed that so far Democrats are doing surprisingly well in rural America, where this economically progressive, socially traditionalist populism goes down well. Moreover, if Brown's economic populism can't win in a factory-decimated state like Ohio in a political climate like the one we have now, then it can't win anywhere, ever.

And yet Democrats have reason to worry long term. This message is based on a sort of economic nostalgia, what The Economist called a "rose-tinted version of the 1950's and 1960's" — when the middle class prospered, families cohered, America dominated, unions thrived, Islam was invisible and immigrants were Irish and Italian.

This nostalgia is certainly common today. In their must-read book, "Applebee's America," Doug Sosnik, Matt Dowd and Ron Fournier quote an anxious Michigan voter: "This is going to sound silly, but I wish things were like they were when we were growing up. ... I wish I could go back in time. We had stable lives. Mom could stay home, and we could afford it. Life was slower."

But nationwide, and in the decades ahead, can a politics that evades the modern realities of Islamic extremism and the skill-based global economy really be the basis of a majority movement? I doubt it.

The Imperial Impulse (NYT)

By Max Frankel

The New York Times, September 30, 2006

Whatever the worth of Michael Lind's prescriptions for American foreign policy, his glance back at our performance over the last 15 years is helpfully damning. The essence of his complaint concerns our pursuit of hegemony, which he describes not only as a desire for international dominance but also as a lust for unchallengeable power that is bound to wreck the American economy and enfeeble our democracy.

The imperial impulse is an aberration in American history, Lind contends in "The American Way of Strategy," and is due primarily to the fact that our success in the cold war was achieved through our total domination of the anti-Soviet coalition. The resulting hubris produced not merely the current mess in Iraq and the resentment of much of the world, he warns, but a pattern of behavior that bodes ill for the American way of life — our independence among nations and our domestic freedom from government regimentation.

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Although Lind angrily traces our quixotic campaign to reorder the Middle East to the theologies of the neocon right, he blames the leaders of both political parties for the underlying failure, once the Soviet Union collapsed, to adopt "a more modest and solvent" foreign policy. "Instead of welcoming the emergence of a peaceful multipolar world, America's bipartisan foreign policy elite in the 1990's and 2000's sought to convert America's temporary cold war alliance hegemony into enduring American global hegemony."

Our misguided ambition, Lind observes, was to monopolize military strength, to discourage other great powers, like Japan, China, Russia and Germany, from arming for their own defense. We felt entitled, even obliged, to punish upstart "rogue" regimes that wanted weapons of mass destruction, with preventive war if necessary. Other signs of overreaching, he thinks, were the expansion of NATO into Eastern Europe (to deny Germany and Russia a sphere of influence there) and the war against Serbia (to reassert America's dominance in Europe and to keep the Russians out of the Balkans). Washington's current agitation against North Korea's nukes and missiles, he suggests, bespeaks not a fear of attack but concern that Japan and South Korea would also soon want advanced weapons and thus upset the American protectorate.

Implying that even the easy defense of Kuwait should not have been an American obligation, Lind writes that the gulf war of 1991 fully committed the United States to a "grand strategy of global hegemony." He thinks it led directly to the disastrous attempt of the present Bush administration to turn Iraq into an American client state and military base so as "to intimidate Iran and Syria, and to create a safer environment for Israel." Moreover, with new bases also in the former Soviet republics of Central Asia, America intended to command vital trade and oil routes and manage the "soft containment" of China and Russia.

In sum, the hegemonists were looking to transform overwhelming military superiority into diplomatic and economic pre-eminence, leaving other nations dependent or disadvantaged and America secure for the indefinite future.

What the pursuit of hegemony really guarantees, Lind argues most persuasively, is national bankruptcy, an imperial presidency, the erosion of our freedoms and diversion of precious resources. These are not just the temporary costs of the ill-fated Iraq venture, he contends, because hegemony requires commitment to three burdensome and permanent policies: (1) dissuasion — forever spending much more for our military than all other nations to keep them safely inferior; (2) reassurance — continually protecting other sizable powers and their interests, with military interventions as needed; and (3) coercive nonproliferation — regularly threatening or punishing states that attempt to disrupt the decreed American order.

You don't have to subscribe to every element of Lind's critique to judge it a shrewd and plausible indictment of the drift of policy since the cold war. And you can surely dismiss the first half of his book, which argues that before the cold war, all our wars, foreign policies and territorial expansions were inspired by maneuvers to produce or restore global balances of power. This glib history is mere prelude to the power-balancing that Lind finally presents as the essential antidote for hegemony. His way, in other words, has long been a proven "American way of strategy" — a clumsy phrase by which he stakes a claim to naming rights, a leg up, perhaps, in the rhetorical competitions of the think-tank punditry.

(Lind is a sometime journalist, public official and polemicist currently serving as the Whitehead senior fellow at the New America Foundation. He has been a protégé of leading conservatives as well as a renegade; has written for The New Republic, The New York Review of Books, The New Yorker, Harper's Magazine and The New York Times; and has used his frequent books to challenge prevailing opinion in diverse fields.)

"The American Way of Strategy" challenges not only the neoconservatives now dominant in Washington but also centrists like Michael Mandelbaum, who some months ago presented a rival treatise entitled "The Case for Goliath." It defended American dominance as essential, even if unappreciated, because it provides a virtual global government, offering other nations necessary regulation, stability and security.

Lind's case against Goliath is forceful but repetitive, and it culminates in only a vague and facile formula for a less taxing American posture. The United States should lead "a concert of power," he says, defining it as "a kind of hegemony shared among a number of great powers." Uncle Sam, as concert master, would rule alone over North and Central America but combine with different nations to manage different regions — with China, Japan and Russia in Northeast Asia; with China, Japan and India in Southeast Asia; with China, India, Russia and maybe Iran and Turkey in Central Asia; and so on.

If all these proud lions actually worked in concert, Lind would ask them to enforce peace and order, "not to produce liberty, democracy and the rule of law in every country." But he expects them also somehow to eliminate terrorism, prevent the spread of major weapons, rescue disintegrating states, end ethnic cleansing, manage energy supplies and protect the environment.

To stimulate such sweeping cooperation, Lind urges that we stop isolating Russia in Europe and threatening to fight China over Taiwan. He does not say what will happen if his regional teams fall out of balance and into conflict. And he concedes that no foreseeable concert can work in the Middle East, where the "least bad" option now, after retreat from Iraq, is for the United States to act as an "offshore balancer," arming others to preserve an equilibrium. That hardly addresses our problems if Egypt or Saudi Arabia succumbs to radicals or Iran eludes balancing.

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Still, Lind's main theme survives his porous prescriptions. The United States alone cannot afford to police the world, never mind democratizing it. And even if prudently conserved, our relative power among nations is destined to decline. So long as jealously sovereign nations refuse to submit to a higher level of law and order, we had better learn to share the travails of living in a condition of global anarchy. For indeed, there's no point in saving America at the cost of the American way of life.

Angelides Vs. Bush (LAT)

The Los Angeles Times, September 30, 2006

Gubernatorial candidate might consider campaigning for governor instead of against the president.

'GEORGE W. BUSH! George W. Bush! George W. Bush!" By now you've probably seen the commercial featuring Gov. Arnold Schwarzenegger leading a chant for President Bush at a campaign rally. That was two years ago. In Ohio. Intended to persuade Californians to vote for Democrat Phil Angelides for

governor, the spot instead raises the question of who he's running against and which job he's running for.

What can the governor of California do about Iraq? Not much, but that hasn't stopped Angelides from trying to convert California's robust antiwar sentiment into votes. "As governor, I will do everything in my power to bring our state's National Guard troops home from Iraq," he said Tuesday. The proposal is a nonstarter both legally — the Supreme Court has ruled that a governor cannot block a National Guard deployment just because he doesn't like the purpose — and politically.

The last candidate to campaign for governor by running against the president was Arianna Huffington in 2003. She received 0.6% of the vote. California, then as now, is a state confronted by myriad public policy challenges, including a decrepit infrastructure, a huge population of illegal residents and air and water pollution. It is these issues voters want and deserve to hear about.

California is big and exceptional enough to occasionally impersonate a nation, especially when its desires and regulations conflict with those in Washington. And it's hard to argue that the state has been shy about asserting itself lately.

Few other Republican governors have wandered further from the Bush reservation than Schwarzenegger, on issues such as the environment, immigration and stem cell research. While Angelides was spending the week on college campuses railing against "the Bush-Cheney-Rumsfeld excuse for a foreign policy," the governor was signing a historic anti-global warming bill into law.

Of course, Schwarzenegger's recent embrace of Democratic issues, in sharp contrast to his "girlie man" rhetoric of 2004 and his failed union-bashing of 2005, does raise the question of what his true principles are. At the very least, his tenure as governor leaves him open to charges of zigzagging. That's a case Angelides could make. At least then the discussion would shift to what the chief executive of California should be doing about the problems of California.

Bush Hails 'Free' Kazakhstan (LAT)

By James Gerstenzang

The Los Angeles Times, September 30, 2006

He stresses his alliance with the leader of the nation, which rights groups have criticized.

WASHINGTON — Seeking to encourage Kazakhstan to embrace democracy, President Bush on Friday characterized the oil-rich Central Asian country that faces continued criticism from human rights organizations as "a free nation."

With President Nursultan A. Nazarbayev at his side in the Oval Office, Bush said the United States and Kazakhstan shared a goal of defeating "extremism" and supporting "the forces of moderation throughout the world."

Nazarbayev, who first visited the Oval Office as Kazakhstan's chief executive when Bush's father was president, has become one of the current administration's favored allies in a troubled region, with officials downplaying questions critics have raised about his commitment to democracy and about government corruption.

Giving his guest a verbal pat on the back between their formal meeting and lunch, Bush said, "I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation."

Though Kazakhstan is seen as more open and economically progressive than some of its neighbors, Nazarbayev in July signed legislation tightening controls on the news media, drawing criticism from the West. His country's human rights record has also been assailed.

Asked whether Bush or his aides gave Nazarbayev a list of specific reforms to pursue, or raised complaints about the course of political freedom there, White House Press Secretary Tony Snow said: "There was an encouragement for the government of Kazakhstan to pursue a democratic path."

Another White House official, speaking on the condition of anonymity because he was not authorized to publicly address the conduct of a diplomatic meeting, said Nazarbayev, who was reelected nearly a year ago with more than 90% of the ballots amid opposition complaints of voting irregularities, "has a vision toward greater democracy, civil society, and freedom."

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The official acknowledged that the U.S. needed to "push and enable" democracy in Kazakhstan and that it was working with the government there "to develop greater press freedom."

In the Oval Office, as he and Bush posed for photographers, Nazarbayev said that "in economics, in energy partnership, in policy, in war on terrorism, we've truly become close partners."

Kazakhstan has been a strong economic performer among developing nations, helped by oil riches that have fueled growth of about 9% a year since 2000.

In a written statement, the two countries agreed to extend cooperation in such areas as anti-terrorism, reconstruction in Iraq and Afghanistan and development of energy resources.

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Bush Praises Kazakhstan President (AP)

By George Gedda

AP, September 30, 2006

President Bush heaped praise Friday on the president of Kazakhstan, a Central Asian country important to the United States as an oil supplier and war-on-terror ally but which has a political system that stifles dissent.

U.S. concerns over President Nursultan Nazarbayev's heavy-handed rule did not come up when the two leaders appeared before reporters after their nearly hourlong Oval Office meeting. Instead, the two were all compliments in brief comments that came before Bush hosted a private luncheon for Nazarbayev in the White House residence.

Bush thanked Nazarbayev for supporting the U.S.-led war in Iraq, for his willingness to fight terrorists and to help neighboring Afghanistan become a stable democracy, and for his "commitment to institutions that will enable liberty to flourish." Bush offered support for Kazakhstan's desire to join the World Trade Organization.

"I have watched very carefully the development of this important country from one that was in the Soviet sphere to one that now is a free nation," Bush said as the two sat side by side. "I appreciate your leadership, Mr. President."

White House officials had said beforehand they could not gauge how big a part of the agenda Nazarbayev's democratic record would be Bush's private meeting with him, and there was no immediate comment on the content of their talks.

Nazarbayev expressed gratitude for U.S. support for Kazakhstan's independence from the Soviet Union 15 years ago.

"In economics, in energy partnership, in policy, in war on terror, we truly become close partners," he told reporters, speaking through a translator.

His highest concern appeared to be the turmoil in nearby Afghanistan, where the Taliban has regrouped, illegal drug cultivation is rising and the democratic government remains fragile.

"Nobody in Central Asia will feel safe and peace if we are surrounded by countries populated with terrorist people and if we be surrounded by countries where some people crave to put their hand on the nuclear weapons which Kazakhstan renounced in the past voluntarily," Nazarbayev said.

That renunciation, in which Nazarbayev decided to dismantle the atomic arsenal he inherited from the Soviet Union, earned him acclaim Thursday night at a dinner put on by the Kazakh Embassy and the Nuclear Threat Initiative, which seeks to reduce the global threats from nuclear, biological and chemical weapons.

Nazarbayev said in his dinner speech that thousands of Kazakhs suffered from the radiological fallout from Soviet nuclear testing in his land that lasted more than 50 years. The testing took place in populated areas, he said. When an explosion occurred, he said, "people were told it was an earthquake."

He challenged the United States and other nuclear powers to follow his example and make their countries nuclear-free.

Kazakhstan, a vast country north of Afghanistan and Iran that is nearly the size of Western Europe, is expected to pump 3.5 million barrels of oil a day in the coming decade. It is also a very friendly country for the United States in a part of the world where pro-American sentiment is not widespread.

But it is also known internationally for a political system in which dissent is stifled.

Nazarbayev has been his country's only leader since it achieved independence in December 1991 and has brought stability and prosperity. Like those of most other Central Asian nations, however, Kazakhstan's record on democracy and protecting human rights is regarded as poor.

Nazarbayev was re-elected with 91 percent of the vote in December balloting that international observers called flawed. The 2004 parliamentary vote produced a legislature without a single opposition lawmaker.

The New York-based Freedom House and other groups that support democracy and protection of human rights had called on Bush to make the issue a priority in their meeting.

Kazakhstan Touts Itself As Nuke-free Model (WT)

DOJ_NMG_0072143

By David R. Sands, The Washington Times

The Washington Times, September 30, 2006

Kazakhstan's President Nursultan Nazarbayev said yesterday that his country's plan to dismantle its vast Soviet-era nuclear weapons programs could serve as a model for solving the confrontation over Iran's nuclear ambitions.

Mr. Nazarbayev spoke with a small group of reporters at Blair House after an Oval Office meeting and working lunch with President Bush. It was the Central Asian leader's first official visit to Washington in five years.

The Kazakh leader, whose human rights record has been sharply criticized by some U.S. groups during his visit, also said Mr. Bush had offered his support for Kazakhstan's bid to chair the 55-nation Organization for Security and Cooperation in Europe (OSCE) in 2009, which would be a diplomatic first for a former Soviet republic.

"Of course, in order to meet that objective, we have to accomplish a lot by 2009 and we are eager to do so," Mr. Nazarbayev said, speaking through a translator.

American and Kazakh energy officials announced yesterday an agreement to "down-blend" Kazakhstan's remaining stocks of highly enriched uranium, which can be used for nuclear weapons, and to convert a Kazakh research reactor so it can operate on the safer, low-enriched uranium for civilian power needs.

Mr. Nazarbayev, who has led his country since it gained independence in 1991, called Iran a "very close neighbor," and said he explained to hard-line Iranian President Mahmoud Ahmadinejad in a recent talk the benefits Kazakhstan had won by voluntarily giving up its weapons, test sites and other nuclear assets inherited after the Soviet collapse.

He said his country in return had received security and territorial guarantees from the United States and other major powers, as well as major American financial aid to eliminate existing weapons stocks and transform its facilities to peaceful uses.

"I told the president of Iran, 'Isn't that a shining example for Iran to follow?'" Mr. Nazarbayev said.

Mr. Ahmadinejad continues to defy U.N. demands that he halt Iran's efforts to enrich uranium.

The 66-year-old Mr. Nazarbayev displayed the balancing skills that have helped keep his large, resource-rich and lightly populated country an island of relative stability and prosperity in the troubled Central Asian region.

He noted that Kazakhstan also has extensive political and economic ties with Russia and China, even as it rates as a "strategic partner" of the United States.

The country's vast oil and gas reserves and its image as a model Muslim ally in the U.S.-led war on terror have boosted Kazakhstan's standing with the Bush administration, which has generally softened its public criticisms of the country's democratic shortcomings.

"I have watched very carefully the development of this important country from one that was in the Soviet space to one that is now a free nation," Mr. Bush told the Kazakh leader yesterday in the Oval Office, "and I appreciate your leadership."

A joint statement by the two leaders did not mention the U.S. stand on the OSCE chairmanship.

In an apparent reference to the government's closing last spring of two U.S. advocacy groups promoting democratic parties and institutions in Kazakhstan, the statement said Kazakh officials supported such groups and "will take the necessary steps to facilitate their legal functioning."3

Mr. Nazarbayev received a relatively warm welcome in Washington, a reflection of his country's political progress and an economy producing strong growth and expanding opportunities for foreign investors.

Just before the visit, Mr. Nazarbayev's government signed an accord to transport Kazakh oil through the new pipeline across Armenia, Georgia and Turkey, a route that bypasses Russia and has been strongly supported by the U.S. government.

During his visit, Mr. Nazarbayev also met with the heads of major U.S. corporations considering new investment in the country, including ExxonMobil, ConocoPhillips, and Halliburton.

Mr. Nazarbayev said General Electric had just signed a major deal to locate a factory in Kazakhstan.

The OSCE and Western civil rights groups have criticized restrictions on last year's presidential campaign, which gave the president a new seven-year term with 91 percent of the vote.

The country also has been shaken by the violent deaths of two opposition leaders in late 2005 and early 2006.

Analysts said Mr. Nazarbayev is genuinely popular despite the government's tight oversight of the press and political dissent, in large part because of rising prosperity.

But the recent violence suggests that the delicate balance of competing factions within the country's ruling elite, with Mr. Nazarbayev as the ultimate arbiter, is under growing stress, according to Daniel Kimmage, Central Asia analyst for Radio Free Europe-Radio Liberty.

Mr. Nazarbayev in the interview acknowledged his country's democracy is "not perfect," but said his government has made a conscious decision to make economic development the first priority after independence.

As for getting 90 percent of the vote, he switched briefly to English to joke, "I am sorry."

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"I wish it could have been less so you all would believe in it," he said, "but do you expect me to go to people and say, 'Don't vote for me. Vote for that guy.?'"

Jagshemash, Premier Bush (NYT)

By Maureen Dowd

The New York Times, September 30, 2006

Borat Sagdiyev, the Kazakh television reporter with the bushy mustache and cheap gray suit, showed up at the White House this week with an invitation for the man he calls the "mighty U.S. warlord."

He wanted to invite "Premier George Walker Bush," along with "other American dignitaries" like Mel Gibson and O.J. Simpson, to a screening of his new documentary about his anti-Semitic, misogynistic, scatological trek across America, followed by a cocktail party/summit meeting, no doubt featuring Kazakh-mopolitans made with fermented horse urine.

"We'll make discussion of cooperation between the two countries at Hooters," Borat told a befuddled White House guard.

Borat, of course, is Sacha Baron Cohen, the successor to Peter Sellers, a wildly original and brainy Cambridge grad and observant Jew from a distinguished British family. His HBO characters, the rapper Ali G, the fashion reporter Bruno, and Borat, collide with reality, exposing prejudice and puncturing pomposity.

The real Kazakhstan dictator was honored by President Bush at a state dinner this week. Nursultan Nazarbayev may have a corrupt and authoritarian regime where political opponents have been known to die very, very suddenly, but, hey, he's got oil and he's an ally in the war on terror. Respec', as Ali G would say.

So Mr. Cohen popped up as well, loping around D.C. to promote his new movie, "Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan." The satirist held a news conference in front of the Kazakh Embassy — as real officials inside fumed — to proclaim that any protestations that Kazakhstan treats women equally or tolerates all religions are "disgusting fabrications" by "evil nitwits" in rival Uzbekistan.

Mr. Cohen is a genius at turning reality into farce, taking lowbrow humor to high places, but he has met his match in W.

With the publication of parts of the classified intelligence report showing that the Bush administration has expanded the terrorist threat, as well as the books "State of Denial" by Bob Woodward, "Hubris" by Michael Isikoff and David Corn, and "Fiasco" by Thomas Ricks, all detailing the bumbling and infighting of Bush officials on Iraq, it's a tossup as to where we can find the most ludicrous, offensive and juvenile behavior — in the new Borat movie or the Bush White House. Let's compare and contrast:

At a Southern society dinner, an etiquette coach teaches Borat how to excuse himself to go to the bathroom. But when he returns to the table with a toilet doggie bag, no one laughs.

W. and Karl Rove "shared an array of fart jokes," Mr. Woodward writes. A White House aide put a toy that made a flatulence sound under Karl's chair for the senior staff meeting on July 7. When they learned of the terror attacks in London, the prank was postponed. But several weeks later, "the device was placed under Rove's chair and activated during the senior staff meeting. Everyone laughed."

Borat likes to wrestle guys naked. Karl liked to show W. his battery-powered "Redneck Horn," blasting obscenities and insults like "Hey, hogneck, who taught you how to drive?" in a Southern drawl.

Family values in Borat's comic portrait of Kazakhstan are reflected by his sister, an incestuous hooker, the town rapist, a cow in the bedroom, and the annual Pamplona-like "Running of the Jew."

Mr. Woodward writes about Bush family values, or the "Running of the WASP." Even though Poppy Bush found his old G.O.P. nemesis Donald Rumsfeld "arrogant, self-important, too sure of himself and Machiavellian," the author notes, W. chose Rummy as defense chief, feeling "it was a chance to prove his father wrong."

Borat had a fantasy life in which he would bag — literally — Pamela Anderson and yoke her happily ever after to a plow on his farm. Dick Cheney had a fantasy life in which he would bag Saddam's W.M.D. by occupying Iraq. In July 2003, Vice and Scooter Libby pored over fragments of intelligence intercepts, trying to figure out where on earth those elusive W.M.D. were. Mr. Woodward notes that Cheney staffers even called the chief weapon hunter with satellite coordinates for possible hidden caches.

Borat thinks Pamela is silly to object to animal torture, just as Vice thinks the press is silly to object to prisoner torture.

After much chaos, Borat gives up on Pamela and marries a prostitute. After much chaos, and even though Laura wants Rummy out, W. sticks with him at Vice's insistence.

No doubt. For lowbrow antics and silly stunts, W. is the clear winner. Respec'.

Rice Hopes To Rescue Gaza Border Pact (LAT)

By Ken Ellingwood And Paul Richter

The Los Angeles Times, September 30, 2006

DOJ_NMG_0072145

Deal she brokered last year to ease Palestinian crossings has gone nowhere. She'll tackle the finger pointing in a visit next week.

JERUSALEM — American officials declared a big breakthrough last year when Secretary of State Condoleezza Rice brokered an agreement between the Israelis and Palestinians to ease the flow of people and goods in and out of the Gaza Strip.

But with Rice poised to return here next week, the pact lies in tatters amid ongoing violence and mutual finger pointing between Israel and its neighbors.

Forged in November after intensive, wee-hours diplomacy by Rice, the accord sought to improve freedom of movement as a way to jump-start the battered Palestinian economy and give Palestinians more control over the Gaza border crossings in the wake of Israel's pullout from the territory several months earlier.

Besides laying out the terms of more open access through the main crossings at Karni, between Gaza and Israel, and Rafah, between Gaza and Egypt, the agreement called for bus convoys between Gaza and the West Bank and foresaw eventual development of a seaport in Gaza and reconstruction of its damaged airport.

But few provisions were carried out, and the main Gaza crossings have remained constricted or shut, leaving Palestinian farmers unable to export crops and deepening a sense of confinement felt by many of the territory's 1.3 million residents. The United Nations said in a recent report that the flow through Karni was lower than when the accord was crafted.

"The crossings agreement has joined the great pile of sand in which the Mitchell, Tenet, Zinni and the road map plans have been buried," Israeli journalist Aluf Benn wrote in July in the daily newspaper Haaretz, referring to earlier U.S. initiatives.

Israel and the Palestinians blame each other for the collapse.

The Palestinians say Israel stalled in implementing the agreement; the Israelis attribute their continuing hesitancy to security concerns, including renewed rocket fire from Gaza and the June capture of an Israeli soldier that resulted in an Israeli military incursion.

During her swing through the Middle East, which begins Monday in Saudi Arabia and includes a stop in Cairo, Rice hopes to rescue the crossing agreement as a part of her mission to find ways of renewing the peace process. She is to meet with leaders of moderate Arab states, Palestinians and Israelis to discuss the aftermath of the war in Lebanon, Palestinian-Israeli issues, Iran and Iraq.

Israeli and Palestinian officials say they want to salvage the border agreement, though Israel appears to favor a less sweeping version. In addition, European Union officials are considering whether to renew the assignment of monitors who have been posted at the Rafah crossing.

Freedom of movement is one of the most problematic day-to-day issues for Palestinians. The crossings deal was seen as a way for both sides to win: The Palestinians could develop the Gaza economy through increased trade, and Israel would gain security and further international support for its Gaza pullout the previous summer.

Under the agreement, the Karni crossing, which serves as the main cargo portal between Gaza and Israel, and Rafah were to operate "continuously."

The Rafah crossing was to be turned over to the Palestinians, with Israel keeping track of who entered from Egypt by way of live video and data feeds.

In addition, the two sides were given a month to work out arrangements for bus convoys to carry Palestinians between the West Bank and Gaza Strip, which have been largely isolated from each other because of Israeli travel restrictions.

The Palestinian side would be responsible for guarding crossings from militant attack, and was to cooperate with Israeli and U.S. officials on security issues.

The Palestinians were also to crack down on the smuggling of weapons and explosives at Rafah, a chaotic border town where tunnels have been built for sneaking arms and contraband into Gaza.

But the deal began to unravel almost as soon as Rice left town. Discussions over the bus convoys quickly ran aground. When a suicide bomber killed five Israelis in Netanya, Israel said it was not ready to move forward.

Facing repeated rocket fire by Gaza-based militants, Israel kept the Karni crossing closed during much of the winter, the harvest season for export crops such as carnations, cherry tomatoes and strawberries. Unable to get their products out of Gaza, Palestinian farmers left them to rot or sold them at a loss in Gaza. Losses were estimated at $30 million.

Since then, Karni has been open only irregularly. An average of 30 to 40 truckloads a month make their way out of Gaza through the crossing — well short of the accord's goal of 400.

Some farmers have become so discouraged they skipped the planting season a few weeks ago, said Saad Khatib, trade policy advisor for Paltrade, a private-sector group that promotes Palestinian trade overseas.

Palestinians say the crossings agreement has failed because Israel didn't want to cede control of Gaza's borders in the first place. "There's no will on the Israeli side to improve this process," Khatib said.

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Rafah was largely open until militants burrowed under the border into Israel and captured Israeli Cpl. Gilad Shalit on June 25. His fate remains unknown. In response, Israel launched a broad military incursion, its first in Gaza since the pullout, and has kept the crossing mostly closed since.

Israeli officials defend the closures on security grounds, whereas Palestinians charge that they are punitive. Israel, in turn, accuses the Palestinians of undermining the border agreement by failing to take steps to improve security around the crossings.

Salvoes of Kassam rockets into southern Israel have continued on and off — evidence, the Israelis say, of the inability of Palestinian authorities to assert control over the border. However, Palestinian police were able to thwart a militant attack on Karni in April.

Complicating matters, the victory of militant group Hamas in January's parliamentary elections also brought an end to most of Israel's dealings with the Palestinian government, though the crossings fall under the jurisdiction of Palestinian Authority President Mahmoud Abbas, who is a member of the Fatah movement. Unlike Hamas, Fatah does not call for Israel's destruction.

"From Israel's national security perspective, it's not in our interest to see Gaza as a failed state," said Mark Regev, a spokesman for the Israeli Foreign Ministry.

"The agreement was part of something bigger. The agreement failed because something bigger failed…. The crossings can't be seen in isolation."

American security coordinator Lt. Gen. Keith Dayton has proposed a plan for improving security at Karni through construction of more facilities, training of Palestinian security forces and possibly deployment of international observers.

But experts on the Middle East caution that Rice's new mission is unlikely to achieve lasting success without a broad new agreement on security and other issues.

"You could arrange to have Rafah opened by next Monday. But the question is, will it stay open?" said Aaron David Miller, a public policy scholar at the Woodrow Wilson Center in Washington. "If this is one of the top objectives of her trip … it may turn out to be a difficult trip."

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Ellingwood reported from Jerusalem and Richter from Washington.

Turkey Trying To Bridge The Gap With The West (WSJ)

By Philip Shishkin

The Wall Street Journal, September 30, 2006

Given deteriorating relations with the West and increasing ambivalence at home over alliances with the U.S. and Europe, Turkey's prime minister, Recep Tayyip Erdogan, will have plenty to talk about during trips to Washington and London and a visit from the German chancellor this coming week.

Straddling a strategic divide between East and West, the mostly Muslim country of 70 million people remains committed to its partnership with the U.S. and to its quest to join the European Union. But both of these traditional pillars of Turkey's foreign policy are coming under pressure as rising numbers of Turks believe they stand more to lose than to gain from getting closer to the West.

This perception alone, whether it is right or wrong, should cause alarm in Washington and across Europe, because many policy makers believe that Turkey's vibrant economy and relatively stable democracy -- both rare in the Middle East -- make it essential to keep the country fully within the West's strategic orbit.

Ankara's relations with Washington have recovered somewhat since Turkey banned the U.S. from using its territory as one stage for the 2003 invasion of Iraq. But plenty of bad blood remains, once again mostly because of Iraq. The Turks are outraged by what they see as U.S. inability to restrain Kurdish separatists who attack Turkish soldiers and use Northern Iraq as a haven.

In Turkey, where military service is compulsory and where every family has a relative in uniform, every soldier's death has immense resonance and further stokes anti-U.S. anger. "The U.S. hasn't done anything to help us," says a senior Turkish official. A recent poll showed that only one in five Turks feels warmly toward the U.S. Washington has started taking the issue seriously enough to appoint a special envoy to help address the separatist problem, and Turkey has welcomed the move. Privately, Turkish officials say they need to see concrete results. "Over the last three years, the U.S.-Turkish relationship has deteriorated markedly," writes Richard Haas, president of the Council on Foreign Relations.

A similar deterioration has marked Turkey's relations with the EU. Turkey is negotiating to join it, but against a rising tide of public opinion both in Europe and at home. Many Europeans, exhausted after admitting scores of Eastern European states to the union, view Turkey's membership with skepticism, saying the country is too big, too poor and too culturally different to enter the EU. The Turks, who never lacked national pride, view Europe as inherently biased against admitting their mostly Muslim country into their mostly Christian club.

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This past week's EU decision to accept Bulgaria and Romania, despite the two countries' serious domestic problems, only confirmed Turkey's view that it is being held to a tougher standard. As Turkey's EU talks get more difficult and touch on sensitive issues -- such as the deadlock over the divided island of Cyprus and European criticism of Turkey's human-rights record -- more Turks are beginning to question the wisdom of joining.

The silver lining for the U.S. and Europe is that Turkey is so deeply integrated into the Western economic and political structures that a complete rupture is extremely unlikely. But if the Turks continue to perceive that the West isn't meeting their concerns, they will be more likely to elect leaders whose support for Western policies cannot be taken for granted.

U.N.-Israel Encounter Highlights Discord (AP)

By Hamza Hendawi, Associated Press Writer

AP, September 30, 2006

An encounter between a U.N. tank patrol and an Israeli army unit near the border underlines the uncertainty in south Lebanon, with Israel reluctant to pull out the last of its troops and Hezbollah warning of impatience with Israeli truce "violations."

French peacekeepers on Thursday blocked the path of an Israeli armored personnel carrier and two Humvees that crossed into Lebanon, said an Associated Press photographer who saw it. Although the hour-long incident was resolved amicably, it marked the first such known encounter.

The peacekeeping force has said it expects Israeli troops to leave Lebanon under the U.N. cease-fire resolution by Saturday. Israeli military officials said Thursday that the pullout would most likely come after the Jewish holy day of Yom Kippur on Monday.

Israeli officials have been reluctant to withdraw the last of their troops, now thought to number several thousand after peaking around 30,000 at the end of the 34-day war with Hezbollah. They cited disagreements over the deployment of Lebanese and U.N. forces in southern Lebanon, which has long been a stronghold of the Shiite Muslim militants of Hezbollah.

But Lebanese Prime Minister Fuad Saniora on Friday stressed the need for Israel to withdraw completely in a telephone call to Secretary of State Condoleeza Rice, Lebanon's state-run news agency reported.

The U.N. resolution calls for 15,000 peacekeepers to work with an equal number of Lebanese soldiers to prevent another outbreak of fighting. It mandates a full Israeli pullout and requires the south be kept weapons-free except for arms approved by the Lebanese government.

Israel wants Hezbollah guerrillas disarmed, but neither the U.N. force nor the Lebanese military is eager to take on the task. The Iranian- and Syrian-backed Hezbollah says it will not disarm until a strong central government capable of defending Lebanon is in place.

Hezbollah leader Hassan Nasrallah has said guerrillas have shown patience with what he called Israeli cease-fire violations. But last week, he warned: "Be sure that we will not be patient for long if the (Lebanese) government abandons its role of protecting the land and the people."

Incidents on the ground could heighten tensions, as Thursday's encounter showed.

Israeli troops still stationed on a hilltop on the edge of the border village of Marwaheen had set up checkpoints in recent days on a stretch of road below their base and running parallel to the border fence, residents said.

On Thursday, French peacekeepers also were near the village.

Peter Dejong, an AP photographer, said four French Leclerc tanks painted white were on patrol in the area when an Israeli armored personnel carrier and two Humvees drove into Lebanon through a border gate.

The last French Leclerc tank in the patrol stopped, backed up about 150 yards and blocked the path, a narrow strip of tarmac extending from the gate.

The French and the Israelis then spent several minutes speaking to their commanders by mobile phones and two-way military radios.

Later, the two sides engaged in an animated conversation. Finally, the Israelis drove back to Israel in the troop carrier and the two Humvees.

Malak Sheetowy, a 19-year-old resident of Marwaheen, and her neighbor Marlene Ghanam gave a similar account Friday, saying the faceoff lasted about 60 minutes.

Israel's army confirmed that its troops came close to the French peacekeepers but said there was no confrontation. Israeli troops have been in the Marwaheen area since the cease-fire took effect Aug. 14 and will stay until the zone is transferred to peacekeepers, the army said.

Alexander Ivanko, spokesman for the U.N. peacekeeping force, said French peacekeepers "observed an Israeli violation of the Blue Line" — the U.N.-demarcated line between Lebanon and Israel.

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Ivanko said the encounter was peaceful and there was no tension. "I checked with the French colonel and he told me it was amiable. ... They exchanged a couple of words and everyone went his way."

In Jerusalem, Israeli Foreign Ministry spokesman Mark Regev said he didn't know about the incident, but said that "Israel is honoring all its obligations" under the U.N. resolution and will continue to move toward its full implementation, including the withdrawal of Israeli troops.

Marwaheen, a Sunni village that survives on tobacco and olive crops, made headlines when vehicles carrying residents fleeing this summer's war came under missile fire that killed 12.

There are two U.N. bases in the village, one of which is 150 yards from a hilltop held by Israeli troops. An Israeli tank and an armored personnel carrier could be seen at the hilltop post.

Marwaheen's roughly 200 residents — about half the prewar population — were visited Friday by U.N. officials accompanied by bodyguards and interpreters to seek information on Thursday's incident.

Adnan Ghanim, a member of the village council, said he suspected the Israelis were trying to expand their hold on the area. "They wanted to move back into the village," he said.

Tobacco farmer Moussa Obeid had similar concerns.

"It is not clear yet what these U.N. troops will do to protect us from the Israelis," he said, pointing to the Israeli position. "This is occupation. Look how close they are to us."

Tens Of Thousands Of Hamas Members Rally (AP)

By Ibrahim Barzak, Associated Press Writer

AP, September 30, 2006

Tens of thousands of Hamas supporters marched in the Gaza Strip on Friday to show their backing for the militant group, even as its efforts to form a national unity government appeared stalled.

Hamas, which won Palestinian parliamentary elections in January, has dropped in popularity in recent months as international sanctions against the Palestinian government and an Israeli military offensive in Gaza have worsened already intense poverty.

Thousands of people marched through the town of Jebaliya in northern Gaza, wearing green Hamas baseball hats and waving green Hamas flags. One banner carried by the marchers read: "Yes to our government, no to all the mercenaries trying to sabotage it."

"The aim of this demonstration is to send a message to the world and to those in our society that the Palestinian people are standing with their elected government. They are rejecting the unjust and unfair siege and all attempts to carry out an internal coup against this government," Hamas lawmaker Mushir al-Masri told reporters.

After Hamas took over the Palestinian Authority, Western governments and Israel cut off financial ties with the government, demanding the militant group recognize Israel, renounce violence and respect previous agreements signed with Israel.

The cutoff in foreign aid has prevented the Palestinian Authority from paying full salaries to its 165,000 employees for six months. Many civil servants responded by going on strike and calling for the resignation of the Hamas government.

The Palestinians' situation further deteriorated after Hamas-linked militants attacked an Israeli army post June 25, capturing a soldier, and Israel responded with a wide-scale offensive in Gaza.

In an effort to end the economic embargo on the government, Hamas officials have tried to form a coalition with Palestinian President Mahmoud Abbas' Fatah Party. However, efforts to form the national unity government have stalled because of Hamas' refusal to recognize Israel.

Al-Masri said Hamas remained committed to forming the coalition. "We are going to move ahead with the president, because there is no choice," he said.

Also on Friday, Israeli soldiers killed two Palestinian teenage brothers in the northern Gaza Strip, the army and Palestinian security officials said. The attack occurred in a field near the town of Beit Hanoun, which is often used as a staging base for rocket attacks on Israel.

Palestinian hospital officials said Anwar Hamdan, 16, and Hamam Hamdan, 14, were riding bicycles to inspect rocket launchers in the field when they were killed.

The army said the two were targeted because they had come to the field to collect launchers used to fire rockets in the past week. In recent months, Palestinian militant groups have sent children to collect the rocket launchers, believing they would be less likely to be attacked.

Late Friday night, an Israeli airstrike destroyed the home of a local Hamas leader in southern Gaza, officials said. There were no reports of casualties. The owner of the home, a senior member of Hamas' military wing in the area, received a call from

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the army about 15 minutes ahead of the blast telling him to evacuate the building, Hamas officials said. Rescue crews rushed to the area to search for wounded.

The army confirmed the airstrike, saying it had targeted a weapons storage facility. It said it warned people to stay away from the structure ahead of the attack to avoid civilian casualties.

The army has carried out a number of similar airstrikes since launching an offensive in Gaza in late June after Hamas-linked militants tunneled into Israel and captured an Israeli soldier.

Things Go Better With Rights (WSJ)

By Zahi Khouri

The Wall Street Journal, September 30, 2006

In 1995, I moved from a comfortable life in America to Ramallah, Palestine, to invest in the most American of businesses there. I was instrumental in bringing Coca-Cola to the Middle East in the early 1980s; after the Oslo Peace Accords were signed I decided to launch the Coke franchise in the West Bank and Gaza.

Over the last decade, the business has grown. Today, Coca-Cola employs hundreds of Palestinians and sells 10 million cases of Coke a year.

As a Palestinian American, this was more than a moneymaking venture. Each gleaming bottle, with that red Coca-Cola swirl in both Arabic and English, would be a miniature ambassador from America. And each potential investor who saw that Coke was successful might decide to invest as well. It seemed the perfect strategy: to promote American interests while helping to build an economy that could serve as the foundation of a viable, independent Palestinian state.

Following the peace accords, scores of other Palestinian Americans moved to the West Bank and Gaza. Professors came to teach at universities. Doctors came to help modernize the healthcare system and treat patients. Artists came to exhibit and perform. Other business professionals came to invest, modernize the economy and create jobs. Each, in their way, wanted to help build an independent Palestine. Each served as the real ambassadors of America, so different from the American-made Apache helicopters and F-16 fighter jets Israel uses to rain destruction on the Palestinian economy, cities and villages.

But Israel has decided that we Americans are not welcome. Many, like me, have lived in the West Bank for more than a decade. Unlike American Jews -- or Jews from anywhere -- who can receive instant citizenship upon arrival, we are unable to obtain residency. Instead, we Christian and Muslim Palestinians must rely on our American passports, renewing our tourist visas every three months. A hassle, yes, but the only way to stay in Palestine, often in the homes our families have inhabited for generations.

Since Hamas assumed government authority after democratic elections this year, Israel has begun to deny Palestinian Americans the right to enter. We are left to wonder why.

This new policy could be another turn of the screw to pressure Hamas. It could be manufactured as a painless concession for future negotiations. It could be one more tactic in Israel's drive -- which began in 1948 with the expulsion of more than 700,000 Palestinians -- to empty as much land of as many Palestinians as possible.

We do not know the reason for denying entry to Palestinian Americans. But we do know the result. In addition to breaking families apart -- for example one spouse with children in the West Bank, and the other unable to return from visits to the U.S. -- it is discouraging investors. It is driving out the very people the U.S. State Department, the World Bank and other international organizations encouraged to return. We are the ones building businesses, creating jobs and inspiring hope for a better future.

Using the pretext of security, Israeli policies of home demolitions, land confiscation, restrictions on movement and construction of the separation wall have choked the Palestinian economy. According to the U.N., more than 540 checkpoints and other structures impede movement throughout the West Bank, and crossings into Gaza are rarely open. Gaza represents 30% of the Palestinian economy. Yet we cannot ship goods from the West Bank to Gaza. And Gaza cannot import raw materials for processing, even though it possesses a talented labor force. Israel has also been refusing to turn over nearly $55 million a month (now totaling roughly $400 million) in Palestinian tax revenue. With the cutoff of international aid, this has led to a humanitarian catastrophe. Since March, Palestinian Authority employees -- about one-quarter of the labor force -- have not received their salaries.

Israel will not gain security by creating Mogadishu next to Silicon Valley. Only an open and thriving Palestinian economy can lay the foundation for a sustainable peace.

Our humanitarian crisis is not the result of a natural catastrophe. There was no tsunami, earthquake or drought. We helped to build nations. We have the natural resources and human capital to build a thriving, stable Palestinian economy as well. We do not need international handouts. We need the free movement of people and goods. We need unrestricted gateways between the occupied Palestinian territory and the rest of the world.

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American policy makers have tremendous influence with Israel. They should use it to insist on freedom of movement of people and goods, and to maintain access for Palestinian Americans and Palestinians with other foreign passports to continue to play a role in economic development. A vibrant Palestinian economy serves the interests of all -- Palestinians, Israelis and Americans.

Out Of The Mouths Of Aides (NYT)

The New York Times, September 30, 2006

It has taken five and a half years, but at least some of President Bush's aides have begun to acknowledge the patently obvious: There needs to be a serious effort to settle the Israeli-Palestinian conflict.

Without one, the United States has no chance of salvaging its battered reputation in the Islamic world. No chance of rallying moderate Arab leaders to fight extremists or contain Iran. And no chance of ensuring Israel's lasting security. We just hope that Mr. Bush will now make the long neglected peace effort a central priority for the remaining years of his presidency.

With Secretary of State Condoleezza Rice traveling to the region next week, Mr. Bush should give her an explicit mandate to press Israel, and not just the Palestinians, for real compromises. He should also give her the authority to talk to adversaries, and not just friends, about how to support the effort.

For years, Mr. Bush's advisers have woven an entire mythology about how Middle East peace required tanks on the road to Baghdad, rather than diplomats on planes to Jerusalem, Ramallah and Damascus.

So it was surprising to hear one of Ms. Rice's closest aides, Philip Zelikow, the State Department counselor, tell a think-tank audience that some sense of progress on the Arab-Israeli dispute is "just a sine qua non" for getting moderate Arabs and the Europeans to cooperate on Iran and the region's many other dangerous problems. "We can rail against that belief. We can find it completely justifiable. But it's fact," Mr. Zelikow said.

We fear that Mr. Bush and his secretary of state haven't yet caught up to that. As Ms. Rice prepared to leave, other aides said that the most she would do would be to rally support for the moderate Palestinian president, Mahmoud Abbas, and to solicit ideas on how to revive peace talks.

Ms. Rice should use this trip to commit herself to negotiating a comprehensive cease-fire. She can start by telling the Israelis they need to immediately end targeted killings and halt all settlement construction. Ms. Rice needs to make clear to the Palestinians that while words are important, she is less concerned with rhetoric than the ability and willingness of any Palestinian government to halt, rather than abet, all attacks on Israel.

Washington is already encouraging Israel's prime minister, Ehud Olmert, to meet with Mr. Abbas, for more symbolic support. Ms. Rice should instead tell all sides that President Bush's goal is a full resumption of peace negotiations — and that he will commit the full resources of his presidency to the effort.

Ms. Rice should be willing to go to Damascus — or send a top aide — to tell President Bashar al-Assad that relations can improve if he restrains his clients Hamas and Hezbollah. The Europeans — who have been desperate for the United States to engage — should make the same trip to warn of real punishments should he refuse.

The lesson of this summer's disastrous wars in Lebanon and Gaza is that the time for listening tours and tactical steps is far past. We hope that Mr. Zelikow's bosses start paying attention.

Woman Accused Of Supporting Terror Group (AP)

By Daisy Nguyen, Associated Press Writer

AP, September 30, 2006

A naturalized U.S. citizen from Iran who was found in Iraq was indicted Friday on charges of providing support to a terrorist organization that seeks to overthrow the Iranian regime, federal prosecutors said.

Zeinab Taleb-Jedi, 51, then a resident of Herndon, Va., went to Iraq in 1999 to attend a training camp run by the Mujahedin-e Khalq, or MEK, the U.S. attorney's office in Los Angeles said in a statement.

MEK, also known as the People's Mujahedin of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. The group had sided with Iraq in its 1980-88 war against Iran.

The State Department says the MEK groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

Taleb-Jedi was discovered by coalition forces at a camp called Ashraf Base about 40 miles northwest of Baghdad, the U.S. attorney's office statement said. It was unclear when.

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U.S. forces took control of the camp and sent many members back to Iran on condition that they leave MEK, said Thom Mrozek, a spokesman for the attorney's office.

"An investigation reveals that she played an active role at the camp," Mrozek said.

Taleb-Jedi was indicted by a federal grand jury in New York City on one count of providing material support to a foreign terrorist organization. She faces up to 15 years in federal prison if convicted.

She was being prosecuted in New York because her plane landed at John F. Kennedy International Airport on March 31 upon her return from Iraq. The case was handled by Los Angeles-based prosecutors who have been involved in MEK-related investigations since the 1990s.

She was assigned a public defender in New York and released on bond.

Taleb-Jedi immigrated to the United States from Iran in 1978 and became a U.S. citizen in 1996, the government said. Her aliases include Nayer Taleb-Jedi or Nire Taleb-Jedi, according to the two-page indictment.

The attorney's office did not release any information on the woman's occupation.

Some members of Congress in recent years have advocated the group's removal from the terrorism list because of its stance against the Iranian regime and because it doesn't pose a direct threat to the U.S.

Venezuela And Nigeria, Both OPEC Members, Say They Will Cut Their Oil Production (NYT)

By Jad Mouawad

The New York Times, September 30, 2006

Some members of OPEC are getting really nervous about oil at $60 a barrel.

Two of the oil cartel's 11 members, Nigeria and Venezuela, said yesterday that they would make voluntary cuts in their production in response to oil prices that have fallen nearly 20 percent from their peak two months ago.

The modest move, which amounts to less than 200,000 barrels a day, comes after days of mixed signals from some OPEC officials who have been increasingly concerned about the rapid drop in prices.

Nigeria's oil minister, Edmund Daukoru, who is the OPEC president this year, recently said the price of oil was "very low." Both countries, traditional price hawks within the Organization of the Petroleum Exporting Countries, said their cut was part of an informal deal agreed to at OPEC's last meeting this month to pare output if prices declined.

Yesterday's announcement was initially shrugged off by oil traders who say there was still plenty of oil supplies on the market. But the confusion around OPEC's position helped push up the price of crude oil on the New York Mercantile Exchange. Oil futures for November delivery pared initial losses and closed at $62.90 a barrel, up 14 cents.

Since they last met in Vienna, OPEC representatives have become anxious as they watch crude oil futures decline rapidly from a midsummer high of $77.03 a barrel.

Mr. Daukoru has been in contact with other OPEC ministers to discuss falling oil prices, which briefly dropped below $60 a barrel in intraday trading for the first time in six months on Monday. But OPEC denied there had been a shift in policy.

One delegate from a Persian Gulf country, who spoke on the condition of anonymity because he was not entitled to talk about his country's policy publicly, had a calmer view.

"We are not currently concerned," he said. "The prices are currently manageable and fair. We're not overly alarmed by the prices. It's the market working."

Demand for crude oil typically declines after Labor Day, and it is not unusual for oil prices to drop once the summer driving season is over. Consumption tends to pick up again with the first winter cold.

"We are not going to push extra oil in the market or force it down our customers' throats; we just respond to demand," the delegate said.

Still, despite assurances from Saudi Arabia and others that they would keep markets amply supplied with oil, the contradictory statements from senior OPEC representatives have raised doubts about the oil cartel's strategy.

Whether Nigeria and Venezuela actually reduce their output or not, the mixed messages have at least succeeded in one way: oil traders have been persuaded that OPEC will step in to defend prices, and, therefore, the recent price decline has slowed.

OPEC's acting secretary general, Mohammed Barkindo, who is also a senior Nigerian official, told the energy publication Platts that he had met with Saudi Arabia's oil minister this week in Riyadh and that Saudi Arabia was already cutting its production as part of the informal agreement. Saudi Arabia has not commented on any change in policy.

It will take a much larger drop in prices for OPEC to step in formally with a cartelwide production cut. Saudi Arabia, OPEC's largest and most influential member, is apparently comfortable seeing crude oil fall to around $55 a barrel. Further declines, however, might provoke action by OPEC.

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"While apparently fanciful, reports of an imminent output cut reflect two hard facts: stocks are building faster than expected and several producers have an incredibly low pain threshold when it comes to price drops," Antoine Halff, an energy analyst with Fimat, wrote in a note yesterday. "However, more price declines will likely be needed before OPEC producers decide on any coordinated move."

Venezuela, which pumps about 2.5 million barrels a day, said it would cut its daily output by 50,000 barrels, starting tomorrow. Nigeria said it would trim its exports by 5 percent at the same date, amounting to a reduction of about 120,000 barrels a day. Nigeria produces about 3.8 million barrels a day. It is notable that these two countries are taking the self-appointed role of managing the market since neither is currently meeting its OPEC production quota.

Nigeria's production, for example, is hundreds of thousands of barrels short of its peak because of social unrest in the Niger Delta, while Venezuela has experienced lower output for some time.

"They are trying to influence the psychology of the market," said Larry Goldstein, an oil analyst and the president of the Petroleum Industry Research Foundation in New York. "Although they are reacting to the reduction in demand, they are trying to convince the market that they are actually anticipating it by making cuts ahead of the market. But they are simply reacting to it, which is how markets should operate."

Venezuela And Nigeria Cut Oil Output (FT)

By Carola Hoyos In London

Financial Times, September 30, 2006

Venezuela and Nigeria, both members of the Opec oil cartel, on Friday announced that they would reduce their oil production by as much as 200,000 barrels a day to shore up prices.

Several other key members of the Organisation of the Petroleum Exporting Countries were said to be furious about the unilateral decision.

Nevertheless, data due to be released in the next few weeks are expected to show those other members, which include Saudi Arabia, Iran, Kuwait and the United Arab Emirates, are also reducing output but keeping quiet about the measure.

Saudi Arabia and Kuwait are both allies of the US, the world's biggest oil consumer, and do not want to be seen trying to boost prices that are still relatively high at $60 a barrel.

Nonetheless, they are concerned about the speed with which prices have slipped from $75 over recent weeks and want to ensure that their oil, which trades slightly below the price of international benchmark crudes, does not fall below the $50 mark.

To that end, and because refineries are demanding less oil because of scheduled maintenance closures, Saudi Arabia is seen as having already cut production by 200,000 barrels a day, with another 200,000 being cut by Kuwait, Iran and the UAE.

Nigeria is cutting 120,000-150,000 barrels a day, while Venezuela is expected to cut 50,000 b/d. The total cuts would reduce Opec production to 27m b/d, a 600,000 b/d fall in two months. But oil prices did not rise significantly on the news.

Nigeria is already producing fewer barrels than its Opec quota allows because of militant attacks on oil facilities in the Delta region.

Neil McMahon, analyst at Sanford Bernstein, said: "I can't see it [the move by Nigeria and Venezuela] stabilising the price for long because Opec could turn on the tap again at any moment." He noted that spare oil capacity had doubled in just a year and is now at 3m b/d.

He said the price fall had been prompted by a slowdown in demand. The US Department of Energy this week showed US demand in July had fallen by 1.3 per cent from a year earlier.

Bolton Rips U.N. Deputy Over Comments (AP)

By Nick Wadhams, Associated Press Writer

AP, September 30, 2006

The U.S. ambassador to the U.N. on Friday accused the No. 2 U.N. official of discrediting the United Nations by criticizing American and British diplomacy over Darfur, his latest attack on the deputy.

The ambassador John Bolton demanded Deputy U.N. Secretary-General Mark Malloch Brown apologize over comments that appeared in Friday's editions of the Independent newspaper in London. He criticized President Bush and British Prime Minister Tony Blair for threatening Sudan over its refusal to allow U.N. peacekeepers in Darfur.

"The Sudanese know we don't have troops to go in against a hostile Khartoum government; if Sudan opposes us there's no peace to keep anyway; you're in there to fight a war," Malloch Brown said. "It's just not a credible threat."

Malloch Brown said those threats allowed Sudan to portray itself as "the victims of the next crusade after Iraq and Afghanistan," and said the U.S. and Britain "need to get beyond this posturing and grandstanding."

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Bolton said Malloch Brown's remarks could undermine the U.N. Security Council's demand that the U.N. take over from an underfunded African Union force that has been unable to stop the violence in Darfur. Sudan has so far refused to give the U.N. control of the mission.

"Let me say these remarks bring discredit to the United Nations and are a stain on its reputation," Bolton told reporters at the U.N. "It's a terrible signal to the government in Khartoum and should never have been uttered," he added later.

"We are proud that we have called the attention of the international community to the tragedy in Darfur. We are proud of our efforts to bring relief to that tragedy. And to have Mr. Malloch Brown attack those efforts, as I say, brings great discredit to this institution," he said.

Few U.N. officials seem to spark Bolton's ire more than Malloch Brown. In June, the American ambassador said Malloch Brown, a Briton, made a "very, very grave mistake" for a speech in which he argued that the U.S. employs stealth diplomacy at the U.N. — relying on it, yet refusing to defend it before critics at home.

And in an interview with USA Today earlier this year, Malloch Brown himself said Bolton was "a real force here, but in a way that provokes a lot of reaction and opposition from others."

In Washington, State Department spokesman Sean McCormack said Friday that the United States was proud to have kept the pressure on Sudan.

"Rather than focusing on what the U.S. or the U.K. or others might be doing, he might apply himself to the task at hand rather than giving speeches," McCormack said of Malloch Brown.

Extremist Islam May Be Rising In Morocco (AP)

By John Thorne, Associated Press Writer

AP, September 30, 2006

Little would seem to connect a soldier, a shopkeeper, airline pilots' wives and a woman known for helping people in need. But all have been named as suspects in a purported Islamic terrorist plot, suggesting extremism may be leaping Morocco's class divides.

In all, Moroccan authorities arrested 56 people last month for allegedly being part of a network that was planning attacks on military and tourist sites in hopes of bringing down the government of this North African monarchy.

Since the Sept. 11 attacks in the United States and suicide bombings two years later that killed 33 people in Casablanca, this country's economic capital, Moroccans have grown accustomed to police crackdowns on Islamic militants.

Thousands have been detained, drawing frequent accusations of abuse and forced confessions at the hands of police.

What's new in the latest case is the wide range of people accused. Middle-class women and security force members allegedly formed the core of a group that authorities say called itself Ansar al-Mehdi, or Supporters of the Mehdi — a divine figure in Islamic tradition who will establish justice on Earth before Judgment Day.

Previously, Islamic extremism was most evident in Morocco's urban slums like Sidi Moumen, the cinderblock jungle in Casablanca where many of the 2003 suicide bombers lived. If the charges are true, the new case would suggest Muslim militancy is spreading into the middle class.

Penetration of the army would be a particular blow because the Western-equipped force has traditionally stood as a pillar of state power. After the sweep, King Mohammed VI fired the head of military intelligence and the head of Morocco's general security forces.

Morocco ended compulsory military service this month, but officials said it had nothing to do with the Ansar al-Mehdi revelations.

Officials have released little information about the Mehdi suspects and their alleged targets, divulging just a few names. The Justice Ministry says judges are preparing for public hearings originally planned for mid-September but now delayed until late October.

Two of the four female suspects are wives of Royal Air Maroc pilots, and Interior Minister Chakib Benmoussa alleged they were recruited by alleged Ansar al-Mehdi chief Hassan Khattab to carry out suicide attacks in Morocco.

Khattab spent two years in jail for involvement in the May 2003 suicide bombings.

Another woman in custody, Fatima Zahra Rehioui, 51, is described by authorities as a central figure in the alleged plot. In a rare news conference in August, Benmoussa said Rehioui was a confidant of Khattab and knowingly gave him $17,280 for terrorist activities.

Rehioui's lawyer tells a different story, describing her as someone who helps people. Attorney Khalid Idrissi said Khattab asked Rehioui for the money so he could see a doctor about a heart condition and she gave the money freely, with no questions asked.

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"She's known as a very charitable woman who helps poor families in her area, especially during Ramadan and at other religious festivals," Idrissi said.

Moroccan authorities say that Badr Bouziki, a 27-year-old shopkeeper, also was deeply involved with Ansar al-Mehdi and that he helped test explosives in forests near Sale, just outside the Moroccan capital, Rabat.

"I know that he's not guilty," said one of Bouziki's relatives. He asked not to be further identified, saying he feared possible government reprisal.

The relative said that Bouziki is not particularly religious and that his arrest at a bus station while visiting relatives in north-central Morocco came as "a complete surprise."

When he visited Bouziki in jail, the relative said, the suspect complained of torture and showed signs of beatings.

Mohamed Khalouki, 27, whose family lives in an outlying village of Sale, is one of five soldiers arrested in the terror sweep.

"We know the truth: He has nothing to do with Ansar al-Mehdi," said Khalouki's sister, who also said she feared being quoted by name.

Growing up amid dusty fields, stands of pine trees and patches of rubbish, Khalouki sought purpose in military service, choosing to enroll at a military school at age 12, his family said.

Drawn early to music, he became a drummer in the army band, traveling to Europe for concerts and shifting his ambitions to a musical career. Denied permission to quit the army, he deserted in 2005 and was captured this year, serving three months in jail, the family said.

"On the day he was supposed to get out, I went to pick him up, but he wasn't there," a brother said. Khalouki had been transferred into police custody for alleged involvement with four fellow band members in Ansar al-Mehdi.

Teacher In Hiding After Attack On Islam Stirs Threats (NYT)

By Elaine Sciolino

The New York Times, September 30, 2006

PARIS, Sept. 29 — A French high school philosophy teacher and author who carried out a scathing attack against the Prophet Muhammad and Islam in a newspaper commentary says he has gone into hiding under police protection after receiving a series of death threats, including one disseminated on an online radical Islamist forum.

The teacher, Robert Redeker, 52, wrote in the center-right daily Le Figaro 10 days ago that Muhammad was “a merciless warlord, a looter, a mass-murderer of Jews and a polygamist,” and called the Koran “a book of incredible violence.”

The Redeker case is the latest manifestation in Europe of a mounting ideological battle that pits those who believe Islam and the Prophet Muhammad can be criticized in the name of free speech against those in the Muslim community who believe no criticism can be tolerated.

A recent speech by Pope Benedict XVI that seemed to link Islam and violence caused such an uproar in the Muslim world that the pope issued a rare expression of regret.

The pope expressed regret for the reaction to his remarks after Muslims demonstrated against him around the world. Just this week, a Berlin opera house decided to cancel performances of the Mozart opera “Idomeneo” because of security fears over a scene showing the severed head of the Prophet Muhammad. The decision prompted an outpouring of protest about what was seen as the surrender of artistic freedom.

In his commentary, Mr. Redeker compared Islam unfavorably to Christianity and Judaism, although he admitted that the history of the Catholic Church was “full of dark pages,” and he criticized the hostile reaction to the pope’s remarks.

“Jesus is a master of love; Muhammad is a master of hatred,” Mr. Redeker wrote, adding, “Whereas Judaism and Christianity are religions whose rites forsake violence and remove its legitimacy, Islam is a religion that, in its very sacred text, as much as in some of its everyday rites, exalts violence and hatred. Hatred and violence dwell in the very book that educates any Muslim, the Koran.”

Immediately afterward, Mr. Redeker, who teaches in a public high school near Toulouse and is the author of several books on philosophy, began to receive death threats by telephone, e-mail and through the online Islamist Web site known as Al Hesbah, a password-protected forum with ties to Al Qaeda. The forum published photos of him and what it said was his home address, directions to his home and his cellphone number, according to the SITE Institute, which tracks violent Islamist groups.

That day’s issue of Le Figaro was banned in Egypt and Tunisia. Mr. Redeker was denounced by a commentator on Al Jazeera television.

“I can’t work, I can’t come and go and am obliged to hide,” Mr. Redeker told Europe 1 radio in a telephone interview from an undisclosed location on Friday. “So in some way, the Islamists have succeeded in punishing me on the territory of the republic as if I were guilty of a crime of opinion.”

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Mr. Redeker, who has kept in contact with news agencies by cellphone and e-mail, said that his wife and their children had also been threatened with death. He told Europe 1 that his wife was in hiding with him, but he was less clear about his three children, saying that one of them had been forced to move and that another was in a boarding school.

Asked to describe the sort of threats he had received, Mr. Redeker replied, "You will never feel secure on this earth. One billion, three hundred thousand Muslims are ready to kill you."

Prime Minister Dominique de Villepin on Friday called the threats "unacceptable," adding: "We are in a democracy. Everyone has the right to express his views freely, while respecting others, of course."

The Interior Ministry has confirmed that Mr. Redeker is under police surveillance, and that counterterrorism experts have begun a preliminary investigation into the threats, which the ministry has described as "dangerous." Mr. Redeker complained in the radio interview that he had to arrange his own logistics and "find a place to sleep at night or live for a day or two."

One of the threats came from a contributor to Al Hesbah, who wrote, "It is impossible that this day pass without the lions of France punishing him."

The contributor called on his Muslim brethren in France to follow the lead of Muhammad Bouyeri, who murdered the Dutch filmmaker Theo van Gogh after he made a film denouncing the plight of abused Muslim women.

"May God send some lion to cut his head," the contributor said of Mr. Redeker, whom he described as a "pig."

Mr. Redeker's situation echoes that of Ayaan Hirsi Ali, a Somali-born Dutch politician who collaborated with Mr. van Gogh on the film and has been relentless in her criticism of some Islamic practices. The subject of numerous death threats from radical Islamists, she was put under the protection of bodyguards in the Netherlands in 2002, and currently has security protection in Washington, where she recently became a fellow at the conservative American Enterprise Institute.

In the Figaro commentary, Mr. Redeker wrote, "Islam tries to dictate its rules to Europe: opening swimming pools at certain hours exclusively for women, forbidding the caricature of this religion, demanding a special diet for Muslim children in school cafeterias, fighting for wearing the veil in school, accusing free thinkers of Islamophobia."

Mr. Redeker, who has written against Islam in the past, does not shy from controversy. At the time of the American-led invasion of Iraq, he criticized French pacifists, and he has written extensively about how watching sports competitions is worse than opium. His new book, "Depression and Philosophy," is about to be published.

At first, Mr. Redeker did not speak out about the threats. In an e-mail message to The New York Times last Tuesday, he said it was not the right time to talk about his plight.

Then, in an interview with the local Toulouse newspaper, La Dépêche du Midi, published Thursday, Mr. Redeker described the death threats, adding, "What is happening to me corresponds fully to what I denounce in my writing: the West is under ideological surveillance by Islam."

That interview set off a public defense of Mr. Redeker in the name of free speech and condemnations of those who threaten him, which snowballed Friday after his radio interview with Jean-Pierre Elkabbach, the president of Europe 1, who is the host of a popular interview show.

Philippe de Villiers, a far-right politician, wrote President Jacques Chirac a letter on Friday asking that Mr. Redeker be given "shelter — as a symbol — at the Élysée Palace, which is the palace of the republic, rather than let him wander," according to Agence France-Presse.

Le Figaro, in an unusual front-page open letter on Friday signed by the editor and the publisher, said, "We condemn with the greatest conviction the grave attacks on freedom of thought and freedom of expression which this affair has provoked."

On Thursday, Education Minister Gilles de Robien was less forceful. He expressed "solidarity" with Mr. Redeker, but cautioned that a "state employee must show prudence and moderation in all circumstances."

But two large teachers' unions in separate statements on Friday threw their support behind Mr. Redeker's right to speak freely, though one of them made clear, "We do not share his convictions."

Mr. Redeker said that he had no second thoughts about what he wrote. "No regrets," he said in the radio interview. "I have given a lot of thought in writing this text."

New Script On North Korea? (WSJ)

By Jay Solomon

The Wall Street Journal, September 30, 2006

Groups Hope Stark Prison Play Spurs Pressure on Pyongyang Regime

WASHINGTON -- As international concern about North Korea's nuclear program intensifies, human-rights groups and Christian activists in the U.S. are unveiling a new weapon near here Wednesday in their campaign to dislodge dictator Kim Jong Il: a musical.

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"Yoduk Story," a smash hit in its initial run in South Korea earlier this year, tells the story of star-crossed lovers imprisoned in North Korea's most notorious prison camp. Few protagonists in the nearly three-hour drama survive Yoduk's dungeons and torture chambers. The main character, a North Korean singer, is raped, impregnated and eventually commits suicide. The play's unflinching portrayal of Pyongyang's gulags -- including floggings and amputations -- is viewed as a crucial tool by activists in pressuring governments to take a more aggressive approach toward confronting North Korea over religious persecution and human-rights abuses.

"The play is a cultural nuclear bomb against Kim Jong Il," says Suzanne Scholte, president of the conservative Defense Forum Foundation of Virginia, which is helping to stage the drama. It opens a three-night run Oct. 4 at the Strathmore, a theater in suburban Maryland.

The drama behind the play's journey to Washington is as intriguing as the on-stage script. Many of the human-rights, Christian, and Korean-American organizations promoting "Yoduk Story" have also been active in shaping broader U.S. policy toward North Korea in recent years. A coalition of these groups lobbied the White House to enact in 2004 the North Korean Human Rights Act, which binds Washington to process more expeditiously North Korean asylum seekers into the U.S. The bill also established a special presidential envoy to monitor North Korean human rights, currently Jay Lefkowitz, an attorney and former top White House aide to President George W. Bush. Mr. Lefkowitz will be attending the opening-night performance of "Yoduk Story."

The machinery behind the play's U.S. run is in many ways a microcosm of the human-rights and faith-based organizations that are increasingly seeking to drive American foreign policy. Many of the cast's 30 members are boarding at parishes in the Washington area for the East Coast run. And a national network of Korean-American churches, the Korean Church Coalition for North Korean Freedom, is calling on its members to buy a sizable block of the 6,000 seats currently on sale for the play's four-night run in Los Angeles next month.

Many Americans who have participated in the growing coalition of activists interested in North Korea believe human rights and refugees will ultimately be the defining tools in U.S. attempts to combat that country's dictatorship. They are seeking to use radio broadcasts, film and the Internet to turn the current trickle of North Korean refugees into a torrent that could potentially cripple the North Korean regime. "The key is how we can get a critical mass" of refugees, says Michael Horowtiz, a scholar at Washington's conservative Hudson Institute, who helped draft the North Korean Human Rights Act.

The creative force behind "Yoduk Story" is its director and chief financier, 37-year-old Jung Sung San, himself a North Korean defector. Mr. Jung narrowly escaped a 13-year prison term in Yoduk in 1994, after North Korean military police arrested him for listening to South Korean radio broadcasts. He was headed toward Yoduk's expansive prison site 70 miles northeast of Pyongyang, he said in an interview, when his vehicle overturned in a rain storm and he escaped. He eventually resettled in Seoul, after fleeing through China, Russia and Hong Kong.

A student of film in Pyongyang and Russia, Mr. Jung took up jobs writing and editing for television and film after his resettlement in South Korea. But his father's execution in North Korea in 2002 caused a major transformation in his life, he says. He contemplated suicide, after being told his escape was the reason for his father's death. But he eventually embraced Christianity and vowed to work to expose North Korea's system of gulags.

"I decided to let the world know about the prison camps" across North Korea, says Mr. Jung, a sprite man whose straight black hair is tinged with orange streaks. "We have a duty to save these people" who are still there.

The end result was "Yoduk Story," which Mr. Jung says he partially funded by offering up his kidney as collateral for a loan. He also faced stiff opposition from the South Korean government, which has been reluctant to antagonize North Korea as Seoul seeks economic and political engagement in an attempt to moderate Pyongyang's behavior. But the musical often sold out this year, as conservative political groups and Christian activists flocked to the play. It also received the blessing of senior South Korea politicians, such as former South Korean President Kim Young Sam.

From its conception, though, "Yoduk Story" was envisioned as a drama for the American public, Mr. Jung says. President Bush has shown a particular interest in the plight of North Korea's political prisoners, publicly disparaging Kim Jong Il for running a gulag and advising White House staff to read the memoirs of one of Yoduk's few escapees, Kang Chol Hwan. Mr. Bush last year gave a private Oval Office audience to Mr. Kang -- who is a consultant to "Yoduk Story" -- and the play's producers have sent invitations to the president, first lady and a number of cabinet sectaries to attend one of next week's performances.

The White House said it is unlikely Mr. Bush will attend. But an aide said Mr. Lefkowitz is looking forward to attending the event and addressing the cast and crew of "Yoduk Story."

Longer term, Mr. Jung has ambitious plans to bring "Yoduk Story" and other tales about North Korean life to film. Promoters of the play, meanwhile, hope its performance here will lead to even greater pressure on the U.S. government to confront North Korea's concentration camps and to accept those who have suffered into the U.S.

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"It's an issue everyone should be concerned about," says Adrian Hong, the founder of Washington-based LiNK, or Liberty in North Korea, which is also supporting "Yoduk Story." "Americans have a place in their hearts for the oppressed."

Write to Jay Solomon at jay.solomon@wsj.com1

Thai Military Leaders Say They Retain Power To Remove A Civilian Government (NYT)

By Seth Mydans And Thomas Fuller, International Herald Tribune

The New York Times, September 30, 2006

BANGKOK, Sept. 29 — Thailand's junta said Friday that it would not interfere with the workings of the interim government it has promised to appoint. But it said it reserved the right to fire the government in exceptional circumstances.

Thai newspapers quoted a high-ranking official as saying that the civilian government would be headed by Surayud Chulanont, 62, a respected former general who is close to the palace.

The appointment of the prime minister must be formally approved by King Bhumibol Adulyadej before it is announced, and on Friday the official, Auditor General Jaruvan Maintaka, backed away from her earlier statement. Still, there were hints from other officials that it was true.

General Surayud is known as a nonpolitical soldier who worked to professionalize the force when he was army chief. One of his oft-quoted comments is, "I always think that politics and I don't fit together."

Also on Friday, the junta announced a military shuffle that consolidated its control over the armed forces, sidelining officers loyal to Thaksin Shinawatra, the prime minister who was ousted in a coup on Sept. 19.

At a briefing for foreign reporters, Gen. Winai Phattiyakul, one of the six officers of the junta, said that Mr. Thaksin had been trying to gain personal control of the military by promoting his supporters and that the coup leaders were concerned about a split in the armed forces.

At the briefing, a senior Foreign Ministry official said the junta, calling itself the Council for National Security, would retain what he called "a partnership rather than a hierarchical relationship" with the civilian government.

The junta has "no power to issue any order whatsoever in the running of the government, except in security," said the official, Krit Garnjana-Goonchorn, the permanent secretary of the Foreign Ministry.

Nevertheless, he said, an interim constitution would give the junta the power to fire the civilian government. He cast this as a progressive move, saying the constitutional power would remove the need for any future coups.

"The power is there in reserve," he said. "If things did not work out, the Council for National Security would not have to resort to nonpeaceful means to effect change."

The interim government is to hold office until a new constitution is drawn and a new Parliament is elected, the coup leaders have said. At the briefing, the officials said the drafting of a constitution should take no longer than nine months, somewhat accelerating a timetable that was given earlier.

Although he is a former general, General Surayud has played a civilian role as a member of the Privy Council, the top advisory body to the king.

On Thursday he said he backed the coup, saying the generals had been forced to move because of the impending possibility of bloodshed, referring to an intensifying conflict between supporters and opponents of Mr. Thaksin. "The most important matter is to build unity in the country," he said.

In the military shuffle announced Friday, Mr. Thaksin's supporters and relatives have mostly been removed from commands and transferred to inactive positions or attached to agencies that put them outside the chain of command.

A struggle over promotions appeared to have been one of the sparks for the coup, as Mr. Thaksin tried to put his allies and relatives in positions that would have given him personal control over the military.

Some analysts saw this as a final step in Mr. Thaksin's attempt to secure personal control over the workings of government, having already co-opted the Senate, much of the judiciary and the independent agencies that were intended under a new Constitution as a check on executive power.

Secretary of State Condoleezza Rice has described the coup as "a U-turn" for democracy in Thailand, and the United States has suspended $24 million in military aid under a law that forbids assistance to a country where a democratically elected leader has been deposed in a coup.

But the Foreign Ministry official, Mr. Krit, said this was a minimal response in accordance with United States law and added, "I think they are measuring their response, keeping their eye on what's developing on the ground."

Thai Military May Pick General As Interim PM (FT)

By Amy Kazmin In Bangkok

Financial Times, September 30, 2006

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Thailand's military leaders appear poised to install a retired general and close adviser to the country's revered monarch as interim prime minister, as they seek to fend off international criticism of the coup d'etat that ousted Thaksin Shinawatra as prime minister.

Gen. Surayud Chulanont, former Supreme Commander of the Armed Forces and a member of the privy council of King Bhumibol Adulyadej, was reportedly chosen to head the interim administration, after the generals ruled out other potential candidates, including several with stronger economic backgrounds.

The coup-makers have refused to officially confirm their choice, as protocol requires the king to assent to the candidate before it is publicly announced. But in an apparent slip, Jaruvan Maintaka, who is probing corruption allegations against the now deposed government, said late Thursday that Gen. Surayud would get the job, while other army officials have also dropped broad hints in that direction to Thai reporters.

The coup-makers are expected to name a new premier over the weekend or early next week, as they seek to fulfill their initial promise to transfer power to a civilian government within two weeks.

Gen. Surayud, a known nature-lover who embodies the virtues of humility and respectfulness that Thais traditionally admire in their leaders, won accolades for his leadership of the army, and his efforts to de-politicise the armed forces.

But while the coup-makers insist he has been a civilian since his retirement several years ago, his appointment could heighten the concerns of the international community, already dismayed by the military's seizure of power.

The US on Thursday night suspended $24m in military aid to Thailand, an action required by US law in the aftermath of a coup. But despite international condemnation of the coup – and calls for a quick restoration of democracy, Thailand has so far faced remarkably few repercussions in its relations with the outside world, due to the bloodless coup.

Still, the army has been on an offensive to persuade the outside world that they had no choice but to take control - to prevent a looming violent confrontation between supporters and opponents of the highly divisive Mr Thaksin.

The coup took place a day before Mr Thaksin's critics were due to hold a massive demonstration, despite reports that some government ministers were organising counter-demonstrations with the aim of provoking clashes. The army itself was also reportedly split, raising concerns that factions of the army could end up in conflict.

"If you are driving a train, and you see it may derail or collide with another train and cause damage or loss of life, it make sense if you stop or make a sharp turn to avoid tragedy," Gen. Winai Phattiyakul, the secretary-general of the military's governing council, told foreign journalists on Friday. "That is why we made the decision to have political change."

However, Gen. Winai insisted that the coup-group, which calls itself the Council for Democratic Reform, has no intention of retaining power, and that "we are looking for free and fair elections ahead."

He also said that the interim premier will have a free hand to choose his own civilian Cabinet to run the government for the next year, although the coup group will retain the right to remove the premier should any problem arise.

Over the weekend, the council is unveil an interim constitution, which outlines a seven- to nine-month process for the drafting of a new permanent constitution, before the country holds fresh elections.

Reports: Thailand Selects Interim Leader (AP)

By Grant Peck, Associated Press Writer

AP, September 30, 2006

Thailand's coup leaders are likely to appoint a respected former army commander as interim prime minister until promised elections next year, newspapers reported Friday.

Retired Gen. Surayud Culanont, 63, was the ruling military council's top choice to fill the position, major newspapers in Bangkok reported. A formal announcement was expected in the coming days after a draft constitution is approved by the king.

Thailand's auditor general, Jaruvan Maintaka, was quoted as confirming the appointment in a posting on the Web site of the government's Public Relations Department. "Yes, definitely, Gen. Surayud is the prime minister. He is the suitable person," she was quoted as saying.

However, when contacted by The Associated Press later Friday, she denied making the comments. "I didn't say so," she said, without elaborating.

Gen. Sondhi Boonyaratkalin, who led the coup that ousted Prime Minister Thaksin Shinawatra, told reporters that a draft constitution has been completed and sent to the Royal Palace. He said he hoped the constitution would be approved by King Bhumibol Adulyadej this weekend, followed by the formal announcement of the prime minister.

The expected appointment of Surayud was likely to be welcomed by many Thais.

Over a 40-year career in the military, Surayud garnered a reputation for effectiveness, tact and incorruptibility, the latter a trait not shared by some past Thai military officers. Upon his retirement in 2003, he was appointed to the Privy Council, the top advisory body to the king.

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During his career, he fought Thai communist insurgents and dealt with the sensitive situation along the embattled Cambodian border during the 1980s. He was regarded as being close to the U.S. military, which praised him throughout his career.

A devout Buddhist, Surayud spent time as a monk after leaving the army and often said he had no intention of entering the political fray.

The coup leaders accused Thaksin of corruption and seized power in a bloodless takeover Sept. 19 while he was abroad, vowing to name a civilian prime minister within two weeks.

Large demonstrations early this year demanding his ouster reflected a polarized Thai society, and many Thais have greeted the coup as a resolution of a national crisis.

The United States, which has decried the coup as a setback to democracy, on Thursday suspended $24 million in assistance to Thailand.

The coup leaders, meanwhile, tightened their grip on power by sidelining officers in the military who had been key Thaksin supporters.

In an annual reshuffle of top-ranking officers announced Friday, a number of officers loyal to Thaksin were removed from commands and transferred to either inactive positions or attached to agencies that take them outside the chain of command.

An announcement in official media said the king endorsed the changes.

Two members of the ruling council — Gen. Winai Phattiyakul and Gen. Boonsang Niempradit — were given more powerful positions. Winai, secretary-general of the military council, is to become permanent secretary of the Defense Ministry, while Boonsang was promoted from deputy supreme commander of the armed forces to supreme commander.

Five other army generals who had opposed Thaksin also received promotions.

Winai said he had spoken with Thaksin and that the former prime minister had "decided to leave politics and will take a rest with his family." Thaksin, who is currently in London, had no current plans to return to Thailand, his party said Friday.

Thaksin's only public remarks since being ousted came in a prepared statement two days after the Sept. 19 coup in which he said he wanted to take a "deserved rest" from politics, and was planning to work on research and development and carry out "possible charitable work for Thailand."

The military has already said that Thaksin is welcome back in Thailand, but that a return right now might not be appropriate because of political tensions.

Retired General Seen As Thailand's New Premier (AFP)

By Thanaporn Promyamyai

AFP, September 30, 2006

Thailand's ruling junta has picked a former army chief to be the new prime minister, local media and a government official said, more than a week after the coup that ousted Thaksin Shinawatra.

At the same time, the military -- which refused to confirm or deny the name of their reported pick -- said it was reserving the right to sack the premier under an interim constitution due to be published this weekend.

General Surayud Chulanont, 63, now an advisor to the revered king, had been chosen as the successor to Thaksin, state-run Radio Thailand reported on its website citing auditor general Jaruvan Maintaka.

The choice was "quite certain," it quoted her as saying, adding that he "is the most suitable for the job, given his qualification and his seniority."

Surayud's name was also splashed across the Thai media, although a military source, who asked not to be named, said he had in fact turned the offer down.

The junta's secretary general threw his support behind Surayud and said he figured "on the list" but that no names had been sent for royal approval.

"If it is General Surayud, I like him and I respect him," General Winai Phattiyakul said. "He may be my choice, but I do not have the power to choose the prime minister."

Winai indicated Surayud's army past would not be a bar to getting the post of premier. "We really consider that a retired general is a civilian," he said.

Thailand's new military leaders pledged after taking power on September 19 to appoint a new premier within two weeks to guide Thailand towards elections in October 2007.

"The endorsement of the prime minister and handing down of the Royal Command is expected to take place on Sunday at Government House," said junta spokesman Palangoon Klaharn Friday.

The other main candidate has been former World Trade Organization chief and current head of the UN Conference on Trade and Development, Supachai Panitchpakdi, who has refused to comment.

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Whoever their choice, the generals have reserved the right in their interim constitution to sack him.

"The power is in reserve, as it were," said the permanent secretary of the foreign ministry, Krit Garnjana-Goonchorn.

The junta already plans to rename itself the Council for National Security and keep a close eye on the premier and his government.

"If things didn't work out the Council for National Security would not have to resort to non-peaceful means to effect change," Krit said, although adding he did not foresee any condition where they would have to use their power.

The coup, although welcomed by many Thais for ending months of political turmoil, has met with international condemnation.

The United States, Thailand's biggest trading partner and a close ally, on Thursday said it would cut 24 million dollars in military aid in protest.

"The United States continues to urge a rapid return to democratic rule and early elections in Thailand," said State Department spokesman Sean McCormack.

Krit, of Thailand's foreign ministry, brushed off the measure, saying there was "no going back to square one" after decades of democracy.

Thailand's junta on Friday also announced a raft of promotions for military officers who backed last week's coup while sidelining Thaksin supporters.

The changes were announced in an annual reshuffle which had become a point of tension under Thaksin because of fears he was trying to cement his control over the armed forces by promoting loyalists.

A junta spokesman also said the military planned to withdraw tanks and troops from Bangkok by October 4 and hand over security operations to the police.

Surayud was in 1998 appointed the army's commander-in-chief and has been credited with professionalising the force that had been notorious for smuggling, political meddling and human rights abuses.

He retired in 2003, ending a 38-year military career, after he clashed with Thaksin, who had sidelined him to the less influential post of supreme commander.

Surayud then became a Buddhist monk for three months before joining the Privy Council, the inner circle of advisors to King Bhumipol Aduljadeh.

The general -- who has previously said the military should stay out of politics -- said Wednesday he would consider the job if offered to him, in part because he feared possible clashes between Thaksin supporters and opponents.

'We Complied With The Law' (NSWK)

By Sonia Kolesnikov-jessop

Newsweek, September 30, 2006

An executive at Singapore's state-owned investment firm discusses the deal that triggered Thailand's political crisis. The company line: don't blame us. WEB EXCLUSIVE

It was the deal that crystallized Thailand's anger. Last January, Prime Minister Thaksin Shinawatra sold his family telecommunications empire, Shin Corp., to Singapore's government-investment fund, Temasek. The price: $1.9 billion—a sum Thaksin's family pocketed tax-free. In hindsight, the deal was the beginning of the end for Thailand's tycoon-turned-prime minister, who was toppled in a military coup on Sept. 19. Yet the deal that brought him down remains an enigma—both for its complex structure and because Temasek stayed silent as Thailand's political crisis unfolded. During spring political protests in Bangkok, effigies of Temasek CEO Ho Ching were burnt in the streets. More recently, Thai regulators have focused on whether Temasek breached a 49 percent limit on foreign holdings in strategic industries and have been investigating whether some of the consortium companies served as proxies for Temasek to gain control of Shin Corp.

Now, however, the company has come forth with its side of the story. On Sept. 28, Temasek managing director for strategic development Jimmy Phoon revealed key aspects of the transaction that will have an impact on new investigations into Thaksin's alleged corruption. Two key details stand out: he says Temasek was not informed that the sale was structured so that the prime minister's family would avoid taxes, nor was payment made into offshore bank accounts, as has been reported. Phoon insists that Temasek's motivations were purely commercial, rejects the notion that Temasek ignored glaring political risks and bears no responsibility for the Thai crisis. He spoke with NEWSWEEK's Sonia Kolesnikov-Jessop in Singapore. Excerpts:

NEWSWEEK: Why did you buy Shin Corp.?

Jimmy Phoon: We felt it was a very well run company with sound fundamentals. We believe it's a very good investment that will give us good returns. Moreover, we partnered with reputable co-investors such as Siam Commercial Bank. Underlying the investment is our belief in Thailand's growth potential. In particular, if you look at the telecom industry, the growth will be driven not just by [Thailand's economy] but also by the growing size of the middle-income class.

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Who advised Temasek on the Shin Corp. deal?

Goldman Sachs was our international adviser and Hunton and Williams was our domestic advisor on the legal side. SCB Securities also advised us on the takeover offer in Thailand.

Did you receive any independent political risk analysis?

We did do political risk analysis as part of a detailed risk analysis, including industry risk and country risk. We are a long-term investor, and we invest purely on commercial grounds. Our investments are not predicated on which government is in power. We expect changes in environment to happen over time and we had factored in uncertainty as [we do] in all the investments that we make. There are always unforeseen developments.

Were you aware at the time of the deal that it was structured so that the seller would pay no taxes?

No, we were not aware of that. Our advisers were advising us on our side [of the transaction]. From our perspective, we've complied with all the laws and regulations in Thailand, and that's really what our advisers advised us about.

Government investigators in Bangkok suspect that Temasek-backed Thai investment company Kularb Kaew purchased Shin Corp. shares on its behalf, effectively raising Temasek's stake beyond the 49 percent legal limit. How do you respond?

We have not received any formal notification from the Ministry of Commerce regarding their review [of the sale]. Therefore it is not appropriate for us to comment. We've complied with all the laws and regulations and we will continue to cooperate fully with the authorities. We are confident that the outcome of the review by the Ministry of Commerce will be satisfactory as we complied with all laws. Currently, Temasek holds 41.7 percent of Shin Corp. directly through Aspen Holdings, while another 54.6 percent is held by Cedar Holdings, which is a joint venture by Temasek's Cypress Holdings, Siam Commercial Bank and Kularb Kaew. Importantly, the majority shareholder of Cedar is Kularb Kaew, which owns 45.2 percent and together with Siam Commercial Bank controls a majority of Cedar. Kularb Kaew was not a proxy for Temasek.

There's been speculation that you paid Thaksin's family for their stake in Shin Corp. in offshore accounts at the seller's request. Is that true?

This is incorrect. The transaction was done through the stock exchange of Thailand and fully paid for in Thailand. The money was paid in Thailand and there isn't any buyback arrangement plan whatsoever.

Temasek answers to its only shareholder, the Singapore government. How has your shareholder reacted to Shin Corp.'s troubles?

We are responsible to our investor to deliver an appropriate return. All investment decisions are made by the board of Temasek, and the government does not interfere with any decision. Let's be clear: Shin Corp remains a good investment not withstanding what has just happened. We are still invested in Shin Corp. and the underlying performance of [group] companies remains robust. Moreover, our overall portfolio is $81.1 billion [compared to] the Shin deal of $1.9 billion. It has to be looked at in that context.

Recently the Financial Times calculated that Temasek has suffered a paper loss of $820 million on Shin Corp. Is that accurate?

[They] may be quoting the difference in share price from the time when we made the investment and now, but it should be said that during that time the overall stock market in Thailand has also come down. What is very important for a long-term investor is to look at Shin Corp.'s underlying performance.

In view of the current political challenges, what's your investment strategy in Thailand going forward?

Our investment strategy in Thailand remains unchanged. We continue to believe in the long-term fundamentals of the economy, and Thailand fits in very well with our overall investment theme of investing in rising Asian economies and tapping opportunities created by a growing middle class. We see no reason why we should change our investment strategy there.

Does Temasek accept any blame whatsoever for contributing to the fall of Thailand's government?

Of course not!

What lessons have you learned from this experience?

We have invested in many different industries in many countries. We have to accept there will be changes in the [business] environment, the economy and the markets. That's part and parcel of being a long-term investor.

Russia-Georgia Tensions Concern Rumsfeld (AP)

By Lolita C. Baldor, Associated Press Writer

AP, September 30, 2006

Defense Secretary Donald H. Rumsfeld, concluding a visit to the Balkan region Friday, voiced concern to his Russian counterpart about growing tensions between Moscow and Georgia.

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"The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way," Rumsfeld said, when asked about the meeting at a briefing for reporters. He added that relationships between countries often ebb and flow, and "life goes on."

Russia has expressed worries about Georgia's efforts to gain membership in NATO, and the NATO ministers have been trying to calm the rift between the two countries.

Relations between Georgia and Russia became more strained in recent weeks; Georgia detained five Russian officers on spying charges. And an angry Russian Defense Minister Sergei Ivanov called it a "bandit state" and threatened to send two divisions of troops to the border.

Rumsfeld, however, said that "NATO membership really is a decision for individual countries, not for countries other than the individual country."

Rumsfeld was leaving for home pleased with agreements that some two-dozen NATO defense ministers reached there to bolster the alliance's support of the war in Afghanistan.

He spent much of the week trying to drum up more support, resources and troops for the war on terror and the transfer of military control in Afghanistan to NATO.

In visits to Montenegro, Albania and the wide-ranging NATO defense ministers meeting in Slovenia, Rumsfeld urged leaders to provide more equipment and troops for the Afghanistan mission and to join in training in the war on terror.

In one of their key actions, the ministers approved a plan to extend NATO's military control across all of Afghanistan in the coming weeks. The move would put as many as 12,000 American troops under foreign battlefield command, a number that U.S. officials said could be the most since World War II.

Rumsfeld also broke his silence on the much-discussed classified U.S. intelligence report that concludes the terrorist threat to the U.S. has increased. He said efforts to judge whether the wars in Iraq and Afghanistan have fueled terrorism would be futile.

And while he did not directly criticize the report, he said that intelligence documents in general can be uneven, and at times "flat wrong."

The National Intelligence Estimate concluded that Iraq has become a "cause celebre" for jihadists, who are growing in number and geographic reach. If the trend continues, the analysts said, the risks to the U.S. interests at home and abroad surely will grow.

"Are more terrorists being created in the world? We don't know," said Rumsfeld, adding that there aren't good ways to measure how many terrorists are being trained at camps around the world.

Rumsfeld, who was accompanied on the trip by his wife Joyce, also broke away from his NATO responsibilities for a few hours to indulge one of his passions — horses. He toured the Lipica Stud Farm, an historic resort in the scenic rolling hills near the Slovenia-Italy border, where Lippizaner horses have been bred and trained since 1580.

He took a horse-drawn carriage tour of the farm and watched riders train the horses — whose ancestors were rescued by U.S. Gen. George Patton in an infamous military operation during World War II.

Dispute Between Georgia, Russia Escalates (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 30, 2006

Moscow Alleges Provocation as Court Extends Detention of Officers Facing Espionage Charges

TBILISI, Georgia, Sept. 29 -- A Georgian court on Friday ordered four Russian military intelligence officers to be held for two months on espionage charges in a pretrial detention center, a decision that could prolong and deepen the heated dispute over alleged spying here.

"Russia cannot comprehend this court ruling," Russian Vice Consul Viktor Kortenov told reporters after the court hearing, which was closed to the news media. "It is unclear why a Russian lawyer was not admitted to the proceedings."

Russia's ambassador to Georgia, Vyacheslav Kovalenko, left the country Friday after being recalled by his government to protest the arrest of the Russian officers. He departed with more than 80 diplomats and their families, who were flown home by two Russian Emergency Ministry planes. Russia advised its citizens not to travel to Georgia, citing safety reasons.

Russian Defense Minister Sergei Ivanov, who held talks with ministers from the NATO alliance Friday in Slovenia, complained bitterly about Georgia's actions. Ivanov charged that Georgia was provoking a conflict to try to oust Russian forces from two breakaway parts of Georgia that pledge loyalty to Moscow.

Russia describes its forces in South Ossetia and Abkhazia as peacekeepers, but the Georgians assert that they are propping up illegitimate separatist governments that obtained de facto independence after defeating Georgian forces in the early 1990s.

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"It is absolutely clear to us that Georgia has chosen the military route for settling the conflicts in Abkhazia and South Ossetia," Ivanov said after the NATO meeting. "All the rest follows from that." Georgia, he said, is making "appeals to the international community that Russia is to blame for everything, including the cold weather that hit Georgia last winter."

U.S. Defense Secretary Donald H. Rumsfeld called on Russia and Georgia to exercise restraint, as did other defense ministers at the meeting. "The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way," Rumsfeld said.

NATO Secretary General Jaap de Hoop Scheffer called for "moderation and de-escalation, and that goes for both parties."

In Moscow, police cordoned off the Georgian Embassy and arrested a small group of nationalists who held a brief protest outside the building. In Tbilisi, Georgian police continued to surround a Russian military headquarters where they say a fifth Russian officer facing spying charges is hiding.

At Friday's court session, 10 Georgian citizens alleged to have been working with the Russians were accused of high treason and ordered into pretrial detention. Georgian officials say that the Russian officers were gathering classified information on Georgia's cooperation with NATO.

Georgian President Mikheil Saakashvili is determined to take Georgia, a former Soviet republic, into the Western military alliance, an ambition that infuriates Moscow. The military alliance agreed last week to step up discussions with Georgia on possible membership.

"NATO membership really is a decision for individual countries and not for countries other than the individual countries," Rumsfeld told reporters Friday.

Russian legislators continued to call for tough sanctions against Georgia. Yury Volkov, a deputy speaker of the lower house of the Russian parliament, said Russia should freeze bank accounts and suspend or annul business contracts with Georgia.

He didn't specify whether that could include cuts in energy supplies to Georgia, which imports Russian natural gas.

Spy Rift Has Roots In Separatist Feud (WSJ)

By Marc Champion

The Wall Street Journal, September 30, 2006

Georgia Hopes Arrests Get West to Help Push Russians Out of Breakaway Enclaves

Georgia's arrest this week of several Russian military officers is more than a run-of-the-mill case of alleged espionage, it is also an attempt to prompt quick international intervention to end Moscow's grip over separatist enclaves in Georgia, officials and diplomats familiar with the matter say.

The gambit is risky, however, in a volatile region where Russian and Western interests are clashing over expansion by the North Atlantic Treaty Organization, energy pipelines and democratization. Georgia -- which fears it soon may lose the disputed territories permanently -- could succeed in provoking Russia, but fail in securing Western support. The European Union in particular is reluctant to confront Russia, a strategic supplier of oil and natural gas, in its backyard, officials say.

Western diplomats say they are sympathetic to Georgia's desire to end the status quo in its two separatist areas, Abkhazia and South Ossetia, which split from Georgia during the breakup of the former Soviet Union and have been under protection of Russian-led peacekeepers ever since. But Western diplomats say it has to be done prudently.

"There is a sense in Georgia that the international community is not supporting them enough, and for that reason, by taking spectacular actions of this kind, they can raise attention to their problems," said a senior European diplomat who deals closely with Georgia.

As Russia on Friday evacuated about 80 official personnel and their families from Georgia, the already-tense relationship between the two neighbors hit a new low. Russia said its citizens were at risk in the country, after Georgia on Wednesday arrested five Russian military officers on espionage charges. A court in Tbilisi, the Georgian capital, on Friday ordered that four of the officers and 10 Georgian nationals be held for two months. The fifth Russian officer was released, while Georgian police are pursuing a sixth who has taken refuge in Russia's military headquarters in Tbilisi.

Russian Defense Minister Sergei Ivanov branded Georgia a "bandit state" and, at a NATO defense ministers' meeting in Slovenia Thursday night, demanded that NATO stop entertaining Georgia's attempts to join the Western military alliance. Russia told an emergency session of the United Nations Security Council Thursday that the arrests were a "dangerous" provocation by Georgia, while some Russian legislators warned darkly that Russia should use "any means" to get its soldiers back.

Denying in an interview that the arrests were designed to provoke Russia, Nino Burdzhanadze, the Georgian Parliament's powerful chairwoman, called the matter a "serious case." She said the interior ministry acted on information that the alleged spies were about to carry out an operation. While declining to describe the plot, she claimed it involved energy and noted that last winter the pipeline that supplies Georgia with Russian natural gas was blown up just inside Russia.

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Georgia is an increasingly important corridor for pipelines bringing gas and oil from the Caspian region to the West, skirting Russia and Iran. This year, a million-barrel-per-day oil pipeline started pumping crude from the Caspian Sea to Turkey's Mediterranean coast via Georgia. Later this year, a natural-gas pipeline will start operation. And last week, Western investors who own the oil terminal on Georgia's Black Sea coast formed a joint venture with Kazakhstan's national oil-and-gas company, KazMunaiGaz.

With European Union peacekeepers stretched from Lebanon to Afghanistan, and little willingness to anger Russia -- Europe's largest supplier of natural gas at a time of energy scarcity -- the Georgian strategy is "extremely risky," the European diplomat said. "There is not a whole lot of tolerance at this moment for more conflicts, particularly if they are seen as avoidable."

Georgian President Mikheil Saakashvili last week said in a speech to the United Nations that he would ask Russian-led peacekeepers to leave the enclaves, to be replaced by the U.N., the EU or another international organization. The U.S. and European governments persuaded him not to specify a timetable, fearing an ultimatum would precipitate a crisis, according to European and Georgian officials involved.

A senior U.S. State Department official said that, while some countries have lost their appetite for getting involved there since a series of pro-Western governments swept to power in the region in recent years, the U.S. "absolutely and definitely" has not. However, even the U.S. -- which is less dependent on Russian energy than Europe -- has reason to avoid angering Russia. Moscow's support is critical, for example, in getting U.N. sanctions to pressure Iran to give up its nuclear-fuel program, a key U.S. foreign-policy goal.

Georgia, however, is in a hurry. Russian President Vladimir Putin has warned that if the West grants independence to Kosovo, the largely ethnic-Albanian province of Serbia, as expected next year, then Russia would consider it a precedent for the two Georgian enclaves and another in Moldova.

It isn't clear Moscow would act on its threat to recognize Abkhazia and South Ossetia, which could open a Pandora's box over the legitimacy of Russia's own borders. But separatists in Moldova recently voted in a referendum to unify with Russia, and South Ossetia is due to hold a referendum on independence next month.

"Of course Russian peacekeepers will stay there, whatever Georgia says," said Vyacheslav Nikonov, president of the Moscow think tank Politika Foundation, who has close ties to the Kremlin. Noting that the borders of the former Soviet republic were drawn by Stalin, he says, "Why is Stalin's will more important than the principle of self-determination?"

--Gregory L. White contributed to this article.

Write to Marc Champion at marc.champion@wsj.com1

Russia's Nato Arms Claim Turns Up Heat In Georgia Dispute (FT)

By Fidelius Schmid In Portoroz

Financial Times, September 30, 2006

Russia on Friday raised the temperature of a simmering spy dispute with Georgia, accusing Nato member states of illegally supplying arms to the former Soviet republic.

Russian diplomats were on Friday being evacuated from Georgia – a day after Moscow recalled its ambassador – in response to the arrest this week of four Russian army officers, who faced a Tbilisi court on Friday accused of spying for Russian military intelligence. They were formally charged with espionage, which carries a maximum sentence of 10 years' imprisonment, and told they would be detained for at least a further two months.

After a tense meeting with Nato defence ministers in Slovenia, Sergei Ivanov, Russia's defence minister, accused eastern European members of the alliance of illegally selling Soviet-made arms to Georgia. "These Nato members are violating international practice," Mr Ivanov said. "This is a form of piracy."

Mr Ivanov declined to name the countries but referred to "the younger generation of Nato members", presumably meaning the seven former eastern bloc nations that joined Nato in 2004. According to Moscow, some of these countries sell on defence products ac-quired from Russia to Georgia, in breach of the original contracts with Russia.

According to diplomats, the Russian minister indignantly expressed his concerns over the affair to Nato ministers. After the meeting, Mr Ivanov said Georgia's arrest of the soldiers was an attempt to force his nation's troops out of the country so Georgian authorities could pursue a "military solution" to conflicts in the two pro-Russian breakaway provinces of South Ossetia and Abkhazia.

They said Jaap de Hoop Scheffer, Nato's secretary-general, had told Mr Ivanov that arms sales to Georgia were not illegal, since there was no embargo. But they added that Nato ministers had urged that the dispute be handled calmly. "The thread of those discussions clearly was for there to be calm, and for those tensions to be eased down in a peaceful way," said Donald Rumsfeld, US defence secretary.

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Relations between Georgia and Moscow have been tense since the pro-western administration of President Mikheil Saakashvili took over from Eduard Shevardnadze in 2003.

Georgia is seeking to become a member of the 26-member alliance and last week received the green light to intensify its co-operation with Nato.

Moscow condemned this move as a throwback to the days of the cold war. Mr Ivanov even threatened last week to send Russian troops to the border with Georgia to ensure that "Russia's security won't be hurt if Georgia enters Nato". Mr Ivanov said on Friday there was no link between Georgia's aspirations for Nato membership and the current rift with Tbilisi.

Mr Rumsfeld insisted that Georgia was free to seek Nato membership. "Nato membership really is a decision for individual countries, not for countries other than the individual country," Mr Rumsfeld said.

Russia May Revise Georgia Troops Plan (NYT/AP)

By The Associated Press

The New York Times, September 30, 2006

Filed at 1:32 a.m. ET

TBILISI, Georgia (AP) -- Russia warned on Friday that its plans to close military bases in Georgia were in doubt and Georgia claimed Russia was moving troops near their shared border, as relations between the countries deteriorated in one of their worst crises since the collapse of the Soviet Union.

Tensions between Russia and Georgia, which have increased since pro-Western President Mikhail Saakashvili came to power in 2003, escalated after the arrest in Georgia on Wednesday of four Russian military officers accused of spying.

Russia has recalled its ambassador, evacuated some diplomats and their families and issued a formal protest to the United Nations. Russian Defense Minister Sergei Ivanov has denounced Georgia as a "bandit" state.

Georgia on Friday accused Russia of redeploying additional troops closer to the border and said the Russian Black Sea fleet was expected to start maneuvers in the next few days. "I would advise our colleagues to stop saber-rattling. "This is unacceptable for a democratic country and we don't understand that," Interior Minister Vano Merabishvili told reporters.

Since gaining power in the Rose Revolution, Saakashvili has pledged to move the country out of Russia's orbit, take control of breakaway provinces of Abkhazia and South Ossetia and join NATO in 2008. Georgia's pro-Western course has vexed the Kremlin, and Georgian authorities accused Russia of backing separatists.

Tbilisi courts on Friday ordered the four Russian officers remanded in custody for two months, Anzor Khvadagiani, a Tbilisi prosecutor, told The Associated Press. A fifth serviceman also arrested Wednesday was released the next day for lack of evidence. The courts also extended the arrest of 10 Georgian citizens accused of involvement in a Russian spy ring.

Georgian Defense Minister Irakly Okruashvili said on Imedi television late Friday that the detained Russian officers could be returned to Russia. "I don't exclude such a possibility," Okruashvili said.

At the United Nations, the United States late Friday proposed major changes to a Russian statement expressing "deep concerns" about Georgia's actions. The U.S. did not publicly disclose the proposed changes but Russia's U.N. Mission said "the American proposals and amendments change the nature of the draft ... and that makes the acceptance of the presidential statement impossible."

Gen. Andrei Popov, commander of Russian military forces in Georgia, said Russia's obligation to close its two remaining military bases in Georgia by the end of 2008 still stands, but added that "if our servicemen are arrested and put in custody, there will be problems with the withdrawal since there will be no people left to prepare weapons for the pullout," the Interfax news agency reported.

Popov's spokesman, Col. Vladimir Kuparadze, confirmed his statement.

Russia has between 3,000 and 4,000 troops at its two military bases in Georgia proper, and 2,500 peacekeepers deployed to separatist regions of Abkhazia and South Ossetia.

Ivanov, meeting Friday with NATO members in Slovenia, said the arrests were aimed at pushing Russian troops out of Georgia so the government could seize control of the breakaway provinces by force, and he accused unnamed newer NATO members of illegally supplying Georgia with Soviet-made weapons.

"It is absolutely clear to us that Georgia has chosen the military path, the forceful path, for resolving the conflicts in South Ossetia and Abkhazia," he said, adding that Georgia's actions were "to push Russian peacekeepers out by any means possible ... and then to submit an application to join NATO."

Two Russian planes, meanwhile, evacuated 84 diplomats and their relatives from Georgia, officials said. The Russian ambassador to Georgia, Vyacheslav Kovalenko, said after returning to Moscow that families of all Russian military in Georgia also will depart, Interfax reported.

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Georgian police surrounded the Russian military headquarters in Tbilisi on Friday, hoping to detain another Russian officer accused of spying. Russia has refused to surrender the officer.

In Moscow, police blocked streets around the Georgian Embassy. They allowed some 20 nationalists to protest briefly against Georgia's president before detaining them for holding an unsanctioned rally.

Russia's ultranationalist leader Vladimir Zhirinovsky called on Friday for "the most resolute action, up to the deployment of forces and air raids." A Kremlin-connected lawmaker, Konstantin Kosachev, said Moscow would not yield to what he called Georgia's provocation and stressed that "any forceful measures are absolutely excluded."

Separately, an official in South Ossetia claimed that masked Georgian officers shot out the tires of a car carrying four Russian peacekeepers, a woman and a child Thursday night, then ordered the men out and beat them. One peacekeeper sustained a fractured skull, according to the internationally unrecognized South Ossetian government, and Ivanov said there was proof they were "brutally beaten."

Georgian officials denied the allegations, saying police stopped a car with Russian peacekeepers, checked their documents and released them.

Russia's Foreign Ministry advised its citizens to refrain from traveling to Georgia, citing security concerns, and its embassy in Tbilisi stopped issuing visas to Georgian citizens.

Saakashvili denounced the moves as hysteria.

NATO Secretary-General Jaap de Hoop Scheffer called for "moderation and de-escalation, and that goes for both parties," and a U.S. State Department official said both sides had to work toward a solution.

Matthew J. Bryza, in Berlin for diplomatic consultations on Abkhazia, also told journalists that "Georgia has expressed its sovereign view ... that it doesn't want Russian peacekeepers on its territory. There is a question of what is prudent, and what is the most effective way of asserting that right in the case of Tbilisi."

In Russia, Psychiatry Is Again A Tool Against Dissent (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 30, 2006

DUBNA, Russia -- On March 23, police and emergency medical personnel stormed Marina Trutko's home, breaking down her apartment door and quickly subduing her with an injection of haloperidol, a powerful tranquilizer. One policeman put her 78-year-old mother, Valentina, in a storage closet while Trutko, 42, was carried out to a waiting ambulance. It took her to the nearby Psychiatric Hospital No. 14.

The former nuclear scientist, a vocal activist and public defender for several years in this city 70 miles north of Moscow, spent the next six weeks undergoing a daily regimen of injections and drugs to treat what was diagnosed as a "paranoid personality disorder."

"She is also very rude," psychiatrists noted in her case file.

In person, Trutko presents a different profile, reserved and formal as she recounts her legal and psychiatric ordeal and invokes the minutiae of Russian law without having to refer to texts. An independent evaluation found that although she did not have an "ordinary personality," she was "very gifted and creative" and displayed no psychiatric symptoms.

Trutko is new evidence that Soviet-style forced psychiatry has reemerged in Russia as a weapon to intimidate or discredit citizens who tangle with the authorities, according to human rights activists and some mental health professionals. Despite major reforms in the early 1990s, some officials are again employing this form of repression.

"Abuse has begun to creep back in, and we're seeing more cases," said Lyubov Vinogradova, executive director of the Independent Psychiatric Association of Russia, an advocacy group. "It's not on a mass scale like in Soviet times, but it's worrying."

In those years, tens of thousands of dissidents were wrongfully subjected to forced hospitalization, sometimes for years, based on trumped-up diagnoses of "schizophrenia." Dissidents were said to exhibit inflexibility of convictions and nervous exhaustion brought on by anti-government activities. "Reformist delusions," the Soviets called it. If you were against communism, in other words, you were insane.

Some of the new cases have been abetted by institutions or doctors involved in it in the Soviet period. Trutko, who is originally from Uzbekistan, was diagnosed at the Serbsky Institute for Social and Forensic Psychiatry in Moscow, one of the most infamous of the Soviet institutions that imprisoned dissidents. It remains a secretive institution that has never faced up to its repressive past, according to human rights groups.

As recently as 2001, the institute's director, Tatyana Dmitriyeva, denied that the Soviet Union engaged in any more psychiatric abuse than Western countries, according to the report "Human Rights and Psychiatry in the Russian Federation" by the Moscow Helsinki Group.

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One of signatures on Trutko's official evaluation, which declared she had paranoid personality disorder, is that of Yakob Landau, a longtime Serbsky psychiatrist who headed the institute's notorious Unit No. 4 during Soviet days.

Officials at the institute, a walled and forbidding complex in central Moscow, said no one was available to comment for this article. Investigators in Trutko's case declined to comment.

The charge that psychiatry is again being abused is not universally accepted within the profession. "The problem of forced treatment or psychiatric persecution existed more than 20 years ago, but it was solved. And since then I haven't heard of any case of forced psychiatric examination or treatment," said Vladimir Rotstein, president of Public Initiative on Psychiatry, an advocacy group.

The Independent Psychiatric Association, however, says that the number of activists being wrongfully hospitalized in mental facilities totals dozens of cases in recent years and is increasing. Doctors and the courts are complicit with investigators who insist on a forced psychiatric evaluation or treatment, it says. Activists have also documented an increase of family or business disputes in which wrongful hospitalization provides an opening to seize a person's property, Vinogradova said.

Most of the targeted activists are not affiliated with major human rights groups. Rather, like Trutko, they are stubborn gadflies who are involved in long-running feuds with local authorities. Their sometimes intemperate complaints against authorities are used to open criminal investigations for slander. This allows authorities to seek hospitalization. Unlike Soviet dissidents, these activists are put away for relatively short periods of a week to several months.

Roman Lukin, a businessman in the Volga River city of Cheboksary, was hospitalized last year for "unexplainable behavior" after he held up a sign on a public square calling three judges "creeps." Seeking redress for a bad debt that ruined him, Lukin felt he had not received justice from the courts. He spent two weeks in the local psychiatric hospital, which recommended that he undergo further examination at a specialized clinic in Moscow for possible "paranoid personality disorder." Independent Psychiatric Association specialists evaluated Lukin and found no sign of mental illness.

Nikolai Skachkov, who protested police brutality and official corruption in the Omsk region of Siberia, was ordered to undergo a psychiatric evaluation last year because investigators said they suspected he was suffering from "an acute sense of justice." He spent six months in a closed psychiatric facility where he was diagnosed as paranoid. The association, which conducted a separate evaluation earlier this year, found that he was healthy.

"Psychiatry in this country has always been a tool of the authorities, a tool for managing people and pressuring people. And it still is," said Boris Panteleyev, head of the St. Petersburg Committee for Human Rights.

In an interview in her apartment, Trutko recounted her own long run-in. "Now I have this stamp on my forehead that I am a psychiatric patient," she said. "I will always have this medical record now. That means I cannot go to court because judges say I'm a psycho and call for an ambulance."

Trutko is well known in the courts in this town, having argued dozens of court cases against the local authorities and police. She is studying to be a lawyer, and for several years has acted as a public defender, as advocates without law degrees are called here.

Her troubles with mental health authorities began four years ago in a courtroom in Dmitrov, about 35 miles from Dubna.

Trutko asserted that the judge displayed bias against her client in a property dispute, and she moved to have the judge withdrawn. She also complained that the judge was not wearing her robe as required and that the Russian flag was improperly displayed. The judge, who later left the bench and could not be reached for comment, alleged that Trutko said, "Look at that fat pig sitting up there," according to legal papers.

Prosecutors opened a criminal case against Trutko on charges of contempt of court. In July 2003, the court ordered Trutko to undergo an involuntary psychiatric evaluation. Psychiatrists at the hospital said she was uncooperative, illogical and displayed emotional reactions that were "not adequate" -- a common phrase here for mental illness.

The Independent Psychiatric Association questioned these conclusions. Its own evaluation of her, conducted by four psychiatrists, found that "she is not an ordinary personality, but a very gifted and creative person. . . . No psychiatric symptoms were observed. She shows high intellectual ability and good memory. She does not need any treatment."

Trutko continued to battle the criminal complaint in court. Before a hearing at the higher Moscow regional court, she filed a motion seeking the removal of a panel of judges from her case, again asserting bias. In this case there was no claim of verbal abuse, but prosecutors said her motion amounted to slander and contempt.

In April 2004, after leaving a hearing on her case in Moscow, Trutko was detained by investigators and taken to the Serbsky Institute. It was a Friday evening when she was admitted and there was no expert commission available to evaluate her, Trutko said. Human rights groups protested her detention and threatened legal action. Trutko said she was released the following Tuesday morning without having undergone any formal examination by psychiatrists.

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But the institute issued a six-page evaluation that said she suffered from a "paranoid personality disorder." The condition manifested itself in her "subjectivity," her "tendencies to verbal aggression," her "suspicious" personality and her "inability to understand the peculiarities of interpersonal relations and communication," medical records show.

The report recommended that she undergo forced hospitalization and treatment.

In September 2004, a Moscow court approved that approach. But the authorities, for reasons that remain unclear, did not act on the order until they stormed Trutko's apartment earlier this year.

Despite her subsequent release, Trutko said, the court order remains in effect and she could be institutionalized again at any time. "My career is ruined," she said. "I just stay at home."

Russia's Titans Of Energy Prepare For Acquisitions (WSJ)

By GREGORY L. WHITE

The Wall Street Journal, September 30, 2006

MOSCOW -- Russia's state-controlled energy giants are gearing up for a new round of acquisitions that could give the Kremlin ownership of nearly half the country's oil production, the highest level since privatization of the Soviet industry began more than a decade ago.

Industry executives and others close to the situation say state oil company OAO Rosneft is seeking at least several billion dollars of financing to buy many of the remaining assets of OAO Yukos at state-mandated bankruptcy auctions in coming months. OAO Gazprom, the majority state-owned natural-gas giant, this week said it would be interested in buying out the Russian partners who now hold half of TNK-BP Ltd., a joint venture with BP PLC that is the third-largest oil producer in Russia.

TNK-BP's main Russian shareholders -- tycoons Mikhail Fridman, Viktor Vekselberg and Len Blavatnik -- haven't expressed a public desire to sell and company officials insist they continue to behave as committed long-term investors. But several people familiar with their thinking say that if the Kremlin were to indicate a desire for them to sell, they would likely agree as long as the price were reasonably fair.

Since it crushed Yukos with back-tax claims starting in 2003, the Kremlin has steadily reasserted control over the energy sector. While the growing state ownership is popular in Russia, pro-market government officials and analysts warn that it is likely to reduce efficiency and raise doubts about the outlook for production growth in the world's No. 2 oil-exporting country behind Saudi Arabia.

The current terms of the agreement between TNK-BP's Russian shareholders and BP requires the consent of both sides for any sale before the end of next year. But given the importance of maintaining good relations with the government here, BP would likely agree to a Kremlin-supported deal, according to people close to the company.

There are no discussions on a deal with Gazprom under way at the moment, however, and no deal is likely before next year, according to people close to the companies. But Alexander Ryazanov, the chief executive officer of Gazprom's oil unit, on Thursday said his company would be interested in buying the TNK-BP stake were it to come up for sale. He said it would be "no problem" for Gazprom to raise the money needed, which could be as much as $25 billion.

People close to the companies said his comments are partly an attempt to warn off potential rival bidders, especially Rosneft. In July, BP spent $1 billion to buy shares in Rosneft's initial public offering, helping the Kremlin meet its price target for the politically important issue.

People close to BP said the company might prefer working with Rosneft, which is much less bureaucratic and more business-oriented than Gazprom. But having ties with both state companies could also be an asset.

A deal with Gazprom, for example, might help unlock TNK-BP's massive Kovykta gas project in Eastern Siberia. That development has largely been blocked by Gazprom to date, and regulators are threatening to revoke the license to the project.

But one person close to Rosneft said that company isn't interested in TNK-BP's portfolio of largely older assets. A few newer TNK-BP projects in East Siberia might be of interest were they up for sale, this person said.

Rosneft's current focus, according to people close to the company, is the remaining assets of Yukos due to be auctioned in the next few months. Rosneft already bought Yukos's biggest unit after a controversial government auction in December 2004. Next to come on the block are two big oil-production units, as well as several refineries and regional marketing networks. Rosneft is said to be particularly interested in the profitable refining and marketing assets. Yukos's bankruptcy administrator will select a company in mid-October to value the assets before sale.

But Rosneft could face competition in the auctions from Gazprom, as well as Russia's big remaining private oil companies, OAO Lukoil and OAO Surgutneftegaz. Foreign companies aren't expected to participate. Rosneft has something of an advantage in the process, because it has about $5 billion of claims against Yukos already included in the bankruptcy proceedings and several billion more awaiting confirmation by a court.

Write to Gregory L. White at greg.white@wsj.com

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U.N. Says Israel Blocked Investigators (AP)

By Nick Wadhams, Associated Press Writer

AP, September 30, 2006

Israel refused to give a U.N.-appointed investigation access to the officials who may have been responsible for the bombing of an observation post that killed four unarmed peacekeepers at the height of the conflict with Hezbollah, the United Nations said Friday.

Israel said the bombing of the U.N. peacekeeping post along the Israeli-Lebanese border was a mistake that occurred at the "operational level." The U.N. panel investigating the killings was not allowed to interview commanders at that level to determine what happened, U.N. spokesman Stephane Dujarric said in a statement.

The statement was delivered shortly after the Board of Inquiry investigating the attack submitted a confidential report with its findings to the U.N. and to the four nations whose observers were killed — Austria, Canada, China and Finland. The report was not sent to Israel.

Dujarric's statement said it concluded that there was nothing else the United Nations could have done "that would have changed the outcome."

The four observers were killed by an Israeli precision-guided bomb that destroyed the bunker where they took shelter after their observation post near the town of Khiam came under heavy fire. U.N. officials in New York and Lebanon had repeatedly warned Israel that the observation post, built 30 years before, was under attack.

Because of Israel's refusal, the inquiry was "unable to determine why the attacks on the U.N. position were not halted despite repeated demarches to the Israeli authorities from U.N. personnel, both in the field and at headquarters," Dujarric said.

Israel has blamed inaccurate maps for its mistake, and said the airplane that dropped the bomb thought it was targeting Hezbollah. Hezbollah was active in the area, with a post about 150 yards away.

Asked to comment on Dujarric's statement, the spokeswoman for Israel's U.N. mission, Anat Friedman, said: "Israel has expressed its regret for the unfortunate event and has investigated the tragic incident."

Friedman refused to comment on the U.N. claim that the investigators had not been allowed to interview some officials.

A U.N. official said Israel never sufficiently explained why it kept bombing the base.

"We do not have a satisfactory answer as to why those attempts failed," said the official, who spoke anonymously because the report was confidential. "The Israelis are fully aware of our position on this incident."

The official said there was nothing in the Board of Inquiry's findings to contradict U.N. Secretary-General Kofi Annan's earlier claim that the attack was "apparently deliberate."

The Man Who Would Be Kofi (TIME)

By Bryan Walsh

Time, September 30, 2006

South Korea's quiet 'harmonizer' Ban Ki-Moon leads the race to lead the U.N.

The lowest point of South Korean Foreign Minister Ban Ki Moon's two-year tenure came in June 2004, when a Korean translator working in Iraq was captured and beheaded on video by insurgents. The brutal act enraged the South Korean public, many of whom opposed the planned dispatch of further Korean troops to Iraq, and much of that anger was directed squarely at Ban and the Foreign Ministry. Taxis in Seoul refused to pick up foreign service officers, and there were public calls for Ban's resignation. But instead of panicking, Ban calmly announced that he would be reassessing the ministry, eventually adding a 24-hour telephone hotline that South Koreans abroad could call if they needed help. The rage dissipated, Ban has gone on to become one of South Korea's most respected foreign ministers — and Korean soldiers still made it to Iraq, much to the satisfaction of their U.S. allies

It was a trademark performance by the man who calls himself a "harmonizer" — quiet but effective. Now Ban, a Harvard-educated diplomat who has served his country for 36 years in New Delhi, Washington and at the United Nations, may face the ultimate diplomatic challenge. After winning Thursday's most recent straw U.N. Security Council straw poll, Ban has solidified his status as the front-runner in the race to replace Secretary-General Kofi Annan, who is required to step down after completing his second term in the job at the end of 2006. If Ban wins — a big if, given the unpredictable politics of Secretary-General races — he'd be the first Asian to lead the U.N. since the Burmese diplomat U Thant in the 1960s. And it would be a big win for South Korea, which in many ways is the U.N.'s best success story, fighting off a North Korean invasion and rising from the ashes of war to become one of the world's most vibrant economies, all with significant help from the U.N. That explains why South Korea's normally contentious politicians — fistfights between opposing parties are not uncommon in the country's parliament — have united behind Ban's candidacy.

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It helps as well that the soft-spoken and French-fluent minister seems incapable of making enemies. Though relations between South Korea and Japan are worse today than they have been in decades, Japanese diplomats generally like the 62-year-old Ban himself. That matters, as Japan is currently holds one of the 10 rotating seats on the Security Council. Ban has also received enthusiastic support from Australia. But the deciding vote will likely be cast by China, one of the Council's five veto-wielding permanent members. If the South Korean is viewed by Beijing as too close to Washington, he may find China cool to his candidacy. Ironically, however, there's also a danger that South Korean President Roh Moo Hyun's rocky relationship with Washington could cool U.S. support for Ban. Another drawback is his lack of international stature. Ban's highest-profile role has been in the Six-Party talks to defuse North Korea's nuclear ambitions, which ultimately yielded almost nothing — although that frustrating experience could be good practice for life in the U.N. But in a race typically won by the candidate most widely viewed as least objectionable, the collegial South Korean is clearly a frontrunner.

A Divided Man (FT)

By Mark Turner

Financial Times, September 30, 2006

The Best Intentions: Kofi Annan and the UN in the Era of American World Power

by James Traub

Bloomsbury £20, 464 pages

Kofi Annan is likely to be remembered as one of the most significant secretary-generals in United Nations history, yet remarkably little is known about the quiet Ghanaian. A global figure who still appears uncomfortable in the public gaze, he remains mysterious even to many near him.

James Traub's The Best Intentions goes some way towards revealing the personality of this lifetime UN man. As secretary-general since 1997, Annan has served in a period of extraordinary upheaval and expansion for the world body, and has come to symbolise its unique position as the US and the rest of the world struggle to define a new international system.

From mid-2004, the New York Times magazine journalist spent more than a year following the secretary-general and his entourage. Fresh from the UN's agonies over the war in Iraq, Annan - who won the Nobel Peace Prize in 2001 - found himself under attack for his management, and faced allegations of abuse of power over Iraq's oil-for-food programme.

The soft-spoken bureaucrat's natural inclination is to conciliate rather than fight. Traub tells how Annan lost his voice, and for a period almost disappeared. Then he returned to strength to advocate one of the UN's most ambitious reform processes - albeit with limited results.

Annan appears set to leave office this year with a well-documented bang. For the UN's critics, and those with questions about his personal conduct over oil-for-food, Traub's book, the first of this crop, will disappoint.

Traub tends to give Annan the benefit of the doubt over questions surrounding his son. He focuses more on his and the institution's response to mounting US pressure, and what it revealed about the UN's systematic flaws. He does little to explore unanswered questions about possible wrongdoing.

Yet those who imagined Traub would defend Annan on all counts are in for a surprise. This book offers a tough appraisal of his record, and leaves even a sympathetic reader with an uneasy impression that there may be rather less to Annan than they imagined.

On Bosnia and Rwanda, referring to Annan's time as head of peacekeeping, Traub is unforgiving. On Srebrenica he writes: "I asked if he felt, in retrospect, that he and his colleagues had refused to look the truth in the eye... and he said: 'We had to rely on the commanders on the ground. They made judgements...'" Traub describes this as "a surprisingly impersonal and guilt-free answer".

On Rwanda, Annan "paused, and thought, and paused a bit more. 'In retrospect', he finally said, '...we should have used the media more aggressively, and exposed the situation for them to see. Of course, at that time this organisation was media shy.' And that was it."

Later, when Annan was persuaded to usher in a new team at the height of the oil-for-food crisis, Traub says his horror of confrontation, "his cowardice, really", first postponed, then "unnecessarily exacerbated" the pain of removing confidante Elizabeth Lindenmayer.

The tales are not all so harsh. Annan emerges as a basically decent man tested by events that the best of us would struggle to survive. But such asides are striking from a journalist not tainted with the "right-wing" tag of the UN's harshest American detractors.

Traub's book is about much more than Annan. It is about the post cold-war rise of the US, its growing disaffection with multilateralism, and the UN's painstaking efforts to bring it back into the fold. One wonderful chapter, "Romancing Cousin Jesse", describes the courting and semi-conversion of Senator Helms, a UN critic, as Team Annan desperately tried to get Washington

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to pay its arrears. As he left a lunch with leading UN lights, "the senator was heard to murmur, 'Ah've met a lot o'nahce people'," Traub says.

Despite his analysis of US-UN relations and attempts to inject UN reform efforts with drama, it is the character portraits that demand most attention. Former political chief Kieran Prendergast is deliciously savage about the shifts around him; comments by and about UN number two Mark Malloch Brown, and Shashi Tharoor, the "splendiferous" secretary-general aspirant now heading the information department, show how the place ticks.

Traub is both sympathetic and deeply critical - a reaction familiar to anyone who knows the UN well. "I liked the people around Annan," he confesses. They were mainly "highly intelligent people who had seen a great many things" and "who believed deeply in the UN's mission, no matter how acutely aware they were of its failures."

Mark Turner is the FT's UN correspondent.

Eurozone Enjoys 'Goldilocks' Recovery (FT)

By Ralph Atkins In Frankfurt

Financial Times, September 30, 2006

The eurozone economy is for now enjoying a "Goldilocks" recovery – not too hot, not too cold. Inflation has fallen to the lowest for more than two years, while business and consumer confidence has soared to a fresh five-year high, official figures indicated on Friday.

Tumbling energy prices led to eurozone inflation falling from an annual rate of 2.3 per cent in August to 1.8 per cent in September, according to Eurostat, the European Union's statistical union. That was the lowest since March 2004 and the first time since January 2005 that inflation has been within the European Central Bank's target range – "below but close" to 2 per cent.

The drop creates a presentational challenge for the ECB, which is expected to raise its main interest rate by another quarter percentage point, to 3.25 per cent, at a meeting in Paris next week. The ECB will probably cite the volatility of monthly figures, and longer-term inflationary pressures – including those from a faster-growing economy. A three percentage point rise in German VAT in January, will also push inflation higher.

Separately, a European Commission survey suggested robust growth in the eurozone, which exceeded the US in the second quarter, was continuing. The institution's "economic sentiment" index, covering businesses and consumers, leapt from 108.3 in August to 109.3 in September – the highest since February 2001.

"The eurozone is enjoying a resilient and broad-based economic upswing that is not generating any major inflationary tensions," said Holger Schmieding, economist at Bank of America. Italy saw a particularly sharp rise in confidence, taking its index to the highest since June 2000.

However, economists fear fiscal tightening in Germany and Italy, a possible slowdown in the US and a stronger euro could soon spoil the current upbeat mood.

"It is a Goldilocks situation, I agree. The question is what happens next year," said Dirk Schumacher, economist at Goldman Sachs.

A reminder of the eurozone's weak spots came from German data that showed the country's consumers were still failing to spring to life – in spite of the economic upswing. German retail sales were unchanged in August after a 0.8 per cent fall in the previous month, according to the Federal Statistics Office.

In sharp contrast, French consumers' spending on manufactured goods leapt 3.3 per cent in August.

The poor summer weather in August, after an exceptionally hot July, had been expected to encourage more people into the shops. Germans were also expected to step up purchases to beat the VAT rise.

But economists stuck to the view that this year would bring some overall improvement. With energy prices falling and the VAT increase looming, "strong retail sales can be expected over the final months of this year, before January brings a serious slump," said Ralph Solveen, economist at Commerzbank.

Separately, France reported an unexpected rise in unemployment in August. The jobless rate rose to 9.0 per cent in August from 8.9 per cent in July.

'Liberal' Europe? (WSJ)

By Matthew Kaminski

The Wall Street Journal, September 30, 2006

LYON, France -- To get a measure of where things stand in the battle of ideas in Europe today, one can do worse than check out the "summer university" put on by the Continent's center-right parties here last weekend. I found myself on a panel to discuss globalization and offered that conservatives might do well -- at the voting booth and otherwise -- to push free trade,

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liberalize markets, rein in farm subsidies and keep Europe's door open to Turkey. Nothing controversial for this crowd, I assumed, with the possible exception of the last.

The reality check arrived from a German Christian Democrat. "For us, a human being is not only a function of production," he lectured from the floor. "Our voters are not signing up to . . . your neoliberal, neoconservative agenda." (Jeesh, I hadn't even mentioned Iraq.) A senior European executive sitting nearby passed a note, "Please tell him one can be Christian and Democratic and liberal."

Maybe so. Yet the German politician served up a good reminder that conservatism doesn't necessarily mean the same thing on this side of the Atlantic. In Europe's biggest country, as well as in France, right-wing rulers remain wedded to the nanny state -- which emerged with Bismarck -- and to close alliances with guilds and big business that tend to stifle competition. In her day, Margaret Thatcher never felt welcome on the Continent.

A lot has changed since the Iron Lady resided at 10 Downing Street. In spite of some recent victories for the dirigistes, the momentum is with free-market ideas, thanks in part to formerly communist Central Europe, whose zest for capitalism proved infectious back West.

Imagine an arc that starts with Spain, where former conservative Prime Minister José María Aznar planted strong reform roots, which the ruling Socialists haven't strayed from. Continue to Britain and Labour's Tony Blair, who embraced Thatcherism. Then come the Nordic countries that, despite their reputation as welfare utopias, implemented innovative policies to revive stagnant economies. Swedes can use vouchers for schools and other public services; the country dropped the death tax and partially privatized pensions. (Take note, GOP strategists.) Next week a new center-right government comes into office in Stockholm with a pledge to cut taxes, privatize companies and hospitals, and end political control over universities.

Alas, the story line shifts dramatically in the heart of Europe -- France and Germany. On the American spectrum, the nominally conservative politicians who lead both countries would be found somewhere left of the Democrats. German Chancellor Angela Merkel last year failed to win a clear mandate, forcing her into a "grand coalition" with the Social Democrats. With this unwieldy government in place, economic reform has gone nowhere. And even so, her Christian Democratic electoral platform was a hodge-podge, calling for a flat tax as well as a large hike in the VAT. (No prize for guessing which was implemented.) The center-right has been burned in two consecutive elections; many members blame their association with unpopular free-market policies.

The ruling Gaullists in France are even more unabashedly statist than the German right. With his recent success in saving Europe's farm subsidies, keeping Chinese T-shirts out of stores and Polish plumbers and other workers from crossing borders, blocking pan-European takeovers -- the list goes on -- President Jacques Chirac is arguably the greatest champion of what Americans might call leftist policies in Europe. His prime minister, Dominique de Villepin, this year made "economic patriotism" the fig leaf du jour for protectionism of all kinds.

Yet the campaign for next year's presidential elections is livening up the French debate. The leading candidate on the right, Nicolas Sarkozy, wants a break with the Gaullists. Mr. Sarkozy mocks the idea of a French "social model," saying it's neither social (what with chronic unemployment) nor a model (who wants to copy it?). Where Mr. Chirac represents the status quo, Mr. Sarkozy says France must move with the times, citing Britain and America as examples. "Sarkozy has decided to create a quasi-cultural revolution in this country by shooting down the myths, the phony 'consensus' that we have had," says Pierre Lellouche, a French MP and Sarkozy adviser. "For the first time the right is becoming right again." On the left, Ségolène Royal also challenges Socialist shibboleths by praising Blairism and saying globalization isn't all bad.

By next spring France is sure to see a generational change. But don't set hopes too high for one of ideas as well, says Alain Madelin, the country's most prominent laissez-faire politician. The Socialist old guard detests Ms. Royal. Mr. Sarkozy may be "pro-business" or "for lower taxes," but Mr. Madelin asks: "Does Sarkozy understand the mechanism of the market? No. His instinct is to intervene." And free-market ideas don't sell well on election day, says Mr. Madelin, who should know. He won 3.91% in the 2002 presidential vote.

Traditional labels, smudged elsewhere these days, are even less helpful to understanding politics in Europe. Best to set aside the old straight left-right line. Mr. Madelin suggests a return to the triangle used in the 19th century with conservatives, socialists and liberals (or free-marketers) at each point. The liberals are gaining in strength but have found, and need, supporters in both camps.

It can be confusing and surprising; the great intangible seems to be the quality of leadership, of which Europe hasn't had a surfeit in recent years. So Italy's Romano Prodi, leading a center-left coalition since spring, in the early days has proved far more audacious in prying open his country to competition than his predecessor, the "pro-free market" media tycoon Silvio Berlusconi, was in five years in power. The imminent departure of the conservative Mr. Chirac -- no matter who wins -- looks likely to boost liberal economic ideas.

Yes, the battle is raging and its outcome far from decided.

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Security Council To Get Resolution On Myanmar (LAT)

By Maggie Farley

The Los Angeles Times, September 30, 2006

UNITED NATIONS — The Security Council held its first official meeting to discuss Myanmar on Friday, and the United States announced that it was preparing a resolution to pressure the regime to release political prisoners and stop flows of drugs, AIDS and refugees that Washington says are destabilizing the region.

U.S. Ambassador John R. Bolton pushed hard to get Myanmar on the council's agenda despite objections from several quarters, and eased the way with unofficial briefings on an impending humanitarian crisis there.

Bolton said he overcame resistance from China and Russia, who believe Myanmar does not pose a grave threat to the international order; U.N. officials who have been working quietly behind the scenes to win the confidence of the country's rulers; and European allies "who thought it wasn't a priority."

"We didn't put this issue on the agenda just to have briefings," said Bolton, adding that the U.S. would present the resolution "in the very near future."

The U.N.'s chief of political affairs, Ibrahim Gambari, briefed the council on humanitarian problems in the country of 55 million and announced that he would make a second trip there soon to talk to the military regime about restoring political freedom and democracy.

Myanmar refused overtures from the U.N.'s special envoy for two years, but finally received Gambari in May. He said the country has made "measured progress" on public health and is developing a national action plan on HIV/AIDS.

Gambari argued for a careful approach that would not undo incremental progress by the reclusive regime. "We cannot simply assume that turning up the heat will yield results," he said. "Nor can engagement be an end by itself. It should lead to meaningful results."

Myanmar's foreign minister criticized the Security Council in a speech at the U.N. on Tuesday for treating his country like a threat, and he said the Southeast Asian nation has been implementing a seven-step road map to democracy.

"Myanmar has done nothing that can undermine the peace and security of any country, let alone regional or international peace and security," Foreign Minister Nyan Win said in a speech to the General Assembly.

The military has run Myanmar under various guises since 1962, and the current group of generals has been in power since 1988.

Aung San Suu Kyi's National League for Democracy won a landslide election victory in 1990 but was denied power by the junta.

Myanmar, formerly known as Burma, has become a popular political cause in the United States. Suu Kyi, its charismatic opposition leader who won the Nobel Peace Prize and has been under house arrest on and off for two decades, has helped galvanize world support for democratic reforms. First Lady Laura Bush was the host of a round table on the issue last week during the General Assembly meeting.

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Rival To Panama Canal Planned (LAT)

By Héctor Tobar And Chris Kraul, Times Staff Writers

The Los Angeles Times, September 30, 2006

Nicaragua intends to spend $20 billion on a new Central American waterway that was initially proposed in the 19th century.

MEXICO CITY — Seeking to cash in on booming Asian exports, Nicaragua will announce a $20-billion proposal next week to build a canal linking the Pacific and the Atlantic oceans that would accommodate ships too large to use the Panama Canal, Nicaraguan officials said Friday.

If approved by Nicaragua's Congress, the project would be a joint public-private venture financed by unnamed investors, said Lindolfo Monjarretz, a spokesman for Nicaraguan President Enrique Bolanos.

The Grand Inter-Oceanic Nicaragua Canal would make use of the 60-mile-wide Lake Nicaragua and follow at least part of a route first proposed by American and European entrepreneurs in the 19th century, officials said.

"We will have a deeper draft than the Panama Canal and reach a different market than Panama," Monjarretz said in a telephone interview. "The construction of the canal … will be pushed forward by Nicaragua because it's necessary for global trade."

The official announcement will come Monday, when Nicaragua plays host to a summit of Western Hemisphere defense ministers, including U.S. Defense Secretary Donald H. Rumsfeld, Monjarretz said.

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With the century-old Panama Canal expected to soon reach the limit of its capacity, a boom in Asian commerce is fueling several proposals for new projects to ship containers across the Central American isthmus.

The Panama Canal, opened in 1914, cannot accommodate vessels that are more than 106 feet wide and 965 feet long. On Oct. 22, Panamanians will vote on a referendum to expand their country's facilities. The proposed $5.25-billion upgrade would allow vessels with double the current tonnage to use the 50-mile-long waterway.

Rodolfo Sabonge, a top official of the Panama Canal Authority, the quasi-independent body that has run the canal since the United States turned it over to Panama in 1999, said Friday that there was insufficient ship traffic to support both a widened Panama Canal and a second canal in Nicaragua.

"If the referendum passes and the widening goes forward, [the Nicaraguan project] is not feasible," Sabonge said. "Our analysis shows that if our project is approved, there would not be enough demand to pay for the two, and they would have to have a cost structure much higher than ours."

Recent polls show that nearly two-thirds of Panamanian voters favor expanding the canal. If approved, the project calls for work to begin next year, with completion expected in 2014.

Private investors are behind at least two other so-called dry-canal projects across Nicaragua and neighboring Honduras that would include new highway and rail links connecting expanded Pacific and Caribbean ports on either side of the isthmus.

"Obviously they are trying to compete with the Panama big locks project," Geraldine Knatz, executive director of the Port of Los Angeles, said of the Nicaraguan proposal.

"But Panama has spent years studying this project, looking at the economics and doing the engineering," Knatz added. "This is not something you just decide on overnight…. It would be a big catch-up for Nicaragua to step in and do this."

Knatz said she favored an expanded Panama Canal. "I can look out ahead to a time when the West Coast is not going to be able to handle all of the volume," Knatz said, noting that the Port of Los Angeles, the nation's busiest container facility, would reach capacity between 2020 and 2025.

Ships currently must reserve passage through the Panama Canal up to several months in advance. Those lacking a reservation can be forced to wait as long as four days for an open slot to cross from the Pacific to the Caribbean.

For years, shipping lines have called for the Panama Canal to be enlarged so that it could accommodate bigger oil tankers and containerships larger than the so-called Panamax generation of vessels, which are specifically designed to allow them to transit the canal.

Nicaraguan President Bolanos told reporters in Managua, the capital, last week that his government had been studying a canal proposal for "six or seven years." He said Nicaragua's canal would take a decade to build and when completed would be more modern than Panama's.

"We know that for every 100 ships that come to the Americas, only 7 use the Panama Canal," he said, according to Nicaraguan media reports. "There's a lot of business to share."

If a Nicaraguan canal were built, "it would bring an economic effervescence never seen before in Central America," Bolanos said.

Spokesman Monjarretz said that the Nicaraguan government had been in informal talks with private investors and that an announcement Monday would formalize an agreement. He declined to elaborate.

Nicaragua has been considered for a canal project since the mid-19th century, when increased shipping traffic from the California Gold Rush created a demand. At one point, railroad baron Cornelius Vanderbilt held an exclusive contract to build a canal there.

Although a canal was never built, thousands of pioneers made the transit disembarking from ships at San Juan del Norte on the Caribbean coast, trekking overland by stagecoach to Lake Nicaragua, crossing the lake by boat, then making their way to the nearby Pacific coast.

Nicaragua was seriously considered for the U.S.-built canal that was ultimately constructed in Panama in the early 1900s. A Nicaraguan postage stamp depicting a large volcano helped stoke fears among U.S. congressmen that an earthquake or volcanic eruption would hit the area.

Now, Panamanian President Martin Torrijos and other officials are warning that failure to widen the Panama Canal will invite competing projects, jeopardizing the nation's single-largest source of revenue.

In recent years, Japanese and Chinese investors, among others, have reportedly met with Nicaraguan officials to discuss a possible canal project.

New impetus to the efforts in Central America has come from the global explosion in world trade. Container traffic last year grew 4.8% worldwide.

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Mike Wasem, spokesman for the Port of Tacoma, Wash., the West Coast's fourth-largest, said a large-scale canal system in Nicaragua "would certainly give shippers greater waterborne access to the Gulf Coast and the East Coast of the United States."

But he added that Nicaragua faced significant competition from projects already underway to build international container facilities at Prince Rupert, Canada, and Lazaro Cardenas, Mexico.

A Nicaraguan canal would pose little threat to U.S. West Coast ports, he said. "It would provide an additional outlet for a volume of cargo that is expected to grow beyond the current ports' expansion options."

Failure to boost capacity on the West Coast of the U.S. — or to expand cross-isthmus traffic in Central America — could lead to expanded use of the Suez Canal for shipping from East Asia to Europe, some analysts say.

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Tobar reported from Mexico City and Kraul from Bogota, Colombia. Special correspondent Alex Renderos in San Salvador and Times staff writer Ron White in Los Angeles contributed to this report.

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TERRORISM NEWS:

Secret Reports Dispute White House Optimism (WP)

By Bob Woodward

The Washington Post, October 1, 2006

On May 22, 2006, President Bush spoke in Chicago and gave a characteristically upbeat forecast: "Years from now, people will look back on the formation of a unity government in Iraq as a decisive moment in the story of liberty, a moment when freedom gained a firm foothold in the Middle East and the forces of terror began their long retreat."

Two days later, the intelligence division of the Joint Chiefs of Staff circulated a secret intelligence assessment to the White House that contradicted the president's forecast.

Instead of a "long retreat," the report forecast a more violent 2007: "Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through the next year."

A graph included in the assessment measured attacks from May 2003 to May 2006. It showed some significant dips, but the current number of attacks against U.S.-led coalition forces and Iraqi authorities was as high as it had ever been -- exceeding 3,500 a month. [In July the number would be over 4,500.] The assessment also included a pessimistic report on crude oil production, the delivery of electricity and political progress.

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On May 26, the Pentagon released an unclassified report to Congress, required by law, that contradicted the Joint Chiefs' secret assessment. The public report sent to Congress said the "appeal and motivation for continued violent action will begin to wane in early 2007."

There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly. But the discrepancy was not surprising. In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation.

[The release last week of portions of a National Intelligence Estimate concluding that the war in Iraq has become a primary recruitment vehicle for terrorists -- following a series of upbeat speeches by the president -- presented a similar contrast.]

On June 18, 2003, Jay Garner went to see Defense Secretary Donald H. Rumsfeld to report on his brief tenure in Iraq as head of the postwar planning office. Throughout the invasion and the early days of the war, Garner, a retired Army lieutenant general, had struggled just to get his team into Iraq. Two days after he arrived, Rumsfeld called to tell him that L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protege of Henry A. Kissinger, would be coming over as the presidential envoy, effectively replacing Garner.

"We've made three tragic decisions," Garner told Rumsfeld.

"Really?" Rumsfeld asked.

"Three terrible mistakes," Garner said.

He cited the first two orders Bremer signed when he arrived, the first one banning as many as 50,000 members of Saddam Hussein's Baath Party from government jobs and the second disbanding the Iraqi military. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around.

Third, Garner said, Bremer had summarily dismissed an interim Iraqi leadership group that had been eager to help the United States administer the country in the short term. "Jerry Bremer can't be the face of the government to the Iraqi people. You've got to have an Iraqi face for the Iraqi people."

Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

He thinks I've lost it, Garner thought. He thinks I'm absolutely wrong. Garner didn't want it to sound like sour grapes, but facts were facts. "They're all reversible," Garner said again.

"We're not going to go back," Rumsfeld said emphatically.

Later that day, Garner went with Rumsfeld to the White House. But in a meeting with Bush, he made no mention of mistakes. Instead he regaled the president with stories from his time in Baghdad.

In an interview last December, I asked Garner if he had any regrets in not telling the president about his misgivings.

"You know, I don't know if I had that moment to live over again, I don't know if I'd do that or not. But if I had done that -- and quite frankly, I mean, I wouldn't have had a problem doing that -- but in my thinking, the door's closed. I mean, there's nothing I can do to open this door again. And I think if I had said that to the president in front of Cheney and Condoleezza Rice and Rumsfeld in there, the president would have looked at them and they would have rolled their eyes back and he would have thought, 'Boy, I wonder why we didn't get rid of this guy sooner?' "

"They didn't see it coming," Garner added. "As the troops said, they drank the Kool-Aid."What's the Strategy?

In the fall of 2003 and the winter of 2004, officials of the National Security Council became increasingly concerned about the ability of the U.S. military to counter the growing insurgency in Iraq.

Returning from a visit to Iraq, Robert D. Blackwill, the NSC's top official for Iraq, was deeply disturbed by what he considered the inadequate number of troops on the ground there. He told Rice and Stephen J. Hadley, her deputy, that the NSC needed to do a military review.

"If we have a military strategy, I can't identify it," Hadley said. "I don't know what's worse -- that they have one and won't tell us or that they don't have one."

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Rice had made it clear that her authority did not extend to Rumsfeld or the military, so Blackwill never forced the issue with her. Still, he wondered why the president never challenged the military. Why didn't he say to Gen. John P. Abizaid at the end of one of his secure video briefings, "John, let's have another of these on Thursday and what I really want from you is please explain to me, let's take an hour and a half, your military strategy for victory."

After Bush's reelection, Hadley replaced Rice as national security adviser. He made an assessment of the problems from the first term.

"I give us a B-minus for policy development," he told a colleague on Feb. 5, 2005, "and a D-minus for policy execution."

Rice, for her part, hired Philip D. Zelikow, an old friend, and sent him immediately to Iraq. She needed ground truth, a full, detailed report from someone she trusted. Zelikow had a license to go anywhere and ask any question.

On Feb. 10, 2005, two weeks after Rice became secretary of state, Zelikow presented her with a 15-page, single-spaced secret memo. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Zelikow wrote.

The insurgency was "being contained militarily," but it was "quite active," leaving Iraqi civilians feeling "very insecure," Zelikow said.

U.S. officials seemed locked down in the fortified Green Zone. "Mobility of coalition officials is extremely limited, and productive government activity is constrained."

Zelikow criticized the Baghdad-centered effort, noting that "the war can certainly be lost in Baghdad, but the war can only be won in the cities and provinces outside Baghdad."

In sum, he said, the United States' effort suffered because it lacked an articulated, comprehensive, unified policy.Lessons From Kissinger

A powerful, largely invisible influence on Bush's Iraq policy was former secretary of state Kissinger.

"Of the outside people that I talk to in this job," Vice President Cheney told me in the summer of 2005, "I probably talk to Henry Kissinger more than I talk to anybody else. He just comes by and, I guess at least once a month, Scooter [his then-chief of staff, I. Lewis Libby] and I sit down with him."

The president also met privately with Kissinger every couple of months, making him the most regular and frequent outside adviser to Bush on foreign affairs.

Kissinger sensed wobbliness everywhere on Iraq, and he increasingly saw it through the prism of the Vietnam War. For Kissinger, the overriding lesson of Vietnam is to stick it out.

In his writing, speeches and private comments, Kissinger claimed that the United States had essentially won the war in 1972, only to lose it because of the weakened resolve of the public and Congress.

In a column in The Washington Post on Aug. 12, 2005, titled "Lessons for an Exit Strategy," Kissinger wrote, "Victory over the insurgency is the only meaningful exit strategy."

He delivered the same message directly to Bush, Cheney and Hadley at the White House.

Victory had to be the goal, he told all. Don't let it happen again. Don't give an inch, or else the media, the Congress and the American culture of avoiding hardship will walk you back.

He also said that the eventual outcome in Iraq was more important than Vietnam had been. A radical Islamic or Taliban-style government in Iraq would be a model that could challenge the internal stability of the key countries in the Middle East and elsewhere.

Kissinger told Rice that in Vietnam they didn't have the time, focus, energy or support at home to get the politics in place. That's why it had collapsed like a house of cards. He urged that the Bush administration get the politics right, both in Iraq and on the home front. Partially withdrawing troops had its own dangers. Even entertaining the idea of withdrawing any troops could create momentum for an exit that was less than victory.

In a meeting with presidential speechwriter Michael Gerson in early September 2005, Kissinger was more explicit: Bush needed to resist the pressure to withdraw American troops. He repeated his axiom that the only meaningful exit strategy was victory.

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"The president can't be talking about troop reductions as a centerpiece," Kissinger said. "You may want to reduce troops," but troop reduction should not be the objective. "This is not where you put the emphasis."

To emphasize his point, he gave Gerson a copy of a memo he had written to President Richard M. Nixon, dated Sept. 10, 1969.

"Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded," he wrote.

The policy of "Vietnamization," turning the fight over to the South Vietnamese military, Kissinger wrote, might increase pressure to end the war because the American public wanted a quick resolution. Troop withdrawals would only encourage the enemy. "It will become harder and harder to maintain the morale of those who remain, not to speak of their mothers."

Two months after Gerson's meeting, the administration issued a 35-page "National Strategy for Victory in Iraq." It was right out of the Kissinger playbook. The only meaningful exit strategy would be victory.Echoes of Vietnam

Vietnam was also on the minds of some old Army buddies of Gen. Abizaid, the Centcom commander. They were worried that Iraq was slowly turning into Vietnam -- either it would wind down prematurely or become a war that was not winnable.

Some of them, including retired Gen. Wayne A. Downing and James V. Kimsey, a founder of America Online, visited Abizaid in 2005 at his headquarters in Doha, Qatar, and then in Iraq.

Abizaid held to the position that the war was now about the Iraqis. They had to win it now. The U.S. military had done all it could. It was critical, he argued, that they lower the American troop presence. It was still the face of an occupation, with American forces patrolling, kicking down doors and looking at the Iraqi women, which infuriated the Iraqi men.

"We've got to get the [expletive] out," he said.

Abizaid's old friends were worried sick that another Vietnam or anything that looked like Vietnam would be the end of the volunteer army. What's the strategy for winning? they pressed him.

"That's not my job," Abizaid said.

No, it is part of your job, they insisted.

No, Abizaid said. Articulating strategy belonged to others.

Who?

"The president and Condi Rice, because Rumsfeld doesn't have any credibility anymore," he said.

This March, Abizaid was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq.

Afterward, he went over to see Rep. John P. Murtha in the Rayburn House Office Building. Murtha, a Pennsylvania Democrat, had introduced a resolution in Congress calling for American troops in Iraq to be "redeployed" -- the military term for returning troops overseas to their home bases -- "at the earliest practicable date."

"The war in Iraq is not going as advertised," Murtha had said. "It is a flawed policy wrapped in illusion."

Now, sitting at the round dark-wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis, held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."Frustration and a Resignation

That same month, White House Chief of Staff Andrew H. Card Jr. prepared to leave the administration after submitting his resignation to Bush. He felt a sense of relief mixed with the knowledge that he was leaving unfinished business.

"It's Iraq, Iraq, Iraq," Card had told his replacement, Joshua B. Bolten. "Then comes the economy."

One of Card's great worries was that Iraq would be compared to Vietnam. In March, there were 58,249 names on the Vietnam Veterans Memorial in Washington. One of Kissinger's private criticisms of Bush was that he had no mechanism in place, or even an inclination, to consider the downsides of impending decisions. Alternative courses of action were rarely considered.

As best as Card could remember, there had been some informal, blue-sky discussions at times along the lines of "What could we do differently?" But there had been no formal sessions to consider alternatives to staying in Iraq. To his knowledge there

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were no anguished memos bearing the names of Cheney, Rice, Hadley, Rumsfeld, the CIA, Card himself or anyone else saying "Let's examine alternatives," as had surfaced after the Vietnam era.

Card put it on the generals in the Pentagon and Iraq. If they had come forward and said to the president, "It's not worth it," or, "The mission can't be accomplished," Card was certain, the president would have said "I'm not going to ask another kid to sacrifice for it."

Card was enough of a realist to see that there were two negative aspects to Bush's public persona that had come to define his presidency: incompetence and arrogance. Card did not believe that Bush was incompetent, and so he had to face the possibility that, as Bush's chief of staff, he might have been the incompetent one. In addition, he did not think the president was arrogant.

But the marketing of Bush had come across as arrogant. Maybe it was unfair in Card's opinion, but there it was.

He was leaving. And the man he considered most responsible for the postwar troubles, the one who should have gone, Rumsfeld, was staying.

Bill Murphy Jr. and Christine Parthemore contributed to this report.

'State Of Denial' (NSWK)

By Bob Woodward, Newsweek

Newsweek, October 1, 2006

It was Bush's decision. But Rumsfeld drove the dynamic on Iraq. How the SecDef blew it. An exclusive excerpt.

A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. A White House photographer captured the scene. Rumsfeld wears a pin-stripe suit, and rests his left hand on a Bible held by Joyce, his wife of 46 years. His right hand is raised. Bush stands almost at attention, his head forward, his eyes cocked sharply leftward, looking intently at Rumsfeld. Vice President Dick Cheney stands slightly off to the side, his trademark half smile on his face. It is a cold, dry day, and the barren branches of the trees outside can be seen through the Oval Office windows.

Back in the days of the Ford presidency, in the wake of Watergate—the pardon of Nixon, the fall of Saigon—Cheney and Rumsfeld had worked almost daily in the same Oval Office where they once again stood. The new man in the photo, Bush, five years younger than Cheney and nearly 14 years younger than Rumsfeld, had been a student at Harvard Business School. He came to the presidency with less experience and time in government than any incoming president since Woodrow Wilson in 1913.

Well into his seventh decade, many of Rumsfeld's peers and friends had retired, but he now stood eagerly on the cusp, ready to run the race again. He resembled John le Carre's fictional Cold War British intelligence chief, George Smiley, a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all."

"Get it right this time," Cheney told Rumsfeld.

In his first Pentagon tour, as Ford's secretary of defense from 1975-1977, Rumsfeld had acquired a disdain for large parts of the system he was to oversee once again. He had found the Pentagon and the vast U.S. military complex unmanageable. One night at a dinner at my house a dozen years after he had left the Pentagon the first time, he said that being secretary was "like having an electric appliance in one hand and the plug in the other and you are running around trying to find a place to put it in." It was an image that stuck with me—Rumsfeld charging around the Pentagon E-ring, the Man with the Appliance, seeking an elusive electrical socket, trying to make things work and feeling unplugged by the generals and admirals.

"After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain," Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and monitors looking over their shoulders than there were "front-line troops with weapons."

"The maze of constraints on the Department force it to operate in a manner that is so slow, so ponderous and so inefficient that whatever it ultimately does will inevitably be a decade or so late."

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This "Anchor Chain" memo, which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that "our job, therefore, is to work together to sharpen the sword that the next president will wield."

"I'm the secretary of defense," Rumsfeld insisted repeatedly in his first months in 2001. "I'm in the chain of command." He—not the generals, not the Joint Chiefs of Staff—would deal with the White House and the president on operational matters. Rumsfeld micromanaged daily Pentagon life and rode roughshod over people. In one public confrontation at a hearing with Senator Susan Collins, the earnest Maine Republican, Rumsfeld had put her down in a manner that was stunning even for him. Collins's voice had quivered at one point. Later, Powell A. Moore, Rumsfeld's assistant secretary of defense for legislative affairs, suggested that he call her, try to smooth things over.

"Hell," Rumsfeld said, "she needs to apologize to me."

On one occasion, he led a delegation from Congress to the funeral in Columbia, South Carolina, for Representative Floyd Spence, a Republican who had been a pro-Pentagon hawk for three decades. Moore had arranged the seating on Rumsfeld's plane the way everything was done in Congress, by seniority.

"I don't want this," Rumsfeld declared, and personally re-arranged the seating—putting Representative Duncan Hunter, the California Republican who would soon become the House Armed Services Committee chairman, in the back.

On January 20, 2003, President Bush signed a secret National Security Presidential Directive, NSPD-24. The subject: setting up an "Iraq Postwar Planning Office" within the Defense Department for the expected invasion of Iraq. Rumsfeld picked Jay Garner, a 64-year-old retired three-star general and defense industry executive to head the postwar office. Six weeks later, Garner went to the White House, mid-morning on Friday, February 28, 2003, to meet President Bush for the first time. In the Situation Room, Garner passed around copies of his handout, an 11-point presentation, and dove right in. He said four of the nine tasks his small team was supposed to be in charge of in Iraq under Bush's NSPD-24 were plainly beyond their capabilities, including dismantling weapons of mass destruction, defeating terrorists, reshaping the Iraqi military and reshaping the other internal Iraqi security institutions.

The president nodded. No one else intervened, though Garner had just told them he couldn't be responsible for crucial postwar tasks—the ones that had the most to do with the stated reasons for going to war in the first place—because his team couldn't do them.

The import of what he had said seemed to sail over everyone's heads.

Garner next described how he intended to divide the country into regional groups, and moved on to the interagency plans.

"Just a minute," the president interrupted. "Where are you from?"

"Florida, sir."

"Why do you talk like that?" he asked, apparently trying to place Garner's accent.

"Because I was born and raised on a ranch in Florida. My daddy was a rancher."

"You're in," the first rancher said approvingly. His brother Jeb was governor of the state, and the president visited regularly.

One of Garner's talking points was, "Postwar use of Iraqi Regular Army." He said, "We're going to use the army. We need to use them. They have the proper skill sets."

How many from the army? someone asked.

"I'm going to give you a big range," Garner answered. "It'll be between 200,000 and 300,000."

Garner looked around the room. All the heads were bobbing north to south. Nobody challenged. Nobody had any questions about this plan.

"Thank you very much," Bush said when Garner was done. National Security Adviser Condoleezza Rice started talking about something else, so Garner figured he was dismissed. As he started to walk out of the room, the president caught his eye.

"Kick ass, Jay," Bush said.

Garner waited for Rumsfeld outside. Soon, Bush and Rice came out and walked three or four steps past Garner. Suddenly Bush turned back.

"Hey, if you have any problem with that governor down in Florida, just let me know," he said.

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Shortly after the invasion, while Garner was in Kuwait waiting to move into Iraq, Rumsfeld chose L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protégé of Henry Kissinger, to effectively replace Garner, but as a presidential envoy. On Garner's first day in Iraq, April 22, he signed on to an agreement to set up an interim Iraqi advisory group, made up of prominent Kurds, Shiites and Sunnis, many of them expatriates, to put an Iraqi face on the postwar occupation government. Two days later, Rumsfeld called to tell him Bremer was coming over, and said he wanted Garner to stay on as well.

"It doesn't work that way," Garner said. "You can't have the guy who used to be in charge and the guy who's now in charge there, because you divide the loyalties of the people. So the best thing for me is just to step out of here."

Rumsfeld convinced Garner to stay temporarily, and the retired general and Bremer clashed, as Bremer quickly unveiled a plan to ban as many as 50,000 members of Saddam Hussein's Baath Party from government employment.

"Hell," Garner told him, "you won't be able to run anything if you go this deep."

The next day, Bremer revealed a second draft order, disbanding the Iraqi ministries of Defense and Interior, the entire Iraqi military, and all of Saddam's bodyguard and special paramilitary organizations. Garner was stunned. The de-Baathification order was dumb, but this was a disaster.

"We have always made plans to bring the army back," he insisted. This new plan was just coming out of the blue, subverting months of work.

"Well, the plans have changed," Bremer replied.

Bremer then met with the Iraqi advisory group Garner had agreed to work with. "One thing you need to realize is you're not the government," he told them. "We are. And we're in charge."

The next day, the group went home.

Garner came back to the U.S. in June and basically hid out for a couple of weeks, not wanting to see anyone at the Pentagon or talk about his experience in Iraq. Finally, on June 18, 2003, alone with Rumsfeld around the small table in the secretary's office, Garner felt he had an obligation to state the depths of his concerns.

"We've made three tragic decisions," Garner said.

"Really?" Rumsfeld said.

"Three terrible mistakes," Garner said. He cited the extent of the de-Baathification, getting rid of the army, and summarily dumping the Iraqi leadership group. Disbanding the military had been the biggest mistake. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around. Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

Rumsfeld and Garner went to the White House to see Bush. It was Garner's second time with the president. "Mr. President, let me tell you a couple of stories," Garner said. Describing meetings with Iraqis, Garner painted a positive picture. "I'd get ready to leave," Garner said, "and this is true—as I leave they're all thumbs-up and they'd say, 'God bless Mr. George Bush and Mr. Tony Blair. Thank you for taking away Saddam Hussein.' That was in 70 meetings. That always was the final response."

"Oh, that's good," Bush said.

On the way out, Bush slapped Garner on the back. "Hey Jay, you want to do Iran?"

"Sir, the boys and I talked about that and we want to hold out for Cuba. We think the rum and the cigars are a little better … The women are prettier."

Bush laughed. "You got it. You got Cuba."

Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news.

It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all.

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Soon Rumsfeld was distancing himself from Bremer, who, on paper, was to report to the president through the secretary of defense. Rumsfeld later confirmed to me in an interview that he felt that Bremer had only "technically but not really" reported to him.

"He didn't call home much," Rumsfeld said of Bremer.

Rumsfeld also stepped away from the hunt for Saddam's alleged WMD. CIA Director George Tenet proposed to Rumsfeld that the person in charge of the WMD hunt report to both of them.

"Absolutely not," Rumsfeld said.

After Bush's re-election in November 2004, the biggest question mark at the White House was Rumsfeld. Should he stay? White House Chief of Staff Andrew H. Card Jr. had to approach the issue with delicacy. The biggest voice for change was outgoing Secretary of State Colin Powell. In one conversation, Powell had told Card, "If I go, Don should go." Bush had decided to replace Powell with Rice, but it was unclear who he wanted at Defense.

Card got out his "hit-by-the-bus" book, an 8½-by-11-inch spiral notebook, a half-inch thick with a blue cover. On separate pages he had lists of possible replacements for all the major administration posts, including his own. The names were listed in no particular order. Card kept the notebook in his desk at the White House and periodically added or deleted names. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or a presidential record that might someday be opened to history. It was private and personal.

His list of 11 possible Rumsfeld replacements included Senator Joe Lieberman, the Connecticut Democrat who had been Al Gore's running mate in 2000, and Republican Arizona Senator John McCain.

But Card had what he thought was a great idea—a sleeper candidate. The best replacement for Rumsfeld would be James A. Baker III. "Everyone would say, 'Phew,'" Card said. "No learning curve. Great. Interesting." Baker was 74, only two years older than Rumsfeld. He had served in the Marine Corps. He had been the best modern White House chief of staff, Card thought. He had successfully handled the 2000 Florida recount for Bush. Mr. President, this is my quiet counsel, Card said. Put a diplomat in the Defense Department.

The president seemed genuinely intrigued. You don't have to rush to make a decision, Card advised. But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. Rumsfeld wanted to stay.

Soon Karl Rove weighed in. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing and with the expected nomination of White House Counsel Alberto Gonzales as attorney general, would another Senate confirmation overload the system? And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war. Jesus, no.

In mid-December the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Card tried to have a private, candid session with First Lady Laura Bush about every six weeks to hear her concerns. He set aside an hour and a half for each meeting. Sometimes it took 30 minutes, sometimes the full hour and one half and on occasion two hours.

The first lady was distressed about the war, worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's over-bearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and how he believed it was time for a change. He said, however, so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

As the new secretary of state, Rice hired Philip Zelikow, an old friend, as the counselor to the State Department, a powerful but little known top post that would leave him free to undertake special assignments for her, and quickly dispatched him and a

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small team to Iraq. On February 10, Rice's 14th day as secretary, Zelikow presented her with a 15-page, single-spaced memo classified SECRET/NODIS, meaning "no distribution" to anyone else. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Rice read. This was a shocking notion—"a failed state," after two years, thousands of lives, and hundreds of billions of dollars.

In midsummer 2005, General Jim Jones, the NATO commander, paid a call on his old friend General Pete Pace, the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to become chairman, the number one military position.

The two Marine generals had been friends for more than three decades. They had been in Vietnam at about the same time, a searing and formative experience for both, and then served side-by-side as first lieutenants in 1970 at the Marine barracks in southeast Washington.

Jones expressed chagrin that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

His concern was complete. When Senators John Warner and Carl Levin, the chairman and ranking Democrat on the Senate Armed Services Committee, visited him at his headquarters in Belgium, Jones told them about all the problems. He said they needed new legislationto re-empower the service chiefs or make some kind of sense of the crazy system.

"The Joint Chiefs have been systematically emasculated by Rumsfeld," Jones said.

Pace soon became chairman. In an interview, he flatly denied that Jones had told him that Iraq was a debacle or that Rumsfeld had systematically emasculated the Joint Chiefs. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," Jones said.

In March 2006, Rumsfeld invited six of the Pentagon's regular outside advisers in to be briefed and ask questions. One was Ken Adelman, a longtime Rumsfeld friend and vehement early supporter of the war who had become entirely disillusioned over the administration's handling of the postwar. His relationship with Rumsfeld was almost over.

"What metrics would you use for success in Iraq?" Adelman asked Rumsfeld. "You know, for winning the war?"

"Oh, there are hundreds," Rumsfeld replied. "It's just so complicated that there are hundreds."

"Wait a minute," Adelman insisted. "A former boss of mine always said identify three or four things, then always ask about, get measurements and you'll get progress or else you'll never get any progress." The former boss was Rumsfeld himself, who had driven the point home to Adelman 35 years ago, when he worked for Rumsfeld at the Office of Economic Opportunity. What are they? Adelman insisted.

Rumsfeld said it was so complicated that he could not give a list. "Hundreds," he insisted.

Adelman believed that meant there was a total lack of accountability. If Rumsfeld didn't agree to any criteria, he couldn't be said to have failed on any criteria.

"Then you don't have anything," Adelman said. He left as dis-turbed as ever. There was no accountability.

On March 16, General John Abizaid, the commander of CENTCOM and thus the top military officer for the Middle East, was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq. Afterward, he went over to see Congressman John Murtha, the 73-year old former Marine who had introduced a resolution the previous November calling for the redeployment of troops from Iraq as soon as practicable. Sitting at the round, dark wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

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Rumsfeld circulated a six-page SECRET memo on May 1, proposing some fixes, entitled "Illustrative New 21st Century Institutions and Approaches."

It was almost the latest version of the "Anchor Chain" memos he had written in his first months as secretary in 2001—a cry from his bureaucratic and managerial heart. Not only was the Defense Department tangled in its anchor chain but so was the rest of the U.S. government, and the world.

He dictated, "The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

On Wednesday, May 24, 2006, the intelligence division of the Joint Staff, the J-2, circulated an intelligence assessment, classified SECRET, that showed that the forces of terror in Iraq were not in retreat. It put hard numbers on trends that had been reported to Bush all year. Terrorist attacks had been steadily increasing. The insurgency was gaining. Attacks were now averaging 700 to 800 a week. Every IED that was discovered—whether it detonated and caused damage or casualties or was identified and disarmed before it could do any damage—was still counted as an attack. A graph measuring attacks from May 2003 to May 2006 showed some significant dips, but the current number of attacks was as high as they had ever been—exceeding 3,500 a month.

I told Rumsfeld that I understood the number of attacks was going up.

"That's probably true," he said. "It is also probably true that our data's better, and we're categorizing more things as attacks. A random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things—a banana and an apple and an orange."

I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a "fruit bowl," a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal IEDs, standoff attacks with mortars, and close-engagements such as ambushes—as far from bananas, apples and oranges as possible.

During one week in May 2006, enemy-initiated attacks soared to 900, a new record. In June, attacks went down to about 825 one week but then spiked up again. By July it was over 1,000 a week, again a new record. It was even worse considering the level of violence existed after two years spent training, equipping and funding 263,000 Iraqi soldiers and police. The cost had been $10 billion, and American teams had been embedded with most of the Iraqi units for over a year. At an equivalent time in 1971, after several years of Vietnamization, the trend lines of insurgent violence had been down, not up.

In July 2006, I interviewed Rumsfeld on two successive afternoons. I asked him about troop levels—a key issue and point of contention. The record showed that the plan for invading Iraq had a top number of 275,000 ground combat forces, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began. Rumsfeld said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on General Franks's recommendation, he said. But by the summer of 2006, Rumsfeld had softened his position on the issue of whether there were enough troops. "It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said. "In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

Asked about the battle with the Iraq insurgency, he said, "It could take eight to 10 years. Insurgencies have a tendency to do that." Overall he said, "Our exit strategy is to have the Iraqis' government and security forces capable of managing a lower-level insurgency and ultimately achieving victory over it and repressing it over time. But it would be a period after we may very well not have large numbers of people there."

I said I understood that General George W. Casey Jr., the top commander of forces on the ground in Iraq, had reported that the insurgency had not been neutralized—key goal of his campaign plan—but only contained. After some typical verbal jousting, I was able to ask directly, "Do you agree it has not been neutralized?"

"Oh clearly not," Rumsfeld answered.

"Only contained?"

"Yeah," he said. "Thus far."

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I then read from the May 24, 2006, assessment that said the "Sunni Arab insurgency is gaining strength and increasing capacity." I asked him, "Does that sound right to you?"

Here was one of the central questions in any war. Was the other side "gaining strength and increasing capacity?" General Casey the Joint Chiefs' intelligence staff, and the CIA had all categorically said the insurgency was gaining. Certainly Rumsfeld knew that. I had also quoted from the assessment on a list of 29 sample questions I had submitted in advance, and I know he had spent at least one hour the day before preparing for the interview.

"When was this?" Rumsfeld asked.

Six weeks ago, I answered. The question on the table was whether he agreed or not that the insurgency in the Iraq War was gaining. I was ready for a pure Rumsfeldian moment, and I was not disappointed.

"Gosh, I don't know," the secretary of defense replied. "I don't want to comment on it. I read so many of those intelligence reports"—I had never said it was an intelligence report—"and they are all over the lot. In a given day you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it, or Pete Pace, 'Is that your view?' And try and triangulate and see what people think. But it changes from month to month. I'm not going to go back and say I agree or don't agree with something like that."

He was right that there might be some changes month to month, but, as he knew, the overall assessment and trend was visibly, measurably and dramatically worse.

I asked Rumsfeld what was the best, most optimistic scenario for a positive outcome in Iraq.

"This business is ugly," he replied. "It's tough. There isn't any best. A long, hard slog, I think I wrote years ago. We're facing a set of challenges that are different than our country understands … They're different than our Congress understands. They're different than our government, much of our government, probably understands and is organized or trained or equipped to cope with and deal with. We're dealing with enemies that can turn inside our decision circles." The enemy can move swiftly, he said. "They don't have parliaments and bureaucracies and real estate to defend and interact with or deal with or cope with. They can do what they want. They aren't held accountable for lying or for killing innocent men, women and children.

"There's something about the body politic in the United States that they can accept the enemy killing innocent men, women and children and cutting off people's heads, but have zero tolerance for some soldier who does something he shouldn't do."

"Are you optimistic?" I asked.

Rumsfeld looked through me and continued. Three of his aides who were sitting with us at the table in his office could not help but register surprise as Rumsfeld plowed on without answering.

"We're fighting the first war in history in the new century," he continued, "and with all these new realities, with an industrial-age organization in an environment that has not adapted and adjusted, a public environment that has not adapted and adjusted."

At the end of the second of two interviews, I quoted former Secretary of Defense Robert McNamara: "Any military commander who is honest with you will say he's made mistakes that have cost lives."

"Um hmm," Rumsfeld said.

"Is that correct?"

"I don't know. I suppose that a military commander..."

"Which you are," I interrupted.

"No I'm not," the secretary of defense said.

"Yes, sir," I said.

"No, no. Well … "

"Yes. Yes," I said, raising my hand in the air and ticking off the hierarchy. "It's commander in chief, secretary of defense, combatant commander."

"I can see a military commander in a uniform who is engaged in a conflict having to make decisions that result in people living or dying and that that would be a truth. And certainly if you go up the chain to the civilian side to the president and to me, you could by indirection, two or three steps removed, make the case."

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Indirection? Two or three steps removed? It was inexplicable. Rumsfeld had spent so much time insisting on the chain of command. He was in control—not the Joint Chiefs, not the uniformed military, not the National Security Council or the NSC staff, not the critics or the opiners. How could he not see his role and responsibility?

I could think of nothing more to say.

Two Months Before 9/11, An Urgent Warning To Rice (WP)

The Washington Post, October 1, 2006

On July 10, 2001, two months before the attacks on the World Trade Center and the Pentagon, then-CIA Director George J. Tenet met with his counterterrorism chief, J. Cofer Black, at CIA headquarters to review the latest on Osama bin Laden and his al-Qaeda terrorist organization. Black laid out the case, consisting of communications intercepts and other top-secret intelligence showing the increasing likelihood that al-Qaeda would soon attack the United States. It was a mass of fragments and dots that nonetheless made a compelling case, so compelling to Tenet that he decided he and Black should go to the White House immediately.

Tenet called Condoleezza Rice, then national security adviser, from the car and said he needed to see her right away. There was no practical way she could refuse such a request from the CIA director.

For months, Tenet had been pressing Rice to set a clear counterterrorism policy, including specific presidential orders called "findings" that would give the CIA stronger authority to conduct covert action against bin Laden. Perhaps a dramatic appearance -- Black called it an "out of cycle" session, beyond Tenet's regular weekly meeting with Rice -- would get her attention.

Tenet had been losing sleep over the recent intelligence he'd seen. There was no conclusive, smoking-gun intelligence, but there was such a huge volume of data that an intelligence officer's instinct strongly suggested that something was coming. He and Black hoped to convey the depth of their anxiety and get Rice to kick-start the government into immediate action.

He did not know when, where or how, but Tenet felt there was too much noise in the intelligence systems. Two weeks earlier, he had told Richard A. Clarke, the National Security Council's counterterrorism director: "It's my sixth sense, but I feel it coming. This is going to be the big one."

But Tenet had been having difficulty getting traction on an immediate bin Laden action plan, in part because Defense Secretary Donald H. Rumsfeld had questioned all the National Security Agency intercepts and other intelligence. Could all this be a grand deception? Rumsfeld had asked. Perhaps it was a plan to measure U.S. reactions and defenses.

Tenet had the NSA review all the intercepts, and the agency concluded they were of genuine al-Qaeda communications. On June 30, a top-secret senior executive intelligence brief contained an article headlined "Bin Laden Threats Are Real."

Tenet hoped his abrupt request for an immediate meeting would shake Rice. He and Black, a veteran covert operator, had two main points when they met with her. First, al-Qaeda was going to attack American interests, possibly in the United States itself. Black emphasized that this amounted to a strategic warning, meaning the problem was so serious that it required an overall plan and strategy. Second, this was a major foreign policy problem that needed to be addressed immediately. They needed to take action that moment -- covert, military, whatever -- to thwart bin Laden.

The United States had human and technical sources, and all the intelligence was consistent, the two men told Rice. Black acknowledged that some of it was uncertain "voodoo" but said it was often this voodoo that was the best indicator.

Tenet and Black felt they were not getting through to Rice. She was polite, but they felt the brush-off. President Bush had said he didn't want to swat at flies.

As they all knew, a coherent plan for covert action against bin Laden was in the pipeline, but it would take some time. In recent closed-door meetings the entire National Security Council apparatus had been considering action against bin Laden, including using a new secret weapon: the Predator unmanned aerial vehicle, or drone, that could fire Hellfire missiles to kill him or his lieutenants. It looked like a possible solution, but there was a raging debate between the CIA and the Pentagon about who would pay for it and who would have authority to shoot.

Besides, Rice seemed focused on other administration priorities, especially the ballistic missile defense system that Bush had campaigned on. She was in a different place.

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Tenet left the meeting feeling frustrated. Though Rice had given them a fair hearing, no immediate action meant great risk. Black felt the decision to just keep planning was a sustained policy failure. Rice and the Bush team had been in hibernation too long. "Adults should not have a system like this," he said later.

The July 10 meeting between Tenet, Black and Rice went unmentioned in the various reports of investigations into the Sept. 11 attacks, but it stood out in the minds of Tenet and Black as the starkest warning they had given the White House on bin Laden and al-Qaeda. Though the investigators had access to all the paperwork on the meeting, Black felt there were things the commissions wanted to know about and things they didn't want to know about.

Philip D. Zelikow, the aggressive executive director of the Sept. 11 commission and a University of Virginia professor who had co-authored a book with Rice on Germany, knew something about the July 10 meeting, but it was not clear to him what immediate action really would have meant. In 2005 Rice hired Zelikow as a top aide at the State Department.

Afterward, Tenet looked back on the meeting with Rice as a tremendous lost opportunity to prevent or disrupt the Sept. 11 attacks. Rice could have gotten through to Bush on the threat, but she just didn't get it in time, Tenet thought. He felt that he had done his job and had been very direct about the threat, but that Rice had not moved quickly. He felt she was not organized and did not push people, as he tried to do at the CIA.

Black later said, "The only thing we didn't do was pull the trigger to the gun we were holding to her head."

Editor's Note: How much effort the Bush administration made in going after Osama bin Laden before the attacks of Sept. 11, 2001, became an issue last week after former president Bill Clinton accused President Bush's "neocons" and other Republicans of ignoring bin Laden until the attacks. Rice responded in an interview that "what we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years."

Did I Say That? No, Not Really, Maybe, Sort Of (NYT)

By David E. Sanger

The New York Times, October 1, 2006

In Washington, there is no higher art form than the non-denial denial, in which politicians try to rebut a storyline without quite denying the specifics.

That is what is underway now with Bob Woodward's latest book, "State of Denial," an unflattering portrait of an administration riven by discord over the Iraq war.

Mr. Woodward's narrative is unsurprising to anyone who has closely followed the Bush administration: the first-term loyalty of aides devolved into infighting as soon as no weapons of mass destruction were found in Iraq. Then the intramural squabbling turned into public protestations of "if-only-they-had-listened-to-me."

For its part, the White House did deny that Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld have a private war of their own underway. But what about another disclosure that Andrew H. Card, the former White House chief of staff, twice suggested booting Mr. Rumsfeld? Mr. Card, in an interview, acknowledged the recommendation but said it came in the context of broader discussions of cabinet changes.

And what about the officials in the Bush administration who were ignored when they called for an increase in the number of troops in Iraq? Among them were Robert D. Blackwill, the Iraq coordinator at the White House, and L. Paul Bremer III, the senior American overseeing the Iraq occupation. But none, said Tony Snow, the press secretary, were in the "chain of command," meaning that they were not generals asking for more troops.

Did Mr. Bush listen only to his generals? Of course not, said the White House.

So what happened to all those recommendations? No one is willing to say.

So You Call This Breaking News? (NYT)

By Frank Rich

The New York Times, October 1, 2006

IF your head hurts from listening to the Washington furor over the latest National Intelligence Estimate, by all means tune it out. The entire debate is meaningless except as a damning election-year indicator of just how madly our leaders are fiddling while Iraq burns.

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The supposedly shocking key finding in the N.I.E. — that the Iraq war is a boon to terrorism — isn't remotely news. It first turned up in a classified C.I.A. report leaked to the press in June 2005. It's also long been visible to the naked eye. The latest New York Times/CBS News poll, conducted before any revelations from the N.I.E., found that nearly half the country believes that the Iraq war is increasing the terrorist threat against America and only 12 percent thinks the war is decreasing that threat. Americans don't have to pore over leaked intelligence documents to learn this. They just have to turn on the television.

Tonight on "60 Minutes," Bob Woodward will spill another supposedly shocking intelligence finding revealed in his new book: a secret government prediction that the insurgency will grow worse next year. Who'd have thunk it? Given that the insurgency is growing worse every day right now — last week suicide bombings hit a record high in Baghdad — the real surprise would be if the government predicted an armistice. A poll released last week by the Program on International Policy Attitudes at the University of Maryland found that about 6 in 10 Iraqis approved of attacks on American forces. Tardy investigative reporting is hardly needed to figure out that the insurgency is thriving.

"The insurgents know what they are doing," Mr. Woodward is to say on CBS, according to an advance excerpt. "They know the level of violence and how effective they are. Who doesn't know? The American public." He accuses the administration of keeping such information out of sight by stamping it "secret." All this, too, apparently comes as eye-opening news to Mr. Woodward three and a half years into the war; his new book's title, "State of Denial," has a self-referential ring to it. But the American public does know the level of violence all too well, and it also knows how the administration tries to cover up its failures.

That's why long ago a majority of that public judged the war a mistake and Mr. Bush a dissembler. It's only the variations on the theme that change. When the president declared last month that "the Iraqi government and the Iraqi military is committed to keeping this country together," reality was once more busily contradicting him. The Los Angeles Times reported that a third of that government wasn't showing up to parliamentary sessions and that only 1,000 Iraqi soldiers answered the American call for 4,000 reinforcements in the do-or-die battle to secure Baghdad.

Against this ominous reality, the debate over the N.I.E. is but a sideshow: politics as usual on both sides. The president reluctantly declassified what had already been leaked, somehow hoping he could override the bad headlines with Pavlovian repetition of shopworn slogans. (He said America must "stay on the offense" four times in one speech on Friday alone.) Democrats are huffily demanding that the White House release more than a few scraps of the 30-page-plus N.I.E., a debating point with no payoff. The N.I.E. is already six months out of date, and Americans can guess most of it, classified or not. In this war at this late stage, the devil can be found everywhere, not merely in the details.

The facts of Iraq are not in dispute. But the truth is that facts don't matter anyway to this administration, and that's what makes this whole N.I.E. debate beside the point. From the start, honest information has never figured into the prosecution of this war. The White House doesn't care about intelligence, good or bad, classified or unclassified, because it believes it knows best, regardless of what anyone else has to say. The debate over the latest N.I.E. or any yet to leak will not alter that fundamental and self-destructive operating principle. That's the truly bad news.

This war has now gone on so long that we tend to forget the early history that foretold the present. Yet this is the history we must remember now more than ever, because it keeps repeating itself, with ever more tragic results. In the run-up to the war, it should be recalled, the administration did not even bother to commission an N.I.E., a summary of the latest findings from every American intelligence agency, on Iraq's weapons.

Why not? The answer can be found in what remains the most revealing Iraq war document leaked to date: the Downing Street memo of July 23, 2002, written eight months before the invasion. In that secret report to the Blair government, the head of British intelligence reported on a trip to Washington, where he learned that the Bush administration was fixing the "intelligence and facts" around the predetermined policy of going to war in Iraq. If we were going to fix the intelligence anyway, there was no need for an N.I.E., except as window dressing, since it might expose the thinness of the administration's case.

A prewar N.I.E. was hastily (and sloppily) assembled only because Congress demanded it. By the time it was delivered to the Capitol after much stalling, on Oct. 1, 2002, less than two weeks remained before the House and Senate would vote on the Iraq war resolution. "No more than six senators and only a handful of House members got beyond the five-page executive summary," according to an article last spring in Foreign Affairs by Paul Pillar, the C.I.A. senior analyst for the Middle East from

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2000 to 2005. In a White House press briefing after the war started, an official said Condi Rice hadn't read it at all, leaving that menial duty to her retinue of "experts."

When one senator who did read the whole N.I.E., the now retired Democrat Bob Graham of Florida, asked that a declassified version be made public so that Americans could reach their own verdicts on the war's viability, he was rebuffed. Instead the administration released a glossy white paper that trumpeted the N.I.E.'s fictions ("All intelligence experts agree that Iraq is seeking nuclear weapons") but not its doubts about much-hyped evidence like aluminum tubes and uranium from Africa. The only time the president cared about the N.I.E., a document he never wanted, was when he thought it would be politically useful in fighting growing criticism in 2003 that he had manipulated prewar intelligence. Then he authorized his own cherry-picked leaks, which Scooter Libby fed to Mr. Woodward and Judith Miller of The Times. (Neither wrote about it at the time.)

As the insurgency continued to grow in the fall of 2003, the White House again showed scant interest in reality. The American military's Central Command called for an N.I.E. instead. The existence of this second N.I.E. was only discovered in February of this year by Warren Strobel and Jonathan Landay of Knight Ridder Newspapers. It found that the growing violence in Iraq was "fueled by local conditions — not foreign terrorists — and drew strength from deep grievances, including the presence of U.S. troops." Yet the president ignored that accurate intelligence, refusing to raise troop levels and continuing to argue erroneously that the insurgency was mainly linked to Saddam and Al Qaeda. Three years later, he still makes that case rather than acknowledge that our troops are caught in the cross-fire of a civil war.

Having ignored the facts through each avoidable disaster, the White House won't change its game plan now. Quite the contrary. Its main ambition seems to be to prop up its artificial reality no matter what the evidence to the contrary. Nowhere could this be better seen than in Ms. Rice's bizarre behavior after the Bill Clinton-Chris Wallace slapdown on Fox News. Stung by the former president's charge that the Bush administration did nothing about Al Qaeda in the eight months before 9/11, she couldn't resist telling The New York Post that his statement was "flatly false."

But proof of Ms. Rice's assertion is as nonexistent as Saddam's W.M.D. As 9/11 approached, both she and Mr. Bush blew off harbingers of the attacks (including a panicked C.I.A. briefer in Crawford, according to Ron Suskind's "One Percent Doctrine"). The 9/11 commission report, which Ms. Rice cited as a corroborating source for her claims to The Post, in reality "found no indication of any further discussion" about the Qaeda threat among the president and his top aides between the arrival of that fateful Aug. 6 brief ("Bin Laden Determined to Strike in U.S.") and Sept. 10.

That the secretary of state would rush to defend the indefensible shows where this administration's priorities are: it's now every man and woman in the White House for himself and herself in defending the fictions, even four-year-old fictions, that took us into the war and botched its execution. When they talk about staying the course, what they are really talking about is protecting their spin and their reputations. They'll leave it to the 140,000-plus American troops staying the course in a quagmire to face the facts.

Blinded By Hindsight (NYT)

By Richard A. Clarke

The New York Times, October 1, 2006

FIVE years after the attacks of Sept. 11, 2001, three years after the 9/11 commission report, and just weeks before a national election, the issues of what happened before those attacks have resurfaced. Suddenly, we are again witnessing heated disputes about such insignificant issues as whether the Clinton administration prepared a draft "strategy" or, alternatively, "a series of required decisions" about Al Qaeda for the incoming Bush administration.

This spectacle was set off by a partisan rewriting of history billed as a television docudrama and shown on the anniversary of the attack. Mr. Clinton, justifiably, denounced the untruths about his administration's record.

But the effect of his comments was to send the nation's attention in the wrong direction — toward an argument over the minutiae of what happened a decade ago rather than on an intelligent debate of what to do now. What followed was as predictable as it was unfortunate: talk shows, Web sites and others responded with a heated, partisan exchange of accusations of who did what when.

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For most Americans the history is clear and well told in the 9/11 commission report: Almost 3,000 people were killed. In the years before that terrible day, the Clinton administration prevented some attacks and tried to destroy Al Qaeda and its leadership, but was unable to do so, in part because the institutional bureaucracy did not believe the magnitude of the threat.

As for the Bush administration, it deferred action on Al Qaeda until after 9/11, and then took a number of steps in response, including invading Iraq, but was also unable to destroy Al Qaeda or its leaders.

In short, both administrations failed.

All the finger-pointing and hunting for scapegoats last week won't rectify those failures, or help us avoid future ones. Fortunately, unlike too many of our political leaders and pundits, most Americans are far more concerned about what we are doing now in the name of fighting terrorism than about petty partisan bickering about the past.

The greatest problem we face is that while the 9/11 attacks should have united us as a nation — and for a while they did — such unity has badly eroded. To recreate that national purpose, we need to understand why the erosion occurred.

First and most obviously, the invasion and occupation of Iraq shattered the post-9/11 American consensus. The ham-handed attempts to erroneously link Iraq with the Qaeda attacks destroyed the government's credibility with much of the country. That needed trust was undermined further last week in a National Intelligence Estimate that showed that our soldiers' sacrifices have not weakened the terrorist movement.

A broad consensus in America on Iraq may now be impossible. President Bush could, however, move in that direction by admitting there is a serious problem with the current strategy and taking advice from a bipartisan group of respected experts to recommend a way forward that concentrates on protecting such basic national interests as preventing Iraq from continuing to be an anarchic failed state where terrorists can train. The Iraq Study Group, created at the urging of Congress in March and led by former Secretary of State James Baker and former Representative Lee Hamilton, might perform that service.

A second erosive factor was what appeared to many as the administration's willingness to use 9/11 as an excuse to strengthen presidential power and erode fundamental American civil liberties. Particularly troublesome to me, as someone who was at the nexus of the government's intelligence networks for many years, was the National Security Agency's illegal wiretapping of phones in the United States without a warrant, and also the abandoning of our treaty obligations under the Geneva Conventions by engaging in "alternative interrogation techniques" at the C.I.A.'s secret prisons.

This is not to say our holdover intelligence rules are adequate. Congress refused to give the Clinton administration the broadened terrorism wiretapping and surveillance authority it sought, but is now swinging to the other extreme of being willing to do away with effective judicial supervision of surveillance in the United States. It should be possible to devise a system that permits needed surveillance of the vast traffic in voice and e-mail messages, but requires judicial involvement before information is disseminated and periodic Congressional oversight to prevent abuse.

Third, and perhaps most disruptive to national unity on terrorism, is a widespread sense that some in government have been waving the bloody shirt — scaring voters with the hobgoblin of Al Qaeda to reap political advantage.

If we are going to defeat the enemy, we must learn again to discuss our differences about Iraq and terrorism in civil and analytical terms. We must reject the use of fear and terrorism to divide America for political advantage. And we must not let ourselves get trapped in pointless, partisan debates that result only in having the past obscure the future.

Detainee Memo Created Divide In White House (NYT)

By Tim Golden

The New York Times, October 1, 2006

In June 2005, two senior national security officials in the Bush administration came together to propose a sweeping new approach to the growing problems the United States was facing with the detention, interrogation and prosecution of terrorism suspects.

In a nine-page memorandum, the two officials, Gordon R. England, the acting deputy secretary of defense, and Philip D. Zelikow, the counselor of the State Department, urged the administration to seek Congressional approval for its detention policies.

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They called for a return to the minimum standards of treatment in the Geneva Conventions and for eventually closing the detention center at Guantánamo Bay, Cuba. The time had come, they said, for suspects in the 9/11 plot to be taken out of their secret prison cells and tried before military tribunals.

The recommendations of the paper, which has not previously been disclosed, included several of the major policy shifts that President Bush laid out in a White House address on Sept. 6, five officials who read the document said. But the memorandum's fate underscores the deep, long-running conflicts over detention policy that continued to divide the administration even as it pushed new legislation through Congress last week on the handling of terrorism suspects.

When the paper first circulated in the upper reaches of the administration, two of those officials said, it so angered Defense Secretary Donald H. Rumsfeld that his aides gathered up copies of the document and had at least some of them shredded.

"It was not in step with the secretary of defense or the president," said one Defense Department official who, like many others, would discuss the internal deliberations only on condition of anonymity. "It was clear that Rumsfeld was very unhappy."

The internal debate over detention issues that began within weeks after the terrorist attacks of Sept. 11, 2001, has come to light before. But interviews show that the struggle, pitting top officials against one another, intensified behind the scenes over the last year as criticism of the administration's approach grew in the United States and abroad. Crucial elements of that approach were struck down by the Supreme Court on June 29, forcing a resolution of disputes that had gone on for months.

On one side of the fight were officials, often led by Vice President Dick Cheney, who said the terrorism threat required that the president have wide power to decide who could be held and how they should be treated. On the other side were officials, primarily in the State Department and the Pentagon, who portrayed their disagreement as pragmatic. They said the administration had claimed more authority than it needed, drawing widespread criticism and challenges in the courts.

Those officials initially hailed the president's Sept. 6 announcement. Mr. Bush publicly discussed the Central Intelligence Agency's secret detention program for the first time, saying he had ordered its remaining 14 prisoners sent to Guantánamo and tried before military tribunals. The same day, Pentagon officials presented new directives that effectively renounced military use of highly coercive interrogation methods.

But even as the White House negotiated with Congress in recent weeks, administration forces led by the vice president's office reasserted themselves. Officials said Mr. Cheney's staff and its bureaucratic allies — having agreed reluctantly to the disclosure of the C.I.A. operation and other changes — were closely involved in guiding the talks with Republican senators. Their adversaries in the administration, meanwhile, had to scramble just to keep up with details of the bargaining.

"Basically, they were left to get back whatever they could from Congress," one senior administration official said of the Cheney group. "And they did."

In the end, the White House pressed Republican senators to accept a broad definition of "unlawful enemy combatants" whom the government can hold indefinitely, to maintain some of the president's control over C.I.A. interrogation methods and to allow the government to present some evidence in military tribunals that is based on hearsay or has been coerced from witnesses.

The administration did concede to the senators on some rules for military commissions, as the tribunals are called. It also backed off its effort to limit its obligations under the Geneva Conventions, but fought to ensure that government personnel would be immunized from prosecution for any treatment of detainees before the end of 2005 that was cruel, inhuman or degrading.

Still, several officials said privately that the detainee legislation might fail to meet a primary goal of those inside the administration who had advocated change: quelling domestic and international criticism and moving past the federal lawsuits that have tied up parts of the detention apparatus since 2002.

"There have been so many times when we thought we had broken through and turned things around, and then the forces on the other side kept charging back," said one administration lawyer who has supported such changes. Now, the official added, "even after what was supposed to be this major legislation to resolve these issues, we are going to be back at it."

At the time the England-Zelikow memorandum was written, in mid-June 2005, several officials said they saw little enthusiasm for reconsidering the detention system that had been set up after 9/11, primarily by a small group of lawyers in the White House, the Justice Department and the Defense Department.

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That system had begun to come under increasing attack. An erroneous item in Newsweek magazine, about a Koran being flushed down a toilet at Guantánamo, led to violent demonstrations overseas. Criticism of the detention camp grew sharper in Europe. Some influential Republicans in Congress began to voice complaints as well.

Mr. Zelikow, who served as staff director for the national commission that investigated the 9/11 attacks, joined the State Department in early 2005 with strong views on the detention issue, other officials said. Early on, he began to push the idea that high-level C.I.A. captives held in connection with the 9/11 attacks should be brought to justice, these officials said.

Mr. England took over as Mr. Rumsfeld's acting deputy in April 2005 while continuing to serve as secretary of the Navy. (He was confirmed as deputy secretary in April 2006.) He, too, had experience with the detainee issue, having spent months working to overhaul what many military officers saw as a flawed screening process for prisoners at Guantánamo.

Two other officials who had worked extensively on detention issues during Mr. Bush's first term also participated in the drafting of the memorandum, officials said. One of them, Matthew C. Waxman, was Mr. Rumsfeld's chief aide for detainee issues. The other, John B. Bellinger III, was the State Department's legal counsel.

The proposals in the paper were not entirely new. But what was different, one administration official said, was an effort at "a big-bang solution," to persuade senior officials or the president himself to adopt a comprehensive new approach to the detention problems of the policy. Failing that, officials said, the authors hoped to foster new debate about how to shape a strategy that would be more sustainable diplomatically, politically and in the federal courts.

Three years after Mr. Bush had determined he would not apply the Geneva Conventions in fighting terrorists, the memorandum urged a return to the conventions' minimum standards, including the ban on "humiliating and degrading treatment" contained in the provision known as Common Article 3. The authors advocated that move not because they believed it was required by international law, officials said, but to win broader support from American allies and make court intervention less likely.

The paper did not advocate abandoning the covert interrogation program, but restricting it to the shorter-term questioning of more important suspects, officials said. After repatriating many of the Guantánamo detainees, the authors argued, the detention center could be shut down and the remaining prisoners transferred to a long-term detention facility in the United States. They did not specify what kind of facility it should be, two of the officials who read the paper said.

In a passage that underscored the views of Mr. Zelikow, one official said, the paper argued that efforts to bring to justice the perpetrators of the 9/11 attacks must produce more than the chaotic trial of Zacarias Moussaoui, the French-born militant who remains the only person to have been charged in an American court with involvement in the attacks.

The paper specifically called for taking Khalid Shaikh Mohammed and others held by the C.I.A. before military commissions, officials said, arguing that much of the information that would be disclosed by their trials was already widely known.

Officials said the memorandum was well received by Secretary of State Condoleezza Rice, who forwarded it to senior officials at the National Security Council. But the hope that it would lead to a broader discussion of options within the administration was quashed by Mr. Rumsfeld, they said.

Some of the defense secretary's ire over the paper appeared to be substantive, several Pentagon officials said. At various times, Mr. Rumsfeld raised objections to taking over responsibility for the C.I.A. detainees, and he was reluctant to consider closing Guantánamo without a viable alternative in sight, the officials said.

Most important, they said, Mr. Rumsfeld was angered that his new deputy, Mr. England, had worked on the memorandum with officials outside the Pentagon without his authorization. "England's wings got clipped after that," one Defense Department aide said.

A spokesman for the department, Col. Gary L. Keck, said it would not discuss its deliberations on detainee policy or any "predecisional documents." But he denied that Mr. Rumsfeld was ever angered by those deliberations or instructed anyone to destroy documents.

"This is a difficult and complex issue that has profound operational, diplomatic, legal and political implications not only for the Department of Defense, but for many other executive agencies," Colonel Keck said in a statement. "In any discussion on such an important topic there will be differences of opinion — this is to be expected."

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In early August 2005, after a long internal debate, new rules for the Guantánamo military tribunals were published which did not include changes that many military lawyers had advocated. Officials said David S. Addington, who was then Mr. Cheney's counsel and is now his chief of staff, was prominent among those who opposed modifications like an explicit ban on evidence obtained by torture, contending that it would wrongly hint that the government had sanctioned torture at all.

At the Pentagon, Mr. England continued to pursue the idea of adopting Common Article 3 of the Geneva Conventions in a directive that would set guidelines for prisoner treatment and interrogations. In late August, he called a meeting with some of the vice chiefs of staff of the armed forces and senior uniformed and civilian lawyers to consider the matter.

According to officials who attended the meeting, several of those present spoke in favor of the Geneva provision, including the senior Army lawyer, Maj. Gen. Thomas J. Romig. In an unusual move, Mr. England called for a show of hands. All but two of those present endorsed the provision. But those two officials were among the most influential in the room: the department's under secretary for intelligence, Stephen A. Cambone, and its general counsel, William J. Haynes II.

Their concerns, which were later echoed by aides to Mr. Cheney, started with the fact that the president had explicitly rejected the Geneva standard in February 2002. They also disputed the idea that Article 3 would necessarily give clear guidance to soldiers, citing what they called its vague prohibition on "outrages upon personal dignity."

Debate over both the proposed prisoner-treatment directive and an Army field manual for interrogations would go on for another year. For the time being, though, the idea of adopting Common Article 3 directly as the standard of treatment went no further.

There was little high-level discussion of alternatives to Guantánamo, several officials said. But the C.I.A.'s secret prisons had been a subject of rising concern since at least 2004, when unease over the open-ended detentions became evident within the agency and the Supreme Court ruled that detainees held by the United States at Guantánamo — and, by implication, elsewhere around the world — could challenge their detention in American courts.

By late 2005, as reports in The Washington Post and other news media about the secret prisons raised a storm of complaints among foreign governments, the C.I.A. began to move more quickly to transfer some captives to the custody of their own and other foreign governments, officials familiar with the program said.

By the end of 2005, military lawyers also began to review the C.I.A.'s evidentiary files on the high-value detainees to consider their possible prosecution by the military commissions at Guantánamo. Ultimately, military officials concluded that they could make solid cases against the C.I.A. prisoners without unduly exposing the agency's covert program or even having to depend heavily on statements that had been obtained during highly coercive interrogations, several officials said.

There was also new pressure for action from within the C.I.A. Intelligence officers involved in detention and interrogations were increasingly worried about the legal implications of the program, officials said. Some foreign governments had declined to house covert detention centers, and the furor over those sites created friction with other intelligence agencies, the officials said.

Still, some senior figures in the administration, including Mr. Cheney and his chief of staff, Mr. Addington, remained unconvinced that the C.I.A. program could be made public and its prisoners taken before military commissions while continuing to protect what they saw as a vital intelligence asset, several officials said.

A spokeswoman for Mr. Cheney, Lea Anne McBride, said his office would have no comment on its role in policy deliberations, as did spokesmen for the State Department and the National Security Council.

"The problem fell for some period of time into the too-hard category," one senior administration official said. "It fell so far into the too-hard category that it was lost from view."

Interagency meetings on the detention issue with officials just below the cabinet level went around and around for months, officials said. In the late spring, they added, the president's national security adviser, Stephen J. Hadley, began pushing senior officials to agree on options they could present to the president.

Many officials said the most important factor in forcing a new approach was the Supreme Court's ruling in June that the military commissions set up by the administration could not proceed. That decision, which also upheld the minimum Geneva standards of prisoner treatment as binding law, led the administration to seek Congressional authorization for new tribunals and, some officials said, left the C.I.A.'s interrogation program on even more tenuous ground.

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In late July, two officials said, Mr. Rumsfeld and his aides dropped their longstanding concerns about taking custody of the C.I.A. detainees, and Mr. Hadley moved to approve the arrangements for their transfer to Guantánamo.

The two officials said that Mr. Cheney was never entirely persuaded of the wisdom of emptying the C.I.A.'s detention sites and making its interrogation program public, but supported the move when Mr. Bush decided in late August to go ahead.

"The vice president knows the president has made the right decisions to make Americans safer and support the men and women on the front lines in the war on terror who are fighting this brutal enemy," Mr. Cheney's spokeswoman, Ms. McBride, said.

The element of the new legislation that raised the sharpest criticism among legal scholars and human rights advocates last week was the scaling back of the habeas corpus right of terrorism suspects to challenge their detention in the federal courts. But in dozens of high-level meetings on detention policy, officials said, that provision was scarcely even discussed.

Profiles In Cowardice (WP)

The Washington Post, October 1, 2006

On prisoner abuse and detention, President Bush finds enablers in both parties.

ONCE AGAIN, with a midterm election looming, President Bush stoked and won a major legislative confrontation over a complex national security question. Four years ago, it was the Iraq war resolution and reorganization of the government's homeland security functions. In both cases, hindsight suggests that haste and political pressure foreclosed the kind of nuanced debate that might have served the nation well. The same is likely to prove true of legislation passed last week on the treatment, detention and trial of enemy combatants.

But the artificial emergency Mr. Bush created has served his political purpose. His goal was to press opponents to cave to his will, against their better judgment, or to create an issue allowing his party to tar the opposition as soft on terrorism. In this case, thanks in part to the Democrats' weak-hearted abdication, he got both.

Congress had to act immediately, Mr. Bush insisted, or else terrorists could not face justice and the CIA could not interrogate the enemy. But the president says the CIA is not holding anyone, and the administration has dawdled for years without getting military trials off the ground. The only relevant deadline was Nov. 7.

Mr. Bush must bear responsibility for his cynical pursuit of the wrong answer, but he could not have prevailed without a lot of help. Republicans in both chambers, forgetting that Congress is supposed to be an independent branch, snapped to attention when the president told them what to do. At least some of them obviously knew better. Judiciary Committee Chairman Arlen Specter (R-Pa.) courageously championed an amendment to restore the judicial oversight that Mr. Bush opposed. When his amendment failed on a 51 to 48 vote, the senator said he would vote against the bill, calling it "patently unconstitutional on its face." Then he voted for it. The bill, he explained, had good points, and the courts "will clean it up."

Democrats hoped that they could duck behind Sen. John McCain (R-Ariz.) and two other Republicans who for a time fought a lonely fight for a better bill. When the three renegades settled for very little, the Democrats were left exposed, and it wasn't pretty. Nearly all of them voted for Mr. Specter's amendment, yet 12 -- including Joe Lieberman (Conn.) and three other senators facing reelection -- voted for the bill afterward. The rest contented themselves by voting no but did not lift a finger to slow it down or stop it.

"By allowing this administration to further stretch the definition of what is and is not torture," Sen. Hillary Clinton (D-N.Y.) said, "we lower our moral standards to those whom we despise, undermine the values of our flag wherever it flies, put our troops in danger and jeopardize our moral strength in a conflict that cannot be won simply with military might." Stirring words -- but apparently not stirring enough to justify a filibuster.

Only a couple of weeks ago, the Senate was poised to move constructive legislation that would have given the administration the tools it needs but not the power to disappear people into secret prisons and interrogate them using techniques too shameful to name in public. Yet Mr. Bush's pressure tactics worked again. He has the lamentable legislation he wanted -- which will bring discredit onto this country in any number of ways -- and Republicans are busily blasting Democrats as terrorist-coddlers anyway.

What My Father Saw At Nuremberg (LAT)

By Christopher Dodd, Sen. Christopher Dodd (d-conn.) Is A Senior Member Of The Senate Foreign Relations Committee.

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The Los Angeles Times, October 1, 2006

Sixty years ago today, my father watched the U.S. win the battle of ideas. Have we lost our way?

SIXTY YEARS AGO today, at the Palace of Justice in Nuremberg, Germany, the verdicts were read in a trial that will forever define the punishment of war criminals. One by one, the 22 top surviving Nazi officers of Adolf Hitler were sentenced. By the time the gavel sounded, three had been acquitted, seven sent to prison and 12 condemned to death.

One of the people in court that day was my father, 38-year-old attorney Thomas Dodd, who was the No. 2 prosecutor for the United States behind Supreme Court Justice Robert Jackson. My father always considered Nuremberg to be the most meaningful experience of his life.

My father wrote more than 400 letters to my mother from Nuremberg. Many are devoted to how much he missed his wife and children; others to the Nazis he had met.

But some of his harshest words were reserved for the Russians, who had little interest in a fair trial. In one letter, he tells the story of a toast offered by a visiting Soviet dignitary, who raised a glass and said: "May the road for these war criminals from the courthouse to the grave be a very short one."

"I winced," my father wrote, "and I could see that Judge [John J.] Parker, the American alternative, was certainly embarrassed."

But of course, a quick trial that led to quick executions was the temptation. The world had seen a monstrous regime try to conquer the world. It had seen them take the lives of more than tens of millions of men, women and children.

Why not just give in to vengeance? Why not just shoot them, as Winston Churchill wanted to do? Why not just succumb to the law of power politics and impose our will without any regard to principle? Why not just give in to violence, which was certainly within our ability and, many argued, within our right?

Why not? Because the United States has always stood for something more.

When we entered World War II, we did not fight for land or for treasure — we fought for an idea. The idea that laws should rule the land, not men; that the principles of justice embodied in our Declaration of Independence and Constitution — of due process, of innocence until proven guilty, of the right to a fair trial — do not get suspended for vengeance.

At Nuremberg, we rejected the certainty of execution for the uncertainty of a trial. The test was one of principle over power, and the United States passed.

President Harry Truman understood that our nation's ability to bring about a world of peace and justice was rooted not in our military might but in our moral authority; not on the ability to compel people with our tanks and planes but to convince them that our values and our ideals were right. He understood that our ability to succeed in spreading American values of freedom and human rights are only as effective as our willingness to uphold them.

Over the last six decades, that moral authority helped persuade more than half the nations of the world to embrace freedom and free markets. But now that they are walking with us, why are we walking away from them?

Today, we debate secret prisons, suspension of habeas corpus, warrant-less searches and wiretaps. The president even asks us to reinterpret the Geneva accords to sanction the torture of enemy prisoners.

Just as the word "Nuremberg" once defined the United States' moral authority and commitment to justice, what we risk today is that, one day, the loss of that moral authority and a commitment to injustice may also be defined by a single word: "Guantanamo."

Once again, the question is being asked: Why not just give in to vengeance and show our enemies less mercy than they showed their victims? Why not just abandon due process and the rule of law and the right to a fair trial?

Because the United States stands for something more.

Now, as then, this nation should never tailor its eternal principles to the conflict of the moment, because if we do, we will be walking in the footsteps of the enemies we despise. By abandoning the rule of law, as Congress did last week, we will lose much more than what we gain.

In the end, it's not about them — it's about us. It's about staying true to the values and principles that have always made our nation unique.

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We would do well to remember the words of Justice Jackson: "We must never forget that the record on which we judge these defendants today is the record on which history will judge us tomorrow. To pass these defendants a poisoned chalice is to put it to our own lips as well."

Australian At Guantanamo To Be Among First Tried By U.S. Military Commissions (HC/AP)

By Rod Mcguirk, Associated Press

Houston Chronicle, October 1, 2006

CANBERRA, Australia — The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday.

With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last week to press for a speedy resolution. He returned home Sunday.

"It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard," Ruddock told Australian Broadcasting Corp. television.

"They don't think it will be within weeks — obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months — but they're very conscious of our view that this needs to happen very expeditiously," he said.

Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy.

Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid.

The legislation Congress sent President Bush Friday endorses his plan to interrogate and prosecute terror suspects and sets the rules for court proceedings. It would only apply to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq.

The Pentagon had previously selected 10 prisoners at Guantanamo Bay prison to be tried and Bush is expected also to try some or all of the 14 suspects held by the CIA in secret prisons and recently transferred to military custody at Guantanamo.

Gulf Nations Fortify Against Terror Attacks (WT)

By From Combined Dispatches

The Washington Times, October 1, 2006

DUBAI, United Arab Emirates -- America's allies in the Persian Gulf are at least as worried about terrorism as the United States, spending billions of dollars on security fences in the desert, eye-scanning machines at airports and other measures to keep out militants.

Saudi Arabia, for example, has ordered the construction of a 550-mile fence with state-of-the art technology to seal off its troubled northern neighbor, Iraq.

The barrier, which will be equipped with ultraviolet night-vision cameras, buried sensor cables and thousands of miles of barbed wire, will snake across the vast and remote desert frontier between the countries, the London Sunday Telegraph reported in today's editions.

The fence will be built despite the hundreds of millions of dollars that the Saudi kingdom has spent in the past two years to beef up patrols on its border with Iraq, with officials saying the crisis in Iraq is now so dangerous it must be physically shut out.

"Surveillance has already been stepped up over the past 18 months," said Nawaf Obaid, the director of the Saudi National Security Assessment Project, an institute that advises the government on security affairs.

"But the feeling in Saudi is that Iraq is way out of control, with no possibility of stability. The urgency now is to get that border sealed -- physically sealed," Mr. Obaid said.

Al Qaeda's warning that the Gulf is among its next targets is prompting increased security measures among the affluent Arab countries that have largely been spared major violence so far.

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They have a lot to lose. Kuwait, Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates are enjoying tremendous economic growth, boosted by oil money and also because they are seen by investors as islands of stability in a volatile region.

Saudi Arabia asked American forces to leave in 2003, ending a presence that fueled militants' anger against the kingdom and sparked terrorist attacks, including the truck bomb that killed 19 U.S. service members and a Saudi citizen in 1996.

In a video posted Monday on the Internet, al Qaeda's No. 2, Ayman al-Zawahri, said al Qaeda would soon turn to the other Gulf states.

He addressed Americans, saying "you will be thrown out [of the Gulf] after you are defeated in Iraq, at which point your economic ruin will be achieved." He also threatened Israel.

So far, al Qaeda's main effort in the Gulf has been in Saudi Arabia, Osama bin Laden's homeland, where the terror group's branch has killed dozens over the past few years.

The kingdom responded with a vigorous anti-terrorism campaign and says it has killed or capturing most of al Qaeda's local leadership. Militants have not carried out a major attack in Saudi Arabia since February, when al Qaeda guerrillas tried to bomb an oil refinery.

Saudi Arabia has announced it will spend $12 billion on a complex border defense system of electronic sensors, bases, and physical barriers to be built first along its long frontier with Iraq.

It is also considering a special oil-sector security force and an intelligence agency focusing on threats to the energy industry, Mr. Obaid told the Associated Press.

Saudi Arabia's success might not translate into security for its neighbors, however.

"It's gotten harder and harder for al Qaeda to strike inside Saudi Arabia, so we may see them move into one of the other Gulf countries," Mr. Obaid said.

Kuwait, the main U.S. military staging area for the war in Iraq, saw heavy battles with anti-American militants in 2005. Government forces learned the guerillas planned to attack U.S. military targets and responded with raids that killed nine militants and captured dozens. Four policemen were killed.

In Qatar, militants used a car bomb to attack a theater in March 2005, killing a Briton and wounding 12 persons.

The UAE has not seen any attacks, but there are many factors that could make it a prime target.

The country is home to a U.S. air base and the freewheeling and cosmopolitan UAE also welcomes Westerners for beach vacations that can involve alcohol and prostitution.

It also has in Dubai the Middle East's busiest airport, accepts more U.S. Navy port visits than any other country in the world, and contributes a special forces team to fight the Taliban in Afghanistan.

That hasn't escaped notice by militants. A government official, who spoke on the condition of anonymity because of the issue's sensitivity, said several plots had been broken up and would-be terrorists arrested -- some of whom were handed over to American authorities.

The UAE already maintains what is believed to be the world's largest identity database of iris scans, which allows ironclad identity checks aimed at preventing those deported from the country from re-entering with false documents.

At the same time, it is building a wall along its border with Oman -- mainly to keep out illegal workers, though militants could try to exploit the porous frontier.

U.S., EU Unable To Reach Deal On Passenger Data (WT/AP)

By Leslie Miller, Associated Press

The Washington Times, October 1, 2006

The United States and the European Union failed to reach a new deal on sharing air passenger data by yesterday's deadline, though officials disagreed about the impact on trans-Atlantic air travel.

Homeland Security Secretary Michael Chertoff said the failure to agree wouldn't disrupt trans-Atlantic air travel.

Mr. Chertoff said in a telephone interview that he was sending EU representatives "an initial proposed agreement, which I think embodies what their fundamental requirements for data protection are so we can do what we need to protect our borders.

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"If they're prepared to accept and sign, great. If we have to have additional talks, fine."

European Commission spokesman Jonathan Todd said there would be a "legal vacuum" as of midnight.

"We have to discuss on commission level what to do next," Mr. Todd said. He said the EU executive would debate the issue Thursday.

Mr. Chertoff said he'd been assured that European airlines would continue to transmit passenger data and said he didn't think European governments would penalize them for doing so.

"The talks did not break down," Mr. Chertoff said. "Their delegation had to go home and that's fine."

Data including passengers' names, addresses and credit card details must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States.

The EU's top court in May ruled that the deal put in place after the September 11 attacks on the United States was illegal because it was not using the right legal basis under EU law. It did not rule on the deal's content.

An EU court allowed the data to keep flowing until Sept. 30 to give officials time to negotiate a new deal.

Washington has warned that airlines failing to share passenger information face fines of up to $6,000 per passenger and the loss of landing rights.

Without the deal, airlines that hand over passenger data to U.S. authorities could face legal action from national data protection authorities in EU states, the commission said.

Mr. Chertoff, though, said he had been assured that airlines would continue to transmit the data. "There's no intention for them to interfere with the continued transmission," he said.

He also said he didn't expect airlines to be fined.

"I don't envision that while we're in these discussions any country in Europe is going to take some precipitous step to put the airlines in a difficult position," he said.

Mr. Chertoff said there is no legal vacuum because U.S. law is clear that airlines have to provide information about people entering this country.

"This should not be a big issue," he said. "I can tell you from dealing with the negotiators who were over here that everybody's negotiating in good faith."

Senate Unanimously Ratifies U.S., U.K. Extradition Treaty (BLOOM)

By Carlos Torres

Bloomberg, October 1, 2006

Sept. 30 (Bloomberg) -- The Senate early today unanimously ratified an extradition treaty between the U.S. and the U.K., three years after it was signed, according to the U.S. embassy in London.

The treaty, which speeds extradition of prisoners between the two countries, was negotiated in 2003. The British have granted the U.S. some of the pact's benefits pending ratification by the Senate. The lack of U.S. approval had become a political issue in the U.K., highlighted by protests in July over the extradition of three British bankers accused of fraud in the Enron Corp. scandal.

The British bankers were sent to face trial in Houston after fighting extradition for three years. They pleaded not guilty to fraud charges July 14. The bankers are accused of bilking their former employer, Royal Bank of Scotland Group Plc's Greenwich NatWest subsidiary, of millions of dollars from the sale of an Enron off-the-books partnership.

``We can now have a fully modernized extradition relationship that helps to protect citizens of both of our countries and to improve the administration of justice," Robert Tuttle, U.S. ambassador to Britain, said in a statement on the embassy's Web site.

British Home Secretary John Reid said he was ``delighted" senators had backed the treaty, Agence France-Presse reported.

``The treaty is an important measure in our fight against serious international crime," Reid said in a statement, AFP reported.

The treaty, first sent to the Senate for approval in April 2004, lowers the level of proof the U.S. must show to win extradition of a suspect. It also permits temporary surrender of fugitives for trial who are already serving a prison sentence in the other country.

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Ratification had been slowed by complaints from some Irish- American groups that the treaty would create new legal jeopardy for U.S. citizens who opposed British policy in Northern Ireland.

To contact the reporter on this story: Carlos Torres in Washington ctorres2@bloomberg.net .

The Laughing 9/11 Bombers Yosri Fouda (UKT)

UK Times, October 1, 2006

Exclusive film of suicide pilots at Bin Laden's HQ

FILM of the ringleader of the September 11 hijackers reading his "martyrdom" will inside Afghanistan at Osama Bin Laden's headquarters has emerged five years after the Al-Qaeda outrage.

It is the first time that a videotape has appeared of Mohammed Atta — who flew an American Airlines plane into the north tower of the World Trade Center — at a training camp in Afghanistan. It fills in a significant gap in the timing of the build-up to the attacks on the United States.

Dates on the tape show Atta was filmed on January 18, 2000, together with Ziad Jarrah, the pilot of United Airlines flight 93, which crashed in Pennsylvania after the passengers apparently stormed the flight deck.

The Sunday Times has obtained a copy of the video through a previously tested channel. The tape has no soundtrack and a US source said lip readers had tried without success to decipher what was being said.

Despite the deadly tasks the men had been assigned, they appear in high spirits, laughing and smiling in front of the camera. Only when Atta, with an AK-47 propped on a wall beside him, reads a document marked in Arabic "the will", does he become solemn. Both are well groomed, without the haggard appearance of the identity mugshots issued after September 11.

The high quality, unedited film shows Bin Laden addressing his followers at the mud-walled complex near Kandahar. One of the main figures in the September 11 plot, Ramzi Binalshibh, is identifiable in the crowd, as is a bodyguard whose task was to kill Bin Laden with two bullets to the head if he faced capture.

Dating on the tape indicates that the Al-Qaeda leader was filmed on January 8, 2000, 10 days before Atta and Jarrah recorded their wills.

American and German investigators have struggled to find evidence of Atta's whereabouts in January 2000 after he disappeared from Hamburg. The hour-long tape places him in Afghanistan at a decisive moment in the development of the conspiracy when he was given operational command. Months later both he and Jarrah enrolled at flying schools in America.

Investigators have also puzzled over the fact that unlike the rest of the hijackers — most of whom were young Saudi fundamentalists — Atta and Jarrah were well educated and appeared to fit into western society while studying in Germany. The video indicates how easily they slipped from a western identity to a fundamentalist one. It also shows up the subterfuge they maintained in Germany and America that they did not know each other, all part of evading detection.

HOMELAND RESPONSE:

Anthrax Dispute Suggests Bioshield Woes (AP)

By Paul Elias

AP, October 1, 2006

By now, millions of anthrax vaccine shots developed through cutting-edge genetic engineering were supposed to be filling a new national stockpile of biodefense drugs. Instead, five years after anthrax attacks left five dead, sickened 17 and panicked the country, the nearly $1 billion contract awarded by the U.S. Department of Health and Human Services to a tiny and struggling San Francisco Bay Area biotechnology company is plagued with misfortune and delays.

Delivery has been put off until at least 2008 — and maybe later — while the government and VaxGen Inc. trade barbs over who is at fault. The dispute has further tarnished Project Bioshield, a government program that has alienated many potential biodefense contractors.

"We have all come to understand that there is more complexity than it originally appeared," said Thomas Inglesby, deputy director of the University of Pittsburgh's Center for Biosecurity.

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The anthrax attacks of 2001 prompted passage of Project Bioshield, which promised to build national drug stockpiles to be used in case of a bioterror attack.

The project was supposed to jump start a national security renaissance among drug makers by guaranteeing contracts to develop drugs for combatting potential bioweapons. But it has been greeted with skepticism by many in the industry.

The anthrax project, the first and largest Bioshield contract, was to be the crown jewel.

In November 2004, the $877.5 million contract was awarded to VaxGen to genetically engineer a replacement for the current anthrax vaccine, which requires six shots to be administered over 18 months. VaxGen's is expected to require no more than three shots.

Since winning the contract, however, VaxGen has repeatedly stumbled, starting with its disclosure it would miss the original deadline of November 2005 by a year.

Even before winning the contract, the Brisbane-based company had a checkered past highlighted by the 2003 flop of its experimental AIDS vaccine, which failed to protect inoculated volunteers from getting infected.

Since then, it was dropped from the Nasdaq Stock Market for failing to file financial reports, its chief scientific officer left the company in July, and its stock price hovers near $4.40 — at the low end of its 52-week range — as VaxGen and the government try to work out their differences.

Then, in March, the government said it wouldn't pay VaxGen until the company completed a costly and time-consuming human test to ensure the vaccine was safe. The new requirement forced the company to sell its stake in another biotechnology company for $79 million to stay afloat and finance the new test.

"We don't get paid until we deliver product and we have to shoulder the carrying cost," said VaxGen spokesman Lance Ignon. "The burden it puts on our company is abundantly clear to Wall Street as shown by our stock price."

For its part, VaxGen blames the government for the latest delays.

"The heart of the problem right now is the government's willingness to change the goal line," Ignon said. "The government unilaterally, and without compensation to VaxGen, changed the contract."

The government counters that the safety data was always required and that it made minor changes that allowed VaxGen to deliver the vaccine later than it had initially promised.

Last month, Sens. Joe Lieberman and Susan Collins called for a congressional investigation of the VaxGen contract.

VaxGen's difficulties underscore the industry's disappointment with Bioshield, which has done little but generate indifference among the big pharmaceutical companies the government hoped to woo. Instead, drug makers are snubbing the program because of liability and intellectual property issues and confusion over what the government wants.

New legislation that would address many of the critics' concerns — such as protecting drug makers from liability lawsuits — has been bottled up in Congress for months and the prospect of a bill passing this year are dimming.

Big pharmaceutical companies, which can spend upward of $1 billion developing a single drug that can earn billions annually, are also turned off by the relatively paltry $5.6 billion available under Bioshield, analysts said.

Pharmaceutical Research and Manufacturers of America, the Washington-based trade group that represents drug makers, wouldn't comment on why its members have shunned Project Bioshield but said it supports the program.

"PhRMA continues to work closely with the Congress and the Administration to help ensure that America has the necessary tools to help prepare for and respond to a possible bioterror attack," Ken Johnson, the group's senior vice president, said in a statement.

Producing defensive measures has been largely left to small, financially struggling companies such as the oft-troubled VaxGen.

Despite its laundry list of failures, HHS has defended VaxGen's qualifications.

"The incentive is not there for the large pharmaceutical companies," said Noreen Hynes, director of research and development coordination in the HHS office responsible for biodefense. "Biotech companies, for the most part, are more inexperienced."

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Since awarding the contract to VaxGen, HHS has doled out another $1 billion in contracts, including two this year worth a combined $505 million to the Canadian company Cangene Corp. for another anthrax treatment, as well as a drug to treat botulism.

None of the other drug developers have stumbled as spectacularly as VaxGen.

"The fact that a company doesn't deliver is always disappointing," Hynes said. But in vaccine and biological development, "delays are more the rule than the exception."

Why I'm Banned In The USA (WP)

By Tariq Ramadan

The Washington Post, October 1, 2006

LONDON

For more than two years now, the U.S. government has barred me from entering the United States to pursue an academic career. The reasons have changed over time, and have evolved from defamatory to absurd, but the effect has remained the same: I've been kept out.

First, I was told that I could not enter the country because I had endorsed terrorism and violated the USA Patriot Act. It took a lawsuit for the government eventually to abandon this baseless accusation. Later, I reapplied for a visa, twice, only to hear nothing for more than a year. Finally, just 10 days ago, after a federal judge forced the State Department to reconsider my application, U.S. authorities offered a new rationale for turning me away: Between 1998 and 2002, I had contributed small sums of money to a French charity supporting humanitarian work in the Palestinian territories.

I am increasingly convinced that the Bush administration has barred me for a much simpler reason: It doesn't care for my political views. In recent years, I have publicly criticized U.S. policy in the Middle East, the war in Iraq, the use of torture, secret CIA prisons and other government actions that undermine fundamental civil liberties. And for many years, through my research and writing and speeches, I have called upon Muslims to better understand the principles of their own faith, and have sought to show that one can be Muslim and Western at the same time.

My experience reveals how U.S. authorities seek to suppress dissenting voices and -- by excluding people such as me from their country -- manipulate political debate in America. Unfortunately, the U.S. government's paranoia has evolved far beyond a fear of particular individuals and taken on a much more insidious form: the fear of ideas.

In January 2004, I was offered a job at the University of Notre Dame, as a professor of Islamic studies and as Luce professor of religion, conflict and peace-building. I accepted the tenured position enthusiastically and looked forward to joining the academic community in the United States. After the government granted me a work visa, I rented a home in South Bend, Ind., enrolled my children in school there and shipped all of my household belongings. Then, in July, the government notified me that my visa had been revoked. It did not offer a specific explanation, but pointed to a provision of the Patriot Act that applies to people who have "endorsed or espoused" terrorist activity.

The revocation shocked me. I had consistently opposed terrorism in all of its forms, and still do. And, before 2004, I had visited the United States frequently to lecture, attend conferences and meet with other scholars. I had been an invited speaker at conferences or lectures sponsored by Harvard University, Stanford, Princeton and the William Jefferson Clinton Presidential Foundation. None of these institutions seemed to consider me a threat to national security.

The U.S. government invited me to apply for a new visa and, with Notre Dame's help, I did so in October 2004. But after three months passed without a response, I felt I had little choice but to give up my new position and resume my life in Europe. Even so, I never abandoned the effort to clear my name. At the urging of American academic and civic groups, I reapplied for a visa one last time in September 2005, hoping that the government would retract its accusation. Once again, I encountered only silence.

Finally, in January, the American Civil Liberties Union, the American Academy of Religion, the American Association of University Professors and PEN American Center filed a lawsuit on my behalf, challenging the government's actions. In court, the government's lawyers admitted that they could establish no connection between me and any terrorist group; the government had merely taken a "prudential" measure by revoking my visa. Even then, the government maintained that the process of

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reconsidering my visa could take years. The federal court -- which issued a ruling recognizing that I have been a vocal critic of terrorism -- rejected the indefinite delay. In June, it ordered the government to grant me a visa or explain why it would not do so.

On Sept. 21, the long-awaited explanation arrived. The letter from the U.S. Embassy informed me that my visa application had been denied, and it put an end to the rumors that had circulated since my original visa was revoked. After a lengthy investigation, the State Department cited no evidence of suspicious relationships, no meetings with terrorists, no encouraging or advocacy of terrorism. Instead, the department cited my donation of $940 to two humanitarian organizations (a French group and its Swiss chapter) serving the Palestinian people. I should note that the investigation did not reveal these contributions. As the department acknowledges, I had brought this information to their attention myself, two years earlier, when I had reapplied for a visa.

In its letter, the U.S. Embassy claims that I "reasonably should have known" that the charities in question provided money to Hamas. But my donations were made between December 1998 and July 2002, and the United States did not blacklist the charities until 2003. How should I reasonably have known of their activities before the U.S. government itself knew? I donated to these organizations for the same reason that countless Europeans -- and Americans, for that matter -- donate to Palestinian causes: not to help fund terrorism, but because I wanted to provide humanitarian aid to people who desperately need it. Yet after two years of investigation, this was the only explanation offered for the denial of my visa. I still find it hard to believe.

What words do I utter and what views do I hold that are dangerous to American ears, so dangerous, in fact, that I should not be allowed to express them on U.S. soil?

I have called upon Western societies to be more open toward Muslims and to regard them as a source of richness, not just of violence or conflict. I have called upon Muslims in the West to reconcile and embrace both their Islamic and Western identities. I have called for the creation of a "New We" based on common citizenship within which Buddhists, Jews, Christians, Muslims and people with no religion can build a pluralistic society. And yes, I believe we all have a right to dissent, to criticize governments and protest undemocratic decisions. It is certainly legitimate for European Muslims and American Muslims to criticize their governments if they find them unjust -- and I will continue to do so.

At the same time, I do not stop short of criticizing regimes from Muslim countries. Indeed, the United States is not the only country that rejects me; I am also barred from Tunisia, Saudi Arabia and even my native Egypt. Last month, after a few sentences in a speech by Pope Benedict XVI elicited protests and violence, I published an article noting how some governments in the Muslim world manipulate these imagined crises to suit their political agendas. "When the people are deprived of their basic rights and of their freedom of expression," I argued, "it costs nothing to allow them to vent their anger over Danish cartoons or the words of the Pontiff." I was immediately accused of appeasing the enemies of Islam, of being more Western than Muslim.

Today, I live and work in London. From my posts at Oxford University and the Lokahi Foundation, I try to promote cultural understanding and to prevent radicalization within Muslim communities here. Along with many British citizens, I have criticized the country's new security laws and its support for the war in Iraq. Yet I have never been asked to remain silent as a condition to live or work here. I can express myself freely.

I fear that the United States has grown fearful of ideas. I have learned firsthand that the Bush administration reacts to its critics not by engaging them, but by stigmatizing and excluding them. Will foreign scholars be permitted to enter the United States only if they promise to mute their criticisms of U.S. policy? It saddens me to think of the effect this will have on the free exchange of ideas, on political debate within America, and on our ability to bridge differences across cultures.

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Tariq Ramadan, a fellow at Oxford University, is author of "Western Muslims and the Future of Islam."

After Homework, Duty As An Imam (WP)

By Theresa Vargas

The Washington Post, October 1, 2006

With Cleric's Visa Denied, Va. Center Enlists Its Most Learned: Two Teens

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The boy, round-faced and thin, stood in front of the hundred or so men, his arms crossed, his eyes closed. When he knelt, they knelt. When he stood, they stood. When he stumbled for a word, squinting to access the search engine of his mind, they waited.

In a few hours, 13-year-old Aman Chhipa would be back at home sitting in front of his computer playing a video game, pretending he was a knight slaying giant spiders with a gem-laden sword. But at that moment, and for an hour each night this month, he is a boy leading a room full of men.

Aman and another teenager, Uzair Jawed, 16, were thrust into the revered role of imam, or prayer leader, at the Islamic Community Center of Northern Virginia, mostly out of desperation. A cleric from South Africa was supposed to lead the center's nightly prayer for Ramadan, the holiest month for Muslims, as he had done for the past three years. But after Ismail Mullah arrived at Dulles International Airport on Sept. 22, he was detained by U.S. Customs and Border Protection officials and sent back to South Africa.

The center, in Woodbridge, had prepared for months for Mullah's arrival and had paid thousands of dollars for his airfare. Without him, its leaders had less than a day to find a hafiz -- someone who had memorized the more than 6,200 Arabic verses of the Koran and could recite them without looking at the text.

They searched among the adults. No one. They called other mosques. No one.

They then turned to the two boys, the only ones among them who had mastered the text enough to guide the congregation through the 30 sections in 30 days. The Koran is divided into 114 chapters containing more than 6,200 verses comprising about 80,000 words. It is like learning part of the Bible in Latin when you don't speak Latin.

"I thought, how am I going to do this?" Aman said. "I was nervous. It's a huge responsibility."

Aman is an eighth-grader at Fred M. Lynn Middle School in Woodbridge whose family is from India. He memorized the Koran by age 10. Uzair, 16, is a ninth-grader at Woodbridge Senior High School whose family is from Pakistan. He memorized it by the time he was 13.

Together, they lead the nightly prayer, correcting each other when needed, as is custom. Days that were once spent perched in front of a PlayStation 2 for hours, they said, are now heavy with studying that starts about 5 a.m. and stretches to about 11:30 p.m., with school and life in between.

"Before we were hafiz, we were just kids," Uzair said.

He and Aman might be the nation's youngest imams, said Nihad Awad, the national executive director of the Council on American-Islamic Relations, the largest Islamic civil liberties group in the United States. The two are also a testament to the post-9/11 need for U.S. Muslims to groom their own leaders and stop depending on those from other countries, he said.

"Imams who come from overseas, sometimes they bring a different mentality. They come from Muslim-majority places. They have different cultures, norms and traditions," Awad said. "I think it's important that we develop our own."

Aman's father, Nasir Chhipa, a director at the center, agreed. Mullah's inability to enter the country left the community disappointed and with many questions, he said. Some men who came to pray in the first few days left in frustration to search for another scholar. The ones who have stayed, he said, have come to depend on the boys.

The teenagers have taken on their community's burden and hopes -- at least for a month.

"In some sense, I think whatever happened, it happened for the good," Chhipa said. "We learned a lesson from this. . . . We have to produce our own scholars."Long Days With the Koran

When Aman was 7, his father enrolled him in a school in Pennsylvania where he took academic classes for three hours a day and studied the Koran for 8 1/2 . "When I first dropped him off, it was very hard for me. I literally cried," Chhipa said. "Every day I called them and said, 'Could I talk to my son?' The principal said, 'You have to be patient.' "

About three years later, in the middle of Ramadan, the principal called him and said that Aman, whose name means peace, had finished memorizing the text. "When I saw him reciting the Koran without looking at the book, that was the moment of my life," Chhipa said.

Memorizing the text is only part of the challenge in becoming a hafiz. He must practice daily. "It's easy to memorize; it's very hard to remember," Chhipa said. "The Koran is nobody's friend. If you forget the Koran, the Koran will forget you."

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Aman studied daily before, but now it consumes almost every moment of his downtime. He begins reading the Koran shortly after waking at 4:30 a.m. for breakfast and continues reading it at any possible moment during the day, even taking the Koran to lunch with him. "They ask me, 'What's that book?' " he said of the other students.

His classmates don't know he's a hafiz, he said. But at the center, the men who stand behind him in prayer each night don't call him just Aman anymore, they call him "Hafiz Aman" -- like Dr. or Mr. or Professor.

"People will greet me properly, not as if I'm their friend but as if I'm their senior," Aman said.

It was strange at first, he said, but he's getting used to it.

"When I was small, I used to always think that I wanted to be something big when I grew up," said Aman, whose upper lip is showing the start of a mustache.

Uzair, who wears a respectable beard, said that as the community has started giving him more respect, he's started behaving differently, trying to act in a way that deserves it. When his father told him on that Friday that he would have to recite the prayers the next day, he said it was both an honor and terrifying.

"I was nervous. I was thinking I wouldn't be able to do it," he said, adding that with each day it has become easier, almost fun. "We're just trying to enjoy it because we have no other option."

His schedule has become much like Aman's. Wake up before sunrise, study the Koran, go to school, come home, study the Koran, break the Ramadan fast and study the Koran. In between, he prays five times and does his homework.

The Woodbridge center is simple, consisting mostly of a large community room and small office, hidden behind a Subway and video rental store on Jefferson Davis Highway. The center has a regular imam, but he has not memorized the Koran.

Those who congregate there said they are grateful for the boys. Still, they know they lost something when Mullah's entry was denied. In addition to leading the prayer, he would have guided donations and doled out advice if needed. The teenagers cannot play such a role, because it is the equivalent of asking them to have a master's degree in Islam.

"A young kid and a grown priest is a big difference," said Fahad Mirza, 29, adding that the boys are "wonderful" but that "they are there just because we have no choice."

The Council on American-Islamic Relations is writing letters to politicians demanding to know why Mullah and other scholars were turned away at the last minute. Nationwide, at least four other Islamic scholars were denied entry, without explanation, Muslim community leaders said.

They are questioning why the government waited until the men arrived in the country instead of denying their visas early enough for the mosques to find replacements.

"We don't want this to fall in the cracks and to just be forgotten. We need to get answers from our government," Awad said. "We want people to be abiding by the law. We want to protect our country. . . . At the same time, we just want to make sure we do not step on people's rights and that we continue to be an open and welcoming society."

Officials with U.S. Customs and Border Protection would not say why Mullah was turned away but said more than 1,000 people are denied entry every day for a variety of reasons. Kelly Klundt, a spokeswoman, said: "The State Department may issue a visa which allows someone to apply for admission into the U.S. It is not necessarily a guarantee that they will be permitted."

Those at the center describe Mullah as a soft-spoken man who was born in Gujarat state in India. They said his speeches were not extreme.

Chhipa said he had spoken briefly with him since the incident. "He said, 'I don't know why they did it to me.' . . . He said they only said, 'We're only doing our job.' "

Mullah was glad to hear that the center had found a replacement for him, Chhipa added.Leaders, and Now Friends

The teenagers weren't really friends before, seeing each other only occasionally during prayer time at the Woodbridge center. But now their parents say they are attached, having developed a friendship through their shared responsibility.

After the prayers ended one recent night, the boys shuffled out of the center, looking as tired as the older men among them.

Waiting for Uzair at home was algebra, English and Spanish homework.

Aman, who had finished his homework earlier that day, would get to steal a few rare moments of play. Within minutes of walking into his house, he shed his traditional garb for sweat pants and a T-shirt emblazoned with the word "basketball" -- his favorite sport. He then swooshed down in front of the computer, clicked on his favorite video game and within seconds was lost in

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a wooded area of imaginary beasts. In one corner of the screen, he chatted with friends in a language far from Arabic: "Sup?" and "Kool."

La. Voters OK Consolidating Levee Boards (AP)

By Doug Simpson

AP, October 1, 2006

Louisiana voters on Saturday approved consolidating the New Orleans area's levee boards, the generations-old agencies whose politically appointed members were criticized after Hurricane Katrina for failing to maintain the area's levees and floodwalls.

The constitutional amendment — passing with about 80 percent of the vote — will combine 10 southeast Louisiana boards into two, one for each bank of the Mississippi River. Members of the new boards will be required to have expertise in engineering, geology and hydrology, mandates that advocates of the new structure hope will convince Congress and the nation that Louisiana has shed a system mired in cronyism.

"I think it shows that people really care about basic reform in Louisiana," said Gov. Kathleen Blanco, who supported the measure. "They want everything to be professional."

With about 97 percent of precincts reporting, voters supported the measure by a 4-1 margin. The amendment was passing in every parish that was hit hard by Katrina in August 2005.

After Katrina breached New Orleans' levees last August, the boards were criticized as disorganized, full of patronage and badly lacking in technical knowledge to manage the system of levees that protect New Orleans, which is largely below sea level.

Members of the existing boards are appointed by the governor and need no expertise in flood protection. The boards are responsible for levee upkeep and inspections, but critics say they have become distracted with other projects. The board in New Orleans, for example, runs marinas, an airport and a police force.

Blanco said she wants to have the two new levee panels in place by January.

Republican state Sen. Walter Boasso, who sponsored the levee board amendment in the Legislature, toured Louisiana drumming support for the amendment. He told north Louisiana voters that the proposal affects the entire state because the New Orleans area is home to a third of Louisiana's economy.

U.S. Rep. Bobby Jindal, R-La., said passage of the amendment would reassure Congress that Louisiana is cleaning up its act as the federal government invests billions of dollars to rebuild New Orleans and surrounding parishes.

There was no public campaign opposing the amendment, though state lawmakers from the New Orleans area tried to block the measure in the Legislature. They argued the existing levee boards should be allowed to finish flood-protection projects that are under way.

WAR NEWS:

Bush Confronts Critics Of Iraq Policies (AP)

By Jennifer Loven

AP, October 1, 2006

Gloves-off election-year rhetoric hit the radio Saturday, as President Bush argued that critics are wrongheaded to argue for a different policy in Iraq while Democrats suggested Bush is more interested in politically helpful slogans than success in the war.

With just over five weeks to go before midterm elections in which GOP control of Congress could be at risk, Democrats have been citing a government intelligence assessment to bolster their criticism of Bush's approach to Iraq. The classified National Intelligence Estimate, parts of which Bush declassified earlier this week, says the Iraq war has contributed to a global growth in the terrorist movement, but it also says success there could drain jihadists of momentum.

The president has been fighting back against the Democratic attacks with a series of appearances, and he recycled many lines from earlier in the week in his Saturday radio address.

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"Some in Washington have selectively quoted from this document to make the case that by fighting the terrorists in Iraq, we are making our people less secure here at home," Bush said. "Five years after the 9/11 attacks, some people in Washington still do not understand the nature of the enemy. The only way to protect our citizens at home is to go on the offense against the enemy across the world."

Democrats chose Tammy Duckworth, an Army helicopter pilot who lost both legs in Iraq and now is running for Congress in Illinois, to respond.

"Anyone who challenges our failed policies, or suggests the need for a new strategy, is accused of 'cutting and running,'" Duckworth said. "Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed. ... And I believe the brave men and women who are serving in Iraq today, their families and the American people deserve more than the same empty slogans and political name-calling."

Duckworth, who faces Republican Peter Roskam for an open seat, was referring to a Bush speech Thursday at a GOP fundraiser in Alabama. "The party of FDR and the party of Harry Truman has become the party of cut and run," Bush said then.

He also charged in Alabama that "some in Washington, some decent people, patriotic people, feel like we should not be on the offensive in this war on terror," without offering any evidence of such remarks.

White House press secretary Tony Snow acknowledged Friday that no Democrats have said directly that they do not want to take the offensive against terrorists, but he defended Bush's no-holds-barred politicking.

"I think there's been a lot of ratcheting up of rhetoric on the other side where the president has been accused of everything from dereliction of duty to not caring about what happens to people who have been claimed on the battlefields," Snow said. "The point the president is trying to make is, there are going to be some clear choices."

Bush argued Saturday that maintaining the U.S. presence in Iraq is crucial to winning the broader war on terror.

"Our safety depends on the outcome of the battle in Iraq," he said. "Withdrawing from Iraq before the enemy is defeated would embolden the terrorists."

Bush Says Iraq War Isn't Making Americans Less Secure (Update1) (BLOOM)

By Judy Mathewson

Bloomberg, October 1, 2006

Sept. 30 (Bloomberg) -- President George W. Bush said today that fighting in Iraq isn't making Americans less secure at home.

``This argument buys into the enemy's propaganda that the terrorists attack us because we are provoking them," Bush said in his weekly radio broadcast. ``We do not create terrorism by fighting terrorism."

This is the seventh week in the past eight that Bush has made the war on terrorism the topic of his radio address. His comments capped a week in which Democrats used the findings of a National Intelligence Estimate to argue that the Iraq invasion has made the U.S. less safe from terrorist attacks.

Bush's address also follows publicity about a new book by Washington journalist Bob Woodward that says the president and his advisers have mishandled the war. ``State of Denial," set for publication Oct. 2, says Bush and his advisers responded too slowly to Iraq's growing insurgency.

With congressional elections less than six weeks away Democrats are making criticisms of Republican Bush's conduct of the war a central part of their midterm election campaigns. Republicans respond that defeating extremists in Iraq would be a major blow to terrorists globally. At the same time, they argue that the invasion of Iraq didn't provoke jihadists' anti-American campaign.

Hating America

``Iraq is not the reason the terrorists are at war against us," Bush said. ``The terrorists are at war against us because they hate everything American stands for, and because they know we stand in the way of their ambitions to take over the Middle East."

U.S. troops were not in Iraq when terrorists first attacked the World Trade Center in 1993, Bush noted. Nor were they in Iraq when terrorists bombed U.S. embassies in Kenya and Tanzania in 1998 and the USS Cole in 2000, or when they launched the Sept. 11 attacks of 2001, he said.

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``The only way to protect our citizens at home is to go on the offense against the enemy across the world," Bush said.

Bush also brought up the National Intelligence Estimate, whose key judgments he ordered declassified this week after elements of the report were leaked to the New York Times and the Washington Post.

U.S. Politics

Both major U.S. political parties can point to parts of the April estimate to bolster their cases. The estimate was a consensus of analysts from 16 federal agencies including the Central Intelligence Agency.

Democrats point to excerpts that say anger over the war in Iraq is fueling Muslim radicalism and that the dispersal of terrorist cells around the world poses a greater risk of attacks on the U.S. Senate Minority Leader Harry Reid, a Nevada Democrat, said yesterday that Bush and the Republican-controlled Congress ``stubbornly refuse to change course, even when it's clear their failed course is making America less safe."

``We simply can't go on this way," said Tammy Duckworth, a candidate for the House of Representatives in Illinois, in the Democratic Party's weekly radio address today. ``It's time for a new direction."

The sixth district of Illinois, where Duckworth is running, is considered one of the closely contested congressional races that will help determine which party gains a majority in the House. The seat is held by retiring Republican Henry Hyde. Duckworth's Republican opponent is Peter Roskam, a former member of Hyde's staff and a member of the state Senate.

Helicopter Shot Down

Democrats need a net gain of 15 seats in the House of Representatives to win a majority.

Duckworth, a veteran of the Iraq War who lost both legs after the Black Hawk helicopter she copiloted was shot down north of Baghdad, said the president has only offered slogans and electioneering rather than leadership.

Republicans point to a finding in the estimate that U.S. counterterrorism efforts have ``seriously damaged" al-Qaeda's leadership. Bush noted a finding that ``should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight."

``Withdrawing from Iraq before the enemy is defeated would embolden the terrorists," Bush said today. ``It would help them find new recruits to carry out even more destructive attacks on our nation, and it would give the terrorists a new sanctuary in the heart of the Middle East with huge oil riches to fund their ambitions."

To contact the reporter on this story: Judy Mathewson in Washington at jmathewson@bloomberg.net

Candidate-Veteran Attacks Bush On Iraq (AP)

By Dennis Conrad

AP, October 1, 2006

WASHINGTON (AP) - An Illinois congressional candidate who lost both her legs during combat in Iraq said Saturday that President Bush has no real strategy for securing the war-ravaged nation, just political talk designed to appeal to voters.

"Instead of a plan or a strategy, we get shallow slogans like 'mission accomplished' and 'stay the course,'" former Army Capt. Tammy Duckworth said in the Democrats' weekly radio address. "Those slogans are calculated to win an election. But they won't help us accomplish our mission in Iraq."

Duckworth's address served as a response to the president's weekly radio talk and gave the Democratic Party a chance to showcase one of its strongest candidates as it seeks to regain control of the House in November's elections.

Duckworth, who copiloted a Black Hawk helicopter that crashed while under a rocket grenade attack almost two years ago, also criticized Bush and others in his administration for accusing anyone who challenges the president's policies of "cutting and running."

(AP) Sen. Charles Schumer, D-N.Y., right, discusses Iraq while meeting with reporters on Capitol Hill in...

Full Image"Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed," Duckworth said. "My helicopter was shot down long after you proclaimed 'mission accomplished.'"

At a GOP fundraiser Thursday in Alabama, Bush said, "The party of FDR and the party of Harry Truman has become the party of cut and run."

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Duckworth is seeking the suburban Chicago seat being vacated by conservative Republican Rep. Henry Hyde. She is running against Illinois state Sen. Peter Roskam, the man Hyde has endorsed.

In her address, Duckworth, now a major in the Illinois National Guard, also lashed out at the GOP-led Congress for refusing to do its job of holding the Bush administration accountable for its flawed Iraq policy.

"We need a Congress that will ask the tough questions and work together for solutions rather than attacking the patriotism of those who disagree," she said. "It is time to encourage Iraqi leaders to take control of their own county and make the tough choices that will stop the civil war and stabilize the country."

She offered no proposal for an immediate withdrawal or a timetable for withdrawal.

More Troops Not Solution To Iraq Crisis, Experts Say (BSUN)

By David Wood

The Baltimore Sun, October 1, 2006

WASHINGTON -- Renewed allegations that the White House and Pentagon blundered by not deploying sufficient troops in Iraq to deal with the aftermath of the 2003 invasion swarmed around the administration this weekend, stirred by publication of Bob Woodward's new book, State of Denial.

More than four years of combat in Iraq have left 2,711 Americans dead and 20,568 wounded. Today, with the 147,000 American troops deployed there apparently unable to stem a widening and increasingly bloody sectarian war, the issues raised in Woodward's book are adding fuel to a bitter election-year debate about the Bush administration's conduct of the war.

But while the debate swirls, some hard-eyed military officers and analysts assessing the situation in Iraq conclude that it would be difficult and costly to scrape up enough troops to raise levels in Iraq significantly and that even raising troop levels now might not work.

"We keep confusing troop levels with the fact that there was no plan for stability operations, no commitment in terms of aid, no understanding of the political challenges," said Anthony H. Cordesman, who is senior strategist at the nonpartisan Center for Strategic and International Studies and generally regarded as Washington's senior independent analyst. "The critical mistake wasn't one of troop levels, although I think if there had been a plan it would have called for significantly more troops and a longer troop presence."

Eventual success depends not just on the number of deployed troops, Cordesman said, but on whether their presence "is buying the time for reconciliation and effective governance and building the kind of Iraqi security forces that can take over the job - or not. This is a very high-risk operation where the odds of success are even at best."

Arguing over troop levels in Iraq "is a nice debate to have, but it doesn't have a bearing on the real world," said Michael O'Hanlon, military analyst at the Brookings Institution in Washington. The military is already under such strain that "we don't have that option."

"The time for more American troops is clearly over," said Thomas E. Ricks, author of Fiasco, a best-selling history of the war. "There aren't any more troops available."

The size of the force needed for the Iraq war was a contentious issue even before 90,000 American troops lanced across the Kuwait-Iraq border in March 2003 in pursuit of Saddam Hussein. The Army's first estimate, that 400,000 to 450,000 would be needed for the occupation, was extrapolated from its peacekeeping experience in Bosnia and Kosovo in the 1990s. But that plan was rejected by Defense Secretary Donald H. Rumsfeld, according to the memoirs of retired Gen. Tommy Franks, the top U.S. commander at the time.

Before 2003 was out, rising violence prompted senior U.S. officials in Baghdad to press Washington for more troops, requests that went unanswered. Woodward reports that in the early summer of 2003, James Dobbins, a senior U.S. diplomat with long experience in the postwar Balkans and elsewhere, drew up a plan calling for 500,000 troops, a staggering increase over the 148,900 troops then deployed in Iraq. His plan was forwarded to Washington. There was no response, Woodward wrote.

Despite optimistic White House and Pentagon assurances of progress in Iraq, top aides and commanders were increasingly worried that the country was sliding out of control, and top Bush aides mounted two efforts to oust Rumsfeld, Woodward reported.

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"If we have a military strategy, I can't identify it," complained then-deputy national scurity adviser Stephen J. Hadley, according to Woodward's book. "I don't know what's worse - that they [the Pentagon] have one and won't tell us or that they don't have one."

By late last year, even the top U.S. commander in Iraq, Gen. John Abizaid, was fed up. "Rumsfeld doesn't have any credibility anymore," he remarked to a friend, in Woodward's account.

Today, there is rising anger and frustration among top American officers whose concern is two-fold: the risk of permanent damage to the U.S. military the longer the war drags on, and concern that despite tactical military success against insurgents, not enough is being done politically to prevent Iraq from sliding into chaos. Many are concerned, as well, that the burden of the war is falling unfairly on a small number of volunteers.

"There are a lot of good people out there in terrible stress and danger, because the judgments of our national leaders have been faulty," one three-star officer said privately last week. "You come back here and people just don't have a clue."

The continuing demand for troops in Iraq has wrecked the Army's plan to sustain troop rotations indefinitely by rotating combat brigades through Iraq on one 12-month tour every three years. That would enable battered units to return home for refitting and retraining and then to serve for 18 months as part of the U.S. strategic reserve, John Medve, senior Army war planner, said in a recent interview.

But the Army has had to send brigades back into action after just a year at home, keeping the troops scrambling and, according to some critics, eroding the nation's capability to respond to crises. Last week, Rumsfeld extended the 12-month tour of a brigade of the 1st Armored Division by 46 days to allow its replacement unit a full 12 months at home before heading to Iraq.

Allowing soldiers barely 12 months at home between combat tours is "putting people at risk not only of losing their lives, but losing their families," said O'Hanlon.

Bush and Rumsfeld have angrily denied that they have ever turned down a request from U.S. commanders in Iraq for more troops - or anything else. Early this year, Rumsfeld disputed an assertion in the memoirs of L. Paul Bremer, the former top U.S. civilian official in Iraq, that Bremer had asked for additional troops in the summer of 2003 and been ignored.

"I thanked him for his suggestion and said we would look into it and we did," Rumsfeld told reporters. He then decided on the advice of the military command in Iraq not to increase troop levels. Rumsfeld said by the time that decision had been made, Bremer had retired.

The argument against raising troop levels, then and now, has turned on the issue of whether the U.S. military presence helps quell the violence or stimulates it, military officers said. Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, has said there are continuing deliberations on this point, with senior officers attempting to calibrate and adjust troop levels to respond to the security situation.

Abizaid told reporters last month that an increased U.S. military presence can set back the goal of having Iraqi security forces take over, because when American combat units show up, the Iraqis tend to step back.

Despite such arguments, a review of the record shows that the Bush administration made decisions to keep troop levels low in Iraq and that in the uncontrolled chaos that followed, the insurgency took hold.

"We were undermanned from the beginning, lost an opportunity to secure the country, and have yet to regain the initiative," Army Maj. Gen. John Batiste, who commanded the 1st Infantry Division in Iraq before abruptly quitting a year ago in protest, told a forum organized by congressional Democrats last week.

Four months before the March 2003 invasion, Rumsfeld pointedly recalled that during Desert Storm in 1991, U.S. troops had ousted Iraqis from their occupation of Kuwait in just four days of ground combat in which Iraqi soldiers surrendered by the "tens of thousands."

Turning to the prospective invasion of Iraq, Rumsfeld explained, "So the idea that it's going to be a long, long, long battle of some kind, I think, is belied by what happened in 1991."

The United States, he added, is "determined to do the job and to finish it fast."

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Powell Tried To Warn Bush On Iraq, Book Says (NYT)

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By John M. Broder

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Colin L. Powell, in his last face-to-face meeting with President Bush before stepping down as secretary of state in January 2005, tried to impress upon him one last time the dangers he saw the United States facing in Iraq, according to a new Powell biography.

The insurgency was growing and the country was spiraling into sectarian bloodshed, Mr. Powell warned. Elections in Iraq would not solve the problems, and the president's ability to act decisively was being crippled by divisions within his own administration, according to the account in "Soldier: The Life of Colin Powell" (Knopf, 2006) by Karen DeYoung, an associate editor at The Washington Post. Mr. Bush appeared disengaged, the book says, and brushed off Mr. Powell's complaints about dysfunction in his government.

The book is among the latest accounts of the divisions in the administration as it hurtled toward war and stumbled through its aftermath. The Powell biography provides further detail on his early misgivings about the war and the size of the force assembled to fight it, doubts that have been reported in several other books, including those by Ms. DeYoung's colleague at The Post, Bob Woodward.

Despite his doubts, however, Mr. Powell never threatened to resign or go public with his complaints, according to these accounts, because such acts would betray the ethic of the loyal soldier he felt he was.

A 7,600-word excerpt from the Powell biography appears in Sunday's Washington Post Magazine. The book's publication date is Oct. 10.

Mr. Powell, who gave Ms. DeYoung several interviews for her book and encouraged others to cooperate, said in a telephone interview on Saturday that he had not read the book or the excerpts. He did not take issue with portions read to him, except to question the context of one anecdote involving an exchange with Vice President Dick Cheney.

"The real issue right now is not the various books that are out but how things are going in Iraq and Afghanistan," Mr. Powell said. He would not share his views on the current state of affairs there, however.

A White House spokesman said officials there had not read the book and would not comment.

Since leaving office last year, Mr. Powell has kept his views to himself, with a few notable exceptions. He was openly critical of the administration's response to Hurricane Katrina last year and weighed in vigorously in the debate over treatment of detainees in the war on terror.

He has quietly cooperated with Ms. DeYoung, Mr. Woodward and other authors, while keeping his counsel in public on Iraq, the broader war on terrorism and the diplomatic struggles of his successor at the State Department, Condoleezza Rice. He does not want to undermine the president, but he also wants to make sure that his point of view is accurately reflected in histories, associates said.

"It's a matter of behaving with dignity when you're out of office," said Richard L. Armitage, Mr. Powell's former deputy and his closest confidant. "You don't want to be seen as criticizing those who took your place. On differences of principle, like the Geneva Conventions, he will speak out. On differences of approach, he probably will not."

In answer to those who ask why he has not been more outspoken, Mr. Powell generally replies, "There's a war on."

The common thread of many of the recent accounts is of warnings ignored about flaws in the prewar intelligence, in the war-fighting doctrine and in plans for occupying the shattered country. Tony Snow, the White House press secretary, dismissed some of these accounts as the grumblings of people on the losing side of internal arguments.

The Powell biography fleshes out a tale already widely known in Washington of infighting among Mr. Powell, Mr. Cheney and Donald H. Rumsfeld, the secretary of defense. Mr. Powell, who served as secretary of state through Mr. Bush's first term, came out on the losing end of the majority of their arguments.

The book provides an inside account of the preparation for Mr. Powell's pivotal presentation before the United Nations six weeks before the start of the Iraq war in March 2003. Mr. Powell told Ms. DeYoung that he spent much of the five days he had to prepare for the presentation "trimming the garbage" that Mr. Cheney's staff had provided by way of evidence of Iraq's weapons programs and ties to Al Qaeda.

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Mr. Powell later conceded that the United Nations speech was full of falsehoods and distorted intelligence and was a "blot" on his record.

Running throughout this book and other recent accounts are the defeats and humiliations Mr. Powell suffered in service to Mr. Bush. Though Mr. Powell remained an admired figure in America, it was not enough to protect him against attacks.

"There are people who would like to take me down," he is quoted as saying while motioning toward the White House during his last year in office. "It's been the case since I was appointed. By take down, I mean, 'keep him in his place.' "

Falling On His Sword (WP)

The Washington Post, September 30, 2006

Colin Powell's most significant moment turned out to be his lowest

ON WEDNESDAY, NOVEMBER 10, 2004, eight days after the president he served was elected to a second term, Secretary of State Colin Powell received a telephone call from the White House at his State Department office. The caller was not President Bush but Chief of Staff Andrew Card, and he got right to the point.

"The president would like to make a change," Card said, using a time-honored formulation that avoided the words "resign" or "fire." He noted briskly that there had been some discussion of having Powell remain until after Iraqi elections scheduled for the end of January, but that the president had decided to take care of all Cabinet changes sooner rather than later. Bush wanted Powell's resignation letter dated two days hence, on Friday, November 12, Card said, although the White House expected him to stay at the State Department until his successor was confirmed by the Senate.

After four long years, Powell had anticipated the end of his service and sometimes even longed for it. He had never directly told the president but thought he had made clear to him during the summer of 2004 that he did not intend to stay into a second term.

There had been public speculation as the election drew near that the president might ask the secretary of state to reenlist, at least temporarily. Powell was still the most popular member of Bush's team, far more popular with the public than the president himself. Senior Powell aides were convinced that the secretary anticipated an invitation to stay, and they were equally certain that he intended to accept. The approaching elections in Iraq, hints of progress in the Israeli-Palestinian peace process and the rumored departure of Defense Secretary Donald Rumsfeld, a principal Powell nemesis, made the next six months look like a rare period of promise for diplomacy.

The president himself made no contact with Powell after Card's call. For two days, the only person at the State Department Powell told about it was his deputy and friend of decades, Richard Armitage. Powell dropped off his resignation letter, as instructed, after typing it himself on his home computer. (The White House later pointed out a typo and sent it back to be redone.) Loath to reveal either surprise or insult, he used the letter to claim the decision to leave as his own.

"Dear Mr. President:" he wrote. "As we have discussed in recent months, I believe that now that the election is over the time has come for me to step down as Secretary of State . . . effective at your pleasure."

He was pleased, Powell said, to "have been part of a team that launched the Global War Against Terror, liberated the Afghan and Iraqi people, brought the attention of the world to the problem of proliferation, reaffirmed our alliances, adjusted to the Post-Cold War World and undertook major initiatives to deal with the problem of poverty and disease in the developing world. In these and in so many other areas, your leadership was the driving force of our success."

AFTER HIS DEPARTURE FROM THE STATE DEPARTMENT IN JANUARY 2005, Powell traveled the lecture circuit, making paid speeches on leadership and U.S. foreign policy to corporate boards and industry conventions. He never spoke publicly about the specific circumstances of his resignation as secretary of state except to say, when asked, that Cabinet reshuffles were normal at the end of a four-year mandate, and that his departure had been a "mutual decision" between him and the president.

He artfully brushed aside inquiries about the many published accounts of deep ideological schisms that had rent Bush's national security team throughout the first term and the private humiliations he reportedly had endured at the hands of powerful colleagues.

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Audiences often asked about his public role in promoting and defending what many now consider to be the most ill-advised act of Bush's presidency: the March 2003 invasion of Iraq. Powell usually offered a tepid defense, allowing only that he wished there had been more troops committed to the war and its aftermath, and a better plan to rebuild the country.

Powell had thrown his considerable personal and professional reputation behind the administration's charges that Iraq possessed chemical, biological and perhaps even nuclear weapons, and posed an imminent threat to the United States. In a crucial speech to the United Nations Security Council six weeks before the invasion was launched, he had single-handedly convinced many skeptical Americans that the threat posed by Iraqi dictator Saddam Hussein was real.

But the war had gone sour almost from the moment U.S. troops rolled triumphantly into Baghdad two months later. Powell's credibility had been seriously undermined when the weapons he cited as the main justification for invasion turned out not to exist.

No one in his legions of admirers wanted to believe that Powell had been duped by the White House -- or, worse yet, that he had knowingly betrayed the nation's trust. Many assumed that he had privately argued against such a clearly misguided adventure and been overruled.

In fact, Powell had never advised against the Iraq invasion, although he had warned Bush of the difficulties and counseled patience. He had no reason to resign over Iraq, he told questioners. But the larger mystery of his tenure as the nation's chief diplomat, fourth in line for succession to the presidency, remained.

When Bush selected Powell as his secretary of state in December 2000, it was seen as a stroke of political genius that instantly assuaged concerns at home and abroad about the president-elect's conspicuous lack of foreign policy experience. As national security adviser to one president and chairman of the Joint Chiefs of Staff under two more, Powell had helped guide the nation through the end of the Cold War and had brought the military to victory in the Persian Gulf War. By the time he retired from the Army as a four-star general in 1993, he was a national icon of wise leadership -- the "most trusted man in America," according to polls.

Yet Powell had constantly found himself on the losing side of regular ideological combat inside the Bush administration, particularly against Rumsfeld and the powerful vice president, Dick Cheney, over Iraq and a host of other foreign policy issues. Though Powell had scored some victories, the rumored humiliations had been real. He had been purposely cut out of major foreign policy decisions more than once, and his advice often had gone unheeded or been only grudgingly accepted by the president. Why hadn't he resigned?

The easy answer had the virtue of truth: Soldiers didn't quit when they disagreed with the decisions of their commanders. The fact that he had been out of uniform for nearly a decade was irrelevant to Powell; he would be a soldier until he drew his last breath.

AS TEXAS GOV. GEORGE W. BUSH BEGAN HIS CAMPAIGN FOR THE PRESIDENCY IN 1999, Powell's initial impression was that Bush was "still getting his sea legs" on foreign policy and national security issues. Powell knew "Sonny," as he referred to him, only in passing, and his private preference was for another Republican candidate: Arizona Sen. John McCain, a fellow military officer and Vietnam veteran.

But Powell had served in the administration of Bush's father and considered himself part of the extended Bush family, with the personal loyalty that kinship entailed. "It wasn't as if I was a stranger, or that anybody had to worry or could imagine that I would not be for Sonny when the time came," he later reflected. He wrote a $1,000 check to McCain and contributed an equal amount to Bush.

Worried that Powell would outshine their candidate and suspicious of his Republican credentials, Bush's handlers ignored him for most of the campaign -- even as they regularly implied to the media that the respected general was a behind-the-scenes member of the governor's brain trust. Once McCain was vanquished in the Republican primaries and Bush began a head-to-head battle against Democrat Al Gore, the campaign hinted that Powell would accompany Bush on fact-finding trips overseas and would become his secretary of state. But no one on the Bush team ever approached Powell about such a trip, and there was no substantive discussion of a Cabinet position.

Powell later recalled that the only conversations he and Bush had had about foreign affairs came just weeks before the election, in the back seats of cars between events on the four days they had campaigned together that fall. He had no memory of

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an explicit invitation from Bush to serve in his Cabinet. Once the U.S. Supreme Court declared the Florida recount officially over in early December, Powell later said, "It just sort of happened as it was assumed to happen."

On December 16, three days after Gore conceded defeat, Powell flew to Bush's ranch in Texas to be unveiled as his first Cabinet nominee.

Powell and Cheney stood on either side of the president-elect as he read from prepared remarks to reporters gathered in a Crawford school auditorium. Turning to Powell, Bush invoked Harry Truman's tribute to his own iconic secretary of state, retired Army general George Marshall: " ' He is a tower of strength and common sense. When you find somebody like that, you have to hang on to them.' I have found such a man." When reporters later asked Bush about tears they had seen in his eyes, he replied that it was an emotional moment because "I so admire Colin Powell -- I love his story."

THE SECRETARY OF STATE SAW THE PRESIDENT FREQUENTLY, THOUGH RARELY ALONE. Powell found Bush better-spoken and more thoughtful in private than his public posturing as a rough-hewn, plain-spoken Texan would indicate, although he found Bush's fidgety impatience irritating, along with his tendency to interrupt everyone, from his Cabinet officers to visiting heads of state. While the president publicly praised the secretary's abilities and stature, their relationship remained stiff and formal.

Powell insisted to disbelieving aides that Bush listened to, and even acted on, his advice. "The president has good instincts . . . an instinctual grasp" of issues, he often told them. But he usually followed with an acknowledgment that Bush "has got these rough edges -- his cowboy, Texan rough edges -- and when he gets them exposed, there are other people who know how to use them" to their advantage.

Time and time again during the administration's bumpy first year, Powell had seen Rumsfeld and Vice President Cheney intervene to nudge a willing Bush away from moderation and diplomacy, and toward a hard line on foreign policy issues from North Korea to the Middle East. After the September 11, 2001, terrorist attacks by al-Qaeda on New York and Washington, their attention turned sharply toward Iraq, and by the following summer it was clear that the administration was headed toward war with Saddam Hussein.

Powell found little evidence to support thinly veiled White House suggestions that Hussein had had a hand in the September 11 attacks. But he saw no reason to doubt the CIA's assessment, fervidly promoted and expanded upon by Cheney and the Defense Department, that the Iraqi leader had stockpiles of chemical, biological and perhaps even nuclear weapons, which he was ready to hand over to terrorists bent on destruction of the United States.

Powell's own war to drive Iraq out of Kuwait in 1991 had been fought with half a million U.S. troops, broad foreign support and a U.N. mandate. He believed the decision to invade was Bush's to make, but that international backing was essential for both political and military success. In August 2002, he succeeded in convincing Bush -- for once, over Cheney's objections -- that there would be no multinational support unless the administration first visibly tried to tame Hussein without war.

It took five months for Powell's efforts at the U.N. Security Council to craft a solution short of war to reach the point of collapse, caught in the crossfire of administration intransigence, international mistrust of Bush's justification and motives, and Hussein's perfidy. As the Pentagon's war plans were completed and March 2003 was secretly set as the internal deadline for invasion, Bush still found himself with little foreign support and an uncertain American public.

"We've really got to make the case" against Hussein, Bush told Powell in an Oval Office meeting in late January, "and I want you to make it." Only Powell had the "credibility to do this," Bush said. "Maybe they'll believe you." It was a direct order from his commander in chief, and it never occurred to Powell to question it.

He was told that the case had already been put together by the White House, and he assumed that with a little tweaking he could turn it into a speech that would fit his voice and style. He was taken aback on Tuesday, January 28, when he received the bulk of the document, a 48-page, single-spaced compilation of Hussein's alleged weapons of mass destruction program, replete with drama, rhetorical devices and a kitchen sink full of allegations. The most extreme version of every charge the administration had made about Hussein, the document had been written, Powell concluded, under the tutelage of Cheney's chief of staff, I. Lewis "Scooter" Libby, who shared all of his boss's hard-line views and then some.

Delivery of the speech had been set for the following Wednesday, February 5. Bush planned to announce the date that very night in his State of the Union address to Congress. Acutely aware that he would be selling his own reputation as much as the

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specific facts, Powell picked up the telephone to tell Condoleezza Rice, Bush's national security adviser, that he needed more time to get the speech into shape.

"Condi, please," Powell implored, "let's just tell the president that we're going to put in the State of the Union that Secretary Powell will be going to the U.N. next week. Don't put a date."

"She said, 'Right, right, of course,' " Powell recalled, "and she runs away to change the speech. Then runs back about five minutes later" to call him and say, " 'There's good news and bad news. The good news is we can change the speech.' " The bad news, she said, was that the White House had already told the media, in a preview of the State of the Union address, that Powell's presentation would be made on February 5.

"I could have gotten two more days," Powell later said wistfully. "Whether it would have made any difference or not, I don't know."

"HERE YOU GO," POWELL SAID, as he dropped the White House document on the desk of his chief of staff, Lawrence Wilkerson. Wilkerson quickly agreed it read more like a badly written novel than something designed to persuade the world. That afternoon, he assembled a State Department team -- including speechwriter Lynne Davidson and Barry Lowenkron, a senior CIA officer before he joined Powell's policy planning staff -- to set up shop at CIA headquarters, across the Potomac River in Virginia. They would examine the evidence themselves and turn the document into what Wilkerson called "a Colin Powell speech." Cheney aide John Hannah and William Tobey, the counterproliferation director at the White House National Security Council, would meet them there to answer any questions.

"We were going out to the agency and live there until we got the presentation ready," Wilkerson later said.

Their job was to make the most convincing, evidence-backed case possible. Powell had little more than a cursory knowledge of the intelligence underlying some of the most damning charges, but in recent months, as pressure built inside the administration and his frustration with the United Nations grew, Powell's language on Iraq had become almost as loose as Cheney's. In a speech to an international economic conference just the week before, he had made charges that his own State Department analysts questioned, mentioning allegations that Iraq had attempted to import uranium and nuclear-related equipment, as well as the presumed ties between Hussein and al-Qaeda.

But that had been only an indictment; this would have to be a complete, trial-worthy prosecution, designed to convince a skeptical jury that capital punishment, in the form of decapitating the Iraqi regime, was warranted.

In addition to proving the charges against Iraq, Wilkerson believed, they had to protect Powell's integrity against those within the administration who had long been out to tarnish it. There was a widespread belief among the secretary's loyal aides -- privately shared by Powell himself, although he brushed it off as meaningless political gamesmanship in conversations with them -- that both White House political adviser Karl Rove and Cheney had actively plotted to undermine him for the past three years. Powell had laughed when he described to his aides how the vice president, after a discussion of the upcoming U.N. speech, had poked him jocularly in the chest and said, "You've got high poll ratings; you can afford to lose a few points." Cheney's idea of Powell's U.N. mission, Wilkerson thought, was to "go up there and sell it, and we'll have moved forward a peg or two. Fall on your damn sword and kill yourself, and I'll be happy, too."

BY THE NEXT DAY, Wilkerson and his team were huddled in the CIA director's conference room, taking the document apart sentence by sentence. Things were not going well. Hannah had brought a clipboard with a three-inch stack of paper that he thumbed through to cite the origin of each allegation -- reports from the CIA, the Defense Intelligence Agency, foreign intelligence, the Iraqi National Congress and even newspaper articles.

CIA Director George Tenet and his deputy, John McLaughlin -- backed up by Robert Walpole, the chief CIA officer for nuclear programs; Lawrence Gershwin, the agency's top adviser on "technical" intelligence; and several other specialists -- were constantly dispatching aides to find the original source material.

In some instances, the "evidence" was, in fact, found in an official intelligence report, but only as unconfirmed information that did not appear in the report's conclusions. "They had left out all the caveats, all the qualifiers," Wilkerson recalled. In a few instances, he thought, they had even changed the meaning of the intelligence. A Senate investigation of the speechwriting process conducted after the invasion would later conclude that the Powell team had had to eliminate "information that the White

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House had added . . . gathered from finished and raw intelligence," some of which had come from only a single source with no corroboration at all.

By late afternoon, Tenet and Wilkerson agreed to put the White House draft aside and start over, basing the speech on a National Intelligence Estimate on Iraq that had been compiled by the CIA the previous fall.

That night, after the senior CIA and White House officials had left for the day, Wilkerson and his colleagues watched a film he had borrowed from the State Department archives of Adlai Stevenson's historic presentation to the Security Council at the height of the Cuban missile crisis in 1962.

The Soviet Union had angrily denied charges that it had deployed nuclear-armed missiles on the island 90 miles off the Florida coast. Stevenson, the U.S. ambassador to the United Nations at the time, had responded with irrefutable proof in the form of 26 grainy, poster-size black-and-white photographs of missile sites shot from a U-2 reconnaissance plane, displayed on easels at the front of the council chamber for all the world to see. That "Stevenson moment," Wilkerson told them, was the effect they were after.

Powell, Libby and Stephen Hadley, Rice's deputy, joined the process the next day.

Cheney had called Powell to say he hoped the secretary would "take a good look at Scooter's stuff." State Department spokesman Richard Boucher, who accompanied Powell to the CIA sessions, later recalled Libby himself appealing to Powell to look more carefully at the now-discarded White House material. "Powell said: 'I don't want to. I want to use what Larry's been working on.' "

They settled into a routine over the next few days. The CIA turned over the office suite of the National Intelligence Council -- the internal organization that coordinated with other members of the intelligence community to write National Intelligence Estimates -- to Wilkerson and the others engaged in the nitty-gritty of composing the speech and providing material to the graphic designers lodged in the agency's basement. At around 5 p.m., the writing and research team would move to Tenet's conference room with senior officials, eventually including Rice and Armitage, to spend hours going over the new text and verifying the sourcing for Powell.

Powell insisted that they eliminate any intelligence that had come from Ahmed Chalabi, an Iraqi exile favored by the Pentagon and the vice president's office, but widely mistrusted as a charlatan within the State Department. Powell was told by the CIA that evidence that Hussein had built mobile laboratories to conceal his biological weapons programs -- one of the most damning charges -- had been corroborated by four separate sources, including an Iraqi chemical engineer, a civil engineer and an Iraqi military defector. It was, Tenet said, "totally reliable information."

They argued over how to interpret intercepted communications about Iraq's weapons between Iraqi military officers. None seemed definitive, and Wilkerson was worried that they might not mean what the analysts said they meant. But amid the scant information the CIA officials were willing to declassify for public consumption, they said this was the best they had.

The team examined satellite imagery said to reveal prohibited items. Powell was shown, and rejected, a grainy picture of what analysts said was an unmanned aerial vehicle (UAV) site near Basra. It was impossible to tell where it was or even what it was, he argued. Instead, he approved a U.N. photograph of a generic Iraqi UAV, taken years earlier, to illustrate charges that Hussein was developing drones that could spray deadly weapons of mass destruction on population centers.

CIA analysts showed the team additional photographs they said conclusively revealed chemical weapons production and storage facilities, but then insisted that the pictures were too sensitive to be used in a public presentation. Those they were willing to release often appeared -- at least to the uninitiated in the room -- to illustrate nothing more than trucks parked beside buildings. "Don't you have a picture of chemical weapons canisters being moved around?" Boucher later recalled asking Tenet. "Something we can point to and say: 'That's a chemical weapon.' " Tenet replied that no country had left prohibited weapons "out on the lawn" since the Cuban missile crisis. "They know we're looking at them. So we have to go with other things that tell us what they're doing."

They spent hours discussing the aluminum tubes Hussein had tried to import. The Energy and State departments continued to disagree with the CIA's assessment that the tubes were designed for nuclear enrichment. McLaughlin, who had brought one of the intercepted tubes to the table and rolled it back and forth as they argued, insisted that the CIA analysis was correct. The agency, Powell later recalled, "pulled in their experts and swore on a stack of Bibles that they'd done every analysis

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imaginable, and [the tubes] simply were not for rockets, but for [uranium] centrifuges." The tubes stayed in the speech, although with a brief mention of the disagreement among U.S. government agencies as to their purpose. (U.S. investigators in Iraq after the war later concluded they were meant for rockets.)

Bush had referred in his State of the Union address to Iraqi efforts to obtain uranium from Africa -- the same information the CIA had successfully argued should be excised from a speech he gave the previous October because of questionable sources. No one suggested that it be included in Powell's presentation.

The White House document detailing Hussein's ties to terrorism was, if anything, even more problematic than the portion on weapons of mass destruction.

Powell retreated with Tenet to the director's private office to talk through "what we really know" about the relationship between Iraq and al-Qaeda. Powell was shown the transcript of an interrogation of a captured Osama bin Laden aide who swore that al-Qaeda operatives had received biological and chemical weapons training from Iraq, and the charge became a lengthy portion of the speech. (A year after the invasion, the agency acknowledged that the information had come from a single source who had been branded a liar by U.S. intelligence officials long before Powell's presentation.)

Tempers began to fray as the sessions continued into the weekend. Tenet and McLaughlin became irritated with Hadley, who kept pressing to reinsert jettisoned White House language and information. Powell exploded at McLaughlin, who supplied tortured, five-minute answers to seemingly simple questions. Increasingly, the secretary looked to Tenet for reassurance. "George would give the kind of answers the secretary liked," Wilkerson recalled. "Whether you liked that 'slam-dunk' language or not, George, to his credit, would say, 'Absolutely, Mr. Secretary, I stand by that.' "

Powell later recalled that most of their time was spent "trimming the garbage" of the White House's overwrought verbiage and uncorroborated specifics from the speech. Once that was done, Wilkerson concluded long afterward, "what we were all involved in -- groupthink isn't the right word -- it was a process of putting the data to points in the speech rather than challenging the data itself." As they probed for proof of Hussein's lies, no one thought of looking for evidence that might have raised questions about their assumptions that the weapons existed.

WHEN HE ARRIVED IN NEW YORK ON MONDAY AFTERNOON, Powell was as nervous as Wilkerson had ever seen him. He was worried that the language in the speech was still too methodical and technical to win over an audience. Powell's best performances were modeled on what he had learned as a young instructor at Fort Benning and later at the Pentagon: Use a map or some slides, a rough outline or a few key phrases, and then speak naturally. He always knew his material cold, but it was technique that clinched a sale. This time, however, each sentence had been carefully crafted and debated ad nauseam, and he was going to have to read directly from the text.

On Tuesday night, the team had a final, full-dress rehearsal. The cafeteria on the top floor of the U.S. Mission to the United Nations had been reconfigured into a mock-up of the Security Council chamber. Powell used a stopwatch to check his timing, clicking it off every time someone interrupted with a question or comment. The speech was 75 minutes long.

When he finished, the tension of the last several days seemed to dissipate like the air escaping a balloon, leaving him calm and tired. He believed he had done everything he could do. Departing for his room at the Waldorf, where he hoped to get a good night's sleep, he reminded Tenet that "you're going to be there with me tomorrow." He expected the CIA director to sit in full view of the television cameras, just behind him at the Security Council table. Tenet replied, only half-jokingly, that he was the one who would have to face the intelligence committees in Congress if there were any mistakes. Powell told his executive assistant, Craig Kelly, and Boucher to make sure that Tenet was waiting in the side room they would pass through on their way into the Security Council chamber the next morning. Later, he changed his mind and called Tenet to tell him he would swing by the CIA director's hotel and pick him up on the way to the United Nations, just to make sure there were no glitches.

On Wednesday, February 5, Powell entered the chamber just before 10:30 a.m., smiling and stopping to shake hands as he made his way across the floor. With war hanging in the balance, and the power and prestige of the United States on full display, it was a moment of high drama that owed as much to the player as to the play. A nationwide poll released just that morning had found that "when it comes to U.S. policy toward Iraq," Americans trusted Powell more than Bush by 63 to 24 percent.

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"I cannot tell you everything that we know," he began after a brief introduction. "But what I can share with you, when combined with what all of us have learned over the years, is deeply troubling." The facts and Iraq's behavior "demonstrate that Saddam Hussein and his regime have made no effort -- no effort -- to disarm as required by the international community."

"My colleagues," Powell said, "every statement I make today is backed up by sources, solid sources. These are not assertions. What we are giving you are facts and conclusions based on solid intelligence."

The next day, opinion polls indicated that national opinion had shifted literally overnight; most Americans surveyed said they believed an invasion was justified to protect the nation. Those closest to Powell were relieved, but worried about both him and the nation. His wife, Alma, had a sense of foreboding; her husband, she thought, was being used by the White House. Powell's daughter Linda, who had listened to the speech on the radio, had found his performance unsettling. His voice was strained, she thought, as if he were trying to inject passion into the dry words through the sheer force of his will.

Wilkerson, who had left the United Nations immediately after the speech and returned to his hotel room to fall into a deep sleep, awoke depressed. Later, when it became clear that much of the speech on which he had worked so hard was based on lies, he would come to think of that week as "the lowest moment of my life." Back in Washington, he ordered special plaques with Powell's signature made up for the State Department aides who had worked so hard to make the presentation happen.

When they were handed out, Powell asked Wilkerson why he hadn't ordered one for himself. Wilkerson replied that he didn't want one.

AS 2004 BEGAN, U.S. TROOPS WERE HEADED TOWARD A SECOND YEAR IN THE IRAQI QUAGMIRE. No weapons of mass destruction had yet been found, and each day's news brought fresh indications that the administration had exaggerated its case against Hussein. Powell's own prominent role came under increasing question. It was now clear that "a lot of probables, a lot of maybes" had been left out of the assessment of Iraq's capabilities, a reporter confronted him. Given a second chance, would he have "rephrased" his U.N. speech?

"No," Powell replied firmly. "I knew exactly the circumstances under which I was presenting that speech . . . The whole world would be watching, and there would be those who would applaud every word, and there would be those who were going to be skeptical of every word." Whatever doubts were now being raised, he said, the basic conclusions had been solid. "I am confident of what I presented last year. The intelligence community is confident of the material they gave me; I was representing them . . . they stand behind it."

But on Friday, January 23, the CIA announced without explanation that David Kay, the head of its Iraq Survey Group hunting for weapons of mass destruction, was being replaced. Later that day, Kay told reporters he doubted the weapons existed. When Congress demanded answers, Kay said the same thing.

As Powell flew the next day to attend a presidential inauguration in the Republic of Georgia, journalists aboard his plane asked him to reconcile his U.N. speech with Kay's conclusions. "You said a year ago that you thought there was between 100 and 500 tons of chemical weapons [in Iraq]," one reporter said. "Who's right?"

"I think the answer to the question is I don't know yet," Powell replied.

"What is the open question is: how many stocks they had, if any? And if they had any, where did they go? And if they didn't have any, then why wasn't that known beforehand?"

Powell thought there was no sense denying the obvious questions Kay had raised. But it was the first doubt that any senior administration official had publicly expressed about the central justification for the war. The story made headlines around the world, and an agitated Condoleezza Rice called him the next morning in Georgia. Powell was not surprised; it was not the first time that the White House had blown up at him over what he considered honest comment. Rice, he later recalled, was usually the one to make the call. "She'd say, 'Oh, we've got a problem, what are we going to do about this? How are we going to fix this?' "

On this issue, he thought, there was little to be done. "The fact of the matter is, you can't ignore the possibility, since the guy we sent there for eight months as our guy says there's nothing there," he later recalled telling Rice with exasperation. "So, to say there's got to be something there when he, who has been there for eight months, says there's nothing there . . . You can't do that. You've got to at least accept the possibility."

The White House, he advised, should "just be quiet" for now.

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ON HIS RETURN, POWELL SPENT THE WEEKEND carefully reading Kay's congressional testimony, highlighting portions with a yellow marker and scribbling notes in the margins. With the first anniversary of his U.N. speech just days away, the Sunday newspapers and television talk shows were filled with comparisons between the charges he had made and Kay's conclusions.

On Monday, February 2, he arrived for an interview at The Washington Post carrying a blue folder with the marked-up testimony inside. He was "absolutely convinced" that the invasion had been the right thing to do, Powell emphatically told the two dozen reporters and editors crowded around a conference table in the newspaper's eighth-floor boardroom.

Would he still have "recommended the invasion" if Tenet had told him a year before "that there are no stockpiles?" one reporter asked.

"I don't know, because it was the stockpiles that presented the final little piece that made it more of a real and present danger and threat to the region and to the world," Powell replied. But there was no point discussing hypotheticals, he said, because "the fact of the matter" was that the CIA, as well as intelligence agencies in Britain and elsewhere, had "suggested the stockpiles were there."

But what if he had known they weren't there? the reporter pressed.

"The absence of a stockpile changes the political calculus," Powell acknowledged. "It changes the answer you get with the little formula I laid out."

To a White House already reeling from the one-two punch of Kay's conclusions and Powell's comments en route to Georgia, it was another worrisome example of the secretary of state's unwillingness to stay "on message." When his remarks appeared in The Post the next morning, "I think the whole White House operation was mad . . . the NSC, the president -- everybody was annoyed," Powell recalled. "White Houses do not respond well to immediate problems in the morning . . . all the white corpuscles race to the source of the infection, so all the white corpuscles raced to me."

After Rice's inevitable irate telephone call, presidential aides quickly began contacting the media to counteract the secretary's remarks. Annoyed but not surprised, Powell issued a White House-requested "clarification" insisting that Hussein had had the "capability and intent" to produce the weapons even if none had yet been found. Bush, he repeated, had been right to invade.

Still mulling over the situation a week later with a visitor in his dimly lit office, he criticized a persistent White House machismo that took aim at "anything . . . that suggests any weakness in the [administration's] position," regardless of common sense. That, and what he saw as a never-ending effort to humble him personally.

"There are people who would like to take me down," he said, jerking his thumb in the direction of the White House. "It's been the case since I was appointed. By take down, I mean 'keep him in his place'. . . And there are those who, whether it was me or anyone else, just love somebody getting in trouble, because it's usually to the detriment of the person getting in trouble and to the advantage of someone else."

The episode reinforced his already deep-seated disdain for politics and its practitioners. Political thought and decision-making were often polluted by ideology and the exigencies of the election cycle; soldiers breathed a purer, more rational air. "I was not trained as a politician or a think tank guy or anything else," Powell insisted. "I was trained to consider all possibilities."

"I mean, if you're attacking and suddenly you get attacked from the flank," he continued, using his hands to illustrate a military maneuver, "you don't say, 'I'm going to keep attacking straight ahead [and] ignore this new threat coming at my flank.' " He had been asked whether different information would have changed his assessment of the Iraq situation, and "all of my instincts and all of my background and training at that point said the answer to the question is, 'I'd have to reconsider.' "

He shrugged and brought his hands to rest. "But that's the way it goes."

Powell's irritation at the White House was coupled with a growing anger at the CIA. Right or wrong, at least Bush had willingly shouldered the ultimate responsibility for the decision to go to war. Powell felt he had done his own duty by privately voicing caution even as he gave the president his full support. But it was increasingly apparent that the intelligence community had been careless with the truth and hence with Powell's most precious commodity -- his credibility with the American people.

For a week after Kay's report, the CIA had continued publicly to stand by its prewar weapons assessment. But in a hastily arranged speech at Georgetown University on February 5, Tenet finally admitted the possibility of error. His "provisional bottom

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line," he said, was that the intelligence community had been "generally on target" in its warnings that Hussein was developing long-range missiles. But the CIA "may have overestimated the progress Hussein was making" on nuclear weapons.

As for biological weapons stockpiles and mobile laboratories, he said, "we are finding discrepancies in some claims made by human sources" to whom the agency "lacked direct access." The CIA, Tenet said, "did not ourselves penetrate the inner sanctum" of Hussein's programs but had "access to emigres and defectors" along with high-level information from "a trusted foreign partner." They were now in the process of "evaluating" questions such as, "Did we clearly tell policymakers what we knew, what we didn't know, what was not clear, and identify the gaps in our knowledge?"

Although Powell had been advised in recent months of problems with some of the intelligence sourcing, Tenet's speech was "the first time I heard that the CIA was no longer sticking behind its story" in public, he later recalled. He had been given no advance copy of the CIA director's remarks and listened in his office to a broadcast of Tenet's acknowledgment of "discrepancies" and uncertainties.

Powell stared silently at Wilkerson after Tenet finished speaking. "But the question is," Wilkerson said, reaching for a joke, "are you still friends?"

"I don't think so," Powell replied.

As the evidence continued to unravel, some in the media suggested that Powell should apologize publicly for peddling false information that had pushed the nation toward war. "Is everyone else going to apologize?" he railed within the four walls of his office. "It's not [just] me getting had. I'm not the only one who was using that intelligence . . . they all stood up in the Senate. The president stood up on this material. [British Prime Minister] Tony Blair stood up on this material . . . The whole global intelligence community bears responsibility."

But there was no denying that he had been the most visible and effective salesman. He already knew that the label would follow him around forever. "I'm the guy who will always be known as the 'Powell Briefing' . . . I'm not being defensive, because I did it. But Powell wasn't the only one."

PRESENTATION WAS NEARLY AS IMPORTANT TO POWELL AS SUBSTANCE, and after his inelegant dismissal as secretary of state, he wanted at least to control the way his departure was announced. After submitting his letter on Friday, he spent the weekend putting together a plan: He would inform his inner-office staff at exactly 8:20 a.m. the following Monday, November 15. He would tell his senior aides at their regular 8:30 staff meeting. At 10:15, he would send an e-mail to his friends and extended family. He called Card and told him he expected the White House would then publicly announce his resignation.

At midmorning Monday, the White House released five separate statements under Bush's name, reporting the resignations of the secretaries of agriculture, energy, education and state, and the head of the Republican National Committee. Each statement was three paragraphs long and titled "President Thanks [official's name]." When White House spokesman Scott McClellan briefed the media shortly after noon, all but one of the resignation questions were about Powell. Had Bush tried to persuade him to stay? Had Powell offered? If so, had the president turned him down? McClellan avoided a direct answer. "I think you saw from Secretary Powell's letter that this is a discussion that they've had for some months now, or over recent months at least . . . And Secretary Powell made a decision for his own reasons that this was now the time to leave."

The next morning, Bush nominated Rice as his new secretary of state.

Powell saw Bush regularly over the next two months, passing through the Oval Office for routine meetings that took place as if nothing had transpired. Eventually, the White House contacted his office to schedule what it described as a "farewell call" with the president. Such calls were being arranged for each departing Cabinet secretary.

When Powell saw the January 13 appointment on his calendar, his staff told him they assumed it was a goodbye photo opportunity with Bush. They suggested that perhaps he should bring his family.

"We've got a houseful of pictures," Powell replied dryly. Was he supposed to talk to the president? Or was the president supposed to talk to him?

"Am I supposed to say: 'This is what I think?' Or what?"

He didn't have to say anything, he was told. It was just a "farewell call."

As the meeting approached, the White House -- which had scheduled it in the first place -- inexplicably called the State Department to ask for "talking points" that aides could use to brief the president.

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The appointed time found Powell already in the Oval Office for a routine meeting; when it concluded, he lingered as the others left. As Powell later remembered it, Bush seemed puzzled and called after his departing chief of staff, "Where you going, Andy?"

"Mr. President, I think this is supposed to be our farewell call," Powell prompted.

"Is that why Condi ain't here?" he recalled the president asking.

That was probably the reason, Powell replied.

Card walked back inside, and the three men sat down. Powell had already decided to use the opportunity -- likely his last as secretary of state -- to unload.

The war in Iraq was going south, he said after a few moments of small talk, and the president had little time left to turn it around. The administration's hope was that the upcoming election there would change the dynamics on the ground, and the Iraqi people would finally be ready and able to begin standing up to the insurgents on their own.

But the administration, he pointed out, had entertained such hopes before over the past two years -- when it had set up a new legal framework for Iraq, when it had first turned a modicum of government power over to handpicked Iraqis and when ousted dictator Saddam Hussein had been captured -- and those hopes had been dashed every time. There would be a window of about two months after the election "to start to see progress," he told Bush. "If by the first of April this insurgency is not starting to ameliorate in some way, then I think you really have a problem."

Elections, and talking about democracy, were unlikely to stop the insurgency, he said. Only the fledgling Iraqi army could do that, and it was unclear whether it would ever succeed. Its competence was not just a matter of training, Powell said; it was a question of whether the troops believed in what they were fighting for.

Powell warned about serious internal problems in Bush's own administration, saying that the power he had given the Pentagon to meddle in diplomacy on issues as widespread as North Korea, Iraq and the Arab-Israeli conflict, along with poisoned personal relations between his State and Defense departments, were seriously undermining the president's diplomacy. Bush dismissed his concern. It wasn't any worse, he said, than the legendary battles between State and Defense during the Reagan administration.

The session ended with a cordial handshake, and the secretary returned to the State Department. "That was really strange," he reported to Wilkerson. "The president didn't know why I was there."

Karen DeYoung is an associate editor of The Post. This article is excerpted from Soldier: The Life of Colin Powell, being published October 10 by Knopf. She will be fielding questions and comments about this article Monday at noon at washingtonpost.com/liveonline.

U.S. Military Is Still Waiting For Iraqi Forces To 'Stand Up' (WP)

By Thomas E. Ricks

The Washington Post, October 1, 2006

Security Personnel Increase, but Insurgency Is Unabated

The strategy in Iraq, President Bush has said often over the past year, is to stand down the U.S. military as Iraq's security forces stand up.

By strict numbers, the Iraqi side of that equation is almost complete. Training programs have developed more than 300,000 members of the Iraqi army and national police, close to the desired number of homegrown forces. Yet as that number has grown, so, too, has violence in Iraq. The summer was worse than ever, with July the deadliest month in three years, according to U.S. military data.

With the insurgency undiminished and Iraqi forces seemingly unable to counter it, U.S. commanders say they expect to stay at the current level of U.S. troops -- about 140,000 -- until at least next spring. That requirement is placing new strains on service members who leave Iraq and then must prepare to return a few months later. Tours of duty have been extended for two brigades in Iraq to boost troop levels.

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So is the "stand down as they stand up" policy defunct? Not according to the Bush administration. But the meaning of the phrase appears to have changed, as leaders have begun shifting the blame for Iraq's problems away from the U.S. military and onto the country's own social and governmental institutions.

When Bush began invoking "stand up, stand down" in 2005, he repeatedly indicated that he was talking about getting Iraqi defense forces trained and on the job. For example, on Nov. 15, he said, "The plan [is] that we will train Iraqis, Iraqi troops, to be able to take the fight to the enemy. And as I have consistently said, as the Iraqis stand up, we will stand down."

More recently, Bush has insisted that "the 'stand up, stand down' still holds." But he added more conditions, saying the troops can come home "when our commanders say . . . the Iraqi government is capable of defending itself and sustaining itself and governing itself."

Military officers and other experts interviewed in recent days said that the Iraqi training program has worked but that its success is undercut by the lack of strong Iraqi political leadership. "You fix the government, you fix the problem," said an Army battalion commander who has seen hard fighting near Baghdad this summer.

Defense Secretary Donald H. Rumsfeld landed squarely in this camp recently. Referring to numbers of trained Iraqi forces, he told a reporter: "If we look at it one-dimensionally like that, there's no answer to the question, because the problem is not a military problem. In fact, the reality is that it's a political governance problem, and it's a governmental problem, and it's a problem of reconciliation."

In this view, it doesn't matter how many Iraqi troops are trained if there is no government to lead them. "I believe that you could have a million Iraqis within the Iraqi security forces and still be ineffective against the insurgents," said an Army colonel who recently returned from a year in Iraq.

Besides weapons and training, an army needs a reason to fight -- and so far, the Iraqi government has not been as persuasive as the insurgency or the militias in providing that key element. "There isn't yet an Iraq to defend," explained Thomas Donnelly, a defense expert at the Center for Strategic and International Studies. "A nation, as well as an army, needs to be stood up."

Other military insiders say that regardless of Iraq's broader problems, the security forces remain an issue because they are not ready for action. The training program may have achieved raw numbers, but it needs more time to finish the job.

"I believe that our U.S. forces need to be here at these numbers for three to five more years, to be honest," concluded Army Maj. Daniel Morgan, a 101st Airborne officer who just completed his second tour in Iraq.

When asked about training of Iraqis, Army Gen. John P. Abizaid, the top U.S. commander for Iraq and the rest of the Middle East, spoke of an even longer term. "It's a generational level of work, not something that's going to be done overnight," he told PBS's Jim Lehrer last week. "And we're making good progress."

This school of thought emphasizes that "standing down" would apply only to U.S. combat forces. Even if Iraqi forces eventually stand up in the promised numbers and fight effectively, they still will need U.S. help in logistics, intelligence, maintenance and other specialized support functions for years to come, said an Army officer experienced in Iraq. He said he has heard from some comrades that providing such support may require a fairly substantial U.S. military presence in Iraq for as long as a decade more.

Some experts believe that the U.S. training program itself is flawed, lacking both funding and enough U.S. advisers and trainers. The training effort is "grossly insufficient, concentrated at battalion and brigade headquarters only," said retired Army Maj. Gen. Paul Eaton, who oversaw the program in 2003 and 2004. He and others believe that the effort will not really succeed until it expands to attach more advisers to smaller units, such as companies and platoons -- which Eaton said would take thousands of additional personnel.

The United States failed to send out enough really good advisers with language skills to work in the training program, added retired Marine Col. T.X. Hammes, another Iraq veteran. "Thus we train Iraqis, push them out the door and fail to support them," he said. This makes them unable to reach the real goal of providing security to Iraq, he added -- "or worse yet, due to lack of U.S. supervision, [they] become part of the problem."

Other experts say the "stand up, stand down" formula has not worked because the target number is insufficient, or because the number is the wrong measurement. The target of 325,000 trained security forces "is arguably inadequate to start with," said

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Bruce Hoffman, a Georgetown University defense specialist. Given the total population in unstable parts of Iraq and a standard ratio of population to security forces of 20 to 1, he said, "Iraq really needs 500,000 troops and police."

Alternatively, some say it is not the number of Iraqi troops that counts; it is the quality. " 'Standing up' is a far broader term than many have understood," argued Army Lt. Col. James Gavrilis, a counterinsurgency expert and a Special Forces officer who participated in the invasion of Iraq. "I don't think a lot of people in uniform understood that it would entail developing the quality and character of those forces as well as their numbers."

Finally, some specialists contend that "standing up" Iraqi soldiers and police forces may in fact be contributing to the current outburst of sectarian violence, because the police especially are not seen as impartial players.

"To the degree that 'standing up' a Shia-dominated force is perceived as a security threat to Sunnis, you get a stronger and stronger reaction the more you stand up," said Frank Hoffman, a strategic expert and retired Marine officer. "This may account for what you are seeing -- the sense that national institutions that do not reflect political concerns will produce more violent reactions and a greater reliance on local militias."

A Marine officer who has fought in Anbar province and an Army captain who just returned from Baghdad agreed, both saying they fear that all the U.S. military is doing is training and arming Iraqis to fight a looming civil war.

Staff researcher Julie Tate contributed to this report.

The State Of Iraq: An Update (NYT)

By Nina Kamp, Michael O'hanlon And Amy Unikewicz

The New York Times, October 1, 2006

FACTS have a way of shrinking under the weight of politics. The fierce partisan debate last week set off by the new National Intelligence Estimate on the struggle against terrorism was a case in point. Similarly, our own tracking statistics from the last four years in Iraq will provide ammunition for both supporters and critics of the war. But one fact seems clear: this year's violence was the worst since liberation, and probably the worst over all since 1991.

American troop fatalities, thankfully, declined somewhat this summer, but it is hard to view that as a positive development since much of the modest improvement was due to the reduced rate of American patrols (down from a daily average of 400 to, in the last year, 100 a year). When American forces do venture out of their base, they are in as much peril as ever. Similarly, the drastic falloff in kidnappings of foreigners primarily reflects the fact that foreigners now rarely leave the Green Zone in Baghdad. Iraqis continue to be kidnapped in large numbers.

While the economy is far from healthy, it has shown some improvement. Oil production has returned, at least for the moment, to levels seen at the end of Saddam Hussein's rule, and electricity production is at higher levels, especially outside of Baghdad. School enrollment continues to increase; childhood vaccination rates are now respectable; Iraq's media continue to flourish.

However, unemployment remains at 30 percent or more, as coalition and Iraqi authorities continue to resist the notion of adopting a Roosevelt-style public works program to mitigate joblessness. Inflation is up; private sector investment remains weak because of the security environment; gross domestic product growth has been modest and will probably slow because of the decline in global oil prices. Fuel supplies are stagnant in the face of rising demand.

Public optimism has rebounded a bit since spring, especially among Shiites and Kurds. But Iraqi optimism about the future is still not where it once was. Nor is it clear on what that optimism is based. The Iraqi government continues to flounder in attempts to rein in militias, ensure fair distribution of the nation's future oil revenue, rehabilitate former low-level Baathists into public life and rebuild the economy. On balance, the data suggest that while Iraq is not lost, the United States and its allies there are hardly winning either.

Baghdad Under Curfew After Upturn In Attacks (WP)

By Sudarsan Raghavan

The Washington Post, October 1, 2006

U.S. Detains Sunni Leader's Bodyguard

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BAGHDAD, Sept. 30 -- The streets of Baghdad were mostly quiet Saturday, with the capital under total lockdown a day after U.S. troops arrested a bodyguard of a Sunni Arab political leader on suspicion of planning suicide bombings inside the fortified Green Zone.

The day-long curfew in this city of 7 million people was the first to ban both pedestrian and vehicle traffic since the U.S.-led invasion in 2003, underscoring the security concerns enveloping Baghdad. It was requested by U.S. military officials concerned about the surge in suicide bombings and other violence since the Muslim fasting month of Ramadan began last weekend.

"There is no single reason," said Lt. Col. Barry Johnson, a military spokesman. "What we found was that implementing curfews from time to time helps break up the cycle of violence. It seemed like a prudent measure at this time to recommend a curfew."

The measure was announced Friday night, a few hours after U.S. troops raided the residence of Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in Iraq's parliament, and took into custody his bodyguard, identified by Dulaimi's supporters as Khudir Farhan Zargan.

"Credible intelligence indicates the individual, a member of Dr. Dulaimi's personal security detachment, and seven members of the detained individual's cell were in the final stages of launching a series of [car bomb] attacks inside the International Zone, possibly involving suicide vests," the U.S. military said in a statement.

The suspect, the statement added, was linked to a car bomb-producing network based in south Baghdad and was believed to be a member of the group al-Qaeda in Iraq. U.S. soldiers searched a security trailer and the suspect's car, but did not enter Dulaimi's home, said the statement.

On Saturday, Dulaimi denied that the bodyguard had any connection to terrorists.

"In the name of God, this news is absolutely not true. This is a suspicion only," Dulaimi said on al-Arabiya television. "This guard has joined the security force one month ago, and we have not noticed anything suspicious. The investigation will prove his innocence."

Dulaimi said his rivals had provided the U.S. military with false intelligence to "corrupt" his reputation and stop his work in parliament.

"This is unacceptable, both from a legal and ethical point of view," said Hussein al-Faluji, another Sunni member of parliament. "This bodyguard does not have any credentials which enable him to get into the Green Zone."

A few hours later, the U.S. military altered its statement to say that "this operation in no way implies [Dulaimi] was associated with any illegal activity; he was not the target in this operation."

In Baghdad's Karrada neighborhood on Saturday, the main road was empty save for police cars. Some food stalls remained open, and some young residents flouted the curfew and walked on the streets. Many expressed frustration, saying the curfew would do little to ease their lives.

"My life is destroyed because of the politicians and the government," said Firas Hatem, 31. "What have we gained from the curfew? Did they destroy the militias? Have they provided us with gas or electricity, or food? The curfew has pushed prices up, and everything is expensive, and the cheapest thing is us, meaning the human being."

In Tall Afar, 40 miles west of the northern city of Mosul, a suicide bomber detonated his explosives-rigged car, killing two civilians and injuring 30.

In the southern city of Basra, provincial Gov. Mohammed al-Waeli escaped an attempt on his life Saturday morning, when gunmen attacked his convoy, wounding three of his bodyguards.

In an interview on al-Iraqiya television, Waeli said the attack was carried out by gang members who had infiltrated Basra's police.

"My bodyguards were ready for them and returned the fire, which made the attackers, whose identities are now known to us, flee," Waeli said. "We are going to prosecute them. . . . They are members of gangs who have recently joined the Major Crime Unit and are using the unit's cars and weapons."

Special correspondents Salih Dehema and Saad al-Izzi, and other Washington Post staff in Iraq contributed to this report.

Baghdad Is Quiet With Strict Curfew In Place (NYT)

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By Michael Luo

The New York Times, October 1, 2006

BAGHDAD, Sept. 30 — After a troubling and deadly week, Iraq's capital was mostly silent and still on Saturday, except for the occasional whup-whup of a military helicopter overhead and the rare pedestrian testing the limits of a daylong curfew.

Uncertainty remained, however, over what exactly prompted the curfew on vehicle and pedestrian traffic, called Friday night without explanation by the Iraqi prime minister's office. Although vehicle bans have been frequent, it was the first time since the war began that pedestrians had been banned from Baghdad's streets.

Lt. Col. Barry Johnson, a United States military spokesman, said a number of factors, including an increase in suicide bombings and the rash of violence since the start of Ramadan last week, had led military officials to ask the Iraqi government to impose the curfew.

"We've found curfews implemented intermittently have been very effective in the past," he said.

But Brig. Qasim al-Moussawi, a spokesman for the Iraqi Defense Ministry, referred to a more specific threat. "We have information about a group of terrorists planning to attack civilians by car bombs," he said.

Some residents flouted the curfew on Saturday, shopping for groceries for the evening meal to break the fast for Ramadan, running errands and loitering on the street, albeit mostly off the main roads.

In Toubchi, a mostly Shiite neighborhood in western Baghdad, a line of people waited at a bakery on Saturday afternoon to buy bread, and a few shoppers stopped at the lone pharmacy that was open. Other people headed to prayer at the mosque.

In Adhamiya, a Sunni neighborhood in northeastern Baghdad, the shops were mostly closed.

Ahmed Khalaf was driving alone on Army Canal Highway, which bisects eastern Baghdad, but was puzzled by how empty it was, when he was stopped at a police checkpoint. He had gone to sleep and woke up without turning on the news. He said he had told the officers, "I have no idea about the curfew."

The police were understanding and let him go, he said, telling him that others had been making the same mistake.

The curfew was announced Friday night shortly after news began to leak on Iraqi television that the compound of Adnan al-Dulaimi, leader of the largest bloc of Sunni parties, had been raided by the United States military and that a man connected to him was being held on suspicion of helping to plan a bombing.

The United States military said in a statement on Saturday that it had detained a member of Mr. Dulaimi's security detail, identified by Mr. Dulaimi as Khodar Farhan Ghargan, 35. The guard is believed to be a member of Al Qaeda in Mesopotamia, the statement said, adding that the government had intelligence indicating that he was part of a terrorist cell that was planning a series of attacks, possibly using suicide vests, in the heavily guarded Green Zone.

The troops did not enter Mr. Dulaimi's residence, the statement said, but did search the guard's car and the security trailer. Colonel Johnson, the American spokesman, said no explosive devices had been found.

Military officials later issued a second statement emphasizing that the detention of Mr. Dulaimi's bodyguard "in no way implies" that the Sunni political leader was associated with "any illegal activity."

Mr. Dulaimi denounced the charges against his guard, comparing them to the faulty American intelligence about illicit Iraqi weapons before the war. "This information caused them to occupy Iraq," he said. "Now they are doing the same thing with me just to stop my hard work for Iraqi unity."

But Friday's raid is likely to bolster accusations long made by rival Shiite political leaders against their Sunni Arab counterparts that their guards and staff are insurgents. The American military has expressed concerns that Iraqi political parties have been largely unwilling to sever their links with the militias that many command.

Mithal al-Alousi, a respected independent Sunni Arab, said most Iraqis knew that many political leaders were also militia commanders. "The government should work to investigate this incident and if they discover that Dulaimi knew about this stuff in his house, they should arrest him," he said. "There is no parliamentary immunity for killers."

Violence persisted elsewhere in the country. In the northern city of Tal Afar, a car bomb exploded at 8 a.m., killing two people and wounding 33 others, all civilians. In Kirkuk, a car bomb exploded at 8:30 a.m. at the home of a police official, wounding him, his wife and four others. Another one exploded at 8 p.m. at the home of another police official, wounding 17

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civilians. An American soldier from the Third Stryker Brigade Combat Team, Second Infantry Division, died in a Humvee accident near Mosul.

But at Yarmuk Hospital in western Baghdad, the only patients who came in Saturday had complained of illness, an emergency worker said. It was a rare respite from the normal.

Baghdad Shut Down On Suspicion Of Attack (AP)

By Patrick Quinn

AP, October 1, 2006

The U.S. military said a captured al-Qaida suspect and members of his cell were "in the final stages" of planning an attack on the Green Zone. An unprecedented curfew prompted by the arrest left millions of Baghdadis stranded at home on Saturday without supplies during the Islamic holy month of Ramadan.

The U.S. military said the suspected al-Qaida in Iraq member was arrested late Friday at the home of senior Sunni Arab political leader Adnan al-Dulaimi, where he was working as a personal bodyguard.

Al-Dulaimi is a member of the Iraqi Accordance Front — the largest Sunni coalition in the 275-member parliament, where it holds 44 seats — and the military was quick to distance the politician from the raid, stressing that he was "not the target."

"This operation in no way implies Dr. al-Dulaimi was associated with any illegal activity," the military said, adding that the suspect was captured in a security trailer at al-Dulaimi's home.

After the arrest, Prime Minister Nouri al-Maliki was advised by the U.S. military to shut down the capital and order its 7 million residents to stay at home.

"They have information terrorists entered Baghdad," Interior Ministry spokesman Brig. Abdul-Kaim Khalaf told The Associated Press. "The prime minister agreed to give our security forces the freedom of movement to raid certain places."

The curfew was rare both in its scope and severity, catching many residents of Baghdad by surprise. Many people are fasting during the Islamic holy month of Ramadan, eating and drinking only after sunset, and they were caught without supplies and fresh bread — a Baghdad staple. Most residents did not have a chance to shop on Friday because of a regular, weekly vehicle curfew to prevent attacks against mosques during prayers.

The U.S. military said the suspected terrorist, identified as Khudhir Farhan, and seven members of his al-Qaida cell "were in the final stages of launching a series" of car bomb attacks "possibly involving suicide vests."

"The detained individual is suspected of involvement in the planning of a multi-vehicle suicide operation inside Baghdad's International Zone," the military said, referring to the heavily fortified Green Zone.

Khalaf said the "intelligence information we received was that there are car bombs and that terrorist Takfiris wearing belts with explosives have entered Baghdad to target civilians." Takfiri is a reference to Sunni Arab extremists.

The Green Zone, also known as the International Zone, is located in downtown Baghdad and is surrounded by layers of concrete blast walls and guarded by Coalition forces and the Iraqi army. The Iraqi government lives and works there, the parliament is housed there and it is also home to the U.S. embassy.

As a bodyguard for al-Dulaimi, Farhan could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful he could ever have reached the heavily guarded U.S. embassy compound inside the Green Zone.

Farhan also was suspected of having links to a car bomb network operating in the southern area of Baghdad, the military said.

Immediately after his arrest Friday afternoon, al-Dulaimi denied the bodyguard had any terrorist links, but when contacted by the AP on Saturday he acknowledged he could have been mistaken.

"That individual joined my residence as a guard no more than a month ago, therefore I haven't got complete data about his background," al-Dulaimi said. "Anyhow, they are only suspicions about his involvement, which have not been proved."

The U.S. command said al-Dulaimi "did meet the force and offered his home to be searched, which was declined as the operation had no association with him. They only searched the security trailer and the suspect's vehicle."

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There have been fears that insurgents would try to stage a spectacular attack during Ramadan following a series of calls from al-Qaida in Iraq's new leader.

Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, has ordered intensified attacks against Americans and the country's Shiite majority, which dominates the government and parliament.

Al-Muhajer — who is believed to have succeeded slain al-Qaida in Iraq leader Abu Musab al-Zarqawi — began issuing the calls — including orders to kidnap Westerners — on Sept. 7.

He has followed al-Zarqawi's belief that starting a sectarian war between the Shiites and Sunni Arabs is the best way to defeat the United States in Iraq.

Following his calls, attacks intensified against both Shiites and the Coalition, and a senior U.S. military official said the first week of Ramadan was the worst for suicide bombings since the U.S.-led invasion in 2003.

Sectarian violence has surged in recent months and has brought the country to the brink of civil war.

Although Baghdad was quiet Saturday, police said violence persisted in other areas of the country.

Gunmen killed Malik Jebbar, an Iraqi man who had been working as an interpreter for the U.S. military, in an area about 60 miles south of Baghdad. Another person was killed and five others were wounded in nearby Iskandariyah when a bomb exploded in the city center.

In Tal Afar, 260 miles northwest of Baghdad, police opened fire on a suspected car bomber. The vehicle detonated, killing two and wounding 30 others, police Lt. Nejim Abdullah said.

Baghdad police on Saturday found six corpses in the eastern section of the capital, more apparent victims of the sectarian death squads that roam the city.

Two other bodies were turned in to the morgue in Kut, 100 miles southeast of Baghdad.

North of Kut, a policeman was shot and killed by unknown assailants outside his home, police said.

Iraqi Guard Arrested In Green Zone Bomb Plot (WT/AP)

By Patrick Quinn

The Washington Times/AP, October 1, 2006

BAGHDAD -- The U.S. military said yesterday that it had arrested a leading Sunni politician's security guard, who was in the final stages of preparing suicide attacks inside the heavily guarded Green Zone in central Baghdad.

An unprecedented pedestrian curfew prompted by the arrest forced millions of Baghdad residents to remain indoors yesterday, during the Islamic holy month of Ramadan.

The U.S. military said the suspected al Qaeda in Iraq member was arrested late Friday at the home of senior Sunni Arab political leader Adnan al-Dulaimi, where he was working as a personal bodyguard.

Mr. al-Dulaimi is a member of the Iraqi Accordance Front -- the largest Sunni coalition in the 275-member parliament, where it holds 44 seats -- and the military was quick to distance the politician from the raid, stressing that he was "not the target."

"This operation in no way implies Dr. al-Dulaimi was associated with any illegal activity," the military said, adding that the suspect was captured in a security trailer at Mr. al-Dulaimi's home.

After the arrest, Prime Minister Nouri al-Maliki was advised by the U.S. military to shut down the capital and order its 7 million residents to stay indoors.

"They have information [that] terrorists entered Baghdad," Interior Ministry spokesman Brig. Abdul-Kaim Khalaf said. "The prime minister agreed to give our security forces the freedom of movement to raid certain places."

The curfew was rare, both in its scope and severity, and caught many residents of Baghdad by surprise.

Many people are fasting during Ramadan, eating and drinking only after sunset, and they were caught without supplies and fresh bread -- a Baghdad staple. Most residents did not have a chance to shop on Friday because of a regular, weekly vehicle curfew to prevent attacks against mosques during prayers on the Muslim Sabbath.

The U.S. military said the suspected terrorist, identified as Khudhir Farhan, and seven members of his al Qaeda cell "were in the final stages of launching a series" of car bomb attacks "possibly involving suicide vests."

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"The detained individual is suspected of involvement in the planning of a multi-vehicle suicide operation inside Baghdad's international zone," the military said, referring to the Green Zone.

The Green Zone in downtown Baghdad is surrounded by layers of concrete blast walls and guarded by coalition forces and the Iraqi army. The Iraqi government lives and works there, the parliament is housed there, and it is also home to the U.S. Embassy.

As a bodyguard for Mr. al-Dulaimi, Farhan could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful, however, he could have reached the heavily guarded U.S. Embassy compound.

Green Zone Suicide Plot Foiled, U.S. Says (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, October 1, 2006

A Sunni official's guard is arrested on suspicion of planning to strike inside Baghdad's fortified area. Curfew is tightened in the capital.

BAGHDAD — The government clamped a 24-hour curfew on the capital Saturday shortly after U.S. forces arrested the bodyguard of a prominent Sunni leader on suspicion of plotting a suicide attack inside Baghdad's heavily fortified Green Zone.

A statement from the U.S. Army said the man was part of an Al Qaeda cell "in the final stages of launching a series of … attacks" that would have used several vehicles and possibly suicide vests.

It said a seven-member cell believed to be linked to vehicle bombings in south Baghdad was planning the attacks on the area that houses the Iraqi government and U.S. and other embassies under heavy military protection.

The Army did not say whether it had detained others.

The guard was arrested at the home of Adnan Dulaimi, one of the main figures in the minority Sunni bloc of parliament. Dulaimi was not under suspicion, the Army said.

U.S. and Iraqi officials denied any connection between the curfew announcement late Friday and the politically sensitive arrest. An Army spokesman said the U.S. had recommended the curfew in hopes of quelling violence that has increased during the monthlong observance of Ramadan.

"We have found these curfews are effective in bringing down the level of violence," the spokesman said. "It just seemed prudent at this time."

An Iraqi police official gave a different explanation, saying the curfew was a reaction to a plot that sounded similar to the one described by U.S. officials but was instead aimed at Baghdad residents.

"We received precise intelligence about the intentions of moving car bombs and terrorists with suicide belts to Baghdad," said Brig. Gen. Qassim Musawi, a spokesman for the Ministry of Defense.

Both the U.S. Army and Dulaimi sought to minimize political fallout from the arrest of the man, who had recently joined his personal security detail.

In television interviews, Dulaimi strongly proclaimed the innocence of the guard, accusing unnamed enemies of trying to damage his reputation and derail attempts at national reconciliation.

He said the guard, Khudhir Farhan Marjan, had no connection to terrorists and wouldn't have been hired if he had.

Even though Dulaimi was not implicated, the arrest left the lawmaker open to scrutiny over his reputed associations with Sunni Muslim insurgent groups. After initially boycotting American-sponsored elections, Dulaimi urged Sunnis to join the political process. But suspicions persist.

In January, U.S. journalist Jill Carroll was abducted and her driver killed as they were leaving Dulaimi's headquarters after the lawmaker failed to show up for a scheduled interview.

Shiite Muslim political leaders reacted cautiously to the arrest of his guard.

"This is a serious sign when the security of a high-ranking official has been infiltrated by terrorist groups," said Abbass Bayati, a spokesman for the United Iraqi Alliance, the Shiite bloc that leads the Iraqi government.

But Bayati said he would withhold judgment until an investigation was complete.

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"The people and the nation really need to know the facts, so the investigation should be finished as soon as possible," Bayati said.

As Saturday's curfew began, the capital was abuzz with another rumor, that the government had called the curfew after uncovering a coup attempt by an element of the military. Officials denied it.

"These rumors are being spread by the terrorists themselves who want to shake the confidence of the Iraqi people," said Musawi, the military spokesman.

The latest curfew, which followed a Friday overnight curfew, was imposed from early Saturday until early this morning. It was widely observed. Some of the capital's 6 million people walked to work despite the curfew, taking up to two hours. But most stayed home.

The normally chaotic traffic all but vanished, leaving the streets empty except for hundreds of police and army checkpoints and American armored patrols.

Baghdad residents are accustomed to curfews, which are in force on Fridays from 11 a.m. to 3 p.m. All-day curfews have been imposed intermittently, but usually with more warning.

Some residents complained of the inconvenience caused by the 11 p.m. announcement, which they said did not give them time to prepare.

"There was not enough time for us to shop for today; as you know, we shop day by day for Ramadan," said a resident of the Qadisiya neighborhood who owns a vegetable shop about two miles away. "We are out of gas today to run the generators, and we can't go out even on foot to buy gas."

No new attacks were reported in Baghdad, but police continued to tally the casualties from previous violence.

A mortar shell that landed late Thursday in Zafaraniya in the southeast part of the city killed five people.

Police said they found 12 bodies early Saturday and an additional 23 in the afternoon, all slaying victims in various neighborhoods.

A Shiite cleric was shot to death in Diwaniya, his sister said. Two other clerics were recently killed in the city about 100 miles south of Baghdad.

Mohammed Waeli, the governor of Basra province in the south, escaped an assassination attempt. A British patrol in Basra came under fire and killed one of the attackers.

In the northern city of Mosul, the police commander survived a roadside bombing, and another bomb near a U.S. patrol critically injured five civilians, said Dr. Fadhil Abbas of Jumhouri Hospital. Authorities in Diyala province, a stronghold of the insurgency north of Baghdad, said they had arrested 39 suspected terrorists.

A suicide car bomb targeting an Iraqi army checkpoint killed two people and wounded 30 Saturday, police in the northern town of Tall Afar said.

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Times staff writers Suhail Ahmad, Shamil Aziz and Saif Hameed and special correspondents in Baghdad, Mosul and Kuwait contributed to this report.

U.S. Diplomat Defends Maliki's Strategy (LAT)

By Solomon Moore

The Los Angeles Times, October 1, 2006

Ambassador Zalmay Khalilzad speaks in support of the Iraqi premier's security plan.

BAGHDAD — U.S. Ambassador Zalmay Khalilzad said Saturday that he supported the Iraqi prime minister's plan to disband sectarian militias through negotiations while using his military to go after the most extreme elements.

Khalilzad said he disagreed with recent complaints by U.S. military officials in Iraq and politicians in Washington that Prime Minister Nouri Maliki hasn't been doing enough to rein in Shiite militias implicated in thousands of death squad killings.

Khalilzad said complaints by senior U.S. military leaders that Maliki was too soft on Shiite militias affiliated with his political bloc were evidence of "tactical differences" he has with those military officials. Gen. George W. Casey Jr., the top American military commander in Iraq, released a statement Friday disavowing the complaints.

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Some commanders want to use troops to go after the militias, Khalilzad said, "but I think that as far as Gen. Casey and myself are concerned, we are in agreement that … if political engagement can produce the desired result, then so much the better."

Khalilzad said Maliki would release a "demobilize, decommission and re-integration" plan to begin the disbanding of militias by the end of the year. He also said the prime minister was working on a national reconciliation plan to bring Sunni Arab and Shiite militants into political dialogue.

But he acknowledged that there were still challenges.

"The situation remains difficult and the level of sectarian violence is high," Khalilzad said.

He said U.S. officials were working to support Iraqi efforts to reform the Interior Ministry, which is believed to have been infiltrated by militiamen involved in hundreds of alleged death squad killings.

He said the U.S. conducted an investigation of an Iraqi police detention facility in Baghdad known as Site 4, where abuses were committed against some of the more than 1,300 prisoners held there.

Several high-ranking police officials were indicted as a result of the investigation, but Khalilzad said that Interior Minister Jawad Bolani, who oversees Iraq's police force, has not acted on those indictments.

"He has heard either verbally or in writing that indictments have taken place," Khalilzad said.

Other issues that need resolution include distribution of oil wealth and the pressure for the creation of autonomous zones in Iraq, Khalilzad said. Sunni Arab legislators pushed successfully last week to delay the formation of regional authorities. The Sunni Arabs were worried that oil-rich autonomous regions in the Kurdish north and the Shiite south would cut Sunni Arabs in the west out of a share in the country's oil revenue.

Khalilzad said Iraqi politicians have agreed to distribute oil wealth according to population, which will be determined by a census planned for next year. But he said there was still disagreement about who is authorized to negotiate petroleum industry contracts.

The Kurdistan regional government already has launched negotiations on oil deals.

Khalilzad also said a joint committee this month would present a set of proposals to be used to determine the future role of U.S. troops. Khalilzad said the committee was creating a "road map" that would establish the conditions necessary for transfers of security responsibilities from U.S. to Iraqi troops.

U.S. officials have said that as Iraqi security forces become stronger, U.S. troops will be able to withdraw from Iraq.

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The Rebuilder's Tale (NYT)

By Raad Ali Abdulaziz, As Told To Fred Heeren

The New York Times, October 1, 2006

I wanted to make a difference. After earning my Ph.D. in engineering in 2002 at Baghdad University, I became a guest lecturer there, and I also began working for an Italian humanitarian organization — helping to repair schools, water-treatment plants and hospitals. I didn't stop working in 2003 when the American bombs started falling, and I didn't stop when friends warned me that my work was bad because it made the foreigners look good. That was nothing new. Even before the war, most Iraqis believed that all visiting Westerners were working against Islam.

But then one afternoon in September 2004, when I was drawing up plans for local schools, one of my co-workers rushed into my Baghdad office looking worried — followed by a man in a military uniform carrying an AK-47. His comrades chose me along with two Italian colleagues, Simona Pari and Simona Torretta, and pushed us out into the road. They handcuffed us and forced us into a caravan of waiting cars. I hardly had time to feel afraid. I asked the driver what was happening. He told me to be quiet and yelled out the window at the gathering crowd: "We are police! Go home! Or I'll shoot anyone standing in the street!" He waved his pistol around. People scattered.

I tried to focus. This was not a police investigation; it was a kidnapping. Iraqis taken with foreigners are usually the first to die. The day before, I celebrated my 35th birthday. I wondered how my life would end — with a bullet or a knife.

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Other uniformed men put me on the floor and draped a blanket over me, and we drove away. As we passed checkpoints and I sweated under the blanket in 110-degree heat, I somehow remembered a film I had seen about the history of nonviolent movements. I decided that no matter what they did to me, I would try to behave gently in return. When a gust blew the blanket off my head, I told them about it — and one of the men actually thanked me as he pulled the blanket back over me.

But when they interrogated me at a house later, things looked very bad. They asked me about my background. I knew they wouldn't like the truth, but I decided to be straight with them: my father was Kurdish, my mother Arabic. Every answer made them angrier. "Are you Sunni or Shiite?" They were Sunnis, but I said I was a Muslim who didn't believe in breaking up Islam that way. They accused me of being a spy for the Italians. I told them I was just helping to rebuild our country.

"Admit it," they said, "you are working against Islam!" I explained again. Finally, one pressed his gun against my head. "We know you are lying. In five seconds you must say that you are working for the Americans or the church!"

The room went silent. But I felt sure they knew I was telling the truth. Now they were playing with me, and I decided to let them know I understood. So. . .I began to smile. I was blindfolded, so I couldn't tell how they were reacting — what if I had misjudged them? — but after a moment, they burst out laughing. Tensions disappeared. One of them tapped me lightly on the head, saying, "You make jokes for us!"

I passed that test, but each day brought new threats to our lives. The first night, a rival militant group attacked us with grenades and machine guns. Another day the emir of our group said that if their ransom demands were not met in 48 hours, they planned to execute us — "probably by beheading." During those 48 hours, I just kept thinking about my 4-year-old son. But the deadline came and went — and the emir had a new idea: the Italian hostages and I would lead an attack against American troops. The assault would be broadcast on Arabic TV. I had to translate between the Italian pacifists and the radicals, who seemed ready to kill us if we declined. This surreal discussion went on for days. And then suddenly, after three weeks, we were released.

We were driven to the back of a Baghdad mosque and ordered out of the car in front of an Al-Jazeera cameraman, there to capture the moment. Later I heard I owed my life to a secret deal with the Italian Red Cross. The Italians flew back to Rome, where everyone celebrated and called them heroes.

My welcome home was different. I learned that many Iraqis and Arabs around the world hoped I would be beheaded — even some people I knew. After many threats against me and a near hit with a bullet, I could not put my family at further risk, and we fled Iraq in secret. We left everything behind. Now I am trying to start over in Europe. This is very painful.

But I keep remembering a strange feeling that came over me during those critical moments. Something told me that I would not die, that I had an unfinished task. Now I wonder if there is a way to make my voice louder than the voice of those who order us to fight all unbelievers. This cannot be God's way.

Suicide Bomber Kills 12 Near Kabul Ministry (NYT)

By Carlotta Gall

The New York Times, October 1, 2006

KABUL, Afghanistan, Sept. 30 — Central Kabul was rocked by a deadly suicide bombing that killed 12 and wounded more than 40, just hours before President Hamid Karzai announced that his recent trip to Washington had elicited assurances from Pakistan that it would act against Taliban insurgents in its territory.

The suicide attack, the second in Kabul, the capital, this month, took place shortly after 8 a.m., when a man approached the side gate of the Interior Ministry headquarters on foot. There, by the pedestrian entrance to the compound, he detonated, the authorities said. Two policemen were killed, including the chief of staff of security, as were 10 civilians, said Zemarai Bashari, the spokesman for the Ministry of Interior. At least 42 people were wounded, doctors said.

Among the dead were two children — one a boy of 4 or 5 — and a 20-year-old woman, they said. The mother of the boy was critically wounded, according to doctors at Wazir Akbar Khan hospital, and had not been told of her son's death.

Witnesses said police officers had spotted the attacker and tried to stop him. Lailoma, 30, a clerk in the Interior Ministry, was arriving for work and was wounded in the blast.

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"I saw a policeman pull out his pistol to shoot the bomber, but the bomber ran and blew himself up," she said from her hospital bed.

The Taliban claimed responsibility for the attack.

The main goal of Mr. Karzai's recent visit to Washington was to persuade the Bush administration to press Pakistan to cease its support, tacit or otherwise, for the Taliban insurgency, which has caused such widespread violence in Afghanistan this year that it has begun to threaten the state.

On Saturday, President Karzai condemned the bombing and said his 10-day trip to Canada and the United States had specifically concentrated on terrorism in the region. Yet he had little concrete to announce.

"I am glad we had an open talk, and I hope we are going to fulfill what we discussed," he said of the meeting with President Bush and General Pervez Musharraf.

The neighboring countries each agreed to hold tribal jirgas, or conventions, in the presence of the two presidents, to encourage the elders of the tribes that straddle their border to bring peace and stability to the region in time-honored tradition.

Mr. Karzai said General Musharraf had agreed to take action against the command structure of the Taliban, which has found sanctuary in Pakistan. "We did get a very categorical assurance that they will be moving against all extremist terrorist elements."

Mr. Karzai confirmed that cross-border violence had increased in the Waziristan region since the Pakistani government brokered a peace deal with the tribes there earlier this month in an effort to curb militancy.

"So far the effectiveness is not good," Mr. Karzai said, "but again President Musharraf assured me, and we have to wait and see."

German Planes Help NATO in South

BERLIN, Sept. 30 (Agence France-Presse) — A Defense Ministry spokesman confirmed Saturday a magazine report that German military aircraft are supporting NATO operations in volatile southern Afghanistan. The report, set to appear in Monday's Der Spiegel, came after Defense Minister Franz Josef Jung ruled out any possibility of transferring German troops from the relatively peaceful north to help fight the insurgency in the south.

Der Spiegel said German transport aircraft and helicopters had made some 60 flights this year into the south, ferrying allied soldiers and evacuating the wounded.

Bombing Kills 12 Near Afghan Interior Ministry (WP/AP)

By Rahim Faiez

The Washington Post/AP, October 1, 2006

KABUL, Afghanistan, Sept. 30 -- A suicide bomber blew himself up in a busy pedestrian alley next to Afghanistan's Interior Ministry on Saturday, killing at least 12 people and wounding dozens, officials said.

It was the second major suicide attack in Kabul this month, underscoring the rising danger in the once-calm capital as insurgents step up attacks across the country.

Meanwhile, an American was released from an Afghan prison and flown out of the country after serving more than two years for operating a private prison as part of a freelance hunt for terrorists, Afghan officials said.

Brent Bennett, 29, had been arrested in July 2004 with two other Americans after Afghan security forces raided a house and discovered eight Afghan men who they said had been abused.

Court documents filed Friday in Washington show that U.S. officials planned to secure Bennett a passport and a ticket out of the country. An Associated Press reporter saw a man identified as Bennett board a plane for Dubai late Saturday. It was not clear whether Bennett was free or in the custody of U.S. officials. U.S. officials in Afghanistan would not comment on his case.

The suicide attack occurred just before 8 a.m. near a narrow dirt road where employees and civilians pass through a security gate. Shops, street photographers and men who fill out Interior Ministry paperwork for illiterate Afghans make the area a busy cross-section of commerce and government.

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Rahman Shah was standing in line at a security checkpoint with his wife and three children when he heard someone shout, "Suicide attack!" He turned to see a police officer chasing a man, and moments later a blinding explosion threw him and his family to the ground.

"I fell to one side of the road with my son, and when I ran to the other side where my wife, daughter and my other son were, I found them all injured and bloody," Shah said from the side of a hospital bed where his wife and 4-year-old daughter were recovering.

President Hamid Karzai condemned the blast and said that "suicide attackers come from outside Afghanistan and target the most devoted and the poorest Muslim people of the world."

Insurgents have stepped up roadside and suicide bombings across Afghanistan over the past several months. Earlier this month, a suicide car bomber rammed a U.S. military convoy in Kabul, killing 16 people, including two American soldiers, and a suicide bomber killed 18 people outside the Helmand provincial governor's compound in the town of Lashkar Gah on Tuesday.

American Imprisoned For Private Jail Set Free (WT/AP)

By Jason Straziuso

The Washington Times/AP, October 1, 2006

KABUL, Afghanistan -- An American was released from an Afghan prison and flown out of the country yesterday after serving more than two years for running a private prison as part of a freelance hunt for terrorists, officials said.

Court documents filed Friday in Washington show that U.S. officials planned to secure Brent Bennett a passport and a ticket out of the country, and an Associated Press reporter saw a man identified as Bennett board a plane for Dubai late yesterday.

It was not clear if Bennett, 29, was free or in the custody of U.S. officials. He was held in a private room at the airport and journalists were prevented from talking to him.

Bennett, former U.S. soldier Jack Keith Idema and Edward Caraballo were arrested in July 2004 and convicted of running a private prison in Kabul after Afghan security forces raided a house and discovered eight Afghan men who said they had been abused.

Idema told The Washington Times by phone from his prison cell Thursday that Bennett had been kidnapped from prison by Afghan soldiers and would not survive the night.

Abdul Qayum, the commander of the Policharki prison where Bennett had been jailed, told the Associated Press the American was in good spirits when he left yesterday.

An Afghan airport official showed an AP reporter a copy of the passport of the man boarding the plane in the name of Brent L. Bennett. The official asked not to be named because of the sensitivity of the issue.

No U.S. officials in Afghanistan would comment on Bennett's case, and an American lawyer filing paperwork on his behalf said he didn't know if Bennett was free or in U.S. custody. When Bennett boarded the plane he was not wearing any restraints.

A spokesman for the U.S. Embassy declined to comment on the case yesterday.

Caraballo, who has said he is a video journalist, was released in April.

In a separate development, a suicide bomber blew himself up in a busy pedestrian alley next to Afghanistan's Interior Ministry yesterday, killing at least 12 persons and wounding dozens, officials said.

The blast was the second major suicide attack in Kabul in September, underscoring the rising danger in the once-calm capital as militants step up attacks across the country.

Afghanistan Mulls Herbicide In Drug War (AP)

By Jim Krane

AP, October 1, 2006

With profits from this spring's record opium crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide.

Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes.

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But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop.

"This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it," said Lt. Gen. Mohammed Daoud Daoud on the sidelines of an anti-poppy gathering in Jalalabad, the ancient and verdant capital of Nangahar province, once the heart of Afghanistan's poppy belt.

This year Nangahar was a success. Poppy cultivation stayed low amid a boom that saw Afghanistan produce 82 percent of the world's opium, providing for 90 percent of its heroin, according to U.S. and United Nations figures.

Opium eradication is one of the great failures of the five-year period since the U.S.-led invasion in 2001. In 2000, under the Islamist Taliban government, Afghanistan produced virtually no opium.

Planting has skyrocketed since then, jumping 59 percent this year, enough to produce 6,700 tons of opium that fetched around $750 million for Afghan farmers and eventually sold for $50 billion on the street, mainly in Europe, according to a U.N. report.

Opium poppies have become Afghanistan's chief crop and economic mainstay even as Washington and Britain have pumped hundreds of millions of dollars into eradication schemes and complex efforts to create markets for legal crops.

In the meantime, drug money nourishes the insurgency. In the opium-rich southern provinces of Helmand and Kandahar, Taliban commanders protect growers in return for a 30 to 40 percent tax, which is spent to recruit fighters, experts in the region say.

Retired U.S. Gen. Barry McCaffrey, the Clinton administration drug czar, said crop dusters may be the only way to preserve Washington's project in Afghanistan, before drug profits undermine the country's elected government.

"We know exactly where these fields are. They're absolutely vulnerable to eradication. And it is immeasurably more effective to do it with an airplane," McCaffrey said by telephone from Virginia. "I've been telling the Pentagon, if you don't take on drug production you're going to get run out of Afghanistan."

But in Helmand, home to 42 percent of this year's crop, Daoud said it remains too dangerous to spray. A former mujahedeen commander, Daoud said the Taliban can down low-flying planes.

"They have rockets," the bearded general said, fingering a string of prayer beads. "We can't spray there."

U.S. and U.N. experts here say eradicating the drug from this Texas-sized country will take decades.

Inside Afghanistan, with just 150,000 opium users among its 30 million people, poppy eradication is seen as an outside issue. Two speakers at the counternarcotics conference here said it was more urgent to stop people drinking wine.

"We want all drugs banned. Not only poppy," said provincial council chief Fazal Hadi Muslim Yar.

If Karzai approves herbicide, he risks losing the support of 3 million people involved in poppy growing. But without eradication, he could see his government undermined by drug-funded insurgents.

Karzai has said in the past that herbicides pose too big a risk for families and livestock, contaminating water and killing grapes, melons and vegetables grown alongside poppies. But the president approved Afghan eradication teams that used tractors to eliminate thousands of acres of poppies this year.

"Anywhere we eradicate a field, we must immediately provide the farmer with an alternative livelihood," Karzai spokesman Khaleeq Ahmad said on Saturday.

Aerial spraying is especially feared. Rumors have coursed through farm communities blaming sicknesses on secret poppy spraying, said Mohammed Nabi Hussaini, the head of Afghanistan's Poppy Eradication Program.

"There were diseases in children who ate apricots and parents said they saw helicopters nearby," Hussaini said. "But how long can we wait? The longer you wait the more it will get out of control."

McCaffrey said crop-dusting with common herbicides like Roundup was key in drug eradication programs that found success in Thailand and Peru.

Crop spraying is not the preferred option of the United Nations, but would be considered as part of a broad rural development program, U.N. spokesman Dan Norton said on Saturday.

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Tens of thousands of Afghan farmers are now making crop decisions, weighing options between poppies and Afghanistan's robust vegetables and melons.

For now, the government counternarcotics campaign is friendly. Afghan government officials held a tent rally at the former winter palace in Jalalabad. With 200 turbaned elders and clerics listening, Daoud urged them to snuff out the illicit trade before it turned Afghanistan into a narco-state.

"Addiction will destroy the young generation that is Afghanistan's future," Daoud told the crowd. "Once you're addicted you're a burden to your family."

Across Afghanistan, tougher action is coming. Counternarcotics officials warned local leaders that they will be fired if cultivation rises.

Finally, Kabul officials drove the message home using the twin pillars of God and honor. Assadullah Sajid, an imam in a starched white tunic and long beard, pointed forcefully at the elders and policemen, invoking the Quran and warning them not to disgrace Nangahar.

"Last year our governor was honored because we didn't cultivate," Sajid said sternly. "Let's keep that honor."

NATO To Lead U.S. Troops In Afghanistan (AP)

By Jim Krane

AP, October 1, 2006

NATO will take command of up to 12,000 U.S. troops and the territory they control in Afghanistan in "few days," a spokesman for the alliance said Sunday.

The planned expansion of the alliance's operation to the rest of the country will consolidate most military responsibilities under the command of top NATO leader, British Lt. Gen. David Richards.

The overall American force level in the country will remain unchanged, said Mark Laity, an alliance spokesman in Kabul.

Some 8,000 U.S. troops tracking al-Qaida terrorists or involved in aerial operations will remain under direct U.S. command, Laity said, but the U.S.-led coalition commanded by U.S. Lt. Gen. Karl Eikenberry will be phased out.

"In a few days, on a date yet to be declared, you will see the completion of the steady expansion of ISAF," the NATO-led International Security Assistance Force, Laity said.

The 12,000 U.S. troops in the regional command in eastern Afghanistan headed by U.S. Army Maj. Gen. Benjamin Freakley will fall under NATO command.

The move leaves Eikenberry's role in doubt. ISAF spokesman Maj. Luke Knittig said Eikenberry may remain in Afghanistan but under the auspices of the U.S. embassy.

"He won't be in our chain of command," Knittig said.

Eikenberry "may work with the U.S. ambassador. But no decision has been made," said Knittig, a U.S. Army officer with NATO.

The Afghanistan Triangle (NYT)

By David Rohde

The New York Times, October 1, 2006

SOMEWHERE along the Afghanistan-Pakistan border, the Taliban leadership and their Qaeda allies must be pleased.

When the leaders of Pakistan and Afghanistan visited the United States last week, they got into an ugly public spat over who was to blame for a Taliban resurgence that has killed hundreds of Afghans this year and shaken confidence in Afghanistan's new government.

There was Hamid Karzai of Afghanistan, accusing Pervez Musharraf of Pakistan of failing to crack down on the Taliban. Mr. Musharraf struck back, saying Mr. Karzai was behaving like "an ostrich" and ignoring problems in his own land. Finally, President Bush played host at an unusual White House dinner for the two, trying to soothe tensions and promote a united front against the Taliban.

"We've got a lot of challenges facing us," President Bush said as the two leaders stood silently at his side. "All of us must protect our countries, but at the same time, we all must work to make the world a more hopeful place."

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The two leaders' public feud increases already growing pressure on the Bush administration to deal with criticism of the American-led effort to stabilize Afghanistan, which until recent months was seen in bright contrast to the problems in Iraq. Members of Congress, former administration officials and experts argue that missteps by the United States and its allies squandered an early opportunity to bring order to Afghanistan so it could be more completely rebuilt. Stabilizing the country remains possible, they say, but it will now be far more difficult.

"I think the mission continues to be doable," said James Dobbins, a former Bush administration special envoy to Afghanistan. "But it's going to be a longer, harder, more expensive mission by virtue of the fact that we did not seize opportunities."

But what can be done?

The issue is not just a matter of American troop levels, Afghan officials and American experts say. Or of Afghan warlords, once so powerful. There are three critical problems today: the weakness of Afghan security forces, a rampant opium trade and allegations that Pakistani officials turn a blind eye to Taliban activity in their territory.

Those three problems are wrapped up with a fourth: a creeping skepticism among Afghans and Pakistanis about the seriousness of the American and NATO commitments to stay in Afghanistan. The more it looks as if the Americans will leave, the harder it is to gain villagers' cooperation against the Taliban. Farmers become less willing to give up their profitable opium crop. And — perhaps most important — Pakistanis anticipate the day when their old allies, the Taliban, can again be their proxies to counter Indian influence in Afghanistan.

American officials discount such dire scenarios. They say the American effort in Afghanistan has been and continues to be a success. The current violence, they contend, is the result of a move by NATO troops and an increasingly strong Afghan central government to extend their authority into remote areas that Taliban fighters and drug traffickers have used as havens. Taliban attacks are largely centered in the country's south, they say, and will be defeated.

"In recent months, the Taliban and other extremists have tried to regain control, mostly in the south of Afghanistan," Mr. Bush said Tuesday in a joint White House press conference with Mr. Karzai. "We've adjusted tactics and we're on the offense to meet the threat and to defeat the threat."

But several members of Congress and American experts on Afghanistan said the United States needs to make a grand gesture soon, like doubling American reconstruction assistance. Over the last year, they point out, the United States cut aid to Afghanistan by 30 percent and handed over security in southern Afghanistan to NATO troops.

"Something dramatic" is needed, said Barnett Rubin, a New York University professor and Afghanistan expert. "To convince people that we really mean it. That we're really committed." The country's police present one such opportunity, cited by Mr. Karzai himself. In a meeting with reporters and editors at The New York Times on Sept. 21, he said the failure to create a professional Afghan police force was a central mistake in the early post-Taliban period. He said police training still must expand.

"We would like to get much more support for the training of the police from the United States and our allies," he said. "Where we failed was to focus in time on having a police force."

In 2001, Afghanistan's 80,000 police officers were a poorly equipped hodgepodge of Soviet-trained officers, veterans of the anti-Soviet jihad and gunmen loyal to local warlords. Seventy percent were illiterate.

In 2002, the United States promised to train a new Afghan army and Germany promised to retrain the country's police. But German officials dispatched only 40 police trainers and focused on developing a core of 3,500 skilled commanders at a reopened police academy. Some foreign military units conducted short training courses outside Kabul. But the tens of thousands of officers outside Kabul received no systematic training until 2004, when the United States opened seven regional training centers.

Opium cultivation, now exploding, is another sore subject. Last month, the United Nations announced a record 6,100 metric ton crop, 50 percent higher than the 2005 yield. Afghanistan now produces 92 percent of the world's opium poppies, or raw heroin. And in some parts of southern Afghanistan, American officials say, drug traffickers have formed an alliance with the Taliban.

One advocate of a steeply increased anti-opium effort is Senator Charles Schumer, Democrat of New York, who offered an amendment this summer calling for $700 million in additional Defense Department funding for narcotics eradication in Afghanistan. The Republican-controlled Senate passed the measure. But when the bill reached a conference committee, the

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amount was cut to $116 million for all of Central Asia, according to Mr. Schumer."You cannot win one of these wars by just paying attention to the military side," the senator said Friday. "They don't seem to understand that." He also has called for an increase in reconstruction aid to Afghanistan.

Beyond those more familiar problems, though, there are lingering questions about Pakistan and the Taliban, made more pointed by a sense that the United States may eventually abandon Afghanistan, as it did after the Soviets were driven out in the 1980's.

Seth Jones, an Afghanistan analyst with the RAND Corporation, said the United States must revamp its approach to Pakistan even as it works to counter an increasingly successful Taliban propaganda campaign that portrays the United States as trying to eradicate Islam from Afghanistan.

Mr. Jones and other analysts said Pakistan allows the Taliban to continue to operate on its territory because it sees the group as a useful tool to counter the growing influence of its archrival, India, in Afghanistan. Pakistan supported the Taliban in the 1990's in its civil war against an Indian- , Russian- and Iranian-backed Northern Alliance. After the Taliban was driven out, it was that same Northern Alliance that took power in Kabul. Now, with the American commitment to Afghanistan being questioned, a version of that same proxy war is beginning to take shape again.

Analysts argue that stabilizing Afghanistan is still possible, but it would require a long-term American commitment to rebuilding the country. It would also require intensified American diplomacy in the region, they say.

Christine Fair, an analyst at the United States Institute of Peace, a government-funded Washington-based research institute, suggests that an American diplomatic drive to ease tensions between India and Pakistan could be a key to stabilizing Afghanistan as well. "What we need," she said "is a grand bargain. You have to take a regional picture."

But time is short.

There are indications that public support for a long-term American and NATO role in Afghanistan may be dropping in both the United States and Europe. Recent requests by NATO commanders that Germany and other countries eliminate restrictions on sending their troops to the country's volatile south have fallen on deaf ears. Countries have also been slow to respond to appeals for additional NATO troops in Afghanistan.

A CNN poll released last week showed increased skepticism among the American public as well. When asked, "Do you favor or oppose the U.S. war in Afghanistan?" 50 percent were in favor, and 48 percent were opposed.

That indicated a slide from the heady days in 2001 and 2002, just after the Northern Alliance had toppled the Taliban with the aid of a few American troops. Back then, 80 or 90 percent of Americans were supportive.

The Taliban strategy appears to be working.

Musharraf: An Accuracy Test (NYT)

By David Rohde

The New York Times, October 1, 2006

PRESIDENT PERVEZ MUSHARRAF of Pakistan was in Washington, New York, and on TV screens across the United States last week to promote his country's efforts to counter Al Qaeda, but that was not all. He was also promoting his new autobiography "In the Line of Fire: A Memoir."

Speaking at the Council on Foreign Relations in New York Tuesday, the general repeatedly made statements that his critics, and some experts, questioned. Here are some of his remarks as transcribed by the Federal News Service, with responses from United Nations, Pakistani and United States officials.

ECONOMIC GROWTH

"Today, our G.D.P. growth over the last four years is 7 percent. Our per capita income has more than doubled. Our G.D.P. has doubled."

Kaiser Bengali, a Pakistani economist, says doubling Pakistan's per capita income and G.D.P. would require a higher growth rate than 7 percent or more time than four years.

PAKISTAN'S TRIBAL AREAS

"Now, there is no change in the ground military situation — not one soldier has moved out. We are in position."

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Pakistani officials say that under a deal with tribal leaders, Pakistani forces have withdrawn to their barracks and tribal militias now patrol the border area, where American officials believe Taliban members cross into and out of Afghanistan.

WHO RULES AFGHANISTAN

"Fifty to 60 percent of Afghanistan is Pashtun. Tajik — total percentage of Tajiks — is 5 percent." A member of the audience states the percentage is higher. "So, O.K., this will be about 7 or 8 percent, 9 percent. O.K."

General Musharraf was making a case that ethnic Pashtuns, a group that has been the Taliban's base of support in the past, are under-represented in the Afghan government, and that ethnic Tajiks from the country's north — including Panjsheris from the Panjshir Valley — hold too many positions. Pakistan has generally supported Afghanistan's Pashtuns. India has generally supported its Tajiks and Panjsheris.

The State Department says Pashtuns make up from 38 to 44 percent of Afghanistan's population, and Tajiks make up 25 percent. Half of the government ministers, including President Hamid Karzai, are Pashtuns, say American experts.

AFGHAN SECURITY FORCES

"In the ministry of interior and intelligence — if 50 percent people are Panjsheri, how will the Pashtun, the 50 percent population of Afghanistan, be feeling about it?"

American officials have led the training of the army, intelligence service and police, and see ethnical balance. The army is 49 percent Pashtun, 21 percent Tajik, a 2005 Congressional report said.

Musharraf's Memoir (WP)

By Dan Eggen

The Washington Post, October 1, 2006

Pakistani President Pervez Musharraf has been hawking his memoir, "In the Line of Fire," from the White House to "The Daily Show." Several of the book's claims have already attracted wide notice, including details about nuclear technology obtained by North Korea and the assertion that then-Deputy Secretary of State Richard L. Armitage threatened to bomb Pakistan "back to the Stone Age" if it did not cooperate after the Sept. 11, 2001, attacks. But the book packs a few lesser bombshells as well. Here's a guide to some of Musharraf's more notable passages:

* * *

On the killing of Wall Street Journal reporter Daniel Pearl:

"Only after all the pieces had been put together did I realize that Omar Sheikh had panicked because the situation had spiraled out of his control. . . . The man who may have actually killed Pearl or at last participated in his butchery, we eventually discovered, was none other than Khalid Sheikh Mohammed, al Qaeda's number three." (p. 227-228)

Musharraf's remarks about the Pearl case have provided an unexpected boost to Sheik, a British militant who is awaiting execution in Pakistan. Sheik's lawyer now hopes to use the book to force a new hearing in the case.

* * *

On the whereabouts of Osama bin Laden:

"The fact that so many Saudis are in the Konar area [of Afghanistan] perhaps suggests that this is where Osama bin Laden has his hideout, but we cannot be sure. I have said, half-jokingly, that I hope he is not caught in Pakistan, by Pakistan's troops." (p. 221)

This claim amounts to a public slap at Afghan President Hamid Karzai -- who complains about Pakistani tolerance of militants along the border -- and U.S. intelligence officials, who have long thought that bin Laden is in Pakistan. The affront was made worse by timing: President Bush hosted Musharraf and Karzai last week at a joint dinner meant to improve relations between the two feuding leaders.

* * *

On reacting to pressure from the United States after 9/11:

"This was a shockingly barefaced threat, but it was obvious that the United States decided to hit back, and hit back hard. . . . I war-gamed the United States as an adversary. . . . [I]f we do not join them, can we confront them and withstand the onslaught? The answer was no, we could not. . . . " (p. 201)

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Armitage has denied making the "Stone Age" threat, and Musharraf's characterization of himself as defender of Pakistani prerogatives could be aimed at domestic politics.

* * *

On Pakistan's role in capturing al-Qaeda militants:

"We have captured 689 and handed over 369 to the United States. We have earned bounties totaling millions of dollars. Those who habitually accuse us of 'not doing enough' in the war on terror should simply ask the CIA how much prize money it has paid to the government of Pakistan." (p. 237)

U.S. officials immediately expressed ignorance about this claim, in part because the Justice Department's rewards program for information on terrorism suspects is supposed to dole out money to individuals, not governments.

* * *

On the 1999 military clash with Indian forces in the Kargil district of Kashmir:

"The Indians actually ran short of coffins, owing to an unexpectedly high number of casualties. . . . Our army, outnumbered and outgunned, fought this conflict with great valor. The number of Indian casualties proves the fighting prowess and professionalism of the officers and men of the Pakistan army." (p. 98)

Musharraf's boastful characterization of Pakistan's battle with India has once again roiled relations between the two neighboring nuclear states. The Kargil conflict, widely viewed as a disaster, set the stage for the coup that resulted in Musharraf's rise to power.

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Dan Eggen covers the Justice Department for The Washington Post.

Iraq And Our Military Crisis (DMN)

The Dallas Morning News, October 1, 2006

America has tough rebuilding process ahead

The U.S. military hasn't failed in Iraq. It accomplished exactly what it was asked to do, which was overthrow Saddam Hussein. What its leadership didn't bargain for – and what our military isn't built for – is the messy aftermath. Simply, Washington has asked its military to do too much with too little.

With massive technological superiority, the U.S. remains the world's most capable fighting force. But our inability to crush sectarian violence and terrorist insurgencies in Iraq illustrates the limits of military might. After all, a close-quarters conflict is an environment in which an improvised explosive device is more effective than a Tomahawk missile.

This unconventional fight has deeply strained our nation's military core and resources. Congress and President Bush must confront the manpower crisis and the threat it poses to preparedness and national security. The core of this country's readiness – the men and women in uniform – must be restored as smartly and quickly as possible.

Postponing this major overhaul only kicks the problem down the road. Politicians in Washington must address this before the next war – for surely there will be one.

It's time to listen to military leaders like Army Gen. Peter J. Schoomaker, who recently held back a 2008 budget plan because he believes it didn't provide enough resources to perform its mission in Iraq and meet other worldwide commitments. That move probably did little for the general's career, but it is the dose of reality that Washington needs.

Unless things unexpectedly improve in Iraq, the Pentagon forecasts needed troop levels at about 144,000 through year's end. Any call for more troops ignores the obvious. We have gotten ourselves into such a bind that we can't send more without compromising vital military readiness elsewhere.

The Army has provided about 102,000 of the U.S. troops in Iraq and 16,000 of the 21,000 troops in Afghanistan. Many of these soldiers face second and third deployments. Two brigades recently had their scheduled departure dates from Iraq delayed.

The Army National Guard and Reserves face the same manpower and overdeployment issues. Additionally, equipment needed to train yet-to-be-deployed reserve units is being used – and destroyed – in Iraq, which exacerbates the training and readiness gap at home.

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Some analysts contend that the Army needs to add as many as 100,000 troops to its 505,000 active-duty force to meet current commitments and future threats. For an all-volunteer force, that is a decade-long effort – not a fix for the immediate crisis in Iraq.

As this war drains resources at a troubling rate, we now have an even tougher rebuilding program ahead, one that will demand serious sacrifice by government and the people.

The elements of that sacrifice – whether a tax increase, a draft or some other drastic measure – are unpalatable topics headed into an election.

But we can't ignore them. Whatever problems the military faces today, we only compound them by dithering before the next big crisis. We must rebuild now.

The Humanitarian War Myth (WP)

By Eric A. Posner

The Washington Post, October 1, 2006

More than 40,000 Iraqi civilians have been killed since the American-led invasion of Iraq in 2003, and the rate at which civilians die has been increasing in recent months. Many thousands of innocent Iraqis have been detained, and some have been abused by American troops. Many others have been tortured or killed by Iraqi police. Basic services have been lacking in large portions of the country for three years. Civil war looms, conjuring memories of the 16-year Lebanese civil war, during which more than 100,000 people were killed out of a population of fewer than 4 million.

Yet, if the United Nations were to have its way, the Iraqi debacle would be just the first in a series of such wars -- the effect of a well-meaning but ill-considered effort to make humanitarian intervention obligatory as a matter of international law. Today Iraq, tomorrow Darfur.

Civilians suffer in all wars, but the suffering of Iraqi civilians in this war is particularly unfortunate because one of the main justifications for the war was humanitarian: to rescue suffering Iraqis from a tyrant. There were other justifications, of course, including the related but distinct idea that bringing democracy to Iraq would enhance America's long-term security. But the humanitarian justification was embraced by many who rejected the other justifications, including liberal elites as well as some conservatives, and it helped mobilize public opinion behind the war. Events have served the humanitarian justification poorly.

The idea that war can have a humanitarian as well as a national security justification has a long pedigree and surface plausibility. Some of the worst atrocities of the 20th century occurred in weak states whose governments could not have resisted a foreign military invasion. The genocide in Rwanda, which killed more than 800,000 people in a few months, was eventually halted by a force of Tutsi rebels; surely a Western army could have stopped it sooner. If nations can intervene at little cost to themselves because the target nations are weak and by doing so they prevent massive human suffering, then surely they should do so. The logic seems compelling.

But logic is no substitute for experience, and experience shows that humanitarian war is an oxymoron. The first blow to the idea was the failed intervention in Somalia in 1993. U.S. forces sent to maintain the peace while aid was distributed to millions of starving civilians were withdrawn after just 18 U.S. soldiers died. Policymakers drew the lesson that the American public will not tolerate casualties in a humanitarian war that has no clear national security justification. This lesson guided President Bill Clinton's refusal to authorize military intervention during the Rwandan genocide and his decision to limit U.S. military intervention in Kosovo in 1999 to high-altitude bombing, which ensured that no American pilots were killed -- at the expense of civilians on whose heads errant bombs fell. The Kosovo intervention, although regarded as a success in some quarters, has cost billions of dollars, required a seven-year occupation and could turn out to be a slow-motion version of Iraq.

The Iraq war itself has dealt the second blow. The problem with humanitarian intervention is not only that the costs are usually too high, but it turns out that the benefits usually are low. There are just too many risks and imponderables when war is used to prevent atrocities rather than to defeat an enemy. Military weapons inevitably kill civilians, and smart tyrants foil smart bombs by using their own civilians as shields. Dictators understand that a war premised on humanitarianism fails if they can make the invader kill their citizens. Removing the dictator risks civil war, which is almost always worse than the original abuses.

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Replacing him with another dictator only puts off the atrocities until another day. Long-term occupation breeds hostility, then insurgency and violence. In comparison with this, the original ruler might not seem so bad after all.

Saddam Hussein was an especially bad tyrant, and Iraqi civilian casualties attributable to the U.S. intervention do not yet equal what he was able to accomplish, albeit over a longer period. The Kurds and many Shiites are better off. And many Iraqis continue to think that the war was worth it, according to polls.

But polls do not reveal the opinions of dead Iraqis. The humanitarian effect of the war has been at best ambiguous against the baseline of the containment period that preceded it, and if current trends continue, the overall effect will be that of a humanitarian disaster.

Many people blame the humanitarian costs of the war in Iraq on the Bush administration's execution of it. This view is a psychological crutch that allows defenders of humanitarian intervention to keep the ideal alive for the next, presumably competent, administration of a President Hillary Clinton or John McCain. But complaints about this war are not noticeably different from complaints about earlier wars, where small mistakes (identifiable as such with the benefit of hindsight) resulted in enormous harm.

The Iraq war, consistent with experience, suggests that humanitarian wars will rarely yield humanitarian results. Why, then, is there a so-called "responsibility to protect" movement to make humanitarian intervention obligatory as a matter of international law? And why was this idea endorsed by the United Nations during its millennium summit?

The best humanitarians of our day recognize that we face a painful dilemma: to tolerate atrocities in foreign states or to risk committing worse atrocities in the course of ending them. From Rwanda, many people drew the lesson that failure to intervene is the worse option. The Iraq war may be the first step in unlearning this lesson. If not, an intervention in Darfur surely will be.

The writer is a professor of law at the University of Chicago and co-author of "The Limits of International Law."

ARROGANCE AND IGNORANCE (SFC)

By Todd Oppenheimer

San Francisco Chronicle, October 1, 2006

Three authors make the case that time and again, the U.S. has made disastrous mistakes in Iraq

During an army briefing in late 2003, as the opposition movement, and bloody battles, were mounting in Iraq, a lieutenant colonel presented his boss, a tough colonel, with a question: "Sir, what is the battlespace?" The colonel, reports Thomas Ricks in Fiasco: The American Military Adventure in Iraq, said it is the enemy, wherever you are fighting it. "Sir, wrong answer," the lieutenant dared to reply. "In counterinsurgency, the battlespace isn't physical, it's psychological. The battle is for the people."

To Ricks, the senior Pentagon correspondent for the Washington Post and winner of a Pulitzer Prize, and to the dozens of military historians, counterinsurgency experts and veteran commanders he quotes, this lieutenant was explaining the ABCs of counterinsurgency strategy. "The objective," he writes, "is first to gain control of the population, and then win their support." Why a lowly lieutenant colonel would have to lecture his commander on such fundamentals is at the core of three different but interrelated new books on the United States' series of campaigns in Iraq.

Individually, each of these books -- "Fiasco" (The Penguin Press; 482 pages; $27.95), Imperial Life in the Emerald City: Inside Iraq's Green Zone (Knopf; 320 pages; $25.95) and The End of Iraq: How American Incompetence Created a War Without End (Simon & Schuster; 260 pages; $26) -- has its shortcomings. But those misses are dwarfed by the weight of persuasive material each author has found, and by the elegance of their presentations. Taken together, their evidence makes a staggering case against President Bush and his staff. Their argument, in sum, is that the administration staged a war with a grateful, homogeneous country in mind rather than the proud, deeply sectarian culture it confronted; that it failed to plan for any contingency or any stabilizing follow-up beyond achieving quick success in toppling Saddam Hussein; that its officials in Iraq lived and behaved in a thoughtless, corrupt, imperious manner; that this wasted billions of dollars and alienated the Iraqis, thereby encouraging the insurgency. And, as things further unraveled, that it misinterpreted, and thus mishandled, one crisis after another.

How could prominent federal officials stumble so badly? A primary reason, according to these writers, is disturbingly simple: For those in charge of the Iraq campaign, neither knowledge of the Middle East nor expertise at one's job was a priority.

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What mattered most was political commitment to Republican ideology, especially faith in the appeal of capitalism, preferably of the nouveau, top-down, supply-side variety. Critiques of this sort can sound ridiculous, like ill-informed whining from out-of-power liberals. That is not the case this time. Each of these books goes to extraordinary lengths to document the way key moments were poisoned, again and again, by amateur, often young ideologues who were playing Monopoly with one of the most volatile regions in the world.

Consider this from "Imperial Life in the Emerald City" by Rajiv Chandrasekaran, an editor at the Washington Post and formerly its Baghdad bureau chief. When new staffers were needed in Baghdad (and they were needed constantly), job applications were sent to James O'Beirne, the White House liaison at the Pentagon. O'Beirne considered one young man "an ideal candidate" primarily because he had worked for the Republican Party in the 2000 Florida recount. Two people said O'Beirne's staffers asked applicants if they supported Roe vs. Wade and had voted for Bush. A former staffer who worked near O'Beirne "saw senior civil servants from agencies like Treasury, Energy ... and Commerce denied positions in Baghdad that were instead handed to prominent Republican National Committee contributors." The job of reforming the Iraqi stock exchange -- a critical piece of the administration's privatization program -- was given to Jay Hallen, a 24-year-old political operative who had no business experience; he soon fired his sole assistant, a 39-year-old family man who had worked in insurance and financial services, been a private investigator and spent six years in the Navy.

The president's team especially liked swaggering tough guys, believing that people of this ilk get things done. Often they did, but at a cost. One example was Bernard Kerik, who achieved fame as New York City's Rambo-like police commissioner during the 9/11 terrorist attacks. Kerik was appointed chief training adviser for the Iraqi police force, which had been almost entirely scattered after the war by looters and insurgents, both of whom had more powerful weapons than police officers did. Rather than bother with formal training programs, or pesky meetings where he could be briefed by people who knew the lay of the land, Kerik, an accomplished publicity hound, started staging nighttime raids.

The raids produced a stream of glowing news stories, but they also endangered innocent Iraqis and American soldiers, who sometimes fired on the raiders thinking they were insurgents. It was all great fun for Kerik, who abruptly resigned three months into the job. ("I was in my own world," he told Chandrasekaran. "I did my own thing.") Incidents like this became so consistent that British occupation officials -- presumably informed by their own history of imperialism in Iraq -- posted a sign in their compound saying, "YEE-HAW IS NOT A FOREIGN POLICY."

It is if you think the battle space is nothing but sand, weeds and people desperate for U.S.-style capitalism. An indication that President Bush's views were roughly that simple occurs in early 2003, just two months before he launched the invasion. That January, Bush met with three prominent Iraqi Americans. "As the three described what they thought would be the political situation after Saddam's fall, they talked about Sunnis and Shiites," reports Peter W. Galbraith in "The End of Iraq." "It became apparent to them that the president was unfamiliar with these terms. The three spent part of the meeting explaining that there are two major sects in Islam."

Although the ultimate blame for a campaign that fails at a cost of $5 billion a month obviously falls on the president, the finger in each of these books points repeatedly at a more direct target: Defense Secretary Donald Rumsfeld. Judging from these and other reporters' accounts, Rumsfeld has little patience for scholarly deliberation, and he seems allergic to the concept of planning. In Rumsfeld's view, wartime events are so hard to predict that lengthy strategy discussions are a waste of time. The consequences of this outlook fill much of Ricks' book. In one chapter after another, we see veteran commanders by turns stunned, confused, enraged and finally saddened, as they watch both Americans and Iraqis getting killed in conflicts that are far more chaotic and violent than they needed to be.

Rumsfeld's survival, despite these disasters, proves how expertly he has mastered the art of dodging responsibility. He even tried to avoid responsibility for Paul Bremer, the man he hired to head the Coalition Provisional Authority, and who left after a year under a cloud of disappointment. After one White House meeting, Ricks reports, where "there was a lot of 'grousing' about Bremer," Condoleezza Rice (then the national security adviser) reminded Rumsfeld that Bremer reported to him. " 'No, he doesn't,' Rumsfeld responded -- incorrectly -- [an] official recalled. 'He's been talking to the NSC [the National Security Council], he works for the NSC.' "

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After finishing these books, one is struck by how differently each one succeeds, and fails, both as a story and as an argument.

In the case of "Fiasco," we simultaneously have a tour de force and an incomplete work. Page for page, Ricks' reporting shows unparalleled diligence, fairness and knowledge of military affairs -- much of the reason, no doubt, that the book has gotten such well-deserved attention. One way Ricks' mastery of his subject comes through is in his approach to sourcing. Ricks uses two techniques that other nonfiction writers -- journalist and scholar alike -- would do well to copy.

First, his every assertion is backed up by a web of confirming material from experts or authoritative documents, often both. Second, when he quotes people, he tells you who they are. A random example: "I don't think you can understand [the 2003 invasion of Iraq] without understanding the end of the 1991 war, especially the distrust of Americans' that resulted, said Army Reserve Maj. Michael Eisenstadt, an intelligence officer who in civilian life is an expert on Middle Eastern security issues." For a skeptical reader, nothing is more satisfying.

For all of Ricks' knowledge, however, he remains strangely blind to the larger implications of his material. One of his main arguments is that the Iraq campaign failed because the military lacked a coordinated strategy, which should have been formed at the top (by Bush and/or Rumsfeld) and sent down through the chain of command to be transformed into supporting tactics for soldiers in the field. Ricks certainly supports this claim. But he also presents scenes of some of the military's smartest commanders putting great effort into developing supposedly sound counterinsurgency strategies, which are soon foiled by Iraqi militants.

The prime example is the famous battle of Fallujah, in March 2004. The soldiers there were Marines, who, Ricks indicates, were generally more sensitive to Iraqis than the Army was. Fallujah was a well-known hotbed of opposition. So the Marines' commander, Maj. Gen. James Mattis, rigorously prepared his troops to execute a judicious, surgical strategy. No one, it seems, could have carried this off better than Mattis. He is restrained, highly respected and unusually well read on the history of warfare, including counterinsurgencies; Ricks calls him "one of the most intense intellectuals in the U.S. military." Pages later, Ricks describes how thoroughly Fallujah blew up in the Marines' faces. And he leaves it at that.

If strategy is paramount, and an unusually enlightened strategy fails, something bigger must be going on. From all appearances, plenty of strategies were tried. The problem is the administration never found one that worked. Could that mean that a military campaign in Iraq was doomed to fail, regardless of the approach taken? Strangely, Ricks never ponders this contradiction.

It's possible that, like many diligent researchers, Ricks may have simply gotten lost in the sheer abundance of his material -- an excess, unfortunately, that is too often dumped on the reader. Midway through "Fiasco," one begins to notice a redundancy in his scenes, and a creeping sense that, for all the riveting details, he won't get much beyond his basic critique. I particularly longed for a thorough conversation with Rumsfeld. Not only is this yet another moment of accountability that Rumsfeld escapes, there is also no indication that Ricks, or any of these authors, even pursued an interview.

Still, Ricks' best arguments are solid, and groundbreaking. He shows how American officials unwittingly recruited, financed and armed Iraqi insurgents. Blame for these moves, well explained by all three authors, points directly at Bremer. In his effort to rid the government of Saddam loyalists, Bremer ordered a purge. Unfortunately, his directives, which were never cleared in Washington, went too far, suddenly putting more than three-quarters of a million Iraqis out of work. (Many of these people were innocent civilians who belonged to Saddam's party simply to avoid prosecution.) This not only broke the economy -- indeed, the entire society -- it also produced hordes of angry Iraqis, who now saw great opportunities in the insurgency.

In his final chapter, Ricks sheds valuable new light on how the Iraq war has hurt U.S. prestige and credibility, and empowered our opponents. He then lays out four scenarios, from best case to a chilling worst case, of our future in the Middle East. Even the best case "means staying in Iraq for years," Ricks writes. Its closest analogy is the American war in the Philippines, which ran from 1899 to 1946, and which started as a similarly naive conventional campaign, turned into a messy guerrilla war, and eventually transformed into a peaceful, even friendly, long-term effort at containment. Two worse possibilities are repeats of France's humiliation in Algeria in the 1950s and 1960s, or Israel's in Lebanon, where the invader wins the battle but sorely loses the global PR war. Those scenarios may allow for an early, face-saving pullout, in Ricks' view, but they're likely to leave a civil and

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perhaps regional war and unsecured oil fields at the center of these disputes. This could prompt yet another U.S. invasion of Iraq, and maybe of its neighbors, too.

The final, "nightmare" scenario involves a new Iraqi strongman, an outcome that a 2005 poll says three-fourths of Iraqis want. That strongman, Ricks writes, is likely to be an Islamic purist who could unify the Arab world against the West. Propelled by both popular support and oil revenues, this leader might well restart some weapons programs. In such a scenario, Ricks writes, "the West would have to consider a war of preemption -- but this time its soldiers might really face nuclear, biological, or chemical weapons."

For his part, Chandrasekaran hardly misses a trick. His main subject is the dysfunctional culture inside the Green Zone, the lavish palace compound that used to be Saddam's and that, ironically, became the walled-off command center for Iraq's new occupiers. This narrower target allows for more focused inquiries, which Chandrasekaran milks abundantly. Seemingly every time some odd screw-up or oversight occurs, Chandrasekaran follows it up, tracing it out into the field in Iraq, and back to its source in Washington. Each misstep is described fully, calmly, concisely, with plenty of drama when necessary. In fact, when incidents come up in all three books, Chandrasekaran is sometimes the one who explores them with the greatest nuance.

Unfortunately, his book's virtues also lead to its demerits. He has no grand, novel argument, and no significant vision for the future. But he doesn't pretend to. He delivers exactly what he promises.

Which leaves us with Peter W. Galbraith, who, despite having the shortest book ("The End of Iraq"), attempts the most ambitious argument of the three. Galbraith is the son of the economist John Kenneth Galbraith. He's also a former U.S. ambassador to Croatia and a former staffer on the U.S. Senate Foreign Relations Committee, for which he traveled in Iraq working in support of the Kurds. Such extensive experience laces Galbraith's story with compelling scenes. (In one incident he even goes undercover, dressing as a local.) His background also emboldens Galbraith to speak in stronger terms. An example is one of his chapter titles -- "Arrogance and Ignorance" -- three words that may be the most concise explanation yet for the whole American story in Iraq.

Galbraith's finale is his argument for how Iraq should be remade. He calls this "the three-state solution" -- that is, three quasi-independent regions for Iraq's three warring sects, the Sunnis, the Shiites and the Kurds. Galbraith's idea has already gotten some traction in Congress, primarily with Sen. Joe Biden, D-Del.. And, upon reading through his accounts of the gruesome, relentless persecution that the Kurds have endured ("After all that I heard and saw," he writes, "I was convinced the Kurds would never voluntarily agree to be part of Iraq again."), it is tempting to side with him. The problem is that Galbraith's vision dumps him into the strategic quagmire that now surrounds Iraq.

Even a casual reading of Middle East history demonstrates that Iraq's political landscape has long been complex, and its internal alliances and demographics ever-changing. Even on fundamentals of Iraq history -- and the new Iraq constitution that Galbraith helped draft -- other Mideast experts have very different takes. (See, for example, 2005's "Understanding Iraq," by veteran Harvard historian William Polk, and the writings of University of Oxford historian Reidar Visser, especially 2006's "Basra, the Failed Gulf State: Separatism and Nationalism in Southern Iraq.") Iraq's future, as Galbraith at times argues, is probably best left to the Iraqis.

Curiously, a missing ingredient in Galbraith's book, and in the two others as well, is any serious look at the region's glorious but eternally troubled history. We get close a few times, once in a delicious conversation, reported by Galbraith, between an Iraqi and an occupation official:

" 'You must have thoroughly studied the history of the British occupation of Iraq,' the Iraqi said to the self-confident American.

" 'Yes, I did,' the latter replied.

" 'I thought so,' said the Iraqi, 'because you seem determined to repeat every one of their mistakes.' "

Actually, the administration has been more thorough than that. A little further reading of history, in combination with these three books, shows that the Bush administration has repeated mistakes made in Vietnam as well.

Todd Oppenheimer is a winner of the National Magazine Award and author of "The Flickering Mind: Saving Education From the False Promise of Technology."

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CRIMINAL JUSTICE: Federal Prosecutor Admits Passion For Corruption Cases May Not Translate Into Shift In Political Culture (NIT)

By Joe Carlson

Northwest Indiana Times, October 1, 2006

After five years, Van Bokkelen says corruption indictments still major priority

With a mission to fight political corruption, Joe Van Bokkelen knew he had a major job on his hands in becoming the top federal prosecutor in a district that included Lake County.

Sure, Van Bokkelen and his prosecutors in the U.S. attorney's office have sent hundreds of drug dealers and gang thugs to prison -- particularly felons carrying firearms in defiance of strong federal anti-gun laws.

But when he came to office five years ago this month, Van Bokkelen carried a bias toward fighting public corruption.

In a wide-ranging interview last week, he said he's proud of the work accomplished under his watch. Those jailed include a former U.S. congresswoman (Katie Hall), a former state party chairman (Peter Manous), a former town judge (Deborah Riga), and more than 30 county, city and township employees.

"For the life of me, I don't understand why public officials think they're entitled to more money than the statute says," he said. "You shouldn't become a public servant to get rich. I have no tolerance for people who think they're entitled to more."

But some observers question the long-term impact of his work. Can one watchdog office change a political culture? Even Van Bokkelen acknowledged disappointment that his prosecutors' efforts don't seem to have changed the expectations voters have for their public servants.

U.S. Sen. Dick Lugar, who nominated Van Bokkelen to the office five years ago, had only praise for Van Bokkelen's "extraordinarily aggressive" efforts at fighting public corruption.

"His remarkable anticorruption and law enforcement efforts have been impressive and are appreciated locally as well as by the U.S. Justice Department and the White House," Lugar said in a written statement.

County Republican Party Chairman John Curley and Democratic Chairman Rudy Clay said Van Bokkelen had put the fear of God into certain political figures across the county.

"I think corruption in Lake County has diminished because of Joe Van Bokkelen," Clay said. "It's obvious that if your hand is caught in the cookie jar, you're going to suffer the penalties."

Scott King had a less sanguine view.

King has worked with Van Bokkelen in various roles since the 1970s, most recently as mayor of Gary, a city where federal prosecutors have spent considerable energies over the years.

King said public officials inclined to do wrong may not make their decisions based on what prosecutor happens to be in office at the time.

"I don't think good government gets made by outside investigative forces," King said. "It doesn't hurt, but that doesn't make it."

Van Bokkelen described a view that was closer to King's than Clay's.

He admitted disappointment that his focus on public corruption and the number of public officials his prosecutors have sent to jail have not created more desire to shake up the status quo in Lake County politics.

"People complain about government, but you tend to get the government you vote for," he said. "If at the end of the day you have to look to this office to get rid of those people, you've got problems. It has to start with the voters."

That doesn't mean Van Bokkelen, a Republican, wants to discourage voters from their long history of Democratic dominance. Voters can also voice their dissent in primary elections, but they haven't, he said.

"Lake County, as an electorate, seems satisfied with the status quo. They seem happy to let this office and (County Prosecutor) Bernie Carter's office take care of the people who get too far out of line," Van Bokkelen said.

Regardless of long-range impact, Van Bokkelen said he will not serve under another president, meaning he will retire by 2008 at the latest. He says he already knows when he will step down, but would not discuss it further.

In response to the requisite media inquiry about whether the near future holds more public corruption indictments, he put up a foot on his coffee table and replied in the affirmative.

"I think it's been a reasonably busy summer, and it's going to be a busy fall. I don't think I'll be wrong about that," he said. "We're going to be vigilant. ... And if anyone thinks we're not going to prosecute because we're stretched to the limit, they've got another thing coming."

CORPORATE SCANDALS:

Silicon Valley A 'Hotbed' For Spying (CCT)

By K. Oanh Ha

The Contra Costa Times, October 1, 2006

One day last June, FBI agents swooped into two affluent Silicon Valley homes and arrested two engineers. Lan Lee and Yuefei Ge stand accused of stealing proprietary chip designs and software from their employer, NetLogic Microsystems of Mountain View and Taiwan Semiconductor Manufacturing Co. in San Jose.

Now investigators are asking the Justice Department to charge Lee, an American citizen, and Ge, a Chinese national, with a more serious crime: economic espionage to benefit China.

The case highlights China's role as the main adversary in a complex game of 21st century espionage where many agents aren't trained spies in trench coats but businessmen, students and researchers. Silicon Valley, counterintelligence experts say, is ground zero.

"Silicon Valley is a hotbed" of economic espionage, said Don Przybyla, who heads a FBI counterintelligence unit in San Jose. The valley is home to many of the estimated 3,000 Chinese front companies nationwide set up to steal secrets and acquire technology, according to the FBI.

Lee and Ge allegedly set up a front company backed by a Beijing venture capital firm with links to China's military and planned to go into business with the Chinese government.

In a global economy where intellectual property has become a valuable currency, state-directed espionage increasingly targets technology and commercial trade secrets to advance a nation's military and economic strength.

The intertwining of the economies of America and China complicates the problem, experts say.

"America's being robbed blind. ... We simply don't want to believe it," said John Tkacik Jr., of the conservative think tank Heritage Foundation, who headed China intelligence analysis at the State Department in the early '90s.

Other countries -- including U.S. allies such as France and Israel -- also steal American secrets, but China tops the list, experts say.

China is "the No. 1 counterintelligence threat that the U.S. faces," said David Szady, who until this spring was assistant director of the FBI's counterintelligence division.

"If you look at where the Chinese are going to get a lot of the research and development, cutting edge technology, from nanotechnology to quantum physics to the next generation of missiles and planes -- that all points to Silicon Valley," he added.

To counter the growing problem, the FBI added the San Jose economic espionage and counterintelligence unit in September, said officials. The FBI also operates an economic espionage unit in Palo Alto.

"We see the same people and institutions in China popping up again and again," said Julie Salcido, who oversees a Commerce Department unit in San Jose that focuses on export violations of technology with potential military uses.

The culprits may be government-backed research institutions, state-owned enterprises or individual provincial governments.

China's central government runs a program linked to its military, dubbed 863, that invests in companies with innovative technologies and that the FBI suspects is involved in many economic espionage cases.

China has a "market-driven espionage effort. What they collect is what they need," said Paul Moore, who served as the FBI's top analyst on Chinese counterintelligence for 20 years.

Jianhua Li, a Chinese embassy spokesman in Washington, D.C., scoffed at the claim that China is the chief threat to U.S. trade secrets.

"That assessment is not true," he said in a telephone interview. "You don't have evidence that the Chinese government is sending people to the United States to do this."

Experts say Chinese espionage often involves tapping the hundreds of thousands of Chinese students and visiting business executives in the United States.

A modest number of Chinese nationals living in the U.S. and Americans of Chinese descent also are recruited to help acquire information or technology, experts say.

U.S. spy catchers have been accused of unfairly targeting ethnic Chinese. That charge arose in the case of Los Alamos nuclear weapons scientist Wen Ho Lee, a Taiwanese-born American citizen suspected of giving nuclear secrets to China.

He was released in 2000 after pleading guilty to a felony count of mishandling classified information.

Even in the aftermath of Lee, some Asian-Americans still complain of racial profiling.

Szady counters that the government isn't singling out Chinese-Americans -- the Chinese government is.

The FBI's Palo Alto office is investigating about a dozen economic espionage cases with suspected ties to China, said Przybyla.

Nationwide, the number of cases involving China is not available, but it has spiked more than 50 percent in the past few years, said Szady.

The economic espionage unit only investigates cases in which it suspects involvement by a foreign government, though perpetrators often are charged with the lesser crime of trade secret theft.

That's because proving government involvement is difficult, partly because money isn't always a visible ingredient of the plot, experts said.

"Typically, China doesn't directly pay people dollars for documents," said Moore. But he added that money or a business deal might be in the background.

The Chinese word for intelligence agent is "pengyou," or friend, added Moore, who is compiling a dictionary of Chinese spying.

Appealing to the sympathetic to help China modernize is China's "holy grail of motivation," Moore said.

In many espionage cases in which suspects were simply charged with the theft of trade secrets, investigators suspected the Chinese government was the intended beneficiary, said Ross Nadel, the U.S. attorney who until this year handled all of the economic espionage cases in the Northern District of California court.

The FBI has set up an outreach program for defense contractors and Silicon Valley companies, but agents say they often encounter resistance from victimized firms.

Many corporations don't want the exposure, particularly public firms that fear news of a lost trade secret might hurt stock prices, say investigators.

CRIMINAL LAW:

Pirro Receives Support At S.I. Rally (NSDY)

By Bryan Virasami, Newsday Staff Writer

Long Island Newsday, October 2, 2006

At a Staten Island rally, Jeanine Pirro got a warm welcome from her Republican colleagues who also slammed her opponent and vowed to stick with her through Election Day despite her recent bug planting scandal.

In a show of Republican unity, Pirro, the state GOP candidate for attorney general, was among friendly faces at the rally that included gubernatorial candidate John Faso and Rep. Vito Fossella of Staten Island.

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After the rally, Pirro made another defiant call for Attorney General Alberto Gonzales to appoint a special prosecutor to investigate the leak about her alleged plot to bug her husband's boat over suspicions he was having an affair.

Pirro said she wants a "fast track" probe of the leak to help clear her name so that she can focus on the campaign.

"We've seen it too often. You hear about smears in a political campaign and then all of a sudden at the end of the campaign it all goes away," Pirro said. "Not this time, not with this candidate and not here in New York any more."

At the rally, inside an office of Fossella's, a few dozen supporters showed up, including veterans and union leaders.

A man in the crowded office, appearing as if to counter the views of some critics, shouted words of encouragement to Pirro: "You're an extremely serious candidate, extremely serious. Don't drop out."

Faso issued the strongest words of support to Pirro and knocked her opponent in the race, Andrew Cuomo.

"If you put the credentials of our candidate for attorney general versus their candidate, you will find their candidate ... has a last name but he has no credentials," Faso said.

Some Republicans said Pirro can remain a strong candidate.

"I think she's handling it well," said former Republican mayoral candidate Thomas Ognibene of Queens. "It was no harm, no foul but the fact this information was released ... in the middle of the campaign is something we need to be concerned about."

Pirro later marched in the annual Staten Island Columbus Day Parade. Among the officials there were Mayor Michael Bloomberg and his girlfriend, Diana Taylor and City Council Speaker Christine Quinn.

Some women along the route were jumping to Pirro's defense yesterday.

"I like what she stands for and I don't like what they're doing to her, the other side," said Joyce Nolan, a doctor's receptionist from Staten Island, referring to Democrats. "I think they're giving her a raw deal because she's really good."

Pirro Plan A Conspiracy? (NSDY)

By Robert E. Kessler And Jennifer Sinco Kelleher, Newsday Staff Writers

Long Island Newsday, October 1, 2006

To federal prosecutors, it may not matter that attorney general candidate Jeanine Pirro and former New York City Police Commissioner Bernard Kerik did not fully act on discussions about planting a bug on her husband's boat to try to find out if he was having an extramarital affair. Regardless, the two still may have violated federal conspiracy laws, sources familiar with the investigation said Saturday.

One source noted that if someone plans and takes steps to carry out a bank robbery, one doesn't actually have to rob a bank to be charged with conspiracy.

But in an interview Saturday, Pirro's attorney, Paul Shechtman, scoffed at the entire investigation.

"As Gertrude Stein once said, 'There is no there there,'" Shechtman said. "Conspiring to put a recording device on marital property is not a federal crime."

Kerik's attorney, Joseph Tacopina, could not be immediately reached for comment.

It is not entirely clear under what circumstances one spouse can bug another or whether the site of the potential bugging -- in this case, the boat of Pirro's husband, Albert -- is a joint marital property, the sources said.

Pirro, a Republican who formerly served as Westchester district attorney, has admitted discussing the bugging plan, but has said she did so in anger over the possibility that her husband was cheating.

The sources also rejected Jeanine Pirro's suggestion that the investigation was politically motivated or a continuation of what she calls a vendetta against her and her husband by Elliott Jacobson, an assistant U.S. attorney.

Jacobson successfully prosecuted Albert Pirro for tax evasion, for which Pirro was sent to prison for 11 months, and is actively involved in the current investigations of Jeanine Pirro and Kerik. The sources acknowledged that the current investigations are centered in the U.S. attorney's branch office in White Plains, where Jacobson works.

But the sources noted that Michael Garcia, the U.S. attorney for the Southern District, was appointed by President George W. Bush and that he is not known for launching what might be considered controversial investigations.

Saturday afternoon, one of Jeanine Pirro's neighbors shouted at reporters in front of the candidate's sprawling Harrison home that the family should be left alone.

"I think they need privacy," barked Anthony Pergola from his red BMW, its engine idling. "What happens in her personal life shouldn't affect her winning the election."

Pirro herself voiced a similar message in a radio interview Saturday on WABC/770 AM, in which she said the FBI should focus on terrorism and other issues plaguing society -- not people's private lives.

"The private lives of everyone are really not relevant and shouldn't be a part of federal investigations," Pirro said. "Since when does the federal government have no work to do? We've got terrorism on the plate. We've got all kinds of major issues -- gangs, drugs. And they want to get involved in the married lives of couples? This isn't what law enforcement should be about. The FBI should have better things to do."

News reporters and photographers have been camped in front of the Pirros' home since Friday, when the photograph of Al Pirro's reputed mistress was plastered on the covers of newspapers and aired on television. Sources have confirmed that Jeanine Pirro suspected her husband was having an affair with Lisa Santangelo, who has long been a friend of the Pirros. She and her husband, attorney Michael Santangelo, live nearby. Michael Santangelo defended Al Pirro at his trial for tax evasion in 1999 and 2000, and negotiated deals for clients with Jeanine Pirro, then the Westchester district attorney.

In the radio interview Saturday, Pirro described the bugging plan as a kind of extension of her lawyerly instincts.

"I wanted to know if my suspicions were correct," she said. "I've always put evidence where my allegations are. I didn't want to be in a situation accusing someone without knowing."

Aside from the radio interview, Pirro kept a low profile Saturday. Through the morning and much of the afternoon, no one emerged from her home, where a large black poodle frolicked on the manicured lawn.

Today, Pirro is expected to attend a rally on Staten Island and later march in the Columbus Day parade there. After that, she is scheduled to make an appearance at a street festival in Brooklyn.

Staff writer John Riley contributed to this story.

Jurors Acquit Vigil On 23 Of 24 Counts (LAT/AP)

By Tim Korte, Associated Press Writer

The Los Angeles Times, October 1, 2006

ALBUQUERQUE — A former state treasurer was convicted Saturday of one count of attempted extortion and acquitted of 23 remaining counts of extortion and racketeering in his public corruption trial.

Robert Vigil's conviction for attempted extortion carries a possible prison sentence of up to 20 years, but the judge could sentence him to as little as 12 months.

Vigil sat motionless as the counts were read in court shortly after 1 p.m. His wife, Viola, and other relatives began to cry as U.S. District Judge James Browning read "not guilty" on the 23 counts.

When they first indicted Vigil last year, prosecutors alleged a web of public corruption in which Vigil gave business to investment advisers in exchange for kickbacks. Vigil resigned in October 2005, after the Legislature started impeachment proceedings.

The federal investigation -- code-named "Midas Touch" -- spanned two years and also led to the arrest of Michael Montoya, Vigil's predecessor. Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil.

The charges sent shock waves through state government and triggered a flurry of proposals to tighten oversight of the treasurer's office and its investment of nearly $5 billion in public money.

The jury began deliberations Friday, after a nearly four-week trial during which the defense called no witnesses.

Outside the courthouse, Vigil's lawyer Sam Bregman said of the single conviction: "That one count is where we feel we have our best legal basis to overturn it." Vigil did not take questions.

Assistant U.S. Attorney Jonathan Gerson said he was pleased the jury had found Vigil guilty on the one count. The attempted extortion count involved a former treasurer's office employee who claimed Vigil pressured him to hire the wife of a former treasurer as a subcontractor.

Vigil, a Democrat and former state auditor, was elected to a four-year term as treasurer in November 2002 and took office in 2003.

Jury foreman Bill Strouse said the panelists didn't believe government witnesses, including Montoya. "The acquittal doesn't mean Mr. Vigil was universally admired," he said. "It just means he wasn't guilty of a crime."

Because he was not convicted of racketeering, Vigil will not have to face proceedings to forfeit about $255,000 that the government had claimed was linked to kickbacks.

Vigil was allowed to remain free pending a sentencing hearing. A date for that hearing was not immediately set.

His first prosecution last spring ended in a mistrial May 22 when one juror held out for an acquittal.

Vigil Guilty In Corruption Case (KRQE-TV)

KRQE-TV, October 1, 2006

ALBUQUERQUE -- Former State Treasurer Robert Vigil faces up to 20 years in prison after being found guilty Saturday of one of the 24 racketeering and extortion charges filed against him.

The federal court jury acquitted Vigil of the other 24 counts convicting him of attempted extortion.

The verdict ending the four-week trial was reached after 1 1/2 days of deliberations. At 11:35 a.m. jurors sent U.S. District Judge James Browning a note indicating they were ready to share the verdict read in open court early this afternoon.

Vigil walked out arm in arm with his family today ending his second trial.

Jurors found him not guilty of demanding and accepting kickbacks while state treasurer despite what appeared to be compelling evidence against him including secret recordings and testimony from former colleagues who cooperated with the FBI and federal prosecutors.

Undercover video showed Vigil accepting thousands of dollars in cash from a man doing business with the state. However juror Michael Cisneros told KRQE News 13 the evidence didn't convince him Vigil demanded any payments but did suggest he had been set up.

Jurors agreed on the one extortion count because some things Vigil did couldn't be overlooked, he added.

"They convicted Mr. Vigil of the 24th charge, and they've adjudged him a felon," Assistant U. S. Attorney Jonathon Gerson said. "The jury found the government proved beyond a reasonable doubt Mr. Vigil committed extortion while in office."

The charge of attempted extortion centered on the testimony of George Everage, a former employee in the treasurer's office who resigned to pursue contract work.

Everage testified Vigil would not hire him for the independent contract position unless Everage hired the wife of former State Treasurer Michael Montoya, Vigil's predecessor.

Vigil's attorney Sam Bregman promised an appeal.

"He was found guilty on one count, and that count actually is where we feel we have our best legal basis to overturn that count," Bregman said. Right now Vigil and his family would like some time alone, his attorneys said.

A sentencing date for Vigil has not been set. He faces one to 20 years in prison for attempted extortion.

Vigil trial began Sept. 5 with testimony ending Thursday when the defense rested without calling any witnesses and relying instead on vigorous cross-examination of prosecution witnesses.

The defense used the same strategy in the first trial which ended in May with jurors saying they were hopelessly deadlocked 11-1 for conviction on some of the charges.

Joan Vennochi Column: Carnage On The Streets Falling On Deaf Ears (BOS)

By Joan Vennochi, Globe Columnist

The Boston Globe, October 1, 2006

ACROSS THE COUNTRY, violent crime is on the rise. Does anyone in Washington care?

No, complains a growing chorus of police chiefs and mayors.

``They're not home," says Boston's mayor, Thomas M. Menino, when asked about the federal response to pleas for assistance in fighting urban crime. ``Mayors are frustrated. They're on the frontlines, and no one's helping."

The global war on terrorism -- the one fought in Iraq, Afghanistan, and at home -- is now the Bush administration's priority. The other war on terror -- the one against street gangs and miscellaneous thugs across America -- is left to resource-deprived locals.

``The federal government has stepped back significantly from dealing with the issue of local crime," charges Los Angeles Police Chief William J. Bratton. ``This administration in Washington clearly feels that local crime is an issue for local towns and municipalities."

Bratton said he and other local law enforcement officials met last summer with US Attorney General Alberto R. Gonzales and ``expressed our frustration" with the lack of support from Washington. According to Bratton, Gonzales was not moved by their pleas: ``He told us the priorities of the federal government have to be focused on issues of terrorism, to prevent the cataclysmic casualties we saw clearly at the World Trade Center [during the Sept. 11, 2001 attack]. But the reality is, the 16,000 American citizens we are losing to gun violence and many thousands of others being shot, far surpasses anything launched by groups engaged in terrorism."

The FBI's latest statistics show that violent crime -- murder, robbery, and aggravated assault -- increased by 2.3 percent between 2004 and 2005. This is the largest one -year increase in 14 years, according to research done by the Police Executive Research Forum, a law enforcement policy center based in Washington.

A spike in homicides and robberies forced the police chief in Washington to declare a crime emergency over the summer. Overall, crime is down in New York City; but as The New York Times has reported, crime committed by young people, including murder, is rising.

Boston is confronting an increase in shootings -- 256 nonfatal shootings and 39 homicides with a firearm so far in 2006, versus 208 nonfatal shootings and 30 homicides with a firearm at the same time in 2005. This past week, shots were fired at a group of Charlestown High School students. Fortunately, no one was hurt in the brazen attack, which may be linked to a notorious street gang. Indeed, Boston police believe 65 percent of such shootings are gang-related.

``We are on the front end of a tipping point of a surge in violent crime," said Chuck Wexler, head of the Police Executive Research Forum.

In August, police chiefs and mayors gathered in Washington at a forum sponsored by Wexler's group to discuss the problem. The session led to follow-up conversations with top Justice Department officials, but as of yet, no funding commitments. During a recent press briefing, Deputy Attorney General Paul J. McNulty emphasized the decrease in property crime and downplayed more ominous trends.

As violence increases, the federal government is offering fewer resources specifically targeted to fight such crime . In the 1990s, local officials successfully lobbied the Clinton administration for help in fighting gang violence. In Bill Clinton's last budget cycle, $500 million in discretionary funding went straight to police departments across the country. The money put officers on the street and supported gang prevention programs. The Bush administration has since redirected funding from police departments to faith-based organizations; from community policing to homeland security; from discretionary funding to restricted.

In Boston, for example, the police department averaged about $6 million a year in discretionary funding from 1996 to 2002. From 2003 to 2005, the Boston Police Department averaged $3 million a year. So far in 2006, the BPD received a little over $2 million. Meanwhile, federal homeland security grants were specifically designated for port security and emergency training and equipment.

The willingness to ignore the latest crime statistics might also be explained by its flesh-and-blood victims. ``Males, blacks, and persons age 24 or younger continued to be victimized at higher rates than females, whites, and persons age 25 or older," concluded a National Crime Victimization Survey, released recently by the US Department of Justice.

The global war on terrorism is now a national priority, but it took the shock of 9/11 to make that happen.

What will it take to make the homegrown violence on America's streets of equal concern in the nation's capital?

Experiment Will Test The Effectiveness Of Post-Prison Employment Programs (NYT)

By Erik Eckholm

The New York Times, October 1, 2006

CHICAGO — As raw garbage streamed by on a conveyer belt, newly released convicts pulled out paper, plastics and other recyclables on a recent morning, throwing aside the occasional brick or mattress.

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Noisy, dusty and smelly, paying $6.50 an hour, the jobs yield neither the swagger nor the swag that these men and women chased as drug dealers, thieves or worse. But many of them see the temporary work as a fresh start.

The jobs are arranged by a Chicago charity, the Safer Foundation, which works with current and former prisoners. Offering transitional jobs like these — immediate, closely supervised work and help finding permanent employment — is a growing tactic in the effort to usher felons back to society and curb recidivism. Now the effectiveness of this approach is about to be tested scientifically for the first time.

Starting in January, the employment and recidivism rates of 2,000 newly released male prisoners, all with similar histories of little work and poor schooling, will be studied in Detroit, Milwaukee, St. Paul and Chicago.

Half of the men will receive more limited aid: instruction in work behavior, résumé preparation and other employment skills and help looking for a job. The other half will get those services and also a few months of temporary work in places like the recycling plant here — a chance for them to get into the unfamiliar rhythms of a regular job.

The experiment, which will track the two groups over three years, is being sponsored by the Joyce Foundation in Chicago and directed by the Manpower Development Research Corporation in New York, which specializes in scientific studies of poverty programs.

Separately, the research group is conducting a controlled study of the transitional jobs program at the Center for Employment Opportunities in New York, which provides maintenance crews for public facilities and has been a national model.

"If you ask inmates what they want most, they want a job," said Mindy Tarlow, executive director of the center in New York. "But they don't know what that means."

She added, "What we're competing with is making some money at night on a street corner instead of having to show up somewhere at 8 a.m. every day."

Despite the apparent promise of transitional jobs, questions remain about their long-term effectiveness that the study hopes to address.

Are those who last through these programs such a select group — so motivated to change — that they would succeed anyway, or can well-timed help turn others around, too?

Can work-site counseling, sobriety meetings and a strong dose of mainstream work overcome the criminal pull of old haunts and friends?

And more fundamentally: will people with low skills, even if they adapt to steady work, ever make wages high enough to support a family and stifle the temptation to return to crime?

Roberto Reyes, a 36-year-old high school dropout in Chicago who has served seven years on burglary, gun and drug charges, works the conveyer belt at a recycling plant that is run for the city by Allied Waste Services.

Mr. Reyes has labored at the plant for four months, the longest he has held a job. "The money here is not that much, but it's better than nothing," he said. "Sometimes you wake up and don't want to come to work, but I'm not going to leave this until I find another job. I knew I couldn't just keep going on with that lifestyle and see life pass me by."

Mr. Reyes's determination is evident, but the numbers and records of people in his situation are daunting.

In Chicago, more than 20,000 prisoners come home from state facilities each year. Fifty-four percent are re-incarcerated within three years for new crimes or parole violations — a tale of wasted lives and victimized communities that is repeated nationwide among more than 600,000 prisoners that are released annually.

While common sense, and prisoners themselves, say that employment is vital to an honest new life, the obstacles are huge. A majority of those leaving prison did not finish high school and have little legitimate work experience. Many have serious drug or psychological problems that must be treated before they can hold a regular job. And while transitional programs may acclimatize them to the time-clock world of the workplace, many are likely to remain stuck in low-end jobs anyway.

Those who work with prisoners say that enticing onetime thugs to give work a try is not always as hard as it sounds. "They tell us that what comes with the street life is looking over your shoulder all the time," said Diane Williams, president of the Safer Foundation. One key, she said, seems to be getting released prisoners into work quickly, when the desire to normalize their lives is strongest.

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Jimmy Parker, 24, was in and out of prison and hustling until six months ago when he decided, as he put it, "enough is enough."

"This job is rough, but I'm trying to change my life around," he said during a break at another recycling site run by Allied. "I've accomplished one thing — I got my own studio apartment — and someday I want to get custody of my daughter."

The Safer Foundation has eight employees who search for companies willing to hire former prisoners. Allied Waste's experience with such workers has been positive, said Robert Kalebich, general manager for the company in Chicago. Safer keeps a full-time "job coach" at each work site to advise workers and deal with disputes.

"If anything we see an advantage in this arrangement," Mr. Kalebich said. "If we hire off the street we have to wonder are they trained, are they here legally, are they properly drug tested."

Raphael Carter served drug time when he was 18, stayed out for nearly a decade, then found himself in prison again. "I woke up and said, I can't do this anymore, it's a dead end road," he recalled, adding that he now has two children, 13 and 6, who depend on him.

"You have to weigh the options, would you rather go back to jail or get a little increment of money and see your kids," said Mr. Carter, 30, who lives with his girlfriend and her four children. "Being older, I made the right choice."

He worked for six months at the recycling job, then found a chance in a nearby city driving a forklift for the attractive wage of $11.60 an hour. But his car broke down once too often during the hour and a half drive to work, he said, and he was let go.

Now he works for a company that erects large party tents, a seasonal job at $8.50 an hour, and he is consulting the Safer listings for a permanent job.

"By myself I wouldn't have had any of these opportunities," he said.

CIVIL RIGHTS:

Wisconsin A Gay Marriage Battleground (AP)

By David Crary

AP, October 1, 2006

When it comes to statewide votes on gay marriage, the score so far is 20-0 in favor of keeping it a one-man, one-woman institution.

If there's a chance to break the streak on Nov. 7, it might be in Wisconsin, where activists believe that support from unions, college students and church leaders — coupled with hoped-for conservative apathy — could enable them to finally overcome the string of losses.

Among the hopeful are Debbie Knepke and Candice Hackbarth, devoted partners for nine years, raising a 3-year-old daughter and 7-month-old son in pleasant Milwaukee neighborhood. They have joined some 8,000 other volunteers in a bid to defeat a proposed state constitutional amendment that would ban same-sex marriage and civil unions.

"It makes us mad that the Christian conservatives are so against us," said Knepke, 41. "If they came into our house, they'd find we're no different from anybody else. We're every single thing they consider good parents to be."

Eight states will vote on ban-gay-marriage amendments in November, following 20 that previously approved such measures. Passage is considered certain in Idaho, South Carolina, South Dakota and Tennessee, but gay-rights strategists believe their side is at least competitive in Arizona, Colorado, Virginia and Wisconsin.

Supporters of banning gay marriage remain confident of victory, but optimism also is high in the ranks of Fair Wisconsin, a coalition fighting the proposed amendment since it surfaced in the Legislature in 2004. Large labor unions, many religious leaders, and top Democratic officials — including Gov. Jim Doyle — have spoken out against the measure.

"This could be the state where we beat this thing," said Fair Wisconsin campaign chief Mike Tate. "I'm not saying it's easy, but we've got the right ingredients on the table."

Tate believes the gay marriage issue — which helped motivate conservative voters in 2004 — is no longer fueling the same urgency, possibly diminishing conservative turnout. One reason is recent court rulings in New York and Washington state against same-sex unions, leaving Massachusetts as the only state allowing gay marriage.

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The head of the rival campaign, Julaine Appling of Vote Yes For Marriage, said her side may wind up being outspent and out-advertised, but she believes Fair Wisconsin's confidence is misplaced.

"It's a gross misunderstanding of the people of Wisconsin," she said. "They are good solid stock. They understand that marriage is a good public institution — it's appropriate to protect it as the union of a man and a woman exclusively."

There have been no major opinion polls since mid-August, when a survey showed Appling's "Yes" side with 48 percent support, compared to 40 percent against the amendment. Tate says the gap is narrowing as undecided voters tilt against the measure; Appling believes the final result will be in line with Michigan and Ohio, where similar measures prevailed with roughly 60 percent support in 2004.

One of Appling's allies, Marquette University political scientist Christopher Wolfe, believes the amendment will pass, but perhaps narrowly.

"It's certainly a lot closer than the people favoring the amendment would like," said Wolfe, who observed that even at his Roman Catholic school many students oppose the ban.

Tate, at 27 a veteran of numerous campaigns, believes campuses statewide will provide vital support for his side. "This is a motivating issue for young people, whether they're gay or not," he said.

While Milwaukee and the state capital, Madison, tend to veer leftward, the rest of the state is generally more conservative. But opinions are deeply divided.

Among those opposing the amendment is Sue Werblow, 60, a longtime school board member in Oshkosh whose three children include a gay son now practicing law in Seattle.

"I would hope and pray people will stand up for nondiscrimination in our constitution, but it's anybody's guess," she said. Her son, observing from afar, "thinks we're going to lose this battle."

Kathleen Mentink, a college instructor in Eau Claire who favors the amendment, said most people in her area share her position, "but it's a quiet support." Some voters, she suggested, have been wary of revealing pro-amendment views for fear of being depicted as narrow-minded.

Debbie Knepke finds it hard to be dispassionate. Because the children she helps raise, Sienna and Nolan, were borne by Hackbarth, Knepke has no legal standing as a parent and fears passage of the amendment would dim her chances of ever gaining such recognition.

"It's the living in fear of what might happen," she said, fighting back tears. "I can't imagine, if something happened to Candy, that I would not have my children."

The campaign has divided Milwaukee's black community. U.S. Rep. Gwen Moore is among several black leaders opposing the amendment, while the "Yes" campaign has recruited a cadre of black pastors who are urging their congregations to support it.

Among them is the Rev. Walter Harvey, pastor of the 2,500-member Parklawn Assembly of God.

"Those who oppose the amendment are more aggressive in their advertising for a reason," he said. "The burden of proof is upon them — they have a longer hill to climb, more people to convince. They will ultimately lose."

Moore, a single mother, vehemently objects to the second sentence of the amendment, which would ban civil unions and other legal arrangements "substantially similar" to marriage.

She worries that such terminology could spawn litigation challenging all sorts of informal family relationships, including benefits her own children have received from their father.

Appling insists that domestic partnership benefits will not be barred as long as they don't parallel marriage rights.

But Moore contends the amendment betrays Wisconsin's politically progressive tradition.

"A constitution is a sacred document — we use them to confer rights on people, not to write in discrimination," she said. "It's completely the wrong vehicle for this kind of negative activity."

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On the Net:

http://www.voteyesformarriagewi.org/

http://www.fairwisconsin.com/

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Chaplain Prayer Provision Stricken From Military Bill (NYT)

By Neela Banerjee

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Congress removed a controversial provision in a military bill on Friday that would have permitted chaplains to offer sectarian prayer at mandatory nondenominational events. At the same time, lawmakers moved to rescind guidelines issued last year by the Air Force and Navy meant to curtail the risk of religious coercion and proselytizing within the ranks.

"The provisions in today's bill represent a full step forward and a half step back," said Representative Steve Israel, Democrat of New York and a member of the House Armed Services Committee. "We removed dangerous language undermining religious freedom and military effectiveness, but I am distressed that instead of moving forward with unequivocal religious tolerance in the military, we are reopening old loopholes that permitted some acts of coercion and proselytizing."

For several weeks, wrangling over the chaplain prayer provision had stalled the National Defense Authorization Act, a bill that sets military spending levels. The House version of the bill introduced language that would have allowed for sectarian prayer, but the Senate version had no such provision.

Chaplains can pray according to the traditions of their faith at worship services, where attendance is voluntary. But they are also called upon to offer prayers at mandatory functions, like changes of command, banquets and speeches.

The provision's backers — among them Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee — contended that Christian chaplains had long invoked Christ in nondenominational settings. The provision was championed by some evangelical chaplains and Christian groups, like Focus on the Family.

But it was opposed by the Pentagon, the National Association of Evangelicals and a dozen or so ecumenical groups. They argued that at mandatory events the longstanding custom had been to offer a nonsectarian prayer, for example, mentioning God rather than Christ. Those groups maintained that offering sectarian prayer would create division within the military.

Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, suggested that the issue of chaplain prayer be taken up in hearings at the next session of Congress.

Congress did hand some evangelicals a victory by abrogating the Air Force and Navy guidelines on religious expression. Those guidelines were issued in the wake of a 2004 scandal in the Air Force Academy, when some staff members, alumni and cadets accused evangelical Christians in leadership posts of aggressive proselytizing and discrimination. The Air Force guidelines were softened earlier this year to allow officers to discuss their religion with subordinates.

"We're pleased with it, though we would have preferred the strong language that was proposed in the defense bill," said Billy Baugham, a retired Army chaplain and executive director of the International Conference of Evangelical Chaplain Endorsers, a consortium of nine denominations that sponsor members of the clergy in military chaplaincy. Of the guidelines, he said: "It puts us back to where we were. Now chaplains can go back to the business of being chaplains."

Other critics of the guidelines, which they saw as too lax on proselytizing, also welcomed their removal. The Military Religious Freedom Foundation, a watchdog group, said it would give organizations like theirs a chance to push for stricter guidelines. The group is led by Mikey Weinstein, an Air Force veteran and graduate of the Air Force Academy in Colorado Springs who is Jewish. Mr. Weinstein said he had become concerned about religious proselytizing at the academy while his two sons were attending.

Spokesmen for the Air Force and the Navy said Friday that they had not had a chance to review Congress' decision and so had no comment on eliminating the guidelines. Maj. Stewart Upton, a spokesman for the Pentagon, said, "We intend to comply with the law."

Coeducation No Cure-all, Foes Say (WT)

By Ruth Lang

The Washington Times, October 1, 2006

Some alumnae and teachers at Randolph-Macon Woman's College say accepting male students to resolve financial problems is a shortsighted effort that undermines the school's 115-year-old tradition.

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"As we try to adapt ourselves to the educational needs of men, I fear we will descend into mediocrity," James Peterson, chairman of the English department said in a letter to the school's board of trustees. "We'll do all right. We'll survive. But we won't be able to continue to give that special quality of education to young women."

Board members voted 25-2 last month in favor of admitting men in the fall of 2007, the culmination of a three-year effort by the board to develop strategies to ensure the college's future. The vote also brings in a new strategic plan that emphasizes a "global honors curriculum," which focuses more on individual study, travel and honor-system values.

Interim school President Virginia H. Worden and Alumnae Director Heather Garnett said less income as a result of 15 years of dwindling enrollment in part led to the changes.

"It comes down to needing more students on the campus," Miss Garnett said. "We need more students who are paying a greater percentage of their tuition."

However, the changes have sparked a backlash -- from alumnae withdrawing their support to protests and boycotts by many of the about 680 female undergraduates on the pastoral Lynchburg, Va., campus

In a survey days before the Sept. 9 vote, 71 percent of the alumnae who responded said they were "very unhappy" with the new plan, and some have joined forces to seek a legal remedy to overturn the decision.

About 79 percent of the students also responded as "very unhappy," according to the survey. However, the majority of the respondents said they would rather the school accept male students than close.

"I hope that we can come up with a way alumnae can support Randolph-Macon moving forward, although I understand the feelings our alumnae are having right now," said Miss Garnett, a 1986 alumna.

Though an alumnae revolt could result in less scholarship money, Miss Worden, of the Class of 1969, said the board still sees coeducation as the future.

"I don't think [the board] will reverse that decision," she said.

Miss Garnett said "good things" will come from the changes. She said, for example, the college will be able to compete better in the higher-education market and offer more opportunities to students.

"We aren't changing what we do, to accommodate men," Miss Garnett said. "We are expanding our offerings and opening our doors in order to offer this unique experience to more students."

Miss Worden acknowledged the school will lose some of its identity and perhaps provide less individual attention, but she said it will still offer a quality education.

Despite the opposition, some students embrace the changes.

"I think, to be more of a global college, to better prepare women for the work force, they should have men around them," said Amanda Weller, a sophomore dance major from Pennsylvania.

Angela Grove, a junior philosophy major, said having male students will likely challenge female students' views on competition and school spirit, but the changes "can only enhance our campus."

Miss Worden does not expect a large number of male applicants during the first few years and pointed out that other women's colleges that switched to coed had a large number of female applicants after the change.

"I think it's going to be an interesting next year," Miss Weller said.

ANTITRUST:

Coalition Urges Smithfield Inquiry (SFAL)

By Kevin Dobbs

Sioux Falls (SD) Argus Leader, October 1, 2006

Meatpacker's proposal ignites antitrust fears

A coalition of agriculture and consumer groups threw its support behind Midwest lawmakers who want the U.S. Department of Justice to investigate Smithfield Foods' plan to buy rival Premium Standard Farms of Missouri, a deal that would merge the nation's two largest hog producers.

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The coalition contends that the proposed acquisition, if approved, will hasten the consolidation of livestock markets and swing open the doors to inflated pork prices for consumers. That, critics say, could happen because the deal would lessen competition in the livestock industry.

That, they say, should raise antitrust concerns for federal investigators.

"Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive, and consumers lose," the coalition, which includes 15 groups in all, said in a letter to Attorney General Alberto Gonzales.

The coalition includes Dakota Rural Action, Dakota Resource Council, the National Consumers League and the National Farmers Union.

Virginia-based Smithfield, which owns the John Morrell & Co. meatpacking plant in Sioux Falls, announced in September it would buy its rival for about $650 million in cash and stock.

The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own about 20 percent of the nation's hogs. That could limit independent hog producers' options and ability to get good prices for their meat, lawmakers said.

South Dakota Sens. John Thune and Tim Johnson backed Iowa's senators in calling for an antitrust investigation in September. Thune said the deal deserves "scrutiny" in large part because it could hurt South Dakota's small farmers.

The Department of Justice has yet to give final word on how or when it will investigate the deal. But it could block the merger on antitrust grounds, or it could require the companies to sell off some of their operations.

Dennis Treacy, Smithfield vice president of government affairs, acknowledged shortly after the deal was announced that it represents more consolidation in the pork industry. But he said the merged companies will continue to work closely with independent producers. He said the company is confident that the Justice Department will approve the merger.

Aside from antitrust concerns, analysts said last week that Smithfield has a history of making shrewd acquisitions.

Timothy Ramey, senior research analyst with D.A. Davidson & Co. in Oregon, which tracks the meatpacking industry, said Smithfield "has a very good track record" of acquiring companies and lifting profits.

The company's critics don't dispute that. But they worry corporate profits will come at too steep of a cost to producers and consumers.

"It obviously will have significant impacts on both independent hog producers and those who raise hogs under contract," Sen. Tom Harkin of Iowa said.

National Farmers Union President Tom Buis said, "The livestock industry is already at an unacceptable level of concentration, and allowing the proposed acquisition to move forward is only going to make the situation worse."

Reach Kevin Dobbs at 331-2308.

Letters to the Editor (NYT)

The New York Times Magazine, October 1, 2006

The Battle for Guantánamo

It seems that the prisoners at Guantánamo are rewarded if they betray their political and religious beliefs and give information that may result in the death of their comrades (Tim Golden, Sept. 17). An American citizen who did that would be disgraced and, if he was a soldier, tried and imprisoned.

It is clear that their lives and the lives of their families will be in danger if they become “compliant” and word gets out. The prisoners know that word will eventually get out as to who cooperated and who did not.

Lastly, these men are not cowards. Their treatment does not meet reasonable standards. They, their friends, relatives and fellow believers will have very personal reasons to seek revenge, and they will. Treating them this way will surely come back to haunt us.

Edward W. Hayes, Esq.

New York

The Academic Blues

DOJ_NMG_0072261

Michael Bérubé and I share the same politics; so do the vast majority of our colleagues (Sept. 17). Bérubé doesn't think that's a problem, however, because our students continue to challenge us in the classroom. But that's hardly a fair match, and Bérubé knows he can win it every time. Wouldn't our intellectual lives be richer if we faced sustained and sophisticated challenges from other professors, rather than from 18-year-old neophytes?

People like Bérubé and myself are fond of criticizing President Bush for surrounding himself with like-minded ideologues. Maybe it's time we looked in the mirror.

Jonathan Zimmerman
Professor of Education and History
New York University
New York

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To suggest that liberal professors could sway their conservative students in the voting booth is somewhat akin to the old argument that gay teachers could sway straight students to a different lifestyle. To illustrate the dubiousness of this premise, I would point out that there was a generation of students on American campuses in the 60's and 70's who stood shoulder to shoulder with self-declared socialists and flagrantly liberal professors, all wanting to start the revolution. Many of these baby boomers voted for Republicans in the last two elections. So much for the influence of those professors.

Jeanne Spreier
Dallas

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Michael Bérubé is certainly right to say that if professors are doing their jobs right, students of all stripes should be made "to feel uncomfortable" about their beliefs. But I'm surprised that he does not see that that is just why the liberal bias in humanities departments is so damaging to education; students on the left seldom hear arguments from their teachers that might make them reconsider their positions.

Thomas Peyser
Associate Professor of English
Randolph-Macon College
Ashland, Va.

My Satirical Self

Like Wyatt Mason's father, I am 79, a veteran of the U.S. Navy, and I, too, rage against what the Bush right-wing political machine has done to our country (Sept. 17). Both us old guys vent our anger at the madness around us by wrestling with the news in the columns and op-ed pages.

Wyatt is also perturbed, but he doesn't confront. He quells his frustrationby taking "shelter in the ridiculous," the satirical discourses of the Jon Stewarts and Rob Corddrys night after night on TV. I stopped watching them a long time ago. It's an exercise in futility. I, and apparently other members of my generation, are wary (and weary) of playing that game.

Jack Rothman
Los Angeles

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If the national news media have served to "contain" the outright lies served up by this administration, to package them in such a way as to make them seem within the parameters of acceptable political discourse, haven't satirists like Jon Stewart and Stephen Colbert, however inspired, also served to contain our outrage at this process by packaging our potential for anger in exquisitely written and produced comedy?

Parallels with the Roman Empire are instructive: I wonder if something similar happened when Roman citizens, unable to act meaningfully against the original fascists, resorted to honing their wits rather than their weapons?

Daniel Shannon
Syracuse

Better Than You

DOJ_NMG_0072262

When Jon Glaser whips out a bottle of water from his special pocket and floods the spot where his dog goes No. 1, all he is doing is assuaging his own misguided guilt (The Funny Pages, Sept. 17). He asserts that he is sanitizing the scene of the crime, but unless his bottle is filled with a strong disinfectant, he is merely spreading the bacteria to a wider area.

Glaser is also risking serious damage to a rotator cuff with his constant attempts to pat himself on the back; not to mention dooming himself to years on a psychiatrist's couch, dealing with what is clearly a desperate need for affirmation from complete strangers. He should stop doing "the thing that makes me better than you" immediately, before he hurts himself.

Louise Kane Vimmerstedt

Tucson

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Glaser may never have considered his actions from his dog's point of view. Dogs communicate with one another by marking territory with urine. To a city dog, the sidewalk is just one big aromatic blog. Dogs can tell gender, age, health, breed, diet and sexual availability, all from smelling urine and other doggie doings. Jon's dog has probably given up trying to figure out why his owner censors every message she sends, deleting entire blocks of text with his water bottle.

David Rockwell

New York

Bad Bidness

In the Sept. 3 column, the Ethicist told an art collector that accepting a proposal from a fellow collector to agree not to bid on the same prints in eBay auctions would be unethical. I agree. The Ethicist also reported a lawyer's advice that "collusive bidding is illegal in the auction world," adding that it "may not be illegal online — Internet auctions are largely unregulated." But the federal antitrust laws apply to competition on Internet auctions as much as to physical auctions. Agreements between bidders not to bid against one another or to bid at certain prices are criminal violations of the Sherman Antitrust Act, punishable by up to 10 years in prison.

Scott D. Hammond

Deputy Assistant Attorney General Antitrust Division

Department of Justice

Washington

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The way the National Rifle Association is promoting a universal right to bear arms left me wondering about the N.R.A.'s position on the rights of nation-states to arm themselves (Joshua Kurlantzick, Sept. 17). If removing the right to own a weapon is the first step toward eliminating civil rights, then limiting a nation's ability to arm itself may be the first step toward making it vulnerable to invasion. As weapons of all kinds have become more powerful, the gun-ownership debate might open new paths for discussion on nuclear-arms control.

Alexandra Ballantine

Brewster, N.Y.

ENVIRONMENT:

Citgo Pollution Charges In Corpus Highlight Problems With Law (SAEN)

By Anton Caputo, Express-News Staff

San Antonio Express-News, October 1, 2006

CORPUS CHRISTI — Two massive vats of oil, each capable of holding 12 million gallons, sat uncovered in this city's sprawling refinery row for at least a dozen years, releasing unknown quantities of toxic benzene into the air.

In August, the Justice Department leveled a 10-count criminal indictment against Citgo Petroleum Corp. and the environmental manager of its Corpus East plant, alleging the refinery released tons more of the cancer-causing chemical than allowed by law in 2001 and 2002 — while company officials knowingly underreported the emissions.

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But state regulators have been trying unsuccessfully to force Citgo to install lids and pollution-control systems since 1999, according to a review of thousands of pages of regulatory documents obtained by the San Antonio Express-News under state open records laws.

The review revealed that the refinery's pollution issues go back much further than the indictment shows. State regulators, documents indicate, seemed to exert little influence over the the refinery's operation, and enforcement efforts often dragged on and on, letting the company operate with violations for years before paying fines.

Texas Commission on Environmental Quality records show that the refinery spewed tons more benzene than permitted not just in 2001 and 2002, as the federal indictment charges, but also in 1998, 1999 and 2000.

(William Luther/Express-News)

Kelly Arkadie talks with environmental advocate Suzie Canales as Canales tours the area around Citgo's Corpus East refinery in Corpus Christi. Canales' sister died of cancer after living in a Corpus neighborhood built on a landfill full of oil industry waste.

CITGO INDICTMENT

Document: The 16-page indictment

The federal government has criminally indicted Citgo Petroleum Corp. and Philip Vrazel, the environmental manager of Citgo's Corpus East Plant, for a series of pollution-related violations. If convicted, Citgo faces fines of up to $500,000 or twice the gross economic gain (whichever is greater) and five years of probation. Vrazel faces fines of up to $500,000 and up to five years in prison.

The charges are:

Two counts of violating of the National Emission Standard for benzene waste operations.

Two counts of operating open top tanks as oil-water separators without first installing the emission controls required by federal and state regulations.

Failing to identify in its 2000 report filed with the state all of the points in the refinery wastewater system where benzene was generated.

Five counts of violating the Migratory Bird Treaty Act, a result of birds landing in the open oil tanks.

After years of wrangling between regulators and oil company officials, lids now are being installed on the tanks. The work is scheduled for completion this year.

But the drawn-out process has fueled the ire of local residents and others around Texas who long have accused state environmental regulators of being soft on polluters — a charge underscored in a 2003 state auditor's report that found it was significantly less expensive for the industry to pay fines for polluting in Texas than to comply with the law.

"They're not afraid of the TCEQ," said Suzie Canales, an environmental advocate whose sister died of cancer after living in a Corpus neighborhood built on a landfill full of oil industry waste. "It's like my 4-year-old grandson. He won't do what I tell him because he knows I won't do anything."

Little action In fact, state regulators did cite Citgo for a dizzying array of violations, filing report after report and levying a fine every two or three years since 1999. But an analysis of the records shows how slow such a process can be.

The state first asked the company to equip the two massive tanks with roofs and pollution controls in 1999 as part of an inspection that netted about 50 violations at the plant. That case was combined with two others, bringing the total to 76 violations, said Mary Risner, the TCEQ's director of litigation.

Citgo fought all 76. And when the case was finally settled in 2002, regulators fined the company $750,000 but dropped the violation regarding the tanks. There simply wasn't enough evidence to force the point during the three years, the state argued, and the oil company fought the charge hard.

Citgo has long argued that the tanks were being erroneously treated as oil-water separators and didn't need the lids or pollution-control equipment. In its written response to the federal indictment, the oil company claims to have an Environmental Protection Agency memorandum and expert legal advice to back its claim.

Citgo officials did not respond to calls or e-mails for comment for this story, but vehemently denied any wrongdoing in a written statement that termed the federal charges "unprecedented."

Federal prosecutors, though, paint a starkly different picture in the indictment, citing company documents from the early 1990s that refer to the tanks as oil-water separators and, when discussing the environmental problems posed by the tanks, conclude that "installing floating roofs on tanks 116 and 117 is a sure fix for environmental compliance purposes, but it may not be the most cost effective option."

Despite what federal prosecutors claim Citgo knew, company officials were able to convince state regulators that they could not be forced to cover the tanks and add pollution-control equipment. After acquiescing and pulling the issue from its 1999 case, state regulators added it to another massive enforcement case in 2001.

That case involved 17 violations and was settled in 2004 with a $1.74 million penalty and the understanding that, among other things, Citgo would either take tanks 116 and 117 out of service or not use them as oil-water separators unless proper pollution control was installed.

The job, according to Citgo documents, should be complete this year.

Dragged on too long John Sadlier, the TCEQ's director of enforcement, admits that some of these cases probably dragged on too long. But he said much can be attributed to the sheer number of problems at the plant, and the state's habit at the time of combining enforcement actions as they came up, as opposed to filing and prosecuting separately.

Critics and others who have long followed the state's dealings with large industry are less kind.

"The agency dropped the ball on this," said Neil Carman, clean air director for the Lone State Chapter of the Sierra Club. "All of these benzene violations are serious violations."

Carman, who worked as an environmental regulator for the state of Texas before joining the Sierra Club, said the Citgo case illustrates a coziness between regulators and industry, particularly at TCEQ field offices such as Corpus Christi.

Victor Flatt, the A.L. O'Quinn Chair in Environmental Law at the University of Houston Law Center, believes that coziness is endemic to the state's environmental regulatory system. That's because Texas adopted a mindset of "cooperative enforcement" under the administration of Gov. George W. Bush that has prevailed ever since.

The idea is that a more punitive agency would just drive people to avoid environmental regulators altogether, while a softer approach encourages businesses to cooperate. This method hasn't exactly worked as advertised in Texas, where regulators have to deal with some of the largest and best-funded industries in the country, Flatt said.

'They got it going on' Jerome Bradford, 64, lived most of his life in the Oak Park Triangle, a neighborhood hemmed in by refineries on two sides and Interstate 37 on the third. Citgo bought out residents in the late 1990s after a series of refinery explosions and contamination problems caused an outcry. Bradford's father died of prostate cancer in 1993, about five years before the son took the buyout.

"The power of the refinery is something else," he said. "They got it going on, brother. They got it going on."

The biggest worry among nearby residents is benzene, a common pollutant naturally found in crude oil. Prolonged exposures at high levels can cause cancer, including leukemia, and other health problems.

One of the local air monitors — located in the now-abandoned Oak Park area — routinely shows the highest or among the highest levels of benzene of any monitors in the state. And this isn't the first time the federal government has stepped into this coastal Texas city with criminal charges against a local refinery because of benzene pollution.

Hiding and misreporting benzene pollution was the central theme of a massive criminal indictment the federal government brought against Koch Petroleum Group LP in 2000. A year later, Koch agreed to pay a $10 million fine and conduct $10 million worth of environmental projects to settle the case.

Despite the danger posed by benzene, there are no hard regulatory standards for the amount that can be in the air in Texas — only screening levels that act as a sort of guideline.

State toxicologist Michael Honeycutt said those guidelines are enforced by permits that limit the amount of benzene a facility can emit. He acknowledges that the method breaks down when refineries knowingly exceed those permit levels, as is charged in the Citgo and Koch cases.

"There are good companies. There are bad companies and there are ignorant companies," he said. "Some work hard to do the right thing and some hire good attorneys."

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The state's screening level for benzene is a yearly average of one part per billion. The monitor in the Oak Park Triangle has been above that level since it was installed in 1997 — running more than double in 2002, 2003 and 2004 before dropping to 1.7 last year.

Another monitor in the nearby Hillcrest neighborhood has normally been below the screening level, but nudged just over it last year.

Although the benzene is over the state screening levels, Honeycutt said it really doesn't pose a major threat, particularly because the Oak Park neighborhood is now abandoned. Even if it weren't, levels at the Oak Park monitor are roughly equal to those found in a home of someone who routinely parks a car in the garage.

The state's heath-screening levels are based on the theoretical risk of one person in 100,000 getting cancer over a lifetime. Benzene levels of two double that risk. Benzene levels of three triple the risk, and so on.

"If those numbers were 10 or 15 I'd say, 'Oh, yeah, we need to be down there,'" Honeycutt said.

Retired preacher and Hillcrest resident Harold Branch, 84, has heard it before over the decades he's been fighting the area refineries. And he has a hard time balancing the talk of risk calculations and annual averages with what he's seen.

"They have polluted the area and so many people have died of cancer and other related diseases," he said. acaputo@express-news.net

To Control Avalanches, Railroad Seeks To Shell Park (WP)

By Blaine Harden

The Washington Post, October 1, 2006

Environmentalists Protest Request to Protect Trains Using Artillery, Saying Wildlife Could Be Harmed

KALISPELL, Mont. -- The famed symbol of the Great Northern Railway was a mountain goat perched on a rock in Glacier National Park.

That railroad's successor, the Burlington Northern Santa Fe Railway, now wants to lob artillery shells into mountain-goat habitat inside the park, which straddles the Continental Divide here in northwest Montana. The shelling would help control winter avalanches that sometimes threaten BNSF freight trains, about 40 of which pass daily through mountains just south of the park's border.

Besides seeking federal permission for the occasional wintertime bombardment of the park, the highly profitable railroad stands to benefit from little-known legislation -- passed in the Senate and pending in the House -- that would spend as much as $75 million in federal grants to pay for avalanche control.

The legislation, introduced by two senior Republican lawmakers from Alaska and written, in part, by an avalanche expert who is a paid consultant to BNSF, would approve the use of federal money to assist "avalanche artillery users."

Those who probably would benefit include state highway departments, ski areas and BNSF, if it receives permission from the National Park Service to bombard Glacier. The consultant and a railway spokesman said the railroad had nothing to do with the crafting of the bill and has not lobbied for its passage.

Using artillery for avalanche control is a well-established practice in Alaska and parts of the mountainous West. The 105mm shells used are military ordnance that spray shrapnel.

But advocates for the national parks and some of the nation's leading avalanche experts have strongly criticized BNSF's request to bombard Glacier. They have said the subsidized shelling of the park is aesthetically inappropriate and potentially harmful to wintering mountain goats, elk, deer, wolverines and endangered grizzly bears.

"There is a great hush over this park in the winter," said Steve Thompson, Glacier program manager for the National Parks Conservation Association, an advocacy group that works to protect the parks. "It would be a travesty to fire howitzers into the heart of one of our wildest natural lands."

It is unknown whether shelling would wake the bears, which hibernate during what could become the artillery season.

The Bush administration has strongly objected to the cost of the proposed avalanche legislation.

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For most of the 100 years that trains have crossed the Rockies along the southern border of Glacier National Park, railroads have spent their own money to build and maintain snow sheds that cover the tracks. The sheds have worked well to protect passing trains, according to the Park Service.

Over the years, though, some snow sheds have been destroyed by fire. In addition, the snow pack in the park has been shifting, requiring avalanche protection on new stretches of track.

BNSF, a freight giant that is an amalgam of 390 railroads merged or purchased over the past 150 years, has chosen not to rebuild some burned avalanche sheds or to build new ones to protect track now threatened by avalanches.

The railroad has opted for artillery bombardment as the "efficient, proven practice used in potential avalanche areas in North America," said Gus Melonas, a spokesman for BNSF. He said the railroad prefers artillery because snow sheds are "are time-consuming to construct and extremely expensive."

The railroad has estimated the cost of building new snow sheds and replacing old ones at $110 million; they would cover a total of about a mile of unprotected track.

While shelling is much less expensive, avalanche experts say snow sheds are a safer, more reliable way to protect long freight trains in mountain areas, as well as to ensure that busy east-west rail lines remain open throughout the year.

"Using explosives to release avalanches is not a sure-fire method to maintain a safe rail corridor," said Don Bachman, president of the board of directors of the Center for Snow and Avalanche Studies in Silverton, Colo. "It's cheaper in the short run, but it could be terribly costly in the long run, not just in monetary cost, but lives and property."

The BNSF rail line near Glacier is a critical link in the economy of the Pacific Northwest, carrying about 33,000 container cars a day on trains that are often more than a mile long. When snow blocks the line for 36 hours or more, rail traffic sometimes stalls all the way from the West Coast to Chicago, causing backups of container ships in Seattle.

Bachman said BNSF should make the long-term investment in snow sheds, noting that it has the income to do so.

According to its annual report, the railroad is enjoying record growth and soaring profitability, with revenue of $13 billion last year and a 73 percent increase in operating income. To handle record freight volumes, the company said it plans to spend $2.4 billion this year on tracks, locomotives and technology.

"Our message to the railroad is this: You guys are making a lot of money, you can afford to do it right," said Thompson, of the National Parks Conservation Association.

The National Park Service has been studying the railroad's request to use artillery in Glacier and plans to release its assessment of the environmental consequences in late October. Officials in the park say the prospect of wintertime shelling is worrisome.

"We are concerned about the impacts on threatened and endangered species," said Mary Riddle, who monitors environmental protection in Glacier. "We are also concerned about explosives going off in areas where grizzly bears den. There is not a lot of research about this."

The consultant who helped write the avalanche bill, David Hamre, an Alaska-based avalanche expert, said he worked with the offices of Sen. Ted Stevens and Rep. Don Young, both Alaska Republicans, to write legislation to aid avalanche-prone areas across the United States, not just places where BNSF is threatened.

A spokesman for Young said Hamre "provided analysis for the bill and did help draft it." A spokesman for Stevens said the bill grew out of the concerns of many groups in Alaska and the senator's own interest in avalanches.

Local Governments Get Serious About The Environment (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 1, 2006

In the absence of serious national action, state and local governments and the private sector are taking the initiative in confronting the interlocked problems of global warming and energy conservation.

The most dramatic example is the legislation California Gov. Arnold Schwarzenegger signed last week mandating reductions in the state's emissions of the gases associated with global warming. But city governments and the private sector are also formulating some of the most innovative responses to a problem the federal government still refuses to confront head-on.

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Exhibit A is a recently announced partnership between the American Institute of Architects and the U.S. Conference of Mayors.

The two groups have committed to an exhilarating goal: cutting in half by 2010 the amount of fossil fuels used to construct and operate commercial and residential buildings — and then achieving steady further reductions. By 2030, they want to produce "carbon neutral" buildings that will rely on conservation and renewable energy sources to completely eliminate their use of fossil fuels.

With this effort, the architects and the mayors are spotlighting an often overlooked element of the global warming challenge.

Discussions about controlling global warming usually focus on reducing the greenhouse gases produced by vehicles and factories. But the best evidence is that the energy used to heat, cool and light buildings (as well as the energy used in their construction) generates more greenhouse emissions than either transportation or industry. Depending on the estimates, buildings contribute anywhere from more than a third to nearly half of all greenhouse gas emissions in the United States.

Those figures define the challenge. Another number frames the opportunity. "Between now and 2035, three-fourths of the built environment will be new or renovated," says RK Stewart, a principal with the architectural firm Gensler, and the incoming president of the architects institute. "So the opportunity to change the energy profile of the built environment in this country is right there. We have the opportunity to drastically reduce our energy consumption."

In communities across the country, developers, architects and local governments are already pursuing that goal. One of the most aggressive cities has been Chicago. Under the spur of Mayor Richard M. Daley, the city is pursuing a remarkably comprehensive program to encourage green development.

The city has retrofitted hundreds of city facilities to reduce energy use and committed itself to constructing new municipal buildings to the highest standards of energy efficiency established by the U.S. Green Building Council, a private group that has set the most widely respected benchmarks in the field.

Chicago is also using more renewable energy in its buildings. And it is constructing dozens of "green roofs" — extensive rooftop gardens that dramatically lower roof temperatures (from 160 degrees on a summer day for a conventional roof to about half that) and thus reduce buildings' need for air conditioning.

Just as important, the city is encouraging private developers to move in the same direction. It offers attractive incentives for builders who commit to green development — not only grants and loans but something even more precious in a place like Chicago: a fast track through the city bureaucracy.

"You get a building permit faster if you are building a green building," says Sadhu Johnston, the city's environment commissioner. Among those who found the offer too good to refuse was Wal-Mart, which constructed a 70,000-square-foot green roof on the new store it opened last week.

In San Francisco, another milestone project is nearing completion. Sometime this winter, the first tenants will move into an 18-story federal office building there that offers a brilliant "back to the future" response to the challenge of reducing energy consumption.

Through an innovative design conceived by the Santa Monica architectural firm Morphosis, tenants in most of the building will rely on natural ventilation, rather than air conditioning, to control the temperature.

On the building's upper floors, the architects devised a sophisticated system of windows and vents that will open at night to capture the city's cool evening air and allow wind to push out the warm air that accumulates during the day. (For security reasons, the building's five lowest floors will operate with conventional air conditioning.)

The final step was to design a heavy concrete structure for the building that will hold the cool air during the day. "It was a very old idea in the architecture," says Morphosis principal Tim Christ, the building's project manager. "It's why buildings in the Southwest have very heavy walls: The structure stores the cooling energy."

Washington isn't entirely a bystander in this effort. The federal government commissioned the Morphosis design (under the Clinton administration). Last year's energy bill included a tax credit for developers who significantly reduce energy consumption in new buildings. And the Department of Energy is funding useful research into energy-efficient building materials, lighting and heating systems.

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What's missing is a clear signal from Washington that reducing greenhouse emissions and increasing energy efficiency are national priorities. That's what it will probably take to make green development a truly mass phenomenon.

"The top performers are doing some very exciting things," says Judith Greenwald of the nonpartisan Pew Center on Global Climate Change. "But we need to bring the bottom and the average up more."

The real message of the green development movement is that American ingenuity can meet the test if the federal government challenges us to combat global warming by using energy more efficiently. Now all we need is a government with the confidence and foresight to issue the challenge.

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at http://www.latimes.com/ brownstein.

FBI/DEA/ATF/USMS:

Shooter's Letter Recounted Childhood Abuse (DENP)

By Kirk Mitchell, Denver Post Staff Writer

Denver Post, October 1, 2006

A fishing trip with his older brother was the only happy memory Duane Roger Morrison recounted in a farewell letter in which he describes a difficult, abusive childhood.

His childhood was so crippling, he told five siblings in the rambling 14-page letter, that he was never able to function normally, and it was time to end his pain, a law enforcement official said Morrison wrote.

The letter said that as long as he lived, he would never forget the abuse at home and how petrified he was whenever his father approached him.

The Denver Post obtained previously unpublished details Saturday about the contents of the letter.

The letter, mailed from Shawnee, just outside of Bailey, was received by one of Morrison's brothers Thursday, the

The mother of a Platte Canyon High School student talks with a state trooper as she picks up her child s SUV from the school Friday, the first time families were allowed to return to the shooting site to get vehicles. (Post / RJ Sangosti)

day after Morrison entered Platte Canyon High School, took six girls hostage, sexually assaulted them and ultimately killed Emily Keyes, 16, and himself.

Morrison gave no hint in the letter of what he planned to do at the high school, Park County Sheriff Fred Wegener said.

The letter stated that Morrison was in emotional pain because of treatment by his father, said Joe Gordon, the Bureau of Alcohol, Tobacco, Firearms and Explosives' assistant agent in charge of a five-state region that includes Colorado.

"He said his father was always screaming and yelling," he said. "That in no way justifies the horrific crime he committed."

Contacted by phone Saturday, Duane Morrison's father, Bobby Morrison, who lives in Tulsa, Okla., did not comment. A woman got on the phone and said: "This is private."

"It was a very sad letter," Gordon said. "At the end he makes it clear this is his final farewell.

"He wants (his family) to know his final moment will be painless and he will be at peace. He said, 'Don't you feel guilty for this. You're absolved from any responsibility.'"

The letter said he loved all his brothers and sisters and apologized for what he was about to do, Gordon said. He thanked them for trying to help him over the years.

The letter only indicated that he would take his own life, he said.

Morrison mailed the letter Wednesday to one of his older brothers. Gordon did not know which brother.

Two ATF agents spoke with the brother for two hours

Advertisement

Wednesday night, and the brother gave the letter to them unopened after he received it in the mail Thursday.

"He couldn't emotionally bear to read it," Gordon said.

The ATF turned the original letter over to Park County officials.

A team of ATF and FBI profilers at the National Center for the Analysis of Violent Crime in Quantico, Va., will study the letter for years to come, Gordon said.

The ATF has traced the two guns Morrison used in the school attack from the store where he bought them to the manufacturers, he said. They were purchased legally, he said.

While Morrison did not threaten the school in his letter, he clearly considered a grudge with a Littleton motorcycle shop to be unsettled.

"That jumped off the page at you," Gordon

IMMIGRATION:

Congress Leaves Immigration Bill For Another Day (HC)

By Michelle Mittelstadt

Houston Chronicle, October 1, 2006

Both houses are unable to agree on what is reform

WASHINGTON — For all the fierce debate that raged this year in congressional corridors and spilled onto the streets of Houston and other cities in massive demonstrations, Congress has left town essentially stalemated over illegal immigration.

Though congressional Republicans can claim some success in adding billions of dollars for enhanced border security and securing approval for 700 miles of fencing along portions of the U.S.-Mexico boundary, the philosophical clash between the enforcement-minded House and the legalization-friendly Senate has been postponed — most likely until next year.

"It's essentially a tie, a stalemate in which neither vision of reform has won out," said Frank Sharry, executive director of the National Immigration Forum. "The debate will continue to boil, and it will be left to Congress in the future to deal with."

Several factorsIn the end, vastly different diagnoses about how to prevent illegal immigration, internal Republican divisions, President Bush's loss of clout on Capitol Hill and a highly competitive clash for control of Congress in the November elections all contributed to lawmakers' failure to deliver on an issue they vaulted to public attention.

House Republican security hawks raced out first last December, passing an enforcement-only bill that would criminalize illegal immigrants, crack down on their employers and set up a mandatory employment-verification system requiring new identification procedures for all workers, American and foreign. Champions of the security-first approach insist that the borders must be secured before any broader changes to immigration policy can be contemplated.

Outraged by the criminalization provisions, millions took to the streets in Houston, Los Angeles, Chicago, Milwaukee and other cities last spring and denounced the House bill as anti-immigrant and inhumane.

Siding much more closely with Bush's vision, the Senate responded in May with a vastly different plan pairing increased enforcement with an opportunity for citizenship for most of the country's estimated 12 million illegal immigrants and a guest-worker program for future immigrants. Backers of what has become known in Washington shorthand as comprehensive immigration reform argue that illegal immigration can't be fully resolved unless all aspects are addressed together.

House Republicans swiftly deemed the bipartisan Senate plan an amnesty program that would repeat the mistakes of 1986, when Congress pledged to halt illegal immigration for all time by legalizing nearly 3 million people in exchange for making it more difficult for foreign workers to be hired. The legalization went through, but employer sanctions were never properly put into place or enforced. Illegal immigration continued apace until exploding in the late 1990s and this decade.

Dismissive of the Senate plan and courting conservative voters vexed by illegal immigration, House Republicans refused this summer to negotiate over differences in the bills. Instead, they launched a flurry of hearings around the nation, designed to fan opposition to the Senate bill. And, into the waning hours of their legislative session that ended Friday night, House GOP leaders sought unsuccessfully to convince the Senate to embrace House-passed measures speeding deportation, cracking down on criminal gangs and reducing court power over federal immigration enforcement.

What did get doneHouse Republicans point out they did succeed in adding billions of dollars to expand the Border Patrol, add thousands of detention beds and begin funding a multibillion-dollar "virtual" fence comprising motion detectors, lighting, unmanned aerial vehicles and other high-tech surveillance equipment. And, Congress prodded the Department of Homeland

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Security to end the much-criticized practice of "catch-and-release" policy in which the Border Patrol, because of a lack of detention space, released non-Mexican illegal immigrants pending their deportation hearings. The vast majority never showed up for the hearings.

Some Republicans say the new measures are working.

"If you talk to people on the border now, they are starting to see a tightening up," said Rep. Michael McCaul, an Austin Republican who chairs a House Homeland Security subcommittee and represents parts of west Harris County. Illegal immigration "didn't happen overnight. It's not going to get solved overnight. But I think what you're going to see is the American public realizing that a lot of the things we've done up here are having an impact on the border."

Such a realization by the public could pave the way, lawmakers suggest, for greater acceptance of solutions for dealing with the illegal population. One plan calls for a guest worker program to bring in the foreign workers that U.S. business interests, agriculture and others insist are absolutely essential in a low-unemployment economy.

"I think there's a recognition now that this is an urgent — perhaps the most single urgent — domestic issue confronting the country," said Sen. John Cornyn, a Texas Republican who chairs the Senate immigration subcommittee. "And I don't believe it will be delayed forever."

Dead or still kicking?Cornyn retains some hope that Congress could resume the immigration debate in comprehensive fashion when lawmakers return for a brief session after the November elections. Others predict Congress won't take up the topic until after the new session is gaveled in next January with new members who were elected in November.

Others say it may be well after that before the legislation comes up again.

House Homeland Security Committee Chairman Peter King, R-N.Y., for one, indicated little desire to address a broader immigration fix until the borders are battened down.

"The position of the House is that we're not going to be looking toward amnesty or toward a path to citizenship until we first show that we control the border," he said. "And then, we can get back to that."

Homeland Security Secretary Michael Chertoff estimated earlier this year it would take until the end of 2008 for his department to gain operational control of the southwest border.

What works, what doesn'tSome lawmakers tout fencing and other border-control measures; others argue illegal immigration won't be solved by a build-up. Nearly half of all illegal immigrants came here legally but overstayed visas.

House Republicans are seeking to achieve "an impossible dream," said Sen. Mel Martinez, R-Fla., a key champion of the Senate plan. "You're not going to secure the border unless you also provide a legal means for people to travel to do the jobs that America needs done."

For some, Congress' inability to undertake a widespread fix this year is a deep disappointment. "It's really a lost opportunity," said Sen. Dianne Feinstein, a Democrat from California, where the state's $30 billion agriculture industry is struggling to find workers amid heightened border enforcement. "We've got food on the ground that's not being harvested; we've got people plowing under fields; we've got people who are not going to plant. It's a very difficult time."

Sen. Jeff Sessions, an Alabama Republican who staunchly opposed the Senate bill, offered a far different assessment: "In one sense it has been productive. We didn't make a big mistake by passing a terribly flawed bill."

In Texas, Little Support For Putting Up Fences (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, October 1, 2006

Along the Rio Grande, residents say the barrier approved by Congress would sever cultural and economic ties, and cut off access to the river.

Few Americans are more fed up with the unending human caravan of illegal immigration — or more familiar with its macabre toll — than rancher Mike Vickers.

Multitudes of bedraggled migrants cut through his South Texas homestead every day to skirt U.S. Border Patrol checkpoints on their journey north, and many do not make it out alive. Vickers has found frightened children sitting in fields alone, abandoned. His dogs once brought home a human head.

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He very badly wants to stop the trail of death and despair that passes by his doorstep. But when he considers the wisdom of building twin steel walls along the Rio Grande to seal off the Mexican border — the plan Congress approved early Saturday before heading home for the November election — his verdict is swift and harsh: stupid idea.

"That's just a big waste of money," said Vickers, a Texas Republican activist who heads a group opposed to illegal immigration that until recently was the state branch of the Minuteman Civil Defense Corps.

"The Rio Grande is the lifeblood of South Texas," he said. "A wall is just going to stand between farmers and ranchers and others who need legitimate access to water. It's not going to stop the illegals."

From Laredo to Brownsville, a meandering 200-mile stretch of the Rio Grande that would be walled off if President Bush signs, as expected, the bill to fence 700 miles of the border, reaction was overwhelmingly negative.

Many of these Texas border towns blossomed on the riverbanks not even a football field away from Mexico, a bilingual, binational culture where everyone knows someone on the other side. Here, the fence was widely seen as a federal government misadventure that would trample private property rights without accomplishing anything.

"Whether it's over rivers or deserts — or now, this wall — people will keep coming, as long as they can find a job here that's so much better," said Angelica Garcia, 26, a worker at a shop on McAllen's bustling Main Street that caters to Mexicans visiting Texas. "This wall isn't going to do a thing."

Many expressed shock that a proposal they considered a pipe dream by pandering Washington politicians had been approved, and that a fence they likened to the Berlin Wall could soon separate them from their neighbors.

"For so many years, we talked about tearing down that wall. Now we want to build a wall between us and Mexico? It makes us look like hypocrites," said Denise Carreon, 21, who like many border residents still had family members to the south.

Many others expressed outrage that the Rio Grande, a near-mystical river in the Texas imagination and one of the most prized bird-watching spots in North America, could soon be blocked from view.

"Zero — that's how many people I know who support this. People are opposed from Brownsville to El Paso," said Eagle Pass Mayor Chad Foster, head of a group of frontier leaders called the Texas Border Coalition.

"The Rio Grande is a very historic and scenic place, one of the natural treasures of Texas. We're going to wall it off?"

As Congress approved building the fence, it was hard to find a South Texas politician, merchant, economic analyst or academic who believed a wall would work — and who did not consider it an insult to the people of Mexico, with whom the region shares a strong social and economic bond, especially since passage of the North American Free Trade Agreement.

"I am reminded of when Jesus Christ was nailed to the cross and he said, 'Father, forgive them because they know not what they do,' " said Richard Cortez, the mayor of McAllen, which became one of the fastest-growing areas in America after NAFTA.

"I don't know who is advising the Senate," Cortez said. "A fence is not going to keep people from crossing the border, but it's certainly going to hurt us."

Like many of those who live along the Rio Grande, Cortez travels frequently between its banks; his two sons married Mexican-born women, and although they are U.S. citizens, many of their relatives are not, so reunions often take place south of the border.

Cortez and other border leaders worry that long-standing friendships, and family ties that go back generations, will be frayed.

"If you're building walls, what message are you sending to your neighbors? Do you think they are really going to want to visit? It's a slap in the face to them," said Laredo Mayor Raul G. Salinas, a former FBI agent. "People who have never been to the border, who do not understand the border, are shoving this down our throats."

Although the fence plan allows Mexicans to legally visit Texas with temporary visas permitting travel within 25 miles of the border, local politicians and business leaders worry that they will no longer feel welcome.

Mexican shoppers are a major source of money for Texas border towns, and gleaming malls and vast big-box outlets have been built to cater to them.

Between 1978 and 2001, Mexican shoppers made 26% of all retail sales in Brownsville, 35% in McAllen and 51% in Laredo, according to economists at the Federal Reserve Bank of Dallas. Local officials said more recent estimates are higher.

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"The Wal-Mart with the largest number of retail transactions in the United States is in Laredo, and if you go to that parking lot, more than half the cars have Mexican plates," said Eddie Aldrete, senior vice president for the Laredo-based International Bank of Commerce. "The fence is a knee-jerk reaction by Congress. No one really studied the economic impacts, the environmental impacts."

Ray M. Keck III, the president of Texas A&M International University in Laredo, said the idea of building a wall to deter immigrants ignored the lessons of history, which clearly showed that such barriers do not work unless they are patrolled by soldiers willing to kill. More important, he said, he feared that the expensive proposal demonstrated a lack of priorities.

"Are we really so terrified of what might come from Mexico," he asked, "that we must spend billions to construct this wall, then billions to maintain it, at a time when healthcare and education so desperately need better funding?"

To Mike Allen, a former Catholic priest who helped the poor in the colonias of Texas' Hidalgo County, then switched careers and became a leading economic booster for the border region, the fence is a manifestation of politics at its ugliest.

"It is just so sad that the relationships we have worked years to build are being torn down by politicians in Washington, who quite frankly don't have any idea what they are doing," Allen said.

"I'll say it: It's the browning of America, and people are afraid of that. That's what this is all about. I have lived on the border most of my life. I'm not scared."

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Farms Facing Worker Shortage For Harvest (AP)

By Elizabeth White

AP, October 1, 2006

J. Allen Carnes needed 200 workers for the onion harvest this year on 500 acres of South Texas fields. The onion business is big in the area, and with only two months to harvest, there's little room for delay.

But Carnes ended up with less than 100 workers and fell two weeks behind, with bits and pieces of the fields unpicked. His income fell about $150,000, a significant loss.

"It's become increasingly tight over the last three or four years," said Carnes, president of Winter Garden Produce in Uvalde, 80 miles west of San Antonio. "Companies are jockeying back and forth (for workers). Last year it was just short all around."

Growers say tightened border security and longer lines for day crossers have cut the numbers of farm workers who cross the border legally or illegally. Illegal immigrant workers who used to travel the country picking different crops as the seasons changed are hesitant to migrate for fear of being caught. And the lure of higher paid jobs with better working conditions, such as construction, are keeping some farm workers away.

And the labor shortage will only get worse until Congress tackles immigration reform, growers and worker advocate groups say. The House and Senate are at an impasse over proposed legislation and whether it should include an eventual path to citizenship and guest-worker program in addition to border enforcement.

Like others who employ migrant workers, Carnes checks employees' paperwork, but said some illegal immigrants probably end up working in his fields.

According to the Department of Labor's National Agricultural Workers Survey, 53 percent of the hired crop labor force lacked authorization to work in the U.S. in 2001-02. Worker advocates and grower associations agree the actual figure is probably closer to 80 percent.

Three-quarters of the hired farm work force in the U.S. was born in Mexico. And more than 40 percent of crop workers were migrants, meaning they had traveled at least 75 miles in the previous year to get a farm job, the survey showed.

Carnes said he couldn't lure workers away from other fields with incentives like higher pay for the late-spring onion harvest because there just weren't enough workers to go around.

"We're seeing the wolf at the door," said John McClung, president of the Texas Produce Association, referring to what he said is worsening shortages reported by many of the 300 growers, shippers and importers his organization represents.

But a spokesman for the United Farm Workers said farmers need to raise salaries to get workers.

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Even if they start out in the fields, "the pay is so low, the benefits mostly nonexistent and the conditions so harsh that many workers don't stay," spokesman Marc Grossman said. "It's essentially minimum-wage work."

And that can be backbreaking, hot work, especially picking berries in the early summer sun.

Carnes said increased border security is keeping even legal day laborers from crossing the border because lines have lengthened.

"There becomes a point where the paperwork and time doesn't equal the money," Carnes said. "I think we just scared them off with all the talk about immigration and closing the borders."

The U.S. Border Patrol has caught well over 1 million people along the U.S.-Mexico border in the last three fiscal years, including the one set to end Sept. 30, according to U.S. Customs and Border Protection. In 2003 alone, it caught just over 900,000 in the four border states.

Howard Rosenberg, an agricultural labor economist at the University of California, Berkeley, said while he's heard complaints about shortages for years, the concerns have worsened recently.

"It varies in how intensely it's felt and where it's felt and how much it's reported," Rosenberg said. "It is very difficult to tease out the realities from the perception."

Rosenberg said a border crackdown may not have as much to do with reductions as with the immigrant community spreading out geographically and to different industries.

"If people think that a crackdown on the border is keeping people away, how do they really know that?" Rosenberg asked. "There's still an awful lot of activity."

Growers and farm worker advocates say the beginning of a solution is the Agricultural Job Opportunities, Benefits and Security Act of 2005, dubbed "AgJobs."

The bill would provide temporary legal status for farmworkers who can prove they worked at least 100 days during a certain period. The workers could apply for a green card if they work an additional 360 days in agriculture over the subsequent six years. A slightly modified version of AgJobs passed in May in the Senate's immigration reform bill, which the House has not yet voted on.

Without comprehensive immigration reform, growers will continue to move their operations south of the border, said Tim Chelling, a vice president of the Western Growers Association, which represents growers in California and Arizona.

"It's more than anecdotal; we know that they're down there to the tune of thousands and thousands of acres," he said.

Growers are "half out the door already," said Tamar Jacoby, a senior fellow at the conservative New York-based Manhattan Institute think tank.

"A Mexican worker is going to pick these crops one way or the other, and the only question is whether they pick them here or across the border in Mexico," Jacoby said.

Mexicans See Good And Bad Side To Wall (LAT)

By Héctor Tobar

The Los Angeles Times, October 1, 2006

There's much talk about the void migrants leave behind, but the planned border fence still chafes.

MEXICO CITY — At the beginning of every school year, bad news comes from Mexican heartland states such as Zacatecas and Queretaro: Local authorities are closing hundreds of schools because so many families have moved north to the United States.

Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather. Everyone complains about it, but there's not much you can do about it.

On Friday night, the U.S. Senate approved a 700-mile-long border wall in a bid to stop the immigrant flow. The decision has left many Mexicans wondering whether the open door to the north may slowly be closing.

Some Mexicans saw the vote as a collective slap in the face that highlighted the failure of their country's leaders to give Mexicans a reason to stay home.

"Our politicians have not lived up to their responsibilities toward the people who migrate," said Homero Aridjis, a poet, activist and onetime Mexican diplomat. "Our government has failed before the economic and social plight of the poor.

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"I'm from Michoacan," said Aridjis, naming a state west of Mexico City known for exporting its sons and daughters to the U.S. "When I go there, I see fertile farmland and orchards that have been abandoned."

Few observers here expect the new barriers to stop people from Mexico and Central America from seeking a better life in the United States. New smuggling routes are expected to open through ever-more-remote stretches of desert, or over the waters of the Rio Grande.

But the bill approved by Congress, and soon to be signed by President Bush, signals a new shift in an era that has seen dramatic cultural and demographic changes in both countries.

The wave of Latin American migration that began in the 1980s helped make Latinos the largest minority in the U.S. and the largest ethnic group in Los Angeles and many other American cities. The beginning of the 21st century saw Latino immigration spread to almost every corner of the United States, with Spanish-speaking communities booming in states such as Tennessee and Ohio.

Latin Americans see the congressional initiative as a rejection of the cultural changes brought forth by Latinos in the United States. In angry editorials and speeches, Mexican writers and politicians have compared the border fence project with the Berlin Wall and the Great Wall of China.

"The exploitation of fear among the citizens of the United States has been at the center of the debate," the newspaper El Universal said in an editorial Saturday. "This wall, like all those built with xenophobic aims, will be far from effective."

President Vicente Fox and President-elect Felipe Calderon have denounced the new fence, as have a host of Mexican political leaders.

For decades, social scientists here have seen migration to the north as a "safety valve" that keeps Mexico from exploding into social conflict. Now, a small number of voices are saying the brain and muscle drain to the U.S. cannot continue indefinitely.

When the head of Mexico's central bank told a Texas newspaper last week that a new wall between the United States and his country might not be such a bad thing, his remarks were front-page news here. Surprisingly, there were few public expressions of disagreement.

"It would be best to keep its people in Mexico, and it would give incentives for Mexico to create jobs that are needed," Guillermo Ortiz, the bank official, said in an interview with the editorial board of the Dallas Morning News.

The border fence will be an expansion of the measures first undertaken in the mid-1990s by U.S. authorities as part of Operation Gatekeeper in San Ysidro, Calif., and Operation Hold the Line in El Paso. The U.S. Border Patrol built a new fence of corrugated steel, installed motion detectors and hired thousands of new agents.

The measures pushed illegal immigrants into the Sonoran Desert in Arizona and other remote areas, where several hundred die each year from dehydration and exposure.

Many analysts believe the border enforcement measures of the last decade have done little more than change the traditional back-and-forth patterns that saw thousands of Mexicans take seasonal work in the U.S. and then return home to their families.

In testimony to the House Judiciary Committee in August, Wayne Cornelius of the Center for Comparative Immigration Studies at UC San Diego said that the get-tough approach at the border had only succeeded at "bottling up" millions of immigrants in the U.S.

"Given the high costs and physical risks of illegal entry today, they have a strong incentive to extend their stays in the U.S.," Cornelius said.

Rather than return to Mexico, many immigrants are sending for their families, accelerating the declining enrollment in rural Mexican schools, analysts say. In Zacatecas, state education officials said last month they were closing 269 schools because of declining enrollments.

Before 1929, Mexicans were not required to obtain a visa to enter the United States. Ever since, "the history of the border has been a history of closing the border," said Tony Payan, a professor at the University of Texas in El Paso and author of "The Three U.S.-Mexico Border Wars: Drugs, Immigration, and Homeland Security."

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The new measures approved Friday will seal off most of the Arizona-Mexico border. Immigrant smugglers are likely to move farther east, to remote crossing points on the Rio Grande upriver from the Texas cities of Eagle Pass and Del Rio, Payan said.

Cornelius told the Judiciary Committee that even if the entire land border was sealed off, immigrant smuggling would probably move to the waters of the Gulf of Mexico.

Lorenzo Meyer, one of Mexico's leading historians, argued that the Senate vote had revealed an essential hypocrisy in U.S.-Mexico relations.

"In 1993 we signed the North American Free Trade agreement," Meyer said. "It was supposed to be the beginning of a period of cooperation and friendship." Now the U.S. government has "unilaterally" announced the construction of a wall, he said.

"We see now that the idea of a united North America is fiction," Meyer said. "The reality is the wall."

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Illegal -- But Essential (LAT)

By David Streitfeld

The Los Angeles Times, October 1, 2006

Experts say undocumented immigrants are a driving force in the economy, despite a toll on public services and unskilled workers

Shortly after dawn, the day laborers began gathering beneath a San Diego Freeway overpass in West Los Angeles.

A house painter pulled up in a pickup, looking for an assistant. He offered $12 an hour. A worker jumped in.

Next to arrive was a white-haired woman driving a Honda. Her garden needed a makeover. She'd pay $11 an hour. She departed with a second worker.

On the freeway above, commuters were heading to offices in Century City and El Segundo. Down here, at the West L.A. Community Job Center, arrangements were being made to remodel their living rooms, landscape their yards, rebuild their decks.

The work is undertaken by men from Mexico and Central America. Most are in this country illegally. The jobs, which last only a day or two and pay cash, are all but invisible to the state and federal governments. No one has to fill out paperwork, follow safety regulations or pay taxes.

Yet what happens here is far from marginal. The jobs that flow out of this day-laborer hiring spot — and from thousands of others around the state, some as informal as a street corner — are a pillar of California's economic strength.

To see why, check out Adrian Lopez, 20, who is kicking around a soccer ball as he waits. Lopez, who came here from the Mexican state of Oaxaca, is carrying in his Everest backpack a Sony Walkman from the Best Buy across the street.

It's got a CD by the Argentine group Los Enanitos Verdes inside, bought at a Ritmo Latino store. He has a bottle of Kirkland Premium Drinking Water, purchased at Costco, and a spare Old Navy shirt. He likes the grilled steak at Baja Bud's. He wasn't impressed by "Monster House."

"Immigrants buy everything here," Lopez said in Spanish.

The presence in the United States of Lopez and 12 million other illegal immigrants is one of the most contentious issues of the era. Hundreds of thousands of immigrants have repeatedly demonstrated this year for legal recognition, sparking a backlash from many native-born Americans. Congress has been stalemated between legalization advocates and those pushing punitive measures.

Economists are less divided. In the main, they say the American engines of industry and commerce have always been fueled by a steady supply of new arrivals. Immigrants, they contend, contribute to consumer spending and, instead of replacing native workers, create jobs.

"Overall, immigration has been a net gain for American citizens, though a modest one in proportion to the size of our $13-trillion economy," 500 economists wrote in an open letter to Congress on June 19.

Measuring the contributions of illegal workers is a difficult task, however. Many numbers are vague or open to dispute. A few experts contend that the gains are not clear-cut and that any benefits are far from being universally shared.

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Special interests that benefit from immigrant labor — including agribusiness, restaurant operators and unions courting new members — tout their gains as gains for all, said Michael Teitelbaum, who was vice chairman of the bipartisan U.S. Commission on Immigration Reform in the 1990s.

"It all comes down to where you sit," said Teitelbaum, a demographer at the Alfred P. Sloan Foundation. "The upper tiers benefit from immigration, and the lower tiers lose."

The 500 economists concede that a "small percentage" of native-born Americans may be hurt by competition from illegal immigrants who are willing to work cheaply. But any harm, they say, is outweighed by the benefits to the overall economy.

Lopez is a case in point. Start with his willingness to work for little. Add his eagerness to spend. Multiply that by the more than 2 million illegal workers in the state.

One result: Restaurant prices are pushed down by illegal labor in the kitchen, fruit and vegetable prices by illegal field hands, new-home prices by illegal drywallers.

Immigrants aren't just a weapon against inflation. The tens of thousands of illegal nannies in the Los Angeles area, for example, lower the cost of child care, freeing mothers to return to work. This in turn increases families' incomes, which encourages spending and fuels the economy.

Many immigrants send a portion of their earnings home to their families, but their influence here remains potent. The Economic Roundtable, a Los Angeles think tank, estimates that the 400,000 illegal workers in L.A. County spend $5.7 billion annually on food, rent, transportation and other necessities.

The sales taxes they pay on all those consumer purchases boost the state treasury. The growing number of immigrants who use false papers to get payroll jobs are contributing to Social Security without the right to receive payments from the fund.

That props up the beleaguered system by at least $5 billion a year, analysts say.

Other benefits may be less obvious, such as the gains in property values enjoyed by homeowners.

Prices surged for a number of reasons over the last few years, including very low interest rates, but experts say immigrants made a big difference in California. Their apartments and houses may be shabby, but their sheer numbers exert a profound effect. In a state that never has enough housing, the hundreds of thousands of units rented to immigrant families put upward pressure on all prices.

Then there are the bad things that aren't happening despite the immigrants' presence. For instance, they don't seem to be creating an unemployment problem. Joblessness in California, with 24% of the country's illegal immigrants, has tracked the low national rate.

All this evidence, many economists say, makes a powerful argument that immigrants' role can be characterized as somewhere between important and irreplaceable.

"The only people to benefit from the deportation of millions of low-skill workers would be other low-skill workers, who would get an immediate increase in pay rates," said Timothy Kane, an economist with the conservative Heritage Foundation. "However, they would also be the first to lose their jobs during a recession — which would be inevitable if the economy were shocked in this fashion."

Many Californians forcefully disagree with this assessment, saying immigrants have dragged down the quality of life in the state. They point to neighborhoods overflowing with poor immigrants. In some occupations, such as landscaping and construction, workers who don't speak Spanish say they can't get hired.

Other costs carry a more defined price tag. The California Hospital Assn. says emergency-room care for uninsured immigrants, including delivery of babies, costs taxpayers and private insurers about $650 million a year.

Whether born here or brought here, children of illegal immigrants have access to a free education. The Palo Alto-based Center for the Continuing Study of the California Economy estimates that this schooling costs as much as $6 billion annually.

Teitelbaum says the cost is even higher if you take into account how the influx has strained classrooms.

"California used to have one of the best systems of public education," he said. "Now it has one of the worst."

Feeling Squeezed Out

Sean Jourdan stood on the sidewalk at an Inglewood shopping center, hawking DirecTV satellite subscriptions. A natural salesman, he charmed passers-by into taking his bright yellow leaflets.

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"Let me give you a flier," he said to a woman and her grandson coming out of the Giant Dollar Store. "What do you have at home? Comcast? I'll give you double what they're giving you for half of what you're paying."

Jourdan took classes at two community colleges but dropped out before getting a degree. When he was in his early 20s, he attended the Maxine Waters Employment Preparation Center in Watts, a school started after the 1965 riots. Trained as a telecommunications technician, he was soon making $50,000 a year installing TV systems.

"It was a living wage," said Jourdan, 32, who is African American. "There are a lot of jobs out there, but only a few pay a living wage."

At first, many of his co-workers were black. Over time, however, his firm reduced payments for installation. Meanwhile, it hired more Latinos. Many couldn't speak English, Jourdan said, so he assumed they were new arrivals from Mexico and Central America.

By the time Jourdan left his last installation job in June, the pay rate for each house call had shrunk so much that he was making only about $25,000 a year. The last company he worked for had two black technicians out of about 25, he said.

Jourdan was briefly in the media spotlight a few months ago after attending a rally for the Minuteman Project, which vehemently opposes illegal immigration. "They're the same type of people who hunted us down when we escaped from the plantation," he said. "But on this issue, I unite with them."

Jourdan grew up near this mall, but it's no longer the place he knew. There's a machine that makes fresh tortillas in the Superior supermarket, signs in Spanish in the Rite Aid and a Latino construction crew redoing a vacant storefront.

"Give me a call. I'll save you money," he promised a young Latina. She smiled and took the flier. Jourdan may be upset by illegal immigrants, but many make good customers because they "haven't had 25 years to run up their credit." Every sale that survives DirecTV's credit check nets Jourdan a $150 commission.

"Although I can make money, it's a hustle," he said. "I'm going to have to learn Spanish."

Workers on the margins can be hurt by illegal immigration, economists note. A 2005 study by Harvard economist George Borjas and Lawrence F. Katz of the National Bureau of Economic Research concluded that native-born high school dropouts lost as much as 8% in wages from 1980 to 2000 because of illegal immigration.

UC Berkeley economist David Card has challenged those findings, saying cities such as Los Angeles are absorbing large numbers of laborers without wages being affected.

The plentiful supply of workers, Card speculates, has led companies to keep people at jobs that might otherwise have been automated.

Other economists wonder whether the reason for the limited effect on wages is even more basic: Instead of competing with immigrants, many native workers simply surrender, perhaps relocating to cities with better prospects.

In a new book titled "L.A. Story: Immigrant Workers and the Future of the U.S. Labor Movement," UCLA sociologist Ruth Milkman uses census data to show how some jobs have changed over the decades.

From 1970 to 2000, Milkman calculates, the percentage of janitors in Greater Los Angeles who were black fell from 24% to 5.2%. Meanwhile, the foreign-born Latino share rose from 10.3% to 63.4%.

Similar transitions occurred among construction drywallers, truckers and garment workers.

As in satellite TV installation, wages for these jobs are a far cry from what they once were. But Milkman says that's not because the companies replaced the natives with illegal workers.

Instead, the employers first squeezed benefits and salaries under the mantle of "competitiveness." The lengthy decline of trade unions undermined workers' ability to fight back.

Natives who could get out did so. The gaps were typically filled by immigrants, but in Milkman's analysis their hiring was a consequence, rather than a cause, of the jobs' lost allure.

The surprising development is that the immigrants, far from being pliant, have reinvigorated the union movement and in some cases won higher wages. "The people who have been demonized, the illegal immigrants, are in some ways showing the way forward for everyone," Milkman said.

For Jourdan, precisely what happened to his installation wages is of little consequence. What matters is the constant worry about slipping behind.

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"As a technician, you knew that if you went in every morning and did the work, there'd be a check at the end of the week," he said. "Now I don't have that security."

He's thinking of moving — maybe north to Palmdale or east to Moreno Valley. That's what some of his Inglewood friends have done.

"There are so many homes being built out there, so many potential customers for satellite systems," he said. "Maybe I should go too."

A Region Revitalized

When Panorama City in the San Fernando Valley boomed after World War II, the developers allowed only white people to buy houses. For four decades, General Motors made Chevrolets there, offering at peak production a solid income to more than 5,000 workers.

In 1992, the plant, the Southland's last car factory, was closed. With unemployment in the county running at 10%, few of the assembly-line workers were able to find new jobs paying them the $17 and $18 an hour they had been earning.

Similar closures happened throughout the country. But when the plants shut down in Ohio or Pennsylvania, they tended to become permanent ruins. The surrounding streets festered with abandoned houses and empty storefronts. Pittsburgh, Detroit and Cleveland have had to grapple with massive, long-term population declines.

In Panorama City, vitality quickly reemerged in a new language and a new culture. What it had — which the cities back East lacked — was the proximity of Mexico.

In the 1990s, L.A. County gained 1 million immigrants, most of them from Latin America, many of them illegal. In Panorama City, the Latino population grew from a significant minority to an outright majority.

The community around the former GM plant is thriving, if not exactly upscale. The plant itself is a shopping center called, straightforwardly enough, the Plant. It is anchored by a Home Depot where illegal immigrants wait for work that will pay about half what the autoworkers got, with no benefits and no promises about tomorrow.

On the surrounding streets are clinics, cheap restaurants and music and furniture stores catering to Latinos. It's one of many centers of the informal economy in L.A., where most transactions are in cash.

To many Californians, this is not a change for the better.

"I really don't consider the low-income parts of California to even be California anymore," said Kevin Waterson, an administrative employee of UC Davis, near Sacramento. "The quality of life is much more like that in Mexico."

A year ago, the Public Policy Institute of California polled state residents on whether immigrants were "a burden to California because they use public services" or "a benefit to California because of their hard work and job skills."

"Benefit" was picked by 56% and "burden" by 36%. Many of those in the latter camp, including Waterson, see illegal immigrants as competition. The struggle is less about jobs than scarce community resources, including affordable homes, gridlock-free roads and good schools.

Waterson grew up in Fontana in San Bernardino County, the son of a computer programmer and a billing clerk who were able to buy a three-bedroom house, own two cars and build a nest egg. That status, achieved by millions of Californians after World War II, now feels out of reach.

"There are a lot of places in Los Angeles I want to live that I can't afford," said Waterson, 27. "The places I can afford, I don't want to live."

It's not just his perception. The Brookings Institution recently found that Los Angeles was the nation's most polarized city by wealth. Fewer than a third of L.A. neighborhoods are middle class, according to its study. The rest are either rich or poor.

Waterson keeps looking for all those benefits the economists say immigration has brought to him. But if the informal economy benefits both the immigrants and the well off, it doesn't seem to be helping him and his wife, Julia, very much.

They don't use immigrants to mow the lawn or wash the car or take care of the kids. They can't afford to eat out, so they don't gain from the toil of illegal restaurant workers. They're renters, so any immigrant-driven boost to real estate just puts a home of their own further out of reach.

The informal economy that much of California has embraced so enthusiastically can be criticized on other grounds.

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Small cash-and-carry shops and vendors who cater to immigrants may not pay sales taxes to the state or business license fees to local government. People who hire day laborers cheat the state by not using companies that pay payroll taxes. The laborers cheat the state by not paying income taxes. All of these groups put legal workers and legal businesses at an unfair competitive disadvantage.

The most sweeping criticism: By creating a market for illegal labor, the informal economy increases the supply. If illegal laborers weren't in such demand, they wouldn't risk so much to come here. For better or worse, immigration would not be an issue.

But for Los Angeles County, the informal economy has been better than nothing — and nothing, urban affairs expert and Economic Roundtable President Daniel Flaming says, is what the county would have had otherwise.

"When manufacturing collapsed, there was no effort to salvage the infrastructure for other purposes," he said. "The formal economy here has been stagnant since the beginning of the 1990s. The only growth has been in under-the-table employment, predominantly fueled by desperate workers and in particular undocumented workers."

Without immigrants, Flaming said, Los Angeles would be smaller and weaker and poorer — Detroit or Pittsburgh or Cleveland with better weather.

In that L.A., Waterson would be able to find an affordable house. But because the population might be falling, his house could very well decline in value.

"We should be thankful to immigrants," Flaming said. "Without them, things would be much worse."

First the newcomers stabilized Panorama City. Now they are pushing it forward. The median value of a single-family home has doubled since 2000. And on the edge of the Plant mall, there's a sign that the informal economy might be yielding to a more traditional, bigger-budget state of affairs. Starbucks, that dispenser of $4 venti tangerine frappuccinos to the middle class, has just opened a store.

History of Ambivalence

Five days a week, Lissette Rodriguez starts work at 6 a.m., preparing banquet food for a mid-priced hotel southeast of downtown. After eight hours of chopping and slicing, she goes home and takes a shower. Four days a week, she heads to Beverly Hills, where she works from 5 p.m. to 1 a.m. washing dishes at a luxury hotel.

"Not many people could make it through 16 hours like that," she said proudly.

Rodriguez, 32, arrived from El Salvador in 2004, not to save or damage L.A.'s economy but to help herself.

"In Salvador, there's no money, no jobs," she said in Spanish. "It's more expensive here, but I can make a lot more."

That would be $9 an hour, a fortune to her and a pittance to the hotels. The fact that both sides consider it a good deal binds them together in a "don't ask, don't tell" policy. Rodriguez's employers no more want to catch her than she wants to be exposed.

The history of California is full of ambivalence to immigrants.

"From 1907 to 1940, 'the Mexican problem' was a hardy perennial in Southern California," historian Carey McWilliams wrote in 1946. "Every winter, the business interests of the region worked themselves into a lather of excitement over the cost of Mexican relief, hospitalization and medical care. With the return of the crop cycle in the spring, however, 'the Mexican problem' always somehow vanished or was succeeded by the problem of 'an acute labor shortage.' "

For most employers, any ambivalence appears to be gone. Instead, the business community speaks in dire terms about the consequences of a widespread crackdown on the hiring of illegal workers.

"It would be a horrible negative," said Jeff King, co-founder of King's Seafood Co., which owns Ocean Avenue Seafood in Santa Monica and the Water Grill downtown. "You cannot get Americans to come in at entry-level wages. You'd have to pay a premium."

That might be good for the workers, but King contends it would bring on economic disaster. Prices would go up. Diners would balk. Sales taxes would fall, employment tumble. (King stressed that the 2,000 King's Seafood employees are all legal, as far as the company can tell.)

By working for less than a native citizen would, Lissette Rodriguez is helping her employers' bottom lines.

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To an extent, she's also helping taxpayers, although unintentionally. The hotels deduct the usual taxes from her payroll checks. But she won't see a refund or, later in life, a Social Security check.

"That money is just gone," she said. "Most illegals are scared to do tax returns."

Rodriguez is the admirable and problematic face of immigration in 2006. She crossed the border without permission and obtained a bogus Social Security number. She knows she is breaking the law.

Yet she wants only to do what legal immigrants have done throughout U.S. history: work hard and sacrifice mightily to get ahead. In less than two years, she has become deeply embedded in the local economy and the community.

All of these contradictions in one person. All of them in 12 million people. And more tomorrow.

"I miss my children," Rodriguez said. She wants to bring them — a 6-year-old girl, a 15-year-old boy — to Los Angeles. This is her home.

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HPD Revising Its Immigration Policy (HC)

By Matt Stiles

Houston Chronicle, October 1, 2006

Changes taking effect this week will help feds nab criminals here illegally

Under fire in recent months over its policy toward illegal immigrants, the Houston Police Department is unveiling new procedures today to allow more cooperation with federal agents trying to catch criminals living in the country illegally.

Officers still will not inquire about the immigration status of people they haven't arrested, so the changes are unlikely to quiet critics who have labeled Houston a "sanctuary city" for illegal immigrants.

But the department is making several key revisions.

An announcement is expected today, less than two weeks after the shooting death of police officer Rodney Johnson caused simmering opposition to the department policy to flare anew. An illegal immigrant who previously had been deported is charged in the slaying.

Among the changes to take effect this week:

•The department will hold people detained or arrested for traffic violations or other minor crimes — Class C misdemeanors — if warrant checks show they are wanted by federal agents for defying an order to leave the country or for returning after being deported in connection with a criminal case. Under existing policy, police generally did not hold such people for federal authorities, even if officers were aware of the federal warrants.

•The department will allow immigration agents unfettered access to the city's two jails, as they have had in the Harris County jail, and officers will start asking all arrestees whether they are citizens.

•Fingerprints of anyone booked into the jails without proper identification will be checked against a national fingerprint database.

That could help officers identify wanted criminals, including people wanted for serious immigration violations, police say.

"There's a pretty solid process now between HPD and the federal authorities to identify and act on people who've been deported from this country because of their criminal behavior," said Executive Assistant Chief Timothy Oettmeier, among a group of police commanders who briefed the Houston Chronicle on the changes.

"We're now in a position to detect and get them back out of here."

Oettmeier and the others acknowledged they can't project how many immigration violators who previously might have been released will be snared under the new policy. Immigration officials say roughly 200,000 such cases are in their database, but only a few such people encounter authorities each year.

Police commanders, who dispute the "sanctuary" title, have been working on the revisions for months with federal prosecutors and U.S. Immigration and Customs Enforcement officials.

Under the revised procedures, officers still won't attempt to determine the immigration status of people encountered routinely, and won't arrest anyone solely for being in the country illegally — as advocated by supporters of tougher immigration enforcement.

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Local versus federal

But police and immigration officials say the immigration status of suspects charged with serious misdemeanors or felonies is routinely determined upon transfer to the county jail.

Mayor Bill White and Police Chief Harold Hurtt have said the department doesn't have legal authority in most immigration cases.

They also say the department shouldn't expend its limited manpower on a federal responsibility and that doing so would alienate officers from immigrant communities.

That could make it harder to get immigrants to report crimes or cooperate as witnesses.

"The administration supports giving law enforcement all tools to reduce the risk of crime within their resources," White said.

"Running more checks on the wanted status of people, and more use of the fingerprint database, will tighten up the procedures."

Critic not satisfied

One key department critic, Mary Williams of Protect Our Citizens, a local group trying to change the policy through a voter referendum, charged that the revisions don't go far enough.

She vowed to continue her fight to put a provision in the City Charter permitting police to enforce immigration laws.

"We want officers to have the discretion to ask them the first time," she said, referring to inquiries about citizenship status during routine encounters such as traffic stops.

Williams dismissed the new policies as political posturing.

"When you let the politicians decide, you get baby steps like this thing," she said.

Though the changes likely won't end criticism of the policy, police commanders said the new procedures will make it harder for criminal immigrants to elude detection but also allow the department to maintain its position that officers should have a limited role in immigration matters.

2003 incident resurfaces

The change involving criminal deportees — people forced out of the country because they violated laws here — would prevent incidents like one in October 2003, when officers were forced to release Moises Hernandez Galvan, a 37-year-old illegal immigrant detained after a traffic stop, even though they knew he had returned to the country after deportation.

The incident was not publicized at the time but sparked internal criticism about the department's policy, according to police memos obtained by the Houston Chronicle under the Texas Public Information Act.

"If this suspect had been a deported felon with terrorist ties, then the actions taken in this incident could seriously jeopardize homeland security," Lt. Tom Roman, who is now retired, wrote then-acting Police Chief Joe Breshears.

A reply memo stated that the department would continue its policy of not detaining people arrested on Class C misdemeanors simply because they had immigration warrants.

Under the new policy, police would hold for federal authorities a suspect such as Galvan if it's discovered the suspect is wanted on an immigration warrant.

Bob Rutt, special agent in charge of the Houston office of U.S. Immigration and Customs Enforcement, said his agents will take those suspects from police custody within 12 hours.

"This is very big," he said. "It shows the commitment by HPD to public safety and homeland security."

Police Enforcement Of Immigration Laws Raises Worry (WP)

By Bill Turque And Karin Brulliard

The Washington Post, October 1, 2006

Foreigners Without Documents Say They May Leave Out of Fear

At the Bestway Supermarket on Elden Street, where shoppers browse to merengue music and signs touting the specials are in Spanish and English, Latino customers say they don't know much about Herndon's new mayor or Town Council.

But they do say the town's Hispanic community was buzzing last week with the news that those in charge, whoever they are, want police to become la migra, federal immigration agents.

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"Everyone is afraid," said Byron Flores, 26, who has lived in Herndon since immigrating illegally from Honduras three years ago. The number of illegal immigrants reporting crime is likely to plummet, he said, for fear that the police will ask for their papers.

Many people are thinking about moving away, he said, including him.

"Maybe to Seven Corners."

Herndon's council voted last week to apply to U.S. Immigration and Customs Enforcement for enrollment in the agency's "Section 287(g)" program, which trains local police officers to determine whether criminal suspects in custody are illegal immigrants. Officers certified by the program can detain them and even begin deportation proceedings before turning cases over to the federal agency. Seven state and local law enforcement agencies nationwide have joined the program. A dozen more are seeking to enroll officers.

The prospect of Herndon's entry into the program has again placed the town near the epicenter of the national debate on immigration policy. About a quarter of its 23,000 residents are Latino immigrants, according to census data.

It has also rekindled tensions that emerged with the council's decision last year to open a publicly funded day-labor center to help immigrant workers find jobs. Supporters, including former mayor Michael L. O'Reilly, said the federal government's failure to control the borders gave them no choice. Opponents of the center, which does not try to determine the immigration status of workers, said the town was abetting illegal activity. In May, voters unseated O'Reilly and two council members in what was viewed as frustration over the issue.

During O'Reilly's tenure, Herndon Police Chief Toussaint E. Summers Jr. rejected the idea of entering the 287(g) program for precisely the reasons expressed by the Latino patrons at Bestway.

"Herndon Police Department involvement with enforcing immigration laws could create barriers for segments of our community," he wrote to Town Manager Stephen F. Owen in a Jan. 22, 2004, memo. "Such action would tend to be counterproductive to our community policing philosophy, which promotes partnerships and building trust."

But shortly after taking office, Mayor Steve J. DeBenedittis, joined by four new council members (and two holdovers) discussed Summers's status in a closed-door meeting.

"I was not invited," Summers said.

But the message was clear: The new council wanted a tougher stance on crime in general and crime committed by illegal immigrants in particular.

Bestway customer Marvin Alexander, 30, a Salvadoran in the country illegally, said he is concerned about the changes the new council will bring. He said Herndon police recently stopped an acquaintance of his, also an illegal immigrant, who did not have a license. Officers did not cite her.

"Imagine if that happened now," Alexander said.

Until the town works out an agreement with Immigration and Customs Enforcement on the scope of the training and authority that officers who complete the course will have, it is difficult to predict whether 287(g) will actually help Herndon remove criminal illegal immigrants from its streets.

A number of factors could seriously limit the program's effectiveness, such as a lack of jail space and manpower.

Most other law enforcement agencies participating in the program are sheriff's departments that operate large jails. Herndon relies on Fairfax County's Adult Detention Center to house most of its prisoners. But Fairfax Sheriff Stan G. Barry (D) said last week that he didn't foresee his department entering 287(g). It means that Herndon probably would have to transport undocumented suspects elsewhere, possibly more than an hour away to Rappahannock County, tying up officers' time.

There is also the question of just how much of a threat illegal immigrants pose to public safety in Herndon.

Town officials say they want to use 287(g) to target the "worst of the worst" criminal illegal immigrants. But police say serious "Class A" crime -- murder, rape, robbery -- was down 26 percent in Herndon from 2002 to 2005.

"Herndon is not a crime-ridden community," said council member J. Harlon Reece, who is uncertain whether he will vote to approve a final agreement with Immigration and Customs Enforcement.

Critics of DeBenedittis and the council say they are misleading voters into believing that the town can roll back illegal immigration. On Tuesday, the council will take up two other proposals targeting undocumented residents. One would require the

town manager to ensure that anyone granted a business license has legal immigration status. The other would require the town manager to ensure that companies contracting with the town government provide evidence that all their employees are in the country legally.

"This is a concerted effort to dupe the citizens into thinking that they are actually going to solve the immigration problems in this town," said former council member Carol A. Bruce, a supporter of the day-labor center who was defeated for reelection in May.

"This isn't about immigrants," DeBenedittis said. "It's about crime and criminal behavior. It's about reducing crime and making all of us safe."

Other supporters of 287(g) say the message is as important -- perhaps more important -- as the substance.

"The perception here is that we're in favor of illegal immigration," said Vice Mayor Dennis D. Husch. "We're trying to change that perception, and this council has the gumption to do that."

The view at Bestway suggests that this is already happening. Flores said the thought of leaving town is distressing. He is close to his Herndon neighbors, many of whom are U.S. citizens.

But if Herndon police begin working to deport people, he said, he may have no choice.

"If they sign something, if they make it law, I go," he said. "I do not want to be the first person, you understand?"

Staff writer Tom Jackman contributed to this report.

De-greening Immigration (WT)

By Valerie Richardson

The Washington Times, October 1, 2006

DENVER

Illegal immigration is an environmental issue for Shela A. McFarlin, who has seen firsthand the tons of trash dumped in the fragile Arizona desert by border-crossers.

Illegal aliens have turned parts of the Southwest desert into environmental disaster areas -- dumping an estimated 25 million pounds of trash in the Arizona desert, carving out hundreds of miles of roads through the wilderness and destroying thousands of acres of habitat with cooking fires that have gone awry.

"The desert environment is fairly sensitive, so we're concerned about the damage to habitat, plants and animals," said Miss McFarlin, who authored the Bureau of Land Management's 2006 report on environmental damage from illegal immigration. "It's not at all inviting to see toilet paper, fecal matter and backpacks by the thousands. Not at all."

Once the immigrants, both legal and illegal, arrive, the scenario isn't much rosier. Immigration is now the primary factor in U.S. population growth, which drives such environmental woes as housing sprawl, pollution and traffic.

But don't expect your local Green Party activist to grab a lawn chair and join the Minutemen border patrols any time soon: The mainstream environmental movement is firmly and uniformly agnostic on the issue.

"We've never taken a position pro or con on immigration," Sierra Club spokesman Eric Antebi said.

"We don't have the expertise to deal with that [illegal immigration]," Wilderness Society spokesman Ben Beach said.

These responses exasperate environmentalists such as Dick Lamm, the former Democratic governor of Colorado and a 30-year member of the Sierra Club. Mr. Lamm broke ranks with the movement years ago by insisting that a responsible environmental policy has to include population and immigration controls.

He is among the most prominent of a small-but-hardy band of environmentalists who have tried for years to push the movement toward an anti-immigration stance. So far, they haven't had much luck.

"The environmental movement refuses to acknowledge that immigration and population are environmental issues," Mr. Lamm said.

Why? Politics, he said.

"The environmental movement has gone politically correct," Mr. Lamm said. "They're committing political malpractice by ignoring population."

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But Jenny Neeley, Southwest representative for Defenders of Life, said her group hasn't taken a stance on immigration reform in Congress because "I don't think we're knowledgeable enough to say, 'This will stop the illegal crossings.'"

Faced with a difficult choice, critics said, the environmental movement has abandoned its primary mission -- protecting the planet -- rather than deviate from the liberal establishment.

"They're still pretty much ignoring it [illegal immigration] because it's politically sensitive or because they perceive it to be politically sensitive," said Ira Mehlman, spokesman for the Federation for Immigration Reform. "Nobody denies that environmental degradation is due in part to population growth, and nobody denies that the biggest reason for population growth is immigration.

"But somehow, when they put together A and B, it doesn't lead to C," he said.

Alienating illegals

Some environmentalists counter that population control is an issue that doesn't respect borders. Whether the estimated 12 million to 20 million illegal aliens in the United States chose to live in New Mexico or Mexico City, they are still part of a global overpopulation problem.

"Do people who migrate to the United States increase environmental stress? It depends on where they would end up otherwise. Los Angeles, for example, could handle 10,000 Ecuadoreans more easily than the Galapagos Islands could," Sierra Club Executive Director Carl Pope wrote in a 2004 article in the group's magazine.

Alan Kuper, a longtime Sierra Club member and a critic of its immigration stance, said this is an unfair comparison because Americans are greater consumers of resources than people living in other countries.

"That's the cop-out argument that you get," Mr. Kuper said. "An individual in the U.S. is responsible for consumption or use of resources of about 30 times the resources a child in India will use in his lifetime."

Critics also cite the group's longstanding policy that calls first for U.S. population control, then global stabilization.

"Our immigration policy can't make a dent in world poverty, and we take in two times more immigrants as any other country already," Mr. Lamm said. "The question is how can the U.S. best help the environment? By building a sustainable society."

Other environmentalists acknowledge that they tread lightly when it comes to illegal immigration in order to protect their work on other environmental issues.

"Because it's such a charged issue in this country, it's hard to get involved without getting caught in the crossfire," Mr. Antebi said. "We have a history of working with a large number of constituencies, and we want to continue to work with them.

"If we'd gotten involved with the immigration issue, we would have burned a lot of bridges," he said.

The group would have burned those bridges not just with its allies, but with many of its grass-roots members.

"We tend to work with communities that have a lot of immigrants," Mr. Antebi said. "In California, the places with the worst air pollution tend to be the places with the largest number of immigrants.

"If we took sides on immigration pro or con, it would affect our relationships with these communities," he said.

No environmental group has debated the immigration issue more publicly than the Sierra Club. In 2004 and 2005, anti-immigration candidates attempted to reverse the club's direction by running for seats on its 15-member board of directors. All of them lost, including Mr. Lamm, in 2004.

The club came under fire in 2004 after a wealthy donor, Wall Street investor David Gelbaum, told the Los Angeles Times that he had warned Mr. Pope in 1994 or 1995 that he would never give another dollar if the club ever took an anti-immigration stance.

In 1996, the club voted to adopt a neutrality stance on immigration, reversing its longstanding position in favor of limiting immigration. In 2000 and 2001, Mr. Gelbaum donated a total of $100 million to the organization.

Critics accused the Sierra Club of selling out, but Mr. Antebi denied any linkage between the events.

"This organization is too big and too democratic in its grass-roots leadership," he said, pointing out that the club's policies are set by its elected board. "No one person can wield that much influence."

Besides, he said, Sierra Club members hardly need to be bribed to recognize the merits of avoiding the immigration debate.

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"It's not that crazy to figure out why an organization like the Sierra Club would not want to wade into an issue like immigration," Mr. Antebi said. "Protecting ANWR [Arctic National Wildlife Refuge]? That's our bread-and-butter. Reducing air-pollution levels? That's our bread-and-butter. Immigration? That's really not our bread-and-butter."

Remembering ZPG

At one time, however, stabilizing the U.S. population was indeed a central tenet of the environmental movement. In the 1960s and 1970s, when it was just taking root, the call for "zero population growth" was as loud and insistent as the cry for cleaner air and water.

In 1970, the Sierra Club adopted a policy calling for the nation to "bring about the stabilization of the population first of the United States and then of the world." Three years later, Mr. Pope told the New York Times that "we can't hope to absorb all who want to come in. ... Immigration is a sentimental symbol whose day is long past."

By 1998, however, the environmental movement was in full retreat from both the population and immigration issue. Roy Beck and Leon Kolankiewicz of NumbersUSA attribute the phenomenon to a number of factors, including the drop in U.S. fertility rates.

However, the researchers from the immigration-reform group conclude that the primary cause was demographics: The immigrants were Hispanic, and there were millions of them. Environmental leaders soon decided they couldn't afford a political skirmish with a large and increasingly influential minority group.

"One of the main reasons the Sierra Club leadership gave in 1998 for avoiding the immigration issue was that they dared not risk appearing to be racially insensitive," the authors wrote in their paper, "The Environmental Movement's Retreat from Advocating U.S. Population Stabilization (1970-1998)."

The authors quote Mr. Pope in a 1997 online message to members: "While it is theoretically possible to have a non-racial debate about immigration, it is not practically possible for an open organization like the Sierra Club to do so. ... [Recent history] has caused me to change my view of whether it is possible for the Sierra Club to deal with the immigration issue in a way which would not implicate us in ethnic or racial polarization."

While that calculation might be correct, critics say, there's just one problem: It puts environmental protection second. The result has been the birth of a hybrid political movement made up of environmentalists-cum-immigration hawks.

Among the leaders of the movement is Mr. Kuper, a one-time Sierra Club leader and retired physics professor. After the 1996 neutrality vote, Mr. Kuper founded Sierrans for U.S. Population Stabilization, a splinter group of disgruntled members devoted to returning the club to its "traditional population policy."

The group developed a scorecard that grades members of Congress on their votes on the environment, immigration and family-planning issues. Mr. Kuper also regularly lobbies the League of Conservation Voters to include immigration on its list of issues.

Relations between the rebels and the mother ship aren't always cordial. During the 2004 and 2005 board elections, the anti-immigration candidates accused Sierra Club staffers of playing the race card to undermine their campaigns.

After the 2004 election, Mr. Pope wrote an essay titled "The Virus of Hate," which warned members against a possible infiltration of the club by racists. He said that some candidates "on the losing side" had entered into an "ugly alliance with individuals and groups whose motivations are clearly racist."

Mr. Kuper now includes a disclaimer on his Web site denouncing racism under the heading "No to racism, yes to environmentalism."

Battle at the border

One issue that could pull the environmental community back into the immigration debate is the degradation at the border. The Bureau of Land Management estimates that only 1 percent of the 25 million tons of garbage left in the Southern Arizona desert has been hauled off since 2002.

The hardest-hit areas include the Cabeza Prieta National Wildlife Refuge, which now includes about 200 miles of illegal roads carved into the landscape by trucks and off-road vehicles, prompting the Wilderness Society to issue an alert.

"The trash problem is staggering, to say the least," said Defenders of Life's Miss Neeley, whose group has been active in cleanup efforts. "If you've seen it, it's almost surreal."

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The groups' solution, however, isn't likely to warm the hearts of immigration hawks. Instead of calling for a clampdown on illegal immigration, both groups have stern words for the U.S. Border Patrol, calling on the agency to make a stronger commitment to environmental protection.

Miss Neeley said in a 2006 article in an environmental group's publication that the problem lies with the agency's decision to push illegal aliens from urban points of entry such as Nogales, Ariz., to the desert. The idea was to make crossing the border more difficult, but the result has been the degradation of protected lands, she said in the Sky Island Alliance's newsletter.

The Border Patrol also needs to drive on established roads and avoid carving new ones through the wilderness, environmentalists say. The groups also are uniformly opposed to a border wall or fence, which they say would cut off wildlife migration routes.

What about the actual border-crossers, who rarely stick to the main highway?

"Of course, that's being done by crossers, too, but we can't tell crossers, 'Hey, you're breaking these laws,'" Miss Neeley said.

The blame-the-Border Patrol response exasperates agency spokesman Gus Soto, who suggests that the illegal aliens, drug smugglers and human smugglers bear greater responsibility for the damage than its officers.

"Unfortunately, they do choose to point the finger at us, but you have to remember, we're not the ones out there crossing. We're not the ones out there creating roads. We're trying to stop the smuggling industry," Mr. Soto said.

The agency has implemented a training program for its officers in environmental awareness. Officers often patrol sensitive areas via aircraft or on horseback, and they feed their horses only with seeds that are indigenous to the region.

"We don't go off-road," Mr. Soto said. "Before we do anything, we have to do an environmental-impact study to make sure it won't have a negative impact. We don't want to leave an environmental footprint in these sensitive areas."

The smugglers, on the other hand, "will cross anywhere without concern for the environment," he said. "It's the smugglers that are doing this, not the Border Patrol. We're going after the people who are causing the environmental harm."

They have their differences, but one thing both the Border Patrol and Defenders of Wildlife do agree on is that something must be done to reduce the total number of border-crossers. And that's a start.

"If we don't start reducing the total number of crossers, the problem is only going to get worse," Miss Neeley said. "And so far the environmental community really hasn't had an adequate response."

Immigration Activist Defying Ruling (AP)

By Sophia Tareen

AP, October 1, 2006

An immigration activist who took refuge in a church after the government ordered her deported to Mexico said Saturday she will remain holed up there, even though a federal judge dismissed a lawsuit filed on her behalf.

The lawsuit against the government had contended that deporting Arellano would effectively deport her son Saul, who is a U.S. citizen, and would violate his rights. U.S. District Judge Amy St. Eve ruled Friday that although the 7-year-old would face hardships, they weren't of constitutional magnitude.

Arellano, 31, and her son have been living at the Adalberto United Methodist Church since mid-August.

"I want to stay here with my son," Arellano said in Spanish to reporters at the church. "I'm not just fighting for my situation. ... You can't separate families."

The Rev. Walter L. Coleman, the Adalberto pastor who sued in August on the woman's behalf, said he and Arellano are in contact with other families in similar situations and are considering filing a class-action lawsuit, he said.

Coleman said he is not concerned that federal officials will enter the church to remove Arellano.

"We fear God more than we fear Homeland Security," he said.

Arellano was to surrender to federal authorities for deportation Aug. 15 but instead sought refuge in the small church, in a heavily Puerto Rican neighborhood.

She first was arrested in 1997 soon after crossing into the United States and was sent back to Mexico.

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She returned and was arrested again in 2002 and convicted of working as a cleaning woman at O'Hare International Airport under a false Social Security number.

Vegetation Obscures Markers On U.S.-Canada Border (WT/AP)

The Washington Times, October 1, 2006

HOULTON, Maine (AP) -- The United States wants to better secure its border with Canada, but it may have trouble finding it in some areas, an official with the agency that maintains the border said.

The United States and Canada have fallen so far behind on basic maintenance of their shared border that law-enforcement officials may have to search through overgrown vegetation for markers in some places, the official said.

"If you can't find it, then you can't secure it," said Dennis Schornack, the U.S. commissioner of the International Boundary Commission (IBC), the intergovernmental agency responsible for maintaining the U.S.-Canada border.

The Boeing Co. has been awarded a three-year contract to implement the first part of what could be a multibillion-dollar plan to reduce illegal entry along the 6,000 miles of border with Canada and Mexico using better technology, including cameras, sensors and even unmanned airplanes.

But commission officials say their budget of just more than $3 million is insufficient and insist that if they are not given more money to buy basic machinery to beat back the weeds, bushes and trees that threaten to overtake parts of the border, all those high-tech gadgets could prove useless.

"I've talked and talked, and we don't seem to be getting anywhere," Mr. Schornack said. "Yes, it's not glamorous. It's not high-tech. ... But if you don't get that basic job done, all I know is cameras won't work."

The 5,525-mile U.S.-Canada border cuts a 20-foot-wide swath through many wooded areas. Down the middle are monuments and markers denoting the actual border.

The agency, consisting of two commissioners (one from each country), seven field engineers and a small support staff, is responsible for surveying and maintaining more than 8,000 monuments and reference points.

The IBC has warned that it has fallen far behind in clearing fast-growing brush and trees, especially in the United States' Northeast and Northwest -- between Washington state and British Columbia, and among New England, Quebec and New Brunswick.

Mr. Schornack will meet in Washington tomorrow and Tuesday with his Canadian counterparts, high-ranking homeland security officials and members of Congress to lobby for more funding.

Canadian officials say the United States needs to contribute more money.

The United States contributed $1.43 million this fiscal year, compared with $2.2 million Canada contributed, the commission said. The U.S. contribution pales in comparison with the $33 million it is giving the International Boundary and Water Commission, which oversees maintenance of the border with Mexico. And a bill to erect a fence along the Mexican border went to President Bush on Friday.

"Some of the catch-up projects that the Americans are supposed to undertake are not being done. We're doing as much as we can with our funding, but the catch-up rate is not what it should be," said Al Arseneault, the deputy commissioner of the commission's Canadian branch.

CONGRESS-ADMINISTRATION:

Foley-Page E-Mails Not News To GOP (LAT)

By Chuck Neubauer

The Los Angeles Times, October 1, 2006

WASHINGTON — House Republicans knew for months that Rep. Mark Foley (R-Fla.) was exchanging what were described as "over-friendly" e-mails with a 16-year-old former House page, they acknowledged Saturday.

Foley resigned Friday after news reports revealed that he had sent another male teenage former House page messages that were explicitly sexual. House leaders said they had not been aware of those messages.

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With midterm elections weeks away — and Democrats trying to capture the House from Republican control — GOP leaders went out of their way to condemn Foley's behavior.

"The improper communications between Rep. Mark Foley and former House congressional pages is unacceptable and abhorrent," House Republican leaders said in a statement issued late Saturday. "It is an obscene breach of trust. His immediate resignation must now be followed by the full weight of the criminal justice system."

Top House officials conceded that they had been alerted as early as last fall to concerns about Foley and his contacts with a 16-year-old former House page, but said they had discussed it with the congressman and were told that his relationship with the page was that of a mentor. They told him to cease his contacts with the page.

House Speaker J. Dennis Hastert (R-Ill.) reported that he was unaware that Foley had been sending sexually explicit messages until some messages to pages were leaked to the media last week. "No one was ever made aware of any sexually explicit e-mail or text messages at any time," Hastert's office said Saturday in releasing what it described as a preliminary report on his contacts in the matter.

ABC News reported Friday that it had obtained copies of instant messages to current and former male pages in which Foley made numerous explicit sexual references.

In one exchange Foley asked: "You in your boxers, too? …. Well strip down and get relaxed."

Foley resigned his seat within hours of being asked about the messages. The six-term representative, chairman of a congressional caucus on crimes against children, was the author of legislation to strengthen penalties against pedophiles and child pornographers. He was considered a lock for reelection. Now Republicans are scrambling to find a replacement candidate.

Democrats were quick to criticize the GOP leadership, with Minority Leader Nancy Pelosi (D-San Francisco) demanding an Ethics Committee investigation, which the leadership agreed to.

House GOP leaders said in their statement Saturday that they were asking for a full review of the incident by the House Page Board and were creating a toll-free tip line for confidential reports of concern. They also said they had asked the Ethics Committee not only to investigate the Foley case but to promulgate rules on contacts between members of Congress and the pages.

In its preliminary report, Hastert's office said it had been told twice of concerns about Foley's e-mail contact with a former page.

The first time was last fall, when aides to Rep. Rodney Alexander (R-La.) told Hastert's staff that Foley had been in e-mail contact with a former page whom Alexander had sponsored.

Hastert's office said it had not been told the text of the e-mails and referred Alexander to the House clerk, whose office runs the page program. Alexander's office declined to show the e-mails to the clerk, saying they wanted to protect the family's privacy, according to the Hastert statement. Alexander's staff told the clerk that the e-mails were not sexual but characterized them as "over-friendly," Hastert's office said. In the e-mails, the 52-year-old Foley asked the page how he fared in Hurricane Katrina and asked for a photograph, among other topics.

Jeff Trandahl, the clerk at the time, and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met with Foley and told him that the parents wanted Foley to "immediately cease any communication with the young man," the report said. Foley told them he was just mentoring the page.

The clerk later told Hastert's office that they had spoken with Foley and taken corrective action, according to the report.

According to Hastert's press secretary, Ron Bonjean, office staffers did not inform Hastert. But another congressman said Saturday that he had personally told Hastert months later about what had been described as "over-friendly" e-mails. (Hastert does not recall the conversation, his office's report said.)

"Rodney Alexander brought to my attention the existence of e-mails between Mark Foley and a former page of Mr. Alexander's," said Rep. Thomas M. Reynolds (R-N.Y.), chairman of the Republican Congressional Campaign Committee. "Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the [House] speaker of the conversation Mr. Alexander had with me," Reynolds said.

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Hastert's report said: "While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution."

House Majority Leader John A. Boehner (R-Ohio) said Saturday that he had heard of the e-mails five months ago but was told the matter had been taken care of.

Boehner spokesman Kevin Madden said Alexander had approached the majority leader five months ago and told him that Foley had had an e-mail exchange with a page. The conversation "did not raise an alarm," said Madden, "because Alexander had assured him that he had talked to the parents and they did not wish to pursue it and they did not believe there was need to pursue it further."

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G.O.P. Aides Knew In Late '05 Of E-Mail (NYT)

By Carl Hulse And Raymond Hernandez

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Top House Republicans knew for months about e-mail traffic between Representative Mark Foley and a former teenage page, but kept the matter secret and allowed Mr. Foley to remain head of a Congressional caucus on children's issues, Republican lawmakers said Saturday.

The exchanges began with what Republicans now describe as an "overfriendly" e-mail message from Mr. Foley to the unidentified teenager.

But news reports about the exchanges led to the disclosure of e-mail correspondence with other former pages in which the discussions became more and more sexually explicit. Shortly after he was confronted by ABC News on Friday about the subject, Mr. Foley, who represented a south Florida district, resigned from the House.

The revelations set off a political upheaval, with Democrats and some Republicans calling for a full investigation of Mr. Foley's conduct and whether House leaders did enough to look into it. Members of the Republican leadership sought Saturday to detail how they had handled the case in an effort to defuse the situation, even as it was emerging as an issue in Congressional races.

Among those who became aware earlier this year of the fall 2005 communications between Mr. Foley and the 16-year-old page, who worked for Representative Rodney Alexander, Republican of Louisiana, were Representative John A. Boehner, the majority leader, and Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. Mr. Reynolds said in a statement Saturday that he had also personally raised the issue with Speaker J. Dennis Hastert.

"Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Mr. Reynolds said.

In a chronology of the episode released later on Saturday, the speaker's office said Mr. Hastert did not recall any such discussion and had no previous knowledge of the matter. "While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution," the statement said.

The statement, issued after senior aides, the House clerk and legal advisers huddled for much of Saturday in the Capitol, said senior staff members in the speaker's office first learned of the e-mail messages from Mr. Alexander's office in the fall of 2005 and took steps to investigate.

Aides to the speaker and other Congressional Republican leaders said the messages, which an Alexander aide described to them as "overfriendly," were much less explicit than the others that came to light after ABC News first disclosed the e-mail correspondence with Mr. Alexander's page. The aides said Mr. Alexander's office, at the request of the page's family, did not show them copies of the messages. In those messages, sent after Hurricane Katrina, Mr. Foley asked about the well-being of the boy, a Monroe, La., resident. He wrote: "How are you weathering the hurricane. . .are you safe. . .send me a pic of you as well." The page sent the note to a former colleague, describing it as "sick."

In another message, Mr. Foley wrote, "What do you want for your birthday coming up. . .what stuff do you like to do."

The e-mail exchanges that came to light after the first news reports were far more graphic. When he was confronted about them on Friday, Mr. Foley resigned. Republican leaders said they had not known about the other e-mail correspondence.

"No one in the speaker's office was made aware of the sexually explicit text messages which press reports suggest had been directed to another individual until they were revealed in the press and on the Internet this week," the statement from Mr. Hastert's office said.

Both Republican and Democratic lawmakers said Saturday that Congress and the public deserved a full report on Mr. Foley's dealings with the pages, who are high school students who serve as runners and perform other duties. The lawmakers said there should also be an inquiry into the leadership's knowledge of his activities and its response.

"Anyone who was involved in the chain of information should come forward and tell when they were told, what they were told and what they did with the information when they got it," said Representative Peter T. King, Republican of New York. Mr. King called it a "dark day" for Congress and said, "We need a full investigation."

Representative Christopher Shays, Republican of Connecticut, said any leader who had been aware of Mr. Foley's behavior and failed to take action should step down. "If they knew or should have known the extent of this problem, they should not serve in leadership," Mr. Shays said.

On Saturday night, the House Republican leadership issued a statement that characterized the communications between Mr. Foley and the former House pages as "unacceptable and abhorrent."

"It is an obscene breach of trust," the statement said. "His immediate resignation must now be followed by the full weight of the criminal justice system."

The statement, from Mr. Hastert, Mr. Boehner and the majority whip, Roy Blunt, asked the board that oversees pages "to undertake a full review of the incident and propose additional safeguard measures."

The leaders also said they had asked for specific rules governing the communications and contacts between pages and lawmakers and called for creation of a toll-free number for pages and their parents to report concerns.

Besides the leaders, other lawmakers and Congressional officers who served on the board that oversaw the page program were aware of the e-mail messages, though the Democratic lawmaker who serves on the board, Representative Dale E. Kildee of Michigan, said Saturday that he had never been informed.

According to lawmakers and the speaker's office, the page who received the e-mail forwarded the one in which Mr. Foley, 52, asked for his picture, to a colleague in Mr. Alexander's office, repeatedly calling it "sick" and saying it "freaked me out."

Mr. Alexander called the boy's parents, who, Republican leaders said Saturday, told him they did not want to pursue the matter but wanted Mr. Foley to stop.

Mr. Alexander's office also contacted staff members in Mr. Hastert's office for guidance on what to do and, according to the speaker's account, his aides put Mr. Alexander's staff in contact with the clerk of the House, who oversees the page program. The clerk, who at the time was Jeff Trandahl, referred the matter to Representative John Shimkus, the Illinois Republican who is the chairman of the House Page Board, in late 2005, a spokesman for Mr. Shimkus said.

Mr. Trandahl and Mr. Shimkus confronted Mr. Foley, who insisted he was simply acting as a mentor to the former page, officials said. He assured them nothing inappropriate had occurred.

"They asked Foley about the e-mail," the speaker's statement said. "Congressman Shimkus and the clerk made it clear that to avoid even the appearance of impropriety and at the request of the parents, Congressman Foley was to immediately cease any communication with the young man."

The leadership had other possible avenues for investigating the e-mail messages beyond questioning Mr. Foley, including an inquiry by the ethics committee or even the Capitol police. But aides said that while the contents of the messages are disturbing in hindsight, they did not set off alarms initially.

On Saturday, Mr. Shimkus' spokesman, Steve Tomaszewski, said, "Obviously Foley lied about the other e-mails."

Mr. Tomaszewski said Mr. Shimkus would not comment on any other conversations he had with House leaders about the matter because it was referred to the ethics committee by a vote of the House on Friday. A spokesman for Mr. Alexander did not respond to telephone and e-mail messages.

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Kevin Madden, a spokesman for Mr. Boehner, said Saturday that Mr. Boehner had had a "brief, nonspecific" conversation about the subject with Mr. Alexander in the spring but that he could not recall with certainty whether he had discussed it with other leaders.

Democrats moved quickly to criticize Mr. Reynolds, who while overseeing House campaigns nationally is facing the potential of a serious challenge from Jack Davis, a wealthy businessman who has vowed to spend at least $2 million of his own money in the contest. "Tom Reynolds had a moral obligation to protect our children," said Curtis Ellis, a spokesman for Mr. Davis.

Carl Forti, a spokesman for Mr. Reynolds, said the congressman became aware of contact between Mr. Foley and the young page this past spring, when Mr. Alexander brought it to his attention. Mr. Forti said that Mr. Alexander had told Mr. Reynolds of an e-mail exchange between Mr. Foley and the page, but that he did not show Mr. Reynolds the e-mail messages and their contents.

Strategists for both parties said it was too early to tell what impact the episode might have on Congressional elections now five weeks away but said at a minimum it could lower the already dismal public view of incumbents and discourage conservative voters.

It directly affected the race for the seat of Mr. Foley — the third Republican to resign this year under a cloud. Tim Mahoney, the Democrat who had been running an uphill and barely watched race against Mr. Foley, used the new attention to his campaign on Saturday to accuse the Republican leadership of covering up for him.

"It's now clear from all the reports coming in from across the country that the Republican leadership team has been well aware of this problem with the pages for well over a year," Mr. Mahoney said at a campaign stop at Palm Beach International Airport. "It looks to me that it was more important to hold onto a seat and to hold onto power than to take care of our children."

At the Justice Department, an official said that no investigation was under way but that the agency had "real interest" in examining the circumstances to see if any crimes were committed.

Several of Mr. Foley's former colleagues demanded a criminal inquiry.

Representative Robert E. Cramer, an Alabama Democrat who was co-chairman with Mr. Foley of the House Caucus on Missing and Exploited Children, condemned Mr. Foley's actions as "shocking and disturbing."

"Anyone, including Foley, involved in this type of behavior should be prosecuted to the fullest extent of the law," Mr. Cramer said.

GOP Leader Rebuts Hastert On Foley (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, October 1, 2006

Reynolds: Speaker Knew of E-Mails in Spring

House Speaker J. Dennis Hastert (R-Ill.) was notified early this year of inappropriate e-mails from former representative Mark Foley (R-Fla.) to a 16-year-old page, a top GOP House member said yesterday -- contradicting the speaker's assertions that he learned of concerns about Foley only last week.

Hastert did not dispute the claims of Rep. Thomas M. Reynolds (R-N.Y.), and his office confirmed that some of Hastert's top aides knew last year that Foley had been ordered to cease contact with the boy and to treat all pages respectfully.

Reynolds, chairman of the National Republican Congressional Committee, became the second senior House Republican to say that Hastert has known of Foley's contacts for months, prompting Democratic attacks about the GOP leadership's inaction. Foley abruptly resigned his seat Friday.

House Majority Leader John A. Boehner (R-Ohio) told The Washington Post on Friday that he had learned in late spring of inappropriate e-mails Foley sent to the page, a boy from Louisiana, and that he promptly told Hastert, who appeared to know already of the concerns. Hours later, Boehner contacted The Post to say he could not be sure he had spoken with Hastert.

Yesterday's developments revealed a rift at the highest echelons of House Republican ranks a month before the Nov. 7 elections, and they threatened to expand the scandal to a full-blown party dilemma.

Only after Reynolds's definitive statement did Hastert concede yesterday that he may have been notified of some of the questionable activities of Foley, 52, who had co-chaired the Congressional Missing and Exploited Children's Caucus. Hastert

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said, however, that he knew nothing of the sexually explicit instant messages that became public Friday when ABC News and other news outlets reported them. The messages apparently were exchanged with youths other than the 16-year-old.

Hastert's aides learned in the fall of 2005 only of e-mail exchanges that House officials eventually deemed "over-friendly" with the Louisiana teenager, the speaker's office said yesterday in a lengthy statement. "While the Speaker does not explicitly recall this conversation" with Reynolds, the statement said, "he has no reason to dispute Congressman Reynolds's recollection that he reported to him on the problem and its resolution."

Boehner and Reynolds said their offices learned of the Foley e-mails months ago from Rep. Rodney Alexander (R), who sponsored the page from his northeastern-Louisiana district.

"Rodney Alexander brought to my attention the existence of the e-mails between Mark Foley and a former page of Mr. Alexander's," Reynolds said yesterday. "Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me."

GOP leaders have said they referred the matter promptly to Rep. John M. Shimkus (R-Ill.), who heads a three-lawmaker panel that oversees the House page program.

Shimkus questioned Foley, but at that time, he had seen only suspiciously friendly e-mails, not the explicit instant messages revealed recently. In one e-mail to the former page, for example, Foley asked for a picture of him. The boy reportedly told an associate that he considered the request to be "sick," but Foley convinced Shimkus that the exchanges were innocent, Shimkus and Republican leaders said.

Republicans appeared to have kept the matter under wraps. Rep. Dale E. Kildee (Mich.), the only Democrat on the House Page Board, said yesterday: "I was never informed of the allegations about Mr. Foley's inappropriate communications with a House page, and I was never involved in any inquiry into this matter."

Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, questioned yesterday why Alexander had gone to the House Republicans' chief political operative, rather than to other party leaders. "That's to protect a member, not to protect a child," Emanuel said.

With his statement, Reynolds, who is locked in a difficult reelection campaign, signaled he was unwilling to take the fall alone amid partisan attacks that were becoming increasingly vituperative. The Democratic National Committee yesterday issued a statement asking "Why Did Tom Reynolds Cover Up Congressman's Sex Crimes?" It continued: "While the shocking [online] exchanges produced an immediate uproar that cost Congressman Foley his job, at least one member of the House Republican leadership had known about the situation for months and did nothing about it: . . . Reynolds."

Republican insiders said Reynolds spoke out because he was angry that Hastert appeared willing to let him take the blame for the party leadership's silence.

A House GOP leadership aide, who spoke on the condition of anonymity for fear of losing his job, said that Reynolds realizes he has taken a shot at his leader but that it is understandable.

"This is what happens when one member tries to throw another member under a bus," the aide said.

Last night, Hastert, Boehner and Majority Whip Roy Blunt (R-Mo.) said in a statement that Foley's communications with former pages are "unacceptable and abhorrent," and that his resignation "must now be followed by the full weight of the criminal justice system." The statement did not suggest how that might happen, but added that the three have "asked for the creation of a toll-free telephone number for House pages, parents, grandparents and staff to confidentially report incidents of concern."

The House clerk's office "has taken possession of Congressman Foley's office, and Capitol police officers have been posted in front of his office around-the-clock" to preserve Foley's records and correspondence, said Hastert spokesman Ron Bonjean.

Foley's actions have jeopardized a House seat that Republicans had considered safe this fall. Sen. John F. Kerry (D-Mass.) headlined a fundraiser yesterday for the district's Democratic nominee, Tim Mahoney, whose race has rocketed to national prominence with Foley's resignation. Charlie Cook, editor of a nonpartisan newsletter that tracks congressional races, said that if Foley's name stays on the ballot, "it's going to be hard for Republicans to hold on to the seat." But a GOP loss might last only two years, he said, since the district typically votes Republican in presidential races.

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The chronology released by Hastert's office begins in late 2005, after Alexander had alerted colleagues of Foley's e-mail exchanges with the former page, who had returned to Louisiana. Hastert aide Tim Kennedy "immediately discussed the matter with his supervisor, Mike Stokke, Speaker Hastert's Deputy Chief of Staff," the statement says. Also brought into the talks were Hastert's staff attorney, Ted Van Der Meid, and the House clerk.

The clerk and Shimkus "immediately met with Foley to discuss the matter," the chronology says, and they told Foley "to immediately cease any communication with the young man. . . . Mindful of the sensitivity to the parents' wishes to protect their child's privacy and believing that they had promptly reported what they knew to the proper authorities," it says, "Kennedy, Van Der Meid and Stokke did not discuss the matter with others in the Speaker's Office."

Republicans fear the scandal, coming in the wake of indictments of three GOP congressmen this year, might add to the public's unrest at the party's image and conduct, and some House members yesterday joined in the chorus of dismay and scorn.

"I don't think it will be just conservative voters that will shake their heads when they hear about this," said Rep. Jim McCrery (R-La.).

"As the author of laws designed to protect children on the Internet, I was appalled at the recent revelations that a member of Congress engaged in reprehensible behavior toward young people connected to the congressional page program," said Rep. Mike Pence (R-Ind.). "Congress should thoroughly investigate this matter and, in cooperation with law enforcement authorities, support all proper legal action."

Rich Galen, a Republican political strategist, worried that voters might lump Foley's name with former representatives Robert W. Ney (R-Ohio), Tom DeLay (R-Tex.) and Randy "Duke" Cunningham (R-Calif.), all of whom were forced to resign or were indicted amid various scandals this year.

"This sense of entitlement that members of Congress can do anything to anyone or for anyone has got to end," Galen said.

Staff writer R. Jeffrey Smith and staff researcher Magda Jean-Louis contributed to this report.

GOP Leaders Knew Of Foley E-mail In '05 (AP)

By Devlin Barrett

AP, October 1, 2006

Rep. Thomas Reynolds, head of the House Republican election effort, said Saturday he told Speaker Dennis Hastert months ago about concerns that a fellow GOP lawmaker had sent inappropriate messages to a teenage boy. Hastert's office said aides referred the matter to the proper authorities last fall but they were only told the messages were "over-friendly."

Reynolds, R-N.Y., was told about e-mails sent by Rep. Mark Foley and is now defending himself from Democratic accusations that he did too little. Foley, R-Fla., resigned Friday after ABC News questioned him about the e-mails to a former congressional page and about sexually suggestive instant messages to other pages.

"The improper communications between Congressman Mark Foley and former House Congressional pages is unacceptable and abhorrent. It is an obscene breach of trust," Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, and Majority Whip Roy Blunt, R-Mo., said in a written statement Saturday evening. "His immediate resignation must now be followed by the full weight of the criminal justice system."

The House leaders said it is their duty to ensure House pages are safe. They said they are creating a toll-free hot line for pages and their families to call to confidentially report any incidents, and will consider adopting new rules on communications between lawmakers and pages.

The boy who received the e-mails was 16 in the summer of 2005 when he worked in Congress as a page. After the boy returned to his Louisiana home, the congressman e-mailed him. The teenager thought the messages were inappropriate, particularly one in which Foley asked the teen to send a picture of himself.

The teen's family contacted their congressman, Rep. Rodney Alexander, R-La., who then discussed the problem with Reynolds sometime this spring.

"Rodney Alexander brought to my attention the existence of e-mails between Mark Foley and a former page of Mr. Alexander's," Reynolds, chairman of the National Republican Congressional Committee, said in a written statement Saturday.

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"Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Reynolds said.

Hastert said he does not remember talking to Reynolds about the Foley e-mails, but did not dispute Reynolds' account.

"While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution," Hastert's aides said in a preliminary report on the matter issued Saturday.

On Friday night, Hastert spokesman Ron Bonjean said the top House Republican had not known about the allegations.

Saturday's report includes a lengthy timeline detailing when they first learned of the worrisome e-mail in the fall of 2005, after a staffer for Alexander told Hastert's office the family wanted Foley to stop contacting their son. Alexander's staffer did not share the contents of the e-mail, saying it was not sexual but "over-friendly," the report says.

Hastert's aides referred the matter to the Clerk of the House, and "mindful of the sensitivity of the parent's wishes to protect their child's privacy and believing that they had promptly reported what they knew to the proper authorities," they did not discuss it with others in Hastert's office — including, apparently, their boss.

After the issue was referred to the clerk, it was passed along to the congressman who oversees the page program, Rep. John Shimkus, R-Ill.

Shimkus has said he learned about the e-mail exchange in late 2005 and took immediate action to investigate.

He said Foley told him it was an innocent exchange. Shimkus said he warned Foley not to have any more contact with the teenager and to respect other pages.

Democrats charged Reynolds did far too little and said more digging should be done.

"Congressman Reynolds' inaction in the face of such a serious situation is very troubling, and raises important questions about whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day," said Democratic National Committee spokeswoman Karen Finney.

New York Democrats hoping to unseat Reynolds blasted the congressman, saying they call into question the Republican's values.

"Mr. Reynolds knew about these allegedly inappropriate e-mails from a fellow congressman to a minor for months and didn't lift a finger," said Blake Zeff, a spokesman for the state Democrats.

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On the Net:

National Republican Congressional Committee: http://www.nrcc.org/

Shimkus Approached Foley About Early E-mails (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 1, 2006

WASHINGTON Last year, the House clerk grabbed Rep. John Shimkus off the floor during a vote and said they needed to talk.

It wasn't unusual for the clerk at that time, Jeff Trandahl, to catch Shimkus, in the hallway or on the House floor, since together they oversaw the House page program and often had items to discuss.

This time, though, Trandahl had in his hand an email exchange between one of the House pages, a 16-year-old boy, and Rep. Mark Foley, R-Fla.

Shimkus, who serves as board chairman for the House page program, read the emails, in which Foley asked about the boy's well-being in the wake of Hurricane Katrina, what he wanted for his birthday, and for a photograph. (The boy was from Louisiana and had returned to his home state.)

Although there was nothing sexually suggestive in the emails, Shimkus and Trandal agreed: "That was enough for us to approach Mark," Shimkus recalled an interview Saturday.

Soon after, they met with Foley and his chief of staff in the Florida congressman's office. "We basically said, 'We got these emails. And we don't think this is appropriate. ... You have to stop (contacting this boy)'," Shimkus said.

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Shimkus said Foley told them, "'When I was a young person, an adult became my mentor inspired me to be a congressman and that's all I'm doing'." Foley said if he was guilty of anything, Shimkus recalled, it was of being "overly friendly."

As Shimkus and the rest of his House colleagues now know, "He lied to me. He lied to the former clerk."

Foley announced his resignation Friday after ABC News reported that he had indeed sent sexually explicit emails to other male pages.

Shimkus said he believes he handled the situation as best he could, given the information he had at the time. He said he didn't tell any other lawmakers about the incident, even other page board members, because he thought it had been addressed sufficiently.

He said he never learned, until Friday, about the other more explicit messages Foley sent, Shimkus said.

"My evaluation was there's no smoking gun here," he said. "At the time, that email had no significance ... other than 'Mark stay away from this kid, this doesn't look good'."

Shimkus added: "I think based on the information I had, what I did was fine. If I regret something maybe I should have had Dale (Kildee, a Democratic board member and congressmen from Michigan) with me because now it's going to be a political football.

In the midst of the continuing swirl of the scandal last night, Shimkus and another board member visited the pages and apologized to them. Just a few days earlier, Shimkus had "read them the riot act" about behaving properly while in the program. On Friday, he told them, "I'm embarrassed I'm ashamed. This lecture I gave you I should give to my colleagues."

He urged them to contact him or another adult supervisor if they ever felt uncomfortable or were concerned about the behavior of House members, staff, or others. Shimkkus said he's not sure what steps, if any, the board could take to prevent this kind of incident again.

"Our responsibility is to make sure the kids are as safe in D.C. as they are at home. And you know what? They are," he said. "These kids are incredibly watched after and monitored, as well as any kids can be monitored."

As for his former colleague Foley, he said: "I imagine Mark really is a sick man who has really harmed himself and harmed the institution. Because of that I'm sure I'll be dealing with this for a while."

Democrats See Chance In Foley's District (AP)

By Brendan Farrington

AP, October 1, 2006

Democratic candidate Tim Mahoney seized the opportunity created by scandal and criticized GOP leaders Saturday for not fully investigating Rep. Mark Foley when his raunchy communications with a teenage boy came to light about a year ago.

Foley resigned Friday after revelations that he exchanged explicit electronic messages with the 16-year-old boy, a former congressional page, sending the Florida GOP scrambling for a replacement candidate less than six weeks before the election.

Mahoney, who until two days ago was the underdog in the race for Foley's seat, said Republican leaders should have fully investigated at the time. Pages are high school students who attend classes under congressional supervision and work as messengers.

"It looks to me that it was more important to hold onto a seat and to hold onto power than to take care of our children," Mahoney said. "I think that's wrong. I think that's what's wrong with Washington."

The House Page Board investigated the allegations late last year, but Foley was not honest when he denied improper conduct with the teenager, the committee's leader, Rep. John Shimkus of Illinois, has said.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said Saturday that he told Speaker Dennis Hastert months ago about the e-mail concerns. Hastert's office said aides referred the matter to proper authorities last fall but were told the messages were only "over-friendly."

House leaders, including Hastert, said their duty is to ensure that pages are safe. They said they are creating a toll-free hot line for pages and their families to call to confidentially report any incidents and will consider adopting new rules on communications between lawmakers and pages.

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Mahoney, a millionaire financial services executive who switched parties last year before entering the race, campaigned Saturday with Sen. John Kerry.

The Massachusetts senator was in the state to raise money for Democratic congressional candidates and party gubernatorial nominee Jim Davis. About Foley, he said, "It speaks for itself. Every parent in America is disgusted and disturbed by it."

Foley, R-Fla., who is single, apologized Friday for letting down his family and constituents. Hours after his resignation, Foley's former colleagues engineered a vote to let the House ethics committee decide whether an investigation is needed.

In Florida, Democrats found themselves suddenly competitive in a district where Foley, 52, had been considered a shoo-in.

His resignation further complicates the political landscape for Republicans, who are fighting to retain control of Congress. Democrats need to win a net of 15 Republican seats to regain the power they lost in 1994.

Florida Republican officials on Saturday were still discussing the procedure to replace Foley as a candidate in the South Florida district, which President Bush won with 55 percent of the vote in 2004 and is now in play for November.

Though Florida ballots have already been printed with Foley's name and cannot be changed, any votes for Foley will count toward the party's choice.

State Rep. Joe Negron has been mentioned as a possible candidate. He would enter the race with several hundred thousand dollars left over from an attorney general campaign that he ended to avoid a primary with former U.S. Rep. Bill McCollum.

"Tim Mahoney is spending his afternoon hanging out with John Kerry in Palm Beach County, and I think most voters in District 16 don't want a John Kerry Democrat representing them in Congress," Negron said. He said he has received the backing of many state Republican executive board members.

Foley, who represented an area around Palm Beach County and was chairman of the Missing and Exploited Children's Caucus, had introduced legislation in July to protect children from exploitation by adults over the Internet. He also sponsored other legislation designed to protect minors from abuse and neglect.

Foley e-mailed the page in August 2005. The boy was 16 at the time. Foley asked him how he was doing after Hurricane Katrina and what he wanted for his birthday. The congressman also asked the boy to send a photo of himself, according to excerpts of the e-mails that were originally released by ABC News.

ABC News reported Friday that Foley also engaged in a series of sexually explicit instant messages with current and former pages, all male.

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Associated Press writer Larry Margasak in Washington, D.C., contributed to this report.

House Republican Leaders Admit They Knew About Foley E-mails For Months (FLSUNSEN)

By William E. Gibson And Josh Hafenbrack

South Florida Sun-Sentinel, October 1, 2006

U.S. Rep. Mark Foley's sudden resignation from Congress sparked a political firestorm on Saturday when Democrats accused House Republicans of failing to respond to initial reports of his sexually suggestive e-mails to a congressional page.

The House voted late Friday to turn the matter over to the Ethics Committee before Congress adjourned for the fall election campaign season, hours after House leaders acknowledged they had known about the e-mails for months.

In Washington and Palm Beach County, Democrats tried to broaden the sex scandal by condemning an alleged cover-up by the House majority.

"It's made more outrageous by the fact that Republican leaders knew about it a year ago and kept it a secret to protect their political lives instead of protecting the lives of pages," U.S. Rep. Debbie Wasserman Schultz, D-Weston, said during a news conference at Palm Beach International Airport.

Wasserman Schultz and former presidential candidate John Kerry seized on Foley's resignation and apology while campaigning for Tim Mahoney, the Democrat running for Foley's former seat. "I think every parent in America was disgusted and disturbed by it," said Sen. Kerry, D-Mass., who had planned the fundraising trip before Foley's resignation on Friday.

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Foley's apology and resignation six weeks before the Nov. 7 elections has turned the campaign for his seat into one of the most contentious and closely watched congressional races in the nation.

Before the resignation, election forecasters had considered Florida's 16th District relatively safe for Republicans despite Mahoney's spirited campaign. Foley, a popular and well-funded incumbent, seemed almost invincible.

Suddenly Democrats have the advantage in that race, putting the 16th District in the middle of a titanic nationwide struggle for majority control of the House.

South Florida Republicans scrambled to contain the damage but acknowledged that the once-safe seat is vulnerable.

"It's going to be very much of an uphill battle," said Palm Beach County Commissioner Mary McCarty. "I think a big question is going to be, who in Washington knew this was going on, and what did they do about it? I'm certainly hoping anybody that knew about this turned this over to the proper authorities at the right time. If it was common knowledge, why was it allowed to go on?"

House Republican leaders have acknowledged hearing complaints last November about suspicious e-mails from Foley to a 16-year-old former page but took no action at the request of the boy's parents.

When news about the e-mails was reported last week, Foley abruptly resigned. Around midnight Friday, just before taking a break for the election campaigns, House leaders pushed through a vote to turn the matter over to the House ethics committee.

Republican leaders in District 16, which includes parts of eight counties, plan to meet this week to pick a new candidate. State Rep. Joe Negron, R-Stuart, appears to be the leading candidate.

Negron says he has $1 million of cash on hand from his abandoned run for attorney general. That money can't be transferred into a federal account, but Negron said he would lean on many of the same supporters and had already received numerous calls from would-be donors.

Palm Beach County Republican Party Chairman Sid Dinerstein said Foley's name on the ballot makes for an awkward campaign, and he's not sure if the new Republican candidate can overcome it.

"If there's a piece of luck in this thing on our side, it's Joe Negron," Dinerstein said. "He has the ability to raise money. He has name recognition. He's a wonderful person; the guy has no negatives. If the voters are just not able to punch the Foley name, we would understand."

Florida Republican Party spokesman Jeff Sadosky wouldn't say when the party will pick a new candidate, or if the GOP will mount a challenge to get Foleys' name off the ballot yet. "Right now, we're talking with our legal team to figure out the best course of action," he said.

Political analysts who track elections across the country say Democrats this year are poised to gain just enough seats to seize majority control, making each close race potentially pivotal.

"It's a likely Democratic pickup now," said Alan Abramowitz, a political scientist at Emory University. "That's a seat very likely to flip. Every seat is crucial now, so that's a big one."

Democrats need to gain 15 House seats to hold the majority, which would allow them to control the agenda, lead every committee and bring legislation to the floor for votes.

The opposition party would then be in position to promote its own causes, stymie President Bush's policies and investigate administration practices. The balance of power in Washington would shift closer to the middle of the political spectrum after two decades of conservative Republican dominance.

Foley's former seat becomes one of about three dozen in contention, including a close race in Florida's 22nd District, where Republican Rep. Clay Shaw of Fort Lauderdale is struggling to fend off Democrat Ron Klein, a state senator from Boca Raton.

Democrats now appear likely to gain between 13 and 20 House seats, said Richard Semiatin, a political scientist at American University in Washington who tracks House races.

In the post World War II era, Democrats controlled the House for four decades before losing it in the momentous 1994 election, which brought Foley into office along with 53 other Republican freshmen.

Once an embodiment of the "Republican Revolution," Foley in this year's elections has added to his party's woes.

Foley Built Career As Protector Of Children (WP)

By R. Jeffrey Smith

The Washington Post, October 1, 2006

He Gained Attention by Fighting Sex Crimes

The Republican congressman who resigned Friday following the discovery of sexually explicit Internet messages he sent to teenage boys was a gregarious and charismatic lawmaker who built his political career in large measure on legislative proposals meant to halt the sexual predation of children and others.

Beginning with his 1993 sponsorship of a measure in the Florida state legislature to seize the cars of men who solicited prostitutes, former restaurant owner and real estate agent Mark Foley repeatedly attracted a flattering political spotlight by inveighing against those involved in sexual crimes and presenting himself as a protector of exploited children.

A well-liked member of the class of conservatives elected to Congress in 1994, Foley was until two days ago a deputy whip for the House Republicans and a co-chairman of the Congressional Missing and Exploited Children's Caucus. A Web site for the bipartisan group states that it was formed to "create a voice within Congress" on that issue and to operate a hotline for tips about "online child sexual exploitation" that could be passed to law enforcement agencies.

At a White House Rose Garden ceremony on July 27, President Bush hailed Foley and some other House and Senate lawmakers as members of a "SWAT team for kids." Bush spoke while signing into law a broad child protection measure that included a Foley-sponsored provision requiring sex offenders to register in every state where they live, work or attend school.

Foley's abrupt exit from Capitol Hill on Friday, shortly after ABC News journalists confronted him with excerpts of his Internet messages to male youths, stunned his congressional staff. They had dismissed an ABC report earlier last week about e-mails Foley, 52, sent to an underage, male House page as an exaggerated report stemming from an innocent attempt to be friendly.

Foley was not the target of any official investigation before his resignation, and he said in a three-sentence letter on Friday that "I am deeply sorry and I apologize for letting down my family and the people of Florida."

"No one saw the extent of this," said a former aide who said he has been in contact with Foley's congressional staff members since the resignation and who spoke on the condition of anonymity because of the sensitivity of the matter. "You do that kind of stuff in the shadows."

Born in Boston into a devout Catholic family, Foley moved to south-central Florida and dropped out of a community college at age 20 to open with his mother a restaurant called Lettuce Patch, according to the Almanac of American Politics and CQ's Politics in America. He entered politics three years later as a commissioner for Lake Worth, a coastal town south of wealthy Palm Beach, starting as Democrat but switching parties in the 1980s.

The political cause of exploited children has long been a Republican favorite, and several of his staff members had strong feelings about its importance, according to several sources familiar with Foley's work. They said he saw the topic as a platform for attracting national attention and winning frequent appearances on cable talk shows, where he described sex offenders as "animals" who will persist "unless stopped."

"He loved the attention," a former aide said.

Foley recalled earlier this month that "I was in my mid-twenties" when Adam Walsh, 10, was kidnapped from his home in a nearby Florida community, assaulted, and killed in 1981, a crime that attracted national attention. "I remember that the case startled me. . . . It described the end of innocence for South Florida."

In 1998, he sponsored legislation allowing the Boy Scouts and other volunteer groups to get access to an FBI criminal database so they could weed out child predators. In 2003, he pressed Florida Gov. Jeb Bush (R) to investigate a nudist camp for teenagers, noting that "I have been fighting for years to eliminate both child pornography and so-called exploitive child modeling Web sites."

During the congressional debate in 1998 over President Bill Clinton's affair with a White House intern, Foley called Clinton's actions vile and told the St. Petersburg Times that "it's more sad than anything else, to see someone with such potential throw it all down the drain because of a sexual addiction."

While campaigning for a Senate nomination in 2003, Foley, who is single, was asked whether he was gay, and deflected the question as a matter of personal privacy before dropping out of the race.

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Legislating, he told National Public Radio on June 29, "is not necessarily just trying to brand people or create a scarlet letter or subject them to unnecessary ridicule, but it's really to set a bar and a standard by which they then decide, 'I better get help professionally,' 'I better go and see how I can deal with this problem,' or, 'I should absolutely avoid contact with young people in order to ensure I don't fall into this very serious problem.' "

Hitting A Self-Destruct Button (NYT)

By Mark Leibovich

The New York Times, October 1, 2006

WASHINGTON

POLITICS incubates all manner of gaffe, scandal and humiliation, and then there are those rarified doozies that become classics at I.M. speed.

Hello, Representative Mark Foley, here's your special membership pin and thanks for joining Washington's "What On Earth Was He Thinking?" Caucus.

The illustrious club includes a special "Sex Scandal" subcaucus that features, among others, Wilbur Mills (D-Tidal Basin), Gary Hart (D-Monkey Business), Bob Packwood (R-Senate Elevators) and, of course, Bill Clinton (D-Oval Office).

Mr. Foley, the six-term Republican from Florida, gained slam-dunk admission Friday when he resigned from Congress and apologized to his family and the people of his state over reports that he sent sexually explicit messages to underage male pages.

Note the inclusion of the terms "sexually explicit," "underage," "male" and "page," in addition to the tidbits tidily extracted from the instant messages that ABC News reported were exchanged between Mr. Foley and his 16-year old, er, friend:

"Do I make you a little horny?" Mr. Foley reportedly asked under the log-in name "Maf54."

Teen: "A little."

Maf54: "Cool."

Mr. Foley gets double bonus points for his helpful if imprudent use of electronic mail, which made it so easy to spread around the mirth and amusement and — oops, scratch that, we mean genuine sadness and compassion. This is Washington, after all.

The exchange was quoted verbatim in the lead story of ABC's "World News Tonight" Friday and linked in its entirety on ABC's Web site under the heading of "READER DISCRETION STRONGLY ADVISED: Foley's Exchange With Underage Page."

Career-ender, in other words. At least until Mr. Foley does his confessional interview on Oprah, gets his very own talk-show ("Mark!") and secures the requisite seven-figure book advance. The book would divulge all the sordid details, except that it's hard to imagine things getting any more sordid than what's already on the Internet. The snippet quoted above is just the PG-13 teaser.

The "Sex Scandal" club is only one subcaucus in the big tent of Washington infamy and shame. There is also the "Blatant Financial Improprieties" subcaucus (with the guest star Duke Cunningham), the "Ill-Advised Nazi Comparison" subcaucus (Howdy, Senator Dick Durbin) and the "Racially Insensitive Remark Directly Into a Video Camera" ("You're an animal, George Allen").

But the sex subcaucus is easily the biggest.

"You always seem to have politicians doing bizarrely self-destructive things, especially involving sex," says Lawrence Kestenbaum, creator of "Political Graveyard," a history Web site that includes an exhaustive cataloging of transgressions by politicians.

Under the heading "Politicians Who Were Ever in Trouble or Disgrace," the section contains 420 entries, in chronological order, many of them involving present and former members of Congress. Among the escapades:

• Barney Frank, Democrat of Massachusetts, was reprimanded when it was revealed that a male lover had been running a prostitution business out of his Capitol Hill apartment.

• Donald (Buz) Lukens, Republican of Ohio, who was convicted of a misdemeanor for having sex with a 16-year-old girl.

• Dan Crane, Republican of Illinois, and Gerry Studds, Democrat of Massachusetts, both of whom were censured by the House for having sexual relations with teenage pages — Mr. Crane with a female in 1980, Mr. Studds with a male in 1973.

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The "Politicians Who Were Ever in Trouble or Disgrace" section comes with the devastatingly simple disclaimer "Very Incomplete!"

Mr. Kestenbaum says improprieties in the political realm tend to resonate more than in others. First, they tend to become public, necessitating apologies and, in many cases, resignations. He points out that if Mr. Foley were a purchasing manager at some store, he might actually keep his job.

"The political world tends to be very judgmental," Mr. Kestenbaum says. This creates towering spectacles of dishonesty, famous last words that are often caught on tape. Mr. Clinton created the gold standard for this when he looked into a camera and indignantly declared, "I did not have sexual relations with that woman, Miss Lewinsky."

Mr. Foley gets triple bonus points for hypocrisy. As co-chairman of the House caucus on missing and exploited children, he has been a fierce advocate for tough sanctions against people who sexually exploit children over the Internet. Not that Democrats have been pointing this out relentlessly since the news broke or anything.

Or reminding people that Mr. Foley was a big supporter of President Clinton's impeachment.

"Part of his thing was, 'What do we tell the children?'" recalls the longtime Clinton aide Paul Begala. "Apparently, we'll tell them in a sexually explicit e-mail."

Gleeful, anyone? It's unclear exactly where this fits in, but any story about politicians and sex scandals feels incomplete without the iconic quote from Edwin Edwards, the rascally former governor of Louisiana: "The only way I can lose this election," Mr. Edwards once boasted to reporters, "is if I'm caught in bed with either a dead girl or a live boy."

He said nothing about instant messaging, however.

House's Program For Teenagers Is No Stranger To Scandal (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — The last time a scandal involving Congressional pages unfolded in the House of Representatives, a commission reviewing the matter reached a conclusion: those serving in the blue-coated gofer positions must be at least 16.

It was 1982, when Thomas P. O'Neill Jr., Democrat of Massachusetts and the House speaker, appointed a panel to review accusations that two congressmen had sexual relationships with teenage pages. Before the case was closed, the Justice Department had begun its own investigation and a yearlong House ethics probe concluded with the censure of a Republican and a Democratic representative.

The page program, a storied part of official Washington since 1829 and whose alumni include sitting members of Congress, is again at the center of a political controversy, as the fallout continued on Saturday from the resignation of Representative Mark Foley, Republican of Florida. Speaker J. Dennis Hastert, Republican of Illinois, has ordered a fresh review of the program allowing high school students to work as messengers on Capitol Hill.

Congressional pages arrive in Washington from across the country, sponsored by their local representative or senator, in a highly competitive program that attracts thousands of applicants. In navy blazers and pressed white shirts, about 100 young men and women not only answer telephones, deliver documents and run errands for members of Congress, but they also have a ringside seat to internal workings of the House and Senate.

Now, their education includes a possible scandal revolving around sexually explicit Internet and cellphone messages between Mr. Foley, 52, and a 16-year-old former page from Louisiana.

Two decades ago, the page program was nearly discontinued after accusations of sexual misconduct and drug use. But a Congressional panel concluded: "We feel the pages received a bum rap from the highly publicized scandal."

Representatives Daniel B. Crane, Republican of Illinois, and Gerry E. Studds, Democrat of Massachusetts, were formally censured by the House in the sex scandal. On July 20, 1983, the two were required to stand in the well of the House chamber and listen to the charges against them, which they did not dispute.

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Mr. Crane, who lost his bid for re-election, was censured for having had sexual relations with a 17-year-old female House page. Mr. Studds, who went on to serve in the House until January 1997, was censured for having had sexual relations with a 17-year-old male page on a trip to Europe during a summer Congressional recess.

In the aftermath of the scandal, the minimum age for pages was raised to 16 from 14. Tighter supervision measures were put in place, including a dormitory just blocks from the Capitol, where pages are required to live and attend classes.

Lawmakers moved to create the Page Board, a bipartisan panel that oversees the program.

Representative John Shimkus, a Republican from Illinois who heads the five-member board, had been looking into the case against Mr. Foley. But he kept the matter closely held.

The Democrat on the board, Representative Dale E. Kildee of Michigan, said he had not learned of the episode until Friday, the day Mr. Foley resigned.

"I was never informed of the allegations about Mr. Foley's inappropriate communications with a House page," Mr. Kildee said in a statement released Saturday evening. "And I was never involved in any inquiry into this matter."

The Foley Scandal (WP)

The Washington Post, October 1, 2006

It's not just about Rep. Foley.

THE SUDDEN resignation of Rep. Mark Foley (R-Fla.) involves more than an obviously troubled man who sent sexually suggestive e-mails to underage congressional pages. Numerous fellow lawmakers, including Republican leaders, apparently had at least partial knowledge about Mr. Foley's disturbing conduct. A thorough and prompt accounting is needed of what colleagues knew about his behavior, when they knew it and what they did about it.

The system of congressional pages offers valuable experience for teenage boys and girls but also puts a burden on Congress to ensure that the young people in its care are not subject to sexual harassment or abuse. In 1983 the House censured Reps. Daniel B. Crane (R-Ill) and Gerry E. Studds (D-Mass.) for sexual misconduct with pages. Given that history, initial reports about the institutional response to questions about Mr. Foley's behavior are extremely troubling -- suggestive of a self-protective desire to sweep the problem under the rug rather than to put the well-being of pages paramount.

Mr. Foley's interests were so well-known that pages reportedly warned each other to watch out for him. Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, said he was told by the clerk of the House about troubling e-mails from Mr. Foley to a page "in late 2005." Mr. Shimkus said he warned Mr. Foley to cut off contact and "be especially mindful of his conduct" with pages. That hardly seems an adequate response.

House Majority Leader John A. Boehner (R-Ohio) said he learned of the matter last spring, and Speaker J. Dennis Hastert (R-Ill.), after first saying he heard about it only last week, confirmed yesterday that he also was informed early this year. What did the House leaders do with this information, and did they take steps to protect other pages?

Mr. Boehner has punted the controversy to the House ethics committee. But that panel has too often been a black hole of inaction riven by partisan divisions. This isn't a matter of judging whether an individual member complied with ethics rules so much as of assessing the House's institutional response to a problem in its midst. The better course would be to appoint an outside investigator to do the fact-finding. Meanwhile, lawmakers, from the speaker on down, should divulge, fully and quickly, their conduct in this affair.

Medicare Insurers To Offer More Options In '07 (NYT)

By Robert Pear

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Medicare beneficiaries will have access to more options for prescription drug coverage in 2007, with many insurers offering better value and a larger number of medications, the Bush administration said Friday. But the potential for confusion may also increase.

The administration said beneficiaries who were satisfied with their current drug coverage would not have to do anything when the six-week open enrollment period begins Nov. 15. Consumer advocates, however, said beneficiaries should carefully review the options because prices have changed, often by significant amounts.

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Insurers can begin marketing their 2007 options on Sunday.

The drug program got off to a chaotic start in January. But the Bush administration, realizing that health care could be a potent issue for Democrats in midterm elections this fall, appears to have solved many of the biggest problems.

Many experts had predicted a shakeout in the market for drug coverage, which is offered through dozens of private insurers subsidized by the government. But it did not occur.

In most states, Medicare beneficiaries had a choice of slightly more than 40 free-standing drug plans this year. In 2007, every state but Alaska and Hawaii will have more than 50 drug plans, and 23 states will have 55 or more.

The number of national drug plans offering coverage in every state will rise to 17 next year, from 9 this year. In New York, 61 drug plans will be available, up from 46 this year.

John K. Gorman, a former Medicare official who is now a health care consultant, said, "Over all, Medicare beneficiaries can expect to see low drug premiums and higher levels of benefits."

To support the assertion that drug plans will offer better value, Medicare officials said the average premium for drug coverage next year would be $24 a month. That is the same as this year and 40 percent less than first estimated for 2007. But, the officials said, the average number of drugs covered by insurers will increase by 13 percent, to 4,390 next year.

Monthly premiums in 2007 will range from a low of $9.50, under a drug plan offered by the HIP Insurance Company of New York, to a high of more than $110 under plans offered by Sierra Health Services in New Jersey and some other states.

Francis B. Olsen, senior vice president of HIP Insurance in New York, said his company was now charging $40.70 a month for "virtually the same coverage" that would cost $9.50 a month next year. Clearly, he said, "it will be a better bargain for beneficiaries." Humana has the lowest premium this year: $1.87 a month in a seven-state region that includes Iowa, Minnesota and North and South Dakota.

The number of drug plans available in 2006 and 2007 far exceeds what members of Congress expected when they created the program three years ago. The existence of so many plans provides some evidence to support the theory that the federal government can stimulate fierce competition among private insurers — regulated and subsidized by the government — to help control health costs for beneficiaries and taxpayers.

"As a result of robust competition and smart choices by seniors, plans are adding drugs, removing options that were not popular, and providing more options with enhanced coverage," said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services.

But Deane R. Beebe of the Medicare Rights Center, a counseling and advocacy group, said beneficiaries should not be lulled into complacency.

"Your drug plan might have worked for you this year, but you can't assume that it will be affordable or cover the drugs you need next year," Ms. Beebe said. "You should go back to the drawing board to determine whether your current plan or another one would best meet your needs."

Congress defined a standard benefit, which includes a significant gap in coverage, also known as a doughnut hole. Medicare officials encouraged insurers to help close the gap in 2007, and many companies responded. For premiums ranging typically from $40 to $50 a month, beneficiaries can enroll in plans that provide extra benefits, including coverage in the gap for generic and sometimes for brand-name drugs.

While many companies are in the market, enrollment is concentrated in drug plans offered by just a handful of companies. Two companies, UnitedHealth and Humana, attracted almost half of the people in prescription drug plans this year, but that could change.

Humana, which offered the lowest premiums in many states this year, is raising some of its charges in 2007, and other companies have cut their premiums to compete more effectively.

To illustrate the need for caution in the marketplace, Ms. Beebe pointed to changes in the most comprehensive plan offered by Humana. In New York, the premium for this plan, known as Humana Complete, will be $82.10 a month in 2007, up from $47.93 this year. But the plan, which covers both generic and brand-name drugs in the gap this year, will cover only generic products in the gap next year, according to data provided by the government and the company.

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Thomas T. Noland Jr., a spokesman for Humana, said other companies were lowering their premiums "in response to our leadership."

Even though UnitedHealth often charged higher premiums than other insurers this year, it won many subscribers because it had a product endorsed by AARP, the lobby for older Americans. UnitedHealth offered one drug plan under the AARP name this year, but in 2007, it will offer three, including a so-called saver plan priced below the cheapest Humana plan in several states.

Hope, At $4,200 A Dose (NYT)

By Alex Berenson

The New York Times, October 1, 2006

CHARGING $4,200 a dose for a new version of an old cancer drug has helped make Dr. Patrick Soon-Shiong a billionaire.

The drug, Abraxane, does not help patients live longer than the older treatment, though it does shrink tumors in more patients, according to clinical trials. And the old and new medicines have similar side effects. An independent review of Abraxane published in December in a cancer research journal concluded that the drug was "old wine in a new bottle."

Still, Dr. Soon-Shiong's company, Abraxis BioScience, has promoted Abraxane as a major advance in treating late-stage breast cancer — that is, for patients who have not responded to other treatments and are now close to death — and is seeking approval for patients to use it earlier in their treatment. And, in at least one way, Abraxane is a breakthrough: it costs about 25 times as much as a generic version of the older medicine, which is best known by its brand name, Taxol.

Because of the odd economics of the cancer drug market, though, Abraxane's price does not seem to be hurting its popularity.

About 20,000 people have now been treated with the drug, and Dr. Soon-Shiong expects its sales to approach $200 million this year. By 2010, Abraxane's annual sales could reach $1 billion, analysts say.

Those rosy forecasts illustrate the pricing power that makers of cancer drugs wield. With patients often facing grim prognoses and desperate for new therapies, and insurers relatively powerless to negotiate prices or deny coverage, the cost of treatments seems to have little impact on demand.

The rise in cancer-drug prices is a microcosm of broader trends pushing up health care costs nationally. Despite decades of efforts by governments and insurers to restrain costs, patients continue to want the newest — and most expensive — drugs and medical devices. And doctors and the health care industry have little reason to keep costs in check, because insurers rarely deny coverage for new treatments on the basis of price.

As a result, health care costs continue to skyrocket. On Tuesday, the Kaiser Family Foundation reported that the cost of employee health insurance coverage rose 8 percent, according to a survey conducted from January to May this year. Businesses now spend about $8,500 a year for health insurance for the average family, the foundation said, with employees adding $3,000, not counting the cost of deductibles and other out-of-pocket payments.

Abraxane, and cancer drugs generally, are still a tiny part of total medical spending. But their costs are rising even faster than overall health care inflation. Worldwide, spending on cancer drugs is expected to more than double from 2004 to 2009, to $55 billion, with most of that in the United States.

LARGELY as a result of investor enthusiasm for Abraxane, the stock market value of Abraxis is $4.6 billion.The company, which also makes several generic drugs used in hospitals, had a profit of $86 million last year on sales of $519 million. Dr. Soon-Shiong, the company's chairman, owns 84 percent of the stock, worth about $3.8 billion.

Dr. Soon-Shiong, a Los Angeles surgeon with a controversial history in the drug industry, says Abraxane's price is justified because it causes fewer allergic reactions than Taxol, whose chemical name is paclitaxel. And his company is spending large sums on clinical trials to test Abraxane in new categories of cancer patients, he said.

"We have a breakthrough," he said. "Look at the data."

Dr. Soon-Shiong also noted that although Abraxane has not been proved to prolong survival, it does appear to cause tumors to shrink more often than does Taxol. In the clinical trial that led to Abraxane's approval, about 24 percent of patients showed some response to Abraxane, compared with 11 percent for Taxol.

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Independent oncologists agree that reducing the risk of allergic reactions is an advantage — and perhaps reason enough for doctors to choose Abraxane, costs aside. Still, in clinical trials, Abraxane's overall side-effect profile was similar to that of paclitaxel, which was approved as a chemotherapy treatment in 1992 and is still widely used. Both Abraxane and Taxol can kill white blood cells, leaving patients open to infection, as well as damage nerves in the hands and feet. Taxol causes more damage to white blood cells, while Abraxane causes more nerve damage.

Drug industry experts say Abraxane's price reflects the fact that makers of cancer drugs can charge high prices for new medicines even if they are only marginally better than their older counterparts. That pricing dynamic is enabled by insurance, which shields patients from the full price of drugs. Without pressure from their insurers, patients have little reason to choose older treatments over expensive new therapies.

Doctors, who ultimately decide what drugs to prescribe, also do not have to worry about paying for the treatments they choose.

"When I'm with a patient, my job is to be a patient advocate, not to try to save society money on chemotherapy," said Dr. Barbara L. McAneny, the chief executive of New Mexico Oncology/Hematology Consultants, in Albuquerque.

The Food and Drug Administration, meanwhile, does not regulate drug prices but considers only whether new medicines are safe and effective. Medicare, which pays for Abraxane, is also forbidden by law from considering cost in deciding what treatments to cover.

While insurers have tried to save money in other drug categories by encouraging patients to use cheaper generic drugs, they face public pressure not to restrict access to new cancer treatments. At least since 1971, when President Richard M. Nixon declared a "war on cancer" and vowed to eliminate it, cancer has been viewed as a uniquely frightening disease that deserves the highest priority for research and treatment.

At the same time, most cancer drugs cannot be easily substituted for one another, preventing insurers from playing one drug maker against a rival to achieve lower prices. Abraxis, despite having a close generic competitor for its drug, appears to be benefiting from the insurance industry's acquired habit of paying for whatever the cancer doctor prescribes.

"Everyone is well aware that prices keep going up," said Dr. Steven B. Miller, the chief medical officer at CuraScript, a division of Express Scripts, which helps companies manage their drug insurance plans. But employers are reluctant to tell Express Scripts to refuse to pay for costly new cancer drugs, Dr. Miller said.

"Do you want your employees calling and saying, 'You're denying my family the latest cancer care?' " Dr. Miller said. "Until the payor community" — that is, companies that provide health insurance — "develops the appetite to be more aggressive, it would be irresponsible for us to press them on it," he added.

But Dr. John C. Hornberger, a senior research associate at the Sphere Institute, a nonprofit health and public policy group in Burlingame, Calif., says employers are wary of interfering in medical decision-making by their employees. "They want to control costs," he said, "but they don't want to be involved."

Carol Austin-Fink, who learned last year that she had cancer in her right breast, insisted on taking Abraxane after she received the diagnosis because the chemotherapy she received in 1996 for a different cancer in her left breast had caused severe side effects. The earlier treatment did not include Taxol, so she had no idea whether Taxol would cause problems for her, but she did not want to take the chance.

Ms. Austin-Fink, a 59-year-old writer who lives in Las Vegas, said she received six doses of Abraxane over four months, a standard course of treatment. The cost of the drug did not concern her because she has excellent insurance coverage, she said.

"My insurance company just paid it, because my doctors said they needed it, and the insurance company doesn't argue with stuff like that," Ms. Austin-Fink said.

The Abraxane had few side effects and caused her tumor to shrink almost immediately. Her cancer has remained under control since her final treatment a year ago, she said. She said she believes that Abraxane worked better for her than Taxol would have, though she acknowledged that she could not be sure.

Drug companies have sharply increased prices for new cancer drugs in the last decade. Since 1998, for example, Celgene, a biotechnology company based in Summit, N.J., has raised the price of Thalomid, a drug for a cancer called multiple myeloma, to more than $35,000 a year from $4,000.

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Celgene is not alone. New treatments now routinely cost several thousand dollars a month. Worldwide spending on cancer medicines, which was $24 billion in 2004, is expected to rise to $55 billion in 2009, making oncology treatments the biggest drug category, according to IMS Health, which provides data on drug sales.

The higher prices are beginning to strain the system, said Carolina Hinestrosa, executive vice president at the National Breast Cancer Coalition, an advocacy group.

Even if they have insurance, many patients face co-payments of 20 percent for their cancer drugs, an expense that can become ruinous for patients receiving combination therapy with several new drugs. For example, Abraxane is being tested along with Avastin, a treatment from Genentech that costs $8,000 a month for some patients.

Drug costs are rising so fast that some patients cannot afford the newest treatments, and access to some therapies "is beginning to be eroded," Ms. Hinestrosa said.

ORIGINALLY, Taxol itself was considered expensive. When the F.D.A. approved it in December 1992, its price of $986 a dose led to Congressional hearings. Since 2000, when Bristol-Myers Squibb's patent on Taxol expired, the drug has been available both as nonbranded generic paclitaxel and as branded Taxol, at a cost of about $150 a dose for the generic and $1,000 for the branded version, which is now sold mostly outside the United States.

These days, though, high prices rarely draw public protests, in part because most patients are still receiving their medicines. That is accomplished through a mix of insurance coverage and programs sponsored by charities and drug makers, including Abraxis, that provide free supplies to the indigent.

"There isn't an effort in terms of public policy to keep prices under control," Ms. Hinestrosa said.

Megan Murphy, an analyst at Lazard Capital Markets who follows Abraxis, agrees. While doctors and patients have begun to complain, drug makers still have substantial pricing power, she said. "At some point, something will change here," she said. "But there doesn't seem to be any real resistance right now."

Dr. Soon-Shiong said in an interview that he, too, worried about the cost of cancer treatment. But Abraxane is fairly priced, he said, because it is based on a scientific breakthrough that the company refers to as "nanoparticle technology."

This is not the first time that Dr. Soon-Shiong has aggressively promoted a new disease treatment. In the mid-1990's, he won attention for transplanting pancreatic cells into two diabetic patients. Eventually, the transplants failed.

At about the same time that Dr. Soon-Shiong was researching both diabetes treatments and Abraxane, he created a company called American Pharmaceutical Partners to market generic drugs to hospitals. American Pharmaceutical generated controversy by giving stock options to executives at a company responsible for buying drugs on behalf of hospitals nationwide. Some doctors said the stock options created a serious conflict of interest by giving the executives — who were supposed to represent the hospitals — a financial interest in American Pharmaceutical's success. American Pharmaceutical denied any wrongdoing and said all the arrangements were properly disclosed.

Dr. Soon-Shiong created Abraxis BioScience earlier this year by merging American Pharmaceutical Partners with another company he controlled, American BioScience. Shareholders in American Pharmaceutical Partners have sued him over the merger, contending that it benefited him at their expense. Dr. Soon-Shiong says that he has done nothing wrong and that the lawsuits are irrelevant to Abraxane's promise.

ABRAXANE is a reformulated version of paclitaxel, a chemical found in the Pacific yew tree that destroys cancer cells. But paclitaxel, which is given intravenously, is difficult to use. Because it does not dissolve in water, the drug must be mixed in Cremophor, a combination of castor oil and alcohol that can cause severe allergic reactions. To reduce that risk, patients who receive Cremophor first receive a steroid and an antihistamine.

Working with University of Illinois researchers in the 1990's, Dr. Soon-Shiong found a way to give Taxol without Cremophor by coating paclitaxel in fragments of albumin, a protein found in human blood. He named the new treatment Abraxane.

Abraxane patients do not need antihistamines or steroids. The drug can also be given at slightly higher doses and injected more quickly than traditional paclitaxel, which requires a three hour-infusion.

A third drug, called Taxotere, works similarly to paclitaxel but is a different chemical compound; it competes with both Abraxane and Taxol. Made by Sanofi-Aventis, Taxotere costs $2,500 a dose. It increases survival slightly in breast cancer

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patients, compared with Taxol. But because Taxotere has even more severe side effects, many patients and doctors prefer Taxol. Both drugs are widely used. There is no published data comparing Abraxane and Taxotere.

In the largest clinical trial comparing Abraxane and Taxol, covering 454 patients, the two drugs produced similar side effects — although Taxol caused more patients to have low white blood cell counts.

The trial also showed that Abraxane delayed the growth of tumors for 23 weeks in the average patient, compared with 17 weeks for Taxol. That difference was statistically significant, meaning that it probably did not occur by chance. But the trial did not show that Abraxane extended patients' lives longer than Taxol did, and that is the most important measure of effectiveness. After two years, roughly 75 percent of patients in the study had died, whether they received Abraxane or Taxol.

Over all, Abraxane may be slightly more effective than Taxol, and the lack of Cremophor is an advantage, said Dr. Andrew D. Seidman, a breast cancer specialist at Memorial Sloan-Kettering Cancer Center in Manhattan who has studied Taxol and Taxotere since the early 1990's. But the two drugs are similar, he said. "Is this a breakthrough in terms of the notion that this is a new class of drug with a new mechanism of action?" he asked rhetorically. "No."

Dr. Ramaswamy Govindan, a Washington University professor who was co-author of a December article in the Annals of Oncology about Abraxane and other, as-yet- unapproved Cremophor-free versions of Taxol, said that none of the new drugs had shown significant advantages over the older medicine.

"In general, the novel formulations so far have not stood out as distinctly superior," Dr. Govindan said.

The F.D.A. approved Abraxane as a last-ditch treatment for late-stage breast cancer in January 2005. Now Abraxis is asking the F.D.A. to allow the use of Abraxane as a treatment for early-stage breast cancer, a larger market than that for late-stage treatments. In an unusual move, the company asked the agency earlier this year to waive its typical requirement that the drug be tested in those patients before allowing the expanded use.

On Sept. 7, the F.D.A. convened a panel of experts in Silver Spring, Md., to discuss Abraxis's request.

Committee members voted against the company's proposal 13 to 1, saying that Abraxis needed more data. The company expects to begin discussions soon with the F.D.A. about designing a clinical trial to test Abraxane in early-stage patients.

At the Sept. 7 hearing, though, Dr. Michael Hawkins, Abraxis's top medical officer, made a remarkable observation about how the company's $4,200-a-dose drug compared with $150 generic paclitaxel.

Dr. Hawkins said the F.D.A. should approve Abraxane in early-stage patients without a clinical trial because such testing would probably not prove that his company's drug was different than the conventional treatment. "These are just two forms of paclitaxel," he said.

Arizonan To Head Transport Dept (AP)

AP, October 1, 2006

Senate confirms Bush nominee Mary Peters, 57

WASHINGTON — The Senate early Saturday confirmed President Bush's nomination of Mary Peters, Arizona's former Department of Transportation director, as the new secretary of transportation.

Peters, a former federal highway administrator, succeeds Norman Mineta, a Democrat who resigned in July after six years in office.

In a statement issued by the White House, Bush said Peters is "an innovative thinker who will work with state and local leaders to confront challenges and solve problems."

Peters, 57, who spent most of her career in government highway jobs, is a strong advocate of privatizing roads. But highways are only a part of the Transportation Department's portfolio. The 60,000-person department also regulates aviation, railroads, pipelines, transit and motor carriers.

Her biggest challenges will be reducing highway, airport and seaport congestion. The administration in May announced a strategy to reduce highway congestion. It calls for selecting up to five interstate corridors for long-term investment.

Peters spent three years as head of the Arizona Department of Transportation and 3 1/2 years as head of the Federal Highway Administration.

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Since November, she has been national director for transportation policy and consulting in the Phoenix office of HDR, an architectural and engineering firm.

A fourth-generation Arizonan, she holds a bachelor's degree from the University of Phoenix and attended Harvard University's John F. Kennedy School of Government program for state and local government executives.

Last November, Peters dropped her bid to challenge Democratic Gov. Janet Napolitano after questions were raised about Peters' eligibility.

The Arizona Constitution requires candidates to have been Arizona citizens five years before the election, but Peters lived in Virginia and registered to vote there during Bush's first term.

Peters said she believed she was eligible to run, but was stepping aside because the issue would have been a distraction in the race.

Justices To Hear Abortion, Integration Cases (WP)

By Charles Lane

The Washington Post, October 1, 2006

'Partial-Birth' Procedure and Schools' Race Policies to Dominate Court's Agenda

Abortion and race dominate the Supreme Court's agenda for the term that begins tomorrow, with the Bush administration and its conservative allies urging the justices to put limits on abortion rights and affirmative action.

Conservatives want the court to uphold a 2003 federal law banning the procedure opponents call "partial-birth" abortion, and to strike down local integration policies that distribute students by race. They are asking the court not only to rule in their favor, but to limit -- or, possibly, overrule -- recent constitutional decisions that have drawn heavy fire from the right.

The conservative push on social issues is just what Democrats and liberals, concerned about the future of Roe v. Wade , the 1973 case that recognized a right to abortion, warned against during confirmation hearings for the two Bush appointees now on the court -- Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

In response, Roberts and Alito pledged to take due account of stare decisis , the rule that says the court should avoid overruling past decisions.

So this term will be closely watched not only for the results the court reaches, but for how it reaches them.

"They don't want to make it look as if the only reason for change is that there are different people here," said Michael J. Gerhardt, a professor of law at the University of North Carolina. "They'll want to make it clear that principles and not politics dictated the outcome."

When the court takes up the federal abortion law, it will be considering a statute that was passed by a large majority in Congress and signed by Bush in 2003 -- and then struck down by every lower federal court that has considered it.

The lower courts ruled that the law is incompatible with a 5 to 4 ruling by the Supreme Court in 2000 that held that a similar state law, from Nebraska, was unconstitutional.

In that case, known as Stenberg v. Carhart , the court said the statute could be read to prohibit other procedures and lacked an exception to protect a mother's health, creating an "undue burden" on the right to abortion first recognized in Roe.

The Republican-controlled Congress included an exception to save a mother's life. It did not permit any other exception, however, based on its finding that none could be medically justified.

If the court wants to uphold the federal law without overruling a precedent that is only six years old, it could say that it is bound by Congress's factual findings, which distinguish the federal law from the Nebraska one.

That is the course urged by the Bush administration in its brief, which speaks of "the long-standing principle that Congress is better equipped than courts to make factual findings that inform the constitutionality of federal statutes."

But, the administration brief continues, to "the extent that the Court concludes that Stenberg compels the conclusion that the Act is facially invalid . . . Stenberg should be overruled."

In a brief on behalf of several doctors challenging the ban, the Center for Reproductive Rights told the court that it owes Congress no deference on issues of medical practice, and that the administration's suggestion that Stenberg may be overruled "demonstrates an inadequate regard for the societal values held safe by the principles of stare decisis ."

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The decision to rule on "partial birth" abortion despite the absence of disagreement among lower courts was expected: The court usually reviews lower-court decisions holding federal laws unconstitutional.

Taking up race-conscious public school assignments was a surprise, however. The justices had turned down a similar case a few months earlier, when Sandra Day O'Connor was still on the court.

O'Connor wrote the court's opinion in a 5 to 4 case upholding race-conscious admissions in higher education.

But after Alito replaced her, the court spent almost two months discussing the public school issue before deciding in June to hear it.

At issue are voluntary school integration plans in Seattle and in Louisville, Ky.

In Seattle, where authorities seek to overcome what they say are segregated housing patterns, students can choose to attend any high school in the city, but some are oversubscribed.

To determine who gets in, officials deny admission to new students whose race would tip an oversubscribed school's population more than 15 percentage points outside a 60-40 nonwhite-white balance.

In Louisville, which was under court order to desegregate until 2000, the policy applies from first grade through high school and aims to prevent any school from falling below 15 percent black or exceeding 50 percent black.

In both cities, white parents whose children were not allowed into the schools of their choice sued, alleging that the policies were unconstitutional.

Lower courts ruled in favor of the schools, citing O'Connor's 2003 opinion, which said that diversity could be a strong enough government interest to warrant the use of race as a factor in allocating places in the University of Michigan's law school.

Several conservative legal organizations are urging the court in friend-of-the-court briefs to use the Seattle and Louisville cases to overrule the three-year-old Michigan decision.

But in their briefs, the white parents and the Bush administration, which supports them, do not urge overruling the Michigan case -- which caused deep internal divisions over affirmative action within the administration.

Instead, they tell the court that the public school plans are different because they are not true efforts at diversity but, as the administration brief puts it, "outright racial balancing," which the court has disapproved in other cases.

Where The Rubber Meets Roe (WP)

By William Saletan

The Washington Post, October 1, 2006

The issue that never changes is finally changing.

If you're among the millions of Americans who don't like the idea of abortion but also don't like the idea of banning it, good news is on the way. In the past several weeks, two bills have been filed in the House. Without banning a single procedure, they aim to significantly lower the rate of abortions performed in this country. Voluntary reduction, not criminalization or moral silence, is the new approach.

How do you stop abortions without restricting them? One way is to persuade women to complete their pregnancies instead of terminating them. The other is to prevent unintended pregnancies in the first place. And there's the rub -- or, in this case, the rubber. The two House bills used to be one proposal, backed by an alliance of antiabortion lawmakers and organizations. The alliance split because one faction wanted to fund contraception and the other didn't.

In short, the good news is that we no longer have to fight about abortion. The bad news is that we're now fighting about contraception. The old question was abortion as birth control. The new question is abortion or birth control. To lower the abortion rate, we need more contraception. And that means confronting politicians who stand in the way.

In the past two years, Sen. Hillary Rodham Clinton , NARAL Pro-Choice America and many House Democrats who support abortion rights have conceded that abortion is tragic and that its frequency must be reduced. Third Way , a progressive think tank, has pushed hard in this direction.

Meanwhile, Democrats for Life of America , which has eight members of Congress on its advisory board and works with 30 others, has devised a plan to reduce the abortion rate by 95 percent " by helping and supporting pregnant women ." Rep. Timothy J. Ryan (D-Ohio) was set to lead the charge.

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Then Ryan looked at the data and realized that to get anywhere near that target, he and his colleagues would have to provide more birth control. That's when the squirming began.

Some of Ryan's antiabortion allies worried that "morning-after" pills might prevent embryos from implanting, so he omitted such pills from his bill. They opposed requiring private insurers to cover contraception, so he took that out, too. They complained that other pregnancy-prevention bills hadn't emphasized abortion reduction, so he put abortion reduction in the title. They wanted sex education programs to emphasize abstinence; they got it. The only troublesome thing left in the bill was birth control.

It broke the deal. Democrats for Life abandoned Ryan and began a contraceptive-free alternative. With them went Americans United for Life, the National Association of Evangelicals and 13 House Democrats, led by Rep. James L. Oberstar (Minn.), the Democratic co-chairman of the congressional Pro-Life Caucus. Ryan added his name to their bill, but they refused to add their names to his. Focus on the Family, the U.S. Conference of Catholic Bishops, Rush Limbaugh and Rep. Christopher H. Smith (N.J.), the Republican co-chairman of the Pro-Life Caucus, excoriated Ryan's bill. The Catholic Diocese of Youngstown, based in Ryan's district, asked him to withdraw it.

The objectors make several arguments. They point out that birth control pills, like morning-after pills, can block implantation of an embryo. But there's no evidence that this has ever happened. The chance is theoretical, and breastfeeding poses the same chance, so you'd have to stamp that out, too. Critics also note that many birth control methods can fail. That's true, but it's an argument for using two methods, not zero.

Third, they protest that federal family planning money supports Planned Parenthood, which performs abortions. But only 14 percent of this money goes to the organization, and fewer than 9 percent of Planned Parenthood clients go there to have an abortion.

Above all, the critics insist that contraception will backfire. As the Youngstown diocese puts it, "Promotion of contraception leads to more extra-marital sexual intercourse, which leads to more unwanted pregnancies, which leads to more abortions."

The belief that you're protected does make it easier to say yes. But denying that contraceptives reduce your risk of pregnancy is as crazy as denying that an umbrella reduces your risk of getting wet.

Does the increased risk from more sex outweigh the decreased risk from more protection? Do the math. On average, contraception lowers the odds of pregnancy by a factor of seven. If you're capable of having seven times as much sex, congratulations. The rest of us will get pregnant less often, not more.

And that's what the data show. Ryan's bill targets women with family incomes below 200 percent of the poverty line, since they have higher rates of unintended pregnancy and more difficulty finding or affording contraception. Among these women, the percentage using contraception declined from 1995 to 2002. As predicted by contraception opponents, the rate of sexual activity also declined, though only slightly. Even better, from an antiabortion standpoint, when these women got pregnant unintentionally, the percentage who chose abortion fell.

Less contraception, less sex, more women choosing life. So, the abortion rate among these women went down, right? Wrong. The decline in contraception overwhelmed the decline in sexual activity, resulting in a higher rate of unintended pregnancy. And the increase in unintended pregnancy overwhelmed the increase in women choosing to have the baby, resulting in more abortions. From an antiabortion standpoint, trading contraception for "choosing life" was a net loss.

That's why Ryan insists on birth control. He's tired of pious slogans and symbolic bills crafted to save more congressional seats than babies. He has had enough of the debate between life and choice. He wants a new abortion debate. "You're either for reducing the number, or you're not," he says. He has made his decision. Now make yours.

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Along With Victories, G.O.P. Takes A Few Blows (NYT)

By Carl Hulse And Kate Zernike

The New York Times, October 1, 2006

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WASHINGTON, Sept. 30 — Just hours before Congress closed down for the midterm elections on Saturday, Republican leaders threw together a ceremony to celebrate the passage of what they hoped to promote as their singular legislative accomplishment — a bill to bring terrorism suspects to trial.

But after House and Senate leaders formally signed the measure for the cameras, the only questions they faced from assembled reporters pertained to Representative Mark Foley, the Florida Republican who had just resigned after accusations that he sent sexually explicit Internet messages to teenage pages.

"None of us are very happy about it," Speaker J. Dennis Hastert said before abruptly calling a halt to the questions, and the ceremony.

No doubt.

Republicans scored significant legislative victories in the closing hours. They pushed through the bill for detainee trials after weeks of internal squabbling, won approval for 700 miles of border fencing to show they are serious about cracking down on illegal immigration, passed spending bills for defense and domestic security, and enacted new port security initiatives.

But the finale hardly went according to script for Republicans as they headed out to try to hold off Democrats determined to win a majority.

The highly publicized case of Mr. Foley, who served in the House leadership as a deputy whip, threatened to build into an institutional scandal as House leaders acknowledged that they had known about the messages for nearly a year, but had relied on Mr. Foley's word that nothing inappropriate had occurred.

But that was not all. Republicans were unable to win final approval of a bill to regulate domestic wiretapping, which Democrats feared would become a political weapon more potent than the bill governing terrorism suspects. The disclosure of a National Intelligence Estimate saying the war in Iraq was fueling terrorism called attention to the issue Democrats most want to campaign on — discontent with the administration's handling of the war. A new book by Bob Woodward did the same, claiming that the administration had ignored high-level warnings that it would need more troops.

And Republicans wrapped up the way they started the year, with new revelations about Jack Abramoff, the disgraced lobbyist whose guilty plea on Jan. 3 roiled the party and set off the events that led to the resignation of Representative Tom DeLay, a powerful party force.

"It was not a graceful exit," said Representative Jeff Flake, Republican of Arizona, as events swirled on Friday.

Republicans were clearly rocked by the Foley episode. It gave Democrats, who need 15 seats to gain a majority, a new opening to pick up a seat in a Republican-leaning district. Florida Republicans were to meet to choose a replacement for Mr. Foley, but his name will remain on the ballot against a well-financed opponent.

Setting aside the late drama, Representative John A. Boehner of Ohio, the majority leader, was satisfied.

"Legislatively speaking, I feel pretty good," Mr. Boehner said in an interview on Friday night. He said Republicans had delivered most of what they hoped to with a series of security-related bills.

But what Republicans had at the outset dubbed Security September, Democrats declared a fizzle.

Senator Harry Reid of Nevada, the Democratic leader, ticked off a day-by-day list of damaging news about Iraq in the last week. "America must succeed in Iraq, and we need to win the war on terror," Mr. Reid said. "But this president and this Republican Congress are the wrong people for the job, obviously, based on their record."

Told that Senator Bill Frist of Tennessee, the Republican leader, had outlined "quite a long list" of his party's successes, Mr. Reid interrupted: "A long list?" he asked, incredulous, then stood back and said, "Hmmm."

"I mean, can you imagine these fiscal conservatives are burying this country in red ink?" he said, finally. "This fiscally conservative Congress — we don't even have a budget."

To some veteran Democrats, the events of recent weeks seemed familiar, reminding them of how things spiraled out of control for their own party in 1994, when they lost the majority they had held for 40 years.

"It's not exactly like 1994, but it reminds me of 1994," said Representative Edward J. Markey, Democrat of Massachusetts, who remembered a series of political mistakes that seemed to cascade. "Every day you would wake up and say, 'What is going on here?' "

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Republicans had hoped Mr. Abramoff would fade into the background and deny Democrats their "culture of corruption" sound bite in the final weeks of the campaign. But the Government Reform Committee issued a report detailing his apparent contacts with top White House officials, allowing Democrats to remind voters that the Republican-led Congress had failed to enact lobbying reform despite the scandal, leaving a pledge unfulfilled.

Representative Tom Davis, the Virginia Republican who leads the committee, said the White House was irked over the report but made no apologies. "This White House doesn't want any oversight at all," Mr. Davis said. "It's my job."

Mr. Foley, a six-term congressman who was a high-profile Capitol figure for years, had the potential to become a major liability. Late Friday, Representative Nancy Pelosi of California, the Democratic leader, called for an investigation into what the leadership knew, and when.

Republicans denounced her from the floor, grumbling when she introduced herself as a mother and a grandmother. But they were careful with her potentially explosive request and quickly referred it to the ethics committee.

Despite their troubles, many Republican leaders believe tumbling gas prices could be their salvation. But even that benefit has drawbacks. Many Americans tell pollsters they believe that the drop was politically orchestrated to help Republicans in the election.

Still, Republicans denounced Democratic efforts to paint them as do-nothings and enumerated accomplishments: the approval of two Supreme Court justices, tax cuts, a pension bill, a highway bill, an energy bill, an overhaul of bankruptcy and class action laws, and the last-minute flurry of security legislation.

"We've gotten things done," said Mr. Frist, who will leave the Senate at the end of the year.

But some legislative promises were left incomplete, including tax extensions sought by business, an offshore oil drilling bill, the broad immigration bill sought by the president and many lower profile issues.

And in their most basic function, lawmakers fell far short. They were forced to pass a stopgap measure to keep most of the government operating at current spending levels until Nov. 17 because they did not enact individual spending bills for nearly every federal agency.

Congress Adjourns, Leaving Much Work Undone (BOS/AP)

By Jim Abrams, Associated Press

The Boston Globe, October 1, 2006

Incumbents are preoccupied with getting reelected

WASHINGTON -- Lawmakers were off to the campaign trail after the Republicans, in danger of losing their control of Congress, sought to play to their strength by pushing through a series of security-related bills.

In a flurry of activity before their departure early yesterday morning, the Senate gave final approval to $448 billion for the Pentagon, including $70 billion for the wars in Iraq and Afghanistan. The Senate also joined the House in approving construction of a 700-mile fence along the US-Mexican border.

Congress also sent to the president legislation to ease the threat of terrorist attack using the 11 million shipping containers entering the nation's 361 ports every year.

And legislation to convene military trials to prosecute suspected terrorists cleared its final hurdle in the House.

Much work was left undone when Congress adjourned, after a legislative year that has been marked by sharp partisanship and the failure of Congress to agree on major lobbying reform and immigration legislation.

The action on the security bills gives Republicans at least one major selling point as they try to persuade voters to keep them in power.

Senate majority leader Bill Frist, Republican of Tennessee, said that in the weeks before the election Republicans must emphasize that they are the better party to fight the war on terrorism.

``We're going to have to get the message out and we have to get it out aggressively over the next 41 days to do well, but I believe we can," Frist said

Members of Congress will return after the Nov. 7 election for a lame - duck session during which they will have to pass bills dealing with domestic spending for the fiscal year that begins Oct. 1.

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So far, the only spending bills completed are the defense bill and a $35 billion bill for homeland security that contains $1.2 billion to begin construction of fences and other barriers along the US-Mexican border, plus money for jails to detain illegal immigrants and hire 1,500 more border agents.

Legislation validating President Bush's warrantless wiretapping program will have to wait for a postelection session colored by the November results. So will a bill to open the Outer Continental Shelf to oil and gas rigs.

Included in the defense budget: stopgap spending to keep agencies open through Nov. 17 if their funding bills haven't passed. Those include measures funding veterans' health care, education, health research, anticrime programs, among many others.

The final act of the Senate was approval of a companion defense bill including a 2.2 percent military pay raise, and setting policy on weapons spending and research programs considered vital to national security. The House passed the bill Friday by a bipartisan 398-to-23 vote.

The defense authorization bill was held up by Senator Tom Coburn, Republican of Oklahoma, because House-Senate negotiators dropped a Coburn-sponsored provision to analyze the costs effects of lawmakers' pet projects, called ``earmarks," on Pentagon operations. Coburn agreed to let the legislation go to a voice vote after he received a promise that his provision will be taken up when Congress returns in November. ``The American people ought to be seeing where we are spending their money," he said.

The 700-mile border fence is considered the single significant accomplishment of what had been an ambitious GOP agenda on immigration. No compromise could be found between Senate Republicans favoring a comprehensive bill including a plan to give illegal immigrants already in the United States an eventual chance at citizenship and House conservatives favoring an enforcement-only bill.

Many of the biggest legislative failures were Republican priorities that toppled when Republicans split into factions. One involved whether to divert some Social Security taxes into private retirement accounts. Bush proposed several major government overhauls in his 2005 State of the Union address -- Social Security, medical malpractice, and tax laws -- but none succeeded.

The Senate voted against taking up a House-passed bill that would criminalize the transporting of minors across state lines to obtain an abortion and avoid parental notification laws in the girl's home state.

Senators from New York and New Jersey blocked Senate action on a bill authorizing $2.1 billion for victims of HIV/AIDS because they said it would shift aid from urban to rural areas.

House and Senate negotiators could not reach agreement on a measure to expand offshore oil drilling. The Senate version would have opened more than 8 million acres in Gulf of Mexico to lease, but House leaders said that didn't go far enough. They favored opening up areas off the coasts of Virginia, the Carolinas, Georgia, and Alaska as well.

Also left undone was approval of new ethics measures intended to respond to a string of scandals in Congress.

Congress' Accomplishments Fell Short Of GOP's Ambitions (LAT)

By Janet Hook And Noam N. Levey

The Los Angeles Times, October 1, 2006

With no gay-marriage ban or Social Security overhaul, the party's achievement gap could dog campaigns.

WASHINGTON — As Congress recessed early Saturday for the homestretch of a bruising midterm campaign, Republicans left town with a record of accomplishment that paled in comparison to the grand ambitions they laid out following their 2004 election triumphs.

It remains uncertain whether the gap between what the GOP set out to do and what it achieved will haunt its bid to retain control of the House and Senate — elections are decided by many factors beyond legislative scorecards. Still, the tally for the 109th Congress looms as a potential burden for Republican candidates.

During the two-year session, President Bush and his party abandoned or scaled back the groundbreaking initiatives they once promised voters: a remake of Social Security, a federal ban on gay marriage, strict new limits on special-interest political influence, and a broad overhaul of immigration law that would find a place for many illegal immigrants already in the country.

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And, instead of returning home on the high note they expected after passing a key national security measure last week, spirits among GOP lawmakers clearly were soured by a new scandal: the sudden resignation of Rep. Mark Foley (R-Fla.) amid revelations of sexually explicit communications he had with teenage male former House pages.

Questions about whether House Republican leaders knew of Foley's improper advances months ago and failed to act seem a likely distraction for the party and its message in the short term. And as November's vote nears, Democrats can be counted on to eagerly portray Congress as dysfunctional in general.

"This is the do-less-than-the-do-nothing Congress," House Minority Whip Steny H. Hoyer (D-Md.) said recently, drawing from President Truman's famed attack on Republicans in 1948.

Nonpartisan analysts also have been critical of Congress. Thomas Mann and Norman Ornstein — two think-tank scholars who have written a book about the workings of Capitol Hill titled "The Broken Branch" — calculate that lawmakers have set a modern record for brevity by sitting in session fewer than 100 days this year.

Given lawmakers' penchant for three-day workweeks, Ornstein and Mann like to quote comedian Mark Russell's line about what members of Congress tell their colleagues every Wednesday: "Have a nice weekend."

Republicans fiercely dispute the do-nothing label, pointing to several key accomplishments. Last week, these included enactment of a new system for prosecuting suspected foreign terrorists and authorization of a 700-mile fence along the Mexico border.

Last year, Congress approved a tightening of bankruptcy law, new limits on class-action lawsuits and a major energy bill — all long sought by the business community.

"Anyone who has worked in this town for a while would have to acknowledge that [those bills] represent an incredible year of legislative accomplishments," said Bruce Josten, a veteran lobbyist for the U.S. Chamber of Commerce.

Earlier this year, Congress also completed a major overhaul of the nation's ailing pension system.

Republicans blame Democratic obstructionism for the party's failure to complete more of its agenda, including new cuts in the estate tax (the death levy, as the GOP terms it).

But many measures — most prominently Bush's initiatives on Social Security and immigration — have foundered on divisions among Republicans.

The GOP's vaunted party discipline broke down in part because of Bush's dwindling clout as a president prosecuting an unpopular war. Also, unity has been strained by pervasive anxiety that the party will lose control of the House or Senate in the midterm election.

"This is a big-deal election," said David Winston, a Republican pollster. "The overall tension is really high."

Most Republicans are heartened by what they see as a campaign trail that appears less perilous than it did a month ago.

With political winds blowing strongly against them in the summer, Republicans returned to Washington in early September determined to press their main political advantage — the greater trust that polls show voters have in them to deal with terrorism, compared with Democrats.

A priority was to clear the measure establishing new rules for trying terrorism suspects before military tribunals. Another was to give the White House explicit authority to conduct a warrantless wiretapping program that Bush secretly instituted after the Sept. 11 attacks.

Congress was unable to finish work on the surveillance bill. But final approval Friday of the tribunal bill set the stage for a signing ceremony at the White House that could keep the spotlight on the broader war on terrorism rather than the unpopular war in Iraq.

Many GOP strategists also anticipate that the party's fortunes will be boosted if the price of gasoline continues to drop.

But Republicans remain spooked by low approval ratings that polls find for Congress and their party. A recent Pew survey, for instance, found that 38% said this Congress accomplished less than its predecessor. And by 50% to 39%, poll respondents said they were likely to support a Democrat rather than a Republican in congressional elections.

GOP lawmakers have sought to put the best possible face on their record. "Given the unprecedented — and increasing — frequency of obstruction and political gamesmanship … we've accomplished more than might be expected," Senate Majority Leader Bill Frist (R-Tenn.) said last week.

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Gone from their rhetoric, however, is the list of ambitious goals Bush and other Republicans unveiled after the 2004 elections gave the president a second term and the GOP a wider margin of control in the House and Senate.

House Speaker J. Dennis Hastert (R-Ill.) set the tone when he said in his first speech of 2005, "In this Congress, big plans will stir men's blood."

His associates saw a historic opportunity to advance their agendas. "My fellow conservatives, we have waited our entire lives for the chance the American people have given us," then-House Majority Leader Tom DeLay (R-Texas) said shortly after the 2004 results. Now DeLay is in private life, driven from office by corruption charges.

As the Republicans focused on national security matters in September, Congress left unfinished several policy initiatives, including some that had seemed close to passage.

A bill to expand offshore oil drilling in the Gulf of Mexico stalled. Action to stave off a scheduled cut in Medicare doctor fees languished, despite heavy lobbying by the influential American Medical Assn. Grand promises to crack down on lobbying excesses, in the wake of the influence-peddling scandal centered on disgraced lobbyist Jack Abramoff, produced only modest changes in House rules.

The tech industry, meanwhile, is baffled that lawmakers could not manage to extend a popular tax credit for research and development.

"We have clearly had far fewer accomplishments than we have had in previous Congresses," said Ralph Hellmann, a former GOP aide on Capitol Hill who is a lobbyist for the Information Technology Industry Council.

House Majority Leader John Boehner (R-Ohio) defended his party against such assessments, saying, "It's always easy for people to look up and say the glass is half-empty. I'm going to say the glass is half-full."

A key question, however, is whether the glass is full enough to satisfy core GOP supporters who had high hopes when Congress convened in early 2005.

The disappointed include some conservative activists who lament the demise of the same-sex marriage ban and the collapse of an 11th-hour effort to place new restrictions on a minor's ability to get an abortion without a parent's consent.

"There's a sense of ennui" among anti-abortion groups, said Mike McMonagle, director of the Pro-Life Political Action Committee of Southeastern Pennsylvania. "The source of the ennui is our lack of realization of certain goals. Elected officials that we supported let us down."

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House's Work Stalls Without Its 'Hammer' (HC)

By Bennett Roth And Michelle Mittelstadt

Houston Chronicle, October 1, 2006

DeLay's power to get things done is missed, but the controversy isn't

WASHINGTON — Without Tom DeLay around to keep Republicans in line, the House has been unable to resolve tough issues, from immigration to lobbying reform. It has been criticized by independent experts and Democrats as a "do-nothing" chamber.

But as they prepared to leave town last week to hit the campaign trail, several Republican lawmakers said they had little nostalgia for the iron-fisted former majority leader from Sugar Land who resigned from Congress under an ethics cloud.

Though praising the Texan's accomplishments, such as his ability to push through legislation, they said that his legal woes and sharp partisanship caused political headaches for fellow GOP members.

The legislators appreciate the more collegial style of Rep. John Boehner, the tanned and telegenic Ohio Republican tapped to replace DeLay as majority leader.

"I feel like the team is more of a team now. It's not Central Command," said Rep. Zach Wamp, R-Tenn., who echoed other Republicans in saying Boehner has been more willing to consult the rank-and-file about legislation and strategy.

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Rep. Deborah Pryce, R-Ohio, part of the House Republican leadership, said that Boehner "reaches across the aisle" to consult with Democrats, an approach the combative DeLay often avoided.

'A lightning rod'While he was in office, DeLay's legal troubles hurt others in his party, said Pryce, a moderate facing a tough re-election battle.

"Tom had become a lightning rod for many of us," she said.

Democrats declared DeLay a poster child for what they said was a culture of corruption in the Republican Party — a theme they hoped would resonate with voters in the November congressional elections. But the issue has not turned out to be major in most campaigns, which Republicans attribute, in part, to DeLay's departure.

DeLay did not return a call seeking comment. DeLay, who left Congress in June after 22 years, announced recently that he signed a book deal to write about his career and how it furthered the conservative cause.

When he permanently relinquished his majority leader's post in January, he warned that the Houston area would suffer because of his diminished clout.

"The majority leader controls what comes to the floor, and the Houston-Galveston area has benefited from that. That changes now," he said. Critics who "never gave me an even shake ought to think about that," he said.

He is awaiting trial in Texas on criminal charges related to campaign finances. Two of his former government staffers, Tony Rudy and Michael Scanlon, have pleaded guilty to corruption charges related to their work with former lobbyist Jack Abramoff, who often traveled overseas with DeLay. Abramoff also pleaded guilty this year to corruption charges related to his lobbying activities.

Going beyond leadersBoehner said his goals are to be more inclusive, involving members outside the leadership in making decisions, and to reduce the acrimonious atmosphere in the House between the two parties and factions among Republicans.

"We've had our disagreements, but the temperature on the floor has been a lot lower than it was. I think that helps breed more cooperation among members," he said.

Though some Democrats say they harbor less animosity toward Boehner than DeLay, they also deny that he has been more successful at bridge-building between parties.

"I'm totally unaware that he's in communication with Democrats," said House Democratic leader Nancy Pelosi of California.

Rep. Barney Frank, a Massachusetts Democrat who had little fondness for DeLay, said Boehner is less powerful — as is to be expected.

"It's not that Boehner is weak, it's just that (unlike DeLay) he's more like every other leader," Frank said.

DeLay, he said, wielded unparalleled control over House Republicans because he could tap lobbying and social conservative allies outside Congress to mobilize conservative grass-roots and campaign cash that could be used as leverage against GOP members wavering on legislation he favored.

But with DeLay's downfall and Abramoff's conviction, DeLay's model has been discredited, he said.

Dick Armey, the former House GOP majority leader from Texas who often feuded with DeLay, offered a crisp comment on how Republicans are faring without DeLay.

"There is no doubt in my mind we are better off" with Boehner, Armey said.

Boehner has spent less time catering to social conservatives, which, according to Armey, has enabled the majority leader to better reach out to moderates in the party, who are more interested in fiscal issues.

Boehner has appealed more to fiscal hawks, Armey said, with his criticism of earmarks, the pet projects often tacked to spending bills at the behest of lobbyists or lawmakers. The House approved a measure forcing lawmakers to disclose their earmarks but did not take up proposals to curb the proliferation of the practice.

Under scrutinySocial conservatives lamenting DeLay's departure still are assessing Boehner.

"The jury is still out" on Boehner's commitment to causes important to religious conservatives, said Tom McClusky, vice president of the socially conservative Family Research Council. As an example of how DeLay courted the social conservatives more than Boehner, McClusky noted that when the House voted on a constitutional amendment to ban gay marriages several

years ago, DeLay delivered the closing remarks. But earlier this year when the House again took up the amendment, Boehner delegated that role to someone else.

Some GOP activists bemoan the loss of DeLay, saying his legendary arm-twisting skills are sorely missed. Lawmakers devoted much of September to crafting legislation setting ground rules for putting terror suspects on trial. They eventually reached a compromise between President Bush's demands and those of lawmakers who wanted the guidelines to hew to international agreements. But the debate over tribunals crowded out consideration of other issues before Congress. Lawmakers did not find time to complete action on most of the spending bills for the fiscal year that begins today.

"This is their core responsibility, getting the spending bills done," Norman Ornstein, a scholar at the American Enterprise Institute, said.

As a result of rifts within the GOP, they also have been unable to reach consensus on a comprehensive immigration overhaul sought by Bush.

Eager to leave Washington to campaign for the upcoming elections, Congress also has failed to enact most of a tough lobbying-reform package promised in the wake of the Abramoff scandal or take on offshore oil drilling and many other promised priorities.

Grover Norquist, a conservative activist, said it is unlikely that DeLay could have been more successful in the current political environment.

In Bush's first term, Norquist said, DeLay could rely on votes by some conservative Democrats to pad a thin Republican majority. But Pelosi, the Democratic leader, has been increasingly successful since DeLay's departure in holding Democrats together to oppose GOP initiatives, forcing Republican leaders to scramble to find support among their sometimes recalcitrant moderates.

Furthermore, many moderate Republicans and conservatives have been refusing to follow the GOP leadership on issues such as spending as Bush's popularity has waned.

"It is hard to maintain discipline when people are running for the doors," said David Keene, chairman of the American Conservative Union.

Effects on TexasTexas Republican lawmakers clearly miss DeLay, whom they often see when their former colleague drops in on their weekly luncheons on Capitol Hill.

Now that DeLay is gone from leadership, the Texans say they have to work much harder to secure federal help for the state.

"We've had to adjust quickly because the delegation had relied on Tom and his leadership role for so many issues, from NASA to highway funding," said Rep. Kevin Brady, R-The Woodlands.

DeLay's effectiveness on the political front could reduce the state's clout in Congress if Democrats regain control of the House in the Nov. 7 elections.

Under the DeLay-spearheaded congressional redistricting in Texas, three of the state's longest-serving Democrats in the House, Martin Frost, Charles Stenholm and Jim Turner, were squeezed out of office. They were in line to become committee chairmen.

As many Republicans appear eager to move beyond the DeLay era, Keene said it may be impossible to duplicate his political skills: "What Tom DeLay brought to the job was a strategic view and an ability to get things done."

"It is a little bit like we replaced Mickey Mantle with somebody else," Keene said. "The other guy might get a few hits, but he is no Mantle."

Unfinished Budget Business (NYT)

The New York Times, October 1, 2006

Control of the nation's purse strings is one of Congress's greatest powers and, as such, a core responsibility of lawmakers. But how can a serious obligation compete with political expediency?

The new budget year, 2007, starts today. But Congress left town last week without having passed the spending bills needed to pay for about 20 percent of the federal government, basically everything except the military and homeland security, and automatic payments like Social Security and interest on the national debt.

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Republican legislators could not agree among themselves, let alone with the Democratic minority, on spending levels for matters as vital as education, diplomacy, environmental protection, public transportation and scientific research. Rather than make choices — and leave a record for voters to assess — they fled, promising to act after the election.

For now, departments and programs that Congress has not gotten around to funding will operate at last year's level, or somewhat below. But fallback funding will not necessarily prevent hardship. Take the State Children's Health Insurance Program, paid for by the states and the federal government to insure four million low-income children. At least 17 states are entering the new budget year without enough money, jeopardizing coverage for 600,000 children. It's appalling that Congress did not act to avert this, especially since the Census Bureau recently reported that the percentage of uninsured children rose last year for the first time since 1998.

Appalling, but not surprising. Congressional Republicans rammed through spending cuts in domestic programs last February, most of them in programs for low-income Americans. The ostensible purpose of the cuts was deficit reduction. But three months later, in May, they worsened the deficit by slashing taxes, which will mostly benefit wealthy households. On top of that, they tried repeatedly this year to gut the estate tax, which would only have benefited America's richest families.

It's impossible to say what will happen in the lame duck session, or beyond. But if the future Congress bears a strong resemblance to this one, it will not bode well for budget responsibility or basic fairness.

Education's Moving Target (WP)

By George F. Will

The Washington Post, October 1, 2006

Common sense and conservatism, which are usually similar, said that the No Child Left Behind law, which vastly expanded the federal government's supervision of education from kindergarten through 12th grade, was problematic for two reasons: A few of the 50 state governors are apt to be wise innovators, so let policymaking remain at state and local levels. And when Washington makes a mistake, as it has been known to do, it is a continental mistake.

The federal government has recently made one that subverts a promising development in education at the state level. That development is the 65 percent requirement: 65 percent of every school district's education operational budget should be spent on classroom instruction.

Nationally, 61.3 percent is so spent. The 3.7 percentage point difference amounts to nearly $15 billion, which could pay for 370,000 teachers at $40,000 apiece, or a computer for every K-12 student in the country. Only three states today hit the 65 percent target. Seventeen states and the District of Columbia spend less than 60 percent.

Although Georgia already was at 63.6 percent, Gov. Sonny Perdue won passage of a 65 percent requirement. Gov. Kathleen Sebelius signed legislation making 65 percent "the public policy goal of the state of Kansas." Texas Gov. Rick Perry did it by executive order.

Louisiana's legislature unanimously asked the state Board of Elementary and Secondary Education to enact the 65 percent goal. (It has not yet done so.) In Colorado, an initiative to mandate 65 percent is on the November ballot. Signatures are being gathered to put such an initiative on Oregon's 2008 ballot. When Minnesota's Democratic-controlled Senate blocked passage of a 65 percent requirement, Republican Gov. Tim Pawlenty called for a 70 percent requirement. Republican gubernatorial candidates in Florida, Colorado, Ohio, Michigan and Wisconsin endorse the idea.

But in July the National Center for Education Statistics, part of the U.S. Education Department, undermined this national effort. A report on expenditures for public elementary and secondary education for the 2003-04 school year contained this finding: "The percentage of current expenditures spent on instruction and instruction-related activities was 66.1 percent in 2003-04 for the nation as a whole" (emphasis added). Seasoned students of government verbiage noted the suspiciously vague phrase "instruction-related activities."

Opacity is a sign of insincerity: Government language becomes opaque as the government's conscience becomes uneasy. When no Iraqi weapons of mass destruction were found, the U.S. government began speaking foggily of finding "weapons of mass destruction-related program activities."

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Now that Americans' concern is shifting from how much money is spent on education to how much education the money is buying, government has blurred the measurement in a way that says 66.1 percent of education dollars already reach the classroom. If the "instruction-related" criterion is not added, the percentage of dollars devoted to instruction has declined for five consecutive years, to 61.3.

The 65 percent standard requires transparency from state education establishments, which may explain resistance to it. In Oregon, the House majority leader and chairman of the education committee have asked school districts for documentation of spending patterns, but no district has responded. A state senator says a lobbyist for the Oregon School Boards Association told him that he had asked them not to respond.

Perhaps Oregon's school bureaucrats are similar to Oklahoma's. The Oklahoma Council of Public Affairs, a think tank, asked all 539 school districts for spending details such as the number of employees making more than $75,000 a year; payments for lobbying and public relations; information as to whether competitive bidding was required for maintenance, food and transportation services; and the number of automobiles owned or reimbursed by the districts. (Many districts purchase vehicle insurance through the Oklahoma State School Boards Association, which can spend the profits it makes from this on lobbying the legislature and whose members have gone to court to keep a 65 percent requirement off this November's ballot.) Two-thirds of Oklahoma's districts have not responded.

Warren Buffett has written that "yardsticks seldom are discarded while yielding favorable readings," but when readings are unfavorable, "a more flexible measurement system often suggests itself: Just shoot the arrow of business performance into a blank canvas and then carefully draw the bull's-eye around the implanted arrow."

No Child Left Behind supposedly promotes education accountability by mandating reliable data to measure progress. But Washington looks like an untrustworthy manipulator of data when it uses the phrase "instruction-related activity" to draw a bull's-eye around the status quo.

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THE EDUCATION ISSUE (WP)

By Michael Grunwald

The Washington Post, October 1, 2006

President Bush's No Child Left Behind Act was premised on three revolutionary goals. The first was to focus on low-performing schools and students; hence, No Child Left Behind. The second was to beef up the federal role in education, enforcing national standards through testing. The third was to bring facts and evidence to the notoriously squishy world of education policy, promoting teaching methods backed by "scientifically based research" instead of instinct and fad. This was the least-publicized goal, but arguably the most vital; the phrase "scientifically based research" appeared more than 100 times in the landmark 2001 law.

The centerpiece of the new research-based approach was Reading First, a $1 billion-a-year effort to help low-income schools adopt strategies "that have been proven to prevent or remediate reading failure" through rigorous peer-reviewed studies. "Quite simply, Reading First focuses on what works, and will support proven methods of early reading instruction," the Education Department promised.

Five years later, an accumulating mound of evidence from reports, interviews and program documents suggests that Reading First has had little to do with science or rigor. Instead, the billions have gone to what is effectively a pilot project for untested programs with friends in high places.

Department officials and a small group of influential contractors have strong-armed states and local districts into adopting a small group of unproved textbooks and reading programs with almost no peer-reviewed research behind them. The commercial interests behind those textbooks and programs have paid royalties and consulting fees to the key Reading First contractors, who also served as consultants for states seeking grants and chaired the panels approving the grants. Both the architect of Reading First and former education secretary Roderick R. Paige have gone to work for the owner of one of those programs, who is also a top Bush fundraiser.

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On Sept. 22, the department's inspector general released a report exposing some of Reading First's favoritism and mismanagement. The highlights were internal e-mails from then-program director Chris Doherty, vowing to deny funding to programs that weren't part of the department's in-crowd: "They are trying to crash our party and we need to beat the [expletive] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags."

Doherty has since resigned, and Education Secretary Margaret Spellings has pledged to review Reading First, emphasizing that the "individual mistakes" detailed in the report occurred before she became secretary. Still, Spellings expressed full confidence in the overall program: "Thanks to Reading First, struggling students are far more likely to get the help they need from teachers using scientifically based classroom reading instruction."

But the report barely scratched the surface of the incestuous process that dominated the formation of Reading First. The initiative didn't promote scientifically based reading instruction, the third goal of No Child Left Behind. And it's providing ammunition to critics of the second goal, strong national standards. The billion-dollar question is whether it may imperil the first goal: Will some children get left behind?

Bush administration officials frequently say that Reading First does not play favorites or intrude on local control, that states and districts are free to choose their own textbooks and programs -- as long as they're backed by sound science. But aggressive muckraking by the newsletter Title 1 Monitor and reading advocates at the Success for All Foundation have eviscerated those claims, and the inspector general's report officially contradicted them, accusing the department of breaking the law by promoting its pet programs and squelching others. In his internal e-mails, Doherty frequently admitted using "extralegal" tactics to force states and local districts to do the department's bidding. A report by Success for All documented how state applications for Reading First grants that promoted the preferred programs were the only ones approved.

In fact, the vast majority of the 4,800 Reading First schools have now adopted one of the five or six top-selling commercial textbooks, even though none of them has been evaluated in a peer-reviewed study against a control group. Most of the schools also use the same assessment program, the same instructional model, and one of three training programs developed by Reading First insiders -- with little research backing.

"They kept denying it, but everybody knew the department had a list," said Jady Johnson, director of the Reading Recovery Council of North America. "They're forcing schools to spend millions on ineffective programs."

To some extent, the controversy over Reading First reflects an older controversy over reading, pitting "phonics" advocates such as Doherty against "whole language" practitioners such as Johnson.

The administration believes in phonics, which emphasizes repetitive drills that teach children to sound out words. Johnson and other phonics skeptics try to teach the meaning and context of words as well. Reading First money has been steered toward states and local districts that go the phonics route, largely because the Reading First panels that oversaw state applications were stacked with department officials and other phonics fans. "Stack the panel?" Doherty joked in one e-mail. "I have never *heard* of such a thing . . . <harrumph, harrumph>." When Reid Lyon, who designed Reading First, complained that a whole-language proponent had received an invitation to participate on an evaluation panel, a top department official replied: "We can't un-invite her. Just make sure she is on a panel with one of our barracuda types."

Doherty bragged to Lyon about pressuring Maine, Mississippi and New Jersey to reverse decisions to allow whole-language programs in their schools: "This is for your FYI, as I think this program-bashing is best done off or under the major radar screens." Massachusetts and North Dakota were also told to drop whole-language programs such as Rigby Literacy, and districts that didn't do so lost funding. "Ha, ha--Rigby as a CORE program?" Doherty wrote in one internal e-mail. "When pigs fly!"

Said Bruce Hunter, a lobbyist for the American Association of School Administrators: "It's been obvious all along that the administration knew exactly what it wanted."

But it wasn't just about phonics.

Success for All is the phonics program with the strongest record of scientifically proved results, backed by 31 studies rated "conclusive" by the American Institutes for Research. And it has been shut out of Reading First. The nonprofit Success for All Foundation has shed 60 percent of its staff since Reading First began; the program had been growing rapidly, but now 300

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schools have dropped it. Betsy Ammons, a principal in North Carolina, watched Success for All improve reading scores at her school, but state officials made her switch to traditional textbooks to qualify for the new grants.

"You can't afford to turn down the federal money," Ammons said. "But why should we have to give up on something that works?"

The answer lies in the Reading First grant process, which was almost comically skewed. Michigan was the first state approved, after it simply proposed to adopt the five best-selling textbooks. But when Rhode Island officials proposed to require "high-quality reading programs that meet the test of having a scientific research base," they were rejected. Doherty told them to check out Michigan's list, so they cut and pasted it into their application, while suggesting that districts could still adopt other programs justified by research. They were rejected again. So they limited their program to the textbooks. Only then were they approved. Similarly, Oklahoma unsuccessfully proposed to require reading programs backed by three years of longitudinal data before it got the hint and proposed the Michigan list.

So instead of advocating scientifically based reading programs, Reading First has promoted programs with "key elements" endorsed by a national reading panel, which could describe almost any program. It may not be a coincidence that the initiative was essentially outsourced to a few experts with a dizzying array of apparent conflicts of interest.

For example, when the department needed reviewers to evaluate reading assessment programs, it contracted with a University of Oregon team led by Edward Kame'enui, Roland Good and Deborah Simmons. Good had developed an assessment called Dynamic Indicators of Basic Early Literacy Skills (DIBELS), and Kame'enui, Good and Simmons had all served on the design team for Voyager Passport, a remedial program built around DIBELS. Ultimately, DIBELS was the only assessment used in Reading First, and Voyager was the most popular supplemental program.

Similarly, the department steered states to just three providers of professional development services: Kame'enui and Simmons at Oregon, Louisa C. Moats at the for-profit Sopris West, and Sharon Vaughn at the University of Texas at Austin. Vaughn was the other member of the Voyager Passport design team, and one of the four chairmen of the secretary's Reading Leadership Academy, which exerted enormous influence over Reading First; the others were Moats, Kame'enui and his Oregon colleague Douglas Carnine. States such as Alabama, North Carolina and Washington specified in their Reading First grants that every one of their reviewers for local proposals would have to be approved by one of those chairmen.

Kame'enui and Simmons also wrote the "Consumer's Guide" that most states agreed to use to evaluate Reading First programs, and ran one of Reading First's three "technical assistance centers" at Oregon. They co-wrote one Reading First textbook, and Kame'enui earned more than $100,000 last year from royalties on another, according to his financial disclosure when he moved to an Education Department job. In her 2004 book "In Defense of Our Children: When Politics, Profit, and Education Collide," Elaine Garan recalled color-coding the various financial connections running through Reading First; when it came to Kame'enui, she wrote, "I ran out of colors."

The department declined a request to interview Kame'enui, but Undersecretary Henry Johnson said the department takes conflicts of interest seriously, and will adopt all the inspector general's recommendations. "We're going to dig into this," he said.

But Johnson said states are ultimately responsible for making sure their programs are scientifically based, which is small comfort for applicants pressured into adopting programs they didn't want. "It's been very frustrating for those of us who really believe in evidence-based programs," said Richard Long, a lobbyist for the International Reading Association, which represents 90,000 reading teachers and specialists nationwide.

Then again, Long thinks spending $1 billion a year on reading is a great idea. And he thinks it's helping kids to read: "Have there been mistakes in implementation? Oh yeah. But teachers in Reading First schools believe progress is being made."

The bottom line, Johnson said, is that Reading First works. A department report found that teachers in Reading First schools spent 19 minutes more per day on reading than teachers in other schools, and were more likely to place struggling students in reading intervention programs. A new report by the nonpartisan Center on Education Policy suggested that Reading First is having a positive effect on state reading scores, although Johnson said much more needs to be done.

"Despite all the problems with Reading First, there's evidence that it's helping states," said Jack Jennings, the center's president.

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Of course, $5 billion over five years ought to help states; the question is whether it's helping as much as it should. Without the kind of rigorous studies the law promised but the implementers failed to deliver, it's not clear.

But it is clear that Reading First has been a terrific boon for the textbook publishing industry, and for the department's favored programs. For example, the company that developed Voyager Passport was valued at about $5 million in a newspaper article before Reading First; founder Randy Best, whose Republican fundraising made him a Bush Pioneer, eventually sold it for $380 million. He then put Lyon and Paige on his payroll.

Local domination of education is an American tradition, and Bush took up a storied cause in challenging it; reformers since Horace Mann have promoted national education policy as a way to encourage common culture and equal opportunity. But local-control advocates have always warned that empowering heavy-handed federal bureaucrats would breed self-serving, one-size-fits-all solutions. Now, Reading First is making them look like prophets.

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THE EDUCATION ISSUE (WP)

By Paul A. Hanle

The Washington Post, October 1, 2006

I recently addressed a group of French engineering graduate students who were visiting Washington from the prestigious School of Mines in Paris. After encouraging them to teach biotechnology in French high schools, I expected the standard queries on teaching methods or training. Instead, a bright young student asked bluntly: "How can you teach biotechnology in this country when you don't even accept evolution?"

I wanted to disagree, but the kid had a point. Proponents of "intelligent design" in the United States are waging a war against teaching science as scientists understand it. Over the past year alone, efforts to incorporate creationist language or undermine evolution in science classrooms at public schools have emerged in at least 15 states, according to the National Center for Science Education. And an independent education foundation has concluded that science-teaching standards in 10 states fail to address evolution in a scientifically sound way. Through changes in standards and curriculum, these efforts urge students to doubt evolution -- the cornerstone principle of biology, one on which there is no serious scientific debate.

This war could decimate the development of U.S. scientific talent and erode whatever competitive advantage the United States enjoys in the technology-based global economy. Already, U.S. high school students lag near the bottom in math skills compared with students in other developed nations, and high school seniors are performing worse in science than they were 10 years ago.

These trends can only worsen if students come to regard evolution as questionable or controversial. Thirty-seven percent of the high school Advanced Placement biology examination tests knowledge of evolution, evolutionary biology and heredity, according to the College Board. Students who do not thoroughly understand evolution cannot hope to succeed on this exam; they will be handicapped in competitive science courses in college and the careers that may follow.

By teaching intelligent design or other variants of creationism in science classes at public schools -- or by undercutting the credibility of evolution -- we are greatly diminishing our chances for future scientific breakthroughs and technological innovations, and are endangering our health, safety and economic well-being as individuals and as a nation.

This is not a war of religion against science. The two have thrived together for centuries. Nor is it a struggle of believers against godless materialists; many believers practice science and find inspiration for it from their faith. It is a battle between religious dogma cloaked as science and open inquiry that leads to new knowledge and understanding of the natural world.

The notion of intelligent design is clever; it has a certain philosophical appeal. The evolution of a human eye from a series of random mutations, for example, is indeed difficult to understand; the notion of an intelligent creator solves such problems, and feeds our spiritual needs. But it distracts us from learning what is scientifically testable and reduces students' will to probe the natural world.

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The opposition to evolution discourages the development of entire high-school classes of future scientific talent. "It seems like a raw deal for the 14-year-old girl in Topeka who might have gone on to find a cure for resistant infections if only she had been taught evolution in high school," H. Holden Thorp, chairman of the chemistry department at the University of North Carolina at Chapel Hill, wrote in the New York Times last spring.

Multiply that girl's plight thousands of times -- in school districts in Georgia, Kansas, Ohio and other states that are discouraging the teaching of evolution.

Last year, a report from the National Academies' Committee on Prospering in the Global Economy of the 21st Century showed us a glimpse of the future. Of all the patent applications reaching the U.S. Patent Office, the report noted, the most by far still come from the United States. However, from 1989 to 2001, the rate of increase of patent applications from the world's fastest-growing economies, such as China and India, was nearly three times that of the United States. By that measure, innovation in those economies will blow past ours in little more than a decade -- just about the time the current classes of high school biology students will be starting their research careers.

Non-scientific viewpoints deserve respect. But to combat the spread of HIV/AIDS, bio-warfare and pandemic diseases, to discover lifesaving cures and life-improving breakthroughs, tomorrow's biologists must be equipped with scientifically based knowledge today.

Nations that value open inquiry and use scientific criteria in education, research and industry will outperform those that do not. If we are to continue to be leaders in the global economy, we must teach science, not religion, in the science classroom .

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Early Admissions Aren't The Problem (WP)

By Amy Gutmann

The Washington Post, October 1, 2006

To end or not to end early admissions: That is the question that colleges and universities are debating once again. The passion is great, but the stakes are small and the debate is a distraction from a far more important matter: the urgent need of all but a handful of colleges and universities to improve financial aid for students from low-income and middle-income families.

At the University of Pennsylvania and many other colleges and universities, early admissions have not been an impediment to improving access, and abolishing the practice will do no significant social good. Because of our outreach activities and improved financial aid policies, many more minorities and low-income students are applying to Penn for both early and regular decisions. Once again this year we enrolled a record number (and proportion) of minority students.

But we will accomplish nothing significant in improving access for students from low- and middle-income families unless we focus our attention on strengthening our need-based financial aid program and our outreach to students who attend schools where they have not been informed about the availability of need-based financial aid.

Financial aid based on need is the great equalizer of opportunity in higher education. Nothing promotes equity and socioeconomic diversity more effectively. Even if tuition rates were frozen, a college education would simply be out of reach for low-income and most middle-income families were it not for need-based financial aid.

Over the past two decades, most colleges and universities have moved in precisely the wrong direction: They have increasingly relied on merit-based aid (scholarships based on scholastic ability) and athletic scholarships, both of which disproportionately favor students from higher-income families, rather than need-based aid. Consequently, they have widened the enrollment gap between high-income and both middle- and low-income students.

Recently a relatively tiny number of colleges and universities (Penn included) have dramatically improved financial aid -- based on need -- for low-income students. Last year we substituted grants for loans for students from families earning less than $50,000 a year.

The road to greater access must be paved with more than good intentions. Making college truly accessible to middle-income as well as low-income students is a daunting financial challenge. The total increase in grant aid at Penn over the past five years has been twice the rate of our tuition increases. For colleges and universities to do our part in making high-quality

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higher education affordable -- and therefore accessible -- to talented, hardworking students from all backgrounds, fundraising for need-based financial aid must take priority.

The stakes are even higher than is conveyed by the ideal of equal educational opportunity. American democracy can flourish and our economy remain competitive on a global stage only if we offer the highest-quality education to the most talented children from all socioeconomic backgrounds. For the sake of our nation's future, federal and state governments need to do their part in improving elementary and secondary education and in joining with us -- for example, by significantly increasing the level of Pell grants and extending financial aid to more middle-income students -- to make college a realistic aspiration for all.

Both the ideal of equal educational opportunity and the reality of our country's future standing in the world demand that academia not be distracted by internecine debates in which relatively little will be gained or lost, regardless of who is right, and instead focus our efforts on providing a quality education and increasing financial aid based on need for all students.

The writer is president of the University of Pennsylvania.

THE EDUCATION ISSUE (WP)

The Washington Post, October 1, 2006

There should be efforts to very actively recruit middle-class people into neighborhood schools and make sure these really are schools that prepare kids for college. This recruitment has to be done with artistry and couldn't be started without straight talk about education and race.

In the District, you've got all this cherry-picking and vouchers that increases segregation across the system. If you're going to have millions of little charter schools, it's very hard to have a coherent educational plan for the city. The premise of that approach is that it's hopeless and you can just pick on the bones.

Gary Orfield, professor of education and social policy
at the Harvard Graduate School of Education

* * *

Putting responsibility and authority together in the same place is essential. I think that means having very strong principals in schools. That means giving them authority but it also means rewarding good work. It means paying them very well and making it a very attractive job.

If you have a growing professional class, anything you can do to persuade those parents to keep their kids in the public schools is going to help everybody. Because those parents can be great advocates. And there's a growing body of evidence that diversity is in fact a very powerful educator of people. So part of the pitch to the middle class is to say: At least your kid's going to get a better education.

Colin Diver, president of Reed College, featured in
J. Anthony Lukas's "Common Ground" as a parent of children in the Boston public schools

* * *

A hundred efforts to reform the D.C. school system have foundered on the shoals of bureaucratic lethargy, union contracts and messed-up governance. A dozen "reformist" superintendents have come and gone. What's worked best to date -- albeit not perfectly -- is creating alternatives to the system's schools and letting children freely attend them. The District's burgeoning charter-school sector and its scholarship/voucher program attest both to the demand for such alternatives and to the feasibility of providing them. Adrian Fenty should do all within his power to accelerate and intensify this promising strategy.

Chester E. Finn, Jr. senior fellow, Hoover Institution
at Stanford University, and president,
Thomas B. Fordham Foundation

* * *

Two key things happened in Boston: The city moved from an elected school committee to an appointed one. And Tom Menino as mayor became a real champion of the schools. His two kids graduated from Boston public schools and he's now got five grandchildren in the public schools. You have to show others that you really believe what you're talking about.

Thomas Payzant, superintendent of Boston

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public schools from 1995 to 2006

* * *

The best way to reform the D.C. public schools is to focus on the fundamentals of education: excellent teachers, experienced principals, manageable class sizes, a solid curriculum and modern facilities. If these fundamentals are missing, then no rearrangement of the structure or control of the school system will make a difference. There are no shortcuts in education, no silver bullets, no magical solutions.

Diane Ravitch, New York University professor
and assistant secretary of education under
President George H.W. Bush

* * *

The objective should be small schools of parental choice, each autonomously designed and managed by its teachers and providing a program that is legitimately "college preparatory." In order to do that, the city must push authority down, with district-wide authority vested in a board made up of faculty members of each school. Visitors from D.C. institutions of higher education would formally inspect each school every year, making their findings available to the media. Admission would be by "blind" lottery, except for siblings of students already enrolled, who would be automatically admitted, if their parents desired it.

Ted Sizer, founder, the Coalition of Essential Schools

* * *

Students' work must be central and public, and related to the school's broad mission. Only schools whose faculty is as excited as the kids hopefully will be, and whose families and communities presume they are respected partners, can engage the natural curiosity and energies of the young. A good education cannot happen until the young take on the task as their own.

Deborah Meier , author of "Many Children Left Behind" (Beacon), and founder and director, Central Park East Secondary School, a New York City public high school

* * *

I have never been to a meeting on school reform in the District where students were invited to be part of the conversation. And yet students know what is not working in schools. They will tell me that most adults in their schools do not know them well, and that they are not held accountable for much. They tell me that many teachers talk at them, rather than exploring learning with them. Students want to be involved in improving their schools and they want to be held accountable. D.C. students are very sophisticated about their own education. Most adults do not give them credit for this.

Michael Watson, principal of Capital City Public Charter School's upper school, opening next fall

OTHER NEWS:

Even If Rates Don't Move, The Interest Bill Will Rise (NYT)

By Daniel Gross

The New York Times, October 1, 2006

MONEY has gotten more expensive. The Federal Reserve's benchmark short-term interest rate has risen to 5.25 percent, from just 1 percent in June 2004. Long-term interest rates have risen less sharply.

When considering the broad impact of higher rates, economists have focused mostly on how they have affected businesses and the vast real estate complex. The truism that higher interest rates function as a tax on people who hold variable debt has been particularly apparent to homeowners holding adjustable-rate mortgages.

Mark Zandi, the chief economist at Moody's Economy.com, notes that about $2 trillion in A.R.M.'s are scheduled to reset at higher rates from the beginning of 2006 to the end of 2008. If the mortgages adjust upward by an average of 2.5 percentage points, the interest payments by holders of such mortgages would be $50 billion higher in 2009 than they are today. "That's not much in the grand scheme of a $13 trillion economy, but it is a problem for those homeowners," Mr. Zandi said.

But a much larger group of Americans is already paying a steeper price: taxpayers. After all, the United States government is the largest adjustable-rate borrower in the world. Each year, the national debt grows. Congress spends more than it is willing to

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raise in taxes, so it finances operations by selling debt to the public. In the last five years, the gross national debt, which includes bonds pledged to fund Social Security and other entitlements, has risen 46 percent, to about $8.5 trillion, from $5.8 trillion at the end of September 2001.

For much of the last decade, the rising national debt didn't weigh on taxpayers much. Interest rates were generally tame in the late 1990's, and Alan Greenspan, then the Federal Reserve chairman, cut short-term rates repeatedly in 2001 and 2002 and left them at historically low levels through 2004.

"Net interest spending, as a percentage of the overall budget, actually was cut in half between 1995 and 2004 because interest rates were dropping," said Brian M. Riedl, senior budget analyst at the Heritage Foundation in Washington.

In the early years of this decade, even as President Bush and the Republican-controlled Congress sharply increased spending, net interest payments fell — to $184 billion in 2005 from $206 billion in 2001.

Now the dynamic is reversing. The government relies on short-term financing to finance its operations, and with interest rates rising, its cost has gone up. According to the Bureau of the Public Debt, the average interest rate paid by the government on public debt rose to 4.853 percent in August from 4.176 percent in the same month last year — a 16 percent increase. As a result, the government's interest bill is expected to rise to $220 billion this year from $184 billion in 2005.

This extra $36 billion makes interest the fastest-growing component of federal spending, noted Adam Hughes, director for federal fiscal policy at OMB Watch in Washington. And it has aggravated the budget strife on Capitol Hill, where bitter debate has raged over spending on everything from legislators' pet projects to the war in Iraq. In fiscal 2005, the government spent more on interest than it did on Medicaid ($182 billion). Citizens Against Government Waste, an advocacy group based in Washington, identified "earmarks" for lawmakers' pet projects that totaled $29 billion in fiscal 2006. "Even if Congress were to get rid of all those, it wouldn't come close to making up for the higher interest payments," Mr. Hughes said.

When it comes to debt, borrowers' pain generally translates into lenders' gains. "The people who are holders of U.S. government bonds benefit because their disposable income rises," said Michael Mussa, senior fellow at the Institute for International Economics.

But a growing proportion of today's higher interest payments are not recycled into the domestic economy. "Since 2000, a large share of the government debt has been financed by foreign purchasers," noted Robert E. Scott, director of international programs at the Economic Policy Institute, based in Washington.

As of June, foreign agencies and institutions owned $2 trillion in United States government securities, or more than 40 percent of the government's debt that is sold in the bond market. And so the rising interest rates are contributing to rising income in China, the Persian Gulf region and Japan. In 2005, the United States government paid about $77 billion in interest to foreign creditors, according to the Commerce Department.

MANY analysts believe that the Federal Reserve has stopped raising short-term rates. And in recent weeks, long-term interest rates have fallen as investors have fretted about slowing growth. But because the government continues to replace lower-yielding securities issued in the last 10 years with higher-yielding debt, the government's interest cost is also expected to continue to grow rapidly. The Congressional Budget Office projects that the interest bill, after climbing nearly 20 percent this year, will rise 13.2 percent in 2007, to $240 billion, and more than 8 percent in 2008, to $270 billion. With each passing year, interest payments are likely to eat up a bigger chunk of total spending and crowd out other priorities.

In February 2004, Mr. Greenspan advised home buyers that they would be better off with adjustable-rate mortgages than they would be with the old-fashioned, fixed-rate variety. Taxpayers now find themselves in the same boat as those who followed Mr. Greenspan's advice, said Maya MacGuineas, president of the Committee for a Responsible Federal Budget, based in Washington.

"The government pursued a strategy of borrowing short-term debt while rates were low, so the interest costs would be lower in the short run," she said. "But doing so leaves the borrower in a much more vulnerable situation when rates began to rise."

Happy Birthday, Bull Market. (Now, Make A Wish.) (NYT)

By Paul J. Lim

The New York Times, October 1, 2006

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NEXT week, the bull market will celebrate its fourth birthday. This means that this bull is on the verge of accomplishing what four of the past seven could not — surviving to at least the start of Year 5.

If history is any guide, that fifth year may be surprisingly robust. Since 1942, bull markets that made it that far still had enough gas in the tank to generate average fifth-year gains of 10 percent, according to Standard & Poor's.

If that's the case, why isn't Wall Street in a more celebratory mood?

It may have to do with how long this bull market is taking to bring stock prices back to their previous highs. It's been more than six years since equity prices peaked, in early 2000. Although the Standard & Poor's 500-stock index has rallied for four consecutive years, that benchmark is still 13 percent below its highest close in the previous bull market. As for the Nasdaq composite index, it is still down a stunning 55 percent from its record high.

To be sure, the Dow Jones industrial average last week flirted with its all-time high close of 11,722.98, set in January 2000. But one reason that the Dow may have recovered faster is that it had a shorter path to travel. From peak to trough, the Dow fell 38 percent in the most recent bear market. Compare that with the 49 percent loss suffered by the S.& P. and the 78 percent plunge in the Nasdaq.

Historically, the S.& P. has needed 3.3 years, on average, to return to new highs after suffering through a bear market, according to an analysis by InvesTech Research. But this time, don't be surprised if it takes significantly longer.

For starters, the bear market that preceded this bull was no ordinary sell-off. "It was the bursting of the largest bubble in U.S. capital markets history," said Robert D. Arnott, chairman of Research Affiliates, an asset management firm based in Pasadena, Calif.

Investors must realize that "great bear markets have a lasting effect," said Jeremy Grantham, chairman of Grantham, Mayo, Van Otterloo, the asset management firm in Boston. This hangover continues to influence the market today, he said.

What's more, not all bull markets are created equal. Many, in fact, have simply not been strong enough to return stocks to their previous highs.

Since September 1900, there have been 33 bull markets, according to Ned Davis Research. Of those 33, only 15 were able to establish new all-time highs. In other words, more than half of all bull markets fail to return stock prices to their prior peaks.

Much of this depends on what kind of bull market you're dealing with. Mr. Arnott says that there are two types of bull and bear markets. First, there are cyclical bulls and bears, which run their course in the span of a few years. Then, there are longer-term, secular bull and bear markets; those can last for decades.

Mr. Arnott noted that short-term cyclical bull markets could occur within longer-term secular bear markets. From 1966 to 1982, for instance, the broad stock market went virtually nowhere. But within that period, there were several cyclical bull and bear markets that sent stocks prices up and down.

Many market strategists say that the current bull market is a cyclical rally stuck within a secular bear. One telltale sign is that the S.& P. has yet to revisit its record high.

Consider, too, the modest range of the recent four-year rally. "While this has been one of the longest bull markets we've seen historically," Mr. Arnott said, "it's also been among the weakest."

From the market trough in Oct. 9, 2002, the S.& P. 500 has climbed 72 percent. By comparison, the average bull market has returned almost twice as much from trough to peak, based on data back to 1932, according to InvesTech.

The solid but unspectacular returns are a classic symptom of a cyclical bull within a secular bear market, said Jeffrey A. Hirsch, editor in chief of the Stock Trader's Almanac.

Mr. Hirsch recently studied past cyclical bulls trapped in secular bears. In those instances, the Dow rose by only around 35 percent, on average, going back to 1929. By comparison, cyclical rallies within secular bull markets have typically pushed stocks higher by 110 percent. For the record, the Dow is up by about 60 percent in the current bull market.

The last cyclical bull market to occur within a secular bear started in October 1974, according to S.& P. I It's hard to miss the similarities between today's market and that one.

Sam Stovall, chief investment strategist at S.& P., noted that the bull that started in 1974 produced gains of 38 percent in the first 12 months, 21 percent in the next 12 months, a loss of 8 percent in the third year and 7 percent gains in the fourth and fifth.

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In the current bull run, the S.& P. 500 gained 34 percent in the first year, 8 percent in the second and 7 percent in the third. And it is up by about 12 percent so far in the fourth.

Mr. Stovall added that the two periods have other things in common, like “high oil prices, concerns over inflation, fallout from an expensive and unpopular war and a not-so-popular Republican president in his second term.”

If this is a secular bear market, how long until it goes back into hibernation? That’s hard to say.

Given the enormity of the late-90’s bubble and the duration of past secular bear markets, Mr. Arnott said, it could be that, taking inflation into account, “15 years from now, stock prices won’t be materially higher than they are today.”

If he’s right, investors will have to rely less on capital appreciation and more on personal savings to help them reach their investment goals. “They’re going to have to save more aggressively to get ahead,” he said.

Investors must also reset their overall expectations. Just because we’re in a bull market right now, the stock market won’t necessarily produce the 20-percent-plus annual gains to which investors grew accustomed in the late 1990’s.

“Forget it,” Mr. Arnott said. “Wake up — this is a different market.”

After Midterm Elections, The Party Begins (WSJ)

By KAREN TALLEY And MOHAMMED HADI

The Wall Street Journal, October 1, 2006

The Dow Jones Industrial Average didn't manage to set a new record last week. But hang on. History suggests there's a good chance it will after the Nov. 7 election.

Stocks tend to do very well following midterm elections, which occur two years into each presidential term. Indeed, since 1950, the average return for the Dow Jones Industrial Average from the November of a midterm-election year through the following October has been 18.6%. That's far better than the average annual gain of 8.4% from November 1950 through October 2003, a year after the last midterm election, in 2002.

That's a historical record that professional investors and other market watchers have a hard time ignoring, even as they speculate about why it's been the case.

Most commonly, the market advances are thought to be driven by expectations that elected officials will strive mightily to boost the U.S. economy -- such as by tax cuts or increased government spending -- before the coming presidential elections.

"Once you get past the midterm election, the focus of the entire government becomes the economy," explains Marc Pado, U.S. market strategist at Cantor Fitzgerald.

A Boost from the Fed

And there's another trend that tends to coincide with the year after a midterm election. The Federal Reserve is often moving from raising interest rates to lowering them.

From a stock-market standpoint, that signals more corporate expansion and the prospect of higher profits, says Jeffrey Kleintop, chief investment strategist at PNC Wealth Management in Philadelphia.

A move by the Fed to cut rates "is good news because it encourages investors to put more money in the [stock] market and drive it higher," Mr. Kleintop explains. That indeed may be the direction the Fed is currently headed, after holding its target short-term interest rate steady at two meetings after a long series of rate boosts since 2004.

On average, historically, it hasn't made a big difference for stock performance which political party does better in the midterm elections.

In a recent research note, Alec Phillips, Goldman Sachs vice president of Washington research, tracked returns following midterm elections since 1950.

When Republicans controlled both the Senate and the House of Representatives, the Standard & Poor's 500-stock index rose nearly 26% in the almost 14 months from Election Day to the end of the following year. When Democrats controlled Congress, the S&P 500 advanced by nearly 23% on average.

Why Gridlock Is Good

The best performance, though, a rise of 28%, occurred in periods of "gridlock," when the parties split control of Congress, making it tough for either party to advance its agenda. That congressional gridlock is the best possible situation for stocks makes

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sense to Barry James, president of fund manager James Investment Research in Alpha, Ohio. "A do-nothing Congress is better than a do-something Congress, because it takes away uncertainty," he says.

Barry Ritholtz, chief market strategist at Ritholtz Research & Analytics in New York, concurs: "The diversity forces everybody into the middle, because no one has absolute control. That means more compromises and less extreme legislation, like very big tax hikes or increased deficits," he says.

While Republicans currently are in the majority in both houses, it appears that Democrats have a good chance to retake the House and lower odds in the Senate.

To be sure, most money managers say investors shouldn't put too much stock in historical patterns such as these rallies after midterm elections. This year, for instance, Mr. James says concerns about the slowing economy should temper any enthusiasm based on past trends.

That doesn't mean he's running away from stocks. Rather, Mr. James says he is seeking out those companies that "have a history of good earnings and are trading at multiples below the market."

Liz Ann Sonders, chief investment strategist at Charles Schwab, adds that while the post-election trend is pretty powerful, "I don't tend to ever look at one thing as gospel for what the market is going to do. It just has to go into the mix of indicators that you look at."

Housing Drag

Like Mr. James, she thinks much will depend on whether the economy can avoid slipping into recession, and on whether the housing slowdown drags consumer spending with it. Right now, Ms. Sonders thinks there's a 50/50 chance of a recession -- worse odds than many others give the economy.

With the economic uncertainty, "we're not looking to swing for the fences," she says. Moreover, she notes that investors can currently earn as much as 5.25% annual interest in low-risk savings accounts.

Mr. Kleintop of PNC Wealth Management is fairly optimistic these days, predicting "an extension of the rally we've seen in recent months, as we benefit from a number of catalysts, including the midterm election and the Fed moving into easing mode."

Winners by Party

With five weeks to Election Day, meanwhile, some investors are speculating about stock-market sectors that could benefit or suffer if the Democrats gain additional power in Congress.

For example, Mr. Pado of Cantor Fitzgerald says a Republican victory could lead to tax breaks that benefit the wealthy, and thus might drive spending on high-end consumer goods. Democrats instead might push tax cuts for middle-income Americans, which could benefit "Sears and J.C. Penney more than Nordstrom," he says.

Under Democratic majorities, efforts to raise the minimum wage could heat up. A higher minimum wage could be a negative for retailers and fast-food chains.

Outlook for Health Stocks?

Healthcare companies could see an effect in terms of legislation that encourages greater use of generic drugs, which could hurt major drug companies. The big pharmaceutical firms could also be affected by Democrats pushing for the Medicare drug program to be able to negotiate volume price discounts with the drug manufacturers.

Democrats might also reverse or ease up on favorable tax treatment for big oil companies. And conversely, the alternative-energy sector -- focused on areas such as solar, wind and thermal power -- could get a boost.

"I wouldn't be surprised to see Democrats move towards subsidies or tax cuts" that favor alternative energy, Mr. Ritholtz of Ritholtz Research says.

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Bush Still Serves As GOP's Fundraiser In Chief (LAT)

By James Gerstenzang

The Los Angeles Times, October 1, 2006

A sitting president is always a big draw. This one reaches beyond the party's top politicians to campaign on behalf of its House candidates.

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WASHINGTON — President Bush has raised more than $180 million for the Republican Party and its candidates since he was reelected — an average of more than $261,000 per day. And now, the pace is picking up.

This week, he begins a Western fundraising trip: Monday in Reno; Tuesday in Stockton, El Dorado County and Bel-Air; and Wednesday in Scottsdale, Ariz., and Englewood, Colo.

Among the beneficiaries in California will be Reps. Richard W. Pombo (R-Tracy) and John T. Doolittle (R-Roseville). Each has had ties to convicted lobbyist Jack Abramoff, and each was considered vulnerable earlier in the campaign. But both represent Republican-leaning districts, and their standings are believed to have improved.

Bush's trip is part of what aides say will be an active travel schedule as the November elections approach. Although the president himself is not on any ballot, the results Nov. 7 could go a long way toward determining the outcome of his final two years in office.

If Democrats wind up with a net gain of six Senate seats, they win control of the Senate; in the House, a pickup of 15 seats would turn the chamber over to the Democrats.

"If the Democrats take over, it will make life much worse" for Bush, said Gary Jacobson, a political science professor at UC San Diego. "Democrats will start talking about accountability, investigating management of the war in Iraq, and there will be endless headaches for him."

Bush will spend more time campaigning for GOP candidates in these weeks before election day, aides said. The White House continues to receive more requests for Bush's time as a campaigner than he can meet, said Deputy Press Secretary Dana Perino. "Supply is not keeping up with demand," she said.

Bush has never been reluctant to stick his hand out and ask for money for the GOP. Over nearly six years in office, he has done so more than 200 times.

The result in just the current 2005-2006 campaign cycle has been a gross of $182 million as of Thursday, said Republican National Committee spokeswoman Tracey Schmitt.

Vice President Dick Cheney has brought in an additional $38 million, and Laura Bush $13 million.

To put the money chase into perspective, as of midSeptember, the major Republican fundraising operations — the National Committee and the committees overseeing party campaigns for the Senate and House — reported that they had brought in $369 million in the two-year cycle. By comparison, the Democrats' groups reported $264 million.

Bush's fundraising helped build the GOP groups' total, but some of the money he raised went to other outlets, such as state Republican organizations, gubernatorial candidates and individual candidates for Congress.

Presidents have long been top-draw political fundraisers. What is different now is the mix of candidates for whom Bush is working.

Until recently, presidents generally restricted their fundraising to gala affairs for their national parties and the occasional gubernatorial or Senate candidate — the top dogs in the political world.

But Bush is making the pitch further down the ticket, for Republican House members. This year, he campaigned for five non-incumbents — candidates who in the past would have been lucky to have drawn a vice president or a leader in the Senate or House.

It used to be that "every once in a while a president went out and did a House race," said Anthony Corrado, a professor of government at Colby College in Maine. But throughout Bush's presidency, he said, House races have been on the agenda — even more than under President Clinton, an inveterate campaigner.

This reflects the possibility that Democrats will seize the majority in November's election, and the threat that could pose to Bush's final two years in office.

Given that Bush's approval ratings are in the low 40s in many polls, there is debate about whether the presidential visits help Republican candidates in tightly contested districts.

But Rep. Bob Beauprez, a Republican running for governor of Colorado, said Bush remained a campaign asset.

"He is the president, after all, and there's only one of them. And I think the mood of the general public is very much starting to think, 'You know, we still do have this safety, this security issue that is out there, and we haven't been attacked in five years.' "

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Besides, he said, Bush stirs the most loyal voters to get to the polls — the eventual theme of any campaign as it shifts from fundraising to voter turnout.

"Part of the issue in this election is making sure our base comes home, and there isn't anybody that can rally the base better than the president of the United States when he's your president," Beauprez said.

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Times staff writer Ronald Brownstein contributed to this report.

Cheney Shelves Enmity To Celebrate A Milestone (HC)

By Julie Mason

Houston Chronicle, October 1, 2006

WASHINGTON — Reporters traveling with Vice President Dick Cheney were treated to an odd celebration last week aboard Air Force Two after he headlined his 100th campaign fundraiser of the 2005-06 election cycle.

It was a milestone like no other, in part because of Cheney's famous animosity toward the media. But no matter — en route from Grand Rapids, Mich., to Andrews Air Force Base here, Cheney briefly emerged from his private cabin for some cake and banter.

It was a sharp contrast to previous outings.

Cheney rarely takes reporters with him and when he does, generally avoids unscripted contact or gratuitous hospitality.

On a memorable trip overseas, Cheney commandeered one of just two working electrical outlets on board so he could recharge his iPod, thwarting journalists efforts' to file their stories on deadline.

So there was a certain amount of puzzlement last week when reporters were beckoned to the front of the cabin by Cheney's staffers, who had procured bakery goods marking Cheney's milestone.

"You're the only one who's been to all one hundred," Cheney's political director, Mel Raines, told the vice president.

"And I'm the only one who always has to give a speech," Cheney replied.

The cake was white with raspberry filling, with white frosting and red, white and blue frosted bunting. The message on the top read, "100 On to Victory."

"Does my wife know about this?" Cheney asked.

After handing out cake, Cheney was asked which of the 100 events was most memorable. He thought for a moment before giving up.

"Stuff from 30 years ago is easier to remember," Cheney said. "The rest is a blur."

Bush's road show heads to the WestPresident Bush so far has done 55 fundraisers in the same time frame, with just over half closed to the media.

Who knows what goes on behind closed doors? White House officials said Bush's events are generally closed when they are in a private home.

This week, the president is heading west for three days of political fundraising in Nevada, California, Arizona and Colorado. Most of the events are open to correspondents, with limited access for cameras.

In rare move, Snow to hit the money trail

Apparently in response to popular demand, White House spokesman Tony Snow as well will be hitting the hustings to raise money for the party and its candidates this fall.

It's an unprecedented move for any White House spokesman. It's also a revealing byproduct of the television age, which has made minor celebrities of a succession of presidential mouthpieces.

"These are not going to be speeches where I go out and start railing against Democrats," Snow said. "What I'm going to do is talk about the president's record and what he's done."

The few events he's done so far have been closed to the media; Snow said he expects upcoming events to be open. On whether he saw any conflict in the White House spokesman operating in political secrecy, Snow said, "That's a good question."

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"I was approached by the political office saying that we've got a lot of inquiries and a lot of people would like (me) to do this," Snow said. "What followed were a long series of conversations, because I think this is pretty unplowed ground."

The Republican National Committee will be paying Snow's expenses. The spokesman said it's being left up to him to set the ground rules for what he can say to political groups.

"If I overstep, you can whack me," Snow said.

Short take

"We're both beneficiaries of continuing low expectations," Bush said last week to embattled Sen. Rick Santorum, R-Pa.

In Taking On Fox, Democrats See Reward In The Risk (NYT)

By Lorne Manly

The New York Times, October 1, 2006

THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations.

The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on "Fox News Sunday" into a finger-pointing tirade against what he called a "conservative hit job." Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine.

In separate appearances on Fox News over the next two days, Lanny J. Davis, a former special counsel to Mr. Clinton, and Barbara Boxer, the Democratic senator from California, mocked the news channel's trademarked motto of being "fair and balanced."

And on Wednesday Paul Begala and James Carville, Democratic commentators for CNN, engaged in more than five minutes of high-decibel debate on Fox with Bill O'Reilly about Mr. Clinton's appearance, daring Mr. O'Reilly to "come out of the closet" and admit Fox News is a "right-leaning, anti-Clinton network."

The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself.

"The Republicans are using Fox News to gin up their base, and now — for the first time — the Democrats are doing it, too," said Steve McMahon, a Democratic strategist with McMahon, Squier & Associates who handled Mr. Dean's presidential campaign.

Engaging Fox News in such an aggressive manner, however, may not be the smartest strategy. If there's a base that needs energizing for these midterm elections, it belongs to the Republicans, and a Clinton-led attack may only revivify them. And so far, there is just one clear beneficiary: Fox News. The news channel has highlighted the contretemps on many of its programs, boosting the ratings in the process.

Democrats do not view Chris Wallace as a partisan gunslinger, as they do some other Fox News personalities. But his questions about whether Mr. Clinton did enough to destroy Al Qaeda ignited simmering Democratic and Clintonian anger.

Democrats had been furious with White House attempts over the last few months to to portray Democrats as weaker on national security than Republicans. And defenders of the Clinton administration were furious about "The Path to 9/11," the ABC docudrama that they claimed depicted the administration in an unfair light. All this fed into last week's reaction, Democratic officials and strategists say. "I think it's important for us to call it what it is," said Karen Finney, communications director for the Democratic National Committee, speaking about the recent incidents. "We can't let conservatives and Republicans get away with painting us in a corner and mischaracterizing who we are and what we stand for."

The incendiary interview appeared on the same day the pessimistic National Intelligence Estimate on Iraq was leaked. And the two events provided an opportune moment to strike, Ms. Finney said.

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Soon after the "Fox News Sunday" telecast, Mr. Dean mentioned both items in a combative statement. And the Democratic National Committee followed up Mr. Dean's statement with an e-mail fundraising appeal, complete with a YouTube link to the interview.

"I think you're seeing the beginning of an alternative Democratic approach," a desire to strike back hard, said Mr. Begala, a former Clinton adviser.

"Clinton tapped into something in the Democratic zeitgeist," Mr. Begala said. "We're really tired of being bullied, particularly by Fox."

Democrats have believed, nearly from the moment Fox News began in October of 1996, that the news channel was institutionally biased against them. Fox News officials have disputed such charges, saying the network is merely a corrective to what they contend is a pervasive liberal bias in the news media.

Nonetheless, most Democrats have believed the network could not be ignored. If no one appeared on their shows, who would make the Democratic case? The cable news channel, despite a fall-off in ratings over the past year, still towers over its competitors. And although the viewers who regularly watch Fox News are more likely to be Republican, Democrats and independents still turn up in significant numbers — 20 percent and 17 percent, respectively, compared with 34 percent who are Republicans — according to a recent survey from the Pew Research Center for the People & the Press.

Swing voters are important in some states, particularly the Northeast. How they react to the Democrats' more confrontational approach could help determine how far the Democrats get in their efforts to gain control of the House and Senate.

Some Democrats said they believe that a more muscular approach in taking on the Republicans could help them grab onto an issue that has been an Achilles' heel for the Democrats in recent elections: national security.

And that couldn't make some Republicans happier. "I think it puts national security front and center and reminds people that this administration is taking the fight to the terrorists and recognizes the threat America faces," something the Democrats do not, said Danny Diaz, Republican National Committee spokesman.

The Republican National Committee is doing its bit to spread that point of view. After the Clinton interview, it sent talking points to its grassroots membership and to the news media, and ramped up efforts to book people on TV and radio programs to comment on the debate.

And Fox News executives have not seemed to mind furnishing screen time to Democrats so they can bash the network. (Roger Ailes, the chairman and chief executive of Fox News and Fox Television Stations, was unavailable to comment for this article.)

After all, the ratings don't lie.

The first three days of the week saw primetime and daily increases of 20 percent and 13 percent, respectively, compared with the average over the previous four weeks. And "Fox News Sunday" got its best ratings in three years.

Pastors Guiding Voters To GOP (LAT)

By Stephanie Simon

The Los Angeles Times, October 1, 2006

The Christian right seeks out members who might not go to the polls. The focus is issues, but some leaders don't oppose endorsement.

With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004.

Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power.

Preachers "ought to put their toe right on the line," said Mathew D. Staver, founder of Liberty Counsel, a nonprofit law firm that supports conservative Christian causes.

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The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 "patriot pastors" nationwide to promote an agenda that aligns neatly with Republican platforms. "We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand," Scarborough said. "Our higher calling is to Christ."

The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates. One online guide to discussing the election in church, produced by the Focus on the Family ministry, offers this tip: If a congregant says her top concerns are healthcare and national security, suggest that Jesus would make abortion and gay marriage priorities.

At a recent rally in Pennsylvania, Focus on the Family founder James C. Dobson told a crowd of 3,000 that it would be "downright frightening" if Republicans lost control of Congress. If there's a good Christian on the ballot, he said, failing to vote "would be a sin."

The law restricting political activity of churches and charities dates to 1954, when then-Sen. Lyndon B. Johnson pushed it through in a pique of anger over a nonprofit's effort to derail his reelection. Tax-exempt organizations, including churches, may not participate or intervene in political campaigns on behalf of any candidate. Intervention is broadly defined as "any and all activities that favor or oppose one or more candidate for public office," according to the Internal Revenue Service.

That sounds straightforward. In practice, though, there are many ways around the restriction, as the faithful recognize.

"If the pastor is doing the right job, the people will automatically vote for the right person," said Gale Wollenberg, who belongs to a conservative evangelical church in Topeka, Kan.

Perhaps the biggest loophole is that churches can campaign on policy issues — even if that effort benefits a particular candidate. Scarborough, for instance, has spent a great deal of time far from his Texas parish, rallying Christian voters against an initiative promoting embryonic stem-cell research in Missouri. At his events, Scarborough makes a point not to mention Missouri's Republican Sen. Jim Talent, who is in a tight fight for reelection.

But in private, he says candidly that he expects — and hopes — his efforts will give Talent a boost. "If a pro-life candidate benefits from Christians being involved, to God be the glory," Scarborough said.

Pastors can further help their favored candidates by distributing "issue-oriented" voter guides in church, a tactic used for years among secular (often left-leaning) groups such as the National Assn. for the Advancement of Colored People and adapted to faith communities by the Christian Coalition in the 1990s.

The voter pamphlets are supposed to be neutral, but often present issues through a distinctly partisan lens. A guide distributed by a conservative group in Minnesota in 2004 laid out the candidates' views on aborting "unborn babies." One produced this year by the liberal evangelical group Sojourners describes immediate withdrawal of U.S. troops as the only way to bring peace to Iraq.

Pastors have a right to work directly for candidates on their own time, as long as they don't use church resources. In a recent article aimed at evangelical preachers, Staver wrote that they "should feel free" to go even further and endorse a candidate from the pulpit because he thought the IRS law was unconstitutional. He repeatedly noted that the IRS had rarely sanctioned churches. The Church at Pierce Creek in Binghamton, N.Y., is the only one ever to lose its tax-exempt certification, for sponsoring newspaper ads that opposed presidential candidate Bill Clinton.

Far more often, IRS agents resolve complaints by training church leaders to avoid future missteps, said Lois G. Lerner, who directs the IRS unit for tax-exempt groups. In 2004, the IRS resolved dozens of complaints this way, including such blatant violations as churches donating to a candidate's campaign or placing political signs on their property.

Given the slim chance of serious sanction, "I encourage pastors to exchange their muzzles for megaphones," Staver wrote in the Rev. Jerry Falwell's monthly newspaper, the National Liberty Journal.

Political preaching has been particularly fervent this season in Ohio, where two conservative mega-churches have promoted the Republican candidate for governor, J. Kenneth Blackwell. They've featured him in at least six rallies that blended patriotic appeals with Christian revival.

Yet the latest poll shows Blackwell trailing by 19 points. In part, that's because Ohio voters seem to be in an anti-Republican mood, after scandals involving state GOP politicians. It also shows that a pastor's influence only goes so far.

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Many on the Christian right credit their aggressive mobilization, similar to this fall's campaign, with securing President Bush's reelection. And turnout among evangelical voters did jump 9% from 2000 to 2004.

But two religious groups that heavily back Democrats also came out in droves: Turnout was up 15% among Jews and 13% among mainline Protestants who attend liberal churches, according to surveys conducted by John C. Green, a senior fellow at the Pew Forum on Religion & Public Life. Overall turnout was up 4 points.

"It's really difficult to parse out" the effectiveness of the religious right's mobilization in 2004 "because it was such an intense campaign," Green said. "It does seem to bear fruit, but it varies a great deal from congregation to congregation."

Church-based campaigning may have been most influential in voters' choice of candidate. Bush won 78% of the evangelical vote in 2004, up from 68% in his first presidential bid. And evangelicals were far more likely than any other group of voters to say that religion was the most important factor in their political thinking.

Voter education from the church "can be enormously effective," said Colin Hanna, who directs the Pennsylvania Pastors Network. The group of 850 seeks to mobilize voters against "abortion and other evils," according to its website.

Some of this fall's efforts are aimed at energizing politically active but disillusioned Republicans who might otherwise stay home. But Hanna is particularly eager to reach the 30 million regular churchgoers, and an overlapping group of 19 million evangelicals, who did not vote in 2004. Their indifference to politics is "either a tragedy or a scandal," he said, but he's certain it can be overcome.

Liberals, too, see potential in mingling faith and politics. Black churches have a long history of political activism from the pulpit, dating to the civil rights movement — but their efforts did not boost voter turnout in 2004. This time around, other Christians, including liberal Catholics, are jumping in to try to energize the religious left.

They plan to distribute more than 1 million voter guides urging Christians to evaluate candidates based on issues such as poverty and global warming. A new consulting firm, Common Good Strategies, aims to help Democratic candidates make stronger pitches to communities of faith.

For the most part, however, the left is far behind the right: "They've got organization and discipline that we don't really have yet," said Jack Pannell of Sojourners. "It may take us a generation."

With both the left and the right pursuing faith-based strategies, the IRS issued a warning in February that churches may be in danger of becoming "arms of political campaigns and parties." Agents are looking into about 40 reported violations by churches and other tax-exempt nonprofits. A few are holdovers from 2004, including the high-profile probe into an antiwar sermon at a liberal Pasadena church. But new allegations continue to come in at a brisk clip.

Liberal clergy in Ohio have filed a protest about the pastors' efforts on behalf of Blackwell. On the right, the website http://www.ratoutachurch.org is recruiting volunteers to report partisan activity from the pulpit that favors Democrats.

Melissa Rogers, a visiting professor of religion and public policy at Wake Forest University in Winston-Salem, N.C., says she expects more complaints as the election approaches. In their zeal to bring politics into the pews, some religious leaders "have made a decision to walk on the razor's edge of the law," she said. "Or over the edge."

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The Inside Agitator (NYT)

By Matt Bai

The New York Times, October 1, 2006

Not all states are equal on an election map, and Alaska is one of those less populous states — like Kansas or Idaho or Alabama — that national Democrats almost never bother to visit. For one thing, just getting there presents a logistical ordeal: the journey from Washington takes as long as it would to reach, say, Nigeria, and even then you sometimes need a hydroplane to get around. And more to the point, there aren't a whole lot of people to see once you get there. Registered Republicans outnumber Democrats by a margin of 2 to 1 in oil-crazed Alaska, which hasn't sent a Democrat to the House or Senate in more than 30 years. To put it another way, there were more Democrats in Central Park for the Dave Matthews concert a few years back than there are in the entire state of Alaska — all 656,000 square miles of it.

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It seemed somewhat bizarre, then, when Howard Dean, the chairman of the Democratic National Committee, chose to make the long odyssey to Alaska at the end of May, near what was the beginning of one of the most intense and closely contested national election campaigns in memory, when every other Democrat in Washington was talking about potentially decisive states like Ohio, Pennsylvania and Connecticut. It was also strange that no one in Democratic Washington seemed to know he was going. Although I had been following Dean closely for months, I found out about the trip accidentally and invited myself along — an intrusion that Dean seemed merely to tolerate. We met up first in Las Vegas, where he was making appearances with

Harry Reid, the Senate minority leader. Dean, who enjoys his image as an unpretentious New Englander, is given to finding his own flights on discount Web sites, so it's sometimes hard for even his own staff to track his itinerary. On the morning we left for Alaska, Dean went missing for a good half-hour. It turned out that he was in the business center of the MGM Grand, where he had been trying to figure out how to print his boarding pass but somehow ended up in an impromptu game of online backgammon with a guy who claimed to be in China.

Touching down in Anchorage, we were greeted by Jonathan Teeters, a 25-year-old former offensive lineman at the University of Idaho who had been hired to help the state party begin to organize Democrats. It took less than 10 minutes, as Teeters drove us through a pounding rainstorm to the state headquarters, for Dean, seated in front, to unleash his usual brand of havoc on a state unaccustomed to it. First, he absently asked Teeters what kind of radio interviews he would be doing during his 24-hour stay and was told that he was booked on the local Air America affiliate, the only liberal radio option in town. This is what party chairmen get paid to do — rally the faithful, collect their money and urge them to vote.

"Bull," Dean snapped, using a slightly more elongated version of the term.

"Huh?" Chris Canning, Dean's personal aide, suddenly looked up from a loose-leaf binder. He seemed to think he had misheard.

"I'm not going to do that," Dean replied firmly, craning his neck to address Canning in the back seat. "I didn't come all the way up here just to talk to people who already agree with us. I want to talk to everyone else. I'm fine with doing Air America, but we have to do something else too. Isn't there some conservative show we can do?" Teeters warned that the few right-wing shows in town could get nasty for the chairman. "If you can set something else up too, great," Dean said with finality. "Otherwise, I won't do Air America."

Then Dean wanted to know how many organizers the state party now had on the ground, and Teeters told him there was just one: Teeters himself. The D.N.C. created his job — along with a position for a communications director — last year as part of Dean's signature program, known as the 50-state strategy. Under this program, the national party is paying for hundreds of new organizers and press aides for the state parties, many of which have been operating on the edge of insolvency. The idea is to hire mostly young, ambitious activists who will go out and build county and precinct organizations to rival Republican machines in every state in the country. "We're going to be in places where the Democratic Party hasn't been in 25 years," Dean likes to say. "If you don't show up in 60 percent of the country, you don't win, and that's not going to happen anymore."

In paying for two new staffers, Dean had, virtually overnight, doubled the size of Alaska's beleaguered state party, which used to consist of only an executive director and a part-time fund-raiser. But now, as Dean considered the vastness of the state's landscape, he decided that one organizer wasn't enough. "In most states, we have three or four," Dean said, thinking out loud. "Seems like you should really have more. We should be able to find that money in the budget."

That night, after meeting with Dean at the sad little storefront office that houses the state party, Alaska's party chairman, Jake Metcalfe, announced to 400 assembled Democrats at a fund-raiser that Dean had just promised to hire an additional organizer for the state. The ballroom erupted in grateful applause as Dean sat there beaming. The members of his staff, gently rolling their eyes, began calling back to Washington, warning the political staff that they would need to find the money for yet another salary in, of all places, Alaska.

In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It's not that Democrats in Congress don't like the idea of building better organizations in the party's forgotten rural outposts. Everyone in Democratic politics agrees, in principle, that party organizations in states like Alaska could use help from Washington to become competitive again, as opposed to the rusted-out machines they have become. But doing so, at this particular moment and in this particular way,

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would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation's post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America.

It's true that adding a second organizer in Alaska will cost the national party only a modest sum, maybe $35,000 this year, but that same money could pay the salaries for canvassers in Pennsylvania or Connecticut, where a few thousand votes could mean the difference between swearing in Speaker Hastert or Speaker Pelosi next January. Overall, Dean's investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities. (The D.N.C. has pledged to spend $12 million on this fall's races.) With the president's approval ratings stuck around 40 percent, and polls suggesting that the Democrats may have a real chance of rolling back 12 years of Republican rule, numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all.

This conflict between the party's chairman and its elected leaders (who tried mightily to keep local activists from giving him the job in the first place) might be viewed as a petty disagreement. But in fact, it represents the deepening of a rift that has its roots in the 2004 presidential campaign — a rift that raises the fundamental issue of what role, if any, a political party should play in 21st-century American life. Dean ran for president, and then for chairman, as an outsider who would seize power from the party's interest-group-based establishment and return it to the grass roots. And while he has gamely tried to play down his differences with elected Democrats since becoming chairman, it seems increasingly obvious that Dean is pursuing his own agenda for the party — an agenda that picks up, in many ways, where his renegade presidential campaign left off. Now, at power lunches and private meetings, perplexed Washington Democrats, the kind of people who have lorded over the party apparatus for decades, find themselves pondering the same bewildering questions. What on earth can Howard Dean be thinking? Does he really care about winning in November, or is he after something else?

The mere fact that Democrats would consider a "50-state strategy" to be novel — as if a national party might reasonably aspire to something less — says volumes about the rapid deterioration of the party that was, for most of the last century, America's dominant political force. Back when Democrats were the established majority, the state parties were run by bosses who doled out jobs and delivered votes, while the national party, functioning as a subsidiary of whoever happened to occupy the Oval Office, worried about electing presidents. For decades, the party claimed a sizable majority of the nation's governors, senators and congressmen, and in every one of the states where it controlled those seats, there was a centralized organization — a party "infrastructure," in the parlance of today's activists — whose job it was to recruit candidates and make sure voters got to the polls.

All that began to change with the social movements of the 1960's and 70's, which redefined the Democratic Party, in the minds of many rural voters, as mostly a coalition of urban blacks and high-minded intellectuals. From the Deep South up through the populist Plains, voters began abandoning Democratic candidates at the polls, and the old state machines found themselves out of power and starved for patronage. Slowly, the parties in these states atrophied, laying off staff members and allowing their network of local volunteers to dwindle. "We were on the verge of extinction, pretty much," Barry Rubin, the executive director of the Nebraska Democratic Party, told me recently.

When Dean took over the D.N.C. last year, he sent assessment teams, made up of veteran field organizers and former state party officials, to every state. A typical assessment report on one rural state — I was allowed to see the report only on the condition that I not name the state involved — bluntly stated that its local activists were "aging" and that its central committee was "dysfunctional." In most states, there were hardly any county or precinct organizations to speak of. More than half the states lacked any communications staff, meaning that no one was there to counter the Republican talking points that passed from Washington to the state parties to the local media with a kind of automated precision.

For the Democrats, winning presidential elections came to mean doing so without any help from the South or West, and that, in turn, meant cobbling together a relatively small number of so-called battleground states rather than running a truly national campaign. The D.N.C. quit doing much of anything in conservative rural states, and the party's presidential candidates didn't bother stopping by on their way to more promising terrain. Every four years, the national party became obsessed with "targeting" — that is, focusing all its efforts on 15 or 20 winnable urban states and pounding them with expensive TV ads. The

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D.N.C.'s defining purpose was to raise the money for those ads. The national party became, essentially, a service organization for a few hundred wealthy donors, who treated it like their private political club.

None of this was much on Howard Dean's mind when he set about running for president in 2003 with drab notions of health-care reform and a balanced budget; by the time he made his infamous "scream" speech in Des Moines a year later, however, Dean had become a folk hero for marginalized liberals. How this happened has been largely misunderstood. Dean has been credited with inciting an Internet-driven rebellion against his own party, but, in fact, he was more the accidental vehicle of a movement that was already emerging. The rise of Moveon.org, blogs and "meet-ups" was powered to some extent by the young, tech-savvy activists on both coasts who were so closely associated in the public mind with Dean's campaign. But the fast-growing Internet community was also a phenomenon of liberal enclaves in more conservative states, where disenchanted Democrats, mostly baby boomers, had long felt outnumbered and abandoned. Meet-ups for Dean drew overflow crowds in Austin, Tex., and Birmingham, Ala.; what the Web did was to connect disparate groups of Democratic voters who didn't live in targeted states and who had watched helplessly as Republicans overran their communities. These Democrats opposed the war in Iraq, but they were also against a party that seemed to care more about big donors and swing states than it did about them. Attracted to Dean's fiery defiance of the Washington establishment, these voters adopted him as their cause before he had ever heard of a blog.

"What our campaign was about, not that I set out to make it this way, was empowering people," Dean told me recently. "The 'you have the power' stuff — that just arose spontaneously when I realized what incredible potential there was for people to get active who had given up on the political process because they didn't think either party was helping them."

Over the course of the campaign, Dean turned into an apostle, in politics, of the economic concept of "disintermediation" — the idea that, in the Internet age, voters could connect with candidates, and with one another, without the party acting as the conduit. In a sense, this is what his candidacy was all about. He still believed, though, that only a strong national party could mobilize voters on Election Day. At the Democratic convention in Boston, six months after he dropped out of the presidential race, he met with frustrated delegations from 18 "untargeted" states, meaning that the national party and its candidate, John Kerry, had completely ignored them. Dean was appalled. "The best window we have to talk to Democrats, the time when they pay the most attention, is in the presidential campaign," Dean told me, "and we were just saying to the people of those 18 states, 'We're not interested in you.' You cannot be a national party if you say that to anybody. Anybody."

It didn't take long, after the election, for a new band of Democratic outsiders — some inspired by Dean's campaign, others not — to begin asserting themselves on the local level. In Maryland, Terry Lierman, a venture capitalist who had been one of Dean's campaign-finance chairmen, ran for state party chairman, despite having had no previous involvement in local Democratic politics, and won. In North Carolina, Jerry Meek, a 35-year-old lawyer, took over the state party on a promise of re-energizing county organizations, even though both the governor and the state's leading national figure, John Edwards, strongly backed an inside candidate. Colorado and Arkansas, too, rejected incumbent chairmen in favor of obscure newcomers. In Texas, Fred Baron, a trial lawyer and Democratic contributor, established a privately financed effort to rebuild the Texas state party from the ground up — without the party's consent.

Meanwhile, the bloggers who supported Dean were taking up the same cause, inciting sporadic local rebellions. Chris Bowers, an influential blogger on the leftist site MyDD.com, demanded that the national party focus less on targeting races and more on recruiting candidates to run in every Congressional district in America. Bowers's call for individual activists to overwhelm and rebuild their local parties became a rallying point for the emerging Netroots party-reform movement. Setting his own example, Bowers got himself elected the captain of his local precinct in Philadelphia's 27th Ward and then won a seat on the party's state committee.

The question for Dean was how to harness and aggregate this state-by-state uprising that he had, by example, helped to create. Immediately after dropping out of the presidential race, he formed a political action committee called Democracy for America, whose mission was to raise money for "progressive" candidates seeking local offices, from mayoral and Congressional seats down to the local water board. This was revolt on a small scale, however, and Dean continued to ponder some grander strategy. He admits now that at the time he considered forming a third party, deciding, ultimately, that such ventures never went far in American politics.

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Like Ronald Reagan, whose activist insurgency during the 1976 primaries failed to topple the Republican president, Gerald Ford, Dean might have begun work instantly on the next presidential race, building on his support among the Democratic base. But unlike Reagan, Dean had always exhibited more passion for campaigning among the grass roots than he did for the prospect of actually being the nation's president; he seemed less focused on changing the country than he did on changing the party. And the best way to do that, he concluded, was to run for chairman.

Dean, the celebrity candidate in a crowded if rather underwhelming field, campaigned on what seemed like a brazenly political promise to lavish spoils on the forgotten state parties, whose local activists held most of the votes for the chairmanship. The outcome was never much in doubt, although some skeptical Democrats refused to support him. Metcalfe, the Alaska chairman, told me that he supported Simon Rosenberg, a party strategist. "Simon was saying, 'I don't know if I can fund all the states,' and I thought that was honest," Metcalfe said. "Dean said he would give money to all the states, and I thought, That's not going to happen — not out here. I thought I was being realistic. He proved me wrong."

There were awkward moments during Dean's first months in Washington, early in 2005, when he found himself working among the party leaders he had repeatedly maligned. In his first official visit to the newly renovated D.N.C. building, Dean was greeted in the lobby by his predecessor, Terry McAuliffe, a close friend of the Clintons and probably the most gifted fund-raiser in the party's history, whom Dean's supporters had long pilloried as the personification of a party run by hacks and obsessed with corporate money. McAuliffe, a man of maddeningly good cheer, pointed to the new wall-size glass building dedication in the lobby, which featured McAuliffe's name at the very top, followed by a list of contributors. "Now, Howard," he said, "don't you go chiseling that down."

Not long after, Dean sat down with the party's Congressional leaders, Harry Reid and Nancy Pelosi, who had tried, ineptly and with almost comical desperation, to find a candidate who could stop him from becoming chairman. Reid and Pelosi promised to work with Dean, but they asked him to resist speaking out on key policy positions and acting as if he were the party's public face. In other words, Dean would be doing everyone in Washington a favor if he would just stay out of sight and raise money.

The latter goal proved challenging. The truth was that neither Dean nor the aides he brought with him from the presidential campaign knew much about the inner workings of the national party, and some of what they assumed they understood, based on contempt for anything they perceived to be the status quo, turned out to be more complicated than it first appeared. Determined to break the grip of millionaires on the party apparatus, Dean's team came into the D.N.C. with a plan to raise huge sums of money online, as Dean had done during the presidential campaign. Dean didn't bother reaching out to many of the party's top contributors, who were as suspicious of him as he was of them. But getting small-dollar donors excited about an established party proved a far more arduous task than getting them excited about an insurgent campaign. The situation grew perilous until, several months into his term, Dean relented and brought in one of McAuliffe's old acolytes, Jody Trapasso, to get the fund-raising operation in order. Trapasso introduced Dean to the big spenders, pushing him to devote a few hours of every day to making calls until the checks started rolling in.

Dean was discovering that he needed to find some Washington insiders to trust, after all — and he found them in what seemed an unlikely quarter. In his primary campaign in 2003, Dean struck up a friendship with Tina Flournoy, a well-respected operative who worked with Al Gore and

Joe Lieberman during the 2000 presidential race and who now held a senior position at the American Federation of Teachers, one of the party's most influential unions. Flournoy was also a charter member of an informal dinner clique whose members referred to themselves, good-naturedly, as the Colored Girls. The core group included several African-American women who had reached the highest echelons of Democratic politics. Donna Brazile, the veteran organizer who managed Gore's presidential campaign, was a regular; so were Minyon Moore, a consultant who worked in the Clinton White House; Yolanda Caraway, a public-relations specialist; and Leah Daughtry, who was McAuliffe's chief of staff (and who was retained in that job by Dean). Guest speakers at their dinners frequently included probable presidential candidates and top members of Congress. During the race for chairman, Flournoy brought Dean in as well, and he quickly clicked with the group.

Dean tapped Flournoy to run his transition team, and although she later returned to her job at the teachers' union, it is now common knowledge among Democrats in Washington that few big decisions are made at the D.N.C. without Flournoy's

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approval. The Colored Girls, as a whole, are unusually influential with Dean. It's an odd pairing, given that Dean governed one of the whitest states in the country, but what Dean and these women share is resentment, sometimes subtle and sometimes not, of the elite Washington Democrats who have always run the national party. Activists like Flournoy and Brazile have attained star status in the party, but they have never thought of themselves as insiders. This is partly because they are black women in a party dominated by white men — men who often seem to prize them more as symbols of diversity than for their expertise. But it is also because the women came up in Democratic politics as local field operatives — that is, as young organizers who knocked on doors, principally for Jesse Jackson — in an era when all of the power in the party was concentrated in the hands of the Washington consultants who made TV ads and polled the electorate. Dean came to Washington vowing to take power from the insiders and give it, instead, to ground-level activists. "That's our loyalty to Dean," Brazile says. "He gets it."

With help from Flournoy and the others, Dean cultivated an outsiders' culture inside the D.N.C. building. (It is more than symbolic that Dean himself never moved to Washington; he stays at the Capitol Hill Suites a few days a week before heading back to Burlington, Vt.) Dean's political staff hails largely from the state organizations, rather than from Washington; his political director, Pam Womack, formerly ran the Virginia party and the National Governors Association. Top Washington reporters and senior aides on Capitol Hill frequently complain that they now have trouble getting their calls to the D.N.C. returned, while state activists rave about the new responsiveness at headquarters.

Flournoy also introduced Dean to the pollster Cornell Belcher, who became a constant fixture inside Dean's D.N.C. Belcher, a deep thinker and jazz aficionado who wears suit coats with unlaced Converse sneakers, had been an outsider, too, in the sense that he didn't fit into the capital's pinstriped culture and wasn't well known before Dean started taking him to meetings on the Hill. In public appearances, Dean almost always refers proudly to the fact that he has retained a "37-year-old African-American pollster" to shake up the staid Washington crowd. In fact, the main theme of Belcher's work concerns the white middle-class men and women who have deserted the Democrats in recent years. These voters care more about their faith and the character of their communities than they do about individual issues, Belcher says, and Democrats do better with rural and small-town voters when they frame their positions as values rather than as policy prescriptions. This is not an entirely new insight, but to Dean it is critically important. In his mind, it means that any voter in any state can be a Democrat, if only you bother to talk to him, and if only you make the right kind of argument.

The ultimate manifestation of this philosophy, of course, is the 50-state strategy, under which, for the first time, the national party has begun directly financing the staff at all but a few state headquarters. It's probably fair to say that if there hadn't been a quagmire in Iraq or a Hurricane Katrina — if the White House's political fortunes hadn't imploded over the last year — the 50-state strategy would not have aroused much opposition among Washington Democrats. It was only when they realized that they actually had a chance to take back the House, and maybe the Senate too, that Democratic leaders began to ask, with increasing urgency, what it was that Dean was doing with all the party's money.

This fall, the question of who will control Congress is likely to come down to about 40 Congressional districts and some dozen states with close Senate races, including such perennial battlegrounds as Pennsylvania, Ohio and Missouri. Candidates raise most of their campaign funds themselves, but they rely on additional money from Washington to pay for voter-turnout programs and last-minute TV ads. Each party has three separate entities to raise and disburse those dollars: a committee for Senate races, a second committee for House campaigns and the national party headquarters.

For Democrats, the fund-raising environment has improved over the last two years, as Bush has blundered from one legislative or foreign-policy disaster to another and as Democratic donors have seen the prospect of controlling at least one house of Congress — a notion that seemed unthinkable in 2004 — become a possibility. The Democrats who lead their party's Senate and House campaign committees, Senator Chuck Schumer of New York and Representative Rahm Emanuel of Illinois, respectively, have done their parts to make the party competitive. The Democratic Senate committee, which narrowly outperformed its Republican counterpart in 2004, has opened up an even wider margin in this election cycle. The Democratic House committee, which raised only half as much as the G.O.P.'s committee did two years ago, has closed that gap somewhat and, at last count, had virtually the same amount in the bank as its rival. Over at the D.N.C., however, it's a very different story. In 2004, the D.N.C., under McAuliffe, actually raised slightly more money than the Republican National Committee. Since Dean has taken over, however, the R.N.C. has taken an almost 2-to-1 lead in fund-raising, and going into the fall campaign it had more than

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$39 million stashed away, compared with just over $11 million for the Democrats. For Schumer and Emanuel, this discrepancy between the two parties is like a train coming down the track, and they're the ones sitting in its path. The R.N.C. will dump tens of millions of dollars into individual House and Senate races in the closing weeks, through TV ads and get-out-the-vote operations, and Democrats won't be able to counter it.

In a city rife with unchecked egos, few politicians exhibit the kind of unbridled self-assuredness for which both Emanuel and Schumer are known; to call the two of them pushy would be like calling Tom Cruise excitable. Emanuel, a triathlete who was

Bill Clinton's deputy chief of staff and enforcer, speaks in violent bursts of shrapnel, profanities flying in all directions. Schumer, like his native Brooklyn, can be, by turns, charming or downright dangerous, depending on which route delivers him faster to his destination.

Before this midterm election-year began, but not long after Dean became party head, Emanuel and Schumer decided that if Dean wasn't going to raise anywhere near as much money as his rivals at Republican headquarters, then he ought to at least give them whatever resources he could muster. They went to work on Dean, pleading with him to transfer as much as $10 million to the two committees to help them respond to the Republican TV barrage. Emanuel told anyone who would listen that back in 1994, when Republicans sensed a similarly historic mood swing in the electorate, the R.N.C. kicked in something like $20 million in cash to its Congressional committees. (This argument was impressive, but not exactly true; the R.N.C. spent roughly that much on federal and local races combined in 1994, and little, if any, of that money went directly to the committees themselves.) Dean categorically refused to ante up. Having opposed the very idea of targeting a small number of states and races, he wasn't about to divert money from his long-term strategy — what he calls the "unsexy" work of rebuilding the party's infrastructure — to pay for a bunch of TV ads in Ohio. He wanted to win the 2006 elections as much as anyone, Dean told them, and he intended to help where he could. But Democratic candidates and their campaign committees were doing just fine on fund-raising, and the party couldn't continue giving in to the temptation to spend everything it had on every election cycle — no matter how big a checkbook the Republicans were waving around.

For Schumer, Emanuel and their allies, this rejection was irritating enough. When they heard the stories of how Dean was actually spending the party's cash, however, it was almost more than they could take. Dean was paying for four organizers in Mississippi, where there wasn't a single close House race, but he had sent only three new hires to Pennsylvania, which had a governor's race, a Senate campaign and four competitive House races. Emanuel said he was all for expanding the party's reach into rural states — roughly half the House seats he was targeting were in states like Texas, Indiana and Kentucky, after all — but he wanted the D.N.C. to focus on individual districts that Democrats could actually win, as opposed to just spreading money around aimlessly. The D.N.C. was spending its money not only in Alaska and Hawaii, but in the U.S. Virgin Islands as well. Democratic insiders began to rail against this wacky and expensive 50-state plan. "He says it's a long-term strategy," Paul Begala, the Democratic strategist, said during an appearance on CNN in May. "What he has spent it on, apparently, is just hiring a bunch of staff people to wander around Utah and Mississippi and pick their nose."

The disagreement with Emanuel and Schumer frayed Dean's already fragile détente with Washington's Democratic elite. Since coming to Washington, Dean had worked hard to forge a level of trust with Congressional leaders, subjugating some of his more combative impulses. In particular, he had formed what he thought of as a genuine friendship with Harry Reid. Nonetheless, the party's elected leaders and their legions of consultants remained uneasy about Dean. They suspected, correctly, that he strongly sympathized with outside forces — militant bloggers, disillusioned donors, Moveon.org — that were fomenting rebellion at the grass roots. It didn't help that Dean's younger brother, Jim, a onetime salesman who had taken over the PAC Dean started, Democracy for America, was out there proselytizing for insurgent candidates like Paul Hackett, whom Schumer eventually muscled out of a Senate primary in Ohio, and Ned Lamont, who upended Joe Lieberman in Connecticut. While campaign laws prohibited the Dean brothers from coordinating their activities, Washington Democrats assumed that Jim Dean's job was to carry out the chairman's subversive wishes.

In separate conversations, Reid and Pelosi each asked Dean — Reid in his quiet way, Pelosi more stridently — to send some money to the two campaign committees. Dean rebuffed them too. But he did promise that the D.N.C. would help with get-out-the vote campaigns. Emanuel and Schumer then began pressing Dean for a specific field plan — that is, a blueprint for how

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the D.N.C. would spend money on mobilizing voters, and where. The argument finally exploded during a meeting in May among Dean, Emanuel and Schumer in Dean's third-floor office at the D.N.C. Emanuel told Dean that the 50-state strategy was a waste of money; Dean shot back that winning elections wasn't only about TV ads. Emanuel wanted to know what Dean was doing to help in California's 50th district, where voters were about to hold a special election. When Dean said he had organizers on the ground, Emanuel erupted. <object.title class="Movie" idsrc="nyt_ttl" value="41705;159602">"Who?" he demanded. "Tell me their names!" Emanuel, who had a vote at the Capitol, stormed out of the meeting, cursing as he walked down the hall. </object.title>

By now, the situation had as much to do with clashing egos as it did with the elections. "The issue here is not our field plan," Dean told me. "The issue is an issue of control. I'm the new guy on the block, and they thought they were going to get me writing the check." For his part, Emanuel, who had been a pivotal adviser in several national elections (he was the model for the character Josh Lyman in "The West Wing"), seemed annoyed that Dean wouldn't defer to Democrats with more experience. That Dean raised money by talking about the closeness of the 2006 elections — and then spent much of that money in states that had nothing to do with the midterms — made Emanuel, whose office sits a floor below Dean's in the D.N.C. building, want to reach through the tile ceiling and throttle him. "I'm for a long-term strategy," Emanuel told me, "but I don't see how you have a long-term strategy if you take a historic election and walk away from it."

What was remarkable about this fight, as it dragged on throughout the summer, was just how public it became, and the extent to which it seemed to be pulling influential Democrats into its vortex. Bren Simon, a wealthy Democratic patron from Indiana who has entertained virtually every leading Democrat at her second home in Washington, told me that she warned Emanuel and Schumer that she wouldn't write them any more checks if they didn't stop fighting Dean over his 50-state strategy. Then there was the morning early in the summer when Brazile ran into Emanuel on the steps of the D.N.C. building and started loudly lecturing him about his attacks on the chairman, in full view of party employees. Emanuel protested that he just wanted to win back the House. Two of the Democratic Party's leading strategists — one who had helped run the White House, the other who had managed a presidential campaign — stood there barking at each other on the street.

Underneath this clash of field plans and alpha personalities lay a deeper philosophical divide over how you go about rebuilding a party — which was really a dispute about cause and effect. Did you expand the party by winning elections, or did you win elections by expanding the party? Most party insiders had long put their faith in elections first, arguing that the best way to broaden the base of the party was to win more races. Schumer said as much in a written statement that his spokesman forwarded to me in response to my questions about his differences with Dean. "Our long-term goal is the same — a strong Democratic Party," Schumer stated. "But we" — meaning he and Emanuel — "believe that nothing does more to further that goal in 2006, 2008 and beyond than taking back the House and Senate so that we can implement a Democratic platform."

Recent history, though, would seem to undercut this theory. In the 1990's, the Democrats won two presidential elections behind a popular leader, and yet the party didn't grow. In fact, Democrats lost ground at every level of government except the White House and cemented their position as the party of coastal states. Steadily investing in political activity on the local level, as Republicans have done for years, seems to Dean and his allies a more realistic way for Democrats to expand the electoral map than simply trying, every four years, to piece together the same elusive majorities. Of course, every Democrat in Washington says he's for expanding the party's efforts beyond the familiar 18 or 20 battleground states, but only Dean, among his party's leaders, has been willing to argue that there is a choice involved, that you cannot actually invest for the long term unless you're willing to forgo some short-term priorities.

It takes courage, Dean told me, to try something new in the face of failure, which is why Washington Democrats were resisting his plan. "I think politicians are incredibly risk-averse, especially legislating politicians," he said. "This is like deciding to go to a psychiatrist — the risk of staying the same has to be greater than the risk of changing. And right now, in the history of the party, that's exactly where we are. The risk of doing nothing, the same old thing, is enormous. The risk of trying something new is much smaller. The risk of the 50-state strategy is much smaller than if we continue to do what we've been doing."

But you can accept Dean's premise and still wonder whether his 50-state strategy is really the best way to go about building the party. Even some Democrats who support Dean's larger vision have doubts about whether he has built enough accountability into his model for financing state parties. Republicans, as I saw firsthand in Ohio during the 2004 campaign, demand certain metrics of their local organizers. Field workers are expected to sign up so many new voters, or knock on so many doors, by a

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given date, and people who don't meet their quotas and deadlines can find themselves replaced — even if they're volunteers. Republican staffs in the states are required to take part in an unrelenting succession of conference calls with Washington.

By contrast, Jonathan Teeters, the 25-year-old activist I met in Anchorage, told me that he wished he spoke more often with his superiors at the D.N.C. "It's kind of an as-needed thing," he said. "As far as I can tell, they trust me to get it done. As long as I'm staying in contact, and as long as we're having success, that's how they know we're getting it done." When I asked Teeters how he knew if he was having success, he mentioned having attracted several hundred people to "Democratic reunion" barbecues across the state. "The first thing we have to do is create this energy, so people know we're here and we're active," he said.

Dean has no illusions that the 50-state strategy will succeed in every state. "They're going to make terrible mistakes — I know that," Dean said. "You never make changes without people making mistakes." He said he had visited 46 states as chairman, and each time he goes into a state, he gets some sense of the progress on the ground.

Unlike past chairmen, who mostly traveled to see donors and do some interviews, Dean spends a fair amount of time visiting party offices and mingling with grass-roots activists. His trips to more rural, conservative states, however, the kind of places where a sizable segment of voters go to church and follow Nascar, also raise some complicated issues for his fellow Democrats. Dean is treated like a Beatle by rank-and-file activists who have rarely seen a party leader in their midst, but for the rest of the country, Dean is that lefty who howled on national TV. Some Democratic governors and candidates have avoided Dean when he has been in town, for fear that their opponents would portray them as extremists. Which underscores the peculiar situation of Dean and his 50-state plan: he is the one guy in Washington determined to deliver the Democratic message to every part of the country, but as it turns out, he is also a guy from whom much of America doesn't want to hear it.

It's not that Dean doesn't try his damnedest to make himself palatable to culturally conservative voters. Acting on the advice of Cornell Belcher, his young pollster, he has taken to framing his positions in terms of faith and values, sometimes so transparently that it can make you wince. In Las Vegas, I heard Dean, who is not known to be a religious man, say to a Latino audience, "I don't expect the church to come out for gay marriage, but I do expect that we could say on an issue like this, 'What would Jesus do?' Equal rights under the law is not something that can be abridged by the Democratic Party, because it's really the law under Jesus Christ." The audience stared at him a little blankly, as you might stare at your mechanic if he rolled out from underneath your car and suddenly started speaking Latin.

Fairly or not, Dean has come to embody a species of Democrat that a lot of Americans of both parties find off-putting: the 60's antiwar liberal, reborn with a laptop and a Prius. On the day we landed in Anchorage, Tony Knowles, the former Democratic governor of the state, had just announced that he would run to reclaim the post. This was exciting news for Dean, since he and Knowles had served as governors together, and the two men would be attending the fund-raiser that night. But while we were at the party headquarters, the state party's executive director cautioned Dean, gingerly, that he should probably avoid getting too close to Knowles in public or saying nice things about him from the lectern. "I think he'd prefer to distance himself from the national party as much as he can," the executive director, Mike Coumbe, said.

Later that night, at the fund-raiser, I approached Knowles and asked him if it was true that he felt he needed to put some space between himself and his old friend. "I think they're about to introduce me," Knowles said, glancing helplessly toward the front of the room. "I do want to answer your question." But he was already backing away.

When dean and I last spoke, in August, I wondered aloud if the entire 50-state program wasn't, in a very basic way, inconsistent with the larger philosophy that guided his 2004 campaign. If Dean believed in disintermediation, then why was he spending so much money to strengthen the intermediaries? Weren't the state parties essentially just middlemen between the voters and the Democratic National Committee? What Dean seemed to be creating was a multilevel field organization modeled after the political machines of the 20th century rather than a new party that fostered direct communication between local activists and their leaders in Washington.

"That would be true if we thought we had to be centralized," Dean replied, raising an index finger. In fact, he went on, the Democratic Party needed to be decentralized, so that grass-roots Democrats built relationships with their state parties but had little to do with Washington at all. "State parties are not the intermediaries," he said. "If I get them trained right, they're the principals."

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In other words, I suggested, he was talking about "devolving" the national Democratic Party, in the same way that Reagan and other conservative ideologues had always talked about devolving the federal government and returning power to the states. "That's what I want to do," Dean said firmly.

This struck me as a radical idea, and one that went to the heart of what Howard Dean is really thinking. Now that Dean has wrested control of the national party, his real agenda, it seems, is to radically reduce its relevance, in the same way that Grover Norquist and his crowd of conservative activists talk about "starving the beast" of the federal government they now control. Once you understand that, it's easy to understand why Dean isn't troubled by having less cash in the bank than people think he should, and why he isn't concerned about quantifying the success of the state parties he's financing. In Dean's mind, every dollar that goes to Alaska or Mississippi, or even to the Virgin Islands, even if it isn't perfectly utilized, is a dollar that isn't going into the pockets of the Washington syndicate of admen and pollsters who seem to profit more from each election cycle. And that is an end in itself. By shipping the party's money out of Washington as fast as he can collect it, Dean is trying to finish what he started three years ago — namely, the slow dismantling of the Democratic establishment.

This philosophical shift is bound to have consequences for the party's next presidential nominee. Dean argues that the 50-state strategy is actually going to broaden the playing field in 2008. By the time the next nominee is crowned, he says, a field network will already be in place, covering most of the counties and precincts in the United States; flip a switch, and the whole grid will light up with activity, from Baton Rouge to Boise. More than that, rebuilding Democratic ground operations in more states will force Republicans and their nominee to spend millions more dollars in states that the G.O.P. usually takes for granted, dollars that would otherwise be spent in the Midwest or in the pivotal Sun Belt.

This makes some sense, but it's also true that presidential candidates have long relied on the D.N.C. to do two simple things: underwrite TV ads and coordinate extensive field operations in a handful of perennially contested states — so much so, in fact, that every four years the nominee essentially takes over the D.N.C., installing his own strategists and fund-raisers to provide his campaign with air and ground support. If Dean isn't going to relinquish control or shift his resources into battleground states, the next nominee could find himself (or herself) outspent by the R.N.C. — and as piqued at Dean as Emanuel and Schumer are now.

Some more conspiracy-minded Democrats discern in Dean's decentralizing strategy the careful machinations of a shrewd and ambitious politician. After all, if the party's nominee loses in 2008, doesn't that set up Dean, potentially, as the grass-roots choice for 2012? Might this be his real plan — to strengthen the local activists who form his natural base of support while at the same time weakening the Washington apparatus that once tried to derail him?

It's an elegant theory, but it doesn't take into account Dean's basic ambivalence about electoral politics. In Vermont, Dean, a physician and part-time lieutenant governor, turned down the chance to run for governor, taking office only when his predecessor died. He may have run for president, as a former confidant of his once explained it to me, largely because he was looking for something to do. Dean has never evidenced much in the way of Machiavellian ambition. It's easier to imagine him, several years from now, serving as a cabinet secretary, or maybe running a university, than it is to see him rising up to lead a Reagan-like revolt at a raucous nominating convention in Las Vegas or Phoenix.

the more immediate question is whether Dean can make it through this year's elections without becoming a permanent pariah among his party's elected leadership. In September, Dean finally reached a compromise of sorts with Rahm Emanuel. In the end, Dean didn't pull any money from his 50-state strategy, nor did Emanuel successfully pressure him into giving cash directly to the campaign committees. Dean agreed, in principle, to pour about $2.6 million, on top of what he was spending on the 50-state strategy, into field operations in 40 targeted districts. "We have a basic understanding," Emanuel told me, sounding more peeved than conciliatory. "It's not everything I want, but I don't have any time to waste anymore, and I'm not waiting for Godot. I've got to get going." The deal seemed to ensure, at least, that Dean and the House campaign committee would be able to work in harmony through the elections. (Peace talks with Schumer were still going on.) It did not, however, do anything to resolve the underlying, more intractable disagreement: the importance of winning elections versus a longer-term investment in state parties. That argument will continue well after November's referendum on Republican rule.

Nor, clearly, did the compromise do much to endear Dean to his critics in Washington. "I'm not going to be on his holiday mailing list, and he's not going to be on my holiday mailing list," Emanuel snapped at one point during our conversation about

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Dean. “But this isn’t about him or me.” If Democrats fall short of retaking the House of Representatives in November, the party’s elected leaders will almost certainly blame Dean for the near miss. They will say that he squandered their best chance in more than a decade to control the country. They will say it proves that Dean’s risky strategy has badly hurt the party.

And yet, you could make a compelling argument that anything short of total victory in November would prove precisely the opposite. With polls consistently showing voters to be deeply nervous about a protracted war, high gas prices and stunted wages, this is that rare election that should turn less on tactics than on fundamental choices about the direction of the country; in other words, this election season is about the fear and fury of the electorate, not the addition of a few more door-knockers in New Haven or some negative 30-second spot broadcast in Columbus. As the Democratic strategist James Carville told Al Hunt, the Bloomberg News columnist, in August, “If we can’t win in this environment, we have to question the whole premise of the party.”

Most analysts in both parties now believe that Democrats have better-than-even odds of winning at least the House. But if they don’t, rather than dissect the mechanical failures that cost them a few thousand votes here or there, Democrats might be forced to admit, at long last, that there is a structural flaw in their theory of party-building. Even a near miss, at a time of such overwhelming opportunity, would suggest that a national party may not, in fact, be able to win over the long term by fixating on a select group of industrial states while condemning entire regions of the country to what amounts to one-party rule. Which would mean that Howard Dean is right to replant his party’s flag in the towns and counties along America’s less-traveled highways, even if his plan isn’t perfect, and even if he isn’t the best messenger to carry it out. As another flawed visionary, the filmmaker Woody Allen, once put it, 80 percent of success is just showing up.

Dean: '08 May Hinge On Race, Immigration (AP)

By John Heilprin

AP, October 1, 2006

Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday.

Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively.

"If that works, we're going to do that in 2008 all over the place, but in the meantime this is a great opportunity for us in 2006," Dean told 225 people attending a luncheon at the party's annual Hispanic leadership summit.

In New Mexico's largely Democratic 1st Congressional District, home to what Dean called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is fighting to get re-elected. Her opponent, Democratic Attorney General Patricia Madrid, grew up in a Hispanic household near the Mexican border.

Democrats hope to turn back the Republican Party's advances among Hispanic voters in recent years. President Bush's efforts to court Hispanic voters have helped double the GOP's share since 2000.

"We can't afford to have 45 percent of Latino population voting for Republican presidents. That diagram has to change," said Rep. Hilda Solis, D-Calif.

Dean and Solis said issues such as public education, health care, affordable housing, the minimum wage and immigration protection should continue to be party priorities.

DAVENPORT, Iowa (AP) — Illinois Sen. Barack Obama, a potential presidential candidate for 2008, called on Democrats to embrace the national security debate in the campaign's closing weeks.

"I am happy to have a national security debate with the Republican Party," Obama said Saturday during his second visit in two weeks to Iowa, which traditionally opens the presidential nominating season. "What we need is a tough and smart national security agenda."

Obama said Democrats must stand up to Republicans' strategy of portraying them as weak on national security. He said Republicans "have a lock on the tough and dumb strategy" that Democrats must expose.

"We can't afford to be bullied because there's too much at stake," Obama said. "The only strategy the other side has is fear. That's what you're seeing and you're going to see more of it."

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HARTFORD, Conn. (AP) — Sen. Joe Lieberman, D-Conn., on Saturday launched a new TV ad that compares his nearly 18 years in the Senate with challenger Ned Lamont's relative inexperience.

The 30-second ad features a light bulb and a voice that asks: "Still waiting to hear a new idea out of Ned Lamont? Here's an idea for you."

The bulb lights up and the voice continues, "Experience matters."

In a Quinnipiac University poll released Thursday, voters by a margin of 47 percent to 38 percent said Lamont does not have the "right kind of experience" to serve as a U.S. senator.

Lieberman, who was defeated by Lamont in the Democratic primary last month and is now running as an independent, has a 10-point advantage among likely voters in the poll. He leads Lamont 49 percent to 39 percent in a three-way race. Republican Alan Schlesinger trails with 5 percent.

Lamont campaign spokeswoman Liz Dupont-Diehl said Lieberman's experience has led to the Bush-Cheney energy bill, increased terrorist activity and the loss of manufacturing jobs.

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CONCORD, N.H. (AP) — Massachusetts Gov. Mitt Romney supported plans to reduce illegal immigration from Mexico but said Saturday the U.S. should do more to keep foreign students who come here and earn advanced degrees.

"There's only one condition on getting your Ph.D. here in the U.S. and that is: You leave as soon as you get it," he told New Hampshire Republicans gathered for their annual convention. "Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay. ... It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither."

Romney, a possible 2008 presidential candidate, spoke about a growing gap in technology and education between countries like China and the United States. He described a conversation he'd had with a leader of a Massachusetts high-tech company, who said he expected that in 10 years, 90 percent of his employees will be in Asia.

"I was shocked," said Romney. "China alone graduates seven times the number of engineers that we are."

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Associated Press writer Mike Glover in Davenport, Iowa, contributed to this report.

Outside Groups Spending Millions On Ads (AP)

By Jim Kuhnhenn

AP, October 1, 2006

The images are searing, violent. Smoke and flames pouring from the World Trade Center towers. Bullets ripping through military protective vests.

The scenes are from this year's campaign ad wars, waged outside the control of candidates or political parties.

Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts.

Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats.

That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help.

"If it's there, I haven't seen it," said Rep. Rahm Emanuel, the Illinois Democrat who heads the Democratic Congressional Campaign Committee. "I can't tell you what happened from '04 to '06 and why some decided either not to participate in this election or not be at the same level."

As election day nears, television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual

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funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth that attacked Sen. John Kerry's Vietnam record during the 2004 presidential race.

Progress for America is credited with helping President Bush's re-election with a powerful ad evoking the Sept. 11 attacks. The GOP-leaning group now is running ads in Missouri and Ohio that support the war in Iraq.

The Economic Freedom Fund, bankrolled by Perry, is running ads in congressional districts in Iowa, Indiana, Georgia and West Virginia.

Softer Voices, backed by Friess and Templeton, has spent $850,000 in an ad campaign in Pennsylvania on behalf of Republican Sen. Rick Santorum, who is running behind Democrat Bob Casey.

So far, most of the Democratic advertising help has come from MoveOn.org, a liberal group has been raising smaller contributions as a federally regulated political action committee.

MoveOn spent most of its advertising money in March, targeting congressional districts that were not yet considered vulnerable for Republicans but have since become competitive. Right now, MoveOn is only advertising in two New York congressional districts and one in New Hampshire.

Democrats have gotten help from VoteVets, a PAC formed by military veterans who are critical of the Iraq war. The group is focusing on Santorum and Republican Sens. George Allen of Virginia and Conrad Burns of Montana.

The VoteVets ads accuse the senators of not supporting legislation to get better equipment for U.S. troops. The ads have been small buys, but have benefited from media coverage because they dramatically portray a sharpshooter firing through a protective vest.

A group of Democratic strategists has tried to raise about $20 million for an October advertising blitz. The effort, called the September Fund, is being led by Harold Ickes, a former aide to President Clinton and an adviser to Sen. Hillary Clinton, D-N.Y.

In a letter circulated to potential donors this month, the organizers said: "While we have achieved unprecedented unity, it is only meaningful if we can mobilize the power of progressive donors to ensure sufficient financial resources are available."

Among those solicited was billionaire financier George Soros, a donor to liberal causes who contributed more than $20 million to defeat Bush in 2004. Soros has put more than $2 million into this election, much of it toward get out the vote efforts. In an interview this month on CNN, Soros said he did not plan to spend as much as 2004.

"That was an exceptional situation," he said.

Democratic Party officials said outside groups such as the September Fund are organizing too late. "If it was September '05, I'd feel better," Emanuel said.

This year, the U.S. Chamber of Commerce has run the biggest ad campaign: $7.3 million on behalf of Republican candidates and $1.2 million on behalf of business friendly Democrats in primary contests. But the chamber had to stop those ads on Sept. 7, to abide by a legal prohibition on the use of union or corporate funds for electioneering ads 60 days before the vote.

Just in September, Progress for America has aired three rounds of ads linking the war in Iraq to the broader effort to combat terrorism. The ads area appearing on national cable networks and were broadcast statewide in Missouri and Ohio.

The first ad showed images of jet planes slicing into the World Trade Center Towers. The narrator warned, "These People Want to Kill Us." A new ad features Iraq war veterans describing the war's successes. None of the ads features politicians nor voices support for or against any elected official.

"A lot of people turn off political ads when they see a candidate," said Stuart Roy, a GOP consultant working with Progress for America. "These ads have a longer lasting effect than those that mention a candidate."

Still, some ads can backfire, and operatives from both parties have mixed views on their effectiveness.

Michael Steele, the Republican candidate for Senate in Maryland, was forced to repudiate a radio ad by an independent group supporting his candidacy that claimed Martin Luther King Jr. was a Republican and that Democrats initiated the Ku Klux Klan. Steele called the ad "insulting to Marylanders."

"Independent expenditures are overrated mostly because you're operating outside the strategic framework of the campaign," said Steve Elmendorf, a former top aide to one-time House Democratic leader Richard Gephardt and deputy campaign manager in Kerry's presidential campaign. "Sometimes they just create clutter."

MoveOn's executive director, Eli Pariser, said this election will be won on the ground, not the airwaves.

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"For all the talk about ads," he said, "this is not a persuasion election as much as it is a turnout election."

Of Party Dues And Deadbeats On Capitol Hill (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues.

If you are a rank-and-file member of the House, the amount is up to $100,000. If your ambitions are to preside over a powerful committee, the duty is $300,000. For a top party leader, the tally can climb beyond $600,000.

Make those checks payable to the Republican or Democratic Congressional campaign committees.

Whether or not they are in competitive races, lawmakers are asked to mount vigorous fund-raising drives to fill their own campaign chests. Then they dole to the party, which spreads the money to the most competitive campaigns in the country.

Four years after Congress tried to reduce the influence of money in politics by rewriting the rules of how campaigns are financed, Republicans and Democrats alike have found myriad replacements for the river of financial contributions known as soft money.

The practice of paying what the parties refer to as dues is not illegal, and it is not an entirely fresh notion by either party. This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority.

As members of Congress scurried to finish their business in Washington before heading home for the final stretch of the midterm election campaigns, leaders of both political parties were placing an unusually tight squeeze on colleagues who have not settled their bills.

With five weeks remaining in the race, nearly half of the House Democrats are in arrears. Even a month-by-month installment plan — let alone the prospect that they could regain control of the chamber if they can out-hustle the Republicans — has not provided an incentive for Democrats to pay what they owe.

"Some people make a lot of money for the party, others make a lot of issues," said Representative Dennis J. Kucinich, Democrat of Ohio, who contributed for the first time this week, but still owes $115,000. "I work on the issues side. That's where I excel."

The delinquency statements that Democrats sent via overnight delivery to representatives' homes throughout the year have been supplanted by telephone calls or personal visits from party leaders.

Representative Luis V. Gutierrez, Democrat of Illinois, said he had no intention of paying his dues of $250,000, assessed because of his seniority on the Financial Services Committee. But after a two-minute telephone conversation with the minority leader, Representative Nancy Pelosi of California, he changed course and sent in a check for $15,000.

"It's kind of hard to ignore," Mr. Gutierrez said in an interview, conceding that before Ms. Pelosi rang his cellphone, he had not given a nickel. "I still owe $225,000. Thank God it doesn't affect my credit score when I go get a mortgage."

It could, however, affect what committee assignments are passed out when Congress convenes in January. Several members said they had been told by party leaders that their positions could be on the line if they fail to contribute.

Last weekend, Ms. Pelosi made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed.

"This is not my job," said Mr. Emanuel, recalling the message he repeats again and again to fellow Democrats. "This is our job."

Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party.

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The grid showed that Representative Maxine Waters, Democrat of California, had contributed $47,500. As a chief deputy whip of the party, she owes a total of $250,000.

Ms. Waters said she did not take kindly to humiliation or intimidation.

"Nobody puts the screws on me. I don't allow that," Ms. Waters said in a brief interview during a long evening of debate on the House floor. "I'm not trying to prove anything to anybody. Some years I've raised a lot, some years I've not raised so much, so I'll do whatever I do."

At the same time, contributions from more than a dozen Democrats have far exceeded their dues. Representative Charles B. Rangel of New York contributed twice as much as his $300,000 assessment and Representative John P. Murtha of Pennsylvania has nearly doubled his $250,000 requirement. Both men have their eye on leadership positions.

"When I see what some of these guys have to do to scratch for money, it's really too bad," Mr. Murtha said. "They can't raise the money, so we help them out."

At least once a quarter, Democrats receive a fund-raising report card. To increase the motivation — or, perhaps, to embarrass them in front of their peers — the statement also points out how much money is available in individual campaign bank accounts.

The most recent document, for example, pointed out that Representative Robert E. Andrews, Democrat of New Jersey, had a balance of $2,054,562 but had paid only $40,000 of a $125,000 bill.

"I've held on to my money because New Jersey politics can be volatile," said Mr. Andrews, who has told some Democrats that he had been keeping a close watch on his state's Senate race if Senator Robert Menendez stumbles. "But there's no doubt I'll be contributing the full amount."

For Republicans, each member of the House is expected to make a contribution to the Battleground Program. The amounts range from $70,000 to $600,000, depending on the member's position. Since July, when the program began, party leaders said, about 90 percent of the members have contributed to the program, which they hope will raise $22.5 million.

There is no public disapproval for those who do not participate. Arm-twisting is conducted privately, which is why Republican officials said at least five members were summoned this week for a meeting with Speaker J. Dennis Hastert of Illinois; the majority leader, John A. Boehner of Ohio; and the majority whip, Roy Blunt of Missouri.

"Oftentimes Wall Street gauges a business's future success by the number of employees investing in their company," said Representative Eric Cantor, Republican of Virginia, who heads the House program. "I view Battleground the same way."

In the Senate, neither the Republicans nor the Democrats employ a rigorous system of dues and contributions.

Many senators raise more money for their respective party committees than their colleagues in the House, but committee assignments in the Senate depend on a tradition of seniority.

Still, in the House, where financial contributions and other demonstrations of party loyalty can trump seniority, not all longtime Democratic members believe this year's strong push to collect dues will ultimately raise, or lower, a member's prospects of winning an influential committee seat.

"No Democrat really believes that if you're going to be the chairman and you don't give the money that you're going to lose your seat," said Representative Barney Frank, Democrat of Massachusetts. "If you're a Republican, you do."

Showing some admiration for Republicans' efficiency, Mr. Frank said: "They threaten. We shame."

Mr. Frank has surpassed his dues of $300,000. His current tally? $310,700. And if Democrats win in November, he is poised to become chairman of the Financial Services Committee.

Democrats Less Sure About Recapturing House (WT)

By Donald Lambro

The Washington Times, October 1, 2006

Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party.

"I'm not as confident of the House switching as I once was," a Democratic campaign consultant said last week.

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But other Democratic congressional campaign advisers point to about two dozen congressional races where Republican incumbents are facing aggressive challenges that they say could return Democrats to power if there is a voter-turnout surge in November demanding change.

And the resignation Friday of Rep. Mark Foley, Florida Republican, gave Democrats another opportunity to pick up an open seat.

Mr. Foley, who stepped down after press reports that he sent sexually explicit e-mails to an underage former male page, had been considered a shoo-in to win a seventh term in the heavily Republican 16th District. His Democratic challenger, Tim Mahoney, a businessman, has been aggressively campaigning for more than a year, and Republican officials acknowledged it would be difficult for a new candidate to become well-known in the five weeks before Election Day.

Democrats need to win 15 additional seats to take control of the House, and in a tight election, Mr. Foley's seat could put them over the top.

But recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections.

"I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own," said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country.

"But in the hot races, the competitive races where we're working, they remain as competitive as they were. So I believe the Gallup numbers showing a tightening in the generic polls can be true, even as the truly competitive races remain so," he said.

However, another Democratic campaign adviser, who spoke on the condition of anonymity, said the Republicans' stronger poll numbers in the part- preference surveys could make the Democrats' efforts to win back the House "a steeper climb."

"I expect things to tighten up," the campaign adviser said.

These concerns were confirmed last week by a top election forecaster who closely monitors the House's most competitive races.

"There has been a slight uptick in national GOP numbers, and that could help in a number of tight races, particularly in Republican-leaning districts that have been regarded as in play," campaign analyst Stuart Rothenberg told his newsletter subscribers.

Mr. Rothenberg said he thinks that "Democrats are now poised to net 15-20 seats, which would narrowly return the House to their control." But, he added, "they don't have much of a margin for error."

Mr. Secrest doesn't see the Democratic erosion that Gallup found last month in its national poll of likely voters ,which showed the party preference vote in a "dead heat."

"In the competitive races we are working in, the Democratic opportunity [to take back the House] is undiminished," he said.

Ace Of Base (NYT)

By Mark Halperin

The New York Times, October 1, 2006

BILL and Hillary Clinton have been known to cite a quip widely attributed to Einstein: “The definition of insanity is doing the same thing over and over again and expecting a different result.” George W. Bush and Karl Rove live by an alternative dictum: Why do things differently when you like the results you have been getting?

In the 2002 and 2004 national elections, the president and his top political adviser won by margins provided by conservative voters who shared the White House’s view that the country should continue to move right. Although the president is not on the ballot in November, the Bush-Rove model animates the Republican Party’s election strategy for 2006.

Yet two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans’ strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate.

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Interesting theory, but it probably won't work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy.

Why? In the eyes of the Bush team, America is a polarized country, one where there are fundamental divisions worth fighting over. A president — and a party — should not worry about slender margins of victory or legislative control. The goal is to accumulate just enough power to use the energies and passions of the base to effect ideological change in the nation's laws and institutions, even if — sometimes especially if — those changes might be at odds with majority public opinion.

For the Republicans, this brand of politics works because the United States in many ways remains a fundamentally conservative nation. Polls consistently indicate that there are more staunchly conservative Americans than liberal ones. Republican politicians, therefore, have the advantage of being able to proudly announce what they really think. They can go on offense.

The party is helped, of course, by superior financial resources. And the Republicans have mastered micro-aiming rousing messages to ideologically sympathetic voters. These messages, generally on hot button issues like gay marriage and abortion, stir the kind of emotion and anger that provide the energy in Bush-Rove politics.

It's important to note, though, that this strategy depends on something else: the inability of Democrats to play by the same rules, to go on offense.

If Democrats in Congress took a secret ballot, it is safe to say there would be overwhelming support for a variety of positions that, in theory, could rally the party's base: a timely withdrawal of American troops from Iraq; a tax increase for the wealthy; universal health care; and increased rights for homosexuals. These are all positions in line with the activist wing of their party. And yet most Democrats will not openly espouse such policies, concerned that backing them could hurt their chances in 2006.

If they actually articulated what was in their hearts, Democrats worry that they would be marching into a buzz saw of negative political commercials and White House-led attacks. Democrats rightly believe that such attacks would energize the conservative base and also eat into their support among centrist voters. But their chosen alternative — in which they swallow their true beliefs on important national issues — demoralizes their own base.

If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy. On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message — both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues — has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center.

For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the G.O.P. base is coming home — and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections.

The speeches the president gave about national security leading up to the fifth anniversary of 9/11 re-engaged the base and raised his overall approval rating to around 40 percent. He also has shifted the debate back to his favored playing field: national security.

Although some Democrats are energized by the aggressive posture struck last week by Bill and Hillary Clinton on national security, the couple's visibility seems to be energizing the Republican base as well, perhaps more so.

As in 2002 and 2004, the Democrats have been baited into a heated discussion on terrorism and Iraq, blocking out debates that would be more favorable to their cause, like Social Security, the economy and gas prices. The Clintons have whipped up Democrats into a frenzy to fight back, but on Capitol Hill and on television they are largely fighting back on Republican terrain.

This is exactly what happened in the last two elections: Mr. Bush and Mr. Rove fired up the base on national security, taxes and social issues and found a way to win a majority of the electorate, even as they lost the allegiance of a majority of the country over all. The national security debate, the visibility of the Clintons and the momentum the Republicans gain from Mr. Bush's rising poll numbers — all of these echo previous election cycles.

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Critics of the Bush administration assert that the politics of the base has run its course, and that the Iraq war, the partisan zealousness and the conservative social policies of the administration have made voters yearn for a more centrist, bipartisan government. But Mr. Bush's opponents may be imprudently lulled by the current storyline and broad national polls, both of which miss the power and consequence of a Republican base that may have one more victory to give.

Parties For Pay Fill D.C. Calendar (KCS)

By Matt Stearns

The Kansas City Star, October 1, 2006

WASHINGTON | Lonely lobbyist: The oxymoron of the season.

Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers.

Breakfast invitations. Lunches. Cocktails. Dinners. Even hunting and golfing trips.

The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections.

How many invitations did he get? About 200. How many of the events did he attend? Eleven.

Did he feel like an ATM sometimes? You bet.

The lobbyist was offered the chance to nibble sushi and stone crabs with Rep. Connie Mack, a Florida Republican. Join the Mooseburger Oktoberfest with Rep. Don Young, an Alaska Democrat. Listen to bagpipes at Scotch Tasting Reception (kilt optional) hosted by Rep. John Campbell, a California Republican. And "dove shoot, sporting clays, bow and rifle deer hunting, fishing, horseback riding and golf" over a weekend on a 6,000-acre South Carolina plantation, courtesy of Republican Sen. Lindsey Graham.

That the party-and-pay carousel continues unabated shows that the lobbying scandal that rocked Washington earlier this year has changed nothing, said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a watchdog group.

And because lawmakers require ever greater piles of money to finance their campaigns — PAC cash given to congressional candidates this election cycle totaled about a quarter-billion dollars by July — they don't have much interest in real reform, she said.

"What has driven me nuts about lobbying reform is all the onus has been put on lobbyists, as if members of Congress are these babes in the woods," Sloan said. "That is so not the case."

Fundraising invitations often list members' committee assignments right under their names, Sloan said.

"It's intended to say, 'Do you have any clients with interests in front of me?' "

Attendees come with checks because they support a member of Congress' work and agenda, said Chuck Knapp, a spokesman for U.S. Rep. Todd Tiahrt, a Kansas Republican.

In September, the congressman was host of the second Todd Tiahrt European Driven Pheasant Hunt at the Flint Oak Hunting Resort near Fall River. The event was a benefit for Tiahrt's leadership PAC.

Cost: $2,500 per attendee.

Leadership PACs help a member gain influence within the caucus," Knapp said. "That's beneficial to the congressman in his work representing the district."

Graham's hunting, fishing and golfing extravaganza, to benefit his political action committee, was even pricier: $5,000. It was limited to 25 participants.

To Mary Boyle, a spokeswoman for Common Cause, a nonpartisan government watchdog group, such weekend trips are particularly troubling.

"They're meant to be sold as this opportunity to get real snuggly-close with a member of Congress," Boyle said. "That's what lobbyists are buying: access and influence."

The more typical events in Washington, where animals are not ducking for cover, cost a lobbyist at least $500, or $1,000 from his employer's PAC.

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At least no lobbyist will go hungry.

On one typical September weekday, there were seven fundraising breakfasts and two lunches held at restaurants, Capitol Hill town houses owned by members of Congress or big companies and clubs associated with the Democratic and Republican parties.

The evening hours offered more than a dozen receptions and dinners around Capitol Hill and downtown Washington. Among them: the second fundraiser of the day for Sen. Jim Talent, a Missouri Republican.

Tiahrt also had his annual Fall Steak Out, that day, and U.S. Rep. Kenny Hulshof, a Missouri Republican, offered an "intimate dinner" at Bobby Van's Grill.

Perhaps most intriguing of all: "Pirates of Key West Night" at the Capitol Hill home of Rep. Ileana Ros-Lehtinen, a Florida Republican.

As Common Cause might say: Arrghh!

INSIDE

A Florida Republican's resignation puts another House seat up for grabs. | A6

Presidential Hopefuls Boost Florida Candidates, Look To Help Themselves (FLSUNSEN)

By Anthony Man

South Florida Sun-Sentinel, October 1, 2006

Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House.

Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day.

"We're going to be seeing more of them. We've gotten a lot of calls and e-mails from their staffs," said Shane Strum, Broward Republican chairman. "They're going to crop up real quick."

The interaction between national and state candidates is the ultimate symbiotic relationship, like the tickbird feasting on insects from the back of cattle. While the presidential candidates garner publicity and build networks of supporters for their own campaigns, the gubernatorial and congressional candidates also enjoy the publicity and use the visitors to help attract donors to fundraising events.

Kerry, the Massachusetts senator who lost the 2004 presidential election, stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings.

It was different with Giuliani, the former New York mayor who was propelled to superstar status for his leadership after the Sept. 11, 2001, terrorist attacks. He has the ability to attract far more television cameras than even a candidate for governor might get on his own.

Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor. As the event wound up, retired Miami-Dade firefighter George Carbonell of Miramar yelled out his political hope: "Giuliani for president."

Carbonell, a registered Democrat, said his cry of support wasn't premeditated or planted by political operatives. Giuliani demurred, saying later he wouldn't make any decisions until after the November elections.

Kerry said Saturday that he would make a decision in late 2006 or early 2007.

He said his mission Saturday was to help elect Democrats, but said he hopes there is some political benefit. "Of course you hope that it's positive, but I can't predict. I can't tell you what's going to happen," he said.

Average voters like Carbonell aren't the motivation for visits by prospective presidential candidates.

More important is winning the support of people such as Mitchell Berger and William Scherer, both Fort Lauderdale lawyers.

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Berger is a prominent national political fundraiser and finance chairman for Democratic gubernatorial candidate Jim Davis. Scherer is a prominent Republican fundraiser, reaching pioneer status for raising at least $100,000 for George W. Bush's 2000 campaign. In 2004 Scherer was a Bush ranger, raising at least $200,000.

Scherer, who said he won't pick a presidential candidate until after the gubernatorial election, is raising money for Crist this fall. The presidential candidate visits provide opportunities for people like Scherer and Berger to see the prospects up close, helping them evaluate whom they want to work for.

Bryan Miller, a lawyer who works in Fort Lauderdale and West Palm Beach, leads the Democratic Professionals Council, a regional group of moderate and business-oriented Democrats.

Miller said the presidential hopefuls are working with gubernatorial and congressional candidates and appearing before his group because Broward and Palm Beach counties are full of wealthy donors who can help fund their campaigns.

"They're down here to build fundraising bases," Miller said.

Miller and Mitch Ceasar, the Broward Democratic chairman, said Florida's role in determining the presidency is another factor.

"Of all the big states in the country, there's only one swing state," Miller said. "Just do the math and Florida is the juggernaut in any presidential election."

California and New York are solidly Democratic and Texas is solidly Republican. Neither Republican red nor Democratic blue, Florida can go either way, and the state's 27 electoral votes are a tenth of what's needed to win the presidency.

"Florida is the only swing mega-state in the country," Ceasar added.

Another reason national figures in both parties want to help elect a governor is the value of the governorship in the presidential contest in two years, Berger said.

Berger said Bill Clinton almost won Florida in 1992, despite devoting little effort or money on the state, because Democrat Lawton Chiles was governor. In 2000 and 2004, President Bush benefited from his brother, Gov. Jeb Bush.

"Florida is a pivotal state," Scherer said. "Having the governor and the Legislature would make it far more friendly for a Republican candidate for president than it would be the other way around."

Democrats see it the same way. "The national party thinks that having a Florida governor is worth about five points in a presidential race," Miller said.

It's part of the way candidates build their networks of supporters.

"As long as it stays a purple state, that's a place the presidential candidates have to come," Miller said. "We're talking about a very crowded presidential field in 2008, and that makes it all the more important to be out early."

Romney Directs GOP Cash To Campaign States (BOS)

By Rick Klein

The Boston Globe, October 1, 2006

WASHINGTON -- As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president.

The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies.

Romney, as chairman, plays the primary role in recommending which races receive funding, though all decisions are approved by an executive committee of the governors' association.

Florida, Michigan, and Iowa each have competitive governors' races, and Romney said in an interview that each funding decision was based on the merits.

Still, in a year in which even Romney concedes that Republicans are highly likely to suffer significant losses in governor's races nationally, some of the choices of where to send the association's money have raised eyebrows in political circles.

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Two weeks ago, Romney traveled to Florida to deliver a $1 million check to Republican gubernatorial nominee Charlie Crist, even though polls have shown Crist holding a steady lead.

Even without the governors' association's contribution, Crist had nearly tripled the fund-raising kitty of his opponent, Democrat Jim Davis, suggesting the association's money might be better spent in other contests.

Also getting $1 million is Dick DeVos, who is running for governor in Michigan, a closely divided state that holds early presidential primaries -- and where Romney's father served as governor.

Though DeVos's race against Democratic Governor Jennifer Granholm is tight, DeVos is hardly strapped for cash, since he has already pumped more than $16 million of his Amway fortune into the race.

``We laughed at the Michigan money," said Jennifer Duffy, who tracks governors' races for the nonpartisan Cook Political Report. ``It's like Romney's third home state, after Utah and Massachusetts."

Romney is directing about $750,000 to Iowa, where Representative Jim Nussle, the chairman of the House budget committee, is locked in a campaign that's widely considered a toss-up.

While the tightness of the election makes the state a good target for governors' association money, the donation is noteworthy for its size, given that Iowa is a sparsely populated state with low advertising costs.

Romney has paid frequent visits to Iowa, which has the first presidential nominating contest in the nation, including a series of stops last week.

``If Nussle wins, it gives [Romney] a friend in the governor's seat here, which can be useful as you look forward to the caucuses," said Peverill Squire , a political science professor at the University of Iowa. ``Even more important than that, it gives him a presence here, and elevates his profile among party activists. That's how you put together a campaign organization."

Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions. Some states, including Michigan and Florida, were given more money in part to reward major donors in those states, Romney said. Iowa, he added, represents perhaps the GOP's best chance for replacing a Democratic governor with a Republican.

``States that have provided a lot of money to the RGA have generally gotten more money back," Romney said. ``I'm sure when this is over, people will say, `Why did you send it there?' But we're sending money where we think it can best be spent."

Though the association declined to release its full spending figures, Romney himself has identified Florida, Michigan, and Iowa as the top three recipients so far. As a 527 organization, the RGA is required to file quarterly reports with the IRS, and third-quarter fund-raising and spending won't be released until mid-October.

RGA officials said the association also has spent heavily in states that don't figure as prominently in presidential campaigns. Romney said the group is making sizable investments in Wisconsin, Oregon, Colorado, and Maryland, among others.

By the end of the election cycle, Romney said, between 10 and 12 states will have received cash infusions of roughly similar amounts, though he declined to name the states or the amounts so as not to reveal strategy. He said he hopes those states include Massachusetts, where his lieutenant governor, Kerry Healey, is running to succeed him, but he has recused himself from decisions involving his home state.

At the same time, the governors' association has essentially written off governors' seats in New York and Ohio, and given little attention to Illinois. The association has passed up the chance to make big donations to Republican efforts to unseat Democratic incumbents in states that are historically friendly to the GOP. These include Kansas, Oklahoma, Wyoming, Tennessee, and Arizona.

The organization has given virtually nothing to Republican candidates in New Hampshire and South Carolina, two of the most important states in the presidential calendar, but where incumbents have big leads. Republican Governor Mark Sanford of South Carolina appears safe, as does Democratic Governor John Lynch of New Hampshire.

Despite Romney's efforts, polls and analysts say Republicans are likely to have a net loss of between four and eight governorships this year. If they lose four or more, they'll lose their majority status among governorships for the first time since 1994.

``The math would suggest we lose quite a few governorships," Romney said. ``We hope to do better than that, obviously."

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By contrast, Romney's counterpart at the Democratic Governors Association, Bill Richardson of New Mexico, is predicting a banner year for Democrats in the 36 governor's races that will be decided Nov. 7. Richardson, like Romney, hopes to use the platform of the governors' association to boost his 2008 presidential prospects

Citing the most recent public polls, Richardson said Democrats are in a position to turn a 22-28 deficit in governorships into at least a 28-22 advantage. Richardson said Democratic pickups are likely in Massachusetts, New York, Maryland, Ohio, Arkansas, and Colorado. He said Democrats also stand good chances to take over from Republicans in Nevada, Alaska, Minnesota, and others.

``Two-thirds of the country is at stake, and we will get to a majority of governorships," Richardson said.

The factors driving the major trends in the governors' races are beyond Romney's control. Low approval ratings for President Bush and the Republican-controlled Congress are harming Republicans up and down the ballot. Romney has also been hampered by a rash of retirements among Republican governors -- including his own.

It all suggests an inauspicious debut on the national stage for Romney, who has become an increasingly public face on behalf of GOP gubernatorial candidates this year. But analysts say the losses are unlikely to significantly harm his presidential chances.

The most important task of a governor s' association chairman is raising money, and Romney has maintained Republicans' historic cash advantage in governors' races, with the RGA raising $25.9 million -- a record for a nonpresidential year -- compared with the DGA's $17.9 million.

Because of his success bringing in money, Romney is unlikely to face recriminations for his leadership, even if the election turns out to be a bloodbath for Republicans, said Jeffrey Berry , a political science professor at Tufts University.

``Elephants have short memories, I suppose," he said.

Since taking over last November, Romney has retooled the RGA to eliminate its policy functions, allowing him to focus exclusively on fund-raising.

Even if Republicans falter on Election Day, Romney will end up glad he took on the RGA job, predicted Mickey Edwards, a former Republican representative who now teaches at Princeton University.

The travel has given Romney national exposure, and kept him in close contact with the moneymen and GOP powerbrokers who are crucial to the presidential nominating process, he said.

``It's been a big plus for him," Edwards said.

Romney Says He Must Obey Law On Marriage For Out-of-state Gay Couples (BOS)

By Michael Levenson

The Boston Globe, October 1, 2006

CONCORD, N.H. -- Governor Mitt Romney all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts.

``I have to follow the law," a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. ``This is a nation of laws, even if I don't like them."

The governor's concession was made a day after Attorney General Thomas F. Reilly said he would not appeal the decision, despite a letter Romney had sent urging him to do so. The decision disappointed Romney as he looks to solidify his conservative credentials for a potential 2008 presidential run.

For the first time, the ruling makes it possible for gay couples from outside Massachusetts to come to the state and be granted marriage licenses. Issued Friday by Judge Thomas E. Connolly , the decision said Romney and Reilly cannot use a 1913 law to block Rhode Island couples from marrying in Massachusetts because Rhode Island's laws do not explicitly ban gay marriage.

Romney, who has said he does not want Massachusetts to become ``the Las Vegas of gay marriage," said the only option left is for Congress to approve a Constitutional amendment to define marriage as the union of one man and one woman. The amendment would then need the approval of three-fourths of the states.

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President Bush has also called for such an amendment, but Congress has not approved it. Romney yesterday reiterated his call for a similar amendment to the Massachusetts Constitution, which he hopes to place on the ballot in November 2008.

``Let the citizens decide," Romney said. ``And I'm confident that if the citizens decide it in the privacy of a voting booth, they'll protect traditional marriage."

At the convention, held at the Capital Center for the Arts, several hundred Republicans enthusiastically applauded Romney, who delivered a speech in which he spoke about his experience managing the 2002 Winter Olympics, urged the nation to produce more scientists to compete with Asian nations, and expressed support for the ``sanctity of marriage and the foundational nature of the family."

``You and I agree on something about that, and that is my Supreme Judicial Court made a monumental error in saying that our Constitution in Massachusetts requires people of the same gender to marry," Romney said as Republicans cheered. ``I disagree with them on that. I think John Adams would disagree with them on that, as well."

Marriage, he said, is not a relationship ``just about adults."

``Marriage is primarily about the development and nurturing of children, and every child deserves a mother and a father," Romney said to more cheers and applause.

Romney has been trying to lock up support in New Hampshire, where the early primary makes it an important state in presidential elections. Last week, the Commonwealth PAC, a political committee Romney is using to help lay the groundwork for a possible presidential run, signed up Tom Rath , a former New Hampshire attorney general, as its senior adviser. The committee has also doled out more than $100,000 to the New Hampshire GOP.

Wayne Semprini , the party's chairman, told delegates yesterday that Romney gave $60,000 to the state party this summer, when money was so tight ``the lights were flickering" at party headquarters. He also reminded delegates that Romney owns a home in New Hampshire, on the shores of Lake Winnipesaukee.

``We do love the state, as you all know," Romney's wife, Ann , said in brief remarks to the convention.

Delegates said yesterday that they were impressed with Romney.

``I think his message was excellent," said Norm Olsen , 54, of Portsmouth . ``He has some real experience in solving big problems."

Democrats Work The Factory Floor (NYT)

By David Brooks

The New York Times, October 1, 2006

Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her.

Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Senator Clinton is a well-educated professional who was influenced by the values politics of the 1960's and 70's. But most of today's strong Democratic candidates are traditionalist manly men who give the impression that if they had been involved in the Chicago riots, they would have been on the side of the cops, not the hippies. The Claritas research firm segments the country into different psychodemographic clusters. Today's most prominent Democratic candidates are more Mines and Mills than Towns and Gowns.

The Democrats were once a free trade party. But Sherrod Brown wrote a book called "Myths of Free Trade: Why American Trade Policy Has Failed" and most of this year's strong Democratic candidates rail — like John Edwards — against outsourcing and trade agreements. Their core issue is the economic resentment of the struggling middle class. Brown recently explained the political strategy to a gathering of liberal journalists: "I know that trade issues work with white male, nonunion, culturally conservative voters because they know how anxious trade issues have made them and their families."

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Many of this year's prominent candidates are also surprisingly nationalist on immigration, playing off concerns about declining wages. "I do believe we must gain control of our borders," Webb said during a debate. "We also must gain control over corporate America's use of illegals. This, along with the Iraq war, has been the major failure of this administration."

On social issues, most of them are not exactly singing from the hymnal of the highly educated coastal elites. "I believe marriage should only be between men and women," Ford declares on the stump. "I don't know any better; that's how I was brought up. We didn't have any choice. Where I grew up, when you awakened on Sunday, you went to church. ... I learned the faith thing the old-fashioned way."

On Iraq, most are leaning toward the Edwards position. Unlike Senator Clinton, Edwards has disavowed his earlier support for the war. He calls for an immediate withdrawal of 40,000 troops and complete withdrawal within a year or so. But several candidates are careful to show they are not in the pocket of the A.C.L.U. Both Sherrod Brown and Harold Ford voted with President Bush on the military tribunal bill.

In sum, their message is a long way from the globalized Third Way politics Bill Clinton and Tony Blair exemplified in the 1990's. It's also a long way from the secular, multicultural liberalism that has alienated religious voters in droves.

Will it work politically? There's some evidence that it can. Michael Barone of U.S. News & World Report has noticed that so far Democrats are doing surprisingly well in rural America, where this economically progressive, socially traditionalist populism goes down well. Moreover, if Brown's economic populism can't win in a factory-decimated state like Ohio in a political climate like the one we have now, then it can't win anywhere, ever.

And yet Democrats have reason to worry long term. This message is based on a sort of economic nostalgia, what The Economist called a "rose-tinted version of the 1950's and 1960's" — when the middle class prospered, families cohered, America dominated, unions thrived, Islam was invisible and immigrants were Irish and Italian.

This nostalgia is certainly common today. In their must-read book, "Applebee's America," Doug Sosnik, Matt Dowd and Ron Fournier quote an anxious Michigan voter: "This is going to sound silly, but I wish things were like they were when we were growing up. ... I wish I could go back in time. We had stable lives. Mom could stay home, and we could afford it. Life was slower."

But nationwide, and in the decades ahead, can a politics that evades the modern realities of Islamic extremism and the skill-based global economy really be the basis of a majority movement? I doubt it.

'08 Scrutiny Shines Unkind Light On Allen (WP)

By Robert Barnes And Dan Balz

The Washington Post, October 1, 2006

It was always a tricky proposition for Sen. George Allen to balance his 2006 reelection campaign with his 2008 presidential ambitions, and now the increased scrutiny and criticism that came with his role on the national stage endanger both.

Allen's prominence in the Republican presidential contest is the main reason the controversies that have roiled his effort to win a second term to the Senate have emerged now, after a 23-year political career, according to campaign strategists.

"When people start mentioning you as a possible presidential candidate, everything is looked at," said Robert E. Denton Jr., a political communications professor at Virginia Tech and a close observer of Virginia politics. "This [scrutiny] is a whole different ballgame for Allen, and it's all about '08, not the Senate campaign."

It wasn't that many months ago that Allen was seen by political insiders as already in the top tier of prospective Republican presidential candidates. In April 2005, he finished first in a National Journal magazine survey of insiders asked to predict the 2008 GOP nominee. In May, Allen finished second behind Arizona Sen. John McCain.

But instead of laying the groundwork for a campaign in Des Moines and Charleston, S.C., Allen's renewed attention is on Winchester and Roanoke. His last trip to one of the early primary states was in July.

The tightening Senate race has even led him to showcase potential rival McCain in television ads aimed at veterans and the kinds of independent voters to whom the Arizona Republican appeals and who could be critical in Allen's race with Democrat James Webb.

Campaign manager Dick Wadhams, who was chosen to be Allen's Senate chief of staff specifically for his national political expertise, doesn't want to talk about anything but the present. "I'm concentrating on the Senate race in 2006," he said yesterday.

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He said he doesn't know what role Allen's national profile has played in the campaign. "What I will say is the preponderance of scrutiny of Sen. Allen, as opposed to lack of scrutiny of Webb, suggests that one candidate is getting all the scrutiny, and the other is getting away with no scrutiny at all," Wadhams said.

He also said that Allen's leadership of Republican efforts to retain control of the Senate in 2004, when Democrats thought they had a chance for a takeover, "certainly made Sen. Allen a target."

The milestones in a campaign that recently turned on questions of Allen's character -- a New Republic story that mined Allen's longtime affection for the Confederacy, a piece in the Jewish newspaper the Forward that revealed the senator's unacknowledged Jewish heritage, the emergence of long-ago acquaintances who say Allen used racial epithets in the 1970s, a charge Allen vehemently denies -- have all come about, the participants say, because of his presidential ambitions.

Even the campaign-altering event for which Allen has taken responsibility and for which he has apologized -- his use of the word "macaca" to describe a dark-skinned volunteer for Webb's campaign and his "welcome to America and the real world of Virginia" remarks to the young Fairfax County native -- took flight nationally because of his prominence among Republican 2008 contenders.

Allen campaign officials and supporters have accused the national media, especially The Washington Post, of hyping the macaca story. So it was not a pleasant surprise last week when the influential conservative magazine the Weekly Standard illustrated its long story on Allen with a drawing of the senator with a monkey on his back. (Macaca is a genus of monkey.) The piece said Allen's campaign controversies "have almost eliminated him from the field of serious presidential candidates and even jeopardized his Senate seat."

Many GOP strategists believed that the combination of Allen's ideology and personality would make him one of the favorites among activist conservatives who play such a significant role in the nomination process. That view was not universally held, however. Some top strategists privately questioned whether Allen had the skills to make the long-distance run required of presidential candidates.

Today, in the wake of the problems Allen has encountered, the doubts have spread far more widely inside the party. More than anything, these strategists say, Allen must turn his reelection campaign around. Success, they say, is the best antidote to the reservations that his recent performance has engendered around the country.

"To use the football metaphors he is so fond of, he needs to quote [Oakland Raiders owner] Al Davis and 'Just win, baby,' " said Tom Rath, the New Hampshire Republican national committeeman who is leaving that position to help prepare Massachusetts Gov. Mitt Romney for a 2008 run.

Allen is trying to go on offense this week, using his vast financial advantage over Webb to flood the airwaves with an ad portraying as disrespectful an article that Webb wrote 27 years ago that criticized women in the Naval Academy and in combat roles. It is an issue that Allen advisers think will appeal especially in Northern Virginia, an area critical to both campaigns.

But those who are familiar with Allen campaigns of the past, such as Virginia Tech's Denton, say things feel different. For one thing, this is the first time that Allen has run statewide for reelection; his 1993 campaign for governor and his 2000 campaign against Sen. Charles S. Robb (D) were the kind of underdog campaigns he prefers. He has always liked to call his supporters "insurgents" and laments that the Iraq war has ruined the word for him.

"I've never seen an Allen campaign like this one, being so much on the defensive," Denton said. "It's like night and day from his previous campaigns."

Recent polls have shown the race to be a dead heat, with Webb still not terribly familiar to voters and Allen's negative ratings increasing. And according to a recent Mason-Dixon poll, a majority of Virginians say Allen should not run for president.

John Weaver, chief strategist for McCain, said it would be naive to suggest that Allen's national aspirations haven't also been damaged by what he has gone through the last few weeks. But, he added, "we've all been around to know that, if he comes back and wins the race after expectations are what they are today, stranger things have happened in politics. Perhaps he could come back. But that's the last thing they need to be thinking about at this time."

The fact that Allen is now tied down in Virginia puts him at a disadvantage to other prospective candidates who are rapidly assembling organizations in early primary and caucus states such as Iowa and New Hampshire.

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"Allen's got to do two things that are very tough," said a GOP strategist outside Washington who spoke anonymously so he could talk more candidly about the senator's prospects. "Assuming he wins, he's got to get right in on the organizational side into four to eight states, he's got to raise money and he's got to put a team together."

Other strategists said fundraisers might be wary of helping Allen raise the tens of millions of dollars needed to compete for the GOP nomination. Contributors like to be with winners and often are risk-averse. Until Allen gets his Senate campaign on track, those fundraisers may stay on the fence.

In Iowa, assessments about the damage to Allen varied. Steve Scheffler, who heads the Iowa Christian Alliance, said few Iowa activists are paying attention to the Virginia Senate campaign. He said his organization hosted about 850 activists recently. "I don't remember even one person bringing it up." If that is the good news, the bad news is that Allen has no real profile in the state. A Republican strategist aligned with another candidate said, "I don't think he occupied enough space for it to make much difference."

Rath said he thinks Allen will defeat Webb in November.

"Then I think he's got a chance to say, 'I've dealt with this, and move on.' Whether he can or not will be up to not just him but others."

Allen's Run Of Problematic Press (WP)

By Deborah Howell

The Washington Post, October 1, 2006

So is The Post out to get George Allen? That's what some folks have been angrily charging lately.

Suzanne Rosenberg of Manassas complained: "I want to cancel my subscription to your paper. I have absolutely had it. I don't know how many articles you had on the stupid macaca incident. And this big article in The Post . . . about his ancestry, it should not matter; it's ridiculous. It's obvious that your paper does not like George Allen, does not endorse him and you're doing everything . . . to make him look bad in the eyes of the public."

Several questions arise about the coverage of the Virginia Republican senator in his campaign against Democrat James Webb. Was the "macaca" incident worth reporting? Was it overreported? Is it news that he has some Jewish heritage? Was it fair to interview his mother? Why pick up a story from a liberal-leaning online magazine that said he used "the N-word"? And does the coverage hurt Allen's campaign?

First, let's go to the macaca tape. Watch it on washingtonpost.com. It was definitely a news story. Allen rightly apologized for a lapse in judgment.

Did The Post overplay the incident? Not initially, but the coverage went on for too long after he apologized. The news stories, handled by the paper's Virginia political reporters, did not go overboard. An editorial was well done. Then the columnists weighed in, along with Style reporters and editorial cartoonist Tom Toles. No one piece was over the line. But when you put it all together, it looked like piling on.

Then the matter of Allen's Jewish roots emerged.

There are reasons to ask a candidate, especially one who has presidential ambitions, as Allen does, about religion and ethnicity. Remember the controversy over John F. Kennedy's Catholicism? Or Democratic Sen. John F. Kerry's support for abortion rights and whether that meant he could receive communion as a Catholic? Or the continuing importance of conservative evangelicals to the Republican Party?

Post reporters at an Allen-Webb debate did not ask Allen if he had Jewish roots and hadn't planned on asking. But a TV reporter did, based on a story in the Jewish Daily Forward that said Allen's mother, Henriette, was born into a Sephardic family in Tunisia. The question was not played up in The Post's story about the debate; it was dealt with in the last two paragraphs. But Dana Milbank focused on it in his Washington Sketch column.

Allen's sputtering response , in which he said the reporter was "making aspersions," made the story come alive. And his bad-joke comments a few days later about eating a ham sandwich and his mother making good pork chops added fuel. My talks with Post Virginia editors and reporter Michael D. Shear about campaign coverage, especially on the Jewish queries, make me think they gave Allen the benefit of the doubt.

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The whole package of coverage prompted Dorothy Armistead of Sperryville, Va., to complain: "I'm not Jewish myself but believe you me, I think it is a repulsive way of handling this story. I just don't understand what is happening to the editorial policy of The Washington Post that they can allow that kind of thing to happen."

A number of readers, including Karin Mears of Centreville, were upset that Allen's mother was interviewed. "It was despicable of you to call George Allen's mother and grill her about her heritage. She's 83 years old and has a right to privacy, no matter what her reasons are. "

Shear's interview with Mrs. Allen -- which the senator's campaign staff did not want to take place -- told readers what happened from the point of view of Allen's mother. It was a needed and even sympathetic story. It was easy to empathize with her fear of revealing her Jewish background, especially because her father had been imprisoned by the Nazis during World War II. She said she told Allen about it only recently, asking him to keep it secret. Allen frequently mentioned that his grandfather was imprisoned by the Nazis; it would be logical to think his grandfather might have been Jewish.

This brings us to the story from Salon that said he used the N-word in his college days. Two people, including a college friend, made the accusation; others have said they never heard him say it. The Post couldn't ignore the story, but it should have noted that Salon is a liberal-oriented Web site.

John Burpo of Springfield asked: "Why did The Post violate its own guidelines and standards to allow anonymous sources to attack Senator Allen with unsubstantiated allegations?" Using quotes from two anonymous sources who said that Allen had used the racial epithet added nothing to the story.

Does all the coverage hurt Allen's reelection prospects? The stories -- six of them were on Page 1 -- don't help him, but there are five long weeks before Election Day. The Post has also reported stories that haven't helped Webb -- such as the front-page article about his remarks concerning women in the military and accusations that he also used the N-word and took part in racial harassment when he was young.

While this has nothing to do with news coverage, it has been noted that The Post's editorial board has never endorsed Allen. That is true, but it also did not endorse Webb in the Democratic primary.

I trust that Arlington reader David Tuma's wish will be fulfilled by Election Day. He wrote: "Frankly, I think more important (and responsible) reporting would be on what has shaped their views since then and what both have done to improve conditions for all people."

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From 'Dull' Accountant To Determined Candidate (MINNST)

By Jay Weiner

Minneapolis Star Tribune, October 1, 2006

Hailing from a family of public servants, he is self-deprecating and focused as he seeks to join the nation's most exclusive club.

Over dinner, on their first date, Mark Kennedy, the insurance salesman's son from Pequot Lakes, gazed into the eyes of Debbie Miller, the farm girl from Hawley.

Both of them have forgotten his exact words. But she remembers that he stated his intentions clearly: "One day I'm going to run for office."

She believed him. History shows she had reason to.

It was the summer of 1979. He was 22, a young Republican sporting a bushy hairdo and bursting with ambition.

They had met four years earlier at the Minnesota State Fair as 4-H high school leaders. No sparks flew. Then they reconnected at a 4-H reunion in St. Paul. Kennedy had a St. John's University degree -- he was the first boy in his family to graduate from college -- and was working for what he calls "the Marine Corps of accounting," the Arthur Andersen firm.

Debbie, a North Dakota State senior, was the 4-H youth director in Walker, 190 miles northwest of the Twin Cities.

"If I can get gas, I can take you out," Kennedy told her at the reunion, referring to a gas shortage triggered by that era's Iranian revolution.

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Kennedy drove his silver Toyota Celica the four hours to Walker, they went to dinner, and he revealed the desire that has propelled him to where he is now: in a nationally watched U.S. Senate race against Democrat Amy Klobuchar -- an election that's becoming more rough-and-tumble because it could decide who controls Congress.

"He talked about public service, of giving back," Debbie Kennedy said of the man she married in 1980; they have four children. "He had this inner feeling, this inner calling. He just knew."

Fifteen hours on message

Even at 5:29 a.m. on an August morning, Mark Kennedy is poised to be on message. For the next 15 hours.

A rented Winnebago RV awaits him outside his Watertown rambler. He plunks his lanky 6-foot-2 frame into the swiveling captain's seat of the RV's living room. Ahead are 547 miles, six campaign stops, hundreds of handshakes.

He's dressed in his standard campaign outfit: plaid shirt, neatly creased Eddie Bauer khakis and dark shoes. Members of Kennedy's campaign staff affectionately describe him as "dorky."

He stokes that image in self-deprecating jokes, in a campaign ad featuring family members (he has six siblings) making fun of his lack of charisma, even in interviews.

"Some people say they are what they're not," Kennedy said. "I know who I am. I'm a dull, boring accountant."

There's more than that on his résumé. First, his precocious climb through the corporate world -- he was senior vice president of a $7 billion company, Federated Department Stores, by the time he was 30. Then there's his six years in Congress, serving as a staunch ally of President Bush.

Now, undaunted by polls that show him trailing Klobuchar, Kennedy begins many of his campaign days by opening a blue three-ring binder. It's crammed with single-spaced briefing notes that he types on issues he plans to tackle in his speeches.

As he campaigns, Kennedy, 49, speaks knowledgeably about energy and the economy, education or the war in Iraq. But with notebook in hand on the summer day his RV rumbled to Winona, the one-time St. Cloud Community Theater actor kept studying lines he would repeat over and over to voters down the road.

A family legacy of politics

In a sense, Kennedy has been revving up for this political ride since he was knee-high to a lawn sign.

"It had just been assumed," said his brother Steven Kennedy, a Minneapolis lawyer.

Their great-grandfather was a county commissioner. Their grandfather? A mayor. Their father, Eugene, the insurance salesman, was on the school board for 27 years.

By 2000, back in Minnesota after working out of state for nearly a decade, Mark Kennedy ran for Congress against Democratic incumbent David Minge.

Beforehand, Kennedy spent months examining Minge's voting record. He hunkered down alone in his Watertown basement office, surrounded by ancestral photos, mementos of his corporate deals, and his collection of books on Democrat John F. Kennedy, his political hero. (He notes that JFK cut taxes.)

To campaign full time, he quit his $277,000-a-year job as vice president and chief financial officer of Department 56, the Eden Prairie holiday collectibles company.

He had already joined Toastmasters to spend more time with friends. But the speakers club also helped improve his sometimes robotic oratorical style. To build a political network, he helped form a local group of conservatives in business, a sort of alumni association of Young Republicans that became known as "The Rough Riders" in homage to Teddy Roosevelt.

After "shaking every hand in the Second District," Kennedy beat Minge by 155 votes. "I'm lucky enough to come from a large Irish family," is one of Kennedy's favored quips on the stump, "and I have 155 relatives."

On the campaign trail, Kennedy tirelessly tries to tell jokes. He waits like a vaudevillian for the crowd's laughs after he uncorks a line about growing up in Pequot Lakes -- a town "so small that a lot of folks visiting thought it was called 'Resume Speed.' "

He also sticks relentlessly to his talking points and tosses an array of political jabs at prosecutor Klobuchar, asking, "Do we really need more lawyers in Washington?" and saying that she hails from the "liberal fringe."

And as he rushes from town to town, he is almost incapable of passing a Dairy Queen without stopping. He is an unrepentant DQ freak.

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Mocha Chip Blizzards.

'Could be the decisive vote'

As the sun set in Willmar, Kennedy, a devout Catholic who strongly opposes abortion, talked about values.

A crowd of about 50 volunteers and supporters gathered at a picnic grove and listened to him as he let rip on subjects such as keeping "God" in the Pledge of Allegiance and questioning why judges should be ruling on "redefining marriage," thus potentially allowing gays and lesbians to wed.

The accountant-turned-pol was now jabbing his index finger at the crowd.

"The U.S. Supreme Court, we've got four folks that definitely think the Constitution was a pretty good thing and ought to be read," Kennedy said. "And four that have a different viewpoint. And one that just happens to have a name similar to mine [Justice Anthony Kennedy] ... "

He went on, "Our president may have an opportunity to nominate a justice. If we don't have a majority in the Senate to help him get it through, then shame on us."

Then Kennedy made a pitch for his supporters to make phone calls, to write letters to the editor, to get out the vote.

"This could be the decisive vote in the U.S. Senate," he said.

The crowd exploded in applause. Kennedy, smiling broadly, rocked his entire body.

He returned to the RV as buoyant at 9 p.m. as he'd been at 5:29 a.m. It had been a long, good day.

A hardball ally

Mingling with voters, Kennedy is polite and engaging. He says his sensibility is "Big Ten, not Ivy League," a subtle dig at Klobuchar's Yale pedigree.

Ford Bell, a former DFL Senate candidate who disagrees mightily with Kennedy on most issues, said that his rival was always cordial. "When I got out of the race, he said he enjoyed having me in it," Bell said.

So how does Kennedy reconcile that image with his decision to hire a hardball political consultant named Scott Howell to produce his campaign ads?

Howell is famous, or infamous, for producing attack ads against his clients' opponents. He helped orchestrate the "Swift Boat" ad campaign against John Kerry during the 2004 presidential race.

Kennedy's campaign began with rosy ads about his family life. But last week, still trailing in polls, he unveiled ads with a much different focus and tone.

One features images of guns and drugs, suggesting that Kloubuchar, Hennepin County's chief prosecutor, is soft on crime. Another ad suggests she is two-faced on issues.

Kennedy is unapologetic about the tactic. He says the ads about Klobuchar's record are "100 percent factual" and necessary because the media, including the Star Tribune, is not critiquing her and is imposing a "near blackout on anything positive" he has done.

"It's necessary to review each candidate's record," Kennedy said. "If one's record is viewed as negative, that's unfortunate."

'All Kennedys get along'

"What Would Paul Do?" reads the green Wellstone bumper sticker on the bulletin board.

This is Peg Kennedy's office at the Roseville Area Schools, where she manages youth development and bilingual services.

"I'm maybe not the biggest Bush fan in the world," she says. But she's going to vote for her brother anyway.

At 45, she's the sister closest in age to Mark Kennedy and, perhaps, the furthest away in politics.

On abortion and the amount of money needed for education, they agree to disagree.

But Peg Kennedy points out that Mark voted against Bush's signature education initiative, No Child Left Behind. He's also struck a relationship with parts of Minnesota's Somali community. That's close to her heart because she oversees the needs of students who speak 52 different languages.

"All Kennedys get along," said Mark when asked of Peg.

All Kennedys rib each other, too. She likes to tell him, "You know, for four of your first six years [in the Senate] you'll be working with a Democratic president."

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That taunt presumes that in 2008 a Dem will succeed Bush and that her brother will win in November. But polls are projecting election-day gloom for Kennedy, who has felt few defeats.

"The polls do not reflect reality," he said.

Still, Kennedy is seizing on hope where ever he finds it, as he did two Saturdays ago. Four of his favorite sports teams -- Michigan (his business school alma mater), Notre Dame (which two of his children have attended), St. John's (his college) and the Twins -- all were behind in their respective games.

But each fought back hard and won. A sign?

"I'm being providential," Kennedy said.

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Cardin, Steele Share Views On Key Issues (WT)

By S.a. Miller

The Washington Times, October 1, 2006

Maryland's U.S. Senate candidates have more in common on key issues than either candidate is willing to admit.

Rep. Benjamin L. Cardin, the Democratic nominee, and Lt. Gov. Michael S. Steele, the Republican nominee, both demand an exit strategy for troops in Iraq. They also want to preserve Social Security benefits for current retirees, but give workers more choice in retirement planning, and they say government should help provide more affordable energy, health care, prescription drugs and college education.

However, on the stump the two men sound worlds apart and likely will continue to emphasize their differences in their first debate Tuesday night at the Greater Baltimore Urban League.

"There is a big difference in the agenda Ben Cardin and Michael Steele will take to the United States Senate," Mr. Cardin said last week at a campaign rally in College Park. "Michael Steele will not hold George Bush accountable for trying to privatize Social Security."

Mr. Steele, a Prince George's County native who formerly ran the state Republican Party, never took a position on President Bush's plan to partially privatize Social Security. The administration shelved the plan last year after it ran into opposition from retirees.

Mr. Cardin, 62, a 10-term congressman from Baltimore, wants workers to have an easier time putting money into private retirement accounts to supplement Social Security.

Mr. Steele, 47, supports giving workers "some ownership" of their retirement savings, perhaps putting a portion of Social Security withholdings into private accounts.

However, Mr. Cardin has supported Social Security privatization plans in the past. As a member of the Ways and Means Committee, he helped draft plans in 2002 and in 1998 that would have diverted FICA taxes to private accounts or market investments.

Republicans are criticizing Mr. Cardin for reversing his stance.

"Maryland voters deserve leaders who tells them exactly where they stand on important issues like Social Security, not a lifetime politician who talks out of both sides of his mouth and does one thing while saying another," Maryland Republican Party Chairman John M. Kane said.

The Cardin campaign did not return a call seeking comment.

The candidates do have opposing political ideologies.

Mr. Cardin is a liberal who in the Senate can be expected to vote consistently with Sen. Edward M. Kennedy, Massachusetts Democrat. Last year, he received a 95 percent rating from the liberal Americans for Democratic Action. Mr. Steele is a conservative, but with an independent streak that at times could put him at odds with his party.

The starkest contrast is on abortion. Mr. Steele is pro-life; Mr. Cardin is pro-choice.

Steele campaign spokesman Doug Heye thinks the candidates share no common policy views. "Their approaches are entirely different," he said. On health care, for example, Mr. Heye said Mr. Steele does not agree with Mr. Cardin's support of socialized medicine. Mr. Cardin has often called for universal health coverage.

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"I support universal health coverage," Mr. Cardin said at the rally. "[Mr. Steele] does not. There's a big difference."

Still, Mr. Cardin never has advocated socialized medicine. He proposes "building on the current employer-based system of health care" and wants the government to help small businesses pay for employee health benefits.

Mr. Steele also wants the government to help expand access to health care.

The lieutenant governor notes his work with Gov. Robert L. Ehrlich Jr., a Republican seeking re-election, dedicating state grants to increase access to 12 community health centers.

In a recent TV ad, Mr. Steele says Mr. Cardin is part of the "Washington crowd" and that his vote is for sale to special interests.

"Congressman Cardin took money from drug companies and voted against cheaper medicine," Mr. Steele says. "Ben Cardin has taken money from special interests for 20 years. I want to ban gifts from special interests."

Mr. Cardin has accepted campaign contributions from pharmaceutical companies and voted against allowing the reimportation of cheaper drugs from Canada. However, he has proposed several bills aimed at lowering drug prices, including one that would allow the government to haggle for lower prices by using the buying power of its 40 million Medicare recipients.

Mr. Cardin also has proposed ethics reforms, including a streamlined ethics-complaint process and tighter restriction of lobbyists' gifts.

Challenger Known For Zest And Freewheeling Style (SLPD)

By Virginia Young

St. Louis Post-Dispatch, October 1, 2006

Losing her lifelong dream of becoming Missouri's first woman governor didn't slow Claire McCaskill down.

Months after that 2004 defeat, she decided to challenge Republican Sen. Jim Talent. Such resiliency and zest for battle have marked her career as a legislator, prosecutor and auditor for nearly 24 years.

Some of McCaskill's friends say this race could be her "up-or-out" campaign.

"She knows if she loses, this is it for her," says her longtime friend, political consultant Steve Glorioso of Kansas City.

McCaskill, 53, doesn't dwell on the possibility of losing. She's too busy calling potential donors and canvassing the state in a bright blue RV. Polls show Talent and McCaskill in a dead heat.

The race is one of a handful nationwide that will determine whether Republicans will keep control of the Senate.

To win, McCaskill must woo rural voters, who sided with Republican Gov. Matt Blunt in 2004 and overpowered her margin in urban areas.

So she's spending time in places like Springfield and Joplin, Poplar Bluff and Caruthersville. That's where the radio airwaves are loaded with Republican spots painting her as anti-gun, pro-tax, close to environmentalists and soft on illegal aliens.

"They work very hard at making me Satan's sister," she quips.

Her theme is that Talent votes in lockstep with the president and listens to corporate America. She promises to be a senator "on our side."

People often stop her to express regret for not backing her for governor, she says. Many are upset about Blunt's cuts in Medicaid, the government health care program for the poor.

"There's a real sense the government has become more and more about the powerful and the wealthy," McCaskill says.

On a recent Saturday afternoon, McCaskill take her message to Poplar Bluff. She and her husband, developer Joseph Shepard, board the rented RV for the three-hour trek from St. Louis to the 41st Annual Truman Day Rally.

McCaskill says she is more relaxed during this campaign. She doesn't have to fight her own party, like she did in 2004 when she toppled Gov. Bob Holden for the Democratic nomination.

She enjoys taking the RV instead of the family-owned twin-engine aircraft. She can work at the table on her wireless laptop. Sometimes, her mother, sisters or children — Austin, 19, Maddie, 17 and Lily, 14 — tag along.

Wearing a pink suit and pearls, she settles in. She brought Thomas E. Ricks' book about the war, "Fiasco," that she saw President Bill Clinton carrying during his recent fundraiser for McCaskill in St. Louis. Foreign policy is not her forte so she crams to catch up.

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She advocates a two-year phased pullout in Iraq, with American troops eventually replaced by a multinational force.

"This isn't about throwing in the towel," she says. "It's about being smarter."

She jokes about the trackers who slip into meetings and secretly record her. With her tendency for pithy lines, her words instantly find their way to the Internet's blogs.

Some have drawn heat, such as when she said President Bush let people die on rooftops in New Orleans or when she called state senators Neanderthals. But McCaskill says she won't drop her freewheeling style.

When the RV arrives in Poplar Bluff, she stands to stretch a bad knee that needs replacing as soon as the election is over. She tries not to limp.

Inside, the Elks hall is bustling. The Butler County Democratic Central Committee has sold 325 tickets for the steak-and-baked-potato feed. Some in the crowd wear stickers that proclaim: "Had enough? Vote Democrat."

McCaskill takes the podium after dinner, at 8:55 p.m. She says Republicans are calling the shots in both Washington and Jefferson City so they should be held accountable for everything from immigration problems to gas prices to pork barrel projects.

She promises to work to ease the "middle class squeeze" by pushing tax breaks for first-time home purchases, child care and college tuition.

"Let's take some of those tax breaks for multimillionaires and give them to the middle class," she says, drawing applause.

Voters such as Carol McManaman of Cape Girardeau like her pitch. "The current government is not supportive of everyday people," McManaman says.

Politics in her veins

McCaskill's roots are in rural Missouri.

Her family lived in Houston in south-central Missouri when she was born. They moved to Lebanon and later Columbia when her father, the late Bill McCaskill, got a promotion in his insurance company.

Politics was the family pastime. In the early 1970s, her father oversaw insurance regulation for Gov. Warren Hearnes.

Her mother, Betty McCaskill, was the first woman elected to the Columbia City Council. She was known for her outspokenness, walking out of improper closed meetings and telling reporters what was going on.

Claire McCaskill says she reached a "fork in the road" when she failed to make cheerleader at Hickman High School her senior year. She was devastated until the assistant principal suggested she try the debate team.

She credits the experience with giving her the self-confidence and tools to go into politics. She learned to think on her feet. She says she never gives the same speech twice.

Her younger sister, Lisa Finn, says McCaskill has always dealt with setbacks by forging ahead.

"Claire just has always been able to see the big picture," Finn says. Disappointments are "not something she needs to carry around like baggage."

After she got her bachelor's and law degrees from the University of Missouri in Columbia, McCaskill split for Kansas City.

First, she worked as an assistant prosecutor, handling sexual abuse cases. Winning a House seat at age 29, she established a reputation as a straight-shooter.

"She will say what's on her mind," says Jan Marcason, who worked on McCaskill's first campaign. "She doesn't try to be all things to all people."

McCaskill helped found the Greater Kansas City Women's Political Caucus, which Marcason says began with 30 women in a church basement. It now draws 1,000 people to its annual awards dinner.

McCaskill left the House to become the first female Jackson County prosecutor. She set up a drug court and stepped up domestic violence prosecutions.

Subject of criticism

She won the auditor's job in 1998 on a promise to do "performance audits" that tracked whether programs were effective.

Her hard-hitting reports the past eight years have attacked hundreds of wasteful practices, even when her own party controlled the governor's office. Critics say she oversteps her authority and hypes findings to get media attention.

"It's fine to say 'This is bad,'" said Senate Majority Leader Charlie Shields, R-St. Joseph. "The next question is, 'What are you doing to fix it?'"

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Shields says that unlike other statewide officeholders, McCaskill has never been in his office to push for any legislative action.

Talent contends McCaskill has a liberal record and is reinventing herself to gain votes in rural Missouri. He is hammering her on three volatile issues: guns, taxes and abortion.

Radio spots allege that McCaskill supports gun restrictions, the "death tax" and "abortion on demand at any time up to nine months." The Republican National Committee is paying for the spots, which are running everywhere in the state except St. Louis and Kansas City.

McCaskill calls the ad misleading. While she opposed bills allowing people to carry concealed weapons, "she's not taking anyone's gun," says her communications director, Adrianne Marsh.

The "death tax" refers to the estate tax, which McCaskill opposes repealing. But she favors exempting the first $10 million, which would help family farmers and small businesses.

As for abortion, McCaskill has supported a ban on partial-birth abortion, but only if it contains a provision to protect the life of the mother.

Mansion minus airs

Though she's running on her platform for the middle class, McCaskill is married to a multimillionaire.

She and Shepard, who wed in 2002, recently built a mansion in Kirkwood. It includes a swimming pool and an apartment for McCaskill's mother over the garage.

The sprawling complex dwarfs the modest houses in the neighborhood, some of which have been there for more than half a century.

But McCaskill has made friends on the block. She attends neighborhood meetings and hosted the Christmas potluck dinner. She loves to cook.

Samuel M. Taft, 90, owns a ranch house up the street, though he recently moved to a senior apartment complex. He says neighbors thought the mansion "was a little much, but they are accepting it because the people are genuine."

McCaskill has "a lot of charisma, a lot of ability and talent," Taft says.

Historically, the party that's out of power gains congressional seats midway through a president's second term. Uneasiness with the war in Iraq could add to the Democrats' momentum.

"People have had enough," McCaskill declares. "They want a different voice. They want balance."

So is this her last race? She says no, because she's going to win and could seek re-election after a six-year term.

"It's my last campaign for six years," she says.

Incumbent Senator Is Intense And Restless (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 1, 2006

WASHINGTON

When Sen. Jim Talent decided to re-examine his position on stem cell research, he took a quiet, methodical approach to the politically explosive question.

He read scholarly journals and opinion pieces. He delved into the details of human biology. He met with scientists and had long debates with his staff. And he talked over the political implications with his wife.

The freshman senator took an entire year to come to his new conclusion: that he should withdraw his support for a human cloning ban that critics said would also outlaw stem cell research. Instead, Talent decided to back a still-developing alternative procedure.

To some, the decision seemed out of character, a politically motivated switch aimed at blunting his conservative edges for his re-election campaign.

But Talent's soul-searching was not unusual for the low-key lawmaker, who approaches nearly every issue with a zeal for detail. He doesn't rush into anything, taking a deliberative, careful tack. And although he is staunchly conservative, he is also deeply pragmatic.

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"He's not a firebrand by any stretch," says Julie Dammann, ex-chief of staff to Sen. Christopher Bond, R-Mo., who has known Talent for nearly 15 years. "He's principled but pragmatic. His approach is, 'Let's see if there's a way to accommodate everyone'."

Staircase sleeper

Among his Senate colleagues, Talent is known as astute, affable, and intense. He is driven and ambitious, but not splashy or sharp-elbowed. He's a policy wonk who avoids the Sunday talk shows and is rarely found at the center of any Washington media throng.

"He's very steady, reliable, thoughtful and practical," said Sen. John Thune, R-S.D., who often runs into Talent in the evenings at the Capitol Hill gym, where they make plans to go out for buffalo chicken wings at a nearby pizza place. "He's a guy who understands the parameters of what you can accomplish."

Tall and lanky, Talent, who will turn 50 this month, even wins praise from some Democratic colleagues.

In politics, "you see a lot of ceremony and posturing and phony baloney," but there's none of that pomp with Talent, said Sen. Ron Wyden, D-Ore., who teamed up with Talent on a transportation initiative. "He's just very easy to work with."

Although Talent's financial disclosure shows that his family's net worth is between $1.1 million and $3.9 million, he shares a one-bedroom apartment near the Supreme Court with Sen. Sam Brownback, R-Kansas. He sleeps on a landing at the top of a staircase, where he has just enough room for a clothes rack and a bedside table.

He confesses to occasionally sleeping in his Senate office if he's working late. A big night out for Talent means going out for wings, or perhaps watching a baseball game with staff at a nearby restaurant.

Brownback said they don't get into a lot of deep policy debates most evenings, and not just because they agree on most issues. "There's a camaraderie of dads that miss being around their kids and husbands that miss being around their wives. That concentrates a lot of our discussion," Brownback said.

Back in Missouri, Talent rarely gets any down-time now that his campaign is in full swing. When he does, he says he often spends it playing foosball with his 10-year-old daughter, Chrissy, fishing with 16-year-old son, Michael, or taking the family's new Great Dane puppy for a walk near his home in Chesterfield.

Mixing it up

At a late-August campaign stop in Farmington, Mo., Talent checked his Blackberry and reviewed his talking points, written out on a crumpled business card stashed in his pocket, as he waited to give his pitch to the clutch of GOP voters.

In the warm morning sun, Talent's low-key delivery didn't rev the crowd into a frenzy. But his soft sell worked all the same, with voters cheering him on and vowing to rally their neighbors to the polls in November.

But behind Talent's pleasant persona lies a sharply conservative philosophy.

He came to Congress in 1993 as part of a vanguard of hard-charging GOP conservatives who wrested control of the House from the Democrats the next year. In the Senate, he almost always lines up with his party's leaders, supporting the Republican agenda on everything from tax cuts to the Iraq war to gay marriage.

Talent's own legislative record is more mixed. Many of the top proposals he has pushed in the last four years were driven more by pragmatism than ideology—and most involved working with liberal Democrats:

He teamed up with Sen. Dianne Feinstein, D-Calif., to pass a new anti-methamphetamine law that put cold remedies behind the pharmacy counter.

He worked with Wyden to win approval of $15 billion in federal bonding authority to build or rebuild highways and bridges.

He and Sen. Charles Schumer, D-N.Y., pushed legislation creating 40 sickle-cell treatment and research centers around the country.

He joined several Democrats in pressing for a new national fuel requirement that doubles the use of ethanol over the next seven years.

Intense, relentless

His approach centers on being deliberate and quiet.

One example: his efforts on behalf of ethanol, a popular issue among Talent's base of supporters in rural Missouri.

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Sen. Pete Domenici, R-N.M., chairman of the Senate Energy and Natural Resources Committee, said Talent was direct and relentless in winning the panel's approval.

"He's a go-getter," Domenici said. "He isn't a hollering-and-screaming go-getter. He just gets his target set, comes to see you, tells you what he wants to do, and then he works like hell at it."

When the bill reached the House, Talent used his old contacts to keep the pressure on.

"He called me every single day, saying 'Can you talk to so-and-so'?" said Rep. Jo Ann Emerson, R-Cape Girardeau. Emerson was not on the House negotiating committee, but Talent wanted her to call her friends who were.

"He drove me crazy," she said. "He's very deliberate and gets very intense."

Talent has softened his conservative edges since coming to the Senate, and even more so since it became clear he would face a difficult election challenge from state Auditor Claire McCaskill. Democratic critics say voters should not be fooled. Rep. Lacy Clay Jr., D-St. Louis, who has known Talent for 20 years and counts him as a friend, says Talent is no moderate.

"There's no way around his voting record. The proof is in the pudding," Clay said. Of Talent's stem cell switch, Clay quipped, "That's just shrewd political calculation."

In 2004, Talent voted with his party 96 percent of the time and with the president 94 percent of the time. Last year, those figures dipped to 84 percent and 91 percent respectively. In 2004, he won a 96 percent rating from the American Conservative Union, based on 25 votes ranging from federal spending to gun control to judicial nominations. Last year, his rating fell to 84 percent.

Talent says he's always been driven by pragmatism and the desire to find consensus, even in the mid-1990s when he was among those leading the GOP charge to reform welfare. That effort, he notes, eventually resulted in a dramatic attitude shift, in both parties, toward the federal poverty program.

"What I often will do on issues that have provoked a lot of controversy is to try and understand them on a detailed level," he said. "If you do, you'll often find ways to either eliminate, or at least narrow, the differences."

Conservative roots

The day after Talent won the election in 2002, defeating Sen. Jean Carnahan, D-Mo., he said he hoped to be like Sen. John Danforth, the Missouri Republican known for his independent streak.

Danforth was one of his mother's favorite politicians, Talent recounted at the time, because she knew he was "calling each one as he sees them." Talent said he wanted to be seen as a senator who did that too.

It was a striking aspiration for someone then known as a rock-ribbed conservative.

In his first years in the House, Talent aligned himself closely with the GOP leadership, becoming a top lieutenant to House Majority Leader Dick Armey, R-Texas, and even flirting briefly with a bid for House Speaker.

He took a leading role on welfare reform and argued for even tougher restrictions than GOP leaders had embraced, including a proposal to deny federal benefits to young unwed mothers.

His voting record was unabashedly conservative: he voted against a minimum wage increase, against campaign finance reform, and against the Family and Medical Leave Act. He voted in favor of school vouchers, repealing the assault weapons ban, and impeaching President Bill Clinton.

Steven Smith, a political science professor at Washington University, said Talent is among a group of Republican senators who entered politics at a time when conservatism was on the rise. "They all came in and first ran as fairly strong partisans, sometimes with a deliberate conservative edge," he said. "And they are all deserting it now. Senator Talent is, too."

Smith and others say Talent is no Danforth.

"What's clearly true here is Talent has been a team player for the Republican Party and for the Bush administration since he was elected," Smith said.

"... Danforth stood out for being an independent voice ... and Talent really has not been a strong independent voice."

Talent says his guiding philosophy has never changed: that government should only do a few things, but it should do them very well.

His work, he says, has focused on both sides of that equation; he looks for ways to lighten government's "oppressive" hand when it comes to taxes and regulation, while strengthening government's abilities when it comes to infrastructure or justice.

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That explains, he says, why he wants to abolish the estate tax and pushed for a big increase in transportation spending. Or why he wants to lift regulations on small business health plans and has called for a new unit in the Justice Department to investigate murders from the civil rights era.

"Some people look at that as my style changing," Talent said of his work with Democrats. But he sees it as simple pragmatism—and very consistent with his basic outlook of small and effective government.

"I approach things with that lens and I vote that way," he said.

Race Keys On Who's Missing (HC)

By Kristen Mack

Houston Chronicle, October 1, 2006

Republican is not on the ballot, and Dem never names GOP rival

Former U.S. Rep. Tom DeLay is as partisan as they come, and the Republican write-in candidate to succeed him is taking the same approach. The Democrat in the race, perhaps not surprisingly, is playing down his party ties in the Republican-leaning suburban Houston district.

City Councilwoman Shelley Sekula-Gibbs is invoking the name of U.S. House Minority Leader Nancy Pelosi, a bogeywoman to Republicans, and raising the specter of Pelosi as speaker should the Democrats reclaim control of the House.

"This is ground zero for the Democrat Party," Sekula-Gibbs said at a recent Republican gathering, using a favorite GOP pejorative for its Democratic rival.

"They've been effective in getting rid of the most conservative member of the House," she said of DeLay, addressing the faithful at the Greater Houston Pachyderm Club.

She talks big: As the 22nd Congressional District goes, so go the midterm elections. Yet she acknowledges that the national Republican Party isn't sure about her chances as a write-in.

"We have support, attention and response from our national leaders," she said. "But Washington has to be convinced this is winnable."

Democrat Nick Lampson, by contrast, talks mostly about wanting to advance the district beyond partisan politics.

"I'm not running for this office to move it to the left or the right but to move it forward," Lampson likes to say at campaign events. "We need to concentrate on issues and not partisanship. I came into this race and decided I wasn't going to run against anyone."

As it turns out, the statement means more than he thought: His only ballot opponent is a Libertarian, and that party has had little success in Texas. DeLay resigned from Congress after winning nomination for a 12th term, and courts prohibited Republicans from replacing him on the Nov. 7 ballot.

With 17 months of campaigning under his belt and millions in the bank, Lampson has a head start over Sekula-Gibbs.

In fact, listening to him speak, you wouldn't know he has an opponent.

Instead he starts off sharing his personal background. He's the fifth of six children. His father died when he was 12, which is when he got his first job. His mother relied on government assistance to help them get by. She had a fifth-grade education but earned her GED on her 80th birthday.

Lampson isn't the most compelling speaker, but the story of hardscrabble upbringing often draws nods of empathy from crowds.

For Lampson, the race has a kind of political symmetry. He was ousted from the U.S. House in 2004 after his Southeast Texas district was redrawn to elect a Republican in the redistricting engineered by DeLay.

Move to StaffordDuring four terms in Congress, Lampson represented 20 percent of what is now the 22nd District, including the Johnson Space Center. He moved last year from Beaumont to Stafford, which is in the district.

He filed for the seat assuming his Republican opponent would be DeLay, who had been tainted by ethics reprimands and an indictment on charges relating to campaign finance.

As it turned out, no Republican is on the general election ballot for the 22nd.

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But Sekula-Gibbs' name will be on the ballot for the special election to complete the final weeks of DeLay's term. That will be the first thing voters in the district see on their ballots.

The Secretary of State's Office directed Harris County Clerk Beverly Kaufman to put the special election at the top of the ballot, ahead of the general election races, said Kaufman spokesman David Beirne.

That placement alone may give Sekula-Gibbs' write-in chances a boost, although no write-in candidate has ever won a House race in Texas.

Her campaign slogan, "Vote Twice for Shelley," reminds her supporters that marking the special election ballot alone isn't enough and that they need to write in her name later on the ballot to send her to Congress next year.

"You don't have to spell it right, just get it close and it should count," she said during a recent meeting of the Greater Houston Council of Federated Republican Women.

Explaining how to voteThe need to explain how to vote for her leaves her less time to convince voters that they should.

Sekula-Gibbs has several versions of her stump speech. The one-minute version goes something like this: "I support the global war on terror. I'm for taxes that are fair, life and traditional marriage. My opponent is not a moderate. He has the worst rating on taxes; he's for embryonic stem cell research."

She always mentions Lampson. He never talks about her. Acknowledging her in any way only builds her name identification in the district.

Sekula-Gibbs, who is a physician, has focused as a councilwoman on health issues, pushing for a citywide public smoking ban and for more federally qualified health clinics.

But her emphasis has moved to hot-button conservative issues since she began her congressional bid.

One of those, illegal immigration, came to the forefront in the last few weeks as the city mourned the shooting death of police officer Rodney Johnson. The suspect is an illegal immigrant.

Sekula-Gibbs pushed Mayor Bill White to repeal a police policy limiting inquiries about immigration status.

Late last year she accused then-Councilman Mark Ellis, who was running for a state Senate seat, of "political gamesmanship" when he made a similar request.

The national Republican Party has taken note of her candidacy, though not at the $3 million level state GOP leaders had mentioned when they voted to back Sekula-Gibbs' write-in candidacy.

The National Republican Congressional Committee has contributed nearly $100,000 to her campaign. And Vice President Dick Cheney is coming to Houston on Wednesday to host a fundraiser for her.

House Speaker Dennis Hastert and Majority Leader John Boehner joined Sekula-Gibbs for a fundraiser last month in Washington.

Lampson snagged 2004 Democratic vice-presidential nominee John Edwards to headline a fundraiser on his behalf a few weeks ago. And the Democratic Congressional Campaign Committee has reserved $850,000 worth of television advertising time for the last two weeks of the campaign on Lampson's behalf, said DCCC spokeswoman Sarah Feinberg.

Lampson's key issuesLampson didn't file in the special election, saying it would be confusing. Sekula-Gibbs says he didn't want to face a Republican in a head-to-head competition.

If that were true, Lampson says, he wouldn't have entered the race when DeLay was the likely opponent.

Lampson's key issues are homeland security, education and health care.

Among other things, he advocates tax deductions for all money spent on higher education and questions whether special-needs children — such as the ones his wife teaches — should be subject to standardized testing.

Libertarian Bob Smither is running in both the general and special elections.

He touts himself as the conservative on the general election ballot.

"I wouldn't say I'm aligning myself with the Republican Party," said Smither, an engineer who founded the Laura Recovery Center for missing and abducted children. "I'm aligning myself with conservative values."

Although Libertarians have appeared on the Texas ballot for years, none has been elected to a major office. Smither has no significant campaign funding and realizes he has a lot to overcome.

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Meanwhile, Lampson realizes that even as the sole major-party candidate on the general election ballot, he will have to win votes from at least some residents who supported DeLay for years.

Robert Klein, a retired chemical-industry manager who attended a house party for Lampson, said he faces a battle even with the ballot advantage.

Still, Klein said, this is Lampson's best shot: "If Lampson can't win now, he can't win."

High-powered Allies Come Out To Back Murtha (PPG)

By Bill Toland

Pittsburgh Post-Gazette, October 1, 2006

Congressman's opposition to Iraq War divides electorate

JOHNSTOWN -- If John Murtha is ceding a significant segment of the military voting block to Republican challenger Diana Irey, as she hopes and claims, there were few signs of it yesterday. A cavalcade of rank-and-file vets and Democratic military brass gathered in Johnstown's damp Central Park to support the representative from Pennsylvania's 12th Congressional District.

Former U.S. Sen. Max Cleland, a disabled Vietnam veteran, was the rally's master of ceremonies, and he was joined through the late morning and early afternoon by Vietnam veteran and former U.S. Sen. Bob Kerrey, former NATO commander Gen. Wesley Clark, state Auditor General Jack Wagner and finally Gov. Ed Rendell, himself seeking re-election this November.

They all hit on a common theme -- that Mr. Murtha, the top-ranking Democrat on the House committee that disburses defense appropriations -- is a great friend of the American soldier, not a foe, as his challengers are trying to paint him.

"We're tired of swift-boating in America," said Georgia's Cleland, who lost his own re-election bid in 2002 after his patriotism was questioned. "And it stops right here today, in Johnstown, Pennsylvania."

Mr. Murtha, who spent 37 years in the Marine Corps and its reserves, angered some veterans, and became a visible target for the GOP, when he began publicly campaigning for a military withdrawal from Iraq. He's drawn more partisan fire as he's continued to criticize the White House's handling of the war, as well as Marine involvement in the killing of 24 unarmed Iraqi civilians in the town of Haditha. (When Mr. Murtha went on the offensive following the Haditha revelations, Ms. Irey called on the congressman to apologize, saying he was aiding and comforting the enemy.)

Ms. Irey's name wasn't spoken once over the course of the 90-minute rally, which police officials say drew a crowd of 2,000, but the incendiary issues have put this race, and Ms. Irey's face and candidacy, into a national spotlight. The Washington County commissioner says she believes the military voting bloc is more divided than Mr. Murtha realizes. She hopes to capitalize on the split in Cambria County and the rest of the 12th District, which historically had been impenetrable to Republicans, but in recent presidential elections has been voting more conservatively. Ms. Irey won't attend today's "Boot Murtha" rally in Johnstown, organized by local vet Craig Minnick and a GOP group called "Vets for Truth."

Mr. Murtha's criticisms, said Mr. Kerrey, demonstrate that the congressman of three decades has the courage to oppose the White House, in a time when opposition of the president means you'll be branded a turncoat.

"Long before it was cool to wave a flag and support the men and women wearing the military [uniforms] of our Army, Navy, Marine Corps, Air Force and Coast Guard, Jack Murtha was waving the flag and supporting the men and women of our Army, Navy, Air Force, Marine Corps and Coast Guard," Mr. Kerrey said. "Until Jack Murtha stood up and began to tell the American people what was going on, there were far too many people [unaware]."

The other speakers picked up where Mr. Kerrey left off. "Jack had the courage to stand up and tell the truth," said Gen. Clark. "This administration's leadership of the war has been incompetent, inept. We're not going to let any swift-boaters, shrimp-boaters or anybody else take out Jack Murtha."

Mr. Rendell, who flew in from Harrisburg yesterday afternoon, said Mr. Murtha has done more for American fighting men and women than "any American alive today ... How dare these outsiders come here to Pennsylvania and impugn the patriotism of one of the greatest sons in this commonwealth's history."

Mr. Murtha took the dais last, again criticizing the war effort but sympathizing with the soldiers who must fight it, as well as the nearly 3,000 killed and 20,000 injured. "You know what this war's doing? It's tearing the families apart," he said. "I don't

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appreciate these people sitting on their fat backsides in the White House, sending our young people to war, when they don't understand the circumstances."

In a recent interview, Ms. Irey said that Mr. Murtha has lost touch with his constituency. "Jack Murtha has been in office 32 years, and that's too long," she said.

She won't be attending today's anti-Murtha rally, she said, because she doesn't want it to appear that her campaign is coordinating with the "Vets for Truth" group.

Stay-the-course Republican Challenges Murtha For Congress (TLPA)

By Jennifer C. Yates

Times Leader (NE PA), October 1, 2006

TARENTUM, Pa. - Republican Diana Irey knew she was taking on a political giant when she decided to run against U.S. Rep. John Murtha, now best-known for his opposition to the Iraq war. But she is hoping her strong support for the war will make her stand out.

Murtha has represented southwestern Pennsylvania for 32 years, winning the last general election with 74 percent of the vote. He's one of the most powerful Democrats in Congress. And there's even an airport named after the 73-year-old Vietnam veteran - who stands over 6 feet tall - in his southwestern Pennsylvania district.

Irey, who is just under 5 feet tall and nearly 30 years younger than Murtha, has been a Washington County commissioner for 11 years but is making her first bid for Congress.

"This is going to be the Diana and Goliath story," said Irey, 44.

Irey said she was spurred to run in part because of Murtha's high-profile criticism of the Iraq war, which has turned the once low-profile congressman into a nationally prominent figure.

At the least, Irey said, she is giving voters a clear choice.

Irey wants troops in Iraq to stay the course while Murtha has called for a withdrawal. She supports term limits; he is in his 16th term. She wants to make President Bush's tax cuts permanent; he voted against them.

But her No. 1 issue remains the war.

"My passion about the war comes from the many soldiers I've talked to who have been in Iraq and have told me about the progress we've been making," said Irey during a recent meet-and-greet at a Tarentum storefront.

Last year, Murtha drew a mix of criticism and praise when he called for the immediate withdrawal of troops from Iraq. In May, he raised eyebrows again when he said that Marine Corps officials told him that U.S. troops had killed innocent civilians in Haditha, Iraq, "in cold blood."

The comments have spurred outcries of both praise and criticism of Murtha, with competing groups holding spirited rallies in his hometown of Johnstown.

Larry Bailey, a North Carolina resident and U.S. Navy veteran who heads the group Veterans for the Truth, has been a vocal opponent of Murtha. He said politicians don't "have the right to bad-mouth the troops."

Michael L. Young, a retired public affairs professor from Penn State-Harrisburg who now runs an opinion research firm, said there's no indication Murtha will lose his seat. But the contest could be affected by people's perceptions of the war, Young said.

"It's the kind of volatile situation where challengers like her with not a lot of political experience or even resources can sometimes strike a lightning blow because of the myriad of national forces at play in the race," Young said.

Murtha, lauded for his success in attracting many lucrative defense contracts to western Pennsylvania, said he believes he has overwhelming support in the district.

"The mood in my district is the same that it is any place else in the country," said Murtha after a recent news conference in Washington. "Sixty percent of the people, 59 percent, think we need a change in direction and that's what I see in my district."

The 12th Congressional District, made up of parts of nine southwestern Pennsylvania counties, supported Democrat John Kerry with 51 percent of the vote in the last presidential election.

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Irey has raised thousands of dollars online - noting she's received contributions from all 50 states and received more than one million hits on her Web site. But she had just $159,138 in cash compared with Murtha's $1.6 million at the end of June, according to their most recent Federal Election Commission filings.

"I've defeated 25 candidates in the past, but we're working every day," Murtha said. "We know you got to take care of yourself first in these elections."

Irey believes she would bring a fresh perspective to the job. She easily shifts gears during conversation, talking about her three teenage children and family pets - including two dogs, a cat and a horse. She said the decision to enter the race was a family one.

"It was just listening to what Mr. Murtha was saying. I was starting to get really concerned about the state of the district," Irey said.

In 1995, Irey became the first woman elected as a Washington County commissioner. She has worked to attract businesses to the mostly rural county and opposed allowing prison inmates access to cable TV.

Irey said Murtha spends too little time in his own district. He has toured the country raising funds for more than 40 other Democratic candidates, something Republicans have criticized as his "cut-and-run" tour.

"His views now are more like the liberal voters of San Francisco," said Irey, a native of West Virginia who has lived in Pennsylvania for 22 years. "I hear so often, 'He's not the Jack Murtha he used to be.'"

When people meet her, Irey said, "they usually say, 'I thought you'd be bigger.'"

Stumping in Tarentum recently, Irey and a legislative candidate knocked on doors at an apartment building. Though she's an hour north of her home county, Irey finds she's not a total stranger.

"Yes, there you are!" exclaims resident Gary Cunningham, 53, after Irey introduces herself. Cunningham, doing laundry in a first-floor common room, said he knew Irey from her appearance on a local conservative radio talk show.

"As soon as I see you I think of John Murtha, and I get a bad taste in my mouth," said Cunningham, who later admits he isn't registered to vote.

She gives Cunningham voter registration information and they chat briefly about the war in Iraq. She continues going door to door, spreading her message with a wide smile and firm hand shake.

"Hi, I'm Diana Irey and I'm running for Congress."

Iraq Is Topic Non Grata In Hot Races (MJS)

By Steve Schultze And Craig Gilbert

Milwaukee Journal Sentinel, October 1, 2006

Gard, Kagen among candidates treading carefully on war

When prompted, Republican congressional candidate John Gard offers a staunch defense of the current U.S. policy in Iraq.

"I believe victory (in Iraq) is our only alternative," says Gard, fighting a tough battle for Wisconsin's 8th District U.S. House seat against Democrat Steve Kagen.

"Iraq is an essential front in the war on terror," Gard says. "We must stabilize Iraq economically, militarily" before U.S. troops leave.

His words echo President Bush's determined line on the war, an issue that's dragged down Bush's popularity.

But suggest that Gard takes the "Bush" position on Iraq, and the candidate objects.

"I think it's an American position," says Gard, who cites Ronald Reagan rather than George W. Bush as his foreign policy model: "I believe in the Reagan strategy of peace through strength."

Such comments underscore the political dilemma Republicans in hot races this fall face over the war, as they strive to support the Iraq effort without being identified too closely with the way it has been handled.

"I think in most races they're trying to dance around the issue," political analyst Stuart Rothenberg says of GOP candidates. "The war has come to stand for the president's failures, or shortcomings." Political dilemmas

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Of course, they're not entirely alone. Democrats face some dilemmas of their own, such as whether to support a pullout from Iraq and how to shield themselves from GOP charges of "retreat and defeat."

Democrat Kagen is blunt in declaring that "the way things are going right now, Iraq is gone." But he won't say when he thinks the troops should come home.

In other words, Democrats have to tread carefully, too, especially in moderate to conservative districts. The result is that in some congressional races, the Iraq debate has been surprisingly muted. Gard and Kagen have scarcely mentioned Iraq in their TV ads.

"They are staying away" from the war issues, seemingly hesitant about what tack to take, said David Littig, a retired University of Wisconsin-Green Bay political scientist.

"It's the elephant in the room," said one Democrat who has been involved in the House campaign and spoke on the condition his name not be used. "Everybody knows there's a problem (there). Nobody wants to talk about solutions, because they know they're all lousy."

The Gard-Kagen race isn't unique. In many of the country's contested congressional races, candidates are spending most of their TV dollars on other subjects, from domestic issues to personal attacks on their opponents.

This is especially true of Republicans, weighed down by the war's unpopularity and the Bush administration's poor approval ratings. Some GOP candidates have openly criticized the war and the administration, especially in "blue" states such as Connecticut and Pennsylvania.

But in most close races, Republicans are taking a different tack: sticking to local issues or steering the debate to the broader war on terror, where Bush enjoys more public support. 'No easy answers'

Amy Walter, who follows House races for the Cook Political Report, describes the tactic as, "Just change the subject."

Says Walter: "Republicans don't want to talk about it."

Gard has not pushed Iraq as an issue, and he deflects questions about Bush's stewardship of the war.

"It's not about supporting President Bush," Gard said last week, when asked whether he supports the president's handling of Iraq. "Too many people focus on the individual."

Gard says "mistakes have been made," including disbanding the Iraqi military after the U.S. invasion ended.

But the Assembly speaker from Peshtigo isn't doing a whole lot to distance himself from the war, either. He stands squarely with the Bush administration in opposition to a withdrawal plan.

"There are no easy answers here," Gard, 43, said in another recent interview. He added that Kagen "wants to abandon our allies, and I want to do what it takes to achieve victory."

Democrats say criticisms of "cut and run" are losing their political teeth. And they've been armed by the release of a National Intelligence Estimate tying the war to the proliferation of terrorists, and even the new Bob Woodward book "State of Denial," with its grim portrait of wartime leadership. Unpopular war

"Any time the focus shifted back to national security and to terror or foreign policy, it used to be an advantage for Republicans. The big difference this time is that is simply not true," said Paul Maslin, who is Kagen's pollster. "If Gard wants to defend that policy (in Iraq) to the hilt, he is really limiting himself to the base Republicans."

Gard may be helped in the war debate by the district's Republican tilt. Bush carried it by 11 points in 2004. But both sides acknowledge that the political climate favors Democrats this year. And some polls suggest the war might be more unpopular in Wisconsin than it is nationally.

The GOP firm of Strategic Vision is polling independently each month in Wisconsin and six other states: Washington, Pennsylvania, New Jersey, Georgia, Florida and Michigan. In a recent round of September polls, likely voters in Wisconsin registered the lowest approval rating of any of those states for Bush's handling of Iraq: 25%.

The partisan breakdown in the Wisconsin poll is revealing: 59% of Republicans approved of the president's performance on Iraq. But just 4% of Democrats, and only 12% of independents, approved.

GOP officials say that despite such numbers, Iraq is not playing a major role in most contested races.

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"It has to do with, first, a lack of Democratic credibility on the issue and the lack of any kind of a coherent Democratic alternative as to what they would do," said Jonathan Collegio, a spokesman for the National Republican Campaign Committee. Difference in attack

Kagen, a wealthy allergist making his first run for Congress, is vague about when he would bring the troops home, saying it's a judgment better left to the generals. But his comments about the war suggest he sees Iraq as a lost cause.

"Are we going to invest in a foreign nation that once was called Iraq? Iraq has gone the way of Yugoslavia. It is not coming back. It's a mess," said Kagen at a Democratic "unity rally" in Green Bay on Sept. 16.

In an interview last week, the 56-year-old Kagen said a breakup of the country might bring more stability, as it did in Yugoslavia.

"The first mistake was getting involved in the first place," Kagen said. Now, the U.S. must work to convince Iraqis that "we are not going to stay . . . the path we are on is simply unacceptable."

Kagen has made health care the leading theme of his advertising.

Evan Tracey, who tracks campaign advertising, says that when Iraq is invoked by Republicans, it's usually to attack Democrats for not supporting the troops or being defeatist. When it's invoked by Democrats, it's part of a broader attack against Republicans as rubber-stamps for President Bush. 'Radio silence'

In that vein, Iraq could certainly work its way more dramatically into the Gard-Kagen race before election day.

But for now, "radio silence" is how one political observer in Green Bay, lawyer Tim Nixon, described the way Gard and Kagen are dealing with Iraq.

"It's almost a third-rail issue for both sides," said Nixon, who sits on the Green Bay Area Chamber of Commerce and says he doesn't see in northeastern Wisconsin the stark partisan fault lines on the issue that national polls have found. One reason, he says, is the number of local military units that have served.

The Strategic Vision poll lends some support to that view. In that Sept. 15 to 17 survey, 59% of likely Wisconsin voters favored withdrawal of U.S. troops "within six months." Both Republicans (43% favored withdrawal) and independents (55% favored withdrawal) were quite divided about what future course to take in Iraq.

"I've got people I know who never voted Democratic in their life, and this war thing is making them crazy," Nixon said. "And I know (non-Republicans) with kids over there, and they want to support it wholeheartedly. . . . It's amazing for a 'small' war how many people this has touched here." From the Oct. 1, 2006 editions of the Milwaukee Journal Sentinel

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The Elephant In The Florida 22nd: Medicare Prescription Benefit (WP)

By Anushka Asthana

The Washington Post, October 1, 2006

HOLLYWOOD, Fla. -- Betty Priscak has voted for veteran Rep. E. Clay Shaw Jr. (R-Fla.) in every election he has been in, but now she thinks it is time for a change. Priscak, a 74-year-old in increasingly poor health, plans to vote for Ron Klein, Shaw's Democratic challenger, in November.

Why? She is upset with the Medicare prescription drug program passed by the Republicans in 2003. She calls it "devastating."

The initial uproar over the program's complexity died down once many seniors had signed up, but now Priscak and millions of other older Americans are confronting an interruption in their drug coverage that will require them to pay the full cost of their prescriptions -- or go without. Priscak came up against the coverage gap, known as the "doughnut hole," in May, and it was months before the drug coverage kicked back in.

If it had not been for financial assistance from her partner, she said, she would not have been able to meet the thousands of dollars of uncovered drug costs. "If you think I dare vote for a Republican, you have another thought coming," she said.

Priscak is not alone. According to the consulting firm Price Waterhouse Coopers LLC, 3.4 million seniors will fall into the doughnut hole this year.

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The doughnut hole ends federal payments for a person's drug purchases once an annual spending limit is reached, resuming them only after the beneficiary has spent thousands of dollars out-of-pocket. It was one of the most contentious elements of the 2003 legislation that created the drug benefit, which was championed by the Bush administration and congressional Republicans.

Shaw's district, which stretches from West Palm Beach to Fort Lauderdale, has one of the highest concentrations of Medicare recipients in the country. Tens of thousands of residents have signed up for the prescription drug program, known as Part D. Democrats have long hoped to tap into voter dissatisfaction with the program, thinking it could affect some congressional races.

"When folks show up at the pharmacy and get hit with paying 100 percent of their drug costs, while continuing to pay 100 percent of their premiums, they become concerned," said Klein, a state senator. He said his main objection to the program is that it does not allow the federal government to negotiate drug prices to bring down costs -- a suggestion that pharmaceutical and insurance companies successfully fought.

But as the election draws closer, polls suggest that the GOP-backed program may not win as many votes for Democrats as they had thought. A Washington Post poll in April found that, among seniors, 50 percent said they approved of the drug program and 41 percent disapproved. Most respondents at that time said it would make no difference to them whether a candidate for Congress had voted for or against the drug program.

"Seniors are saving on average $1,100 a year in Florida; monthly premiums are $24," said Ed Patru, a spokesman for the National Republican Congressional Committee. "At the beginning of the year, the Democrats were politically invested in the failure of the program. Now there is overwhelming approval."

In one of Shaw's campaign offices, a converted diner in Fort Lauderdale, the congressman said seniors are better off under the program . "It's like the big lie. If you tell it enough, people begin to believe it," Shaw said of the criticism. "They are trying to convince people it was a windfall for the drug companies. It's not."

Shaw credits the plan with creating the competition that led Wal-Mart and Target to decide to discount their generic prescription drugs.

Don Monroe, 79, who has volunteered for Shaw's campaign, is one of many seniors not affected by the doughnut hole because of limited need for prescription drugs. Monroe said he is eager to see Shaw win reelection and become chairman of the powerful House Ways and Means Committee.

Shaw, who has served in Congress since 1980, has sought to shift the focus of the campaign to other issues, including national security, terrorism, Social Security and the environment. Last week, he hosted Interior Secretary Dirk Kempthorne in Florida for a tour of the Everglades. Shaw "is one of the leaders on environmental issues," Kempthorne said in an interview.

Klein also is not focusing on Medicare; he has raised the subject in only one television ad. His main focus is trying to tap into anger at Bush and the Iraq war in a district that sided with Sen. John F. Kerry (Mass.), the Democratic presidential nominee, in 2004. Shaw, Klein keeps telling voters, votes with Bush 90 percent of the time.

"The overall focus by Ron Klein is to make Clay Shaw look like a pawn of the Republican leadership," said Amy Walter, senior editor of Cook Political Report. "If it is Clay Shaw versus Ron Klein, then I think Clay Shaw can win. If it is a referendum on Washington or President Bush, then the advantage goes to Klein."

Klein trails Shaw in campaign fundraising, $2.8 million to $3.4 million, according to an August campaign-finance disclosure.

Bush and Vice President Cheney have visited to help Shaw raise money, and former president Bill Clinton is due at a fundraiser for Klein this month. Walter has classified the race as a tossup -- some polls have shown Shaw in the lead, others Klein -- but said she had seen no indication that the drug program is driving voters.

Some local commentators disagreed. The Medicare drug benefit "is still going to be a very, very, very viable election issue," said Edith Gooden-Thompson, a coordinator of Serving Health Insurance Needs of Elders.

Sitting in the Aging and Disability Resource Center of Broward County, Gooden-Thompson was surrounded by others who worked with seniors and agreed with her assessment. Nancy Ackerman said she had seen people cutting back on food so they could buy prescriptions.

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Even so, though, it could be a tossup: "Clay Shaw has been very supportive to senior issues in all the years we have known him," said Edith Lederberg, the center's director, but she added that Klein had, too. "He has been a state senator for many years and is very popular. That is why it is going to be such a tough choice for people to make."

Perhaps playing in Klein's benefit: More seniors are finding themselves in the doughnut hole as the election approaches. The Institute for America's Future, a group calling for the closure of the gap, calculated that, on average, seniors who enrolled in the benefit at the beginning of the year would have fallen into the doughnut hole on Sept. 22.

On that morning, Klein was talking about the doughnut hole with seniors at a doughnut shop, Dandee Donut Factory in Pompano Beach. Jane Shaffer said she has been in the doughnut hole since March, and she and her husband Robert -- a registered Republican -- say they will back Klein.

For the first time, the Voters Coalition, which encourages voter participation, will not endorse Shaw, said Harold Ostrow, 78, former chairman of the group. "It's easy to get into the doughnut hole, but very hard to get out," Ostrow said.

The question is whether there are enough people like Ostrow, Priscak and the Shaffers to swing the vote -- and whether other issues will erode Shaw's longtime base.

Klein is hoping that by closely linking Shaw to Bush, he can overcome the incumbent late in the campaign. Shaw said that Klein's tack is misguided. "He is running against the president and not Clay Shaw," Shaw said. "I represent the 22nd Congressional District of Florida and not the Republican Party."

As Vote Nears, Schwarzenegger Surges Ahead (LAT)

By Michael Finnegan

The Los Angeles Times, October 1, 2006

Survey finds Republican governor leading Democratic challenger Angelides 50% to 33%. Most see the incumbent as a stronger leader.

Just over five weeks before election day, Gov. Arnold Schwarzenegger holds a commanding lead over his Democratic challenger, state Treasurer Phil Angelides, who has built scant support beyond a core base of liberals, according to a new Los Angeles Times poll.

If the Nov. 7 election were held today, likely voters would favor the Republican governor over Angelides 50% to 33%.

The survey found an abundance of grim signs for Angelides, including a failure to match Schwarzenegger's success in rallying voters of his own party strongly behind his candidacy. Just 61% of Democrats support Angelides, while 88% of Republicans favor Schwarzenegger. And independents, a crucial swing vote, support Schwarzenegger over Angelides 49% to 31%.

The poll also showed that Angelides suffers from one of the main problems that plagued California's last Democratic governor, Gray Davis: a lack of public confidence in his leadership skills. Asked who has stronger leadership qualities, 60% of likely voters say Schwarzenegger and 20% say Angelides. Even a plurality of Democrats sees Schwarzenegger as a stronger leader.

The poll also found a new rise in the governor's popularity, further progress in his steady recovery from the debacle of his 2005 ballot initiatives, which voters resoundingly rejected.

In a nearly complete reversal, 56% of California voters now approve of Schwarzenegger's job performance and 41% disapprove. In October 2005, 37% approved and 59% disapproved.

"He seems to have become a little bit more the governor of the people, rather than the governor of the Republicans," poll respondent Jack Phillips, a Democrat who lives in the Sacramento suburb of Folsom, said in a follow-up interview.

"Maria must've got to him," added Phillips, 67, in a nod to the Kennedy family lineage of Maria Shriver, Schwarzenegger's wife. The retired railroad marketing man plans to vote for Schwarzenegger.

Overall, the poll affirmed the dominating force of Schwarzenegger's personality on California politics, showing his capacity — in a state that strongly favors Democrats — to break a national tide running against Republicans.

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It also demonstrated his outsmarting of Angelides in seeking out the political center, where statewide elections are won in California. For months, Schwarzenegger has been piling up agreements with Democratic lawmakers that widen his electoral appeal, including laws to combat global warming, raise the minimum wage and cut prescription drug costs.

Still, the election dynamics could change in the campaign's final weeks. Both candidates and their allies are spending millions on advertisements, which could shift public opinion.

The survey, supervised by Times Poll director Susan Pinkus, interviewed 1,312 registered voters, including 989 deemed likely to vote. The survey was conducted by telephone from Sept. 23 to 28. The margin of sampling error for likely voters is plus or minus 3 percentage points.

Schwarzenegger's political recovery coincides with a brightening mood among California voters: 42% say things in the state are generally going in the right direction, up from a paltry 27% last October. Still, 45% say things are seriously off on the wrong track.

As for what's on their minds, likely voters name illegal immigration as the most important problem facing the state, followed by education and the economy. Republicans are most concerned about illegal immigration, while Democrats rank education as most important.

In the race for governor, relatively few likely voters have yet to make up their minds: 9% are undecided.

Eight percent favor candidates other than Schwarzenegger or Angelides.

For Angelides, the strongest support comes from liberal Democrats: 70% support him. Latinos also heavily favor Angelides over Schwarzenegger, 57% to 22%.

But as a whole, the poll illustrates a bleak landscape for Angelides. He falls short of majority support in every region of the state, even in the Bay Area, where Democrats normally run up landslide margins against Republicans.

In Los Angeles County, another Democratic stronghold although a less solid one, the race is nearly even: 41% favor Angelides, 37% Schwarzenegger.

In the rest of Southern California, Schwarzenegger trounces Angelides by a 41-point margin. In the Central Valley, the governor runs 37 points ahead. Both areas lean Republican.

The geography also looks bad for Angelides along the coastal-inland divide that has increasingly defined California elections. In counties along the coastline, which normally tilt strongly toward Democrats, Schwarzenegger is ahead 45% to 37%.

In the Republican-leaning counties of inland California, the governor leads by more than 2 to 1.

On major issues, Angelides also faces trouble. Californians usually favor Democrats on education and the environment, but the survey found likely voters split on whether Angelides or Schwarzenegger would do a better job in those areas. And by wide margins, they say Schwarzenegger would do a better job on the state budget, the economy and immigration.

The poll also found problems for Angelides on taxes, a top concern cited by those with an unfavorable impression of him.

Schwarzenegger ads have highlighted billions of dollars in tax increases that Angelides has supported over the years. Diane Smith, a retired Trinity County child-care provider, said she knew virtually nothing about Angelides apart from what she had seen in those ads, which show the Democrat walking backward.

"It looks like he's floating away," said Smith, an independent who is leaning toward Schwarzenegger.

Phillips, the Folsom Democrat supporting Schwarzenegger, called Angelides a "big-spending liberal" who would "follow in Gray Davis' footsteps — spend, spend, spend and put us into debt like there's no end to spending money."

Angelides has proposed tax increases for corporations and Californians who make more than $250,000 a year, along with tax cuts for those making less than $100,000 a year and for small businesses. A majority of Democrats and liberals say his tax agenda makes them more likely to vote for Angelides.

"We should help people who have less money and tax those that have more," said retired teacher Donna Doyka of Manhattan Beach, a Democrat who supports Angelides.

But the Angelides tax agenda is unpopular with Republicans and conservatives. And a majority of them say Schwarzenegger's promise not to raise taxes makes them more likely to back his reelection.

Another challenge for Angelides is ethics, a central line of attack against him in the Democratic primary and one that he has tried to turn back on Schwarzenegger.

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On the question of which candidate has more honesty and integrity to serve as governor, 43% say Schwarzenegger and 25% say Angelides.

Also problematic for the Democrat is his lukewarm support among union members, a key constituency of his party: They support him over Schwarzenegger, but only by 43% to 37%.

More than half of union members think Schwarzenegger has stronger leadership qualities. And 52% have a favorable impression of Schwarzenegger, while 47% view Angelides in a positive light. Organized labor has been the No. 1 source of campaign money for Angelides.

The poll also underlined Schwarzenegger's edge on personality and public image. It found that 60% of likely voters hold a favorable impression of him, while 38% see Angelides in a positive light.

Also unsettling for Angelides, who was virtually unknown to most Californians before the campaign: 43% of likely voters hold an unfavorable impression of him. That negative view was inspired in part by months of television attack ads run against Angelides by Schwarzenegger and the treasurer's spring primary rival, state Controller Steve Westly.

The survey also cast new doubt on the Angelides strategy of stressing Schwarzenegger's political ties to President Bush. Among those who view the governor unfavorably — 39% of likely voters — 2% named his support for Bush's reelection as the reason.

Still, Bush remains unpopular in California: 40% of voters approve of his job performance and 58% disapprove. Though it is dismaying for an incumbent, that marks a rebound from the record low that he hit in an April Times poll, which found 31% approved and 66% disapproved.

As for the governor, the new poll found his support more solid than his challenger's: More than three quarters of those who favor Schwarzenegger say their vote is definite, but fewer than two-thirds of Angelides backers say the same.

Schwarzenegger's strongest blocs of support are men, Republicans, conservatives, whites, older voters and residents of California's inland counties.

Women are less enthusiastic: Though likely male voters favor Schwarzenegger over his rival by 57% to 30%, likely female voters prefer the governor 42% to 37%.

michael.finnegan@latimes.com.

Jill Darling Richardson, Times associate polling director, and Claudia Vaughn, data management supervisor, contributed to this report.

*

(INFOBOX BELOW)

Likely voters like Schwarzenegger

Question: What is your impression of.....

Schwarzenegger

Favorable: 60%

Unfavorable: 39%

Haven't heard/don't know: 1%

Question: What is your impression of.....

Angelides

Favorable: 38%

Unfavorable: 43%

Haven't heard/don't know: 19%

Q: Why do you have a favorable/unfavorable impression of.....

(up to two responses accepted)*

Schwarzenegger

Favorable

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Has done a good job as governor: 23%
Honest: 16%
Strong leader: 13%

Unfavorable
Not honest: 17%
Poor record on education: 15%
Ineffective: 11%

Q: Why do you have a favorable/unfavorable impression of.....
(up to two responses accepted)*
Angelides
Favorable
No particular reason: 22%
Honest: 13%
Democrat: 12%
Experience as state treasurer: 12%

Unfavorable
Not honest: 18%
No particular reason: 15%
His Tax Plan: 15%

Q: Who do you think will do a better job with.....

Q: Who do you think has more.....

Q: What do you think is the most important problem facing California today? (up to two responses accepted)*

Notes: All results are among likely voters; (*) top responses
Times Poll results are also available at latimes.com/timespoll.

How the poll was conducted: The Times Poll contacted 1,868 adults in California by telephone Sept. 23 through 28. Among them were 1,312 registered voters, of whom 989 were deemed likely to vote in the Nov. 7 general election. Likely voters were determined by a screening process that included questions on intention to vote, certainty of vote, interest in the campaign and voting history. Telephone numbers were randomly selected from a list of all exchanges in the state, allowing calls to listed and unlisted numbers. Multiple attempts were made to call each number. Additional Latino voters were contacted in a separate random sample to allow more accurate analysis of their subgroup. Adults in the entire sample were weighted slightly to conform with census proportions for sex, ethnicity, age, education, region and the secretary of state's report of party registration. The margin of sampling error is plus or minus 3 percentage points. For certain subgroups, the error margin may be somewhat higher. Poll results may also be affected by such factors as question wording and the order in which questions were presented. Interviews in the Latino supplemental sample were conducted by Interviewing Service of America in Van Nuys. Interviews were conducted in English and Spanish.Mark Hafer Los Angeles Times

Source: L.A. Times Poll
*
Register to vote
The deadline for registering to vote in the Nov. 7 election is Oct. 23.

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Voters can register by mailing in one of the forms available at most Los Angeles County government buildings, as well as at city halls, fire stations, libraries and post offices.

For more information, call the Los Angeles County registrar of voters at (800) 481-8683 or visit the registrar's website at http://www.lavote.net .

Los Angeles Times

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(INFOBOX BELOW)

Governor's race (from A1)

A Times poll finds many grim signs for Democrat Phil Angelides, who five weeks before election day trails far behind Gov. Arnold Schwarzenegger. Angelides has built scant support beyond a core base of liberals.

Choice for governor, among likely voters:

Schwarzenegger: 50%

Angelides: 33%

Other candidates: 8%

Don't know: 9%

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Source: L.A. Times Poll

California's Model For The Middle (WP)

By David S. Broder

The Washington Post, October 1, 2006

SACRAMENTO -- The likely victory of Gov. Arnold Schwarzenegger in next month's election could change the dynamics of California government and the way both national parties think about this mega-state.

It has been a long time since a Republican presidential candidate won California: not since George H.W. Bush in 1988. And it had been almost as long since any Republican won major statewide office -- until Schwarzenegger won the special election of 2003.

But the circumstances of that race were so odd -- a referendum on the unpopular incumbent, Democrat Gray Davis, and a free-for-all among dozens of would-be successors running virtually without party support -- that Schwarzenegger's victory seemed almost happenstance.

Now he is running as the Republican nominee against a single legitimate Democratic contender, state Treasurer Phil Angelides, a former party chairman. And the double-digit lead that Schwarzenegger has fashioned cannot be put down to luck.

Rather, it reflects his rapid adaptation after a serious political miscalculation. In 2005 he declared war on the Democratic legislature and the public-employee unions and forced a special election on four initiatives designed to cripple the unions' influence and strengthen his hand as governor. Voters rejected all of them and drove his approval ratings into the basement.

After that repudiation, Schwarzenegger reopened negotiations with the legislature this year, passed a heap of big bills and won the applause of an independent electorate.

To be sure, there are still skeptics who argue that the governor has no convictions and therefore is totally unreliable. In his political biography, "The People's Machine: Arnold Schwarzenegger and the Rise of Blockbuster Democracy," author Joe Mathews quotes the judgment of bodybuilder Rick Wayne, a buddy of the governor. "I've never known Arnold to be a conservative," Wayne said, "I've known Arnold to be a chameleon."

Some Democratic lobbyists in Sacramento expect a reelected Schwarzenegger to go back to bashing unions and fighting with the legislature. But his aides and intimates think that is a misreading of the man and the state. Both, they say, are firmly rooted in the center of the political spectrum.

Indeed, key Republicans here -- including some of George W. Bush's former people imported for the Schwarzenegger campaign -- think the governor's example is one that could be emulated in 2008.

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Their argument is that at least three possible Republican contenders -- Rudy Giuliani, the former mayor of New York; John McCain, the senator from Arizona; and Mitt Romney, the governor of Massachusetts -- could compete effectively for California if they made the effort.

To have a chance, they would have to abandon the Republican habit of treating California as a piggy bank -- a place to fly in, pick up a bundle of cash and fly out.

The contenders would not have to go as far as Schwarzenegger has in embracing Democratic issues. The state might respond to a candidate who combines fiscal prudence and avoiding higher taxes with a progressive attitude on the environment and such social issues as immigration and civil rights.

Because Republicans have abandoned California politics for so long, Democrats have been allowed to dominate the state. If its rich hoard of 55 electoral votes became competitive for 2008, it would be a boon to both parties. Democrats would still have a substantial advantage, with their support for abortion rights and appeal to working families and minority groups. But moderate Republicans could also compete and challenge and thereby shift the focus of the entire national election toward the political center.

All that -- and more -- is implicit in Schwarzenegger's run this year, making it potentially the most significant Republican victory in what otherwise looks like a year of Democratic gains.

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Topinka Faces Many Challenges In Illinois Governor Race (SLPD)

By Adam Jadhav

St. Louis Post-Dispatch, October 1, 2006

From the beginning, the Judy Baar Topinka gubernatorial campaign expected to be outgunned financially.

Gov. Rod Blagojevich, a Democrat, has used his prolific fundraising to run TV ads almost non-stop since the March primary, save for a brief hiatus midsummer. Topinka began her television attack in September.

For every $1 she has spent, he's burned $9.

Now, with just over five weeks left until the November election, Topinka, a three-term state treasurer, and her running mate on the Republican ticket, Joe Birkett, find themselves an average 10 points behind in most polls.

In an interview with the Post-Dispatch this week, Birkett gave a candid review of the campaign, expressing plenty of optimism, but acknowledging hurdles, too.

Blagojevich "hasn't gained, but he hasn't fallen either. What he has is an unlimited source of funds," Birkett said. "This is the first time in Illinois history that anybody's been on this early, as long, and on the attack like this.

"This has been six months — unprecedented — negative campaigning (from Blagojevich). And Judy is still in the hunt which, I think, speaks volumes about her reputation and how strong her numbers are."

Meanwhile, Blagojevich's campaign staff remain cheery about their position: a double-digit lead with less than 40 days to go.

The governor himself has shied away from public campaign stops, typically appearing around the state in his official duties. Along the way, however, he continues to announce programs and plans — a vision of a second term.

"We just want to get the governor out talking about his record and his accomplishments," said Blagojevich spokeswoman Sheila Nix.

Birkett and other Republicans did say fundraising has been a hurdle. As of June 30, the last time candidates reported their finances under state law, Blagojevich led $12.2 million to $1.5 million.

"Obviously, we've got to raise more money," Birkett said matter-of-factly.

But that has led to Blagojevich's TV barrage: $8.4 million spent on ads around the state from the day after the primary until last week, according to estimates and an advertising analysis compiled for the Post-Dispatch. Topinka had paid $934,000 for advertising, and has run no ads in the St. Louis area.

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Through all of it, statewide polls have consistently given Blagojevich a little below 50 percent of the vote. And he has maintained unfavorable ratings almost as high. In addition, he has faced continuing media revelations about a federal corruption probe of some of his associates and others involving state contracts and political contributions.

"Rod Blagojevich is one of the luckiest incumbents in the nation," said national pollster Scott Rasmussen. "Normally, those numbers would spell defeat."

Rassmussen attributed Blagojevich's continued lead to the media blitz, Illinois' leftward political slant and Topinka's similarly high "unfavorables."

And since the primary, Topinka's vote percentage has tracked slightly downward, at least in Rasmussen's own polling.

Though outmatched in TV advertising, Topinka and Birkett have been more active in barnstorming the state. Both have repeatedly visited the Metro East, announcing plans for jobs, education, court reform and more.

Their campaign has also waged a regular e-mail and fax war. And continually released "white papers" detailing her positions and plans if elected.

But some political scientists question whether Topinka's position is really being heard in the electorate, over Blagojevich's voluminous advertising.

"She's come out with policy positions. She's on the air a little," said Alan Gitelson, a political science professor at Loyola University in Chicago. "At the same time, Blagojevich continues to pump out his own negative advertising. This is still a race that is Blagojevich's to lose."

Though Topinka is a veteran campaigner and not one to be counted out, observers said unless news breaks in the criminal investigations of hiring and ethics that have dogged Blagojevich's administration, his lead may hold fast.

"That would completely shake up the dynamic," said John Jackson, a political scientist at Southern Illinois University Carbondale. "Otherwise, I don't see much closing that gap."

Republicans say Blagojevich's advertising will become white noise. Topinka's staff and Birkett say they will strike back more. Watch and see, Birkett added.

"Keep in mind that the voters haven't seen the full picture," Birkett said. "They've seen almost $10 million in negative campaign ads about Judy."

TV ads are likely from Topinka for the remainder of the campaign, her staff and other Republicans said. There's two planned debates, including one Monday in Decatur. And they will continue fundraising.

Specifically, the campaign is courting a visit from First Lady Laura Bush, Birkett said. Another stop by Republican National Committee Chairman Ken Mehlman is possible, said state GOP executive director John Tsarpalas, along with other "celebrity politicians."

"People are now starting to pay attention now," Tsarpalas said. "She's on the air. We're already out of the gate and running."

Campaign Cash Mirrors A High Court's Rulings (NYT)

By Adam Liptak And Janet Roberts

The New York Times, October 1, 2006

COLUMBUS, Ohio — In the fall of 2004, Terrence O'Donnell, an affable judge with the placid good looks of a small-market news anchor, was running hard to keep his seat on the Ohio Supreme Court. He was also considering two important class-action lawsuits that had been argued many months before.

In the weeks before the election, Justice O'Donnell's campaign accepted thousands of dollars from the political action committees of three companies that were defendants in the suits. Two of the cases dealt with defective cars, and one involved a toxic substance. Weeks after winning his race, Justice O'Donnell joined majorities that handed the three companies significant victories.

Justice O'Donnell's conduct was unexceptional. In one of the cases, every justice in the 4-to-3 majority had taken money from affiliates of the companies. None of the dissenters had done so, but they had accepted contributions from lawyers for the plaintiffs.

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Thirty-nine states elect judges, and 30 states are holding elections for seats on their highest courts this year. Spending in these races is skyrocketing, with some judges raising $2 million or more for a single campaign. As the amounts rise, questions about whether money is polluting the independence of the judiciary are being fiercely debated across the nation. And nowhere is the battle for judicial seats more ferocious than in Ohio.

An examination of the Ohio Supreme Court by The New York Times found that its justices routinely sat on cases after receiving campaign contributions from the parties involved or from groups that filed supporting briefs. On average, they voted in favor of contributors 70 percent of the time. Justice O'Donnell voted for his contributors 91 percent of the time, the highest rate of any justice on the court.

In the 12 years that were studied, the justices almost never disqualified themselves from hearing their contributors' cases. In the 215 cases with the most direct potential conflicts of interest, justices recused themselves just 9 times.

Even sitting justices have started to question the current system. "I never felt so much like a hooker down by the bus station in any race I've ever been in as I did in a judicial race," said Justice Paul E. Pfeifer, a Republican member of the Ohio Supreme Court. "Everyone interested in contributing has very specific interests."

"They mean to be buying a vote," Justice Pfeifer added. "Whether they succeed or not, it's hard to say."

Three recent cases, two in Illinois and one in West Virginia, have put the complaints in sharp focus. Elected justices there recently refused to disqualify themselves from hearing suits in which tens or hundreds of millions of dollars were at stake. The defendants were insurance, tobacco and coal companies whose supporters had spent millions of dollars to help elect the justices.

After a series of big-money judicial contests around the nation, the balance of power in several state high courts has tipped in recent years in favor of corporations and insurance companies.

In the 2002 Ohio judicial election, for example, two candidates won seats that year on the seven-member court after each raised more money than one of the candidates for governor that year.

Corporate Giving Increases

Judges are required by codes of judicial ethics to disqualify themselves whenever their impartiality might reasonably be questioned over financial or other conflicts. Even owning a few shares of stock in a defendant's company or seeing a relative's name on a brief generally requires automatic disqualification.

But there is an exception to this strict rule: campaign contributions. Very few judges in the states that elect the members of their highest court view contributions as a reason for disqualification when those contributors appear before them.

Many judges said contributions were so common that recusal would wreak havoc on the system. The standard in the Ohio Supreme Court, its chief justice, Thomas J. Moyer, said, is to recuse only if "sitting on the case is going to be perceived as just totally unfair."

Duane J. Adams, a plaintiff in one of the class-action suits heard by Justice O'Donnell, concerning defective cars, said he questioned the impartiality of the justices who ruled against him. Mr. Adams had sued DaimlerChrysler under the state's lemon law, and he grew angry when told that the company's political action committee had given money to justices in the majority.

"At the very least, it's a conflict of interest," Mr. Adams said. "These gentlemen, they should be prosecuted for what I consider is taking a bribe." He and the other plaintiffs did not contribute, but their lawyers gave to the campaigns of five of the justices.

Precisely what contributors want or get for their money is unclear. Some contributors say they have no agenda beyond ensuring that able and independent judges are elected. Others surely hope to influence the justices' votes in particular cases.

The middle ground, advanced by groups representing business, labor and plaintiffs' lawyers, is to support justices who hold views similar to their own. "Various interests see voting patterns," Chief Justice Moyer said. The alignment between contributions and votes, he said, is a matter of shared judicial philosophy.

If that is right, contributors are not trying to buy votes in particular cases. But they are trying to buy seats on the court.

And they are succeeding. Not long ago, the Ohio Supreme Court was controlled by liberal justices whose campaigns had been financed in large part by plaintiffs' lawyers and unions. Now that business groups are outspending their adversaries, the

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court has become dominated by more conservative justices. And the court's decisions are no longer markedly sympathetic to people claiming injuries.

Justice O'Donnell, a Republican, won his seat with the help of big contributions from the insurance, finance and medical industries. He is running for re-election this year, and his opponent, Judge William O'Neill, is making contributions an issue.

"We have to stop selling seats on the Ohio Supreme Court like we sell seats on the New York Stock Exchange," said Judge O'Neill, a Democrat on the 11th District Court of Appeals in Warren, in northeast Ohio. He says he will not accept contributions.

Justice O'Donnell, who has raised more than $3 million since 2000, refused to be interviewed for this article despite more than a half-dozen requests to his campaign, his chambers and the court. In a statement, he said, "Any effort to link judicial campaign contributions received by a judicial campaign committee for major media advertising to case outcomes is misleading and erodes public confidence in the judiciary."

"A judge," the statement said, "may fairly and impartially consider matters despite receipt of the campaign contribution by the campaign committee."

Interest groups play a powerful and generally accepted role in races for legislative and executive positions. But their increasing role in identifying and supporting judicial candidates is at odds with the traditional concept of what judges do.

"The role of the judge and the role of the legislator are completely different," said William K. Weisenberg, an Ohio State Bar Association official. "You want a legislator to vote the way you would vote. When you go into court, you want someone to listen to the facts and decide the case on the facts and the law. We don't want the umpire calling balls and strikes before the game has begun."

Influencing the Bench

Many judges concede that sitting on their contributors' cases creates the perception that their votes can be bought. But in public, at least, most insist the perception is wrong.

"All the surveys I've seen indicate that generally 75 percent of the people believe that contributions influence decisions," said Chief Justice Moyer, a Republican. But when asked if contributions played a role in courts' decisions, he said: "I don't believe they do. I know they don't for me."

That view is not universally held.

"It's pretty hard in big-money races not to take care of your friends," said Richard Neely, a retired chief justice of the West Virginia Supreme Court of Appeals. "It's very hard not to dance with the one who brung you."

Indeed, according to a survey of 2,428 state court judges conducted in 2002 by Justice at Stake, a judicial reform organization, almost half said campaign contributions influenced decisions. And more than half agreed that "judges should be prohibited from presiding over and ruling in cases where one of the sides has given money to their campaign."

The Times study explored the influence of money on judicial decision-making by asking two basic questions about the Ohio Supreme Court. How often did it hear cases involving major contributors? And how did justices vote in those cases?

The study considered only cases that were both significant and difficult. It excluded procedural decisions, including whether to hear or reconsider a case. And only divided cases — those in which there was at least one dissent — were considered, because those presented the most contentious legal issues. In the 12 years ended this spring, there were about 1,500 such decisions.

The study looked at contributors who gave $1,000 or more in the six years preceding the decision, the term length for justices.

It also considered, for the most part, only the contributors most directly affected by a ruling: the parties themselves and groups that filed supporting briefs urging the court to rule a certain way.

Contributions from lawyers were excluded from the study's main findings. Lawyers are far more likely than other contributors to give to judges across the ideological spectrum, and — because their firms often handle a wide variety of cases — they generally do not have the intensely focused interest in the outcome of a particular case that their clients do. More than 200 times, moreover, justices sat on cases after receiving contributions from lawyers on both sides.

The court's decisions, the study found, were rife with potential conflicts. In more than 200 of the 1,500 cases, at least one justice cast a vote after receiving a significant campaign contribution. On scores of occasions, the justices' campaigns took

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contributions after a case involving the contributor was argued and before it was decided — just when conflicts are most visible and pointed.

Contributors did well with those whose campaigns they had financed. Of the 10 justices in the Times study, 6 sided with contributors more than 70 percent of the time. Justice O'Donnell, who has been on the court for only three years and has participated in fewer decisions than most of the justices studied, had the highest rate — 91 percent.

Lawyers who gave money were not nearly as successful. Five justices voted for the positions represented by these contributors half of the time, and the average rate was 55 percent. Recusals in cases involving contributors were all but unheard of.

Six of the seven sitting justices — all except Justice O'Donnell — agreed to interviews for this article, and all said contributions had not affected their decisions.

"There is a lot more to the story than the cold numbers suggest," said Justice Maureen O'Connor, a Republican who voted for her contributors 74 percent of the time. Some cases are more significant than others, she said. Similarly, she and other justices criticized the decision to omit from the study the court's terse rulings on whether to hear a case at all. Many of these decisions are routine or trivial, however, and the rulings themselves do not contain sufficient information to be readily categorized.

In his statement, Justice O'Donnell said that "selectively screening a limited number of case decisions results in a skewed outcome." He did not elaborate.

But Justice Pfeifer, who voted for his contributors 69 percent of the time, backed the study's methodology. "I quite frankly can't think of another way," he said. "You're using the only yardstick that I'd know of that you can use."

Several justices said they found Ohio's money-fueled judicial elections distasteful and troubling. They pointed out, though, that Ohio law has mechanisms to limit contributions and to insulate justices from contributors, including a ban on personal solicitations by the justices. Some said they tried to avoid learning the identities of their many contributors, though they conceded it could sometimes be unavoidable. Justice Evelyn Lundberg Stratton, for instance, said she had attended 50 fund-raisers during her last campaign.

None of the justices interviewed suggested that more frequent recusals from contributors' cases would be a positive step rather than a recipe for havoc. Last year, though, five justices did recuse themselves from a case involving a Republican fund-raiser, Thomas W. Noe. They had taken $23,510 from Mr. Noe and his wife. Appeals court judges filled in for the justices.

"It is not necessary for a judge to recuse himself just because an attorney or party has contributed to his campaign," Chief Justice Moyer said in a statement at the time. "However, this is a high-profile case with political implications and with potential personal consequences for the campaign contributor in question."

Some legal experts say that recusal should be the rule and not the exception. Indeed, in 1999, the American Bar Association revised its Model Code of Judicial Conduct to require judges to disqualify themselves if they received campaign contributions of a certain amount from a party or its lawyer. But the bar association did not name an amount, leaving it to the states should they adopt the code. No state has adopted it.

Unlike campaign contributions, direct gifts to judges, even relatively small ones, almost always require disqualification.

In 2002, for instance, the Ohio Supreme Court reprimanded a lower-court judge for accepting football tickets from Stuart Banks, a lawyer who had appeared before the judge. Yet three of the justices who issued the reprimand had accepted at least $1,000 each in contributions from Mr. Banks in the previous 10 years. Those same justices also sat on several cases in which Mr. Banks appeared before them.

Ruling on a Lemon Law

From the day he leased it in 1996, when it leaked transmission fluid all over the garage, Duane J. Adams's Dodge Caravan was nothing but trouble.

"My wife went to start it at the grocery store, and the battery blew up," Mr. Adams said. "We didn't feel safe in it."

Mr. Adams invoked Ohio's tough lemon law, which calls for a refund for defective cars. DaimlerChrysler took the car back after an arbitration found the car defective but deducted a $6,000 "mileage fee."

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Mr. Adams and other Ohio car buyers filed a class-action lawsuit against three car companies that routinely imposed such mileage fees in settlements and arbitrations. Drawing on a 1996 appeals court decision that banned the fees and the fact that the Ohio Legislature had rejected such fees when it enacted the law, an appeals court allowed the case to go forward in 2003.

In the first week of November 2004, while the case was pending in the Ohio Supreme Court, the political action committee of DaimlerChrysler, a defendant, gave $1,000 each to the election campaigns of Chief Justice Moyer and Justice O'Donnell. Two months earlier, the committee of a second defendant, Ford, gave those same justices $500 apiece. From 2000, when the suit was filed, to 2004, when it was decided, the affiliates of the three companies gave $15,000 to four of the justices on the case.

Still, all four of the justices continued to sit on the case, and all of them were in the majority in the 4-to-3 decision issued on Nov. 10, 2004, just days after the last set of DaimlerChrysler contributions.

The justices ruled that the plaintiffs had voluntarily accepted settlement offers or arbitration awards with the mileage fee deducted. The ban on the fees applied only to lawsuits filed in court and not disputes resolved less formally, the majority said.

The three dissenting justices said the majority's ruling gave the plaintiffs an impossible choice: to pursue a lawsuit that could cost more than the car itself or to accept the reduced sum.

Elaine Lutz, a spokeswoman for DaimlerChrysler, defended the company's actions. "The contributions that companies' PAC's make are driven by the campaign calendar, not the judicial calendar," Ms. Lutz said. Candidates for the court may accept contributions for about a year before an election and four months afterward.

Lawyers for Ford also said it complied with Ohio law. "By definition," said one of the lawyers, John Beisner, "if you have an elective system, the judges are going to go to those with the greatest interest in the system to get their contributions."

Car company lawyers said the contributions were merely an effort to level the field against big-spending plaintiffs' firms. In the lemon-law case, though, the overall contributions were tilted heavily in favor of the companies and their own lawyers.

Mr. Adams and the other named plaintiffs gave no money to the justices. While the case proceeded, their lawyers contributed about $12,000 to five of the seven justices in the case, dividing their money roughly evenly between a justice who voted for them and several who voted against them. The law firms representing the companies gave only to the justices in the majority, for a total of more than $115,000.

That was consistent with national trends. "The current wars are epic battles between businesses and trial lawyers," said Bert Brandenburg, the executive director of Justice at Stake. "Over the past half-decade, business groups are outraising and outspending trial lawyers."

A week after the lemon-law case was decided, the court announced another ruling in favor of a business. This one halted a class action to support the medical monitoring of workers who had been exposed to beryllium, a potentially toxic substance. The vote was 5 to 2. Employees and the political action committee of the parent company of the defendant, Brush Wellman, gave a total of $5,700 to four justices, more than $2,600 of it after the case was argued and before it was decided. All four were in the majority.

Patrick Carpenter, a spokesman for Brush Wellman, said its political action committee "contributes to deserving candidates in the interest of advancing good government" and noted that the workers' lawyers had also given to the justices. The lawyers gave about $20,000 to several justices, though most voted against the workers. Mr. Carpenter also said the company had lost a 2002 decision by a 4-to-3 vote, before the court's conservative wing took over.

Michael Fincher, a 48-year-old roofer who was a plaintiff in the beryllium suit, said the contributions meant he had not received impartial justice. "I don't think it's appropriate, period," Mr. Fincher said.

Screening the Candidates

Business groups have turned picking potential justices into an art.

"They study very carefully the field of potential candidates, really studying their backgrounds and what makes them tick, and picking a person who is liable to be leaning their way," said Justice Pfeifer, who has shown an independent streak in his 14 years on the court. He did not name names.

Justice O'Donnell's campaign materials say he is "rooted in law enforcement" as the son a Cleveland police officer. They also note that he served as a law clerk and taught elementary school students and paralegals. In 20 years on lower courts before his appointment to the Supreme Court in May 2003, he created a long paper trail of conservative decisions. On the Supreme

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Court, he has helped consolidate its transformation from a court that routinely ruled against corporations and insurance companies to one quite friendly to business interests.

In 2004, running to complete the six-year term to which he had been appointed, Justice O'Donnell had a million-dollar advantage over his opponent that led to an Election Day rout.

Now that same opponent, Judge O'Neill, is back for a rematch. His campaign slogan: "No money from nobody."

Contributing to candidates for states' highest courts can be money well spent in at least one sense: the courts are very powerful. They have the last word on most of the issues that come before them. The United States Supreme Court has no jurisdiction over cases that present pure questions of state law, and in any event it hears only about 80 cases a year.

The states use various methods to choose their judges. The approaches are often some combination of nominating commissions, governors' and legislative action, and popular voting, including partisan contests and retention elections. Political machines still play a role in some states. In the federal system, by contrast, judges are appointed by the president, confirmed by the Senate and awarded lifelong tenure.

"Although there may be no good method of selecting and retaining judges, there is a worst method, and Ohio is among the states to have found it," Paul D. Carrington and Adam R. Long wrote in a 2002 study of the Ohio Supreme Court in the law review of Capital University here in Columbus. "That worst method is one in which judges qualify for their jobs by raising very large sums of money from lawyers, litigants and special interest groups, and retain their offices only by continuing to raise such funds." The problem, the authors found, is not a new one, but one that grows with the sums involved.

Ohio started electing judges in 1851, and the system seems unlikely to change. Voters overwhelmingly rejected a proposed return to an appointive system in 1987. In the 1980's, a campaign for a seat on the Ohio Supreme Court cost $100,000, compared with the $2 million a candidate may raise and spend these days.

Much of the recent spending came from business groups furious with what they called a liberal "Gang of Four" on the court after a pair of 1999 decisions. One of the decisions struck down a law revising the treatment of injury cases. The other interpreted employers' insurance policies broadly to cover some off-the-job injuries.

In 2000, business groups mounted a multimillion-dollar campaign to unseat Justice Alice Robie Resnick, a Democrat who wrote the first decision and joined the second. One advertisement showed a female judge switching her vote after someone dropped a bag of money on her desk.

Her opponent was Judge O'Donnell. He refused to denounce the attack advertisements, which seemed to backfire with voters. Justice Resnick won the election with 57 percent of the vote.

From that election on, "Ohio became a poster child for everything that was wrong with judicial elections," said Mr. Weisenberg, the Ohio State Bar Association official.

Money poured in, from political parties, from trial lawyers and especially from business interests. Contributions from people and entities affiliated with the finance and insurance industries totaled more than $800,000 in 2004. Doctors and the health care industry contributed more than $440,000.

The Balance of Power Shifts

Interest groups on the other side give, too, and the justices they support overwhelmingly vote their way. But Justice Pfeifer says the balance of financial power has shifted to business groups.

"I don't care how well a trial lawyer does or how big a pot a labor union has," he said, "they can't begin to match the business corporations. It's not a fair fight."

Justice Stratton, a Republican, said the recent contributions from business groups were a predictable consequence of a series of rulings "very strongly in favor of trial lawyers."

"You only have the big money coming out," she said, "when the court has swung too much to the left or to the right."

In 2002, Lt. Gov. Maureen O'Connor, a Republican, won a seat on the court, replacing a more liberal Republican justice and altering the balance. Her campaign took more than $330,000 from affiliates of insurance companies and medical groups. Not long after she joined the court, Justice O'Connor wrote the opinion that overruled the 1999 insurance decision. Only four years after the court ruled that employers' insurance policies covered many off-the-job injuries, it reversed course. "It serves no

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valid purpose to allow incorrect opinions to remain in the body of our law," Justice O'Connor wrote for the majority. The vote was 4 to 3.

The shift in personnel had a prompt impact on other cases, too. Since then, law firms that work mostly for plaintiffs have fared poorly in the court. A look at a sample of 14 big plaintiffs' firms showed that they won 64 percent of the cases in the study before 2003. In the next three years, after the rise of the court's conservative wing, their success rate dropped to 17 percent. Since 1995, Ohio has imposed campaign contribution limits. They are $3,000 from individuals and $5,500 from organizations for each judicial election. Primary and general elections are counted separately.

A Critic Takes On the System

But, depending on how donations from individuals and political action committees are counted, the limits do not stop some businesses from making very large aggregate contributions. Affiliates, employees, officers and directors of the Cincinnati Insurance Company, for instance, gave more than $200,000 to Ohio Supreme Court candidates from 1998 through 2004.

Joan Shevchik, a spokeswoman for the parent company of Cincinnati Insurance, Cincinnati Financial Corporation, cited the effort to overturn the 1999 decision as a reason for the contributions, but emphasized that the corporation itself gave nothing. "As insurance professionals," she said, "each of us sees up close the immediate impact that the Ohio Supreme Court has on the industry, our company and our policyholders."

There is a small printing press in the garage of Judge O'Neill. In the evenings, he and his children produce fliers for a long-shot no-money campaign for Justice O'Donnell's seat on the Ohio Supreme Court.

"We're going to do a million pieces for $4,000 from my pocket," Judge O'Neill said, explaining that he will not accept a penny in contributions. Even some of his supporters view his effort as quixotic, notwithstanding the higher ratings Judge O'Neill gets from many Ohio bar associations.

"They're out soliciting the next million dollars to beat me," he said. "The insurance industry, the manufacturers and now the doctors treat the Ohio Supreme Court as a personal piece of property."

Justice Resnick, the last Democrat on the court, is retiring this year, and her seat is also open, making an all-Republican court next year a distinct possibility.

Marc Dann, a Democratic state senator running for attorney general, said Judge O'Neill's strategy might have been driven by necessity as well as principle.

"Best case," Mr. Dann said, "maybe he goes to the plaintiff's bar and labor unions, and maybe he raises $300,000. To do a good week of TV in Ohio is $750,000."

Judge O'Neill's assertion that seats on the Supreme Court are for sale infuriates many in the legal establishment in Ohio, and in July 2004 the Disciplinary Counsel of the Ohio Supreme Court began an investigation into whether Judge O'Neill had violated judicial ethics by making similar statements in the last campaign.

Judge O'Neill laughed when asked if the investigation worried him.

"I am a Vietnam veteran, and I lost my wife 10 years ago," he said. "I raised four kids by myself. When you talk about fear, I fear big things in life. Being hauled before a disciplinary counsel does not qualify."

For the time being, a federal judge has suspended the investigation on First Amendment grounds. If the Ohio Legislature is troubled by Judge O'Neill's conduct, the federal judge, Ann Aldrich wrote, "the proper solution is to stop electing judges and make state judgeships appointed offices."

Judge O'Neill disagreed. He likes elections, he said.

"We have more authority over people's lives than anyone else in elected office," he said. "We decide who goes to jail and who gets out of jail. We decide what happens to your life savings after you die. We decide whether or not you will be permitted to finish raising your child. I can't think of any other industry that has a more profound impact on people's lives. And it is arrogant at best that some committee should make this appointment."

But Chief Justice Moyer said the flaws in Ohio's approach were the product of elections.

"In a perfect world," he said, "you would have justices being selected not based on the amount of money their campaign committees can raise from various interests, but on their character and record — and somewhat on judicial philosophy, certainly, but in a more abstract way."

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Mind The Children In Reshaping ER Care (WP)

The Washington Post, October 1, 2006

The anniversaries of Sept. 11, 2001, and Hurricane Katrina were painful reminders that the United States needs to be better prepared for the unexpected. A three-part report by the Institute of Medicine released this summer underscores the need for major reordering of priorities in emergency medicine, but the portion of the report devoted to the needs of children has not received the attention it deserves.

Although children account for nearly 30 percent of all emergency department visits, only 6 percent of emergency departments are properly equipped to handle them. Reports have shown that emergency medical technicians, nurses and even doctors lack adequate pediatric training, that health-care facilities lack sufficient pediatric resources and that emergency department policies often overlook children.

As an emergency physician at Children's National Medical Center in Washington, I know firsthand that pediatric emergency departments differ immensely from adult facilities. For instance, each year overcrowded emergency rooms divert 500,000 ambulance patients to more distant facilities. Children's medical center, like many regional pediatric hospitals, does not have the option of diverting ambulances to other hospitals. In fact, we employ a "no-diversion" policy, requiring that all children transported to our emergency department be stabilized and treated.

Children are not mini-adults; their size is accompanied by fragility, fear and impatience. Caring for them is typically more labor-intensive, so we must recognize the need for health-care workers who are not only better trained but also more abundant. For instance, it may take a team of three or four to start an intravenous line in a frightened 3-year-old, as opposed to one person for an adult.

Pediatric-specific facilities must equip themselves to handle large influxes of people, including parents and caretakers, during mass-casualty emergencies. Pediatric hospitals must have a comprehensive approach to treating both children and accommodating those who come with them, because separating families may cause additional stress.

The Institute of Medicine recommends that emergency departments and emergency medical services ensure appropriate staff and equipment to treat children; that there be explicit pediatric-specific preparations in disaster planning; that research into medications and technologies for pediatrics be supported; and that funding be increased for the Emergency Medical Services for Children program, a national initiative designed to reduce child disability and death due to severe illness and injury.

The Institute of Medicine's recommendations to Congress should be considered and implemented immediately if we, as a society, want to properly address the emergency needs of children.

-- Joseph L. Wright

Washington

The writer is a member of the Institute of Medicine's Committee on the Future of Emergency Care.

Bush Signs US Sanctions Bill Targeting Iran's Partners (AFP)

AFP, October 1, 2006

US President George W. Bush signed into law a new set of sanctions targeting foreign countries that continue nuclear cooperation with Iran and sell it advanced weaponry.

"I applaud Congress for demonstrating its bipartisan commitment to confronting the Iranian regime's repressive and destabilizing activities by passing the Iran Freedom Support Act," Bush said in a statement.

Mindful of the situation in Iraq, lawmakers warned that nothing in this document should be "construed as authorizing the use of force against Iran."

Although it does not name any countries, the measure is seen as a clear warning to Russia and China, two permanent members of the UN Security Council that have resisted calls for new international sanctions against Tehran in response to its refusal to halt uranium enrichment.

Russia is involved in an 800-million-dollar project to help Iran build a nuclear power plant in Bushehr and sells it modern weaponry. China has been accused of supplying the Islamic republic with advanced missile technology.

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"Enactment of this legislation ensures that ILSA (the Iran and Libya Sanctions Act) will continue to impede Iran's efforts to acquire nuclear weapons," said US Senate Majority Leader Bill Frist.

"This act also provides important new authority for the administration to block financial transactions related to Iran's weapons of mass destruction programs and encourages the administration to use all available leverage over Russia to gain Russian support for multilateral sanctions against Iran," Frist said in a statement.

In a separate statement, Senator Norm Coleman said: "For the sake of our national security, the US must ensure that the sensitive nuclear technology that we share with partner countries does not fall into the hands of the Iranians.

"The Iranians have demonstrated that they are deceitful, obstructionist and bent on destroying Israel and all of Western civilization. We know where this path is going to lead. Aiding Iran to become a nuclear power, even inadvertently, is unacceptable," he said.

The new sanctions, passed earlier Saturday by the Senate after clearing the House of Representatives a day earlier, came as the European Union engaged Iran in delicate negotiations designed to persuade the Islamic republic to halt its enrichment work and avoid a major international showdown.

US Secretary of State Condoleezza Rice was expected to confer with EU foreign policy coordinator Javier Solana and her counterparts from Britain, China, France, Germany and Russia over the weekend to take stock of progress reached in these talks.

Following the carrot-and-stick approach adopted by Washington, the Iran Freedom Support Act states that it should be the policy of the United States "not to bring into force an agreement for cooperation with the government of any country that is assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles."

The measure calls for this policy to remain in effect until Iran has suspended all enrichment-related activities and committed to verifiably and permanently refrain from such nuclear work in the future, or until the targeted country has severed ties with its Iranian partners.

Under the measure, the US government may also award grants to pro-democracy radio and television stations that broadcast into Iran.

"We have to increase our capability to mine resources and intelligence about Iran," Rice told The Wall Street Journal in an interview published Saturday. "And one of the challenges is that we haven't been in the country for 26 years."

The White House said in a separate statement that Bush signed into law House bill 6198 "Iran Freedom Support Act."

President Signs Iran Sanctions Bill (AP)

AP, October 1, 2006

President Bush on Saturday signed legislation that would impose mandatory sanctions on entities that provide goods or services for Iran's weapons programs.

The Senate passed the bill with no debate Saturday, two days after the House approved the measure following a debate over the wisdom of toughening unilateral sanctions on Tehran at the same time the United States was trying to work with its U.N. partners on a multinational approach to Iran's nuclear threat.

The measure sanctions any entity that contributes to Iran's ability to acquire chemical, biological or nuclear weapons.

In a statement, Bush said, "This legislation will codify U.S. sanctions on Iran while providing my administration with flexibility to tailor those sanctions in appropriate circumstances and impose sanctions upon entities that aid the Iranian regime's development of nuclear weapons."

Senate Majority Leader Bill Frist, R-Tenn., said in a statement that the action "strengthened one of our most important tools in the fight to keep nuclear weapons out of the mullahs' hands."

He said it would encourage the administration to use all available leverage over Russia, a partner in Iranian energy projects, to gain Russian support for multilateral sanctions against Iran.

Bush also signed legislation Saturday extending and amending higher education programs. One part of that bill would authorize cancellation of student loan indebetedness for certain people affected by the Sept. 11, 2001, terrorist attacks.

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The bills are H.R. 6198 (Iran) and H.R. 6138 (education).

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On the Net:

White House: http://www.whitehouse.gov/

Iran Leader Rejects Even Brief Halt In Its Uranium Enrichment Efforts (NYT)

By Agence France-presse

The New York Times, October 1, 2006

TEHRAN, Sept. 30 (Agence France-Presse) — President Mahmoud Ahmadinejad said Saturday that Iran would not halt uranium enrichment even for a short period.

"They want us to suspend for a short period, and then they will use this for propaganda and say Iran has suspended and it has caved in," Mr. Ahmadinejad said in a speech to students on the first day of the new university term, according to the student news agency ISNA.

"Nobody has the right to make Iran back down over its rights," he said. "With rationality and with logic, we will defend the rights of Iran."

The comments come just two days after talks between Iran's chief nuclear negotiator, Ali Larijani, and the European Union's foreign policy chief, Javier Solana, ended in Berlin without agreement. European diplomats have said that Mr. Larijani offered a two-month suspension in talks recently. Some diplomats say there may be division within Iran's leadership over whether to allow a suspension.

European diplomats still hope Iran will agree to some kind of suspension under a deal offered by the five permanent United Nations Security Council members plus Germany that offers Tehran a package of diplomatic and economic incentives.

The United States, which has refused to hold direct talks with Iran unless it suspends uranium enrichment, has been pushing for more international pressure to halt Tehran's nuclear program over concerns that it is meant not to produce electricity, as Iran contends, but nuclear arms.

"They have been putting pressure on us to suspend enrichment," Mr. Ahmadinejad said Saturday. "At first they asked us to suspend for six months, then they asked us to suspend for three months, then for one month. We said no.

"Now they have proposed that we suspend for a short period, for one day, but we asked them, 'Why do you want us to suspend?'

"They said suspend for a few days and explain that you have technical problems. But we have no technical problems! Why should we lie to the people?"

White House Divided Over Iran (NSDY)

By Timothy M. Phelps

Long Island Newsday, October 1, 2006

WASHINGTON -- Just as it was four years ago in the run-up to the war with Iraq, the Bush administration is said to be bitterly divided over how hard a line to take against Iran and whether a last-resort military option -- massive bombing of Iran's nuclear facilities -- is advisable.

The lineup, according to sources with good contacts inside the administration, is almost exactly what it was before, with the vice president and secretary of defense pushing for a tougher approach, and the secretary of state holding out for patient diplomacy.

The difference is that so far Secretary of State Condoleezza Rice is prevailing, while Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld and their conservative allies in the capital have been left sputtering. Rice, unlike her predecessor, Colin Powell, is extremely close to the president, even spending weekends with him and his wife at Camp David.

"Obviously Cheney and Rumsfeld have decided to go ahead and bomb the hell out of them, and everything else is an excuse to do that," said Jean-Francois Seznik, an expert on the Iranian economy who teaches at Columbia University. "And State wants to negotiate. The Iranians have caught on to the idea that the U.S. is very divided."

Conservatives angered

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The United States has patiently gone along with its European allies on repeated postponements of deadlines set for Iran to agree to suspend uranium enrichment or else face a United Nations Security Council vote on economic sanctions. It has softened its Iran policy in other ways, including the recent announcement by President George W. Bush that the United States does not oppose the development by Iran of reactors to produce civilian nuclear power. And it has agreed to talk with Iran if that country verifiably suspends nuclear enrichment -- anathema to neoconservatives who not only want to stop Iran from getting nukes, but also to topple its government.

There also are reports that the Iraq Study Group set up is considering calling for a U.S. rapprochement with Iraqi neighbors Syria and Iran as a means of improving the situation in Iraq.

A number of conservative regional experts and columnists who are normally highly supportive of the Bush administration have been left very angry.

"No one in the international community and very few inside the State Department believe that it is important that we succeed in using diplomacy and economic means to try and contain Iran," said Danielle Pletka of the conservative American Enterprise Institute, which has been the Bush administration's favorite Washington think tank. "At least until now the Bush administration seems to think it's OK to just talk about it."

White House spokesman Tony Snow categorically denied there is a rift, saying it "sounds like one of those State Department leaks" and was "thoroughly baseless." He said, "This stuff is not done in a vacuum. Condi Rice is not a free agent."

But just because diplomacy is winning now does not mean it will prevail, most commentators believe, especially because it seems unlikely Russia and China would vote for high-impact economic sanctions right now that might force Iran to change.

The Pentagon appears to be gearing up for the possibility of a conflict.

Time magazine reported two weeks ago that extra ships were being sent to the Persian Gulf to block Iranian ports if necessary. And this year Rumsfeld created a Pentagon office to advise him on Iran, as he did for Iraq. The Iran Directorate bears some of the hallmarks of the old Office of Special Plans, which critics say funneled bogus intelligence from now-discredited Iraqi exiles directly to the White House.

Created in March, the directorate also represents the Pentagon at U.S. governmentwide meetings on Iran, said Lt. Col. Mark Ballesteros, a Pentagon spokesman. He called any comparison between the offices "absolutely untrue" but confirmed that two people from the special-plans office now work in the directorate.

Bush continues to state that Iran will not be allowed a nuclear weapon. "It is time for Iran to make a choice," he said on Aug. 31. "We've made our choice: We will continue to work closely with our allies to find a diplomatic solution -- but there must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon."

Military action inevitable?

Pletka believes the State Department's soft approach will lead to war. "One outcome we don't want is to have no options available to contain Iran other than military," Pletka said. "That's where I think we're headed."

While the military option is "very unattractive," Pletka said, "if I had to choose between the measured military might of the U.S. and an armed [Iranian President Mahmoud] Ahmadinejad regime, I think the choice is fairly obvious."

U.S. intelligence has estimated that Iran is five to 10 years from having a nuclear bomb, but House Republicans have charged that the intelligence community is being too cautious after its mistakes in Iraq.

Unlike the Iraq debate, there is little doubt in the intelligence community -- or, regional experts say, in the Middle East -- that Iran is working toward a nuclear weapon capability in order to dissuade the United States, Israel or Iraq from attacking it.

Some think the top leadership in Iran -- Ahmadinejad is outranked by Ayatollah Ali Khamenei -- eventually will make a deal with the United States.

But Kenneth Katzman, a respected congressional Middle East analyst, said that while the administration appears to want to avoid a military strike, Bush probably will be faced with a stark choice before he leaves office in 2009: "I would say he ultimately is going to be faced with a choice whether to take some dramatic action or acquiesce to Iran on the road to becoming a nuclear state on his watch."

Staff writer Craig Gordon contributed to this story.

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Why Not Talk? (NYT)

By Noah Feldman

The New York Times, October 1, 2006

After a summer of protracted and mostly pointless bombing, the talking season is upon us. Unable or unwilling to halt Qassam rocket attacks on Israel and starved for funds, Hamas has begun discussing a national unity government with its rival Mahmoud Abbas. Tony Blair is rather bravely using his last months in office trying to get Abbas to sit down with the Israelis, who themselves have little to show for their campaign against Hezbollah. Iran, which spent the summer ignoring barely veiled bombing threats, seems poised to discuss its nuclear program with a coalition that includes China, Russia, Britain, France and Germany.

Conspicuously absent from any of these negotiations is the United States. We approve of all of them, and our diplomats are doubtless in the loop. But officially speaking, silence is our policy. We do not speak with Hamas because of its terrorist activities and unwillingness to recognize Israel's right to exist. In the case of Iran, the trouble stretches all the way back to the 1979-81 hostage crisis, during which we refused to recognize the Islamic Republic. In the latest cycle of tensions over Iran's nuclear progress, the U.S. refuses to join any talks unless Iran first suspends uranium enrichment — which was also the position of our partners until they announced they would be willing to start talking anyway. President Bush put his position bluntly last month: "I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program. I meant what I said."

What's the point of not talking, especially when others are talking for us? If politics is the art of compromise, then surely conversation is one of its methods. Of course, some enemies — a Hitler or a Pol Pot — may be so repugnant that the mere prospect of reaching a compromise with them would violate our deepest moral principles. The only time it would be right to hear them out is when they are proposing to surrender. There are radical jihadists who see us in similar terms: they find us repellent and see little point in speaking unless it is to warn us of our downfall if we don't submit to their demands. Given their principled unwillingness to compromise, there is little point in talking with them.

And yet even intractable interlocutors may be worth engaging. Perhaps the conversation serves as a strategy of subterfuge and delay, maintaining a holding pattern or cease-fire until the time is ripe to restart hostilities. Talking can also reveal information about an adversary's leaders — their preconceptions, their blind spots, their fixed beliefs.

Ultimately, however, the most fruitful negotiations are based on a different premise: under certain conditions, the motives that drive people and regimes can be changed. Properly carried out, diplomacy creates new incentives that alter countries' underlying interests — and thus their behavior. Over 50 years, a slow and painstakingly negotiated process of economic integration has taught Western Europe's traditional enemies to look upon one another as allies, then friends and now almost as parts of one big country. If there is ever to be a meaningful solution to the Israeli-Palestinian conflict, it will involve something similar: putting both peoples in a position to gain more the closer they come together.

When we put our trust in diplomacy, it is not because it is an inspiring or uplifting discourse or because it helps us see the common humanity in others. The stylized circumlocutions of diplomats can make them seem ridiculous or irrelevant: they never seem to be talking about what is really going on. Moreover, talk between enemies may remind both parties of the depth of their mutual enmities and of all the reasons why they were tempted to use force against one another in the first place.

Nevertheless, diplomacy is essential as long as the use of direct force has limits. After 9/11, most Americans were in no mood to talk with our enemies in the Middle East, whatever those enemies' ideology, and the Bush administration's policies of invasion and pre-emption reflected that sentiment. Now, having relearned the lesson of our limitations, we find ourselves edging back to the table.

Our refusal to speak with Hamas since its election victory has had real costs. It has suggested to many that our commitment to Middle Eastern democracy is partial at best, and it may have enabled violence by implying that the United States doesn't care all that much about the Israeli-Palestinian conflict. Still, our policy may pay dividends in helping to establish a new Palestinian government, and we should continue to shun Hamas to make sure that such a result occurs. If the new government agrees to abide by previous Palestinian commitments to Israel, however, we should get back to the table quickly.

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In the case of Iran, the problem is that we are at once desperate for its help in quieting the chaos of Iraq and determined to stop it from developing a nuclear weapon. We have been willing to speak with Iran's leaders about Iraq but not about the weapons — a distinction that Iran regards as arbitrary and has thus far yielded few gains in either realm. We would do better to sit down with Iran now, recalling that by the time we began negotiating with North Korea, its nuclear progress had become all but a fait accompli.

In short, we need a breakthrough, one that will help either the Israeli-Palestinian track, the Iraq situation or both. To get that, we will need the much-maligned diplomats. It could be a British prime minister on his way out, able to accomplish what Bill Clinton in his last days could not. It could be the first Muslim secretary general of the United Nations — Prince Zeid al-Hussein of Jordan is a leading candidate — who breaks the impasse. Or it could be the usual suspects, just muddling through and lowering the temperature. In an ideological age, diplomacy may seem weak and prosaic. But sometimes it is all we have.

The World Is J-Curved (WP)

By Ian Bremmer

The Washington Post, October 1, 2006

U.S. officials threatening to isolate Iran from the international community may want to take their cue from the Iranian leadership, which is doing a fine job of purging the Islamic Republic of foreign influences all on its own. Last December, President Mahmoud Ahmadinejad banned Western music from state-run television and radio. And in mid-May, his government announced plans to increase the number of stations capable of blocking foreign satellite broadcasts from 50 to 300 within two years. Just as its government was making the airwaves safe for theocracy, Secretary of State Condoleezza Rice again threatened Iran with "isolation from the international community."

Similarly, the Bush administration insists that if Kim Jong Il's government would dismantle its nuclear program, the U.S. government would support North Korea's integration into the family of nations. If it refuses, Washington will "further deepen North Korea's isolation," Rice said.

What the United States seems not to recognize is that the world's most repressive regimes depend on isolation to survive; they are stable precisely because they are closed. Kim knows he must hide North Korea from the outside world, and the outside world from North Koreans. If half the people of North Korea watched 30 minutes of CNN (or al-Jazeera, for that matter) and fully understood the damage wrought by their government's catastrophic policies and brutality -- or the contrasting standards of living in Japan and South Korea -- Kim's regime might not survive. Threatening that regime with isolation is like threatening a drowning man with a lifeboat.

So, what is the best way to transform a stable but closed state into a stable and open one? Historically, such transformations have required countries to go through a dangerous period of turmoil. Some states, such as South Africa, survive the transition. Others, such as the Soviet Union and Yugoslavia, do not.

In the Middle East, the Bush administration is seeking to spread democracy and free markets -- in essence, to transform closed states into open ones. But imposing such a transformation from the outside is likely to exacerbate the transitional turmoil, as U.S. troops in Iraq are discovering every day. It's easy to push a closed state into instability; it's much tougher to help its citizens build a new political stability based on openness.

Imagine a graph that charts a country's stability on the vertical axis and its openness (both within the country and to the world) on the horizontal one. If each nation appears as a point on the graph, the resulting pattern looks very much like the letter J. Nations higher on the graph are more stable; those lower are less stable. Nations to the right of the dip in the J are more open; those to the left are less open. This simple J curve captures many of the dilemmas inherent in global politics today.

A state's stability depends on its capacity to withstand shocks and avoid producing them. For instance, when the July presidential election in Mexico resulted in a close vote, recount demands and massive protests in Mexico City, local and foreign investors largely shrugged off the controversy. Why? Over the past several years, the country's political, financial and legal institutions have gained greater public confidence. The government is more competent, and the middle class is growing. Mexico experienced a political shock, but the election revealed the country's underlying political stability.

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A country's openness, meanwhile, is the extent to which the state allows people, ideas, information and goods to flow freely across and within its borders. Are foreign books translated into the local language? Can citizens tap independent local, national and international media? Can they travel outside the country? Is foreign investment permitted? Can citizens communicate and conduct business freely?

Open and stable countries on the right side of the J curve have a collective interest in opening up the closed states on the left side. But the most powerful agents for change in any society are the people living in it. Democratizing North Korea from the outside is not a realistic short-term goal. Instead, the gradual infiltration into North Korea of communications technology -- such as cellphones, the Internet, satellite dishes and text-messaging equipment -- is more likely to undermine authoritarian rule from within over time. Consider the recent official reaction in North Korea when discarded VCRs and contraband tapes of South Korean soap operas made it across the border from China. The tapes reportedly became so popular that state-run television warned citizens not to imitate South Korean slang or hairstyles.

Unfortunately, U.S. policy too often helps authoritarian governments isolate their people. The French firm Alcatel recently upgraded Iran's telecom network and provided the country with its first high-speed DSL Internet connections. But when the company began merger talks with the U.S. firm Lucent, some lawmakers here criticized Alcatel's ties with Iran. Wiring the country allowed Iranians to better communicate with one another and the outside world. Instead of condemning the effort, Washington should find ways to imitate it.

Even limited trade ties between open and closed states improve communication between people within and across national boundaries. By inviting countries such as Iran, Russia and Saudi Arabia to join the World Trade Organization, open states can help reinforce the growth of middle classes and create rising expectations for further opening. It won't happen overnight; Cuba and Burma are already WTO members. But it's a first step in a long-term effort.

In the short term, however, it can also be a tremendously destabilizing effort. For a closed stable country to become an open stable one, it must pass through the dip in the J curve -- a transition of greater openness combined with dangerous instability. Is the world ready for open national elections in Pakistan, for example? In Egypt? If fair elections took place next month in China, would the country become more stable or less so?

The dip in the J curve is a frightening place. Sectarian violence and insurgent attacks kill hundreds of Iraqis each week. In such an environment, it is natural for the public to demand a quick return to stability, even if it means sacrificing openness. (Russia, for instance, responded to the chaos of the Boris Yeltsin years by embracing Vladimir Putin -- essentially voting its way back up the left side of the J curve, toward a more stable but authoritarian state.)

Moving right along the J curve is harder; it requires plenty of time and political capital, and neither is abundant in Iraq. Success will require years of troop support and financial assistance. The Bush administration has done little to prepare the American people or the international community for such commitments. And the Iraqi people may not have enough faith in their new government to make the sacrifices necessary to ensure its success. If violence intensifies further, Iraq could eventually generate a new authoritarian regime or collapse into chaos as locals increasingly rely on sectarian militias to defend their interests.

With such turmoil in mind, it's easy to see why the leaders of left-side states will do their best to resist any incremental opening or transition. Kim has no interest in allowing the Peace Corps to move freely around the North Korean countryside letting people know what life is like on the outside. Iran's clerics point their restive youth away from the temptations of Western culture and instead emphasize Western attempts to deny Iran its nuclear program.

Indeed, many authoritarian leaders know that if they provoke the United States, Washington will isolate their countries and thus strengthen their authority. Some of these provocations may seem a little crazy. (See Ahmadinejad on the Holocaust or Kim on, well, any number of things.) But when Venezuela's Hugo ChÃ¡vez and Burma's ruling military junta warn of a U.S. invasion, they are not out of touch with reality; they're merely stealing ideas from the playbook that has helped keep Cuban President Fidel Castro in power for 47 years.

In Iran, standing up to the United States is a winning issue. Indeed, many in Iran's government probably would welcome international sanctions as a useful tool with which to unify Iranians behind the regime, deprive domestic rivals of public support, and rewrite laws to ensure that would-be reformers cannot regain a foothold in government.

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By contrast, China's experience with stability and openness is not as clear. The country's openness to trade, foreign investment and advanced communications seems to place it on the right side of the J curve. But in reality, its police-state politics consign it to the left side. In essence, Chinese leaders hope to beat the J curve -- they're gambling that by generating greater prosperity for China's people, they can bring the country into the international community without unleashing the turmoil that flows from opening up an authoritarian state.

Can the Chinese Communist Party survive China's dip in the J curve? Perhaps 11 percent growth will fend off public anger with the country's authoritarian system. Maybe it won't. About 50,000 Chinese police are now charged with monitoring the Internet, but each day, 100,000 Chinese log on for the very first time. And the dangers of a sudden economic slowdown -- which can emerge from a sustained oil price spike or from the imposition of severe travel restrictions following an avian flu outbreak -- could quickly derail China's longer-term political stability. The country could be closer to dangerous instability than many realize.

In one way or another, all states -- even open, stable ones -- are constantly moving along the J curve. Some states swing widely; others shift imperceptibly over time. However, history suggests that all closed states eventually wither or explode; their walls merely hide their potential instability from the world. Only an openness that links citizens within and across nations can help states build stability and social and economic dynamism. Only the free exchange of information, values and people can build global stability that enriches all who take part in it.

Ian Bremmer, president of the Eurasia Group, is author of "The J Curve: A New Way to Understand Why Nations Rise and Fall" (Simon and Schuster).

Troop Pullout From Lebanon Complete (WT/AP)

By Matti Friedman, Associated Press

The Washington Times, October 1, 2006

MOSHAV ZARIT, Israel -- Israeli military officials said the army withdrew the last of its troops from Lebanon early today, fulfilling a key condition of the cease-fire that ended a monthlong war with Hezbollah guerrillas.

The pullout ended a nearly three-month troop presence and cleared the way for the full deployment of an international peacekeeping force that will police the border.

Israeli military officials said the last soldiers returned to Israel around 2:30 a.m., ahead of the onset of Yom Kippur, the holiest day on the Jewish calendar, which begins at sundown. The officials spoke on the condition of anonymity under military guidelines.

Israel had gradually reduced its troop presence since the Aug. 14 cease-fire from a peak of 30,000 during the fighting to several hundred in recent days. The final pullout was swift, taking just several hours to complete.

Under the cover of darkness, the roar of Israeli tanks and armored vehicles could be heard moving across the Lebanese side of the border during the operation.

An armored column creaked across the border at the Israeli border community of Moshav Avivim, leaving tank tread marks in the soil and sending a large cloud of dust into the air that was visible in the vehicles' headlights. Later, the last group of soldiers was seen boarding a bus at nearby Moshav Zarit.

During the withdrawal, the military censor imposed a blackout on all details of the troop movements, citing security concerns. The army set up roadblocks to block reporters from reaching the border.

Israel sent the troops into Lebanon shortly after Hezbollah guerrillas abducted two soldiers and killed three others in a July 12 cross-border raid. More than 150 Israelis and 850 Lebanese were killed in 34 days of fighting.

Israeli officials had been reluctant to withdraw the last of the troops. They cited disagreements over the deployment of Lebanese and U.N. forces in southern Lebanon, which has long been a stronghold of the Shi'ite Muslim Hezbollah guerrillas. Israel is concerned about the force's ability to prevent Hezbollah, which launched 4,000 rockets into Israel during the fighting, from rearming.

The last troops had been scattered at four locations along the border, including Maroun el-Rass, where heavy fighting raged in July and August.

The U.N. peacekeepers deployed in southern Lebanon were expected to send patrols today to verify the Israeli withdrawal.

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As in previous Israeli withdrawals since the cease-fire, U.N. peacekeepers would send patrols to the vacated areas after being informed by the Israelis to verify and in turn inform the Lebanese government.

The U.N. resolution calls for 15,000 peacekeepers to work with an equal number of Lebanese soldiers to prevent another outbreak of fighting.

Ruined Towns Look To Beirut, Mostly In Vain (NYT)

By Michael Slackman

The New York Times, October 1, 2006

BEIRUT, Lebanon, Sept. 30 — A ride through the south of Lebanon, across rutted and bombed-out roads, past a landscape of twisted metal and crumbled concrete, reveals little progress toward rebuilding tens of thousands of homes devastated by the 34 days of Israeli bombing that ended more than six weeks ago.

Money has begun flowing in, from foreign governments and nongovernmental organizations. But nearly $900 million in international pledges remains untapped by the Lebanese government, whose presence is barely visible in the south. In contrast, Hezbollah, with money from Iran, continues to give cash payments to individual Lebanese for damaged homes. And the central government has allowed, and indeed encouraged, some foreign countries to begin giving similar grants.

Those villages lucky enough to have been adopted by foreign donors are preparing to rebuild. In those less fortunate, villagers sit staring into ruins, and waiting.

"There is nothing from the government, not even a phone call," said Muhammad Azzam, mayor of Siddiqin, a small village that has reported 449 homes destroyed by Israel's military. Such comments are repeated, nearly verbatim, across the south, although an arm of the Lebanese government has cleared rubble from many towns.

The government defends its performance, saying that it has gotten vital services such as water and electricity back, opened roads and kept the economy functioning. It says that it is nearly done putting in place the trustworthy financial system needed to tap into the international pledges, one that will provide a level of accountability and transparency unprecedented for Lebanon.

"It has only been one month, and a lot has been accomplished," said the country's finance minister, Jihad B. Azour. "But people only see what wasn't done."

However, when it comes to homes, the government has been slow to respond. Government officials said they would pay $40,000 cash for each destroyed house, but they have not been able to say when. And winter is approaching.

The United Nations resolution that ended the war was designed in part to give Lebanon's central government its first chance since Israel withdrew in 2000 to extend its authority over the southern part of the country. The peace deal required the government to dispatch the internationally bolstered Lebanese Army there to push out Hezbollah, long the de facto authority in the area. The agreement also offered the central government a chance to sweep in and begin to rebuild, which could have helped it win the peace among a population that it had long ignored.

But while the army is there, it has yet to really engage the international force, not yet allowing it to set up checkpoints or conduct searches. The central government has made no better showing at winning over the people of the south with help.

"It is not good enough to send the army," said Timur Goksel, a former longtime United Nations spokesman in Lebanon who teaches public administration at the American University in Beirut. "Someone has to fix the roads in the south. Someone has to get the hospitals going. Where is the state?"

The central government's stumbles started early. Even before the conflict between Israel and Hezbollah ended, it was encouraged to create financial mechanisms to guarantee that international aid would not be squandered; they remain incomplete. Foreign donors who pledged millions at a conference in Stockholm last month have proved so skittish that, instead of funds, they have sent delegations to Beirut to work out exactly how their money will be spent, according to people in the government and others affiliated with nongovernmental agencies and a gulf-area donor country.

Officials in Beirut, determined to get projects moving, have simply encouraged donors to bypass the central government. "We are trying to make ourselves flexible," said Dr. Azour, the finance minister.

So far, foreign countries have agreed to adopt 99 out of 251 damaged villages, and will likely spend about $640 million on the work, officials said. The United States has agreed to spend $20 million to help repair the Mudarrij Bridge in partnership with

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the Italians, for example. In total, the United States has pledged $230 million in humanitarian assistance and what are known as early recovery systems.

Lebanon's people largely rallied together after Hezbollah's capture of two Israeli soldiers on July 12 prompted Israel to rain bombs on their country, shattering bridges, airports, homes, roads and businesses. But Lebanese unity is as fleeting as the raw emotions aroused by crisis.

Now the scars of this war have exposed, and in some cases deepened, many of the nation's fault lines. Some Christian villagers in the Shuf Mountains, for example, ask why Shiites in the south will receive compensation for lost homes after just a month, when many of those Christian villagers have received nothing for homes they lost during the civil war of the 1980's, officials said.

The animosity has only grown between Hezbollah and the coalition that controls the government — named for March 14, the day in 2005 that huge numbers of people demonstrated to call for an end to Syria's military presence. Their verbal sparring has raised fears of possible civil conflict, in a country miserably familiar with such fighting, and has distracted attention from rebuilding, officials said.

"We have a responsibility to stop political bickering and work on not turning Lebanon into a battleground for external conflicts, and at the same time build a strong, democratic and capable country," Prime Minister Fouad Siniora said in a televised speech on Friday night. "Our country needs reconstruction of the people's houses, their lives, their businesses, their sources of income, reconstruction of infrastructure, reconstruction of economy, rebuilding our future potentials."

That point is not in dispute; the debates are over how to get there. And so the March 14th side accuses the Hezbollah side of carrying water for Syria and Iran. The Hezbollah side accuses the March 14th side of doing the United States' bidding.

Terms like flattened, crumbled and collapsed barely describe what happened to Aita al Shaab, a Hezbollah stronghold in the south, and neighboring villages. The landscape is a canvas of destruction, 750 homes destroyed, 400 damaged. Communities have been uprooted, families forced to crowd in with relatives, schools shattered. Many residents worried that reconstruction would be uneven, with little planning, and villages forced to take what they can get.

Animosity toward Beirut has hardened.

"The government prefers to get the money directly so they can decide how much money to take for themselves and how much to give to us," said Afif Bassi, who heads a newly formed local reconstruction committee in the shattered village of Bint Jbail, another Hezbollah stronghold a few miles north of the border, which had some of the most bitter fighting when Israel sent in ground forces. "We drafted a plan for reconstruction that includes electric, roads, water, gardens, sidewalks."

Fadhl Chalak, the former president of Lebanon's Council for Development and Reconstruction (which is what war had already turned the Ministry of Planning into, back in 1977), charges that the government has intentionally stalled the reconstruction effort. Mr. Chalak, who was instrumental in completing the reconstruction of Beirut after the civil war, says he believes that the government calculated that Shiites in the south would turn against Hezbollah if reconstruction dragged on — a charge the government dismisses as unworthy of response.

He quit the development council, he said, after Arab countries pledged hundreds of millions of dollars in aid before the war ended and the government was slow to accept it — which the government also denies.

"By delaying funding, they think they can turn Shias against their leaders," Mr. Chalak said.

The minister of finance said Mr. Chalak quit because he had a personal conflict with the prime minister.

The government has guaranteed that every village will be rebuilt, but the current patchwork of aid has raised concerns about the fate of villages that are not adopted. And if there are few, if any, signs of confidence in the central government, there is growing anxiety about the willingness to turn planning and decision making for individual villages over to foreign governments.

Qatar's offer of up to $100 million to help rebuild Bint Jbail — where village officials say 700 homes were destroyed, 300 heavily damaged and 1,500 moderately damaged — was based on a plan to distribute money to individual homeowners. The village officials said they were pressing Qatar to adjust the plan.

"What we are asking for from the Qataris is to rebuild the whole village themselves in a modern way which also preserves its historical aspect," said the mayor, Ali Bazzi. "But they are insisting on paying the people directly. This would be a disaster to the city and to the country too because people will take the $40,000 or $50,000 and leave the country."

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Qatari officials said they have no interest in overseeing the reconstruction itself; they are already overseeing the restoration of 11 damaged schools. In Bint Jbail, they intend to give grants in three stages, with residents having to meet deadlines and show progress to receive each succeeding payment.

"If they do take the first payment and leave, then there is really nothing that we can do, can we?" said Khaled al-Hitmi, an engineer working with the Qatar delegation.

The mayor of Siddiqin, Mr. Azzam, was in a more frustrating position. He said that many people in his village were not supporters of Hezbollah, and so did not receive any of its beneficence. Nor had he received any contact from the government, he said.

But he had met with a delegation from Syria, which promised to rebuild. He said he had not heard back from the Syrians, and so was unsure if they would follow through, or if he would have to wait for the government to get around to his village. Pessimism has taken hold.

"We do not believe people will be compensated," he said, flatly. "We do not believe their houses will be rebuilt."

Hope Fades For Fatah, Hamas Deal (BOS)

By Anne Barnard

The Boston Globe, October 1, 2006

Frustration rising for Palestinians

RAMALLAH, West Bank -- Palestinian President Mahmoud Abbas has spent the past two weeks struggling to reach a power-sharing deal with the Hamas government -- a government that hasn't paid salaries in six months and that hobbles along with thousands of workers on strike and four Cabinet members in Israeli jails.

In the places where the Palestinian Authority tries to do its work, many dejected officials say it is absurd to expect such a deal against the current backdrop of chaos.

Ministry offices stand half- deserted in the West Bank city of Ramallah. In the Gaza Strip, rival security officials from Hamas and Abbas's Fatah party accuse each other's followers of murder. And the newest ``martyr'' commemorated on posters plastered across West Bank villages is a young man who was killed not by Israeli soldiers but by Palestinian police officers who opened fire last month on stone-throwing demonstrators after short tempers flared into a riot over a stolen motorcycle.

With the daily work of government hamstrung by political infighting and financial crisis, neither the Hamas government nor the president's Fatah movement is in a position to make a bold compromise or sell one to its people, officials from both sides said in interviews last week.

The disarray in the West Bank and Gaza and the political stalemate suggests there's little hope any time soon for advancing the Middle East peace process or for ending Palestinians' crippling economic isolation. When the Hamas-led government took office in March, Israel began withholding more than $50 million in monthly tax revenues it collects for the Palestinians, and the international community cut off aid.

Hamas refuses to meet the conditions set by Israel, the United States, Russia, the European Union, and the United Nations to lift the aid boycott: recognize Israel, renounce violence, and honor previous peace agreements. Abbas is trying to persuade Hamas to give up some of its Cabinet seats and join his faction and others in a unity government that would accept the conditions.

But as Palestinians' quality of life falls dramatically and both Fatah and Hamas lose credibility, the two parties seem more viscerally opposed than ever. Fatah officials say openly that they believe Hamas will never compromise and that Abbas's current strategy is to incite street protests to bring down the government.

``How can we deal with these people?'' said Ahmed Abd al- Rahman, a media adviser to Abbas, complaining that Hamas at first agreed to a unity government, then pulled back. He called Hamas leaders ``so-called politicians,'' ``amateurs,'' and, referring to their goal of establishing an Islamic state, ``ideological people with beards.''

Sameer Abu Aisheh, minister of planning in the Hamas-led government, said pushing Hamas into a corner would only harden its stance. ``We submit to no one but God.''

The stalemate is taking its toll on Palestinians.

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Since March, according to Palestinian Authority statistics, the gross national product has fallen 49 percent and imports are down 41 percent. Robbery and theft have risen 40 percent.

``How long will the security chaos last?'' says the poster that commemorates Ehab Al-Qinneh, 22, killed Sept. 3 when police fired on a crowd that stormed the police station in Bir Zeit, a village outside Ramallah, after officers confiscated a stolen motorbike.

Qais Abdelkarim, head of a small opposition bloc in the Palestinian parliament that printed the posters, said the feud between Hamas and Fatah is adding to a ``spreading anarchy.'' Rival Hamas and Fatah militias have undermined the already shaky public respect for law enforcement and left security forces ``in a state of chaos,'' he said. ``There is no political will to deal with this.''

At a time when delicate negotiations were said to be underway on the unity government, Hamas and Fatah officials in Gaza last week blamed one another's allies for the assassination of a top intelligence official.

In this atmosphere of chaos, Abbas aims to do the near-impossible: win a compromise on gut-level issues that divide Hamas and Fatah. But that means gaining concessions from a Hamas government that considers itself unfairly under siege.

Abu Aisheh presided Wednesday over a near-empty Ministry of Finance building. He said 70 percent of his employees are on strike. Originally named planning minister, he was forced to take a second job when Israel arrested the finance minister, along with more than two dozen other Hamas officials, after Hamas militants kidnapped an Israeli soldier in June.

Abu Aisheh, a university professor with a doctorate in transportation planning from Pennsylvania State University, took office in March with dreams of introducing American-style efficiency to notoriously disorganized ministries. Instead, he's watched the work of his two ministries grind almost to a halt.

One of his jobs is tracking the Palestinian Authority's six-month arrears in operating expenses -- $120 million in rent, utilities, and other bills.

But Hamas won't bend under duress, said Abu Aisheh, an independent who supports Hamas's Islamist agenda.

The central issue is recognition of Israel. This year, Hamas and Fatah agreed on a common goal of a Palestinian state on the lands that Israel occupied in 1967. Fatah says that wording is an implicit recognition of Israel. Hamas says it is not.

Abu Aisheh says the words speak for themselves, and that going further would be humiliating.

``Let's be realistic. Having a state within the 1967 borders, that means there is another state in the rest of historical Palestine,'' he said. ``But in our tradition, in our belief, in our society, we do not submit to those who say'' -- he snapped his fingers three times -- ``One, two, three, do this.''

That kind of talk infuriates Rahman, Abbas's adviser, who spent decades in exile with Yasser Arafat when Fatah -- the largest organization in the Palestine Liberation Organization -- was just as militant toward Israel as Hamas. He displayed the secular nationalist bent of his party by chain-smoking through an interview Thursday afternoon, when traditional Muslims were fasting and avoiding cigarettes in honor of the holy month of Ramadan.

Recognizing Israel, he said, is how Fatah won international support for founding the Palestinian Authority and, someday, a Palestinian state.

``It's not for the Israelis!'' he said, raising his voice in exasperation. ``It is a precondition for the rest of the world to recognize me. I need it for myself.''

Frustrations in the streets are directed not just at Hamas, but also at the Palestinian Authority bureaucracy and security forces, dominated by Fatah.

No one in the village of Qibliyeh Farm disputed that the motorbike police confiscated Sept. 3 was stolen. But economic stress had frayed tempers, and rumors circulated that the police had beaten the man who was riding the bike.

A crowd of villagers rushed to nearby Bir Zeit and stoned the police station. Qinneh was killed there in what Palestinian officials ruled was excessive use of force.

The altercation, for police and villagers alike, sums up feelings of abandonment by their leaders. A police sergeant who no longer has enough gas for his car, yet is still so loyal to Fatah that his cellphone ring is a recording of Arafat reading a Koranic verse, said that people have lost respect for the law and that Hamas and Fatah would rather keep their respective political fiefdoms than strike a deal.

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``Hamas is happy, and Abu Mazen [Abbas] is happy, and we are stuck in the middle," said the officer, who asked not to be identified because of the political tension.

Meanwhile, the dead man's father, Abdelfattah al-Qinneh, said officials sent him a $10,000 payment for his son's death -- not through a court of law but through a traditional practice used to resolve clan feuding. To Qinneh, it was as if the Palestinian Authority were just another tribe.

``There is no law and order," he said. ``The killers should be identified."

Thousands In Gaza Protest Salary Delays (AP)

By Ibrahim Barzak

AP, October 1, 2006

Thousands of government employees and security officials burned tires, blocked roads and fired shots in the air on Gaza streets Saturday to protest delays in receiving long-awaited salaries.

Palestinian Interior Minister Said Siyam ordered security forces to deploy in the streets Sunday to prevent similar protests. The order authorized the use of "all means of force," said ministry spokesman Khaled Abu Hilal.

"Those who protested today ... do not represent security institutions. They are violating law and order, so they are illegal," he said.

The protesters closed the main road between Gaza City and Khan Younis, affecting movement between Gaza City and the southern Gaza Strip.

The Palestinian government on Thursday began paying partial salaries to 165,000 civil servants who haven't received their full wages in months due to an economic embargo on the Palestinian Authority. The individual payments of $350 come from money donated to the government by Qatar and Saudi Arabia.

But government employees complained that in some cases, the money hadn't arrived, and in others they were left with nothing after Palestinian banks had deducted commissions and interest and paid off existing loans.

Outside Rafah City, protesters threw stones at the vehicle of Attalah Abu Sabh, Hamas' minister of culture, breaking the windows of the car. Abu Sabh was unharmed, Hamas officials said. The protesters also tried to enter a number of schools and disrupt studies, witnesses said.

Israel and the West froze economic ties with the Palestinian Authority after the militant Islamic group Hamas took power in March. Hamas has refused international demands that it recognize Israel, accept signed peace agreements and renounce violence.

With the aid cut off, the government has been unable for six months to pay the full salaries to its workers, a major part of the Palestinian workforce. Government workers, including teachers, doctors and security officers, have repeatedly staged strikes demanding the salaries and calling for the resignation of the Hamas government.

Presto, Palestinians, You Are All One (NYT)

By Steven Erlanger

The New York Times, October 1, 2006

JERUSALEM

THE Palestinians may soon have a new government of national unity — or may not.

More than two weeks ago, the Palestinian president, Mahmoud Abbas, announced he had reached agreement with the radical Islamic group Hamas on the political platform for such a government as a way to induce the West to resume financial aid to the desperate Palestinians.

The idea was immediately endorsed by the European Union at a meeting of foreign ministers on Sept. 15.

But the Europeans were embracing a chimera — praising a new government that didn't yet exist. In fact, Hamas repudiated the political program almost as soon as Mr. Abbas announced it.

In the muddle since then, what has become clearest is the danger of diplomacy when reality confronts language intended to disguise it. The whole exercise has had an element of prestidigitation about it — a magician wooing an audience desperately hoping to suspend disbelief.

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The major obstacle is that any new government would represent a defeat for Hamas — an admission that it cannot govern alone, with no ideological modifications. That is apparently too big a concession for its political director, Khaled Meshal, who lives in exile in Damascus.

For Hamas leaders in the territories, like Prime Minister Ismail Haniya, a unity government could be an exit from a terrible problem. Hamas, considered a terrorist group by the United States and European Union, has proven unable to circumvent the Israeli and American determination to force it to change by denying it recognition and money.

But even a unity government would not automatically mean a restoration of financing. The Israelis and Americans make three demands: that Hamas recognize the right of Israel to exist; that it forswear violence; and that it accept all previous Israeli-Palestinian agreements.

Mr. Abbas's magic plan has been to seek language that would allow Hamas to accept some conditions as part of a unity government, without making them the movement's own.

The draft political plan, for example, would not explicitly recognize Israel's right to exist. Instead, it accepted as a goal an old Arab League peace proposal, which Israel has rejected, and in language that didn't mention Israel at all.

The program also tried to dodge the government's role in international relations by confirming the primacy of the Palestine Liberation Organization, headed by Mr. Abbas, as the sole negotiating authority. The P.L.O. accepts previous agreements that it negotiated, so Mr. Abbas argues that Hamas's refusal to do the same hardly matters. But if he should reach agreement with Israel, the deal's fate would be at the mercy of the Palestinian legislature, which Hamas controls.

And while the program promised that Palestinians would "struggle to liberate their lands and end the occupation using all legitimate means," the document negotiated with Hamas confirmed a "right" to resist Israeli occupation, including inside Israel proper. This is not "forswearing violence."

As Mr. Abbas has labored, European diplomats talked about amending the three demands and starting with a cease-fire that would bring some cash support. The United States and Israel oppose any softening, however — particularly on Israel's right to exist.

So the vision of a unified Palestinian government may wither quickly. With the Egyptians frustrated, Qatar on Thursday stepped in to try to mediate between Mr. Abbas and Mr. Meshal. But in interviews last week, Secretary of State Condoleezza Rice talked as if a national-unity government were dead, and her government was said to be pushing Mr. Abbas to confront Hamas and fire Mr. Haniya.

The mirage of national unity may, on closer inspection, presage intensified conflict. Or it may not.

Building Nowhereland (WP)

By Gershom Gorenberg

The Washington Post, October 1, 2006

JERUSALEM -- Out on Highway 60, the bulldozers are at work.

Next to the road that leads south from Jerusalem to Israeli settlements in the West Bank, the big yellow machines are scraping the earth, carving a flat, white, dusty shoulder. Along that strip, a high concrete wall is already being built, part of the newest segment of Israel's "separation fence." The planned route loops around the cluster of settlements known as the Etzion Bloc, putting them on the Israeli side of the de facto border.

Israeli-Palestinian diplomacy is stalled. The bulldozers are not. Once again they are changing the face of the land in a way that makes life far more difficult for Palestinians while damaging Israel's own long-term interests.

As described by Israel's Defense Ministry, the fence is purely a security measure intended to protect Israelis from Palestinian terrorists. Instead of running along the Green Line, the Israel-West Bank border, the route has been drawn to place major "settlement blocs" on the Israeli side -- supposedly only to defend them as well.

Yet Prime Minister Ehud Olmert has publicly stated that the settlement blocs will remain part of Israel after a unilateral withdrawal from the West Bank. He reiterated that point in February while on a working tour of the fence route in the Etzion area. Foreign Minister Tzipi Livni has said, a bit coyly, that the fence "will have implications for the future border." The Defense Ministry

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official in charge of planning the fence told me much the same three years ago. Cut past obfuscations, and the fence is the government's assertion, drawn in concrete and barbed wire, of what land it seeks to keep.

The 10 settlements in the Etzion enclave are home to more than 44,000 Israelis. The number keeps rising, boosted by government efforts. In early September the Housing Ministry asked for bids to build more than 340 new units in Beitar Elit, the largest settlement in the enclave. The settlers enjoy the full rights of Israeli citizens. They drive into Israel, or to scattered settlements deeper in the West Bank, without interference, and they will continue doing so.

But note this: Six Palestinian communities are also inside the planned enclave. Twenty thousand people live in them. To travel back and forth to Bethlehem, the nearest urban center, most will have to pass through a single terminal being built along the fence and undergo a security check. That includes women in labor trying to reach the nearest hospital. It includes those who commute to work in the Bethlehem area, along with farmers who work the area's rich land and want to get their produce to market. Teachers from Bethlehem trying to reach their classrooms inside the enclave will need to pass the other way. This is a very partial list of how the fence will tear the fabric of life.

Yet for Palestinian residents the enclave will not be annexed to Israel. No one so much as suggests that they be given citizenship -- or even legal residency and the right to travel and work freely within Israel. Indeed, another stretch of fence is planned along the Green Line, to prevent potential terrorists from crossing into Israel. The six villages will be in Nowhereland, neither part of Israel nor part of the West Bank.

To pursue this project today makes no sense. Olmert's vision of unilateral withdrawal was intended to end rule over the Palestinians and guarantee Israel's Jewish majority, yet allow Israel to keep major settlements. But the conditions created inside enclaves such as the Etzion area are an affront to Israel's democracy and a guarantee of continuing conflict with the Palestinians.

What's more, the summer's battles in Gaza and Lebanon have shattered support in Israel for unilateralism. Without peace, a fence is not enough to protect the country. It is now clear that Israel can pull back safely only if it does so as part of a negotiated agreement. And there is no chance of an accord that will leave large settlement blocs in Israel's hands.

The Israeli Supreme Court is expected to rule soon on lawsuits by Palestinians against the Etzion area fence. Yet the slim chance of judicial salvation does nothing to explain why Olmert's government continues to invest in the failed project of the settlements, which for nearly 40 years has drained Israel's energies, subverted its democracy and harmed its security.

Nor is there any reasonable explanation for why Israel's strategic ally, the United States, virtually ignores what is happening in the Etzion area. The Bush administration has recently shown some inconsistent interest in restarting the Israeli-Palestinian peace process. Yet, following a long, mistaken tradition in American diplomacy, it pays more attention to negotiating stances than to the shifting reality in the region.

Meanwhile, out on Highway 60, the bulldozers are preparing a monument to a doomed policy.

Gershom Gorenberg is the author of "The Accidental Empire: Israel and the Birth of the Settlements, 1967-1977."

Palestinians: Israeli Airstrike Kills 2 (AP)

AP, October 1, 2006

An Israeli airstrike in the southern Gaza Strip killed two Palestinian militants and wounded three people, medical officials said.

The airstrike took place in Rafah, which borders Egypt. Medical officials said two members of the Al Aqsa Martyrs' Brigades — a violent group linked to President Mahmoud Abbas' Fatah Party — were killed. Two people were seriously wounded, and a 6-year-old boy was wounded in the legs.

The army said it had targeted a vehicle carrying a group of militants involved in attacks on Israel. But witnesses said the missile struck a group of pedestrians.

The airstrike occurred shortly after Israeli ground troops attacked a target along the Israeli border in northern Gaza. Witnesses said there were no injuries.

The Israeli army said it had targeted a militant who had tried to fire a homemade rocket into Israel. Earlier Saturday, a homemade rocket struck a house in the Israeli border town of Sderot, lightly wounding one person.

Jordan's King Risks Shah's Fate, Critics Warn (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 1, 2006

Abdullah II, who has closely allied himself with the U.S., is accused by reformers and traditionalists alike of alienating his people.

AMMAN, Jordan — A politically inexperienced king takes control of a Middle Eastern monarchy from his powerful father, surrounds himself with U.S. military hardware and spies, loses touch with his people and is finally ejected in a popular uprising.

That was the tale of Mohammed Reza Shah Pahlavi, the pro-American ruler of Iran whose ouster ushered in the reign of Ayatollah Ruhollah Khomeini and three decades of Islamic rule.

Now many in this Arab country of more than 5 million people fear that a similar fate could befall King Abdullah II, the Jordanian monarch who assumed power after his charismatic father died in 1999.

"Until now in Amman we don't have a Khomeini," said one mid-ranking official serving the Jordanian Cabinet. "If there was a Khomeini, then this family would be in trouble."

The king's father, Hussein, deftly balanced his country's contradictory pressures. He paid respects to the conservative East Bank tribes' demands for stability while also attending to calls from the nation's more cosmopolitan majority Palestinians for democratic change.

But critics on both sides of the Jordanian divide say the 44-year-old king has failed to garner popular support. Descendants of the tribes that are the monarchy's base criticize the king for failing to abide by tribal customs and losing touch with his supporters. They whisper the name of Abdullah's popular younger brother, Hamzeh. Palestinian groups and activists fear that the government in Amman has gotten too close to Washington, has adopted the Bush administration's with-us-or-against-us worldview too thoroughly and is sliding on human rights and democracy.

"King Hussein was an artist," said Ivan Eland, for 17 years a staff member of the House Foreign Affairs Committee and now an analyst at the Oakland-based Independent Institute, a think tank. "He was roundly criticized for supporting Saddam [Hussein] in the first Gulf War. But in retrospect, he looked pretty smart.

"The son has gotten more in bed with the United States," he added. "He hasn't been distancing himself from American policy. That has put him in a hole he hasn't been able" to get out of.

Numerous parallels exist between the shah's rule and that of Abdullah. Like the shah's SAVAK security and intelligence service, Jordan's General Intelligence Department, now in a new hilltop complex in an Amman suburb, operates as a "subdivision" of the CIA, said Alexis Debat, a former French Defense Ministry official who is a counter-terrorism consultant and a senior fellow at the Nixon Center in Washington.

By Debat's estimates, the Jordanian intelligence agency receives at least $20 million a year in U.S. funding for operations and liaison work. "They're doing all the legwork for the CIA," he said.

The Jordanians have become one of Washington's closest allies in the intelligence-gathering business, second only to Britain's MI6, counter-intelligence experts say. They are closer to the CIA than the Mossad, Israel's much-touted intelligence agency, which is considered to have too much of an agenda of its own to be completely reliable, Debat said.

Like the Iran of the 1970s, Jordan has become a receptacle of U.S. interests and trade. American aid to the kingdom has totaled $3.59 billion over the last five years, compared with $1.36 billion during the previous five years, according to the Congressional Research Service.

Like the shah's regime, the Jordanian monarchy has surrounded itself with American hardware. Just before Hussein's death, Amman took delivery of 16 advanced F-16 fighter jets. "That was a sort of threshold that Jordan crossed," said Michael R. Fischbach, a professor of history at Randolph-Macon College in Virginia. "They got truly advanced weaponry. It made Jordan have aircraft on par with Israel."

U.S.-made military hardware abounds on Jordan's streets. Jordanian soldiers carrying American-made M-16 assault rifles and riding in olive-green U.S.-made Humvees watch over sensitive military and political sites in Amman, the capital. Convoys of U.S. military transport trucks move in and out of the country.

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Perhaps most controversially, say Amnesty International and other human rights groups, Jordan has become an important nexus in U.S. intelligence's subterranean "renditions" network, in which terrorism suspects are secretly detained and interrogated in countries with blemished human rights records. Jordanian officials deny participation in the program.

Many worry that bolstering Jordanian security forces amid widespread reports of abuses against detainees has hampered the country's baby steps toward democratization.

"The security forces are improving at the cost of democracy," said Hamzeh Mansur, a leader of the Islamic Action Front, the main Islamist parliamentary bloc.

Jordanian officials say the security apparatus has been ramped up and civil liberties laws tightened out of fear the country will become a staging ground for secretive cells plotting violent operations in Iraq, Israel and the Palestinian territories. Jordan has also been victimized by terrorism, including the Nov. 9, 2005, bombings of three Amman hotels that killed dozens.

"You have to combat terrorism while it's in its planning stage," said Nasser Joudeh, a government spokesman. "We will not allow Jordan to be used as a scene for any activity relating to non-Jordanian problems. We will not allow anyone to bring militant or extremist ideas into Jordan or export them elsewhere."

But the Hashemite kingdom's evident close ties with Washington and its leap into the U.S.-declared war on terrorism threaten to put the government on what some call a collision course with many of its people, especially in light of a sharp increase in anti-American sentiment after the U.S.-led invasion of Iraq in 2003 and Israel's recent bombing of Lebanon in the Jewish state's war against Shiite Muslim militants.

"Being darlings of the U.S. is considered bad, bad, bad," said a Western analyst based in Jordan who requested anonymity.

Jordanian government officials say the security forces have become less heavy-handed in their approach. "I am liberal-minded," said Maj. Gen. Mohammed Dahabi, the chief of Jordanian intelligence, who says he was appointed in December with a mandate to clean up the service's reputation as well as confront the growing threat of Islamic militants in neighboring Iraq and the West Bank.

However, confronted by the recent allegations of torture, the officials acknowledge that the past casts a long shadow on the country.

"Old habits die hard," said Dahabi, who represents a segment of the tribal-dominated security forces that strongly supports the king.

Few publicly speak out against the king because of a law that can be used to prosecute those who do. "Criticisms of the king and the intelligence forces are strictly taboo and carry serious penalties," says a January 2006 Human Rights Watch report. "Articles of the penal code criminalize speech slandering public officials, criticizing the king and his family, and harming relations with other states."

But Abdullah has emboldened a legion of critics among the country's tradition-minded tribes that are the backbone of the monarchy.

"He talks about information technology and foreign investment, but he doesn't really know his own people," said the government official, who spoke on condition of anonymity because of his sensitive position within the Cabinet.

"The tribes are very upset with him," said the Western analyst in Amman.

"The impression is that he's too Westernized."

Many critics say the monarch has been too busy pursuing a Western agenda instead of forging ahead with a vision for uniting the country, which remains divided between the powerful tribes and the numerous Jordanian nationals of Palestinian descent.

"He has ambitions to make Jordan a modern country," said Jean-Robert Leguey-Feilleux, a scholar of Middle East politics, diplomacy and terrorism at St. Louis University. "You can't do that without the support of the people."

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Times staff writer Josh Meyer in Washington contributed to this report.

India's Police Say Pakistan Helped Plot July Train Bombings (NYT)

By Anand Giridharadas

DOJ_NMG_0072407

The New York Times, October 1, 2006

MUMBAI, India, Sept. 30 — In a declaration likely to increase tensions on this subcontinent, the Indian police on Saturday accused Pakistan's intelligence agency of being behind the July 11 train bombings that killed more than 180 people in Mumbai.

Officials in Islamabad swiftly rejected the allegation, which comes at an awkward moment for Pakistan.

On stormy visits to Washington and London this week, the nation's president, Gen. Pervez Musharraf, was dogged by accusations that Pakistan was not doing enough to curb Islamic militancy, or, worse, might even be aiding it.

Now the Indian police are adding their voice to those claims. They have already blamed Lashkar-e-Taiba, a Pakistan-based militant group fighting to expel India from the disputed Kashmir region, for the blasts.

But on Saturday, for the first time in this investigation, they directly accused the Directorate for Inter-Services Intelligence in Islamabad of plotting the bombings.

"We have solved the July 11 bombings case," Anami Narayan Roy, the police chief of Mumbai, said during a televised news conference. "The whole attack was planned by Pakistan's I.S.I. and carried out by Lashkar-e-Taiba and their operatives in India."

Within hours, the Pakistani Foreign Office issued a statement calling Mr. Roy's comments irresponsible and baseless.

"This statement, like those made immediately after the Mumbai bomb blasts, contains unsubstantiated allegations, which the Indian officials and media keep making for propaganda purposes," the Pakistani statement said.

India almost always blames Pakistan for terrorist attacks on its soil, and Pakistan almost always denies the allegations, expressing frustration with India's refusal to share hard evidence dealing with the attacks.

The latest accusation complicates a recent initiative to rescue the India-Pakistan peace process, which stalled in mutual recriminations after the blasts. Relations improved earlier this month when the two countries agreed in Havana to resume talks and to create a joint mechanism for combating terrorism in the region.

"The antiterror mechanism is obviously not going to take off, especially now that this Mumbai statement has come out," said Kanchan Lakshman, a terrorism analyst at the Institute for Conflict Management in New Delhi. "I think they'll go back to how it was pre-Havana."

Terrorism remains a major stumbling block between the nuclear-armed rivals, which have fought three wars and stood at the cusp of a fourth in 2002. India accuses Pakistan of fomenting terrorism. Pakistan has long said that it provides moral support to those fighting for an Indian withdrawal from Kashmir but that it rejects violence.

Navtej Sarna, the Indian Foreign Ministry spokesman, said in a telephone interview from South Africa that it was too early to judge the fallout of the police statement.

Parvinder Singh Pasricha, the police chief of Maharashtra State, which contains Mumbai, formerly Bombay, said in a telephone interview late Saturday that the accusations by the police had been cleared with and corroborated by India's national intelligence agencies.

The charge comes days after President Bush used a White House dinner to try to make peace between General Musharraf and President Hamid Karzai of Afghanistan, who accuses Pakistani intelligence of letting the Taliban resurface in Afghanistan.

Moreover, this past week, the BBC reported on a document, said to have been written by a military research institute sponsored by Britain, accusing Pakistan's security services of playing a dual role by fighting and abetting militants.

Indian Official Accuses Pakistan In July Attacks (WP/AP)

By Ramola Talwar Badam, Associated Press

The Washington Post, October 1, 2006

Spy Agency Seen Behind Mumbai Blasts

MUMBAI, Sept. 30 -- The police officer leading the investigation into train bombings that killed more than 200 people in the Indian city of Mumbai in July accused Pakistan's spy agency on Saturday of engineering the attack.

Tariq Azim, Pakistan's minister of state for information, denied the claim, calling it "sad and unfortunate."

"We reject this allegation, and demand that India should provide us any evidence, if they have," Azim said.

Mumbai Police Commissioner A.N. Roy said an intensive investigation that included using truth serum on suspects revealed that Pakistan's top spy agency had "masterminded" the bombings.

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Roy said Pakistan's Directorate for Inter-Services Intelligence, or ISI, began planning the attacks in March and later provided training in Bahawalpur, Pakistan, to those who carried out the bombings.

"The terror plot was ISI-sponsored and executed by Lashkar-e-Taiba operatives with help from the Students Islamic Movement of India," Roy said at a news conference in Mumbai, formerly known as Bombay, to announce the completion of the investigation.

Lashkar is a Pakistan-based Islamic militant group; the Students Islamic Movement of India, or SIMI, is a banned group.

So far 15 people have been arrested, including 11 Pakistanis, Roy said, adding that three Indians were still on the run and another Pakistani was killed in one of the blasts.

The July 11 attacks involved seven bombs that ripped through suburban trains in Mumbai, India's financial and entertainment capital, killing at least 207 people and injuring 700.

Pakistan has in the past denied involvement in the attacks, and it was not immediately clear how Roy's remarks would affect the fragile peace process between the nuclear-armed neighbors.

The Indian allegations came days after the BBC reported that a document prepared for Britain's Defense Ministry accused the ISI of indirectly supporting terrorist groups including al-Qaeda.

Pakistan's president, Gen. Pervez Musharraf, strongly rejected the accusation, while the British Defense Ministry clarified that the leaked document was academic research and did not represent the government's view.

Roy gave a detailed description of how the explosives were transported into India and by whom. He also described how the bombs were packed into pressure cookers and placed on the trains.

Roy said some of the Pakistanis slipped into India by going over the two countries' shared border, while others went through neighboring Nepal and Bangladesh. There they were met by Indians who brought them to Mumbai and housed them in rented apartments, he said.

Police cracked the case after tracking down a suspicious call from Mumbai to the Nepali border region, Roy said. There they picked up one of the suspects, who led them to others.

Roy said many of the suspects had been trained to resist interrogation and only the use of truth serum helped tie up loose ends.

Karzai, Musharraf To Lead Tribal Talks (AP)

By Jim Krane

AP, October 1, 2006

President Hamid Karzai said on Saturday that he and the Pakistani president will jointly lead a series of tribal gatherings along their countries' shared border to quell attacks on Afghanistan by Pakistan-based Taliban rebels.

Karzai said he wants an end to the Taliban incursions from Pakistan. The number of attacks in the Afghan border regions has tripled following a peace agreement between the Pakistani government and pro-Taliban tribesmen in its territory, according to U.S. officials.

"We're waiting to see how this peace deal works out. So far it hasn't been fruitful for Afghanistan," Karzai said.

Karzai appears to have been unable to secure Pakistan's immediate cooperation in shutting down radical religious schools or arresting Taliban leaders living in Pakistan.

Radical elements in some Islamic schools, also known as madrassas, have been blamed for indoctrinating suicide bombers and anti-government fighters who have stepped up attacks in Afghanistan in recent months. Hours before Karzai spoke Saturday, a suicide bomber blew himself up in a crowd near Afghanistan's Interior Ministry, killing at least 12 people.

"Unless we target the madrassas and their preaching of hatred against Islam and humanity, we won't be successful," Karzai said.

A U.S. military officer said on Wednesday that the cease-fire that began June 25, cemented by the signing of a peace accord Sept. 5, allowed the Taliban to use the North Waziristan border area to plan and carrying out attacks in Afghanistan.

Pakistani tribal elders brokered the truce between Pakistani President Gen. Pervez Musharraf's government and militants, ending years of unrest in the tribal region.

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Karzai played down suggestions that relations between Pakistan and Afghanistan had cooled because of his bickering with Musharraf. The pair, who met with President Bush on Wednesday, conspicuously refused to shake hands in front of the press on the White House lawn.

"Relations with my brother Musharraf are never cool," Karzai said. "Afghanistan wants stability and brotherly relations between both countries."

Karzai said he and Musharraf would attend a series of jirgas, or consultative councils, with tribal elders and governors focused on the Afghan border provinces of Nangahar and Paktika and Pakistan's autonomous tribal region, North Waziristan.

The two presidents will seek ways to employ armed tribesmen on both sides of the border to stabilize the region and cut down on insurgent raids, Karzai said.

Cease-Fire Called By Group Of Kurdish Guerrillas In Turkey (NYT/AP)

By The Associated Press

The New York Times, October 1, 2006

ANKARA, Turkey, Sept. 30 (AP) — A Kurdish guerrilla group declared a new unilateral cease-fire in its war for autonomy in Turkey's southeast on Saturday, heeding a call from its imprisoned leader, a pro-Kurdish news agency said.

The Kurdistan Workers Party, or P.K.K., said the cease-fire would take effect on Sunday "in the hopes of starting a democratic process for the solution of the Kurdish problem," the pro-Kurdish Firat news agency said on its Web site.

The group said its fighters would not use arms unless attacked by the Turkish Army, Firat said.

The Turkish government has ignored previous cease-fires by the group, saying it does not negotiate with terrorists. Military commanders have vowed to fight until all rebels are killed or surrender.

The cease-fire announcement was made three days after the rebels' imprisoned leader, Abdullah Ocalan, appealed for a new cease-fire after guerrilla attacks against civilians and foreign tourists had drawn global criticism.

On Saturday, a Turkish soldier was killed and another was injured when they stepped on a mine believed to have been planted by Kurdish guerrillas in southeastern Turkey, the Dogan news agency reported. The incident occurred in the Hakkari province, bordering Iran and Iraq, it said.

A surge of rebel violence has killed more than a dozen soldiers and policemen in recent weeks. Militants believed to be linked to the rebels also have bombed tourist resorts, killing three tourists and wounding more than a dozen.

Mr. Ocalan's appeal followed American pledges of support in cracking down on the P.K.K., which is listed as a terrorist organization by the United States and the European Union.

The rebel conflict has claimed the lives of 37,000 people since the guerrillas took up arms in 1984.

Last year, the guerrilla group declared a cease-fire, but the truce lasted little more than a month. The rebels said the government failed to recognize their group and was maintaining its military drive against its members.

The P.K.K.'s longest unilateral cease-fire was declared after Mr. Ocalan's capture in 1999 and lasted five years.

Uneasy Lies The Severed Head (NYT)

By Christopher Caldwell

The New York Times, October 1, 2006

IT takes a lot to shock a vanguard theater audience in Berlin. The Deutsche Oper production of Mozart's "Idomeneo" adds a scene in which the decapitated heads of Poseidon, Jesus, Buddha and Muhammad are pulled from a bloody sack and propped on chairs — and it is meant to provoke.

When the director, Hans Neuenfels, staged the opera in 2003, though, the outrage was muted. That was before last winter's "cartoon affair," in which caricatures of Muhammad in a Danish newspaper led to several days of rioting and arson in the Muslim world, and protests in Europe.

Mr. Neuenfels's production was scheduled to reopen at the Deutsche Oper next month. But acting on an anonymous call from a worried operagoer, the Berlin police made an assessment that staging the opera would constitute a "risk with incalculable consequences." In German as in English, incalculable can mean two things. It can mean too high to reckon, or it can mean your

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guess is as good as mine. The Deutsche Oper's artistic director, Kirsten Harms, took it in the former sense. On Monday, she announced that "Idomeneo" would be struck from the fall schedule.

The condemnation was immediate and widespread. The leader of the parliamentary caucus of the Christian Social Union, the conservative Bavarian party, described Ms. Harms's decision as "nothing but pure cowardice." On the left, the Green Party's culture spokeswoman accused her of a pre-emptive "capitulation." Wolfgang Schäuble, the Christian Democratic interior minister who has spent recent months working with Muslim leaders to create an assimilable "German Islam," promised to ask Ms. Harms "whether she had gone crazy."

At a conference on Islam that Mr. Schäuble held on Wednesday, many of the country's top Muslim personalities called for the opera to be performed as planned. As the week ended, the clamor to reinstate the opera looked as if it would soon be irresistible.

What is it that Germans are rallying around so single-mindedly? If it is free speech, then that would imply a national shift. Germans value free speech, of course, and nowhere more so than in the artistic realm. They deploy sex (think of Fassbinder's movies) and gore (think of Joseph Beuys's performance-art pieces with dead animals) in ways bound to strike many Americans as gratuitous. But for understandable historical reasons, they are also unusually sensitive about hate speech.

This is not Denmark, for instance, where Louis-Ferdinand Céline was allowed to spout his fascism after World War II and where, in our own time, intolerant ranting tends to be ignored more than repressed. Germany is a country where you cannot, by law, glorify the Nazis or deny the Holocaust. Expression that tramples on the sensibilities of vulnerable minorities usually gives Germans, at the very least, pause.

The absence of any such pause is one of the distinctive features of the opera affair. Those who urged that people put themselves in Ms. Harms's shoes did so on the grounds of risk analysis, not on the grounds that demeaning religious symbols might be a bad idea. And this seems part of an emerging pattern.

After Pope Benedict XVI said he regretted any offense given by his lecture at the University of Regensburg in Germany — in which he cited the claims of a medieval text that Islam had brought little new besides conquest by the sword — many in the German press, including Michael Naumann, a former culture minister who publishes Die Zeit, argued that he had been too quick to apologize. Monika Griefahn, cultural spokeswoman for the Social Democratic Party, said of the opera cancellation: "If we're weighing security questions against artistic freedom, I have to ask myself if the fundamentalists haven't already won." Jörg Königsdorf, opera critic for the center-left newspaper Süddeutsche Zeitung, noted that the scene with the four severed heads would have constituted "an ideal litmus test for the different potential for aggression among the world's religions."

The clamor cannot simply be chalked up to constitutional vigilance about free speech, because the threat to free speech was not a constitutional one. The state was willing to provide protection if threats proved credible. What it could not do, though, is supply artists and cultural institutions with a sense of steely purpose. In some quarters, inside and outside Germany, there was a mood of having been let down by the German cultural establishment, which is heavily subsidized and seen as pampered, particularly in the opera world. (Among them, the three Berlin opera houses receive roughly as much government financing — just over $125 million — as the National Endowment for the Arts in the United States.)

The British political commentator and opera enthusiast Martin Kettle, not an admirer of Mr. Neuenfels's school of interpretation, wrote in a Guardian blog that it would be a shame if "Idomeneo" were "to acquire a controversial reputation merely because of a 21st-century director's misdirected ego." And in the Frankfurter Allgemeine Zeitung, Eleonore Büning wrote that it would be irresponsible to cancel the opera out of fear, "even if the production were stupid, silly, unoriginal, ignorant or, indeed, offensive."

The "opera affair" suggests that fear of Islam has lodged itself deeply in the minds of a lot of Westerners. Ms. Harms and the investigators she listened to are among them. This fear is not always irrational but not always based on real things, either. People often talk about the "specter" of Islamic violence. It was just that — a specter, rather than violence itself or any specific threat — that led to last week's cancellation. What made the German media and the broader public turn so suddenly on Ms. Harms was a kind of collective embarrassment. Germany has as much reason as other Western countries to worry about Islamist excesses. But the last half century has given it more experience in policing the fears inside its national subconscious.

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US In Final Stages Of Installing Missile Defense System In Japan (AFP)

AFP, October 1, 2006

The US military has entered the final stage of installing an advanced surface-to-air missile defense system in southern Japan, amid mounting concern over North Korea's missile launches.

The first batch of equipment for the Patriot Advanced Capability-3 (PAC-3) system was unloaded Saturday at a military port on Okinawa island, amid protests from a handful of anti-war activists, press reports said.

The operation was part of a move to relocate an air defense battalion with some 600 soldiers to the Kadena US air force base in Okinawa from Fort Bliss in Texas. The battalion is equipped with 24 (PAC-3) missiles.

Under an agreement reached with Tokyo last July on realigning US forces in Japan, the US will deploy PAC-3 missile interceptors at its bases in Japan and make them operational as soon as possible.

Television footage Saturday showed trucks and containers being unloaded from a US-chartered freighter which anchored at the port late Friday.

The Kyodo news agency, quoting US military sources, reported that the PAC-3 system itself was scheduled to arrive in Okinawa within two weeks.

The US plans to begin partial operation of the PAC-3 system by the end of December and become fully operational by the end of next March, Kyodo said.

At the US forces headquarters in Tokyo and at the Kadena base, noone was available to confirm the reports.

The land-based PAC-3, together with the projected sea-based Standard Missile 3 (SM-3), will make up a two-phased advanced anti-missile shield.

The SM-3 intercepts ballistic missiles when they reach their highest point outside of the atmosphere, while the PAC-3 is used to destroy missiles that evade SM-3 interceptions. The accuracy of these systems is still being debated.

SM-3s, jointly developed by the two countries, will be based on destroyers equipped with the state-of-the-art Aegis air-defence system.

The missile-defence project has been a pillar of the strengthened Japan-US military alliance in recent years.

Japan was prompted to boost its missile defenses in cooperation with the United States in 1998 when North Korea lobbed a suspected long-range missile over its main island and into the Pacific.

North Korea's July 5 firing of seven missiles into the Sea of Japan (East Sea) also fueled the drive for the joint missile scheme.

On Tuesday, the US military activated a powerful new missile defense radar at Camp Shariki in the north of the main Japanese island of Honshu.

The so-called X-Band Radar Transportable (FBX-T) is part of a network of forward deployed missile defense sensors that also includes US Aegis destroyers.

U.S. Defense Gear Said To Arrive In Asia (AP)

AP, October 1, 2006

Heavy vehicles and other equipment related to the upcoming deployment of advanced Patriot interceptor missiles at American bases on southern Okinawa island arrived in Japan on Saturday, news reports said.

The equipment arrived amid lingering concerns about North Korea's missile program. Pyongyang test-fired seven missiles in early July that fell harmlessly into the Sea of Japan. The tests prompted Japan to impose sanctions on North Korea and brought international condemnation.

Japan and the U.S. later that month announced a plan to deploy Patriot Advanced Capability-3 interceptor missiles on Okinawa. The U.S. government will have the missiles operational by the end of the year, and will station more than 600 troops on the island to support them, according to Japan's Foreign Ministry.

Equipment related to the Patriots' deployment arrived at a military port in Naha, Okinawa, Saturday morning, public broadcaster NHK and the Kyodo News agency reported.

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The equipment includes vehicles that will be used to transport the Patriot missiles, which are expected to arrive in the next two weeks, Kyodo said, citing U.S. military officials.

U.S. military officials did not immediately respond to phone messages and an e-mail Saturday. Japanese military officials were not immediately available to comment.

The missile deployment will be the latest in a series of steps undertaken by the U.S. and Japan to beef up regional missile defense.

Earlier this week, the U.S. military activated a high-powered "X-Band" radar outpost in northern Japan that is a key part of a joint missile defense shield and meant to track ballistic missiles in the region.

The U.S. in late August replaced a guided missile cruiser stationed at Yokosuka near Tokyo with the USS Shiloh, a cruiser equipped with Aegis technology geared toward tracking and shooting down enemy missiles.

In Thailand, A New Model For Militants? (LAT)

By John M. Glionna, Times Staff Writer

The Los Angeles Times, October 1, 2006

Muslim separatists' relentless low-level attacks on civilians are taking a heavy toll, but the campaign is largely unnoticed by the West.

HAT YAI, Thailand — The bomb that exploded outside New Cherry Ancient Massage was among the most sinister kinds — a lethal sucker punch timed to detonate moments after two other blasts had lured onlookers into the streets of this tourist town.

The homemade device, hidden in a motorcycle parked outside the busy parlor, killed five people, including a Canadian teacher and three masseuses.

All 30 surviving massage workers quit on the spot. Within days, the parents of the three dead women came to take their daughters' bodies home.

"One father asked, 'Why my child? She was a good girl,' " said New Cherry owner Boonchai Sangmankung. "And I couldn't answer him. I don't know myself. Why do the attacks continue? Why are more innocent people killed every day?"

Since 2004, militants in Thailand's predominantly Muslim south have waged a bloody separatist insurgency against the cultural elite of this largely Buddhist nation, targeting teachers, monks, community leaders and government officials. So far, 1,700 people have been killed, yet the campaign of almost-daily bombings, arson attacks, kidnappings and assassinations has gone largely unnoticed in a Western world fixated on higher-profile Islamic terrorism campaigns in Iraq and elsewhere.

"The violence in southern Thailand is quite significant compared to many other world conflicts today," said Panitan Wattanayagorn, a political scientist at Chulalongkorn University in Bangkok. "The U.S. lost 3,000 soldiers in three years in Iraq. This death toll is not far behind."

International terrorism experts are keeping a close eye on southern Thailand's guerrilla war, believing that the attacks could become a blueprint for small insurgencies in the post9/11 world. The strategy of incessant low-level attacks against civilians could be imitated by other regional militants, they say.

Experts also fear that the insurgents could soon be joined by international terrorists slipping across Thailand's porous borders, bringing money, expertise and manpower.

"It's important that this regional war not escalate," said John Brandon, director of the Asia Foundation's international relations program. "The world cannot afford this war to become ripe for outside terror influences to take advantage of it."

A recent State Department report concluded that there was no evidence of any connection between the militants and global terrorist groups such as Al Qaeda or Jemaah Islamiah, based in Southeast Asia.

"There is concern, however, that these groups may attempt to capitalize on an increasingly violent situation for their own purposes," the report stated.

Under Thai rule since 1902, Pattani, Narathiwat and Yala, the three Muslim-dominated provinces at the heart of the violence, are distinct from the rest of Thailand. The people speak a different language — a Malay dialect — and observe a strict Muslim lifestyle not far from the jet-set crowd sprawled on the sandy beaches of Phuket, a draw for U.S. and European tourists.

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Many Muslim residents still chafe over what they consider a century of abusive rule. But experts differ over the roots of the insurgency. Some say it's a battle over religious freedom, others say it's a fight for territory and self-rule. Still others say it's both.

But the tensions have filled daily life in Thailand's south with newfound risks — walking children to school, shopping in an outdoor market, driving at night.

In the first six months of 2006, two people died every day, on average: A Buddhist teacher was gunned down in front of his fourth-grade class by men dressed as students. A salesman was beheaded outside a crowded teashop. The owner of an elephant troupe was shot seven times by assailants who had lined up with children to buy tickets for a show.

In August, 22 small bombs exploded nearly simultaneously in banks throughout southern Yala province, killing one person and bringing commerce to a standstill. Two months earlier, 50 bombs went off in a single day at government offices and police stations.

Last year, 15 militants stormed a Buddhist temple and hacked two monks to death before setting fire to their bodies. Thai officials believe that 30,000 Buddhists have fled the south since the attack. Insurgents also have targeted fellow Muslims suspected of conspiring with a military known for its brutality in dealing with the Islamic militants.

For their part, Thai officials claim to be fighting a ghost insurgency: The killers don't issue claims of responsibility for their acts. Officials have little clue about the identity of the attackers. About 20,000 troops in the region have yet to arrest any insurgency leaders.

"The nation's best military intelligence concedes we are waging a war on ghosts," said Srisompob Jitpiromsri, a political scientist at Prince of Songkla University. "We don't have a clue as to who their leaders are or what they want."

Terrorism experts believe that the insurgency is led by a coalition of regional groups, including the National Revolutionary Front Coordinate and the Pattani United Liberation Organization, or PULO, which are vying for control of the region.

The two groups have developed cells in most southern villages and have their pick of disenfranchised youths eager to take part in the violence. But neither claims to control all of the region's militants, saying that religious splinter groups, war lords and business and political rivalries also play a role in the attacks.

"People on the street may know who is responsible, they may even know them, but everyone is too afraid to say anything aloud, or even speak in private about the attacks," Srisompob said. "That, to me, is the mark of a successful insurgency."

Mahkota Kasturi, a PULO foreign affairs spokesman in exile in Sweden, said Thai officials "know who we are and where we are, but they are reluctant to come to the table. Perhaps they do not feel they need to negotiate with so-called terrorists."

Experts say the militants eventually want to create an autonomous Muslim state in southern Thailand, where residents have long complained of being treated as second-class citizens, enduring the erosion of their language and culture. None of the three southern provinces, where Muslims make up 80% of the 1.8 million residents, has ever had a Muslim governor, they point out.

Mahkota said separatists seek to disrupt Thai society as a way to win freedom. "The killings and the violence will continue until we reach our goal — and that is independence," he said.

Former Thai Prime Minister Thaksin Shinawatra, deposed last month in a coup, had recently struck hard against the insurgents, imposing martial law that brought allegations of torture and counter-assassinations.

In 2004, nearly 200 Muslims were killed by security forces. First, 32 militants died during the storming of a mosque in April. Six months later, a military crackdown on a demonstration against martial law at a regional police station killed scores. Seventy-eight men suffocated after being stacked five-deep into sweltering army trucks.

Thaksin has been replaced by Gen. Sondhi Boonyaratkalin, a Muslim who has pushed for a more conciliatory stance toward the insurgents. But within a week of the coup, attacks had killed four people and injured more than a dozen.

Experts doubt that the regime change will bring peace.

"If anything, they may step up attacks in an attempt to provoke a heavy-handed government response," said Zachary Abuza, a terrorism expert who has written a soon-to-be published book on the Thai insurgency. "The secessionist agenda operates on a time frame that you and I don't understand. For them, 30 years is not a long time."

The scope of the violence has widened since 2004. At first targeting civil servants, soldiers and police officers, militants soon included restaurants and businesses serving the military. Then monks and teachers came under fire; the death toll now

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stands at 49 teachers and six monks. Many attacks have been staged by men using motorcycles for quick escape. Bombs are usually detonated by cellphone.

Insurgents have made teaching the most dangerous job in southern Thailand.

In July, while his fourth-graders looked on, Prasarn Martchu was shot in the back as he stood at his blackboard instructing a morning class at a rural school in Narathiwat province.

Principal Adul Jekyeng said Prasarn had taught for 25 years and was a leader in the local teachers union. He said four men rode up on motorcycles and passed several classrooms before they found Prasarn.

"He never saw his killers," Adul said. "They shot an unarmed teacher in the back. He had no gun, no weapon, only a piece of chalk."

Educators say teachers are seen by insurgents as authority figures and targeted because they are easy to find. Many, such as Phairat Saengthong, are fighting back.

The regional school director recently flew to Bangkok to buy a 9-millimeter pistol.

"This is the model the U.S. soldiers carry," he said proudly, pointing the weapon around the room.

"Today, 90% of male teachers carry guns such as this, and even 30% of the women, which shows how fearful we have become. I may be a Buddhist, but now I too carry a gun. And I am not afraid to use it."

Sitting cross-legged on the floor of her home in a rural village in Pattani province, Chitra Ngen-Moon said she felt trapped in the crossfire between rebels and soldiers.

Her 29-year-old son, Anek, was killed last year. Friends found his beheaded body soon after he disappeared while on his rounds as the local tax collector. He is one of 10 men who have been killed in the village of 400 residents.

Holding a photo of her son, the 70-year-old woman vowed that one day she would know who was responsible.

"When all of this violence is over, I want to know who cut off the head of my son," she said. "I want to see these barbaric people with my own eyes. But I am an old woman. Now I am too afraid to ask questions."

Nearby, at the Krue Se mosque in Pattani, site of the deadly 2004 storming by the military, Haji Niseng Nilaeh said he did not approve of the violence being waged by either side.

"Every day, people die — it makes me unhappy," said the 77-year-old Muslim elder, dressed in a traditional tunic and sarong. "But the insurgents are not only killing Buddhists, they are killing fellow Muslims now as well. No one is safe."

john.glionna@latimes.com

Russia Puts Base Closures On Ice (LAT)

By David Holley

The Los Angeles Times, October 1, 2006

MOSCOW — The Russian military Saturday suspended the closure of its two military bases in the former Soviet republic of Georgia, saying it was acting to protect its citizens there as relations between the two countries spiraled downward in the midst of a spy scandal.

Russia reacted angrily to the arrest Wednesday of five Russian military officers. Four of the Russians have been ordered held for two months while investigations continue; the fifth was released Thursday for lack of evidence. Ten Georgian citizens also were detained.

Georgian authorities have demanded the hand-over of a sixth officer, believed to have taken refuge in Russia's military headquarters in Tbilisi, the Georgian capital. Police have cordoned off the compound, saying they will neither storm the headquarters, which is protected by diplomatic immunity, nor allow the officer to escape. The Russian military has denied that Lt. Col. Konstantin Pichugin is at the compound.

Meanwhile, Russia has been evacuating nonessential diplomats and their families. Ivan Volynkin, a top official at the Russian Embassy in Tbilisi, told Russian news agency RIA Novosti on Saturday that only two diplomats and several security guards would remain.

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Alexander Baranov, commander of Russian forces in a southern region that borders Georgia, said Saturday at a news conference in Rostov-on-Don that the base closures were being suspended because Georgia's actions meant the safety of Russian personnel there could not be guaranteed.

Baranov also said that Russia would prevent Georgian authorities from entering any Russian military facility to apprehend suspected spies.

"The order has been given that any attempts by strangers to enter the garrisons' territories be prevented, if necessary, by force," Baranov said. "There is no question of handing over any alleged spies. These are Russian citizens, and any problem should be resolved through dialogue rather than through police escapades."

Russia and Georgia issued a joint statement in May 2005 in which Russia promised to close the two Soviet-era bases by 2008. One of the facilities is in the Black Sea region of Adzharia; the other is in southern Georgia near the border with Armenia.

Salome Zourabichvili, who was Georgia's foreign minister when the accord was reached, said at the time that the statement was not legally binding but that it was "politically binding." The Russian parliament has not ratified a separate protocol implementing the agreement.

Russia also has bases for peacekeeping forces in two breakaway regions of Georgia: Abkhazia and South Ossetia, which border Russia. Tbilisi accuses those units of siding with separatist leaders ruling the two regions, and it wants them gone.

Since his election in 2004 after a nonviolent people's revolt dubbed the Rose Revolution, Georgian President Mikheil Saakashvili has sought to reassert the country's sovereignty and territorial integrity.

Using military threats and encouraged by local protests, he quickly won back control of Adzharia. In recent months, he has stepped up pressure on the other two regions.

Moscow has charged that Georgia wants Russian troops gone so it can retake the breakaway areas by force before applying for NATO membership.

Under Saakashvili, Georgia has made joining the North Atlantic Treaty Organization a top priority. It says it wants to achieve reunification peacefully.

Many observers believe that the long-term goal of the separatists in Abkhazia and South Ossetia is to merge with Russia. Russian officials deny having any designs on Georgian territory.

The Russian ambassador to Georgia, Vyacheslav Kovalenko, was recalled to Moscow in protest of the arrests, and he told reporters upon his arrival here Friday that the spying charges had "no solid basis at all."

Kovalenko dismissed the significance of videotape that allegedly shows the Russian and Georgian detainees conspiring.

Georgian Interior Minister Vano Merabishvili released the video Thursday. It also shows an exchange of money.

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Chirac Urges Turks To Recognize Genocide (NYT)

By Agence France-presse

The New York Times, October 1, 2006

YEREVAN, Armenia, Sept. 30 (Agence France-Presse) — French President Jacques Chirac on Saturday urged Turkey to recognize World War I-era massacres of Armenians as genocide if it wants to join the European Union.

Mr. Chirac spoke at a news conference during a visit to Yerevan, the Armenian capital. His remarks are likely to irritate Turkey and further strain its relations with France.

Until now, France had refused to make a direct link between the genocide and Turkey's bid for membership in the European Union. The bloc has not made it a condition of entry.

Asked if he thought Turkey should recognize the 1915 massacres as genocide before it joins the European Union, the French president replied, "Honestly, I believe so."

Armenia's president, Robert Kocharian, spoke respectfully about Turkey's aspirations to join the European Union.

"We don't see any danger in this process, but we would like that our interests would be discussed in the process too," he said.

Armenians: EU Wrong On Turkey (WT)

DOJ_NMG_0072416

By Andrew Borowiec

The Washington Times, October 1, 2006

NICOSIA, Cyprus -- The Armenian quest for Turkey's admission that it massacred ethnic Armenians nearly a century ago has suffered a setback with an EU decision to drop the historic "guilt clause" as a requirement for EU membership.

The European Parliament's action last week was merely consultative, but nonetheless was seen as a considerable blow to Armenian hopes.

A member of the Armenian diaspora in Cyprus said the community would never give up its struggle to obtain international recognition of "genocide" applying to the World War I deaths of more than 1 million Turkish Armenians, starved, shot or bayoneted during a forced "resettlement" march across the desert to Syria.

Some Armenians feel that the dropping of the proposed precondition paragraph by the EU parliamentarians was influenced by governments pushing for Muslim Turkey's EU membership.

Canada's reference to the Armenian "genocide" and the French plan to penalize those who deny it caused a crisis earlier this year in relations between the two countries and Turkey.

The issue appeared to have been shelved after Turkey threatened "irreparable damage," particularly in its relations with France, Turkey's major economic partner but also home to an influential Armenian diaspora of more than 200,000.

Turkey has systematically rejected efforts to blame it for the massacres perpetrated by the collapsing Ottoman regime that preceded modern Turkey.

Ankara's official version is that some 300,000 Armenians died in 1915-17 because of war, disease, famine and ethnic conflict rather than as a result of any policy of ethnic extermination.

Prime Minister Recep Tayyip Erdogan has described efforts to add the admission of Turkish guilt into official membership requirements as a violation of EU rules.

"We do not ask for privileges from the EU, but putting forward new criteria is unacceptable to us," Mr. Erdogan said recently.

Ottoman Turkey, at war with Russia during World War I, accused its Armenian community of pro-Russian sympathies and of acting as the enemy's "fifth column."

The international campaign for admission of Turkey's guilt is spearheaded by the Armenian diaspora of some 2 million rather than by the former Soviet republic of Armenia with a population of more than 3 million.

Serbian Parliament OKs New Constitution (AP)

By Jovana Gec

AP, October 1, 2006

Serbia's parliament approved a new constitution Saturday declaring U.N.-run Kosovo part of the Balkan state despite ongoing negotiations on the breakaway province's future.

The hastily drafted constitution — agreed after a few weeks of consultation — is designed to underscore Serbia's opposition to possible independence for Kosovo as the result of the U.N.-brokered talks on the province's future.

Kosovo formally is a province of Serbia. But Belgrade has had no authority over the separatist region since a 1999 NATO bombing forced it to end a crackdown against the ethnic Albanian rebels and pull out its forces.

The 242 lawmakers at the session unanimously voted in favor of the constitution that will replace the current one drafted in 1990 by the autocratic leader at the time, Slobodan Milosevic.

The new constitution also needs a "yes" vote in a national referendum before it becomes valid. The parliament later voted to hold the referendum Oct. 28-29.

"This is a historic day," declared Prime Minister Vojislav Kostunica. He said the new constitution will "cement the truth that Kosovo always has been and always will be an integral part of Serbia."

The constitution also will define Serbia as an independent state for the first time since the breakup of Yugoslavia in the early 1990s.

Pro-Western President Boris Tadic said the constitution will define Serbia as a "modern, European state."

DOJ_NMG_0072417

Several hundred government critics rallied in front of the parliament building during the session to protest against the new constitution, saying that it will jeopardize Serbia's future by declaring Kosovo its own. The protesters, led by the opposition Liberal Democratic Party, announced a campaign for a referendum boycott.

International negotiators have said they want to conclude the talks by the end of the year on Kosovo's future, and there have been increasing signs that Kosovo will be granted some form of independence.

Inclusion of Kosovo in the new Serbian constitution will effectively rule out Belgrade's consent to Kosovo's secession as demanded by its ethnic Albanian majority.

The urgency in bringing the constitution is widely seen as a face-saving effort by Kostunica, who is facing a government crisis and a possible walkout of a key coalition member.

The liberal G17 Party has threatened to leave the Cabinet by Sunday over Serbia's failure to arrest top war crimes suspect Ratko Mladic and resume pre-entry talks with the European Union.

The new constitution defines Serbia as the country of the Serb people and its other citizens, grants protection of human and minority rights, and gives a form of self-rule to the northern province of Vojvodina.

Chavez: Assassination Attempt Foiled (AP)

By Natalie Obiko Pearson

AP, October 1, 2006

President Hugo Chavez, who has repeatedly spoken of various plots on his life, said Saturday a sniper with a long-range gun and a motorcycle to escape on had planned to shoot him as he exited a helicopter on a recent trip to western Venezuela.

The incident allegedly occurred when Chavez visited the western oil-producing region of Zulia in June to inaugurate a refurbished fertilizer plant. Chavez appeared to link the plot to his main rival in upcoming presidential elections, Gov. Manuel Rosales of Zulia state, claiming that he is in constant danger from opponents seeking to get rid of him.

"The plan didn't work out for them — God is always present over there. But those responsible left for Colombia, and by the way, they were from the Zulia police," he said.

He did not elaborate further on the alleged plot.

Chavez has made other claims of assassination plots in the past, including a case involving 27 Colombians and three former Venezuelan military officers who were convicted last October by a military court for allegedly plotting to kill him.

His government also demanded that Bogota investigate allegations that surfaced in an influential Colombian magazine in April saying the country's secret police plotted to assassinate Chavez and other top Venezuelan officials. Colombian President Alvaro Uribe has denied the allegations.

Chavez has also accused the U.S. government of secretly backing his opponents in the Dec. 3 elections and recently claimed that President Bush may be seeking to kill him after he called the U.S. leader "the devil" at the United Nations General Assembly.

"For sure, one walks around risking one's life ... We're being threatened with death by the (U.S.) empire," he said.

U.S.-Venezuela ties sharply deteriorated after the Bush administration swiftly recognized leaders who ousted Chavez in a 2002 coup before the Venezuelan returned to power amid a popular uprising.

Chavez has claimed before that the U.S. government is out to kill him and invade his country. U.S. officials deny that but criticize Chavez as a destabilizing force in Latin America.

Brazil Heads To Polls In Shadow Of Yet Another Scandal (NYT)

By Larry Rohter

The New York Times, October 1, 2006

RIO DE JANEIRO, Sept. 30 — With yet another ethics and corruption scandal lapping at President Luiz Inácio Lula da Silva's door, Brazilians will be asked to decide Sunday whether he is worthy of a second term.

A 60-year-old former factory worker and labor union leader, Mr. da Silva has been leading in polls and seems assured of finishing first by a comfortable margin in the initial round of balloting.

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The drama surrounding Sunday's vote stems from uncertainty as to whether the president, made vulnerable by an unpleasant "September Surprise" involving some of his closest aides, will obtain the majority he needs to avoid a runoff.

A distant second in the polls is Geraldo Alckmin of the Brazilian Social Democratic Party, a 53-year-old doctor and former governor of Brazil's largest state, São Paulo.

Two other candidates — former allies of Mr. da Silva — are now positioned to his left: Heloísa Helena de Moraes of the Party of Socialism and Liberty and Cristovam Buarque of the Democratic Labor Party. A range of polls have consistently shown them with a total of about 10 percent of the vote.

At a news conference for foreign correspondents here on Tuesday, Mr. Alckmin acknowledged his underdog status but argued that a runoff would be inevitable because of growing voter disgust with the new scandal and what he called "the corrosion of the president's credibility."

"The second round is another election altogether," he said, in which Mr. da Silva's high "rejection index" will be a factor. "In the first round I vote for who I want, while in the second round I vote against who I don't want."

Elected four years ago on a clean government platform, Mr. da Silva has instead presided over corruption scandals from buying votes in Congress to kickbacks on ambulances and postal contracts. The scandals have prompted resignations of his chief of staff and finance minister and the Workers' Party president, treasurer and secretary general.

Still, until mid-September, Mr. da Silva seemed likely to cruise to a first-round victory.

But then operatives of the Workers' Party, which Mr. da Silva founded in 1980 and still leads, were caught trying to pay $792,000 in cash for a dossier they apparently thought would incriminate Mr. Alckmin's party in a corruption scandal. Up to now, that scandal, at the Health Ministry, has mainly involved Mr. da Silva's party. As a result, Mr. da Silva's campaign manager stepped down.

Mr. da Silva has been a presidential candidate in every popular election since a right-wing military dictatorship ended in 1985. Running initially on the hard left, he lost in 1989, 1994 and 1998, but then shifted toward the Social Democratic views of his opponents and won a landslide victory in a runoff in 2002, with more than 60 percent of the vote.

Nearly 126 million people are registered to vote here, the world's fourth-largest democracy. Voting is obligatory for all citizens between the ages of 18 and 70, but disillusionment and anger, especially among idealistic young voters, over corruption have led to concerns that some voters will cast blank or spoiled ballots — or even stay home, at the cost of a small fine.

Political analysts are unanimous in agreeing that Mr. da Silva wants at all costs to avoid a runoff, which would be held Oct. 29.

Each day the Brazilian press is full of new reports that incriminate his closest associates and let his rivals raise the question of the president's knowledge of or involvement in skullduggery that Marco Aurélio de Mello, the chief justice of the Electoral Tribunal, calls "worse than Watergate."

Mr. da Silva has responded by simultaneously accusing the opposition of seeking to achieve through undemocratic means what it cannot achieve at the ballot box and vaguely acknowledging that some of those around him are responsible for what he calls an "insane" act of "barbarism."

At a campaign rally this week, Mr. da Silva even compared himself to Jesus Christ, saying that he too has been betrayed by disciples.

The campaign highlight was to be a debate by the four candidates here on Thursday night. Hours beforehand, however, Mr. da Silva announced he would not participate, complaining to organizers in a letter that "some adversaries" intended to transform the discussion "into an arena of insults and aggressions, in a game with cards that are marked" against him, the incumbent.

But Mr. da Silva's absence did not prevent his rivals from addressing a chair with his name next to it. "If the accusations are proven, will you resign?" asked Mr. Buarque, the president's first minister of education. "Are your supporters voting for you or for your vice president?"

Brazil Leader Slips In Polls Before Vote (AP)

By Alan Clendenning

DOJ_NMG_0072419

AP, October 1, 2006

Brazil's first working-class president slipped in the polls on the eve of elections Sunday, indicating he may not win a convincing first-round victory but will instead be forced to campaign for another month amid spiraling corruption allegations against his party.

President Luiz Inacio Lula da Silva, a poor farmer's son who became a radical union leader and has governed as a centrist, was considered a shoo-in earlier this week. But fresh polls on Saturday night showed him in danger of failing to win 50 percent of the vote, which would trigger a second round of voting on Oct. 29. Silva, known to all as Lula, is still favored to win in the second round.

Silva stunned the world by stabilizing the economy and bringing millions out of poverty without raising taxes as Brazil's first elected leftist leader. But the latest polls suggested a corruption scandal surrounding his party, which has erupted in the last few weeks, may be taking its toll on his popularity.

But Both the Ibope and the Datafolha polling institutes said Saturday night that Silva's lead decreased enough in recent days to raise the possibility of a runoff. Silva would get 49 percent of the valid votes, according to Ibope, while Datafolha said Silva would get 50 percent. Earlier this week, another poll showed Silva with 59 percent.

Ibope interviewed nearly 3,000 people in 200 cities Friday and Saturday. Datafolha surveyed more than 14,500 people in nearly 400 cities on the same days. Both polls had a margin of error of 2 percentage points.

The results came after Silva skipped a presidential debate Thursday that opened him up to criticism from his opponents.

Six members of Silva's Workers' Party, including an old friend who ran his personal security detail, face federal arrest warrants for their alleged roles in an effort to buy damaging information about political opponents.

Silva has not been directly implicated, but allegations are swirling that the Workers' Party tried to pay $770,000 for a dossier linking Sao Paulo gubernatorial candidate Jose Serra to graft when he was health minister between 1998 and 2002.

Accusations of political dirty tricks and illegal campaign spending forced Silva to fire his campaign manager days before the election.

Silva had no weekend campaign events planned before he votes Sunday in the Sao Paulo suburb where he gained fame leading strikes against Brazil's dictatorship in the 1970s and 1980s.

Media coverage, meanwhile, shifted to fears that all 155 people may have died aboard a passenger jet that crashed Friday in the Amazon jungle. Rescuers reached the remote site Saturday.

For the United States, Silva's re-election would be a mixed blessing.

He proclaims himself a friend of Cuban leader Fidel Castro and helped sink the U.S.-sponsored Free Trade Area of the Americas in a protest over lavish U.S. farm subsidies. At the U.N. General Assembly last month, Silva blasted the U.S.-led Iraq war, saying the money should be used to alleviate global poverty.

But unlike Venezuela's President Hugo Chavez, who used the assembly podium to call President Bush "the devil," Silva refrained from mentioning the United States or Bush by name.

Washington also wouldn't mind another four years of Silva because he is widely seen as a soothing influence on a continent where far-left sentiment is on the rise, said Michael Shifter, an analyst with the Inter-American Dialogue think tank.

"If Lula is a leftist, he is a leftist Washington can happily live with and even bolster," Shifter said.

On his first full day in office in January 2003, Silva had breakfast with Chavez and dinner with Castro, creating what Chavez termed the "axis of good" — a play on Bush's reference to North Korea, Iran and prewar Iraq as the "axis of evil."

But Silva has managed to distance himself sufficiently from the two to allay fears of radical change. His campaign has positioned him in the center against Geraldo Alckmin on his right — a business-friendly former Sao Paulo governor with poll numbers in the low 30s — and far-left candidate Sen. Heloisa Helena, who is expected to get less than 10 percent.

Alckmin attacked Silva over the corruption scandal in a last-minute Rio de Janeiro campaign stop Saturday, saying voters should choose him to rid Brazil of "this plague of corruption, and to have a government that works."

Despite the scandal, Silva remains popular because in the four years since he was elected in a landslide, life has certainly improved for the majority — more jobs, lower inflation and bigger benefits for the poor.

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Silva's campaign theme — that he has proven he can reduce poverty — resonates from the urban slums of Sao Paulo and Rio de Janeiro to Brazil's impoverished northeast, where Silva was born.

"Zero Hunger," his expanded food stamp-like program, guarantees about $30 a month to virtually all poor families provided they vaccinate their children and keep them in school. It distributes $325 million a month to about a quarter of Brazil's 187 million people.

"He has done an excellent job in controlling inflation and improving the lives of the poor," said Anselmo de Souza, a 63-year-old retired metal worker in the Sao Paulo suburb where Silva rose through the union ranks. "I think the accusations that he is corrupt are lies made up by his enemies."

Alckmin says Silva has stifled growth with the high interest rates he deployed against inflation, and he uses the scandal to taunt the president's Workers' Party for having claimed to be the most ethical in Brazilian history.

Marisela dos Santos voted for Silva four years ago and feels betrayed.

"He may have improved the lives of the poor and stabilized the economy but his government is as infected with corruption as all the others," said the 32-year-old dental assistant. But she doubted anyone else would do better and remained undecided about her vote.

Silva's second-term priorities include reforming the tax and labor rules. But he'll likely be in defensive mode for months as election authorities investigate whether he had a role in the dirty tricks scandal and a center-right coalition led by Alckmin's party could end up controlling the Senate, where 27 of 81 seats are being contested.

Brazilians also are electing all 513 deputies in the House and all of their state governors.

Support From Brazil's Poor Gives Lula Edge In Election (WP)

By Monte Reel

The Washington Post, October 1, 2006

SAO PAULO, Brazil, Sept. 30 -- The dividing lines that will determine Brazil's presidential election on Sunday are extraordinarily clear, as plainly visible as the swinging doors that separate a restaurant's dining room from its kitchen.

At a buffet lunch in a middle-class neighborhood, almost all of the cooks who ride buses for hours every day to toil in a steamy kitchen said they will vote to reelect President Luiz Inacio Lula da Silva. On the other side of the doors, almost all of the diners said they planned to vote against him.

Lula is expected to coast to victory for this reason: In Latin America's largest democracy, a lot more people live like the cooks than live like the customers.

Although Lula always has portrayed himself as a champion of the downtrodden, the nature of his electoral support this year is different from what it was four years ago. Then, backing among more than 50 percent of middle-class voters was the key that allowed the longtime labor union leader to become president. That support has plummeted to about 35 percent this year, while backing among those earning less than $340 per month -- a minority of whom voted for Lula the first time around -- has soared to almost 60 percent.

Lula won in 2002 during a second-round runoff. He could avoid a late-October runoff this time by getting a majority of the vote Sunday. This week's opinion polls showed Lula favored by just over 50 percent, and his closest challenger -- former Sao Paulo state governor Geraldo Alckmin -- with around 30 percent.

Thanks in large part to minimum-wage hikes and an increase in social programs providing cash to poor families who agree to keep their children in school, the poor have seen their spending power rise by about 28 percent. The Brazilian currency, the real, has gained 60 percent on the dollar since Lula has been president, which has helped keep prices down. The proportion of the population living in poverty has fallen from about 24 percent to about 18.5 percent over the past four years.

"For 12 years, my husband and I have been trying to rebuild our house, and this month we were able to finish because now we can afford cement," said Marlene Silva, 34, who scrubbed chrome counter tops in the kitchen. Helio Helene, a 53-year-old man sweeping the floor nearby, added: "My family used to eat the cheap brands of rice because a package of the good quality rice used to cost 18 reals [about $8.60]. Now the same rice costs 10 reals, so we eat the good brands."

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The middle and upper classes don't have stories that are rooted so strongly in everyday life. They talk about double-digit interest rates and a reluctance by Lula to tackle overdue reforms in the banking sector and the social security system. If the economy doesn't grow faster than its current annual pace of about 3.5 percent, they argue, social programs will collapse and leave everyone -- including the poor -- worse off than before.

"Lula is a good agitator, but he's not a good administrator," said Marcelo Naumann Boufleur, 28, one of the restaurant's diners, who works for a video production company. "Interest rates are so high that people are starting to lose jobs -- there's no investment because of that."

When Lula was elected, some financial analysts feared he might promote populist economic policies that would destabilize financial markets, but he earned early praise for reducing foreign borrowing, amassing foreign reserves and retaining a relatively strict fiscal policy. Now some economists say he hasn't done enough.

"Brazil's economic growth is not as much as the world average, and as a developing country it needs to be much higher," said Aloisio Pessoa de AraÃºjo, an economist with the Getulio Vargas Foundation in Rio de Janeiro. "We need to do more to diminish the informal sector of the economy, to regulate less and lighten the tax burden on key sectors."

The middle and upper classes -- as well as the newspapers and magazines that they read -- have paid close attention to a series of corruption scandals that have implicated Lula's administration in recent months. On Saturday, the front pages of the country's largest newspapers featured photos of stacks of cash allegedly paid by a Lula campaign aide for a dossier containing damaging information about Lula's political rivals. It follows allegations of vote-buying in the National Congress last year among members of Lula's party, which prompted some of the president's closest advisers to resign or be fired.

Lula's campaign on Saturday said the publication of the photos was another example of foul play by the media. Throughout the campaign, Lula has declined interviews, contending that most journalists are biased against him. Pundits and those who listen to them might disdain the president, one campaign aide said, but Lula doesn't need them to win.

"You don't know what a burden it is to govern a country with a small group -- the elite -- that is so full of prejudice as the one here," Lula told his supporters during a campaign-closing rally Thursday in a suburb of Sao Paulo.

But the polls suggest the criticisms haven't stuck to him, particularly among those who have benefited from his social programs. For the 70 percent of the population with less than eight years of schooling, the social programs speak louder than the media, according to political analysts.

"Being a government considered more daring in the social field seems to have built a barrier that protects Lula from the corruption allegations," said Francisco Fonseco, a Sao Paulo-based political scientist who published a book last year criticizing the Brazilian media for advancing a non-representative political viewpoint. "Whoever reads only the mainstream media, especially the large newspapers and magazines, tends to have a relatively distorted vision of the political process."

But Claudia Ramos said that from her viewpoint -- that of a 41-year-old secretary with two daughters and a husband who is a lawyer -- the country under Lula has entered a crisis of conscience because of the corruption that has touched the president's party.

"Economically, everything is the same for us, but the country has changed morally," she said, preparing for lunch at the restaurant with her family, who live in the wealthy neighborhood of Campo Belo in Sao Paulo. "I am ashamed of the political situation here."

She added that her daughters' school held a mock election in which Alckmin won handily. But her 6-year-old daughter interrupted to say she had met someone at the school who supported Lula.

"The cleaning lady," she said.

Not So Welcome In South Africa (WP)

By Craig Timberg

The Washington Post, October 1, 2006

Somali Shopkeepers' Lives Shattered by Violent Attacks

DOJ_NMG_0072422

MASIPHUMELELE, South Africa -- The mob announced itself the night of Aug. 28 with a terrifying clatter of stones against the tin walls of Hadith Haji Adam Osman's tiny shop. As he cowered inside, watching one window and then the other shatter from the onslaught, Osman recalled, the young men waved machetes in the air and shouted: "Baraka hamba! Baraka hamba!"

In the slang of this township on the rocky, ragged foothills of Cape Town, "Baraka" is the word for Somali shopkeepers such as Osman, 26, who have traveled thousands of miles from their war-ravaged homeland in search of peace and prosperity in South Africa. And "hamba," a word from the dominant Xhosa language here, means "Go away!"

Looking back on that night, when dozens of Somali shopkeepers lost their homes, jobs and dreams for better futures, Osman counts himself fortunate just to be alive. In the past three months, community leaders say, 32 Somalis have been killed in attacks in townships as South African businessmen have violently defended their turf against the newcomers. The most recent death came Saturday in the township of Delft, also near Cape Town.

"When I see my fellow Somalians being killed, I also understand I am lucky to have survived," said Osman, a slender and short man with a wisp of hair on his chin and the thoughtful manner of a patient older brother.

The attacks on Somali immigrants have drawn attention to a vicious strain of xenophobia lurking in South Africa, a nation determined to portray itself as a model of harmonious diversity but tormented by some of the world's highest rates of violent crime.

The attacks are also a chilling reminder, South Africans say, of the violence that marked the final years of apartheid. Clashes in squalid townships such as this forced the government to abandon a decades-old racial order in 1994 but left the nation with a glut of cheap weapons and a legacy of brutality that lingers in the epidemic of rapes, murders and robberies.

Somalis say the recent attacks have convinced them that South Africa's townships are no safer than Mogadishu, the violent capital of a country so riven by power struggles that no government has controlled all of it since 1991.

"People are going back to Somalia now, no matter what's happening there," said Abdi Hakim, 35, whose grocery store in a township near Cape Town has been robbed twice this year. "If we're going to die, we're going to die there in our homeland."

Mohammed Abdullahi, 35, fled Somalia in 2003, leaving behind a wife and three children in Mogadishu. He eventually found his way to South Africa and opened a shop in Khayelitsha, among the largest and most dangerous of the townships near Cape Town.

On Monday, he said, six young men came to his shop shortly after dark. Without saying a word, one of the men shot Abdullahi in the right temple, leaving him for dead in a pool of his own blood but stealing nothing.

From his Cape Town hospital bed, where Abdullahi is recovering but is unlikely to see again, he struggled for breath in recounting the attack. As he raised his right hand in the shape of a pistol, he whispered, "I've been shot because I'm Somali."

The Somalis began arriving in Masiphumelele in 2002 with the opening of Baraka Cash Store, a modest grocery. "Baraka" means "blessing from God" in the guttural mother tongue of the Somalis, and as their numbers swelled the township's residents began calling them "Barakas."

The Somali shops did not look different from the ramshackle collection of hair salons, bars and vegetable stands that already lined the streets of Masiphumelele. But customers here, struggling for every penny despite being nestled in the mountains just a few miles away from South Africa's glitziest tourist spots, soon noticed that the Barakas sold their goods for less than the stores owned by South Africans. The Barakas also offered a warmer, more responsive brand of customer service, residents said.

The Somalis, mostly unmarried men in their twenties and thirties, worked all day, every day, then slept on cots in their shops at night. They also lent one another money, hired other Somalis as employees and developed strong ties with the region's distributors.

Rivals were not happy, and as more and more Barakas moved to Masiphumelele and opened shops -- the total reached 27 in a community of about 20,000 residents -- the township grew tense. There was a string of robberies. Some shops had their windows broken. One Somali shopkeeper said that every few weeks, a young tough would walk into his shop and say, "Tomorrow I am going to kill you."

On the night of Aug. 24, a group of the township's South African businessmen gathered in a community hall to vent their frustrations. By the end of the meeting, they had agreed that rather than compete against the Somalis, they instead would chase them away, giving them three days to leave.

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One of the men at the meeting later told police, "We should not be surprised if one of the Somali businessmen is killed," according to a police report. Another was quoted as saying that if the Somalis did not leave, "we are going to send our dogs."

The three days passed without incident. Then shortly after 8 p.m. on Aug. 28, a mob of more than 200 men and women formed as Somalis across Masiphumelele were closing their shops.

Throughout that night, the crowd moved from Somali-owned shop to Somali-owned shop, bashing in doors, ripping holes in walls, tearing off roofs. Inside, the shopkeepers grabbed machetes and prepared to die protecting their property, they said. But when they saw the sheer numbers of the approaching mob, most fled in terror instead. Some, like Osman, prayed that steel-gated doors would hold as they furiously punched the number of the police on their cellphones.

By the time a group of 10 officers arrived, the situation was out of control, said Capt. Roy Matthee, head of detectives at nearby Ocean View police station. The officers frantically tried to rescue the Somalis and fired rubber bullets to disperse the crowd.

Over the course of that night, 400 rubber rounds were expended, but the shops were thoroughly damaged and emptied out -- in some cases, only the concrete floors were left. But not a single Somali was killed.

Police arrested two men for the attacks of that night, and charges of intimidation were filed against seven of the businessmen who attended the meeting of Aug. 24. All are now free on bail, awaiting trial.

Most of the shopkeepers spent the next several weeks in churches, community halls and mosques. Many are now planning their return to Somalia, they say, ready to leave South Africa as soon as they can raise the money.

The businessman who led the meeting, Khaya Aubrey Cwayi, 32, said he was sorry about the attacks, which he blamed on others. He said the business community of Masiphumelele would not object to having some Somalis return as long as they did not drain too much of the profits of other stores.

"It would be fine if we could have five or seven shops of the Somalians. Not more," he said. "If they are all over the place, those existing businesses will never make any money."

Osman visited his old shop last week. The landlord had repaired the windows, and the hole in the wall where the mob had forced its way inside was closed up as well. As Osman looked at the gutted store, which was empty save for some broken eggs and plastic milk crates, several old customers begged him to return to Masiphumelele.

They missed his low prices, they said, and his smile.

"Please come back," said Matilda Badla, 23, who lived across the street from Osman's old shop. "This week."

Osman sadly shook his head. He had no money to restock. And where he once felt hope, he said, now there was only fear.

"They want me to be here," he said. "I also like them. But circumstances will not allow it."

Zambia: Unofficial Results Give Opposition The Lead (NYT)

By Michael Wines

The New York Times, October 1, 2006

The tallying of Zambia's presidential election was held up after a ballot shortage delayed voting in some provinces, but the state-owned newspaper The Zambia Daily Mail, citing a survey of voters leaving polls, reported that Michael Sata, a populist former cabinet minister, held a commanding lead over the incumbent, Levy Mwanawasa. Mr. Sata was reported to have healthy leads in both Lusaka and the northern Copperbelt Province, the two most populous regions.

In China, Churches Challenge The Rules (WP)

By Maureen Fan

The Washington Post, October 1, 2006

Bold Congregations Risk Official Wrath

WENZHOU, China -- A new breed of churches in this region of China has demonstrated a boldness and independence unmatched elsewhere in the country, despite strict government guidelines for places of worship.

Here in Wenzhou and the surrounding province of Zhejiang, just south of Shanghai, a growing number of congregations that began life as house churches -- unauthorized places of worship set up in private, often dilapidated homes -- have recently

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registered with the government, while continuing to spurn the rules of the official Protestant church in China. Like so many institutions in China, these churches now hover in a sort of legal netherworld.

The official church, known as the Three-Self Patriotic Movement, was founded in the 1950s to free religious Chinese from foreign funds and influence. Its name is derived from the principles of self-governance, self-support and self-propagation of the Gospel.

The fact that many Christians in this region have turned away from the official church's beliefs, analysts say, is a result of history and prosperity.

"Wenzhou's Christians have a lot of social connections, a lot of friends, they're very capable," said Chen Cun-fu, director of the Institute of Christianity and Cross-Cultural Studies at Zhejiang University in Hangzhou. "They're smart, they know how to do things. They're young, they have money, they have their own cars and cellphones."

Meanwhile, a growing number of college students, lawyers, businessmen and preachers educated abroad are also joining illegal house churches.

According to the rules of China's official church, midweek services are forbidden, as is proselytizing outside of church. But the rules are often bent, depending on the relationship between local officials and church leaders, and some independent-minded churches refuse to attend official meetings or pay official fees.

The well-worn Bailouxia church, tucked away down a small lane in this prosperous city, began as an illegal house church. But the church registered with the local religious authorities, and now displays a cross outside the building.

On a recent day, four elderly parishioners stretched out in varnished wooden pews, napping under ceiling fans. In a back row, a toddler fussed as a woman plucked the eyebrows of another worshiper using a thread.

"God's temple is desolate," sang a preacher at an electric keyboard, leading about 60 people in a hymn. "Where is the watchman? The wall is collapsed and everybody is only taking care of themselves."Clash Over a Building

Nothing illustrated the boldness of Zhejiang's Christians more clearly than the hasty building of an illegal house church this summer in a suburb of Hangzhou, the provincial capital. When local officials demolished the church, a massive riot ensued, with 3,000 protesters facing off against thousands of uniformed riot police, security guards and plainclothes police.

It was the most dramatic example in a series of arrests, raids and demolitions of churches considered illegal by the authorities. Some observers said the riot was only the latest chapter in a long-running battle between authorities and the more outspoken of China's growing population of 45 million to 65 million Christians. Other activists said it represented a stepped-up persecution of unregistered congregations.

The 85-year-old church, in the suburban district of Xiaoshan, had its own building before government officials turned it into a hospital many years ago. Since then, members had haggled with officials for compensation and a new location, most recently rejecting a government-approved spot beside a noisy highway.

"Xiaoshan people have the tradition of family or house gatherings and they're rich, so they want more freedom," said Chen. "It's hard for the government to regulate them and tell them where to build their church."

Tired of delays, church members decided in July they couldn't wait any longer. Hundreds gathered in Xiaoshan's Cheluwan village to build the church by hand. They began on a Monday, one group encircling the site to serve as protection with a second group working in rotation through the night. Some volunteers cooked while others stood above one another on metal scaffolding, handing up bricks, sand, cement, shovels and rope.

By Saturday morning they needed only to lay the roof. But on the afternoon of July 29, authorities sent several hundred trucks, four bulldozers, and thousands of riot police, security officers and non-uniformed guards to the scene. Police used bullhorns to order everyone to disperse.

"Stop all illegal activity," the police demanded, as bystanders used their cellphones to photograph their arrival. "Nobody should obstruct state officials who are executing their public function. Nobody should make up facts, spread rumors or disturb social order."

A riot broke out as church members tried to stop the demolition. More than 50 people were detained and many were beaten, said an attorney for the detained, who interviewed and photographed the injured. Six church leaders remain under arrest for instigating violence and interfering with the law. Prosecutors will decide whether to formally charge them this month.

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The head of the village, who said his surname was Wang, insisted there had been no injuries and complained that the church was unregistered and illegal.

"They're absolutely lawless. They consider God to be the most powerful authority and ignore the law," Wang said in a telephone interview.

Official state media reported only that an illegal building had been dismantled, but news of the riot, arrests and beatings spread quickly among Christians.

"This would only happen in Zhejiang. In other provinces, Christians wouldn't dare to build a church this way," said a preacher in a registered Three-Self church in Hangzhou that has several thousand worshipers. He asked not to be named because religion is such a sensitive topic.

"The authorities pay no attention to what you preach, so long as you don't talk about political issues," the preacher said. "The law in China is very fluid. They can regulate but people sometimes do what they want."

In Xiaoshan, however, residents now live in fear. There is an ongoing investigation into who leaked news of the riot to foreign media. One villager said police have been waiting outside the homes of active Christians and posing as journalists.

"You can't speak loudly or talk to outsiders or strangers. There are plainclothes police paying close attention to the houses where Christians live," he said. "They stop people on the street, and in the middle of the night. They ask where the leaders have gone."'It's Just a Name'

Hu Qianjie, the 32-year-old owner of a Wenzhou welding factory, is one of the growing number of independent-minded preachers at registered churches in China. The son of peddlers, he grew up in poverty and remembers Christians coming to help pray for a sick younger brother.

"I was so confused about what I was taught in school -- that socialism was good, everybody was equal, no job was better than another," he said of the search that led him to convert to Christianity when he was 17. Today, despite the fact that he leads a congregation affiliated with the official church, he makes his own views known.

"We look like we might be under the umbrella of the Three-Self church but actually it's just a name, like a sign hanging in front of your house," he said. "I don't just explain the Bible to my followers, I link it to the current situation of society."

Hu rejects the formulaic nature of official Three-Self sermons that stick strictly to the Gospel. And he is critical of early Communist Party attacks on any Western ideology, arguing that Christian cultures are better at absorbing useful lessons from other societies. "Chinese culture just expels everything that doesn't fit with its own culture," he said.

By making the church relevant to the lives of young Christians, Hu also hopes it will fill a void because the government is unable to provide moral leadership.

"We don't talk publicly about sensitive, political issues," he said. "We focus more on abortion, divorce, extramarital affairs. The Communist Party has no more standard for that, no more restrictions on that."

Zheng Datong, a Wenzhou preacher who gives sermons in both registered and unregistered churches, said churches in China are an important outlet for the middle class in Zhejiang province.

"I have many friends who are middle class and who own their own businesses," he said. "I can tell there is a need for them to do some soul-searching. People have everything now -- they have cars, they have houses -- but no peace."

Researcher Jin Ling contributed to this report.

Often Parched, India Struggles To Tap The Monsoon (NYT)

By Somini Sengupta

The New York Times, October 1, 2006

SURAT, India — Early on a Monday morning during the August monsoon, after several days of torrential rains, the engineers in charge of a massive dam about 50 miles upstream from this diamond-polishing hub faced a harrowing crisis.

With water brimming well past the permitted levels at the 350-foot Ukai Dam, according to official records, and the skies showing no sign of relief, the engineers apparently threw open the reservoir's 21 sluice gates. Water then did what water does. It surged downriver, swallowing this city of three million people like a hungry beast. The diamond lanes of India became a warren of muck and ruin.

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In less than three days, at least 120 people died. More than 4,000 animal carcasses were later hauled out of the mud. Two weeks after the floods, Surat's diamond-polishing factories were practically empty of workers, who had fled fearing disease. An industry group estimated the losses at $60 million.

Exactly what happened in Surat is still under investigation. But the deluge has drawn new attention to a puzzle that is crucial to securing India's future: how to harness and hold on to its rich but capricious rains.

The problem is a matter of bitter and enduring debate in this country — and the answer may hold a key to India's prosperity. Every year, India is crippled by floods in some areas, even as it is parched in blighted corners elsewhere.

India's average annual rainfall rate hovers at an abundant 46 inches, as much as Ireland's. Yet growing water scarcity threatens both farms and cities. With the population hitting 1.1 billion, the amount of water available to each Indian is roughly the same as the amount available to the average Sudanese, according to the Food and Agriculture Organization.

India's rains tend to come in short, furious bursts, meaning that much of that water escapes as untapped potential, washing into the sea and wreaking havoc on the fragile villages and flourishing cities that stand in its way.

India is likely to become even more vulnerable, environmentalists warn. Global climate change threatens to make weather patterns even more erratic. Steadily shrinking Himalayan glaciers will inexorably melt and rush down the flood plains.

Floods in India are already a perennial and costly affair, especially in human terms. The southwest monsoon killed 2,545 people in less than four months this year, according to the Ministry of Home Affairs.

Part of the problem lies in India's rapid and unruly development. As water demand has soared, the natural sponges of Indian cities — lakes, ponds, marshes, mangroves — have been lost to construction. Only a handful of city and state governments have lately begun to mandate rainwater harvesting to slowly replenish groundwater.

Moreover, the country faces a water storage crunch. Traditional small-scale Indian storage systems, from temple tanks to elaborate step-wells, have fallen into disrepair. China, a country with similar development issues, manages to store five times the water that India does per person, the World Bank estimates. But the Chinese government, with scant public debate, has moved thousands of people to make way for colossal water projects.

India, too, has tried. But here, in the world's largest democracy, the big-money water solution — the big dam — has been the subject of rancorous disputes. Some projects have met resistance for decades.

Proponents say India must build many more reservoirs to meet its growing water and energy needs. India's founding prime minister, Jawaharlal Nehru, under whose watch the Ukai Dam was built, called them "modern temples" of his newly sovereign nation. India has roughly 4,300 large dams, like the one east of Surat, and an additional 475 under construction.

Critics say that big dams have already proved too costly and too destructive, submerging villages and displacing people without adequate compensation.

They also argue that dams and irrigation canals, like so much Indian infrastructure, are so poorly maintained and managed that already they cannot hold all they are supposed to. According to government estimates, silt deposits make up 10 percent of total capacity. Because of declining rains, India today fills up its reservoirs two out of every three years.

When the Tapi River burst upon Surat on Aug. 7, its swollen waters broke through an already fragile concrete embankment near Abdul Bhai Patel's apartment.

Eventually, the rising waters reduced Mr. Patel's building to a pile of rubble and brick. His wife, Zulekha, was among nearly 40 people who were killed when the building collapsed.

"I screamed," Mr. Patel recalled several days later, as he picked solemnly through the rubble in search of his passport. "No one heard me. There was water all around." The river took away his only source of income, too — the auto-rickshaw that he plied on the streets of Surat.

Downstream, at the industrial park called Hazira, one of the country's largest natural gas plants was forced to shut down. Several petrochemical plants shut down as well. The floodwaters reached as high as 18 feet at Hazira.

Government engineers who manage dams, including the Ukai, have the unenviable task of balancing the competing Indian curses of drought and deluge.

In dry years, they must take measures to store as much water as possible in the reservoir. In wet years, they must guard against drowning those who live downstream.

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Whether state officials at Ukai could have taken any steps to forestall the flooding remains uncertain. The officials plead silence, citing a judicial inquiry under way.

Their critics are not silent. They argue that it was reckless to wait so long to discharge so much water, knowing it could submerge the city in a matter of hours, and they have pounced on the drowning of Surat as a model of all that is wrong with the way India uses its reservoirs.

"I call it a management failure," said M. D. Desai, a retired state engineer who once worked at Ukai.

The reservoir was already well over 20 percent full by the time the rains began in July, critics note. Meteorological data forecasted heavy rains in early August. And dam officials should have known that a full moon, on Aug. 9, would bring high tides and further pinch the river's ability to drain into the sea. The Hazira industrial complex, built on the estuary, also compromises the river's ability to drain out.

Often, the wasted water is a double hit to development: Not only does it go unused, it destroys everything in its path, setting back both industry and infrastructure. In Surat, the outpouring of the Ukai Dam snapped electricity and phone lines, and suspended train service and commerce.

The Business Standard, an English-language daily, fumed in an editorial, under the headline "Man-Made Floods," a few days after the deluge.

"Releasing the water in a rush at the monsoon time means that the stored water has gone completely waste, as runoff," it read. "This is criminal profligacy with a scarce and precious resource."

Modern India, urban and rural, continues to live at the whim of the monsoon.

For two-thirds of India's farmers, who have no access to irrigation, a good monsoon is the difference between survival and penury. For fast-growing cities like this one, the monsoon lays bare the frailties of urban infrastructure.

This year, in the perennially drought-stricken agricultural region of Vidarbha, in central India, the monsoon was first tardy and then, unexpectedly furious. Those who had low-lying lands lost their crops entirely. In the western state of Rajasthan, a fluke downpour turned desert to lake.

In the cities, troubles like those in Surat are spread all around, at accumulating costs. Last year, one day's unusually heavy rains brought Mumbai, formerly Bombay and the country's financial capital, to a standstill.

Trains stopped in their tracks. Cars were submerged, sometimes with people inside. Shanties were washed away. All told, 400 people died in the flooding, and then, 60 more, as cholera and dengue fever festered in its waterlogged streets.

Civic scrutiny fell on years of neglect and bad planning: the narrow storm drains bursting with the city's waste; the slums sitting on the city's floodplains; and the sprawling complex of financial services buildings that has eaten up mangroves.

In Surat, prosperity and population growth brought a surge of new development on the river's edge. A city official acknowledged that expanding construction along the riverbank had made it impossible to put up flood walls in some places.

Any lessons will come too late for Tulsi Mistry, 14, and her family. Before dawn, on that fateful Monday in early August, when news of flooding first reached the Rivera Row Houses, they scrambled to higher ground.

From her perch on the roof, Tulsi watched as the river rose and devoured her city. A refrigerator and washing machine coursed down her street. A body floated in the park up the road.

Tulsi and her family ended up virtually stranded on their rooftop terrace for a week. They ate whatever was left in the pantry and shared with neighbors. They drank what was stored in the rooftop tank, forgoing a bath for seven days.

Burma Detains Two More Dissident Figures (WP/AP)

Associated Press

The Washington Post, October 1, 2006

RANGOON, Burma, Sept. 30 -- Burma's military junta detained two former dissident leaders on Saturday as part of a renewed crackdown on pro-democracy activists that followed anniversary celebrations of Aung San Suu Kyi's political party.

Min Zeya, 45, and Pyone Cho, 40, were taken from their homes Saturday, a day after sending a letter to the ruling junta chairman inquiring about the status of three other activists detained Wednesday.

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Their arrests brought to six the number of activists detained since Suu Kyi's National League for Democracy marked its 18th anniversary Wednesday.

Min Zeya and Pyone Cho were among the leaders of a nationwide uprising in Burma, also known as Myanmar, in 1988. The military crushed the uprising and seized power. Pyone Cho served nearly 14 years in prison and was released in 2003, while Min Zeya served eight years and was released in 1997.

On Wednesday, the military picked up Min Ko Naing, Ko Ko Gyi and Htay Kywe -- supporters of the detained pro-democracy leader Suu Kyi. The three have not been seen since.

They had helped lead pro-democracy demonstrations in 1988 and served sentences of at least a decade before being released with thousands of other prisoners in late 2004.

The U.S. Campaign for Burma, based in Washington, said a sixth activist -- Aye Myint -- had been arrested. This could not be immediately confirmed.

In 1990, the junta refused to hand over power when Suu Kyi's party won a landslide election victory. Suu Kyi, who received the 1991 Nobel Peace Prize, has spent nearly 11 of the last 17 years in detention, mostly under house arrest, despite worldwide calls to free her and hundreds of other political prisoners.

Canadian Overpass Falls; Deaths Feared (AP)

By Phil Couvrette

AP, October 1, 2006

An overpass near Montreal collapsed Saturday, crushing two cars whose occupants were feared dead, authorities said. At least five people were injured.

Drivers on Highway 19 slammed on their brakes and watched in horror as the overpass slowly collapsed, sending cars plunging and crushing at least two vehicles. Quebec provincial police did not confirm any deaths but spokeswoman Chantal Mackels said police believed it was unlikely that anyone in the two crushed cars survived.

"We watched the overpass slowly come down and two cars fell from it," witness Golda Simon told TVA network.

Manon Joly had just dropped her daughter off at dance school and was in her car about to drive onto Highway 19.

"I slowed down and then all of a sudden everything collapsed like a house of cards," she said. "There were three or four cars that plunged into the hole right in front of me."

Ambulances transported five people. Three were in critical condition including two suffering from head injuries.

Emergency workers had not yet reached people trapped under the wreckage, said Andre Champagne of ambulance service Urgence-Sante. The workers were trying to secure the site before attending to those trapped, he told The Associated Press.

"We know minutes are precious," Champagne said. "It takes a long time. These are heavy structures that have to be moved."

Mackels said three lanes of the overpass plus a pedestrian sidewalk collapsed onto Highway 19. She said four vehicles — a motorcycle, two cars and a minivan — were on the overpass at the time

The incident occurred before 1 p.m. One witness told TVA he noticed that the road sunk an inch or two when he traveled over the overpass minutes earlier and he called emergency dispatchers.

Jean-Nicolas Turcotte, who lives near the overpass, was woken up by the collapse.

"I was sleeping when the large crash woke me up. At first I thought it was an earthquake or an accident. I looked out the window and heard people screaming," Turcotte said. "And I saw large puffs of smoke rising."

Claude Canton was painting his house just off the highway when he heard a loud bang. He said he saw two cars that were stuck under rubble and one started to catch fire before police put it out with extinguishers.

Aerial helicopter shots showed two passenger cars and a van on their backs or on the sides over the wreckage of the collapsed overpass, blocking traffic for miles. Authorities closed the bridge further down connecting Laval with the island on Montreal.

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The incident was similar to the 2000 collapse of an overpass, also on the island of Laval north of Montreal, which killed one and injured two.

A New African War Zone (NYT)

By Nicholas D. Kristof

The New York Times, October 1, 2006

PAOUA, Central African Republic

My aim in bringing Casey Parks, the winner of my contest for university students, to this war-torn land wasn't to have her held at gunpoint. That was quite an accident — both times.

My purpose was actually to emphasize the urgency of ending the genocide in Darfur before it destabilizes even more of Africa. The malignancy has already spread to Chad, and now it is beginning to destroy the Central African Republic as well.

Sudan has in effect invaded the Central African Republic with a proxy force of Chadians whom it armed and transported to a remote airstrip in Sudanese Antonov aircraft. Now those troops are living in caves in the northeast part of this country and recruiting local people to fight. When the dry season comes in another month or so, that force of 500 troops will presumably join a larger force of Sudanese puppets in trying to overthrow the government of Chad and perhaps of this country as well.

The north of the Central African Republic is now a war zone, with rival armed bands (some from the government) burning villages, kidnapping children, robbing travelers and killing people with impunity.

The country is already unstable for its own reasons, and its own government has much to answer for, but the Sudanese incursion and the small arms rippling out from Darfur have left this region in complete chaos. The violence has driven 100,000 villagers from their homes, and the U.N. calls it "the world's most neglected crisis."

Casey and I traveled here in a five-vehicle U.N. convoy, including two pickups full of well-armed soldiers. But the presence of soldiers discourages frank interviews with peasants who have been attacked by soldiers, so we twice left the escorts behind and drove through hard-hit villages.

After we had stopped at the eerily empty village of Bottolna and explored a bit, a man named Dominique Dondjoube crept out of a hiding place and told us that most of the villagers were hiding in the bush — where they were dying from bad water, malaria and malnutrition. "Just yesterday, three children died of malnutrition," he said. They were a 6-year-old boy, a 5-year-old girl, and a 3-month-old girl whose mother had no milk because of the lack of food.

In a hospital run by Doctors Without Borders, a French doctor was treating Arthur Demongoy, a 2-year-old suffering from severe malnutrition. Children like Arthur are heartbreakingly impassive; they are so starved that they never cry, for every calorie goes to keeping them alive.

"Everything was burned in our village, and all our money was taken, and that's why we have no food," explained his mother, Sylvie.

But while a handful of brave aid workers and Catholic missionaries, Europeans and Africans alike, work in this region, they have been shot at and robbed. At some point the danger could force them to pull out.

Indeed, as Casey and I drove on one isolated, rutted road that forced us to drive slowly, we encountered just the kind of menace that has terrorized local people and aid workers: Two men stepped out from the brush on the side of the road, waved rifles and ordered us to stop.

The bandits eventually let us go on, and we continued down the road to interview local people. But since there was only one road into the area, we had to go back the same way — and then were held up again, by the same two men.

That kind of random violence is incredibly infectious, and the legacy of Darfur may be that all of Chad and the Central African Republic will collapse into Somalia-style anarchy. In an interview with Casey and me, President François Bozize of the Central African Republic offered an excellent suggestion: With the deployment of U.N. peacekeepers to Darfur delayed indefinitely because of Sudan's defiance, post them in the meantime in Chad and the Central African Republic — while still pushing to get them into Darfur itself.

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When President Bozize traveled to the U.S. this month for the U.N. General Assembly, the Bush administration made available a mere deputy assistant secretary of state to talk to him. That's ridiculous, sending a signal that we're not engaged in Darfur's regional crisis and don't care what Sudan does to this country.

If President Bush is serious about genocide, an immediate priority is to stop the cancer of Darfur from spreading further — which means working with France to shore up both Chad and the Central African Republic. (France has troops in both countries.) It also means putting U.N. peacekeepers in both places. Right now.

Don't Let The Andes Trade Pact Expire (LAT)

By Sergio Muñoz, Sergio Muñoz, A Former Times Editorial Writer, Is A Contributing Editor To The Paper, And His Weekly

The Los Angeles Times, October 1, 2006

Free-trade program has benefited millions while promoting democracy in South America.

VICTORIA Salgado Chambi is a 30-year-old single mother who lives with her young children, Carlos and Ana, in a barrio in El Alto, Bolivia's third-largest city. She is one of tens of thousands of Bolivian artisans who owe their livelihoods to the Andean Trade Promotion and Drug Eradication Act, which the U.S. Congress first passed in 1991. The law allows about 5,600 Bolivian products — among them cut flowers, native fruits and vegetables, jewelry and traditional Indian clothing — to be sold duty-free in the United States.

Salgado, who learned the art of weaving from her Aymara Indian mother and grandmother, specializes in making alpaca coats, sweaters, bags and caps. Her clothing used to sell for less than $20 apiece in the local El Alto market. When the Andean trade law kicked in, an exporter urged Salgado to boost production, and after a local bank loaned her $10,000 to buy the necessary equipment, she hired three women as weavers. Business has been good, and she now employs 15 women. She gets $50 for every clothing item sold in the U.S. for $90.

But the trade program that has created an economic miracle in El Alto — 80,000 new jobs and roughy $250 million in annual income from sales in the U.S. — may lapse in December.

The original goal of the Andean trade act was to combat drug production and traffic in Bolivia, Colombia, Ecuador and Peru by helping those countries create legitimate jobs, and it has largely worked. In 2001, Congress approved a five-year extension of the program, assuming that by 2006, all four countries would have negotiated free-trade agreements with the United States.

None have, although Peru and Colombia have signed deals that await congressional approval. Ecuador and the U.S. stopped talking free trade a few months ago. And Bolivia is not even on the table.

Furthermore, Bolivian President Evo Morales' decision to nationalize the country's natural gas resources has only made things worse for Bolivia in the U.S. Congress, where many politicians have attacked his plan.

For Bolivia, the expiring trade act is crucial to its economic vitality. In recognition of that, the secretary general of the Organization of American States, Jose Miguel Insulza, has called for an extension of the program, as have all members of the group.

Even Rep. Charles B. Rangel (D-N.Y.), whose free-trade voting record is mixed at best, has introduced a bill that would extend the trade provisions for Bolivia by two more years. But Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, opposes any extension because of Morales' move toward nationalization, even though no U.S. companies would be affected.

To end Salgado's and other Bolivian artisans' competitive advantage in the U.S. marketplace would be shortsighted and counterproductive, and it would border on the petty. For Latin Americans, it would be hard to understand why the world's richest country turned its back on the second-poorest in the hemisphere by ending a trade program that benefits about 40% of El Alto's largely impoverished population and amounts to 65% of Bolivia's trade with us.

Washington has a broad interest in promoting democracy in the Andean region, where Venezuelan President Hugo Chavez is using his country's vast oil wealth to spread his "Bolivarian Revolution." With indigenous movements in Ecuador and Bolivia gaining strength, fighting in Colombia continuing and dissatisfaction with the market economy festering in Peru, it would be foolish for Washington to give Chavez more ammunition by denying poor Bolivian Indians access to the U.S. market. Extending

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the trade program not only would help solve Bolivia's enormous problems but would serve to restore regional trust in the U.S. commitment to democracy.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Secret Reports Dispute White House Optimism (WP)

By Bob Woodward

The Washington Post, October 1, 2006

On May 22, 2006, President Bush spoke in Chicago and gave a characteristically upbeat forecast: "Years from now, people will look back on the formation of a unity government in Iraq as a decisive moment in the story of liberty, a moment when freedom gained a firm foothold in the Middle East and the forces of terror began their long retreat."

Two days later, the intelligence division of the Joint Chiefs of Staff circulated a secret intelligence assessment to the White House that contradicted the president's forecast.

Instead of a "long retreat," the report forecast a more violent 2007: "Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through the next year."

A graph included in the assessment measured attacks from May 2003 to May 2006. It showed some significant dips, but the current number of attacks against U.S.-led coalition forces and Iraqi authorities was as high as it had ever been -- exceeding 3,500 a month. [In July the number would be over 4,500.] The assessment also included a pessimistic report on crude oil production, the delivery of electricity and political progress.

On May 26, the Pentagon released an unclassified report to Congress, required by law, that contradicted the Joint Chiefs' secret assessment. The public report sent to Congress said the "appeal and motivation for continued violent action will begin to wane in early 2007."

There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly. But the discrepancy was not surprising. In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation.

[The release last week of portions of a National Intelligence Estimate concluding that the war in Iraq has become a primary recruitment vehicle for terrorists -- following a series of upbeat speeches by the president -- presented a similar contrast.]

On June 18, 2003, Jay Garner went to see Defense Secretary Donald H. Rumsfeld to report on his brief tenure in Iraq as head of the postwar planning office. Throughout the invasion and the early days of the war, Garner, a retired Army lieutenant general, had struggled just to get his team into Iraq. Two days after he arrived, Rumsfeld called to tell him that L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protege of Henry A. Kissinger, would be coming over as the presidential envoy, effectively replacing Garner.

"We've made three tragic decisions," Garner told Rumsfeld.

"Really?" Rumsfeld asked.

"Three terrible mistakes," Garner said.

He cited the first two orders Bremer signed when he arrived, the first one banning as many as 50,000 members of Saddam Hussein's Baath Party from government jobs and the second disbanding the Iraqi military. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around.

Third, Garner said, Bremer had summarily dismissed an interim Iraqi leadership group that had been eager to help the United States administer the country in the short term. "Jerry Bremer can't be the face of the government to the Iraqi people. You've got to have an Iraqi face for the Iraqi people."

Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

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Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

He thinks I've lost it, Garner thought. He thinks I'm absolutely wrong. Garner didn't want it to sound like sour grapes, but facts were facts. "They're all reversible," Garner said again.

"We're not going to go back," Rumsfeld said emphatically.

Later that day, Garner went with Rumsfeld to the White House. But in a meeting with Bush, he made no mention of mistakes. Instead he regaled the president with stories from his time in Baghdad.

In an interview last December, I asked Garner if he had any regrets in not telling the president about his misgivings.

"You know, I don't know if I had that moment to live over again, I don't know if I'd do that or not. But if I had done that -- and quite frankly, I mean, I wouldn't have had a problem doing that -- but in my thinking, the door's closed. I mean, there's nothing I can do to open this door again. And I think if I had said that to the president in front of Cheney and Condoleezza Rice and Rumsfeld in there, the president would have looked at them and they would have rolled their eyes back and he would have thought, 'Boy, I wonder why we didn't get rid of this guy sooner?' "

"They didn't see it coming," Garner added. "As the troops said, they drank the Kool-Aid."What's the Strategy?

In the fall of 2003 and the winter of 2004, officials of the National Security Council became increasingly concerned about the ability of the U.S. military to counter the growing insurgency in Iraq.

Returning from a visit to Iraq, Robert D. Blackwill, the NSC's top official for Iraq, was deeply disturbed by what he considered the inadequate number of troops on the ground there. He told Rice and Stephen J. Hadley, her deputy, that the NSC needed to do a military review.

"If we have a military strategy, I can't identify it," Hadley said. "I don't know what's worse -- that they have one and won't tell us or that they don't have one."

Rice had made it clear that her authority did not extend to Rumsfeld or the military, so Blackwill never forced the issue with her. Still, he wondered why the president never challenged the military. Why didn't he say to Gen. John P. Abizaid at the end of one of his secure video briefings, "John, let's have another of these on Thursday and what I really want from you is please explain to me, let's take an hour and a half, your military strategy for victory."

After Bush's reelection, Hadley replaced Rice as national security adviser. He made an assessment of the problems from the first term.

"I give us a B-minus for policy development," he told a colleague on Feb. 5, 2005, "and a D-minus for policy execution."

Rice, for her part, hired Philip D. Zelikow, an old friend, and sent him immediately to Iraq. She needed ground truth, a full, detailed report from someone she trusted. Zelikow had a license to go anywhere and ask any question.

On Feb. 10, 2005, two weeks after Rice became secretary of state, Zelikow presented her with a 15-page, single-spaced secret memo. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Zelikow wrote.

The insurgency was "being contained militarily," but it was "quite active," leaving Iraqi civilians feeling "very insecure," Zelikow said.

U.S. officials seemed locked down in the fortified Green Zone. "Mobility of coalition officials is extremely limited, and productive government activity is constrained."

Zelikow criticized the Baghdad-centered effort, noting that "the war can certainly be lost in Baghdad, but the war can only be won in the cities and provinces outside Baghdad."

In sum, he said, the United States' effort suffered because it lacked an articulated, comprehensive, unified policy.Lessons From Kissinger

A powerful, largely invisible influence on Bush's Iraq policy was former secretary of state Kissinger.

"Of the outside people that I talk to in this job," Vice President Cheney told me in the summer of 2005, "I probably talk to Henry Kissinger more than I talk to anybody else. He just comes by and, I guess at least once a month, Scooter [his then-chief of staff, I. Lewis Libby] and I sit down with him."

The president also met privately with Kissinger every couple of months, making him the most regular and frequent outside adviser to Bush on foreign affairs.

Kissinger sensed wobbliness everywhere on Iraq, and he increasingly saw it through the prism of the Vietnam War. For Kissinger, the overriding lesson of Vietnam is to stick it out.

In his writing, speeches and private comments, Kissinger claimed that the United States had essentially won the war in 1972, only to lose it because of the weakened resolve of the public and Congress.

In a column in The Washington Post on Aug. 12, 2005, titled "Lessons for an Exit Strategy," Kissinger wrote, "Victory over the insurgency is the only meaningful exit strategy."

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He delivered the same message directly to Bush, Cheney and Hadley at the White House.

Victory had to be the goal, he told all. Don't let it happen again. Don't give an inch, or else the media, the Congress and the American culture of avoiding hardship will walk you back.

He also said that the eventual outcome in Iraq was more important than Vietnam had been. A radical Islamic or Taliban-style government in Iraq would be a model that could challenge the internal stability of the key countries in the Middle East and elsewhere.

Kissinger told Rice that in Vietnam they didn't have the time, focus, energy or support at home to get the politics in place. That's why it had collapsed like a house of cards. He urged that the Bush administration get the politics right, both in Iraq and on the home front. Partially withdrawing troops had its own dangers. Even entertaining the idea of withdrawing any troops could create momentum for an exit that was less than victory.

In a meeting with presidential speechwriter Michael Gerson in early September 2005, Kissinger was more explicit: Bush needed to resist the pressure to withdraw American troops. He repeated his axiom that the only meaningful exit strategy was victory.

"The president can't be talking about troop reductions as a centerpiece," Kissinger said. "You may want to reduce troops," but troop reduction should not be the objective. "This is not where you put the emphasis."

To emphasize his point, he gave Gerson a copy of a memo he had written to President Richard M. Nixon, dated Sept. 10, 1969.

"Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded," he wrote.

The policy of "Vietnamization," turning the fight over to the South Vietnamese military, Kissinger wrote, might increase pressure to end the war because the American public wanted a quick resolution. Troop withdrawals would only encourage the enemy. "It will become harder and harder to maintain the morale of those who remain, not to speak of their mothers."

Two months after Gerson's meeting, the administration issued a 35-page "National Strategy for Victory in Iraq." It was right out of the Kissinger playbook. The only meaningful exit strategy would be victory.Echoes of Vietnam

Vietnam was also on the minds of some old Army buddies of Gen. Abizaid, the Centcom commander. They were worried that Iraq was slowly turning into Vietnam -- either it would wind down prematurely or become a war that was not winnable.

Some of them, including retired Gen. Wayne A. Downing and James V. Kimsey, a founder of America Online, visited Abizaid in 2005 at his headquarters in Doha, Qatar, and then in Iraq.

Abizaid held to the position that the war was now about the Iraqis. They had to win it now. The U.S. military had done all it could. It was critical, he argued, that they lower the American troop presence. It was still the face of an occupation, with American forces patrolling, kicking down doors and looking at the Iraqi women, which infuriated the Iraqi men.

"We've got to get the [expletive] out," he said.

Abizaid's old friends were worried sick that another Vietnam or anything that looked like Vietnam would be the end of the volunteer army. What's the strategy for winning? they pressed him.

"That's not my job," Abizaid said.

No, it is part of your job, they insisted.

No, Abizaid said. Articulating strategy belonged to others.

Who?

"The president and Condi Rice, because Rumsfeld doesn't have any credibility anymore," he said.

This March, Abizaid was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq.

Afterward, he went over to see Rep. John P. Murtha in the Rayburn House Office Building. Murtha, a Pennsylvania Democrat, had introduced a resolution in Congress calling for American troops in Iraq to be "redeployed" -- the military term for returning troops overseas to their home bases -- "at the earliest practicable date."

"The war in Iraq is not going as advertised," Murtha had said. "It is a flawed policy wrapped in illusion."

Now, sitting at the round dark-wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis, held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."Frustration and a Resignation

That same month, White House Chief of Staff Andrew H. Card Jr. prepared to leave the administration after submitting his resignation to Bush. He felt a sense of relief mixed with the knowledge that he was leaving unfinished business.

"It's Iraq, Iraq, Iraq," Card had told his replacement, Joshua B. Bolten. "Then comes the economy."

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One of Card's great worries was that Iraq would be compared to Vietnam. In March, there were 58,249 names on the Vietnam Veterans Memorial in Washington. One of Kissinger's private criticisms of Bush was that he had no mechanism in place, or even an inclination, to consider the downsides of impending decisions. Alternative courses of action were rarely considered.

As best as Card could remember, there had been some informal, blue-sky discussions at times along the lines of "What could we do differently?" But there had been no formal sessions to consider alternatives to staying in Iraq. To his knowledge there were no anguished memos bearing the names of Cheney, Rice, Hadley, Rumsfeld, the CIA, Card himself or anyone else saying "Let's examine alternatives," as had surfaced after the Vietnam era.

Card put it on the generals in the Pentagon and Iraq. If they had come forward and said to the president, "It's not worth it," or, "The mission can't be accomplished," Card was certain, the president would have said "I'm not going to ask another kid to sacrifice for it."

Card was enough of a realist to see that there were two negative aspects to Bush's public persona that had come to define his presidency: incompetence and arrogance. Card did not believe that Bush was incompetent, and so he had to face the possibility that, as Bush's chief of staff, he might have been the incompetent one. In addition, he did not think the president was arrogant.

But the marketing of Bush had come across as arrogant. Maybe it was unfair in Card's opinion, but there it was.

He was leaving. And the man he considered most responsible for the postwar troubles, the one who should have gone, Rumsfeld, was staying.

Bill Murphy Jr. and Christine Parthemore contributed to this report.

'State Of Denial' (NSWK)

By Bob Woodward, Newsweek

Newsweek, October 1, 2006

It was Bush's decision. But Rumsfeld drove the dynamic on Iraq. How the SecDef blew it. An exclusive excerpt.

A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. A White House photographer captured the scene. Rumsfeld wears a pin-stripe suit, and rests his left hand on a Bible held by Joyce, his wife of 46 years. His right hand is raised. Bush stands almost at attention, his head forward, his eyes cocked sharply leftward, looking intently at Rumsfeld. Vice President Dick Cheney stands slightly off to the side, his trademark half smile on his face. It is a cold, dry day, and the barren branches of the trees outside can be seen through the Oval Office windows.

Back in the days of the Ford presidency, in the wake of Watergate—the pardon of Nixon, the fall of Saigon—Cheney and Rumsfeld had worked almost daily in the same Oval Office where they once again stood. The new man in the photo, Bush, five years younger than Cheney and nearly 14 years younger than Rumsfeld, had been a student at Harvard Business School. He came to the presidency with less experience and time in government than any incoming president since Woodrow Wilson in 1913.

Well into his seventh decade, many of Rumsfeld's peers and friends had retired, but he now stood eagerly on the cusp, ready to run the race again. He resembled John le Carre's fictional Cold War British intelligence chief, George Smiley, a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all."

"Get it right this time," Cheney told Rumsfeld.

In his first Pentagon tour, as Ford's secretary of defense from 1975-1977, Rumsfeld had acquired a disdain for large parts of the system he was to oversee once again. He had found the Pentagon and the vast U.S. military complex unmanageable. One night at a dinner at my house a dozen years after he had left the Pentagon the first time, he said that being secretary was "like having an electric appliance in one hand and the plug in the other and you are running around trying to find a place to put it in." It was an image that stuck with me—Rumsfeld charging around the Pentagon E-ring, the Man with the Appliance, seeking an elusive electrical socket, trying to make things work and feeling unplugged by the generals and admirals.

"After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain," Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and monitors looking over their shoulders than there were "front-line troops with weapons."

"The maze of constraints on the Department force it to operate in a manner that is so slow, so ponderous and so inefficient that whatever it ultimately does will inevitably be a decade or so late."

This "Anchor Chain" memo, which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon

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during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that "our job, therefore, is to work together to sharpen the sword that the next president will wield."

"I'm the secretary of defense," Rumsfeld insisted repeatedly in his first months in 2001. "I'm in the chain of command." He—not the generals, not the Joint Chiefs of Staff—would deal with the White House and the president on operational matters. Rumsfeld micromanaged daily Pentagon life and rode roughshod over people. In one public confrontation at a hearing with Senator Susan Collins, the earnest Maine Republican, Rumsfeld had put her down in a manner that was stunning even for him. Collins's voice had quivered at one point. Later, Powell A. Moore, Rumsfeld's assistant secretary of defense for legislative affairs, suggested that he call her, try to smooth things over.

"Hell," Rumsfeld said, "she needs to apologize to me."

On one occasion, he led a delegation from Congress to the funeral in Columbia, South Carolina, for Representative Floyd Spence, a Republican who had been a pro-Pentagon hawk for three decades. Moore had arranged the seating on Rumsfeld's plane the way everything was done in Congress, by seniority.

"I don't want this," Rumsfeld declared, and personally re-arranged the seating—putting Representative Duncan Hunter, the California Republican who would soon become the House Armed Services Committee chairman, in the back.

On January 20, 2003, President Bush signed a secret National Security Presidential Directive, NSPD-24. The subject: setting up an "Iraq Postwar Planning Office" within the Defense Department for the expected invasion of Iraq. Rumsfeld picked Jay Garner, a 64-year-old retired three-star general and defense industry executive to head the postwar office. Six weeks later, Garner went to the White House, mid-morning on Friday, February 28, 2003, to meet President Bush for the first time. In the Situation Room, Garner passed around copies of his handout, an 11-point presentation, and dove right in. He said four of the nine tasks his small team was supposed to be in charge of in Iraq under Bush's NSPD-24 were plainly beyond their capabilities, including dismantling weapons of mass destruction, defeating terrorists, reshaping the Iraqi military and reshaping the other internal Iraqi security institutions.

The president nodded. No one else intervened, though Garner had just told them he couldn't be responsible for crucial postwar tasks—the ones that had the most to do with the stated reasons for going to war in the first place—because his team couldn't do them.

The import of what he had said seemed to sail over everyone's heads.

Garner next described how he intended to divide the country into regional groups, and moved on to the interagency plans.

"Just a minute," the president interrupted. "Where are you from?"

"Florida, sir."

"Why do you talk like that?" he asked, apparently trying to place Garner's accent.

"Because I was born and raised on a ranch in Florida. My daddy was a rancher."

"You're in," the first rancher said approvingly. His brother Jeb was governor of the state, and the president visited regularly.

One of Garner's talking points was, "Postwar use of Iraqi Regular Army." He said, "We're going to use the army. We need to use them. They have the proper skill sets."

How many from the army? someone asked.

"I'm going to give you a big range," Garner answered. "It'll be between 200,000 and 300,000."

Garner looked around the room. All the heads were bobbing north to south. Nobody challenged. Nobody had any questions about this plan.

"Thank you very much," Bush said when Garner was done. National Security Adviser Condoleezza Rice started talking about something else, so Garner figured he was dismissed. As he started to walk out of the room, the president caught his eye.

"Kick ass, Jay," Bush said.

Garner waited for Rumsfeld outside. Soon, Bush and Rice came out and walked three or four steps past Garner. Suddenly Bush turned back.

"Hey, if you have any problem with that governor down in Florida, just let me know," he said.

Shortly after the invasion, while Garner was in Kuwait waiting to move into Iraq, Rumsfeld chose L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protégé of Henry Kissinger, to effectively replace Garner, but as a presidential envoy. On Garner's first day in Iraq, April 22, he signed on to an agreement to set up an interim Iraqi advisory group, made up of prominent Kurds, Shiites and Sunnis, many of them expatriates, to put an Iraqi face on the postwar occupation government. Two days later, Rumsfeld called to tell him Bremer was coming over, and said he wanted Garner to stay on as well.

"It doesn't work that way," Garner said. "You can't have the guy who used to be in charge and the guy who's now in charge there, because you divide the loyalties of the people. So the best thing for me is just to step out of here."

Rumsfeld convinced Garner to stay temporarily, and the retired general and Bremer clashed, as Bremer quickly unveiled a plan to ban as many as 50,000 members of Saddam Hussein's Baath Party from government employment.

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"Hell," Garner told him, "you won't be able to run anything if you go this deep."

The next day, Bremer revealed a second draft order, disbanding the Iraqi ministries of Defense and Interior, the entire Iraqi military, and all of Saddam's bodyguard and special paramilitary organizations. Garner was stunned. The de-Baathification order was dumb, but this was a disaster.

"We have always made plans to bring the army back," he insisted. This new plan was just coming out of the blue, subverting months of work.

"Well, the plans have changed," Bremer replied.

Bremer then met with the Iraqi advisory group Garner had agreed to work with. "One thing you need to realize is you're not the government," he told them. "We are. And we're in charge."

The next day, the group went home.

Garner came back to the U.S. in June and basically hid out for a couple of weeks, not wanting to see anyone at the Pentagon or talk about his experience in Iraq. Finally, on June 18, 2003, alone with Rumsfeld around the small table in the secretary's office, Garner felt he had an obligation to state the depths of his concerns.

"We've made three tragic decisions," Garner said.

"Really?" Rumsfeld said.

"Three terrible mistakes," Garner said. He cited the extent of the de-Baathification, getting rid of the army, and summarily dumping the Iraqi leadership group. Disbanding the military had been the biggest mistake. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around. Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

Rumsfeld and Garner went to the White House to see Bush. It was Garner's second time with the president. "Mr. President, let me tell you a couple of stories," Garner said. Describing meetings with Iraqis, Garner painted a positive picture. "I'd get ready to leave," Garner said, "and this is true—as I leave they're all thumbs-up and they'd say, 'God bless Mr. George Bush and Mr. Tony Blair. Thank you for taking away Saddam Hussein.' That was in 70 meetings. That always was the final response."

"Oh, that's good," Bush said.

On the way out, Bush slapped Garner on the back. "Hey Jay, you want to do Iran?"

"Sir, the boys and I talked about that and we want to hold out for Cuba. We think the rum and the cigars are a little better … The women are prettier."

Bush laughed. "You got it. You got Cuba."

Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news.

It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all.

Soon Rumsfeld was distancing himself from Bremer, who, on paper, was to report to the president through the secretary of defense. Rumsfeld later confirmed to me in an interview that he felt that Bremer had only "technically but not really" reported to him.

"He didn't call home much," Rumsfeld said of Bremer.

Rumsfeld also stepped away from the hunt for Saddam's alleged WMD. CIA Director George Tenet proposed to Rumsfeld that the person in charge of the WMD hunt report to both of them.

"Absolutely not," Rumsfeld said.

After Bush's re-election in November 2004, the biggest question mark at the White House was Rumsfeld. Should he stay? White House Chief of Staff Andrew H. Card Jr. had to approach the issue with delicacy. The biggest voice for change was outgoing Secretary of State Colin Powell. In one conversation, Powell had told Card, "If I go, Don should go." Bush had decided to replace Powell with Rice, but it was unclear who he wanted at Defense.

Card got out his "hit-by-the-bus" book, an 8½-by-11-inch spiral notebook, a half-inch thick with a blue cover. On separate pages he had lists of possible replacements for all the major administration posts, including his own. The names were listed in no particular order. Card kept the notebook in his desk at the White House and periodically added or deleted names. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or a presidential record that might someday be opened to history. It was private and personal.

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His list of 11 possible Rumsfeld replacements included Senator Joe Lieberman, the Connecticut Democrat who had been Al Gore's running mate in 2000, and Republican Arizona Senator John McCain.

But Card had what he thought was a great idea—a sleeper candidate. The best replacement for Rumsfeld would be James A. Baker III. "Everyone would say, 'Phew,'" Card said. "No learning curve. Great. Interesting." Baker was 74, only two years older than Rumsfeld. He had served in the Marine Corps. He had been the best modern White House chief of staff, Card thought. He had successfully handled the 2000 Florida recount for Bush. Mr. President, this is my quiet counsel, Card said. Put a diplomat in the Defense Department.

The president seemed genuinely intrigued. You don't have to rush to make a decision, Card advised. But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. Rumsfeld wanted to stay.

Soon Karl Rove weighed in. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing and with the expected nomination of White House Counsel Alberto Gonzales as attorney general, would another Senate confirmation overload the system? And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war. Jesus, no.

In mid-December the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Card tried to have a private, candid session with First Lady Laura Bush about every six weeks to hear her concerns. He set aside an hour and a half for each meeting. Sometimes it took 30 minutes, sometimes the full hour and one half and on occasion two hours.

The first lady was distressed about the war, worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's over-bearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and how he believed it was time for a change. He said, however, so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

As the new secretary of state, Rice hired Philip Zelikow, an old friend, as the counselor to the State Department, a powerful but little known top post that would leave him free to undertake special assignments for her, and quickly dispatched him and a small team to Iraq. On February 10, Rice's 14th day as secretary, Zelikow presented her with a 15-page, single-spaced memo classified SECRET/NODIS, meaning "no distribution" to anyone else. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Rice read. This was a shocking notion—"a failed state," after two years, thousands of lives, and hundreds of billions of dollars.

In midsummer 2005, General Jim Jones, the NATO commander, paid a call on his old friend General Pete Pace, the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to become chairman, the number one military position.

The two Marine generals had been friends for more than three decades. They had been in Vietnam at about the same time, a searing and formative experience for both, and then served side-by-side as first lieutenants in 1970 at the Marine barracks in southeast Washington.

Jones expressed chagrin that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

His concern was complete. When Senators John Warner and Carl Levin, the chairman and ranking Democrat on the Senate Armed Services Committee, visited him at his headquarters in Belgium, Jones told them about all the problems. He said they needed new legislationto re-empower the service chiefs or make some kind of sense of the crazy system.

"The Joint Chiefs have been systematically emasculated by Rumsfeld," Jones said.

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Pace soon became chairman. In an interview, he flatly denied that Jones had told him that Iraq was a debacle or that Rumsfeld had systematically emasculated the Joint Chiefs. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," Jones said.

In March 2006, Rumsfeld invited six of the Pentagon's regular outside advisers in to be briefed and ask questions. One was Ken Adelman, a longtime Rumsfeld friend and vehement early supporter of the war who had become entirely disillusioned over the administration's handling of the postwar. His relationship with Rumsfeld was almost over.

"What metrics would you use for success in Iraq?" Adelman asked Rumsfeld. "You know, for winning the war?"

"Oh, there are hundreds," Rumsfeld replied. "It's just so complicated that there are hundreds."

"Wait a minute," Adelman insisted. "A former boss of mine always said identify three or four things, then always ask about, get measurements and you'll get progress or else you'll never get any progress." The former boss was Rumsfeld himself, who had driven the point home to Adelman 35 years ago, when he worked for Rumsfeld at the Office of Economic Opportunity. What are they? Adelman insisted.

Rumsfeld said it was so complicated that he could not give a list. "Hundreds," he insisted.

Adelman believed that meant there was a total lack of accountability. If Rumsfeld didn't agree to any criteria, he couldn't be said to have failed on any criteria.

"Then you don't have anything," Adelman said. He left as dis-turbed as ever. There was no accountability.

On March 16, General John Abizaid, the commander of CENTCOM and thus the top military officer for the Middle East, was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq. Afterward, he went over to see Congressman John Murtha, the 73-year old former Marine who had introduced a resolution the previous November calling for the redeployment of troops from Iraq as soon as practicable. Sitting at the round, dark wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

Rumsfeld circulated a six-page SECRET memo on May 1, proposing some fixes, entitled "Illustrative New 21st Century Institutions and Approaches."

It was almost the latest version of the "Anchor Chain" memos he had written in his first months as secretary in 2001—a cry from his bureaucratic and managerial heart. Not only was the Defense Department tangled in its anchor chain but so was the rest of the U.S. government, and the world.

He dictated, "The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

On Wednesday, May 24, 2006, the intelligence division of the Joint Staff, the J-2, circulated an intelligence assessment, classified SECRET, that showed that the forces of terror in Iraq were not in retreat. It put hard numbers on trends that had been reported to Bush all year. Terrorist attacks had been steadily increasing. The insurgency was gaining. Attacks were now averaging 700 to 800 a week. Every IED that was discovered—whether it detonated and caused damage or casualties or was identified and disarmed before it could do any damage—was still counted as an attack. A graph measuring attacks from May 2003 to May 2006 showed some significant dips, but the current number of attacks was as high as they had ever been—exceeding 3,500 a month.

I told Rumsfeld that I understood the number of attacks was going up.

"That's probably true," he said. "It is also probably true that our data's better, and we're categorizing more things as attacks. A random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things—a banana and an apple and an orange."

I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a "fruit bowl," a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal IEDs, standoff attacks with mortars, and close-engagements such as ambushes—as far from bananas, apples and oranges as possible.

During one week in May 2006, enemy-initiated attacks soared to 900, a new record. In June, attacks went down to about 825 one week but then spiked up again. By July it was over 1,000 a week, again a new record. It was even worse considering the level of violence existed after two years spent training, equipping and funding 263,000 Iraqi soldiers and police. The cost had been $10 billion, and American teams had been embedded with most of the Iraqi units for over a year. At an equivalent time in 1971, after several years of Vietnamization, the trend lines of insurgent violence had been down, not up.

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In July 2006, I interviewed Rumsfeld on two successive afternoons. I asked him about troop levels—a key issue and point of contention. The record showed that the plan for invading Iraq had a top number of 275,000 ground combat forces, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began. Rumsfeld said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on General Franks's recommendation, he said. But by the summer of 2006, Rumsfeld had softened his position on the issue of whether there were enough troops. "It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said. "In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

Asked about the battle with the Iraq insurgency, he said, "It could take eight to 10 years. Insurgencies have a tendency to do that." Overall he said, "Our exit strategy is to have the Iraqis' government and security forces capable of managing a lower-level insurgency and ultimately achieving victory over it and repressing it over time. But it would be a period after we may very well not have large numbers of people there."

I said I understood that General George W. Casey Jr., the top commander of forces on the ground in Iraq, had reported that the insurgency had not been neutralized—key goal of his campaign plan—but only contained. After some typical verbal jousting, I was able to ask directly, "Do you agree it has not been neutralized?"

"Oh clearly not," Rumsfeld answered.

"Only contained?"

"Yeah," he said. "Thus far."

I then read from the May 24, 2006, assessment that said the "Sunni Arab insurgency is gaining strength and increasing capacity." I asked him, "Does that sound right to you?"

Here was one of the central questions in any war. Was the other side "gaining strength and increasing capacity?" General Casey the Joint Chiefs' intelligence staff, and the CIA had all categorically said the insurgency was gaining. Certainly Rumsfeld knew that. I had also quoted from the assessment on a list of 29 sample questions I had submitted in advance, and I know he had spent at least one hour the day before preparing for the interview.

"When was this?" Rumsfeld asked.

Six weeks ago, I answered. The question on the table was whether he agreed or not that the insurgency in the Iraq War was gaining. I was ready for a pure Rumsfeldian moment, and I was not disappointed.

"Gosh, I don't know," the secretary of defense replied. "I don't want to comment on it. I read so many of those intelligence reports"—I had never said it was an intelligence report—"and they are all over the lot. In a given day you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it, or Pete Pace, 'Is that your view?' And try and triangulate and see what people think. But it changes from month to month. I'm not going to go back and say I agree or don't agree with something like that."

He was right that there might be some changes month to month, but, as he knew, the overall assessment and trend was visibly, measurably and dramatically worse.

I asked Rumsfeld what was the best, most optimistic scenario for a positive outcome in Iraq.

"This business is ugly," he replied. "It's tough. There isn't any best. A long, hard slog, I think I wrote years ago. We're facing a set of challenges that are different than our country understands … They're different than our Congress understands. They're different than our government, much of our government, probably understands and is organized or trained or equipped to cope with and deal with. We're dealing with enemies that can turn inside our decision circles." The enemy can move swiftly, he said. "They don't have parliaments and bureaucracies and real estate to defend and interact with or deal with or cope with. They can do what they want. They aren't held accountable for lying or for killing innocent men, women and children.

"There's something about the body politic in the United States that they can accept the enemy killing innocent men, women and children and cutting off people's heads, but have zero tolerance for some soldier who does something he shouldn't do."

"Are you optimistic?" I asked.

Rumsfeld looked through me and continued. Three of his aides who were sitting with us at the table in his office could not help but register surprise as Rumsfeld plowed on without answering.

"We're fighting the first war in history in the new century," he continued, "and with all these new realities, with an industrial-age organization in an environment that has not adapted and adjusted, a public environment that has not adapted and adjusted."

At the end of the second of two interviews, I quoted former Secretary of Defense Robert McNamara: "Any military commander who is honest with you will say he's made mistakes that have cost lives."

"Um hmm," Rumsfeld said.

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"Is that correct?"

"I don't know. I suppose that a military commander..."

"Which you are," I interrupted.

"No I'm not," the secretary of defense said.

"Yes, sir," I said.

"No, no. Well … "

"Yes. Yes," I said, raising my hand in the air and ticking off the hierarchy. "It's commander in chief, secretary of defense, combatant commander."

"I can see a military commander in a uniform who is engaged in a conflict having to make decisions that result in people living or dying and that that would be a truth. And certainly if you go up the chain to the civilian side to the president and to me, you could by indirection, two or three steps removed, make the case."

Indirection? Two or three steps removed? It was inexplicable. Rumsfeld had spent so much time insisting on the chain of command. He was in control—not the Joint Chiefs, not the uniformed military, not the National Security Council or the NSC staff, not the critics or the opiners. How could he not see his role and responsibility?

I could think of nothing more to say.

Two Months Before 9/11, An Urgent Warning To Rice (WP)

The Washington Post, October 1, 2006

On July 10, 2001, two months before the attacks on the World Trade Center and the Pentagon, then-CIA Director George J. Tenet met with his counterterrorism chief, J. Cofer Black, at CIA headquarters to review the latest on Osama bin Laden and his al-Qaeda terrorist organization. Black laid out the case, consisting of communications intercepts and other top-secret intelligence showing the increasing likelihood that al-Qaeda would soon attack the United States. It was a mass of fragments and dots that nonetheless made a compelling case, so compelling to Tenet that he decided he and Black should go to the White House immediately.

Tenet called Condoleezza Rice, then national security adviser, from the car and said he needed to see her right away. There was no practical way she could refuse such a request from the CIA director.

For months, Tenet had been pressing Rice to set a clear counterterrorism policy, including specific presidential orders called "findings" that would give the CIA stronger authority to conduct covert action against bin Laden. Perhaps a dramatic appearance -- Black called it an "out of cycle" session, beyond Tenet's regular weekly meeting with Rice -- would get her attention.

Tenet had been losing sleep over the recent intelligence he'd seen. There was no conclusive, smoking-gun intelligence, but there was such a huge volume of data that an intelligence officer's instinct strongly suggested that something was coming. He and Black hoped to convey the depth of their anxiety and get Rice to kick-start the government into immediate action.

He did not know when, where or how, but Tenet felt there was too much noise in the intelligence systems. Two weeks earlier, he had told Richard A. Clarke, the National Security Council's counterterrorism director: "It's my sixth sense, but I feel it coming. This is going to be the big one."

But Tenet had been having difficulty getting traction on an immediate bin Laden action plan, in part because Defense Secretary Donald H. Rumsfeld had questioned all the National Security Agency intercepts and other intelligence. Could all this be a grand deception? Rumsfeld had asked. Perhaps it was a plan to measure U.S. reactions and defenses.

Tenet had the NSA review all the intercepts, and the agency concluded they were of genuine al-Qaeda communications. On June 30, a top-secret senior executive intelligence brief contained an article headlined "Bin Laden Threats Are Real."

Tenet hoped his abrupt request for an immediate meeting would shake Rice. He and Black, a veteran covert operator, had two main points when they met with her. First, al-Qaeda was going to attack American interests, possibly in the United States itself. Black emphasized that this amounted to a strategic warning, meaning the problem was so serious that it required an overall plan and strategy. Second, this was a major foreign policy problem that needed to be addressed immediately. They needed to take action that moment -- covert, military, whatever -- to thwart bin Laden.

The United States had human and technical sources, and all the intelligence was consistent, the two men told Rice. Black acknowledged that some of it was uncertain "voodoo" but said it was often this voodoo that was the best indicator.

Tenet and Black felt they were not getting through to Rice. She was polite, but they felt the brush-off. President Bush had said he didn't want to swat at flies.

As they all knew, a coherent plan for covert action against bin Laden was in the pipeline, but it would take some time. In recent closed-door meetings the entire National Security Council apparatus had been considering action against bin Laden, including using a new secret weapon: the Predator unmanned aerial vehicle, or drone, that could fire Hellfire missiles to kill him

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or his lieutenants. It looked like a possible solution, but there was a raging debate between the CIA and the Pentagon about who would pay for it and who would have authority to shoot.

Besides, Rice seemed focused on other administration priorities, especially the ballistic missile defense system that Bush had campaigned on. She was in a different place.

Tenet left the meeting feeling frustrated. Though Rice had given them a fair hearing, no immediate action meant great risk. Black felt the decision to just keep planning was a sustained policy failure. Rice and the Bush team had been in hibernation too long. "Adults should not have a system like this," he said later.

The July 10 meeting between Tenet, Black and Rice went unmentioned in the various reports of investigations into the Sept. 11 attacks, but it stood out in the minds of Tenet and Black as the starkest warning they had given the White House on bin Laden and al-Qaeda. Though the investigators had access to all the paperwork on the meeting, Black felt there were things the commissions wanted to know about and things they didn't want to know about.

Philip D. Zelikow, the aggressive executive director of the Sept. 11 commission and a University of Virginia professor who had co-authored a book with Rice on Germany, knew something about the July 10 meeting, but it was not clear to him what immediate action really would have meant. In 2005 Rice hired Zelikow as a top aide at the State Department.

Afterward, Tenet looked back on the meeting with Rice as a tremendous lost opportunity to prevent or disrupt the Sept. 11 attacks. Rice could have gotten through to Bush on the threat, but she just didn't get it in time, Tenet thought. He felt that he had done his job and had been very direct about the threat, but that Rice had not moved quickly. He felt she was not organized and did not push people, as he tried to do at the CIA.

Black later said, "The only thing we didn't do was pull the trigger to the gun we were holding to her head."

Editor's Note: How much effort the Bush administration made in going after Osama bin Laden before the attacks of Sept. 11, 2001, became an issue last week after former president Bill Clinton accused President Bush's "neocons" and other Republicans of ignoring bin Laden until the attacks. Rice responded in an interview that "what we did in the eight months was at least as aggressive as what the Clinton administration did in the preceding years."

Did I Say That? No, Not Really, Maybe, Sort Of (NYT)

By David E. Sanger

The New York Times, October 1, 2006

In Washington, there is no higher art form than the non-denial denial, in which politicians try to rebut a storyline without quite denying the specifics.

That is what is underway now with Bob Woodward's latest book, "State of Denial," an unflattering portrait of an administration riven by discord over the Iraq war.

Mr. Woodward's narrative is unsurprising to anyone who has closely followed the Bush administration: the first-term loyalty of aides devolved into infighting as soon as no weapons of mass destruction were found in Iraq. Then the intramural squabbling turned into public protestations of "if-only-they-had-listened-to-me."

For its part, the White House did deny that Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld have a private war of their own underway. But what about another disclosure that Andrew H. Card, the former White House chief of staff, twice suggested booting Mr. Rumsfeld? Mr. Card, in an interview, acknowledged the recommendation but said it came in the context of broader discussions of cabinet changes.

And what about the officials in the Bush administration who were ignored when they called for an increase in the number of troops in Iraq? Among them were Robert D. Blackwill, the Iraq coordinator at the White House, and L. Paul Bremer III, the senior American overseeing the Iraq occupation. But none, said Tony Snow, the press secretary, were in the "chain of command," meaning that they were not generals asking for more troops.

Did Mr. Bush listen only to his generals? Of course not, said the White House.

So what happened to all those recommendations? No one is willing to say.

So You Call This Breaking News? (NYT)

By Frank Rich

The New York Times, October 1, 2006

IF your head hurts from listening to the Washington furor over the latest National Intelligence Estimate, by all means tune it out. The entire debate is meaningless except as a damning election-year indicator of just how madly our leaders are fiddling while Iraq burns.

The supposedly shocking key finding in the N.I.E. — that the Iraq war is a boon to terrorism — isn't remotely news. It first turned up in a classified C.I.A. report leaked to the press in June 2005. It's also long been visible to the naked eye. The latest

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New York Times/CBS News poll, conducted before any revelations from the N.I.E., found that nearly half the country believes that the Iraq war is increasing the terrorist threat against America and only 12 percent thinks the war is decreasing that threat. Americans don't have to pore over leaked intelligence documents to learn this. They just have to turn on the television.

Tonight on "60 Minutes," Bob Woodward will spill another supposedly shocking intelligence finding revealed in his new book: a secret government prediction that the insurgency will grow worse next year. Who'd have thunk it? Given that the insurgency is growing worse every day right now — last week suicide bombings hit a record high in Baghdad — the real surprise would be if the government predicted an armistice. A poll released last week by the Program on International Policy Attitudes at the University of Maryland found that about 6 in 10 Iraqis approved of attacks on American forces. Tardy investigative reporting is hardly needed to figure out that the insurgency is thriving.

"The insurgents know what they are doing," Mr. Woodward is to say on CBS, according to an advance excerpt. "They know the level of violence and how effective they are. Who doesn't know? The American public." He accuses the administration of keeping such information out of sight by stamping it "secret." All this, too, apparently comes as eye-opening news to Mr. Woodward three and a half years into the war; his new book's title, "State of Denial," has a self-referential ring to it. But the American public does know the level of violence all too well, and it also knows how the administration tries to cover up its failures.

That's why long ago a majority of that public judged the war a mistake and Mr. Bush a dissembler. It's only the variations on the theme that change. When the president declared last month that "the Iraqi government and the Iraqi military is committed to keeping this country together," reality was once more busily contradicting him. The Los Angeles Times reported that a third of that government wasn't showing up to parliamentary sessions and that only 1,000 Iraqi soldiers answered the American call for 4,000 reinforcements in the do-or-die battle to secure Baghdad.

Against this ominous reality, the debate over the N.I.E. is but a sideshow: politics as usual on both sides. The president reluctantly declassified what had already been leaked, somehow hoping he could override the bad headlines with Pavlovian repetition of shopworn slogans. (He said America must "stay on the offense" four times in one speech on Friday alone.) Democrats are huffily demanding that the White House release more than a few scraps of the 30-page-plus N.I.E., a debating point with no payoff. The N.I.E. is already six months out of date, and Americans can guess most of it, classified or not. In this war at this late stage, the devil can be found everywhere, not merely in the details.

The facts of Iraq are not in dispute. But the truth is that facts don't matter anyway to this administration, and that's what makes this whole N.I.E. debate beside the point. From the start, honest information has never figured into the prosecution of this war. The White House doesn't care about intelligence, good or bad, classified or unclassified, because it believes it knows best, regardless of what anyone else has to say. The debate over the latest N.I.E. or any yet to leak will not alter that fundamental and self-destructive operating principle. That's the truly bad news.

This war has now gone on so long that we tend to forget the early history that foretold the present. Yet this is the history we must remember now more than ever, because it keeps repeating itself, with ever more tragic results. In the run-up to the war, it should be recalled, the administration did not even bother to commission an N.I.E., a summary of the latest findings from every American intelligence agency, on Iraq's weapons.

Why not? The answer can be found in what remains the most revealing Iraq war document leaked to date: the Downing Street memo of July 23, 2002, written eight months before the invasion. In that secret report to the Blair government, the head of British intelligence reported on a trip to Washington, where he learned that the Bush administration was fixing the "intelligence and facts" around the predetermined policy of going to war in Iraq. If we were going to fix the intelligence anyway, there was no need for an N.I.E., except as window dressing, since it might expose the thinness of the administration's case.

A prewar N.I.E. was hastily (and sloppily) assembled only because Congress demanded it. By the time it was delivered to the Capitol after much stalling, on Oct. 1, 2002, less than two weeks remained before the House and Senate would vote on the Iraq war resolution. "No more than six senators and only a handful of House members got beyond the five-page executive summary," according to an article last spring in Foreign Affairs by Paul Pillar, the C.I.A. senior analyst for the Middle East from 2000 to 2005. In a White House press briefing after the war started, an official said Condi Rice hadn't read it at all, leaving that menial duty to her retinue of "experts."

When one senator who did read the whole N.I.E., the now retired Democrat Bob Graham of Florida, asked that a declassified version be made public so that Americans could reach their own verdicts on the war's viability, he was rebuffed. Instead the administration released a glossy white paper that trumpeted the N.I.E.'s fictions ("All intelligence experts agree that Iraq is seeking nuclear weapons") but not its doubts about much-hyped evidence like aluminum tubes and uranium from Africa. The only time the president cared about the N.I.E., a document he never wanted, was when he thought it would be politically useful in fighting growing criticism in 2003 that he had manipulated prewar intelligence. Then he authorized his own cherry-picked leaks, which Scooter Libby fed to Mr. Woodward and Judith Miller of The Times. (Neither wrote about it at the time.)

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As the insurgency continued to grow in the fall of 2003, the White House again showed scant interest in reality. The American military's Central Command called for an N.I.E. instead. The existence of this second N.I.E. was only discovered in February of this year by Warren Strobel and Jonathan Landay of Knight Ridder Newspapers. It found that the growing violence in Iraq was "fueled by local conditions — not foreign terrorists — and drew strength from deep grievances, including the presence of U.S. troops." Yet the president ignored that accurate intelligence, refusing to raise troop levels and continuing to argue erroneously that the insurgency was mainly linked to Saddam and Al Qaeda. Three years later, he still makes that case rather than acknowledge that our troops are caught in the cross-fire of a civil war.

Having ignored the facts through each avoidable disaster, the White House won't change its game plan now. Quite the contrary. Its main ambition seems to be to prop up its artificial reality no matter what the evidence to the contrary. Nowhere could this be better seen than in Ms. Rice's bizarre behavior after the Bill Clinton-Chris Wallace slapdown on Fox News. Stung by the former president's charge that the Bush administration did nothing about Al Qaeda in the eight months before 9/11, she couldn't resist telling The New York Post that his statement was "flatly false."

But proof of Ms. Rice's assertion is as nonexistent as Saddam's W.M.D. As 9/11 approached, both she and Mr. Bush blew off harbingers of the attacks (including a panicked C.I.A. briefer in Crawford, according to Ron Suskind's "One Percent Doctrine"). The 9/11 commission report, which Ms. Rice cited as a corroborating source for her claims to The Post, in reality "found no indication of any further discussion" about the Qaeda threat among the president and his top aides between the arrival of that fateful Aug. 6 brief ("Bin Laden Determined to Strike in U.S.") and Sept. 10.

That the secretary of state would rush to defend the indefensible shows where this administration's priorities are: it's now every man and woman in the White House for himself and herself in defending the fictions, even four-year-old fictions, that took us into the war and botched its execution. When they talk about staying the course, what they are really talking about is protecting their spin and their reputations. They'll leave it to the 140,000-plus American troops staying the course in a quagmire to face the facts.

Blinded By Hindsight (NYT)

By Richard A. Clarke

The New York Times, October 1, 2006

FIVE years after the attacks of Sept. 11, 2001, three years after the 9/11 commission report, and just weeks before a national election, the issues of what happened before those attacks have resurfaced. Suddenly, we are again witnessing heated disputes about such insignificant issues as whether the Clinton administration prepared a draft "strategy" or, alternatively, "a series of required decisions" about Al Qaeda for the incoming Bush administration.

This spectacle was set off by a partisan rewriting of history billed as a television docudrama and shown on the anniversary of the attack. Mr. Clinton, justifiably, denounced the untruths about his administration's record.

But the effect of his comments was to send the nation's attention in the wrong direction — toward an argument over the minutiae of what happened a decade ago rather than on an intelligent debate of what to do now. What followed was as predictable as it was unfortunate: talk shows, Web sites and others responded with a heated, partisan exchange of accusations of who did what when.

For most Americans the history is clear and well told in the 9/11 commission report: Almost 3,000 people were killed. In the years before that terrible day, the Clinton administration prevented some attacks and tried to destroy Al Qaeda and its leadership, but was unable to do so, in part because the institutional bureaucracy did not believe the magnitude of the threat.

As for the Bush administration, it deferred action on Al Qaeda until after 9/11, and then took a number of steps in response, including invading Iraq, but was also unable to destroy Al Qaeda or its leaders.

In short, both administrations failed.

All the finger-pointing and hunting for scapegoats last week won't rectify those failures, or help us avoid future ones. Fortunately, unlike too many of our political leaders and pundits, most Americans are far more concerned about what we are doing now in the name of fighting terrorism than about petty partisan bickering about the past.

The greatest problem we face is that while the 9/11 attacks should have united us as a nation — and for a while they did — such unity has badly eroded. To recreate that national purpose, we need to understand why the erosion occurred.

First and most obviously, the invasion and occupation of Iraq shattered the post-9/11 American consensus. The ham-handed attempts to erroneously link Iraq with the Qaeda attacks destroyed the government's credibility with much of the country. That needed trust was undermined further last week in a National Intelligence Estimate that showed that our soldiers' sacrifices have not weakened the terrorist movement.

A broad consensus in America on Iraq may now be impossible. President Bush could, however, move in that direction by admitting there is a serious problem with the current strategy and taking advice from a bipartisan group of respected experts to

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recommend a way forward that concentrates on protecting such basic national interests as preventing Iraq from continuing to be an anarchic failed state where terrorists can train. The Iraq Study Group, created at the urging of Congress in March and led by former Secretary of State James Baker and former Representative Lee Hamilton, might perform that service.

A second erosive factor was what appeared to many as the administration's willingness to use 9/11 as an excuse to strengthen presidential power and erode fundamental American civil liberties. Particularly troublesome to me, as someone who was at the nexus of the government's intelligence networks for many years, was the National Security Agency's illegal wiretapping of phones in the United States without a warrant, and also the abandoning of our treaty obligations under the Geneva Conventions by engaging in "alternative interrogation techniques" at the C.I.A.'s secret prisons.

This is not to say our holdover intelligence rules are adequate. Congress refused to give the Clinton administration the broadened terrorism wiretapping and surveillance authority it sought, but is now swinging to the other extreme of being willing to do away with effective judicial supervision of surveillance in the United States. It should be possible to devise a system that permits needed surveillance of the vast traffic in voice and e-mail messages, but requires judicial involvement before information is disseminated and periodic Congressional oversight to prevent abuse.

Third, and perhaps most disruptive to national unity on terrorism, is a widespread sense that some in government have been waving the bloody shirt — scaring voters with the hobgoblin of Al Qaeda to reap political advantage.

If we are going to defeat the enemy, we must learn again to discuss our differences about Iraq and terrorism in civil and analytical terms. We must reject the use of fear and terrorism to divide America for political advantage. And we must not let ourselves get trapped in pointless, partisan debates that result only in having the past obscure the future.

Detainee Memo Created Divide In White House (NYT)

By Tim Golden

The New York Times, October 1, 2006

In June 2005, two senior national security officials in the Bush administration came together to propose a sweeping new approach to the growing problems the United States was facing with the detention, interrogation and prosecution of terrorism suspects.

In a nine-page memorandum, the two officials, Gordon R. England, the acting deputy secretary of defense, and Philip D. Zelikow, the counselor of the State Department, urged the administration to seek Congressional approval for its detention policies.

They called for a return to the minimum standards of treatment in the Geneva Conventions and for eventually closing the detention center at Guantánamo Bay, Cuba. The time had come, they said, for suspects in the 9/11 plot to be taken out of their secret prison cells and tried before military tribunals.

The recommendations of the paper, which has not previously been disclosed, included several of the major policy shifts that President Bush laid out in a White House address on Sept. 6, five officials who read the document said. But the memorandum's fate underscores the deep, long-running conflicts over detention policy that continued to divide the administration even as it pushed new legislation through Congress last week on the handling of terrorism suspects.

When the paper first circulated in the upper reaches of the administration, two of those officials said, it so angered Defense Secretary Donald H. Rumsfeld that his aides gathered up copies of the document and had at least some of them shredded.

"It was not in step with the secretary of defense or the president," said one Defense Department official who, like many others, would discuss the internal deliberations only on condition of anonymity. "It was clear that Rumsfeld was very unhappy."

The internal debate over detention issues that began within weeks after the terrorist attacks of Sept. 11, 2001, has come to light before. But interviews show that the struggle, pitting top officials against one another, intensified behind the scenes over the last year as criticism of the administration's approach grew in the United States and abroad. Crucial elements of that approach were struck down by the Supreme Court on June 29, forcing a resolution of disputes that had gone on for months.

On one side of the fight were officials, often led by Vice President Dick Cheney, who said the terrorism threat required that the president have wide power to decide who could be held and how they should be treated. On the other side were officials, primarily in the State Department and the Pentagon, who portrayed their disagreement as pragmatic. They said the administration had claimed more authority than it needed, drawing widespread criticism and challenges in the courts.

Those officials initially hailed the president's Sept. 6 announcement. Mr. Bush publicly discussed the Central Intelligence Agency's secret detention program for the first time, saying he had ordered its remaining 14 prisoners sent to Guantánamo and tried before military tribunals. The same day, Pentagon officials presented new directives that effectively renounced military use of highly coercive interrogation methods.

But even as the White House negotiated with Congress in recent weeks, administration forces led by the vice president's office reasserted themselves. Officials said Mr. Cheney's staff and its bureaucratic allies — having agreed reluctantly to the

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disclosure of the C.I.A. operation and other changes — were closely involved in guiding the talks with Republican senators. Their adversaries in the administration, meanwhile, had to scramble just to keep up with details of the bargaining.

"Basically, they were left to get back whatever they could from Congress," one senior administration official said of the Cheney group. "And they did."

In the end, the White House pressed Republican senators to accept a broad definition of "unlawful enemy combatants" whom the government can hold indefinitely, to maintain some of the president's control over C.I.A. interrogation methods and to allow the government to present some evidence in military tribunals that is based on hearsay or has been coerced from witnesses.

The administration did concede to the senators on some rules for military commissions, as the tribunals are called. It also backed off its effort to limit its obligations under the Geneva Conventions, but fought to ensure that government personnel would be immunized from prosecution for any treatment of detainees before the end of 2005 that was cruel, inhuman or degrading.

Still, several officials said privately that the detainee legislation might fail to meet a primary goal of those inside the administration who had advocated change: quelling domestic and international criticism and moving past the federal lawsuits that have tied up parts of the detention apparatus since 2002.

"There have been so many times when we thought we had broken through and turned things around, and then the forces on the other side kept charging back," said one administration lawyer who has supported such changes. Now, the official added, "even after what was supposed to be this major legislation to resolve these issues, we are going to be back at it."

At the time the England-Zelikow memorandum was written, in mid-June 2005, several officials said they saw little enthusiasm for reconsidering the detention system that had been set up after 9/11, primarily by a small group of lawyers in the White House, the Justice Department and the Defense Department.

That system had begun to come under increasing attack. An erroneous item in Newsweek magazine, about a Koran being flushed down a toilet at Guantánamo, led to violent demonstrations overseas. Criticism of the detention camp grew sharper in Europe. Some influential Republicans in Congress began to voice complaints as well.

Mr. Zelikow, who served as staff director for the national commission that investigated the 9/11 attacks, joined the State Department in early 2005 with strong views on the detention issue, other officials said. Early on, he began to push the idea that high-level C.I.A. captives held in connection with the 9/11 attacks should be brought to justice, these officials said.

Mr. England took over as Mr. Rumsfeld's acting deputy in April 2005 while continuing to serve as secretary of the Navy. (He was confirmed as deputy secretary in April 2006.) He, too, had experience with the detainee issue, having spent months working to overhaul what many military officers saw as a flawed screening process for prisoners at Guantánamo.

Two other officials who had worked extensively on detention issues during Mr. Bush's first term also participated in the drafting of the memorandum, officials said. One of them, Matthew C. Waxman, was Mr. Rumsfeld's chief aide for detainee issues. The other, John B. Bellinger III, was the State Department's legal counsel.

The proposals in the paper were not entirely new. But what was different, one administration official said, was an effort at "a big-bang solution," to persuade senior officials or the president himself to adopt a comprehensive new approach to the detention problems of the policy. Failing that, officials said, the authors hoped to foster new debate about how to shape a strategy that would be more sustainable diplomatically, politically and in the federal courts.

Three years after Mr. Bush had determined he would not apply the Geneva Conventions in fighting terrorists, the memorandum urged a return to the conventions' minimum standards, including the ban on "humiliating and degrading treatment" contained in the provision known as Common Article 3. The authors advocated that move not because they believed it was required by international law, officials said, but to win broader support from American allies and make court intervention less likely.

The paper did not advocate abandoning the covert interrogation program, but restricting it to the shorter-term questioning of more important suspects, officials said. After repatriating many of the Guantánamo detainees, the authors argued, the detention center could be shut down and the remaining prisoners transferred to a long-term detention facility in the United States. They did not specify what kind of facility it should be, two of the officials who read the paper said.

In a passage that underscored the views of Mr. Zelikow, one official said, the paper argued that efforts to bring to justice the perpetrators of the 9/11 attacks must produce more than the chaotic trial of Zacarias Moussaoui, the French-born militant who remains the only person to have been charged in an American court with involvement in the attacks.

The paper specifically called for taking Khalid Shaikh Mohammed and others held by the C.I.A. before military commissions, officials said, arguing that much of the information that would be disclosed by their trials was already widely known.

Officials said the memorandum was well received by Secretary of State Condoleezza Rice, who forwarded it to senior officials at the National Security Council. But the hope that it would lead to a broader discussion of options within the administration was quashed by Mr. Rumsfeld, they said.

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Some of the defense secretary's ire over the paper appeared to be substantive, several Pentagon officials said. At various times, Mr. Rumsfeld raised objections to taking over responsibility for the C.I.A. detainees, and he was reluctant to consider closing Guantánamo without a viable alternative in sight, the officials said.

Most important, they said, Mr. Rumsfeld was angered that his new deputy, Mr. England, had worked on the memorandum with officials outside the Pentagon without his authorization. "England's wings got clipped after that," one Defense Department aide said.

A spokesman for the department, Col. Gary L. Keck, said it would not discuss its deliberations on detainee policy or any "predecisional documents." But he denied that Mr. Rumsfeld was ever angered by those deliberations or instructed anyone to destroy documents.

"This is a difficult and complex issue that has profound operational, diplomatic, legal and political implications not only for the Department of Defense, but for many other executive agencies," Colonel Keck said in a statement. "In any discussion on such an important topic there will be differences of opinion — this is to be expected."

In early August 2005, after a long internal debate, new rules for the Guantánamo military tribunals were published which did not include changes that many military lawyers had advocated. Officials said David S. Addington, who was then Mr. Cheney's counsel and is now his chief of staff, was prominent among those who opposed modifications like an explicit ban on evidence obtained by torture, contending that it would wrongly hint that the government had sanctioned torture at all.

At the Pentagon, Mr. England continued to pursue the idea of adopting Common Article 3 of the Geneva Conventions in a directive that would set guidelines for prisoner treatment and interrogations. In late August, he called a meeting with some of the vice chiefs of staff of the armed forces and senior uniformed and civilian lawyers to consider the matter.

According to officials who attended the meeting, several of those present spoke in favor of the Geneva provision, including the senior Army lawyer, Maj. Gen. Thomas J. Romig. In an unusual move, Mr. England called for a show of hands. All but two of those present endorsed the provision. But those two officials were among the most influential in the room: the department's under secretary for intelligence, Stephen A. Cambone, and its general counsel, William J. Haynes II.

Their concerns, which were later echoed by aides to Mr. Cheney, started with the fact that the president had explicitly rejected the Geneva standard in February 2002. They also disputed the idea that Article 3 would necessarily give clear guidance to soldiers, citing what they called its vague prohibition on "outrages upon personal dignity."

Debate over both the proposed prisoner-treatment directive and an Army field manual for interrogations would go on for another year. For the time being, though, the idea of adopting Common Article 3 directly as the standard of treatment went no further.

There was little high-level discussion of alternatives to Guantánamo, several officials said. But the C.I.A.'s secret prisons had been a subject of rising concern since at least 2004, when unease over the open-ended detentions became evident within the agency and the Supreme Court ruled that detainees held by the United States at Guantánamo — and, by implication, elsewhere around the world — could challenge their detention in American courts.

By late 2005, as reports in The Washington Post and other news media about the secret prisons raised a storm of complaints among foreign governments, the C.I.A. began to move more quickly to transfer some captives to the custody of their own and other foreign governments, officials familiar with the program said.

By the end of 2005, military lawyers also began to review the C.I.A.'s evidentiary files on the high-value detainees to consider their possible prosecution by the military commissions at Guantánamo. Ultimately, military officials concluded that they could make solid cases against the C.I.A. prisoners without unduly exposing the agency's covert program or even having to depend heavily on statements that had been obtained during highly coercive interrogations, several officials said.

There was also new pressure for action from within the C.I.A. Intelligence officers involved in detention and interrogations were increasingly worried about the legal implications of the program, officials said. Some foreign governments had declined to house covert detention centers, and the furor over those sites created friction with other intelligence agencies, the officials said.

Still, some senior figures in the administration, including Mr. Cheney and his chief of staff, Mr. Addington, remained unconvinced that the C.I.A. program could be made public and its prisoners taken before military commissions while continuing to protect what they saw as a vital intelligence asset, several officials said.

A spokeswoman for Mr. Cheney, Lea Anne McBride, said his office would have no comment on its role in policy deliberations, as did spokesmen for the State Department and the National Security Council.

"The problem fell for some period of time into the too-hard category," one senior administration official said. "It fell so far into the too-hard category that it was lost from view."

Interagency meetings on the detention issue with officials just below the cabinet level went around and around for months, officials said. In the late spring, they added, the president's national security adviser, Stephen J. Hadley, began pushing senior officials to agree on options they could present to the president.

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Many officials said the most important factor in forcing a new approach was the Supreme Court's ruling in June that the military commissions set up by the administration could not proceed. That decision, which also upheld the minimum Geneva standards of prisoner treatment as binding law, led the administration to seek Congressional authorization for new tribunals and, some officials said, left the C.I.A.'s interrogation program on even more tenuous ground.

In late July, two officials said, Mr. Rumsfeld and his aides dropped their longstanding concerns about taking custody of the C.I.A. detainees, and Mr. Hadley moved to approve the arrangements for their transfer to Guantánamo.

The two officials said that Mr. Cheney was never entirely persuaded of the wisdom of emptying the C.I.A.'s detention sites and making its interrogation program public, but supported the move when Mr. Bush decided in late August to go ahead.

"The vice president knows the president has made the right decisions to make Americans safer and support the men and women on the front lines in the war on terror who are fighting this brutal enemy," Mr. Cheney's spokeswoman, Ms. McBride, said.

The element of the new legislation that raised the sharpest criticism among legal scholars and human rights advocates last week was the scaling back of the habeas corpus right of terrorism suspects to challenge their detention in the federal courts. But in dozens of high-level meetings on detention policy, officials said, that provision was scarcely even discussed.

Profiles In Cowardice (WP)

The Washington Post, October 1, 2006

On prisoner abuse and detention, President Bush finds enablers in both parties.

ONCE AGAIN, with a midterm election looming, President Bush stoked and won a major legislative confrontation over a complex national security question. Four years ago, it was the Iraq war resolution and reorganization of the government's homeland security functions. In both cases, hindsight suggests that haste and political pressure foreclosed the kind of nuanced debate that might have served the nation well. The same is likely to prove true of legislation passed last week on the treatment, detention and trial of enemy combatants.

But the artificial emergency Mr. Bush created has served his political purpose. His goal was to press opponents to cave to his will, against their better judgment, or to create an issue allowing his party to tar the opposition as soft on terrorism. In this case, thanks in part to the Democrats' weak-hearted abdication, he got both.

Congress had to act immediately, Mr. Bush insisted, or else terrorists could not face justice and the CIA could not interrogate the enemy. But the president says the CIA is not holding anyone, and the administration has dawdled for years without getting military trials off the ground. The only relevant deadline was Nov. 7.

Mr. Bush must bear responsibility for his cynical pursuit of the wrong answer, but he could not have prevailed without a lot of help. Republicans in both chambers, forgetting that Congress is supposed to be an independent branch, snapped to attention when the president told them what to do. At least some of them obviously knew better. Judiciary Committee Chairman Arlen Specter (R-Pa.) courageously championed an amendment to restore the judicial oversight that Mr. Bush opposed. When his amendment failed on a 51 to 48 vote, the senator said he would vote against the bill, calling it "patently unconstitutional on its face." Then he voted for it. The bill, he explained, had good points, and the courts "will clean it up."

Democrats hoped that they could duck behind Sen. John McCain (R-Ariz.) and two other Republicans who for a time fought a lonely fight for a better bill. When the three renegades settled for very little, the Democrats were left exposed, and it wasn't pretty. Nearly all of them voted for Mr. Specter's amendment, yet 12 -- including Joe Lieberman (Conn.) and three other senators facing reelection -- voted for the bill afterward. The rest contented themselves by voting no but did not lift a finger to slow it down or stop it.

"By allowing this administration to further stretch the definition of what is and is not torture," Sen. Hillary Clinton (D-N.Y.) said, "we lower our moral standards to those whom we despise, undermine the values of our flag wherever it flies, put our troops in danger and jeopardize our moral strength in a conflict that cannot be won simply with military might." Stirring words -- but apparently not stirring enough to justify a filibuster.

Only a couple of weeks ago, the Senate was poised to move constructive legislation that would have given the administration the tools it needs but not the power to disappear people into secret prisons and interrogate them using techniques too shameful to name in public. Yet Mr. Bush's pressure tactics worked again. He has the lamentable legislation he wanted -- which will bring discredit onto this country in any number of ways -- and Republicans are busily blasting Democrats as terrorist-coddlers anyway.

What My Father Saw At Nuremberg (LAT)

By Christopher Dodd, Sen. Christopher Dodd (d-conn.) Is A Senior Member Of The Senate Foreign Relations Committee.

The Los Angeles Times, October 1, 2006

Sixty years ago today, my father watched the U.S. win the battle of ideas. Have we lost our way?

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SIXTY YEARS AGO today, at the Palace of Justice in Nuremberg, Germany, the verdicts were read in a trial that will forever define the punishment of war criminals. One by one, the 22 top surviving Nazi officers of Adolf Hitler were sentenced. By the time the gavel sounded, three had been acquitted, seven sent to prison and 12 condemned to death.

One of the people in court that day was my father, 38-year-old attorney Thomas Dodd, who was the No. 2 prosecutor for the United States behind Supreme Court Justice Robert Jackson. My father always considered Nuremberg to be the most meaningful experience of his life.

My father wrote more than 400 letters to my mother from Nuremberg. Many are devoted to how much he missed his wife and children; others to the Nazis he had met.

But some of his harshest words were reserved for the Russians, who had little interest in a fair trial. In one letter, he tells the story of a toast offered by a visiting Soviet dignitary, who raised a glass and said: "May the road for these war criminals from the courthouse to the grave be a very short one."

"I winced," my father wrote, "and I could see that Judge [John J.] Parker, the American alternative, was certainly embarrassed."

But of course, a quick trial that led to quick executions was the temptation. The world had seen a monstrous regime try to conquer the world. It had seen them take the lives of more than tens of millions of men, women and children.

Why not just give in to vengeance? Why not just shoot them, as Winston Churchill wanted to do? Why not just succumb to the law of power politics and impose our will without any regard to principle? Why not just give in to violence, which was certainly within our ability and, many argued, within our right?

Why not? Because the United States has always stood for something more.

When we entered World War II, we did not fight for land or for treasure — we fought for an idea. The idea that laws should rule the land, not men; that the principles of justice embodied in our Declaration of Independence and Constitution — of due process, of innocence until proven guilty, of the right to a fair trial — do not get suspended for vengeance.

At Nuremberg, we rejected the certainty of execution for the uncertainty of a trial. The test was one of principle over power, and the United States passed.

President Harry Truman understood that our nation's ability to bring about a world of peace and justice was rooted not in our military might but in our moral authority; not on the ability to compel people with our tanks and planes but to convince them that our values and our ideals were right. He understood that our ability to succeed in spreading American values of freedom and human rights are only as effective as our willingness to uphold them.

Over the last six decades, that moral authority helped persuade more than half the nations of the world to embrace freedom and free markets. But now that they are walking with us, why are we walking away from them?

Today, we debate secret prisons, suspension of habeas corpus, warrant-less searches and wiretaps. The president even asks us to reinterpret the Geneva accords to sanction the torture of enemy prisoners.

Just as the word "Nuremberg" once defined the United States' moral authority and commitment to justice, what we risk today is that, one day, the loss of that moral authority and a commitment to injustice may also be defined by a single word: "Guantanamo."

Once again, the question is being asked: Why not just give in to vengeance and show our enemies less mercy than they showed their victims? Why not just abandon due process and the rule of law and the right to a fair trial?

Because the United States stands for something more.

Now, as then, this nation should never tailor its eternal principles to the conflict of the moment, because if we do, we will be walking in the footsteps of the enemies we despise. By abandoning the rule of law, as Congress did last week, we will lose much more than what we gain.

In the end, it's not about them — it's about us. It's about staying true to the values and principles that have always made our nation unique.

We would do well to remember the words of Justice Jackson: "We must never forget that the record on which we judge these defendants today is the record on which history will judge us tomorrow. To pass these defendants a poisoned chalice is to put it to our own lips as well."

Australian At Guantanamo To Be Among First Tried By U.S. Military Commissions (HC/AP)

By Rod Mcguirk, Associated Press

Houston Chronicle, October 1, 2006

CANBERRA, Australia — The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday.

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With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last week to press for a speedy resolution. He returned home Sunday.

"It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard," Ruddock told Australian Broadcasting Corp. television.

"They don't think it will be within weeks — obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months — but they're very conscious of our view that this needs to happen very expeditiously," he said.

Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy.

Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid.

The legislation Congress sent President Bush Friday endorses his plan to interrogate and prosecute terror suspects and sets the rules for court proceedings. It would only apply to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq.

The Pentagon had previously selected 10 prisoners at Guantanamo Bay prison to be tried and Bush is expected also to try some or all of the 14 suspects held by the CIA in secret prisons and recently transferred to military custody at Guantanamo.

Gulf Nations Fortify Against Terror Attacks (WT)

By From Combined Dispatches

The Washington Times, October 1, 2006

DUBAI, United Arab Emirates -- America's allies in the Persian Gulf are at least as worried about terrorism as the United States, spending billions of dollars on security fences in the desert, eye-scanning machines at airports and other measures to keep out militants.

Saudi Arabia, for example, has ordered the construction of a 550-mile fence with state-of-the art technology to seal off its troubled northern neighbor, Iraq.

The barrier, which will be equipped with ultraviolet night-vision cameras, buried sensor cables and thousands of miles of barbed wire, will snake across the vast and remote desert frontier between the countries, the London Sunday Telegraph reported in today's editions.

The fence will be built despite the hundreds of millions of dollars that the Saudi kingdom has spent in the past two years to beef up patrols on its border with Iraq, with officials saying the crisis in Iraq is now so dangerous it must be physically shut out.

"Surveillance has already been stepped up over the past 18 months," said Nawaf Obaid, the director of the Saudi National Security Assessment Project, an institute that advises the government on security affairs.

"But the feeling in Saudi is that Iraq is way out of control, with no possibility of stability. The urgency now is to get that border sealed -- physically sealed," Mr. Obaid said.

Al Qaeda's warning that the Gulf is among its next targets is prompting increased security measures among the affluent Arab countries that have largely been spared major violence so far.

They have a lot to lose. Kuwait, Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates are enjoying tremendous economic growth, boosted by oil money and also because they are seen by investors as islands of stability in a volatile region.

Saudi Arabia asked American forces to leave in 2003, ending a presence that fueled militants' anger against the kingdom and sparked terrorist attacks, including the truck bomb that killed 19 U.S. service members and a Saudi citizen in 1996.

In a video posted Monday on the Internet, al Qaeda's No. 2, Ayman al-Zawahri, said al Qaeda would soon turn to the other Gulf states.

He addressed Americans, saying "you will be thrown out [of the Gulf] after you are defeated in Iraq, at which point your economic ruin will be achieved." He also threatened Israel.

So far, al Qaeda's main effort in the Gulf has been in Saudi Arabia, Osama bin Laden's homeland, where the terror group's branch has killed dozens over the past few years.

The kingdom responded with a vigorous anti-terrorism campaign and says it has killed or capturing most of al Qaeda's local leadership. Militants have not carried out a major attack in Saudi Arabia since February, when al Qaeda guerrillas tried to bomb an oil refinery.

Saudi Arabia has announced it will spend $12 billion on a complex border defense system of electronic sensors, bases, and physical barriers to be built first along its long frontier with Iraq.

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It is also considering a special oil-sector security force and an intelligence agency focusing on threats to the energy industry, Mr. Obaid told the Associated Press.

Saudi Arabia's success might not translate into security for its neighbors, however.

"It's gotten harder and harder for al Qaeda to strike inside Saudi Arabia, so we may see them move into one of the other Gulf countries," Mr. Obaid said.

Kuwait, the main U.S. military staging area for the war in Iraq, saw heavy battles with anti-American militants in 2005. Government forces learned the guerillas planned to attack U.S. military targets and responded with raids that killed nine militants and captured dozens. Four policemen were killed.

In Qatar, militants used a car bomb to attack a theater in March 2005, killing a Briton and wounding 12 persons.

The UAE has not seen any attacks, but there are many factors that could make it a prime target.

The country is home to a U.S. air base and the freewheeling and cosmopolitan UAE also welcomes Westerners for beach vacations that can involve alcohol and prostitution.

It also has in Dubai the Middle East's busiest airport, accepts more U.S. Navy port visits than any other country in the world, and contributes a special forces team to fight the Taliban in Afghanistan.

That hasn't escaped notice by militants. A government official, who spoke on the condition of anonymity because of the issue's sensitivity, said several plots had been broken up and would-be terrorists arrested -- some of whom were handed over to American authorities.

The UAE already maintains what is believed to be the world's largest identity database of iris scans, which allows ironclad identity checks aimed at preventing those deported from the country from re-entering with false documents.

At the same time, it is building a wall along its border with Oman -- mainly to keep out illegal workers, though militants could try to exploit the porous frontier.

U.S., EU Unable To Reach Deal On Passenger Data (WT/AP)

By Leslie Miller, Associated Press

The Washington Times, October 1, 2006

The United States and the European Union failed to reach a new deal on sharing air passenger data by yesterday's deadline, though officials disagreed about the impact on trans-Atlantic air travel.

Homeland Security Secretary Michael Chertoff said the failure to agree wouldn't disrupt trans-Atlantic air travel.

Mr. Chertoff said in a telephone interview that he was sending EU representatives "an initial proposed agreement, which I think embodies what their fundamental requirements for data protection are so we can do what we need to protect our borders.

"If they're prepared to accept and sign, great. If we have to have additional talks, fine."

European Commission spokesman Jonathan Todd said there would be a "legal vacuum" as of midnight.

"We have to discuss on commission level what to do next," Mr. Todd said. He said the EU executive would debate the issue Thursday.

Mr. Chertoff said he'd been assured that European airlines would continue to transmit passenger data and said he didn't think European governments would penalize them for doing so.

"The talks did not break down," Mr. Chertoff said. "Their delegation had to go home and that's fine."

Data including passengers' names, addresses and credit card details must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States.

The EU's top court in May ruled that the deal put in place after the September 11 attacks on the United States was illegal because it was not using the right legal basis under EU law. It did not rule on the deal's content.

An EU court allowed the data to keep flowing until Sept. 30 to give officials time to negotiate a new deal.

Washington has warned that airlines failing to share passenger information face fines of up to $6,000 per passenger and the loss of landing rights.

Without the deal, airlines that hand over passenger data to U.S. authorities could face legal action from national data protection authorities in EU states, the commission said.

Mr. Chertoff, though, said he had been assured that airlines would continue to transmit the data. "There's no intention for them to interfere with the continued transmission," he said.

He also said he didn't expect airlines to be fined.

"I don't envision that while we're in these discussions any country in Europe is going to take some precipitous step to put the airlines in a difficult position," he said.

Mr. Chertoff said there is no legal vacuum because U.S. law is clear that airlines have to provide information about people entering this country.

"This should not be a big issue," he said. "I can tell you from dealing with the negotiators who were over here that everybody's negotiating in good faith."

Senate Unanimously Ratifies U.S., U.K. Extradition Treaty (BLOOM)

By Carlos Torres

Bloomberg, October 1, 2006

Sept. 30 (Bloomberg) -- The Senate early today unanimously ratified an extradition treaty between the U.S. and the U.K., three years after it was signed, according to the U.S. embassy in London.

The treaty, which speeds extradition of prisoners between the two countries, was negotiated in 2003. The British have granted the U.S. some of the pact's benefits pending ratification by the Senate. The lack of U.S. approval had become a political issue in the U.K., highlighted by protests in July over the extradition of three British bankers accused of fraud in the Enron Corp. scandal.

The British bankers were sent to face trial in Houston after fighting extradition for three years. They pleaded not guilty to fraud charges July 14. The bankers are accused of bilking their former employer, Royal Bank of Scotland Group Plc's Greenwich NatWest subsidiary, of millions of dollars from the sale of an Enron off-the-books partnership.

``We can now have a fully modernized extradition relationship that helps to protect citizens of both of our countries and to improve the administration of justice," Robert Tuttle, U.S. ambassador to Britain, said in a statement on the embassy's Web site.

British Home Secretary John Reid said he was ``delighted" senators had backed the treaty, Agence France-Presse reported.

``The treaty is an important measure in our fight against serious international crime," Reid said in a statement, AFP reported.

The treaty, first sent to the Senate for approval in April 2004, lowers the level of proof the U.S. must show to win extradition of a suspect. It also permits temporary surrender of fugitives for trial who are already serving a prison sentence in the other country.

Ratification had been slowed by complaints from some Irish- American groups that the treaty would create new legal jeopardy for U.S. citizens who opposed British policy in Northern Ireland.

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The Laughing 9/11 Bombers Yosri Fouda (UKT)

UK Times, October 1, 2006

Exclusive film of suicide pilots at Bin Laden's HQ

FILM of the ringleader of the September 11 hijackers reading his "martyrdom" will inside Afghanistan at Osama Bin Laden's headquarters has emerged five years after the Al-Qaeda outrage.

It is the first time that a videotape has appeared of Mohammed Atta — who flew an American Airlines plane into the north tower of the World Trade Center — at a training camp in Afghanistan. It fills in a significant gap in the timing of the build-up to the attacks on the United States.

Dates on the tape show Atta was filmed on January 18, 2000, together with Ziad Jarrah, the pilot of United Airlines flight 93, which crashed in Pennsylvania after the passengers apparently stormed the flight deck.

The Sunday Times has obtained a copy of the video through a previously tested channel. The tape has no soundtrack and a US source said lip readers had tried without success to decipher what was being said.

Despite the deadly tasks the men had been assigned, they appear in high spirits, laughing and smiling in front of the camera. Only when Atta, with an AK-47 propped on a wall beside him, reads a document marked in Arabic "the will", does he become solemn. Both are well groomed, without the haggard appearance of the identity mugshots issued after September 11.

The high quality, unedited film shows Bin Laden addressing his followers at the mud-walled complex near Kandahar. One of the main figures in the September 11 plot, Ramzi Binalshibh, is identifiable in the crowd, as is a bodyguard whose task was to kill Bin Laden with two bullets to the head if he faced capture.

Dating on the tape indicates that the Al-Qaeda leader was filmed on January 8, 2000, 10 days before Atta and Jarrah recorded their wills.

American and German investigators have struggled to find evidence of Atta's whereabouts in January 2000 after he disappeared from Hamburg. The hour-long tape places him in Afghanistan at a decisive moment in the development of the conspiracy when he was given operational command. Months later both he and Jarrah enrolled at flying schools in America.

Investigators have also puzzled over the fact that unlike the rest of the hijackers — most of whom were young Saudi fundamentalists — Atta and Jarrah were well educated and appeared to fit into western society while studying in Germany. The

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video indicates how easily they slipped from a western identity to a fundamentalist one. It also shows up the subterfuge they maintained in Germany and America that they did not know each other, all part of evading detection.

HOMELAND RESPONSE:

Anthrax Dispute Suggests Bioshield Woes (AP)

By Paul Elias

AP, October 1, 2006

By now, millions of anthrax vaccine shots developed through cutting-edge genetic engineering were supposed to be filling a new national stockpile of biodefense drugs. Instead, five years after anthrax attacks left five dead, sickened 17 and panicked the country, the nearly $1 billion contract awarded by the U.S. Department of Health and Human Services to a tiny and struggling San Francisco Bay Area biotechnology company is plagued with misfortune and delays.

Delivery has been put off until at least 2008 — and maybe later — while the government and VaxGen Inc. trade barbs over who is at fault. The dispute has further tarnished Project Bioshield, a government program that has alienated many potential biodefense contractors.

"We have all come to understand that there is more complexity than it originally appeared," said Thomas Inglesby, deputy director of the University of Pittsburgh's Center for Biosecurity.

The anthrax attacks of 2001 prompted passage of Project Bioshield, which promised to build national drug stockpiles to be used in case of a bioterror attack.

The project was supposed to jump start a national security renaissance among drug makers by guaranteeing contracts to develop drugs for combatting potential bioweapons. But it has been greeted with skepticism by many in the industry.

The anthrax project, the first and largest Bioshield contract, was to be the crown jewel.

In November 2004, the $877.5 million contract was awarded to VaxGen to genetically engineer a replacement for the current anthrax vaccine, which requires six shots to be administered over 18 months. VaxGen's is expected to require no more than three shots.

Since winning the contract, however, VaxGen has repeatedly stumbled, starting with its disclosure it would miss the original deadline of November 2005 by a year.

Even before winning the contract, the Brisbane-based company had a checkered past highlighted by the 2003 flop of its experimental AIDS vaccine, which failed to protect inoculated volunteers from getting infected.

Since then, it was dropped from the Nasdaq Stock Market for failing to file financial reports, its chief scientific officer left the company in July, and its stock price hovers near $4.40 — at the low end of its 52-week range — as VaxGen and the government try to work out their differences.

Then, in March, the government said it wouldn't pay VaxGen until the company completed a costly and time-consuming human test to ensure the vaccine was safe. The new requirement forced the company to sell its stake in another biotechnology company for $79 million to stay afloat and finance the new test.

"We don't get paid until we deliver product and we have to shoulder the carrying cost," said VaxGen spokesman Lance Ignon. "The burden it puts on our company is abundantly clear to Wall Street as shown by our stock price."

For its part, VaxGen blames the government for the latest delays.

"The heart of the problem right now is the government's willingness to change the goal line," Ignon said. "The government unilaterally, and without compensation to VaxGen, changed the contract."

The government counters that the safety data was always required and that it made minor changes that allowed VaxGen to deliver the vaccine later than it had initially promised.

Last month, Sens. Joe Lieberman and Susan Collins called for a congressional investigation of the VaxGen contract.

VaxGen's difficulties underscore the industry's disappointment with Bioshield, which has done little but generate indifference among the big pharmaceutical companies the government hoped to woo. Instead, drug makers are snubbing the program because of liability and intellectual property issues and confusion over what the government wants.

New legislation that would address many of the critics' concerns — such as protecting drug makers from liability lawsuits — has been bottled up in Congress for months and the prospect of a bill passing this year are dimming.

Big pharmaceutical companies, which can spend upward of $1 billion developing a single drug that can earn billions annually, are also turned off by the relatively paltry $5.6 billion available under Bioshield, analysts said.

Pharmaceutical Research and Manufacturers of America, the Washington-based trade group that represents drug makers, wouldn't comment on why its members have shunned Project Bioshield but said it supports the program.

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"PhRMA continues to work closely with the Congress and the Administration to help ensure that America has the necessary tools to help prepare for and respond to a possible bioterror attack," Ken Johnson, the group's senior vice president, said in a statement.

Producing defensive measures has been largely left to small, financially struggling companies such as the oft-troubled VaxGen.

Despite its laundry list of failures, HHS has defended VaxGen's qualifications.

"The incentive is not there for the large pharmaceutical companies," said Noreen Hynes, director of research and development coordination in the HHS office responsible for biodefense. "Biotech companies, for the most part, are more inexperienced."

Since awarding the contract to VaxGen, HHS has doled out another $1 billion in contracts, including two this year worth a combined $505 million to the Canadian company Cangene Corp. for another anthrax treatment, as well as a drug to treat botulism.

None of the other drug developers have stumbled as spectacularly as VaxGen.

"The fact that a company doesn't deliver is always disappointing," Hynes said. But in vaccine and biological development, "delays are more the rule than the exception."

Why I'm Banned In The USA (WP)

By Tariq Ramadan

The Washington Post, October 1, 2006

LONDON

For more than two years now, the U.S. government has barred me from entering the United States to pursue an academic career. The reasons have changed over time, and have evolved from defamatory to absurd, but the effect has remained the same: I've been kept out.

First, I was told that I could not enter the country because I had endorsed terrorism and violated the USA Patriot Act. It took a lawsuit for the government eventually to abandon this baseless accusation. Later, I reapplied for a visa, twice, only to hear nothing for more than a year. Finally, just 10 days ago, after a federal judge forced the State Department to reconsider my application, U.S. authorities offered a new rationale for turning me away: Between 1998 and 2002, I had contributed small sums of money to a French charity supporting humanitarian work in the Palestinian territories.

I am increasingly convinced that the Bush administration has barred me for a much simpler reason: It doesn't care for my political views. In recent years, I have publicly criticized U.S. policy in the Middle East, the war in Iraq, the use of torture, secret CIA prisons and other government actions that undermine fundamental civil liberties. And for many years, through my research and writing and speeches, I have called upon Muslims to better understand the principles of their own faith, and have sought to show that one can be Muslim and Western at the same time.

My experience reveals how U.S. authorities seek to suppress dissenting voices and -- by excluding people such as me from their country -- manipulate political debate in America. Unfortunately, the U.S. government's paranoia has evolved far beyond a fear of particular individuals and taken on a much more insidious form: the fear of ideas.

In January 2004, I was offered a job at the University of Notre Dame, as a professor of Islamic studies and as Luce professor of religion, conflict and peace-building. I accepted the tenured position enthusiastically and looked forward to joining the academic community in the United States. After the government granted me a work visa, I rented a home in South Bend, Ind., enrolled my children in school there and shipped all of my household belongings. Then, in July, the government notified me that my visa had been revoked. It did not offer a specific explanation, but pointed to a provision of the Patriot Act that applies to people who have "endorsed or espoused" terrorist activity.

The revocation shocked me. I had consistently opposed terrorism in all of its forms, and still do. And, before 2004, I had visited the United States frequently to lecture, attend conferences and meet with other scholars. I had been an invited speaker at conferences or lectures sponsored by Harvard University, Stanford, Princeton and the William Jefferson Clinton Presidential Foundation. None of these institutions seemed to consider me a threat to national security.

The U.S. government invited me to apply for a new visa and, with Notre Dame's help, I did so in October 2004. But after three months passed without a response, I felt I had little choice but to give up my new position and resume my life in Europe. Even so, I never abandoned the effort to clear my name. At the urging of American academic and civic groups, I reapplied for a visa one last time in September 2005, hoping that the government would retract its accusation. Once again, I encountered only silence.

Finally, in January, the American Civil Liberties Union, the American Academy of Religion, the American Association of University Professors and PEN American Center filed a lawsuit on my behalf, challenging the government's actions. In court, the

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government's lawyers admitted that they could establish no connection between me and any terrorist group; the government had merely taken a "prudential" measure by revoking my visa. Even then, the government maintained that the process of reconsidering my visa could take years. The federal court -- which issued a ruling recognizing that I have been a vocal critic of terrorism -- rejected the indefinite delay. In June, it ordered the government to grant me a visa or explain why it would not do so.

On Sept. 21, the long-awaited explanation arrived. The letter from the U.S. Embassy informed me that my visa application had been denied, and it put an end to the rumors that had circulated since my original visa was revoked. After a lengthy investigation, the State Department cited no evidence of suspicious relationships, no meetings with terrorists, no encouraging or advocacy of terrorism. Instead, the department cited my donation of $940 to two humanitarian organizations (a French group and its Swiss chapter) serving the Palestinian people. I should note that the investigation did not reveal these contributions. As the department acknowledges, I had brought this information to their attention myself, two years earlier, when I had reapplied for a visa.

In its letter, the U.S. Embassy claims that I "reasonably should have known" that the charities in question provided money to Hamas. But my donations were made between December 1998 and July 2002, and the United States did not blacklist the charities until 2003. How should I reasonably have known of their activities before the U.S. government itself knew? I donated to these organizations for the same reason that countless Europeans -- and Americans, for that matter -- donate to Palestinian causes: not to help fund terrorism, but because I wanted to provide humanitarian aid to people who desperately need it. Yet after two years of investigation, this was the only explanation offered for the denial of my visa. I still find it hard to believe.

What words do I utter and what views do I hold that are dangerous to American ears, so dangerous, in fact, that I should not be allowed to express them on U.S. soil?

I have called upon Western societies to be more open toward Muslims and to regard them as a source of richness, not just of violence or conflict. I have called upon Muslims in the West to reconcile and embrace both their Islamic and Western identities. I have called for the creation of a "New We" based on common citizenship within which Buddhists, Jews, Christians, Muslims and people with no religion can build a pluralistic society. And yes, I believe we all have a right to dissent, to criticize governments and protest undemocratic decisions. It is certainly legitimate for European Muslims and American Muslims to criticize their governments if they find them unjust -- and I will continue to do so.

At the same time, I do not stop short of criticizing regimes from Muslim countries. Indeed, the United States is not the only country that rejects me; I am also barred from Tunisia, Saudi Arabia and even my native Egypt. Last month, after a few sentences in a speech by Pope Benedict XVI elicited protests and violence, I published an article noting how some governments in the Muslim world manipulate these imagined crises to suit their political agendas. "When the people are deprived of their basic rights and of their freedom of expression," I argued, "it costs nothing to allow them to vent their anger over Danish cartoons or the words of the Pontiff." I was immediately accused of appeasing the enemies of Islam, of being more Western than Muslim.

Today, I live and work in London. From my posts at Oxford University and the Lokahi Foundation, I try to promote cultural understanding and to prevent radicalization within Muslim communities here. Along with many British citizens, I have criticized the country's new security laws and its support for the war in Iraq. Yet I have never been asked to remain silent as a condition to live or work here. I can express myself freely.

I fear that the United States has grown fearful of ideas. I have learned firsthand that the Bush administration reacts to its critics not by engaging them, but by stigmatizing and excluding them. Will foreign scholars be permitted to enter the United States only if they promise to mute their criticisms of U.S. policy? It saddens me to think of the effect this will have on the free exchange of ideas, on political debate within America, and on our ability to bridge differences across cultures.

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Tariq Ramadan, a fellow at Oxford University, is author of "Western Muslims and the Future of Islam."

After Homework, Duty As An Imam (WP)

By Theresa Vargas

The Washington Post, October 1, 2006

With Cleric's Visa Denied, Va. Center Enlists Its Most Learned: Two Teens

The boy, round-faced and thin, stood in front of the hundred or so men, his arms crossed, his eyes closed. When he knelt, they knelt. When he stood, they stood. When he stumbled for a word, squinting to access the search engine of his mind, they waited.

In a few hours, 13-year-old Aman Chhipa would be back at home sitting in front of his computer playing a video game, pretending he was a knight slaying giant spiders with a gem-laden sword. But at that moment, and for an hour each night this month, he is a boy leading a room full of men.

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Aman and another teenager, Uzair Jawed, 16, were thrust into the revered role of imam, or prayer leader, at the Islamic Community Center of Northern Virginia, mostly out of desperation. A cleric from South Africa was supposed to lead the center's nightly prayer for Ramadan, the holiest month for Muslims, as he had done for the past three years. But after Ismail Mullah arrived at Dulles International Airport on Sept. 22, he was detained by U.S. Customs and Border Protection officials and sent back to South Africa.

The center, in Woodbridge, had prepared for months for Mullah's arrival and had paid thousands of dollars for his airfare. Without him, its leaders had less than a day to find a hafiz -- someone who had memorized the more than 6,200 Arabic verses of the Koran and could recite them without looking at the text.

They searched among the adults. No one. They called other mosques. No one.

They then turned to the two boys, the only ones among them who had mastered the text enough to guide the congregation through the 30 sections in 30 days. The Koran is divided into 114 chapters containing more than 6,200 verses comprising about 80,000 words. It is like learning part of the Bible in Latin when you don't speak Latin.

"I thought, how am I going to do this?" Aman said. "I was nervous. It's a huge responsibility."

Aman is an eighth-grader at Fred M. Lynn Middle School in Woodbridge whose family is from India. He memorized the Koran by age 10. Uzair, 16, is a ninth-grader at Woodbridge Senior High School whose family is from Pakistan. He memorized it by the time he was 13.

Together, they lead the nightly prayer, correcting each other when needed, as is custom. Days that were once spent perched in front of a PlayStation 2 for hours, they said, are now heavy with studying that starts about 5 a.m. and stretches to about 11:30 p.m., with school and life in between.

"Before we were hafiz, we were just kids," Uzair said.

He and Aman might be the nation's youngest imams, said Nihad Awad, the national executive director of the Council on American-Islamic Relations, the largest Islamic civil liberties group in the United States. The two are also a testament to the post-9/11 need for U.S. Muslims to groom their own leaders and stop depending on those from other countries, he said.

"Imams who come from overseas, sometimes they bring a different mentality. They come from Muslim-majority places. They have different cultures, norms and traditions," Awad said. "I think it's important that we develop our own."

Aman's father, Nasir Chhipa, a director at the center, agreed. Mullah's inability to enter the country left the community disappointed and with many questions, he said. Some men who came to pray in the first few days left in frustration to search for another scholar. The ones who have stayed, he said, have come to depend on the boys.

The teenagers have taken on their community's burden and hopes -- at least for a month.

"In some sense, I think whatever happened, it happened for the good," Chhipa said. "We learned a lesson from this. . . . We have to produce our own scholars."Long Days With the Koran

When Aman was 7, his father enrolled him in a school in Pennsylvania where he took academic classes for three hours a day and studied the Koran for 8 1/2 . "When I first dropped him off, it was very hard for me. I literally cried," Chhipa said. "Every day I called them and said, 'Could I talk to my son?' The principal said, 'You have to be patient.' "

About three years later, in the middle of Ramadan, the principal called him and said that Aman, whose name means peace, had finished memorizing the text. "When I saw him reciting the Koran without looking at the book, that was the moment of my life," Chhipa said.

Memorizing the text is only part of the challenge in becoming a hafiz. He must practice daily. "It's easy to memorize; it's very hard to remember," Chhipa said. "The Koran is nobody's friend. If you forget the Koran, the Koran will forget you."

Aman studied daily before, but now it consumes almost every moment of his downtime. He begins reading the Koran shortly after waking at 4:30 a.m. for breakfast and continues reading it at any possible moment during the day, even taking the Koran to lunch with him. "They ask me, 'What's that book?' " he said of the other students.

His classmates don't know he's a hafiz, he said. But at the center, the men who stand behind him in prayer each night don't call him just Aman anymore, they call him "Hafiz Aman" -- like Dr. or Mr. or Professor.

"People will greet me properly, not as if I'm their friend but as if I'm their senior," Aman said.

It was strange at first, he said, but he's getting used to it.

"When I was small, I used to always think that I wanted to be something big when I grew up," said Aman, whose upper lip is showing the start of a mustache.

Uzair, who wears a respectable beard, said that as the community has started giving him more respect, he's started behaving differently, trying to act in a way that deserves it. When his father told him on that Friday that he would have to recite the prayers the next day, he said it was both an honor and terrifying.

"I was nervous. I was thinking I wouldn't be able to do it," he said, adding that with each day it has become easier, almost fun. "We're just trying to enjoy it because we have no other option."

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His schedule has become much like Aman's. Wake up before sunrise, study the Koran, go to school, come home, study the Koran, break the Ramadan fast and study the Koran. In between, he prays five times and does his homework.

The Woodbridge center is simple, consisting mostly of a large community room and small office, hidden behind a Subway and video rental store on Jefferson Davis Highway. The center has a regular imam, but he has not memorized the Koran.

Those who congregate there said they are grateful for the boys. Still, they know they lost something when Mullah's entry was denied. In addition to leading the prayer, he would have guided donations and doled out advice if needed. The teenagers cannot play such a role, because it is the equivalent of asking them to have a master's degree in Islam.

"A young kid and a grown priest is a big difference," said Fahad Mirza, 29, adding that the boys are "wonderful" but that "they are there just because we have no choice."

The Council on American-Islamic Relations is writing letters to politicians demanding to know why Mullah and other scholars were turned away at the last minute. Nationwide, at least four other Islamic scholars were denied entry, without explanation, Muslim community leaders said.

They are questioning why the government waited until the men arrived in the country instead of denying their visas early enough for the mosques to find replacements.

"We don't want this to fall in the cracks and to just be forgotten. We need to get answers from our government," Awad said. "We want people to be abiding by the law. We want to protect our country. . . . At the same time, we just want to make sure we do not step on people's rights and that we continue to be an open and welcoming society."

Officials with U.S. Customs and Border Protection would not say why Mullah was turned away but said more than 1,000 people are denied entry every day for a variety of reasons. Kelly Klundt, a spokeswoman, said: "The State Department may issue a visa which allows someone to apply for admission into the U.S. It is not necessarily a guarantee that they will be permitted."

Those at the center describe Mullah as a soft-spoken man who was born in Gujarat state in India. They said his speeches were not extreme.

Chhipa said he had spoken briefly with him since the incident. "He said, 'I don't know why they did it to me.' . . . He said they only said, 'We're only doing our job.' "

Mullah was glad to hear that the center had found a replacement for him, Chhipa added.Leaders, and Now Friends

The teenagers weren't really friends before, seeing each other only occasionally during prayer time at the Woodbridge center. But now their parents say they are attached, having developed a friendship through their shared responsibility.

After the prayers ended one recent night, the boys shuffled out of the center, looking as tired as the older men among them.

Waiting for Uzair at home was algebra, English and Spanish homework.

Aman, who had finished his homework earlier that day, would get to steal a few rare moments of play. Within minutes of walking into his house, he shed his traditional garb for sweat pants and a T-shirt emblazoned with the word "basketball" -- his favorite sport. He then swooshed down in front of the computer, clicked on his favorite video game and within seconds was lost in a wooded area of imaginary beasts. In one corner of the screen, he chatted with friends in a language far from Arabic: "Sup?" and "Kool."

La. Voters OK Consolidating Levee Boards (AP)

By Doug Simpson

AP, October 1, 2006

Louisiana voters on Saturday approved consolidating the New Orleans area's levee boards, the generations-old agencies whose politically appointed members were criticized after Hurricane Katrina for failing to maintain the area's levees and floodwalls.

The constitutional amendment — passing with about 80 percent of the vote — will combine 10 southeast Louisiana boards into two, one for each bank of the Mississippi River. Members of the new boards will be required to have expertise in engineering, geology and hydrology, mandates that advocates of the new structure hope will convince Congress and the nation that Louisiana has shed a system mired in cronyism.

"I think it shows that people really care about basic reform in Louisiana," said Gov. Kathleen Blanco, who supported the measure. "They want everything to be professional."

With about 97 percent of precincts reporting, voters supported the measure by a 4-1 margin. The amendment was passing in every parish that was hit hard by Katrina in August 2005.

After Katrina breached New Orleans' levees last August, the boards were criticized as disorganized, full of patronage and badly lacking in technical knowledge to manage the system of levees that protect New Orleans, which is largely below sea level.

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Members of the existing boards are appointed by the governor and need no expertise in flood protection. The boards are responsible for levee upkeep and inspections, but critics say they have become distracted with other projects. The board in New Orleans, for example, runs marinas, an airport and a police force.

Blanco said she wants to have the two new levee panels in place by January.

Republican state Sen. Walter Boasso, who sponsored the levee board amendment in the Legislature, toured Louisiana drumming support for the amendment. He told north Louisiana voters that the proposal affects the entire state because the New Orleans area is home to a third of Louisiana's economy.

U.S. Rep. Bobby Jindal, R-La., said passage of the amendment would reassure Congress that Louisiana is cleaning up its act as the federal government invests billions of dollars to rebuild New Orleans and surrounding parishes.

There was no public campaign opposing the amendment, though state lawmakers from the New Orleans area tried to block the measure in the Legislature. They argued the existing levee boards should be allowed to finish flood-protection projects that are under way.

WAR NEWS:

Bush Confronts Critics Of Iraq Policies (AP)

By Jennifer Loven

AP, October 1, 2006

Gloves-off election-year rhetoric hit the radio Saturday, as President Bush argued that critics are wrongheaded to argue for a different policy in Iraq while Democrats suggested Bush is more interested in politically helpful slogans than success in the war.

With just over five weeks to go before midterm elections in which GOP control of Congress could be at risk, Democrats have been citing a government intelligence assessment to bolster their criticism of Bush's approach to Iraq. The classified National Intelligence Estimate, parts of which Bush declassified earlier this week, says the Iraq war has contributed to a global growth in the terrorist movement, but it also says success there could drain jihadists of momentum.

The president has been fighting back against the Democratic attacks with a series of appearances, and he recycled many lines from earlier in the week in his Saturday radio address.

"Some in Washington have selectively quoted from this document to make the case that by fighting the terrorists in Iraq, we are making our people less secure here at home," Bush said. "Five years after the 9/11 attacks, some people in Washington still do not understand the nature of the enemy. The only way to protect our citizens at home is to go on the offense against the enemy across the world."

Democrats chose Tammy Duckworth, an Army helicopter pilot who lost both legs in Iraq and now is running for Congress in Illinois, to respond.

"Anyone who challenges our failed policies, or suggests the need for a new strategy, is accused of 'cutting and running,'" Duckworth said. "Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed. ... And I believe the brave men and women who are serving in Iraq today, their families and the American people deserve more than the same empty slogans and political name-calling."

Duckworth, who faces Republican Peter Roskam for an open seat, was referring to a Bush speech Thursday at a GOP fundraiser in Alabama. "The party of FDR and the party of Harry Truman has become the party of cut and run," Bush said then.

He also charged in Alabama that "some in Washington, some decent people, patriotic people, feel like we should not be on the offensive in this war on terror," without offering any evidence of such remarks.

White House press secretary Tony Snow acknowledged Friday that no Democrats have said directly that they do not want to take the offensive against terrorists, but he defended Bush's no-holds-barred politicking.

"I think there's been a lot of ratcheting up of rhetoric on the other side where the president has been accused of everything from dereliction of duty to not caring about what happens to people who have been claimed on the battlefields," Snow said. "The point the president is trying to make is, there are going to be some clear choices."

Bush argued Saturday that maintaining the U.S. presence in Iraq is crucial to winning the broader war on terror.

"Our safety depends on the outcome of the battle in Iraq," he said. "Withdrawing from Iraq before the enemy is defeated would embolden the terrorists."

Bush Says Iraq War Isn't Making Americans Less Secure (Update1) (BLOOM)

By Judy Mathewson

Bloomberg, October 1, 2006

DOJ_NMG_0072461

Sept. 30 (Bloomberg) -- President George W. Bush said today that fighting in Iraq isn't making Americans less secure at home.

``This argument buys into the enemy's propaganda that the terrorists attack us because we are provoking them,'' Bush said in his weekly radio broadcast. ``We do not create terrorism by fighting terrorism.''

This is the seventh week in the past eight that Bush has made the war on terrorism the topic of his radio address. His comments capped a week in which Democrats used the findings of a National Intelligence Estimate to argue that the Iraq invasion has made the U.S. less safe from terrorist attacks.

Bush's address also follows publicity about a new book by Washington journalist Bob Woodward that says the president and his advisers have mishandled the war. ``State of Denial,'' set for publication Oct. 2, says Bush and his advisers responded too slowly to Iraq's growing insurgency.

With congressional elections less than six weeks away Democrats are making criticisms of Republican Bush's conduct of the war a central part of their midterm election campaigns. Republicans respond that defeating extremists in Iraq would be a major blow to terrorists globally. At the same time, they argue that the invasion of Iraq didn't provoke jihadists' anti-American campaign.

Hating America

``Iraq is not the reason the terrorists are at war against us,'' Bush said. ``The terrorists are at war against us because they hate everything American stands for, and because they know we stand in the way of their ambitions to take over the Middle East.''

U.S. troops were not in Iraq when terrorists first attacked the World Trade Center in 1993, Bush noted. Nor were they in Iraq when terrorists bombed U.S. embassies in Kenya and Tanzania in 1998 and the USS Cole in 2000, or when they launched the Sept. 11 attacks of 2001, he said.

``The only way to protect our citizens at home is to go on the offense against the enemy across the world,'' Bush said.

Bush also brought up the National Intelligence Estimate, whose key judgments he ordered declassified this week after elements of the report were leaked to the New York Times and the Washington Post.

U.S. Politics

Both major U.S. political parties can point to parts of the April estimate to bolster their cases. The estimate was a consensus of analysts from 16 federal agencies including the Central Intelligence Agency.

Democrats point to excerpts that say anger over the war in Iraq is fueling Muslim radicalism and that the dispersal of terrorist cells around the world poses a greater risk of attacks on the U.S. Senate Minority Leader Harry Reid, a Nevada Democrat, said yesterday that Bush and the Republican-controlled Congress ``stubbornly refuse to change course, even when it's clear their failed course is making America less safe.''

``We simply can't go on this way,'' said Tammy Duckworth, a candidate for the House of Representatives in Illinois, in the Democratic Party's weekly radio address today. ``It's time for a new direction.''

The sixth district of Illinois, where Duckworth is running, is considered one of the closely contested congressional races that will help determine which party gains a majority in the House. The seat is held by retiring Republican Henry Hyde. Duckworth's Republican opponent is Peter Roskam, a former member of Hyde's staff and a member of the state Senate.

Helicopter Shot Down

Democrats need a net gain of 15 seats in the House of Representatives to win a majority.

Duckworth, a veteran of the Iraq War who lost both legs after the Black Hawk helicopter she copiloted was shot down north of Baghdad, said the president has only offered slogans and electioneering rather than leadership.

Republicans point to a finding in the estimate that U.S. counterterrorism efforts have ``seriously damaged'' al-Qaeda's leadership. Bush noted a finding that ``should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight.''

``Withdrawing from Iraq before the enemy is defeated would embolden the terrorists,'' Bush said today. ``It would help them find new recruits to carry out even more destructive attacks on our nation, and it would give the terrorists a new sanctuary in the heart of the Middle East with huge oil riches to fund their ambitions.''

To contact the reporter on this story: Judy Mathewson in Washington at jmathewson@bloomberg.net

Candidate-Veteran Attacks Bush On Iraq (AP)

By Dennis Conrad

AP, October 1, 2006

WASHINGTON (AP) - An Illinois congressional candidate who lost both her legs during combat in Iraq said Saturday that President Bush has no real strategy for securing the war-ravaged nation, just political talk designed to appeal to voters.

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"Instead of a plan or a strategy, we get shallow slogans like 'mission accomplished' and 'stay the course,'" former Army Capt. Tammy Duckworth said in the Democrats' weekly radio address. "Those slogans are calculated to win an election. But they won't help us accomplish our mission in Iraq."

Duckworth's address served as a response to the president's weekly radio talk and gave the Democratic Party a chance to showcase one of its strongest candidates as it seeks to regain control of the House in November's elections.

Duckworth, who copiloted a Black Hawk helicopter that crashed while under a rocket grenade attack almost two years ago, also criticized Bush and others in his administration for accusing anyone who challenges the president's policies of "cutting and running."

(AP) Sen. Charles Schumer, D-N.Y., right, discusses Iraq while meeting with reporters on Capitol Hill in...

Full Image"Well, I didn't cut and run, Mr. President. Like so many others, I proudly fought and sacrificed," Duckworth said. "My helicopter was shot down long after you proclaimed 'mission accomplished.'"

At a GOP fundraiser Thursday in Alabama, Bush said, "The party of FDR and the party of Harry Truman has become the party of cut and run."

Duckworth is seeking the suburban Chicago seat being vacated by conservative Republican Rep. Henry Hyde. She is running against Illinois state Sen. Peter Roskam, the man Hyde has endorsed.

In her address, Duckworth, now a major in the Illinois National Guard, also lashed out at the GOP-led Congress for refusing to do its job of holding the Bush administration accountable for its flawed Iraq policy.

"We need a Congress that will ask the tough questions and work together for solutions rather than attacking the patriotism of those who disagree," she said. "It is time to encourage Iraqi leaders to take control of their own county and make the tough choices that will stop the civil war and stabilize the country."

She offered no proposal for an immediate withdrawal or a timetable for withdrawal.

More Troops Not Solution To Iraq Crisis, Experts Say (BSUN)

By David Wood

The Baltimore Sun, October 1, 2006

WASHINGTON -- Renewed allegations that the White House and Pentagon blundered by not deploying sufficient troops in Iraq to deal with the aftermath of the 2003 invasion swarmed around the administration this weekend, stirred by publication of Bob Woodward's new book, State of Denial.

More than four years of combat in Iraq have left 2,711 Americans dead and 20,568 wounded. Today, with the 147,000 American troops deployed there apparently unable to stem a widening and increasingly bloody sectarian war, the issues raised in Woodward's book are adding fuel to a bitter election-year debate about the Bush administration's conduct of the war.

But while the debate swirls, some hard-eyed military officers and analysts assessing the situation in Iraq conclude that it would be difficult and costly to scrape up enough troops to raise levels in Iraq significantly and that even raising troop levels now might not work.

"We keep confusing troop levels with the fact that there was no plan for stability operations, no commitment in terms of aid, no understanding of the political challenges," said Anthony H. Cordesman, who is senior strategist at the nonpartisan Center for Strategic and International Studies and generally regarded as Washington's senior independent analyst. "The critical mistake wasn't one of troop levels, although I think if there had been a plan it would have called for significantly more troops and a longer troop presence."

Eventual success depends not just on the number of deployed troops, Cordesman said, but on whether their presence "is buying the time for reconciliation and effective governance and building the kind of Iraqi security forces that can take over the job - or not. This is a very high-risk operation where the odds of success are even at best."

Arguing over troop levels in Iraq "is a nice debate to have, but it doesn't have a bearing on the real world," said Michael O'Hanlon, military analyst at the Brookings Institution in Washington. The military is already under such strain that "we don't have that option."

"The time for more American troops is clearly over," said Thomas E. Ricks, author of Fiasco, a best-selling history of the war. "There aren't any more troops available."

The size of the force needed for the Iraq war was a contentious issue even before 90,000 American troops lanced across the Kuwait-Iraq border in March 2003 in pursuit of Saddam Hussein. The Army's first estimate, that 400,000 to 450,000 would be needed for the occupation, was extrapolated from its peacekeeping experience in Bosnia and Kosovo in the 1990s. But that plan was rejected by Defense Secretary Donald H. Rumsfeld, according to the memoirs of retired Gen. Tommy Franks, the top U.S. commander at the time.

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Before 2003 was out, rising violence prompted senior U.S. officials in Baghdad to press Washington for more troops, requests that went unanswered. Woodward reports that in the early summer of 2003, James Dobbins, a senior U.S. diplomat with long experience in the postwar Balkans and elsewhere, drew up a plan calling for 500,000 troops, a staggering increase over the 148,900 troops then deployed in Iraq. His plan was forwarded to Washington. There was no response, Woodward wrote.

Despite optimistic White House and Pentagon assurances of progress in Iraq, top aides and commanders were increasingly worried that the country was sliding out of control, and top Bush aides mounted two efforts to oust Rumsfeld, Woodward reported.

"If we have a military strategy, I can't identify it," complained then-deputy national scurity adviser Stephen J. Hadley, according to Woodward's book. "I don't know what's worse - that they [the Pentagon] have one and won't tell us or that they don't have one."

By late last year, even the top U.S. commander in Iraq, Gen. John Abizaid, was fed up. "Rumsfeld doesn't have any credibility anymore," he remarked to a friend, in Woodward's account.

Today, there is rising anger and frustration among top American officers whose concern is two-fold: the risk of permanent damage to the U.S. military the longer the war drags on, and concern that despite tactical military success against insurgents, not enough is being done politically to prevent Iraq from sliding into chaos. Many are concerned, as well, that the burden of the war is falling unfairly on a small number of volunteers.

"There are a lot of good people out there in terrible stress and danger, because the judgments of our national leaders have been faulty," one three-star officer said privately last week. "You come back here and people just don't have a clue."

The continuing demand for troops in Iraq has wrecked the Army's plan to sustain troop rotations indefinitely by rotating combat brigades through Iraq on one 12-month tour every three years. That would enable battered units to return home for refitting and retraining and then to serve for 18 months as part of the U.S. strategic reserve, John Medve, senior Army war planner, said in a recent interview.

But the Army has had to send brigades back into action after just a year at home, keeping the troops scrambling and, according to some critics, eroding the nation's capability to respond to crises. Last week, Rumsfeld extended the 12-month tour of a brigade of the 1st Armored Division by 46 days to allow its replacement unit a full 12 months at home before heading to Iraq.

Allowing soldiers barely 12 months at home between combat tours is "putting people at risk not only of losing their lives, but losing their families," said O'Hanlon.

Bush and Rumsfeld have angrily denied that they have ever turned down a request from U.S. commanders in Iraq for more troops - or anything else. Early this year, Rumsfeld disputed an assertion in the memoirs of L. Paul Bremer, the former top U.S. civilian official in Iraq, that Bremer had asked for additional troops in the summer of 2003 and been ignored.

"I thanked him for his suggestion and said we would look into it and we did," Rumsfeld told reporters. He then decided on the advice of the military command in Iraq not to increase troop levels. Rumsfeld said by the time that decision had been made, Bremer had retired.

The argument against raising troop levels, then and now, has turned on the issue of whether the U.S. military presence helps quell the violence or stimulates it, military officers said. Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, has said there are continuing deliberations on this point, with senior officers attempting to calibrate and adjust troop levels to respond to the security situation.

Abizaid told reporters last month that an increased U.S. military presence can set back the goal of having Iraqi security forces take over, because when American combat units show up, the Iraqis tend to step back.

Despite such arguments, a review of the record shows that the Bush administration made decisions to keep troop levels low in Iraq and that in the uncontrolled chaos that followed, the insurgency took hold.

"We were undermanned from the beginning, lost an opportunity to secure the country, and have yet to regain the initiative," Army Maj. Gen. John Batiste, who commanded the 1st Infantry Division in Iraq before abruptly quitting a year ago in protest, told a forum organized by congressional Democrats last week.

Four months before the March 2003 invasion, Rumsfeld pointedly recalled that during Desert Storm in 1991, U.S. troops had ousted Iraqis from their occupation of Kuwait in just four days of ground combat in which Iraqi soldiers surrendered by the "tens of thousands."

Turning to the prospective invasion of Iraq, Rumsfeld explained, "So the idea that it's going to be a long, long, long battle of some kind, I think, is belied by what happened in 1991."

The United States, he added, is "determined to do the job and to finish it fast."

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Powell Tried To Warn Bush On Iraq, Book Says (NYT)

By John M. Broder

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Colin L. Powell, in his last face-to-face meeting with President Bush before stepping down as secretary of state in January 2005, tried to impress upon him one last time the dangers he saw the United States facing in Iraq, according to a new Powell biography.

The insurgency was growing and the country was spiraling into sectarian bloodshed, Mr. Powell warned. Elections in Iraq would not solve the problems, and the president's ability to act decisively was being crippled by divisions within his own administration, according to the account in "Soldier: The Life of Colin Powell" (Knopf, 2006) by Karen DeYoung, an associate editor at The Washington Post. Mr. Bush appeared disengaged, the book says, and brushed off Mr. Powell's complaints about dysfunction in his government.

The book is among the latest accounts of the divisions in the administration as it hurtled toward war and stumbled through its aftermath. The Powell biography provides further detail on his early misgivings about the war and the size of the force assembled to fight it, doubts that have been reported in several other books, including those by Ms. DeYoung's colleague at The Post, Bob Woodward.

Despite his doubts, however, Mr. Powell never threatened to resign or go public with his complaints, according to these accounts, because such acts would betray the ethic of the loyal soldier he felt he was.

A 7,600-word excerpt from the Powell biography appears in Sunday's Washington Post Magazine. The book's publication date is Oct. 10.

Mr. Powell, who gave Ms. DeYoung several interviews for her book and encouraged others to cooperate, said in a telephone interview on Saturday that he had not read the book or the excerpts. He did not take issue with portions read to him, except to question the context of one anecdote involving an exchange with Vice President Dick Cheney.

"The real issue right now is not the various books that are out but how things are going in Iraq and Afghanistan," Mr. Powell said. He would not share his views on the current state of affairs there, however.

A White House spokesman said officials there had not read the book and would not comment.

Since leaving office last year, Mr. Powell has kept his views to himself, with a few notable exceptions. He was openly critical of the administration's response to Hurricane Katrina last year and weighed in vigorously in the debate over treatment of detainees in the war on terror.

He has quietly cooperated with Ms. DeYoung, Mr. Woodward and other authors, while keeping his counsel in public on Iraq, the broader war on terrorism and the diplomatic struggles of his successor at the State Department, Condoleezza Rice. He does not want to undermine the president, but he also wants to make sure that his point of view is accurately reflected in histories, associates said.

"It's a matter of behaving with dignity when you're out of office," said Richard L. Armitage, Mr. Powell's former deputy and his closest confidant. "You don't want to be seen as criticizing those who took your place. On differences of principle, like the Geneva Conventions, he will speak out. On differences of approach, he probably will not."

In answer to those who ask why he has not been more outspoken, Mr. Powell generally replies, "There's a war on."

The common thread of many of the recent accounts is of warnings ignored about flaws in the prewar intelligence, in the war-fighting doctrine and in plans for occupying the shattered country. Tony Snow, the White House press secretary, dismissed some of these accounts as the grumblings of people on the losing side of internal arguments.

The Powell biography fleshes out a tale already widely known in Washington of infighting among Mr. Powell, Mr. Cheney and Donald H. Rumsfeld, the secretary of defense. Mr. Powell, who served as secretary of state through Mr. Bush's first term, came out on the losing end of the majority of their arguments.

The book provides an inside account of the preparation for Mr. Powell's pivotal presentation before the United Nations six weeks before the start of the Iraq war in March 2003. Mr. Powell told Ms. DeYoung that he spent much of the five days he had to prepare for the presentation "trimming the garbage" that Mr. Cheney's staff had provided by way of evidence of Iraq's weapons programs and ties to Al Qaeda.

Mr. Powell later conceded that the United Nations speech was full of falsehoods and distorted intelligence and was a "blot" on his record.

Running throughout this book and other recent accounts are the defeats and humiliations Mr. Powell suffered in service to Mr. Bush. Though Mr. Powell remained an admired figure in America, it was not enough to protect him against attacks.

"There are people who would like to take me down," he is quoted as saying while motioning toward the White House during his last year in office. "It's been the case since I was appointed. By take down, I mean, 'keep him in his place.' "

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Falling On His Sword (WP)

The Washington Post, September 30, 2006

Colin Powell's most significant moment turned out to be his lowest

ON WEDNESDAY, NOVEMBER 10, 2004, eight days after the president he served was elected to a second term, Secretary of State Colin Powell received a telephone call from the White House at his State Department office. The caller was not President Bush but Chief of Staff Andrew Card, and he got right to the point.

"The president would like to make a change," Card said, using a time-honored formulation that avoided the words "resign" or "fire." He noted briskly that there had been some discussion of having Powell remain until after Iraqi elections scheduled for the end of January, but that the president had decided to take care of all Cabinet changes sooner rather than later. Bush wanted Powell's resignation letter dated two days hence, on Friday, November 12, Card said, although the White House expected him to stay at the State Department until his successor was confirmed by the Senate.

After four long years, Powell had anticipated the end of his service and sometimes even longed for it. He had never directly told the president but thought he had made clear to him during the summer of 2004 that he did not intend to stay into a second term.

There had been public speculation as the election drew near that the president might ask the secretary of state to reenlist, at least temporarily. Powell was still the most popular member of Bush's team, far more popular with the public than the president himself. Senior Powell aides were convinced that the secretary anticipated an invitation to stay, and they were equally certain that he intended to accept. The approaching elections in Iraq, hints of progress in the Israeli-Palestinian peace process and the rumored departure of Defense Secretary Donald Rumsfeld, a principal Powell nemesis, made the next six months look like a rare period of promise for diplomacy.

The president himself made no contact with Powell after Card's call. For two days, the only person at the State Department Powell told about it was his deputy and friend of decades, Richard Armitage. Powell dropped off his resignation letter, as instructed, after typing it himself on his home computer. (The White House later pointed out a typo and sent it back to be redone.) Loath to reveal either surprise or insult, he used the letter to claim the decision to leave as his own.

"Dear Mr. President:" he wrote. "As we have discussed in recent months, I believe that now that the election is over the time has come for me to step down as Secretary of State . . . effective at your pleasure."

He was pleased, Powell said, to "have been part of a team that launched the Global War Against Terror, liberated the Afghan and Iraqi people, brought the attention of the world to the problem of proliferation, reaffirmed our alliances, adjusted to the Post-Cold War World and undertook major initiatives to deal with the problem of poverty and disease in the developing world. In these and in so many other areas, your leadership was the driving force of our success."

AFTER HIS DEPARTURE FROM THE STATE DEPARTMENT IN JANUARY 2005, Powell traveled the lecture circuit, making paid speeches on leadership and U.S. foreign policy to corporate boards and industry conventions. He never spoke publicly about the specific circumstances of his resignation as secretary of state except to say, when asked, that Cabinet reshuffles were normal at the end of a four-year mandate, and that his departure had been a "mutual decision" between him and the president.

He artfully brushed aside inquiries about the many published accounts of deep ideological schisms that had rent Bush's national security team throughout the first term and the private humiliations he reportedly had endured at the hands of powerful colleagues.

Audiences often asked about his public role in promoting and defending what many now consider to be the most ill-advised act of Bush's presidency: the March 2003 invasion of Iraq. Powell usually offered a tepid defense, allowing only that he wished there had been more troops committed to the war and its aftermath, and a better plan to rebuild the country.

Powell had thrown his considerable personal and professional reputation behind the administration's charges that Iraq possessed chemical, biological and perhaps even nuclear weapons, and posed an imminent threat to the United States. In a crucial speech to the United Nations Security Council six weeks before the invasion was launched, he had single-handedly convinced many skeptical Americans that the threat posed by Iraqi dictator Saddam Hussein was real.

But the war had gone sour almost from the moment U.S. troops rolled triumphantly into Baghdad two months later. Powell's credibility had been seriously undermined when the weapons he cited as the main justification for invasion turned out not to exist.

No one in his legions of admirers wanted to believe that Powell had been duped by the White House -- or, worse yet, that he had knowingly betrayed the nation's trust. Many assumed that he had privately argued against such a clearly misguided adventure and been overruled.

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In fact, Powell had never advised against the Iraq invasion, although he had warned Bush of the difficulties and counseled patience. He had no reason to resign over Iraq, he told questioners. But the larger mystery of his tenure as the nation's chief diplomat, fourth in line for succession to the presidency, remained.

When Bush selected Powell as his secretary of state in December 2000, it was seen as a stroke of political genius that instantly assuaged concerns at home and abroad about the president-elect's conspicuous lack of foreign policy experience. As national security adviser to one president and chairman of the Joint Chiefs of Staff under two more, Powell had helped guide the nation through the end of the Cold War and had brought the military to victory in the Persian Gulf War. By the time he retired from the Army as a four-star general in 1993, he was a national icon of wise leadership -- the "most trusted man in America," according to polls.

Yet Powell had constantly found himself on the losing side of regular ideological combat inside the Bush administration, particularly against Rumsfeld and the powerful vice president, Dick Cheney, over Iraq and a host of other foreign policy issues. Though Powell had scored some victories, the rumored humiliations had been real. He had been purposely cut out of major foreign policy decisions more than once, and his advice often had gone unheeded or been only grudgingly accepted by the president. Why hadn't he resigned?

The easy answer had the virtue of truth: Soldiers didn't quit when they disagreed with the decisions of their commanders. The fact that he had been out of uniform for nearly a decade was irrelevant to Powell; he would be a soldier until he drew his last breath.

AS TEXAS GOV. GEORGE W. BUSH BEGAN HIS CAMPAIGN FOR THE PRESIDENCY IN 1999, Powell's initial impression was that Bush was "still getting his sea legs" on foreign policy and national security issues. Powell knew "Sonny," as he referred to him, only in passing, and his private preference was for another Republican candidate: Arizona Sen. John McCain, a fellow military officer and Vietnam veteran.

But Powell had served in the administration of Bush's father and considered himself part of the extended Bush family, with the personal loyalty that kinship entailed. "It wasn't as if I was a stranger, or that anybody had to worry or could imagine that I would not be for Sonny when the time came," he later reflected. He wrote a $1,000 check to McCain and contributed an equal amount to Bush.

Worried that Powell would outshine their candidate and suspicious of his Republican credentials, Bush's handlers ignored him for most of the campaign -- even as they regularly implied to the media that the respected general was a behind-the-scenes member of the governor's brain trust. Once McCain was vanquished in the Republican primaries and Bush began a head-to-head battle against Democrat Al Gore, the campaign hinted that Powell would accompany Bush on fact-finding trips overseas and would become his secretary of state. But no one on the Bush team ever approached Powell about such a trip, and there was no substantive discussion of a Cabinet position.

Powell later recalled that the only conversations he and Bush had had about foreign affairs came just weeks before the election, in the back seats of cars between events on the four days they had campaigned together that fall. He had no memory of an explicit invitation from Bush to serve in his Cabinet. Once the U.S. Supreme Court declared the Florida recount officially over in early December, Powell later said, "It just sort of happened as it was assumed to happen."

On December 16, three days after Gore conceded defeat, Powell flew to Bush's ranch in Texas to be unveiled as his first Cabinet nominee.

Powell and Cheney stood on either side of the president-elect as he read from prepared remarks to reporters gathered in a Crawford school auditorium. Turning to Powell, Bush invoked Harry Truman's tribute to his own iconic secretary of state, retired Army general George Marshall: " ' He is a tower of strength and common sense. When you find somebody like that, you have to hang on to them.' I have found such a man." When reporters later asked Bush about tears they had seen in his eyes, he replied that it was an emotional moment because "I so admire Colin Powell -- I love his story."

THE SECRETARY OF STATE SAW THE PRESIDENT FREQUENTLY, THOUGH RARELY ALONE. Powell found Bush better-spoken and more thoughtful in private than his public posturing as a rough-hewn, plain-spoken Texan would indicate, although he found Bush's fidgety impatience irritating, along with his tendency to interrupt everyone, from his Cabinet officers to visiting heads of state. While the president publicly praised the secretary's abilities and stature, their relationship remained stiff and formal.

Powell insisted to disbelieving aides that Bush listened to, and even acted on, his advice. "The president has good instincts . . . an instinctual grasp" of issues, he often told them. But he usually followed with an acknowledgment that Bush "has got these rough edges -- his cowboy, Texan rough edges -- and when he gets them exposed, there are other people who know how to use them" to their advantage.

Time and time again during the administration's bumpy first year, Powell had seen Rumsfeld and Vice President Cheney intervene to nudge a willing Bush away from moderation and diplomacy, and toward a hard line on foreign policy issues from

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North Korea to the Middle East. After the September 11, 2001, terrorist attacks by al-Qaeda on New York and Washington, their attention turned sharply toward Iraq, and by the following summer it was clear that the administration was headed toward war with Saddam Hussein.

Powell found little evidence to support thinly veiled White House suggestions that Hussein had had a hand in the September 11 attacks. But he saw no reason to doubt the CIA's assessment, fervidly promoted and expanded upon by Cheney and the Defense Department, that the Iraqi leader had stockpiles of chemical, biological and perhaps even nuclear weapons, which he was ready to hand over to terrorists bent on destruction of the United States.

Powell's own war to drive Iraq out of Kuwait in 1991 had been fought with half a million U.S. troops, broad foreign support and a U.N. mandate. He believed the decision to invade was Bush's to make, but that international backing was essential for both political and military success. In August 2002, he succeeded in convincing Bush -- for once, over Cheney's objections -- that there would be no multinational support unless the administration first visibly tried to tame Hussein without war.

It took five months for Powell's efforts at the U.N. Security Council to craft a solution short of war to reach the point of collapse, caught in the crossfire of administration intransigence, international mistrust of Bush's justification and motives, and Hussein's perfidy. As the Pentagon's war plans were completed and March 2003 was secretly set as the internal deadline for invasion, Bush still found himself with little foreign support and an uncertain American public.

"We've really got to make the case" against Hussein, Bush told Powell in an Oval Office meeting in late January, "and I want you to make it." Only Powell had the "credibility to do this," Bush said. "Maybe they'll believe you." It was a direct order from his commander in chief, and it never occurred to Powell to question it.

He was told that the case had already been put together by the White House, and he assumed that with a little tweaking he could turn it into a speech that would fit his voice and style. He was taken aback on Tuesday, January 28, when he received the bulk of the document, a 48-page, single-spaced compilation of Hussein's alleged weapons of mass destruction program, replete with drama, rhetorical devices and a kitchen sink full of allegations. The most extreme version of every charge the administration had made about Hussein, the document had been written, Powell concluded, under the tutelage of Cheney's chief of staff, I. Lewis "Scooter" Libby, who shared all of his boss's hard-line views and then some.

Delivery of the speech had been set for the following Wednesday, February 5. Bush planned to announce the date that very night in his State of the Union address to Congress. Acutely aware that he would be selling his own reputation as much as the specific facts, Powell picked up the telephone to tell Condoleezza Rice, Bush's national security adviser, that he needed more time to get the speech into shape.

"Condi, please," Powell implored, "let's just tell the president that we're going to put in the State of the Union that Secretary Powell will be going to the U.N. next week. Don't put a date."

"She said, 'Right, right, of course,' " Powell recalled, "and she runs away to change the speech. Then runs back about five minutes later" to call him and say, " ' There's good news and bad news. The good news is we can change the speech.' " The bad news, she said, was that the White House had already told the media, in a preview of the State of the Union address, that Powell's presentation would be made on February 5.

"I could have gotten two more days," Powell later said wistfully. "Whether it would have made any difference or not, I don't know."

"HERE YOU GO," POWELL SAID, as he dropped the White House document on the desk of his chief of staff, Lawrence Wilkerson. Wilkerson quickly agreed it read more like a badly written novel than something designed to persuade the world. That afternoon, he assembled a State Department team-- including speechwriter Lynne Davidson and Barry Lowenkron, a senior CIA officer before he joined Powell's policy planning staff -- to set up shop at CIA headquarters, across the Potomac River in Virginia. They would examine the evidence themselves and turn the document into what Wilkerson called "a Colin Powell speech." Cheney aide John Hannah and William Tobey, the counterproliferation director at the White House National Security Council, would meet them there to answer any questions.

"We were going out to the agency and live there until we got the presentation ready," Wilkerson later said.

Their job was to make the most convincing, evidence-backed case possible. Powell had little more than a cursory knowledge of the intelligence underlying some of the most damning charges, but in recent months, as pressure built inside the administration and his frustration with the United Nations grew, Powell's language on Iraq had become almost as loose as Cheney's. In a speech to an international economic conference just the week before, he had made charges that his own State Department analysts questioned, mentioning allegations that Iraq had attempted to import uranium and nuclear-related equipment, as well as the presumed ties between Hussein and al-Qaeda.

But that had been only an indictment; this would have to be a complete, trial-worthy prosecution, designed to convince a skeptical jury that capital punishment, in the form of decapitating the Iraqi regime, was warranted.

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In addition to proving the charges against Iraq, Wilkerson believed, they had to protect Powell's integrity against those within the administration who had long been out to tarnish it. There was a widespread belief among the secretary's loyal aides -- privately shared by Powell himself, although he brushed it off as meaningless political gamesmanship in conversations with them -- that both White House political adviser Karl Rove and Cheney had actively plotted to undermine him for the past three years. Powell had laughed when he described to his aides how the vice president, after a discussion of the upcoming U.N. speech, had poked him jocularly in the chest and said, "You've got high poll ratings; you can afford to lose a few points." Cheney's idea of Powell's U.N. mission, Wilkerson thought, was to "go up there and sell it, and we'll have moved forward a peg or two. Fall on your damn sword and kill yourself, and I'll be happy, too."

BY THE NEXT DAY, Wilkerson and his team were huddled in the CIA director's conference room, taking the document apart sentence by sentence. Things were not going well. Hannah had brought a clipboard with a three-inch stack of paper that he thumbed through to cite the origin of each allegation -- reports from the CIA, the Defense Intelligence Agency, foreign intelligence, the Iraqi National Congress and even newspaper articles.

CIA Director George Tenet and his deputy, John McLaughlin -- backed up by Robert Walpole, the chief CIA officer for nuclear programs; Lawrence Gershwin, the agency's top adviser on "technical" intelligence; and several other specialists -- were constantly dispatching aides to find the original source material.

In some instances, the "evidence" was, in fact, found in an official intelligence report, but only as unconfirmed information that did not appear in the report's conclusions. "They had left out all the caveats, all the qualifiers," Wilkerson recalled. In a few instances, he thought, they had even changed the meaning of the intelligence. A Senate investigation of the speechwriting process conducted after the invasion would later conclude that the Powell team had had to eliminate "information that the White House had added . . . gathered from finished and raw intelligence," some of which had come from only a single source with no corroboration at all.

By late afternoon, Tenet and Wilkerson agreed to put the White House draft aside and start over, basing the speech on a National Intelligence Estimate on Iraq that had been compiled by the CIA the previous fall.

That night, after the senior CIA and White House officials had left for the day, Wilkerson and his colleagues watched a film he had borrowed from the State Department archives of Adlai Stevenson's historic presentation to the Security Council at the height of the Cuban missile crisis in 1962.

The Soviet Union had angrily denied charges that it had deployed nuclear-armed missiles on the island 90 miles off the Florida coast. Stevenson, the U.S. ambassador to the United Nations at the time, had responded with irrefutable proof in the form of 26 grainy, poster-size black-and-white photographs of missile sites shot from a U-2 reconnaissance plane, displayed on easels at the front of the council chamber for all the world to see. That "Stevenson moment," Wilkerson told them, was the effect they were after.

Powell, Libby and Stephen Hadley, Rice's deputy, joined the process the next day.

Cheney had called Powell to say he hoped the secretary would "take a good look at Scooter's stuff." State Department spokesman Richard Boucher, who accompanied Powell to the CIA sessions, later recalled Libby himself appealing to Powell to look more carefully at the now-discarded White House material. "Powell said: 'I don't want to. I want to use what Larry's been working on.' "

They settled into a routine over the next few days. The CIA turned over the office suite of the National Intelligence Council -- the internal organization that coordinated with other members of the intelligence community to write National Intelligence Estimates -- to Wilkerson and the others engaged in the nitty-gritty of composing the speech and providing material to the graphic designers lodged in the agency's basement. At around 5 p.m., the writing and research team would move to Tenet's conference room with senior officials, eventually including Rice and Armitage, to spend hours going over the new text and verifying the sourcing for Powell.

Powell insisted that they eliminate any intelligence that had come from Ahmed Chalabi, an Iraqi exile favored by the Pentagon and the vice president's office, but widely mistrusted as a charlatan within the State Department. Powell was told by the CIA that evidence that Hussein had built mobile laboratories to conceal his biological weapons programs -- one of the most damning charges -- had been corroborated by four separate sources, including an Iraqi chemical engineer, a civil engineer and an Iraqi military defector. It was, Tenet said, "totally reliable information."

They argued over how to interpret intercepted communications about Iraq's weapons between Iraqi military officers. None seemed definitive, and Wilkerson was worried that they might not mean what the analysts said they meant. But amid the scant information the CIA officials were willing to declassify for public consumption, they said this was the best they had.

The team examined satellite imagery said to reveal prohibited items. Powell was shown, and rejected, a grainy picture of what analysts said was an unmanned aerial vehicle (UAV) site near Basra. It was impossible to tell where it was or even what it

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was, he argued. Instead, he approved a U.N. photograph of a generic Iraqi UAV, taken years earlier, to illustrate charges that Hussein was developing drones that could spray deadly weapons of mass destruction on population centers.

CIA analysts showed the team additional photographs they said conclusively revealed chemical weapons production and storage facilities, but then insisted that the pictures were too sensitive to be used in a public presentation. Those they were willing to release often appeared -- at least to the uninitiated in the room -- to illustrate nothing more than trucks parked beside buildings. "Don't you have a picture of chemical weapons canisters being moved around?" Boucher later recalled asking Tenet. "Something we can point to and say: 'That's a chemical weapon.' " Tenet replied that no country had left prohibited weapons "out on the lawn" since the Cuban missile crisis. "They know we're looking at them. So we have to go with other things that tell us what they're doing."

They spent hours discussing the aluminum tubes Hussein had tried to import. The Energy and State departments continued to disagree with the CIA's assessment that the tubes were designed for nuclear enrichment. McLaughlin, who had brought one of the intercepted tubes to the table and rolled it back and forth as they argued, insisted that the CIA analysis was correct. The agency, Powell later recalled, "pulled in their experts and swore on a stack of Bibles that they'd done every analysis imaginable, and [the tubes] simply were not for rockets, but for [uranium] centrifuges." The tubes stayed in the speech, although with a brief mention of the disagreement among U.S. government agencies as to their purpose. (U.S. investigators in Iraq after the war later concluded they were meant for rockets.)

Bush had referred in his State of the Union address to Iraqi efforts to obtain uranium from Africa -- the same information the CIA had successfully argued should be excised from a speech he gave the previous October because of questionable sources. No one suggested that it be included in Powell's presentation.

The White House document detailing Hussein's ties to terrorism was, if anything, even more problematic than the portion on weapons of mass destruction.

Powell retreated with Tenet to the director's private office to talk through "what we really know" about the relationship between Iraq and al-Qaeda. Powell was shown the transcript of an interrogation of a captured Osama bin Laden aide who swore that al-Qaeda operatives had received biological and chemical weapons training from Iraq, and the charge became a lengthy portion of the speech. (A year after the invasion, the agency acknowledged that the information had come from a single source who had been branded a liar by U.S. intelligence officials long before Powell's presentation.)

Tempers began to fray as the sessions continued into the weekend. Tenet and McLaughlin became irritated with Hadley, who kept pressing to reinsert jettisoned White House language and information. Powell exploded at McLaughlin, who supplied tortured, five-minute answers to seemingly simple questions. Increasingly, the secretary looked to Tenet for reassurance. "George would give the kind of answers the secretary liked," Wilkerson recalled. "Whether you liked that 'slam-dunk' language or not, George, to his credit, would say, 'Absolutely, Mr. Secretary, I stand by that.' "

Powell later recalled that most of their time was spent "trimming the garbage" of the White House's overwrought verbiage and uncorroborated specifics from the speech. Once that was done, Wilkerson concluded long afterward, "what we were all involved in -- groupthink isn't the right word -- it was a process of putting the data to points in the speech rather than challenging the data itself." As they probed for proof of Hussein's lies, no one thought of looking for evidence that might have raised questions about their assumptions that the weapons existed.

WHEN HE ARRIVED IN NEW YORK ON MONDAY AFTERNOON, Powell was as nervous as Wilkerson had ever seen him. He was worried that the language in the speech was still too methodical and technical to win over an audience. Powell's best performances were modeled on what he had learned as a young instructor at Fort Benning and later at the Pentagon: Use a map or some slides, a rough outline or a few key phrases, and then speak naturally. He always knew his material cold, but it was technique that clinched a sale. This time, however, each sentence had been carefully crafted and debated ad nauseam, and he was going to have to read directly from the text.

On Tuesday night, the team had a final, full-dress rehearsal. The cafeteria on the top floor of the U.S. Mission to the United Nations had been reconfigured into a mock-up of the Security Council chamber. Powell used a stopwatch to check his timing, clicking it off every time someone interrupted with a question or comment. The speech was 75 minutes long.

When he finished, the tension of the last several days seemed to dissipate like the air escaping a balloon, leaving him calm and tired. He believed he had done everything he could do. Departing for his room at the Waldorf, where he hoped to get a good night's sleep, he reminded Tenet that "you're going to be there with me tomorrow." He expected the CIA director to sit in full view of the television cameras, just behind him at the Security Council table. Tenet replied, only half-jokingly, that he was the one who would have to face the intelligence committees in Congress if there were any mistakes. Powell told his executive assistant, Craig Kelly, and Boucher to make sure that Tenet was waiting in the side room they would pass through on their way into the Security Council chamber the next morning. Later, he changed his mind and called Tenet to tell him he would swing by the CIA director's hotel and pick him up on the way to the United Nations, just to make sure there were no glitches.

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On Wednesday, February 5, Powell entered the chamber just before 10:30 a.m., smiling and stopping to shake hands as he made his way across the floor. With war hanging in the balance, and the power and prestige of the United States on full display, it was a moment of high drama that owed as much to the player as to the play. A nationwide poll released just that morning had found that "when it comes to U.S. policy toward Iraq," Americans trusted Powell more than Bush by 63 to 24 percent.

"I cannot tell you everything that we know," he began after a brief introduction. "But what I can share with you, when combined with what all of us have learned over the years, is deeply troubling." The facts and Iraq's behavior "demonstrate that Saddam Hussein and his regime have made no effort -- no effort -- to disarm as required by the international community."

"My colleagues," Powell said, "every statement I make today is backed up by sources, solid sources. These are not assertions. What we are giving you are facts and conclusions based on solid intelligence."

The next day, opinion polls indicated that national opinion had shifted literally overnight; most Americans surveyed said they believed an invasion was justified to protect the nation. Those closest to Powell were relieved, but worried about both him and the nation. His wife, Alma, had a sense of foreboding; her husband, she thought, was being used by the White House. Powell's daughter Linda, who had listened to the speech on the radio, had found his performance unsettling. His voice was strained, she thought, as if he were trying to inject passion into the dry words through the sheer force of his will.

Wilkerson, who had left the United Nations immediately after the speech and returned to his hotel room to fall into a deep sleep, awoke depressed. Later, when it became clear that much of the speech on which he had worked so hard was based on lies, he would come to think of that week as "the lowest moment of my life." Back in Washington, he ordered special plaques with Powell's signature made up for the State Department aides who had worked so hard to make the presentation happen.

When they were handed out, Powell asked Wilkerson why he hadn't ordered one for himself. Wilkerson replied that he didn't want one.

AS 2004 BEGAN, U.S. TROOPS WERE HEADED TOWARD A SECOND YEAR IN THE IRAQI QUAGMIRE. No weapons of mass destruction had yet been found, and each day's news brought fresh indications that the administration had exaggerated its case against Hussein. Powell's own prominent role came under increasing question. It was now clear that "a lot of probables, a lot of maybes" had been left out of the assessment of Iraq's capabilities, a reporter confronted him. Given a second chance, would he have "rephrased" his U.N. speech?

"No," Powell replied firmly. "I knew exactly the circumstances under which I was presenting that speech . . . The whole world would be watching, and there would be those who would applaud every word, and there would be those who were going to be skeptical of every word." Whatever doubts were now being raised, he said, the basic conclusions had been solid. "I am confident of what I presented last year. The intelligence community is confident of the material they gave me; I was representing them . . . they stand behind it."

But on Friday, January 23, the CIA announced without explanation that David Kay, the head of its Iraq Survey Group hunting for weapons of mass destruction, was being replaced. Later that day, Kay told reporters he doubted the weapons existed. When Congress demanded answers, Kay said the same thing.

As Powell flew the next day to attend a presidential inauguration in the Republic of Georgia, journalists aboard his plane asked him to reconcile his U.N. speech with Kay's conclusions. "You said a year ago that you thought there was between 100 and 500 tons of chemical weapons [in Iraq]," one reporter said. "Who's right?"

"I think the answer to the question is I don't know yet," Powell replied.

"What is the open question is: how many stocks they had, if any? And if they had any, where did they go? And if they didn't have any, then why wasn't that known beforehand?"

Powell thought there was no sense denying the obvious questions Kay had raised. But it was the first doubt that any senior administration official had publicly expressed about the central justification for the war. The story made headlines around the world, and an agitated Condoleezza Rice called him the next morning in Georgia. Powell was not surprised; it was not the first time that the White House had blown up at him over what he considered honest comment. Rice, he later recalled, was usually the one to make the call. "She'd say, 'Oh, we've got a problem, what are we going to do about this? How are we going to fix this?' "

On this issue, he thought, there was little to be done. "The fact of the matter is, you can't ignore the possibility, since the guy we sent there for eight months as our guy says there's nothing there," he later recalled telling Rice with exasperation. "So, to say there's got to be something there when he, who has been there for eight months, says there's nothing there . . . You can't do that. You've got to at least accept the possibility."

The White House, he advised, should "just be quiet" for now.

ON HIS RETURN, POWELL SPENT THE WEEKEND carefully reading Kay's congressional testimony, highlighting portions with a yellow marker and scribbling notes in the margins. With the first anniversary of his U.N. speech just days away,

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the Sunday newspapers and television talk shows were filled with comparisons between the charges he had made and Kay's conclusions.

On Monday, February 2, he arrived for an interview at The Washington Post carrying a blue folder with the marked-up testimony inside. He was "absolutely convinced" that the invasion had been the right thing to do, Powell emphatically told the two dozen reporters and editors crowded around a conference table in the newspaper's eighth-floor boardroom.

Would he still have "recommended the invasion" if Tenet had told him a year before "that there are no stockpiles?" one reporter asked.

"I don't know, because it was the stockpiles that presented the final little piece that made it more of a real and present danger and threat to the region and to the world," Powell replied. But there was no point discussing hypotheticals, he said, because "the fact of the matter" was that the CIA, as well as intelligence agencies in Britain and elsewhere, had "suggested the stockpiles were there."

But what if he had known they weren't there? the reporter pressed.

"The absence of a stockpile changes the political calculus," Powell acknowledged. "It changes the answer you get with the little formula I laid out."

To a White House already reeling from the one-two punch of Kay's conclusions and Powell's comments en route to Georgia, it was another worrisome example of the secretary of state's unwillingness to stay "on message." When his remarks appeared in The Post the next morning, "I think the whole White House operation was mad . . . the NSC, the president -- everybody was annoyed," Powell recalled. "White Houses do not respond well to immediate problems in the morning . . . all the white corpuscles race to the source of the infection, so all the white corpuscles raced to me."

After Rice's inevitable irate telephone call, presidential aides quickly began contacting the media to counteract the secretary's remarks. Annoyed but not surprised, Powell issued a White House-requested "clarification" insisting that Hussein had had the "capability and intent" to produce the weapons even if none had yet been found. Bush, he repeated, had been right to invade.

Still mulling over the situation a week later with a visitor in his dimly lit office, he criticized a persistent White House machismo that took aim at "anything . . . that suggests any weakness in the [administration's] position," regardless of common sense. That, and what he saw as a never-ending effort to humble him personally.

"There are people who would like to take me down," he said, jerking his thumb in the direction of the White House. "It's been the case since I was appointed. By take down, I mean 'keep him in his place'. . . And there are those who, whether it was me or anyone else, just love somebody getting in trouble, because it's usually to the detriment of the person getting in trouble and to the advantage of someone else."

The episode reinforced his already deep-seated disdain for politics and its practitioners. Political thought and decision-making were often polluted by ideology and the exigencies of the election cycle; soldiers breathed a purer, more rational air. "I was not trained as a politician or a think tank guy or anything else," Powell insisted. "I was trained to consider all possibilities."

"I mean, if you're attacking and suddenly you get attacked from the flank," he continued, using his hands to illustrate a military maneuver, "you don't say, 'I'm going to keep attacking straight ahead [and] ignore this new threat coming at my flank.' " He had been asked whether different information would have changed his assessment of the Iraq situation, and "all of my instincts and all of my background and training at that point said the answer to the question is, 'I'd have to reconsider.' "

He shrugged and brought his hands to rest. "But that's the way it goes."

Powell's irritation at the White House was coupled with a growing anger at the CIA. Right or wrong, at least Bush had willingly shouldered the ultimate responsibility for the decision to go to war. Powell felt he had done his own duty by privately voicing caution even as he gave the president his full support. But it was increasingly apparent that the intelligence community had been careless with the truth and hence with Powell's most precious commodity -- his credibility with the American people.

For a week after Kay's report, the CIA had continued publicly to stand by its prewar weapons assessment. But in a hastily arranged speech at Georgetown University on February 5, Tenet finally admitted the possibility of error. His "provisional bottom line," he said, was that the intelligence community had been "generally on target" in its warnings that Hussein was developing long-range missiles. But the CIA "may have overestimated the progress Hussein was making" on nuclear weapons.

As for biological weapons stockpiles and mobile laboratories, he said, "we are finding discrepancies in some claims made by human sources" to whom the agency "lacked direct access." The CIA, Tenet said, "did not ourselves penetrate the inner sanctum" of Hussein's programs but had "access to emigres and defectors" along with high-level information from "a trusted foreign partner." They were now in the process of "evaluating" questions such as, "Did we clearly tell policymakers what we knew, what we didn't know, what was not clear, and identify the gaps in our knowledge?"

Although Powell had been advised in recent months of problems with some of the intelligence sourcing, Tenet's speech was "the first time I heard that the CIA was no longer sticking behind its story" in public, he later recalled. He had been given no

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advance copy of the CIA director's remarks and listened in his office to a broadcast of Tenet's acknowledgment of "discrepancies" and uncertainties.

Powell stared silently at Wilkerson after Tenet finished speaking. "But the question is," Wilkerson said, reaching for a joke, "are you still friends?"

"I don't think so," Powell replied.

As the evidence continued to unravel, some in the media suggested that Powell should apologize publicly for peddling false information that had pushed the nation toward war. "Is everyone else going to apologize?" he railed within the four walls of his office. "It's not [just] me getting had. I'm not the only one who was using that intelligence . . . they all stood up in the Senate. The president stood up on this material. [British Prime Minister] Tony Blair stood up on this material . . . The whole global intelligence community bears responsibility."

But there was no denying that he had been the most visible and effective salesman. He already knew that the label would follow him around forever. "I'm the guy who will always be known as the 'Powell Briefing' . . . I'm not being defensive, because I did it. But Powell wasn't the only one."

PRESENTATION WAS NEARLY AS IMPORTANT TO POWELL AS SUBSTANCE, and after his inelegant dismissal as secretary of state, he wanted at least to control the way his departure was announced. After submitting his letter on Friday, he spent the weekend putting together a plan: He would inform his inner-office staff at exactly 8:20 a.m. the following Monday, November 15. He would tell his senior aides at their regular 8:30 staff meeting. At 10:15, he would send an e-mail to his friends and extended family. He called Card and told him he expected the White House would then publicly announce his resignation.

At midmorning Monday, the White House released five separate statements under Bush's name, reporting the resignations of the secretaries of agriculture, energy, education and state, and the head of the Republican National Committee. Each statement was three paragraphs long and titled "President Thanks [official's name]." When White House spokesman Scott McClellan briefed the media shortly after noon, all but one of the resignation questions were about Powell. Had Bush tried to persuade him to stay? Had Powell offered? If so, had the president turned him down? McClellan avoided a direct answer. "I think you saw from Secretary Powell's letter that this is a discussion that they've had for some months now, or over recent months at least . . . And Secretary Powell made a decision for his own reasons that this was now the time to leave."

The next morning, Bush nominated Rice as his new secretary of state.

Powell saw Bush regularly over the next two months, passing through the Oval Office for routine meetings that took place as if nothing had transpired. Eventually, the White House contacted his office to schedule what it described as a "farewell call" with the president. Such calls were being arranged for each departing Cabinet secretary.

When Powell saw the January 13 appointment on his calendar, his staff told him they assumed it was a goodbye photo opportunity with Bush. They suggested that perhaps he should bring his family.

"We've got a houseful of pictures," Powell replied dryly. Was he supposed to talk to the president? Or was the president supposed to talk to him?

"Am I supposed to say: 'This is what I think?' Or what?"

He didn't have to say anything, he was told. It was just a "farewell call."

As the meeting approached, the White House -- which had scheduled it in the first place -- inexplicably called the State Department to ask for "talking points" that aides could use to brief the president.

The appointed time found Powell already in the Oval Office for a routine meeting; when it concluded, he lingered as the others left. As Powell later remembered it, Bush seemed puzzled and called after his departing chief of staff, "Where you going, Andy?"

"Mr. President, I think this is supposed to be our farewell call," Powell prompted.

"Is that why Condi ain't here?" he recalled the president asking.

That was probably the reason, Powell replied.

Card walked back inside, and the three men sat down. Powell had already decided to use the opportunity -- likely his last as secretary of state -- to unload.

The war in Iraq was going south, he said after a few moments of small talk, and the president had little time left to turn it around. The administration's hope was that the upcoming election there would change the dynamics on the ground, and the Iraqi people would finally be ready and able to begin standing up to the insurgents on their own.

But the administration, he pointed out, had entertained such hopes before over the past two years -- when it had set up a new legal framework for Iraq, when it had first turned a modicum of government power over to handpicked Iraqis and when ousted dictator Saddam Hussein had been captured -- and those hopes had been dashed every time. There would be a window of about two months after the election "to start to see progress," he told Bush. "If by the first of April this insurgency is not starting to ameliorate in some way, then I think you really have a problem."

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Elections, and talking about democracy, were unlikely to stop the insurgency, he said. Only the fledgling Iraqi army could do that, and it was unclear whether it would ever succeed. Its competence was not just a matter of training, Powell said; it was a question of whether the troops believed in what they were fighting for.

Powell warned about serious internal problems in Bush's own administration, saying that the power he had given the Pentagon to meddle in diplomacy on issues as widespread as North Korea, Iraq and the Arab-Israeli conflict, along with poisoned personal relations between his State and Defense departments, were seriously undermining the president's diplomacy. Bush dismissed his concern. It wasn't any worse, he said, than the legendary battles between State and Defense during the Reagan administration.

The session ended with a cordial handshake, and the secretary returned to the State Department. "That was really strange," he reported to Wilkerson. "The president didn't know why I was there."

Karen DeYoung is an associate editor of The Post. This article is excerpted from Soldier: The Life of Colin Powell, being published October 10 by Knopf. She will be fielding questions and comments about this article Monday at noon at washingtonpost.com/liveonline.

U.S. Military Is Still Waiting For Iraqi Forces To 'Stand Up' (WP)

By Thomas E. Ricks

The Washington Post, October 1, 2006

Security Personnel Increase, but Insurgency Is Unabated

The strategy in Iraq, President Bush has said often over the past year, is to stand down the U.S. military as Iraq's security forces stand up.

By strict numbers, the Iraqi side of that equation is almost complete. Training programs have developed more than 300,000 members of the Iraqi army and national police, close to the desired number of homegrown forces. Yet as that number has grown, so, too, has violence in Iraq. The summer was worse than ever, with July the deadliest month in three years, according to U.S. military data.

With the insurgency undiminished and Iraqi forces seemingly unable to counter it, U.S. commanders say they expect to stay at the current level of U.S. troops -- about 140,000 -- until at least next spring. That requirement is placing new strains on service members who leave Iraq and then must prepare to return a few months later. Tours of duty have been extended for two brigades in Iraq to boost troop levels.

So is the "stand down as they stand up" policy defunct? Not according to the Bush administration. But the meaning of the phrase appears to have changed, as leaders have begun shifting the blame for Iraq's problems away from the U.S. military and onto the country's own social and governmental institutions.

When Bush began invoking "stand up, stand down" in 2005, he repeatedly indicated that he was talking about getting Iraqi defense forces trained and on the job. For example, on Nov. 15, he said, "The plan [is] that we will train Iraqis, Iraqi troops, to be able to take the fight to the enemy. And as I have consistently said, as the Iraqis stand up, we will stand down."

More recently, Bush has insisted that "the 'stand up, stand down' still holds." But he added more conditions, saying the troops can come home "when our commanders say . . . the Iraqi government is capable of defending itself and sustaining itself and governing itself."

Military officers and other experts interviewed in recent days said that the Iraqi training program has worked but that its success is undercut by the lack of strong Iraqi political leadership. "You fix the government, you fix the problem," said an Army battalion commander who has seen hard fighting near Baghdad this summer.

Defense Secretary Donald H. Rumsfeld landed squarely in this camp recently. Referring to numbers of trained Iraqi forces, he told a reporter: "If we look at it one-dimensionally like that, there's no answer to the question, because the problem is not a military problem. In fact, the reality is that it's a political governance problem, and it's a governmental problem, and it's a problem of reconciliation."

In this view, it doesn't matter how many Iraqi troops are trained if there is no government to lead them. "I believe that you could have a million Iraqis within the Iraqi security forces and still be ineffective against the insurgents," said an Army colonel who recently returned from a year in Iraq.

Besides weapons and training, an army needs a reason to fight -- and so far, the Iraqi government has not been as persuasive as the insurgency or the militias in providing that key element. "There isn't yet an Iraq to defend," explained Thomas Donnelly, a defense expert at the Center for Strategic and International Studies. "A nation, as well as an army, needs to be stood up."

Other military insiders say that regardless of Iraq's broader problems, the security forces remain an issue because they are not ready for action. The training program may have achieved raw numbers, but it needs more time to finish the job.

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"I believe that our U.S. forces need to be here at these numbers for three to five more years, to be honest," concluded Army Maj. Daniel Morgan, a 101st Airborne officer who just completed his second tour in Iraq.

When asked about training of Iraqis, Army Gen. John P. Abizaid, the top U.S. commander for Iraq and the rest of the Middle East, spoke of an even longer term. "It's a generational level of work, not something that's going to be done overnight," he told PBS's Jim Lehrer last week. "And we're making good progress."

This school of thought emphasizes that "standing down" would apply only to U.S. combat forces. Even if Iraqi forces eventually stand up in the promised numbers and fight effectively, they still will need U.S. help in logistics, intelligence, maintenance and other specialized support functions for years to come, said an Army officer experienced in Iraq. He said he has heard from some comrades that providing such support may require a fairly substantial U.S. military presence in Iraq for as long as a decade more.

Some experts believe that the U.S. training program itself is flawed, lacking both funding and enough U.S. advisers and trainers. The training effort is "grossly insufficient, concentrated at battalion and brigade headquarters only," said retired Army Maj. Gen. Paul Eaton, who oversaw the program in 2003 and 2004. He and others believe that the effort will not really succeed until it expands to attach more advisers to smaller units, such as companies and platoons -- which Eaton said would take thousands of additional personnel.

The United States failed to send out enough really good advisers with language skills to work in the training program, added retired Marine Col. T.X. Hammes, another Iraq veteran. "Thus we train Iraqis, push them out the door and fail to support them," he said. This makes them unable to reach the real goal of providing security to Iraq, he added -- "or worse yet, due to lack of U.S. supervision, [they] become part of the problem."

Other experts say the "stand up, stand down" formula has not worked because the target number is insufficient, or because the number is the wrong measurement. The target of 325,000 trained security forces "is arguably inadequate to start with," said Bruce Hoffman, a Georgetown University defense specialist. Given the total population in unstable parts of Iraq and a standard ratio of population to security forces of 20 to 1, he said, "Iraq really needs 500,000 troops and police."

Alternatively, some say it is not the number of Iraqi troops that counts; it is the quality. " 'Standing up' is a far broader term than many have understood," argued Army Lt. Col. James Gavrilis, a counterinsurgency expert and a Special Forces officer who participated in the invasion of Iraq. "I don't think a lot of people in uniform understood that it would entail developing the quality and character of those forces as well as their numbers."

Finally, some specialists contend that "standing up" Iraqi soldiers and police forces may in fact be contributing to the current outburst of sectarian violence, because the police especially are not seen as impartial players.

"To the degree that 'standing up' a Shia-dominated force is perceived as a security threat to Sunnis, you get a stronger and stronger reaction the more you stand up," said Frank Hoffman, a strategic expert and retired Marine officer. "This may account for what you are seeing -- the sense that national institutions that do not reflect political concerns will produce more violent reactions and a greater reliance on local militias."

A Marine officer who has fought in Anbar province and an Army captain who just returned from Baghdad agreed, both saying they fear that all the U.S. military is doing is training and arming Iraqis to fight a looming civil war.

Staff researcher Julie Tate contributed to this report.

The State Of Iraq: An Update (NYT)

By Nina Kamp, Michael O'hanlon And Amy Unikewicz

The New York Times, October 1, 2006

FACTS have a way of shrinking under the weight of politics. The fierce partisan debate last week set off by the new National Intelligence Estimate on the struggle against terrorism was a case in point. Similarly, our own tracking statistics from the last four years in Iraq will provide ammunition for both supporters and critics of the war. But one fact seems clear: this year's violence was the worst since liberation, and probably the worst over all since 1991.

American troop fatalities, thankfully, declined somewhat this summer, but it is hard to view that as a positive development since much of the modest improvement was due to the reduced rate of American patrols (down from a daily average of 400 to, in the last year, 100 a year). When American forces do venture out of their base, they are in as much peril as ever. Similarly, the drastic falloff in kidnappings of foreigners primarily reflects the fact that foreigners now rarely leave the Green Zone in Baghdad. Iraqis continue to be kidnapped in large numbers.

While the economy is far from healthy, it has shown some improvement. Oil production has returned, at least for the moment, to levels seen at the end of Saddam Hussein's rule, and electricity production is at higher levels, especially outside of Baghdad. School enrollment continues to increase; childhood vaccination rates are now respectable; Iraq's media continue to flourish.

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However, unemployment remains at 30 percent or more, as coalition and Iraqi authorities continue to resist the notion of adopting a Roosevelt-style public works program to mitigate joblessness. Inflation is up; private sector investment remains weak because of the security environment; gross domestic product growth has been modest and will probably slow because of the decline in global oil prices. Fuel supplies are stagnant in the face of rising demand.

Public optimism has rebounded a bit since spring, especially among Shiites and Kurds. But Iraqi optimism about the future is still not where it once was. Nor is it clear on what that optimism is based. The Iraqi government continues to flounder in attempts to rein in militias, ensure fair distribution of the nation's future oil revenue, rehabilitate former low-level Baathists into public life and rebuild the economy. On balance, the data suggest that while Iraq is not lost, the United States and its allies there are hardly winning either.

Baghdad Under Curfew After Upturn In Attacks (WP)

By Sudarsan Raghavan

The Washington Post, October 1, 2006

U.S. Detains Sunni Leader's Bodyguard

BAGHDAD, Sept. 30 -- The streets of Baghdad were mostly quiet Saturday, with the capital under total lockdown a day after U.S. troops arrested a bodyguard of a Sunni Arab political leader on suspicion of planning suicide bombings inside the fortified Green Zone.

The day-long curfew in this city of 7 million people was the first to ban both pedestrian and vehicle traffic since the U.S.-led invasion in 2003, underscoring the security concerns enveloping Baghdad. It was requested by U.S. military officials concerned about the surge in suicide bombings and other violence since the Muslim fasting month of Ramadan began last weekend.

"There is no single reason," said Lt. Col. Barry Johnson, a military spokesman. "What we found was that implementing curfews from time to time helps break up the cycle of violence. It seemed like a prudent measure at this time to recommend a curfew."

The measure was announced Friday night, a few hours after U.S. troops raided the residence of Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in Iraq's parliament, and took into custody his bodyguard, identified by Dulaimi's supporters as Khudir Farhan Zargan.

"Credible intelligence indicates the individual, a member of Dr. Dulaimi's personal security detachment, and seven members of the detained individual's cell were in the final stages of launching a series of [car bomb] attacks inside the International Zone, possibly involving suicide vests," the U.S. military said in a statement.

The suspect, the statement added, was linked to a car bomb-producing network based in south Baghdad and was believed to be a member of the group al-Qaeda in Iraq. U.S. soldiers searched a security trailer and the suspect's car, but did not enter Dulaimi's home, said the statement.

On Saturday, Dulaimi denied that the bodyguard had any connection to terrorists.

"In the name of God, this news is absolutely not true. This is a suspicion only," Dulaimi said on al-Arabiya television. "This guard has joined the security force one month ago, and we have not noticed anything suspicious. The investigation will prove his innocence."

Dulaimi said his rivals had provided the U.S. military with false intelligence to "corrupt" his reputation and stop his work in parliament.

"This is unacceptable, both from a legal and ethical point of view," said Hussein al-Faluji, another Sunni member of parliament. "This bodyguard does not have any credentials which enable him to get into the Green Zone."

A few hours later, the U.S. military altered its statement to say that "this operation in no way implies [Dulaimi] was associated with any illegal activity; he was not the target in this operation."

In Baghdad's Karrada neighborhood on Saturday, the main road was empty save for police cars. Some food stalls remained open, and some young residents flouted the curfew and walked on the streets. Many expressed frustration, saying the curfew would do little to ease their lives.

"My life is destroyed because of the politicians and the government," said Firas Hatem, 31. "What have we gained from the curfew? Did they destroy the militias? Have they provided us with gas or electricity, or food? The curfew has pushed prices up, and everything is expensive, and the cheapest thing is us, meaning the human being."

In Tall Afar, 40 miles west of the northern city of Mosul, a suicide bomber detonated his explosives-rigged car, killing two civilians and injuring 30.

In the southern city of Basra, provincial Gov. Mohammed al-Waeli escaped an attempt on his life Saturday morning, when gunmen attacked his convoy, wounding three of his bodyguards.

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In an interview on al-Iraqiya television, Waeli said the attack was carried out by gang members who had infiltrated Basra's police.

"My bodyguards were ready for them and returned the fire, which made the attackers, whose identities are now known to us, flee," Waeli said. "We are going to prosecute them. . . . They are members of gangs who have recently joined the Major Crime Unit and are using the unit's cars and weapons."

Special correspondents Salih Dehema and Saad al-Izzi, and other Washington Post staff in Iraq contributed to this report.

Baghdad Is Quiet With Strict Curfew In Place (NYT)

By Michael Luo

The New York Times, October 1, 2006

BAGHDAD, Sept. 30 — After a troubling and deadly week, Iraq's capital was mostly silent and still on Saturday, except for the occasional whup-whup of a military helicopter overhead and the rare pedestrian testing the limits of a daylong curfew.

Uncertainty remained, however, over what exactly prompted the curfew on vehicle and pedestrian traffic, called Friday night without explanation by the Iraqi prime minister's office. Although vehicle bans have been frequent, it was the first time since the war began that pedestrians had been banned from Baghdad's streets.

Lt. Col. Barry Johnson, a United States military spokesman, said a number of factors, including an increase in suicide bombings and the rash of violence since the start of Ramadan last week, had led military officials to ask the Iraqi government to impose the curfew.

"We've found curfews implemented intermittently have been very effective in the past," he said.

But Brig. Qasim al-Moussawi, a spokesman for the Iraqi Defense Ministry, referred to a more specific threat. "We have information about a group of terrorists planning to attack civilians by car bombs," he said.

Some residents flouted the curfew on Saturday, shopping for groceries for the evening meal to break the fast for Ramadan, running errands and loitering on the street, albeit mostly off the main roads.

In Toubchi, a mostly Shiite neighborhood in western Baghdad, a line of people waited at a bakery on Saturday afternoon to buy bread, and a few shoppers stopped at the lone pharmacy that was open. Other people headed to prayer at the mosque.

In Adhamiya, a Sunni neighborhood in northeastern Baghdad, the shops were mostly closed.

Ahmed Khalaf was driving alone on Army Canal Highway, which bisects eastern Baghdad, but was puzzled by how empty it was, when he was stopped at a police checkpoint. He had gone to sleep and woke up without turning on the news. He said he had told the officers, "I have no idea about the curfew."

The police were understanding and let him go, he said, telling him that others had been making the same mistake.

The curfew was announced Friday night shortly after news began to leak on Iraqi television that the compound of Adnan al-Dulaimi, leader of the largest bloc of Sunni parties, had been raided by the United States military and that a man connected to him was being held on suspicion of helping to plan a bombing.

The United States military said in a statement on Saturday that it had detained a member of Mr. Dulaimi's security detail, identified by Mr. Dulaimi as Khodar Farhan Ghargan, 35. The guard is believed to be a member of Al Qaeda in Mesopotamia, the statement said, adding that the government had intelligence indicating that he was part of a terrorist cell that was planning a series of attacks, possibly using suicide vests, in the heavily guarded Green Zone.

The troops did not enter Mr. Dulaimi's residence, the statement said, but did search the guard's car and the security trailer. Colonel Johnson, the American spokesman, said no explosive devices had been found.

Military officials later issued a second statement emphasizing that the detention of Mr. Dulaimi's bodyguard "in no way implies" that the Sunni political leader was associated with "any illegal activity."

Mr. Dulaimi denounced the charges against his guard, comparing them to the faulty American intelligence about illicit Iraqi weapons before the war. "This information caused them to occupy Iraq," he said. "Now they are doing the same thing with me just to stop my hard work for Iraqi unity."

But Friday's raid is likely to bolster accusations long made by rival Shiite political leaders against their Sunni Arab counterparts that their guards and staff are insurgents. The American military has expressed concerns that Iraqi political parties have been largely unwilling to sever their links with the militias that many command.

Mithal al-Alousi, a respected independent Sunni Arab, said most Iraqis knew that many political leaders were also militia commanders. "The government should work to investigate this incident and if they discover that Dulaimi knew about this stuff in his house, they should arrest him," he said. "There is no parliamentary immunity for killers."

Violence persisted elsewhere in the country. In the northern city of Tal Afar, a car bomb exploded at 8 a.m., killing two people and wounding 33 others, all civilians. In Kirkuk, a car bomb exploded at 8:30 a.m. at the home of a police official, wounding him, his wife and four others. Another one exploded at 8 p.m. at the home of another police official, wounding 17

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civilians. An American soldier from the Third Stryker Brigade Combat Team, Second Infantry Division, died in a Humvee accident near Mosul.

But at Yarmuk Hospital in western Baghdad, the only patients who came in Saturday had complained of illness, an emergency worker said. It was a rare respite from the normal.

Baghdad Shut Down On Suspicion Of Attack (AP)

By Patrick Quinn

AP, October 1, 2006

The U.S. military said a captured al-Qaida suspect and members of his cell were "in the final stages" of planning an attack on the Green Zone. An unprecedented curfew prompted by the arrest left millions of Baghdadis stranded at home on Saturday without supplies during the Islamic holy month of Ramadan.

The U.S. military said the suspected al-Qaida in Iraq member was arrested late Friday at the home of senior Sunni Arab political leader Adnan al-Dulaimi, where he was working as a personal bodyguard.

Al-Dulaimi is a member of the Iraqi Accordance Front — the largest Sunni coalition in the 275-member parliament, where it holds 44 seats — and the military was quick to distance the politician from the raid, stressing that he was "not the target."

"This operation in no way implies Dr. al-Dulaimi was associated with any illegal activity," the military said, adding that the suspect was captured in a security trailer at al-Dulaimi's home.

After the arrest, Prime Minister Nouri al-Maliki was advised by the U.S. military to shut down the capital and order its 7 million residents to stay at home.

"They have information terrorists entered Baghdad," Interior Ministry spokesman Brig. Abdul-Kaim Khalaf told The Associated Press. "The prime minister agreed to give our security forces the freedom of movement to raid certain places."

The curfew was rare both in its scope and severity, catching many residents of Baghdad by surprise. Many people are fasting during the Islamic holy month of Ramadan, eating and drinking only after sunset, and they were caught without supplies and fresh bread — a Baghdad staple. Most residents did not have a chance to shop on Friday because of a regular, weekly vehicle curfew to prevent attacks against mosques during prayers.

The U.S. military said the suspected terrorist, identified as Khudhir Farhan, and seven members of his al-Qaida cell "were in the final stages of launching a series" of car bomb attacks "possibly involving suicide vests."

"The detained individual is suspected of involvement in the planning of a multi-vehicle suicide operation inside Baghdad's International Zone," the military said, referring to the heavily fortified Green Zone.

Khalaf said the "intelligence information we received was that there are car bombs and that terrorist Takfiris wearing belts with explosives have entered Baghdad to target civilians." Takfiri is a reference to Sunni Arab extremists.

The Green Zone, also known as the International Zone, is located in downtown Baghdad and is surrounded by layers of concrete blast walls and guarded by Coalition forces and the Iraqi army. The Iraqi government lives and works there, the parliament is housed there and it is also home to the U.S. embassy.

As a bodyguard for al-Dulaimi, Farhan could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful he could ever have reached the heavily guarded U.S. embassy compound inside the Green Zone.

Farhan also was suspected of having links to a car bomb network operating in the southern area of Baghdad, the military said.

Immediately after his arrest Friday afternoon, al-Dulaimi denied the bodyguard had any terrorist links, but when contacted by the AP on Saturday he acknowledged he could have been mistaken.

"That individual joined my residence as a guard no more than a month ago, therefore I haven't got complete data about his background," al-Dulaimi said. "Anyhow, they are only suspicions about his involvement, which have not been proved."

The U.S. command said al-Dulaimi "did meet the force and offered his home to be searched, which was declined as the operation had no association with him. They only searched the security trailer and the suspect's vehicle."

There have been fears that insurgents would try to stage a spectacular attack during Ramadan following a series of calls from al-Qaida in Iraq's new leader.

Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, has ordered intensified attacks against Americans and the country's Shiite majority, which dominates the government and parliament.

Al-Muhajer — who is believed to have succeeded slain al-Qaida in Iraq leader Abu Musab al-Zarqawi — began issuing the calls — including orders to kidnap Westerners — on Sept. 7.

He has followed al-Zarqawi's belief that starting a sectarian war between the Shiites and Sunni Arabs is the best way to defeat the United States in Iraq.

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Following his calls, attacks intensified against both Shiites and the Coalition, and a senior U.S. military official said the first week of Ramadan was the worst for suicide bombings since the U.S.-led invasion in 2003.

Sectarian violence has surged in recent months and has brought the country to the brink of civil war.

Although Baghdad was quiet Saturday, police said violence persisted in other areas of the country.

Gunmen killed Malik Jebbar, an Iraqi man who had been working as an interpreter for the U.S. military, in an area about 60 miles south of Baghdad. Another person was killed and five others were wounded in nearby Iskandariyah when a bomb exploded in the city center.

In Tal Afar, 260 miles northwest of Baghdad, police opened fire on a suspected car bomber. The vehicle detonated, killing two and wounding 30 others, police Lt. Nejim Abdullah said.

Baghdad police on Saturday found six corpses in the eastern section of the capital, more apparent victims of the sectarian death squads that roam the city.

Two other bodies were turned in to the morgue in Kut, 100 miles southeast of Baghdad.

North of Kut, a policeman was shot and killed by unknown assailants outside his home, police said.

Iraqi Guard Arrested In Green Zone Bomb Plot (WT/AP)

By Patrick Quinn

The Washington Times/AP, October 1, 2006

BAGHDAD -- The U.S. military said yesterday that it had arrested a leading Sunni politician's security guard, who was in the final stages of preparing suicide attacks inside the heavily guarded Green Zone in central Baghdad.

An unprecedented pedestrian curfew prompted by the arrest forced millions of Baghdad residents to remain indoors yesterday, during the Islamic holy month of Ramadan.

The U.S. military said the suspected al Qaeda in Iraq member was arrested late Friday at the home of senior Sunni Arab political leader Adnan al-Dulaimi, where he was working as a personal bodyguard.

Mr. al-Dulaimi is a member of the Iraqi Accordance Front -- the largest Sunni coalition in the 275-member parliament, where it holds 44 seats -- and the military was quick to distance the politician from the raid, stressing that he was "not the target."

"This operation in no way implies Dr. al-Dulaimi was associated with any illegal activity," the military said, adding that the suspect was captured in a security trailer at Mr. al-Dulaimi's home.

After the arrest, Prime Minister Nouri al-Maliki was advised by the U.S. military to shut down the capital and order its 7 million residents to stay indoors.

"They have information [that] terrorists entered Baghdad," Interior Ministry spokesman Brig. Abdul-Kaim Khalaf said. "The prime minister agreed to give our security forces the freedom of movement to raid certain places."

The curfew was rare, both in its scope and severity, and caught many residents of Baghdad by surprise.

Many people are fasting during Ramadan, eating and drinking only after sunset, and they were caught without supplies and fresh bread -- a Baghdad staple. Most residents did not have a chance to shop on Friday because of a regular, weekly vehicle curfew to prevent attacks against mosques during prayers on the Muslim Sabbath.

The U.S. military said the suspected terrorist, identified as Khudhir Farhan, and seven members of his al Qaeda cell "were in the final stages of launching a series" of car bomb attacks "possibly involving suicide vests."

"The detained individual is suspected of involvement in the planning of a multi-vehicle suicide operation inside Baghdad's international zone," the military said, referring to the Green Zone.

The Green Zone in downtown Baghdad is surrounded by layers of concrete blast walls and guarded by coalition forces and the Iraqi army. The Iraqi government lives and works there, the parliament is housed there, and it is also home to the U.S. Embassy.

As a bodyguard for Mr. al-Dulaimi, Farhan could have had access to the parliament, often attended by the prime minister and his staff, and possibly to offices used by Cabinet members. It is doubtful, however, he could have reached the heavily guarded U.S. Embassy compound.

Green Zone Suicide Plot Foiled, U.S. Says (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, October 1, 2006

A Sunni official's guard is arrested on suspicion of planning to strike inside Baghdad's fortified area. Curfew is tightened in the capital.

BAGHDAD — The government clamped a 24-hour curfew on the capital Saturday shortly after U.S. forces arrested the bodyguard of a prominent Sunni leader on suspicion of plotting a suicide attack inside Baghdad's heavily fortified Green Zone.

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A statement from the U.S. Army said the man was part of an Al Qaeda cell "in the final stages of launching a series of … attacks" that would have used several vehicles and possibly suicide vests.

It said a seven-member cell believed to be linked to vehicle bombings in south Baghdad was planning the attacks on the area that houses the Iraqi government and U.S. and other embassies under heavy military protection.

The Army did not say whether it had detained others.

The guard was arrested at the home of Adnan Dulaimi, one of the main figures in the minority Sunni bloc of parliament. Dulaimi was not under suspicion, the Army said.

U.S. and Iraqi officials denied any connection between the curfew announcement late Friday and the politically sensitive arrest. An Army spokesman said the U.S. had recommended the curfew in hopes of quelling violence that has increased during the monthlong observance of Ramadan.

"We have found these curfews are effective in bringing down the level of violence," the spokesman said. "It just seemed prudent at this time."

An Iraqi police official gave a different explanation, saying the curfew was a reaction to a plot that sounded similar to the one described by U.S. officials but was instead aimed at Baghdad residents.

"We received precise intelligence about the intentions of moving car bombs and terrorists with suicide belts to Baghdad," said Brig. Gen. Qassim Musawi, a spokesman for the Ministry of Defense.

Both the U.S. Army and Dulaimi sought to minimize political fallout from the arrest of the man, who had recently joined his personal security detail.

In television interviews, Dulaimi strongly proclaimed the innocence of the guard, accusing unnamed enemies of trying to damage his reputation and derail attempts at national reconciliation.

He said the guard, Khudhir Farhan Marjan, had no connection to terrorists and wouldn't have been hired if he had.

Even though Dulaimi was not implicated, the arrest left the lawmaker open to scrutiny over his reputed associations with Sunni Muslim insurgent groups. After initially boycotting American-sponsored elections, Dulaimi urged Sunnis to join the political process. But suspicions persist.

In January, U.S. journalist Jill Carroll was abducted and her driver killed as they were leaving Dulaimi's headquarters after the lawmaker failed to show up for a scheduled interview.

Shiite Muslim political leaders reacted cautiously to the arrest of his guard.

"This is a serious sign when the security of a high-ranking official has been infiltrated by terrorist groups," said Abbass Bayati, a spokesman for the United Iraqi Alliance, the Shiite bloc that leads the Iraqi government.

But Bayati said he would withhold judgment until an investigation was complete.

"The people and the nation really need to know the facts, so the investigation should be finished as soon as possible," Bayati said.

As Saturday's curfew began, the capital was abuzz with another rumor, that the government had called the curfew after uncovering a coup attempt by an element of the military. Officials denied it.

"These rumors are being spread by the terrorists themselves who want to shake the confidence of the Iraqi people," said Musawi, the military spokesman.

The latest curfew, which followed a Friday overnight curfew, was imposed from early Saturday until early this morning. It was widely observed. Some of the capital's 6 million people walked to work despite the curfew, taking up to two hours. But most stayed home.

The normally chaotic traffic all but vanished, leaving the streets empty except for hundreds of police and army checkpoints and American armored patrols.

Baghdad residents are accustomed to curfews, which are in force on Fridays from 11 a.m. to 3 p.m. All-day curfews have been imposed intermittently, but usually with more warning.

Some residents complained of the inconvenience caused by the 11 p.m. announcement, which they said did not give them time to prepare.

"There was not enough time for us to shop for today; as you know, we shop day by day for Ramadan," said a resident of the Qadisiya neighborhood who owns a vegetable shop about two miles away. "We are out of gas today to run the generators, and we can't go out even on foot to buy gas."

No new attacks were reported in Baghdad, but police continued to tally the casualties from previous violence.

A mortar shell that landed late Thursday in Zafaraniya in the southeast part of the city killed five people.

Police said they found 12 bodies early Saturday and an additional 23 in the afternoon, all slaying victims in various neighborhoods.

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A Shiite cleric was shot to death in Diwaniya, his sister said. Two other clerics were recently killed in the city about 100 miles south of Baghdad.

Mohammed Waeli, the governor of Basra province in the south, escaped an assassination attempt. A British patrol in Basra came under fire and killed one of the attackers.

In the northern city of Mosul, the police commander survived a roadside bombing, and another bomb near a U.S. patrol critically injured five civilians, said Dr. Fadhil Abbas of Jumhouri Hospital. Authorities in Diyala province, a stronghold of the insurgency north of Baghdad, said they had arrested 39 suspected terrorists.

A suicide car bomb targeting an Iraqi army checkpoint killed two people and wounded 30 Saturday, police in the northern town of Tall Afar said.

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Times staff writers Suhail Ahmad, Shamil Aziz and Saif Hameed and special correspondents in Baghdad, Mosul and Kuwait contributed to this report.

U.S. Diplomat Defends Maliki's Strategy (LAT)

By Solomon Moore

The Los Angeles Times, October 1, 2006

Ambassador Zalmay Khalilzad speaks in support of the Iraqi premier's security plan.

BAGHDAD — U.S. Ambassador Zalmay Khalilzad said Saturday that he supported the Iraqi prime minister's plan to disband sectarian militias through negotiations while using his military to go after the most extreme elements.

Khalilzad said he disagreed with recent complaints by U.S. military officials in Iraq and politicians in Washington that Prime Minister Nouri Maliki hasn't been doing enough to rein in Shiite militias implicated in thousands of death squad killings.

Khalilzad said complaints by senior U.S. military leaders that Maliki was too soft on Shiite militias affiliated with his political bloc were evidence of "tactical differences" he has with those military officials. Gen. George W. Casey Jr., the top American military commander in Iraq, released a statement Friday disavowing the complaints.

Some commanders want to use troops to go after the militias, Khalilzad said, "but I think that as far as Gen. Casey and myself are concerned, we are in agreement that … if political engagement can produce the desired result, then so much the better."

Khalilzad said Maliki would release a "demobilize, decommission and re-integration" plan to begin the disbanding of militias by the end of the year. He also said the prime minister was working on a national reconciliation plan to bring Sunni Arab and Shiite militants into political dialogue.

But he acknowledged that there were still challenges.

"The situation remains difficult and the level of sectarian violence is high," Khalilzad said.

He said U.S. officials were working to support Iraqi efforts to reform the Interior Ministry, which is believed to have been infiltrated by militiamen involved in hundreds of alleged death squad killings.

He said the U.S. conducted an investigation of an Iraqi police detention facility in Baghdad known as Site 4, where abuses were committed against some of the more than 1,300 prisoners held there.

Several high-ranking police officials were indicted as a result of the investigation, but Khalilzad said that Interior Minister Jawad Bolani, who oversees Iraq's police force, has not acted on those indictments.

"He has heard either verbally or in writing that indictments have taken place," Khalilzad said.

Other issues that need resolution include distribution of oil wealth and the pressure for the creation of autonomous zones in Iraq, Khalilzad said. Sunni Arab legislators pushed successfully last week to delay the formation of regional authorities. The Sunni Arabs were worried that oil-rich autonomous regions in the Kurdish north and the Shiite south would cut Sunni Arabs in the west out of a share in the country's oil revenue.

Khalilzad said Iraqi politicians have agreed to distribute oil wealth according to population, which will be determined by a census planned for next year. But he said there was still disagreement about who is authorized to negotiate petroleum industry contracts.

The Kurdistan regional government already has launched negotiations on oil deals.

Khalilzad also said a joint committee this month would present a set of proposals to be used to determine the future role of U.S. troops. Khalilzad said the committee was creating a "road map" that would establish the conditions necessary for transfers of security responsibilities from U.S. to Iraqi troops.

U.S. officials have said that as Iraqi security forces become stronger, U.S. troops will be able to withdraw from Iraq.

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The Rebuilder's Tale (NYT)

By Raad Ali Abdulaziz, As Told To Fred Heeren

The New York Times, October 1, 2006

I wanted to make a difference. After earning my Ph.D. in engineering in 2002 at Baghdad University, I became a guest lecturer there, and I also began working for an Italian humanitarian organization — helping to repair schools, water-treatment plants and hospitals. I didn't stop working in 2003 when the American bombs started falling, and I didn't stop when friends warned me that my work was bad because it made the foreigners look good. That was nothing new. Even before the war, most Iraqis believed that all visiting Westerners were working against Islam.

But then one afternoon in September 2004, when I was drawing up plans for local schools, one of my co-workers rushed into my Baghdad office looking worried — followed by a man in a military uniform carrying an AK-47. His comrades chose me along with two Italian colleagues, Simona Pari and Simona Torretta, and pushed us out into the road. They handcuffed us and forced us into a caravan of waiting cars. I hardly had time to feel afraid. I asked the driver what was happening. He told me to be quiet and yelled out the window at the gathering crowd: "We are police! Go home! Or I'll shoot anyone standing in the street!" He waved his pistol around. People scattered.

I tried to focus. This was not a police investigation; it was a kidnapping. Iraqis taken with foreigners are usually the first to die. The day before, I celebrated my 35th birthday. I wondered how my life would end — with a bullet or a knife.

Other uniformed men put me on the floor and draped a blanket over me, and we drove away. As we passed checkpoints and I sweated under the blanket in 110-degree heat, I somehow remembered a film I had seen about the history of nonviolent movements. I decided that no matter what they did to me, I would try to behave gently in return. When a gust blew the blanket off my head, I told them about it — and one of the men actually thanked me as he pulled the blanket back over me.

But when they interrogated me at a house later, things looked very bad. They asked me about my background. I knew they wouldn't like the truth, but I decided to be straight with them: my father was Kurdish, my mother Arabic. Every answer made them angrier. "Are you Sunni or Shiite?" They were Sunnis, but I said I was a Muslim who didn't believe in breaking up Islam that way. They accused me of being a spy for the Italians. I told them I was just helping to rebuild our country.

"Admit it," they said, "you are working against Islam!" I explained again. Finally, one pressed his gun against my head. "We know you are lying. In five seconds you must say that you are working for the Americans or the church!"

The room went silent. But I felt sure they knew I was telling the truth. Now they were playing with me, and I decided to let them know I understood. So. . .I began to smile. I was blindfolded, so I couldn't tell how they were reacting — what if I had misjudged them? — but after a moment, they burst out laughing. Tensions disappeared. One of them tapped me lightly on the head, saying, "You make jokes for us!"

I passed that test, but each day brought new threats to our lives. The first night, a rival militant group attacked us with grenades and machine guns. Another day the emir of our group said that if their ransom demands were not met in 48 hours, they planned to execute us — "probably by beheading." During those 48 hours, I just kept thinking about my 4-year-old son. But the deadline came and went — and the emir had a new idea: the Italian hostages and I would lead an attack against American troops. The assault would be broadcast on Arabic TV. I had to translate between the Italian pacifists and the radicals, who seemed ready to kill us if we declined. This surreal discussion went on for days. And then suddenly, after three weeks, we were released.

We were driven to the back of a Baghdad mosque and ordered out of the car in front of an Al-Jazeera cameraman, there to capture the moment. Later I heard I owed my life to a secret deal with the Italian Red Cross. The Italians flew back to Rome, where everyone celebrated and called them heroes.

My welcome home was different. I learned that many Iraqis and Arabs around the world hoped I would be beheaded — even some people I knew. After many threats against me and a near hit with a bullet, I could not put my family at further risk, and we fled Iraq in secret. We left everything behind. Now I am trying to start over in Europe. This is very painful.

But I keep remembering a strange feeling that came over me during those critical moments. Something told me that I would not die, that I had an unfinished task. Now I wonder if there is a way to make my voice louder than the voice of those who order us to fight all unbelievers. This cannot be God's way.

Suicide Bomber Kills 12 Near Kabul Ministry (NYT)

By Carlotta Gall

The New York Times, October 1, 2006

DOJ_NMG_0072482

KABUL, Afghanistan, Sept. 30 — Central Kabul was rocked by a deadly suicide bombing that killed 12 and wounded more than 40, just hours before President Hamid Karzai announced that his recent trip to Washington had elicited assurances from Pakistan that it would act against Taliban insurgents in its territory.

The suicide attack, the second in Kabul, the capital, this month, took place shortly after 8 a.m., when a man approached the side gate of the Interior Ministry headquarters on foot. There, by the pedestrian entrance to the compound, he detonated, the authorities said. Two policemen were killed, including the chief of staff of security, as were 10 civilians, said Zemarai Bashari, the spokesman for the Ministry of Interior. At least 42 people were wounded, doctors said.

Among the dead were two children — one a boy of 4 or 5 — and a 20-year-old woman, they said. The mother of the boy was critically wounded, according to doctors at Wazir Akbar Khan hospital, and had not been told of her son's death.

Witnesses said police officers had spotted the attacker and tried to stop him. Lailoma, 30, a clerk in the Interior Ministry, was arriving for work and was wounded in the blast.

"I saw a policeman pull out his pistol to shoot the bomber, but the bomber ran and blew himself up," she said from her hospital bed.

The Taliban claimed responsibility for the attack.

The main goal of Mr. Karzai's recent visit to Washington was to persuade the Bush administration to press Pakistan to cease its support, tacit or otherwise, for the Taliban insurgency, which has caused such widespread violence in Afghanistan this year that it has begun to threaten the state.

On Saturday, President Karzai condemned the bombing and said his 10-day trip to Canada and the United States had specifically concentrated on terrorism in the region. Yet he had little concrete to announce.

"I am glad we had an open talk, and I hope we are going to fulfill what we discussed," he said of the meeting with President Bush and General Pervez Musharraf.

The neighboring countries each agreed to hold tribal jirgas, or conventions, in the presence of the two presidents, to encourage the elders of the tribes that straddle their border to bring peace and stability to the region in time-honored tradition.

Mr. Karzai said General Musharraf had agreed to take action against the command structure of the Taliban, which has found sanctuary in Pakistan. "We did get a very categorical assurance that they will be moving against all extremist terrorist elements."

Mr. Karzai confirmed that cross-border violence had increased in the Waziristan region since the Pakistani government brokered a peace deal with the tribes there earlier this month in an effort to curb militancy.

"So far the effectiveness is not good," Mr. Karzai said, "but again President Musharraf assured me, and we have to wait and see."

German Planes Help NATO in South

BERLIN, Sept. 30 (Agence France-Presse) — A Defense Ministry spokesman confirmed Saturday a magazine report that German military aircraft are supporting NATO operations in volatile southern Afghanistan. The report, set to appear in Monday's Der Spiegel, came after Defense Minister Franz Josef Jung ruled out any possibility of transferring German troops from the relatively peaceful north to help fight the insurgency in the south.

Der Spiegel said German transport aircraft and helicopters had made some 60 flights this year into the south, ferrying allied soldiers and evacuating the wounded.

Bombing Kills 12 Near Afghan Interior Ministry (WP/AP)

By Rahim Faiez

The Washington Post/AP, October 1, 2006

KABUL, Afghanistan, Sept. 30 -- A suicide bomber blew himself up in a busy pedestrian alley next to Afghanistan's Interior Ministry on Saturday, killing at least 12 people and wounding dozens, officials said.

It was the second major suicide attack in Kabul this month, underscoring the rising danger in the once-calm capital as insurgents step up attacks across the country.

Meanwhile, an American was released from an Afghan prison and flown out of the country after serving more than two years for operating a private prison as part of a freelance hunt for terrorists, Afghan officials said.

Brent Bennett, 29, had been arrested in July 2004 with two other Americans after Afghan security forces raided a house and discovered eight Afghan men who they said had been abused.

Court documents filed Friday in Washington show that U.S. officials planned to secure Bennett a passport and a ticket out of the country. An Associated Press reporter saw a man identified as Bennett board a plane for Dubai late Saturday. It was not clear whether Bennett was free or in the custody of U.S. officials. U.S. officials in Afghanistan would not comment on his case.

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The suicide attack occurred just before 8 a.m. near a narrow dirt road where employees and civilians pass through a security gate. Shops, street photographers and men who fill out Interior Ministry paperwork for illiterate Afghans make the area a busy cross-section of commerce and government.

Rahman Shah was standing in line at a security checkpoint with his wife and three children when he heard someone shout, "Suicide attack!" He turned to see a police officer chasing a man, and moments later a blinding explosion threw him and his family to the ground.

"I fell to one side of the road with my son, and when I ran to the other side where my wife, daughter and my other son were, I found them all injured and bloody," Shah said from the side of a hospital bed where his wife and 4-year-old daughter were recovering.

President Hamid Karzai condemned the blast and said that "suicide attackers come from outside Afghanistan and target the most devoted and the poorest Muslim people of the world."

Insurgents have stepped up roadside and suicide bombings across Afghanistan over the past several months. Earlier this month, a suicide car bomber rammed a U.S. military convoy in Kabul, killing 16 people, including two American soldiers, and a suicide bomber killed 18 people outside the Helmand provincial governor's compound in the town of Lashkar Gah on Tuesday.

American Imprisoned For Private Jail Set Free (WT/AP)

By Jason Straziuso

The Washington Times/AP, October 1, 2006

KABUL, Afghanistan -- An American was released from an Afghan prison and flown out of the country yesterday after serving more than two years for running a private prison as part of a freelance hunt for terrorists, officials said.

Court documents filed Friday in Washington show that U.S. officials planned to secure Brent Bennett a passport and a ticket out of the country, and an Associated Press reporter saw a man identified as Bennett board a plane for Dubai late yesterday.

It was not clear if Bennett, 29, was free or in the custody of U.S. officials. He was held in a private room at the airport and journalists were prevented from talking to him.

Bennett, former U.S. soldier Jack Keith Idema and Edward Caraballo were arrested in July 2004 and convicted of running a private prison in Kabul after Afghan security forces raided a house and discovered eight Afghan men who said they had been abused.

Idema told The Washington Times by phone from his prison cell Thursday that Bennett had been kidnapped from prison by Afghan soldiers and would not survive the night.

Abdul Qayum, the commander of the Policharki prison where Bennett had been jailed, told the Associated Press the American was in good spirits when he left yesterday.

An Afghan airport official showed an AP reporter a copy of the passport of the man boarding the plane in the name of Brent L. Bennett. The official asked not to be named because of the sensitivity of the issue.

No U.S. officials in Afghanistan would comment on Bennett's case, and an American lawyer filing paperwork on his behalf said he didn't know if Bennett was free or in U.S. custody. When Bennett boarded the plane he was not wearing any restraints.

A spokesman for the U.S. Embassy declined to comment on the case yesterday.

Caraballo, who has said he is a video journalist, was released in April.

In a separate development, a suicide bomber blew himself up in a busy pedestrian alley next to Afghanistan's Interior Ministry yesterday, killing at least 12 persons and wounding dozens, officials said.

The blast was the second major suicide attack in Kabul in September, underscoring the rising danger in the once-calm capital as militants step up attacks across the country.

Afghanistan Mulls Herbicide In Drug War (AP)

By Jim Krane

AP, October 1, 2006

With profits from this spring's record opium crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide.

Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes.

But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop.

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"This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it," said Lt. Gen. Mohammed Daoud Daoud on the sidelines of an anti-poppy gathering in Jalalabad, the ancient and verdant capital of Nangahar province, once the heart of Afghanistan's poppy belt.

This year Nangahar was a success. Poppy cultivation stayed low amid a boom that saw Afghanistan produce 82 percent of the world's opium, providing for 90 percent of its heroin, according to U.S. and United Nations figures.

Opium eradication is one of the great failures of the five-year period since the U.S.-led invasion in 2001. In 2000, under the Islamist Taliban government, Afghanistan produced virtually no opium.

Planting has skyrocketed since then, jumping 59 percent this year, enough to produce 6,700 tons of opium that fetched around $750 million for Afghan farmers and eventually sold for $50 billion on the street, mainly in Europe, according to a U.N. report.

Opium poppies have become Afghanistan's chief crop and economic mainstay even as Washington and Britain have pumped hundreds of millions of dollars into eradication schemes and complex efforts to create markets for legal crops.

In the meantime, drug money nourishes the insurgency. In the opium-rich southern provinces of Helmand and Kandahar, Taliban commanders protect growers in return for a 30 to 40 percent tax, which is spent to recruit fighters, experts in the region say.

Retired U.S. Gen. Barry McCaffrey, the Clinton administration drug czar, said crop dusters may be the only way to preserve Washington's project in Afghanistan, before drug profits undermine the country's elected government.

"We know exactly where these fields are. They're absolutely vulnerable to eradication. And it is immeasurably more effective to do it with an airplane," McCaffrey said by telephone from Virginia. "I've been telling the Pentagon, if you don't take on drug production you're going to get run out of Afghanistan."

But in Helmand, home to 42 percent of this year's crop, Daoud said it remains too dangerous to spray. A former mujahedeen commander, Daoud said the Taliban can down low-flying planes.

"They have rockets," the bearded general said, fingering a string of prayer beads. "We can't spray there."

U.S. and U.N. experts here say eradicating the drug from this Texas-sized country will take decades.

Inside Afghanistan, with just 150,000 opium users among its 30 million people, poppy eradication is seen as an outside issue. Two speakers at the counternarcotics conference here said it was more urgent to stop people drinking wine.

"We want all drugs banned. Not only poppy," said provincial council chief Fazal Hadi Muslim Yar.

If Karzai approves herbicide, he risks losing the support of 3 million people involved in poppy growing. But without eradication, he could see his government undermined by drug-funded insurgents.

Karzai has said in the past that herbicides pose too big a risk for families and livestock, contaminating water and killing grapes, melons and vegetables grown alongside poppies. But the president approved Afghan eradication teams that used tractors to eliminate thousands of acres of poppies this year.

"Anywhere we eradicate a field, we must immediately provide the farmer with an alternative livelihood," Karzai spokesman Khaleeq Ahmad said on Saturday.

Aerial spraying is especially feared. Rumors have coursed through farm communities blaming sicknesses on secret poppy spraying, said Mohammed Nabi Hussaini, the head of Afghanistan's Poppy Eradication Program.

"There were diseases in children who ate apricots and parents said they saw helicopters nearby," Hussaini said. "But how long can we wait? The longer you wait the more it will get out of control."

McCaffrey said crop-dusting with common herbicides like Roundup was key in drug eradication programs that found success in Thailand and Peru.

Crop spraying is not the preferred option of the United Nations, but would be considered as part of a broad rural development program, U.N. spokesman Dan Norton said on Saturday.

Tens of thousands of Afghan farmers are now making crop decisions, weighing options between poppies and Afghanistan's robust vegetables and melons.

For now, the government counternarcotics campaign is friendly. Afghan government officials held a tent rally at the former winter palace in Jalalabad. With 200 turbaned elders and clerics listening, Daoud urged them to snuff out the illicit trade before it turned Afghanistan into a narco-state.

"Addiction will destroy the young generation that is Afghanistan's future," Daoud told the crowd. "Once you're addicted you're a burden to your family."

Across Afghanistan, tougher action is coming. Counternarcotics officials warned local leaders that they will be fired if cultivation rises.

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Finally, Kabul officials drove the message home using the twin pillars of God and honor. Assadullah Sajid, an imam in a starched white tunic and long beard, pointed forcefully at the elders and policemen, invoking the Quran and warning them not to disgrace Nangahar.

"Last year our governor was honored because we didn't cultivate," Sajid said sternly. "Let's keep that honor."

NATO To Lead U.S. Troops In Afghanistan (AP)

By Jim Krane

AP, October 1, 2006

NATO will take command of up to 12,000 U.S. troops and the territory they control in Afghanistan in "few days," a spokesman for the alliance said Sunday.

The planned expansion of the alliance's operation to the rest of the country will consolidate most military responsibilities under the command of top NATO leader, British Lt. Gen. David Richards.

The overall American force level in the country will remain unchanged, said Mark Laity, an alliance spokesman in Kabul.

Some 8,000 U.S. troops tracking al-Qaida terrorists or involved in aerial operations will remain under direct U.S. command, Laity said, but the U.S.-led coalition commanded by U.S. Lt. Gen. Karl Eikenberry will be phased out.

"In a few days, on a date yet to be declared, you will see the completion of the steady expansion of ISAF," the NATO-led International Security Assistance Force, Laity said.

The 12,000 U.S. troops in the regional command in eastern Afghanistan headed by U.S. Army Maj. Gen. Benjamin Freakley will fall under NATO command.

The move leaves Eikenberry's role in doubt. ISAF spokesman Maj. Luke Knittig said Eikenberry may remain in Afghanistan but under the auspices of the U.S. embassy.

"He won't be in our chain of command," Knittig said.

Eikenberry "may work with the U.S. ambassador. But no decision has been made," said Knittig, a U.S. Army officer with NATO.

The Afghanistan Triangle (NYT)

By David Rohde

The New York Times, October 1, 2006

SOMEWHERE along the Afghanistan-Pakistan border, the Taliban leadership and their Qaeda allies must be pleased.

When the leaders of Pakistan and Afghanistan visited the United States last week, they got into an ugly public spat over who was to blame for a Taliban resurgence that has killed hundreds of Afghans this year and shaken confidence in Afghanistan's new government.

There was Hamid Karzai of Afghanistan, accusing Pervez Musharraf of Pakistan of failing to crack down on the Taliban. Mr. Musharraf struck back, saying Mr. Karzai was behaving like "an ostrich" and ignoring problems in his own land. Finally, President Bush played host at an unusual White House dinner for the two, trying to soothe tensions and promote a united front against the Taliban.

"We've got a lot of challenges facing us," President Bush said as the two leaders stood silently at his side. "All of us must protect our countries, but at the same time, we all must work to make the world a more hopeful place."

The two leaders' public feud increases already growing pressure on the Bush administration to deal with criticism of the American-led effort to stabilize Afghanistan, which until recent months was seen in bright contrast to the problems in Iraq. Members of Congress, former administration officials and experts argue that missteps by the United States and its allies squandered an early opportunity to bring order to Afghanistan so it could be more completely rebuilt. Stabilizing the country remains possible, they say, but it will now be far more difficult.

"I think the mission continues to be doable," said James Dobbins, a former Bush administration special envoy to Afghanistan. "But it's going to be a longer, harder, more expensive mission by virtue of the fact that we did not seize opportunities."

But what can be done?

The issue is not just a matter of American troop levels, Afghan officials and American experts say. Or of Afghan warlords, once so powerful. There are three critical problems today: the weakness of Afghan security forces, a rampant opium trade and allegations that Pakistani officials turn a blind eye to Taliban activity in their territory.

Those three problems are wrapped up with a fourth: a creeping skepticism among Afghans and Pakistanis about the seriousness of the American and NATO commitments to stay in Afghanistan. The more it looks as if the Americans will leave, the harder it is to gain villagers' cooperation against the Taliban. Farmers become less willing to give up their profitable opium crop.

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And — perhaps most important — Pakistanis anticipate the day when their old allies, the Taliban, can again be their proxies to counter Indian influence in Afghanistan.

American officials discount such dire scenarios. They say the American effort in Afghanistan has been and continues to be a success. The current violence, they contend, is the result of a move by NATO troops and an increasingly strong Afghan central government to extend their authority into remote areas that Taliban fighters and drug traffickers have used as havens. Taliban attacks are largely centered in the country's south, they say, and will be defeated.

"In recent months, the Taliban and other extremists have tried to regain control, mostly in the south of Afghanistan," Mr. Bush said Tuesday in a joint White House press conference with Mr. Karzai. "We've adjusted tactics and we're on the offense to meet the threat and to defeat the threat."

But several members of Congress and American experts on Afghanistan said the United States needs to make a grand gesture soon, like doubling American reconstruction assistance. Over the last year, they point out, the United States cut aid to Afghanistan by 30 percent and handed over security in southern Afghanistan to NATO troops.

"Something dramatic" is needed, said Barnett Rubin, a New York University professor and Afghanistan expert. "To convince people that we really mean it. That we're really committed." The country's police present one such opportunity, cited by Mr. Karzai himself. In a meeting with reporters and editors at The New York Times on Sept. 21, he said the failure to create a professional Afghan police force was a central mistake in the early post-Taliban period. He said police training still must expand.

"We would like to get much more support for the training of the police from the United States and our allies," he said. "Where we failed was to focus in time on having a police force."

In 2001, Afghanistan's 80,000 police officers were a poorly equipped hodgepodge of Soviet-trained officers, veterans of the anti-Soviet jihad and gunmen loyal to local warlords. Seventy percent were illiterate.

In 2002, the United States promised to train a new Afghan army and Germany promised to retrain the country's police. But German officials dispatched only 40 police trainers and focused on developing a core of 3,500 skilled commanders at a reopened police academy. Some foreign military units conducted short training courses outside Kabul. But the tens of thousands of officers outside Kabul received no systematic training until 2004, when the United States opened seven regional training centers.

Opium cultivation, now exploding, is another sore subject. Last month, the United Nations announced a record 6,100 metric ton crop, 50 percent higher than the 2005 yield. Afghanistan now produces 92 percent of the world's opium poppies, or raw heroin. And in some parts of southern Afghanistan, American officials say, drug traffickers have formed an alliance with the Taliban.

One advocate of a steeply increased anti-opium effort is Senator Charles Schumer, Democrat of New York, who offered an amendment this summer calling for $700 million in additional Defense Department funding for narcotics eradication in Afghanistan. The Republican-controlled Senate passed the measure. But when the bill reached a conference committee, the amount was cut to $116 million for all of Central Asia, according to Mr. Schumer."You cannot win one of these wars by just paying attention to the military side," the senator said Friday. "They don't seem to understand that." He also has called for an increase in reconstruction aid to Afghanistan.

Beyond those more familiar problems, though, there are lingering questions about Pakistan and the Taliban, made more pointed by a sense that the United States may eventually abandon Afghanistan, as it did after the Soviets were driven out in the 1980's.

Seth Jones, an Afghanistan analyst with the RAND Corporation, said the United States must revamp its approach to Pakistan even as it works to counter an increasingly successful Taliban propaganda campaign that portrays the United States as trying to eradicate Islam from Afghanistan.

Mr. Jones and other analysts said Pakistan allows the Taliban to continue to operate on its territory because it sees the group as a useful tool to counter the growing influence of its archrival, India, in Afghanistan. Pakistan supported the Taliban in the 1990's in its civil war against an Indian- , Russian- and Iranian-backed Northern Alliance. After the Taliban was driven out, it was that same Northern Alliance that took power in Kabul. Now, with the American commitment to Afghanistan being questioned, a version of that same proxy war is beginning to take shape again.

Analysts argue that stabilizing Afghanistan is still possible, but it would require a long-term American commitment to rebuilding the country. It would also require intensified American diplomacy in the region, they say.

Christine Fair, an analyst at the United States Institute of Peace, a government-funded Washington-based research institute, suggests that an American diplomatic drive to ease tensions between India and Pakistan could be a key to stabilizing Afghanistan as well. "What we need," she said "is a grand bargain. You have to take a regional picture."

But time is short.

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There are indications that public support for a long-term American and NATO role in Afghanistan may be dropping in both the United States and Europe. Recent requests by NATO commanders that Germany and other countries eliminate restrictions on sending their troops to the country's volatile south have fallen on deaf ears. Countries have also been slow to respond to appeals for additional NATO troops in Afghanistan.

A CNN poll released last week showed increased skepticism among the American public as well. When asked, "Do you favor or oppose the U.S. war in Afghanistan?" 50 percent were in favor, and 48 percent were opposed.

That indicated a slide from the heady days in 2001 and 2002, just after the Northern Alliance had toppled the Taliban with the aid of a few American troops. Back then, 80 or 90 percent of Americans were supportive.

The Taliban strategy appears to be working.

Musharraf: An Accuracy Test (NYT)

By David Rohde

The New York Times, October 1, 2006

PRESIDENT PERVEZ MUSHARRAF of Pakistan was in Washington, New York, and on TV screens across the United States last week to promote his country's efforts to counter Al Qaeda, but that was not all. He was also promoting his new autobiography "In the Line of Fire: A Memoir."

Speaking at the Council on Foreign Relations in New York Tuesday, the general repeatedly made statements that his critics, and some experts, questioned. Here are some of his remarks as transcribed by the Federal News Service, with responses from United Nations, Pakistani and United States officials.

ECONOMIC GROWTH

"Today, our G.D.P. growth over the last four years is 7 percent. Our per capita income has more than doubled. Our G.D.P. has doubled."

Kaiser Bengali, a Pakistani economist, says doubling Pakistan's per capita income and G.D.P. would require a higher growth rate than 7 percent or more time than four years.

PAKISTAN'S TRIBAL AREAS

"Now, there is no change in the ground military situation — not one soldier has moved out. We are in position."

Pakistani officials say that under a deal with tribal leaders, Pakistani forces have withdrawn to their barracks and tribal militias now patrol the border area, where American officials believe Taliban members cross into and out of Afghanistan.

WHO RULES AFGHANISTAN

"Fifty to 60 percent of Afghanistan is Pashtun. Tajik — total percentage of Tajiks — is 5 percent." A member of the audience states the percentage is higher. "So, O.K., this will be about 7 or 8 percent, 9 percent. O.K."

General Musharraf was making a case that ethnic Pashtuns, a group that has been the Taliban's base of support in the past, are under-represented in the Afghan government, and that ethnic Tajiks from the country's north — including Panjsheris from the Panjshir Valley — hold too many positions. Pakistan has generally supported Afghanistan's Pashtuns. India has generally supported its Tajiks and Panjsheris.

The State Department says Pashtuns make up from 38 to 44 percent of Afghanistan's population, and Tajiks make up 25 percent. Half of the government ministers, including President Hamid Karzai, are Pashtuns, say American experts.

AFGHAN SECURITY FORCES

"In the ministry of interior and intelligence — if 50 percent people are Panjsheri, how will the Pashtun, the 50 percent population of Afghanistan, be feeling about it?"

American officials have led the training of the army, intelligence service and police, and see ethnical balance. The army is 49 percent Pashtun, 21 percent Tajik, a 2005 Congressional report said.

Musharraf's Memoir (WP)

By Dan Eggen

The Washington Post, October 1, 2006

Pakistani President Pervez Musharraf has been hawking his memoir, "In the Line of Fire," from the White House to "The Daily Show." Several of the book's claims have already attracted wide notice, including details about nuclear technology obtained by North Korea and the assertion that then-Deputy Secretary of State Richard L. Armitage threatened to bomb Pakistan "back to the Stone Age" if it did not cooperate after the Sept. 11, 2001, attacks. But the book packs a few lesser bombshells as well. Here's a guide to some of Musharraf's more notable passages:

* * *

On the killing of Wall Street Journal reporter Daniel Pearl:

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"Only after all the pieces had been put together did I realize that Omar Sheikh had panicked because the situation had spiraled out of his control. . . . The man who may have actually killed Pearl or at last participated in his butchery, we eventually discovered, was none other than Khalid Sheikh Mohammed, al Qaeda's number three." (p. 227-228)

Musharraf's remarks about the Pearl case have provided an unexpected boost to Sheik, a British militant who is awaiting execution in Pakistan. Sheik's lawyer now hopes to use the book to force a new hearing in the case.

* * *

On the whereabouts of Osama bin Laden:

"The fact that so many Saudis are in the Konar area [of Afghanistan] perhaps suggests that this is where Osama bin Laden has his hideout, but we cannot be sure. I have said, half-jokingly, that I hope he is not caught in Pakistan, by Pakistan's troops." (p. 221)

This claim amounts to a public slap at Afghan President Hamid Karzai -- who complains about Pakistani tolerance of militants along the border -- and U.S. intelligence officials, who have long thought that bin Laden is in Pakistan. The affront was made worse by timing: President Bush hosted Musharraf and Karzai last week at a joint dinner meant to improve relations between the two feuding leaders.

* * *

On reacting to pressure from the United States after 9/11:

"This was a shockingly barefaced threat, but it was obvious that the United States decided to hit back, and hit back hard. . . . I war-gamed the United States as an adversary. . . . [I]f we do not join them, can we confront them and withstand the onslaught? The answer was no, we could not. . . . " (p. 201)

Armitage has denied making the "Stone Age" threat, and Musharraf's characterization of himself as defender of Pakistani prerogatives could be aimed at domestic politics.

* * *

On Pakistan's role in capturing al-Qaeda militants:

"We have captured 689 and handed over 369 to the United States. We have earned bounties totaling millions of dollars. Those who habitually accuse us of 'not doing enough' in the war on terror should simply ask the CIA how much prize money it has paid to the government of Pakistan." (p. 237)

U.S. officials immediately expressed ignorance about this claim, in part because the Justice Department's rewards program for information on terrorism suspects is supposed to dole out money to individuals, not governments.

* * *

On the 1999 military clash with Indian forces in the Kargil district of Kashmir:

"The Indians actually ran short of coffins, owing to an unexpectedly high number of casualties. . . . Our army, outnumbered and outgunned, fought this conflict with great valor. The number of Indian casualties proves the fighting prowess and professionalism of the officers and men of the Pakistan army." (p. 98)

Musharraf's boastful characterization of Pakistan's battle with India has once again roiled relations between the two neighboring nuclear states. The Kargil conflict, widely viewed as a disaster, set the stage for the coup that resulted in Musharraf's rise to power.

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Iraq And Our Military Crisis (DMN)

The Dallas Morning News, October 1, 2006

America has tough rebuilding process ahead

The U.S. military hasn't failed in Iraq. It accomplished exactly what it was asked to do, which was overthrow Saddam Hussein. What its leadership didn't bargain for – and what our military isn't built for – is the messy aftermath. Simply, Washington has asked its military to do too much with too little.

With massive technological superiority, the U.S. remains the world's most capable fighting force. But our inability to crush sectarian violence and terrorist insurgencies in Iraq illustrates the limits of military might. After all, a close-quarters conflict is an environment in which an improvised explosive device is more effective than a Tomahawk missile.

This unconventional fight has deeply strained our nation's military core and resources. Congress and President Bush must confront the manpower crisis and the threat it poses to preparedness and national security. The core of this country's readiness – the men and women in uniform – must be restored as smartly and quickly as possible.

Postponing this major overhaul only kicks the problem down the road. Politicians in Washington must address this before the next war – for surely there will be one.

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It's time to listen to military leaders like Army Gen. Peter J. Schoomaker, who recently held back a 2008 budget plan because he believes it didn't provide enough resources to perform its mission in Iraq and meet other worldwide commitments. That move probably did little for the general's career, but it is the dose of reality that Washington needs.

Unless things unexpectedly improve in Iraq, the Pentagon forecasts needed troop levels at about 144,000 through year's end. Any call for more troops ignores the obvious. We have gotten ourselves into such a bind that we can't send more without compromising vital military readiness elsewhere.

The Army has provided about 102,000 of the U.S. troops in Iraq and 16,000 of the 21,000 troops in Afghanistan. Many of these soldiers face second and third deployments. Two brigades recently had their scheduled departure dates from Iraq delayed.

The Army National Guard and Reserves face the same manpower and overdeployment issues. Additionally, equipment needed to train yet-to-be-deployed reserve units is being used – and destroyed – in Iraq, which exacerbates the training and readiness gap at home.

Some analysts contend that the Army needs to add as many as 100,000 troops to its 505,000 active-duty force to meet current commitments and future threats. For an all-volunteer force, that is a decade-long effort – not a fix for the immediate crisis in Iraq.

As this war drains resources at a troubling rate, we now have an even tougher rebuilding program ahead, one that will demand serious sacrifice by government and the people.

The elements of that sacrifice – whether a tax increase, a draft or some other drastic measure – are unpalatable topics headed into an election.

But we can't ignore them. Whatever problems the military faces today, we only compound them by dithering before the next big crisis. We must rebuild now.

The Humanitarian War Myth (WP)

By Eric A. Posner

The Washington Post, October 1, 2006

More than 40,000 Iraqi civilians have been killed since the American-led invasion of Iraq in 2003, and the rate at which civilians die has been increasing in recent months. Many thousands of innocent Iraqis have been detained, and some have been abused by American troops. Many others have been tortured or killed by Iraqi police. Basic services have been lacking in large portions of the country for three years. Civil war looms, conjuring memories of the 16-year Lebanese civil war, during which more than 100,000 people were killed out of a population of fewer than 4 million.

Yet, if the United Nations were to have its way, the Iraqi debacle would be just the first in a series of such wars -- the effect of a well-meaning but ill-considered effort to make humanitarian intervention obligatory as a matter of international law. Today Iraq, tomorrow Darfur.

Civilians suffer in all wars, but the suffering of Iraqi civilians in this war is particularly unfortunate because one of the main justifications for the war was humanitarian: to rescue suffering Iraqis from a tyrant. There were other justifications, of course, including the related but distinct idea that bringing democracy to Iraq would enhance America's long-term security. But the humanitarian justification was embraced by many who rejected the other justifications, including liberal elites as well as some conservatives, and it helped mobilize public opinion behind the war. Events have served the humanitarian justification poorly.

The idea that war can have a humanitarian as well as a national security justification has a long pedigree and surface plausibility. Some of the worst atrocities of the 20th century occurred in weak states whose governments could not have resisted a foreign military invasion. The genocide in Rwanda, which killed more than 800,000 people in a few months, was eventually halted by a force of Tutsi rebels; surely a Western army could have stopped it sooner. If nations can intervene at little cost to themselves because the target nations are weak and by doing so they prevent massive human suffering, then surely they should do so. The logic seems compelling.

But logic is no substitute for experience, and experience shows that humanitarian war is an oxymoron. The first blow to the idea was the failed intervention in Somalia in 1993. U.S. forces sent to maintain the peace while aid was distributed to millions of starving civilians were withdrawn after just 18 U.S. soldiers died. Policymakers drew the lesson that the American public will not tolerate casualties in a humanitarian war that has no clear national security justification. This lesson guided President Bill Clinton's refusal to authorize military intervention during the Rwandan genocide and his decision to limit U.S. military intervention in Kosovo in 1999 to high-altitude bombing, which ensured that no American pilots were killed -- at the expense of civilians on whose heads errant bombs fell. The Kosovo intervention, although regarded as a success in some quarters, has cost billions of dollars, required a seven-year occupation and could turn out to be a slow-motion version of Iraq.

The Iraq war itself has dealt the second blow. The problem with humanitarian intervention is not only that the costs are usually too high, but it turns out that the benefits usually are low. There are just too many risks and imponderables when war is

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used to prevent atrocities rather than to defeat an enemy. Military weapons inevitably kill civilians, and smart tyrants foil smart bombs by using their own civilians as shields. Dictators understand that a war premised on humanitarianism fails if they can make the invader kill their citizens. Removing the dictator risks civil war, which is almost always worse than the original abuses. Replacing him with another dictator only puts off the atrocities until another day. Long-term occupation breeds hostility, then insurgency and violence. In comparison with this, the original ruler might not seem so bad after all.

Saddam Hussein was an especially bad tyrant, and Iraqi civilian casualties attributable to the U.S. intervention do not yet equal what he was able to accomplish, albeit over a longer period. The Kurds and many Shiites are better off. And many Iraqis continue to think that the war was worth it, according to polls.

But polls do not reveal the opinions of dead Iraqis. The humanitarian effect of the war has been at best ambiguous against the baseline of the containment period that preceded it, and if current trends continue, the overall effect will be that of a humanitarian disaster.

Many people blame the humanitarian costs of the war in Iraq on the Bush administration's execution of it. This view is a psychological crutch that allows defenders of humanitarian intervention to keep the ideal alive for the next, presumably competent, administration of a President Hillary Clinton or John McCain. But complaints about this war are not noticeably different from complaints about earlier wars, where small mistakes (identifiable as such with the benefit of hindsight) resulted in enormous harm.

The Iraq war, consistent with experience, suggests that humanitarian wars will rarely yield humanitarian results. Why, then, is there a so-called "responsibility to protect" movement to make humanitarian intervention obligatory as a matter of international law? And why was this idea endorsed by the United Nations during its millennium summit?

The best humanitarians of our day recognize that we face a painful dilemma: to tolerate atrocities in foreign states or to risk committing worse atrocities in the course of ending them. From Rwanda, many people drew the lesson that failure to intervene is the worse option. The Iraq war may be the first step in unlearning this lesson. If not, an intervention in Darfur surely will be.

The writer is a professor of law at the University of Chicago and co-author of "The Limits of International Law."

ARROGANCE AND IGNORANCE (SFC)

By Todd Oppenheimer

San Francisco Chronicle, October 1, 2006

Three authors make the case that time and again, the U.S. has made disastrous mistakes in Iraq

During an army briefing in late 2003, as the opposition movement, and bloody battles, were mounting in Iraq, a lieutenant colonel presented his boss, a tough colonel, with a question: "Sir, what is the battlespace?" The colonel, reports Thomas Ricks in Fiasco: The American Military Adventure in Iraq, said it is the enemy, wherever you are fighting it. "Sir, wrong answer," the lieutenant dared to reply. "In counterinsurgency, the battlespace isn't physical, it's psychological. The battle is for the people."

To Ricks, the senior Pentagon correspondent for the Washington Post and winner of a Pulitzer Prize, and to the dozens of military historians, counterinsurgency experts and veteran commanders he quotes, this lieutenant was explaining the ABCs of counterinsurgency strategy. "The objective," he writes, "is first to gain control of the population, and then win their support." Why a lowly lieutenant colonel would have to lecture his commander on such fundamentals is at the core of three different but interrelated new books on the United States' series of campaigns in Iraq.

Individually, each of these books -- "Fiasco" (The Penguin Press; 482 pages; $27.95), Imperial Life in the Emerald City: Inside Iraq's Green Zone (Knopf; 320 pages; $25.95) and The End of Iraq: How American Incompetence Created a War Without End (Simon & Schuster; 260 pages; $26) -- has its shortcomings. But those misses are dwarfed by the weight of persuasive material each author has found, and by the elegance of their presentations. Taken together, their evidence makes a staggering case against President Bush and his staff. Their argument, in sum, is that the administration staged a war with a grateful, homogeneous country in mind rather than the proud, deeply sectarian culture it confronted; that it failed to plan for any contingency or any stabilizing follow-up beyond achieving quick success in toppling Saddam Hussein; that its officials in Iraq lived and behaved in a thoughtless, corrupt, imperious manner; that this wasted billions of dollars and alienated the Iraqis, thereby encouraging the insurgency. And, as things further unraveled, that it misinterpreted, and thus mishandled, one crisis after another.

How could prominent federal officials stumble so badly? A primary reason, according to these writers, is disturbingly simple: For those in charge of the Iraq campaign, neither knowledge of the Middle East nor expertise at one's job was a priority. What mattered most was political commitment to Republican ideology, especially faith in the appeal of capitalism, preferably of the nouveau, top-down, supply-side variety. Critiques of this sort can sound ridiculous, like ill-informed whining from out-of-power liberals. That is not the case this time. Each of these books goes to extraordinary lengths to document the way key moments

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were poisoned, again and again, by amateur, often young ideologues who were playing Monopoly with one of the most volatile regions in the world.

Consider this from "Imperial Life in the Emerald City" by Rajiv Chandrasekaran, an editor at the Washington Post and formerly its Baghdad bureau chief. When new staffers were needed in Baghdad (and they were needed constantly), job applications were sent to James O'Beirne, the White House liaison at the Pentagon. O'Beirne considered one young man "an ideal candidate" primarily because he had worked for the Republican Party in the 2000 Florida recount. Two people said O'Beirne's staffers asked applicants if they supported Roe vs. Wade and had voted for Bush. A former staffer who worked near O'Beirne "saw senior civil servants from agencies like Treasury, Energy ... and Commerce denied positions in Baghdad that were instead handed to prominent Republican National Committee contributors." The job of reforming the Iraqi stock exchange -- a critical piece of the administration's privatization program -- was given to Jay Hallen, a 24-year-old political operative who had no business experience; he soon fired his sole assistant, a 39-year-old family man who had worked in insurance and financial services, been a private investigator and spent six years in the Navy.

The president's team especially liked swaggering tough guys, believing that people of this ilk get things done. Often they did, but at a cost. One example was Bernard Kerik, who achieved fame as New York City's Rambo-like police commissioner during the 9/11 terrorist attacks. Kerik was appointed chief training adviser for the Iraqi police force, which had been almost entirely scattered after the war by looters and insurgents, both of whom had more powerful weapons than police officers did. Rather than bother with formal training programs, or pesky meetings where he could be briefed by people who knew the lay of the land, Kerik, an accomplished publicity hound, started staging nighttime raids.

The raids produced a stream of glowing news stories, but they also endangered innocent Iraqis and American soldiers, who sometimes fired on the raiders thinking they were insurgents. It was all great fun for Kerik, who abruptly resigned three months into the job. ("I was in my own world," he told Chandrasekaran. "I did my own thing.") Incidents like this became so consistent that British occupation officials -- presumably informed by their own history of imperialism in Iraq -- posted a sign in their compound saying, "YEE-HAW IS NOT A FOREIGN POLICY."

It is if you think the battle space is nothing but sand, weeds and people desperate for U.S.-style capitalism. An indication that President Bush's views were roughly that simple occurs in early 2003, just two months before he launched the invasion. That January, Bush met with three prominent Iraqi Americans. "As the three described what they thought would be the political situation after Saddam's fall, they talked about Sunnis and Shiites," reports Peter W. Galbraith in "The End of Iraq." "It became apparent to them that the president was unfamiliar with these terms. The three spent part of the meeting explaining that there are two major sects in Islam."

Although the ultimate blame for a campaign that fails at a cost of $5 billion a month obviously falls on the president, the finger in each of these books points repeatedly at a more direct target: Defense Secretary Donald Rumsfeld. Judging from these and other reporters' accounts, Rumsfeld has little patience for scholarly deliberation, and he seems allergic to the concept of planning. In Rumsfeld's view, wartime events are so hard to predict that lengthy strategy discussions are a waste of time. The consequences of this outlook fill much of Ricks' book. In one chapter after another, we see veteran commanders by turns stunned, confused, enraged and finally saddened, as they watch both Americans and Iraqis getting killed in conflicts that are far more chaotic and violent than they needed to be.

Rumsfeld's survival, despite these disasters, proves how expertly he has mastered the art of dodging responsibility. He even tried to avoid responsibility for Paul Bremer, the man he hired to head the Coalition Provisional Authority, and who left after a year under a cloud of disappointment. After one White House meeting, Ricks reports, where "there was a lot of 'grousing' about Bremer," Condoleezza Rice (then the national security adviser) reminded Rumsfeld that Bremer reported to him. " 'No, he doesn't,' Rumsfeld responded -- incorrectly -- [an] official recalled. 'He's been talking to the NSC [the National Security Council], he works for the NSC.' "

After finishing these books, one is struck by how differently each one succeeds, and fails, both as a story and as an argument.

In the case of "Fiasco," we simultaneously have a tour de force and an incomplete work. Page for page, Ricks' reporting shows unparalleled diligence, fairness and knowledge of military affairs -- much of the reason, no doubt, that the book has gotten such well-deserved attention. One way Ricks' mastery of his subject comes through is in his approach to sourcing. Ricks uses two techniques that other nonfiction writers -- journalist and scholar alike -- would do well to copy.

First, his every assertion is backed up by a web of confirming material from experts or authoritative documents, often both. Second, when he quotes people, he tells you who they are. A random example: "I don't think you can understand [the 2003 invasion of Iraq] without understanding the end of the 1991 war, especially the distrust of Americans' that resulted, said Army Reserve Maj. Michael Eisenstadt, an intelligence officer who in civilian life is an expert on Middle Eastern security issues." For a skeptical reader, nothing is more satisfying.

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For all of Ricks' knowledge, however, he remains strangely blind to the larger implications of his material. One of his main arguments is that the Iraq campaign failed because the military lacked a coordinated strategy, which should have been formed at the top (by Bush and/or Rumsfeld) and sent down through the chain of command to be transformed into supporting tactics for soldiers in the field. Ricks certainly supports this claim. But he also presents scenes of some of the military's smartest commanders putting great effort into developing supposedly sound counterinsurgency strategies, which are soon foiled by Iraqi militants.

The prime example is the famous battle of Fallujah, in March 2004. The soldiers there were Marines, who, Ricks indicates, were generally more sensitive to Iraqis than the Army was. Fallujah was a well-known hotbed of opposition. So the Marines' commander, Maj. Gen. James Mattis, rigorously prepared his troops to execute a judicious, surgical strategy. No one, it seems, could have carried this off better than Mattis. He is restrained, highly respected and unusually well read on the history of warfare, including counterinsurgencies; Ricks calls him "one of the most intense intellectuals in the U.S. military." Pages later, Ricks describes how thoroughly Fallujah blew up in the Marines' faces. And he leaves it at that.

If strategy is paramount, and an unusually enlightened strategy fails, something bigger must be going on. From all appearances, plenty of strategies were tried. The problem is the administration never found one that worked. Could that mean that a military campaign in Iraq was doomed to fail, regardless of the approach taken? Strangely, Ricks never ponders this contradiction.

It's possible that, like many diligent researchers, Ricks may have simply gotten lost in the sheer abundance of his material -- an excess, unfortunately, that is too often dumped on the reader. Midway through "Fiasco," one begins to notice a redundancy in his scenes, and a creeping sense that, for all the riveting details, he won't get much beyond his basic critique. I particularly longed for a thorough conversation with Rumsfeld. Not only is this yet another moment of accountability that Rumsfeld escapes, there is also no indication that Ricks, or any of these authors, even pursued an interview.

Still, Ricks' best arguments are solid, and groundbreaking. He shows how American officials unwittingly recruited, financed and armed Iraqi insurgents. Blame for these moves, well explained by all three authors, points directly at Bremer. In his effort to rid the government of Saddam loyalists, Bremer ordered a purge. Unfortunately, his directives, which were never cleared in Washington, went too far, suddenly putting more than three-quarters of a million Iraqis out of work. (Many of these people were innocent civilians who belonged to Saddam's party simply to avoid prosecution.) This not only broke the economy -- indeed, the entire society -- it also produced hordes of angry Iraqis, who now saw great opportunities in the insurgency.

In his final chapter, Ricks sheds valuable new light on how the Iraq war has hurt U.S. prestige and credibility, and empowered our opponents. He then lays out four scenarios, from best case to a chilling worst case, of our future in the Middle East. Even the best case "means staying in Iraq for years," Ricks writes. Its closest analogy is the American war in the Philippines, which ran from 1899 to 1946, and which started as a similarly naive conventional campaign, turned into a messy guerrilla war, and eventually transformed into a peaceful, even friendly, long-term effort at containment. Two worse possibilities are repeats of France's humiliation in Algeria in the 1950s and 1960s, or Israel's in Lebanon, where the invader wins the battle but sorely loses the global PR war. Those scenarios may allow for an early, face-saving pullout, in Ricks' view, but they're likely to leave a civil and perhaps regional war and unsecured oil fields at the center of these disputes. This could prompt yet another U.S. invasion of Iraq, and maybe of its neighbors, too.

The final, "nightmare" scenario involves a new Iraqi strongman, an outcome that a 2005 poll says three-fourths of Iraqis want. That strongman, Ricks writes, is likely to be an Islamic purist who could unify the Arab world against the West. Propelled by both popular support and oil revenues, this leader might well restart some weapons programs. In such a scenario, Ricks writes, "the West would have to consider a war of preemption -- but this time its soldiers might really face nuclear, biological, or chemical weapons."

For his part, Chandrasekaran hardly misses a trick. His main subject is the dysfunctional culture inside the Green Zone, the lavish palace compound that used to be Saddam's and that, ironically, became the walled-off command center for Iraq's new occupiers. This narrower target allows for more focused inquiries, which Chandrasekaran milks abundantly. Seemingly every time some odd screw-up or oversight occurs, Chandrasekaran follows it up, tracing it out into the field in Iraq, and back to its source in Washington. Each misstep is described fully, calmly, concisely, with plenty of drama when necessary. In fact, when incidents come up in all three books, Chandrasekaran is sometimes the one who explores them with the greatest nuance.

Unfortunately, his book's virtues also lead to its demerits. He has no grand, novel argument, and no significant vision for the future. But he doesn't pretend to. He delivers exactly what he promises.

Which leaves us with Peter W. Galbraith, who, despite having the shortest book ("The End of Iraq"), attempts the most ambitious argument of the three. Galbraith is the son of the economist John Kenneth Galbraith. He's also a former U.S. ambassador to Croatia and a former staffer on the U.S. Senate Foreign Relations Committee, for which he traveled in Iraq working in support of the Kurds. Such extensive experience laces Galbraith's story with compelling scenes. (In one incident he

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even goes undercover, dressing as a local.) His background also emboldens Galbraith to speak in stronger terms. An example is one of his chapter titles -- "Arrogance and Ignorance" -- three words that may be the most concise explanation yet for the whole American story in Iraq.

Galbraith's finale is his argument for how Iraq should be remade. He calls this "the three-state solution" -- that is, three quasi-independent regions for Iraq's three warring sects, the Sunnis, the Shiites and the Kurds. Galbraith's idea has already gotten some traction in Congress, primarily with Sen. Joe Biden, D-Del.. And, upon reading through his accounts of the gruesome, relentless persecution that the Kurds have endured ("After all that I heard and saw," he writes, "I was convinced the Kurds would never voluntarily agree to be part of Iraq again."), it is tempting to side with him. The problem is that Galbraith's vision dumps him into the strategic quagmire that now surrounds Iraq.

Even a casual reading of Middle East history demonstrates that Iraq's political landscape has long been complex, and its internal alliances and demographics ever-changing. Even on fundamentals of Iraq history -- and the new Iraq constitution that Galbraith helped draft -- other Mideast experts have very different takes. (See, for example, 2005's "Understanding Iraq," by veteran Harvard historian William Polk, and the writings of University of Oxford historian Reidar Visser, especially 2006's "Basra, the Failed Gulf State: Separatism and Nationalism in Southern Iraq.") Iraq's future, as Galbraith at times argues, is probably best left to the Iraqis.

Curiously, a missing ingredient in Galbraith's book, and in the two others as well, is any serious look at the region's glorious but eternally troubled history. We get close a few times, once in a delicious conversation, reported by Galbraith, between an Iraqi and an occupation official:

" 'You must have thoroughly studied the history of the British occupation of Iraq,' the Iraqi said to the self-confident American.

" 'Yes, I did,' the latter replied.

" 'I thought so,' said the Iraqi, 'because you seem determined to repeat every one of their mistakes.' "

Actually, the administration has been more thorough than that. A little further reading of history, in combination with these three books, shows that the Bush administration has repeated mistakes made in Vietnam as well.

Todd Oppenheimer is a winner of the National Magazine Award and author of "The Flickering Mind: Saving Education From the False Promise of Technology."

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CRIMINAL JUSTICE: Federal Prosecutor Admits Passion For Corruption Cases May Not Translate Into Shift In Political Culture (NIT)

By Joe Carlson

Northwest Indiana Times, October 1, 2006

After five years, Van Bokkelen says corruption indictments still major priority

With a mission to fight political corruption, Joe Van Bokkelen knew he had a major job on his hands in becoming the top federal prosecutor in a district that included Lake County.

Sure, Van Bokkelen and his prosecutors in the U.S. attorney's office have sent hundreds of drug dealers and gang thugs to prison -- particularly felons carrying firearms in defiance of strong federal anti-gun laws.

But when he came to office five years ago this month, Van Bokkelen carried a bias toward fighting public corruption.

In a wide-ranging interview last week, he said he's proud of the work accomplished under his watch. Those jailed include a former U.S. congresswoman (Katie Hall), a former state party chairman (Peter Manous), a former town judge (Deborah Riga), and more than 30 county, city and township employees.

"For the life of me, I don't understand why public officials think they're entitled to more money than the statute says," he said. "You shouldn't become a public servant to get rich. I have no tolerance for people who think they're entitled to more."

But some observers question the long-term impact of his work. Can one watchdog office change a political culture? Even Van Bokkelen acknowledged disappointment that his prosecutors' efforts don't seem to have changed the expectations voters have for their public servants.

U.S. Sen. Dick Lugar, who nominated Van Bokkelen to the office five years ago, had only praise for Van Bokkelen's "extraordinarily aggressive" efforts at fighting public corruption.

"His remarkable anticorruption and law enforcement efforts have been impressive and are appreciated locally as well as by the U.S. Justice Department and the White House," Lugar said in a written statement.

County Republican Party Chairman John Curley and Democratic Chairman Rudy Clay said Van Bokkelen had put the fear of God into certain political figures across the county.

"I think corruption in Lake County has diminished because of Joe Van Bokkelen," Clay said. "It's obvious that if your hand is caught in the cookie jar, you're going to suffer the penalties."

Scott King had a less sanguine view.

King has worked with Van Bokkelen in various roles since the 1970s, most recently as mayor of Gary, a city where federal prosecutors have spent considerable energies over the years.

King said public officials inclined to do wrong may not make their decisions based on what prosecutor happens to be in office at the time.

"I don't think good government gets made by outside investigative forces," King said. "It doesn't hurt, but that doesn't make it."

Van Bokkelen described a view that was closer to King's than Clay's.

He admitted disappointment that his focus on public corruption and the number of public officials his prosecutors have sent to jail have not created more desire to shake up the status quo in Lake County politics.

"People complain about government, but you tend to get the government you vote for," he said. "If at the end of the day you have to look to this office to get rid of those people, you've got problems. It has to start with the voters."

That doesn't mean Van Bokkelen, a Republican, wants to discourage voters from their long history of Democratic dominance. Voters can also voice their dissent in primary elections, but they haven't, he said.

"Lake County, as an electorate, seems satisfied with the status quo. They seem happy to let this office and (County Prosecutor) Bernie Carter's office take care of the people who get too far out of line," Van Bokkelen said.

Regardless of long-range impact, Van Bokkelen said he will not serve under another president, meaning he will retire by 2008 at the latest. He says he already knows when he will step down, but would not discuss it further.

In response to the requisite media inquiry about whether the near future holds more public corruption indictments, he put up a foot on his coffee table and replied in the affirmative.

"I think it's been a reasonably busy summer, and it's going to be a busy fall. I don't think I'll be wrong about that," he said. "We're going to be vigilant. ... And if anyone thinks we're not going to prosecute because we're stretched to the limit, they've got another thing coming."

CORPORATE SCANDALS:

Silicon Valley A 'Hotbed' For Spying (CCT)

By K. Oanh Ha

The Contra Costa Times, October 1, 2006

One day last June, FBI agents swooped into two affluent Silicon Valley homes and arrested two engineers. Lan Lee and Yuefei Ge stand accused of stealing proprietary chip designs and software from their employer, NetLogic Microsystems of Mountain View and Taiwan Semiconductor Manufacturing Co. in San Jose.

Now investigators are asking the Justice Department to charge Lee, an American citizen, and Ge, a Chinese national, with a more serious crime: economic espionage to benefit China.

The case highlights China's role as the main adversary in a complex game of 21st century espionage where many agents aren't trained spies in trench coats but businessmen, students and researchers. Silicon Valley, counterintelligence experts say, is ground zero.

"Silicon Valley is a hotbed" of economic espionage, said Don Przybyla, who heads a FBI counterintelligence unit in San Jose. The valley is home to many of the estimated 3,000 Chinese front companies nationwide set up to steal secrets and acquire technology, according to the FBI.

Lee and Ge allegedly set up a front company backed by a Beijing venture capital firm with links to China's military and planned to go into business with the Chinese government.

In a global economy where intellectual property has become a valuable currency, state-directed espionage increasingly targets technology and commercial trade secrets to advance a nation's military and economic strength.

The intertwining of the economies of America and China complicates the problem, experts say.

"America's being robbed blind. ... We simply don't want to believe it," said John Tkacik Jr., of the conservative think tank Heritage Foundation, who headed China intelligence analysis at the State Department in the early '90s.

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Other countries -- including U.S. allies such as France and Israel -- also steal American secrets, but China tops the list, experts say.

China is "the No. 1 counterintelligence threat that the U.S. faces," said David Szady, who until this spring was assistant director of the FBI's counterintelligence division.

"If you look at where the Chinese are going to get a lot of the research and development, cutting edge technology, from nanotechnology to quantum physics to the next generation of missiles and planes -- that all points to Silicon Valley," he added.

To counter the growing problem, the FBI added the San Jose economic espionage and counterintelligence unit in September, said officials. The FBI also operates an economic espionage unit in Palo Alto.

"We see the same people and institutions in China popping up again and again," said Julie Salcido, who oversees a Commerce Department unit in San Jose that focuses on export violations of technology with potential military uses.

The culprits may be government-backed research institutions, state-owned enterprises or individual provincial governments.

China's central government runs a program linked to its military, dubbed 863, that invests in companies with innovative technologies and that the FBI suspects is involved in many economic espionage cases.

China has a "market-driven espionage effort. What they collect is what they need," said Paul Moore, who served as the FBI's top analyst on Chinese counterintelligence for 20 years.

Jianhua Li, a Chinese embassy spokesman in Washington, D.C., scoffed at the claim that China is the chief threat to U.S. trade secrets.

"That assessment is not true," he said in a telephone interview. "You don't have evidence that the Chinese government is sending people to the United States to do this."

Experts say Chinese espionage often involves tapping the hundreds of thousands of Chinese students and visiting business executives in the United States.

A modest number of Chinese nationals living in the U.S. and Americans of Chinese descent also are recruited to help acquire information or technology, experts say.

U.S. spy catchers have been accused of unfairly targeting ethnic Chinese. That charge arose in the case of Los Alamos nuclear weapons scientist Wen Ho Lee, a Taiwanese-born American citizen suspected of giving nuclear secrets to China.

He was released in 2000 after pleading guilty to a felony count of mishandling classified information.

Even in the aftermath of Lee, some Asian-Americans still complain of racial profiling.

Szady counters that the government isn't singling out Chinese-Americans -- the Chinese government is.

The FBI's Palo Alto office is investigating about a dozen economic espionage cases with suspected ties to China, said Przybyla.

Nationwide, the number of cases involving China is not available, but it has spiked more than 50 percent in the past few years, said Szady.

The economic espionage unit only investigates cases in which it suspects involvement by a foreign government, though perpetrators often are charged with the lesser crime of trade secret theft.

That's because proving government involvement is difficult, partly because money isn't always a visible ingredient of the plot, experts said.

"Typically, China doesn't directly pay people dollars for documents," said Moore. But he added that money or a business deal might be in the background.

The Chinese word for intelligence agent is "pengyou," or friend, added Moore, who is compiling a dictionary of Chinese spying.

Appealing to the sympathetic to help China modernize is China's "holy grail of motivation," Moore said.

In many espionage cases in which suspects were simply charged with the theft of trade secrets, investigators suspected the Chinese government was the intended beneficiary, said Ross Nadel, the U.S. attorney who until this year handled all of the economic espionage cases in the Northern District of California court.

The FBI has set up an outreach program for defense contractors and Silicon Valley companies, but agents say they often encounter resistance from victimized firms.

Many corporations don't want the exposure, particularly public firms that fear news of a lost trade secret might hurt stock prices, say investigators.

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CRIMINAL LAW:

Pirro Receives Support At S.I. Rally (NSDY)

By Bryan Virasami, Newsday Staff Writer

Long Island Newsday, October 2, 2006

At a Staten Island rally, Jeanine Pirro got a warm welcome from her Republican colleagues who also slammed her opponent and vowed to stick with her through Election Day despite her recent bug planting scandal.

In a show of Republican unity, Pirro, the state GOP candidate for attorney general, was among friendly faces at the rally that included gubernatorial candidate John Faso and Rep. Vito Fossella of Staten Island.

After the rally, Pirro made another defiant call for Attorney General Alberto Gonzales to appoint a special prosecutor to investigate the leak about her alleged plot to bug her husband's boat over suspicions he was having an affair.

Pirro said she wants a "fast track" probe of the leak to help clear her name so that she can focus on the campaign.

"We've seen it too often. You hear about smears in a political campaign and then all of a sudden at the end of the campaign it all goes away," Pirro said. "Not this time, not with this candidate and not here in New York any more."

At the rally, inside an office of Fossella's, a few dozen supporters showed up, including veterans and union leaders.

A man in the crowded office, appearing as if to counter the views of some critics, shouted words of encouragement to Pirro: "You're an extremely serious candidate, extremely serious. Don't drop out."

Faso issued the strongest words of support to Pirro and knocked her opponent in the race, Andrew Cuomo.

"If you put the credentials of our candidate for attorney general versus their candidate, you will find their candidate ... has a last name but he has no credentials," Faso said.

Some Republicans said Pirro can remain a strong candidate.

"I think she's handling it well," said former Republican mayoral candidate Thomas Ognibene of Queens. "It was no harm, no foul but the fact this information was released ... in the middle of the campaign is something we need to be concerned about."

Pirro later marched in the annual Staten Island Columbus Day Parade. Among the officials there were Mayor Michael Bloomberg and his girlfriend, Diana Taylor and City Council Speaker Christine Quinn.

Some women along the route were jumping to Pirro's defense yesterday.

"I like what she stands for and I don't like what they're doing to her, the other side," said Joyce Nolan, a doctor's receptionist from Staten Island, referring to Democrats. "I think they're giving her a raw deal because she's really good."

Pirro Plan A Conspiracy? (NSDY)

By Robert E. Kessler And Jennifer Sinco Kelleher, Newsday Staff Writers

Long Island Newsday, October 1, 2006

To federal prosecutors, it may not matter that attorney general candidate Jeanine Pirro and former New York City Police Commissioner Bernard Kerik did not fully act on discussions about planting a bug on her husband's boat to try to find out if he was having an extramarital affair. Regardless, the two still may have violated federal conspiracy laws, sources familiar with the investigation said Saturday.

One source noted that if someone plans and takes steps to carry out a bank robbery, one doesn't actually have to rob a bank to be charged with conspiracy.

But in an interview Saturday, Pirro's attorney, Paul Shechtman, scoffed at the entire investigation.

"As Gertrude Stein once said, 'There is no there there,'" Shechtman said. "Conspiring to put a recording device on marital property is not a federal crime."

Kerik's attorney, Joseph Tacopina, could not be immediately reached for comment.

It is not entirely clear under what circumstances one spouse can bug another or whether the site of the potential bugging -- in this case, the boat of Pirro's husband, Albert -- is a joint marital property, the sources said.

Pirro, a Republican who formerly served as Westchester district attorney, has admitted discussing the bugging plan, but has said she did so in anger over the possibility that her husband was cheating.

The sources also rejected Jeanine Pirro's suggestion that the investigation was politically motivated or a continuation of what she calls a vendetta against her and her husband by Elliott Jacobson, an assistant U.S. attorney.

Jacobson successfully prosecuted Albert Pirro for tax evasion, for which Pirro was sent to prison for 11 months, and is actively involved in the current investigations of Jeanine Pirro and Kerik. The sources acknowledged that the current investigations are centered in the U.S. attorney's branch office in White Plains, where Jacobson works.

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But the sources noted that Michael Garcia, the U.S. attorney for the Southern District, was appointed by President George W. Bush and that he is not known for launching what might be considered controversial investigations.

Saturday afternoon, one of Jeanine Pirro's neighbors shouted at reporters in front of the candidate's sprawling Harrison home that the family should be left alone.

"I think they need privacy," barked Anthony Pergola from his red BMW, its engine idling. "What happens in her personal life shouldn't affect her winning the election."

Pirro herself voiced a similar message in a radio interview Saturday on WABC/770 AM, in which she said the FBI should focus on terrorism and other issues plaguing society -- not people's private lives.

"The private lives of everyone are really not relevant and shouldn't be a part of federal investigations," Pirro said. "Since when does the federal government have no work to do? We've got terrorism on the plate. We've got all kinds of major issues -- gangs, drugs. And they want to get involved in the married lives of couples? This isn't what law enforcement should be about. The FBI should have better things to do."

News reporters and photographers have been camped in front of the Pirros' home since Friday, when the photograph of Al Pirro's reputed mistress was plastered on the covers of newspapers and aired on television. Sources have confirmed that Jeanine Pirro suspected her husband was having an affair with Lisa Santangelo, who has long been a friend of the Pirros. She and her husband, attorney Michael Santangelo, live nearby. Michael Santangelo defended Al Pirro at his trial for tax evasion in 1999 and 2000, and negotiated deals for clients with Jeanine Pirro, then the Westchester district attorney.

In the radio interview Saturday, Pirro described the bugging plan as a kind of extension of her lawyerly instincts.

"I wanted to know if my suspicions were correct," she said. "I've always put evidence where my allegations are. I didn't want to be in a situation accusing someone without knowing."

Aside from the radio interview, Pirro kept a low profile Saturday. Through the morning and much of the afternoon, no one emerged from her home, where a large black poodle frolicked on the manicured lawn.

Today, Pirro is expected to attend a rally on Staten Island and later march in the Columbus Day parade there. After that, she is scheduled to make an appearance at a street festival in Brooklyn.

Staff writer John Riley contributed to this story.

Jurors Acquit Vigil On 23 Of 24 Counts (LAT/AP)

By Tim Korte, Associated Press Writer

The Los Angeles Times, October 1, 2006

ALBUQUERQUE — A former state treasurer was convicted Saturday of one count of attempted extortion and acquitted of 23 remaining counts of extortion and racketeering in his public corruption trial.

Robert Vigil's conviction for attempted extortion carries a possible prison sentence of up to 20 years, but the judge could sentence him to as little as 12 months.

Vigil sat motionless as the counts were read in court shortly after 1 p.m. His wife, Viola, and other relatives began to cry as U.S. District Judge James Browning read "not guilty" on the 23 counts.

When they first indicted Vigil last year, prosecutors alleged a web of public corruption in which Vigil gave business to investment advisers in exchange for kickbacks. Vigil resigned in October 2005, after the Legislature started impeachment proceedings.

The federal investigation -- code-named "Midas Touch" -- spanned two years and also led to the arrest of Michael Montoya, Vigil's predecessor. Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil.

The charges sent shock waves through state government and triggered a flurry of proposals to tighten oversight of the treasurer's office and its investment of nearly $5 billion in public money.

The jury began deliberations Friday, after a nearly four-week trial during which the defense called no witnesses.

Outside the courthouse, Vigil's lawyer Sam Bregman said of the single conviction: "That one count is where we feel we have our best legal basis to overturn it." Vigil did not take questions.

Assistant U.S. Attorney Jonathan Gerson said he was pleased the jury had found Vigil guilty on the one count. The attempted extortion count involved a former treasurer's office employee who claimed Vigil pressured him to hire the wife of a former treasurer as a subcontractor.

Vigil, a Democrat and former state auditor, was elected to a four-year term as treasurer in November 2002 and took office in 2003.

Jury foreman Bill Strouse said the panelists didn't believe government witnesses, including Montoya. "The acquittal doesn't mean Mr. Vigil was universally admired," he said. "It just means he wasn't guilty of a crime."

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Because he was not convicted of racketeering, Vigil will not have to face proceedings to forfeit about $255,000 that the government had claimed was linked to kickbacks.

Vigil was allowed to remain free pending a sentencing hearing. A date for that hearing was not immediately set.

His first prosecution last spring ended in a mistrial May 22 when one juror held out for an acquittal.

Vigil Guilty In Corruption Case (KRQE-TV)

KRQE-TV, October 1, 2006

ALBUQUERQUE -- Former State Treasurer Robert Vigil faces up to 20 years in prison after being found guilty Saturday of one of the 24 racketeering and extortion charges filed against him.

The federal court jury acquitted Vigil of the other 24 counts convicting him of attempted extortion.

The verdict ending the four-week trial was reached after 1 1/2 days of deliberations. At 11:35 a.m. jurors sent U.S. District Judge James Browning a note indicating they were ready to share the verdict read in open court early this afternoon.

Vigil walked out arm in arm with his family today ending his second trial.

Jurors found him not guilty of demanding and accepting kickbacks while state treasurer despite what appeared to be compelling evidence against him including secret recordings and testimony from former colleagues who cooperated with the FBI and federal prosecutors.

Undercover video showed Vigil accepting thousands of dollars in cash from a man doing business with the state. However juror Michael Cisneros told KRQE News 13 the evidence didn't convince him Vigil demanded any payments but did suggest he had been set up.

Jurors agreed on the one extortion count because some things Vigil did couldn't be overlooked, he added.

"They convicted Mr. Vigil of the 24th charge, and they've adjudged him a felon," Assistant U. S. Attorney Jonathon Gerson said. "The jury found the government proved beyond a reasonable doubt Mr. Vigil committed extortion while in office."

The charge of attempted extortion centered on the testimony of George Everage, a former employee in the treasurer's office who resigned to pursue contract work.

Everage testified Vigil would not hire him for the independent contract position unless Everage hired the wife of former State Treasurer Michael Montoya, Vigil's predecessor.

Vigil's attorney Sam Bregman promised an appeal.

"He was found guilty on one count, and that count actually is where we feel we have our best legal basis to overturn that count," Bregman said. Right now Vigil and his family would like some time alone, his attorneys said.

A sentencing date for Vigil has not been set. He faces one to 20 years in prison for attempted extortion.

Vigil trial began Sept. 5 with testimony ending Thursday when the defense rested without calling any witnesses and relying instead on vigorous cross-examination of prosecution witnesses.

The defense used the same strategy in the first trial which ended in May with jurors saying they were hopelessly deadlocked 11-1 for conviction on some of the charges.

Joan Vennochi Column: Carnage On The Streets Falling On Deaf Ears (BOS)

By Joan Vennochi, Globe Columnist

The Boston Globe, October 1, 2006

ACROSS THE COUNTRY, violent crime is on the rise. Does anyone in Washington care?

No, complains a growing chorus of police chiefs and mayors.

``They're not home," says Boston's mayor, Thomas M. Menino, when asked about the federal response to pleas for assistance in fighting urban crime. ``Mayors are frustrated. They're on the frontlines, and no one's helping."

The global war on terrorism -- the one fought in Iraq, Afghanistan, and at home -- is now the Bush administration's priority. The other war on terror -- the one against street gangs and miscellaneous thugs across America -- is left to resource-deprived locals.

``The federal government has stepped back significantly from dealing with the issue of local crime," charges Los Angeles Police Chief William J. Bratton. ``This administration in Washington clearly feels that local crime is an issue for local towns and municipalities."

Bratton said he and other local law enforcement officials met last summer with US Attorney General Alberto R. Gonzales and ``expressed our frustration" with the lack of support from Washington. According to Bratton, Gonzales was not moved by their pleas: ``He told us the priorities of the federal government have to be focused on issues of terrorism, to prevent the cataclysmic casualties we saw clearly at the World Trade Center [during the Sept. 11, 2001 attack]. But the reality is, the 16,000

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American citizens we are losing to gun violence and many thousands of others being shot, far surpasses anything launched by groups engaged in terrorism."

The FBI's latest statistics show that violent crime -- murder, robbery, and aggravated assault -- increased by 2.3 percent between 2004 and 2005. This is the largest one -year increase in 14 years, according to research done by the Police Executive Research Forum, a law enforcement policy center based in Washington.

A spike in homicides and robberies forced the police chief in Washington to declare a crime emergency over the summer. Overall, crime is down in New York City; but as The New York Times has reported, crime committed by young people, including murder, is rising.

Boston is confronting an increase in shootings -- 256 nonfatal shootings and 39 homicides with a firearm so far in 2006, versus 208 nonfatal shootings and 30 homicides with a firearm at the same time in 2005. This past week, shots were fired at a group of Charlestown High School students. Fortunately, no one was hurt in the brazen attack, which may be linked to a notorious street gang. Indeed, Boston police believe 65 percent of such shootings are gang-related.

``We are on the front end of a tipping point of a surge in violent crime," said Chuck Wexler, head of the Police Executive Research Forum.

In August, police chiefs and mayors gathered in Washington at a forum sponsored by Wexler's group to discuss the problem. The session led to follow-up conversations with top Justice Department officials, but as of yet, no funding commitments. During a recent press briefing, Deputy Attorney General Paul J. McNulty emphasized the decrease in property crime and downplayed more ominous trends.

As violence increases, the federal government is offering fewer resources specifically targeted to fight such crime . In the 1990s, local officials successfully lobbied the Clinton administration for help in fighting gang violence. In Bill Clinton's last budget cycle, $500 million in discretionary funding went straight to police departments across the country. The money put officers on the street and supported gang prevention programs. The Bush administration has since redirected funding from police departments to faith-based organizations; from community policing to homeland security; from discretionary funding to restricted.

In Boston, for example, the police department averaged about $6 million a year in discretionary funding from 1996 to 2002. From 2003 to 2005, the Boston Police Department averaged $3 million a year. So far in 2006, the BPD received a little over $2 million. Meanwhile, federal homeland security grants were specifically designated for port security and emergency training and equipment.

The willingness to ignore the latest crime statistics might also be explained by its flesh-and-blood victims. ``Males, blacks, and persons age 24 or younger continued to be victimized at higher rates than females, whites, and persons age 25 or older," concluded a National Crime Victimization Survey, released recently by the US Department of Justice.

The global war on terrorism is now a national priority, but it took the shock of 9/11 to make that happen.

What will it take to make the homegrown violence on America's streets of equal concern in the nation's capital?

Experiment Will Test The Effectiveness Of Post-Prison Employment Programs (NYT)

By Erik Eckholm

The New York Times, October 1, 2006

CHICAGO — As raw garbage streamed by on a conveyer belt, newly released convicts pulled out paper, plastics and other recyclables on a recent morning, throwing aside the occasional brick or mattress.

Noisy, dusty and smelly, paying $6.50 an hour, the jobs yield neither the swagger nor the swag that these men and women chased as drug dealers, thieves or worse. But many of them see the temporary work as a fresh start.

The jobs are arranged by a Chicago charity, the Safer Foundation, which works with current and former prisoners. Offering transitional jobs like these — immediate, closely supervised work and help finding permanent employment — is a growing tactic in the effort to usher felons back to society and curb recidivism. Now the effectiveness of this approach is about to be tested scientifically for the first time.

Starting in January, the employment and recidivism rates of 2,000 newly released male prisoners, all with similar histories of little work and poor schooling, will be studied in Detroit, Milwaukee, St. Paul and Chicago.

Half of the men will receive more limited aid: instruction in work behavior, résumé preparation and other employment skills and help looking for a job. The other half will get those services and also a few months of temporary work in places like the recycling plant here — a chance for them to get into the unfamiliar rhythms of a regular job.

The experiment, which will track the two groups over three years, is being sponsored by the Joyce Foundation in Chicago and directed by the Manpower Development Research Corporation in New York, which specializes in scientific studies of poverty programs.

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Separately, the research group is conducting a controlled study of the transitional jobs program at the Center for Employment Opportunities in New York, which provides maintenance crews for public facilities and has been a national model.

"If you ask inmates what they want most, they want a job," said Mindy Tarlow, executive director of the center in New York. "But they don't know what that means."

She added, "What we're competing with is making some money at night on a street corner instead of having to show up somewhere at 8 a.m. every day."

Despite the apparent promise of transitional jobs, questions remain about their long-term effectiveness that the study hopes to address.

Are those who last through these programs such a select group — so motivated to change — that they would succeed anyway, or can well-timed help turn others around, too?

Can work-site counseling, sobriety meetings and a strong dose of mainstream work overcome the criminal pull of old haunts and friends?

And more fundamentally: will people with low skills, even if they adapt to steady work, ever make wages high enough to support a family and stifle the temptation to return to crime?

Roberto Reyes, a 36-year-old high school dropout in Chicago who has served seven years on burglary, gun and drug charges, works the conveyer belt at a recycling plant that is run for the city by Allied Waste Services.

Mr. Reyes has labored at the plant for four months, the longest he has held a job. "The money here is not that much, but it's better than nothing," he said. "Sometimes you wake up and don't want to come to work, but I'm not going to leave this until I find another job. I knew I couldn't just keep going on with that lifestyle and see life pass me by."

Mr. Reyes's determination is evident, but the numbers and records of people in his situation are daunting.

In Chicago, more than 20,000 prisoners come home from state facilities each year. Fifty-four percent are re-incarcerated within three years for new crimes or parole violations — a tale of wasted lives and victimized communities that is repeated nationwide among more than 600,000 prisoners that are released annually.

While common sense, and prisoners themselves, say that employment is vital to an honest new life, the obstacles are huge. A majority of those leaving prison did not finish high school and have little legitimate work experience. Many have serious drug or psychological problems that must be treated before they can hold a regular job. And while transitional programs may acclimatize them to the time-clock world of the workplace, many are likely to remain stuck in low-end jobs anyway.

Those who work with prisoners say that enticing onetime thugs to give work a try is not always as hard as it sounds. "They tell us that what comes with the street life is looking over your shoulder all the time," said Diane Williams, president of the Safer Foundation. One key, she said, seems to be getting released prisoners into work quickly, when the desire to normalize their lives is strongest.

Jimmy Parker, 24, was in and out of prison and hustling until six months ago when he decided, as he put it, "enough is enough."

"This job is rough, but I'm trying to change my life around," he said during a break at another recycling site run by Allied. "I've accomplished one thing — I got my own studio apartment — and someday I want to get custody of my daughter."

The Safer Foundation has eight employees who search for companies willing to hire former prisoners. Allied Waste's experience with such workers has been positive, said Robert Kalebich, general manager for the company in Chicago. Safer keeps a full-time "job coach" at each work site to advise workers and deal with disputes.

"If anything we see an advantage in this arrangement," Mr. Kalebich said. "If we hire off the street we have to wonder are they trained, are they here legally, are they properly drug tested."

Raphael Carter served drug time when he was 18, stayed out for nearly a decade, then found himself in prison again. "I woke up and said, I can't do this anymore, it's a dead end road," he recalled, adding that he now has two children, 13 and 6, who depend on him.

"You have to weigh the options, would you rather go back to jail or get a little increment of money and see your kids," said Mr. Carter, 30, who lives with his girlfriend and her four children. "Being older, I made the right choice."

He worked for six months at the recycling job, then found a chance in a nearby city driving a forklift for the attractive wage of $11.60 an hour. But his car broke down once too often during the hour and a half drive to work, he said, and he was let go.

Now he works for a company that erects large party tents, a seasonal job at $8.50 an hour, and he is consulting the Safer listings for a permanent job.

"By myself I wouldn't have had any of these opportunities," he said.

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CIVIL RIGHTS:

Wisconsin A Gay Marriage Battleground (AP)

By David Crary

AP, October 1, 2006

When it comes to statewide votes on gay marriage, the score so far is 20-0 in favor of keeping it a one-man, one-woman institution.

If there's a chance to break the streak on Nov. 7, it might be in Wisconsin, where activists believe that support from unions, college students and church leaders — coupled with hoped-for conservative apathy — could enable them to finally overcome the string of losses.

Among the hopeful are Debbie Knepke and Candice Hackbarth, devoted partners for nine years, raising a 3-year-old daughter and 7-month-old son in pleasant Milwaukee neighborhood. They have joined some 8,000 other volunteers in a bid to defeat a proposed state constitutional amendment that would ban same-sex marriage and civil unions.

"It makes us mad that the Christian conservatives are so against us," said Knepke, 41. "If they came into our house, they'd find we're no different from anybody else. We're every single thing they consider good parents to be."

Eight states will vote on ban-gay-marriage amendments in November, following 20 that previously approved such measures. Passage is considered certain in Idaho, South Carolina, South Dakota and Tennessee, but gay-rights strategists believe their side is at least competitive in Arizona, Colorado, Virginia and Wisconsin.

Supporters of banning gay marriage remain confident of victory, but optimism also is high in the ranks of Fair Wisconsin, a coalition fighting the proposed amendment since it surfaced in the Legislature in 2004. Large labor unions, many religious leaders, and top Democratic officials — including Gov. Jim Doyle — have spoken out against the measure.

"This could be the state where we beat this thing," said Fair Wisconsin campaign chief Mike Tate. "I'm not saying it's easy, but we've got the right ingredients on the table."

Tate believes the gay marriage issue — which helped motivate conservative voters in 2004 — is no longer fueling the same urgency, possibly diminishing conservative turnout. One reason is recent court rulings in New York and Washington state against same-sex unions, leaving Massachusetts as the only state allowing gay marriage.

The head of the rival campaign, Julaine Appling of Vote Yes For Marriage, said her side may wind up being outspent and out-advertised, but she believes Fair Wisconsin's confidence is misplaced.

"It's a gross misunderstanding of the people of Wisconsin," she said. "They are good solid stock. They understand that marriage is a good public institution — it's appropriate to protect it as the union of a man and a woman exclusively."

There have been no major opinion polls since mid-August, when a survey showed Appling's "Yes" side with 48 percent support, compared to 40 percent against the amendment. Tate says the gap is narrowing as undecided voters tilt against the measure; Appling believes the final result will be in line with Michigan and Ohio, where similar measures prevailed with roughly 60 percent support in 2004.

One of Appling's allies, Marquette University political scientist Christopher Wolfe, believes the amendment will pass, but perhaps narrowly.

"It's certainly a lot closer than the people favoring the amendment would like," said Wolfe, who observed that even at his Roman Catholic school many students oppose the ban.

Tate, at 27 a veteran of numerous campaigns, believes campuses statewide will provide vital support for his side. "This is a motivating issue for young people, whether they're gay or not," he said.

While Milwaukee and the state capital, Madison, tend to veer leftward, the rest of the state is generally more conservative. But opinions are deeply divided.

Among those opposing the amendment is Sue Werblow, 60, a longtime school board member in Oshkosh whose three children include a gay son now practicing law in Seattle.

"I would hope and pray people will stand up for nondiscrimination in our constitution, but it's anybody's guess," she said. Her son, observing from afar, "thinks we're going to lose this battle."

Kathleen Mentink, a college instructor in Eau Claire who favors the amendment, said most people in her area share her position, "but it's a quiet support." Some voters, she suggested, have been wary of revealing pro-amendment views for fear of being depicted as narrow-minded.

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Debbie Knepke finds it hard to be dispassionate. Because the children she helps raise, Sienna and Nolan, were borne by Hackbarth, Knepke has no legal standing as a parent and fears passage of the amendment would dim her chances of ever gaining such recognition.

"It's the living in fear of what might happen," she said, fighting back tears. "I can't imagine, if something happened to Candy, that I would not have my children."

The campaign has divided Milwaukee's black community. U.S. Rep. Gwen Moore is among several black leaders opposing the amendment, while the "Yes" campaign has recruited a cadre of black pastors who are urging their congregations to support it.

Among them is the Rev. Walter Harvey, pastor of the 2,500-member Parklawn Assembly of God.

"Those who oppose the amendment are more aggressive in their advertising for a reason," he said. "The burden of proof is upon them — they have a longer hill to climb, more people to convince. They will ultimately lose."

Moore, a single mother, vehemently objects to the second sentence of the amendment, which would ban civil unions and other legal arrangements "substantially similar" to marriage.

She worries that such terminology could spawn litigation challenging all sorts of informal family relationships, including benefits her own children have received from their father.

Appling insists that domestic partnership benefits will not be barred as long as they don't parallel marriage rights.

But Moore contends the amendment betrays Wisconsin's politically progressive tradition.

"A constitution is a sacred document — we use them to confer rights on people, not to write in discrimination," she said. "It's completely the wrong vehicle for this kind of negative activity."

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On the Net:
http://www.voteyesformarriagewi.org/
http://www.fairwisconsin.com/

Chaplain Prayer Provision Stricken From Military Bill (NYT)

By Neela Banerjee
The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Congress removed a controversial provision in a military bill on Friday that would have permitted chaplains to offer sectarian prayer at mandatory nondenominational events. At the same time, lawmakers moved to rescind guidelines issued last year by the Air Force and Navy meant to curtail the risk of religious coercion and proselytizing within the ranks.

“The provisions in today’s bill represent a full step forward and a half step back,” said Representative Steve Israel, Democrat of New York and a member of the House Armed Services Committee. “We removed dangerous language undermining religious freedom and military effectiveness, but I am distressed that instead of moving forward with unequivocal religious tolerance in the military, we are reopening old loopholes that permitted some acts of coercion and proselytizing.”

For several weeks, wrangling over the chaplain prayer provision had stalled the National Defense Authorization Act, a bill that sets military spending levels. The House version of the bill introduced language that would have allowed for sectarian prayer, but the Senate version had no such provision.

Chaplains can pray according to the traditions of their faith at worship services, where attendance is voluntary. But they are also called upon to offer prayers at mandatory functions, like changes of command, banquets and speeches.

The provision’s backers — among them Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee — contended that Christian chaplains had long invoked Christ in nondenominational settings. The provision was championed by some evangelical chaplains and Christian groups, like Focus on the Family.

But it was opposed by the Pentagon, the National Association of Evangelicals and a dozen or so ecumenical groups. They argued that at mandatory events the longstanding custom had been to offer a nonsectarian prayer, for example, mentioning God rather than Christ. Those groups maintained that offering sectarian prayer would create division within the military.

Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, suggested that the issue of chaplain prayer be taken up in hearings at the next session of Congress.

Congress did hand some evangelicals a victory by abrogating the Air Force and Navy guidelines on religious expression. Those guidelines were issued in the wake of a 2004 scandal in the Air Force Academy, when some staff members, alumni and cadets accused evangelical Christians in leadership posts of aggressive proselytizing and discrimination. The Air Force guidelines were softened earlier this year to allow officers to discuss their religion with subordinates.

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"We're pleased with it, though we would have preferred the strong language that was proposed in the defense bill," said Billy Baugham, a retired Army chaplain and executive director of the International Conference of Evangelical Chaplain Endorsers, a consortium of nine denominations that sponsor members of the clergy in military chaplaincy. Of the guidelines, he said: "It puts us back to where we were. Now chaplains can go back to the business of being chaplains."

Other critics of the guidelines, which they saw as too lax on proselytizing, also welcomed their removal. The Military Religious Freedom Foundation, a watchdog group, said it would give organizations like theirs a chance to push for stricter guidelines. The group is led by Mikey Weinstein, an Air Force veteran and graduate of the Air Force Academy in Colorado Springs who is Jewish. Mr. Weinstein said he had become concerned about religious proselytizing at the academy while his two sons were attending.

Spokesmen for the Air Force and the Navy said Friday that they had not had a chance to review Congress' decision and so had no comment on eliminating the guidelines. Maj. Stewart Upton, a spokesman for the Pentagon, said, "We intend to comply with the law."

Coeducation No Cure-all, Foes Say (WT)

By Ruth Lang

The Washington Times, October 1, 2006

Some alumnae and teachers at Randolph-Macon Woman's College say accepting male students to resolve financial problems is a shortsighted effort that undermines the school's 115-year-old tradition.

"As we try to adapt ourselves to the educational needs of men, I fear we will descend into mediocrity," James Peterson, chairman of the English department said in a letter to the school's board of trustees. "We'll do all right. We'll survive. But we won't be able to continue to give that special quality of education to young women."

Board members voted 25-2 last month in favor of admitting men in the fall of 2007, the culmination of a three-year effort by the board to develop strategies to ensure the college's future. The vote also brings in a new strategic plan that emphasizes a "global honors curriculum," which focuses more on individual study, travel and honor-system values.

Interim school President Virginia H. Worden and Alumnae Director Heather Garnett said less income as a result of 15 years of dwindling enrollment in part led to the changes.

"It comes down to needing more students on the campus," Miss Garnett said. "We need more students who are paying a greater percentage of their tuition."

However, the changes have sparked a backlash -- from alumnae withdrawing their support to protests and boycotts by many of the about 680 female undergraduates on the pastoral Lynchburg, Va., campus

In a survey days before the Sept. 9 vote, 71 percent of the alumnae who responded said they were "very unhappy" with the new plan, and some have joined forces to seek a legal remedy to overturn the decision.

About 79 percent of the students also responded as "very unhappy," according to the survey. However, the majority of the respondents said they would rather the school accept male students than close.

"I hope that we can come up with a way alumnae can support Randolph-Macon moving forward, although I understand the feelings our alumnae are having right now," said Miss Garnett, a 1986 alumna.

Though an alumnae revolt could result in less scholarship money, Miss Worden, of the Class of 1969, said the board still sees coeducation as the future.

"I don't think [the board] will reverse that decision," she said.

Miss Garnett said "good things" will come from the changes. She said, for example, the college will be able to compete better in the higher-education market and offer more opportunities to students.

"We aren't changing what we do, to accommodate men," Miss Garnett said. "We are expanding our offerings and opening our doors in order to offer this unique experience to more students."

Miss Worden acknowledged the school will lose some of its identity and perhaps provide less individual attention, but she said it will still offer a quality education.

Despite the opposition, some students embrace the changes.

"I think, to be more of a global college, to better prepare women for the work force, they should have men around them," said Amanda Weller, a sophomore dance major from Pennsylvania.

Angela Grove, a junior philosophy major, said having male students will likely challenge female students' views on competition and school spirit, but the changes "can only enhance our campus."

Miss Worden does not expect a large number of male applicants during the first few years and pointed out that other women's colleges that switched to coed had a large number of female applicants after the change.

"I think it's going to be an interesting next year," Miss Weller said.

DOJ_NMG_0072504

ANTITRUST:

Coalition Urges Smithfield Inquiry (SFAL)

By Kevin Dobbs

Sioux Falls (SD) Argus Leader, October 1, 2006

Meatpacker's proposal ignites antitrust fears

A coalition of agriculture and consumer groups threw its support behind Midwest lawmakers who want the U.S. Department of Justice to investigate Smithfield Foods' plan to buy rival Premium Standard Farms of Missouri, a deal that would merge the nation's two largest hog producers.

The coalition contends that the proposed acquisition, if approved, will hasten the consolidation of livestock markets and swing open the doors to inflated pork prices for consumers. That, critics say, could happen because the deal would lessen competition in the livestock industry.

That, they say, should raise antitrust concerns for federal investigators.

"Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive, and consumers lose," the coalition, which includes 15 groups in all, said in a letter to Attorney General Alberto Gonzales.

The coalition includes Dakota Rural Action, Dakota Resource Council, the National Consumers League and the National Farmers Union.

Virginia-based Smithfield, which owns the John Morrell & Co. meatpacking plant in Sioux Falls, announced in September it would buy its rival for about $650 million in cash and stock.

The deal is expected to close in the first quarter of 2007. If it does, Smithfield will own about 20 percent of the nation's hogs. That could limit independent hog producers' options and ability to get good prices for their meat, lawmakers said.

South Dakota Sens. John Thune and Tim Johnson backed Iowa's senators in calling for an antitrust investigation in September. Thune said the deal deserves "scrutiny" in large part because it could hurt South Dakota's small farmers.

The Department of Justice has yet to give final word on how or when it will investigate the deal. But it could block the merger on antitrust grounds, or it could require the companies to sell off some of their operations.

Dennis Treacy, Smithfield vice president of government affairs, acknowledged shortly after the deal was announced that it represents more consolidation in the pork industry. But he said the merged companies will continue to work closely with independent producers. He said the company is confident that the Justice Department will approve the merger.

Aside from antitrust concerns, analysts said last week that Smithfield has a history of making shrewd acquisitions.

Timothy Ramey, senior research analyst with D.A. Davidson & Co. in Oregon, which tracks the meatpacking industry, said Smithfield "has a very good track record" of acquiring companies and lifting profits.

The company's critics don't dispute that. But they worry corporate profits will come at too steep of a cost to producers and consumers.

"It obviously will have significant impacts on both independent hog producers and those who raise hogs under contract," Sen. Tom Harkin of Iowa said.

National Farmers Union President Tom Buis said, "The livestock industry is already at an unacceptable level of concentration, and allowing the proposed acquisition to move forward is only going to make the situation worse."

Reach Kevin Dobbs at 331-2308.

Letters to the Editor (NYT)

The New York Times Magazine, October 1, 2006

The Battle for Guantánamo

It seems that the prisoners at Guantánamo are rewarded if they betray their political and religious beliefs and give information that may result in the death of their comrades (Tim Golden, Sept. 17). An American citizen who did that would be disgraced and, if he was a soldier, tried and imprisoned.

It is clear that their lives and the lives of their families will be in danger if they become “compliant” and word gets out. The prisoners know that word will eventually get out as to who cooperated and who did not.

Lastly, these men are not cowards. Their treatment does not meet reasonable standards. They, their friends, relatives and fellow believers will have very personal reasons to seek revenge, and they will. Treating them this way will surely come back to haunt us.

Edward W. Hayes, Esq.

DOJ_NMG_0072505

New York

The Academic Blues

Michael Bérubé and I share the same politics; so do the vast majority of our colleagues (Sept. 17). Bérubé doesn't think that's a problem, however, because our students continue to challenge us in the classroom. But that's hardly a fair match, and Bérubé knows he can win it every time. Wouldn't our intellectual lives be richer if we faced sustained and sophisticated challenges from other professors, rather than from 18-year-old neophytes?

People like Bérubé and myself are fond of criticizing President Bush for surrounding himself with like-minded ideologues. Maybe it's time we looked in the mirror.

Jonathan Zimmerman

Professor of Education and History

New York University

New York

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To suggest that liberal professors could sway their conservative students in the voting booth is somewhat akin to the old argument that gay teachers could sway straight students to a different lifestyle. To illustrate the dubiousness of this premise, I would point out that there was a generation of students on American campuses in the 60's and 70's who stood shoulder to shoulder with self-declared socialists and flagrantly liberal professors, all wanting to start the revolution. Many of these baby boomers voted for Republicans in the last two elections. So much for the influence of those professors.

Jeanne Spreier

Dallas

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Michael Bérubé is certainly right to say that if professors are doing their jobs right, students of all stripes should be made "to feel uncomfortable" about their beliefs. But I'm surprised that he does not see that that is just why the liberal bias in humanities departments is so damaging to education; students on the left seldom hear arguments from their teachers that might make them reconsider their positions.

Thomas Peyser

Associate Professor of English

Randolph-Macon College

Ashland, Va.

My Satirical Self

Like Wyatt Mason's father, I am 79, a veteran of the U.S. Navy, and I, too, rage against what the Bush right-wing political machine has done to our country (Sept. 17). Both us old guys vent our anger at the madness around us by wrestling with the news in the columns and op-ed pages.

Wyatt is also perturbed, but he doesn't confront. He quells his frustrationby taking "shelter in the ridiculous," the satirical discourses of the Jon Stewarts and Rob Corddrys night after night on TV. I stopped watching them a long time ago. It's an exercise in futility. I, and apparently other members of my generation, are wary (and weary) of playing that game.

Jack Rothman

Los Angeles

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If the national news media have served to "contain" the outright lies served up by this administration, to package them in such a way as to make them seem within the parameters of acceptable political discourse, haven't satirists like Jon Stewart and Stephen Colbert, however inspired, also served to contain our outrage at this process by packaging our potential for anger in exquisitely written and produced comedy?

Parallels with the Roman Empire are instructive: I wonder if something similar happened when Roman citizens, unable to act meaningfully against the original fascists, resorted to honing their wits rather than their weapons?

Daniel Shannon

Syracuse

Better Than You

When Jon Glaser whips out a bottle of water from his special pocket and floods the spot where hisdog goesNo. 1, all he is doing is assuaging his own misguided guilt (The Funny Pages, Sept. 17). He asserts that he is sanitizing the scene of the crime, but unless his bottle is filled with a strong disinfectant, he is merely spreading the bacteria to a wider area.

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Glaser is alsorisking serious damage to a rotator cuff with hisconstant attempts to pat himself on the back; not to mention dooming himself to years on a psychiatrist'scouch, dealing with what is clearly a desperate need for affirmation from complete strangers. He should stop doing "the thing that makes me better than you" immediately, before he hurts himself.

Louise Kane Vimmerstedt

Tucson

.

Glaser may never have considered his actions from his dog's point of view. Dogs communicate with one another by marking territory with urine. To a city dog, the sidewalk is just one big aromatic blog. Dogs can tell gender, age, health, breed, diet and sexual availability, all from smelling urine and other doggie doings. Jon's dog has probably given up trying to figure out why his owner censors every message she sends, deleting entire blocks of text with his water bottle.

David Rockwell

New York

Bad Bidness

In the Sept. 3 column, the Ethicist told an art collector that accepting a proposal from a fellow collector to agree not to bid on the same prints in eBay auctions would be unethical. I agree. The Ethicist also reported a lawyer's advice that "collusive bidding is illegal in the auction world," adding that it "may not be illegal online — Internet auctions are largely unregulated." But the federal antitrust laws apply to competition on Internet auctions as much as to physical auctions. Agreements between bidders not to bid against one another or to bid at certain prices are criminal violations of the Sherman Antitrust Act, punishable by up to 10 years in prison.

Scott D. Hammond

Deputy Assistant Attorney General Antitrust Division

Department of Justice

Washington

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The way the National Rifle Association is promoting a universal right to bear arms left me wondering about the N.R.A.'s position on the rights of nation-states to arm themselves (Joshua Kurlantzick, Sept. 17). If removing the right to own a weapon is the first step toward eliminating civil rights, then limiting a nation's ability to arm itself may be the first step toward making it vulnerable to invasion. As weapons of all kinds have become more powerful, the gun-ownership debate might open new paths for discussion on nuclear-arms control.

Alexandra Ballantine

Brewster, N.Y.

ENVIRONMENT:

Citgo Pollution Charges In Corpus Highlight Problems With Law (SAEN)

By Anton Caputo, Express-News Staff

San Antonio Express-News, October 1, 2006

CORPUS CHRISTI — Two massive vats of oil, each capable of holding 12 million gallons, sat uncovered in this city's sprawling refinery row for at least a dozen years, releasing unknown quantities of toxic benzene into the air.

In August, the Justice Department leveled a 10-count criminal indictment against Citgo Petroleum Corp. and the environmental manager of its Corpus East plant, alleging the refinery released tons more of the cancer-causing chemical than allowed by law in 2001 and 2002 — while company officials knowingly underreported the emissions.

But state regulators have been trying unsuccessfully to force Citgo to install lids and pollution-control systems since 1999, according to a review of thousands of pages of regulatory documents obtained by the San Antonio Express-News under state open records laws.

The review revealed that the refinery's pollution issues go back much further than the indictment shows. State regulators, documents indicate, seemed to exert little influence over the the refinery's operation, and enforcement efforts often dragged on and on, letting the company operate with violations for years before paying fines.

Texas Commission on Environmental Quality records show that the refinery spewed tons more benzene than permitted not just in 2001 and 2002, as the federal indictment charges, but also in 1998, 1999 and 2000.

(William Luther/Express-News)

DOJ_NMG_0072507

Kelly Arkadie talks with environmental advocate Suzie Canales as Canales tours the area around Citgo's Corpus East refinery in Corpus Christi. Canales' sister died of cancer after living in a Corpus neighborhood built on a landfill full of oil industry waste.

CITGO INDICTMENT

Document: The 16-page indictment

The federal government has criminally indicted Citgo Petroleum Corp. and Philip Vrazel, the environmental manager of Citgo's Corpus East Plant, for a series of pollution-related violations. If convicted, Citgo faces fines of up to $500,000 or twice the gross economic gain (whichever is greater) and five years of probation. Vrazel faces fines of up to $500,000 and up to five years in prison.

The charges are:

Two counts of violating of the National Emission Standard for benzene waste operations.

Two counts of operating open top tanks as oil-water separators without first installing the emission controls required by federal and state regulations.

Failing to identify in its 2000 report filed with the state all of the points in the refinery wastewater system where benzene was generated.

Five counts of violating the Migratory Bird Treaty Act, a result of birds landing in the open oil tanks.

After years of wrangling between regulators and oil company officials, lids now are being installed on the tanks. The work is scheduled for completion this year.

But the drawn-out process has fueled the ire of local residents and others around Texas who long have accused state environmental regulators of being soft on polluters — a charge underscored in a 2003 state auditor's report that found it was significantly less expensive for the industry to pay fines for polluting in Texas than to comply with the law.

"They're not afraid of the TCEQ," said Suzie Canales, an environmental advocate whose sister died of cancer after living in a Corpus neighborhood built on a landfill full of oil industry waste. "It's like my 4-year-old grandson. He won't do what I tell him because he knows I won't do anything."

Little action In fact, state regulators did cite Citgo for a dizzying array of violations, filing report after report and levying a fine every two or three years since 1999. But an analysis of the records shows how slow such a process can be.

The state first asked the company to equip the two massive tanks with roofs and pollution controls in 1999 as part of an inspection that netted about 50 violations at the plant. That case was combined with two others, bringing the total to 76 violations, said Mary Risner, the TCEQ's director of litigation.

Citgo fought all 76. And when the case was finally settled in 2002, regulators fined the company $750,000 but dropped the violation regarding the tanks. There simply wasn't enough evidence to force the point during the three years, the state argued, and the oil company fought the charge hard.

Citgo has long argued that the tanks were being erroneously treated as oil-water separators and didn't need the lids or pollution-control equipment. In its written response to the federal indictment, the oil company claims to have an Environmental Protection Agency memorandum and expert legal advice to back its claim.

Citgo officials did not respond to calls or e-mails for comment for this story, but vehemently denied any wrongdoing in a written statement that termed the federal charges "unprecedented."

Federal prosecutors, though, paint a starkly different picture in the indictment, citing company documents from the early 1990s that refer to the tanks as oil-water separators and, when discussing the environmental problems posed by the tanks, conclude that "installing floating roofs on tanks 116 and 117 is a sure fix for environmental compliance purposes, but it may not be the most cost effective option."

Despite what federal prosecutors claim Citgo knew, company officials were able to convince state regulators that they could not be forced to cover the tanks and add pollution-control equipment. After acquiescing and pulling the issue from its 1999 case, state regulators added it to another massive enforcement case in 2001.

That case involved 17 violations and was settled in 2004 with a $1.74 million penalty and the understanding that, among other things, Citgo would either take tanks 116 and 117 out of service or not use them as oil-water separators unless proper pollution control was installed.

The job, according to Citgo documents, should be complete this year.

Dragged on too long John Sadlier, the TCEQ's director of enforcement, admits that some of these cases probably dragged on too long. But he said much can be attributed to the sheer number of problems at the plant, and the state's habit at the time of combining enforcement actions as they came up, as opposed to filing and prosecuting separately.

Critics and others who have long followed the state's dealings with large industry are less kind.

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"The agency dropped the ball on this," said Neil Carman, clean air director for the Lone State Chapter of the Sierra Club. "All of these benzene violations are serious violations."

Carman, who worked as an environmental regulator for the state of Texas before joining the Sierra Club, said the Citgo case illustrates a coziness between regulators and industry, particularly at TCEQ field offices such as Corpus Christi.

Victor Flatt, the A.L. O'Quinn Chair in Environmental Law at the University of Houston Law Center, believes that coziness is endemic to the state's environmental regulatory system. That's because Texas adopted a mindset of "cooperative enforcement" under the administration of Gov. George W. Bush that has prevailed ever since.

The idea is that a more punitive agency would just drive people to avoid environmental regulators altogether, while a softer approach encourages businesses to cooperate. This method hasn't exactly worked as advertised in Texas, where regulators have to deal with some of the largest and best-funded industries in the country, Flatt said.

'They got it going on' Jerome Bradford, 64, lived most of his life in the Oak Park Triangle, a neighborhood hemmed in by refineries on two sides and Interstate 37 on the third. Citgo bought out residents in the late 1990s after a series of refinery explosions and contamination problems caused an outcry. Bradford's father died of prostate cancer in 1993, about five years before the son took the buyout.

"The power of the refinery is something else," he said. "They got it going on, brother. They got it going on."

The biggest worry among nearby residents is benzene, a common pollutant naturally found in crude oil. Prolonged exposures at high levels can cause cancer, including leukemia, and other health problems.

One of the local air monitors — located in the now-abandoned Oak Park area — routinely shows the highest or among the highest levels of benzene of any monitors in the state. And this isn't the first time the federal government has stepped into this coastal Texas city with criminal charges against a local refinery because of benzene pollution.

Hiding and misreporting benzene pollution was the central theme of a massive criminal indictment the federal government brought against Koch Petroleum Group LP in 2000. A year later, Koch agreed to pay a $10 million fine and conduct $10 million worth of environmental projects to settle the case.

Despite the danger posed by benzene, there are no hard regulatory standards for the amount that can be in the air in Texas — only screening levels that act as a sort of guideline.

State toxicologist Michael Honeycutt said those guidelines are enforced by permits that limit the amount of benzene a facility can emit. He acknowledges that the method breaks down when refineries knowingly exceed those permit levels, as is charged in the Citgo and Koch cases.

"There are good companies. There are bad companies and there are ignorant companies," he said. "Some work hard to do the right thing and some hire good attorneys."

The state's screening level for benzene is a yearly average of one part per billion. The monitor in the Oak Park Triangle has been above that level since it was installed in 1997 — running more than double in 2002, 2003 and 2004 before dropping to 1.7 last year.

Another monitor in the nearby Hillcrest neighborhood has normally been below the screening level, but nudged just over it last year.

Although the benzene is over the state screening levels, Honeycutt said it really doesn't pose a major threat, particularly because the Oak Park neighborhood is now abandoned. Even if it weren't, levels at the Oak Park monitor are roughly equal to those found in a home of someone who routinely parks a car in the garage.

The state's heath-screening levels are based on the theoretical risk of one person in 100,000 getting cancer over a lifetime. Benzene levels of two double that risk. Benzene levels of three triple the risk, and so on.

"If those numbers were 10 or 15 I'd say, 'Oh, yeah, we need to be down there,'" Honeycutt said.

Retired preacher and Hillcrest resident Harold Branch, 84, has heard it before over the decades he's been fighting the area refineries. And he has a hard time balancing the talk of risk calculations and annual averages with what he's seen.

"They have polluted the area and so many people have died of cancer and other related diseases," he said. acaputo@express-news.net

To Control Avalanches, Railroad Seeks To Shell Park (WP)

By Blaine Harden

The Washington Post, October 1, 2006

Environmentalists Protest Request to Protect Trains Using Artillery, Saying Wildlife Could Be Harmed

KALISPELL, Mont. -- The famed symbol of the Great Northern Railway was a mountain goat perched on a rock in Glacier National Park.

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That railroad's successor, the Burlington Northern Santa Fe Railway, now wants to lob artillery shells into mountain-goat habitat inside the park, which straddles the Continental Divide here in northwest Montana. The shelling would help control winter avalanches that sometimes threaten BNSF freight trains, about 40 of which pass daily through mountains just south of the park's border.

Besides seeking federal permission for the occasional wintertime bombardment of the park, the highly profitable railroad stands to benefit from little-known legislation -- passed in the Senate and pending in the House -- that would spend as much as $75 million in federal grants to pay for avalanche control.

The legislation, introduced by two senior Republican lawmakers from Alaska and written, in part, by an avalanche expert who is a paid consultant to BNSF, would approve the use of federal money to assist "avalanche artillery users."

Those who probably would benefit include state highway departments, ski areas and BNSF, if it receives permission from the National Park Service to bombard Glacier. The consultant and a railway spokesman said the railroad had nothing to do with the crafting of the bill and has not lobbied for its passage.

Using artillery for avalanche control is a well-established practice in Alaska and parts of the mountainous West. The 105mm shells used are military ordnance that spray shrapnel.

But advocates for the national parks and some of the nation's leading avalanche experts have strongly criticized BNSF's request to bombard Glacier. They have said the subsidized shelling of the park is aesthetically inappropriate and potentially harmful to wintering mountain goats, elk, deer, wolverines and endangered grizzly bears.

"There is a great hush over this park in the winter," said Steve Thompson, Glacier program manager for the National Parks Conservation Association, an advocacy group that works to protect the parks. "It would be a travesty to fire howitzers into the heart of one of our wildest natural lands."

It is unknown whether shelling would wake the bears, which hibernate during what could become the artillery season.

The Bush administration has strongly objected to the cost of the proposed avalanche legislation.

For most of the 100 years that trains have crossed the Rockies along the southern border of Glacier National Park, railroads have spent their own money to build and maintain snow sheds that cover the tracks. The sheds have worked well to protect passing trains, according to the Park Service.

Over the years, though, some snow sheds have been destroyed by fire. In addition, the snow pack in the park has been shifting, requiring avalanche protection on new stretches of track.

BNSF, a freight giant that is an amalgam of 390 railroads merged or purchased over the past 150 years, has chosen not to rebuild some burned avalanche sheds or to build new ones to protect track now threatened by avalanches.

The railroad has opted for artillery bombardment as the "efficient, proven practice used in potential avalanche areas in North America," said Gus Melonas, a spokesman for BNSF. He said the railroad prefers artillery because snow sheds are "are time-consuming to construct and extremely expensive."

The railroad has estimated the cost of building new snow sheds and replacing old ones at $110 million; they would cover a total of about a mile of unprotected track.

While shelling is much less expensive, avalanche experts say snow sheds are a safer, more reliable way to protect long freight trains in mountain areas, as well as to ensure that busy east-west rail lines remain open throughout the year.

"Using explosives to release avalanches is not a sure-fire method to maintain a safe rail corridor," said Don Bachman, president of the board of directors of the Center for Snow and Avalanche Studies in Silverton, Colo. "It's cheaper in the short run, but it could be terribly costly in the long run, not just in monetary cost, but lives and property."

The BNSF rail line near Glacier is a critical link in the economy of the Pacific Northwest, carrying about 33,000 container cars a day on trains that are often more than a mile long. When snow blocks the line for 36 hours or more, rail traffic sometimes stalls all the way from the West Coast to Chicago, causing backups of container ships in Seattle.

Bachman said BNSF should make the long-term investment in snow sheds, noting that it has the income to do so.

According to its annual report, the railroad is enjoying record growth and soaring profitability, with revenue of $13 billion last year and a 73 percent increase in operating income. To handle record freight volumes, the company said it plans to spend $2.4 billion this year on tracks, locomotives and technology.

"Our message to the railroad is this: You guys are making a lot of money, you can afford to do it right," said Thompson, of the National Parks Conservation Association.

The National Park Service has been studying the railroad's request to use artillery in Glacier and plans to release its assessment of the environmental consequences in late October. Officials in the park say the prospect of wintertime shelling is worrisome.

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"We are concerned about the impacts on threatened and endangered species," said Mary Riddle, who monitors environmental protection in Glacier. "We are also concerned about explosives going off in areas where grizzly bears den. There is not a lot of research about this."

The consultant who helped write the avalanche bill, David Hamre, an Alaska-based avalanche expert, said he worked with the offices of Sen. Ted Stevens and Rep. Don Young, both Alaska Republicans, to write legislation to aid avalanche-prone areas across the United States, not just places where BNSF is threatened.

A spokesman for Young said Hamre "provided analysis for the bill and did help draft it." A spokesman for Stevens said the bill grew out of the concerns of many groups in Alaska and the senator's own interest in avalanches.

Local Governments Get Serious About The Environment (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 1, 2006

In the absence of serious national action, state and local governments and the private sector are taking the initiative in confronting the interlocked problems of global warming and energy conservation.

The most dramatic example is the legislation California Gov. Arnold Schwarzenegger signed last week mandating reductions in the state's emissions of the gases associated with global warming. But city governments and the private sector are also formulating some of the most innovative responses to a problem the federal government still refuses to confront head-on.

Exhibit A is a recently announced partnership between the American Institute of Architects and the U.S. Conference of Mayors.

The two groups have committed to an exhilarating goal: cutting in half by 2010 the amount of fossil fuels used to construct and operate commercial and residential buildings — and then achieving steady further reductions. By 2030, they want to produce "carbon neutral" buildings that will rely on conservation and renewable energy sources to completely eliminate their use of fossil fuels.

With this effort, the architects and the mayors are spotlighting an often overlooked element of the global warming challenge.

Discussions about controlling global warming usually focus on reducing the greenhouse gases produced by vehicles and factories. But the best evidence is that the energy used to heat, cool and light buildings (as well as the energy used in their construction) generates more greenhouse emissions than either transportation or industry. Depending on the estimates, buildings contribute anywhere from more than a third to nearly half of all greenhouse gas emissions in the United States.

Those figures define the challenge. Another number frames the opportunity. "Between now and 2035, three-fourths of the built environment will be new or renovated," says RK Stewart, a principal with the architectural firm Gensler, and the incoming president of the architects institute. "So the opportunity to change the energy profile of the built environment in this country is right there. We have the opportunity to drastically reduce our energy consumption."

In communities across the country, developers, architects and local governments are already pursuing that goal. One of the most aggressive cities has been Chicago. Under the spur of Mayor Richard M. Daley, the city is pursuing a remarkably comprehensive program to encourage green development.

The city has retrofitted hundreds of city facilities to reduce energy use and committed itself to constructing new municipal buildings to the highest standards of energy efficiency established by the U.S. Green Building Council, a private group that has set the most widely respected benchmarks in the field.

Chicago is also using more renewable energy in its buildings. And it is constructing dozens of "green roofs" — extensive rooftop gardens that dramatically lower roof temperatures (from 160 degrees on a summer day for a conventional roof to about half that) and thus reduce buildings' need for air conditioning.

Just as important, the city is encouraging private developers to move in the same direction. It offers attractive incentives for builders who commit to green development — not only grants and loans but something even more precious in a place like Chicago: a fast track through the city bureaucracy.

"You get a building permit faster if you are building a green building," says Sadhu Johnston, the city's environment commissioner. Among those who found the offer too good to refuse was Wal-Mart, which constructed a 70,000-square-foot green roof on the new store it opened last week.

In San Francisco, another milestone project is nearing completion. Sometime this winter, the first tenants will move into an 18-story federal office building there that offers a brilliant "back to the future" response to the challenge of reducing energy consumption.

Through an innovative design conceived by the Santa Monica architectural firm Morphosis, tenants in most of the building will rely on natural ventilation, rather than air conditioning, to control the temperature.

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On the building's upper floors, the architects devised a sophisticated system of windows and vents that will open at night to capture the city's cool evening air and allow wind to push out the warm air that accumulates during the day. (For security reasons, the building's five lowest floors will operate with conventional air conditioning.)

The final step was to design a heavy concrete structure for the building that will hold the cool air during the day. "It was a very old idea in the architecture," says Morphosis principal Tim Christ, the building's project manager. "It's why buildings in the Southwest have very heavy walls: The structure stores the cooling energy."

Washington isn't entirely a bystander in this effort. The federal government commissioned the Morphosis design (under the Clinton administration). Last year's energy bill included a tax credit for developers who significantly reduce energy consumption in new buildings. And the Department of Energy is funding useful research into energy-efficient building materials, lighting and heating systems.

What's missing is a clear signal from Washington that reducing greenhouse emissions and increasing energy efficiency are national priorities. That's what it will probably take to make green development a truly mass phenomenon.

"The top performers are doing some very exciting things," says Judith Greenwald of the nonpartisan Pew Center on Global Climate Change. "But we need to bring the bottom and the average up more."

The real message of the green development movement is that American ingenuity can meet the test if the federal government challenges us to combat global warming by using energy more efficiently. Now all we need is a government with the confidence and foresight to issue the challenge.

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at http://www.latimes.com/ brownstein.

FBI/DEA/ATF/USMS:

Shooter's Letter Recounted Childhood Abuse (DENP)

By Kirk Mitchell, Denver Post Staff Writer

Denver Post, October 1, 2006

A fishing trip with his older brother was the only happy memory Duane Roger Morrison recounted in a farewell letter in which he describes a difficult, abusive childhood.

His childhood was so crippling, he told five siblings in the rambling 14-page letter, that he was never able to function normally, and it was time to end his pain, a law enforcement official said Morrison wrote.

The letter said that as long as he lived, he would never forget the abuse at home and how petrified he was whenever his father approached him.

The Denver Post obtained previously unpublished details Saturday about the contents of the letter.

The letter, mailed from Shawnee, just outside of Bailey, was received by one of Morrison's brothers Thursday, the

The mother of a Platte Canyon High School student talks with a state trooper as she picks up her child s SUV from the school Friday, the first time families were allowed to return to the shooting site to get vehicles. (Post / RJ Sangosti)

day after Morrison entered Platte Canyon High School, took six girls hostage, sexually assaulted them and ultimately killed Emily Keyes, 16, and himself.

Morrison gave no hint in the letter of what he planned to do at the high school, Park County Sheriff Fred Wegener said.

The letter stated that Morrison was in emotional pain because of treatment by his father, said Joe Gordon, the Bureau of Alcohol, Tobacco, Firearms and Explosives' assistant agent in charge of a five-state region that includes Colorado.

"He said his father was always screaming and yelling," he said. "That in no way justifies the horrific crime he committed."

Contacted by phone Saturday, Duane Morrison's father, Bobby Morrison, who lives in Tulsa, Okla., did not comment. A woman got on the phone and said: "This is private."

"It was a very sad letter," Gordon said. "At the end he makes it clear this is his final farewell.

"He wants (his family) to know his final moment will be painless and he will be at peace. He said, 'Don't you feel guilty for this. You're absolved from any responsibility.'"

The letter said he loved all his brothers and sisters and apologized for what he was about to do, Gordon said. He thanked them for trying to help him over the years.

The letter only indicated that he would take his own life, he said.

Morrison mailed the letter Wednesday to one of his older brothers. Gordon did not know which brother.

Two ATF agents spoke with the brother for two hours

Advertisement

Wednesday night, and the brother gave the letter to them unopened after he received it in the mail Thursday.

"He couldn't emotionally bear to read it," Gordon said.

The ATF turned the original letter over to Park County officials.

A team of ATF and FBI profilers at the National Center for the Analysis of Violent Crime in Quantico, Va., will study the letter for years to come, Gordon said.

The ATF has traced the two guns Morrison used in the school attack from the store where he bought them to the manufacturers, he said. They were purchased legally, he said.

While Morrison did not threaten the school in his letter, he clearly considered a grudge with a Littleton motorcycle shop to be unsettled.

"That jumped off the page at you," Gordon

IMMIGRATION:

Congress Leaves Immigration Bill For Another Day (HC)

By Michelle Mittelstadt

Houston Chronicle, October 1, 2006

Both houses are unable to agree on what is reform

WASHINGTON — For all the fierce debate that raged this year in congressional corridors and spilled onto the streets of Houston and other cities in massive demonstrations, Congress has left town essentially stalemated over illegal immigration.

Though congressional Republicans can claim some success in adding billions of dollars for enhanced border security and securing approval for 700 miles of fencing along portions of the U.S.-Mexico boundary, the philosophical clash between the enforcement-minded House and the legalization-friendly Senate has been postponed — most likely until next year.

"It's essentially a tie, a stalemate in which neither vision of reform has won out," said Frank Sharry, executive director of the National Immigration Forum. "The debate will continue to boil, and it will be left to Congress in the future to deal with."

Several factorsIn the end, vastly different diagnoses about how to prevent illegal immigration, internal Republican divisions, President Bush's loss of clout on Capitol Hill and a highly competitive clash for control of Congress in the November elections all contributed to lawmakers' failure to deliver on an issue they vaulted to public attention.

House Republican security hawks raced out first last December, passing an enforcement-only bill that would criminalize illegal immigrants, crack down on their employers and set up a mandatory employment-verification system requiring new identification procedures for all workers, American and foreign. Champions of the security-first approach insist that the borders must be secured before any broader changes to immigration policy can be contemplated.

Outraged by the criminalization provisions, millions took to the streets in Houston, Los Angeles, Chicago, Milwaukee and other cities last spring and denounced the House bill as anti-immigrant and inhumane.

Siding much more closely with Bush's vision, the Senate responded in May with a vastly different plan pairing increased enforcement with an opportunity for citizenship for most of the country's estimated 12 million illegal immigrants and a guest-worker program for future immigrants. Backers of what has become known in Washington shorthand as comprehensive immigration reform argue that illegal immigration can't be fully resolved unless all aspects are addressed together.

House Republicans swiftly deemed the bipartisan Senate plan an amnesty program that would repeat the mistakes of 1986, when Congress pledged to halt illegal immigration for all time by legalizing nearly 3 million people in exchange for making it more difficult for foreign workers to be hired. The legalization went through, but employer sanctions were never properly put into place or enforced. Illegal immigration continued apace until exploding in the late 1990s and this decade.

Dismissive of the Senate plan and courting conservative voters vexed by illegal immigration, House Republicans refused this summer to negotiate over differences in the bills. Instead, they launched a flurry of hearings around the nation, designed to fan opposition to the Senate bill. And, into the waning hours of their legislative session that ended Friday night, House GOP leaders sought unsuccessfully to convince the Senate to embrace House-passed measures speeding deportation, cracking down on criminal gangs and reducing court power over federal immigration enforcement.

What did get doneHouse Republicans point out they did succeed in adding billions of dollars to expand the Border Patrol, add thousands of detention beds and begin funding a multibillion-dollar "virtual" fence comprising motion detectors, lighting, unmanned aerial vehicles and other high-tech surveillance equipment. And, Congress prodded the Department of Homeland Security to end the much-criticized practice of "catch-and-release" policy in which the Border Patrol, because of a lack of

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detention space, released non-Mexican illegal immigrants pending their deportation hearings. The vast majority never showed up for the hearings.

Some Republicans say the new measures are working.

"If you talk to people on the border now, they are starting to see a tightening up," said Rep. Michael McCaul, an Austin Republican who chairs a House Homeland Security subcommittee and represents parts of west Harris County. Illegal immigration "didn't happen overnight. It's not going to get solved overnight. But I think what you're going to see is the American public realizing that a lot of the things we've done up here are having an impact on the border."

Such a realization by the public could pave the way, lawmakers suggest, for greater acceptance of solutions for dealing with the illegal population. One plan calls for a guest worker program to bring in the foreign workers that U.S. business interests, agriculture and others insist are absolutely essential in a low-unemployment economy.

"I think there's a recognition now that this is an urgent — perhaps the most single urgent — domestic issue confronting the country," said Sen. John Cornyn, a Texas Republican who chairs the Senate immigration subcommittee. "And I don't believe it will be delayed forever."

Dead or still kicking?Cornyn retains some hope that Congress could resume the immigration debate in comprehensive fashion when lawmakers return for a brief session after the November elections. Others predict Congress won't take up the topic until after the new session is gaveled in next January with new members who were elected in November.

Others say it may be well after that before the legislation comes up again.

House Homeland Security Committee Chairman Peter King, R-N.Y., for one, indicated little desire to address a broader immigration fix until the borders are battened down.

"The position of the House is that we're not going to be looking toward amnesty or toward a path to citizenship until we first show that we control the border," he said. "And then, we can get back to that."

Homeland Security Secretary Michael Chertoff estimated earlier this year it would take until the end of 2008 for his department to gain operational control of the southwest border.

What works, what doesn'tSome lawmakers tout fencing and other border-control measures; others argue illegal immigration won't be solved by a build-up. Nearly half of all illegal immigrants came here legally but overstayed visas.

House Republicans are seeking to achieve "an impossible dream," said Sen. Mel Martinez, R-Fla., a key champion of the Senate plan. "You're not going to secure the border unless you also provide a legal means for people to travel to do the jobs that America needs done."

For some, Congress' inability to undertake a widespread fix this year is a deep disappointment. "It's really a lost opportunity," said Sen. Dianne Feinstein, a Democrat from California, where the state's $30 billion agriculture industry is struggling to find workers amid heightened border enforcement. "We've got food on the ground that's not being harvested; we've got people plowing under fields; we've got people who are not going to plant. It's a very difficult time."

Sen. Jeff Sessions, an Alabama Republican who staunchly opposed the Senate bill, offered a far different assessment: "In one sense it has been productive. We didn't make a big mistake by passing a terribly flawed bill."

In Texas, Little Support For Putting Up Fences (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, October 1, 2006

Along the Rio Grande, residents say the barrier approved by Congress would sever cultural and economic ties, and cut off access to the river.

Few Americans are more fed up with the unending human caravan of illegal immigration — or more familiar with its macabre toll — than rancher Mike Vickers.

Multitudes of bedraggled migrants cut through his South Texas homestead every day to skirt U.S. Border Patrol checkpoints on their journey north, and many do not make it out alive. Vickers has found frightened children sitting in fields alone, abandoned. His dogs once brought home a human head.

He very badly wants to stop the trail of death and despair that passes by his doorstep. But when he considers the wisdom of building twin steel walls along the Rio Grande to seal off the Mexican border — the plan Congress approved early Saturday before heading home for the November election — his verdict is swift and harsh: stupid idea.

"That's just a big waste of money," said Vickers, a Texas Republican activist who heads a group opposed to illegal immigration that until recently was the state branch of the Minuteman Civil Defense Corps.

"The Rio Grande is the lifeblood of South Texas," he said. "A wall is just going to stand between farmers and ranchers and others who need legitimate access to water. It's not going to stop the illegals."

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From Laredo to Brownsville, a meandering 200-mile stretch of the Rio Grande that would be walled off if President Bush signs, as expected, the bill to fence 700 miles of the border, reaction was overwhelmingly negative.

Many of these Texas border towns blossomed on the riverbanks not even a football field away from Mexico, a bilingual, binational culture where everyone knows someone on the other side. Here, the fence was widely seen as a federal government misadventure that would trample private property rights without accomplishing anything.

"Whether it's over rivers or deserts — or now, this wall — people will keep coming, as long as they can find a job here that's so much better," said Angelica Garcia, 26, a worker at a shop on McAllen's bustling Main Street that caters to Mexicans visiting Texas. "This wall isn't going to do a thing."

Many expressed shock that a proposal they considered a pipe dream by pandering Washington politicians had been approved, and that a fence they likened to the Berlin Wall could soon separate them from their neighbors.

"For so many years, we talked about tearing down that wall. Now we want to build a wall between us and Mexico? It makes us look like hypocrites," said Denise Carreon, 21, who like many border residents still had family members to the south.

Many others expressed outrage that the Rio Grande, a near-mystical river in the Texas imagination and one of the most prized bird-watching spots in North America, could soon be blocked from view.

"Zero — that's how many people I know who support this. People are opposed from Brownsville to El Paso," said Eagle Pass Mayor Chad Foster, head of a group of frontier leaders called the Texas Border Coalition.

"The Rio Grande is a very historic and scenic place, one of the natural treasures of Texas. We're going to wall it off?"

As Congress approved building the fence, it was hard to find a South Texas politician, merchant, economic analyst or academic who believed a wall would work — and who did not consider it an insult to the people of Mexico, with whom the region shares a strong social and economic bond, especially since passage of the North American Free Trade Agreement.

"I am reminded of when Jesus Christ was nailed to the cross and he said, 'Father, forgive them because they know not what they do,' " said Richard Cortez, the mayor of McAllen, which became one of the fastest-growing areas in America after NAFTA.

"I don't know who is advising the Senate," Cortez said. "A fence is not going to keep people from crossing the border, but it's certainly going to hurt us."

Like many of those who live along the Rio Grande, Cortez travels frequently between its banks; his two sons married Mexican-born women, and although they are U.S. citizens, many of their relatives are not, so reunions often take place south of the border.

Cortez and other border leaders worry that long-standing friendships, and family ties that go back generations, will be frayed.

"If you're building walls, what message are you sending to your neighbors? Do you think they are really going to want to visit? It's a slap in the face to them," said Laredo Mayor Raul G. Salinas, a former FBI agent. "People who have never been to the border, who do not understand the border, are shoving this down our throats."

Although the fence plan allows Mexicans to legally visit Texas with temporary visas permitting travel within 25 miles of the border, local politicians and business leaders worry that they will no longer feel welcome.

Mexican shoppers are a major source of money for Texas border towns, and gleaming malls and vast big-box outlets have been built to cater to them.

Between 1978 and 2001, Mexican shoppers made 26% of all retail sales in Brownsville, 35% in McAllen and 51% in Laredo, according to economists at the Federal Reserve Bank of Dallas. Local officials said more recent estimates are higher.

"The Wal-Mart with the largest number of retail transactions in the United States is in Laredo, and if you go to that parking lot, more than half the cars have Mexican plates," said Eddie Aldrete, senior vice president for the Laredo-based International Bank of Commerce. "The fence is a knee-jerk reaction by Congress. No one really studied the economic impacts, the environmental impacts."

Ray M. Keck III, the president of Texas A&M International University in Laredo, said the idea of building a wall to deter immigrants ignored the lessons of history, which clearly showed that such barriers do not work unless they are patrolled by soldiers willing to kill. More important, he said, he feared that the expensive proposal demonstrated a lack of priorities.

"Are we really so terrified of what might come from Mexico," he asked, "that we must spend billions to construct this wall, then billions to maintain it, at a time when healthcare and education so desperately need better funding?"

To Mike Allen, a former Catholic priest who helped the poor in the colonias of Texas' Hidalgo County, then switched careers and became a leading economic booster for the border region, the fence is a manifestation of politics at its ugliest.

"It is just so sad that the relationships we have worked years to build are being torn down by politicians in Washington, who quite frankly don't have any idea what they are doing," Allen said.

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"I'll say it: It's the browning of America, and people are afraid of that. That's what this is all about. I have lived on the border most of my life. I'm not scared."

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Farms Facing Worker Shortage For Harvest (AP)

By Elizabeth White

AP, October 1, 2006

J. Allen Carnes needed 200 workers for the onion harvest this year on 500 acres of South Texas fields. The onion business is big in the area, and with only two months to harvest, there's little room for delay.

But Carnes ended up with less than 100 workers and fell two weeks behind, with bits and pieces of the fields unpicked. His income fell about $150,000, a significant loss.

"It's become increasingly tight over the last three or four years," said Carnes, president of Winter Garden Produce in Uvalde, 80 miles west of San Antonio. "Companies are jockeying back and forth (for workers). Last year it was just short all around."

Growers say tightened border security and longer lines for day crossers have cut the numbers of farm workers who cross the border legally or illegally. Illegal immigrant workers who used to travel the country picking different crops as the seasons changed are hesitant to migrate for fear of being caught. And the lure of higher paid jobs with better working conditions, such as construction, are keeping some farm workers away.

And the labor shortage will only get worse until Congress tackles immigration reform, growers and worker advocate groups say. The House and Senate are at an impasse over proposed legislation and whether it should include an eventual path to citizenship and guest-worker program in addition to border enforcement.

Like others who employ migrant workers, Carnes checks employees' paperwork, but said some illegal immigrants probably end up working in his fields.

According to the Department of Labor's National Agricultural Workers Survey, 53 percent of the hired crop labor force lacked authorization to work in the U.S. in 2001-02. Worker advocates and grower associations agree the actual figure is probably closer to 80 percent.

Three-quarters of the hired farm work force in the U.S. was born in Mexico. And more than 40 percent of crop workers were migrants, meaning they had traveled at least 75 miles in the previous year to get a farm job, the survey showed.

Carnes said he couldn't lure workers away from other fields with incentives like higher pay for the late-spring onion harvest because there just weren't enough workers to go around.

"We're seeing the wolf at the door," said John McClung, president of the Texas Produce Association, referring to what he said is worsening shortages reported by many of the 300 growers, shippers and importers his organization represents.

But a spokesman for the United Farm Workers said farmers need to raise salaries to get workers.

Even if they start out in the fields, "the pay is so low, the benefits mostly nonexistent and the conditions so harsh that many workers don't stay," spokesman Marc Grossman said. "It's essentially minimum-wage work."

And that can be backbreaking, hot work, especially picking berries in the early summer sun.

Carnes said increased border security is keeping even legal day laborers from crossing the border because lines have lengthened.

"There becomes a point where the paperwork and time doesn't equal the money," Carnes said. "I think we just scared them off with all the talk about immigration and closing the borders."

The U.S. Border Patrol has caught well over 1 million people along the U.S.-Mexico border in the last three fiscal years, including the one set to end Sept. 30, according to U.S. Customs and Border Protection. In 2003 alone, it caught just over 900,000 in the four border states.

Howard Rosenberg, an agricultural labor economist at the University of California, Berkeley, said while he's heard complaints about shortages for years, the concerns have worsened recently.

"It varies in how intensely it's felt and where it's felt and how much it's reported," Rosenberg said. "It is very difficult to tease out the realities from the perception."

Rosenberg said a border crackdown may not have as much to do with reductions as with the immigrant community spreading out geographically and to different industries.

"If people think that a crackdown on the border is keeping people away, how do they really know that?" Rosenberg asked. "There's still an awful lot of activity."

Growers and farm worker advocates say the beginning of a solution is the Agricultural Job Opportunities, Benefits and Security Act of 2005, dubbed "AgJobs."

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The bill would provide temporary legal status for farmworkers who can prove they worked at least 100 days during a certain period. The workers could apply for a green card if they work an additional 360 days in agriculture over the subsequent six years. A slightly modified version of AgJobs passed in May in the Senate's immigration reform bill, which the House has not yet voted on.

Without comprehensive immigration reform, growers will continue to move their operations south of the border, said Tim Chelling, a vice president of the Western Growers Association, which represents growers in California and Arizona.

"It's more than anecdotal; we know that they're down there to the tune of thousands and thousands of acres," he said.

Growers are "half out the door already," said Tamar Jacoby, a senior fellow at the conservative New York-based Manhattan Institute think tank.

"A Mexican worker is going to pick these crops one way or the other, and the only question is whether they pick them here or across the border in Mexico," Jacoby said.

Mexicans See Good And Bad Side To Wall (LAT)

By Héctor Tobar

The Los Angeles Times, October 1, 2006

There's much talk about the void migrants leave behind, but the planned border fence still chafes.

MEXICO CITY — At the beginning of every school year, bad news comes from Mexican heartland states such as Zacatecas and Queretaro: Local authorities are closing hundreds of schools because so many families have moved north to the United States.

Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather. Everyone complains about it, but there's not much you can do about it.

On Friday night, the U.S. Senate approved a 700-mile-long border wall in a bid to stop the immigrant flow. The decision has left many Mexicans wondering whether the open door to the north may slowly be closing.

Some Mexicans saw the vote as a collective slap in the face that highlighted the failure of their country's leaders to give Mexicans a reason to stay home.

"Our politicians have not lived up to their responsibilities toward the people who migrate," said Homero Aridjis, a poet, activist and onetime Mexican diplomat. "Our government has failed before the economic and social plight of the poor.

"I'm from Michoacan," said Aridjis, naming a state west of Mexico City known for exporting its sons and daughters to the U.S. "When I go there, I see fertile farmland and orchards that have been abandoned."

Few observers here expect the new barriers to stop people from Mexico and Central America from seeking a better life in the United States. New smuggling routes are expected to open through ever-more-remote stretches of desert, or over the waters of the Rio Grande.

But the bill approved by Congress, and soon to be signed by President Bush, signals a new shift in an era that has seen dramatic cultural and demographic changes in both countries.

The wave of Latin American migration that began in the 1980s helped make Latinos the largest minority in the U.S. and the largest ethnic group in Los Angeles and many other American cities. The beginning of the 21st century saw Latino immigration spread to almost every corner of the United States, with Spanish-speaking communities booming in states such as Tennessee and Ohio.

Latin Americans see the congressional initiative as a rejection of the cultural changes brought forth by Latinos in the United States. In angry editorials and speeches, Mexican writers and politicians have compared the border fence project with the Berlin Wall and the Great Wall of China.

"The exploitation of fear among the citizens of the United States has been at the center of the debate," the newspaper El Universal said in an editorial Saturday. "This wall, like all those built with xenophobic aims, will be far from effective."

President Vicente Fox and President-elect Felipe Calderon have denounced the new fence, as have a host of Mexican political leaders.

For decades, social scientists here have seen migration to the north as a "safety valve" that keeps Mexico from exploding into social conflict. Now, a small number of voices are saying the brain and muscle drain to the U.S. cannot continue indefinitely.

When the head of Mexico's central bank told a Texas newspaper last week that a new wall between the United States and his country might not be such a bad thing, his remarks were front-page news here. Surprisingly, there were few public expressions of disagreement.

"It would be best to keep its people in Mexico, and it would give incentives for Mexico to create jobs that are needed," Guillermo Ortiz, the bank official, said in an interview with the editorial board of the Dallas Morning News.

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The border fence will be an expansion of the measures first undertaken in the mid-1990s by U.S. authorities as part of Operation Gatekeeper in San Ysidro, Calif., and Operation Hold the Line in El Paso. The U.S. Border Patrol built a new fence of corrugated steel, installed motion detectors and hired thousands of new agents.

The measures pushed illegal immigrants into the Sonoran Desert in Arizona and other remote areas, where several hundred die each year from dehydration and exposure.

Many analysts believe the border enforcement measures of the last decade have done little more than change the traditional back-and-forth patterns that saw thousands of Mexicans take seasonal work in the U.S. and then return home to their families.

In testimony to the House Judiciary Committee in August, Wayne Cornelius of the Center for Comparative Immigration Studies at UC San Diego said that the get-tough approach at the border had only succeeded at "bottling up" millions of immigrants in the U.S.

"Given the high costs and physical risks of illegal entry today, they have a strong incentive to extend their stays in the U.S.," Cornelius said.

Rather than return to Mexico, many immigrants are sending for their families, accelerating the declining enrollment in rural Mexican schools, analysts say. In Zacatecas, state education officials said last month they were closing 269 schools because of declining enrollments.

Before 1929, Mexicans were not required to obtain a visa to enter the United States. Ever since, "the history of the border has been a history of closing the border," said Tony Payan, a professor at the University of Texas in El Paso and author of "The Three U.S.-Mexico Border Wars: Drugs, Immigration, and Homeland Security."

The new measures approved Friday will seal off most of the Arizona-Mexico border. Immigrant smugglers are likely to move farther east, to remote crossing points on the Rio Grande upriver from the Texas cities of Eagle Pass and Del Rio, Payan said.

Cornelius told the Judiciary Committee that even if the entire land border was sealed off, immigrant smuggling would probably move to the waters of the Gulf of Mexico.

Lorenzo Meyer, one of Mexico's leading historians, argued that the Senate vote had revealed an essential hypocrisy in U.S.-Mexico relations.

"In 1993 we signed the North American Free Trade agreement," Meyer said. "It was supposed to be the beginning of a period of cooperation and friendship." Now the U.S. government has "unilaterally" announced the construction of a wall, he said.

"We see now that the idea of a united North America is fiction," Meyer said. "The reality is the wall."

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Illegal -- But Essential (LAT)

By David Streitfeld

The Los Angeles Times, October 1, 2006

Experts say undocumented immigrants are a driving force in the economy, despite a toll on public services and unskilled workers

Shortly after dawn, the day laborers began gathering beneath a San Diego Freeway overpass in West Los Angeles.

A house painter pulled up in a pickup, looking for an assistant. He offered $12 an hour. A worker jumped in.

Next to arrive was a white-haired woman driving a Honda. Her garden needed a makeover. She'd pay $11 an hour. She departed with a second worker.

On the freeway above, commuters were heading to offices in Century City and El Segundo. Down here, at the West L.A. Community Job Center, arrangements were being made to remodel their living rooms, landscape their yards, rebuild their decks.

The work is undertaken by men from Mexico and Central America. Most are in this country illegally. The jobs, which last only a day or two and pay cash, are all but invisible to the state and federal governments. No one has to fill out paperwork, follow safety regulations or pay taxes.

Yet what happens here is far from marginal. The jobs that flow out of this day-laborer hiring spot — and from thousands of others around the state, some as informal as a street corner — are a pillar of California's economic strength.

To see why, check out Adrian Lopez, 20, who is kicking around a soccer ball as he waits. Lopez, who came here from the Mexican state of Oaxaca, is carrying in his Everest backpack a Sony Walkman from the Best Buy across the street.

It's got a CD by the Argentine group Los Enanitos Verdes inside, bought at a Ritmo Latino store. He has a bottle of Kirkland Premium Drinking Water, purchased at Costco, and a spare Old Navy shirt. He likes the grilled steak at Baja Bud's. He wasn't impressed by "Monster House."

"Immigrants buy everything here," Lopez said in Spanish.

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The presence in the United States of Lopez and 12 million other illegal immigrants is one of the most contentious issues of the era. Hundreds of thousands of immigrants have repeatedly demonstrated this year for legal recognition, sparking a backlash from many native-born Americans. Congress has been stalemated between legalization advocates and those pushing punitive measures.

Economists are less divided. In the main, they say the American engines of industry and commerce have always been fueled by a steady supply of new arrivals. Immigrants, they contend, contribute to consumer spending and, instead of replacing native workers, create jobs.

"Overall, immigration has been a net gain for American citizens, though a modest one in proportion to the size of our $13-trillion economy," 500 economists wrote in an open letter to Congress on June 19.

Measuring the contributions of illegal workers is a difficult task, however. Many numbers are vague or open to dispute. A few experts contend that the gains are not clear-cut and that any benefits are far from being universally shared.

Special interests that benefit from immigrant labor — including agribusiness, restaurant operators and unions courting new members — tout their gains as gains for all, said Michael Teitelbaum, who was vice chairman of the bipartisan U.S. Commission on Immigration Reform in the 1990s.

"It all comes down to where you sit," said Teitelbaum, a demographer at the Alfred P. Sloan Foundation. "The upper tiers benefit from immigration, and the lower tiers lose."

The 500 economists concede that a "small percentage" of native-born Americans may be hurt by competition from illegal immigrants who are willing to work cheaply. But any harm, they say, is outweighed by the benefits to the overall economy.

Lopez is a case in point. Start with his willingness to work for little. Add his eagerness to spend. Multiply that by the more than 2 million illegal workers in the state.

One result: Restaurant prices are pushed down by illegal labor in the kitchen, fruit and vegetable prices by illegal field hands, new-home prices by illegal drywallers.

Immigrants aren't just a weapon against inflation. The tens of thousands of illegal nannies in the Los Angeles area, for example, lower the cost of child care, freeing mothers to return to work. This in turn increases families' incomes, which encourages spending and fuels the economy.

Many immigrants send a portion of their earnings home to their families, but their influence here remains potent. The Economic Roundtable, a Los Angeles think tank, estimates that the 400,000 illegal workers in L.A. County spend $5.7 billion annually on food, rent, transportation and other necessities.

The sales taxes they pay on all those consumer purchases boost the state treasury. The growing number of immigrants who use false papers to get payroll jobs are contributing to Social Security without the right to receive payments from the fund.

That props up the beleaguered system by at least $5 billion a year, analysts say.

Other benefits may be less obvious, such as the gains in property values enjoyed by homeowners.

Prices surged for a number of reasons over the last few years, including very low interest rates, but experts say immigrants made a big difference in California. Their apartments and houses may be shabby, but their sheer numbers exert a profound effect. In a state that never has enough housing, the hundreds of thousands of units rented to immigrant families put upward pressure on all prices.

Then there are the bad things that aren't happening despite the immigrants' presence. For instance, they don't seem to be creating an unemployment problem. Joblessness in California, with 24% of the country's illegal immigrants, has tracked the low national rate.

All this evidence, many economists say, makes a powerful argument that immigrants' role can be characterized as somewhere between important and irreplaceable.

"The only people to benefit from the deportation of millions of low-skill workers would be other low-skill workers, who would get an immediate increase in pay rates," said Timothy Kane, an economist with the conservative Heritage Foundation. "However, they would also be the first to lose their jobs during a recession — which would be inevitable if the economy were shocked in this fashion."

Many Californians forcefully disagree with this assessment, saying immigrants have dragged down the quality of life in the state. They point to neighborhoods overflowing with poor immigrants. In some occupations, such as landscaping and construction, workers who don't speak Spanish say they can't get hired.

Other costs carry a more defined price tag. The California Hospital Assn. says emergency-room care for uninsured immigrants, including delivery of babies, costs taxpayers and private insurers about $650 million a year.

Whether born here or brought here, children of illegal immigrants have access to a free education. The Palo Alto-based Center for the Continuing Study of the California Economy estimates that this schooling costs as much as $6 billion annually.

Teitelbaum says the cost is even higher if you take into account how the influx has strained classrooms.

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"California used to have one of the best systems of public education," he said. "Now it has one of the worst."

Feeling Squeezed Out

Sean Jourdan stood on the sidewalk at an Inglewood shopping center, hawking DirecTV satellite subscriptions. A natural salesman, he charmed passers-by into taking his bright yellow leaflets.

"Let me give you a flier," he said to a woman and her grandson coming out of the Giant Dollar Store. "What do you have at home? Comcast? I'll give you double what they're giving you for half of what you're paying."

Jourdan took classes at two community colleges but dropped out before getting a degree. When he was in his early 20s, he attended the Maxine Waters Employment Preparation Center in Watts, a school started after the 1965 riots. Trained as a telecommunications technician, he was soon making $50,000 a year installing TV systems.

"It was a living wage," said Jourdan, 32, who is African American. "There are a lot of jobs out there, but only a few pay a living wage."

At first, many of his co-workers were black. Over time, however, his firm reduced payments for installation. Meanwhile, it hired more Latinos. Many couldn't speak English, Jourdan said, so he assumed they were new arrivals from Mexico and Central America.

By the time Jourdan left his last installation job in June, the pay rate for each house call had shrunk so much that he was making only about $25,000 a year. The last company he worked for had two black technicians out of about 25, he said.

Jourdan was briefly in the media spotlight a few months ago after attending a rally for the Minuteman Project, which vehemently opposes illegal immigration. "They're the same type of people who hunted us down when we escaped from the plantation," he said. "But on this issue, I unite with them."

Jourdan grew up near this mall, but it's no longer the place he knew. There's a machine that makes fresh tortillas in the Superior supermarket, signs in Spanish in the Rite Aid and a Latino construction crew redoing a vacant storefront.

"Give me a call. I'll save you money," he promised a young Latina. She smiled and took the flier. Jourdan may be upset by illegal immigrants, but many make good customers because they "haven't had 25 years to run up their credit." Every sale that survives DirecTV's credit check nets Jourdan a $150 commission.

"Although I can make money, it's a hustle," he said. "I'm going to have to learn Spanish."

Workers on the margins can be hurt by illegal immigration, economists note. A 2005 study by Harvard economist George Borjas and Lawrence F. Katz of the National Bureau of Economic Research concluded that native-born high school dropouts lost as much as 8% in wages from 1980 to 2000 because of illegal immigration.

UC Berkeley economist David Card has challenged those findings, saying cities such as Los Angeles are absorbing large numbers of laborers without wages being affected.

The plentiful supply of workers, Card speculates, has led companies to keep people at jobs that might otherwise have been automated.

Other economists wonder whether the reason for the limited effect on wages is even more basic: Instead of competing with immigrants, many native workers simply surrender, perhaps relocating to cities with better prospects.

In a new book titled "L.A. Story: Immigrant Workers and the Future of the U.S. Labor Movement," UCLA sociologist Ruth Milkman uses census data to show how some jobs have changed over the decades.

From 1970 to 2000, Milkman calculates, the percentage of janitors in Greater Los Angeles who were black fell from 24% to 5.2%. Meanwhile, the foreign-born Latino share rose from 10.3% to 63.4%.

Similar transitions occurred among construction drywallers, truckers and garment workers.

As in satellite TV installation, wages for these jobs are a far cry from what they once were. But Milkman says that's not because the companies replaced the natives with illegal workers.

Instead, the employers first squeezed benefits and salaries under the mantle of "competitiveness." The lengthy decline of trade unions undermined workers' ability to fight back.

Natives who could get out did so. The gaps were typically filled by immigrants, but in Milkman's analysis their hiring was a consequence, rather than a cause, of the jobs' lost allure.

The surprising development is that the immigrants, far from being pliant, have reinvigorated the union movement and in some cases won higher wages. "The people who have been demonized, the illegal immigrants, are in some ways showing the way forward for everyone," Milkman said.

For Jourdan, precisely what happened to his installation wages is of little consequence. What matters is the constant worry about slipping behind.

"As a technician, you knew that if you went in every morning and did the work, there'd be a check at the end of the week," he said. "Now I don't have that security."

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He's thinking of moving — maybe north to Palmdale or east to Moreno Valley. That's what some of his Inglewood friends have done.

"There are so many homes being built out there, so many potential customers for satellite systems," he said. "Maybe I should go too."

A Region Revitalized

When Panorama City in the San Fernando Valley boomed after World War II, the developers allowed only white people to buy houses. For four decades, General Motors made Chevrolets there, offering at peak production a solid income to more than 5,000 workers.

In 1992, the plant, the Southland's last car factory, was closed. With unemployment in the county running at 10%, few of the assembly-line workers were able to find new jobs paying them the $17 and $18 an hour they had been earning.

Similar closures happened throughout the country. But when the plants shut down in Ohio or Pennsylvania, they tended to become permanent ruins. The surrounding streets festered with abandoned houses and empty storefronts. Pittsburgh, Detroit and Cleveland have had to grapple with massive, long-term population declines.

In Panorama City, vitality quickly reemerged in a new language and a new culture. What it had — which the cities back East lacked — was the proximity of Mexico.

In the 1990s, L.A. County gained 1 million immigrants, most of them from Latin America, many of them illegal. In Panorama City, the Latino population grew from a significant minority to an outright majority.

The community around the former GM plant is thriving, if not exactly upscale. The plant itself is a shopping center called, straightforwardly enough, the Plant. It is anchored by a Home Depot where illegal immigrants wait for work that will pay about half what the autoworkers got, with no benefits and no promises about tomorrow.

On the surrounding streets are clinics, cheap restaurants and music and furniture stores catering to Latinos. It's one of many centers of the informal economy in L.A., where most transactions are in cash.

To many Californians, this is not a change for the better.

"I really don't consider the low-income parts of California to even be California anymore," said Kevin Waterson, an administrative employee of UC Davis, near Sacramento. "The quality of life is much more like that in Mexico."

A year ago, the Public Policy Institute of California polled state residents on whether immigrants were "a burden to California because they use public services" or "a benefit to California because of their hard work and job skills."

"Benefit" was picked by 56% and "burden" by 36%. Many of those in the latter camp, including Waterson, see illegal immigrants as competition. The struggle is less about jobs than scarce community resources, including affordable homes, gridlock-free roads and good schools.

Waterson grew up in Fontana in San Bernardino County, the son of a computer programmer and a billing clerk who were able to buy a three-bedroom house, own two cars and build a nest egg. That status, achieved by millions of Californians after World War II, now feels out of reach.

"There are a lot of places in Los Angeles I want to live that I can't afford," said Waterson, 27. "The places I can afford, I don't want to live."

It's not just his perception. The Brookings Institution recently found that Los Angeles was the nation's most polarized city by wealth. Fewer than a third of L.A. neighborhoods are middle class, according to its study. The rest are either rich or poor.

Waterson keeps looking for all those benefits the economists say immigration has brought to him. But if the informal economy benefits both the immigrants and the well off, it doesn't seem to be helping him and his wife, Julia, very much.

They don't use immigrants to mow the lawn or wash the car or take care of the kids. They can't afford to eat out, so they don't gain from the toil of illegal restaurant workers. They're renters, so any immigrant-driven boost to real estate just puts a home of their own further out of reach.

The informal economy that much of California has embraced so enthusiastically can be criticized on other grounds.

Small cash-and-carry shops and vendors who cater to immigrants may not pay sales taxes to the state or business license fees to local government. People who hire day laborers cheat the state by not using companies that pay payroll taxes. The laborers cheat the state by not paying income taxes. All of these groups put legal workers and legal businesses at an unfair competitive disadvantage.

The most sweeping criticism: By creating a market for illegal labor, the informal economy increases the supply. If illegal laborers weren't in such demand, they wouldn't risk so much to come here. For better or worse, immigration would not be an issue.

But for Los Angeles County, the informal economy has been better than nothing — and nothing, urban affairs expert and Economic Roundtable President Daniel Flaming says, is what the county would have had otherwise.

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"When manufacturing collapsed, there was no effort to salvage the infrastructure for other purposes," he said. "The formal economy here has been stagnant since the beginning of the 1990s. The only growth has been in under-the-table employment, predominantly fueled by desperate workers and in particular undocumented workers."

Without immigrants, Flaming said, Los Angeles would be smaller and weaker and poorer — Detroit or Pittsburgh or Cleveland with better weather.

In that L.A., Waterson would be able to find an affordable house. But because the population might be falling, his house could very well decline in value.

"We should be thankful to immigrants," Flaming said. "Without them, things would be much worse."

First the newcomers stabilized Panorama City. Now they are pushing it forward. The median value of a single-family home has doubled since 2000. And on the edge of the Plant mall, there's a sign that the informal economy might be yielding to a more traditional, bigger-budget state of affairs. Starbucks, that dispenser of $4 venti tangerine frappuccinos to the middle class, has just opened a store.

History of Ambivalence

Five days a week, Lissette Rodriguez starts work at 6 a.m., preparing banquet food for a mid-priced hotel southeast of downtown. After eight hours of chopping and slicing, she goes home and takes a shower. Four days a week, she heads to Beverly Hills, where she works from 5 p.m. to 1 a.m. washing dishes at a luxury hotel.

"Not many people could make it through 16 hours like that," she said proudly.

Rodriguez, 32, arrived from El Salvador in 2004, not to save or damage L.A.'s economy but to help herself.

"In Salvador, there's no money, no jobs," she said in Spanish. "It's more expensive here, but I can make a lot more."

That would be $9 an hour, a fortune to her and a pittance to the hotels. The fact that both sides consider it a good deal binds them together in a "don't ask, don't tell" policy. Rodriguez's employers no more want to catch her than she wants to be exposed.

The history of California is full of ambivalence to immigrants.

"From 1907 to 1940, 'the Mexican problem' was a hardy perennial in Southern California," historian Carey McWilliams wrote in 1946. "Every winter, the business interests of the region worked themselves into a lather of excitement over the cost of Mexican relief, hospitalization and medical care. With the return of the crop cycle in the spring, however, 'the Mexican problem' always somehow vanished or was succeeded by the problem of 'an acute labor shortage.' "

For most employers, any ambivalence appears to be gone. Instead, the business community speaks in dire terms about the consequences of a widespread crackdown on the hiring of illegal workers.

"It would be a horrible negative," said Jeff King, co-founder of King's Seafood Co., which owns Ocean Avenue Seafood in Santa Monica and the Water Grill downtown. "You cannot get Americans to come in at entry-level wages. You'd have to pay a premium."

That might be good for the workers, but King contends it would bring on economic disaster. Prices would go up. Diners would balk. Sales taxes would fall, employment tumble. (King stressed that the 2,000 King's Seafood employees are all legal, as far as the company can tell.)

By working for less than a native citizen would, Lissette Rodriguez is helping her employers' bottom lines.

To an extent, she's also helping taxpayers, although unintentionally. The hotels deduct the usual taxes from her payroll checks. But she won't see a refund or, later in life, a Social Security check.

"That money is just gone," she said. "Most illegals are scared to do tax returns."

Rodriguez is the admirable and problematic face of immigration in 2006. She crossed the border without permission and obtained a bogus Social Security number. She knows she is breaking the law.

Yet she wants only to do what legal immigrants have done throughout U.S. history: work hard and sacrifice mightily to get ahead. In less than two years, she has become deeply embedded in the local economy and the community.

All of these contradictions in one person. All of them in 12 million people. And more tomorrow.

"I miss my children," Rodriguez said. She wants to bring them — a 6-year-old girl, a 15-year-old boy — to Los Angeles. This is her home.

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HPD Revising Its Immigration Policy (HC)

By Matt Stiles

Houston Chronicle, October 1, 2006

Changes taking effect this week will help feds nab criminals here illegally

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Under fire in recent months over its policy toward illegal immigrants, the Houston Police Department is unveiling new procedures today to allow more cooperation with federal agents trying to catch criminals living in the country illegally.

Officers still will not inquire about the immigration status of people they haven't arrested, so the changes are unlikely to quiet critics who have labeled Houston a "sanctuary city" for illegal immigrants.

But the department is making several key revisions.

An announcement is expected today, less than two weeks after the shooting death of police officer Rodney Johnson caused simmering opposition to the department policy to flare anew. An illegal immigrant who previously had been deported is charged in the slaying.

Among the changes to take effect this week:

·The department will hold people detained or arrested for traffic violations or other minor crimes — Class C misdemeanors — if warrant checks show they are wanted by federal agents for defying an order to leave the country or for returning after being deported in connection with a criminal case. Under existing policy, police generally did not hold such people for federal authorities, even if officers were aware of the federal warrants.

·The department will allow immigration agents unfettered access to the city's two jails, as they have had in the Harris County jail, and officers will start asking all arrestees whether they are citizens.

·Fingerprints of anyone booked into the jails without proper identification will be checked against a national fingerprint database.

That could help officers identify wanted criminals, including people wanted for serious immigration violations, police say.

"There's a pretty solid process now between HPD and the federal authorities to identify and act on people who've been deported from this country because of their criminal behavior," said Executive Assistant Chief Timothy Oettmeier, among a group of police commanders who briefed the Houston Chronicle on the changes.

"We're now in a position to detect and get them back out of here."

Oettmeier and the others acknowledged they can't project how many immigration violators who previously might have been released will be snared under the new policy. Immigration officials say roughly 200,000 such cases are in their database, but only a few such people encounter authorities each year.

Police commanders, who dispute the "sanctuary" title, have been working on the revisions for months with federal prosecutors and U.S. Immigration and Customs Enforcement officials.

Under the revised procedures, officers still won't attempt to determine the immigration status of people encountered routinely, and won't arrest anyone solely for being in the country illegally — as advocated by supporters of tougher immigration enforcement.

Local versus federal

But police and immigration officials say the immigration status of suspects charged with serious misdemeanors or felonies is routinely determined upon transfer to the county jail.

Mayor Bill White and Police Chief Harold Hurtt have said the department doesn't have legal authority in most immigration cases.

They also say the department shouldn't expend its limited manpower on a federal responsibility and that doing so would alienate officers from immigrant communities.

That could make it harder to get immigrants to report crimes or cooperate as witnesses.

"The administration supports giving law enforcement all tools to reduce the risk of crime within their resources," White said.

"Running more checks on the wanted status of people, and more use of the fingerprint database, will tighten up the procedures."

Critic not satisfied

One key department critic, Mary Williams of Protect Our Citizens, a local group trying to change the policy through a voter referendum, charged that the revisions don't go far enough.

She vowed to continue her fight to put a provision in the City Charter permitting police to enforce immigration laws.

"We want officers to have the discretion to ask them the first time," she said, referring to inquiries about citizenship status during routine encounters such as traffic stops.

Williams dismissed the new policies as political posturing.

"When you let the politicians decide, you get baby steps like this thing," she said.

Though the changes likely won't end criticism of the policy, police commanders said the new procedures will make it harder for criminal immigrants to elude detection but also allow the department to maintain its position that officers should have a limited role in immigration matters.

2003 incident resurfaces

The change involving criminal deportees — people forced out of the country because they violated laws here — would prevent incidents like one in October 2003, when officers were forced to release Moises Hernandez Galvan, a 37-year-old illegal immigrant detained after a traffic stop, even though they knew he had returned to the country after deportation.

The incident was not publicized at the time but sparked internal criticism about the department's policy, according to police memos obtained by the Houston Chronicle under the Texas Public Information Act.

"If this suspect had been a deported felon with terrorist ties, then the actions taken in this incident could seriously jeopardize homeland security," Lt. Tom Roman, who is now retired, wrote then-acting Police Chief Joe Breshears.

A reply memo stated that the department would continue its policy of not detaining people arrested on Class C misdemeanors simply because they had immigration warrants.

Under the new policy, police would hold for federal authorities a suspect such as Galvan if it's discovered the suspect is wanted on an immigration warrant.

Bob Rutt, special agent in charge of the Houston office of U.S. Immigration and Customs Enforcement, said his agents will take those suspects from police custody within 12 hours.

"This is very big," he said. "It shows the commitment by HPD to public safety and homeland security."

Police Enforcement Of Immigration Laws Raises Worry (WP)

By Bill Turque And Karin Brulliard

The Washington Post, October 1, 2006

Foreigners Without Documents Say They May Leave Out of Fear

At the Bestway Supermarket on Elden Street, where shoppers browse to merengue music and signs touting the specials are in Spanish and English, Latino customers say they don't know much about Herndon's new mayor or Town Council.

But they do say the town's Hispanic community was buzzing last week with the news that those in charge, whoever they are, want police to become la migra, federal immigration agents.

"Everyone is afraid," said Byron Flores, 26, who has lived in Herndon since immigrating illegally from Honduras three years ago. The number of illegal immigrants reporting crime is likely to plummet, he said, for fear that the police will ask for their papers.

Many people are thinking about moving away, he said, including him.

"Maybe to Seven Corners."

Herndon's council voted last week to apply to U.S. Immigration and Customs Enforcement for enrollment in the agency's "Section 287(g)" program, which trains local police officers to determine whether criminal suspects in custody are illegal immigrants. Officers certified by the program can detain them and even begin deportation proceedings before turning cases over to the federal agency. Seven state and local law enforcement agencies nationwide have joined the program. A dozen more are seeking to enroll officers.

The prospect of Herndon's entry into the program has again placed the town near the epicenter of the national debate on immigration policy. About a quarter of its 23,000 residents are Latino immigrants, according to census data.

It has also rekindled tensions that emerged with the council's decision last year to open a publicly funded day-labor center to help immigrant workers find jobs. Supporters, including former mayor Michael L. O'Reilly, said the federal government's failure to control the borders gave them no choice. Opponents of the center, which does not try to determine the immigration status of workers, said the town was abetting illegal activity. In May, voters unseated O'Reilly and two council members in what was viewed as frustration over the issue.

During O'Reilly's tenure, Herndon Police Chief Toussaint E. Summers Jr. rejected the idea of entering the 287(g) program for precisely the reasons expressed by the Latino patrons at Bestway.

"Herndon Police Department involvement with enforcing immigration laws could create barriers for segments of our community," he wrote to Town Manager Stephen F. Owen in a Jan. 22, 2004, memo. "Such action would tend to be counterproductive to our community policing philosophy, which promotes partnerships and building trust."

But shortly after taking office, Mayor Steve J. DeBenedittis, joined by four new council members (and two holdovers) discussed Summers's status in a closed-door meeting.

"I was not invited," Summers said.

But the message was clear: The new council wanted a tougher stance on crime in general and crime committed by illegal immigrants in particular.

Bestway customer Marvin Alexander, 30, a Salvadoran in the country illegally, said he is concerned about the changes the new council will bring. He said Herndon police recently stopped an acquaintance of his, also an illegal immigrant, who did not have a license. Officers did not cite her.

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"Imagine if that happened now," Alexander said.

Until the town works out an agreement with Immigration and Customs Enforcement on the scope of the training and authority that officers who complete the course will have, it is difficult to predict whether 287(g) will actually help Herndon remove criminal illegal immigrants from its streets.

A number of factors could seriously limit the program's effectiveness, such as a lack of jail space and manpower.

Most other law enforcement agencies participating in the program are sheriff's departments that operate large jails. Herndon relies on Fairfax County's Adult Detention Center to house most of its prisoners. But Fairfax Sheriff Stan G. Barry (D) said last week that he didn't foresee his department entering 287(g). It means that Herndon probably would have to transport undocumented suspects elsewhere, possibly more than an hour away to Rappahannock County, tying up officers' time.

There is also the question of just how much of a threat illegal immigrants pose to public safety in Herndon.

Town officials say they want to use 287(g) to target the "worst of the worst" criminal illegal immigrants. But police say serious "Class A" crime -- murder, rape, robbery -- was down 26 percent in Herndon from 2002 to 2005.

"Herndon is not a crime-ridden community," said council member J. Harlon Reece, who is uncertain whether he will vote to approve a final agreement with Immigration and Customs Enforcement.

Critics of DeBenedittis and the council say they are misleading voters into believing that the town can roll back illegal immigration. On Tuesday, the council will take up two other proposals targeting undocumented residents. One would require the town manager to ensure that anyone granted a business license has legal immigration status. The other would require the town manager to ensure that companies contracting with the town government provide evidence that all their employees are in the country legally.

"This is a concerted effort to dupe the citizens into thinking that they are actually going to solve the immigration problems in this town," said former council member Carol A. Bruce, a supporter of the day-labor center who was defeated for reelection in May.

"This isn't about immigrants," DeBenedittis said. "It's about crime and criminal behavior. It's about reducing crime and making all of us safe."

Other supporters of 287(g) say the message is as important -- perhaps more important -- as the substance.

"The perception here is that we're in favor of illegal immigration," said Vice Mayor Dennis D. Husch. "We're trying to change that perception, and this council has the gumption to do that."

The view at Bestway suggests that this is already happening. Flores said the thought of leaving town is distressing. He is close to his Herndon neighbors, many of whom are U.S. citizens.

But if Herndon police begin working to deport people, he said, he may have no choice.

"If they sign something, if they make it law, I go," he said. "I do not want to be the first person, you understand?"

Staff writer Tom Jackman contributed to this report.

De-greening Immigration (WT)

By Valerie Richardson

The Washington Times, October 1, 2006

DENVER

Illegal immigration is an environmental issue for Shela A. McFarlin, who has seen firsthand the tons of trash dumped in the fragile Arizona desert by border-crossers.

Illegal aliens have turned parts of the Southwest desert into environmental disaster areas -- dumping an estimated 25 million pounds of trash in the Arizona desert, carving out hundreds of miles of roads through the wilderness and destroying thousands of acres of habitat with cooking fires that have gone awry.

"The desert environment is fairly sensitive, so we're concerned about the damage to habitat, plants and animals," said Miss McFarlin, who authored the Bureau of Land Management's 2006 report on environmental damage from illegal immigration. "It's not at all inviting to see toilet paper, fecal matter and backpacks by the thousands. Not at all."

Once the immigrants, both legal and illegal, arrive, the scenario isn't much rosier. Immigration is now the primary factor in U.S. population growth, which drives such environmental woes as housing sprawl, pollution and traffic.

But don't expect your local Green Party activist to grab a lawn chair and join the Minutemen border patrols any time soon: The mainstream environmental movement is firmly and uniformly agnostic on the issue.

"We've never taken a position pro or con on immigration," Sierra Club spokesman Eric Antebi said.

"We don't have the expertise to deal with that [illegal immigration]," Wilderness Society spokesman Ben Beach said.

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These responses exasperate environmentalists such as Dick Lamm, the former Democratic governor of Colorado and a 30-year member of the Sierra Club. Mr. Lamm broke ranks with the movement years ago by insisting that a responsible environmental policy has to include population and immigration controls.

He is among the most prominent of a small-but-hardy band of environmentalists who have tried for years to push the movement toward an anti-immigration stance. So far, they haven't had much luck.

"The environmental movement refuses to acknowledge that immigration and population are environmental issues," Mr. Lamm said.

Why? Politics, he said.

"The environmental movement has gone politically correct," Mr. Lamm said. "They're committing political malpractice by ignoring population."

But Jenny Neeley, Southwest representative for Defenders of Life, said her group hasn't taken a stance on immigration reform in Congress because "I don't think we're knowledgeable enough to say, 'This will stop the illegal crossings.'"

Faced with a difficult choice, critics said, the environmental movement has abandoned its primary mission -- protecting the planet -- rather than deviate from the liberal establishment.

"They're still pretty much ignoring it [illegal immigration] because it's politically sensitive or because they perceive it to be politically sensitive," said Ira Mehlman, spokesman for the Federation for Immigration Reform. "Nobody denies that environmental degradation is due in part to population growth, and nobody denies that the biggest reason for population growth is immigration.

"But somehow, when they put together A and B, it doesn't lead to C," he said.

Alienating illegals

Some environmentalists counter that population control is an issue that doesn't respect borders. Whether the estimated 12 million to 20 million illegal aliens in the United States chose to live in New Mexico or Mexico City, they are still part of a global overpopulation problem.

"Do people who migrate to the United States increase environmental stress? It depends on where they would end up otherwise. Los Angeles, for example, could handle 10,000 Ecuadoreans more easily than the Galapagos Islands could," Sierra Club Executive Director Carl Pope wrote in a 2004 article in the group's magazine.

Alan Kuper, a longtime Sierra Club member and a critic of its immigration stance, said this is an unfair comparison because Americans are greater consumers of resources than people living in other countries.

"That's the cop-out argument that you get," Mr. Kuper said. "An individual in the U.S. is responsible for consumption or use of resources of about 30 times the resources a child in India will use in his lifetime."

Critics also cite the group's longstanding policy that calls first for U.S. population control, then global stabilization.

"Our immigration policy can't make a dent in world poverty, and we take in two times more immigrants as any other country already," Mr. Lamm said. "The question is how can the U.S. best help the environment? By building a sustainable society."

Other environmentalists acknowledge that they tread lightly when it comes to illegal immigration in order to protect their work on other environmental issues.

"Because it's such a charged issue in this country, it's hard to get involved without getting caught in the crossfire," Mr. Antebi said. "We have a history of working with a large number of constituencies, and we want to continue to work with them.

"If we'd gotten involved with the immigration issue, we would have burned a lot of bridges," he said.

The group would have burned those bridges not just with its allies, but with many of its grass-roots members.

"We tend to work with communities that have a lot of immigrants," Mr. Antebi said. "In California, the places with the worst air pollution tend to be the places with the largest number of immigrants.

"If we took sides on immigration pro or con, it would affect our relationships with these communities," he said.

No environmental group has debated the immigration issue more publicly than the Sierra Club. In 2004 and 2005, anti-immigration candidates attempted to reverse the club's direction by running for seats on its 15-member board of directors. All of them lost, including Mr. Lamm, in 2004.

The club came under fire in 2004 after a wealthy donor, Wall Street investor David Gelbaum, told the Los Angeles Times that he had warned Mr. Pope in 1994 or 1995 that he would never give another dollar if the club ever took an anti-immigration stance.

In 1996, the club voted to adopt a neutrality stance on immigration, reversing its longstanding position in favor of limiting immigration. In 2000 and 2001, Mr. Gelbaum donated a total of $100 million to the organization.

Critics accused the Sierra Club of selling out, but Mr. Antebi denied any linkage between the events.

"This organization is too big and too democratic in its grass-roots leadership," he said, pointing out that the club's policies are set by its elected board. "No one person can wield that much influence."

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Besides, he said, Sierra Club members hardly need to be bribed to recognize the merits of avoiding the immigration debate.

"It's not that crazy to figure out why an organization like the Sierra Club would not want to wade into an issue like immigration," Mr. Antebi said. "Protecting ANWR [Arctic National Wildlife Refuge]? That's our bread-and-butter. Reducing air-pollution levels? That's our bread-and-butter. Immigration? That's really not our bread-and-butter."

Remembering ZPG

At one time, however, stabilizing the U.S. population was indeed a central tenet of the environmental movement. In the 1960s and 1970s, when it was just taking root, the call for "zero population growth" was as loud and insistent as the cry for cleaner air and water.

In 1970, the Sierra Club adopted a policy calling for the nation to "bring about the stabilization of the population first of the United States and then of the world." Three years later, Mr. Pope told the New York Times that "we can't hope to absorb all who want to come in. ... Immigration is a sentimental symbol whose day is long past."

By 1998, however, the environmental movement was in full retreat from both the population and immigration issue. Roy Beck and Leon Kolankiewicz of NumbersUSA attribute the phenomenon to a number of factors, including the drop in U.S. fertility rates.

However, the researchers from the immigration-reform group conclude that the primary cause was demographics: The immigrants were Hispanic, and there were millions of them. Environmental leaders soon decided they couldn't afford a political skirmish with a large and increasingly influential minority group.

"One of the main reasons the Sierra Club leadership gave in 1998 for avoiding the immigration issue was that they dared not risk appearing to be racially insensitive," the authors wrote in their paper, "The Environmental Movement's Retreat from Advocating U.S. Population Stabilization (1970-1998)."

The authors quote Mr. Pope in a 1997 online message to members: "While it is theoretically possible to have a non-racial debate about immigration, it is not practically possible for an open organization like the Sierra Club to do so. ... [Recent history] has caused me to change my view of whether it is possible for the Sierra Club to deal with the immigration issue in a way which would not implicate us in ethnic or racial polarization."

While that calculation might be correct, critics say, there's just one problem: It puts environmental protection second. The result has been the birth of a hybrid political movement made up of environmentalists-cum-immigration hawks.

Among the leaders of the movement is Mr. Kuper, a one-time Sierra Club leader and retired physics professor. After the 1996 neutrality vote, Mr. Kuper founded Sierrans for U.S. Population Stabilization, a splinter group of disgruntled members devoted to returning the club to its "traditional population policy."

The group developed a scorecard that grades members of Congress on their votes on the environment, immigration and family-planning issues. Mr. Kuper also regularly lobbies the League of Conservation Voters to include immigration on its list of issues.

Relations between the rebels and the mother ship aren't always cordial. During the 2004 and 2005 board elections, the anti-immigration candidates accused Sierra Club staffers of playing the race card to undermine their campaigns.

After the 2004 election, Mr. Pope wrote an essay titled "The Virus of Hate," which warned members against a possible infiltration of the club by racists. He said that some candidates "on the losing side" had entered into an "ugly alliance with individuals and groups whose motivations are clearly racist."

Mr. Kuper now includes a disclaimer on his Web site denouncing racism under the heading "No to racism, yes to environmentalism."

Battle at the border

One issue that could pull the environmental community back into the immigration debate is the degradation at the border. The Bureau of Land Management estimates that only 1 percent of the 25 million tons of garbage left in the Southern Arizona desert has been hauled off since 2002.

The hardest-hit areas include the Cabeza Prieta National Wildlife Refuge, which now includes about 200 miles of illegal roads carved into the landscape by trucks and off-road vehicles, prompting the Wilderness Society to issue an alert.

"The trash problem is staggering, to say the least," said Defenders of Life's Miss Neeley, whose group has been active in cleanup efforts. "If you've seen it, it's almost surreal."

The groups' solution, however, isn't likely to warm the hearts of immigration hawks. Instead of calling for a clampdown on illegal immigration, both groups have stern words for the U.S. Border Patrol, calling on the agency to make a stronger commitment to environmental protection.

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Miss Neeley said in a 2006 article in an environmental group's publication that the problem lies with the agency's decision to push illegal aliens from urban points of entry such as Nogales, Ariz., to the desert. The idea was to make crossing the border more difficult, but the result has been the degradation of protected lands, she said in the Sky Island Alliance's newsletter.

The Border Patrol also needs to drive on established roads and avoid carving new ones through the wilderness, environmentalists say. The groups also are uniformly opposed to a border wall or fence, which they say would cut off wildlife migration routes.

What about the actual border-crossers, who rarely stick to the main highway?

"Of course, that's being done by crossers, too, but we can't tell crossers, 'Hey, you're breaking these laws,'" Miss Neeley said.

The blame-the-Border Patrol response exasperates agency spokesman Gus Soto, who suggests that the illegal aliens, drug smugglers and human smugglers bear greater responsibility for the damage than its officers.

"Unfortunately, they do choose to point the finger at us, but you have to remember, we're not the ones out there crossing. We're not the ones out there creating roads. We're trying to stop the smuggling industry," Mr. Soto said.

The agency has implemented a training program for its officers in environmental awareness. Officers often patrol sensitive areas via aircraft or on horseback, and they feed their horses only with seeds that are indigenous to the region.

"We don't go off-road," Mr. Soto said. "Before we do anything, we have to do an environmental-impact study to make sure it won't have a negative impact. We don't want to leave an environmental footprint in these sensitive areas."

The smugglers, on the other hand, "will cross anywhere without concern for the environment," he said. "It's the smugglers that are doing this, not the Border Patrol. We're going after the people who are causing the environmental harm."

They have their differences, but one thing both the Border Patrol and Defenders of Wildlife do agree on is that something must be done to reduce the total number of border-crossers. And that's a start.

"If we don't start reducing the total number of crossers, the problem is only going to get worse," Miss Neeley said. "And so far the environmental community really hasn't had an adequate response."

Immigration Activist Defying Ruling (AP)

By Sophia Tareen

AP, October 1, 2006

An immigration activist who took refuge in a church after the government ordered her deported to Mexico said Saturday she will remain holed up there, even though a federal judge dismissed a lawsuit filed on her behalf.

The lawsuit against the government had contended that deporting Arellano would effectively deport her son Saul, who is a U.S. citizen, and would violate his rights. U.S. District Judge Amy St. Eve ruled Friday that although the 7-year-old would face hardships, they weren't of constitutional magnitude.

Arellano, 31, and her son have been living at the Adalberto United Methodist Church since mid-August.

"I want to stay here with my son," Arellano said in Spanish to reporters at the church. "I'm not just fighting for my situation. ... You can't separate families."

The Rev. Walter L. Coleman, the Adalberto pastor who sued in August on the woman's behalf, said he and Arellano are in contact with other families in similar situations and are considering filing a class-action lawsuit, he said.

Coleman said he is not concerned that federal officials will enter the church to remove Arellano.

"We fear God more than we fear Homeland Security," he said.

Arellano was to surrender to federal authorities for deportation Aug. 15 but instead sought refuge in the small church, in a heavily Puerto Rican neighborhood.

She first was arrested in 1997 soon after crossing into the United States and was sent back to Mexico.

She returned and was arrested again in 2002 and convicted of working as a cleaning woman at O'Hare International Airport under a false Social Security number.

Vegetation Obscures Markers On U.S.-Canada Border (WT/AP)

The Washington Times, October 1, 2006

HOULTON, Maine (AP) -- The United States wants to better secure its border with Canada, but it may have trouble finding it in some areas, an official with the agency that maintains the border said.

The United States and Canada have fallen so far behind on basic maintenance of their shared border that law-enforcement officials may have to search through overgrown vegetation for markers in some places, the official said.

"If you can't find it, then you can't secure it," said Dennis Schornack, the U.S. commissioner of the International Boundary Commission (IBC), the intergovernmental agency responsible for maintaining the U.S.-Canada border.

DOJ_NMG_0072528

The Boeing Co. has been awarded a three-year contract to implement the first part of what could be a multibillion-dollar plan to reduce illegal entry along the 6,000 miles of border with Canada and Mexico using better technology, including cameras, sensors and even unmanned airplanes.

But commission officials say their budget of just more than $3 million is insufficient and insist that if they are not given more money to buy basic machinery to beat back the weeds, bushes and trees that threaten to overtake parts of the border, all those high-tech gadgets could prove useless.

"I've talked and talked, and we don't seem to be getting anywhere," Mr. Schornack said. "Yes, it's not glamorous. It's not high-tech. ... But if you don't get that basic job done, all I know is cameras won't work."

The 5,525-mile U.S.-Canada border cuts a 20-foot-wide swath through many wooded areas. Down the middle are monuments and markers denoting the actual border.

The agency, consisting of two commissioners (one from each country), seven field engineers and a small support staff, is responsible for surveying and maintaining more than 8,000 monuments and reference points.

The IBC has warned that it has fallen far behind in clearing fast-growing brush and trees, especially in the United States' Northeast and Northwest -- between Washington state and British Columbia, and among New England, Quebec and New Brunswick.

Mr. Schornack will meet in Washington tomorrow and Tuesday with his Canadian counterparts, high-ranking homeland security officials and members of Congress to lobby for more funding.

Canadian officials say the United States needs to contribute more money.

The United States contributed $1.43 million this fiscal year, compared with $2.2 million Canada contributed, the commission said. The U.S. contribution pales in comparison with the $33 million it is giving the International Boundary and Water Commission, which oversees maintenance of the border with Mexico. And a bill to erect a fence along the Mexican border went to President Bush on Friday.

"Some of the catch-up projects that the Americans are supposed to undertake are not being done. We're doing as much as we can with our funding, but the catch-up rate is not what it should be," said Al Arseneault, the deputy commissioner of the commission's Canadian branch.

CONGRESS-ADMINISTRATION:

Foley-Page E-Mails Not News To GOP (LAT)

By Chuck Neubauer

The Los Angeles Times, October 1, 2006

WASHINGTON — House Republicans knew for months that Rep. Mark Foley (R-Fla.) was exchanging what were described as "over-friendly" e-mails with a 16-year-old former House page, they acknowledged Saturday.

Foley resigned Friday after news reports revealed that he had sent another male teenage former House page messages that were explicitly sexual. House leaders said they had not been aware of those messages.

With midterm elections weeks away — and Democrats trying to capture the House from Republican control — GOP leaders went out of their way to condemn Foley's behavior.

"The improper communications between Rep. Mark Foley and former House congressional pages is unacceptable and abhorrent," House Republican leaders said in a statement issued late Saturday. "It is an obscene breach of trust. His immediate resignation must now be followed by the full weight of the criminal justice system."

Top House officials conceded that they had been alerted as early as last fall to concerns about Foley and his contacts with a 16-year-old former House page, but said they had discussed it with the congressman and were told that his relationship with the page was that of a mentor. They told him to cease his contacts with the page.

House Speaker J. Dennis Hastert (R-Ill.) reported that he was unaware that Foley had been sending sexually explicit messages until some messages to pages were leaked to the media last week. "No one was ever made aware of any sexually explicit e-mail or text messages at any time," Hastert's office said Saturday in releasing what it described as a preliminary report on his contacts in the matter.

ABC News reported Friday that it had obtained copies of instant messages to current and former male pages in which Foley made numerous explicit sexual references.

In one exchange Foley asked: "You in your boxers, too? …. Well strip down and get relaxed."

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Foley resigned his seat within hours of being asked about the messages. The six-term representative, chairman of a congressional caucus on crimes against children, was the author of legislation to strengthen penalties against pedophiles and child pornographers. He was considered a lock for reelection. Now Republicans are scrambling to find a replacement candidate.

Democrats were quick to criticize the GOP leadership, with Minority Leader Nancy Pelosi (D-San Francisco) demanding an Ethics Committee investigation, which the leadership agreed to.

House GOP leaders said in their statement Saturday that they were asking for a full review of the incident by the House Page Board and were creating a toll-free tip line for confidential reports of concern. They also said they had asked the Ethics Committee not only to investigate the Foley case but to promulgate rules on contacts between members of Congress and the pages.

In its preliminary report, Hastert's office said it had been told twice of concerns about Foley's e-mail contact with a former page.

The first time was last fall, when aides to Rep. Rodney Alexander (R-La.) told Hastert's staff that Foley had been in e-mail contact with a former page whom Alexander had sponsored.

Hastert's office said it had not been told the text of the e-mails and referred Alexander to the House clerk, whose office runs the page program. Alexander's office declined to show the e-mails to the clerk, saying they wanted to protect the family's privacy, according to the Hastert statement. Alexander's staff told the clerk that the e-mails were not sexual but characterized them as "over-friendly," Hastert's office said. In the e-mails, the 52-year-old Foley asked the page how he fared in Hurricane Katrina and asked for a photograph, among other topics.

Jeff Trandahl, the clerk at the time, and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met with Foley and told him that the parents wanted Foley to "immediately cease any communication with the young man," the report said. Foley told them he was just mentoring the page.

The clerk later told Hastert's office that they had spoken with Foley and taken corrective action, according to the report.

According to Hastert's press secretary, Ron Bonjean, office staffers did not inform Hastert. But another congressman said Saturday that he had personally told Hastert months later about what had been described as "over-friendly" e-mails. (Hastert does not recall the conversation, his office's report said.)

"Rodney Alexander brought to my attention the existence of e-mails between Mark Foley and a former page of Mr. Alexander's," said Rep. Thomas M. Reynolds (R-N.Y.), chairman of the Republican Congressional Campaign Committee. "Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the [House] speaker of the conversation Mr. Alexander had with me," Reynolds said.

Hastert's report said: "While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution."

House Majority Leader John A. Boehner (R-Ohio) said Saturday that he had heard of the e-mails five months ago but was told the matter had been taken care of.

Boehner spokesman Kevin Madden said Alexander had approached the majority leader five months ago and told him that Foley had had an e-mail exchange with a page. The conversation "did not raise an alarm," said Madden, "because Alexander had assured him that he had talked to the parents and they did not wish to pursue it and they did not believe there was need to pursue it further."

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G.O.P. Aides Knew In Late '05 Of E-Mail (NYT)

By Carl Hulse And Raymond Hernandez

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Top House Republicans knew for months about e-mail traffic between Representative Mark Foley and a former teenage page, but kept the matter secret and allowed Mr. Foley to remain head of a Congressional caucus on children's issues, Republican lawmakers said Saturday.

The exchanges began with what Republicans now describe as an "overfriendly" e-mail message from Mr. Foley to the unidentified teenager.

But news reports about the exchanges led to the disclosure of e-mail correspondence with other former pages in which the discussions became more and more sexually explicit. Shortly after he was confronted by ABC News on Friday about the subject, Mr. Foley, who represented a south Florida district, resigned from the House.

The revelations set off a political upheaval, with Democrats and some Republicans calling for a full investigation of Mr. Foley's conduct and whether House leaders did enough to look into it. Members of the Republican leadership sought Saturday to

detail how they had handled the case in an effort to defuse the situation, even as it was emerging as an issue in Congressional races.

Among those who became aware earlier this year of the fall 2005 communications between Mr. Foley and the 16-year-old page, who worked for Representative Rodney Alexander, Republican of Louisiana, were Representative John A. Boehner, the majority leader, and Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. Mr. Reynolds said in a statement Saturday that he had also personally raised the issue with Speaker J. Dennis Hastert.

"Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Mr. Reynolds said.

In a chronology of the episode released later on Saturday, the speaker's office said Mr. Hastert did not recall any such discussion and had no previous knowledge of the matter. "While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution," the statement said.

The statement, issued after senior aides, the House clerk and legal advisers huddled for much of Saturday in the Capitol, said senior staff members in the speaker's office first learned of the e-mail messages from Mr. Alexander's office in the fall of 2005 and took steps to investigate.

Aides to the speaker and other Congressional Republican leaders said the messages, which an Alexander aide described to them as "overfriendly," were much less explicit than the others that came to light after ABC News first disclosed the e-mail correspondence with Mr. Alexander's page. The aides said Mr. Alexander's office, at the request of the page's family, did not show them copies of the messages. In those messages, sent after Hurricane Katrina, Mr. Foley asked about the well-being of the boy, a Monroe, La., resident. He wrote: "How are you weathering the hurricane. . .are you safe. . .send me a pic of you as well." The page sent the note to a former colleague, describing it as "sick."

In another message, Mr. Foley wrote, "What do you want for your birthday coming up. . .what stuff do you like to do."

The e-mail exchanges that came to light after the first news reports were far more graphic. When he was confronted about them on Friday, Mr. Foley resigned. Republican leaders said they had not known about the other e-mail correspondence.

"No one in the speaker's office was made aware of the sexually explicit text messages which press reports suggest had been directed to another individual until they were revealed in the press and on the Internet this week," the statement from Mr. Hastert's office said.

Both Republican and Democratic lawmakers said Saturday that Congress and the public deserved a full report on Mr. Foley's dealings with the pages, who are high school students who serve as runners and perform other duties. The lawmakers said there should also be an inquiry into the leadership's knowledge of his activities and its response.

"Anyone who was involved in the chain of information should come forward and tell when they were told, what they were told and what they did with the information when they got it," said Representative Peter T. King, Republican of New York. Mr. King called it a "dark day" for Congress and said, "We need a full investigation."

Representative Christopher Shays, Republican of Connecticut, said any leader who had been aware of Mr. Foley's behavior and failed to take action should step down. "If they knew or should have known the extent of this problem, they should not serve in leadership," Mr. Shays said.

On Saturday night, the House Republican leadership issued a statement that characterized the communications between Mr. Foley and the former House pages as "unacceptable and abhorrent."

"It is an obscene breach of trust," the statement said. "His immediate resignation must now be followed by the full weight of the criminal justice system."

The statement, from Mr. Hastert, Mr. Boehner and the majority whip, Roy Blunt, asked the board that oversees pages "to undertake a full review of the incident and propose additional safeguard measures."

The leaders also said they had asked for specific rules governing the communications and contacts between pages and lawmakers and called for creation of a toll-free number for pages and their parents to report concerns.

Besides the leaders, other lawmakers and Congressional officers who served on the board that oversaw the page program were aware of the e-mail messages, though the Democratic lawmaker who serves on the board, Representative Dale E. Kildee of Michigan, said Saturday that he had never been informed.

According to lawmakers and the speaker's office, the page who received the e-mail forwarded the one in which Mr. Foley, 52, asked for his picture, to a colleague in Mr. Alexander's office, repeatedly calling it "sick" and saying it "freaked me out."

Mr. Alexander called the boy's parents, who, Republican leaders said Saturday, told him they did not want to pursue the matter but wanted Mr. Foley to stop.

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Mr. Alexander's office also contacted staff members in Mr. Hastert's office for guidance on what to do and, according to the speaker's account, his aides put Mr. Alexander's staff in contact with the clerk of the House, who oversees the page program. The clerk, who at the time was Jeff Trandahl, referred the matter to Representative John Shimkus, the Illinois Republican who is the chairman of the House Page Board, in late 2005, a spokesman for Mr. Shimkus said.

Mr. Trandahl and Mr. Shimkus confronted Mr. Foley, who insisted he was simply acting as a mentor to the former page, officials said. He assured them nothing inappropriate had occurred.

"They asked Foley about the e-mail," the speaker's statement said. "Congressman Shimkus and the clerk made it clear that to avoid even the appearance of impropriety and at the request of the parents, Congressman Foley was to immediately cease any communication with the young man."

The leadership had other possible avenues for investigating the e-mail messages beyond questioning Mr. Foley, including an inquiry by the ethics committee or even the Capitol police. But aides said that while the contents of the messages are disturbing in hindsight, they did not set off alarms initially.

On Saturday, Mr. Shimkus' spokesman, Steve Tomaszewski, said, "Obviously Foley lied about the other e-mails."

Mr. Tomaszewski said Mr. Shimkus would not comment on any other conversations he had with House leaders about the matter because it was referred to the ethics committee by a vote of the House on Friday. A spokesman for Mr. Alexander did not respond to telephone and e-mail messages.

Kevin Madden, a spokesman for Mr. Boehner, said Saturday that Mr. Boehner had had a "brief, nonspecific" conversation about the subject with Mr. Alexander in the spring but that he could not recall with certainty whether he had discussed it with other leaders.

Democrats moved quickly to criticize Mr. Reynolds, who while overseeing House campaigns nationally is facing the potential of a serious challenge from Jack Davis, a wealthy businessman who has vowed to spend at least $2 million of his own money in the contest. "Tom Reynolds had a moral obligation to protect our children," said Curtis Ellis, a spokesman for Mr. Davis.

Carl Forti, a spokesman for Mr. Reynolds, said the congressman became aware of contact between Mr. Foley and the young page this past spring, when Mr. Alexander brought it to his attention. Mr. Forti said that Mr. Alexander had told Mr. Reynolds of an e-mail exchange between Mr. Foley and the page, but that he did not show Mr. Reynolds the e-mail messages and their contents.

Strategists for both parties said it was too early to tell what impact the episode might have on Congressional elections now five weeks away but said at a minimum it could lower the already dismal public view of incumbents and discourage conservative voters.

It directly affected the race for the seat of Mr. Foley — the third Republican to resign this year under a cloud. Tim Mahoney, the Democrat who had been running an uphill and barely watched race against Mr. Foley, used the new attention to his campaign on Saturday to accuse the Republican leadership of covering up for him.

"It's now clear from all the reports coming in from across the country that the Republican leadership team has been well aware of this problem with the pages for well over a year," Mr. Mahoney said at a campaign stop at Palm Beach International Airport. "It looks to me that it was more important to hold onto a seat and to hold onto power than to take care of our children."

At the Justice Department, an official said that no investigation was under way but that the agency had "real interest" in examining the circumstances to see if any crimes were committed.

Several of Mr. Foley's former colleagues demanded a criminal inquiry.

Representative Robert E. Cramer, an Alabama Democrat who was co-chairman with Mr. Foley of the House Caucus on Missing and Exploited Children, condemned Mr. Foley's actions as "shocking and disturbing."

"Anyone, including Foley, involved in this type of behavior should be prosecuted to the fullest extent of the law," Mr. Cramer said.

GOP Leader Rebuts Hastert On Foley (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, October 1, 2006

Reynolds: Speaker Knew of E-Mails in Spring

House Speaker J. Dennis Hastert (R-Ill.) was notified early this year of inappropriate e-mails from former representative Mark Foley (R-Fla.) to a 16-year-old page, a top GOP House member said yesterday -- contradicting the speaker's assertions that he learned of concerns about Foley only last week.

Hastert did not dispute the claims of Rep. Thomas M. Reynolds (R-N.Y.), and his office confirmed that some of Hastert's top aides knew last year that Foley had been ordered to cease contact with the boy and to treat all pages respectfully.

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Reynolds, chairman of the National Republican Congressional Committee, became the second senior House Republican to say that Hastert has known of Foley's contacts for months, prompting Democratic attacks about the GOP leadership's inaction. Foley abruptly resigned his seat Friday.

House Majority Leader John A. Boehner (R-Ohio) told The Washington Post on Friday that he had learned in late spring of inappropriate e-mails Foley sent to the page, a boy from Louisiana, and that he promptly told Hastert, who appeared to know already of the concerns. Hours later, Boehner contacted The Post to say he could not be sure he had spoken with Hastert.

Yesterday's developments revealed a rift at the highest echelons of House Republican ranks a month before the Nov. 7 elections, and they threatened to expand the scandal to a full-blown party dilemma.

Only after Reynolds's definitive statement did Hastert concede yesterday that he may have been notified of some of the questionable activities of Foley, 52, who had co-chaired the Congressional Missing and Exploited Children's Caucus. Hastert said, however, that he knew nothing of the sexually explicit instant messages that became public Friday when ABC News and other news outlets reported them. The messages apparently were exchanged with youths other than the 16-year-old.

Hastert's aides learned in the fall of 2005 only of e-mail exchanges that House officials eventually deemed "over-friendly" with the Louisiana teenager, the speaker's office said yesterday in a lengthy statement. "While the Speaker does not explicitly recall this conversation" with Reynolds, the statement said, "he has no reason to dispute Congressman Reynolds's recollection that he reported to him on the problem and its resolution."

Boehner and Reynolds said their offices learned of the Foley e-mails months ago from Rep. Rodney Alexander (R), who sponsored the page from his northeastern-Louisiana district.

"Rodney Alexander brought to my attention the existence of the e-mails between Mark Foley and a former page of Mr. Alexander's," Reynolds said yesterday. "Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me."

GOP leaders have said they referred the matter promptly to Rep. John M. Shimkus (R-Ill.), who heads a three-lawmaker panel that oversees the House page program.

Shimkus questioned Foley, but at that time, he had seen only suspiciously friendly e-mails, not the explicit instant messages revealed recently. In one e-mail to the former page, for example, Foley asked for a picture of him. The boy reportedly told an associate that he considered the request to be "sick," but Foley convinced Shimkus that the exchanges were innocent, Shimkus and Republican leaders said.

Republicans appeared to have kept the matter under wraps. Rep. Dale E. Kildee (Mich.), the only Democrat on the House Page Board, said yesterday: "I was never informed of the allegations about Mr. Foley's inappropriate communications with a House page, and I was never involved in any inquiry into this matter."

Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, questioned yesterday why Alexander had gone to the House Republicans' chief political operative, rather than to other party leaders. "That's to protect a member, not to protect a child," Emanuel said.

With his statement, Reynolds, who is locked in a difficult reelection campaign, signaled he was unwilling to take the fall alone amid partisan attacks that were becoming increasingly vituperative. The Democratic National Committee yesterday issued a statement asking "Why Did Tom Reynolds Cover Up Congressman's Sex Crimes?" It continued: "While the shocking [online] exchanges produced an immediate uproar that cost Congressman Foley his job, at least one member of the House Republican leadership had known about the situation for months and did nothing about it: . . . Reynolds."

Republican insiders said Reynolds spoke out because he was angry that Hastert appeared willing to let him take the blame for the party leadership's silence.

A House GOP leadership aide, who spoke on the condition of anonymity for fear of losing his job, said that Reynolds realizes he has taken a shot at his leader but that it is understandable.

"This is what happens when one member tries to throw another member under a bus," the aide said.

Last night, Hastert, Boehner and Majority Whip Roy Blunt (R-Mo.) said in a statement that Foley's communications with former pages are "unacceptable and abhorrent," and that his resignation "must now be followed by the full weight of the criminal justice system." The statement did not suggest how that might happen, but added that the three have "asked for the creation of a toll-free telephone number for House pages, parents, grandparents and staff to confidentially report incidents of concern."

The House clerk's office "has taken possession of Congressman Foley's office, and Capitol police officers have been posted in front of his office around-the-clock" to preserve Foley's records and correspondence, said Hastert spokesman Ron Bonjean.

Foley's actions have jeopardized a House seat that Republicans had considered safe this fall. Sen. John F. Kerry (D-Mass.) headlined a fundraiser yesterday for the district's Democratic nominee, Tim Mahoney, whose race has rocketed to national prominence with Foley's resignation. Charlie Cook, editor of a nonpartisan newsletter that tracks congressional races,

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said that if Foley's name stays on the ballot, "it's going to be hard for Republicans to hold on to the seat." But a GOP loss might last only two years, he said, since the district typically votes Republican in presidential races.

The chronology released by Hastert's office begins in late 2005, after Alexander had alerted colleagues of Foley's e-mail exchanges with the former page, who had returned to Louisiana. Hastert aide Tim Kennedy "immediately discussed the matter with his supervisor, Mike Stokke, Speaker Hastert's Deputy Chief of Staff," the statement says. Also brought into the talks were Hastert's staff attorney, Ted Van Der Meid, and the House clerk.

The clerk and Shimkus "immediately met with Foley to discuss the matter," the chronology says, and they told Foley "to immediately cease any communication with the young man. . . . Mindful of the sensitivity to the parents' wishes to protect their child's privacy and believing that they had promptly reported what they knew to the proper authorities," it says, "Kennedy, Van Der Meid and Stokke did not discuss the matter with others in the Speaker's Office."

Republicans fear the scandal, coming in the wake of indictments of three GOP congressmen this year, might add to the public's unrest at the party's image and conduct, and some House members yesterday joined in the chorus of dismay and scorn.

"I don't think it will be just conservative voters that will shake their heads when they hear about this," said Rep. Jim McCrery (R-La.).

"As the author of laws designed to protect children on the Internet, I was appalled at the recent revelations that a member of Congress engaged in reprehensible behavior toward young people connected to the congressional page program," said Rep. Mike Pence (R-Ind.). "Congress should thoroughly investigate this matter and, in cooperation with law enforcement authorities, support all proper legal action."

Rich Galen, a Republican political strategist, worried that voters might lump Foley's name with former representatives Robert W. Ney (R-Ohio), Tom DeLay (R-Tex.) and Randy "Duke" Cunningham (R-Calif.), all of whom were forced to resign or were indicted amid various scandals this year.

"This sense of entitlement that members of Congress can do anything to anyone or for anyone has got to end," Galen said.

Staff writer R. Jeffrey Smith and staff researcher Magda Jean-Louis contributed to this report.

GOP Leaders Knew Of Foley E-mail In '05 (AP)

By Devlin Barrett

AP, October 1, 2006

Rep. Thomas Reynolds, head of the House Republican election effort, said Saturday he told Speaker Dennis Hastert months ago about concerns that a fellow GOP lawmaker had sent inappropriate messages to a teenage boy. Hastert's office said aides referred the matter to the proper authorities last fall but they were only told the messages were "over-friendly."

Reynolds, R-N.Y., was told about e-mails sent by Rep. Mark Foley and is now defending himself from Democratic accusations that he did too little. Foley, R-Fla., resigned Friday after ABC News questioned him about the e-mails to a former congressional page and about sexually suggestive instant messages to other pages.

"The improper communications between Congressman Mark Foley and former House Congressional pages is unacceptable and abhorrent. It is an obscene breach of trust," Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, and Majority Whip Roy Blunt, R-Mo., said in a written statement Saturday evening. "His immediate resignation must now be followed by the full weight of the criminal justice system."

The House leaders said it is their duty to ensure House pages are safe. They said they are creating a toll-free hot line for pages and their families to call to confidentially report any incidents, and will consider adopting new rules on communications between lawmakers and pages.

The boy who received the e-mails was 16 in the summer of 2005 when he worked in Congress as a page. After the boy returned to his Louisiana home, the congressman e-mailed him. The teenager thought the messages were inappropriate, particularly one in which Foley asked the teen to send a picture of himself.

The teen's family contacted their congressman, Rep. Rodney Alexander, R-La., who then discussed the problem with Reynolds sometime this spring.

"Rodney Alexander brought to my attention the existence of e-mails between Mark Foley and a former page of Mr. Alexander's," Reynolds, chairman of the National Republican Congressional Committee, said in a written statement Saturday.

"Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Reynolds said.

Hastert said he does not remember talking to Reynolds about the Foley e-mails, but did not dispute Reynolds' account.

"While the speaker does not explicitly recall this conversation, he has no reason to dispute Congressman Reynolds' recollection that he reported to him on the problem and its resolution," Hastert's aides said in a preliminary report on the matter issued Saturday.

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On Friday night, Hastert spokesman Ron Bonjean said the top House Republican had not known about the allegations.

Saturday's report includes a lengthy timeline detailing when they first learned of the worrisome e-mail in the fall of 2005, after a staffer for Alexander told Hastert's office the family wanted Foley to stop contacting their son. Alexander's staffer did not share the contents of the e-mail, saying it was not sexual but "over-friendly," the report says.

Hastert's aides referred the matter to the Clerk of the House, and "mindful of the sensitivity of the parent's wishes to protect their child's privacy and believing that they had promptly reported what they knew to the proper authorities," they did not discuss it with others in Hastert's office — including, apparently, their boss.

After the issue was referred to the clerk, it was passed along to the congressman who oversees the page program, Rep. John Shimkus, R-Ill.

Shimkus has said he learned about the e-mail exchange in late 2005 and took immediate action to investigate.

He said Foley told him it was an innocent exchange. Shimkus said he warned Foley not to have any more contact with the teenager and to respect other pages.

Democrats charged Reynolds did far too little and said more digging should be done.

"Congressman Reynolds' inaction in the face of such a serious situation is very troubling, and raises important questions about whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day," said Democratic National Committee spokeswoman Karen Finney.

New York Democrats hoping to unseat Reynolds blasted the congressman, saying they call into question the Republican's values.

"Mr. Reynolds knew about these allegedly inappropriate e-mails from a fellow congressman to a minor for months and didn't lift a finger," said Blake Zeff, a spokesman for the state Democrats.

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On the Net:

National Republican Congressional Committee: http://www.nrcc.org/

Shimkus Approached Foley About Early E-mails (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 1, 2006

WASHINGTON Last year, the House clerk grabbed Rep. John Shimkus off the floor during a vote and said they needed to talk.

It wasn't unusual for the clerk at that time, Jeff Trandahl, to catch Shimkus, in the hallway or on the House floor, since together they oversaw the House page program and often had items to discuss.

This time, though, Trandahl had in his hand an email exchange between one of the House pages, a 16-year-old boy, and Rep. Mark Foley, R-Fla.

Shimkus, who serves as board chairman for the House page program, read the emails, in which Foley asked about the boy's well-being in the wake of Hurricane Katrina, what he wanted for his birthday, and for a photograph. (The boy was from Louisiana and had returned to his home state.)

Although there was nothing sexually suggestive in the emails, Shimkus and Trandal agreed: "That was enough for us to approach Mark," Shimkus recalled an interview Saturday.

Soon after, they met with Foley and his chief of staff in the Florida congressman's office. "We basically said, 'We got these emails. And we don't think this is appropriate. ... You have to stop (contacting this boy)'," Shimkus said.

Shimkus said Foley told them, "'When I was a young person, an adult became my mentor inspired me to be a congressman and that's all I'm doing'." Foley said if he was guilty of anything, Shimkus recalled, it was of being "overly friendly."

As Shimkus and the rest of his House colleagues now know, "He lied to me. He lied to the former clerk."

Foley announced his resignation Friday after ABC News reported that he had indeed sent sexually explicit emails to other male pages.

Shimkus said he believes he handled the situation as best he could, given the information he had at the time. He said he didn't tell any other lawmakers about the incident, even other page board members, because he thought it had been addressed sufficiently.

He said he never learned, until Friday, about the other more explicit messages Foley sent, Shimkus said.

"My evaluation was there's no smoking gun here," he said. "At the time, that email had no significance ... other than 'Mark stay away from this kid, this doesn't look good'."

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Shimkus added: "I think based on the information I had, what I did was fine. If I regret something maybe I should have had Dale (Kildee, a Democratic board member and congressmen from Michigan) with me because now it's going to be a political football.

In the midst of the continuing swirl of the scandal last night, Shimkus and another board member visited the pages and apologized to them. Just a few days earlier, Shimkus had "read them the riot act" about behaving properly while in the program. On Friday, he told them, "I'm embarrassed I'm ashamed. This lecture I gave you I should give to my colleagues."

He urged them to contact him or another adult supervisor if they ever felt uncomfortable or were concerned about the behavior of House members, staff, or others. Shimkkus said he's not sure what steps, if any, the board could take to prevent this kind of incident again.

"Our responsibility is to make sure the kids are as safe in D.C. as they are at home. And you know what? They are," he said. "These kids are incredibly watched after and monitored, as well as any kids can be monitored."

As for his former colleague Foley, he said: "I imagine Mark really is a sick man who has really harmed himself and harmed the institution. Because of that I'm sure I'll be dealing with this for a while."

Democrats See Chance In Foley's District (AP)

By Brendan Farrington

AP, October 1, 2006

Democratic candidate Tim Mahoney seized the opportunity created by scandal and criticized GOP leaders Saturday for not fully investigating Rep. Mark Foley when his raunchy communications with a teenage boy came to light about a year ago.

Foley resigned Friday after revelations that he exchanged explicit electronic messages with the 16-year-old boy, a former congressional page, sending the Florida GOP scrambling for a replacement candidate less than six weeks before the election.

Mahoney, who until two days ago was the underdog in the race for Foley's seat, said Republican leaders should have fully investigated at the time. Pages are high school students who attend classes under congressional supervision and work as messengers.

"It looks to me that it was more important to hold onto a seat and to hold onto power than to take care of our children," Mahoney said. "I think that's wrong. I think that's what's wrong with Washington."

The House Page Board investigated the allegations late last year, but Foley was not honest when he denied improper conduct with the teenager, the committee's leader, Rep. John Shimkus of Illinois, has said.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said Saturday that he told Speaker Dennis Hastert months ago about the e-mail concerns. Hastert's office said aides referred the matter to proper authorities last fall but were told the messages were only "over-friendly."

House leaders, including Hastert, said their duty is to ensure that pages are safe. They said they are creating a toll-free hot line for pages and their families to call to confidentially report any incidents and will consider adopting new rules on communications between lawmakers and pages.

Mahoney, a millionaire financial services executive who switched parties last year before entering the race, campaigned Saturday with Sen. John Kerry.

The Massachusetts senator was in the state to raise money for Democratic congressional candidates and party gubernatorial nominee Jim Davis. About Foley, he said, "It speaks for itself. Every parent in America is disgusted and disturbed by it."

Foley, R-Fla., who is single, apologized Friday for letting down his family and constituents. Hours after his resignation, Foley's former colleagues engineered a vote to let the House ethics committee decide whether an investigation is needed.

In Florida, Democrats found themselves suddenly competitive in a district where Foley, 52, had been considered a shoo-in.

His resignation further complicates the political landscape for Republicans, who are fighting to retain control of Congress. Democrats need to win a net of 15 Republican seats to regain the power they lost in 1994.

Florida Republican officials on Saturday were still discussing the procedure to replace Foley as a candidate in the South Florida district, which President Bush won with 55 percent of the vote in 2004 and is now in play for November.

Though Florida ballots have already been printed with Foley's name and cannot be changed, any votes for Foley will count toward the party's choice.

State Rep. Joe Negron has been mentioned as a possible candidate. He would enter the race with several hundred thousand dollars left over from an attorney general campaign that he ended to avoid a primary with former U.S. Rep. Bill McCollum.

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"Tim Mahoney is spending his afternoon hanging out with John Kerry in Palm Beach County, and I think most voters in District 16 don't want a John Kerry Democrat representing them in Congress," Negron said. He said he has received the backing of many state Republican executive board members.

Foley, who represented an area around Palm Beach County and was chairman of the Missing and Exploited Children's Caucus, had introduced legislation in July to protect children from exploitation by adults over the Internet. He also sponsored other legislation designed to protect minors from abuse and neglect.

Foley e-mailed the page in August 2005. The boy was 16 at the time. Foley asked him how he was doing after Hurricane Katrina and what he wanted for his birthday. The congressman also asked the boy to send a photo of himself, according to excerpts of the e-mails that were originally released by ABC News.

ABC News reported Friday that Foley also engaged in a series of sexually explicit instant messages with current and former pages, all male.

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Associated Press writer Larry Margasak in Washington, D.C., contributed to this report.

House Republican Leaders Admit They Knew About Foley E-mails For Months (FLSUNSEN)

By William E. Gibson And Josh Hafenbrack

South Florida Sun-Sentinel, October 1, 2006

U.S. Rep. Mark Foley's sudden resignation from Congress sparked a political firestorm on Saturday when Democrats accused House Republicans of failing to respond to initial reports of his sexually suggestive e-mails to a congressional page.

The House voted late Friday to turn the matter over to the Ethics Committee before Congress adjourned for the fall election campaign season, hours after House leaders acknowledged they had known about the e-mails for months.

In Washington and Palm Beach County, Democrats tried to broaden the sex scandal by condemning an alleged cover-up by the House majority.

"It's made more outrageous by the fact that Republican leaders knew about it a year ago and kept it a secret to protect their political lives instead of protecting the lives of pages," U.S. Rep. Debbie Wasserman Schultz, D-Weston, said during a news conference at Palm Beach International Airport.

Wasserman Schultz and former presidential candidate John Kerry seized on Foley's resignation and apology while campaigning for Tim Mahoney, the Democrat running for Foley's former seat. "I think every parent in America was disgusted and disturbed by it," said Sen. Kerry, D-Mass., who had planned the fundraising trip before Foley's resignation on Friday.

Foley's apology and resignation six weeks before the Nov. 7 elections has turned the campaign for his seat into one of the most contentious and closely watched congressional races in the nation.

Before the resignation, election forecasters had considered Florida's 16th District relatively safe for Republicans despite Mahoney's spirited campaign. Foley, a popular and well-funded incumbent, seemed almost invincible.

Suddenly Democrats have the advantage in that race, putting the 16th District in the middle of a titanic nationwide struggle for majority control of the House.

South Florida Republicans scrambled to contain the damage but acknowledged that the once-safe seat is vulnerable.

"It's going to be very much of an uphill battle," said Palm Beach County Commissioner Mary McCarty. "I think a big question is going to be, who in Washington knew this was going on, and what did they do about it? I'm certainly hoping anybody that knew about this turned this over to the proper authorities at the right time. If it was common knowledge, why was it allowed to go on?"

House Republican leaders have acknowledged hearing complaints last November about suspicious e-mails from Foley to a 16-year-old former page but took no action at the request of the boy's parents.

When news about the e-mails was reported last week, Foley abruptly resigned. Around midnight Friday, just before taking a break for the election campaigns, House leaders pushed through a vote to turn the matter over to the House ethics committee.

Republican leaders in District 16, which includes parts of eight counties, plan to meet this week to pick a new candidate. State Rep. Joe Negron, R-Stuart, appears to be the leading candidate.

Negron says he has $1 million of cash on hand from his abandoned run for attorney general. That money can't be transferred into a federal account, but Negron said he would lean on many of the same supporters and had already received numerous calls from would-be donors.

Palm Beach County Republican Party Chairman Sid Dinerstein said Foley's name on the ballot makes for an awkward campaign, and he's not sure if the new Republican candidate can overcome it.

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"If there's a piece of luck in this thing on our side, it's Joe Negron," Dinerstein said. "He has the ability to raise money. He has name recognition. He's a wonderful person; the guy has no negatives. If the voters are just not able to punch the Foley name, we would understand."

Florida Republican Party spokesman Jeff Sadosky wouldn't say when the party will pick a new candidate, or if the GOP will mount a challenge to get Foleys' name off the ballot yet. "Right now, we're talking with our legal team to figure out the best course of action," he said.

Political analysts who track elections across the country say Democrats this year are poised to gain just enough seats to seize majority control, making each close race potentially pivotal.

"It's a likely Democratic pickup now," said Alan Abramowitz, a political scientist at Emory University. "That's a seat very likely to flip. Every seat is crucial now, so that's a big one."

Democrats need to gain 15 House seats to hold the majority, which would allow them to control the agenda, lead every committee and bring legislation to the floor for votes.

The opposition party would then be in position to promote its own causes, stymie President Bush's policies and investigate administration practices. The balance of power in Washington would shift closer to the middle of the political spectrum after two decades of conservative Republican dominance.

Foley's former seat becomes one of about three dozen in contention, including a close race in Florida's 22nd District, where Republican Rep. Clay Shaw of Fort Lauderdale is struggling to fend off Democrat Ron Klein, a state senator from Boca Raton.

Democrats now appear likely to gain between 13 and 20 House seats, said Richard Semiatin, a political scientist at American University in Washington who tracks House races.

In the post World War II era, Democrats controlled the House for four decades before losing it in the momentous 1994 election, which brought Foley into office along with 53 other Republican freshmen.

Once an embodiment of the "Republican Revolution," Foley in this year's elections has added to his party's woes.

Foley Built Career As Protector Of Children (WP)

By R. Jeffrey Smith

The Washington Post, October 1, 2006

He Gained Attention by Fighting Sex Crimes

The Republican congressman who resigned Friday following the discovery of sexually explicit Internet messages he sent to teenage boys was a gregarious and charismatic lawmaker who built his political career in large measure on legislative proposals meant to halt the sexual predation of children and others.

Beginning with his 1993 sponsorship of a measure in the Florida state legislature to seize the cars of men who solicited prostitutes, former restaurant owner and real estate agent Mark Foley repeatedly attracted a flattering political spotlight by inveighing against those involved in sexual crimes and presenting himself as a protector of exploited children.

A well-liked member of the class of conservatives elected to Congress in 1994, Foley was until two days ago a deputy whip for the House Republicans and a co-chairman of the Congressional Missing and Exploited Children's Caucus. A Web site for the bipartisan group states that it was formed to "create a voice within Congress" on that issue and to operate a hotline for tips about "online child sexual exploitation" that could be passed to law enforcement agencies.

At a White House Rose Garden ceremony on July 27, President Bush hailed Foley and some other House and Senate lawmakers as members of a "SWAT team for kids." Bush spoke while signing into law a broad child protection measure that included a Foley-sponsored provision requiring sex offenders to register in every state where they live, work or attend school.

Foley's abrupt exit from Capitol Hill on Friday, shortly after ABC News journalists confronted him with excerpts of his Internet messages to male youths, stunned his congressional staff. They had dismissed an ABC report earlier last week about e-mails Foley, 52, sent to an underage, male House page as an exaggerated report stemming from an innocent attempt to be friendly.

Foley was not the target of any official investigation before his resignation, and he said in a three-sentence letter on Friday that "I am deeply sorry and I apologize for letting down my family and the people of Florida."

"No one saw the extent of this," said a former aide who said he has been in contact with Foley's congressional staff members since the resignation and who spoke on the condition of anonymity because of the sensitivity of the matter. "You do that kind of stuff in the shadows."

Born in Boston into a devout Catholic family, Foley moved to south-central Florida and dropped out of a community college at age 20 to open with his mother a restaurant called Lettuce Patch, according to the Almanac of American Politics and CQ's

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Politics in America. He entered politics three years later as a commissioner for Lake Worth, a coastal town south of wealthy Palm Beach, starting as Democrat but switching parties in the 1980s.

The political cause of exploited children has long been a Republican favorite, and several of his staff members had strong feelings about its importance, according to several sources familiar with Foley's work. They said he saw the topic as a platform for attracting national attention and winning frequent appearances on cable talk shows, where he described sex offenders as "animals" who will persist "unless stopped."

"He loved the attention," a former aide said.

Foley recalled earlier this month that "I was in my mid-twenties" when Adam Walsh, 10, was kidnapped from his home in a nearby Florida community, assaulted, and killed in 1981, a crime that attracted national attention. "I remember that the case startled me. . . . It described the end of innocence for South Florida."

In 1998, he sponsored legislation allowing the Boy Scouts and other volunteer groups to get access to an FBI criminal database so they could weed out child predators. In 2003, he pressed Florida Gov. Jeb Bush (R) to investigate a nudist camp for teenagers, noting that "I have been fighting for years to eliminate both child pornography and so-called exploitive child modeling Web sites."

During the congressional debate in 1998 over President Bill Clinton's affair with a White House intern, Foley called Clinton's actions vile and told the St. Petersburg Times that "it's more sad than anything else, to see someone with such potential throw it all down the drain because of a sexual addiction."

While campaigning for a Senate nomination in 2003, Foley, who is single, was asked whether he was gay, and deflected the question as a matter of personal privacy before dropping out of the race.

Legislating, he told National Public Radio on June 29, "is not necessarily just trying to brand people or create a scarlet letter or subject them to unnecessary ridicule, but it's really to set a bar and a standard by which they then decide, 'I better get help professionally,' 'I better go and see how I can deal with this problem,' or, 'I should absolutely avoid contact with young people in order to ensure I don't fall into this very serious problem.' "

Hitting A Self-Destruct Button (NYT)

By Mark Leibovich

The New York Times, October 1, 2006

WASHINGTON

POLITICS incubates all manner of gaffe, scandal and humiliation, and then there are those rarified doozies that become classics at I.M. speed.

Hello, Representative Mark Foley, here's your special membership pin and thanks for joining Washington's "What On Earth Was He Thinking?" Caucus.

The illustrious club includes a special "Sex Scandal" subcaucus that features, among others, Wilbur Mills (D-Tidal Basin), Gary Hart (D-Monkey Business), Bob Packwood (R-Senate Elevators) and, of course, Bill Clinton (D-Oval Office).

Mr. Foley, the six-term Republican from Florida, gained slam-dunk admission Friday when he resigned from Congress and apologized to his family and the people of his state over reports that he sent sexually explicit messages to underage male pages.

Note the inclusion of the terms "sexually explicit," "underage," "male" and "page," in addition to the tidbits tidily extracted from the instant messages that ABC News reported were exchanged between Mr. Foley and his 16-year old, er, friend:

"Do I make you a little horny?" Mr. Foley reportedly asked under the log-in name "Maf54."

Teen: "A little."

Maf54: "Cool."

Mr. Foley gets double bonus points for his helpful if imprudent use of electronic mail, which made it so easy to spread around the mirth and amusement and — oops, scratch that, we mean genuine sadness and compassion. This is Washington, after all.

The exchange was quoted verbatim in the lead story of ABC's "World News Tonight" Friday and linked in its entirety on ABC's Web site under the heading of "READER DISCRETION STRONGLY ADVISED: Foley's Exchange With Underage Page."

Career-ender, in other words. At least until Mr. Foley does his confessional interview on Oprah, gets his very own talk-show ("Mark!") and secures the requisite seven-figure book advance. The book would divulge all the sordid details, except that it's hard to imagine things getting any more sordid than what's already on the Internet. The snippet quoted above is just the PG-13 teaser.

The "Sex Scandal" club is only one subcaucus in the big tent of Washington infamy and shame. There is also the "Blatant Financial Improprieties" subcaucus (with the guest star Duke Cunningham), the "Ill-Advised Nazi Comparison" subcaucus

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(Howdy, Senator Dick Durbin) and the "Racially Insensitive Remark Directly Into a Video Camera" ("You're an animal, George Allen").

But the sex subcaucus is easily the biggest.

"You always seem to have politicians doing bizarrely self-destructive things, especially involving sex," says Lawrence Kestenbaum, creator of "Political Graveyard," a history Web site that includes an exhaustive cataloging of transgressions by politicians.

Under the heading "Politicians Who Were Ever in Trouble or Disgrace," the section contains 420 entries, in chronological order, many of them involving present and former members of Congress. Among the escapades:

· Barney Frank, Democrat of Massachusetts, was reprimanded when it was revealed that a male lover had been running a prostitution business out of his Capitol Hill apartment.

· Donald (Buz) Lukens, Republican of Ohio, who was convicted of a misdemeanor for having sex with a 16-year-old girl.

· Dan Crane, Republican of Illinois, and Gerry Studds, Democrat of Massachusetts, both of whom were censured by the House for having sexual relations with teenage pages — Mr. Crane with a female in 1980, Mr. Studds with a male in 1973.

The "Politicians Who Were Ever in Trouble or Disgrace" section comes with the devastatingly simple disclaimer "Very Incomplete!"

Mr. Kestenbaum says improprieties in the political realm tend to resonate more than in others. First, they tend to become public, necessitating apologies and, in many cases, resignations. He points out that if Mr. Foley were a purchasing manager at some store, he might actually keep his job.

"The political world tends to be very judgmental," Mr. Kestenbaum says. This creates towering spectacles of dishonesty, famous last words that are often caught on tape. Mr. Clinton created the gold standard for this when he looked into a camera and indignantly declared, "I did not have sexual relations with that woman, Miss Lewinsky."

Mr. Foley gets triple bonus points for hypocrisy. As co-chairman of the House caucus on missing and exploited children, he has been a fierce advocate for tough sanctions against people who sexually exploit children over the Internet. Not that Democrats have been pointing this out relentlessly since the news broke or anything.

Or reminding people that Mr. Foley was a big supporter of President Clinton's impeachment.

"Part of his thing was, 'What do we tell the children?'" recalls the longtime Clinton aide Paul Begala. "Apparently, we'll tell them in a sexually explicit e-mail."

Gleeful, anyone? It's unclear exactly where this fits in, but any story about politicians and sex scandals feels incomplete without the iconic quote from Edwin Edwards, the rascally former governor of Louisiana: "The only way I can lose this election," Mr. Edwards once boasted to reporters, "is if I'm caught in bed with either a dead girl or a live boy."

He said nothing about instant messaging, however.

House's Program For Teenagers Is No Stranger To Scandal (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — The last time a scandal involving Congressional pages unfolded in the House of Representatives, a commission reviewing the matter reached a conclusion: those serving in the blue-coated gofer positions must be at least 16.

It was 1982, when Thomas P. O'Neill Jr., Democrat of Massachusetts and the House speaker, appointed a panel to review accusations that two congressmen had sexual relationships with teenage pages. Before the case was closed, the Justice Department had begun its own investigation and a yearlong House ethics probe concluded with the censure of a Republican and a Democratic representative.

The page program, a storied part of official Washington since 1829 and whose alumni include sitting members of Congress, is again at the center of a political controversy, as the fallout continued on Saturday from the resignation of Representative Mark Foley, Republican of Florida. Speaker J. Dennis Hastert, Republican of Illinois, has ordered a fresh review of the program allowing high school students to work as messengers on Capitol Hill.

Congressional pages arrive in Washington from across the country, sponsored by their local representative or senator, in a highly competitive program that attracts thousands of applicants. In navy blazers and pressed white shirts, about 100 young men and women not only answer telephones, deliver documents and run errands for members of Congress, but they also have a ringside seat to internal workings of the House and Senate.

Now, their education includes a possible scandal revolving around sexually explicit Internet and cellphone messages between Mr. Foley, 52, and a 16-year-old former page from Louisiana.

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Two decades ago, the page program was nearly discontinued after accusations of sexual misconduct and drug use. But a Congressional panel concluded: "We feel the pages received a bum rap from the highly publicized scandal."

Representatives Daniel B. Crane, Republican of Illinois, and Gerry E. Studds, Democrat of Massachusetts, were formally censured by the House in the sex scandal. On July 20, 1983, the two were required to stand in the well of the House chamber and listen to the charges against them, which they did not dispute.

Mr. Crane, who lost his bid for re-election, was censured for having had sexual relations with a 17-year-old female House page. Mr. Studds, who went on to serve in the House until January 1997, was censured for having had sexual relations with a 17-year-old male page on a trip to Europe during a summer Congressional recess.

In the aftermath of the scandal, the minimum age for pages was raised to 16 from 14. Tighter supervision measures were put in place, including a dormitory just blocks from the Capitol, where pages are required to live and attend classes.

Lawmakers moved to create the Page Board, a bipartisan panel that oversees the program.

Representative John Shimkus, a Republican from Illinois who heads the five-member board, had been looking into the case against Mr. Foley. But he kept the matter closely held.

The Democrat on the board, Representative Dale E. Kildee of Michigan, said he had not learned of the episode until Friday, the day Mr. Foley resigned.

"I was never informed of the allegations about Mr. Foley's inappropriate communications with a House page," Mr. Kildee said in a statement released Saturday evening. "And I was never involved in any inquiry into this matter."

The Foley Scandal (WP)

The Washington Post, October 1, 2006

It's not just about Rep. Foley.

THE SUDDEN resignation of Rep. Mark Foley (R-Fla.) involves more than an obviously troubled man who sent sexually suggestive e-mails to underage congressional pages. Numerous fellow lawmakers, including Republican leaders, apparently had at least partial knowledge about Mr. Foley's disturbing conduct. A thorough and prompt accounting is needed of what colleagues knew about his behavior, when they knew it and what they did about it.

The system of congressional pages offers valuable experience for teenage boys and girls but also puts a burden on Congress to ensure that the young people in its care are not subject to sexual harassment or abuse. In 1983 the House censured Reps. Daniel B. Crane (R-Ill) and Gerry E. Studds (D-Mass.) for sexual misconduct with pages. Given that history, initial reports about the institutional response to questions about Mr. Foley's behavior are extremely troubling -- suggestive of a self-protective desire to sweep the problem under the rug rather than to put the well-being of pages paramount.

Mr. Foley's interests were so well-known that pages reportedly warned each other to watch out for him. Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, said he was told by the clerk of the House about troubling e-mails from Mr. Foley to a page "in late 2005." Mr. Shimkus said he warned Mr. Foley to cut off contact and "be especially mindful of his conduct" with pages. That hardly seems an adequate response.

House Majority Leader John A. Boehner (R-Ohio) said he learned of the matter last spring, and Speaker J. Dennis Hastert (R-Ill.), after first saying he heard about it only last week, confirmed yesterday that he also was informed early this year. What did the House leaders do with this information, and did they take steps to protect other pages?

Mr. Boehner has punted the controversy to the House ethics committee. But that panel has too often been a black hole of inaction riven by partisan divisions. This isn't a matter of judging whether an individual member complied with ethics rules so much as of assessing the House's institutional response to a problem in its midst. The better course would be to appoint an outside investigator to do the fact-finding. Meanwhile, lawmakers, from the speaker on down, should divulge, fully and quickly, their conduct in this affair.

Medicare Insurers To Offer More Options In '07 (NYT)

By Robert Pear

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Medicare beneficiaries will have access to more options for prescription drug coverage in 2007, with many insurers offering better value and a larger number of medications, the Bush administration said Friday. But the potential for confusion may also increase.

The administration said beneficiaries who were satisfied with their current drug coverage would not have to do anything when the six-week open enrollment period begins Nov. 15. Consumer advocates, however, said beneficiaries should carefully review the options because prices have changed, often by significant amounts.

Insurers can begin marketing their 2007 options on Sunday.

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The drug program got off to a chaotic start in January. But the Bush administration, realizing that health care could be a potent issue for Democrats in midterm elections this fall, appears to have solved many of the biggest problems.

Many experts had predicted a shakeout in the market for drug coverage, which is offered through dozens of private insurers subsidized by the government. But it did not occur.

In most states, Medicare beneficiaries had a choice of slightly more than 40 free-standing drug plans this year. In 2007, every state but Alaska and Hawaii will have more than 50 drug plans, and 23 states will have 55 or more.

The number of national drug plans offering coverage in every state will rise to 17 next year, from 9 this year. In New York, 61 drug plans will be available, up from 46 this year.

John K. Gorman, a former Medicare official who is now a health care consultant, said, "Over all, Medicare beneficiaries can expect to see low drug premiums and higher levels of benefits."

To support the assertion that drug plans will offer better value, Medicare officials said the average premium for drug coverage next year would be $24 a month. That is the same as this year and 40 percent less than first estimated for 2007. But, the officials said, the average number of drugs covered by insurers will increase by 13 percent, to 4,390 next year.

Monthly premiums in 2007 will range from a low of $9.50, under a drug plan offered by the HIP Insurance Company of New York, to a high of more than $110 under plans offered by Sierra Health Services in New Jersey and some other states.

Francis B. Olsen, senior vice president of HIP Insurance in New York, said his company was now charging $40.70 a month for "virtually the same coverage" that would cost $9.50 a month next year. Clearly, he said, "it will be a better bargain for beneficiaries." Humana has the lowest premium this year: $1.87 a month in a seven-state region that includes Iowa, Minnesota and North and South Dakota.

The number of drug plans available in 2006 and 2007 far exceeds what members of Congress expected when they created the program three years ago. The existence of so many plans provides some evidence to support the theory that the federal government can stimulate fierce competition among private insurers — regulated and subsidized by the government — to help control health costs for beneficiaries and taxpayers.

"As a result of robust competition and smart choices by seniors, plans are adding drugs, removing options that were not popular, and providing more options with enhanced coverage," said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services.

But Deane R. Beebe of the Medicare Rights Center, a counseling and advocacy group, said beneficiaries should not be lulled into complacency.

"Your drug plan might have worked for you this year, but you can't assume that it will be affordable or cover the drugs you need next year," Ms. Beebe said. "You should go back to the drawing board to determine whether your current plan or another one would best meet your needs."

Congress defined a standard benefit, which includes a significant gap in coverage, also known as a doughnut hole. Medicare officials encouraged insurers to help close the gap in 2007, and many companies responded. For premiums ranging typically from $40 to $50 a month, beneficiaries can enroll in plans that provide extra benefits, including coverage in the gap for generic and sometimes for brand-name drugs.

While many companies are in the market, enrollment is concentrated in drug plans offered by just a handful of companies. Two companies, UnitedHealth and Humana, attracted almost half of the people in prescription drug plans this year, but that could change.

Humana, which offered the lowest premiums in many states this year, is raising some of its charges in 2007, and other companies have cut their premiums to compete more effectively.

To illustrate the need for caution in the marketplace, Ms. Beebe pointed to changes in the most comprehensive plan offered by Humana. In New York, the premium for this plan, known as Humana Complete, will be $82.10 a month in 2007, up from $47.93 this year. But the plan, which covers both generic and brand-name drugs in the gap this year, will cover only generic products in the gap next year, according to data provided by the government and the company.

Thomas T. Noland Jr., a spokesman for Humana, said other companies were lowering their premiums "in response to our leadership."

Even though UnitedHealth often charged higher premiums than other insurers this year, it won many subscribers because it had a product endorsed by AARP, the lobby for older Americans. UnitedHealth offered one drug plan under the AARP name this year, but in 2007, it will offer three, including a so-called saver plan priced below the cheapest Humana plan in several states.

Hope, At $4,200 A Dose (NYT)

By Alex Berenson

DOJ_NMG_0072542

The New York Times, October 1, 2006

CHARGING $4,200 a dose for a new version of an old cancer drug has helped make Dr. Patrick Soon-Shiong a billionaire.

The drug, Abraxane, does not help patients live longer than the older treatment, though it does shrink tumors in more patients, according to clinical trials. And the old and new medicines have similar side effects. An independent review of Abraxane published in December in a cancer research journal concluded that the drug was "old wine in a new bottle."

Still, Dr. Soon-Shiong's company, Abraxis BioScience, has promoted Abraxane as a major advance in treating late-stage breast cancer — that is, for patients who have not responded to other treatments and are now close to death — and is seeking approval for patients to use it earlier in their treatment. And, in at least one way, Abraxane is a breakthrough: it costs about 25 times as much as a generic version of the older medicine, which is best known by its brand name, Taxol.

Because of the odd economics of the cancer drug market, though, Abraxane's price does not seem to be hurting its popularity.

About 20,000 people have now been treated with the drug, and Dr. Soon-Shiong expects its sales to approach $200 million this year. By 2010, Abraxane's annual sales could reach $1 billion, analysts say.

Those rosy forecasts illustrate the pricing power that makers of cancer drugs wield. With patients often facing grim prognoses and desperate for new therapies, and insurers relatively powerless to negotiate prices or deny coverage, the cost of treatments seems to have little impact on demand.

The rise in cancer-drug prices is a microcosm of broader trends pushing up health care costs nationally. Despite decades of efforts by governments and insurers to restrain costs, patients continue to want the newest — and most expensive — drugs and medical devices. And doctors and the health care industry have little reason to keep costs in check, because insurers rarely deny coverage for new treatments on the basis of price.

As a result, health care costs continue to skyrocket. On Tuesday, the Kaiser Family Foundation reported that the cost of employee health insurance coverage rose 8 percent, according to a survey conducted from January to May this year. Businesses now spend about $8,500 a year for health insurance for the average family, the foundation said, with employees adding $3,000, not counting the cost of deductibles and other out-of-pocket payments.

Abraxane, and cancer drugs generally, are still a tiny part of total medical spending. But their costs are rising even faster than overall health care inflation. Worldwide, spending on cancer drugs is expected to more than double from 2004 to 2009, to $55 billion, with most of that in the United States.

LARGELY as a result of investor enthusiasm for Abraxane, the stock market value of Abraxis is $4.6 billion.The company, which also makes several generic drugs used in hospitals, had a profit of $86 million last year on sales of $519 million. Dr. Soon-Shiong, the company's chairman, owns 84 percent of the stock, worth about $3.8 billion.

Dr. Soon-Shiong, a Los Angeles surgeon with a controversial history in the drug industry, says Abraxane's price is justified because it causes fewer allergic reactions than Taxol, whose chemical name is paclitaxel. And his company is spending large sums on clinical trials to test Abraxane in new categories of cancer patients, he said.

"We have a breakthrough," he said. "Look at the data."

Dr. Soon-Shiong also noted that although Abraxane has not been proved to prolong survival, it does appear to cause tumors to shrink more often than does Taxol. In the clinical trial that led to Abraxane's approval, about 24 percent of patients showed some response to Abraxane, compared with 11 percent for Taxol.

Independent oncologists agree that reducing the risk of allergic reactions is an advantage — and perhaps reason enough for doctors to choose Abraxane, costs aside. Still, in clinical trials, Abraxane's overall side-effect profile was similar to that of paclitaxel, which was approved as a chemotherapy treatment in 1992 and is still widely used. Both Abraxane and Taxol can kill white blood cells, leaving patients open to infection, as well as damage nerves in the hands and feet. Taxol causes more damage to white blood cells, while Abraxane causes more nerve damage.

Drug industry experts say Abraxane's price reflects the fact that makers of cancer drugs can charge high prices for new medicines even if they are only marginally better than their older counterparts. That pricing dynamic is enabled by insurance, which shields patients from the full price of drugs. Without pressure from their insurers, patients have little reason to choose older treatments over expensive new therapies.

Doctors, who ultimately decide what drugs to prescribe, also do not have to worry about paying for the treatments they choose.

"When I'm with a patient, my job is to be a patient advocate, not to try to save society money on chemotherapy," said Dr. Barbara L. McAneny, the chief executive of New Mexico Oncology/Hematology Consultants, in Albuquerque.

The Food and Drug Administration, meanwhile, does not regulate drug prices but considers only whether new medicines are safe and effective. Medicare, which pays for Abraxane, is also forbidden by law from considering cost in deciding what treatments to cover.

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While insurers have tried to save money in other drug categories by encouraging patients to use cheaper generic drugs, they face public pressure not to restrict access to new cancer treatments. At least since 1971, when President Richard M. Nixon declared a "war on cancer" and vowed to eliminate it, cancer has been viewed as a uniquely frightening disease that deserves the highest priority for research and treatment.

At the same time, most cancer drugs cannot be easily substituted for one another, preventing insurers from playing one drug maker against a rival to achieve lower prices. Abraxis, despite having a close generic competitor for its drug, appears to be benefiting from the insurance industry's acquired habit of paying for whatever the cancer doctor prescribes.

"Everyone is well aware that prices keep going up," said Dr. Steven B. Miller, the chief medical officer at CuraScript, a division of Express Scripts, which helps companies manage their drug insurance plans. But employers are reluctant to tell Express Scripts to refuse to pay for costly new cancer drugs, Dr. Miller said.

"Do you want your employees calling and saying, 'You're denying my family the latest cancer care?' " Dr. Miller said. "Until the payor community" — that is, companies that provide health insurance — "develops the appetite to be more aggressive, it would be irresponsible for us to press them on it," he added.

But Dr. John C. Hornberger, a senior research associate at the Sphere Institute, a nonprofit health and public policy group in Burlingame, Calif., says employers are wary of interfering in medical decision-making by their employees. "They want to control costs," he said, "but they don't want to be involved."

Carol Austin-Fink, who learned last year that she had cancer in her right breast, insisted on taking Abraxane after she received the diagnosis because the chemotherapy she received in 1996 for a different cancer in her left breast had caused severe side effects. The earlier treatment did not include Taxol, so she had no idea whether Taxol would cause problems for her, but she did not want to take the chance.

Ms. Austin-Fink, a 59-year-old writer who lives in Las Vegas, said she received six doses of Abraxane over four months, a standard course of treatment. The cost of the drug did not concern her because she has excellent insurance coverage, she said.

"My insurance company just paid it, because my doctors said they needed it, and the insurance company doesn't argue with stuff like that," Ms. Austin-Fink said.

The Abraxane had few side effects and caused her tumor to shrink almost immediately. Her cancer has remained under control since her final treatment a year ago, she said. She said she believes that Abraxane worked better for her than Taxol would have, though she acknowledged that she could not be sure.

Drug companies have sharply increased prices for new cancer drugs in the last decade. Since 1998, for example, Celgene, a biotechnology company based in Summit, N.J., has raised the price of Thalomid, a drug for a cancer called multiple myeloma, to more than $35,000 a year from $4,000.

Celgene is not alone. New treatments now routinely cost several thousand dollars a month. Worldwide spending on cancer medicines, which was $24 billion in 2004, is expected to rise to $55 billion in 2009, making oncology treatments the biggest drug category, according to IMS Health, which provides data on drug sales.

The higher prices are beginning to strain the system, said Carolina Hinestrosa, executive vice president at the National Breast Cancer Coalition, an advocacy group.

Even if they have insurance, many patients face co-payments of 20 percent for their cancer drugs, an expense that can become ruinous for patients receiving combination therapy with several new drugs. For example, Abraxane is being tested along with Avastin, a treatment from Genentech that costs $8,000 a month for some patients.

Drug costs are rising so fast that some patients cannot afford the newest treatments, and access to some therapies "is beginning to be eroded," Ms. Hinestrosa said.

ORIGINALLY, Taxol itself was considered expensive. When the F.D.A. approved it in December 1992, its price of $986 a dose led to Congressional hearings. Since 2000, when Bristol-Myers Squibb's patent on Taxol expired, the drug has been available both as nonbranded generic paclitaxel and as branded Taxol, at a cost of about $150 a dose for the generic and $1,000 for the branded version, which is now sold mostly outside the United States.

These days, though, high prices rarely draw public protests, in part because most patients are still receiving their medicines. That is accomplished through a mix of insurance coverage and programs sponsored by charities and drug makers, including Abraxis, that provide free supplies to the indigent.

"There isn't an effort in terms of public policy to keep prices under control," Ms. Hinestrosa said.

Megan Murphy, an analyst at Lazard Capital Markets who follows Abraxis, agrees. While doctors and patients have begun to complain, drug makers still have substantial pricing power, she said. "At some point, something will change here," she said. "But there doesn't seem to be any real resistance right now."

Dr. Soon-Shiong said in an interview that he, too, worried about the cost of cancer treatment. But Abraxane is fairly priced, he said, because it is based on a scientific breakthrough that the company refers to as "nanoparticle technology."

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This is not the first time that Dr. Soon-Shiong has aggressively promoted a new disease treatment. In the mid-1990's, he won attention for transplanting pancreatic cells into two diabetic patients. Eventually, the transplants failed.

At about the same time that Dr. Soon-Shiong was researching both diabetes treatments and Abraxane, he created a company called American Pharmaceutical Partners to market generic drugs to hospitals. American Pharmaceutical generated controversy by giving stock options to executives at a company responsible for buying drugs on behalf of hospitals nationwide. Some doctors said the stock options created a serious conflict of interest by giving the executives — who were supposed to represent the hospitals — a financial interest in American Pharmaceutical's success. American Pharmaceutical denied any wrongdoing and said all the arrangements were properly disclosed.

Dr. Soon-Shiong created Abraxis BioScience earlier this year by merging American Pharmaceutical Partners with another company he controlled, American BioScience. Shareholders in American Pharmaceutical Partners have sued him over the merger, contending that it benefited him at their expense. Dr. Soon-Shiong says that he has done nothing wrong and that the lawsuits are irrelevant to Abraxane's promise.

ABRAXANE is a reformulated version of paclitaxel, a chemical found in the Pacific yew tree that destroys cancer cells. But paclitaxel, which is given intravenously, is difficult to use. Because it does not dissolve in water, the drug must be mixed in Cremophor, a combination of castor oil and alcohol that can cause severe allergic reactions. To reduce that risk, patients who receive Cremophor first receive a steroid and an antihistamine.

Working with University of Illinois researchers in the 1990's, Dr. Soon-Shiong found a way to give Taxol without Cremophor by coating paclitaxel in fragments of albumin, a protein found in human blood. He named the new treatment Abraxane.

Abraxane patients do not need antihistamines or steroids. The drug can also be given at slightly higher doses and injected more quickly than traditional paclitaxel, which requires a three hour-infusion.

A third drug, called Taxotere, works similarly to paclitaxel but is a different chemical compound; it competes with both Abraxane and Taxol. Made by Sanofi-Aventis, Taxotere costs $2,500 a dose. It increases survival slightly in breast cancer patients, compared with Taxol. But because Taxotere has even more severe side effects, many patients and doctors prefer Taxol. Both drugs are widely used. There is no published data comparing Abraxane and Taxotere.

In the largest clinical trial comparing Abraxane and Taxol, covering 454 patients, the two drugs produced similar side effects — although Taxol caused more patients to have low white blood cell counts.

The trial also showed that Abraxane delayed the growth of tumors for 23 weeks in the average patient, compared with 17 weeks for Taxol. That difference was statistically significant, meaning that it probably did not occur by chance. But the trial did not show that Abraxane extended patients' lives longer than Taxol did, and that is the most important measure of effectiveness. After two years, roughly 75 percent of patients in the study had died, whether they received Abraxane or Taxol.

Over all, Abraxane may be slightly more effective than Taxol, and the lack of Cremophor is an advantage, said Dr. Andrew D. Seidman, a breast cancer specialist at Memorial Sloan-Kettering Cancer Center in Manhattan who has studied Taxol and Taxotere since the early 1990's. But the two drugs are similar, he said. "Is this a breakthrough in terms of the notion that this is a new class of drug with a new mechanism of action?" he asked rhetorically. "No."

Dr. Ramaswamy Govindan, a Washington University professor who was co-author of a December article in the Annals of Oncology about Abraxane and other, as-yet- unapproved Cremophor-free versions of Taxol, said that none of the new drugs had shown significant advantages over the older medicine.

"In general, the novel formulations so far have not stood out as distinctly superior," Dr. Govindan said.

The F.D.A. approved Abraxane as a last-ditch treatment for late-stage breast cancer in January 2005. Now Abraxis is asking the F.D.A. to allow the use of Abraxane as a treatment for early-stage breast cancer, a larger market than that for late-stage treatments. In an unusual move, the company asked the agency earlier this year to waive its typical requirement that the drug be tested in those patients before allowing the expanded use.

On Sept. 7, the F.D.A. convened a panel of experts in Silver Spring, Md., to discuss Abraxis's request.

Committee members voted against the company's proposal 13 to 1, saying that Abraxis needed more data. The company expects to begin discussions soon with the F.D.A. about designing a clinical trial to test Abraxane in early-stage patients.

At the Sept. 7 hearing, though, Dr. Michael Hawkins, Abraxis's top medical officer, made a remarkable observation about how the company's $4,200-a-dose drug compared with $150 generic paclitaxel.

Dr. Hawkins said the F.D.A. should approve Abraxane in early-stage patients without a clinical trial because such testing would probably not prove that his company's drug was different than the conventional treatment. "These are just two forms of paclitaxel," he said.

Arizonan To Head Transport Dept (AP)

AP, October 1, 2006

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Senate confirms Bush nominee Mary Peters, 57

WASHINGTON — The Senate early Saturday confirmed President Bush's nomination of Mary Peters, Arizona's former Department of Transportation director, as the new secretary of transportation.

Peters, a former federal highway administrator, succeeds Norman Mineta, a Democrat who resigned in July after six years in office.

In a statement issued by the White House, Bush said Peters is "an innovative thinker who will work with state and local leaders to confront challenges and solve problems."

Peters, 57, who spent most of her career in government highway jobs, is a strong advocate of privatizing roads. But highways are only a part of the Transportation Department's portfolio. The 60,000-person department also regulates aviation, railroads, pipelines, transit and motor carriers.

Her biggest challenges will be reducing highway, airport and seaport congestion. The administration in May announced a strategy to reduce highway congestion. It calls for selecting up to five interstate corridors for long-term investment.

Peters spent three years as head of the Arizona Department of Transportation and 3 1/2 years as head of the Federal Highway Administration.

Since November, she has been national director for transportation policy and consulting in the Phoenix office of HDR, an architectural and engineering firm.

A fourth-generation Arizonan, she holds a bachelor's degree from the University of Phoenix and attended Harvard University's John F. Kennedy School of Government program for state and local government executives.

Last November, Peters dropped her bid to challenge Democratic Gov. Janet Napolitano after questions were raised about Peters' eligibility.

The Arizona Constitution requires candidates to have been Arizona citizens five years before the election, but Peters lived in Virginia and registered to vote there during Bush's first term.

Peters said she believed she was eligible to run, but was stepping aside because the issue would have been a distraction in the race.

Justices To Hear Abortion, Integration Cases (WP)

By Charles Lane

The Washington Post, October 1, 2006

'Partial-Birth' Procedure and Schools' Race Policies to Dominate Court's Agenda

Abortion and race dominate the Supreme Court's agenda for the term that begins tomorrow, with the Bush administration and its conservative allies urging the justices to put limits on abortion rights and affirmative action.

Conservatives want the court to uphold a 2003 federal law banning the procedure opponents call "partial-birth" abortion, and to strike down local integration policies that distribute students by race. They are asking the court not only to rule in their favor, but to limit -- or, possibly, overrule -- recent constitutional decisions that have drawn heavy fire from the right.

The conservative push on social issues is just what Democrats and liberals, concerned about the future of Roe v. Wade , the 1973 case that recognized a right to abortion, warned against during confirmation hearings for the two Bush appointees now on the court -- Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

In response, Roberts and Alito pledged to take due account of stare decisis , the rule that says the court should avoid overruling past decisions.

So this term will be closely watched not only for the results the court reaches, but for how it reaches them.

"They don't want to make it look as if the only reason for change is that there are different people here," said Michael J. Gerhardt, a professor of law at the University of North Carolina. "They'll want to make it clear that principles and not politics dictated the outcome."

When the court takes up the federal abortion law, it will be considering a statute that was passed by a large majority in Congress and signed by Bush in 2003 -- and then struck down by every lower federal court that has considered it.

The lower courts ruled that the law is incompatible with a 5 to 4 ruling by the Supreme Court in 2000 that held that a similar state law, from Nebraska, was unconstitutional.

In that case, known as Stenberg v. Carhart , the court said the statute could be read to prohibit other procedures and lacked an exception to protect a mother's health, creating an "undue burden" on the right to abortion first recognized in Roe.

The Republican-controlled Congress included an exception to save a mother's life. It did not permit any other exception, however, based on its finding that none could be medically justified.

If the court wants to uphold the federal law without overruling a precedent that is only six years old, it could say that it is bound by Congress's factual findings, which distinguish the federal law from the Nebraska one.

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That is the course urged by the Bush administration in its brief, which speaks of "the long-standing principle that Congress is better equipped than courts to make factual findings that inform the constitutionality of federal statutes."

But, the administration brief continues, to "the extent that the Court concludes that Stenberg compels the conclusion that the Act is facially invalid . . . Stenberg should be overruled."

In a brief on behalf of several doctors challenging the ban, the Center for Reproductive Rights told the court that it owes Congress no deference on issues of medical practice, and that the administration's suggestion that Stenberg may be overruled "demonstrates an inadequate regard for the societal values held safe by the principles of stare decisis ."

The decision to rule on "partial birth" abortion despite the absence of disagreement among lower courts was expected: The court usually reviews lower-court decisions holding federal laws unconstitutional.

Taking up race-conscious public school assignments was a surprise, however. The justices had turned down a similar case a few months earlier, when Sandra Day O'Connor was still on the court.

O'Connor wrote the court's opinion in a 5 to 4 case upholding race-conscious admissions in higher education.

But after Alito replaced her, the court spent almost two months discussing the public school issue before deciding in June to hear it.

At issue are voluntary school integration plans in Seattle and in Louisville, Ky.

In Seattle, where authorities seek to overcome what they say are segregated housing patterns, students can choose to attend any high school in the city, but some are oversubscribed.

To determine who gets in, officials deny admission to new students whose race would tip an oversubscribed school's population more than 15 percentage points outside a 60-40 nonwhite-white balance.

In Louisville, which was under court order to desegregate until 2000, the policy applies from first grade through high school and aims to prevent any school from falling below 15 percent black or exceeding 50 percent black.

In both cities, white parents whose children were not allowed into the schools of their choice sued, alleging that the policies were unconstitutional.

Lower courts ruled in favor of the schools, citing O'Connor's 2003 opinion, which said that diversity could be a strong enough government interest to warrant the use of race as a factor in allocating places in the University of Michigan's law school.

Several conservative legal organizations are urging the court in friend-of-the-court briefs to use the Seattle and Louisville cases to overrule the three-year-old Michigan decision.

But in their briefs, the white parents and the Bush administration, which supports them, do not urge overruling the Michigan case -- which caused deep internal divisions over affirmative action within the administration.

Instead, they tell the court that the public school plans are different because they are not true efforts at diversity but, as the administration brief puts it, "outright racial balancing," which the court has disapproved in other cases.

Where The Rubber Meets Roe (WP)

By William Saletan

The Washington Post, October 1, 2006

The issue that never changes is finally changing.

If you're among the millions of Americans who don't like the idea of abortion but also don't like the idea of banning it, good news is on the way. In the past several weeks, two bills have been filed in the House. Without banning a single procedure, they aim to significantly lower the rate of abortions performed in this country. Voluntary reduction, not criminalization or moral silence, is the new approach.

How do you stop abortions without restricting them? One way is to persuade women to complete their pregnancies instead of terminating them. The other is to prevent unintended pregnancies in the first place. And there's the rub -- or, in this case, the rubber. The two House bills used to be one proposal, backed by an alliance of antiabortion lawmakers and organizations. The alliance split because one faction wanted to fund contraception and the other didn't.

In short, the good news is that we no longer have to fight about abortion. The bad news is that we're now fighting about contraception. The old question was abortion as birth control. The new question is abortion or birth control. To lower the abortion rate, we need more contraception. And that means confronting politicians who stand in the way.

In the past two years, Sen. Hillary Rodham Clinton , NARAL Pro-Choice America and many House Democrats who support abortion rights have conceded that abortion is tragic and that its frequency must be reduced. Third Way , a progressive think tank, has pushed hard in this direction.

Meanwhile, Democrats for Life of America , which has eight members of Congress on its advisory board and works with 30 others, has devised a plan to reduce the abortion rate by 95 percent " by helping and supporting pregnant women ." Rep. Timothy J. Ryan (D-Ohio) was set to lead the charge.

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Then Ryan looked at the data and realized that to get anywhere near that target, he and his colleagues would have to provide more birth control. That's when the squirming began.

Some of Ryan's antiabortion allies worried that "morning-after" pills might prevent embryos from implanting, so he omitted such pills from his bill. They opposed requiring private insurers to cover contraception, so he took that out, too. They complained that other pregnancy-prevention bills hadn't emphasized abortion reduction, so he put abortion reduction in the title. They wanted sex education programs to emphasize abstinence; they got it. The only troublesome thing left in the bill was birth control.

It broke the deal. Democrats for Life abandoned Ryan and began a contraceptive-free alternative. With them went Americans United for Life, the National Association of Evangelicals and 13 House Democrats, led by Rep. James L. Oberstar (Minn.), the Democratic co-chairman of the congressional Pro-Life Caucus. Ryan added his name to their bill, but they refused to add their names to his. Focus on the Family, the U.S. Conference of Catholic Bishops, Rush Limbaugh and Rep. Christopher H. Smith (N.J.), the Republican co-chairman of the Pro-Life Caucus, excoriated Ryan's bill. The Catholic Diocese of Youngstown, based in Ryan's district, asked him to withdraw it.

The objectors make several arguments. They point out that birth control pills, like morning-after pills, can block implantation of an embryo. But there's no evidence that this has ever happened. The chance is theoretical, and breastfeeding poses the same chance, so you'd have to stamp that out, too. Critics also note that many birth control methods can fail. That's true, but it's an argument for using two methods, not zero.

Third, they protest that federal family planning money supports Planned Parenthood, which performs abortions. But only 14 percent of this money goes to the organization, and fewer than 9 percent of Planned Parenthood clients go there to have an abortion.

Above all, the critics insist that contraception will backfire. As the Youngstown diocese puts it, "Promotion of contraception leads to more extra-marital sexual intercourse, which leads to more unwanted pregnancies, which leads to more abortions."

The belief that you're protected does make it easier to say yes. But denying that contraceptives reduce your risk of pregnancy is as crazy as denying that an umbrella reduces your risk of getting wet.

Does the increased risk from more sex outweigh the decreased risk from more protection? Do the math. On average, contraception lowers the odds of pregnancy by a factor of seven. If you're capable of having seven times as much sex, congratulations. The rest of us will get pregnant less often, not more.

And that's what the data show. Ryan's bill targets women with family incomes below 200 percent of the poverty line, since they have higher rates of unintended pregnancy and more difficulty finding or affording contraception. Among these women, the percentage using contraception declined from 1995 to 2002. As predicted by contraception opponents, the rate of sexual activity also declined, though only slightly. Even better, from an antiabortion standpoint, when these women got pregnant unintentionally, the percentage who chose abortion fell.

Less contraception, less sex, more women choosing life. So, the abortion rate among these women went down, right? Wrong. The decline in contraception overwhelmed the decline in sexual activity, resulting in a higher rate of unintended pregnancy. And the increase in unintended pregnancy overwhelmed the increase in women choosing to have the baby, resulting in more abortions. From an antiabortion standpoint, trading contraception for "choosing life" was a net loss.

That's why Ryan insists on birth control. He's tired of pious slogans and symbolic bills crafted to save more congressional seats than babies. He has had enough of the debate between life and choice. He wants a new abortion debate. "You're either for reducing the number, or you're not," he says. He has made his decision. Now make yours.

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Along With Victories, G.O.P. Takes A Few Blows (NYT)

By Carl Hulse And Kate Zernike

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — Just hours before Congress closed down for the midterm elections on Saturday, Republican leaders threw together a ceremony to celebrate the passage of what they hoped to promote as their singular legislative accomplishment — a bill to bring terrorism suspects to trial.

But after House and Senate leaders formally signed the measure for the cameras, the only questions they faced from assembled reporters pertained to Representative Mark Foley, the Florida Republican who had just resigned after accusations that he sent sexually explicit Internet messages to teenage pages.

“None of us are very happy about it,” Speaker J. Dennis Hastert said before abruptly calling a halt to the questions, and the ceremony.

No doubt.

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Republicans scored significant legislative victories in the closing hours. They pushed through the bill for detainee trials after weeks of internal squabbling, won approval for 700 miles of border fencing to show they are serious about cracking down on illegal immigration, passed spending bills for defense and domestic security, and enacted new port security initiatives.

But the finale hardly went according to script for Republicans as they headed out to try to hold off Democrats determined to win a majority.

The highly publicized case of Mr. Foley, who served in the House leadership as a deputy whip, threatened to build into an institutional scandal as House leaders acknowledged that they had known about the messages for nearly a year, but had relied on Mr. Foley's word that nothing inappropriate had occurred.

But that was not all. Republicans were unable to win final approval of a bill to regulate domestic wiretapping, which Democrats feared would become a political weapon more potent than the bill governing terrorism suspects. The disclosure of a National Intelligence Estimate saying the war in Iraq was fueling terrorism called attention to the issue Democrats most want to campaign on — discontent with the administration's handling of the war. A new book by Bob Woodward did the same, claiming that the administration had ignored high-level warnings that it would need more troops.

And Republicans wrapped up the way they started the year, with new revelations about Jack Abramoff, the disgraced lobbyist whose guilty plea on Jan. 3 roiled the party and set off the events that led to the resignation of Representative Tom DeLay, a powerful party force.

"It was not a graceful exit," said Representative Jeff Flake, Republican of Arizona, as events swirled on Friday.

Republicans were clearly rocked by the Foley episode. It gave Democrats, who need 15 seats to gain a majority, a new opening to pick up a seat in a Republican-leaning district. Florida Republicans were to meet to choose a replacement for Mr. Foley, but his name will remain on the ballot against a well-financed opponent.

Setting aside the late drama, Representative John A. Boehner of Ohio, the majority leader, was satisfied.

"Legislatively speaking, I feel pretty good," Mr. Boehner said in an interview on Friday night. He said Republicans had delivered most of what they hoped to with a series of security-related bills.

But what Republicans had at the outset dubbed Security September, Democrats declared a fizzle.

Senator Harry Reid of Nevada, the Democratic leader, ticked off a day-by-day list of damaging news about Iraq in the last week. "America must succeed in Iraq, and we need to win the war on terror," Mr. Reid said. "But this president and this Republican Congress are the wrong people for the job, obviously, based on their record."

Told that Senator Bill Frist of Tennessee, the Republican leader, had outlined "quite a long list" of his party's successes, Mr. Reid interrupted: "A long list?" he asked, incredulous, then stood back and said, "Hmmm."

"I mean, can you imagine these fiscal conservatives are burying this country in red ink?" he said, finally. "This fiscally conservative Congress — we don't even have a budget."

To some veteran Democrats, the events of recent weeks seemed familiar, reminding them of how things spiraled out of control for their own party in 1994, when they lost the majority they had held for 40 years.

"It's not exactly like 1994, but it reminds me of 1994," said Representative Edward J. Markey, Democrat of Massachusetts, who remembered a series of political mistakes that seemed to cascade. "Every day you would wake up and say, 'What is going on here?' "

Republicans had hoped Mr. Abramoff would fade into the background and deny Democrats their "culture of corruption" sound bite in the final weeks of the campaign. But the Government Reform Committee issued a report detailing his apparent contacts with top White House officials, allowing Democrats to remind voters that the Republican-led Congress had failed to enact lobbying reform despite the scandal, leaving a pledge unfulfilled.

Representative Tom Davis, the Virginia Republican who leads the committee, said the White House was irked over the report but made no apologies. "This White House doesn't want any oversight at all," Mr. Davis said. "It's my job."

Mr. Foley, a six-term congressman who was a high-profile Capitol figure for years, had the potential to become a major liability. Late Friday, Representative Nancy Pelosi of California, the Democratic leader, called for an investigation into what the leadership knew, and when.

Republicans denounced her from the floor, grumbling when she introduced herself as a mother and a grandmother. But they were careful with her potentially explosive request and quickly referred it to the ethics committee.

Despite their troubles, many Republican leaders believe tumbling gas prices could be their salvation. But even that benefit has drawbacks. Many Americans tell pollsters they believe that the drop was politically orchestrated to help Republicans in the election.

Still, Republicans denounced Democratic efforts to paint them as do-nothings and enumerated accomplishments: the approval of two Supreme Court justices, tax cuts, a pension bill, a highway bill, an energy bill, an overhaul of bankruptcy and class action laws, and the last-minute flurry of security legislation.

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"We've gotten things done," said Mr. Frist, who will leave the Senate at the end of the year.

But some legislative promises were left incomplete, including tax extensions sought by business, an offshore oil drilling bill, the broad immigration bill sought by the president and many lower profile issues.

And in their most basic function, lawmakers fell far short. They were forced to pass a stopgap measure to keep most of the government operating at current spending levels until Nov. 17 because they did not enact individual spending bills for nearly every federal agency.

Congress Adjourns, Leaving Much Work Undone (BOS/AP)

By Jim Abrams, Associated Press

The Boston Globe, October 1, 2006

Incumbents are preoccupied with getting reelected

WASHINGTON -- Lawmakers were off to the campaign trail after the Republicans, in danger of losing their control of Congress, sought to play to their strength by pushing through a series of security-related bills.

In a flurry of activity before their departure early yesterday morning, the Senate gave final approval to $448 billion for the Pentagon, including $70 billion for the wars in Iraq and Afghanistan. The Senate also joined the House in approving construction of a 700-mile fence along the US-Mexican border.

Congress also sent to the president legislation to ease the threat of terrorist attack using the 11 million shipping containers entering the nation's 361 ports every year.

And legislation to convene military trials to prosecute suspected terrorists cleared its final hurdle in the House.

Much work was left undone when Congress adjourned, after a legislative year that has been marked by sharp partisanship and the failure of Congress to agree on major lobbying reform and immigration legislation.

The action on the security bills gives Republicans at least one major selling point as they try to persuade voters to keep them in power.

Senate majority leader Bill Frist, Republican of Tennessee, said that in the weeks before the election Republicans must emphasize that they are the better party to fight the war on terrorism.

``We're going to have to get the message out and we have to get it out aggressively over the next 41 days to do well, but I believe we can," Frist said

Members of Congress will return after the Nov. 7 election for a lame - duck session during which they will have to pass bills dealing with domestic spending for the fiscal year that begins Oct. 1.

So far, the only spending bills completed are the defense bill and a $35 billion bill for homeland security that contains $1.2 billion to begin construction of fences and other barriers along the US-Mexican border, plus money for jails to detain illegal immigrants and hire 1,500 more border agents.

Legislation validating President Bush's warrantless wiretapping program will have to wait for a postelection session colored by the November results. So will a bill to open the Outer Continental Shelf to oil and gas rigs.

Included in the defense budget: stopgap spending to keep agencies open through Nov. 17 if their funding bills haven't passed. Those include measures funding veterans' health care, education, health research, anticrime programs, among many others.

The final act of the Senate was approval of a companion defense bill including a 2.2 percent military pay raise, and setting policy on weapons spending and research programs considered vital to national security. The House passed the bill Friday by a bipartisan 398-to-23 vote.

The defense authorization bill was held up by Senator Tom Coburn, Republican of Oklahoma, because House-Senate negotiators dropped a Coburn-sponsored provision to analyze the costs effects of lawmakers' pet projects, called ``earmarks," on Pentagon operations. Coburn agreed to let the legislation go to a voice vote after he received a promise that his provision will be taken up when Congress returns in November. ``The American people ought to be seeing where we are spending their money," he said.

The 700-mile border fence is considered the single significant accomplishment of what had been an ambitious GOP agenda on immigration. No compromise could be found between Senate Republicans favoring a comprehensive bill including a plan to give illegal immigrants already in the United States an eventual chance at citizenship and House conservatives favoring an enforcement-only bill.

Many of the biggest legislative failures were Republican priorities that toppled when Republicans split into factions. One involved whether to divert some Social Security taxes into private retirement accounts. Bush proposed several major government overhauls in his 2005 State of the Union address -- Social Security, medical malpractice, and tax laws -- but none succeeded.

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The Senate voted against taking up a House-passed bill that would criminalize the transporting of minors across state lines to obtain an abortion and avoid parental notification laws in the girl's home state.

Senators from New York and New Jersey blocked Senate action on a bill authorizing $2.1 billion for victims of HIV/AIDS because they said it would shift aid from urban to rural areas.

House and Senate negotiators could not reach agreement on a measure to expand offshore oil drilling. The Senate version would have opened more than 8 million acres in Gulf of Mexico to lease, but House leaders said that didn't go far enough. They favored opening up areas off the coasts of Virginia, the Carolinas, Georgia, and Alaska as well.

Also left undone was approval of new ethics measures intended to respond to a string of scandals in Congress.

Congress' Accomplishments Fell Short Of GOP's Ambitions (LAT)

By Janet Hook And Noam N. Levey

The Los Angeles Times, October 1, 2006

With no gay-marriage ban or Social Security overhaul, the party's achievement gap could dog campaigns.

WASHINGTON — As Congress recessed early Saturday for the homestretch of a bruising midterm campaign, Republicans left town with a record of accomplishment that paled in comparison to the grand ambitions they laid out following their 2004 election triumphs.

It remains uncertain whether the gap between what the GOP set out to do and what it achieved will haunt its bid to retain control of the House and Senate — elections are decided by many factors beyond legislative scorecards. Still, the tally for the 109th Congress looms as a potential burden for Republican candidates.

During the two-year session, President Bush and his party abandoned or scaled back the groundbreaking initiatives they once promised voters: a remake of Social Security, a federal ban on gay marriage, strict new limits on special-interest political influence, and a broad overhaul of immigration law that would find a place for many illegal immigrants already in the country.

And, instead of returning home on the high note they expected after passing a key national security measure last week, spirits among GOP lawmakers clearly were soured by a new scandal: the sudden resignation of Rep. Mark Foley (R-Fla.) amid revelations of sexually explicit communications he had with teenage male former House pages.

Questions about whether House Republican leaders knew of Foley's improper advances months ago and failed to act seem a likely distraction for the party and its message in the short term. And as November's vote nears, Democrats can be counted on to eagerly portray Congress as dysfunctional in general.

"This is the do-less-than-the-do-nothing Congress," House Minority Whip Steny H. Hoyer (D-Md.) said recently, drawing from President Truman's famed attack on Republicans in 1948.

Nonpartisan analysts also have been critical of Congress. Thomas Mann and Norman Ornstein — two think-tank scholars who have written a book about the workings of Capitol Hill titled "The Broken Branch" — calculate that lawmakers have set a modern record for brevity by sitting in session fewer than 100 days this year.

Given lawmakers' penchant for three-day workweeks, Ornstein and Mann like to quote comedian Mark Russell's line about what members of Congress tell their colleagues every Wednesday: "Have a nice weekend."

Republicans fiercely dispute the do-nothing label, pointing to several key accomplishments. Last week, these included enactment of a new system for prosecuting suspected foreign terrorists and authorization of a 700-mile fence along the Mexico border.

Last year, Congress approved a tightening of bankruptcy law, new limits on class-action lawsuits and a major energy bill — all long sought by the business community.

"Anyone who has worked in this town for a while would have to acknowledge that [those bills] represent an incredible year of legislative accomplishments," said Bruce Josten, a veteran lobbyist for the U.S. Chamber of Commerce.

Earlier this year, Congress also completed a major overhaul of the nation's ailing pension system.

Republicans blame Democratic obstructionism for the party's failure to complete more of its agenda, including new cuts in the estate tax (the death levy, as the GOP terms it).

But many measures — most prominently Bush's initiatives on Social Security and immigration — have foundered on divisions among Republicans.

The GOP's vaunted party discipline broke down in part because of Bush's dwindling clout as a president prosecuting an unpopular war. Also, unity has been strained by pervasive anxiety that the party will lose control of the House or Senate in the midterm election.

"This is a big-deal election," said David Winston, a Republican pollster. "The overall tension is really high."

Most Republicans are heartened by what they see as a campaign trail that appears less perilous than it did a month ago.

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With political winds blowing strongly against them in the summer, Republicans returned to Washington in early September determined to press their main political advantage — the greater trust that polls show voters have in them to deal with terrorism, compared with Democrats.

A priority was to clear the measure establishing new rules for trying terrorism suspects before military tribunals. Another was to give the White House explicit authority to conduct a warrantless wiretapping program that Bush secretly instituted after the Sept. 11 attacks.

Congress was unable to finish work on the surveillance bill. But final approval Friday of the tribunal bill set the stage for a signing ceremony at the White House that could keep the spotlight on the broader war on terrorism rather than the unpopular war in Iraq.

Many GOP strategists also anticipate that the party's fortunes will be boosted if the price of gasoline continues to drop.

But Republicans remain spooked by low approval ratings that polls find for Congress and their party. A recent Pew survey, for instance, found that 38% said this Congress accomplished less than its predecessor. And by 50% to 39%, poll respondents said they were likely to support a Democrat rather than a Republican in congressional elections.

GOP lawmakers have sought to put the best possible face on their record. "Given the unprecedented — and increasing — frequency of obstruction and political gamesmanship … we've accomplished more than might be expected," Senate Majority Leader Bill Frist (R-Tenn.) said last week.

Gone from their rhetoric, however, is the list of ambitious goals Bush and other Republicans unveiled after the 2004 elections gave the president a second term and the GOP a wider margin of control in the House and Senate.

House Speaker J. Dennis Hastert (R-Ill.) set the tone when he said in his first speech of 2005, "In this Congress, big plans will stir men's blood."

His associates saw a historic opportunity to advance their agendas. "My fellow conservatives, we have waited our entire lives for the chance the American people have given us," then-House Majority Leader Tom DeLay (R-Texas) said shortly after the 2004 results. Now DeLay is in private life, driven from office by corruption charges.

As the Republicans focused on national security matters in September, Congress left unfinished several policy initiatives, including some that had seemed close to passage.

A bill to expand offshore oil drilling in the Gulf of Mexico stalled. Action to stave off a scheduled cut in Medicare doctor fees languished, despite heavy lobbying by the influential American Medical Assn. Grand promises to crack down on lobbying excesses, in the wake of the influence-peddling scandal centered on disgraced lobbyist Jack Abramoff, produced only modest changes in House rules.

The tech industry, meanwhile, is baffled that lawmakers could not manage to extend a popular tax credit for research and development.

"We have clearly had far fewer accomplishments than we have had in previous Congresses," said Ralph Hellmann, a former GOP aide on Capitol Hill who is a lobbyist for the Information Technology Industry Council.

House Majority Leader John Boehner (R-Ohio) defended his party against such assessments, saying, "It's always easy for people to look up and say the glass is half-empty. I'm going to say the glass is half-full."

A key question, however, is whether the glass is full enough to satisfy core GOP supporters who had high hopes when Congress convened in early 2005.

The disappointed include some conservative activists who lament the demise of the same-sex marriage ban and the collapse of an 11th-hour effort to place new restrictions on a minor's ability to get an abortion without a parent's consent.

"There's a sense of ennui" among anti-abortion groups, said Mike McMonagle, director of the Pro-Life Political Action Committee of Southeastern Pennsylvania. "The source of the ennui is our lack of realization of certain goals. Elected officials that we supported let us down."

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House's Work Stalls Without Its 'Hammer' (HC)

By Bennett Roth And Michelle Mittelstadt

Houston Chronicle, October 1, 2006

DeLay's power to get things done is missed, but the controversy isn't

WASHINGTON — Without Tom DeLay around to keep Republicans in line, the House has been unable to resolve tough issues, from immigration to lobbying reform. It has been criticized by independent experts and Democrats as a "do-nothing" chamber.

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But as they prepared to leave town last week to hit the campaign trail, several Republican lawmakers said they had little nostalgia for the iron-fisted former majority leader from Sugar Land who resigned from Congress under an ethics cloud.

Though praising the Texan's accomplishments, such as his ability to push through legislation, they said that his legal woes and sharp partisanship caused political headaches for fellow GOP members.

The legislators appreciate the more collegial style of Rep. John Boehner, the tanned and telegenic Ohio Republican tapped to replace DeLay as majority leader.

"I feel like the team is more of a team now. It's not Central Command," said Rep. Zach Wamp, R-Tenn., who echoed other Republicans in saying Boehner has been more willing to consult the rank-and-file about legislation and strategy.

Rep. Deborah Pryce, R-Ohio, part of the House Republican leadership, said that Boehner "reaches across the aisle" to consult with Democrats, an approach the combative DeLay often avoided.

'A lightning rod'While he was in office, DeLay's legal troubles hurt others in his party, said Pryce, a moderate facing a tough re-election battle.

"Tom had become a lightning rod for many of us," she said.

Democrats declared DeLay a poster child for what they said was a culture of corruption in the Republican Party — a theme they hoped would resonate with voters in the November congressional elections. But the issue has not turned out to be major in most campaigns, which Republicans attribute, in part, to DeLay's departure.

DeLay did not return a call seeking comment. DeLay, who left Congress in June after 22 years, announced recently that he signed a book deal to write about his career and how it furthered the conservative cause.

When he permanently relinquished his majority leader's post in January, he warned that the Houston area would suffer because of his diminished clout.

"The majority leader controls what comes to the floor, and the Houston-Galveston area has benefited from that. That changes now," he said. Critics who "never gave me an even shake ought to think about that," he said.

He is awaiting trial in Texas on criminal charges related to campaign finances. Two of his former government staffers, Tony Rudy and Michael Scanlon, have pleaded guilty to corruption charges related to their work with former lobbyist Jack Abramoff, who often traveled overseas with DeLay. Abramoff also pleaded guilty this year to corruption charges related to his lobbying activities.

Going beyond leadersBoehner said his goals are to be more inclusive, involving members outside the leadership in making decisions, and to reduce the acrimonious atmosphere in the House between the two parties and factions among Republicans.

"We've had our disagreements, but the temperature on the floor has been a lot lower than it was. I think that helps breed more cooperation among members," he said.

Though some Democrats say they harbor less animosity toward Boehner than DeLay, they also deny that he has been more successful at bridge-building between parties.

"I'm totally unaware that he's in communication with Democrats," said House Democratic leader Nancy Pelosi of California.

Rep. Barney Frank, a Massachusetts Democrat who had little fondness for DeLay, said Boehner is less powerful — as is to be expected.

"It's not that Boehner is weak, it's just that (unlike DeLay) he's more like every other leader," Frank said.

DeLay, he said, wielded unparalleled control over House Republicans because he could tap lobbying and social conservative allies outside Congress to mobilize conservative grass-roots and campaign cash that could be used as leverage against GOP members wavering on legislation he favored.

But with DeLay's downfall and Abramoff's conviction, DeLay's model has been discredited, he said.

Dick Armey, the former House GOP majority leader from Texas who often feuded with DeLay, offered a crisp comment on how Republicans are faring without DeLay.

"There is no doubt in my mind we are better off" with Boehner, Armey said.

Boehner has spent less time catering to social conservatives, which, according to Armey, has enabled the majority leader to better reach out to moderates in the party, who are more interested in fiscal issues.

Boehner has appealed more to fiscal hawks, Armey said, with his criticism of earmarks, the pet projects often tacked to spending bills at the behest of lobbyists or lawmakers. The House approved a measure forcing lawmakers to disclose their earmarks but did not take up proposals to curb the proliferation of the practice.

Under scrutinySocial conservatives lamenting DeLay's departure still are assessing Boehner.

"The jury is still out" on Boehner's commitment to causes important to religious conservatives, said Tom McClusky, vice president of the socially conservative Family Research Council. As an example of how DeLay courted the social conservatives more than Boehner, McClusky noted that when the House voted on a constitutional amendment to ban gay marriages several

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years ago, DeLay delivered the closing remarks. But earlier this year when the House again took up the amendment, Boehner delegated that role to someone else.

Some GOP activists bemoan the loss of DeLay, saying his legendary arm-twisting skills are sorely missed. Lawmakers devoted much of September to crafting legislation setting ground rules for putting terror suspects on trial. They eventually reached a compromise between President Bush's demands and those of lawmakers who wanted the guidelines to hew to international agreements. But the debate over tribunals crowded out consideration of other issues before Congress. Lawmakers did not find time to complete action on most of the spending bills for the fiscal year that begins today.

"This is their core responsibility, getting the spending bills done," Norman Ornstein, a scholar at the American Enterprise Institute, said.

As a result of rifts within the GOP, they also have been unable to reach consensus on a comprehensive immigration overhaul sought by Bush.

Eager to leave Washington to campaign for the upcoming elections, Congress also has failed to enact most of a tough lobbying-reform package promised in the wake of the Abramoff scandal or take on offshore oil drilling and many other promised priorities.

Grover Norquist, a conservative activist, said it is unlikely that DeLay could have been more successful in the current political environment.

In Bush's first term, Norquist said, DeLay could rely on votes by some conservative Democrats to pad a thin Republican majority. But Pelosi, the Democratic leader, has been increasingly successful since DeLay's departure in holding Democrats together to oppose GOP initiatives, forcing Republican leaders to scramble to find support among their sometimes recalcitrant moderates.

Furthermore, many moderate Republicans and conservatives have been refusing to follow the GOP leadership on issues such as spending as Bush's popularity has waned.

"It is hard to maintain discipline when people are running for the doors," said David Keene, chairman of the American Conservative Union.

Effects on TexasTexas Republican lawmakers clearly miss DeLay, whom they often see when their former colleague drops in on their weekly luncheons on Capitol Hill.

Now that DeLay is gone from leadership, the Texans say they have to work much harder to secure federal help for the state.

"We've had to adjust quickly because the delegation had relied on Tom and his leadership role for so many issues, from NASA to highway funding," said Rep. Kevin Brady, R-The Woodlands.

DeLay's effectiveness on the political front could reduce the state's clout in Congress if Democrats regain control of the House in the Nov. 7 elections.

Under the DeLay-spearheaded congressional redistricting in Texas, three of the state's longest-serving Democrats in the House, Martin Frost, Charles Stenholm and Jim Turner, were squeezed out of office. They were in line to become committee chairmen.

As many Republicans appear eager to move beyond the DeLay era, Keene said it may be impossible to duplicate his political skills: "What Tom DeLay brought to the job was a strategic view and an ability to get things done."

"It is a little bit like we replaced Mickey Mantle with somebody else," Keene said. "The other guy might get a few hits, but he is no Mantle."

Unfinished Budget Business (NYT)

The New York Times, October 1, 2006

Control of the nation's purse strings is one of Congress's greatest powers and, as such, a core responsibility of lawmakers. But how can a serious obligation compete with political expediency?

The new budget year, 2007, starts today. But Congress left town last week without having passed the spending bills needed to pay for about 20 percent of the federal government, basically everything except the military and homeland security, and automatic payments like Social Security and interest on the national debt.

Republican legislators could not agree among themselves, let alone with the Democratic minority, on spending levels for matters as vital as education, diplomacy, environmental protection, public transportation and scientific research. Rather than make choices — and leave a record for voters to assess — they fled, promising to act after the election.

For now, departments and programs that Congress has not gotten around to funding will operate at last year's level, or somewhat below. But fallback funding will not necessarily prevent hardship. Take the State Children's Health Insurance Program, paid for by the states and the federal government to insure four million low-income children. At least 17 states are

entering the new budget year without enough money, jeopardizing coverage for 600,000 children. It's appalling that Congress did not act to avert this, especially since the Census Bureau recently reported that the percentage of uninsured children rose last year for the first time since 1998.

Appalling, but not surprising. Congressional Republicans rammed through spending cuts in domestic programs last February, most of them in programs for low-income Americans. The ostensible purpose of the cuts was deficit reduction. But three months later, in May, they worsened the deficit by slashing taxes, which will mostly benefit wealthy households. On top of that, they tried repeatedly this year to gut the estate tax, which would only have benefited America's richest families.

It's impossible to say what will happen in the lame duck session, or beyond. But if the future Congress bears a strong resemblance to this one, it will not bode well for budget responsibility or basic fairness.

Education's Moving Target (WP)

By George F. Will

The Washington Post, October 1, 2006

Common sense and conservatism, which are usually similar, said that the No Child Left Behind law, which vastly expanded the federal government's supervision of education from kindergarten through 12th grade, was problematic for two reasons: A few of the 50 state governors are apt to be wise innovators, so let policymaking remain at state and local levels. And when Washington makes a mistake, as it has been known to do, it is a continental mistake.

The federal government has recently made one that subverts a promising development in education at the state level. That development is the 65 percent requirement: 65 percent of every school district's education operational budget should be spent on classroom instruction.

Nationally, 61.3 percent is so spent. The 3.7 percentage point difference amounts to nearly $15 billion, which could pay for 370,000 teachers at $40,000 apiece, or a computer for every K-12 student in the country. Only three states today hit the 65 percent target. Seventeen states and the District of Columbia spend less than 60 percent.

Although Georgia already was at 63.6 percent, Gov. Sonny Perdue won passage of a 65 percent requirement. Gov. Kathleen Sebelius signed legislation making 65 percent "the public policy goal of the state of Kansas." Texas Gov. Rick Perry did it by executive order.

Louisiana's legislature unanimously asked the state Board of Elementary and Secondary Education to enact the 65 percent goal. (It has not yet done so.) In Colorado, an initiative to mandate 65 percent is on the November ballot. Signatures are being gathered to put such an initiative on Oregon's 2008 ballot. When Minnesota's Democratic-controlled Senate blocked passage of a 65 percent requirement, Republican Gov. Tim Pawlenty called for a 70 percent requirement. Republican gubernatorial candidates in Florida, Colorado, Ohio, Michigan and Wisconsin endorse the idea.

But in July the National Center for Education Statistics, part of the U.S. Education Department, undermined this national effort. A report on expenditures for public elementary and secondary education for the 2003-04 school year contained this finding: "The percentage of current expenditures spent on instruction and instruction-related activities was 66.1 percent in 2003-04 for the nation as a whole" (emphasis added). Seasoned students of government verbiage noted the suspiciously vague phrase "instruction-related activities."

Opacity is a sign of insincerity: Government language becomes opaque as the government's conscience becomes uneasy. When no Iraqi weapons of mass destruction were found, the U.S. government began speaking foggily of finding "weapons of mass destruction-related program activities."

Now that Americans' concern is shifting from how much money is spent on education to how much education the money is buying, government has blurred the measurement in a way that says 66.1 percent of education dollars already reach the classroom. If the "instruction-related" criterion is not added, the percentage of dollars devoted to instruction has declined for five consecutive years, to 61.3.

The 65 percent standard requires transparency from state education establishments, which may explain resistance to it. In Oregon, the House majority leader and chairman of the education committee have asked school districts for documentation of spending patterns, but no district has responded. A state senator says a lobbyist for the Oregon School Boards Association told him that he had asked them not to respond.

Perhaps Oregon's school bureaucrats are similar to Oklahoma's. The Oklahoma Council of Public Affairs, a think tank, asked all 539 school districts for spending details such as the number of employees making more than $75,000 a year; payments for lobbying and public relations; information as to whether competitive bidding was required for maintenance, food and transportation services; and the number of automobiles owned or reimbursed by the districts. (Many districts purchase vehicle insurance through the Oklahoma State School Boards Association, which can spend the profits it makes from this on

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lobbying the legislature and whose members have gone to court to keep a 65 percent requirement off this November's ballot.) Two-thirds of Oklahoma's districts have not responded.

Warren Buffett has written that "yardsticks seldom are discarded while yielding favorable readings," but when readings are unfavorable, "a more flexible measurement system often suggests itself: Just shoot the arrow of business performance into a blank canvas and then carefully draw the bull's-eye around the implanted arrow."

No Child Left Behind supposedly promotes education accountability by mandating reliable data to measure progress. But Washington looks like an untrustworthy manipulator of data when it uses the phrase "instruction-related activity" to draw a bull's-eye around the status quo.

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THE EDUCATION ISSUE (WP)

By Michael Grunwald

The Washington Post, October 1, 2006

President Bush's No Child Left Behind Act was premised on three revolutionary goals. The first was to focus on low-performing schools and students; hence, No Child Left Behind. The second was to beef up the federal role in education, enforcing national standards through testing. The third was to bring facts and evidence to the notoriously squishy world of education policy, promoting teaching methods backed by "scientifically based research" instead of instinct and fad. This was the least-publicized goal, but arguably the most vital; the phrase "scientifically based research" appeared more than 100 times in the landmark 2001 law.

The centerpiece of the new research-based approach was Reading First, a $1 billion-a-year effort to help low-income schools adopt strategies "that have been proven to prevent or remediate reading failure" through rigorous peer-reviewed studies. "Quite simply, Reading First focuses on what works, and will support proven methods of early reading instruction," the Education Department promised.

Five years later, an accumulating mound of evidence from reports, interviews and program documents suggests that Reading First has had little to do with science or rigor. Instead, the billions have gone to what is effectively a pilot project for untested programs with friends in high places.

Department officials and a small group of influential contractors have strong-armed states and local districts into adopting a small group of unproved textbooks and reading programs with almost no peer-reviewed research behind them. The commercial interests behind those textbooks and programs have paid royalties and consulting fees to the key Reading First contractors, who also served as consultants for states seeking grants and chaired the panels approving the grants. Both the architect of Reading First and former education secretary Roderick R. Paige have gone to work for the owner of one of those programs, who is also a top Bush fundraiser.

On Sept. 22, the department's inspector general released a report exposing some of Reading First's favoritism and mismanagement. The highlights were internal e-mails from then-program director Chris Doherty, vowing to deny funding to programs that weren't part of the department's in-crowd: "They are trying to crash our party and we need to beat the [expletive] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags."

Doherty has since resigned, and Education Secretary Margaret Spellings has pledged to review Reading First, emphasizing that the "individual mistakes" detailed in the report occurred before she became secretary. Still, Spellings expressed full confidence in the overall program: "Thanks to Reading First, struggling students are far more likely to get the help they need from teachers using scientifically based classroom reading instruction."

But the report barely scratched the surface of the incestuous process that dominated the formation of Reading First. The initiative didn't promote scientifically based reading instruction, the third goal of No Child Left Behind. And it's providing ammunition to critics of the second goal, strong national standards. The billion-dollar question is whether it may imperil the first goal: Will some children get left behind?

Bush administration officials frequently say that Reading First does not play favorites or intrude on local control, that states and districts are free to choose their own textbooks and programs -- as long as they're backed by sound science. But aggressive muckraking by the newsletter Title 1 Monitor and reading advocates at the Success for All Foundation have eviscerated those claims, and the inspector general's report officially contradicted them, accusing the department of breaking the law by promoting its pet programs and squelching others. In his internal e-mails, Doherty frequently admitted using "extralegal" tactics to force states and local districts to do the department's bidding. A report by Success for All documented how state applications for Reading First grants that promoted the preferred programs were the only ones approved.

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In fact, the vast majority of the 4,800 Reading First schools have now adopted one of the five or six top-selling commercial textbooks, even though none of them has been evaluated in a peer-reviewed study against a control group. Most of the schools also use the same assessment program, the same instructional model, and one of three training programs developed by Reading First insiders -- with little research backing.

"They kept denying it, but everybody knew the department had a list," said Jady Johnson, director of the Reading Recovery Council of North America. "They're forcing schools to spend millions on ineffective programs."

To some extent, the controversy over Reading First reflects an older controversy over reading, pitting "phonics" advocates such as Doherty against "whole language" practitioners such as Johnson.

The administration believes in phonics, which emphasizes repetitive drills that teach children to sound out words. Johnson and other phonics skeptics try to teach the meaning and context of words as well. Reading First money has been steered toward states and local districts that go the phonics route, largely because the Reading First panels that oversaw state applications were stacked with department officials and other phonics fans. "Stack the panel?" Doherty joked in one e-mail. "I have never *heard* of such a thing . . . <harrumph, harrumph>." When Reid Lyon, who designed Reading First, complained that a whole-language proponent had received an invitation to participate on an evaluation panel, a top department official replied: "We can't un-invite her. Just make sure she is on a panel with one of our barracuda types."

Doherty bragged to Lyon about pressuring Maine, Mississippi and New Jersey to reverse decisions to allow whole-language programs in their schools: "This is for your FYI, as I think this program-bashing is best done off or under the major radar screens." Massachusetts and North Dakota were also told to drop whole-language programs such as Rigby Literacy, and districts that didn't do so lost funding. "Ha, ha--Rigby as a CORE program?" Doherty wrote in one internal e-mail. "When pigs fly!"

Said Bruce Hunter, a lobbyist for the American Association of School Administrators: "It's been obvious all along that the administration knew exactly what it wanted."

But it wasn't just about phonics.

Success for All is the phonics program with the strongest record of scientifically proved results, backed by 31 studies rated "conclusive" by the American Institutes for Research. And it has been shut out of Reading First. The nonprofit Success for All Foundation has shed 60 percent of its staff since Reading First began; the program had been growing rapidly, but now 300 schools have dropped it. Betsy Ammons, a principal in North Carolina, watched Success for All improve reading scores at her school, but state officials made her switch to traditional textbooks to qualify for the new grants.

"You can't afford to turn down the federal money," Ammons said. "But why should we have to give up on something that works?"

The answer lies in the Reading First grant process, which was almost comically skewed. Michigan was the first state approved, after it simply proposed to adopt the five best-selling textbooks. But when Rhode Island officials proposed to require "high-quality reading programs that meet the test of having a scientific research base," they were rejected. Doherty told them to check out Michigan's list, so they cut and pasted it into their application, while suggesting that districts could still adopt other programs justified by research. They were rejected again. So they limited their program to the textbooks. Only then were they approved. Similarly, Oklahoma unsuccessfully proposed to require reading programs backed by three years of longitudinal data before it got the hint and proposed the Michigan list.

So instead of advocating scientifically based reading programs, Reading First has promoted programs with "key elements" endorsed by a national reading panel, which could describe almost any program. It may not be a coincidence that the initiative was essentially outsourced to a few experts with a dizzying array of apparent conflicts of interest.

For example, when the department needed reviewers to evaluate reading assessment programs, it contracted with a University of Oregon team led by Edward Kame'enui, Roland Good and Deborah Simmons. Good had developed an assessment called Dynamic Indicators of Basic Early Literacy Skills (DIBELS), and Kame'enui, Good and Simmons had all served on the design team for Voyager Passport, a remedial program built around DIBELS. Ultimately, DIBELS was the only assessment used in Reading First, and Voyager was the most popular supplemental program.

Similarly, the department steered states to just three providers of professional development services: Kame'enui and Simmons at Oregon, Louisa C. Moats at the for-profit Sopris West, and Sharon Vaughn at the University of Texas at Austin. Vaughn was the other member of the Voyager Passport design team, and one of the four chairmen of the secretary's Reading Leadership Academy, which exerted enormous influence over Reading First; the others were Moats, Kame'enui and his Oregon colleague Douglas Carnine. States such as Alabama, North Carolina and Washington specified in their Reading First grants that every one of their reviewers for local proposals would have to be approved by one of those chairmen.

Kame'enui and Simmons also wrote the "Consumer's Guide" that most states agreed to use to evaluate Reading First programs, and ran one of Reading First's three "technical assistance centers" at Oregon. They co-wrote one Reading First textbook, and Kame'enui earned more than $100,000 last year from royalties on another, according to his financial disclosure

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when he moved to an Education Department job. In her 2004 book "In Defense of Our Children: When Politics, Profit, and Education Collide," Elaine Garan recalled color-coding the various financial connections running through Reading First; when it came to Kame'enui, she wrote, "I ran out of colors."

The department declined a request to interview Kame'enui, but Undersecretary Henry Johnson said the department takes conflicts of interest seriously, and will adopt all the inspector general's recommendations. "We're going to dig into this," he said.

But Johnson said states are ultimately responsible for making sure their programs are scientifically based, which is small comfort for applicants pressured into adopting programs they didn't want. "It's been very frustrating for those of us who really believe in evidence-based programs," said Richard Long, a lobbyist for the International Reading Association, which represents 90,000 reading teachers and specialists nationwide.

Then again, Long thinks spending $1 billion a year on reading is a great idea. And he thinks it's helping kids to read: "Have there been mistakes in implementation? Oh yeah. But teachers in Reading First schools believe progress is being made."

The bottom line, Johnson said, is that Reading First works. A department report found that teachers in Reading First schools spent 19 minutes more per day on reading than teachers in other schools, and were more likely to place struggling students in reading intervention programs. A new report by the nonpartisan Center on Education Policy suggested that Reading First is having a positive effect on state reading scores, although Johnson said much more needs to be done.

"Despite all the problems with Reading First, there's evidence that it's helping states," said Jack Jennings, the center's president.

Of course, $5 billion over five years ought to help states; the question is whether it's helping as much as it should. Without the kind of rigorous studies the law promised but the implementers failed to deliver, it's not clear.

But it is clear that Reading First has been a terrific boon for the textbook publishing industry, and for the department's favored programs. For example, the company that developed Voyager Passport was valued at about $5 million in a newspaper article before Reading First; founder Randy Best, whose Republican fundraising made him a Bush Pioneer, eventually sold it for $380 million. He then put Lyon and Paige on his payroll.

Local domination of education is an American tradition, and Bush took up a storied cause in challenging it; reformers since Horace Mann have promoted national education policy as a way to encourage common culture and equal opportunity. But local-control advocates have always warned that empowering heavy-handed federal bureaucrats would breed self-serving, one-size-fits-all solutions. Now, Reading First is making them look like prophets.

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THE EDUCATION ISSUE (WP)

By Paul A. Hanle

The Washington Post, October 1, 2006

I recently addressed a group of French engineering graduate students who were visiting Washington from the prestigious School of Mines in Paris. After encouraging them to teach biotechnology in French high schools, I expected the standard queries on teaching methods or training. Instead, a bright young student asked bluntly: "How can you teach biotechnology in this country when you don't even accept evolution?"

I wanted to disagree, but the kid had a point. Proponents of "intelligent design" in the United States are waging a war against teaching science as scientists understand it. Over the past year alone, efforts to incorporate creationist language or undermine evolution in science classrooms at public schools have emerged in at least 15 states, according to the National Center for Science Education. And an independent education foundation has concluded that science-teaching standards in 10 states fail to address evolution in a scientifically sound way. Through changes in standards and curriculum, these efforts urge students to doubt evolution -- the cornerstone principle of biology, one on which there is no serious scientific debate.

This war could decimate the development of U.S. scientific talent and erode whatever competitive advantage the United States enjoys in the technology-based global economy. Already, U.S. high school students lag near the bottom in math skills compared with students in other developed nations, and high school seniors are performing worse in science than they were 10 years ago.

These trends can only worsen if students come to regard evolution as questionable or controversial. Thirty-seven percent of the high school Advanced Placement biology examination tests knowledge of evolution, evolutionary biology and heredity, according to the College Board. Students who do not thoroughly understand evolution cannot hope to succeed on this exam; they will be handicapped in competitive science courses in college and the careers that may follow.

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By teaching intelligent design or other variants of creationism in science classes at public schools -- or by undercutting the credibility of evolution -- we are greatly diminishing our chances for future scientific breakthroughs and technological innovations, and are endangering our health, safety and economic well-being as individuals and as a nation.

This is not a war of religion against science. The two have thrived together for centuries. Nor is it a struggle of believers against godless materialists; many believers practice science and find inspiration for it from their faith. It is a battle between religious dogma cloaked as science and open inquiry that leads to new knowledge and understanding of the natural world.

The notion of intelligent design is clever; it has a certain philosophical appeal. The evolution of a human eye from a series of random mutations, for example, is indeed difficult to understand; the notion of an intelligent creator solves such problems, and feeds our spiritual needs. But it distracts us from learning what is scientifically testable and reduces students' will to probe the natural world.

The opposition to evolution discourages the development of entire high-school classes of future scientific talent. "It seems like a raw deal for the 14-year-old girl in Topeka who might have gone on to find a cure for resistant infections if only she had been taught evolution in high school," H. Holden Thorp, chairman of the chemistry department at the University of North Carolina at Chapel Hill, wrote in the New York Times last spring.

Multiply that girl's plight thousands of times -- in school districts in Georgia, Kansas, Ohio and other states that are discouraging the teaching of evolution.

Last year, a report from the National Academies' Committee on Prospering in the Global Economy of the 21st Century showed us a glimpse of the future. Of all the patent applications reaching the U.S. Patent Office, the report noted, the most by far still come from the United States. However, from 1989 to 2001, the rate of increase of patent applications from the world's fastest-growing economies, such as China and India, was nearly three times that of the United States. By that measure, innovation in those economies will blow past ours in little more than a decade -- just about the time the current classes of high school biology students will be starting their research careers.

Non-scientific viewpoints deserve respect. But to combat the spread of HIV/AIDS, bio-warfare and pandemic diseases, to discover lifesaving cures and life-improving breakthroughs, tomorrow's biologists must be equipped with scientifically based knowledge today.

Nations that value open inquiry and use scientific criteria in education, research and industry will outperform those that do not. If we are to continue to be leaders in the global economy, we must teach science, not religion, in the science classroom.

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Paul A. Hanle is president of the Biotechnology Institute.

Early Admissions Aren't The Problem (WP)

By Amy Gutmann

The Washington Post, October 1, 2006

To end or not to end early admissions: That is the question that colleges and universities are debating once again. The passion is great, but the stakes are small and the debate is a distraction from a far more important matter: the urgent need of all but a handful of colleges and universities to improve financial aid for students from low-income and middle-income families.

At the University of Pennsylvania and many other colleges and universities, early admissions have not been an impediment to improving access, and abolishing the practice will do no significant social good. Because of our outreach activities and improved financial aid policies, many more minorities and low-income students are applying to Penn for both early and regular decisions. Once again this year we enrolled a record number (and proportion) of minority students.

But we will accomplish nothing significant in improving access for students from low- and middle-income families unless we focus our attention on strengthening our need-based financial aid program and our outreach to students who attend schools where they have not been informed about the availability of need-based financial aid.

Financial aid based on need is the great equalizer of opportunity in higher education. Nothing promotes equity and socioeconomic diversity more effectively. Even if tuition rates were frozen, a college education would simply be out of reach for low-income and most middle-income families were it not for need-based financial aid.

Over the past two decades, most colleges and universities have moved in precisely the wrong direction: They have increasingly relied on merit-based aid (scholarships based on scholastic ability) and athletic scholarships, both of which disproportionately favor students from higher-income families, rather than need-based aid. Consequently, they have widened the enrollment gap between high-income and both middle- and low-income students.

Recently a relatively tiny number of colleges and universities (Penn included) have dramatically improved financial aid -- based on need -- for low-income students. Last year we substituted grants for loans for students from families earning less than $50,000 a year.

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The road to greater access must be paved with more than good intentions. Making college truly accessible to middle-income as well as low-income students is a daunting financial challenge. The total increase in grant aid at Penn over the past five years has been twice the rate of our tuition increases. For colleges and universities to do our part in making high-quality higher education affordable -- and therefore accessible -- to talented, hardworking students from all backgrounds, fundraising for need-based financial aid must take priority.

The stakes are even higher than is conveyed by the ideal of equal educational opportunity. American democracy can flourish and our economy remain competitive on a global stage only if we offer the highest-quality education to the most talented children from all socioeconomic backgrounds. For the sake of our nation's future, federal and state governments need to do their part in improving elementary and secondary education and in joining with us -- for example, by significantly increasing the level of Pell grants and extending financial aid to more middle-income students -- to make college a realistic aspiration for all.

Both the ideal of equal educational opportunity and the reality of our country's future standing in the world demand that academia not be distracted by internecine debates in which relatively little will be gained or lost, regardless of who is right, and instead focus our efforts on providing a quality education and increasing financial aid based on need for all students.

The writer is president of the University of Pennsylvania.

THE EDUCATION ISSUE (WP)

The Washington Post, October 1, 2006

There should be efforts to very actively recruit middle-class people into neighborhood schools and make sure these really are schools that prepare kids for college. This recruitment has to be done with artistry and couldn't be started without straight talk about education and race.

In the District, you've got all this cherry-picking and vouchers that increases segregation across the system. If you're going to have millions of little charter schools, it's very hard to have a coherent educational plan for the city. The premise of that approach is that it's hopeless and you can just pick on the bones.

Gary Orfield, professor of education and social policy
at the Harvard Graduate School of Education

* * *

Putting responsibility and authority together in the same place is essential. I think that means having very strong principals in schools. That means giving them authority but it also means rewarding good work. It means paying them very well and making it a very attractive job.

If you have a growing professional class, anything you can do to persuade those parents to keep their kids in the public schools is going to help everybody. Because those parents can be great advocates. And there's a growing body of evidence that diversity is in fact a very powerful educator of people. So part of the pitch to the middle class is to say: At least your kid's going to get a better education.

Colin Diver, president of Reed College, featured in
J. Anthony Lukas's "Common Ground" as a parent of children in the Boston public schools

* * *

A hundred efforts to reform the D.C. school system have foundered on the shoals of bureaucratic lethargy, union contracts and messed-up governance. A dozen "reformist" superintendents have come and gone. What's worked best to date -- albeit not perfectly -- is creating alternatives to the system's schools and letting children freely attend them. The District's burgeoning charter-school sector and its scholarship/voucher program attest both to the demand for such alternatives and to the feasibility of providing them. Adrian Fenty should do all within his power to accelerate and intensify this promising strategy.

Chester E. Finn, Jr. senior fellow, Hoover Institution
at Stanford University, and president,
Thomas B. Fordham Foundation

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Two key things happened in Boston: The city moved from an elected school committee to an appointed one. And Tom Menino as mayor became a real champion of the schools. His two kids graduated from Boston public schools and he's now got five grandchildren in the public schools. You have to show others that you really believe what you're talking about.

Thomas Payzant, superintendent of Boston
public schools from 1995 to 2006

* * *

The best way to reform the D.C. public schools is to focus on the fundamentals of education: excellent teachers, experienced principals, manageable class sizes, a solid curriculum and modern facilities. If these fundamentals are missing, then

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no rearrangement of the structure or control of the school system will make a difference. There are no shortcuts in education, no silver bullets, no magical solutions.

Diane Ravitch, New York University professor
and assistant secretary of education under
President George H.W. Bush

* * *

The objective should be small schools of parental choice, each autonomously designed and managed by its teachers and providing a program that is legitimately "college preparatory." In order to do that, the city must push authority down, with district-wide authority vested in a board made up of faculty members of each school. Visitors from D.C. institutions of higher education would formally inspect each school every year, making their findings available to the media. Admission would be by "blind" lottery, except for siblings of students already enrolled, who would be automatically admitted, if their parents desired it.

Ted Sizer, founder, the Coalition of Essential Schools

* * *

Students' work must be central and public, and related to the school's broad mission. Only schools whose faculty is as excited as the kids hopefully will be, and whose families and communities presume they are respected partners, can engage the natural curiosity and energies of the young. A good education cannot happen until the young take on the task as their own.

Deborah Meier , author of "Many Children Left Behind" (Beacon), and founder and director, Central Park East Secondary School, a New York City public high school

* * *

I have never been to a meeting on school reform in the District where students were invited to be part of the conversation. And yet students know what is not working in schools. They will tell me that most adults in their schools do not know them well, and that they are not held accountable for much. They tell me that many teachers talk at them, rather than exploring learning with them. Students want to be involved in improving their schools and they want to be held accountable. D.C. students are very sophisticated about their own education. Most adults do not give them credit for this.

Michael Watson, principal of Capital City Public Charter School's upper school, opening next fall

OTHER NEWS:

Even If Rates Don't Move, The Interest Bill Will Rise (NYT)

By Daniel Gross
The New York Times, October 1, 2006

MONEY has gotten more expensive. The Federal Reserve's benchmark short-term interest rate has risen to 5.25 percent, from just 1 percent in June 2004. Long-term interest rates have risen less sharply.

When considering the broad impact of higher rates, economists have focused mostly on how they have affected businesses and the vast real estate complex. The truism that higher interest rates function as a tax on people who hold variable debt has been particularly apparent to homeowners holding adjustable-rate mortgages.

Mark Zandi, the chief economist at Moody's Economy.com, notes that about $2 trillion in A.R.M.'s are scheduled to reset at higher rates from the beginning of 2006 to the end of 2008. If the mortgages adjust upward by an average of 2.5 percentage points, the interest payments by holders of such mortgages would be $50 billion higher in 2009 than they are today. "That's not much in the grand scheme of a $13 trillion economy, but it is a problem for those homeowners," Mr. Zandi said.

But a much larger group of Americans is already paying a steeper price: taxpayers. After all, the United States government is the largest adjustable-rate borrower in the world. Each year, the national debt grows. Congress spends more than it is willing to raise in taxes, so it finances operations by selling debt to the public. In the last five years, the gross national debt, which includes bonds pledged to fund Social Security and other entitlements, has risen 46 percent, to about $8.5 trillion, from $5.8 trillion at the end of September 2001.

For much of the last decade, the rising national debt didn't weigh on taxpayers much. Interest rates were generally tame in the late 1990's, and Alan Greenspan, then the Federal Reserve chairman, cut short-term rates repeatedly in 2001 and 2002 and left them at historically low levels through 2004.

"Net interest spending, as a percentage of the overall budget, actually was cut in half between 1995 and 2004 because interest rates were dropping," said Brian M. Riedl, senior budget analyst at the Heritage Foundation in Washington.

In the early years of this decade, even as President Bush and the Republican-controlled Congress sharply increased spending, net interest payments fell — to $184 billion in 2005 from $206 billion in 2001.

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Now the dynamic is reversing. The government relies on short-term financing to finance its operations, and with interest rates rising, its cost has gone up. According to the Bureau of the Public Debt, the average interest rate paid by the government on public debt rose to 4.853 percent in August from 4.176 percent in the same month last year — a 16 percent increase. As a result, the government's interest bill is expected to rise to $220 billion this year from $184 billion in 2005.

This extra $36 billion makes interest the fastest-growing component of federal spending, noted Adam Hughes, director for federal fiscal policy at OMB Watch in Washington. And it has aggravated the budget strife on Capitol Hill, where bitter debate has raged over spending on everything from legislators' pet projects to the war in Iraq. In fiscal 2005, the government spent more on interest than it did on Medicaid ($182 billion). Citizens Against Government Waste, an advocacy group based in Washington, identified "earmarks" for lawmakers' pet projects that totaled $29 billion in fiscal 2006. "Even if Congress were to get rid of all those, it wouldn't come close to making up for the higher interest payments," Mr. Hughes said.

When it comes to debt, borrowers' pain generally translates into lenders' gains. "The people who are holders of U.S. government bonds benefit because their disposable income rises," said Michael Mussa, senior fellow at the Institute for International Economics.

But a growing proportion of today's higher interest payments are not recycled into the domestic economy. "Since 2000, a large share of the government debt has been financed by foreign purchasers," noted Robert E. Scott, director of international programs at the Economic Policy Institute, based in Washington.

As of June, foreign agencies and institutions owned $2 trillion in United States government securities, or more than 40 percent of the government's debt that is sold in the bond market. And so the rising interest rates are contributing to rising income in China, the Persian Gulf region and Japan. In 2005, the United States government paid about $77 billion in interest to foreign creditors, according to the Commerce Department.

MANY analysts believe that the Federal Reserve has stopped raising short-term rates. And in recent weeks, long-term interest rates have fallen as investors have fretted about slowing growth. But because the government continues to replace lower-yielding securities issued in the last 10 years with higher-yielding debt, the government's interest cost is also expected to continue to grow rapidly. The Congressional Budget Office projects that the interest bill, after climbing nearly 20 percent this year, will rise 13.2 percent in 2007, to $240 billion, and more than 8 percent in 2008, to $270 billion. With each passing year, interest payments are likely to eat up a bigger chunk of total spending and crowd out other priorities.

In February 2004, Mr. Greenspan advised home buyers that they would be better off with adjustable-rate mortgages than they would be with the old-fashioned, fixed-rate variety. Taxpayers now find themselves in the same boat as those who followed Mr. Greenspan's advice, said Maya MacGuineas, president of the Committee for a Responsible Federal Budget, based in Washington.

"The government pursued a strategy of borrowing short-term debt while rates were low, so the interest costs would be lower in the short run," she said. "But doing so leaves the borrower in a much more vulnerable situation when rates began to rise."

Happy Birthday, Bull Market. (Now, Make A Wish.) (NYT)

By Paul J. Lim

The New York Times, October 1, 2006

NEXT week, the bull market will celebrate its fourth birthday. This means that this bull is on the verge of accomplishing what four of the past seven could not — surviving to at least the start of Year 5.

If history is any guide, that fifth year may be surprisingly robust. Since 1942, bull markets that made it that far still had enough gas in the tank to generate average fifth-year gains of 10 percent, according to Standard & Poor's.

If that's the case, why isn't Wall Street in a more celebratory mood?

It may have to do with how long this bull market is taking to bring stock prices back to their previous highs. It's been more than six years since equity prices peaked, in early 2000. Although the Standard & Poor's 500-stock index has rallied for four consecutive years, that benchmark is still 13 percent below its highest close in the previous bull market. As for the Nasdaq composite index, it is still down a stunning 55 percent from its record high.

To be sure, the Dow Jones industrial average last week flirted with its all-time high close of 11,722.98, set in January 2000. But one reason that the Dow may have recovered faster is that it had a shorter path to travel. From peak to trough, the Dow fell 38 percent in the most recent bear market. Compare that with the 49 percent loss suffered by the S.& P. and the 78 percent plunge in the Nasdaq.

Historically, the S.& P. has needed 3.3 years, on average, to return to new highs after suffering through a bear market, according to an analysis by InvesTech Research. But this time, don't be surprised if it takes significantly longer.

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For starters, the bear market that preceded this bull was no ordinary sell-off. "It was the bursting of the largest bubble in U.S. capital markets history," said Robert D. Arnott, chairman of Research Affiliates, an asset management firm based in Pasadena, Calif.

Investors must realize that "great bear markets have a lasting effect," said Jeremy Grantham, chairman of Grantham, Mayo, Van Otterloo, the asset management firm in Boston. This hangover continues to influence the market today, he said.

What's more, not all bull markets are created equal. Many, in fact, have simply not been strong enough to return stocks to their previous highs.

Since September 1900, there have been 33 bull markets, according to Ned Davis Research. Of those 33, only 15 were able to establish new all-time highs. In other words, more than half of all bull markets fail to return stock prices to their prior peaks.

Much of this depends on what kind of bull market you're dealing with. Mr. Arnott says that there are two types of bull and bear markets. First, there are cyclical bulls and bears, which run their course in the span of a few years. Then, there are longer-term, secular bull and bear markets; those can last for decades.

Mr. Arnott noted that short-term cyclical bull markets could occur within longer-term secular bear markets. From 1966 to 1982, for instance, the broad stock market went virtually nowhere. But within that period, there were several cyclical bull and bear markets that sent stocks prices up and down.

Many market strategists say that the current bull market is a cyclical rally stuck within a secular bear. One telltale sign is that the S.& P. has yet to revisit its record high.

Consider, too, the modest range of the recent four-year rally. "While this has been one of the longest bull markets we've seen historically," Mr. Arnott said, "it's also been among the weakest."

From the market trough in Oct. 9, 2002, the S.& P. 500 has climbed 72 percent. By comparison, the average bull market has returned almost twice as much from trough to peak, based on data back to 1932, according to InvesTech.

The solid but unspectacular returns are a classic symptom of a cyclical bull within a secular bear market, said Jeffrey A. Hirsch, editor in chief of the Stock Trader's Almanac.

Mr. Hirsch recently studied past cyclical bulls trapped in secular bears. In those instances, the Dow rose by only around 35 percent, on average, going back to 1929. By comparison, cyclical rallies within secular bull markets have typically pushed stocks higher by 110 percent. For the record, the Dow is up by about 60 percent in the current bull market.

The last cyclical bull market to occur within a secular bear started in October 1974, according to S.& P. I It's hard to miss the similarities between today's market and that one.

Sam Stovall, chief investment strategist at S.& P., noted that the bull that started in 1974 produced gains of 38 percent in the first 12 months, 21 percent in the next 12 months, a loss of 8 percent in the third year and 7 percent gains in the fourth and fifth.

In the current bull run, the S.& P. 500 gained 34 percent in the first year, 8 percent in the second and 7 percent in the third. And it is up by about 12 percent so far in the fourth.

Mr. Stovall added that the two periods have other things in common, like "high oil prices, concerns over inflation, fallout from an expensive and unpopular war and a not-so-popular Republican president in his second term."

If this is a secular bear market, how long until it goes back into hibernation? That's hard to say.

Given the enormity of the late-90's bubble and the duration of past secular bear markets, Mr. Arnott said, it could be that, taking inflation into account, "15 years from now, stock prices won't be materially higher than they are today."

If he's right, investors will have to rely less on capital appreciation and more on personal savings to help them reach their investment goals. "They're going to have to save more aggressively to get ahead," he said.

Investors must also reset their overall expectations. Just because we're in a bull market right now, the stock market won't necessarily produce the 20-percent-plus annual gains to which investors grew accustomed in the late 1990's.

"Forget it," Mr. Arnott said. "Wake up — this is a different market."

After Midterm Elections, The Party Begins (WSJ)

By KAREN TALLEY And MOHAMMED HADI

The Wall Street Journal, October 1, 2006

The Dow Jones Industrial Average didn't manage to set a new record last week. But hang on. History suggests there's a good chance it will after the Nov. 7 election.

Stocks tend to do very well following midterm elections, which occur two years into each presidential term. Indeed, since 1950, the average return for the Dow Jones Industrial Average from the November of a midterm-election year through the

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following October has been 18.6%. That's far better than the average annual gain of 8.4% from November 1950 through October 2003, a year after the last midterm election, in 2002.

That's a historical record that professional investors and other market watchers have a hard time ignoring, even as they speculate about why it's been the case.

Most commonly, the market advances are thought to be driven by expectations that elected officials will strive mightily to boost the U.S. economy -- such as by tax cuts or increased government spending -- before the coming presidential elections.

"Once you get past the midterm election, the focus of the entire government becomes the economy," explains Marc Pado, U.S. market strategist at Cantor Fitzgerald.

A Boost from the Fed

And there's another trend that tends to coincide with the year after a midterm election. The Federal Reserve is often moving from raising interest rates to lowering them.

From a stock-market standpoint, that signals more corporate expansion and the prospect of higher profits, says Jeffrey Kleintop, chief investment strategist at PNC Wealth Management in Philadelphia.

A move by the Fed to cut rates "is good news because it encourages investors to put more money in the [stock] market and drive it higher," Mr. Kleintop explains. That indeed may be the direction the Fed is currently headed, after holding its target short-term interest rate steady at two meetings after a long series of rate boosts since 2004.

On average, historically, it hasn't made a big difference for stock performance which political party does better in the midterm elections.

In a recent research note, Alec Phillips, Goldman Sachs vice president of Washington research, tracked returns following midterm elections since 1950.

When Republicans controlled both the Senate and the House of Representatives, the Standard & Poor's 500-stock index rose nearly 26% in the almost 14 months from Election Day to the end of the following year. When Democrats controlled Congress, the S&P 500 advanced by nearly 23% on average.

Why Gridlock Is Good

The best performance, though, a rise of 28%, occurred in periods of "gridlock," when the parties split control of Congress, making it tough for either party to advance its agenda. That congressional gridlock is the best possible situation for stocks makes sense to Barry James, president of fund manager James Investment Research in Alpha, Ohio. "A do-nothing Congress is better than a do-something Congress, because it takes away uncertainty," he says.

Barry Ritholtz, chief market strategist at Ritholtz Research & Analytics in New York, concurs: "The diversity forces everybody into the middle, because no one has absolute control. That means more compromises and less extreme legislation, like very big tax hikes or increased deficits," he says.

While Republicans currently are in the majority in both houses, it appears that Democrats have a good chance to retake the House and lower odds in the Senate.

To be sure, most money managers say investors shouldn't put too much stock in historical patterns such as these rallies after midterm elections. This year, for instance, Mr. James says concerns about the slowing economy should temper any enthusiasm based on past trends.

That doesn't mean he's running away from stocks. Rather, Mr. James says he is seeking out those companies that "have a history of good earnings and are trading at multiples below the market."

Liz Ann Sonders, chief investment strategist at Charles Schwab, adds that while the post-election trend is pretty powerful, "I don't tend to ever look at one thing as gospel for what the market is going to do. It just has to go into the mix of indicators that you look at."

Housing Drag

Like Mr. James, she thinks much will depend on whether the economy can avoid slipping into recession, and on whether the housing slowdown drags consumer spending with it. Right now, Ms. Sonders thinks there's a 50/50 chance of a recession -- worse odds than many others give the economy.

With the economic uncertainty, "we're not looking to swing for the fences," she says. Moreover, she notes that investors can currently earn as much as 5.25% annual interest in low-risk savings accounts.

Mr. Kleintop of PNC Wealth Management is fairly optimistic these days, predicting "an extension of the rally we've seen in recent months, as we benefit from a number of catalysts, including the midterm election and the Fed moving into easing mode."

Winners by Party

With five weeks to Election Day, meanwhile, some investors are speculating about stock-market sectors that could benefit or suffer if the Democrats gain additional power in Congress.

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For example, Mr. Pado of Cantor Fitzgerald says a Republican victory could lead to tax breaks that benefit the wealthy, and thus might drive spending on high-end consumer goods. Democrats instead might push tax cuts for middle-income Americans, which could benefit "Sears and J.C. Penney more than Nordstrom," he says.

Under Democratic majorities, efforts to raise the minimum wage could heat up. A higher minimum wage could be a negative for retailers and fast-food chains.

Outlook for Health Stocks?

Healthcare companies could see an effect in terms of legislation that encourages greater use of generic drugs, which could hurt major drug companies. The big pharmaceutical firms could also be affected by Democrats pushing for the Medicare drug program to be able to negotiate volume price discounts with the drug manufacturers.

Democrats might also reverse or ease up on favorable tax treatment for big oil companies. And conversely, the alternative-energy sector -- focused on areas such as solar, wind and thermal power -- could get a boost.

"I wouldn't be surprised to see Democrats move towards subsidies or tax cuts" that favor alternative energy, Mr. Ritholtz of Ritholtz Research says.

· Email: forum.sunday03@wsj.com1

Bush Still Serves As GOP's Fundraiser In Chief (LAT)

By James Gerstenzang

The Los Angeles Times, October 1, 2006

A sitting president is always a big draw. This one reaches beyond the party's top politicians to campaign on behalf of its House candidates.

WASHINGTON — President Bush has raised more than $180 million for the Republican Party and its candidates since he was reelected — an average of more than $261,000 per day. And now, the pace is picking up.

This week, he begins a Western fundraising trip: Monday in Reno; Tuesday in Stockton, El Dorado County and Bel-Air; and Wednesday in Scottsdale, Ariz., and Englewood, Colo.

Among the beneficiaries in California will be Reps. Richard W. Pombo (R-Tracy) and John T. Doolittle (R-Roseville). Each has had ties to convicted lobbyist Jack Abramoff, and each was considered vulnerable earlier in the campaign. But both represent Republican-leaning districts, and their standings are believed to have improved.

Bush's trip is part of what aides say will be an active travel schedule as the November elections approach. Although the president himself is not on any ballot, the results Nov. 7 could go a long way toward determining the outcome of his final two years in office.

If Democrats wind up with a net gain of six Senate seats, they win control of the Senate; in the House, a pickup of 15 seats would turn the chamber over to the Democrats.

"If the Democrats take over, it will make life much worse" for Bush, said Gary Jacobson, a political science professor at UC San Diego. "Democrats will start talking about accountability, investigating management of the war in Iraq, and there will be endless headaches for him."

Bush will spend more time campaigning for GOP candidates in these weeks before election day, aides said. The White House continues to receive more requests for Bush's time as a campaigner than he can meet, said Deputy Press Secretary Dana Perino. "Supply is not keeping up with demand," she said.

Bush has never been reluctant to stick his hand out and ask for money for the GOP. Over nearly six years in office, he has done so more than 200 times.

The result in just the current 2005-2006 campaign cycle has been a gross of $182 million as of Thursday, said Republican National Committee spokeswoman Tracey Schmitt.

Vice President Dick Cheney has brought in an additional $38 million, and Laura Bush $13 million.

To put the money chase into perspective, as of midSeptember, the major Republican fundraising operations — the National Committee and the committees overseeing party campaigns for the Senate and House — reported that they had brought in $369 million in the two-year cycle. By comparison, the Democrats' groups reported $264 million.

Bush's fundraising helped build the GOP groups' total, but some of the money he raised went to other outlets, such as state Republican organizations, gubernatorial candidates and individual candidates for Congress.

Presidents have long been top-draw political fundraisers. What is different now is the mix of candidates for whom Bush is working.

Until recently, presidents generally restricted their fundraising to gala affairs for their national parties and the occasional gubernatorial or Senate candidate — the top dogs in the political world.

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But Bush is making the pitch further down the ticket, for Republican House members. This year, he campaigned for five non-incumbents — candidates who in the past would have been lucky to have drawn a vice president or a leader in the Senate or House.

It used to be that "every once in a while a president went out and did a House race," said Anthony Corrado, a professor of government at Colby College in Maine. But throughout Bush's presidency, he said, House races have been on the agenda — even more than under President Clinton, an inveterate campaigner.

This reflects the possibility that Democrats will seize the majority in November's election, and the threat that could pose to Bush's final two years in office.

Given that Bush's approval ratings are in the low 40s in many polls, there is debate about whether the presidential visits help Republican candidates in tightly contested districts.

But Rep. Bob Beauprez, a Republican running for governor of Colorado, said Bush remained a campaign asset.

"He is the president, after all, and there's only one of them. And I think the mood of the general public is very much starting to think, 'You know, we still do have this safety, this security issue that is out there, and we haven't been attacked in five years.' "

Besides, he said, Bush stirs the most loyal voters to get to the polls — the eventual theme of any campaign as it shifts from fundraising to voter turnout.

"Part of the issue in this election is making sure our base comes home, and there isn't anybody that can rally the base better than the president of the United States when he's your president," Beauprez said.

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Times staff writer Ronald Brownstein contributed to this report.

Cheney Shelves Enmity To Celebrate A Milestone (HC)

By Julie Mason

Houston Chronicle, October 1, 2006

WASHINGTON — Reporters traveling with Vice President Dick Cheney were treated to an odd celebration last week aboard Air Force Two after he headlined his 100th campaign fundraiser of the 2005-06 election cycle.

It was a milestone like no other, in part because of Cheney's famous animosity toward the media. But no matter — en route from Grand Rapids, Mich., to Andrews Air Force Base here, Cheney briefly emerged from his private cabin for some cake and banter.

It was a sharp contrast to previous outings.

Cheney rarely takes reporters with him and when he does, generally avoids unscripted contact or gratuitous hospitality.

On a memorable trip overseas, Cheney commandeered one of just two working electrical outlets on board so he could recharge his iPod, thwarting journalists efforts' to file their stories on deadline.

So there was a certain amount of puzzlement last week when reporters were beckoned to the front of the cabin by Cheney's staffers, who had procured bakery goods marking Cheney's milestone.

"You're the only one who's been to all one hundred," Cheney's political director, Mel Raines, told the vice president.

"And I'm the only one who always has to give a speech," Cheney replied.

The cake was white with raspberry filling, with white frosting and red, white and blue frosted bunting. The message on the top read, "100 On to Victory."

"Does my wife know about this?" Cheney asked.

After handing out cake, Cheney was asked which of the 100 events was most memorable. He thought for a moment before giving up.

"Stuff from 30 years ago is easier to remember," Cheney said. "The rest is a blur."

Bush's road show heads to the WestPresident Bush so far has done 55 fundraisers in the same time frame, with just over half closed to the media.

Who knows what goes on behind closed doors? White House officials said Bush's events are generally closed when they are in a private home.

This week, the president is heading west for three days of political fundraising in Nevada, California, Arizona and Colorado. Most of the events are open to correspondents, with limited access for cameras.

In rare move, Snow to hit the money trail

Apparently in response to popular demand, White House spokesman Tony Snow as well will be hitting the hustings to raise money for the party and its candidates this fall.

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It's an unprecedented move for any White House spokesman. It's also a revealing byproduct of the television age, which has made minor celebrities of a succession of presidential mouthpieces.

"These are not going to be speeches where I go out and start railing against Democrats," Snow said. "What I'm going to do is talk about the president's record and what he's done."

The few events he's done so far have been closed to the media; Snow said he expects upcoming events to be open. On whether he saw any conflict in the White House spokesman operating in political secrecy, Snow said, "That's a good question."

"I was approached by the political office saying that we've got a lot of inquiries and a lot of people would like (me) to do this," Snow said. "What followed were a long series of conversations, because I think this is pretty unplowed ground."

The Republican National Committee will be paying Snow's expenses. The spokesman said it's being left up to him to set the ground rules for what he can say to political groups.

"If I overstep, you can whack me," Snow said.

Short take

"We're both beneficiaries of continuing low expectations," Bush said last week to embattled Sen. Rick Santorum, R-Pa.

In Taking On Fox, Democrats See Reward In The Risk (NYT)

By Lorne Manly

The New York Times, October 1, 2006

THE Fox News Channel doesn't officially turn 10 until this week, but the Democrats have already begun doing their best to spoil the celebrations.

The party crashing began last Sunday, when former President Bill Clinton transformed an interview with Chris Wallace on "Fox News Sunday" into a finger-pointing tirade against what he called a "conservative hit job." Howard Dean, chairman of the Democratic National Committee, quickly released a statement applauding Mr. Clinton for standing up to what he described as a right-wing, bullying propaganda machine.

In separate appearances on Fox News over the next two days, Lanny J. Davis, a former special counsel to Mr. Clinton, and Barbara Boxer, the Democratic senator from California, mocked the news channel's trademarked motto of being "fair and balanced."

And on Wednesday Paul Begala and James Carville, Democratic commentators for CNN, engaged in more than five minutes of high-decibel debate on Fox with Bill O'Reilly about Mr. Clinton's appearance, daring Mr. O'Reilly to "come out of the closet" and admit Fox News is a "right-leaning, anti-Clinton network."

The attacks represent a new twist on the Democrats' complicated dance with the cable news channel. Though Fox News maintains that its reporting is down the middle, Democrats have long complained that the news channel operates like a public relations outpost of the Bush White House. But never before has that anger built into a mad-as-hell-and-not-going-to-take-it-any-more moment, and spilled over in such naked and sustained fashion onto Fox News itself.

"The Republicans are using Fox News to gin up their base, and now — for the first time — the Democrats are doing it, too," said Steve McMahon, a Democratic strategist with McMahon, Squier & Associates who handled Mr. Dean's presidential campaign.

Engaging Fox News in such an aggressive manner, however, may not be the smartest strategy. If there's a base that needs energizing for these midterm elections, it belongs to the Republicans, and a Clinton-led attack may only revivify them. And so far, there is just one clear beneficiary: Fox News. The news channel has highlighted the contretemps on many of its programs, boosting the ratings in the process.

Democrats do not view Chris Wallace as a partisan gunslinger, as they do some other Fox News personalities. But his questions about whether Mr. Clinton did enough to destroy Al Qaeda ignited simmering Democratic and Clintonian anger.

Democrats had been furious with White House attempts over the last few months to to portray Democrats as weaker on national security than Republicans. And defenders of the Clinton administration were furious about "The Path to 9/11," the ABC docudrama that they claimed depicted the administration in an unfair light. All this fed into last week's reaction, Democratic officials and strategists say. "I think it's important for us to call it what it is," said Karen Finney, communications director for the Democratic National Committee, speaking about the recent incidents. "We can't let conservatives and Republicans get away with painting us in a corner and mischaracterizing who we are and what we stand for."

The incendiary interview appeared on the same day the pessimistic National Intelligence Estimate on Iraq was leaked. And the two events provided an opportune moment to strike, Ms. Finney said.

Soon after the "Fox News Sunday" telecast, Mr. Dean mentioned both items in a combative statement. And the Democratic National Committee followed up Mr. Dean's statement with an e-mail fundraising appeal, complete with a YouTube link to the interview.

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"I think you're seeing the beginning of an alternative Democratic approach," a desire to strike back hard, said Mr. Begala, a former Clinton adviser.

"Clinton tapped into something in the Democratic zeitgeist," Mr. Begala said. "We're really tired of being bullied, particularly by Fox."

Democrats have believed, nearly from the moment Fox News began in October of 1996, that the news channel was institutionally biased against them. Fox News officials have disputed such charges, saying the network is merely a corrective to what they contend is a pervasive liberal bias in the news media.

Nonetheless, most Democrats have believed the network could not be ignored. If no one appeared on their shows, who would make the Democratic case? The cable news channel, despite a fall-off in ratings over the past year, still towers over its competitors. And although the viewers who regularly watch Fox News are more likely to be Republican, Democrats and independents still turn up in significant numbers — 20 percent and 17 percent, respectively, compared with 34 percent who are Republicans — according to a recent survey from the Pew Research Center for the People & the Press.

Swing voters are important in some states, particularly the Northeast. How they react to the Democrats' more confrontational approach could help determine how far the Democrats get in their efforts to gain control of the House and Senate.

Some Democrats said they believe that a more muscular approach in taking on the Republicans could help them grab onto an issue that has been an Achilles' heel for the Democrats in recent elections: national security.

And that couldn't make some Republicans happier. "I think it puts national security front and center and reminds people that this administration is taking the fight to the terrorists and recognizes the threat America faces," something the Democrats do not, said Danny Diaz, Republican National Committee spokesman.

The Republican National Committee is doing its bit to spread that point of view. After the Clinton interview, it sent talking points to its grassroots membership and to the news media, and ramped up efforts to book people on TV and radio programs to comment on the debate.

And Fox News executives have not seemed to mind furnishing screen time to Democrats so they can bash the network. (Roger Ailes, the chairman and chief executive of Fox News and Fox Television Stations, was unavailable to comment for this article.)

After all, the ratings don't lie.

The first three days of the week saw primetime and daily increases of 20 percent and 13 percent, respectively, compared with the average over the previous four weeks. And "Fox News Sunday" got its best ratings in three years.

Pastors Guiding Voters To GOP (LAT)

By Stephanie Simon

The Los Angeles Times, October 1, 2006

The Christian right seeks out members who might not go to the polls. The focus is issues, but some leaders don't oppose endorsement.

With a pivotal election five weeks away, leaders on the religious right have launched an all-out drive to get Christians from pew to voting booth. Their target: the nearly 30 million Americans who attend church at least once a week but did not vote in 2004.

Their efforts at times push legal limits on church involvement in partisan campaigns. That is by design. With control of Congress at stake Nov. 7, those guiding the movement say they owe it to God and to their own moral principles to do everything they can to keep social conservatives in power.

Preachers "ought to put their toe right on the line," said Mathew D. Staver, founder of Liberty Counsel, a nonprofit law firm that supports conservative Christian causes.

The Rev. Rick Scarborough, a leading evangelical in Texas, has recruited 5,000 "patriot pastors" nationwide to promote an agenda that aligns neatly with Republican platforms. "We urge them to avoid legal entanglement, but there are times in a pastor's life when he needs to take a biblical stand," Scarborough said. "Our higher calling is to Christ."

The campaign encourages individual pastors to use sermons, Bible studies and rallies to drive Christians to the polls — and, by implication or outright endorsement, to Republican candidates. One online guide to discussing the election in church, produced by the Focus on the Family ministry, offers this tip: If a congregant says her top concerns are healthcare and national security, suggest that Jesus would make abortion and gay marriage priorities.

At a recent rally in Pennsylvania, Focus on the Family founder James C. Dobson told a crowd of 3,000 that it would be "downright frightening" if Republicans lost control of Congress. If there's a good Christian on the ballot, he said, failing to vote "would be a sin."

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The law restricting political activity of churches and charities dates to 1954, when then-Sen. Lyndon B. Johnson pushed it through in a pique of anger over a nonprofit's effort to derail his reelection. Tax-exempt organizations, including churches, may not participate or intervene in political campaigns on behalf of any candidate. Intervention is broadly defined as "any and all activities that favor or oppose one or more candidate for public office," according to the Internal Revenue Service.

That sounds straightforward. In practice, though, there are many ways around the restriction, as the faithful recognize.

"If the pastor is doing the right job, the people will automatically vote for the right person," said Gale Wollenberg, who belongs to a conservative evangelical church in Topeka, Kan.

Perhaps the biggest loophole is that churches can campaign on policy issues — even if that effort benefits a particular candidate. Scarborough, for instance, has spent a great deal of time far from his Texas parish, rallying Christian voters against an initiative promoting embryonic stem-cell research in Missouri. At his events, Scarborough makes a point not to mention Missouri's Republican Sen. Jim Talent, who is in a tight fight for reelection.

But in private, he says candidly that he expects — and hopes — his efforts will give Talent a boost. "If a pro-life candidate benefits from Christians being involved, to God be the glory," Scarborough said.

Pastors can further help their favored candidates by distributing "issue-oriented" voter guides in church, a tactic used for years among secular (often left-leaning) groups such as the National Assn. for the Advancement of Colored People and adapted to faith communities by the Christian Coalition in the 1990s.

The voter pamphlets are supposed to be neutral, but often present issues through a distinctly partisan lens. A guide distributed by a conservative group in Minnesota in 2004 laid out the candidates' views on aborting "unborn babies." One produced this year by the liberal evangelical group Sojourners describes immediate withdrawal of U.S. troops as the only way to bring peace to Iraq.

Pastors have a right to work directly for candidates on their own time, as long as they don't use church resources. In a recent article aimed at evangelical preachers, Staver wrote that they "should feel free" to go even further and endorse a candidate from the pulpit because he thought the IRS law was unconstitutional. He repeatedly noted that the IRS had rarely sanctioned churches. The Church at Pierce Creek in Binghamton, N.Y., is the only one ever to lose its tax-exempt certification, for sponsoring newspaper ads that opposed presidential candidate Bill Clinton.

Far more often, IRS agents resolve complaints by training church leaders to avoid future missteps, said Lois G. Lerner, who directs the IRS unit for tax-exempt groups. In 2004, the IRS resolved dozens of complaints this way, including such blatant violations as churches donating to a candidate's campaign or placing political signs on their property.

Given the slim chance of serious sanction, "I encourage pastors to exchange their muzzles for megaphones," Staver wrote in the Rev. Jerry Falwell's monthly newspaper, the National Liberty Journal.

Political preaching has been particularly fervent this season in Ohio, where two conservative mega-churches have promoted the Republican candidate for governor, J. Kenneth Blackwell. They've featured him in at least six rallies that blended patriotic appeals with Christian revival.

Yet the latest poll shows Blackwell trailing by 19 points. In part, that's because Ohio voters seem to be in an anti-Republican mood, after scandals involving state GOP politicians. It also shows that a pastor's influence only goes so far.

Many on the Christian right credit their aggressive mobilization, similar to this fall's campaign, with securing President Bush's reelection. And turnout among evangelical voters did jump 9% from 2000 to 2004.

But two religious groups that heavily back Democrats also came out in droves: Turnout was up 15% among Jews and 13% among mainline Protestants who attend liberal churches, according to surveys conducted by John C. Green, a senior fellow at the Pew Forum on Religion & Public Life. Overall turnout was up 4 points.

"It's really difficult to parse out" the effectiveness of the religious right's mobilization in 2004 "because it was such an intense campaign," Green said. "It does seem to bear fruit, but it varies a great deal from congregation to congregation."

Church-based campaigning may have been most influential in voters' choice of candidate. Bush won 78% of the evangelical vote in 2004, up from 68% in his first presidential bid. And evangelicals were far more likely than any other group of voters to say that religion was the most important factor in their political thinking.

Voter education from the church "can be enormously effective," said Colin Hanna, who directs the Pennsylvania Pastors Network. The group of 850 seeks to mobilize voters against "abortion and other evils," according to its website.

Some of this fall's efforts are aimed at energizing politically active but disillusioned Republicans who might otherwise stay home. But Hanna is particularly eager to reach the 30 million regular churchgoers, and an overlapping group of 19 million evangelicals, who did not vote in 2004. Their indifference to politics is "either a tragedy or a scandal," he said, but he's certain it can be overcome.

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Liberals, too, see potential in mingling faith and politics. Black churches have a long history of political activism from the pulpit, dating to the civil rights movement — but their efforts did not boost voter turnout in 2004. This time around, other Christians, including liberal Catholics, are jumping in to try to energize the religious left.

They plan to distribute more than 1 million voter guides urging Christians to evaluate candidates based on issues such as poverty and global warming. A new consulting firm, Common Good Strategies, aims to help Democratic candidates make stronger pitches to communities of faith.

For the most part, however, the left is far behind the right: "They've got organization and discipline that we don't really have yet," said Jack Pannell of Sojourners. "It may take us a generation."

With both the left and the right pursuing faith-based strategies, the IRS issued a warning in February that churches may be in danger of becoming "arms of political campaigns and parties." Agents are looking into about 40 reported violations by churches and other tax-exempt nonprofits. A few are holdovers from 2004, including the high-profile probe into an antiwar sermon at a liberal Pasadena church. But new allegations continue to come in at a brisk clip.

Liberal clergy in Ohio have filed a protest about the pastors' efforts on behalf of Blackwell. On the right, the website http://www.ratoutachurch.org is recruiting volunteers to report partisan activity from the pulpit that favors Democrats.

Melissa Rogers, a visiting professor of religion and public policy at Wake Forest University in Winston-Salem, N.C., says she expects more complaints as the election approaches. In their zeal to bring politics into the pews, some religious leaders "have made a decision to walk on the razor's edge of the law," she said. "Or over the edge."

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The Inside Agitator (NYT)

By Matt Bai

The New York Times, October 1, 2006

Not all states are equal on an election map, and Alaska is one of those less populous states — like Kansas or Idaho or Alabama — that national Democrats almost never bother to visit. For one thing, just getting there presents a logistical ordeal: the journey from Washington takes as long as it would to reach, say, Nigeria, and even then you sometimes need a hydroplane to get around. And more to the point, there aren't a whole lot of people to see once you get there. Registered Republicans outnumber Democrats by a margin of 2 to 1 in oil-crazed Alaska, which hasn't sent a Democrat to the House or Senate in more than 30 years. To put it another way, there were more Democrats in Central Park for the Dave Matthews concert a few years back than there are in the entire state of Alaska — all 656,000 square miles of it.

It seemed somewhat bizarre, then, when Howard Dean, the chairman of the Democratic National Committee, chose to make the long odyssey to Alaska at the end of May, near what was the beginning of one of the most intense and closely contested national election campaigns in memory, when every other Democrat in Washington was talking about potentially decisive states like Ohio, Pennsylvania and Connecticut. It was also strange that no one in Democratic Washington seemed to know he was going. Although I had been following Dean closely for months, I found out about the trip accidentally and invited myself along — an intrusion that Dean seemed merely to tolerate. We met up first in Las Vegas, where he was making appearances with

Harry Reid, the Senate minority leader. Dean, who enjoys his image as an unpretentious New Englander, is given to finding his own flights on discount Web sites, so it's sometimes hard for even his own staff to track his itinerary. On the morning we left for Alaska, Dean went missing for a good half-hour. It turned out that he was in the business center of the MGM Grand, where he had been trying to figure out how to print his boarding pass but somehow ended up in an impromptu game of online backgammon with a guy who claimed to be in China.

Touching down in Anchorage, we were greeted by Jonathan Teeters, a 25-year-old former offensive lineman at the University of Idaho who had been hired to help the state party begin to organize Democrats. It took less than 10 minutes, as Teeters drove us through a pounding rainstorm to the state headquarters, for Dean, seated in front, to unleash his usual brand of havoc on a state unaccustomed to it. First, he absently asked Teeters what kind of radio interviews he would be doing during his 24-hour stay and was told that he was booked on the local Air America affiliate, the only liberal radio option in town. This is what party chairmen get paid to do — rally the faithful, collect their money and urge them to vote.

"Bull," Dean snapped, using a slightly more elongated version of the term.

"Huh?" Chris Canning, Dean's personal aide, suddenly looked up from a loose-leaf binder. He seemed to think he had misheard.

"I'm not going to do that," Dean replied firmly, craning his neck to address Canning in the back seat. "I didn't come all the way up here just to talk to people who already agree with us. I want to talk to everyone else. I'm fine with doing Air America, but we have to do something else too. Isn't there some conservative show we can do?" Teeters warned that the few right-wing

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shows in town could get nasty for the chairman. “If you can set something else up too, great,” Dean said with finality. “Otherwise, I won’t do Air America.”

Then Dean wanted to know how many organizers the state party now had on the ground, and Teeters told him there was just one: Teeters himself. The D.N.C. created his job — along with a position for a communications director — last year as part of Dean’s signature program, known as the 50-state strategy. Under this program, the national party is paying for hundreds of new organizers and press aides for the state parties, many of which have been operating on the edge of insolvency. The idea is to hire mostly young, ambitious activists who will go out and build county and precinct organizations to rival Republican machines in every state in the country. “We’re going to be in places where the Democratic Party hasn’t been in 25 years,” Dean likes to say. “If you don’t show up in 60 percent of the country, you don’t win, and that’s not going to happen anymore.”

In paying for two new staffers, Dean had, virtually overnight, doubled the size of Alaska’s beleaguered state party, which used to consist of only an executive director and a part-time fund-raiser. But now, as Dean considered the vastness of the state’s landscape, he decided that one organizer wasn’t enough. “In most states, we have three or four,” Dean said, thinking out loud. “Seems like you should really have more. We should be able to find that money in the budget.”

That night, after meeting with Dean at the sad little storefront office that houses the state party, Alaska’s party chairman, Jake Metcalfe, announced to 400 assembled Democrats at a fund-raiser that Dean had just promised to hire an additional organizer for the state. The ballroom erupted in grateful applause as Dean sat there beaming. The members of his staff, gently rolling their eyes, began calling back to Washington, warning the political staff that they would need to find the money for yet another salary in, of all places, Alaska.

In just a few hours, Dean had nicely demonstrated why so many leading Democrats in Washington wish he would spend even more time in Alaska — preferably hiking the tundra for a few months, without a cellphone. It’s not that Democrats in Congress don’t like the idea of building better organizations in the party’s forgotten rural outposts. Everyone in Democratic politics agrees, in principle, that party organizations in states like Alaska could use help from Washington to become competitive again, as opposed to the rusted-out machines they have become. But doing so, at this particular moment and in this particular way, would seem to suck away critical resources at a time when every close House and Senate race has the potential to decide who will control the nation’s post-election agenda, and when the party should, theoretically, be focused on mobilizing its base voters — the kind of people who live in big cities and listen religiously to Air America.

It’s true that adding a second organizer in Alaska will cost the national party only a modest sum, maybe $35,000 this year, but that same money could pay the salaries for canvassers in Pennsylvania or Connecticut, where a few thousand votes could mean the difference between swearing in Speaker Hastert or Speaker Pelosi next January. Overall, Dean’s investment in state parties could cost the D.N.C. as much as $8 million this year, every dime of which could be crucial when you consider that the Republican National Committee says it will pour as much as $60 million into local races to defend its Congressional majorities. (The D.N.C. has pledged to spend $12 million on this fall’s races.) With the president’s approval ratings stuck around 40 percent, and polls suggesting that the Democrats may have a real chance of rolling back 12 years of Republican rule, numerous Democratic insiders are privately and, at times, publicly deriding the 50-state strategy as an indulgence that could cost them their best and last opportunity to sweep away the Bush era, once and for all.

This conflict between the party’s chairman and its elected leaders (who tried mightily to keep local activists from giving him the job in the first place) might be viewed as a petty disagreement. But in fact, it represents the deepening of a rift that has its roots in the 2004 presidential campaign — a rift that raises the fundamental issue of what role, if any, a political party should play in 21st-century American life. Dean ran for president, and then for chairman, as an outsider who would seize power from the party’s interest-group-based establishment and return it to the grass roots. And while he has gamely tried to play down his differences with elected Democrats since becoming chairman, it seems increasingly obvious that Dean is pursuing his own agenda for the party — an agenda that picks up, in many ways, where his renegade presidential campaign left off. Now, at power lunches and private meetings, perplexed Washington Democrats, the kind of people who have lorded over the party apparatus for decades, find themselves pondering the same bewildering questions. What on earth can Howard Dean be thinking? Does he really care about winning in November, or is he after something else?

The mere fact that Democrats would consider a “50-state strategy” to be novel — as if a national party might reasonably aspire to something less — says volumes about the rapid deterioration of the party that was, for most of the last century, America’s dominant political force. Back when Democrats were the established majority, the state parties were run by bosses who doled out jobs and delivered votes, while the national party, functioning as a subsidiary of whoever happened to occupy the Oval Office, worried about electing presidents. For decades, the party claimed a sizable majority of the nation’s governors, senators and congressmen, and in every one of the states where it controlled those seats, there was a centralized organization — a party “infrastructure,” in the parlance of today’s activists — whose job it was to recruit candidates and make sure voters got to the polls.

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All that began to change with the social movements of the 1960's and 70's, which redefined the Democratic Party, in the minds of many rural voters, as mostly a coalition of urban blacks and high-minded intellectuals. From the Deep South up through the populist Plains, voters began abandoning Democratic candidates at the polls, and the old state machines found themselves out of power and starved for patronage. Slowly, the parties in these states atrophied, laying off staff members and allowing their network of local volunteers to dwindle. "We were on the verge of extinction, pretty much," Barry Rubin, the executive director of the Nebraska Democratic Party, told me recently.

When Dean took over the D.N.C. last year, he sent assessment teams, made up of veteran field organizers and former state party officials, to every state. A typical assessment report on one rural state — I was allowed to see the report only on the condition that I not name the state involved — bluntly stated that its local activists were "aging" and that its central committee was "dysfunctional." In most states, there were hardly any county or precinct organizations to speak of. More than half the states lacked any communications staff, meaning that no one was there to counter the Republican talking points that passed from Washington to the state parties to the local media with a kind of automated precision.

For the Democrats, winning presidential elections came to mean doing so without any help from the South or West, and that, in turn, meant cobbling together a relatively small number of so-called battleground states rather than running a truly national campaign. The D.N.C. quit doing much of anything in conservative rural states, and the party's presidential candidates didn't bother stopping by on their way to more promising terrain. Every four years, the national party became obsessed with "targeting" — that is, focusing all its efforts on 15 or 20 winnable urban states and pounding them with expensive TV ads. The D.N.C.'s defining purpose was to raise the money for those ads. The national party became, essentially, a service organization for a few hundred wealthy donors, who treated it like their private political club.

None of this was much on Howard Dean's mind when he set about running for president in 2003 with drab notions of health-care reform and a balanced budget; by the time he made his infamous "scream" speech in Des Moines a year later, however, Dean had become a folk hero for marginalized liberals. How this happened has been largely misunderstood. Dean has been credited with inciting an Internet-driven rebellion against his own party, but, in fact, he was more the accidental vehicle of a movement that was already emerging. The rise of Moveon.org, blogs and "meet-ups" was powered to some extent by the young, tech-savvy activists on both coasts who were so closely associated in the public mind with Dean's campaign. But the fast-growing Internet community was also a phenomenon of liberal enclaves in more conservative states, where disenchanted Democrats, mostly baby boomers, had long felt outnumbered and abandoned. Meet-ups for Dean drew overflow crowds in Austin, Tex., and Birmingham, Ala.; what the Web did was to connect disparate groups of Democratic voters who didn't live in targeted states and who had watched helplessly as Republicans overran their communities. These Democrats opposed the war in Iraq, but they were also against a party that seemed to care more about big donors and swing states than it did about them. Attracted to Dean's fiery defiance of the Washington establishment, these voters adopted him as their cause before he had ever heard of a blog.

"What our campaign was about, not that I set out to make it this way, was empowering people," Dean told me recently. "The 'you have the power' stuff — that just arose spontaneously when I realized what incredible potential there was for people to get active who had given up on the political process because they didn't think either party was helping them."

Over the course of the campaign, Dean turned into an apostle, in politics, of the economic concept of "disintermediation" — the idea that, in the Internet age, voters could connect with candidates, and with one another, without the party acting as the conduit. In a sense, this is what his candidacy was all about. He still believed, though, that only a strong national party could mobilize voters on Election Day. At the Democratic convention in Boston, six months after he dropped out of the presidential race, he met with frustrated delegations from 18 "untargeted" states, meaning that the national party and its candidate, John Kerry, had completely ignored them. Dean was appalled. "The best window we have to talk to Democrats, the time when they pay the most attention, is in the presidential campaign," Dean told me, "and we were just saying to the people of those 18 states, 'We're not interested in you.' You cannot be a national party if you say that to anybody. Anybody."

It didn't take long, after the election, for a new band of Democratic outsiders — some inspired by Dean's campaign, others not — to begin asserting themselves on the local level. In Maryland, Terry Lierman, a venture capitalist who had been one of Dean's campaign-finance chairmen, ran for state party chairman, despite having had no previous involvement in local Democratic politics, and won. In North Carolina, Jerry Meek, a 35-year-old lawyer, took over the state party on a promise of re-energizing county organizations, even though both the governor and the state's leading national figure, John Edwards, strongly backed an inside candidate. Colorado and Arkansas, too, rejected incumbent chairmen in favor of obscure newcomers. In Texas, Fred Baron, a trial lawyer and Democratic contributor, established a privately financed effort to rebuild the Texas state party from the ground up — without the party's consent.

Meanwhile, the bloggers who supported Dean were taking up the same cause, inciting sporadic local rebellions. Chris Bowers, an influential blogger on the leftist site MyDD.com, demanded that the national party focus less on targeting races and

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more on recruiting candidates to run in every Congressional district in America. Bowers's call for individual activists to overwhelm and rebuild their local parties became a rallying point for the emerging Netroots party-reform movement. Setting his own example, Bowers got himself elected the captain of his local precinct in Philadelphia's 27th Ward and then won a seat on the party's state committee.

The question for Dean was how to harness and aggregate this state-by-state uprising that he had, by example, helped to create. Immediately after dropping out of the presidential race, he formed a political action committee called Democracy for America, whose mission was to raise money for "progressive" candidates seeking local offices, from mayoral and Congressional seats down to the local water board. This was revolt on a small scale, however, and Dean continued to ponder some grander strategy. He admits now that at the time he considered forming a third party, deciding, ultimately, that such ventures never went far in American politics.

Like Ronald Reagan, whose activist insurgency during the 1976 primaries failed to topple the Republican president, Gerald Ford, Dean might have begun work instantly on the next presidential race, building on his support among the Democratic base. But unlike Reagan, Dean had always exhibited more passion for campaigning among the grass roots than he did for the prospect of actually being the nation's president; he seemed less focused on changing the country than he did on changing the party. And the best way to do that, he concluded, was to run for chairman.

Dean, the celebrity candidate in a crowded if rather underwhelming field, campaigned on what seemed like a brazenly political promise to lavish spoils on the forgotten state parties, whose local activists held most of the votes for the chairmanship. The outcome was never much in doubt, although some skeptical Democrats refused to support him. Metcalfe, the Alaska chairman, told me that he supported Simon Rosenberg, a party strategist. "Simon was saying, 'I don't know if I can fund all the states,' and I thought that was honest," Metcalfe said. "Dean said he would give money to all the states, and I thought, That's not going to happen — not out here. I thought I was being realistic. He proved me wrong."

There were awkward moments during Dean's first months in Washington, early in 2005, when he found himself working among the party leaders he had repeatedly maligned. In his first official visit to the newly renovated D.N.C. building, Dean was greeted in the lobby by his predecessor, Terry McAuliffe, a close friend of the Clintons and probably the most gifted fund-raiser in the party's history, whom Dean's supporters had long pilloried as the personification of a party run by hacks and obsessed with corporate money. McAuliffe, a man of maddeningly good cheer, pointed to the new wall-size glass building dedication in the lobby, which featured McAuliffe's name at the very top, followed by a list of contributors. "Now, Howard," he said, "don't you go chiseling that down."

Not long after, Dean sat down with the party's Congressional leaders, Harry Reid and Nancy Pelosi, who had tried, ineptly and with almost comical desperation, to find a candidate who could stop him from becoming chairman. Reid and Pelosi promised to work with Dean, but they asked him to resist speaking out on key policy positions and acting as if he were the party's public face. In other words, Dean would be doing everyone in Washington a favor if he would just stay out of sight and raise money.

The latter goal proved challenging. The truth was that neither Dean nor the aides he brought with him from the presidential campaign knew much about the inner workings of the national party, and some of what they assumed they understood, based on contempt for anything they perceived to be the status quo, turned out to be more complicated than it first appeared. Determined to break the grip of millionaires on the party apparatus, Dean's team came into the D.N.C. with a plan to raise huge sums of money online, as Dean had done during the presidential campaign. Dean didn't bother reaching out to many of the party's top contributors, who were as suspicious of him as he was of them. But getting small-dollar donors excited about an established party proved a far more arduous task than getting them excited about an insurgent campaign. The situation grew perilous until, several months into his term, Dean relented and brought in one of McAuliffe's old acolytes, Jody Trapasso, to get the fund-raising operation in order. Trapasso introduced Dean to the big spenders, pushing him to devote a few hours of every day to making calls until the checks started rolling in.

Dean was discovering that he needed to find some Washington insiders to trust, after all — and he found them in what seemed an unlikely quarter. In his primary campaign in 2003, Dean struck up a friendship with Tina Flournoy, a well-respected operative who worked with Al Gore and

Joe Lieberman during the 2000 presidential race and who now held a senior position at the American Federation of Teachers, one of the party's most influential unions. Flournoy was also a charter member of an informal dinner clique whose members referred to themselves, good-naturedly, as the Colored Girls. The core group included several African-American women who had reached the highest echelons of Democratic politics. Donna Brazile, the veteran organizer who managed Gore's presidential campaign, was a regular; so were Minyon Moore, a consultant who worked in the Clinton White House; Yolanda Caraway, a public-relations specialist; and Leah Daughtry, who was McAuliffe's chief of staff (and who was retained in that job by Dean). Guest speakers at their dinners frequently included probable presidential candidates and top members of Congress. During the race for chairman, Flournoy brought Dean in as well, and he quickly clicked with the group.

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Dean tapped Flournoy to run his transition team, and although she later returned to her job at the teachers' union, it is now common knowledge among Democrats in Washington that few big decisions are made at the D.N.C. without Flournoy's approval. The Colored Girls, as a whole, are unusually influential with Dean. It's an odd pairing, given that Dean governed one of the whitest states in the country, but what Dean and these women share is resentment, sometimes subtle and sometimes not, of the elite Washington Democrats who have always run the national party. Activists like Flournoy and Brazile have attained star status in the party, but they have never thought of themselves as insiders. This is partly because they are black women in a party dominated by white men — men who often seem to prize them more as symbols of diversity than for their expertise. But it is also because the women came up in Democratic politics as local field operatives — that is, as young organizers who knocked on doors, principally for Jesse Jackson — in an era when all of the power in the party was concentrated in the hands of the Washington consultants who made TV ads and polled the electorate. Dean came to Washington vowing to take power from the insiders and give it, instead, to ground-level activists. "That's our loyalty to Dean," Brazile says. "He gets it."

With help from Flournoy and the others, Dean cultivated an outsiders' culture inside the D.N.C. building. (It is more than symbolic that Dean himself never moved to Washington; he stays at the Capitol Hill Suites a few days a week before heading back to Burlington, Vt.) Dean's political staff hails largely from the state organizations, rather than from Washington; his political director, Pam Womack, formerly ran the Virginia party and the National Governors Association. Top Washington reporters and senior aides on Capitol Hill frequently complain that they now have trouble getting their calls to the D.N.C. returned, while state activists rave about the new responsiveness at headquarters.

Flournoy also introduced Dean to the pollster Cornell Belcher, who became a constant fixture inside Dean's D.N.C. Belcher, a deep thinker and jazz aficionado who wears suit coats with unlaced Converse sneakers, had been an outsider, too, in the sense that he didn't fit into the capital's pinstriped culture and wasn't well known before Dean started taking him to meetings on the Hill. In public appearances, Dean almost always refers proudly to the fact that he has retained a "37-year-old African-American pollster" to shake up the staid Washington crowd. In fact, the main theme of Belcher's work concerns the white middle-class men and women who have deserted the Democrats in recent years. These voters care more about their faith and the character of their communities than they do about individual issues, Belcher says, and Democrats do better with rural and small-town voters when they frame their positions as values rather than as policy prescriptions. This is not an entirely new insight, but to Dean it is critically important. In his mind, it means that any voter in any state can be a Democrat, if only you bother to talk to him, and if only you make the right kind of argument.

The ultimate manifestation of this philosophy, of course, is the 50-state strategy, under which, for the first time, the national party has begun directly financing the staff at all but a few state headquarters. It's probably fair to say that if there hadn't been a quagmire in Iraq or a Hurricane Katrina — if the White House's political fortunes hadn't imploded over the last year — the 50-state strategy would not have aroused much opposition among Washington Democrats. It was only when they realized that they actually had a chance to take back the House, and maybe the Senate too, that Democratic leaders began to ask, with increasing urgency, what it was that Dean was doing with all the party's money.

This fall, the question of who will control Congress is likely to come down to about 40 Congressional districts and some dozen states with close Senate races, including such perennial battlegrounds as Pennsylvania, Ohio and Missouri. Candidates raise most of their campaign funds themselves, but they rely on additional money from Washington to pay for voter-turnout programs and last-minute TV ads. Each party has three separate entities to raise and disburse those dollars: a committee for Senate races, a second committee for House campaigns and the national party headquarters.

For Democrats, the fund-raising environment has improved over the last two years, as Bush has blundered from one legislative or foreign-policy disaster to another and as Democratic donors have seen the prospect of controlling at least one house of Congress — a notion that seemed unthinkable in 2004 — become a possibility. The Democrats who lead their party's Senate and House campaign committees, Senator Chuck Schumer of New York and Representative Rahm Emanuel of Illinois, respectively, have done their parts to make the party competitive. The Democratic Senate committee, which narrowly outperformed its Republican counterpart in 2004, has opened up an even wider margin in this election cycle. The Democratic House committee, which raised only half as much as the G.O.P.'s committee did two years ago, has closed that gap somewhat and, at last count, had virtually the same amount in the bank as its rival. Over at the D.N.C., however, it's a very different story. In 2004, the D.N.C., under McAuliffe, actually raised slightly more money than the Republican National Committee. Since Dean has taken over, however, the R.N.C. has taken an almost 2-to-1 lead in fund-raising, and going into the fall campaign it had more than $39 million stashed away, compared with just over $11 million for the Democrats. For Schumer and Emanuel, this discrepancy between the two parties is like a train coming down the track, and they're the ones sitting in its path. The R.N.C. will dump tens of millions of dollars into individual House and Senate races in the closing weeks, through TV ads and get-out-the-vote operations, and Democrats won't be able to counter it.

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In a city rife with unchecked egos, few politicians exhibit the kind of unbridled self-assuredness for which both Emanuel and Schumer are known; to call the two of them pushy would be like calling Tom Cruise excitable. Emanuel, a triathlete who was

Bill Clinton's deputy chief of staff and enforcer, speaks in violent bursts of shrapnel, profanities flying in all directions. Schumer, like his native Brooklyn, can be, by turns, charming or downright dangerous, depending on which route delivers him faster to his destination.

Before this midterm election-year began, but not long after Dean became party head, Emanuel and Schumer decided that if Dean wasn't going to raise anywhere near as much money as his rivals at Republican headquarters, then he ought to at least give them whatever resources he could muster. They went to work on Dean, pleading with him to transfer as much as $10 million to the two committees to help them respond to the Republican TV barrage. Emanuel told anyone who would listen that back in 1994, when Republicans sensed a similarly historic mood swing in the electorate, the R.N.C. kicked in something like $20 million in cash to its Congressional committees. (This argument was impressive, but not exactly true; the R.N.C. spent roughly that much on federal and local races combined in 1994, and little, if any, of that money went directly to the committees themselves.) Dean categorically refused to ante up. Having opposed the very idea of targeting a small number of states and races, he wasn't about to divert money from his long-term strategy — what he calls the "unsexy" work of rebuilding the party's infrastructure — to pay for a bunch of TV ads in Ohio. He wanted to win the 2006 elections as much as anyone, Dean told them, and he intended to help where he could. But Democratic candidates and their campaign committees were doing just fine on fund-raising, and the party couldn't continue giving in to the temptation to spend everything it had on every election cycle — no matter how big a checkbook the Republicans were waving around.

For Schumer, Emanuel and their allies, this rejection was irritating enough. When they heard the stories of how Dean was actually spending the party's cash, however, it was almost more than they could take. Dean was paying for four organizers in Mississippi, where there wasn't a single close House race, but he had sent only three new hires to Pennsylvania, which had a governor's race, a Senate campaign and four competitive House races. Emanuel said he was all for expanding the party's reach into rural states — roughly half the House seats he was targeting were in states like Texas, Indiana and Kentucky, after all — but he wanted the D.N.C. to focus on individual districts that Democrats could actually win, as opposed to just spreading money around aimlessly. The D.N.C. was spending its money not only in Alaska and Hawaii, but in the U.S. Virgin Islands as well. Democratic insiders began to rail against this wacky and expensive 50-state plan. "He says it's a long-term strategy," Paul Begala, the Democratic strategist, said during an appearance on CNN in May. "What he has spent it on, apparently, is just hiring a bunch of staff people to wander around Utah and Mississippi and pick their nose."

The disagreement with Emanuel and Schumer frayed Dean's already fragile détente with Washington's Democratic elite. Since coming to Washington, Dean had worked hard to forge a level of trust with Congressional leaders, subjugating some of his more combative impulses. In particular, he had formed what he thought of as a genuine friendship with Harry Reid. Nonetheless, the party's elected leaders and their legions of consultants remained uneasy about Dean. They suspected, correctly, that he strongly sympathized with outside forces — militant bloggers, disillusioned donors, Moveon.org — that were fomenting rebellion at the grass roots. It didn't help that Dean's younger brother, Jim, a onetime salesman who had taken over the PAC Dean started, Democracy for America, was out there proselytizing for insurgent candidates like Paul Hackett, whom Schumer eventually muscled out of a Senate primary in Ohio, and Ned Lamont, who upended Joe Lieberman in Connecticut. While campaign laws prohibited the Dean brothers from coordinating their activities, Washington Democrats assumed that Jim Dean's job was to carry out the chairman's subversive wishes.

In separate conversations, Reid and Pelosi each asked Dean — Reid in his quiet way, Pelosi more stridently — to send some money to the two campaign committees. Dean rebuffed them too. But he did promise that the D.N.C. would help with get-out-the vote campaigns. Emanuel and Schumer then began pressing Dean for a specific field plan — that is, a blueprint for how the D.N.C. would spend money on mobilizing voters, and where. The argument finally exploded during a meeting in May among Dean, Emanuel and Schumer in Dean's third-floor office at the D.N.C. Emanuel told Dean that the 50-state strategy was a waste of money; Dean shot back that winning elections wasn't only about TV ads. Emanuel wanted to know what Dean was doing to help in California's 50th district, where voters were about to hold a special election. When Dean said he had organizers on the ground, Emanuel erupted. <object.title class="Movie" idsrc="nyt_ttl" value="41705;159602">"Who?" he demanded. "Tell me their names!" Emanuel, who had a vote at the Capitol, stormed out of the meeting, cursing as he walked down the hall. </object.title>

By now, the situation had as much to do with clashing egos as it did with the elections. "The issue here is not our field plan," Dean told me. "The issue is an issue of control. I'm the new guy on the block, and they thought they were going to get me writing the check." For his part, Emanuel, who had been a pivotal adviser in several national elections (he was the model for the character Josh Lyman in "The West Wing"), seemed annoyed that Dean wouldn't defer to Democrats with more experience. That Dean raised money by talking about the closeness of the 2006 elections — and then spent much of that money in states that had nothing to do with the midterms — made Emanuel, whose office sits a floor below Dean's in the D.N.C. building, want to reach

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through the tile ceiling and throttle him. “I’m for a long-term strategy,” Emanuel told me, “but I don’t see how you have a long-term strategy if you take a historic election and walk away from it.”

What was remarkable about this fight, as it dragged on throughout the summer, was just how public it became, and the extent to which it seemed to be pulling influential Democrats into its vortex. Bren Simon, a wealthy Democratic patron from Indiana who has entertained virtually every leading Democrat at her second home in Washington, told me that she warned Emanuel and Schumer that she wouldn’t write them any more checks if they didn’t stop fighting Dean over his 50-state strategy. Then there was the morning early in the summer when Brazile ran into Emanuel on the steps of the D.N.C. building and started loudly lecturing him about his attacks on the chairman, in full view of party employees. Emanuel protested that he just wanted to win back the House. Two of the Democratic Party’s leading strategists — one who had helped run the White House, the other who had managed a presidential campaign — stood there barking at each other on the street.

Underneath this clash of field plans and alpha personalities lay a deeper philosophical divide over how you go about rebuilding a party — which was really a dispute about cause and effect. Did you expand the party by winning elections, or did you win elections by expanding the party? Most party insiders had long put their faith in elections first, arguing that the best way to broaden the base of the party was to win more races. Schumer said as much in a written statement that his spokesman forwarded to me in response to my questions about his differences with Dean. “Our long-term goal is the same — a strong Democratic Party,” Schumer stated. “But we” — meaning he and Emanuel — “believe that nothing does more to further that goal in 2006, 2008 and beyond than taking back the House and Senate so that we can implement a Democratic platform.”

Recent history, though, would seem to undercut this theory. In the 1990’s, the Democrats won two presidential elections behind a popular leader, and yet the party didn’t grow. In fact, Democrats lost ground at every level of government except the White House and cemented their position as the party of coastal states. Steadily investing in political activity on the local level, as Republicans have done for years, seems to Dean and his allies a more realistic way for Democrats to expand the electoral map than simply trying, every four years, to piece together the same elusive majorities. Of course, every Democrat in Washington says he’s for expanding the party’s efforts beyond the familiar 18 or 20 battleground states, but only Dean, among his party’s leaders, has been willing to argue that there is a choice involved, that you cannot actually invest for the long term unless you’re willing to forgo some short-term priorities.

It takes courage, Dean told me, to try something new in the face of failure, which is why Washington Democrats were resisting his plan. “I think politicians are incredibly risk-averse, especially legislating politicians,” he said. “This is like deciding to go to a psychiatrist — the risk of staying the same has to be greater than the risk of changing. And right now, in the history of the party, that’s exactly where we are. The risk of doing nothing, the same old thing, is enormous. The risk of trying something new is much smaller. The risk of the 50-state strategy is much smaller than if we continue to do what we’ve been doing.”

But you can accept Dean’s premise and still wonder whether his 50-state strategy is really the best way to go about building the party. Even some Democrats who support Dean’s larger vision have doubts about whether he has built enough accountability into his model for financing state parties. Republicans, as I saw firsthand in Ohio during the 2004 campaign, demand certain metrics of their local organizers. Field workers are expected to sign up so many new voters, or knock on so many doors, by a given date, and people who don’t meet their quotas and deadlines can find themselves replaced — even if they’re volunteers. Republican staffs in the states are required to take part in an unrelenting succession of conference calls with Washington.

By contrast, Jonathan Teeters, the 25-year-old activist I met in Anchorage, told me that he wished he spoke more often with his superiors at the D.N.C. “It’s kind of an as-needed thing,” he said. “As far as I can tell, they trust me to get it done. As long as I’m staying in contact, and as long as we’re having success, that’s how they know we’re getting it done.” When I asked Teeters how he knew if he was having success, he mentioned having attracted several hundred people to “Democratic reunion” barbecues across the state. “The first thing we have to do is create this energy, so people know we’re here and we’re active,” he said.

Dean has no illusions that the 50-state strategy will succeed in every state. “They’re going to make terrible mistakes — I know that,” Dean said. “You never make changes without people making mistakes.” He said he had visited 46 states as chairman, and each time he goes into a state, he gets some sense of the progress on the ground.

Unlike past chairmen, who mostly traveled to see donors and do some interviews, Dean spends a fair amount of time visiting party offices and mingling with grass-roots activists. His trips to more rural, conservative states, however, the kind of places where a sizable segment of voters go to church and follow Nascar, also raise some complicated issues for his fellow Democrats. Dean is treated like a Beatle by rank-and-file activists who have rarely seen a party leader in their midst, but for the rest of the country, Dean is that lefty who howled on national TV. Some Democratic governors and candidates have avoided Dean when he has been in town, for fear that their opponents would portray them as extremists. Which underscores the peculiar

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situation of Dean and his 50-state plan: he is the one guy in Washington determined to deliver the Democratic message to every part of the country, but as it turns out, he is also a guy from whom much of America doesn't want to hear it.

It's not that Dean doesn't try his damnedest to make himself palatable to culturally conservative voters. Acting on the advice of Cornell Belcher, his young pollster, he has taken to framing his positions in terms of faith and values, sometimes so transparently that it can make you wince. In Las Vegas, I heard Dean, who is not known to be a religious man, say to a Latino audience, "I don't expect the church to come out for gay marriage, but I do expect that we could say on an issue like this, 'What would Jesus do?' Equal rights under the law is not something that can be abridged by the Democratic Party, because it's really the law under Jesus Christ." The audience stared at him a little blankly, as you might stare at your mechanic if he rolled out from underneath your car and suddenly started speaking Latin.

Fairly or not, Dean has come to embody a species of Democrat that a lot of Americans of both parties find off-putting: the 60's antiwar liberal, reborn with a laptop and a Prius. On the day we landed in Anchorage, Tony Knowles, the former Democratic governor of the state, had just announced that he would run to reclaim the post. This was exciting news for Dean, since he and Knowles had served as governors together, and the two men would be attending the fund-raiser that night. But while we were at the party headquarters, the state party's executive director cautioned Dean, gingerly, that he should probably avoid getting too close to Knowles in public or saying nice things about him from the lectern. "I think he'd prefer to distance himself from the national party as much as he can," the executive director, Mike Coumbe, said.

Later that night, at the fund-raiser, I approached Knowles and asked him if it was true that he felt he needed to put some space between himself and his old friend. "I think they're about to introduce me," Knowles said, glancing helplessly toward the front of the room. "I do want to answer your question." But he was already backing away.

When dean and I last spoke, in August, I wondered aloud if the entire 50-state program wasn't, in a very basic way, inconsistent with the larger philosophy that guided his 2004 campaign. If Dean believed in disintermediation, then why was he spending so much money to strengthen the intermediaries? Weren't the state parties essentially just middlemen between the voters and the Democratic National Committee? What Dean seemed to be creating was a multilevel field organization modeled after the political machines of the 20th century rather than a new party that fostered direct communication between local activists and their leaders in Washington.

"That would be true if we thought we had to be centralized," Dean replied, raising an index finger. In fact, he went on, the Democratic Party needed to be decentralized, so that grass-roots Democrats built relationships with their state parties but had little to do with Washington at all. "State parties are not the intermediaries," he said. "If I get them trained right, they're the principals."

In other words, I suggested, he was talking about "devolving" the national Democratic Party, in the same way that Reagan and other conservative ideologues had always talked about devolving the federal government and returning power to the states. "That's what I want to do," Dean said firmly.

This struck me as a radical idea, and one that went to the heart of what Howard Dean is really thinking. Now that Dean has wrested control of the national party, his real agenda, it seems, is to radically reduce its relevance, in the same way that Grover Norquist and his crowd of conservative activists talk about "starving the beast" of the federal government they now control. Once you understand that, it's easy to understand why Dean isn't troubled by having less cash in the bank than people think he should, and why he isn't concerned about quantifying the success of the state parties he's financing. In Dean's mind, every dollar that goes to Alaska or Mississippi, or even to the Virgin Islands, even if it isn't perfectly utilized, is a dollar that isn't going into the pockets of the Washington syndicate of admen and pollsters who seem to profit more from each election cycle. And that is an end in itself. By shipping the party's money out of Washington as fast as he can collect it, Dean is trying to finish what he started three years ago — namely, the slow dismantling of the Democratic establishment.

This philosophical shift is bound to have consequences for the party's next presidential nominee. Dean argues that the 50-state strategy is actually going to broaden the playing field in 2008. By the time the next nominee is crowned, he says, a field network will already be in place, covering most of the counties and precincts in the United States; flip a switch, and the whole grid will light up with activity, from Baton Rouge to Boise. More than that, rebuilding Democratic ground operations in more states will force Republicans and their nominee to spend millions more dollars in states that the G.O.P. usually takes for granted, dollars that would otherwise be spent in the Midwest or in the pivotal Sun Belt.

This makes some sense, but it's also true that presidential candidates have long relied on the D.N.C. to do two simple things: underwrite TV ads and coordinate extensive field operations in a handful of perennially contested states — so much so, in fact, that every four years the nominee essentially takes over the D.N.C., installing his own strategists and fund-raisers to provide his campaign with air and ground support. If Dean isn't going to relinquish control or shift his resources into battleground states, the next nominee could find himself (or herself) outspent by the R.N.C. — and as piqued at Dean as Emanuel and Schumer are now.

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Some more conspiracy-minded Democrats discern in Dean's decentralizing strategy the careful machinations of a shrewd and ambitious politician. After all, if the party's nominee loses in 2008, doesn't that set up Dean, potentially, as the grass-roots choice for 2012? Might this be his real plan — to strengthen the local activists who form his natural base of support while at the same time weakening the Washington apparatus that once tried to derail him?

It's an elegant theory, but it doesn't take into account Dean's basic ambivalence about electoral politics. In Vermont, Dean, a physician and part-time lieutenant governor, turned down the chance to run for governor, taking office only when his predecessor died. He may have run for president, as a former confidant of his once explained it to me, largely because he was looking for something to do. Dean has never evidenced much in the way of Machiavellian ambition. It's easier to imagine him, several years from now, serving as a cabinet secretary, or maybe running a university, than it is to see him rising up to lead a Reagan-like revolt at a raucous nominating convention in Las Vegas or Phoenix.

the more immediate question is whether Dean can make it through this year's elections without becoming a permanent pariah among his party's elected leadership. In September, Dean finally reached a compromise of sorts with Rahm Emanuel. In the end, Dean didn't pull any money from his 50-state strategy, nor did Emanuel successfully pressure him into giving cash directly to the campaign committees. Dean agreed, in principle, to pour about $2.6 million, on top of what he was spending on the 50-state strategy, into field operations in 40 targeted districts. "We have a basic understanding," Emanuel told me, sounding more peeved than conciliatory. "It's not everything I want, but I don't have any time to waste anymore, and I'm not waiting for Godot. I've got to get going." The deal seemed to ensure, at least, that Dean and the House campaign committee would be able to work in harmony through the elections. (Peace talks with Schumer were still going on.) It did not, however, do anything to resolve the underlying, more intractable disagreement: the importance of winning elections versus a longer-term investment in state parties. That argument will continue well after November's referendum on Republican rule.

Nor, clearly, did the compromise do much to endear Dean to his critics in Washington. "I'm not going to be on his holiday mailing list, and he's not going to be on my holiday mailing list," Emanuel snapped at one point during our conversation about Dean. "But this isn't about him or me." If Democrats fall short of retaking the House of Representatives in November, the party's elected leaders will almost certainly blame Dean for the near miss. They will say that he squandered their best chance in more than a decade to control the country. They will say it proves that Dean's risky strategy has badly hurt the party.

And yet, you could make a compelling argument that anything short of total victory in November would prove precisely the opposite. With polls consistently showing voters to be deeply nervous about a protracted war, high gas prices and stunted wages, this is that rare election that should turn less on tactics than on fundamental choices about the direction of the country; in other words, this election season is about the fear and fury of the electorate, not the addition of a few more door-knockers in New Haven or some negative 30-second spot broadcast in Columbus. As the Democratic strategist James Carville told Al Hunt, the Bloomberg News columnist, in August, "If we can't win in this environment, we have to question the whole premise of the party."

Most analysts in both parties now believe that Democrats have better-than-even odds of winning at least the House. But if they don't, rather than dissect the mechanical failures that cost them a few thousand votes here or there, Democrats might be forced to admit, at long last, that there is a structural flaw in their theory of party-building. Even a near miss, at a time of such overwhelming opportunity, would suggest that a national party may not, in fact, be able to win over the long term by fixating on a select group of industrial states while condemning entire regions of the country to what amounts to one-party rule. Which would mean that Howard Dean is right to replant his party's flag in the towns and counties along America's less-traveled highways, even if his plan isn't perfect, and even if he isn't the best messenger to carry it out. As another flawed visionary, the filmmaker Woody Allen, once put it, 80 percent of success is just showing up.

Dean: '08 May Hinge On Race, Immigration (AP)

By John Heilprin

AP, October 1, 2006

Race and immigration could determine the 2008 presidential race, Democratic Party chief Howard Dean told a group of Hispanic leaders Saturday.

Dean said he's trying to encourage the turnout of minority voters who support Democrats, particularly in the Albuquerque, N.M., area, by encouraging their use of mail-in ballots, a tactic he said Republicans have used effectively.

"If that works, we're going to do that in 2008 all over the place, but in the meantime this is a great opportunity for us in 2006," Dean told 225 people attending a luncheon at the party's annual Hispanic leadership summit.

In New Mexico's largely Democratic 1st Congressional District, home to what Dean called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is fighting to get re-elected. Her opponent, Democratic Attorney General Patricia Madrid, grew up in a Hispanic household near the Mexican border.

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Democrats hope to turn back the Republican Party's advances among Hispanic voters in recent years. President Bush's efforts to court Hispanic voters have helped double the GOP's share since 2000.

"We can't afford to have 45 percent of Latino population voting for Republican presidents. That diagram has to change," said Rep. Hilda Solis, D-Calif.

Dean and Solis said issues such as public education, health care, affordable housing, the minimum wage and immigration protection should continue to be party priorities.

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DAVENPORT, Iowa (AP) — Illinois Sen. Barack Obama, a potential presidential candidate for 2008, called on Democrats to embrace the national security debate in the campaign's closing weeks.

"I am happy to have a national security debate with the Republican Party," Obama said Saturday during his second visit in two weeks to Iowa, which traditionally opens the presidential nominating season. "What we need is a tough and smart national security agenda."

Obama said Democrats must stand up to Republicans' strategy of portraying them as weak on national security. He said Republicans "have a lock on the tough and dumb strategy" that Democrats must expose.

"We can't afford to be bullied because there's too much at stake," Obama said. "The only strategy the other side has is fear. That's what you're seeing and you're going to see more of it."

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HARTFORD, Conn. (AP) — Sen. Joe Lieberman, D-Conn., on Saturday launched a new TV ad that compares his nearly 18 years in the Senate with challenger Ned Lamont's relative inexperience.

The 30-second ad features a light bulb and a voice that asks: "Still waiting to hear a new idea out of Ned Lamont? Here's an idea for you."

The bulb lights up and the voice continues, "Experience matters."

In a Quinnipiac University poll released Thursday, voters by a margin of 47 percent to 38 percent said Lamont does not have the "right kind of experience" to serve as a U.S. senator.

Lieberman, who was defeated by Lamont in the Democratic primary last month and is now running as an independent, has a 10-point advantage among likely voters in the poll. He leads Lamont 49 percent to 39 percent in a three-way race. Republican Alan Schlesinger trails with 5 percent.

Lamont campaign spokeswoman Liz Dupont-Diehl said Lieberman's experience has led to the Bush-Cheney energy bill, increased terrorist activity and the loss of manufacturing jobs.

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CONCORD, N.H. (AP) — Massachusetts Gov. Mitt Romney supported plans to reduce illegal immigration from Mexico but said Saturday the U.S. should do more to keep foreign students who come here and earn advanced degrees.

"There's only one condition on getting your Ph.D. here in the U.S. and that is: You leave as soon as you get it," he told New Hampshire Republicans gathered for their annual convention. "Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay. ... It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither."

Romney, a possible 2008 presidential candidate, spoke about a growing gap in technology and education between countries like China and the United States. He described a conversation he'd had with a leader of a Massachusetts high-tech company, who said he expected that in 10 years, 90 percent of his employees will be in Asia.

"I was shocked," said Romney. "China alone graduates seven times the number of engineers that we are."

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Associated Press writer Mike Glover in Davenport, Iowa, contributed to this report.

Outside Groups Spending Millions On Ads (AP)

By Jim Kuhnhenn

AP, October 1, 2006

The images are searing, violent. Smoke and flames pouring from the World Trade Center towers. Bullets ripping through military protective vests.

The scenes are from this year's campaign ad wars, waged outside the control of candidates or political parties.

Heading into the final weeks before the Nov. 7 elections, independent advocacy groups, many financed by a few wealthy donors, are spending millions on ads in some of the most contested states and congressional districts.

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Between Jan. 1 and Sept. 26, Republican-leaning groups spent $13.8 million on advertising while advertising on behalf of Democrats totaled $6.3 million, according to the Campaign Media Analysis Group. Throw in the advertising the political parties are paying for, and the Republicans have spent $5 on ads for every $3 spent by Democrats.

That is a significant reversal from 2004, when Democratic groups outnumbered and outspent Republican organizations. Now, some Democratic officials are wondering when their deep-pocketed liberal allies will step in to help.

"If it's there, I haven't seen it," said Rep. Rahm Emanuel, the Illinois Democrat who heads the Democratic Congressional Campaign Committee. "I can't tell you what happened from '04 to '06 and why some decided either not to participate in this election or not be at the same level."

As election day nears, television viewers have been introduced to Republican-oriented groups with names such a Progress for America, Softer Voices and the Economic Freedom Fund. Their benefactors include Univision founder Andrew Perenchio; conservative philanthropist John M. Templeton Jr. of Bryn Mawr, Pa.; Foster Friess, former manager of the Brandywine mutual funds; and Bob J. Perry, the Texas builder who helped finance the Swift Boat Veterans for Truth that attacked Sen. John Kerry's Vietnam record during the 2004 presidential race.

Progress for America is credited with helping President Bush's re-election with a powerful ad evoking the Sept. 11 attacks. The GOP-leaning group now is running ads in Missouri and Ohio that support the war in Iraq.

The Economic Freedom Fund, bankrolled by Perry, is running ads in congressional districts in Iowa, Indiana, Georgia and West Virginia.

Softer Voices, backed by Friess and Templeton, has spent $850,000 in an ad campaign in Pennsylvania on behalf of Republican Sen. Rick Santorum, who is running behind Democrat Bob Casey.

So far, most of the Democratic advertising help has come from MoveOn.org, a liberal group has been raising smaller contributions as a federally regulated political action committee.

MoveOn spent most of its advertising money in March, targeting congressional districts that were not yet considered vulnerable for Republicans but have since become competitive. Right now, MoveOn is only advertising in two New York congressional districts and one in New Hampshire.

Democrats have gotten help from VoteVets, a PAC formed by military veterans who are critical of the Iraq war. The group is focusing on Santorum and Republican Sens. George Allen of Virginia and Conrad Burns of Montana.

The VoteVets ads accuse the senators of not supporting legislation to get better equipment for U.S. troops. The ads have been small buys, but have benefited from media coverage because they dramatically portray a sharpshooter firing through a protective vest.

A group of Democratic strategists has tried to raise about $20 million for an October advertising blitz. The effort, called the September Fund, is being led by Harold Ickes, a former aide to President Clinton and an adviser to Sen. Hillary Clinton, D-N.Y.

In a letter circulated to potential donors this month, the organizers said: "While we have achieved unprecedented unity, it is only meaningful if we can mobilize the power of progressive donors to ensure sufficient financial resources are available."

Among those solicited was billionaire financier George Soros, a donor to liberal causes who contributed more than $20 million to defeat Bush in 2004. Soros has put more than $2 million into this election, much of it toward get out the vote efforts. In an interview this month on CNN, Soros said he did not plan to spend as much as 2004.

"That was an exceptional situation," he said.

Democratic Party officials said outside groups such as the September Fund are organizing too late. "If it was September '05, I'd feel better," Emanuel said.

This year, the U.S. Chamber of Commerce has run the biggest ad campaign: $7.3 million on behalf of Republican candidates and $1.2 million on behalf of business friendly Democrats in primary contests. But the chamber had to stop those ads on Sept. 7, to abide by a legal prohibition on the use of union or corporate funds for electioneering ads 60 days before the vote.

Just in September, Progress for America has aired three rounds of ads linking the war in Iraq to the broader effort to combat terrorism. The ads area appearing on national cable networks and were broadcast statewide in Missouri and Ohio.

The first ad showed images of jet planes slicing into the World Trade Center Towers. The narrator warned, "These People Want to Kill Us." A new ad features Iraq war veterans describing the war's successes. None of the ads features politicians nor voices support for or against any elected official.

"A lot of people turn off political ads when they see a candidate," said Stuart Roy, a GOP consultant working with Progress for America. "These ads have a longer lasting effect than those that mention a candidate."

Still, some ads can backfire, and operatives from both parties have mixed views on their effectiveness.

Michael Steele, the Republican candidate for Senate in Maryland, was forced to repudiate a radio ad by an independent group supporting his candidacy that claimed Martin Luther King Jr. was a Republican and that Democrats initiated the Ku Klux Klan. Steele called the ad "insulting to Marylanders."

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"Independent expenditures are overrated mostly because you're operating outside the strategic framework of the campaign," said Steve Elmendorf, a former top aide to one-time House Democratic leader Richard Gephardt and deputy campaign manager in Kerry's presidential campaign. "Sometimes they just create clutter."

MoveOn's executive director, Eli Pariser, said this election will be won on the ground, not the airwaves.

"For all the talk about ads," he said, "this is not a persuasion election as much as it is a turnout election."

Of Party Dues And Deadbeats On Capitol Hill (NYT)

By Jeff Zeleny

The New York Times, October 1, 2006

WASHINGTON, Sept. 30 — To move up the ladder in Congress, you must do more than win votes. You are, quite literally, expected to pay your dues.

If you are a rank-and-file member of the House, the amount is up to $100,000. If your ambitions are to preside over a powerful committee, the duty is $300,000. For a top party leader, the tally can climb beyond $600,000.

Make those checks payable to the Republican or Democratic Congressional campaign committees.

Whether or not they are in competitive races, lawmakers are asked to mount vigorous fund-raising drives to fill their own campaign chests. Then they dole to the party, which spreads the money to the most competitive campaigns in the country.

Four years after Congress tried to reduce the influence of money in politics by rewriting the rules of how campaigns are financed, Republicans and Democrats alike have found myriad replacements for the river of financial contributions known as soft money.

The practice of paying what the parties refer to as dues is not illegal, and it is not an entirely fresh notion by either party. This year, Democrats are hoping to glean about $33 million in dues from their House members, an amount that would be about one-third of their fund-raising goal. That makes the dues an important piece in the Democrats' strategy to overtake the Republican majority.

As members of Congress scurried to finish their business in Washington before heading home for the final stretch of the midterm election campaigns, leaders of both political parties were placing an unusually tight squeeze on colleagues who have not settled their bills.

With five weeks remaining in the race, nearly half of the House Democrats are in arrears. Even a month-by-month installment plan — let alone the prospect that they could regain control of the chamber if they can out-hustle the Republicans — has not provided an incentive for Democrats to pay what they owe.

"Some people make a lot of money for the party, others make a lot of issues," said Representative Dennis J. Kucinich, Democrat of Ohio, who contributed for the first time this week, but still owes $115,000. "I work on the issues side. That's where I excel."

The delinquency statements that Democrats sent via overnight delivery to representatives' homes throughout the year have been supplanted by telephone calls or personal visits from party leaders.

Representative Luis V. Gutierrez, Democrat of Illinois, said he had no intention of paying his dues of $250,000, assessed because of his seniority on the Financial Services Committee. But after a two-minute telephone conversation with the minority leader, Representative Nancy Pelosi of California, he changed course and sent in a check for $15,000.

"It's kind of hard to ignore," Mr. Gutierrez said in an interview, conceding that before Ms. Pelosi rang his cellphone, he had not given a nickel. "I still owe $225,000. Thank God it doesn't affect my credit score when I go get a mortgage."

It could, however, affect what committee assignments are passed out when Congress convenes in January. Several members said they had been told by party leaders that their positions could be on the line if they fail to contribute.

Last weekend, Ms. Pelosi made more than 50 telephone calls to members of her caucus, chiding them to pay their dues. Representative Rahm Emanuel, Democrat of Illinois and chairman of the Congressional Campaign Committee, has barred Democrats from using the telephones at party headquarters if they had not paid at least some of what they owed.

"This is not my job," said Mr. Emanuel, recalling the message he repeats again and again to fellow Democrats. "This is our job."

Strong-arm techniques, though, can backfire. So last week, in the final Democratic caucus before the recess, both Ms. Pelosi and Mr. Emanuel softened their language. Still, they distributed a spreadsheet, laying out for everyone to see how much — or how little — members had given to the party.

The grid showed that Representative Maxine Waters, Democrat of California, had contributed $47,500. As a chief deputy whip of the party, she owes a total of $250,000.

Ms. Waters said she did not take kindly to humiliation or intimidation.

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"Nobody puts the screws on me. I don't allow that," Ms. Waters said in a brief interview during a long evening of debate on the House floor. "I'm not trying to prove anything to anybody. Some years I've raised a lot, some years I've not raised so much, so I'll do whatever I do."

At the same time, contributions from more than a dozen Democrats have far exceeded their dues. Representative Charles B. Rangel of New York contributed twice as much as his $300,000 assessment and Representative John P. Murtha of Pennsylvania has nearly doubled his $250,000 requirement. Both men have their eye on leadership positions.

"When I see what some of these guys have to do to scratch for money, it's really too bad," Mr. Murtha said. "They can't raise the money, so we help them out."

At least once a quarter, Democrats receive a fund-raising report card. To increase the motivation — or, perhaps, to embarrass them in front of their peers — the statement also points out how much money is available in individual campaign bank accounts.

The most recent document, for example, pointed out that Representative Robert E. Andrews, Democrat of New Jersey, had a balance of $2,054,562 but had paid only $40,000 of a $125,000 bill.

"I've held on to my money because New Jersey politics can be volatile," said Mr. Andrews, who has told some Democrats that he had been keeping a close watch on his state's Senate race if Senator Robert Menendez stumbles. "But there's no doubt I'll be contributing the full amount."

For Republicans, each member of the House is expected to make a contribution to the Battleground Program. The amounts range from $70,000 to $600,000, depending on the member's position. Since July, when the program began, party leaders said, about 90 percent of the members have contributed to the program, which they hope will raise $22.5 million.

There is no public disapproval for those who do not participate. Arm-twisting is conducted privately, which is why Republican officials said at least five members were summoned this week for a meeting with Speaker J. Dennis Hastert of Illinois; the majority leader, John A. Boehner of Ohio; and the majority whip, Roy Blunt of Missouri.

"Oftentimes Wall Street gauges a business's future success by the number of employees investing in their company," said Representative Eric Cantor, Republican of Virginia, who heads the House program. "I view Battleground the same way."

In the Senate, neither the Republicans nor the Democrats employ a rigorous system of dues and contributions.

Many senators raise more money for their respective party committees than their colleagues in the House, but committee assignments in the Senate depend on a tradition of seniority.

Still, in the House, where financial contributions and other demonstrations of party loyalty can trump seniority, not all longtime Democratic members believe this year's strong push to collect dues will ultimately raise, or lower, a member's prospects of winning an influential committee seat.

"No Democrat really believes that if you're going to be the chairman and you don't give the money that you're going to lose your seat," said Representative Barney Frank, Democrat of Massachusetts. "If you're a Republican, you do."

Showing some admiration for Republicans' efficiency, Mr. Frank said: "They threaten. We shame."

Mr. Frank has surpassed his dues of $300,000. His current tally? $310,700. And if Democrats win in November, he is poised to become chairman of the Financial Services Committee.

Democrats Less Sure About Recapturing House (WT)

By Donald Lambro

The Washington Times, October 1, 2006

Some Democratic election strategists are less confident than they were a month ago about recapturing the House in November as a result of tighter party-preference polls that show Republicans rallying behind their embattled party.

"I'm not as confident of the House switching as I once was," a Democratic campaign consultant said last week.

But other Democratic congressional campaign advisers point to about two dozen congressional races where Republican incumbents are facing aggressive challenges that they say could return Democrats to power if there is a voter-turnout surge in November demanding change.

And the resignation Friday of Rep. Mark Foley, Florida Republican, gave Democrats another opportunity to pick up an open seat.

Mr. Foley, who stepped down after press reports that he sent sexually explicit e-mails to an underage former male page, had been considered a shoo-in to win a seventh term in the heavily Republican 16th District. His Democratic challenger, Tim Mahoney, a businessman, has been aggressively campaigning for more than a year, and Republican officials acknowledged it would be difficult for a new candidate to become well-known in the five weeks before Election Day.

Democrats need to win 15 additional seats to take control of the House, and in a tight election, Mr. Foley's seat could put them over the top.

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But recent surveys by Gallup and other pollsters have shown Republicans closing the Democrats' yearlong advantage as President Bush and his party sharpen their campaign messages on terrorism, Iraq and the economy and as voters begin focusing more closely on the elections.

"I think in a lot of places where there really isn't a competitive race at hand, Republicans are finding their way back into the electorate and are voting for their own," said Alan Secrest, a veteran campaign consultant and pollster who is advising Democratic House candidates across the country.

"But in the hot races, the competitive races where we're working, they remain as competitive as they were. So I believe the Gallup numbers showing a tightening in the generic polls can be true, even as the truly competitive races remain so," he said.

However, another Democratic campaign adviser, who spoke on the condition of anonymity, said the Republicans' stronger poll numbers in the part- preference surveys could make the Democrats' efforts to win back the House "a steeper climb."

"I expect things to tighten up," the campaign adviser said.

These concerns were confirmed last week by a top election forecaster who closely monitors the House's most competitive races.

"There has been a slight uptick in national GOP numbers, and that could help in a number of tight races, particularly in Republican-leaning districts that have been regarded as in play," campaign analyst Stuart Rothenberg told his newsletter subscribers.

Mr. Rothenberg said he thinks that "Democrats are now poised to net 15-20 seats, which would narrowly return the House to their control." But, he added, "they don't have much of a margin for error."

Mr. Secrest doesn't see the Democratic erosion that Gallup found last month in its national poll of likely voters ,which showed the party preference vote in a "dead heat."

"In the competitive races we are working in, the Democratic opportunity [to take back the House] is undiminished," he said.

Ace Of Base (NYT)

By Mark Halperin

The New York Times, October 1, 2006

BILL and Hillary Clinton have been known to cite a quip widely attributed to Einstein: “The definition of insanity is doing the same thing over and over again and expecting a different result.” George W. Bush and Karl Rove live by an alternative dictum: Why do things differently when you like the results you have been getting?

In the 2002 and 2004 national elections, the president and his top political adviser won by margins provided by conservative voters who shared the White House’s view that the country should continue to move right. Although the president is not on the ballot in November, the Bush-Rove model animates the Republican Party’s election strategy for 2006.

Yet two years of controversy over the Iraq war and Hurricane Katrina, and the perils of high gas prices and low poll numbers, have led many to believe that the Republicans’ strategy of fighting from the base has worn out its welcome. Therefore, this view holds, a campaign that appeals to moderates, one waged from the center, is the only way for the party to maintain control of the House and Senate.

Interesting theory, but it probably won’t work. If the Republicans want to keep their majorities in the midterm elections, their best chance is to stick with the old, base-driven Bush-Rove electoral strategy.

Why? In the eyes of the Bush team, America is a polarized country, one where there are fundamental divisions worth fighting over. A president — and a party — should not worry about slender margins of victory or legislative control. The goal is to accumulate just enough power to use the energies and passions of the base to effect ideological change in the nation’s laws and institutions, even if — sometimes especially if — those changes might be at odds with majority public opinion.

For the Republicans, this brand of politics works because the United States in many ways remains a fundamentally conservative nation. Polls consistently indicate that there are more staunchly conservative Americans than liberal ones. Republican politicians, therefore, have the advantage of being able to proudly announce what they really think. They can go on offense.

The party is helped, of course, by superior financial resources. And the Republicans have mastered micro-aiming rousing messages to ideologically sympathetic voters. These messages, generally on hot button issues like gay marriage and abortion, stir the kind of emotion and anger that provide the energy in Bush-Rove politics.

It’s important to note, though, that this strategy depends on something else: the inability of Democrats to play by the same rules, to go on offense.

If Democrats in Congress took a secret ballot, it is safe to say there would be overwhelming support for a variety of positions that, in theory, could rally the party’s base: a timely withdrawal of American troops from Iraq; a tax increase for the wealthy; universal health care; and increased rights for homosexuals. These are all positions in line with the activist wing of their

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party. And yet most Democrats will not openly espouse such policies, concerned that backing them could hurt their chances in 2006.

If they actually articulated what was in their hearts, Democrats worry that they would be marching into a buzz saw of negative political commercials and White House-led attacks. Democrats rightly believe that such attacks would energize the conservative base and also eat into their support among centrist voters. But their chosen alternative — in which they swallow their true beliefs on important national issues — demoralizes their own base.

If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy. On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message — both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues — has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center.

For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the G.O.P. base is coming home — and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections.

The speeches the president gave about national security leading up to the fifth anniversary of 9/11 re-engaged the base and raised his overall approval rating to around 40 percent. He also has shifted the debate back to his favored playing field: national security.

Although some Democrats are energized by the aggressive posture struck last week by Bill and Hillary Clinton on national security, the couple's visibility seems to be energizing the Republican base as well, perhaps more so.

As in 2002 and 2004, the Democrats have been baited into a heated discussion on terrorism and Iraq, blocking out debates that would be more favorable to their cause, like Social Security, the economy and gas prices. The Clintons have whipped up Democrats into a frenzy to fight back, but on Capitol Hill and on television they are largely fighting back on Republican terrain.

This is exactly what happened in the last two elections: Mr. Bush and Mr. Rove fired up the base on national security, taxes and social issues and found a way to win a majority of the electorate, even as they lost the allegiance of a majority of the country over all. The national security debate, the visibility of the Clintons and the momentum the Republicans gain from Mr. Bush's rising poll numbers — all of these echo previous election cycles.

Critics of the Bush administration assert that the politics of the base has run its course, and that the Iraq war, the partisan zealousness and the conservative social policies of the administration have made voters yearn for a more centrist, bipartisan government. But Mr. Bush's opponents may be imprudently lulled by the current storyline and broad national polls, both of which miss the power and consequence of a Republican base that may have one more victory to give.

Parties For Pay Fill D.C. Calendar (KCS)

By Matt Stearns

The Kansas City Star, October 1, 2006

WASHINGTON | Lonely lobbyist: The oxymoron of the season.

Every day, faxes and e-mail pour across lobbyists' desks, requesting the pleasure of their company — and that of their checkbooks — at dozens of campaign fundraisers.

Breakfast invitations. Lunches. Cocktails. Dinners. Even hunting and golfing trips.

The Kansas City Star asked one lobbyist for a Fortune 500 company to save a week's worth of fundraiser invitations in the final days of the current congressional session in the heated run-up to the Nov. 7 midterm elections.

How many invitations did he get? About 200. How many of the events did he attend? Eleven.

Did he feel like an ATM sometimes? You bet.

The lobbyist was offered the chance to nibble sushi and stone crabs with Rep. Connie Mack, a Florida Republican. Join the Mooseburger Oktoberfest with Rep. Don Young, an Alaska Democrat. Listen to bagpipes at Scotch Tasting Reception (kilt optional) hosted by Rep. John Campbell, a California Republican. And "dove shoot, sporting clays, bow and rifle deer hunting, fishing, horseback riding and golf" over a weekend on a 6,000-acre South Carolina plantation, courtesy of Republican Sen. Lindsey Graham.

That the party-and-pay carousel continues unabated shows that the lobbying scandal that rocked Washington earlier this year has changed nothing, said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a watchdog group.

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And because lawmakers require ever greater piles of money to finance their campaigns — PAC cash given to congressional candidates this election cycle totaled about a quarter-billion dollars by July — they don't have much interest in real reform, she said.

"What has driven me nuts about lobbying reform is all the onus has been put on lobbyists, as if members of Congress are these babes in the woods," Sloan said. "That is so not the case."

Fundraising invitations often list members' committee assignments right under their names, Sloan said.

"It's intended to say, 'Do you have any clients with interests in front of me?' "

Attendees come with checks because they support a member of Congress' work and agenda, said Chuck Knapp, a spokesman for U.S. Rep. Todd Tiahrt, a Kansas Republican.

In September, the congressman was host of the second Todd Tiahrt European Driven Pheasant Hunt at the Flint Oak Hunting Resort near Fall River. The event was a benefit for Tiahrt's leadership PAC.

Cost: $2,500 per attendee.

Leadership PACs help a member gain influence within the caucus," Knapp said. "That's beneficial to the congressman in his work representing the district."

Graham's hunting, fishing and golfing extravaganza, to benefit his political action committee, was even pricier: $5,000. It was limited to 25 participants.

To Mary Boyle, a spokeswoman for Common Cause, a nonpartisan government watchdog group, such weekend trips are particularly troubling.

"They're meant to be sold as this opportunity to get real snuggly-close with a member of Congress," Boyle said. "That's what lobbyists are buying: access and influence."

The more typical events in Washington, where animals are not ducking for cover, cost a lobbyist at least $500, or $1,000 from his employer's PAC.

At least no lobbyist will go hungry.

On one typical September weekday, there were seven fundraising breakfasts and two lunches held at restaurants, Capitol Hill town houses owned by members of Congress or big companies and clubs associated with the Democratic and Republican parties.

The evening hours offered more than a dozen receptions and dinners around Capitol Hill and downtown Washington. Among them: the second fundraiser of the day for Sen. Jim Talent, a Missouri Republican.

Tiahrt also had his annual Fall Steak Out, that day, and U.S. Rep. Kenny Hulshof, a Missouri Republican, offered an "intimate dinner" at Bobby Van's Grill.

Perhaps most intriguing of all: "Pirates of Key West Night" at the Capitol Hill home of Rep. Ileana Ros-Lehtinen, a Florida Republican.

As Common Cause might say: Arrghh!

INSIDE

A Florida Republican's resignation puts another House seat up for grabs. | A6

Presidential Hopefuls Boost Florida Candidates, Look To Help Themselves (FLSUNSEN)

By Anthony Man

South Florida Sun-Sentinel, October 1, 2006

Presidential candidates are flocking to Florida, hoping to boost their parties' candidates for governor and Congress -- and their own dreams of reaching the White House.

Two of the most prominent prospects, Democrat John Kerry and Republican Rudolph Giuliani, just completed South Florida swings. Even though the 2008 election is more than two years away, Broward and Palm Beach counties will be filled with presidential candidates in the five weeks between now and Election Day.

"We're going to be seeing more of them. We've gotten a lot of calls and e-mails from their staffs," said Shane Strum, Broward Republican chairman. "They're going to crop up real quick."

The interaction between national and state candidates is the ultimate symbiotic relationship, like the tickbird feasting on insects from the back of cattle. While the presidential candidates garner publicity and build networks of supporters for their own campaigns, the gubernatorial and congressional candidates also enjoy the publicity and use the visitors to help attract donors to fundraising events.

Kerry, the Massachusetts senator who lost the 2004 presidential election, stopped in five cities Saturday for four candidate fundraisers and two news conferences. Most of his events weren't big, public gatherings.

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It was different with Giuliani, the former New York mayor who was propelled to superstar status for his leadership after the Sept. 11, 2001, terrorist attacks. He has the ability to attract far more television cameras than even a candidate for governor might get on his own.

Outside a fire station in Dania Beach on Wednesday, Giuliani was the big draw for a rally at which he endorsed fellow Republican Charlie Crist's campaign for governor. As the event wound up, retired Miami-Dade firefighter George Carbonell of Miramar yelled out his political hope: "Giuliani for president."

Carbonell, a registered Democrat, said his cry of support wasn't premeditated or planted by political operatives. Giuliani demurred, saying later he wouldn't make any decisions until after the November elections.

Kerry said Saturday that he would make a decision in late 2006 or early 2007.

He said his mission Saturday was to help elect Democrats, but said he hopes there is some political benefit. "Of course you hope that it's positive, but I can't predict. I can't tell you what's going to happen," he said.

Average voters like Carbonell aren't the motivation for visits by prospective presidential candidates.

More important is winning the support of people such as Mitchell Berger and William Scherer, both Fort Lauderdale lawyers.

Berger is a prominent national political fundraiser and finance chairman for Democratic gubernatorial candidate Jim Davis. Scherer is a prominent Republican fundraiser, reaching pioneer status for raising at least $100,000 for George W. Bush's 2000 campaign. In 2004 Scherer was a Bush ranger, raising at least $200,000.

Scherer, who said he won't pick a presidential candidate until after the gubernatorial election, is raising money for Crist this fall. The presidential candidate visits provide opportunities for people like Scherer and Berger to see the prospects up close, helping them evaluate whom they want to work for.

Bryan Miller, a lawyer who works in Fort Lauderdale and West Palm Beach, leads the Democratic Professionals Council, a regional group of moderate and business-oriented Democrats.

Miller said the presidential hopefuls are working with gubernatorial and congressional candidates and appearing before his group because Broward and Palm Beach counties are full of wealthy donors who can help fund their campaigns.

"They're down here to build fundraising bases," Miller said.

Miller and Mitch Ceasar, the Broward Democratic chairman, said Florida's role in determining the presidency is another factor.

"Of all the big states in the country, there's only one swing state," Miller said. "Just do the math and Florida is the juggernaut in any presidential election."

California and New York are solidly Democratic and Texas is solidly Republican. Neither Republican red nor Democratic blue, Florida can go either way, and the state's 27 electoral votes are a tenth of what's needed to win the presidency.

"Florida is the only swing mega-state in the country," Ceasar added.

Another reason national figures in both parties want to help elect a governor is the value of the governorship in the presidential contest in two years, Berger said.

Berger said Bill Clinton almost won Florida in 1992, despite devoting little effort or money on the state, because Democrat Lawton Chiles was governor. In 2000 and 2004, President Bush benefited from his brother, Gov. Jeb Bush.

"Florida is a pivotal state," Scherer said. "Having the governor and the Legislature would make it far more friendly for a Republican candidate for president than it would be the other way around."

Democrats see it the same way. "The national party thinks that having a Florida governor is worth about five points in a presidential race," Miller said.

It's part of the way candidates build their networks of supporters.

"As long as it stays a purple state, that's a place the presidential candidates have to come," Miller said. "We're talking about a very crowded presidential field in 2008, and that makes it all the more important to be out early."

Romney Directs GOP Cash To Campaign States (BOS)

By Rick Klein

The Boston Globe, October 1, 2006

WASHINGTON -- As chairman of the Republican Governors Association, Mitt Romney has directed the organization's largest contributions to candidates in three states that are key to any presidential run, enhancing his exposure in politically important precincts as he prepares for a 2008 run for president.

The heavy investment in those three states -- Florida, Michigan, and Iowa -- underscores the extent to which Romney is using the governors ' association to build his presidential résumé. Romney is traveling the nation under the auspices of the association and getting to know the deep-pocketed donors who play crucial roles in presidential candidacies.

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Romney, as chairman, plays the primary role in recommending which races receive funding, though all decisions are approved by an executive committee of the governors' association.

Florida, Michigan, and Iowa each have competitive governors' races, and Romney said in an interview that each funding decision was based on the merits.

Still, in a year in which even Romney concedes that Republicans are highly likely to suffer significant losses in governor's races nationally, some of the choices of where to send the association's money have raised eyebrows in political circles.

Two weeks ago, Romney traveled to Florida to deliver a $1 million check to Republican gubernatorial nominee Charlie Crist, even though polls have shown Crist holding a steady lead.

Even without the governors' association's contribution, Crist had nearly tripled the fund-raising kitty of his opponent, Democrat Jim Davis, suggesting the association's money might be better spent in other contests.

Also getting $1 million is Dick DeVos, who is running for governor in Michigan, a closely divided state that holds early presidential primaries -- and where Romney's father served as governor.

Though DeVos's race against Democratic Governor Jennifer Granholm is tight, DeVos is hardly strapped for cash, since he has already pumped more than $16 million of his Amway fortune into the race.

``We laughed at the Michigan money," said Jennifer Duffy, who tracks governors' races for the nonpartisan Cook Political Report. ``It's like Romney's third home state, after Utah and Massachusetts."

Romney is directing about $750,000 to Iowa, where Representative Jim Nussle, the chairman of the House budget committee, is locked in a campaign that's widely considered a toss-up.

While the tightness of the election makes the state a good target for governors' association money, the donation is noteworthy for its size, given that Iowa is a sparsely populated state with low advertising costs.

Romney has paid frequent visits to Iowa, which has the first presidential nominating contest in the nation, including a series of stops last week.

``If Nussle wins, it gives [Romney] a friend in the governor's seat here, which can be useful as you look forward to the caucuses," said Peverill Squire , a political science professor at the University of Iowa. ``Even more important than that, it gives him a presence here, and elevates his profile among party activists. That's how you put together a campaign organization."

Romney said each contribution represents a strategic decision based on the 2006 races, not his own ambitions. Some states, including Michigan and Florida, were given more money in part to reward major donors in those states, Romney said. Iowa, he added, represents perhaps the GOP's best chance for replacing a Democratic governor with a Republican.

``States that have provided a lot of money to the RGA have generally gotten more money back," Romney said. ``I'm sure when this is over, people will say, `Why did you send it there?' But we're sending money where we think it can best be spent."

Though the association declined to release its full spending figures, Romney himself has identified Florida, Michigan, and Iowa as the top three recipients so far. As a 527 organization, the RGA is required to file quarterly reports with the IRS, and third-quarter fund-raising and spending won't be released until mid-October.

RGA officials said the association also has spent heavily in states that don't figure as prominently in presidential campaigns. Romney said the group is making sizable investments in Wisconsin, Oregon, Colorado, and Maryland, among others.

By the end of the election cycle, Romney said, between 10 and 12 states will have received cash infusions of roughly similar amounts, though he declined to name the states or the amounts so as not to reveal strategy. He said he hopes those states include Massachusetts, where his lieutenant governor, Kerry Healey, is running to succeed him, but he has recused himself from decisions involving his home state.

At the same time, the governors' association has essentially written off governors' seats in New York and Ohio, and given little attention to Illinois. The association has passed up the chance to make big donations to Republican efforts to unseat Democratic incumbents in states that are historically friendly to the GOP. These include Kansas, Oklahoma, Wyoming, Tennessee, and Arizona.

The organization has given virtually nothing to Republican candidates in New Hampshire and South Carolina, two of the most important states in the presidential calendar, but where incumbents have big leads. Republican Governor Mark Sanford of South Carolina appears safe, as does Democratic Governor John Lynch of New Hampshire.

Despite Romney's efforts, polls and analysts say Republicans are likely to have a net loss of between four and eight governorships this year. If they lose four or more, they'll lose their majority status among governorships for the first time since 1994.

``The math would suggest we lose quite a few governorships," Romney said. ``We hope to do better than that, obviously."

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By contrast, Romney's counterpart at the Democratic Governors Association, Bill Richardson of New Mexico, is predicting a banner year for Democrats in the 36 governor's races that will be decided Nov. 7. Richardson, like Romney, hopes to use the platform of the governors' association to boost his 2008 presidential prospects

Citing the most recent public polls, Richardson said Democrats are in a position to turn a 22-28 deficit in governorships into at least a 28-22 advantage. Richardson said Democratic pickups are likely in Massachusetts, New York, Maryland, Ohio, Arkansas, and Colorado. He said Democrats also stand good chances to take over from Republicans in Nevada, Alaska, Minnesota, and others.

``Two-thirds of the country is at stake, and we will get to a majority of governorships," Richardson said.

The factors driving the major trends in the governors' races are beyond Romney's control. Low approval ratings for President Bush and the Republican-controlled Congress are harming Republicans up and down the ballot. Romney has also been hampered by a rash of retirements among Republican governors -- including his own.

It all suggests an inauspicious debut on the national stage for Romney, who has become an increasingly public face on behalf of GOP gubernatorial candidates this year. But analysts say the losses are unlikely to significantly harm his presidential chances.

The most important task of a governor s' association chairman is raising money, and Romney has maintained Republicans' historic cash advantage in governors' races, with the RGA raising $25.9 million -- a record for a nonpresidential year -- compared with the DGA's $17.9 million.

Because of his success bringing in money, Romney is unlikely to face recriminations for his leadership, even if the election turns out to be a bloodbath for Republicans, said Jeffrey Berry , a political science professor at Tufts University.

``Elephants have short memories, I suppose," he said.

Since taking over last November, Romney has retooled the RGA to eliminate its policy functions, allowing him to focus exclusively on fund-raising.

Even if Republicans falter on Election Day, Romney will end up glad he took on the RGA job, predicted Mickey Edwards, a former Republican representative who now teaches at Princeton University.

The travel has given Romney national exposure, and kept him in close contact with the moneymen and GOP powerbrokers who are crucial to the presidential nominating process, he said.

``It's been a big plus for him," Edwards said.

Romney Says He Must Obey Law On Marriage For Out-of-state Gay Couples (BOS)

By Michael Levenson

The Boston Globe, October 1, 2006

CONCORD, N.H. -- Governor Mitt Romney all but admitted defeat yesterday in his effort to appeal a Suffolk Superior Court ruling that allows gay couples from Rhode Island to get married in Massachusetts.

``I have to follow the law," a resigned Romney said in an interview at the Republican State Convention in Concord, N.H., where he delivered the keynote address. ``This is a nation of laws, even if I don't like them."

The governor's concession was made a day after Attorney General Thomas F. Reilly said he would not appeal the decision, despite a letter Romney had sent urging him to do so. The decision disappointed Romney as he looks to solidify his conservative credentials for a potential 2008 presidential run.

For the first time, the ruling makes it possible for gay couples from outside Massachusetts to come to the state and be granted marriage licenses. Issued Friday by Judge Thomas E. Connolly , the decision said Romney and Reilly cannot use a 1913 law to block Rhode Island couples from marrying in Massachusetts because Rhode Island's laws do not explicitly ban gay marriage.

Romney, who has said he does not want Massachusetts to become ``the Las Vegas of gay marriage," said the only option left is for Congress to approve a Constitutional amendment to define marriage as the union of one man and one woman. The amendment would then need the approval of three-fourths of the states.

President Bush has also called for such an amendment, but Congress has not approved it. Romney yesterday reiterated his call for a similar amendment to the Massachusetts Constitution, which he hopes to place on the ballot in November 2008.

``Let the citizens decide," Romney said. ``And I'm confident that if the citizens decide it in the privacy of a voting booth, they'll protect traditional marriage."

At the convention, held at the Capital Center for the Arts, several hundred Republicans enthusiastically applauded Romney, who delivered a speech in which he spoke about his experience managing the 2002 Winter Olympics, urged the nation to produce more scientists to compete with Asian nations, and expressed support for the ``sanctity of marriage and the foundational nature of the family."

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``You and I agree on something about that, and that is my Supreme Judicial Court made a monumental error in saying that our Constitution in Massachusetts requires people of the same gender to marry," Romney said as Republicans cheered. ``I disagree with them on that. I think John Adams would disagree with them on that, as well."

Marriage, he said, is not a relationship ``just about adults."

``Marriage is primarily about the development and nurturing of children, and every child deserves a mother and a father," Romney said to more cheers and applause.

Romney has been trying to lock up support in New Hampshire, where the early primary makes it an important state in presidential elections. Last week, the Commonwealth PAC, a political committee Romney is using to help lay the groundwork for a possible presidential run, signed up Tom Rath , a former New Hampshire attorney general, as its senior adviser. The committee has also doled out more than $100,000 to the New Hampshire GOP.

Wayne Semprini , the party's chairman, told delegates yesterday that Romney gave $60,000 to the state party this summer, when money was so tight ``the lights were flickering" at party headquarters. He also reminded delegates that Romney owns a home in New Hampshire, on the shores of Lake Winnipesaukee.

``We do love the state, as you all know," Romney's wife, Ann , said in brief remarks to the convention.

Delegates said yesterday that they were impressed with Romney.

``I think his message was excellent," said Norm Olsen , 54, of Portsmouth . ``He has some real experience in solving big problems."

Democrats Work The Factory Floor (NYT)

By David Brooks

The New York Times, October 1, 2006

Hillary Clinton is the front-runner for the next Democratic presidential nomination, but suddenly this is John Edwards's party. If you look across the states where the party is being defined in 2006, you find candidates who sound a lot more like him than her.

Democrats are running strong Senate campaigns in the upper South (James Webb in Virginia, Harold Ford in Tennessee), in the big job-loss states (Bob Casey in Pennsylvania, Sherrod Brown in Ohio, Claire McCaskill in Missouri) and even in a few places out West (Jon Tester in Montana). And in each case, the candidates are running as factory-floor populists who would throw up if they had to sit through a Renaissance Weekend.

Senator Clinton is a well-educated professional who was influenced by the values politics of the 1960's and 70's. But most of today's strong Democratic candidates are traditionalist manly men who give the impression that if they had been involved in the Chicago riots, they would have been on the side of the cops, not the hippies. The Claritas research firm segments the country into different psychodemographic clusters. Today's most prominent Democratic candidates are more Mines and Mills than Towns and Gowns.

The Democrats were once a free trade party. But Sherrod Brown wrote a book called "Myths of Free Trade: Why American Trade Policy Has Failed" and most of this year's strong Democratic candidates rail — like John Edwards — against outsourcing and trade agreements. Their core issue is the economic resentment of the struggling middle class. Brown recently explained the political strategy to a gathering of liberal journalists: "I know that trade issues work with white male, nonunion, culturally conservative voters because they know how anxious trade issues have made them and their families."

Many of this year's prominent candidates are also surprisingly nationalist on immigration, playing off concerns about declining wages. "I do believe we must gain control of our borders," Webb said during a debate. "We also must gain control over corporate America's use of illegals. This, along with the Iraq war, has been the major failure of this administration."

On social issues, most of them are not exactly singing from the hymnal of the highly educated coastal elites. "I believe marriage should only be between men and women," Ford declares on the stump. "I don't know any better; that's how I was brought up. We didn't have any choice. Where I grew up, when you awakened on Sunday, you went to church. ... I learned the faith thing the old-fashioned way."

On Iraq, most are leaning toward the Edwards position. Unlike Senator Clinton, Edwards has disavowed his earlier support for the war. He calls for an immediate withdrawal of 40,000 troops and complete withdrawal within a year or so. But several candidates are careful to show they are not in the pocket of the A.C.L.U. Both Sherrod Brown and Harold Ford voted with President Bush on the military tribunal bill.

In sum, their message is a long way from the globalized Third Way politics Bill Clinton and Tony Blair exemplified in the 1990's. It's also a long way from the secular, multicultural liberalism that has alienated religious voters in droves.

Will it work politically? There's some evidence that it can. Michael Barone of U.S. News & World Report has noticed that so far Democrats are doing surprisingly well in rural America, where this economically progressive, socially traditionalist populism

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goes down well. Moreover, if Brown's economic populism can't win in a factory-decimated state like Ohio in a political climate like the one we have now, then it can't win anywhere, ever.

And yet Democrats have reason to worry long term. This message is based on a sort of economic nostalgia, what The Economist called a "rose-tinted version of the 1950's and 1960's" — when the middle class prospered, families cohered, America dominated, unions thrived, Islam was invisible and immigrants were Irish and Italian.

This nostalgia is certainly common today. In their must-read book, "Applebee's America," Doug Sosnik, Matt Dowd and Ron Fournier quote an anxious Michigan voter: "This is going to sound silly, but I wish things were like they were when we were growing up. ... I wish I could go back in time. We had stable lives. Mom could stay home, and we could afford it. Life was slower."

But nationwide, and in the decades ahead, can a politics that evades the modern realities of Islamic extremism and the skill-based global economy really be the basis of a majority movement? I doubt it.

'08 Scrutiny Shines Unkind Light On Allen (WP)

By Robert Barnes And Dan Balz

The Washington Post, October 1, 2006

It was always a tricky proposition for Sen. George Allen to balance his 2006 reelection campaign with his 2008 presidential ambitions, and now the increased scrutiny and criticism that came with his role on the national stage endanger both.

Allen's prominence in the Republican presidential contest is the main reason the controversies that have roiled his effort to win a second term to the Senate have emerged now, after a 23-year political career, according to campaign strategists.

"When people start mentioning you as a possible presidential candidate, everything is looked at," said Robert E. Denton Jr., a political communications professor at Virginia Tech and a close observer of Virginia politics. "This [scrutiny] is a whole different ballgame for Allen, and it's all about '08, not the Senate campaign."

It wasn't that many months ago that Allen was seen by political insiders as already in the top tier of prospective Republican presidential candidates. In April 2005, he finished first in a National Journal magazine survey of insiders asked to predict the 2008 GOP nominee. In May, Allen finished second behind Arizona Sen. John McCain.

But instead of laying the groundwork for a campaign in Des Moines and Charleston, S.C., Allen's renewed attention is on Winchester and Roanoke. His last trip to one of the early primary states was in July.

The tightening Senate race has even led him to showcase potential rival McCain in television ads aimed at veterans and the kinds of independent voters to whom the Arizona Republican appeals and who could be critical in Allen's race with Democrat James Webb.

Campaign manager Dick Wadhams, who was chosen to be Allen's Senate chief of staff specifically for his national political expertise, doesn't want to talk about anything but the present. "I'm concentrating on the Senate race in 2006," he said yesterday.

He said he doesn't know what role Allen's national profile has played in the campaign. "What I will say is the preponderance of scrutiny of Sen. Allen, as opposed to lack of scrutiny of Webb, suggests that one candidate is getting all the scrutiny, and the other is getting away with no scrutiny at all," Wadhams said.

He also said that Allen's leadership of Republican efforts to retain control of the Senate in 2004, when Democrats thought they had a chance for a takeover, "certainly made Sen. Allen a target."

The milestones in a campaign that recently turned on questions of Allen's character -- a New Republic story that mined Allen's longtime affection for the Confederacy, a piece in the Jewish newspaper the Forward that revealed the senator's unacknowledged Jewish heritage, the emergence of long-ago acquaintances who say Allen used racial epithets in the 1970s, a charge Allen vehemently denies -- have all come about, the participants say, because of his presidential ambitions.

Even the campaign-altering event for which Allen has taken responsibility and for which he has apologized -- his use of the word "macaca" to describe a dark-skinned volunteer for Webb's campaign and his "welcome to America and the real world of Virginia" remarks to the young Fairfax County native -- took flight nationally because of his prominence among Republican 2008 contenders.

Allen campaign officials and supporters have accused the national media, especially The Washington Post, of hyping the macaca story. So it was not a pleasant surprise last week when the influential conservative magazine the Weekly Standard illustrated its long story on Allen with a drawing of the senator with a monkey on his back. (Macaca is a genus of monkey.) The piece said Allen's campaign controversies "have almost eliminated him from the field of serious presidential candidates and even jeopardized his Senate seat."

Many GOP strategists believed that the combination of Allen's ideology and personality would make him one of the favorites among activist conservatives who play such a significant role in the nomination process. That view was not universally held, however. Some top strategists privately questioned whether Allen had the skills to make the long-distance run required of presidential candidates.

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Today, in the wake of the problems Allen has encountered, the doubts have spread far more widely inside the party. More than anything, these strategists say, Allen must turn his reelection campaign around. Success, they say, is the best antidote to the reservations that his recent performance has engendered around the country.

"To use the football metaphors he is so fond of, he needs to quote [Oakland Raiders owner] Al Davis and 'Just win, baby,' " said Tom Rath, the New Hampshire Republican national committeeman who is leaving that position to help prepare Massachusetts Gov. Mitt Romney for a 2008 run.

Allen is trying to go on offense this week, using his vast financial advantage over Webb to flood the airwaves with an ad portraying as disrespectful an article that Webb wrote 27 years ago that criticized women in the Naval Academy and in combat roles. It is an issue that Allen advisers think will appeal especially in Northern Virginia, an area critical to both campaigns.

But those who are familiar with Allen campaigns of the past, such as Virginia Tech's Denton, say things feel different. For one thing, this is the first time that Allen has run statewide for reelection; his 1993 campaign for governor and his 2000 campaign against Sen. Charles S. Robb (D) were the kind of underdog campaigns he prefers. He has always liked to call his supporters "insurgents" and laments that the Iraq war has ruined the word for him.

"I've never seen an Allen campaign like this one, being so much on the defensive," Denton said. "It's like night and day from his previous campaigns."

Recent polls have shown the race to be a dead heat, with Webb still not terribly familiar to voters and Allen's negative ratings increasing. And according to a recent Mason-Dixon poll, a majority of Virginians say Allen should not run for president.

John Weaver, chief strategist for McCain, said it would be naive to suggest that Allen's national aspirations haven't also been damaged by what he has gone through the last few weeks. But, he added, "we've all been around to know that, if he comes back and wins the race after expectations are what they are today, stranger things have happened in politics. Perhaps he could come back. But that's the last thing they need to be thinking about at this time."

The fact that Allen is now tied down in Virginia puts him at a disadvantage to other prospective candidates who are rapidly assembling organizations in early primary and caucus states such as Iowa and New Hampshire.

"Allen's got to do two things that are very tough," said a GOP strategist outside Washington who spoke anonymously so he could talk more candidly about the senator's prospects. "Assuming he wins, he's got to get right in on the organizational side into four to eight states, he's got to raise money and he's got to put a team together."

Other strategists said fundraisers might be wary of helping Allen raise the tens of millions of dollars needed to compete for the GOP nomination. Contributors like to be with winners and often are risk-averse. Until Allen gets his Senate campaign on track, those fundraisers may stay on the fence.

In Iowa, assessments about the damage to Allen varied. Steve Scheffler, who heads the Iowa Christian Alliance, said few Iowa activists are paying attention to the Virginia Senate campaign. He said his organization hosted about 850 activists recently. "I don't remember even one person bringing it up." If that is the good news, the bad news is that Allen has no real profile in the state. A Republican strategist aligned with another candidate said, "I don't think he occupied enough space for it to make much difference."

Rath said he thinks Allen will defeat Webb in November.

"Then I think he's got a chance to say, 'I've dealt with this, and move on.' Whether he can or not will be up to not just him but others."

Allen's Run Of Problematic Press (WP)

By Deborah Howell

The Washington Post, October 1, 2006

So is The Post out to get George Allen? That's what some folks have been angrily charging lately.

Suzanne Rosenberg of Manassas complained: "I want to cancel my subscription to your paper. I have absolutely had it. I don't know how many articles you had on the stupid macaca incident. And this big article in The Post . . . about his ancestry, it should not matter; it's ridiculous. It's obvious that your paper does not like George Allen, does not endorse him and you're doing everything . . . to make him look bad in the eyes of the public."

Several questions arise about the coverage of the Virginia Republican senator in his campaign against Democrat James Webb. Was the "macaca" incident worth reporting? Was it overreported? Is it news that he has some Jewish heritage? Was it fair to interview his mother? Why pick up a story from a liberal-leaning online magazine that said he used "the N-word"? And does the coverage hurt Allen's campaign?

First, let's go to the macaca tape. Watch it on washingtonpost.com. It was definitely a news story. Allen rightly apologized for a lapse in judgment.

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Did The Post overplay the incident? Not initially, but the coverage went on for too long after he apologized. The news stories, handled by the paper's Virginia political reporters, did not go overboard. An editorial was well done. Then the columnists weighed in, along with Style reporters and editorial cartoonist Tom Toles. No one piece was over the line. But when you put it all together, it looked like piling on.

Then the matter of Allen's Jewish roots emerged.

There are reasons to ask a candidate, especially one who has presidential ambitions, as Allen does, about religion and ethnicity. Remember the controversy over John F. Kennedy's Catholicism? Or Democratic Sen. John F. Kerry's support for abortion rights and whether that meant he could receive communion as a Catholic? Or the continuing importance of conservative evangelicals to the Republican Party?

Post reporters at an Allen-Webb debate did not ask Allen if he had Jewish roots and hadn't planned on asking. But a TV reporter did, based on a story in the Jewish Daily Forward that said Allen's mother, Henriette, was born into a Sephardic family in Tunisia. The question was not played up in The Post's story about the debate; it was dealt with in the last two paragraphs. But Dana Milbank focused on it in his Washington Sketch column.

Allen's sputtering response , in which he said the reporter was "making aspersions," made the story come alive. And his bad-joke comments a few days later about eating a ham sandwich and his mother making good pork chops added fuel. My talks with Post Virginia editors and reporter Michael D. Shear about campaign coverage, especially on the Jewish queries, make me think they gave Allen the benefit of the doubt.

The whole package of coverage prompted Dorothy Armistead of Sperryville, Va., to complain: "I'm not Jewish myself but believe you me, I think it is a repulsive way of handling this story. I just don't understand what is happening to the editorial policy of The Washington Post that they can allow that kind of thing to happen."

A number of readers, including Karin Mears of Centreville, were upset that Allen's mother was interviewed. "It was despicable of you to call George Allen's mother and grill her about her heritage. She's 83 years old and has a right to privacy, no matter what her reasons are. "

Shear's interview with Mrs. Allen -- which the senator's campaign staff did not want to take place -- told readers what happened from the point of view of Allen's mother. It was a needed and even sympathetic story. It was easy to empathize with her fear of revealing her Jewish background, especially because her father had been imprisoned by the Nazis during World War II. She said she told Allen about it only recently, asking him to keep it secret. Allen frequently mentioned that his grandfather was imprisoned by the Nazis; it would be logical to think his grandfather might have been Jewish.

This brings us to the story from Salon that said he used the N-word in his college days. Two people, including a college friend, made the accusation; others have said they never heard him say it. The Post couldn't ignore the story , but it should have noted that Salon is a liberal-oriented Web site.

John Burpo of Springfield asked: "Why did The Post violate its own guidelines and standards to allow anonymous sources to attack Senator Allen with unsubstantiated allegations?" Using quotes from two anonymous sources who said that Allen had used the racial epithet added nothing to the story.

Does all the coverage hurt Allen's reelection prospects? The stories -- six of them were on Page 1 -- don't help him, but there are five long weeks before Election Day. The Post has also reported stories that haven't helped Webb -- such as the front-page article about his remarks concerning women in the military and accusations that he also used the N-word and took part in racial harassment when he was young.

While this has nothing to do with news coverage, it has been noted that The Post's editorial board has never endorsed Allen. That is true, but it also did not endorse Webb in the Democratic primary.

I trust that Arlington reader David Tuma's wish will be fulfilled by Election Day. He wrote: "Frankly, I think more important (and responsible) reporting would be on what has shaped their views since then and what both have done to improve conditions for all people."

Deborah Howell can be reached at 202-334-7582 or atombudsman@washpost.com.

From 'Dull' Accountant To Determined Candidate (MINNST)

By Jay Weiner

Minneapolis Star Tribune, October 1, 2006

Hailing from a family of public servants, he is self-deprecating and focused as he seeks to join the nation's most exclusive club.

Over dinner, on their first date, Mark Kennedy, the insurance salesman's son from Pequot Lakes, gazed into the eyes of Debbie Miller, the farm girl from Hawley.

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Both of them have forgotten his exact words. But she remembers that he stated his intentions clearly: "One day I'm going to run for office."

She believed him. History shows she had reason to.

It was the summer of 1979. He was 22, a young Republican sporting a bushy hairdo and bursting with ambition.

They had met four years earlier at the Minnesota State Fair as 4-H high school leaders. No sparks flew. Then they reconnected at a 4-H reunion in St. Paul. Kennedy had a St. John's University degree -- he was the first boy in his family to graduate from college -- and was working for what he calls "the Marine Corps of accounting," the Arthur Andersen firm.

Debbie, a North Dakota State senior, was the 4-H youth director in Walker, 190 miles northwest of the Twin Cities.

"If I can get gas, I can take you out," Kennedy told her at the reunion, referring to a gas shortage triggered by that era's Iranian revolution.

Kennedy drove his silver Toyota Celica the four hours to Walker, they went to dinner, and he revealed the desire that has propelled him to where he is now: in a nationally watched U.S. Senate race against Democrat Amy Klobuchar -- an election that's becoming more rough-and-tumble because it could decide who controls Congress.

"He talked about public service, of giving back," Debbie Kennedy said of the man she married in 1980; they have four children. "He had this inner feeling, this inner calling. He just knew."

Fifteen hours on message

Even at 5:29 a.m. on an August morning, Mark Kennedy is poised to be on message. For the next 15 hours.

A rented Winnebago RV awaits him outside his Watertown rambler. He plunks his lanky 6-foot-2 frame into the swiveling captain's seat of the RV's living room. Ahead are 547 miles, six campaign stops, hundreds of handshakes.

He's dressed in his standard campaign outfit: plaid shirt, neatly creased Eddie Bauer khakis and dark shoes. Members of Kennedy's campaign staff affectionately describe him as "dorky."

He stokes that image in self-deprecating jokes, in a campaign ad featuring family members (he has six siblings) making fun of his lack of charisma, even in interviews.

"Some people say they are what they're not," Kennedy said. "I know who I am. I'm a dull, boring accountant."

There's more than that on his résumé. First, his precocious climb through the corporate world -- he was senior vice president of a $7 billion company, Federated Department Stores, by the time he was 30. Then there's his six years in Congress, serving as a staunch ally of President Bush.

Now, undaunted by polls that show him trailing Klobuchar, Kennedy begins many of his campaign days by opening a blue three-ring binder. It's crammed with single-spaced briefing notes that he types on issues he plans to tackle in his speeches.

As he campaigns, Kennedy, 49, speaks knowledgeably about energy and the economy, education or the war in Iraq. But with notebook in hand on the summer day his RV rumbled to Winona, the one-time St. Cloud Community Theater actor kept studying lines he would repeat over and over to voters down the road.

A family legacy of politics

In a sense, Kennedy has been revving up for this political ride since he was knee-high to a lawn sign.

"It had just been assumed," said his brother Steven Kennedy, a Minneapolis lawyer.

Their great-grandfather was a county commissioner. Their grandfather? A mayor. Their father, Eugene, the insurance salesman, was on the school board for 27 years.

By 2000, back in Minnesota after working out of state for nearly a decade, Mark Kennedy ran for Congress against Democratic incumbent David Minge.

Beforehand, Kennedy spent months examining Minge's voting record. He hunkered down alone in his Watertown basement office, surrounded by ancestral photos, mementos of his corporate deals, and his collection of books on Democrat John F. Kennedy, his political hero. (He notes that JFK cut taxes.)

To campaign full time, he quit his $277,000-a-year job as vice president and chief financial officer of Department 56, the Eden Prairie holiday collectibles company.

He had already joined Toastmasters to spend more time with friends. But the speakers club also helped improve his sometimes robotic oratorical style. To build a political network, he helped form a local group of conservatives in business, a sort of alumni association of Young Republicans that became known as "The Rough Riders" in homage to Teddy Roosevelt.

After "shaking every hand in the Second District," Kennedy beat Minge by 155 votes. "I'm lucky enough to come from a large Irish family," is one of Kennedy's favored quips on the stump, "and I have 155 relatives."

On the campaign trail, Kennedy tirelessly tries to tell jokes. He waits like a vaudevillian for the crowd's laughs after he uncorks a line about growing up in Pequot Lakes -- a town "so small that a lot of folks visiting thought it was called 'Resume Speed.' "

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He also sticks relentlessly to his talking points and tosses an array of political jabs at prosecutor Klobuchar, asking, "Do we really need more lawyers in Washington?" and saying that she hails from the "liberal fringe."

And as he rushes from town to town, he is almost incapable of passing a Dairy Queen without stopping. He is an unrepentant DQ freak.

Mocha Chip Blizzards.

'Could be the decisive vote'

As the sun set in Willmar, Kennedy, a devout Catholic who strongly opposes abortion, talked about values.

A crowd of about 50 volunteers and supporters gathered at a picnic grove and listened to him as he let rip on subjects such as keeping "God" in the Pledge of Allegiance and questioning why judges should be ruling on "redefining marriage," thus potentially allowing gays and lesbians to wed.

The accountant-turned-pol was now jabbing his index finger at the crowd.

"The U.S. Supreme Court, we've got four folks that definitely think the Constitution was a pretty good thing and ought to be read," Kennedy said. "And four that have a different viewpoint. And one that just happens to have a name similar to mine [Justice Anthony Kennedy] ... "

He went on, "Our president may have an opportunity to nominate a justice. If we don't have a majority in the Senate to help him get it through, then shame on us."

Then Kennedy made a pitch for his supporters to make phone calls, to write letters to the editor, to get out the vote.

"This could be the decisive vote in the U.S. Senate," he said.

The crowd exploded in applause. Kennedy, smiling broadly, rocked his entire body.

He returned to the RV as buoyant at 9 p.m. as he'd been at 5:29 a.m. It had been a long, good day.

A hardball ally

Mingling with voters, Kennedy is polite and engaging. He says his sensibility is "Big Ten, not Ivy League," a subtle dig at Klobuchar's Yale pedigree.

Ford Bell, a former DFL Senate candidate who disagrees mightily with Kennedy on most issues, said that his rival was always cordial. "When I got out of the race, he said he enjoyed having me in it," Bell said.

So how does Kennedy reconcile that image with his decision to hire a hardball political consultant named Scott Howell to produce his campaign ads?

Howell is famous, or infamous, for producing attack ads against his clients' opponents. He helped orchestrate the "Swift Boat" ad campaign against John Kerry during the 2004 presidential race.

Kennedy's campaign began with rosy ads about his family life. But last week, still trailing in polls, he unveiled ads with a much different focus and tone.

One features images of guns and drugs, suggesting that Kloubuchar, Hennepin County's chief prosecutor, is soft on crime. Another ad suggests she is two-faced on issues.

Kennedy is unapologetic about the tactic. He says the ads about Klobuchar's record are "100 percent factual" and necessary because the media, including the Star Tribune, is not critiquing her and is imposing a "near blackout on anything positive" he has done.

"It's necessary to review each candidate's record," Kennedy said. "If one's record is viewed as negative, that's unfortunate."

'All Kennedys get along'

"What Would Paul Do?" reads the green Wellstone bumper sticker on the bulletin board.

This is Peg Kennedy's office at the Roseville Area Schools, where she manages youth development and bilingual services.

"I'm maybe not the biggest Bush fan in the world," she says. But she's going to vote for her brother anyway.

At 45, she's the sister closest in age to Mark Kennedy and, perhaps, the furthest away in politics.

On abortion and the amount of money needed for education, they agree to disagree.

But Peg Kennedy points out that Mark voted against Bush's signature education initiative, No Child Left Behind. He's also struck a relationship with parts of Minnesota's Somali community. That's close to her heart because she oversees the needs of students who speak 52 different languages.

"All Kennedys get along," said Mark when asked of Peg.

All Kennedys rib each other, too. She likes to tell him, "You know, for four of your first six years [in the Senate] you'll be working with a Democratic president."

That taunt presumes that in 2008 a Dem will succeed Bush and that her brother will win in November. But polls are projecting election-day gloom for Kennedy, who has felt few defeats.

"The polls do not reflect reality," he said.

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Still, Kennedy is seizing on hope where ever he finds it, as he did two Saturdays ago. Four of his favorite sports teams -- Michigan (his business school alma mater), Notre Dame (which two of his children have attended), St. John's (his college) and the Twins -- all were behind in their respective games.

But each fought back hard and won. A sign?

"I'm being providential," Kennedy said.

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Cardin, Steele Share Views On Key Issues (WT)

By S.a. Miller

The Washington Times, October 1, 2006

Maryland's U.S. Senate candidates have more in common on key issues than either candidate is willing to admit.

Rep. Benjamin L. Cardin, the Democratic nominee, and Lt. Gov. Michael S. Steele, the Republican nominee, both demand an exit strategy for troops in Iraq. They also want to preserve Social Security benefits for current retirees, but give workers more choice in retirement planning, and they say government should help provide more affordable energy, health care, prescription drugs and college education.

However, on the stump the two men sound worlds apart and likely will continue to emphasize their differences in their first debate Tuesday night at the Greater Baltimore Urban League.

"There is a big difference in the agenda Ben Cardin and Michael Steele will take to the United States Senate," Mr. Cardin said last week at a campaign rally in College Park. "Michael Steele will not hold George Bush accountable for trying to privatize Social Security."

Mr. Steele, a Prince George's County native who formerly ran the state Republican Party, never took a position on President Bush's plan to partially privatize Social Security. The administration shelved the plan last year after it ran into opposition from retirees.

Mr. Cardin, 62, a 10-term congressman from Baltimore, wants workers to have an easier time putting money into private retirement accounts to supplement Social Security.

Mr. Steele, 47, supports giving workers "some ownership" of their retirement savings, perhaps putting a portion of Social Security withholdings into private accounts.

However, Mr. Cardin has supported Social Security privatization plans in the past. As a member of the Ways and Means Committee, he helped draft plans in 2002 and in 1998 that would have diverted FICA taxes to private accounts or market investments.

Republicans are criticizing Mr. Cardin for reversing his stance.

"Maryland voters deserve leaders who tells them exactly where they stand on important issues like Social Security, not a lifetime politician who talks out of both sides of his mouth and does one thing while saying another," Maryland Republican Party Chairman John M. Kane said.

The Cardin campaign did not return a call seeking comment.

The candidates do have opposing political ideologies.

Mr. Cardin is a liberal who in the Senate can be expected to vote consistently with Sen. Edward M. Kennedy, Massachusetts Democrat. Last year, he received a 95 percent rating from the liberal Americans for Democratic Action. Mr. Steele is a conservative, but with an independent streak that at times could put him at odds with his party.

The starkest contrast is on abortion. Mr. Steele is pro-life; Mr. Cardin is pro-choice.

Steele campaign spokesman Doug Heye thinks the candidates share no common policy views. "Their approaches are entirely different," he said. On health care, for example, Mr. Heye said Mr. Steele does not agree with Mr. Cardin's support of socialized medicine. Mr. Cardin has often called for universal health coverage.

"I support universal health coverage," Mr. Cardin said at the rally. "[Mr. Steele] does not. There's a big difference."

Still, Mr. Cardin never has advocated socialized medicine. He proposes "building on the current employer-based system of health care" and wants the government to help small businesses pay for employee health benefits.

Mr. Steele also wants the government to help expand access to health care.

The lieutenant governor notes his work with Gov. Robert L. Ehrlich Jr., a Republican seeking re-election, dedicating state grants to increase access to 12 community health centers.

In a recent TV ad, Mr. Steele says Mr. Cardin is part of the "Washington crowd" and that his vote is for sale to special interests.

"Congressman Cardin took money from drug companies and voted against cheaper medicine," Mr. Steele says. "Ben Cardin has taken money from special interests for 20 years. I want to ban gifts from special interests."

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Mr. Cardin has accepted campaign contributions from pharmaceutical companies and voted against allowing the reimportation of cheaper drugs from Canada. However, he has proposed several bills aimed at lowering drug prices, including one that would allow the government to haggle for lower prices by using the buying power of its 40 million Medicare recipients.

Mr. Cardin also has proposed ethics reforms, including a streamlined ethics-complaint process and tighter restriction of lobbyists' gifts.

Challenger Known For Zest And Freewheeling Style (SLPD)

By Virginia Young

St. Louis Post-Dispatch, October 1, 2006

Losing her lifelong dream of becoming Missouri's first woman governor didn't slow Claire McCaskill down.

Months after that 2004 defeat, she decided to challenge Republican Sen. Jim Talent. Such resiliency and zest for battle have marked her career as a legislator, prosecutor and auditor for nearly 24 years.

Some of McCaskill's friends say this race could be her "up-or-out" campaign.

"She knows if she loses, this is it for her," says her longtime friend, political consultant Steve Glorioso of Kansas City.

McCaskill, 53, doesn't dwell on the possibility of losing. She's too busy calling potential donors and canvassing the state in a bright blue RV. Polls show Talent and McCaskill in a dead heat.

The race is one of a handful nationwide that will determine whether Republicans will keep control of the Senate.

To win, McCaskill must woo rural voters, who sided with Republican Gov. Matt Blunt in 2004 and overpowered her margin in urban areas.

So she's spending time in places like Springfield and Joplin, Poplar Bluff and Caruthersville. That's where the radio airwaves are loaded with Republican spots painting her as anti-gun, pro-tax, close to environmentalists and soft on illegal aliens.

"They work very hard at making me Satan's sister," she quips.

Her theme is that Talent votes in lockstep with the president and listens to corporate America. She promises to be a senator "on our side."

People often stop her to express regret for not backing her for governor, she says. Many are upset about Blunt's cuts in Medicaid, the government health care program for the poor.

"There's a real sense the government has become more and more about the powerful and the wealthy," McCaskill says.

On a recent Saturday afternoon, McCaskill take her message to Poplar Bluff. She and her husband, developer Joseph Shepard, board the rented RV for the three-hour trek from St. Louis to the 41st Annual Truman Day Rally.

McCaskill says she is more relaxed during this campaign. She doesn't have to fight her own party, like she did in 2004 when she toppled Gov. Bob Holden for the Democratic nomination.

She enjoys taking the RV instead of the family-owned twin-engine aircraft. She can work at the table on her wireless laptop. Sometimes, her mother, sisters or children — Austin, 19, Maddie, 17 and Lily, 14 — tag along.

Wearing a pink suit and pearls, she settles in. She brought Thomas E. Ricks' book about the war, "Fiasco," that she saw President Bill Clinton carrying during his recent fundraiser for McCaskill in St. Louis. Foreign policy is not her forte so she crams to catch up.

She advocates a two-year phased pullout in Iraq, with American troops eventually replaced by a multinational force.

"This isn't about throwing in the towel," she says. "It's about being smarter."

She jokes about the trackers who slip into meetings and secretly record her. With her tendency for pithy lines, her words instantly find their way to the Internet's blogs.

Some have drawn heat, such as when she said President Bush let people die on rooftops in New Orleans or when she called state senators Neanderthals. But McCaskill says she won't drop her freewheeling style.

When the RV arrives in Poplar Bluff, she stands to stretch a bad knee that needs replacing as soon as the election is over. She tries not to limp.

Inside, the Elks hall is bustling. The Butler County Democratic Central Committee has sold 325 tickets for the steak-and-baked-potato feed. Some in the crowd wear stickers that proclaim: "Had enough? Vote Democrat."

McCaskill takes the podium after dinner, at 8:55 p.m. She says Republicans are calling the shots in both Washington and Jefferson City so they should be held accountable for everything from immigration problems to gas prices to pork barrel projects.

She promises to work to ease the "middle class squeeze" by pushing tax breaks for first-time home purchases, child care and college tuition.

"Let's take some of those tax breaks for multimillionaires and give them to the middle class," she says, drawing applause.

Voters such as Carol McManaman of Cape Girardeau like her pitch. "The current government is not supportive of everyday people," McManaman says.

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Politics in her veins

McCaskill's roots are in rural Missouri.

Her family lived in Houston in south-central Missouri when she was born. They moved to Lebanon and later Columbia when her father, the late Bill McCaskill, got a promotion in his insurance company.

Politics was the family pastime. In the early 1970s, her father oversaw insurance regulation for Gov. Warren Hearnes.

Her mother, Betty McCaskill, was the first woman elected to the Columbia City Council. She was known for her outspokenness, walking out of improper closed meetings and telling reporters what was going on.

Claire McCaskill says she reached a "fork in the road" when she failed to make cheerleader at Hickman High School her senior year. She was devastated until the assistant principal suggested she try the debate team.

She credits the experience with giving her the self-confidence and tools to go into politics. She learned to think on her feet. She says she never gives the same speech twice.

Her younger sister, Lisa Finn, says McCaskill has always dealt with setbacks by forging ahead.

"Claire just has always been able to see the big picture," Finn says. Disappointments are "not something she needs to carry around like baggage."

After she got her bachelor's and law degrees from the University of Missouri in Columbia, McCaskill split for Kansas City.

First, she worked as an assistant prosecutor, handling sexual abuse cases. Winning a House seat at age 29, she established a reputation as a straight-shooter.

"She will say what's on her mind," says Jan Marcason, who worked on McCaskill's first campaign. "She doesn't try to be all things to all people."

McCaskill helped found the Greater Kansas City Women's Political Caucus, which Marcason says began with 30 women in a church basement. It now draws 1,000 people to its annual awards dinner.

McCaskill left the House to become the first female Jackson County prosecutor. She set up a drug court and stepped up domestic violence prosecutions.

Subject of criticism

She won the auditor's job in 1998 on a promise to do "performance audits" that tracked whether programs were effective.

Her hard-hitting reports the past eight years have attacked hundreds of wasteful practices, even when her own party controlled the governor's office. Critics say she oversteps her authority and hypes findings to get media attention.

"It's fine to say 'This is bad,'" said Senate Majority Leader Charlie Shields, R-St. Joseph. "The next question is, 'What are you doing to fix it?'"

Shields says that unlike other statewide officeholders, McCaskill has never been in his office to push for any legislative action.

Talent contends McCaskill has a liberal record and is reinventing herself to gain votes in rural Missouri. He is hammering her on three volatile issues: guns, taxes and abortion.

Radio spots allege that McCaskill supports gun restrictions, the "death tax" and "abortion on demand at any time up to nine months." The Republican National Committee is paying for the spots, which are running everywhere in the state except St. Louis and Kansas City.

McCaskill calls the ad misleading. While she opposed bills allowing people to carry concealed weapons, "she's not taking anyone's gun," says her communications director, Adrianne Marsh.

The "death tax" refers to the estate tax, which McCaskill opposes repealing. But she favors exempting the first $10 million, which would help family farmers and small businesses.

As for abortion, McCaskill has supported a ban on partial-birth abortion, but only if it contains a provision to protect the life of the mother.

Mansion minus airs

Though she's running on her platform for the middle class, McCaskill is married to a multimillionaire.

She and Shepard, who wed in 2002, recently built a mansion in Kirkwood. It includes a swimming pool and an apartment for McCaskill's mother over the garage.

The sprawling complex dwarfs the modest houses in the neighborhood, some of which have been there for more than half a century.

But McCaskill has made friends on the block. She attends neighborhood meetings and hosted the Christmas potluck dinner. She loves to cook.

Samuel M. Taft, 90, owns a ranch house up the street, though he recently moved to a senior apartment complex. He says neighbors thought the mansion "was a little much, but they are accepting it because the people are genuine."

McCaskill has "a lot of charisma, a lot of ability and talent," Taft says.

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Historically, the party that's out of power gains congressional seats midway through a president's second term. Uneasiness with the war in Iraq could add to the Democrats' momentum.

"People have had enough," McCaskill declares. "They want a different voice. They want balance."

So is this her last race? She says no, because she's going to win and could seek re-election after a six-year term.

"It's my last campaign for six years," she says.

Incumbent Senator Is Intense And Restless (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 1, 2006

WASHINGTON

When Sen. Jim Talent decided to re-examine his position on stem cell research, he took a quiet, methodical approach to the politically explosive question.

He read scholarly journals and opinion pieces. He delved into the details of human biology. He met with scientists and had long debates with his staff. And he talked over the political implications with his wife.

The freshman senator took an entire year to come to his new conclusion: that he should withdraw his support for a human cloning ban that critics said would also outlaw stem cell research. Instead, Talent decided to back a still-developing alternative procedure.

To some, the decision seemed out of character, a politically motivated switch aimed at blunting his conservative edges for his re-election campaign.

But Talent's soul-searching was not unusual for the low-key lawmaker, who approaches nearly every issue with a zeal for detail. He doesn't rush into anything, taking a deliberative, careful tack. And although he is staunchly conservative, he is also deeply pragmatic.

"He's not a firebrand by any stretch," says Julie Dammann, ex-chief of staff to Sen. Christopher Bond, R-Mo., who has known Talent for nearly 15 years. "He's principled but pragmatic. His approach is, 'Let's see if there's a way to accommodate everyone'."

Staircase sleeper

Among his Senate colleagues, Talent is known as astute, affable, and intense. He is driven and ambitious, but not splashy or sharp-elbowed. He's a policy wonk who avoids the Sunday talk shows and is rarely found at the center of any Washington media throng.

"He's very steady, reliable, thoughtful and practical," said Sen. John Thune, R-S.D., who often runs into Talent in the evenings at the Capitol Hill gym, where they make plans to go out for buffalo chicken wings at a nearby pizza place. "He's a guy who understands the parameters of what you can accomplish."

Tall and lanky, Talent, who will turn 50 this month, even wins praise from some Democratic colleagues.

In politics, "you see a lot of ceremony and posturing and phony baloney," but there's none of that pomp with Talent, said Sen. Ron Wyden, D-Ore., who teamed up with Talent on a transportation initiative. "He's just very easy to work with."

Although Talent's financial disclosure shows that his family's net worth is between $1.1 million and $3.9 million, he shares a one-bedroom apartment near the Supreme Court with Sen. Sam Brownback, R-Kansas. He sleeps on a landing at the top of a staircase, where he has just enough room for a clothes rack and a bedside table.

He confesses to occasionally sleeping in his Senate office if he's working late. A big night out for Talent means going out for wings, or perhaps watching a baseball game with staff at a nearby restaurant.

Brownback said they don't get into a lot of deep policy debates most evenings, and not just because they agree on most issues. "There's a camaraderie of dads that miss being around their kids and husbands that miss being around their wives. That concentrates a lot of our discussion," Brownback said.

Back in Missouri, Talent rarely gets any down-time now that his campaign is in full swing. When he does, he says he often spends it playing foosball with his 10-year-old daughter, Chrissy, fishing with 16-year-old son, Michael, or taking the family's new Great Dane puppy for a walk near his home in Chesterfield.

Mixing it up

At a late-August campaign stop in Farmington, Mo., Talent checked his Blackberry and reviewed his talking points, written out on a crumpled business card stashed in his pocket, as he waited to give his pitch to the clutch of GOP voters.

In the warm morning sun, Talent's low-key delivery didn't rev the crowd into a frenzy. But his soft sell worked all the same, with voters cheering him on and vowing to rally their neighbors to the polls in November.

But behind Talent's pleasant persona lies a sharply conservative philosophy.

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He came to Congress in 1993 as part of a vanguard of hard-charging GOP conservatives who wrested control of the House from the Democrats the next year. In the Senate, he almost always lines up with his party's leaders, supporting the Republican agenda on everything from tax cuts to the Iraq war to gay marriage.

Talent's own legislative record is more mixed. Many of the top proposals he has pushed in the last four years were driven more by pragmatism than ideology—and most involved working with liberal Democrats:

He teamed up with Sen. Dianne Feinstein, D-Calif., to pass a new anti-methamphetamine law that put cold remedies behind the pharmacy counter.

He worked with Wyden to win approval of $15 billion in federal bonding authority to build or rebuild highways and bridges.

He and Sen. Charles Schumer, D-N.Y., pushed legislation creating 40 sickle-cell treatment and research centers around the country.

He joined several Democrats in pressing for a new national fuel requirement that doubles the use of ethanol over the next seven years.

Intense, relentless

His approach centers on being deliberate and quiet.

One example: his efforts on behalf of ethanol, a popular issue among Talent's base of supporters in rural Missouri.

Sen. Pete Domenici, R-N.M., chairman of the Senate Energy and Natural Resources Committee, said Talent was direct and relentless in winning the panel's approval.

"He's a go-getter," Domenici said. "He isn't a hollering-and-screaming go-getter. He just gets his target set, comes to see you, tells you what he wants to do, and then he works like hell at it."

When the bill reached the House, Talent used his old contacts to keep the pressure on.

"He called me every single day, saying 'Can you talk to so-and-so'?" said Rep. Jo Ann Emerson, R-Cape Girardeau. Emerson was not on the House negotiating committee, but Talent wanted her to call her friends who were.

"He drove me crazy," she said. "He's very deliberate and gets very intense."

Talent has softened his conservative edges since coming to the Senate, and even more so since it became clear he would face a difficult election challenge from state Auditor Claire McCaskill. Democratic critics say voters should not be fooled. Rep. Lacy Clay Jr., D-St. Louis, who has known Talent for 20 years and counts him as a friend, says Talent is no moderate.

"There's no way around his voting record. The proof is in the pudding," Clay said. Of Talent's stem cell switch, Clay quipped, "That's just shrewd political calculation."

In 2004, Talent voted with his party 96 percent of the time and with the president 94 percent of the time. Last year, those figures dipped to 84 percent and 91 percent respectively. In 2004, he won a 96 percent rating from the American Conservative Union, based on 25 votes ranging from federal spending to gun control to judicial nominations. Last year, his rating fell to 84 percent.

Talent says he's always been driven by pragmatism and the desire to find consensus, even in the mid-1990s when he was among those leading the GOP charge to reform welfare. That effort, he notes, eventually resulted in a dramatic attitude shift, in both parties, toward the federal poverty program.

"What I often will do on issues that have provoked a lot of controversy is to try and understand them on a detailed level," he said. "If you do, you'll often find ways to either eliminate, or at least narrow, the differences."

Conservative roots

The day after Talent won the election in 2002, defeating Sen. Jean Carnahan, D-Mo., he said he hoped to be like Sen. John Danforth, the Missouri Republican known for his independent streak.

Danforth was one of his mother's favorite politicians, Talent recounted at the time, because she knew he was "calling each one as he sees them." Talent said he wanted to be seen as a senator who did that too.

It was a striking aspiration for someone then known as a rock-ribbed conservative.

In his first years in the House, Talent aligned himself closely with the GOP leadership, becoming a top lieutenant to House Majority Leader Dick Armey, R-Texas, and even flirting briefly with a bid for House Speaker.

He took a leading role on welfare reform and argued for even tougher restrictions than GOP leaders had embraced, including a proposal to deny federal benefits to young unwed mothers.

His voting record was unabashedly conservative: he voted against a minimum wage increase, against campaign finance reform, and against the Family and Medical Leave Act. He voted in favor of school vouchers, repealing the assault weapons ban, and impeaching President Bill Clinton.

Steven Smith, a political science professor at Washington University, said Talent is among a group of Republican senators who entered politics at a time when conservatism was on the rise. "They all came in and first ran as fairly strong partisans, sometimes with a deliberate conservative edge," he said. "And they are all deserting it now. Senator Talent is, too."

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Smith and others say Talent is no Danforth.

"What's clearly true here is Talent has been a team player for the Republican Party and for the Bush administration since he was elected," Smith said.

"... Danforth stood out for being an independent voice ... and Talent really has not been a strong independent voice."

Talent says his guiding philosophy has never changed: that government should only do a few things, but it should do them very well.

His work, he says, has focused on both sides of that equation; he looks for ways to lighten government's "oppressive" hand when it comes to taxes and regulation, while strengthening government's abilities when it comes to infrastructure or justice.

That explains, he says, why he wants to abolish the estate tax and pushed for a big increase in transportation spending. Or why he wants to lift regulations on small business health plans and has called for a new unit in the Justice Department to investigate murders from the civil rights era.

"Some people look at that as my style changing," Talent said of his work with Democrats. But he sees it as simple pragmatism—and very consistent with his basic outlook of small and effective government.

"I approach things with that lens and I vote that way," he said.

Race Keys On Who's Missing (HC)

By Kristen Mack

Houston Chronicle, October 1, 2006

Republican is not on the ballot, and Dem never names GOP rival

Former U.S. Rep. Tom DeLay is as partisan as they come, and the Republican write-in candidate to succeed him is taking the same approach. The Democrat in the race, perhaps not surprisingly, is playing down his party ties in the Republican-leaning suburban Houston district.

City Councilwoman Shelley Sekula-Gibbs is invoking the name of U.S. House Minority Leader Nancy Pelosi, a bogeywoman to Republicans, and raising the specter of Pelosi as speaker should the Democrats reclaim control of the House.

"This is ground zero for the Democrat Party," Sekula-Gibbs said at a recent Republican gathering, using a favorite GOP pejorative for its Democratic rival.

"They've been effective in getting rid of the most conservative member of the House," she said of DeLay, addressing the faithful at the Greater Houston Pachyderm Club.

She talks big: As the 22nd Congressional District goes, so go the midterm elections. Yet she acknowledges that the national Republican Party isn't sure about her chances as a write-in.

"We have support, attention and response from our national leaders," she said. "But Washington has to be convinced this is winnable."

Democrat Nick Lampson, by contrast, talks mostly about wanting to advance the district beyond partisan politics.

"I'm not running for this office to move it to the left or the right but to move it forward," Lampson likes to say at campaign events. "We need to concentrate on issues and not partisanship. I came into this race and decided I wasn't going to run against anyone."

As it turns out, the statement means more than he thought: His only ballot opponent is a Libertarian, and that party has had little success in Texas. DeLay resigned from Congress after winning nomination for a 12th term, and courts prohibited Republicans from replacing him on the Nov. 7 ballot.

With 17 months of campaigning under his belt and millions in the bank, Lampson has a head start over Sekula-Gibbs.

In fact, listening to him speak, you wouldn't know he has an opponent.

Instead he starts off sharing his personal background. He's the fifth of six children. His father died when he was 12, which is when he got his first job. His mother relied on government assistance to help them get by. She had a fifth-grade education but earned her GED on her 80th birthday.

Lampson isn't the most compelling speaker, but the story of hardscrabble upbringing often draws nods of empathy from crowds.

For Lampson, the race has a kind of political symmetry. He was ousted from the U.S. House in 2004 after his Southeast Texas district was redrawn to elect a Republican in the redistricting engineered by DeLay.

Move to StaffordDuring four terms in Congress, Lampson represented 20 percent of what is now the 22nd District, including the Johnson Space Center. He moved last year from Beaumont to Stafford, which is in the district.

He filed for the seat assuming his Republican opponent would be DeLay, who had been tainted by ethics reprimands and an indictment on charges relating to campaign finance.

As it turned out, no Republican is on the general election ballot for the 22nd.

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But Sekula-Gibbs' name will be on the ballot for the special election to complete the final weeks of DeLay's term. That will be the first thing voters in the district see on their ballots.

The Secretary of State's Office directed Harris County Clerk Beverly Kaufman to put the special election at the top of the ballot, ahead of the general election races, said Kaufman spokesman David Beirne.

That placement alone may give Sekula-Gibbs' write-in chances a boost, although no write-in candidate has ever won a House race in Texas.

Her campaign slogan, "Vote Twice for Shelley," reminds her supporters that marking the special election ballot alone isn't enough and that they need to write in her name later on the ballot to send her to Congress next year.

"You don't have to spell it right, just get it close and it should count," she said during a recent meeting of the Greater Houston Council of Federated Republican Women.

Explaining how to voteThe need to explain how to vote for her leaves her less time to convince voters that they should.

Sekula-Gibbs has several versions of her stump speech. The one-minute version goes something like this: "I support the global war on terror. I'm for taxes that are fair, life and traditional marriage. My opponent is not a moderate. He has the worst rating on taxes; he's for embryonic stem cell research."

She always mentions Lampson. He never talks about her. Acknowledging her in any way only builds her name identification in the district.

Sekula-Gibbs, who is a physician, has focused as a councilwoman on health issues, pushing for a citywide public smoking ban and for more federally qualified health clinics.

But her emphasis has moved to hot-button conservative issues since she began her congressional bid.

One of those, illegal immigration, came to the forefront in the last few weeks as the city mourned the shooting death of police officer Rodney Johnson. The suspect is an illegal immigrant.

Sekula-Gibbs pushed Mayor Bill White to repeal a police policy limiting inquiries about immigration status.

Late last year she accused then-Councilman Mark Ellis, who was running for a state Senate seat, of "political gamesmanship" when he made a similar request.

The national Republican Party has taken note of her candidacy, though not at the $3 million level state GOP leaders had mentioned when they voted to back Sekula-Gibbs' write-in candidacy.

The National Republican Congressional Committee has contributed nearly $100,000 to her campaign. And Vice President Dick Cheney is coming to Houston on Wednesday to host a fundraiser for her.

House Speaker Dennis Hastert and Majority Leader John Boehner joined Sekula-Gibbs for a fundraiser last month in Washington.

Lampson snagged 2004 Democratic vice-presidential nominee John Edwards to headline a fundraiser on his behalf a few weeks ago. And the Democratic Congressional Campaign Committee has reserved $850,000 worth of television advertising time for the last two weeks of the campaign on Lampson's behalf, said DCCC spokeswoman Sarah Feinberg.

Lampson's key issuesLampson didn't file in the special election, saying it would be confusing. Sekula-Gibbs says he didn't want to face a Republican in a head-to-head competition.

If that were true, Lampson says, he wouldn't have entered the race when DeLay was the likely opponent.

Lampson's key issues are homeland security, education and health care.

Among other things, he advocates tax deductions for all money spent on higher education and questions whether special-needs children — such as the ones his wife teaches — should be subject to standardized testing.

Libertarian Bob Smither is running in both the general and special elections.

He touts himself as the conservative on the general election ballot.

"I wouldn't say I'm aligning myself with the Republican Party," said Smither, an engineer who founded the Laura Recovery Center for missing and abducted children. "I'm aligning myself with conservative values."

Although Libertarians have appeared on the Texas ballot for years, none has been elected to a major office. Smither has no significant campaign funding and realizes he has a lot to overcome.

Meanwhile, Lampson realizes that even as the sole major-party candidate on the general election ballot, he will have to win votes from at least some residents who supported DeLay for years.

Robert Klein, a retired chemical-industry manager who attended a house party for Lampson, said he faces a battle even with the ballot advantage.

Still, Klein said, this is Lampson's best shot: "If Lampson can't win now, he can't win."

High-powered Allies Come Out To Back Murtha (PPG)

By Bill Toland

DOJ_NMG_0072601

Pittsburgh Post-Gazette, October 1, 2006

Congressman's opposition to Iraq War divides electorate

JOHNSTOWN -- If John Murtha is ceding a significant segment of the military voting block to Republican challenger Diana Irey, as she hopes and claims, there were few signs of it yesterday. A cavalcade of rank-and-file vets and Democratic military brass gathered in Johnstown's damp Central Park to support the representative from Pennsylvania's 12th Congressional District.

Former U.S. Sen. Max Cleland, a disabled Vietnam veteran, was the rally's master of ceremonies, and he was joined through the late morning and early afternoon by Vietnam veteran and former U.S. Sen. Bob Kerrey, former NATO commander Gen. Wesley Clark, state Auditor General Jack Wagner and finally Gov. Ed Rendell, himself seeking re-election this November.

They all hit on a common theme -- that Mr. Murtha, the top-ranking Democrat on the House committee that disburses defense appropriations -- is a great friend of the American soldier, not a foe, as his challengers are trying to paint him.

"We're tired of swift-boating in America," said Georgia's Cleland, who lost his own re-election bid in 2002 after his patriotism was questioned. "And it stops right here today, in Johnstown, Pennsylvania."

Mr. Murtha, who spent 37 years in the Marine Corps and its reserves, angered some veterans, and became a visible target for the GOP, when he began publicly campaigning for a military withdrawal from Iraq. He's drawn more partisan fire as he's continued to criticize the White House's handling of the war, as well as Marine involvement in the killing of 24 unarmed Iraqi civilians in the town of Haditha. (When Mr. Murtha went on the offensive following the Haditha revelations, Ms. Irey called on the congressman to apologize, saying he was aiding and comforting the enemy.)

Ms. Irey's name wasn't spoken once over the course of the 90-minute rally, which police officials say drew a crowd of 2,000, but the incendiary issues have put this race, and Ms. Irey's face and candidacy, into a national spotlight. The Washington County commissioner says she believes the military voting bloc is more divided than Mr. Murtha realizes. She hopes to capitalize on the split in Cambria County and the rest of the 12th District, which historically had been impenetrable to Republicans, but in recent presidential elections has been voting more conservatively. Ms. Irey won't attend today's "Boot Murtha" rally in Johnstown, organized by local vet Craig Minnick and a GOP group called "Vets for Truth."

Mr. Murtha's criticisms, said Mr. Kerrey, demonstrate that the congressman of three decades has the courage to oppose the White House, in a time when opposition of the president means you'll be branded a turncoat.

"Long before it was cool to wave a flag and support the men and women wearing the military [uniforms] of our Army, Navy, Marine Corps, Air Force and Coast Guard, Jack Murtha was waving the flag and supporting the men and women of our Army, Navy, Air Force, Marine Corps and Coast Guard," Mr. Kerrey said. "Until Jack Murtha stood up and began to tell the American people what was going on, there were far too many people [unaware]."

The other speakers picked up where Mr. Kerrey left off. "Jack had the courage to stand up and tell the truth," said Gen. Clark. "This administration's leadership of the war has been incompetent, inept. We're not going to let any swift-boaters, shrimp-boaters or anybody else take out Jack Murtha."

Mr. Rendell, who flew in from Harrisburg yesterday afternoon, said Mr. Murtha has done more for American fighting men and women than "any American alive today ... How dare these outsiders come here to Pennsylvania and impugn the patriotism of one of the greatest sons in this commonwealth's history."

Mr. Murtha took the dais last, again criticizing the war effort but sympathizing with the soldiers who must fight it, as well as the nearly 3,000 killed and 20,000 injured. "You know what this war's doing? It's tearing the families apart," he said. "I don't appreciate these people sitting on their fat backsides in the White House, sending our young people to war, when they don't understand the circumstances."

In a recent interview, Ms. Irey said that Mr. Murtha has lost touch with his constituency. "Jack Murtha has been in office 32 years, and that's too long," she said.

She won't be attending today's anti-Murtha rally, she said, because she doesn't want it to appear that her campaign is coordinating with the "Vets for Truth" group.

Stay-the-course Republican Challenges Murtha For Congress (TLPA)

By Jennifer C. Yates

Times Leader (NE PA), October 1, 2006

TARENTUM, Pa. - Republican Diana Irey knew she was taking on a political giant when she decided to run against U.S. Rep. John Murtha, now best-known for his opposition to the Iraq war. But she is hoping her strong support for the war will make her stand out.

Murtha has represented southwestern Pennsylvania for 32 years, winning the last general election with 74 percent of the vote. He's one of the most powerful Democrats in Congress. And there's even an airport named after the 73-year-old Vietnam veteran - who stands over 6 feet tall - in his southwestern Pennsylvania district.

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Irey, who is just under 5 feet tall and nearly 30 years younger than Murtha, has been a Washington County commissioner for 11 years but is making her first bid for Congress.

"This is going to be the Diana and Goliath story," said Irey, 44.

Irey said she was spurred to run in part because of Murtha's high-profile criticism of the Iraq war, which has turned the once low-profile congressman into a nationally prominent figure.

At the least, Irey said, she is giving voters a clear choice.

Irey wants troops in Iraq to stay the course while Murtha has called for a withdrawal. She supports term limits; he is in his 16th term. She wants to make President Bush's tax cuts permanent; he voted against them.

But her No. 1 issue remains the war.

"My passion about the war comes from the many soldiers I've talked to who have been in Iraq and have told me about the progress we've been making," said Irey during a recent meet-and-greet at a Tarentum storefront.

Last year, Murtha drew a mix of criticism and praise when he called for the immediate withdrawal of troops from Iraq. In May, he raised eyebrows again when he said that Marine Corps officials told him that U.S. troops had killed innocent civilians in Haditha, Iraq, "in cold blood."

The comments have spurred outcries of both praise and criticism of Murtha, with competing groups holding spirited rallies in his hometown of Johnstown.

Larry Bailey, a North Carolina resident and U.S. Navy veteran who heads the group Veterans for the Truth, has been a vocal opponent of Murtha. He said politicians don't "have the right to bad-mouth the troops."

Michael L. Young, a retired public affairs professor from Penn State-Harrisburg who now runs an opinion research firm, said there's no indication Murtha will lose his seat. But the contest could be affected by people's perceptions of the war, Young said.

"It's the kind of volatile situation where challengers like her with not a lot of political experience or even resources can sometimes strike a lightning blow because of the myriad of national forces at play in the race," Young said.

Murtha, lauded for his success in attracting many lucrative defense contracts to western Pennsylvania, said he believes he has overwhelming support in the district.

"The mood in my district is the same that it is any place else in the country," said Murtha after a recent news conference in Washington. "Sixty percent of the people, 59 percent, think we need a change in direction and that's what I see in my district."

The 12th Congressional District, made up of parts of nine southwestern Pennsylvania counties, supported Democrat John Kerry with 51 percent of the vote in the last presidential election.

Irey has raised thousands of dollars online - noting she's received contributions from all 50 states and received more than one million hits on her Web site. But she had just $159,138 in cash compared with Murtha's $1.6 million at the end of June, according to their most recent Federal Election Commission filings.

"I've defeated 25 candidates in the past, but we're working every day," Murtha said. "We know you got to take care of yourself first in these elections."

Irey believes she would bring a fresh perspective to the job. She easily shifts gears during conversation, talking about her three teenage children and family pets - including two dogs, a cat and a horse. She said the decision to enter the race was a family one.

"It was just listening to what Mr. Murtha was saying. I was starting to get really concerned about the state of the district," Irey said.

In 1995, Irey became the first woman elected as a Washington County commissioner. She has worked to attract businesses to the mostly rural county and opposed allowing prison inmates access to cable TV.

Irey said Murtha spends too little time in his own district. He has toured the country raising funds for more than 40 other Democratic candidates, something Republicans have criticized as his "cut-and-run" tour.

"His views now are more like the liberal voters of San Francisco," said Irey, a native of West Virginia who has lived in Pennsylvania for 22 years. "I hear so often, 'He's not the Jack Murtha he used to be.'"

When people meet her, Irey said, "they usually say, 'I thought you'd be bigger.'"

Stumping in Tarentum recently, Irey and a legislative candidate knocked on doors at an apartment building. Though she's an hour north of her home county, Irey finds she's not a total stranger.

"Yes, there you are!" exclaims resident Gary Cunningham, 53, after Irey introduces herself. Cunningham, doing laundry in a first-floor common room, said he knew Irey from her appearance on a local conservative radio talk show.

"As soon as I see you I think of John Murtha, and I get a bad taste in my mouth," said Cunningham, who later admits he isn't registered to vote.

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She gives Cunningham voter registration information and they chat briefly about the war in Iraq. She continues going door to door, spreading her message with a wide smile and firm hand shake.

"Hi, I'm Diana Irey and I'm running for Congress."

Iraq Is Topic Non Grata In Hot Races (MJS)

By Steve Schultze And Craig Gilbert

Milwaukee Journal Sentinel, October 1, 2006

Gard, Kagen among candidates treading carefully on war

When prompted, Republican congressional candidate John Gard offers a staunch defense of the current U.S. policy in Iraq.

"I believe victory (in Iraq) is our only alternative," says Gard, fighting a tough battle for Wisconsin's 8th District U.S. House seat against Democrat Steve Kagen.

"Iraq is an essential front in the war on terror," Gard says. "We must stabilize Iraq economically, militarily" before U.S. troops leave.

His words echo President Bush's determined line on the war, an issue that's dragged down Bush's popularity.

But suggest that Gard takes the "Bush" position on Iraq, and the candidate objects.

"I think it's an American position," says Gard, who cites Ronald Reagan rather than George W. Bush as his foreign policy model: "I believe in the Reagan strategy of peace through strength."

Such comments underscore the political dilemma Republicans in hot races this fall face over the war, as they strive to support the Iraq effort without being identified too closely with the way it has been handled.

"I think in most races they're trying to dance around the issue," political analyst Stuart Rothenberg says of GOP candidates. "The war has come to stand for the president's failures, or shortcomings." Political dilemmas

Of course, they're not entirely alone. Democrats face some dilemmas of their own, such as whether to support a pullout from Iraq and how to shield themselves from GOP charges of "retreat and defeat."

Democrat Kagen is blunt in declaring that "the way things are going right now, Iraq is gone." But he won't say when he thinks the troops should come home.

In other words, Democrats have to tread carefully, too, especially in moderate to conservative districts. The result is that in some congressional races, the Iraq debate has been surprisingly muted. Gard and Kagen have scarcely mentioned Iraq in their TV ads.

"They are staying away" from the war issues, seemingly hesitant about what tack to take, said David Littig, a retired University of Wisconsin-Green Bay political scientist.

"It's the elephant in the room," said one Democrat who has been involved in the House campaign and spoke on the condition his name not be used. "Everybody knows there's a problem (there). Nobody wants to talk about solutions, because they know they're all lousy."

The Gard-Kagen race isn't unique. In many of the country's contested congressional races, candidates are spending most of their TV dollars on other subjects, from domestic issues to personal attacks on their opponents.

This is especially true of Republicans, weighed down by the war's unpopularity and the Bush administration's poor approval ratings. Some GOP candidates have openly criticized the war and the administration, especially in "blue" states such as Connecticut and Pennsylvania.

But in most close races, Republicans are taking a different tack: sticking to local issues or steering the debate to the broader war on terror, where Bush enjoys more public support. 'No easy answers'

Amy Walter, who follows House races for the Cook Political Report, describes the tactic as, "Just change the subject."

Says Walter: "Republicans don't want to talk about it."

Gard has not pushed Iraq as an issue, and he deflects questions about Bush's stewardship of the war.

"It's not about supporting President Bush," Gard said last week, when asked whether he supports the president's handling of Iraq. "Too many people focus on the individual."

Gard says "mistakes have been made," including disbanding the Iraqi military after the U.S. invasion ended.

But the Assembly speaker from Peshtigo isn't doing a whole lot to distance himself from the war, either. He stands squarely with the Bush administration in opposition to a withdrawal plan.

"There are no easy answers here," Gard, 43, said in another recent interview. He added that Kagen "wants to abandon our allies, and I want to do what it takes to achieve victory."

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Democrats say criticisms of "cut and run" are losing their political teeth. And they've been armed by the release of a National Intelligence Estimate tying the war to the proliferation of terrorists, and even the new Bob Woodward book "State of Denial," with its grim portrait of wartime leadership. Unpopular war

"Any time the focus shifted back to national security and to terror or foreign policy, it used to be an advantage for Republicans. The big difference this time is that is simply not true," said Paul Maslin, who is Kagen's pollster. "If Gard wants to defend that policy (in Iraq) to the hilt, he is really limiting himself to the base Republicans."

Gard may be helped in the war debate by the district's Republican tilt. Bush carried it by 11 points in 2004. But both sides acknowledge that the political climate favors Democrats this year. And some polls suggest the war might be more unpopular in Wisconsin than it is nationally.

The GOP firm of Strategic Vision is polling independently each month in Wisconsin and six other states: Washington, Pennsylvania, New Jersey, Georgia, Florida and Michigan. In a recent round of September polls, likely voters in Wisconsin registered the lowest approval rating of any of those states for Bush's handling of Iraq: 25%.

The partisan breakdown in the Wisconsin poll is revealing: 59% of Republicans approved of the president's performance on Iraq. But just 4% of Democrats, and only 12% of independents, approved.

GOP officials say that despite such numbers, Iraq is not playing a major role in most contested races.

"It has to do with, first, a lack of Democratic credibility on the issue and the lack of any kind of a coherent Democratic alternative as to what they would do," said Jonathan Collegio, a spokesman for the National Republican Campaign Committee. Difference in attack

Kagen, a wealthy allergist making his first run for Congress, is vague about when he would bring the troops home, saying it's a judgment better left to the generals. But his comments about the war suggest he sees Iraq as a lost cause.

"Are we going to invest in a foreign nation that once was called Iraq? Iraq has gone the way of Yugoslavia. It is not coming back. It's a mess," said Kagen at a Democratic "unity rally" in Green Bay on Sept. 16.

In an interview last week, the 56-year-old Kagen said a breakup of the country might bring more stability, as it did in Yugoslavia.

"The first mistake was getting involved in the first place," Kagen said. Now, the U.S. must work to convince Iraqis that "we are not going to stay . . . the path we are on is simply unacceptable."

Kagen has made health care the leading theme of his advertising.

Evan Tracey, who tracks campaign advertising, says that when Iraq is invoked by Republicans, it's usually to attack Democrats for not supporting the troops or being defeatist. When it's invoked by Democrats, it's part of a broader attack against Republicans as rubber-stamps for President Bush. 'Radio silence'

In that vein, Iraq could certainly work its way more dramatically into the Gard-Kagen race before election day.

But for now, "radio silence" is how one political observer in Green Bay, lawyer Tim Nixon, described the way Gard and Kagen are dealing with Iraq.

"It's almost a third-rail issue for both sides," said Nixon, who sits on the Green Bay Area Chamber of Commerce and says he doesn't see in northeastern Wisconsin the stark partisan fault lines on the issue that national polls have found. One reason, he says, is the number of local military units that have served.

The Strategic Vision poll lends some support to that view. In that Sept. 15 to 17 survey, 59% of likely Wisconsin voters favored withdrawal of U.S. troops "within six months." Both Republicans (43% favored withdrawal) and independents (55% favored withdrawal) were quite divided about what future course to take in Iraq.

"I've got people I know who never voted Democratic in their life, and this war thing is making them crazy," Nixon said. "And I know (non-Republicans) with kids over there, and they want to support it wholeheartedly. . . . It's amazing for a 'small' war how many people this has touched here." From the Oct. 1, 2006 editions of the Milwaukee Journal Sentinel

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The Elephant In The Florida 22nd: Medicare Prescription Benefit (WP)

By Anushka Asthana

The Washington Post, October 1, 2006

HOLLYWOOD, Fla. -- Betty Priscak has voted for veteran Rep. E. Clay Shaw Jr. (R-Fla.) in every election he has been in, but now she thinks it is time for a change. Priscak, a 74-year-old in increasingly poor health, plans to vote for Ron Klein, Shaw's Democratic challenger, in November.

Why? She is upset with the Medicare prescription drug program passed by the Republicans in 2003. She calls it "devastating."

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The initial uproar over the program's complexity died down once many seniors had signed up, but now Priscak and millions of other older Americans are confronting an interruption in their drug coverage that will require them to pay the full cost of their prescriptions -- or go without. Priscak came up against the coverage gap, known as the "doughnut hole," in May, and it was months before the drug coverage kicked back in.

If it had not been for financial assistance from her partner, she said, she would not have been able to meet the thousands of dollars of uncovered drug costs. "If you think I dare vote for a Republican, you have another thought coming," she said.

Priscak is not alone. According to the consulting firm Price Waterhouse Coopers LLC, 3.4 million seniors will fall into the doughnut hole this year.

The doughnut hole ends federal payments for a person's drug purchases once an annual spending limit is reached, resuming them only after the beneficiary has spent thousands of dollars out-of-pocket. It was one of the most contentious elements of the 2003 legislation that created the drug benefit, which was championed by the Bush administration and congressional Republicans.

Shaw's district, which stretches from West Palm Beach to Fort Lauderdale, has one of the highest concentrations of Medicare recipients in the country. Tens of thousands of residents have signed up for the prescription drug program, known as Part D. Democrats have long hoped to tap into voter dissatisfaction with the program, thinking it could affect some congressional races.

"When folks show up at the pharmacy and get hit with paying 100 percent of their drug costs, while continuing to pay 100 percent of their premiums, they become concerned," said Klein, a state senator. He said his main objection to the program is that it does not allow the federal government to negotiate drug prices to bring down costs -- a suggestion that pharmaceutical and insurance companies successfully fought.

But as the election draws closer, polls suggest that the GOP-backed program may not win as many votes for Democrats as they had thought. A Washington Post poll in April found that, among seniors, 50 percent said they approved of the drug program and 41 percent disapproved. Most respondents at that time said it would make no difference to them whether a candidate for Congress had voted for or against the drug program.

"Seniors are saving on average $1,100 a year in Florida; monthly premiums are $24," said Ed Patru, a spokesman for the National Republican Congressional Committee. "At the beginning of the year, the Democrats were politically invested in the failure of the program. Now there is overwhelming approval."

In one of Shaw's campaign offices, a converted diner in Fort Lauderdale, the congressman said seniors are better off under the program . "It's like the big lie. If you tell it enough, people begin to believe it," Shaw said of the criticism. "They are trying to convince people it was a windfall for the drug companies. It's not."

Shaw credits the plan with creating the competition that led Wal-Mart and Target to decide to discount their generic prescription drugs.

Don Monroe, 79, who has volunteered for Shaw's campaign, is one of many seniors not affected by the doughnut hole because of limited need for prescription drugs. Monroe said he is eager to see Shaw win reelection and become chairman of the powerful House Ways and Means Committee.

Shaw, who has served in Congress since 1980, has sought to shift the focus of the campaign to other issues, including national security, terrorism, Social Security and the environment. Last week, he hosted Interior Secretary Dirk Kempthorne in Florida for a tour of the Everglades. Shaw "is one of the leaders on environmental issues," Kempthorne said in an interview.

Klein also is not focusing on Medicare; he has raised the subject in only one television ad. His main focus is trying to tap into anger at Bush and the Iraq war in a district that sided with Sen. John F. Kerry (Mass.), the Democratic presidential nominee, in 2004. Shaw, Klein keeps telling voters, votes with Bush 90 percent of the time.

"The overall focus by Ron Klein is to make Clay Shaw look like a pawn of the Republican leadership," said Amy Walter, senior editor of Cook Political Report. "If it is Clay Shaw versus Ron Klein, then I think Clay Shaw can win. If it is a referendum on Washington or President Bush, then the advantage goes to Klein."

Klein trails Shaw in campaign fundraising, $2.8 million to $3.4 million, according to an August campaign-finance disclosure.

Bush and Vice President Cheney have visited to help Shaw raise money, and former president Bill Clinton is due at a fundraiser for Klein this month. Walter has classified the race as a tossup -- some polls have shown Shaw in the lead, others Klein -- but said she had seen no indication that the drug program is driving voters.

Some local commentators disagreed. The Medicare drug benefit "is still going to be a very, very, very viable election issue," said Edith Gooden-Thompson, a coordinator of Serving Health Insurance Needs of Elders.

Sitting in the Aging and Disability Resource Center of Broward County, Gooden-Thompson was surrounded by others who worked with seniors and agreed with her assessment. Nancy Ackerman said she had seen people cutting back on food so they could buy prescriptions.

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Even so, though, it could be a tossup: "Clay Shaw has been very supportive to senior issues in all the years we have known him," said Edith Lederberg, the center's director, but she added that Klein had, too. "He has been a state senator for many years and is very popular. That is why it is going to be such a tough choice for people to make."

Perhaps playing in Klein's benefit: More seniors are finding themselves in the doughnut hole as the election approaches. The Institute for America's Future, a group calling for the closure of the gap, calculated that, on average, seniors who enrolled in the benefit at the beginning of the year would have fallen into the doughnut hole on Sept. 22.

On that morning, Klein was talking about the doughnut hole with seniors at a doughnut shop, Dandee Donut Factory in Pompano Beach. Jane Shaffer said she has been in the doughnut hole since March, and she and her husband Robert -- a registered Republican -- say they will back Klein.

For the first time, the Voters Coalition, which encourages voter participation, will not endorse Shaw, said Harold Ostrow, 78, former chairman of the group. "It's easy to get into the doughnut hole, but very hard to get out," Ostrow said.

The question is whether there are enough people like Ostrow, Priscak and the Shaffers to swing the vote -- and whether other issues will erode Shaw's longtime base.

Klein is hoping that by closely linking Shaw to Bush, he can overcome the incumbent late in the campaign. Shaw said that Klein's tack is misguided. "He is running against the president and not Clay Shaw," Shaw said. "I represent the 22nd Congressional District of Florida and not the Republican Party."

As Vote Nears, Schwarzenegger Surges Ahead (LAT)

By Michael Finnegan

The Los Angeles Times, October 1, 2006

Survey finds Republican governor leading Democratic challenger Angelides 50% to 33%. Most see the incumbent as a stronger leader.

Just over five weeks before election day, Gov. Arnold Schwarzenegger holds a commanding lead over his Democratic challenger, state Treasurer Phil Angelides, who has built scant support beyond a core base of liberals, according to a new Los Angeles Times poll.

If the Nov. 7 election were held today, likely voters would favor the Republican governor over Angelides 50% to 33%.

The survey found an abundance of grim signs for Angelides, including a failure to match Schwarzenegger's success in rallying voters of his own party strongly behind his candidacy. Just 61% of Democrats support Angelides, while 88% of Republicans favor Schwarzenegger. And independents, a crucial swing vote, support Schwarzenegger over Angelides 49% to 31%.

The poll also showed that Angelides suffers from one of the main problems that plagued California's last Democratic governor, Gray Davis: a lack of public confidence in his leadership skills. Asked who has stronger leadership qualities, 60% of likely voters say Schwarzenegger and 20% say Angelides. Even a plurality of Democrats sees Schwarzenegger as a stronger leader.

The poll also found a new rise in the governor's popularity, further progress in his steady recovery from the debacle of his 2005 ballot initiatives, which voters resoundingly rejected.

In a nearly complete reversal, 56% of California voters now approve of Schwarzenegger's job performance and 41% disapprove. In October 2005, 37% approved and 59% disapproved.

"He seems to have become a little bit more the governor of the people, rather than the governor of the Republicans," poll respondent Jack Phillips, a Democrat who lives in the Sacramento suburb of Folsom, said in a follow-up interview.

"Maria must've got to him," added Phillips, 67, in a nod to the Kennedy family lineage of Maria Shriver, Schwarzenegger's wife. The retired railroad marketing man plans to vote for Schwarzenegger.

Overall, the poll affirmed the dominating force of Schwarzenegger's personality on California politics, showing his capacity — in a state that strongly favors Democrats — to break a national tide running against Republicans.

It also demonstrated his outsmarting of Angelides in seeking out the political center, where statewide elections are won in California. For months, Schwarzenegger has been piling up agreements with Democratic lawmakers that widen his electoral appeal, including laws to combat global warming, raise the minimum wage and cut prescription drug costs.

Still, the election dynamics could change in the campaign's final weeks. Both candidates and their allies are spending millions on advertisements, which could shift public opinion.

The survey, supervised by Times Poll director Susan Pinkus, interviewed 1,312 registered voters, including 989 deemed likely to vote. The survey was conducted by telephone from Sept. 23 to 28. The margin of sampling error for likely voters is plus or minus 3 percentage points.

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Schwarzenegger's political recovery coincides with a brightening mood among California voters: 42% say things in the state are generally going in the right direction, up from a paltry 27% last October. Still, 45% say things are seriously off on the wrong track.

As for what's on their minds, likely voters name illegal immigration as the most important problem facing the state, followed by education and the economy. Republicans are most concerned about illegal immigration, while Democrats rank education as most important.

In the race for governor, relatively few likely voters have yet to make up their minds: 9% are undecided.

Eight percent favor candidates other than Schwarzenegger or Angelides.

For Angelides, the strongest support comes from liberal Democrats: 70% support him. Latinos also heavily favor Angelides over Schwarzenegger, 57% to 22%.

But as a whole, the poll illustrates a bleak landscape for Angelides. He falls short of majority support in every region of the state, even in the Bay Area, where Democrats normally run up landslide margins against Republicans.

In Los Angeles County, another Democratic stronghold although a less solid one, the race is nearly even: 41% favor Angelides, 37% Schwarzenegger.

In the rest of Southern California, Schwarzenegger trounces Angelides by a 41-point margin. In the Central Valley, the governor runs 37 points ahead. Both areas lean Republican.

The geography also looks bad for Angelides along the coastal-inland divide that has increasingly defined California elections. In counties along the coastline, which normally tilt strongly toward Democrats, Schwarzenegger is ahead 45% to 37%.

In the Republican-leaning counties of inland California, the governor leads by more than 2 to 1.

On major issues, Angelides also faces trouble. Californians usually favor Democrats on education and the environment, but the survey found likely voters split on whether Angelides or Schwarzenegger would do a better job in those areas. And by wide margins, they say Schwarzenegger would do a better job on the state budget, the economy and immigration.

The poll also found problems for Angelides on taxes, a top concern cited by those with an unfavorable impression of him.

Schwarzenegger ads have highlighted billions of dollars in tax increases that Angelides has supported over the years. Diane Smith, a retired Trinity County child-care provider, said she knew virtually nothing about Angelides apart from what she had seen in those ads, which show the Democrat walking backward.

"It looks like he's floating away," said Smith, an independent who is leaning toward Schwarzenegger.

Phillips, the Folsom Democrat supporting Schwarzenegger, called Angelides a "big-spending liberal" who would "follow in Gray Davis' footsteps — spend, spend, spend and put us into debt like there's no end to spending money."

Angelides has proposed tax increases for corporations and Californians who make more than $250,000 a year, along with tax cuts for those making less than $100,000 a year and for small businesses. A majority of Democrats and liberals say his tax agenda makes them more likely to vote for Angelides.

"We should help people who have less money and tax those that have more," said retired teacher Donna Doyka of Manhattan Beach, a Democrat who supports Angelides.

But the Angelides tax agenda is unpopular with Republicans and conservatives. And a majority of them say Schwarzenegger's promise not to raise taxes makes them more likely to back his reelection.

Another challenge for Angelides is ethics, a central line of attack against him in the Democratic primary and one that he has tried to turn back on Schwarzenegger.

On the question of which candidate has more honesty and integrity to serve as governor, 43% say Schwarzenegger and 25% say Angelides.

Also problematic for the Democrat is his lukewarm support among union members, a key constituency of his party: They support him over Schwarzenegger, but only by 43% to 37%.

More than half of union members think Schwarzenegger has stronger leadership qualities. And 52% have a favorable impression of Schwarzenegger, while 47% view Angelides in a positive light. Organized labor has been the No. 1 source of campaign money for Angelides.

The poll also underlined Schwarzenegger's edge on personality and public image. It found that 60% of likely voters hold a favorable impression of him, while 38% see Angelides in a positive light.

Also unsettling for Angelides, who was virtually unknown to most Californians before the campaign: 43% of likely voters hold an unfavorable impression of him. That negative view was inspired in part by months of television attack ads run against Angelides by Schwarzenegger and the treasurer's spring primary rival, state Controller Steve Westly.

The survey also cast new doubt on the Angelides strategy of stressing Schwarzenegger's political ties to President Bush. Among those who view the governor unfavorably — 39% of likely voters — 2% named his support for Bush's reelection as the reason.

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Still, Bush remains unpopular in California: 40% of voters approve of his job performance and 58% disapprove. Though it is dismaying for an incumbent, that marks a rebound from the record low that he hit in an April Times poll, which found 31% approved and 66% disapproved.

As for the governor, the new poll found his support more solid than his challenger's: More than three quarters of those who favor Schwarzenegger say their vote is definite, but fewer than two-thirds of Angelides backers say the same.

Schwarzenegger's strongest blocs of support are men, Republicans, conservatives, whites, older voters and residents of California's inland counties.

Women are less enthusiastic: Though likely male voters favor Schwarzenegger over his rival by 57% to 30%, likely female voters prefer the governor 42% to 37%.

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Jill Darling Richardson, Times associate polling director, and Claudia Vaughn, data management supervisor, contributed to this report.

*

(INFOBOX BELOW)

Likely voters like Schwarzenegger

Question: What is your impression of.....

Schwarzenegger

Favorable: 60%

Unfavorable: 39%

Haven't heard/don't know: 1%

Question: What is your impression of.....

Angelides

Favorable: 38%

Unfavorable: 43%

Haven't heard/don't know: 19%

Q: Why do you have a favorable/unfavorable impression of.....

(up to two responses accepted)*

Schwarzenegger

Favorable

Has done a good job as governor: 23%

Honest: 16%

Strong leader: 13%

Unfavorable

Not honest: 17%

Poor record on education: 15%

Ineffective: 11%

Q: Why do you have a favorable/unfavorable impression of.....

(up to two responses accepted)*

Angelides

Favorable

No particular reason: 22%

Honest: 13%

Democrat: 12%

Experience as state treasurer: 12%

Unfavorable

Not honest: 18%

No particular reason: 15%

His Tax Plan: 15%

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Q: Who do you think will do a better job with.....

Q: Who do you think has more.....

Q: What do you think is the most important problem facing California today? (up to two responses accepted)*

Notes: All results are among likely voters; (*) top responses
Times Poll results are also available at latimes.com/timespoll.

How the poll was conducted: The Times Poll contacted 1,868 adults in California by telephone Sept. 23 through 28. Among them were 1,312 registered voters, of whom 989 were deemed likely to vote in the Nov. 7 general election. Likely voters were determined by a screening process that included questions on intention to vote, certainty of vote, interest in the campaign and voting history. Telephone numbers were randomly selected from a list of all exchanges in the state, allowing calls to listed and unlisted numbers. Multiple attempts were made to call each number. Additional Latino voters were contacted in a separate random sample to allow more accurate analysis of their subgroup. Adults in the entire sample were weighted slightly to conform with census proportions for sex, ethnicity, age, education, region and the secretary of state's report of party registration. The margin of sampling error is plus or minus 3 percentage points. For certain subgroups, the error margin may be somewhat higher. Poll results may also be affected by such factors as question wording and the order in which questions were presented. Interviews in the Latino supplemental sample were conducted by Interviewing Service of America in Van Nuys. Interviews were conducted in English and Spanish.Mark Hafer Los Angeles Times

Source: L.A. Times Poll
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Register to vote
The deadline for registering to vote in the Nov. 7 election is Oct. 23.

Voters can register by mailing in one of the forms available at most Los Angeles County government buildings, as well as at city halls, fire stations, libraries and post offices.

For more information, call the Los Angeles County registrar of voters at (800) 481-8683 or visit the registrar's website at http://www.lavote.net .

Los Angeles Times
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(INFOBOX BELOW)
Governor's race (from A1)

A Times poll finds many grim signs for Democrat Phil Angelides, who five weeks before election day trails far behind Gov. Arnold Schwarzenegger. Angelides has built scant support beyond a core base of liberals.

Choice for governor, among likely voters:
Schwarzenegger: 50%
Angelides: 33%
Other candidates: 8%
Don't know: 9%
*
Source: L.A. Times Poll

California's Model For The Middle (WP)

By David S. Broder
The Washington Post, October 1, 2006

SACRAMENTO -- The likely victory of Gov. Arnold Schwarzenegger in next month's election could change the dynamics of California government and the way both national parties think about this mega-state.

It has been a long time since a Republican presidential candidate won California: not since George H.W. Bush in 1988. And it had been almost as long since any Republican won major statewide office -- until Schwarzenegger won the special election of 2003.

But the circumstances of that race were so odd -- a referendum on the unpopular incumbent, Democrat Gray Davis, and a free-for-all among dozens of would-be successors running virtually without party support -- that Schwarzenegger's victory seemed almost happenstance.

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Now he is running as the Republican nominee against a single legitimate Democratic contender, state Treasurer Phil Angelides, a former party chairman. And the double-digit lead that Schwarzenegger has fashioned cannot be put down to luck.

Rather, it reflects his rapid adaptation after a serious political miscalculation. In 2005 he declared war on the Democratic legislature and the public-employee unions and forced a special election on four initiatives designed to cripple the unions' influence and strengthen his hand as governor. Voters rejected all of them and drove his approval ratings into the basement.

After that repudiation, Schwarzenegger reopened negotiations with the legislature this year, passed a heap of big bills and won the applause of an independent electorate.

To be sure, there are still skeptics who argue that the governor has no convictions and therefore is totally unreliable. In his political biography, "The People's Machine: Arnold Schwarzenegger and the Rise of Blockbuster Democracy," author Joe Mathews quotes the judgment of bodybuilder Rick Wayne, a buddy of the governor. "I've never known Arnold to be a conservative," Wayne said, "I've known Arnold to be a chameleon."

Some Democratic lobbyists in Sacramento expect a reelected Schwarzenegger to go back to bashing unions and fighting with the legislature. But his aides and intimates think that is a misreading of the man and the state. Both, they say, are firmly rooted in the center of the political spectrum.

Indeed, key Republicans here -- including some of George W. Bush's former people imported for the Schwarzenegger campaign -- think the governor's example is one that could be emulated in 2008.

Their argument is that at least three possible Republican contenders -- Rudy Giuliani, the former mayor of New York; John McCain, the senator from Arizona; and Mitt Romney, the governor of Massachusetts -- could compete effectively for California if they made the effort.

To have a chance, they would have to abandon the Republican habit of treating California as a piggy bank -- a place to fly in, pick up a bundle of cash and fly out.

The contenders would not have to go as far as Schwarzenegger has in embracing Democratic issues. The state might respond to a candidate who combines fiscal prudence and avoiding higher taxes with a progressive attitude on the environment and such social issues as immigration and civil rights.

Because Republicans have abandoned California politics for so long, Democrats have been allowed to dominate the state. If its rich hoard of 55 electoral votes became competitive for 2008, it would be a boon to both parties. Democrats would still have a substantial advantage, with their support for abortion rights and appeal to working families and minority groups. But moderate Republicans could also compete and challenge and thereby shift the focus of the entire national election toward the political center.

All that -- and more -- is implicit in Schwarzenegger's run this year, making it potentially the most significant Republican victory in what otherwise looks like a year of Democratic gains.

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Topinka Faces Many Challenges In Illinois Governor Race (SLPD)

By Adam Jadhav

St. Louis Post-Dispatch, October 1, 2006

From the beginning, the Judy Baar Topinka gubernatorial campaign expected to be outgunned financially.

Gov. Rod Blagojevich, a Democrat, has used his prolific fundraising to run TV ads almost non-stop since the March primary, save for a brief hiatus midsummer. Topinka began her television attack in September.

For every $1 she has spent, he's burned $9.

Now, with just over five weeks left until the November election, Topinka, a three-term state treasurer, and her running mate on the Republican ticket, Joe Birkett, find themselves an average 10 points behind in most polls.

In an interview with the Post-Dispatch this week, Birkett gave a candid review of the campaign, expressing plenty of optimism, but acknowledging hurdles, too.

Blagojevich "hasn't gained, but he hasn't fallen either. What he has is an unlimited source of funds," Birkett said. "This is the first time in Illinois history that anybody's been on this early, as long, and on the attack like this.

"This has been six months — unprecedented — negative campaigning (from Blagojevich). And Judy is still in the hunt which, I think, speaks volumes about her reputation and how strong her numbers are."

Meanwhile, Blagojevich's campaign staff remain cheery about their position: a double-digit lead with less than 40 days to go.

The governor himself has shied away from public campaign stops, typically appearing around the state in his official duties. Along the way, however, he continues to announce programs and plans — a vision of a second term.

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"We just want to get the governor out talking about his record and his accomplishments," said Blagojevich spokeswoman Sheila Nix.

Birkett and other Republicans did say fundraising has been a hurdle. As of June 30, the last time candidates reported their finances under state law, Blagojevich led $12.2 million to $1.5 million.

"Obviously, we've got to raise more money," Birkett said matter-of-factly.

But that has led to Blagojevich's TV barrage: $8.4 million spent on ads around the state from the day after the primary until last week, according to estimates and an advertising analysis compiled for the Post-Dispatch. Topinka had paid $934,000 for advertising, and has run no ads in the St. Louis area.

Through all of it, statewide polls have consistently given Blagojevich a little below 50 percent of the vote. And he has maintained unfavorable ratings almost as high. In addition, he has faced continuing media revelations about a federal corruption probe of some of his associates and others involving state contracts and political contributions.

"Rod Blagojevich is one of the luckiest incumbents in the nation," said national pollster Scott Rasmussen. "Normally, those numbers would spell defeat."

Rassmussen attributed Blagojevich's continued lead to the media blitz, Illinois' leftward political slant and Topinka's similarly high "unfavorables."

And since the primary, Topinka's vote percentage has tracked slightly downward, at least in Rasmussen's own polling.

Though outmatched in TV advertising, Topinka and Birkett have been more active in barnstorming the state. Both have repeatedly visited the Metro East, announcing plans for jobs, education, court reform and more.

Their campaign has also waged a regular e-mail and fax war. And continually released "white papers" detailing her positions and plans if elected.

But some political scientists question whether Topinka's position is really being heard in the electorate, over Blagojevich's voluminous advertising.

"She's come out with policy positions. She's on the air a little," said Alan Gitelson, a political science professor at Loyola University in Chicago. "At the same time, Blagojevich continues to pump out his own negative advertising. This is still a race that is Blagojevich's to lose."

Though Topinka is a veteran campaigner and not one to be counted out, observers said unless news breaks in the criminal investigations of hiring and ethics that have dogged Blagojevich's administration, his lead may hold fast.

"That would completely shake up the dynamic," said John Jackson, a political scientist at Southern Illinois University Carbondale. "Otherwise, I don't see much closing that gap."

Republicans say Blagojevich's advertising will become white noise. Topinka's staff and Birkett say they will strike back more. Watch and see, Birkett added.

"Keep in mind that the voters haven't seen the full picture," Birkett said. "They've seen almost $10 million in negative campaign ads about Judy."

TV ads are likely from Topinka for the remainder of the campaign, her staff and other Republicans said. There's two planned debates, including one Monday in Decatur. And they will continue fundraising.

Specifically, the campaign is courting a visit from First Lady Laura Bush, Birkett said. Another stop by Republican National Committee Chairman Ken Mehlman is possible, said state GOP executive director John Tsarpalas, along with other "celebrity politicians."

"People are now starting to pay attention now," Tsarpalas said. "She's on the air. We're already out of the gate and running."

Campaign Cash Mirrors A High Court's Rulings (NYT)

By Adam Liptak And Janet Roberts

The New York Times, October 1, 2006

COLUMBUS, Ohio — In the fall of 2004, Terrence O'Donnell, an affable judge with the placid good looks of a small-market news anchor, was running hard to keep his seat on the Ohio Supreme Court. He was also considering two important class-action lawsuits that had been argued many months before.

In the weeks before the election, Justice O'Donnell's campaign accepted thousands of dollars from the political action committees of three companies that were defendants in the suits. Two of the cases dealt with defective cars, and one involved a toxic substance. Weeks after winning his race, Justice O'Donnell joined majorities that handed the three companies significant victories.

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Justice O'Donnell's conduct was unexceptional. In one of the cases, every justice in the 4-to-3 majority had taken money from affiliates of the companies. None of the dissenters had done so, but they had accepted contributions from lawyers for the plaintiffs.

Thirty-nine states elect judges, and 30 states are holding elections for seats on their highest courts this year. Spending in these races is skyrocketing, with some judges raising $2 million or more for a single campaign. As the amounts rise, questions about whether money is polluting the independence of the judiciary are being fiercely debated across the nation. And nowhere is the battle for judicial seats more ferocious than in Ohio.

An examination of the Ohio Supreme Court by The New York Times found that its justices routinely sat on cases after receiving campaign contributions from the parties involved or from groups that filed supporting briefs. On average, they voted in favor of contributors 70 percent of the time. Justice O'Donnell voted for his contributors 91 percent of the time, the highest rate of any justice on the court.

In the 12 years that were studied, the justices almost never disqualified themselves from hearing their contributors' cases. In the 215 cases with the most direct potential conflicts of interest, justices recused themselves just 9 times.

Even sitting justices have started to question the current system. "I never felt so much like a hooker down by the bus station in any race I've ever been in as I did in a judicial race," said Justice Paul E. Pfeifer, a Republican member of the Ohio Supreme Court. "Everyone interested in contributing has very specific interests."

"They mean to be buying a vote," Justice Pfeifer added. "Whether they succeed or not, it's hard to say."

Three recent cases, two in Illinois and one in West Virginia, have put the complaints in sharp focus. Elected justices there recently refused to disqualify themselves from hearing suits in which tens or hundreds of millions of dollars were at stake. The defendants were insurance, tobacco and coal companies whose supporters had spent millions of dollars to help elect the justices.

After a series of big-money judicial contests around the nation, the balance of power in several state high courts has tipped in recent years in favor of corporations and insurance companies.

In the 2002 Ohio judicial election, for example, two candidates won seats that year on the seven-member court after each raised more money than one of the candidates for governor that year.

Corporate Giving Increases

Judges are required by codes of judicial ethics to disqualify themselves whenever their impartiality might reasonably be questioned over financial or other conflicts. Even owning a few shares of stock in a defendant's company or seeing a relative's name on a brief generally requires automatic disqualification.

But there is an exception to this strict rule: campaign contributions. Very few judges in the states that elect the members of their highest court view contributions as a reason for disqualification when those contributors appear before them.

Many judges said contributions were so common that recusal would wreak havoc on the system. The standard in the Ohio Supreme Court, its chief justice, Thomas J. Moyer, said, is to recuse only if "sitting on the case is going to be perceived as just totally unfair."

Duane J. Adams, a plaintiff in one of the class-action suits heard by Justice O'Donnell, concerning defective cars, said he questioned the impartiality of the justices who ruled against him. Mr. Adams had sued DaimlerChrysler under the state's lemon law, and he grew angry when told that the company's political action committee had given money to justices in the majority.

"At the very least, it's a conflict of interest," Mr. Adams said. "These gentlemen, they should be prosecuted for what I consider is taking a bribe." He and the other plaintiffs did not contribute, but their lawyers gave to the campaigns of five of the justices.

Precisely what contributors want or get for their money is unclear. Some contributors say they have no agenda beyond ensuring that able and independent judges are elected. Others surely hope to influence the justices' votes in particular cases.

The middle ground, advanced by groups representing business, labor and plaintiffs' lawyers, is to support justices who hold views similar to their own. "Various interests see voting patterns," Chief Justice Moyer said. The alignment between contributions and votes, he said, is a matter of shared judicial philosophy.

If that is right, contributors are not trying to buy votes in particular cases. But they are trying to buy seats on the court.

And they are succeeding. Not long ago, the Ohio Supreme Court was controlled by liberal justices whose campaigns had been financed in large part by plaintiffs' lawyers and unions. Now that business groups are outspending their adversaries, the court has become dominated by more conservative justices. And the court's decisions are no longer markedly sympathetic to people claiming injuries.

Justice O'Donnell, a Republican, won his seat with the help of big contributions from the insurance, finance and medical industries. He is running for re-election this year, and his opponent, Judge William O'Neill, is making contributions an issue.

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"We have to stop selling seats on the Ohio Supreme Court like we sell seats on the New York Stock Exchange," said Judge O'Neill, a Democrat on the 11th District Court of Appeals in Warren, in northeast Ohio. He says he will not accept contributions.

Justice O'Donnell, who has raised more than $3 million since 2000, refused to be interviewed for this article despite more than a half-dozen requests to his campaign, his chambers and the court. In a statement, he said, "Any effort to link judicial campaign contributions received by a judicial campaign committee for major media advertising to case outcomes is misleading and erodes public confidence in the judiciary."

"A judge," the statement said, "may fairly and impartially consider matters despite receipt of the campaign contribution by the campaign committee."

Interest groups play a powerful and generally accepted role in races for legislative and executive positions. But their increasing role in identifying and supporting judicial candidates is at odds with the traditional concept of what judges do.

"The role of the judge and the role of the legislator are completely different," said William K. Weisenberg, an Ohio State Bar Association official. "You want a legislator to vote the way you would vote. When you go into court, you want someone to listen to the facts and decide the case on the facts and the law. We don't want the umpire calling balls and strikes before the game has begun."

Influencing the Bench

Many judges concede that sitting on their contributors' cases creates the perception that their votes can be bought. But in public, at least, most insist the perception is wrong.

"All the surveys I've seen indicate that generally 75 percent of the people believe that contributions influence decisions," said Chief Justice Moyer, a Republican. But when asked if contributions played a role in courts' decisions, he said: "I don't believe they do. I know they don't for me."

That view is not universally held.

"It's pretty hard in big-money races not to take care of your friends," said Richard Neely, a retired chief justice of the West Virginia Supreme Court of Appeals. "It's very hard not to dance with the one who brung you."

Indeed, according to a survey of 2,428 state court judges conducted in 2002 by Justice at Stake, a judicial reform organization, almost half said campaign contributions influenced decisions. And more than half agreed that "judges should be prohibited from presiding over and ruling in cases where one of the sides has given money to their campaign."

The Times study explored the influence of money on judicial decision-making by asking two basic questions about the Ohio Supreme Court. How often did it hear cases involving major contributors? And how did justices vote in those cases?

The study considered only cases that were both significant and difficult. It excluded procedural decisions, including whether to hear or reconsider a case. And only divided cases — those in which there was at least one dissent — were considered, because those presented the most contentious legal issues. In the 12 years ended this spring, there were about 1,500 such decisions.

The study looked at contributors who gave $1,000 or more in the six years preceding the decision, the term length for justices.

It also considered, for the most part, only the contributors most directly affected by a ruling: the parties themselves and groups that filed supporting briefs urging the court to rule a certain way.

Contributions from lawyers were excluded from the study's main findings. Lawyers are far more likely than other contributors to give to judges across the ideological spectrum, and — because their firms often handle a wide variety of cases — they generally do not have the intensely focused interest in the outcome of a particular case that their clients do. More than 200 times, moreover, justices sat on cases after receiving contributions from lawyers on both sides.

The court's decisions, the study found, were rife with potential conflicts. In more than 200 of the 1,500 cases, at least one justice cast a vote after receiving a significant campaign contribution. On scores of occasions, the justices' campaigns took contributions after a case involving the contributor was argued and before it was decided — just when conflicts are most visible and pointed.

Contributors did well with those whose campaigns they had financed. Of the 10 justices in the Times study, 6 sided with contributors more than 70 percent of the time. Justice O'Donnell, who has been on the court for only three years and has participated in fewer decisions than most of the justices studied, had the highest rate — 91 percent.

Lawyers who gave money were not nearly as successful. Five justices voted for the positions represented by these contributors half of the time, and the average rate was 55 percent. Recusals in cases involving contributors were all but unheard of.

Six of the seven sitting justices — all except Justice O'Donnell — agreed to interviews for this article, and all said contributions had not affected their decisions.

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"There is a lot more to the story than the cold numbers suggest," said Justice Maureen O'Connor, a Republican who voted for her contributors 74 percent of the time. Some cases are more significant than others, she said. Similarly, she and other justices criticized the decision to omit from the study the court's terse rulings on whether to hear a case at all. Many of these decisions are routine or trivial, however, and the rulings themselves do not contain sufficient information to be readily categorized.

In his statement, Justice O'Donnell said that "selectively screening a limited number of case decisions results in a skewed outcome." He did not elaborate.

But Justice Pfeifer, who voted for his contributors 69 percent of the time, backed the study's methodology. "I quite frankly can't think of another way," he said. "You're using the only yardstick that I'd know of that you can use."

Several justices said they found Ohio's money-fueled judicial elections distasteful and troubling. They pointed out, though, that Ohio law has mechanisms to limit contributions and to insulate justices from contributors, including a ban on personal solicitations by the justices. Some said they tried to avoid learning the identities of their many contributors, though they conceded it could sometimes be unavoidable. Justice Evelyn Lundberg Stratton, for instance, said she had attended 50 fund-raisers during her last campaign.

None of the justices interviewed suggested that more frequent recusals from contributors' cases would be a positive step rather than a recipe for havoc. Last year, though, five justices did recuse themselves from a case involving a Republican fund-raiser, Thomas W. Noe. They had taken $23,510 from Mr. Noe and his wife. Appeals court judges filled in for the justices.

"It is not necessary for a judge to recuse himself just because an attorney or party has contributed to his campaign," Chief Justice Moyer said in a statement at the time. "However, this is a high-profile case with political implications and with potential personal consequences for the campaign contributor in question."

Some legal experts say that recusal should be the rule and not the exception. Indeed, in 1999, the American Bar Association revised its Model Code of Judicial Conduct to require judges to disqualify themselves if they received campaign contributions of a certain amount from a party or its lawyer. But the bar association did not name an amount, leaving it to the states should they adopt the code. No state has adopted it.

Unlike campaign contributions, direct gifts to judges, even relatively small ones, almost always require disqualification.

In 2002, for instance, the Ohio Supreme Court reprimanded a lower-court judge for accepting football tickets from Stuart Banks, a lawyer who had appeared before the judge. Yet three of the justices who issued the reprimand had accepted at least $1,000 each in contributions from Mr. Banks in the previous 10 years. Those same justices also sat on several cases in which Mr. Banks appeared before them.

Ruling on a Lemon Law

From the day he leased it in 1996, when it leaked transmission fluid all over the garage, Duane J. Adams's Dodge Caravan was nothing but trouble.

"My wife went to start it at the grocery store, and the battery blew up," Mr. Adams said. "We didn't feel safe in it."

Mr. Adams invoked Ohio's tough lemon law, which calls for a refund for defective cars. DaimlerChrysler took the car back after an arbitration found the car defective but deducted a $6,000 "mileage fee."

Mr. Adams and other Ohio car buyers filed a class-action lawsuit against three car companies that routinely imposed such mileage fees in settlements and arbitrations. Drawing on a 1996 appeals court decision that banned the fees and the fact that the Ohio Legislature had rejected such fees when it enacted the law, an appeals court allowed the case to go forward in 2003.

In the first week of November 2004, while the case was pending in the Ohio Supreme Court, the political action committee of DaimlerChrysler, a defendant, gave $1,000 each to the election campaigns of Chief Justice Moyer and Justice O'Donnell. Two months earlier, the committee of a second defendant, Ford, gave those same justices $500 apiece. From 2000, when the suit was filed, to 2004, when it was decided, the affiliates of the three companies gave $15,000 to four of the justices on the case.

Still, all four of the justices continued to sit on the case, and all of them were in the majority in the 4-to-3 decision issued on Nov. 10, 2004, just days after the last set of DaimlerChrysler contributions.

The justices ruled that the plaintiffs had voluntarily accepted settlement offers or arbitration awards with the mileage fee deducted. The ban on the fees applied only to lawsuits filed in court and not disputes resolved less formally, the majority said.

The three dissenting justices said the majority's ruling gave the plaintiffs an impossible choice: to pursue a lawsuit that could cost more than the car itself or to accept the reduced sum.

Elaine Lutz, a spokeswoman for DaimlerChrysler, defended the company's actions. "The contributions that companies' PAC's make are driven by the campaign calendar, not the judicial calendar," Ms. Lutz said. Candidates for the court may accept contributions for about a year before an election and four months afterward.

Lawyers for Ford also said it complied with Ohio law. "By definition," said one of the lawyers, John Beisner, "if you have an elective system, the judges are going to go to those with the greatest interest in the system to get their contributions."

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Car company lawyers said the contributions were merely an effort to level the field against big-spending plaintiffs' firms. In the lemon-law case, though, the overall contributions were tilted heavily in favor of the companies and their own lawyers.

Mr. Adams and the other named plaintiffs gave no money to the justices. While the case proceeded, their lawyers contributed about $12,000 to five of the seven justices in the case, dividing their money roughly evenly between a justice who voted for them and several who voted against them. The law firms representing the companies gave only to the justices in the majority, for a total of more than $115,000.

That was consistent with national trends. "The current wars are epic battles between businesses and trial lawyers," said Bert Brandenburg, the executive director of Justice at Stake. "Over the past half-decade, business groups are outraising and outspending trial lawyers."

A week after the lemon-law case was decided, the court announced another ruling in favor of a business. This one halted a class action to support the medical monitoring of workers who had been exposed to beryllium, a potentially toxic substance. The vote was 5 to 2. Employees and the political action committee of the parent company of the defendant, Brush Wellman, gave a total of $5,700 to four justices, more than $2,600 of it after the case was argued and before it was decided. All four were in the majority.

Patrick Carpenter, a spokesman for Brush Wellman, said its political action committee "contributes to deserving candidates in the interest of advancing good government" and noted that the workers' lawyers had also given to the justices. The lawyers gave about $20,000 to several justices, though most voted against the workers. Mr. Carpenter also said the company had lost a 2002 decision by a 4-to-3 vote, before the court's conservative wing took over.

Michael Fincher, a 48-year-old roofer who was a plaintiff in the beryllium suit, said the contributions meant he had not received impartial justice. "I don't think it's appropriate, period," Mr. Fincher said.

Screening the Candidates

Business groups have turned picking potential justices into an art.

"They study very carefully the field of potential candidates, really studying their backgrounds and what makes them tick, and picking a person who is liable to be leaning their way," said Justice Pfeifer, who has shown an independent streak in his 14 years on the court. He did not name names.

Justice O'Donnell's campaign materials say he is "rooted in law enforcement" as the son a Cleveland police officer. They also note that he served as a law clerk and taught elementary school students and paralegals. In 20 years on lower courts before his appointment to the Supreme Court in May 2003, he created a long paper trail of conservative decisions. On the Supreme Court, he has helped consolidate its transformation from a court that routinely ruled against corporations and insurance companies to one quite friendly to business interests.

In 2004, running to complete the six-year term to which he had been appointed, Justice O'Donnell had a million-dollar advantage over his opponent that led to an Election Day rout.

Now that same opponent, Judge O'Neill, is back for a rematch. His campaign slogan: "No money from nobody."

Contributing to candidates for states' highest courts can be money well spent in at least one sense: the courts are very powerful. They have the last word on most of the issues that come before them. The United States Supreme Court has no jurisdiction over cases that present pure questions of state law, and in any event it hears only about 80 cases a year.

The states use various methods to choose their judges. The approaches are often some combination of nominating commissions, governors' and legislative action, and popular voting, including partisan contests and retention elections. Political machines still play a role in some states. In the federal system, by contrast, judges are appointed by the president, confirmed by the Senate and awarded lifelong tenure.

"Although there may be no good method of selecting and retaining judges, there is a worst method, and Ohio is among the states to have found it," Paul D. Carrington and Adam R. Long wrote in a 2002 study of the Ohio Supreme Court in the law review of Capital University here in Columbus. "That worst method is one in which judges qualify for their jobs by raising very large sums of money from lawyers, litigants and special interest groups, and retain their offices only by continuing to raise such funds." The problem, the authors found, is not a new one, but one that grows with the sums involved.

Ohio started electing judges in 1851, and the system seems unlikely to change. Voters overwhelmingly rejected a proposed return to an appointive system in 1987. In the 1980's, a campaign for a seat on the Ohio Supreme Court cost $100,000, compared with the $2 million a candidate may raise and spend these days.

Much of the recent spending came from business groups furious with what they called a liberal "Gang of Four" on the court after a pair of 1999 decisions. One of the decisions struck down a law revising the treatment of injury cases. The other interpreted employers' insurance policies broadly to cover some off-the-job injuries.

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In 2000, business groups mounted a multimillion-dollar campaign to unseat Justice Alice Robie Resnick, a Democrat who wrote the first decision and joined the second. One advertisement showed a female judge switching her vote after someone dropped a bag of money on her desk.

Her opponent was Judge O'Donnell. He refused to denounce the attack advertisements, which seemed to backfire with voters. Justice Resnick won the election with 57 percent of the vote.

From that election on, "Ohio became a poster child for everything that was wrong with judicial elections," said Mr. Weisenberg, the Ohio State Bar Association official.

Money poured in, from political parties, from trial lawyers and especially from business interests. Contributions from people and entities affiliated with the finance and insurance industries totaled more than $800,000 in 2004. Doctors and the health care industry contributed more than $440,000.

The Balance of Power Shifts

Interest groups on the other side give, too, and the justices they support overwhelmingly vote their way. But Justice Pfeifer says the balance of financial power has shifted to business groups.

"I don't care how well a trial lawyer does or how big a pot a labor union has," he said, "they can't begin to match the business corporations. It's not a fair fight."

Justice Stratton, a Republican, said the recent contributions from business groups were a predictable consequence of a series of rulings "very strongly in favor of trial lawyers."

"You only have the big money coming out," she said, "when the court has swung too much to the left or to the right."

In 2002, Lt. Gov. Maureen O'Connor, a Republican, won a seat on the court, replacing a more liberal Republican justice and altering the balance. Her campaign took more than $330,000 from affiliates of insurance companies and medical groups. Not long after she joined the court, Justice O'Connor wrote the opinion that overruled the 1999 insurance decision. Only four years after the court ruled that employers' insurance policies covered many off-the-job injuries, it reversed course. "It serves no valid purpose to allow incorrect opinions to remain in the body of our law," Justice O'Connor wrote for the majority. The vote was 4 to 3.

The shift in personnel had a prompt impact on other cases, too. Since then, law firms that work mostly for plaintiffs have fared poorly in the court. A look at a sample of 14 big plaintiffs' firms showed that they won 64 percent of the cases in the study before 2003. In the next three years, after the rise of the court's conservative wing, their success rate dropped to 17 percent. Since 1995, Ohio has imposed campaign contribution limits. They are $3,000 from individuals and $5,500 from organizations for each judicial election. Primary and general elections are counted separately.

A Critic Takes On the System

But, depending on how donations from individuals and political action committees are counted, the limits do not stop some businesses from making very large aggregate contributions. Affiliates, employees, officers and directors of the Cincinnati Insurance Company, for instance, gave more than $200,000 to Ohio Supreme Court candidates from 1998 through 2004.

Joan Shevchik, a spokeswoman for the parent company of Cincinnati Insurance, Cincinnati Financial Corporation, cited the effort to overturn the 1999 decision as a reason for the contributions, but emphasized that the corporation itself gave nothing. "As insurance professionals," she said, "each of us sees up close the immediate impact that the Ohio Supreme Court has on the industry, our company and our policyholders."

There is a small printing press in the garage of Judge O'Neill. In the evenings, he and his children produce fliers for a long-shot no-money campaign for Justice O'Donnell's seat on the Ohio Supreme Court.

"We're going to do a million pieces for $4,000 from my pocket," Judge O'Neill said, explaining that he will not accept a penny in contributions. Even some of his supporters view his effort as quixotic, notwithstanding the higher ratings Judge O'Neill gets from many Ohio bar associations.

"They're out soliciting the next million dollars to beat me," he said. "The insurance industry, the manufacturers and now the doctors treat the Ohio Supreme Court as a personal piece of property."

Justice Resnick, the last Democrat on the court, is retiring this year, and her seat is also open, making an all-Republican court next year a distinct possibility.

Marc Dann, a Democratic state senator running for attorney general, said Judge O'Neill's strategy might have been driven by necessity as well as principle.

"Best case," Mr. Dann said, "maybe he goes to the plaintiff's bar and labor unions, and maybe he raises $300,000. To do a good week of TV in Ohio is $750,000."

Judge O'Neill's assertion that seats on the Supreme Court are for sale infuriates many in the legal establishment in Ohio, and in July 2004 the Disciplinary Counsel of the Ohio Supreme Court began an investigation into whether Judge O'Neill had violated judicial ethics by making similar statements in the last campaign.

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Judge O'Neill laughed when asked if the investigation worried him.

"I am a Vietnam veteran, and I lost my wife 10 years ago," he said. "I raised four kids by myself. When you talk about fear, I fear big things in life. Being hauled before a disciplinary counsel does not qualify."

For the time being, a federal judge has suspended the investigation on First Amendment grounds. If the Ohio Legislature is troubled by Judge O'Neill's conduct, the federal judge, Ann Aldrich wrote, "the proper solution is to stop electing judges and make state judgeships appointed offices."

Judge O'Neill disagreed. He likes elections, he said.

"We have more authority over people's lives than anyone else in elected office," he said. "We decide who goes to jail and who gets out of jail. We decide what happens to your life savings after you die. We decide whether or not you will be permitted to finish raising your child. I can't think of any other industry that has a more profound impact on people's lives. And it is arrogant at best that some committee should make this appointment."

But Chief Justice Moyer said the flaws in Ohio's approach were the product of elections.

"In a perfect world," he said, "you would have justices being selected not based on the amount of money their campaign committees can raise from various interests, but on their character and record — and somewhat on judicial philosophy, certainly, but in a more abstract way."

Mind The Children In Reshaping ER Care (WP)

The Washington Post, October 1, 2006

The anniversaries of Sept. 11, 2001, and Hurricane Katrina were painful reminders that the United States needs to be better prepared for the unexpected. A three-part report by the Institute of Medicine released this summer underscores the need for major reordering of priorities in emergency medicine, but the portion of the report devoted to the needs of children has not received the attention it deserves.

Although children account for nearly 30 percent of all emergency department visits, only 6 percent of emergency departments are properly equipped to handle them. Reports have shown that emergency medical technicians, nurses and even doctors lack adequate pediatric training, that health-care facilities lack sufficient pediatric resources and that emergency department policies often overlook children.

As an emergency physician at Children's National Medical Center in Washington, I know firsthand that pediatric emergency departments differ immensely from adult facilities. For instance, each year overcrowded emergency rooms divert 500,000 ambulance patients to more distant facilities. Children's medical center, like many regional pediatric hospitals, does not have the option of diverting ambulances to other hospitals. In fact, we employ a "no-diversion" policy, requiring that all children transported to our emergency department be stabilized and treated.

Children are not mini-adults; their size is accompanied by fragility, fear and impatience. Caring for them is typically more labor-intensive, so we must recognize the need for health-care workers who are not only better trained but also more abundant. For instance, it may take a team of three or four to start an intravenous line in a frightened 3-year-old, as opposed to one person for an adult.

Pediatric-specific facilities must equip themselves to handle large influxes of people, including parents and caretakers, during mass-casualty emergencies. Pediatric hospitals must have a comprehensive approach to treating both children and accommodating those who come with them, because separating families may cause additional stress.

The Institute of Medicine recommends that emergency departments and emergency medical services ensure appropriate staff and equipment to treat children; that there be explicit pediatric-specific preparations in disaster planning; that research into medications and technologies for pediatrics be supported; and that funding be increased for the Emergency Medical Services for Children program, a national initiative designed to reduce child disability and death due to severe illness and injury.

The Institute of Medicine's recommendations to Congress should be considered and implemented immediately if we, as a society, want to properly address the emergency needs of children.

-- Joseph L. Wright

Washington

The writer is a member of the Institute of Medicine's Committee on the Future of Emergency Care.

Bush Signs US Sanctions Bill Targeting Iran's Partners (AFP)

AFP, October 1, 2006

US President George W. Bush signed into law a new set of sanctions targeting foreign countries that continue nuclear cooperation with Iran and sell it advanced weaponry.

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"I applaud Congress for demonstrating its bipartisan commitment to confronting the Iranian regime's repressive and destabilizing activities by passing the Iran Freedom Support Act," Bush said in a statement.

Mindful of the situation in Iraq, lawmakers warned that nothing in this document should be "construed as authorizing the use of force against Iran."

Although it does not name any countries, the measure is seen as a clear warning to Russia and China, two permanent members of the UN Security Council that have resisted calls for new international sanctions against Tehran in response to its refusal to halt uranium enrichment.

Russia is involved in an 800-million-dollar project to help Iran build a nuclear power plant in Bushehr and sells it modern weaponry. China has been accused of supplying the Islamic republic with advanced missile technology.

"Enactment of this legislation ensures that ILSA (the Iran and Libya Sanctions Act) will continue to impede Iran's efforts to acquire nuclear weapons," said US Senate Majority Leader Bill Frist.

"This act also provides important new authority for the administration to block financial transactions related to Iran's weapons of mass destruction programs and encourages the administration to use all available leverage over Russia to gain Russian support for multilateral sanctions against Iran," Frist said in a statement.

In a separate statement, Senator Norm Coleman said: "For the sake of our national security, the US must ensure that the sensitive nuclear technology that we share with partner countries does not fall into the hands of the Iranians.

"The Iranians have demonstrated that they are deceitful, obstructionist and bent on destroying Israel and all of Western civilization. We know where this path is going to lead. Aiding Iran to become a nuclear power, even inadvertently, is unacceptable," he said.

The new sanctions, passed earlier Saturday by the Senate after clearing the House of Representatives a day earlier, came as the European Union engaged Iran in delicate negotiations designed to persuade the Islamic republic to halt its enrichment work and avoid a major international showdown.

US Secretary of State Condoleezza Rice was expected to confer with EU foreign policy coordinator Javier Solana and her counterparts from Britain, China, France, Germany and Russia over the weekend to take stock of progress reached in these talks.

Following the carrot-and-stick approach adopted by Washington, the Iran Freedom Support Act states that it should be the policy of the United States "not to bring into force an agreement for cooperation with the government of any country that is assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles."

The measure calls for this policy to remain in effect until Iran has suspended all enrichment-related activities and committed to verifiably and permanently refrain from such nuclear work in the future, or until the targeted country has severed ties with its Iranian partners.

Under the measure, the US government may also award grants to pro-democracy radio and television stations that broadcast into Iran.

"We have to increase our capability to mine resources and intelligence about Iran," Rice told The Wall Street Journal in an interview published Saturday. "And one of the challenges is that we haven't been in the country for 26 years."

The White House said in a separate statement that Bush signed into law House bill 6198 "Iran Freedom Support Act."

President Signs Iran Sanctions Bill (AP)

AP, October 1, 2006

President Bush on Saturday signed legislation that would impose mandatory sanctions on entities that provide goods or services for Iran's weapons programs.

The Senate passed the bill with no debate Saturday, two days after the House approved the measure following a debate over the wisdom of toughening unilateral sanctions on Tehran at the same time the United States was trying to work with its U.N. partners on a multinational approach to Iran's nuclear threat.

The measure sanctions any entity that contributes to Iran's ability to acquire chemical, biological or nuclear weapons.

In a statement, Bush said, "This legislation will codify U.S. sanctions on Iran while providing my administration with flexibility to tailor those sanctions in appropriate circumstances and impose sanctions upon entities that aid the Iranian regime's development of nuclear weapons."

Senate Majority Leader Bill Frist, R-Tenn., said in a statement that the action "strengthened one of our most important tools in the fight to keep nuclear weapons out of the mullahs' hands."

He said it would encourage the administration to use all available leverage over Russia, a partner in Iranian energy projects, to gain Russian support for multilateral sanctions against Iran.

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Bush also signed legislation Saturday extending and amending higher education programs. One part of that bill would authorize cancellation of student loan indebetedness for certain people affected by the Sept. 11, 2001, terrorist attacks.

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The bills are H.R. 6198 (Iran) and H.R. 6138 (education).

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On the Net:
White House: http://www.whitehouse.gov/

Iran Leader Rejects Even Brief Halt In Its Uranium Enrichment Efforts (NYT)

By Agence France-presse
The New York Times, October 1, 2006

TEHRAN, Sept. 30 (Agence France-Presse) — President Mahmoud Ahmadinejad said Saturday that Iran would not halt uranium enrichment even for a short period.

"They want us to suspend for a short period, and then they will use this for propaganda and say Iran has suspended and it has caved in," Mr. Ahmadinejad said in a speech to students on the first day of the new university term, according to the student news agency ISNA.

"Nobody has the right to make Iran back down over its rights," he said. "With rationality and with logic, we will defend the rights of Iran."

The comments come just two days after talks between Iran's chief nuclear negotiator, Ali Larijani, and the European Union's foreign policy chief, Javier Solana, ended in Berlin without agreement. European diplomats have said that Mr. Larijani offered a two-month suspension in talks recently. Some diplomats say there may be division within Iran's leadership over whether to allow a suspension.

European diplomats still hope Iran will agree to some kind of suspension under a deal offered by the five permanent United Nations Security Council members plus Germany that offers Tehran a package of diplomatic and economic incentives.

The United States, which has refused to hold direct talks with Iran unless it suspends uranium enrichment, has been pushing for more international pressure to halt Tehran's nuclear program over concerns that it is meant not to produce electricity, as Iran contends, but nuclear arms.

"They have been putting pressure on us to suspend enrichment," Mr. Ahmadinejad said Saturday. "At first they asked us to suspend for six months, then they asked us to suspend for three months, then for one month. We said no.

"Now they have proposed that we suspend for a short period, for one day, but we asked them, 'Why do you want us to suspend?'

"They said suspend for a few days and explain that you have technical problems. But we have no technical problems! Why should we lie to the people?"

White House Divided Over Iran (NSDY)

By Timothy M. Phelps
Long Island Newsday, October 1, 2006

WASHINGTON -- Just as it was four years ago in the run-up to the war with Iraq, the Bush administration is said to be bitterly divided over how hard a line to take against Iran and whether a last-resort military option -- massive bombing of Iran's nuclear facilities -- is advisable.

The lineup, according to sources with good contacts inside the administration, is almost exactly what it was before, with the vice president and secretary of defense pushing for a tougher approach, and the secretary of state holding out for patient diplomacy.

The difference is that so far Secretary of State Condoleezza Rice is prevailing, while Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld and their conservative allies in the capital have been left sputtering. Rice, unlike her predecessor, Colin Powell, is extremely close to the president, even spending weekends with him and his wife at Camp David.

"Obviously Cheney and Rumsfeld have decided to go ahead and bomb the hell out of them, and everything else is an excuse to do that," said Jean-Francois Seznik, an expert on the Iranian economy who teaches at Columbia University. "And State wants to negotiate. The Iranians have caught on to the idea that the U.S. is very divided."

Conservatives angered

The United States has patiently gone along with its European allies on repeated postponements of deadlines set for Iran to agree to suspend uranium enrichment or else face a United Nations Security Council vote on economic sanctions. It has softened its Iran policy in other ways, including the recent announcement by President George W. Bush that the United States

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does not oppose the development by Iran of reactors to produce civilian nuclear power. And it has agreed to talk with Iran if that country verifiably suspends nuclear enrichment -- anathema to neoconservatives who not only want to stop Iran from getting nukes, but also to topple its government.

There also are reports that the Iraq Study Group set up is considering calling for a U.S. rapprochement with Iraqi neighbors Syria and Iran as a means of improving the situation in Iraq.

A number of conservative regional experts and columnists who are normally highly supportive of the Bush administration have been left very angry.

"No one in the international community and very few inside the State Department believe that it is important that we succeed in using diplomacy and economic means to try and contain Iran," said Danielle Pletka of the conservative American Enterprise Institute, which has been the Bush administration's favorite Washington think tank. "At least until now the Bush administration seems to think it's OK to just talk about it."

White House spokesman Tony Snow categorically denied there is a rift, saying it "sounds like one of those State Department leaks" and was "thoroughly baseless." He said, "This stuff is not done in a vacuum. Condi Rice is not a free agent."

But just because diplomacy is winning now does not mean it will prevail, most commentators believe, especially because it seems unlikely Russia and China would vote for high-impact economic sanctions right now that might force Iran to change.

The Pentagon appears to be gearing up for the possibility of a conflict.

Time magazine reported two weeks ago that extra ships were being sent to the Persian Gulf to block Iranian ports if necessary. And this year Rumsfeld created a Pentagon office to advise him on Iran, as he did for Iraq. The Iran Directorate bears some of the hallmarks of the old Office of Special Plans, which critics say funneled bogus intelligence from now-discredited Iraqi exiles directly to the White House.

Created in March, the directorate also represents the Pentagon at U.S. governmentwide meetings on Iran, said Lt. Col. Mark Ballesteros, a Pentagon spokesman. He called any comparison between the offices "absolutely untrue" but confirmed that two people from the special-plans office now work in the directorate.

Bush continues to state that Iran will not be allowed a nuclear weapon. "It is time for Iran to make a choice," he said on Aug. 31. "We've made our choice: We will continue to work closely with our allies to find a diplomatic solution -- but there must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon."

Military action inevitable?

Pletka believes the State Department's soft approach will lead to war. "One outcome we don't want is to have no options available to contain Iran other than military," Pletka said. "That's where I think we're headed."

While the military option is "very unattractive," Pletka said, "if I had to choose between the measured military might of the U.S. and an armed [Iranian President Mahmoud] Ahmadinejad regime, I think the choice is fairly obvious."

U.S. intelligence has estimated that Iran is five to 10 years from having a nuclear bomb, but House Republicans have charged that the intelligence community is being too cautious after its mistakes in Iraq.

Unlike the Iraq debate, there is little doubt in the intelligence community -- or, regional experts say, in the Middle East -- that Iran is working toward a nuclear weapon capability in order to dissuade the United States, Israel or Iraq from attacking it.

Some think the top leadership in Iran -- Ahmadinejad is outranked by Ayatollah Ali Khamenei -- eventually will make a deal with the United States.

But Kenneth Katzman, a respected congressional Middle East analyst, said that while the administration appears to want to avoid a military strike, Bush probably will be faced with a stark choice before he leaves office in 2009: "I would say he ultimately is going to be faced with a choice whether to take some dramatic action or acquiesce to Iran on the road to becoming a nuclear state on his watch."

Staff writer Craig Gordon contributed to this story.

Why Not Talk? (NYT)

By Noah Feldman

The New York Times, October 1, 2006

After a summer of protracted and mostly pointless bombing, the talking season is upon us. Unable or unwilling to halt Qassam rocket attacks on Israel and starved for funds, Hamas has begun discussing a national unity government with its rival Mahmoud Abbas. Tony Blair is rather bravely using his last months in office trying to get Abbas to sit down with the Israelis, who themselves have little to show for their campaign against Hezbollah. Iran, which spent the summer ignoring barely veiled bombing threats, seems poised to discuss its nuclear program with a coalition that includes China, Russia, Britain, France and Germany.

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Conspicuously absent from any of these negotiations is the United States. We approve of all of them, and our diplomats are doubtless in the loop. But officially speaking, silence is our policy. We do not speak with Hamas because of its terrorist activities and unwillingness to recognize Israel's right to exist. In the case of Iran, the trouble stretches all the way back to the 1979-81 hostage crisis, during which we refused to recognize the Islamic Republic. In the latest cycle of tensions over Iran's nuclear progress, the U.S. refuses to join any talks unless Iran first suspends uranium enrichment — which was also the position of our partners until they announced they would be willing to start talking anyway. President Bush put his position bluntly last month: "I have made it clear to the Iranian regime that we will sit down with the Iranians once they verifiably suspend their enrichment program. I meant what I said."

What's the point of not talking, especially when others are talking for us? If politics is the art of compromise, then surely conversation is one of its methods. Of course, some enemies — a Hitler or a Pol Pot — may be so repugnant that the mere prospect of reaching a compromise with them would violate our deepest moral principles. The only time it would be right to hear them out is when they are proposing to surrender. There are radical jihadists who see us in similar terms: they find us repellent and see little point in speaking unless it is to warn us of our downfall if we don't submit to their demands. Given their principled unwillingness to compromise, there is little point in talking with them.

And yet even intractable interlocutors may be worth engaging. Perhaps the conversation serves as a strategy of subterfuge and delay, maintaining a holding pattern or cease-fire until the time is ripe to restart hostilities. Talking can also reveal information about an adversary's leaders — their preconceptions, their blind spots, their fixed beliefs.

Ultimately, however, the most fruitful negotiations are based on a different premise: under certain conditions, the motives that drive people and regimes can be changed. Properly carried out, diplomacy creates new incentives that alter countries' underlying interests — and thus their behavior. Over 50 years, a slow and painstakingly negotiated process of economic integration has taught Western Europe's traditional enemies to look upon one another as allies, then friends and now almost as parts of one big country. If there is ever to be a meaningful solution to the Israeli-Palestinian conflict, it will involve something similar: putting both peoples in a position to gain more the closer they come together.

When we put our trust in diplomacy, it is not because it is an inspiring or uplifting discourse or because it helps us see the common humanity in others. The stylized circumlocutions of diplomats can make them seem ridiculous or irrelevant: they never seem to be talking about what is really going on. Moreover, talk between enemies may remind both parties of the depth of their mutual enmities and of all the reasons why they were tempted to use force against one another in the first place.

Nevertheless, diplomacy is essential as long as the use of direct force has limits. After 9/11, most Americans were in no mood to talk with our enemies in the Middle East, whatever those enemies' ideology, and the Bush administration's policies of invasion and pre-emption reflected that sentiment. Now, having relearned the lesson of our limitations, we find ourselves edging back to the table.

Our refusal to speak with Hamas since its election victory has had real costs. It has suggested to many that our commitment to Middle Eastern democracy is partial at best, and it may have enabled violence by implying that the United States doesn't care all that much about the Israeli-Palestinian conflict. Still, our policy may pay dividends in helping to establish a new Palestinian government, and we should continue to shun Hamas to make sure that such a result occurs. If the new government agrees to abide by previous Palestinian commitments to Israel, however, we should get back to the table quickly.

In the case of Iran, the problem is that we are at once desperate for its help in quieting the chaos of Iraq and determined to stop it from developing a nuclear weapon. We have been willing to speak with Iran's leaders about Iraq but not about the weapons — a distinction that Iran regards as arbitrary and has thus far yielded few gains in either realm. We would do better to sit down with Iran now, recalling that by the time we began negotiating with North Korea, its nuclear progress had become all but a fait accompli.

In short, we need a breakthrough, one that will help either the Israeli-Palestinian track, the Iraq situation or both. To get that, we will need the much-maligned diplomats. It could be a British prime minister on his way out, able to accomplish what Bill Clinton in his last days could not. It could be the first Muslim secretary general of the United Nations — Prince Zeid al-Hussein of Jordan is a leading candidate — who breaks the impasse. Or it could be the usual suspects, just muddling through and lowering the temperature. In an ideological age, diplomacy may seem weak and prosaic. But sometimes it is all we have.

The World Is J-Curved (WP)

By Ian Bremmer

The Washington Post, October 1, 2006

U.S. officials threatening to isolate Iran from the international community may want to take their cue from the Iranian leadership, which is doing a fine job of purging the Islamic Republic of foreign influences all on its own. Last December, President Mahmoud Ahmadinejad banned Western music from state-run television and radio. And in mid-May, his government

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announced plans to increase the number of stations capable of blocking foreign satellite broadcasts from 50 to 300 within two years. Just as its government was making the airwaves safe for theocracy, Secretary of State Condoleezza Rice again threatened Iran with "isolation from the international community."

Similarly, the Bush administration insists that if Kim Jong Il's government would dismantle its nuclear program, the U.S. government would support North Korea's integration into the family of nations. If it refuses, Washington will "further deepen North Korea's isolation," Rice said.

What the United States seems not to recognize is that the world's most repressive regimes depend on isolation to survive; they are stable precisely because they are closed. Kim knows he must hide North Korea from the outside world, and the outside world from North Koreans. If half the people of North Korea watched 30 minutes of CNN (or al-Jazeera, for that matter) and fully understood the damage wrought by their government's catastrophic policies and brutality -- or the contrasting standards of living in Japan and South Korea -- Kim's regime might not survive. Threatening that regime with isolation is like threatening a drowning man with a lifeboat.

So, what is the best way to transform a stable but closed state into a stable and open one? Historically, such transformations have required countries to go through a dangerous period of turmoil. Some states, such as South Africa, survive the transition. Others, such as the Soviet Union and Yugoslavia, do not.

In the Middle East, the Bush administration is seeking to spread democracy and free markets -- in essence, to transform closed states into open ones. But imposing such a transformation from the outside is likely to exacerbate the transitional turmoil, as U.S. troops in Iraq are discovering every day. It's easy to push a closed state into instability; it's much tougher to help its citizens build a new political stability based on openness.

Imagine a graph that charts a country's stability on the vertical axis and its openness (both within the country and to the world) on the horizontal one. If each nation appears as a point on the graph, the resulting pattern looks very much like the letter J. Nations higher on the graph are more stable; those lower are less stable. Nations to the right of the dip in the J are more open; those to the left are less open. This simple J curve captures many of the dilemmas inherent in global politics today.

A state's stability depends on its capacity to withstand shocks and avoid producing them. For instance, when the July presidential election in Mexico resulted in a close vote, recount demands and massive protests in Mexico City, local and foreign investors largely shrugged off the controversy. Why? Over the past several years, the country's political, financial and legal institutions have gained greater public confidence. The government is more competent, and the middle class is growing. Mexico experienced a political shock, but the election revealed the country's underlying political stability.

A country's openness, meanwhile, is the extent to which the state allows people, ideas, information and goods to flow freely across and within its borders. Are foreign books translated into the local language? Can citizens tap independent local, national and international media? Can they travel outside the country? Is foreign investment permitted? Can citizens communicate and conduct business freely?

Open and stable countries on the right side of the J curve have a collective interest in opening up the closed states on the left side. But the most powerful agents for change in any society are the people living in it. Democratizing North Korea from the outside is not a realistic short-term goal. Instead, the gradual infiltration into North Korea of communications technology -- such as cellphones, the Internet, satellite dishes and text-messaging equipment -- is more likely to undermine authoritarian rule from within over time. Consider the recent official reaction in North Korea when discarded VCRs and contraband tapes of South Korean soap operas made it across the border from China. The tapes reportedly became so popular that state-run television warned citizens not to imitate South Korean slang or hairstyles.

Unfortunately, U.S. policy too often helps authoritarian governments isolate their people. The French firm Alcatel recently upgraded Iran's telecom network and provided the country with its first high-speed DSL Internet connections. But when the company began merger talks with the U.S. firm Lucent, some lawmakers here criticized Alcatel's ties with Iran. Wiring the country allowed Iranians to better communicate with one another and the outside world. Instead of condemning the effort, Washington should find ways to imitate it.

Even limited trade ties between open and closed states improve communication between people within and across national boundaries. By inviting countries such as Iran, Russia and Saudi Arabia to join the World Trade Organization, open states can help reinforce the growth of middle classes and create rising expectations for further opening. It won't happen overnight; Cuba and Burma are already WTO members. But it's a first step in a long-term effort.

In the short term, however, it can also be a tremendously destabilizing effort. For a closed stable country to become an open stable one, it must pass through the dip in the J curve -- a transition of greater openness combined with dangerous instability. Is the world ready for open national elections in Pakistan, for example? In Egypt? If fair elections took place next month in China, would the country become more stable or less so?

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The dip in the J curve is a frightening place. Sectarian violence and insurgent attacks kill hundreds of Iraqis each week. In such an environment, it is natural for the public to demand a quick return to stability, even if it means sacrificing openness. (Russia, for instance, responded to the chaos of the Boris Yeltsin years by embracing Vladimir Putin -- essentially voting its way back up the left side of the J curve, toward a more stable but authoritarian state.)

Moving right along the J curve is harder; it requires plenty of time and political capital, and neither is abundant in Iraq. Success will require years of troop support and financial assistance. The Bush administration has done little to prepare the American people or the international community for such commitments. And the Iraqi people may not have enough faith in their new government to make the sacrifices necessary to ensure its success. If violence intensifies further, Iraq could eventually generate a new authoritarian regime or collapse into chaos as locals increasingly rely on sectarian militias to defend their interests.

With such turmoil in mind, it's easy to see why the leaders of left-side states will do their best to resist any incremental opening or transition. Kim has no interest in allowing the Peace Corps to move freely around the North Korean countryside letting people know what life is like on the outside. Iran's clerics point their restive youth away from the temptations of Western culture and instead emphasize Western attempts to deny Iran its nuclear program.

Indeed, many authoritarian leaders know that if they provoke the United States, Washington will isolate their countries and thus strengthen their authority. Some of these provocations may seem a little crazy. (See Ahmadinejad on the Holocaust or Kim on, well, any number of things.) But when Venezuela's Hugo ChÃ¡vez and Burma's ruling military junta warn of a U.S. invasion, they are not out of touch with reality; they're merely stealing ideas from the playbook that has helped keep Cuban President Fidel Castro in power for 47 years.

In Iran, standing up to the United States is a winning issue. Indeed, many in Iran's government probably would welcome international sanctions as a useful tool with which to unify Iranians behind the regime, deprive domestic rivals of public support, and rewrite laws to ensure that would-be reformers cannot regain a foothold in government.

By contrast, China's experience with stability and openness is not as clear. The country's openness to trade, foreign investment and advanced communications seems to place it on the right side of the J curve. But in reality, its police-state politics consign it to the left side. In essence, Chinese leaders hope to beat the J curve -- they're gambling that by generating greater prosperity for China's people, they can bring the country into the international community without unleashing the turmoil that flows from opening up an authoritarian state.

Can the Chinese Communist Party survive China's dip in the J curve? Perhaps 11 percent growth will fend off public anger with the country's authoritarian system. Maybe it won't. About 50,000 Chinese police are now charged with monitoring the Internet, but each day, 100,000 Chinese log on for the very first time. And the dangers of a sudden economic slowdown -- which can emerge from a sustained oil price spike or from the imposition of severe travel restrictions following an avian flu outbreak -- could quickly derail China's longer-term political stability. The country could be closer to dangerous instability than many realize.

In one way or another, all states -- even open, stable ones -- are constantly moving along the J curve. Some states swing widely; others shift imperceptibly over time. However, history suggests that all closed states eventually wither or explode; their walls merely hide their potential instability from the world. Only an openness that links citizens within and across nations can help states build stability and social and economic dynamism. Only the free exchange of information, values and people can build global stability that enriches all who take part in it.

Ian Bremmer, president of the Eurasia Group, is author of "The J Curve: A New Way to Understand Why Nations Rise and Fall" (Simon and Schuster).

Troop Pullout From Lebanon Complete (WT/AP)

By Matti Friedman, Associated Press

The Washington Times, October 1, 2006

MOSHAV ZARIT, Israel -- Israeli military officials said the army withdrew the last of its troops from Lebanon early today, fulfilling a key condition of the cease-fire that ended a monthlong war with Hezbollah guerrillas.

The pullout ended a nearly three-month troop presence and cleared the way for the full deployment of an international peacekeeping force that will police the border.

Israeli military officials said the last soldiers returned to Israel around 2:30 a.m., ahead of the onset of Yom Kippur, the holiest day on the Jewish calendar, which begins at sundown. The officials spoke on the condition of anonymity under military guidelines.

Israel had gradually reduced its troop presence since the Aug. 14 cease-fire from a peak of 30,000 during the fighting to several hundred in recent days. The final pullout was swift, taking just several hours to complete.

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Under the cover of darkness, the roar of Israeli tanks and armored vehicles could be heard moving across the Lebanese side of the border during the operation.

An armored column creaked across the border at the Israeli border community of Moshav Avivim, leaving tank tread marks in the soil and sending a large cloud of dust into the air that was visible in the vehicles' headlights. Later, the last group of soldiers was seen boarding a bus at nearby Moshav Zarit.

During the withdrawal, the military censor imposed a blackout on all details of the troop movements, citing security concerns. The army set up roadblocks to block reporters from reaching the border.

Israel sent the troops into Lebanon shortly after Hezbollah guerrillas abducted two soldiers and killed three others in a July 12 cross-border raid. More than 150 Israelis and 850 Lebanese were killed in 34 days of fighting.

Israeli officials had been reluctant to withdraw the last of the troops. They cited disagreements over the deployment of Lebanese and U.N. forces in southern Lebanon, which has long been a stronghold of the Shi'ite Muslim Hezbollah guerrillas. Israel is concerned about the force's ability to prevent Hezbollah, which launched 4,000 rockets into Israel during the fighting, from rearming.

The last troops had been scattered at four locations along the border, including Maroun el-Rass, where heavy fighting raged in July and August.

The U.N. peacekeepers deployed in southern Lebanon were expected to send patrols today to verify the Israeli withdrawal.

As in previous Israeli withdrawals since the cease-fire, U.N. peacekeepers would send patrols to the vacated areas after being informed by the Israelis to verify and in turn inform the Lebanese government.

The U.N. resolution calls for 15,000 peacekeepers to work with an equal number of Lebanese soldiers to prevent another outbreak of fighting.

Ruined Towns Look To Beirut, Mostly In Vain (NYT)

By Michael Slackman

The New York Times, October 1, 2006

BEIRUT, Lebanon, Sept. 30 — A ride through the south of Lebanon, across rutted and bombed-out roads, past a landscape of twisted metal and crumbled concrete, reveals little progress toward rebuilding tens of thousands of homes devastated by the 34 days of Israeli bombing that ended more than six weeks ago.

Money has begun flowing in, from foreign governments and nongovernmental organizations. But nearly $900 million in international pledges remains untapped by the Lebanese government, whose presence is barely visible in the south. In contrast, Hezbollah, with money from Iran, continues to give cash payments to individual Lebanese for damaged homes. And the central government has allowed, and indeed encouraged, some foreign countries to begin giving similar grants.

Those villages lucky enough to have been adopted by foreign donors are preparing to rebuild. In those less fortunate, villagers sit staring into ruins, and waiting.

“There is nothing from the government, not even a phone call,” said Muhammad Azzam, mayor of Siddiqin, a small village that has reported 449 homes destroyed by Israel’s military. Such comments are repeated, nearly verbatim, across the south, although an arm of the Lebanese government has cleared rubble from many towns.

The government defends its performance, saying that it has gotten vital services such as water and electricity back, opened roads and kept the economy functioning. It says that it is nearly done putting in place the trustworthy financial system needed to tap into the international pledges, one that will provide a level of accountability and transparency unprecedented for Lebanon.

“It has only been one month, and a lot has been accomplished,” said the country’s finance minister, Jihad B. Azour. “But people only see what wasn’t done.”

However, when it comes to homes, the government has been slow to respond. Government officials said they would pay $40,000 cash for each destroyed house, but they have not been able to say when. And winter is approaching.

The United Nations resolution that ended the war was designed in part to give Lebanon’s central government its first chance since Israel withdrew in 2000 to extend its authority over the southern part of the country. The peace deal required the government to dispatch the internationally bolstered Lebanese Army there to push out Hezbollah, long the de facto authority in the area. The agreement also offered the central government a chance to sweep in and begin to rebuild, which could have helped it win the peace among a population that it had long ignored.

But while the army is there, it has yet to really engage the international force, not yet allowing it to set up checkpoints or conduct searches. The central government has made no better showing at winning over the people of the south with help.

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"It is not good enough to send the army," said Timur Goksel, a former longtime United Nations spokesman in Lebanon who teaches public administration at the American University in Beirut. "Someone has to fix the roads in the south. Someone has to get the hospitals going. Where is the state?"

The central government's stumbles started early. Even before the conflict between Israel and Hezbollah ended, it was encouraged to create financial mechanisms to guarantee that international aid would not be squandered; they remain incomplete. Foreign donors who pledged millions at a conference in Stockholm last month have proved so skittish that, instead of funds, they have sent delegations to Beirut to work out exactly how their money will be spent, according to people in the government and others affiliated with nongovernmental agencies and a gulf-area donor country.

Officials in Beirut, determined to get projects moving, have simply encouraged donors to bypass the central government. "We are trying to make ourselves flexible," said Dr. Azour, the finance minister.

So far, foreign countries have agreed to adopt 99 out of 251 damaged villages, and will likely spend about $640 million on the work, officials said. The United States has agreed to spend $20 million to help repair the Mudarrij Bridge in partnership with the Italians, for example. In total, the United States has pledged $230 million in humanitarian assistance and what are known as early recovery systems.

Lebanon's people largely rallied together after Hezbollah's capture of two Israeli soldiers on July 12 prompted Israel to rain bombs on their country, shattering bridges, airports, homes, roads and businesses. But Lebanese unity is as fleeting as the raw emotions aroused by crisis.

Now the scars of this war have exposed, and in some cases deepened, many of the nation's fault lines. Some Christian villagers in the Shuf Mountains, for example, ask why Shiites in the south will receive compensation for lost homes after just a month, when many of those Christian villagers have received nothing for homes they lost during the civil war of the 1980's, officials said.

The animosity has only grown between Hezbollah and the coalition that controls the government — named for March 14, the day in 2005 that huge numbers of people demonstrated to call for an end to Syria's military presence. Their verbal sparring has raised fears of possible civil conflict, in a country miserably familiar with such fighting, and has distracted attention from rebuilding, officials said.

"We have a responsibility to stop political bickering and work on not turning Lebanon into a battleground for external conflicts, and at the same time build a strong, democratic and capable country," Prime Minister Fouad Siniora said in a televised speech on Friday night. "Our country needs reconstruction of the people's houses, their lives, their businesses, their sources of income, reconstruction of infrastructure, reconstruction of economy, rebuilding our future potentials."

That point is not in dispute; the debates are over how to get there. And so the March 14th side accuses the Hezbollah side of carrying water for Syria and Iran. The Hezbollah side accuses the March 14th side of doing the United States' bidding.

Terms like flattened, crumbled and collapsed barely describe what happened to Aita al Shaab, a Hezbollah stronghold in the south, and neighboring villages. The landscape is a canvas of destruction, 750 homes destroyed, 400 damaged. Communities have been uprooted, families forced to crowd in with relatives, schools shattered. Many residents worried that reconstruction would be uneven, with little planning, and villages forced to take what they can get.

Animosity toward Beirut has hardened.

"The government prefers to get the money directly so they can decide how much money to take for themselves and how much to give to us," said Afif Bassi, who heads a newly formed local reconstruction committee in the shattered village of Bint Jbail, another Hezbollah stronghold a few miles north of the border, which had some of the most bitter fighting when Israel sent in ground forces. "We drafted a plan for reconstruction that includes electric, roads, water, gardens, sidewalks."

Fadhl Chalak, the former president of Lebanon's Council for Development and Reconstruction (which is what war had already turned the Ministry of Planning into, back in 1977), charges that the government has intentionally stalled the reconstruction effort. Mr. Chalak, who was instrumental in completing the reconstruction of Beirut after the civil war, says he believes that the government calculated that Shiites in the south would turn against Hezbollah if reconstruction dragged on — a charge the government dismisses as unworthy of response.

He quit the development council, he said, after Arab countries pledged hundreds of millions of dollars in aid before the war ended and the government was slow to accept it — which the government also denies.

"By delaying funding, they think they can turn Shias against their leaders," Mr. Chalak said.

The minister of finance said Mr. Chalak quit because he had a personal conflict with the prime minister.

The government has guaranteed that every village will be rebuilt, but the current patchwork of aid has raised concerns about the fate of villages that are not adopted. And if there are few, if any, signs of confidence in the central government, there is growing anxiety about the willingness to turn planning and decision making for individual villages over to foreign governments.

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Qatar's offer of up to $100 million to help rebuild Bint Jbail — where village officials say 700 homes were destroyed, 300 heavily damaged and 1,500 moderately damaged — was based on a plan to distribute money to individual homeowners. The village officials said they were pressing Qatar to adjust the plan.

"What we are asking for from the Qataris is to rebuild the whole village themselves in a modern way which also preserves its historical aspect," said the mayor, Ali Bazzi. "But they are insisting on paying the people directly. This would be a disaster to the city and to the country too because people will take the $40,000 or $50,000 and leave the country."

Qatari officials said they have no interest in overseeing the reconstruction itself; they are already overseeing the restoration of 11 damaged schools. In Bint Jbail, they intend to give grants in three stages, with residents having to meet deadlines and show progress to receive each succeeding payment.

"If they do take the first payment and leave, then there is really nothing that we can do, can we?" said Khaled al-Hitmi, an engineer working with the Qatar delegation.

The mayor of Siddiqin, Mr. Azzam, was in a more frustrating position. He said that many people in his village were not supporters of Hezbollah, and so did not receive any of its beneficence. Nor had he received any contact from the government, he said.

But he had met with a delegation from Syria, which promised to rebuild. He said he had not heard back from the Syrians, and so was unsure if they would follow through, or if he would have to wait for the government to get around to his village. Pessimism has taken hold.

"We do not believe people will be compensated," he said, flatly. "We do not believe their houses will be rebuilt."

Hope Fades For Fatah, Hamas Deal (BOS)

By Anne Barnard

The Boston Globe, October 1, 2006

Frustration rising for Palestinians

RAMALLAH, West Bank -- Palestinian President Mahmoud Abbas has spent the past two weeks struggling to reach a power-sharing deal with the Hamas government -- a government that hasn't paid salaries in six months and that hobbles along with thousands of workers on strike and four Cabinet members in Israeli jails.

In the places where the Palestinian Authority tries to do its work, many dejected officials say it is absurd to expect such a deal against the current backdrop of chaos.

Ministry offices stand half- deserted in the West Bank city of Ramallah. In the Gaza Strip, rival security officials from Hamas and Abbas's Fatah party accuse each other's followers of murder. And the newest ``martyr'' commemorated on posters plastered across West Bank villages is a young man who was killed not by Israeli soldiers but by Palestinian police officers who opened fire last month on stone-throwing demonstrators after short tempers flared into a riot over a stolen motorcycle.

With the daily work of government hamstrung by political infighting and financial crisis, neither the Hamas government nor the president's Fatah movement is in a position to make a bold compromise or sell one to its people, officials from both sides said in interviews last week.

The disarray in the West Bank and Gaza and the political stalemate suggests there's little hope any time soon for advancing the Middle East peace process or for ending Palestinians' crippling economic isolation. When the Hamas-led government took office in March, Israel began withholding more than $50 million in monthly tax revenues it collects for the Palestinians, and the international community cut off aid.

Hamas refuses to meet the conditions set by Israel, the United States, Russia, the European Union, and the United Nations to lift the aid boycott: recognize Israel, renounce violence, and honor previous peace agreements. Abbas is trying to persuade Hamas to give up some of its Cabinet seats and join his faction and others in a unity government that would accept the conditions.

But as Palestinians' quality of life falls dramatically and both Fatah and Hamas lose credibility, the two parties seem more viscerally opposed than ever. Fatah officials say openly that they believe Hamas will never compromise and that Abbas's current strategy is to incite street protests to bring down the government.

``How can we deal with these people?'' said Ahmed Abd al- Rahman, a media adviser to Abbas, complaining that Hamas at first agreed to a unity government, then pulled back. He called Hamas leaders ``so-called politicians,'' ``amateurs,'' and, referring to their goal of establishing an Islamic state, ``ideological people with beards.''

Sameer Abu Aisheh, minister of planning in the Hamas-led government, said pushing Hamas into a corner would only harden its stance. ``We submit to no one but God.''

The stalemate is taking its toll on Palestinians.

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Since March, according to Palestinian Authority statistics, the gross national product has fallen 49 percent and imports are down 41 percent. Robbery and theft have risen 40 percent.

``How long will the security chaos last?'' says the poster that commemorates Ehab Al-Qinneh, 22, killed Sept. 3 when police fired on a crowd that stormed the police station in Bir Zeit, a village outside Ramallah, after officers confiscated a stolen motorbike.

Qais Abdelkarim, head of a small opposition bloc in the Palestinian parliament that printed the posters, said the feud between Hamas and Fatah is adding to a ``spreading anarchy.'' Rival Hamas and Fatah militias have undermined the already shaky public respect for law enforcement and left security forces ``in a state of chaos,'' he said. ``There is no political will to deal with this.''

At a time when delicate negotiations were said to be underway on the unity government, Hamas and Fatah officials in Gaza last week blamed one another's allies for the assassination of a top intelligence official.

In this atmosphere of chaos, Abbas aims to do the near-impossible: win a compromise on gut-level issues that divide Hamas and Fatah. But that means gaining concessions from a Hamas government that considers itself unfairly under siege.

Abu Aisheh presided Wednesday over a near-empty Ministry of Finance building. He said 70 percent of his employees are on strike. Originally named planning minister, he was forced to take a second job when Israel arrested the finance minister, along with more than two dozen other Hamas officials, after Hamas militants kidnapped an Israeli soldier in June.

Abu Aisheh, a university professor with a doctorate in transportation planning from Pennsylvania State University, took office in March with dreams of introducing American-style efficiency to notoriously disorganized ministries. Instead, he's watched the work of his two ministries grind almost to a halt.

One of his jobs is tracking the Palestinian Authority's six-month arrears in operating expenses -- $120 million in rent, utilities, and other bills.

But Hamas won't bend under duress, said Abu Aisheh, an independent who supports Hamas's Islamist agenda.

The central issue is recognition of Israel. This year, Hamas and Fatah agreed on a common goal of a Palestinian state on the lands that Israel occupied in 1967. Fatah says that wording is an implicit recognition of Israel. Hamas says it is not.

Abu Aisheh says the words speak for themselves, and that going further would be humiliating.

``Let's be realistic. Having a state within the 1967 borders, that means there is another state in the rest of historical Palestine,'' he said. ``But in our tradition, in our belief, in our society, we do not submit to those who say'' -- he snapped his fingers three times -- ``One, two, three, do this.''

That kind of talk infuriates Rahman, Abbas's adviser, who spent decades in exile with Yasser Arafat when Fatah -- the largest organization in the Palestine Liberation Organization -- was just as militant toward Israel as Hamas. He displayed the secular nationalist bent of his party by chain-smoking through an interview Thursday afternoon, when traditional Muslims were fasting and avoiding cigarettes in honor of the holy month of Ramadan.

Recognizing Israel, he said, is how Fatah won international support for founding the Palestinian Authority and, someday, a Palestinian state.

``It's not for the Israelis!'' he said, raising his voice in exasperation. ``It is a precondition for the rest of the world to recognize me. I need it for myself.''

Frustrations in the streets are directed not just at Hamas, but also at the Palestinian Authority bureaucracy and security forces, dominated by Fatah.

No one in the village of Qibliyeh Farm disputed that the motorbike police confiscated Sept. 3 was stolen. But economic stress had frayed tempers, and rumors circulated that the police had beaten the man who was riding the bike.

A crowd of villagers rushed to nearby Bir Zeit and stoned the police station. Qinneh was killed there in what Palestinian officials ruled was excessive use of force.

The altercation, for police and villagers alike, sums up feelings of abandonment by their leaders. A police sergeant who no longer has enough gas for his car, yet is still so loyal to Fatah that his cellphone ring is a recording of Arafat reading a Koranic verse, said that people have lost respect for the law and that Hamas and Fatah would rather keep their respective political fiefdoms than strike a deal.

``Hamas is happy, and Abu Mazen [Abbas] is happy, and we are stuck in the middle,'' said the officer, who asked not to be identified because of the political tension.

Meanwhile, the dead man's father, Abdelfattah al-Qinneh, said officials sent him a $10,000 payment for his son's death -- not through a court of law but through a traditional practice used to resolve clan feuding. To Qinneh, it was as if the Palestinian Authority were just another tribe.

``There is no law and order,'' he said. ``The killers should be identified.''

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Thousands In Gaza Protest Salary Delays (AP)

By Ibrahim Barzak

AP, October 1, 2006

Thousands of government employees and security officials burned tires, blocked roads and fired shots in the air on Gaza streets Saturday to protest delays in receiving long-awaited salaries.

Palestinian Interior Minister Said Siyam ordered security forces to deploy in the streets Sunday to prevent similar protests. The order authorized the use of "all means of force," said ministry spokesman Khaled Abu Hilal.

"Those who protested today ... do not represent security institutions. They are violating law and order, so they are illegal," he said.

The protesters closed the main road between Gaza City and Khan Younis, affecting movement between Gaza City and the southern Gaza Strip.

The Palestinian government on Thursday began paying partial salaries to 165,000 civil servants who haven't received their full wages in months due to an economic embargo on the Palestinian Authority. The individual payments of $350 come from money donated to the government by Qatar and Saudi Arabia.

But government employees complained that in some cases, the money hadn't arrived, and in others they were left with nothing after Palestinian banks had deducted commissions and interest and paid off existing loans.

Outside Rafah City, protesters threw stones at the vehicle of Attalah Abu Sabh, Hamas' minister of culture, breaking the windows of the car. Abu Sabh was unharmed, Hamas officials said. The protesters also tried to enter a number of schools and disrupt studies, witnesses said.

Israel and the West froze economic ties with the Palestinian Authority after the militant Islamic group Hamas took power in March. Hamas has refused international demands that it recognize Israel, accept signed peace agreements and renounce violence.

With the aid cut off, the government has been unable for six months to pay the full salaries to its workers, a major part of the Palestinian workforce. Government workers, including teachers, doctors and security officers, have repeatedly staged strikes demanding the salaries and calling for the resignation of the Hamas government.

Presto, Palestinians, You Are All One (NYT)

By Steven Erlanger

The New York Times, October 1, 2006

JERUSALEM

THE Palestinians may soon have a new government of national unity — or may not.

More than two weeks ago, the Palestinian president, Mahmoud Abbas, announced he had reached agreement with the radical Islamic group Hamas on the political platform for such a government as a way to induce the West to resume financial aid to the desperate Palestinians.

The idea was immediately endorsed by the European Union at a meeting of foreign ministers on Sept. 15.

But the Europeans were embracing a chimera — praising a new government that didn't yet exist. In fact, Hamas repudiated the political program almost as soon as Mr. Abbas announced it.

In the muddle since then, what has become clearest is the danger of diplomacy when reality confronts language intended to disguise it. The whole exercise has had an element of prestidigitation about it — a magician wooing an audience desperately hoping to suspend disbelief.

The major obstacle is that any new government would represent a defeat for Hamas — an admission that it cannot govern alone, with no ideological modifications. That is apparently too big a concession for its political director, Khaled Meshal, who lives in exile in Damascus.

For Hamas leaders in the territories, like Prime Minister Ismail Haniya, a unity government could be an exit from a terrible problem. Hamas, considered a terrorist group by the United States and European Union, has proven unable to circumvent the Israeli and American determination to force it to change by denying it recognition and money.

But even a unity government would not automatically mean a restoration of financing. The Israelis and Americans make three demands: that Hamas recognize the right of Israel to exist; that it forswear violence; and that it accept all previous Israeli-Palestinian agreements.

Mr. Abbas's magic plan has been to seek language that would allow Hamas to accept some conditions as part of a unity government, without making them the movement's own.

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The draft political plan, for example, would not explicitly recognize Israel's right to exist. Instead, it accepted as a goal an old Arab League peace proposal, which Israel has rejected, and in language that didn't mention Israel at all.

The program also tried to dodge the government's role in international relations by confirming the primacy of the Palestine Liberation Organization, headed by Mr. Abbas, as the sole negotiating authority. The P.L.O. accepts previous agreements that it negotiated, so Mr. Abbas argues that Hamas's refusal to do the same hardly matters. But if he should reach agreement with Israel, the deal's fate would be at the mercy of the Palestinian legislature, which Hamas controls.

And while the program promised that Palestinians would "struggle to liberate their lands and end the occupation using all legitimate means," the document negotiated with Hamas confirmed a "right" to resist Israeli occupation, including inside Israel proper. This is not "forswearing violence."

As Mr. Abbas has labored, European diplomats talked about amending the three demands and starting with a cease-fire that would bring some cash support. The United States and Israel oppose any softening, however — particularly on Israel's right to exist.

So the vision of a unified Palestinian government may wither quickly. With the Egyptians frustrated, Qatar on Thursday stepped in to try to mediate between Mr. Abbas and Mr. Meshal. But in interviews last week, Secretary of State Condoleezza Rice talked as if a national-unity government were dead, and her government was said to be pushing Mr. Abbas to confront Hamas and fire Mr. Haniya.

The mirage of national unity may, on closer inspection, presage intensified conflict. Or it may not.

Building Nowhereland (WP)

By Gershom Gorenberg

The Washington Post, October 1, 2006

JERUSALEM -- Out on Highway 60, the bulldozers are at work.

Next to the road that leads south from Jerusalem to Israeli settlements in the West Bank, the big yellow machines are scraping the earth, carving a flat, white, dusty shoulder. Along that strip, a high concrete wall is already being built, part of the newest segment of Israel's "separation fence." The planned route loops around the cluster of settlements known as the Etzion Bloc, putting them on the Israeli side of the de facto border.

Israeli-Palestinian diplomacy is stalled. The bulldozers are not. Once again they are changing the face of the land in a way that makes life far more difficult for Palestinians while damaging Israel's own long-term interests.

As described by Israel's Defense Ministry, the fence is purely a security measure intended to protect Israelis from Palestinian terrorists. Instead of running along the Green Line, the Israel-West Bank border, the route has been drawn to place major "settlement blocs" on the Israeli side -- supposedly only to defend them as well.

Yet Prime Minister Ehud Olmert has publicly stated that the settlement blocs will remain part of Israel after a unilateral withdrawal from the West Bank. He reiterated that point in February while on a working tour of the fence route in the Etzion area. Foreign Minister Tzipi Livni has said, a bit coyly, that the fence "will have implications for the future border." The Defense Ministry official in charge of planning the fence told me much the same three years ago. Cut past obfuscations, and the fence is the government's assertion, drawn in concrete and barbed wire, of what land it seeks to keep.

The 10 settlements in the Etzion enclave are home to more than 44,000 Israelis. The number keeps rising, boosted by government efforts. In early September the Housing Ministry asked for bids to build more than 340 new units in Beitar Elit, the largest settlement in the enclave. The settlers enjoy the full rights of Israeli citizens. They drive into Israel, or to scattered settlements deeper in the West Bank, without interference, and they will continue doing so.

But note this: Six Palestinian communities are also inside the planned enclave. Twenty thousand people live in them. To travel back and forth to Bethlehem, the nearest urban center, most will have to pass through a single terminal being built along the fence and undergo a security check. That includes women in labor trying to reach the nearest hospital. It includes those who commute to work in the Bethlehem area, along with farmers who work the area's rich land and want to get their produce to market. Teachers from Bethlehem trying to reach their classrooms inside the enclave will need to pass the other way. This is a very partial list of how the fence will tear the fabric of life.

Yet for Palestinian residents the enclave will not be annexed to Israel. No one so much as suggests that they be given citizenship -- or even legal residency and the right to travel and work freely within Israel. Indeed, another stretch of fence is planned along the Green Line, to prevent potential terrorists from crossing into Israel. The six villages will be in Nowhereland, neither part of Israel nor part of the West Bank.

To pursue this project today makes no sense. Olmert's vision of unilateral withdrawal was intended to end rule over the Palestinians and guarantee Israel's Jewish majority, yet allow Israel to keep major settlements. But the conditions created inside

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enclaves such as the Etzion area are an affront to Israel's democracy and a guarantee of continuing conflict with the Palestinians.

What's more, the summer's battles in Gaza and Lebanon have shattered support in Israel for unilateralism. Without peace, a fence is not enough to protect the country. It is now clear that Israel can pull back safely only if it does so as part of a negotiated agreement. And there is no chance of an accord that will leave large settlement blocs in Israel's hands.

The Israeli Supreme Court is expected to rule soon on lawsuits by Palestinians against the Etzion area fence. Yet the slim chance of judicial salvation does nothing to explain why Olmert's government continues to invest in the failed project of the settlements, which for nearly 40 years has drained Israel's energies, subverted its democracy and harmed its security.

Nor is there any reasonable explanation for why Israel's strategic ally, the United States, virtually ignores what is happening in the Etzion area. The Bush administration has recently shown some inconsistent interest in restarting the Israeli-Palestinian peace process. Yet, following a long, mistaken tradition in American diplomacy, it pays more attention to negotiating stances than to the shifting reality in the region.

Meanwhile, out on Highway 60, the bulldozers are preparing a monument to a doomed policy.

Gershom Gorenberg is the author of "The Accidental Empire: Israel and the Birth of the Settlements, 1967-1977."

Palestinians: Israeli Airstrike Kills 2 (AP)

AP, October 1, 2006

An Israeli airstrike in the southern Gaza Strip killed two Palestinian militants and wounded three people, medical officials said.

The airstrike took place in Rafah, which borders Egypt. Medical officials said two members of the Al Aqsa Martyrs' Brigades — a violent group linked to President Mahmoud Abbas' Fatah Party — were killed. Two people were seriously wounded, and a 6-year-old boy was wounded in the legs.

The army said it had targeted a vehicle carrying a group of militants involved in attacks on Israel. But witnesses said the missile struck a group of pedestrians.

The airstrike occurred shortly after Israeli ground troops attacked a target along the Israeli border in northern Gaza. Witnesses said there were no injuries.

The Israeli army said it had targeted a militant who had tried to fire a homemade rocket into Israel. Earlier Saturday, a homemade rocket struck a house in the Israeli border town of Sderot, lightly wounding one person.

Jordan's King Risks Shah's Fate, Critics Warn (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 1, 2006

Abdullah II, who has closely allied himself with the U.S., is accused by reformers and traditionalists alike of alienating his people.

AMMAN, Jordan — A politically inexperienced king takes control of a Middle Eastern monarchy from his powerful father, surrounds himself with U.S. military hardware and spies, loses touch with his people and is finally ejected in a popular uprising.

That was the tale of Mohammed Reza Shah Pahlavi, the pro-American ruler of Iran whose ouster ushered in the reign of Ayatollah Ruhollah Khomeini and three decades of Islamic rule.

Now many in this Arab country of more than 5 million people fear that a similar fate could befall King Abdullah II, the Jordanian monarch who assumed power after his charismatic father died in 1999.

"Until now in Amman we don't have a Khomeini," said one mid-ranking official serving the Jordanian Cabinet. "If there was a Khomeini, then this family would be in trouble."

The king's father, Hussein, deftly balanced his country's contradictory pressures. He paid respects to the conservative East Bank tribes' demands for stability while also attending to calls from the nation's more cosmopolitan majority Palestinians for democratic change.

But critics on both sides of the Jordanian divide say the 44-year-old king has failed to garner popular support. Descendants of the tribes that are the monarchy's base criticize the king for failing to abide by tribal customs and losing touch with his supporters. They whisper the name of Abdullah's popular younger brother, Hamzeh. Palestinian groups and activists fear that the government in Amman has gotten too close to Washington, has adopted the Bush administration's with-us-or-against-us worldview too thoroughly and is sliding on human rights and democracy.

"King Hussein was an artist," said Ivan Eland, for 17 years a staff member of the House Foreign Affairs Committee and now an analyst at the Oakland-based Independent Institute, a think tank. "He was roundly criticized for supporting Saddam [Hussein] in the first Gulf War. But in retrospect, he looked pretty smart.

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"The son has gotten more in bed with the United States," he added. "He hasn't been distancing himself from American policy. That has put him in a hole he hasn't been able" to get out of.

Numerous parallels exist between the shah's rule and that of Abdullah. Like the shah's SAVAK security and intelligence service, Jordan's General Intelligence Department, now in a new hilltop complex in an Amman suburb, operates as a "subdivision" of the CIA, said Alexis Debat, a former French Defense Ministry official who is a counter-terrorism consultant and a senior fellow at the Nixon Center in Washington.

By Debat's estimates, the Jordanian intelligence agency receives at least $20 million a year in U.S. funding for operations and liaison work. "They're doing all the legwork for the CIA," he said.

The Jordanians have become one of Washington's closest allies in the intelligence-gathering business, second only to Britain's MI6, counter-intelligence experts say. They are closer to the CIA than the Mossad, Israel's much-touted intelligence agency, which is considered to have too much of an agenda of its own to be completely reliable, Debat said.

Like the Iran of the 1970s, Jordan has become a receptacle of U.S. interests and trade. American aid to the kingdom has totaled $3.59 billion over the last five years, compared with $1.36 billion during the previous five years, according to the Congressional Research Service.

Like the shah's regime, the Jordanian monarchy has surrounded itself with American hardware. Just before Hussein's death, Amman took delivery of 16 advanced F-16 fighter jets. "That was a sort of threshold that Jordan crossed," said Michael R. Fischbach, a professor of history at Randolph-Macon College in Virginia. "They got truly advanced weaponry. It made Jordan have aircraft on par with Israel."

U.S.-made military hardware abounds on Jordan's streets. Jordanian soldiers carrying American-made M-16 assault rifles and riding in olive-green U.S.-made Humvees watch over sensitive military and political sites in Amman, the capital. Convoys of U.S. military transport trucks move in and out of the country.

Perhaps most controversially, say Amnesty International and other human rights groups, Jordan has become an important nexus in U.S. intelligence's subterranean "renditions" network, in which terrorism suspects are secretly detained and interrogated in countries with blemished human rights records. Jordanian officials deny participation in the program.

Many worry that bolstering Jordanian security forces amid widespread reports of abuses against detainees has hampered the country's baby steps toward democratization.

"The security forces are improving at the cost of democracy," said Hamzeh Mansur, a leader of the Islamic Action Front, the main Islamist parliamentary bloc.

Jordanian officials say the security apparatus has been ramped up and civil liberties laws tightened out of fear the country will become a staging ground for secretive cells plotting violent operations in Iraq, Israel and the Palestinian territories. Jordan has also been victimized by terrorism, including the Nov. 9, 2005, bombings of three Amman hotels that killed dozens.

"You have to combat terrorism while it's in its planning stage," said Nasser Joudeh, a government spokesman. "We will not allow Jordan to be used as a scene for any activity relating to non-Jordanian problems. We will not allow anyone to bring militant or extremist ideas into Jordan or export them elsewhere."

But the Hashemite kingdom's evident close ties with Washington and its leap into the U.S.-declared war on terrorism threaten to put the government on what some call a collision course with many of its people, especially in light of a sharp increase in anti-American sentiment after the U.S.-led invasion of Iraq in 2003 and Israel's recent bombing of Lebanon in the Jewish state's war against Shiite Muslim militants.

"Being darlings of the U.S. is considered bad, bad, bad," said a Western analyst based in Jordan who requested anonymity.

Jordanian government officials say the security forces have become less heavy-handed in their approach. "I am liberal-minded," said Maj. Gen. Mohammed Dahabi, the chief of Jordanian intelligence, who says he was appointed in December with a mandate to clean up the service's reputation as well as confront the growing threat of Islamic militants in neighboring Iraq and the West Bank.

However, confronted by the recent allegations of torture, the officials acknowledge that the past casts a long shadow on the country.

"Old habits die hard," said Dahabi, who represents a segment of the tribal-dominated security forces that strongly supports the king.

Few publicly speak out against the king because of a law that can be used to prosecute those who do. "Criticisms of the king and the intelligence forces are strictly taboo and carry serious penalties," says a January 2006 Human Rights Watch report. "Articles of the penal code criminalize speech slandering public officials, criticizing the king and his family, and harming relations with other states."

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But Abdullah has emboldened a legion of critics among the country's tradition-minded tribes that are the backbone of the monarchy.

"He talks about information technology and foreign investment, but he doesn't really know his own people," said the government official, who spoke on condition of anonymity because of his sensitive position within the Cabinet.

"The tribes are very upset with him," said the Western analyst in Amman.

"The impression is that he's too Westernized."

Many critics say the monarch has been too busy pursuing a Western agenda instead of forging ahead with a vision for uniting the country, which remains divided between the powerful tribes and the numerous Jordanian nationals of Palestinian descent.

"He has ambitions to make Jordan a modern country," said Jean-Robert Leguey-Feilleux, a scholar of Middle East politics, diplomacy and terrorism at St. Louis University. "You can't do that without the support of the people."

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Times staff writer Josh Meyer in Washington contributed to this report.

India's Police Say Pakistan Helped Plot July Train Bombings (NYT)

By Anand Giridharadas

The New York Times, October 1, 2006

MUMBAI, India, Sept. 30 — In a declaration likely to increase tensions on this subcontinent, the Indian police on Saturday accused Pakistan's intelligence agency of being behind the July 11 train bombings that killed more than 180 people in Mumbai.

Officials in Islamabad swiftly rejected the allegation, which comes at an awkward moment for Pakistan.

On stormy visits to Washington and London this week, the nation's president, Gen. Pervez Musharraf, was dogged by accusations that Pakistan was not doing enough to curb Islamic militancy, or, worse, might even be aiding it.

Now the Indian police are adding their voice to those claims. They have already blamed Lashkar-e-Taiba, a Pakistan-based militant group fighting to expel India from the disputed Kashmir region, for the blasts.

But on Saturday, for the first time in this investigation, they directly accused the Directorate for Inter-Services Intelligence in Islamabad of plotting the bombings.

"We have solved the July 11 bombings case," Anami Narayan Roy, the police chief of Mumbai, said during a televised news conference. "The whole attack was planned by Pakistan's I.S.I. and carried out by Lashkar-e-Taiba and their operatives in India."

Within hours, the Pakistani Foreign Office issued a statement calling Mr. Roy's comments irresponsible and baseless.

"This statement, like those made immediately after the Mumbai bomb blasts, contains unsubstantiated allegations, which the Indian officials and media keep making for propaganda purposes," the Pakistani statement said.

India almost always blames Pakistan for terrorist attacks on its soil, and Pakistan almost always denies the allegations, expressing frustration with India's refusal to share hard evidence dealing with the attacks.

The latest accusation complicates a recent initiative to rescue the India-Pakistan peace process, which stalled in mutual recriminations after the blasts. Relations improved earlier this month when the two countries agreed in Havana to resume talks and to create a joint mechanism for combating terrorism in the region.

"The antiterror mechanism is obviously not going to take off, especially now that this Mumbai statement has come out," said Kanchan Lakshman, a terrorism analyst at the Institute for Conflict Management in New Delhi. "I think they'll go back to how it was pre-Havana."

Terrorism remains a major stumbling block between the nuclear-armed rivals, which have fought three wars and stood at the cusp of a fourth in 2002. India accuses Pakistan of fomenting terrorism. Pakistan has long said that it provides moral support to those fighting for an Indian withdrawal from Kashmir but that it rejects violence.

Navtej Sarna, the Indian Foreign Ministry spokesman, said in a telephone interview from South Africa that it was too early to judge the fallout of the police statement.

Parvinder Singh Pasricha, the police chief of Maharashtra State, which contains Mumbai, formerly Bombay, said in a telephone interview late Saturday that the accusations by the police had been cleared with and corroborated by India's national intelligence agencies.

The charge comes days after President Bush used a White House dinner to try to make peace between General Musharraf and President Hamid Karzai of Afghanistan, who accuses Pakistani intelligence of letting the Taliban resurface in Afghanistan.

Moreover, this past week, the BBC reported on a document, said to have been written by a military research institute sponsored by Britain, accusing Pakistan's security services of playing a dual role by fighting and abetting militants.

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Indian Official Accuses Pakistan In July Attacks (WP/AP)

By Ramola Talwar Badam, Associated Press

The Washington Post, October 1, 2006

Spy Agency Seen Behind Mumbai Blasts

MUMBAI, Sept. 30 -- The police officer leading the investigation into train bombings that killed more than 200 people in the Indian city of Mumbai in July accused Pakistan's spy agency on Saturday of engineering the attack.

Tariq Azim, Pakistan's minister of state for information, denied the claim, calling it "sad and unfortunate."

"We reject this allegation, and demand that India should provide us any evidence, if they have," Azim said.

Mumbai Police Commissioner A.N. Roy said an intensive investigation that included using truth serum on suspects revealed that Pakistan's top spy agency had "masterminded" the bombings.

Roy said Pakistan's Directorate for Inter-Services Intelligence, or ISI, began planning the attacks in March and later provided training in Bahawalpur, Pakistan, to those who carried out the bombings.

"The terror plot was ISI-sponsored and executed by Lashkar-e-Taiba operatives with help from the Students Islamic Movement of India," Roy said at a news conference in Mumbai, formerly known as Bombay, to announce the completion of the investigation.

Lashkar is a Pakistan-based Islamic militant group; the Students Islamic Movement of India, or SIMI, is a banned group.

So far 15 people have been arrested, including 11 Pakistanis, Roy said, adding that three Indians were still on the run and another Pakistani was killed in one of the blasts.

The July 11 attacks involved seven bombs that ripped through suburban trains in Mumbai, India's financial and entertainment capital, killing at least 207 people and injuring 700.

Pakistan has in the past denied involvement in the attacks, and it was not immediately clear how Roy's remarks would affect the fragile peace process between the nuclear-armed neighbors.

The Indian allegations came days after the BBC reported that a document prepared for Britain's Defense Ministry accused the ISI of indirectly supporting terrorist groups including al-Qaeda.

Pakistan's president, Gen. Pervez Musharraf, strongly rejected the accusation, while the British Defense Ministry clarified that the leaked document was academic research and did not represent the government's view.

Roy gave a detailed description of how the explosives were transported into India and by whom. He also described how the bombs were packed into pressure cookers and placed on the trains.

Roy said some of the Pakistanis slipped into India by going over the two countries' shared border, while others went through neighboring Nepal and Bangladesh. There they were met by Indians who brought them to Mumbai and housed them in rented apartments, he said.

Police cracked the case after tracking down a suspicious call from Mumbai to the Nepali border region, Roy said. There they picked up one of the suspects, who led them to others.

Roy said many of the suspects had been trained to resist interrogation and only the use of truth serum helped tie up loose ends.

Karzai, Musharraf To Lead Tribal Talks (AP)

By Jim Krane

AP, October 1, 2006

President Hamid Karzai said on Saturday that he and the Pakistani president will jointly lead a series of tribal gatherings along their countries' shared border to quell attacks on Afghanistan by Pakistan-based Taliban rebels.

Karzai said he wants an end to the Taliban incursions from Pakistan. The number of attacks in the Afghan border regions has tripled following a peace agreement between the Pakistani government and pro-Taliban tribesmen in its territory, according to U.S. officials.

"We're waiting to see how this peace deal works out. So far it hasn't been fruitful for Afghanistan," Karzai said.

Karzai appears to have been unable to secure Pakistan's immediate cooperation in shutting down radical religious schools or arresting Taliban leaders living in Pakistan.

Radical elements in some Islamic schools, also known as madrassas, have been blamed for indoctrinating suicide bombers and anti-government fighters who have stepped up attacks in Afghanistan in recent months. Hours before Karzai spoke Saturday, a suicide bomber blew himself up in a crowd near Afghanistan's Interior Ministry, killing at least 12 people.

"Unless we target the madrassas and their preaching of hatred against Islam and humanity, we won't be successful," Karzai said.

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A U.S. military officer said on Wednesday that the cease-fire that began June 25, cemented by the signing of a peace accord Sept. 5, allowed the Taliban to use the North Waziristan border area to plan and carrying out attacks in Afghanistan.

Pakistani tribal elders brokered the truce between Pakistani President Gen. Pervez Musharraf's government and militants, ending years of unrest in the tribal region.

Karzai played down suggestions that relations between Pakistan and Afghanistan had cooled because of his bickering with Musharraf. The pair, who met with President Bush on Wednesday, conspicuously refused to shake hands in front of the press on the White House lawn.

"Relations with my brother Musharraf are never cool," Karzai said. "Afghanistan wants stability and brotherly relations between both countries."

Karzai said he and Musharraf would attend a series of jirgas, or consultative councils, with tribal elders and governors focused on the Afghan border provinces of Nangahar and Paktika and Pakistan's autonomous tribal region, North Waziristan.

The two presidents will seek ways to employ armed tribesmen on both sides of the border to stabilize the region and cut down on insurgent raids, Karzai said.

Cease-Fire Called By Group Of Kurdish Guerrillas In Turkey (NYT/AP)

By The Associated Press

The New York Times, October 1, 2006

ANKARA, Turkey, Sept. 30 (AP) — A Kurdish guerrilla group declared a new unilateral cease-fire in its war for autonomy in Turkey's southeast on Saturday, heeding a call from its imprisoned leader, a pro-Kurdish news agency said.

The Kurdistan Workers Party, or P.K.K., said the cease-fire would take effect on Sunday "in the hopes of starting a democratic process for the solution of the Kurdish problem," the pro-Kurdish Firat news agency said on its Web site.

The group said its fighters would not use arms unless attacked by the Turkish Army, Firat said.

The Turkish government has ignored previous cease-fires by the group, saying it does not negotiate with terrorists. Military commanders have vowed to fight until all rebels are killed or surrender.

The cease-fire announcement was made three days after the rebels' imprisoned leader, Abdullah Ocalan, appealed for a new cease-fire after guerrilla attacks against civilians and foreign tourists had drawn global criticism.

On Saturday, a Turkish soldier was killed and another was injured when they stepped on a mine believed to have been planted by Kurdish guerrillas in southeastern Turkey, the Dogan news agency reported. The incident occurred in the Hakkari province, bordering Iran and Iraq, it said.

A surge of rebel violence has killed more than a dozen soldiers and policemen in recent weeks. Militants believed to be linked to the rebels also have bombed tourist resorts, killing three tourists and wounding more than a dozen.

Mr. Ocalan's appeal followed American pledges of support in cracking down on the P.K.K., which is listed as a terrorist organization by the United States and the European Union.

The rebel conflict has claimed the lives of 37,000 people since the guerrillas took up arms in 1984.

Last year, the guerrilla group declared a cease-fire, but the truce lasted little more than a month. The rebels said the government failed to recognize their group and was maintaining its military drive against its members.

The P.K.K.'s longest unilateral cease-fire was declared after Mr. Ocalan's capture in 1999 and lasted five years.

Uneasy Lies The Severed Head (NYT)

By Christopher Caldwell

The New York Times, October 1, 2006

IT takes a lot to shock a vanguard theater audience in Berlin. The Deutsche Oper production of Mozart's "Idomeneo" adds a scene in which the decapitated heads of Poseidon, Jesus, Buddha and Muhammad are pulled from a bloody sack and propped on chairs — and it is meant to provoke.

When the director, Hans Neuenfels, staged the opera in 2003, though, the outrage was muted. That was before last winter's "cartoon affair," in which caricatures of Muhammad in a Danish newspaper led to several days of rioting and arson in the Muslim world, and protests in Europe.

Mr. Neuenfels's production was scheduled to reopen at the Deutsche Oper next month. But acting on an anonymous call from a worried operagoer, the Berlin police made an assessment that staging the opera would constitute a "risk with incalculable consequences." In German as in English, incalculable can mean two things. It can mean too high to reckon, or it can mean your guess is as good as mine. The Deutsche Oper's artistic director, Kirsten Harms, took it in the former sense. On Monday, she announced that "Idomeneo" would be struck from the fall schedule.

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The condemnation was immediate and widespread. The leader of the parliamentary caucus of the Christian Social Union, the conservative Bavarian party, described Ms. Harms's decision as "nothing but pure cowardice." On the left, the Green Party's culture spokeswoman accused her of a pre-emptive "capitulation." Wolfgang Schäuble, the Christian Democratic interior minister who has spent recent months working with Muslim leaders to create an assimilable "German Islam," promised to ask Ms. Harms "whether she had gone crazy."

At a conference on Islam that Mr. Schäuble held on Wednesday, many of the country's top Muslim personalities called for the opera to be performed as planned. As the week ended, the clamor to reinstate the opera looked as if it would soon be irresistible.

What is it that Germans are rallying around so single-mindedly? If it is free speech, then that would imply a national shift. Germans value free speech, of course, and nowhere more so than in the artistic realm. They deploy sex (think of Fassbinder's movies) and gore (think of Joseph Beuys's performance-art pieces with dead animals) in ways bound to strike many Americans as gratuitous. But for understandable historical reasons, they are also unusually sensitive about hate speech.

This is not Denmark, for instance, where Louis-Ferdinand Céline was allowed to spout his fascism after World War II and where, in our own time, intolerant ranting tends to be ignored more than repressed. Germany is a country where you cannot, by law, glorify the Nazis or deny the Holocaust. Expression that tramples on the sensibilities of vulnerable minorities usually gives Germans, at the very least, pause.

The absence of any such pause is one of the distinctive features of the opera affair. Those who urged that people put themselves in Ms. Harms's shoes did so on the grounds of risk analysis, not on the grounds that demeaning religious symbols might be a bad idea. And this seems part of an emerging pattern.

After Pope Benedict XVI said he regretted any offense given by his lecture at the University of Regensburg in Germany — in which he cited the claims of a medieval text that Islam had brought little new besides conquest by the sword — many in the German press, including Michael Naumann, a former culture minister who publishes Die Zeit, argued that he had been too quick to apologize. Monika Griefahn, cultural spokeswoman for the Social Democratic Party, said of the opera cancellation: "If we're weighing security questions against artistic freedom, I have to ask myself if the fundamentalists haven't already won." Jörg Königsdorf, opera critic for the center-left newspaper Süddeutsche Zeitung, noted that the scene with the four severed heads would have constituted "an ideal litmus test for the different potential for aggression among the world's religions."

The clamor cannot simply be chalked up to constitutional vigilance about free speech, because the threat to free speech was not a constitutional one. The state was willing to provide protection if threats proved credible. What it could not do, though, is supply artists and cultural institutions with a sense of steely purpose. In some quarters, inside and outside Germany, there was a mood of having been let down by the German cultural establishment, which is heavily subsidized and seen as pampered, particularly in the opera world. (Among them, the three Berlin opera houses receive roughly as much government financing — just over $125 million — as the National Endowment for the Arts in the United States.)

The British political commentator and opera enthusiast Martin Kettle, not an admirer of Mr. Neuenfels's school of interpretation, wrote in a Guardian blog that it would be a shame if "Idomeneo" were "to acquire a controversial reputation merely because of a 21st-century director's misdirected ego." And in the Frankfurter Allgemeine Zeitung, Eleonore Büning wrote that it would be irresponsible to cancel the opera out of fear, "even if the production were stupid, silly, unoriginal, ignorant or, indeed, offensive."

The "opera affair" suggests that fear of Islam has lodged itself deeply in the minds of a lot of Westerners. Ms. Harms and the investigators she listened to are among them. This fear is not always irrational but not always based on real things, either. People often talk about the "specter" of Islamic violence. It was just that — a specter, rather than violence itself or any specific threat — that led to last week's cancellation. What made the German media and the broader public turn so suddenly on Ms. Harms was a kind of collective embarrassment. Germany has as much reason as other Western countries to worry about Islamist excesses. But the last half century has given it more experience in policing the fears inside its national subconscious.

US In Final Stages Of Installing Missile Defense System In Japan (AFP)

AFP, October 1, 2006

The US military has entered the final stage of installing an advanced surface-to-air missile defense system in southern Japan, amid mounting concern over North Korea's missile launches.

The first batch of equipment for the Patriot Advanced Capability-3 (PAC-3) system was unloaded Saturday at a military port on Okinawa island, amid protests from a handful of anti-war activists, press reports said.

The operation was part of a move to relocate an air defense battalion with some 600 soldiers to the Kadena US air force base in Okinawa from Fort Bliss in Texas. The battalion is equipped with 24 (PAC-3) missiles.

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Under an agreement reached with Tokyo last July on realigning US forces in Japan, the US will deploy PAC-3 missile interceptors at its bases in Japan and make them operational as soon as possible.

Television footage Saturday showed trucks and containers being unloaded from a US-chartered freighter which anchored at the port late Friday.

The Kyodo news agency, quoting US military sources, reported that the PAC-3 system itself was scheduled to arrive in Okinawa within two weeks.

The US plans to begin partial operation of the PAC-3 system by the end of December and become fully operational by the end of next March, Kyodo said.

At the US forces headquarters in Tokyo and at the Kadena base, noone was available to confirm the reports.

The land-based PAC-3, together with the projected sea-based Standard Missile 3 (SM-3), will make up a two-phased advanced anti-missile shield.

The SM-3 intercepts ballistic missiles when they reach their highest point outside of the atmosphere, while the PAC-3 is used to destroy missiles that evade SM-3 interceptions. The accuracy of these systems is still being debated.

SM-3s, jointly developed by the two countries, will be based on destroyers equipped with the state-of-the-art Aegis air-defence system.

The missile-defence project has been a pillar of the strengthened Japan-US military alliance in recent years.

Japan was prompted to boost its missile defenses in cooperation with the United States in 1998 when North Korea lobbed a suspected long-range missile over its main island and into the Pacific.

North Korea's July 5 firing of seven missiles into the Sea of Japan (East Sea) also fueled the drive for the joint missile scheme.

On Tuesday, the US military activated a powerful new missile defense radar at Camp Shariki in the north of the main Japanese island of Honshu.

The so-called X-Band Radar Transportable (FBX-T) is part of a network of forward deployed missile defense sensors that also includes US Aegis destroyers.

U.S. Defense Gear Said To Arrive In Asia (AP)

AP, October 1, 2006

Heavy vehicles and other equipment related to the upcoming deployment of advanced Patriot interceptor missiles at American bases on southern Okinawa island arrived in Japan on Saturday, news reports said.

The equipment arrived amid lingering concerns about North Korea's missile program. Pyongyang test-fired seven missiles in early July that fell harmlessly into the Sea of Japan. The tests prompted Japan to impose sanctions on North Korea and brought international condemnation.

Japan and the U.S. later that month announced a plan to deploy Patriot Advanced Capability-3 interceptor missiles on Okinawa. The U.S. government will have the missiles operational by the end of the year, and will station more than 600 troops on the island to support them, according to Japan's Foreign Ministry.

Equipment related to the Patriots' deployment arrived at a military port in Naha, Okinawa, Saturday morning, public broadcaster NHK and the Kyodo News agency reported.

The equipment includes vehicles that will be used to transport the Patriot missiles, which are expected to arrive in the next two weeks, Kyodo said, citing U.S. military officials.

U.S. military officials did not immediately respond to phone messages and an e-mail Saturday. Japanese military officials were not immediately available to comment.

The missile deployment will be the latest in a series of steps undertaken by the U.S. and Japan to beef up regional missile defense.

Earlier this week, the U.S. military activated a high-powered "X-Band" radar outpost in northern Japan that is a key part of a joint missile defense shield and meant to track ballistic missiles in the region.

The U.S. in late August replaced a guided missile cruiser stationed at Yokosuka near Tokyo with the USS Shiloh, a cruiser equipped with Aegis technology geared toward tracking and shooting down enemy missiles.

In Thailand, A New Model For Militants? (LAT)

By John M. Glionna, Times Staff Writer

The Los Angeles Times, October 1, 2006

Muslim separatists' relentless low-level attacks on civilians are taking a heavy toll, but the campaign is largely unnoticed by the West.

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HAT YAI, Thailand — The bomb that exploded outside New Cherry Ancient Massage was among the most sinister kinds — a lethal sucker punch timed to detonate moments after two other blasts had lured onlookers into the streets of this tourist town.

The homemade device, hidden in a motorcycle parked outside the busy parlor, killed five people, including a Canadian teacher and three masseuses.

All 30 surviving massage workers quit on the spot. Within days, the parents of the three dead women came to take their daughters' bodies home.

"One father asked, 'Why my child? She was a good girl,' " said New Cherry owner Boonchai Sangmankung. "And I couldn't answer him. I don't know myself. Why do the attacks continue? Why are more innocent people killed every day?"

Since 2004, militants in Thailand's predominantly Muslim south have waged a bloody separatist insurgency against the cultural elite of this largely Buddhist nation, targeting teachers, monks, community leaders and government officials. So far, 1,700 people have been killed, yet the campaign of almost-daily bombings, arson attacks, kidnappings and assassinations has gone largely unnoticed in a Western world fixated on higher-profile Islamic terrorism campaigns in Iraq and elsewhere.

"The violence in southern Thailand is quite significant compared to many other world conflicts today," said Panitan Wattanayagorn, a political scientist at Chulalongkorn University in Bangkok. "The U.S. lost 3,000 soldiers in three years in Iraq. This death toll is not far behind."

International terrorism experts are keeping a close eye on southern Thailand's guerrilla war, believing that the attacks could become a blueprint for small insurgencies in the post9/11 world. The strategy of incessant low-level attacks against civilians could be imitated by other regional militants, they say.

Experts also fear that the insurgents could soon be joined by international terrorists slipping across Thailand's porous borders, bringing money, expertise and manpower.

"It's important that this regional war not escalate," said John Brandon, director of the Asia Foundation's international relations program. "The world cannot afford this war to become ripe for outside terror influences to take advantage of it."

A recent State Department report concluded that there was no evidence of any connection between the militants and global terrorist groups such as Al Qaeda or Jemaah Islamiah, based in Southeast Asia.

"There is concern, however, that these groups may attempt to capitalize on an increasingly violent situation for their own purposes," the report stated.

Under Thai rule since 1902, Pattani, Narathiwat and Yala, the three Muslim-dominated provinces at the heart of the violence, are distinct from the rest of Thailand. The people speak a different language — a Malay dialect — and observe a strict Muslim lifestyle not far from the jet-set crowd sprawled on the sandy beaches of Phuket, a draw for U.S. and European tourists.

Many Muslim residents still chafe over what they consider a century of abusive rule. But experts differ over the roots of the insurgency. Some say it's a battle over religious freedom, others say it's a fight for territory and self-rule. Still others say it's both.

But the tensions have filled daily life in Thailand's south with newfound risks — walking children to school, shopping in an outdoor market, driving at night.

In the first six months of 2006, two people died every day, on average: A Buddhist teacher was gunned down in front of his fourth-grade class by men dressed as students. A salesman was beheaded outside a crowded teashop. The owner of an elephant troupe was shot seven times by assailants who had lined up with children to buy tickets for a show.

In August, 22 small bombs exploded nearly simultaneously in banks throughout southern Yala province, killing one person and bringing commerce to a standstill. Two months earlier, 50 bombs went off in a single day at government offices and police stations.

Last year, 15 militants stormed a Buddhist temple and hacked two monks to death before setting fire to their bodies. Thai officials believe that 30,000 Buddhists have fled the south since the attack. Insurgents also have targeted fellow Muslims suspected of conspiring with a military known for its brutality in dealing with the Islamic militants.

For their part, Thai officials claim to be fighting a ghost insurgency: The killers don't issue claims of responsibility for their acts. Officials have little clue about the identity of the attackers. About 20,000 troops in the region have yet to arrest any insurgency leaders.

"The nation's best military intelligence concedes we are waging a war on ghosts," said Srisompob Jitpiromsri, a political scientist at Prince of Songkla University. "We don't have a clue as to who their leaders are or what they want."

Terrorism experts believe that the insurgency is led by a coalition of regional groups, including the National Revolutionary Front Coordinate and the Pattani United Liberation Organization, or PULO, which are vying for control of the region.

The two groups have developed cells in most southern villages and have their pick of disenfranchised youths eager to take part in the violence. But neither claims to control all of the region's militants, saying that religious splinter groups, warlords and business and political rivalries also play a role in the attacks.

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"People on the street may know who is responsible, they may even know them, but everyone is too afraid to say anything aloud, or even speak in private about the attacks," Srisompob said. "That, to me, is the mark of a successful insurgency."

Mahkota Kasturi, a PULO foreign affairs spokesman in exile in Sweden, said Thai officials "know who we are and where we are, but they are reluctant to come to the table. Perhaps they do not feel they need to negotiate with so-called terrorists."

Experts say the militants eventually want to create an autonomous Muslim state in southern Thailand, where residents have long complained of being treated as second-class citizens, enduring the erosion of their language and culture. None of the three southern provinces, where Muslims make up 80% of the 1.8 million residents, has ever had a Muslim governor, they point out.

Mahkota said separatists seek to disrupt Thai society as a way to win freedom. "The killings and the violence will continue until we reach our goal — and that is independence," he said.

Former Thai Prime Minister Thaksin Shinawatra, deposed last month in a coup, had recently struck hard against the insurgents, imposing martial law that brought allegations of torture and counter-assassinations.

In 2004, nearly 200 Muslims were killed by security forces. First, 32 militants died during the storming of a mosque in April. Six months later, a military crackdown on a demonstration against martial law at a regional police station killed scores. Seventy-eight men suffocated after being stacked five-deep into sweltering army trucks.

Thaksin has been replaced by Gen. Sondhi Boonyaratkalin, a Muslim who has pushed for a more conciliatory stance toward the insurgents. But within a week of the coup, attacks had killed four people and injured more than a dozen.

Experts doubt that the regime change will bring peace.

"If anything, they may step up attacks in an attempt to provoke a heavy-handed government response," said Zachary Abuza, a terrorism expert who has written a soon-to-be published book on the Thai insurgency. "The secessionist agenda operates on a time frame that you and I don't understand. For them, 30 years is not a long time."

The scope of the violence has widened since 2004. At first targeting civil servants, soldiers and police officers, militants soon included restaurants and businesses serving the military. Then monks and teachers came under fire; the death toll now stands at 49 teachers and six monks. Many attacks have been staged by men using motorcycles for quick escape. Bombs are usually detonated by cellphone.

Insurgents have made teaching the most dangerous job in southern Thailand.

In July, while his fourth-graders looked on, Prasarn Martchu was shot in the back as he stood at his blackboard instructing a morning class at a rural school in Narathiwat province.

Principal Adul Jekyeng said Prasarn had taught for 25 years and was a leader in the local teachers union. He said four men rode up on motorcycles and passed several classrooms before they found Prasarn.

"He never saw his killers," Adul said. "They shot an unarmed teacher in the back. He had no gun, no weapon, only a piece of chalk."

Educators say teachers are seen by insurgents as authority figures and targeted because they are easy to find. Many, such as Phairat Saengthong, are fighting back.

The regional school director recently flew to Bangkok to buy a 9-millimeter pistol.

"This is the model the U.S. soldiers carry," he said proudly, pointing the weapon around the room.

"Today, 90% of male teachers carry guns such as this, and even 30% of the women, which shows how fearful we have become. I may be a Buddhist, but now I too carry a gun. And I am not afraid to use it."

Sitting cross-legged on the floor of her home in a rural village in Pattani province, Chitra Ngen-Moon said she felt trapped in the crossfire between rebels and soldiers.

Her 29-year-old son, Anek, was killed last year. Friends found his beheaded body soon after he disappeared while on his rounds as the local tax collector. He is one of 10 men who have been killed in the village of 400 residents.

Holding a photo of her son, the 70-year-old woman vowed that one day she would know who was responsible.

"When all of this violence is over, I want to know who cut off the head of my son," she said. "I want to see these barbaric people with my own eyes. But I am an old woman. Now I am too afraid to ask questions."

Nearby, at the Krue Se mosque in Pattani, site of the deadly 2004 storming by the military, Haji Niseng Nilaeh said he did not approve of the violence being waged by either side.

"Every day, people die — it makes me unhappy," said the 77-year-old Muslim elder, dressed in a traditional tunic and sarong. "But the insurgents are not only killing Buddhists, they are killing fellow Muslims now as well. No one is safe."

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Russia Puts Base Closures On Ice (LAT)

By David Holley

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The Los Angeles Times, October 1, 2006

MOSCOW — The Russian military Saturday suspended the closure of its two military bases in the former Soviet republic of Georgia, saying it was acting to protect its citizens there as relations between the two countries spiraled downward in the midst of a spy scandal.

Russia reacted angrily to the arrest Wednesday of five Russian military officers. Four of the Russians have been ordered held for two months while investigations continue; the fifth was released Thursday for lack of evidence. Ten Georgian citizens also were detained.

Georgian authorities have demanded the hand-over of a sixth officer, believed to have taken refuge in Russia's military headquarters in Tbilisi, the Georgian capital. Police have cordoned off the compound, saying they will neither storm the headquarters, which is protected by diplomatic immunity, nor allow the officer to escape. The Russian military has denied that Lt. Col. Konstantin Pichugin is at the compound.

Meanwhile, Russia has been evacuating nonessential diplomats and their families. Ivan Volynkin, a top official at the Russian Embassy in Tbilisi, told Russian news agency RIA Novosti on Saturday that only two diplomats and several security guards would remain.

Alexander Baranov, commander of Russian forces in a southern region that borders Georgia, said Saturday at a news conference in Rostov-on-Don that the base closures were being suspended because Georgia's actions meant the safety of Russian personnel there could not be guaranteed.

Baranov also said that Russia would prevent Georgian authorities from entering any Russian military facility to apprehend suspected spies.

"The order has been given that any attempts by strangers to enter the garrisons' territories be prevented, if necessary, by force," Baranov said. "There is no question of handing over any alleged spies. These are Russian citizens, and any problem should be resolved through dialogue rather than through police escapades."

Russia and Georgia issued a joint statement in May 2005 in which Russia promised to close the two Soviet-era bases by 2008. One of the facilities is in the Black Sea region of Adzharia; the other is in southern Georgia near the border with Armenia.

Salome Zourabichvili, who was Georgia's foreign minister when the accord was reached, said at the time that the statement was not legally binding but that it was "politically binding." The Russian parliament has not ratified a separate protocol implementing the agreement.

Russia also has bases for peacekeeping forces in two breakaway regions of Georgia: Abkhazia and South Ossetia, which border Russia. Tbilisi accuses those units of siding with separatist leaders ruling the two regions, and it wants them gone.

Since his election in 2004 after a nonviolent people's revolt dubbed the Rose Revolution, Georgian President Mikheil Saakashvili has sought to reassert the country's sovereignty and territorial integrity.

Using military threats and encouraged by local protests, he quickly won back control of Adzharia. In recent months, he has stepped up pressure on the other two regions.

Moscow has charged that Georgia wants Russian troops gone so it can retake the breakaway areas by force before applying for NATO membership.

Under Saakashvili, Georgia has made joining the North Atlantic Treaty Organization a top priority. It says it wants to achieve reunification peacefully.

Many observers believe that the long-term goal of the separatists in Abkhazia and South Ossetia is to merge with Russia. Russian officials deny having any designs on Georgian territory.

The Russian ambassador to Georgia, Vyacheslav Kovalenko, was recalled to Moscow in protest of the arrests, and he told reporters upon his arrival here Friday that the spying charges had "no solid basis at all."

Kovalenko dismissed the significance of videotape that allegedly shows the Russian and Georgian detainees conspiring.

Georgian Interior Minister Vano Merabishvili released the video Thursday. It also shows an exchange of money.

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Chirac Urges Turks To Recognize Genocide (NYT)

By Agence France-presse

The New York Times, October 1, 2006

YEREVAN, Armenia, Sept. 30 (Agence France-Presse) — French President Jacques Chirac on Saturday urged Turkey to recognize World War I-era massacres of Armenians as genocide if it wants to join the European Union.

Mr. Chirac spoke at a news conference during a visit to Yerevan, the Armenian capital. His remarks are likely to irritate Turkey and further strain its relations with France.

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Until now, France had refused to make a direct link between the genocide and Turkey's bid for membership in the European Union. The bloc has not made it a condition of entry.

Asked if he thought Turkey should recognize the 1915 massacres as genocide before it joins the European Union, the French president replied, "Honestly, I believe so."

Armenia's president, Robert Kocharian, spoke respectfully about Turkey's aspirations to join the European Union.

"We don't see any danger in this process, but we would like that our interests would be discussed in the process too," he said.

Armenians: EU Wrong On Turkey (WT)

By Andrew Borowiec

The Washington Times, October 1, 2006

NICOSIA, Cyprus -- The Armenian quest for Turkey's admission that it massacred ethnic Armenians nearly a century ago has suffered a setback with an EU decision to drop the historic "guilt clause" as a requirement for EU membership.

The European Parliament's action last week was merely consultative, but nonetheless was seen as a considerable blow to Armenian hopes.

A member of the Armenian diaspora in Cyprus said the community would never give up its struggle to obtain international recognition of "genocide" applying to the World War I deaths of more than 1 million Turkish Armenians, starved, shot or bayoneted during a forced "resettlement" march across the desert to Syria.

Some Armenians feel that the dropping of the proposed precondition paragraph by the EU parliamentarians was influenced by governments pushing for Muslim Turkey's EU membership.

Canada's reference to the Armenian "genocide" and the French plan to penalize those who deny it caused a crisis earlier this year in relations between the two countries and Turkey.

The issue appeared to have been shelved after Turkey threatened "irreparable damage," particularly in its relations with France, Turkey's major economic partner but also home to an influential Armenian diaspora of more than 200,000.

Turkey has systematically rejected efforts to blame it for the massacres perpetrated by the collapsing Ottoman regime that preceded modern Turkey.

Ankara's official version is that some 300,000 Armenians died in 1915-17 because of war, disease, famine and ethnic conflict rather than as a result of any policy of ethnic extermination.

Prime Minister Recep Tayyip Erdogan has described efforts to add the admission of Turkish guilt into official membership requirements as a violation of EU rules.

"We do not ask for privileges from the EU, but putting forward new criteria is unacceptable to us," Mr. Erdogan said recently.

Ottoman Turkey, at war with Russia during World War I, accused its Armenian community of pro-Russian sympathies and of acting as the enemy's "fifth column."

The international campaign for admission of Turkey's guilt is spearheaded by the Armenian diaspora of some 2 million rather than by the former Soviet republic of Armenia with a population of more than 3 million.

Serbian Parliament OKs New Constitution (AP)

By Jovana Gec

AP, October 1, 2006

Serbia's parliament approved a new constitution Saturday declaring U.N.-run Kosovo part of the Balkan state despite ongoing negotiations on the breakaway province's future.

The hastily drafted constitution — agreed after a few weeks of consultation — is designed to underscore Serbia's opposition to possible independence for Kosovo as the result of the U.N.-brokered talks on the province's future.

Kosovo formally is a province of Serbia. But Belgrade has had no authority over the separatist region since a 1999 NATO bombing forced it to end a crackdown against the ethnic Albanian rebels and pull out its forces.

The 242 lawmakers at the session unanimously voted in favor of the constitution that will replace the current one drafted in 1990 by the autocratic leader at the time, Slobodan Milosevic.

The new constitution also needs a "yes" vote in a national referendum before it becomes valid. The parliament later voted to hold the referendum Oct. 28-29.

"This is a historic day," declared Prime Minister Vojislav Kostunica. He said the new constitution will "cement the truth that Kosovo always has been and always will be an integral part of Serbia."

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The constitution also will define Serbia as an independent state for the first time since the breakup of Yugoslavia in the early 1990s.

Pro-Western President Boris Tadic said the constitution will define Serbia as a "modern, European state."

Several hundred government critics rallied in front of the parliament building during the session to protest against the new constitution, saying that it will jeopardize Serbia's future by declaring Kosovo its own. The protesters, led by the opposition Liberal Democratic Party, announced a campaign for a referendum boycott.

International negotiators have said they want to conclude the talks by the end of the year on Kosovo's future, and there have been increasing signs that Kosovo will be granted some form of independence.

Inclusion of Kosovo in the new Serbian constitution will effectively rule out Belgrade's consent to Kosovo's secession as demanded by its ethnic Albanian majority.

The urgency in bringing the constitution is widely seen as a face-saving effort by Kostunica, who is facing a government crisis and a possible walkout of a key coalition member.

The liberal G17 Party has threatened to leave the Cabinet by Sunday over Serbia's failure to arrest top war crimes suspect Ratko Mladic and resume pre-entry talks with the European Union.

The new constitution defines Serbia as the country of the Serb people and its other citizens, grants protection of human and minority rights, and gives a form of self-rule to the northern province of Vojvodina.

Chavez: Assassination Attempt Foiled (AP)

By Natalie Obiko Pearson

AP, October 1, 2006

President Hugo Chavez, who has repeatedly spoken of various plots on his life, said Saturday a sniper with a long-range gun and a motorcycle to escape on had planned to shoot him as he exited a helicopter on a recent trip to western Venezuela.

The incident allegedly occurred when Chavez visited the western oil-producing region of Zulia in June to inaugurate a refurbished fertilizer plant. Chavez appeared to link the plot to his main rival in upcoming presidential elections, Gov. Manuel Rosales of Zulia state, claiming that he is in constant danger from opponents seeking to get rid of him.

"The plan didn't work out for them — God is always present over there. But those responsible left for Colombia, and by the way, they were from the Zulia police," he said.

He did not elaborate further on the alleged plot.

Chavez has made other claims of assassination plots in the past, including a case involving 27 Colombians and three former Venezuelan military officers who were convicted last October by a military court for allegedly plotting to kill him.

His government also demanded that Bogota investigate allegations that surfaced in an influential Colombian magazine in April saying the country's secret police plotted to assassinate Chavez and other top Venezuelan officials. Colombian President Alvaro Uribe has denied the allegations.

Chavez has also accused the U.S. government of secretly backing his opponents in the Dec. 3 elections and recently claimed that President Bush may be seeking to kill him after he called the U.S. leader "the devil" at the United Nations General Assembly.

"For sure, one walks around risking one's life ... We're being threatened with death by the (U.S.) empire," he said.

U.S.-Venezuela ties sharply deteriorated after the Bush administration swiftly recognized leaders who ousted Chavez in a 2002 coup before the Venezuelan returned to power amid a popular uprising.

Chavez has claimed before that the U.S. government is out to kill him and invade his country. U.S. officials deny that but criticize Chavez as a destabilizing force in Latin America.

Brazil Heads To Polls In Shadow Of Yet Another Scandal (NYT)

By Larry Rohter

The New York Times, October 1, 2006

RIO DE JANEIRO, Sept. 30 — With yet another ethics and corruption scandal lapping at President Luiz Inácio Lula da Silva's door, Brazilians will be asked to decide Sunday whether he is worthy of a second term.

A 60-year-old former factory worker and labor union leader, Mr. da Silva has been leading in polls and seems assured of finishing first by a comfortable margin in the initial round of balloting.

The drama surrounding Sunday's vote stems from uncertainty as to whether the president, made vulnerable by an unpleasant "September Surprise" involving some of his closest aides, will obtain the majority he needs to avoid a runoff.

A distant second in the polls is Geraldo Alckmin of the Brazilian Social Democratic Party, a 53-year-old doctor and former governor of Brazil's largest state, São Paulo.

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Two other candidates — former allies of Mr. da Silva — are now positioned to his left: Heloísa Helena de Moraes of the Party of Socialism and Liberty and Cristovam Buarque of the Democratic Labor Party. A range of polls have consistently shown them with a total of about 10 percent of the vote.

At a news conference for foreign correspondents here on Tuesday, Mr. Alckmin acknowledged his underdog status but argued that a runoff would be inevitable because of growing voter disgust with the new scandal and what he called "the corrosion of the president's credibility."

"The second round is another election altogether," he said, in which Mr. da Silva's high "rejection index" will be a factor. "In the first round I vote for who I want, while in the second round I vote against who I don't want."

Elected four years ago on a clean government platform, Mr. da Silva has instead presided over corruption scandals from buying votes in Congress to kickbacks on ambulances and postal contracts. The scandals have prompted resignations of his chief of staff and finance minister and the Workers' Party president, treasurer and secretary general.

Still, until mid-September, Mr. da Silva seemed likely to cruise to a first-round victory.

But then operatives of the Workers' Party, which Mr. da Silva founded in 1980 and still leads, were caught trying to pay $792,000 in cash for a dossier they apparently thought would incriminate Mr. Alckmin's party in a corruption scandal. Up to now, that scandal, at the Health Ministry, has mainly involved Mr. da Silva's party. As a result, Mr. da Silva's campaign manager stepped down.

Mr. da Silva has been a presidential candidate in every popular election since a right-wing military dictatorship ended in 1985. Running initially on the hard left, he lost in 1989, 1994 and 1998, but then shifted toward the Social Democratic views of his opponents and won a landslide victory in a runoff in 2002, with more than 60 percent of the vote.

Nearly 126 million people are registered to vote here, the world's fourth-largest democracy. Voting is obligatory for all citizens between the ages of 18 and 70, but disillusionment and anger, especially among idealistic young voters, over corruption have led to concerns that some voters will cast blank or spoiled ballots — or even stay home, at the cost of a small fine.

Political analysts are unanimous in agreeing that Mr. da Silva wants at all costs to avoid a runoff, which would be held Oct. 29.

Each day the Brazilian press is full of new reports that incriminate his closest associates and let his rivals raise the question of the president's knowledge of or involvement in skullduggery that Marco Aurélio de Mello, the chief justice of the Electoral Tribunal, calls "worse than Watergate."

Mr. da Silva has responded by simultaneously accusing the opposition of seeking to achieve through undemocratic means what it cannot achieve at the ballot box and vaguely acknowledging that some of those around him are responsible for what he calls an "insane" act of "barbarism."

At a campaign rally this week, Mr. da Silva even compared himself to Jesus Christ, saying that he too has been betrayed by disciples.

The campaign highlight was to be a debate by the four candidates here on Thursday night. Hours beforehand, however, Mr. da Silva announced he would not participate, complaining to organizers in a letter that "some adversaries" intended to transform the discussion "into an arena of insults and aggressions, in a game with cards that are marked" against him, the incumbent.

But Mr. da Silva's absence did not prevent his rivals from addressing a chair with his name next to it. "If the accusations are proven, will you resign?" asked Mr. Buarque, the president's first minister of education. "Are your supporters voting for you or for your vice president?"

Brazil Leader Slips In Polls Before Vote (AP)

By Alan Clendenning

AP, October 1, 2006

Brazil's first working-class president slipped in the polls on the eve of elections Sunday, indicating he may not win a convincing first-round victory but will instead be forced to campaign for another month amid spiraling corruption allegations against his party.

President Luiz Inacio Lula da Silva, a poor farmer's son who became a radical union leader and has governed as a centrist, was considered a shoo-in earlier this week. But fresh polls on Saturday night showed him in danger of failing to win 50 percent of the vote, which would trigger a second round of voting on Oct. 29. Silva, known to all as Lula, is still favored to win in the second round.

Silva stunned the world by stabilizing the economy and bringing millions out of poverty without raising taxes as Brazil's first elected leftist leader. But the latest polls suggested a corruption scandal surrounding his party, which has erupted in the last few weeks, may be taking its toll on his popularity.

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But Both the Ibope and the Datafolha polling institutes said Saturday night that Silva's lead decreased enough in recent days to raise the possibility of a runoff. Silva would get 49 percent of the valid votes, according to Ibope, while Datafolha said Silva would get 50 percent. Earlier this week, another poll showed Silva with 59 percent.

Ibope interviewed nearly 3,000 people in 200 cities Friday and Saturday. Datafolha surveyed more than 14,500 people in nearly 400 cities on the same days. Both polls had a margin of error of 2 percentage points.

The results came after Silva skipped a presidential debate Thursday that opened him up to criticism from his opponents.

Six members of Silva's Workers' Party, including an old friend who ran his personal security detail, face federal arrest warrants for their alleged roles in an effort to buy damaging information about political opponents.

Silva has not been directly implicated, but allegations are swirling that the Workers' Party tried to pay $770,000 for a dossier linking Sao Paulo gubernatorial candidate Jose Serra to graft when he was health minister between 1998 and 2002.

Accusations of political dirty tricks and illegal campaign spending forced Silva to fire his campaign manager days before the election.

Silva had no weekend campaign events planned before he votes Sunday in the Sao Paulo suburb where he gained fame leading strikes against Brazil's dictatorship in the 1970s and 1980s.

Media coverage, meanwhile, shifted to fears that all 155 people may have died aboard a passenger jet that crashed Friday in the Amazon jungle. Rescuers reached the remote site Saturday.

For the United States, Silva's re-election would be a mixed blessing.

He proclaims himself a friend of Cuban leader Fidel Castro and helped sink the U.S.-sponsored Free Trade Area of the Americas in a protest over lavish U.S. farm subsidies. At the U.N. General Assembly last month, Silva blasted the U.S.-led Iraq war, saying the money should be used to alleviate global poverty.

But unlike Venezuela's President Hugo Chavez, who used the assembly podium to call President Bush "the devil," Silva refrained from mentioning the United States or Bush by name.

Washington also wouldn't mind another four years of Silva because he is widely seen as a soothing influence on a continent where far-left sentiment is on the rise, said Michael Shifter, an analyst with the Inter-American Dialogue think tank.

"If Lula is a leftist, he is a leftist Washington can happily live with and even bolster," Shifter said.

On his first full day in office in January 2003, Silva had breakfast with Chavez and dinner with Castro, creating what Chavez termed the "axis of good" — a play on Bush's reference to North Korea, Iran and prewar Iraq as the "axis of evil."

But Silva has managed to distance himself sufficiently from the two to allay fears of radical change. His campaign has positioned him in the center against Geraldo Alckmin on his right — a business-friendly former Sao Paulo governor with poll numbers in the low 30s — and far-left candidate Sen. Heloisa Helena, who is expected to get less than 10 percent.

Alckmin attacked Silva over the corruption scandal in a last-minute Rio de Janeiro campaign stop Saturday, saying voters should choose him to rid Brazil of "this plague of corruption, and to have a government that works."

Despite the scandal, Silva remains popular because in the four years since he was elected in a landslide, life has certainly improved for the majority — more jobs, lower inflation and bigger benefits for the poor.

Silva's campaign theme — that he has proven he can reduce poverty — resonates from the urban slums of Sao Paulo and Rio de Janeiro to Brazil's impoverished northeast, where Silva was born.

"Zero Hunger," his expanded food stamp-like program, guarantees about $30 a month to virtually all poor families provided they vaccinate their children and keep them in school. It distributes $325 million a month to about a quarter of Brazil's 187 million people.

"He has done an excellent job in controlling inflation and improving the lives of the poor," said Anselmo de Souza, a 63-year-old retired metal worker in the Sao Paulo suburb where Silva rose through the union ranks. "I think the accusations that he is corrupt are lies made up by his enemies."

Alckmin says Silva has stifled growth with the high interest rates he deployed against inflation, and he uses the scandal to taunt the president's Workers' Party for having claimed to be the most ethical in Brazilian history.

Marisela dos Santos voted for Silva four years ago and feels betrayed.

"He may have improved the lives of the poor and stabilized the economy but his government is as infected with corruption as all the others," said the 32-year-old dental assistant. But she doubted anyone else would do better and remained undecided about her vote.

Silva's second-term priorities include reforming the tax and labor rules. But he'll likely be in defensive mode for months as election authorities investigate whether he had a role in the dirty tricks scandal and a center-right coalition led by Alckmin's party could end up controlling the Senate, where 27 of 81 seats are being contested.

Brazilians also are electing all 513 deputies in the House and all of their state governors.

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Support From Brazil's Poor Gives Lula Edge In Election (WP)

By Monte Reel

The Washington Post, October 1, 2006

SAO PAULO, Brazil, Sept. 30 -- The dividing lines that will determine Brazil's presidential election on Sunday are extraordinarily clear, as plainly visible as the swinging doors that separate a restaurant's dining room from its kitchen.

At a buffet lunch in a middle-class neighborhood, almost all of the cooks who ride buses for hours every day to toil in a steamy kitchen said they will vote to reelect President Luiz Inacio Lula da Silva. On the other side of the doors, almost all of the diners said they planned to vote against him.

Lula is expected to coast to victory for this reason: In Latin America's largest democracy, a lot more people live like the cooks than live like the customers.

Although Lula always has portrayed himself as a champion of the downtrodden, the nature of his electoral support this year is different from what it was four years ago. Then, backing among more than 50 percent of middle-class voters was the key that allowed the longtime labor union leader to become president. That support has plummeted to about 35 percent this year, while backing among those earning less than $340 per month -- a minority of whom voted for Lula the first time around -- has soared to almost 60 percent.

Lula won in 2002 during a second-round runoff. He could avoid a late-October runoff this time by getting a majority of the vote Sunday. This week's opinion polls showed Lula favored by just over 50 percent, and his closest challenger -- former Sao Paulo state governor Geraldo Alckmin -- with around 30 percent.

Thanks in large part to minimum-wage hikes and an increase in social programs providing cash to poor families who agree to keep their children in school, the poor have seen their spending power rise by about 28 percent. The Brazilian currency, the real, has gained 60 percent on the dollar since Lula has been president, which has helped keep prices down. The proportion of the population living in poverty has fallen from about 24 percent to about 18.5 percent over the past four years.

"For 12 years, my husband and I have been trying to rebuild our house, and this month we were able to finish because now we can afford cement," said Marlene Silva, 34, who scrubbed chrome counter tops in the kitchen. Helio Helene, a 53-year-old man sweeping the floor nearby, added: "My family used to eat the cheap brands of rice because a package of the good quality rice used to cost 18 reals [about $8.60]. Now the same rice costs 10 reals, so we eat the good brands."

The middle and upper classes don't have stories that are rooted so strongly in everyday life. They talk about double-digit interest rates and a reluctance by Lula to tackle overdue reforms in the banking sector and the social security system. If the economy doesn't grow faster than its current annual pace of about 3.5 percent, they argue, social programs will collapse and leave everyone -- including the poor -- worse off than before.

"Lula is a good agitator, but he's not a good administrator," said Marcelo Naumann Boufleur, 28, one of the restaurant's diners, who works for a video production company. "Interest rates are so high that people are starting to lose jobs -- there's no investment because of that."

When Lula was elected, some financial analysts feared he might promote populist economic policies that would destabilize financial markets, but he earned early praise for reducing foreign borrowing, amassing foreign reserves and retaining a relatively strict fiscal policy. Now some economists say he hasn't done enough.

"Brazil's economic growth is not as much as the world average, and as a developing country it needs to be much higher," said Aloisio Pessoa de AraÃºjo, an economist with the Getulio Vargas Foundation in Rio de Janeiro. "We need to do more to diminish the informal sector of the economy, to regulate less and lighten the tax burden on key sectors."

The middle and upper classes -- as well as the newspapers and magazines that they read -- have paid close attention to a series of corruption scandals that have implicated Lula's administration in recent months. On Saturday, the front pages of the country's largest newspapers featured photos of stacks of cash allegedly paid by a Lula campaign aide for a dossier containing damaging information about Lula's political rivals. It follows allegations of vote-buying in the National Congress last year among members of Lula's party, which prompted some of the president's closest advisers to resign or be fired.

Lula's campaign on Saturday said the publication of the photos was another example of foul play by the media. Throughout the campaign, Lula has declined interviews, contending that most journalists are biased against him. Pundits and those who listen to them might disdain the president, one campaign aide said, but Lula doesn't need them to win.

"You don't know what a burden it is to govern a country with a small group -- the elite -- that is so full of prejudice as the one here," Lula told his supporters during a campaign-closing rally Thursday in a suburb of Sao Paulo.

But the polls suggest the criticisms haven't stuck to him, particularly among those who have benefited from his social programs. For the 70 percent of the population with less than eight years of schooling, the social programs speak louder than the media, according to political analysts.

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"Being a government considered more daring in the social field seems to have built a barrier that protects Lula from the corruption allegations," said Francisco Fonseco, a Sao Paulo-based political scientist who published a book last year criticizing the Brazilian media for advancing a non-representative political viewpoint. "Whoever reads only the mainstream media, especially the large newspapers and magazines, tends to have a relatively distorted vision of the political process."

But Claudia Ramos said that from her viewpoint -- that of a 41-year-old secretary with two daughters and a husband who is a lawyer -- the country under Lula has entered a crisis of conscience because of the corruption that has touched the president's party.

"Economically, everything is the same for us, but the country has changed morally," she said, preparing for lunch at the restaurant with her family, who live in the wealthy neighborhood of Campo Belo in Sao Paulo. "I am ashamed of the political situation here."

She added that her daughters' school held a mock election in which Alckmin won handily. But her 6-year-old daughter interrupted to say she had met someone at the school who supported Lula.

"The cleaning lady," she said.

Not So Welcome In South Africa (WP)

By Craig Timberg

The Washington Post, October 1, 2006

Somali Shopkeepers' Lives Shattered by Violent Attacks

MASIPHUMELELE, South Africa -- The mob announced itself the night of Aug. 28 with a terrifying clatter of stones against the tin walls of Hadith Haji Adam Osman's tiny shop. As he cowered inside, watching one window and then the other shatter from the onslaught, Osman recalled, the young men waved machetes in the air and shouted: "Baraka hamba! Baraka hamba!"

In the slang of this township on the rocky, ragged foothills of Cape Town, "Baraka" is the word for Somali shopkeepers such as Osman, 26, who have traveled thousands of miles from their war-ravaged homeland in search of peace and prosperity in South Africa. And "hamba," a word from the dominant Xhosa language here, means "Go away!"

Looking back on that night, when dozens of Somali shopkeepers lost their homes, jobs and dreams for better futures, Osman counts himself fortunate just to be alive. In the past three months, community leaders say, 32 Somalis have been killed in attacks in townships as South African businessmen have violently defended their turf against the newcomers. The most recent death came Saturday in the township of Delft, also near Cape Town.

"When I see my fellow Somalians being killed, I also understand I am lucky to have survived," said Osman, a slender and short man with a wisp of hair on his chin and the thoughtful manner of a patient older brother.

The attacks on Somali immigrants have drawn attention to a vicious strain of xenophobia lurking in South Africa, a nation determined to portray itself as a model of harmonious diversity but tormented by some of the world's highest rates of violent crime.

The attacks are also a chilling reminder, South Africans say, of the violence that marked the final years of apartheid. Clashes in squalid townships such as this forced the government to abandon a decades-old racial order in 1994 but left the nation with a glut of cheap weapons and a legacy of brutality that lingers in the epidemic of rapes, murders and robberies.

Somalis say the recent attacks have convinced them that South Africa's townships are no safer than Mogadishu, the violent capital of a country so riven by power struggles that no government has controlled all of it since 1991.

"People are going back to Somalia now, no matter what's happening there," said Abdi Hakim, 35, whose grocery store in a township near Cape Town has been robbed twice this year. "If we're going to die, we're going to die there in our homeland."

Mohammed Abdullahi, 35, fled Somalia in 2003, leaving behind a wife and three children in Mogadishu. He eventually found his way to South Africa and opened a shop in Khayelitsha, among the largest and most dangerous of the townships near Cape Town.

On Monday, he said, six young men came to his shop shortly after dark. Without saying a word, one of the men shot Abdullahi in the right temple, leaving him for dead in a pool of his own blood but stealing nothing.

From his Cape Town hospital bed, where Abdullahi is recovering but is unlikely to see again, he struggled for breath in recounting the attack. As he raised his right hand in the shape of a pistol, he whispered, "I've been shot because I'm Somali."

The Somalis began arriving in Masiphumelele in 2002 with the opening of Baraka Cash Store, a modest grocery. "Baraka" means "blessing from God" in the guttural mother tongue of the Somalis, and as their numbers swelled the township's residents began calling them "Barakas."

The Somali shops did not look different from the ramshackle collection of hair salons, bars and vegetable stands that already lined the streets of Masiphumelele. But customers here, struggling for every penny despite being nestled in the mountains just a few miles away from South Africa's glitziest tourist spots, soon noticed that the Barakas sold their goods for less

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than the stores owned by South Africans. The Barakas also offered a warmer, more responsive brand of customer service, residents said.

The Somalis, mostly unmarried men in their twenties and thirties, worked all day, every day, then slept on cots in their shops at night. They also lent one another money, hired other Somalis as employees and developed strong ties with the region's distributors.

Rivals were not happy, and as more and more Barakas moved to Masiphumelele and opened shops -- the total reached 27 in a community of about 20,000 residents -- the township grew tense. There was a string of robberies. Some shops had their windows broken. One Somali shopkeeper said that every few weeks, a young tough would walk into his shop and say, "Tomorrow I am going to kill you."

On the night of Aug. 24, a group of the township's South African businessmen gathered in a community hall to vent their frustrations. By the end of the meeting, they had agreed that rather than compete against the Somalis, they instead would chase them away, giving them three days to leave.

One of the men at the meeting later told police, "We should not be surprised if one of the Somali businessmen is killed," according to a police report. Another was quoted as saying that if the Somalis did not leave, "we are going to send our dogs."

The three days passed without incident. Then shortly after 8 p.m. on Aug. 28, a mob of more than 200 men and women formed as Somalis across Masiphumelele were closing their shops.

Throughout that night, the crowd moved from Somali-owned shop to Somali-owned shop, bashing in doors, ripping holes in walls, tearing off roofs. Inside, the shopkeepers grabbed machetes and prepared to die protecting their property, they said. But when they saw the sheer numbers of the approaching mob, most fled in terror instead. Some, like Osman, prayed that steel-gated doors would hold as they furiously punched the number of the police on their cellphones.

By the time a group of 10 officers arrived, the situation was out of control, said Capt. Roy Matthee, head of detectives at nearby Ocean View police station. The officers frantically tried to rescue the Somalis and fired rubber bullets to disperse the crowd.

Over the course of that night, 400 rubber rounds were expended, but the shops were thoroughly damaged and emptied out -- in some cases, only the concrete floors were left. But not a single Somali was killed.

Police arrested two men for the attacks of that night, and charges of intimidation were filed against seven of the businessmen who attended the meeting of Aug. 24. All are now free on bail, awaiting trial.

Most of the shopkeepers spent the next several weeks in churches, community halls and mosques. Many are now planning their return to Somalia, they say, ready to leave South Africa as soon as they can raise the money.

The businessman who led the meeting, Khaya Aubrey Cwayi, 32, said he was sorry about the attacks, which he blamed on others. He said the business community of Masiphumelele would not object to having some Somalis return as long as they did not drain too much of the profits of other stores.

"It would be fine if we could have five or seven shops of the Somalians. Not more," he said. "If they are all over the place, those existing businesses will never make any money."

Osman visited his old shop last week. The landlord had repaired the windows, and the hole in the wall where the mob had forced its way inside was closed up as well. As Osman looked at the gutted store, which was empty save for some broken eggs and plastic milk crates, several old customers begged him to return to Masiphumelele.

They missed his low prices, they said, and his smile.

"Please come back," said Matilda Badla, 23, who lived across the street from Osman's old shop. "This week."

Osman sadly shook his head. He had no money to restock. And where he once felt hope, he said, now there was only fear.

"They want me to be here," he said. "I also like them. But circumstances will not allow it."

Zambia: Unofficial Results Give Opposition The Lead (NYT)

By Michael Wines

The New York Times, October 1, 2006

The tallying of Zambia's presidential election was held up after a ballot shortage delayed voting in some provinces, but the state-owned newspaper The Zambia Daily Mail, citing a survey of voters leaving polls, reported that Michael Sata, a populist former cabinet minister, held a commanding lead over the incumbent, Levy Mwanawasa. Mr. Sata was reported to have healthy leads in both Lusaka and the northern Copperbelt Province, the two most populous regions.

In China, Churches Challenge The Rules (WP)

By Maureen Fan

The Washington Post, October 1, 2006

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Bold Congregations Risk Official Wrath

WENZHOU, China -- A new breed of churches in this region of China has demonstrated a boldness and independence unmatched elsewhere in the country, despite strict government guidelines for places of worship.

Here in Wenzhou and the surrounding province of Zhejiang, just south of Shanghai, a growing number of congregations that began life as house churches -- unauthorized places of worship set up in private, often dilapidated homes -- have recently registered with the government, while continuing to spurn the rules of the official Protestant church in China. Like so many institutions in China, these churches now hover in a sort of legal netherworld.

The official church, known as the Three-Self Patriotic Movement, was founded in the 1950s to free religious Chinese from foreign funds and influence. Its name is derived from the principles of self-governance, self-support and self-propagation of the Gospel.

The fact that many Christians in this region have turned away from the official church's beliefs, analysts say, is a result of history and prosperity.

"Wenzhou's Christians have a lot of social connections, a lot of friends, they're very capable," said Chen Cun-fu, director of the Institute of Christianity and Cross-Cultural Studies at Zhejiang University in Hangzhou. "They're smart, they know how to do things. They're young, they have money, they have their own cars and cellphones."

Meanwhile, a growing number of college students, lawyers, businessmen and preachers educated abroad are also joining illegal house churches.

According to the rules of China's official church, midweek services are forbidden, as is proselytizing outside of church. But the rules are often bent, depending on the relationship between local officials and church leaders, and some independent-minded churches refuse to attend official meetings or pay official fees.

The well-worn Bailouxia church, tucked away down a small lane in this prosperous city, began as an illegal house church. But the church registered with the local religious authorities, and now displays a cross outside the building.

On a recent day, four elderly parishioners stretched out in varnished wooden pews, napping under ceiling fans. In a back row, a toddler fussed as a woman plucked the eyebrows of another worshiper using a thread.

"God's temple is desolate," sang a preacher at an electric keyboard, leading about 60 people in a hymn. "Where is the watchman? The wall is collapsed and everybody is only taking care of themselves."Clash Over a Building

Nothing illustrated the boldness of Zhejiang's Christians more clearly than the hasty building of an illegal house church this summer in a suburb of Hangzhou, the provincial capital. When local officials demolished the church, a massive riot ensued, with 3,000 protesters facing off against thousands of uniformed riot police, security guards and plainclothes police.

It was the most dramatic example in a series of arrests, raids and demolitions of churches considered illegal by the authorities. Some observers said the riot was only the latest chapter in a long-running battle between authorities and the more outspoken of China's growing population of 45 million to 65 million Christians. Other activists said it represented a stepped-up persecution of unregistered congregations.

The 85-year-old church, in the suburban district of Xiaoshan, had its own building before government officials turned it into a hospital many years ago. Since then, members had haggled with officials for compensation and a new location, most recently rejecting a government-approved spot beside a noisy highway.

"Xiaoshan people have the tradition of family or house gatherings and they're rich, so they want more freedom," said Chen. "It's hard for the government to regulate them and tell them where to build their church."

Tired of delays, church members decided in July they couldn't wait any longer. Hundreds gathered in Xiaoshan's Cheluwan village to build the church by hand. They began on a Monday, one group encircling the site to serve as protection with a second group working in rotation through the night. Some volunteers cooked while others stood above one another on metal scaffolding, handing up bricks, sand, cement, shovels and rope.

By Saturday morning they needed only to lay the roof. But on the afternoon of July 29, authorities sent several hundred trucks, four bulldozers, and thousands of riot police, security officers and non-uniformed guards to the scene. Police used bullhorns to order everyone to disperse.

"Stop all illegal activity," the police demanded, as bystanders used their cellphones to photograph their arrival. "Nobody should obstruct state officials who are executing their public function. Nobody should make up facts, spread rumors or disturb social order."

A riot broke out as church members tried to stop the demolition. More than 50 people were detained and many were beaten, said an attorney for the detained, who interviewed and photographed the injured. Six church leaders remain under arrest for instigating violence and interfering with the law. Prosecutors will decide whether to formally charge them this month.

The head of the village, who said his surname was Wang, insisted there had been no injuries and complained that the church was unregistered and illegal.

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"They're absolutely lawless. They consider God to be the most powerful authority and ignore the law," Wang said in a telephone interview.

Official state media reported only that an illegal building had been dismantled, but news of the riot, arrests and beatings spread quickly among Christians.

"This would only happen in Zhejiang. In other provinces, Christians wouldn't dare to build a church this way," said a preacher in a registered Three-Self church in Hangzhou that has several thousand worshipers. He asked not to be named because religion is such a sensitive topic.

"The authorities pay no attention to what you preach, so long as you don't talk about political issues," the preacher said. "The law in China is very fluid. They can regulate but people sometimes do what they want."

In Xiaoshan, however, residents now live in fear. There is an ongoing investigation into who leaked news of the riot to foreign media. One villager said police have been waiting outside the homes of active Christians and posing as journalists.

"You can't speak loudly or talk to outsiders or strangers. There are plainclothes police paying close attention to the houses where Christians live," he said. "They stop people on the street, and in the middle of the night. They ask where the leaders have gone."'It's Just a Name'

Hu Qianjie, the 32-year-old owner of a Wenzhou welding factory, is one of the growing number of independent-minded preachers at registered churches in China. The son of peddlers, he grew up in poverty and remembers Christians coming to help pray for a sick younger brother.

"I was so confused about what I was taught in school -- that socialism was good, everybody was equal, no job was better than another," he said of the search that led him to convert to Christianity when he was 17. Today, despite the fact that he leads a congregation affiliated with the official church, he makes his own views known.

"We look like we might be under the umbrella of the Three-Self church but actually it's just a name, like a sign hanging in front of your house," he said. "I don't just explain the Bible to my followers, I link it to the current situation of society."

Hu rejects the formulaic nature of official Three-Self sermons that stick strictly to the Gospel. And he is critical of early Communist Party attacks on any Western ideology, arguing that Christian cultures are better at absorbing useful lessons from other societies. "Chinese culture just expels everything that doesn't fit with its own culture," he said.

By making the church relevant to the lives of young Christians, Hu also hopes it will fill a void because the government is unable to provide moral leadership.

"We don't talk publicly about sensitive, political issues," he said. "We focus more on abortion, divorce, extramarital affairs. The Communist Party has no more standard for that, no more restrictions on that."

Zheng Datong, a Wenzhou preacher who gives sermons in both registered and unregistered churches, said churches in China are an important outlet for the middle class in Zhejiang province.

"I have many friends who are middle class and who own their own businesses," he said. "I can tell there is a need for them to do some soul-searching. People have everything now -- they have cars, they have houses -- but no peace."

Researcher Jin Ling contributed to this report.

Often Parched, India Struggles To Tap The Monsoon (NYT)

By Somini Sengupta

The New York Times, October 1, 2006

SURAT, India — Early on a Monday morning during the August monsoon, after several days of torrential rains, the engineers in charge of a massive dam about 50 miles upstream from this diamond-polishing hub faced a harrowing crisis.

With water brimming well past the permitted levels at the 350-foot Ukai Dam, according to official records, and the skies showing no sign of relief, the engineers apparently threw open the reservoir's 21 sluice gates. Water then did what water does. It surged downriver, swallowing this city of three million people like a hungry beast. The diamond lanes of India became a warren of muck and ruin.

In less than three days, at least 120 people died. More than 4,000 animal carcasses were later hauled out of the mud. Two weeks after the floods, Surat's diamond-polishing factories were practically empty of workers, who had fled fearing disease. An industry group estimated the losses at $60 million.

Exactly what happened in Surat is still under investigation. But the deluge has drawn new attention to a puzzle that is crucial to securing India's future: how to harness and hold on to its rich but capricious rains.

The problem is a matter of bitter and enduring debate in this country — and the answer may hold a key to India's prosperity. Every year, India is crippled by floods in some areas, even as it is parched in blighted corners elsewhere.

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India's average annual rainfall rate hovers at an abundant 46 inches, as much as Ireland's. Yet growing water scarcity threatens both farms and cities. With the population hitting 1.1 billion, the amount of water available to each Indian is roughly the same as the amount available to the average Sudanese, according to the Food and Agriculture Organization.

India's rains tend to come in short, furious bursts, meaning that much of that water escapes as untapped potential, washing into the sea and wreaking havoc on the fragile villages and flourishing cities that stand in its way.

India is likely to become even more vulnerable, environmentalists warn. Global climate change threatens to make weather patterns even more erratic. Steadily shrinking Himalayan glaciers will inexorably melt and rush down the flood plains.

Floods in India are already a perennial and costly affair, especially in human terms. The southwest monsoon killed 2,545 people in less than four months this year, according to the Ministry of Home Affairs.

Part of the problem lies in India's rapid and unruly development. As water demand has soared, the natural sponges of Indian cities — lakes, ponds, marshes, mangroves — have been lost to construction. Only a handful of city and state governments have lately begun to mandate rainwater harvesting to slowly replenish groundwater.

Moreover, the country faces a water storage crunch. Traditional small-scale Indian storage systems, from temple tanks to elaborate step-wells, have fallen into disrepair. China, a country with similar development issues, manages to store five times the water that India does per person, the World Bank estimates. But the Chinese government, with scant public debate, has moved thousands of people to make way for colossal water projects.

India, too, has tried. But here, in the world's largest democracy, the big-money water solution — the big dam — has been the subject of rancorous disputes. Some projects have met resistance for decades.

Proponents say India must build many more reservoirs to meet its growing water and energy needs. India's founding prime minister, Jawaharlal Nehru, under whose watch the Ukai Dam was built, called them "modern temples" of his newly sovereign nation. India has roughly 4,300 large dams, like the one east of Surat, and an additional 475 under construction.

Critics say that big dams have already proved too costly and too destructive, submerging villages and displacing people without adequate compensation.

They also argue that dams and irrigation canals, like so much Indian infrastructure, are so poorly maintained and managed that already they cannot hold all they are supposed to. According to government estimates, silt deposits make up 10 percent of total capacity. Because of declining rains, India today fills up its reservoirs two out of every three years.

When the Tapi River burst upon Surat on Aug. 7, its swollen waters broke through an already fragile concrete embankment near Abdul Bhai Patel's apartment.

Eventually, the rising waters reduced Mr. Patel's building to a pile of rubble and brick. His wife, Zulekha, was among nearly 40 people who were killed when the building collapsed.

"I screamed," Mr. Patel recalled several days later, as he picked solemnly through the rubble in search of his passport. "No one heard me. There was water all around." The river took away his only source of income, too — the auto-rickshaw that he plied on the streets of Surat.

Downstream, at the industrial park called Hazira, one of the country's largest natural gas plants was forced to shut down. Several petrochemical plants shut down as well. The floodwaters reached as high as 18 feet at Hazira.

Government engineers who manage dams, including the Ukai, have the unenviable task of balancing the competing Indian curses of drought and deluge.

In dry years, they must take measures to store as much water as possible in the reservoir. In wet years, they must guard against drowning those who live downstream.

Whether state officials at Ukai could have taken any steps to forestall the flooding remains uncertain. The officials plead silence, citing a judicial inquiry under way.

Their critics are not silent. They argue that it was reckless to wait so long to discharge so much water, knowing it could submerge the city in a matter of hours, and they have pounced on the drowning of Surat as a model of all that is wrong with the way India uses its reservoirs.

"I call it a management failure," said M. D. Desai, a retired state engineer who once worked at Ukai.

The reservoir was already well over 20 percent full by the time the rains began in July, critics note. Meteorological data forecasted heavy rains in early August. And dam officials should have known that a full moon, on Aug. 9, would bring high tides and further pinch the river's ability to drain into the sea. The Hazira industrial complex, built on the estuary, also compromises the river's ability to drain out.

Often, the wasted water is a double hit to development: Not only does it go unused, it destroys everything in its path, setting back both industry and infrastructure. In Surat, the outpouring of the Ukai Dam snapped electricity and phone lines, and suspended train service and commerce.

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The Business Standard, an English-language daily, fumed in an editorial, under the headline "Man-Made Floods," a few days after the deluge.

"Releasing the water in a rush at the monsoon time means that the stored water has gone completely waste, as runoff," it read. "This is criminal profligacy with a scarce and precious resource."

Modern India, urban and rural, continues to live at the whim of the monsoon.

For two-thirds of India's farmers, who have no access to irrigation, a good monsoon is the difference between survival and penury. For fast-growing cities like this one, the monsoon lays bare the frailties of urban infrastructure.

This year, in the perennially drought-stricken agricultural region of Vidarbha, in central India, the monsoon was first tardy and then, unexpectedly furious. Those who had low-lying lands lost their crops entirely. In the western state of Rajasthan, a fluke downpour turned desert to lake.

In the cities, troubles like those in Surat are spread all around, at accumulating costs. Last year, one day's unusually heavy rains brought Mumbai, formerly Bombay and the country's financial capital, to a standstill.

Trains stopped in their tracks. Cars were submerged, sometimes with people inside. Shanties were washed away. All told, 400 people died in the flooding, and then, 60 more, as cholera and dengue fever festered in its waterlogged streets.

Civic scrutiny fell on years of neglect and bad planning: the narrow storm drains bursting with the city's waste; the slums sitting on the city's floodplains; and the sprawling complex of financial services buildings that has eaten up mangroves.

In Surat, prosperity and population growth brought a surge of new development on the river's edge. A city official acknowledged that expanding construction along the riverbank had made it impossible to put up flood walls in some places.

Any lessons will come too late for Tulsi Mistry, 14, and her family. Before dawn, on that fateful Monday in early August, when news of flooding first reached the Rivera Row Houses, they scrambled to higher ground.

From her perch on the roof, Tulsi watched as the river rose and devoured her city. A refrigerator and washing machine coursed down her street. A body floated in the park up the road.

Tulsi and her family ended up virtually stranded on their rooftop terrace for a week. They ate whatever was left in the pantry and shared with neighbors. They drank what was stored in the rooftop tank, forgoing a bath for seven days.

Burma Detains Two More Dissident Figures (WP/AP)

Associated Press

The Washington Post, October 1, 2006

RANGOON, Burma, Sept. 30 -- Burma's military junta detained two former dissident leaders on Saturday as part of a renewed crackdown on pro-democracy activists that followed anniversary celebrations of Aung San Suu Kyi's political party.

Min Zeya, 45, and Pyone Cho, 40, were taken from their homes Saturday, a day after sending a letter to the ruling junta chairman inquiring about the status of three other activists detained Wednesday.

Their arrests brought to six the number of activists detained since Suu Kyi's National League for Democracy marked its 18th anniversary Wednesday.

Min Zeya and Pyone Cho were among the leaders of a nationwide uprising in Burma, also known as Myanmar, in 1988. The military crushed the uprising and seized power. Pyone Cho served nearly 14 years in prison and was released in 2003, while Min Zeya served eight years and was released in 1997.

On Wednesday, the military picked up Min Ko Naing, Ko Ko Gyi and Htay Kywe -- supporters of the detained pro-democracy leader Suu Kyi. The three have not been seen since.

They had helped lead pro-democracy demonstrations in 1988 and served sentences of at least a decade before being released with thousands of other prisoners in late 2004.

The U.S. Campaign for Burma, based in Washington, said a sixth activist -- Aye Myint -- had been arrested. This could not be immediately confirmed.

In 1990, the junta refused to hand over power when Suu Kyi's party won a landslide election victory. Suu Kyi, who received the 1991 Nobel Peace Prize, has spent nearly 11 of the last 17 years in detention, mostly under house arrest, despite worldwide calls to free her and hundreds of other political prisoners.

Canadian Overpass Falls; Deaths Feared (AP)

By Phil Couvrette

AP, October 1, 2006

An overpass near Montreal collapsed Saturday, crushing two cars whose occupants were feared dead, authorities said. At least five people were injured.

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Drivers on Highway 19 slammed on their brakes and watched in horror as the overpass slowly collapsed, sending cars plunging and crushing at least two vehicles. Quebec provincial police did not confirm any deaths but spokeswoman Chantal Mackels said police believed it was unlikely that anyone in the two crushed cars survived.

"We watched the overpass slowly come down and two cars fell from it," witness Golda Simon told TVA network.

Manon Joly had just dropped her daughter off at dance school and was in her car about to drive onto Highway 19.

"I slowed down and then all of a sudden everything collapsed like a house of cards," she said. "There were three or four cars that plunged into the hole right in front of me."

Ambulances transported five people. Three were in critical condition including two suffering from head injuries.

Emergency workers had not yet reached people trapped under the wreckage, said Andre Champagne of ambulance service Urgence-Sante. The workers were trying to secure the site before attending to those trapped, he told The Associated Press.

"We know minutes are precious," Champagne said. "It takes a long time. These are heavy structures that have to be moved."

Mackels said three lanes of the overpass plus a pedestrian sidewalk collapsed onto Highway 19. She said four vehicles — a motorcycle, two cars and a minivan — were on the overpass at the time

The incident occurred before 1 p.m. One witness told TVA he noticed that the road sunk an inch or two when he traveled over the overpass minutes earlier and he called emergency dispatchers.

Jean-Nicolas Turcotte, who lives near the overpass, was woken up by the collapse.

"I was sleeping when the large crash woke me up. At first I thought it was an earthquake or an accident. I looked out the window and heard people screaming," Turcotte said. "And I saw large puffs of smoke rising."

Claude Canton was painting his house just off the highway when he heard a loud bang. He said he saw two cars that were stuck under rubble and one started to catch fire before police put it out with extinguishers.

Aerial helicopter shots showed two passenger cars and a van on their backs or on the sides over the wreckage of the collapsed overpass, blocking traffic for miles. Authorities closed the bridge further down connecting Laval with the island on Montreal.

The incident was similar to the 2000 collapse of an overpass, also on the island of Laval north of Montreal, which killed one and injured two.

A New African War Zone (NYT)

By Nicholas D. Kristof

The New York Times, October 1, 2006

PAOUA, Central African Republic

My aim in bringing Casey Parks, the winner of my contest for university students, to this war-torn land wasn't to have her held at gunpoint. That was quite an accident — both times.

My purpose was actually to emphasize the urgency of ending the genocide in Darfur before it destabilizes even more of Africa. The malignancy has already spread to Chad, and now it is beginning to destroy the Central African Republic as well.

Sudan has in effect invaded the Central African Republic with a proxy force of Chadians whom it armed and transported to a remote airstrip in Sudanese Antonov aircraft. Now those troops are living in caves in the northeast part of this country and recruiting local people to fight. When the dry season comes in another month or so, that force of 500 troops will presumably join a larger force of Sudanese puppets in trying to overthrow the government of Chad and perhaps of this country as well.

The north of the Central African Republic is now a war zone, with rival armed bands (some from the government) burning villages, kidnapping children, robbing travelers and killing people with impunity.

The country is already unstable for its own reasons, and its own government has much to answer for, but the Sudanese incursion and the small arms rippling out from Darfur have left this region in complete chaos. The violence has driven 100,000 villagers from their homes, and the U.N. calls it "the world's most neglected crisis."

Casey and I traveled here in a five-vehicle U.N. convoy, including two pickups full of well-armed soldiers. But the presence of soldiers discourages frank interviews with peasants who have been attacked by soldiers, so we twice left the escorts behind and drove through hard-hit villages.

After we had stopped at the eerily empty village of Bottolna and explored a bit, a man named Dominique Dondjoube crept out of a hiding place and told us that most of the villagers were hiding in the bush — where they were dying from bad water, malaria and malnutrition. "Just yesterday, three children died of malnutrition," he said. They were a 6-year-old boy, a 5-year-old girl, and a 3-month-old girl whose mother had no milk because of the lack of food.

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In a hospital run by Doctors Without Borders, a French doctor was treating Arthur Demongoy, a 2-year-old suffering from severe malnutrition. Children like Arthur are heartbreakingly impassive; they are so starved that they never cry, for every calorie goes to keeping them alive.

"Everything was burned in our village, and all our money was taken, and that's why we have no food," explained his mother, Sylvie.

But while a handful of brave aid workers and Catholic missionaries, Europeans and Africans alike, work in this region, they have been shot at and robbed. At some point the danger could force them to pull out.

Indeed, as Casey and I drove on one isolated, rutted road that forced us to drive slowly, we encountered just the kind of menace that has terrorized local people and aid workers: Two men stepped out from the brush on the side of the road, waved rifles and ordered us to stop.

The bandits eventually let us go on, and we continued down the road to interview local people. But since there was only one road into the area, we had to go back the same way — and then were held up again, by the same two men.

That kind of random violence is incredibly infectious, and the legacy of Darfur may be that all of Chad and the Central African Republic will collapse into Somalia-style anarchy. In an interview with Casey and me, President François Bozize of the Central African Republic offered an excellent suggestion: With the deployment of U.N. peacekeepers to Darfur delayed indefinitely because of Sudan's defiance, post them in the meantime in Chad and the Central African Republic — while still pushing to get them into Darfur itself.

When President Bozize traveled to the U.S. this month for the U.N. General Assembly, the Bush administration made available a mere deputy assistant secretary of state to talk to him. That's ridiculous, sending a signal that we're not engaged in Darfur's regional crisis and don't care what Sudan does to this country.

If President Bush is serious about genocide, an immediate priority is to stop the cancer of Darfur from spreading further — which means working with France to shore up both Chad and the Central African Republic. (France has troops in both countries.) It also means putting U.N. peacekeepers in both places. Right now.

Don't Let The Andes Trade Pact Expire (LAT)

By Sergio Muñoz, Sergio Muñoz, A Former Times Editorial Writer, Is A Contributing Editor To The Paper, And His Weekly
The Los Angeles Times, October 1, 2006

Free-trade program has benefited millions while promoting democracy in South America.

VICTORIA Salgado Chambi is a 30-year-old single mother who lives with her young children, Carlos and Ana, in a barrio in El Alto, Bolivia's third-largest city. She is one of tens of thousands of Bolivian artisans who owe their livelihoods to the Andean Trade Promotion and Drug Eradication Act, which the U.S. Congress first passed in 1991. The law allows about 5,600 Bolivian products — among them cut flowers, native fruits and vegetables, jewelry and traditional Indian clothing — to be sold duty-free in the United States.

Salgado, who learned the art of weaving from her Aymara Indian mother and grandmother, specializes in making alpaca coats, sweaters, bags and caps. Her clothing used to sell for less than $20 apiece in the local El Alto market. When the Andean trade law kicked in, an exporter urged Salgado to boost production, and after a local bank loaned her $10,000 to buy the necessary equipment, she hired three women as weavers. Business has been good, and she now employs 15 women. She gets $50 for every clothing item sold in the U.S. for $90.

But the trade program that has created an economic miracle in El Alto — 80,000 new jobs and roughy $250 million in annual income from sales in the U.S. — may lapse in December.

The original goal of the Andean trade act was to combat drug production and traffic in Bolivia, Colombia, Ecuador and Peru by helping those countries create legitimate jobs, and it has largely worked. In 2001, Congress approved a five-year extension of the program, assuming that by 2006, all four countries would have negotiated free-trade agreements with the United States.

None have, although Peru and Colombia have signed deals that await congressional approval. Ecuador and the U.S. stopped talking free trade a few months ago. And Bolivia is not even on the table.

Furthermore, Bolivian President Evo Morales' decision to nationalize the country's natural gas resources has only made things worse for Bolivia in the U.S. Congress, where many politicians have attacked his plan.

For Bolivia, the expiring trade act is crucial to its economic vitality. In recognition of that, the secretary general of the Organization of American States, Jose Miguel Insulza, has called for an extension of the program, as have all members of the group.

Even Rep. Charles B. Rangel (D-N.Y.), whose free-trade voting record is mixed at best, has introduced a bill that would extend the trade provisions for Bolivia by two more years. But Sen. Charles E. Grassley (R-Iowa), chairman of the Senate

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Finance Committee, opposes any extension because of Morales' move toward nationalization, even though no U.S. companies would be affected.

To end Salgado's and other Bolivian artisans' competitive advantage in the U.S. marketplace would be shortsighted and counterproductive, and it would border on the petty. For Latin Americans, it would be hard to understand why the world's richest country turned its back on the second-poorest in the hemisphere by ending a trade program that benefits about 40% of El Alto's largely impoverished population and amounts to 65% of Bolivia's trade with us.

Washington has a broad interest in promoting democracy in the Andean region, where Venezuelan President Hugo Chavez is using his country's vast oil wealth to spread his "Bolivarian Revolution." With indigenous movements in Ecuador and Bolivia gaining strength, fighting in Colombia continuing and dissatisfaction with the market economy festering in Peru, it would be foolish for Washington to give Chavez more ammunition by denying poor Bolivian Indians access to the U.S. market. Extending the trade program not only would help solve Bolivia's enormous problems but would serve to restore regional trust in the U.S. commitment to democracy.

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TERRORISM NEWS:

Sept. 11 Panel Wasn't Told Of Meeting, Members Say (NYT)

By Philip Shenon

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Members of the Sept. 11 commission said Sunday they were alarmed that they were told nothing about a July 2001 White House meeting at which George J. Tenet, then director of central intelligence, is reported to have warned Condoleezza Rice, then national security adviser, about an imminent attack by Al Qaeda and failed to persuade her to take action.

Details of the meeting on July 10, 2001, two months before the Sept. 11 terrorist attacks, were first reported last week in a new book by Bob Woodward. The White House disputes his account.

The final report from the Sept. 11 commission made no mention of the meeting, nor did it suggest that there had been such an encounter between Mr. Tenet and Ms. Rice, now secretary of state.

Since the release of the book, "State of Denial," the White House and Ms. Rice have disputed major elements of Mr. Woodward's account. Ms. Rice has said through spokesmen that there had been no such exchange in a private meeting with Mr. Tenet and that he had expressed none of the frustration attributed to him in Mr. Woodward's book.

"It really didn't match Secretary Rice's recollection of the meeting at all," said Dan Bartlett, counselor to President Bush, in an interview on "Face the Nation" on CBS. "It kind of left us scratching our heads because we don't believe that's an accurate account."

Passages of the book suggest that Mr. Tenet was a major source for Mr. Woodward. The former intelligence director has refused to comment on the book since its release.

There has also been no comment on the book from J. Cofer Black, who was Mr. Tenet's counterterrorism chief, and who, the book says, attended the July 10 meeting and left it frustrated by Ms. Rice's "brush-off" of the warnings.

Mr. Black is quoted as saying, "The only thing we didn't do was pull the trigger to the gun we were holding to her head." He did not return calls left at Blackwater, the security firm he joined last year.

The book says Mr. Tenet hurriedly organized the meeting, calling ahead from his car as it traveled to the White House, because he wanted to "shake Rice" into persuading the president to respond to dire intelligence warnings about a possible terrorist strike.

Mr. Woodward writes that Mr. Tenet left the meeting frustrated because "they were not getting through to Rice."

The disclosures took members of the bipartisan Sept. 11 commission by surprise last week. Some questioned whether information about the July 10 meeting was intentionally withheld from the panel, the National Commission on Terrorist Attacks Upon the United States.

In interviews Saturday and Sunday, commission members said they were never told about the meeting despite hours of public and private questioning with Ms. Rice, Mr. Tenet and Mr. Black, much of it focused specifically on how the White House dealt with terrorist threats in the summer of 2001.

"None of this was shared with us in hours of private interviews, including interviews under oath, nor do we have any paper on this," said Timothy J. Roemer, a Democratic member of the commission and a former congressman from Indiana. "I'm deeply disturbed by this. I'm furious."

Another Democratic commissioner, the former Watergate prosecutor Richard Ben-Veniste, said the staff of the Sept. 11 commission was polled in recent days on the disclosures in Mr. Woodward's book and agreed that the meeting "was never mentioned to us."

"This is certainly something we would have wanted to know about," he said, referring to the meeting. "We asked broad questions which should have elicited this information."

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He said he had attended the commission's private interviews with both Mr. Tenet and Ms. Rice and had pressed "very hard for them to provide us with everything they had regarding conversations with the executive branch" about terrorist threats before Sept. 11.

Philip D. Zelikow, the executive director of the Sept. 11 commission and now counselor to the State Department, agreed that no witness before the commission had drawn attention to a July 10 meeting at the White House or described the sort of encounter portrayed in Mr. Woodward's book.

Mr. Zelikow said it was "entirely plausible" that a meeting occurred on July 10, during a period that summer in which intelligence agencies were being flooded with warnings of a terrorist attack against the United States or its allies.

But he said the commissioners and their staff had heard nothing in their private interviews with Mr. Tenet and Mr. Black to suggest that they made such a dire presentation to Ms. Rice or that she had rebuffed them.

"If we had heard something that drew our attention to this meeting, it would have been a huge thing," Mr. Zelikow said. "Repeatedly, Tenet and Black said they could not remember what had transpired in some of those meetings."

Democratic lawmakers have seized on Mr. Woodward's book in arguing that the Bush administration bungled the war in Iraq and paid too little attention to terrorism threats in the months before Sept. 11.

Senator Joseph R. Biden Jr. of Delaware, the senior Democrat on the Senate Foreign Relations Committee, said on CBS that there had been "rumors" of such an encounter between Mr. Tenet and Ms. Rice in the summer of 2001.

Mr. Woodward's book, he said, raised the question of "why didn't Condi Rice and George Tenet tell the 9/11 commission about that? They were obliged to do that, and they didn't."

Bush Critic Hits Clinton's Claims About Bin Laden (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

Michael Scheuer, whose 2004 book "Imperial Hubris" won hosannas from liberals as an indictment of the Bush administration's conduct of the war on terror, turned his sights on former President Bill Clinton yesterday.

In an appearance on "Fox News Sunday," the former CIA counterterrorism official denounced as "lies" Mr. Clinton's contentious defense last week of his efforts against Osama bin Laden, saying the administration passed up at least 10 chances to capture or kill the al Qaeda leader.

"Mr. Richard Clarke, Mr. Sandy Berger, President Clinton are lying about the opportunities they had to kill Osama bin Laden. That's the plain truth, the exact truth," Mr. Scheuer said of the former president and, respectively, his administration's top anti-terrorism adviser and national security adviser.

Mr. Scheuer also disputed Mr. Clinton's assertion that he did not have the necessary authorization to kill bin Laden, pointing out the president is the person who issues authorizations, not the person who needs them.

"It's not a simple, dumb bureaucrat like me; that's not my decision. It's his," Mr. Scheuer said. "For him to get on the television and say to the American people he did all he could is a flat lie, sir. This is not a question of interpretation or judgment. This is a question of fact. And the documents will show the president had the opportunity."

Mr. Scheuer was part of a "Fox News Sunday" panel that debated the Clinton administration's efforts in fighting terrorism, one week after Mr. Clinton caused a stir by getting visibly angry at Fox interviewer Chris Wallace's questions on the topic.

The Scheuer comments were disputed by Daniel Benjamin, a former Clinton National Security Council counterterrorism official, who said intelligence officials never had enough reliable information to capture or kill bin Laden.

"I have the greatest respect for Mike Scheuer, but on this case, I think he's wrong," Mr. Benjamin said. "Quite simply, we never had enough information to do this with confidence, knowing that we would get the target. And it doesn't help your deterrence and it doesn't help your case if you fire and you don't hit the right person."

When pressed by Mr. Wallace, Mr. Scheuer said he remains a critic of the Bush administration's record on combating terrorism and the decision to invade Iraq.

"I think that this administration has led us into a tremendously difficult long-term problem, which will be very bloody and costly for Americans," he said.

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However, Mr. Scheuer defended the Bush administration against accusations from Clinton supporters that the Bush team could have eliminated bin Laden in the eight months before the September 11 attacks.

"Mr. Clarke, Mr. Berger, Mr. Clinton did have opportunities that were delivered by the men and women of the CIA to kill Osama bin Laden," Mr. Scheuer said. "In the first eight months of the Bush administration, there were no such opportunities."

Journalist Lawrence Wright, who also appeared on the "Fox News Sunday" panel, said the real blame for failing to capture bin Laden and eliminate al Qaeda has more to do with the government's inability to hire a competent national security intelligence team at all levels -- agents, analysts and officials.

"They were both poorly served by their intelligence agencies," Mr. Wright said. "In each of these cases, the intelligence was not great. And the reason the intelligence was not great is they didn't have people that were capable of getting inside the tent."

Tape Shows 2 Hijackers In Year Before 9/11 (AP)

AP, October 2, 2006

LONDON, Oct. 1 (AP) — Mohamed Atta, the ringleader of the Sept. 11 attacks, smiles and jokes with another hijacker before the two turn serious and speak to a camera in a video that surfaced on Sunday.

For more than 30 minutes, the video shows Mr. Atta, who later took over the controls of American Airlines Flight 11, which hit the north tower of the World Trade Center, and Ziad al-Jarrah, who took over United Airlines Flight 93, which crashed in Pennsylvania, alternately alone and together.

The Sunday Times, which originally reported on the video and posted it on its Web site, said it was made in Afghanistan and dated Jan. 18, 2000, for release after the men's deaths.

The newspaper said the hourlong video was made at a training camp for Al Qaeda in Afghanistan. It includes images of Osama bin Laden. It has no sound.

At times, the two men look relaxed, laughing and chatting before they grow serious and speak directly into the camera. At one point, they study a document the newspaper identifies as a will.

American intelligence officials in Washington said Sunday that the tape was being analyzed, and one confirmed the men's identities.

9/11 Hijacker Video Surfaces (WP/AP)

The Washington Post, October 2, 2006

LONDON, Oct. 1 -- Mohamed Atta, the ringleader of the Sept. 11, 2001, terrorist attacks, smiles and jokes with another hijacker before the two turn serious and speak intently to a camera in a newly released video.

For more than 30 minutes, the video shows Atta, who flew one of the planes that brought down New York's World Trade Center, and Ziad Jarrah, who piloted United Airlines Flight 93, which crashed into a Pennsylvania field, sitting in front of a bare white wall, alternately alone and together.

The Sunday Times, which originally reported the video and posted it on its Web site, said it was made in Afghanistan and dated Jan. 18, 2000 -- about a year and a half before the attacks against the United States -- for release after the men's deaths.

The newspaper said the hour-long video was made at an al-Qaeda training camp in Afghanistan. It includes images of Osama bin Laden speaking to supporters in Kandahar, Afghanistan. A time stamp indicated that this footage was shot on Jan. 8, 2000.

At times in the video, which has no sound, the two men look relaxed, laughing and chatting together before they grow serious and speak directly into the camera. At one point, they lean over a document the newspaper identifies as a will, studying it intently and sometimes pointing to specific sections and commenting to one another.

The Sunday Times said it had obtained the video "through a previously tested channel" but gave no further details. It said sources from al-Qaeda and the United States had confirmed the video's authenticity on condition of anonymity.

Look Past The Tortured Distortions (WSJ)

By John Warner, John McCain and Lindsey Graham

The Wall Street Journal, October 2, 2006

DOJ_NMG_0072662

WASHINGTON -- Negotiating a complicated piece of legislation with wide-ranging implications is always a difficult endeavor, and the Military Commissions Act of 2006 was no exception. We worked with the administration to achieve a fair system for the prosecution and conviction of suspected terrorists. The proposed legislation also reaffirms and underscores our nation's commitment to the Geneva Conventions, which we must uphold as a matter of principle and to protect our service members in this and future wars. We believe that we have succeeded in this effort.

We also believe that the American people deserve to have this important legislation properly described. Some recent reports, in our view, have not reflected accurately the bill we negotiated. The following points deserve clarification in order that this important legislation may be fully understood by the American people. * * *

Criminal Waiver: A number of recent articles state that in our compromise with the president, we included a waiver for crimes Americans may have committed in interrogating detainees. In fact, our bill contains no waiver for such crimes, nor immunity for any individual. Anyone who has committed a crime may be prosecuted under the torture statute or the War Crimes Act. This legislation actually makes it easier to win a prosecution, because the War Crimes Act as currently written is so broadly worded that a prosecution would likely fail on grounds of vagueness.

Enemy Combatants: Other reporting asserts that the definition of "illegal enemy combatant" in the bill could subject a broad category of people to arrest and indefinite detention with no hope of appeal. Actually, the proposed legislation simply establishes the jurisdiction of military commissions. That jurisdiction extends solely to aliens who have engaged in hostilities against the United States or who have purposefully and materially supported hostilities against us.

We make no apology for wanting to try by military commission both the people who shoot at us and those who aid and abet the trigger-men. Because we believe in the American system of justice, we also do not apologize for giving these individuals the right to appeal their convictions, all the way up to the Supreme Court.

The Geneva Conventions: Another misunderstanding is that the bill gives the president the power to reinterpret unilaterally the Geneva Conventions. In fact, the president, under this legislation, has no power beyond that already given him in the Constitution: the authority to interpret treaty obligations binding on the executive branch. From the beginning, we stood with the five former chairmen of the Joint Chiefs of Staff and the 50 other general and flag officers who strongly resisted any legal redefinition of the Geneva Conventions.

Some critics state that any determinations made by the president could stay secret. In fact, this legislation requires the president to publish his determinations as to what offenses constitute "non-grave breaches" of the Geneva Conventions in the Federal Register. His interpretations will have the force of administrative regulations, and so can be trumped by congressional action at any time.

Habeas Corpus: Another myth is that, under our bill, detainees would lose the basic right to challenge their imprisonment. Actually, both the Detainee Treatment Act and the Military Commissions Act allow an individual to challenge his status in administrative and judicial fora. These challenges are in excess of what our soldiers would be afforded as prisoners of war.

Judicial Review: Other critics claim that our civilian courts would have no power to review any aspect of the military tribunal system, except verdicts by military tribunals. The truth is that our federal courts today already have the right to review the decisions made by military Combatant Status Review Tribunals.

Coerced Evidence: A number of articles state that coercion is defined so as to exempt anything done before the passage of the 2005 Detainee Treatment Act. This, also, is incorrect.

The bill excludes any evidence obtained through illegal interrogation techniques, including those prohibited by the 2005 act. Any evidence obtained before the 2005 law would have to pass a legal reliability test -- and, as applied in practice, the greater the degree of coercion, the more likely the statement will not be admitted. To admit any such evidence, the judge would have to make an additional finding that doing so serves the interest of justice.

Secret Evidence: Some argue the bill weakens the legal standard against withholding evidence from the defendant. In fact, under this legislation, any evidence shown to the jury must be shared with the defendant. This was a key change from the administration's proposal.

Offenses: Finally, there is some confusion about the definitions of torture and rape within the bill. As is made explicit in the legislation, these definitions are for the purposes only of enumerating war crimes -- offenses so serious that they are all potentially

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punishable by death. They do not affect other legal definitions for the same terms (including torture and rape) contained elsewhere in law. The bill's definition of rape is based on the meaning used in the International Criminal Tribunal for the Former Yugoslavia. * * *

It is axiomatic that a compromise makes no one happy. Our mission was to help our nation in the war on terror and to give protection to our men and women in uniform, particularly if they are captured. Anyone may disagree with elements of the final product, but an accurate understanding of the legislation is essential to all sides of the debate.

Messrs. Warner, McCain and Graham are Republican senators for Virginia, Arizona and South Carolina, respectively.

In Fog Of War On Terror, Some Rules Set (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 2, 2006

WASHINGTON

War is rarely kind to civil liberties. From the Alien and Sedition Acts of 1798 to the suspension of habeas corpus during the Civil War to the forced internment of some 120,000 Japanese in the US during World War II, the nation has repeatedly grappled with how to balance security and rights.

Now - in the middle of a war on terror and nearing critical midterm elections - Congress has taken another stab at achieving that balance. In historic votes last week, lawmakers banned torture, rape, and murder in the interrogation of terrorist suspects. But they left to the president to determine what techniques short of "serious" physical or mental pain or suffering are still allowed.

They also voted to give immunity to those involved in secret interrogations before last year's torture ban and to allow evidence obtained by "cruel and inhuman treatment" before that date to be used in military trials.

And in the most tightly contested decision of the week, lawmakers denied detainees in the war on the terror the right to challenge their detention in US courts. That means that anyone that the president or the secretary of Defense determines to be an enemy combatant - including noncitizens living legally in the United States - can be held indefinitely without trial.

In a wrap-up of the week's votes - including $448 billion for defense spending and $35 billion for homeland security in fiscal year 2007, as well as a mandate to build 700 miles of fence along the southern border - Republican leaders said the US will be "safer, stronger, and more prosperous" because of these laws.

"The specificity that the bill provides to the War Crimes Act - and its retroactive effect - will actually make prosecuting war criminals a realistic goal. None of my colleagues should object to that goal," said Sen. John McCain (R) of Arizona, who led the drive to ban torture in 2005, in a statement after the vote.

But critics say that, unlike the torture ban, the Military Commissions Act of 2006 is one that the nation will come to regret, just as it has regretted other lapses of civil liberties during times deemed national emergencies.

"This is a debate about whether we are willing to preserve the fundamental protections our nation has fought for centuries to maintain," said Rep. Doris Matsui (D) of California, who cited her family's personal experience in the Japanese detentions in the US during World War II.

The debate is hardly new.

In July 1798, President John Adams signed into law the Alien and Sedition Acts, allowing him to deport any foreigner he deemed dangerous and to ban any spoken or written criticism of the president.

The four laws aimed to protect the nation from security threats from France, but the votes in Congress broke along party lines. The Federalist-controlled Congress aimed to mute criticism from Jefferson's Republicans.

"Wartime is traditionally a period of infringement of civil liberties. The Alien and Sedition Acts took place in a quasi-war with France, but the incoming [Republican] administration allowed the law to expire when the crisis was over," says Donald Ritchie, a Senate historian.

When President Lincoln suspended the writ of habeas corpus in 1862, rioters in Baltimore were threatening to destroy train tracks to block Union troops from reaching the capital and the Maryland legislature was threatening secession. The Constitution allowed suspension of the writ "in cases of rebellion or invasion," he said.

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But critics of last week's vote say the decision to suspend a right as fundamental to Western law as habeas corpus was not justified by the facts on the ground. There is no rebellion or imminent invasion, they say.

"I'm not going to support a bill that's blatantly unconstitutional ... that suspends a right that goes back to [Magna Carta in] 1215," said Sen. Arlen Specter (R) of Pennsylvania, chairman of the Senate Judiciary Committee. He sponsored an amendment to delete the ban on habeas corpus from last week's bill that narrowly failed on a near party-line vote.

"I'd be willing, in the interest of party loyalty, to turn the clock back 500 years, but 800 years goes too far," he added, although he did vote for the final version of the bill.

In the end, all but one Democrat voted to preserve habeas corpus for military detainees and all but four Republicans - Sens. Specter, Lincoln Chafee of Rhode Island, Gordon Smith of Oregon, and John Sununu of New Hampshire - voted to suspend that right for those deemed enemy combatants.

"People deeply interested in the issue are the exception rather than the rule," says Sen. Ben Nelson of Nebraska, the lone Democrat to vote with Republicans to approve the suspension of habeas corpus for military detainees. "People respect Senator McCain on the issue, and he's reflecting a lot of views in Nebraska," he adds.

In final votes on the Military Commissions Act of 2006, the House passed the bill by a vote of 250-170, with seven Republicans voting against the bill and 32 Democrats voting for it. In the Senate, where the bill passed by a vote of 65 to 34, one Republican and 12 Democrats broke with their party. Many of the Democrats voting for the bill face tight midterm elections this fall, as does Senator Chafee, the lone GOP dissenter.

"The Constitution is not a suicide pact," says Senator Sununu, who also voted for the final bill after opposing suspension of the writ of habeas corpus.

"We're trying to strike a balance between those rights and processes we should afford everyone, even if they're suspected of grievous acts, with need given the scope of the threat to have very robust tools and very efficient procedures for detention and prosecution," he adds.

A Last-Minute Deal On Detainees (USNEWS)

By Danielle Knight

U.S. News and World Report, October 2, 2006

After weeks of fighting, Congress passed a bill last week governing the treatment and prosecution of terrorism suspects, marking a victory for President Bush and the GOP-at least momentarily-in the run-up to the midterm elections.

Following House approval of the bill on Wednesday, the Senate voted 65 to 34 to approve the measure on Thursday, with 12 Democrats crossing party lines to vote for the legislation. But even though the president is expected to sign the bill shortly, some lawmakers warned that the Supreme Court might still overturn part of the law, just as the high court overturned the president's original concept for military tribunals back in June.

The bill would prohibit several kinds of abuses of detainees, as defined under the Geneva Conventions, but leave it to the president to say exactly what interrogation techniques are allowable. The bill also sets up military tribunals that allow some use of evidence obtained through coercion but gives defendants partial access to classified evidence being used against them. In addition, the measure expands the definition of "enemy combatants" to include noncitizens living legally in the United States and those who provide weapons, money, or support to terrorist groups.

Differing views. "This bill will help keep Americans safe by creating military commissions to prosecute terrorists for war crimes and by preserving an intelligence program that has disrupted terrorist plots," said Sen. Majority Leader Bill Frist, reflecting the view of many on Capitol Hill.

But others wondered whether the measure could survive judicial review. They said the Supreme Court might object to provisions that eliminate a detainee's ability to challenge detention. "This bill," said Sen. Patrick Leahy, the ranking Democrat on the Judiciary Committee, "is not a check on the administration but a voucher for future wrongdoing."

Letting The President Say (TIME)

By By Michael Duffy

Time, October 9, 2006

A few days afterÂ terrorists toppledÂ the World Trade Center in 2001, Vice President Dick Cheney said the U.S. would have to "work ... the dark side" in order to destroy Osama bin Laden's network. Just what the dark side could mean became clearer last month when George Bush suddenly announced that 14 suspected al-Qaeda terrorists had been shipped from mysterious overseas locations to the U.S. detention center at GuantÃ¡namo Bay, Cuba. It was the first White House confirmation of a secret CIA-operated network of overseas prisons, places where unorthodox methods of interrogation were not unknown. "Were it not for this program," Bush said, referring to the secret prisons and the things done there, "al-Qaeda and its allies would have succeeded in launching another attack against the American homeland."

When Congress adopted legislation last week to establish military commissions to try terrorist suspects, it also gave approval to that program and then some. By allowing coerced testimony to be entered as evidence in trials, Congress potentially legitimized torture as a means of obtaining information. It left the President in charge of filling in the details of what the allowable methods should be. The clearest limit to what might be done was actually not so clear. The new methods could not constitute "grave breaches" of the Geneva Conventions. But after all the huffing and puffing from Republican Senators John McCain, John Warner and Lindsey Graham, the Executive Branch kept control over what exactly could happen to an "enemy combatant." It was allowed to decide who an enemy combatant might be. The package of measures widened the definition to include any person determined to be one under criteria defined by the President or the Secretary of Defense.

More than that, the measures adopted by Congress last week stripped defendants of the ancient habeas corpus right to challenge their detention in court--a step that makes it possible that the Supreme Court will strike down some portion of the law and send everybody back to the drawing board. "The Supreme Court has made clear on three recent occasions that those whom the White House labels enemy combatants are entitled to challenge their detention before a federal judge," says Eric Freedman, a law professor at Hofstra University who is a legal consultant to GuantÃ¡namo detainees. "This new law was passed in outright defiance of those rulings."

What the legislation is likely to do even sooner is put the CIA's secret-prison program back online. That's right: back online. Although when he revealed its existence, the President left the impression he had suspended the program in response to a June Supreme Court ruling, that's not so. What neither he nor Congress nor the CIA has publicly acknowledged is that the agency halted the "special interrogations" in its secret prisons more than nine months ago. People briefed on the matter tell TIME that the agency backed away from its program in December 2005 as Congress passed an amendment to the 2006 defense bill banning "cruel, inhuman or degrading" treatment of prisoners in U.S. custody. According to other U.S. officials, then CIA Director Porter Goss feared that the amendment, sponsored by McCain, might undercut the legal authority for CIA interrogations. So Goss put those procedures on hold while seeking a legal opinion from the Justice Department.

For the next nine months, says a person briefed on activity in the program, some at the agency developed a bias for killing its targets instead of bringing them in for questioning, though sources add that ground conditions make capture impossible anyway. Goss's suspension order left officers in the agency's directorate of operations, says the source, repeatedly asking the question, What are we going to do with these guys if we capture them? So far in 2006, as government sources and public reports indicate, few if any terrorist suspects have been captured by the CIA. But at least four--including bombmaker Abu Khabab al-Masri, on the FBI's most-wanted list--have been killed, in most cases by remotely fired missiles from Predator drones.

The rules adopted last week may mean a return to the practice of capture and question. But question how? Just what interrogation methods are off the table now? Depends on whom you talk to. McCain, who along with Graham and Warner had fought the Administration on some of the most coercive methods, insisted to reporters last week that the harshest techniques--such as waterboarding, stress positions, extreme sleep deprivation and hypothermia--could now be illegal. "For all the gloating from the Administration," says Tom Malinowski of Human Rights Watch, "they are not getting what they want on torture." And what methods are O.K.? No one inside or outside the CIA will say. Which may mean we're going to be fighting on "the dark side" for some time to come. With reporting by Timothy J. Burger, Massimo Calabresi, Adam Zagorin/Washington

Democrats On Al Qaeda (WSJ)

The Wall Street Journal, October 2, 2006

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Democrats keep insisting that, whatever their opposition to the war in Iraq, they'd be as tough as anyone in fighting al Qaeda. We'd love to believe this for the country's sake, but then what are Americans to make of last week's Congressional vote on detainee interrogation and military tribunals?

The bill was a compromise between the White House and three GOP Senators who Democrats had been hailing as voices of independent courage only days earlier. But rather than endorse this deal that put limits on interrogation methods (see nearby), Democrats in both houses voted overwhelmingly no. In the House, only 34 Democrats supported the bill, most of those from the South or rural areas, while the entire leadership and 160 Democrats voted no.

Over in the Senate, 32 Democrats opposed the bill, including the leadership and everyone who's been mentioned as a potential Presidential candidate in 2008: Hillary Clinton, Evan Bayh, John Kerry, Joe Biden, Chris Dodd, Russ Feingold. The dozen who voted yes are either up for re-election or from swing states. If an election weren't coming, we doubt there'd have even been that many. The Democratic "ayes" included Senate candidates Sherrod Brown of Ohio and Debbie Stabenow of Michigan, both partisan liberals on all issues except, suddenly, this one.

This amazing vote only reinforces the Republican argument that, given the chance, Democrats would return to the pre-9/11, law-enforcement model of fighting terrorism. In voting "no," they were opposing aggressive interrogation of even the worst al Qaeda captives. If Democrats fall short of regaining Congress this year, votes like this will be the reason.

'The More Subtle Kind Of Torment' (WP)

By Joseph Margulies

The Washington Post, October 2, 2006

In these uncertain times, it's worth recalling that the threat posed by weapons of mass destruction in the hands of madmen is not new. Nearly 50 years before Sept. 11, 2001, the American public learned that a group of prisoners in military custody confessed to being part of an elaborate conspiracy to bomb civilian targets with bacteriological weapons.

The first prisoner to crack said the goal was "the mass annihilation of the civilian population." As often happens, his confession led to others, and before long, three dozen prisoners had coughed up page after page of chilling, meticulously detailed admissions.

But it was all a lie. Thirty-six American airmen, shot from the sky during the Korean War, falsely confessed to a vast plot to bomb civilian targets. How did this happen? With Congress having approved a "compromise" that gives the president authority to determine the meaning of the Geneva Conventions and redefines the War Crimes Act to protect CIA interrogators, we should revisit this all-but-forgotten moment in U.S. history.

During the Korean War, thousands of American POWs were forced to endure grotesque and sadistic physical torture. But the downed airmen were treated differently. The senior officer among them was Col. Frank Schwable, the highest-ranking Marine captured in the conflict. "I want to emphasize," Schwable said later, "that I did not undergo physical torture. Perhaps I would have been more fortunate if I had, because people nowadays seem to understand that better. Mine was the more subtle kind of torment."

The airmen were subjected to something new: touchless torture. They were kept isolated from all human contact, apart from their interrogators. One prisoner spent 10 months in solitary confinement, another 13. Schwable did not learn of the armistice until after he confessed.

They were made to stand or sit in awkward and painful positions for hours at a time. One prisoner had to sit at attention on the edge of a stool for 15 hours per day for 33 days. Another time he had to stand for 30 consecutive hours, until he collapsed. Schwable was required to sit at attention every day for almost 10 weeks.

They were demeaned, taunted and treated like animals. Schwable said the guards "growled" or "barked" at him, slopped food at him, and made him defecate in public. "Every effort was made to degrade and humiliate me," he said.

And of course they were interrogated. Grueling interrogations that lasted hours and hours, repeating the same material they had gone over the day before, and the day before that, until the past became a confusing whirl of fact and fantasy suggested to them by their relentless interlocutors. At last, exhausted and demoralized, their resistance overcome, they confessed. They all confessed in the end. And they all lied.

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Maj. William Harris later tried to explain to an incredulous public how he could falsely accuse his country of something so barbaric as a conspiracy to bomb civilians, especially if he wasn't "tortured." "They don't have to lay a hand on you to make you the most miserable person in the world," he said. "I would rather take a beating any day than be subjected to their type of questioning and treatment."

After the war North Korean atrocities were roundly condemned by the United States, which complained to the United Nations that the Koreans had not complied with the Geneva Conventions. One institution, however, was not repelled but intrigued. The experience led the CIA to accelerate its research into the theory and science of coercive interrogation.

Between 1950 and 1962, the CIA poured millions of dollars into studies that tested different interrogation techniques, hoping to learn from and refine the lessons of Korea. The research culminated in the top-secret KUBARK manual, a 1963 primer on how to conduct coercive counterintelligence interrogations. The manual was finally disclosed in 1997 and is now available online.

KUBARK operates on the premise that a prisoner will divulge what he knows once he realizes that resistance is pointless. The prisoner must believe his captors are "all-powerful." Confusion, fear and isolation are the interrogator's stock in trade, since they "create and amplify an effect of omniscience."

Interrogators must create a menacing and ominous environment that destroys the prisoner's capacity to function as a "civilized man." Prisoners should be kept disoriented because "the capacity for resistance is diminished by disorientation."

The prisoner's environment must be manipulated to produce a "regression of the personality to whatever earlier and weaker level is required for the dissolution of resistance." This usually doesn't take much. "Relatively small degrees of homeostatic derangement, fatigue, pain, sleep loss, or anxiety" are generally sufficient.

When in doubt, the interrogator should always keep in mind this useful advice: In order to achieve " the maximum amount of mental discomfort ," (emphasis in original), your prisoner must be instilled with a sense of "debility, dependence, and dread." "When this aim is achieved, resistance is seriously impaired." The prisoner enters "a kind of psychological shock or paralysis." At that moment, "the source is far more open to suggestion [and] far likelier to comply."

Will mild "homeostatic derangement" be deemed acceptable under the legislation just passed by Congress -- a little sleep deprivation here, some extended standing there, perhaps a few more hours in the cold room, a wee drop of solitary confinement now and again, extended isolation from the outside world? Nothing like "real" torture, since everyone knows that's unreliable.

Regrettably, we may not hear the answer in the sad, distant voices of three dozen American airmen. There is a lesson in their cries, if only we'd listen.

The writer is a law professor at Northwestern University and was lead counsel in Rasul v. Bush, which concerned the legality of the detentions at Guantanamo Bay. He is the author of "Guantanamo and the Abuse of Presidential Power."

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, October 2, 2006

The New York Yankees feature large in upstate Republican Rep.Sherwood Boehlert's life. And for the first time in 24 years, that's a good thing. Because this post-season-and World Series, to hear "Sherry" brag on-he'll have a chance to sit in Yankee Stadium instead of campaigning in Utica and Cooperstown for re-election. He's retiring. "Just to give you an example of how this year's been different," he tells our Bret Schulte, "September 3 in an election year, I usually have two or three chicken barbecues and maybe a walk in a Labor Day parade. This September 3, I was sitting in the front row behind the dugout in Yankee Stadium with two of my daughters and grandkids."

You could say he's a rare example of congressional retirement. While others hang around Washington to lobby, Boehlert's giving back to his family. "What about us?" they asked him. So he's obliging, as long as they like baseball. And how could they not? His district includes the Baseball Hall of Fame, which he's already hit up for playoff tickets. "They're the best seats in the house," he says of Cooperstown's front-row dugout spots. He knows: At that September 3 game, centerfielder Johnny Damon rolled a ball to his grandson. Then third base coach Larry Bowa rolled one to his granddaughter. "They thought I was 10 feet tall," he says with a grin. And for the record: He predicts a 27th world championship. Sorry, Mets fans.

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A Sneak Preview and an Ashton Fix

The sprawling and stiff Department of Homeland Security, parent agency of the U.S. Coast Guard, is getting pretty jazzed about The Guardian, starring dreamy Ashton Kutcher and oldie-but-goodie Kevin Costner. We hear the agency plans to rent out a Georgetown movie theater for a DHS-only screening of the new Coastie flick. And what a welcome change that would be: Younger workers say DHS used to be a lot more fun before the buttoned-up Michael Chertoff took over. Maybe he'll buy the popcorn.

Make No Mistake: Bush Wants OBL

All this recent talk about whether President Bush tried as hard as former President Clinton to nail Osama bin Laden had us wondering just how bad the prez wants the terrorist. Real bad, it seems. One key insider says that Bush is nearly obsessed with "OBL," as he's called. "He's very taken with the hunt, and it is very much a priority on his mind," says terrorism adviser Frances Townsend. "He has an extraordinary memory for detail. He has an extraordinary ability to recall particular details, plots, individuals, to ask questions about it. And I will tell you that he asks very specific questions on the hunt for bin Laden on a regular basis."

Just Don't Say Iran Caved In-Please

Good news on those Iran-European Union talks over stopping Tehran's bid to build a nuke: Iran's likely to suspend its uranium enrichment program if nobody really calls it that. Insiders say they want some face-saving language in any deal that makes it look like they didn't cave in to western pressure. "They can call it whatever they want," a U.S. official says, "but they have to stop the work" before formal talks including Washington can begin.

Q&A Pervez Musharraf (TIME)

Time, October 2, 2006

Sunday, Oct. 1, 2006

Q&A Pervez Musharraf

Pervez Musharraf knows how to make a splash with a book tour. In the week that his new memoir, In the Line of Fire, hit stores, the Pakistani President feuded publicly with Afghan President Hamid Karzai, had tea and Twinkies on The Daily Show with Jon Stewart, ate dinner at the White House, and was greeted in London by Tony Blair and a leaked British defense document accusing Pakistan's intelligence agency of having ties to al-Qaeda. Somehow, he also managed to squeeze in a chat with TIME in New York.

The Afghan government says Pakistan is responsible for the resurgence of the Taliban.

The U.N. Secretary-General's report says that the foot soldiers of the insurgency are Afghans. I've been saying that for the last three months, even though President Karzai and everyone else says they're from Pakistan. Today Karzai said [Taliban leader] Mullah Omar is in Quetta. This is a ridiculous assertion. Mullah Omar has never come to Quetta. Not since 1995 has he come to Pakistan. He is based in Kandahar and is still there.

There have been recent reports that Osama bin Laden may have died. Do you believe them?

I have no such information. I spoke to my intelligence chief, and he did not substantiate this point.

Do you believe bin Laden is in Pakistan?

These are things that agitate me. I could say he could be in any country. But I never say that because I don't know. We have excellent intelligence sources, so if we don't know where he is, I don't know how anyone else knows. We don't know where he is. We are guessing.

If you sent in a larger number of forces, would you have a better chance of finding him?

We'll go anywhere if we have any indication that he is there. We are trying to look for him. But we're dealing with mountainous areas. There are no roads. These are fiercely independent people--they are all armed, everyone carrying a weapon. This is the kind of terrain we're dealing with. It's not easy.

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The Black Hole Of A U.N. Blacklist (WSJ)

By David Crawford

The Wall Street Journal, October 2, 2006

LONDON -- Governments around the world have drawn criticism for some extrajudicial steps taken to corral suspected terrorists, from secret prisons to surreptitious abductions to deportations that could lead to torture or execution.

Meanwhile, a program overseen by the United Nations Security Council has stripped hundreds of people of assets and international-travel rights -- and even the right to earn a salary or buy groceries -- without so much as a hearing, let alone trial or appeal. Apart from suspects' lawyers and a European human-rights watchdog, the program has drawn little scrutiny.

Today, 359 people are on this blacklist created by Security Council Resolution 1267. No court process is involved in adding someone to the list, nor is it debated by the council's member states. Those added have no right to present exculpatory evidence to Security Council members, nor any right of appeal.

Cutting Off Funding

The U.S. and other governments say these sanctions are an important weapon in the fight against international terrorism, cutting suspects off from the money they need to communicate and operate, either from jail or when the law would otherwise let them go free.

Opponents say the program has lost its original purpose and is used by governments to evade due process in pursuit of alleged terrorists and their accomplices. Critics also decry the opportunity for governments to abuse the system by framing dissidents and others who draw official disfavor.

"This isn't about preventing terrorism. This is punishment without trial," says German lawyer Gül Pinar, who represents several people in Germany who are on the U.N. list.

A Security Council report in March aired concerns about how effective the program has been against terrorism. In a letter to the panel's president, the chairman of the committee that oversees the list cited inconsistent enforcement among nations, noting many suspects continue to cross borders.

Resolution 1267 was passed in 1999 to pressure Afghanistan's Taliban rulers to hand over Osama bin Laden after Washington accused him of masterminding the 1998 bombing of U.S. embassies in Africa. Rather than impose broad economic sanctions, which would hurt the Afghan population, the Security Council aimed to isolate and punish Taliban leaders. A year later, the restrictions were applied to Mr. bin Laden and some of his associates.

Since the Sept. 11, 2001, attacks in the U.S., Resolution 1267 has been used against a much wider group, including suspected and convicted al Qaeda operatives and their networks. Some people on the U.N. list have been tried and convicted of terrorist-related offenses and are in jail. Some, like Mr. bin Laden, are or were fugitives. Others inhabit a grayer zone.

Take Saad al-Fagih, whom Saudi Arabia accuses of complicity in an attempted assassination and of helping to buy the satellite phone Mr. bin Laden used to direct the embassy bombings. Mr. Fagih has never been charged with a crime in the United Kingdom, where he lives. His designation on the U.N. list "is a critical part of the international campaign to counter terrorism," according to a U.S. Treasury Department statement.

Two cellphones chirp constantly as Mr. Fagih, a Saudi citizen, pilots a Honda Civic through busy London traffic en route to a four-bedroom townhouse in a tony neighborhood of northwest London. The home, like the car and the phones, is in his wife's name. Mr. Fagih denies any ties or past dealings with Mr. bin Laden: "If it were true, why haven't I been charged?" he asks.

Heino Vahldieck, the head of intelligence in Hamburg, Germany, says administrative pressure, such as 1267 sanctions, is used against men like Mr. Fagih when circumstantial evidence tying them to terrorism is considered overwhelming but criminal prosecution is difficult or impossible. "We need to be creative," he says.

Although most of the list's designated Taliban supporters are Afghan nationals, those accused of al Qaeda links are more diverse, including at least one U.S. citizen, three Britons, two Germans and five Saudi Arabian citizens. The blacklist includes at least 35 Tunisians, five Moroccans, 10 Egyptians and 77 individuals of indeterminate nationality, according to the U.N.'s official 1267 sanctions list.

Sanctions Survive Acquittal

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Last year, a court in Hamburg found Abdelghani Mzoudi -- a Moroccan student and former roommate of three Sept. 11 pilots -- not guilty on all charges of logistical support for those hijack attacks. Despite the acquittal, Mr. Mzoudi, who returned to Morocco after his trial, remains sanctioned under 1267 for his alleged support of al Qaeda.

Mamoun Darkazanli, who lives in Hamburg, was designated under 1267 in October 2001, shortly after he told police he spent Sept. 11 watching television with a man who later admitted -- under interrogation in Syria -- that he recruited three pilots for the attacks. Mr. Darkazanli, whose lawyer notes her client has never been convicted of a crime, was left destitute when banking restrictions made it impossible to run his import-export business. He survives on welfare payments authorized by the Security Council.

This year, the Council of Europe, an intergovernmental human-rights watchdog, said in a report requested by the U.N. that the 1267 process doesn't comply with Europe's convention on human rights because it provides no protection against arbitrary decisions and has no mechanism to review the accuracy of allegations governments make. Those targeted have no recourse against national governments, which can simply say they are bound to follow the dictates of the Security Council.

The procedure to designate someone an al Qaeda or Taliban supporter is simple. A government submits a name to the Security Council's 1267 committee, which circulates it among the 15 council members, along with supporting details. There are no formal standards of evidence required for designation, a diplomat involved in the process said, adding, "The 1267 committee is not a court. This is a political process."

Delistings Are Few

If no objection is made within five days, the person is added to the list. Their assets -- from bank accounts to private debts to prison-canteen funds -- are frozen and they lose the right to travel internationally. "Silence means, 'Yes, the sanction is confirmed,' " a U.N. spokeswoman said. Most sanction requests have been approved without challenge, although nine people have been delisted. Individuals don't get a hearing and can't submit evidence to refute the allegations. Nor can they apply to be delisted -- only a government can on their behalf.

Mr. Fagih says "nobody contacted me about the allegations" when his name went before the 1267 committee in 2004. He eventually learned of Saudi Arabia's charges, and the Security Council sanctions, from the British foreign office. His name was proposed by Saudi Arabia, which alleged that in 2003 Mr. Fagih received $1 million from a man who later confessed to plotting the assassination of the Saudi crown prince, according to the Treasury Department. Mr. Fagih denies involvement in the alleged plot and says he was targeted for organizing peaceful human-rights demonstrations.

Nawaf Obaid, a Saudi security adviser at the kingdom's London embassy, says he investigated Mr. Fagih's case for three years and the charges against him are "rock solid." Saudi Arabia hasn't applied to extradite Mr. Fagih, because the U.K., like other European Union countries, refuses to extradite suspects to countries where they would face the death penalty, Mr. Obaid says.

Despite the U.N. sanctions, Mr. Fagih continues to broadcast from London for Al-Islah TV, a Saudi dissident television station that aims to overthrow the royal family. He says the impact of the U.N. sanctions on his life has been negligible.

"Nothing has changed," says Mr. Fagih, while serving tea and cakes from a silver tray in his office. Joking, he adds: "Except I can't buy a tank."

FBI Worries About An Osama-mobsters Link (USAT/AP)

By Pat Milton, Associated Press

USA Today, October 2, 2006

WASHINGTON — The FBI's top counterterrorism official harbors lots of concerns: weapons of mass destruction, undetected homegrown terrorists and the possibility that old-fashioned mobsters will team up with al-Qaeda for the right price.

Though there is no direct evidence yet of organized crime collaborating with terrorists, the first hints of a connection surfaced in a recent undercover FBI operation. Agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman.

That case and other factors are heightening concerns about a real-life episode of the Sopranos teaming with Osama bin Laden's followers.

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VIDEO: Osama and the Sopranos?

"We are continuing to look for a nexus," said Joseph Billy Jr., the FBI's top counterterrorism official. "We are looking at this very aggressively."

The new strategy involves an analysis of nationwide criminal investigations, particularly white collar crime, side by side with intelligence and terrorist activity.

"We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover," Billy said in an interview with the Associated Press.

Organized crime syndicates could facilitate money transfers or laundering, human smuggling, identification fraud or explosives and weapons acquisitions, officials said.

The options are many for terrorists groups.

There are the five reputed La Cosa Nostra families in New York, Russian criminal enterprises from Brighton Beach in the New York borough of Brooklyn to Moscow, and the emerging Asian crime syndicates that operate in many Islamic countries with al-Qaeda offshoots.

A contract study produced recently for the Pentagon and obtained by the AP warned that the potential for organized crime assisting terrorists is growing.

"Although terrorism and organized crime are different phenomena, the important fact is that terrorist and criminal networks overlap and cooperate in some enterprises," the study said. "The phenomenon of the synergy of terrorism and organized crime is growing because similar conditions give rise to both and because terrorists and organized criminals use similar approaches to promote their operations."

The traditional mafia has highly developed networks for acquiring goods and services and money, all for a price.

The mob's potential interest in helping a terrorist has nothing to do with ideology or sympathy but with greed, said Matt Heron, head of New York FBI's organized crime unit.

"They will deal with anybody, if they can make a buck," Heron said. "They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them."

"If the mob has explosives and a terrorist wants them and they have the money, they could become instant friends," he said.

Pat D'Amuro, a retired senior FBI official and now chief executive of Giuliani Security, said a Mafia boss once acknowledged that the mob would help terrorists.

"I am aware of a high-level Mafia figure, who was cooperating with authorities, being asked if the Mafia would assist terrorists in smuggling people into Europe through Italy," D'Amuro said. "He said, 'The Mafia will help who ever can pay.'"

Officials said they have no specific evidence that such a relationship has been cemented. But concerns were heightened last year after an Armenian immigrant was arrested in New York for allegedly leading a plot to sell military weapons to an FBI informant posing as a middleman for terrorists.

Arthur Solomonyan had claimed to be able to deliver shoulder-fired missiles from his connection in Russian organized crime to the informant, who claimed to have ties to al-Qaeda, federal prosecutors said. Solomonyan and 17 others in New York, Florida and California were charged in the case.

Solomonyan is scheduled for trial this month. His lawyer, Seth Ginsberg, said he plans to "vigorously contest" the charges and call the government's confidential informant to the stand to challenge his motives. The Italian, Russian, and Asian mafia remain active, particularly in New York, even though the government has successfully prosecuted numerous figures in recent years.

In the past three years, well over 100 associates from all five La Cosa Nostra families have been arrested in New York, Heron noted.

While the potential of a gangster-terrorist marriage is on the FBI's radar, homegrown terror cells and weapons of mass destruction are also big concerns for those in the FBI given the job of stopping the next terrorist attack.

"We are not only aware that they want to come across the ocean to attack us but they may be physically here developing in our own homeland," Billy said.

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The Internet has become the new Afghanistan, allowing terrorist sympathizers to promote their radical ideas and to recruit and train followers right their home computers. That makes it far more difficult for investigators to identify them.

Billy said his biggest concern remains weapons of mass destruction. While Hezbollah and Hamas are more defined terrorist groups, with a territorial focus and a political platform, al-Qaeda is more unpredictable.

"We know they were trying to acquire it prior to 9/11, bin Laden's own words said that," said Billy. "What makes us think they are still not trying?"

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat's father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Publisher To Offer Inside Account Of Al Qaeda Operative (NYT)

By Julie Bosman

The New York Times, October 2, 2006

DOJ_NMG_0072673

Basic Books says it will soon publish what it calls the first inside account of life as an Al Qaeda operative.

"Inside the Jihad: My Life with Al Qaeda, A Spy's Story," by Omar Nasiri, is a first-person narrative of Mr. Nasiri's time in an Al Qaeda training camp in Afghanistan in the 1990's, followed by a stint as a spy for a Western intelligence service.

The book, which is expected to be announced today and is scheduled to be published on Nov. 20, is a "detailed portrait of a complex man" with a "unique and chilling perspective," the publisher said in a press release.

But promoting "Inside the Jihad" will be tricky. "It will not be a traditional book tour," said David Steinberger, the chief executive of the Perseus Books Group, whose imprints include Basic Books, Da Capo Press and Running Press, among others. "There will be no author signings and no Oprah appearances and no morning shows."

Omar Nasiri, after all, is a pseudonym for someone who lives in hiding at an undisclosed location abroad, where he wrote the book over the last year. Mr. Nasiri will give only a few interviews, timed to the book's release, and given his ties to Al Qaeda will be unable to enter the United States. One of the interviews is expected to be with the BBC television program "Newsnight," but his face and voice will be digitally altered to protect his identity.

In the absence of an author able to speak for his work, the publisher is depending on other sources to lend credibility to "Inside the Jihad." Michael Scheuer, the former head of the Osama bin Laden unit within the Central Intelligence Agency, read the manuscript before publication, Mr. Steinberger said, and key facts in the book were vetted by members of various European security agencies.

Some consumers may be squeamish about buying a book written by a former Al Qaeda member, reformed or not, Mr. Steinberger acknowledged.

Still, he added, "There's only one way to get an accurate inside view of what goes on in Al Qaeda. The value of understanding what goes on there outweighs any other consideration."

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 2, 2006

Cash advantage

"The president's fund-raising sure helps," U.S. News & World Report reports in its White House Week column.

"Republicans in key congressional districts have now accumulated a big cash advantage over their Democratic rivals. Sources says that House Republican incumbents on the party's endangered list each have an average of $200,000 more on hand than their opponents," the magazine said.

"In the past, that kind of cash advantage has meant victory for more than 90 percent of candidates. Another good sign for the GOP: some of the most endangered Republican incumbents appear to be gaining momentum in their campaigns, according to GOP surveys."

Coming home

"If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy," Mark Halperin writes in the New York Times.

"On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message -- both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues -- has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center," said Mr. Halperin, who is the political director of ABC News and co-author of "The Way to Win: Taking the White House in 2008."

"For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the GOP base is coming home -- and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections."

DOJ_NMG_0072674

Ashcroft book

Former Attorney General John Ashcroft is to publish a memoir of his time in office, lashing critics of the Bush administration's strategy in the war on terror.

Advance copies of "Never Again: Securing America and Restoring Justice," which is to be published this week, were not available, but one person close to Mr. Ashcroft told Shaun Waterman of United Press International that he "hits out hard at critics of the administration" and its war on terror.

He has particularly harsh words for some of the members of the September 11 commission, especially Democratic former Justice Department senior official Jamie Gorelick, the source says.

The publisher's blurb says Mr. Ashcroft's position as the administration's most senior law-enforcement official gave him "a uniquely comprehensive -- and uniquely chilling -- view of the threats to American security," adding that Mr. Ashcroft discusses "the enactment and defense of the Patriot Act, the Robert Hansen spy scandal ... and the recently discovered domestic surveillance program authorized by President Bush."

Mr. Ashcroft, a conservative who became a lightning rod for criticisms of the administration's aggressive interpretation of the limits of presidential power, is slated to appear this morning on NBC's "Today" show to discuss his book.

Poll results

Democratic Rep. Harold E. Ford Jr. is running even with Republican Bob Corker in Tennessee, while Democrat Jon Tester has edged ahead of Sen. Conrad Burns in Montana, according to polls released yesterday.

A Mason-Dixon poll found that Mr. Ford had the backing of 43 percent in Tennessee, while Mr. Corker, a former Chattanooga mayor, was backed by 42 percent. Mr. Corker had a lead in midsummer polling matching the two.

Another Mason-Dixon poll found that Mr. Tester has pulled ahead of Mr. Burns in Montana, by 47 percent to 40 percent. They were tied in August polling.

Moving over

Robert Knight, who started the Culture & Family Institute at Concerned Women for America (CWA) in 2001, will be heading the new Institute on Culture and the Media (ICM) at the Media Research Center in Alexandria, beginning today.

"ICM will study how the media portray faith and traditional values, and how skewed media coverage undermines personal responsibility," Mr. Knight says.

Mr. Knight's relationship with CWA will continue this week, when he speaks Saturday at CWA's Leadership Conference in Arlington. He also will address a CWA event in Arizona later this month.

Myth-wrecker

"While Al Gore drifts into deeper darkness on the other side of the moon, propelled by such revelations as cigarette smoking is a 'significant contributor to global warming,' Sen. James Inhofe is becoming a one-man myth-wrecking crew," Investor's Business Daily says in an editorial.

"Inhofe, a Republican from Oklahoma, took to the Senate floor two days [recently] to expose the media's role in the global warming hype. This is a man who more than three years ago called the global warming scare 'the greatest hoax ever perpetrated on the American people' and has made a habit of tweaking the left-leaning environmental lobby," the newspaper said.

"One member of the media, Miles O'Brien of CNN, responded ... to Inhofe's criticism of the media with a piece criticizing Inhofe and challenging his arguments. If anything, it seems that O'Brien's reply simply motivated Inhofe to continue his effort to undress the media's complicity and bring light to the issue.

"We hope so. The 'science' on global warming and the media's propaganda campaign need to be picked apart.

"The assumptions made by gloomy theorists should be revealed for what they are: mere conjecture.

"The lies and carefully crafted implications, many of them discharged like toxic pollutants by a former vice president, deserve a thorough and lasting deconstruction.

"What the public needs -- and deserves -- is a credible voice to counter the sermons from Gore, on whose behalf cigarettes were distributed in 2000 to Milwaukee homeless people who were recruited by campaign volunteers to cast absentee ballots. Inhofe could be that voice."

Book review

DOJ_NMG_0072675

In a series of appearances on the talk-show circuit yesterday, White House counselor Dan Bartlett dismissed parts of Bob Woodward's new book, "State of Denial," saying the veteran reporter had "already formulated some conclusions even before the interviewing began" for the book.

During an appearance on ABC's "This Week," Mr. Bartlett described as a "grossly misleading characterization" that Secretary of State Condoleezza Rice dismissed warnings from intelligence officials about the threat of al Qaeda before the September 11 attacks.

However, Mr. Bartlett did confirm Mr. Woodward's report that White House Chief of Staff Andrew H. Card Jr. approached President Bush after the 2004 election and suggested he replace Defense Secretary Donald H. Rumsfeld. However, he denied rumors Mr. Bush was seeking to replace Mr. Rumsfeld. "The president has confidence in Don Rumsfeld," Mr. Bartlett said on CBS' "Face the Nation."

Testing Foreign Air Marshals (WP)

By Del Quentin Wilber

The Washington Post, October 2, 2006

EGG HARBOR, N.J. -- Eighteen Chinese air marshals were recently put to the test -- the same test faced by their U.S. counterparts. They learned to subdue an armed hijacker, leap down evacuation slides and deal with a bomb found aboard a plane.

The 18 Chinese security officers were part of an international exchange program that brings foreign air marshals to the high-tech and sprawling training compound here that is used by U.S. air marshals. Beijing requested the training because the air marshals will soon be patrolling flights by Chinese carriers that are bound for the United States, authorities said.

Since July 2005, more than 100 air marshals from seven countries -- including Mexico, Poland and Japan -- have participated in the program, which lasts one to two weeks. Foreign governments finance most of the training.

U.S. officials said that the exchange program allows air marshals to study advanced techniques at the high-tech training center. It also gives them an idea of U.S. laws and use-of-force requirements when dealing with suspects.

The U.S. government will not disclose the exact number of air marshals but says it has thousands on the payroll -- up from 33 on Sept. 11, 2001. Joseph J. D'Angelillio, special agent in charge of the training center, said that other countries have rushed to put more air marshals on flights since the 2001 attacks.

"Basically, we are trying to find commonalities, to get the best practices, and get this patchwork quilt put together so we have a very even and transparent aviation security system," D'Angelillio said of the exchange program.

U.S., EU Hit Snag In Air-Data Talks (WSJ)

By Robert Block

The Wall Street Journal, October 2, 2006

WASHINGTON -- Negotiators for the U.S. and European Union failed to reach a deal for sharing confidential airline-passenger information, setting the stage for a possible showdown over U.S. plans for greater security data-mining.

Department of Homeland Security officials said in the absence of a deal, the U.S. would use European airline-passenger information as "we deem necessary to protect the American people."

European officials fear attempts by U.S. officials to share the data with law-enforcement officials in violation of EU law could spark lawsuits and a diplomatic standoff that could ground commercial flights between Europe and the U.S.

Airlines refusing to provide passenger lists to the U.S. may lose landing rights in the country, but those that do provide the lists risk facing legal action under EU member states' data-protection legislation. European Commission spokesman Jonathan Todd said attempts to resolve the deadlock would continue.

Homeland Security Secretary Michael Chertoff has called the sharing of passenger-name record, or PNR, data on incoming flights from the European Union a vital tool to identify possible terrorists before they reach the U.S. After the Sept. 11, 2001, attacks, the U.S. demanded that all airlines provide passenger data -- including information such as credit-card numbers, travel itineraries, addresses and telephone numbers -- for all inbound flights. But a subsequent U.S.-EU agreement was ruled illegal by the highest European court in May, giving the EU until midnight this past Saturday to reach a new arrangement.

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A total of 34 pieces of information about each individual passenger must be transferred to American authorities within 15 minutes of a flight's departure to the U.S. under the lapsed agreement.

Some airlines have more than 60 pieces of information about passengers, to which U.S. officials have sought access.

According to U.S. and European officials close to the talks, a deal was almost finalized Saturday when Mr. Chertoff introduced new demands and the Europeans balked. Officials provided no details about those demands, but Mr. Chertoff has said publicly on many occasions that Homeland Security wants to share European PNR information with investigators from other U.S. law-enforcement agencies as well as with U.S. allies. Under European law and the lapsed EU deal, however, the department can't share the data beyond U.S. Customs and Border Protection, which checks the data against U.S. terrorist watch lists.

After the EU negotiators left Washington, Mr. Chertoff spoke several times with Franco Frattini, the European commissioner for justice, freedom and security, and a Homeland Security spokesman said the two were "confident" an agreement could be reached soon. Mr. Chertoff then sent what he called a draft agreement to EU representatives that he initialed for "final ratification."

EU officials called the move a "diplomatic ploy." "Chertoff is attempting to create a unilateral agreement where there is none," said one EU official.

Homeland Security officials denied the charge, saying it was an attempt by Mr. Chertoff to present European ministers with a document the U.S. was prepared to sign. The EU's interior and justice ministers are due to take up the issue Thursday.

Australian Suspect At Gitmo To Be Tried (AP)

By Rod Mcguirk

AP, October 2, 2006

CANBERRA, Australia -- The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday.

With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last week to press for a speedy resolution. He returned home Sunday.

"It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard," Ruddock told Australian Broadcasting Corp. television.

"They don't think it will be within weeks _ obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months _ but they're very conscious of our view that this needs to happen very expeditiously," he said.

Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy.

Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid.

The legislation Congress sent President Bush Friday endorses his plan to interrogate and prosecute terror suspects and sets the rules for court proceedings. It would only apply to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq.

The Pentagon had previously selected 10 prisoners at Guantanamo Bay prison to be tried and Bush is expected also to try some or all of the 14 suspects held by the CIA in secret prisons and recently transferred to military custody at Guantanamo.

HOMELAND RESPONSE:

5 Years After Anthrax Attacks, Investigators Still Have No Answers (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 2, 2006

DOJ_NMG_0072677

When Bob Stevens, a photo editor in Boca Raton, died of anthrax poisoning five years ago, he became the first U.S. casualty in a new era of bioterrorism threats.

In the days and weeks to follow, four others who contracted anthrax from tainted mail died -- two postal workers in Washington, D.C., a New York City hospital stockroom employee and an elderly Connecticut woman. At least 17 others fell ill but survived during that uneasy autumn after the 9-11 attacks.

Whoever devised the deadly letters slipped back underground -- there have been no anthrax mailings since. The unknown attacker transformed the American consciousness, in part because a potential biological attack seemed remote, until it became a reality.

Hoax letters once tossed in the trash without a thought now merit a full hazardous materials response. Biodefense is a government priority, with billions of dollars dedicated to it. Even as some experts say anthrax would be the easiest biological weapon for terrorists to deploy, others say the threat is low because of the difficulty in obtaining, producing and effectively dispersing it.

What disturbs some bioterrorism experts is the lack of positive signs the FBI will ever solve the mystery.

"Every year that passes, the probability of solving it becomes less and less," said Bill Patrick, a former military anthrax researcher. "It's been five years now. I don't see a solution forthcoming."

That uncertainty hangs over Maureen Stevens, who lost her husband of 27 years. Bob Stevens, 63, fell ill and was hospitalized on Oct. 2, 2001. He died three days later, and Maureen Stevens has no more answers today than she did then.

"I just want to know how it could happen, as much as how it happened, how easy it was for someone to do this," she said recently. "I would really like to know how they did it, why they did it, and what they hoped to achieve."

Though the investigation appears stalled, the FBI says the "Amerithrax" investigation remains a priority, with 17 agents and 10 postal inspectors assigned to the case.

"Despite the frustrations that come with any complex investigation, no one in the FBI has, for a moment, stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed," Joseph Persichini Jr., acting assistant director of the FBI's Washington Field Office, said in a recent statement.

The FBI initially focused on scientists who worked within U.S. biodefense programs with access to government strains of Ames anthrax and sophisticated labs.

It now appears the person or group behind the attacks didn't require highly specialized scientific training to manufacture the anthrax, potentially opening up a much larger pool of suspects. Some experts previously characterized the anthrax as "weaponized" to make its spores smaller, lighter and more deadly.

An FBI scientist, Douglas Beecher, recently published an article in Applied and Environmental Microbiology saying the spores didn't get special coatings to make the anthrax disperse more effectively.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapon production," Beecher wrote in the journal's August issue.

The FBI's first public comment on the nature of the anthrax is drawing attention from a scientific community that at times has been divided on how technologically accomplished the attacks were.

Patrick says the perpetrator knew his business, at least to the degree that an effective, deadly spore was produced.

"It was good material, not weapons grade -- highly concentrated and small particles," he said. "I don't think it's something you can go into your basement laboratory to do."

The first batch of letters went to media outlets -- the three major television networks and the New York Post in New York City, and to tabloid publisher American Media Inc. in Boca Raton, which publishes the Star and National Enquirer, and where Bob Stevens was a photo editor at the now defunct The Sun.

That anthrax was not as refined as the spores in two letters postmarked Oct. 9 and sent to U.S. Sens. Tom Daschle and Patrick Leahy. The Senate letters had higher concentrations of anthrax -- experts think the perpetrator got better at producing the spores. The FBI's Beecher wrote that even microbes left in a cruder state than weaponized spores can be dangerous.

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"You can use fairly simple methods to make a fairly sophisticated powder," said David Siegrist, a bioterrorism expert at the Potomac Institute for Policy Studies in Virginia. "I think everybody believes it was very sophisticated powder, but it didn't use traditional routes [of weaponization] to get there."

For a time, the FBI focused on a former biological weapons researcher, Steven Hatfill, whose apartment was searched twice in the summer of 2002. Former Attorney General John Ashcroft called him a "person of interest," but no charges were filed. Hatfill is now suing the government.

The anthrax mailings radically changed some government priorities, increasing biodefense spending from roughly $150 million in the late 1990s to an estimated $7.5 billion last year, according to one study.

The increased biodefense spending is being used to study the threat, the biological agents that could be used and the best ways to respond to an attack. Almost $1 billion is earmarked for a new anthrax vaccine and an antitoxin, and an older vaccine and antibiotics are being stockpiled. Shipments of the new vaccine were to start this fall, but problems have pushed back delivery until at least 2008.

The first-responders to any biological threat -- the police, paramedics and firefighters -- now receive more specialized training specifically for such an event. Training is coordinated between local, state and federal agencies.

"The resources are in place for the state. South Florida in particular has the largest number of hazardous material technicians in the state," said Mike Jachles, a spokesman for Broward County Fire-Rescue.

Palm Beach County Fire-Rescue Capt. Don DeLucia says not every contingency can be anticipated.

"A large event is going to be difficult to manage no matter how much you prepare for it. You cannot possibly prepare 100 percent for everything."

But there are some bioterrorism specialists who think the threat is overblown.

Milton Leitenberg, a senior research scholar at the University of Maryland's Center for International and Security Studies, says government officials and others are deliberately exaggerating the biological threat, even though no terror organizations have demonstrated the ability to carry out such attacks. He has been critical of the $7 billion yearly biodefense budget. "I don't believe there is any great threat," he said.

While progress has been made in preparing the nation for a biological attack, many experts say the country still is not ready for a small-scale attack, let alone an effective release of biological agents in an urban center.

"What we saw in 2001 was a minuscule attack with anthrax. A large attack would involve tens or hundreds of thousands of people," said Dr. Eric Toner, a senior associate with the University of Pittsburgh's Center for Biosecurity who specializes in medical emergency preparedness. "We have accomplished a lot in five years, but we have lot more to be done. I'm not satisfied that if we had an attack today we would be able to respond effectively."

DHS Reviews Claims Of Contract Conflicts (WP)

By Spencer S. Hsu

The Washington Post, October 2, 2006

The Homeland Security Department is reviewing whether managers with ties to Oak Ridge National Laboratory improperly influenced the decision to give $20 million to the laboratory since 2004 to help develop a list of the nation's top potential terrorist targets, according to DHS officials.

Officials are examining the roles played by two former Energy Department employees who were working for DHS as well as an Idaho National Laboratory employee who was on assignment to the department, said Undersecretary for Preparedness George W. Foresman.

Among Homeland Security's concerns is whether the men's relationships with the Energy Department inappropriately influenced funding decisions. There is little in the way of records to show how funding decisions were made, officials said.

The national labs are owned by the Energy Department and independently managed.

One of the staffers has been reassigned, nearly $40 million more destined for the lab has been placed on hold, and a team was sent Sept. 15 to Oak Ridge, Tenn., to scrutinize its work and determine whether to refocus its efforts, department officials said.

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Foresman said the department is acting in an abundance of caution because of recent complaints by Congress and watchdog groups about potential conflicts of interest among DHS contractors awarding research to their home institutions. In June, the DHS inspector general issued a sharply critical review of the target list program.

"There is no indication of any type of misconduct, but this is very much about making sure in the context of everything that we're doing we reflect the highest ethical standards," Foresman said.

The department created the target list, formally known as the National Asset Database, in 2003 and named Oak Ridge to host it, with little or no paperwork. A Congressional Research Service report this month warned that the 77,000-item list remains incomplete and is of limited value.

The scrutiny comes during infighting over poor financial management and budget cuts at Homeland Security's infrastructure protection office, which oversees the database, and which Secretary Michael Chertoff recently reorganized. The unit has been criticized for being slow to complete priorities such as securing chemical plants, helping first responders prevent bomb attacks and finalizing industry plans to protect vital facilities.

At least twice in the past nine months, critics have warned of potential ethical lapses in how DHS awards research grants. Congressional auditors reported in December that such grants lacked adequate documentation and could pose conflicts of interest.

Short of staff after its troubled 2003 launch, DHS placed employees loaned by the national laboratories in charge of five of 16 research programs. Auditors found that in 2004, 23 percent of DHS's $761 million science and technology directorate's research budget went to national laboratories.

James F. McDonnell, former head of the DHS risk management division and one of the former Energy Department employees under scrutiny, said the actions he and others took "were perfectly appropriate."

The department faced an urgent need to identify targets and lacked the computer capacity to do the job, said McDonnell, a career officer in the Navy and now a senior fellow at George Washington University's Homeland Security Policy Institute. McDonnell said he approached Oak Ridge National Laboratory and asked "if they would take it on and we would fund them to do it, and they said, 'Sure.' "

DHS can award work to national labs as if they are part of the department, skipping formal contracting requirements, McDonnell said, and the lab produced high-quality classified work. But private vendors have long wanted a bigger share of federal research, Foresman said.

Frank H. Akers Jr., a retired Army brigadier general and Oak Ridge associate lab director for national security, said, "We have followed federal guidelines for securing these work contracts."

The shuffle comes amid tension at the department's infrastructure protection and information system's unit, headed by Assistant Secretary Robert B. Stephan since April 2005 and placed under Foresman last fall.

The Homeland Security inspector general in June castigated the division's slow progress at identifying critical facilities and producing a national plan to secure them despite two presidential security directives since 1998. The database has grown from 160 items in 2003 to nearly 80,000 today, but it contains such entries as petting zoos and popcorn stands, doughnut shops, small-town parades and rural bean festivals. DHS officials said the list is only a reference source for a more selective list of 600 critical assets.

WAR NEWS:

White House Aides Take To Talk Shows To Dispute Book (WP)

By Michael A. Fletcher

The Washington Post, October 2, 2006

The White House intensified efforts yesterday to limit the political damage caused by a new book portraying the Bush administration as divided to the point of dysfunction over the war in Iraq, as top officials took to network talk shows to rebut the book's suggestion that President Bush has misled the nation about how dire the situation is there.

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Counselor Dan Bartlett, a top aide to Bush, said that despite assertions in "State of Denial," by Washington Post Assistant Managing Editor Bob Woodward, the president has been forthright with the public about the challenges in Iraq.

"What's interesting about this book is that he doesn't connect his own dots," Bartlett said of Woodward on ABC's "This Week." In fact, "he references throughout the book time after time after time where the president was being presented with the bad information, was pushing the internal process to make sure we were adapting to the enemy, and he was sharing this news with the American people."

Bartlett appeared on three network news shows as part of a larger administration effort to push back against criticism being generated by the book, which draws a portrait of Bush growing increasingly isolated in his determination to stay the course in Iraq while his inner circle rejects recommendations to change direction.

Five weeks before the Nov. 7 midterm elections, and days after the disclosure of a National Intelligence Estimate that concluded that the Iraq war has increased the global terrorism movement, Democrats have seized on the book's disclosures to underscore their position that the administration has clung to its strategy regardless of the facts it faces.

"I think there's an evidence-free zone in the White House and the top levels of the Pentagon," Rep. Jane Harman (Calif.), the top Democrat on the House intelligence committee, said on "Fox News Sunday."

The White House has issued long news releases disputing assertions made in the book, while current and former White House aides have taken to the airwaves to dispute or play down the significance of incidents reported in the book.

Bartlett took issue with the book's assertion that Secretary of State Condoleezza Rice, who was then national security adviser, failed to take action after then-CIA Director George J. Tenet warned her, during a meeting on July 10, 2001, of intelligence pointing toward an impending al-Qaeda attack. The book reports that Tenet and his counterterrorism chief, J. Cofer Black, left the meeting feeling brushed off.

The previously undisclosed meeting was not mentioned to members of the Sept. 11 commission, who did an exhaustive investigation of the events leading up to the deadliest terrorist attack in the nation's history. The White House acknowledges that the meeting occurred but disputes the book's depiction of it.

"I spoke to [Secretary Rice] this morning," Bartlett said. "She believes that this is a very grossly misaccurate characterization of the meeting they had."

Speaking on Fox News, former chief of staff Andrew H. Card Jr., who is reported in the book to have suggested twice that Bush fire Defense Secretary Donald H. Rumsfeld, acknowledged that he sat for long interviews with Woodward "more than a handful of times." He did not dispute that he recommended Rumsfeld's removal, although he added, "I did not start a campaign."

Card added that it is an "overstatement" to say that first lady Laura Bush joined any effort to oust Rumsfeld. The first lady's office has denied the assertion.

Bartlett added that Rice proposed a turnover of Bush's national security team before his second term began, but that the president decided against making wholesale changes.

The book depicts Rumsfeld as a difficult and alienating figure. At one point, he would not return Rice's phone calls, Woodward reports, an assertion that White House spokesman Tony Snow said Rice dismissed as "ridiculous."

Asked whether things were truly that bad, Card said on Fox: "Well, I would not describe that as bad. We are all human beings. There are Type A personalities running around in this government, and that's good. And sometimes a chief of staff or somebody else has to help bring people together to provide counsel to the president."

Despite the controversy that follows him, Rumsfeld continues to have the backing of Bush. "The president has full confidence in Secretary Rumsfeld," Bartlett said. He "is doing an enormously difficult job fighting a war. . . . We recognize he has his critics."

Traveling in Nicaragua yesterday, Rumsfeld said that he is not considering resigning and that the president had called him personally in recent days to express his continued support, the Associated Press reported.

White House Accuses Reporter Bob Woodward Of Bias (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 2, 2006

DOJ_NMG_0072681

WASHINGTON - The White House on Sunday attacked investigative journalist Bob Woodward, accusing the reporter of pursuing an agenda in researching his new book "State of Denial," which portrays the Bush administration in an unflattering way.

Appearing on the ABC news program "This Week with George Stephanopoulos," White House counselor Dan Bartlett said Woodward had "already formulated some conclusions even before the interviewing began" with current and former top administration officials.

Excerpts from the book were published Sunday in The Washington Post, where Woodward is an assistant managing editor. They included allegations that President Bush gave rosy public reports about Iraq despite intelligence reports that expressed concern about the rise of the insurgency and the ability of the United States to bring stability. The book also alleged that Secretary of State Condoleezza Rice was warned about Osama bin Laden just months before the Sept. 11 terror attacks.

Two earlier Woodward books, "Bush at War" and "Plan of Attack," were widely considered sympathetic to the White House. But Woodward's third book on Bush's conduct of the war on terror alleges that the president and his team deliberately mislead the public about the on-the-ground reality in Iraq.

On Friday, White House spokesman Tony Snow dismissed the book as cotton candy, suggesting it was light and just repeated old news and views. Sunday, Bartlett took a decidedly more hostile tone, cautioning, "I'm not going to use the word agenda," but then suggesting just that.

Bartlett, special counselor to the president, complained that Woodward wouldn't listen to what he was being told during interviews with administration officials, noting that "their points weren't getting across."

The White House aide also challenged the veracity of one of the book's most controversial assertions. Woodward reported that former CIA Director George Tenet and Cofer Black, the State Department's former anti-terrorism chief, went to Rice on July 10, 2001, in an unscheduled meeting, with intelligence that showed that bin Laden planned to attack the United States.

At the time, Rice was the president's national security adviser. Woodward reports that she gave the two intelligence leaders a brush-off.

Rice, said Bartlett, "believes this is a grossly misleading characterization of the meeting," adding that such a forceful appeal "in her mind didn't happen."

In recent weeks President Clinton, angered by Republican suggestions that he didn't do enough to thwart bin Laden, accused the Bush administration of doing nothing during eight months in office to prevent the terror attacks on New York and Washington.

Bartlett confirmed Woodward's assertions that former chief of staff Andy Card went to the president after re-election and suggested he replace the unpopular defense secretary, Donald H. Rumsfeld. And, he confirmed more recent news reports that others are urging Bush to fire Rumsfeld. Critics accuse Rumsfeld of using too few troops and bungling the post-war period in Iraq.

"The president has confidence in Don Rumsfeld," said Bartlett, during another Sunday morning interview on the CBS program "Face the Nation."

White House On Defensive Over Book's Revelations On Iraq (AFP-Y)

By Claire Gallen

AFP, October 2, 2006

An explosive new book by star journalist Bob Woodward alleging President George W. Bush hid the truth of the deteriorating Iraq situation has rocked the White House just five weeks before key US congressional elections.

Woodward's "State of Denial" says Bush told Congress and the public that US efforts to establish a democratic government in Iraq were progressing steadily, even as internal White House reports detailed a growing threat of civil war.

It also says that Bush rejected pressure from White House officials to sack Defense Secretary Donald Rumsfeld on the grounds that his policies were contributing to the worsening security situation in Iraq.

"There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly," Woodward said Sunday in a Washington Post article adapted from the book.

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"In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation," he said.

The book's official release is Monday, but details were reported by US media days earlier from leaked copies. More excerpts were published Sunday by the Washington Post, where Woodward works, and Newsweek magazine.

The book threatened to damage efforts by Bush's Republican Party to maintain control of the Congress in November elections, in which the ongoing US occupation of Iraq is an important issue.

On Sunday, White House counselor Dan Bartlett insisted Bush had been candid about the war.

"I know the president has been very blunt with the American people about the challenges we face in Iraq. We've given that information," he told CBS television.

And on Friday, White House spokesman Tony Snow insisted that "Nobody's tried to mislead anyone about (Iraq)," in response to the charges by Woodward, whose reporting on the early 1970s Watergate scandal helped force the resignation of president Richard Nixon.

Citing interviews with top officials and internal documents, "State of Denial" portrays Rumsfeld as running rough-shod over the advice of the country's top generals and ignoring advice against US policies since seen as contributing to instability in the country.

Rumsfeld said Sunday that Bush had given him his personal support and that he will not resign despite the new wave of criticism set off by the book.

"No, no, no," Rumsfeld said on a trip to Nicaragua when asked if he had considered resigning. "How many times do I have to answer?"

The Woodward book also shows that some senior government advisors were unwilling to argue over US policies with Bush in White House meetings, viewing Bush as not open to advice contrary to existing policies.

In one episode recounted by Woodward, Rumsfeld flatly rejected pleas by Jay Garner, the first US administrator in Iraq following the March 2003 invasion, to reverse "tragic" decisions to disband Iraq's military and to ban members of the former ruling Baath party from government service.

That rebuff left Garner too timid to raise the same points in a meeting with Bush.

"In my thinking, the door's closed," Garner later told Woodward, who noted the decisions left hundreds of thousands of unemployed, armed Iraqis to join the insurgency.

After Condoleezza Rice became secretary of state in January 2005, her personal emissary reported that Iraq "remains a failed state" beset by violence and that Washington had no comprehensive, articulated policy for it.

Yet, Woodward shows, the White House steadfastly maintained publicly that the United States was progressing toward defeating the insurgents.

He contrasts positive public remarks by Bush over the past three years with concurrent, candid secret reports and memos in the White House that showed the Iraq situation worsening.

For instance, on November 11, 2003, Bush said in a speech that the United States was "not only containing the terrorist threat, we are turning it back."

On the same day, a senior CIA official told Bush, "We are seeing the establishment of an insurgency in Iraq."

Should He Stay? (WP)

By Bob Woodward

The Washington Post, October 2, 2006

After President Bush won reelection in 2004, White House Chief of Staff Andrew H. Card Jr. got out an 8 1/2 -by-11 spiral notebook, half an inch thick, with a blue cover. He called it his "hit-by-the-bus" book -- handy in case someone in the administration suddenly had to be replaced. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or presidential record that might someday be opened to history. It was private and personal.

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A second term traditionally leads to personnel changes. The question was whether one of them would involve Secretary of Defense Donald H. Rumsfeld.

Card had to approach the issue with delicacy. Iraq was the centerpiece of everything now, and the president was clearly predisposed not to do anything that would disrupt the war effort. If Rumsfeld left, what would the impact be on overall momentum and on the morale of those who were doing the fighting? Rumsfeld had a virtual monopoly on defense contacts with the president, so there was no way the president could get independent information to answer those kinds of questions.

The champions of change at the Defense Department included Condoleezza Rice, the national security adviser who would soon be nominated to become the new secretary of state; her replacement as national security adviser, Stephen J. Hadley; and Card himself.

Card had the names of 11 possible Rumsfeld replacements in his "hit-by-the-bus" book, among them Sen. Joseph I. Lieberman (D-Conn.), who had been Al Gore's vice presidential running mate in 2000 and was a staunch defender of the Iraq war, and Sen. John McCain (R-Ariz.).

But Card thought the best replacement for Rumsfeld would be James A. Baker III, who had been White House chief of staff and Treasury secretary under President Ronald Reagan, then secretary of state and chief political adviser to the president's father.

Card floated the names to Bush over the course of several weeks, all the while underscoring the advantages of change. But his focus was on Baker.

"Mr. President, this is my quiet counsel," Card said. "Put a diplomat in the Defense Department."

The president seemed genuinely intrigued.

"You don't have to rush to make a decision," Card advised.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. One of Rumsfeld's minions told Card, "Nothing will happen until the war is over."

Karl Rove, Bush's top political adviser, weighed in with the president. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing to replace Secretary of State Colin L. Powell, and with the expected nomination of White House counsel Alberto R. Gonzales to be attorney general, would another Senate confirmation overload the system?

"I've got Powell going. I'm going to have to replace Condi," the president told Rove. "Do I have to have some continuity in all of this?" And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war.

"If we need to do it, we need to do it. But if we don't need to do it, you know," Bush said, deciding nothing but sounding reluctant to make a change.

With Card's knowledge and encouragement, Michael Gerson, the chief White House speechwriter, also lobbied the president. Gerson said he believed that Rumsfeld should be replaced, as a symbol of change. The president should talk to Lieberman about taking over for Rumsfeld, Gerson recommended. What better symbol of change could there be than to bring in Gore's running mate?

Knowing how important loyalty was to Bush, he said, "Mr. President, it's not disloyal to have someone in for four years, four and a half years, in a job like this, and then for a variety of reasons, many of them not of his own doing, okay, to say that it would be advantageous to have a change."

Interesting idea, Bush said.

Card kept pushing, at one point raising the possibility of change at the Pentagon with Vice President Cheney.

No, Cheney said, he was predisposed to recommend that the president keep Rumsfeld right where he was. Card was not surprised.

In private conversations with Bush, Cheney said Rumsfeld's departure, no matter how it might be spun, would be seen only as an expression of doubt and hesitation on the war. It would give the war critics great heart and momentum, he confided to an aide, and soon they would be after him and then the president. He virtually insisted that Rumsfeld stay.

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In mid-December 2004, the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Earlier this year, I asked Rumsfeld whether there was ever a moment when Bush asked him to stay.

"I don't recall that there was," he said. But on the other hand, he added laughing, "I'm quite confident there was never a moment where he said, 'I want you to leave.' "

Doubts From the Start

Cheney had suggested Rumsfeld to Bush in late December 2000. Rumsfeld was so impressive, Bush told Card at the time. He had had the job in the Ford administration a quarter-century before, and it was as if he were now saying, "I think I've got some things I'd like to finish."

But there was another dynamic that Bush and Card discussed. Rumsfeld and Bush's father, the former president, couldn't stand each other. Bush senior didn't trust Rumsfeld and thought he was arrogant, self-important, too sure of himself and Machiavellian. Rumsfeld had also made nasty private remarks that the elder Bush was a lightweight.

Card could see that overcoming the former president's skepticism about Rumsfeld added to the president-elect's excitement. It was a chance to prove his father wrong. And Rumsfeld fit Cheney's model of a defense secretary who could not only battle things out with the generals but who also had as much gravitas as the rest of the new national security team.

Bush would nominate Rumsfeld, he told Card. Cheney had been selected for his national security credentials. He was the expert, and this was the sort of decision that required expertise. Still, Bush wondered privately to Card about pitfalls, if there was something he didn't see here. After all, his father had strong feelings.

Is this a trapdoor? he asked.Disdain for the Process

During the long run-up to the war, Rumsfeld made little attempt to disguise his disdain for what was called "the interagency process" -- coordinating policy with the State Department under Powell and the National Security Council under Rice.

By the start of 2003, Frank Miller, the NSC's senior director for defense, who was coordinating the Iraq issue among the different federal agencies, felt that Rumsfeld had made his job almost impossible.

There was constant tension between the NSC and Rumsfeld's Pentagon, and Rumsfeld went to extra lengths to keep control of information. Often, when Rumsfeld came to the White House with Gen. Tommy R. Franks to brief the president, the NSC and some of the staff on the Iraq invasion plans, he would see that the slides and handouts were distributed just before the meeting and taken back immediately after.

Sometimes there would be a handout for the president with 140 pages, and the lesser beings like Miller would only be allowed to see 40 of them. On one occasion, Rumsfeld came to a meeting without enough briefing packets for all the principals, so Rice wound up looking on with the person next to her.

Sometimes, Rumsfeld would point across the room in the middle of a briefing. "People shouldn't be taking notes," he scolded. "People should not be taking notes in here."

When the generals came over to the White House with him, Rumsfeld spoke first, introducing everyone and explaining what they were going to talk about. It was worse for Gen. Richard B. Myers, then the chairman of the Joint Chiefs of Staff. Miller and Myers were longtime friends, and Miller could see that Myers was suffering.

At times Rumsfeld would not return Rice's phone calls when she had questions about war planning or troop deployments. She complained to Rumsfeld, who reminded her that the chain of command did not include the national security adviser.

Rice complained to the president.

Bush's response was to try to be playful with Rumsfeld.

"I know you won't talk to Condi," Bush once teased Rumsfeld, "but you've got to talk to her."

At the Pentagon, Rumsfeld built a "kitchen cabinet" of special assistants and consultants within the Office of the Secretary of Defense. It grew into a fortress of old friends and retired military officers.

Perhaps the most important of these was Stephen Herbits, a lawyer and longtime Rumsfeld friend going back to 1967. Herbits had been one of Rumsfeld's civilian special assistants during his first Pentagon tour. Rumsfeld made him a consultant with a license to analyze current problems, and he functioned as a management fix-it man, somewhat as Karl Rove did for Bush.

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Herbits, who was also a gay rights activist and occasional contributor to Democratic candidates -- and thus highly unusual among Republican defense experts -- was known for his incisive, provocative, slashing dissections of personnel and institutions. Rumsfeld appreciated his style and skill at cutting through the normal fog of Pentagon paperwork and lowest-common-denominator analysis.

On December 5, 2002, in the middle of the most intense invasion planning for Iraq, Herbits walked into Rumsfeld's office.

"You're not going to be happy with what I'm going to tell you," he said, "but you are in the unique position of being the sole person who could lose the president's reelection for him if you don't get something straightened out."

Rumsfeld flushed.

Herbits continued. "Now that I've got your attention, you have got to focus on the post-Iraq planning. It is so screwed up. We will not be able to win the peace."

Herbits warned Rumsfeld that policy Undersecretary Douglas J. Feith was screwing up. The fighting between the State and Defense departments was so bad that interagency meetings were at times little more than shouting matches. Postwar planning was so fiercely off track that it required the secretary's personal intervention.

Rumsfeld didn't say much but soon called a surprise Saturday meeting with Feith and others involved.

"What's going on here?" he asked. "We've got to get this on track."

It later became clear that one of the root causes for troubles in postwar Iraq was the lack of security, and that that was the result of the chronic shortage of troops faced by U.S. commanders.

The record showed that the plan for invading Iraq had a top number of 275,000 ground combat troops, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began.

Earlier this year, I asked Rumsfeld about the troop levels.

He said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on Franks's recommendation, he said. "He made a judgment that he had what he needed, or would have as this played out, and that he would not need the additional ones that were in the queue. . . . And he made that recommendation and I made the recommendation to the president, and we agreed with it." So the 90,000 additional ground troops were not sent for the war or stabilization.

The critics -- or the "opiners," as Rumsfeld called them, "the people who don't have responsibility for making the decisions" -- don't understand, he said. "Many of them say, 'Oh, it's Rumsfeld,' as though I'm sitting around with a black box figuring all this out. And anyone who knows me or watched me do anything knows that I don't do it that way. I come here to this job knowing that there's no one smart enough to do this job." So he relied on "smart people," he said, and on "advice from multiple sources."

But half a dozen of the generals and civilians who worked most closely with Rumsfeld made it clear in interviews that it was Rumsfeld who was making the decisions.

By this summer, Rumsfeld had softened his position on the issue of whether there were enough troops.

"It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said in another interview. "All of us that were trying our best to make these judgments were doing it in a context of concern about having enough to get the job done, and enable a process, political and economic process, to go forward, and not so many that it persuaded people that we were there to steal their oil and occupy their country and disrupt and cause disturbances in the neighboring countries that cause the overthrow of some of those other regimes. And so we made the best judgment we could.

"In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

One of the harshest critics of what happened in Iraq as the security situation deteriorated and the insurgency intensified was Rumsfeld's own aide, Herbits.

On July 15, 2004, Herbits sat down at his computer and wrote another memo, a scathing seven-page report titled "Summary of Post-Iraq Planning and Execution Problems." Though he discussed the postwar planning and policies, and the tenure of L. Paul Bremer III as head of the Coalition Provisional Authority, his real target was his friend of 37 years. The memo listed a series of tough questions:

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Â· "Who made the decision and why didn't we reconstitute the Iraqi army?"

Â· "Did no one realize we were going to need Iraqi security forces?"

Â· "Did no one anticipate the importance of stabilization and how best to achieve it?"

Â· "Why was the de-Baathification so wide and deep?"

"Rumsfeld's style of operation," Herbits wrote, was the "Haldeman model, arrogant" -- a reference to President Richard M. Nixon's White House chief of staff, H.R. "Bob" Haldeman.

"Indecisive, contrary to popular image," Herbits wrote of Rumsfeld. "Would not accept that some people in some areas were smarter than he. . . . Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions."

Herbits reached his crescendo: "Did Rumsfeld err with the fundamental political calculation of this administration: not getting the post-Iraq rebuilding process right within 18 months?"A Worried General

Rumsfeld's relationship with his own generals only worsened.

In the summer of 2005, Marine Corps Gen. James L. Jones, the NATO commander, paid a call on his old friend Gen. Peter Pace, then the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to replace Myers as chairman, the top position in the American military.

Jones expressed concern that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The Joint Chiefs had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

Pace became chairman, and later flatly denied that Jones had told him that Iraq was a debacle. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," he said.The First Lady's Concerns

Every six weeks or so, Card tried to have a private, candid session with first lady Laura Bush to hear her concerns.

The first lady was worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's overbearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and said he believed it was time for a change.

"Well, does the president know about that?" she asked. Was Card being candid with her husband?

Card said he was. "That's why I'm arguing." He said, however, that so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

Card's relationship with Rumsfeld was always difficult. Last year, in the days after Hurricane Katrina hit New Orleans with devastating effect, Bush decided more troops were needed and asked Card to relay the message to Rumsfeld.

"You know I don't report to you," Rumsfeld said.

"I know you don't report to me," Card replied. "You report to the president. But believe me, he would like you to do this."

"I'm not going to do it unless the president tells me," Rumsfeld told the chief of staff. Too many strains and obligations were being placed on the National Guard.

Card protested that he had just talked to the president, who had made an absolute decision.

"Then he's going to have to tell me," Rumsfeld said.

"Hey," the president said to Card later. "Rumsfeld called me up. I thought you were going to handle that."One More Try

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After Thanksgiving 2005, Card made another concentrated effort to get the president to replace Rumsfeld. He didn't want the president to have blinders on. Many Republican and Democratic leaders were telling Card privately that they just could not deal with the secretary of defense. He was arrogant and unresponsive.

Card was also hearing from members of the old foreign policy establishment connected to the president's father -- the Gray Beards, he called them -- who were complaining more and more.

"Who's going to do the job?" the president asked Card.

Card again mentioned Baker.

"How do we get Roger Clemens back into the game?" Card asked, comparing Baker to one of the all-time great pitchers, who had retired from baseball only to come back for another year with his hometown team. "He can still pitch," Card said about Baker.

Bush reminded him that they were at war. Rumsfeld was transforming the military, hadn't been insubordinate and needed to get the new Pentagon budget approved. Replacing him would be disruptive to the upcoming Iraqi election on Dec. 15.

"Interesting," the president said nonetheless. "Interesting."

But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker. Rumsfeld would stay.

Bill Murphy Jr. and Christine Parthemore contributed to this report.

Rumsfeld Says He Won't Resign (AP-Y)

By Lolita C. Baldor

AP, October 2, 2006

Defense Secretary Donald H. Rumsfeld, coming under renewed fire for his management of the Iraq war, said Sunday he is not considering resigning and said the president had called him personally in recent days to express his continued support.

Speaking to reporters en route to Nicaragua for a meeting of defense ministers, Rumsfeld said he was not surprised by reports in a new book that White House staff had encouraged President Bush to fire him after the 2004 election.

"It's the task of the chief of staff of the White House — and having been one, I know that — to raise all kinds of questions with the president and think through different ways of approaching things," Rumsfeld said. "So it wouldn't surprise me a bit if that subject had come up."

Asked by reporters if he had recently considered resigning, Rumsfeld said, "No."

In the new book "State of Denial," Washington Post assistant managing editor Bob Woodward writes that former White House chief of staff Andrew Card twice sought to persuade Bush to fire Rumsfeld.

Card on Friday did not dispute that he had talked about a Rumsfeld resignation with the president but said it was his job to discuss a wide range of possible replacements, including his own.

Rumsfeld on Sunday also denied any rift with Secretary of State Condoleezza Rice and said the ongoing debate doesn't detract from his work with other international leaders.

He said he had spoken to Bush since the book's contents were made public. Bush "called me personally," said Rumsfeld, to voice support.

Rumsfeld has previously acknowledged that he twice offered Bush his resignation, but it was not accepted.

The defense secretary and Bush have faced growing criticism for their handling of the Iraq war as violence there has escalated, U.S. casualties have mounted and public support for the conflict has declined. Fueling the debate in recent days was the release of a classified intelligence report that concluded that the Iraq war has helped fuel a new generation of extremists and increased the overall terrorist threat.

Just back from a five-day trip to the Balkan region, which included a NATO defense ministers meeting in Slovenia, Rumsfeld arrived in Nicaragua Sunday afternoon for two days of meetings with defense officials from more than 30 South and Central American countries.

The talks here — in one of the Western Hemisphere's poorest countries — are expected to focus on counter-narcotics and counterterrorism efforts, peacekeeping missions, humanitarian and disaster relief and the removal of land mines from the region.

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The meeting of the region's defense ministers follows a tense period in which Venezuela's leaders lashed out at the U.S. and President Bush during a U.N. meeting in New York City. Venezuelan President Hugo Chavez called Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

Rumsfeld said Sunday he did not expect to meet privately with the Venezuelan defense minister, although he will see him during the regular meeting.

U.S. officials have long considered Chavez a destabilizing force in Latin America. And they have suggested that Venezuela would make the U.N. Security Council unworkable if the nation were to win its bid against U.S.-backed Guatemala for a rotating council seat.

Also of interest to U.S. leaders is the possibility that Sandinista leader Daniel Ortega, whose socialist government was a major antagonist of the United States in the 1980s, has been leading in the polls for the upcoming Nicaraguan presidential election.

Ortega led the overthrow of dictator Anastasio Somoza in 1979 and fought the U.S.-backed Contra rebels as Nicaragua's president from 1985-90.

Aide: Bush Backs Rumsfeld, Disputes Book (USAT)

USA Today, October 2, 2006

WASHINGTON — President Bush has full confidence in Defense Secretary Donald Rumsfeld and his management of the war in Iraq, a top White House official said Sunday in responding to a critical new book.

Dan Bartlett, White House counselor, denied that Bush was misleading the American public about the level of violence against U.S. troops in Iraq, an assertion made in Washington Post Assistant Managing Editor Bob Woodward's book, State of Denial.

Appearing Sunday on ABC's This Week, Bartlett said Bush continues to believe that Rumsfeld is “the right man to do the job that he's doing,” dismissing critics who say the administration failed to adequately plan for the war in Iraq or send enough troops.

“We recognize that he has his critics,” Bartlett said of Rumsfeld. “Some people don't like his bedside manner.”

Rumsfeld said Sunday that he will not resign and that Bush had called to offer support. He spoke to reporters on a flight to Nicaragua.

Bartlett also disputed the assertion in Woodward's book that then-White House chief of staff Andrew Card twice tried to have Rumsfeld fired, the second time with the support of first lady Laura Bush. Bartlett, on CNN's Late Edition, said Card had presented options to Bush that included replacing the secretary.

In addition, he said Secretary of State Condoleezza Rice “suggested to the president maybe he ought to bring in a whole new national-security team starting the second term.”

“The president decided that's not the approach he wanted to take,” Bartlett said.

Card told MSNBC that he discussed with Bush replacing Rumsfeld on at least two occasions but said “There was never an orchestrated campaign to remove the secretary of Defense that I was party to.”

Woodward also wrote that while Bush spoke publicly of progress in Iraq, a secret intelligence report in May said the insurgency was growing.

Bartlett said Bush has been “blunt” with the U.S. public about the violence in Iraq.

Bush has consulted with Henry Kissinger, who was an architect of the Nixon administration's strategy in the Vietnam War, about Iraq, Bartlett acknowledged. But he said the former secretary of State is not “a driving influence behind the president's policy.”

Aide: Bush Confident In Rumsfeld (AP-Y)

AP, October 2, 2006

President Bush has full confidence in Defense Secretary Donald H. Rumsfeld even if others dislike the Pentagon chief's "bedside manner," a top White House official said Sunday.

Bush counselor Dan Bartlett did not directly respond to questions about whether the White House has considered possible replacements for Rumsfeld, as reported in Bob Woodward's new book on the Bush administration's Iraq war policy.

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Bartlett said "every Cabinet member serves at the pleasure of the president," but that Bush believes Rumsfeld is the right man to run the Pentagon.

"We recognize that he has his critics," Bartlett said on ABC's "This Week." "We recognize that he's made some very difficult decisions. Some people don't like his bedside manner. But what President Bush looks to in Secretary Rumsfeld is to bring him the type of information he needs to make the right decisions in this war."

In his book "State of Denial," Woodward writes that former White House chief of staff Andrew Card twice sought to persuade Bush to fire Rumsfeld, the second time with the support of first lady Laura Bush.

Card has rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term. Card said it was his job to discuss a wide range of possible replacements.

Rumsfeld Says Bush Affirmed His Support Amid New Criticism (NYT)

By Robert Pear

The New York Times, October 2, 2006

MANAGUA, Nicaragua, Oct. 1 — Defense Secretary Donald H. Rumsfeld said Sunday that President Bush had called to affirm his support in the midst of an uproar over a new book raising questions about Mr. Rumsfeld's management of the war in Iraq.

The president "made some comments in a larger group, by secure video, and then he called me personally," Mr. Rumsfeld told journalists traveling with him to a meeting here of defense ministers from the Western Hemisphere.

Asked if the president had expressed his support, Mr. Rumsfeld said, "Oh, my Lord, yes."

Mr. Rumsfeld said he had no intention of resigning. And he denied that he had had a feud with Secretary of State Condoleezza Rice.

The book, "State of Denial," by Bob Woodward, describes deep divisions within the administration over American policy on Iraq, and quotes former Pentagon officials and some former military officers who describe Mr. Rumsfeld as arrogant and brusque. Mr. Woodward says that Andrew H. Card Jr., as White House chief of staff, tried on two occasions to persuade the president to name a new defense secretary.

Mr. Rumsfeld said he took the report in stride.

"It's the task of a chief of staff at the White House — and having been one, I know that — to raise all kinds of questions with the president," Mr. Rumsfeld said. "It would not surprise me a bit if that subject came up." Mr. Rumsfeld was chief of staff for President Gerald R. Ford in 1974-5.

Asked if he considered resigning as criticism of his performance increased in recent weeks, Mr. Rumsfeld said: "No, no, no, no. How many times do I have to answer?"

Asked if there had been a time when he and Ms. Rice were not talking, Mr. Rumsfeld said, "There's nothing I can recall over the last five or six years."

Mr. Rumsfeld said he had not read the book by Mr. Woodward, an assistant managing editor of The Washington Post. "Everybody seems to be saying that the things he said aren't so," Mr. Rumsfeld said. "I wouldn't know."

The defense secretary said he seriously doubted that the White House had withheld any data on Iraq from him or the Pentagon.

"I can't believe any charge that data is being kept in the White House," Mr. Rumsfeld said. "I just can't conceive of that." It would be "near-impossible and unhelpful," he added.

Some Democrats in Congress have called for Mr. Rumsfeld's resignation. They say he did not provide enough troops to prevail in Iraq and severely underestimated the strength of the insurgents who attacked American troops after the fall of Saddam Hussein.

But Mr. Rumsfeld said the criticism did not erode his ability to represent the United States in dealings with foreign officials like the defense ministers here.

"They don't seem to pay a lot of attention to it," Mr. Rumsfeld said.

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Mr. Card has acknowledged that he and Mr. Bush had discussed the possibility that the president might replace Mr. Rumsfeld. But Mr. Card said it was in the context of larger discussions about possible personnel changes.

"It's not inaccurate to say that we talked about Rumsfeld," Mr. Card said in an interview on Friday, but "there was no campaign" to oust the defense secretary.

More Questions About Defense Secretary's Leadership (WSJ)

By Greg Jaffe and Yochi Dreazen

The Wall Street Journal, October 2, 2006

WASHINGTON -- For months, Defense Secretary Donald Rumsfeld has been cast by Democrats and even some Republicans as the face of an unpopular war.

Now a new book, which paints Mr. Rumsfeld as isolated from his Bush administration colleagues and at odds with some of his generals, is providing fodder for more questions about his leadership.

The heightened focus on the defense chief -- sparked in part by publication of "State of Denial: Bush at War, Part III" by Washington Post editor Bob Woodward -- is complicating White House efforts to keep November's midterm elections from becoming a referendum on the war. Just as significantly, Mr. Rumsfeld's apparent increasing political isolation is affecting how he runs the Defense Department and oversees the war.

The criticism continued yesterday. "I don't have confidence in Don Rumsfeld. He's made major mistakes in this war," said Sen. Mike DeWine, an Ohio Republican facing a tough re-election campaign. Speaking on NBC's "Meet the Press," Sen. DeWine stopped short of calling for Mr. Rumsfeld's resignation, saying that should be President Bush's decision.

Yesterday, Mr. Rumsfeld told reporters that he isn't considering resigning and that Mr. Bush telephoned him recently to express his confidence in the defense chief.

Meanwhile, senior White House officials made it clear that Mr. Bush still supported Mr. Rumsfeld. "There are a lot of armchair quarterbacks, but he's the right man," said White House counselor Dan Bartlett on CBS's "Face the Nation."

The controversy over Mr. Rumsfeld's leadership does look to be changing the way he manages the military's massive bureaucracy, forcing him to take a less-direct approach to running the department. An example of this is the Army's recent budget woes. Typically, the Secretary has played a significant role in advocating for major changes to the Pentagon budget. This year, rather than make the case himself for a bigger Army budget, Mr. Rumsfeld left it to Army Chief of Staff Gen. Peter Schoomaker to make the case on his own and to sell it to Congress and the White House.

Gen. Schoomaker has told lawmakers that the service needed $17 billion in the fiscal year that started yesterday to repair equipment. In briefings on Capitol Hill and the White House, the service has said it needs $137 billion in fiscal 2008, a $24 billion increase over the planned budget for that year.

The shift in approach in many ways amounts to an acknowledgment by Mr. Rumsfeld of his own vulnerabilities. "If Rumsfeld comes in and asks for more money for the Army, it is evidence of bad management," said Daniel Goure, who served on Mr. Rumsfeld's Pentagon transition team in 2001 and now is a vice president at the Lexington Institute, a defense think tank in Washington. By allowing the Army to make its own case, the defense chief avoided additional criticism by some lawmakers of how he has handled the war. "It shows he understands his weaknesses," Mr. Goure says.

A spokesman for Mr. Rumsfeld, Eric Ruff, yesterday disputed the notion that the Secretary has changed his approach, and added that Mr. Rumsfeld has been "heavily engaged" on Capitol Hill over issues regarding the coming budget and has met repeatedly with members of Congress.

Despite his efforts to assume a lower profile, Mr. Rumsfeld still presents a political problem for the administration. Amid concerns that the war could cost Republicans control of at least one chamber of Congress next month, the White House has tried to mix acknowledgments of Iraq's continuing chaos and violence -- and some of the administration's own miscues -- with calls for staying the course there.

It is a difficult message to calibrate, and White House aides say Mr. Rumsfeld, who is arguably the most polarizing figure in the Bush cabinet, has made the task even harder.

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Senior White House aides say Mr. Bush, having backed Mr. Rumsfeld for so long, is unlikely to abandon him in the run-up to next month's midterm elections. Moreover, polls suggest that firing the defense chief wouldn't do much good. In a recent Wall Street Journal/NBC poll, only 44% of respondents said Mr. Rumsfeld should resign and about 68% said his resignation would amount to little more than a symbolic gesture.

The aides say the White House has sought to reduce Mr. Rumsfeld's public role, to keep him from possibly weighing on the administration's poll numbers. That was evident in late July, when the U.S. announced a major shift in military strategy in Iraq that called for deploying thousands of additional American forces to Baghdad in an effort to secure the Iraqi capital. The announcement wasn't made by Mr. Rumsfeld. Instead, Mr. Bush disclosed the plans himself during a joint news conference with visiting Iraqi Premier Nouri al-Maliki.

Mr. Woodward's book, which states that senior White House aides tried twice to persuade Mr. Bush to fire his defense chief, complicates the Bush strategy.

In recent days, some officials in the White House and one prominent military commander have raised questions about Mr. Woodward's account. He says that on multiple occasions Gen. John Abizaid, the top military commander in the Middle East, said Mr. Rumsfeld was an ineffective leader. Gen. Abizaid denied ever making the statements attributed to him. "He has great respect for Mr. Rumsfeld and full confidence in the chain of command," said Col. Jerry Renne, his spokesman.

The book also quotes Gen. James Jones, the head of U.S. European Command, describing Iraq as a "debacle" and saying that "military advice is being influenced on a political level." Gen. Jones declined to comment.

In the Loop (WP)

By Al Kamen

The Washington Post, October 2, 2006

Remember that great "Mission Accomplished" banner on the aircraft carrier Abraham Lincoln on May 1, 2003, when President Bush dramatically landed there to give his speech announcing the end of "major combat operations" in Iraq?

The White House said the banner was not its doing and must have been the Navy's idea.

Now we find out, in Bob Woodward 's new book "State of Denial," that wasn't the case. None other than Secretary of Defense Donald Rumsfeld , on the record, tells Woodward that "I took 'Mission Accomplished' out" upon reading a draft of the speech. "And I fixed it and sent it back. They fixed the speech," he said, "but not the sign."

The book also reminds us what a small town this is. On election night 2004, GOP communications guru Mary Matalin was with Bush and Vice President Cheney and talking with her husband, Democratic strategist James Carville , who was close to -- but not in -- John Kerry 's campaign.

Kerry, Carville told her, was going to challenge 250,000 provisional ballots in Ohio, which could change the result there or tie things up for a long time. Matalin promptly told Cheney, and they met with Bush. The Kerry camp made the announcement shortly thereafter.Another War, Another Book

And now, yet another must-read book on a U.S. military venture. If you think Woodward's book has good stuff, then try "The McNamara Ascendancy, 1961-1965, Volume V," just out from the Pentagon's Historical Office.

A Pentagon news release says it's a "full-length, scholarly account of the dynamic, often controversial early years of the McNamara era," as Defense Secretary Robert S. McNamara marched the country into Vietnam.

Okay, maybe Woodward's is a better read.

Secrets, And The Obvious, Revealed (LA)

By Tim Rutten

Los Angeles Times, October 2, 2006

Bob WOODWARD'S "State of Denial" is the third volume in what aspires to be an inside history of George W. Bush's wartime presidency.

Less wishfully hagiographic than "Bush At War," less credulously detached than "Plan of Attack," this book's analysis essentially mirrors the shift in opinion on the administration's conduct of the war that has occurred in the foreign policy establishment's broad middle ground, where "reasonable" Republicans and Democrats still mingle in amiable, man-of-the-world

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solidarity. Still, "State of Denial" is a dogged piece of reporting — rich in anecdote, telling detail, fascinating snippets of conversation and troubling stories heretofore untold.

This is the darker Woodward — disquieting scene follows chilling bit of dialogue succeeded by secret memo. The administration he now portrays is a grimly feckless assemblage of dysfunction and division, disillusion and self-delusion. Yet for all the sensational revelations — and there are several — the overwhelming impression left at this very long book's rather wan end is that much labor has gone into establishing that, when it comes to the Bush White House and its war in Iraq, things are pretty much what they seem.

You don't really need a classified briefing to recognize a military and political quagmire. You don't require an unnamed source to tell you that something is wrong when the number of Americans killed exceeds 2,700 and the acknowledged death toll among Iraqi civilians climbs toward 60,000 — and there's no end in sight.

In an interview Sunday on CBS' "60 Minutes," Woodward went to the substantive heart of his appraisal: The president and his surrogates have consistently misled the American people and Congress about what's going on in Iraq, insisting that the situation is improving, while the insurgency continues to strengthen and violence escalates. Woodward said that the insurgents now attack U.S. forces 900 times a week, roughly once every 15 minutes. Intelligence experts he said, believe that "next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying] 'Oh, no, things are going to get better.' " This is despite the fact, as the author writes in his book, that Secretary of State Condoleezza Rice dispatched trusted aide Philip Zelikow to Iraq in February 2005, and he reported in a secret memo that the country already was "a failed state." Similarly, according to Woodward, generals on the ground were telling Washington that the conflict is "militarily unwinnable."

In "State of Denial," Woodward demonstrates that althoughdisinformation has been part of the administration's approach to Iraq from the start, the pace picked up — unsurprisingly — during Bush's 2004 reelection campaign. "In the days and weeks before election day, violence surged in Iraq," Woodward writes. "The classified figures showed that the number of insurgent attacks in Iraq had soared over the summer, going from 1,750 or so in June and July to more than 3,000 in August.... The violence was now 10 times worse than it had been when Bush landed on the aircraft carrier in May 2003 and declared that major combat was over. New Iraqi army and police units rolling out of training were being butchered.... Between 30% and 50% of all trained Iraqi units melted away and went home."

Last spring, Woodward writes, the U.S. military's Joint Chiefs of Staff provided another alarming secret analysis: "A graph included in the assessment measured attacks from May 2003 to May 2006. It showed some significant dips, but the current number of attacks against U.S.-led coalition forces and Iraqi authorities was as high as it had ever been — exceeding 3,500 a month. [In July the number would be over 4,500.] The assessment also included a pessimistic report on crude oil production, the delivery of electricity and political progress.

"On May 26, the Pentagon released an unclassified report to Congress, required by law, that contradicted the Joint Chiefs' secret assessment. The public report sent to Congress said the "appeal and motivation for continued violent action will begin to wane in early 2007."

"State of Denial" reports that, after Bush's reelection, then-White House Chief of Staff Andrew Card and former chief speechwriter Michael Gerson urged the president to fire Defense Secretary Donald H. Rumsfeld, who emerges in this account as the boss from hell — petty and petulant, vindictive and territorial, arrogant and self-pitying, a micromanager who resolutely refuses to accept responsibility for his decisions. As recently as last May, according to Woodward, Rumsfeld circulated a secret memo arguing that "the charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

Bush, of course, decided to retain Rumsfeld — apparently at the urging of Vice President Dick Cheney — but sacked Secretary of State Colin Powell, who was replaced by the eerily devoted Rice.

She figures in one of the peripheral incidents Woodward recounts, one that we're likely to hear a great deal more about in the weeks ahead. He writes that two months before Sept. 11, Rice — then Bush's National Security Advisor — received a surprise visit from then-CIA Director George Tenet and J. Cofer Black, the state department's counterterrorism chief. They reviewed freshly collected, top-secret intelligence pointing to an impending attack by Al Qaeda. Based on the material, they "sounded the

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loudest warning" that Osama bin Laden's target was inside the United States. By Woodward's account, Rice listened politely, then gave them "the brushoff."

A former counsel to the 9/11 Commission, Peter Rundlet, wrote on the Huffington Post blog Sunday that Rice, Tenet and Black never mentioned this briefing during their testinmoney in public and in private, nor, he alleges, is it mentioned in any of the documents given investigators by the White House and CIA. Woodward, by contrast, writes that "Though investigators had access to all the paperwork about the meeting, Black felt there were things the commissions wanted to know about and things they didn't want to know about." Rundlet dismissed this explanation as "absurd" and wrote that "[a]t a minimum, the withholding of information about this meeting is an outrage. Very possibly, someone committed a crime."

One of the more troubling subplots running through "State of Denial" involves Prince Bandar, the long-time Saudi ambassador to the United States. By Woodward's account, when then-Texas Gov. George W. Bush decided to run for president, his worried father enlisted Bandar, an old family friend, to tutor the son on foreign policy. When Bandar arrived in Austin, the younger Bush blithely observed that while he had lots of ideas about domestic policies he didn't have a clue about foreign affairs. The Saudi took him under his wing, but he proved a trying pupil, who addressed his mentor as "asshole" and "smart aleck." (Perhaps this is how hereditary princelings affectionately address each other?) At one point, the younger Bush peevishly demanded to know why he needed "to care about North Korea." Bandar pointed out that, if he became president, he would have 35,000 American troops sitting on the DMZ.

Oh, right....

Later, with a Bush back in the White House, Bandar bullied the president into explicitly endorsing a two-state solution to the Israeli-conflict by threatening a total cutoff of Saudi support for U.S. policies. (Bush may never have played poker, but Bandar obviously has.) In another instance, the Saudi prince imperiously demanded — and, worse, obtained — two CIA officials to accompany him on a wild goose chase to Pakistan, where he hoped to kill Bin Laden. During a meeting in the Oval Office, according to Woodward, Bush personally thanked Bandar because the Saudis had flooded the world oil market and kept prices down in the run-up to the 2004 general election.

You don't have to be Michael Moore to find all this unsettling. Equally disquieting, Woodward's source for all this has to be Bandar or one of his intimates, acting at the Saudi's behest. What that suggests is that, after decades of arduously cultivating the Bush family, one of the shrewdest operators on the world stage has written off George W. Bush.

Unlike the previous books in this series, Bush and Cheney — both of whom declined to be interviewed for this volume — are remote figures in this narrative. The president informs Bandar that he prays daily and receives guidance from God and tells others that he intends to stay in Iraq, even if his supporters dwindle to his wife and dog. Cheney, meanwhile, broods obsessively on unfound weapons of mass destruction.

"State of Denial" is best read in tandem with Joan Didion's assessment of Cheney in the current issue of the New York Review of Books. With that as background, one conclusion that suggests itself is that — from the beginning — Iraq really has been about Vietnam. Cheney and Rumsfeld have been the Iraq war's principle advocates and architects. As Woodward now reveals, they've even introduced Henry Kissinger back into the equation, and he now is Bush's most frequent nongovernmental advisor on foreign policy. Cheney and Rumsfeld were bright young men headed for the top during the Nixon and Ford administrations, both of whom thought of themselves, as others did, as future presidents. Though the disaster in Southeast Asia hardly ruined them, a certain stigma has attached itself ever since.

For them, the Iraq war, the whole wrenching debate over domestic spying, the detainees and unitary executive power is all about Vietnam. Cheney, Rumsfeld and Kissinger all have been convinced for decades that the country drew all the wrong historical and governmental conclusions from Vietnam. The Reagan era intervention in Central America was a first attempt to overturn those conclusions, but it foundered on the arms-for-hostages scandal. Once George W. Bush — for a set of Freudian family issues too tedious to belabor — put himself in their clutches, he became the instrument of a Cheney/Rumsfeld/Kissinger attempt to abolish 30 years of history and their enduring resentment that their youthful exercise of power ended in failure, death and disaster.

So, here we are again.

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New Facts About Iraq (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 9, 2006

The fiery debate over Iraq is turning absolutely sulfurous. With the November 7 congressional elections just around the corner, two new developments are stoking a surge of second-guessing about President Bush's conduct of the war and raising new concerns about how Washington can extricate itself from what most Americans now see as a deadly, baffling mess. One was last week's partial release of a secret National Intelligence Estimate that pokes big holes in Bush's rationale for the conflict by concluding that it is fueling, not curtailing, support for the global jihadist movement. The second is a new book by investigative reporter Bob Woodward asserting that the administration is putting a deliberately misleading spin on how the war is going.

All this, coupled with daily news reports of chilling new spasms of violence there, is deepening America's sour mood about the war and escalating tensions in Washington. After calling for conciliation and unity on the five-year anniversary of 9/11 less than a month ago, President Bush angrily branded Democrats the "cut and run" party last week and sparked another round of bitter recriminations. But a senior White House adviser said the situation, prompted by New York Times and Washington Post stories about the NIE, was so potentially damaging politically that "we needed to get our arms around this quickly."

Making matters worse for a president trying to sound upbeat, a new poll conducted for the University of Maryland's Program on International Policy Attitudes found that a large majority of Iraqis believe the U.S. military presence there is provoking more violence than it is preventing. Most want U.S. troops out within a year, and 6 out of 10 support attacks on U.S.-led forces. Meanwhile, U.S. News has learned that the U.S. Army may ask Congress to expand its 504,000-strong force by 30,000-in large part because of the manpower strains from keeping 140,000 troops in Iraq.

"Things are not right." Even though Bush is getting a political boost from the economy (story, Page 36), the latest developments may prove to be a crystallizing moment in America's assessment of the war. Which is "the last thing the Republicans can afford," as they try to hold on to their fragile majorities in the House and Senate, says Boston University historian Julian Zelizer. What makes the furor over the Iraq intelligence assessment so important, Zelizer adds, is that it's based on an evaluation by 16 intelligence agencies, not the Democrats or other Bush critics. "It's nonpartisan analysis," Zelizer says, and it shows that "things are not right" in Iraq and that the rosy scenarios offered by Bush and his allies seem to be untethered by the facts.

As if all that weren't enough, more troubling disclosures and criticisms are contained in Woodward's book, State of Denial. Unlike the positive tone of his previous writings about Bush and his advisers, this time Woodward is highly negative and appears to be revising his own earlier assessments. He told CBS's 60 Minutes last weekend that the administration has not told the truth about the level of violence in Iraq, especially against U.S. troops, and says intelligence sources have predicted an even more violent insurgency there. Woodward writes that, last May, the intelligence division of the Pentagon's Joint Chiefs of Staff predicted an increase in violence not only this year but also in 2007. This report, Woodward writes, also painted a bleak picture of oil production, electricity generation, and the potential for political stability. But Bush, Defense Secretary Donald Rumsfeld, and Secretary of State Condoleezza Rice continued to say publicly that the war was going well and remained vital in combating terrorism. In an interview with Mike Wallace, Woodward said attacks against coalition troops occur, on average, every 15 minutes, which he says the administration has kept secret. "It's getting to the point now where there are eight, nine hundred attacks a week. ... The insurgents know what they are doing. They know the level of violence and how effective they are," Woodward wrote. "Who doesn't know? The American public."

The Woodward War (NSWK)

By Evan Thomas And Richard Wolffe

Newsweek, October 9, 2006

The White House had more than an inkling of what was coming. This was Bob Woodward's third book about the Bush administration since 9/11, and it was sure to be less friendly than the first two. In scores of interviews over many months, Woodward's questions to senior officials had been more aggressive, more hostile. Defense Secretary Donald Rumsfeld seemed to be a particular target of the veteran Washington Post reporter, who remains, three decades after his Watergate debut, the best

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excavator of inside stories in the nation's capital. White House aides did recommend that the president and the vice president not grant interviews, but it was obvious that Woodward could, and would, get just about everyone else in positions of authority to talk.

When "State of Denial" arrived at the White House Friday morning, a team of aides went to work deconstructing the 576-page volume. Some of Woodward's revelations, like the scenes of Bush rejecting pleas for more troops in Iraq, the White House tried to dismiss as old news. Woodward's depictions of tensions within Bush's inner circle were played down or denied. It was not true, White House aides told reporters, that First Lady Laura Bush wanted to see Rumsfeld fired. Harder to slough off was Woodward's account of the role played by former chief of staff Andy Card. The White House made no serious attempt to refute Card's campaign to unseat Rummy. (Card himself quibbled over the word "campaign," telling reporters that the discussions about Rumsfeld's future needed to be seen in a "broader context.") Instead, White House spokesman Tony Snow took a dismissive, this-too-will-pass tone. Woodward's book is like "cotton candy," Snow said. "It kind of melts on contact."

A truer simile might be to a loud musical instrument. An orchestra of books has raised a cacophony of doubts about the Bush administration's handling of the war in Iraq. Coming after Bernard Trainor and Michael Gordon's "Cobra II," Tom Ricks's "Fiasco," Ron Suskind's "The One Percent Doctrine," "Hubris" by NEWSWEEK's Michael Isikoff and The Nation's David Corn, Woodward's "State of Denial" resounded among the administration's growing chorus of critics like a clash of cymbals.

With the midterm elections only five weeks away, Bush and his political minions have been striving mightily to direct the attention of voters away from Iraq and toward the threat of a terrorist attack. But Iraq keeps coming back into the headlines. Before the Woodward book began landing in stores late last week, portions of a National Intelligence Estimate began leaking out, suggesting that the war in Iraq was undermining the war on terror. The leaked portions of the NIE, a document representing a consensus of the U.S. intelligence community, disclosed the somewhat unsurprising conclusion that Iraq was turning into a training ground for terrorists. Bush responded by authorizing the declassification of other portions of the NIE, suggesting that if American forces were to quit Iraq, the problem would only grow worse. But simply "staying the course" in Iraq may not satisfy American voters who can see only darkness at the end of the tunnel.

Democrats as well as a few Republicans will renew their calls for Rumsfeld's head, but it is doubtful that Bush will dump his Defense secretary before the elections. That might be seen as a concession to the "Defeatocrats," as the GOP likes to call the opposition. (Rumsfeld himself had no comment about Woodward's book.) But a senior White House official, operating under the usual cover of anonymity, gave a less than airtight guarantee of Rumsfeld's job security. The president, normally one to rely on his inner circle, has been consulting outsiders. The official did not say which ones, but it is known that Bush speaks on occasion to Henry Kissinger and to his father's former secretary of State, James A. Baker. The counsel of the outsiders, says this official, "so far has been that Rumsfeld should stay. But I can't predict the future."

The Rumsfeld portrayed by Woodward is bullying and petty. Bush himself doesn't come off much better. The president is folksy and jocular, but incurious to the point of cluelessness. His war cabinet is deeply dysfunctional. Condoleezza Rice is almost a pathetic figure, whining to the president that she can't get Rumsfeld to return her calls.

As you read the excerpt that follows, keep in mind some essential context. The administration was not just unlucky. It was almost willfully blind to the risks entailed in invading and occupying a large, traumatized and deeply riven Arab country. Rumsfeld, who pushed aside Rice and Secretary of State Colin Powell to take over even the planning for postwar Iraq, wanted a lean and mean force to get in and get out quickly. This was all well and good as long as American forces could turn over the job of running the country to an effective group of local Iraqis. But the planning for this was hamstrung by disputes over the postwar role of Iraqi exiles. When Iraq began to unravel, the administration—with little debate—lurched in the other direction. The White House installed Paul Bremer as a kind of grand pooh-bah over all of Iraq, but Rumsfeld refused to give him the forces he needed for a long occupation.

Woodward writes that when Gen. Jay Garner, the man Bremer replaced in Baghdad, returned to Washington in June 2003, he told Rumsfeld that the United States had made "three terrible decisions." Garner told the Defense secretary that Bremer had seriously blundered by purging the bureaucracy, disbanding the Army and dismissing an interim leadership group. Rumsfeld shrugged off the concerns, according to Woodward. "I don't think there's anything we can do, because we are where we are."

There is always the risk in these instant histories that disgruntled former officials will cover their posteriors for posterity. One of Woodward's more obvious and prominent sources is former CIA director George Tenet. In "State of Denial," Tenet is deeply

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ambivalent about going to war in Iraq, but it does not appear that he voiced his concerns loudly or well inside the Oval Office. White House spokesmen were not just blowing smoke last week when they cautioned reporters to look for self-serving motivations behind some of the leaks.

Even so, Woodward's book is studded with documents and memos from Bush insiders that paint a much gloomier view of the war than the president's public statements at the time. After the first two, generally positive, volumes in his "Bush at War" series, Woodward (an object of fascination and much jealousy in the press corps) was widely derided for playing stenographer to the president and his hero-worshiping advisers. In "State of Denial," Woodward expresses shock and disbelief in interviews with Rumsfeld at his apparent denials and equivocations. Interviewed by Washington Post media critic Howard Kurtz, Woodward was matter-of-fact about his new, more critical tone. "I found out new things, as is always the case when you replow old ground," Woodward said. "The bulk of them I discovered this year. I wish I'd had some of them for the earlier books, but I didn't."

Woodward's new book, like the other critical treatments of the war, is still an early draft of history. But with each new revelation, with each depiction of the chaotic events inside the White House and Pentagon in the months before and after the invasion of Iraq, the picture of Bush's leadership becomes more refined and more disappointing.

'State Of Denial' (NSWK)

By Bob Woodward

Newsweek, October 9, 2006

A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. A White House photographer captured the scene. Rumsfeld wears a pin-stripe suit, and rests his left hand on a Bible held by Joyce, his wife of 46 years. His right hand is raised. Bush stands almost at attention, his head forward, his eyes cocked sharply leftward, looking intently at Rumsfeld. Vice President Dick Cheney stands slightly off to the side, his trademark half smile on his face. It is a cold, dry day, and the barren branches of the trees outside can be seen through the Oval Office windows.

Back in the days of the Ford presidency, in the wake of Watergate—the pardon of Nixon, the fall of Saigon—Cheney and Rumsfeld had worked almost daily in the same Oval Office where they once again stood. The new man in the photo, Bush, five years younger than Cheney and nearly 14 years younger than Rumsfeld, had been a student at Harvard Business School. He came to the presidency with less experience and time in government than any incoming president since Woodrow Wilson in 1913.

Well into his seventh decade, many of Rumsfeld's peers and friends had retired, but he now stood eagerly on the cusp, ready to run the race again. He resembled John le Carre's fictional Cold War British intelligence chief, George Smiley, a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all."

"Get it right this time," Cheney told Rumsfeld.

In his first Pentagon tour, as Ford's secretary of defense from 1975-1977, Rumsfeld had acquired a disdain for large parts of the system he was to oversee once again. He had found the Pentagon and the vast U.S. military complex unmanageable. One night at a dinner at my house a dozen years after he had left the Pentagon the first time, he said that being secretary was "like having an electric appliance in one hand and the plug in the other and you are running around trying to find a place to put it in." It was an image that stuck with me—Rumsfeld charging around the Pentagon E-ring, the Man with the Appliance, seeking an elusive electrical socket, trying to make things work and feeling unplugged by the generals and admirals.

"After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain," Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and monitors looking over their shoulders than there were "front-line troops with weapons."

"The maze of constraints on the Department force it to operate in a manner that is so slow, so ponderous and so inefficient that whatever it ultimately does will inevitably be a decade or so late."

This "Anchor Chain" memo, which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon

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during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that "our job, therefore, is to work together to sharpen the sword that the next president will wield."

"I'm the secretary of defense," Rumsfeld insisted repeatedly in his first months in 2001. "I'm in the chain of command." He—not the generals, not the Joint Chiefs of Staff—would deal with the White House and the president on operational matters. Rumsfeld micromanaged daily Pentagon life and rode roughshod over people. In one public confrontation at a hearing with Senator Susan Collins, the earnest Maine Republican, Rumsfeld had put her down in a manner that was stunning even for him. Collins's voice had quivered at one point. Later, Powell A. Moore, Rumsfeld's assistant secretary of defense for legislative affairs, suggested that he call her, try to smooth things over.

"Hell," Rumsfeld said, "she needs to apologize to me."

On one occasion, he led a delegation from Congress to the funeral in Columbia, South Carolina, for Representative Floyd Spence, a Republican who had been a pro-Pentagon hawk for three decades. Moore had arranged the seating on Rumsfeld's plane the way everything was done in Congress, by seniority.

"I don't want this," Rumsfeld declared, and personally re-arranged the seating—putting Representative Duncan Hunter, the California Republican who would soon become the House Armed Services Committee chairman, in the back.

On January 20, 2003, President Bush signed a secret National Security Presidential Directive, NSPD-24. The subject: setting up an "Iraq Postwar Planning Office" within the Defense Department for the expected invasion of Iraq. Rumsfeld picked Jay Garner, a 64-year-old retired three-star general and defense industry executive to head the postwar office. Six weeks later, Garner went to the White House, mid-morning on Friday, February 28, 2003, to meet President Bush for the first time. In the Situation Room, Garner passed around copies of his handout, an 11-point presentation, and dove right in. He said four of the nine tasks his small team was supposed to be in charge of in Iraq under Bush's NSPD-24 were plainly beyond their capabilities, including dismantling weapons of mass destruction, defeating terrorists, reshaping the Iraqi military and reshaping the other internal Iraqi security institutions.

The president nodded. No one else intervened, though Garner had just told them he couldn't be responsible for crucial postwar tasks—the ones that had the most to do with the stated reasons for going to war in the first place—because his team couldn't do them.

The import of what he had said seemed to sail over everyone's heads.

Garner next described how he intended to divide the country into regional groups, and moved on to the interagency plans.

"Just a minute," the president interrupted. "Where are you from?"

"Florida, sir."

"Why do you talk like that?" he asked, apparently trying to place Garner's accent.

"Because I was born and raised on a ranch in Florida. My daddy was a rancher."

"You're in," the first rancher said approvingly. His brother Jeb was governor of the state, and the president visited regularly.

One of Garner's talking points was, "Postwar use of Iraqi Regular Army." He said, "We're going to use the army. We need to use them. They have the proper skill sets."

How many from the army? someone asked.

"I'm going to give you a big range," Garner answered. "It'll be between 200,000 and 300,000."

Garner looked around the room. All the heads were bobbing north to south. Nobody challenged. Nobody had any questions about this plan.

"Thank you very much," Bush said when Garner was done. National Security Adviser Condoleezza Rice started talking about something else, so Garner figured he was dismissed. As he started to walk out of the room, the president caught his eye.

"Kick ass, Jay," Bush said.

Garner waited for Rumsfeld outside. Soon, Bush and Rice came out and walked three or four steps past Garner. Suddenly Bush turned back.

"Hey, if you have any problem with that governor down in Florida, just let me know," he said.

Shortly after the invasion, while Garner was in Kuwait waiting to move into Iraq, Rumsfeld chose L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protégé of Henry Kissinger, to effectively replace Garner, but as a presidential envoy. On

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Garner's first day in Iraq, April 22, he signed on to an agreement to set up an interim Iraqi advisory group, made up of prominent Kurds, Shiites and Sunnis, many of them expatriates, to put an Iraqi face on the postwar occupation government. Two days later, Rumsfeld called to tell him Bremer was coming over, and said he wanted Garner to stay on as well.

"It doesn't work that way," Garner said. "You can't have the guy who used to be in charge and the guy who's now in charge there, because you divide the loyalties of the people. So the best thing for me is just to step out of here."

Rumsfeld convinced Garner to stay temporarily, and the retired general and Bremer clashed, as Bremer quickly unveiled a plan to ban as many as 50,000 members of Saddam Hussein's Baath Party from government employment.

"Hell," Garner told him, "you won't be able to run anything if you go this deep."

The next day, Bremer revealed a second draft order, disbanding the Iraqi ministries of Defense and Interior, the entire Iraqi military, and all of Saddam's bodyguard and special paramilitary organizations. Garner was stunned. The de-Baathification order was dumb, but this was a disaster.

"We have always made plans to bring the army back," he insisted. This new plan was just coming out of the blue, subverting months of work.

"Well, the plans have changed," Bremer replied.

Bremer then met with the Iraqi advisory group Garner had agreed to work with. "One thing you need to realize is you're not the government," he told them. "We are. And we're in charge."

The next day, the group went home.

Garner came back to the U.S. in June and basically hid out for a couple of weeks, not wanting to see anyone at the Pentagon or talk about his experience in Iraq. Finally, on June 18, 2003, alone with Rumsfeld around the small table in the secretary's office, Garner felt he had an obligation to state the depths of his concerns.

"We've made three tragic decisions," Garner said.

"Really?" Rumsfeld said.

"Three terrible mistakes," Garner said. He cited the extent of the de-Baathification, getting rid of the army, and summarily dumping the Iraqi leadership group. Disbanding the military had been the biggest mistake. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around. Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

Rumsfeld and Garner went to the White House to see Bush. It was Garner's second time with the president. "Mr. President, let me tell you a couple of stories," Garner said. Describing meetings with Iraqis, Garner painted a positive picture. "I'd get ready to leave," Garner said, "and this is true—as I leave they're all thumbs-up and they'd say, 'God bless Mr. George Bush and Mr. Tony Blair. Thank you for taking away Saddam Hussein.' That was in 70 meetings. That always was the final response."

"Oh, that's good," Bush said.

On the way out, Bush slapped Garner on the back. "Hey Jay, you want to do Iran?"

"Sir, the boys and I talked about that and we want to hold out for Cuba. We think the rum and the cigars are a little better … The women are prettier."

Bush laughed. "You got it. You got Cuba."

Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news.

It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all.

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Soon Rumsfeld was distancing himself from Bremer, who, on paper, was to report to the president through the secretary of defense. Rumsfeld later confirmed to me in an interview that he felt that Bremer had only "technically but not really" reported to him.

"He didn't call home much," Rumsfeld said of Bremer.

Rumsfeld also stepped away from the hunt for Saddam's alleged WMD. CIA Director George Tenet proposed to Rumsfeld that the person in charge of the WMD hunt report to both of them.

"Absolutely not," Rumsfeld said.

After Bush's re-election in November 2004, the biggest question mark at the White House was Rumsfeld. Should he stay? White House Chief of Staff Andrew H. Card Jr. had to approach the issue with delicacy. The biggest voice for change was outgoing Secretary of State Colin Powell. In one conversation, Powell had told Card, "If I go, Don should go." Bush had decided to replace Powell with Rice, but it was unclear who he wanted at Defense.

Card got out his "hit-by-the-bus" book, an 8½-by-11-inch spiral notebook, a half-inch thick with a blue cover. On separate pages he had lists of possible replacements for all the major administration posts, including his own. The names were listed in no particular order. Card kept the notebook in his desk at the White House and periodically added or deleted names. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or a presidential record that might someday be opened to history. It was private and personal.

His list of 11 possible Rumsfeld replacements included Senator Joe Lieberman, the Connecticut Democrat who had been Al Gore's running mate in 2000, and Republican Arizona Senator John McCain.

But Card had what he thought was a great idea—a sleeper candidate. The best replacement for Rumsfeld would be James A. Baker III. "Everyone would say, 'Phew,'" Card said. "No learning curve. Great. Interesting." Baker was 74, only two years older than Rumsfeld. He had served in the Marine Corps. He had been the best modern White House chief of staff, Card thought. He had successfully handled the 2000 Florida recount for Bush. Mr. President, this is my quiet counsel, Card said. Put a diplomat in the Defense Department.

The president seemed genuinely intrigued. You don't have to rush to make a decision, Card advised. But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. Rumsfeld wanted to stay.

Soon Karl Rove weighed in. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing and with the expected nomination of White House Counsel Alberto Gonzales as attorney general, would another Senate confirmation overload the system? And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war. Jesus, no.

In mid-December the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Card tried to have a private, candid session with First Lady Laura Bush about every six weeks to hear her concerns. He set aside an hour and a half for each meeting. Sometimes it took 30 minutes, sometimes the full hour and one half and on occasion two hours.

The first lady was distressed about the war, worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's over-bearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and how he believed it was time for a change. He said, however, so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

As the new secretary of state, Rice hired Philip Zelikow, an old friend, as the counselor to the State Department, a powerful but little known top post that would leave him free to undertake special assignments for her, and quickly dispatched him and a

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small team to Iraq. On February 10, Rice's 14th day as secretary, Zelikow presented her with a 15-page, single-spaced memo classified SECRET/NODIS, meaning "no distribution" to anyone else. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Rice read. This was a shocking notion—"a failed state," after two years, thousands of lives, and hundreds of billions of dollars.

In midsummer 2005, General Jim Jones, the NATO commander, paid a call on his old friend General Pete Pace, the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to become chairman, the number one military position.

The two Marine generals had been friends for more than three decades. They had been in Vietnam at about the same time, a searing and formative experience for both, and then served side-by-side as first lieutenants in 1970 at the Marine barracks in southeast Washington.

Jones expressed chagrin that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

His concern was complete. When Senators John Warner and Carl Levin, the chairman and ranking Democrat on the Senate Armed Services Committee, visited him at his headquarters in Belgium, Jones told them about all the problems. He said they needed new legislationto re-empower the service chiefs or make some kind of sense of the crazy system.

"The Joint Chiefs have been systematically emasculated by Rumsfeld," Jones said.

Pace soon became chairman. In an interview, he flatly denied that Jones had told him that Iraq was a debacle or that Rumsfeld had systematically emasculated the Joint Chiefs. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," Jones said.

In March 2006, Rumsfeld invited six of the Pentagon's regular outside advisers in to be briefed and ask questions. One was Ken Adelman, a longtime Rumsfeld friend and vehement early supporter of the war who had become entirely disillusioned over the administration's handling of the postwar. His relationship with Rumsfeld was almost over.

"What metrics would you use for success in Iraq?" Adelman asked Rumsfeld. "You know, for winning the war?"

"Oh, there are hundreds," Rumsfeld replied. "It's just so complicated that there are hundreds."

"Wait a minute," Adelman insisted. "A former boss of mine always said identify three or four things, then always ask about, get measurements and you'll get progress or else you'll never get any progress." The former boss was Rumsfeld himself, who had driven the point home to Adelman 35 years ago, when he worked for Rumsfeld at the Office of Economic Opportunity. What are they? Adelman insisted.

Rumsfeld said it was so complicated that he could not give a list. "Hundreds," he insisted.

Adelman believed that meant there was a total lack of accountability. If Rumsfeld didn't agree to any criteria, he couldn't be said to have failed on any criteria.

"Then you don't have anything," Adelman said. He left as dis-turbed as ever. There was no accountability.

On March 16, General John Abizaid, the commander of CENTCOM and thus the top military officer for the Middle East, was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq. Afterward, he went over to see Congressman John Murtha, the 73-year old former Marine who had introduced a resolution the previous November calling for the redeployment of troops from Iraq as soon as practicable. Sitting at the round, dark wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

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Rumsfeld circulated a six-page SECRET memo on May 1, proposing some fixes, entitled "Illustrative New 21st Century Institutions and Approaches."

It was almost the latest version of the "Anchor Chain" memos he had written in his first months as secretary in 2001—a cry from his bureaucratic and managerial heart. Not only was the Defense Department tangled in its anchor chain but so was the rest of the U.S. government, and the world.

He dictated, "The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

On Wednesday, May 24, 2006, the intelligence division of the Joint Staff, the J-2, circulated an intelligence assessment, classified SECRET, that showed that the forces of terror in Iraq were not in retreat. It put hard numbers on trends that had been reported to Bush all year. Terrorist attacks had been steadily increasing. The insurgency was gaining. Attacks were now averaging 700 to 800 a week. Every IED that was discovered—whether it detonated and caused damage or casualties or was identified and disarmed before it could do any damage—was still counted as an attack. A graph measuring attacks from May 2003 to May 2006 showed some significant dips, but the current number of attacks was as high as they had ever been—exceeding 3,500 a month.

I told Rumsfeld that I understood the number of attacks was going up.

"That's probably true," he said. "It is also probably true that our data's better, and we're categorizing more things as attacks. A random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things—a banana and an apple and an orange."

I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a "fruit bowl," a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal IEDs, standoff attacks with mortars, and close-engagements such as ambushes—as far from bananas, apples and oranges as possible.

During one week in May 2006, enemy-initiated attacks soared to 900, a new record. In June, attacks went down to about 825 one week but then spiked up again. By July it was over 1,000 a week, again a new record. It was even worse considering the level of violence existed after two years spent training, equipping and funding 263,000 Iraqi soldiers and police. The cost had been $10 billion, and American teams had been embedded with most of the Iraqi units for over a year. At an equivalent time in 1971, after several years of Vietnamization, the trend lines of insurgent violence had been down, not up.

In July 2006, I interviewed Rumsfeld on two successive afternoons. I asked him about troop levels—a key issue and point of contention. The record showed that the plan for invading Iraq had a top number of 275,000 ground combat forces, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began. Rumsfeld said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on General Franks's recommendation, he said. But by the summer of 2006, Rumsfeld had softened his position on the issue of whether there were enough troops. "It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said. "In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

Asked about the battle with the Iraq insurgency, he said, "It could take eight to 10 years. Insurgencies have a tendency to do that." Overall he said, "Our exit strategy is to have the Iraqis' government and security forces capable of managing a lower-level insurgency and ultimately achieving victory over it and repressing it over time. But it would be a period after we may very well not have large numbers of people there."

I said I understood that General George W. Casey Jr., the top commander of forces on the ground in Iraq, had reported that the insurgency had not been neutralized—key goal of his campaign plan—but only contained. After some typical verbal jousting, I was able to ask directly, "Do you agree it has not been neutralized?"

"Oh clearly not," Rumsfeld answered.

"Only contained?"

"Yeah," he said. "Thus far."

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I then read from the May 24, 2006, assessment that said the "Sunni Arab insurgency is gaining strength and increasing capacity." I asked him, "Does that sound right to you?"

Here was one of the central questions in any war. Was the other side "gaining strength and increasing capacity?" General Casey the Joint Chiefs' intelligence staff, and the CIA had all categorically said the insurgency was gaining. Certainly Rumsfeld knew that. I had also quoted from the assessment on a list of 29 sample questions I had submitted in advance, and I know he had spent at least one hour the day before preparing for the interview.

"When was this?" Rumsfeld asked.

Six weeks ago, I answered. The question on the table was whether he agreed or not that the insurgency in the Iraq War was gaining. I was ready for a pure Rumsfeldian moment, and I was not disappointed.

"Gosh, I don't know," the secretary of defense replied. "I don't want to comment on it. I read so many of those intelligence reports"—I had never said it was an intelligence report—"and they are all over the lot. In a given day you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it, or Pete Pace, 'Is that your view?' And try and triangulate and see what people think. But it changes from month to month. I'm not going to go back and say I agree or don't agree with something like that."

He was right that there might be some changes month to month, but, as he knew, the overall assessment and trend was visibly, measurably and dramatically worse.

I asked Rumsfeld what was the best, most optimistic scenario for a positive outcome in Iraq.

"This business is ugly," he replied. "It's tough. There isn't any best. A long, hard slog, I think I wrote years ago. We're facing a set of challenges that are different than our country understands … They're different than our Congress understands. They're different than our government, much of our government, probably understands and is organized or trained or equipped to cope with and deal with. We're dealing with enemies that can turn inside our decision circles." The enemy can move swiftly, he said. "They don't have parliaments and bureaucracies and real estate to defend and interact with or deal with or cope with. They can do what they want. They aren't held accountable for lying or for killing innocent men, women and children.

"There's something about the body politic in the United States that they can accept the enemy killing innocent men, women and children and cutting off people's heads, but have zero tolerance for some soldier who does something he shouldn't do."

"Are you optimistic?" I asked.

Rumsfeld looked through me and continued. Three of his aides who were sitting with us at the table in his office could not help but register surprise as Rumsfeld plowed on without answering.

"We're fighting the first war in history in the new century," he continued, "and with all these new realities, with an industrial-age organization in an environment that has not adapted and adjusted, a public environment that has not adapted and adjusted."

At the end of the second of two interviews, I quoted former Secretary of Defense Robert McNamara: "Any military commander who is honest with you will say he's made mistakes that have cost lives."

"Um hmm," Rumsfeld said.

"Is that correct?"

"I don't know. I suppose that a military commander..."

"Which you are," I interrupted.

"No I'm not," the secretary of defense said.

"Yes, sir," I said.

"No, no. Well … "

"Yes. Yes," I said, raising my hand in the air and ticking off the hierarchy. "It's commander in chief, secretary of defense, combatant commander."

"I can see a military commander in a uniform who is engaged in a conflict having to make decisions that result in people living or dying and that that would be a truth. And certainly if you go up the chain to the civilian side to the president and to me, you could by indirection, two or three steps removed, make the case."

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Indirection? Two or three steps removed? It was inexplicable. Rumsfeld had spent so much time insisting on the chain of command. He was in control—not the Joint Chiefs, not the uniformed military, not the National Security Council or the NSC staff, not the critics or the opiners. How could he not see his role and responsibility?

I could think of nothing more to say.

Into The Blacksnake's Lair (NSWK)

By Michael Hastings

Newsweek, October 2, 2006

Murat Karayilan prefers to travel in darkness. Under cover of a starry night, his white Nissan Pathfinder crawls up a narrow gravel road in Iraq's mountainous far north to a typical-looking village house. Karayilan—his name is Turkish for "blacksnake"—is a hunted man. To the east, Iran's anti-U.S. leaders would like nothing better than to see the Kurdish guerrilla commander jailed or dead. To the west, America's longtime allies in the Turkish government feel the same. The State Department lists his group, the Kurdistan Workers' Party (PKK), as a terrorist organization. "We are not terrorists," the Blacksnake tells NEWSWEEK, seated in a sparsely furnished room with a stone floor. "The U.S. has seen us through the eyes of our enemies. We want you to see us as friends."

That's not easy. Even as U.S. forces struggle against rising chaos and violence elsewhere in Iraq, the fear now is that the north could also be engulfed, thanks to Kurdish separatists' use of Iraqi soil as a staging area for their war against the Turks and the Iranians. The rebels see themselves as standing up against centuries of often brutal repression. This year the Blacksnake's guerrillas have staged more than 250 attacks on Turkey, in one bloody week killing 14 Turkish soldiers, a toll unmatched since a decade ago, at the height of the separatist conflict. Ankara keeps threatening to send its troops into Iraq to root out the rebels. Meanwhile, a PKK-affiliated group in Iraq is picking fights with Iran. In recent weeks the violence has escalated, as everyone tries to inflict as much damage as possible before winter snows interrupt the fighting.

There is no authority but the PKK in its corner of Iraq. To get there you climb a winding road where even the shepherds carry AK-47s, into the Qandil Mountains, a stretch of high peaks straddling the borderlands of Iraq, Turkey and Iran. The last Iraqi government checkpoint is at the foot of the mountains, guarded by soldiers from Iraq's Kurdish Regional Government. It flies the flag of Iraqi Kurdistan, a yellow sunburst on a field of green, white and red. The flag at the next checkpoint, almost two miles above sea level, belongs to the PKK: a red star on a yellow sun outlined in green. Armed guerrillas make sure no one goes farther without permission from PKK central command. Around the bend, an immense portrait has been painted on the rocky hillside—the face of Abdullah Ocalan, the group's founder.

Ocalan created the PKK in the 1970s as a Kurdish national liberation movement against Turkish rule. The Kurdish-speaking people, whose homelands stretch from Iran to Syria and eastern Turkey, have never had a country all their own. In the 1980s, the PKK's fighters reportedly hung out with Yasir Arafat's Palestine Liberation Organization and made pilgrimages to Lebanon's Bekaa Valley, then a hive of anti-U.S. terrorism. By the time Ocalan was captured in 1999, his war had claimed some 37,000 lives.

Karayilan has set a very different tone. He spoke glowingly to NEWSWEEK about democracy and human rights and "Mr. Bush's new Middle East project." He says his 7,000 armed fighters could be a valuable ally for the United States against Islamic fundamentalism. Not to mention Iran. The Free Life Party (PJAK, pronounced "peshak"), a two-year-old offshoot of Karayilan's group, claims some 1,500 guerrillas along the Iranian border from Azerbaijan to Iraq. American forces in Iraq have steered clear of the group, at least in public. "We have the same enemy as the U.S., but they do not extend help to us," PJAK's leader, Abdul Rahman Haji Ahmadi, told NEWSWEEK in a phone interview from his exile home in Germany.

The Blacksnake's guerrillas remain on the terrorist list. Washington recently named retired Gen. Joseph Ralston as "anti-PKK coordinator," to work on a plan for disarming the group. Last weekend the guerrillas proclaimed a unilateral ceasefire. No one was impressed. At least four previous ceasefires have failed, and last week Turkey issued a pre-emptive dismissal of any PKK peace offer. "The PKK usually hibernate over the winter," says one Turkish diplomat. "When spring comes, they are up to their usual business again." The Blacksnake shows no sign of quitting the fight. "If the Turkish Army comes to Iraq, they will lose

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the battle," he promises. "They have lost 100 times already." Across the border, Turkey's troops are itching to accept that challenge.

'Whatever Is Necessary' (NSWK)

By Lally Weymouth

Newsweek, October 2, 2006

Turkey's foreign minister, Abdullah Gul, was in New York last week and spoke bluntly with NEWSWEEK's Lally Weymouth about how the Turkish government sees the situation in Iraq. He warned that if the Iraqi Kurds did not curb the PKK terrorist group, Turkey may take matters into its own hands. Excerpts:

WEYMOUTH: Last week Iraq's President [Jalal] Talabani said that if Turkey continues to meddle in Iraq's affairs, the Iraqi Kurds will support opposition movements of other countries.

GUL: I was surprised, because Turkey is the one country that has really contributed to the Iraqi [Kurds]. Turkey is the country that protected them when there was a chemical attack in Saddam's time. I think Talabani's statement was unfortunate and unwise. He is not the leader of one of the tribes now; he is the president of Iraq. So he has to be careful in his statements.

Was Talabani suggesting supporting the PKK?

The PKK is a terrorist organization. The Americans ... will [ultimately] withdraw, and he will be living with his neighbors—so he should be careful.

Last week Talabani told me that Iraq had convinced the PKK to announce a ceasefire and that a new chapter would soon open in relations between Turkey and Iraq.

What is the new chapter? Turkey is one of the main countries that has stressed the territorial integrity of Iraq. We are protecting their territory.

Do you think there is about to be a ceasefire with the PKK?

We cannot bargain with a terrorist organization.

Do you think the Kurds could control the PKK if they wanted to?

If they don't, we have the capacity, ability and determination to fight to the end ... PKK terrorism has increased. Also, the PKK has a new source of weapons. They have obtained weapons and explosives from the Iraqi Army. They bring them into Turkey and use them with remote-control devices.

Are the Iraqi Kurds working hand in hand with the PKK?

I don't want to say this, but they are not doing enough. The PKK terrorists feel relaxed to move about. We are expecting serious cooperation on this issue from all Iraqis as well as from the U.S. In the past, the leader of the PKK lived in Syria, and that regime was the enemy. Now the leaders of the PKK are in northern Iraq, which is controlled by the Coalition forces.

So, would Turkey invade northern Iraq to bring the PKK under control?

We will do whatever is necessary to fight this organization. I want to give the message that if our friends don't help us, we will do the job ourselves.

The White House has announced that PKK terrorism is on the agenda of the meeting President Bush will hold with [Turkish] Prime Minister [Recep] Erdogan this week.

We appreciate that several times President Bush has declared that the U.S. will take serious steps to fight terrorism, but we have to see the results.

When President Talabani was in the United States last week, he painted an optimistic picture of Iraq.

Since the beginning of this year, 16,000 people have been killed there. There is an escalation of the violence. Sectarianism is getting worse and worse.

In the United States many people believe the time has come to withdraw.

How can you leave a vacuum over there? Then, what will happen? All the neighbors of Iraq and the U.S. should work hand in hand with the Iraqi government and the different tribes in Iraq to bring stability. I think it is possible. There is no other way. You have to put things in order.

Here people are asking, why doesn't Iraq split into three parts?

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The neighboring countries will not accept this. That idea should be forgotten—it should not be an option. Those [who favor it] don't know Iraq or the region.

You said previously in Washington that you thought Iran might respond positively to nuclear talks. What is your assessment now?

A good package has been given to Iran. During my visit to Iran in August, I met with all the leaders and they said they appreciated the package—I learned this from [Iranian President Mahmoud] Ahmadinejad. He said that this package is different than previous ones. With good intentions, I think there can be a solution.

Why doesn't he suspend nuclear activity?

They say that when they are guaranteed delivery of all the things in the package, then they will suspend. Both sides lack confidence [in each other]. As a neighbor country, we want to see a peaceful solution. We don't want to see any nuclear weapon in our neighborhood.

Saddam's Revenge (TIME)

By Brian Bennett

Time, October 2, 2006

Baghdad

When Ahmed Hassani Mohammed al-Dujaili took the stand as witness No. 1 in the trial of Saddam Hussein last December, he might have thought his worst nightmares were behind him. On a summer afternoon in 1982, two days after gunmen in his town opened fire on a presidential motorcade, Ahmed and all the other males in his family were rounded up by Saddam's Special Republican Guard. Ahmed and three of his 11 brothers were eventually released; the rest disappeared. Two years later, Saddam signed execution orders for six of Ahmed's brothers; a seventh died during interrogation. They were among the 148 men and boys Saddam is accused of ordering killed in retaliation for the assassination attempt. Ahmed says that when he recounted those horrors in court, he looked over at Saddam. The deposed dictator stroked his beard, looked Ahmed dead in the eye and ran his forefinger across his throat.

Since then, the nightmare has returned to Dujail. Ahmed believes that Saddam's throat-slitting gesture, made while television cameras were rolling, was a message to loyalists to kill Ahmed's family. Two of his cousins were kidnapped in July and haven't been heard from since. On Aug. 6, his brother Ali Hassan Mohammed al-Dujaili, another witness, was attacked in the middle of Dujail. Ahmed's nephew Husam was killed while protecting Ali. When Ahmed's younger brother Jaafer came to collect Husam's body, a sniper lying in wait put several bullets in Jaafer's legs. Jaafer lived but will always walk with a severe limp. He is among the lucky ones. The town's mayor, Haji Mohammed Hassan al-Zubeidy, says some 180 people have been murdered in Dujail since Saddam's trial began in October 2005. Basam Ridah, adviser to the Prime Minister for the Saddam trial, puts the number closer to 200. About 80 more have vanished while traveling on the road between Dujail and Baghdad. "Have you ever heard of the Bermuda Triangle?" asks Mahmoud Hussein al-Hesreji, chief of the Dujail city council. "It's just like that."

On Oct. 16, a five-judge panel will deliver a verdict on whether Saddam and his regime carried out the original 148 killings in Dujail. If convicted, he will face the death penalty. That trial, as well as a second one focused on the massacre of Iraqi Kurds in 1988, has been taking place inside the heavily secured Green Zone, where a succession of judges have given the former dictator the kind of hearing he never afforded his victims. But for many others associated with the trials, there has been no refuge from assassins who take justice--and revenge--into their own hands. Shi'ite death squads have murdered defense lawyers, while ex-Baathists have targeted the families of prosecutors and judges. The brother-in-law of Mohammed Oreibi al-Khalifa, the second trial's presiding judge, was gunned down last week in Baghdad. If putting Saddam on trial is intended to help Iraqis bury the demons of his murderous rule, the spate of vendetta killings has served as a reminder of the unchecked mayhem that has followed it.

Nowhere has the trial brought more misery than in Dujail, a town of 84,000, most of them Shi'ites, in the middle of the Sunni triangle. Since the start of Saddam's trial, Dujail has been infiltrated by ex-Baathist hit squads. Residents believe they have been ordered by Saddam's former henchmen to take out the families of witnesses. A number of insurgent cells operating around Saddam's hometown of Tikrit, a mere 45-minute drive north of Dujail, have targeted relatives of witnesses, most of whom rarely

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leave the Green Zone. Abu Hamid, commander of a nationalist cell based north of Dujail, says if any of the witnesses in the Saddam trial leave the Green Zone to return home, "we will destroy all of Dujail. If the people of Dujail allow these villains to live in the town, they will get the same treatment."

The plight of the town reflects the broader collapse of order in the center of Iraq. Insurgents have destroyed the town's water and electricity facilities. Mayor al-Zubeidy says he needs at least 200 more people from the police or Iraqi National Guard to secure the entrances and exits of Dujail. He says he has been unable to persuade the Iraqi government to send reinforcements to the town. "We haven't gotten any support from any of the governments," he says. "There is almost a siege of Dujail, and we can't move out. If they catch you on the way to Baghdad and they find out you are from Dujail, you will be killed at once." The town has provided Ali with three police bodyguards, but he still feels vulnerable. "I'm hunted," he says. "The government is ignoring Dujail."

The killings in Dujail speak to a larger battle being waged in the Iraqi psyche. In Saddam's police state, there were navigable boundaries that made it possible to live. True, the executions by Saddam's regime in Dujail showed that those boundaries were a mirage: they could close in on you in less time than it takes a bullet to fly from the barrel of a gun. But life in Iraq has become so bloody and death so ever present, random and unpredictable that some Iraqis are nostalgic for Saddam's tyranny. When I told U.S. Ambassador Zalmay Khalilzad about the killings of witnesses' families in Dujail, he shook his head but said the current loss of life is "different than a government carrying on violence against its own citizens." Iraqis, he says, "have paid and are paying a high price to potentially head in a great direction that was not available under Saddam."

It is indicative of the scale of Saddam's brutality that there are some in Dujail who believe the current bloodshed is preferable to what preceded it. "Of course, now it is much better," says Ali, speaking by phone from Dujail. "Saddam's terrorism would go on forever if he were still in power." Ali's brother Ahmed, witness No. 1 in the Saddam trial, doesn't know when he will leave the Green Zone or what awaits him if he does. But after spending his high school years in prison and losing most of his brothers, he says he is willing to pay the ultimate price to see Saddam answer for his crimes: "I'll give up my own life and the lives of my family if it means I have helped send Saddam to the gallows." The sobering reality is that both may come true.

Letter Gives Glimpse Of Al-Qaeda's Leadership (WP)

By Karen DeYoung

The Washington Post, October 2, 2006

Six months before the death of Abu Musab al-Zarqawi in June, a senior al-Qaeda figure warned him in a letter that he risked removal as al-Qaeda's leader in Iraq if he continued to alienate Sunni tribal and religious leaders and rival insurgent groups.

The author of the Dec. 11 letter, who said he was writing from al-Qaeda headquarters in the Waziristan region of Pakistan, was a member of Osama bin Laden's high command who signed himself "Atiyah." The military's Combating Terrorism Center at West Point, which last week released a 15-page English translation of the Arabic document made public in Iraq, said his real identity was "unknown."

But counterterrorism officials said they believe he is Atiyah Abd al-Rahman, a 37-year-old Libyan who joined bin Laden in Afghanistan as a teenager during the 1980s. He has since gained considerable stature in al-Qaeda as an explosives expert and Islamic scholar. After becoming acquainted with Zarqawi in the western Afghan city of Herat in the late 1990s, he became al-Qaeda's main interlocutor with the fiery Jordanian.

Atiyah's name does not appear on any published U.S. government list of known or suspected terrorists. But his biography, as described by counterterrorism officials who agreed to discuss him on the condition that they not be named, offers a rare glimpse into the cadre of loyal senior aides who escaped with bin Laden into the mountainous Afghan-Pakistani border region in the fall of 2001.

The letter, the first document to emerge from what the military described as a "treasure trove" of information uncovered from Iraqi safe houses at the time of Zarqawi's death, provides new details of a debilitated al-Qaeda leadership-in-hiding, locating it in Waziristan.

"I am with them," Atiyah writes Zarqawi of the high command, "and they have some comments about some of your circumstances."

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Pakistan's president, Gen. Pervez Musharraf, said on a visit to the United States last week that he believes bin Laden and his top lieutenants are on the Afghan side of the border. U.S. military and intelligence officials have long believed that the al-Qaeda leadership is hiding in one of the tribal provinces on the Pakistani side of the border, and Atiyah's letter, if accurate, would confirm their location at the time it was written.

Atiyah bemoans the difficulty of direct communications between Waziristan and Iraq and suggests that it is easier for Zarqawi to send a trusted representative to Pakistan than the other way around. The "brothers," he writes, "wish that they had a way to talk to you and advise you, and to guide and instruct you; however, they too are occupied with vicious enemies here.

"They are also weak," he continued, "and we ask God that He strengthen them and mend their fractures. They have many of their own problems, but they are people of reason, experience and sound, beneficial knowledge. . . . This letter represents the majority of, and a synopsis of, what the brothers want to say to you."

Deemed authentic by military and counterterrorism officials, Atiyah's letter adds context to events in al-Qaeda's often rocky relationship with its Iraqi subsidiary, shedding new light on the depth of the organization's concern over Zarqawi and the limits of its control over him.

An earlier letter to Zarqawi, written in July 2005 by bin Laden deputy Ayman al-Zawahiri, made some of the same points in more formal and less pointed words. But it appeared to have little effect. In September 2005, Zarqawi released an audiotape accusing Sunni leaders and Shiites of cooperating with U.S. forces and promising their certain death.

Atiyah's letter begins with warm personal words for Zarqawi. "I am setting this out as an introduction," he says, because the rest of his letter "will be primarily about the negatives and cautioning against things that are perilous and ruinous."

Zarqawi had been placed in a position of high responsibility, Atiyah continues, but needed to expand his circle of advisers in Iraq and listen more to those with a better sense of al-Qaeda's wider political objectives. If his words led Zarqawi to wonder if he were being asked to step down, Atiyah writes, the response would be "not necessarily." But, he continues, "it is a possibility if you find at some point someone who is better and more suitable than you." Sharia law, he reminds, requires that "proper fitness be ordained."

Atiyah orders him not to make "any decision on a comprehensive issue" without consulting bin Laden, Zawahiri and the other "brothers." He said Zarqawi should improve his relationship with other Sunni insurgent groups in Iraq and be more judicious in using the al-Qaeda name in his operations.

Atiyah refers to a bombing in Jordan ordered by Zarqawi as the kind of operation that requires consultation. He urges the utmost caution "against attempting to kill any religious scholar or tribal leader who is obeyed, and of good repute in Iraq from among the Sunnis, no matter what." After they have succeeded in driving out U.S. forces and dismantling the Iraqi government, he writes, "then we can behave differently."

"Know that we, like all mujahiddin, are still weak. . . . We have not yet reached a level of stability. We have no alternative but to not squander any element of the foundations of strength or any helper or supporter."

Atiyah's December missive seemed to produce at least temporary results. In January, Zarqawi's organization, al-Qaeda in Iraq, announced it was melding operations with other Sunni insurgent groups under a new umbrella organization called the Mujaheddin Shura Council. But any hopes of appealing to Shiites -- seen by al-Qaeda as an interim necessity that would be abandoned once U.S. forces were ejected -- was eliminated when Zarqawi-affiliated forces blew up an important Shiite shrine, the golden-domed al-Askari mosque in Samarra, in February. A number of Sunni tribal leaders in Iraq's Anbar province have also been killed this year under the Shura Council banner.

Since Zarqawi's death in a U.S. air raid near the Iraqi city of Baqouba in June, the new leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, has appeared more in tune with al-Qaeda's wishes and has reached out to Sunni tribal and religious leaders. Competing for their support with the U.S.-backed Iraqi government of Prime Minister Nuri al-Maliki, al-Muhajer on Thursday issued a public appeal for their forgiveness and pledged to respect their scholarship and status.

Atiyah is no longer in Waziristan, according to U.S. officials who declined to speculate on his current whereabouts. But they said he was not in U.S. custody and expressed certainty that he is still alive. Asked what priority they attach to his capture, one official said: "He is an important figure. . . . The world would be a much safer place with him off the streets."

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The official said that Atiyah is one of a number of senior al-Qaeda figures whose names have not been made public. "We knew about him," he said. "There are a lot of key al-Qaeda people that might not be on lists for the general public or the press." Rita Katz, whose Washington-based SITE Institute monitors extremist Web sites, said she believes that Atiyah is a "top al-Qaeda strategist" who frequently appears on a password-protected site under the name of Louis Atiyah Allah. "He's the one the jihadists go to when they have a question. He tells them what to do, what fatwahs to provide. He communicates with the jihadi online community."

The counterterrorism official declined to say whether the government believes Louis Atiyah and Atiyah Abd al-Rahman are the same person.

Atiyah's journey from Libya to a prominent position in the al-Qaeda hierarchy began like that of many young Muslims who traveled to Afghanistan to join the Afghan mujaheddin fighting a Soviet military occupation in the 1980s. Many were recruited and organized there by bin Laden, a charismatic Saudi who had joined the mujaheddin cause. U.S. officials said Atiyah was principally based around the eastern Afghan city of Jalalabad.

In the early 1990s, after a brief return to Saudi Arabia, bin Laden transferred his operations to Sudan. The 1991 U.S. action against Iraq had given him a new cause, and his al-Qaeda organization, formed of the foreign recruits he had organized in Afghanistan, declared war against the U.S. military presence in the Persian Gulf.

As bin Laden organized in Sudan, Atiyah went to Algeria, where he is believed to have fought with the Armed Islamic Group (known as GIA, its French initials).

When the Taliban took power in Kabul in 1996, bin Laden returned to Afghanistan, where Atiyah joined him in establishing terrorist training camps. After his release from a Jordanian prison, Zarqawi arrived in Afghanistan in 1999. Although he had only a tenuous relationship with al-Qaeda, Zarqawi took bin Laden's money to set up his own training camp near Herat to prepare to overthrow the Jordanian government in Amman.

It was in Herat, U.S. officials believe, that a relationship was established between Zarqawi and Atiyah.

After the Sept. 11, 2001, attacks, Zarqawi traveled to Iran and then to northern Iraq. After U.S. forces invaded Iraq in March 2003, he leveraged his al-Qaeda connections to gain legitimacy and adherents to an anti-U.S. insurgency. In October 2004, he changed the name of his burgeoning organization to al-Qaeda in Iraq.

Atiyah's liaison role was "more a function of his long-term ties to al-Qaeda and his relationship with the al-Qaeda central leadership and their interest in seeing him assume this role as opposed to a close relationship with Zarqawi," a counterterrorism official said.

In Hunt For Terrorists In Iraq, General Is No Armchair Warrior (WT)

By Rowan Scarborough

The Washington Times, October 2, 2006

A group of American terrorist-hunters that included one of the most senior commanders in Iraq quickly descended on the burned-out rubble that framed the dying body of Abu Musab Zarqawi.

The deadly operative of al Qaeda leader Osama bin Laden, Zarqawi had been the personal quarry of a super-secret task force whose backbone is the Army Delta Force and Navy SEALs of U.S. Joint Special Operations Command (JSOC). Its commander, Army Lt. Gen. Stanley A. McChrystal, was so personally involved in the hunt that he went with his men to the bombed-out hut near Baqouba to make sure they got their man.

A source close to the special-operations community said Gen. McChrystal's eyes-on identification is representative of the three-star general's hands-on approach as Defense Secretary Donald H. Rumsfeld's chief terrorist pursuer in Iraq and Afghanistan.

"He goes on raids. He doesn't sit back at headquarters," said the source, who asked not to be named. A spokesman at U.S. Special Operations Command in Tampa, Fla., declined to comment on the general's operating style.

The West Point graduate's personal commitment to the mission has led some to dub him the first "commander-forward" of JSOC. He spends little time at the command's headquarters at Fort Bragg, N.C. Instead, he shuttles between task forces in Afghanistan and Iraq to personally supervise hundreds of commandos.

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Gen. McChrystal's team was so instrumental in finding Zarqawi, and enabling an Air Force F-16 National Guard pilot to kill him in an air strike, that President Bush thanked the general in a phone call to him and Gen. George Casey, the top U.S. commander in Iraq.

"I haven't spoken to our commanders yet, except to call Gen. Casey and McChrystal and congratulate them, but more importantly, for them to congratulate the troops and the intel groups that were working on finding Zarqawi," Mr. Bush said at a June 10 press conference at Camp David.

The "intel groups" represent part of Gen. McChrystal's domain. He oversees a task force that includes JSOC, as well as a special intelligence group that specializes in intercepting communications and the "Night Stalkers" aviation unit. The group is augmented by intelligence officers, including the CIA and Defense Intelligence Agency.

The task force's special intelligence unit cinched the kill. Once Jordanian agents identified Zarqawi's clerical adviser, a frequent visitor to the al Qaeda in Iraq leader, the intelligence unit used special technical means to track his whereabouts. On June 7, the unwitting accomplice ended up on the front door of the terrorist's hide-out. JSOC has used the technical means to track and capture scores of Zarqawi henchmen.

Mr. Rumsfeld takes a personal interest in the assignment of admirals and generals, especially for such a key post as JSOC commander. The defense secretary has made it a priority to bolster special-operations spending and manpower. Shortly after the war on terrorism began, he traveled to Fort Bragg and toured the highly secret training ground of Delta Force. He watched a HALO (high-altitude, low-opening parachute jump), a practice raid and some sharpshooting, and he met Delta recruits.

Gen. McChrystal caught the defense secretary's attention in 2003 when the formertwo-star general was vice director of operations in the Joint Staff, the planning arm of the Joint Chiefs chairman. He conducted nationally televised press briefings at the Pentagon and met frequently with Mr. Rumsfeld and others to map strategy.

At his debut in March 2003, as war kicked off in Iraq, former spokeswoman Victoria Clarke introduced him. "I won't quite say he volunteered, but he's going to help out on the briefings," she said.

After less than a month of fighting, Gen. McChrystal declared from the podium, "I would anticipate that the major combat engagements are over."

Gen. McChrystal long had a special-operations niche: He trained and deployed as an Army Ranger, an elite special-operations force that does the big missions of unconventional warfare.

"There are very few flag-officer movements the secretary doesn't decide," said Larry Di Rita, a former senior aide to Mr. Rumsfeld who worked with Gen. McChrystal. "He tends to invest a lot of time into those decisions, and this one was no different."

He added, "[McChrystal] is well-known in the Army as an exceptional operator and an ability to work in a joint environment, an ability to work at various levels of operational skills. It is those things the secretary tends to look at in these kinds of commands. An ability to communicate. [McChrystal] is a very good communicator."

Special-operations insiders say that when it is time to replace Army Gen. Bryan "Doug" Brown, commander of Special Operations Command, Gen. McChrystal will likely be a finalist, along with Lt. Gen. Dell Dailey, a former JSOC chief.

Iraq Government Facing Sectarian Rift (AP-Y)

By Qassim Abdul-zahra, Associated Press Writer

AP, October 2, 2006

Shiite politicians demanded changes in the Iraqi government Sunday, accusing a Sunni Arab party in the coalition of ties to terrorism after a bodyguard of its leader was arrested on suspicion of planning bomb attacks.

The dispute threatened a sectarian crisis within the national unity government of Prime Minister Nouri al-Maliki, which is struggling to contain spiraling Shiite-Sunni killings that the U.S. ambassador said have surpassed Sunni insurgent attacks in deadliness.

After the bodyguard's arrest, an unprecedented surprise curfew was imposed on Baghdad on Saturday, preventing pedestrians as well as vehicle traffic. The curfew was lifted early Sunday.

At least 23 people were killed in violence Sunday, and 21 bodies were found in Baghdad or to the south, many of them bound and tortured. In the evening, gunmen burst into a frozen food factory in Baghdad, kidnapping 24 workers and wounding

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two others — similar to past attacks in which militants have picked out members of the opposing sect from among the captives and killed them.

The U.S. military also reported Sunday that two American soldiers were killed the day before in fighting in western Anbar province — bringing to at least 70 the number of U.S. troops killed in September, the second highest monthly toll this year after April, when 76 died.

Iraqi troops backed by American military advisers arrested a suspected Shiite militiaman believed to have carried out kidnappings and killings. A gunbattle broke out at the suspect's house in Baghdad's Shiite stronghold of Sadr City, leaving a woman and a young girl dead, Iraqi police said.

Afterward, angry men at the scene held up a color photo of a smiling, winking Jesus giving a "thumbs up" sign that they said was left by troops at the raided house — an allegation denied by U.S. and Iraqi officials.

The photo, known as the "Buddy Christ," is from the movie "Dogma," a 1999 religious satire in which "Buddy Christ" is part of a church campaign to improve Jesus' image.

U.S. military spokesman Lt. Col. Barry Johnson said the photo was a "rather ridiculous attempt" to discredit the raid. It was unclear how it ended up at the site.

The potential government crisis erupted after U.S. troops on Friday arrested a bodyguard of Sunni politician Adnan al-Dulaimi, saying the man was suspected of leading an al-Qaida-linked cell that was "in the final stages" of carrying out a string of bombings in Baghdad's fortified Green Zone, the center of government and home to the U.S. and British embassies.

Al-Dulaimi heads the Iraqi Accordance Front, the main Sunni Arab party with 44 seats in the 275-member parliament and positions in al-Maliki's government, including a supporter in the Defense Minister post.

The government also includes Shiite parties linked to militias accused of killing Sunnis — and the arrest threatened to wreck al-Maliki's attempts to forge a reconciliation between the sects that could rein in the militias as well as Sunni insurgent violence.

"We are faced with two choices, either militias or the nation. We will not allow the dignity of the nation to be violated," the Shiite prime minister said Sunday in an interview with Al-Hurra TV, which is funded and overseen by the State Department.

U.S. Ambassador Zalmay Khalilzad and the top U.S. commander in Iraq, Gen. George Casey, sought to contain the political fallout, underlining in a joint statement that "the arrested individual had no ties to al-Dulaimi's family, nor is al-Dulaimi connected in any way to the suspect activities of the individual."

But Baha el-Deen al-Araji, a lawmaker from the party of radical Shiite cleric Muqtada al-Sadr, accused Sunni politicians of having "direct and indirect links to Saddamists, Takfiris (Sunni radicals) and terrorists."

He demanded a "significant cabinet reshuffle" to change "ministries of security and public services dossiers."

"All our Sunni brothers have terrorist groups. This is destructive to the reconciliation process," another Sadrist lawmaker, Nasser al-Saadi, told The Associated Press. "We must stand up to them."

He said that if al-Dulaimi is shown to have links to al-Qaida "he should be treated as a terrorist." The lawmakers said parliament would discuss the arrest in a session on Monday.

Al-Dulaimi denied any connection to militants and said those trying to "defame" the Accordance Front should "be silent because any factor that leads to blow up this case would affect the entire national unity process."

Thousands of people have died in recent months in Shiite-Sunni killings, even as violence by Sunni insurgents continued. The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said Wednesday that over the preceding week suicide attacks were at their highest level ever.

Khalilzad said al-Qaida-linked militants had been weakened in recent months and that "a main part of the violence now is sectarian violence ... between death squads associated with militias."

Speaking on CNN's "Late Edition," he said al-Maliki's government "in the course of the next two months, has to make progress in terms of containing sectarian violence."

But he expressed optimism that with the prime minister's reconciliation plan and U.S.-Iraqi security efforts "next year the level of violence will be lower than this year."

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Iraq's National Security Adviser Mouwafak al-Rubaie, meanwhile, said security forces were closing in on the leader of al-Qaida in Iraq Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri.

He succeeded slain militant Abu Musab al-Zarqawi at the helm of the group, which is accused of some of the deadliest suicide bombings against Shiites.

"In a very short time, we will bring you the good news of Abu Ayyub al-Masri either killed or handcuffed to be brought before the Iraqi justice system," he said.

He showed what he called an al-Qaida instructional CD found this week in a raid south of Baghdad in which al-Masri is seen explaining how to build a car bomb.

"Your days are numbered and you will face your fate very soon," al-Rubaie said, addressing al-Masri.

Sadr Political Bloc Calls For Overhaul Of Iraqi Cabinet (WP)

By Amit R. Paley And K.I. Ibrahim

The Washington Post, October 2, 2006

BAGHDAD, Oct. 1 -- The political bloc of anti-American cleric Moqtada al-Sadr demanded a shake-up of Prime Minister Nouri al-Maliki's cabinet on Sunday, the latest challenge to the country's increasingly beleaguered unity government.

"Some of those who are in this government have direct or indirect relationships with terrorists," said Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party. "The democracy that the occupation brought to Iraq is being exploited by the Sunni insurgents and the terrorists to kill our sons and our men."

Araji's remarks appeared aimed at Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in parliament, whose bodyguard was arrested Friday on suspicion of planning suicide bombings inside the fortified Green Zone.

The demands of the Sadr movement -- a major bloc in the United Iraqi Alliance, the dominant Shiite coalition that has 130 seats in the 275-member parliament -- exposed deep rifts in the government, as well as mounting frustration with its perceived failure to stanch the horrific sectarian bloodshed here.

Senior U.S. military commanders have questioned whether Maliki has the political will to root out corruption and tackle the militias and death squads wreaking havoc across the country. U.S. Ambassador Zalmay Khalilzad said in an interview Friday that Maliki was running out of time to address the problem.

Ali al-Dabbagh, a spokesman for Maliki's government, did not return a phone call seeking comment.

Dulaimi has denied that his bodyguard is connected to terrorists, and on Sunday other Sunni legislators denounced Araji for making "hysterical statements."

"They accuse the Sunnis of being insurgents, Baathists and Saddamists, but if we check the records of the majority of those politicians, we will find that they have ties to the former regime," said Hussein al-Falluji, a Sunni member of parliament.

Falluji also suggested that tensions within the Shiite government -- over Maliki's efforts, unsuccessful so far, to disarm militias controlled by Sadr and other Shiite groups -- are causing politicians to lash out at Sunnis. "They are trying to transfer their problems to us," he said.

Sadr officials in recent days have stepped up their criticisms of Maliki's government. In a sermon on Friday in the city of Kufa, Sheik Mouyed Khazrajy, a member of the Sadr movement, called on the prime minister to move swiftly to reduce sectarian tensions.

"Our patience has limits," he said.

"The hands with which we fought the tyrants are still on the triggers, and the weapons we fought with, which placed you on the prime minister's chair, are still full of gunpowder," Khazrajy said. "We are ready to give you and your masters a lesson in defiance and steadfastness. . . . What has held us back, as the leader has said, is neither humiliation nor ignominy, but feelings of brotherhood and love for the country."

Violence continued to convulse Iraq on Sunday. Twenty-three people were killed and 21 bodies were discovered in incidents across the country, the Associated Press reported.

The U.S. military also announced that two soldiers assigned to the 13th Sustainment Command were killed Saturday during combat in Anbar province, the volatile Sunni insurgent stronghold in western Iraq.

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Special correspondents Saad Sarhan in Najaf and Saad al-Izzi in Baghdad contributed to this report.

Shiite Politicians Grow More Critical Of Iraq's Government (NYT)

By Sabrina Tavernise

The New York Times, October 2, 2006

BAGHDAD, Oct. 1 — Iraq's fragile government showed further signs of strain on Sunday, as Shiite political leaders expressed growing frustration at having to share power with Sunni Arabs whom they view as having ties to insurgents.

"There is a real trust crisis," said Baha al-Aaraji, a prominent Shiite legislator at a news conference broadcast on television. "The prime minister does not trust his deputy," and the speaker of Parliament "does not trust his first deputy."

The remarks, which included a call for a cabinet shuffle, came after the disclosure on Friday that a guard working for a leading Sunni politician might have been involved in a plot to detonate multiple car bombs in the Green Zone. But they quickly led to a larger debate, with Sunni and Shiite factions accusing one another of protecting their militias and governing to suit their own sects.

The outburst underscored the weakness of Iraq's government. A patchwork of parties and groups that represents most of Iraq's ethnicities and sects, the government was assembled through weeks of bitter negotiations brokered by the Americans this spring.

At the time, the thinking was to include all of Iraq's groups, particularly the minority Sunni Arabs who dominated the government of Saddam Hussein, in order to drain support for the insurgency. But now, five months after the government was formed, the violence has only worsened, with death squads carrying out sectarian killings that are changing the texture of neighborhoods.

On Sunday evening in Al Amel, a neighborhood in western Baghdad that is largely Sunni Arab, 26 workers were taken from a store that sells sandwiches and meat pastries, Iraqi officials said. Mass kidnappings began occurring with some frequency in the spring.

Continuing another grim trend, the Iraqi police said they discovered 50 bodies in and around Baghdad in the 24 hours ending Sunday night.

The United States military said Sunday that two American soldiers were killed by small-arms fire on Saturday in Anbar Province.

Until now, Shiites have largely held back from explicit criticism of the government, which is run by a Shiite, Nuri Kamal al-Maliki, out of fear of weakening him. But progress has been slow, and Shiites seized on the accusation that a guard working for the Sunni leader may have been planning a suicide bombing.

Mr. Aaraji's comments — including a call for a "significant reshuffle" of the cabinet — were the most public and pointed criticism to date. He openly derided a national reconciliation plan announced earlier this year that included a limited amnesty for some Iraqis, saying the plan was soft on insurgents. "We are stuck between the hammer and the anvil because of the national reconciliation plan," he said. "We and our sons are being killed because of it."

The Sunnis, for their part, brought up complaints at news conferences of their own. "The interior minister himself said there are 3,000 militiamen" who had infiltrated the Ministry of Interior, said a member of the Iraqi Consensus Front, the largest Sunni Arab bloc. "Three thousand versus one person," she said, referring to the arrested guard.

Some Shiites say that the Americans, who still control security, have made it hard for the government to act. Parts of the government "still feel paralyzed," said one Shiite politician, who spoke on the condition of anonymity because he did not want to be seen as critical of the leadership. "Neighborhoods are being attacked by armed groups. Threats are passed on to families."

Against Turkey, Washington Is Caught Between Allies (WSJ)

By Philip Shishkin

The Wall Street Journal, October 2, 2006

QANDIL MOUNTAIN RANGE, Iraq -- Kurdish guerrillas have used the remote mountains of northern Iraq as a base to attack Turkey for years. Now their presence has become a thorny problem for Washington.

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Thousands of Kurdish fighters move openly in dozens of camps spread throughout Qandil's scrubby mountainsides and tree-covered ravines. A day's hike to the north lies Turkey, where most of these militants were born and where they face terrorism charges for fighting for Kurdish autonomy. Here in northern Iraq, with grenades clipped to the belts of their matching olive-green outfits, the guerrillas conduct combat drills, restock arms or watch satellite television. A few months ago they honored their leader by painting his image on a giant concrete slab they poured onto a hillside. It is visible from miles away.

"We have our own state in the mountains," says Farman, the 42-year-old area commander whose neck bears the indented scar of a bullet wound. Like other militants from the Kurdistan Workers' Party, or PKK, he introduced himself by first name only.

The guerrillas' enclave in northern Iraq is at the center of a growing diplomatic storm. As the U.S. begins to exert pressure on Iraq to rein in the anti-Turkey fighters, it finds itself caught between two key allies. On one side is Iraqi Kurdistan, which supported the U.S. invasion of Iraq and whose leaders have deep ties with the Kurdistan Workers' Party. On the other is Turkey, a member of the North Atlantic Treaty Organization and a Muslim democracy, whose leaders say they are committed to destroying the PKK.

Stakes for Washington are high. Iraqi Kurdistan is the safest part of Iraq. Armed conflict between Turkey and Kurdish fighters would prove calamitous, adding another front to the bloody Iraqi battlefield and further stretching U.S. and Iraqi security forces. Turkey, which maintains tens of thousands of troops on its border with Iraq, said this summer it is drawing up plans to attack the guerrillas' positions.

For the first time since these fighters began using Iraq as a base more than two decades ago, Washington has appointed a high-level diplomat to address the crisis. In late August, it named retired Air Force Gen. Joseph Ralston to the post of Special Envoy for Countering the PKK. Gen. Ralston, a former NATO top commander, took a whirlwind tour through Turkish and Iraqi capitals in September, pressing the U.S. point that Iraqi territory shouldn't be used as a PKK haven. Turkish Prime Minister Recep Tayyip Erdogan will raise the issue with President George W. Bush when the two meet in Washington today.

Gen. Ralston's tour comes after a summer of heightened violence. In one week in July, PKK militants killed at least 15 Turkish soldiers and police. A month later, explosions in three Turkish cities killed three Turkish citizens and injured 60 civilians, including foreign tourists. The attacks against civilians were claimed by Kurdistan Freedom Falcons, which Turkish and Western officials say operates under the auspices of the PKK.

On Saturday, the PKK promised to halt attacks, the fifth time the group has declared a cease-fire. However, the decades-old conflict remains far from defused. Past truces have led to lulls in violence, followed by intensified fighting. Turkey immediately dismissed the cease-fire. Violence in the Kurdish area of Turkey continued yesterday.

Marxism and Nationalism

The Kurds, who number about 25 million and speak their own language, have never had a country of their own. Most of them live in contiguous border stretches in Turkey, Iraq, Iran and Syria. The majority -- about 15 million -- live in Turkey, which has historically denied them minority rights such as cultural recognition or Kurdish-language education.

Since its birth in Turkey in 1974, the PKK, or Partiya Karkerên Kurdistan, has employed a violent blend of Marxism and nationalism. Its guerrillas consolidated support in the countryside, ruthlessly attacking Turks and Kurds alike who stood in the way of their goal of establishing an independent Kurdistan. The conflict with the Turkish military led to an estimated 30,000 deaths in the 1980s and the 1990s.

Pressured inside Turkey, the PKK found a haven in northern Iraq in the mid-1980s. Iraqi Kurdish leaders, fighting their own rebellion against Baghdad, allowed the PKK to enter northern Iraq in a gesture of pan-Kurdish solidarity. Iraqi Kurds were also among the region's strongest supporters of the U.S. decision to depose Saddam Hussein, who is currently on trial in Baghdad on charges of genocide against Iraqi Kurds in the 1980s.

Three guerrillas from the Kurdistan Workers' Party in northern Iraq's Qandil mountains. Behind them, a structure housing a television room and a small library.

In the aftermath of the 2003 U.S. invasion of Iraq, which Turkey opposed, Iraqi Kurdistan has strengthened its autonomy. The home to five million Kurds, the Iraqi region has gradually accumulated the trappings of sovereignty from Baghdad's rule, serving as an inspirational example to Kurds across the border in Turkey and Iran.

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In early September, Massoud Barzani, the region's president, outlawed the Iraqi national flag on the grounds that it symbolizes repression of Kurds under Mr. Hussein. Only Kurdish flags, marked with a bright yellow sun in the middle, now remain. The region's parliament just approved a petroleum law that stipulates that revenue from future oil production doesn't have to be shared with Baghdad. (Baghdad has criticized the region's drive to set its own oil policy.) Boundaries between Kurdistan and the rest of Iraq are reinforced with trenches and patrolled by units of the regional government's own military force, the Peshmerga.

In addressing the guerrillas sheltering within their borders, Iraqi Kurdistan's officials find themselves with dual allegiances. While Washington classifies the Kurdistan Workers' Party as a terrorist group, Iraqi Kurd leaders view them as freedom fighters. Masrur Barzani, the head of Iraqi Kurdistan's intelligence branch and the son of the regional president, says Kurds "existed here long before" the Turkic tribes from Central Asia began their conquest of modern-day Turkey a millennium ago. Jafar Mustafa Ali, an Iraqi Kurd in charge of many of the Peshmerga units, suggests the PKK fighters are cut from the same nationalist cloth as Iraq's anti-Saddam Kurdish guerrillas. "The PKK asks for the rights of its people," he says. "Why should somebody be called a terrorist for that?"

At the same time, the region's administrators are eager to avoid the sort of violence afflicting the rest of Iraq. As northern Iraq looks to start pumping its own oil, it will require cooperation from Turkey and Iran to ship it to international clients. Already, bilateral trade between Turkey and northern Iraq has grown to an estimated $3 billion last year, according to Turkish and Iraqi officials. A peaceful resolution of the PKK issue will also help the area attract foreign investment.

According to Turkish and Western intelligence, some 3,000 guerrillas live in Iraq's Qandil mountains at any given time. A smaller force is based on the Turkish side of the border. Western and Turkish intelligence officials say guerrillas train and acquire weapons in Iraq. The camps also serve as rest-and-recuperation sites for rebels who have fought in Turkey, especially during harsh winters when skirmishes usually die down. The PKK says it runs a hidden hospital here that treats fighters wounded in clashes inside Turkey.

A typical guerrilla is Semad, a 29-year-old who grew up in the southeastern Turkish city of Diyarbakir and later moved with his family to Istanbul. Two of his older brothers died in the fighting with Turkish security forces, and Semad says he started helping the PKK at the age of nine, delivering messages, leaflets and food in the militant underground. He worked briefly as a postman in Istanbul. By the time he turned 18 he walked off into the mountains and joined the fighters, taking the name of one of his dead brothers as a nom-de-guerre.

Life for Semad in the Qandil camps follows a well-established routine: political education in the morning, military training in the afternoon, then soccer, volleyball or ping-pong. The guerrillas watch satellite television, particularly Roj TV, a Denmark-based channel sympathetic to PKK's cause.

Devotion to the group's Marxist founder, Abdullah Öcalan (pronounced O-dja-lan), borders on cultish. Mr. Öcalan was captured in 1999, and is currently serving a life sentence in a Turkish island prison. His portrait is ubiquitous in the camps, on bright yellow banners or surrounded with flowers. His severe, moustached visage is painted in bold blue, white and black on a concrete slab, some 8 feet by 20 feet, above one of the camps. Semad has an image of Mr. Öcalan on the screen of his mobile phone.

On a quiet day at the camps, the wooden hovels, tents and clearings brim with domesticity, though alcohol and dating are banned. On a recent sunny morning, Saria, a 21-year-old Kurdish woman from Syria who joined the PKK five years ago, watered a patch of saplings. A male guerrilla chopped firewood. Inside one of the shacks, in a wooden bookcase straining under the weight of books written by Mr. Öcalan, there are two well-thumbed volumes of J.R.R. Tolkien's "The Lord of the Rings" in Turkish, the language most guerrillas here speak fluently and use in conversations alongside Kurdish.

The camps' relaxed feel belies their occupants' serious mission. "Our position now is self-defense war everywhere" against the Turkish military, the Kurdistan Workers' Party current leader, Murat Karaylan, said in a middle-of-the-night interview early last month in Qandil. Mr. Karaylan, a pistol holster under his vest, has been a PKK member since 1978 and leads a clandestine existence shuttling among mountain camps. His arrest and extradition are among Turkey's main demands. "If necessary, we can escalate [the war] four to five times," he said.

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Washington's envoy, Gen. Ralston, did not speak with the PKK. Last month in northern Iraq, Ankara and Baghdad, he met with northern Iraq President Barzani, Turkish and Iraqi prime ministers, and U.S., Turkish and Iraqi military officials. He urged Iraqi leaders to put pressure on the guerrillas, asking them to close PKK offices and adopt other, as yet undisclosed, measures against the group. "Clearly, this is not an easy task," Gen. Ralston told reporters upon his return to Washington late last month.

In his interview, Mr. Karaylan said he had been pressed by Iraqi Kurdish officials to halt attacks on Turkish forces. On Thursday, the imprisoned Mr. Öcalan appealed to PKK guerrillas to call a cease-fire, asking them to fight back only if attacked by Turkish forces. In a news conference on Saturday, field leader Mr. Karaylan announced that the guerrillas would call a truce.

The Turkish government called instead for full disarmament. "A cease-fire is done between states," Prime Minister Erdogan told a Turkish television channel last week. "A terrorist organization must lay down its arms." On Sunday, hours after the truce took effect, Turkish soldiers killed a PKK fighter in Southeastern Turkey, not far from the Iraqi border.

Under pressure from the U.S. and Turkey, Iraqi Prime Minister Nuri al-Maliki, a Shiite Arab, has promised to close PKK offices in Iraq. The Kurdistan Workers' Party, though, doesn't have many offices in Iraq, and prefers to operate in seclusion from the northern mountains. Iraqi forces would find it challenging to dismantle the camps: Baghdad does not have sway over Iraqi Kurdistan's Peshmerga security forces, who would be unlikely to turn their weapons against fellow Kurds.

Turkish officials say they are prepared to wait for the diplomacy to run its course before considering military options. But one Turkish government adviser says, "We won't wait too long." Iran, which has also suffered attacks from Kurdish separatists linked to the PKK and fighting out of the same Iraqi mountains, shelled northern Iraq earlier this year, according to officials in Iraqi Kurdistan. Iranian officials deny this.

Attacking With Rocks

While northern Iraq has assumed importance as a PKK haven, the root causes of the group's appeal to some Turkish Kurds can be found in the Turkish Southeast. The area still reels from the violence of the past two decades. Major riots erupted in the city of Diyarbakir in March after several PKK fighters were killed by Turkish forces. Thousands of young Kurds set up roadblocks, trashed banks and shops and attacked police with rocks. In some parts of Diyarbakir, a city of one million residents, unemployment runs as high as 70%.

Partly under pressure from the European Union, which Turkey hopes to join, Turkish officials have been trying to address some Kurdish demands for greater rights. Broadcasting in Kurdish, as well as Kurdish-language classes, have been allowed, though both activities are still tightly controlled. A few years ago, the PKK dropped its demand for an independent Kurdistan, saying it would be content with some form of autonomy inside Turkey. The government wants to channel investment to the region and now openly acknowledges that it has long neglected its Kurdish citizens and denied their identity. While these are small steps, they would have been unthinkable even a decade ago.

"One of the reasons we were fighting was to provide the conditions for greater cultural and language rights. At the time it was necessary," says Hasan Seker, a one-time teacher in a village school who joined the PKK in the 1980s, fought, lost an index finger, was captured and spent nine years in prison. He now runs a cultural center in Diyarbakir promoting Kurdish music, literature and language. Though the center faces restrictions, he says the difference is obvious. "It's serious progress. We came from the point of 'Kurds don't exist' to this point," he says. "Of course it gives us hope."

Threatened By Soldiers, Iraqi Doctors 'Don't Feel Safe' (WT)

By James Palmer

The Washington Times, October 2, 2006

BAGHDAD -- It was a little before 2 p.m. last Monday when a group of Interior Ministry soldiers carried a wounded colleague into the emergency room at Yarmouk hospital.

Waving their weapons frantically, two of the soldiers demanded immediate attention from Haider Hussein, 25, a resident with only three months' experience.

The soldiers did not react well when Dr. Hussein requested time to prepare before examining the patient.

"They told me, 'We're authorized to kill you if you don't help us now,' " Dr. Hussein said.

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Two armed men left and, according to several doctors, returned with about 15 more soldiers who blocked the entrances to the emergency room, holding the attending doctors prisoner. The standoff didn't end until the hospital's security force fired into the air to persuade the ministry soldiers to release the doctors.

The confrontation turned out to be a breaking point for doctors at Yarmouk. On Thursday afternoon, they went on strike, saying they were accustomed to dealing with the worst of the capital's unrelenting violence but no longer could handle the intimidation and aggressive tactics of the military and police.

"We don't feel safe anymore," said Haider Brahim, 28, the chief surgeon in Yarmouk's emergency room.

The one-day strike did not resolve their problem, but it did win them a promise that authorities will look into three main demands: a public apology from the Interior Ministry, a ban on weapons inside the hospital and a ward exclusively for armed-forces physicians to care for military and police casualties.

It was the third time that Yarmouk's doctors have walked off the job in three years because of the harsh working environment, said the hospital's director, Haqqi Razzaiki. He said 16 physicians had quit in the past two months because of miserable working conditions.

"The whole situation is bad, and we're getting no help from the Ministry of Health," Dr. Brahim said.

Yarmouk's 24 emergency-room physicians earn a little more than $135 a month.

Most of the hospital's 150 doctors live in dilapidated residence halls on the hospital grounds. In one cramped room with no bathroom, six doctors who work alternate shifts share three small beds pressed against the walls.

About 50 doctors share a narrow restroom in a hallway. Dust covers the floor, and a hole in the floor serves as a toilet. Another restroom on a separate floor lacks running water.

The food, prepared in large metal pots in a room tucked away from the first-floor corridor, is a frequent target of criticism.

"We tried to give the food once to stray cats, but they wouldn't eat it," said Dr. Hussein. "Some prisoners live better than this."

The hospital's location in the southern Baghdad neighborhoods that are flash points for sectarian and insurgent attacks also makes it an epicenter for urgent cases. Dr. Brahim estimates that his staff treats 100 to 300 emergencies a day.

Yarmouk also attracts patients from the violent western Anbar province because it is one of the first large government-run hospitals along the highway into Baghdad. As a government-run hospital, it is obliged to provide free health care to all Iraqis.

Before the strike Thursday, the triage area was filled with the wounded, their families, paramedics, hospital administrators, nurses and doctors. The building smelled of perspiration, blood and human waste.

A young resident working without plastic gloves examined a gaping wound in one man's thigh, the result of a roadside bomb. Another man on a bloodstained gurney wailed in agony as a male relative gently kissed his face.

And 9-year-old Amer Yousef, a bandage over the bullet wound in his lower abdomen, tried to fight back tears as a group of women in black abayas watched over him.

Outside the hospital's gates, an Interior Ministry pickup truck swerved to a sudden stop and uniformed men frantically escorted the injured colleague inside. A soldier in the back of the vehicle fired a machine gun into the sky to halt the oncoming traffic.

"There's no magic solution to resolve these problems," said Dr. Razzaiki, who has practiced medicine in Iraq for 27 years. "If we had better security, the problems would solve themselves."

The Big Question On Iraq (WP)

By Jackson Diehl

The Washington Post, October 2, 2006

The campaign season debate about Iraq, which circled last week around the question of whether the war has increased global terrorism, might suggest that Washington is nowhere near facing the critical question of what to do about the actual situation on the ground. Yet behind President Bush's "we're safer" rhetoric and the answering shouts of "fiasco," the most serious debate about U.S. Iraq strategy in three years is quietly emerging. Shortly after the election it should take center stage.

The central question for discussion is this: Should the United States continue to depend on Iraq's "unity" government and army to carry out the political, military and economic measures needed to stabilize the country -- most important, a political

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settlement among its warring sectarian factions? Or is it necessary to override the new political system and mount some sort of intervention, led by the United States and perhaps other governments, to force the necessary deals?

President Bush has been hinting about this decision point ever since Iraqi Prime Minister Nouri al-Maliki's visit to Washington in July. "Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said in an Aug. 31 speech. Administration officials say the passage was a warning deliberately aimed at Maliki.

A more explicit signal came in a Sept. 19 news conference by former secretary of state James A. Baker III and former representative Lee H. Hamilton, who are leading a congressionally mandated and Bush-blessed commission to consider options for Iraq. The panel long ago decided not to make recommendations until after the November elections. So why hold a news conference in September? Perhaps so that Hamilton could make this statement: "The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continuing support. The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services."

At least some in Maliki's government are hearing the warning. Two of its most pro-American officials, Vice President Adel Abdul Mahdi and Deputy Prime Minister Barham Salih, appeared in Washington in September. Mahdi, a Shiite, pleaded for more time, saying that Washington could not expect the new government to deliver results on a timetable measured in months. Salih, a Kurd, took a different tack, listing a string of measures he said would be approved by parliament before the end of the year.

In fact, amid the continuing chaos in Baghdad the parliament has finally begun to act: Last week Sunni and Shiite deputies struck a preliminary deal on legislation that would allow the creation of federal regions and set up a committee to consider amendments to the constitution. But Maliki is still resisting forceful steps against Shiite militias; and negotiations with Sunni insurgents have gone nowhere.

If such sluggishness continues, the Baker-Hamilton commission, and with it the consensus in Washington, could be tipped toward the conclusion that the United States can't look to the new political system for solutions. That doesn't mean there would be a precipitous American troop withdrawal; the commission will almost certainly conclude that such a step would be disastrous.

Instead, the time may finally be ripe for some of the ideas that have been doggedly pushed for most of this year by Democratic Sen. Joseph Biden, who has been one of his party's most serious and responsible voices on Iraq. In essence, Biden is proposing that the United States enlist its NATO allies, U.N. Security Council members and Iraq's neighbors for an intervention that would be aimed at forcing political and sectarian leaders to leap to the political settlement they are now creeping toward.

The settlement Biden has in mind is the division of Iraq into highly autonomous regions, dominated, respectively, by Sunnis, Shiites and Kurds. That solution was the subject of last week's parliamentary deal, which postponed any action until 2008. A new reconstruction aid program would be launched; an international conference would commit Iran, Syria and other neighbors to a nonaggression pact. International peacekeepers would be recruited to patrol cities such as Baghdad. Meanwhile, most U.S. troops would be withdrawn by the end of next year, except for a residual force that could intervene against al-Qaeda.

It's easy to find holes in this strategy, as with any other plan for Iraq. To begin with, Iraqis simply may not be capable of jumping to a settlement. Perhaps only the pain of an extended civil war will get them there. But Biden's basic idea -- of an external political intervention backed by an international alliance -- is the one big option the Bush administration hasn't tried. It wouldn't be surprising if Baker -- master orchestrator of the Plaza agreement and the Madrid conference -- finds it compelling.

In Afghanistan, US Troops Tackle Aid Projects - And Skepticism (CSM)

By Scott Peterson

The Christian Science Monitor, October 2, 2006

MIRDISH VILLAGE, AFGHANISTAN

The white-bearded Afghan police chief is not pleased with his village "force" of 15 rag-tag cops. They have no radios, just two AK-47 assault rifles, and a single pistol with 9mm ammunition that jams.

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Afghan officials have also not paid police salaries for months in this remote eastern Afghanistan province of Nuristan on the Pakistan border. An officer is said to be collecting funds now - the proverbial "check is in the mail" - but the delay is hampering US plans to start police training this week.

"Of course it's a good idea to train," chief Nur Mohamed tells the US Military Police platoon leader, as they meet under a rock overhang. "The day they pay us, we will be there."

Money talks in Afghanistan, particularly in this undeveloped region. Whether training local police or getting tips on insurgent positions, success for US forces depends on fulfilling promises of aid and reconstruction. That's the logic behind a new fight-and-build strategy that arms the US military with millions of dollars to spend on projects to convince Afghans, one village at a time, of the benefits of opposing Taliban-led militants.

But obstacles abound here. In the wilds of Nuristan, sheer rock cliffs and mountain run-off rivers leave few options for roads. US Army convoys have been attacked nearly every time they set out in recent weeks. The terrain not only makes ambushes easier but also frustrates logistics, like getting money and supplies flowing to Mr. Mohamed's police.

Mohamed tells the MP that his unit only patrols a few hundred yards down the road to the graveyard - "where you were ambushed the other day."

"The [insurgents] couldn't come here, but we see a lot in the mountains, and they [are armed with] everything," says Mohamed. "That is why we are so afraid. How could we attack them?"

"It's been pretty frustrating," the MP, 1st Lt. Candace Mathis from Rome, N.Y., says later. "It's hard because they do not have the food, ammunition, and blankets - all the stuff they need to be successful. All I can do is pat them on the back and say security is important." US Army takes up infrastructure

So far, the Army has signed more than a dozen contracts in a string of villages. Work has begun on popular road building, water pipe schemes, and micro-hydro projects to bring electricity.

So when troops join the police chief and mullah for a visit to Mirdish village, there is a cautious welcome, and even gratitude. More information about militant movements is coming to the Americans from such villagers. More elders want projects for their areas.

"We like you Americans here, and want to work with you," the police chief tells the MP, before adding a warning. "We appreciate when you take care of us. But when you fire [into valleys] with women and children, they are so scared."

While officers deem these to be positive signs, the US strategy is long-term, and envisions keeping militants on the run throughout a cold winter - depriving them of shelter in the villages - as progressing projects convince people to side with the government.

But there have also been two high-profile killings in this district in the past month, of one cooperating elder and a border police chief, both claimed by the Taliban.

The Islamist militia has historically had little presence in Nuristan, but use it as a route to Kabul from Pakistan and an out-of-the-way area for training grounds. The murders have shocked and intimidated elders, and the 200 fledgling police recruits.

"In counterinsurgency, you can't lead with a rifle," says Lt. Col. Mike Howard, who commands the 3rd Squadron 71st Cavalry from Fort Drum, N.Y., in Nuristan. "You must lead with actions, with reconstruction."

"The elders have bet on reconstruction, and ending this stupid fighting," says Colonel Howard, who is on his third Afghan tour. "You've got to come and stay, and plop down in the middle of [insurgent territory], and make them choose to work with you, or fight you, or leave."

Nuristan's extreme isolation once earned it the name "land of infidels" because it was the last Afghan region to accept Islam, a little more than 100 years ago. Two enemies: insurgents, skepticism

US forces are fighting two enemies here: the insurgents, and local skepticism that they will stay and deliver on promises of projects that will improve their lives. For two years, one elder carried a letter and business card from a US State Department official - and his unfulfilled promise to build a road.

The 3-71 Cavalry has so far approved $1.33 million worth of projects, contracted $966,000 of that, and disbursed some $250,000 in the long-neglected Kamdesh District alone.

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It is one element of the US Army's 3rd Brigade Combat Team, that is spread across 19 forward bases and several outposts in eastern Afghanistan. It is fielding 13 Provincial Reconstruction Teams (PRTs) which include two civilian engineers each, civil affairs personnel, and military police, in areas under US control. Road project opened new paths

An initial $200,000 road project to Kamdesh - though tangled because of an Afghan contractor from a distant city - whetted local appetites for more work. Building a five-classroom school building in Naray, a basic $23,000 effort, prompted more local requests and a better welcome across the district.

"They don't trust anybody," says an Afghan-American translator named Pali, who visits villages with US patrols and PRT teams.

She remembers the first visit to Mandagal village, when "people were so afraid of the Americans, and women and children were crying. They told us: 'We thought you were just like the Russians' " who occupied Afghanistan during the 1980s, says Pali. "I told them: 'the Americans are different.' " In Mirdish over the weekend, children trailed the soldiers, laughing, and watched from high rooftops.

"The only thing to convince them is to build something and pay people. They are sick and tired of insurgents," says Pali. "They say: 'For heaven's sake, if you are here to build for us - promise and do it. If we see one or two projects, all Nuristan is with you.' "

Though still in its early stages, the US effort is sparking a violent reaction. Before moving into the district last July, officers held meetings and killed a goat with elders, and signed contracts.

But forward bases were attacked daily for weeks. The first 30 days at Kamdesh outpost, as construction got under way, no one took up the US offer to hire base guards for $153 per month. Last week they reached their goal of 60 guards, requiring just two critera that recruits be at least 18 years of age, and have a rifle. But many have aged rifles, or appear too young to grow beards, or both.

Radio chatter indicated that insurgents planned to "attack [Americans] like the Russians." Then insurgents switched to going after convoys on the single-lane dirt road that winds along the river - and invites ambush.

In the past month, this unit at Kamdesh has earned eight Purple Hearts. One soldier lost a hand to a rocket-propelled grenade round - the only one to make a direct hit out of 30, says Capt. Matt Gooding, commander of Alpha Troop, 3-71 Cav, which is building Kamdesh outpost.

The unit moved here from Helmand Province in the south, where the fighting was intense, but conducted in a by-the-book manner across a desert battlefield.

"In Helmand, you knew when you cleaned house; you knew when you had a good day," says Capt. Gooding. "I don't feel that here, and it's frustrating."

But this unit has become adept at fending off an attack for an hour, then they "transform - you can see it in their faces," says Gooding, when they continue on to a village visit. But still the attacks continue. Insurgents in the dark

On Saturday night last week - during a storm and with no moonlight at all - three groups of 10 to 15 men moved toward the Gowardesh outpost, but were spotted and hit with US mortars and dispersed.

A few days before that, officers called in a 2,000-pound bomb 10 minutes after an ambush. For days after, insurgent radio traffic all but stopped.

"I haven't attacked a thing up here, but I killed a lot of bad guys because they can't bear me being here, putting in water pipe," says Howard, of the frequent ambushes. "Now if [soldiers] go into a village, and enter every home and go through their underwear, who has the high ground then?"

But the Taliban is making its mark. On Aug. 29, a well-known elder from Gowardesh village, Haji Younis, was kidnapped, tortured, and dumped near the Pakistan border. He had signed a US Army contract three days before, and was on the road to get it ratified by the sub-governor when he was abducted.

A note pinned to his clothes said: "Don't work with coalition forces. This will happen to you." It was signed in the name of Mullah Omar, the fugitive Taliban leader.

"Haji Younis was a friend of mine," says Howard. "But his killing backfired. Instead of being intimidated, people were outraged."

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A blood feud between families has now erupted, a tradition in Nuristan. Such feuds can last for decades, and often end in further revenge bloodshed.

Ahmad Shah has been another victim. A colonel in the border police, he was killed by a roadside bomb on Sept. 13. The Taliban claimed responsibility, sending "shock waves" that "completely intimidated" the untrained police force, which one US officer says has gone from "extremely awful to just bad." Counterinsurgency a 15 year project

"Realistically, it will take three to five years to be where we want to be with the police," says Col. John "Mick" Nicholson, who commands the 3rd BCT. "This is a counterinsurgency; it's going to take 15 years.... What we're looking for is buy-in."

Some results may be emerging, judging by the number of roadside bombs discovered and turned into US or Afghan forces for cash. Only two of 21 on the main Kamdesh road have exploded, US officers say.

Elders have come to this outpost four times in a week, asking for projects. And Afghan police - green as they are, out in this wilderness - have been passing on tips about the insurgent presence.

"I see indications that we are being successful," Lt. Col. Anthony Feagin, the Kamdesh PRT commander, tells his projects team. "But we've got to make sure we don't make any tactical blunders."

Backstory: A Softer Side Of The Marines (CSM)

By Mary Beth Mccauley

The Christian Science Monitor, October 2, 2006

BETHESDA, MD.

Marine Staff Sgt. Rudy Perez isn't due to get off duty until midnight, but by 7:30 this evening, his day feels complete.

"I see the weight lifted," says Sergeant Perez, watching a sedate but glowing reunion of wounded Cpl.Brian Smith and his family at the National Naval Medical Center.

Here, thanks to Perez and his staff, who carry out a rich interpretation of the fiercely loyal Marine Corp's tradition of caring for its own, the war in Iraq is already a world away for the newly arrived marine. Seriously injured by a roadside bomb in Fallujah, Iraq, days earlier, his arm heavily bandaged, Corporal Smith rests with his family in the womblike fifth floor hospital lounge.

National Naval is where marines most seriously wounded in Iraq are treated. Here, in one of the military's most emotionally gripping assignments, says Perez, "It's our responsibility to take care of the family as if it was our own family."

Perez's liaison unit reunites the wounded with their families and orchestrates all nonmedical aspects of their stay.

Smith's arrival Aug. 29 by medical transport bus marked the end of a long journey. He came in one of three weekly medical airlifts to nearby Andrews Air Force Base from Landstuhl, Germany, where he'd been stabilized. He'd already had two surgeries to repair the "shark bite" arm wounds that left him near death, "You wanted to go ahead and cry tears of happiness," Smith says of his arrival. "But I'm a marine. I can't cry." He calls the liaison unit "the softer side of the Marines."

The 18-strong all-reserve unit serves as a "five-star concierge service" for patients and families, explains Lt. Col. John Worman. Typically there are 20 to 30 in-patient casualties, and they stay an average of four to six weeks. More than 1,500 have been treated here since the beginning of the war, says Ellen Crown, hospital spokeswoman.

Upon hearing of Smith's expected arrival, Perez and his men went to work - making plane reservations for the family, meeting their flight, taking their bags, driving them to hotel rooms, settling them in before bringing them to the hospital. There, the liaison unit briefed the family on the marine's condition before his arrival, and were available round-the-clock for the rest of his stay.

The liaison unit also serves as a clearinghouse for the many offers of assistance to wounded vets. They stock donated paperbacks, CDs, videos, snacks, clothing, and toiletries. They explain benefits and answer questions about pay. They offer everything from Gatorade to a friendly shoulder to streams of family members.

Unit members have arranged a bedside wedding, a citizens' swearing in, a video-conference introduction of a newborn to a hospitalized father. They've managed to ask the wife of a higher-ranking patient to obey regulations and get out of his bed.

They've learned to give the signature "high and tight" haircut, which, when a patient requests it, they take as a signal of sure recovery. They've learned how to deflect, on behalf of a "sleeping" patient, an offer of a visit from a well-meaning celebrity. "This is not a petting zoo," explains Lance Cpl. Carlos Lopes.

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Wounded in 2005, Corporal Lopes is part of a contingent of wounded vets helping out as they receive their own outpatient treatment. Liaison work distracts him from worries about his "guys" back in Iraq, and helps him find the sleep that had eluded him. Here, he gowns up visitors, finds takers for donated baseball tickets, sees each patient several times a day, and visits marines transferred to nearby Walter Reed Army Hospital for prostheses. In free moments, he studies criminal justice online.

"We've been taught that there's nothing that can't be done today," explains Lopes, quoting from a deep vein of Marine Corps truisms.

Cindy Smith, the new patient's mother, appreciates the small kindnesses: "They bring us to the hotel, but they walk us right up to the room." Corporal Smith's daughter has to start school, so Mrs. Smith will take her home to Maine. Meanwhile, liaisons will care for the wounded vet's infant son, while his wife, Jennifer, visits her husband.

The Smith family was "an easy one," says Perez. Smith was a "walk off" - an unexpected delight for everyone who gathered at the flag-lined lobby of Building 10 to welcome his arrival.

There are much more emotionally difficult cases to negotiate. The hospital specializes in head-trauma care, and many of the Marines arrive seriously injured, or unconscious, their conditions shocking even to families who have been prepared ahead of time.

Divorce is another common complication for the liaison job. It can fill the already emotional reunions with rancor and blame. There's the marine's mom who's not talking to his dad, the marine's wife in the same room with his girlfriend, the one parent who favored military service and the other who didn't. Marines who meet families at the airport tend to be on the receiving end of anger, but know not to take it personally. "You go 'yes, ma'am; no, sir.' You treat them like you would treat your own parents," says Sgt. Jason Becerril.

The marines here seem to consider the popu-lar "oppose the war but support the troops" sentiment ridiculous, though they're too polite to come right out and say so. Largely, pro or con feelings about the war itself seem to be left at the gate.

"Up here they seem to be focused on their son's health," says Colonel Worman. The officer, whose brother died in Iraq in 2005, says that Elisabeth Kubler-Ross's writing on the stages of grief have helped him deal with families of the injured. But mostly, he relies on his instincts and experience.

So, too, does Master Sgt. Terrell "Top" Jones, a sardonic, tough-guy sort, whose office decor features both the salty and the sacred. His most memorable request was from a father, not a practicing Catholic, who sought a godfather to step forward so his dying son could be baptized. Sergeant Jones, a Catholic, volunteered. The patient died three days later.

"What school teaches you that?" Jones asks bluntly.

First impressions - neat, direct, polite, and thoughtful - mean something here.

"We represent the Marine Corps," says Jones, of the attention to detail. In the end, what his unit proffers to families is the very identity of the Corps.

"I had heard about that 'band of brothers' thing, and I thought it was stupid," admits Mrs. Smith. But now she has joined the brotherhood, as - at her son's request - the Smiths have become surrogate kin to the marine who was injured alongside him, but whose family can't come to Bethesda. "I can understand the bond now."

Down the hall on this late-August night, Wally Howard, of Orlando, Fla., and his wife, have been standing vigil for their son round-the-clock since mid-July.Lance Cpl. Patrick W. Howard, wounded by insurgent mortar fire July 18, remains bedridden, with a seemingly endless list of internal injuries and fractures. His parents haven't left the Bethesda base since the day they arrived, relying on the liaison unit completely.

"If it weren't for the way we've been treated in here, we wouldn't be able to do what we're doing," says Wally Howard.

His marine's most recent request: a haircut.

CORPORATE SCANDALS:

Qwest Communications Judge Approves Settlement With Shareholders In Suit (WSJ)

The Wall Street Journal, October 2, 2006

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A judge gave final approval to a $400 million settlement of a consolidated shareholder lawsuit that accused Qwest Communications International Inc. of civil fraud in connection with a multibillion-dollar accounting scandal. The settlement, announced in November 2005, covers Qwest and most former executives, except former Chief Executive Officer Joe Nacchio and former Chief Financial Officer Robert Woodruff. Qwest, a telephone-service provider based in Denver, will pay the money into a fund to compensate shareholders. U.S. District Judge Robert Blackburn in Denver stayed action on the remaining claims against Messrs. Woodruff and Nacchio until spring after Mr. Nacchio's trial on criminal charges is scheduled to conclude. Mr. Nacchio has pleaded not guilty to 42 counts of insider trading. The Securities and Exchange Commission has said fraud occurred at Qwest in April 1999 to March 2002, which allowed the company to improperly report about $3 billion in revenue that later was restated. The shareholder lawsuit alleged that Qwest, and former officers and board members, concealed information about the revenue.

Fastow A Key For Plaintiffs In Bank Suits (NYT)

By Alexei Barrionuevo

The New York Times, October 2, 2006

Andrew S. Fastow is telling all, naming names, and the lawyers suing Enron's former banks on behalf of investors say that his words could lead to billions of dollars in fresh settlements.

Mr. Fastow, Enron's former chief financial officer, was sentenced last week to six years in jail for stealing from Enron and devising schemes to deceive investors about the energy company's true financial condition. In his last weeks of freedom, he spent long days giving plaintiffs' lawyers his account of the role that banks played in helping Enron disguise how much debt and how little cash it had.

Lawyers have already won settlements for $7.3 billion of the $40 billion investors claim they lost in Enron's collapse. Most of that money has come from banks, like J. P. Morgan Chase, Bank of America, Citigroup and Canadian Imperial Bank of Commerce. Seven other banks have not settled.

Until now, the plaintiffs' lawyers have had to rely primarily on documents to try to prove that banks played a central role in Enron's false accounting. But Mr. Fastow, the Enron executive who worked most closely with the banks, has been explaining the motives for many of Enron's bank dealings, putting them in context and recounting conversations with top bank officials, according to two plaintiffs' lawyers and Mr. Fastow's civil defense lawyer, Craig Smyser.

It remains to be seen if assistance from Mr. Fastow will prove convincing in a courtroom and be a help to the plaintiffs. Nevertheless, the information that Mr. Fastow has provided so far has given a new burst of confidence to lawyers suing Enron that they can force the remaining banks in the case to settle claims or prevail at trial, if necessary.

Those lawyers say that Mr. Fastow has provided an insider's perspective and a road map of many of the bank transactions that investors assert were a large part of the Enron fraud. The transactions allowed Enron to experience its explosive growth in the late 1990's before its sudden collapse in December 2001.

Mr. Fastow, 44, originally decided to cooperate with the civil lawyers in part to try to reduce his own prison sentence. But he has agreed to give a full deposition over the next few weeks. If a judge does not decide otherwise, the deposition will take place in prison or a detention center.

In interviews over the weekend, Mr. Smyser and lawyers suing the banks said that the banks were already expressing concern over a 25-page declaration that Mr. Fastow turned over to the plaintiffs' lawyers before he was sentenced. In it, he said he viewed certain banks as "problem solvers" that Enron turned to when it needed to resolve its financial problems. Those banks designed complex financial structures that helped Enron meet its financial reporting targets, Mr. Fastow wrote.

Mark Herr, a spokesman for Merrill Lynch, said that Mr. Fastow's declaration was "produced at a time when he was seeking a more lenient sentence" and "should be seen for what it is: a series of unproved and stale claims that have not been tested in open court or been subject to cross-examination." Merrill Lynch, one of the banks named in the investor suits, was identified by Mr. Fastow as a "problem solver."

William S. Lerach, the lead lawyer representing investors suing Enron and the banks, said that the declaration was "just the tip of the iceberg" of what Mr. Fastow has been telling the civil lawyers.

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Mr. Smyser said Sunday that there had been a flurry of correspondence and phone calls between him and the banks' lawyers. "They want to know what is coming down the pipe, and they have an indication from Andy's declaration that it isn't going to be pleasant," he said. "I suspect it is their worst nightmare."

Despite truckloads of documents from Enron and the banks, and millions of dollars spent on the case so far, civil lawyers had struggled to learn much of anything from the banks' own employees. Plaintiffs' lawyers took 175 depositions from bank officials over the last 18 months, most of them running 15 hours long. Yet nearly all of those officials either exercised their Fifth Amendment right to not testify or said they did not recall anything relevant, according to two lawyers involved in the case.

That finally began to change when lawyers for the plaintiffs first sat down with Mr. Fastow in late August in a conference room at Mr. Smyser's downtown Houston office. After that initial 90-minute meeting, the civil lawyers set up a series of six meetings in September totaling almost 40 hours, two lawyers involved in the meetings said.

Each meeting focused on a different set of banks, including Barclays, Merrill Lynch, Credit Suisse First Boston, Deutsche Bank, Royal Bank of Canada, Royal Bank of Scotland and Toronto-Dominion. One meeting focused exclusively on LJM, the off-the-books financing structure that Mr. Fastow set up to help Enron hide its debt and buttress its earnings. Before the meetings, lawyers sent binders — some nine inches thick — for Mr. Fastow and his lawyer to study.

Mr. Fastow was generally patient and friendly, the lawyers said. But he sometimes grew impatient at having to repeatedly explain how certain transactions worked, they said. On the morning of Sept. 18, Mr. Fastow became upset upon learning that Judge Kenneth Hoyt had sentenced David W. Delainey, a former Enron executive, to 30 months in prison for one count of insider trading, reducing his sentence by only 90 days. Most legal experts had expected Mr. Delainey to receive probation for his extensive cooperation in helping the government convict Enron's former chief executive, Jeffrey K. Skilling.

Just minutes after learning of Mr. Delainey's fate, Mr. Fastow stared at a lawyer in the conference room and said, "I'm done, my fate is sealed," according to a lawyer who was there.

Some plaintiffs' lawyers grew worried that Mr. Fastow would walk out of the meeting, seeing little personal benefit from continuing to cooperate with the civil lawyers. But he kept his agreement to help them. And the judge eventually did reduce his sentence, seeming to say, in effect, that Mr. Fastow and his family had suffered enough; his wife, Lea, had served one year in jail for falsifying a tax return related to one of Mr. Fastow's schemes to skim money from the company.

Civil lawyers said they had been impressed with Mr. Fastow's recall of specific transactions with the banks. Mr. Fastow cited four conversations, for example, related to an electricity trade done with Merrill Lynch in 1999 to help Enron meets its earnings numbers. He has supported the plaintiffs' position that e-mail messages show that Enron made a verbal agreement with Merrill to get the bank out of the deal in June of 2000 and would pay the bank $17 million for doing the transaction, the civil lawyers said. Merrill Lynch has repeatedly denied that there was any agreement to unwind the trade.

But information Mr. Fastow can provide about Royal Bank of Scotland and others may prove to be the most valuable to the plaintiffs, Mr. Lerach said. Mr. Fastow has told plaintiffs' lawyers that verbal assurances that he gave to Royal Bank of Scotland and other banks were considered guarantees that the banks' equity investments would be repaid. A spokesman for Royal Bank of Scotland did not respond to calls and e-mail messages Friday and over the weekend.

Mr. Fastow's deposition will take an estimated 10 days, plus more than two weeks of preparation, said one lawyer involved in the case. Some 80 lawyers will probably to want to attend. The plaintiffs' lawyers have requested that Judge Hoyt let Mr. Fastow give his deposition soon, before he enters prison, and have asked that he be allowed day passes to give his testimony at law offices in downtown Houston.

Hours in front of a microphone being peppered with questions might be a relief for Mr. Fastow. He is currently in solitary confinement in a Houston detention center, awaiting assignment to a prison. His cell is so filthy that Mr. Fastow, dressed in an orange jumpsuit, has taken to doing pushups with his feet on the bed and his hands on the sink, said Mr. Smyser, who last visited him on Saturday.

Drama In The Boardroom (WSJ)

By JOANN S. LUBLIN And ERIN WHITE

The Wall Street Journal, October 2, 2006

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Corporate directors, pressed to become more vocal following the scandals of the Enron era, are throwing their weight around more, rubber-stamping management less -- and roiling many once-clubby boardrooms.

At General Motors Corp., Jerome York, a representative of investor Kirk Kerkorian, joined the board in February and is pushing GM to weigh an alliance with Japan's Nissan Motor Co. and France's Renault SA. Unhappy representatives of the Chandler family on the Tribune Co. board have forced the media company to consider big strategic moves, including a breakup of the company. At H.J. Heinz Co., investor Nelson Peltz captured two board seats after urging Heinz to cut costs and boost marketing of its core ketchup brand. Heinz accelerated cuts and announced a restructuring that wasn't too different from Mr. Peltz's plan. He attends his first board meeting next month.

Few boards, though, have matched the degree of all-out war achieved at Hewlett-Packard Co., where investigations into boardroom leaks mushroomed to include spying on directors, executives and journalists. The divisions were rooted partly in disputes among three independent directors, including Patricia Dunn, until recently H-P's chairman. Extreme though that situation may be, it does highlight the pitfalls that may await a board whose directors are fiercely independent of management and, at times, antagonistic toward one another.

Propelled by changes in stock-exchange rules and the Sarbanes-Oxley corporate-reform law, more independent directors have more leadership positions on boards and meet more often without management. Adding to the mix are several other forces, including mergers that have left a legacy of distrust, forceful investors who have won board seats through persuasion or proxy fights and directors' fears of personal liability for corporate misdeeds.

Friction is inevitable in such circumstances, directors and board watchers say. "With the emphasis on board governance, you certainly are seeing directors unwilling to go along with the CEO and the consensus" of other directors, observes Stephen Hardis, outside chairman of insurance giant Marsh & McLennan Cos. and a member of six other boards. "They say, 'I can't just go along to get along.' "

Adds William George, former chief executive of Medtronic Inc. and a director at three public companies: "I think we're correcting the imbalance that existed five years ago....It's unhealthy when boards become more of a rubber stamp to management."

The roster of potentially fractious corporate boards seems to grow by the week. There have been 80 proxy contests for board seats in 2006, more than double the 29 such fights in all of 2004, according to estimates by FactSet Research Systems Inc., of Norwalk, Conn. About 62% of this year's challengers have succeeded, up from 41% two years ago.

At ImClone Systems Inc., investor Carl Icahn and three allies won board seats last month after threatening a proxy fight. His first day on the board, Mr. Icahn demanded that Chairman David Kies resign. Mr. Kies was re-elected at a board meeting that lasted five hours. Last week, Mr. Icahn, who owns almost 14% of ImClone, proposed ousting six of the company's 12 directors. Mr. Kies says Mr. Icahn is trying to seize control of the company without paying a premium to shareholders.

At Blockbuster Inc., meanwhile, Mr. Icahn and two allies last year won board seats after a bitter proxy fight. Mr. Icahn pushed through a 70%, one-year cut in the annual retainer paid to directors, to $15,000 from $50,000, over some board members' objections. Mr. Icahn initially had only two allies on the seven-member board. But with careful lobbying, he says, a dissident minority can persuade other directors to "eventually see it your way....It's human nature. You talk to people. Board members start seeing the other side."

Historically, split votes have been rare in U.S. boardrooms; at many companies, open disagreement during discussions borders on heresy. That is changing. At Valeant Pharmaceuticals International, a Costa Mesa, Calif., drug company with a turbulent past, directors value their independence so highly that they encourage members to cast dissenting votes.

"We've developed a culture where we're comfortable" with nonunanimous decisions, because "we respect each other," says Richard Koppes, a director and an attorney for Jones Day in San Francisco. Board meetings last longer than they used to, he adds. "There have been times when people change their minds. And at times, we agree to disagree."

Last year, Valeant directors amended an approved executive-pay plan after some directors voiced concerns by casting dissenting votes, according to a person close to the situation.

Formerly known as ICN Pharmaceuticals Inc., Valeant in 2002 ousted its chief executive, Milan Panic, after he lost a fight for control of the nine-member board. Mr. Panic, a Serbian-born immigrant who served briefly as prime minister of Yugoslavia,

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refused to relinquish his directorship before his term expired. During the first board meeting of the revamped ICN board, "you could cut the tensions with a knife," recalls Mr. Koppes, one of the newly elected directors.

Before leaving the board in 2003, Mr. Panic repeatedly cast dissenting votes. That made for a difficult period, Mr. Koppes says, but he adds that Mr. Panic's opposition "caused people to think" about the importance of dissenting votes. Now, when a dissent is cast, Mr. Koppes says, "that means there has been a full debate."

Through a spokesman, Mr. Panic says Valeant "has been terribly managed" since his departure. "All they have done is cost jobs and hundreds of millions of dollars in shareholder value and operating losses," the spokesman says.

Fears of boardroom divisions have proved groundless, in some cases. At Marsh, former U.S. Attorney Zachary W. Carter joined the board in 2004 with the backing of four big public-employee pension funds. Mr. Hardis says he initially worried that boardroom collegiality might suffer. But Mr. Carter says he "made it clear that I saw my responsibilities as representing all investors and not just one group."

A few months later, Mr. Carter turned out to be a big asset for Marsh, after New York Attorney General Eliot Spitzer filed a lawsuit accusing Marsh's insurance-brokerage unit of bid rigging. Mr. Carter, a friend of Mr. Spitzer, helped arrange a critical meeting between Mr. Spitzer and four independent directors. Jeffrey W. Greenberg, Marsh's chairman and CEO, soon quit, and Marsh reached an $850 million settlement in January 2005.

Worried about increased boardroom discord, more directors are seeking help with handling disagreements, reports David A. Nadler, chairman of Mercer Delta Consulting, a New York firm that advises boards and CEOs. During the past few years, he says, he has seen greater interest from board members keen to examine "the critical issue of how do we work together with each other and with management."

Experts say that some argument can be healthy but warn that boards must learn to manage disagreement constructively or risk becoming dysfunctional, as H-P's board did. An increasingly popular tactic is the use of board peer evaluations, Mr. Nadler says. "Four or five years ago, [such evaluations were] almost unheard of," but now some 10% to 15% of major boards use them, he says. Some problems directors encounter with peers include inadequate preparation for meetings, asking too few questions, asking too many unhelpful questions -- or leaking information to employees or the news media.

Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware and a director at three public companies, says discussions need to be frank, but disagreements "shouldn't devolve into the personal." Lead directors, chairmen and committee chairman are important in helping reach a consensus. One tactic is to adjourn for a few days. "Give people a day or two to rethink things," Mr. Elson says. "Don't have a hasty vote."

Boardroom veterans say diplomacy can overcome many disputes. Raymond Troubh, who serves on six public company boards, recalls how the lead independent director at one company resolved a disagreement a couple of years ago regarding the renomination of another director. He declines to identify the company. The lead director spoke with directors individually and summarized each camp's position without the heated rhetoric. In the end, the director was renominated unanimously.

Silicon Valley's Outsiders: In-House Lawyers? (WSJ)

By Ashby Jones

The Wall Street Journal, October 2, 2006

In the past two decades, in-house corporate lawyers have grown in clout and stature at many U.S. companies. But that trend hasn't fully taken hold in Silicon Valley, some lawyers say.

Lately, two scandals -- Hewlett-Packard Co.'s board-leak investigation and the backdating of stock options -- are shining a light on the role of in-house lawyers at Silicon Valley technology companies.

Those situations each present different facts. But lawyers inside and outside the valley say in-house lawyers at technology companies sometimes lack the respect the position commands elsewhere. One indication: Some big Silicon Valley companies don't have general counsel -- the title typically conferred on top in-house attorneys.

At H-P, longtime General Counsel Ann Baskins resigned Thursday, hours before a congressional hearing on an H-P investigation into press leaks that included potentially illegal tactics to obtain private phone records. Former H-P Chairman Patricia Dunn said she relied upon Ms. Baskins's judgment about the propriety of the investigation.

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Ms. Baskins's lawyers said she acted legally and ethically. Meanwhile, more than two dozen Silicon Valley companies are under scrutiny for past stock-option grants that may have enriched executives and violated accounting rules.

Despite some changes, general counsel in Silicon Valley are still sometimes "seen as a blockage to the execution" of the company's plans, says Scott Bohannon, general manager of the General Counsel Roundtable, a Washington research organization.

As an in-house lawyer in the valley, "you've got one hand tied behind your back," said Mark Michael, general counsel of computer-networking-equipment maker 3Com Corp. from 1986 until 2003. "You have to do the job, but you're just not empowered or funded." For instance, Mr. Michael says he struggled unsuccessfully for years to upgrade his department's technology.

A 3Com spokesman said, "I can't speak for Mr. Michael's tenure here, but we feel our current GC, Neal Goldman, has broad access to the CEO and board, and has ample resources to do his job."

To some, the status of in-house lawyers in the valley reflects the relative youth of an industry that worships technical innovation. "No" -- the message in-house lawyers often have to deliver -- isn't the message some driven entrepreneurs want to hear.

Silicon Valley's most influential attorneys have traditionally been outside lawyers, such as Larry Sonsini, who counsel young companies on venture funding, mergers and acquisitions and stock offerings. Mr. Sonsini, chairman of Wilson Sonsini Goodrich & Rosati, is H-P's outside counsel and was on the board of Brocade Communications Systems Inc., where two former executives have been indicted on criminal-fraud charges. The former executives deny the charges.

By comparison, in-house lawyers sometimes play second fiddle. "It's still not uncommon to see outside counsel ignore the internal counsel," said Donald Keller, a partner in Orrick Herrington & Sutcliffe's Menlo Park, Calif., office. Some in-house lawyers command attention from other executives, Mr. Keller said, but often they are "regarded as a necessary evil."

A similar arrangement prevailed at most U.S. companies for generations. In-house lawyers farmed out tough issues to outside counsel. Inside corporations, where power typically flows to those who generate revenue, the general counsel's office was often viewed as a mere cost center.

In the past 20 years, however, general counsel have won a stronger voice with senior executives and directors. One key figure in that development was Benjamin Heineman Jr., the top lawyer at General Electric Co. from 1987 to 2005. Mr. Heineman recruited high-powered legal talent. Many of his protégés went on to become strong and respected top lawyers elsewhere, including Maura Abeln Smith at International Paper Co. and Jeffrey B. Kindler at McDonald's Corp. and Pfizer Inc. Mr. Kindler was named Pfizer's chief executive in July.

Some Silicon Valley general counsel do have reputations for leading strong departments and wielding influence within their companies, including Bruce Sewell at Intel Corp., Mark Chandler at Cisco Systems Inc. and Thomas McCoy at Advanced Micro Devices Inc., whose formal title is vice president of legal affairs.

Joseph Grundfest, a former member of the U.S. Securities and Exchange Commission who now teaches at Stanford Law School, said Silicon Valley's in-house lawyers are no stronger or weaker than in other industries. In the wake of corporate scandals, Mr. Grundfest says, "pressures on general counsel are up in Silicon Valley, but they're up at nontech companies too."

Some big Silicon Valley companies don't have general counsel. Cypress Semiconductor Corp., which has a $2.5 billion market capitalization, doesn't have a general counsel; its two staff lawyers report to the head of new product development. Novellus Systems Inc., a maker of semiconductor-manufacturing equipment with a market capitalization of $3.4 billion, hasn't had a general counsel in at least a year, though a spokeswoman says the company is looking to hire one.

"It's shocking to me that any public company would exist without a general counsel," said Richard Koppes, a lawyer at Jones Day in San Francisco and the former general counsel at the California Public Employees' Retirement System, one of the nation's largest public-pension funds. Mr. Koppes says he knows of one former general counsel at a Silicon Valley company who resigned because senior executives wouldn't crack down on behavior he considered unethical.

Anne Jordan, former general counsel at software maker PeopleSoft Inc., said thinly staffed Silicon Valley legal departments often are hard-pressed to provide adequate oversight or to change the way a company monitors itself. "You tend to [go along] with

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how things are [already] being done," said Ms. Jordan, who left PeopleSoft in 2004, shortly before the company was acquired by Oracle Corp.

CRIMINAL LAW:

Republican Leaders Scramble To Contain Mark Foley Fallout (WSJ)

By David Rogers

The Wall Street Journal, October 2, 2006

WASHINGTON -- Pummeled by Democrats and their own self-doubts, Republicans worked to get ahead of the Mark Foley page scandal, with the White House moving toward a criminal investigation that might take some heat off the majority party.

In back-to-back letters released last night, Speaker Dennis Hastert formally asked both Attorney General Alberto Gonzales and Florida Gov. Jeb Bush to begin inquiries, and the Illinois Republican said the investigations should look at both Mr. Foley's conduct and how some of the most sexually explicit messages were kept secret for as long as three years.

"There is going to be, I'm sure, a criminal investigation into the particulars of this case," White House counselor Dan Bartlett said on CNN's "Late Edition."

But House Democratic Leader Nancy Pelosi (D., Calif.) demanded that the House Ethics Committee begin its own inquiry and take sworn testimony from Republican leaders about what they knew of the Florida congressman's improper advances to teenage male pages in emails and suggestive instant messages.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," Ms. Pelosi wrote in a letter to the ethics committee.

Coming just weeks before midterm elections, Mr. Foley's resignation Friday and the ensuing scandal aren't well-timed for Republican fortunes. As lawmakers left Washington over the weekend to campaign, the news soured a political mood already strained by divisions between the House and Senate leadership and a failure to complete major domestic legislation.

A Host of Bills Left Unfinished

Defense, port and homeland-security bills passed in the final hours, along with new restrictions on Internet gambling. But unfinished were a host of domestic spending bills and tax-break extensions, as well as energy and immigration legislation.

With the Latino vote being courted by both parties, one of the last measures committed more than $1 billion to build more fencing along the Mexican border and tacitly blessed buying prescription drugs from Canada -- but not Mexico.

Democrats need a net gain of 15 seats to capture the House; the threat to the majority is that the Foley matter will reawaken doubts about Republican failure to deal more aggressively with scandals. Legislation to tighten lobbying and ethics rules was among measures left undone, and while the leadership says there is little voter interest in such issues, sexual advances to teenage boys is another matter.

A number of individual Democratic challengers called on Republican incumbents to return money raised by Mr. Foley. For example, in New Mexico, where state Attorney General Patricia Madrid is running against Rep. Heather Wilson, a news release from Ms. Madrid's campaign read, "Wilson has $6,000 in dirty money from congressman who made improper advances to underage boy." Republican incumbents facing tough races in states such as Connecticut were outspoken that their party leaders must be held accountable.

Leaders deny any attempt at a coverup and expressed surprise and anger at learning last week the full scope of Mr. Foley's advances. But Republicans now say they made a serious error last fall, when the first warnings of potential trouble emerged, by not informing Michigan Rep. Dale Kildee, the lead House Democrat on the six-member board that oversees the page program.

Private Warning

That board, which includes three members of Congress as well as professional officers such as the House clerk, was set up in its current form after sex scandals involving lawmakers and House pages in the mid-1980s. But rather than call a board meeting, Rep. John Shimkus (R., Ill.), the chairman, went to Mr. Foley and warned him privately against what were described by Republican lawmakers as nonsexual, but "overly friendly" emails to a former page.

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Jeff Trandahl, who was then the House clerk, has yet to comment publicly on the matter, but according to Mr. Shimkus's account, Mr. Trandahl accompanied him when he met with Mr. Foley.

Left out of the loop was Mr. Kildee, a former seminarian who isn't a partisan figure in the House. Mr. Kildee said Mr. Shimkus told him last week he felt "broken hearted" about the matter. "Absolutely there should have been a page board meeting," Mr. Kildee said.

"It is made up of a cross section of members and our role is to make sure these children have a safe environment," Mr. Kildee said.

Republican leaders issued a joint statement Saturday describing Mr. Foley's actions as an "obscene breach of trust" and saying his resignation "must be followed by the full weight of the criminal justice system." In his letter to Mr. Gonzales, Mr. Hastert said media reports, including those earlier by ABC News, indicate the most explicit exchanges actually predate the email exchanges last year, which began around August 2005.

The early communications, "of which no one in the House leadership was aware of to my knowledge, reportedly were sent sometime in 2003," Mr. Hastert told the attorney general.

The speaker said there should be a twofold investigation, of the messages first, but also of the fact that there "are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives or anyone outside the Congress."

Hastert Asks Justice To Investigate Foley Exchanges (Update1) (BLOOM)

Bloomberg, October 2, 2006

By Laura Litvan and Jay Newton-Small

Oct. 1 (Bloomberg) -- House Speaker Dennis Hastert asked the Justice Department to investigate Representative Mark Foley's exchanged of sexually explicit messages with an underage employee of Congress.

Today's request by Hastert follows calls from Democrats for a full inquiry into Foley's actions and those of Republican leaders, who learned months ago that the Florida Republican was communicating by e-mail with at least one teenage congressional page and kept the matter under wraps. Foley resigned Sept. 29 after ABC New asked him about graphic messages he exchanged with another page.

``These sexually explicit communications warrant a criminal referral," Hastert said in a letter to Attorney General Alberto Gonzales that was released by the speaker's office.

Foley, 52, was a member of the House Ways and Means Committee and co-chairman of the House's Missing and Exploited Children Caucus. Republicans now may struggle to hold onto his seat in what has been a strongly Republican district in central Florida. They also are defending two others, in Ohio and Texas, where the Republican incumbent declined to run because of ethics scandals.

Congressional Seat

Democrats, who need to gain 15 seats in the Nov. 7 elections to take control of the House, seized on the scandal. Senate Democratic leader Harry Reid earlier in the day urged Gonzalez to investigate Foley's actions and those of Republican leaders, who he said ignored warnings about the Florida representative ``to preserve a congressional seat this election year."

Asked about Reid's request, Justice Department spokeswoman Donna Sellers, citing department policy, said she couldn't comment on whether the case is under investigation.

Representative Sherrod Brown of Ohio, who is running to unseat Republican Senator Mike DeWine in November, called for Hastert to resign as House speaker. Republican leaders have ``forfeited any public trust," he said on NBC's ``Meet the Press" program.

Critics focused on the issue of what and when Republican leaders knew about the e-mails. Democratic National Committee spokeswoman Karen Finney questioned ``whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day."

Timeline

Hastert's spokesman, Ron Bonjean, said the speaker was in his home district in Illinois today. The Foley scandal hasn't endangered Hastert's hold on his job as speaker, Bonjean said.

``The speaker is working hard with his Republican colleagues to maintain the House of Representatives and serves at the pleasure of the House Republican Conference," Bonjean said.

Republican leaders over the past two days have issued a series of statements about Foley's contacts with the pages and the sequence of events.

Representative Tom Reynolds, chairman of the National Republican Congressional Committee, said in a statement yesterday that Representative Rodney Alexander told him months ago about exchanges with a page who was from Alexander's native Louisiana. Reynolds said he didn't know the exact content of the messages and informed Hastert.

The speaker's office said in a statement yesterday that Hastert doesn't recall Reynolds telling him earlier this year about the matter but has ``no reason to dispute" Reynolds.

Hastert's letter to Gonzalez notes that ``there are two different and distinct communications at issue here." The letter says he was made aware of an e-mail ``determined to be `overly friendly' by Representative Alexander's office but was not sexual in nature."

Sequence

House Majority Leader John Boehner told the Washington Post Sept. 29 that when he learned of Foley's e-mails in the late spring he immediately told Hastert, who appeared to be aware of the problem already. Boehner contacted the newspaper again hours later and said he wasn't sure he'd spoken with Hastert, the Post reported.

Hastert's office said yesterday that an aide to the speaker met with Alexander's chief of staff in the fall of 2005 to discuss the matter. The aide informed the clerk of the House, the statement said.

Hastert's staff said that the matter was brought to Reynolds's attention in the spring of this year.

``Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Reynolds said in his statement.

Congressional pages come from around the country to spend their high school junior year working as messengers and taking special classes.

Dan Bartlett, one of President George W. Bush's top advisers, called the allegation ``shocking" and said the president was unaware of the matter until it was revealed publicly last week.

While endorsing a criminal investigation of Foley's conduct, the White House counselor said Republican leaders are acting appropriately by disclosing what they knew of the matter and seeking a congressional investigation.

``That's the best place for it to handled," Bartlett said on CNN's ``Late Edition" program.

Democratic Representative Jane Harman of California said that may not be enough.

``There's been a Republican investigation, for 24 hours, of Republican activity," she said on the ``Fox News Sunday" program. ``I just don't think that that is adequate."

According to e-mails posted on the Internet by Citizens for Responsibility and Ethics in Washington, a non-profit watchdog group, Foley, a six-term House veteran, asked an unidentified male page for a picture and what he wanted for his birthday. ``This freaked me out," the page wrote when forwarding the e- mails to someone else.

ABC News said the network obtained excerpts of instant messages provided by former pages who said Foley made references to sex acts and made comments about their bodies.

FBI Looks At Foley's E-mails To Teens (USAT)

By Richard Wolf And Kevin Johnson

USA Today, October 2, 2006

House Speaker Dennis Hastert asked the Justice Department on Sunday to investigate former congressman Mark Foley's communications with teenage boys who worked as House pages. The FBI is “conducting an assessment to determine whether any federal laws were broken,” bureau spokesman Richard Kolko said.

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Hastert has said he knew about non-sexual e-mails that Foley, 52, a Florida Republican, sent to a 16-year-old former page, first reported by ABC News on Thursday. The speaker said he did not know about allegedly more explicit communications. Foley resigned Friday after the network asked him for comment.

The e-mails and instant messages have not been independently verified by USA TODAY and were not mentioned by Foley in his resignation letter.

On Sunday, Hastert asked Attorney General Alberto Gonzales to investigate Foley's communications with current and former pages and find out whether anyone knew about but did not report them.

Democrats, meanwhile, demanded a House investigation to determine whether Republican leaders covered up Foley's actions.

House Republicans stood by Hastert and the GOP leadership for now. "If it is found that any member of Congress or staff willingly participated in a coverup of Mr. Foley's actions, that individual should resign immediately," said Rep. Rob Simmons, R-Conn.

Foley, co-chairman of the House Caucus on Missing and Exploited Children, helped write a law signed by President Bush in July that toughened prison sentences for sex offenders. He told USA TODAY earlier this year the bill was needed because of online child exploitation. Referring to online predators, he said: "We're going to make your life a living hell."

The political stir is the latest setback for Republicans, whose House majority is threatened in next month's elections. They already are battling Bush's low poll ratings and concerns about the war in Iraq.

Foley is the fourth House Republican forced out by ethics problems in the past year. Randy "Duke" Cunningham of California resigned in November after pleading guilty to accepting $2.4 million in bribes. Former majority leader Tom DeLay of Texas was indicted on state campaign finance violations and resigned in June. Rep. Bob Ney of Ohio has agreed to plead guilty to charges of corruption and is not seeking re-election.

"It's not as if Republicans didn't have enough problems," said independent political analyst Stuart Rothenberg.

Two sets of communications are in question. Hastert said that in fall 2005, his office looked into e-mails Foley sent last year to a 16-year-old boy, in which Foley asked for a photo. "Sexually explicit" instant messages dating back to 2003 just came to light, the speaker said Sunday, citing media reports.

House Democratic leader Nancy Pelosi called on the House ethics committee Sunday to question GOP leaders under oath. "They chose to cover it up rather than to protect these children," she said.

Rep. Dana Rohrabacher, R-Calif., said GOP leaders "showed caution." Rep. Peter King, R-N.Y., said the issue could backfire "if Republicans knew what was going on and allowed it to happen."

Review Of Messages Sent By Congressman Begins (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Law enforcement officials said Sunday that the F.B.I. had begun a preliminary inquiry into whether former Representative Mark Foley broke any federal laws when he reportedly exchanged sexually explicit e-mail messages with under-age Congressional pages as leaders of both parties demanded new inquiries.

Officials described the F.B.I. action as a review of the evidence and relevant statutes to determine whether to open a full investigation, though one appeared likely.

At the same time, Speaker J. Dennis Hastert asked the Justice Department on Sunday not only to investigate Mr. Foley, a Florida Republican who resigned on Friday after ABC News confronted him with the e-mail messages, but also to determine who possessed the messages that have touched off a furor weeks before the November elections.

"Since the communications appear to have existed for three years, there should be an investigation into the extent there are persons who knew or had possession of these messages but did not report them to the appropriate authorities," the letter from Mr. Hastert to Attorney General Alberto R. Gonzales said.

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Top Democrats in the House and the Senate also demanded investigations, and Representative Nancy Pelosi of California, the Democratic leader, called on Republican leaders to be questioned under oath by the ethics committee about their handling of the case.

Republicans leaders — including Representatives John A. Boehner of Ohio, the majority leader, and Thomas M. Reynolds of New York, chairman of the party's Congressional campaign committee — acknowledged this weekend that they had been aware for months of e-mail traffic between Mr. Foley and a 16-year-old Louisiana boy. Mr. Reynolds said he had also told Mr. Hastert, though Mr. Hastert said he did not remember the conversation. Several other high-level aides also knew of the e-mail.

The initial messages, though not overtly sexual, alarmed the boy's parents and led to Mr. Foley's being questioned by the clerk of the House and the Republican chairman of the board that oversees the page program. Mr. Foley told them the communications were innocent. They directed him to break off contact and then apparently dropped the matter, saying the parents did not want to take other action.

Ms. Pelosi accused Republicans of putting Mr. Foley's political welfare ahead of the page's in a letter she sent to the ethics panel, which had received a call for an investigation approved by the House on Friday.

"Since that resolution unanimously passed, Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," Ms. Pelosi said, asking that the inquiry be initiated within 10 days.

Senator Harry Reid of Nevada, the Democratic leader, also called for an investigation by the Justice Department. "The allegations against Congressman Foley are repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a Congressional seat this election year," Mr. Reid said. The public deserves "a full accounting for this despicable episode," he added.

In his letter to Mr. Gonzales, Mr. Hastert drew a line between what he described as "two different and distinct communications at issue here" — the e-mail messages to the Louisiana boy that Republicans considered "overfriendly," and the more intimate messages that surfaced later and that leaders say they never saw.

Jennifer Crider, a spokeswoman for Ms. Pelosi, said Mr. Hastert seemed "more concerned by who revealed the Republican leadership's cover-up of Mr. Foley's Internet stalking" than about the pages.

Mr. Hastert also wrote Gov. Jeb Bush of Florida asking for an investigation by the Florida Department of Law Enforcement. The authorities there, both local and state, said on Sunday that they had not begun one so far.

Garry Wilson, chief deputy sheriff in St. Lucie County, said his office would not try to search Mr. Foley's condominium on Hutchinson Island unless a complaint was filed against him in the county or unless state or federal law enforcement directed the sheriff's office to do so.

In Washington, the clerk of the House has taken responsibility for Mr. Foley's Congressional office, and the locks have been changed. Associates of Mr. Foley said he was apparently in seclusion in Florida.

For a third straight day, fallout surrounding Mr. Foley's resignation worried the weary ranks of Congressional Republicans. As representatives begin the final month of campaigning before the midterm elections, several Republican advisers said on Sunday that they feared that the scandal over the e-mail messages threatened to complicate their efforts. If nothing else, they said, it provides another reason for voters to be displeased with Congress.

"Its been a time bomb from Day 1," said a Republican strategist who is close to the party's Congressional leaders and the White House and who was granted anonymity to speak freely about internal party concerns. "Now, it's sad for the whole House."

The Democratic National Committee seized on the scandal, sending out a scathing statement that raised pointed questions about Mr. Hastert and other Republican leaders. In bold red type, the dispatch asked: "What did Coach H and his buddies know and when did they know it?"

It was a rare instance in this fierce political season that Republicans were not quick to respond. The Republican National Committee has not commented on the scandal, and nearly a dozen Republican members of Congress either declined to be interviewed or did not return telephone calls about the matter on Sunday.

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In some competitive House races across the country, Democrats have already started making an issue of Mr. Foley's resignation. On Sunday, Diane Farrell, who is challenging Representative Christopher Shays, Republican of Connecticut, said voters should hold Republicans accountable in November for the scandal.

"That the Republican House leadership apparently knew of this situation but took no action is yet another example of why this leadership must change, Ms. Farrell said, issuing a statement one day after Mr. Shays denounced the actions of Mr. Foley.

In New Mexico, Patricia Madrid called on her Republican opponent, Representative Heather A. Wilson, to return campaign contributions from Mr. Foley. Hours later, Ms. Wilson responded that she would donate the $8,000 she had received to charity.

Mr. Foley, who served on the House Ways and Means Committee, was a prolific fund-raiser. His campaign account had a balance of $2.7 million at the end of August, according to reports filed with the Federal Election Commission.

Carl Forti, the communications director for the National Republican Congressional Committee, said Sunday that the committee would gladly accept Mr. Foley's money or part of it to devote to House races. Mr. Foley already gave $100,000 to the committee in July, campaign records show, as part of the party's Battleground Program, to which members are asked to contribute.

"The money is in the control of Mr. Foley," Mr. Forti said. "Whatever he decides to do with it is up to him."

FBI To Examine Foley's E-Mails (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 2, 2006

The FBI announced last night that it is looking into whether former representative Mark Foley (R-Fla.) broke federal law by sending inappropriate e-mails and instant messages to teenage House pages.

The announcement came hours after House Speaker J. Dennis Hastert asked for a Justice Department investigation into not only Foley's actions but also Congress's handling of the matter once it learned of the contacts.

In his letter to Attorney General Alberto R. Gonzales, Hastert (R-Ill.) acknowledged that some of Foley's most sexually explicit instant messages were sent to former House pages in 2003. That was two years before lawmakers say they learned of a more ambiguous 2005 e-mail that led only to a quiet warning to Foley to leave pages alone.

Foley, 52, abruptly resigned Friday, and Democrats have since been hammering Hastert and other GOP leaders. They have accused Republicans of covering up the matter and allowing Foley to remain as co-chair of the Congressional Missing and Exploited Children's Caucus instead of launching an inquiry and possibly uncovering the raunchier communications.

As the scandal broke, Hastert contended he learned of concerns about Foley only last week. But after Rep. Thomas M. Reynolds (R-N.Y.) said Saturday that he had notified Hastert months ago of Foley's e-mails to a 16-year-old boy, the speaker did not dispute his colleague, and Hastert's office acknowledged that some aides knew last year that Foley had been ordered to cease contact with the youth.

Republican leaders continued to insist yesterday that it was understandable that the "over-friendly" Internet e-mails they had seen did not set off alarm bells. But one House GOP leadership aide, speaking on the condition of anonymity for fear of losing his job, conceded that Republicans had erred in not notifying the three-member, bipartisan panel that oversees the page system. Instead, they left it to the panel chairman, Rep. John M. Shimkus (R-Ill.), to confront Foley.

Also yesterday, a former House page said that at a 2003 page reunion, he saw sexually suggestive e-mails Foley had sent to another former page. Patrick McDonald, 21, now a senior at Ohio State University, said he eventually learned of "three or four" pages from his 2001-2002 class who were sent such messages.

He said he remembered saying at the reunion, "If this gets out, it will destroy him."

House officials have already removed Foley's nameplate from his Cannon Office Building door and shut down his House Web site, while in Florida, GOP leaders prepared to meet at an Orlando airport hotel today to select a replacement candidate for the November election.

Foley has said nothing since announcing his resignation. Yesterday, a statement purportedly sent by Foley to news organizations, including The Washington Post, said he has entered an alcohol-treatment facility in Florida. The Post could not confirm the statement's authenticity, and none of Foley's former aides has responded to messages since his resignation.

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In his letter to Gonzales, Hastert said Foley's electronic messages crossed state lines, so "there should be a complete investigation and prosecution of any federal laws that have been violated."

FBI Special Agent Richard Kolko declined to elaborate on his announcement of the agency's investigation of Foley. A law enforcement official who requested anonymity so he could discuss an ongoing case said the probe will be handled by the FBI's Cyber Division, and could involve agents from the Washington or Miami field offices.

Hastert also wrote that, because some of the more sexually explicit instant messages were written in 2003, "there should be an investigation into the extent there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

The speaker asked that the probe extend to "all individuals who may have been aware of this matter -- be they Members of Congress, employees of the House of Representatives, or anyone outside the Congress." He said that "no one in the House Leadership was aware, to my knowledge" of the explicit messages from 2003 until ABC News reported on them last week.

In one instant-message exchange with a high school boy, ABC News reported, Foley made repeated references to sex acts and body parts.

Former page Matthew Loraditch said yesterday that he has known for years about the "creepy" messages three 2002 classmates received from Foley. He said Foley sent them after the boys had finished the House program. Each began innocuously but took a turn in tone, said Loraditch, a senior at Towson University.

"They became explicit and similar to what we are seeing on the Web sites right now," said Loraditch, 21, who runs the U.S. House Page Alumni Association's Internet message board. Those who received them "didn't do anything beside telling other pages about it."

Foley was known as an exceedingly friendly House member to young pages, most of whom are 16- and 17-year-old high school juniors who come to Washington for an intensive, year-long civics lesson. Unlike most House members, he memorized their names and talked politics with them during lulls in late-night sessions. Foley was the only House member to attend the Class of 2002's graduation, according to McDonald, and he wore a tuxedo.

McDonald and Loraditch said they received no improper messages from Foley. Loraditch said he had viewed several "cut-and-paste excerpts" of messages Foley sent to one of the three. "Some went along with it, others cut it off," Loraditch said. "I'm pretty sure none met with him."

None of the three former pages is yet willing to step forward, according to McDonald and Loraditch.

Loraditch said no one wanted to report Foley for fear of damaging his job prospects.

"That's part of your concern about coming forward," Loraditch said. "You take down a Congress member, and you can't end up trying to do something later."

McDonald remembers Foley encouraging pages who expressed an interest in politics and inviting them to his district for his own campaigning. McDonald was so fond of Foley that he almost refused to believe the objectionable messages when he learned of them in 2003.

"There is a part of us that all want to be told lies," he said. "We want to be told, 'That's not true.' I wanted to believe that Foley was the guy we always knew he was: He just loved pages."

"This weekend," McDonald said, "there's no more lying to yourself."

Hastert's letter to Gonzales was the culmination of a day-long evolution of the Republican strategy toward dealing with the scandal.

On yesterday morning's "This Week" on ABC, White House counselor Dan Bartlett defended the House GOP leadership directing the investigation into how the scandal was handled.

"The leadership appear to be very aggressive in pursuing this investigation, and I think that's the best place is for the leadership to determine the way forward," Bartlett said.

But by midday, on CNN's "Late Edition," Bartlett had joined calls by Democrats and some Republicans for a criminal investigation of the matter. "If you take the allegations at face value, I think there would have to be at least a preliminary look to see if there's any breaking of criminal law," he said.

Hours later, Hastert called for the Justice Department investigation.

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The changes in course were in keeping with a Republican plan to stay ahead of Democratic attacks and to show a willingness to let impartial investigators pursue the matter. On Friday night, when Minority Leader Nancy Pelosi (D-Calif.) took the House floor to demand an investigation by the ethics committee, GOP leaders quickly agreed and the motion passed unanimously.

Yesterday, Democrats kept up the pressure. Pelosi applauded the FBI announcement and called on the Republican leadership to quickly investigate "the cover up of Mr. Foley's behavior."

And Senate Minority Leader Harry M. Reid (D-Nev.) said the allegations against Foley "are repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a congressional seat this election year."

Hastert Asks For Inquiry Of Foley (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

House Speaker J. Dennis Hastert yesterday requested a criminal investigation of former Rep. Mark Foley, Florida Republican, who resigned Friday amid accusations that he attempted to seduce a teenage congressional page.

An FBI spokesman last night confirmed the bureau was "conducting an assessment" of the Foley case.

"I hereby request that the Department of Justice conduct an investigation of Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law," Mr. Hastert wrote in the letter to Attorney General Alberto R. Gonzales, sent after similar calls yesterday from the nation's two leading Democrats and the White House.

Mr. Hastert also requested an investigation into whether anyone had "specific knowledge" of the sexually explicit communications between Mr. Foley and any current or former House pages.

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," Mr. Hastert wrote.

Mr. Hastert also wrote to Florida Gov. Jeb Bush to ask for a state investigation "to determine to what extent any of [Mr. Foley's] actions violated Florida law."

Meanwhile, yesterday, Republican leaders said they expect state Rep. Joe Negron of Stuart, Fla., to be named to replace Mr. Foley as the Republican candidate in the House race for the 16th Congressional District when the state party's 37-member executive board meets today in Orlando.

Mr. Foley, Florida Republican, was chairman of the House Caucus on Missing and Exploited Children before resigning Friday after he was accused of sending inappropriate e-mails and sexually explicit instant messages over the Internet to teenage boys working as congressional pages.

Democrats have harshly criticized Republican leadership in the wake of last week's revelations.

"The children, their parents, the public, and our colleagues must be assured that such abhorrent behavior is not tolerated and will never happen again," House Minority Leader Nancy Pelosi, California Democrat, wrote yesterday to leaders of the House ethics committee, reiterating that the panel must start work "within 10 days."

"The American people have a right to feel confident that their congressional leaders are committed not just to the best interest of the nation as a whole, but also to the safety of the young people who every year travel to Washington to work on Capitol Hill," Senate Minority Leader Harry Reid, Nevada Democrat, said.

White House counselor Dan Bartlett, appearing yesterday on ABC's "This Week," said President Bush was not aware of the accusations until Mr. Foley resigned and defended the response of the House Republican leadership.

Other Democrats, including Rep. John P. Murtha of Pennsylvania, who has said he would run for majority leader if Democrats win control of the House in November, went further than Mr. Reid and Mrs. Pelosi.

"I just cannot believe that they allowed this to happen and just told him, 'OK, stay away from this kid,' "Mr. Murtha said on ABC yesterday. "It really makes me nervous that they looked like they tried to cover it up."

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The scandal caused a weekend dispute among Republicans. Mr. Hastert, Illinois Republican, at first said he learned only last week about the Foley e-mails, but Rep. Thomas M. Reynolds, New York Republican, said Saturday that he had told Mr. Hastert about the matter months ago.

Mr. Hastert's office later responded that the speaker had been unaware that Mr. Foley's messages to the boys were anything more than "over-friendly."

Former House Speaker Newt Gingrich yesterday defended the response of Republican leaders. Mr. Gingrich, Georgia Republican, said that House leaders had been aware only of e-mails sent by Mr. Foley. Those e-mails reportedly did not include the sexually suggestive material contained in instant-message exchanges disclosed this week.

"There was nothing sexual in those [e-mails]. They had him counseled. They had the head of the page program, [Illinois Republican Rep. John] Shimkus, talk to [Mr. Foley] very directly. And I think they thought it was over," Mr. Gingrich said on "Fox News Sunday."

"The newest incident only surfaced when ABC News interviewed Foley, and he resigned within two hours, or I think the House leaders would have moved to expel him."

Mr. Hastert made a similar point in his letter last night to Florida's governor.

"As I am sure you are aware, there are two different and distinct communications at issue here," the House speaker wrote to Jeb Bush, in requesting an investigation of possible state law violations by Mr. Foley. Mr. Hastert distinguished between the "over-friendly" e-mails to one teenager and "sexually explicit instant messages which Mr. Foley reportedly sent another former page or pages."

FBI Looking Into Foley E-mail Scandal (FT)

By Patti Waldmeir In Washington And Agencies

Financial Times, October 2, 2006

The FBI is assessing whether Mark Foley, a six-term Florida Republican, broke any laws when he sent allegedly sexually explicit e-mails to a male teenage congressional page.

Leaders of both parties on Sunday demanded full-scale investigations into another untimely scandal for the Republicans.

Dennis Hastert, speaker of the House of Representatives, at the weekend sent a letter to Alberto Gonzales, the attorney general, requesting a Justice Department investigation of Mr Foley's conduct with current and former House pages.

"Since the communications involved interstate communications there should be a complete investigation and prosecution of federal laws that have been violated," Rep Hastert said on Sunday.

The Republican leader said his office had known for a year about what he called an "over-friendly" e-mail between Mr Foley - who resigned on Friday - and a 16-year-old male page, but had not been told about any sexually explicit content.

"I just cannot believe that they allowed this to happen and just told him, OK, stay away from this kid," Rep John Murtha of Pennsylvania said on ABC's "This Week." "It really makes me nervous that they looked like they tried to cover it up."

On Sunday, Democrats called for a full inquiry into the scanal as well as Republican leaders who kept the matter "under wraps."

Nancy Pelosi, House Democratic leader, said Republican leaders should be questioned under oath on how much they knew of Mr Foley's e-mails.

Harry Reid, Senate Democratic leader, said "the alleged crimes are far outside the scope of any congressional committee and the attorney general should open a full-scale investigation immediately,"

A scandal could weaken the Republicans ahead of next month's midterm election in which they could lose control of Congress.

The 52-year-old Foley was chairman of the House caucus on missing and exploited children, and the author of the key sexual predator provisions of the Adam Walsh Child Protection and Safety Act of 2006, which President George W. Bush signed in July.

House Republicans and the White House were clearly trying at the weekend to distance themselves from the scandal.

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Dan Bartlett, White House counselor, said he thought the House Republican leaders have been “very forthcoming” and that the White House learned of the matter “when the American people learned.”

Scandal In Congress: The Political Fallout Of Rep. Foley's Resignation (CSM)

By Linda Feldmann

The Christian Science Monitor, October 2, 2006

WASHINGTON

The scandal involving Rep. Mark Foley (R) of Florida, who abruptly resigned his seat Friday, has engulfed the Republican leadership of the House of Representatives, adding an explosive issue to the pile of woes facing the GOP in its tough battle to retain control of Congress.

Mr. Foley quit Congress after he was confronted with evidence that he had sent sexually explicit electronic messages to former teenage House pages. Foley had already been accused earlier of sending what Republicans call "overfriendly" e-mails last year to another former page, a teenage boy from Louisiana. Members of the House GOP leadership acknowledge they knew about the less-explicit e-mails months ago and say they were handling the issue quietly, at the request of the boy's family.

Republican leaders say they did not know about the more-explicit messages until last week. But critics charge that at the first sign of possible trouble earlier this year, when the leaders learned of the e-mail traffic between Foley and the Louisiana boy, the GOP leadership should have acted more forcefully against Foley. Another black eye for GOP

Adding to the black eye for the GOP, which calls itself the party of family values, is the fact that Foley had co-chaired the House Caucus on Missing and Exploited Children, and had sponsored numerous bills aimed at protecting children from predators.

"It's a disaster" for the Republicans, says Larry Sabato, a political analyst at the University of Virginia in Charlottesville. "This could be the tipping point," he adds, referring to the 15-seat net gain that Democrats need to win control of the House.

Not only will the Republicans have a hard time holding onto Foley's seat, the scandal may also endanger Rep. Tom Reynolds (R) of New York, head of the GOP's House campaign committee. Mr. Reynolds released a statement on Saturday saying he had been informed of the existence of the e-mails between Foley and the Louisiana boy by the House member for whom the boy had paged, Rep. Rodney Alexander (R) of Louisiana, but that he had not seen the e-mails in question.

"Mr. Alexander told me that the parents didn't want the matter pursued, and I told the speaker of the conversation Mr. Alexander had with me," Reynolds continued.

He also said Alexander took the matter to the clerk of the House, and that an investigation was conducted by the clerk and Rep. John Shimkus (R) of Illinois, head of the House Page Board. Pages are high school students who work for members of Congress and attend a special school on Capitol Hill. Inappropriate e-mails

After Alexander learned of the e-mail exchange between Foley and Alexander's former page, Foley was ordered to stop contacting the boy. The e-mails, while not overtly sexual, made the boy uncomfortable. In one, Foley asked the boy to send him a picture of himself and asked him what he wanted for his birthday. The teenager called the e-mails "sick."

While many of the other House members aware of the fall 2005 e-mails - including Alexander, speaker Dennis Hastert (R) of Illinois, and majority leader John Boehner (R) of Ohio - are not seen by political handicappers as endangered for reelection by the scandal, Reynolds may be different. Though holding a safe Republican seat in a normal election year, Reynolds could be hurt in a year where the top of the Republican ticket in New York - the candidates for governor and Senate - is weak this year, and could suppress GOP turnout in that state. The page scandal may suppress turnout further. Democratic Party response

The Democratic Party is reportedly considering a quick ad campaign focusing on family values. Of all the scandals hurting the Republicans this fall - three GOP members have already been indicted for corruption - the page scandal is the easiest to understand. Few issues grab voters with children more than a scandal involving a member of Congress and an underage child, and the appearance of a coverup.

In recent weeks, the Republicans' prospects for keeping control of the House appeared to have brightened somewhat, as Bush's job approvals had grown to 40 percent (still not high, but heading up) and the price of gas had declined.

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But the continuing bad news out of Iraq - plus stories on reporter Bob Woodward's new book, and the latest national intelligence estimate painting a negative picture on terrorism and Iraq - plays badly for the Republicans. And now the Foley scandal adds to the challenge.

"It has significant potential to add to the Republicans' already substantial woes," says nonpartisan political analyst Stu Rothenberg. "As this issue gets discussed, and people point fingers at one another ... it starts to look like they're not managing institution very well."

In Florida's 16th congressional district, GOP chairman Sid Dinerstein is not willing to concede defeat in the newly cast battle for the seat. On Monday, the executive board of the state GOP will meet to vote for a replacement for Foley on the ballot - expected to be popular state Rep. Joe Negron.

But Foley's name will remain on the ballot, and all votes cast for him will go to the new candidate. The local GOP will have to mount a major campaign to explain that to voters.

"It's gone from clearly being a safe seat to a seat where we're going to have to work very hard to win," says Mr. Dinerstein.

Former Pages Describe Foley As Caring Ally (NYT)

By Rachel L. Swarns

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — In the hierarchy of Congress, the high school students who serve as Congressional pages fall somewhere near the bottom, seemingly invisible as they scurry through the hallways of the Capitol ferrying messages to powerful lawmakers who often fail to give them a second glance.

In that rarefied world, Representative Mark Foley, the silver-haired Republican from Florida, stood out.

He took pains to befriend the 16- and 17-year-old aides, several former pages said in interviews on Sunday. He chatted with them on the House floor, they said, sent handwritten notes and urged them to keep in touch when they left Washington for their hometowns.

In 2002, he even stood up on the floor of the House, his eyes welling with tears, and commended the young men and women for their year of service. In his speech, Mr. Foley mentioned several of the high school students by name, describing a handwritten note to celebrate one young man's graduation and a lunch with another at Morton's steak house.

Ashley Gallo, a 21-year-old former page who is now a senior at Western Michigan University, said on Sunday that many of her friends had viewed Mr. Foley as one of the few lawmakers who made a real effort to reach out to young people.

"You didn't have a lot of interaction with the members because most of them treated you like a kid, but he was pretty friendly," said Ms. Gallo, who served as a page in 2001. "He would talk to people," she said.

"He would say, 'Here's my e-mail address if you want to keep in touch.' I don't think anyone thought anything of it. They saw him as a mentor or a reference."

Mr. Foley's resignation on Friday, following the disclosure of his sexually explicit Internet and cellphone messages to pages, left many former pages shaken. And on Sunday, they burned up the phone lines and sent e-mail messages flying as they reached out to their old friends who remain tight-knit years after leaving Capitol Hill.

Patrick McDonald, 21, a senior at Ohio State University, said he took Mr. Foley up on his invitation to keep in touch and sent him an e-mail message asking about internship opportunities two years after he completed his work as a page in 2002. He said that he kept up a casual e-mail conversation — chatting about the 2004 presidential election, among other things — with Mr. Foley for several months and that it never became inappropriate.

"If a congressman was talking to you, it was the best thing in the world," Mr. McDonald said. "And he made himself known to the pages in the first couple of weeks, befriending us, asking us how we were doing. He was one of the cool congressmen. He was willing to chill out with us."

But despite Mr. Foley's warm demeanor, Mr. McDonald and another former page said they later became aware that the lawmaker might have a darker side. Mr. McDonald said he learned that Mr. Foley had sexually explicit Internet conversations with several pages who had left the program. "I was disgusted, but I was not surprised when these revelations started circulating," he said.

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Congressional pages come to Washington from across the country, sponsored by their local senator or representative, in a highly competitive program that attracts thousands of applicants each year.

Many describe it as one of the most formative experiences of their lives, giving them a rare, insider's view of the inner workings of power. Former pages have set up alumni associations and message boards, and exchange e-mail messages and attend reunions to keep the memories of their days in Congress alive.

They describe living in an intensely supervised and sheltered world during their time in Washington. The 72 pages who serve in the House of Representatives are paid a stipend. They share rooms in a two-story, red brick dormitory just blocks from the Capitol and have a 10 p.m. curfew on weeknights and a midnight curfew on weekends.

Pages start classes at 6:45 a.m, and work in the House of Representatives later, answering telephones, delivering documents and running errands for lawmakers. Every night, the former pages said, the dormitory supervisors checked to make sure every page was there on time.

James Kotecki, 20, who was a page in the spring semester of 2003, said his orientation included a video on sexual harassment. He said he did not remember any formal rules against fraternization, however, and added that the young pages enjoyed the rare opportunities to socialize with the lawmakers. He said he met Mr. Foley only in passing, but remembered him as "a nice guy."

"Pages are kind of very, very low on the totem pole on the Hill," said Mr. Kotecki, now a senior at Georgetown University. "Anytime a member is nice it's fantastic because often members don't give pages the time of day."

Raymond Schillinger, 20, also a Georgetown student, echoed those thoughts. He worked for Mr. Foley this spring as an intern and said the congressman treated the young staff very well.

"He was very affable, always friendly with the staff, but never over friendly, nothing suggestive," Mr. Schillinger said.

Matthew Loraditch, who worked as a page with Ms. Gallo and Mr. McDonald in 2001 and 2002, said a supervisor had once casually mentioned that Mr. Foley "was odd" and that he later saw sexually explicit text messages that Mr. Foley had sent to two former pages after they left the program.

But Mr. Loraditch said he was never warned by program supervisors to stay away from him. "He was friendly," said Mr. Loraditch, who maintains a Web site for alumni and attends Towson University in Maryland. "He would talk to us more than some other members would."

To this day, Mr. Loraditch still remembers the speech Mr. Foley gave to the pages in 2002. The genial lawmaker stood on the floor of the House and noted that several pages were weeping as he spoke.

"You all have proven without a doubt that you are not only courageous Americans but wonderful young people," Mr. Foley said on June 6, 2002. "I salute you and I thank you, and I hope you will join me, too, in saluting everyone in the page program that has made this year a resounding, phenomenal learning experience and success for you. God bless you all."

Fla. Constituents 'disgusted' By Accusations Against Foley (USAT)

By Alan Gomez

USA Today, October 2, 2006

LAKE WORTH, Fla. — Mark Foley's former constituents shifted their anger Sunday from the disgraced Republican to House GOP leaders, who knew for months about inappropriate e-mails between Foley and at least one teenage page.

Foley resigned Friday after being questioned by ABC News about alleged sexually explicit instant messages. A day earlier, the network reported that Foley sent e-mails to a 16-year-old boy, a former page.

The content of the e-mails and instant messages have not been independently verified by USA TODAY. Foley did not refer to them when he resigned but said he was "deeply sorry."

On Sunday, House Speaker Dennis Hastert, R-Ill., called on the Justice Department and the Florida Department of Law Enforcement to investigate.

Foley's former constituents in the 16th Congressional District called Sunday on House GOP leaders to step down. "It's no longer a party of one. It's a party of many," said Sondra Stateman, 45, a health care administrator from West Boynton. "They should resign, too."

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Beverly Pepe, 67, of Lake Worth, drew a comparison to the Roman Catholic Church's scandals. “That's the same as when the church knew about all those priests molesting the boys, and they just kept moving them from church to church,” she said.

Florida Republican leaders postponed until Tuesday a vote to name a replacement for Foley because of the Yom Kippur religious holiday.

Bill Burton, a spokesman for the House Democratic campaign committee, said Democratic nominee Tim Mahoney will be moved to the group's “red to blue” list of candidates considered strong enough to take GOP-held seats. That means Mahoney will get the committee's financial and strategic support.

Under Florida election laws, Foley's name must remain on the ballot. The party can replace him with another candidate, but voters must punch in Foley's name if they want to vote for that replacement.

Even Republicans recognize how hard that will be for some. “It's not an impossible task but certainly a daunting challenge,” said Carl Domino, a state representative. “How is anyone going to be able to get people to punch ‘Mark Foley’?”

Lorelle Haynes, a lifelong Republican who voted for Foley, predicted fellow Republican voters cannot be convinced that a vote for Foley really is not. “They'll be disgusted.”

Haynes' comments were echoed throughout Foley's former district, a collection of counties that stretches from Stuart on the east coast to Port Charlotte on the west.

Deborah Garson is a lifelong Democrat but said she had respected Foley since his days on the Lake Worth city commission.

“But it's very upsetting to me, being a mother and a grandmother, that he would do this,” she said. “There's just no excuse for that.”

Among the churches Foley would visit in his district was New Macedonia Missionary Baptist Church, where Bishop Thomas Masters struggled to explain his feelings. “People come to the church with all kinds of situations going on in their lives: suicides, drug addictions, all kinds of sin,” Masters said, explaining that he tries to help people confess and embrace religion. After pausing, he added: “Sometimes that happens, and sometimes it doesn't.”

Hastert Requests Criminal Probe Of Foley (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 2, 2006

House Speaker Dennis Hastert requested Sunday that the Justice Department conduct an investigation into former Rep. Mark Foley's electronic messages to teenage boys — a lurid scandal that has put House Republicans in political peril.

"As Speaker of the House, I hereby request that the Department of Justice conduct an investigation of Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law," Hastert, R-Ill., wrote in a letter to Attorney General Alberto Gonzales.

The White House and Democratic leaders in Congress also called Sunday for a criminal probe. White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week.

"There is going to be, I'm sure, a criminal investigation into the particulars of this case," Bartlett said. "We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected."

Foley, R-Fla., quit Congress on Friday after the disclosure of the e-mails he sent to a former congressional page and sexually suggestive instant messages he sent to other high school pages.

Senate Democratic Leader Harry Reid of Nevada called the Foley case "repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a congressional seat this election year."

Reid said the case should be handled outside Congress.

"Under laws that Congressman Foley helped write, soliciting sex from a minor online is a federal crime," Reid said. "The alleged crimes here are far outside the scope of any congressional committee, and the attorney general should open a full-scale investigation immediately."

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In his letter to Gonzales on Sunday, Hastert asked the Justice Department to investigate "who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement."

The scope of the investigation, Hastert wrote, should include "any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives or anyone outside the Congress."

Hastert also sent a letter to Florida Gov. Jeb Bush on Sunday requesting that he "direct the Florida Department of Law Enforcement to conduct an investigation of Mr. Foley's conduct with current and former House pages."

Hastert maintained at first that he had learned only last week about the e-mails. But Rep. Thomas Reynolds, head of the House Republican election effort, said Saturday he had told Hastert months ago about concerns Foley sent inappropriate messages to a teenage boy. Reynolds, R-N.Y., is under attack from Democrats who say he did too little to protect the boy.

Hastert acknowledged over the weekend that his aides had, in fact, referred the matter to the House clerk and to the congressman who was chairman of the board that oversees the page program. Hastert's office said, however, it had not known the e-mails were anything more than "over-friendly."

Majority Republicans engineered a House vote Friday that refers the Foley matter to the House ethics committee, but lets that panel decide whether there should even be an investigation.

Rep. Nancy Pelosi of California, the House Democratic leader, pressed the committee on Sunday to begin investigating and make a preliminary report within 10 days. She demanded to know who knew of the messages, whether Foley had other contacts with pages and when the Republican leadership was notified of Foley's conduct.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," she wrote.

Congressional pages, a staple of Washington politics since the 1820s, are high school students who serve as temporary gofers in the House and Senate. The program nearly ended in the early 1980s due to alleged sexual misconduct and drug use.

Republican leaders say it is their duty to ensure House pages' safety, and are now creating a toll-free hot line for pages and their families to call to confidentially report any incidents. They also will consider adopting new rules on communications between lawmakers and pages.

House Democrats said that wasn't enough.

"This should be investigated objectively. I think the Democratic leadership should have been told 10 months ago," said Rep. Jane Harman of California, top Democrat on the House Intelligence Committee. "I gather that basically nothing was done except that Foley was warned."

Rep. John Murtha, D-Pa., said the House ethics committee should conclude its work on the Foley case before the November elections, so that voters can "hold people accountable." Doing so, he said, might help restore public confidence, since already "the reputation of Congress under the Republican leadership is lower than used car salesmen."

Foley, who is 52 and single, was co-chairman of the Congressional Missing and Exploited Children's Caucus. In a statement Friday, he said, "I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent."

Harman was on "Fox News Sunday," Murtha appeared on ABC's "This Week" and Bartlett spoke on ABC's "This Week, CNN's "Late Edition" and CBS' "Face the Nation."

The Wrong Message (NSWK)

By Evan Thomas And Michael Isikoff

Newsweek, October 2, 2006

Mark Foley, a six-term Republican congressman from Florida, championed the protection of children from sexual predators. Chairman of the House Caucus on Missing and Exploited Children, he often spoke out about the need to catch pedophiles. In July, he attended a signing ceremony at the White House for the Child Protection and Safety Act of 2006. "We track library books better than we do sexual predators," he had argued in support of the bill.

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It took some time, but last week Foley himself was tracked down. Confronted by ABC News with sexually explicit messages he had exchanged with 16- and 17-year-old congressional pages, Foley abruptly resigned his seat. (He did not protest his innocence; whether he committed a crime is unclear.) Politicians and preachers crusading against sin while sinning themselves is an old morality play. But the politics of Foley's downfall are messy and intriguing, coming just weeks before hotly contested congressional elections. The Democrats accused the Republicans of trying to cover up Foley's indiscretions until after Election Day, while the Republicans accused the Democrats of leaking the story just in time to cost the GOP a crucial seat.

An energetic, capable politician, Foley appeared to be well matched to his prosperous Palm Beach district. His sexuality did not seem to be an issue with voters. In Washington he made little effort to hide his sexual orientation, and neither his colleagues nor his staff seemed to worry that he might be a predator. Gregarious and fun-loving, he was known for hosting raucous parties and making off-color jokes. "All of his colleagues knew" that Foley was gay, said a former aide, who asked for anonymity discussing Foley's personal life. "It was the worst-kept secret in Washington."

Radical gay groups sometimes "out" closeted right-wingers, but Foley was insulated against charges of hypocrisy because he voted against a congressional ban on gay marriage. (Last week Democrats were careful to say that the issue was not his sexuality but potentially criminal behavior toward minors.) Foley's sexuality may have inhibited his political ambitions, however. In 2003, he briefly ran for the Senate before dropping out, against the urgings of some party leaders who wanted him to stay in the race. He held a press conference to denounce rumors that he was gay, without confirming or denying them.

Foley's sexual leanings were also well known, or at least suspected, by a particularly vulnerable group on Capitol Hill. Every year Congress hires about 100 pages, who can be seen in their distinctive blue uniforms scurrying through the halls, running errands for lawmakers. The pages have been embroiled in earlier sex scandals. In 1983, a pair of congressmen admitted to sexual relations with underage pages (one with a girl, one with a boy). After that, the pages were housed in a dormitory and fairly closely chaperoned. A former female page, who asked not to be identified to protect her privacy, told NEWSWEEK that she and other pages had regularly seen Foley stop and talk to pages on the House floor and in the cloakroom, lingering with them and asking them to describe their experiences in Congress. "We just gradually figured out he was flirting with the guys," said the page. "It made a lot of the guys uneasy. He was kind of creepy."

In late 2005, one of the pages, a young man from Louisiana, went to an aide to his congressman, Rodney Alexander. The page had received some e-mails from Foley that, the boy said, "freaked me out." Alexander went to Republican Party leaders, and Foley was summoned to see GOP Congressman John Shimkus, the chairman of the House Page Board. The e-mails between Foley and the page were subject to interpretation—Foley had asked for a photograph of the boy, talked about going to the gym and asked if he was OK after Hurricane Katrina. Foley insisted that he was acting only as the boy's "mentor." Shimkus warned Foley to be "especially mindful of his conduct" with the pages. The boy's parents did not want to pursue the matter.

That might have been the end of it, but rumors and copies of the messages began to rattle around newsrooms in Florida and Washington, possibly fed by Foley's political opponents. Last Thursday night ABC News broke the story. That seemed to open the Internet floodgates. The next night ABC posted a follow-up on its Web site, showing instant messages between Foley and congressional pages that were far more sexually explicit. Many more, and much seamier, message exchanges began to pour in to ABC. Some were mildly crude. "Do I make you a little horny?" Foley is said to have asked one page. Others show Foley, under the signer Maf54, engaged in graphic Internet sex with minors, ABC reported. During one session a page instant-messages Maf54, "brb [be right back] ... my mom is yelling." ABC confronted Foley with a batch of these messages, and within hours he had penned a one-sentence resignation note. Foley issued a statement saying that he was "deeply sorry" for letting down his family and the voters, but made no reference to any e-mails. It is not known if he is under any kind of criminal investigation.

The politics heated up right away. House Democratic leader Nancy Pelosi took the floor to demand an investigation. Her Democratic colleagues instantly began agitating to know what the Republican leadership had known about Foley and when it had known it. The GOP leadership did not help its cause by putting out garbled or conflicting accounts, though there was no proof of any kind of deliberate cover-up. Late Saturday, House Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt issued a statement calling for a criminal investigation. But some Republicans were also curious about the timing of the revelations. Foley's district is strongly Republican, but he had faced a serious challenger, Tim Mahoney. The

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GOP can pick a new candidate, but it may be too late to get Foley's name off the ballot, which could cost the Republicans a seat. The struggle for control of the House may be so close, with a 15-seat swing hanging in the balance, that a single seat can make a real difference.

While congressmen caught in a sex scandal is nothing new, the way the story broke shows the power of Web technology to influence politics. Few people may have even been aware that instant messages can be saved and copied, but they have turned out to be a powerful weapon. Before the Internet, a story like Foley's might have kicked around for months, with conflicting accounts, and possibly never surfaced. Once the existence of the e-mails became known, Foley was swept away within hours.

Democrats See A Chance To Turn The Tables (NYT)

By Raymond Hernandez

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — In their efforts to keep their party in power, Republican leaders have not hesitated to hit the Democrats hard when it comes to the issue of protecting children.

The strategy was on display in Indiana, where the National Republican Congressional Committee recently ran a series of television spots showing a man accused of child molesting who was inadvertently released under the watch of Brad Ellsworth, a county sheriff and a Democratic candidate for Congress.

Now, Democrats are suddenly seeing an opportunity to turn the tables, questioning the actions of Representative Thomas M. Reynolds of New York, the chairman of the Congressional committee, and other top Republicans who have acknowledged that they had been aware for months of e-mail exchanges between Representative Mark Foley, a Florida Republican, and a former teenage page.

In a statement issued over the weekend, Mr. Reynolds said that when he first learned of the issue, he personally brought it to the attention of House Speaker J. Dennis Hastert. Republican leaders have described the e-mail messages that initially came to their attention as "over-friendly" and said that they were not sexually explicit, like the messages between Mr. Foley and other pages that were disclosed later.

But Democrats are accusing Republican leaders of keeping silent about Mr. Foley and allowing him to remain as chairman of the House Caucus on Missing and Exploited Children until the disclosure on Friday of the more sexually explicit e-mail messages. Carl Forti, a spokesman for Mr. Reynolds, defended the actions of Republicans, emphasizing that there was nothing overtly sexual about the e-mail messages they had initially seen. He also defended the advertisements sponsored by the Republican House campaign committee.

The Democrats, Mr. Forti said, are "trying to take advantage of a very tragic and wrong situation."

After years of defending themselves against Republican charges that they are soft on crime and generally out of step with the nation's values, Democrats are criticizing Republicans on one of their core issues. While commercials and mailings attacking Democrats as weak on issues like child protection appear to occur only sporadically, Democrats contend that it is a tactic that Republicans fall back on regularly.

Bill Burton, a spokesman for the Democratic Congressional Campaign Committee, said concerns about the Republican leadership's handling of the accusations made their campaign attacks on Democrats seem hypocritical.

Not all rank-and-file Republicans have been happy with the efforts of party strategists to feature the issue of sexual predator legislation in campaign commercials.

In a closely watched race to fill a Congressional vacancy in San Diego this past June, the Republican candidate, Brian P. Bilbray, protested when the National Republican Congressional Committee ran an advertisement attacking the Democratic candidate, Francine Busby, a local school board member, for praising an elementary school teacher who was subsequently accused of trying to obtain child pornography.

The advertisement grew out of a newspaper article in 2004, when Ms. Busby was asked her reaction to reports that an elementary school teacher in her district had been arrested for trying to obtain child pornography. Ms. Busby said she was stunned and noted that she had always found the teacher to be dedicated and supportive of his students.

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After the spot began running, Mr. Bilbray expressed displeasure with it and, referring to national Republicans, said he "would sure prefer that they keep the message positive."

In 2004, protecting children against lurking threats was a theme with the Republican House committee running advertisements against several Democratic candidates in Texas, Kansas and Indiana, accusing them of being out of step with "family values" because the candidates would "allow the sale of violent and sexually explicit video games and movies to our children."

That theme has resurfaced this year. In the contest for Nevada's Third Congressional District seat, the Republican incumbent, Representative Jon Porter, is running a spot that notes his work to crack down on pedophiles.

"As parents, we need to know that our schools are not hiring teachers that are sexual predators," Mr. Porter says in the advertisement, which was paid for in part by the Congressional committee. "That's why I wrote a law in Congress that gives our local school districts the information they need to ensure that sexual predators are not teaching our children."

And in mailings sent in recent months to voters in Pennsylvania's Eighth Congressional District, the Republican incumbent, Representative Michael G. Fitzpatrick, criticized the Democratic challenger, Patrick Murphy, who had raised objections to legislation seeking to protect children from online predators that Mr. Fitzpatrick proposed. Democrats said Mr. Fitzpatrick distorted the position of Mr. Murphy, who they said did not believe Mr. Fitzpatrick's measure went far enough.

Since the revelations of Mr. Foley's behavior, Democrats have been particularly forceful in singling out Mr. Reynolds, whom they see as an architect of Republican attacks against them. Mr Reynolds is facing a challenge from Jack Davis, a wealthy businessman who has vowed to spend at least $2 million of his own money in the contest and whose campaign has seized upon the Foley episode to attack Mr. Reynolds.

FBI To Look At Foley's Actions (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 2, 2006

WASHINGTON — As pressure mounted on Republicans over their handling of the scandal involving former Rep. Mark Foley, the FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

The FBI's brief statement confirming the inquiry came shortly after House Speaker J. Dennis Hastert (R-Ill.) sent a letter to Atty. Gen. Alberto R. Gonzales asking the Justice Department to examine "Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law."

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

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House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time of Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known of the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

FBI Begins Look At Foley's Contact With Teens (MH)

By Lesley Clark

The Miami Herald, October 2, 2006

WASHINGTON - The FBI is looking at whether former Florida Rep. Mark Foley's computer exchanges with underage House pages broke any laws, an FBI spokesman said late Sunday.

The agency is "conducting an assessment to determine if there has been any violation of federal law," the FBI's Stephen Kodak said.

Under fire from Democrats, House Speaker Dennis Hastert also asked Sunday that U.S. Attorney General Alberto Gonzales -- and the Florida Department of Law Enforcement -- look into the case.

On Friday ABC News had released a series of sexually explicit instant messaging sessions between Foley and what it said were underage pages -- high schoolers who serve as messengers in the House and Senate.

Hastert's letters to Gonzales and Gov. Jeb Bush say the sexually explicit instant messages between Foley and pages ``warrant a criminal referral."

Hastert notes the messages were "reportedly generated three years ago" and "it is important to know who may have had the communications and why they were not given to prosecutors before now. ``I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," he wrote.

His letter drew a sharp distinction between the instant messaging sessions -- which Hastert said he was never made aware of -- and e-mails between Foley and a former House page, which top GOP leaders saw in 2005. Foley was told to cease contact with the page. Hastert noted that the same e-mails were viewed by editors at The St. Petersburg Times, which reviewed them, considered them "friendly chit chat" and declined to run a story.

Miami Herald Executive Editor Tom Fiedler said Sunday the newspaper also saw the same e-mails and ``didn't feel there was sufficient clarity in the e-mails to warrant a story.

"We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Fiedler said.

The call for a criminal investigation came as Democrats signaled that they plan to use the Republican House leaders' response to reports of the e-mails sent by Foley as an issue in the pivotal November election.

Foley, a Palm Beach County Republican, gave no reason for leaving but said he was "deeply sorry" and resigned Friday after the subsequent, sexually explicit instant messages were disclosed by ABC News.

Earlier Sunday, Democrats in both chambers, Senate Democratic leader Harry Reid of Nevada and House Democratic Leader Nancy Pelosi of California, called for investigations. Democrats also seized on Ohio Republican Sen. Mike DeWine's reluctance at a televised debate Sunday to say that House leaders who knew about the e-mails Foley sent to the 16-year-old House page should resign immediately.

DeWine decried Foley's behavior and called for a "full investigation," but declined to say that House leadership step down if they knew about the e-mails.

"I think you have to look and see what they knew and what they did about it," DeWine said during the debate on NBC's Meet the Press. ``I would want to know what they did about it. And, you know, this is reprehensible."

Minutes after the debate ended between DeWine and Democratic Rep. Sherrod Brown, the Democratic Senatorial Campaign Committee sent out a press release saying DeWine ``refuses to hold GOP leaders accountable over the Foley scandal."

Over the weekend Republicans sought to defend their handling of the matter, with Hastert providing what his office called a "preliminary" report of when House leaders were alerted to the situation and how they handled it.

Hastert's office said Saturday his office was contacted last fall by a staff member in the office of Louisiana Republican Rep. Rodney Alexander, where the page once worked. The boy said in an e-mail to Alexander's office that the computer exchange with Foley "freaked him out" and was ``sick . . . sick . . . sick."

Hastert's office said the clerk of the House was assured the nature of the exchange was not of a sexual nature, although it was characterized as "overly friendly." The e-mails are chatty and at one point Foley asks the teen to send him a ``pic."

The House clerk and Rep. John Shimkus, R-Ill., head of the page board, asked Foley about the e-mail and told Foley to ``immediately cease any communication with the young man."

Hastert's office underscored that he did not know of the sexually explicit instant messages until ABC News posted them on its website Friday. "In fact, no one was ever made aware of any sexually explicit e-mail or text messages at any time," Hastert's office said.

The scandal comes just a month before the GOP tries to hold onto its majority in the House and Senate in the wake of an increasingly unpopular war in Iraq and declining poll numbers for the Republican-led Congress that gave President Bush the go-ahead.

White House special counsel Dan Bartlett said the Bush administration didn't know anything about the Foley matter until it broke open Friday.

"We're going to get to the bottom of this, the leadership is, and that's very important because we need to make sure the page system is one in which children can come up here and work and make sure they are protected," Bartlett said on CNN's Late Edition.

FBI Launches Foley Investigation (ST)

SPTimes, October 2, 2006

FBI launches Foley investigation The House speaker also calls for inquiries by the Department of Justice and the Florida Department of Law Enforcement. By ANITA KUMAR, Times Staff Writer

Published October 1, 2006

WASHINGTON — The FBI said Sunday that it had launched an investigation into former Rep. Mark Foley's sexually explicit Internet communications with teenage boys.

The announcement came after House Speaker Dennis Hastert called for criminal inquiries by both the Department of Justice and the Florida Department of Law Enforcement.

In letters sent Sunday to U.S. Attorney General Alberto Gonzales and Florida Gov. Jeb Bush, Hastert asked for an investigation into "Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated … law."

Foley, 52, a Republican from the West Palm Beach area, abruptly resigned Friday after the public disclosure of e-mails and instant messages between him and former congressional pages that Hastert now says went back at least three years.

The scandal has left House Republican leaders fending off charges that they knew about Foley's behavior for months but failed to disclose it.

It comes just weeks before the critical midterm election in which Democrats have their best chance in a dozen years to take control of the House.

Democratic leaders praised the federal inquiry but continued to call for a separate investigation by the House Ethics Committee into what they are calling a Republican cover-up.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," House Minority Leader Nancy Pelosi said.

Several House leaders including Hastert, Majority Leader John Boehner and Rep. Tom Reynolds, head of the National Republican Congressional Committee, have said in recent days that they knew for months about some of Foley's correspondence. They said they knew about one "over-friendly" e-mail exchange Foley had with a 16-year-old page from Louisiana but not the sexually explicit instant messages later publicized by ABC News.

To bolster his argument, Hastert refers to an editor's note published on the St. Petersburg Times Web site Saturday that explains that the newspaper received copies of some of the e-mails to the Louisiana page in November 2005, but characterized them as "friendly chit-chat" and chose not to print a story about them after speaking to Foley.

But on Sunday night, St. Peterburg Times editors rebutted his statements.

"The speaker is inaccurate. Our decision not to publish last fall was not based on an explanation from Rep. Foley,'' managing editor Stephen Buckley said.

"We didn't publish because the Louisiana teenager's parents did not want to pursue the issue, and because, despite our best efforts, we weren't able to track down any pages who had received inappropriate e-mails from the congressman. We didn't

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know about any sexually explicit exchanges between Rep. Foley and any former pages until the instant messages became public on Friday."

Hastert also asked federal and state authorities to look into "who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement.

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," he wrote in his letter.

FBI spokesman Richard Kolko confirmed Sunday night that the FBI is "conducting an assessment to see if there's been a violation of federal law."

Agents from the cyber division are looking into the text of the messages, how many e-mails were sent and which computers were used.

White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week.

"We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected," Bartlett said on a Sunday morning talk show.

Gov. Bush's communications director Alia Faraj said that FDLE had already been cooperating with FBI and federal officials before late Sunday and had been told to expect Hastert's letter.

"The FBI is lead and the Florida Department of Law Enforcement is coordinating," Faraj said. "If it becomes necessary for the state to have a separate investigation, we will do so at the appropriate time."

Laws Involving Contact With Minors Allow Prosecutors A Broad Range Of Discretion (NYT)

By Adam Liptak

The New York Times, October 2, 2006

The decision by Representative Mark Foley of Florida to resign after the disclosure of his sexually explicit e-mail and text messaging exchanges with Congressional pages has been followed by a flood of demands from his former Congressional colleagues — Republicans and Democrats alike — that he face "the full weight of the criminal justice system."

Legal experts consulted yesterday said that weight could be considerable.

Though the messages made public to date stopped short of soliciting sex or proposing an assignation, some were quite graphic and asked for descriptions of intimate actions. Several states, including Florida, have laws that make it a crime to transmit communication harmful to minors over the Internet.

In the past, legal experts said, prosecutors have exercised a great deal of discretion in deciding whether to pursue such cases. In the absence of physical contact, said Douglas A. Berman, a law professor at Ohio State University, some prosecutors reviewing e-mail messages like Mr. Foley's "could say, 'This is really gross, I need to take a shower,' but not charge" the sender with a crime.

But Professor Berman added, "There are cases in which people have done stuff that is not significantly worse and have had the book thrown at them."

Earlier this year, for instance, the Arizona Supreme Court upheld a 200-year sentence for a former Phoenix high school teacher convicted of possessing child pornography. The teacher, Morton R. Berger, was not charged with transmitting pornography or with having unlawful contact with minors.

Marjorie Heins, a fellow at the Brennan Center for Justice and the founder of the Free Expression Policy Project, said that prosecutors almost certainly had the legal tools to pursue Mr. Foley if they were inclined to do so.

"I wouldn't be surprised," Ms. Heins said, "if someone could get him criminally under a number of state laws, whether they involve the Internet or not, that prohibit unlawful contact with minors."

But legal experts cautioned that any case against Mr. Foley would involve difficult jurisdictional and constitutional questions. At least three jurisdictions may be implicated: Washington and Florida, where Mr. Foley worked; the federal system; and perhaps other states, as information about contacts with pages emerges.

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Courts have taken varying positions about whether they have the power to hear cases involving communications originating in other states. And laws regulating speech on the Internet have often faced First Amendment challenges.

A Florida law makes it a third-degree felony, punishable by up to five years in prison, to transmit "material harmful to minors by electronic device." The law defines the material broadly to include descriptions of "nudity, sexual conduct, or sexual excitement." There is an exception for materials with serious literary, artistic, scientific and political value. The e-mail messages disclosed to date appear to fail that test, though they may have serious political value in a different sense.

And Mr. Foley is not the only person who could possibly face prosecution, Professor Berman said. "If there were people who knew about him or protected him," he said, "some sort of complicity or conspiracy charge is certainly viable."

Prosecutors Seek Pirro's Financial Records (NYT)

By SEWELL CHAN And WILLIAM K. RASHBAUM

The New York Times, October 2, 2006

Federal prosecutors have issued a subpoena for copies of financial disclosure statements filed by Jeanine F. Pirro, the Republican candidate for state attorney general, from 1998 to 2005, when she was the Westchester County district attorney, a person familiar with the subpoena said yesterday.

The request for the documents, which contain details of Ms. Pirro's personal finances, is the latest in a series of developments that have roiled her campaign. On Wednesday, Ms. Pirro disclosed that she was the subject of a federal investigation into whether she illegally recorded her husband's conversations on the family's boat last year to determine whether he was having an affair.

The New York Post, which reported on the subpoena yesterday, said it came from a federal grand jury in Manhattan.

A person familiar with the subpoena said yesterday that it was delivered late Friday afternoon to the Westchester County Board of Ethics and gave county officials until Wednesday to respond.

The subpoena asked for disclosure reports from 1998 to 2005 and for the instructions given to Ms. Pirro to use in filling out the reports, according to the person, who spoke on the condition of anonymity because of the highly politicized nature of the case.

The reports ask officials to disclose bank accounts, stock transactions, real estate holdings, memberships on corporate boards and significant stock ownership. It was not clear why the disclosure statements were being sought.

Paul Shechtman, Ms. Pirro's lawyer, said, "In my conversations with the government, they have given no indication that the investigation involves anything else than Jeanine's talking about eavesdropping."

He added, "The only thing that I can guess is that the financial disclosure statements are being sought to ascertain whether Jeanine claimed an ownership interest in the boat."

Ms. Pirro has acknowledged that she had private investigators follow her husband, Albert J. Pirro Jr., and that she spoke with Bernard B. Kerik, the former New York City police commissioner, about possibly taping Mr. Pirro. She has said she never carried out the idea.

Yesterday, Ms. Pirro attended a campaign rally and a Columbus Day parade on Staten Island, but did not take questions from reporters.

In a written statement released by her campaign, Ms. Pirro repeated her criticism of leaks that she said were intended to smear her campaign. She called again for the Justice Department to appoint a special prosecutor to review her case. And she lashed out again at Elliott B. Jacobson, an assistant United States attorney who Ms. Pirro says has a "partisan political agenda." Mr. Jacobson helped convict Ms. Pirro's husband of tax evasion in 2000; he served 11 months in prison.

"Today's leak to The New York Post really comes as no surprise," Ms. Pirro said in the statement. "As long as Elliott Jacobson remains at the head of this case, continuing leaks are unfortunately predictable. In fact, no one will be surprised if there are more leaks before the end of the week."

In calling for a special prosecutor, she added: "I know there is only one way this case will end; I will be cleared. The only question is whether I will be cleared before Election Day or after Election Day."

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Michael J. Garcia, who supervises Mr. Jacobson as the United States attorney for the Southern District of New York, said in a statement last week, "We do not take politics into account in deciding either the subject matter or timing of our investigations."

A spokesman for Mr. Garcia said in a statement yesterday: "Because the investigation is ongoing, we are not going to comment further. We stand by the statement we issued last Wednesday."

A spokeswoman for the Justice Department in Washington declined to comment on the matter yesterday.

Lobbyists: Sports Tickets And Springsteen—The E-Mail Trail (NSWK)

By Michael Isikoff And Holly Bailey, Newsweek

Newsweek, October 2, 2006

The folks around Karl Rove are on the hot seat again. The White House has launched an internal ethics inquiry into one Rove aide in response to new e-mails showing that Rove's office had far more extensive conduct with convicted lobbyist Jack Abramoff than previously acknowledged. The e-mails, obtained by a House committee, show that Rove's executive assistant, Susan Ralston, may have violated a White House ban on accepting gifts worth more than $20 from lobbyists. At the same time, Ralston—who previously worked for Abramoff—was helping the lobbyist and his associates set up meetings with Rove and providing them with inside info about presidential appointments and White House decision making, including at least one matter relating to a business deal in Iraq for an Abramoff client, the e-mails show. Ralston also discussed future business opportunities with Abramoff, such as her plan to help him capitalize on the "rush to get lucrative government contracts" being awarded by the Department of Homeland Security—another possible breach of ethics rules.

The e-mails show Ralston peppering Abramoff with requests for small perks and favors. "Can we get the row A seats for the 12/22 Caps game?" she asked Abramoff in a Dec. 22, 2001, e-mail about an upcoming Washington Capitals hockey game. "Need 4 for O's on 8/23 and 4 for Springsteen if possible," she wrote the lobbyist on July 26, 2002. Ralston's lawyer declined to comment. A former associate said Ralston may argue that though she apparently never paid for any of the tickets, she did not violate the ethics rules because of an exemption for officials who have a "pre-existing" and personal relationship with the lobbyist. "She was not looking at [Abramoff] as a lobbyist," said the former associate, who asked not to be identified because of political sensitivities. "She was looking at him as a friend."

The e-mails show Rove's then chief political deputy, Ken Mehlman, now chairman of the Republican National Committee, had his own repeated contacts with Abramoff—in stark contrast to previous public statements. According to the new records, Abramoff and his associates turned to Mehlman in their bid to obtain $16.3 million in federal funds from the Justice Department to build a jail for the Mississippi Band of Choctaws, an Abramoff client. In one e-mail, Abramoff associate Tony Rudy described to Abramoff a meeting he had with Mehlman about the subject. "Mehlman said he would take care of this," Rudy wrote. "He was a rock star." After Justice later approved funding for the Choctaw jail, another Abramoff associate e-mailed a colleague: "Those guys should get anything they want for the rest of the time they're in office ... Opening Day tickets, Skins v. Giants, oriental massages, hookers, whatever ... " Mehlman denied any wrongdoing. "The job of the political director is to meet with interested parties—in some cases, political supporters—and hear them out," he said Friday. Of the events described in the report, Mehlman said, "It was all stuff that was aboveboard. All stuff that was appropriate." Rove himself apparently knew the rules: when Abramoff offered skybox tickets to an NCAA basketball game, he wrote a check for them.

Still, the game gave Abramoff a chance to discuss other matters with Rove. After being e-mailed by an old friend who was a militant Israeli settler, Abramoff responded: "I was sitting with Karl Rove, Bush's top advisor, at the NCAA basketball game, discussing Israel when [your] email came in. I showed it to him. It seems that the President was very sad to have to come out negatively regarding Israel but that they needed to mollify the Arabs for the upcoming war on Iraq. That did not seem to work anyway. Bush seems to love Sharon and Israel, and thinks Arabfat [sic] is nothing but a liar. I thought I'd pass that on."

Leveraging The Lobbyist Scandal (TIME)

By Massimo Calabresi

Time, October 2, 2006

For a congressional candidate, a presidential visit during campaign season is a sought-after opportunity reserved for those who really need it. So midterm watchers were surprised to hear that President George W. Bush would travel to northeastern

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California this week to raise an estimated $500,000 for Republican incumbent Representative John Doolittle. Doolittle hasn't won less than 60% of the vote since 1992, and Republicans outnumber Democrats 48% to 30% in his district. So why spend valuable time and fund-raising muscle on a man who should be a sure thing? One simple answer: Jack Abramoff.

Conventional wisdom holds that the Abramoff lobbying scandal that engulfed Washington a year ago has fizzled. Nothing like the 60 court cases some predicted have materialized. Democrats, beset by their own ethics scandals in West Virginia and Louisiana, have all but abandoned attempts to nationalize corruption as an issue. Even last week's revelation that Abramoff had 82 contacts with Bush adviser Karl Rove registered barely a blip on the capital's political seismograph.

But the scandal did knock two powerful Republicans out of Congress over the past year, putting both their seats in play. At the same time, Democrats are finding that in a handful of districts like Doolittle's, their opponents' ties to Abramoff are helping them raise money and close poll numbers, forcing expensive countermeasures like the Bush visit. And with races tightening across the country, a handful of districts may be enough. The Abramoff factor has put up to five seats in play for Democrats in a contest in which 15 would give them control of the House.

One of the seats most likely to flip is that of former House majority leader Tom DeLay, who stepped down a year ago amid revelations of his ties to Abramoff. Although DeLay dropped out of his House race after the primary last April, it was too late to get his name off the ballot. Now the Democratic candidate Nick Lampson is the favorite of most oddsmakers to beat the late-starting G.O.P. write-in candidate Shelley Sekula-Gibbs. In southeastern Ohio, former House Administration Committee chairman Bob Ney is retiring after pleading guilty last month to trading favors for campaign contributions from Abramoff. But his handpicked replacement, Joy Padgett, can't shake the taint of scandal. Ney's solidly Republican district favored Bush by 14 percentage points in 2004 but is now polling anywhere from 2% to 14% in favor of Democrat Zack Space.

G.O.P. incumbents are safer, but some are still worried. In Arizona, Representative J.D. Hayworth is up against a popular local official, Harry Mitchell, whose first TV ad last week led with charges that Hayworth took $100,000 from Abramoff and his clients. "This guy's going to be all Abramoff all the time," says Hayworth. "But it's just not going to work." Or maybe it will. The Democrats claim Mitchell leads Hayworth by 3%, but the Republicans have Hayworth ahead by 14%.

As for Doolittle, his opponent Charlie Brown is a retired 26-year Air Force veteran whose campaign consists largely of charges that Doolittle and his wife, who worked for Abramoff, are lining their pockets at constituents' expense. Doolittle's spokesman Richard Robinson admits he faces a "tough challenge." All the same, Democrats in Washington at first paid Brown no attention. "They told me, 'We're only going to believe it if you can raise money in the district and if you do a poll that shows you're in the running,'" Brown says. He says he promptly raised $600,000 and commissioned a poll that showed him closing to within 2 points of Doolittle. Now Brown says the Democratic Congressional Campaign Committee has agreed to send him a check. He's still a long shot. But says Amy Walter of the Cook Political Report: "If it weren't for the Abramoff scandal, we wouldn't even be talking about these races."

BRONX BIGS IN PROBE (NYPOST)

By MURRAY WEISS And DAVID SEIFMAN

The New York Post, October 2, 2006

October 2, 2006 -- The feds are probing two Bronx political powerhouses and their roles in lucrative real-estate dealings in the borough, The Post has learned.

Sources said the FBI is investigating the dealings of Bronx Democratic leader José Rivera and Stanley Schlein, the longtime lawyer for the party and a well-known figure in local politics.

Schlein served as a lobbyist for the New York Yankees, which enlisted most of the city's political establishment, including Rivera, on its side to push through plans for a new $1 billion ballpark.

The federal probe doesn't currently include the new Yankee Stadium project, but sources said the deal likely will be examined.

About a month ago, an agent from the bureau's Public Corruption Unit quizzed Ellington Taylor, 62, who until his recent retirement had served as Rivera's driver for more than two decades.

Sources said a Manhattan federal grand jury has issued subpoenas for government and business records.

The sources wouldn't provide any other details.

Schlein expressed shock when contacted by The Post yesterday, saying there is no basis for an investigation.

"I'm absolutely befuddled," he said. "I'm at a complete loss."

Schlein said he's been involved in only two major Bronx land-use projects in recent years, both in well-documented public roles.

One was the Yankee Stadium deal. He said he also served as an unpaid advocate for the Bloomberg administration when it sought approval of a $1.5 billion water-filtration plant underneath Van Cortlandt Park, which Rivera also championed.

As part of the deal, The Bronx is receiving $240 million to renovate its parks.

After the FBI visited Taylor, Schlein said the driver called him and he contacted Rivera.

Rivera couldn't be reached for comment.

But Schlein said he and Rivera have no business relationship and Rivera is not involved with any developers.

FBI officials declined comment.

Rivera is a former city councilman whose son, Joel, now serves as the council majority leader and whose daughter, Naomi, is an assemblywoman from the borough.

Schlein has served as an adviser to a wide range of politicians, from Al Sharpton to Fernando Ferrer.

The Chaos Behind California Executions (LAT)

By Maura Dolan And Henry Weinstein

The Los Angeles Times, October 2, 2006

SAN JOSE — "Operational Procedure No. 770," the state's name for execution by lethal injection, is performed in a dark, cramped room by men and women who know little, if anything, about the deadly drugs they inject under extreme stress.

Thousands of pages of depositions and four days of testimony last week in a federal courtroom here provided the most intimate portrait yet of a state's lethal injection methods.

Witnesses depicted executions by lethal injection — long considered a more humane alternative to the gas chamber or the electric chair — as almost haphazard events, and medical experts on both sides could not rule out the possibility that one or more inmates had been conscious and experienced an excruciating sensation of drowning or strangulation before death.

Describing the pressure executioners feel and the surreal atmosphere in which they work, one executioner explained: "There's no other place in the world that you're asked to start an IV for that purpose."

U.S. District Court Judge Jeremy Fogel, who presided over the trial here, is now reviewing the testimony and records to determine if the state can continue to perform lethal injection executions or if it should revise procedures to ensure the condemned don't suffer cruel and unusual punishment in violation of the Constitution. The litigation was brought by Michael Morales, condemned for the 1981 murder of Terri Winchell, 17, a high school student from Lodi.

Morales, like inmates in several other states who have also challenged lethal injection, claims prisoners may not be anesthetized properly before receiving a muscle-paralyzing drug that would mask any suffering before a third, heart-stopping chemical kills them. His witnesses insisted that trained medical personnel are needed to ensure a humane execution.

The testimony of dueling doctors and pharmacologists underscored the incongruity of using a medical procedure to produce a decidedly nonmedical result.

Witnesses for both sides stumbled when discussing the condemned, frequently referring to an inmate as "the patient."

Lawyers for the state defended the work of the executioners, stressing it was much less complicated than medicine. An execution, after all, is supposed to be punishment, the attorneys reminded the court.

When anesthesia is administered in a hospital setting, "you have two objectives — one to render the patient unconscious, and two, to make sure you don't kill him," said senior Assistant Atty. Gen. Dane Gillette, the lead lawyer for the state. "That is not at all the objective of a lethal injection execution."

All California executions take place at San Quentin prison north of San Francisco. The condemned is strapped on a gurney in a small, mint-green room that for decades served as the gas chamber.

After the IVs are set up, the chamber's heavy, solid steel door is shut and locked, and the inmate is left alone. A prison employee leans into the door to seal it, an apparent holdover from the days when the prison had to ensure toxic gas would not escape.

The execution team retires to an adjacent room, where members insert the execution drugs by syringe into IV lines that run through the wall and into the inmate's arms.

That anteroom is often packed with state officials, prosecutors and other government visitors. There were "so many people in that room you didn't even know who they were" and why they were there, Dr. Donald Calvo, a prison doctor, testified in a deposition.

Former San Quentin Warden Steven W. Ornoski said that during one execution, "I don't believe I could move from my spot much, if any." He once had to tell someone to leave. It was a doctor.

A nurse working in the jammed room said she had to pass syringes to an outstretched hand whose owner she could not see. The same nurse said she did not know the origins of a document with instructions for the drugs. She had simply found it "in the gas chamber."

To prevent the executioners from being seen or identified by witnesses, their room is illuminated only by a red light. A doctor who filled out execution records said the room was so dark he had to use a flashlight to see what he was writing.

The IV bags hang from ducts so high that it would be impossible to determine if everything was working properly, testified Dr. Mark Heath, a Columbia University anesthesiologist and expert witness for Morales. A member of the execution team said in a deposition that she believed "the janitor" helped set the bags.

The executioners are chosen from among a group of volunteer prison workers. Though several have had medical training as registered nurses, background screening appears to have been minimal.

A prison employee was chosen as team leader even though he had missed months of work and had been under care for post-traumatic stress caused, he said in his deposition, by "my years of working in the prison system." That executioner, who was taking antidepressants, also had been disciplined for a drunk driving conviction.

Testimony suggested lax oversight of the drugs issued at San Quentin for executions. A witness testified that bottles of the barbiturate anesthetic taken for practice sessions were not opened, but there was no evidence they were returned.

Fogel wanted to know whether the anesthetic could be used as a recreational drug. Witnesses for the state and Morales disagreed.

Lawyers testified about witnessing executions, one in California and the others in North Carolina, which has a lethal injection procedure similar to California's.

Heather Jarvis recalled watching North Carolina capital prisoner Edward Hartman, 38, wheeled into the execution chamber on a gurney, covered from neck to toe by a white sheet.

"I saw Eddie's eyes close, and I thought to myself, 'Here we go. This is it.' Almost immediately his eyes opened again, not fully, more than halfway up but not completely. His eyes remained open for the entire execution."

She said his throat began to throb and pulsate like a lizard's, and his chest heaved and strained so violently she thought he would fall off the gurney.

"Then he became still, and his eyes finally did close."

After reviewing evidence about lethal injection, Fogel earlier this year ordered California to either have a doctor present at executions or instead give the inmate only a massive, fatal dose of anesthesia without the other drugs.

The state chose to go with the doctor option, hiring two anesthesiologists but assuring them they would be mere observers.

Dr. Robert Singler, a Napa anesthesiologist, reluctantly agreed to join the team at the request of a friend, Darc Keller, who works for the Department of Corrections and Rehabilitation. Singler testified in court that he believed the state's methods would ensure a humane execution.

The other doctor, identified as "Anesthesiologist 2," was to play a lesser role. He said in a deposition he agreed to be present only after he was assured he would have "nothing" to do.

"What do you mean by 'nothing'?" he said he asked.

"You would have no responsibilities," he quoted Keller as saying.

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Anesthesiologist 2 said he even received permission from the warden to stand in a room off the anteroom during the execution so he would not have to watch it.

On the night Morales was to die, the two anesthesiologists learned that an appeals court had ruled they would have to intervene if problems arose during the execution. Both Singler and Anesthesiologist 2 refused, saying they were bound by the physician's obligation to do no harm.

Morales, who had been stripped of his possessions and moved to a special cell, learned several hours later that his appointment for Operational Procedure No. 770 had been postponed.

GRAND-MA THEFT (NYPOST)

By Kati Cornell

The New York Post, October 2, 2006

September 30, 2006 -- The feds busted seven members of a Lower Manhattan boiler-room operation that allegedly raked in $6.7 million in just six months - bilking many elderly victims out of their life savings.

The FBI rousted the alleged scammers from their beds early yesterday morning, charging them with wire and mail fraud for cold-calling victims and using high-pressure tactics to squeeze cash out of 230 investors in a foreign currency scam from 2002 to 2003.

In convincing potential investors to cough up their cash, the cold-callers - operating out of the fraudulent firm Holston, Young, Parker and Assoc. at 130 William St. - falsely claimed their client lists included CEOs of Fortune 500 companies and numerous celebrities.

A total of 11 ring members were charged in an indictment unsealed in Manhattan federal court, including Boris Shuster, 34, Larry Shuster, Alexander Dzedets, 31, and Victor Altman, 38, Boris Tager, David Lozovsky, Adam Lichtenbaum, Edward Sharov, and Vincent Armato, who allegedly operated and managed Holston as a boiler-room operation.

Victims throughout the U.S. initially received bogus monthly financial statements reporting 5 percent growth on their investments over the first several months, according to Andrew Arena, chief of the FBI's criminal division in New York.

All the while, the alleged scam artists were secretly sending cash from the operation overseas to Cyprus and Russia.

After approximately six months, investors were sent letters saying that 90 percent of their money had been lost after a year of unprecedented market losses, authorities said.

"It was basically a flat-out boiler-room operation," Arena said. "Over a six month period, they were able to generate $6.7 million. They grab the money, close the company down and they're gone."

Seven men were arrested in New York yesterday and an eighth man was nabbed in Croatia.

"Unfortunately, by far the majority of victims in these scams turn out to be the elderly," Arena said. "They get confused. They fall for the hard sell. They invest their money."

The cold-callers used false names and lied about the company's history, claiming to manage $10 million to $30 million in clients' money.

Holston advertised itself as having offices in London, Zurich and Tokyo.

The wire and mail fraud charges carry a maximum sentence of 20 years.

IN BRIEF (NSDY)

By ROBERT E. KESSLER;SUSAN HARRIGAN

Long Island Newsday, September 30, 2006

FBI CHARGES MEN WITH FOREX FRAUD. FBI agents arrested seven men Friday, including four from Forest Hills, on charges of running a boiler-room scheme that defrauded 200 investors out of $6.5 million, officials said. An eighth defendant in the scheme, which promised high returns through currency exchange - the so-called Forex market - was arrested recently in Croatia, according to Michael Garcia, the U.S. attorney for the Southern District. The head of the FBI's New York Criminal Division, Andrew Arena, said some victims lost their life savings. Victims' money was not invested in the Forex market, but moved to accounts in Russia and Cyprus for the profit of the defendants, Arena said. The defendants operated from an office on William Street in Manhattan from 2002 to 2003, under the name of Holston, Young, Parker & Associates, officials said. Officials identified

the leader as Boris Schuster, 34 - who also uses the name Robert Schuster - of Forest Hills. The seven were charged Friday morning with conspiracy to commit mail and wire fraud. Federal officials said they are seeking the extradition from Croatia of the eighth, Alexander "Shasha" Dzedets, 31, a resident of Canada. - ROBERT E. KESSLER

FUEL PRICES REVIVE CONSUMERS. U.S. consumer spending slipped in August, but falling gasoline prices elevated shoppers' moods by September, according to reports Friday. Inflation-adjusted spending in August fell by 0.1 percent, the first decline since a 0.3 percent drop in September 2005, according to the U.S. Commerce Department. The University of Michigan's consumer sentiment index rose to 85.4 in September, up from 82.0 in August. Consumer prices outside food and energy rose 0.2 percent in August.

STATE BANCORP LOSES APPEAL. State Bancorp Inc. said Friday the U.S. District Court for the Eastern District of New York denied its motion to overturn a January 2006 jury verdict that the company has said could cost it $44 million dollars after taxes. The New Hyde Park-based holding company for State Bank of Long Island said it is "fully reserved" for the matter and plans to appeal the decision to the U.S. Court of Appeals for the Second Circuit. - SUSAN HARRIGAN

Con Men Held In Boiler-room Scheme (BOS/AP)

By Tom Hays, Associated Press Writer

The Boston Globe, October 2, 2006

NEW YORK --A team of con men posing as senior vice presidents of an international Wall Street investment firm cheated about 230 people nationwide out of more than $6.5 million, authorities said Friday.

Seven suspects were awaiting arraignment in federal court in Manhattan on mail and wire fraud charges after being arrested at their homes early Friday by the FBI. Another suspect was in custody in Croatia; three were at large.

One of the men was wearing a Curious George T-shirt as FBI agents led him to court in handcuffs.

Many victims were elderly people who "fell for the hard sell," said Andrew Arena, head of the criminal division of the FBI's New York office. Some lost their life savings.

The phony firm of Holston, Young, Parker & Associates had an actual lower Manhattan address, but also claimed to have offices in London, Zurich and Tokyo that didn't exist, an indictment said.

In 2002 and 2003, the defendants, most of Russian descent, operated "a 'boiler room' with Holston cold-callers and brokers making numerous unsolicited telephone calls on a daily basis and using high-pressure tactics," the court papers said. The victims were told their money would be pooled to make large trades on the foreign currency exchange market.

The callers used false names and identified themselves as senior vice presidents to dupe potential investors into thinking they were speaking to "a senior level, experienced employee," the indictment said. One defendant falsely claimed that the firm's clients included celebrities and CEOs of Fortune 500 companies.

Investors initially got bimonthly statements showing 5 percent increases in their investments, unaware most of their money was being diverted to bank accounts in Russian and Cyprus, the FBI said. By the time a final statement arrived showing 90 percent losses, the suspects had closed their doors.

According to the indictment, the unidentified victims included a resident of El Reno, Okla., who invested $1,000; one from Conneaut, Ohio, who invested $5,000; and another from Williamsburg, Va., who invested $10,000.

If convicted, the defendants face up to 20 years in prison.

888 Poised To Suspend US Business (FT)

By Roger Blitz In London

Financial Times, October 2, 2006

888 Holdings, one of the biggest companies in the $12bn online gambling industry, is expected to suspend indefinitely business from US customers on Monday.

The move comes as the sector braces itself for a massive reaction from investors to the dramatic US decision to tighten its anti-gambling laws. People close to 888 said they believed the company would issue a statement to the London Stock Exchange accepting that the passing of the bill in the US Senate on Friday would have a “material” detrimental impact on its business.

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The bill prohibits US gamblers from using credit cards, cheques and electronic fund transfers to make online wagers, and throws the high-risk industry – already damaged by the impact of arrests of executives on US soil – into turmoil. One person in the industry said the bill was an attempt to "strangle the industry through the banks".

PartyGaming, the biggest online gambling company, said it was "evaluating the situation".

SportingBet – whose former chairman Peter Dicks returned to the UK on Saturday after a New York court refused to extradite him to Louisiana, where he faced a charge of "gambling by computer" – was believed to be preparing a statement for the stock exchange, but is expected to wait to assess the impact of the bill.

888, which relies on the US for half its profits, was said to be in the process of deciding to make a clean break with the US, paying back gambling deposits paid by customers when they registered on the company's websites.

But trading on Monday is likely to hit the sector hard as investors, who have been waiting for the outcome of the Senate bill, get their first chance to respond to its passing. "It's going to be pretty devastating," said one adviser to a sector company.

12 Men Face Federal Child Porn Charges (BUFFNEWS)

By T.J. PIGNATARO, News Staff Reporter

Buffalo News, September 29, 2006

A dozen men, including eight from Western New York, are facing federal child pornography charges here under a national initiative targeting those who sexually exploit children, the FBI and U.S. Department of Justice announced Thursday.

Those charged face a variety of offenses including possessing, transporting or distributing child pornography. The crimes range from possessing images of child pornography downloaded from the Internet to the production of child pornography during sexually abusive acts, authorities said.

"These are monsters that prey upon our innocent children," said Laurie J. Bennett, special agent in charge of the Buffalo Field Office of the FBI.

U.S. Attorney Terrance P. Flynn said Internet child pornography is a continuing act of child abuse committed by those who not only produce the images but also possess and exchange them. "[The children] are being abused time and time and time again because the picture is not destroyed," he said.

Bennett said the Buffalo office was one of the first 13 offices nationwide to institute the Innocent Images National Initiative to target those involved in the online sexual exploitation of children. Since 2002, more than 400 arrests have been made, she said.

The dozen federal cases announced in the roundup Thursday included the following individuals: Richard Bozmoff, 39, of Warren, Ohio; Bruce Bremer, 49, of Buffalo; Vincent A. Carney, 44, of North Tonawanda; Allen F. Dise, 47, of Albion; Richard Harrold, no age listed, of North Carolina; Richard Lamphere, 34, of California; Edward Keef, 37, of the Town of Tonawanda; Nathan Littlefield, 32, of Massachusetts; Thomas Powers, 47, of Lockport; Hans Sterzelbach, 64, of Grand Island; William J. Swiat, 21, of Cheektowaga; and Lloyd Thomas, 58, of Akron.

Most face sentences of up to 20 years in prison. Others face up to 10 or 30 years, depending on their crimes.

Dise, a former Buffalo News employee in the editorial graphics department, initially came to the attention of law enforcement authorities in February when he provided a co-worker with what he thought was a blank compact disk. The disk was found, however, to contain sexually explicit images of young girls. The FBI reported Dise had more that 100 images believed to be child pornography. His case was referred to federal authorities for prosecution. Dise faces up to 10 years in prison, a $250,000 fine and lifetime supervision.

His attorney, Mark J. Mahoney, said he was "very disappointed" that authorities are pursuing Dise's case federally, rather than by a state prosecution. He said Dise faces a much longer potential prison term because the case is being pursued federally.

"If he was a producer of child pornography, I could understand this decision," Mahoney said. "But [prosecutors] know there is no indication that he did anything but look at pictures that were free for him to obtain over the Internet."

Bozmoff, a 17-year Army veteran who ran a private consulting business, pleaded guilty Thursday to transporting child pornography and faces five to 20 years in prison, a $250,000 fine and lifetime supervision.

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Bozmoff sent several videos of prepubescent children engaged in sexual conduct to undercover FBI agents and admitted to possessing more than 300 images on his computer, including some of minors under age 12 and others depicting sexual acts "readily capable of inflicting pain upon the children," authorities reported.

Both Flynn and Bennett encouraged parents, teachers and the public to learn more about the sexual exploitation of children in order to protect children from predators, and urged them to contact the FBI with any information at 856-7800. The FBI will hold a free Cyber Safety community forum at 7 p.m. Thursday in the University at Buffalo Center for the Arts.

Staff reporter Dan Herbeck cxontributed to this story.

Man To Be Arraigned On Child Porn Charges (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, October 2, 2006

A Brea man has been arrested on suspicion of possessing child pornography, officials said Friday.

Theodore Allen Jedinak, 55, was in federal custody in Santa Ana and set to be arraigned Monday after authorities found numerous pornographic images and videos of minors on his home computer, according to the FBI.

The material came to the bureau's attention, an agency statement said, after Jedinak engaged in the "initial stages" of a relationship with an unidentified individual he met online. After being shown multiple videos of minors engaged in sex acts, the statement said, the individual called Brea police, who contacted federal officials.

Jedinak was taken into custody this week at a relative's home in Chino.

Illinois Man Sentenced For Molesting Teen (PHI)

The Philadelphia Inquirer, October 2, 2006

MISSOULA, Mont. - An Illinois man was sentenced to five years in prison after pleading guilty to interstate transportation of a minor and engaging a boy in a relationship that included sexually explicit Internet communication.

Stephen Quinn, 45, of Harwood Heights, Ill., was sentenced Friday by U.S. District Judge Donald Molloy.

The FBI began investigating Quinn in 2005, about two years after he made contact with the boy in a gay chat room on the Internet.

Prosecutors said that in July 2004, Quinn traveled to Montana and engaged in sexual activity with the boy, then 16. The next month, Quinn flew the juvenile to Illinois and then drove him to Wisconsin, where they attended a concert and engaged in sexual activity.

Wisconsin's legal age of consent is 18 and Illinois' is 17.

Prosecutors said that in October 2004, Quinn visited the juvenile in Montana and purchased several items for him, including alcohol.

On May 6, 2005, Quinn called the juvenile's mother to say the boy had been luring older men on the Internet for sex. Eleven days later, Quinn spoke with the boy's mother in a conversation recorded by the FBI.

The FBI also obtained threatening e-mails, text messages and recorded phone calls from Quinn to the boy.

Augustine's Husband Charged In Her Death (RGJ)

By RAY HAGAR And MARTHA BELLISLE, RENO GAZETTE-JOURNAL

Reno Gazette-Journal, October 2, 2006

Reno police arrested critical-care nurse Chaz Higgs on Friday in Hampton, Va., on a warrant charging him with first-degree murder in the death of his wife, former State Controller Kathy Augustine.

The arrest was made after police received a toxicology report from the FBI indicating the presence of succinylcholine, a powerful paralyzing drug, in her urine. The drug paralyzes muscles in the body within several minutes, including the muscles used for breathing, according to medical experts.

Police also used as evidence a phone call from a nurse who said Higgs allegedly told her on July 7 that accused Reno murder suspect Darren Mack had been "stupid" to have killed his wife the way he allegedly did, and said if he wanted to kill someone, he would use the undetectable drug succinylcholine.

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Augustine, 50, was taken to Washoe Medical Center the next day after Higgs said she had suffered a massive heart attack in their Reno home. He said the heart attack was brought on from the stress of political campaigning. Augustine, the only Nevada constitutional office ever to be impeached and convicted, was running as a Republican for state treasurer.

Augustine died three days later at the hospital, now called Renown Regional Medical Center.

"It's like losing my mother a second time," Augustine's daughter, Dallas, said. "I'm very angry at the fact that she could be standing here with us today if this had not happened."

Some members of Augustine's family called for the death penalty if Higgs is found guilty.

"I realize that this has to go to a jury, but clearly in my mind, he has killed my sister," said Phil Alfano of Turlock, Calif., Kathy Augustine's brother.

Augustine's stepson, Greg Augustine of Thousand Oaks, Calif., said he is considering asking Clark County officials to perform an autopsy on the body of Augustine's former husband, Charles Augustine, because of the toxicology results.

Higgs, who worked at Carson Tahoe Regional Medical Center at the time of his wife's death, was the critical-care nurse for Charles Augustine in Las Vegas when he died of a stroke in 2003 at the age of 63.

Kathy Augustine and Higgs were married about three weeks after Charles Augustine's death.

"It would be irresponsible of me not to look into the option that he (Higgs) played a part in my father's death," Greg Augustine said. "He (Charles Augustine) was a good guy and he didn't deserve that."

Contributing to police suspicions was a call just after Augustine's death from a traveling nurse who had worked with Higgs at Carson Tahoe Hospital on July 7, according to the arrest warrant affidavit filed by Reno homicide Detective David Jenkins.

She said Higgs had referred to Mack "" a Reno pawn shop owner charged with fatally stabbing his estranged wife, Charla, in June "" and said that Mack was "stupid" to allegedly kill her "in the manner he had. He said if he wanted to kill someone, he would use the drug succinylcholine," the affidavit said.

"Mr. Higgs allegedly told her that he was currently having marital difficulties with his wife and that he intended on ending his relationship with her," the affidavit said.

The nurse did not think twice about the remarks until learning that Augustine was found unconscious in her home, Jenkins said.

Dr. Ellen Clark, who performed an autopsy on Augustine, reported that "she did find evidence of a suspicious needle injection injury on Ms. Augustine's buttock and that the medical records generated during Ms. Augustine's treatment and hospitalization did not account for that injection site," the affidavit said.

Reno police Lt. Jon Catalano said a search of Augustine's home after her death did not find succinylcholine or any syringes containing the drug. But police did find a drug that was similar to the paralyzing agent.

Higgs can waive his extradition to Nevada, and he can return quickly, Catalano said. Or he can fight extradition, and it would take about 10 days for a governor's warrant, he said.

Family members were suspicious of Higgs soon after Kathy Augustine died, they said.

"We were suspicious from day one," said Augustine's cousin, Dion Gazzaruso, of Sylmar, Calif.

Higgs tried to slit his wrists three days after his wife's death at their home in Las Vegas. Higgs did not attend his wife's funeral the day after his attempted suicide or her subsequent memorial service in Carson City.

Higgs never returned to work at Carson Tahoe Medical Center after Augustine's death, a hospital spokeswoman said. While employed at Carson Tahoe Medical Center, Higgs would have had access to succinylcholine, a spokeswoman said.

Higgs left Nevada to live with his father and stepmother in Hampton, Va., after Augustine's death. The FBI met Higgs on Friday as he pulled into his brother's driveway in Hampton, Va., and held him until local law enforcement officials arrived for the arrest, Catalano said. Two Reno police detectives flew out to Virginia to assist in the arrest, Catalano said.

Dallas Augustine called authorities to help Higgs after finding him following his suicide attempt.

"I found him and at that point was standing by my belief of innocent until proven guilty," she said, adding, "But now we have conclusive evidence to go on."

Augustine's brother said he hopes Higgs confesses to murder.

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"I may be naive in wishing this, but I hope Chaz comes clean and spares us the additional grief of going through a trial and spares my parents that grief," said Alfano, who is a high school principal in Modesto, Calif.

The Nevada Assembly impeached Augustine in August of 2004 for using state staff for her 2002 re-election bid. The state Senate convicted her and censured her on one violation. She was acquitted of using a state computer and staff to help her campaign. She kept her job as controller but was fined $15,000 by the state Ethics Commission.

Augustine's name remained on the primary election ballot because state officials did not have time to remove it after her death for the Aug. 15 election. Augustine received 18.64 percent of the votes in the primary, or 26,391 votes statewide. After her death, she was endorsed by two conservative groups, Liberty Watch of Nevada and the Citizen Outreach political action committee.

If Augustine had won the primary, the Nevada Republican Party would have been allowed to choose a new candidate, according to the Nevada Secretary of State's Office.

The Associated Press contributed to this report.

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DEATH OF NEVADA CONTROLLER: Husband Arrested (LVRJ)

By BRIAN HAYNES, GLENN PUIT And ED VOGEL, REVIEW-JOURNAL

Las Vegas Review-Journal, October 2, 2006

Authorities say powerful paralyzing drug was administered to kill Augustine in July

Chaz Higgs spoke of committing the perfect crime.

If he wanted to kill somebody, he told a fellow nurse in July, he would use a paralyzing drug that he believed would go undetected after death, according to a police report.

The next morning his wife, state Controller Kathy Augustine, was rushed to a Reno hospital. She never regained consciousness, and three days later she was dead.

Higgs, 42, a critical care nurse at Carson-Tahoe Hospital, told police and media that Augustine had suffered a heart attack. But it wasn't long before the whispers started.

The couple's relationship was on the rocks, and she was talking about divorce, people said. He didn't seem to grieve like a loving husband would. She was in perfect health.

The whispers didn't stop until Friday, when authorities arrested Higgs in Hampton, Va., on charges of first-degree murder in Augustine's death.

Reno police said Augustine died after being injected with succinylcholine, a powerful muscle relaxant and paralyzing agent often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

It was the same drug Higgs had mentioned to his co-worker, police said, one that has been frequently used by medical workers to commit murder.

For Phil Alfano, Augustine's brother, the arrest confirmed suspicions that had been simmering since Augustine was hospitalized.

"You know how it is with a relative," he said. "You don't want to say things. But things with him bothered me."

The arrest also renewed interest in the death of Augustine's former husband of 17 years, Charles Augustine, who died in 2003 at Sunrise Hospital and Medical Center. Higgs had taken care of Charles Augustine at the hospital, and three weeks after he died Higgs and Kathy Augustine married in Hawaii.

Clark County District Attorney David Roger said Friday evening he had been in contact with both Washoe County authorities and Las Vegas homicide investigators regarding the Augustine case and in particular, the fate of her former husband. He said he will meet with Las Vegas police Monday to discuss whether the body of Charles Augustine should be exhumed.

Greg Augustine, Kathy Augustine's 36-year-old stepson, has hired Las Vegas lawyer Dominic Gentile to ask authorities to investigate his father's death. Greg Augustine had said he wanted his father's body exhumed if investigators found foul play in his stepmother's death.

"It would be irresponsible for me not to do this for Dad," he said. "He did suffer a stroke, but he was getting better."

Dr. Cyril Wecht, one of the nation's most respected medical examiners, said he believes Charles Augustine's body must be exhumed and screened for succinylcholine.

"I think they've got to in light of the facts of this case," Wecht said. "I would."

Kathy Augustine seemed to be in perfect health before she was rushed to Washoe Medical Center the morning of July 8.

Higgs had called 911 about 6:30 a.m. from the couple's Reno home. He told police he had found Augustine in bed, unconscious and not breathing.

At a news conference, Higgs told reporters that Augustine had suffered a heart attack.

But during Augustine's autopsy, medical examiners found no evidence of heart disease that could trigger a sudden heart attack. They did find a mysterious needle mark on her buttocks that could not be explained, according to a Reno police report.

As suspicions about Higgs grew in the days following Augustine's death, he proclaimed his innocence.

"I loved this woman who died, and now there is all this (expletive) coming up," Higgs told the Review-Journal. "It is just crazy for people to assume I had something to do with it. I asked for the autopsy. I want to clear it up. My wife was a healthy 50-year-old woman who dropped dead. I want to find out what happened. People don't know what went on in our home. She was frazzled and stressed out."

A day after speaking with the newspaper, Higgs slashed his wrists in the Las Vegas home he had shared with Augustine. He was released from a local hospital later that day and didn't make another public statement. He also did not attend her funeral the next day.

Meanwhile authorities sent Augustine's urine sample to the FBI forensic lab in Quantico, Va., for analysis. Among the substances the lab began looking for was succinylcholine, the substance Higgs had mentioned to a fellow nurse the day before Augustine lost consciousness, police said.

The nurse called Reno police the day Augustine died and relayed the conversation with Higgs.

The nurse said Higgs mentioned Darren Mack, who is charged with shooting his wife to death and shooting a family court judge in Reno, the police report said.

Higgs called Mack "stupid" and said he would use succinylcholine if he wanted to kill someone because it was undetectable after death, the report said. Higgs also told the nurse he was having marital problems and planned to end the relationship, according to the report.

The nurse's tip was key because succinylcholine isn't usually included in routine toxicology tests, and only specialized labs can detect it. Investigators would have to suspect its use and order a specific toxicology test to detect it in the blood or urine, Wecht said.

"You have to be thinking of it and looking for it, or it's not going to show," Wecht said.

Succinylcholine is commonly used in the operating room, but if someone is given succinylcholine and they are not given a mechanism to breathe -- such as a breathing tube -- then the patient can die, said Las Vegas anesthesiologist John Brouwers.

"You have to breathe for them," Brouwers said. "The breathing muscles become paralyzed, and you can't breathe for yourself."

Succinylcholine is a controlled drug, meaning you can't just get it anywhere. It is usually found only in a medical or hospital setting.

If an individual is given the drug without an accompanying barbiturate or anesthetic, he or she would remain conscious and unable to communicate while dying.

Reno police received the FBI's test results on Wednesday. They confirmed the presence of succinylcholine in Augustine's urine.

Police got an arrest warrant for Higgs the same day and sent two detectives to Hampton, Va., where Higgs had been visiting relatives for about a month, Reno police Lt. Jon Catalano said.

Authorities sealed the warrant because they didn't want Higgs to learn of it, he said.

"We believed Chaz was a flight risk and, based on what happened in Las Vegas, a suicide risk," Catalano said.

FBI agents staked out Higgs' brother's house Friday and arrested him about 2:50 p.m. Pacific Daylight Time when he pulled into the driveway, he said.

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Higgs was booked into the local jail, where he awaits an extradition hearing before he can be transported to Northern Nevada.

A Navy veteran, Higgs had no criminal record but twice filed for personal bankruptcy when he lived in the East. He has a 10-year-old daughter from a previous marriage.

Augustine's daughter, Dallas Augustine, said Higgs' arrest "brought up the whole grieving process all over again."

"Two months ago I was faced with my mom's death, and that was completely devastating. Now I have to deal with the fact that my stepfather is being charged with her murder," she said during a brief statement to the media outside her mother's Las Vegas home.

Greg Augustine said he and other family members had been "cautiously suspicious" that Higgs was responsible for his stepmother's death and didn't believe she died from a stress-related illness.

She might have been in the middle of a political campaign for state treasurer, but she had survived being the only elected official to be impeached in Nevada. In November 2004, the Assembly unanimously impeached Augustine on charges she used her office staff and equipment for her re-election campaign.

She was censured but allowed to keep her office.

She was running for treasurer this year because term limits prevented her from running again for controller.

Alfano, Kathy Augustine's brother, said the family wonders what motive Higgs might have had to kill his wife.

"It is a question we all are asking," said Alfano, a Modesto, Calif., high school principal. "We can't get inside his head. I am confident it all will come out."

Alfano, who is the administrator of Augustine's estate, said her homes in Reno and Las Vegas, as well as a $500,000 annuity, were left to Dallas Augustine.

Higgs only received the couple's motor vehicles and some sports equipment, he said.

Alfano said Augustine drew up her will in 2004 and Higgs might not have known that he would receive little when she died.

He said Augustine did not have a $1 million insurance policy, which some media outlets have reported.

"Their relationship seemed strange to us from the very beginning," Alfano said. "My hope is he does the right thing and owns up to his crime. I hope he spares my family additional grief."

Dallas Augustine said she had no reason to suspect Higgs until Friday.

"I was firm with my believing that everyone is innocent until proven guilty, and now we have the evidence to go on," she said.

"Now he can rot."

Review-Journal staff writer Lynnette Curtis contributed to this report.

Late Nevada Controller's Husband Charged With Her Murder (AP)

By Scott Sonner, ASSOCIATED PRESS

AP, September 29, 2006

RENO, Nev. (AP) - The husband of the late Nevada Controller Kathy Augustine was arrested in Virginia on Friday on a charge of killing her with an apparent injection of a paralyzing drug.

Chaz Higgs, 42, was arrested in Hampton, Va., on a warrant issued in Reno charging him with first-degree murder, Reno police spokesman Steve Frady said. Higgs apparently was driving there to visit his father and stepmother, who live there, investigators said.

The warrant was issued Wednesday afternoon, just hours after a coroner's autopsy and results of FBI toxicology tests showed evidence of the drug succinylcholine in Augustine's system. Police described the drug as a "very powerful paralytic."

The warrant and test results had been kept secret until Reno police announced Higgs' arrest Friday afternoon.

"It had become a criminal investigation at that point and everything was sealed," Frady told The Associated Press.

Augustine, 50, died at Washoe Medical Center in Reno on July 11, three days after Higgs, a critical care nurse at Carson-Tahoe Regional Medical Center, said he found her unconscious in their Reno home.

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A police affidavit filed in court on Friday states that Higgs had access to the drug and to syringes at his job, and had told another nurse - the day before he called authorities to say that his wife was unconscious - that he would use the drug if he wanted to kill someone because it was undetectable.

According to the affidavit, the coworker said Higgs also stated he was having marital troubles and "intended on ending his relationship" with Augustine.

Higgs told the media that Augustine died of a massive heart attack. But the affidavit says an initial examination "had not revealed evidence of heart disease that would have typically been associated with a sudden and unexpected heart attack."

The document also says a doctor who conducted an autopsy found "a suspicious needle injection injury on Ms. Augustine's buttock."

Three days after Augustine's death, Higgs tried to commit suicide. He was released from a hospital later that day, and didn't attend his wife's funeral the following day.

Augustine's brother, Phil Alfano, said family members had been suspicious of Higgs all along.

"We're saddened but we're not surprised," Alfano said Friday in commenting on Higgs' arrest.

"There were a lot of things that we saw in terms of his behavior during her hospitalization and obviously during the funeral and afterward that made us very suspicious," he told AP.

"At this point we just hope that he does the right thing and cooperates with the police and spares us any additional grief," he said.

"I hope that he rots," Augustine's daughter, Dallas, told AP. She had called authorities to help Higgs after finding him following his suicide attempt.

"I found him and at that point was standing by my belief of innocent until proven guilty," she said, adding, "But now we have conclusive evidence to go on."

"It's like losing my mother a second time," she said. "I'm very angry at the fact that she could be standing here with us today if this had not happened."

Higgs had been the nurse for Augustine's previous husband, Charles Augustine, who died three years ago in Las Vegas. His death certificate says he died of complications from a stroke. Three weeks after her husband's death, Kathy Augustine married Higgs in Hawaii.

Greg Augustine, Kathy Augustine's adult stepson, had said he wanted his father's remains exhumed and an autopsy conducted if the FBI determined Kathy Augustine didn't die of natural causes.

On Friday, Greg Augustine told KVBC-TV, Las Vegas, "It would be irresponsible if I didn't look into my father's death." He added that news of Higgs' arrest "reopened a wound" for his family.

Frady said it would be up to Las Vegas Metro police to reopen the Charles Augustine case. A Metro spokesman had no immediate comment on Friday.

"That would be something our homicide detectives along with detectives from Reno would handle," said Jose Montoya, the department's public information officer.

Frady said a media briefing would be held Monday in Reno to discuss Higgs' arrest. He added that Higgs had been on the East Coast off and on since his wife's funeral.

"The investigators were aware of his locations. That is one of the reasons we moved when we did," he told AP.

FBI agents pulled Higgs over while he was in a vehicle in Hampton on Friday then waited for Hampton police to arrive on scene, Frady said.

"They confirmed the warrant and Hampton police made the arrest. The FBI has been involved for some time. It was a good cooperative effort," Frady said.

Hampton Police Cpl. Allison Good confirmed they arrested Higgs about 6 p.m. She said the FBI had told them he was in the area and described his vehicle. She said she did not know if Higgs was driving or was a passenger or if he was visiting relatives.

Nevada authorities were interviewing Higgs Friday evening, she said.

Higgs has vehemently denied having anything to do with his wife's death. The night before attempting suicide, he told the Las Vegas Review-Journal that he welcomed the police investigation.

"My wife was a healthy 50-year-old woman who dropped dead. I want to find out what happened," Higgs said. at the time. "People don't know what went on in our home. She was frazzled and stressed out."

Investigators said that medical experts told them that the drug found in Augustine's system - pronounced SUCK-suh-COH-leen - paralyzes muscles in the body within several minutes, including the muscles used for breathing. The drug is used in hospital operating rooms, emergency rooms and intensive care units to facilitate placement of breathing tubes in patients, they said.

"It's normally either injected or ingested but the information we have on how she received it has not been made public," Frady said.

Augustine was still alive when Higgs' coworker tipped police to his comments about the drug, according to the affidavit.

Detectives then worked with the Washoe County Coroner's Office and Washoe Medical Center personnel to ensure that biological samples would be available for toxicology testing in the event of her death, Frady said.

Augustine was first elected in 1992 as a Republican state assemblywoman. She became state controller in 1999.

She was impeached by the Assembly and convicted by the Senate for using state equipment on her 2002 campaign, and was censured but not removed from office. Political leaders including Republican Gov. Kenny Guinn called for her to step down, but she refused.

She was running for state treasurer when she died. Elections officials didn't have time to remove her name from last month's primary ballot, creating a potentially embarrassing situation for the state had she won, but Republican voters chose Las Vegas businessman Mark DeStefano.

Associated Press writer Brendan Riley in Carson City contributed to this report.

Injection Killed Nev. Controller, Police Say (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, October 2, 2006

The official's husband is charged with murder. Her death had been blamed on heart attack.

The husband of late Nevada State Controller Kathy Augustine was arrested Friday and charged with murdering her by injecting her with a paralytic drug, Reno police said, the latest in a series of wild developments that has riveted the state.

Chaz Higgs, 42, a bodybuilder turned nurse, was arrested near his father and stepmother's home in Hampton, Va., said Reno police spokesman Steve Frady.

A first-degree murder warrant for Higgs' arrest had been issued late Wednesday after an FBI toxicology test found a paralytic drug in Augustine's body.

Augustine, 50, died July 11 from what Higgs, who was a critical-care nurse at Washoe Medical Center in Reno, said was a massive heart attack three days earlier.

But authorities found no evidence of heart disease in an autopsy, and many of her friends and family members had suspected Higgs.

"Ever since this happened, we have been cautiously suspicious of Chaz," said Larry Augustine, the controller's stepson and the son of her second husband, Charles Augustine.

"His explanation didn't make sense," Augustine said by telephone from his brother's home in Thousand Oaks. "This was a healthy, vibrant woman, who actually thrived on the stress of her job."

A release issued by the Reno police said that the drug found in Augustine's body, succinylcholine, "paralyzes muscles in the body within several minutes, including the muscles used for breathing.

"It has no effect on consciousness or pain perception," the release added, "so unless sedatives are also introduced, an individual given succinylcholine will be paralyzed and awake while they are dying."

Augustine, a onetime flight attendant who became an assemblywoman and state senator from Las Vegas and then controller, was censured by the Legislature after her 2004 impeachment and conviction for using state resources to campaign.

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Resisting calls from the governor and other fellow Republicans to step down, she planned to serve out her term and announced a run this year for state treasurer. In the GOP primary last month, after her death, she received more than 26,000 votes, coming in second.

News of the arrest, Larry Augustine said, was a "punch in the gut" to the family, but it also "confirmed our suspicions."

Charles Augustine died several weeks after he suffered a stroke in 2003. One of his critical care nurses was Higgs.

Charles Augustine's family had believed he was recovering from the stroke and had expressed suspicions about Higgs having had a possible role in the death.

Just three weeks after he died — leaving Kathy Augustine a Las Vegas home and a $1-million life-insurance policy, according to news reports — she took a trip to Hawaii and brought Higgs along. Friends were surprised when she returned and announced their marriage — her third, his fourth.

Higgs had blamed what he termed Augustine's heart attack on the corruption ordeal — a theory offered just before he slit his wrists in an unsuccessful suicide attempt shortly after her death.

He was released from the hospital the same day but did not attend his wife's funeral the following day.

Kathy Augustine's brother, Phil Alfano, told the Associated Press on Friday that family members were "saddened but not surprised" to hear of the arrest.

"There were a lot of things that we saw in terms of his behavior during her hospitalization … that made us very suspicious," Alfano told AP, referring to the three-day period between her sudden collapse at home and her death.

"At this point," Alfano said, "we just hope that he does the right thing and cooperates with police and spares us any additional grief."

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Nevada Fugitive Found In Hampton (DPHR)

By Shawn Day 247-4816

Daily Press, October 2, 2006

Police detained Chaz Higgs, who is accused of killing his politician wife, Controller Kathy Augustine.

HAMPTON -- A Nevada man wanted on suspicion of killing his politician wife this summer was arrested Friday evening in Hampton.

Chaz Higgs, 42, had just parked along Cavalier Road and stepped out of a black BMW at about 6 p.m. when Hampton police and FBI officials took him into custody, Hampton Police Cpl. Allison Good said.

Police in Reno, Nev., had issued an arrest warrant late Wednesday for Higgs.

An autopsy and toxicology report performed on his wife, Nevada state Controller Kathy Augustine, revealed a drug in her system when she died in a Reno hospital's intensive care unit July 11.

The drug, succinylcholine, relaxes the muscles - including those used for breathing - and is used in hospitals to help place breathing tubes in patients. The drug's effects can occur within minutes.

Higgs, a critical care nurse, reported that his wife suffered a heart attack at their Reno home on July 8. An autopsy cast doubt on Higgs' report, however, when no signs of heart disease were discovered during the exam.

Police said the 50-year-old Augustine appeared healthy and had no history of heart problems. Investigators also received an anonymous tip that Augustine's death might not have been accidental.

Higgs has denied being involved in his wife's death. He tried to kill himself three days after Augustine died, according to news reports, but was released from the hospital the day before her funeral. He didn't attend the service.

Higgs had been the nurse for Augustine's previous husband, Charles Augustine, who died three years ago in Las Vegas.

His death certificate says he died of complications from a stroke.

Three weeks after her husband's death, Kathy Augustine married Higgs in Hawaii.

A controversial figure in Nevada politics, Augustine, a Republican, was running for state treasurer when she died. She became state controller, or chief fiscal officer, in 1999.

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She was later impeached - and convicted - for using state equipment during her 2002 re-election campaign. Her punishment included a censure, and Republican leaders called on her to resign but she refused.

Steve Frady, a spokesman for Reno Police Department, said Friday that investigators from his department had been working with the FBI and Hampton police after learning Higgs was visiting family in Hampton.

They also learned the descriptions of vehicles that Higgs might be driving or riding in, which led them to Cavalier Road about 6 p.m., Frady said.

Reno police detectives spent several hours questioning Higgs at Hampton's police headquarters.

Shortly after 9 p.m., police took Higgs to the Hampton City Jail, where he was booked as a fugitive.

The Associated Press contributed to this report.

Offending The Law (LAT)

The Los Angeles Times, October 2, 2006

CALIFORNIA ALREADY HAS some of the toughest sex-offender laws in the country. Late last month, Gov. Arnold Schwarzenegger signed a batch of new ones, including measures increasing prison terms for most convicted offenders and barring them from loitering near schools and parks once they're released. Now comes Proposition 83, known as Jessica's Law, which would duplicate many of those measures while adding several costly and questionable features that would do little to reduce crime. Californians should resist letting fear and emotion trump reason and vote no.

The new state laws strengthen all sentences for child rape to 25-years-to-life, elevate possession of child pornography from a misdemeanor to a felony and extend parole for violent sex felons to 10 years.

Proposition 83 includes nearly identical provisions but goes a few disturbing steps further. It would require registered sex offenders to wear electronic monitoring devices for life, regardless of the offense or the likelihood of recidivism. The proposition would also prohibit ex-offenders from living within 2,000 feet of schools, parks and other locations chosen by local governments.

These may sound like effective crime prevention tools, but they wouldn't be. Most evidence shows satellite tracking devices don't reduce sex crimes. The program could cost tens of millions of dollars a year when fully implemented, possibly more. The housing restrictions would make it effectively impossible for parolees to find homes in most California cities, pushing them into rural areas or underground.

The proposition also fails to define just who it would cover. Backers say it would apply only to newly released offenders, but the writing is vague enough that it could retroactively apply to all of California's 90,000 registered sex offenders, increasing the costs of administering the program. Proponents say: Don't worry, the Legislature can clarify the law with a two-thirds vote. But that's an excellent argument for having lawmakers deal with the issue in the first place.

Sex offenders prey on the most innocent and vulnerable among us, and they have rightly been the target of much tough-on-crime legislation. They pose some of the most difficult challenges to an open society. But Proposition 83 isn't the answer.

CIVIL LAW:

Ex-hospital Owner Ordered To Pay $64 Million (CHIT)

By Bruce Japsen, Tribune Staff Reporter

Chicago Tribune, October 2, 2006

Judge: Peter Rogan knew of fraud scheme

In one of the largest civil health-care fraud judgments in Chicago history, a federal judge Friday ordered the one-time owner of Edgewater Medical Center to pay more than $60 million for his role in engineering a massive fraud scheme to bilk government health programs.

U.S. District Judge John Darrah ordered Peter Rogan of Valparaiso, Ind., to pay $64.2 million in damages and penalties, saying he had a key role in engineering an elaborate kickback scheme that paid doctors and others to admit patients for unnecessary care from the mid-1990s through 2000.

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"This is the largest civil fraud judgment--not even just health care--in this office," said Linda Wawzenski, deputy chief of the civil division of the U.S. attorney's office in Chicago. "We are pleased with the ruling. The judge found that the government's witnesses were credible, even those that are currently serving jail time, and he found that Mr. Rogan was not credible."

While four doctors and a vice president went to prison in a health-care fraud investigation that led to the shuttering of Edgewater Medical Center in 2002, Rogan faced no criminal charges.

Five who worked at the hospital pleaded guilty for their roles in luring homeless or elderly people and others into the North Side hospital at 5700 N. Ashland Ave. for medical care they did not need.

During the three-week civil trial in April, government attorneys called the case "a long-overdue day of reckoning for Mr. Rogan."

In his 64-page opinion and order Darrah said Rogan knew of the scheme and made efforts to conceal his role, citing conversations Rogan had that were taped by physicians cooperating with the FBI. Rogan told his fellow managers he "smelled a rat" and said he would be on guard when talking to physicians he believed were taping his conversations, the judge's order says.

"The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims," Darrah said in his order.

Neither Rogan nor his attorneys, Neil Holmen and Joseph Spiegler of Chicago law firm Winston & Strawn, could be reached Friday night for comment.

In earlier interviews and court proceedings Rogan has refused to take any of the blame for the collapse of a hospital that critics say has cost taxpayers tens of millions and a French bank more than $50 million.

Rogan, 60, quietly turned around Edgewater Medical Center in the early 1990s and, along the way, made himself millions on various deals tied to owning and selling the facility and then maintaining a paid management role with it.

A one-time health-care consultant at the former Ernst & Whinney, later Ernst & Young, Rogan bought Edgewater in 1989 for $1 million plus assumption of nearly $10 million in debt and liabilities. Edgewater's board wanted to get out from under the hospital's troubles and sold it to Rogan, who ran it as his own for-profit hospital for six years.

In 1994 Rogan sold the hospital to California-based, not-for-profit Permian Health Care Inc. for $35 million. Of that, public records show, Rogan got $31 million. In court his lawyers said he got more than $10 million.

Rogan and his lawyers did not deny he made a lot of money. In fact, the lawyers said, because he made so much money he had no reason to be involved with a fraud scheme at the facility.

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Judge Orders Ex-hospital Owner To Pay $64.2 Million For Fraud Scheme (BVND)

The Belleville News Democrat, October 2, 2006

CHICAGO - A federal judge has ordered the former owner of a now-shuttered Chicago hospital to pay $64.2 million in damages and penalties for his role in a scheme to bilk government health programs.

Peter Rogan was a key player in the fraud at Edgewater Medical Center on Chicago's North Side, U.S. District Judge John Darrah said in a 64-page opinion issued Friday.

"This is the largest civil fraud judgment - not even just health care - in this office," said Linda Wawzenski, deputy chief of the civil division of the U.S. attorney's office in Chicago. "We are pleased with the ruling. The judge found that the government's witnesses were credible, even those that are currently serving jail time, and he found that Mr. Rogan was not credible."

Rogan, 60, did not face criminal charges for the scheme, which paid doctors and others to admit homeless or elderly people for unnecessary care from the mid-1990s through 2000. Four doctors and a vice president went to prison and the hospital closed in 2002.

Rogan, of Valparaiso, Ind., did not immediately return a telephone message Saturday from The Associated Press. His attorneys also did not return calls for comment left after business hours.

Rogan knew of the scheme and tried to conceal his role, Darrah said, citing taped conversations Rogan had with doctors who cooperated with the FBI.

"The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims," Darrah said.

Rogan bought Edgewater in 1989 for $1 million plus assumption of nearly $10 million in debt and liabilities. In 1994 he sold the hospital to Permian Health Care Inc. for $35 million.

Rogan's attorneys have argued that because of his wealth, Rogan had no reason to be involved in a fraud scheme.

During a three-week civil trial in April, government attorneys called the case "a long-overdue day of reckoning for Mr. Rogan."

CIVIL RIGHTS:

Va. Ban's Reach Is At Center Of Fight (WP)

By Chris L. Jenkins

The Washington Post, October 2, 2006

Backers of a state constitutional amendment that would ban same-sex marriage contend that the measure wouldn't change life for Virginians, gay or not, one iota.

So why are they asking voters to alter the state's 230-year-old Bill of Rights -- a document that served as a model for the U.S. Bill of Rights -- for the first time in a decade?

Supporters say action is needed to protect the commonwealth's laws against same-sex marriage from state judges who could rule that they are unconstitutional, as happened in Massachusetts in 2003 and in Maryland in January when a circuit court judge ruled that a law banning same-sex marriage was discriminatory.

"Nothing will change," said Del. Robert G. Marshall (R-Prince William), one of the amendment's sponsors. "All this would do is prevent the gay rights crowd from gaining any perceived right to marry by going to the courts."

Opponents of the measure vehemently disagree with the notion that the ballot question simply enshrines the status quo for Virginians. They have largely based their campaign on convincing voters that the amendment could have all sorts of unintended consequences, including jeopardizing contracts between unwed heterosexual couples, threatening safeguards for unmarried victims of domestic violence and hurting Virginia's business climate.

What impact, if any, the proposed amendment would have on the everyday lives of Virginians has become the defining issue in the fight over the measure, which will appear on the Nov. 7 ballot. The debate has split lawmakers, legal scholars and some of the state's highest elected officials as the campaign heads into its final stretch over the next five weeks.

The battle reflects those in other states where similar measures have appeared on the ballot. Since 1998, 20 states have passed constitutional amendments banning same-sex marriage. In many of those states, opponents have argued unsuccessfully that the amendments go too far. Several other states are considering measures this fall.

The portion of the Virginia amendment in question states: "This Commonwealth and its political subdivisions shall not create or recognize a legal status for relationships of unmarried individuals that intends to approximate the design, qualities, significance or effects of marriage. Nor shall this Commonwealth or its political subdivisions create or recognize another union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities, or effects of marriage."

Opponents argue that because current law specifically bans "same-sex" couples from such rights and because the amendment says the state should not "recognize a legal status . . . for unmarried individuals" -- without specifying what kind -- it jeopardizes all relationships. They have released their own legal analysis, signed by more than 100 Virginia lawyers, backing their claims.

"One says same-sex couples, the other says unmarried couples -- they don't mean the same thing," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, the organization leading the opposition. "If the General Assembly meant 'same-sex couples' for the constitutional amendment, they would have said 'same-sex couples.' "

Opponents say that the language could ban heterosexual couples from making contracts on health-care decisions and property ownership. Married people get these rights automatically through long-established common law; unwed couples, both

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gay and heterosexual ones, use legal documents to ensure they can will property to a partner or allow the partner, rather than family members, to make end-of-life decisions.

Gov. Timothy M. Kaine (D), who is against same-sex marriage, said the "broad" wording of the measure could threaten protective orders and additional safeguards for unmarried victims of domestic violence by barring all legal recognition of unmarried family or household members. Kaine has also said the amendment has the potential to hurt the state's business environment because it could stymie a company's efforts to recruit talent.

Supporters, including Virginia Attorney General Robert F. McDonnell (R), who voted for the amendment last year when he was a delegate, say the commonwealth is not in jeopardy of having existing laws invalidated. They argue that the right to enter into a contract isn't exclusive to marriage.

"I can't see how a judge would rule that basic rights such as wills and other contracts can be seen only as marital rights," said Lynne Marie Kohm, a professor of law at Regent University in Virginia Beach.

Nonetheless, several legal experts who have studied similar amendments said that, rather than clarifying legal questions, the measure will raise additional ones and that Virginia is sure to face court challenges.

In Ohio, where a similarly worded constitutional amendment was adopted in 2004, two appellate courts have concluded that it exempts unmarried couples from prosecution under domestic violence laws, while eight other courts have ruled otherwise. The matter is now before the Ohio Supreme Court.

"We don't know how far-reaching this type of amendment would ultimately be interpreted by the court. . . . That's the problem with the way this is worded," said Cheryl Lynn Hepfer, president of the American Academy of Matrimonial Lawyers and an expert in contractual law. "Often people don't understand the consequences until the courts interpret it. And sometimes it's interpreted more broadly and sometimes less broadly."

Aside from the legal arguments, opponents have also questioned the motivation of the amendment backers, saying that the ballot measure has been designed specifically to help U.S. Sen. George Allen (R-Va.) drive conservative voters to the polls to win reelection.

"This is a contrived initiative straight from Karl Rove's playbook," said Del. Brian J. Moran (D-Alexandria). "It has nothing to do with marriage and everything to do with partisan politics."

Republican drafters of the amendment point out that dozens of Democrats in the legislature voted to place it on the ballot.

"Opponents are looking for every single nuance to say why we've put this on the ballot," said Del. John A. Cosgrove (R-Chesapeake), another sponsor of the amendment. "All the brouhaha about unintended consequences and any partisan motivations are just scare tactics."

Former Officer Pleads Guilty (JACKPROG)

Jacksonville (TX) Progress, October 2, 2006

TYLER — Pleading guilty to retaliation against a witness and two counts of violation of civil rights, former Jacksonville Police Officer Larry Pugh and his attorneys asked U.S. Magistrate Judge John Love to accept a plea bargain Thursday at the U.S. Federal Courthouse in Tyler.

Love accepted the plea, and the maximum punishment of 12 years in prison will be recommended at a sentencing likely to be held in 45 to 60 days.

“This is a plea bargain only for his (Pugh’s) three federal charges,” said Pete Galbraith, supervisory senior special agent with the Federal Bureau of Investigation during a press conference immediately following the proceedings. “The Cherokee County charges will have to be folded into this.”

Pugh, 33, was originally indicted in 2005 for five counts of violation of civil rights (sexual assault while on duty), and three of the charges were later dismissed. Another violation of civil rights charge was added, along with charges of giving a false statement to an FBI official.

Thursday’s charges included another charge, added in August, after Pugh attempted to drag one of the female witnesses in the case into his vehicle with his belt. The belt broke, allowing the woman to flee and contact JPD.

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Pugh was arrested Aug. 8 for aggravated assault of the woman, which led to the federal retaliation charge (because it was against a witness in a federal case).

Appearing in court, slightly thinner with more hair than his most recent police mug shot in August, Pugh appeared content and observant. Love asked Pugh numerous questions to ensure he understood each court action leading to the final guilty pleas.

"Are you pleading guilty because you are in fact guilty?" Love said.

"Yes Sir," Pugh answered.

According to Pugh he was not forced in any way to accept the plea bargain instead of going to trial in November.

However, Pugh's sister, Linda, and his mother, Jaquita Smith, said Pugh was forced to accept the agreement, which includes the maximum jail time.

"They all had him take the plea for two reasons – his safety and because with a jury he could have gotten 30 years to life for just one charge," Linda said. "There's not a violent bone in his body."

Pugh's mother expressed concern with JPD and the FBI stating the plea occurred "because Jacksonville is just railroading him."

"My son, well you saw his wife, do you think he has any reason to have sex with someone else?" Smith said.

Pugh's wife, Jennifer, and one of the female victims in his case were present at the court proceedings. Jennifer Pugh adhered to the press, but she spoke only briefly. The victim declined comment.

During a press conference at the U.S Department of Defense in Tyler, John Ratcliffe, first assistant U.S. Attorney, and other FBI and law enforcement officials gave a summary of the court proceedings and answered questions.

"More specifically, Mr. Pugh was admitting that on two separate occasions in 2005, while on duty and while in uniform, he forced two different women to have sex with him," Ratcliffe said.

The 12-year prison term includes one year for each civil rights violation and 10 years for the retaliation charge.

"It is unfortunate and sad that someone with law enforcement had betrayed the law. It makes it more difficult for other officers in the area to do their job," Ratcliffe said.

One stipulation in the agreement mentioned the possibility that Pugh not be required to register as a sex offender. However, Cherokee County District Attorney Elmer Beckworth said he believes Pugh may be required by the state to register as a sex offender after he has served his jail time.

Assistant JPD Chief of Police John Page and JPD Detective Travis Cearley were also in attendance. Page said he feels "justice was served."

Page said JPD and the FBI worked together to resolve the case. JPD officials initially investigated the allegations against Pugh, and later contacted FBI.

Pugh joined JPD in January 2003. He was suspended for allegations of misconduct Oct. 21, 2005 and later fired upon his arrest by the FBI in February 2006.

He will remain in custody of U.S. Marshals until his sentencing, Love said.

EX-JACKSONVILLE OFFICER ENTERS PLEA OF GUILTY (TYMT)

By KENNETH DEAN,, Staff Writer

Tyler Morning Telegraph, October 2, 2006

A former Jacksonville police officer accused of violating the civil rights of two women by forcing them to have sex with him while he was on duty, entered a guilty plea in federal court Thursday morning.

The officer's family claims the man is being punished for taking drugs and drug money off Jacksonville streets.

Larry Pugh, 33, pleaded guilty to three counts, including retaliation against one of the female victims, stemming from separate incidents where he allegedly forced women to have sex with him.

"According to evidence introduced by prosecutors, Pugh admitted that on two occasions in 2005, while a Jacksonville police officer, he violated the civil rights of two women by forcing them to have sex with him while he was on duty and in uniform," John Radcliff, U.S. Attorney's Office, said during a Thursday morning press conference.

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Radcliff said in one incident Pugh arrested the woman and then released her after she had sex with him. In the other incident Pugh offered the woman a courtesy ride then took her to a mobile home where he had sex with her then drove her back to her neighborhood.

Pugh also admitted to retaliating against one of the victims because she was cooperating with law enforcement.

"Specifically he admitted that he confronted the woman. Wrapped his belt around her neck and attempted to drag her into his van," Radcliff said. "In doing so the woman suffered physical injuries."

Law enforcement officials said the plea showed the determination of authorities to protect the rights and lives of citizens from officers who use their badge to inflict harm on others.

"No one is above the law and it's unfortunate and sad that someone entrusted to protect the public would use their position to commit a crime against citizens," Radcliff said.

NEW CHARGES

Both Pugh's defense and the U.S. Attorney's Office are recommending a 12-year sentence in the federal system, but that will be left up to the discretion of the judge in the case.

Elmer Beckworth, Cherokee County district attorney, said a grand jury indicted Pugh on state charges Monday, but he would not go into details.

"The indictment is sealed at this time, because we have not arrested him on these charges," he said. "But the grand jury returned a true bill in the indictment we put before them and we will be arresting him soon."

His family said he accepted the plea because defense attorneys were worried a jury might convict him and ask for a tougher sentence.

"He will go in an innocent man and will come out an innocent man," Linda Pugh, the man's sister, said after the plea was entered. "These allegations were made by women who have lengthy criminal records and why their credibility over a police officer was accepted is beyond me."

Ms. Pugh said her brother has four children, ages 5, 3, 2 and 11 months, and that his wife Jennifer is standing by her husband.

"The truth is that he took more drugs and drug money off the streets of Jacksonville, and some in the police department didn't want him doing that," she said. "He was targeted because he was a threat to the Jacksonville drug business."

FBI Special Agent Pete Galbraith said the women were credible and Pugh, by accepting the plea, admitted he committed the acts listed against him.

"We felt the witnesses were credible in this case and we were able to corroborate their statements with evidence," he said. "I am very proud of the courage of these two witnesses in this case, because it's very hard to stand up against someone who is a police officer."

Jacksonville Assistant Police Chief John Page said the plea gave the department and city a chance to heal and move forward.

Page said that when the women reported the incidents to Jacksonville police they began an investigation and took their initial report to the district attorney and the FBI for further assistance in the case.

"We began this investigation and asked for help as it progressed. I think today's events will give the city and the department some closure," he said. "I think with his plea we came to an equitable resolution and the department is moving in a positive direction."

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Former Jacksonville Police Officer Admits Forcing Women To Have Sex With Him (LUFDN)

Lufkin Daily News, September 29, 2006

TYLER — U.S. Attorney Matthew D. Orwig announced Thursday that a 33-year-old former Jacksonville police officer has pleaded guilty to civil rights violations and retaliating against a witness.

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Larry M. Pugh admitted to the charges before a U.S. Magistrate Judge in Tyler, according to a press release issued by Orwig's office.

Pugh admitted that on two occasions in 2005, while a Jacksonville police officer, he violated the civil rights of two women by forcing them to have sex with him while he was on duty and in uniform, according to evidence introduced by prosecutors.

In one incident, he had arrested the woman and then released her after she had sex with him. In the other incident, Pugh offered the woman a courtesy ride, then took her to a trailer house where he had sex with her and then returned her to her neighborhood.

Pugh also admitted to retaliating against one of the women for providing information to law enforcement officials. Specifically, he admitted that he confronted the woman, wrapped his belt around her neck and attempted to drag her into his van. In doing so, the woman suffered physical injuries.

In the plea agreement, Pugh and the United States agreed that he should receive a sentence of 12 years in federal prison. He also faces a fine of up to $450,000. A sentencing date has not been set.

The case is being investigated by the FBI, Cherokee County District Attorney's Office and the Jacksonville Police Department. The case is being prosecuted by Assistant U.S. Attorneys Alan Jackson and Wes Rivers.

From Inmate To Mentor, Through Power Of Books (WP)

By Lonnae O'neal Parker

The Washington Post, October 2, 2006

The young black guys, in baseball caps and shorts, striped polos and slouchy pants, sit in a circle. They have "Letters to a Young Brother" by Hill Harper open on their laps, but the conversation has strayed from book talk to boy talk -- hip-hop, sports, school.

"When I asked, 'Why is everybody white, except the janitors are black?' the teacher sent me to the office," complains 12-year-old Kyle Turner of Columbia, and there are nods and murmurs of assent.

Teachers have it in for us.

"That's rare," counters group leader Reginald "Dwayne" Betts of Clinton. With cocoa skin and a head full of twists, he looks like one of the teenagers, but he's 25. "The thing I'm trying to get us to address is: Sometimes when we've got problems with teachers and people in our lives, sometimes the problem is not with them, it's with us."

He offers his life as parable.

"I had a teacher who honestly, legitimately didn't like me," Betts says. "But I legitimately, honestly was not a likable person."

The boys, ages 11 to 16, nod as they let his words settle around their heads.

In February, nearly a year after he got out of prison, Betts started the YoungMenRead book club at Karibu Books in Bowie because he loves to read. Because he wanted to create a place where it was cool for black boys to hang out, speak up and be smart -- a place he says he never had.

Betts was a 16-year-old honors student and class treasurer at Suitland High School when he carjacked somebody, was charged as an adult and spent more than eight years in prison. He wasn't that bad, he says. He just drifted a bad way, and there simply weren't enough safety nets to head him off -- not enough teachers or organizations, mentors or black men.

Betts knows how easily black boys can live hermetically sealed lives in which guns and drugs and dying are all viable options. And with everything in him, he wants to save them from that mistake, from everything he has been through.Smart but Disruptive

Gloria Hill used to wait every day for her son's teacher from the talented and gifted program to call and say, "Dwayne is trying to take over my class." "This went on until fourth grade," Hill says, when one teacher started making him read whenever he was disruptive. She gave him "Gifted Hands," a biography of surgeon Ben Carson.

Reading kept him quiet, so from then on, teachers and his mother gave him books. On his own, he read cereal boxes and encyclopedia entries on sports heroes. Later it was spiritualist Richard Bach and essayist James Baldwin. Still, nothing fully settled him.

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Betts's parents separated when he was a toddler, and he grew up with his mother, a resource specialist with the Federal Deposit Insurance Corp. They lived in a Suitland neighborhood of apartments that he says was nice but never truly middle class. "Not everybody had a car," he says. "I knew people who sold drugs."

Hill says Betts was her world. But she had to work, and he was home alone a lot. She didn't date, so he had few adult men in his life. In eighth grade, Betts was suspended four times for being a smart mouth. "What are you worried about?" Betts asked his mother after he was suspended a fifth time for setting off a stink bomb. "Malcolm X had to go to prison to become the man he was meant to be."

Hill says her son thought he could talk his way out of anything.

In ninth grade, Betts entered the gifted program at Suitland High School and did just enough to maintain his 3.0 grade-point average, telling himself, I could always get A's if I wanted.

Instead he was getting high with neighborhood friends after classes. They played ball, cracked jokes, smoked weed. "I lived in a couple of different worlds," Betts says -- his books and his boys. "I wasn't comfortable in my space."

Betts had never been in trouble with police, "but I wasn't fully law-abiding, either." He'd never stolen a car, but he'd ridden in stolen cars. He was an honors student who hung out with guys who made nearly all F's. One friend was shot to death because of a drug rivalry. Betts thought some of his friends might go to prison. "I aspired to college even though I didn't act like it," he says.

Betts says he didn't turn bad suddenly, didn't make some Bigger Thomas, "Native Son," black-boy-got-the-inner-city-blues lurch toward violence and nihilism. No, he just veered off, and nobody caught him. "I guess I didn't set off any alarms in anybody's head," he says.

"We really didn't know that side of him that was slipping away," says Evelyn Carter, Betts's high school literature teacher. "He was too smart, too sharp, too articulate."

Early in his junior year, a favorite teacher went on maternity leave, and then another teacher declined to let him compete on the school's It's Academic team, citing Betts's bad attitude. He spent long days in a reefer cloud and cut his afternoon classes.

In December of that year, he and a friend drove a neighborhood junkie's stolen car to Springfield Mall. They found a man asleep in a car. Betts pointed a borrowed pistol at the window. They took the man's wallet and drove off with his car. The next day, Betts and his friend tried to buy $300 worth of clothes at the Pentagon City mall with the man's stolen credit card. A clerk called security. Police caught them near the Pentagon.

Betts cried after his first court appearance. He was going to miss Christmas. At 16, he was charged as an adult with carjacking, use of a firearm during a felony and attempted robbery. He was the first of his neighborhood friends to go to prison.

For years, he struggled to make sense of how he got where he was, moving between denial and acceptance. Carjacking was simply "in my realm of possible things to do," he says. "It's not like we had this plethora of options, not like I could have gone boating."

"Basically," Betts says, "I did it because I wanted to and because I could and because I didn't think it would define me for the rest of my life."Serving Time

In his first two years in prison, Betts spent nearly a year in isolation for twice assaulting a guard. He saw a guy who'd been beaten to death. He saw people get stabbed. He was scared all the time.

"There was the very real fear of violence," he says. He stayed alert and watched what people did.

After a while, an initial fear of rape was replaced by a more subtle fear, informed by the slow creep of time. He worried about turning into somebody he didn't want to be. Would he stab somebody who threatened him or flirted with him? He got so used to seeing violence that he wondered whether he'd wind up too hard to ever really go home.

He turned again to books. He read everything he could get his hands on, fantasy and philosophy. He wrote his mother every week. He started writing essays.

For the first time, he decided he could be whomever he wanted. "There is no more fear of failure after you've been to prison," he says.

He made friends -- a skateboarder and a 45-year-old white former Marine who called him "the antithesis" because he worked in the law library -- and always had a book. He had his first serious conversation with a black man older than 35. He got a

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reputation for being smart, which brought him a measure of respect -- which gave him a space. He taught himself Spanish by studying five hours a day, six days a week.

"I didn't want to sit around and waste eight years," Betts says. He read poetry books and tried his hand at it. "I guess I got good," he says, smiling.

I come from a bullet in an unfired .45, tofu scrambled with garlic and purple onion slices, and every day

the small muscles in my finger threatened to pull

a trigger, slight and curved like my woman's eyelashes

-- Dwayne Betts

The Book Club

In March 2005, Betts was released from prison with little idea of what he wanted to do. He'd completed high school in prison, so he applied to Prince George's Community College.

A few months later, he met Yao Glover, co-owner of Karibu Books. Within seconds, it was clear to Glover that "the way he was dialoguing with literature was different."

Glover told Betts that he should work for him and followed up with a call. In June 2005, Betts was hired as an assistant manager at Karibu in Bowie. "I got three felonies, and this guy is letting me make $3,000 deposits," Betts marvels.

That August, he started community college and made straight A's. In his second semester, he was accepted into the honors academy, which comes with automatic admission and partial scholarships to the University of Maryland and American University, and a full scholarship to Howard University. He got straight A's that semester, too.

He became a manager at Karibu in January. He got the idea for a book club for black boys and started telling everyone who came in the store. For the first meeting, he bought 20 books, copies of "Bronx Masquerade" by Nikki Grimes and "The Legend of Buddy Bush" by Sheila P. Moses. Eight boys showed up. Since then, attendance has varied from four to 20 youths, and titles have included "Life in Prison" by Crips co-founder Stanley "Tookie" Williams, who was later executed, and the Pulitzer Prize-winning "Fences" by August Wilson.

"Young people don't read because they don't see other people they can associate with being cool reading," Betts says. "I've got a space where we can come together."

At the last book club meeting of the summer, Jibril Sinclair, 12, of the Bronx, N.Y., is eager to talk about "Letters to a Young Brother." He visits his grandfather in Northwest Washington every summer and heard about the book club from his tutor. "The idea that young African American men read a book and share their thoughts about it is so very, very positive," says his grandfather, Carl A. Grimes.

Tell me something you related to in the book, Betts says.

"The fact that [Hill Harper] grew up with a single parent, and I'm only growing up with my mom," Jibril says.

Ellington Barron, 13, of Bowie likes the fact that Harper was named after his grandfather. "My mom, she really liked Duke Ellington," he says. "I really want to get into the Duke Ellington School of the Arts."

This is the kind of space Dwayne Betts wanted but never had. He has mentors now: He has interned at the Hurston/Wright Foundation, and he has studied with former poet laureate Rita Dove. He quit the bookstore to focus full time on maintaining his grades and figuring out his next school. Glover counsels him to center himself and stay patient.

Betts is trying to make up time. It takes focus and resources and people to help you develop character, he says -- to grow into "who you want to be in the world."

And, Betts says, it takes a space, where it's really okay, cool even, for black boys to read. He offers his own life as parable.

ANTITRUST:

Weyerhaeuser, Safeco Among Big Businesses On High Court's Docket (AP)

AP, October 2, 2006

WASHINGTON -- The Supreme Court is about to plunge into an agenda laden with business sector issues, including cases involving the Weyerhaeuser Co. and Safeco.

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Of the 38 cases the court has agreed to consider so far in the term that begins today, 17 are business related, "an unusually high fraction," Washington lawyer Roy Englert says.

Chief Justice John Roberts was managing partner of a major law firm that had a very sizable portfolio of business clients and is "comfortable with the issues presented in business cases in ways that Chief Justice William Rehnquist" was not, Pepperdine University law professor Douglas Kmiec says.

The Weyerhaeuser case is one of two antitrust cases set for this term so far. The Bush administration wants the justices to throw out a $79 million verdict against lumber industry giant Weyerhaeuser in a lawsuit brought by a smaller company. At issue is whether "predatory bidding," or paying too much for raw material, is an anti-competitive practice.

In the second antitrust case, the largest phone companies are accused of dividing up the market to protect regional monopolies.

In the realm of consumer rights, two insurance companies are fighting allegations that they should have notified people about adverse information in their credit reports. The consumers say Geico and Safeco denied them insurance or increased premiums based on data in the reports.

Philip Morris USA is fighting an $80 million punitive damage award to the widow of a lung cancer victim who smoked two packs of Marlboros a day.

Duke Energy Corp. is trying to protect its lower court victory enabling aging, refitted generating units to operate at full throttle without costly pollution-control equipment. In this case, the environmental movement is determined to finish a fight begun when the Clinton administration sued Duke.

Companies looking for help from the conservative wing of the court may have their work cut out for them.

For example, liberal Justice Ruth Bader Ginsburg and conservative Justice Antonin Scalia are allies when it comes to punitive damages. Scalia says the issue is "the province of state governments," ominous words for Philip Morris' position.

Court Back In Session With Full Docket (FT)

By Patti Waldmeir In Washington

Financial Times, October 2, 2006

The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases.

Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. “It’s a very important term for business,” says Jonathan Franklin, of the law firm Fulbright & Jaworski.

US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies.

The justices will weigh in on the debate over how to punish corporate wrongdoing by considering whether to tighten limits on punitive damage awards, the big fines levied by juries to protest and deter corporate misconduct that are often out of all proportion to actual damages. The case before them involves a $79m (€64m, £41.5m) award won by the widow of a former smoker against Philip Morris, the cigarette maker.

But it reaches far beyond tobacco, and could have big implications for every company that makes or sells products in the US.

The court has tried several times to rein in punitive damage awards, but many lower courts have ignored these rulings. In the Philip Morris case, the punitive award was nearly 100 times the damages awarded to compensate the victim.

The court must decide whether such large awards are constitutional, where the defendant’s conduct was particularly reprehensible (as the Oregon Supreme Court found in the Philip Morris case). The justices will also decide whether juries can award punitive damages for harm to people who are not involved in the lawsuit – for example, all Oregon smokers, as they did in the Philip Morris case.

Both of these issues are crucial for business, but it is far from clear how the court will rule. Both new justices, Chief Justice John Roberts and Samuel Alito, have little record on punitive damages and they face an awkward choice: should they defend the

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right of business to avoid unconstitutionally excessive awards or should they uphold the right of individual states to protect their citizens by letting the states regulate punitive amounts?

The vote of the new justices could tip the balance.

The justices will also hear a potential watershed patent case, which could set a standard for determining when an invention is too obvious to deserve patent protection.

Legal experts say the decision could affect virtually every patent case, since every patent application must pass the test for "non-obviousness".

Critics of the US patent system say that too many obvious inventions are patented – like the adjustable accelerator pedal at issue in KSR v Teleflex, the case before them.

If they tighten that standard, says Professor Jay Thomas of Georgetown University Law Center, it could effect a "broad transfer from patent owners to the public domain", and many controversial business method patents could be threatened.

Later this week the court will hear another patent case, MedImmune v Genentech, that could determine whether it will be easier in future to challenge questionable patents in court. "This is a technical case but one of very great importance to the business community," says Kenneth Starr, former Whitewater special prosecutor and a Supreme Court expert at the law firm Kirkland & Ellis.

"The court seems to have the feeling that something is wrong with US patent law. They don't know what it is and they don't know how to fix it, but they are looking for the right case," says Mr Franklin.

Competition law is another newfound interest of the justices: they will hear a case, Bell v Twombly, that could set a new standard for alleging conspiracy in antitrust cases.

Roy Englert, Supreme Court litigator at the law firm Robbins, Russell, Englert, Orseck and Untereiner, describes the case as "a pitched battle between the business community and the class action bar" because of its potential to alter the power of lawyers to strongarm companies to settle such cases.

The court will also hear a duo of important environmental cases, including one that tests whether the Environmental Protection Agency has the right to refuse to regulate greenhouse gas emissions. That case could also affect the power of interest groups to challenge the Bush administration's controversial environmental policies more broadly.

Group To Buy U.K. Water Firm AWG (WSJ)

By Jason Singer

The Wall Street Journal, October 2, 2006

An investment group consisting mainly of pension funds plans to announce today that it has agreed to buy British water utility AWG PLC for about £2.2 billion ($4.12 billion), according to people familiar with the situation.

The group of Australian and Canadian pension funds and British venture-capital and private-equity firm 3i Group PLC have agreed to bid £15.55 ($29.12) a share for AWG, which operates mainly in southeast England and serves about six million industrial, commercial and residential customers. AWG announced it had been approached about a takeover Sept. 14.

The deal comes as three of Britain's largest water utilities are the subjects of potential buyouts. Like power companies across Europe, water providers are attractive takeover targets for private-equity firms -- and similar investment firms, such as pension plans -- because they earn stable returns that can be leveraged with borrowed money to make a buyout potentially lucrative.

Four groups of possible buyers are involved in a process of bidding for Thames Water PLC in a deal that would value the utility that supplies water to London at more than £7 billion. That auction was started when Thames Water's controlling shareholder, German energy giant RWE AG, decided to sell the company earlier this year. A deal isn't expected until the end of the month or later this year.

In addition to 3i of London, the firms involved in the AWG acquisition are CPP Investment Board of Toronto and Colonial First State of Sydney, a division of Commonwealth Bank of Australia, and Industry Funds Management of Melbourne. People close to the matter have said AWG hasn't received an approach from any other group, though other potential bidders are believed to be considering a higher, rival bid.

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An AWG spokesman declined to comment. Representatives from the bidding group couldn't be reached for comment.

AWG said last week that the financial performance of its Anglian Water division was "materially above management's expectations" for the six months through Sept. 30, due in part to strong demand for water as a result of a "very hot, dry summer" in the U.K.

Based in Huntingdon, England, AWG has 9,000 employees and had net profit of £78 million for its fiscal year through March 2006, on sales of £1.55 billion.

Brussels Expands Microsoft Vista Inquiry (FT)

By Tobias Buck In Brussels

Financial Times, October 2, 2006

European antitrust regulators have expanded their probe into Microsoft's Vista operating system, by raising concerns over plans to add encryption and handwriting recognition software to the group's new flagship product.

The new concerns are based on complaints from small European software developers who fear the bundling of these new functions into Vista will undermine their products in this area.

It is understood that the European Commission raised these concerns in a letter to Microsoft in July.

Vista, which is due to replace the group's ubiquitous Windows operating system from next year, is already at the centre of a new antitrust battle between the Commission and Microsoft.

The Brussels-based regulator fears that Vista might raise the same competition problems that led the Commission to issuea landmark ruling againstMicrosoft more than two years ago.

In particular, the regulator is concerned about the "bundling" of new features and programs into the operating system. Brussels fears the addition of an internet search engine and a rangeof software security featureswill undermine competitionfrom companies which sell similar products on a stand-alone basis.

Microsoft said yesterday that handwriting recognition and encryption software would be included only in premium editions of Vista.

These would cost more than the basic edition, thereby giving users a choice of programs from different vendors, the group added.

Though the Commission has made public some of its concerns, it has not issued a formal ruling.

The conflict between Brussels and the software group has taken on a new edge over recent weeks after Microsoft complained that the legal uncertainty hanging over Vista could further delay its launch. The company has also warned that the Commission probe might force it to market Vista without crucial security features.

This sparked an angry reaction from Neelie Kroes, the EU competition commissioner, who last week hit out at what she described as a "co-ordinated campaign" against the Commission.

The latest concerns over Vista follow a string of complaints, and people familiar with the investigation say the volume of concerns might create problems for the regulator. They say it will be almost impossible for the Commission to pursue all these complaints in formal antitrust probes.

Should the regulator decide to bring new charges against Microsoft, it would have to narrow down its concerns to a small number of issues.

Financial Regulators Fight EU Merger Reform (FT)

By George Parker In Brussels And Mark Schieritz In Frankfurt

Financial Times, October 2, 2006

Europe's top financial regulators will today attack Brussels' plans to shake up the vetting of cross-border mergers, which aim to speed decisions and tackle national protectionism.

Charlie McCreevy, EU internal market commissioner, proposed the shake-up this month in an attempt to stop national regulators obstructing cross-border takeovers and mergers on bogus grounds. But today Europe's three main regulatory bodies, covering banking, securities and insurance, will claim that Mr McCreevy's plan would force them to work too quickly, compromising their decisions.

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They will warn that they are unwilling to hand over some confidential merger material to Mr McCreevy, potentially preventing him from deciding whether national regulators are acting in good faith.

The warning comes in a letter, seen by the Financial Times, from the chairs of the three European financial services regulatory committees - CEBS, CESR and CEIOPS - representing national regulators in banking, securities and insurance respectively.

The clash comes as Mr McCreevy tries to revise the EU's banking directive to tackle protectionism, which he believes is - hampering the development of pan-European financial services companies.

Last year he fought Antonio Fazio, then governor of Italy's central bank, who tried to scupper two foreign bids for Italian banks, after they had been cleared by the Commission's antitrust directorate.

Mr McCreevy wants to rein in the powers of national regulators, who have to assess the risk to financial stability of a merger. He has proposed five clearly defined conditions under which they can oppose a deal and wants to allow the Commission access to documents to make sure they are sticking to the rules.

But the regulators are gearing up for a fight.

In the joint letter they say Mr McCreevy's proposal that they should have only 30 days to oppose a merger, down from the current three months, could lead to bad decisions.

They propose that "more complex cases" should be assessed within a longer time-frame of "ideally 65 days". "The speed of decision making, while undoubtedly important, should not be the overriding objective," they say.

Perhaps the biggest disagreement is over the regulators' willingness to hand over documents to Brussels, saying the proposal for "absolute and unfettered right of access to all confidential prudential information by the Commission is too vaguely defined".

The regulators add: "The draft proposal is not proportionate if it seeks to ensure that all confidential prudential information in the hands of the competent authorities is open to the Commission."

Their reservations could be the opening shot in a protracted power struggle between national regulators and Brussels.

Mr McCreevy will have to win national government support to push through his plans. Although member states publicly back his commitment to crack down on protectionism, an attachment to "national champions" in the financial sector and elsewhere remains strong.

ENVIRONMENT:

Midwest Farms Reap Benefits Of Ethanol Boom (USAT)

By Judy Keen

USA Today, October 2, 2006

FRIESLAND, Wis. — When he's working on his farm, Jim Casey often glances at the ethanol plant looming over the prairie a half-mile away. “You know you're making money when you see that smoke coming out of the stack,” he says.

Ethanol plants are changing farming across the Midwest. The last time there was such a dramatic shift in agriculture was “when electricity came to the rural people” in the 1930s and '40s, says Dave Hughes, president of the township board and a farmer who invested in the plant.

Casey bought his shares in the ethanol biorefinery for $1,000 each three years ago. They're now worth almost $4,000 each. Like the other 950 shareholders in the cooperative, he has gotten $400 in dividends for each share since the plant opened in April 2005.

That's not the only way his bottom line is being helped. Casey is selling part of his corn crop this fall to the plant for 17 cents a bushel more than he was offered elsewhere. He also saves fuel when he hauls his corn just down the road instead of trucking it to an elevator miles away. Because of the plant's proximity, the value of his land has increased. “When I get old, that'll be pretty nice,” he says.

The United Wisconsin Grain Producers plant here employs 36 people, all but two of them from the area. Hourly workers make about $35,000 a year and get profit sharing, incentive pay and full benefits, CEO Jeff Robertson says.

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Rising gas prices and the push for less dependence on foreign oil have increased demand for ethanol, which is made by converting the starch in corn into sugars that are fermented and distilled. When it's blended with gasoline, ethanol can reduce carbon monoxide emissions. Legislation signed by President Bush last year added urgency: It requires oil refiners to use 4 billion gallons of renewable fuel this year and 7.5 billion gallons by 2012.

Those factors have created a rapidly expanding industry that is centered in the rural Midwest.

There are 105 ethanol plants in operation; almost half are owned by local farmers, according to the Renewable Fuels Association, an industry group. Forty-one more are under construction, and seven are expanding. Capacity is 5 billion gallons a year. When the new plants are running, that number will grow to 7.9 billion.

Many small ethanol producers qualify for federal and state tax credits and loan guarantees.

"I think the boom will continue," says Bob Dinneen, president of the Renewable Fuels Association. "The nation needs to have more domestic renewable energy, and ethanol is going to satisfy a big part of that. … Farmers ought to be re-evaluating what they are planting and responding to the market signals."

That's happening here.

Before the plant opened, Casey planted corn on two-thirds of his 1,500 acres and soybeans on the rest. This year, he moved 20% of his soybean acreage into corn.

Even though it can cost more to grow corn than soybeans because of the cost of fertilizer, Hughes also has shifted more of his 740 acres into corn. The plant, he says, "has changed a lot of things. A lot, and they're all positive." Some area farmers who didn't invest in the plant, Hughes says, "are kicking themselves in the fanny."

Friesland's 303 residents have embraced the plant, but not every town is as welcoming. Before settling on the site just off state Highway 33 here, organizers considered locating in Arlington, says Bill Herrmann, president of the United Wisconsin Grain Producers' board. The concerns of residents there about noise, odor and possible effects on a bird sanctuary prompted them to drop those plans.

Bruce Braaksma, owner of Royal Lumber here, says the plant isn't much of a nuisance. The 100 or so trucks that enter the plant daily don't usually go through town, he says. "If it's dead still, you can hear just a little bit of a hum, and the wind has to be just right to smell it. It smells like an old tavern," he says.

Besides, Braaksma says, most people in town have been won over by a decline in property taxes since the plant was built. "When your property taxes go down $200 to $300, everybody's got a smile on their face," he says.

The plant produces about 50 million gallons of ethanol a year. An expansion that will increase production to 80 million by the end of 2007 is underway. "The profitability of the company is such that this is happening earlier than anybody planned," Robertson says.

"The presence of an ethanol plant really does ripple through the entire economy," says Geoff Cooper, ethanol analyst at the National Corn Growers Association. "With the current rate of growth that we're seeing, that's going to continue for the next several years."

There are some doubts that alternative fuels can end the country's dependence on foreign oil.

For years, studies showed that more energy is required to produce ethanol than is saved when it's used in gasoline. A University of Minnesota study released in July concluded that ethanol and biodiesel made from soybeans return more energy than is consumed in growing the grains and distilling them into fuel.

The study estimated that using all corn and soybeans grown in the USA for ethanol and biodiesel would offset only 12% of gasoline demand and 6% of diesel demand. In 2005, the U.S. Agriculture Department says, ethanol accounted for about 3% of the nation's gasoline consumption.

Ray Defenbaugh, president of Big River Resources, a farmer-owned ethanol plant in West Burlington, Iowa, says weaning the nation from foreign oil is important, but his priorities are closer to home.

"We want to create jobs for youth, preserve the community and provide a good return to the investor. The money we make goes right back into the community," he says. "That's the reason we built it."

Casey says his goal is to help himself and other farmers: "It's more about the end product for ourselves, to have a place to sell our corn, so we can stay in business."

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A Farmer Fears His Way Of Life Has Dwindled Down To A Final Generation (NYT)

By Charlie Leduff

The New York Times, October 2, 2006

LEBANON, Kan. — The heart of the heartland, the exact geographic middle of the continental United States, is owned by a middle-aged Kansas man named Randall Warner. He exports wheat, beef and soon his second grown son to the city. He stands in his boots in his field and wonders what's become of his way of life.

"I drive through the city and I wonder what all those people do for a living," says Mr. Warner, a sturdy, square-faced man. "I see that, and it makes me sad that my children see it too and think that there is something better there for them."

Lebanon, the nearby town where Mr. Warner learned to read and write, has lost nearly 25 percent of its population over the last 15 years.

Large corporate farmers are taking over. Mr. Warner doesn't understand the ins and outs of the international trade policies and government subsidies that are changing the landscape, only that to make it nowadays "you work harder — sunup past sundown."

Next year, Mr. Warner believes, there will be even fewer farmers here, in part because of fuel costs.

And he wonders what will become of his legacy and his land.

His son Travis, 18, wants to know more people besides his dad and the salesman at the John Deere dealership. The nearest pretty girl is 20 miles away.

He wonders if there isn't something better than stumbling out to the fields with sleep still in your eyes and working past midnight. The summer air here is as stifling as corduroy drapes. Travis hasn't spoken about this to his father, but his father suspects it just the same.

Travis is a state wrestling and hog breeding champion. He is going off to college soon and doesn't know if he'll ever come back. His brother, Dustin, left for good. "I like to work with people, I guess," Travis says. "Be around people. And we come out here every day. It's Dad and myself; that's not working with people."

He says this while sitting in the cab of his blue pickup, a dirty older model, eating the sandwich his mother made him.

His father is far off in the field, unable to hear the gloomy truth of the matter.

"I told my dad he could retire and cash-rent the land to the big farmer, but then what's he going to do with his time? This is all he knows. Come out here and work daylight to dark.

"I don't want that."

The father says he would have to hire an old hand from down the road to help him work his 3,000 acres. He'll have to do that and, if that doesn't work, then start selling off the farm in pieces to the big farmer down the way.

This is how a town like Lebanon dies. The old Lebanon bank has caved in. Main Street is a peeling veneer. It's a common scene across the Great Plains. People are losing their optimism.

Everything about Mr. Warner speaks of work. At 52, he stands erect, with skin as weathered as cattle hide. He is frugal, does not smoke or drink coffee or liquor. His home is average, a stolid two-story ranch at the edge of a wheat field with a barn outside the door. He is hardly ever home, mostly to eat and sleep, taking a half-day off for church. His wife, Linda, complains about the isolation. Is it too much to stop home while supper's warm? Or go to town occasionally to see a motion picture? His wife talks of throwing it in sometimes too.

"My whole life is wrapped up in this," Mr. Warner says while baling hay. "To tell you the truth, it can get a little monotonous. I've had four vacations my whole life."

Still, it is a good life, he says. "The best kind of life there is."

No political party seems to care much about the working man's life, Mr. Warner feels. Stick a Republican and a Democrat in a sack, shake it up, pour it out, and the same rapacious thing crawls out. Creatures from a smoke-filled room.

Mr. Warner, a Pentecostal Christian, believes in miracles. He believes in speaking in tongues. He believes that abortion is taking a life and that gay marriage is an abomination. So he voted Republican.

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What crumbs do the Democrats offer him? Two men in tuxedos on the steps of City Hall with a marriage license in hand? Handouts for those who won't work? Mr. Warner says he could be peeled away from the conservatives if the liberals would talk to him about his values:

"God. Family. Work," he counts them on his fingertips and adds them up. "Heritage."

Do something to stop the corporate takeover of farm country. Give his son a reason to stay and you could have his vote. "F.D.R. was the greatest president this country ever had," Mr. Warner says. "He provided security for the farmer."

Father and son have moved on to spraying fly repellent on the cattle. The sun is going low, the sky is growing golden. The father's gotten to thinking. The boy will soon go away to college.

His voice shows no trace of his natural confidence.

"Do you think you'll come back to rural America? And farm? Raise cattle? Raise pigs?"

He talks obliquely, toward his son.

The son mumbles. "Depends if I find something better in the next couple years."

"What could be better?" the father asks. "What could be better than life on the Great Plains where the wind blows and you catch fresh air every day?"

"That's what I'm going to look for," the boy says.

The boy turns his back. He returns to his work. The father watches after him.

Snakeheads Appear At Home In The Potomac (WP)

By David A. Fahrenthold

The Washington Post, October 2, 2006

The northern snakehead fish seems to be expanding its territory in the Potomac River, government researchers say, after a year in which the toothy Asian transplant has appeared in new places and at higher concentrations across the area.

In the third year that the fish has been studied in the Potomac, scientists are starting to build a portrait of the snakehead at home in the area. Some of the most frightening concerns have been dispelled: The fish turn out to be well-nigh helpless on land (early reports said the snakehead could wriggle short distances out of water), and the creatures haven't gobbled up or driven out the Potomac's famous bass.

But worries remain, because the snakeheads are reproducing rapidly and starting to push outward. The next few weeks will bring a crucial test of the snakeheads' growth, and science's understanding of them, as researchers wait to see if last October's startling mass snakehead migration is repeated.

"It looks like they're becoming pretty solidly entrenched, as far as establishing that beachhead here in the Potomac," said Steve Minkkinen of the U.S. Fish and Wildlife Service.

Over the past year, the snakeheads have spread out and become endemic in about 15 miles of the Potomac and some of its tributaries south of Washington from a home base of two creeks in Virginia, he said.

That has switched scientists' focus from eradication to coexistence. "As much as we can, we're just trying to collect information," Minkkinen said.

The story of snakeheads in the Potomac may have begun as early as 1998 or perhaps as late as 2002. The key event, scientists believe, was when a male and female were dumped into the water and found each other in Fairfax County's Dogue Creek. Since then, that stream, along with nearby Little Hunting Creek, has become the epicenter of the Potomac's snakehead population, scientists say.

Now, the two creeks are also the area's premier snakehead laboratory, as researchers seek to understand the life the fish have created in an alien home.

One obvious conclusion: Snakeheads are thriving. Virginia state scientists who use electric current to stun and capture fish in these creeks used to catch one snakehead every five hours. This year, they got 6.9 fish an hour, nearly 35 times more.

But the snakeheads don't appear to have had a serious impact on the river's largemouth or smallmouth bass, which are also top predators in the river. Scientists say they believe this might be because the snakeheads prefer shallower water or different prey.

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"A bass is probably more likely to eat one of them" than a snakehead eat a bass, said longtime guide Ken Penrod, who said he hadn't seen any change in the bass fishing. "It's a lot about nothing, I think."

But scientists say they still have a lot to learn. They're unsure how the snakeheads nest, for instance. In their native habitat, they are said to clear out a "doughnut hole" in a thicket of underwater vegetation and lay their eggs there. But this year, a Virginia biologist spotted a cloud of 500-plus snakehead babies -- orange and black, with a minuscule version of the distinctive snakehead mouth -- swirling in Little Hunting Creek.

It was a nest, but there was no doughnut hole.

"The fish aren't behaving here the way they might be expected to behave in Asia," said John Odenkirk, a snakehead expert and a biologist with the Virginia Department of Game and Inland Fisheries.

Researchers are similarly confused about whether the river's snakeheads migrate. One Sunday last fall, Dogue Creek was suddenly full of hundreds of fish heading upstream, so thick that fishermen snatched out at least 80. This may have been a freak event caused by a large rainfall -- or it may have been the first running of an annual ritual. Researchers are keeping watch to see what happens this year.

What little scientists do know about the snakehead's habits was gathered this spring, when Odenkirk inserted small tracking devices into the body cavities of 20 fish. He found them to be mainly homebodies, lurking in the same weedy and shallow spots week after week.

But some strayed farther afield: Fish No. 1204 crossed the deep midsection of the Potomac to visit Maryland's Piscataway Creek. Fish 1301 disappeared completely, meaning that it was perhaps speared by a heron, caught by an angler or just moved so far away that Odenkirk can't get the signal.

"It tells me that some obviously are bucking the trend and being a little more adventurous and crossing the main-stem Potomac," Odenkirk said.

This year's catch of snakeheads has made it clear how widespread the fish have become. In Maryland, the fish have been found across an unprecedented swath of creeks in Prince George's and Charles counties.

On the Virginia side, snakeheads have moved north from their epicenter to a creek near Belle Haven Marina in the Alexandria section of Fairfax. To the south, Odenkirk said, their numbers have increased substantially in the Occoquan River basin, on the border between Prince William and Fairfax counties.

They've also appeared in another place puzzlingly far afield: Kenilworth Park and Aquatic Gardens in the District. In the late spring, more than 500 baby snakeheads and a handful of larger adults were found in ponds there, having eaten almost every other fish in the water.

D.C. officials think that this may be a separate population of snakeheads, descended from fish dumped directly in the aquatic gardens.

But because the ponds share connections with the Anacostia River, there's some chance the D.C. snakeheads might be adventurous specimens from the Potomac.

For all that's known about the snakeheads' expanding reach, much more is still in question. That was obvious Wednesday, when Odenkirk and two assistants set out on the Occoquan in a shallow boat with a spindly metal claw dangling from its front. They were electro-fishing.

After a few minutes in Massey Creek, a tributary of the Occoquan, a mottled green shape thrashed in the water. Nick Lapointe, a Virginia Tech graduate student, scooped a long net, bringing up a roughly seven-inch snakehead.

"Yeah, baby!" Odenkirk exulted.

"I saw those speckles, and I knew exactly what he was," Lapointe said.

"Beady little eyes," said Ryan Saylor, a technician.

In the spring, Odenkirk's team had not found any snakeheads in this inlet. But Wednesday, they found two, which he said were probably siblings born in the creek last year.

So if two were caught, how many more could there be here?

"Hundreds?" Odenkirk speculated. He looked back at an acres-wide expanse of snakehead-friendly shallow water and thick grasses.

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"I mean, you look behind us, they've got all that habitat. They could be anywhere."

When Spinach Isn't Good For You (NYT)

The New York Times, October 2, 2006

Just when many of us thought that eating lots of fresh green leafy vegetables was the key to good health, along comes an outbreak of bacterial contamination in bagged spinach that has frightened consumers and led to a recall of all affected brands. The contamination, detected only in spinach packaged at a particular processing plant in central California, reveals how silly we were to assume that spinach in sealed bags would necessarily be safer than fresh spinach exposed to the environment.

So far the outbreak, caused by a virulent strain of E. coli bacteria, has sickened at least 187 people in 26 states, causing one confirmed death, 29 cases of kidney failure and 97 hospitalizations. The worrisome trend is that while illness caused by E. coli in meat has been declining, bacterial contamination of fresh produce is proportionately rising. Some 20 outbreaks of illness caused by E. coli contamination of leafy greens — 18 in lettuce, 2 in spinach — have been reported over the past decade, with no clear cause identified for most of them.

Investigators don't know yet whether the current problem arose primarily in the growing fields or at the bagging facility. Given that E. coli typically lives and multiplies in the intestines of ruminant animals, like cattle, sheep and deer, one possible source is the manure on nearby cattle farms. The bacteria can be carried into streams or tracked into the fields by wild animals and can infiltrate water used for irrigation or washing the spinach.

Roughly half of the 20 outbreaks have been traced to central California, suggesting something amiss in the environment or processes used there. Regulators are leaning on the food industry to clean up its act, and the industry is scrambling to comply.

But the safest route is to give the Food and Drug Administration greater authority and more personnel to inspect and regulate food growers and processors. Produce farms may need greater separation from cattle, and cattle-raising practices may need to be changed to decrease the production of bacteria. We would be appalled to find human waste on our produce. We should be equally appalled to find animal manure, if that is what happened.

Bright Idea Of Tire Reef Now Simply A Blight (WP)

By Peter Whoriskey

The Washington Post, October 2, 2006

FORT LAUDERDALE, Fla. -- Now the idea seems daft. But in the spring of 1972, the dumping of a million or so tires offshore here looked like ecological enlightenment.

From the scrap tires, artificial reefs would grow and fish would throng, or so it was thought. A flotilla of more than 100 private boats with volunteers turned out to help. A Goodyear blimp christened the site by dropping a gold-painted tire.

"A potential grouper haven," a county report opined. Artificial reefs made from tires "appear to be the next best thing to recycling."

What happened instead is a vast underwater dump -- a spectacular disaster spawned from good intentions. Today there are no reefs, no fishy throngs, just a lifeless underwater gloom of haphazardly dropped tires stretching across 35 acres of ocean bottom.

It's not just a matter of botched scenery. Because they can roll around, the tires are pounding against natural reefs nearby.

"It's depressing as hell," said Ken Banks, a reef specialist for Broward County, who recently explored the site. "We dove in and swam for what seemed like an hour and never came to the end of it. It just went on and on."

Robin Sherman, a professor at Nova Southeastern University, led a project a few years ago to retrieve some of the tires most directly damaging Fort Lauderdale's natural reefs.

Two months later, she dived in the area again.

"It was completely recovered with tires -- it was even hard to find where we had worked," she said. "That's when I realized we have to clean up the whole thing."

So, after years in which the site was studied and then neglected, officials here are planning to clean up the environmental experiment gone awry.

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Coastal America, a partnership of federal agencies, state and local governments and private groups, is trying to organize a cleanup using military salvage teams that would use the tire retrieval as a training exercise. Once the divers pulled the tires up, they would be disposed of by the state at a cost of about $3 million to $5 million.

The scale of the project -- some say there are as many as 2 million tires below -- and the number of different specialties required had prevented previous bureaucratic efforts from going forward.

Will Nuckols, project coordinator for Coastal America, called the rolling tires a "coastal coral destruction machine."

"For the past several decades, people have looked at this task and then at each other and said, 'Well I can't do that,' " he said.

With each dive team retrieving about 700 tires a week, officials estimate that the effort would take three years. They plan to begin in 2008.

"It's easy to throw something into the water," said Keith Mille of the Florida Fish and Wildlife Conservation Commission. "What we're finding is it's extremely expensive to remove something from the water."

The first documented artificial reef in the United States was created off South Carolina in the 1830s. Over time, people have sunk rocks, trees, concrete, ships and barges to create reefs. When successful, they were -- and continue to be -- popular attractions with anglers and divers alike.

Artificial reefs made from scrap tires began in the United States in the late 1950s or early '60s, when the country was facing the monumental task of disposing of millions of automobile tires. At the time, stockpiled tires were creating fire hazards, fostering mosquito breeding and blighting the landscape.

Reefs made from tires seemed like an easy solution.

While coastal communities around the country -- in Texas, California, Florida, North Carolina and elsewhere -- embraced the idea, few projects, if any, were conceived on the grand scale as the one off Fort Lauderdale. Proponents touted it as the largest scrap tire reef in the world.

A 1974 Goodyear pamphlet boasted, "Worn out tires may be the best things that have happened to fishing since Izaak Walton," the author of the classic The Compleat Angler .

"There was a lot of local enthusiasm," said Ray McAllister, one of the founders of a local group that pushed for the tire reef and now professor emeritus of ocean engineering at Florida Atlantic University. "We all thought we were doing a good job for the environment."

A tire reef had seemed to work in New England, he said, and organizers figured it would work here.

The project had received a permit from the Army Corps of Engineers and had active support from Broward County, officials said.

While there were initial hopeful reports, it was clear after a decade that the idea wasn't working. Sea creatures didn't grow on the tires. Today, the tires look the same as they did they day they were dropped.

Tires that had been lashed together for stability broke loose, making it easier for them to roll around. With the tires mobile, it was difficult for sea life to make a home there.

Today, most states have restricted or banned tires in artificial reefs, according to a 2004 joint publication of the Gulf and Atlantic States Marine Fisheries Commission.

In retrospect, McAllister said, "it was a terrible mistake and I hate to admit it. . . . The conventional wisdom, or whatever you want to call it, was not such a bright idea."

Waterfront Development Tests New Jersey's Handling Of Toxic Dumps (NYT)

By Laura Mansnerus

The New York Times, October 2, 2006

WEEHAWKEN, N.J., Sept. 26 — Handsome new town houses selling for more than $2 million hug the waterfront here, and more are on the way. On a curve in the river that offers spectacular views of Manhattan and New York Harbor, earthmovers are at work on a public park.

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But in the view of some environmentalists, the development on this immensely valuable sliver of shoreline is an experiment of sorts because of what lies underneath it: dirt spotted with hexavalent chromium, a manufacturing component that has been identified as a cause of lung cancer, liver and kidney damage and mutations to human DNA.

Hudson County is the nation's chromium-waste center, with almost 200 sites where it was dumped decades ago.

Of all those sites, this slice of Weehawken is the first to be reclaimed for residential development, and the reborn riverfront here — representing an investment of hundreds of millions of dollars — depends on the remedy that the state has chosen for sites polluted by chromium.

The worst spots of contamination have been removed, and most of the 96-acre property has been covered with synthetic sheeting and at least 18 inches of clean soil, called a cap. The mayor said that in the park, the soil cap would be six to eight feet deep in places.

The state and local authorities have approved everything the developer, Roseland Properties, has done, and they say the cleanup has far exceeded their standards.

But the state's policies are not settled at the moment. Rather, they are caught up in a politically charged discussion about how the state has handled the rush to turn urban wastelands into sought-after real estate.

In 2004, the state Department of Environmental Protection issued a moratorium on final approvals of chromium cleanups, and promised stricter standards and less reliance on capping.

The new rules have not yet been issued. In the meantime, the agency allowed the waterfront project to proceed even though various environmental groups and some scientists in the state agency contend that in residential areas, a cap can never be protective enough.

"We want an outside audit and review of the entire hazardous site remediation program, with this fiasco in Weehawken being Exhibit A," said Joe Morris, of the Interfaith Community Organization, which won a landmark court decision last year ordering the excavation of waste where a cap failed at a former chromium dump site in Jersey City.

A federal appeals court, upholding the order last year, scorched the Department of Environmental Protection, citing "a substantial breakdown in the agency process that has resulted in 20 years of permanent cleanup inaction."

The state's environmental commissioner, Lisa P. Jackson, said that Mr. Morris's "idea that this is Exhibit A is more than puzzling to me."

Ms. Jackson said that the agency would soon revamp its handling of toxic sites, and that the Weehawken development complied with all current regulations.

The disclosure of the Hudson chromium sites in the 1980's generated national attention, fed by gruesome recollections of workers at processing plants whose skin and nasal septums had been eaten away by the poison.

To be sure, the one in Weehawken was hardly the worst of the Hudson sites. Some of the fill used decades ago to build up the riverfront was contaminated, but chromium was never processed there.

Still, Michael S. Friedman, the environmental consultant who manages the project for Roseland, said: "Everything we do is under a microscope. This is a high-powered lens."

Mayor Richard F. Turner said that Weehawken "has brought in outside experts, outside consultants — we don't even rely on D.E.P. consultants."

Michael Campion, the township's environmental consultant, said, "When I look at the numbers in Weehawken, and it's been tested like crazy, a cap is a reasonable remedy." He recommended approving Roseland's plan, but he acknowledged in his review that nearly all caps eventually suffer erosion.

Caps are often used on closed landfills, but much less frequently, and only recently on sites where people will live and buildings and traffic will bear down on the soil.

The chromium issue caused unusually public recriminations within the environmental agency. After a group convened to reconsider the cleanup standards recommended leaving them unchanged, one member, Zoe Kelman, a chemical engineer, wrote a 50-page dissent.

Several other agency scientists, speaking on condition of anonymity because they feared retribution, said that the Department of Environmental Protection had bent to political pressure to speed cleanups.

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Ms. Kelman accused the agency of disregarding tests at one capped site, in Kearny, that found hexavalent chromium levels thousands of times higher than the agency plan had expected.

She also noted that while New Jersey sets the allowable level of hexavalent chromium in soil at 240 parts per million, Maryland's standard is 30 parts per million, and Oregon's is 23.

"I always feel the public believes we err on the side of protection, and it's obvious now that we don't," Ms. Kelman said.

The agency's critics were supported by a soil scientist at Cornell University, Murray McBride, who submitted an opinion in June 2005 that the current reliance on capping "seems to me to be a stopgap, short-term approach" that fails to account for the way chromium moves in the soil and may migrate to basements and other exposed areas.

In Weehawken, questions remain about the last known remaining concentration of chromium waste, a one-acre lot near the town houses where some of the more contaminated dirt was dumped, covered with sheeting and then paved for parking.

Mr. Morris and Jeff Tittel, the director of the state chapter of the Sierra Club, met with Commissioner Jackson this summer to argue that the mound under the parking lot should be classified as a hazardous waste dump and removed or encapsulated. They said the commissioner resisted, although Ms. Jackson said in an interview that she had never ruled out revisiting the site.

Mr. Tittel has a larger quarrel with the state's redevelopment policies, which were loosened in the 1990's — and which he said "changed from cleaning up sites to making them land banks for development."

"We have finally created social equity in New Jersey," Mr. Tittel said, "because we have people in $3 million condos living on top of toxic sites, not just working and poor people."

Property values have soared since the last of the 42 town houses was built in 2004. A house that sold less than two years ago for $1.5 million was put up for sale in September for $2.7 million, while several others are on the market for $2.4 million to $4 million. Among the residents is a principal of Roseland, Marshall Tycher.

In the old Weehawken, on the cliffs above the waterfront, a vocal minority opposed to the Roseland development is worried about the park.

"I don't know why people down there aren't screaming their heads off," said Mary Ciuffitelli, a 26-year resident of the town. "I grew up in New Jersey, so I want to know what's under my feet."

Poisoned On Eno Road (NYT)

By Bob Herbert

The New York Times, October 2, 2006

Dickson, Tenn.

If you stand outside the Holt family home late at night, after everyone has gone to sleep, with the sound of a soft wind drifting through the trees and the damp sweet smell of abundant grass heavy in the humid air, you can easily imagine what this area was like in the days of slavery.

And then the quiet is broken by the sudden eruption of dogs barking and howling on nearby property, and you're reminded that the tiny population of blacks in Dickson County, even after all these years, is still frequently treated — literally — like garbage.

The property adjacent to the Holt family home is a government-owned landfill. The howling dogs are housed in a pound right next to the landfill. The noise is a nuisance, but it's the least of the family's problems.

Toxic chemicals from the landfill have polluted the pristine water that was once drawn from the Holt family well. Unaware that the water was contaminated, the family drank it for years. Now the Holts are convinced that the poisons that seeped for so long from the landfill into the groundwater are responsible for the potentially deadly diseases that have struck several members of the family.

The Holts were not just unaware that their water was contaminated; they had been assured by federal environmental officials way back in 1991 that the water had been tested and was safe to drink.

"They told us," said Sheila Holt-Orsted, who grew up on the property, "that the water wouldn't hurt us, and that we shouldn't worry about it."

In fact, government records show that dangerous levels of trichloroethylene (TCE), a suspected carcinogen, had been found in the water as early as 1988. The family drank the poisoned water for more than a dozen years after that.

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During that time, the government warned white families that the water had been contaminated and provided them with an alternate source of drinking water. The Holts, who are black, were left oblivious to the danger. Welcome to the world of environmental racism, a subject that doesn't get nearly enough attention.

The Holts' property is on Eno Road, a quiet rustic area with an interesting history. Hundreds of acres of land along the road were acquired by blacks in the post-slavery period. Only recently freed, they were proud of being landowners. The Holts have lived in the community for many decades.

Blacks make up just 4.5 percent of the Dickson County population, and they have always been clustered in the vicinity of Eno Road. This has been a great convenience for the whites, who have run the local governments. For six decades, the Eno Road community has been designated as the place for whites to dump their garbage.

"The city and county fathers singled out this small, rural and mostly black Eno Road community to locate their garbage dumps, landfills, transfer stations, toxic waste sites — you name it," said Dr. Robert Bullard, director of the Environmental Justice Resource Center at Clark Atlanta University. "These waste sites are all located on Eno Road."

When I asked the mayor of Dickson County, Robert Stone, why that particular community had been chosen to absorb so much of the county's garbage, he said he couldn't respond because the Holts had filed a lawsuit against the county. He referred me to a lawyer, Eric Thornton, who asked why anyone would think it was peculiar to dump the garbage there.

"It has to be at some location," he said. He denied that race had anything to do with the selection process, noting that there were also whites who lived nearby.

The ingestion of TCE, commonly used as a metal degreaser, has been associated with a variety of cancers, heart disease, impairment of the nervous system, stroke, liver disease, kidney disease, diabetes and other extremely serious disorders.

At various times, the concentration of TCE in the well water of the Holt family was 24 and 29 times as high as the maximum level of five parts per billion set by the federal Environmental Protection Agency.

Sheila Holt-Orsted has undergone six surgeries and chemotherapy for breast cancer. Her father was stricken with prostate cancer. During a conversation in her front yard, less than 50 feet from the landfill, she told me: "My aunt, who lives next door, she had cancer. And then there was another neighbor who had cancer. I said, you know, 'Something is not right here.' "

FBI/DEA/ATF/USMS:

Joint Chicago-DEA Drug Operations Net 16 Arrests (CST)

Chicago Sun-Times, September 29, 2006

Nine members of an international drug-trafficking ring that supplied heroin from Ghana to Chicago and other Midwest cities were charged Friday as apart of a joint investigation by Chicago Police and the U.S. DEA, according to police.

Seven of the nine were in custody as of Friday afternoon, according to a release from Chicago Police, including Moshoodi E. Ajijola, 38, of the 6600 block of North Damen Avenue. Authorities identified Ajijola as the head of the operation and charged him and eight others with federal drug conspiracy, the release said.

After a six-month undercover investigation by police and DEA agents dubbed "Operation Saheroin," authorities learned the organization imported pure heroin from Africa through Indian to America and finally to Chicago, where it was sold to customers for redistribution around the Midwest, including Rockford, St. Louis and Minneapolis, the release said.

Ajijola and six others were arrested last week, while a seventh suspect was arrested Friday, all on federal warrants. Police and federal agents used an undercover officer and wiretaps in the investigation, the release said.

In a separate drug investigation also announced Friday, federal charges were filed against nine alleged drug dealers who operated an open-air drug market in the 8800 block of South Lowe Avenue, the release said. The investigation led to the recovery of about 760 grams of crack cocaine valued at more than $93,600, the release said.

All nine of the defendants in "Operation C-Charlie" were arrested Wednesday, the release said. In addition to the cocaine, police seized small amounts of heroin and ecstasy, two semi-automatic handguns, five vehicles and $15,529, the release said.

Court information on the suspects was not immediately available.

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Heroin Ring Busted In City Hid Drugs In Suitcase Linings, Say Cops, Feds (CHIST)

Chicago Sun-Times, September 30, 2006

Local and federal police joined forces to nab international heroin dealers who were smuggling dope from Ghana and Nigeria to Chicago in the lining of suitcases and by using human mules.

Federal charges against nine members of the international trafficking organization were announced Friday by Chicago Police and federal law enforcement authorities.

Moshoodi E. Ajijola, 38, allegedly the head of the organization, is among seven already in custody. Ajijola is suspected of importing pure heroin, which was then sold to local street gangs and customers as far away as Rockford, Minneapolis and St. Louis. The drugs also were turning up all over the city -- from the far South Chicago Police District to the far north Rogers Park Police District.

The heroin was coming to Chicago and New York through India.

Police said Ajijola, who lived in the 6600 block of North Damen, and his associates were selling out of a building in the 800 block of Eastwood in the Uptown neighborhood.

The charges came after a six-month-long investigation, based largely on a Chicago Police officer's ability to infiltrate the group, authorities said.

Agents from the Drug Enforcement Administration's Chicago field office also were involved in the case -- which one Chicago Police official said involved some of the best local/federal cooperation ever. Because the defendants spoke four different languages, the case required a lot of translation work.

"It was a team effort -- probably the best I have seen in 10 years of chasing dope," said Chicago Police Lt. John Rowton.

All of the nine defendants face federal charges, which increase the penalties and is a tactic Chicago Police are employing more and more. Of the nine, two remained at large as of Friday.

Police Bust International Heroin Connection (CHIT)

Tribune Staff Report

Chicago Tribune, September 29, 2006

Federal and local authorities said Friday that charges have been filed against nine suspects accused of belonging to an international drug-trafficking group that supplied heroin from Ghana to Chicago and other Midwest cities.

Authorities said they identified Moshoodi E. Ajijola of the 6600 block of North Damen Avenue as the head of the group. He and eight co-defendants face federal drug-conspiracy charges, with a sentence of 20 years to life if convicted, police said. Two suspects remain at large.

The undercover operation involved cooperation between the U.S. attorney's office, Cook County sheriff's office and Chicago police, said Gary Olenkiewicz, the Drug Enforcement Administration's Chicago special agent in charge.

A second drug bust on the South Side seized more than $15,500, 760 grams of crack cocaine and five vehicles, police said. Six suspects face federal drug-trafficking charges, police said.

Four Sentenced In Drug Smuggling Conspiracy (AP)

AP, October 1, 2006

MONTPELIER — Four northern Vermont men were sentenced in federal court Thursday and Friday in what authorities described as a large conspiracy to smuggle millions of dollars worth of Canadian marijuana into the United States.

The four were among 12 people who have been sentenced or have pleaded guilty and are awaiting sentencing in connection with a ring that smuggled loads of as much as 1,000 pounds of pot at a time in grain trucks entering Vermont from Quebec, the U.S. attorney's office said.

It said the "marijuana would be paid for by cash drug proceeds — commonly in amounts of a half- to three-quarters of a million dollars — concealed in tires mounted on vehicles traveling into Canada from the United States."

In hearings Thursday and Friday, Judge William Sessions III issued sentences to:

Roland Paul Lahue, 50, of East Berkshire, who was given seven years in prison, followed by five years of supervised release.

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Jeffrey Tessier, 40, of Richford, who got 21 months followed by four years of supervised release.

Robert Patterson, 47, of Richford, who got time served while awaiting trial.

Mark Willey, 43, of Barton, who was sentenced to time served.

Authorities identified the leaders of the ring as Lahue and Ronald "Ronnie Cash" Aldrich of Richford. A news release from the federal prosecutor said Aldrich had previously pleaded guilty.

The investigation was said to have involved the Drug Enforcement Administration, Vermont State Police, Internal Revenue Service and Immigration and Customs Enforcement.

During the investigation numerous assets were seized from Aldrich, Lahue and their associates, authorities said. Included were more than $930,000 in cash, more than $1.5 million worth of real estate and numerous cars, trucks, motorcycles, boats and other vehicles.

Four Vt. Men Sentenced For Smuggling Marijuana (BFP)

Burlington Free Press, September 30, 2006

Four Vermont men who authorities said arranged for large amounts of marijuana to be smuggled into the United States from Canada by foot or concealed in grain trucks were sentenced in federal court Thursday and Friday, the U.S. Attorney's Office in Burlington said Friday.

Roland Paul Lahue, 50, of East Berkshire; Jeffrery Tessier, 40, and Robert Patterson, 47, both of Richford; and Mark Willey, 43, of Barton received sentences ranging from seven years in the case of Lahue to time served for Patterson and Willey.

Court documents indicate Lahue and his partner Ronald Aldrich led the U.S. portion of the smuggling ring. Sometimes, 1,000 pounds of marijuana worth $1.5 million would pass across the border in grain trucks, prosecutors said.

Authorities said the smuggling was lucrative for Lahue and Aldrich. U.S. Drug Enforcement Agency officials said they seized $930,000 in cash and $1.5 million in cars, trucks, motorcycles, boats and other vehicles.

The smuggling operation unraveled Oct. 25, 2003 when investigators seized about 135 pounds of marijuana belonging to Aldrich that was in a storage shed on Patterson's property.

Aldrich was sentenced earlier this year. Prosecutors said Tessier, Patterson and Willey played comparatively small roles in the smuggling operations, so their sentences were lighter. Seven other people from Vermont, New Hampshire and Oregon previously pleaded guilty or were sentenced for their role in the smuggling.

In deciding the case, Judge William K. Sessions III reduced the sentences of the four men who appeared in court Thursday and Friday because prosecutors said they helped in the government's investigation into the case.

Federal Indictments Handed Down In Marijuna House Raids (KCRA)

KCRA-TV, September 29, 2006

SACRAMENTO, Calif. -- Federal indictments were handed down Friday afternoon related to homes recently raided in Stockton and believe to be connection to a massive drug ring.

Investigators seized thousands of marijuana plants that being grown inside the homes.

A federal grand jury has now handed down a total of nine indictments related to the case and a joint task force has been formed that includes the Drug Enforcement Administration, the Internal Revenue Service, the U.S. Attorney General and local law enforcement.

Investigators said the homes raided in Stockton and a group of homes raided in Elk Grove are connected and that they suspect ties to organized crime in San Francisco.

Authorities have already seized millions of dollars of marijuana and large amounts of cash from the more than 50 homes they've raided in the last two months.

The operations are elaborate, the equipment inside the homes are identical and KCRA 3 Investigates has uncovered several trends.

In Stockton and Elk Grove, two real estate agents handled the overwhelming majority of homes. They represented the buyer in the transactions, which involved millions of dollars in real estate.

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The joint task force is investigating everything about theses homes -- the purchase, the financing and the people buying the homes.

By tracking property records and deed, KCRA 3 Investigates has also learned that one title agent with the initials "N.C." handled 15 of the 20 homes in Stockton.

Marijuana Houses To Be Part Of Federal Probe (SR)

Stockton Record, September 30, 2006

STOCKTON - A score of indoor marijuana-growing operations uncovered this month in successive raids in several typically peaceful residential areas will become part of a larger federal probe in the region.

A federal grand jury in Sacramento on Thursday handed down indictments on four San Francisco men arrested Sept. 13 in the first of the raids in Stockton, said Gordon Taylor, U.S. Drug Enforcement Agency assistant special agent in charge.

Federal prosecution is already under way in what investigators say is a related operation involving 21 houses in Sacramento and Elk Grove that also led to four arrests. Thursday's indictments formalize the U.S. Drug Enforcement Agency's role in Stockton. Agents have been assisting Stockton police for two weeks, Taylor said.

"This is without a doubt the most sophisticated criminal syndicate that we have ever investigated in this region," Taylor said, referring to the DEA's Eastern California District, extending from Bakersfield to the state's northern border, excluding counties along the coast. "This is going to take months to wrap our arms around."

If convicted on federal charges of growing more than 1,000 marijuana plants, the four men arrested in Stockton could face 10 years to life in prison, Taylor said.

Terry Lee Tong, 24, Zhi Huo Xue, 25, Jiapei Zhou, 21, and Hong Bi Zeng, 21, were scheduled to be arraigned in San Joaquin County Superior Court this week, each on 21 counts of felony marijuana cultivation and utility theft. A conviction on those charges would have carried a sentence of up to 10 years in prison. That hearing was continued to next week before the U.S. Attorney's Office decided to prosecute the case.

Jiapei Zhou, 21 "We're moving forward under the concept that all 41 indoor groves are tied to the same organization with perhaps several different operating cells," Taylor said.

Licensed medical marijuana dispensaries in San Francisco were one likely market for the marijuana grown in the area, Taylor said.

At least 6,000 plants were seized in Stockton, along with 200 pounds of dried marijuana. A similar number of plants were found in Elk Grove and Sacramento in raids that began last month.

Stockton police Officer Pete Smith said the so-called pot houses set a record for large busts after the first night, when two homes were raided. Over two weeks, neighbors' tips and investigative leads led to 18 more.

Terry Lee Tong, 24 Past large drug stings in recent years have netted as much as 22 pounds of cocaine and 27 pounds of methamphetamine.

Tom Emery, 50, lives down the block from one raided Spanos Park West home.

He said this week he's not surprised that most residents knew nothing of what was going on inside the homes.

"Everyone's too busy," he said of his neighbors, many of whom are commuters. "I guess that's why they picked these types of neighborhoods."

Stockton Indoor Pot Farms Part Of Syndicate's Reach, Agents Say (SACBEE)

The Sacramento Bee, September 30, 2006

Four Bay Area residents, indicted this week after a series of raids at homes in Stockton where marijuana was being grown, are part of the same organized crime syndicate behind a pot-growing network in the Sacramento area, authorities said Friday.

Described by agents as a Bay Area-based Asian organized crime network, the group is "without a doubt the most sophisticated crime syndicate we have ever investigated in this region," said Gordon Taylor, assistant special agent in charge of the Sacramento office of the federal Drug Enforcement Administration.

A task force consisting of the DEA, Internal Revenue Service, the U.S. Attorney's Office and the police departments of Sacramento, Elk Grove and Stockton has been formed to tackle the syndicate, Taylor said.

Authorities said they have raided 21 homes in the Sacramento area and 20 in Stockton since August, seizing at least $70 million worth of marijuana. Seven men and one woman, all Bay Area residents, have been charged in connection with the network.

Investigators "expect to find people much higher on the chain" of the network, Taylor said.

Local authorities are working with Bay Area agencies as they look into the syndicate, he said.

The IRS is helping track the home purchases. Many of the homes were purchased with 100 percent financing and the homes raided so far have all been worth at least $400,000, records show.

Investigators also are looking into where the marijuana was moved after it was grown, Taylor said. According to documents filed in federal court, agents have followed suspects from homes in the Sacramento region to San Francisco's Chinatown.

Taylor said the indoor marijuana farms have brought a dangerous criminal element into the suburbs.

"It's not just marijuana," he said. "It's organized crime now, moving into our neighborhoods."

WHERE CASE STANDS

21 homes raided in the Sacramento area since August

20 homes raided in Stockton

$70 million worth of marijuana seized

Buyers Must Sign Log To Get Medicine; Law Aimed At Drug Dealers (DRE)

Daily Record, September 30, 2006

Beginning today, cold and allergy sufferers will have to log their name and address to purchase some of their favorite over-the-counter remedies -- thanks to new federal regulations designed to keep certain cold medicines out of the hands of drug dealers.

The regulations were included in the Combat Methamphetamine Epidemic Act of 2005, which ordered pharmacies nationwide to move all over-the-counter cold and allergy medicines with the decongestants pseudoephedrine, ephedrine and phenylpropanolamine to a secured area and limited the amount that a consumer could purchase at one time.

The goal, according to the law, is to reduce the amount of pseudoephedrine that can be purchased at one time to limit its availability to drug dealers who use it to make methamphetamine.

In the past year, authorities broke up "meth" labs operating in Sussex County.

As of today, consumers must show an ID and sign a logbook for each purchase. Buyers must log their name, address, date and time of sale, name and quantity of the product sold, and the signature of the customer.

Retailers and pharmacies also will be required to complete a self-certification process that includes training their employees on the new regulations and procedures.

Joseph V. Roney, chief executive of the New Jersey Pharmacists Association, said on Friday that the new rules are unnecessary and outdated.

"They are turning cold-sufferers into criminals," Roney said.

The new regulations will be enforced by the U.S. Drug Enforcement Agency.

Roney said the federal rules are more strict than those put into New Jersey law last year. That law, with the same aim as federal regulations, limited the purchase of cold remedies with pseudoephedrine to three packages per sale.

The federal law will not hamper the makers of methamphetamine, because high-level dealers smuggle bags of pseudoephedrine into the country from laboratories in Mexico, Roney said.

Roney said he was concerned that consumers will face a confusing scenario as they try to purchase the cold remedies they need. He said his association has made materials available to its members to help smooth the transition.

Monica Contessa, pharmacist at the Madison Pharmacy, said she is not expecting any problems with the new law. She expects to have to answer some questions from customers who might not find their favorite cold remedy on the shelf.

But that has been happening since last year, she said, after the state law took effect.

Contessa said customers most likely will not be too concerned with the log-in procedures because they already have to sign forms for their insurance coverage.

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Pharmacist Sri Aju at Molnar Pharmacy in Morristown also said he did not expect problems, in part because of the established nature of his business. The shop is located in a settled part of Morristown and has many regulars, he said.

He also expects to answer some questions and provide a little more explanation.

Contessa said removing cold products with pseudoephedrine from the shelves did not hamper sales because "the customers tend to know what works for them."

Janet Engle, an associate professor at the University of Illinois and a former president of the American Pharmacists Association, said that, besides the new regulations that could cause confusion, the decongestant used to replace pseudoephedrine is not as potent and, in some cases, does not work as well.

Roney said the decongestant used most often to replace pseudoephedrine is phenylephrine, and it does not work on allergy or cold symptoms as well as its predecessor.

Both Roney and Engle said Schering-Plough chose not to reformulate Claritin-D, its top-selling over-the-counter allergy medicine, and are running a series of ads touting that fact.

In the first quarter of this year, Schering-Plough's consumer health care sales decreased 6 percent to $311 million, largely due to lower sales of Claritin-D and other products containing pseudoephedrine, according to the company's annual statement.

Government Aims To Curb Meth Makers (IVDB)

Inland Valley Daily Bulletin, September 30, 2006

Customers looking for Sudafed, Claritin D and other cold medicines this weekend will likely find a bare shelf at their local pharmacy. A federal law that goes into effect today requires cold medications with pseudoephedrine to be kept behind counters or in locked cabinets wherever sold. Buyers also must show a photo ID and sign a logbook. "The additional control on pseudoephedrine will help law enforcement help target the meth problem," said Capt.

Bill Ryan of the Los Angeles County Sheriff's Narcotics Bureau. The Combat Methamphetamine Epidemic Act of 2005 is the latest move by the government to hinder methamphetamine manufacturers by cutting off one of their sources of pseudoephedrine - one of the key ingredients in making the drug. Many cold medicines such as Sudafed contain pseudoephedrine. The law also requires that any employee selling these cold medicines must receive training on the law and its requirements.

The process for doing that was put in place a week ago, said John Cronin, pharmacist and legal consultant to the California Pharmacists Association. The law is patterned after a 2004 Oklahoma law that officials there credit with reducing meth labs by 80 percent. Medicines containing ephedrine and phenylpropanolamine also are subject to the law. An earlier portion of the law, which went into effect six months ago, limited customers to 3.6 grams a day or 9 grams in a 30-day period.

A gram equals 1,000 milligrams, and one Sudafed pill is 30 milligrams. According to the Drug Enforcement Administration, meth is the primary drug threat in California. Also known as crank, ice, speed or crystal, meth can be inhaled, smoked or injected. The quality of the drug - as well as supply and demand -determine its price.

The current wholesale price of meth in L.A. County is $5,000 to $6,000 a pound, according to Ryan. Ice, a more purer form of the drug, goes for a wholesale price of $8,000 to $11,000 a pound. Ryan said the number of meth labs have been decreasing in the state in the past couple of years due to enforcement and to controlling the ingredients used in making meth.

There were 673 labs seized in the state in 2004 compared to 2,579 in 1999, according to the DEA. Agency officials said that the number of meth labs in Mexico has increased, however. The newly required logbooks - which could be in electronic form - will list a customer's name, address, time and date of sale, the name of the product and how much of it was sold.

Pharmacists need to keep this information for two years. The only part of the Combat Meth Act that's new for Rite Aid is the requirement for customers to sign a logbook, according to company spokeswoman Jody Cook. She said Rite Aid voluntarily started putting cold medicines containing pseudoephedrine behind pharmacy counters last year. They also already ask for driver's licenses and keep the number of the license in their computer system for 30 days, she said.

Some drug companies have unveiled products without pseudoephedrine or ephedrine. Pfizer, which makes Sudafed, came out with SudafedPE in February 2005. It doesn't contain pseudoephedrine but phenylephrine. Days before the law took

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effect, some local pharmacies were still not familiar with all of its provisions. On Wednesday, a lone box of Sudafed remained on the shelf at Nogales Pharmacy in Rowland Heights.

Pharmacist Par-lin Hsu said he had planned to move the box and other cold medicine behind the counter later in the week. Hsu said he hasn't received any official notice about the law. Cronin said there were still questions on how pharmacists would comply. "That guidance would come out in a federal rule. It wasn't published until Sept. 26," he said.

Some customers were unaware of what they would need to do now when buying cold and allergy medications or appear to mind the new restrictions. Outside a Wal-Mart in Industry, Carlos Orozco said he and his children use Sudafed pills to treat their colds. The Whittier man said it wouldn't bother him to show an ID and sign a logbook to get the pills.

Orozco added that people already get carded when they buy liquor and cigarettes. "Everybody just needs one box, I think," Orozco said.

Under the Combat Methamphetamine Epidemic Act:

• Cold medicine containing pseudoephedrine will now be kept behind counters at pharmacies or in locked cabinets.

• Requires buyers to present a photo ID and sign a logbook. The logbook will contain a buyer's name and address, name of the product, amount bought plus date and time of the sale.

• Limits the amount of cold medicine one can buy to 3.6 grams a day or 9 grams in a 30-day period.

• Requires pharmacists to keep the information about the sale for two years.

• Provides an additional $99 million per year for the next five years under the Meth Hot Spots program to train state and local law enforcement to investigate and lock-up meth offenders and expand funding available for personnel and equipment for enforcement, prosecution and environmental clean-up.

• Enhances criminal penalties for meth production and trafficking.

• Requires new reporting and certification procedures of the largest exporting and importing countries of pseudoephedrine and ephedrine.

- Source:- U.S. Food and Drug Administration, Senator Dianne Feinstein's office

Anti-meth Law Puts Cold Medicines Behind Counter (PALMBEACHP)

Palm Beach Post (FL), September 30, 2006

Sudafed and its chemical cousins officially abandon the shelves and take their places behind pharmacy counters Sunday, the result of federal legislation aimed at slowing the spread of methamphetamine.

With the new restrictions, which follow state regulations put in place in mid-2005, lawmakers have succeeded in making pseudoephedrine and two similar chemicals a lot harder to come by for home-and-garage labs brewing the illicit street drug.

They've also made getting a cure for the sniffles more time-consuming for the everyday consumer, since the ingredient is used in virtually all decongestants.

The tougher rules require the items be sold from behind pharmacy shelves or from a locked case. Buyers must provide a state or federal identification and log their name, address, date of purchase and how much of the drug was purchased. Logbooks are kept two years by the store and are open for examination by the Drug Enforcement Administration, as well as other state and federal law enforcement authorities.

The pharmaceutical industry has tried to adapt to the changes by reconstituting many of the products and eliminating the offending ingredient. But while the new products can be sold over the counter, there is some question about whether they work.

Brace yourself: Federal authorities may have another cluster of drugs in their sights, a list that includes such humble bromides as Alka-Seltzer Plus and Vicks 44 Cough Relief.

As the popularity of methamphetamine has grown, so have the sales, and theft, of cold and allergy drugs from store shelves containing the restricted ingredients. Cooking up a batch is dangerous, too: Toxic chemicals drench the premises from roof to root, rendering it fit only for a hazmat team. Sometimes, even surrounding soil has to be removed.

Drugstore crackdowns do seem to curb the number of homegrown meth labs. But another source has popped up to meet demand.

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In Texas, for instance, kitchen-brewed meth began drying up just months after that state passed its own laws on drugstore sales. But that led to more meth being smuggled in from Mexico, and in an especially pure form: Mexican Ice. That was also the case with Oklahoma, one of the first states to experiment with drugstore sales.

The Florida Department of Law Enforcement acknowledges much of this state's meth comes from out-of-state labs, not suburban kitchens. However, eliminating the local labs — and their publicly funded cleanup — is a step forward, said FDLE Special Agent Rick Zenuch in an earlier interview.

Make that a hesitant step. Rules for how pharmacies handle sales came out only 10 days ago. Kevin Nicholson, vice president of pharmacy regulatory affairs for the association of drugstores, says at least some retailers won't get their DEA paperwork approved by today, "and until they get that certification, they can't sell the products."

Still unresolved are questions of whether the personal information in logs conflicts with stringent federal rules on a person's right to medical privacy.

Other ingredients in off-the-shelf drugs are also attracting attention. In August, the Partnership for a Drug-Free America reported its survey of more than 7,300 teens found one in 10 had used cough medicine to get high. Federal lawmakers this summer proposed restricting bulk sales of dextromethorpham, or DXM, the active ingredient in a broad array of cough medicines, including Alka-Seltzer Plus Cold & Cough, Tylenol Cold products and Vicks 44 Cough Relief products.

The federal proposal would have affected those pharmacists who buy ingredients, then mix and measure them. States, though, have also shown interest in restricting sales, says Nicholson. And last year, Walgreen Co. — which sells more than 200 products containing DXM — programmed its cash registers to bar sales of all products containing the cough ingredient to anyone younger than 18.

U.S. Stores Race To Meet Law Aimed At Meth (OREG)

The Oregonian, September 30, 2006

Consumers nationwide will have to show identification and sign a log book when buying cold remedies that contain pseudoephedrine starting today, under a new law aimed at depriving methamphetamine cooks of their essential ingredients.

Americans will be limited to daily purchases of pseudoephedrine totaling 3.6 grams and monthly purchases of 9 grams. At a typical dosage, that's 120 tablets a day and 300 a month.

Oregon consumers will be unaffected by the new rules under the Combat Methamphetamine Epidemic Act, which President Bush signed in March. Oregon is exempt because the state imposed a far tougher pseudoephedrine restriction starting in July: a prescription.

Retailers in the other 49 states were scrambling this week to file paperwork with the U.S. Drug Enforcement Administration, certifying that they had trained employees to follow the sales restrictions. The DEA estimated 89,000 businesses would be affected, and the deadline was midnight Friday.

Rusty Payne, a DEA spokesman, said stores that sell pseudoephedrine without a certification "run the risk of DEA action, such as an inspection or audit."

He declined to say how many businesses had completed the process, which the DEA announced on its Web site 11 days ago.

"There are a number of retailers out there who won't be able to complete the process by (Saturday)," said Kevin Nicholson of the National Association of Chain Drug Stores. "So technically, they won't be able to sell the product."

Nicholson, vice president of pharmacy regulatory affairs for the trade group, said many chains waited until Friday to fill out the DEA forms online and experienced delays.

Jan Gee, president and CEO of the Washington Food Industry, said grocery stores in Washington state are doing the best they can to meet the deadline. But she called the DEA's timeframe "unrealistic."

"When you're making your best effort to achieve a new regulation or law, they're fairly flexible with you," said Gee, whose group represents 550 stores in Washington. "That's my hope."

Michael Polzin, a spokesman for Walgreens stores, said the company rushed its paperwork to the DEA within the past two days and had not received a response from the agency by Friday.

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"We believe we're in compliance by having submitted that to the DEA," Polzin said.

The federal meth law follows two years of action by states to crack down on the sale of ephedrine and pseudoephedrine, interchangeable ingredients in manufacturing methamphetamine.

As of last week, 42 states had enacted some sort of retail sales restriction, according to the National Alliance for Model State Drug Laws. Some states confine the products to pharmacy counters. Others allow other retailers to sell pseudoephedrine as long as it is locked up to prevent theft. The federal law only supersedes states with looser standards.

States that lack any pseudoephedrine law tend to be in the northeast, a region with far fewer meth labs than the rest of the nation.

But even in states with no existing restrictions on pseudoephedrine sales, many Americans will see little change in their daily routines. That's because the pharmaceutical industry has already made dramatic changes in anticipation of the new federal law.

Changing cold medicine

Drug companies last year began reformulating cold medicines with phenylephrine, which can't be used to make meth.

The nation's largest drug store chains, historically the largest sellers of pseudoephedrine products, began placing reformulated products on store shelves. And many chains began voluntarily placing existing products with pseudoephedrine behind the counter, even in states that did not require it.

"People have been sort of discovering this over the course of the past year or so as states and as specific retailers have made changes on their own," said Erica Johnson, a spokeswoman for Pfizer Consumer Healthcare.

Pfizer, the first company to reformulate, now offers Sudafed PE with phenylephrine as well as traditional Sudafed with pseudoephedrine.

Some leading convenience store chains have switched entirely to the reformulated product. The 5,300 U.S. stores and franchisees of 7-Eleven Inc. stopped selling pseudoephedrine products last year in advance of the new federal law.

"We saw the direction that this was going and we just decided, let's not sell products with this particular ingredient," said Margaret Chabris, a spokeswoman.

U.S. consumption of pseudoephedrine has plummeted as a result of the changes, federal trade data show. Imports of bulk pseudoephedrine averaged 13 tons a month through July of this year, down from 49 tons a month during the same period in 2004 -- a 73 percent reduction in two years.

Gary Schnabel, executive director of the Oregon Board of Pharmacy, said sales of pseudoephedrine products have largely dried up.

"What we're hearing is that most people are just going to the reformulated products over the counter," Schnabel said.

Whether phenylephrine is as good at unplugging stuffy noses is a matter of debate at the moment.

Rep. Henry Waxman, D-Calif., called on the U.S. Food and Drug Administration last month to re-evaluate the decongestant's effectiveness.

FDA officials responded by saying that phenylephrine was approved as safe and effective by an FDA expert panel 30 years ago.

"If a consumer does not feel that phenylephrine provides the type of relief that they obtained with pseudoephedrine, they have the option of not purchasing it and purchasing pseudoephedrine instead," wrote David W. Boyer, assistant commissioner for legislation.

Johnson, the Pfizer spokeswoman, said the company's surveys showed 83 percent of people who used Sudafed in the past continue to be satisfied with the new product containing phenylephrine.

Fewer meth labs

Seizures of methamphetamine labs across the United States have declined dramatically.

DEA data show the number of labs nationally fell 42 percent to 5,845 between 2004 and 2005. When seizures of dumpsites, chemicals and equipment are included, the total was 12,456 in 2005, a decline of 30 percent. The number of labs and waste sites in Oregon fell 60 percent during the same period, from 471 in 2004 to 189 in 2005.

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Rob Bovett, legal counsel to the Oregon Narcotics Enforcement Association, said nationwide controls will prevent Oregon meth cooks from shopping for pseudoephedrine in neighboring states.

California, one of the few states still allowing retailers to sell pseudoephedrine over the counter without checking ID, will now have to follow the federal law.

And there will be other impacts, said Bovett, who openly advocates regulating pseudoephedrine "into non-existence."

"As we further change the demand for pseudoephedrine," Bovett said, "we're going to change the world market for pseudoephedrine and thereby change the supply of methamphetamine."

New OTC Policy For Allergy, Cold Meds (NSDY)

By Curtis L. Taylor, Newsday Staff Writer

Long Island Newsday, September 29, 2006

Consumers must show a photo ID and sign a log to purchase some nonprescription sinus, cold and allergy medicines such as Claritin-D and Sudafed -- drugs that will now be locked behind the counter starting Saturday.

The federal law bans over-the-counter sales of drug products containing ephedrine, pseudoephedrine and phenylpropanolamine to curb illegal production of crystal methamphetamine, an addictive drug made with the ingredients.

Officials said online purchasers will face similar restrictions under the Combat Methamphetamine Epidemic Act included in the anti-terrorist Patriot Bill signed March 9 by President George W. Bush.

"This is crazy," said Jerry McIntosh, 71, a customer at the Wakefield Pharmacy in South Ozone. "I wanted to get a little NyQuil cold medicine. I have a little cold and it makes you feel a little better, but I have to give my phone number and address. This makes no sense. If this is going to be a pain in the neck, I can live without it."

His pharmacist, Bob Mason, said that while he understood the need to curb illicit drug production, the restrictions were a major hardship to him and his customers.

"It takes time to log in the information," Mason said. "Worse, some customers just walk out without buying anything. They say, 'I am not going to do it, I just have a cold,' or 'I should not be harassed just because I have allergies.'"

Jan Engle, a professor of pharmacy practice at the University of Illinois College of Pharmacy, said the important thing is to educate consumers about where their medications are now located and about differences in the new decongestants on open shelves. Many brands are substituting ephedrine and pseudoephedrine, which have 12- and 24-hour time-release formulas, with phenlyephrine, an older drug that lasts about four hours, she said.

"If you are at work and you get congested, the last thing you want to do is stop every four hours to take your medicine," said Engle, who teaches a course on over-the-counter prescription drugs. Engle warned that consumers should be prepared to encounter lines and different policy interpretations at each pharmacy. In some states, the law calls for a two-box limit, but some chain drugstores have adopted a one-box policy.

"The bottom line for consumers is that the drug is still available, it is still safe and effective, it is just in a different place," Engle said.

Dr. Dean Mitchell, an allergist with offices in Baldwin and Manhattan, welcomed the new restrictions.

"It is going to dramatically affect my patients, but in the long run I think it will do some good," he said. "Many people overuse these drugs, which all have potential side effects.

"I see patients who take decongestants on a regular basis who come in with elevated blood pressure and insomnia," Mitchell said. "A lot are suffering from sinus conditions but have not been tested for allergies. There are now special allergy drops that can reverse this problem and they may not need the medicine."

Adam Brzezinski 81, of South Ozone, learned about the restrictions Friday while trying to buy Robitussin cough syrup. "I am lucky because I have a pharmacist that knows me, but I would not give out the information at a chain store," he said.

Who Moved My Sudafed? (TIME/CNN)

By Christine Gorman

Time/CNN, October 1, 2006

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The fall allergy season brings a new headache this year. Starting this week, allergy sufferers who want to treat their stuffy noses with pseudoephedrine (an active ingredient in Sudafed and similar over-the-counter remedies) will have to go to a pharmacist or salesclerk, show photo identification and sign a logbook recording their name and street address. The national rule, which echoes restrictions found in several states, is supposed to make it tougher for criminals to manufacture the illegal drug methamphetamine using packets of pseudoephedrine as its raw material. Allergy sufferers who don't want to go through the extra trouble had better have a lot of tissues on hand. The most common alternative, the nasal decongestant phenylephrine, may not be as effective.

Both compounds work by constricting the blood vessels in the nose. But, says Leslie Hendeles, a professor of pharmacy practice and pediatrics at the University of Florida, "phenylephrine doesn't get into the bloodstream very effectively" because it is so quickly metabolized by the digestive system. That made Hendeles and a colleague curious about why the Food and Drug Administration considered the drug effective in the first place. They tracked down the studies on which an advisory panel had based its recommendations back in 1976 and were surprised to learn that seven of the 11 studies showed the drug was no better than a placebo at relieving nasal congestion. Part of the problem may be that there's a lot more variation in people's response to this particular pill, making it difficult to tell if it really works--and for whom.

Fortunately, phenylephrine does a pretty good job for most people when it's sprayed directly into the nose. So a decongestant spray like Neo-Synephrine is a good bet, but only if you use it for three days or less. Using the spray any longer sets you up for something called rebound congestion, in which you become even more stuffed up than you were when you began. That warning also holds true for oxymetazoline, the nasal decongestant found in such nasal sprays as Afrin.

On the other hand, phenylephrine sprays are usually safe for folks with high blood pressure, since the medication stays pretty much in the nose and doesn't affect the rest of the body. Pseudoephedrine, by contrast, should not be used, except under a doctor's order, if you have hypertension. Also, in extremely rare cases, the drug may trigger a heart attack.

So if you have a short-lasting cold, you're covered. But allergy sufferers generally need more than three days' relief. Antihistamines will take care of the runny nose and watery eyes. For your stuffy nose, you're going to want to think about signing that logbook. And if you use a big drugstore, be sure you visit before the pharmacy section closes for the night. There's also a limit to how many boxes you can buy each month, so families may need to plan accordingly. As an alternative, you may want to see a doctor about getting a prescription for a nasal corticosteroid spray.

As with any medication, read the label to make sure you know what you're getting--even if you have used a particular product before. Manufacturers of many familiar nonprescription brands have quietly switched to phenylephrine so that their packages can stay on drugstore shelves. Allergies may be hard to avoid, but if you do your homework and follow the rules, you can still get the relief you need.

Clemens Is Named In Drug Affidavit (LAT)

By Lance Pugmire, Times Staff Writer

The Los Angeles Times, October 1, 2006

The star pitcher and five other players used performance-enhancers, according to a former teammate who took steroids, prosecutors say.

Roger Clemens, one of professional baseball's most durable and successful pitchers, is among six players allegedly linked to performance-enhancing drugs by a former teammate, The Times has learned. The names had been blacked out in an affidavit filed in federal court.

Others whose identities had been concealed include Clemens' fellow Houston Astros pitcher Andy Pettitte and former American League most valuable player Miguel Tejada of the Baltimore Orioles.

The discovery ends four months of speculation surrounding the possible identities of Major League Baseball figures whose names were redacted from the search warrant affidavit filed in Phoenix on May 31. The document was based on statements allegedly made to federal agents by pitcher Jason Grimsley, who has since retired.

Grimsley, a journeyman relief pitcher who played on several teams, including the New York Yankees, Baltimore Orioles and the Angels, acknowledged using steroids, amphetamines and other drugs, investigators said in the document. He also

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implicated a number of former teammates, but the names were blacked out in copies of the affidavit made public in June after investigators used the warrant to raid Grimsley's house.

A source with authorized access to an unredacted affidavit allowed The Times to see it briefly and read aloud some of what had been blacked out of the public copies. A second source and confidant of Grimsley had previously disclosed player identities and provided additional details about the affidavit. The sources cooperated only on condition of anonymity.

According to the affidavit, Grimsley told investigators that Clemens "used athletic performance-enhancing drugs." He also allegedly said Tejada used anabolic steroids.

Clemens and Pettitte did not respond to requests for comment made Saturday through their agents and the Astros. Tejada had previously declined to be interviewed.

Grimsley was questioned by investigators after he allegedly received an illegal shipment of human growth hormone, or HGH. The shipment was tracked to his Scottsdale, Ariz., home by a task force of federal agents investigating drug use in professional baseball, the affidavit said.

For a time, Grimsley secretly cooperated with investigators, they said, but stopped after retaining a lawyer.

According to the 20-page search warrant affidavit, signed by IRS Special Agent Jeff Novitzky, Grimsley told investigators he obtained amphetamines, anabolic steroids and human growth hormone from someone recommended to him by, a source said, former Yankees trainer Brian McNamee. McNamee is a personal strength coach for Clemens and Pettitte.

The former team trainer did not return several messages left with his wife and on his answering machine.

The affidavit also alleges that Grimsley told federal agents that former Orioles teammates Tejada, Brian Roberts and Jay Gibbons "took anabolic steroids." Roberts was the American League's all-star second baseman in 2005 when Grimsley was an Oriole.

All three Baltimore players declined to be interviewed. Roberts said he had "nothing to talk about" and didn't know why he was named.

A sixth player, retired outfielder and first baseman David Segui, previously came forward to say that his name was among those blacked out in the affidavit provided to the public. Segui told ESPN in June that he used HGH on the advice of his doctor as recently as the 2004 season. He did not obtain approval from the league, he acknowledged.

Government officials have declined to comment about their ongoing investigation of drugs in professional baseball.

Clemens, 44, a seven-time Cy Young Award winner who came out of retirement to pitch for the Astros the last three seasons, was a teammate of Grimsley on the Yankees in 1999 and 2000, as was Pettitte, a two-time all-star who is nearing 200 career wins. Grimsley, Tejada, Gibbons, Roberts and Segui were teammates in Baltimore during the 2004 and 2005 seasons.

Grimsley started this year with the Arizona Diamondbacks, but requested voluntary retirement in June after Major League Baseball suspended him for 50 games.

Edward Novak, Grimsley's lawyer, did not return calls. Previously, he publicly disputed the claims investigators made in the affidavit, saying his client did not volunteer the names of any teammates. He said federal agents asked Grimsley to wear a recording device to gather evidence against San Francisco Giants slugger Barry Bonds and that Grimsley refused.

Grimsley was not arrested and has not been charged. Since June, he has complained to friends that federal agents attributed statements and disclosures to him that he didn't make.

"Jason is loyal to the death, a hardheaded guy who would not give up his friends," one of Grimsley's friends said Saturday. "The only names he discussed with those investigators were names … [the investigators] suggested to him."

The Grimsley friend, who talked about the investigation on the condition he not be named, said investigators warned the pitcher that "if he didn't continue to cooperate, they would expose him as a rat."

Rich Levin, a spokesman for Major League Baseball, said the organization and players association were "doing everything we can to eliminate the use of performance-enhancing substances and amphetamines from the game."

Regarding the investigators' affidavit, Levin said baseball officials had "no information [about] how it was obtained or its accuracy."

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Clemens has surprised many in the baseball world with his late-career success. Of his 348 career wins, 55 have come since the season he turned 40. In a controversial tell-all book released two winters ago, former major leaguer Jose Canseco speculated that Clemens' late-career surge showed "classic signs" of steroid use.

"Roger says it is all nonsense," Clemens' agent, Randy Hendricks, responded to Newsday at the time. He said the pitcher "takes vitamin B-12 shots … and will pass every [drug] test."

On Saturday, the agent told the Associated Press: "I've grown weary of having to defend [Clemens] from innuendo and conjecture about every six months for the last several years when he's complied with all of the rules and regulations."

Speaking of another of his clients, Pettitte, Hendricks told AP: "Andy is just surprised and stunned, and has no knowledge of any such activity."

Pettitte, 34, pitched nine seasons and was a part of four World Series championships with the Yankees, then signed with the Astros after the 2003 season, helping Houston advance to the World Series in 2005. He has won 14 games this year for a career record of 186 wins, 104 losses.

Tejada, listed at 5-feet-9, 215 pounds, hit 30 home runs in 2000 for the Oakland A's and has established himself as one of the game's best middle-infield power hitters.

He was drawn into baseball's steroids scandal in August 2005, when then-teammate Rafael Palmeiro, who tested positive for an anabolic steroid and was suspended for 10 games, told an appeals panel the test might have resulted from injectable vitamins given to him by Tejada. After investigating, the panel cleared Tejada.

Tejada's increasingly sullen demeanor has attracted hometown news media coverage in Baltimore, where he also has become a target of complaints from fans who accuse him of not hustling.

During the summer, he canceled an interview with The Times for this article. "I don't want to talk to you," he said. Later, Tejada referred a reporter to agent Diego Bentz, who did not return calls.

Outfielder Gibbons, a product of Mayfair High School in Lakewood and Cal State Los Angeles, spent late June on the disabled list with a knee injury in Scottsdale, Ariz. His father, Jim, acknowledged at his Lakewood home on July 5 that the player was aware of the affidavit.

"Is this about Grimsley?" the elder Gibbons asked a Times reporter. "I'm not saying anything about it. I'll let him know you stopped by."

Roberts, listed at 5-9, 175, hit 18 home runs in 561 at-bats last season, matching his combined total through the previous six years in the major and minor leagues.

After a victory over the Red Sox in Boston on Saturday, two of the Orioles told the Baltimore Sun that they denied the claims made in the affidavit.

"I don't pay any attention to what" Grimsley allegedly said about performance-enhancing drug use, Tejada said. "I know that I've never had a problem with that. I know that I've never used that, and I know I am clean. I don't worry about anybody who puts me in that stuff. I'll get checked out for anybody, any time, any moment — whenever they want."

Gibbons said: "I have passed every test administered by Major League Baseball over all the years. And I am not going to dignify these claims and accusations with any further response."

Grimsley told investigators he had used anabolic steroids beginning in 2000, tested positive during 2003 trial testing, and switched to human growth hormone, undetectable in a urine test, after that. He admitted to using amphetamines until an agreement with the players association banned them several months ago, according to the affidavit.

In a major league career that began with the Philadelphia Phillies in 1989, Grimsley played for seven organizations.

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(INFOBOX BELOW)

The players

Roger Clemens

Starting pitcher, Houston Astros

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Career: 348 wins, 178 losses, 3.10 ERA.

The 11-time all-star and seven-time Cy Young winner has pitched for Boston, Toronto, the New York Yankees and the Astros in his 23-year career.

Andy Pettitte

Starting pitcher, Houston Astros

Career: 186 wins 104 losses, 3.81 ERA.

A two-time all-star, he twice won 20 or more games while pitching for the New York Yankees from 1995 to 2003. He joined the Astros in 2004.

Miguel Tejada

Shortstop, Baltimore Orioles

Career: 1,584 hits, 240 home runs, 952 RBI, .286 career batting average.

- He was the 2002 American League MVP with Oakland, for whom he played from 1997 to 2003.

Brian Roberts

Second base, Baltimore Orioles

Career: .280 career batting average, 40 home runs, 250 RBI.

- Was an all-star in 2005, his fifth season in the major leagues, all with the Orioles.

Jay Gibbons

Outfield, Baltimore Orioles

Career: .263 career batting average, 115 home runs, 377 RBI.

- This is his sixth season in the major leagues, all with the Orioles.

Jason Grimsley

Former relief pitcher, Arizona Diamondbacks

Career: 42 wins, 58 losses, 4.77 ERA.

- Suspended in June after acknowledging use of a performance-enhancing drug. He retired.

Sources: http://www.mlb.com ; Times reports

Baseball's Ugly Side Just Got Uglier (NYT)

By William C. Rhoden

The New York Times, October 2, 2006

San Francisco

By 11 a.m. yesterday, Barry Bonds hadn't heard the news.

On this, the final day of a disappointing season, Bonds, baseball's second greatest home run hitter, sat in front of his dressing area, watching his beloved 49ers get shellacked by the Kansas City Chiefs. Bonds wasn't aware that names had been disclosed in connection with the continuing peril of the use of human growth hormone.

In yesterday's editions, The Los Angeles Times reported that Roger Clemens was among six players named by a former teammate as using performance-enhancing drugs.

None of the players was named Barry Bonds.

The article said the former major league pitcher Jason Grimsley also identified Andy Pettitte, Miguel Tejada, Brian Roberts and Jay Gibbons as players who used performance-enhancing drugs.

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The big fish in these allegations — and they are only allegations — is Clemens, perhaps the most dominating pitcher of his generation. I'm not sure how I expected Bonds to react to the news. Indignation? A sense of satisfaction? Bonds arched his eyebrows in surprise and not much else. "That's awful," he said, and let it go at that.

It is awful, and infuriating, that the hypocrisies of two industries — baseball and news media — are converging. Baseball, if it didn't encourage drug use, at least looked the other way season after season as players did what they it had to do to make it through 162 games. The news media, selectively picking and choosing who to vilify, has been on a Bonds hunt for two seasons. Now it may be confronted with Clemens. If I know my industry, there will now be calls for restraint, for withholding judgment. There will be calls for evenhandedness, for letting it play itself out, following the truth where it leads.

Right.

This hunt has never been about getting at the larger truth, never about purging, going back and finding out how baseball helped perpetuate a culture of amphetamines. Instead, we've witnessed a typically American approach to solving deep-seated problems: denial first, finding a scapegoat, initiating a public chase, holding an equally public execution and subsequently declaring the problem over.

Bonds was supposed to be that scapegoat.

The problem is that the loose string we've grabbed and pulled is undressing an entire industry, dredging up names never intended to be dredged up.

Clemens and Pettitte, teammates with the Yankees and the Astros, denied the allegations.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said yesterday before the Astros played in Atlanta.

He added: "I've been tested plenty of times. My physicals I've taken, they have taken my bloodwork. I have passed every test. Again, I just find it amazing that you can throw anybody out there."

Pettitte said he was stunned by the report.

"I played with Grimsley for a couple of years in New York and had a great relationship with him," Pettitte told reporters.

Pettitte said he never used any performance-enhancing drugs. "I don't know what else to say except to say it's embarrassing my name would be out there," he said.

Indeed. The moving finger writes and having writ, moves on.

Before yesterday's game, Giants Manager Felipe Alou noted, "The minute your name comes out, even if it's not true, your name came out; it's nice to go home clean."

In June, federal agents searched Grimsley's home in Arizona after he admitted using human growth hormone, steroids and amphetamines. Grimsley was released by Arizona and suspended by Major League Baseball. Alou, who may be on his way out as the Giants' manager, was asked what he thought of the new set of disclosures.

"I was shocked to see some of the names on television this morning," Alou said. "There are some big names. I said, 'Here we go again.' Can you imagine having to go through another year? You believe the season is going to be behind us, the season is over and all of that is behind. Now it's in front of us."

Alou predicted that more names — more big names — will surface as federal agents dig and dig in their attempt to get Bonds. The battleground is filling up with casualties.

In pursuit of Bonds, The San Francisco Chronicle published a story based on documents obtained from a grand jury. Now two of its reporters face prison time. More big-name athletes will have their reputations tarnished. Meanwhile, Bonds, the target in all of this, is sitting in front of his stall, watching a football game.

What fitting symmetry to a baseball season that began with Bonds hounded by suspicion of steroid use, despite never testing positive. The season ends with big names other than Bonds being implicated by a former teammate. Now the mob that has pursued Bonds with a single-minded vengeance must decide whether to pursue Clemens and Pettitte as well.

Asked whether he thought the news media will go as hard after Clemens as it has after Bonds, Alou said: "First of all, it has to be true. We don't know if that is true."

"But I gotta say though," he said, smiling, "that Rockets are hard to catch."

Baseball deserves this. We deserve this.

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Clemens, Others Blast Grimsley Report (AP)

AP, October 2, 2006

-- Roger Clemens calls the report "dangerous and malicious and reckless." Andy Pettitte insists he never took banned drugs. Miguel Tejada says he is being smeared again by scandal.

Some of baseball's biggest stars responded with denials and denunciations Sunday following a Los Angeles Times report in which former pitcher Jason Grimsley accused five players of using performance-enhancing drugs, according to a federal agent's affidavit. The other players cited were Baltimore teammates Brian Roberts and Jay Gibbons.

Grimsley once played with Clemens and Pettitte on the New York Yankees and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Clemens and Pettitte, now teammates on the Houston Astros, denied the allegations Sunday.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said Sunday before the Astros played in Atlanta on the final day of the regular season. "I haven't seen (the report), nor do I need to see it."

"For the people involved it is very dangerous and malicious and reckless on the part of somebody ... to put something out there with somebody else's writing on it," he added.

Clemens said he has been tested "plenty of times" and passed every test.

Pettitte was "stunned" by the report.

"I played with Grimsley for a couple of years in New York and had a great relationship with him," the pitcher said before the Astros' game.

"I've never used any drugs to enhance my performance in baseball. I don't know what else to say except to say it's embarrassing my name would be out there."

In June, federal agents searched Grimsley's home in Arizona after the pitcher admitted using human growth hormone, steroids and amphetamines. Grimsley later was released by the Arizona Diamondbacks.

In a search warrant affidavit signed by IRS Special Agent Jeff Novitzky, the Times reported, he said Grimsley identified other players who had used drugs. Those names were blacked out when the document was released.

"As for Jason Grimsley's affidavit, we have no information regarding how it was obtained or its accuracy," MLB spokesman Richard Levin said Sunday.

All major league players are tested at least twice a year for banned drugs. There is no test for HGH, but it is banned by the sport. Former Senate Majority Leader George Mitchell was hired by MLB to investigate steroids in baseball.

The Times said an unidentified source with access to the document _ minus the cross-outs _ allowed the newspaper see it but kept the copy. The Times said a second source who had identified the other players provided additional details about the document.

According to the affidavit, the Times said, Grimsley told investigators Clemens and Pettitte "used athletic performance-enhancing drugs."

Houston teammate Lance Berkman said he would be startled to find either of the two pitchers involved, calling the matter "irresponsible" and "unfortunate."

"You just have to be very, very careful when you make accusations like that," he said. "You better be right about it."

The affidavit also alleged Grimsley told federal agents that Roberts, Gibbons and Tejada, all with the Orioles, "took anabolic steroids."

"What can I do? I spent one morning last year with Grimsley," Tejada said Sunday from Boston. "I mean, I already got thrown under the bus with Palmeiro. No, I don't worry about that."

Rafael Palmeiro was suspended last season for using steroids and suggested the positive test may have been the result of a vitamin B-12 shot Tejada gave him. Tejada insisted he did nothing wrong.

Gibbons has said he has passed every test administered by baseball.

"I'm as shocked as anybody else," he said.

Roberts derided the accusations as "ridiculous."

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"We've had steroid testing, and I've taken all the tests," he told The (Baltimore) Sun. "There is no point in getting into verbal wars."

Novitzky also was the lead investigator in the Bay Area Laboratory Co-Operative probe. Two BALCO officials and Barry Bonds' personal trainer, Greg Anderson, served jail time after guilty pleas in that investigation.

Grimsley has complained to friends, the Times said, that federal agents attributed statements to him that he did not make.

Randy Hendricks, who represents Clemens and Pettitte, told The Associated Press he questions the conduct of the federal agents.

"I've grown weary of having to defend (Clemens) from innuendo and conjecture about every six months for the last several years when he's complied with all of the rules and regulations," Hendricks said. "Andy is just surprised and stunned, and has no knowledge of any such activity."

Atlanta Braves star Chipper Jones called Clemens and Pettitte "iconic figures" and is convinced of their innocence.

Giants manager Felipe Alou was asked how he thinks Clemens will be treated compared to Bonds.

"I've got to say, Rockets are hard to catch," he said. "I was shocked to see those names on television this morning. Some big names. I said, 'Here we go again.'"

Three O's Players Deny Steroid Use (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, October 2, 2006

Clemens, Pettitte Also Rebut Grimsley

The Baltimore Orioles issued a statement of support yesterday for their three players accused of using anabolic steroids by a former major league pitcher as the players -- Miguel Tejada, Brian Roberts and Jay Gibbons -- denied the charges.

Houston Astros pitchers Roger Clemens and Andy Pettitte, who were accused of performance-enhancing drug use by former reliever Jason Grimsley in a federal affidavit, also rebutted the charges a day after the Los Angeles Times revealed the identities of the players Grimsley accused.

The players' names had been blacked out in the affidavit that was filed in federal court in May.

Grimsley, who played for the Orioles, New York Yankees, Arizona Diamondbacks and other teams, admitted in the search-warrant affidavit to using anabolic steroids, human growth hormone and amphetamines. In the affidavit, he also implicated six players and an athletic trainer whose names had been unconfirmed until the Times report.

After the affidavit became public, Grimsley was suspended for 50 games by Major League Baseball and released by the Diamondbacks.

Grimsley also named retired Oriole David Segui, who previously acknowledged that his name was among those in the document. Segui told ESPN in June that he had received a prescription for human growth hormone because of naturally low levels. The trainer was Brian McNamee, formerly a team trainer for the Yankees and now the personal trainer for Clemens and Pettitte, according to the Times.

Grimsley played with Tejada, Roberts and Gibbons in 2005 and Clemens and Pettitte in 1999 and 2000 when he was with the Yankees. The charges against Clemens have received particular emphasis because Clemens, 44, has become the sport's measuring stick for fitness, durability and toughness.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said yesterday before the Astros played in Atlanta, according to the Associated Press. "I haven't seen [the report], nor do I need to see it."

"I've been tested plenty of times. My physicals I've taken, they have taken my blood work. I have passed every test. Again, I just find it amazing that you can throw anybody out there."

Pettitte said he had a "great relationship" with Grimsley and was "stunned" by the report, according to the AP.

"I've never used any drugs to enhance my performance in baseball," Pettitte said. "I don't know what else to say except to say it's embarrassing my name would be out there."

Their agent, Randy Hendricks, noted that Grimsley has said through his attorney that he did not disclose names to federal investigators.

"Roger and Andy deny using performance enhancing drugs," Hendricks said in an e-mail. "Roger passed Olympic-standard blood testing for the World Baseball Classic this year. . . . He is a phenomenal baseball player who does not deserve to have his name bandied about in the public domain based upon an affidavit of an investigative agent to get a search warrant. Roger and Andy never worked out with Grimsley and Grimsley would have no personal knowledge of anything they did."

Grimsley said Clemens and Pettitte "used athletic performance-enhancing drugs" and Roberts, Gibbons and Tejada "took anabolic steroids," according to the affidavit signed by IRS Special Agent Jeff Novitzky, the Times reported. The newspaper said it was allowed to view the unredacted version by someone with "authorized access" to it.

"What can I do? I spent one morning last year with Grimsley," Tejada said yesterday before the Orioles played at Boston, according to the AP. "I mean, I already got thrown under the bus with [Rafael] Palmeiro. No, I don't worry about that."

The night before, Tejada told the Baltimore Sun: "I know that I've never had a problem with that. I know that I've never used that and I know I am clean."

Gibbons told the Sun he has never failed a drug test.

"And I am not going to dignify these claims and accusations with any further response," he said.

"Our players have addressed the accusations quite strongly and we support them," Orioles Vice President of Player Personnel Mike Flanagan said in a statement. "We have not seen the affidavit and therefore will not comment on it further."

US/Central Afghanistan Mulls Herbicide In Drug War (AP)

AP, October 1, 2006

(AP) JALALABAD, Afghanistan With profits from this spring's record opium crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide.

Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes.

But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop.

"This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it," said Lt. Gen. Mohammed Daoud Daoud on the sidelines of an anti-poppy gathering in Jalalabad, the ancient and verdant capital of Nangahar province, once the heart of Afghanistan's poppy belt.

This year Nangahar was a success. Poppy cultivation stayed low amid a boom that saw Afghanistan produce 82 percent of the world's opium, providing for 90 percent of its heroin, according to U.S. and United Nations figures.

Opium eradication is one of the great failures of the five-year period since the U.S.-led invasion in 2001. In 2000, under the Islamist Taliban government, Afghanistan produced virtually no opium.

Planting has skyrocketed since then, jumping 59 percent this year, enough to produce 6,700 tons of opium that fetched around $750 million for Afghan farmers and eventually sold for $50 billion on the street, mainly in Europe, according to a U.N. report.

Opium poppies have become Afghanistan's chief crop and economic mainstay even as Washington and Britain have pumped hundreds of millions of dollars into eradication schemes and complex efforts to create markets for legal crops.

In the meantime, drug money nourishes the insurgency. In the opium-rich southern provinces of Helmand and Kandahar, Taliban commanders protect growers in return for a 30 to 40 percent tax, which is spent to recruit fighters, experts in the region say.

Retired U.S. Gen. Barry McCaffrey, the Clinton administration drug czar, said crop dusters may be the only way to preserve Washington's project in Afghanistan, before drug profits undermine the country's elected government.

"We know exactly where these fields are. They're absolutely vulnerable to eradication. And it is immeasurably more effective to do it with an airplane," McCaffrey said by telephone from Virginia. "I've been telling the Pentagon, if you don't take on drug production you're going to get run out of Afghanistan."

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But in Helmand, home to 42 percent of this year's crop, Daoud said it remains too dangerous to spray. A former mujahedeen commander, Daoud said the Taliban can down low-flying planes.

"They have rockets," the bearded general said, fingering a string of prayer beads. "We can't spray there."

U.S. and U.N. experts here say eradicating the drug from this Texas-sized country will take decades.

Inside Afghanistan, with just 150,000 opium users among its 30 million people, poppy eradication is seen as an outside issue. Two speakers at the counternarcotics conference here said it was more urgent to stop people drinking wine.

"We want all drugs banned. Not only poppy," said provincial council chief Fazal Hadi Muslim Yar.

If Karzai approves herbicide, he risks losing the support of 3 million people involved in poppy growing. But without eradication, he could see his government undermined by drug-funded insurgents.

Karzai has said in the past that herbicides pose too big a risk for families and livestock, contaminating water and killing grapes, melons and vegetables grown alongside poppies. But the president approved Afghan eradication teams that used tractors to eliminate thousands of acres of poppies this year.

"Anywhere we eradicate a field, we must immediately provide the farmer with an alternative livelihood," Karzai spokesman Khaleeq Ahmad said on Saturday.

Aerial spraying is especially feared. Rumors have coursed through farm communities blaming sicknesses on secret poppy spraying, said Mohammed Nabi Hussaini, the head of Afghanistan's Poppy Eradication Program.

"There were diseases in children who ate apricots and parents said they saw helicopters nearby," Hussaini said. "But how long can we wait? The longer you wait the more it will get out of control."

McCaffrey said crop-dusting with common herbicides like Roundup was key in drug eradication programs that found success in Thailand and Peru.

Crop spraying is not the preferred option of the United Nations, but would be considered as part of a broad rural development program, U.N. spokesman Dan Norton said on Saturday.

Tens of thousands of Afghan farmers are now making crop decisions, weighing options between poppies and Afghanistan's robust vegetables and melons.

For now, the government counternarcotics campaign is friendly. Afghan government officials held a tent rally at the former winter palace in Jalalabad. With 200 turbaned elders and clerics listening, Daoud urged them to snuff out the illicit trade before it turned Afghanistan into a narco-state.

"Addiction will destroy the young generation that is Afghanistan's future," Daoud told the crowd. "Once you're addicted you're a burden to your family."

Across Afghanistan, tougher action is coming. Counternarcotics officials warned local leaders that they will be fired if cultivation rises.

Finally, Kabul officials drove the message home using the twin pillars of God and honor. Assadullah Sajid, an imam in a starched white tunic and long beard, pointed forcefully at the elders and policemen, invoking the Quran and warning them not to disgrace Nangahar.

"Last year our governor was honored because we didn't cultivate," Sajid said sternly. "Let's keep that honor."

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Councilman To Idaho Town: Get Your Guns (USAT)

By Gwen Florio

USA Today, October 2, 2006

The Town Council in Greenleaf, Idaho, is considering a recommendation that all households keep and maintain guns because of the crime that might come with the encroaching growth from nearby Boise.

To date, violent crime is nearly unheard of in Greenleaf, population 890, admits City Councilman Steve Jett, who proposed the ordinance the council will take up Tuesday. Even so, Jett says it's only a matter of time.

"The biggest thing I was looking at is preparation," Jett says.

When asked about violent crime in Greenleaf, which doesn't have its own police force, Albert Erickson, police chief of neighboring Wilder, says, "I don't remember any."

Erickson, whose department covers Greenleaf, finally recalled a domestic-violence complaint there last year. "But I don't even know that it went to court."

Boise is not exactly a hotbed of violence. Its violent crime rate last year was 383 per 100,000 people, below the national average of 469 but higher than Idaho's rate of 257 per 100,000, according to the FBI Uniform Crime Report.

Greenleaf's proposal is not surprising, especially in the West, says David Kopel of the Denver-based Independence Institute, a free-market think tank.

Kopel, author of The Samurai, the Mountie, and the Cowboy: Should America Adopt the Gun Controls of Other Democracies?, ranks Montana as the state with the strongest gun rights, closely followed by Idaho and Wyoming.

"These laws are more suggestive of culture and attitude than a real attempt to arm everybody," says Gary Marbut, president of the Montana Shooting Sports Association.

The Montana Legislature routinely considers resolutions urging residents to own guns. Aumsville, Ore., considered, but rejected, an ordinance similar to Greenleaf's proposal in 2001, a year after the tiny southern Utah town of Virgin passed one.

In a nod to Greenleaf's Quaker roots — it takes its name from Quaker abolitionist and poet John Greenleaf Whittier — Jett says his proposal is merely a recommendation, not a requirement like Virgin's. The wording exempts convicted felons, others prohibited from owning guns and those who object to gun ownership.

The ordinance is modeled on a 1982 law in Kennesaw, Ga., a town that, like Greenleaf, found itself becoming a suburb to a sprawling state capital. "It was basically the law heard 'round the world," says Kennesaw Mayor Leonard Church. He says he has received inquiries from as far away as Australia about Kennesaw's measure.

Although the law is largely a formality — "We don't go door to door, saying, 'Show me your gun' " — Church says studies show enactment of the law coincides with a marked drop in burglaries and violent crime.

Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence, says the group doesn't oppose Greenleaf's proposal.

"There aren't too many rural towns in Idaho where everybody doesn't already have a gun," he says. "And we fully support the right of law-abiding citizens … to own a firearm for self-defense, or hunting, or sporting purposes."

IMMIGRATION:

Immigration In Herndon (WP)

The Washington Post, October 2, 2006

CONGRESS LEFT town having failed to pass the comprehensive reform of immigration laws that President Bush claimed to want but didn't do much to promote at crunchtime. The failure leaves millions of illegal immigrants sought after by U.S. employers but with no path to legal status. The nation wants and needs their labor but can't bring itself to deal honestly with the situation. Among the victims of this hypocrisy and gridlock on the national level are the nation's local governments, which are left with little guidance in handling the challenges posed by rapid immigration.

You can get an early sense of how this increasingly will play out in Northern Virginia's town of Herndon, which is back in the news with more ideas on how to clamp down on illegal immigrants. The proposals are small-minded and, if enacted, are likely to be futile in resolving any problems. But we understand local officials' frustration with the federal government's inability to craft an immigration policy for the country.

Herndon is proposing to train local police to enforce federal immigration laws and to place new restrictions on businesses. Anyone seeking a business license would have to prove valid immigration status, and anyone wanting to do business with the town would have to show that workers for the business are in the country legally.

The new initiatives are, as one official conceded, an effort to just do something. But, toward what end, and at what cost? The business proposals duplicate existing laws. Letting the police officer on the corner take over the federal role in the complex world of immigration law could lead to heartbreaking mistakes and unintended consequences. People who look "foreign" to one police officer or another might become targets for unfair scrutiny. Many law enforcement authorities fear that such policies will chill relations with immigrant communities and, as a result, more serious crimes will go unreported and unsolved.

Officials in Herndon say they are still in the early stages of studying their proposals; let's hope that, instead of the emotion that shaped much of last year's debate on day laborers, a more analytical and reasoned examination will be undertaken. Congress would do well to take the same advice.

TAX:

Income Tax Cuts Benefit All Payers (USAT)

By Kevin Mccoy

USA Today, October 2, 2006

Americans of every income have benefited from a drop in federal income tax rates as Bush administration tax cuts enacted since 2000 took effect, an independent analysis of newly released IRS data shows.

But those earning $75,000 to $500,000 are shouldering a larger share of total taxes paid as millions more of them earn higher incomes and get hit with the Alternative Minimum Tax, the analysis also found.

The review by the Tax Foundation, a non-partisan research group that favors low taxes, provides one of the first detailed looks at the impact of federal tax changes phased in between 2000 and 2004.

Alluding to the political debate that often surrounds tax issues, Gerald Prante, a Tax Foundation economist, said, "It is true that in dollar amounts the rich have gained the most. But everybody's tax rates have fallen."

The analysis showed, for example, that a taxpayer who earned $35,000 in 2000 would have paid 8.54% of that income — $2,989 after credits — in federal taxes. In 2004, federal taxes would have accounted for 5.12% of that taxpayer's annual income, or $1,792. That represents a 40% decrease in tax burden.

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At the higher end of the income brackets, a $1.75 million earner would have paid $513,625 in 2000 federal taxes, when the rate for that earning bracket was 29.35%. Four years later, when the rate dropped to 25%, that earner would have paid $437,500. That represents a 14.8% cut in tax burden, the analysis shows.

Millions of upper-middle and moderately high-income earners also benefited from tax rate cuts. But the analysis shows their savings was limited by the Alternative Minimum Tax, which eliminates some deductions and credits they could otherwise claim on federal tax returns. The levy particularly hits those whose high state and local taxes become ineligible for federal tax deductions.

For instance, taxpayers who earned between $100,000 and $200,000 in 2004 paid 22.5% of all federal taxes, up from 19.4% four years earlier. Those who earned between $200,000 and $500,000 in 2004 paid 17.9% of all federal taxes, up from 15.4% in 2000, the analysis showed.

Prante said the federal government "cut ordinary income tax rates but left AMT alone. So the middle range (of taxpayers) ended up getting less of a reduction."

The Tax Foundation also found that:

•Millions of lower-income Americans — those earning $25,000 annually or less — have been taken off the federal tax rolls. In 2000, roughly 29 million tax returns had no federal tax owed. Four years later, the number rose to about 43 million returns.

The increase resulted from the doubling of the child tax credit from $500 to $1,000, as well as the Earned Income Tax Credit, a federal benefit program for low-income workers.

•Income for the highest-earning Americans dropped sharply from 2000 to 2002, following the end of the bull stock market of the late 1990s, then grew rapidly from 2002 to 2004 as the economy recovered.

CONGRESS-ADMINISTRATION:

Reconfigured Supreme Court Takes Up Cases (LAT)

By David G. Savage

The Los Angeles Times, October 2, 2006

WASHINGTON — Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., President Bush's two appointees, will have a chance to shift the law to the right on two charged issues — abortion and race — during the Supreme Court term that starts today.

The court will decide whether doctors can be prosecuted for using an abortion procedure that critics have labeled "partial-birth abortion." And it will rule on whether school boards can maintain integrated schools by assigning some students based on their race.

In the past, Justice Sandra Day O'Connor provided the fifth vote for majority rulings that struck down abortion regulations and allowed schools and colleges to use affirmative action. Now that O'Connor has been succeeded by Alito, the balance may tip the other way.

The session will also see the court take up global warming for the first time. Environmentalists are asking the justices to force the Bush administration to limit vehicle emissions believed to contribute to climate change.

Business lawyers and consumer advocates are closely watching another case involving cigarette maker Philip Morris to see whether the high court will strictly limit "punitive" damage verdicts against corporations.

And California's system for sentencing criminals is under attack. In recent years, the high court has said juries, not judges, should decide the key facts that call for longer prison terms.

In California, a judge may impose a longer prison term if certain "aggravating factors" are found.

If the court declares this sentencing system unconstitutional, thousands of state inmates could win the right to have their sentences reconsidered.

Abortion remains the most divisive issue before the court.

Until now, a 5-4 majority has held to the view that the government may not regulate abortion in a way that threatens the life or health of pregnant women.

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Relying on that principle, the court six years ago struck down a Nebraska law that made it a crime for doctors to use a second-trimester surgical procedure that critics call "partial-birth abortion."

Some physicians, including litigant Dr. Leroy Carhart of Bellevue, Neb., seek to remove the fetus intact before cutting its umbilical cord. This procedure, known as D&X, for dilation and extraction, carries less risk of bleeding and infection than other procedures, the doctor maintains.

The high court, in a 5-4 decision upholding the practice, agreed with him in Stenberg vs. Carhart, saying that "significant medical authority supports the proposition that, in some circumstances, the D&X procedure would be the safest procedure."

The dissenters called the procedure "gruesome" and "horrific" and said it bore "a strong resemblance to infanticide."

Afterward, Congress passed the federal Partial-Birth Abortion Ban Act, and President Bush signed it into law in 2003. Contradicting the court's conclusion, lawmakers said the disputed procedure was "never medically indicated to preserve the health of the mother."

Judges in Omaha and San Francisco conducted trials and heard testimony from leading medical experts.

Both concluded that the disputed D&X procedure was a variant on the standard dilation and evacuation method of abortion at this stage of pregnancy. And both agreed with medical experts who said it was often safer.

"This is a medical matter, and the court has never deferred to Congress on a medical issue like this," said Priscilla Smith, a lawyer for the Center for Reproductive Rights, which is representing Carhart.

But U.S. Solicitor General Paul D. Clement said Congress' conclusion that the D&X procedure was not needed to protect women was "entitled to great deference."

The oral argument in Gonzales vs. Carhart is set for Nov. 8, the day after the elections.

The high court has also been closely split on race and affirmative action.

Three years ago, with O'Connor speaking for a 5-4 majority, the court ruled that colleges and universities may consider race in the admissions process to bring more diversity to the student body.

But the court's conservatives say schools and colleges should not treat students differently because of race, regardless of the reason.

The court agreed to hear a challenge to public school integration policies in Seattle and Louisville, Ky., that sometimes lead to children being barred from certain schools because of their race.

In Louisville, officials said at least 15%, and no more than 50%, of a school's students had to be black. The parent of a white child sued when her son was turned away from the school nearest her home.

Bush administration lawyers joined the case on the side of the parents and argue that "racial balancing" is unconstitutional. However, school officials say that because housing is segregated in many cities, they need to use race-based guidelines to maintain integrated schools.

If the guidelines in Seattle and Louisville are struck down, the ruling could affect several California districts. Last year, the Los Angeles Unified School District was sued by the Pacific Legal Foundation for using race as an enrollment factor in its magnet schools.

College officials will also be watching the outcome. A ruling striking down school integration policies will be seen as a signal that college affirmative-action policies are in danger as well.

The schools case will be heard Dec. 4.

The global warming case tests whether a coalition of states can force the Bush administration to take action against greenhouse gases.

This dispute, to be heard Nov. 29, turns on the words of the Clean Air Act, which says the Environmental Protection Agency must take steps to limit "any air pollutant" coming from cars and trucks that could "endanger public health or welfare," including changes in the climate or weather.

The EPA administrator refused to adopt new emissions standards for motor vehicles.

The agency's experts said that greenhouse gases such as carbon dioxide were not true air pollutants.

A dozen states — California, Massachusetts, Connecticut, Illinois, Maine, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington — sued the EPA.

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The court's decision could also determine the fate of California's newly adopted rules for cleaner vehicles to be sold in the state beginning in 2009. Those pending rules are also being challenged in lawsuits brought by the automakers.

"It will help California a lot if the court says carbon dioxide is an air pollutant," said UCLA law professor Ann Carlson, an expert on environmental law.

"It's also very significant if the states and environmentalists can force action on this issue when the administration is recalcitrant."

The punitive-damages case, which will come up Oct. 31, tests whether juries, acting on a single claim, can punish companies for wrongful behavior that may have hurt tens of thousands of people.

After Jesse Williams, a lifelong smoker, died of lung cancer in Oregon, his wife sued Philip Morris for fraud. A jury awarded her $21,000 in compensation for his death and $800,000 for pain and suffering. Then, to punish Philip Morris for concealing the dangers of smoking, it added nearly $80 million in punitive damages.

The Supreme Court has been searching for a way to limit these punitive awards, and three years ago said they rarely should "exceed a single-digit ratio between punitive and compensatory damages."

WASHINGTON — In the session that begins today, the Supreme Court is scheduled to consider a number of cases on hot-button issues, among them abortion and school integration.

Question: Can Congress outlaw a midterm abortion procedure referred to by opponents as "partial-birth" abortion?

Answer: Six years ago, the court on a 5-4 vote struck down a similar state ban on the grounds that it could threaten the health of some pregnant women. Justice Sandra Day O'Connor, now retired, was in the majority, and she has been replaced by President Bush's appointee Justice Samuel A. Alito Jr. (Gonzales vs. Carhart and Gonzales vs. Planned Parenthood)

Q: Can school districts maintain a racial balance in schools by limiting the percentage of white and black students, or does this use of race violate the rights of students who are excluded?

A: Lawyers challenging the integration guidelines used in Seattle and in Louisville, Ky., say any such use of race is unconstitutional. (Parents Involved in Community Schools vs. Seattle School District and Meredith vs. Jefferson County Board of Education)

Q: Can the Bush administration refuse to regulate the emissions of cars and power plants that are blamed for global warming, or does the Clean Air Act require the government to restrict such pollutants?

A: The court will hear an appeal from lawyers for Massachusetts, California and 10 other states that have demanded that the Environmental Protection Agency take action. (Massachusetts vs. EPA)

Q: Can juries award millions of dollars to a single plaintiff to punish a company for a pattern of wrongdoing?

A: An Oregon jury awarded $80 million in damages to the family of a longtime smoker who died of lung cancer. The Supreme Court has been searching for a limit on such punitive damages. (Philip Morris vs. Williams)

Q: Are immigrants convicted of drug possession subject to deportation under a strict federal law?

A: The 1996 law says immigrants who commit an "aggravated felony" are to be deported, and the government says low-level drug crimes are felonies. (Lopez vs. Gonzales, Gonzales vs. Duenas-Alvarez)

Q: Is California's system of sentencing criminals unconstitutional because it lets a judge increase a defendant's term based on "aggravating factors"?

A: In several recent rulings, the court has said juries, not judges, should decide the factors that call for longer sentences. (Cunningham vs. California)

For Supreme Court's New Term: Rise Of A New Centrist (CSM)

By Warren Richey

The Christian Science Monitor, October 2, 2006

WASHINGTON

Abortion regulations and race-based public school enrollment plans are among major national issues at the US Supreme Court this year in a term that offers the first real insight into the constitutional vision of the high court under Chief Justice John Roberts.

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Constitutional scholars and other analysts are watching closely to see if respect for legal precedent - the principle of stare decisis - emerges as a defining approach, or whether the Roberts court will seek to build on the conservative agenda of the Rehnquist court, with sweeping rulings that erode or erase liberal precedents.

A major factor in the direction of the court, whose 2006-2007 term begins Monday, is Justice Anthony Kennedy, who is emerging as a primary centrist power on the court following the retirement of Justice Sandra Day O'Connor. Analysts say he may provide the swing vote in several key cases.

"The absence of Justice O'Connor will be one of the most fundamental changes the court has seen," former acting solicitor general and Duke Law School Professor Walter Dellinger told reporters in a recent preterm briefing.

"It is difficult to overstate the significance of that shift," said former solicitor general and Pepperdine Law School Dean Kenneth Starr, in the same briefing. "All eyes will be on Kennedy."

Justice Kennedy's new judicial clout will be on full display in both the race and abortion cases. Similar cases were decided by 5-4 majorities in recent years with Justice O'Connor joining the court's four liberal justices. In contrast, Kennedy dissented in both cases.

Last term was a year of historic transition for the court with the passing of Chief Justice William Rehnquist and the retirement of O'Connor. It marked the arrival of Mr. Roberts as chief justice and Samuel Alito as an associate justice.

The change in the high court's roster is expected to swing the balance of power to the right, possibly overturning legal precedents on a range of hot-button issues, including both the abortion and race cases, analysts say.

Although it is not clear how Roberts and Justice Alito will vote in these cases, many analysts suggest they are likely to align with the court's conservative wing and that Kennedy will be in position to provide the decisive fifth vote. Partial-birth abortion is key case

At issue in the abortion case is the constitutionality of the federal Partial-Birth Abortion Act of 2003. The law was passed by the Republican-controlled Congress in open defiance of an earlier Supreme Court ruling that so-called partial-birth abortions could not be banned by states unless lawmakers provided an exception in cases where a woman's health might be threatened by the unavailability of the banned procedure.

Congress swept aside the court-imposed requirement by declaring in its law that there were no circumstances when a partial-birth abortion might be medically necessary. If no circumstances exist, lawmakers concluded, there is no need for a health exception. That Congressional finding disregards the testimony of some medical experts who say the procedure can be necessary in certain cases.

One key issue in the case is whether the high court should defer to Congress on what is medically necessary or set the standard itself.

Three district courts and three federal appeals courts have struck down the 2003 statute, ruling that it is unconstitutional because it fails to provide a health exception as required by the Supreme Court.

Despite universal defeat in the lower courts, supporters of the law hope that O'Connor's retirement and Alito's arrival may have tipped the balance of power on the issue.

In 2000, the Supreme Court struck down a Nebraska law nearly identical to the federal law by a 5-4 vote. Justice Kennedy wrote one of the most impassioned dissents of his 18 years on the court. "The majority views the procedures from the perspective of the abortionist, rather than from the perspective of a society shocked when confronted with a new method of ending human life," he wrote. He stressed in his dissent that he opposed "the decision, the reasoning, and the judgment." Will Kennedy stick to precedent?

With the possibility of the court divided 4-4 on the issue, Kennedy may wield the decisive vote. If he sticks to the analysis in his dissent in the Nebraska case, court watchers say the law will be upheld. If he adheres to his strongly held belief in stare decisis - affirming precedent even when a justice disagrees with it - the federal law will be struck down.

But Kennedy's dissent in the Nebraska case suggests another possibility. In 1992, Kennedy helped author a major abortion decision, Planned Parenthood v. Casey, which reaffirmed the central holding in Roe v. Wade that established a woman's right to choose to have an abortion. Part of Kennedy's contribution to the Casey decision was a guarantee that the states could regulate abortion procedures provided the regulations didn't create a substantial obstacle to obtaining an abortion. In his dissent in the

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Nebraska partial-birth abortion case, Kennedy complained that the five-justice majority swept aside the guarantee he apparently wrote into the Casey opinion.

Now, six years later, Kennedy could uphold the 2003 federal law under the theory that the same leeway guaranteed to state lawmakers in the 1992 Casey decision also exists for federal lawmakers. In effect, he would be applying stare decisis to his interpretation of Casey - an interpretation that would undercut the Nebraska ruling as being an unfaithful application of the 1992 Casey precedent. One complicating factor to this scenario, however, is Justice Antonin Scalia's insistence that the Casey abortion precedent (and Roe) must be overruled.

That's not the only complication. A federal abortion regulation runs counter to Kennedy's view of states' rights and federalism. Medical care is generally an area left to state regulation, not federal micromanaging. And some analysts question whether Congress has the power under the Commerce Clause to impose a national ban on a medical procedure that many states wish to retain.

The court will hear arguments on the partial-birth abortion issue on Nov. 8.

Kennedy may cast the deciding vote in the other potential megacase of the term. It involves race-based enrollment plans that seek to maintain integrated public schools in Seattle and Louisville.

The programs are aimed at balancing the racial composition of public schools by excluding whites and admitting blacks to white-majority schools and excluding blacks and admitting whites to black-majority schools.

Parents who want their children to attend their neighborhood school sued, claiming the programs violate the equal protection clause of the 14th Amendment by using race to determine who can and who cannot attend certain schools.

The same 5-4 split that some analysts say may decide the partial-birth abortion case could also determine the school race cases. In 2003, the court upheld an affirmative action plan at the University of Michigan Law School. The justices split 4-4 on the issue, with O'Connor casting the deciding fifth vote.

Now Kennedy, who dissented in the Michigan case, could reverse or limit that 2003 holding by casting the deciding vote in the Seattle and Louisville cases.

The court's new term also includes a case examining the scope of government regulation to fight global warming, and a legal issue of keen interest to the business community - whether large punitive damage awards violate the Constitution's due process requirements. Key issues for the Supreme Court's new term

Abortion: Is the federal Partial-Birth Abortion Act of 2003 unconstitutional because it lacks an exception in instances where the procedure is deemed medically necessary to protect a woman's health? Or should the courts defer to Congress's determination that the procedure is never necessary?

Race: Do race-based student enrollment plans in public schools in Seattle and Louisville violate the constitutional requirement of equal protection? Or are they justifiable efforts to achieve a better mix of black and white students in certain schools?

Federal regulation: Can the Environmental Protection Agency be forced by a group of environmentalists and certain states to regulate greenhouse gases emitted from motor vehicles and shown to contribute to global warming?

Punitive damages: Does a jury verdict ordering the Philip Morris tobacco company to pay $79.5 million in punitive damages to the widow of a former chain smoker violate constitutional guarantees of due process?

Free speech: Do unions have a First Amendment right to spend fees collected from nonunion members on partisan political campaigns when the nonmembers have not given their consent?

Criminal law: Should a 2004 landmark Supreme Court decision barring the introduction as evidence of out-of-court "testimonial" statements be applied retroactively in cases where defendants were not given an opportunity to cross-examine those witnesses?

Criminal law: Should another 2004 major Supreme Court decision be applied retroactively in cases where judges used evidence never presented to a jury to enhance a convicted criminal's sentence?

Federalism: Do state governments or the federal government have power to regulate state-chartered companies (like mortgage firms) that are subsidiaries of national banks?

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Roberts Court May Be Defined In Second Term (NYT)

By Linda Greenhouse

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — If Year 1 was the transition for the new Roberts court, Year 2 is likely to be the test.

During the first term under the leadership of Chief Justice John G. Roberts Jr., the justices were able to find common ground with some regularity by agreeing not to decide much. By the time the term ended in late June, the extent to which the members of the newly configured court were prepared to confront either precedent or one another remained unclear.

Chances are high that the new term, which begins on Monday, will be different. The cases that the court has agreed to decide — 38 so far — offer few off-ramps, requiring instead that the justices proceed to rulings that will define the new court in both substance and style.

Less than six weeks from now, for example, the court will hear the Bush administration's defense of the Partial-Birth Abortion Ban Act of 2003. While there are some secondary issues, there is no escaping the fact that at the end of the day, the Supreme Court will have to declare whether the federal statute is constitutional. In doing so, it will have to grapple with the meaning of a 5-to-4 decision that struck down a similar state law six years ago. The administration will argue that if the federal statute cannot coexist with that precedent, the court should overrule the earlier case.

Two cases on whether public school systems can take race into account in maintaining balance in individual schools do not confront the court's precedents quite as directly. But coming only three years after a sharply divided court permitted the continued use of race in university admissions, the decisions in these cases will provide the first clear indication of where the center now lies on questions of race and public policy after the retirement of Justice Sandra Day O'Connor. Justice O'Connor held the balance of power on such questions for years, and wrote the opinion three years ago in the case from the University of Michigan Law School.

The business community is watching several cases closely, particularly an appeal of a $79.5 million award of punitive damages against the cigarette maker Philip Morris, upheld by the Oregon Supreme Court on behalf of the family of a smoker who died of lung cancer.

Of all the areas of Supreme Court doctrine most likely to be affected by the court's change in membership, punitive damages ranks high on the list. It is also something of a wild card, because the question of whether the constitutional guarantee of due process places any substantive limits on the award of punitive damages by state courts has divided the court in a way that follows no ideological pattern, and the inclinations of the new justices are unknown.

The consistent dissenters from the court's effort to curb punitive damages have been Justices Antonin Scalia, Clarence Thomas and Ruth Bader Ginsburg. Chief Justice William H. Rehnquist and Justice O'Connor were in the majority in seeking to limit punitive damages. If their successors, Chief Justice Roberts and Justice Samuel A. Alito Jr., agree with the dissenters, the court's shift could be abruptly and bitterly disappointing to those encouraged by the court's halting but increasingly assertive steps in setting boundaries on punitive damages.

The new chief justice has made some notable administrative choices since the last term ended. As his administrative assistant, he hired Jeffrey P. Minear, a senior lawyer in the office of the solicitor general and a longtime familiar figure at the court.

The title of administrative assistant understates the role its holder plays in the day-to-day management of the court. Previous administrative assistants have come from a variety of backgrounds; Chief Justice Rehnquist's last assistant, Sally M. Rider, had held several top-level positions as a government lawyer. But none has ever been the chief justice's professional peer, as Mr. Minear clearly is. His 56 Supreme Court arguments, in fact, surpass Chief Justice Roberts's 39. Both men are the same age, 51.

In another development, the court has revised its practice of waiting two or three weeks to post argument transcripts on its Web site. Beginning on Tuesday (in observance of Yom Kippur, the court has scheduled no arguments on Monday), the court will post transcripts on the day of argument at www.supremecourtus .gov. While the court continues to resist television coverage of its sessions, the change is a step toward public access that would have been unthinkable only a few years ago.

These are some of the leading issues for the new term:

Abortion Rights

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Two federal appeals courts, in St. Louis and San Francisco, declared the federal Partial-Birth Abortion Act of 2003 unconstitutional, basing their rulings on the Supreme Court's decision in Stenberg v. Carhart, which struck down Nebraska's similar law six years ago. The new cases, Gonzales v. Carhart, No. 05-380, and Gonzales v. Planned Parenthood, No. 05-1382, are the Bush administration's appeals of those rulings.

The statute outlaws a surgical procedure that doctors use to perform abortions after about 12 weeks of pregnancy. In its decision six years ago, the Supreme Court held by a vote of 5 to 4 that the law had to take into account medical judgments that the procedure was sometimes necessary for a pregnant woman's health.

Congress responded by enacting a federal law without a health exception, declaring that the procedure was never necessary to protect a pregnant woman's health. Among other issues, the new cases therefore present the issue of the respective roles of Congress and the court in defining the scope of constitutional rights, an issue on which Justice Anthony M. Kennedy, a dissenter in the case six years ago, has been particularly protective of the court's role.

Racial Quotas in Schools

Federal appeals courts upheld student assignment plans in Louisville, Ky. (Meredith v. Jefferson County Board of Education, No. 05-915) and Seattle (Parents Involved in Community Schools v. Seattle School District No. 1, No. 05-908). Both cities have long struggled to achieve integration, and now seek to maintain it by taking race into account in limiting students' choices of which schools to attend.

While many justices are wary of "this divvying us up by race," as Chief Justice Roberts phrased it in a voting rights case last term, the same justices also tend to support local education policies. The National School Boards Association is filing a brief supporting the school systems, while the Bush administration is arguing that the assignment plans are unconstitutional.

Punitive Damages Limits

The court has laid down various markers for curbing the discretion of state court systems to award punitive damages. In Philip Morris USA v. William, No. 05-1296, the Oregon Supreme Court upheld the $79.5 million award, nearly 100 times the compensatory damages a jury had awarded the smoker's widow.

This is far greater than the 10-to-1 ratio that the court's most recent decision, State Farm v. Campbell in 2003, suggested as the outer limit of due process. On the other hand, earlier cases concerned economic rather than physical injuries. The court's new membership aside, this case is sufficiently distinctive in several ways so as to make the outcome unpredictable.

Air Pollution Regulation

Two cases present interpretive issues under the Clean Air Act. In Massachusetts v. Environmental Protection Agency, No. 05-1120, 16 states and other parties are challenging the Bush administration's view that Congress has not authorized federal regulation of motor vehicle emissions that contribute to global warming. The question in Environmental Defense v. Duke Energy Corporation, No. 05-848, is what the law requires of utility companies seeking to modernize aging power plants.

Court Ruling Fuels Dispute In West Over Eminent Domain (WP)

By Blaine Harden And Juliet Eilperin

The Washington Post, October 1, 2006

SEATTLE -- Libertarians and land developers have found populist fodder in a contentious Supreme Court decision from last year that favors eminent domain over private property.

This fall, they are trying to harness anger over the ruling in an effort to pass state initiatives in the West and federal legislation that could unravel a long-standing fabric of state and local land-use regulations. Among other things, the rules control growth, limit sprawl, ensure open space and protect the environment.

The property-rights movement, as it is known, has a major new benefactor -- Howard Rich, a wealthy libertarian real estate investor from Manhattan. He has spent millions -- estimates run as high as $11 million -- to support initiatives that will appear on ballots throughout much of the West.

The initiatives -- and legislation approved Friday in the House -- have alarmed many city and state officials, along with environmental organizations, budget watchdog groups and smart-growth advocates. They complain about "bait-and-switch" tactics.

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"They bait you with eminent domain, but you end up voting to destroy all land-use regulation," said Elaine Clegg, a nonpartisan member of the city council in Boise, Idaho.

Following the lead of an Oregon initiative that in 2004 derailed the nation's strongest laws against sprawl, measures this November aim to do much the same thing in Idaho, Arizona, California and Washington. They would compel state and local governments to pay cash to property owners when land-use rules, such as zoning regulations, reduce the value of their land. Some of the measures say that if government can't pay up, owners can develop their land as they see fit.

In Oregon, there is no money to pay claims that total $5.6 billion, so land-use rules are being waived. In Washington, passage of a "pay-or-waive" initiative could cost state taxpayers $7 billion to $8 billion in the next few years, according to studies by the state and the University of Washington. In California, where there is no provision to waive payment, Proposition 90 has aroused opposition from staunchly conservative groups such as the California Taxpayers Association, which is concerned that the initiative could cost the state billions of dollars, triggering tax increases and slow growth.

The federal bill, which was approved in the House by a vote of 231 to 181, would revamp land-use regulation nationwide, allowing developers and property owners to challenge local and state rulings in federal court, rather than in state court.

The National Association of Home Builders has been pushing the measure for years, but the Supreme Court's eminent-domain decision finally "brought the bill back into the limelight," said Jerry Howard, the association's chief executive.

The bill's author, Rep. Steve Chabot (R-Ohio), who chairs the Judiciary subcommittee on the Constitution, said property-rights disputes that can drag on for years deserve speedy resolution in federal court.

"The Fifth Amendment says you can't take a person's property without due process," he said, comparing property rights with freedom of speech and freedom of religion.

Opponents of the bill, including 36 attorneys general and a slew of environmental advocates, say the measure will undermine state and local governments' ability to oversee growth and preserve open space.

In Idaho, a measure called Proposition 2 would halt eminent-domain seizures of the kind allowed by the Supreme Court in 2005 in Kelo v. New London . That ruling upheld the right of local governments to condemn private property and then hand it over to someone else for commercial development. Since Kelo , 26 states have passed laws that ban the use of eminent domain for economic development purposes.

But the Idaho initiative, as with others in the West, is about much more than just eminent domain. It would require state and local governments to compensate landowners for regulations that restrict what they can do with their land.

About three-fourths of the more than $330,000 spent to put Proposition 2 on the ballot came from groups funded by Rich, in a pattern of spending that has been repeated in many Western states.

Groups bankrolled by Rich have this year spent about $11 million in 12 states in support of measures to restrict land-use planning, cap state spending or limit judicial power, according to state campaign finance reports compiled by the Ballot Initiative Strategy Center, a Washington-based group that is supported by labor.

Rich was not available to comment on his spending or the goals of his property-rights groups.

John Tillman, president of one of those groups, Americans for Limited Government, declined in an e-mail to comment on the amount of Rich's spending, saying that campaign finance reports "speak for themselves." He did not dispute the $11 million figure.

Tillman did note that the Supreme Court decision in Kelo has alarmed the public, putting "everyone on notice that property rights are on shaky ground and that the time to act is now."

In some states, grass-roots opposition to land-use rules existed well before Kelo and before Rich began spending money. For the past 15 years in Washington state, the Washington Farm Bureau has fought laws that limit what some farmers can do with their land in heavily populated places such as King County, which includes Seattle.

In Oregon, which had been a national leader in land-use planning, the consequences of rolling back the rules are becoming clear. At last count, there were 3,038 claims by property owners involving more than 173,000 acres, according to a tally kept by Portland State University. Of the 2,630 claims that have been decided, 90 percent have gone in favor of landowners, with state and local governments waiving land-use rules. Most of the claims come from owners of what had been protected farm and forest land bordering fast-growing urban areas.

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"The agenda behind these initiatives is to make it so expensive for local and state governments to regulate land use that they can hardly function at all," said John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute.

In recent weeks, courts in Nevada and Montana have knocked some initiatives off ballots. The Nevada ruling was on technical grounds, but a state judge in Great Falls, Mont., found "a pervasive and general pattern of fraud" in the gathering of signatures for three ballot measures aimed at reining in government power.

"A number of paid out-of-state signature gatherers used bait-and-switch tactics to fraudulently induce countless Montanans to sign petitions other than the petitions they thought they were signing," wrote Judge Dirk M. Sandefur.

The ruling has been appealed to the Montana Supreme Court. Nearly all of the money for signature gatherers came from Montanans in Action, which declines to reveal its donors.

Montana Gov. Brian Schweitzer (D) has said that Rich is bankrolling the measures and has challenged him to debate their merits. Rich has not responded to this request nor to a similar debate offer from Gov. Ted Kulongoski (D) of Oregon, where Rich's money has been instrumental in putting a spending-cap initiative on the ballot.

Oyez! Oyez! Oyez! (TIME)

By Mark Thompson

Time, October 2, 2006

Counsel, sharpen your legal arguments. The Supreme Court returns for its new term this week, and it's expected to be a corker. This will be the court's first full term with Samuel Alito in Sandra Day O'Connor's old seat. And on the docket are a raft of high-profile cases on hot-button issues that should give the best indication yet of the decision-making dynamics and working style of the John Roberts era. Here's a look at what to expect.

1 UNANIMITY IS JOHN ROBERTS' GOAL

During Chief Justice Roberts' honeymoon term, about half the court's decisions were unanimous--nearly double the typical tally in recent years. This term, big cases on divisive social issues mean Roberts is likely to struggle to build such consensus. Still, he'll try in order to boost the court's "stature and legitimacy," he said in July. When the court can choose either a narrow but unanimous ruling or a sweeping, landmark decision by a 5-4 vote, he said, "I think it's better to decide on the former ground, and let it go at that."

2 ANTHONY KENNEDY, THE SWING JUSTICE

With Sandra Day O'Connor retired and his colleagues evenly divided, centrist Kennedy is the likely swing vote in tight cases. He began to play the role last term--with characteristic moderation. He sided with conservatives to limit the reach of the Clean Water Act but voted with the liberals to declare unconstitutional the Bush Administration plan to try alleged terrorists before military tribunals.

3 FLASHPOINT NO. 1: ABORTION

Watch for Kennedy's leanings in November, when the court hears arguments on the constitutionality of the 2003 federal ban on dilation-and-extraction (a.k.a. partial-birth) abortions. In 2000, when the court struck down a similar ban enacted by Nebraska, Kennedy voted with the minority. This time the question is whether he'll be swayed more by his aversion to abortion or his respect for precedent.

4 FLASHPOINT NO. 2: AFFIRMATIVE ACTION

In December, the court will wrestle with whether race can be used to assign pupils to public elementary and secondary schools. White parents from Louisville, Ky., and Seattle, backed by the Bush Administration, argue that using race as a deciding factor violates the constitutional right to equal protection. The most recent precedent: 2003, when the court ruled 5-4 that race could be used as a factor in admissions to public universities. Kennedy, who dissented in that case, could swing the decision the other way now.

Whose Court Is It Anyway? (NYT)

The New York Times, October 2, 2006

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The Roberts court officially began last year, but the term that starts this week should give the first clear picture of what kind of court it will be. The docket includes major cases involving abortion, affirmative action and the environment.

The justices in the Supreme Court's now solidly conservative majority will be given a chance to prove what sort of conservatives they intend to be: those who issue rulings to match their personal ideology, or those who want to keep the court on a steady path by respecting precedent.

The cases that have so far attracted the most attention are a pair of challenges to a federal law that criminalizes so-called partial birth abortions. The law, passed by Congress in 2003, does not have an exception for procedures necessary to protect the health of a pregnant woman. The court struck down a nearly identical ban in 2000 by the State of Nebraska. That ruling was 5 to 4, and Justice Sandra Day O'Connor — the court's perennial swing vote before she retired — sided with the majority.

The "partial birth" cases should reveal a lot about the views of Chief Justice John Roberts and Justice Samuel Alito. If they are as hostile to abortion rights as many court watchers believe, there may now be five votes in favor of the ban, which could outlaw many second-trimester abortions and endanger the lives of women.

But if they are true to the statements they made at their confirmation hearings about respecting precedent, they should not want to reverse a decision the court made on this subject as recently as 2000.

The court has also agreed to hear a pair of challenges to admissions policies at K-12 public schools in Seattle and Louisville, Ky., that take race into account to promote diversity. These cases revisit many issues the court considered in 2003, when it upheld the University of Michigan's use of race in law school admissions. That was another 5-to-4 decision with Justice O'Connor casting the deciding vote. That ruling was right to say that schools should be able to take race into account, and the court should not change its stance now — opening the door to even more challenges to affirmative action.

Among the other important cases the court will hear is one about global warming. A group of states and environmental organizations have sued the Environmental Protection Agency for failing to do its duty under the Clean Air Act to regulate new cars' emission of carbon dioxide and other pollutants. The court can and should prod the Bush administration to do more to protect the earth from the buildup of greenhouse gases, by requiring it to enforce the law that Congress passed.

If Chief Justice Roberts and Justice Alito turn out to be conservatives with a deep respect for precedent, the court is likely to remain fairly centrist. But the biggest factor is likely to be Justice Anthony Kennedy, who began last term to fill Justice O'Connor's role as a voice of moderation. We hope he continues to do so.

Dues On The Docket (WSJ)

The Wall Street Journal, October 2, 2006

It's no secret that the political power and influence of U.S. public-employee unions derives from their ability to collect mandatory dues. But the issue of whether these forced dues can be used for political activities without explicit permission to do so from workers could use some legal clarification.

That might happen now that the Supreme Court has agreed to hear an appeal from the state of Washington, where even nonmembers of unions can be compelled to pay collective-bargaining dues as a condition of employment. In 1992 Washington voters overwhelmingly approved a so-called "paycheck protection" initiative that forbade unions from using compulsory fees of nonmembers for political purposes without their consent.

Nevertheless, the state teachers union, the Washington Education Association, continued to spend dues money on politics without permission, finally prompting a lawsuit from then-Attorney General Christine Gregoire in 2000. The state won that case, but the union ultimately appealed to the state supreme court, where it argued that the paycheck protection law was unconstitutional and the court agreed.

In its March decision striking down the law, the state court said that requiring consent to spend dues on political programs is "too heavy an administrative burden" for unions. The court also held, strangely, that the opt-in provisions of paycheck protection violate the First Amendment rights of the union. Why? Due to the "obvious, significant expense involved in complying with" the law, the court averred.

In other words, it is too burdensome to ask a teachers union to do what every other group in the U.S. must do if it wants to raise money for a political cause: Identify, contact and persuade people to contribute. This is the "burden" of groups on both the

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left and right -- from the Sierra Club to the National Rifle Association. This union exception isn't very persuasive, and we'd be surprised if the U.S. Supreme Court buys it.

In a landmark 1988 decision, Communications Workers v. Beck, the Supreme Court held that workers under union contracts couldn't be forced to pay dues for activities not directly related to collective bargaining. But enforcement, which falls to the Labor Department and National Labor Relations Board, has often been weak or nonexistent. Moreover, under Beck, workers must opt-out of their dues money going to partisan political causes. Many are unaware that they have this right, and unions have become expert at creating obstacles to discourage those who want to exercise it.

The temptation for the Justices in the current case will be to rule narrowly on the First Amendment issue raised by the Washington supreme court and stop there. But the Court could do a service for the country by addressing the issue more fundamentally. Six states have passed paycheck protection laws that organized labor has opposed vigorously. And in 28 states workers can still lose their jobs for not joining the union.

The High Court now has an opportunity to set some national guidelines regarding the constitutionality of both paycheck protection laws for nonunion workers and the more general practice of unions extracting money from any worker involuntarily. Let's hope they don't take a pass.

Archbishop's Call For Court Blessing Steers Clear Of Issues (NYT)

By Neela Banerjee

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Speaking to Supreme Court justices, cabinet members, politicians and hundreds of judges and lawyers gathered here on Sunday to celebrate a special Mass marking the start of the judicial calendar, Archbishop Donald W. Wuerl of Washington rejoiced in what he called the resurgence of faith in the shaping of public policy and urged those before him to remain rooted in their religion.

"What we do and how we act, our morals and ethics, follow on what be believe," Archbishop Wuerl told a standing-room crowd at the Roman Catholic Cathedral of St. Matthew downtown. "The religious convictions of a people sustain their moral decisions."

Officially called the Solemn Votive Mass of the Holy Spirit, "votive" indicating that it is being celebrated for a particular intention, Red Masses are held all over the country, typically at the start of a judicial year. The Supreme Court's new term begins Monday.

Worshipers ask for the blessing of the Holy Spirit on those who administer justice, in a tradition that goes back to 13th-century Europe. The service is called the Red Mass because of the red vestments clergy members wear.

This year, the Mass was celebrated by the new leader of the Washington Archdiocese, Archbishop Wuerl, to bless a Supreme Court that has a Catholic majority for the first time. The five Catholics on the court are Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas, Antonin Scalia and Samuel A. Alito Jr.

All but Justice Alito were in attendance Sunday, as were Attorney General Alberto R. Gonzales; several other cabinet members; Mayor Anthony A. Williams; and Lt. Gov. Michael Steele of Maryland, a Republican candidate for the Senate.

Many non-Catholics attend Red Masses, as a sign of respect. Last year, President Bush came; generally, presidents attend at least one during their terms.

A procession of priests and bishops was followed by a police color guard. A Ralph Vaughan Williams hymn was followed by the national anthem.

Having earned a reputation as a skilled diplomat in his previous tenure as bishop of Pittsburgh, Archbishop Wuerl did not overtly talk about issues the church has championed, like prohibiting abortion, although the court this session will review the constitutionality of a ban on a type of late-term abortion.

Instead, he said the values formed by religion could not be separated from the insight and judgment brought to bear on law and policy.

"The two spheres, church and state, while distinct, are always interrelated," Archbishop Wuerl told the worshipers. "Politics, law, faith are mingled because believers are also citizens. Church and state are home for the same people."

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For those who may have been looking for some clue to the archbishop's approach to political issues, he strode the range of Catholic social teaching without focusing on a particular topic, as he called for "speaking out against racial discrimination, social injustice or threats to the dignity of life."

Advocates on the right and the left have said that, historically, personal religious beliefs have not necessarily directed the way justices vote on a case. But when Justice Alito was confirmed in January, the news media and others noted the Catholic majority on the court.

Few may have raised the issue of the justices' religion if they had all been Methodist, for instance, said John H. Garvey, dean of Boston College Law School, in a telephone interview. But Mr. Garvey said it was valid to discuss the religious composition of the court because some people would assume the justices voted a particular way because of their Catholic faith.

"They are not a voting bloc," Mr. Garvey said. "The Catholic Church is a very big tent with people from the far left and the far right in it. The fact that the Catholic members of the court are center-to-right rather than center-to-left says more about President Bush than about the Catholic Church."

Lucia A. Silecchia, professor of law at Catholic University of America in Washington, said it was too soon to tell whether the Catholic justices held common views. "Where it gets complicated is that all five identify themselves as Catholic, but they aren't necessarily consistent with one another," Professor Silecchia said.

The Mass ended with "America the Beautiful" and the hymn "O God Beyond All Praising." The archbishop descended the altar and left smiling and chatting with Chief Justice Roberts.

Later, on the steps of the cathedral, two young men approached Archbishop Wuerl to have him bless their rosaries and to take pictures with him.

As the archbishop stood with one man, the other, holding the camera, said happily, "Here's to the union of church and state!"

The archbishop laughed, but gently corrected him. "No," he said, "remember, I said they were two distinct spheres."

Archbishop Stresses Ties Between Morality, Faith At Mass With Justices (WP)

By Paul Schwartzman

The Washington Post, October 2, 2006

At a Mass attended by four U.S. Supreme Court justices, Archbishop Donald W. Wuerl said yesterday that religious faith is an enduring "cornerstone" of American life and that morality and ethics "cannot be divorced from their religious antecedents."

The archbishop delivered the homily as he celebrated his first Red Mass, held annually as the Supreme Court convenes at which worshipers seek God's blessing and guidance for those who administer justice.

Chief Justice John G. Roberts Jr. sat in the first pew during the service at the Cathedral of St. Matthew of the Apostle in Northwest Washington alongside Justices Antonin Scalia, Anthony M. Kennedy and Clarence Thomas.

Attorney General Alberto R. Gonzales was among five members of President Bush's Cabinet who attended the service, which began with the 1,000 worshipers rising and singing the national anthem and ended with "America the Beautiful."

One group that routinely seeks to hold prayer vigils outside the Red Mass was not allowed to get close to the officials in attendance.

On Thursday, a federal judge rejected the Christian group's claim that their faith demands that they demonstrate and pray in support of the public display of the Ten Commandments -- and that to do so properly they must be allowed to cross arbitrary security barriers around the cathedral. U.S. District Judge Royce C. Lamberth said the group, led by Presbyterian Rev. Patrick Mahoney, Christian activist Troy Newman and the Christian Defense Coalition, could demonstrate but behind security barricades. No demonstrators, however, appeared immediately outside the church.

In his homily, Wuerl, who took over the Archdiocese of Washington in June, described spirituality and religious faith as an integral part of American life, one that endures even as some resist its place in political discourse.

"The assertion by some that the secular voice should alone speak to the ordering of society and its public policy, that it alone can speak to the needs of the human condition, is being increasingly challenged," Wuerl said.

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"Looking around, I see many young men and women who, in such increasing numbers, are looking for spiritual values, a sense of rootedness and hope for the future," he said. "In spite of all the options and challenges from the secular world competing for the allegiance of human hearts, the quiet, soft and gentle voice of the spirit has not been stilled."

Religious faith, the archbishop said, has long played an important role in U.S. society, from the Mayflower Compact, which established law, to the Declaration of Independence. George Washington, he said, told Americans in his farewell address that "we cannot expect national prosperity without morality, and morality cannot be sustained without religious principles."

"What is religion's place in public life?" Wuerl asked. "Politics and faith are mingled because believers are also citizens. Both church and state are home to the very same people."

The Red Mass originated in medieval Europe and has been celebrated in the United States in New York since 1928. The service has been held annually in the District since 1953, sponsored by the John Carroll Society, a Washington-based organization for Catholic professionals.

Government Needs Faith, Wuerl Says (WT)

By Arlo Wagner

The Washington Times, October 2, 2006

Catholic Archbishop Donald W. Wuerl yesterday invoked the legacies of George Washington and Thomas Jefferson and their ideals of American law and religion while celebrating his first Red Mass, held each year on the Sunday before the Supreme Court's fall session.

"George Washington, after whom this city is named, was not the first, but perhaps the most prominent American political figure to highlight the vital part religion must play in the well-being of the nation," Archbishop Wuerl said at the 53rd annual Mass at the Cathedral of St. Matthew the Apostle in Northwest. "His often-quoted farewell address reminds us that we cannot expect national prosperity without morality. And morality cannot be sustained without religious principles."

Archbishop Wuerl also cited the Declaration of Independence and the writings of Thomas Jefferson, which he said were intended to be "an expression of the American mind and to give to that expression the proper tone and spirit."

Four Supreme Court justices and other government and Catholic officials were among the 1,500 people who filled the 111-year-old church for the 80-minute service.

Fire marshals had to close the church doors, off Rhode Island Avenue, shortly after the service began at 10 a.m. as a safety precaution for the overflow crowd.

The Red Mass is named after the clergy vestments and the color of fire, a symbol of the Holy Spirit. The masses began centuries ago in Rome, Paris and London.

The justices attending yesterday were Chief Justice John G. Roberts Jr., Anthony M. Kennedy, Antonin Scalia and Clarence Thomas, all Roman Catholics.

Other U.S. officials included Attorney General Alberto R. Gonzales, Secretary of Commerce Carlos Gutierrez, Secretary of Housing and Urban Development Alphonso R. Jackson, Secretary of Health and Human Services Michael O. Leavitt and Solicitor General Paul D. Clement, who conducted the second reading of Mass.

The first reading was performed by Anita B. McBride, chief of staff to first lady Laura Bush.

Also attending were ambassadors from Argentina, Bosnia-Herzegovina, Ireland, Italy, Jordan, Malta, Norway, Portugal and Venezuela.

At conclusion of the Mass and as normal Sunday services began, the justices, other officials and their spouses went to brunch at the nearby Renaissance Mayflower Hotel for the presentation of awards by the John Carroll Society to two lawyers and a staff member for "outstanding volunteer legal services to low-income people in the Washington area."

Lawyers Kevin C. Fitzgerald and William E. Lawler III were recipients. Legal staffer Francine L. Higginbotham was honored for supervising and managing the taking of telephone calls from poor people needing legal services.

Last year, according to the archdiocese's Community Services, $10 million in free, legal services were provided to 6,000 needy people by more than 280 lawyers and 55 law firms.

High Court Justices Attend Pre-term Mass (AP)

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By Ann Sanner, The Associated Press

AP, October 2, 2006

WASHINGTON (AP) — An audience that included four of the Supreme Court's Roman Catholics heard Washington's new archbishop on Sunday describe how religion has been a guiding principle in American history.

In a worship service traditionally held the day before the high court's new term, Cabinet members and foreign ambassadors joined the capital's legal community at the annual Red Mass.

Four of the five Roman Catholics on the high court — Chief Justice John Roberts, Antonin Scalia, Anthony Kennedy and Clarence Thomas — came to worship at the Cathedral of St. Matthew the Apostle.

Justice Samuel Alito, who gave Catholics a majority for the first time when he joined the nine-member court in January, did not attend the Mass.

In his first Red Mass in Washington since being appointed in May, Archbishop Donald W. Wuerl spoke of religion's relationship to public life.

"Morality and ethical considerations cannot be divorced from their religious antecedents," Wuerl said in his homily. "What we do and how we act, our morals and ethics, follow on what we believe. The religious convictions of a people sustain their moral decisions."

Wuerl said politics, law and faith mingle "because believers are also citizens. Church and state are home for the same people."

He called religious faith a "cornerstone in the American experience."

"May our religious faith, as a foundational part of our national experience, continue to nurture and sustain each branch of this society so that by its very connectedness to the vine, we can blossom and flourish," Wuerl said.

The service has been held at the cathedral since 1953 by the John Carroll Society, a group of Washington professionals who are Catholic.

Cabinet members attending the service included Attorney General Alberto Gonzales, Commerce Secretary Carlos M. Gutierrez, Health and Human Services Secretary Michael Leavitt and Housing and Urban Development Secretary Alphonso Jackson.

Celebration of the Red Mass dates to the 13th century and is conducted to ask the Holy Spirit for guidance for those who seek justice. The Mass takes its name from the red vestments, symbolizing the Holy Spirit, worn by the celebrants.

The Supreme Court this term is dealing with familiar issues such as abortion and race. Bush's two conservative appointees, Roberts and Alito, give opponents of abortion and affirmative action reason to hope the high court will move in their direction.

Roberts, Gonzales Speak On Judicial Independence (LAW)

By Tony Mauro

Law.com, October 2, 2006

Chief Justice John Roberts Jr. has made his strongest plea yet for judicial independence, even warning fellow conservatives to back off from attacking judges for unpopular decisions.

Speaking Thursday and Friday before a historic D.C. gathering of federal and state judges, lawyers, academics and business leaders aimed at preserving a "fair and independent" judiciary, Roberts recalled former President Ronald Reagan's definition of a judge's duties.

"The judge's commitment to the preservation of our rights often requires the lonely courage of a patriot," Roberts quoted Reagan as saying 25 years ago. "To the extent that attacks on judicial independence come from conservative quarters, I would commend to those quarters the words of the leading conservative voice of our time."

But Roberts also said attacks on the judiciary are "utterly bipartisan," and a key to warding off such attacks is to use "self-restraint" in decision-making.

"Judges are insulated from political pressure precisely because they are not supposed to be making political decisions but deciding cases according to the rule of law," said Roberts.

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But the chief justice urged all to defend the judiciary. "Just as attacks on judicial independence come from all parts of the political spectrum, so should the defense of judicial independence."

At the same conference, sponsored by Georgetown University and the American Law Institute, Attorney General Alberto Gonzales offered similar remarks, defending the judiciary while warning judges not to overstep their authority.

"It is essential that judges be courageous enough to do the right thing, motivated solely by a respect for the law, undeterred by criticism or the possible outcome of the next election," said Gonzales. But he urged judges to retain "a proper sense of judicial humility."

Though he couched his comments in largely general terms, Gonzales went on to criticize high court rulings that have struck down Bush administration wartime measures. The Constitution gives the courts "relatively few tools" to intervene in military and foreign policy, Gonzales said, adding, "Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review."

While blended with implied criticisms of some decisions, the defense of the judiciary by Roberts and Gonzales was a notable response from two top Bush appointees to recent sharp criticisms, mainly by Republican lawmakers, of federal judges. Even as the conference was getting under way, the House Judiciary Committee endorsed a bill that would create an inspector general to oversee disciplinary complaints against federal judges -- an idea that was bitterly criticized in corridor discussions throughout the conference.

But the conference also focused on problems facing state courts, besieged by increasingly costly and political judicial elections. Though the consensus of the more than 200 participants was that judicial elections should be eliminated, there was equal recognition that these elections are here to stay in most of the 39 states that have them.

Other areas of consensus were the need for enhancing jury service, increasing legal services to the poor, and improving public understanding of the courts. Participants urged the chief justice to give an annual "state of the judiciary" address that would highlight court developments in a visible way to parallel the president's State of the Union address.

Another measure urged by many, according to Stanford Law School professor Pamela Karlan, who summarized ideas offered by participants, was allowing broadcast coverage of Supreme Court hearings. "You are your own best advertisement for judicial independence," Karlan said to the justices in attendance.

The conference was conceived and launched by retired Justice Sandra Day O'Connor and Justice Stephen Breyer. At various times during the day-and-a-half-long meeting, five other Supreme Court justices attended, along with numerous state chief justices. Seeking to expand the discussion beyond lawyers and judges, O'Connor also persuaded the likes of billionaire investor Warren Buffett and Washington Post Chairman Donald Graham to attend.

If O'Connor was the unstoppable force organizing the event, Breyer was its motivational speaker, offering an impassioned speech on Thursday that sought to explain the need for independent courts in terms that citizens could understand.

Fair courts, independent from politics and pressure, are the key to economic and political stability, Breyer said. "You want prosperity? You want judges." Businesses, he said, need to rely on enforceable contracts to expand.

And when the Court tackles controversial issues ranging from abortion to the outcome of a presidential election (as in Bush v. Gore), Breyer said the public's trust in the courts explains why its decisions will be obeyed. "No paratroopers -- none. No bullets. No rocks thrown in the streets. That's not what you do in the United States. It's the rule of law."

No Bill Too Small For GOP Incumbents In Tight Elections (WP)

By Jonathan Weisman

The Washington Post, October 1, 2006

In a bid to help embattled incumbents win tough reelection campaigns in November, House Republican leaders last week muscled through more than 165 bills that their members can use to win over voters back home -- and deflect attention from the scandals they left behind in Washington.

The scandal brewing around former Florida representative Mark Foley's inappropriate e-mails to teenage boys is only the latest in a series of indictments, resignations and accusations to rock Washington. In the face of such ill winds, House

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Republican leaders have urged GOP candidates to focus their campaigns on local issues and personal accomplishments. The last days of legislating were devoted to giving the candidates the specifics to run on.

Dozens of the made-to-order bills that flew through the House bear the names of the endangered lawmakers, from Pennsylvania Rep. Jim Gerlach's Open Space and Farmland Preservation Act to Connecticut Rep. Christopher Shays's reauthorization of the HOPE VI housing program, to measures to preserve Native American languages and assist in water planning for Rep. Heather A. Wilson (R-N.M.).

"If you've got people with must-do pieces of legislation, you want to help them out," said Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference.

To be sure, larding up bills for endangered incumbents is nothing new. But with money tight and only two spending bills completed, this year's efforts focused less on home-district spending and more on substantive measures tailored to specific constituents -- a "suburban agenda" for embattled Republicans in the suburbs of Philadelphia, bills to appeal to Christian conservatives for troubled Midwestern Republicans and expressions of independence for Republicans from districts that have turned against President Bush.

Kingston said House Majority Leader John A. Boehner (R-Ohio), in his first end-of-session rush in that post, proved masterful at filling blank spots on the House's agenda with long-sought legislation.

The name of Rep. John N. Hostettler (R-Ind.), one of the most threatened incumbents, was blazed across the Public Expression of Religion Act, which passed the House Tuesday and would deny legal fees to anyone winning a lawsuit to block the display of religious symbols in public places. The little-noticed "GOP Suburban Agenda" that cleared the House in recent weeks included eight bills, seven of which were authored by Republicans in jeopardy.

"People care about these issues," said Rep. Michael G. Fitzpatrick (R-Pa.), an endangered freshman who returned to Bucks County over the weekend to tout an "online predators" bill and a measure to promote charitable giving for open-space preservation to counter Democratic attacks that have been fixated on the war in Iraq.

"I've got the quintessential suburban district," Fitzpatrick said. "When I go home and go to the ball fields with my wife, this is what people want to talk about, parklands and 'my space.' "

On the campaign trail, such small-bore bills are likely to be featured far more prominently than the measures that captured more headlines in Congress's last days, such as legislation creating military commissions to try suspected terrorists, a House-passed bill authorizing Bush's warrantless wiretapping, final approval of a 700-mile fence on the U.S.-Mexico border, and bills covering port security, defense policy, military spending and homeland security funding.

Democratic campaign chiefs remain confident that such local measures will have little impact in an election year that they say remains a referendum on the president's leadership.

"There are forces bigger and more powerful at work," shrugged Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee.

Democratic leaders have not let up in criticizing what they call a "do-nothing Congress," which has delayed action on a legion of big-ticket items. Despite personal promises from Republican leaders in the wake of influence-peddling scandals, changes to the rules governing lobbying were never made. Nine of 11 annual spending bills haven't passed. High-profile efforts to authorize Bush's warrantless wiretapping, open offshore areas to oil drilling and reform the rules on foreign investment after the Dubai ports fiasco all fell short of a presidential signing ceremony.

Bush's top three domestic priorities -- a comprehensive overhaul of immigration laws, a remaking of Social Security and simplification of the tax code -- went nowhere. The minimum wage has not been raised for a decade. And the last, best chance for conservatives to virtually eliminate the estate tax permanently may have passed if Democrats gain seats in the House and Senate in November.

But in a year when National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.) has implored candidates to resist national themes in their campaigns, major legislation may be beside the point, GOP aides say. Not when Rep. Chris Chocola (R-Ind.) will get money to deal with leaking underground storage tanks in his district, when Rep. Randy Kuhl (R-N.Y.) will get to tout his National Dam Safety Act and when Rep. Mark Green (R-Wis.) can claim bragging rights for the transfer of national forest land to the towns of Laona and Wabeno, Wis., as he campaigns for governor.

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"I asked for help and I got it," Gerlach said of the leadership's last-minute scheduling of a vote on his open spaces and farmland preservation bill. "It was legislation my district wants. It was something my legislative district has a need for."

The effort to achieve such successes went to extraordinary lengths last week, even almost bringing down a major defense policy bill. House and Senate negotiators nearly failed to reach agreement on the defense bill, not because of issues such as the prohibition on torture that held up the bill last year, but because of an issue that had nothing to do with national defense -- a measure to clamp down on illegal immigrant gangs.

During a rare news conference, House Speaker J. Dennis Hastert (R-Ill.) publicly challenged Senate Armed Services Committee Chairman John W. Warner (R-Va.), saying he would not bring the defense policy bill to the House floor without the gang provision. Asked why Hastert had singled out the gang measure for his stand, one senior House leadership aide pointed to the person standing next to the speaker: freshman Rep. David G. Reichert (R-Wash.), the provision's author, who is running neck-and-neck with Microsoft executive Darcy Burner.

In the end, Hastert relented, but he offered Reichert a promise to be used on the campaign trail. The gang measure will be one of the first revisited when Congress returns after the election.

Trading Votes For Pork Across The House Aisle (NYT)

By David D. Kirkpatrick

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — For more than a decade, Representative John P. Murtha of Pennsylvania has operated a political trading post in a back corner of the House of Representatives.

A gang of about two dozen Democrats mill around his seat. A procession of others walk back to request pet spending projects, known as earmarks. And Republicans come by, asking him to enlist some of those Democrats to join them on close votes. “Whether they get what they want in the bill or they get the votes they are looking for, nobody ever leaves completely disappointed,” said Representative Paul E. Kanjorski, a Pennsylvania Democrat often found in what is known as the Murtha corner.

Outside Washington, Mr. Murtha, a Vietnam veteran and longtime hawk, may be best known for his break with the president over the Iraq war last fall. But inside the Capitol, he is best known for turning earmarks into power. As the top Democrat on the House military spending subcommittee, he often delivers Democratic votes to Republican leaders in a tacit exchange for earmarks for himself and his allies.

In the last year, Democratic and Republican floor watchers say, Mr. Murtha has helped Republicans round up enough Democratic votes to narrowly block a host of Democratic proposals: to investigate federal contracting fraud in Iraq, to reform lobbying laws, to increase financing for flood control, to add $150 million for veterans’ health care and job training, and to exempt middle-class families from the alternative minimum tax.

In one case that particularly irked Democratic partisans, Mr. Murtha led three others in voting against a politically vulnerable Louisiana Democrat’s proposal to divert money intended to be spent on base closings to research prosthetic limbs for veterans. It failed by one vote.

For their “nays” on that and other matters, all four Democrats were rewarded. In the weeks after the vote, they claimed credit for a total of more than $250 million in earmarks in the 2006 appropriations bills. Mr. Murtha alone brought home about $80 million for his district and $120 million for his state, according to Taxpayers for Common Sense, a nonpartisan group that tracks such projects.

Mr. Murtha, who announced a bid this spring to become the next House Democratic leader, acknowledges that some Democrats grouse about his history of leading others across the aisle. (Several Democrats said as much, but none would speak publicly.) He confirmed working with Republicans on the Iraq war spending vote that blocked the Democratic corruption investigation, but said he did not remember the others. He said he always acted on principle, working with Republicans either because he agreed with them or to uphold private agreements about spending bills.

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"You just need to get the things done, so you give them the votes to get the things done," he said in an interview. "There is no question that some projects come out of it for our members, and that is not a bad thing." He added, "Deal making is what Congress is all about."

Mr. Murtha can punish lawmakers, as well. Those who do not support the defense spending bill, for example, discover their next earmark requests go nowhere. "Let me tell you the facts of life," Mr. Murtha said he tells balky legislators. "If you vote against this bill, you won't have any input at all the next time."

Earmarks — often buried deep in complex bills by unidentified lawmakers — have come under new scrutiny since the conviction last fall of Representative Randy Cunningham, a California Republican on the defense-spending panel who accepted more than $2.4 million in bribes from contractors. The cost of earmarks has tripled in the last decade to about $64 billion a year, according to the Congressional Research Service. Mr. Murtha and other lawmakers say many earmarks are worthwhile, but critics charge that they waste taxpayers' money, encourage cronyism and foster self-dealing.

Some members of Congress complain that earmarks corrupt lawmaking in other ways. "They are used as internal bribery in order to get members to vote for a piece of legislation they wouldn't ordinarily give two minutes to," said Representative David R. Obey of Wisconsin, the top Democrat on the House Appropriations Committee.

No one is more adept at such trading than Mr. Murtha, say current and former members, Congressional aides and outside observers. "He delivers Democrats for key votes, which increases his clout and ability to get more earmarks, which then increases his ability to get Democratic votes," said Steve Ellis, a vice president of Taxpayers for Common Sense.

Mr. Murtha leans right on abortion rights and gun control but left on labor, tax and economic issues. And he consistently opposes ethics reform or disclosure requirements, including a proposal this year that would have required lawmakers to sign their names to earmarks, on the grounds that voters police lawmakers' actions.

He has sided with Republicans 169 times on close votes since 1994, more often than all but three of the most conservative Democrats. Many of those votes have been on nonideological but politically pivotal questions. For example, Mr. Murtha has often led members from his corner crowd to vote for procedural rules that limit potential amendments or debate on Republican bills — votes that typically follow party loyalty.

Dick Armey, a former Republican majority leader, said his party's strategists would often tell him, "Murtha will get us some votes."

At 74, Mr. Murtha remains an imposing figure: 6 feet 3 inches tall, with giant hands spread wide as he talks and size 12 shoes stuck out into the aisle. His corner perch is the only seat informally reserved for an individual lawmaker. "No one else dares sit there," said Representative Mike Doyle, a Pennsylvania Democrat and Murtha protégé.

He can also be very persuasive, thanks to his position on the spending committee. "If Jack Murtha tells you he needs your vote, then you would have to think very hard before not delivering it," said Representative James P. Moran, a Virginia Democrat who sits on the subcommittee and in Mr. Murtha's corner. "There are just too many chits out there."

Members have watched with envy as Mr. Murtha has used earmarks to remake Johnstown, Pa., an impoverished former steel town that now includes a Murtha highway, a Murtha airport and Murtha health centers. He has steered billions of dollars to his district over the years, including more than $80 million in the defense spending bill passed Friday, according to a preliminary tally.

Mr. Murtha's patronage has transformed Johnstown into a national hub of the defense business, attracting giants like Lockheed Martin and Northrop Grumman. He even built one contractor from scratch. In 1988, Mr. Murtha asked the chancellor of the University of Pittsburgh to set up a nonprofit that could use Navy money to establish a Center for Excellence in Metalworking in Johnstown.

Since then, Mr. Murtha has delivered earmarks to the organization, now called Concurrent Technologies Corporation, for work like consulting on counterterrorism, designing ejection seats for pilots and developing software. The military and other federal agencies have paid Concurrent nearly a billion dollars in grants and contracts since 1999. In the most recent defense bill, Mr. Murtha inserted $1.3 million for Concurrent to research Army tank designs.

"It is Murtha's pet rock," said Stephen Gage, chief executive of an Ohio economic development organization that once worked with Concurrent.

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Concurrent's executives, in turn, have given more than $114,000 to the congressman's campaigns over the last three elections, making it one of his biggest corporate donors. The organization pays about $500,000 a year to a lobbying firm, the PMA Group, whose executives and clients have given Mr. Murtha more than $1.2 million in donations since 1999.

Mr. Murtha's brother, Kit, recently retired from a smaller lobbying firm, KSA Consulting, that sought defense earmarks and represented many companies in Mr. Murtha's district. From 1998 through 2003, he received more contributions from military contractors than has any other member of the House, according to the Center for Public Integrity, a nonpartisan group.

Elected to the House in 1974, Mr. Murtha learned the politics of parochial projects from former Speaker Tip O'Neill, who named Mr. Murtha to the defense appropriations subcommittee and used him as his eyes and ears on the floor.

He survived a brush with scandal during the 1980 Abscam investigation, when he did not accept but did not rule out taking a $50,000 bribe from undercover agents of the Federal Bureau of Investigation; he eventually became a cooperating witness.

After becoming chairman of the defense spending panel in 1989, Mr. Murtha imposed a new discipline. Previously, the House often debated defense spending bills, which account for about half of federal discretionary spending, for weeks of contentious amendments and speeches, both in the committee and on the floor. Most Democrats often voted against the measures. "It took day after day after day," Mr. Murtha recalled.

Not any more. Mr. Murtha installed a new system that the Republicans have continued: the chairman and ranking member work out the details behind closed doors, pack the bill with plenty of earmarks, and link future projects for members to their support for the bill. The appropriations committee now typically debates and approves the bill in less than eight minutes and the full House in less than half an hour. (The $437 billion measure passed last week took under 20 minutes.)

"The defense community has some presence in almost every Congressional district — or so long as you vote for the bill, it does," said Mr. Moran, the Virginia Democrat. Mr. Murtha would "see to it" that members understood that those with earmarks in the bill who considered voting against it "better set their sights lower the next time," Mr. Moran said.

Mr. Murtha gave up the chairman's gavel when the Republicans took over the House in 1994 but managed to retain an unusual share of power. He has sole authority to grant nearly half the panel's earmarks and decide on all requests from Democrats, he said. Many minority appropriators work closely with their subcommittee chairmen, but Mr. Murtha's collaboration was especially close. He has worked for decades as a partner with the committee's senior Republicans. He still receives frequent visits from Representative Jerry Lewis, the California Republican who is chairman of the Appropriations Committee and is now under scrutiny in a federal investigation that grew out of the Cunningham scandal.

Mr. Murtha has used his influence in the caucus to place friends in strategic positions on appropriations committees and other House panels. Representative Nancy Pelosi, a California liberal who is the current Democratic leader, is a close Murtha ally. He put her on the appropriations committee early in her career and managed her campaign to be leader.

His friends say Mr. Murtha often guides their votes, especially on defense matters. "He is sort of like the general and we are the lieutenants," Mr. Doyle said.

Mr. Murtha takes care of his troops. Beginning with $1.5 million in 2003, for example, he has earmarked several million for the Doyle Manufacturing Technology Center to help lure military contractors to Mr. Doyle's district.

Mr. Kanjorski, the Pennsylvania Democrat, said he had help on "8 to 10" projects, including a $9.5 million deal four years ago for research by a firm partly owned by his nephews. In an interview, Mr. Kanjorski said his relatives "just happened to be the only people who would take responsibility" for developing the technology, which involved using water jets to pulverize materials. He said he recently gave Mr. Murtha a pair of high-tech disease-resistant socks made with silver fibers by a company in his district. After padding around in them, Mr. Kanjorski said, Mr. Murtha was so pleased that he agreed to an earmark to buy them for soldiers.

Other lawmakers have learned not to cross him. Aides to Representative Allyson Y. Schwartz, a freshman from the Philadelphia suburbs, say she has become a regular in the Murtha corner in part because her predecessor, a reform-minded Democrat who sometimes clashed with Mr. Murtha, suffered in his ability to obtain earmarks. In contrast, Mr. Murtha has helped Ms. Schwartz obtain a $7 million contract for a local defense firm and $150,000 to refurbish a historic inn in her district.

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A spokeswoman for Ms. Schwartz said only that "she is proud of her relationship with Mr. Murtha." (The predecessor, Joe Hoeffel, now a Pennsylvania development official, acknowledged disagreements with Mr. Murtha but said they had worked well together.)

Mr. Murtha said he and his staff did their best to vet every earmark request but ultimately relied on the judgment of the members. He said he always asks, "Is this worthwhile not only to your district but to the country?"

Since Mr. Murtha announced his ambition to become party leader if the Democrats take the House this fall, supporters of his rival, Representative Steny H. Hoyer, the Maryland Democrat who is the party's whip, have begun quietly questioning Mr. Murtha's deal making. They argue that Mr. Murtha's pacts with Republicans should disqualify him for the job. Mr. Hoyer declined to comment.

Mr. Murtha, for his part, argued that his experience brokering votes would be an asset if Ms. Pelosi became the speaker. Running the House with a slim majority would require bipartisanship and party discipline. "I come across a little tougher," he said. "And I do have a lot of people that vote with me on an awful lot of issues."

GSA Will Try To Fix Procurement Problems With A New Service (WP)

By Stephen Barr

The Washington Post, October 2, 2006

Legislation that would permit the General Services Administration to revamp troubled operations and create a new purchasing service has been sent to the president for his signature.

Once the bill is signed, the GSA will roll out a new Federal Acquisition Service, which will combine the agency's Federal Supply Service and Federal Technology Service. Officials plan to have the FAS operating within 60 days after President Bush acts.

Sponsors of the legislation, including Reps. Thomas M. Davis III (R-Va.) and Duncan Hunter (R-Calif.) and Sens. Susan M. Collins (R-Maine) and Joseph I. Lieberman (D-Conn.), hope the reorganization will help improve the agency's financial controls and make for more efficient purchasing of services, equipment and supplies used by federal agencies.

In recent months, the GSA has been tagged as a problem agency. Its business began slumping in fiscal 2004, and the technology service began operating in the red. Some field offices were investigated for improper contracting activities; some federal agencies became dissatisfied with GSA services and took their business elsewhere.

Lurita Alexis Doan , who took office as the head of the GSA in May, is moving to restore morale at the agency and contends that most agencies would be better served if they stick to their primary missions and let the GSA handle procurement. She has recruited a commissioner for the new FAS, Jim Williams , an experienced project manager who has worked at the Department of Homeland Security and the Internal Revenue Service.

Most federal agencies rely on congressional appropriations for their programs, but GSA obtains most of its funding by contracting on behalf of federal agencies. It buys goods and services each year from the private sector and resells them to agencies, charging a fee for its management services.

The agency's technology service buys computers, software and telecommunications for the government, and the Federal Supply Service buys vehicles, property and general supplies. Congress hopes that consolidating the two services and their funding streams into the new FAS will help the GSA resolve its budget problems.

The GSA projects a loss of $96 million to $110 million for fiscal 2006 in the technology service but will not have a tally until financial statements are compiled in mid-November, officials said. Part of that loss stems from a decision to write off a $71 million in-house contract management system, GSA Preferred, that had not met expectations.

In hopes of breaking even in fiscal 2007, which began yesterday, the agency has cut costs -- dropping some internal projects, cutting back on travel and canceling some support contracts.

About 150 GSA employees have taken cash buyouts, which also will help reduce the agency's costs in the coming year. The GSA, which has about 13,000 employees, hopes to avoid staffing cuts if it can improve its financial outlook.

Sponsors of the reorganization legislation hope that creation of the FAS will help the GSA better coordinate how it buys and sells products and services. With the merger of the GSA's technology and general supply funds, officials expect more sales to

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federal customers. The two funds handle about $56 billion in annual sales and produce revenue of $7 billion to $8 billion to cover GSA operating expenses, officials said.Saving Money on a Move

Congress has extended a test program for reimbursing federal employees who are directed to move to new duty stations. The experiment, authorized for four years, gives employees more flexibility in arranging their moves and, based on previous trial runs, should reduce the government's costs.

Under travel rules, employees are entitled to reimbursement for certain expenses, including real estate and settlement costs and the transportation and storage of household goods. The government provides relocation assistance to about 28,000 civil service employees a year at an estimated cost of more than $800 million, according to a Senate report accompanying the bill.

The FBI and U.S. Customs and Border Protection reported substantial savings when they allowed employees to volunteer for a fixed-rate reimbursement, the report said.

For example, Border Patrol agents were offered $5,000 to $20,000 as a lump-sum payment for relocating during a 2004-05 test project. The average cost for a move was $16,888 during that period, much less than the average historical cost of $72,000 under federal travel rules, the report said.

The bill, sponsored by Collins, has been sent to the president for his signature.

Study Finds Missed Messages On Capitol Hill (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 2, 2006

When citizens send e-mails to their congressmen through the Web sites of lobby groups, they expect those messages to zip electronically to the place they intended.

It turns out that isn't always the case.

A new study by a company that routes thousands of these e-mails to Congress shows that plenty of constituent e-mails never reach lawmakers' offices.

"Citizens would be understandably upset if they knew that letters they sent through the U.S. Post Office were never delivered," writes Dennis W. Johnson, a George Washington University professor who oversaw the study for the e-mail company, Capitol Advantage. "Unfortunately, there is strong evidence that much of the electronic mail that citizens assume is reaching Congress is ending up in an electronic trash can."

Congress has had an e-mail problem for years. It is deluged with an estimated 200 million constituent messages annually, the vast majority of them electronic. The number is so large and is growing so quickly that lawmakers are desperate to find ways to throttle the volume.

The number of e-mails has mushroomed in part because of the now-common practice among interest groups to rally their troops via cyberspace. Generally, a lobby will send an e-mail to its most eager members, which directs them to a Web site. Once there, the members fill out a form that routes to lawmakers e-mails that advocate whatever it is the group is pressing for at the moment.

Lawmakers have come up with ingenious methods to undermine the effectiveness of such programs. As readers of this column know, some congressional offices are now insisting that would-be e-mailers solve a simple math problem (to prove they are real human beings and not some machine spamming them with the push of a button). Many offices are also demanding that constituents disclose what issue they want to communicate about and to reveal information about themselves: Zip code, street address, e-mail address, phone number and the like.

Now we know that these efforts are working well. According to the Capitol Advantage study, six of the 10 leading companies that run Web sites that send e-mails for interest groups failed to deliver even half of those e-mails through their systems.

That is a big disappointment. After all, aren't public officials supposed to be open to the public?

The survey wasn't as comprehensive as I might have liked and the companies that set up the Web sites are disputing its findings. But its overall conclusion is difficult to contradict: Lobby organizations are having a hard time getting e-mail to Congress.

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"There's a lot of resentment toward us on Capitol Hill," said Bill Pease, chief technology officer of GetActive Software Inc., a vendor of public policy programs for the Web.

Lawmakers tend to think that e-mail communications and, in fact, almost all mass mailings are fake and can easily be disregarded, several executives said.

To get around the hurdles, Web site operators have taken to faxing the e-mails to legislators. For example, the Business Industry Political Action Committee, or BIPAC, routinely faxes to Congress messages that started out as e-mails typed into its sites by constituents. So does Democracy Data & Communications LLC, which also runs regular hand deliveries to Capitol Hill so it can be doubly sure that messages reach targets.

All of this, of course, is absurd. Electronic messages are being delivered on paper. Many of the missives that actually reach their targets are not accorded attention by the people who matter. Faxes, in particular, have low credibility with lawmakers.

Which leads to the more interesting question: Can democracy be conducted through shortcuts?

The Internet allows interest groups to mobilize their members with incredible ease and speed. Hundreds, even thousands of messages can be directed to individual lawmakers with a single, well-placed e-mail alert to trained zealots back home. Even with the obstacles placed in the way of these communications, e-mails roll into Congress at an amazing rate.

So amazing, in fact, that it is possible that lawmakers have become inured to the sheer volume and have learned not to care as much about them.

An earlier poll of congressional staffers, also underwritten by Capitol Advantage, touched on this. It discovered that half of the aides it surveyed thought the folks whose names were attached to the e-mails they receive aren't aware that the e-mails were sent to Capitol Hill. Another 25 percent of staffers questioned whether those communications were legitimate.

That strikes me as the bigger issue: Not whether every e-mail is getting through to Congress but how many of them are being read with serious interest. I bet a closer look at that issue would be even more unsettling to Web site operators and their clients than the latest estimate of delivery rates.Qorvis Branches Out

Qorvis Communications LLC has bought Sparky's Garage. No, the fast-growing public relations firm isn't going into the auto repair business. Sparky's Garage is a local advertising firm, and Qorvis has bought the seven-person shop in the belief that commercials will play an ever larger role in lobbying.

But not just any commercials. "A lot of issue advertising turns out to be very expensive memos to Congress or the administration," said Qorvis's Michael J. Petruzzello. "And it's hard to quantify if it's reaching its target audience and whether it's effective."

Sparky's Garage, now known as Qorvis Advertising, "will bring a fresh approach to issue advertising," Petruzzello promised, by integrating its commercials with the Internet and grass-roots lobbying. And adding some pizzazz.

The five-year-old ad agency's founder Bill Replogle (who called himself the chief mechanic) has worked on accounts that range from Harley-Davidson to the Washington Nationals. Those kind of clients don't normally cross paths with public policy types. But maybe the mixture will wake up the Washington wonks. That's what Qorvis is betting.

Treating War's Toll On The Mind (USN)

By Betsy Streisand

U.S. News and World Report, October 1, 2006

Thousands of soldiers have post-traumatic stress disorder. Will they get the help they need?

As they take their seats in the movie theater, Eric and Raquel Schrumpf could be any young couple out on a summer night in Southern California. No one notices as Schrumpf, 31, a former Marine sergeant who served in Iraq, scans the rows for moviegoers who may be wired with explosives under their jackets. No one pays attention as a man who appears to be Middle Eastern, wearing a long coat with bulging pockets, takes a seat in the same row as the Schrumpfs and Eric starts watching him intently. No one listens as Schrumpf instructs his wife to "get as low to the ground as you can if something happens." Then something does. Schrumpf hears metal jangling as the man reaches into his pocket. Convinced he is a suicide bomber about to strike, Schrumpf lunges at him. The man jerks away and his deadly weapon falls to the floor: a can of Coke.

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Schrumpf has everyone's attention now, as he and his wife quickly leave the theater. The Schrumpfs can't even remember what movie they went to see. Not that it would have mattered. Eric Schrumpf had room for only one movie in his head, the one where he is in Iraq. Now, more than two years later, Schrumpf has a good job, a strong marriage, a couple of pets, and a life that looks startlingly like everyone else's in Orange County, Calif. But he is still never more than a sound, smell, or thought away from the war. He gets anxious in a crowd, has been known to dive for cover, even indoors, at the sound of a helicopter, reaches for nonexistent weapons to be used in nonexistent circumstances, and wakes up screaming from nightmares about burning bodies and rocket-propelled grenades. "I'll never be the same again," says Schrumpf, who as a weapons and tactics instructor with the 5th Marine Regiment was part of the initial push into southern Iraq in 2003. "The war will be part of my life and my family's life forever."

Reliving the war. Like thousands of soldiers who have returned from Iraq and Afghanistan, Schrumpf is suffering from post-traumatic stress disorder, a chronic condition whose symptoms include rage, depression, flashbacks, emotional numbness, and hypervigilance. It can be brought on by a single event, such as when a grenade landed next to Schrumpf, ticking off his death and then failing to explode. Or it can be the result of repeated exposure to trauma such as house-to-house firefights or the accidental killing of civilians. "Soldiers who are routinely exposed to the trauma of killing, maiming, and dying are much more likely to bring those problems home," says Army Col. Kathy Platoni, a clinical psychologist and leader of a combat stress-control unit that works with soldiers on the battlefield. At its most basic, PTSD is the inability to flip the switch from combat soldier to everyday citizen and to stop reliving the war at so high a frequency that it interferes with the ability to function.

The problem is as old as war itself. But this time, American soldiers have been assured by the government and the military that the solution will be different: Iraq will be nothing like Vietnam, with its legacy of psychologically scarred veterans whose problems went unrecognized, undiagnosed, and untreated. "The hallmark of this war is going to be psychological injury," says Stephen Robinson, a Gulf War vet and director of government relations for Veterans for America in Washington, D.C. "We have learned the lessons of Vietnam, but now they have to be implemented."

Since the war began, the departments of Defense and Veterans Affairs have stepped up efforts to address the mental health needs of soldiers before, during, and after they are deployed. And more effective treatments for PTSD have been developed. But as the war drags on, the psychological costs are mounting and so is the tab for mental health care. Troop shortages are driving already traumatized soldiers back into combat for three and sometimes four tours of duty. Those who make it home often feel too stigmatized to ask for treatment lest they jeopardize their military careers. And if they do ask, they often can't get the care they need when they need it.

In addition, there are concerns among veterans groups that the Bush administration is trying to reduce the runaway cost of the war by holding down the number of PTSD cases diagnosed (and benefits paid), and that the promise to protect the mental health of nearly 1.5 million troops is not being kept. "Throughout this war, everything has been underestimated-the insurgency, the body armor, the cost, and the number of troops," says Paul Rieckhoff, an Iraq war vet and founder of Iraq and Afghanistan Veterans of America in New York. "Now, the psychological problems and the needs of these soldiers are being underestimated, too."

Just how many troops will bring the war home with them is impossible to know at this point. But the numbers could be substantial. In a study published in 2004 in the New England Journal of Medicine, researchers at the Walter Reed Army Institute of Research found that nearly 17 percent of soldiers who have returned from Iraq, or nearly 1 in 6, showed signs of major depression, generalized anxiety, or PTSD. A report in the Journal of the American Medical Association earlier this year found that 1 in 5 soldiers met the risk for concern. And those numbers are virtually certain to grow as the war enters its fourth year. "I do think we're going to see a whole lot more PTSD as time goes on," says Platoni.

The VA, short of doctors, therapists, and staff in some areas, is straining to meet the mental health needs of the troops who have already returned from Iraq and Afghanistan. Soldiers often wait weeks or even months to see a psychiatrist or psychologist. A 2004 study by the Government Accountability Office found that six of the seven VA medical facilities it visited "may not be able to meet" increased demand for PTSD. "I don't think anybody can say with certainty whether we are prepared to meet the problem because we don't know what the scope is yet," says Matthew Friedman, a psychiatrist and executive director of the VA's National

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Center for PTSD in White River Junction, Vt. "What we do know is that the greater the exposure to trauma, the greater the chance that someone will have PTSD."

Danger zone. There may be no war better designed to produce combat stress and trauma. Operation Iraqi Freedom is a round-the-clock, unrelenting danger zone. There are no front lines, it's impossible to identify the enemy, and everything from a paper bag to a baby carriage is a potential bomb. Soldiers are targets 24-7, whether they are running combat missions or asleep in their bunks. "There is no moment of safety in Iraq," says Andrew Pomerantz, a psychiatrist and chief of the Mental Health and Behavioral Science Service at the VA Medical Center in White River Junction. "That's one of the things we're seeing in people when they come back-a feeling of an absolute lack of safety wherever they are."

Stories of vets who sleep with guns and knives and patrol the perimeters of their homes obsessively are as common as tales of valor. Marine Lt. Col. Michael Zacchea, 38, who trained Iraqi troops and was in about 100 firefights, knows that paranoia all too well. "Every time I get on the road," says Zacchea, who commutes from Long Island to Wall Street, "it's like I'm back in the streets of Baghdad in combat, driving and running gun battles, with people throwing grenades at me." Zacchea, a reservist, is now being treated for PTSD at a VA hospital, but had it not been for chronic dysentery, migraines, and shrapnel wounds in his shoulder, he says he probably would have been redeployed in September, emotional scars and all.

And he still may be. The military's need to maintain troop strength in the face of historic recruiting lows means many service members, including some suffering from psychological problems like Zacchea, have no choice but to return. President Bush recently authorized the Marine Corps to call up inactive reservists, men and women who have already fulfilled their active-duty commitment. "They're having to go deep into the bench," says Robinson, "and deploy some people who shouldn't be deployed."

Multiple tours. Robinson is referring to the increasing number of reports of service members who stock antidepressants and sleeping pills alongside their shampoo, soap, and razor blades. The Defense Department does not track the number of soldiers on mental health medications or diagnosed with mental illnesses. But the military acknowledges that service members on medication who may be suffering from combat-induced psychological problems are being kept in combat. "We're not keeping people over there on heavy-duty drugs," says Army Surgeon General Kevin Kiley, who estimates that 4 to 5 percent of soldiers are taking medications, mostly sleeping pills. "Four to five percent of 150,000, that's still a lot of troops. But if it's got them handling things, I'm OK with that."

Handling things is a relative term. Army Pvt. Jason Sedotal, 21, a military policeman from Pierre Part, La., had been in Iraq six weeks in 2004 when he drove a humvee over a landmine. His sergeant, seated beside him, lost two legs and an arm in the explosion. Consumed by guilt and fear, Sedotal, who suffered only minor injuries, was diagnosed with PTSD when he returned from his first tour in early 2005 and given antidepressants and sleeping pills. Several months later, while stationed at Fort Polk, La., he sought more mental health care and was prescribed a different antidepressant.

Last November, Sedotal was redeployed. "They told me I had to go back because my problem wasn't serious enough," Sedotal said in an interview from Baghdad in mid-September. Sedotal says he started "seeing things and having flashbacks." Twice a combat stress unit referred him to a hospital for mental health care. Twice he was returned to his unit, each time with more medication and the second time without his weapon. "I stopped running missions, and I was shunned by my immediate chain of command and my unit," says Sedotal, who returned to Fort Polk last week.

Cases like Sedotal's prompted Congress earlier this year to instruct the Department of Defense to create a Task Force on Mental Health to examine the state of mental health care for the military. It is expected to deliver a report to Secretary of Defense Donald Rumsfeld in May 2007 and make recommendations for everything from reducing the stigma surrounding disorders to helping families and children deal with the traumatized soldier.

Sending military members who suffer from PTSD back into combat goes straight to one of the toughest issues of the war: how to protect soldiers' mental health and still keep them fighting. It is well-established that repeated and prolonged exposure to combat stress is the single greatest risk factor in developing PTSD.

At the same time, there is tremendous resistance to sending home soldiers who are suffering from psychological wounds, in all but the most severe cases. "If a soldier has some PTSD symptoms," says Kiley, "we'll watch him and see how he does." The expectation "is that we're all in this boat together and we need to drive on to complete the mission," he says, adding that if the

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situation gets worse, the soldier would most likely be given a couple days of rest to see if he recovers. Once soldiers are evacuated, "they are much less likely to come back."

With that in mind, the DOD has designed a program to manage combat stress and identify mental health problems when they occur. It will include so-called battle-mind training for recruits, which focuses on the emotional fallout of seeing and contributing to the carnage of war and how to deal with it. Once they are in Iraq, there are psychologists and combat stress-control teams, such as Platoni's, who work side by side with troops to help them deal with their emotions and decompress immediately after battle. "Soldiers suffering from combat stress do better if they are treated early, efficiently, and as close to the battlefield as possible," says Col. Charles Hoge, chief of the Department of Psychiatry and Behavioral Sciences at Walter Reed Army Institute of Research.

Currently, there are more than 200 psychiatrists, therapists, social workers, and other mental health experts working with soldiers "in theater." They lend an ear, encourage soldiers to talk about their experiences with each other, and administer whatever short-term remedies they can, including stress-reduction techniques, anger-management strategies, or medications. However, their mission, first and foremost, is to be "force multipliers" who maintain troop strength. Their success is judged by their ability to keep soldiers from going home for psychological reasons. Soldiers are often their allies in this effort, as they feel such guilt and shame over abandoning their units they'll most likely say anything to keep from leaving. "It's a very sticky wicket," says Platoni. "We don't know if our interventions are enough to help them stay mentally healthy, or if they'll suffer more in the long term."

Last year, for instance, Platoni spent four months in Ar Ramadi, near Baghdad, where her battalion was under constant attack by insurgents. "They were watching their fellow soldiers burning to death and thinking they might be next," says Platoni. When a break came, one platoon was removed from combat for 48 hours so they could rest, shower, have a hot meal, and talk to psychologists about what they'd been through. "When they returned to the fighting," says Platoni, "they were able to deal with their fears better and focus on what needed to be done."

When soldiers do return home, the true emotional trauma of war is often just beginning. They go through a cursory post-deployment medical screening and a quick interview with a healthcare worker, who may or may not specialize in mental health. And returning soldiers are far more likely to downplay emotional problems for fear of being shifted from the "go home" line into the "further evaluation" line and being prevented from seeing families and friends.

Macho warrior. Three to six months after they return-the time when PTSD symptoms are the most likely to start becoming obvious-troops are given another mental health screening and may be referred for further evaluation, although the chances are slim. A GAO report issued in May, for instance, found that of the 5 percent of returning veterans between 2001 and 2004 who tested as being at risk for PTSD, fewer than one quarter were referred for further mental health evaluations. William Winkenwerder, assistant secretary of defense for health affairs, took issue with the study: "We're doing more than any military in history to identify, prevent, and treat mental health concerns among our troops. It is a top priority for us." Even with a referral, many veterans and active-duty soldiers will not seek help for fear of being stigmatized. To help break down the barriers, the DOD has begun encouraging high-ranking soldiers to openly discuss the effects that combat and killing can have on a person's psyche. Even so, the military remains dominated by the image of the macho warrior who sucks it up and drives on. According to the VA, the number of PTSD cases has doubled since 2000, to an all-time high of 260,000, but fewer than 40 percent of veterans from Iraq and Afghanistan have sought medical treatment. "This is the military culture," says Schrumpf, who now gets regular therapy and takes medication to help with his PTSD. "If it gets out that you even went to see the medical officer, and it always does, then you're done as a career marine."

In a surprising admission, former Georgia Sen. Max Cleland, who lost three limbs in Vietnam, announced in August that he is being treated for PTSD in the hopes of encouraging other vets to do the same. One of the biggest problems for Vietnam veterans, for instance, was that their psychological wounds went unrecognized and unattended for so long that, by the time they got treatment, many were past of the point of being helped. Cleland is one of a growing crowd of Vietnam vets who are finally seeking help-and competing for VA services-as a result of long-buried feelings stirred up by the Iraq war.

In the past few years, in part because of events such as September 11, there have been advances in therapies for PTSD. "Just because you have PTSD, it doesn't mean you can't be successful in daily life," says Harold Wain, chief of the psychiatry

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consultation and liaison service at Walter Reed Army Medical Center in Washington, D.C., the main Army hospital for amputees. Many of the patients Wain sees have suffered catastrophic injuries and must heal their bodies as well as their minds.

Reimagining the trauma again and again, or what's known as exposure therapy, has long been believed to be the most effective way of conquering PTSD. It is still popular and has been made even more effective by such tools as virtual reality. However, therapists are increasingly relying on cognitive behavior therapy or cognitive reframing, putting a new frame around a thought to shift the way a soldier interprets an event. A soldier who is racked with guilt because he couldn't save an injured buddy, for instance, may be redirected to concentrate on what he did do to help. Other approaches such as eye movement desensitization and reprocessing use hypnosis to help soldiers.

For some soldiers, simply talking about what happened to them can be therapy enough. When Zachary Scott-Singley returned from Iraq in 2005, he was haunted by the image of a 3-year-old boy who had been shot and killed accidentally by a fellow soldier. With a son of his own, Scott-Singley couldn't get the picture of the child and his wailing mother out of his head and became increasingly paranoid about his own child's safety. "I was constantly thinking about how people were going to attack me and take him," he says. Scott-Singley twice sought mental health care from the Army. The first time he says he was told that since he wasn't hurting anybody, he didn't have PTSD. The next counselor suggested he buy some stress-management tapes on the Internet and practice counting to 10 whenever he felt overwhelmed. (The VA is legally precluded from discussing a soldier's medical records.) Ironically, Scott-Singley found his therapy on the Web anyway, with his blog A Soldier's Thoughts (misoldierthoughts.blogspot.com). "It feels so much better to know I am not alone."

Outcry. Many veterans say they would also find it therapeutic to hear Bush acknowledge PTSD and the psychological costs of the war instead of downplaying them. Earlier this year, for instance, the Institute of Medicine was asked by Congress to re-evaluate the diagnostic criteria for PTSD, which was established by the American Psychiatric Association in 1980. Critics claim the review was ordered by the Bush administration in an effort to make it harder to diagnose PTSD, which would in turn reduce the amount of disability payments. The number of veterans from all wars receiving disability payments for PTSD, about 216,000 last year, has grown seven times as fast as the number receiving benefits for disabilities in general, at a cost of $4.6 billion a year. And that figure does not include most of the more than 100,000 Iraq and Afghanistan veterans who have sought mental health services. The IOM report, released in June, supported the current criteria for diagnosing PTSD.

Now the institute is looking at the accuracy of screening techniques and how to compensate and treat vets with PTSD, widely regarded as an easy condition to fake. And in another move that infuriated veterans groups, the VA late last year proposed a review of 72,000 cases of vets who were receiving full disability benefits for PTSD to look for fraud. The move prompted such an outcry that it was called off.

Studies and reviews aside, there isn't enough help available to veterans with PTSD. According to a report from the VA, individual veterans' visits to PTSD specialists dropped by 20 percent from 1995 to 2005-"a decrease in capacity at a time when the VA needs to reach out," the report stated. Secretary of Veterans Affairs James Nicholson says the VA sees 85 percent of new mental health patients within 30 days. "But that still leaves 15 percent and that's a big number. Could we do better? Yes."

Bush has called for a record $80.6 billion in the 2007 VA budget. That includes $3.2 billion for mental health services, a $339 million increase over this year's budget. However, those increases are being met by increasing demands for care, as well as rising cost-of-living allowances and prescription drug prices. "The bigger budget doesn't really add up to much," says Rieckhoff.

However frustrating and exhausting the process, most vets can avoid getting help only so long before friends and family push them into counseling or they get in trouble with the law. "It's almost like your family has its own form of PTSD just from being around you every day," says a former Army sergeant who worked as an interrogator in Iraq and asked that his name be withheld. "When I came back I was emotionally shut down and severely paranoid. My wife thought I was crazy and my son didn't realize who I was. Because of them, I got help."

Like many soldiers, he found it at one of more than 200 local Veterans Centers, which offer counseling for PTSD and sexual assault, a growing concern for women in the military. Vet Centers are part of the VA but operate like the anti-VA, free of the delays and bureaucracy. There is almost no paperwork, and the wait to see a counselor is rarely more than a week. It's no coincidence that when Doonesbury character B.D. finally went for help with his PTSD, he went to a Vet Center (story, Page 60).

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The centers are small and staffed mostly by vets, which creates the feel of a nurturing social environment rather than an institutional one. The free coffee is strictly decaf, and the approach is laid back. "Someone may come in asking about an insurance problem, and as we answer their questions, we ask them how are they feeling," says Karen Schoenfeld-Smith, a psychologist and team leader at the San Diego Vet Center, which sees a lot of Iraq vets from nearby Camp Pendleton. "That's how we get them into it." Many come just to talk to other vets.

It is that same need to talk that keeps Schrumpf E-mailing and phoning fellow marines and returning to Camp Pendleton every couple of weeks to hang out. "It is the only place I can talk about the killing," he says. Next month, Schrumpf will leave California for his home state of Tennessee, where he says it will be easier to raise a family. He's not worried about taking the war with him. In fact, in many ways he is more worried about leaving it behind. "The anger, the rage, and all that is just there," says Schrumpf. "And honestly, I don't want it to leave. It's like a security blanket." Or a movie, that just keeps on playing.

Campaignomics (USNEWS)

U.S. News and World Report, October 2, 2006

Could it really be as simple as falling gas prices? President Bush is enjoying a bump up in the polls: His approval ratings-as measured by the USA Today/Gallup Poll-have drifted up from the mid-30s in early June to 44 percent now, their highest levels in more than a year. And this rebound comes despite Americans' widespread unhappiness over the war in Iraq, anxiety about rising income inequality, and job insecurity bred of globalization.

Gas prices are down more than 66 cents a gallon in the past seven weeks, easing inflation worries and boosting the stock market, with the Dow Jones industrial average close to a record high. Last week, the Conference Board reported that consumers' outlook for the next six months had improved markedly since August.

The timing for a turnaround certainly is auspicious for Republicans going into the November 7 midterm congressional elections. All year long, Democrats have been trouncing Republicans in the polls, seemingly poised to retake one or both houses of Congress. But the latest Gallup survey found voter preferences split evenly between Democrats and Republicans. Is the economy suddenly giving the GOP a lift? Indirectly, says James Campbell, a University at Buffalo-SUNY political science professor and author of Before the Vote: Forecasting American National Elections. "With congressional elections, the economy only directly matters at the margins," he explains. "But the economy does affect presidential approval ratings, and they do affect congressional elections."

As he stumps for GOP candidates, the president is talking more and more about the economy, first because he believes it is trending his way and second, many suspect, because he wants to distract voters from an unpopular war. Just last week, Bush carried the "good news" economic message to Meyer Tool in Cincinnati, while also continuing to pound home the theme that the Grand Old Party is better equipped to fight the war against global terrorism. That argument has also boosted Bush, some pols believe.

The Chart. The Democrats, of course, aren't convinced about the economy. They've got their own message, focused on uncertainty, anxiety, and stagnation. And there isn't likely to be any letup in the shrill rhetoric as the midterm melee enters its final round. An improving economy-or voters' perception of an improving economy-might just keep the GOP in control of the House of Representatives, the branch that many analysts see as most likely to change hands. At least that's the conclusion of University of Texas-Dallas political science professors Patrick Brandt and Thomas Brunell. The duo just finished testing a forecasting model that attempts to predict the outcome of the battle for the House. Their three main factors are the presidential approval rating, inflation rate (think of it as a proxy for gas prices), and unemployment rate. Using a model-generated prediction of a 43 percent presidential approval rating on Election Day, the Brandt-Brunell formula predicts the GOP will retain 220 seats, a loss of 12 seats but still enough to keep control. And every 2 additional Bush approval points would mean a loss of one seat fewer.

Things Fall Apart (NYT)

By Paul Krugman

The New York Times, October 2, 2006

Right after the 2004 election, it seemed as if Thomas Frank had been completely vindicated. In his book “What’s the Matter With Kansas? How Conservatives Won the Heart of America,” Mr. Frank argued that America’s right wing had developed a

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permanent winning strategy based on the use of "values" issues to mobilize white working-class voters against a largely mythical cultural elite, while actually pursuing policies designed to benefit a small economic elite.

It was and is a brilliant analysis. But the political strategy Mr. Frank described may have less staying power than he feared. In fact, the right-wing coalition that has spent 40 years climbing to its current position of political dominance may be cracking up.

At its core, the political axis that currently controls Congress and the White House is an alliance between the preachers and the plutocrats — between the religious right, which hates gays, abortion and the theory of evolution, and the economic right, which hates Social Security, Medicare and taxes on rich people. Surrounding this core is a large periphery of politicians and lobbyists who joined the movement not out of conviction, but to share in the spoils.

Together, these groups formed a seemingly invincible political coalition, in which the religious right supplied the passion and the economic right supplied the money.

The coalition has, however, always been more vulnerable than it seemed, because it was an alliance based not on shared goals, but on each group's belief that it could use the other to get what it wants. Bring that belief into question, and the whole thing falls apart.

Future historians may date the beginning of the right-wing crackup to the days immediately following the 2004 election, when President Bush tried to convert a victory won by portraying John Kerry as weak on defense into a mandate for Social Security privatization. The attempted bait-and-switch failed in the face of overwhelming public opposition. If anything, the Bush plan was even less popular in deep-red states like Montana than in states that voted for Mr. Kerry.

And the religious and cultural right, which boasted of having supplied the Bush campaign with its "shock troops" and expected a right-wing cultural agenda in return — starting with a constitutional amendment banning gay marriage — was dismayed when the administration put its energy into attacking the welfare state instead. James Dobson, the founder and chairman of Focus on the Family, accused Republicans of "just ignoring those that put them in office."

It will be interesting, by the way, to see how Dr. Dobson, who declared of Bill Clinton that "no man has ever done more to debase the presidency," responds to the Foley scandal. Does the failure of Republican leaders to do anything about a sexual predator in their midst outrage him as much as a Democratic president's consensual affair?

In any case, just as the religious right was feeling betrayed by Mr. Bush's focus on the goals of the economic right, the economic right suddenly seemed to become aware of the nature of its political allies. "Where in the hell did this Terri Schiavo thing come from?" asked Dick Armey, the former House majority leader, in an interview with Ryan Sager, the author of "The Elephant in the Room: Evangelicals, Libertarians and the Battle to Control the Republican Party." The answer, he said, was "blatant pandering to James Dobson." He went on, "Dobson and his gang of thugs are real nasty bullies."

Some Republicans are switching parties. James Webb, who may pull off a macaca-fueled upset against Senator George Allen of Virginia, was secretary of the Navy under Ronald Reagan. Charles Barkley, a former N.B.A. star who used to be mentioned as a possible future Republican candidate, recently declared, "I was a Republican until they lost their minds."

So the right-wing coalition is showing signs of coming apart. It seems that we're not in Kansas anymore. In fact, Kansas itself doesn't seem to be in Kansas anymore. Kathleen Sebelius, the state's Democratic governor, has achieved a sky-high favorability rating by focusing on good governance rather than culture wars, and her party believes it will win big this year.

And nine former Kansas Republicans, including Mark Parkinson, the former state G.O.P. chairman, are now running for state office as Democrats. Why did Mr. Parkinson change parties? Because he "got tired of the theological debate over whether Charles Darwin was right."

A Party Without Principles (WP)

By Sebastian Mallaby

The Washington Post, October 2, 2006

After years of single-party government, the prospect of a Democratic majority in the House ought to feel refreshing. But even with Republicans collapsing in a pile of sexual sleaze, I just can't get excited. Most Democrats in Congress seem bereft of ideas or the courage to stand up for them. They clearly want power, but they have no principles to guide their use of it.

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On Friday, Harry Reid, the Democratic leader in the Senate, correctly denounced a border-fence bill as a concession "to the radical anti-immigrant right wing" of the Republican Party. It's absurd to fence off 700 miles of the border and leave the other 1,300 miles open; besides, the government lacks the manpower to prevent migrants from defeating the fence with tunnels or ladders. But if blowing billions on this symbolism is a sop to right-wing nuts, why did 26 Senate Democrats vote for the bill while only 17 opposed it?

The day before the immigration vote, the majority of Senate Democrats summoned up the courage to oppose the Bush assault on the nation's traditions of justice. Of course they were right; you don't win a war of ideas by abandoning your most appealing ones. But if the Democrats had made common cause with the bill's Republican opponents, they could have filibustered the president's bill. Why vote against something and simultaneously allow it through? On an issue as basic as access to justice, can't Democrats stand on principle?

These battles dominated last week's headlines, but the Democrats' under-the-radar behavior was even more depressing. A conservative group circulated a petition calling for bipartisan talks on Social Security, with all potential solutions to be part of the discussion. Rather than embracing this eminently sane idea, top Democrats in Congress loudly slammed the door on it.

There's a long tradition of demagoguery on entitlement reform, but refusing even to discuss the challenge plumbs new depths of cynicism. A decade ago, Democratic centrists such as Sen. Bob Kerrey of Nebraska argued that runaway entitlement spending would rob the rest of the budget, draining money from social programs that liberals are supposed to care about. Today, a pragmatic Republican such as Sen. Bob Bennett of Utah can propose a progressive fix to Social Security that does not involve personal accounts. But Democrats won't come forward to support him.

In rejecting Social Security discussions last week, the Democrats painted the conservatives' petition as a Trojan horse designed to get personal accounts back onto the table. Even if that were true, since when was all mention of personal accounts taboo for Democrats? A decade ago, a majority of the appointees to Bill Clinton's Social Security commission came out in favor of personal accounts. Even the dissenting minority was open to the idea of investing Social Security funds in the stock market.

If today's Democratic leaders were even a little bit awake, they would realize that the case for Social Security reform has grown stronger since the Clinton era. It's not just that the budget outlook has deteriorated or that the squandering of a decade renders a solvency fix more urgent. A new body of research shows how the lack of reform threatens core Democratic constituencies.

Social Security benefits were designed in the 1930s to protect traditional couples. But married couples make up a declining fraction of the adult population, particularly among minorities. Since 1970 the married share of the adult population has dropped by 10 percentage points for whites, 14 percentage points for Hispanics and an astonishing 22 percentage points for African Americans. Because Social Security benefits were not designed to protect singles, these changes in family structure are driving up poverty rates among the old. In the early 1990s, 2.4 percent of married retirees lived below the poverty line, according to the Urban Institute. But fully 21.2 percent of divorced retirees were poor, and the rate among never-marrieds was 16.2 percent.

If Democrats cared about poor women and minorities, they would be clamoring to reform Social Security. But instead they get a childish gratification out of stamping their feet and refusing to discuss the subject. They can't muster the courage to block the suspension of habeas corpus. But when it comes to blocking entitlement reform, the Democrats ride out to battle.

I'm not saying that Republicans are at all better, and of course elections breed some policy timidity. But the infuriating thing about the Democrats is that, just a decade ago, they knew how to empathize with voters' economic insecurities without collapsing into irresponsibility; they combined attractively progressive social policies with sensible pro-market fiscal responsibility. Now many in the party have lost interest in this necessary balance. If the Democrats win a measure of power next month, it's hard to see what they will do with it.

'Anything Goes' Administration (WP)

The Washington Post, October 2, 2006

THE INTERIOR Department's inspector general says the department suffers from an "anything goes" ethical culture.

"Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior," Inspector General Earl E. Devaney told a House Government Reform subcommittee last month. "Ethics failures on the part of senior department officials

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-- taking the form of appearances of impropriety, favoritism and bias -- have been routinely dismissed with a promise 'not to do it again.' "

At the Education Department, its inspector general found, officials violated conflict-of-interest rules and steered contracts for its $4.8 billion Reading First program to favored textbook publishers.

"They are trying to crash our party and we need to beat the [expletive deleted by IG] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," the Reading First program director, Chris Doherty, wrote about one company in an e-mail to staff members.

Mr. Doherty, you won't be surprised to learn, just left the department to "return to the private sector."

Meanwhile, three top officials at the Department of Housing and Urban Development told the inspector general there that Secretary Alphonso Jackson had said "it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered."

Mr. Jackson "personally intervened with contractors whom he did not like . . . these contractors had Democratic political affiliations," the inspector general found. The secretary had boasted in a public speech last April that he killed an advertising contract because the recipient had criticized the president -- then dismissed his comments as "anecdotal."

In fact, the investigation found, Mr. Jackson had expressed such political preferences -- there just wasn't evidence that anyone had acted on his wishes.

And then there was the U.S. Coalition Provisional Authority in Iraq, which sent -- in the account of The Post's Rajiv Chandrasekaran, "the loyal and the willing instead of the best and the brightest" to help rebuild Iraq -- with a screening process that featured questions on whether applicants voted for George W. Bush or even what they thought about Roe v. Wade .

A 24-year-old who lacked a background in finance -- but who had applied for a White House job -- was detailed to reopen Baghdad's stock exchange. The head of a faith-based relief organization that provided health care while promoting Christianity in developing countries was sent to replace a physician with extensive experience in postwar health administration because, the physician was told, the White House wanted a "loyalist" in the job.

These dots connect to form a disturbing picture -- not so much of greed-fueled corruption as of ideologically driven coziness. Those who differ from the party line are excluded from the benefits of power, while those who toe it are welcomed and, if they err, quickly forgiven. A more responsible president would put a quick stop to this. A more responsible Congress would insist.

The GOP Record (WSJ)

The Wall Street Journal, October 2, 2006

The 109th Congress has gone home to fight for re-election, and the best testament to its accomplishments is that very few Republicans are running on them. They're running instead against the peril to the country if the Nancy Pelosi Democrats take power.

We'll know in six weeks if this liberal fright mask is enough to save the GOP majority, but it's not too soon to say that Republicans in the 109th have been a major disappointment. The best thing about this Congress is that by doing little at least it did little harm. But despite their best chance in 50 years to reform the creaky institutions of the welfare state, Republicans couldn't maintain the unity or discipline to achieve nearly any of what they promised in 2004. * * *

The one great exception is the confirmation of two new Supreme Court Justices. GOP Senators in particular helped to steer President Bush away from his underwhelming initial choice of White House counsel Harriet Miers toward the distinguished Samuel Alito. With the High Court playing an ever more decisive role in our political life, this may be Mr. Bush's most significant legacy beyond the war on terror.

Republicans also deserve credit for financing the war, which is more than many Democrats say they'll do if they run Capitol Hill. The extension for two more years, through 2010, of the 15% rate on dividends and capital gains will also help sustain the economic growth that is throwing off record revenues to pay for the war even as the budget deficit declines. The recent compromise on terrorist interrogations may also turn out to be historic, putting Congress's imprimatur on the Presidential powers

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needed to fight an enemy that violates the normal rules of war. Toss in bankruptcy and class-action reform, and some free-trade agreements. That's about it for the good news.

On the liability side, the list of flops is extensive, starting with making the tax cuts permanent, repealing the estate tax and immigration reform. Senate Democrats did their part to kill the first two, but House Republicans get credit for fanning public worry about immigration and then pretending that a 700-mile fence will solve the problem.

Social Security reform was never going to be easy, and Mr. Bush's war-driven decline in job approval meant he couldn't move any Democrats. But that still doesn't excuse such prominent Republicans as Tom Davis (Virginia) and Roy Blunt (Missouri) for resisting their President's reform effort behind the scenes. So frightened were they that they never even brought the subject up for a vote.

Perhaps the most puzzling abdication was the GOP failure to do anything at all on health care. The window for saving private health care from government encroachment is closing, and both business and workers are feeling the pinch from rising costs. Yet Republicans failed to make health-care savings accounts more attractive, failed to let business associations offer their own health plans, and failed even to bring to a vote Arizona Congressman John Shadegg's bill to avoid costly state mandates by letting health insurance be marketed across state boundaries. The biggest winner here is Hillary Rodham Clinton's 2008 Presidential campaign.

Republicans have many explanations for their paltry record, some of them even accurate. The troubles in Iraq sapped Mr. Bush's support, dividing Republicans while uniting Democrats who saw a chance to regain power this fall. Hurricane Katrina blew away whatever hope there was of spending restraint and changed the national conversation from GOP priorities. And Tom DeLay's ethical troubles, and eventual ouster as Majority Leader, created a leadership vacuum.

Yet none of this excuses the more fundamental problem, which is that too many Republicans now believe their purpose in Washington is keeping power for its own sake. The reform impulse that won the House in 1994 has given way to incumbent protection. This is the root of the earmarking epidemic, which now mars every spending bill and has become a vast new opportunity for Member corruption. This is also part of what corrupted Duke Cunningham, Bob Ney, Jack Abramoff, Tony Rudy and Michael Scanlon. Power for its own sake also explains the House GOP's decision to join Senate Democrats in killing serious reform of Fannie Mae and Freddie Mac, despite $16 billion in accounting mistakes or fraud. The Members are in bed with the housing subsidy lobby.

Even amid all of this scandal, many Republicans still refuse to acknowledge any problem. Appropriators continue to resist major budget reform, and the same Republicans who gave a Democratic President the line-item veto in the 1990s refused to give a weaker version to a GOP President this year. No wonder so many loyal Republican voters have been telling pollsters they're not sure if they'll vote this year.

With his party down in the polls, Mr. Bush has tried to recast the midterm election as a referendum on the war on terror. This strategy may yet save Republicans from losing Congress, both because the war is the most important issue of our time and because the Democrats are calling for retreat in Iraq and essentially for a return to the antiterror policies of the 1990s (see below). But it is no credit to the performance of Republicans in this Congress that their best argument for re-election is the wartime flaws of their opponents.

Democrats On The Verge (LAT)

The Los Angeles Times, October 2, 2006

NOT LONG AGO, even the most optimistic Democrats thought the party would be lucky to regain control of the House of Representatives in the midterm elections. Now, buoyed by bad news for President Bush and once-favored GOP incumbents such as the gaffe-prone Sen. George Allen of Virginia, Democrats are daring to dream that they will gain control of both houses of Congress on election day.

Such a change on Capitol Hill would be momentous, of course, which may explain why Bush went into oratorical overdrive last week by caricaturing Democrats as "the party of cut-and-run" in Iraq. But aside from being bad news for some partisans and good news for others, how would a congressional shift affect national and international policy?

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On balance, it would be constructive. A Democratic Congress would be more of a check on the presidency, less patient with the U.S. involvement in Iraq, more protective of civil liberties in the war on terror, more willing to allow regressive tax cuts to expire and, in the case of a Democratic Senate, unlikely to approve stridently conservative judicial nominees. It also would be more sympathetic to one of Bush's priorities, comprehensive immigration reform.

The paradox is that, to win control of Congress, Democrats will have to rely on Democrats who sound suspiciously like Republicans.

Which raises the question: What does a politician have to do to get kicked out of his party nowadays? One might ask Connecticut Sen. Joe Lieberman, who is running for reelection as an independent after losing in the Democratic primary for his support of the Iraq war. On the other side of the aisle, one could ask Steve Laffey, a Rove Republican who lost in the primary in part because the Bush administration supported his opponent, Rhode Island Sen. Lincoln Chafee, a Rockefeller Republican who disagreed with the White House on a variety of issues but stands a better chance in the general election.

This leads to yet another paradox: As the stakes get higher, party affiliation matters more but means less.

Sen. Charles E. Schumer (D-N.Y.) and Rep. Rahm Emanuel (D-Ill.), chairmen of the Democratic congressional campaign committees, have been willing, even eager, to support candidates who don't toe the party line. Schumer, for example, recruited Pennsylvania Treasurer Bob Casey, an opponent of abortion, to oppose incumbent Republican Sen. Rick Santorum. Yet a victory for Casey, who is ahead in the polls, is vital to hopes of Democratic control. Even on issues on which there is a clear partisan divide, such as the war in Iraq, some Democrats have been allowed to tack to the center.

That's what they call "big tent" politics. But a tent is valuable for what it keeps out as much as for what it lets in. Last week, when the Senate took up Bush's proposal for military commissions to try suspected terrorists, all but one of the 44 Democrats voted to give suspected terrorists the right to file habeas corpus petitions challenging their confinement. But after that amendment was defeated, 12 Democrats, including five whose names are on the ballot next month, voted for a bill that guts the Great Writ. That's not the kind of position Democrats — or Republicans, for that matter — should be standing for.

Curing The Debt Addiction (NYT)

The New York Times, October 2, 2006

The Treasury secretary, Henry Paulson Jr., capped off his recent trip to China with a visit last week to Capitol Hill. His aim was to dissuade Senator Charles Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, from moving forward on their bill to impose punitive tariffs on China. The two senators accuse China of manipulating its currency, the yuan, to gain an unfair trade advantage.

Mr. Paulson was right to try to parry the senators' protectionist efforts, and he has succeeded, for now. But the issue will persist so long as he fails to satisfactorily address a root cause of mounting protectionist pressures: the United States' growing indebtedness to the rest of the world.

Instead, Mr. Paulson recently told reporters that the nation's deficit in trade and other international transactions — on track this year to reach $800 billion, or nearly 7 percent of the economy — is actually a sign of strength. America has kept the world prosperous, he said, by buying global goods.

Come again? America's borrow-and-spend ways have indeed juiced the global economy. But the resulting indebtedness makes the country vulnerable to the protectionism Mr. Paulson wants to avoid, as well as to broader economic disarray.

Many American businesses — and politicians — see the mounting trade deficit and immediately cry foul. Demands for tariffs are the predictable, if misguided, reaction. Protectionism conveniently shifts the blame for trade-related hardships to foreigners, which is easier than adapting homegrown business practices to make America more competitive.

There are other dangers. If lenders like China began to doubt the strength of the American economy, they could put their money elsewhere, driving up American interest rates, perhaps sharply.

To reduce excessive foreign borrowing, it is imperative to reduce the federal deficit. To that end, Mr. Paulson has pledged to help the Bush administration find ways to curb Social Security, Medicare and Medicaid. That would certainly cut the budget, but at the cost of weakening the already frayed safety net — at precisely the time when increasing globalization is creating

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economic hardship for many Americans. It would be far better to start a deficit reduction effort by calling for a moratorium on further tax cuts and allowing other Bush-era tax cuts to expire as scheduled.

That, along with continuing efforts to adjust exchange rates in China and other countries, would lower the risks the United States is now courting.

OTHER NEWS:

Democrats' Risky Strategy: Trumpeting The Wealth Gap (WSJ)

By Deborah Solomon

The Wall Street Journal, October 2, 2006

October 2, 2006; Page A1

WENTWORTH, N.C. -- Many Democratic politicians, shrugging off lessons of recent political history, see this as the year when the widening gap between the rich and the rest of America will help win them votes.

As a group of his constituents munched on pot roast and buttered green beans in a school cafeteria here, Rep. Brad Miller -- a two-term Democrat seeking re-election in a district spanning rural, suburban and urban communities -- launched into what he believes is a winning pitch.

"People who are doing well are doing very well," he said into a handheld microphone, his tie loosened as he walked among the tables. "The rich are doing just fine. But wages aren't budging for the majority of Americans."

The congressman's words resonate here. Although some voters are prosperous suburbanites, others in this district along the Virginia border have lost textile-mill jobs. They've been forced into lower-paying positions with fewer benefits and scant prospect for raises. Pamela Tucker, a mental-health worker from nearby Reidsville, says she can barely keep up. "Things are worse. The taxes, the price of health care, gas," she says. "People don't have the means."

Other Democrats -- including Michigan Sen. Debbie Stabenow in a tough re-election fight and Claire McCaskill in her challenge to Missouri incumbent Republican Sen. Jim Talent -- are sounding similar themes: The U.S. economy is growing, but the poor and especially the middle class aren't benefiting. The rich are. And President George W. Bush and a Republican Congress are to blame, they argue.

It's a risky bet. Government data do show an unambiguous trend toward a widening gap between the rich and everyone else, a trend that pre-dates Mr. Bush's election in 2000. And yet U.S. electoral history is littered with Democrats who tried to use the inequality issue only to find voters unswayed and Republicans accusing them of "class warfare" or business-bashing.

"The language of income distribution and income inequality is rarely effective in American politics," says political scientist William Galston, a domestic-policy adviser in the Clinton White House now at the Democratic-leaning Brookings Institution. While Americans may be unhappy that the rich are getting ahead while they're not, most still aspire to be rich and are turned off by candidates who demonize wealth, he says.

"There is little doubt that there has been a 25-year trend of a growing gap, sometimes called income inequality, between the wages of the skilled and the unskilled," says Edward Lazear, chairman of the White House Council of Economic Advisers. "While that trend shows no obvious signs of abating in the near future, by some measures inequality has slowed a bit in recent years."

Former Vice President Al Gore touched upon a "people versus the powerful" theme in his unsuccessful 2000 presidential bid. Some strategists say it failed because he didn't push it hard enough. Others say it failed because voters found the message polarizing. During a Democratic Leadership Council forum in 2002, Mr. Gore's running mate, Connecticut Sen. Joseph Lieberman, said the strategy made it "more difficult for us to gain support of the middle class, independent voters who don't see America as 'us versus them.'"

Four years later, Massachusetts Sen. John Kerry's running mate, then-Sen. John Edwards of North Carolina, spoke frequently about "two Americas" in which "one America does the work, while another America reaps the reward." They lost, too.

The one recent Democratic candidate to tap economic angst most successfully was Bill Clinton. He talked often in the 1992 campaign about how well the top 1% were doing while others were falling behind. After winning office, he persuaded

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Congress to raise taxes on the rich. But even his administration divided on how hard to push the issue after Democrats lost control of Congress in 1994. Two close advisers, Treasury Secretary Robert Rubin and Labor Secretary Robert Reich, sparred over the populist message.

"I had sat in on enough discussions about swing voters to feel that this crucial section of the electorate reacted badly to anything that sounded like class warfare," Mr. Rubin wrote in his book, "In an Uncertain World." Terms like "corporate welfare," a favorite of then Labor Secretary Reich, could inflame voters, Mr. Rubin said.

Many Democrats say this year the message could draw voters. "This is an issue they [Democrats] are talking about and should be talking about," says Stan Greenberg, a Democratic pollster.

While the war in Iraq continues to be a big issue, Mr. Greenberg and other strategists are advising Democratic candidates to talk often about the economic squeeze on their middle-class base. "Most people are seeing continuing financial pressure -- gas prices, health-care costs -- symbols that, when contrasted with the perception that the macro-economy is doing great and CEOs and others are doing very well, help to underscore what's happening and what's not happening," says Mr. Greenberg.

Some Republicans try to debunk the statistics Democrats cite, arguing that they overstate the income gap by looking at wages, while ignoring health and retirement benefits and tax breaks that help the working poor. Kevin Hassett, director of economic-policy studies at the Republican-leaning American Enterprise Institute, points to an increase in consumer spending as evidence that Americans are doing better than Democratic campaign themes suggest.

Winning Argument

But other Republicans concede that Democrats may have a winning argument when it comes to economic issues this year -- inequality included. "We get clobbered among economy voters," says Republican pollster Tony Fabrizio. "The reason [Democrats] are doing this is they see the people who are uncomfortable about the economy as people who are more likely to vote for them in real numbers."

Since the last recession ended in 2001, the U.S. economy has grown nearly 15%, after inflation. Corporate profits have skyrocketed and the stock market has rebounded. Yet many Americans haven't seen paychecks grow fast enough to keep up with rising prices. While incomes at the top rose, adjusted for inflation, the median household income fell for five years in a row before turning up in 2005. It remains below its 1999 peak. The Census Bureau reports that the top 20% of households claimed 50.4% of all the income in 2005, up from 45.6% in 1985.

Even Treasury Secretary Henry Paulson has acknowledged the gap. "Amid this country's strong economic expansion, many Americans simply aren't feeling the benefits. Many aren't seeing significant gains in their take-home pay," he said in an August speech. In another talk, in September, he added, "I believe it is the responsibility for all nations to search for ways to moderate income disparities."

Voters are beginning to take notice of the trend. In early September, a Wall Street Journal/NBC News poll found the "gap between rich and poor" ranked as the No. 2 economic issue -- after "gas prices and energy costs." Voters most often blamed the gap on "excessive salaries and bonuses" and competition from companies and workers overseas. More than half said they disapproved of the way President Bush was handling the economy.

Economists cite a variety of factors for widening inequality. Technology has favored the most skilled and most educated, and hurt the less qualified.

Globalization has brought competition from millions of new workers around the globe, crimping wages for some workers while boosting demand for others. American unions have grown steadily weaker. And social mores have changed, tolerating much wider pay disparities within the same workplace, be it a manufacturer or a law firm.

Born elsewhere in U.S.

217535

Born outside U.S.

66940

Source: Census Bureau's American Community Survey

Figuring out how to reverse the trend poses a problem for policy makers. Most Democratic candidates favor an increase in the minimum wage, modest proposals for college and child-care tax credits, rolling back some of Mr. Bush's tax cuts, and

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finding ways to shield Americans against rising gas prices. But beyond that, Democrats candidates haven't fleshed out a program for reversing inequality.

The centrist Democratic Leadership Council is pushing what it has dubbed the American Dream Initiative to counter the "mistaken belief that when the wealthy do even better, the middle class will eventually get their share." The plan, championed by New York Sen. Hillary Clinton, among others, also calls for giving every child a $500 savings bond at birth so every American adult will have a nest egg.

While most candidates aren't citing income statistics on the stump, stagnant paychecks are a subtle, yet constant, thread in many campaigns. To skirt accusations of class warfare and business-bashing -- and to court swing voters -- Democrats focus not on the plight of the poor, but on the notion that middle class workers, despite being more productive than ever before, aren't being rewarded for their hard work.

"Unemployment has been low for some time now and it's pretty clear that the working man and woman is pretty unhappy with their lot and it's not because they're unemployed," says Alan Blinder, a Princeton University economist who worked in the Clinton White House and later was vice chairman of the Federal Reserve Board. "It's a combination of wages aren't going anywhere, people are losing health insurance and their pensions are under threat. And people are feeling it. At the same time, they're reading about this CEO or that CEO walking off with $100 million for managing their company badly."

Most Outspoken

Among the most outspoken on the issue of inequality is Rep. Miller, a 53-year-old lawyer and former North Carolina state legislator. He has seized on the issue in stump speeches. He has peppered Federal Reserve Chairman Ben Bernanke and former Chairman Alan Greenspan with questions about inequality at House hearings. He frequently mentions the names and salaries of highly-paid CEOs in speeches and on the House floor.

Mr. Miller told the Wentworth crowd, for instance, that CEOs make an average of $14 million a year. "Do we see the world through the eyes of Lee Raymond, who just left Exxon Mobil, making $145,000 per day or do we see it through the eyes of the guys working for $545 per week?" he asked. "That's the difference between Republicans and Democrats."

While Mr. Miller is talking about wages, the conservative Republican underdog, Vernon Robinson, a former Winston-Salem city councilman dubbed by the local press as "the black Jesse Helms," is focusing on social issues -- particularly illegal immigration and making English the official U.S. language. He says he hasn't heard much concern from voters about wages, and terms Mr. Miller's focus on CEO pay "pretty esoteric," adding, "He's saying 'vote for me. I'll make sure your boss gets paid less.' "

Other Democratic candidates are doing much the same as Mr. Miller, particularly in the Northeast and Midwest, where the economy is a big issue. In central Ohio, Democrat Mary Jo Kilroy, challenging Republican incumbent Rep. Deborah Pryce, talks frequently on the stump about gas prices, health-care costs and the minimum wage.

"I know how parents feel trying to put their kids through college. I hear all the time how it costs $60 a week to fill up my car and how health care is an enormous cost for all people," Ms. Kilroy, a Franklin County commissioner, said in an interview. Ohioans, she said, are "upset with the economy and Congress and their willingness to give these tax breaks for the super wealthy and burden future generations with the deficit."

At a rally at Ohio State University earlier this year, Ms. Kilroy accused Ms. Pryce of "supporting deep cuts to student loans that will put college out of reach for some lower- and middle-class students."

Ms. Pryce's office says she has never supported cuts to student-loan programs. "Kilroy's campaign has been consistently negative on everything," says her spokesman, George Rasley. "So the fact that they would be negative on the economic situation in Columbus -- by some measures the seventh-best economy in the country -- is no surprise even though it's a big lie." Polls show Ms. Kilroy and Ms. Pryce neck-and-neck.

On the stump in Missouri, Ms. McCaskill, in a stiff race to unseat Sen. Talent, railed against Washington policies that protect "millionaires" at the expense of the middle class. She has proposed a middle-class tax-relief package, arguing that "Missouri's middle class has been overlooked while the Bush administration has given billions in tax cuts to big corporations and millionaires." She has called for an increase in the minimum wage, and criticized Republicans' eagerness to cut the estate tax.

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Consumers Extract Less Cash From Their Homes But Defy Predictions Of Greater Thrift (WSJ)

By Christopher Conkey

The Wall Street Journal, October 2, 2006

A year into the housing market's slowdown, Americans have yet to snap shut their wallets, defying predictions that the cooling market would have a chilling effect on consumer spending.

This year, despite what appears to be the most significant housing-market slump in more than a decade, the nation's consumers have increased their purchases of goods and services at an inflation-adjusted annual rate of more than 3% -- just as they have for the past two years. "They're not backing off," says Janet Hoffman, managing partner of consulting firm Accenture Ltd.'s North American retail practice.

In recent years, the long run-up in real-estate prices, coupled with a proliferation of low-interest financing options, allowed many consumers to borrow against the rising value of their homes to pay for cars, vacations and home improvements, among other things. Many economists assumed that a slowdown in the overheated housing market would reverse that trend, leading to a big pullback in spending.

So far, however, only half of that equation is panning out: Americans aren't using their houses like ATMs as much as they once did. Even so, their willingness to spend hasn't suffered, though economists don't agree on why.

Data developed by former Federal Reserve Chairman Alan Greenspan and Fed economist James Kennedy suggest consumers "extracted" cash from their homes -- such as through cash-out refinancings or home-equity loans -- at an annual rate of $497 billion in the second quarter. That was down sharply from a peak of $871 billion in the third quarter of 2005.

Bob Moulton, a mortgage broker with Americana Mortgage Group Inc., Manhasset, N.Y., says new applications for home-equity lines of credit and cash-out mortgage refinancings are down 50% from a year ago. Aside from the fact that home prices aren't rising as they used to, higher interest rates are the primary culprit.

Donna Simoes, an office manager in Williston Park, N.Y., took out a $200,000 home-equity line of credit with an interest rate of just under 4% two years ago to finance a bathroom remodeling and other projects. Today, the rate is up to 7.75%, and she rarely uses the credit line. "As the rate started to rise, my stomach started to fall," Ms. Simoes recalls. "I'm not willing to pay that amount of interest."

Even though consumers appear to be tapping home equity less than they have in the past, they are still finding ways to sustain their spending. Even stores that are heavily dependent on the state of the housing market are benefiting from those outlays. Sales at building-material and garden-supply centers are up more than 8% from a year earlier, outpacing the 6.7% year-to-date jump in overall retail sales, according to the Commerce Department. Sales at furniture and home-furnishing outlets are up 6.5% from last year.

There are several possible explanations. First, while housing is slumping -- the median sales price of an existing home is down 1.7% from a year ago, according to the National Association of Realtors -- other parts of the economy aren't. Unemployment remains low at 4.7%, employers are adding workers and incomes are rising. Corporate profits are up, businesses are increasing their capital spending, and exports have picked up this year. Moreover, the sharp drop in gasoline prices that began in August has given consumers a quick boost in purchasing power.

"There are pretty significant offsetting factors, including the fading energy tax and the healthy stock market," says Michelle Meyer, an economist with Lehman Brothers.

A second possibility is that not enough time has elapsed and that the impact of the cooling housing market may still be coming. "It's likely to take another year or so to see the pronounced effects," says Tim McGee, chief economist at U.S. Trust. If the housing market continues to deteriorate over the coming year, Mr. McGee and some other economists say, the decline in home-equity borrowings will combine with a reverse "wealth effect," in which consumers spend less because they feel less wealthy, to depress spending and shave one percentage point or so from economic growth in 2007.

Other observers, however, say that during the housing boom economists exaggerated the role of home-equity borrowing as a driver of consumer spending, and that's why a slowdown or modest decline in real-estate appreciation won't have much impact on consumer buying habits now. "The run-up in housing values over the past several years did not spur much of a bigger-than-

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expected increase in consumer spending...so we wonder about how large a spending effect one should expect to accompany a fall in housing prices, if that were to occur," Boston Fed President Cathy Minehan said last month.

Ms. Minehan said much of the equity consumers extracted from their homes over the past few years was used to reduce other forms of consumer debt and make home improvements, and that "overall household balance sheets today continue to look fairly strong."

A recent survey done for Deutsche Bank Securities found that homeowners spent only about 14% of the money they cashed out of their homes -- and that didn't go back into their real-estate investments -- on consumer goods and services. The rest was either used to make other investments or to repay debt. Vinay Pande, chief investment adviser at Deutsche Bank Securities, says the survey found consumers "were unconcerned about a housing bubble," so declining house prices probably would have only a slight impact on their spending.

Even if Ms. Minehan and Mr. Pande are underestimating the potential impact of reduced home-equity borrowing, there are other reasons to suspect that consumers will keep spending even as the housing correction plays out. The overwhelming majority of mortgage debt and home-equity loans are held by Americans in the upper half of the income range. Households in the top 10% of income hold 42% of the value of home-equity lines of credit, according to data from the Fed's 2004 Survey of Consumer Finances. Those affluent consumers have already racked up sizable gains in the value of their homes in recent years and can most likely afford to weather a modest pullback without cutting back their spending.

"If you look at the appreciation over the last three to five years, it's still way up," said Pat Conroy of Deloitte & Touche. "Even though we've had a very small downturn the past six to 12 months, that really hasn't put a huge damper on the consumer's mind-set."

Coming Of Wage (WSJ)

By ALLAN HUBBARD And EDWARD P. LAZEAR

The Wall Street Journal, October 2, 2006

The U.S. economy has faced challenges from recession to corporate scandals to terrorist attack to natural disasters. And through it all, the economy has proven to be resilient and responsive. In the past three years our economy has grown 3.7% per year, faster than any other major industrialized economy, and added more than 5.7 million payroll jobs, more than all the jobs added in the European Union and Japan combined.

Yet questions understandably arise about whether this economic expansion is paying off for U.S. workers. American workers are among the hardest working and most productive in the world. They deserve to receive their share of the gains in this economic expansion, as they have in past expansions.

A pattern that prevails as the economy moves from recession to recovery, and then into a sustained expansion, is that productivity grows first. The higher productivity growth means higher profits for businesses, which induce them to expand output and then employment. Later, as fewer workers are available for hire, wages grow, profit rates fall, and workers' share of the gains rises. This is what we observed during the last expansion. After the recession in the early 1990s, wage growth was flat. It did not pick up until the last few years of the decade.

We are seeing the same pattern in this economic expansion. Productivity growth has been exceptionally strong in the past five years, well above the historical average. And now employee compensation per hour has also picked up. Over the first half of this year, compensation growth has averaged a remarkable 6.3%, at an annual rate adjusted for inflation. This growth is much faster than in previous years.

As has been the case for many years, higher health-care costs mean much of the growth in compensation goes to benefits. Although benefits are important, workers also naturally care about whether their paychecks are going up.

Recently, nominal wages of production workers have also grown considerably. At an annualized rate, nominal wage growth has been about 4% so far this year, faster than at this point in the last economic expansion. Nominal wages are now growing faster than the past couple of years and are growing at about the same rate as they were in the late 1990s.

The difference between this economic expansion and the last expansion is that higher-than-expected energy prices have consumed much of this strong nominal wage growth. Inflation-adjusted wage growth without the increase in energy prices is

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similar to past economic expansions. The issue here is energy prices, not wage growth. Workers' paychecks are going up, but they have had to use much of that increase for energy purchases like gasoline.

The recent news on energy prices is good for workers. Nationwide gasoline prices have fallen by about 65 cents per gallon since early August and market data suggest that inflation will fall below the levels of the past few months. This decline, coupled with the nominal growth rates that we see in both compensation and wages, means that workers should enjoy more real earnings in the months ahead.

The Bush administration is pursuing a variety of short and long-term measures to address high energy prices. Last year, the president and Congress enacted the first major energy bill in over a decade. It is a significant first step toward a long-term vision of achieving greater energy security through diversification of energy sources, improved efficiency and increased domestic production. In addition to implementing the new law, the administration is pursuing new ideas for alternative technologies and clean domestic production. For example, the administration and Congress are working to increase research in alternative fuels, and to safely increase domestic oil and natural gas production in the Outer Continental Shelf and Alaska. These and other pro-growth policies will benefit both the overall economy and workers.

Most importantly, American entrepreneurs and companies are investing billions of dollars in creative ideas for new fuels, power resources and better efficiency. Our flexible economy that rewards risk-taking and boosts productivity will also help us produce reliable and cost-effective energy.

With some politicians and commentators criticizing tax relief, free trade, immigration and labor policies, it is important to recognize the truth about wages and the distinctions between this economic expansion and past expansions. Increasing the tax and regulatory burden on our economy will not increase wages or make the current expansion more rewarding for workers. Without the tax relief, workers would be taking home a smaller portion of their paychecks. Higher taxes and a higher regulatory burden would just slow the strong productivity growth that we need to remain competitive in the global economy and increase standards of living.

How Military Credentials Play In November Elections (CSM)

By Linda Feldmann

The Christian Science Monitor, October 2, 2006

WASHINGTON

Andrew Duck knows he's a long-shot candidate for Congress. He's running against a seven-term incumbent, Roscoe Bartlett (R) of Maryland. He's a Democrat in a deeply red district. And he's raised only $150,000 so far, in an era when you need many times that to be taken seriously.

But he's got something on his résumé that Representative Bartlett doesn't have: 20 years of service in the Army, including time on the ground in Iraq. Will that make a difference? Probably not. Incumbents are tough to defeat. But, Mr. Duck says, when Republican voters hear his history, they're willing to give his flyer a second look.

For most of the 51 Democratic military veterans running for Congress this fall as nonincumbents - 50 for the House and one for the Senate - the climb is steep. In the House, only six are in competitive races, as defined by the nonpartisan Cook Political Report. The one Democratic Senate challenger who's a vet, Jim Webb of Virginia, is locked in a tight race against Sen. George Allen (R) after a series of mishaps by the senator.

Of the 40 Republican military vets running for the House as challengers, only five are in competitive races. So the military credential has not been a big boon to either party's roster. But the Democratic Party, which has struggled for decades with an image of weakness on security, has tried to make more of their candidates' military service than has the GOP. And even if winning election to Congress is beyond the reach of many Democratic vets, they argue that they can still help their party.

"We offer them [the Democrats] something that they didn't have when we came to the party," says Duane Burghard (D), a Navy vet who is running against Rep. Kenny Hulshof (R) of Missouri. "We can stand up with authority and legitimacy that, in fact, the Democrats offer veterans and national security a better chance."

Last week, the group VETPAC, the Veterans' Alliance for Security and Democracy political action committee, held an event on Capitol Hill in support of Rep. John Murtha (D) of Pennsylvania, who has taken major heat from Republicans for his turn

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against the Iraq war last year. VETPAC took over earlier this year as the lead nonparty group supporting Democratic military vets running for Congress as challengers, after the demise of the group Band of Brothers. Fundraising for VETPAC has been slow; before a fundraiser last week, it had raised only about $35,000.

Republicans say that the Democratic focus on veterans as candidates - highlighted in a party Web page called "Fighting Dems" - has been a failure. "This is the most overdone story of this cycle," says Danny Diaz, a spokesman for the Republican National Committee. "They are trying to use veterans as a PR tool and it's not working."

Still, in at least one competitive race, Rep. Rob Simmons (R) of Connecticut is using the lack of military service by his opponent, Joe Courtney, against him in a TV ad. So it may be that in some cases, military service insulates candidates from potential charges that they are weak on defense.

In the cases where Democratic vets are running competitive races, it's hard to say if it's military service that has made the difference. An impressive résumé doesn't get a challenger far without political and fundraising skill. It also helps if the incumbent is vulnerable and the political leanings of the district are favorable.

Joe Sestak, a retired vice admiral in the Navy, has raised more than $1 million and is giving 10-term Rep. Curt Weldon (R) of Pennsylvania a run for his money. Because of Admiral Sestak's high-level service, including time in the White House, "he has relationships with donors and political types that regular service-members don't have," says Amy Walter, House race analyst for the Cook report.

But "people know Weldon, he has a relationship with voters," Ms. Walter adds. "Will those relationships outweigh a desire for change?"

According to the Cook list, the other competitive Democratic challengers who are vets running for Congress are: Ken Lucas of Kentucky, Tammy Duckworth of Illinois, Patrick Murphy of Pennsylvania, Chris Carney of Pennsylvania, and Eric Massa of New York.

Among GOP veterans running as challengers, the five competitive candidates are: Van Taylor of Texas, Chris Wakim of West Virginia, Max Burns of Georgia, Martha Rainville of Vermont, and Mac Collins of Georgia.

Bush The 'ATM' Readies Campaign Blitz (USAT)

By David Jackson

USA Today, October 2, 2006

WASHINGTON — President Bush's calendar this month will be filled with political events on behalf of GOP candidates for the House of Representatives, Senate and governor's offices, including a three-day Western swing starting today.

"The fact is we've got more requests than time," White House spokesman Tony Snow said.

Much of the focus this campaign season has been on the vulnerability of Republicans, who have controlled Congress for 12 years. This year, they face a public that a number of polls show is at best ambivalent about the war in Iraq and questions Bush's leadership.

In his public stump speeches, Bush says history and the voters will vindicate the decision that has become pivotal to the campaign: Iraq.

"Americans face the choice between two parties with two different attitudes on this war on terror," Bush said recently at a campaign stop for Alabama Gov. Bob Riley and the Republican Governors Association. He attacked Democrats as "the party of cut and run" in Iraq.

Over the next three days, Bush will stump and raise money for House candidates in Nevada, Arizona and California.

In the Golden State, Republican incumbent Reps. John Doolittle and Richard Pombo have had to answer questions about ties to disgraced lobbyist Jack Abramoff. Both deny any impropriety or wrongdoing. Bush will try this week to help Bob Beauprez in Colorado, where the congressman lags in the polls in his bid for governor.

White House political affairs director Sara Taylor said Bush will have an "aggressive schedule" leading up to Election Day but declined to detail the president's complete itinerary.

"We're cognizant of the fact we need to turn out the vote," Taylor said. "We need to turn out Republicans to win a lot of these districts."

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Democrats need 15 seats to retake the House and six seats in the Senate. Republicans have 22 governorships on the line Nov. 7.

Bush's approval rating is 44% in the most recent USA TODAY/Gallup Poll, his highest in a year. Some GOP candidates, such as House hopeful Rick O'Donnell, who is running for Beauprez's House seat in Colorado, have called on Bush to develop a new plan in Iraq. Maryland Senate candidate Michael Steele and others have played down their Republican connections.

Many Democrats wield the Iraq war as a weapon against Bush and the Republicans. Sarah Feinberg of the Democratic Congressional Campaign Committee listed at least 15 House candidates who have criticized Bush in their ads against Republican opponents. Bush is also featured in Senate ads for Democrats in Virginia, New Jersey, Maryland, Pennsylvania, Arizona and Rhode Island, according to the Democratic Senatorial Campaign Committee.

None of that has diminished Bush's ability to raise money. A record-setting fundraiser for his own campaigns, Bush through Friday has raised $182 million for Republican candidates and organizations, the Republican National Committee says. That's closing in on the at least $188 million he took in during the 2001-02 campaign season, according to published reports.

"For Republicans, he's like an ATM machine," said Stuart Rothenberg, publisher of a non-partisan political report. "Otherwise, they want to stay away from him."

DeWine Senate Race Now Dead Heat (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

A new poll shows the Ohio U.S. Senate race between the Republican incumbent, Sen. Mike DeWine, and his Democratic opponent, Rep. Sherrod Brown, in a statistical dead heat, and yesterday Mr. DeWine attempted to distance himself from President Bush before next month's midterm elections.

In a televised debate between the two lawmakers on NBC's "Meet the Press," Mr. DeWine said he would not have voted for the war in Iraq if he had known Iraqi strongman Saddam Hussein's regime did not possess weapons of mass destruction.

He also said he doesn't have confidence in Defense Secretary Donald H. Rumsfeld. "He's made major mistakes in this war. There's absolutely no doubt about it."

The Mason-Dixon poll of 625 registered Ohio voters shows Mr. Brown leading Mr. DeWine 45 percent to 43 percent, with a four-point margin of error. In the same poll, Mr. DeWine is trailing Mr. Brown among independent voters, 52 percent to 33 percent.

Mr. DeWine also attempted to separate himself yesterday from the term "cut and run," a popular phrase among Republicans to describe Democrats' position regarding the war on terror.

"I don't know what it means," he said. "I don't know what it means to people."

In a speech to Republican donors Thursday, Mr. Bush described the Democrats as "the party of cut and run" when defending his administration's strategy on Iraq and the overall war on terrorism.

Nonetheless, Mr. Brown accused Mr. DeWine of being too close to Mr. Bush's policies.

"People who sit on the intelligence committees, like Mike DeWine, simply haven't done their jobs. They've not demanded accountability," Mr. Brown said. "They didn't demand a plan to reconstruct Iraq and rebuild Iraq. And then they didn't demand any kind of exit strategy."

Much of the NBC debate focused on Iraq, with Mr. DeWine and Mr. Brown offering their own ideas about how best to resolve the conflict and bring U.S. troops home. Mr. DeWine said he does not support a timetable for withdrawal of U.S. troops, while Mr. Brown, who voted against the war, said U.S. commanders should initiate a plan for troop withdrawal within two years.

When it was pointed out that he voted in favor of a 1998 resolution calling for regime change in Iraq, Mr. Brown said he supported the resolution under the reasoning that economic sanctions would be enough to force Saddam from power.

"Without military action?" Mr. Russert asked.

"Well, I don't know. We might have," Mr. Brown said.

It has been an especially difficult year for Republicans in Ohio. Gov. Bob Taft and Rep. Bob Ney both pleaded guilty to corruption-related charges, and the state has one of the higher casualty rates among U.S. troops serving in Iraq. Ohio Secretary

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of State J. Kenneth Blackwell, the once-promising Republican gubernatorial candidate, now trails his Democratic opponent, Rep. Ted Strickland, by double digits.

"The climate, as they say, in politics is not good. But Ohioans know me," Mr. DeWine said when asked if his campaign was negatively being affected by outside forces. "I've served Ohioans, starting as a county prosecutor in 1976, for 30 years. I think they know my integrity. I think they know my honesty. I think they know who I am."

However, Mr. Brown said, "It's a bit more than a perception," and pointed out that Mr. DeWine previously had accepted campaign contributions from disgraced former lobbyist Jack Abramoff.

The Mason-Dixon poll shows 10 percent of voters remain undecided about which candidate they will support, meaning either candidate is well within striking distance with just over a month before Election Day.

New Polls Detail Senate Campaigns In Three Pivotal States (MCT)

By Steven Thomma

McClatchy Newspapers, October 2, 2006

WASHINGTON - Democrats are slightly ahead of Republicans in three election battleground states that will help determine control of the Senate, a series of polls released Sunday showed.

In Montana, Democrat Jon Tester had the support of 47 percent of registered voters while incumbent Republican Sen. Conrad Burns had the support of 40 percent.

In Ohio, Democrat Rep. Sherrod Brown had 45 percent of registered voters, while incumbent Republican Sen. Mike DeWine had 43 percent.

In Tennessee, Democratic Rep. Harold Ford Jr. had 43 percent and former Chattanooga Mayor Bob Corker, the Republican Senate nominee, had 42 percent.

Democrats probably must win all three races if they're to take back control of the Senate on Nov. 7. They need to gain six seats overall, and these three are among the six seats currently held by Republicans that are considered most vulnerable.

Another Republican incumbent, Sen. George Allen of Virginia, was locked in a 43-43 percent dead heat with Democratic challenger James Webb, according to a poll released Friday by McClatchy Newspapers and MSNBC.

The surveys underscored how much these states are up for grabs and how much rides on the final five weeks of campaigning. The work of both major parties to get their supporters to turn out on Election Day could prove decisive. One in 10 voters remain undecided in Montana and Ohio, 12 percent in Virginia and 14 percent in Tennessee.

The polls were all conducted by Mason-Dixon Polling & Research Inc. for newspapers in each of the states - the Lee Newspapers in Montana, the Cleveland Plain Dealer in Ohio and the Memphis Commercial Appeal and Chattanooga Times Free Press in Tennessee. Each state poll was of 625 registered voters and had an error margin of plus or minus four percentage points. The polls were taken between Sept. 25 and Sept. 28.

Mason-Dixon conducted a broader series of polls for McClatchy Newspapers and MSNBC in seven other closely fought Senate battleground states. Virginia results were released Friday, the other six will be released Monday.

In Tennessee, Mason-Dixon found the contest close in the fight for the Republican-held seat being vacated by Sen. Bill Frist, the majority leader who is retiring to run for the 2008 Republican presidential nomination.

Ford is running as a tough-minded moderate in a state that has trended Republican and did not even support Tennessee son Al Gore when he was the Democratic presidential nominee in 2000. Ford supports the death penalty, voted for the Patriot Act, and aired one ad featuring him in the church where he was baptized.

The congressman led among women 47-38 percent, and among Democrats 88-4 percent.

He also led among his fellow African-Americans by a margin of 91-3 percent. If he were to win the election, he'd be the first popularly elected African-American U.S. senator from the South.

Corker will not be outflanked to the right, however. He supports the Iraq war, vows tougher border security, and supports gun rights. He stresses that he cut violent crime while mayor, though the size of the reduction is disputed.

Corker led among men by 46-to-39 percent, among Republicans by 76-to-10 percent and among independents by 43-to-33 percent. He led among whites by 49-to-35 percent.

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In Montana, Burns has two problems: his mouth and his friends.

Known for crusty speaking since his days as a farm radio host, Burns strikes some Montanans as down to Earth, others as embarrassing. In the most recent example, he told some Virginia firefighters who came to Montana to help fight a wildfire that they'd done "a piss poor job."

But it's his association with disgraced lobbyist Jack Abramoff that could hurt him more. Burns took nearly $150,000 in Abramoff-related contributions before returning them. Also, two of his aides went to the 2001 Super Bowl on Abramoff's tab.

Tester, president of the state Senate, repeatedly hits Burns on ethics. "I won't sell Montana down the road by cutting deals with lobbyists like Jack Abramoff," Tester said in a recent debate.

In Ohio, Republican DeWine also has two problems. His are named President Bush and Ohio Gov. Bob Taft, both fellow Republicans.

Other polls have shown that Bush and the Iraq war are unpopular in Ohio, and that Taft's popularity dropped after he pleaded guilty to misdemeanor charges stemming from a statehouse ethics scandal.

DeWine is far from out of the race, however. To differentiate himself from Bush, he campaigns as a pragmatist who works both sides of the political aisle to get things done in the Senate. That's underscored by his role as one of the Senate's "Gang of 14" that forged a compromise last year to allow confirmation of several federal judges while preserving the minority's right to filibuster, or block, other nominations.

DeWine led among men by 47-43 percent, but trailed among women 47-39 percent. He and Brown each had support from about 80 percent of their party's base - but Brown led among independents by 52-33 percent.

The Mason-Dixon poll of 625 registered voters in each state was conducted by telephone Sept. 25-27 in Ohio and Tennessee and Sept. 26-28 in Montana.

Ohio Candidates For Senate Debate On Iraq (USAT)

USA Today, October 2, 2006

Rivals in Ohio's Senate race held their first televised debate Sunday, arguing on ABC's Meet the Press about Iraq and how to improve the situation. The Democratic National Committee has targeted GOP Sen. Mike DeWine's seat as key to efforts to gain a Senate majority.

Democratic Rep. Sherrod Brown, who voted against giving President Bush the authority to go to war in 2003, seized on the recent disclosure of a secret intelligence report and new books saying the war has increased terrorist threats. Brown accused DeWine of backing the status quo in Iraq and failing, as a member of the Senate Intelligence Committee, to hold the Bush administration accountable.

DeWine distanced himself from Bush's comments last week that Democrats had become the “party of cut-and-run,” saying he did not know what that statement meant. DeWine said there would not have been a vote for war in 2003 if intelligence about the threat from Iraq's suspected weapons of mass destruction had been accurate.

Dean encourages voting by mail

Democratic Party chief Howard Dean said he's trying to improve the turnout of minority voters who support Democrats by encouraging mail-in ballots, a tactic he said Republicans have used effectively. He said Democrats are testing the tactic in a New Mexico congressional race this year. If the plan works, “we're going to do that in 2008 all over the place,” Dean said at the party's annual Hispanic leadership summit Saturday in Washington. In New Mexico's largely Democratic 1st District, home to what Dean called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is challenged by Democratic Attorney General Patricia Madrid, who grew up in a Hispanic household near the border.

Romney supports crackdown with a twist

Massachusetts Gov. Mitt Romney told New Hampshire Republicans at their annual convention Saturday that he supports plans to reduce illegal immigration from Mexico but that the United States should do more to keep foreign students who come here and earn advanced degrees. “Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay,” Romney said. “It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither.”

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Polls: Top Senate Races Very Competitive (AP-Y)

AP, October 2, 2006

Democratic Rep. Harold Ford is running even with Republican Bob Corker in Tennessee, while Democrat Jon Tester has edged ahead of Sen. Conrad Burns in Montana, according to polls released Sunday for some of the most contested Senate races.

The findings suggest an intensely competitive campaign for Congress heading into the Nov. 7 elections.

Republican Sen. Mike DeWine is in a virtual tie with Democratic Rep. Sherrod Brown in Ohio.

The three races are three that Democrats need to win if they are to take control of the Senate.

The Mason-Dixon polls done for various media outlets found:

_Ford had the backing of 43 percent in Tennessee, while former Chattanooga, Tenn., Mayor Corker was backed by 42 percent. Corker had a lead in midsummer polling matching the two.

_Tester has pulled ahead of Burns in Montana, by 47 percent to 40 percent. They were tied in August polling.

_Brown had 45 percent and DeWine had 43 percent in Ohio, findings similar to those of a Quinnipiac poll released a week ago.

The polls were conducted for MSNBC, McClatchy Newspapers and newspapers in each of the states — The (Cleveland) Plain Dealer, the Lee Newspapers in Montana and The Commercial Appeal of Memphis, Tenn., and Chattanooga Times Free Press in Chattanooga, Tenn.

The polls of 625 registered voters in each state were conducted Sept. 25-28. They had margins of sampling error of plus or minus 4 percentage points.

The G.O.P.'s Secret Weapon (TIME)

By Mike Allen, James Carney

Time, October 2, 2006

The polls keep suggesting thatÂ Republicans could be in for a historic drubbing. And their usual advantage--competence on national security--is constantly being challenged by new revelations about bungling in Iraq. But top Republican officials maintain an eerie, Zen-like calm. They insist that the prospects for their congressional candidates in November's midterms have never been as bad as advertised and are getting better by the day. Those are party operatives and political savants whose job it is to anticipate trouble. But much of the time they seem so placid, you wonder whether they know something.

They do. What they know is that just six days after George W. Bush won re-election in 2004, his political machine launched a sophisticated, expensive and largely unnoticed campaign aimed at maintaining G.O.P. majorities in the House and Senate. If that campaign succeeds, it would defy history and political gravity, both of which ordain that midterm elections are bad news for a lame-duck President's party, especially when the lame duck has low approval ratings. As always, a key part of the campaign involves money--the national Republican Party is dumping at least three times as much into key states as its Democratic counterpart is--but money is only the start. "Panic results when you're surprised," says Republican National Committee (R.N.C.) chairman Ken Mehlman. "We've been preparing for the toughest election in at least a decade."

Thanks to aggressive redistricting in the 1990s and early 2000s, fewer than three dozen House seats are seriously in contention this election cycle, compared with more than 100 in 1994, the year Republicans swept to power with a 54-seat pickup in the House. Then there's what political pros call the ground game. For most of the 20th century, turning out voters on Election Day was the Democrats' strength. They had labor unions to supply workers for campaigns, make sure their voters had time off from their jobs to go to the polls and provide rides to get them there.

Now, though, Democrats are the ones playing catch-up when it comes to the mechanics of Election Day. Every Monday, Ã¼berstrategist Karl Rove and Republican Party officials on Capitol Hill get spreadsheets tallying the numbers of voters registered, volunteers recruited, doors knocked on and phone numbers dialed for 40 House campaigns and a dozen Senate races. Over the next few weeks, the party will begin flying experienced paid and volunteer workers into states for the final push. The Senate Republicans' campaign committee calls its agents special teams, led by marshals, all in the service of the partywide

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effort known as the 72-Hour Task Force because its working philosophy initially focused on the final three days before an election.

So Republicans hope to close the deal in tight races with a get-out-the-vote strategy that was developed in the wreckage of the 2000 presidential campaign. Bush's team was led then, as it is now, by Rove, Bush's political architect and now White House deputy chief of staff, and Mehlman, then White House political-affairs director. Their theory was that Bush lost 3% or 4% of his expected vote in 2000 because those people just stayed home.

What Rove and Mehlman wanted to figure out was the code for increasing the number of Republican voters who could be reliably summoned to the polls--a code that, once cracked, could be used to win election after election. "We want to turn 75%-Republican areas into 78%- or 79%-Republican areas while at the same time turning 15% areas into 18% or 19% areas," says Mike DuHaime, political director of the R.N.C.

In the off year of 2001, the creators of the 72-Hour program tested it in odd, lower-profile contests, including court races in Pennsylvania. The Bushies picked clusters of precincts where they quietly tried their new methods, then compared those with similar precincts where the campaigns did things the more traditional way. Those experiments helped Republicans develop a handful of precepts that constitute the party's playbook for this fall:

1. Learn from the past Fifteen G.O.P. data experts spent months after the '04 election comparing turnout records from the swing states with the Bush-Cheney campaign's databases to figure out the optimal amount of mail, phone calls and door knocks that would persuade a probable G.O.P. voter to go to the polls.

2. Draw in new voters The Bush-Cheney campaign used state records to locate potential Republicans with Florida State University license plates, then had fellow Seminoles call them to sound out their views. Whereas parties used to go after certain precincts or ZIP codes, Republicans now know even which individual households they want through microtargeting --the use of computerized consumer data, from magazine subscriptions to charitable contributions, to help locate voters who are likely to vote Republican if they turn out. Other telltale signs of potential latent Republicanism are snowmobile ownership and enrollment in private schools.

3. Low tech can be better Caller ID, TiVo, cable channels and satellite radio all make it harder to reach voters than it was just a few years ago, increasing the importance of person-to-person appeals, the hallmark of old-fashioned, grassroots campaigns that used to connote an amateur or a low budget. "You clearly have to have TV ads," says White House political-affairs director Sara Taylor, "but for a little less TV, you can buy a whole lot of pizzas and phone lines and salaries for young men and women right out of college" to make phone calls, knock on doors and recruit and manage volunteers.

4. Details, details The shopping list includes everything from chairs to cell phones for hundreds of workers for Republican Party victory committees, whose staffs are charged with creating state turnout machines. The G.O.P. says their volunteer forces in '04 proved to be more effective than the paid workers contracted by Democrats, unions and Democrat-oriented fund-raising groups. Even Election Day comes sooner for Republicans, who have begun putting a huge effort into locking down absentee voters and vote-by-mail ballots in states that use them.

5. Spend more Republican officials estimate that at the end of August, their committees and campaigns had $235 million to spend in the two-month home stretch, a $58 million advantage over Democrats. The R.N.C. plans to lay out more than $60 million on turnout efforts and advertising vs. the more than $14 million set aside by Democratic National Committee (D.N.C.) chairman Howard Dean. Senator Hillary Clinton of New York, who has been critical of Dean's approach, complained at a D.N.C. fund-raising luncheon in Washington last week that the G.O.P. "is pouring tens of millions of dollars into races, and we're not matching that." House Republican officials contend that many of their Democratic challengers are so little known that they could be buried in an ad blitz. "You hit them, and they fold like a house of cards," a strategist said.

Republicans had begun to feel better about the election recently after Bush got a bump in the polls, reflecting a steady decline in gas prices and a successful effort by the White House to push national-security issues to the top of the news. But by last week G.O.P. operatives were less elated. Newscasts were trumpeting the tales of infighting in Bush's war cabinet told in Bob Woodward's State of Denial, a book full of stories about an Administration pursuing a war with no clue how to go about it. And Representative Mark Foley, a Republican from Florida, resigned after his X-rated Internet chats with teenage boys from the House page program were made public. A safe seat for Republicans was suddenly in jeopardy.

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Republicans acknowledge one ominous vulnerability: for more than a decade, the party has benefited from an intensity gap. Stoked by hatred of Bill Clinton or love for George W. Bush, G.O.P. voters have been more certain to vote than Democrats--meaning that the party tends to perform better than the final opinion polls suggest. Representative Rahm Emanuel of Illinois, head of the House Democrats' campaign committee, recently told TIME that gap had counted for as much as 5 to 7 points for the Republicans. But he thinks this election year might be different. "Their voters are unhappy," he says. "They're despondent about a failed President."

White House officials also concede they aren't so sure that Republicans will be motivated to go to the polls this year. Of course, expressions of doubt on the part of senior Republicans could be part of another game the G.O.P. plays better than the Democrats do these days: the expectations game. The Republicans are, after all, in the enviable position of being able to lose a lot. As long as they end up keeping control of both houses, they still come out the winner on Election Day. With reporting by Massimo Calabresi/Washington

Sparks In The Heartland (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 2, 2006

NORTH VERNON, IND.-Democratic congressional candidate Baron Hill can't say for certain that the recent drop in gas prices represents an attempt by oil companies to boost Republican fortunes in the midterm elections, but he won't rule it out, either. "The best thing that happened to the oil companies is the oil men in the White House," Hill says, munching on tuna salad at a table of supporters in the White Front Cafe on the main drag of this postage-stamp-size town. "You can't say for certain, but why else would they be coming down?"

Hill's concern over possible collusion between oil companies and the GOP-a charge rejected by mainstream economists-is a sign of just how closely his chances for victory in November, along with those of dozens of other Democrats in competitive House and Senate races, may be tied to voter attitudes about the economy. A former congressman fighting for the seat he lost in 2004 to current Rep. Mike Sodrel in Indiana's Ninth District, Hill insists there is still plenty of evidence of what the Democratic Party has branded the "middle-class squeeze": stagnant incomes paired with rising costs for healthcare, education, and other staples of the American dream. "We're seeing a rich man's economic recovery," says Hill. Supporters at his table, including Mike Marshall, a struggling bar owner, and Karen Snyder, a teacher whose school may begin charging parents to help fuel school buses, nod in agreement.

Robust. But Sodrel, considered one of the most vulnerable Republicans in the House of Representatives, says that signs of the robust national economy abound in his southeastern Indiana district. He points to recently unveiled plans by Honda to build a plant that will employ 2,000 workers just outside the district and an announcement by a barge manufacturer along the Ohio River that it will hire up to 1,000 new workers in coming years: "The economy in the Ninth is doing good, and the outlook is good." The main impediment to such growth, Sodrel says, would be Democratic-backed tax hikes.

While the debate over the Iraq war and national security has absorbed most of the national media spotlight going into the midterms, the question of whether voters share the Democrats' gloomy view of the national economy or the more upbeat Republican assessment is expected to be almost as important in determining which party will control Congress next year. "The war on terror and the economy are the two mega-issues of this election," says Republican pollster Whit Ayres. Democratic pollster Mark Mellman points out that, when voters are asked about the top problem facing the country, Iraq is the most frequent response, but when asked about their top personal concern, healthcare and the economy are more common answers. "No matter what the national media write [about Iraq]," says Democratic Rep. Sherrod Brown, who is challenging Sen. Mike DeWine in Ohio, "people in Ohio are mostly talking about the 200,000 lost jobs under Bush and college tuition at state universities doubling. It's much more about people's everyday lives."

A Graham But Not Some Cracker (USNEWS)

By Danielle Knight

U.S. News and World Report, October 2, 2006

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Sen. Lindsey Graham, Republican of South Carolina, seems to be just about everywhere these days. By 4 p.m. one recent Tuesday, the boyish-looking conservative had already led a Republican meeting on a detainee agreement he helped broker, held two press conferences, gone to a hearing on judicial nominations, and conducted several media interviews.

He wasn't always this popular. In fact, Graham has had more than a few moments of loneliness-his parents died when he was in college. But in the four short years he has been in the Senate, this independent-minded military lawyer has quickly become a key player-known both for his willingness to challenge the Bush administration and his ability to work across the aisle. This mix of talents has won him a host of admirers, some of whom think he might someday be presidential timber, as well as a few grumbles from conservatives back home.

Graham insists he's not a maverick, though that term has often stuck to him. Instead, he says, he's just applying life lessons to politics. "I constantly try to prevent myself from getting in a comfort zone of political decision making that would take off the table a boldness that I think our country needs," says Graham.

Breaking ranks. Recently, Graham, 51, has been front and center in the debate over the treatment of suspected terrorists. Graham's 22 years as a reserve Air Force lawyer has put him at odds with the Bush administration over the issue. And he often breaks ranks with Republicans on other subjects too, from Medicare to Social Security. On immigration, he supported President Bush's plan for a guest-worker program, which has angered many House conservatives. But make no mistake, Graham is not a moderate. The American Conservative Union gave him a 96 percent rating for his 2005 voting record; as a House member, he helped lead the drive to impeach President Bill Clinton.

All this has kept his constituents pretty happy. Since filling the late Sen. Strom Thurmond's shoes four years ago, Graham, a Baptist who has never married, has scored approval ratings between 65 and 70 percent. "South Carolinians generally like that he's independent ... and he doesn't lose touch with the little person," says Cole Blease Graham Jr. (no relation), a University of South Carolina political science professor.

Some of that popularity stems from the fact Graham never seems to forget where he came from. He was raised in the back room of a restaurant/bar that his parents ran in the small textile mill town of Central. He was often in charge of the pool hall downstairs. "When you own a bar," he says, "you learn a lot about people."

After Graham's parents died while he was attending the University of South Carolina, his 13-year-old sister went to live with an aunt and uncle, and Graham visited her on weekends. Once Graham finished law school, he legally adopted the sister and joined the Air Force as a judge advocate. He gained notoriety for a case involving drug testing that made the Air Force stop using a flawed urinalysis program. He later transferred to Germany to work as a military prosecutor.

How Will The Clintons Harness The Political Force Of The Blog? (USAT)

By David D. Perlmutter

USA Today, October 2, 2006

Recently, Bill Clinton went to the blogs. Now the political world might never be the same.

While blogging has caught oneverywhere, presidential front-runner Hillary Clinton still does not blog — or at least not much. But her husband's lunch with leftbloggers such as Atrios, MyDD's Matt Stoller, Daily Kos' McJoan and Americablog's John (according to TalkLeft.com) might signal an innovative commitment to blogging for the office of commander in chief.

The attractions of blogging for politicians are many. Blogging directly reaches a national (and even global) audience without the filtering of the newspaper or the price of TV time. Blogging can render an aura of intimacy difficult to attain via traditional mass media. Blogging is also a boon for politicians out of the public eye. Former Democratic vice presidential candidate John Edwards blogs and guest blogs and meets with bloggers.

The disadvantages of blogging for politicians are that it takes up time and that its stream-of-consciousness nature is a minefield of possible gaffes. Bloggers and their readers are high-maintenance. During Howard Dean's effort in 2003-04, the campaign found it hard to keep up with the comments by bloggers on their websites, and thus many felt ignored.

These issues dog Hillary. She has been attacked regularly by leftbloggers for her centrist-to-conservative stances on issues such as the Iraq war and flag-burning. Her poll numbers are holding up, but political professionals understand that wildfires on the edges of public opinion can spread to the center.

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What, then, should be Hillary's blog strategy?

Ignore the leftblogs.

Hillary could do nothing with, to or about Democratic blogs, assuming that they end up supporting her if she wins the first few presidential primaries. But bloggers are not a herd to be led. Also, there is the fear-and-loathing factor: George W. Bush and the Iraq war have spurred immense anger and mobilization of leftblogs. It is not clear that the 2008 Republican nominee (say, John McCain) will generate as much antipathy, especially if he promises an eventual pullout from Iraq. Nevertheless, as leftblogger Natasha "Pacific Views" Celine notes, any Republican who is conservative enough to win his party's nomination will be perceived as quite threatening enough to motivate the online Democratic left.

Attack the leftblogs.

An intriguing option for Hillary is to use (or rather abuse) leftblogs to push her appeal to middle voters via a "Sister Souljah" moment, referring to the time in 1992 when Bill Clinton criticized the black, female rap artist. The political implication was that Clinton came off as a moderate Democrat not beholden to an "extremist" of the left and thus was more acceptable to sociocultural moderates and conservatives.

It might be tempting to "dis" a leftblog, preferably one that has made some heated statement about the Iraq war that is beyond the pale of mainstream U.S. public opinion. The danger is that this is not 1992. Sister Souljah could only complain to the media and her friends (by phone), whereas blogs can swarm the world with a mouse click.

Co-opt the leftblogs.

Hillary can meet with leftbloggers, brief them, feign respect for them, make the case that she must attract a majority of the electorate, and ask for help. And she can buy cooperation by hiring a major leftblogger who will sign on as a "consultant." Indeed, she is hiring, among others, Peter Daou, of Salon.com's Daou Report and director of blog operations for John Kerry in 2004.

Hence the significance of Bill's dine-in with the leftbloggers. Has the Clinton machine determined that Bill become the designated ambassador to the blogs? Proclaimed TalkLeft: "It was awesome." Although, to many leftbloggers, affection for Bill does not transfer to Hillary, her perceived opportunism or her policies.

How the Clintons play the blogs, or are played by them, is one of the most important political stories of the next few years. The 2006 and 2008 elections will be the coming-of-age era for political blogging and all the new, interactive, interlinking media technologies they have inspired. The blog political playbook is being written and will map out campaign strategies for generations to come.

David D. Perlmutter is a professor at the University of Kansas' School of Journalism & Mass Communications and author of the forthcoming book Blogwars.

10 Years Later, Fox News Turns Up The Cable Volume (USAT)

By Peter Johnson

USA Today, October 2, 2006

NEW YORK — Roger Ailes, the man behind the curtain at Fox News Channel, says he was at a dinner party recently when one of the guests asked him, "Isn't Fox News too conservative?"

"I said, 'Are you comfortable with CNN?' He said, 'Yes.' How about CBS, ABC, NBC? 'Absolutely.' What about The New York Times, The Washington Post and The Los Angeles Times? 'Fine.' National Public Radio and PBS? 'Very good.' So I said, 'But this little cable channel is making you crazy? If all the media tipped to the right, I'd probably be the biggest liberal. But you've got to have debate.' "

In just 10 years, Fox News — the channel liberals love to hate — has transformed the cable news landscape with its in-your-face brand of news with 'tude. In the process, it has reduced granddaddy CNN to a distant second and NBC's cable news venture, MSNBC, to an also-ran. Fox News' combative Bill O'Reilly has become a household name, drawing more than 2 million viewers a night. Sean Hannity, Shepard Smith and Greta Van Susteren are cable news stars. On-air barbs by them and Fox News correspondents have ignited debates in journalism circles about whether objective news can stay relevant, particularly in an Internet era that gives ordinary Americans the power to vent about anything in blogs.

The ultimate sign of respect: Comedy Central's Jon Stewart and Stephen Colbert riff on Fox News on any given night.

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“Many Americans had built up a perception that mainstream American television journalism routinely displayed a liberal bias. Roger knew it and tapped into it,” says former MSNBC president Erik Sorenson. “Fox News convinced millions of those viewers that Fox's reporting was indeed fair and balanced, when compared to CNN and broadcast news. That resonated, especially in the wake of 9/11, and was underscored daily with strong, opinionated program hosts in prime time, on their morning show, and even during the day.”

Fox, which went on the air Oct. 6, 1996, “didn't want to be an international network,” says Tom Rosenstiel of the Project for Excellence in Journalism, a non-partisan media research organization. “They were going to be an American network, which is what their audience was looking for.”

Hosts such as O'Reilly and Hannity “bring passion and sincerity to a much-needed discussion of critical issues,” CNN's Lou Dobbs says. “And even though those are usually conservative voices, they are important voices.”

As Fox News begins its next decade, the explosive growth that marked its first has ebbed.

Fox News Channel now draws an average of 840,000 viewers daily (6 a.m. to 11 p.m.) — compared with CNN's 448,000 and MSNBC's 270,000. But Fox's average prime-time viewership dipped 35% in the third quarter of this year compared with last year, when Katrina dominated the news. CNN was down 28%, and MSNBC dropped 22%.

As penetration of cable TV reaches a saturation point and with increased competition from the Web, Fox's “job is going to get harder now, just as it got harder for CNN 10 years ago,” Rosenstiel says. “The big-growth era in cable seems to have come to an end.”

That's why Ailes has been on something of a tear lately. He has been shaking up his daytime lineup some, calling surprise staff meetings, putting more emphasis on Fox News' website by partnering with YouTube in launching “The Blast,” a dedicated page in which Fox News provides online video junkies with the craziest moments in news.

“This is hard work every day,” Ailes says. “We have to maintain an intensity.”

Anchor Shepard Smith says that although the ratings competition “for us is in cable, the Internet is clearly pulling eyes, and anybody who says otherwise is being disingenuous. Ten years ago you couldn't log on to find out what was going on. We need to integrate and use the Internet better. We have a long way to go.”

Beyond new-media challenges, Fox News also has been unable to shake — not that Ailes or anyone at Fox seems to care much — the perception that its coverage leans right and, since 9/11, has become increasingly pro-Bush White House.

That perception was fueled last week when former president Bill Clinton accused Fox News Sunday host Chris Wallace of “doing Fox News' bidding” by asking Clinton whether he had done enough to catch Osama bin Laden.

Never mind that Wallace's program airs on Fox broadcasting, not cable's Fox News, or whether Clinton's outburst was planned or spontaneous.

“Politicians used to be able to come on TV and read a rehearsed answer, and Cronkite and Huntley and Brinkley and those guys had to swallow it,” O'Reilly says. “They couldn't give them the O'Reilly arched eyebrow or tell them they were a pinhead.

“You now have a country that expects analysis on TV, where 10 years ago it only existed on the Sunday talk-show brainiac slot.”

Of the Clinton flare-up, Ailes says, “The only thing Chris didn't do is lay down like some other networks did” when they focused on what Clinton wanted to talk about: humanitarian efforts through his global initiative.

All weekend, Fox News extensively covered the scandal involving Rep. Mark Foley, R-Fla., who resigned Friday after news of inappropriate e-mails to a teenage boy became public. On his program Sunday, Wallace discussed it with guests Rep. Jane Harman, D-Calif., and former House speaker Newt Gingrich.

Fox supporters and detractors agree that credit for Fox's success rests with Ailes, 66, a former Republican Party operative who made his name starting in the '60s in entertainment by producing The Mike Douglas Show.

The success has pleased parent company News Corp. In a filing with the Securities and Exchange Commission, the company said Ailes stands to make $15.8 million in salary, bonus and stock this year.

Sitting in his second-floor office here, Ailes says Fox News has changed the TV news game: “Does anybody think Katie Couric (in her new role as anchor of The CBS Evening News) would have a segment called ‘Free Speech' if it wasn't for Fox News?”

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And Ailes says Dobbs, CNN's formerly staid business anchor, turned to hot-button debates such as illegal immigration after he "took one look at Bill O'Reilly and said: 'This guy is shooting his mouth off about what people really care about. I can do that.' "

(Both CBS and Dobbs say Fox had no role in their decisions.)

Ailes also says Fox News is probably more conservative than other TV news outlets, but only because it has consistently given equal voice to people whom mainstream media traditionally ignored if not disdained: conservatives.

Liberals "hate us for coming on the scene and changing the game and making people look at both sides of issues," he says.

But Robert Greenwald, who produced a film that attacked Fox News, Outfoxed: Rupert Murdoch's War on Journalism, says objectivity is an unknown concept at Fox.

More times than not, he says, Fox pushes a conservative agenda, albeit with "a wink and a nod. They don't do down-the-middle stuff — in their news or on their opinion shows. By design, they mix the two."

In Greenwald's eyes, Fox News Channel's most significant contribution "has unfortunately been the way news is covered, with the spread of let's-have-a-shouting-match, wrestling news entertainment." But he credits Ailes with "a genius for picking people who can talk to you. He proved that news doesn't have to be homework or spinach."

The accusation that Fox News is on the right-wing bandwagon comes mostly from those who don't watch the channel, says Brit Hume, the former ABC White House correspondent who joined two months after Fox's launch and hosts a daily political news program, Special Report. Some people "look at Fox News and see O'Reilly and Hannity and think, 'That's all they do over there,' " Hume says. "They probably think Bill and Sean are co-anchors and are on 24/7. You'd rather do without the label, but here we're succeeding. We pinch ourselves every day."

Jane Skinner, a daytime anchor, says friends who work at local TV stations around the country are constantly asking her what it's "really like" to work at Fox News — the assumption being that there's a political agenda and that she and others are told what questions to ask or comments to make.

"I laugh," Skinner says. "You can make all the comments about 'fair and balanced,' but they (management) are very much hands-off."

Rosenstiel, who has studied programming of all the cable news channels, says his most recent study shows Fox News journalists "were more likely to offer their opinions about the news, but often those opinions were fairly innocuous, like 'If there's an American victory in Iraq, that's good news.' I don't know anyone who would argue with that, but it's unusual to hear someone say it on TV news."

Besides, Rosenstiel says, "one person's bias is another person's telling the truth on TV. And the way Fox anchors and correspondents talk is very informal, not the stiff, omniscient narrator of traditional broadcast news. They talk like regular people, use plainer language.

"If it's a military conflict, they refer to American troops as 'our' troops. It's hard to argue when an American network does that. It is different from traditional broadcasting, but it's stylistic — not conservative or liberal."

Smith notes that in the aftermath of Hurricane Katrina, Fox was as tough on the Bush administration as any other media outlet: "We were getting fed a pack of untruths and we showed the truth."

Anchoring two hours a day with his afternoon Studio B and then at night with The Fox Report, Smith says the toughest challenge for Fox News staffers is to stay ahead of the pack. "You're constantly trying to reinvent yourself, and when others see things that work, they copy them. You have to be the innovator all the time — and that's hard to do."

Says Van Susteren, who jumped from CNN five years ago: "If you think about it, we all do the same stories. We all did polygamy. We all did the war. Hezbollah. We all do missing people.

"But there's a reason people want to watch Fox — and the reason is we enjoy our jobs more and it pushes out to the screen. It gives us more energy and makes us push a little bit further. I think viewers pick up on it."

The Right Man For Fox News (WP)

By Howard Kurtz

The Washington Post, October 2, 2006

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NEW YORK -- Ten years after he created Fox News Channel, Roger Ailes says he still avoids mentioning his place of employment in certain circles.

"It's just not worth going through the hassle at an elite party," he says. And: "The only reason I know we're doing the right thing is that we're widely criticized." And: "I've never felt out of the mainstream in America. I've felt out of the mainstream at Le Cirque."

If the paunchy 66-year-old executive sounds as though he still harbors sharp resentments toward a liberal-leaning world, that bristling attitude is embedded in his network's genetic code as well. Ailes says he recently considered retiring but rejected the idea because, well, there are too many things that still tick him off.

Never mind that he got a big promotion last year, with owner Rupert Murdoch putting him in charge of Fox's local television stations as well as what has become the top-rated cable news channel. The onetime Republican operative remains acutely sensitive to any slights, pulling out of the National Academy of Television Arts and Sciences after Fox News was repeatedly shut out in Emmy nominations. Ailes wrote the academy head in 2002 that the award-winning stories were "those that reinforce the views and prejudices of your judges. . . . Earth to academy: your bias is showing."

Vanity Fair recently pegged Ailes as No. 44 on its New Establishment list, calling him "the most powerful news executive in America." But it also called him "the man who gives the Bush administration a major media outlet" and described Dick Cheney -- who demands that his hotel TVs be preset to Fox -- as his "big loyal friend."

"Vanity Fair is a left-wing rag," says Ailes, adding a moment later that its editor, Graydon Carter, is a friend. Ailes says the magazine's item is "just blatantly false" because he has met Cheney only a half-dozen times. Responds Carter: "Roger is the smartest guy in TV. Unfortunately, he's working for the wrong side."

The Cheney reference was based on the vice president's decision to grant his only interview after accidentally shooting a hunting companion to Fox's Brit Hume. Ailes says Hume asked all the necessary questions, and "the only thing he didn't do was be disrespectful to him, which is what the left wants."

The liberal view was crystallized last week when Bill Clinton unloaded on "Fox News Sunday" host Chris Wallace, who had pressed him about his record in fighting al-Qaeda. Clinton defended his tenure and accused Wallace of conducting "a nice little conservative hit job."

"I wouldn't want to be a waiter in a restaurant and bring him the wrong dish," Ailes says. "When you lean in and poke at journalists and try to intimidate them, it's a mistake."

While Fox remains No. 9 among all cable networks, some slippage in the ratings over the past year has Ailes concerned. For the last three months, Fox is down 28 percent from the same period last year, compared with declines of 21 percent for CNN and 12 percent for MSNBC.

Ailes responded with a recruitment ad that included such lines as "Can You Work Well With People Without Being a Territorial Jerk?" and "When You're Tired, Can You Keep Going Without Whining or Making Mistakes?" He also summoned executives to a 5 a.m. meeting to critique morning programming. "Sometimes we get ourselves thinking our job is to send memos to each other. I wanted to make them justify their paycheck."

Fox executives have been touting a proposed business channel, but Ailes has resisted the idea unless the new network can get distribution in at least 30 million homes. Fox has now cut a deal with YouTube to provide the Web site with video of "the craziest moments in news."

Despite its "fair and balanced" mantra, Fox is widely viewed as conservative, with nearly seven in 10 national journalists in a 2004 survey citing it as an especially conservative news outlet.

And Fox sometimes puts its thumb on the scale. When Venezuelan leader Hugo Chavez was attacking President Bush, the network ran such on-screen graphics as "Chavez Insults U.S.: Where's the Outrage?" "Taking Cheap Oil From Hugo Chavez: Act of Treason?" and "New York Audience Gives Chavez Standing Ovation . . . Why?"

Fox gets its ideological sheen not from its reporters but from its high-profile conservative hosts, such as Sean Hannity, John Gibson and Bill O'Reilly, who regularly complains about the "left-wing press." And while the network has some liberal commentators, none has the prominence of Newt Gingrich.

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But Fox may have moderated its journalistic approach a bit in recent years, with Ailes hiring Wallace from ABC News, former CNN anchor Bill Hemmer and Harvard analyst Marvin Kalb.

From where Ailes sits -- he says he gets asked for autographs in the real America, if not at Le Cirque -- the issue is the rest of the media. After the 9/11 attacks, he says, some journalists "ridiculed" him for wearing a flag pin.

"The New York Times had to fire a person for making up news," he says. "We haven't taken down a major story. If we make a mistake, we correct it in an hour."

Ailes believes he has helped discredit the notion that conservatism is "a freak point of view" in the media, noting that Rush Limbaugh, whose television show Ailes once produced, recently did a "Free Speech" commentary on the "CBS Evening News."

"We have forced a dialogue into the news business that didn't exist before we got here," Ailes says.Foley's Showdown With ABC

On Friday afternoon, a strategist for Rep. Mark Foley tried to cut a deal with ABC's Brian Ross.

The correspondent, who had dozens of instant messages that Foley sent to teenage House pages, had asked to interview the Florida Republican. Foley's former chief of staff said the congressman was quitting and that Ross could have that information exclusively if he agreed not to publish the raw, sexually explicit messages.

"I said we're not making any deals," Ross recalls. He says the Internet made the story possible, because on Thursday he posted a story on his ABC Web page, the Blotter, after obtaining one milder e-mail that Foley had sent a 16-year-old page, asking for a picture. Within two hours, former pages had e-mailed Ross and provided the salacious messages. The only question then, says Ross, was "whether this could be authenticated."

The St. Petersburg Times last fall obtained the earlier e-mail, asking the 16-year-old for a picture, and interviewed the boy, who wrote a friend that he considered the message "sick." But the boy would not go on the record.

Executive Editor Neil Brown says the paper's policy against making accusations based on unnamed sources was a factor. "We just didn't feel like we had the story," he says. "We had a lot of stuff implied. . . . If I had it to do over again, I think we probably would have been more organized about pursuing it. But hindsight is 20/20."

The paper did interview Foley, who assured a reporter that the e-mail exchange was innocent, Brown says.Delivering a Verdict?

Linda Greenhouse, the New York Times' Supreme Court reporter for three decades, has no shortage of opinions.

She aired some of them in June when she was honored at Harvard, saying that "our government had turned its energy and attention away from upholding the rule of law and toward creating law-free zones at Guantanamo Bay, Abu Ghraib, Haditha and other places around the world. And let's not forget the sustained assault on women's reproductive freedom and the hijacking of public policy by religious fundamentalism."

Don't those remarks, publicized last week by National Public Radio, go too far for a beat reporter covering such issues at the high court? Greenhouse says her comments were "statements of fact," not opinion, as underscored by the court striking down the administration's policy of holding terror suspects without charges.

"The notion that someone cannot go and speak from the heart to a group of college classmates and fellow alums, without being accountable to self-appointed media watchdogs, means American journalism is in danger of strangling in its own sanctimony," Greenhouse says.

Tom Kunkel, dean of the University of Maryland's journalism school, calls Greenhouse's remarks "ill-advised," saying that while she can "still report objectively on contentious issues before the Supreme Court, the average person can reasonably ask, how can that not color her stories?" But former Times ombudsman Daniel Okrent says it is impossible "to find any trace of her views in her work."

Fiasco In 1936 Survey Brought 'Science' To Election Polling (WSJ)

By Cynthia Crossen

The Wall Street Journal, October 2, 2006

President Alf Landon?

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In the fall of 1936, the most influential poll in America, run by Literary Digest magazine, predicted that Mr. Landon, governor of Kansas, would trounce the Democratic incumbent, Franklin Roosevelt, with 57% of the popular vote. Literary Digest's poll was massive -- it sent out 10 million ballots that year -- and it had correctly forecast five previous presidential elections. There was widespread concern that the poll might create a bandwagon effect, giving Mr. Landon an even bigger victory.

The poll could hardly have been more wrong. Mr. Roosevelt won the election with more than 60% of the popular vote; Mr. Landon carried only two states, Maine and Vermont. The failure of the Literary Digest and other, smaller polls, "will undoubtedly revive agitation for their abolition or control," wrote the New York Times. Kenneth McKellar, a Democratic senator from Tennessee, called the Literary Digest poll "wicked," and promised to sponsor legislation to put polling under federal supervision.

Although by that time polling was not a young business, it was still operating in the statistical Dark Ages. First used around 1824, straw polls (named for the way farmers threw a fistful of straw in the air to see which way the wind was blowing) were often taken by traveling journalists or private citizens. They might ask everyone on a steamship or train how they intended to vote. One man who traveled around the Northeast in 1856 did 23 polls, interviewing 2,886 people, wrote Susan Herbst in her 1993 book, "Numbered Voices." All of his polls were published in the New York Times.

One reader in 1896 wrote to the Times about a recent poll he had witnessed on a train. "A straw poll of 23 riders showed 18 for McKinley, five for Bryan. ... When the train halted at Ballston, among those who got off were the five Bryan sympathizers, and then it was seen that they were handcuffed together, and were a gang of prisoners on their way to the county jail."

Literary Digest, a general-interest weekly founded in 1890, began doing straw polls in 1916. It mailed ballots to its subscribers, gradually building up a list with publicly available names of people who owned telephones and cars. At its peak, the magazine sent ballots to 20 million people, and employed 400 clerks to tally the returns.

But magazine subscribers and owners of cars and telephones during the Great Depression tended to be more affluent than the average voter -- and more Republican. Indeed, in its 1936 pre-election report, the magazine reported that a skeptic had called its office to ask, "Has the Republican National Committee purchased the Literary Digest?" Commented the magazine, "Absurd and amusing."

In its postelection report, however, the editors acknowledged that the poll undersampled some groups of voters. And whose fault was that? "We wonder why we get better cooperation in what we have always regarded as a public service from Republicans than we do from Democrats. Do Republicans live nearer mailboxes? Do Democrats generally disapprove of straw polls?"

Even among the subset of people who received ballots, there was an element of self-selection. People with ample leisure were more likely to take the trouble to help Literary Digest. But plenty of the "lower strata," as the magazine called them, voted that year.

There was at least one man who relished the Literary Digest fiasco: George Gallup. Mr. Gallup, a market researcher and syndicated columnist, had begun experimenting with so-called scientific methods of polling, and in July 1936, he predicted Literary Digest would call the election erroneously. He himself projected a Democratic victory, although his margin turned out to be way off.

Mr. Gallup, of course, was one of the leaders of the pack that predicted Thomas Dewey would beat Harry Truman in 1948. Pollsters' methods and tools -- and confidence -- had improved so much in the dozen years since 1936 that they decided they didn't need to collect more data after October. In a postelection poll by the Survey Research Center of the University of Michigan, 14% of Truman voters said they made up their minds in the two weeks before the election, and 3% said they decided on Election Day.

"Everyone believes in public-opinion polls," joked the radio comic Goodman Ace. "Everybody from the man on the street all the way up to President Thomas E. Dewey."

By 1948, Literary Digest was long gone. It had already been facing financial problems when its poll flopped; it suspended publication in 1938 and later merged with Time magazine.

Its editor in 1936, Wilfred J. Funk, derided Mr. Gallup's methodology, saying mockingly that the Digest's poll had never been able to discover "how many rich men, poor men, G-men, racketeers and candlestick makers" voted in any given election. Twelve years later, a reporter asked Mr. Funk to comment on the Truman-Dewey polls.

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"I do not want to seem to be malicious," Mr. Funk said, "but I can't help but get a good chuckle out of this. ... I wonder if the word science will continue to be used with this type of public-opinion poll."

Rice Heads To Mideast To Buttress Palestinian Leader (NYT)

By Philip Shenon

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Secretary of State Condoleezza Rice departed Sunday for the Middle East, on a trip billed by aides as an effort to bolster the embattled Palestinian Authority president, Mahmoud Abbas, in his struggles with the militant Islamic group Hamas, and to consult with Arab allies on Iran's nuclear program and the turmoil in Iraq.

The State Department sought to play down expectations for Ms. Rice's trip, her first to the region since an agreement brokered by the United Nations ended the one-month war between Israel and Hezbollah this summer.

During her last visit, in July, Ms. Rice was criticized by Arab leaders for failing to move quickly to try to end the violence then raging along the Israeli-Lebanese border.

The State Department spokesman, Sean McCormack, said this week's trip, scheduled to begin in Saudi Arabia and to include stops in Egypt, Israel and the West Bank, was not likely to produce any major steps forward for American policies in the Middle East.

"These meetings are more about consultations, taking stock of where we are," he said.

On her visit to the West Bank, she is expected to meet with Mr. Abbas, his third meeting in less than three weeks with Bush administration officials.

During meetings in New York last month on the sidelines of the United Nations General Assembly, President Bush praised Mr. Abbas as a "a man of courage" for his efforts to make peace with Israel and bring order to the Palestinian territories.

But the United States has signaled it has no plans to resume financial aid to the beleaguered Palestinians unless Hamas, which won elections in January and controls the government, takes steps to recognize Israel and forswear violence — moves that the group's leaders have rejected, despite pressure from Mr. Abbas.

In remarks last week to the editorial board of The New York Times, Ms. Rice praised Mr. Abbas, saying he needed time "to sort through what he wants to do."

Despite her absence from Washington, Ms. Rice seemed most likely to be dogged from a distance this week about descriptions of her actions in a new book by the reporter Bob Woodward, especially about his report that Ms. Rice rebuffed warnings from the Central Intelligence Agency two months before the Sept. 11 attacks about an imminent strike by Al Qaeda.

Mr. Woodward said the starkest warnings were made in a July 10, 2001, meeting in the White House between Ms. Rice, then the national security adviser, and George J. Tenet, then the director of central intelligence. Through spokesmen, she has rejected Mr. Woodward's account of the meeting, saying Mr. Tenet did not issue such a blunt warning at the meeting and expressed none of the frustration attributed to him in the book.

Rice Seeks To Revive Stalled Peace Talks (AP)

AP, October 2, 2006

Secretary of State Condoleezza Rice is renewing efforts to revive stalled Mideast peace talks, visiting the region this week for the first time since a U.N.-brokered cease-fire halted Israel's war with Hezbollah militants.

Rice planned stops in Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders. On Tuesday, she meets with Egypt's president and eight Arab foreign ministers in Cairo with the Israel-Palestinian dispute at the top of the agenda.

During her last visit to the region in August, Rice took heavy criticism for U.S. unwillingness to move for a quicker end to fighting in Lebanon.

This time, Rice's goal will be to move the U.S. democracy agenda forward with a discussion of threats to stability and moderation in the region such as Iran, Hamas and Hezbollah, her spokesman said last week.

Rice's visit comes amid some progress in the U.N.-brokered cease-fire, which took effect Aug. 14. On Sunday, the Israeli army abandoned almost all of its positions in Lebanon, a key step in fulfilling a major condition of the truce.

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Still, Israel said it was "now waiting for Lebanon to do its part" — to keep Hezbollah out of the south and disarm it. Israel also plans to continue surveillance flights, which both Lebanon and the U.S. consider a violation of the border.

Rice plans to hold the Bush administration's third meeting in two weeks with Palestinian leader Mahmoud Abbas. The embattled secular leader was called a "man of courage" last week by President Bush for trying to revive peace talks despite a continued political stalemate with Hamas militants.

The top U.S. diplomat hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank. The territories on opposite flanks of Israel would form an independent Palestinian state under a U.S.-backed plan for long-term peace.

But prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Rice Will Try To Get Arab Allies To Join Efforts Against Iran (USAT)

By Barbara Slavin

USA Today, October 2, 2006

Secretary of State Condoleezza Rice was headed to the Middle East on Sunday night to rally Arab allies against Iran and try to resurrect Israeli-Palestinian negotiations.

The trip is Rice's first to the region since a cease-fire Aug. 14 ended 34 days of fighting between Israel and Hezbollah, the Iranian-backed Shiite militia that controls much of southern Lebanon.

The centerpiece of Rice's six-day trip is a meeting Tuesday in Cairo with foreign ministers from Arab states that are U.S. allies: Egypt, Jordan, Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain and Oman.

Nabil Fahmy, Egypt's ambassador to Washington, said participants will discuss the regional security threat posed by Iran and ideas on how to restart the Arab-Israeli peace process.

“We've been pushing the United States for a while to get re-engaged,” he said. “You won't get the whole package unless you start somewhere.”

Announcing the trip last week, State Department spokesman Sean McCormack said Rice wants to work with Arab leaders “who have a vision for a moderate, peaceful, democratic, stable and prosperous Middle East.”

Jamal Khashoggi, an adviser to the Saudi ambassador to Washington, Prince Turki al-Faisal, said the Bush administration plans a major push to address the Israeli-Palestinian dispute after U.S. elections in November. In part, the effort is intended to help the United States' Arab allies offset criticism that they have done less to help the Palestinians than radicals such as Hezbollah and Iran, Khashoggi said.

McCormack did not say whether the administration plans a new Middle East initiative. He described Rice's visit as “exploratory” and said she was following up on President Bush's recent pledge at the United Nations to revive peace talks between Israel and the Palestinians.

“Clearly after the Lebanon war, there has been a reassessment by the Arabs,” said Ziad Asali, president of the American Task Force on Palestine, a Washington-based organization that advocates a Palestinian state alongside Israel. Arab leaders “see Iran as trying to steal the Palestinian issue from them.”

On Sunday, Israeli troops virtually completed their pullout from Lebanon, withdrawing from all but a single village on the border. They entered Lebanon after Hezbollah guerrillas captured two Israeli soldiers in a cross-border raid July 12.

Also Sunday, rival Palestinian security forces battled in Gaza. The fighting was sparked by disputes over unpaid salaries and the formation of a unity government.

Expectations for quick progress by Rice are modest, given the weakness of Israeli Prime Minister Ehud Olmert's government — blamed for poor performance in Lebanon — and Palestinian President Mahmoud Abbas. Her Palestinian agenda is “pretty minimalist,” said Edward Abington, a former U.S. diplomat who advises Abbas.

Abbas has failed to form a unity government with the militant Muslim group Hamas, which won parliamentary elections in January and refuses to recognize Israel.

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Abington said Abbas hopes Rice can pressure Israel to ease freedom of movement for the 1.4 million Palestinians bottled up in Gaza. Israel withdrew unilaterally from the territory last year, and Rice helped negotiate agreements on border crossings from Gaza into Israel and Egypt. Israel has resealed the territory in response to Gaza militants' rocket attacks on Israel and the kidnapping of an Israeli soldier in June.

Rice also plans to visit Saudi Arabia. In the past, she has prodded the Saudis and Egyptians to introduce democratic changes. The focus this time: rallying U.S. allies against Iran and its partners.

Bush's broad push for democracy in the Middle East — a pillar of his foreign policy — "is being underplayed," said Amr Hamzawy, a Middle East expert at the Carnegie Endowment for International Peace, a think tank in Washington. "The Bush administration defines 'moderates' as those who support peace with Israel, not confrontation."

Yossi Alpher, an independent Israeli strategic analyst, said Arab leaders have been pushed toward a tacit alliance with Israel as Iran has become more confrontational.

By backing Hezbollah, developing a nuclear program and meddling in Iraq, Iran has made the security outlook "very ugly for all of us," Alpher said. "The only bright spot is that (Israel and its moderate Arab neighbors) realize we are all in it together."

Iran Set On Expanding Nuclear Program (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 2, 2006

Iran's hardline president on Sunday said his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel and calling allegations that Tehran was seeking nuclear weapons a "big lie."

Speaking to professors at Tehran University, President Mahmoud Ahmadinejad reinforced his rejection of demands by the U.S. and its allies to stop enrichment, saying his country was committed to generating nuclear fuel for electricity.

"Allegations or charges by the United States than Iran is seeking nuclear weapons is a big lie," Ahmadinejad said during his speech, which was broadcast on state-run television.

The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Ahmadinejad said in his speech that Iran will hopefully install up to 100,000 centrifuges, which spin uranium gas into enriched material in order to produce nuclear fuel. He did not provide any more details or set a timeline, but installing so many centrifuges could take several years.

In February, Iran announced for the first time that it produced a batch of low-enriched uranium, using 164 centrifuges.

It also has said it plans to intall 3,000 centrifuges by the end of the year at its uranium enrichment plant in the central Iranian town of Natanz. Large-scale production of enriched uranium in Natanz would require 54,000 centrifuges.

The speech Sunday was one of several lately in which Ahmadinejad has said Iran will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium to produce nuclear fuel and won't consider suspending it, even for a day.

"Not a single person has a right to give up the rights of the Iranian nation," he said.

Iran has been locked in a battle with the United States and some of its allies over its nuclear program. Tehran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

But talks between Iranian and European officials have continued over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its enrichment program and returning to full-scale negotiations.

Last week, envoys ended two days of talks in Berlin with no agreement on the enrichment issue but insisted they had "come to some positive conclusions" on ways to open broader discussions.

An Offer Tehran Can't Refuse (NYT)

By Ted Koppel

The New York Times, October 2, 2006

DOJ_NMG_0072861

A few days ago, I inadvertently violated United States economic sanctions against Iran. I was paying my hotel bill in Tehran, didn't have enough cash and asked if I could use a credit card.

"I'll need to keep your card for at least half an hour," said the clerk. Since he'd also "needed to keep" my passport for the first couple of days I was in Iran, I thought nothing more of it. Half an hour later, I had my hotel bill and my credit card and left for the airport.

A couple of days later my assistant asked me if I had purchased any clothing in Dubai. "No," I said. "Why?" Someone, it appeared, had used my corporate credit card to do just that. When I heard the amount involved — precisely the total of my hotel bill — I understood.

There had been no purchase of clothing in Dubai, of course; but some Dubai business debited my credit card there (where such a transaction is legal) for the amount of my hotel bill, simultaneously crediting the company that owns the hotel in Tehran with that sum for the purchase of goods or services in Dubai. Similar, much larger loopholes enable the European subsidiaries of American companies to sell sanction-banned American goods inside Iran in limited but still significant quantities.

Even as the United States withholds its goods and technological know-how from Iran, the Europeans, Russians, Japanese and especially the Chinese are offering theirs as quickly as the contracts can be drafted. The likelihood that more restrictive sanctions against Iran will either make it through the United Nations' bureaucratic quagmire or dissuade Iran from darting down the path toward nuclear technology is about as dim as that of a popular uprising among the people under 30 who make up 70 percent of Iran's population.

Many of Iran's young adults — especially the well-educated, English-speaking ones who cross the path of a visiting American journalist — are frustrated by the puritanical nature of Islamic law. They dismiss their president and ours as deserving each other, denounce the corruption of the mullahs and speak with surprising openness about confiscated satellite dishes, blocked Internet sites, the closing of newspapers and the jailing and mistreatment of dissidents. But the young malcontents appear nowhere close to staging a revolution.

On the highway from Tehran to the Mehrabad airport, I witnessed a mind-bending object lesson in the limits of youthful rebellion: two young women on in-line skates, clutching the door handles of a car being driven by a young man at speeds approaching 60 miles an hour. Both women brazenly violated every traffic law known to man, but with their head scarves in place, the loose ends firmly clenched between their teeth. There are certain lines you don't cross.

Trivial acts of rebellion, irrelevant to the Islamic revolution, are tolerated. Anything perceived as a significant challenge is not. One of the men who planned and executed the taking of the American Embassy in 1979, for example, spent nine months in solitary confinement for collaborating on a public opinion poll whose findings were deemed unacceptable.

Iran suffers from chronic underemployment and its social safety nets are flimsy at best. The Revolutionary Guards now resemble Mafia families more than ideological shock troops. They still wield enormous influence, but their clout has corrupted them. In Tehran, I'm told, the Revolutionary Guard dominates the construction industry and its leading members have become exceedingly wealthy as a consequence. President Mahmoud Ahmadinejad remains popular among the peasants and the poor, who note that he has failed to deliver on most of his campaign promises but are willing to grant him more time. As long as the price of oil remains above $50 a barrel, Iran can buy what it needs.

Mr. Ahmadinejad's tweaking of the West and his refusal to bow to pressure on the nuclear issue are widely popular in Iran. There was a time, not long ago, when many Iranians genuinely believed that there was a danger of an American military attack, even an invasion. Hardly anyone seems to believe in that possibility any more.

What, then, can the United States do to prevent Iran from developing nuclear technology? Little or nothing. Washington should instead bow to the inevitable.

"You insist on having nuclear weapons," we should say. "Go ahead. It's a terrible idea, but we can't stop you. We would, however, like your leaders to view the enclosed DVD of 'The Godfather.' Please pay particular attention to the scene in which Don Corleone makes grudging peace with a man — the head of a rival crime family — who ordered the killing of his oldest son."

In that scene, Don Corleone says, "I forgo my vengeance for my dead son, for the common good. But I have selfish reasons." The welfare of his youngest son, Michael, is on his mind.

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"I am a superstitious man," he continues. "And so if some unlucky accident should befall my youngest son, if some police officer should accidentally shoot him, or if he should hang himself in his cell, or if my son is struck by a bolt of lightening, then I will blame some of the people here. That I could never forgive."

If Iran is bound and determined to have nuclear weapons, let it. The elimination of American opposition on this issue would open the way to genuine normalization between our two nations. It might even convince the Iranians that their country can flourish without nuclear weapons.

But this should also be made clear to Tehran: If a dirty bomb explodes in Milwaukee, or some other nuclear device detonates in Baltimore or Wichita, if Israel or Egypt or Saudi Arabia should fall victim to a nuclear "accident," Iran should understand that the United States government will not search around for the perpetrator. The return address will be predetermined, and it will be somewhere in Iran.

Maybe we could induce Richard Armitage out of retirement to play the Don Corleone part. Apparently he knows the role, having already played it in Pakistan.

At Least 6 Die As Palestinian Movements Clash In Gaza (WP)

By Scott Wilson

The Washington Post, October 2, 2006

JERUSALEM, Oct. 1 -- The Palestinian security service controlled by Hamas moved forcefully in the Gaza Strip on Sunday to disperse demonstrators loyal to the rival Fatah movement who were demanding months of back pay from a nearly bankrupt government.

At least six people were killed, including two teenage boys, and more than 100 were injured in day-long clashes that marked the most severe partisan violence between the two sides in months.

The fighting, which erupted in downtown Gaza City and later flared in the West Bank, came after Palestinian leader Mahmoud Abbas's effort to form a power-sharing cabinet with Hamas collapsed in recent days. The apparent failure has brought mutual recriminations between the two main Palestinian political movements at a time of stifling economic crisis in the territories stemming from international sanctions against the Hamas-controlled government.

Ghazi Hamad, an adviser to Prime Minister Ismail Haniyeh of Hamas, called the violence "regrettable." He accused the demonstrators, many of them from the Fatah-dominated security forces, of attacking members of the 3,000-member security branch that reports directly to the Hamas-run Interior Ministry. Many of those who serve in that force also belong to Hamas's military wing.

"The protest today was beyond acceptable legal norms and turned truly into lawlessness," Hamad told reporters in Gaza.

Fatah leaders in Gaza called on Abbas, president of the Palestinian Authority, to launch a probe into the crackdown and take action against the Hamas government. One of those killed was a member of the Palestinian preventive security forces, a powerful branch whose ranks are filled with Fatah members.

Abbas has so far declined to exercise his authority to fire Haniyeh and dissolve the government. But pressure is building within his party for him to take bold steps to end the political crisis following his apparent failure to organize a so-called national unity government.

Abbas announced last month that his secular-nationalist Fatah party and Hamas, a radical Islamic movement, had agreed to a joint political program that would usher in a power-sharing government. Haniyeh endorsed the agreement, which his aides said would leave him in the position of prime minister. The new government would comprise members of the two major parties, smaller movements with seats in the parliament and technocrats without political affiliation.

The agreement also accepted the 2002 Arab peace initiative that calls for the recognition of the Jewish state once Israel leaves all territory it occupied in the 1967 Middle East war.

But the deal has unraveled in the past few days. Haniyeh and other Hamas leaders have said that Hamas as a movement would never recognize Israel's right to exist. Abbas has accused Hamas of reneging on the agreement, saying the talks to form a unity government are "back to square one."

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The United States, the European Union and other international donors have demanded that Hamas renounce violence, recognize the Jewish state and accept signed agreements with Israel in return for a renewal of aid, which accounts for nearly half the authority's $2 billion annual budget.

Those sanctions remain in place, and Israel has also kept frozen the roughly $55 million in monthly tax revenue it collects on behalf of the Palestinian government, a sum equal to roughly half the authority's monthly payroll.

The 165,000 Palestinian government employees, nearly half of them in the security forces, have received only a small fraction of their salaries in the past seven months. A civil-service strike across Gaza and the West Bank has kept public schools shuttered, courts closed and the parliament out of action for nearly a month.

The clashes Sunday began outside the parliament building in Gaza, and gunfights quickly spread across much of the city's main commercial area. Witnesses said the Hamas security branch used grenades, antitank weapons and rifles to break up the protesters. There were also reports of violent demonstrations in the central Gaza city of Khan Younis. Later in the evening in Gaza, hand grenades were thrown at a group of Fatah demonstrators, killing one and injuring 30 0thers.

In response to the Hamas crackdown in Gaza, armed Fatah loyalists vandalized and partly burned the empty cabinet building in the West Bank city of Ramallah. Hours earlier, dozens of protesters there marched in the city streets, chanting "Hamas Out!"

Fatal Clashes In Gaza Over Unpaid Salaries (NYT)

By Steven Erlanger

The New York Times, October 2, 2006

JERUSALEM, Oct. 1 — Hamas and Fatah gunmen fought running battles in Gaza on Sunday, as Hamas forces tried to disrupt Fatah-organized protests over unpaid government salaries. Six Palestinians were killed and more than 100 were wounded.

The clashes were among the most severe between the Palestinian factions since Hamas won power in legislative elections in January.

After President Mahmoud Abbas, who was traveling abroad, ordered a halt to the demonstrations by members of his Fatah faction, angry protesters turned their rage toward a government building in Ramallah, on the West Bank.

Some offices in the Ramallah cabinet building, which is empty because many of the Hamas cabinet members in the West Bank have been arrested by the Israelis, were set on fire after protesters marched through the city shouting, “Hamas out!”

The fighting came as Israel, which has troops in Gaza, pulled its last soldiers out of Lebanon early Sunday morning, handing off to the Lebanese Army and United Nations peacekeepers under the terms of an Aug. 14 cease-fire. Israel wanted its forces home before the somber Yom Kippur holiday, which began at sunset on Sunday.

A few Israeli soldiers remain in the village of Ghajar, which is divided by the international border between Lebanon and the Israeli-occupied Golan Heights.

The clashes in Gaza were bloody, with Hamas militiamen under an auxiliary command known as the Executive Force, formally now part of the police, trying to break up a large demonstration near Gaza City’s parliament building. The Hamas men, in black T-shirts and camouflage pants, fired guns and antitank grenades after the interior minister, Siad Siam, ordered them to stop what Hamas considers to be a rebellion among the Fatah-dominated security forces.

Then supporters of Fatah, including the preventive-security service and Mr. Abbas’s presidential guard, fired back.

The crowd scattered, screaming. A man and a teenager were killed and 32 were wounded, including three schoolchildren and a cameraman for the satellite station Al Arabiya. The fighting spread through other parts of Gaza, despite the midday call for Ramadan prayers, before subsiding in the late afternoon.

At Al Shifa Hospital in Gaza City, ambulances brought in the dead and wounded. Saqer Ayish, 17, who works in the presidential guard, was wounded, and his mother rushed in wailing. Hassan Abu Hatal, 15, a schoolboy, died from a bullet to the head; later, a boy, 16, was also killed, according to a doctor at Shifa.

At least one member of the presidential guard and one Hamas militiaman were killed. Two more Palestinians died in unrelated family disputes, doctors said.

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Sunday evening, the Hamas prime minister, Ismail Haniya, said that he had spoken to Mr. Abbas by telephone and that the two had agreed to work together to stop the violence. He defended the actions of Hamas and urged Palestinians to come together "in the face of a serious escalation from the occupation forces," meaning Israel.

Israeli troops on Sunday moved again into northern Gaza to try to stop rocket fire into Israel. Mr. Haniya asked Gazans to "respect the law and discipline and not to go into the streets."

Tensions throughout the Palestinian territories have been particularly high during the Muslim holy month of Ramadan, because both Mr. Abbas and Mr. Haniya had promised that a month's salary would be paid to the 170,000 or so employees of the Palestinian Authority. The employees have been paid less than two months' salary during the past seven months, bringing great hardship, and Ramadan is a time for family gifts and charity to the poor.

But in fact most employees were paid less than a third of a month's salary before Ramadan, and Hamas officials have angered Mr. Abbas by accusing him of trying to undermine them by keeping back the international aid that passed through his office to avoid the Hamas-led Palestinian Authority.

Mr. Abbas has dismissed those accusations, but his efforts to bring about a national-unity government with Hamas appear to be foundering after the Hamas governing council refused to endorse an earlier agreement he had made with Mr. Haniya.

Mr. Abbas is being pressed by some members of Fatah to dismiss the Hamas government, but it is unclear whether he also possesses the power to call new elections.

Since the election of Hamas in January, Israel has refused to hand over more than $50 million a month in taxes and duties it collects for the Palestinians. And since March 28, when Hamas took over, the United States and the European Union have cut off direct financing to the Palestinian Authority until the government recognizes Israel's right to exist, forswears violence and accepts previous Israeli-Palestinian agreements.

Hamas has been unable to come to terms either with the West, which regards it as a terrorist organization, or with Mr. Abbas, who has been trying to find a way to renew the flow of money to the desperate Palestinians.

There were also clashes on Sunday in Khan Yunis, in the southern part of Gaza, where 23 were wounded, and on Saturday there were smaller clashes in Deir al Balah as Hamas held rallies in Gaza and the police also demonstrated, blocking roads and shooting into the air.

Mushir al-Masri, a Hamas legislator and spokesman, blamed Fatah for the clashes, accusing the security services of striking "to weaken Hamas and to topple the government." Hamas said it had arrested up to 25 members of the protesting security personnel.

Tawfiq Abu Khoussa, a Fatah spokesman in Gaza, accused Hamas of "shedding Palestinian blood" and said, "Nothing can justify this violence."

Members of the preventive-security service said they had been attacked by Hamas gunmen, some of them using clubs.

Ghazi Hamas, the spokesman for the Hamas government, called the violence regrettable and insisted that Hamas had acted with restraint. "The protest today was beyond acceptable norms and turned truly into lawlessness," he said.

Hamas-Fatah Gunbattles Cover Gaza (WT/AP)

By Ibrahim Barzak

The Washington Times, October 2, 2006

GAZA CITY, Gaza Strip -- Gunbattles broke out across the Gaza Strip when heavily armed Hamas militiamen tried to break up anti-government demonstrations yesterday, killing seven persons and injuring dozens in the worst internal Palestinian violence since Hamas took power.

Militants from the opposition Fatah group retaliated by torching the Palestinian Cabinet building in the West Bank. The violence comes amid growing frustration over the parties' failure to form a national-unity government that could end crippling economic sanctions.

The fighting continued throughout the day and sent schoolchildren and other civilians in downtown Gaza City fleeing for cover.

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"This is forbidden in Islam. We are in the holy month of Ramadan," said Majed Badawi, 33, who managed to escape after his car was caught in the crossfire. "It's a shame on Hamas, who call themselves real Muslims, and a shame on Fatah, as well. Why are they fighting and over what? We are victims because of both of them."

Palestinian Prime Minister Ismail Haniyeh, of Hamas, spoke with President Mahmoud Abbas, of Fatah, by telephone and called for joint action to end the fighting, Mr. Haniyeh's office said. But in a televised speech, Mr. Haniyeh also defended the Hamas militiamen, saying they acted lawfully in trying to break up the protests.

Fatah officials blamed Hamas for the chaos. "Nothing can justify this violence," Fatah spokesman Tawfik Abu Khoussa said.

Hamas has been under pressure since its January election victory over the long-ruling Fatah.

Israel and the West, which view Hamas as a terror group, cut off hundreds of millions of dollars in aid and tax transfers to the Palestinian Authority, making it nearly impossible for the new government to pay its 165,000 workers.

In recent weeks, civil servants -- including members of the security forces, many of them Fatah loyalists -- have held expanding protests against the Hamas-led government to demand back wages.

On Saturday, the Hamas government sent its 3,500-member militia into Gaza's streets to quash the protests.

The fighting started in the southern Gaza town of Khan Younis, where dozens of police gathered to demand back wages, protesters said. The Hamas militiamen ordered them to disperse, then opened fire at the protesters, who responded by shooting in the air, protesters said.

Fighting then broke out between militia members and security officials in northern Gaza, and violence spread to the parliament building in Gaza City, where security officers and civil servants were protesting. The protesters threw stones at Hamas militiamen, who eventually fired on the protesters, according to a reporter at the scene.

Militiamen and security personnel -- including bodyguards for Mr. Abbas -- began trading fire nearby. People scattered, and children covered their heads with their schoolbags for protection.

The clashes later spilled over to an area near the president's residence.

The street battles killed four persons, including a presidential bodyguard and a 15-year-old boy, said Dr. Baker Abu Safia, director of Gaza's Shifa Hospital. Two others were killed in related violence, and at least 75 were injured, hospital officials said.

A seventh person, a member of the preventive security force, was killed Saturday night when unknown gunmen shot at the car he was in, security officials said.

In response to the violence, Fatah protesters in the West Bank city of Ramallah broke into the Cabinet building and set the second floor on fire. A second building in the compound also was set ablaze.

Forced out by the fire, the militants moved to the Education Ministry and torched a car on the way. They then trashed the offices of a Hamas newspaper.

In the West Bank city of Hebron, Fatah-allied militants ransacked the offices of local Hamas lawmakers and set the furniture on fire.

Rival Palestinian Gunmen Clash, Leaving 8 Dead (LAT)

By Ken Ellingwood

The Los Angeles Times, October 2, 2006

JERUSALEM — Armed men from the governing Hamas movement and its rival, Fatah, clashed Sunday in a series of gun battles in the Gaza Strip that left at least eight people dead and dozens more injured, Palestinian officials said.

It was the deadliest factional violence in months of tension, and came as the two sides appeared to have deadlocked in their attempts to form a coalition government aimed at breaking the international aid boycott against the Hamas-led government.

The outbreak of violence jumped to the West Bank, where gunmen set fire to the offices of the Hamas-run Cabinet in the city of Ramallah and burned a car outside the Education Ministry building.

The hopscotching violence reflected the geographical balance of power between the rival Palestinian groups. Whereas Gaza is the main stronghold of Hamas, a radical Islamic movement, once-dominant Fatah prevails in the West Bank.

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The clashes began after 3,000 members of a special Hamas police unit took up positions around the Gaza Strip with orders to use force, if necessary, to break up demonstrations by members of the Palestinian security forces. The security officers have closed roads and burned piles of tires to protest the government's failure to pay them full salaries.

Many of those demonstrators are Fatah members, and Hamas has accused them of seeking to create chaos to undercut the government, of which Hamas gained control after winning parliamentary elections in January.

Late Sunday, officials expressed regret over the clashes, and Palestinian Authority Prime Minister Ismail Haniyeh of Hamas urged calm. But a government spokesman said Hamas forces were justified in trying to keep protesters from going too far.

"We have deployed the executive forces in the streets to maintain law and order and to stop the state of lawlessness and troublemakers," said Ghazi Hamad, the spokesman. "The participation of security service members in riots is a violation of the law which threatens the national security in the Palestinian community."

Fatah leaders accused Hamas of brutality.

Palestinian Authority President Mahmoud Abbas, who belongs to Fatah and was in Jordan at the time, urged security force members to halt their demonstrations. He pledged a criminal investigation of the shootings.

Egyptian President Hosni Mubarak ordered a delegation of security specialists from his country who are assigned to Gaza to mediate between the two factions.

By evening, though, the streets in Gaza City were quiet.

The dead included three civilians, one of them a 15-year-old boy, and two members of the presidential guard. An officer in the Palestinian preventive security force was killed, along with a member of the Hamas unit. A Fatah member was killed late Sunday in a confrontation with Hamas forces that also injured at least 20 people in the Bureij refugee camp, south of Gaza City.

Most of more than 80 wounded in the confrontations were civilian bystanders, officials said.

The clashes began when the Hamas units sought to clear demonstrators from a main road near Khan Yunis in southern Gaza, leaving 17 people hurt amid the shooting. A separate confrontation broke out in the Sheik Adwan neighborhood on the northern edge of Gaza City.

A sustained gun battle near the parliament building in Gaza City killed the teenage boy and wounded numerous others. The two members of Force 17, the corps of presidential guards, died during separate skirmishes near Abbas' Gaza City residence.

The gun battles marked the latest dark turn in the Palestinian political situation, and it renewed fears of more widespread civil strife.

Abbas and Haniyeh said they had reached a tentative agreement on a unified government last month, but subsequent talks to solidify the deal were frozen after disputes arose over whether the proposed government would recognize Israel.

Hamas refuses to recognize the Jewish state and has said that it would agree only to a long-term truce. Abbas wants the government to comply with the three conditions set by the West for restoring aid to the Palestinian Authority: recognizing Israel, renouncing violence and honoring agreements between the Palestinians and Israel.

Fatah accused Hamas of backtracking on the initial agreement, which contained wording meant to signal a tacit acceptance of Israel's right to exist. But Abbas, during a speech to the United Nations General Assembly late last month, appeared to demand that the proposed government recognize Israel more explicitly.

The two sides have not met since, stirring rising concern among Palestinians of an impasse that could lead to more violence. Palestinian leaders are under pressure from the 165,000 government employees as well as ordinary residents to find an end to the aid boycott, imposed soon after Hamas came to power.

The Palestinian treasury has been further depleted because Israel has withheld about $50 million monthly in tax and customs revenues it collects on the Palestinians' behalf.

Israel Almost Gone From South Lebanon (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 2, 2006

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The U.N. called Israel's pullout from nearly all of south Lebanon on Sunday "significant progress." But sources of friction remained: Israel still holds the Lebanese part of a divided border village and its planes patrol Lebanon's airspace.

Both the Lebanese government and Hezbollah dismissed the withdrawal, which came more than six weeks after a cease-fire ended the 34-day conflict, as "incomplete" and demanded Israel stop what they called its violations of Lebanon's airspace, sea and land.

"What is required is a complete and comprehensive Israeli withdrawal and a halt to Israeli attacks on Lebanon," Information Minister Ghazi Aridi told The Associated Press. "So far, there is no final solution. Israel's pullout today is incomplete."

Senior Hezbollah official Sheik Hassan Ezzeddine warned the Islamic militant group would resume attacks against Israel if it breached the U.N. cease-fire, which went into effect Aug. 14.

"The enemy must bear the consequences of its continued air, sea and land violations in Lebanon," said Ezzeddine , the group's top political official in south Lebanon.

The Israeli army withdrew from the entire south except for the village of Ghajar, said a statement by the commander the U.N. Interim Force in Lebanon, known as UNIFIL.

"Significant progress has been achieved today," Maj. Gen. Alain Pellegrini of France said. "I expect that they will leave this area in the course of the week, thus completing the withdrawal in line with the (U.N. Security Council) resolution 1701."

The pre-dawn pullout put a formal end to a nearly three-month troop incursion into Lebanon that began after Hezbollah guerrillas captured two Israeli soldiers and killed three others in a July 12 cross-border raid.

It clears the way for the full deployment of UNIFIL's 15,000 soldiers who will police the border with an equal number of Lebanese army troops.

Israel has been gradually withdrawing troops since the cease-fire went into effect, from a peak of 30,000 during the fighting. The Israeli naval blockade of Lebanon ended more than three weeks ago.

U.N. Force spokesman Alexander Ivanko, speaking on Lebanon's privately owned Christian TV station LBC, said a deal on Ghajar was expected next week. He did not elaborate.

But there were no scenes of jubilation Sunday similar to those that greeted the withdrawal of Israeli forces from south Lebanon in 2000 after an 18-year occupation.

In the border village of Marwaheen, the most visible of the 10 vacated positions, the Israelis had held a hilltop position before pulling out early Sunday.

The villagers went about their business in what is perhaps a reflection of the weariness felt by many in south Lebanon after decades of almost continuous fighting with Israel.

It also could be attributed to the uncertainty over the future.

"You can never know whether they will be back again," cautioned Mohammed Musseileh, a 67-year-old farmer from Marwaheen, referring to the Israelis.

Witnesses said Israel began moving tanks and armored carriers out of pockets near the border after midnight. The roar of Israeli tanks could be heard on the Lebanese side as they moved across.

Israeli military officials said the last soldiers returned to Israel around 2:30 a.m. ahead of the onset of Yom Kippur, the holiest day on the Jewish calendar, at sundown Sunday. The officials spoke on condition of anonymity under military guidelines.

An armored column creaked across the border at the Israeli border community of Moshav Avivim, leaving tread marks in the soil and sending a large cloud of dust into the air.

Israeli spokeswoman Miri Eisin said Israel was "now waiting for Lebanon to do its part under the truce."

Israel wants Lebanon to keep Hezbollah out of the south and disarm it, but Beirut has indicated it would not actively seek Hezbollah's weapons. The militant group said it would disarm only when a strong central government was in place.

UNIFIL has said the question of disarming Hezbollah was best left for the Lebanese to tackle, but it would support the Lebanese army if it takes on the task.

Both the U.N. and the Lebanese government consider Israeli overflights as violations of the cease-fire, but the Israeli officials said Sunday there were no plans to stop them.

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Ivanko, the UNIFIL spokesman, said the issue of the overflights was raised several times with the Israeli side, which has been asked to halt them.

Another source of tension in Lebanon is the disputed Israeli-held Chebaa Farms area near the borders of Israel, Lebanon and Syria. Resolution 1701 had directed the U.N. secretary-general to come up with a proposal to delineate the borders in the area within a now-elapsed 30 days.

After Israel abandoned its hilltop position in Marwaheen Sunday, some villagers saw a chance to make a little money. A group of men in a pickup truck grabbed some discarded tires. Another villager arrived, and later carried home a roll of electrical cables.

Ghanian peacekeepers in a white U.N. armored personnel carrier photographed the site. Two Lebanese military intelligence officers in plainclothes also surveyed the area before Hezbollah officials arrived in two vehicles, one of which was an ambulance marked as gift from the Iranian Embassy in Beirut.

They blocked the narrow road leading up to the former Israeli position, preventing reporters and villagers from reaching the spot.

Saleh Diyab Mohammed was among those who came to the hill after the Israelis were gone. He planted a Lebanese flag atop his half-finished, two-story house which was apparently used by Israelis soldiers.

"Now, I feel pure and proud," he said. "I feel free again."

Associated Press writers Matti Friedman in Moshav Zarit, Israel, and Hussein Dakroub in Beirut, Lebanon, contributed to this report.

India Links Spies, Islamic Militants To Bombay Attack (WT)

By Rahul Bedi

The Washington Times, October 2, 2006

NEW DELHI -- India accused Pakistan's spy agency yesterday of colluding with Islamist militants in a series of bomb attacks that killed 186 persons on trains in Bombay in July.

Bombay's police commissioner, A.N. Roy, said the "terror plot" was sponsored by Pakistan's Inter-Services Intelligence (ISI), executed by Pakistani militants and aided by a banned Indian Islamist group.

Commissioner Roy said an intensive investigation, including the use of "narco-analysis tests," or truth serum, showed that at least 12 Indians and 11 Pakistanis were involved in the bombings.

Security officials said the evidence would be handed over to Islamabad in the next few days.

Pakistan's junior information minister, Tariq Azim Khan, said the accusations of ISI involvement were "baseless" and a "knee-jerk reaction."

"India has always chosen this path of pointing fingers at Pakistan without evidence," he said. "If they have any evidence, they should provide us with it, and we will carry out our investigations."

Commissioner Roy said the ISI began planning the attacks in March and provided funding and training for the bombers in Bahawalpur, in Pakistan's eastern Punjab province.

High-grade plastic explosives were smuggled into Bombay, while funds for the attack came from Pakistan through an operative in Saudi Arabia representing the Pakistani extremist group Lashkar-e-Taiba, Commissioner Roy said.

He said the bombers slipped into India from Pakistan, Nepal and Bangladesh and were met by Indian "sleepers" from the banned Students Islamic Movement of India.

On July 11, the day of the bombings, seven two-person teams -- each made up of one Indian and one Pakistani -- took the bombs to the Churchgate terminus in south Bombay, he said. They were put on trains and, within 11 minutes, all seven bombs exploded.

Irbaz Khan, a spokesman for Lashkar-e-Taiba, said: "We reject the allegations. They have named us in an effort to cover up their own failure and security lapses."

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Indian Foreign Secretary Shiv Shankar Menon said his government would not judge Pakistan by its "immediate reactions or verbal statements, [but] by what they actually do about terrorism." India has long called on Pakistan to rein in militants operating from its territory and the disputed Kashmir region.

Mr. Menon said New Delhi would test the efficacy of a new joint India-Pakistan agency to tackle terrorism. "It seems logical that the mechanism has to deal with this kind of evidence," he said.

Pakistan Said To Play Both Sides On Terror War (CSM)

By Mark Sappenfield

The Christian Science Monitor, October 2, 2006

NEW DELHI

Indian officials pointed a warning finger at Pakistan this weekend, saying that Pakistan's top intelligence agency masterminded and funded July's train bombings in Mumbai (Bombay).

The accusations continue the neighboring countries' decades-long pattern of blame and denial. This time, however, other nations are joining the chorus.

Last week, a think tank in Britain's Defence Ministry released an incendiary report saying that Pakistan's Inter-Services Intelligence (ISI) agency "has been supporting terrorism and extremism, whether in London ... or in Afghanistan or Iraq."

On top of that, Afghan President Hamid Karzai spent most of the past week condemning Pakistan for ignoring and even abetting extremism, while frustrated American military officials decried Paki- stan's inability to clamp down on the Taliban in its border territories.

Pakistan's contradictions in the war on terror have long been obvious: It is both a crucial American ally and a primary training-ground for terrorists. But events in recent weeks suggest that, for the moment at least, pressure on Pakistan is increasing as the United States and Britain seek solutions to problems in Afghanistan and Iraq.

"The [Pakistani] Army's dual role in combating terrorism and at the same time promoting the MNA [a coalition of Islamist parties], and so indirectly supporting the Taliban through the ISI, is coming under closer and closer international scrutiny," said the British Defence Academy report.

It added: "Indirectly Pakistan, through the ISI, has been supporting terrorism and extremism whether in London on 7/7 or in Afghanistan or Iraq." ISI plans attacks too, says India

But India's claims of ISI involvement break new ground. Indian officials have long accused Pakistan of sponsoring terrorism in India in order to foment communal riots and destabilize the nation. The Mumbai (formerly Bombay) blasts on July 11, which killed 187 people, were no different, say Mumbai police.

Yet Mumbai Police Commissioner A.N. Roy went further when he announced the findings of his investigation Saturday. In the past, Pakistan was accused only of helping terrorists by allowing them to train in the country. In this case, Mr. Roy said the leading July 11 terrorists were Pakistanis, and that ISI plotted the attack before handing over the execution to the terrorist group Lashkar-i-Tayyaba.

So far, police authorities have presented little evidence to support these claims, though officials say they hope their findings are strong enough to win convictions within two years.

Pakistan has denounced the accusations. "The reported statement by [the] Mumbai Police Commissioner is irresponsible and [it is the] repetition of baseless allegations," reads an e-mail statement by Pakistan's Foreign Office.

Yet Pakistan has frequently found itself on the defensive in recent weeks. Pakistan's truce with militant tribes has led to a threefold rise in attacks across the border in Afghanistan, according to US military officials. And Afghan President Karzai's repeated complaints about Pakistan's unwillingness to rein in radicals forced last week's meeting in Washington, where President Bush sought to soothe tempers between America's divided allies Karzai and Pakistani President Pervez Musharraf.

Perhaps the most surprising criticism, however, has come from Britain. The report from the Defence Ministry think-tank was so inflammatory that Prime Minister Tony Blair had to personally reassure President Musharraf that the leaked document was merely the work of some government analysts, not government policy.

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And in a London court just a few days earlier, an accused terrorist testified that he had attended a terrorist training camp in Pakistan run by the ISI. Thereafter, he refused to give any further testimony, saying ISI agents had threatened his family.

If true, "this is quite sensational, because it is the first official confirmation of the involvement in terrorism of the ISI, an agency of a country which Washington and London has regarded as an ally, and Washington gives $3 billion in aid to," says M.J. Gohel, a terrorism expert at the Asia-Pacific Foundation in London. A history of suspicion surrounding ISI

The Mumbai police report only sharpens scrutiny of ISI, an organization with a well known history of incubating militant outfits. In a bid for greater influence in Afghan affairs, ISI is believed to have helped the Taliban during its rise a decade ago. Indeed, Pakistan was one of only three countries to recognize the Taliban government. The ISI is also widely believed to have become involved with terrorist groups directed toward the conflict in Kashmir.

Islamabad claims it disbanded those groups after 9/11. But many analysts and critics suggest that some continue to operate under different names and fronts, often unofficially supported by factions of the intelligence community.

"Gradually after 9/11 there's been a restructuring of militant outfits," says Ayesha Siddiqa, a defense analyst in Islamabad. "In the process, some have gone, some have been merged, some have been divided, but the phenomenon still remains."

She and others argue that ISI compartmentalizes its policy where it meets Pakistan's strategic goals - for example, by fighting international terrorist groups like Al Qaeda while at the same time unofficially supporting other elements of the militant community.

The dual policy exposes Pakistan's peculiar view of terrorism in the region, analysts say.

"People in Pakistan believe that the conflict in Kashmir is a freedom movement, and that those people should be able to fight," says Kamal Matinuddin, a retired general who is now a military analyst in Rawalpindi. "That is where the difference arises between the people of Pakistan and the rest of the world." Musharraf's next move

Whether the recent criticism of ISI will force Musharraf to take some action is open to question. Bob Ayers of Chatham House, a London think-tank, doubts it will. Blaming "Pakistan is the flavor du jour," he says.

At least Musharraf is playing along with the West, he says. Mr. Ayers and other Western analysts fear that if the US pushes too hard, Musharraf could fall, and someone far more problematic could come to power. "This is just a cycle," says Ayers. "It deflects attention away from our lack of results in the war on terror."

It could have much greater consequences for the eggshell-strong peace process with India, though. Last month, the leaders of India and Pakistan took an unprecedented step - agreeing to share intelligence as part of joint antiterror efforts.

Saturday's announcement will present a new obstacle.

Some see it merely as a blip. "All that will happen is that talks will be delayed by 15 or 20 days," says Pakistani retired General Matinuddin.

But the prejudices among the intelligence agencies on either side of the border are deep, and they indicate how difficult a joint intelligence project could be.

Hamid Gul, a former ISI director dismisses the idea that ISI is a rogue agency working to terrorize India.

"Pervez Musharraf is in complete control of the ISI. To assume or insinuate that there is a cavity in the ISI that is pursuing its own agenda is utterly wrong," says Mr. Gul.

Instead, he suggests that India is blind to its own problems. The realities on the ground in India, including poverty and discrimination against Muslims, provide ample reason for disgruntled Indians to wage war against their own government, he says.

By contrast, a former senior Indian intelligence official says the ISI is just up to its old tricks. "Pakistan uses terrorism as a tactical move to achieve what its Army cannot on the war front and what its bureaucrats cannot on a negotiating table," says Ajit Doval, former chief of India's Research and Analysis Wing (RAW).

India's foreign secretary said Sunday that he will share evidence from the Mumbai investigation with Pakistan. "This will be the test case of the [joint] mechanism," says Mr. Doval. "If they are sincere, they'll act on the evidence."

But he is skeptical. Echoing the sentiments of many Indians - and pointing to the level distrust to be overcome - he asks: "What is the point of sharing evidence with someone who is party to the crime?"

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Avian-flu Samples On The Way To CDC (WT)

By John Zarocostas

The Washington Times, October 2, 2006

GENEVA -- After 18 months of stalling and repeated calls for cooperation by international health officials, China is expected to deliver a batch of animal virus samples of the lethal avian influenza virus H5N1, senior global health officials say.

The Centers for Disease Control and Prevention (CDC) laboratory in Atlanta expects the samples to arrive "in the coming days," said Mike Purdue, head of a team that is studying how influenza moves from animals to humans on behalf of the World Health Organization (WHO).

Dr. Purdue told The Washington Times that the necessary paperwork was completed by Chinese authorities last week, but one carrier did not want to haul the samples, so they will be shipped by another company for WHO.

WHO first asked China to share the samples in the spring of 2005, after thousands of migratory birds died in the province of Qinghai. The 10 samples expected by the CDC are from Qinghai and other regions, Dr. Purdue said.

International health officials and diplomats have long been frustrated by Beijing's failure to send the samples promptly, despite its public pledges of full cooperation after its reluctance to share information aggravated a crisis over severe acute respiratory syndrome (SARS) in 2003.

The sharing of specimens is essential if researchers are to find a vaccine and more effective anti-viral drugs against bird flu. Since 2003, there have been 251 human cases of the avian influenza virus in 10 countries, of which 148 resulted in deaths.

Some Asian and Western health diplomats attribute the delay to a bureaucratic turf war between China's Ministry of Agriculture, which has been reluctant to share the samples, and the Ministry of Health, which has been more willing to co-operate. The same sources said Chinese authorities were now fully sharing human samples from victims of bird flu and HIV/AIDS.

Despite its dynamic economy and huge foreign reserves, China offered only $10 million at a pledging conference in Beijing in January aimed at strengthening global preparedness against a human avian influenza pandemic.

Senior Western diplomatic sources said China initially offered no contribution at all and only came forward with the $10 million pledge when pressure was put on its political leaders. However, diplomats are cautiously optimistic that China is moving in the right direction on global health issues.

In a significant move, China has put forward Margaret Chan, a senior WHO official, for the top post of the global health agency, which is vacant after the sudden death in May of the incumbent, Lee Jong-wook. This is the first time that China has nominated a candidate for a major global agency.

Dr. Chan, formerly Hong Kong's top health official, played a pivotal role in stamping out an avian-flu outbreak in the city in 1997. In July 2005, she publicly scolded China for stalling on vital cooperation over the outbreak of bird flu.

Another leading candidate in a crowded field is Shigeru Omi, a Japanese national and WHO regional director for the Western Pacific. Asian diplomats described fierce behind-the-scenes lobbying by Tokyo and Beijing for their respective nominees. The outcome is to be decided on Nov. 9.

Brazil's Lula Forced To A Runoff In Reelection Bid (WP)

By Monte Reel

The Washington Post, October 2, 2006

SAO PAULO, Brazil, Oct. 1 -- President Luiz Inacio Lula da Silva won the first round of Brazil's presidential election Sunday, but fell short of earning enough votes to avoid a runoff later this month against the second-place challenger.

With more than 98 percent of polling places counted, Lula received about 49 percent of the votes -- shy of the 50 percent needed to win reelection outright and avert an Oct. 29 runoff. The runner-up, former Sao Paulo state governor Geraldo Alckmin, received about 41 percent.

Lula, 60, cast his vote Sunday morning in Sao Bernardo do Campo, an industrial suburb of Sao Paulo, where he worked as a lathe operator and developed into an outspoken labor union leader who opposed the country's military dictatorship in the 1970s

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and '80s. Corruption scandals have hounded him during the past year, including one that surfaced just before the election charging that his campaign staff paid for damaging information about Alckmin.

That controversy, which continued to dominate headlines on election day, served as a last-minute life preserver that kept the conservative Alckmin's political hopes afloat. If the corruption controversy continues to simmer, his supporters say, they believe he might have a chance to unseat Lula.

"Alckmin can win if something else shows up with this scandal. And the way things are going in Brazilian politics right now, I'm confident that something else is going to show up," said JosÃ© Carlos Brandt Silva, 62, a businessman who traveled more than 200 miles to vote for Alckmin in Sao Paulo, where his family is registered.

Six members of Lula's party face arrest warrants for allegedly paying about $800,000 for information that supposedly proved corruption on Alckmin's part. Lula's campaign contends that Alckmin's supporters desperately contrived the scandal just before the election. Lula fired his campaign manager last week after the allegations aired, though he has denied any involvement in the incident.

Overwhelming support from the poor has helped Lula weather the corruption scandals, which also included congressional vote-buying last year in which many members of Lula's Workers' Party were implicated. His support rests on the fact that poverty rates have dipped since he was elected four years ago, thanks in part to increased government social spending, lower inflation and a stable currency.

"The whole Brazilian political system is corrupt, not just Lula," said Fernando Silva, 29, a furniture maker who voted for Lula at a Sao Paulo public school Sunday. "If Lula is involved in corruption, I think another president would have been even more involved than him. So I'd rather vote for Lula, because my life has changed with him. I'm working. I have my own business."

Alckmin, a medical doctor by training, struggled during the campaign to attract excitement among voters, many of whom had not heard of him before he entered the race in March. After serving as vice governor of the state of Sao Paulo, he advanced to the governor's seat in 2001 following the death of his predecessor.

"He doesn't have a history of being involved in competitive elections, and he's not very well known outside of Sao Paulo," said Maria Celina D'Araujo, a political scientist in Rio de Janeiro. "The image he has tried to project during the campaign is that of the doctor who is going to treat the corruption that Brazil suffers from."

The runoff is expected to force the candidates to clarify their agendas. Lula declined to participate in presidential debates during the first-round campaign, and Alckmin has offered few specific policy proposals.

Some of the challenges for the next president are already apparent, and the candidates might have mentioned them only rarely because of their potential to be politically explosive, analysts said.

For example, the social security system is heavily indebted, and many believe that reducing the generous payouts that retirees now receive is necessary to maintain economic stability. Many economists are also calling for changes in Brazil's labor laws, which offer strong protections for workers but are also believed to fuel a vast sector of workers who are not legally registered; about 55 percent of Brazilian workers are not on the tax rolls.

"The next president is going to have to approve some sort of social security reform, and the issue of labor reform is also going to come up," said RogÃ©rio Schmitt, a political analyst in Sao Paulo. "These are unpopular reforms, so the candidates have been very generalistic so far."

If Lula is elected -- and polls put him as the favorite in the runoff -- he will probably have to tackle those issues without much party support from either members of congress members and state governors -- positions that were also on the ballot Sunday.

During his first term, Lula was able to count on support from his party to direct legislation. But the party has been significantly weakened from the scandals, which could make things tougher for him in a second term. He will be forced to build a broader coalition, said Schmitt.

Many affiliated with Brazil's opposition parties are already looking forward to 2010. "Lula will have even more problems in his second term than he did in the first," said Fabio Mazzo, 26, an Alckmin supporter from Sao Paulo.

Brazil's Lula Forced Into Surprise Run-off (FT)

By Jonathan Wheatley

DOJ_NMG_0072873

Financial Times, October 2, 2006

Brazilian voters have delivered an unexpected setback to president Luiz Inácio Lula da Silva, who had been widely expected to win an outright majority in elections on Sunday and avoid the need for a second-round run-off on October 29.

With a little more than 98 per cent of the vote counted, electoral authorities ordered a run-off between Mr Lula da Silva and Geraldo Alckmin of the centrist PSDB.

Mr Lula da Silva had 48.8 per cent of the valid votes against 51.2 per cent for all opposition candidates combined. Mr Alckmin had 41.4 per cent, well ahead of his showing in recent opinion polls.

Mr Lula da Silva's commanding lead in opinion polls fell away in the days leading up to Sunday's vote after leaders of his campaign team and his left-leaning party, the PT, were caught attempting to smear an opposition candidate.

The president's popularity remained strong for much of the campaign in spite of a series of corruption scandals over the past 18 months that at one point threatened to bring down his government.

But many voters chose to concentrate instead on the low inflation and relative economic stability that have boosted the spending power of the poor – the mass of Brazilian voters. The poor have also benefited from a quadrupling of spending on income-transfer programmes under Mr Lula da Silva.

However, the government has been criticised for failing to produce the "spectacle of growth" promised by Mr Lula da Silva before taking office in January 2003. Growth is heading for 3 per cent this year and is likely to average less than that over the four years of his administration.

The Lula government has maintained relatively orthodox monetary and fiscal policies and in its first year embarked on modest reforms of the bankrupt pensions system for public-sector workers. But it has failed to tackle more politically difficult reforms of the wider pensions system or to cut other spending to release money for much-needed investment in infrastructure and other drivers of growth.

Geraldo Alckmin, of the centrist opposition PSDB – which introduced many of the policies maintained by Mr Lula da Silva during its eight years in power to 2002 – has promised to tackle such issues without achieving much resonance among voters.

While Mr Alckmin's campaign may have failed to attract support away from the president, Mr Lula da Silva's own advisers may have put his long-expected victory in jeopardy.

Lula Forced Into Runoff Election (WT/AP)

By Harold Olmos

The Washington Times, October 2, 2006

BRASILIA, Brazil -- Brazil's leftist president faces a runoff for a second term after voters denied him an outright victory yesterday after last-minute accusations that his party engaged in a scheme of electoral corruption and dirty tricks.

Election authorities announced the Oct. 29 runoff after 98 percent of the vote had been counted, with President Luiz Inacio Lula da Silva getting 48.8 percent compared with 41.4 percent for center-right candidate Geraldo Alckmin, Sao Paulo state's former governor.

It was a stunning defeat for Mr. Lula de Silva, who polls had predicted less than a week ago would trounce Mr. Alckmin with 59 percent of the vote, far more than the 50 percent plus one vote needed to win the contest in the first round.

Mr. Lula de Silva had been favored to win because of the economic stability and anti-poverty programs he brought to Brazil. Votes in Sao Paulo, Mr. Alckmin's stronghold and Brazil's most populous state, apparently helped force the runoff.

Mr. Lula de Silva's campaign manager, Marco Aurelio Garcia, earlier said a first-round win for the president was still possible because many of the uncounted votes were from Brazil's impoverished northeast, which has benefited handsomely from government social programs.

"We believe that Lula will show solid growth as the vote from the northeast starts showing its weight," Mr. Garcia told reporters. "But I want to reaffirm that we always prepared ourselves for a two-round election."

However, of the 7 million uncounted votes by late yesterday, 6 million were from Sao Paulo state, where Mr. Alckmin was beating the incumbent.

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Earlier yesterday, Mr. Lula de Silva said he was confident of a first-round victory after voting in the industrial town of Sao Bernardo do Campo, where he rose to prominence as a labor leader.

For months, polls have shown the incumbent easily winning the race. But Mr. Lula de Silva saw his once-commanding lead plummet on the eve of the vote as his Workers' Party was battered by accusations that party officials tried to buy a mysterious dossier that apparently contained incriminating information about a political rival.

Major newspapers ran front-page photos over the weekend showing piles of money purportedly meant to buy information showing corrupt dealings by an opponent. Local press reported that the photos were leaked by federal police.

Mr. Lula de Silva's party said Mr. Alckmin's supporters were involved and filed a complaint yesterday with a judge demanding that Mr. Alckmin's candidacy be declared invalid because of the leak. The judge has said he would consider the case. Mr. Alckmin's campaign has denied involvement.

Six members of Mr. Lula da Silva's party, including an old friend who ran the president's personal security detail, face arrest warrants on suspicion of involvement in efforts to buy the damaging information. Mr. Lula da Silva fired his campaign manager days before the election but repeatedly has denied knowledge of any wrongdoing.

Mr. Alckmin said yesterday that he was sure "ethics will defeat corruption."

In Brazil, Da Silva Forced Into Runoff (WSJ)

By Matt Moffett and Geraldo Samor

The Wall Street Journal, October 2, 2006

RIO DE JANEIRO -- Turned off by government corruption, Brazilian voters denied President Luiz Inácio Lula da Silva the majority of the vote he needed to win re-election in yesterday's first round of balloting, setting the stage for a runoff with centrist Geraldo Alckmin.

With 99.1% of the vote counted, Mr. da Silva had 48.7% of the vote compared with 41.6% for his chief rival, Mr. Alckmin. With Mr. da Silva falling short of the required 50% threshold, the president's aides were acknowledging late last night that there would be a second round of voting Oct. 29.

Mr. da Silva has witnessed an erosion in his once formidable lead in the past couple of weeks following revelations that officials of his Workers Party tried to buy a dossier linking candidates in Mr. Alckmin's Social Democratic Party to an ambulance-procurement scam. Mr. da Silva's failure to convincingly address the scandal -- he skipped a debate with other candidates Thursday -- clearly upset voters, who had seen a host of previous corruption cases in his government.

A runoff would present a win-win situation for investors. Though a leftist, Mr. da Silva has proved in his first term that he is a responsible steward of fiscal policy, and financial markets have enjoyed an extended rally since he took office in 2003. But most investors think Mr. Alckmin, a former governor of the wealthy São Paulo state, has a clearer notion of the overhauls to the pension system and labor law Brazil needs to rev up its slow-growing economy.

Heading into the second round, Mr. da Silva would have the advantages of incumbency. But Mr. Alckmin would have momentum. In pre-election polls tracking a matchup between Mr. da Silva and Mr. Alckmin, Mr. Alckmin had reduced the deficit to just five points from 17 points since Sept. 19, according to the Datafolha agency.

Mr. da Silva would be expected to hammer on the benefits he has brought to poor Brazilians, who are enjoying low food prices and government welfare stipends that go to 11 million families. Mr. Alckmin would continue to challenge Mr. da Silva on corruption.

"Brazilians historically have been indifferent about (corruption), " says political consultant Andre Torretta. "You cannot come to a guy who's making less than the minimum wage and preach to him about ethics."

But the scandals during Mr. da Silva's presidency have been so devastating that Brazilians, especially those in the middle class, seem to be drawing a line. On Saturday, newspapers published photographs of the stacks of cash that police seized from Workers Party operatives alleged to have been involved in the smear campaign against the opposition. That follows a massive scandal last year in which some of Mr. da Silva's closest Workers Party allies are facing indictment for running a slush fund to buy votes in Congress. In a separate incident last year, a Workers Party official was arrested trying to go through airport security with $100,000 stashed in his underwear.

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The rhetoric of the runoff is sure to be nasty. To make the point that he was blameless of the scandals involving his party, Mr. da Silva recently compared himself to Jesus Christ betrayed by Judas. In a response, Former President Fernando Henrique Cardoso, a top Social Democratic leader, said that Mr. da Silva "is not Christ, he is the devil, and we have to kick him out."

The campaign styles are also a contrast. The rough-hewn but charismatic Mr. da Silva is viewed with reverence by poor Brazilians; one mayor in the Amazon approached the president on his knees recently.

Mr. Alckmin, a doctor by training, is a much more subdued figure on the stump. Claudio Lembo, the current São Paulo governor, recently likened Mr. Alckmin to "the son-in-law every mother-in-law wanted to have."

Some key trends will work in Brazil's favor when the presidential term starts Jan. 1. Brazil's interest rates, which have been among the highest in the world, are falling and recently hit a 20-year-low. Policy makers hope that prompts consumers to open their wallets. The benchmark interest rate, which has fallen to 14.25% from 19.75% over the past year, is expected to slip further in coming months now that Brazil has succeeded in bringing inflation down to around 4% annually. The government also hopes investors will give the go-ahead to stalled bricks-and-mortar projects once uncertainty over the election ends.

Brazil's leaders also will cross their fingers for continued strength in the global economy. Brazil has been blessed in recent years with low global interest rates and high international prices for the country's agrarian and mining commodities, due largely to demand from China.

But Brazil's economy is beset by structural problems. The country's sprawling public sector is sustained by a highly taxed citizenry, and government bureaucracy stifles entrepreneurial energy. Also, due to higher spending in an election year, the government will struggle to meet its year-end goal of a primary budget surplus of 4.25% of gross domestic product.

In June, Fitch Ratings upgraded Brazil's sovereign debt rating by a single notch to Double B, which is two steps below investment grade. "We think the new government will stick to the macroeconomic policy, but there will be very little action on reform," says Roger Scher, a Fitch managing director. "It's going to be hard for whoever wins to put together a coalition and hold it together."

A Congress that has been historically fragmented would be harder for Mr. da Silva to handle in a second term due to scandals that have weakened his Workers Party and angered the opposition. "At least initially, the atmosphere will remain charged," says Fernando Lattman-Weltman, a political scientist with Rio's Getulio Vargas Foundation. "The opposition will be suffering from a hangover and there will be a runoff in many states."

Most analysts view Mr. Alckmin as more capable of engineering the profound economic changes Brazil needs. There is widespread opposition and sensitivity to changing the public pension system, which costs 12% of GDP, a higher average than wealthy countries with much older populations, says a JP Morgan report. Unions are also protective of Brazil's labor code, which is based on that of Mussolini's fascist government in Italy and results in millions of lawsuits against employers and significant severance charges.

But Antonio Delfim Netto, a congressman who was finance minister during the 1960s and 1970s, has had conversations with Mr. da Silva's aides and says they know what needs to be done to address Brazil's slowing growth. "They have no alternative," Mr. Netto says. "They know Brazilians won't tolerate another tax hike." Brazil's average tax load has climbed to 38% of GDP, comparable with wealthier countries', from 26% over the past 12 years.

Embattled Brazil Incumbent Fails To Win First-Round Ballot (NYT)

By Larry Rohter

The New York Times, October 2, 2006

RIO DE JANEIRO, Monday, Oct. 2 — Brazil's embattled president, Luiz Inácio Lula da Silva, finished first in the presidential vote held here Sunday, but fell just short of the majority he needed to avoid a runoff on Oct. 29.

With more than 99.2 percent of the ballots tabulated early Monday, Mr. da Silva, his momentum checked by a last-minute corruption and ethics scandal, had 48.65 percent of the vote. The most competitive of his seven opponents, Geraldo Alckmin of the Brazilian Social Democratic Party, was running closer than had been expected, with 41.6 percent of the vote.

Mr. Alckmin ended up finishing first in the more industrialized, modern and prosperous states of Brazil's south, including his home state of São Paulo, with 40 million people the largest in this nation of 185 million. Mr. da Silva, a 60-year-old former factory

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worker and labor union leader, performed strongest in the poorer, more backward states of the country's northeast, his native region, where he ended up polling more than two-thirds of the vote.

Campaigning on a platform of social justice and clean government, Mr. da Silva and his leftist Workers' Party won a landslide victory in a runoff four years ago this month. But his administration has been marked by one scandal after another, ranging from multimillion dollar schemes to buy the support of members of congress to rigging contracts for the purchase of blood products.

Nevertheless, Mr. da Silva had seemed assured of coasting to a first round re-election victory until the eruption of the so-called Dossiergate scandal two weeks ago. That was when Workers' Party operatives were caught trying to pay $792,000 in cash for information they apparently thought would incriminate Mr. Alckmin's party in a scandal at the Health Ministry involving kickbacks on the purchase of ambulances.

Workers' Party leaders tried to put the best face on a result they had hoped to avoid. "I want to reaffirm that we always prepared ourselves for a two-round election," said Marco Aurelio Garcia, who became Mr. da Silva's campaign manager less than two weeks ago, after his predecessor was forced to step down because of the dossier scandal.

Mr. Alckmin, a doctor and former governor whose level of support rose 10 points in the polls after the dossier scandal broke, was jubilant at the sudden turn and predicted that "ethics will defeat corruption" in the second round. "Lula had his chance," he told supporters in São Paulo, using the president's nickname. "A new team can do more for Brazil."

The division of Latin America's largest country into two evenly matched groups, one pro-Lula, the other opposed to him, was reflected at a polling place in Tijuca, a middle-class neighborhood here in Brazil's second-biggest city.

After casting their ballots Sunday afternoon, Etevaldo Mello and his wife, Fernanda Bandeira, found themselves in opposing camps.

"I voted for Lula in 2002, but I won't ever make that mistake again," said Mr. Mello, a 40-year-old systems analyst. "He hasn't done what he promised, and all we've had is corruption. I've lost hope and my faith in him."

But Ms. Bandeira, a 39-year-old social worker, said she was sticking with Mr. da Silva. "There's always been corruption, but at least Lula has brought it out into the light of day and is trying to fight it," she said. "And he's done more for the poor than all of those before him."

Other voters who described themselves as having been undecided during the campaign cited two last-minute developments as persuading them to vote against the president. Several said they were offended because he failed to take part in a candidates' debate Thursday night, while others said they were disgusted by photographs published Saturday of the stacks of dollars and local currency seized from the Workers' Party dirty tricks squad in the dossier case.

"I didn't vote for Alckmin; I voted against Lula and the corruption around him," said Jose Reis, a 39-year-old salesman interviewed in Madureira, a working class neighborhood here. "There are just too many scandals, and it's damaging the country."

As in all previous scandals during the past 18 months, Mr. da Silva said he did not know about the skullduggery of his party's operatives in the dossier case. Those under investigation in the incident include Mr. da Silva's longtime bodyguard and the husband of his personal secretary.

The balloting took place with the country in a somber mood after the crash of a passenger plane with 155 people aboard deep in the Amazon jungle on Friday.

Brazilian Vote Forces Lula Into Runoff (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, October 2, 2006

SAO PAULO, Brazil — Brazilian President Luiz Inacio Lula da Silva fell short of the votes needed Sunday to avoid a runoff election this month, official results showed.

With 98% of the ballots counted, Lula had 48.8% of the vote compared with 41.4% for his principal challenger, Geraldo Alckmin, the conservative former governor of Sao Paulo state, electoral officials said.

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New allegations of electoral dirty tricks appeared to cost Lula crucial support in recent days, experts said, turning a comfortable majority into a showing of less than 50%, and triggering a runoff election Oct. 29 with Alckmin, who had a surprisingly strong showing.

The unexpected setback could set up a contentious month of campaigning as Lula counterattacks and a united opposition seeks further evidence of campaign irregularities by the ruling Workers' Party.

Lula, whose rise from impoverished factory hand to chief executive of Latin America's largest nation won him global acclaim four years ago, had seemed assured of a smooth reelection until a scandal emerged last month to blemish anew the reputation of his Workers' Party.

Lula's 59% showing in polls sank after the "bloodsucker scandal," in which members of Alckmin's party have been linked to alleged kickbacks for the sale of overpriced ambulances to city governments, metamorphosed into a purported plot by Lula's political camp designed to tarnish Alckmin and his Brazilian Social Democracy Party.

Lula has not been directly implicated in the latest scandal, but it has forced him to dismiss several top aides, including his campaign manager.

"I'm confident we are going to win this election today," Lula told reporters Sunday after voting in the industrial suburb of Sao Bernardo do Campo.

Allegations have emerged that operatives of his party were involved in an effort to pay about $700,000 for a dossier of recordings, photos and documents from a family at the center of the "bloodsucker" scandal. The dossier is said to be damaging to Alckmin's party.

Newspapers here ran photos of some of the stacks of money seized by federal police and purported to be the payment for the incriminating material.

"Ethics will defeat corruption," Alckmin said as he cast his ballot in Sao Paulo. "Lula has had his opportunity. A new team can do more for Brazil."

The dossier episode is the latest scandal to batter the image of Lula, 60, who repeatedly denounced Brazil's ingrained corruption in the lead-up to his historic victory in 2002, his fourth run at the presidency.

The string of corruption allegations has clearly drained some of Lula's support, especially among middle-class and elite voters here in Brazil's financial and industrial capital. Many also were upset that Lula skipped a presidential debate last week.

"Lula managed to become just like the other candidates," complained Augusto Silveira, 28, a psychologist here. "He seems like the others, hungry for power and failing to keep his promises to the people."

But the burly, bearded president remains popular among the struggling urban and rural population. His signature "Zero Hunger" program guarantees about $23 a month to poor families, providing a survival cushion in a nation with wide disparities of income and wealth.

"I know everything he is accused of, but I will vote for Lula," said Jose Carlos de Oliveira, 63, a retired professor. "At least he is doing something for the poorest, which those who ruled Brazil for 500 years never did."

Lula, the son of impoverished farmers from Brazil's northeast, became an auto worker in the industrial belt here after his family migrated, following the path of many rural Brazilians. He rose to the position of outspoken union leader and national political figure before being elected Brazil's first leftist president.

When asked "Are you a communist?" Lula famously replied: "No, I am a machine worker."

The former assembly line worker helped defeat a U.S.-sponsored free-trade zone proposal last year in a protest against U.S. farm subsidies, and he has been a critic of the U.S.-led war in Iraq.

Unlike Venezuela's President Hugo Chavez, Lula has sought close ties with Washington and has generally avoided strident criticism of the United States. He has governed as a moderate and won praise on Wall Street and in Washington at a time when leftist politicians often antagonistic toward the U.S. are on the rise in South America.

In doing so, Lula has faced criticism on the left from those who say he has betrayed his socialist ideals and caved in to mainstream capitalism.

During the campaign, Lula pledged to bolster social programs, raise the minimum wage, improve educational opportunities for the youth and continue Brazil's steady growth.

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Alckmin, a doctor and a longtime politician, has promised to cut taxes, lower interest rates, clean up corruption and streamline the federal bureaucracy. But he lacks Lula's national recognition and charisma.

Presidential candidate Heloisa Helena, a senator who was purged from Lula's party after criticizing his economic policies as too conservative, was getting less than 10% of the vote.

Also at stake were 27 governorships, 27 Senate seats and all 513 seats in the lower house of Congress.

Social Democrats Defeat Governing Party In Austria (NYT)

By Mark Landler

The New York Times, October 2, 2006

VIENNA, Oct. 1 — In an election shadowed by fears about immigration, voters in Austria rebuked the governing People's Party on Sunday, handing a narrow victory to the Social Democratic Party and leaving two extreme right parties as players on an uncertain political landscape.

The conservative People's Party, led by Chancellor Wolfgang Schüssel, won 34.2 percent of the vote, a loss of more than eight percentage points from the election in 2002. The Social Democrats won 35.7 percent, raising the prospect that their leader, Alfred Gusenbauer, could replace Mr. Schüssel as chancellor, perhaps in a so-called grand coalition with the People's Party.

While analysts had expected the People's Party to lose ground, the size of the loss was a surprise, and a stinging reversal for Mr. Schüssel, who once reaped credit for Austria's robust economy. "We all underestimated how the common people feel," said Hans Rauscher, a political columnist for Der Standard. "The lesson is that arrogance doesn't pay."

For Jörg Haider, the once-powerful far-right leader whose party has been a fading partner in Mr. Schüssel's coalition, the election was a reprieve from political extinction.

His party, the Alliance for Austria's Future, appeared to have clung to seats in Parliament, winning 4.2 percent of the vote, just above the required 4 percent threshold. If it had fallen below that — as pollsters had predicted — Mr. Haider would have lost his toehold in national politics.

"He is almost finished on a national level, but his ideas are not finished," said Anton Pelinka, a political scientist in Vienna. The Freedom Party, which Mr. Haider led for two decades before quitting last year after a power struggle to start his new party, won 11.2 percent — a result that positions it to play a strong opposition role. It had called for Austria to expel all illegal immigrants and halt new arrivals.

Placards for the party's new leader, Heinz-Christian Strache, depict an Austrian flag above the slogan, "Daham statt Islam," a colloquialism that translates as "Home instead of Islam." A 37-year-old former dental technician, Mr. Strache looks like a younger version of Mr. Haider.

A party official, Harald Vilimsky, said the campaign tapped into the frustration of many Viennese, who find that their German-speaking children are a minority in the public schools. Mr. Schüssel, 61, who is more respected than loved, dismissed fears of an influx of immigrants from Eastern Europe. He was then embarrassed by reports that his mother-in-law was under the care of an Eastern European nurse, who was in Austria illegally.

While the extreme right did not match its best result — 27 percent in 1999 — it remains a force. A sign of that, analysts said, is that the anti-immigrant talk honed by Mr. Haider in the 1990's has become part of the political mainstream.

Although the major parties deplore the xenophobia of the far-right parties, they have strengthened their stance on immigration issues. The People's Party has toughened requirements for Austrian citizenship, while the Social Democrats have promised to crack down on crimes committed by foreigners. "They don't say, 'We're going to be tough on foreigners'; they say, 'We're going to be tough on illegal immigrants,' " said Herbert Lackner, the editor of Profil, a political magazine.

Only the Green Party called for more tolerance, and it finished fourth behind the Freedom Party.

Many Austrians are convinced that the European Union's expansion will flood the country with people bent on taking their jobs. The new twist, since the heyday of Mr. Haider, is that this suspicion now has an anti-Muslim tinge. "In the 90's, anti-immigration rhetoric was focused on rising crime and asylum seekers from the Balkans," said Peter Paul Hajek, a political analyst at the Austrian Marketing Institute, a polling company. "Now it's more about the clash between Islam and Christianity."

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With these inconclusive voting results, Austria finds itself in a position similar to Germany after its election last year. The two major parties may be forced into a grand coalition, since the extreme right parties have discouraged talk of a coalition with the People's Party. In a television interview on Sunday, Mr. Schüssel focused on the problems dogging Chancellor Angela Merkel. "Looking at Germany," he said, "one can see it is not so easy."

Schüssel Party Loses Austrian Election (FT)

By Eric Frey And Haig Simonian

Financial Times, October 2, 2006

The conservative People's party of the Austrian chancellor Wolfgang Schüssel suffered a stunning defeat in general elections on Sunday as the rival Social Democrats narrowly beat it into first place.

The result makes it almost certain Mr Schüssel's centre-right government will be replaced by a grand coalition led by Alfred Gusenbauer, the Social Democrat leader.

Mr Gusenbauer has vowed to cancel Austria's controversial purchase of Eurofighter military jets from the aerospace group EADS and reverse the introduction of university tuition fees. The two measures are part of wider social policy measures intended to mark a break from the "unfeeling" People's party liberal economic policies.

However, the broader economic measures that have made Austria one of the European Union's most successful members and prompted growth of more than 3 per cent this year are not expected to change significantly.

The People's party general secretary Reinhold Lopatka blamed the defeat on a low turnout, the emergence of fringe parties and a degree of complacency because of widespread expectations of a win. The chancellor is expected to resign as party leader but may put himself in the running for a European post.

Mr Schüssel, one of Europe's most experienced and longest-serving politicians, appeared to have fallen victim to popular unease with reforms such as overhaul of the pension system. "We tried to do what we could, but it looks as if it wasn't quite enough," he said last night.

Before the election, virtually all pollsters had predicted a Schüssel win, boosted by a scandal involving a trade union-owned bank with close ties to the Social Democrats.

Instead, the People's party lost 8 per cent of its former record vote, ending up with 34.2 per cent, based on preliminary official results.

That was just behind the Social Democrats who, in spite of slipping 0.8 percentage points compared with 2002, won 35.7 per cent.

Mr Schüssel also lost support to two far-right parties and a new protest group led by maverick EU parliamentarian, Hans-Peter Martin.

Exploiting Austria's strong euroscepticism, and especially concerns about immigrants from eastern Europe and Islamic countries, as well as EU accession talks with Turkey, the ultra-right Freedom party boosted its share from 10.2 to 11.2 per cent.

The improvement came in spite of the fact that the party's "moderate" wing split off last year on the initiative of Jörg Haider, once Europe's most successful rightwing leader.

Mr Haider's new group, the Alliance for Austria's Future (BZÖ), scraped past the 4 per cent threshold needed to gain seats in parliament, but is too weak to play a role in the next government.

Center-left Opposition Wins In Austria (AP)

By Veronika Oleksyn, Associated Press Writer

AP, October 2, 2006

Austria's opposition Social Democrats won nationwide elections on Sunday, swinging the country to the center-left after more than six years of influence by the extreme right, final unofficial returns showed.

With all but absentee ballots counted, the center-left bloc had 35.7 percent of the vote and the People's Party trailed with 34.2 percent, Interior Minister Liese Prokop said.

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Although Chancellor Wolfgang Schuessel did not formally concede the election, he congratulated the leader of the Social Democrats, Alfred Gusenbauer, who would likely become the country's next chancellor. "We are a democratic country," Schuessel said.

Schuessel said he didn't blame anyone for the disappointing results, saying: "I carry the main responsibility for my party and I do that with conviction."

Gusenbauer, meanwhile, declined to proclaim outright victory, saying he would wait for all the votes to be counted. Officials said there were about 250,000 valid absentee votes to be tallied between now and Oct. 9, when the final results must be certified.

"I never gave up hope. I always said there would be a surprise on Sunday," he said. "The people in Austria are of the opinion that yes, we're a rich and well-off country but it's not all distributed fairly enough and therefore people have the need for a correction."

Among other things, the Social Democrats have promised to lower the number of unemployed by 100,000 and reduce salary differences between men and women. The party had been in opposition since 2000 following more than three decades as the top vote-getter in Austrian elections.

The current governing coalition is made up of the People's Party and the rightist Alliance for the Future of Austria, which had vowed during the campaign to reduce the number of foreigners in Austria by 30 percent over the next three years.

Immigration had been a central theme of the campaign, with bitter debates over how to integrate foreigners into Austrian society.

The far right Freedom Party, which finished third with 11.2 percent of the vote, had pushed for the immediate deportation of all asylum seekers and other foreigners who commit crimes and argued that the number of foreign children whose mother tongue is not German should be capped at 30 percent in certain public schools.

The Greens finished fourth with 10.5 percent of the vote, and the Alliance for the Future of Austria captured 4.2 percent, just over the threshold needed to remain in parliament.

"Austrians have voted for a fairer society. They're looking for a much stronger commitment to the well-being of all citizens," said Paul Nyrup Rasmussen, president of the Brussels, Belgium-based Party of European Socialists.

"It's the start of a new era, and Austria can leave behind the international embarrassment of a coalition with the far right," he said.

In 1999, the Freedom Party's stunning 27 percent win in national elections — and its subsequent inclusion in the government — sparked months of EU diplomatic sanctions because of concerns over statements by then-leader Joerg Haider perceived as anti-Semitic and sympathetic to Nazi Germany's labor policies.

The main parties have ruled out including the Freedom Party in a new coalition.

President Heinz Fischer said he would meet on Tuesday with party heads, though it was unclear when he would ask the winner to form a new government.

Sunday's turnout was about 74 percent of Austria's 6 million eligible voters.

Associated Press Writer William J. Kole contributed to this report.

Hungary PM Suffers Big Poll Losses (FT)

By Christopher Condon

Financial Times, October 2, 2006

Ferenc Gyurcsany, Hungary's prime minister, suffered a double blow on Sunday night, when Laszlo Solyom, the president, called for his removal. Later, voters in nationwide local elections gave his Socialist party a beating.

Neither Mr Gyurcsany's position nor his newly introduced austerity measures was immediately threatened as his party continued to rally behind him.

However, the prime minister's ability to press forward with long-term plans for difficult public sector reforms may have suffered.

The opposition Fidesz party, along with thousands who have called for his resignation during recent anti-government demonstrations, received a clear boost from the day's events.

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Sunday's vote comes two weeks after the revelation that Mr Gyurcsany had admitted lying about state finances to win April parliamentary elections.

With more than 80 per cent of precincts reporting, Fidesz looked headed for victory in 18 of 19 counties and in 19 of 23 cities.

The Socialists' were headed for only one significant victory, in Budapest, where they and their liberal coalition looked likely to retain control of the city council and the mayor's office.

Liberal Gabor Demszky, mayor of Budapest since 1990, narrowly led in his bid to win a fifth consecutive term.

The biggest surprise of the evening, however, was as a stunning blow to Mr Gyurcsany from Laszlo Solyom, Hungary's president.

In a televised address shortly after polls closed, Mr Solyom called on the country's parliament to remove Mr Gyurcsany from office.

Mr Solyom said Hungary was still immersed in a "moral crisis" related to Mr Gyurcsany's admissions to lying.

The president condemned recent street violence in Budapest but praised those who have demonstrated peacefully and called for Mr Gyurcsany's removal.

"The peaceful protests across the country showed the healthy moral sense of the people to me. However, the catharsis and purge have not taken place," he said.

Mr Solyom said public finances represented Hungary's most pressing problem and he would support plans for reform. But, he added, reforms would not succeed without public support.

Mr Solyom said only parliament had the constitutional power to solve the crisis. He said: "The parliament decides on the person of the prime minister. The parliament can restore the required social confidence."

Socialist party members reacted to the speech by angrily attacking Mr Solyom for interfering in party politics and declaring their continued support for Mr Gyurcsany.

The news electrified an anti-government demonstration in front of the downtown parliament building that was estimated at 10,000 people.

On June 17, an audio taped leaked to the press revealed that Mr Gyurcsany, while imploring Socialist MPs to support his plans for reforms, said his party had lied repeatedly about state finances and the need to introduce austerity measures.

The resulting unrest did not significantly unsettle financial markets but caused analysts and investors to worry that Mr Gyurcsany's ability to pursue reforms would be damaged.

Moody's Investors Service and Fitch, the credit rating agencies, signalled they may soon downgrade Hungary's sovereign debt ratings.

Hungary is expected to post a 10.1 per cent budget deficit this year and is under heavy pressure to from investors and the European Union to make significant deficit cuts over the next three years.

Hungary's President Urges Premier's Ouster (NYT)

By Judy Dempsey, International Herald Tribune

The New York Times, October 2, 2006

BERLIN, Oct. 1 — Hungary's president, Laszlo Solyom, speaking on national public television Sunday just as the polls closed in local government elections, asked Parliament to oust Prime Minister Ferenc Gyurcsany for lying to the country about the state of the economy.

The surprise announcement by Mr. Solyom, an independent who was elected president last year, came as the voting ended in what was seen as the first test of Mr. Gyurcsany's political future since antigovernment protests erupted in Budapest and other cities over two weeks ago.

Voters cast ballots on Sunday in mayoral races and elections for local representatives in 3,174 cities, towns and villages. According to preliminary results released late Sunday by the National Election Office, with some 76 percent of the votes counted, the main opposition party, Fidesz-Hungarian Civic Union, seemed poised to win mayoral races in 15 of Hungary's 23 largest cities, as well as majorities in the county councils in 18 of the 19 counties, The Associated Press reported.

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Mr. Gyurcsany's Socialist Party was seen retaining power in most of Budapest's 23 districts, and Mayor Gabor Demszky of Budapest — supported by the government coalition of Socialists and Free Democrats — was likely to win his fifth consecutive term since the 1990 return to democracy, The A.P. said.

As television viewers were waiting for the first results to trickle in just after the polls closed at 7 p.m. local time, Mr. Solyom, a quiet-spoken former president of the Constitutional Court of Hungary — the equivalent of the Supreme Court in the United States — appeared on screens.

"The prime minister refused to admit that he used inadmissible means to keep power," Mr. Solyom said, adding that the moral fiber of the government was called into question after Mr. Gyurcsany lied to the public during the parliamentary elections last April.

"The Parliament decides who is the prime minister," Mr. Solyom said. "The Parliament can restore society's confidence. The parliamentary majority holds the key to the solution."

Mr. Gyurcsany had told a closed meeting of the Socialist Party's top officials in May that the party had "lied in the morning and lied in the evening" to the electorate. When a tape of that meeting was leaked to Hungarian radio two weeks ago, spontaneous demonstrations erupted in Budapest and other cities, with protesters demanding that Mr. Gyurcsany, a wealthy businessman, resign.

As the demonstrations wore on, the protesters also voiced strong opposition to Mr. Gyurcsany's proposed economic program, which aimed at reducing the budget deficit from 10 percent of the gross domestic product by introducing sharp reductions in the public sector as well as introducing health charges and tuition fees for university students.

Mr. Gyurcsany repeatedly shrugged off the demonstrations, saying that he would not resign and that he was the only one in his party who could introduce bold reforms.

Mr. Solyom said Sunday that Mr. Gyurcsany had brought the office of prime minister — and politics — into disrepute.

Emese Danks, a spokesman for Mr. Gyurcsany's coalition government of Socialists and Free Democrats, declined to comment on Mr. Solyom's announcement. "This is a party issue. This has nothing to do with the government. I have nothing to say," Danks said.

Eszter Pataki, a spokeswoman for the conservative Fidesz party, said her party agreed with "what the president said — this is the right line."

Earlier in the day, Mr. Gyurcsany said the results from the nationwide local government elections would not derail his economic program.

"I do not see any cause to consider this election as a referendum on the central government," he said as he cast his vote in an affluent part of Budapest. "We are continuing our program and I am quite sure that at the end, a significant majority of the people will think it was a successful one."

Serbia Asserts Its Sovereignty Over Kosovo In Legislation (NYT)

By Nicholas Wood

The New York Times, October 2, 2006

SARAJEVO, Bosnia and Herzegovina, Oct. 1 — As the United Nations Security Council looks increasingly likely to grant independence to Kosovo, Serbia's government has adopted a new Constitution that asserts what it considers is its irrefutable right to the province.

The Serbian Parliament voted overwhelmingly on Saturday to pass the Constitution, which includes a provision that defines Kosovo — currently administered by the United Nations — as an "integral part" of Serbia.

Kosovo's fate is the subject of United Nations-led negotiations between the Serbian government and ethnic Albanians in the province. The ethnic Albanians want independence, while the Serbian government and the province's small Serbian community demand that Kosovo remain part of Serbia.

Few Western diplomats say the groups will be able to reach agreement, leaving the decision to the United Nations Security Council, which is expected to grant Kosovo its independence, possibly by the end of the year.

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The countries leading the United Nations effort to broker an agreement — a group that includes the United States and Russia — have been trying to get commitments from Kosovo's ethnic Albanians that they would not discriminate against or harm the Serbian minority. The countries hoped that would help Serbia accept Kosovo's independence.

But Western diplomats say Serbia has been intransigent about the possible breakup, and the passage of the Constitution is yet another indication that the country will not accept Kosovo's independence easily.

Diplomats fear that if Serbia does not agree to Kosovo's independence, it will foment trouble, including backing efforts by ethnic Serbs to resist Kosovo's ethnic Albanian-dominated government.

Although officially part of Serbia, Kosovo has been administered by the United Nations since June 1999, when Yugoslav troops were forced to withdraw after months of NATO-led bombing.

In 1998 and 1999, an estimated 10,000 people, mostly ethnic Albanian civilians, were killed as the Serbian-dominated Yugoslav Army and the Serbian police cracked down on an ethnic Albanian insurgency.

The new Serbian Constitution, which was drafted after the breakup of the state of Serbia and Montenegro in May, still must be approved by a popular referendum, set for Oct. 28 and 29, before it can become law. New parliamentary elections would follow in December.

The declaration on Kosovo drew criticism from ethnic Albanian leaders. "This is a unilateral decision, which will create problems in the future in normalizing the relations between an independent Kosovo and Serbia," Lutfi Haziri, deputy prime minister of Kosovo, said Sunday, according to Agence France-Presse. But he added: "I don't think the decision will be an obstacle for the status talks."

Serbs make up less than 10 percent of the population of Kosovo. Most of them live in enclaves spread across the province, where their movements are restricted because they fear attack by ethnic Albanians.

In an address to the Parliament of Serbia on Saturday, Prime Minister Vojislav Kostunica said, "By defending Kosovo and Metohija as our crucial national interest, you have unanimously decided to adopt a new Constitution that would confirm that Kosovo and Metohija is simply ours." (Kosovo and Metohija is what the Serbs call the province.)

In a separate development, an important party in Mr. Kostunica's coalition administration announced over the weekend that it was withdrawing from the government.

The pro-European G17 Plus Party said its ministers would resign because of what they said were the government's weak efforts to find and arrest Ratko Mladic, a Balkan war crimes suspect and former commander of the Bosnian Serb Army.

In neighboring Bosnia, voters went to the polls on Sunday, marking the end of a campaign in which major political parties were accused by international observers of promoting tensions among ethnic groups.

The elections will lead to the appointment of representatives to Bosnia's governmental institutions, which were set up by the 1995 Dayton peace agreement. The pact ended the country's three-year civil war.

The institutions include a Parliament and a three-member presidency representing each of Bosnia's main ethnic groups: Orthodox Christian Serbs, Bosnian Muslims and Catholic Croats.

Tension Between Russia, Georgia Heats Up (AP)

By Maria Danilova

AP, October 2, 2006

The Cold War is long over, but the tension between Georgia and Russia revisits many of its issues — allegations of spying by Moscow, suspicions of interference by the United States and concerns that a hot war will start without some sort of compromise.

Last week's arrest of four Russian soldiers on charges of spying pushed a decade of animosity between Russia and Georgia to new heights. Russia recalled its ambassador, called Georgia a "bandit state" and stopped issuing visas to Georgians.

The reactions were far stronger than the tit-for-tat expulsions that usually accompany espionage scandals.

Amid an exchange of angry words, Russian President Vladimir Putin's response on Sunday stood out — likening Georgia's actions to those of Lavrenti Beria, the Georgian who headed the Soviet secret police under Joseph Stalin, and calling them "state terrorism."

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But also Sunday, Putin took a step that could keep the tensions from spiraling further by ordering the defense ministry to continue its plans for withdrawing troops from Georgia. A Russian general a day earlier had announced that the plans were suspended.

Georgia's West-leaning government resents Russia for its close contacts with two separatist Georgian regions, for its reluctance to pulling out thousands of troops based in the country as a Soviet-era holdover and for economic pressure including sharply increasing the price of natural gas to banning Georgian wine, one of the country's major exports.

Russia in turn resists Georgia's drive to join NATO, its demands for the withdrawal of Russian forces and President Mikhail Saakashvili's determination to re-exert control over the breakaway regions of Abkhazia and South Ossetia, both of which seek possible annexation into Russia and have Russian forces present as peacekeepers.

It was also annoyed that a major oil pipeline from the Caspian Sea to Turkey runs through Georgia, bypassing Russia, and bristled when Georgia arrested a dozen opposition figures that Tbilisi claimed were plotting a coup with Russian backing.

The Kremlin saw Saakashvili's coming to power as an illegitimate regime change driven by Western governments, and the Western-educated Georgian leader has persistently aggravated Russia.

He went after the Russia-connected leader of the renegade province of Adzharia; then a seizure of Russian trucks in South Ossetia set off skirmishes there. Georgia took control of a small section of Abkhazia this year — and last week renamed it Upper Abkhazia — prompting Russian statements of support for the regions' drive for self-determination.

And last month he told the United Nations General Assembly that Russia was conducting a "gangster occupation" in the separatist regions. But relations were tense even with Saakashvili's predecessor Eduard Shevardnadze, who favored eventually joining NATO and had accepted U.S. troops and aid to buff up Georgia's impoverished army.

"There was already a kind of slowly developing cold war under Shevardnadze ... but when Saakashvili came to power, he sped up the process," said Ghia Nodia, an analyst with the Caucasus Institute for Peace Democracy and Development.

In the view of Sergei Markov, a Kremlin-connected analyst, the spying scandal is the next step in pushing tensions to all-out conflict.

"I think all these actions have, as their final goal, preparation for military operations first in South Ossetia and then in Abkhazia," Markov was quoted as saying by the RIA-Novosti news agency.

"One cannot rule out that there will be military conflicts or military incidents," agreed Georgian analyst Ramaz Sakvarelidze.

To avoid war, Sakvarelidze suggested, Georgia could stop its demand that Russian peacekeepers leave the separatist regions if, in turn, the troops changed their mandate from being "a wall between conflicting sides to a positive role in helping to build up relations." Georgia alleges the Russian troops support the separatists, essentially making Abkhazia and South Ossetia into proxy states.

Russia meanwhile wields significant influence over Georgia with its natural gas supplies. However, if it tried to cut off supplies, that could encourage Georgia to buy gas from Iran, as it did last winter when an explosion disrupted Russian deliveries to Georgia. That could also lead to new complaints from the West that Russia uses gas as a political weapon.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked — potentially increasing Russian suspicions that the United States is behind the latest tensions.

"It's obvious that the Georgian authorities have decided on this step under the dictates of the American special services," Communist Party leader Gennady Zyuganov said last week.

The United States has pursued close relations with Georgia and says its aid is aimed at boosting the country's security and democratic institutions.

Last week, Deputy Assistant Secretary of State Matthew Bryza urged Russia and Georgia to negotiate, but Putin echoed Russia's suspicions on Sunday.

"These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Putin said.

AP correspondent Jim Heintz in Moscow contributed to this report.

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Putin And Georgia Officials Intensify Rhetoric In Dispute (WP)

By Peter Finn

The Washington Post, October 2, 2006

MOSCOW, Oct. 1 -- Russian President Vladimir Putin accused the Georgian government of "state terrorism with hostage-taking" in a blistering attack Sunday that followed the arrests on espionage charges last week of four Russian military officers in Georgia.

Georgian officials, meanwhile, said Putin had met last week with the leaders of two breakaway regions that are inside Georgia's internationally recognized borders. The Kremlin would neither "confirm nor deny" that Putin had met with the separatist leaders of Abkhazia and South Ossetia in the Black Sea resort of Sochi, where he was working last week.

Putin's harsh tone and, if confirmed, a meeting with the separatist leaders would presage a major rupture in relations between Russia and Georgia, which have been at odds since Georgian President Mikheil Saakashvili came to power in January 2004 and set the former Soviet republic on a course away from Russian influence and toward membership in the NATO alliance.

Russia has provided quiet support to the two breakaway regions, including extending citizenship to many of their residents. But a meeting between Putin and their leaders would signify an open relationship that would infuriate the Georgians.

"This is an open support of separatism by Russia's leadership," Georgia's foreign minister, Gela Bezhuashvili, told reporters in Tbilisi, the country's capital.

Russia has signaled that any attempt to extend independence to Kosovo, a province of Serbia that has been administered by the United Nations since 1999, would provide a precedent for Abkhazia and South Ossetia to break away from Georgia. Both regions have been effectively independent since they routed Georgian forces in short wars in the early 1990s.

Saakashvili has said he is determined to reassert Georgian sovereignty over the two areas, and scrimmages along the borders in recent years have repeatedly threatened to spark renewed warfare. Russian forces are present in both regions -- as peacekeepers, according to Russia. Georgian officials say the Russian troops are propping up illegitimate governments.

Russia also maintains bases in other parts of Georgia, and Gen. Andrei Popov, head of the Russian military in the Caucasus, said on Sunday that any attempt to enter the facilities would be met with "deadly force." Georgian officials are seeking the arrest of a fifth Russian military officer who they say is in hiding in Russian military headquarters in Tbilisi.

Putin's comment came during a meeting at his country home outside Moscow to discuss the situation with senior ministers, leading legislators, armed forces chiefs and intelligence officials.

"The president described the actions of Georgia's leadership as an act of state terrorism with hostage-taking," the Kremlin said in a statement.

Before the meeting, Putin compared the arrests to the work of Soviet dictator Joseph Stalin's secret police chief, Lavrenti Beria, who, like Stalin, was a Georgian known for bloodthirsty ruthlessness.

"Our servicemen, as is known, have been detained and put behind bars," Putin said, making his first public comments on the crisis. "It is a sign of the legacy of Lavrenti Pavlovich Beria's policy."

On Thursday, Russia recalled its ambassador and evacuated other diplomats and their families from Georgia.

Georgian officials denounced the comments of Putin and other Russian officials as bellicose. "Our opinion is that this warlike rhetoric . . . can be described as an explicit threat to use military force," the Georgian Foreign Ministry said in a statement.

The intensity of the rhetoric has alarmed Western officials, who are calling for a negotiated settlement and privately urging the Georgians to find a quick solution, probably by expelling the Russians rather than putting them on trial, diplomats said.

Some Russian legislators are calling for a military solution, which would put Russia in conflict with a close U.S. ally with a force trained by Americans. Senior Russian officials so far have ruled out that option.

Putin hinted that the Georgians had been emboldened by their ties to the United States.

"By all appearances, those who are doing it believe that this anti-Russian bias in foreign policy meets the interests of the Georgian people," he said. "But I do not think so. These people believe that, being under the cover of their foreign sponsors, they can feel comfortable and safe. But is it really so?"

Putin Accuses Georgia Of Employing Stalinist Tactics (LAT)

DOJ_NMG_0072886

By David Holley

The Los Angeles Times, October 2, 2006

MOSCOW — Russian President Vladimir V. Putin used exceptionally harsh language Sunday to criticize Georgia for its arrest last week of four alleged Russian spies, accusing the former Soviet state of resorting to hostage-taking and Stalinist tactics.

In televised remarks made at the opening of a meeting with top security, defense and foreign policy officials, Putin said the Georgian government's actions followed in the path of Soviet dictator Josef Stalin's infamous secret service chief, Lavrenti P. Beria.

"It is absolutely clear that attempts are being made to sting Russia as painfully as possible and to provoke it," Putin said. "And, by all appearances, those who are doing it believe that this anti-Russian bias of foreign policy meets the interests of the Georgian people. But I do not think so."

Relations between Russia and Georgia have grown increasingly tense since the election in 2004 of pro-Western Georgian President Mikheil Saakashvili, who came to power after a nonviolent people's revolt dubbed the Rose Revolution. Among the top aims of his administration has been to recover control of pro-Russian breakaway regions and to bring Georgia into the North Atlantic Treaty Organization.

The heated rhetoric raised concerns about the risk of a military clash between Georgia and Russia, which has troops on peacekeeping duty in the breakaway regions. Russia also has two Soviet-era bases in the part of Georgia controlled by the central government.

In an apparent reference to the close ties that Georgia has with the United States and the European Union, Putin said that the Georgian policymakers "believe that, being under the cover of their foreign sponsors, they can feel comfortable and safe."

"But is it really so?" Putin continued. "Today, I would like to hear representatives of both the civilian departments and the military."

Putin then met behind closed doors with members of the country's security council.

After the meeting, the presidential website posted a statement that "the president termed the actions of Georgia's leadership as an act of state terrorism with hostage-taking."

Despite the angry words from Putin, his spokesman, Alexei Gromov, issued a brief statement Sunday evening that the president had ordered the Defense Ministry to continue the pullout of Russian troops from the two Soviet-era bases, in keeping with earlier agreements. The Russian military had announced Saturday that it had suspended closure of the bases in response to the spy dispute.

The four espionage suspects held by Georgia are among five Russian military officers arrested Wednesday. One of the five was released Thursday for lack of evidence. Ten Georgian citizens also were detained. Georgia has demanded that Moscow hand over a sixth officer believed to have taken refuge in Russia's military headquarters in Tbilisi, the Georgian capital.

Gen. Andrei Popov, the commander of Russian forces in Georgia, said Sunday that if provoked, his troops would respond with "any means necessary, including shooting to kill," the Russian news agency RIA Novosti reported.

Various top Russian officials besides Putin also have bitterly denounced Georgia's arrest of the spying suspects. But most of those statements, like Putin's, avoided direct comment on whether the detained officers were in fact intelligence agents.

Russia recalled its ambassador, Vyacheslav Kovalenko, in protest of the arrests, and he told reporters upon his arrival here Friday that the spying charges had "no solid basis at all." The Georgian government has released videotape that shows an exchange of money during a meeting of the alleged Russian spies and their Georgian contacts.

Putin is a former KGB agent, and before becoming president he headed its main domestic successor agency, the Federal Security Service. That personal background opened him to a bitterly sarcastic counterattack from a leader of Georgia's parliament, Giga Bokeria.

"Coming from Putin, it seems that the comparison with Beria is a compliment, because he is a direct successor," Bokeria said in comments broadcast on Georgia's Rustavi-2 television.

"However, of course this is an insult for us," Bokeria continued. "We are not proud of any legacy left by any Soviet executioner."

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Incumbent Leads In Zambia Presidential Voting (NYT)

By Michael Wines

The New York Times, October 2, 2006

JOHANNESBURG, Oct. 1 — Zambia's incumbent president, Levy Mwanawasa, surged into the lead on Sunday as vote-counting in that nation's presidential election neared a conclusion, leading angry supporters of the main opposition candidate to riot in some urban centers.

Mr. Mwanawasa's rival, Michael Sata, who led in vote tallies until now, accused the government of withholding results from provinces where he had done well and said the government was "creating tension in the nation" by refusing to acknowledge his victory.

But the nation's largest independent newspaper, The Zambia Post, said the results so far seemed to reflect its own polling of voters around the country. And a leading political historian, Bennett Siamwiza of the University of Zambia, said in a telephone interview that he believed that the vote, on Thursday, had been the most orderly and corruption-free in the nation's history.

With 94 of 150 voting constituencies reporting, Mr. Mwanawasa had almost 734,000 votes, or about 40 percent of the 1.8 million ballots counted. A businessman making his first foray into politics, Hakainde Hichilema, was second with 579,000 votes, and Mr. Sata, a former cabinet minister, trailed with 538,000 votes.

Mr. Sata, a charismatic speaker whose prop-filled campaign stops sometimes drew tens of thousands of supporters, had been pegged by some opinion polls as the runaway leader in the race. He won broad backing among Zambia's millions of poor people with his promises to turn around their lives within three months of taking office.

But some cautioned that it was unclear whether his throngs of supporters were actually registered to vote. Mr. Sata also confined much of his campaigning to Zambia's few big cities, and Mr. Mwanawasa appeared to be doing well in rural areas.

On Saturday, Mr. Sata angrily warned of "ghastly consequences" if election irregularities denied him victory. On Sunday, he declared himself the winner, saying the government was withholding results from his strongholds. "Let them announce the elections from our Lusaka, Copperbelt, Northern and Luapala Provinces, where we have won overwhelmingly," he said. "What criteria are they using in releasing the results?"

In Lusaka, the police arrested dozens of Sata backers after disturbances broke out when the latest vote tallies were announced. Shops closed, because of fear of more election-related violence.

But the government had already relented to Mr. Sata's demands that Chinese-manufactured computers not be used to count the vote — he said the Chinese supported Mr. Mwanawasa — and independent European observers have called the Zambia vote a model for the region.

"These are by far the best-organized elections in Zambia's history," Mr. Siamwiza, the historian said. "They're very transparent."

Webster Malido, the news editor of The Zambia Post in Lusaka, said in a telephone interview that Mr. Sata appeared to have believed that the crowds supporting him in Lusaka and other cities mirrored support elsewhere in the country.

"For Sata, the problem is that Mwanawasa was able to get some votes in every province, even where he did bad," he said. "But Sata only campaigned in urban areas," he added, and so was almost shut out in some rural regions.

Private Firms Eye Darfur (WT)

By Willis Witter

The Washington Times, October 2, 2006

Private military companies protecting American diplomats, aid workers and local officials in Iraq and Afghanistan are making a pitch to take over U.N. peacekeeping missions in Darfur and other global hot spots where the United Nations is unable to stop the killing.

Companies such as Blackwater, Triple Canopy, DynCorp and Halliburton have mushroomed in size and number since the 2003 Iraq invasion, serving an increasing need to protect people and projects from terrorist attacks.

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With a limited number of U.S. and coalition troops in Iraq, private companies fill a void with up to 100,000 employees, far more than all non-U.S. coalition troops combined. They do everything from serving meals on U.S. bases to protecting diplomats and visiting generals who venture outside the protected Green Zone in downtown Baghdad.

Some companies are looking beyond Iraq and seeking a greater role in peacekeeping, and the largely ineffective deployment of a 7,000-member African Union (AU) force in the Darfur region of western Sudan provides an opportunity.

Blackwater says it could get its people and equipment in Darfur in three weeks, provided U.N. members could agree on a plan. In comparison, it takes an average of six months for a U.N. peacekeeping team to deploy.

Within limits

There's nothing inherently wrong with the concept, said Robert Young Pelton, author of the just-released book "License to Kill," which provides an inside look at a secretive world of private military contracting.

Few people even know about the industry, which is said to bid on $30 billion to $100 billion in annual contracts. One reason is that well-paid private contractors in Iraq and elsewhere typically sign agreements that include fines of up to $250,000 for speaking with reporters.

Shortly after Secretary of State Colin L. Powell visited Darfur in 2004, Blackwater put together a proposal to go in there and stop the two sides from killing each other, Mr. Pelton said.

"The problem is, if you look at the presentation, it includes not only men with guns. They're offering helicopter gunships, a fighter bomber that has the capacity to drop cluster bombs and [satellite-guided weapons], armored vehicles. You say: 'Wait a minute? That's a lot of offensive force. What does that have to do with peacekeeping?'"

Almost everyone agrees that the U.N. peacekeeping system is broken, a view underscored by the humanitarian disaster in Darfur, in which hundreds of thousands of people have been killed and millions driven into squalid refugee camps.

The private sector would not perform offensive operations, said Chris Taylor, Blackwater's vice president for strategic initiatives. But it could provide badly needed backup for the AU force in an area of Sudan roughly the size of France.

"If the AU comes in and performs an intervention in one area, we can follow behind them and relieve them so they can continue elsewhere. We can provide the defensive security and provide a defensive perimeter for the humanitarian organizations to follow. The NGOs can start doing what they do best within a secure environment, and that's what's missing in Darfur," Mr. Taylor said.

"We're having discussions with all the principals, the policy-makers, but as you can imagine, the obstacles to doing this are far more political than operational," he said.

Outside the law

On an ill-defined battlefield, such as in a guerrilla-led insurgency, contractors can quickly become soldiers.

Mr. Pelton's book describes one such battle between a handful of Blackwater contractors and the Mahdi Army militia of radical Shi'ite cleric Muqtada al-Sadr in Najaf.

In spring 2004, the militia attacked Camp Golf, then the local headquarters of the U.S.-led Coalition Provisional Authority.

Fighting lasted all day and night, with Blackwater contractors doing most of the fighting and Blackwater helicopters doing all the resupply and medical evacuations, Mr. Pelton writes.

"The military seemed to fear what was happening -- Blackwater Security versus the Mahdi Army while the U.S. military stood by watching -- essentially an American mercenary militia battling an Iraqi mercenary militia."

U.N. peacekeeping operations make limited use of private companies to move troops and supplies; provide logistical support, medical personnel, portable outhouses; and perform other tasks.

Air transport for the 18 U.N. peacekeeping missions is done by private companies. Guards at many U.N. facilities are supplied by companies that bid for contracts. In Liberia, an entire police force was trained by one of the biggest military contractors, DynCorp, which was hired by the United States as part of a U.N. peacekeeping operation.

But it is situations like the battle in Najaf that worry the United Nations.

"The idea of putting in [peacekeeping] forces that would have the ability to use all necessary means, up to and including the use of lethal force to address a problem, is one that we are not comfortable with," said an official with the U.N. Department of Peacekeeping Operations.

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Peter W. Singer, a scholar at the Brookings Institution and author of the 2003 book "Corporate Warriors," views the notion of privatized U.N. peacekeeping with skepticism.

"It would be a great idea if Martians came and acted in Darfur, too," Mr. Singer said. "It's not on the table except in the minds of the companies, or to be kind of honest, journalists looking for an interesting story."

Like Mr. Pelton, Mr. Singer raises the issue of accountability.

"Current international law has been found inapplicable to the actions of the industry, as the firms fall outside of the outdated legal conventions that deal only with individual mercenaries," he wrote in Brookings' Policy Review.

Blackwater's Mr. Taylor disagrees.

"Our professionals are just as accountable to the Geneva and Hague conventions as anybody else," he said, before listing at least a dozen overlapping U.S. laws that would apply to Blackwater employees.

In his book, Mr. Pelton weighs in on the side of Mr. Singer: "As of the spring of 2006, there has not been a single contractor charged for any crime that occurred in Iraq, though hundreds of soldiers have been court-martialed for offenses ranging from minor violations of military code to murder."

Under discussion

Doug Brooks, president of the International Peace Operations Association, a trade group representing 27 private companies, offers another take on a role for a private peacekeeping army in Darfur.

The Sudanese government refuses to accept U.N. peacekeepers because it fears a repeat of what happened in Kosovo, which gained de facto independence from Serbia through a U.N. intervention, Mr. Brooks said.

"What about a private company working under Sudanese law?" he asked.

"You'd have to have some safeguards, but in essence, you would get effective security. It would be neutral, so it would protect against both the rebels and the [government-backed] Janjaweed militia. It would pay taxes to the Sudanese government.

"You'd have to have safeguards to make sure the guys aren't thrown into some kangaroo court for every alleged offense. But it's something that they might be willing to look at."

Mr. Brooks said his organization is attempting to broach the subject with the Sudanese government.

"We've had some informal contacts through go-betweens to see what they think about it and haven't heard back," he said. "But who knows?"

We Saved Europeans. Why Not Africans? (WP)

By Susan E. Rice, Anthony Lake And Donald M. Payne

The Washington Post, October 2, 2006

With Darfur set to be hit by a second wave of genocide, world leaders are shifting into diplomatic high gear. The government of Sudan flatly rejects deployment of a 22,000-strong U.N. force, knowing it would be much more effective than the African Union's, even if augmented by additional personnel as is now planned.

Some 450,000 innocent human beings are already dead, and more than 2.5 million have fled their homes. Now Sudan is launching a major offensive in Darfur. After three years of fruitless negotiation and feckless rhetoric, it's time to go beyond unenforced U.N. resolutions to a new kind of resolution: the firm resolve to act.

Will world leaders continue to give the perpetrators of genocide a veto over international action to stop it? Unless something changes dramatically, the answer seems to be yes.

British Prime Minister Tony Blair proposed bribing the Sudanese with debt relief, aid and trade concessions to get them to admit U.N. peacekeepers. By contrast, Secretary of State Condoleezza Rice threatened confrontation, and President Bush declared: "If the Sudanese government does not approve this peacekeeping force quickly, the United Nations must act." But neither said how. Instead, the president appointed Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur. An envoy's role is to negotiate, but the Sudanese have left nothing to negotiate.

Lost in the diplomatic bustle is reality: First, the U.S.-brokered peace deal for Darfur, fatally flawed from its signature, is dead. Second, Sudan has broken every pledge to every envoy to halt the killing in Darfur. Third, China is unlikely to compel Sudan to admit the United Nations -- 7 percent of its oil is at stake, and China may figure we value its help on Iran and North

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Korea more than on Sudan. Fourth, it's too late for sanctions; even if China miraculously relented, it would take months before their bite was felt. By then, Sudan will have completed its second wave of genocide in Darfur.

History demonstrates that there is one language Khartoum understands: the credible threat or use of force. After Sept. 11, 2001, when President Bush issued a warning to states that harbor terrorists, Sudan -- recalling the 1998 U.S. airstrike on Khartoum -- suddenly began cooperating on counterterrorism. It's time to get tough with Sudan again.

After swift diplomatic consultations, the United States should press for a U.N. resolution that issues Sudan an ultimatum: accept unconditional deployment of the U.N. force within one week or face military consequences. The resolution would authorize enforcement by U.N. member states, collectively or individually. International military pressure would continue until Sudan relented.

The United States, preferably with NATO involvement and African political support, would strike Sudanese airfields, aircraft and other military assets. It could blockade Port Sudan, through which Sudan's oil exports flow. Then U.N. troops would deploy -- by force, if necessary, with U.S. and NATO backing.

If the United States fails to gain U.N. support, we should act without it. Impossible? No, the United States acted without U.N. blessing in 1999 in Kosovo to confront a lesser humanitarian crisis (perhaps 10,000 killed) and a more formidable adversary. Under NATO auspices, it bombed Serbian targets until Slobodan Milosevic acquiesced. Not a single American died in combat. Many nations protested that the United States violated international law, but the United Nations subsequently deployed a mission to administer Kosovo and effectively blessed NATO military action retroactively.

Unthinkable in the current context? True, the international climate is less forgiving than in 1999. Iraq and torture scandals have left many abroad doubting our motives and legitimacy. Some will reject any future U.S. military action, especially against an Islamic regime, even if it is purely to halt genocide against Muslim civilians. Sudan has also threatened that al-Qaeda will attack non-African forces in Darfur -- a real possibility since Sudan long hosted Osama bin Laden and his businesses. Yet, to allow another nation to deter the United States by threatening terrorism would set a terrible precedent. It would also be cowardly and, in the face of genocide, immoral.

Some will argue that the U.S. military cannot take on another mission. Our ground forces are stretched thin. But a bombing campaign or a naval blockade would tax the Air Force and Navy, which have relatively more capacity, and could utilize the 1,500 U.S. military personnel in nearby Djibouti.

Others will insist that, without the consent of the United Nations or a relevant regional body, we would be breaking international law. Perhaps, but the Security Council recently codified a new international norm prescribing "the responsibility to protect." It commits U.N. members to decisive action, including enforcement, when peaceful measures fail to halt genocide or crimes against humanity.

This genocide has lasted three long years. Peaceful measures have failed. The Sudanese government is poised to launch a second round. The real question is this: Will we use force to save Africans in Darfur as we did to save Europeans in Kosovo?

Susan E. Rice, a senior fellow at the Brookings Institution, was assistant secretary of state for African affairs from 1997 to 2001. Anthony Lake, a professor at Georgetown University, was national security adviser from 1993 to 1997. Donald M. Payne is a Democratic representative from New Jersey.

Report Cites Bid By Sunnis In Bahrain To Rig Elections (NYT)

By Hassan M. Fattah

The New York Times, October 2, 2006

MANAMA, Bahrain, Sept. 29 — Just months before Bahrain is to hold parliamentary and municipal elections, a former government adviser has set off a political firestorm with a report describing what he says is a vast conspiracy to rig the elections, manipulate the country's sectarian balance and ensure Sunni domination over the country's majority Shiites.

The scandal, which is being called "Bandargate" after the author of the report, Salah al-Bandar, reaches to the core of this tiny island kingdom's simmering tensions.

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The report includes hundreds of pages of supporting material, apparently authentic, including canceled checks, hotel bills, accounting sheets and notes. The material suggests that at the very least, unusual business dealings were occurring between government officials, Mr. Bandar says, and that it may have amounted to an effort to set off ethnic conflict.

"For the first time the evidence is complete, it's not just allegations," said Mr. Bandar, speaking by telephone from Britain, where he has lived since his deportation in early September. "The evidence is documents, it is signatures, and there is a blueprint for their plans and their strategy. One can see the way in which the discrimination is institutional now, and it is beyond any imagination."

In all, Mr. Bandar contends, the documents indicate that $6 million was spent to plant articles in Bahraini newspapers, organize counterdemonstrations when Shiites held protests, set off cellphone text-message campaigns against opposition figures and even support a program to convert Shiites into Sunnis. Government officials have dismissed Mr. Bandar as a disgruntled employee with ulterior motives, insisting that the report is a fabrication.

Bahrain, with a population of about 700,000, including 200,000 expatriates, is a weekend playground for Saudis. The tiny island just off the coast of Saudi Arabia is a regional business hub and in recent years has become a center for Islamic banking.

But long-simmering sectarian divisions erupted almost to the point of civil unrest during the 1990's. King Hamad bin Isa al-Khalifa, who succeeded his father in 1999, headed off the conflict by promising political changes aimed at turning the country into a constitutional monarchy. But when the effort faltered several years ago, many advocates for the Shiite population stepped up their demands for greater rights and more of a say in a government that they say is skewed to the Sunni minority. Shiite groups boycotted the last elections, in 2002, but were expected to take part in the November elections.

At the same time, more militant Sunni groups, alarmed by a Shiite revival in the Middle East, have begun painting Bahrain as the edge of a "Shiite Crescent," increasingly susceptible to Iran's influence. The resulting tensions here have at times boiled over into violent clashes between gangs of young people and security forces.

Mr. Bandar, 52, a Sunni who was born in Sudan and married a Bahraini, was employed as an adviser to the Cabinet Affairs Ministry. He said he began receiving calls in January from other Sunnis inside the government increasingly concerned by what they said was an organized campaign to raise tensions within the government.

Mr. Bandar, who is also the secretary general of a group called the Gulf Center for Democratic Development, said he began investigating the accusations, enlisting the help of accountants and the government whistle-blowers to piece together a picture of a web led by high-ranking government officials.

In early September, he said, he presented a 240-page report to advisers to King Hamad and the prime minister, Sheik Khalifa bin Salman al-Khalifa, as well as to Western embassies and the news media. The report indicates that at the least, payments were made to the news media and other groups to write articles and spread messages. But it contends that the campaign went beyond corruption as a network of officials, religious leaders, government-backed civic groups and even some Jordanian intelligence agents worked to drown out Shiite voices and strengthen Sunnis.

The elections, Mr. Bandar said in the report, were part of a five-year plan to put political control of the country firmly in the hands of a small group of militantly anti-Shiite Sunnis. But he noted in the phone conversation that there was no evidence linking either the king or the prime minister to the scandal. "The strategy of the group is to heighten the tension," Mr. Bandar said.

Much of the scandal centers around Sheik Ahmed bin Ateyatalla al-Khalifa, chief of the Central Informatics Organization, Bahrain's version of the Central Intelligence Agency, who also heads the committee that is overseeing the November elections. Most of the checks appear to be drawn on Sheik Ahmed's personal accounts, and the report includes documents with a detailed accounting of the expenditures.

Shortly after Mr. Bandar issued the report, he said, his contract was terminated. He was taken to the airport, he said, and placed on a flight bound for Britain, where he holds citizenship, his visa canceled when he left. He now stands accused of espionage and of trying to foment a coup and could face charges if he tried to return. He said he was filing his own lawsuit against the government charging wrongful dismissal.

For the most part, the government has remained silent as the scandal has grown. The news media have responded to the accusations that they accepted payments by writing articles critical of Mr. Bandar.

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Officials implicated in the report do not dispute the authenticity of the documents in Mr. Bandar's report, but insist that their actions were not illegal and that his conclusions were wrong. Sheik Ahmed, speaking to reporters in Bahrain, said the report was a fabrication intended to undermine the coming elections and "weaken national unity."

The canceled checks, he said, were part of normal business dealings outside his official duties. But opposition leaders say even that would be a violation of the Constitution, which bans ministers from having outside business dealings.

"The checks are true, they are there and signed but they depend on people filling the gaps and getting the wrong impression," said Raed Shams, assistant secretary for cabinet affairs at the Ministry of State, who is described in the report as a major player in the group. "You start creating the whole story in your mind. In the end they are mixing the deck and confusing the issues."

Bahrain's predominantly Shiite opposition groups say the report is a smoking gun and have demanded a full investigation. "All of this fits within our own political reading," said Ibrahim al-Sharif, chairman of the Democratic Action Society. "What he did for us was connect the dots and show the extent of the effort. It's fair to say everyone is shocked by the result."

Global Sludge Ends In Tragedy For Ivory Coast (NYT)

By Lydia Polgreen And Marlise Simons

The New York Times, October 2, 2006

ABIDJAN, Ivory Coast, Sept. 28 — It was his infant son's cries, gasping and insistent, that first woke Salif Oudrawogol one night last month. The smell hit him moments later, wafting into the family's hut, a noxious mélange reminiscent of rotten eggs, garlic and petroleum.

Mr. Oudrawogol went outside to investigate. Beside the family's compound, near his manioc and corn fields, he saw a stinking slick of black sludge.

"The smell was so bad we were afraid," Mr. Oudrawogol said. "It burned our noses and eyes."

Over the next few days, the skin of his 6-month-old son, Salam, bloomed with blisters, which burst into weeping sores all over his body. The whole family suffered headaches, nosebleeds and stomach aches.

How that slick, a highly toxic cocktail of petrochemical waste and caustic soda, ended up in Mr. Oudrawogol's backyard in a suburb north of Abidjan is a dark tale of globalization. It came from a Greek-owned tanker flying a Panamanian flag and leased by the London branch of a Swiss trading corporation whose fiscal headquarters are in the Netherlands. Safe disposal in Europe would have cost about $300,000, or even twice that, counting the cost of delays. But because of decisions and actions made not only here but also in Europe, it was dumped on the doorstep of some of the world's poorest people.

So far eight people have died, dozens have been hospitalized and 85,000 have sought medical attention, paralyzing the fragile health care system in a country divided and impoverished by civil war, and the crisis has forced a government shakeup.

"In 30 years of doing this kind of work I have never seen anything like this," said Jean-Loup Quéru, an engineer with a French cleanup company brought in by the Ivorian government to remove the waste. "This kind of industrial waste, dumped in this urban setting, in the middle of the city, never."

The tale of the sludge can be traced to July 2, when a rust-streaked tanker, the Probo Koala, arrived in Amsterdam after a lengthy stay in the Mediterranean. Leased by Trafigura, a global oil and metals trading company, it was pausing on its way to Estonia to unload what the company said was 250 tons of "marslops" or "regular slops." That is the wash water from cleaning a ship's holds, which would normally be laced with oil, gasoline, caustic soda or other chemicals.

Amsterdam Port Services, a waste processing company, took the job, for about $15,000. But as workers unloaded the waste, they found problems, the company said. For one, the volume was much higher, more like 400 tons. For another, the seeping fumes of the waste sickened some of the Dutch workers.

"It was pitch black and had a heavy stench," said Luut Planting, a spokesman for Amsterdam Port Services. "No one had ever seen similar waste."

The company stopped unloading the sludge, ordered analyses and then informed the Amsterdam city authorities of the presence of hazardous waste, Mr. Planting said. The material and test results are currently under seal in the office of the Dutch public prosecutor, which has opened a criminal investigation.

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A statement posted on Trafigura's Web site says that tests performed on material discharged by the Probo Koala in Abidjan by a laboratory in Rotterdam showed that the material was not toxic. "Contrary to speculation in the media and the activist communities about residue washings in a recent shipment to Côte d'Ivoire, tests conducted by the company and others show the washings themselves to have little or no toxicity," the statement says.

As to the deaths and illness, the statement says, "It is still unclear exactly what caused the tragedy."

But the Rotterdam laboratory, Saybolt, has told Dutch news media the samples were not sealed, not properly marked and not wholly reliable.

Lucas Reijnders, a chemist and professor of environmental science at the University of Amsterdam, said he had seen the results of an analysis done in Ivory Coast by a lab there, Ciapol, on samples taken from the Probo Koala before the dumping.

The analysis showed extremely high levels of caustic soda; mercaptans, a kind of sulfur compound; and hydrogen sulfide, he said. The last, he said, is a volatile compound that "smells of rotten eggs, but at high concentrations you can no longer smell it because it paralyzes your nervous system."

"It's very lethal and acts very rapidly," he added. The mix, he said, was suggestive of oil refining.

Exactly where the waste originated remains unclear. A spokesman for Trafigura, Jan Maat, said the Probo Koala had served in the Mediterranean "as a floating storage tank" and had taken on loads from several different ships, but he declined to give details.

Reports in the Dutch press said the Probo Koala had been secretly used as a floating refinery during the summer, when selling gasoline had become unusually profitable.

Mr. Maat denied that. "This is absolutely untrue," he said.

After analyzing the waste, Amsterdam Port Services told Trafigura's London office that the price to treat and dispose of it would now be much more expensive, close to $300,000. Trafigura, which in 2005 had revenue of $28 billion dollars, balked at the cost.

"It was so much higher than the first price," said Mr. Maat. It would also have meant staying an extra day, costing $45,000 in port fees and a penalty of some $300,000 for arriving late in Estonia, he said.

A brief standoff ensued, but the Probo Koala was able to leave Amsterdam two days later after taking back all of its waste with the permission of the Dutch authorities.

"We have never handed back or refused waste before," said Mr. Planting. "But the crux was that Trafigura refused to pay. If they had, the material would have been treated and there would have been no problem."

From Amsterdam, the Probo Koala sailed to Estonia and took on Russian oil products. After delivering them to Nigeria, it continued to Abidjan, where it arrived on Aug. 19.

Mr. Maat said Trafigura's London office had advised the Ivory Coast port authorities and the Transportation Ministry that it was delivering chemical waste requiring special treatment and close supervision, and hired a local company, Tommy. "We were informed that four companies there could handle it," said Mr. Maat. "One of them was Tommy. Clearly this has not been a fortunate choice."

He also said, "We do not acknowledge responsibility for the dumping of the waste without treating it."

French, Dutch and British toxic-waste experts and oil traders said it can be easily ascertained that Ivory Coast has no facilities capable of handling high-level toxic waste.

Tommy hired more than a dozen tanker trucks, into which it pumped the sludge. The trucks fanned out, at night, to at least 18 sites across the city, according to witnesses in several neighborhoods where the material was dumped, as well as the French cleanup crew.

Several tankerloads went to the Abidjan landfill, in a community called Akouedo. Residents there are accustomed to foul odors, but knew something was particularly bad about the new material. They chased and surrounded one of the tanker trucks, forcing the driver to flee on foot, witnesses said. In other places, some trucks were simply abandoned by drivers fearful of being attacked as word of the illegal dumping crept out and public anger rose.

Efforts to reach Tommy by telephone were unsuccessful, and at least one of its executives has been jailed in Ivory Coast.

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Last week Jean-Baptiste Giassey, a 13-year-old schoolboy, rooted through garbage piled at Akouedo, near a team of workers from Tredi, the French environmental cleanup company that is gathering up the polluted trash, which is expected to be sent to France for proper disposal.

Stinking mud oozed from the trash under his flimsy sandals, coating his feet and legs. He was looking for scraps of aluminum, which he would sell to traders for less than 25 cents a pound. He said he had been spending five or six hours a day at the dump, trying to earn enough money for new clothes.

"I don't know that it is dangerous," he said. "I come here every day."

At first the Ivorian government did not acknowledge that something was amiss, even though the rank smell was spreading through the streets of Abidjan. Officials say they suspect they will find more dump sites than the 18 identified so far.

The spreading illnesses sparked violent demonstrations from a population convinced that government corruption was to blame for the dumping, and ultimately the furor forced the prime minister and his government to resign in September, though much of the government was reinstated later. Six Ivorians, one Nigerian and two European officials from Trafigura have been jailed so far in Ivory Coast.

The risk of sickness from the waste has abated with evaporation, experts said. But there may be long-term effects of exposure. In Dgibi, a village on the northern outskirts of Abidjan where some of the waste landed, an impromptu clinic set up to examine people exposed to the waste has been seeing 200 patients a day.

Most complain of nausea, headaches, skin sores and nosebleeds, said Stanislaus Dessi, a doctor at the clinic who works for the Ministry of Health.

"People are scared and confused," Dr. Dessi said. "We try to calm them and give them medicine to treat whatever symptoms they have."

The Probo Koala, back in Estonia, has been detained by the government there at the request of Ivory Coast.

Greenpeace has filed criminal complaints in Amsterdam against Trafigura, Amsterdam Port Services and the Dutch environmental authorities. The Dutch government said it could not comment while criminal investigations were under way. There are no fewer than five investigations going on in Ivory Coast.

The city of Amsterdam and the Dutch Parliament have begun their own inquiries.

"The whole procedure was illegal, first allowing the waste in, then pumping it back on board and letting the ship leave without any licenses," said Eco Matser, a chemist and expert in toxic waste at Greenpeace.

Africa has long been a dumping ground for all sorts of things the developed world has no use for. "This is the underbelly of globalization," said Jim Puckett, an activist at the Basel Action Network, an environmental group that fights toxic waste dumping. "Environmental regulations in the north have made disposing of waste expensive, so corporations look south."

U.S. To Cut Guatemala's Debt For Not Cutting Trees (NYT)

By Marc Lacey

The New York Times, October 2, 2006

MEXICO CITY, Oct. 1 — The United States government has joined with two environmental groups in a debt-for-nature swap, which will forgive about 20 percent of Guatemala's $108 million in foreign debt to Washington in an effort to help threatened tropical forests there, American and conservation officials said late last week.

In a deal to be announced Monday in Guatemala City, the government of Guatemala has agreed, in exchange for the debt forgiveness, to invest $24.4 million over the next 15 years in conservation work in four nature regions.

This is the largest amount of debt that has been forgiven by the United States under the Tropical Forest Conservation Act, which was enacted in 1998. So far, 10 countries, from the Philippines to Peru, have had part of their debt forgiven in exchange for forest protection efforts.

"You can't just come in as the U.S. and say it's important to protect those forests," Claudia A. McMurray, assistant secretary of state for oceans, environment and science, said in an interview. "You have to give these countries alternatives."

In the latest deal, the United States government contributed about $15 million toward the cancellation of Guatemala's debt, said Clay Lowery, assistant secretary of the Treasury for international affairs. The groups Conservation International and the

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Nature Conservancy each contributed an additional $1 million. Those funds, and the interest they will generate, will be enough to erase more than $20 million in debt and interest, officials said.

"This is a huge deal for Guatemala," John Beavers, who helped to negotiate the deal for the Nature Conservancy, said in a telephone interview from Guatemala City. "We hope it helps to drive the conservation area in Guatemala."

The country has struggled in recent years to control illegal logging and drug trafficking in its natural areas. Soldiers are deployed in some areas to stem the destruction.

There is also a legal threat to Guatemala's parks. A business confederation has filed a suit contending that the law establishing the protected areas is unconstitutional, because it did not receive a two-thirds majority when the legislature approved it almost 20 years ago.

The bulk of the money generated by the debt forgiveness will go to private organizations working to preserve the country's nature areas. A $4.9 million conservation trust fund will also be set up to generate interest income for future grants.

The money will be spent in four of Guatemala's premier reserves, which include tropical and subtropical forests and coastal mangrove areas. The areas are home to many rare and endangered species.

"The areas protected in this agreement lie in the heart of Mayan civilization, and they are home to jaguars, scarlet macaws, harpy eagles and countless other species," Steven J. McCormick, president of the Nature Conservancy, said in a statement.

The protected areas are the Cuchumatanes region, the Maya Biosphere Reserve, the Motagua/Polochic System and the Western Highlands volcanic chain.

To qualify for the program, Guatemala had to meet a series of political and economic criteria. Eligible countries must have democratically elected governments and a suitable economic reform program in place, and they must cooperate with the United States on drug enforcement and counterterrorism efforts.

An agreement under the program with Belize set aside 23,000 acres of new forest preserves and has helped to manage an additional 270,000 acres. One of two deals in Panama helped preserve the Chagres River Basin, which is a major source of water for the Panama Canal.

European Agenda (WSJ)

By Nicolas Sarkozy

The Wall Street Journal, October 2, 2006

Next year's 50th anniversary of the EU's founding Rome treaty should be celebrated with pride, for it marks an historic achievement: Half a century of reuniting a divided Continent. But there is also cause for concern. The forces driving the Union's political momentum have run out of steam and Europe's citizens are either doubtful or indifferent to its aims and lack any real collective hope for the future.

Whether we like it or not, the referendum results on the EU constitution in France and the Netherlands were unequivocal and binding. Yet the need for EU constitutional reform remains strong. A new reference text will have to define Europe's geopolitical boundaries, establish the Union's long-term political aims, correlate EU policies with EU projects and set out the means to move forward. An ambitious agenda of this sort calls for a large-scale democratic debate. But all this takes time, and time is something we do not have. I would suggest that the most urgent priorities for institutional reform could be covered in a mini-treaty that would modify the treaties of Nice and Amsterdam. We should aim to draft this mini-treaty under the German EU presidency next year and to ratify during the French presidency in 2008 in time for the European Parliament elections in 2009. * * *

First, the mini-treaty should extend the scope of qualified majority voting in the Council and co-decision with the European Parliament and empower the European Parliament to elect the European Commission president. It should respect the principle of subsidiarity and to this end strengthen the role of national parliaments by adopting the EU constitution's proposed "early warning" system, enabling national legislators to challenge Commission proposals. There can also no longer be any dispute about the value of a stable European Council presidency. The mini-treaty should also create an EU foreign minister and increase participatory democracy, especially to empower groups of a million citizens or more to request that the Commission make

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proposals in a specified area. Finally, if the mini-treaty were to confer a legal personality on the Union this would allow it to participate in some international organizations as a single political entity.

But root-and-branch reforms nevertheless remain essential in the longer-term.

Choosing EU commissioners solely on the basis of their nationality prevents effective team-building. At the same time, though, the Commission is often a scapegoat for public opinion. So what would happen when it takes a major decision affecting, say, a large company from a country without its own commissioner to represent its national interest? To break this stalemate, we need to consider whether the Commission president should not select fellow members.

I am also convinced that Europe must change its rules on unanimous decision-making. How can we believe, or make others believe, that we can fight terror by bringing together a learned assembly of 50 justice ministers, giving each one the floor for two minutes and then demanding unanimity from them? I have already suggested the idea of a "super-qualified" majority voting system of 70% or 80% support for particularly sensitive policy areas. We also need a new motor to drive important decisions forward, with those countries most concerned by a specific topic getting together to set out an action plan. Such ad hoc groups could explore new possibilities for collective action, while leaving the door open for other states to join later.

Now is the time, too, to face up honestly to the issue of Europe's borders, and accept that the French and Dutch referendum results were partly provoked by a Europe "sans frontiers." Establishing a new geographic and political framework for EU enlargement is a prerequisite of renewed popular support for the European project. And this framework must recognize that the Union's capacity to absorb new members is finite. I want this capacity to be quantified. The decision to accept each new applicant should be taken in light of the EU's internal objectives, its institutional limitations and the level of popular support. Such decisions should not be based upon foreign policy goals or a desire to encourage neighbors to reform.

So who is European and who is not? Clearly, some non-member countries are part of the European continent and have the right to full EU membership. This group includes Switzerland, Norway and -- eventually -- the Balkans. Then there are other countries whose right to join the Union is debatable or who, although neighbors, are clearly non-European.

For this latter group in the Euro-Asian and Mediterranean areas we should avoid presenting them with overly stark choices: Full membership or nothing at all. Our first step should be to establish preferential partnerships so we can work together while still observing our different interests and values.

Countries that want to participate in prosperous European markets should adopt all the internal market regulations needed to protect our product quality and controls. But preferential partnerships can also go beyond trade, allowing non-member countries to participate in certain European policies so that the Union can encourage their economic and social development. We could also perhaps even secure new defense arrangements that would help to build our collective security. * * *

Of all the countries with which the EU should have preferential relations there is Turkey, our neighbor and friend, sharing many of our security concerns and many of our values. These are good reasons for strengthening our ties with Turkey, without going so far as offering full membership.

However, no candidate for EU membership has the right to ignore that the Union has 25 members, including Cyprus. Despite the customs union between Turkey and the EU, Turkey continues to deny access to its ports and airports to boats and airplanes that have stopped in Cyprus. This is not acceptable. I say again and again that the EU must suspend any new accession negotiations with Turkey until Ankara has ratified and implemented, in good faith, its agreed trade protocols.

Turning to questions of EU finance, we must undertake an ambitious reform of the European budget. Under the current system, national budgets support European expenses. This is illogical, unfair and intolerable for the net contributor countries and incomprehensible for citizens. European expenses must be financed by European resources, just as local taxes finance local expenses. Financial reform will be an important issue for the coming French EU presidency.

Finally, I want to consider how to modernize political life in Europe. In each member state, the issues at stake in European election are still primarily national. My answer would be to allow European political groups to combine national lists of candidates and present a united program during European parliamentary elections. This would create genuine Europe-wide campaigns on European political agendas. If affiliated groups also declared their preferred choice for Commission president, this would give European citizens a direct say over the direction of Europe.

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The world has changed tremendously since the Treaty of Rome and perhaps we have now reached the end of the road for that model of European integration. The new Europe must recognize new realities and adapt to them, not try to impose artificial systems upon its decision-making. Here is a revolution for the Union, a rupture with the past. What we need now is for all of the EU's member states to rediscover a desire to take Europe forward instead of being preoccupied with their national interests. Failing that, those nations which want to seize the initiative should be able to do so without being constrained by the reluc tance of the others.

Mr. Sarkozy is France's interior minister. This essay is an edited version of one to appear in the fall issue of Europe's World.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Sept. 11 Panel Wasn't Told Of Meeting, Members Say (NYT)

By Philip Shenon

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Members of the Sept. 11 commission said Sunday they were alarmed that they were told nothing about a July 2001 White House meeting at which George J. Tenet, then director of central intelligence, is reported to have warned Condoleezza Rice, then national security adviser, about an imminent attack by Al Qaeda and failed to persuade her to take action.

Details of the meeting on July 10, 2001, two months before the Sept. 11 terrorist attacks, were first reported last week in a new book by Bob Woodward. The White House disputes his account.

The final report from the Sept. 11 commission made no mention of the meeting, nor did it suggest that there had been such an encounter between Mr. Tenet and Ms. Rice, now secretary of state.

Since the release of the book, "State of Denial," the White House and Ms. Rice have disputed major elements of Mr. Woodward's account. Ms. Rice has said through spokesmen that there had been no such exchange in a private meeting with Mr. Tenet and that he had expressed none of the frustration attributed to him in Mr. Woodward's book.

"It really didn't match Secretary Rice's recollection of the meeting at all," said Dan Bartlett, counselor to President Bush, in an interview on "Face the Nation" on CBS. "It kind of left us scratching our heads because we don't believe that's an accurate account."

Passages of the book suggest that Mr. Tenet was a major source for Mr. Woodward. The former intelligence director has refused to comment on the book since its release.

There has also been no comment on the book from J. Cofer Black, who was Mr. Tenet's counterterrorism chief, and who, the book says, attended the July 10 meeting and left it frustrated by Ms. Rice's "brush-off" of the warnings.

Mr. Black is quoted as saying, "The only thing we didn't do was pull the trigger to the gun we were holding to her head." He did not return calls left at Blackwater, the security firm he joined last year.

The book says Mr. Tenet hurriedly organized the meeting, calling ahead from his car as it traveled to the White House, because he wanted to "shake Rice" into persuading the president to respond to dire intelligence warnings about a possible terrorist strike.

Mr. Woodward writes that Mr. Tenet left the meeting frustrated because "they were not getting through to Rice."

The disclosures took members of the bipartisan Sept. 11 commission by surprise last week. Some questioned whether information about the July 10 meeting was intentionally withheld from the panel, the National Commission on Terrorist Attacks Upon the United States.

In interviews Saturday and Sunday, commission members said they were never told about the meeting despite hours of public and private questioning with Ms. Rice, Mr. Tenet and Mr. Black, much of it focused specifically on how the White House dealt with terrorist threats in the summer of 2001.

"None of this was shared with us in hours of private interviews, including interviews under oath, nor do we have any paper on this," said Timothy J. Roemer, a Democratic member of the commission and a former congressman from Indiana. "I'm deeply disturbed by this. I'm furious."

Another Democratic commissioner, the former Watergate prosecutor Richard Ben-Veniste, said the staff of the Sept. 11 commission was polled in recent days on the disclosures in Mr. Woodward's book and agreed that the meeting "was never mentioned to us."

"This is certainly something we would have wanted to know about," he said, referring to the meeting. "We asked broad questions which should have elicited this information."

He said he had attended the commission's private interviews with both Mr. Tenet and Ms. Rice and had pressed "very hard for them to provide us with everything they had regarding conversations with the executive branch" about terrorist threats before Sept. 11.

Philip D. Zelikow, the executive director of the Sept. 11 commission and now counselor to the State Department, agreed that no witness before the commission had drawn attention to a July 10 meeting at the White House or described the sort of encounter portrayed in Mr. Woodward's book.

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Mr. Zelikow said it was “entirely plausible” that a meeting occurred on July 10, during a period that summer in which intelligence agencies were being flooded with warnings of a terrorist attack against the United States or its allies.

But he said the commissioners and their staff had heard nothing in their private interviews with Mr. Tenet and Mr. Black to suggest that they made such a dire presentation to Ms. Rice or that she had rebuffed them.

“If we had heard something that drew our attention to this meeting, it would have been a huge thing,” Mr. Zelikow said. “Repeatedly, Tenet and Black said they could not remember what had transpired in some of those meetings.”

Democratic lawmakers have seized on Mr. Woodward’s book in arguing that the Bush administration bungled the war in Iraq and paid too little attention to terrorism threats in the months before Sept. 11.

Senator Joseph R. Biden Jr. of Delaware, the senior Democrat on the Senate Foreign Relations Committee, said on CBS that there had been “rumors” of such an encounter between Mr. Tenet and Ms. Rice in the summer of 2001.

Mr. Woodward’s book, he said, raised the question of “why didn’t Condi Rice and George Tenet tell the 9/11 commission about that? They were obliged to do that, and they didn’t.”

Bush Critic Hits Clinton's Claims About Bin Laden (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

Michael Scheuer, whose 2004 book "Imperial Hubris" won hosannas from liberals as an indictment of the Bush administration's conduct of the war on terror, turned his sights on former President Bill Clinton yesterday.

In an appearance on "Fox News Sunday," the former CIA counterterrorism official denounced as "lies" Mr. Clinton's contentious defense last week of his efforts against Osama bin Laden, saying the administration passed up at least 10 chances to capture or kill the al Qaeda leader.

"Mr. Richard Clarke, Mr. Sandy Berger, President Clinton are lying about the opportunities they had to kill Osama bin Laden. That's the plain truth, the exact truth," Mr. Scheuer said of the former president and, respectively, his administration's top anti-terrorism adviser and national security adviser.

Mr. Scheuer also disputed Mr. Clinton's assertion that he did not have the necessary authorization to kill bin Laden, pointing out the president is the person who issues authorizations, not the person who needs them.

"It's not a simple, dumb bureaucrat like me; that's not my decision. It's his," Mr. Scheuer said. "For him to get on the television and say to the American people he did all he could is a flat lie, sir. This is not a question of interpretation or judgment. This is a question of fact. And the documents will show the president had the opportunity."

Mr. Scheuer was part of a "Fox News Sunday" panel that debated the Clinton administration's efforts in fighting terrorism, one week after Mr. Clinton caused a stir by getting visibly angry at Fox interviewer Chris Wallace's questions on the topic.

The Scheuer comments were disputed by Daniel Benjamin, a former Clinton National Security Council counterterrorism official, who said intelligence officials never had enough reliable information to capture or kill bin Laden.

"I have the greatest respect for Mike Scheuer, but on this case, I think he's wrong," Mr. Benjamin said. "Quite simply, we never had enough information to do this with confidence, knowing that we would get the target. And it doesn't help your deterrence and it doesn't help your case if you fire and you don't hit the right person."

When pressed by Mr. Wallace, Mr. Scheuer said he remains a critic of the Bush administration's record on combating terrorism and the decision to invade Iraq.

"I think that this administration has led us into a tremendously difficult long-term problem, which will be very bloody and costly for Americans," he said.

However, Mr. Scheuer defended the Bush administration against accusations from Clinton supporters that the Bush team could have eliminated bin Laden in the eight months before the September 11 attacks.

"Mr. Clarke, Mr. Berger, Mr. Clinton did have opportunities that were delivered by the men and women of the CIA to kill Osama bin Laden," Mr. Scheuer said. "In the first eight months of the Bush administration, there were no such opportunities."

Journalist Lawrence Wright, who also appeared on the "Fox News Sunday" panel, said the real blame for failing to capture bin Laden and eliminate al Qaeda has more to do with the government's inability to hire a competent national security intelligence team at all levels -- agents, analysts and officials.

"They were both poorly served by their intelligence agencies," Mr. Wright said. "In each of these cases, the intelligence was not great. And the reason the intelligence was not great is they didn't have people that were capable of getting inside the tent."

Tape Shows 2 Hijackers In Year Before 9/11 (AP)

AP, October 2, 2006

DOJ_NMG_0072903

LONDON, Oct. 1 (AP) — Mohamed Atta, the ringleader of the Sept. 11 attacks, smiles and jokes with another hijacker before the two turn serious and speak to a camera in a video that surfaced on Sunday.

For more than 30 minutes, the video shows Mr. Atta, who later took over the controls of American Airlines Flight 11, which hit the north tower of the World Trade Center, and Ziad al-Jarrah, who took over United Airlines Flight 93, which crashed in Pennsylvania, alternately alone and together.

The Sunday Times, which originally reported on the video and posted it on its Web site, said it was made in Afghanistan and dated Jan. 18, 2000, for release after the men's deaths.

The newspaper said the hourlong video was made at a training camp for Al Qaeda in Afghanistan. It includes images of Osama bin Laden. It has no sound.

At times, the two men look relaxed, laughing and chatting before they grow serious and speak directly into the camera. At one point, they study a document the newspaper identifies as a will.

American intelligence officials in Washington said Sunday that the tape was being analyzed, and one confirmed the men's identities.

9/11 Hijacker Video Surfaces (WP/AP)

The Washington Post, October 2, 2006

LONDON, Oct. 1 -- Mohamed Atta, the ringleader of the Sept. 11, 2001, terrorist attacks, smiles and jokes with another hijacker before the two turn serious and speak intently to a camera in a newly released video.

For more than 30 minutes, the video shows Atta, who flew one of the planes that brought down New York's World Trade Center, and Ziad Jarrah, who piloted United Airlines Flight 93, which crashed into a Pennsylvania field, sitting in front of a bare white wall, alternately alone and together.

The Sunday Times, which originally reported the video and posted it on its Web site, said it was made in Afghanistan and dated Jan. 18, 2000 -- about a year and a half before the attacks against the United States -- for release after the men's deaths.

The newspaper said the hour-long video was made at an al-Qaeda training camp in Afghanistan. It includes images of Osama bin Laden speaking to supporters in Kandahar, Afghanistan. A time stamp indicated that this footage was shot on Jan. 8, 2000.

At times in the video, which has no sound, the two men look relaxed, laughing and chatting together before they grow serious and speak directly into the camera. At one point, they lean over a document the newspaper identifies as a will, studying it intently and sometimes pointing to specific sections and commenting to one another.

The Sunday Times said it had obtained the video "through a previously tested channel" but gave no further details. It said sources from al-Qaeda and the United States had confirmed the video's authenticity on condition of anonymity.

Look Past The Tortured Distortions (WSJ)

By John Warner, John McCain and Lindsey Graham

The Wall Street Journal, October 2, 2006

WASHINGTON -- Negotiating a complicated piece of legislation with wide-ranging implications is always a difficult endeavor, and the Military Commissions Act of 2006 was no exception. We worked with the administration to achieve a fair system for the prosecution and conviction of suspected terrorists. The proposed legislation also reaffirms and underscores our nation's commitment to the Geneva Conventions, which we must uphold as a matter of principle and to protect our service members in this and future wars. We believe that we have succeeded in this effort.

We also believe that the American people deserve to have this important legislation properly described. Some recent reports, in our view, have not reflected accurately the bill we negotiated. The following points deserve clarification in order that this important legislation may be fully understood by the American people. * * *

Criminal Waiver: A number of recent articles state that in our compromise with the president, we included a waiver for crimes Americans may have committed in interrogating detainees. In fact, our bill contains no waiver for such crimes, nor immunity for any individual. Anyone who has committed a crime may be prosecuted under the torture statute or the War Crimes Act. This legislation actually makes it easier to win a prosecution, because the War Crimes Act as currently written is so broadly worded that a prosecution would likely fail on grounds of vagueness.

Enemy Combatants: Other reporting asserts that the definition of "illegal enemy combatant" in the bill could subject a broad category of people to arrest and indefinite detention with no hope of appeal. Actually, the proposed legislation simply establishes the jurisdiction of military commissions. That jurisdiction extends solely to aliens who have engaged in hostilities against the United States or who have purposefully and materially supported hostilities against us.

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We make no apology for wanting to try by military commission both the people who shoot at us and those who aid and abet the trigger-men. Because we believe in the American system of justice, we also do not apologize for giving these individuals the right to appeal their convictions, all the way up to the Supreme Court.

The Geneva Conventions: Another misunderstanding is that the bill gives the president the power to reinterpret unilaterally the Geneva Conventions. In fact, the president, under this legislation, has no power beyond that already given him in the Constitution: the authority to interpret treaty obligations binding on the executive branch. From the beginning, we stood with the five former chairmen of the Joint Chiefs of Staff and the 50 other general and flag officers who strongly resisted any legal redefinition of the Geneva Conventions.

Some critics state that any determinations made by the president could stay secret. In fact, this legislation requires the president to publish his determinations as to what offenses constitute "non-grave breaches" of the Geneva Conventions in the Federal Register. His interpretations will have the force of administrative regulations, and so can be trumped by congressional action at any time.

Habeas Corpus: Another myth is that, under our bill, detainees would lose the basic right to challenge their imprisonment. Actually, both the Detainee Treatment Act and the Military Commissions Act allow an individual to challenge his status in administrative and judicial fora. These challenges are in excess of what our soldiers would be afforded as prisoners of war.

Judicial Review: Other critics claim that our civilian courts would have no power to review any aspect of the military tribunal system, except verdicts by military tribunals. The truth is that our federal courts today already have the right to review the decisions made by military Combatant Status Review Tribunals.

Coerced Evidence: A number of articles state that coercion is defined so as to exempt anything done before the passage of the 2005 Detainee Treatment Act. This, also, is incorrect.

The bill excludes any evidence obtained through illegal interrogation techniques, including those prohibited by the 2005 act. Any evidence obtained before the 2005 law would have to pass a legal reliability test -- and, as applied in practice, the greater the degree of coercion, the more likely the statement will not be admitted. To admit any such evidence, the judge would have to make an additional finding that doing so serves the interest of justice.

Secret Evidence: Some argue the bill weakens the legal standard against withholding evidence from the defendant. In fact, under this legislation, any evidence shown to the jury must be shared with the defendant. This was a key change from the administration's proposal.

Offenses: Finally, there is some confusion about the definitions of torture and rape within the bill. As is made explicit in the legislation, these definitions are for the purposes only of enumerating war crimes -- offenses so serious that they are all potentially punishable by death. They do not affect other legal definitions for the same terms (including torture and rape) contained elsewhere in law. The bill's definition of rape is based on the meaning used in the International Criminal Tribunal for the Former Yugoslavia. * * *

It is axiomatic that a compromise makes no one happy. Our mission was to help our nation in the war on terror and to give protection to our men and women in uniform, particularly if they are captured. Anyone may disagree with elements of the final product, but an accurate understanding of the legislation is essential to all sides of the debate.

Messrs. Warner, McCain and Graham are Republican senators for Virginia, Arizona and South Carolina, respectively.

In Fog Of War On Terror, Some Rules Set (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 2, 2006

WASHINGTON

War is rarely kind to civil liberties. From the Alien and Sedition Acts of 1798 to the suspension of habeas corpus during the Civil War to the forced internment of some 120,000 Japanese in the US during World War II, the nation has repeatedly grappled with how to balance security and rights.

Now - in the middle of a war on terror and nearing critical midterm elections - Congress has taken another stab at achieving that balance. In historic votes last week, lawmakers banned torture, rape, and murder in the interrogation of terrorist suspects. But they left to the president to determine what techniques short of "serious" physical or mental pain or suffering are still allowed.

They also voted to give immunity to those involved in secret interrogations before last year's torture ban and to allow evidence obtained by "cruel and inhuman treatment" before that date to be used in military trials.

And in the most tightly contested decision of the week, lawmakers denied detainees in the war on the terror the right to challenge their detention in US courts. That means that anyone that the president or the secretary of Defense determines to be an enemy combatant - including noncitizens living legally in the United States - can be held indefinitely without trial.

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In a wrap-up of the week's votes - including $448 billion for defense spending and $35 billion for homeland security in fiscal year 2007, as well as a mandate to build 700 miles of fence along the southern border - Republican leaders said the US will be "safer, stronger, and more prosperous" because of these laws.

"The specificity that the bill provides to the War Crimes Act - and its retroactive effect - will actually make prosecuting war criminals a realistic goal. None of my colleagues should object to that goal," said Sen. John McCain (R) of Arizona, who led the drive to ban torture in 2005, in a statement after the vote.

But critics say that, unlike the torture ban, the Military Commissions Act of 2006 is one that the nation will come to regret, just as it has regretted other lapses of civil liberties during times deemed national emergencies.

"This is a debate about whether we are willing to preserve the fundamental protections our nation has fought for centuries to maintain," said Rep. Doris Matsui (D) of California, who cited her family's personal experience in the Japanese detentions in the US during World War II.

The debate is hardly new.

In July 1798, President John Adams signed into law the Alien and Sedition Acts, allowing him to deport any foreigner he deemed dangerous and to ban any spoken or written criticism of the president.

The four laws aimed to protect the nation from security threats from France, but the votes in Congress broke along party lines. The Federalist-controlled Congress aimed to mute criticism from Jefferson's Republicans.

"Wartime is traditionally a period of infringement of civil liberties. The Alien and Sedition Acts took place in a quasi-war with France, but the incoming [Republican] administration allowed the law to expire when the crisis was over," says Donald Ritchie, a Senate historian.

When President Lincoln suspended the writ of habeas corpus in 1862, rioters in Baltimore were threatening to destroy train tracks to block Union troops from reaching the capital and the Maryland legislature was threatening secession. The Constitution allowed suspension of the writ "in cases of rebellion or invasion," he said.

But critics of last week's vote say the decision to suspend a right as fundamental to Western law as habeas corpus was not justified by the facts on the ground. There is no rebellion or imminent invasion, they say.

"I'm not going to support a bill that's blatantly unconstitutional ... that suspends a right that goes back to [Magna Carta in] 1215," said Sen. Arlen Specter (R) of Pennsylvania, chairman of the Senate Judiciary Committee. He sponsored an amendment to delete the ban on habeas corpus from last week's bill that narrowly failed on a near party-line vote.

"I'd be willing, in the interest of party loyalty, to turn the clock back 500 years, but 800 years goes too far," he added, although he did vote for the final version of the bill.

In the end, all but one Democrat voted to preserve habeas corpus for military detainees and all but four Republicans - Sens. Specter, Lincoln Chafee of Rhode Island, Gordon Smith of Oregon, and John Sununu of New Hampshire - voted to suspend that right for those deemed enemy combatants.

"People deeply interested in the issue are the exception rather than the rule," says Sen. Ben Nelson of Nebraska, the lone Democrat to vote with Republicans to approve the suspension of habeas corpus for military detainees. "People respect Senator McCain on the issue, and he's reflecting a lot of views in Nebraska," he adds.

In final votes on the Military Commissions Act of 2006, the House passed the bill by a vote of 250-170, with seven Republicans voting against the bill and 32 Democrats voting for it. In the Senate, where the bill passed by a vote of 65 to 34, one Republican and 12 Democrats broke with their party. Many of the Democrats voting for the bill face tight midterm elections this fall, as does Senator Chafee, the lone GOP dissenter.

"The Constitution is not a suicide pact," says Senator Sununu, who also voted for the final bill after opposing suspension of the writ of habeas corpus.

"We're trying to strike a balance between those rights and processes we should afford everyone, even if they're suspected of grievous acts, with need given the scope of the threat to have very robust tools and very efficient procedures for detention and prosecution," he adds.

A Last-Minute Deal On Detainees (USNEWS)

By Danielle Knight

U.S. News and World Report, October 2, 2006

After weeks of fighting, Congress passed a bill last week governing the treatment and prosecution of terrorism suspects, marking a victory for President Bush and the GOP-at least momentarily-in the run-up to the midterm elections.

Following House approval of the bill on Wednesday, the Senate voted 65 to 34 to approve the measure on Thursday, with 12 Democrats crossing party lines to vote for the legislation. But even though the president is expected to sign the bill shortly,

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some lawmakers warned that the Supreme Court might still overturn part of the law, just as the high court overturned the president's original concept for military tribunals back in June.

The bill would prohibit several kinds of abuses of detainees, as defined under the Geneva Conventions, but leave it to the president to say exactly what interrogation techniques are allowable. The bill also sets up military tribunals that allow some use of evidence obtained through coercion but gives defendants partial access to classified evidence being used against them. In addition, the measure expands the definition of "enemy combatants" to include noncitizens living legally in the United States and those who provide weapons, money, or support to terrorist groups.

Differing views. "This bill will help keep Americans safe by creating military commissions to prosecute terrorists for war crimes and by preserving an intelligence program that has disrupted terrorist plots," said Sen. Majority Leader Bill Frist, reflecting the view of many on Capitol Hill.

But others wondered whether the measure could survive judicial review. They said the Supreme Court might object to provisions that eliminate a detainee's ability to challenge detention. "This bill," said Sen. Patrick Leahy, the ranking Democrat on the Judiciary Committee, "is not a check on the administration but a voucher for future wrongdoing."

Letting The President Say (TIME)

By By Michael Duffy

Time, October 9, 2006

A few days afterÂ terrorists toppledÂ the World Trade Center in 2001, Vice President Dick Cheney said the U.S. would have to "work ... the dark side" in order to destroy Osama bin Laden's network. Just what the dark side could mean became clearer last month when George Bush suddenly announced that 14 suspected al-Qaeda terrorists had been shipped from mysterious overseas locations to the U.S. detention center at GuantÃ¡namo Bay, Cuba. It was the first White House confirmation of a secret CIA-operated network of overseas prisons, places where unorthodox methods of interrogation were not unknown. "Were it not for this program," Bush said, referring to the secret prisons and the things done there, "al-Qaeda and its allies would have succeeded in launching another attack against the American homeland."

When Congress adopted legislation last week to establish military commissions to try terrorist suspects, it also gave approval to that program and then some. By allowing coerced testimony to be entered as evidence in trials, Congress potentially legitimized torture as a means of obtaining information. It left the President in charge of filling in the details of what the allowable methods should be. The clearest limit to what might be done was actually not so clear. The new methods could not constitute "grave breaches" of the Geneva Conventions. But after all the huffing and puffing from Republican Senators John McCain, John Warner and Lindsey Graham, the Executive Branch kept control over what exactly could happen to an "enemy combatant." It was allowed to decide who an enemy combatant might be. The package of measures widened the definition to include any person determined to be one under criteria defined by the President or the Secretary of Defense.

More than that, the measures adopted by Congress last week stripped defendants of the ancient habeas corpus right to challenge their detention in court--a step that makes it possible that the Supreme Court will strike down some portion of the law and send everybody back to the drawing board. "The Supreme Court has made clear on three recent occasions that those whom the White House labels enemy combatants are entitled to challenge their detention before a federal judge," says Eric Freedman, a law professor at Hofstra University who is a legal consultant to GuantÃ¡namo detainees. "This new law was passed in outright defiance of those rulings."

What the legislation is likely to do even sooner is put the CIA's secret-prison program back online. That's right: back online. Although when he revealed its existence, the President left the impression he had suspended the program in response to a June Supreme Court ruling, that's not so. What neither he nor Congress nor the CIA has publicly acknowledged is that the agency halted the "special interrogations" in its secret prisons more than nine months ago. People briefed on the matter tell TIME that the agency backed away from its program in December 2005 as Congress passed an amendment to the 2006 defense bill banning "cruel, inhuman or degrading" treatment of prisoners in U.S. custody. According to other U.S. officials, then CIA Director Porter Goss feared that the amendment, sponsored by McCain, might undercut the legal authority for CIA interrogations. So Goss put those procedures on hold while seeking a legal opinion from the Justice Department.

For the next nine months, says a person briefed on activity in the program, some at the agency developed a bias for killing its targets instead of bringing them in for questioning, though sources add that ground conditions make capture impossible anyway. Goss's suspension order left officers in the agency's directorate of operations, says the source, repeatedly asking the question, What are we going to do with these guys if we capture them? So far in 2006, as government sources and public reports indicate, few if any terrorist suspects have been captured by the CIA. But at least four--including bombmaker Abu Khabab al- Masri, on the FBI's most-wanted list--have been killed, in most cases by remotely fired missiles from Predator drones.

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The rules adopted last week may mean a return to the practice of capture and question. But question how? Just what interrogation methods are off the table now? Depends on whom you talk to. McCain, who along with Graham and Warner had fought the Administration on some of the most coercive methods, insisted to reporters last week that the harshest techniques--such as waterboarding, stress positions, extreme sleep deprivation and hypothermia--could now be illegal. "For all the gloating from the Administration," says Tom Malinowski of Human Rights Watch, "they are not getting what they want on torture." And what methods are O.K.? No one inside or outside the CIA will say. Which may mean we're going to be fighting on "the dark side" for some time to come. With reporting by Timothy J. Burger, Massimo Calabresi, Adam Zagorin/Washington

Democrats On Al Qaeda (WSJ)

The Wall Street Journal, October 2, 2006

Democrats keep insisting that, whatever their opposition to the war in Iraq, they'd be as tough as anyone in fighting al Qaeda. We'd love to believe this for the country's sake, but then what are Americans to make of last week's Congressional vote on detainee interrogation and military tribunals?

The bill was a compromise between the White House and three GOP Senators who Democrats had been hailing as voices of independent courage only days earlier. But rather than endorse this deal that put limits on interrogation methods (see nearby), Democrats in both houses voted overwhelmingly no. In the House, only 34 Democrats supported the bill, most of those from the South or rural areas, while the entire leadership and 160 Democrats voted no.

Over in the Senate, 32 Democrats opposed the bill, including the leadership and everyone who's been mentioned as a potential Presidential candidate in 2008: Hillary Clinton, Evan Bayh, John Kerry, Joe Biden, Chris Dodd, Russ Feingold. The dozen who voted yes are either up for re-election or from swing states. If an election weren't coming, we doubt there'd have even been that many. The Democratic "ayes" included Senate candidates Sherrod Brown of Ohio and Debbie Stabenow of Michigan, both partisan liberals on all issues except, suddenly, this one.

This amazing vote only reinforces the Republican argument that, given the chance, Democrats would return to the pre-9/11, law-enforcement model of fighting terrorism. In voting "no," they were opposing aggressive interrogation of even the worst al Qaeda captives. If Democrats fall short of regaining Congress this year, votes like this will be the reason.

'The More Subtle Kind Of Torment' (WP)

By Joseph Margulies

The Washington Post, October 2, 2006

In these uncertain times, it's worth recalling that the threat posed by weapons of mass destruction in the hands of madmen is not new. Nearly 50 years before Sept. 11, 2001, the American public learned that a group of prisoners in military custody confessed to being part of an elaborate conspiracy to bomb civilian targets with bacteriological weapons.

The first prisoner to crack said the goal was "the mass annihilation of the civilian population." As often happens, his confession led to others, and before long, three dozen prisoners had coughed up page after page of chilling, meticulously detailed admissions.

But it was all a lie. Thirty-six American airmen, shot from the sky during the Korean War, falsely confessed to a vast plot to bomb civilian targets. How did this happen? With Congress having approved a "compromise" that gives the president authority to determine the meaning of the Geneva Conventions and redefines the War Crimes Act to protect CIA interrogators, we should revisit this all-but-forgotten moment in U.S. history.

During the Korean War, thousands of American POWs were forced to endure grotesque and sadistic physical torture. But the downed airmen were treated differently. The senior officer among them was Col. Frank Schwable, the highest-ranking Marine captured in the conflict. "I want to emphasize," Schwable said later, "that I did not undergo physical torture. Perhaps I would have been more fortunate if I had, because people nowadays seem to understand that better. Mine was the more subtle kind of torment."

The airmen were subjected to something new: touchless torture. They were kept isolated from all human contact, apart from their interrogators. One prisoner spent 10 months in solitary confinement, another 13. Schwable did not learn of the armistice until after he confessed.

They were made to stand or sit in awkward and painful positions for hours at a time. One prisoner had to sit at attention on the edge of a stool for 15 hours per day for 33 days. Another time he had to stand for 30 consecutive hours, until he collapsed. Schwable was required to sit at attention every day for almost 10 weeks.

They were demeaned, taunted and treated like animals. Schwable said the guards "growled" or "barked" at him, slopped food at him, and made him defecate in public. "Every effort was made to degrade and humiliate me," he said.

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And of course they were interrogated. Grueling interrogations that lasted hours and hours, repeating the same material they had gone over the day before, and the day before that, until the past became a confusing whirl of fact and fantasy suggested to them by their relentless interlocutors. At last, exhausted and demoralized, their resistance overcome, they confessed. They all confessed in the end. And they all lied.

Maj. William Harris later tried to explain to an incredulous public how he could falsely accuse his country of something so barbaric as a conspiracy to bomb civilians, especially if he wasn't "tortured." "They don't have to lay a hand on you to make you the most miserable person in the world," he said. "I would rather take a beating any day than be subjected to their type of questioning and treatment."

After the war North Korean atrocities were roundly condemned by the United States, which complained to the United Nations that the Koreans had not complied with the Geneva Conventions. One institution, however, was not repelled but intrigued. The experience led the CIA to accelerate its research into the theory and science of coercive interrogation.

Between 1950 and 1962, the CIA poured millions of dollars into studies that tested different interrogation techniques, hoping to learn from and refine the lessons of Korea. The research culminated in the top-secret KUBARK manual, a 1963 primer on how to conduct coercive counterintelligence interrogations. The manual was finally disclosed in 1997 and is now available online.

KUBARK operates on the premise that a prisoner will divulge what he knows once he realizes that resistance is pointless. The prisoner must believe his captors are "all-powerful." Confusion, fear and isolation are the interrogator's stock in trade, since they "create and amplify an effect of omniscience."

Interrogators must create a menacing and ominous environment that destroys the prisoner's capacity to function as a "civilized man." Prisoners should be kept disoriented because "the capacity for resistance is diminished by disorientation."

The prisoner's environment must be manipulated to produce a "regression of the personality to whatever earlier and weaker level is required for the dissolution of resistance." This usually doesn't take much. "Relatively small degrees of homeostatic derangement, fatigue, pain, sleep loss, or anxiety" are generally sufficient.

When in doubt, the interrogator should always keep in mind this useful advice: In order to achieve " the maximum amount of mental discomfort ," (emphasis in original), your prisoner must be instilled with a sense of "debility, dependence, and dread." "When this aim is achieved, resistance is seriously impaired." The prisoner enters "a kind of psychological shock or paralysis." At that moment, "the source is far more open to suggestion [and] far likelier to comply."

Will mild "homeostatic derangement" be deemed acceptable under the legislation just passed by Congress -- a little sleep deprivation here, some extended standing there, perhaps a few more hours in the cold room, a wee drop of solitary confinement now and again, extended isolation from the outside world? Nothing like "real" torture, since everyone knows that's unreliable.

Regrettably, we may not hear the answer in the sad, distant voices of three dozen American airmen. There is a lesson in their cries, if only we'd listen.

The writer is a law professor at Northwestern University and was lead counsel in Rasul v. Bush, which concerned the legality of the detentions at Guantanamo Bay. He is the author of "Guantanamo and the Abuse of Presidential Power."

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, October 2, 2006

The New York Yankees feature large in upstate Republican Rep.Sherwood Boehlert's life. And for the first time in 24 years, that's a good thing. Because this post-season-and World Series, to hear "Sherry" brag on-he'll have a chance to sit in Yankee Stadium instead of campaigning in Utica and Cooperstown for re-election. He's retiring. "Just to give you an example of how this year's been different," he tells our Bret Schulte, "September 3 in an election year, I usually have two or three chicken barbecues and maybe a walk in a Labor Day parade. This September 3, I was sitting in the front row behind the dugout in Yankee Stadium with two of my daughters and grandkids."

You could say he's a rare example of congressional retirement. While others hang around Washington to lobby, Boehlert's giving back to his family. "What about us?" they asked him. So he's obliging, as long as they like baseball. And how could they not? His district includes the Baseball Hall of Fame, which he's already hit up for playoff tickets. "They're the best seats in the house," he says of Cooperstown's front-row dugout spots. He knows: At that September 3 game, centerfielder Johnny Damon rolled a ball to his grandson. Then third base coach Larry Bowa rolled one to his granddaughter. "They thought I was 10 feet tall," he says with a grin. And for the record: He predicts a 27th world championship. Sorry, Mets fans.

A Sneak Preview and an Ashton Fix

The sprawling and stiff Department of Homeland Security, parent agency of the U.S. Coast Guard, is getting pretty jazzed about The Guardian, starring dreamy Ashton Kutcher and oldie-but-goodie Kevin Costner. We hear the agency plans to rent out

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a Georgetown movie theater for a DHS-only screening of the new Coastie flick. And what a welcome change that would be: Younger workers say DHS used to be a lot more fun before the buttoned-up Michael Chertoff took over. Maybe he'll buy the popcorn.

Make No Mistake: Bush Wants OBL

All this recent talk about whether President Bush tried as hard as former President Clinton to nail Osama bin Laden had us wondering just how bad the prez wants the terrorist. Real bad, it seems. One key insider says that Bush is nearly obsessed with "OBL," as he's called. "He's very taken with the hunt, and it is very much a priority on his mind," says terrorism adviser Frances Townsend. "He has an extraordinary memory for detail. He has an extraordinary ability to recall particular details, plots, individuals, to ask questions about it. And I will tell you that he asks very specific questions on the hunt for bin Laden on a regular basis."

Just Don't Say Iran Caved In-Please

Good news on those Iran-European Union talks over stopping Tehran's bid to build a nuke: Iran's likely to suspend its uranium enrichment program if nobody really calls it that. Insiders say they want some face-saving language in any deal that makes it look like they didn't cave in to western pressure. "They can call it whatever they want," a U.S. official says, "but they have to stop the work" before formal talks including Washington can begin.

Q&A Pervez Musharraf (TIME)

Time, October 2, 2006

Sunday, Oct. 1, 2006

Q&A Pervez Musharraf

Pervez Musharraf knows how to make a splash with a book tour. In the week that his new memoir, In the Line of Fire, hit stores, the Pakistani President feuded publicly with Afghan President Hamid Karzai, had tea and Twinkies on The Daily Show with Jon Stewart, ate dinner at the White House, and was greeted in London by Tony Blair and a leaked British defense document accusing Pakistan's intelligence agency of having ties to al-Qaeda. Somehow, he also managed to squeeze in a chat with TIME in New York.

The Afghan government says Pakistan is responsible for the resurgence of the Taliban.

The U.N. Secretary-General's report says that the foot soldiers of the insurgency are Afghans. I've been saying that for the last three months, even though President Karzai and everyone else says they're from Pakistan. Today Karzai said [Taliban leader] Mullah Omar is in Quetta. This is a ridiculous assertion. Mullah Omar has never come to Quetta. Not since 1995 has he come to Pakistan. He is based in Kandahar and is still there.

There have been recent reports that Osama bin Laden may have died. Do you believe them?

I have no such information. I spoke to my intelligence chief, and he did not substantiate this point.

Do you believe bin Laden is in Pakistan?

These are things that agitate me. I could say he could be in any country. But I never say that because I don't know. We have excellent intelligence sources, so if we don't know where he is, I don't know how anyone else knows. We don't know where he is. We are guessing.

If you sent in a larger number of forces, would you have a better chance of finding him?

We'll go anywhere if we have any indication that he is there. We are trying to look for him. But we're dealing with mountainous areas. There are no roads. These are fiercely independent people--they are all armed, everyone carrying a weapon. This is the kind of terrain we're dealing with. It's not easy.

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The Black Hole Of A U.N. Blacklist (WSJ)

By David Crawford

The Wall Street Journal, October 2, 2006

LONDON -- Governments around the world have drawn criticism for some extrajudicial steps taken to corral suspected terrorists, from secret prisons to surreptitious abductions to deportations that could lead to torture or execution.

Meanwhile, a program overseen by the United Nations Security Council has stripped hundreds of people of assets and international-travel rights -- and even the right to earn a salary or buy groceries -- without so much as a hearing, let alone trial or appeal. Apart from suspects' lawyers and a European human-rights watchdog, the program has drawn little scrutiny.

Today, 359 people are on this blacklist created by Security Council Resolution 1267. No court process is involved in adding someone to the list, nor is it debated by the council's member states. Those added have no right to present exculpatory evidence to Security Council members, nor any right of appeal.

Cutting Off Funding

The U.S. and other governments say these sanctions are an important weapon in the fight against international terrorism, cutting suspects off from the money they need to communicate and operate, either from jail or when the law would otherwise let them go free.

Opponents say the program has lost its original purpose and is used by governments to evade due process in pursuit of alleged terrorists and their accomplices. Critics also decry the opportunity for governments to abuse the system by framing dissidents and others who draw official disfavor.

"This isn't about preventing terrorism. This is punishment without trial," says German lawyer Gül Pinar, who represents several people in Germany who are on the U.N. list.

A Security Council report in March aired concerns about how effective the program has been against terrorism. In a letter to the panel's president, the chairman of the committee that oversees the list cited inconsistent enforcement among nations, noting many suspects continue to cross borders.

Resolution 1267 was passed in 1999 to pressure Afghanistan's Taliban rulers to hand over Osama bin Laden after Washington accused him of masterminding the 1998 bombing of U.S. embassies in Africa. Rather than impose broad economic sanctions, which would hurt the Afghan population, the Security Council aimed to isolate and punish Taliban leaders. A year later, the restrictions were applied to Mr. bin Laden and some of his associates.

Since the Sept. 11, 2001, attacks in the U.S., Resolution 1267 has been used against a much wider group, including suspected and convicted al Qaeda operatives and their networks. Some people on the U.N. list have been tried and convicted of terrorist-related offenses and are in jail. Some, like Mr. bin Laden, are or were fugitives. Others inhabit a grayer zone.

Take Saad al-Fagih, whom Saudi Arabia accuses of complicity in an attempted assassination and of helping to buy the satellite phone Mr. bin Laden used to direct the embassy bombings. Mr. Fagih has never been charged with a crime in the United Kingdom, where he lives. His designation on the U.N. list "is a critical part of the international campaign to counter terrorism," according to a U.S. Treasury Department statement.

Two cellphones chirp constantly as Mr. Fagih, a Saudi citizen, pilots a Honda Civic through busy London traffic en route to a four-bedroom townhouse in a tony neighborhood of northwest London. The home, like the car and the phones, is in his wife's name. Mr. Fagih denies any ties or past dealings with Mr. bin Laden: "If it were true, why haven't I been charged?" he asks.

Heino Vahldieck, the head of intelligence in Hamburg, Germany, says administrative pressure, such as 1267 sanctions, is used against men like Mr. Fagih when circumstantial evidence tying them to terrorism is considered overwhelming but criminal prosecution is difficult or impossible. "We need to be creative," he says.

Although most of the list's designated Taliban supporters are Afghan nationals, those accused of al Qaeda links are more diverse, including at least one U.S. citizen, three Britons, two Germans and five Saudi Arabian citizens. The blacklist includes at least 35 Tunisians, five Moroccans, 10 Egyptians and 77 individuals of indeterminate nationality, according to the U.N.'s official 1267 sanctions list.

Sanctions Survive Acquittal

Last year, a court in Hamburg found Abdelghani Mzoudi -- a Moroccan student and former roommate of three Sept. 11 pilots -- not guilty on all charges of logistical support for those hijack attacks. Despite the acquittal, Mr. Mzoudi, who returned to Morocco after his trial, remains sanctioned under 1267 for his alleged support of al Qaeda.

Mamoun Darkazanli, who lives in Hamburg, was designated under 1267 in October 2001, shortly after he told police he spent Sept. 11 watching television with a man who later admitted -- under interrogation in Syria -- that he recruited three pilots for the attacks. Mr. Darkazanli, whose lawyer notes her client has never been convicted of a crime, was left destitute when banking restrictions made it impossible to run his import-export business. He survives on welfare payments authorized by the Security Council.

This year, the Council of Europe, an intergovernmental human-rights watchdog, said in a report requested by the U.N. that the 1267 process doesn't comply with Europe's convention on human rights because it provides no protection against arbitrary decisions and has no mechanism to review the accuracy of allegations governments make. Those targeted have no recourse against national governments, which can simply say they are bound to follow the dictates of the Security Council.

The procedure to designate someone an al Qaeda or Taliban supporter is simple. A government submits a name to the Security Council's 1267 committee, which circulates it among the 15 council members, along with supporting details. There are no formal standards of evidence required for designation, a diplomat involved in the process said, adding, "The 1267 committee is not a court. This is a political process."

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Delistings Are Few

If no objection is made within five days, the person is added to the list. Their assets -- from bank accounts to private debts to prison-canteen funds -- are frozen and they lose the right to travel internationally. "Silence means, 'Yes, the sanction is confirmed,' " a U.N. spokeswoman said. Most sanction requests have been approved without challenge, although nine people have been delisted. Individuals don't get a hearing and can't submit evidence to refute the allegations. Nor can they apply to be delisted -- only a government can on their behalf.

Mr. Fagih says "nobody contacted me about the allegations" when his name went before the 1267 committee in 2004. He eventually learned of Saudi Arabia's charges, and the Security Council sanctions, from the British foreign office. His name was proposed by Saudi Arabia, which alleged that in 2003 Mr. Fagih received $1 million from a man who later confessed to plotting the assassination of the Saudi crown prince, according to the Treasury Department. Mr. Fagih denies involvement in the alleged plot and says he was targeted for organizing peaceful human-rights demonstrations.

Nawaf Obaid, a Saudi security adviser at the kingdom's London embassy, says he investigated Mr. Fagih's case for three years and the charges against him are "rock solid." Saudi Arabia hasn't applied to extradite Mr. Fagih, because the U.K., like other European Union countries, refuses to extradite suspects to countries where they would face the death penalty, Mr. Obaid says.

Despite the U.N. sanctions, Mr. Fagih continues to broadcast from London for Al-Islah TV, a Saudi dissident television station that aims to overthrow the royal family. He says the impact of the U.N. sanctions on his life has been negligible.

"Nothing has changed," says Mr. Fagih, while serving tea and cakes from a silver tray in his office. Joking, he adds: "Except I can't buy a tank."

FBI Worries About An Osama-mobsters Link (USAT/AP)

By Pat Milton, Associated Press

USA Today, October 2, 2006

WASHINGTON — The FBI's top counterterrorism official harbors lots of concerns: weapons of mass destruction, undetected homegrown terrorists and the possibility that old-fashioned mobsters will team up with al-Qaeda for the right price.

Though there is no direct evidence yet of organized crime collaborating with terrorists, the first hints of a connection surfaced in a recent undercover FBI operation. Agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman.

That case and other factors are heightening concerns about a real-life episode of the Sopranos teaming with Osama bin Laden's followers.

VIDEO: Osama and the Sopranos?

"We are continuing to look for a nexus," said Joseph Billy Jr., the FBI's top counterterrorism official. "We are looking at this very aggressively."

The new strategy involves an analysis of nationwide criminal investigations, particularly white collar crime, side by side with intelligence and terrorist activity.

"We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover," Billy said in an interview with the Associated Press.

Organized crime syndicates could facilitate money transfers or laundering, human smuggling, identification fraud or explosives and weapons acquisitions, officials said.

The options are many for terrorists groups.

There are the five reputed La Cosa Nostra families in New York, Russian criminal enterprises from Brighton Beach in the New York borough of Brooklyn to Moscow, and the emerging Asian crime syndicates that operate in many Islamic countries with al-Qaeda offshoots.

A contract study produced recently for the Pentagon and obtained by the AP warned that the potential for organized crime assisting terrorists is growing.

"Although terrorism and organized crime are different phenomena, the important fact is that terrorist and criminal networks overlap and cooperate in some enterprises," the study said. "The phenomenon of the synergy of terrorism and organized crime is growing because similar conditions give rise to both and because terrorists and organized criminals use similar approaches to promote their operations."

The traditional mafia has highly developed networks for acquiring goods and services and money, all for a price.

The mob's potential interest in helping a terrorist has nothing to do with ideology or sympathy but with greed, said Matt Heron, head of New York FBI's organized crime unit.

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"They will deal with anybody, if they can make a buck," Heron said. "They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them."

"If the mob has explosives and a terrorist wants them and they have the money, they could become instant friends," he said.

Pat D'Amuro, a retired senior FBI official and now chief executive of Giuliani Security, said a Mafia boss once acknowledged that the mob would help terrorists.

"I am aware of a high-level Mafia figure, who was cooperating with authorities, being asked if the Mafia would assist terrorists in smuggling people into Europe through Italy," D'Amuro said. "He said, 'The Mafia will help who ever can pay.'"

Officials said they have no specific evidence that such a relationship has been cemented. But concerns were heightened last year after an Armenian immigrant was arrested in New York for allegedly leading a plot to sell military weapons to an FBI informant posing as a middleman for terrorists.

Arthur Solomonyan had claimed to be able to deliver shoulder-fired missiles from his connection in Russian organized crime to the informant, who claimed to have ties to al-Qaeda, federal prosecutors said. Solomonyan and 17 others in New York, Florida and California were charged in the case.

Solomonyan is scheduled for trial this month. His lawyer, Seth Ginsberg, said he plans to "vigorously contest" the charges and call the government's confidential informant to the stand to challenge his motives. The Italian, Russian, and Asian mafia remain active, particularly in New York, even though the government has successfully prosecuted numerous figures in recent years.

In the past three years, well over 100 associates from all five La Cosa Nostra families have been arrested in New York, Heron noted.

While the potential of a gangster-terrorist marriage is on the FBI's radar, homegrown terror cells and weapons of mass destruction are also big concerns for those in the FBI given the job of stopping the next terrorist attack.

"We are not only aware that they want to come across the ocean to attack us but they may be physically here developing in our own homeland," Billy said.

The Internet has become the new Afghanistan, allowing terrorist sympathizers to promote their radical ideas and to recruit and train followers right their home computers. That makes it far more difficult for investigators to identify them.

Billy said his biggest concern remains weapons of mass destruction. While Hezbollah and Hamas are more defined terrorist groups, with a territorial focus and a political platform, al-Qaeda is more unpredictable.

"We know they were trying to acquire it prior to 9/11, bin Laden's own words said that," said Billy. "What makes us think they are still not trying?"

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat's father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

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On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Publisher To Offer Inside Account Of Al Qaeda Operative (NYT)

By Julie Bosman

The New York Times, October 2, 2006

Basic Books says it will soon publish what it calls the first inside account of life as an Al Qaeda operative.

"Inside the Jihad: My Life with Al Qaeda, A Spy's Story," by Omar Nasiri, is a first-person narrative of Mr. Nasiri's time in an Al Qaeda training camp in Afghanistan in the 1990's, followed by a stint as a spy for a Western intelligence service.

The book, which is expected to be announced today and is scheduled to be published on Nov. 20, is a "detailed portrait of a complex man" with a "unique and chilling perspective," the publisher said in a press release.

But promoting "Inside the Jihad" will be tricky. "It will not be a traditional book tour," said David Steinberger, the chief executive of the Perseus Books Group, whose imprints include Basic Books, Da Capo Press and Running Press, among others. "There will be no author signings and no Oprah appearances and no morning shows."

Omar Nasiri, after all, is a pseudonym for someone who lives in hiding at an undisclosed location abroad, where he wrote the book over the last year. Mr. Nasiri will give only a few interviews, timed to the book's release, and given his ties to Al Qaeda will be unable to enter the United States. One of the interviews is expected to be with the BBC television program "Newsnight," but his face and voice will be digitally altered to protect his identity.

In the absence of an author able to speak for his work, the publisher is depending on other sources to lend credibility to "Inside the Jihad." Michael Scheuer, the former head of the Osama bin Laden unit within the Central Intelligence Agency, read the manuscript before publication, Mr. Steinberger said, and key facts in the book were vetted by members of various European security agencies.

Some consumers may be squeamish about buying a book written by a former Al Qaeda member, reformed or not, Mr. Steinberger acknowledged.

Still, he added, "There's only one way to get an accurate inside view of what goes on in Al Qaeda. The value of understanding what goes on there outweighs any other consideration."

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 2, 2006

Cash advantage

"The president's fund-raising sure helps," U.S. News & World Report reports in its White House Week column.

"Republicans in key congressional districts have now accumulated a big cash advantage over their Democratic rivals. Sources says that House Republican incumbents on the party's endangered list each have an average of $200,000 more on hand than their opponents," the magazine said.

"In the past, that kind of cash advantage has meant victory for more than 90 percent of candidates. Another good sign for the GOP: some of the most endangered Republican incumbents appear to be gaining momentum in their campaigns, according to GOP surveys."

Coming home

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"If you have any doubts about the confusion of the Democrats, just look at the party's midterm strategy," Mark Halperin writes in the New York Times.

"On the one hand, Democrats are reluctant to push for liberal policies that would motivate their base. But the core of their enunciated message -- both vowing to stop the president's right-wing policies and blurring their differences with Republicans on highly charged issues -- has in recent elections been a recipe for defeat. Such equivocation is the kind of themeless pudding that does not match up well with the conviction of the White House message and is uninspiring to both the Democrats' base and the center," said Mr. Halperin, who is the political director of ABC News and co-author of "The Way to Win: Taking the White House in 2008."

"For months, the president was in severe political peril, with approval ratings regularly hovering around 30 percent, in large measure because he was missing the support of Republicans and Republican-leaning independents that is essential to his majority. Despite conservative disaffection with the White House over the past year on issues like spending (and even, in some cases, on Iraq), the latest polls show the GOP base is coming home -- and just in time. Base support is headed toward 90 percent, just about where it was before the 2002 and 2004 elections."

Ashcroft book

Former Attorney General John Ashcroft is to publish a memoir of his time in office, lashing critics of the Bush administration's strategy in the war on terror.

Advance copies of "Never Again: Securing America and Restoring Justice," which is to be published this week, were not available, but one person close to Mr. Ashcroft told Shaun Waterman of United Press International that he "hits out hard at critics of the administration" and its war on terror.

He has particularly harsh words for some of the members of the September 11 commission, especially Democratic former Justice Department senior official Jamie Gorelick, the source says.

The publisher's blurb says Mr. Ashcroft's position as the administration's most senior law-enforcement official gave him "a uniquely comprehensive -- and uniquely chilling -- view of the threats to American security," adding that Mr. Ashcroft discusses "the enactment and defense of the Patriot Act, the Robert Hansen spy scandal ... and the recently discovered domestic surveillance program authorized by President Bush."

Mr. Ashcroft, a conservative who became a lightning rod for criticisms of the administration's aggressive interpretation of the limits of presidential power, is slated to appear this morning on NBC's "Today" show to discuss his book.

Poll results

Democratic Rep. Harold E. Ford Jr. is running even with Republican Bob Corker in Tennessee, while Democrat Jon Tester has edged ahead of Sen. Conrad Burns in Montana, according to polls released yesterday.

A Mason-Dixon poll found that Mr. Ford had the backing of 43 percent in Tennessee, while Mr. Corker, a former Chattanooga mayor, was backed by 42 percent. Mr. Corker had a lead in midsummer polling matching the two.

Another Mason-Dixon poll found that Mr. Tester has pulled ahead of Mr. Burns in Montana, by 47 percent to 40 percent. They were tied in August polling.

Moving over

Robert Knight, who started the Culture & Family Institute at Concerned Women for America (CWA) in 2001, will be heading the new Institute on Culture and the Media (ICM) at the Media Research Center in Alexandria, beginning today.

"ICM will study how the media portray faith and traditional values, and how skewed media coverage undermines personal responsibility," Mr. Knight says.

Mr. Knight's relationship with CWA will continue this week, when he speaks Saturday at CWA's Leadership Conference in Arlington. He also will address a CWA event in Arizona later this month.

Myth-wrecker

"While Al Gore drifts into deeper darkness on the other side of the moon, propelled by such revelations as cigarette smoking is a 'significant contributor to global warming,' Sen. James Inhofe is becoming a one-man myth-wrecking crew," Investor's Business Daily says in an editorial.

"Inhofe, a Republican from Oklahoma, took to the Senate floor two days [recently] to expose the media's role in the global warming hype. This is a man who more than three years ago called the global warming scare 'the greatest hoax ever perpetrated on the American people' and has made a habit of tweaking the left-leaning environmental lobby," the newspaper said.

"One member of the media, Miles O'Brien of CNN, responded ... to Inhofe's criticism of the media with a piece criticizing Inhofe and challenging his arguments. If anything, it seems that O'Brien's reply simply motivated Inhofe to continue his effort to undress the media's complicity and bring light to the issue.

"We hope so. The 'science' on global warming and the media's propaganda campaign need to be picked apart.

"The assumptions made by gloomy theorists should be revealed for what they are: mere conjecture.

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"The lies and carefully crafted implications, many of them discharged like toxic pollutants by a former vice president, deserve a thorough and lasting deconstruction.

"What the public needs -- and deserves -- is a credible voice to counter the sermons from Gore, on whose behalf cigarettes were distributed in 2000 to Milwaukee homeless people who were recruited by campaign volunteers to cast absentee ballots. Inhofe could be that voice."

Book review

In a series of appearances on the talk-show circuit yesterday, White House counselor Dan Bartlett dismissed parts of Bob Woodward's new book, "State of Denial," saying the veteran reporter had "already formulated some conclusions even before the interviewing began" for the book.

During an appearance on ABC's "This Week," Mr. Bartlett described as a "grossly misleading characterization" that Secretary of State Condoleezza Rice dismissed warnings from intelligence officials about the threat of al Qaeda before the September 11 attacks.

However, Mr. Bartlett did confirm Mr. Woodward's report that White House Chief of Staff Andrew H. Card Jr. approached President Bush after the 2004 election and suggested he replace Defense Secretary Donald H. Rumsfeld. However, he denied rumors Mr. Bush was seeking to replace Mr. Rumsfeld. "The president has confidence in Don Rumsfeld," Mr. Bartlett said on CBS' "Face the Nation."

Testing Foreign Air Marshals (WP)

By Del Quentin Wilber

The Washington Post, October 2, 2006

EGG HARBOR, N.J. -- Eighteen Chinese air marshals were recently put to the test -- the same test faced by their U.S. counterparts. They learned to subdue an armed hijacker, leap down evacuation slides and deal with a bomb found aboard a plane.

The 18 Chinese security officers were part of an international exchange program that brings foreign air marshals to the high-tech and sprawling training compound here that is used by U.S. air marshals. Beijing requested the training because the air marshals will soon be patrolling flights by Chinese carriers that are bound for the United States, authorities said.

Since July 2005, more than 100 air marshals from seven countries -- including Mexico, Poland and Japan -- have participated in the program, which lasts one to two weeks. Foreign governments finance most of the training.

U.S. officials said that the exchange program allows air marshals to study advanced techniques at the high-tech training center. It also gives them an idea of U.S. laws and use-of-force requirements when dealing with suspects.

The U.S. government will not disclose the exact number of air marshals but says it has thousands on the payroll -- up from 33 on Sept. 11, 2001. Joseph J. D'Angelillio, special agent in charge of the training center, said that other countries have rushed to put more air marshals on flights since the 2001 attacks.

"Basically, we are trying to find commonalities, to get the best practices, and get this patchwork quilt put together so we have a very even and transparent aviation security system," D'Angelillio said of the exchange program.

U.S., EU Hit Snag In Air-Data Talks (WSJ)

By Robert Block

The Wall Street Journal, October 2, 2006

WASHINGTON -- Negotiators for the U.S. and European Union failed to reach a deal for sharing confidential airline-passenger information, setting the stage for a possible showdown over U.S. plans for greater security data-mining.

Department of Homeland Security officials said in the absence of a deal, the U.S. would use European airline-passenger information as "we deem necessary to protect the American people."

European officials fear attempts by U.S. officials to share the data with law-enforcement officials in violation of EU law could spark lawsuits and a diplomatic standoff that could ground commercial flights between Europe and the U.S.

Airlines refusing to provide passenger lists to the U.S. may lose landing rights in the country, but those that do provide the lists risk facing legal action under EU member states' data-protection legislation. European Commission spokesman Jonathan Todd said attempts to resolve the deadlock would continue.

Homeland Security Secretary Michael Chertoff has called the sharing of passenger-name record, or PNR, data on incoming flights from the European Union a vital tool to identify possible terrorists before they reach the U.S. After the Sept. 11, 2001, attacks, the U.S. demanded that all airlines provide passenger data -- including information such as credit-card numbers, travel itineraries, addresses and telephone numbers -- for all inbound flights. But a subsequent U.S.-EU agreement was ruled illegal by the highest European court in May, giving the EU until midnight this past Saturday to reach a new arrangement.

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A total of 34 pieces of information about each individual passenger must be transferred to American authorities within 15 minutes of a flight's departure to the U.S. under the lapsed agreement.

Some airlines have more than 60 pieces of information about passengers, to which U.S. officials have sought access.

According to U.S. and European officials close to the talks, a deal was almost finalized Saturday when Mr. Chertoff introduced new demands and the Europeans balked. Officials provided no details about those demands, but Mr. Chertoff has said publicly on many occasions that Homeland Security wants to share European PNR information with investigators from other U.S. law-enforcement agencies as well as with U.S. allies. Under European law and the lapsed EU deal, however, the department can't share the data beyond U.S. Customs and Border Protection, which checks the data against U.S. terrorist watch lists.

After the EU negotiators left Washington, Mr. Chertoff spoke several times with Franco Frattini, the European commissioner for justice, freedom and security, and a Homeland Security spokesman said the two were "confident" an agreement could be reached soon. Mr. Chertoff then sent what he called a draft agreement to EU representatives that he initialed for "final ratification."

EU officials called the move a "diplomatic ploy." "Chertoff is attempting to create a unilateral agreement where there is none," said one EU official.

Homeland Security officials denied the charge, saying it was an attempt by Mr. Chertoff to present European ministers with a document the U.S. was prepared to sign. The EU's interior and justice ministers are due to take up the issue Thursday.

Australian Suspect At Gitmo To Be Tried (AP)

By Rod Mcguirk

AP, October 2, 2006

CANBERRA, Australia -- The only Australian held at Guantanamo Bay, Cuba, will be among the first terror suspects tried by the overhauled U.S. military commission system within months, Australia's attorney general said Sunday.

With domestic pressure mounting on the center-right government over how long alleged Taliban fighter David Hicks has spent at the U.S. naval base in Cuba, Attorney General Philip Ruddock met with his U.S. counterpart Alberto Gonzales last week to press for a speedy resolution. He returned home Sunday.

"It ought to be a matter that can be dealt with quickly. We've said it should be dealt with quickly and they've said to us it will be among the first cases to be heard," Ruddock told Australian Broadcasting Corp. television.

"They don't think it will be within weeks _ obviously the process of regulations, choosing those who will serve on the commissions will take perhaps even some months _ but they're very conscious of our view that this needs to happen very expeditiously," he said.

Hicks, a 31-year-old former kangaroo skinner, was arrested by the Northern Alliance in Afghanistan in December 2001 and was later charged with attempted murder, conspiracy to commit war crimes and aiding the enemy.

Congress last week approved legislation that addressed a U.S. Supreme Court ruling in June that the commissions were illegal. But regulations have yet to be put in place and new charges would need to be drafted, Ruddock aid.

The legislation Congress sent President Bush Friday endorses his plan to interrogate and prosecute terror suspects and sets the rules for court proceedings. It would only apply to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq.

The Pentagon had previously selected 10 prisoners at Guantanamo Bay prison to be tried and Bush is expected also to try some or all of the 14 suspects held by the CIA in secret prisons and recently transferred to military custody at Guantanamo.

HOMELAND RESPONSE:

5 Years After Anthrax Attacks, Investigators Still Have No Answers (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 2, 2006

When Bob Stevens, a photo editor in Boca Raton, died of anthrax poisoning five years ago, he became the first U.S. casualty in a new era of bioterrorism threats.

In the days and weeks to follow, four others who contracted anthrax from tainted mail died -- two postal workers in Washington, D.C., a New York City hospital stockroom employee and an elderly Connecticut woman. At least 17 others fell ill but survived during that uneasy autumn after the 9-11 attacks.

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Whoever devised the deadly letters slipped back underground -- there have been no anthrax mailings since. The unknown attacker transformed the American consciousness, in part because a potential biological attack seemed remote, until it became a reality.

Hoax letters once tossed in the trash without a thought now merit a full hazardous materials response. Biodefense is a government priority, with billions of dollars dedicated to it. Even as some experts say anthrax would be the easiest biological weapon for terrorists to deploy, others say the threat is low because of the difficulty in obtaining, producing and effectively dispersing it.

What disturbs some bioterrorism experts is the lack of positive signs the FBI will ever solve the mystery.

"Every year that passes, the probability of solving it becomes less and less," said Bill Patrick, a former military anthrax researcher. "It's been five years now. I don't see a solution forthcoming."

That uncertainty hangs over Maureen Stevens, who lost her husband of 27 years. Bob Stevens, 63, fell ill and was hospitalized on Oct. 2, 2001. He died three days later, and Maureen Stevens has no more answers today than she did then.

"I just want to know how it could happen, as much as how it happened, how easy it was for someone to do this," she said recently. "I would really like to know how they did it, why they did it, and what they hoped to achieve."

Though the investigation appears stalled, the FBI says the "Amerithrax" investigation remains a priority, with 17 agents and 10 postal inspectors assigned to the case.

"Despite the frustrations that come with any complex investigation, no one in the FBI has, for a moment, stopped thinking about the innocent victims of these attacks, nor has the effort to solve this case in any way been slowed," Joseph Persichini Jr., acting assistant director of the FBI's Washington Field Office, said in a recent statement.

The FBI initially focused on scientists who worked within U.S. biodefense programs with access to government strains of Ames anthrax and sophisticated labs.

It now appears the person or group behind the attacks didn't require highly specialized scientific training to manufacture the anthrax, potentially opening up a much larger pool of suspects. Some experts previously characterized the anthrax as "weaponized" to make its spores smaller, lighter and more deadly.

An FBI scientist, Douglas Beecher, recently published an article in Applied and Environmental Microbiology saying the spores didn't get special coatings to make the anthrax disperse more effectively.

"A widely circulated misconception is that the spores were produced using additives and sophisticated engineering supposedly akin to military weapon production," Beecher wrote in the journal's August issue.

The FBI's first public comment on the nature of the anthrax is drawing attention from a scientific community that at times has been divided on how technologically accomplished the attacks were.

Patrick says the perpetrator knew his business, at least to the degree that an effective, deadly spore was produced.

"It was good material, not weapons grade -- highly concentrated and small particles," he said. "I don't think it's something you can go into your basement laboratory to do."

The first batch of letters went to media outlets -- the three major television networks and the New York Post in New York City, and to tabloid publisher American Media Inc. in Boca Raton, which publishes the Star and National Enquirer, and where Bob Stevens was a photo editor at the now defunct The Sun.

That anthrax was not as refined as the spores in two letters postmarked Oct. 9 and sent to U.S. Sens. Tom Daschle and Patrick Leahy. The Senate letters had higher concentrations of anthrax -- experts think the perpetrator got better at producing the spores. The FBI's Beecher wrote that even microbes left in a cruder state than weaponized spores can be dangerous.

"You can use fairly simple methods to make a fairly sophisticated powder," said David Siegrist, a bioterrorism expert at the Potomac Institute for Policy Studies in Virginia. "I think everybody believes it was very sophisticated powder, but it didn't use traditional routes [of weaponization] to get there."

For a time, the FBI focused on a former biological weapons researcher, Steven Hatfill, whose apartment was searched twice in the summer of 2002. Former Attorney General John Ashcroft called him a "person of interest," but no charges were filed. Hatfill is now suing the government.

The anthrax mailings radically changed some government priorities, increasing biodefense spending from roughly $150 million in the late 1990s to an estimated $7.5 billion last year, according to one study.

The increased biodefense spending is being used to study the threat, the biological agents that could be used and the best ways to respond to an attack. Almost $1 billion is earmarked for a new anthrax vaccine and an antitoxin, and an older vaccine and antibiotics are being stockpiled. Shipments of the new vaccine were to start this fall, but problems have pushed back delivery until at least 2008.

The first-responders to any biological threat -- the police, paramedics and firefighters -- now receive more specialized training specifically for such an event. Training is coordinated between local, state and federal agencies.

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"The resources are in place for the state. South Florida in particular has the largest number of hazardous material technicians in the state," said Mike Jachles, a spokesman for Broward County Fire-Rescue.

Palm Beach County Fire-Rescue Capt. Don DeLucia says not every contingency can be anticipated.

"A large event is going to be difficult to manage no matter how much you prepare for it. You cannot possibly prepare 100 percent for everything."

But there are some bioterrorism specialists who think the threat is overblown.

Milton Leitenberg, a senior research scholar at the University of Maryland's Center for International and Security Studies, says government officials and others are deliberately exaggerating the biological threat, even though no terror organizations have demonstrated the ability to carry out such attacks. He has been critical of the $7 billion yearly biodefense budget. "I don't believe there is any great threat," he said.

While progress has been made in preparing the nation for a biological attack, many experts say the country still is not ready for a small-scale attack, let alone an effective release of biological agents in an urban center.

"What we saw in 2001 was a minuscule attack with anthrax. A large attack would involve tens or hundreds of thousands of people," said Dr. Eric Toner, a senior associate with the University of Pittsburgh's Center for Biosecurity who specializes in medical emergency preparedness. "We have accomplished a lot in five years, but we have lot more to be done. I'm not satisfied that if we had an attack today we would be able to respond effectively."

DHS Reviews Claims Of Contract Conflicts (WP)

By Spencer S. Hsu

The Washington Post, October 2, 2006

The Homeland Security Department is reviewing whether managers with ties to Oak Ridge National Laboratory improperly influenced the decision to give $20 million to the laboratory since 2004 to help develop a list of the nation's top potential terrorist targets, according to DHS officials.

Officials are examining the roles played by two former Energy Department employees who were working for DHS as well as an Idaho National Laboratory employee who was on assignment to the department, said Undersecretary for Preparedness George W. Foresman.

Among Homeland Security's concerns is whether the men's relationships with the Energy Department inappropriately influenced funding decisions. There is little in the way of records to show how funding decisions were made, officials said.

The national labs are owned by the Energy Department and independently managed.

One of the staffers has been reassigned, nearly $40 million more destined for the lab has been placed on hold, and a team was sent Sept. 15 to Oak Ridge, Tenn., to scrutinize its work and determine whether to refocus its efforts, department officials said.

Foresman said the department is acting in an abundance of caution because of recent complaints by Congress and watchdog groups about potential conflicts of interest among DHS contractors awarding research to their home institutions. In June, the DHS inspector general issued a sharply critical review of the target list program.

"There is no indication of any type of misconduct, but this is very much about making sure in the context of everything that we're doing we reflect the highest ethical standards," Foresman said.

The department created the target list, formally known as the National Asset Database, in 2003 and named Oak Ridge to host it, with little or no paperwork. A Congressional Research Service report this month warned that the 77,000-item list remains incomplete and is of limited value.

The scrutiny comes during infighting over poor financial management and budget cuts at Homeland Security's infrastructure protection office, which oversees the database, and which Secretary Michael Chertoff recently reorganized. The unit has been criticized for being slow to complete priorities such as securing chemical plants, helping first responders prevent bomb attacks and finalizing industry plans to protect vital facilities.

At least twice in the past nine months, critics have warned of potential ethical lapses in how DHS awards research grants. Congressional auditors reported in December that such grants lacked adequate documentation and could pose conflicts of interest.

Short of staff after its troubled 2003 launch, DHS placed employees loaned by the national laboratories in charge of five of 16 research programs. Auditors found that in 2004, 23 percent of DHS's $761 million science and technology directorate's research budget went to national laboratories.

James F. McDonnell, former head of the DHS risk management division and one of the former Energy Department employees under scrutiny, said the actions he and others took "were perfectly appropriate."

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The department faced an urgent need to identify targets and lacked the computer capacity to do the job, said McDonnell, a career officer in the Navy and now a senior fellow at George Washington University's Homeland Security Policy Institute. McDonnell said he approached Oak Ridge National Laboratory and asked "if they would take it on and we would fund them to do it, and they said, 'Sure.' "

DHS can award work to national labs as if they are part of the department, skipping formal contracting requirements, McDonnell said, and the lab produced high-quality classified work. But private vendors have long wanted a bigger share of federal research, Foresman said.

Frank H. Akers Jr., a retired Army brigadier general and Oak Ridge associate lab director for national security, said, "We have followed federal guidelines for securing these work contracts."

The shuffle comes amid tension at the department's infrastructure protection and information system's unit, headed by Assistant Secretary Robert B. Stephan since April 2005 and placed under Foresman last fall.

The Homeland Security inspector general in June castigated the division's slow progress at identifying critical facilities and producing a national plan to secure them despite two presidential security directives since 1998. The database has grown from 160 items in 2003 to nearly 80,000 today, but it contains such entries as petting zoos and popcorn stands, doughnut shops, small-town parades and rural bean festivals. DHS officials said the list is only a reference source for a more selective list of 600 critical assets.

WAR NEWS:

White House Aides Take To Talk Shows To Dispute Book (WP)

By Michael A. Fletcher

The Washington Post, October 2, 2006

The White House intensified efforts yesterday to limit the political damage caused by a new book portraying the Bush administration as divided to the point of dysfunction over the war in Iraq, as top officials took to network talk shows to rebut the book's suggestion that President Bush has misled the nation about how dire the situation is there.

Counselor Dan Bartlett, a top aide to Bush, said that despite assertions in "State of Denial," by Washington Post Assistant Managing Editor Bob Woodward, the president has been forthright with the public about the challenges in Iraq.

"What's interesting about this book is that he doesn't connect his own dots," Bartlett said of Woodward on ABC's "This Week." In fact, "he references throughout the book time after time after time where the president was being presented with the bad information, was pushing the internal process to make sure we were adapting to the enemy, and he was sharing this news with the American people."

Bartlett appeared on three network news shows as part of a larger administration effort to push back against criticism being generated by the book, which draws a portrait of Bush growing increasingly isolated in his determination to stay the course in Iraq while his inner circle rejects recommendations to change direction.

Five weeks before the Nov. 7 midterm elections, and days after the disclosure of a National Intelligence Estimate that concluded that the Iraq war has increased the global terrorism movement, Democrats have seized on the book's disclosures to underscore their position that the administration has clung to its strategy regardless of the facts it faces.

"I think there's an evidence-free zone in the White House and the top levels of the Pentagon," Rep. Jane Harman (Calif.), the top Democrat on the House intelligence committee, said on "Fox News Sunday."

The White House has issued long news releases disputing assertions made in the book, while current and former White House aides have taken to the airwaves to dispute or play down the significance of incidents reported in the book.

Bartlett took issue with the book's assertion that Secretary of State Condoleezza Rice, who was then national security adviser, failed to take action after then-CIA Director George J. Tenet warned her, during a meeting on July 10, 2001, of intelligence pointing toward an impending al-Qaeda attack. The book reports that Tenet and his counterterrorism chief, J. Cofer Black, left the meeting feeling brushed off.

The previously undisclosed meeting was not mentioned to members of the Sept. 11 commission, who did an exhaustive investigation of the events leading up to the deadliest terrorist attack in the nation's history. The White House acknowledges that the meeting occurred but disputes the book's depiction of it.

"I spoke to [Secretary Rice] this morning," Bartlett said. "She believes that this is a very grossly misaccurate characterization of the meeting they had."

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Speaking on Fox News, former chief of staff Andrew H. Card Jr., who is reported in the book to have suggested twice that Bush fire Defense Secretary Donald H. Rumsfeld, acknowledged that he sat for long interviews with Woodward "more than a handful of times." He did not dispute that he recommended Rumsfeld's removal, although he added, "I did not start a campaign."

Card added that it is an "overstatement" to say that first lady Laura Bush joined any effort to oust Rumsfeld. The first lady's office has denied the assertion.

Bartlett added that Rice proposed a turnover of Bush's national security team before his second term began, but that the president decided against making wholesale changes.

The book depicts Rumsfeld as a difficult and alienating figure. At one point, he would not return Rice's phone calls, Woodward reports, an assertion that White House spokesman Tony Snow said Rice dismissed as "ridiculous."

Asked whether things were truly that bad, Card said on Fox: "Well, I would not describe that as bad. We are all human beings. There are Type A personalities running around in this government, and that's good. And sometimes a chief of staff or somebody else has to help bring people together to provide counsel to the president."

Despite the controversy that follows him, Rumsfeld continues to have the backing of Bush. "The president has full confidence in Secretary Rumsfeld," Bartlett said. He "is doing an enormously difficult job fighting a war. . . . We recognize he has his critics."

Traveling in Nicaragua yesterday, Rumsfeld said that he is not considering resigning and that the president had called him personally in recent days to express his continued support, the Associated Press reported.

White House Accuses Reporter Bob Woodward Of Bias (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 2, 2006

WASHINGTON - The White House on Sunday attacked investigative journalist Bob Woodward, accusing the reporter of pursuing an agenda in researching his new book "State of Denial," which portrays the Bush administration in an unflattering way.

Appearing on the ABC news program "This Week with George Stephanopoulos," White House counselor Dan Bartlett said Woodward had "already formulated some conclusions even before the interviewing began" with current and former top administration officials.

Excerpts from the book were published Sunday in The Washington Post, where Woodward is an assistant managing editor. They included allegations that President Bush gave rosy public reports about Iraq despite intelligence reports that expressed concern about the rise of the insurgency and the ability of the United States to bring stability. The book also alleged that Secretary of State Condoleezza Rice was warned about Osama bin Laden just months before the Sept. 11 terror attacks.

Two earlier Woodward books, "Bush at War" and "Plan of Attack," were widely considered sympathetic to the White House. But Woodward's third book on Bush's conduct of the war on terror alleges that the president and his team deliberately mislead the public about the on-the-ground reality in Iraq.

On Friday, White House spokesman Tony Snow dismissed the book as cotton candy, suggesting it was light and just repeated old news and views. Sunday, Bartlett took a decidedly more hostile tone, cautioning, "I'm not going to use the word agenda," but then suggesting just that.

Bartlett, special counselor to the president, complained that Woodward wouldn't listen to what he was being told during interviews with administration officials, noting that "their points weren't getting across."

The White House aide also challenged the veracity of one of the book's most controversial assertions. Woodward reported that former CIA Director George Tenet and Cofer Black, the State Department's former anti-terrorism chief, went to Rice on July 10, 2001, in an unscheduled meeting, with intelligence that showed that bin Laden planned to attack the United States.

At the time, Rice was the president's national security adviser. Woodward reports that she gave the two intelligence leaders a brush-off.

Rice, said Bartlett, "believes this is a grossly misleading characterization of the meeting," adding that such a forceful appeal "in her mind didn't happen."

In recent weeks President Clinton, angered by Republican suggestions that he didn't do enough to thwart bin Laden, accused the Bush administration of doing nothing during eight months in office to prevent the terror attacks on New York and Washington.

Bartlett confirmed Woodward's assertions that former chief of staff Andy Card went to the president after re-election and suggested he replace the unpopular defense secretary, Donald H. Rumsfeld. And, he confirmed more recent news reports that others are urging Bush to fire Rumsfeld. Critics accuse Rumsfeld of using too few troops and bungling the post-war period in Iraq.

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"The president has confidence in Don Rumsfeld," said Bartlett, during another Sunday morning interview on the CBS program "Face the Nation."

White House On Defensive Over Book's Revelations On Iraq (AFP-Y)

By Claire Gallen

AFP, October 2, 2006

An explosive new book by star journalist Bob Woodward alleging President George W. Bush hid the truth of the deteriorating Iraq situation has rocked the White House just five weeks before key US congressional elections.

Woodward's "State of Denial" says Bush told Congress and the public that US efforts to establish a democratic government in Iraq were progressing steadily, even as internal White House reports detailed a growing threat of civil war.

It also says that Bush rejected pressure from White House officials to sack Defense Secretary Donald Rumsfeld on the grounds that his policies were contributing to the worsening security situation in Iraq.

"There was a vast difference between what the White House and Pentagon knew about the situation in Iraq and what they were saying publicly," Woodward said Sunday in a Washington Post article adapted from the book.

"In memos, reports and internal debates, high-level officials of the Bush administration have voiced their concern about the United States' ability to bring peace and stability to Iraq since early in the occupation," he said.

The book's official release is Monday, but details were reported by US media days earlier from leaked copies. More excerpts were published Sunday by the Washington Post, where Woodward works, and Newsweek magazine.

The book threatened to damage efforts by Bush's Republican Party to maintain control of the Congress in November elections, in which the ongoing US occupation of Iraq is an important issue.

On Sunday, White House counselor Dan Bartlett insisted Bush had been candid about the war.

"I know the president has been very blunt with the American people about the challenges we face in Iraq. We've given that information," he told CBS television.

And on Friday, White House spokesman Tony Snow insisted that "Nobody's tried to mislead anyone about (Iraq)," in response to the charges by Woodward, whose reporting on the early 1970s Watergate scandal helped force the resignation of president Richard Nixon.

Citing interviews with top officials and internal documents, "State of Denial" portrays Rumsfeld as running rough-shod over the advice of the country's top generals and ignoring advice against US policies since seen as contributing to instability in the country.

Rumsfeld said Sunday that Bush had given him his personal support and that he will not resign despite the new wave of criticism set off by the book.

"No, no, no," Rumsfeld said on a trip to Nicaragua when asked if he had considered resigning. "How many times do I have to answer?"

The Woodward book also shows that some senior government advisors were unwilling to argue over US policies with Bush in White House meetings, viewing Bush as not open to advice contrary to existing policies.

In one episode recounted by Woodward, Rumsfeld flatly rejected pleas by Jay Garner, the first US administrator in Iraq following the March 2003 invasion, to reverse "tragic" decisions to disband Iraq's military and to ban members of the former ruling Baath party from government service.

That rebuff left Garner too timid to raise the same points in a meeting with Bush.

"In my thinking, the door's closed," Garner later told Woodward, who noted the decisions left hundreds of thousands of unemployed, armed Iraqis to join the insurgency.

After Condoleezza Rice became secretary of state in January 2005, her personal emissary reported that Iraq "remains a failed state" beset by violence and that Washington had no comprehensive, articulated policy for it.

Yet, Woodward shows, the White House steadfastly maintained publicly that the United States was progressing toward defeating the insurgents.

He contrasts positive public remarks by Bush over the past three years with concurrent, candid secret reports and memos in the White House that showed the Iraq situation worsening.

For instance, on November 11, 2003, Bush said in a speech that the United States was "not only containing the terrorist threat, we are turning it back."

On the same day, a senior CIA official told Bush, "We are seeing the establishment of an insurgency in Iraq."

Should He Stay? (WP)

By Bob Woodward

DOJ_NMG_0072922

The Washington Post, October 2, 2006

After President Bush won reelection in 2004, White House Chief of Staff Andrew H. Card Jr. got out an 8 1/2 -by-11 spiral notebook, half an inch thick, with a blue cover. He called it his "hit-by-the-bus" book -- handy in case someone in the administration suddenly had to be replaced. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or presidential record that might someday be opened to history. It was private and personal.

A second term traditionally leads to personnel changes. The question was whether one of them would involve Secretary of Defense Donald H. Rumsfeld.

Card had to approach the issue with delicacy. Iraq was the centerpiece of everything now, and the president was clearly predisposed not to do anything that would disrupt the war effort. If Rumsfeld left, what would the impact be on overall momentum and on the morale of those who were doing the fighting? Rumsfeld had a virtual monopoly on defense contacts with the president, so there was no way the president could get independent information to answer those kinds of questions.

The champions of change at the Defense Department included Condoleezza Rice, the national security adviser who would soon be nominated to become the new secretary of state; her replacement as national security adviser, Stephen J. Hadley; and Card himself.

Card had the names of 11 possible Rumsfeld replacements in his "hit-by-the-bus" book, among them Sen. Joseph I. Lieberman (D-Conn.), who had been Al Gore's vice presidential running mate in 2000 and was a staunch defender of the Iraq war, and Sen. John McCain (R-Ariz.).

But Card thought the best replacement for Rumsfeld would be James A. Baker III, who had been White House chief of staff and Treasury secretary under President Ronald Reagan, then secretary of state and chief political adviser to the president's father.

Card floated the names to Bush over the course of several weeks, all the while underscoring the advantages of change. But his focus was on Baker.

"Mr. President, this is my quiet counsel," Card said. "Put a diplomat in the Defense Department."

The president seemed genuinely intrigued.

"You don't have to rush to make a decision," Card advised.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. One of Rumsfeld's minions told Card, "Nothing will happen until the war is over."

Karl Rove, Bush's top political adviser, weighed in with the president. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing to replace Secretary of State Colin L. Powell, and with the expected nomination of White House counsel Alberto R. Gonzales to be attorney general, would another Senate confirmation overload the system?

"I've got Powell going. I'm going to have to replace Condi," the president told Rove. "Do I have to have some continuity in all of this?" And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war.

"If we need to do it, we need to do it. But if we don't need to do it, you know," Bush said, deciding nothing but sounding reluctant to make a change.

With Card's knowledge and encouragement, Michael Gerson, the chief White House speechwriter, also lobbied the president. Gerson said he believed that Rumsfeld should be replaced, as a symbol of change. The president should talk to Lieberman about taking over for Rumsfeld, Gerson recommended. What better symbol of change could there be than to bring in Gore's running mate?

Knowing how important loyalty was to Bush, he said, "Mr. President, it's not disloyal to have someone in for four years, four and a half years, in a job like this, and then for a variety of reasons, many of them not of his own doing, okay, to say that it would be advantageous to have a change."

Interesting idea, Bush said.

Card kept pushing, at one point raising the possibility of change at the Pentagon with Vice President Cheney.

No, Cheney said, he was predisposed to recommend that the president keep Rumsfeld right where he was. Card was not surprised.

In private conversations with Bush, Cheney said Rumsfeld's departure, no matter how it might be spun, would be seen only as an expression of doubt and hesitation on the war. It would give the war critics great heart and momentum, he confided to an aide, and soon they would be after him and then the president. He virtually insisted that Rumsfeld stay.

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In mid-December 2004, the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Earlier this year, I asked Rumsfeld whether there was ever a moment when Bush asked him to stay.

"I don't recall that there was," he said. But on the other hand, he added laughing, "I'm quite confident there was never a moment where he said, 'I want you to leave.' "

Doubts From the Start

Cheney had suggested Rumsfeld to Bush in late December 2000. Rumsfeld was so impressive, Bush told Card at the time. He had had the job in the Ford administration a quarter-century before, and it was as if he were now saying, "I think I've got some things I'd like to finish."

But there was another dynamic that Bush and Card discussed. Rumsfeld and Bush's father, the former president, couldn't stand each other. Bush senior didn't trust Rumsfeld and thought he was arrogant, self-important, too sure of himself and Machiavellian. Rumsfeld had also made nasty private remarks that the elder Bush was a lightweight.

Card could see that overcoming the former president's skepticism about Rumsfeld added to the president-elect's excitement. It was a chance to prove his father wrong. And Rumsfeld fit Cheney's model of a defense secretary who could not only battle things out with the generals but who also had as much gravitas as the rest of the new national security team.

Bush would nominate Rumsfeld, he told Card. Cheney had been selected for his national security credentials. He was the expert, and this was the sort of decision that required expertise. Still, Bush wondered privately to Card about pitfalls, if there was something he didn't see here. After all, his father had strong feelings.

Is this a trapdoor? he asked.Disdain for the Process

During the long run-up to the war, Rumsfeld made little attempt to disguise his disdain for what was called "the interagency process" -- coordinating policy with the State Department under Powell and the National Security Council under Rice.

By the start of 2003, Frank Miller, the NSC's senior director for defense, who was coordinating the Iraq issue among the different federal agencies, felt that Rumsfeld had made his job almost impossible.

There was constant tension between the NSC and Rumsfeld's Pentagon, and Rumsfeld went to extra lengths to keep control of information. Often, when Rumsfeld came to the White House with Gen. Tommy R. Franks to brief the president, the NSC and some of the staff on the Iraq invasion plans, he would see that the slides and handouts were distributed just before the meeting and taken back immediately after.

Sometimes there would be a handout for the president with 140 pages, and the lesser beings like Miller would only be allowed to see 40 of them. On one occasion, Rumsfeld came to a meeting without enough briefing packets for all the principals, so Rice wound up looking on with the person next to her.

Sometimes, Rumsfeld would point across the room in the middle of a briefing. "People shouldn't be taking notes," he scolded. "People should not be taking notes in here."

When the generals came over to the White House with him, Rumsfeld spoke first, introducing everyone and explaining what they were going to talk about. It was worse for Gen. Richard B. Myers, then the chairman of the Joint Chiefs of Staff. Miller and Myers were longtime friends, and Miller could see that Myers was suffering.

At times Rumsfeld would not return Rice's phone calls when she had questions about war planning or troop deployments. She complained to Rumsfeld, who reminded her that the chain of command did not include the national security adviser.

Rice complained to the president.

Bush's response was to try to be playful with Rumsfeld.

"I know you won't talk to Condi," Bush once teased Rumsfeld, "but you've got to talk to her."

At the Pentagon, Rumsfeld built a "kitchen cabinet" of special assistants and consultants within the Office of the Secretary of Defense. It grew into a fortress of old friends and retired military officers.

Perhaps the most important of these was Stephen Herbits, a lawyer and longtime Rumsfeld friend going back to 1967. Herbits had been one of Rumsfeld's civilian special assistants during his first Pentagon tour. Rumsfeld made him a consultant with a license to analyze current problems, and he functioned as a management fix-it man, somewhat as Karl Rove did for Bush.

Herbits, who was also a gay rights activist and occasional contributor to Democratic candidates -- and thus highly unusual among Republican defense experts -- was known for his incisive, provocative, slashing dissections of personnel and institutions. Rumsfeld appreciated his style and skill at cutting through the normal fog of Pentagon paperwork and lowest-common-denominator analysis.

On December 5, 2002, in the middle of the most intense invasion planning for Iraq, Herbits walked into Rumsfeld's office.

"You're not going to be happy with what I'm going to tell you," he said, "but you are in the unique position of being the sole person who could lose the president's reelection for him if you don't get something straightened out."

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Rumsfeld flushed.

Herbits continued. "Now that I've got your attention, you have got to focus on the post-Iraq planning. It is so screwed up. We will not be able to win the peace."

Herbits warned Rumsfeld that policy Undersecretary Douglas J. Feith was screwing up. The fighting between the State and Defense departments was so bad that interagency meetings were at times little more than shouting matches. Postwar planning was so fiercely off track that it required the secretary's personal intervention.

Rumsfeld didn't say much but soon called a surprise Saturday meeting with Feith and others involved.

"What's going on here?" he asked. "We've got to get this on track."

It later became clear that one of the root causes for troubles in postwar Iraq was the lack of security, and that that was the result of the chronic shortage of troops faced by U.S. commanders.

The record showed that the plan for invading Iraq had a top number of 275,000 ground combat troops, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began.

Earlier this year, I asked Rumsfeld about the troop levels.

He said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on Franks's recommendation, he said. "He made a judgment that he had what he needed, or would have as this played out, and that he would not need the additional ones that were in the queue. . . . And he made that recommendation and I made the recommendation to the president, and we agreed with it." So the 90,000 additional ground troops were not sent for the war or stabilization.

The critics -- or the "opiners," as Rumsfeld called them, "the people who don't have responsibility for making the decisions" -- don't understand, he said. "Many of them say, 'Oh, it's Rumsfeld,' as though I'm sitting around with a black box figuring all this out. And anyone who knows me or watched me do anything knows that I don't do it that way. I come here to this job knowing that there's no one smart enough to do this job." So he relied on "smart people," he said, and on "advice from multiple sources."

But half a dozen of the generals and civilians who worked most closely with Rumsfeld made it clear in interviews that it was Rumsfeld who was making the decisions.

By this summer, Rumsfeld had softened his position on the issue of whether there were enough troops.

"It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said in another interview. "All of us that were trying our best to make these judgments were doing it in a context of concern about having enough to get the job done, and enable a process, political and economic process, to go forward, and not so many that it persuaded people that we were there to steal their oil and occupy their country and disrupt and cause disturbances in the neighboring countries that cause the overthrow of some of those other regimes. And so we made the best judgment we could.

"In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

One of the harshest critics of what happened in Iraq as the security situation deteriorated and the insurgency intensified was Rumsfeld's own aide, Herbits.

On July 15, 2004, Herbits sat down at his computer and wrote another memo, a scathing seven-page report titled "Summary of Post-Iraq Planning and Execution Problems." Though he discussed the postwar planning and policies, and the tenure of L. Paul Bremer III as head of the Coalition Provisional Authority, his real target was his friend of 37 years. The memo listed a series of tough questions:

Â· "Who made the decision and why didn't we reconstitute the Iraqi army?"

Â· "Did no one realize we were going to need Iraqi security forces?"

Â· "Did no one anticipate the importance of stabilization and how best to achieve it?"

Â· "Why was the de-Baathification so wide and deep?"

"Rumsfeld's style of operation," Herbits wrote, was the "Haldeman model, arrogant" -- a reference to President Richard M. Nixon's White House chief of staff, H.R. "Bob" Haldeman.

"Indecisive, contrary to popular image," Herbits wrote of Rumsfeld. "Would not accept that some people in some areas were smarter than he. . . . Trusts very few people. Very, very cautious. Rubber glove syndrome -- a tendency not to leave his fingerprints on decisions."

Herbits reached his crescendo: "Did Rumsfeld err with the fundamental political calculation of this administration: not getting the post-Iraq rebuilding process right within 18 months?"A Worried General

Rumsfeld's relationship with his own generals only worsened.

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In the summer of 2005, Marine Corps Gen. James L. Jones, the NATO commander, paid a call on his old friend Gen. Peter Pace, then the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to replace Myers as chairman, the top position in the American military.

Jones expressed concern that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The Joint Chiefs had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

Pace became chairman, and later flatly denied that Jones had told him that Iraq was a debacle. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," he said.The First Lady's Concerns

Every six weeks or so, Card tried to have a private, candid session with first lady Laura Bush to hear her concerns.

The first lady was worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's overbearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and said he believed it was time for a change.

"Well, does the president know about that?" she asked. Was Card being candid with her husband?

Card said he was. "That's why I'm arguing." He said, however, that so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

Card's relationship with Rumsfeld was always difficult. Last year, in the days after Hurricane Katrina hit New Orleans with devastating effect, Bush decided more troops were needed and asked Card to relay the message to Rumsfeld.

"You know I don't report to you," Rumsfeld said.

"I know you don't report to me," Card replied. "You report to the president. But believe me, he would like you to do this."

"I'm not going to do it unless the president tells me," Rumsfeld told the chief of staff. Too many strains and obligations were being placed on the National Guard.

Card protested that he had just talked to the president, who had made an absolute decision.

"Then he's going to have to tell me," Rumsfeld said.

"Hey," the president said to Card later. "Rumsfeld called me up. I thought you were going to handle that."One More Try

After Thanksgiving 2005, Card made another concentrated effort to get the president to replace Rumsfeld. He didn't want the president to have blinders on. Many Republican and Democratic leaders were telling Card privately that they just could not deal with the secretary of defense. He was arrogant and unresponsive.

Card was also hearing from members of the old foreign policy establishment connected to the president's father -- the Gray Beards, he called them -- who were complaining more and more.

"Who's going to do the job?" the president asked Card.

Card again mentioned Baker.

"How do we get Roger Clemens back into the game?" Card asked, comparing Baker to one of the all-time great pitchers, who had retired from baseball only to come back for another year with his hometown team. "He can still pitch," Card said about Baker.

Bush reminded him that they were at war. Rumsfeld was transforming the military, hadn't been insubordinate and needed to get the new Pentagon budget approved. Replacing him would be disruptive to the upcoming Iraqi election on Dec. 15.

"Interesting," the president said nonetheless. "Interesting."

But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker. Rumsfeld would stay.

Bill Murphy Jr. and Christine Parthemore contributed to this report.

Rumsfeld Says He Won't Resign (AP-Y)

By Lolita C. Baldor

AP, October 2, 2006

DOJ_NMG_0072926

Defense Secretary Donald H. Rumsfeld, coming under renewed fire for his management of the Iraq war, said Sunday he is not considering resigning and said the president had called him personally in recent days to express his continued support.

Speaking to reporters en route to Nicaragua for a meeting of defense ministers, Rumsfeld said he was not surprised by reports in a new book that White House staff had encouraged President Bush to fire him after the 2004 election.

"It's the task of the chief of staff of the White House — and having been one, I know that — to raise all kinds of questions with the president and think through different ways of approaching things," Rumsfeld said. "So it wouldn't surprise me a bit if that subject had come up."

Asked by reporters if he had recently considered resigning, Rumsfeld said, "No."

In the new book "State of Denial," Washington Post assistant managing editor Bob Woodward writes that former White House chief of staff Andrew Card twice sought to persuade Bush to fire Rumsfeld.

Card on Friday did not dispute that he had talked about a Rumsfeld resignation with the president but said it was his job to discuss a wide range of possible replacements, including his own.

Rumsfeld on Sunday also denied any rift with Secretary of State Condoleezza Rice and said the ongoing debate doesn't detract from his work with other international leaders.

He said he had spoken to Bush since the book's contents were made public. Bush "called me personally," said Rumsfeld, to voice support.

Rumsfeld has previously acknowledged that he twice offered Bush his resignation, but it was not accepted.

The defense secretary and Bush have faced growing criticism for their handling of the Iraq war as violence there has escalated, U.S. casualties have mounted and public support for the conflict has declined. Fueling the debate in recent days was the release of a classified intelligence report that concluded that the Iraq war has helped fuel a new generation of extremists and increased the overall terrorist threat.

Just back from a five-day trip to the Balkan region, which included a NATO defense ministers meeting in Slovenia, Rumsfeld arrived in Nicaragua Sunday afternoon for two days of meetings with defense officials from more than 30 South and Central American countries.

The talks here — in one of the Western Hemisphere's poorest countries — are expected to focus on counter-narcotics and counterterrorism efforts, peacekeeping missions, humanitarian and disaster relief and the removal of land mines from the region.

The meeting of the region's defense ministers follows a tense period in which Venezuela's leaders lashed out at the U.S. and President Bush during a U.N. meeting in New York City. Venezuelan President Hugo Chavez called Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

Rumsfeld said Sunday he did not expect to meet privately with the Venezuelan defense minister, although he will see him during the regular meeting.

U.S. officials have long considered Chavez a destabilizing force in Latin America. And they have suggested that Venezuela would make the U.N. Security Council unworkable if the nation were to win its bid against U.S.-backed Guatemala for a rotating council seat.

Also of interest to U.S. leaders is the possibility that Sandinista leader Daniel Ortega, whose socialist government was a major antagonist of the United States in the 1980s, has been leading in the polls for the upcoming Nicaraguan presidential election.

Ortega led the overthrow of dictator Anastasio Somoza in 1979 and fought the U.S.-backed Contra rebels as Nicaragua's president from 1985-90.

Aide: Bush Backs Rumsfeld, Disputes Book (USAT)

USA Today, October 2, 2006

WASHINGTON — President Bush has full confidence in Defense Secretary Donald Rumsfeld and his management of the war in Iraq, a top White House official said Sunday in responding to a critical new book.

Dan Bartlett, White House counselor, denied that Bush was misleading the American public about the level of violence against U.S. troops in Iraq, an assertion made in Washington Post Assistant Managing Editor Bob Woodward's book, State of Denial.

Appearing Sunday on ABC's This Week, Bartlett said Bush continues to believe that Rumsfeld is “the right man to do the job that he's doing,” dismissing critics who say the administration failed to adequately plan for the war in Iraq or send enough troops.

“We recognize that he has his critics,” Bartlett said of Rumsfeld. “Some people don't like his bedside manner.”

Rumsfeld said Sunday that he will not resign and that Bush had called to offer support. He spoke to reporters on a flight to Nicaragua.

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Bartlett also disputed the assertion in Woodward's book that then-White House chief of staff Andrew Card twice tried to have Rumsfeld fired, the second time with the support of first lady Laura Bush. Bartlett, on CNN's Late Edition, said Card had presented options to Bush that included replacing the secretary.

In addition, he said Secretary of State Condoleezza Rice "suggested to the president maybe he ought to bring in a whole new national-security team starting the second term."

"The president decided that's not the approach he wanted to take," Bartlett said.

Card told MSNBC that he discussed with Bush replacing Rumsfeld on at least two occasions but said "There was never an orchestrated campaign to remove the secretary of Defense that I was party to."

Woodward also wrote that while Bush spoke publicly of progress in Iraq, a secret intelligence report in May said the insurgency was growing.

Bartlett said Bush has been "blunt" with the U.S. public about the violence in Iraq.

Bush has consulted with Henry Kissinger, who was an architect of the Nixon administration's strategy in the Vietnam War, about Iraq, Bartlett acknowledged. But he said the former secretary of State is not "a driving influence behind the president's policy."

Aide: Bush Confident In Rumsfeld (AP-Y)

AP, October 2, 2006

President Bush has full confidence in Defense Secretary Donald H. Rumsfeld even if others dislike the Pentagon chief's "bedside manner," a top White House official said Sunday.

Bush counselor Dan Bartlett did not directly respond to questions about whether the White House has considered possible replacements for Rumsfeld, as reported in Bob Woodward's new book on the Bush administration's Iraq war policy.

Bartlett said "every Cabinet member serves at the pleasure of the president," but that Bush believes Rumsfeld is the right man to run the Pentagon.

"We recognize that he has his critics," Bartlett said on ABC's "This Week." "We recognize that he's made some very difficult decisions. Some people don't like his bedside manner. But what President Bush looks to in Secretary Rumsfeld is to bring him the type of information he needs to make the right decisions in this war."

In his book "State of Denial," Woodward writes that former White House chief of staff Andrew Card twice sought to persuade Bush to fire Rumsfeld, the second time with the support of first lady Laura Bush.

Card has rejected any suggestion that he led a campaign to dump Rumsfeld but said he did discuss with the president Rumsfeld's role in Bush's second term. Card said it was his job to discuss a wide range of possible replacements.

Rumsfeld Says Bush Affirmed His Support Amid New Criticism (NYT)

By Robert Pear

The New York Times, October 2, 2006

MANAGUA, Nicaragua, Oct. 1 — Defense Secretary Donald H. Rumsfeld said Sunday that President Bush had called to affirm his support in the midst of an uproar over a new book raising questions about Mr. Rumsfeld's management of the war in Iraq.

The president "made some comments in a larger group, by secure video, and then he called me personally," Mr. Rumsfeld told journalists traveling with him to a meeting here of defense ministers from the Western Hemisphere.

Asked if the president had expressed his support, Mr. Rumsfeld said, "Oh, my Lord, yes."

Mr. Rumsfeld said he had no intention of resigning. And he denied that he had had a feud with Secretary of State Condoleezza Rice.

The book, "State of Denial," by Bob Woodward, describes deep divisions within the administration over American policy on Iraq, and quotes former Pentagon officials and some former military officers who describe Mr. Rumsfeld as arrogant and brusque. Mr. Woodward says that Andrew H. Card Jr., as White House chief of staff, tried on two occasions to persuade the president to name a new defense secretary.

Mr. Rumsfeld said he took the report in stride.

"It's the task of a chief of staff at the White House — and having been one, I know that — to raise all kinds of questions with the president," Mr. Rumsfeld said. "It would not surprise me a bit if that subject came up." Mr. Rumsfeld was chief of staff for President Gerald R. Ford in 1974-5.

Asked if he considered resigning as criticism of his performance increased in recent weeks, Mr. Rumsfeld said: "No, no, no, no. How many times do I have to answer?"

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Asked if there had been a time when he and Ms. Rice were not talking, Mr. Rumsfeld said, “There’s nothing I can recall over the last five or six years.”

Mr. Rumsfeld said he had not read the book by Mr. Woodward, an assistant managing editor of The Washington Post. “Everybody seems to be saying that the things he said aren’t so,” Mr. Rumsfeld said. “I wouldn’t know.”

The defense secretary said he seriously doubted that the White House had withheld any data on Iraq from him or the Pentagon.

“I can’t believe any charge that data is being kept in the White House,” Mr. Rumsfeld said. “I just can’t conceive of that.” It would be “near-impossible and unhelpful,” he added.

Some Democrats in Congress have called for Mr. Rumsfeld’s resignation. They say he did not provide enough troops to prevail in Iraq and severely underestimated the strength of the insurgents who attacked American troops after the fall of Saddam Hussein.

But Mr. Rumsfeld said the criticism did not erode his ability to represent the United States in dealings with foreign officials like the defense ministers here.

“They don’t seem to pay a lot of attention to it,” Mr. Rumsfeld said.

Mr. Card has acknowledged that he and Mr. Bush had discussed the possibility that the president might replace Mr. Rumsfeld. But Mr. Card said it was in the context of larger discussions about possible personnel changes.

“It’s not inaccurate to say that we talked about Rumsfeld,” Mr. Card said in an interview on Friday, but “there was no campaign” to oust the defense secretary.

More Questions About Defense Secretary's Leadership (WSJ)

By Greg Jaffe and Yochi Dreazen

The Wall Street Journal, October 2, 2006

WASHINGTON -- For months, Defense Secretary Donald Rumsfeld has been cast by Democrats and even some Republicans as the face of an unpopular war.

Now a new book, which paints Mr. Rumsfeld as isolated from his Bush administration colleagues and at odds with some of his generals, is providing fodder for more questions about his leadership.

The heightened focus on the defense chief -- sparked in part by publication of "State of Denial: Bush at War, Part III" by Washington Post editor Bob Woodward -- is complicating White House efforts to keep November's midterm elections from becoming a referendum on the war. Just as significantly, Mr. Rumsfeld's apparent increasing political isolation is affecting how he runs the Defense Department and oversees the war.

The criticism continued yesterday. "I don't have confidence in Don Rumsfeld. He's made major mistakes in this war," said Sen. Mike DeWine, an Ohio Republican facing a tough re-election campaign. Speaking on NBC's "Meet the Press," Sen. DeWine stopped short of calling for Mr. Rumsfeld's resignation, saying that should be President Bush's decision.

Yesterday, Mr. Rumsfeld told reporters that he isn't considering resigning and that Mr. Bush telephoned him recently to express his confidence in the defense chief.

Meanwhile, senior White House officials made it clear that Mr. Bush still supported Mr. Rumsfeld. "There are a lot of armchair quarterbacks, but he's the right man," said White House counselor Dan Bartlett on CBS's "Face the Nation."

The controversy over Mr. Rumsfeld's leadership does look to be changing the way he manages the military's massive bureaucracy, forcing him to take a less-direct approach to running the department. An example of this is the Army's recent budget woes. Typically, the Secretary has played a significant role in advocating for major changes to the Pentagon budget. This year, rather than make the case himself for a bigger Army budget, Mr. Rumsfeld left it to Army Chief of Staff Gen. Peter Schoomaker to make the case on his own and to sell it to Congress and the White House.

Gen. Schoomaker has told lawmakers that the service needed $17 billion in the fiscal year that started yesterday to repair equipment. In briefings on Capitol Hill and the White House, the service has said it needs $137 billion in fiscal 2008, a $24 billion increase over the planned budget for that year.

The shift in approach in many ways amounts to an acknowledgment by Mr. Rumsfeld of his own vulnerabilities. "If Rumsfeld comes in and asks for more money for the Army, it is evidence of bad management," said Daniel Goure, who served on Mr. Rumsfeld's Pentagon transition team in 2001 and now is a vice president at the Lexington Institute, a defense think tank in Washington. By allowing the Army to make its own case, the defense chief avoided additional criticism by some lawmakers of how he has handled the war. "It shows he understands his weaknesses," Mr. Goure says.

A spokesman for Mr. Rumsfeld, Eric Ruff, yesterday disputed the notion that the Secretary has changed his approach, and added that Mr. Rumsfeld has been "heavily engaged" on Capitol Hill over issues regarding the coming budget and has met repeatedly with members of Congress.

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Despite his efforts to assume a lower profile, Mr. Rumsfeld still presents a political problem for the administration. Amid concerns that the war could cost Republicans control of at least one chamber of Congress next month, the White House has tried to mix acknowledgments of Iraq's continuing chaos and violence -- and some of the administration's own miscues -- with calls for staying the course there.

It is a difficult message to calibrate, and White House aides say Mr. Rumsfeld, who is arguably the most polarizing figure in the Bush cabinet, has made the task even harder.

Senior White House aides say Mr. Bush, having backed Mr. Rumsfeld for so long, is unlikely to abandon him in the run-up to next month's midterm elections. Moreover, polls suggest that firing the defense chief wouldn't do much good. In a recent Wall Street Journal/NBC poll, only 44% of respondents said Mr. Rumsfeld should resign and about 68% said his resignation would amount to little more than a symbolic gesture.

The aides say the White House has sought to reduce Mr. Rumsfeld's public role, to keep him from possibly weighing on the administration's poll numbers. That was evident in late July, when the U.S. announced a major shift in military strategy in Iraq that called for deploying thousands of additional American forces to Baghdad in an effort to secure the Iraqi capital. The announcement wasn't made by Mr. Rumsfeld. Instead, Mr. Bush disclosed the plans himself during a joint news conference with visiting Iraqi Premier Nouri al-Maliki.

Mr. Woodward's book, which states that senior White House aides tried twice to persuade Mr. Bush to fire his defense chief, complicates the Bush strategy.

In recent days, some officials in the White House and one prominent military commander have raised questions about Mr. Woodward's account. He says that on multiple occasions Gen. John Abizaid, the top military commander in the Middle East, said Mr. Rumsfeld was an ineffective leader. Gen. Abizaid denied ever making the statements attributed to him. "He has great respect for Mr. Rumsfeld and full confidence in the chain of command," said Col. Jerry Renne, his spokesman.

The book also quotes Gen. James Jones, the head of U.S. European Command, describing Iraq as a "debacle" and saying that "military advice is being influenced on a political level." Gen. Jones declined to comment.

In the Loop (WP)

By Al Kamen

The Washington Post, October 2, 2006

Remember that great "Mission Accomplished" banner on the aircraft carrier Abraham Lincoln on May 1, 2003, when President Bush dramatically landed there to give his speech announcing the end of "major combat operations" in Iraq?

The White House said the banner was not its doing and must have been the Navy's idea.

Now we find out, in Bob Woodward 's new book "State of Denial," that wasn't the case. None other than Secretary of Defense Donald Rumsfeld , on the record, tells Woodward that "I took 'Mission Accomplished' out" upon reading a draft of the speech. "And I fixed it and sent it back. They fixed the speech," he said, "but not the sign."

The book also reminds us what a small town this is. On election night 2004, GOP communications guru Mary Matalin was with Bush and Vice President Cheney and talking with her husband, Democratic strategist James Carville , who was close to -- but not in -- John Kerry 's campaign.

Kerry, Carville told her, was going to challenge 250,000 provisional ballots in Ohio, which could change the result there or tie things up for a long time. Matalin promptly told Cheney, and they met with Bush. The Kerry camp made the announcement shortly thereafter.Another War, Another Book

And now, yet another must-read book on a U.S. military venture. If you think Woodward's book has good stuff, then try "The McNamara Ascendancy, 1961-1965, Volume V," just out from the Pentagon's Historical Office.

A Pentagon news release says it's a "full-length, scholarly account of the dynamic, often controversial early years of the McNamara era," as Defense Secretary Robert S. McNamara marched the country into Vietnam.

Okay, maybe Woodward's is a better read.

Secrets, And The Obvious, Revealed (LA)

By Tim Rutten

Los Angeles Times, October 2, 2006

Bob WOODWARD'S "State of Denial" is the third volume in what aspires to be an inside history of George W. Bush's wartime presidency.

Less wishfully hagiographic than "Bush At War," less credulously detached than "Plan of Attack," this book's analysis essentially mirrors the shift in opinion on the administration's conduct of the war that has occurred in the foreign policy establishment's broad middle ground, where "reasonable" Republicans and Democrats still mingle in amiable, man-of-the-world

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solidarity. Still, "State of Denial" is a dogged piece of reporting — rich in anecdote, telling detail, fascinating snippets of conversation and troubling stories heretofore untold.

This is the darker Woodward — disquieting scene follows chilling bit of dialogue succeeded by secret memo. The administration he now portrays is a grimly feckless assemblage of dysfunction and division, disillusion and self-delusion. Yet for all the sensational revelations — and there are several — the overwhelming impression left at this very long book's rather wan end is that much labor has gone into establishing that, when it comes to the Bush White House and its war in Iraq, things are pretty much what they seem.

You don't really need a classified briefing to recognize a military and political quagmire. You don't require an unnamed source to tell you that something is wrong when the number of Americans killed exceeds 2,700 and the acknowledged death toll among Iraqi civilians climbs toward 60,000 — and there's no end in sight.

In an interview Sunday on CBS' "60 Minutes," Woodward went to the substantive heart of his appraisal: The president and his surrogates have consistently misled the American people and Congress about what's going on in Iraq, insisting that the situation is improving, while the insurgency continues to strengthen and violence escalates. Woodward said that the insurgents now attack U.S. forces 900 times a week, roughly once every 15 minutes. Intelligence experts he said, believe that "next year, 2007, is going to get worse and, in public, you have the president and you have the Pentagon [saying] 'Oh, no, things are going to get better.' " This is despite the fact, as the author writes in his book, that Secretary of State Condoleezza Rice dispatched trusted aide Philip Zelikow to Iraq in February 2005, and he reported in a secret memo that the country already was "a failed state." Similarly, according to Woodward, generals on the ground were telling Washington that the conflict is "militarily unwinnable."

In "State of Denial," Woodward demonstrates that althoughdisinformation has been part of the administration's approach to Iraq from the start, the pace picked up — unsurprisingly — during Bush's 2004 reelection campaign. "In the days and weeks before election day, violence surged in Iraq," Woodward writes. "The classified figures showed that the number of insurgent attacks in Iraq had soared over the summer, going from 1,750 or so in June and July to more than 3,000 in August.... The violence was now 10 times worse than it had been when Bush landed on the aircraft carrier in May 2003 and declared that major combat was over. New Iraqi army and police units rolling out of training were being butchered.... Between 30% and 50% of all trained Iraqi units melted away and went home."

Last spring, Woodward writes, the U.S. military's Joint Chiefs of Staff provided another alarming secret analysis: "A graph included in the assessment measured attacks from May 2003 to May 2006. It showed some significant dips, but the current number of attacks against U.S.-led coalition forces and Iraqi authorities was as high as it had ever been — exceeding 3,500 a month. [In July the number would be over 4,500.] The assessment also included a pessimistic report on crude oil production, the delivery of electricity and political progress.

"On May 26, the Pentagon released an unclassified report to Congress, required by law, that contradicted the Joint Chiefs' secret assessment. The public report sent to Congress said the "appeal and motivation for continued violent action will begin to wane in early 2007."

"State of Denial" reports that, after Bush's reelection, then-White House Chief of Staff Andrew Card and former chief speechwriter Michael Gerson urged the president to fire Defense Secretary Donald H. Rumsfeld, who emerges in this account as the boss from hell — petty and petulant, vindictive and territorial, arrogant and self-pitying, a micromanager who resolutely refuses to accept responsibility for his decisions. As recently as last May, according to Woodward, Rumsfeld circulated a secret memo arguing that "the charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

Bush, of course, decided to retain Rumsfeld — apparently at the urging of Vice President Dick Cheney — but sacked Secretary of State Colin Powell, who was replaced by the eerily devoted Rice.

She figures in one of the peripheral incidents Woodward recounts, one that we're likely to hear a great deal more about in the weeks ahead. He writes that two months before Sept. 11, Rice — then Bush's National Security Advisor — received a surprise visit from then-CIA Director George Tenet and J. Cofer Black, the state department's counterterrorism chief. They reviewed freshly collected, top-secret intelligence pointing to an impending attack by Al Qaeda. Based on the material, they "sounded the loudest warning" that Osama bin Laden's target was inside the United States. By Woodward's account, Rice listened politely, then gave them "the brushoff."

A former counsel to the 9/11 Commission, Peter Rundlet, wrote on the Huffington Post blog Sunday that Rice, Tenet and Black never mentioned this briefing during their testinmoney in public and in private, nor, he alleges, is it mentioned in any of the documents given investigators by the White House and CIA. Woodward, by contrast, writes that "Though investigators had access to all the paperwork about the meeting, Black felt there were things the commissions wanted to know about and things

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they didn't want to know about." Rundlet dismissed this explanation as "absurd" and wrote that "[a]t a minimum, the withholding of information about this meeting is an outrage. Very possibly, someone committed a crime."

One of the more troubling subplots running through "State of Denial" involves Prince Bandar, the long-time Saudi ambassador to the United States. By Woodward's account, when then-Texas Gov. George W. Bush decided to run for president, his worried father enlisted Bandar, an old family friend, to tutor the son on foreign policy. When Bandar arrived in Austin, the younger Bush blithely observed that while he had lots of ideas about domestic policies he didn't have a clue about foreign affairs. The Saudi took him under his wing, but he proved a trying pupil, who addressed his mentor as "asshole" and "smart aleck." (Perhaps this is how hereditary princelings affectionately address each other?) At one point, the younger Bush peevishly demanded to know why he needed "to care about North Korea." Bandar pointed out that, if he became president, he would have 35,000 American troops sitting on the DMZ.

Oh, right....

Later, with a Bush back in the White House, Bandar bullied the president into explicitly endorsing a two-state solution to the Israeli-conflict by threatening a total cutoff of Saudi support for U.S. policies. (Bush may never have played poker, but Bandar obviously has.) In another instance, the Saudi prince imperiously demanded — and, worse, obtained — two CIA officials to accompany him on a wild goose chase to Pakistan, where he hoped to kill Bin Laden. During a meeting in the Oval Office, according to Woodward, Bush personally thanked Bandar because the Saudis had flooded the world oil market and kept prices down in the run-up to the 2004 general election.

You don't have to be Michael Moore to find all this unsettling. Equally disquieting, Woodward's source for all this has to be Bandar or one of his intimates, acting at the Saudi's behest. What that suggests is that, after decades of arduously cultivating the Bush family, one of the shrewdest operators on the world stage has written off George W. Bush.

Unlike the previous books in this series, Bush and Cheney — both of whom declined to be interviewed for this volume — are remote figures in this narrative. The president informs Bandar that he prays daily and receives guidance from God and tells others that he intends to stay in Iraq, even if his supporters dwindle to his wife and dog. Cheney, meanwhile, broods obsessively on unfound weapons of mass destruction.

"State of Denial" is best read in tandem with Joan Didion's assessment of Cheney in the current issue of the New York Review of Books. With that as background, one conclusion that suggests itself is that — from the beginning — Iraq really has been about Vietnam. Cheney and Rumsfeld have been the Iraq war's principle advocates and architects. As Woodward now reveals, they've even introduced Henry Kissinger back into the equation, and he now is Bush's most frequent nongovernmental advisor on foreign policy. Cheney and Rumsfeld were bright young men headed for the top during the Nixon and Ford administrations, both of whom thought of themselves, as others did, as future presidents. Though the disaster in Southeast Asia hardly ruined them, a certain stigma has attached itself ever since.

For them, the Iraq war, the whole wrenching debate over domestic spying, the detainees and unitary executive power is all about Vietnam. Cheney, Rumsfeld and Kissinger all have been convinced for decades that the country drew all the wrong historical and governmental conclusions from Vietnam. The Reagan era intervention in Central America was a first attempt to overturn those conclusions, but it foundered on the arms-for-hostages scandal. Once George W. Bush — for a set of Freudian family issues too tedious to belabor — put himself in their clutches, he became the instrument of a Cheney/Rumsfeld/Kissinger attempt to abolish 30 years of history and their enduring resentment that their youthful exercise of power ended in failure, death and disaster.

So, here we are again.

New Facts About Iraq (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 9, 2006

The fiery debate over Iraq is turning absolutely sulfurous. With the November 7 congressional elections just around the corner, two new developments are stoking a surge of second-guessing about President Bush's conduct of the war and raising new concerns about how Washington can extricate itself from what most Americans now see as a deadly, baffling mess. One was last week's partial release of a secret National Intelligence Estimate that pokes big holes in Bush's rationale for the conflict by concluding that it is fueling, not curtailing, support for the global jihadist movement. The second is a new book by investigative reporter Bob Woodward asserting that the administration is putting a deliberately misleading spin on how the war is going.

All this, coupled with daily news reports of chilling new spasms of violence there, is deepening America's sour mood about the war and escalating tensions in Washington. After calling for conciliation and unity on the five-year anniversary of 9/11 less than a month ago, President Bush angrily branded Democrats the "cut and run" party last week and sparked another round of

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bitter recriminations. But a senior White House adviser said the situation, prompted by New York Times and Washington Post stories about the NIE, was so potentially damaging politically that "we needed to get our arms around this quickly."

Making matters worse for a president trying to sound upbeat, a new poll conducted for the University of Maryland's Program on International Policy Attitudes found that a large majority of Iraqis believe the U.S. military presence there is provoking more violence than it is preventing. Most want U.S. troops out within a year, and 6 out of 10 support attacks on U.S.-led forces. Meanwhile, U.S. News has learned that the U.S. Army may ask Congress to expand its 504,000-strong force by 30,000-in large part because of the manpower strains from keeping 140,000 troops in Iraq.

"Things are not right." Even though Bush is getting a political boost from the economy (story, Page 36), the latest developments may prove to be a crystallizing moment in America's assessment of the war. Which is "the last thing the Republicans can afford," as they try to hold on to their fragile majorities in the House and Senate, says Boston University historian Julian Zelizer. What makes the furor over the Iraq intelligence assessment so important, Zelizer adds, is that it's based on an evaluation by 16 intelligence agencies, not the Democrats or other Bush critics. "It's nonpartisan analysis," Zelizer says, and it shows that "things are not right" in Iraq and that the rosy scenarios offered by Bush and his allies seem to be untethered by the facts.

As if all that weren't enough, more troubling disclosures and criticisms are contained in Woodward's book, State of Denial. Unlike the positive tone of his previous writings about Bush and his advisers, this time Woodward is highly negative and appears to be revising his own earlier assessments. He told CBS's 60 Minutes last weekend that the administration has not told the truth about the level of violence in Iraq, especially against U.S. troops, and says intelligence sources have predicted an even more violent insurgency there. Woodward writes that, last May, the intelligence division of the Pentagon's Joint Chiefs of Staff predicted an increase in violence not only this year but also in 2007. This report, Woodward writes, also painted a bleak picture of oil production, electricity generation, and the potential for political stability. But Bush, Defense Secretary Donald Rumsfeld, and Secretary of State Condoleezza Rice continued to say publicly that the war was going well and remained vital in combating terrorism. In an interview with Mike Wallace, Woodward said attacks against coalition troops occur, on average, every 15 minutes, which he says the administration has kept secret. "It's getting to the point now where there are eight, nine hundred attacks a week. ... The insurgents know what they are doing. They know the level of violence and how effective they are," Woodward wrote. "Who doesn't know? The American public."

The Woodward War (NSWK)

By Evan Thomas And Richard Wolffe

Newsweek, October 9, 2006

The White House had more than an inkling of what was coming. This was Bob Woodward's third book about the Bush administration since 9/11, and it was sure to be less friendly than the first two. In scores of interviews over many months, Woodward's questions to senior officials had been more aggressive, more hostile. Defense Secretary Donald Rumsfeld seemed to be a particular target of the veteran Washington Post reporter, who remains, three decades after his Watergate debut, the best excavator of inside stories in the nation's capital. White House aides did recommend that the president and the vice president not grant interviews, but it was obvious that Woodward could, and would, get just about everyone else in positions of authority to talk.

When "State of Denial" arrived at the White House Friday morning, a team of aides went to work deconstructing the 576-page volume. Some of Woodward's revelations, like the scenes of Bush rejecting pleas for more troops in Iraq, the White House tried to dismiss as old news. Woodward's depictions of tensions within Bush's inner circle were played down or denied. It was not true, White House aides told reporters, that First Lady Laura Bush wanted to see Rumsfeld fired. Harder to slough off was Woodward's account of the role played by former chief of staff Andy Card. The White House made no serious attempt to refute Card's campaign to unseat Rummy. (Card himself quibbled over the word "campaign," telling reporters that the discussions about Rumsfeld's future needed to be seen in a "broader context.") Instead, White House spokesman Tony Snow took a dismissive, this-too-will-pass tone. Woodward's book is like "cotton candy," Snow said. "It kind of melts on contact."

A truer simile might be to a loud musical instrument. An orchestra of books has raised a cacophony of doubts about the Bush administration's handling of the war in Iraq. Coming after Bernard Trainor and Michael Gordon's "Cobra II," Tom Ricks's "Fiasco," Ron Suskind's "The One Percent Doctrine," "Hubris" by NEWSWEEK's Michael Isikoff and The Nation's David Corn, Woodward's "State of Denial" resounded among the administration's growing chorus of critics like a clash of cymbals.

With the midterm elections only five weeks away, Bush and his political minions have been striving mightily to direct the attention of voters away from Iraq and toward the threat of a terrorist attack. But Iraq keeps coming back into the headlines. Before the Woodward book began landing in stores late last week, portions of a National Intelligence Estimate began leaking out, suggesting that the war in Iraq was undermining the war on terror. The leaked portions of the NIE, a document representing

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a consensus of the U.S. intelligence community, disclosed the somewhat unsurprising conclusion that Iraq was turning into a training ground for terrorists. Bush responded by authorizing the declassification of other portions of the NIE, suggesting that if American forces were to quit Iraq, the problem would only grow worse. But simply "staying the course" in Iraq may not satisfy American voters who can see only darkness at the end of the tunnel.

Democrats as well as a few Republicans will renew their calls for Rumsfeld's head, but it is doubtful that Bush will dump his Defense secretary before the elections. That might be seen as a concession to the "Defeatocrats," as the GOP likes to call the opposition. (Rumsfeld himself had no comment about Woodward's book.) But a senior White House official, operating under the usual cover of anonymity, gave a less than airtight guarantee of Rumsfeld's job security. The president, normally one to rely on his inner circle, has been consulting outsiders. The official did not say which ones, but it is known that Bush speaks on occasion to Henry Kissinger and to his father's former secretary of State, James A. Baker. The counsel of the outsiders, says this official, "so far has been that Rumsfeld should stay. But I can't predict the future."

The Rumsfeld portrayed by Woodward is bullying and petty. Bush himself doesn't come off much better. The president is folksy and jocular, but incurious to the point of cluelessness. His war cabinet is deeply dysfunctional. Condoleezza Rice is almost a pathetic figure, whining to the president that she can't get Rumsfeld to return her calls.

As you read the excerpt that follows, keep in mind some essential context. The administration was not just unlucky. It was almost willfully blind to the risks entailed in invading and occupying a large, traumatized and deeply riven Arab country. Rumsfeld, who pushed aside Rice and Secretary of State Colin Powell to take over even the planning for postwar Iraq, wanted a lean and mean force to get in and get out quickly. This was all well and good as long as American forces could turn over the job of running the country to an effective group of local Iraqis. But the planning for this was hamstrung by disputes over the postwar role of Iraqi exiles. When Iraq began to unravel, the administration—with little debate—lurched in the other direction. The White House installed Paul Bremer as a kind of grand pooh-bah over all of Iraq, but Rumsfeld refused to give him the forces he needed for a long occupation.

Woodward writes that when Gen. Jay Garner, the man Bremer replaced in Baghdad, returned to Washington in June 2003, he told Rumsfeld that the United States had made "three terrible decisions." Garner told the Defense secretary that Bremer had seriously blundered by purging the bureaucracy, disbanding the Army and dismissing an interim leadership group. Rumsfeld shrugged off the concerns, according to Woodward. "I don't think there's anything we can do, because we are where we are."

There is always the risk in these instant histories that disgruntled former officials will cover their posteriors for posterity. One of Woodward's more obvious and prominent sources is former CIA director George Tenet. In "State of Denial," Tenet is deeply ambivalent about going to war in Iraq, but it does not appear that he voiced his concerns loudly or well inside the Oval Office. White House spokesmen were not just blowing smoke last week when they cautioned reporters to look for self-serving motivations behind some of the leaks.

Even so, Woodward's book is studded with documents and memos from Bush insiders that paint a much gloomier view of the war than the president's public statements at the time. After the first two, generally positive, volumes in his "Bush at War" series, Woodward (an object of fascination and much jealousy in the press corps) was widely derided for playing stenographer to the president and his hero-worshiping advisers. In "State of Denial," Woodward expresses shock and disbelief in interviews with Rumsfeld at his apparent denials and equivocations. Interviewed by Washington Post media critic Howard Kurtz, Woodward was matter-of-fact about his new, more critical tone. "I found out new things, as is always the case when you replow old ground," Woodward said. "The bulk of them I discovered this year. I wish I'd had some of them for the earlier books, but I didn't."

Woodward's new book, like the other critical treatments of the war, is still an early draft of history. But with each new revelation, with each depiction of the chaotic events inside the White House and Pentagon in the months before and after the invasion of Iraq, the picture of Bush's leadership becomes more refined and more disappointing.

'State Of Denial' (NSWK)

By Bob Woodward

Newsweek, October 9, 2006

A movie of the George W. Bush presidency might open in the Oval Office on January 26, 2001, when Donald H. Rumsfeld was sworn in as defense secretary. A White House photographer captured the scene. Rumsfeld wears a pin-stripe suit, and rests his left hand on a Bible held by Joyce, his wife of 46 years. His right hand is raised. Bush stands almost at attention, his head forward, his eyes cocked sharply leftward, looking intently at Rumsfeld. Vice President Dick Cheney stands slightly off to the side, his trademark half smile on his face. It is a cold, dry day, and the barren branches of the trees outside can be seen through the Oval Office windows.

Back in the days of the Ford presidency, in the wake of Watergate—the pardon of Nixon, the fall of Saigon—Cheney and Rumsfeld had worked almost daily in the same Oval Office where they once again stood. The new man in the photo, Bush, five

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years younger than Cheney and nearly 14 years younger than Rumsfeld, had been a student at Harvard Business School. He came to the presidency with less experience and time in government than any incoming president since Woodrow Wilson in 1913.

Well into his seventh decade, many of Rumsfeld's peers and friends had retired, but he now stood eagerly on the cusp, ready to run the race again. He resembled John le Carre's fictional Cold War British intelligence chief, George Smiley, a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all."

"Get it right this time," Cheney told Rumsfeld.

In his first Pentagon tour, as Ford's secretary of defense from 1975-1977, Rumsfeld had acquired a disdain for large parts of the system he was to oversee once again. He had found the Pentagon and the vast U.S. military complex unmanageable. One night at a dinner at my house a dozen years after he had left the Pentagon the first time, he said that being secretary was "like having an electric appliance in one hand and the plug in the other and you are running around trying to find a place to put it in." It was an image that stuck with me—Rumsfeld charging around the Pentagon E-ring, the Man with the Appliance, seeking an elusive electrical socket, trying to make things work and feeling unplugged by the generals and admirals.

"After two months on the job, it is clear that the Defense establishment is tangled in its anchor chain," Rumsfeld dictated in a four-page memo on March 21, 2001, two months into his second tour. He was already frustrated. Congress required hundreds of reports. It seemed there might be more auditors, investigators, testing groups and monitors looking over their shoulders than there were "front-line troops with weapons."

"The maze of constraints on the Department force it to operate in a manner that is so slow, so ponderous and so inefficient that whatever it ultimately does will inevitably be a decade or so late."

This "Anchor Chain" memo, which Rumsfeld revised and added to, became notorious among Rumsfeld's staff as they watched and tried to help him define the universe of his problems. It sounded like he had almost given up fixing the Pentagon during the George W. Bush presidency. The task was so hard and would take so long, he dictated in a later version, that "our job, therefore, is to work together to sharpen the sword that the next president will wield."

"I'm the secretary of defense," Rumsfeld insisted repeatedly in his first months in 2001. "I'm in the chain of command." He—not the generals, not the Joint Chiefs of Staff—would deal with the White House and the president on operational matters. Rumsfeld micromanaged daily Pentagon life and rode roughshod over people. In one public confrontation at a hearing with Senator Susan Collins, the earnest Maine Republican, Rumsfeld had put her down in a manner that was stunning even for him. Collins's voice had quivered at one point. Later, Powell A. Moore, Rumsfeld's assistant secretary of defense for legislative affairs, suggested that he call her, try to smooth things over.

"Hell," Rumsfeld said, "she needs to apologize to me."

On one occasion, he led a delegation from Congress to the funeral in Columbia, South Carolina, for Representative Floyd Spence, a Republican who had been a pro-Pentagon hawk for three decades. Moore had arranged the seating on Rumsfeld's plane the way everything was done in Congress, by seniority.

"I don't want this," Rumsfeld declared, and personally re-arranged the seating—putting Representative Duncan Hunter, the California Republican who would soon become the House Armed Services Committee chairman, in the back.

On January 20, 2003, President Bush signed a secret National Security Presidential Directive, NSPD-24. The subject: setting up an "Iraq Postwar Planning Office" within the Defense Department for the expected invasion of Iraq. Rumsfeld picked Jay Garner, a 64-year-old retired three-star general and defense industry executive to head the postwar office. Six weeks later, Garner went to the White House, mid-morning on Friday, February 28, 2003, to meet President Bush for the first time. In the Situation Room, Garner passed around copies of his handout, an 11-point presentation, and dove right in. He said four of the nine tasks his small team was supposed to be in charge of in Iraq under Bush's NSPD-24 were plainly beyond their capabilities, including dismantling weapons of mass destruction, defeating terrorists, reshaping the Iraqi military and reshaping the other internal Iraqi security institutions.

The president nodded. No one else intervened, though Garner had just told them he couldn't be responsible for crucial postwar tasks—the ones that had the most to do with the stated reasons for going to war in the first place—because his team couldn't do them.

The import of what he had said seemed to sail over everyone's heads.

Garner next described how he intended to divide the country into regional groups, and moved on to the interagency plans.

"Just a minute," the president interrupted. "Where are you from?"

"Florida, sir."

"Why do you talk like that?" he asked, apparently trying to place Garner's accent.

"Because I was born and raised on a ranch in Florida. My daddy was a rancher."

"You're in," the first rancher said approvingly. His brother Jeb was governor of the state, and the president visited regularly.

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One of Garner's talking points was, "Postwar use of Iraqi Regular Army." He said, "We're going to use the army. We need to use them. They have the proper skill sets."

How many from the army? someone asked.

"I'm going to give you a big range," Garner answered. "It'll be between 200,000 and 300,000."

Garner looked around the room. All the heads were bobbing north to south. Nobody challenged. Nobody had any questions about this plan.

"Thank you very much," Bush said when Garner was done. National Security Adviser Condoleezza Rice started talking about something else, so Garner figured he was dismissed. As he started to walk out of the room, the president caught his eye.

"Kick ass, Jay," Bush said.

Garner waited for Rumsfeld outside. Soon, Bush and Rice came out and walked three or four steps past Garner. Suddenly Bush turned back.

"Hey, if you have any problem with that governor down in Florida, just let me know," he said.

Shortly after the invasion, while Garner was in Kuwait waiting to move into Iraq, Rumsfeld chose L. Paul "Jerry" Bremer, a 61-year-old terrorism expert and protégé of Henry Kissinger, to effectively replace Garner, but as a presidential envoy. On Garner's first day in Iraq, April 22, he signed on to an agreement to set up an interim Iraqi advisory group, made up of prominent Kurds, Shiites and Sunnis, many of them expatriates, to put an Iraqi face on the postwar occupation government. Two days later, Rumsfeld called to tell him Bremer was coming over, and said he wanted Garner to stay on as well.

"It doesn't work that way," Garner said. "You can't have the guy who used to be in charge and the guy who's now in charge there, because you divide the loyalties of the people. So the best thing for me is just to step out of here."

Rumsfeld convinced Garner to stay temporarily, and the retired general and Bremer clashed, as Bremer quickly unveiled a plan to ban as many as 50,000 members of Saddam Hussein's Baath Party from government employment.

"Hell," Garner told him, "you won't be able to run anything if you go this deep."

The next day, Bremer revealed a second draft order, disbanding the Iraqi ministries of Defense and Interior, the entire Iraqi military, and all of Saddam's bodyguard and special paramilitary organizations. Garner was stunned. The de-Baathification order was dumb, but this was a disaster.

"We have always made plans to bring the army back," he insisted. This new plan was just coming out of the blue, subverting months of work.

"Well, the plans have changed," Bremer replied.

Bremer then met with the Iraqi advisory group Garner had agreed to work with. "One thing you need to realize is you're not the government," he told them. "We are. And we're in charge."

The next day, the group went home.

Garner came back to the U.S. in June and basically hid out for a couple of weeks, not wanting to see anyone at the Pentagon or talk about his experience in Iraq. Finally, on June 18, 2003, alone with Rumsfeld around the small table in the secretary's office, Garner felt he had an obligation to state the depths of his concerns.

"We've made three tragic decisions," Garner said.

"Really?" Rumsfeld said.

"Three terrible mistakes," Garner said. He cited the extent of the de-Baathification, getting rid of the army, and summarily dumping the Iraqi leadership group. Disbanding the military had been the biggest mistake. Now there were hundreds of thousands of disorganized, unemployed, armed Iraqis running around. Garner made his final point: "There's still time to rectify this. There's still time to turn it around."

Rumsfeld looked at Garner for a moment with his take-no-prisoners gaze. "Well," he said, "I don't think there is anything we can do, because we are where we are."

Rumsfeld and Garner went to the White House to see Bush. It was Garner's second time with the president. "Mr. President, let me tell you a couple of stories," Garner said. Describing meetings with Iraqis, Garner painted a positive picture. "I'd get ready to leave," Garner said, "and this is true—as I leave they're all thumbs-up and they'd say, 'God bless Mr. George Bush and Mr. Tony Blair. Thank you for taking away Saddam Hussein.' That was in 70 meetings. That always was the final response."

"Oh, that's good," Bush said.

On the way out, Bush slapped Garner on the back. "Hey Jay, you want to do Iran?"

"Sir, the boys and I talked about that and we want to hold out for Cuba. We think the rum and the cigars are a little better … The women are prettier."

Bush laughed. "You got it. You got Cuba."

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Of course with all the stories, jocularity, buddy-buddy talk, bluster and confidence in the Oval Office, Garner had left out the headline. He had not mentioned the problems he saw, or even hinted at them. He did not tell Bush about the three tragic mistakes. Once again the aura of the presidency had shut out the most important news—the bad news.

It was only one example of a visitor to the Oval Office not telling the president the whole story or the truth. Likewise, in these moments where Bush had someone from the field there in the chair beside him, he did not press, did not try to open the door himself and ask what the visitor had seen and thought. The whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all.

Soon Rumsfeld was distancing himself from Bremer, who, on paper, was to report to the president through the secretary of defense. Rumsfeld later confirmed to me in an interview that he felt that Bremer had only "technically but not really" reported to him.

"He didn't call home much," Rumsfeld said of Bremer.

Rumsfeld also stepped away from the hunt for Saddam's alleged WMD. CIA Director George Tenet proposed to Rumsfeld that the person in charge of the WMD hunt report to both of them.

"Absolutely not," Rumsfeld said.

After Bush's re-election in November 2004, the biggest question mark at the White House was Rumsfeld. Should he stay? White House Chief of Staff Andrew H. Card Jr. had to approach the issue with delicacy. The biggest voice for change was outgoing Secretary of State Colin Powell. In one conversation, Powell had told Card, "If I go, Don should go." Bush had decided to replace Powell with Rice, but it was unclear who he wanted at Defense.

Card got out his "hit-by-the-bus" book, an 8½-by-11-inch spiral notebook, a half-inch thick with a blue cover. On separate pages he had lists of possible replacements for all the major administration posts, including his own. The names were listed in no particular order. Card kept the notebook in his desk at the White House and periodically added or deleted names. He had intentionally used a student notebook, something he had bought himself, so it wouldn't be considered a government document or a presidential record that might someday be opened to history. It was private and personal.

His list of 11 possible Rumsfeld replacements included Senator Joe Lieberman, the Connecticut Democrat who had been Al Gore's running mate in 2000, and Republican Arizona Senator John McCain.

But Card had what he thought was a great idea—a sleeper candidate. The best replacement for Rumsfeld would be James A. Baker III. "Everyone would say, 'Phew,'" Card said. "No learning curve. Great. Interesting." Baker was 74, only two years older than Rumsfeld. He had served in the Marine Corps. He had been the best modern White House chief of staff, Card thought. He had successfully handled the 2000 Florida recount for Bush. Mr. President, this is my quiet counsel, Card said. Put a diplomat in the Defense Department.

The president seemed genuinely intrigued. You don't have to rush to make a decision, Card advised. But the president would not even authorize Card to send out feelers or to enter into any discussion with Baker.

Card spoke with Rumsfeld, who talked as if he presumed there would be no change. Rumsfeld wanted to stay.

Soon Karl Rove weighed in. A contentious session with Congress was coming up. As he saw it, the Democrats were in no mood for a honeymoon. With Rice's confirmation hearing and with the expected nomination of White House Counsel Alberto Gonzales as attorney general, would another Senate confirmation overload the system? And, clearly, the conduct of the war in Iraq would be the subject of confirmation hearings for anyone Bush nominated to be the new secretary of defense.

Rove agreed they did not want to do anything that would prompt hearings on the war. Jesus, no.

In mid-December the president made his final decision. Rumsfeld would stay, he indicated to Cheney and Card. He couldn't change Rumsfeld.

"That didn't mean he didn't want to," Card later said.

Card tried to have a private, candid session with First Lady Laura Bush about every six weeks to hear her concerns. He set aside an hour and a half for each meeting. Sometimes it took 30 minutes, sometimes the full hour and one half and on occasion two hours.

The first lady was distressed about the war, worried that Rumsfeld was hurting her husband, and her perspective seemed to reflect Rice's concern about Rumsfeld's over-bearing style and tendency to dominate. Card knew that the first lady and Rice often took long walks together on the Camp David weekends.

"I agree with you," Card said. On one level he was trying to educate and explain, but he was also lobbying. So he outlined his problems with Rumsfeld and how he believed it was time for a change. He said, however, so far his advice on the Rumsfeld situation had been considered and rejected.

"He's happy with this," the first lady said, "but I'm not." Another time she said, "I don't know why he's not upset with this."

As the new secretary of state, Rice hired Philip Zelikow, an old friend, as the counselor to the State Department, a powerful but little known top post that would leave him free to undertake special assignments for her, and quickly dispatched him and a

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small team to Iraq. On February 10, Rice's 14th day as secretary, Zelikow presented her with a 15-page, single-spaced memo classified SECRET/NODIS, meaning "no distribution" to anyone else. "At this point Iraq remains a failed state shadowed by constant violence and undergoing revolutionary political change," Rice read. This was a shocking notion—"a failed state," after two years, thousands of lives, and hundreds of billions of dollars.

In midsummer 2005, General Jim Jones, the NATO commander, paid a call on his old friend General Pete Pace, the vice chairman of the Joint Chiefs. It was virtually certain that Pace was going to move up to become chairman, the number one military position.

The two Marine generals had been friends for more than three decades. They had been in Vietnam at about the same time, a searing and formative experience for both, and then served side-by-side as first lieutenants in 1970 at the Marine barracks in southeast Washington.

Jones expressed chagrin that Pace would even want to be chairman. "You're going to face a debacle and be part of the debacle in Iraq," he said. U.S. prestige was at a 50- or 75-year low in the world. He said he was so worried about Iraq and the way Rumsfeld ran things that he wondered if he himself should not resign in protest. "How do you have the stomach for eight years in the Pentagon?" he finally asked.

Pace said that someone had to be chairman. Who else would do it?

Jones did not have an answer. "Military advice is being influenced on a political level," he said. The JCS had improperly "surrendered" to Rumsfeld. "You should not be the parrot on the secretary's shoulder."

His concern was complete. When Senators John Warner and Carl Levin, the chairman and ranking Democrat on the Senate Armed Services Committee, visited him at his headquarters in Belgium, Jones told them about all the problems. He said they needed new legislationto re-empower the service chiefs or make some kind of sense of the crazy system.

"The Joint Chiefs have been systematically emasculated by Rumsfeld," Jones said.

Pace soon became chairman. In an interview, he flatly denied that Jones had told him that Iraq was a debacle or that Rumsfeld had systematically emasculated the Joint Chiefs. "He's a good friend. He was in my wedding," Pace said, noting they had known each other for 36 years. "If Jim felt that way he would tell me."

I called Jones at NATO headquarters in Belgium. He said that he had made all those comments to Pace in their meeting in 2005. "That's what I told him," Jones said.

In March 2006, Rumsfeld invited six of the Pentagon's regular outside advisers in to be briefed and ask questions. One was Ken Adelman, a longtime Rumsfeld friend and vehement early supporter of the war who had become entirely disillusioned over the administration's handling of the postwar. His relationship with Rumsfeld was almost over.

"What metrics would you use for success in Iraq?" Adelman asked Rumsfeld. "You know, for winning the war?"

"Oh, there are hundreds," Rumsfeld replied. "It's just so complicated that there are hundreds."

"Wait a minute," Adelman insisted. "A former boss of mine always said identify three or four things, then always ask about, get measurements and you'll get progress or else you'll never get any progress." The former boss was Rumsfeld himself, who had driven the point home to Adelman 35 years ago, when he worked for Rumsfeld at the Office of Economic Opportunity. What are they? Adelman insisted.

Rumsfeld said it was so complicated that he could not give a list. "Hundreds," he insisted.

Adelman believed that meant there was a total lack of accountability. If Rumsfeld didn't agree to any criteria, he couldn't be said to have failed on any criteria.

"Then you don't have anything," Adelman said. He left as dis-turbed as ever. There was no accountability.

On March 16, General John Abizaid, the commander of CENTCOM and thus the top military officer for the Middle East, was in Washington to testify before the Senate Armed Services Committee. He painted a careful but upbeat picture of the situation in Iraq. Afterward, he went over to see Congressman John Murtha, the 73-year old former Marine who had introduced a resolution the previous November calling for the redeployment of troops from Iraq as soon as practicable. Sitting at the round, dark wood table in the congressman's office, Abizaid, the one uniformed military commander who had been intimately involved in Iraq from the beginning and who was still at it, indicated he wanted to speak frankly. According to Murtha, Abizaid raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, "We're that far apart."

Rumsfeld circulated a six-page SECRET memo on May 1, proposing some fixes, entitled "Illustrative New 21st Century Institutions and Approaches."

It was almost the latest version of the "Anchor Chain" memos he had written in his first months as secretary in 2001—a cry from his bureaucratic and managerial heart. Not only was the Defense Department tangled in its anchor chain but so was the rest of the U.S. government, and the world.

He dictated, "The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible."

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On Wednesday, May 24, 2006, the intelligence division of the Joint Staff, the J-2, circulated an intelligence assessment, classified SECRET, that showed that the forces of terror in Iraq were not in retreat. It put hard numbers on trends that had been reported to Bush all year. Terrorist attacks had been steadily increasing. The insurgency was gaining. Attacks were now averaging 700 to 800 a week. Every IED that was discovered—whether it detonated and caused damage or casualties or was identified and disarmed before it could do any damage—was still counted as an attack. A graph measuring attacks from May 2003 to May 2006 showed some significant dips, but the current number of attacks was as high as they had ever been—exceeding 3,500 a month.

I told Rumsfeld that I understood the number of attacks was going up.

"That's probably true," he said. "It is also probably true that our data's better, and we're categorizing more things as attacks. A random round can be an attack and all the way up to killing 50 people someplace. So you've got a whole fruit bowl of different things—a banana and an apple and an orange."

I was speechless. Even with the loosest and most careless use of language and analogy, I did not understand how the secretary of defense would compare insurgent attacks to a "fruit bowl," a metaphor that stripped them of all urgency and emotion. The official categories in the classified reports that Rumsfeld regularly received were the lethal IEDs, standoff attacks with mortars, and close-engagements such as ambushes—as far from bananas, apples and oranges as possible.

During one week in May 2006, enemy-initiated attacks soared to 900, a new record. In June, attacks went down to about 825 one week but then spiked up again. By July it was over 1,000 a week, again a new record. It was even worse considering the level of violence existed after two years spent training, equipping and funding 263,000 Iraqi soldiers and police. The cost had been $10 billion, and American teams had been embedded with most of the Iraqi units for over a year. At an equivalent time in 1971, after several years of Vietnamization, the trend lines of insurgent violence had been down, not up.

In July 2006, I interviewed Rumsfeld on two successive afternoons. I asked him about troop levels—a key issue and point of contention. The record showed that the plan for invading Iraq had a top number of 275,000 ground combat forces, including about 90,000 who were scheduled to flow into Iraq in the weeks and months after March 19, 2003, when the war began. Rumsfeld said it is one of the great "canards" that he had decided or unduly influenced the decision to not bring in the 90,000. It was all on General Franks's recommendation, he said. But by the summer of 2006, Rumsfeld had softened his position on the issue of whether there were enough troops. "It's entirely possible there were too many at some point and too few at some point, because no one's perfect," he said. "In retrospect I have not seen or heard anything from the other opiners that suggests to me that they have any reason to believe that they were right and we were wrong. Nor can I prove we were right and they were wrong. The only thing I can say is they seem to have a lot more certainty than my assessment of the facts would permit me to have."

Asked about the battle with the Iraq insurgency, he said, "It could take eight to 10 years. Insurgencies have a tendency to do that." Overall he said, "Our exit strategy is to have the Iraqis' government and security forces capable of managing a lower-level insurgency and ultimately achieving victory over it and repressing it over time. But it would be a period after we may very well not have large numbers of people there."

I said I understood that General George W. Casey Jr., the top commander of forces on the ground in Iraq, had reported that the insurgency had not been neutralized—key goal of his campaign plan—but only contained. After some typical verbal jousting, I was able to ask directly, "Do you agree it has not been neutralized?"

"Oh clearly not," Rumsfeld answered.

"Only contained?"

"Yeah," he said. "Thus far."

I then read from the May 24, 2006, assessment that said the "Sunni Arab insurgency is gaining strength and increasing capacity." I asked him, "Does that sound right to you?"

Here was one of the central questions in any war. Was the other side "gaining strength and increasing capacity?" General Casey the Joint Chiefs' intelligence staff, and the CIA had all categorically said the insurgency was gaining. Certainly Rumsfeld knew that. I had also quoted from the assessment on a list of 29 sample questions I had submitted in advance, and I know he had spent at least one hour the day before preparing for the interview.

"When was this?" Rumsfeld asked.

Six weeks ago, I answered. The question on the table was whether he agreed or not that the insurgency in the Iraq War was gaining. I was ready for a pure Rumsfeldian moment, and I was not disappointed.

"Gosh, I don't know," the secretary of defense replied. "I don't want to comment on it. I read so many of those intelligence reports"—I had never said it was an intelligence report—"and they are all over the lot. In a given day you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it, or Pete Pace, 'Is that your

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view?' And try and triangulate and see what people think. But it changes from month to month. I'm not going to go back and say I agree or don't agree with something like that."

He was right that there might be some changes month to month, but, as he knew, the overall assessment and trend was visibly, measurably and dramatically worse.

I asked Rumsfeld what was the best, most optimistic scenario for a positive outcome in Iraq.

"This business is ugly," he replied. "It's tough. There isn't any best. A long, hard slog, I think I wrote years ago. We're facing a set of challenges that are different than our country understands … They're different than our Congress understands. They're different than our government, much of our government, probably understands and is organized or trained or equipped to cope with and deal with. We're dealing with enemies that can turn inside our decision circles." The enemy can move swiftly, he said. "They don't have parliaments and bureaucracies and real estate to defend and interact with or deal with or cope with. They can do what they want. They aren't held accountable for lying or for killing innocent men, women and children.

"There's something about the body politic in the United States that they can accept the enemy killing innocent men, women and children and cutting off people's heads, but have zero tolerance for some soldier who does something he shouldn't do."

"Are you optimistic?" I asked.

Rumsfeld looked through me and continued. Three of his aides who were sitting with us at the table in his office could not help but register surprise as Rumsfeld plowed on without answering.

"We're fighting the first war in history in the new century," he continued, "and with all these new realities, with an industrial-age organization in an environment that has not adapted and adjusted, a public environment that has not adapted and adjusted."

At the end of the second of two interviews, I quoted former Secretary of Defense Robert McNamara: "Any military commander who is honest with you will say he's made mistakes that have cost lives."

"Um hmm," Rumsfeld said.

"Is that correct?"

"I don't know. I suppose that a military commander..."

"Which you are," I interrupted.

"No I'm not," the secretary of defense said.

"Yes, sir," I said.

"No, no. Well … "

"Yes. Yes," I said, raising my hand in the air and ticking off the hierarchy. "It's commander in chief, secretary of defense, combatant commander."

"I can see a military commander in a uniform who is engaged in a conflict having to make decisions that result in people living or dying and that that would be a truth. And certainly if you go up the chain to the civilian side to the president and to me, you could by indirection, two or three steps removed, make the case."

Indirection? Two or three steps removed? It was inexplicable. Rumsfeld had spent so much time insisting on the chain of command. He was in control—not the Joint Chiefs, not the uniformed military, not the National Security Council or the NSC staff, not the critics or the opiners. How could he not see his role and responsibility?

I could think of nothing more to say.

Into The Blacksnake's Lair (NSWK)

By Michael Hastings

Newsweek, October 2, 2006

Murat Karayilan prefers to travel in darkness. Under cover of a starry night, his white Nissan Pathfinder crawls up a narrow gravel road in Iraq's mountainous far north to a typical-looking village house. Karayilan—his name is Turkish for "blacksnake"—is a hunted man. To the east, Iran's anti-U.S. leaders would like nothing better than to see the Kurdish guerrilla commander jailed or dead. To the west, America's longtime allies in the Turkish government feel the same. The State Department lists his group, the Kurdistan Workers' Party (PKK), as a terrorist organization. "We are not terrorists," the Blacksnake tells NEWSWEEK, seated in a sparsely furnished room with a stone floor. "The U.S. has seen us through the eyes of our enemies. We want you to see us as friends."

That's not easy. Even as U.S. forces struggle against rising chaos and violence elsewhere in Iraq, the fear now is that the north could also be engulfed, thanks to Kurdish separatists' use of Iraqi soil as a staging area for their war against the Turks and the Iranians. The rebels see themselves as standing up against centuries of often brutal repression. This year the Blacksnake's guerrillas have staged more than 250 attacks on Turkey, in one bloody week killing 14 Turkish soldiers, a toll unmatched since a decade ago, at the height of the separatist conflict. Ankara keeps threatening to send its troops into Iraq to root out the rebels.

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Meanwhile, a PKK-affiliated group in Iraq is picking fights with Iran. In recent weeks the violence has escalated, as everyone tries to inflict as much damage as possible before winter snows interrupt the fighting.

There is no authority but the PKK in its corner of Iraq. To get there you climb a winding road where even the shepherds carry AK-47s, into the Qandil Mountains, a stretch of high peaks straddling the borderlands of Iraq, Turkey and Iran. The last Iraqi government checkpoint is at the foot of the mountains, guarded by soldiers from Iraq's Kurdish Regional Government. It flies the flag of Iraqi Kurdistan, a yellow sunburst on a field of green, white and red. The flag at the next checkpoint, almost two miles above sea level, belongs to the PKK: a red star on a yellow sun outlined in green. Armed guerrillas make sure no one goes farther without permission from PKK central command. Around the bend, an immense portrait has been painted on the rocky hillside—the face of Abdullah Ocalan, the group's founder.

Ocalan created the PKK in the 1970s as a Kurdish national liberation movement against Turkish rule. The Kurdish-speaking people, whose homelands stretch from Iran to Syria and eastern Turkey, have never had a country all their own. In the 1980s, the PKK's fighters reportedly hung out with Yasir Arafat's Palestine Liberation Organization and made pilgrimages to Lebanon's Bekaa Valley, then a hive of anti-U.S. terrorism. By the time Ocalan was captured in 1999, his war had claimed some 37,000 lives.

Karayilan has set a very different tone. He spoke glowingly to NEWSWEEK about democracy and human rights and "Mr. Bush's new Middle East project." He says his 7,000 armed fighters could be a valuable ally for the United States against Islamic fundamentalism. Not to mention Iran. The Free Life Party (PJAK, pronounced "peshak"), a two-year-old offshoot of Karayilan's group, claims some 1,500 guerrillas along the Iranian border from Azerbaijan to Iraq. American forces in Iraq have steered clear of the group, at least in public. "We have the same enemy as the U.S., but they do not extend help to us," PJAK's leader, Abdul Rahman Haji Ahmadi, told NEWSWEEK in a phone interview from his exile home in Germany.

The Blacksnake's guerrillas remain on the terrorist list. Washington recently named retired Gen. Joseph Ralston as "anti-PKK coordinator," to work on a plan for disarming the group. Last weekend the guerrillas proclaimed a unilateral ceasefire. No one was impressed. At least four previous ceasefires have failed, and last week Turkey issued a pre-emptive dismissal of any PKK peace offer. "The PKK usually hibernate over the winter," says one Turkish diplomat. "When spring comes, they are up to their usual business again." The Blacksnake shows no sign of quitting the fight. "If the Turkish Army comes to Iraq, they will lose the battle," he promises. "They have lost 100 times already." Across the border, Turkey's troops are itching to accept that challenge.

'Whatever Is Necessary' (NSWK)

By Lally Weymouth

Newsweek, October 2, 2006

Turkey's foreign minister, Abdullah Gul, was in New York last week and spoke bluntly with NEWSWEEK's Lally Weymouth about how the Turkish government sees the situation in Iraq. He warned that if the Iraqi Kurds did not curb the PKK terrorist group, Turkey may take matters into its own hands. Excerpts:

WEYMOUTH: Last week Iraq's President [Jalal] Talabani said that if Turkey continues to meddle in Iraq's affairs, the Iraqi Kurds will support opposition movements of other countries.

GUL: I was surprised, because Turkey is the one country that has really contributed to the Iraqi [Kurds]. Turkey is the country that protected them when there was a chemical attack in Saddam's time. I think Talabani's statement was unfortunate and unwise. He is not the leader of one of the tribes now; he is the president of Iraq. So he has to be careful in his statements.

Was Talabani suggesting supporting the PKK?

The PKK is a terrorist organization. The Americans ... will [ultimately] withdraw, and he will be living with his neighbors—so he should be careful.

Last week Talabani told me that Iraq had convinced the PKK to announce a ceasefire and that a new chapter would soon open in relations between Turkey and Iraq.

What is the new chapter? Turkey is one of the main countries that has stressed the territorial integrity of Iraq. We are protecting their territory.

Do you think there is about to be a ceasefire with the PKK?

We cannot bargain with a terrorist organization.

Do you think the Kurds could control the PKK if they wanted to?

If they don't, we have the capacity, ability and determination to fight to the end ... PKK terrorism has increased. Also, the PKK has a new source of weapons. They have obtained weapons and explosives from the Iraqi Army. They bring them into Turkey and use them with remote-control devices.

Are the Iraqi Kurds working hand in hand with the PKK?

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I don't want to say this, but they are not doing enough. The PKK terrorists feel relaxed to move about. We are expecting serious cooperation on this issue from all Iraqis as well as from the U.S. In the past, the leader of the PKK lived in Syria, and that regime was the enemy. Now the leaders of the PKK are in northern Iraq, which is controlled by the Coalition forces.

So, would Turkey invade northern Iraq to bring the PKK under control?

We will do whatever is necessary to fight this organization. I want to give the message that if our friends don't help us, we will do the job ourselves.

The White House has announced that PKK terrorism is on the agenda of the meeting President Bush will hold with [Turkish] Prime Minister [Recep] Erdogan this week.

We appreciate that several times President Bush has declared that the U.S. will take serious steps to fight terrorism, but we have to see the results.

When President Talabani was in the United States last week, he painted an optimistic picture of Iraq.

Since the beginning of this year, 16,000 people have been killed there. There is an escalation of the violence. Sectarianism is getting worse and worse.

In the United States many people believe the time has come to withdraw.

How can you leave a vacuum over there? Then, what will happen? All the neighbors of Iraq and the U.S. should work hand in hand with the Iraqi government and the different tribes in Iraq to bring stability. I think it is possible. There is no other way. You have to put things in order.

Here people are asking, why doesn't Iraq split into three parts?

The neighboring countries will not accept this. That idea should be forgotten—it should not be an option. Those [who favor it] don't know Iraq or the region.

You said previously in Washington that you thought Iran might respond positively to nuclear talks. What is your assessment now?

A good package has been given to Iran. During my visit to Iran in August, I met with all the leaders and they said they appreciated the package—I learned this from [Iranian President Mahmoud] Ahmadinejad. He said that this package is different than previous ones. With good intentions, I think there can be a solution.

Why doesn't he suspend nuclear activity?

They say that when they are guaranteed delivery of all the things in the package, then they will suspend. Both sides lack confidence [in each other]. As a neighbor country, we want to see a peaceful solution. We don't want to see any nuclear weapon in our neighborhood.

Saddam's Revenge (TIME)

By Brian Bennett

Time, October 2, 2006

Baghdad

When Ahmed Hassani Mohammed al-Dujaili took the stand as witness No. 1 in the trial of Saddam Hussein last December, he might have thought his worst nightmares were behind him. On a summer afternoon in 1982, two days after gunmen in his town opened fire on a presidential motorcade, Ahmed and all the other males in his family were rounded up by Saddam's Special Republican Guard. Ahmed and three of his 11 brothers were eventually released; the rest disappeared. Two years later, Saddam signed execution orders for six of Ahmed's brothers; a seventh died during interrogation. They were among the 148 men and boys Saddam is accused of ordering killed in retaliation for the assassination attempt. Ahmed says that when he recounted those horrors in court, he looked over at Saddam. The deposed dictator stroked his beard, looked Ahmed dead in the eye and ran his forefinger across his throat.

Since then, the nightmare has returned to Dujail. Ahmed believes that Saddam's throat-slitting gesture, made while television cameras were rolling, was a message to loyalists to kill Ahmed's family. Two of his cousins were kidnapped in July and haven't been heard from since. On Aug. 6, his brother Ali Hassan Mohammed al-Dujaili, another witness, was attacked in the middle of Dujail. Ahmed's nephew Husam was killed while protecting Ali. When Ahmed's younger brother Jaafer came to collect Husam's body, a sniper lying in wait put several bullets in Jaafer's legs. Jaafer lived but will always walk with a severe limp. He is among the lucky ones. The town's mayor, Haji Mohammed Hassan al-Zubeidy, says some 180 people have been murdered in Dujail since Saddam's trial began in October 2005. Basam Ridah, adviser to the Prime Minister for the Saddam trial, puts the number closer to 200. About 80 more have vanished while traveling on the road between Dujail and Baghdad. "Have you ever heard of the Bermuda Triangle?" asks Mahmoud Hussein al-Hesreji, chief of the Dujail city council. "It's just like that."

On Oct. 16, a five-judge panel will deliver a verdict on whether Saddam and his regime carried out the original 148 killings in Dujail. If convicted, he will face the death penalty. That trial, as well as a second one focused on the massacre of Iraqi Kurds in

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1988, has been taking place inside the heavily secured Green Zone, where a succession of judges have given the former dictator the kind of hearing he never afforded his victims. But for many others associated with the trials, there has been no refuge from assassins who take justice--and revenge--into their own hands. Shi'ite death squads have murdered defense lawyers, while ex-Baathists have targeted the families of prosecutors and judges. The brother-in-law of Mohammed Oreibi al-Khalifa, the second trial's presiding judge, was gunned down last week in Baghdad. If putting Saddam on trial is intended to help Iraqis bury the demons of his murderous rule, the spate of vendetta killings has served as a reminder of the unchecked mayhem that has followed it.

Nowhere has the trial brought more misery than in Dujail, a town of 84,000, most of them Shi'ites, in the middle of the Sunni triangle. Since the start of Saddam's trial, Dujail has been infiltrated by ex-Baathist hit squads. Residents believe they have been ordered by Saddam's former henchmen to take out the families of witnesses. A number of insurgent cells operating around Saddam's hometown of Tikrit, a mere 45-minute drive north of Dujail, have targeted relatives of witnesses, most of whom rarely leave the Green Zone. Abu Hamid, commander of a nationalist cell based north of Dujail, says if any of the witnesses in the Saddam trial leave the Green Zone to return home, "we will destroy all of Dujail. If the people of Dujail allow these villains to live in the town, they will get the same treatment."

The plight of the town reflects the broader collapse of order in the center of Iraq. Insurgents have destroyed the town's water and electricity facilities. Mayor al-Zubeidy says he needs at least 200 more people from the police or Iraqi National Guard to secure the entrances and exits of Dujail. He says he has been unable to persuade the Iraqi government to send reinforcements to the town. "We haven't gotten any support from any of the governments," he says. "There is almost a siege of Dujail, and we can't move out. If they catch you on the way to Baghdad and they find out you are from Dujail, you will be killed at once." The town has provided Ali with three police bodyguards, but he still feels vulnerable. "I'm hunted," he says. "The government is ignoring Dujail."

The killings in Dujail speak to a larger battle being waged in the Iraqi psyche. In Saddam's police state, there were navigable boundaries that made it possible to live. True, the executions by Saddam's regime in Dujail showed that those boundaries were a mirage: they could close in on you in less time than it takes a bullet to fly from the barrel of a gun. But life in Iraq has become so bloody and death so ever present, random and unpredictable that some Iraqis are nostalgic for Saddam's tyranny. When I told U.S. Ambassador Zalmay Khalilzad about the killings of witnesses' families in Dujail, he shook his head but said the current loss of life is "different than a government carrying on violence against its own citizens." Iraqis, he says, "have paid and are paying a high price to potentially head in a great direction that was not available under Saddam."

It is indicative of the scale of Saddam's brutality that there are some in Dujail who believe the current bloodshed is preferable to what preceded it. "Of course, now it is much better," says Ali, speaking by phone from Dujail. "Saddam's terrorism would go on forever if he were still in power." Ali's brother Ahmed, witness No. 1 in the Saddam trial, doesn't know when he will leave the Green Zone or what awaits him if he does. But after spending his high school years in prison and losing most of his brothers, he says he is willing to pay the ultimate price to see Saddam answer for his crimes: "I'll give up my own life and the lives of my family if it means I have helped send Saddam to the gallows." The sobering reality is that both may come true.

Letter Gives Glimpse Of Al-Qaeda's Leadership (WP)

By Karen DeYoung

The Washington Post, October 2, 2006

Six months before the death of Abu Musab al-Zarqawi in June, a senior al-Qaeda figure warned him in a letter that he risked removal as al-Qaeda's leader in Iraq if he continued to alienate Sunni tribal and religious leaders and rival insurgent groups.

The author of the Dec. 11 letter, who said he was writing from al-Qaeda headquarters in the Waziristan region of Pakistan, was a member of Osama bin Laden's high command who signed himself "Atiyah." The military's Combating Terrorism Center at West Point, which last week released a 15-page English translation of the Arabic document made public in Iraq, said his real identity was "unknown."

But counterterrorism officials said they believe he is Atiyah Abd al-Rahman, a 37-year-old Libyan who joined bin Laden in Afghanistan as a teenager during the 1980s. He has since gained considerable stature in al-Qaeda as an explosives expert and Islamic scholar. After becoming acquainted with Zarqawi in the western Afghan city of Herat in the late 1990s, he became al-Qaeda's main interlocutor with the fiery Jordanian.

Atiyah's name does not appear on any published U.S. government list of known or suspected terrorists. But his biography, as described by counterterrorism officials who agreed to discuss him on the condition that they not be named, offers a rare glimpse into the cadre of loyal senior aides who escaped with bin Laden into the mountainous Afghan-Pakistani border region in the fall of 2001.

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The letter, the first document to emerge from what the military described as a "treasure trove" of information uncovered from Iraqi safe houses at the time of Zarqawi's death, provides new details of a debilitated al-Qaeda leadership-in-hiding, locating it in Waziristan.

"I am with them," Atiyah writes Zarqawi of the high command, "and they have some comments about some of your circumstances."

Pakistan's president, Gen. Pervez Musharraf, said on a visit to the United States last week that he believes bin Laden and his top lieutenants are on the Afghan side of the border. U.S. military and intelligence officials have long believed that the al-Qaeda leadership is hiding in one of the tribal provinces on the Pakistani side of the border, and Atiyah's letter, if accurate, would confirm their location at the time it was written.

Atiyah bemoans the difficulty of direct communications between Waziristan and Iraq and suggests that it is easier for Zarqawi to send a trusted representative to Pakistan than the other way around. The "brothers," he writes, "wish that they had a way to talk to you and advise you, and to guide and instruct you; however, they too are occupied with vicious enemies here.

"They are also weak," he continued, "and we ask God that He strengthen them and mend their fractures. They have many of their own problems, but they are people of reason, experience and sound, beneficial knowledge. . . . This letter represents the majority of, and a synopsis of, what the brothers want to say to you."

Deemed authentic by military and counterterrorism officials, Atiyah's letter adds context to events in al-Qaeda's often rocky relationship with its Iraqi subsidiary, shedding new light on the depth of the organization's concern over Zarqawi and the limits of its control over him.

An earlier letter to Zarqawi, written in July 2005 by bin Laden deputy Ayman al-Zawahiri, made some of the same points in more formal and less pointed words. But it appeared to have little effect. In September 2005, Zarqawi released an audiotape accusing Sunni leaders and Shiites of cooperating with U.S. forces and promising their certain death.

Atiyah's letter begins with warm personal words for Zarqawi. "I am setting this out as an introduction," he says, because the rest of his letter "will be primarily about the negatives and cautioning against things that are perilous and ruinous."

Zarqawi had been placed in a position of high responsibility, Atiyah continues, but needed to expand his circle of advisers in Iraq and listen more to those with a better sense of al-Qaeda's wider political objectives. If his words led Zarqawi to wonder if he were being asked to step down, Atiyah writes, the response would be "not necessarily." But, he continues, "it is a possibility if you find at some point someone who is better and more suitable than you." Sharia law, he reminds, requires that "proper fitness be ordained."

Atiyah orders him not to make "any decision on a comprehensive issue" without consulting bin Laden, Zawahiri and the other "brothers." He said Zarqawi should improve his relationship with other Sunni insurgent groups in Iraq and be more judicious in using the al-Qaeda name in his operations.

Atiyah refers to a bombing in Jordan ordered by Zarqawi as the kind of operation that requires consultation. He urges the utmost caution "against attempting to kill any religious scholar or tribal leader who is obeyed, and of good repute in Iraq from among the Sunnis, no matter what." After they have succeeded in driving out U.S. forces and dismantling the Iraqi government, he writes, "then we can behave differently."

"Know that we, like all mujahiddin, are still weak. . . . We have not yet reached a level of stability. We have no alternative but to not squander any element of the foundations of strength or any helper or supporter."

Atiyah's December missive seemed to produce at least temporary results. In January, Zarqawi's organization, al-Qaeda in Iraq, announced it was melding operations with other Sunni insurgent groups under a new umbrella organization called the Mujaheddin Shura Council. But any hopes of appealing to Shiites -- seen by al-Qaeda as an interim necessity that would be abandoned once U.S. forces were ejected -- was eliminated when Zarqawi-affiliated forces blew up an important Shiite shrine, the golden-domed al-Askari mosque in Samarra, in February. A number of Sunni tribal leaders in Iraq's Anbar province have also been killed this year under the Shura Council banner.

Since Zarqawi's death in a U.S. air raid near the Iraqi city of Baqouba in June, the new leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, has appeared more in tune with al-Qaeda's wishes and has reached out to Sunni tribal and religious leaders. Competing for their support with the U.S.-backed Iraqi government of Prime Minister Nuri al-Maliki, al-Muhajer on Thursday issued a public appeal for their forgiveness and pledged to respect their scholarship and status.

Atiyah is no longer in Waziristan, according to U.S. officials who declined to speculate on his current whereabouts. But they said he was not in U.S. custody and expressed certainty that he is still alive. Asked what priority they attach to his capture, one official said: "He is an important figure. . . . The world would be a much safer place with him off the streets."

The official said that Atiyah is one of a number of senior al-Qaeda figures whose names have not been made public. "We knew about him," he said. "There are a lot of key al-Qaeda people that might not be on lists for the general public or the press." Rita Katz, whose Washington-based SITE Institute monitors extremist Web sites, said she believes that Atiyah is a "top al-Qaeda

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strategist" who frequently appears on a password-protected site under the name of Louis Atiyah Allah. "He's the one the jihadists go to when they have a question. He tells them what to do, what fatwahs to provide. He communicates with the jihadi online community."

The counterterrorism official declined to say whether the government believes Louis Atiyah and Atiyah Abd al-Rahman are the same person.

Atiyah's journey from Libya to a prominent position in the al-Qaeda hierarchy began like that of many young Muslims who traveled to Afghanistan to join the Afghan mujaheddin fighting a Soviet military occupation in the 1980s. Many were recruited and organized there by bin Laden, a charismatic Saudi who had joined the mujaheddin cause. U.S. officials said Atiyah was principally based around the eastern Afghan city of Jalalabad.

In the early 1990s, after a brief return to Saudi Arabia, bin Laden transferred his operations to Sudan. The 1991 U.S. action against Iraq had given him a new cause, and his al-Qaeda organization, formed of the foreign recruits he had organized in Afghanistan, declared war against the U.S. military presence in the Persian Gulf.

As bin Laden organized in Sudan, Atiyah went to Algeria, where he is believed to have fought with the Armed Islamic Group (known as GIA, its French initials).

When the Taliban took power in Kabul in 1996, bin Laden returned to Afghanistan, where Atiyah joined him in establishing terrorist training camps. After his release from a Jordanian prison, Zarqawi arrived in Afghanistan in 1999. Although he had only a tenuous relationship with al-Qaeda, Zarqawi took bin Laden's money to set up his own training camp near Herat to prepare to overthrow the Jordanian government in Amman.

It was in Herat, U.S. officials believe, that a relationship was established between Zarqawi and Atiyah.

After the Sept. 11, 2001, attacks, Zarqawi traveled to Iran and then to northern Iraq. After U.S. forces invaded Iraq in March 2003, he leveraged his al-Qaeda connections to gain legitimacy and adherents to an anti-U.S. insurgency. In October 2004, he changed the name of his burgeoning organization to al-Qaeda in Iraq.

Atiyah's liaison role was "more a function of his long-term ties to al-Qaeda and his relationship with the al-Qaeda central leadership and their interest in seeing him assume this role as opposed to a close relationship with Zarqawi," a counterterrorism official said.

In Hunt For Terrorists In Iraq, General Is No Armchair Warrior (WT)

By Rowan Scarborough

The Washington Times, October 2, 2006

A group of American terrorist-hunters that included one of the most senior commanders in Iraq quickly descended on the burned-out rubble that framed the dying body of Abu Musab Zarqawi.

The deadly operative of al Qaeda leader Osama bin Laden, Zarqawi had been the personal quarry of a super-secret task force whose backbone is the Army Delta Force and Navy SEALs of U.S. Joint Special Operations Command (JSOC). Its commander, Army Lt. Gen. Stanley A. McChrystal, was so personally involved in the hunt that he went with his men to the bombed-out hut near Baqouba to make sure they got their man.

A source close to the special-operations community said Gen. McChrystal's eyes-on identification is representative of the three-star general's hands-on approach as Defense Secretary Donald H. Rumsfeld's chief terrorist pursuer in Iraq and Afghanistan.

"He goes on raids. He doesn't sit back at headquarters," said the source, who asked not to be named. A spokesman at U.S. Special Operations Command in Tampa, Fla., declined to comment on the general's operating style.

The West Point graduate's personal commitment to the mission has led some to dub him the first "commander-forward" of JSOC. He spends little time at the command's headquarters at Fort Bragg, N.C. Instead, he shuttles between task forces in Afghanistan and Iraq to personally supervise hundreds of commandos.

Gen. McChrystal's team was so instrumental in finding Zarqawi, and enabling an Air Force F-16 National Guard pilot to kill him in an air strike, that President Bush thanked the general in a phone call to him and Gen. George Casey, the top U.S. commander in Iraq.

"I haven't spoken to our commanders yet, except to call Gen. Casey and McChrystal and congratulate them, but more importantly, for them to congratulate the troops and the intel groups that were working on finding Zarqawi," Mr. Bush said at a June 10 press conference at Camp David.

The "intel groups" represent part of Gen. McChrystal's domain. He oversees a task force that includes JSOC, as well as a special intelligence group that specializes in intercepting communications and the "Night Stalkers" aviation unit. The group is augmented by intelligence officers, including the CIA and Defense Intelligence Agency.

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The task force's special intelligence unit cinched the kill. Once Jordanian agents identified Zarqawi's clerical adviser, a frequent visitor to the al Qaeda in Iraq leader, the intelligence unit used special technical means to track his whereabouts. On June 7, the unwitting accomplice ended up on the front door of the terrorist's hide-out. JSOC has used the technical means to track and capture scores of Zarqawi henchmen.

Mr. Rumsfeld takes a personal interest in the assignment of admirals and generals, especially for such a key post as JSOC commander. The defense secretary has made it a priority to bolster special-operations spending and manpower. Shortly after the war on terrorism began, he traveled to Fort Bragg and toured the highly secret training ground of Delta Force. He watched a HALO (high-altitude, low-opening parachute jump), a practice raid and some sharpshooting, and he met Delta recruits.

Gen. McChrystal caught the defense secretary's attention in 2003 when the formertwo-star general was vice director of operations in the Joint Staff, the planning arm of the Joint Chiefs chairman. He conducted nationally televised press briefings at the Pentagon and met frequently with Mr. Rumsfeld and others to map strategy.

At his debut in March 2003, as war kicked off in Iraq, former spokeswoman Victoria Clarke introduced him. "I won't quite say he volunteered, but he's going to help out on the briefings," she said.

After less than a month of fighting, Gen. McChrystal declared from the podium, "I would anticipate that the major combat engagements are over."

Gen. McChrystal long had a special-operations niche: He trained and deployed as an Army Ranger, an elite special-operations force that does the big missions of unconventional warfare.

"There are very few flag-officer movements the secretary doesn't decide," said Larry Di Rita, a former senior aide to Mr. Rumsfeld who worked with Gen. McChrystal. "He tends to invest a lot of time into those decisions, and this one was no different."

He added, "[McChrystal] is well-known in the Army as an exceptional operator and an ability to work in a joint environment, an ability to work at various levels of operational skills. It is those things the secretary tends to look at in these kinds of commands. An ability to communicate. [McChrystal] is a very good communicator."

Special-operations insiders say that when it is time to replace Army Gen. Bryan "Doug" Brown, commander of Special Operations Command, Gen. McChrystal will likely be a finalist, along with Lt. Gen. Dell Dailey, a former JSOC chief.

Iraq Government Facing Sectarian Rift (AP-Y)

By Qassim Abdul-zahra, Associated Press Writer

AP, October 2, 2006

Shiite politicians demanded changes in the Iraqi government Sunday, accusing a Sunni Arab party in the coalition of ties to terrorism after a bodyguard of its leader was arrested on suspicion of planning bomb attacks.

The dispute threatened a sectarian crisis within the national unity government of Prime Minister Nouri al-Maliki, which is struggling to contain spiraling Shiite-Sunni killings that the U.S. ambassador said have surpassed Sunni insurgent attacks in deadliness.

After the bodyguard's arrest, an unprecedented surprise curfew was imposed on Baghdad on Saturday, preventing pedestrians as well as vehicle traffic. The curfew was lifted early Sunday.

At least 23 people were killed in violence Sunday, and 21 bodies were found in Baghdad or to the south, many of them bound and tortured. In the evening, gunmen burst into a frozen food factory in Baghdad, kidnapping 24 workers and wounding two others — similar to past attacks in which militants have picked out members of the opposing sect from among the captives and killed them.

The U.S. military also reported Sunday that two American soldiers were killed the day before in fighting in western Anbar province — bringing to at least 70 the number of U.S. troops killed in September, the second highest monthly toll this year after April, when 76 died.

Iraqi troops backed by American military advisers arrested a suspected Shiite militiaman believed to have carried out kidnappings and killings. A gunbattle broke out at the suspect's house in Baghdad's Shiite stronghold of Sadr City, leaving a woman and a young girl dead, Iraqi police said.

Afterward, angry men at the scene held up a color photo of a smiling, winking Jesus giving a "thumbs up" sign that they said was left by troops at the raided house — an allegation denied by U.S. and Iraqi officials.

The photo, known as the "Buddy Christ," is from the movie "Dogma," a 1999 religious satire in which "Buddy Christ" is part of a church campaign to improve Jesus' image.

U.S. military spokesman Lt. Col. Barry Johnson said the photo was a "rather ridiculous attempt" to discredit the raid. It was unclear how it ended up at the site.

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The potential government crisis erupted after U.S. troops on Friday arrested a bodyguard of Sunni politician Adnan al-Dulaimi, saying the man was suspected of leading an al-Qaida-linked cell that was "in the final stages" of carrying out a string of bombings in Baghdad's fortified Green Zone, the center of government and home to the U.S. and British embassies.

Al-Dulaimi heads the Iraqi Accordance Front, the main Sunni Arab party with 44 seats in the 275-member parliament and positions in al-Maliki's government, including a supporter in the Defense Minister post.

The government also includes Shiite parties linked to militias accused of killing Sunnis — and the arrest threatened to wreck al-Maliki's attempts to forge a reconciliation between the sects that could rein in the militias as well as Sunni insurgent violence.

"We are faced with two choices, either militias or the nation. We will not allow the dignity of the nation to be violated," the Shiite prime minister said Sunday in an interview with Al-Hurra TV, which is funded and overseen by the State Department.

U.S. Ambassador Zalmay Khalilzad and the top U.S. commander in Iraq, Gen. George Casey, sought to contain the political fallout, underlining in a joint statement that "the arrested individual had no ties to al-Dulaimi's family, nor is al-Dulaimi connected in any way to the suspect activities of the individual."

But Baha el-Deen al-Araji, a lawmaker from the party of radical Shiite cleric Muqtada al-Sadr, accused Sunni politicians of having "direct and indirect links to Saddamists, Takfiris (Sunni radicals) and terrorists."

He demanded a "significant cabinet reshuffle" to change "ministries of security and public services dossiers."

"All our Sunni brothers have terrorist groups. This is destructive to the reconciliation process," another Sadrist lawmaker, Nasser al-Saadi, told The Associated Press. "We must stand up to them."

He said that if al-Dulaimi is shown to have links to al-Qaida "he should be treated as a terrorist." The lawmakers said parliament would discuss the arrest in a session on Monday.

Al-Dulaimi denied any connection to militants and said those trying to "defame" the Accordance Front should "be silent because any factor that leads to blow up this case would affect the entire national unity process."

Thousands of people have died in recent months in Shiite-Sunni killings, even as violence by Sunni insurgents continued. The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said Wednesday that over the preceding week suicide attacks were at their highest level ever.

Khalilzad said al-Qaida-linked militants had been weakened in recent months and that "a main part of the violence now is sectarian violence ... between death squads associated with militias."

Speaking on CNN's "Late Edition," he said al-Maliki's government "in the course of the next two months, has to make progress in terms of containing sectarian violence."

But he expressed optimism that with the prime minister's reconciliation plan and U.S.-Iraqi security efforts "next year the level of violence will be lower than this year."

Iraq's National Security Adviser Mouwafak al-Rubaie, meanwhile, said security forces were closing in on the leader of al-Qaida in Iraq Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri.

He succeeded slain militant Abu Musab al-Zarqawi at the helm of the group, which is accused of some of the deadliest suicide bombings against Shiites.

"In a very short time, we will bring you the good news of Abu Ayyub al-Masri either killed or handcuffed to be brought before the Iraqi justice system," he said.

He showed what he called an al-Qaida instructional CD found this week in a raid south of Baghdad in which al-Masri is seen explaining how to build a car bomb.

"Your days are numbered and you will face your fate very soon," al-Rubaie said, addressing al-Masri.

Sadr Political Bloc Calls For Overhaul Of Iraqi Cabinet (WP)

By Amit R. Paley And K.I. Ibrahim

The Washington Post, October 2, 2006

BAGHDAD, Oct. 1 -- The political bloc of anti-American cleric Moqtada al-Sadr demanded a shake-up of Prime Minister Nouri al-Maliki's cabinet on Sunday, the latest challenge to the country's increasingly beleaguered unity government.

"Some of those who are in this government have direct or indirect relationships with terrorists," said Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party. "The democracy that the occupation brought to Iraq is being exploited by the Sunni insurgents and the terrorists to kill our sons and our men."

Araji's remarks appeared aimed at Adnan al-Dulaimi, the leader of the largest Sunni Arab coalition in parliament, whose bodyguard was arrested Friday on suspicion of planning suicide bombings inside the fortified Green Zone.

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The demands of the Sadr movement -- a major bloc in the United Iraqi Alliance, the dominant Shiite coalition that has 130 seats in the 275-member parliament -- exposed deep rifts in the government, as well as mounting frustration with its perceived failure to stanch the horrific sectarian bloodshed here.

Senior U.S. military commanders have questioned whether Maliki has the political will to root out corruption and tackle the militias and death squads wreaking havoc across the country. U.S. Ambassador Zalmay Khalilzad said in an interview Friday that Maliki was running out of time to address the problem.

Ali al-Dabbagh, a spokesman for Maliki's government, did not return a phone call seeking comment.

Dulaimi has denied that his bodyguard is connected to terrorists, and on Sunday other Sunni legislators denounced Araji for making "hysterical statements."

"They accuse the Sunnis of being insurgents, Baathists and Saddamists, but if we check the records of the majority of those politicians, we will find that they have ties to the former regime," said Hussein al-Falluji, a Sunni member of parliament.

Falluji also suggested that tensions within the Shiite government -- over Maliki's efforts, unsuccessful so far, to disarm militias controlled by Sadr and other Shiite groups -- are causing politicians to lash out at Sunnis. "They are trying to transfer their problems to us," he said.

Sadr officials in recent days have stepped up their criticisms of Maliki's government. In a sermon on Friday in the city of Kufa, Sheik Mouyed Khazrajy, a member of the Sadr movement, called on the prime minister to move swiftly to reduce sectarian tensions.

"Our patience has limits," he said.

"The hands with which we fought the tyrants are still on the triggers, and the weapons we fought with, which placed you on the prime minister's chair, are still full of gunpowder," Khazrajy said. "We are ready to give you and your masters a lesson in defiance and steadfastness. . . . What has held us back, as the leader has said, is neither humiliation nor ignominy, but feelings of brotherhood and love for the country."

Violence continued to convulse Iraq on Sunday. Twenty-three people were killed and 21 bodies were discovered in incidents across the country, the Associated Press reported.

The U.S. military also announced that two soldiers assigned to the 13th Sustainment Command were killed Saturday during combat in Anbar province, the volatile Sunni insurgent stronghold in western Iraq.

Special correspondents Saad Sarhan in Najaf and Saad al-Izzi in Baghdad contributed to this report.

Shiite Politicians Grow More Critical Of Iraq's Government (NYT)

By Sabrina Tavernise

The New York Times, October 2, 2006

BAGHDAD, Oct. 1 — Iraq's fragile government showed further signs of strain on Sunday, as Shiite political leaders expressed growing frustration at having to share power with Sunni Arabs whom they view as having ties to insurgents.

"There is a real trust crisis," said Baha al-Aaraji, a prominent Shiite legislator at a news conference broadcast on television. "The prime minister does not trust his deputy," and the speaker of Parliament "does not trust his first deputy."

The remarks, which included a call for a cabinet shuffle, came after the disclosure on Friday that a guard working for a leading Sunni politician might have been involved in a plot to detonate multiple car bombs in the Green Zone. But they quickly led to a larger debate, with Sunni and Shiite factions accusing one another of protecting their militias and governing to suit their own sects.

The outburst underscored the weakness of Iraq's government. A patchwork of parties and groups that represents most of Iraq's ethnicities and sects, the government was assembled through weeks of bitter negotiations brokered by the Americans this spring.

At the time, the thinking was to include all of Iraq's groups, particularly the minority Sunni Arabs who dominated the government of Saddam Hussein, in order to drain support for the insurgency. But now, five months after the government was formed, the violence has only worsened, with death squads carrying out sectarian killings that are changing the texture of neighborhoods.

On Sunday evening in Al Amel, a neighborhood in western Baghdad that is largely Sunni Arab, 26 workers were taken from a store that sells sandwiches and meat pastries, Iraqi officials said. Mass kidnappings began occurring with some frequency in the spring.

Continuing another grim trend, the Iraqi police said they discovered 50 bodies in and around Baghdad in the 24 hours ending Sunday night.

The United States military said Sunday that two American soldiers were killed by small-arms fire on Saturday in Anbar Province.

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Until now, Shiites have largely held back from explicit criticism of the government, which is run by a Shiite, Nuri Kamal al-Maliki, out of fear of weakening him. But progress has been slow, and Shiites seized on the accusation that a guard working for the Sunni leader may have been planning a suicide bombing.

Mr. Aaraji's comments — including a call for a "significant reshuffle" of the cabinet — were the most public and pointed criticism to date. He openly derided a national reconciliation plan announced earlier this year that included a limited amnesty for some Iraqis, saying the plan was soft on insurgents. "We are stuck between the hammer and the anvil because of the national reconciliation plan," he said. "We and our sons are being killed because of it."

The Sunnis, for their part, brought up complaints at news conferences of their own. "The interior minister himself said there are 3,000 militiamen" who had infiltrated the Ministry of Interior, said a member of the Iraqi Consensus Front, the largest Sunni Arab bloc. "Three thousand versus one person," she said, referring to the arrested guard.

Some Shiites say that the Americans, who still control security, have made it hard for the government to act. Parts of the government "still feel paralyzed," said one Shiite politician, who spoke on the condition of anonymity because he did not want to be seen as critical of the leadership. "Neighborhoods are being attacked by armed groups. Threats are passed on to families."

Against Turkey, Washington Is Caught Between Allies (WSJ)

By Philip Shishkin

The Wall Street Journal, October 2, 2006

QANDIL MOUNTAIN RANGE, Iraq -- Kurdish guerrillas have used the remote mountains of northern Iraq as a base to attack Turkey for years. Now their presence has become a thorny problem for Washington.

Thousands of Kurdish fighters move openly in dozens of camps spread throughout Qandil's scrubby mountainsides and tree-covered ravines. A day's hike to the north lies Turkey, where most of these militants were born and where they face terrorism charges for fighting for Kurdish autonomy. Here in northern Iraq, with grenades clipped to the belts of their matching olive-green outfits, the guerrillas conduct combat drills, restock arms or watch satellite television. A few months ago they honored their leader by painting his image on a giant concrete slab they poured onto a hillside. It is visible from miles away.

"We have our own state in the mountains," says Farman, the 42-year-old area commander whose neck bears the indented scar of a bullet wound. Like other militants from the Kurdistan Workers' Party, or PKK, he introduced himself by first name only.

The guerrillas' enclave in northern Iraq is at the center of a growing diplomatic storm. As the U.S. begins to exert pressure on Iraq to rein in the anti-Turkey fighters, it finds itself caught between two key allies. On one side is Iraqi Kurdistan, which supported the U.S. invasion of Iraq and whose leaders have deep ties with the Kurdistan Workers' Party. On the other is Turkey, a member of the North Atlantic Treaty Organization and a Muslim democracy, whose leaders say they are committed to destroying the PKK.

Stakes for Washington are high. Iraqi Kurdistan is the safest part of Iraq. Armed conflict between Turkey and Kurdish fighters would prove calamitous, adding another front to the bloody Iraqi battlefield and further stretching U.S. and Iraqi security forces. Turkey, which maintains tens of thousands of troops on its border with Iraq, said this summer it is drawing up plans to attack the guerrillas' positions.

For the first time since these fighters began using Iraq as a base more than two decades ago, Washington has appointed a high-level diplomat to address the crisis. In late August, it named retired Air Force Gen. Joseph Ralston to the post of Special Envoy for Countering the PKK. Gen. Ralston, a former NATO top commander, took a whirlwind tour through Turkish and Iraqi capitals in September, pressing the U.S. point that Iraqi territory shouldn't be used as a PKK haven. Turkish Prime Minister Recep Tayyip Erdogan will raise the issue with President George W. Bush when the two meet in Washington today.

Gen. Ralston's tour comes after a summer of heightened violence. In one week in July, PKK militants killed at least 15 Turkish soldiers and police. A month later, explosions in three Turkish cities killed three Turkish citizens and injured 60 civilians, including foreign tourists. The attacks against civilians were claimed by Kurdistan Freedom Falcons, which Turkish and Western officials say operates under the auspices of the PKK.

On Saturday, the PKK promised to halt attacks, the fifth time the group has declared a cease-fire. However, the decades-old conflict remains far from defused. Past truces have led to lulls in violence, followed by intensified fighting. Turkey immediately dismissed the cease-fire. Violence in the Kurdish area of Turkey continued yesterday.

Marxism and Nationalism

The Kurds, who number about 25 million and speak their own language, have never had a country of their own. Most of them live in contiguous border stretches in Turkey, Iraq, Iran and Syria. The majority -- about 15 million -- live in Turkey, which has historically denied them minority rights such as cultural recognition or Kurdish-language education.

Since its birth in Turkey in 1974, the PKK, or Partiya Karkerên Kurdistan, has employed a violent blend of Marxism and nationalism. Its guerrillas consolidated support in the countryside, ruthlessly attacking Turks and Kurds alike who stood in the

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way of their goal of establishing an independent Kurdistan. The conflict with the Turkish military led to an estimated 30,000 deaths in the 1980s and the 1990s.

Pressured inside Turkey, the PKK found a haven in northern Iraq in the mid-1980s. Iraqi Kurdish leaders, fighting their own rebellion against Baghdad, allowed the PKK to enter northern Iraq in a gesture of pan-Kurdish solidarity. Iraqi Kurds were also among the region's strongest supporters of the U.S. decision to depose Saddam Hussein, who is currently on trial in Baghdad on charges of genocide against Iraqi Kurds in the 1980s.

Three guerrillas from the Kurdistan Workers' Party in northern Iraq's Qandil mountains. Behind them, a structure housing a television room and a small library.

In the aftermath of the 2003 U.S. invasion of Iraq, which Turkey opposed, Iraqi Kurdistan has strengthened its autonomy. The home to five million Kurds, the Iraqi region has gradually accumulated the trappings of sovereignty from Baghdad's rule, serving as an inspirational example to Kurds across the border in Turkey and Iran.

In early September, Massoud Barzani, the region's president, outlawed the Iraqi national flag on the grounds that it symbolizes repression of Kurds under Mr. Hussein. Only Kurdish flags, marked with a bright yellow sun in the middle, now remain. The region's parliament just approved a petroleum law that stipulates that revenue from future oil production doesn't have to be shared with Baghdad. (Baghdad has criticized the region's drive to set its own oil policy.) Boundaries between Kurdistan and the rest of Iraq are reinforced with trenches and patrolled by units of the regional government's own military force, the Peshmerga.

In addressing the guerrillas sheltering within their borders, Iraqi Kurdistan's officials find themselves with dual allegiances. While Washington classifies the Kurdistan Workers' Party as a terrorist group, Iraqi Kurd leaders view them as freedom fighters. Masrur Barzani, the head of Iraqi Kurdistan's intelligence branch and the son of the regional president, says Kurds "existed here long before" the Turkic tribes from Central Asia began their conquest of modern-day Turkey a millennium ago. Jafar Mustafa Ali, an Iraqi Kurd in charge of many of the Peshmerga units, suggests the PKK fighters are cut from the same nationalist cloth as Iraq's anti-Saddam Kurdish guerrillas. "The PKK asks for the rights of its people," he says. "Why should somebody be called a terrorist for that?"

At the same time, the region's administrators are eager to avoid the sort of violence afflicting the rest of Iraq. As northern Iraq looks to start pumping its own oil, it will require cooperation from Turkey and Iran to ship it to international clients. Already, bilateral trade between Turkey and northern Iraq has grown to an estimated $3 billion last year, according to Turkish and Iraqi officials. A peaceful resolution of the PKK issue will also help the area attract foreign investment.

According to Turkish and Western intelligence, some 3,000 guerrillas live in Iraq's Qandil mountains at any given time. A smaller force is based on the Turkish side of the border. Western and Turkish intelligence officials say guerrillas train and acquire weapons in Iraq. The camps also serve as rest-and-recuperation sites for rebels who have fought in Turkey, especially during harsh winters when skirmishes usually die down. The PKK says it runs a hidden hospital here that treats fighters wounded in clashes inside Turkey.

A typical guerrilla is Semad, a 29-year-old who grew up in the southeastern Turkish city of Diyarbakir and later moved with his family to Istanbul. Two of his older brothers died in the fighting with Turkish security forces, and Semad says he started helping the PKK at the age of nine, delivering messages, leaflets and food in the militant underground. He worked briefly as a postman in Istanbul. By the time he turned 18 he walked off into the mountains and joined the fighters, taking the name of one of his dead brothers as a nom-de-guerre.

Life for Semad in the Qandil camps follows a well-established routine: political education in the morning, military training in the afternoon, then soccer, volleyball or ping-pong. The guerrillas watch satellite television, particularly Roj TV, a Denmark-based channel sympathetic to PKK's cause.

Devotion to the group's Marxist founder, Abdullah Öcalan (pronounced O-dja-lan), borders on cultish. Mr. Öcalan was captured in 1999, and is currently serving a life sentence in a Turkish island prison. His portrait is ubiquitous in the camps, on bright yellow banners or surrounded with flowers. His severe, moustached visage is painted in bold blue, white and black on a concrete slab, some 8 feet by 20 feet, above one of the camps. Semad has an image of Mr. Öcalan on the screen of his mobile phone.

On a quiet day at the camps, the wooden hovels, tents and clearings brim with domesticity, though alcohol and dating are banned. On a recent sunny morning, Saria, a 21-year-old Kurdish woman from Syria who joined the PKK five years ago, watered a patch of saplings. A male guerrilla chopped firewood. Inside one of the shacks, in a wooden bookcase straining under the weight of books written by Mr. Öcalan, there are two well-thumbed volumes of J.R.R. Tolkien's "The Lord of the Rings" in Turkish, the language most guerrillas here speak fluently and use in conversations alongside Kurdish.

The camps' relaxed feel belies their occupants' serious mission. "Our position now is self-defense war everywhere" against the Turkish military, the Kurdistan Workers' Party current leader, Murat Karaylan, said in a middle-of-the-night interview early last

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month in Qandil. Mr. Karaylan, a pistol holster under his vest, has been a PKK member since 1978 and leads a clandestine existence shuttling among mountain camps. His arrest and extradition are among Turkey's main demands. "If necessary, we can escalate [the war] four to five times," he said.

Washington's envoy, Gen. Ralston, did not speak with the PKK. Last month in northern Iraq, Ankara and Baghdad, he met with northern Iraq President Barzani, Turkish and Iraqi prime ministers, and U.S., Turkish and Iraqi military officials. He urged Iraqi leaders to put pressure on the guerrillas, asking them to close PKK offices and adopt other, as yet undisclosed, measures against the group. "Clearly, this is not an easy task," Gen. Ralston told reporters upon his return to Washington late last month.

In his interview, Mr. Karaylan said he had been pressed by Iraqi Kurdish officials to halt attacks on Turkish forces. On Thursday, the imprisoned Mr. Öcalan appealed to PKK guerrillas to call a cease-fire, asking them to fight back only if attacked by Turkish forces. In a news conference on Saturday, field leader Mr. Karaylan announced that the guerrillas would call a truce.

The Turkish government called instead for full disarmament. "A cease-fire is done between states," Prime Minister Erdogan told a Turkish television channel last week. "A terrorist organization must lay down its arms." On Sunday, hours after the truce took effect, Turkish soldiers killed a PKK fighter in Southeastern Turkey, not far from the Iraqi border.

Under pressure from the U.S. and Turkey, Iraqi Prime Minister Nuri al-Maliki, a Shiite Arab, has promised to close PKK offices in Iraq. The Kurdistan Workers' Party, though, doesn't have many offices in Iraq, and prefers to operate in seclusion from the northern mountains. Iraqi forces would find it challenging to dismantle the camps: Baghdad does not have sway over Iraqi Kurdistan's Peshmerga security forces, who would be unlikely to turn their weapons against fellow Kurds.

Turkish officials say they are prepared to wait for the diplomacy to run its course before considering military options. But one Turkish government adviser says, "We won't wait too long." Iran, which has also suffered attacks from Kurdish separatists linked to the PKK and fighting out of the same Iraqi mountains, shelled northern Iraq earlier this year, according to officials in Iraqi Kurdistan. Iranian officials deny this.

Attacking With Rocks

While northern Iraq has assumed importance as a PKK haven, the root causes of the group's appeal to some Turkish Kurds can be found in the Turkish Southeast. The area still reels from the violence of the past two decades. Major riots erupted in the city of Diyarbakir in March after several PKK fighters were killed by Turkish forces. Thousands of young Kurds set up roadblocks, trashed banks and shops and attacked police with rocks. In some parts of Diyarbakir, a city of one million residents, unemployment runs as high as 70%.

Partly under pressure from the European Union, which Turkey hopes to join, Turkish officials have been trying to address some Kurdish demands for greater rights. Broadcasting in Kurdish, as well as Kurdish-language classes, have been allowed, though both activities are still tightly controlled. A few years ago, the PKK dropped its demand for an independent Kurdistan, saying it would be content with some form of autonomy inside Turkey. The government wants to channel investment to the region and now openly acknowledges that it has long neglected its Kurdish citizens and denied their identity. While these are small steps, they would have been unthinkable even a decade ago.

"One of the reasons we were fighting was to provide the conditions for greater cultural and language rights. At the time it was necessary," says Hasan Seker, a one-time teacher in a village school who joined the PKK in the 1980s, fought, lost an index finger, was captured and spent nine years in prison. He now runs a cultural center in Diyarbakir promoting Kurdish music, literature and language. Though the center faces restrictions, he says the difference is obvious. "It's serious progress. We came from the point of 'Kurds don't exist' to this point," he says. "Of course it gives us hope."

Threatened By Soldiers, Iraqi Doctors 'Don't Feel Safe' (WT)

By James Palmer

The Washington Times, October 2, 2006

BAGHDAD -- It was a little before 2 p.m. last Monday when a group of Interior Ministry soldiers carried a wounded colleague into the emergency room at Yarmouk hospital.

Waving their weapons frantically, two of the soldiers demanded immediate attention from Haider Hussein, 25, a resident with only three months' experience.

The soldiers did not react well when Dr. Hussein requested time to prepare before examining the patient.

"They told me, 'We're authorized to kill you if you don't help us now,' " Dr. Hussein said.

Two armed men left and, according to several doctors, returned with about 15 more soldiers who blocked the entrances to the emergency room, holding the attending doctors prisoner. The standoff didn't end until the hospital's security force fired into the air to persuade the ministry soldiers to release the doctors.

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The confrontation turned out to be a breaking point for doctors at Yarmouk. On Thursday afternoon, they went on strike, saying they were accustomed to dealing with the worst of the capital's unrelenting violence but no longer could handle the intimidation and aggressive tactics of the military and police.

"We don't feel safe anymore," said Haider Brahim, 28, the chief surgeon in Yarmouk's emergency room.

The one-day strike did not resolve their problem, but it did win them a promise that authorities will look into three main demands: a public apology from the Interior Ministry, a ban on weapons inside the hospital and a ward exclusively for armed-forces physicians to care for military and police casualties.

It was the third time that Yarmouk's doctors have walked off the job in three years because of the harsh working environment, said the hospital's director, Haqqi Razzaiki. He said 16 physicians had quit in the past two months because of miserable working conditions.

"The whole situation is bad, and we're getting no help from the Ministry of Health," Dr. Brahim said.

Yarmouk's 24 emergency-room physicians earn a little more than $135 a month.

Most of the hospital's 150 doctors live in dilapidated residence halls on the hospital grounds. In one cramped room with no bathroom, six doctors who work alternate shifts share three small beds pressed against the walls.

About 50 doctors share a narrow restroom in a hallway. Dust covers the floor, and a hole in the floor serves as a toilet. Another restroom on a separate floor lacks running water.

The food, prepared in large metal pots in a room tucked away from the first-floor corridor, is a frequent target of criticism.

"We tried to give the food once to stray cats, but they wouldn't eat it," said Dr. Hussein. "Some prisoners live better than this."

The hospital's location in the southern Baghdad neighborhoods that are flash points for sectarian and insurgent attacks also makes it an epicenter for urgent cases. Dr. Brahim estimates that his staff treats 100 to 300 emergencies a day.

Yarmouk also attracts patients from the violent western Anbar province because it is one of the first large government-run hospitals along the highway into Baghdad. As a government-run hospital, it is obliged to provide free health care to all Iraqis.

Before the strike Thursday, the triage area was filled with the wounded, their families, paramedics, hospital administrators, nurses and doctors. The building smelled of perspiration, blood and human waste.

A young resident working without plastic gloves examined a gaping wound in one man's thigh, the result of a roadside bomb. Another man on a bloodstained gurney wailed in agony as a male relative gently kissed his face.

And 9-year-old Amer Yousef, a bandage over the bullet wound in his lower abdomen, tried to fight back tears as a group of women in black abayas watched over him.

Outside the hospital's gates, an Interior Ministry pickup truck swerved to a sudden stop and uniformed men frantically escorted the injured colleague inside. A soldier in the back of the vehicle fired a machine gun into the sky to halt the oncoming traffic.

"There's no magic solution to resolve these problems," said Dr. Razzaiki, who has practiced medicine in Iraq for 27 years. "If we had better security, the problems would solve themselves."

The Big Question On Iraq (WP)

By Jackson Diehl

The Washington Post, October 2, 2006

The campaign season debate about Iraq, which circled last week around the question of whether the war has increased global terrorism, might suggest that Washington is nowhere near facing the critical question of what to do about the actual situation on the ground. Yet behind President Bush's "we're safer" rhetoric and the answering shouts of "fiasco," the most serious debate about U.S. Iraq strategy in three years is quietly emerging. Shortly after the election it should take center stage.

The central question for discussion is this: Should the United States continue to depend on Iraq's "unity" government and army to carry out the political, military and economic measures needed to stabilize the country -- most important, a political settlement among its warring sectarian factions? Or is it necessary to override the new political system and mount some sort of intervention, led by the United States and perhaps other governments, to force the necessary deals?

President Bush has been hinting about this decision point ever since Iraqi Prime Minister Nouri al-Maliki's visit to Washington in July. "Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said in an Aug. 31 speech. Administration officials say the passage was a warning deliberately aimed at Maliki.

A more explicit signal came in a Sept. 19 news conference by former secretary of state James A. Baker III and former representative Lee H. Hamilton, who are leading a congressionally mandated and Bush-blessed commission to consider options for Iraq. The panel long ago decided not to make recommendations until after the November elections. So why hold a news

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conference in September? Perhaps so that Hamilton could make this statement: "The government of Iraq needs to show its own citizens soon, and the citizens of the United States, that it is deserving of continuing support. The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services."

At least some in Maliki's government are hearing the warning. Two of its most pro-American officials, Vice President Adel Abdul Mahdi and Deputy Prime Minister Barham Salih, appeared in Washington in September. Mahdi, a Shiite, pleaded for more time, saying that Washington could not expect the new government to deliver results on a timetable measured in months. Salih, a Kurd, took a different tack, listing a string of measures he said would be approved by parliament before the end of the year.

In fact, amid the continuing chaos in Baghdad the parliament has finally begun to act: Last week Sunni and Shiite deputies struck a preliminary deal on legislation that would allow the creation of federal regions and set up a committee to consider amendments to the constitution. But Maliki is still resisting forceful steps against Shiite militias; and negotiations with Sunni insurgents have gone nowhere.

If such sluggishness continues, the Baker-Hamilton commission, and with it the consensus in Washington, could be tipped toward the conclusion that the United States can't look to the new political system for solutions. That doesn't mean there would be a precipitous American troop withdrawal; the commission will almost certainly conclude that such a step would be disastrous.

Instead, the time may finally be ripe for some of the ideas that have been doggedly pushed for most of this year by Democratic Sen. Joseph Biden, who has been one of his party's most serious and responsible voices on Iraq. In essence, Biden is proposing that the United States enlist its NATO allies, U.N. Security Council members and Iraq's neighbors for an intervention that would be aimed at forcing political and sectarian leaders to leap to the political settlement they are now creeping toward.

The settlement Biden has in mind is the division of Iraq into highly autonomous regions, dominated, respectively, by Sunnis, Shiites and Kurds. That solution was the subject of last week's parliamentary deal, which postponed any action until 2008. A new reconstruction aid program would be launched; an international conference would commit Iran, Syria and other neighbors to a nonaggression pact. International peacekeepers would be recruited to patrol cities such as Baghdad. Meanwhile, most U.S. troops would be withdrawn by the end of next year, except for a residual force that could intervene against al-Qaeda.

It's easy to find holes in this strategy, as with any other plan for Iraq. To begin with, Iraqis simply may not be capable of jumping to a settlement. Perhaps only the pain of an extended civil war will get them there. But Biden's basic idea -- of an external political intervention backed by an international alliance -- is the one big option the Bush administration hasn't tried. It wouldn't be surprising if Baker -- master orchestrator of the Plaza agreement and the Madrid conference -- finds it compelling.

In Afghanistan, US Troops Tackle Aid Projects - And Skepticism (CSM)

By Scott Peterson

The Christian Science Monitor, October 2, 2006

MIRDISH VILLAGE, AFGHANISTAN

The white-bearded Afghan police chief is not pleased with his village "force" of 15 rag-tag cops. They have no radios, just two AK-47 assault rifles, and a single pistol with 9mm ammunition that jams.

Afghan officials have also not paid police salaries for months in this remote eastern Afghanistan province of Nuristan on the Pakistan border. An officer is said to be collecting funds now - the proverbial "check is in the mail" - but the delay is hampering US plans to start police training this week.

"Of course it's a good idea to train," chief Nur Mohamed tells the US Military Police platoon leader, as they meet under a rock overhang. "The day they pay us, we will be there."

Money talks in Afghanistan, particularly in this undeveloped region. Whether training local police or getting tips on insurgent positions, success for US forces depends on fulfilling promises of aid and reconstruction. That's the logic behind a new fight-and-build strategy that arms the US military with millions of dollars to spend on projects to convince Afghans, one village at a time, of the benefits of opposing Taliban-led militants.

But obstacles abound here. In the wilds of Nuristan, sheer rock cliffs and mountain run-off rivers leave few options for roads. US Army convoys have been attacked nearly every time they set out in recent weeks. The terrain not only makes ambushes easier but also frustrates logistics, like getting money and supplies flowing to Mr. Mohamed's police.

Mohamed tells the MP that his unit only patrols a few hundred yards down the road to the graveyard - "where you were ambushed the other day."

"The [insurgents] couldn't come here, but we see a lot in the mountains, and they [are armed with] everything," says Mohamed. "That is why we are so afraid. How could we attack them?"

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"It's been pretty frustrating," the MP, 1st Lt. Candace Mathis from Rome, N.Y., says later. "It's hard because they do not have the food, ammunition, and blankets - all the stuff they need to be successful. All I can do is pat them on the back and say security is important." US Army takes up infrastructure

So far, the Army has signed more than a dozen contracts in a string of villages. Work has begun on popular road building, water pipe schemes, and micro-hydro projects to bring electricity.

So when troops join the police chief and mullah for a visit to Mirdish village, there is a cautious welcome, and even gratitude. More information about militant movements is coming to the Americans from such villagers. More elders want projects for their areas.

"We like you Americans here, and want to work with you," the police chief tells the MP, before adding a warning. "We appreciate when you take care of us. But when you fire [into valleys] with women and children, they are so scared."

While officers deem these to be positive signs, the US strategy is long-term, and envisions keeping militants on the run throughout a cold winter - depriving them of shelter in the villages - as progressing projects convince people to side with the government.

But there have also been two high-profile killings in this district in the past month, of one cooperating elder and a border police chief, both claimed by the Taliban.

The Islamist militia has historically had little presence in Nuristan, but use it as a route to Kabul from Pakistan and an out-of-the-way area for training grounds. The murders have shocked and intimidated elders, and the 200 fledgling police recruits.

"In counterinsurgency, you can't lead with a rifle," says Lt. Col. Mike Howard, who commands the 3rd Squadron 71st Cavalry from Fort Drum, N.Y., in Nuristan. "You must lead with actions, with reconstruction."

"The elders have bet on reconstruction, and ending this stupid fighting," says Colonel Howard, who is on his third Afghan tour. "You've got to come and stay, and plop down in the middle of [insurgent territory], and make them choose to work with you, or fight you, or leave."

Nuristan's extreme isolation once earned it the name "land of infidels" because it was the last Afghan region to accept Islam, a little more than 100 years ago. Two enemies: insurgents, skepticism

US forces are fighting two enemies here: the insurgents, and local skepticism that they will stay and deliver on promises of projects that will improve their lives. For two years, one elder carried a letter and business card from a US State Department official - and his unfulfilled promise to build a road.

The 3-71 Cavalry has so far approved $1.33 million worth of projects, contracted $966,000 of that, and disbursed some $250,000 in the long-neglected Kamdesh District alone.

It is one element of the US Army's 3rd Brigade Combat Team, that is spread across 19 forward bases and several outposts in eastern Afghanistan. It is fielding 13 Provincial Reconstruction Teams (PRTs) which include two civilian engineers each, civil affairs personnel, and military police, in areas under US control. Road project opened new paths

An initial $200,000 road project to Kamdesh - though tangled because of an Afghan contractor from a distant city - whetted local appetites for more work. Building a five-classroom school building in Naray, a basic $23,000 effort, prompted more local requests and a better welcome across the district.

"They don't trust anybody," says an Afghan-American translator named Pali, who visits villages with US patrols and PRT teams.

She remembers the first visit to Mandagal village, when "people were so afraid of the Americans, and women and children were crying. They told us: 'We thought you were just like the Russians' " who occupied Afghanistan during the 1980s, says Pali. "I told them: 'the Americans are different.' " In Mirdish over the weekend, children trailed the soldiers, laughing, and watched from high rooftops.

"The only thing to convince them is to build something and pay people. They are sick and tired of insurgents," says Pali. "They say: 'For heaven's sake, if you are here to build for us - promise and do it. If we see one or two projects, all Nuristan is with you.' "

Though still in its early stages, the US effort is sparking a violent reaction. Before moving into the district last July, officers held meetings and killed a goat with elders, and signed contracts.

But forward bases were attacked daily for weeks. The first 30 days at Kamdesh outpost, as construction got under way, no one took up the US offer to hire base guards for $153 per month. Last week they reached their goal of 60 guards, requiring just two critera that recruits be at least 18 years of age, and have a rifle. But many have aged rifles, or appear too young to grow beards, or both.

Radio chatter indicated that insurgents planned to "attack [Americans] like the Russians." Then insurgents switched to going after convoys on the single-lane dirt road that winds along the river - and invites ambush.

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In the past month, this unit at Kamdesh has earned eight Purple Hearts. One soldier lost a hand to a rocket-propelled grenade round - the only one to make a direct hit out of 30, says Capt. Matt Gooding, commander of Alpha Troop, 3-71 Cav, which is building Kamdesh outpost.

The unit moved here from Helmand Province in the south, where the fighting was intense, but conducted in a by-the-book manner across a desert battlefield.

"In Helmand, you knew when you cleaned house; you knew when you had a good day," says Capt. Gooding. "I don't feel that here, and it's frustrating."

But this unit has become adept at fending off an attack for an hour, then they "transform - you can see it in their faces," says Gooding, when they continue on to a village visit. But still the attacks continue. Insurgents in the dark

On Saturday night last week - during a storm and with no moonlight at all - three groups of 10 to 15 men moved toward the Gowardesh outpost, but were spotted and hit with US mortars and dispersed.

A few days before that, officers called in a 2,000-pound bomb 10 minutes after an ambush. For days after, insurgent radio traffic all but stopped.

"I haven't attacked a thing up here, but I killed a lot of bad guys because they can't bear me being here, putting in water pipe," says Howard, of the frequent ambushes. "Now if [soldiers] go into a village, and enter every home and go through their underwear, who has the high ground then?"

But the Taliban is making its mark. On Aug. 29, a well-known elder from Gowardesh village, Haji Younis, was kidnapped, tortured, and dumped near the Pakistan border. He had signed a US Army contract three days before, and was on the road to get it ratified by the sub-governor when he was abducted.

A note pinned to his clothes said: "Don't work with coalition forces. This will happen to you." It was signed in the name of Mullah Omar, the fugitive Taliban leader.

"Haji Younis was a friend of mine," says Howard. "But his killing backfired. Instead of being intimidated, people were outraged."

A blood feud between families has now erupted, a tradition in Nuristan. Such feuds can last for decades, and often end in further revenge bloodshed.

Ahmad Shah has been another victim. A colonel in the border police, he was killed by a roadside bomb on Sept. 13. The Taliban claimed responsibility, sending "shock waves" that "completely intimidated" the untrained police force, which one US officer says has gone from "extremely awful to just bad." Counterinsurgency a 15 year project

"Realistically, it will take three to five years to be where we want to be with the police," says Col. John "Mick" Nicholson, who commands the 3rd BCT. "This is a counterinsurgency; it's going to take 15 years.... What we're looking for is buy-in."

Some results may be emerging, judging by the number of roadside bombs discovered and turned into US or Afghan forces for cash. Only two of 21 on the main Kamdesh road have exploded, US officers say.

Elders have come to this outpost four times in a week, asking for projects. And Afghan police - green as they are, out in this wilderness - have been passing on tips about the insurgent presence.

"I see indications that we are being successful," Lt. Col. Anthony Feagin, the Kamdesh PRT commander, tells his projects team. "But we've got to make sure we don't make any tactical blunders."

Backstory: A Softer Side Of The Marines (CSM)

By Mary Beth Mccauley

The Christian Science Monitor, October 2, 2006

BETHESDA, MD.

Marine Staff Sgt. Rudy Perez isn't due to get off duty until midnight, but by 7:30 this evening, his day feels complete.

"I see the weight lifted," says Sergeant Perez, watching a sedate but glowing reunion of wounded Cpl.Brian Smith and his family at the National Naval Medical Center.

Here, thanks to Perez and his staff, who carry out a rich interpretation of the fiercely loyal Marine Corp's tradition of caring for its own, the war in Iraq is already a world away for the newly arrived marine. Seriously injured by a roadside bomb in Fallujah, Iraq, days earlier, his arm heavily bandaged, Corporal Smith rests with his family in the womblike fifth floor hospital lounge.

National Naval is where marines most seriously wounded in Iraq are treated. Here, in one of the military's most emotionally gripping assignments, says Perez, "It's our responsibility to take care of the family as if it was our own family."

Perez's liaison unit reunites the wounded with their families and orchestrates all nonmedical aspects of their stay.

Smith's arrival Aug. 29 by medical transport bus marked the end of a long journey. He came in one of three weekly medical airlifts to nearby Andrews Air Force Base from Landstuhl, Germany, where he'd been stabilized. He'd already had two surgeries

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to repair the "shark bite" arm wounds that left him near death, "You wanted to go ahead and cry tears of happiness," Smith says of his arrival. "But I'm a marine. I can't cry." He calls the liaison unit "the softer side of the Marines."

The 18-strong all-reserve unit serves as a "five-star concierge service" for patients and families, explains Lt. Col. John Worman. Typically there are 20 to 30 in-patient casualties, and they stay an average of four to six weeks. More than 1,500 have been treated here since the beginning of the war, says Ellen Crown, hospital spokeswoman.

Upon hearing of Smith's expected arrival, Perez and his men went to work - making plane reservations for the family, meeting their flight, taking their bags, driving them to hotel rooms, settling them in before bringing them to the hospital. There, the liaison unit briefed the family on the marine's condition before his arrival, and were available round-the-clock for the rest of his stay.

The liaison unit also serves as a clearinghouse for the many offers of assistance to wounded vets. They stock donated paperbacks, CDs, videos, snacks, clothing, and toiletries. They explain benefits and answer questions about pay. They offer everything from Gatorade to a friendly shoulder to streams of family members.

Unit members have arranged a bedside wedding, a citizens' swearing in, a video-conference introduction of a newborn to a hospitalized father. They've managed to ask the wife of a higher-ranking patient to obey regulations and get out of his bed.

They've learned to give the signature "high and tight" haircut, which, when a patient requests it, they take as a signal of sure recovery. They've learned how to deflect, on behalf of a "sleeping" patient, an offer of a visit from a well-meaning celebrity. "This is not a petting zoo," explains Lance Cpl. Carlos Lopes.

Wounded in 2005, Corporal Lopes is part of a contingent of wounded vets helping out as they receive their own outpatient treatment. Liaison work distracts him from worries about his "guys" back in Iraq, and helps him find the sleep that had eluded him. Here, he gowns up visitors, finds takers for donated baseball tickets, sees each patient several times a day, and visits marines transferred to nearby Walter Reed Army Hospital for prostheses. In free moments, he studies criminal justice online.

"We've been taught that there's nothing that can't be done today," explains Lopes, quoting from a deep vein of Marine Corps truisms.

Cindy Smith, the new patient's mother, appreciates the small kindnesses: "They bring us to the hotel, but they walk us right up to the room." Corporal Smith's daughter has to start school, so Mrs. Smith will take her home to Maine. Meanwhile, liaisons will care for the wounded vet's infant son, while his wife, Jennifer, visits her husband.

The Smith family was "an easy one," says Perez. Smith was a "walk off" - an unexpected delight for everyone who gathered at the flag-lined lobby of Building 10 to welcome his arrival.

There are much more emotionally difficult cases to negotiate. The hospital specializes in head-trauma care, and many of the Marines arrive seriously injured, or unconscious, their conditions shocking even to families who have been prepared ahead of time.

Divorce is another common complication for the liaison job. It can fill the already emotional reunions with rancor and blame. There's the marine's mom who's not talking to his dad, the marine's wife in the same room with his girlfriend, the one parent who favored military service and the other who didn't. Marines who meet families at the airport tend to be on the receiving end of anger, but know not to take it personally. "You go 'yes, ma'am; no, sir.' You treat them like you would treat your own parents," says Sgt. Jason Becerril.

The marines here seem to consider the popu-lar "oppose the war but support the troops" sentiment ridiculous, though they're too polite to come right out and say so. Largely, pro or con feelings about the war itself seem to be left at the gate.

"Up here they seem to be focused on their son's health," says Colonel Worman. The officer, whose brother died in Iraq in 2005, says that Elisabeth Kubler-Ross's writing on the stages of grief have helped him deal with families of the injured. But mostly, he relies on his instincts and experience.

So, too, does Master Sgt. Terrell "Top" Jones, a sardonic, tough-guy sort, whose office decor features both the salty and the sacred. His most memorable request was from a father, not a practicing Catholic, who sought a godfather to step forward so his dying son could be baptized. Sergeant Jones, a Catholic, volunteered. The patient died three days later.

"What school teaches you that?" Jones asks bluntly.

First impressions - neat, direct, polite, and thoughtful - mean something here.

"We represent the Marine Corps," says Jones, of the attention to detail. In the end, what his unit proffers to families is the very identity of the Corps.

"I had heard about that 'band of brothers' thing, and I thought it was stupid," admits Mrs. Smith. But now she has joined the brotherhood, as - at her son's request - the Smiths have become surrogate kin to the marine who was injured alongside him, but whose family can't come to Bethesda. "I can understand the bond now."

Down the hall on this late-August night, Wally Howard, of Orlando, Fla., and his wife, have been standing vigil for their son round-the-clock since mid-July.Lance Cpl. Patrick W. Howard, wounded by insurgent mortar fire July 18, remains bedridden, with

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a seemingly endless list of internal injuries and fractures. His parents haven't left the Bethesda base since the day they arrived, relying on the liaison unit completely.

"If it weren't for the way we've been treated in here, we wouldn't be able to do what we're doing," says Wally Howard.

His marine's most recent request: a haircut.

CORPORATE SCANDALS:

Qwest Communications Judge Approves Settlement With Shareholders In Suit (WSJ)

The Wall Street Journal, October 2, 2006

A judge gave final approval to a $400 million settlement of a consolidated shareholder lawsuit that accused Qwest Communications International Inc. of civil fraud in connection with a multibillion-dollar accounting scandal. The settlement, announced in November 2005, covers Qwest and most former executives, except former Chief Executive Officer Joe Nacchio and former Chief Financial Officer Robert Woodruff. Qwest, a telephone-service provider based in Denver, will pay the money into a fund to compensate shareholders. U.S. District Judge Robert Blackburn in Denver stayed action on the remaining claims against Messrs. Woodruff and Nacchio until spring after Mr. Nacchio's trial on criminal charges is scheduled to conclude. Mr. Nacchio has pleaded not guilty to 42 counts of insider trading. The Securities and Exchange Commission has said fraud occurred at Qwest in April 1999 to March 2002, which allowed the company to improperly report about $3 billion in revenue that later was restated. The shareholder lawsuit alleged that Qwest, and former officers and board members, concealed information about the revenue.

Fastow A Key For Plaintiffs In Bank Suits (NYT)

By Alexei Barrionuevo

The New York Times, October 2, 2006

Andrew S. Fastow is telling all, naming names, and the lawyers suing Enron's former banks on behalf of investors say that his words could lead to billions of dollars in fresh settlements.

Mr. Fastow, Enron's former chief financial officer, was sentenced last week to six years in jail for stealing from Enron and devising schemes to deceive investors about the energy company's true financial condition. In his last weeks of freedom, he spent long days giving plaintiffs' lawyers his account of the role that banks played in helping Enron disguise how much debt and how little cash it had.

Lawyers have already won settlements for $7.3 billion of the $40 billion investors claim they lost in Enron's collapse. Most of that money has come from banks, like J. P. Morgan Chase, Bank of America, Citigroup and Canadian Imperial Bank of Commerce. Seven other banks have not settled.

Until now, the plaintiffs' lawyers have had to rely primarily on documents to try to prove that banks played a central role in Enron's false accounting. But Mr. Fastow, the Enron executive who worked most closely with the banks, has been explaining the motives for many of Enron's bank dealings, putting them in context and recounting conversations with top bank officials, according to two plaintiffs' lawyers and Mr. Fastow's civil defense lawyer, Craig Smyser.

It remains to be seen if assistance from Mr. Fastow will prove convincing in a courtroom and be a help to the plaintiffs. Nevertheless, the information that Mr. Fastow has provided so far has given a new burst of confidence to lawyers suing Enron that they can force the remaining banks in the case to settle claims or prevail at trial, if necessary.

Those lawyers say that Mr. Fastow has provided an insider's perspective and a road map of many of the bank transactions that investors assert were a large part of the Enron fraud. The transactions allowed Enron to experience its explosive growth in the late 1990's before its sudden collapse in December 2001.

Mr. Fastow, 44, originally decided to cooperate with the civil lawyers in part to try to reduce his own prison sentence. But he has agreed to give a full deposition over the next few weeks. If a judge does not decide otherwise, the deposition will take place in prison or a detention center.

In interviews over the weekend, Mr. Smyser and lawyers suing the banks said that the banks were already expressing concern over a 25-page declaration that Mr. Fastow turned over to the plaintiffs' lawyers before he was sentenced. In it, he said he viewed certain banks as "problem solvers" that Enron turned to when it needed to resolve its financial problems. Those banks designed complex financial structures that helped Enron meet its financial reporting targets, Mr. Fastow wrote.

Mark Herr, a spokesman for Merrill Lynch, said that Mr. Fastow's declaration was "produced at a time when he was seeking a more lenient sentence" and "should be seen for what it is: a series of unproved and stale claims that have not been

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tested in open court or been subject to cross-examination." Merrill Lynch, one of the banks named in the investor suits, was identified by Mr. Fastow as a "problem solver."

William S. Lerach, the lead lawyer representing investors suing Enron and the banks, said that the declaration was "just the tip of the iceberg" of what Mr. Fastow has been telling the civil lawyers.

Mr. Smyser said Sunday that there had been a flurry of correspondence and phone calls between him and the banks' lawyers. "They want to know what is coming down the pipe, and they have an indication from Andy's declaration that it isn't going to be pleasant," he said. "I suspect it is their worst nightmare."

Despite truckloads of documents from Enron and the banks, and millions of dollars spent on the case so far, civil lawyers had struggled to learn much of anything from the banks' own employees. Plaintiffs' lawyers took 175 depositions from bank officials over the last 18 months, most of them running 15 hours long. Yet nearly all of those officials either exercised their Fifth Amendment right to not testify or said they did not recall anything relevant, according to two lawyers involved in the case.

That finally began to change when lawyers for the plaintiffs first sat down with Mr. Fastow in late August in a conference room at Mr. Smyser's downtown Houston office. After that initial 90-minute meeting, the civil lawyers set up a series of six meetings in September totaling almost 40 hours, two lawyers involved in the meetings said.

Each meeting focused on a different set of banks, including Barclays, Merrill Lynch, Credit Suisse First Boston, Deutsche Bank, Royal Bank of Canada, Royal Bank of Scotland and Toronto-Dominion. One meeting focused exclusively on LJM, the off-the-books financing structure that Mr. Fastow set up to help Enron hide its debt and buttress its earnings. Before the meetings, lawyers sent binders — some nine inches thick — for Mr. Fastow and his lawyer to study.

Mr. Fastow was generally patient and friendly, the lawyers said. But he sometimes grew impatient at having to repeatedly explain how certain transactions worked, they said. On the morning of Sept. 18, Mr. Fastow became upset upon learning that Judge Kenneth Hoyt had sentenced David W. Delainey, a former Enron executive, to 30 months in prison for one count of insider trading, reducing his sentence by only 90 days. Most legal experts had expected Mr. Delainey to receive probation for his extensive cooperation in helping the government convict Enron's former chief executive, Jeffrey K. Skilling.

Just minutes after learning of Mr. Delainey's fate, Mr. Fastow stared at a lawyer in the conference room and said, "I'm done, my fate is sealed," according to a lawyer who was there.

Some plaintiffs' lawyers grew worried that Mr. Fastow would walk out of the meeting, seeing little personal benefit from continuing to cooperate with the civil lawyers. But he kept his agreement to help them. And the judge eventually did reduce his sentence, seeming to say, in effect, that Mr. Fastow and his family had suffered enough; his wife, Lea, had served one year in jail for falsifying a tax return related to one of Mr. Fastow's schemes to skim money from the company.

Civil lawyers said they had been impressed with Mr. Fastow's recall of specific transactions with the banks. Mr. Fastow cited four conversations, for example, related to an electricity trade done with Merrill Lynch in 1999 to help Enron meets its earnings numbers. He has supported the plaintiffs' position that e-mail messages show that Enron made a verbal agreement with Merrill to get the bank out of the deal in June of 2000 and would pay the bank $17 million for doing the transaction, the civil lawyers said. Merrill Lynch has repeatedly denied that there was any agreement to unwind the trade.

But information Mr. Fastow can provide about Royal Bank of Scotland and others may prove to be the most valuable to the plaintiffs, Mr. Lerach said. Mr. Fastow has told plaintiffs' lawyers that verbal assurances that he gave to Royal Bank of Scotland and other banks were considered guarantees that the banks' equity investments would be repaid. A spokesman for Royal Bank of Scotland did not respond to calls and e-mail messages Friday and over the weekend.

Mr. Fastow's deposition will take an estimated 10 days, plus more than two weeks of preparation, said one lawyer involved in the case. Some 80 lawyers will probably to want to attend. The plaintiffs' lawyers have requested that Judge Hoyt let Mr. Fastow give his deposition soon, before he enters prison, and have asked that he be allowed day passes to give his testimony at law offices in downtown Houston.

Hours in front of a microphone being peppered with questions might be a relief for Mr. Fastow. He is currently in solitary confinement in a Houston detention center, awaiting assignment to a prison. His cell is so filthy that Mr. Fastow, dressed in an orange jumpsuit, has taken to doing pushups with his feet on the bed and his hands on the sink, said Mr. Smyser, who last visited him on Saturday.

Drama In The Boardroom (WSJ)

By JOANN S. LUBLIN And ERIN WHITE

The Wall Street Journal, October 2, 2006

Corporate directors, pressed to become more vocal following the scandals of the Enron era, are throwing their weight around more, rubber-stamping management less -- and roiling many once-clubby boardrooms.

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At General Motors Corp., Jerome York, a representative of investor Kirk Kerkorian, joined the board in February and is pushing GM to weigh an alliance with Japan's Nissan Motor Co. and France's Renault SA. Unhappy representatives of the Chandler family on the Tribune Co. board have forced the media company to consider big strategic moves, including a breakup of the company. At H.J. Heinz Co., investor Nelson Peltz captured two board seats after urging Heinz to cut costs and boost marketing of its core ketchup brand. Heinz accelerated cuts and announced a restructuring that wasn't too different from Mr. Peltz's plan. He attends his first board meeting next month.

Few boards, though, have matched the degree of all-out war achieved at Hewlett-Packard Co., where investigations into boardroom leaks mushroomed to include spying on directors, executives and journalists. The divisions were rooted partly in disputes among three independent directors, including Patricia Dunn, until recently H-P's chairman. Extreme though that situation may be, it does highlight the pitfalls that may await a board whose directors are fiercely independent of management and, at times, antagonistic toward one another.

Propelled by changes in stock-exchange rules and the Sarbanes-Oxley corporate-reform law, more independent directors have more leadership positions on boards and meet more often without management. Adding to the mix are several other forces, including mergers that have left a legacy of distrust, forceful investors who have won board seats through persuasion or proxy fights and directors' fears of personal liability for corporate misdeeds.

Friction is inevitable in such circumstances, directors and board watchers say. "With the emphasis on board governance, you certainly are seeing directors unwilling to go along with the CEO and the consensus" of other directors, observes Stephen Hardis, outside chairman of insurance giant Marsh & McLennan Cos. and a member of six other boards. "They say, 'I can't just go along to get along.' "

Adds William George, former chief executive of Medtronic Inc. and a director at three public companies: "I think we're correcting the imbalance that existed five years ago....It's unhealthy when boards become more of a rubber stamp to management."

The roster of potentially fractious corporate boards seems to grow by the week. There have been 80 proxy contests for board seats in 2006, more than double the 29 such fights in all of 2004, according to estimates by FactSet Research Systems Inc., of Norwalk, Conn. About 62% of this year's challengers have succeeded, up from 41% two years ago.

At ImClone Systems Inc., investor Carl Icahn and three allies won board seats last month after threatening a proxy fight. His first day on the board, Mr. Icahn demanded that Chairman David Kies resign. Mr. Kies was re-elected at a board meeting that lasted five hours. Last week, Mr. Icahn, who owns almost 14% of ImClone, proposed ousting six of the company's 12 directors. Mr. Kies says Mr. Icahn is trying to seize control of the company without paying a premium to shareholders.

At Blockbuster Inc., meanwhile, Mr. Icahn and two allies last year won board seats after a bitter proxy fight. Mr. Icahn pushed through a 70%, one-year cut in the annual retainer paid to directors, to $15,000 from $50,000, over some board members' objections. Mr. Icahn initially had only two allies on the seven-member board. But with careful lobbying, he says, a dissident minority can persuade other directors to "eventually see it your way....It's human nature. You talk to people. Board members start seeing the other side."

Historically, split votes have been rare in U.S. boardrooms; at many companies, open disagreement during discussions borders on heresy. That is changing. At Valeant Pharmaceuticals International, a Costa Mesa, Calif., drug company with a turbulent past, directors value their independence so highly that they encourage members to cast dissenting votes.

"We've developed a culture where we're comfortable" with nonunanimous decisions, because "we respect each other," says Richard Koppes, a director and an attorney for Jones Day in San Francisco. Board meetings last longer than they used to, he adds. "There have been times when people change their minds. And at times, we agree to disagree."

Last year, Valeant directors amended an approved executive-pay plan after some directors voiced concerns by casting dissenting votes, according to a person close to the situation.

Formerly known as ICN Pharmaceuticals Inc., Valeant in 2002 ousted its chief executive, Milan Panic, after he lost a fight for control of the nine-member board. Mr. Panic, a Serbian-born immigrant who served briefly as prime minister of Yugoslavia, refused to relinquish his directorship before his term expired. During the first board meeting of the revamped ICN board, "you could cut the tensions with a knife," recalls Mr. Koppes, one of the newly elected directors.

Before leaving the board in 2003, Mr. Panic repeatedly cast dissenting votes. That made for a difficult period, Mr. Koppes says, but he adds that Mr. Panic's opposition "caused people to think" about the importance of dissenting votes. Now, when a dissent is cast, Mr. Koppes says, "that means there has been a full debate."

Through a spokesman, Mr. Panic says Valeant "has been terribly managed" since his departure. "All they have done is cost jobs and hundreds of millions of dollars in shareholder value and operating losses," the spokesman says.

Fears of boardroom divisions have proved groundless, in some cases. At Marsh, former U.S. Attorney Zachary W. Carter joined the board in 2004 with the backing of four big public-employee pension funds. Mr. Hardis says he initially worried that

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boardroom collegiality might suffer. But Mr. Carter says he "made it clear that I saw my responsibilities as representing all investors and not just one group."

A few months later, Mr. Carter turned out to be a big asset for Marsh, after New York Attorney General Eliot Spitzer filed a lawsuit accusing Marsh's insurance-brokerage unit of bid rigging. Mr. Carter, a friend of Mr. Spitzer, helped arrange a critical meeting between Mr. Spitzer and four independent directors. Jeffrey W. Greenberg, Marsh's chairman and CEO, soon quit, and Marsh reached an $850 million settlement in January 2005.

Worried about increased boardroom discord, more directors are seeking help with handling disagreements, reports David A. Nadler, chairman of Mercer Delta Consulting, a New York firm that advises boards and CEOs. During the past few years, he says, he has seen greater interest from board members keen to examine "the critical issue of how do we work together with each other and with management."

Experts say that some argument can be healthy but warn that boards must learn to manage disagreement constructively or risk becoming dysfunctional, as H-P's board did. An increasingly popular tactic is the use of board peer evaluations, Mr. Nadler says. "Four or five years ago, [such evaluations were] almost unheard of," but now some 10% to 15% of major boards use them, he says. Some problems directors encounter with peers include inadequate preparation for meetings, asking too few questions, asking too many unhelpful questions -- or leaking information to employees or the news media.

Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware and a director at three public companies, says discussions need to be frank, but disagreements "shouldn't devolve into the personal." Lead directors, chairmen and committee chairman are important in helping reach a consensus. One tactic is to adjourn for a few days. "Give people a day or two to rethink things," Mr. Elson says. "Don't have a hasty vote."

Boardroom veterans say diplomacy can overcome many disputes. Raymond Troubh, who serves on six public company boards, recalls how the lead independent director at one company resolved a disagreement a couple of years ago regarding the renomination of another director. He declines to identify the company. The lead director spoke with directors individually and summarized each camp's position without the heated rhetoric. In the end, the director was renominated unanimously.

Silicon Valley's Outsiders: In-House Lawyers? (WSJ)

By Ashby Jones

The Wall Street Journal, October 2, 2006

In the past two decades, in-house corporate lawyers have grown in clout and stature at many U.S. companies. But that trend hasn't fully taken hold in Silicon Valley, some lawyers say.

Lately, two scandals -- Hewlett-Packard Co.'s board-leak investigation and the backdating of stock options -- are shining a light on the role of in-house lawyers at Silicon Valley technology companies.

Those situations each present different facts. But lawyers inside and outside the valley say in-house lawyers at technology companies sometimes lack the respect the position commands elsewhere. One indication: Some big Silicon Valley companies don't have general counsel -- the title typically conferred on top in-house attorneys.

At H-P, longtime General Counsel Ann Baskins resigned Thursday, hours before a congressional hearing on an H-P investigation into press leaks that included potentially illegal tactics to obtain private phone records. Former H-P Chairman Patricia Dunn said she relied upon Ms. Baskins's judgment about the propriety of the investigation.

Ms. Baskins's lawyers said she acted legally and ethically. Meanwhile, more than two dozen Silicon Valley companies are under scrutiny for past stock-option grants that may have enriched executives and violated accounting rules.

Despite some changes, general counsel in Silicon Valley are still sometimes "seen as a blockage to the execution" of the company's plans, says Scott Bohannon, general manager of the General Counsel Roundtable, a Washington research organization.

As an in-house lawyer in the valley, "you've got one hand tied behind your back," said Mark Michael, general counsel of computer-networking-equipment maker 3Com Corp. from 1986 until 2003. "You have to do the job, but you're just not empowered or funded." For instance, Mr. Michael says he struggled unsuccessfully for years to upgrade his department's technology.

A 3Com spokesman said, "I can't speak for Mr. Michael's tenure here, but we feel our current GC, Neal Goldman, has broad access to the CEO and board, and has ample resources to do his job."

To some, the status of in-house lawyers in the valley reflects the relative youth of an industry that worships technical innovation. "No" -- the message in-house lawyers often have to deliver -- isn't the message some driven entrepreneurs want to hear.

Silicon Valley's most influential attorneys have traditionally been outside lawyers, such as Larry Sonsini, who counsel young companies on venture funding, mergers and acquisitions and stock offerings. Mr. Sonsini, chairman of Wilson Sonsini

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Goodrich & Rosati, is H-P's outside counsel and was on the board of Brocade Communications Systems Inc., where two former executives have been indicted on criminal-fraud charges. The former executives deny the charges.

By comparison, in-house lawyers sometimes play second fiddle. "It's still not uncommon to see outside counsel ignore the internal counsel," said Donald Keller, a partner in Orrick Herrington & Sutcliffe's Menlo Park, Calif., office. Some in-house lawyers command attention from other executives, Mr. Keller said, but often they are "regarded as a necessary evil."

A similar arrangement prevailed at most U.S. companies for generations. In-house lawyers farmed out tough issues to outside counsel. Inside corporations, where power typically flows to those who generate revenue, the general counsel's office was often viewed as a mere cost center.

In the past 20 years, however, general counsel have won a stronger voice with senior executives and directors. One key figure in that development was Benjamin Heineman Jr., the top lawyer at General Electric Co. from 1987 to 2005. Mr. Heineman recruited high-powered legal talent. Many of his protégés went on to become strong and respected top lawyers elsewhere, including Maura Abeln Smith at International Paper Co. and Jeffrey B. Kindler at McDonald's Corp. and Pfizer Inc. Mr. Kindler was named Pfizer's chief executive in July.

Some Silicon Valley general counsel do have reputations for leading strong departments and wielding influence within their companies, including Bruce Sewell at Intel Corp., Mark Chandler at Cisco Systems Inc. and Thomas McCoy at Advanced Micro Devices Inc., whose formal title is vice president of legal affairs.

Joseph Grundfest, a former member of the U.S. Securities and Exchange Commission who now teaches at Stanford Law School, said Silicon Valley's in-house lawyers are no stronger or weaker than in other industries. In the wake of corporate scandals, Mr. Grundfest says, "pressures on general counsel are up in Silicon Valley, but they're up at nontech companies too."

Some big Silicon Valley companies don't have general counsel. Cypress Semiconductor Corp., which has a $2.5 billion market capitalization, doesn't have a general counsel; its two staff lawyers report to the head of new product development. Novellus Systems Inc., a maker of semiconductor-manufacturing equipment with a market capitalization of $3.4 billion, hasn't had a general counsel in at least a year, though a spokeswoman says the company is looking to hire one.

"It's shocking to me that any public company would exist without a general counsel," said Richard Koppes, a lawyer at Jones Day in San Francisco and the former general counsel at the California Public Employees' Retirement System, one of the nation's largest public-pension funds. Mr. Koppes says he knows of one former general counsel at a Silicon Valley company who resigned because senior executives wouldn't crack down on behavior he considered unethical.

Anne Jordan, former general counsel at software maker PeopleSoft Inc., said thinly staffed Silicon Valley legal departments often are hard-pressed to provide adequate oversight or to change the way a company monitors itself. "You tend to [go along] with how things are [already] being done," said Ms. Jordan, who left PeopleSoft in 2004, shortly before the company was acquired by Oracle Corp.

CRIMINAL LAW:

Republican Leaders Scramble To Contain Mark Foley Fallout (WSJ)

By David Rogers

The Wall Street Journal, October 2, 2006

WASHINGTON -- Pummeled by Democrats and their own self-doubts, Republicans worked to get ahead of the Mark Foley page scandal, with the White House moving toward a criminal investigation that might take some heat off the majority party.

In back-to-back letters released last night, Speaker Dennis Hastert formally asked both Attorney General Alberto Gonzales and Florida Gov. Jeb Bush to begin inquiries, and the Illinois Republican said the investigations should look at both Mr. Foley's conduct and how some of the most sexually explicit messages were kept secret for as long as three years.

"There is going to be, I'm sure, a criminal investigation into the particulars of this case," White House counselor Dan Bartlett said on CNN's "Late Edition."

But House Democratic Leader Nancy Pelosi (D., Calif.) demanded that the House Ethics Committee begin its own inquiry and take sworn testimony from Republican leaders about what they knew of the Florida congressman's improper advances to teenage male pages in emails and suggestive instant messages.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," Ms. Pelosi wrote in a letter to the ethics committee.

Coming just weeks before midterm elections, Mr. Foley's resignation Friday and the ensuing scandal aren't well-timed for Republican fortunes. As lawmakers left Washington over the weekend to campaign, the news soured a political mood already strained by divisions between the House and Senate leadership and a failure to complete major domestic legislation.

A Host of Bills Left Unfinished

Defense, port and homeland-security bills passed in the final hours, along with new restrictions on Internet gambling. But unfinished were a host of domestic spending bills and tax-break extensions, as well as energy and immigration legislation.

With the Latino vote being courted by both parties, one of the last measures committed more than $1 billion to build more fencing along the Mexican border and tacitly blessed buying prescription drugs from Canada -- but not Mexico.

Democrats need a net gain of 15 seats to capture the House; the threat to the majority is that the Foley matter will reawaken doubts about Republican failure to deal more aggressively with scandals. Legislation to tighten lobbying and ethics rules was among measures left undone, and while the leadership says there is little voter interest in such issues, sexual advances to teenage boys is another matter.

A number of individual Democratic challengers called on Republican incumbents to return money raised by Mr. Foley. For example, in New Mexico, where state Attorney General Patricia Madrid is running against Rep. Heather Wilson, a news release from Ms. Madrid's campaign read, "Wilson has $6,000 in dirty money from congressman who made improper advances to underage boy." Republican incumbents facing tough races in states such as Connecticut were outspoken that their party leaders must be held accountable.

Leaders deny any attempt at a coverup and expressed surprise and anger at learning last week the full scope of Mr. Foley's advances. But Republicans now say they made a serious error last fall, when the first warnings of potential trouble emerged, by not informing Michigan Rep. Dale Kildee, the lead House Democrat on the six-member board that oversees the page program.

Private Warning

That board, which includes three members of Congress as well as professional officers such as the House clerk, was set up in its current form after sex scandals involving lawmakers and House pages in the mid-1980s. But rather than call a board meeting, Rep. John Shimkus (R., Ill.), the chairman, went to Mr. Foley and warned him privately against what were described by Republican lawmakers as nonsexual, but "overly friendly" emails to a former page.

Jeff Trandahl, who was then the House clerk, has yet to comment publicly on the matter, but according to Mr. Shimkus's account, Mr. Trandahl accompanied him when he met with Mr. Foley.

Left out of the loop was Mr. Kildee, a former seminarian who isn't a partisan figure in the House. Mr. Kildee said Mr. Shimkus told him last week he felt "broken hearted" about the matter. "Absolutely there should have been a page board meeting," Mr. Kildee said.

"It is made up of a cross section of members and our role is to make sure these children have a safe environment," Mr. Kildee said.

Republican leaders issued a joint statement Saturday describing Mr. Foley's actions as an "obscene breach of trust" and saying his resignation "must be followed by the full weight of the criminal justice system." In his letter to Mr. Gonzales, Mr. Hastert said media reports, including those earlier by ABC News, indicate the most explicit exchanges actually predate the email exchanges last year, which began around August 2005.

The early communications, "of which no one in the House leadership was aware of to my knowledge, reportedly were sent sometime in 2003," Mr. Hastert told the attorney general.

The speaker said there should be a twofold investigation, of the messages first, but also of the fact that there "are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives or anyone outside the Congress."

Hastert Asks Justice To Investigate Foley Exchanges (Update1) (BLOOM)

Bloomberg, October 2, 2006

By Laura Litvan and Jay Newton-Small

Oct. 1 (Bloomberg) -- House Speaker Dennis Hastert asked the Justice Department to investigate Representative Mark Foley's exchanged of sexually explicit messages with an underage employee of Congress.

Today's request by Hastert follows calls from Democrats for a full inquiry into Foley's actions and those of Republican leaders, who learned months ago that the Florida Republican was communicating by e-mail with at least one teenage congressional page and kept the matter under wraps. Foley resigned Sept. 29 after ABC New asked him about graphic messages he exchanged with another page.

``These sexually explicit communications warrant a criminal referral," Hastert said in a letter to Attorney General Alberto Gonzales that was released by the speaker's office.

Foley, 52, was a member of the House Ways and Means Committee and co-chairman of the House's Missing and Exploited Children Caucus. Republicans now may struggle to hold onto his seat in what has been a strongly Republican district in central Florida. They also are defending two others, in Ohio and Texas, where the Republican incumbent declined to run because of ethics scandals.

Congressional Seat

Democrats, who need to gain 15 seats in the Nov. 7 elections to take control of the House, seized on the scandal. Senate Democratic leader Harry Reid earlier in the day urged Gonzalez to investigate Foley's actions and those of Republican leaders, who he said ignored warnings about the Florida representative ``to preserve a congressional seat this election year."

Asked about Reid's request, Justice Department spokeswoman Donna Sellers, citing department policy, said she couldn't comment on whether the case is under investigation.

Representative Sherrod Brown of Ohio, who is running to unseat Republican Senator Mike DeWine in November, called for Hastert to resign as House speaker. Republican leaders have ``forfeited any public trust," he said on NBC's ``Meet the Press" program.

Critics focused on the issue of what and when Republican leaders knew about the e-mails. Democratic National Committee spokeswoman Karen Finney questioned ``whether there was an attempt to cover up criminal activity involving a minor to keep it from coming to light before Election Day."

Timeline

Hastert's spokesman, Ron Bonjean, said the speaker was in his home district in Illinois today. The Foley scandal hasn't endangered Hastert's hold on his job as speaker, Bonjean said.

``The speaker is working hard with his Republican colleagues to maintain the House of Representatives and serves at the pleasure of the House Republican Conference," Bonjean said.

Republican leaders over the past two days have issued a series of statements about Foley's contacts with the pages and the sequence of events.

Representative Tom Reynolds, chairman of the National Republican Congressional Committee, said in a statement yesterday that Representative Rodney Alexander told him months ago about exchanges with a page who was from Alexander's native Louisiana. Reynolds said he didn't know the exact content of the messages and informed Hastert.

The speaker's office said in a statement yesterday that Hastert doesn't recall Reynolds telling him earlier this year about the matter but has ``no reason to dispute" Reynolds.

Hastert's letter to Gonzalez notes that ``there are two different and distinct communications at issue here." The letter says he was made aware of an e-mail ``determined to be `overly friendly' by Representative Alexander's office but was not sexual in nature."

Sequence

House Majority Leader John Boehner told the Washington Post Sept. 29 that when he learned of Foley's e-mails in the late spring he immediately told Hastert, who appeared to be aware of the problem already. Boehner contacted the newspaper again hours later and said he wasn't sure he'd spoken with Hastert, the Post reported.

Hastert's office said yesterday that an aide to the speaker met with Alexander's chief of staff in the fall of 2005 to discuss the matter. The aide informed the clerk of the House, the statement said.

Hastert's staff said that the matter was brought to Reynolds's attention in the spring of this year.

``Despite the fact that I had not seen the e-mails in question, and Mr. Alexander told me that the parents didn't want the matter pursued, I told the speaker of the conversation Mr. Alexander had with me," Reynolds said in his statement.

Congressional pages come from around the country to spend their high school junior year working as messengers and taking special classes.

Dan Bartlett, one of President George W. Bush's top advisers, called the allegation ``shocking" and said the president was unaware of the matter until it was revealed publicly last week.

While endorsing a criminal investigation of Foley's conduct, the White House counselor said Republican leaders are acting appropriately by disclosing what they knew of the matter and seeking a congressional investigation.

``That's the best place for it to handled," Bartlett said on CNN's ``Late Edition" program.

Democratic Representative Jane Harman of California said that may not be enough.

``There's been a Republican investigation, for 24 hours, of Republican activity," she said on the ``Fox News Sunday" program. ``I just don't think that that is adequate."

According to e-mails posted on the Internet by Citizens for Responsibility and Ethics in Washington, a non-profit watchdog group, Foley, a six-term House veteran, asked an unidentified male page for a picture and what he wanted for his birthday. ``This freaked me out," the page wrote when forwarding the e- mails to someone else.

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ABC News said the network obtained excerpts of instant messages provided by former pages who said Foley made references to sex acts and made comments about their bodies.

FBI Looks At Foley's E-mails To Teens (USAT)

By Richard Wolf And Kevin Johnson

USA Today, October 2, 2006

House Speaker Dennis Hastert asked the Justice Department on Sunday to investigate former congressman Mark Foley's communications with teenage boys who worked as House pages. The FBI is "conducting an assessment to determine whether any federal laws were broken," bureau spokesman Richard Kolko said.

Hastert has said he knew about non-sexual e-mails that Foley, 52, a Florida Republican, sent to a 16-year-old former page, first reported by ABC News on Thursday. The speaker said he did not know about allegedly more explicit communications. Foley resigned Friday after the network asked him for comment.

The e-mails and instant messages have not been independently verified by USA TODAY and were not mentioned by Foley in his resignation letter.

On Sunday, Hastert asked Attorney General Alberto Gonzales to investigate Foley's communications with current and former pages and find out whether anyone knew about but did not report them.

Democrats, meanwhile, demanded a House investigation to determine whether Republican leaders covered up Foley's actions.

House Republicans stood by Hastert and the GOP leadership for now. "If it is found that any member of Congress or staff willingly participated in a coverup of Mr. Foley's actions, that individual should resign immediately," said Rep. Rob Simmons, R-Conn.

Foley, co-chairman of the House Caucus on Missing and Exploited Children, helped write a law signed by President Bush in July that toughened prison sentences for sex offenders. He told USA TODAY earlier this year the bill was needed because of online child exploitation. Referring to online predators, he said: "We're going to make your life a living hell."

The political stir is the latest setback for Republicans, whose House majority is threatened in next month's elections. They already are battling Bush's low poll ratings and concerns about the war in Iraq.

Foley is the fourth House Republican forced out by ethics problems in the past year. Randy "Duke" Cunningham of California resigned in November after pleading guilty to accepting $2.4 million in bribes. Former majority leader Tom DeLay of Texas was indicted on state campaign finance violations and resigned in June. Rep. Bob Ney of Ohio has agreed to plead guilty to charges of corruption and is not seeking re-election.

"It's not as if Republicans didn't have enough problems," said independent political analyst Stuart Rothenberg.

Two sets of communications are in question. Hastert said that in fall 2005, his office looked into e-mails Foley sent last year to a 16-year-old boy, in which Foley asked for a photo. "Sexually explicit" instant messages dating back to 2003 just came to light, the speaker said Sunday, citing media reports.

House Democratic leader Nancy Pelosi called on the House ethics committee Sunday to question GOP leaders under oath. "They chose to cover it up rather than to protect these children," she said.

Rep. Dana Rohrabacher, R-Calif., said GOP leaders "showed caution." Rep. Peter King, R-N.Y., said the issue could backfire "if Republicans knew what was going on and allowed it to happen."

Review Of Messages Sent By Congressman Begins (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Law enforcement officials said Sunday that the F.B.I. had begun a preliminary inquiry into whether former Representative Mark Foley broke any federal laws when he reportedly exchanged sexually explicit e-mail messages with under-age Congressional pages as leaders of both parties demanded new inquiries.

Officials described the F.B.I. action as a review of the evidence and relevant statutes to determine whether to open a full investigation, though one appeared likely.

At the same time, Speaker J. Dennis Hastert asked the Justice Department on Sunday not only to investigate Mr. Foley, a Florida Republican who resigned on Friday after ABC News confronted him with the e-mail messages, but also to determine who possessed the messages that have touched off a furor weeks before the November elections.

"Since the communications appear to have existed for three years, there should be an investigation into the extent there are persons who knew or had possession of these messages but did not report them to the appropriate authorities," the letter from Mr. Hastert to Attorney General Alberto R. Gonzales said.

Top Democrats in the House and the Senate also demanded investigations, and Representative Nancy Pelosi of California, the Democratic leader, called on Republican leaders to be questioned under oath by the ethics committee about their handling of the case.

Republicans leaders — including Representatives John A. Boehner of Ohio, the majority leader, and Thomas M. Reynolds of New York, chairman of the party's Congressional campaign committee — acknowledged this weekend that they had been aware for months of e-mail traffic between Mr. Foley and a 16-year-old Louisiana boy. Mr. Reynolds said he had also told Mr. Hastert, though Mr. Hastert said he did not remember the conversation. Several other high-level aides also knew of the e-mail.

The initial messages, though not overtly sexual, alarmed the boy's parents and led to Mr. Foley's being questioned by the clerk of the House and the Republican chairman of the board that oversees the page program. Mr. Foley told them the communications were innocent. They directed him to break off contact and then apparently dropped the matter, saying the parents did not want to take other action.

Ms. Pelosi accused Republicans of putting Mr. Foley's political welfare ahead of the page's in a letter she sent to the ethics panel, which had received a call for an investigation approved by the House on Friday.

"Since that resolution unanimously passed, Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," Ms. Pelosi said, asking that the inquiry be initiated within 10 days.

Senator Harry Reid of Nevada, the Democratic leader, also called for an investigation by the Justice Department. "The allegations against Congressman Foley are repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a Congressional seat this election year," Mr. Reid said. The public deserves "a full accounting for this despicable episode," he added.

In his letter to Mr. Gonzales, Mr. Hastert drew a line between what he described as "two different and distinct communications at issue here" — the e-mail messages to the Louisiana boy that Republicans considered "overfriendly," and the more intimate messages that surfaced later and that leaders say they never saw.

Jennifer Crider, a spokeswoman for Ms. Pelosi, said Mr. Hastert seemed "more concerned by who revealed the Republican leadership's cover-up of Mr. Foley's Internet stalking" than about the pages.

Mr. Hastert also wrote Gov. Jeb Bush of Florida asking for an investigation by the Florida Department of Law Enforcement. The authorities there, both local and state, said on Sunday that they had not begun one so far.

Garry Wilson, chief deputy sheriff in St. Lucie County, said his office would not try to search Mr. Foley's condominium on Hutchinson Island unless a complaint was filed against him in the county or unless state or federal law enforcement directed the sheriff's office to do so.

In Washington, the clerk of the House has taken responsibility for Mr. Foley's Congressional office, and the locks have been changed. Associates of Mr. Foley said he was apparently in seclusion in Florida.

For a third straight day, fallout surrounding Mr. Foley's resignation worried the weary ranks of Congressional Republicans. As representatives begin the final month of campaigning before the midterm elections, several Republican advisers said on Sunday that they feared that the scandal over the e-mail messages threatened to complicate their efforts. If nothing else, they said, it provides another reason for voters to be displeased with Congress.

"Its been a time bomb from Day 1," said a Republican strategist who is close to the party's Congressional leaders and the White House and who was granted anonymity to speak freely about internal party concerns. "Now, it's sad for the whole House."

The Democratic National Committee seized on the scandal, sending out a scathing statement that raised pointed questions about Mr. Hastert and other Republican leaders. In bold red type, the dispatch asked: "What did Coach H and his buddies know and when did they know it?"

It was a rare instance in this fierce political season that Republicans were not quick to respond. The Republican National Committee has not commented on the scandal, and nearly a dozen Republican members of Congress either declined to be interviewed or did not return telephone calls about the matter on Sunday.

In some competitive House races across the country, Democrats have already started making an issue of Mr. Foley's resignation. On Sunday, Diane Farrell, who is challenging Representative Christopher Shays, Republican of Connecticut, said voters should hold Republicans accountable in November for the scandal.

"That the Republican House leadership apparently knew of this situation but took no action is yet another example of why this leadership must change, Ms. Farrell said, issuing a statement one day after Mr. Shays denounced the actions of Mr. Foley.

In New Mexico, Patricia Madrid called on her Republican opponent, Representative Heather A. Wilson, to return campaign contributions from Mr. Foley. Hours later, Ms. Wilson responded that she would donate the $8,000 she had received to charity.

Mr. Foley, who served on the House Ways and Means Committee, was a prolific fund-raiser. His campaign account had a balance of $2.7 million at the end of August, according to reports filed with the Federal Election Commission.

Carl Forti, the communications director for the National Republican Congressional Committee, said Sunday that the committee would gladly accept Mr. Foley's money or part of it to devote to House races. Mr. Foley already gave $100,000 to the committee in July, campaign records show, as part of the party's Battleground Program, to which members are asked to contribute.

"The money is in the control of Mr. Foley," Mr. Forti said. "Whatever he decides to do with it is up to him."

FBI To Examine Foley's E-Mails (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 2, 2006

The FBI announced last night that it is looking into whether former representative Mark Foley (R-Fla.) broke federal law by sending inappropriate e-mails and instant messages to teenage House pages.

The announcement came hours after House Speaker J. Dennis Hastert asked for a Justice Department investigation into not only Foley's actions but also Congress's handling of the matter once it learned of the contacts.

In his letter to Attorney General Alberto R. Gonzales, Hastert (R-Ill.) acknowledged that some of Foley's most sexually explicit instant messages were sent to former House pages in 2003. That was two years before lawmakers say they learned of a more ambiguous 2005 e-mail that led only to a quiet warning to Foley to leave pages alone.

Foley, 52, abruptly resigned Friday, and Democrats have since been hammering Hastert and other GOP leaders. They have accused Republicans of covering up the matter and allowing Foley to remain as co-chair of the Congressional Missing and Exploited Children's Caucus instead of launching an inquiry and possibly uncovering the raunchier communications.

As the scandal broke, Hastert contended he learned of concerns about Foley only last week. But after Rep. Thomas M. Reynolds (R-N.Y.) said Saturday that he had notified Hastert months ago of Foley's e-mails to a 16-year-old boy, the speaker did not dispute his colleague, and Hastert's office acknowledged that some aides knew last year that Foley had been ordered to cease contact with the youth.

Republican leaders continued to insist yesterday that it was understandable that the "over-friendly" Internet e-mails they had seen did not set off alarm bells. But one House GOP leadership aide, speaking on the condition of anonymity for fear of losing his job, conceded that Republicans had erred in not notifying the three-member, bipartisan panel that oversees the page system. Instead, they left it to the panel chairman, Rep. John M. Shimkus (R-Ill.), to confront Foley.

Also yesterday, a former House page said that at a 2003 page reunion, he saw sexually suggestive e-mails Foley had sent to another former page. Patrick McDonald, 21, now a senior at Ohio State University, said he eventually learned of "three or four" pages from his 2001-2002 class who were sent such messages.

He said he remembered saying at the reunion, "If this gets out, it will destroy him."

House officials have already removed Foley's nameplate from his Cannon Office Building door and shut down his House Web site, while in Florida, GOP leaders prepared to meet at an Orlando airport hotel today to select a replacement candidate for the November election.

Foley has said nothing since announcing his resignation. Yesterday, a statement purportedly sent by Foley to news organizations, including The Washington Post, said he has entered an alcohol-treatment facility in Florida. The Post could not confirm the statement's authenticity, and none of Foley's former aides has responded to messages since his resignation.

In his letter to Gonzales, Hastert said Foley's electronic messages crossed state lines, so "there should be a complete investigation and prosecution of any federal laws that have been violated."

FBI Special Agent Richard Kolko declined to elaborate on his announcement of the agency's investigation of Foley. A law enforcement official who requested anonymity so he could discuss an ongoing case said the probe will be handled by the FBI's Cyber Division, and could involve agents from the Washington or Miami field offices.

Hastert also wrote that, because some of the more sexually explicit instant messages were written in 2003, "there should be an investigation into the extent there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

The speaker asked that the probe extend to "all individuals who may have been aware of this matter -- be they Members of Congress, employees of the House of Representatives, or anyone outside the Congress." He said that "no one in the House Leadership was aware, to my knowledge" of the explicit messages from 2003 until ABC News reported on them last week.

In one instant-message exchange with a high school boy, ABC News reported, Foley made repeated references to sex acts and body parts.

Former page Matthew Loraditch said yesterday that he has known for years about the "creepy" messages three 2002 classmates received from Foley. He said Foley sent them after the boys had finished the House program. Each began innocuously but took a turn in tone, said Loraditch, a senior at Towson University.

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"They became explicit and similar to what we are seeing on the Web sites right now," said Loraditch, 21, who runs the U.S. House Page Alumni Association's Internet message board. Those who received them "didn't do anything beside telling other pages about it."

Foley was known as an exceedingly friendly House member to young pages, most of whom are 16- and 17-year-old high school juniors who come to Washington for an intensive, year-long civics lesson. Unlike most House members, he memorized their names and talked politics with them during lulls in late-night sessions. Foley was the only House member to attend the Class of 2002's graduation, according to McDonald, and he wore a tuxedo.

McDonald and Loraditch said they received no improper messages from Foley. Loraditch said he had viewed several "cut-and-paste excerpts" of messages Foley sent to one of the three. "Some went along with it, others cut it off," Loraditch said. "I'm pretty sure none met with him."

None of the three former pages is yet willing to step forward, according to McDonald and Loraditch.

Loraditch said no one wanted to report Foley for fear of damaging his job prospects.

"That's part of your concern about coming forward," Loraditch said. "You take down a Congress member, and you can't end up trying to do something later."

McDonald remembers Foley encouraging pages who expressed an interest in politics and inviting them to his district for his own campaigning. McDonald was so fond of Foley that he almost refused to believe the objectionable messages when he learned of them in 2003.

"There is a part of us that all want to be told lies," he said. "We want to be told, 'That's not true.' I wanted to believe that Foley was the guy we always knew he was: He just loved pages."

"This weekend," McDonald said, "there's no more lying to yourself."

Hastert's letter to Gonzales was the culmination of a day-long evolution of the Republican strategy toward dealing with the scandal.

On yesterday morning's "This Week" on ABC, White House counselor Dan Bartlett defended the House GOP leadership directing the investigation into how the scandal was handled.

"The leadership appear to be very aggressive in pursuing this investigation, and I think that's the best place is for the leadership to determine the way forward," Bartlett said.

But by midday, on CNN's "Late Edition," Bartlett had joined calls by Democrats and some Republicans for a criminal investigation of the matter. "If you take the allegations at face value, I think there would have to be at least a preliminary look to see if there's any breaking of criminal law," he said.

Hours later, Hastert called for the Justice Department investigation.

The changes in course were in keeping with a Republican plan to stay ahead of Democratic attacks and to show a willingness to let impartial investigators pursue the matter. On Friday night, when Minority Leader Nancy Pelosi (D-Calif.) took the House floor to demand an investigation by the ethics committee, GOP leaders quickly agreed and the motion passed unanimously.

Yesterday, Democrats kept up the pressure. Pelosi applauded the FBI announcement and called on the Republican leadership to quickly investigate "the cover up of Mr. Foley's behavior."

And Senate Minority Leader Harry M. Reid (D-Nev.) said the allegations against Foley "are repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a congressional seat this election year."

Hastert Asks For Inquiry Of Foley (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

House Speaker J. Dennis Hastert yesterday requested a criminal investigation of former Rep. Mark Foley, Florida Republican, who resigned Friday amid accusations that he attempted to seduce a teenage congressional page.

An FBI spokesman last night confirmed the bureau was "conducting an assessment" of the Foley case.

"I hereby request that the Department of Justice conduct an investigation of Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law," Mr. Hastert wrote in the letter to Attorney General Alberto R. Gonzales, sent after similar calls yesterday from the nation's two leading Democrats and the White House.

Mr. Hastert also requested an investigation into whether anyone had "specific knowledge" of the sexually explicit communications between Mr. Foley and any current or former House pages.

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," Mr. Hastert wrote.

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Mr. Hastert also wrote to Florida Gov. Jeb Bush to ask for a state investigation "to determine to what extent any of [Mr. Foley's] actions violated Florida law."

Meanwhile, yesterday, Republican leaders said they expect state Rep. Joe Negron of Stuart, Fla., to be named to replace Mr. Foley as the Republican candidate in the House race for the 16th Congressional District when the state party's 37-member executive board meets today in Orlando.

Mr. Foley, Florida Republican, was chairman of the House Caucus on Missing and Exploited Children before resigning Friday after he was accused of sending inappropriate e-mails and sexually explicit instant messages over the Internet to teenage boys working as congressional pages.

Democrats have harshly criticized Republican leadership in the wake of last week's revelations.

"The children, their parents, the public, and our colleagues must be assured that such abhorrent behavior is not tolerated and will never happen again," House Minority Leader Nancy Pelosi, California Democrat, wrote yesterday to leaders of the House ethics committee, reiterating that the panel must start work "within 10 days."

"The American people have a right to feel confident that their congressional leaders are committed not just to the best interest of the nation as a whole, but also to the safety of the young people who every year travel to Washington to work on Capitol Hill," Senate Minority Leader Harry Reid, Nevada Democrat, said.

White House counselor Dan Bartlett, appearing yesterday on ABC's "This Week," said President Bush was not aware of the accusations until Mr. Foley resigned and defended the response of the House Republican leadership.

Other Democrats, including Rep. John P. Murtha of Pennsylvania, who has said he would run for majority leader if Democrats win control of the House in November, went further than Mr. Reid and Mrs. Pelosi.

"I just cannot believe that they allowed this to happen and just told him, 'OK, stay away from this kid,' "Mr. Murtha said on ABC yesterday. "It really makes me nervous that they looked like they tried to cover it up."

The scandal caused a weekend dispute among Republicans. Mr. Hastert, Illinois Republican, at first said he learned only last week about the Foley e-mails, but Rep. Thomas M. Reynolds, New York Republican, said Saturday that he had told Mr. Hastert about the matter months ago.

Mr. Hastert's office later responded that the speaker had been unaware that Mr. Foley's messages to the boys were anything more than "over-friendly."

Former House Speaker Newt Gingrich yesterday defended the response of Republican leaders. Mr. Gingrich, Georgia Republican, said that House leaders had been aware only of e-mails sent by Mr. Foley. Those e-mails reportedly did not include the sexually suggestive material contained in instant-message exchanges disclosed this week.

"There was nothing sexual in those [e-mails]. They had him counseled. They had the head of the page program, [Illinois Republican Rep. John] Shimkus, talk to [Mr. Foley] very directly. And I think they thought it was over," Mr. Gingrich said on "Fox News Sunday."

"The newest incident only surfaced when ABC News interviewed Foley, and he resigned within two hours, or I think the House leaders would have moved to expel him."

Mr. Hastert made a similar point in his letter last night to Florida's governor.

"As I am sure you are aware, there are two different and distinct communications at issue here," the House speaker wrote to Jeb Bush, in requesting an investigation of possible state law violations by Mr. Foley. Mr. Hastert distinguished between the "over-friendly" e-mails to one teenager and "sexually explicit instant messages which Mr. Foley reportedly sent another former page or pages."

FBI Looking Into Foley E-mail Scandal (FT)

By Patti Waldmeir In Washington And Agencies

Financial Times, October 2, 2006

The FBI is assessing whether Mark Foley, a six-term Florida Republican, broke any laws when he sent allegedly sexually explicit e-mails to a male teenage congressional page.

Leaders of both parties on Sunday demanded full-scale investigations into another untimely scandal for the Republicans.

Dennis Hastert, speaker of the House of Representatives, at the weekend sent a letter to Alberto Gonzales, the attorney general, requesting a Justice Department investigation of Mr Foley's conduct with current and former House pages.

"Since the communications involved interstate communications there should be a complete investigation and prosecution of federal laws that have been violated," Rep Hastert said on Sunday.

The Republican leader said his office had known for a year about what he called an "over-friendly" e-mail between Mr Foley - who resigned on Friday - and a 16-year-old male page, but had not been told about any sexually explicit content.

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"I just cannot believe that they allowed this to happen and just told him, OK, stay away from this kid," Rep John Murtha of Pennsylvania said on ABC's "This Week." "It really makes me nervous that they looked like they tried to cover it up."

On Sunday, Democrats called for a full inquiry into the scanal as well as Republican leaders who kept the matter "under wraps."

Nancy Pelosi, House Democratic leader, said Republican leaders should be questioned under oath on how much they knew of Mr Foley's e-mails.

Harry Reid, Senate Democratic leader, said "the alleged crimes are far outside the scope of any congressional committee and the attorney general should open a full-scale investigation immediately,"

A scandal could weaken the Republicans ahead of next month's midterm election in which they could lose control of Congress.

The 52-year-old Foley was chairman of the House caucus on missing and exploited children, and the author of the key sexual predator provisions of the Adam Walsh Child Protection and Safety Act of 2006, which President George W. Bush signed in July.

House Republicans and the White House were clearly trying at the weekend to distance themselves from the scandal.

Dan Bartlett, White House counselor, said he thought the House Republican leaders have been "very forthcoming" and that the White House learned of the matter "when the American people learned."

Scandal In Congress: The Political Fallout Of Rep. Foley's Resignation (CSM)

By Linda Feldmann

The Christian Science Monitor, October 2, 2006

WASHINGTON

The scandal involving Rep. Mark Foley (R) of Florida, who abruptly resigned his seat Friday, has engulfed the Republican leadership of the House of Representatives, adding an explosive issue to the pile of woes facing the GOP in its tough battle to retain control of Congress.

Mr. Foley quit Congress after he was confronted with evidence that he had sent sexually explicit electronic messages to former teenage House pages. Foley had already been accused earlier of sending what Republicans call "overfriendly" e-mails last year to another former page, a teenage boy from Louisiana. Members of the House GOP leadership acknowledge they knew about the less-explicit e-mails months ago and say they were handling the issue quietly, at the request of the boy's family.

Republican leaders say they did not know about the more-explicit messages until last week. But critics charge that at the first sign of possible trouble earlier this year, when the leaders learned of the e-mail traffic between Foley and the Louisiana boy, the GOP leadership should have acted more forcefully against Foley. Another black eye for GOP

Adding to the black eye for the GOP, which calls itself the party of family values, is the fact that Foley had co-chaired the House Caucus on Missing and Exploited Children, and had sponsored numerous bills aimed at protecting children from predators.

"It's a disaster" for the Republicans, says Larry Sabato, a political analyst at the University of Virginia in Charlottesville. "This could be the tipping point," he adds, referring to the 15-seat net gain that Democrats need to win control of the House.

Not only will the Republicans have a hard time holding onto Foley's seat, the scandal may also endanger Rep. Tom Reynolds (R) of New York, head of the GOP's House campaign committee. Mr. Reynolds released a statement on Saturday saying he had been informed of the existence of the e-mails between Foley and the Louisiana boy by the House member for whom the boy had paged, Rep. Rodney Alexander (R) of Louisiana, but that he had not seen the e-mails in question.

"Mr. Alexander told me that the parents didn't want the matter pursued, and I told the speaker of the conversation Mr. Alexander had with me," Reynolds continued.

He also said Alexander took the matter to the clerk of the House, and that an investigation was conducted by the clerk and Rep. John Shimkus (R) of Illinois, head of the House Page Board. Pages are high school students who work for members of Congress and attend a special school on Capitol Hill. Inappropriate e-mails

After Alexander learned of the e-mail exchange between Foley and Alexander's former page, Foley was ordered to stop contacting the boy. The e-mails, while not overtly sexual, made the boy uncomfortable. In one, Foley asked the boy to send him a picture of himself and asked him what he wanted for his birthday. The teenager called the e-mails "sick."

While many of the other House members aware of the fall 2005 e-mails - including Alexander, speaker Dennis Hastert (R) of Illinois, and majority leader John Boehner (R) of Ohio - are not seen by political handicappers as endangered for reelection by the scandal, Reynolds may be different. Though holding a safe Republican seat in a normal election year, Reynolds could be hurt in a year where the top of the Republican ticket in New York - the candidates for governor and Senate - is weak this year, and could suppress GOP turnout in that state. The page scandal may suppress turnout further. Democratic Party response

The Democratic Party is reportedly considering a quick ad campaign focusing on family values. Of all the scandals hurting the Republicans this fall - three GOP members have already been indicted for corruption - the page scandal is the easiest to understand. Few issues grab voters with children more than a scandal involving a member of Congress and an underage child, and the appearance of a coverup.

In recent weeks, the Republicans' prospects for keeping control of the House appeared to have brightened somewhat, as Bush's job approvals had grown to 40 percent (still not high, but heading up) and the price of gas had declined.

But the continuing bad news out of Iraq - plus stories on reporter Bob Woodward's new book, and the latest national intelligence estimate painting a negative picture on terrorism and Iraq - plays badly for the Republicans. And now the Foley scandal adds to the challenge.

"It has significant potential to add to the Republicans' already substantial woes," says nonpartisan political analyst Stu Rothenberg. "As this issue gets discussed, and people point fingers at one another ... it starts to look like they're not managing institution very well."

In Florida's 16th congressional district, GOP chairman Sid Dinerstein is not willing to concede defeat in the newly cast battle for the seat. On Monday, the executive board of the state GOP will meet to vote for a replacement for Foley on the ballot - expected to be popular state Rep. Joe Negron.

But Foley's name will remain on the ballot, and all votes cast for him will go to the new candidate. The local GOP will have to mount a major campaign to explain that to voters.

"It's gone from clearly being a safe seat to a seat where we're going to have to work very hard to win," says Mr. Dinerstein.

Former Pages Describe Foley As Caring Ally (NYT)

By Rachel L. Swarns

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — In the hierarchy of Congress, the high school students who serve as Congressional pages fall somewhere near the bottom, seemingly invisible as they scurry through the hallways of the Capitol ferrying messages to powerful lawmakers who often fail to give them a second glance.

In that rarefied world, Representative Mark Foley, the silver-haired Republican from Florida, stood out.

He took pains to befriend the 16- and 17-year-old aides, several former pages said in interviews on Sunday. He chatted with them on the House floor, they said, sent handwritten notes and urged them to keep in touch when they left Washington for their hometowns.

In 2002, he even stood up on the floor of the House, his eyes welling with tears, and commended the young men and women for their year of service. In his speech, Mr. Foley mentioned several of the high school students by name, describing a handwritten note to celebrate one young man's graduation and a lunch with another at Morton's steak house.

Ashley Gallo, a 21-year-old former page who is now a senior at Western Michigan University, said on Sunday that many of her friends had viewed Mr. Foley as one of the few lawmakers who made a real effort to reach out to young people.

"You didn't have a lot of interaction with the members because most of them treated you like a kid, but he was pretty friendly," said Ms. Gallo, who served as a page in 2001. "He would talk to people," she said.

"He would say, 'Here's my e-mail address if you want to keep in touch.' I don't think anyone thought anything of it. They saw him as a mentor or a reference."

Mr. Foley's resignation on Friday, following the disclosure of his sexually explicit Internet and cellphone messages to pages, left many former pages shaken. And on Sunday, they burned up the phone lines and sent e-mail messages flying as they reached out to their old friends who remain tight-knit years after leaving Capitol Hill.

Patrick McDonald, 21, a senior at Ohio State University, said he took Mr. Foley up on his invitation to keep in touch and sent him an e-mail message asking about internship opportunities two years after he completed his work as a page in 2002. He said that he kept up a casual e-mail conversation — chatting about the 2004 presidential election, among other things — with Mr. Foley for several months and that it never became inappropriate.

"If a congressman was talking to you, it was the best thing in the world," Mr. McDonald said. "And he made himself known to the pages in the first couple of weeks, befriending us, asking us how we were doing. He was one of the cool congressmen. He was willing to chill out with us."

But despite Mr. Foley's warm demeanor, Mr. McDonald and another former page said they later became aware that the lawmaker might have a darker side. Mr. McDonald said he learned that Mr. Foley had sexually explicit Internet conversations with several pages who had left the program. "I was disgusted, but I was not surprised when these revelations started circulating," he said.

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Congressional pages come to Washington from across the country, sponsored by their local senator or representative, in a highly competitive program that attracts thousands of applicants each year.

Many describe it as one of the most formative experiences of their lives, giving them a rare, insider's view of the inner workings of power. Former pages have set up alumni associations and message boards, and exchange e-mail messages and attend reunions to keep the memories of their days in Congress alive.

They describe living in an intensely supervised and sheltered world during their time in Washington. The 72 pages who serve in the House of Representatives are paid a stipend. They share rooms in a two-story, red brick dormitory just blocks from the Capitol and have a 10 p.m. curfew on weeknights and a midnight curfew on weekends.

Pages start classes at 6:45 a.m, and work in the House of Representatives later, answering telephones, delivering documents and running errands for lawmakers. Every night, the former pages said, the dormitory supervisors checked to make sure every page was there on time.

James Kotecki, 20, who was a page in the spring semester of 2003, said his orientation included a video on sexual harassment. He said he did not remember any formal rules against fraternization, however, and added that the young pages enjoyed the rare opportunities to socialize with the lawmakers. He said he met Mr. Foley only in passing, but remembered him as "a nice guy."

"Pages are kind of very, very low on the totem pole on the Hill," said Mr. Kotecki, now a senior at Georgetown University. "Anytime a member is nice it's fantastic because often members don't give pages the time of day."

Raymond Schillinger, 20, also a Georgetown student, echoed those thoughts. He worked for Mr. Foley this spring as an intern and said the congressman treated the young staff very well.

"He was very affable, always friendly with the staff, but never over friendly, nothing suggestive," Mr. Schillinger said.

Matthew Loraditch, who worked as a page with Ms. Gallo and Mr. McDonald in 2001 and 2002, said a supervisor had once casually mentioned that Mr. Foley "was odd" and that he later saw sexually explicit text messages that Mr. Foley had sent to two former pages after they left the program.

But Mr. Loraditch said he was never warned by program supervisors to stay away from him. "He was friendly," said Mr. Loraditch, who maintains a Web site for alumni and attends Towson University in Maryland. "He would talk to us more than some other members would."

To this day, Mr. Loraditch still remembers the speech Mr. Foley gave to the pages in 2002. The genial lawmaker stood on the floor of the House and noted that several pages were weeping as he spoke.

"You all have proven without a doubt that you are not only courageous Americans but wonderful young people," Mr. Foley said on June 6, 2002. "I salute you and I thank you, and I hope you will join me, too, in saluting everyone in the page program that has made this year a resounding, phenomenal learning experience and success for you. God bless you all."

Fla. Constituents 'disgusted' By Accusations Against Foley (USAT)

By Alan Gomez

USA Today, October 2, 2006

LAKE WORTH, Fla. — Mark Foley's former constituents shifted their anger Sunday from the disgraced Republican to House GOP leaders, who knew for months about inappropriate e-mails between Foley and at least one teenage page.

Foley resigned Friday after being questioned by ABC News about alleged sexually explicit instant messages. A day earlier, the network reported that Foley sent e-mails to a 16-year-old boy, a former page.

The content of the e-mails and instant messages have not been independently verified by USA TODAY. Foley did not refer to them when he resigned but said he was "deeply sorry."

On Sunday, House Speaker Dennis Hastert, R-Ill., called on the Justice Department and the Florida Department of Law Enforcement to investigate.

Foley's former constituents in the 16th Congressional District called Sunday on House GOP leaders to step down. "It's no longer a party of one. It's a party of many," said Sondra Stateman, 45, a health care administrator from West Boynton. "They should resign, too."

Beverly Pepe, 67, of Lake Worth, drew a comparison to the Roman Catholic Church's scandals. "That's the same as when the church knew about all those priests molesting the boys, and they just kept moving them from church to church," she said.

Florida Republican leaders postponed until Tuesday a vote to name a replacement for Foley because of the Yom Kippur religious holiday.

Bill Burton, a spokesman for the House Democratic campaign committee, said Democratic nominee Tim Mahoney will be moved to the group's "red to blue" list of candidates considered strong enough to take GOP-held seats. That means Mahoney will get the committee's financial and strategic support.

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Under Florida election laws, Foley's name must remain on the ballot. The party can replace him with another candidate, but voters must punch in Foley's name if they want to vote for that replacement.

Even Republicans recognize how hard that will be for some. “It's not an impossible task but certainly a daunting challenge,” said Carl Domino, a state representative. “How is anyone going to be able to get people to punch ‘Mark Foley'?”

Lorelle Haynes, a lifelong Republican who voted for Foley, predicted fellow Republican voters cannot be convinced that a vote for Foley really is not. “They'll be disgusted.”

Haynes' comments were echoed throughout Foley's former district, a collection of counties that stretches from Stuart on the east coast to Port Charlotte on the west.

Deborah Garson is a lifelong Democrat but said she had respected Foley since his days on the Lake Worth city commission.

“But it's very upsetting to me, being a mother and a grandmother, that he would do this,” she said. “There's just no excuse for that.”

Among the churches Foley would visit in his district was New Macedonia Missionary Baptist Church, where Bishop Thomas Masters struggled to explain his feelings. “People come to the church with all kinds of situations going on in their lives: suicides, drug addictions, all kinds of sin,” Masters said, explaining that he tries to help people confess and embrace religion. After pausing, he added: “Sometimes that happens, and sometimes it doesn't.”

Hastert Requests Criminal Probe Of Foley (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 2, 2006

House Speaker Dennis Hastert requested Sunday that the Justice Department conduct an investigation into former Rep. Mark Foley's electronic messages to teenage boys — a lurid scandal that has put House Republicans in political peril.

"As Speaker of the House, I hereby request that the Department of Justice conduct an investigation of Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law," Hastert, R-Ill., wrote in a letter to Attorney General Alberto Gonzales.

The White House and Democratic leaders in Congress also called Sunday for a criminal probe. White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week.

"There is going to be, I'm sure, a criminal investigation into the particulars of this case," Bartlett said. "We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected."

Foley, R-Fla., quit Congress on Friday after the disclosure of the e-mails he sent to a former congressional page and sexually suggestive instant messages he sent to other high school pages.

Senate Democratic Leader Harry Reid of Nevada called the Foley case "repugnant, but equally as bad is the possibility that Republican leaders in the House of Representatives knew there was a problem and ignored it to preserve a congressional seat this election year."

Reid said the case should be handled outside Congress.

"Under laws that Congressman Foley helped write, soliciting sex from a minor online is a federal crime," Reid said. "The alleged crimes here are far outside the scope of any congressional committee, and the attorney general should open a full-scale investigation immediately."

In his letter to Gonzales on Sunday, Hastert asked the Justice Department to investigate "who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement."

The scope of the investigation, Hastert wrote, should include "any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives or anyone outside the Congress."

Hastert also sent a letter to Florida Gov. Jeb Bush on Sunday requesting that he "direct the Florida Department of Law Enforcement to conduct an investigation of Mr. Foley's conduct with current and former House pages."

Hastert maintained at first that he had learned only last week about the e-mails. But Rep. Thomas Reynolds, head of the House Republican election effort, said Saturday he had told Hastert months ago about concerns Foley sent inappropriate messages to a teenage boy. Reynolds, R-N.Y., is under attack from Democrats who say he did too little to protect the boy.

Hastert acknowledged over the weekend that his aides had, in fact, referred the matter to the House clerk and to the congressman who was chairman of the board that oversees the page program. Hastert's office said, however, it had not known the e-mails were anything more than "over-friendly."

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Majority Republicans engineered a House vote Friday that refers the Foley matter to the House ethics committee, but lets that panel decide whether there should even be an investigation.

Rep. Nancy Pelosi of California, the House Democratic leader, pressed the committee on Sunday to begin investigating and make a preliminary report within 10 days. She demanded to know who knew of the messages, whether Foley had other contacts with pages and when the Republican leadership was notified of Foley's conduct.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," she wrote.

Congressional pages, a staple of Washington politics since the 1820s, are high school students who serve as temporary gofers in the House and Senate. The program nearly ended in the early 1980s due to alleged sexual misconduct and drug use.

Republican leaders say it is their duty to ensure House pages' safety, and are now creating a toll-free hot line for pages and their families to call to confidentially report any incidents. They also will consider adopting new rules on communications between lawmakers and pages.

House Democrats said that wasn't enough.

"This should be investigated objectively. I think the Democratic leadership should have been told 10 months ago," said Rep. Jane Harman of California, top Democrat on the House Intelligence Committee. "I gather that basically nothing was done except that Foley was warned."

Rep. John Murtha, D-Pa., said the House ethics committee should conclude its work on the Foley case before the November elections, so that voters can "hold people accountable." Doing so, he said, might help restore public confidence, since already "the reputation of Congress under the Republican leadership is lower than used car salesmen."

Foley, who is 52 and single, was co-chairman of the Congressional Missing and Exploited Children's Caucus. In a statement Friday, he said, "I am deeply sorry and I apologize for letting down my family and the people of Florida I have had the privilege to represent."

Harman was on "Fox News Sunday," Murtha appeared on ABC's "This Week" and Bartlett spoke on ABC's "This Week, CNN's "Late Edition" and CBS' "Face the Nation."

The Wrong Message (NSWK)

By Evan Thomas And Michael Isikoff

Newsweek, October 2, 2006

Mark Foley, a six-term Republican congressman from Florida, championed the protection of children from sexual predators. Chairman of the House Caucus on Missing and Exploited Children, he often spoke out about the need to catch pedophiles. In July, he attended a signing ceremony at the White House for the Child Protection and Safety Act of 2006. "We track library books better than we do sexual predators," he had argued in support of the bill.

It took some time, but last week Foley himself was tracked down. Confronted by ABC News with sexually explicit messages he had exchanged with 16- and 17-year-old congressional pages, Foley abruptly resigned his seat. (He did not protest his innocence; whether he committed a crime is unclear.) Politicians and preachers crusading against sin while sinning themselves is an old morality play. But the politics of Foley's downfall are messy and intriguing, coming just weeks before hotly contested congressional elections. The Democrats accused the Republicans of trying to cover up Foley's indiscretions until after Election Day, while the Republicans accused the Democrats of leaking the story just in time to cost the GOP a crucial seat.

An energetic, capable politician, Foley appeared to be well matched to his prosperous Palm Beach district. His sexuality did not seem to be an issue with voters. In Washington he made little effort to hide his sexual orientation, and neither his colleagues nor his staff seemed to worry that he might be a predator. Gregarious and fun-loving, he was known for hosting raucous parties and making off-color jokes. "All of his colleagues knew" that Foley was gay, said a former aide, who asked for anonymity discussing Foley's personal life. "It was the worst-kept secret in Washington."

Radical gay groups sometimes "out" closeted right-wingers, but Foley was insulated against charges of hypocrisy because he voted against a congressional ban on gay marriage. (Last week Democrats were careful to say that the issue was not his sexuality but potentially criminal behavior toward minors.) Foley's sexuality may have inhibited his political ambitions, however. In 2003, he briefly ran for the Senate before dropping out, against the urgings of some party leaders who wanted him to stay in the race. He held a press conference to denounce rumors that he was gay, without confirming or denying them.

Foley's sexual leanings were also well known, or at least suspected, by a particularly vulnerable group on Capitol Hill. Every year Congress hires about 100 pages, who can be seen in their distinctive blue uniforms scurrying through the halls, running errands for lawmakers. The pages have been embroiled in earlier sex scandals. In 1983, a pair of congressmen admitted to sexual relations with underage pages (one with a girl, one with a boy). After that, the pages were housed in a dormitory and fairly closely chaperoned. A former female page, who asked not to be identified to protect her privacy, told

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NEWSWEEK that she and other pages had regularly seen Foley stop and talk to pages on the House floor and in the cloakroom, lingering with them and asking them to describe their experiences in Congress. "We just gradually figured out he was flirting with the guys," said the page. "It made a lot of the guys uneasy. He was kind of creepy."

In late 2005, one of the pages, a young man from Louisiana, went to an aide to his congressman, Rodney Alexander. The page had received some e-mails from Foley that, the boy said, "freaked me out." Alexander went to Republican Party leaders, and Foley was summoned to see GOP Congressman John Shimkus, the chairman of the House Page Board. The e-mails between Foley and the page were subject to interpretation—Foley had asked for a photograph of the boy, talked about going to the gym and asked if he was OK after Hurricane Katrina. Foley insisted that he was acting only as the boy's "mentor." Shimkus warned Foley to be "especially mindful of his conduct" with the pages. The boy's parents did not want to pursue the matter.

That might have been the end of it, but rumors and copies of the messages began to rattle around newsrooms in Florida and Washington, possibly fed by Foley's political opponents. Last Thursday night ABC News broke the story. That seemed to open the Internet floodgates. The next night ABC posted a follow-up on its Web site, showing instant messages between Foley and congressional pages that were far more sexually explicit. Many more, and much seamier, message exchanges began to pour in to ABC. Some were mildly crude. "Do I make you a little horny?" Foley is said to have asked one page. Others show Foley, under the signer Maf54, engaged in graphic Internet sex with minors, ABC reported. During one session a page instant-messages Maf54, "brb [be right back] ... my mom is yelling." ABC confronted Foley with a batch of these messages, and within hours he had penned a one-sentence resignation note. Foley issued a statement saying that he was "deeply sorry" for letting down his family and the voters, but made no reference to any e-mails. It is not known if he is under any kind of criminal investigation.

The politics heated up right away. House Democratic leader Nancy Pelosi took the floor to demand an investigation. Her Democratic colleagues instantly began agitating to know what the Republican leadership had known about Foley and when it had known it. The GOP leadership did not help its cause by putting out garbled or conflicting accounts, though there was no proof of any kind of deliberate cover-up. Late Saturday, House Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt issued a statement calling for a criminal investigation. But some Republicans were also curious about the timing of the revelations. Foley's district is strongly Republican, but he had faced a serious challenger, Tim Mahoney. The GOP can pick a new candidate, but it may be too late to get Foley's name off the ballot, which could cost the Republicans a seat. The struggle for control of the House may be so close, with a 15-seat swing hanging in the balance, that a single seat can make a real difference.

While congressmen caught in a sex scandal is nothing new, the way the story broke shows the power of Web technology to influence politics. Few people may have even been aware that instant messages can be saved and copied, but they have turned out to be a powerful weapon. Before the Internet, a story like Foley's might have kicked around for months, with conflicting accounts, and possibly never surfaced. Once the existence of the e-mails became known, Foley was swept away within hours.

Democrats See A Chance To Turn The Tables (NYT)

By Raymond Hernandez

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — In their efforts to keep their party in power, Republican leaders have not hesitated to hit the Democrats hard when it comes to the issue of protecting children.

The strategy was on display in Indiana, where the National Republican Congressional Committee recently ran a series of television spots showing a man accused of child molesting who was inadvertently released under the watch of Brad Ellsworth, a county sheriff and a Democratic candidate for Congress.

Now, Democrats are suddenly seeing an opportunity to turn the tables, questioning the actions of Representative Thomas M. Reynolds of New York, the chairman of the Congressional committee, and other top Republicans who have acknowledged that they had been aware for months of e-mail exchanges between Representative Mark Foley, a Florida Republican, and a former teenage page.

In a statement issued over the weekend, Mr. Reynolds said that when he first learned of the issue, he personally brought it to the attention of House Speaker J. Dennis Hastert. Republican leaders have described the e-mail messages that initially came to their attention as “over-friendly” and said that they were not sexually explicit, like the messages between Mr. Foley and other pages that were disclosed later.

But Democrats are accusing Republican leaders of keeping silent about Mr. Foley and allowing him to remain as chairman of the House Caucus on Missing and Exploited Children until the disclosure on Friday of the more sexually explicit e-mail messages. Carl Forti, a spokesman for Mr. Reynolds, defended the actions of Republicans, emphasizing that there was nothing

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overtly sexual about the e-mail messages they had initially seen. He also defended the advertisements sponsored by the Republican House campaign committee.

The Democrats, Mr. Forti said, are "trying to take advantage of a very tragic and wrong situation."

After years of defending themselves against Republican charges that they are soft on crime and generally out of step with the nation's values, Democrats are criticizing Republicans on one of their core issues. While commercials and mailings attacking Democrats as weak on issues like child protection appear to occur only sporadically, Democrats contend that it is a tactic that Republicans fall back on regularly.

Bill Burton, a spokesman for the Democratic Congressional Campaign Committee, said concerns about the Republican leadership's handling of the accusations made their campaign attacks on Democrats seem hypocritical.

Not all rank-and-file Republicans have been happy with the efforts of party strategists to feature the issue of sexual predator legislation in campaign commercials.

In a closely watched race to fill a Congressional vacancy in San Diego this past June, the Republican candidate, Brian P. Bilbray, protested when the National Republican Congressional Committee ran an advertisement attacking the Democratic candidate, Francine Busby, a local school board member, for praising an elementary school teacher who was subsequently accused of trying to obtain child pornography.

The advertisement grew out of a newspaper article in 2004, when Ms. Busby was asked her reaction to reports that an elementary school teacher in her district had been arrested for trying to obtain child pornography. Ms. Busby said she was stunned and noted that she had always found the teacher to be dedicated and supportive of his students.

After the spot began running, Mr. Bilbray expressed displeasure with it and, referring to national Republicans, said he "would sure prefer that they keep the message positive."

In 2004, protecting children against lurking threats was a theme with the Republican House committee running advertisements against several Democratic candidates in Texas, Kansas and Indiana, accusing them of being out of step with "family values" because the candidates would "allow the sale of violent and sexually explicit video games and movies to our children."

That theme has resurfaced this year. In the contest for Nevada's Third Congressional District seat, the Republican incumbent, Representative Jon Porter, is running a spot that notes his work to crack down on pedophiles.

"As parents, we need to know that our schools are not hiring teachers that are sexual predators," Mr. Porter says in the advertisement, which was paid for in part by the Congressional committee. "That's why I wrote a law in Congress that gives our local school districts the information they need to ensure that sexual predators are not teaching our children."

And in mailings sent in recent months to voters in Pennsylvania's Eighth Congressional District, the Republican incumbent, Representative Michael G. Fitzpatrick, criticized the Democratic challenger, Patrick Murphy, who had raised objections to legislation seeking to protect children from online predators that Mr. Fitzpatrick proposed. Democrats said Mr. Fitzpatrick distorted the position of Mr. Murphy, who they said did not believe Mr. Fitzpatrick's measure went far enough.

Since the revelations of Mr. Foley's behavior, Democrats have been particularly forceful in singling out Mr. Reynolds, whom they see as an architect of Republican attacks against them. Mr Reynolds is facing a challenge from Jack Davis, a wealthy businessman who has vowed to spend at least $2 million of his own money in the contest and whose campaign has seized upon the Foley episode to attack Mr. Reynolds.

FBI To Look At Foley's Actions (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 2, 2006

WASHINGTON — As pressure mounted on Republicans over their handling of the scandal involving former Rep. Mark Foley, the FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

The FBI's brief statement confirming the inquiry came shortly after House Speaker J. Dennis Hastert (R-Ill.) sent a letter to Atty. Gen. Alberto R. Gonzales asking the Justice Department to examine "Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated federal law."

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

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Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time of Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known of the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

FBI Begins Look At Foley's Contact With Teens (MH)

By Lesley Clark

The Miami Herald, October 2, 2006

WASHINGTON - The FBI is looking at whether former Florida Rep. Mark Foley's computer exchanges with underage House pages broke any laws, an FBI spokesman said late Sunday.

The agency is "conducting an assessment to determine if there has been any violation of federal law," the FBI's Stephen Kodak said.

Under fire from Democrats, House Speaker Dennis Hastert also asked Sunday that U.S. Attorney General Alberto Gonzales -- and the Florida Department of Law Enforcement -- look into the case.

On Friday ABC News had released a series of sexually explicit instant messaging sessions between Foley and what it said were underage pages -- high schoolers who serve as messengers in the House and Senate.

Hastert's letters to Gonzales and Gov. Jeb Bush say the sexually explicit instant messages between Foley and pages ``warrant a criminal referral."

Hastert notes the messages were "reportedly generated three years ago" and "it is important to know who may have had the communications and why they were not given to prosecutors before now. ``I request that the scope of your investigation include any and all individuals who may have been aware of this matter -- be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," he wrote.

His letter drew a sharp distinction between the instant messaging sessions -- which Hastert said he was never made aware of -- and e-mails between Foley and a former House page, which top GOP leaders saw in 2005. Foley was told to cease contact with the page. Hastert noted that the same e-mails were viewed by editors at The St. Petersburg Times, which reviewed them, considered them "friendly chit chat" and declined to run a story.

Miami Herald Executive Editor Tom Fiedler said Sunday the newspaper also saw the same e-mails and ``didn't feel there was sufficient clarity in the e-mails to warrant a story.

"We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Fiedler said.

The call for a criminal investigation came as Democrats signaled that they plan to use the Republican House leaders' response to reports of the e-mails sent by Foley as an issue in the pivotal November election.

Foley, a Palm Beach County Republican, gave no reason for leaving but said he was "deeply sorry" and resigned Friday after the subsequent, sexually explicit instant messages were disclosed by ABC News.

Earlier Sunday, Democrats in both chambers, Senate Democratic leader Harry Reid of Nevada and House Democratic Leader Nancy Pelosi of California, called for investigations. Democrats also seized on Ohio Republican Sen. Mike DeWine's reluctance at a televised debate Sunday to say that House leaders who knew about the e-mails Foley sent to the 16-year-old House page should resign immediately.

DeWine decried Foley's behavior and called for a "full investigation," but declined to say that House leadership step down if they knew about the e-mails.

"I think you have to look and see what they knew and what they did about it," DeWine said during the debate on NBC's Meet the Press. ``I would want to know what they did about it. And, you know, this is reprehensible."

Minutes after the debate ended between DeWine and Democratic Rep. Sherrod Brown, the Democratic Senatorial Campaign Committee sent out a press release saying DeWine ``refuses to hold GOP leaders accountable over the Foley scandal."

Over the weekend Republicans sought to defend their handling of the matter, with Hastert providing what his office called a "preliminary" report of when House leaders were alerted to the situation and how they handled it.

Hastert's office said Saturday his office was contacted last fall by a staff member in the office of Louisiana Republican Rep. Rodney Alexander, where the page once worked. The boy said in an e-mail to Alexander's office that the computer exchange with Foley "freaked him out" and was ``sick . . . sick . . . sick."

Hastert's office said the clerk of the House was assured the nature of the exchange was not of a sexual nature, although it was characterized as "overly friendly." The e-mails are chatty and at one point Foley asks the teen to send him a ``pic."

The House clerk and Rep. John Shimkus, R-Ill., head of the page board, asked Foley about the e-mail and told Foley to ``immediately cease any communication with the young man."

Hastert's office underscored that he did not know of the sexually explicit instant messages until ABC News posted them on its website Friday. "In fact, no one was ever made aware of any sexually explicit e-mail or text messages at any time," Hastert's office said.

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The scandal comes just a month before the GOP tries to hold onto its majority in the House and Senate in the wake of an increasingly unpopular war in Iraq and declining poll numbers for the Republican-led Congress that gave President Bush the go-ahead.

White House special counsel Dan Bartlett said the Bush administration didn't know anything about the Foley matter until it broke open Friday.

"We're going to get to the bottom of this, the leadership is, and that's very important because we need to make sure the page system is one in which children can come up here and work and make sure they are protected," Bartlett said on CNN's Late Edition.

FBI Launches Foley Investigation (ST)

SPTimes, October 2, 2006

FBI launches Foley investigation The House speaker also calls for inquiries by the Department of Justice and the Florida Department of Law Enforcement. By ANITA KUMAR, Times Staff Writer

Published October 1, 2006

WASHINGTON — The FBI said Sunday that it had launched an investigation into former Rep. Mark Foley's sexually explicit Internet communications with teenage boys.

The announcement came after House Speaker Dennis Hastert called for criminal inquiries by both the Department of Justice and the Florida Department of Law Enforcement.

In letters sent Sunday to U.S. Attorney General Alberto Gonzales and Florida Gov. Jeb Bush, Hastert asked for an investigation into "Mr. Foley's conduct with current and former House pages to determine to what extent any of his actions violated … law."

Foley, 52, a Republican from the West Palm Beach area, abruptly resigned Friday after the public disclosure of e-mails and instant messages between him and former congressional pages that Hastert now says went back at least three years.

The scandal has left House Republican leaders fending off charges that they knew about Foley's behavior for months but failed to disclose it.

It comes just weeks before the critical midterm election in which Democrats have their best chance in a dozen years to take control of the House.

Democratic leaders praised the federal inquiry but continued to call for a separate investigation by the House Ethics Committee into what they are calling a Republican cover-up.

"Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year, and they chose to cover it up rather than to protect these children," House Minority Leader Nancy Pelosi said.

Several House leaders including Hastert, Majority Leader John Boehner and Rep. Tom Reynolds, head of the National Republican Congressional Committee, have said in recent days that they knew for months about some of Foley's correspondence. They said they knew about one "over-friendly" e-mail exchange Foley had with a 16-year-old page from Louisiana but not the sexually explicit instant messages later publicized by ABC News.

To bolster his argument, Hastert refers to an editor's note published on the St. Petersburg Times Web site Saturday that explains that the newspaper received copies of some of the e-mails to the Louisiana page in November 2005, but characterized them as "friendly chit-chat" and chose not to print a story about them after speaking to Foley.

But on Sunday night, St. Peterburg Times editors rebutted his statements.

"The speaker is inaccurate. Our decision not to publish last fall was not based on an explanation from Rep. Foley,'' managing editor Stephen Buckley said.

"We didn't publish because the Louisiana teenager's parents did not want to pursue the issue, and because, despite our best efforts, we weren't able to track down any pages who had received inappropriate e-mails from the congressman. We didn't know about any sexually explicit exchanges between Rep. Foley and any former pages until the instant messages became public on Friday."

Hastert also asked federal and state authorities to look into "who had specific knowledge of the content of any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement.

"I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress," he wrote in his letter.

FBI spokesman Richard Kolko confirmed Sunday night that the FBI is "conducting an assessment to see if there's been a violation of federal law."

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Agents from the cyber division are looking into the text of the messages, how many e-mails were sent and which computers were used.

White House counselor Dan Bartlett called the allegations against Foley shocking, but said President Bush hadn't learned of Foley's inappropriate e-mails to a 16-year-old boy and instant messages to other boys before the news broke last week.

"We need to make sure that the page system is one in which children come up here and can work and make sure that they are protected," Bartlett said on a Sunday morning talk show.

Gov. Bush's communications director Alia Faraj said that FDLE had already been cooperating with FBI and federal officials before late Sunday and had been told to expect Hastert's letter.

"The FBI is lead and the Florida Department of Law Enforcement is coordinating," Faraj said. "If it becomes necessary for the state to have a separate investigation, we will do so at the appropriate time."

Laws Involving Contact With Minors Allow Prosecutors A Broad Range Of Discretion (NYT)

By Adam Liptak

The New York Times, October 2, 2006

The decision by Representative Mark Foley of Florida to resign after the disclosure of his sexually explicit e-mail and text messaging exchanges with Congressional pages has been followed by a flood of demands from his former Congressional colleagues — Republicans and Democrats alike — that he face "the full weight of the criminal justice system."

Legal experts consulted yesterday said that weight could be considerable.

Though the messages made public to date stopped short of soliciting sex or proposing an assignation, some were quite graphic and asked for descriptions of intimate actions. Several states, including Florida, have laws that make it a crime to transmit communication harmful to minors over the Internet.

In the past, legal experts said, prosecutors have exercised a great deal of discretion in deciding whether to pursue such cases. In the absence of physical contact, said Douglas A. Berman, a law professor at Ohio State University, some prosecutors reviewing e-mail messages like Mr. Foley's "could say, 'This is really gross, I need to take a shower,' but not charge" the sender with a crime.

But Professor Berman added, "There are cases in which people have done stuff that is not significantly worse and have had the book thrown at them."

Earlier this year, for instance, the Arizona Supreme Court upheld a 200-year sentence for a former Phoenix high school teacher convicted of possessing child pornography. The teacher, Morton R. Berger, was not charged with transmitting pornography or with having unlawful contact with minors.

Marjorie Heins, a fellow at the Brennan Center for Justice and the founder of the Free Expression Policy Project, said that prosecutors almost certainly had the legal tools to pursue Mr. Foley if they were inclined to do so.

"I wouldn't be surprised," Ms. Heins said, "if someone could get him criminally under a number of state laws, whether they involve the Internet or not, that prohibit unlawful contact with minors."

But legal experts cautioned that any case against Mr. Foley would involve difficult jurisdictional and constitutional questions. At least three jurisdictions may be implicated: Washington and Florida, where Mr. Foley worked; the federal system; and perhaps other states, as information about contacts with pages emerges.

Courts have taken varying positions about whether they have the power to hear cases involving communications originating in other states. And laws regulating speech on the Internet have often faced First Amendment challenges.

A Florida law makes it a third-degree felony, punishable by up to five years in prison, to transmit "material harmful to minors by electronic device." The law defines the material broadly to include descriptions of "nudity, sexual conduct, or sexual excitement." There is an exception for materials with serious literary, artistic, scientific and political value. The e-mail messages disclosed to date appear to fail that test, though they may have serious political value in a different sense.

And Mr. Foley is not the only person who could possibly face prosecution, Professor Berman said. "If there were people who knew about him or protected him," he said, "some sort of complicity or conspiracy charge is certainly viable."

Prosecutors Seek Pirro's Financial Records (NYT)

By SEWELL CHAN And WILLIAM K. RASHBAUM

The New York Times, October 2, 2006

Federal prosecutors have issued a subpoena for copies of financial disclosure statements filed by Jeanine F. Pirro, the Republican candidate for state attorney general, from 1998 to 2005, when she was the Westchester County district attorney, a person familiar with the subpoena said yesterday.

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The request for the documents, which contain details of Ms. Pirro's personal finances, is the latest in a series of developments that have roiled her campaign. On Wednesday, Ms. Pirro disclosed that she was the subject of a federal investigation into whether she illegally recorded her husband's conversations on the family's boat last year to determine whether he was having an affair.

The New York Post, which reported on the subpoena yesterday, said it came from a federal grand jury in Manhattan.

A person familiar with the subpoena said yesterday that it was delivered late Friday afternoon to the Westchester County Board of Ethics and gave county officials until Wednesday to respond.

The subpoena asked for disclosure reports from 1998 to 2005 and for the instructions given to Ms. Pirro to use in filling out the reports, according to the person, who spoke on the condition of anonymity because of the highly politicized nature of the case.

The reports ask officials to disclose bank accounts, stock transactions, real estate holdings, memberships on corporate boards and significant stock ownership. It was not clear why the disclosure statements were being sought.

Paul Shechtman, Ms. Pirro's lawyer, said, "In my conversations with the government, they have given no indication that the investigation involves anything else than Jeanine's talking about eavesdropping."

He added, "The only thing that I can guess is that the financial disclosure statements are being sought to ascertain whether Jeanine claimed an ownership interest in the boat."

Ms. Pirro has acknowledged that she had private investigators follow her husband, Albert J. Pirro Jr., and that she spoke with Bernard B. Kerik, the former New York City police commissioner, about possibly taping Mr. Pirro. She has said she never carried out the idea.

Yesterday, Ms. Pirro attended a campaign rally and a Columbus Day parade on Staten Island, but did not take questions from reporters.

In a written statement released by her campaign, Ms. Pirro repeated her criticism of leaks that she said were intended to smear her campaign. She called again for the Justice Department to appoint a special prosecutor to review her case. And she lashed out again at Elliott B. Jacobson, an assistant United States attorney who Ms. Pirro says has a "partisan political agenda." Mr. Jacobson helped convict Ms. Pirro's husband of tax evasion in 2000; he served 11 months in prison.

"Today's leak to The New York Post really comes as no surprise," Ms. Pirro said in the statement. "As long as Elliott Jacobson remains at the head of this case, continuing leaks are unfortunately predictable. In fact, no one will be surprised if there are more leaks before the end of the week."

In calling for a special prosecutor, she added: "I know there is only one way this case will end; I will be cleared. The only question is whether I will be cleared before Election Day or after Election Day."

Michael J. Garcia, who supervises Mr. Jacobson as the United States attorney for the Southern District of New York, said in a statement last week, "We do not take politics into account in deciding either the subject matter or timing of our investigations."

A spokesman for Mr. Garcia said in a statement yesterday: "Because the investigation is ongoing, we are not going to comment further. We stand by the statement we issued last Wednesday."

A spokeswoman for the Justice Department in Washington declined to comment on the matter yesterday.

Lobbyists: Sports Tickets And Springsteen—The E-Mail Trail (NSWK)

By Michael Isikoff And Holly Bailey, Newsweek

Newsweek, October 2, 2006

The folks around Karl Rove are on the hot seat again. The White House has launched an internal ethics inquiry into one Rove aide in response to new e-mails showing that Rove's office had far more extensive conduct with convicted lobbyist Jack Abramoff than previously acknowledged. The e-mails, obtained by a House committee, show that Rove's executive assistant, Susan Ralston, may have violated a White House ban on accepting gifts worth more than $20 from lobbyists. At the same time, Ralston—who previously worked for Abramoff—was helping the lobbyist and his associates set up meetings with Rove and providing them with inside info about presidential appointments and White House decision making, including at least one matter relating to a business deal in Iraq for an Abramoff client, the e-mails show. Ralston also discussed future business opportunities with Abramoff, such as her plan to help him capitalize on the "rush to get lucrative government contracts" being awarded by the Department of Homeland Security—another possible breach of ethics rules.

The e-mails show Ralston peppering Abramoff with requests for small perks and favors. "Can we get the row A seats for the 12/22 Caps game?" she asked Abramoff in a Dec. 22, 2001, e-mail about an upcoming Washington Capitals hockey game. "Need 4 for O's on 8/23 and 4 for Springsteen if possible," she wrote the lobbyist on July 26, 2002. Ralston's lawyer declined to comment. A former associate said Ralston may argue that though she apparently never paid for any of the tickets, she did not

violate the ethics rules because of an exemption for officials who have a "pre-existing" and personal relationship with the lobbyist. "She was not looking at [Abramoff] as a lobbyist," said the former associate, who asked not to be identified because of political sensitivities. "She was looking at him as a friend."

The e-mails show Rove's then chief political deputy, Ken Mehlman, now chairman of the Republican National Committee, had his own repeated contacts with Abramoff—in stark contrast to previous public statements. According to the new records, Abramoff and his associates turned to Mehlman in their bid to obtain $16.3 million in federal funds from the Justice Department to build a jail for the Mississippi Band of Choctaws, an Abramoff client. In one e-mail, Abramoff associate Tony Rudy described to Abramoff a meeting he had with Mehlman about the subject. "Mehlman said he would take care of this," Rudy wrote. "He was a rock star." After Justice later approved funding for the Choctaw jail, another Abramoff associate e-mailed a colleague: "Those guys should get anything they want for the rest of the time they're in office ... Opening Day tickets, Skins v. Giants, oriental massages, hookers, whatever ... " Mehlman denied any wrongdoing. "The job of the political director is to meet with interested parties—in some cases, political supporters—and hear them out," he said Friday. Of the events described in the report, Mehlman said, "It was all stuff that was aboveboard. All stuff that was appropriate." Rove himself apparently knew the rules: when Abramoff offered skybox tickets to an NCAA basketball game, he wrote a check for them.

Still, the game gave Abramoff a chance to discuss other matters with Rove. After being e-mailed by an old friend who was a militant Israeli settler, Abramoff responded: "I was sitting with Karl Rove, Bush's top advisor, at the NCAA basketball game, discussing Israel when [your] email came in. I showed it to him. It seems that the President was very sad to have to come out negatively regarding Israel but that they needed to mollify the Arabs for the upcoming war on Iraq. That did not seem to work anyway. Bush seems to love Sharon and Israel, and thinks Arabfat [sic] is nothing but a liar. I thought I'd pass that on."

Leveraging The Lobbyist Scandal (TIME)

By Massimo Calabresi

Time, October 2, 2006

For a congressional candidate, a presidential visit during campaign season is a sought-after opportunity reserved for those who really need it. So midterm watchers were surprised to hear that President George W. Bush would travel to northeastern California this week to raise an estimated $500,000 for Republican incumbent Representative John Doolittle. Doolittle hasn't won less than 60% of the vote since 1992, and Republicans outnumber Democrats 48% to 30% in his district. So why spend valuable time and fund-raising muscle on a man who should be a sure thing? One simple answer: Jack Abramoff.

Conventional wisdom holds that the Abramoff lobbying scandal that engulfed Washington a year ago has fizzled. Nothing like the 60 court cases some predicted have materialized. Democrats, beset by their own ethics scandals in West Virginia and Louisiana, have all but abandoned attempts to nationalize corruption as an issue. Even last week's revelation that Abramoff had 82 contacts with Bush adviser Karl Rove registered barely a blip on the capital's political seismograph.

But the scandal did knock two powerful Republicans out of Congress over the past year, putting both their seats in play. At the same time, Democrats are finding that in a handful of districts like Doolittle's, their opponents' ties to Abramoff are helping them raise money and close poll numbers, forcing expensive countermeasures like the Bush visit. And with races tightening across the country, a handful of districts may be enough. The Abramoff factor has put up to five seats in play for Democrats in a contest in which 15 would give them control of the House.

One of the seats most likely to flip is that of former House majority leader Tom DeLay, who stepped down a year ago amid revelations of his ties to Abramoff. Although DeLay dropped out of his House race after the primary last April, it was too late to get his name off the ballot. Now the Democratic candidate Nick Lampson is the favorite of most oddsmakers to beat the late-starting G.O.P. write-in candidate Shelley Sekula-Gibbs. In southeastern Ohio, former House Administration Committee chairman Bob Ney is retiring after pleading guilty last month to trading favors for campaign contributions from Abramoff. But his handpicked replacement, Joy Padgett, can't shake the taint of scandal. Ney's solidly Republican district favored Bush by 14 percentage points in 2004 but is now polling anywhere from 2% to 14% in favor of Democrat Zack Space.

G.O.P. incumbents are safer, but some are still worried. In Arizona, Representative J.D. Hayworth is up against a popular local official, Harry Mitchell, whose first TV ad last week led with charges that Hayworth took $100,000 from Abramoff and his clients. "This guy's going to be all Abramoff all the time," says Hayworth. "But it's just not going to work." Or maybe it will. The Democrats claim Mitchell leads Hayworth by 3%, but the Republicans have Hayworth ahead by 14%.

As for Doolittle, his opponent Charlie Brown is a retired 26-year Air Force veteran whose campaign consists largely of charges that Doolittle and his wife, who worked for Abramoff, are lining their pockets at constituents' expense. Doolittle's spokesman Richard Robinson admits he faces a "tough challenge." All the same, Democrats in Washington at first paid Brown no attention. "They told me, 'We're only going to believe it if you can raise money in the district and if you do a poll that shows you're in the running,'" Brown says. He says he promptly raised $600,000 and commissioned a poll that showed him closing to

within 2 points of Doolittle. Now Brown says the Democratic Congressional Campaign Committee has agreed to send him a check. He's still a long shot. But says Amy Walter of the Cook Political Report: "If it weren't for the Abramoff scandal, we wouldn't even be talking about these races."

BRONX BIGS IN PROBE (NYPOST)

By MURRAY WEISS And DAVID SEIFMAN

The New York Post, October 2, 2006

October 2, 2006 -- The feds are probing two Bronx political powerhouses and their roles in lucrative real-estate dealings in the borough, The Post has learned.

Sources said the FBI is investigating the dealings of Bronx Democratic leader José Rivera and Stanley Schlein, the longtime lawyer for the party and a well-known figure in local politics.

Schlein served as a lobbyist for the New York Yankees, which enlisted most of the city's political establishment, including Rivera, on its side to push through plans for a new $1 billion ballpark.

The federal probe doesn't currently include the new Yankee Stadium project, but sources said the deal likely will be examined.

About a month ago, an agent from the bureau's Public Corruption Unit quizzed Ellington Taylor, 62, who until his recent retirement had served as Rivera's driver for more than two decades.

Sources said a Manhattan federal grand jury has issued subpoenas for government and business records.

The sources wouldn't provide any other details.

Schlein expressed shock when contacted by The Post yesterday, saying there is no basis for an investigation.

"I'm absolutely befuddled," he said. "I'm at a complete loss."

Schlein said he's been involved in only two major Bronx land-use projects in recent years, both in well-documented public roles.

One was the Yankee Stadium deal. He said he also served as an unpaid advocate for the Bloomberg administration when it sought approval of a $1.5 billion water-filtration plant underneath Van Cortlandt Park, which Rivera also championed.

As part of the deal, The Bronx is receiving $240 million to renovate its parks.

After the FBI visited Taylor, Schlein said the driver called him and he contacted Rivera.

Rivera couldn't be reached for comment.

But Schlein said he and Rivera have no business relationship and Rivera is not involved with any developers.

FBI officials declined comment.

Rivera is a former city councilman whose son, Joel, now serves as the council majority leader and whose daughter, Naomi, is an assemblywoman from the borough.

Schlein has served as an adviser to a wide range of politicians, from Al Sharpton to Fernando Ferrer.

The Chaos Behind California Executions (LAT)

By Maura Dolan And Henry Weinstein

The Los Angeles Times, October 2, 2006

SAN JOSE — "Operational Procedure No. 770," the state's name for execution by lethal injection, is performed in a dark, cramped room by men and women who know little, if anything, about the deadly drugs they inject under extreme stress.

Thousands of pages of depositions and four days of testimony last week in a federal courtroom here provided the most intimate portrait yet of a state's lethal injection methods.

Witnesses depicted executions by lethal injection — long considered a more humane alternative to the gas chamber or the electric chair — as almost haphazard events, and medical experts on both sides could not rule out the possibility that one or more inmates had been conscious and experienced an excruciating sensation of drowning or strangulation before death.

Describing the pressure executioners feel and the surreal atmosphere in which they work, one executioner explained: "There's no other place in the world that you're asked to start an IV for that purpose."

U.S. District Court Judge Jeremy Fogel, who presided over the trial here, is now reviewing the testimony and records to determine if the state can continue to perform lethal injection executions or if it should revise procedures to ensure the condemned don't suffer cruel and unusual punishment in violation of the Constitution. The litigation was brought by Michael Morales, condemned for the 1981 murder of Terri Winchell, 17, a high school student from Lodi.

Morales, like inmates in several other states who have also challenged lethal injection, claims prisoners may not be anesthetized properly before receiving a muscle-paralyzing drug that would mask any suffering before a third, heart-stopping chemical kills them. His witnesses insisted that trained medical personnel are needed to ensure a humane execution.

The testimony of dueling doctors and pharmacologists underscored the incongruity of using a medical procedure to produce a decidedly nonmedical result.

Witnesses for both sides stumbled when discussing the condemned, frequently referring to an inmate as "the patient."

Lawyers for the state defended the work of the executioners, stressing it was much less complicated than medicine. An execution, after all, is supposed to be punishment, the attorneys reminded the court.

When anesthesia is administered in a hospital setting, "you have two objectives — one to render the patient unconscious, and two, to make sure you don't kill him," said senior Assistant Atty. Gen. Dane Gillette, the lead lawyer for the state. "That is not at all the objective of a lethal injection execution."

All California executions take place at San Quentin prison north of San Francisco. The condemned is strapped on a gurney in a small, mint-green room that for decades served as the gas chamber.

After the IVs are set up, the chamber's heavy, solid steel door is shut and locked, and the inmate is left alone. A prison employee leans into the door to seal it, an apparent holdover from the days when the prison had to ensure toxic gas would not escape.

The execution team retires to an adjacent room, where members insert the execution drugs by syringe into IV lines that run through the wall and into the inmate's arms.

That anteroom is often packed with state officials, prosecutors and other government visitors. There were "so many people in that room you didn't even know who they were" and why they were there, Dr. Donald Calvo, a prison doctor, testified in a deposition.

Former San Quentin Warden Steven W. Ornoski said that during one execution, "I don't believe I could move from my spot much, if any." He once had to tell someone to leave. It was a doctor.

A nurse working in the jammed room said she had to pass syringes to an outstretched hand whose owner she could not see. The same nurse said she did not know the origins of a document with instructions for the drugs. She had simply found it "in the gas chamber."

To prevent the executioners from being seen or identified by witnesses, their room is illuminated only by a red light. A doctor who filled out execution records said the room was so dark he had to use a flashlight to see what he was writing.

The IV bags hang from ducts so high that it would be impossible to determine if everything was working properly, testified Dr. Mark Heath, a Columbia University anesthesiologist and expert witness for Morales. A member of the execution team said in a deposition that she believed "the janitor" helped set the bags.

The executioners are chosen from among a group of volunteer prison workers. Though several have had medical training as registered nurses, background screening appears to have been minimal.

A prison employee was chosen as team leader even though he had missed months of work and had been under care for post-traumatic stress caused, he said in his deposition, by "my years of working in the prison system." That executioner, who was taking antidepressants, also had been disciplined for a drunk driving conviction.

Testimony suggested lax oversight of the drugs issued at San Quentin for executions. A witness testified that bottles of the barbiturate anesthetic taken for practice sessions were not opened, but there was no evidence they were returned.

Fogel wanted to know whether the anesthetic could be used as a recreational drug. Witnesses for the state and Morales disagreed.

Lawyers testified about witnessing executions, one in California and the others in North Carolina, which has a lethal injection procedure similar to California's.

Heather Jarvis recalled watching North Carolina capital prisoner Edward Hartman, 38, wheeled into the execution chamber on a gurney, covered from neck to toe by a white sheet.

"I saw Eddie's eyes close, and I thought to myself, 'Here we go. This is it.' Almost immediately his eyes opened again, not fully, more than halfway up but not completely. His eyes remained open for the entire execution."

She said his throat began to throb and pulsate like a lizard's, and his chest heaved and strained so violently she thought he would fall off the gurney.

"Then he became still, and his eyes finally did close."

After reviewing evidence about lethal injection, Fogel earlier this year ordered California to either have a doctor present at executions or instead give the inmate only a massive, fatal dose of anesthesia without the other drugs.

The state chose to go with the doctor option, hiring two anesthesiologists but assuring them they would be mere observers.

Dr. Robert Singler, a Napa anesthesiologist, reluctantly agreed to join the team at the request of a friend, Darc Keller, who works for the Department of Corrections and Rehabilitation. Singler testified in court that he believed the state's methods would ensure a humane execution.

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The other doctor, identified as "Anesthesiologist 2," was to play a lesser role. He said in a deposition he agreed to be present only after he was assured he would have "nothing" to do.

"What do you mean by 'nothing'?" he said he asked.

"You would have no responsibilities," he quoted Keller as saying.

Anesthesiologist 2 said he even received permission from the warden to stand in a room off the anteroom during the execution so he would not have to watch it.

On the night Morales was to die, the two anesthesiologists learned that an appeals court had ruled they would have to intervene if problems arose during the execution. Both Singler and Anesthesiologist 2 refused, saying they were bound by the physician's obligation to do no harm.

Morales, who had been stripped of his possessions and moved to a special cell, learned several hours later that his appointment for Operational Procedure No. 770 had been postponed.

GRAND-MA THEFT (NYPOST)

By Kati Cornell

The New York Post, October 2, 2006

September 30, 2006 -- The feds busted seven members of a Lower Manhattan boiler-room operation that allegedly raked in $6.7 million in just six months - bilking many elderly victims out of their life savings.

The FBI rousted the alleged scammers from their beds early yesterday morning, charging them with wire and mail fraud for cold-calling victims and using high-pressure tactics to squeeze cash out of 230 investors in a foreign currency scam from 2002 to 2003.

In convincing potential investors to cough up their cash, the cold-callers - operating out of the fraudulent firm Holston, Young, Parker and Assoc. at 130 William St. - falsely claimed their client lists included CEOs of Fortune 500 companies and numerous celebrities.

A total of 11 ring members were charged in an indictment unsealed in Manhattan federal court, including Boris Shuster, 34, Larry Shuster, Alexander Dzedets, 31, and Victor Altman, 38, Boris Tager, David Lozovsky, Adam Lichtenbaum, Edward Sharov, and Vincent Armato, who allegedly operated and managed Holston as a boiler-room operation.

Victims throughout the U.S. initially received bogus monthly financial statements reporting 5 percent growth on their investments over the first several months, according to Andrew Arena, chief of the FBI's criminal division in New York.

All the while, the alleged scam artists were secretly sending cash from the operation overseas to Cyprus and Russia.

After approximately six months, investors were sent letters saying that 90 percent of their money had been lost after a year of unprecedented market losses, authorities said.

"It was basically a flat-out boiler-room operation," Arena said. "Over a six month period, they were able to generate $6.7 million. They grab the money, close the company down and they're gone."

Seven men were arrested in New York yesterday and an eighth man was nabbed in Croatia.

"Unfortunately, by far the majority of victims in these scams turn out to be the elderly," Arena said. "They get confused. They fall for the hard sell. They invest their money."

The cold-callers used false names and lied about the company's history, claiming to manage $10 million to $30 million in clients' money.

Holston advertised itself as having offices in London, Zurich and Tokyo.

The wire and mail fraud charges carry a maximum sentence of 20 years.

IN BRIEF (NSDY)

By ROBERT E. KESSLER;SUSAN HARRIGAN

Long Island Newsday, September 30, 2006

FBI CHARGES MEN WITH FOREX FRAUD. FBI agents arrested seven men Friday, including four from Forest Hills, on charges of running a boiler-room scheme that defrauded 200 investors out of $6.5 million, officials said. An eighth defendant in the scheme, which promised high returns through currency exchange - the so-called Forex market - was arrested recently in Croatia, according to Michael Garcia, the U.S. attorney for the Southern District. The head of the FBI's New York Criminal Division, Andrew Arena, said some victims lost their life savings. Victims' money was not invested in the Forex market, but moved to accounts in Russia and Cyprus for the profit of the defendants, Arena said. The defendants operated from an office on William Street in Manhattan from 2002 to 2003, under the name of Holston, Young, Parker & Associates, officials said. Officials identified the leader as Boris Schuster, 34 - who also uses the name Robert Schuster - of Forest Hills. The seven were charged

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Friday morning with conspiracy to commit mail and wire fraud. Federal officials said they are seeking the extradition from Croatia of the eighth, Alexander "Shasha" Dzedets, 31, a resident of Canada. - ROBERT E. KESSLER

FUEL PRICES REVIVE CONSUMERS. U.S. consumer spending slipped in August, but falling gasoline prices elevated shoppers' moods by September, according to reports Friday. Inflation-adjusted spending in August fell by 0.1 percent, the first decline since a 0.3 percent drop in September 2005, according to the U.S. Commerce Department. The University of Michigan's consumer sentiment index rose to 85.4 in September, up from 82.0 in August. Consumer prices outside food and energy rose 0.2 percent in August.

STATE BANCORP LOSES APPEAL. State Bancorp Inc. said Friday the U.S. District Court for the Eastern District of New York denied its motion to overturn a January 2006 jury verdict that the company has said could cost it $44 million dollars after taxes. The New Hyde Park-based holding company for State Bank of Long Island said it is "fully reserved" for the matter and plans to appeal the decision to the U.S. Court of Appeals for the Second Circuit. - SUSAN HARRIGAN

Con Men Held In Boiler-room Scheme (BOS/AP)

By Tom Hays, Associated Press Writer

The Boston Globe, October 2, 2006

NEW YORK --A team of con men posing as senior vice presidents of an international Wall Street investment firm cheated about 230 people nationwide out of more than $6.5 million, authorities said Friday.

Seven suspects were awaiting arraignment in federal court in Manhattan on mail and wire fraud charges after being arrested at their homes early Friday by the FBI. Another suspect was in custody in Croatia; three were at large.

One of the men was wearing a Curious George T-shirt as FBI agents led him to court in handcuffs.

Many victims were elderly people who "fell for the hard sell," said Andrew Arena, head of the criminal division of the FBI's New York office. Some lost their life savings.

The phony firm of Holston, Young, Parker & Associates had an actual lower Manhattan address, but also claimed to have offices in London, Zurich and Tokyo that didn't exist, an indictment said.

In 2002 and 2003, the defendants, most of Russian descent, operated "a 'boiler room' with Holston cold-callers and brokers making numerous unsolicited telephone calls on a daily basis and using high-pressure tactics," the court papers said. The victims were told their money would be pooled to make large trades on the foreign currency exchange market.

The callers used false names and identified themselves as senior vice presidents to dupe potential investors into thinking they were speaking to "a senior level, experienced employee," the indictment said. One defendant falsely claimed that the firm's clients included celebrities and CEOs of Fortune 500 companies.

Investors initially got bimonthly statements showing 5 percent increases in their investments, unaware most of their money was being diverted to bank accounts in Russian and Cyprus, the FBI said. By the time a final statement arrived showing 90 percent losses, the suspects had closed their doors.

According to the indictment, the unidentified victims included a resident of El Reno, Okla., who invested $1,000; one from Conneaut, Ohio, who invested $5,000; and another from Williamsburg, Va., who invested $10,000.

If convicted, the defendants face up to 20 years in prison.

888 Poised To Suspend US Business (FT)

By Roger Blitz In London

Financial Times, October 2, 2006

888 Holdings, one of the biggest companies in the $12bn online gambling industry, is expected to suspend indefinitely business from US customers on Monday.

The move comes as the sector braces itself for a massive reaction from investors to the dramatic US decision to tighten its anti-gambling laws. People close to 888 said they believed the company would issue a statement to the London Stock Exchange accepting that the passing of the bill in the US Senate on Friday would have a “material” detrimental impact on its business.

The bill prohibits US gamblers from using credit cards, cheques and electronic fund transfers to make online wagers, and throws the high-risk industry – already damaged by the impact of arrests of executives on US soil – into turmoil. One person in the industry said the bill was an attempt to “strangle the industry through the banks”.

PartyGaming, the biggest online gambling company, said it was “evaluating the situation”.

SportingBet – whose former chairman Peter Dicks returned to the UK on Saturday after a New York court refused to extradite him to Louisiana, where he faced a charge of “gambling by computer” – was believed to be preparing a statement for the stock exchange, but is expected to wait to assess the impact of the bill.

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888, which relies on the US for half its profits, was said to be in the process of deciding to make a clean break with the US, paying back gambling deposits paid by customers when they registered on the company's websites.

But trading on Monday is likely to hit the sector hard as investors, who have been waiting for the outcome of the Senate bill, get their first chance to respond to its passing. "It's going to be pretty devastating," said one adviser to a sector company.

12 Men Face Federal Child Porn Charges (BUFFNEWS)

By T.J. PIGNATARO, News Staff Reporter

Buffalo News, September 29, 2006

A dozen men, including eight from Western New York, are facing federal child pornography charges here under a national initiative targeting those who sexually exploit children, the FBI and U.S. Department of Justice announced Thursday.

Those charged face a variety of offenses including possessing, transporting or distributing child pornography. The crimes range from possessing images of child pornography downloaded from the Internet to the production of child pornography during sexually abusive acts, authorities said.

"These are monsters that prey upon our innocent children," said Laurie J. Bennett, special agent in charge of the Buffalo Field Office of the FBI.

U.S. Attorney Terrance P. Flynn said Internet child pornography is a continuing act of child abuse committed by those who not only produce the images but also possess and exchange them. "[The children] are being abused time and time and time again because the picture is not destroyed," he said.

Bennett said the Buffalo office was one of the first 13 offices nationwide to institute the Innocent Images National Initiative to target those involved in the online sexual exploitation of children. Since 2002, more than 400 arrests have been made, she said.

The dozen federal cases announced in the roundup Thursday included the following individuals: Richard Bozmoff, 39, of Warren, Ohio; Bruce Bremer, 49, of Buffalo; Vincent A. Carney, 44, of North Tonawanda; Allen F. Dise, 47, of Albion; Richard Harrold, no age listed, of North Carolina; Richard Lamphere, 34, of California; Edward Keef, 37, of the Town of Tonawanda; Nathan Littlefield, 32, of Massachusetts; Thomas Powers, 47, of Lockport; Hans Sterzelbach, 64, of Grand Island; William J. Swiat, 21, of Cheektowaga; and Lloyd Thomas, 58, of Akron.

Most face sentences of up to 20 years in prison. Others face up to 10 or 30 years, depending on their crimes.

Dise, a former Buffalo News employee in the editorial graphics department, initially came to the attention of law enforcement authorities in February when he provided a co-worker with what he thought was a blank compact disk. The disk was found, however, to contain sexually explicit images of young girls. The FBI reported Dise had more that 100 images believed to be child pornography. His case was referred to federal authorities for prosecution. Dise faces up to 10 years in prison, a $250,000 fine and lifetime supervision.

His attorney, Mark J. Mahoney, said he was "very disappointed" that authorities are pursuing Dise's case federally, rather than by a state prosecution. He said Dise faces a much longer potential prison term because the case is being pursued federally.

"If he was a producer of child pornography, I could understand this decision," Mahoney said. "But [prosecutors] know there is no indication that he did anything but look at pictures that were free for him to obtain over the Internet."

Bozmoff, a 17-year Army veteran who ran a private consulting business, pleaded guilty Thursday to transporting child pornography and faces five to 20 years in prison, a $250,000 fine and lifetime supervision.

Bozmoff sent several videos of prepubescent children engaged in sexual conduct to undercover FBI agents and admitted to possessing more than 300 images on his computer, including some of minors under age 12 and others depicting sexual acts "readily capable of inflicting pain upon the children," authorities reported.

Both Flynn and Bennett encouraged parents, teachers and the public to learn more about the sexual exploitation of children in order to protect children from predators, and urged them to contact the FBI with any information at 856-7800. The FBI will hold a free Cyber Safety community forum at 7 p.m. Thursday in the University at Buffalo Center for the Arts.

Staff reporter Dan Herbeck cxontributed to this story.

Man To Be Arraigned On Child Porn Charges (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, October 2, 2006

A Brea man has been arrested on suspicion of possessing child pornography, officials said Friday.

Theodore Allen Jedinak, 55, was in federal custody in Santa Ana and set to be arraigned Monday after authorities found numerous pornographic images and videos of minors on his home computer, according to the FBI.

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The material came to the bureau's attention, an agency statement said, after Jedinak engaged in the "initial stages" of a relationship with an unidentified individual he met online. After being shown multiple videos of minors engaged in sex acts, the statement said, the individual called Brea police, who contacted federal officials.

Jedinak was taken into custody this week at a relative's home in Chino.

Illinois Man Sentenced For Molesting Teen (PHI)

The Philadelphia Inquirer, October 2, 2006

MISSOULA, Mont. - An Illinois man was sentenced to five years in prison after pleading guilty to interstate transportation of a minor and engaging a boy in a relationship that included sexually explicit Internet communication.

Stephen Quinn, 45, of Harwood Heights, Ill., was sentenced Friday by U.S. District Judge Donald Molloy.

The FBI began investigating Quinn in 2005, about two years after he made contact with the boy in a gay chat room on the Internet.

Prosecutors said that in July 2004, Quinn traveled to Montana and engaged in sexual activity with the boy, then 16. The next month, Quinn flew the juvenile to Illinois and then drove him to Wisconsin, where they attended a concert and engaged in sexual activity.

Wisconsin's legal age of consent is 18 and Illinois' is 17.

Prosecutors said that in October 2004, Quinn visited the juvenile in Montana and purchased several items for him, including alcohol.

On May 6, 2005, Quinn called the juvenile's mother to say the boy had been luring older men on the Internet for sex. Eleven days later, Quinn spoke with the boy's mother in a conversation recorded by the FBI.

The FBI also obtained threatening e-mails, text messages and recorded phone calls from Quinn to the boy.

Augustine's Husband Charged In Her Death (RGJ)

By RAY HAGAR And MARTHA BELLISLE, RENO GAZETTE-JOURNAL

Reno Gazette-Journal, October 2, 2006

Reno police arrested critical-care nurse Chaz Higgs on Friday in Hampton, Va., on a warrant charging him with first-degree murder in the death of his wife, former State Controller Kathy Augustine.

The arrest was made after police received a toxicology report from the FBI indicating the presence of succinylcholine, a powerful paralyzing drug, in her urine. The drug paralyzes muscles in the body within several minutes, including the muscles used for breathing, according to medical experts.

Police also used as evidence a phone call from a nurse who said Higgs allegedly told her on July 7 that accused Reno murder suspect Darren Mack had been "stupid" to have killed his wife the way he allegedly did, and said if he wanted to kill someone, he would use the undetectable drug succinylcholine.

Augustine, 50, was taken to Washoe Medical Center the next day after Higgs said she had suffered a massive heart attack in their Reno home. He said the heart attack was brought on from the stress of political campaigning. Augustine, the only Nevada constitutional office ever to be impeached and convicted, was running as a Republican for state treasurer.

Augustine died three days later at the hospital, now called Renown Regional Medical Center.

"It's like losing my mother a second time," Augustine's daughter, Dallas, said. "I'm very angry at the fact that she could be standing here with us today if this had not happened."

Some members of Augustine's family called for the death penalty if Higgs is found guilty.

"I realize that this has to go to a jury, but clearly in my mind, he has killed my sister," said Phil Alfano of Turlock, Calif., Kathy Augustine's brother.

Augustine's stepson, Greg Augustine of Thousand Oaks, Calif., said he is considering asking Clark County officials to perform an autopsy on the body of Augustine's former husband, Charles Augustine, because of the toxicology results.

Higgs, who worked at Carson Tahoe Regional Medical Center at the time of his wife's death, was the critical-care nurse for Charles Augustine in Las Vegas when he died of a stroke in 2003 at the age of 63.

Kathy Augustine and Higgs were married about three weeks after Charles Augustine's death.

"It would be irresponsible of me not to look into the option that he (Higgs) played a part in my father's death," Greg Augustine said. "He (Charles Augustine) was a good guy and he didn't deserve that."

Contributing to police suspicions was a call just after Augustine's death from a traveling nurse who had worked with Higgs at Carson Tahoe Hospital on July 7, according to the arrest warrant affidavit filed by Reno homicide Detective David Jenkins.

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She said Higgs had referred to Mack "" a Reno pawn shop owner charged with fatally stabbing his estranged wife, Charla, in June "" and said that Mack was "stupid" to allegedly kill her "in the manner he had. He said if he wanted to kill someone, he would use the drug succinylcholine," the affidavit said.

"Mr. Higgs allegedly told her that he was currently having marital difficulties with his wife and that he intended on ending his relationship with her," the affidavit said.

The nurse did not think twice about the remarks until learning that Augustine was found unconscious in her home, Jenkins said.

Dr. Ellen Clark, who performed an autopsy on Augustine, reported that "she did find evidence of a suspicious needle injection injury on Ms. Augustine's buttock and that the medical records generated during Ms. Augustine's treatment and hospitalization did not account for that injection site," the affidavit said.

Reno police Lt. Jon Catalano said a search of Augustine's home after her death did not find succinylcholine or any syringes containing the drug. But police did find a drug that was similar to the paralyzing agent.

Higgs can waive his extradition to Nevada, and he can return quickly, Catalano said. Or he can fight extradition, and it would take about 10 days for a governor's warrant, he said.

Family members were suspicious of Higgs soon after Kathy Augustine died, they said.

"We were suspicious from day one," said Augustine's cousin, Dion Gazzaruso, of Sylmar, Calif.

Higgs tried to slit his wrists three days after his wife's death at their home in Las Vegas. Higgs did not attend his wife's funeral the day after his attempted suicide or her subsequent memorial service in Carson City.

Higgs never returned to work at Carson Tahoe Medical Center after Augustine's death, a hospital spokeswoman said. While employed at Carson Tahoe Medical Center, Higgs would have had access to succinylcholine, a spokeswoman said.

Higgs left Nevada to live with his father and stepmother in Hampton, Va., after Augustine's death. The FBI met Higgs on Friday as he pulled into his brother's driveway in Hampton, Va., and held him until local law enforcement officials arrived for the arrest, Catalano said. Two Reno police detectives flew out to Virginia to assist in the arrest, Catalano said.

Dallas Augustine called authorities to help Higgs after finding him following his suicide attempt.

"I found him and at that point was standing by my belief of innocent until proven guilty," she said, adding, "But now we have conclusive evidence to go on."

Augustine's brother said he hopes Higgs confesses to murder.

"I may be naive in wishing this, but I hope Chaz comes clean and spares us the additional grief of going through a trial and spares my parents that grief," said Alfano, who is a high school principal in Modesto, Calif.

The Nevada Assembly impeached Augustine in August of 2004 for using state staff for her 2002 re-election bid. The state Senate convicted her and censured her on one violation. She was acquitted of using a state computer and staff to help her campaign. She kept her job as controller but was fined $15,000 by the state Ethics Commission.

Augustine's name remained on the primary election ballot because state officials did not have time to remove it after her death for the Aug. 15 election. Augustine received 18.64 percent of the votes in the primary, or 26,391 votes statewide. After her death, she was endorsed by two conservative groups, Liberty Watch of Nevada and the Citizen Outreach political action committee.

If Augustine had won the primary, the Nevada Republican Party would have been allowed to choose a new candidate, according to the Nevada Secretary of State's Office.

The Associated Press contributed to this report.

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DEATH OF NEVADA CONTROLLER: Husband Arrested (LVRJ)

By BRIAN HAYNES, GLENN PUIT And ED VOGEL, REVIEW-JOURNAL

Las Vegas Review-Journal, October 2, 2006

Authorities say powerful paralyzing drug was administered to kill Augustine in July

Chaz Higgs spoke of committing the perfect crime.

If he wanted to kill somebody, he told a fellow nurse in July, he would use a paralyzing drug that he believed would go undetected after death, according to a police report.

The next morning his wife, state Controller Kathy Augustine, was rushed to a Reno hospital. She never regained consciousness, and three days later she was dead.

Higgs, 42, a critical care nurse at Carson-Tahoe Hospital, told police and media that Augustine had suffered a heart attack. But it wasn't long before the whispers started.

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The couple's relationship was on the rocks, and she was talking about divorce, people said. He didn't seem to grieve like a loving husband would. She was in perfect health.

The whispers didn't stop until Friday, when authorities arrested Higgs in Hampton, Va., on charges of first-degree murder in Augustine's death.

Reno police said Augustine died after being injected with succinylcholine, a powerful muscle relaxant and paralyzing agent often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

It was the same drug Higgs had mentioned to his co-worker, police said, one that has been frequently used by medical workers to commit murder.

For Phil Alfano, Augustine's brother, the arrest confirmed suspicions that had been simmering since Augustine was hospitalized.

"You know how it is with a relative," he said. "You don't want to say things. But things with him bothered me."

The arrest also renewed interest in the death of Augustine's former husband of 17 years, Charles Augustine, who died in 2003 at Sunrise Hospital and Medical Center. Higgs had taken care of Charles Augustine at the hospital, and three weeks after he died Higgs and Kathy Augustine married in Hawaii.

Clark County District Attorney David Roger said Friday evening he had been in contact with both Washoe County authorities and Las Vegas homicide investigators regarding the Augustine case and in particular, the fate of her former husband. He said he will meet with Las Vegas police Monday to discuss whether the body of Charles Augustine should be exhumed.

Greg Augustine, Kathy Augustine's 36-year-old stepson, has hired Las Vegas lawyer Dominic Gentile to ask authorities to investigate his father's death. Greg Augustine had said he wanted his father's body exhumed if investigators found foul play in his stepmother's death.

"It would be irresponsible for me not to do this for Dad," he said. "He did suffer a stroke, but he was getting better."

Dr. Cyril Wecht, one of the nation's most respected medical examiners, said he believes Charles Augustine's body must be exhumed and screened for succinylcholine.

"I think they've got to in light of the facts of this case," Wecht said. "I would."

Kathy Augustine seemed to be in perfect health before she was rushed to Washoe Medical Center the morning of July 8.

Higgs had called 911 about 6:30 a.m. from the couple's Reno home. He told police he had found Augustine in bed, unconscious and not breathing.

At a news conference, Higgs told reporters that Augustine had suffered a heart attack.

But during Augustine's autopsy, medical examiners found no evidence of heart disease that could trigger a sudden heart attack. They did find a mysterious needle mark on her buttocks that could not be explained, according to a Reno police report.

As suspicions about Higgs grew in the days following Augustine's death, he proclaimed his innocence.

"I loved this woman who died, and now there is all this (expletive) coming up," Higgs told the Review-Journal. "It is just crazy for people to assume I had something to do with it. I asked for the autopsy. I want to clear it up. My wife was a healthy 50-year-old woman who dropped dead. I want to find out what happened. People don't know what went on in our home. She was frazzled and stressed out."

A day after speaking with the newspaper, Higgs slashed his wrists in the Las Vegas home he had shared with Augustine. He was released from a local hospital later that day and didn't make another public statement. He also did not attend her funeral the next day.

Meanwhile authorities sent Augustine's urine sample to the FBI forensic lab in Quantico, Va., for analysis. Among the substances the lab began looking for was succinylcholine, the substance Higgs had mentioned to a fellow nurse the day before Augustine lost consciousness, police said.

The nurse called Reno police the day Augustine died and relayed the conversation with Higgs.

The nurse said Higgs mentioned Darren Mack, who is charged with shooting his wife to death and shooting a family court judge in Reno, the police report said.

Higgs called Mack "stupid" and said he would use succinylcholine if he wanted to kill someone because it was undetectable after death, the report said. Higgs also told the nurse he was having marital problems and planned to end the relationship, according to the report.

The nurse's tip was key because succinylcholine isn't usually included in routine toxicology tests, and only specialized labs can detect it. Investigators would have to suspect its use and order a specific toxicology test to detect it in the blood or urine, Wecht said.

"You have to be thinking of it and looking for it, or it's not going to show," Wecht said.

Succinylcholine is commonly used in the operating room, but if someone is given succinylcholine and they are not given a mechanism to breathe -- such as a breathing tube -- then the patient can die, said Las Vegas anesthesiologist John Brouwers.

"You have to breathe for them," Brouwers said. "The breathing muscles become paralyzed, and you can't breathe for yourself."

Succinylcholine is a controlled drug, meaning you can't just get it anywhere. It is usually found only in a medical or hospital setting.

If an individual is given the drug without an accompanying barbiturate or anesthetic, he or she would remain conscious and unable to communicate while dying.

Reno police received the FBI's test results on Wednesday. They confirmed the presence of succinylcholine in Augustine's urine.

Police got an arrest warrant for Higgs the same day and sent two detectives to Hampton, Va., where Higgs had been visiting relatives for about a month, Reno police Lt. Jon Catalano said.

Authorities sealed the warrant because they didn't want Higgs to learn of it, he said.

"We believed Chaz was a flight risk and, based on what happened in Las Vegas, a suicide risk," Catalano said.

FBI agents staked out Higgs' brother's house Friday and arrested him about 2:50 p.m. Pacific Daylight Time when he pulled into the driveway, he said.

Higgs was booked into the local jail, where he awaits an extradition hearing before he can be transported to Northern Nevada.

A Navy veteran, Higgs had no criminal record but twice filed for personal bankruptcy when he lived in the East. He has a 10-year-old daughter from a previous marriage.

Augustine's daughter, Dallas Augustine, said Higgs' arrest "brought up the whole grieving process all over again."

"Two months ago I was faced with my mom's death, and that was completely devastating. Now I have to deal with the fact that my stepfather is being charged with her murder," she said during a brief statement to the media outside her mother's Las Vegas home.

Greg Augustine said he and other family members had been "cautiously suspicious" that Higgs was responsible for his stepmother's death and didn't believe she died from a stress-related illness.

She might have been in the middle of a political campaign for state treasurer, but she had survived being the only elected official to be impeached in Nevada. In November 2004, the Assembly unanimously impeached Augustine on charges she used her office staff and equipment for her re-election campaign.

She was censured but allowed to keep her office.

She was running for treasurer this year because term limits prevented her from running again for controller.

Alfano, Kathy Augustine's brother, said the family wonders what motive Higgs might have had to kill his wife.

"It is a question we all are asking," said Alfano, a Modesto, Calif., high school principal. "We can't get inside his head. I am confident it all will come out."

Alfano, who is the administrator of Augustine's estate, said her homes in Reno and Las Vegas, as well as a $500,000 annuity, were left to Dallas Augustine.

Higgs only received the couple's motor vehicles and some sports equipment, he said.

Alfano said Augustine drew up her will in 2004 and Higgs might not have known that he would receive little when she died.

He said Augustine did not have a $1 million insurance policy, which some media outlets have reported.

"Their relationship seemed strange to us from the very beginning," Alfano said. "My hope is he does the right thing and owns up to his crime. I hope he spares my family additional grief."

Dallas Augustine said she had no reason to suspect Higgs until Friday.

"I was firm with my believing that everyone is innocent until proven guilty, and now we have the evidence to go on," she said.

"Now he can rot."

Review-Journal staff writer Lynnette Curtis contributed to this report.

Late Nevada Controller's Husband Charged With Her Murder (AP)

By Scott Sonner, ASSOCIATED PRESS

AP, September 29, 2006

RENO, Nev. (AP) - The husband of the late Nevada Controller Kathy Augustine was arrested in Virginia on Friday on a charge of killing her with an apparent injection of a paralyzing drug.

Chaz Higgs, 42, was arrested in Hampton, Va., on a warrant issued in Reno charging him with first-degree murder, Reno police spokesman Steve Frady said. Higgs apparently was driving there to visit his father and stepmother, who live there, investigators said.

The warrant was issued Wednesday afternoon, just hours after a coroner's autopsy and results of FBI toxicology tests showed evidence of the drug succinylcholine in Augustine's system. Police described the drug as a "very powerful paralytic."

The warrant and test results had been kept secret until Reno police announced Higgs' arrest Friday afternoon.

"It had become a criminal investigation at that point and everything was sealed," Frady told The Associated Press.

Augustine, 50, died at Washoe Medical Center in Reno on July 11, three days after Higgs, a critical care nurse at Carson-Tahoe Regional Medical Center, said he found her unconscious in their Reno home.

A police affidavit filed in court on Friday states that Higgs had access to the drug and to syringes at his job, and had told another nurse - the day before he called authorities to say that his wife was unconscious - that he would use the drug if he wanted to kill someone because it was undetectable.

According to the affidavit, the coworker said Higgs also stated he was having marital troubles and "intended on ending his relationship" with Augustine.

Higgs told the media that Augustine died of a massive heart attack. But the affidavit says an initial examination "had not revealed evidence of heart disease that would have typically been associated with a sudden and unexpected heart attack."

The document also says a doctor who conducted an autopsy found "a suspicious needle injection injury on Ms. Augustine's buttock."

Three days after Augustine's death, Higgs tried to commit suicide. He was released from a hospital later that day, and didn't attend his wife's funeral the following day.

Augustine's brother, Phil Alfano, said family members had been suspicious of Higgs all along.

"We're saddened but we're not surprised," Alfano said Friday in commenting on Higgs' arrest.

"There were a lot of things that we saw in terms of his behavior during her hospitalization and obviously during the funeral and afterward that made us very suspicious," he told AP.

"At this point we just hope that he does the right thing and cooperates with the police and spares us any additional grief," he said.

"I hope that he rots," Augustine's daughter, Dallas, told AP. She had called authorities to help Higgs after finding him following his suicide attempt.

"I found him and at that point was standing by my belief of innocent until proven guilty," she said, adding, "But now we have conclusive evidence to go on."

"It's like losing my mother a second time," she said. "I'm very angry at the fact that she could be standing here with us today if this had not happened."

Higgs had been the nurse for Augustine's previous husband, Charles Augustine, who died three years ago in Las Vegas. His death certificate says he died of complications from a stroke. Three weeks after her husband's death, Kathy Augustine married Higgs in Hawaii.

Greg Augustine, Kathy Augustine's adult stepson, had said he wanted his father's remains exhumed and an autopsy conducted if the FBI determined Kathy Augustine didn't die of natural causes.

On Friday, Greg Augustine told KVBC-TV, Las Vegas, "It would be irresponsible if I didn't look into my father's death." He added that news of Higgs' arrest "reopened a wound" for his family.

Frady said it would be up to Las Vegas Metro police to reopen the Charles Augustine case. A Metro spokesman had no immediate comment on Friday.

"That would be something our homicide detectives along with detectives from Reno would handle," said Jose Montoya, the department's public information officer.

Frady said a media briefing would be held Monday in Reno to discuss Higgs' arrest. He added that Higgs had been on the East Coast off and on since his wife's funeral.

"The investigators were aware of his locations. That is one of the reasons we moved when we did," he told AP.

FBI agents pulled Higgs over while he was in a vehicle in Hampton on Friday then waited for Hampton police to arrive on scene, Frady said.

"They confirmed the warrant and Hampton police made the arrest. The FBI has been involved for some time. It was a good cooperative effort," Frady said.

Hampton Police Cpl. Allison Good confirmed they arrested Higgs about 6 p.m. She said the FBI had told them he was in the area and described his vehicle. She said she did not know if Higgs was driving or was a passenger or if he was visiting relatives.

Nevada authorities were interviewing Higgs Friday evening, she said.

Higgs has vehemently denied having anything to do with his wife's death. The night before attempting suicide, he told the Las Vegas Review-Journal that he welcomed the police investigation.

"My wife was a healthy 50-year-old woman who dropped dead. I want to find out what happened," Higgs said. at the time. "People don't know what went on in our home. She was frazzled and stressed out."

Investigators said that medical experts told them that the drug found in Augustine's system - pronounced SUCK-suh-COH-leen - paralyzes muscles in the body within several minutes, including the muscles used for breathing. The drug is used in hospital operating rooms, emergency rooms and intensive care units to facilitate placement of breathing tubes in patients, they said.

"It's normally either injected or ingested but the information we have on how she received it has not been made public," Frady said.

Augustine was still alive when Higgs' coworker tipped police to his comments about the drug, according to the affidavit.

Detectives then worked with the Washoe County Coroner's Office and Washoe Medical Center personnel to ensure that biological samples would be available for toxicology testing in the event of her death, Frady said.

Augustine was first elected in 1992 as a Republican state assemblywoman. She became state controller in 1999.

She was impeached by the Assembly and convicted by the Senate for using state equipment on her 2002 campaign, and was censured but not removed from office. Political leaders including Republican Gov. Kenny Guinn called for her to step down, but she refused.

She was running for state treasurer when she died. Elections officials didn't have time to remove her name from last month's primary ballot, creating a potentially embarrassing situation for the state had she won, but Republican voters chose Las Vegas businessman Mark DeStefano.

Associated Press writer Brendan Riley in Carson City contributed to this report.

Injection Killed Nev. Controller, Police Say (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, October 2, 2006

The official's husband is charged with murder. Her death had been blamed on heart attack.

The husband of late Nevada State Controller Kathy Augustine was arrested Friday and charged with murdering her by injecting her with a paralytic drug, Reno police said, the latest in a series of wild developments that has riveted the state.

Chaz Higgs, 42, a bodybuilder turned nurse, was arrested near his father and stepmother's home in Hampton, Va., said Reno police spokesman Steve Frady.

A first-degree murder warrant for Higgs' arrest had been issued late Wednesday after an FBI toxicology test found a paralytic drug in Augustine's body.

Augustine, 50, died July 11 from what Higgs, who was a critical-care nurse at Washoe Medical Center in Reno, said was a massive heart attack three days earlier.

But authorities found no evidence of heart disease in an autopsy, and many of her friends and family members had suspected Higgs.

"Ever since this happened, we have been cautiously suspicious of Chaz," said Larry Augustine, the controller's stepson and the son of her second husband, Charles Augustine.

"His explanation didn't make sense," Augustine said by telephone from his brother's home in Thousand Oaks. "This was a healthy, vibrant woman, who actually thrived on the stress of her job."

A release issued by the Reno police said that the drug found in Augustine's body, succinylcholine, "paralyzes muscles in the body within several minutes, including the muscles used for breathing.

"It has no effect on consciousness or pain perception," the release added, "so unless sedatives are also introduced, an individual given succinylcholine will be paralyzed and awake while they are dying."

Augustine, a onetime flight attendant who became an assemblywoman and state senator from Las Vegas and then controller, was censured by the Legislature after her 2004 impeachment and conviction for using state resources to campaign.

Resisting calls from the governor and other fellow Republicans to step down, she planned to serve out her term and announced a run this year for state treasurer. In the GOP primary last month, after her death, she received more than 26,000 votes, coming in second.

News of the arrest, Larry Augustine said, was a "punch in the gut" to the family, but it also "confirmed our suspicions."

Charles Augustine died several weeks after he suffered a stroke in 2003. One of his critical care nurses was Higgs.

Charles Augustine's family had believed he was recovering from the stroke and had expressed suspicions about Higgs having had a possible role in the death.

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Just three weeks after he died — leaving Kathy Augustine a Las Vegas home and a $1-million life-insurance policy, according to news reports — she took a trip to Hawaii and brought Higgs along. Friends were surprised when she returned and announced their marriage — her third, his fourth.

Higgs had blamed what he termed Augustine's heart attack on the corruption ordeal — a theory offered just before he slit his wrists in an unsuccessful suicide attempt shortly after her death.

He was released from the hospital the same day but did not attend his wife's funeral the following day.

Kathy Augustine's brother, Phil Alfano, told the Associated Press on Friday that family members were "saddened but not surprised" to hear of the arrest.

"There were a lot of things that we saw in terms of his behavior during her hospitalization … that made us very suspicious," Alfano told AP, referring to the three-day period between her sudden collapse at home and her death.

"At this point," Alfano said, "we just hope that he does the right thing and cooperates with police and spares us any additional grief."

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Nevada Fugitive Found In Hampton (DPHR)

By Shawn Day 247-4816

Daily Press, October 2, 2006

Police detained Chaz Higgs, who is accused of killing his politician wife, Controller Kathy Augustine.

HAMPTON -- A Nevada man wanted on suspicion of killing his politician wife this summer was arrested Friday evening in Hampton.

Chaz Higgs, 42, had just parked along Cavalier Road and stepped out of a black BMW at about 6 p.m. when Hampton police and FBI officials took him into custody, Hampton Police Cpl. Allison Good said.

Police in Reno, Nev., had issued an arrest warrant late Wednesday for Higgs.

An autopsy and toxicology report performed on his wife, Nevada state Controller Kathy Augustine, revealed a drug in her system when she died in a Reno hospital's intensive care unit July 11.

The drug, succinylcholine, relaxes the muscles - including those used for breathing - and is used in hospitals to help place breathing tubes in patients. The drug's effects can occur within minutes.

Higgs, a critical care nurse, reported that his wife suffered a heart attack at their Reno home on July 8. An autopsy cast doubt on Higgs' report, however, when no signs of heart disease were discovered during the exam.

Police said the 50-year-old Augustine appeared healthy and had no history of heart problems. Investigators also received an anonymous tip that Augustine's death might not have been accidental.

Higgs has denied being involved in his wife's death. He tried to kill himself three days after Augustine died, according to news reports, but was released from the hospital the day before her funeral. He didn't attend the service.

Higgs had been the nurse for Augustine's previous husband, Charles Augustine, who died three years ago in Las Vegas.

His death certificate says he died of complications from a stroke.

Three weeks after her husband's death, Kathy Augustine married Higgs in Hawaii.

A controversial figure in Nevada politics, Augustine, a Republican, was running for state treasurer when she died. She became state controller, or chief fiscal officer, in 1999.

She was later impeached - and convicted - for using state equipment during her 2002 re-election campaign. Her punishment included a censure, and Republican leaders called on her to resign but she refused.

Steve Frady, a spokesman for Reno Police Department, said Friday that investigators from his department had been working with the FBI and Hampton police after learning Higgs was visiting family in Hampton.

They also learned the descriptions of vehicles that Higgs might be driving or riding in, which led them to Cavalier Road about 6 p.m., Frady said.

Reno police detectives spent several hours questioning Higgs at Hampton's police headquarters.

Shortly after 9 p.m., police took Higgs to the Hampton City Jail, where he was booked as a fugitive.

The Associated Press contributed to this report.

Offending The Law (LAT)

The Los Angeles Times, October 2, 2006

CALIFORNIA ALREADY HAS some of the toughest sex-offender laws in the country. Late last month, Gov. Arnold Schwarzenegger signed a batch of new ones, including measures increasing prison terms for most convicted offenders and barring them from loitering near schools and parks once they're released. Now comes Proposition 83, known as Jessica's Law,

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which would duplicate many of those measures while adding several costly and questionable features that would do little to reduce crime. Californians should resist letting fear and emotion trump reason and vote no.

The new state laws strengthen all sentences for child rape to 25-years-to-life, elevate possession of child pornography from a misdemeanor to a felony and extend parole for violent sex felons to 10 years.

Proposition 83 includes nearly identical provisions but goes a few disturbing steps further. It would require registered sex offenders to wear electronic monitoring devices for life, regardless of the offense or the likelihood of recidivism. The proposition would also prohibit ex-offenders from living within 2,000 feet of schools, parks and other locations chosen by local governments.

These may sound like effective crime prevention tools, but they wouldn't be. Most evidence shows satellite tracking devices don't reduce sex crimes. The program could cost tens of millions of dollars a year when fully implemented, possibly more. The housing restrictions would make it effectively impossible for parolees to find homes in most California cities, pushing them into rural areas or underground.

The proposition also fails to define just who it would cover. Backers say it would apply only to newly released offenders, but the writing is vague enough that it could retroactively apply to all of California's 90,000 registered sex offenders, increasing the costs of administering the program. Proponents say: Don't worry, the Legislature can clarify the law with a two-thirds vote. But that's an excellent argument for having lawmakers deal with the issue in the first place.

Sex offenders prey on the most innocent and vulnerable among us, and they have rightly been the target of much tough-on-crime legislation. They pose some of the most difficult challenges to an open society. But Proposition 83 isn't the answer.

CIVIL LAW:

Ex-hospital Owner Ordered To Pay $64 Million (CHIT)

By Bruce Japsen, Tribune Staff Reporter

Chicago Tribune, October 2, 2006

Judge: Peter Rogan knew of fraud scheme

In one of the largest civil health-care fraud judgments in Chicago history, a federal judge Friday ordered the one-time owner of Edgewater Medical Center to pay more than $60 million for his role in engineering a massive fraud scheme to bilk government health programs.

U.S. District Judge John Darrah ordered Peter Rogan of Valparaiso, Ind., to pay $64.2 million in damages and penalties, saying he had a key role in engineering an elaborate kickback scheme that paid doctors and others to admit patients for unnecessary care from the mid-1990s through 2000.

"This is the largest civil fraud judgment--not even just health care--in this office," said Linda Wawzenski, deputy chief of the civil division of the U.S. attorney's office in Chicago. "We are pleased with the ruling. The judge found that the government's witnesses were credible, even those that are currently serving jail time, and he found that Mr. Rogan was not credible."

While four doctors and a vice president went to prison in a health-care fraud investigation that led to the shuttering of Edgewater Medical Center in 2002, Rogan faced no criminal charges.

Five who worked at the hospital pleaded guilty for their roles in luring homeless or elderly people and others into the North Side hospital at 5700 N. Ashland Ave. for medical care they did not need.

During the three-week civil trial in April, government attorneys called the case "a long-overdue day of reckoning for Mr. Rogan."

In his 64-page opinion and order Darrah said Rogan knew of the scheme and made efforts to conceal his role, citing conversations Rogan had that were taped by physicians cooperating with the FBI. Rogan told his fellow managers he "smelled a rat" and said he would be on guard when talking to physicians he believed were taping his conversations, the judge's order says.

"The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims," Darrah said in his order.

Neither Rogan nor his attorneys, Neil Holmen and Joseph Spiegler of Chicago law firm Winston & Strawn, could be reached Friday night for comment.

In earlier interviews and court proceedings Rogan has refused to take any of the blame for the collapse of a hospital that critics say has cost taxpayers tens of millions and a French bank more than $50 million.

Rogan, 60, quietly turned around Edgewater Medical Center in the early 1990s and, along the way, made himself millions on various deals tied to owning and selling the facility and then maintaining a paid management role with it.

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A one-time health-care consultant at the former Ernst & Whinney, later Ernst & Young, Rogan bought Edgewater in 1989 for $1 million plus assumption of nearly $10 million in debt and liabilities. Edgewater's board wanted to get out from under the hospital's troubles and sold it to Rogan, who ran it as his own for-profit hospital for six years.

In 1994 Rogan sold the hospital to California-based, not-for-profit Permian Health Care Inc. for $35 million. Of that, public records show, Rogan got $31 million. In court his lawyers said he got more than $10 million.

Rogan and his lawyers did not deny he made a lot of money. In fact, the lawyers said, because he made so much money he had no reason to be involved with a fraud scheme at the facility.

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Judge Orders Ex-hospital Owner To Pay $64.2 Million For Fraud Scheme (BVND)

The Belleville News Democrat, October 2, 2006

CHICAGO - A federal judge has ordered the former owner of a now-shuttered Chicago hospital to pay $64.2 million in damages and penalties for his role in a scheme to bilk government health programs.

Peter Rogan was a key player in the fraud at Edgewater Medical Center on Chicago's North Side, U.S. District Judge John Darrah said in a 64-page opinion issued Friday.

"This is the largest civil fraud judgment - not even just health care - in this office," said Linda Wawzenski, deputy chief of the civil division of the U.S. attorney's office in Chicago. "We are pleased with the ruling. The judge found that the government's witnesses were credible, even those that are currently serving jail time, and he found that Mr. Rogan was not credible."

Rogan, 60, did not face criminal charges for the scheme, which paid doctors and others to admit homeless or elderly people for unnecessary care from the mid-1990s through 2000. Four doctors and a vice president went to prison and the hospital closed in 2002.

Rogan, of Valparaiso, Ind., did not immediately return a telephone message Saturday from The Associated Press. His attorneys also did not return calls for comment left after business hours.

Rogan knew of the scheme and tried to conceal his role, Darrah said, citing taped conversations Rogan had with doctors who cooperated with the FBI.

"The evidence at trial demonstrated that Peter Rogan knowingly and for the purpose of obtaining reimbursement from the government caused Edgewater to submit numerous false claims," Darrah said.

Rogan bought Edgewater in 1989 for $1 million plus assumption of nearly $10 million in debt and liabilities. In 1994 he sold the hospital to Permian Health Care Inc. for $35 million.

Rogan's attorneys have argued that because of his wealth, Rogan had no reason to be involved in a fraud scheme.

During a three-week civil trial in April, government attorneys called the case "a long-overdue day of reckoning for Mr. Rogan."

CIVIL RIGHTS:

Va. Ban's Reach Is At Center Of Fight (WP)

By Chris L. Jenkins

The Washington Post, October 2, 2006

Backers of a state constitutional amendment that would ban same-sex marriage contend that the measure wouldn't change life for Virginians, gay or not, one iota.

So why are they asking voters to alter the state's 230-year-old Bill of Rights -- a document that served as a model for the U.S. Bill of Rights -- for the first time in a decade?

Supporters say action is needed to protect the commonwealth's laws against same-sex marriage from state judges who could rule that they are unconstitutional, as happened in Massachusetts in 2003 and in Maryland in January when a circuit court judge ruled that a law banning same-sex marriage was discriminatory.

"Nothing will change," said Del. Robert G. Marshall (R-Prince William), one of the amendment's sponsors. "All this would do is prevent the gay rights crowd from gaining any perceived right to marry by going to the courts."

Opponents of the measure vehemently disagree with the notion that the ballot question simply enshrines the status quo for Virginians. They have largely based their campaign on convincing voters that the amendment could have all sorts of unintended consequences, including jeopardizing contracts between unwed heterosexual couples, threatening safeguards for unmarried victims of domestic violence and hurting Virginia's business climate.

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What impact, if any, the proposed amendment would have on the everyday lives of Virginians has become the defining issue in the fight over the measure, which will appear on the Nov. 7 ballot. The debate has split lawmakers, legal scholars and some of the state's highest elected officials as the campaign heads into its final stretch over the next five weeks.

The battle reflects those in other states where similar measures have appeared on the ballot. Since 1998, 20 states have passed constitutional amendments banning same-sex marriage. In many of those states, opponents have argued unsuccessfully that the amendments go too far. Several other states are considering measures this fall.

The portion of the Virginia amendment in question states: "This Commonwealth and its political subdivisions shall not create or recognize a legal status for relationships of unmarried individuals that intends to approximate the design, qualities, significance or effects of marriage. Nor shall this Commonwealth or its political subdivisions create or recognize another union, partnership or other legal status to which is assigned the rights, benefits, obligations, qualities, or effects of marriage."

Opponents argue that because current law specifically bans "same-sex" couples from such rights and because the amendment says the state should not "recognize a legal status . . . for unmarried individuals" -- without specifying what kind -- it jeopardizes all relationships. They have released their own legal analysis, signed by more than 100 Virginia lawyers, backing their claims.

"One says same-sex couples, the other says unmarried couples -- they don't mean the same thing," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, the organization leading the opposition. "If the General Assembly meant 'same-sex couples' for the constitutional amendment, they would have said 'same-sex couples.' "

Opponents say that the language could ban heterosexual couples from making contracts on health-care decisions and property ownership. Married people get these rights automatically through long-established common law; unwed couples, both gay and heterosexual ones, use legal documents to ensure they can will property to a partner or allow the partner, rather than family members, to make end-of-life decisions.

Gov. Timothy M. Kaine (D), who is against same-sex marriage, said the "broad" wording of the measure could threaten protective orders and additional safeguards for unmarried victims of domestic violence by barring all legal recognition of unmarried family or household members. Kaine has also said the amendment has the potential to hurt the state's business environment because it could stymie a company's efforts to recruit talent.

Supporters, including Virginia Attorney General Robert F. McDonnell (R), who voted for the amendment last year when he was a delegate, say the commonwealth is not in jeopardy of having existing laws invalidated. They argue that the right to enter into a contract isn't exclusive to marriage.

"I can't see how a judge would rule that basic rights such as wills and other contracts can be seen only as marital rights," said Lynne Marie Kohm, a professor of law at Regent University in Virginia Beach.

Nonetheless, several legal experts who have studied similar amendments said that, rather than clarifying legal questions, the measure will raise additional ones and that Virginia is sure to face court challenges.

In Ohio, where a similarly worded constitutional amendment was adopted in 2004, two appellate courts have concluded that it exempts unmarried couples from prosecution under domestic violence laws, while eight other courts have ruled otherwise. The matter is now before the Ohio Supreme Court.

"We don't know how far-reaching this type of amendment would ultimately be interpreted by the court. . . . That's the problem with the way this is worded," said Cheryl Lynn Hepfer, president of the American Academy of Matrimonial Lawyers and an expert in contractual law. "Often people don't understand the consequences until the courts interpret it. And sometimes it's interpreted more broadly and sometimes less broadly."

Aside from the legal arguments, opponents have also questioned the motivation of the amendment backers, saying that the ballot measure has been designed specifically to help U.S. Sen. George Allen (R-Va.) drive conservative voters to the polls to win reelection.

"This is a contrived initiative straight from Karl Rove's playbook," said Del. Brian J. Moran (D-Alexandria). "It has nothing to do with marriage and everything to do with partisan politics."

Republican drafters of the amendment point out that dozens of Democrats in the legislature voted to place it on the ballot.

"Opponents are looking for every single nuance to say why we've put this on the ballot," said Del. John A. Cosgrove (R-Chesapeake), another sponsor of the amendment. "All the brouhaha about unintended consequences and any partisan motivations are just scare tactics."

Former Officer Pleads Guilty (JACKPROG)

Jacksonville (TX) Progress, October 2, 2006

DOJ_NMG_0072996

TYLER — Pleading guilty to retaliation against a witness and two counts of violation of civil rights, former Jacksonville Police Officer Larry Pugh and his attorneys asked U.S. Magistrate Judge John Love to accept a plea bargain Thursday at the U.S. Federal Courthouse in Tyler.

Love accepted the plea, and the maximum punishment of 12 years in prison will be recommended at a sentencing likely to be held in 45 to 60 days.

"This is a plea bargain only for his (Pugh's) three federal charges," said Pete Galbraith, supervisory senior special agent with the Federal Bureau of Investigation during a press conference immediately following the proceedings. "The Cherokee County charges will have to be folded into this."

Pugh, 33, was originally indicted in 2005 for five counts of violation of civil rights (sexual assault while on duty), and three of the charges were later dismissed. Another violation of civil rights charge was added, along with charges of giving a false statement to an FBI official.

Thursday's charges included another charge, added in August, after Pugh attempted to drag one of the female witnesses in the case into his vehicle with his belt. The belt broke, allowing the woman to flee and contact JPD.

Pugh was arrested Aug. 8 for aggravated assault of the woman, which led to the federal retaliation charge (because it was against a witness in a federal case).

Appearing in court, slightly thinner with more hair than his most recent police mug shot in August, Pugh appeared content and observant. Love asked Pugh numerous questions to ensure he understood each court action leading to the final guilty pleas.

"Are you pleading guilty because you are in fact guilty?" Love said.

"Yes Sir," Pugh answered.

According to Pugh he was not forced in any way to accept the plea bargain instead of going to trial in November.

However, Pugh's sister, Linda, and his mother, Jaquita Smith, said Pugh was forced to accept the agreement, which includes the maximum jail time.

"They all had him take the plea for two reasons – his safety and because with a jury he could have gotten 30 years to life for just one charge," Linda said. "There's not a violent bone in his body."

Pugh's mother expressed concern with JPD and the FBI stating the plea occurred "because Jacksonville is just railroading him."

"My son, well you saw his wife, do you think he has any reason to have sex with someone else?" Smith said.

Pugh's wife, Jennifer, and one of the female victims in his case were present at the court proceedings. Jennifer Pugh adhered to the press, but she spoke only briefly. The victim declined comment.

During a press conference at the U.S Department of Defense in Tyler, John Ratcliffe, first assistant U.S. Attorney, and other FBI and law enforcement officials gave a summary of the court proceedings and answered questions.

"More specifically, Mr. Pugh was admitting that on two separate occasions in 2005, while on duty and while in uniform, he forced two different women to have sex with him," Ratcliffe said.

The 12-year prison term includes one year for each civil rights violation and 10 years for the retaliation charge.

"It is unfortunate and sad that someone with law enforcement had betrayed the law. It makes it more difficult for other officers in the area to do their job," Ratcliffe said.

One stipulation in the agreement mentioned the possibility that Pugh not be required to register as a sex offender. However, Cherokee County District Attorney Elmer Beckworth said he believes Pugh may be required by the state to register as a sex offender after he has served his jail time.

Assistant JPD Chief of Police John Page and JPD Detective Travis Cearley were also in attendance. Page said he feels "justice was served."

Page said JPD and the FBI worked together to resolve the case. JPD officials initially investigated the allegations against Pugh, and later contacted FBI.

Pugh joined JPD in January 2003. He was suspended for allegations of misconduct Oct. 21, 2005 and later fired upon his arrest by the FBI in February 2006.

He will remain in custody of U.S. Marshals until his sentencing, Love said.

EX-JACKSONVILLE OFFICER ENTERS PLEA OF GUILTY (TYMT)

By KENNETH DEAN,, Staff Writer

Tyler Morning Telegraph, October 2, 2006

A former Jacksonville police officer accused of violating the civil rights of two women by forcing them to have sex with him while he was on duty, entered a guilty plea in federal court Thursday morning.

The officer's family claims the man is being punished for taking drugs and drug money off Jacksonville streets.

Larry Pugh, 33, pleaded guilty to three counts, including retaliation against one of the female victims, stemming from separate incidents where he allegedly forced women to have sex with him.

"According to evidence introduced by prosecutors, Pugh admitted that on two occasions in 2005, while a Jacksonville police officer, he violated the civil rights of two women by forcing them to have sex with him while he was on duty and in uniform," John Radcliff, U.S. Attorney's Office, said during a Thursday morning press conference.

Radcliff said in one incident Pugh arrested the woman and then released her after she had sex with him. In the other incident Pugh offered the woman a courtesy ride then took her to a mobile home where he had sex with her then drove her back to her neighborhood.

Pugh also admitted to retaliating against one of the victims because she was cooperating with law enforcement.

"Specifically he admitted that he confronted the woman. Wrapped his belt around her neck and attempted to drag her into his van," Radcliff said. "In doing so the woman suffered physical injuries."

Law enforcement officials said the plea showed the determination of authorities to protect the rights and lives of citizens from officers who use their badge to inflict harm on others.

"No one is above the law and it's unfortunate and sad that someone entrusted to protect the public would use their position to commit a crime against citizens," Radcliff said.

NEW CHARGES

Both Pugh's defense and the U.S. Attorney's Office are recommending a 12-year sentence in the federal system, but that will be left up to the discretion of the judge in the case.

Elmer Beckworth, Cherokee County district attorney, said a grand jury indicted Pugh on state charges Monday, but he would not go into details.

"The indictment is sealed at this time, because we have not arrested him on these charges," he said. "But the grand jury returned a true bill in the indictment we put before them and we will be arresting him soon."

His family said he accepted the plea because defense attorneys were worried a jury might convict him and ask for a tougher sentence.

"He will go in an innocent man and will come out an innocent man," Linda Pugh, the man's sister, said after the plea was entered. "These allegations were made by women who have lengthy criminal records and why their credibility over a police officer was accepted is beyond me."

Ms. Pugh said her brother has four children, ages 5, 3, 2 and 11 months, and that his wife Jennifer is standing by her husband.

"The truth is that he took more drugs and drug money off the streets of Jacksonville, and some in the police department didn't want him doing that," she said. "He was targeted because he was a threat to the Jacksonville drug business."

FBI Special Agent Pete Galbraith said the women were credible and Pugh, by accepting the plea, admitted he committed the acts listed against him.

"We felt the witnesses were credible in this case and we were able to corroborate their statements with evidence," he said. "I am very proud of the courage of these two witnesses in this case, because it's very hard to stand up against someone who is a police officer."

Jacksonville Assistant Police Chief John Page said the plea gave the department and city a chance to heal and move forward.

Page said that when the women reported the incidents to Jacksonville police they began an investigation and took their initial report to the district attorney and the FBI for further assistance in the case.

"We began this investigation and asked for help as it progressed. I think today's events will give the city and the department some closure," he said. "I think with his plea we came to an equitable resolution and the department is moving in a positive direction."

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Former Jacksonville Police Officer Admits Forcing Women To Have Sex With Him (LUFDN)

Lufkin Daily News, September 29, 2006

TYLER — U.S. Attorney Matthew D. Orwig announced Thursday that a 33-year-old former Jacksonville police officer has pleaded guilty to civil rights violations and retaliating against a witness.

Larry M. Pugh admitted to the charges before a U.S. Magistrate Judge in Tyler, according to a press release issued by Orwig's office.

DOJ_NMG_0072998

Pugh admitted that on two occasions in 2005, while a Jacksonville police officer, he violated the civil rights of two women by forcing them to have sex with him while he was on duty and in uniform, according to evidence introduced by prosecutors.

In one incident, he had arrested the woman and then released her after she had sex with him. In the other incident, Pugh offered the woman a courtesy ride, then took her to a trailer house where he had sex with her and then returned her to her neighborhood.

Pugh also admitted to retaliating against one of the women for providing information to law enforcement officials. Specifically, he admitted that he confronted the woman, wrapped his belt around her neck and attempted to drag her into his van. In doing so, the woman suffered physical injuries.

In the plea agreement, Pugh and the United States agreed that he should receive a sentence of 12 years in federal prison. He also faces a fine of up to $450,000. A sentencing date has not been set.

The case is being investigated by the FBI, Cherokee County District Attorney's Office and the Jacksonville Police Department. The case is being prosecuted by Assistant U.S. Attorneys Alan Jackson and Wes Rivers.

From Inmate To Mentor, Through Power Of Books (WP)

By Lonnae O'neal Parker

The Washington Post, October 2, 2006

The young black guys, in baseball caps and shorts, striped polos and slouchy pants, sit in a circle. They have "Letters to a Young Brother" by Hill Harper open on their laps, but the conversation has strayed from book talk to boy talk -- hip-hop, sports, school.

"When I asked, 'Why is everybody white, except the janitors are black?' the teacher sent me to the office," complains 12-year-old Kyle Turner of Columbia, and there are nods and murmurs of assent.

Teachers have it in for us.

"That's rare," counters group leader Reginald "Dwayne" Betts of Clinton. With cocoa skin and a head full of twists, he looks like one of the teenagers, but he's 25. "The thing I'm trying to get us to address is: Sometimes when we've got problems with teachers and people in our lives, sometimes the problem is not with them, it's with us."

He offers his life as parable.

"I had a teacher who honestly, legitimately didn't like me," Betts says. "But I legitimately, honestly was not a likable person."

The boys, ages 11 to 16, nod as they let his words settle around their heads.

In February, nearly a year after he got out of prison, Betts started the YoungMenRead book club at Karibu Books in Bowie because he loves to read. Because he wanted to create a place where it was cool for black boys to hang out, speak up and be smart -- a place he says he never had.

Betts was a 16-year-old honors student and class treasurer at Suitland High School when he carjacked somebody, was charged as an adult and spent more than eight years in prison. He wasn't that bad, he says. He just drifted a bad way, and there simply weren't enough safety nets to head him off -- not enough teachers or organizations, mentors or black men.

Betts knows how easily black boys can live hermetically sealed lives in which guns and drugs and dying are all viable options. And with everything in him, he wants to save them from that mistake, from everything he has been through.Smart but Disruptive

Gloria Hill used to wait every day for her son's teacher from the talented and gifted program to call and say, "Dwayne is trying to take over my class." "This went on until fourth grade," Hill says, when one teacher started making him read whenever he was disruptive. She gave him "Gifted Hands," a biography of surgeon Ben Carson.

Reading kept him quiet, so from then on, teachers and his mother gave him books. On his own, he read cereal boxes and encyclopedia entries on sports heroes. Later it was spiritualist Richard Bach and essayist James Baldwin. Still, nothing fully settled him.

Betts's parents separated when he was a toddler, and he grew up with his mother, a resource specialist with the Federal Deposit Insurance Corp. They lived in a Suitland neighborhood of apartments that he says was nice but never truly middle class. "Not everybody had a car," he says. "I knew people who sold drugs."

Hill says Betts was her world. But she had to work, and he was home alone a lot. She didn't date, so he had few adult men in his life. In eighth grade, Betts was suspended four times for being a smart mouth. "What are you worried about?" Betts asked his mother after he was suspended a fifth time for setting off a stink bomb. "Malcolm X had to go to prison to become the man he was meant to be."

Hill says her son thought he could talk his way out of anything.

In ninth grade, Betts entered the gifted program at Suitland High School and did just enough to maintain his 3.0 grade-point average, telling himself, I could always get A's if I wanted.

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Instead he was getting high with neighborhood friends after classes. They played ball, cracked jokes, smoked weed. "I lived in a couple of different worlds," Betts says -- his books and his boys. "I wasn't comfortable in my space."

Betts had never been in trouble with police, "but I wasn't fully law-abiding, either." He'd never stolen a car, but he'd ridden in stolen cars. He was an honors student who hung out with guys who made nearly all F's. One friend was shot to death because of a drug rivalry. Betts thought some of his friends might go to prison. "I aspired to college even though I didn't act like it," he says.

Betts says he didn't turn bad suddenly, didn't make some Bigger Thomas, "Native Son," black-boy-got-the-inner-city-blues lurch toward violence and nihilism. No, he just veered off, and nobody caught him. "I guess I didn't set off any alarms in anybody's head," he says.

"We really didn't know that side of him that was slipping away," says Evelyn Carter, Betts's high school literature teacher. "He was too smart, too sharp, too articulate."

Early in his junior year, a favorite teacher went on maternity leave, and then another teacher declined to let him compete on the school's It's Academic team, citing Betts's bad attitude. He spent long days in a reefer cloud and cut his afternoon classes.

In December of that year, he and a friend drove a neighborhood junkie's stolen car to Springfield Mall. They found a man asleep in a car. Betts pointed a borrowed pistol at the window. They took the man's wallet and drove off with his car. The next day, Betts and his friend tried to buy $300 worth of clothes at the Pentagon City mall with the man's stolen credit card. A clerk called security. Police caught them near the Pentagon.

Betts cried after his first court appearance. He was going to miss Christmas. At 16, he was charged as an adult with carjacking, use of a firearm during a felony and attempted robbery. He was the first of his neighborhood friends to go to prison.

For years, he struggled to make sense of how he got where he was, moving between denial and acceptance. Carjacking was simply "in my realm of possible things to do," he says. "It's not like we had this plethora of options, not like I could have gone boating."

"Basically," Betts says, "I did it because I wanted to and because I could and because I didn't think it would define me for the rest of my life."Serving Time

In his first two years in prison, Betts spent nearly a year in isolation for twice assaulting a guard. He saw a guy who'd been beaten to death. He saw people get stabbed. He was scared all the time.

"There was the very real fear of violence," he says. He stayed alert and watched what people did.

After a while, an initial fear of rape was replaced by a more subtle fear, informed by the slow creep of time. He worried about turning into somebody he didn't want to be. Would he stab somebody who threatened him or flirted with him? He got so used to seeing violence that he wondered whether he'd wind up too hard to ever really go home.

He turned again to books. He read everything he could get his hands on, fantasy and philosophy. He wrote his mother every week. He started writing essays.

For the first time, he decided he could be whomever he wanted. "There is no more fear of failure after you've been to prison," he says.

He made friends -- a skateboarder and a 45-year-old white former Marine who called him "the antithesis" because he worked in the law library -- and always had a book. He had his first serious conversation with a black man older than 35. He got a reputation for being smart, which brought him a measure of respect -- which gave him a space. He taught himself Spanish by studying five hours a day, six days a week.

"I didn't want to sit around and waste eight years," Betts says. He read poetry books and tried his hand at it. "I guess I got good," he says, smiling.

I come from a bullet in an unfired .45, tofu scrambled with garlic and purple onion slices, and every day
the small muscles in my finger threatened to pull
a trigger, slight and curved like my woman's eyelashes
-- Dwayne Betts

The Book Club

In March 2005, Betts was released from prison with little idea of what he wanted to do. He'd completed high school in prison, so he applied to Prince George's Community College.

A few months later, he met Yao Glover, co-owner of Karibu Books. Within seconds, it was clear to Glover that "the way he was dialoguing with literature was different."

Glover told Betts that he should work for him and followed up with a call. In June 2005, Betts was hired as an assistant manager at Karibu in Bowie. "I got three felonies, and this guy is letting me make $3,000 deposits," Betts marvels.

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That August, he started community college and made straight A's. In his second semester, he was accepted into the honors academy, which comes with automatic admission and partial scholarships to the University of Maryland and American University, and a full scholarship to Howard University. He got straight A's that semester, too.

He became a manager at Karibu in January. He got the idea for a book club for black boys and started telling everyone who came in the store. For the first meeting, he bought 20 books, copies of "Bronx Masquerade" by Nikki Grimes and "The Legend of Buddy Bush" by Sheila P. Moses. Eight boys showed up. Since then, attendance has varied from four to 20 youths, and titles have included "Life in Prison" by Crips co-founder Stanley "Tookie" Williams, who was later executed, and the Pulitzer Prize-winning "Fences" by August Wilson.

"Young people don't read because they don't see other people they can associate with being cool reading," Betts says. "I've got a space where we can come together."

At the last book club meeting of the summer, Jibril Sinclair, 12, of the Bronx, N.Y., is eager to talk about "Letters to a Young Brother." He visits his grandfather in Northwest Washington every summer and heard about the book club from his tutor. "The idea that young African American men read a book and share their thoughts about it is so very, very positive," says his grandfather, Carl A. Grimes.

Tell me something you related to in the book, Betts says.

"The fact that [Hill Harper] grew up with a single parent, and I'm only growing up with my mom," Jibril says.

Ellington Barron, 13, of Bowie likes the fact that Harper was named after his grandfather. "My mom, she really liked Duke Ellington," he says. "I really want to get into the Duke Ellington School of the Arts."

This is the kind of space Dwayne Betts wanted but never had. He has mentors now: He has interned at the Hurston/Wright Foundation, and he has studied with former poet laureate Rita Dove. He quit the bookstore to focus full time on maintaining his grades and figuring out his next school. Glover counsels him to center himself and stay patient.

Betts is trying to make up time. It takes focus and resources and people to help you develop character, he says -- to grow into "who you want to be in the world."

And, Betts says, it takes a space, where it's really okay, cool even, for black boys to read. He offers his own life as parable.

ANTITRUST:

Weyerhaeuser, Safeco Among Big Businesses On High Court's Docket (AP)

AP, October 2, 2006

WASHINGTON -- The Supreme Court is about to plunge into an agenda laden with business sector issues, including cases involving the Weyerhaeuser Co. and Safeco.

Of the 38 cases the court has agreed to consider so far in the term that begins today, 17 are business related, "an unusually high fraction," Washington lawyer Roy Englert says.

Chief Justice John Roberts was managing partner of a major law firm that had a very sizable portfolio of business clients and is "comfortable with the issues presented in business cases in ways that Chief Justice William Rehnquist" was not, Pepperdine University law professor Douglas Kmiec says.

The Weyerhaeuser case is one of two antitrust cases set for this term so far. The Bush administration wants the justices to throw out a $79 million verdict against lumber industry giant Weyerhaeuser in a lawsuit brought by a smaller company. At issue is whether "predatory bidding," or paying too much for raw material, is an anti-competitive practice.

In the second antitrust case, the largest phone companies are accused of dividing up the market to protect regional monopolies.

In the realm of consumer rights, two insurance companies are fighting allegations that they should have notified people about adverse information in their credit reports. The consumers say Geico and Safeco denied them insurance or increased premiums based on data in the reports.

Philip Morris USA is fighting an $80 million punitive damage award to the widow of a lung cancer victim who smoked two packs of Marlboros a day.

Duke Energy Corp. is trying to protect its lower court victory enabling aging, refitted generating units to operate at full throttle without costly pollution-control equipment. In this case, the environmental movement is determined to finish a fight begun when the Clinton administration sued Duke.

Companies looking for help from the conservative wing of the court may have their work cut out for them.

For example, liberal Justice Ruth Bader Ginsburg and conservative Justice Antonin Scalia are allies when it comes to punitive damages. Scalia says the issue is "the province of state governments," ominous words for Philip Morris' position.

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Court Back In Session With Full Docket (FT)

By Patti Waldmeir In Washington

Financial Times, October 2, 2006

The US Supreme Court could be about to rewrite some fundamental rules governing the economy as it begins a new term on Monday with a docket that has an unusually high number of business cases.

Half of the docket so far is business cases – including potential landmark cases involving punitive damages, patent, antitrust and environmental law – and more could be added. "It's a very important term for business," says Jonathan Franklin, of the law firm Fulbright & Jaworski.

US companies will be watching closely to see how the reshaped court – with two new justices whose views on many business issues have not been tested – will rule in areas that can mean millions of dollars to individual companies.

The justices will weigh in on the debate over how to punish corporate wrongdoing by considering whether to tighten limits on punitive damage awards, the big fines levied by juries to protest and deter corporate misconduct that are often out of all proportion to actual damages. The case before them involves a $79m (€64m, £41.5m) award won by the widow of a former smoker against Philip Morris, the cigarette maker.

But it reaches far beyond tobacco, and could have big implications for every company that makes or sells products in the US.

The court has tried several times to rein in punitive damage awards, but many lower courts have ignored these rulings. In the Philip Morris case, the punitive award was nearly 100 times the damages awarded to compensate the victim.

The court must decide whether such large awards are constitutional, where the defendant's conduct was particularly reprehensible (as the Oregon Supreme Court found in the Philip Morris case). The justices will also decide whether juries can award punitive damages for harm to people who are not involved in the lawsuit – for example, all Oregon smokers, as they did in the Philip Morris case.

Both of these issues are crucial for business, but it is far from clear how the court will rule. Both new justices, Chief Justice John Roberts and Samuel Alito, have little record on punitive damages and they face an awkward choice: should they defend the right of business to avoid unconstitutionally excessive awards or should they uphold the right of individual states to protect their citizens by letting the states regulate punitive amounts?

The vote of the new justices could tip the balance.

The justices will also hear a potential watershed patent case, which could set a standard for determining when an invention is too obvious to deserve patent protection.

Legal experts say the decision could affect virtually every patent case, since every patent application must pass the test for "non-obviousness".

Critics of the US patent system say that too many obvious inventions are patented – like the adjustable accelerator pedal at issue in KSR v Teleflex, the case before them.

If they tighten that standard, says Professor Jay Thomas of Georgetown University Law Center, it could effect a "broad transfer from patent owners to the public domain", and many controversial business method patents could be threatened.

Later this week the court will hear another patent case, MedImmune v Genentech, that could determine whether it will be easier in future to challenge questionable patents in court. "This is a technical case but one of very great importance to the business community," says Kenneth Starr, former Whitewater special prosecutor and a Supreme Court expert at the law firm Kirkland & Ellis.

"The court seems to have the feeling that something is wrong with US patent law. They don't know what it is and they don't know how to fix it, but they are looking for the right case," says Mr Franklin.

Competition law is another newfound interest of the justices: they will hear a case, Bell v Twombly, that could set a new standard for alleging conspiracy in antitrust cases.

Roy Englert, Supreme Court litigator at the law firm Robbins, Russell, Englert, Orseck and Untereiner, describes the case as "a pitched battle between the business community and the class action bar" because of its potential to alter the power of lawyers to strongarm companies to settle such cases.

The court will also hear a duo of important environmental cases, including one that tests whether the Environmental Protection Agency has the right to refuse to regulate greenhouse gas emissions. That case could also affect the power of interest groups to challenge the Bush administration's controversial environmental policies more broadly.

Group To Buy U.K. Water Firm AWG (WSJ)

By Jason Singer

DOJ_NMG_0073002

The Wall Street Journal, October 2, 2006

An investment group consisting mainly of pension funds plans to announce today that it has agreed to buy British water utility AWG PLC for about £2.2 billion ($4.12 billion), according to people familiar with the situation.

The group of Australian and Canadian pension funds and British venture-capital and private-equity firm 3i Group PLC have agreed to bid £15.55 ($29.12) a share for AWG, which operates mainly in southeast England and serves about six million industrial, commercial and residential customers. AWG announced it had been approached about a takeover Sept. 14.

The deal comes as three of Britain's largest water utilities are the subjects of potential buyouts. Like power companies across Europe, water providers are attractive takeover targets for private-equity firms -- and similar investment firms, such as pension plans -- because they earn stable returns that can be leveraged with borrowed money to make a buyout potentially lucrative.

Four groups of possible buyers are involved in a process of bidding for Thames Water PLC in a deal that would value the utility that supplies water to London at more than £7 billion. That auction was started when Thames Water's controlling shareholder, German energy giant RWE AG, decided to sell the company earlier this year. A deal isn't expected until the end of the month or later this year.

In addition to 3i of London, the firms involved in the AWG acquisition are CPP Investment Board of Toronto and Colonial First State of Sydney, a division of Commonwealth Bank of Australia, and Industry Funds Management of Melbourne. People close to the matter have said AWG hasn't received an approach from any other group, though other potential bidders are believed to be considering a higher, rival bid.

An AWG spokesman declined to comment. Representatives from the bidding group couldn't be reached for comment.

AWG said last week that the financial performance of its Anglian Water division was "materially above management's expectations" for the six months through Sept. 30, due in part to strong demand for water as a result of a "very hot, dry summer" in the U.K.

Based in Huntingdon, England, AWG has 9,000 employees and had net profit of £78 million for its fiscal year through March 2006, on sales of £1.55 billion.

Brussels Expands Microsoft Vista Inquiry (FT)

By Tobias Buck In Brussels

Financial Times, October 2, 2006

European antitrust regulators have expanded their probe into Microsoft's Vista operating system, by raising concerns over plans to add encryption and handwriting recognition software to the group's new flagship product.

The new concerns are based on complaints from small European software developers who fear the bundling of these new functions into Vista will undermine their products in this area.

It is understood that the European Commission raised these concerns in a letter to Microsoft in July.

Vista, which is due to replace the group's ubiquitous Windows operating system from next year, is already at the centre of a new antitrust battle between the Commission and Microsoft.

The Brussels-based regulator fears that Vista might raise the same competition problems that led the Commission to issuea landmark ruling againstMicrosoft more than two years ago.

In particular, the regulator is concerned about the "bundling" of new features and programs into the operating system. Brussels fears the addition of an internet search engine and a rangeof software security featureswill undermine competitionfrom companies which sell similar products on a stand-alone basis.

Microsoft said yesterday that handwriting recognition and encryption software would be included only in premium editions of Vista.

These would cost more than the basic edition, thereby giving users a choice of programs from different vendors, the group added.

Though the Commission has made public some of its concerns, it has not issued a formal ruling.

The conflict between Brussels and the software group has taken on a new edge over recent weeks after Microsoft complained that the legal uncertainty hanging over Vista could further delay its launch. The company has also warned that the Commission probe might force it to market Vista without crucial security features.

This sparked an angry reaction from Neelie Kroes, the EU competition commissioner, who last week hit out at what she described as a "co-ordinated campaign" against the Commission.

The latest concerns over Vista follow a string of complaints, and people familiar with the investigation say the volume of concerns might create problems for the regulator. They say it will be almost impossible for the Commission to pursue all these complaints in formal antitrust probes.

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Should the regulator decide to bring new charges against Microsoft, it would have to narrow down its concerns to a small number of issues.

Financial Regulators Fight EU Merger Reform (FT)

By George Parker In Brussels And Mark Schieritz In Frankfurt

Financial Times, October 2, 2006

Europe's top financial regulators will today attack Brussels' plans to shake up the vetting of cross-border mergers, which aim to speed decisions and tackle national protectionism.

Charlie McCreevy, EU internal market commissioner, proposed the shake-up this month in an attempt to stop national regulators obstructing cross-border takeovers and mergers on bogus grounds. But today Europe's three main regulatory bodies, covering banking, securities and insurance, will claim that Mr McCreevy's plan would force them to work too quickly, compromising their decisions.

They will warn that they are unwilling to hand over some confidential merger material to Mr McCreevy, potentially preventing him from deciding whether national regulators are acting in good faith.

The warning comes in a letter, seen by the Financial Times, from the chairs of the three European financial services regulatory committees - CEBS, CESR and CEIOPS - representing national regulators in banking, securities and insurance respectively.

The clash comes as Mr McCreevy tries to revise the EU's banking directive to tackle protectionism, which he believes is - hampering the development of pan-European financial services companies.

Last year he fought Antonio Fazio, then governor of Italy's central bank, who tried to scupper two foreign bids for Italian banks, after they had been cleared by the Commission's antitrust directorate.

Mr McCreevy wants to rein in the powers of national regulators, who have to assess the risk to financial stability of a merger. He has proposed five clearly defined conditions under which they can oppose a deal and wants to allow the Commission access to documents to make sure they are sticking to the rules.

But the regulators are gearing up for a fight.

In the joint letter they say Mr McCreevy's proposal that they should have only 30 days to oppose a merger, down from the current three months, could lead to bad decisions.

They propose that "more complex cases" should be assessed within a longer time-frame of "ideally 65 days". "The speed of decision making, while undoubtedly important, should not be the overriding objective," they say.

Perhaps the biggest disagreement is over the regulators' willingness to hand over documents to Brussels, saying the proposal for "absolute and unfettered right of access to all confidential prudential information by the Commission is too vaguely defined".

The regulators add: "The draft proposal is not proportionate if it seeks to ensure that all confidential prudential information in the hands of the competent authorities is open to the Commission."

Their reservations could be the opening shot in a protracted power struggle between national regulators and Brussels.

Mr McCreevy will have to win national government support to push through his plans. Although member states publicly back his commitment to crack down on protectionism, an attachment to "national champions" in the financial sector and elsewhere remains strong.

ENVIRONMENT:

Midwest Farms Reap Benefits Of Ethanol Boom (USAT)

By Judy Keen

USA Today, October 2, 2006

FRIESLAND, Wis. — When he's working on his farm, Jim Casey often glances at the ethanol plant looming over the prairie a half-mile away. “You know you're making money when you see that smoke coming out of the stack,” he says.

Ethanol plants are changing farming across the Midwest. The last time there was such a dramatic shift in agriculture was “when electricity came to the rural people” in the 1930s and '40s, says Dave Hughes, president of the township board and a farmer who invested in the plant.

Casey bought his shares in the ethanol biorefinery for $1,000 each three years ago. They're now worth almost $4,000 each. Like the other 950 shareholders in the cooperative, he has gotten $400 in dividends for each share since the plant opened in April 2005.

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That's not the only way his bottom line is being helped. Casey is selling part of his corn crop this fall to the plant for 17 cents a bushel more than he was offered elsewhere. He also saves fuel when he hauls his corn just down the road instead of trucking it to an elevator miles away. Because of the plant's proximity, the value of his land has increased. “When I get old, that'll be pretty nice,” he says.

The United Wisconsin Grain Producers plant here employs 36 people, all but two of them from the area. Hourly workers make about $35,000 a year and get profit sharing, incentive pay and full benefits, CEO Jeff Robertson says.

Rising gas prices and the push for less dependence on foreign oil have increased demand for ethanol, which is made by converting the starch in corn into sugars that are fermented and distilled. When it's blended with gasoline, ethanol can reduce carbon monoxide emissions. Legislation signed by President Bush last year added urgency: It requires oil refiners to use 4 billion gallons of renewable fuel this year and 7.5 billion gallons by 2012.

Those factors have created a rapidly expanding industry that is centered in the rural Midwest.

There are 105 ethanol plants in operation; almost half are owned by local farmers, according to the Renewable Fuels Association, an industry group. Forty-one more are under construction, and seven are expanding. Capacity is 5 billion gallons a year. When the new plants are running, that number will grow to 7.9 billion.

Many small ethanol producers qualify for federal and state tax credits and loan guarantees.

“I think the boom will continue,” says Bob Dinneen, president of the Renewable Fuels Association. “The nation needs to have more domestic renewable energy, and ethanol is going to satisfy a big part of that. … Farmers ought to be re-evaluating what they are planting and responding to the market signals.”

That's happening here.

Before the plant opened, Casey planted corn on two-thirds of his 1,500 acres and soybeans on the rest. This year, he moved 20% of his soybean acreage into corn.

Even though it can cost more to grow corn than soybeans because of the cost of fertilizer, Hughes also has shifted more of his 740 acres into corn. The plant, he says, “has changed a lot of things. A lot, and they're all positive.” Some area farmers who didn't invest in the plant, Hughes says, “are kicking themselves in the fanny.”

Friesland's 303 residents have embraced the plant, but not every town is as welcoming. Before settling on the site just off state Highway 33 here, organizers considered locating in Arlington, says Bill Herrmann, president of the United Wisconsin Grain Producers' board. The concerns of residents there about noise, odor and possible effects on a bird sanctuary prompted them to drop those plans.

Bruce Braaksma, owner of Royal Lumber here, says the plant isn't much of a nuisance. The 100 or so trucks that enter the plant daily don't usually go through town, he says. “If it's dead still, you can hear just a little bit of a hum, and the wind has to be just right to smell it. It smells like an old tavern,” he says.

Besides, Braaksma says, most people in town have been won over by a decline in property taxes since the plant was built. “When your property taxes go down $200 to $300, everybody's got a smile on their face,” he says.

The plant produces about 50 million gallons of ethanol a year. An expansion that will increase production to 80 million by the end of 2007 is underway. “The profitability of the company is such that this is happening earlier than anybody planned,” Robertson says.

“The presence of an ethanol plant really does ripple through the entire economy,” says Geoff Cooper, ethanol analyst at the National Corn Growers Association. “With the current rate of growth that we're seeing, that's going to continue for the next several years.”

There are some doubts that alternative fuels can end the country's dependence on foreign oil.

For years, studies showed that more energy is required to produce ethanol than is saved when it's used in gasoline. A University of Minnesota study released in July concluded that ethanol and biodiesel made from soybeans return more energy than is consumed in growing the grains and distilling them into fuel.

The study estimated that using all corn and soybeans grown in the USA for ethanol and biodiesel would offset only 12% of gasoline demand and 6% of diesel demand. In 2005, the U.S. Agriculture Department says, ethanol accounted for about 3% of the nation's gasoline consumption.

Ray Defenbaugh, president of Big River Resources, a farmer-owned ethanol plant in West Burlington, Iowa, says weaning the nation from foreign oil is important, but his priorities are closer to home.

“We want to create jobs for youth, preserve the community and provide a good return to the investor. The money we make goes right back into the community,” he says. “That's the reason we built it.”

Casey says his goal is to help himself and other farmers: “It's more about the end product for ourselves, to have a place to sell our corn, so we can stay in business.”

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A Farmer Fears His Way Of Life Has Dwindled Down To A Final Generation (NYT)

By Charlie Leduff

The New York Times, October 2, 2006

LEBANON, Kan. — The heart of the heartland, the exact geographic middle of the continental United States, is owned by a middle-aged Kansas man named Randall Warner. He exports wheat, beef and soon his second grown son to the city. He stands in his boots in his field and wonders what's become of his way of life.

"I drive through the city and I wonder what all those people do for a living," says Mr. Warner, a sturdy, square-faced man. "I see that, and it makes me sad that my children see it too and think that there is something better there for them."

Lebanon, the nearby town where Mr. Warner learned to read and write, has lost nearly 25 percent of its population over the last 15 years.

Large corporate farmers are taking over. Mr. Warner doesn't understand the ins and outs of the international trade policies and government subsidies that are changing the landscape, only that to make it nowadays "you work harder — sunup past sundown."

Next year, Mr. Warner believes, there will be even fewer farmers here, in part because of fuel costs.

And he wonders what will become of his legacy and his land.

His son Travis, 18, wants to know more people besides his dad and the salesman at the John Deere dealership. The nearest pretty girl is 20 miles away.

He wonders if there isn't something better than stumbling out to the fields with sleep still in your eyes and working past midnight. The summer air here is as stifling as corduroy drapes. Travis hasn't spoken about this to his father, but his father suspects it just the same.

Travis is a state wrestling and hog breeding champion. He is going off to college soon and doesn't know if he'll ever come back. His brother, Dustin, left for good. "I like to work with people, I guess," Travis says. "Be around people. And we come out here every day. It's Dad and myself; that's not working with people."

He says this while sitting in the cab of his blue pickup, a dirty older model, eating the sandwich his mother made him.

His father is far off in the field, unable to hear the gloomy truth of the matter.

"I told my dad he could retire and cash-rent the land to the big farmer, but then what's he going to do with his time? This is all he knows. Come out here and work daylight to dark.

"I don't want that."

The father says he would have to hire an old hand from down the road to help him work his 3,000 acres. He'll have to do that and, if that doesn't work, then start selling off the farm in pieces to the big farmer down the way.

This is how a town like Lebanon dies. The old Lebanon bank has caved in. Main Street is a peeling veneer. It's a common scene across the Great Plains. People are losing their optimism.

Everything about Mr. Warner speaks of work. At 52, he stands erect, with skin as weathered as cattle hide. He is frugal, does not smoke or drink coffee or liquor. His home is average, a stolid two-story ranch at the edge of a wheat field with a barn outside the door. He is hardly ever home, mostly to eat and sleep, taking a half-day off for church. His wife, Linda, complains about the isolation. Is it too much to stop home while supper's warm? Or go to town occasionally to see a motion picture? His wife talks of throwing it in sometimes too.

"My whole life is wrapped up in this," Mr. Warner says while baling hay. "To tell you the truth, it can get a little monotonous. I've had four vacations my whole life."

Still, it is a good life, he says. "The best kind of life there is."

No political party seems to care much about the working man's life, Mr. Warner feels. Stick a Republican and a Democrat in a sack, shake it up, pour it out, and the same rapacious thing crawls out. Creatures from a smoke-filled room.

Mr. Warner, a Pentecostal Christian, believes in miracles. He believes in speaking in tongues. He believes that abortion is taking a life and that gay marriage is an abomination. So he voted Republican.

What crumbs do the Democrats offer him? Two men in tuxedos on the steps of City Hall with a marriage license in hand? Handouts for those who won't work? Mr. Warner says he could be peeled away from the conservatives if the liberals would talk to him about his values:

"God. Family. Work," he counts them on his fingertips and adds them up. "Heritage."

Do something to stop the corporate takeover of farm country. Give his son a reason to stay and you could have his vote. "F.D.R. was the greatest president this country ever had," Mr. Warner says. "He provided security for the farmer."

Father and son have moved on to spraying fly repellent on the cattle. The sun is going low, the sky is growing golden. The father's gotten to thinking. The boy will soon go away to college.

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His voice shows no trace of his natural confidence.

“Do you think you’ll come back to rural America? And farm? Raise cattle? Raise pigs?”

He talks obliquely, toward his son.

The son mumbles. “Depends if I find something better in the next couple years.”

“What could be better?” the father asks. “What could be better than life on the Great Plains where the wind blows and you catch fresh air every day?”

“That’s what I’m going to look for,” the boy says.

The boy turns his back. He returns to his work. The father watches after him.

Snakeheads Appear At Home In The Potomac (WP)

By David A. Fahrenthold

The Washington Post, October 2, 2006

The northern snakehead fish seems to be expanding its territory in the Potomac River, government researchers say, after a year in which the toothy Asian transplant has appeared in new places and at higher concentrations across the area.

In the third year that the fish has been studied in the Potomac, scientists are starting to build a portrait of the snakehead at home in the area. Some of the most frightening concerns have been dispelled: The fish turn out to be well-nigh helpless on land (early reports said the snakehead could wriggle short distances out of water), and the creatures haven't gobbled up or driven out the Potomac's famous bass.

But worries remain, because the snakeheads are reproducing rapidly and starting to push outward. The next few weeks will bring a crucial test of the snakeheads' growth, and science's understanding of them, as researchers wait to see if last October's startling mass snakehead migration is repeated.

"It looks like they're becoming pretty solidly entrenched, as far as establishing that beachhead here in the Potomac," said Steve Minkkinen of the U.S. Fish and Wildlife Service.

Over the past year, the snakeheads have spread out and become endemic in about 15 miles of the Potomac and some of its tributaries south of Washington from a home base of two creeks in Virginia, he said.

That has switched scientists' focus from eradication to coexistence. "As much as we can, we're just trying to collect information," Minkkinen said.

The story of snakeheads in the Potomac may have begun as early as 1998 or perhaps as late as 2002. The key event, scientists believe, was when a male and female were dumped into the water and found each other in Fairfax County's Dogue Creek. Since then, that stream, along with nearby Little Hunting Creek, has become the epicenter of the Potomac's snakehead population, scientists say.

Now, the two creeks are also the area's premier snakehead laboratory, as researchers seek to understand the life the fish have created in an alien home.

One obvious conclusion: Snakeheads are thriving. Virginia state scientists who use electric current to stun and capture fish in these creeks used to catch one snakehead every five hours. This year, they got 6.9 fish an hour, nearly 35 times more.

But the snakeheads don't appear to have had a serious impact on the river's largemouth or smallmouth bass, which are also top predators in the river. Scientists say they believe this might be because the snakeheads prefer shallower water or different prey.

"A bass is probably more likely to eat one of them" than a snakehead eat a bass, said longtime guide Ken Penrod, who said he hadn't seen any change in the bass fishing. "It's a lot about nothing, I think."

But scientists say they still have a lot to learn. They're unsure how the snakeheads nest, for instance. In their native habitat, they are said to clear out a "doughnut hole" in a thicket of underwater vegetation and lay their eggs there. But this year, a Virginia biologist spotted a cloud of 500-plus snakehead babies -- orange and black, with a minuscule version of the distinctive snakehead mouth -- swirling in Little Hunting Creek.

It was a nest, but there was no doughnut hole.

"The fish aren't behaving here the way they might be expected to behave in Asia," said John Odenkirk, a snakehead expert and a biologist with the Virginia Department of Game and Inland Fisheries.

Researchers are similarly confused about whether the river's snakeheads migrate. One Sunday last fall, Dogue Creek was suddenly full of hundreds of fish heading upstream, so thick that fishermen snatched out at least 80. This may have been a freak event caused by a large rainfall -- or it may have been the first running of an annual ritual. Researchers are keeping watch to see what happens this year.

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What little scientists do know about the snakehead's habits was gathered this spring, when Odenkirk inserted small tracking devices into the body cavities of 20 fish. He found them to be mainly homebodies, lurking in the same weedy and shallow spots week after week.

But some strayed farther afield: Fish No. 1204 crossed the deep midsection of the Potomac to visit Maryland's Piscataway Creek. Fish 1301 disappeared completely, meaning that it was perhaps speared by a heron, caught by an angler or just moved so far away that Odenkirk can't get the signal.

"It tells me that some obviously are bucking the trend and being a little more adventurous and crossing the main-stem Potomac," Odenkirk said.

This year's catch of snakeheads has made it clear how widespread the fish have become. In Maryland, the fish have been found across an unprecedented swath of creeks in Prince George's and Charles counties.

On the Virginia side, snakeheads have moved north from their epicenter to a creek near Belle Haven Marina in the Alexandria section of Fairfax. To the south, Odenkirk said, their numbers have increased substantially in the Occoquan River basin, on the border between Prince William and Fairfax counties.

They've also appeared in another place puzzlingly far afield: Kenilworth Park and Aquatic Gardens in the District. In the late spring, more than 500 baby snakeheads and a handful of larger adults were found in ponds there, having eaten almost every other fish in the water.

D.C. officials think that this may be a separate population of snakeheads, descended from fish dumped directly in the aquatic gardens.

But because the ponds share connections with the Anacostia River, there's some chance the D.C. snakeheads might be adventurous specimens from the Potomac.

For all that's known about the snakeheads' expanding reach, much more is still in question. That was obvious Wednesday, when Odenkirk and two assistants set out on the Occoquan in a shallow boat with a spindly metal claw dangling from its front. They were electro-fishing.

After a few minutes in Massey Creek, a tributary of the Occoquan, a mottled green shape thrashed in the water. Nick Lapointe, a Virginia Tech graduate student, scooped a long net, bringing up a roughly seven-inch snakehead.

"Yeah, baby!" Odenkirk exulted.

"I saw those speckles, and I knew exactly what he was," Lapointe said.

"Beady little eyes," said Ryan Saylor, a technician.

In the spring, Odenkirk's team had not found any snakeheads in this inlet. But Wednesday, they found two, which he said were probably siblings born in the creek last year.

So if two were caught, how many more could there be here?

"Hundreds?" Odenkirk speculated. He looked back at an acres-wide expanse of snakehead-friendly shallow water and thick grasses.

"I mean, you look behind us, they've got all that habitat. They could be anywhere."

When Spinach Isn't Good For You (NYT)

The New York Times, October 2, 2006

Just when many of us thought that eating lots of fresh green leafy vegetables was the key to good health, along comes an outbreak of bacterial contamination in bagged spinach that has frightened consumers and led to a recall of all affected brands. The contamination, detected only in spinach packaged at a particular processing plant in central California, reveals how silly we were to assume that spinach in sealed bags would necessarily be safer than fresh spinach exposed to the environment.

So far the outbreak, caused by a virulent strain of E. coli bacteria, has sickened at least 187 people in 26 states, causing one confirmed death, 29 cases of kidney failure and 97 hospitalizations. The worrisome trend is that while illness caused by E. coli in meat has been declining, bacterial contamination of fresh produce is proportionately rising. Some 20 outbreaks of illness caused by E. coli contamination of leafy greens — 18 in lettuce, 2 in spinach — have been reported over the past decade, with no clear cause identified for most of them.

Investigators don't know yet whether the current problem arose primarily in the growing fields or at the bagging facility. Given that E. coli typically lives and multiplies in the intestines of ruminant animals, like cattle, sheep and deer, one possible source is the manure on nearby cattle farms. The bacteria can be carried into streams or tracked into the fields by wild animals and can infiltrate water used for irrigation or washing the spinach.

Roughly half of the 20 outbreaks have been traced to central California, suggesting something amiss in the environment or processes used there. Regulators are leaning on the food industry to clean up its act, and the industry is scrambling to comply.

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But the safest route is to give the Food and Drug Administration greater authority and more personnel to inspect and regulate food growers and processors. Produce farms may need greater separation from cattle, and cattle-raising practices may need to be changed to decrease the production of bacteria. We would be appalled to find human waste on our produce. We should be equally appalled to find animal manure, if that is what happened.

Bright Idea Of Tire Reef Now Simply A Blight (WP)

By Peter Whoriskey

The Washington Post, October 2, 2006

FORT LAUDERDALE, Fla. -- Now the idea seems daft. But in the spring of 1972, the dumping of a million or so tires offshore here looked like ecological enlightenment.

From the scrap tires, artificial reefs would grow and fish would throng, or so it was thought. A flotilla of more than 100 private boats with volunteers turned out to help. A Goodyear blimp christened the site by dropping a gold-painted tire.

"A potential grouper haven," a county report opined. Artificial reefs made from tires "appear to be the next best thing to recycling."

What happened instead is a vast underwater dump -- a spectacular disaster spawned from good intentions. Today there are no reefs, no fishy throngs, just a lifeless underwater gloom of haphazardly dropped tires stretching across 35 acres of ocean bottom.

It's not just a matter of botched scenery. Because they can roll around, the tires are pounding against natural reefs nearby.

"It's depressing as hell," said Ken Banks, a reef specialist for Broward County, who recently explored the site. "We dove in and swam for what seemed like an hour and never came to the end of it. It just went on and on."

Robin Sherman, a professor at Nova Southeastern University, led a project a few years ago to retrieve some of the tires most directly damaging Fort Lauderdale's natural reefs.

Two months later, she dived in the area again.

"It was completely recovered with tires -- it was even hard to find where we had worked," she said. "That's when I realized we have to clean up the whole thing."

So, after years in which the site was studied and then neglected, officials here are planning to clean up the environmental experiment gone awry.

Coastal America, a partnership of federal agencies, state and local governments and private groups, is trying to organize a cleanup using military salvage teams that would use the tire retrieval as a training exercise. Once the divers pulled the tires up, they would be disposed of by the state at a cost of about $3 million to $5 million.

The scale of the project -- some say there are as many as 2 million tires below -- and the number of different specialties required had prevented previous bureaucratic efforts from going forward.

Will Nuckols, project coordinator for Coastal America, called the rolling tires a "coastal coral destruction machine."

"For the past several decades, people have looked at this task and then at each other and said, 'Well I can't do that,' " he said.

With each dive team retrieving about 700 tires a week, officials estimate that the effort would take three years. They plan to begin in 2008.

"It's easy to throw something into the water," said Keith Mille of the Florida Fish and Wildlife Conservation Commission. "What we're finding is it's extremely expensive to remove something from the water."

The first documented artificial reef in the United States was created off South Carolina in the 1830s. Over time, people have sunk rocks, trees, concrete, ships and barges to create reefs. When successful, they were -- and continue to be -- popular attractions with anglers and divers alike.

Artificial reefs made from scrap tires began in the United States in the late 1950s or early '60s, when the country was facing the monumental task of disposing of millions of automobile tires. At the time, stockpiled tires were creating fire hazards, fostering mosquito breeding and blighting the landscape.

Reefs made from tires seemed like an easy solution.

While coastal communities around the country -- in Texas, California, Florida, North Carolina and elsewhere -- embraced the idea, few projects, if any, were conceived on the grand scale as the one off Fort Lauderdale. Proponents touted it as the largest scrap tire reef in the world.

A 1974 Goodyear pamphlet boasted, "Worn out tires may be the best things that have happened to fishing since Izaak Walton," the author of the classic The Compleat Angler .

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"There was a lot of local enthusiasm," said Ray McAllister, one of the founders of a local group that pushed for the tire reef and now professor emeritus of ocean engineering at Florida Atlantic University. "We all thought we were doing a good job for the environment."

A tire reef had seemed to work in New England, he said, and organizers figured it would work here.

The project had received a permit from the Army Corps of Engineers and had active support from Broward County, officials said.

While there were initial hopeful reports, it was clear after a decade that the idea wasn't working. Sea creatures didn't grow on the tires. Today, the tires look the same as they did they day they were dropped.

Tires that had been lashed together for stability broke loose, making it easier for them to roll around. With the tires mobile, it was difficult for sea life to make a home there.

Today, most states have restricted or banned tires in artificial reefs, according to a 2004 joint publication of the Gulf and Atlantic States Marine Fisheries Commission.

In retrospect, McAllister said, "it was a terrible mistake and I hate to admit it. . . . The conventional wisdom, or whatever you want to call it, was not such a bright idea."

Waterfront Development Tests New Jersey's Handling Of Toxic Dumps (NYT)

By Laura Mansnerus

The New York Times, October 2, 2006

WEEHAWKEN, N.J., Sept. 26 — Handsome new town houses selling for more than $2 million hug the waterfront here, and more are on the way. On a curve in the river that offers spectacular views of Manhattan and New York Harbor, earthmovers are at work on a public park.

But in the view of some environmentalists, the development on this immensely valuable sliver of shoreline is an experiment of sorts because of what lies underneath it: dirt spotted with hexavalent chromium, a manufacturing component that has been identified as a cause of lung cancer, liver and kidney damage and mutations to human DNA.

Hudson County is the nation's chromium-waste center, with almost 200 sites where it was dumped decades ago.

Of all those sites, this slice of Weehawken is the first to be reclaimed for residential development, and the reborn riverfront here — representing an investment of hundreds of millions of dollars — depends on the remedy that the state has chosen for sites polluted by chromium.

The worst spots of contamination have been removed, and most of the 96-acre property has been covered with synthetic sheeting and at least 18 inches of clean soil, called a cap. The mayor said that in the park, the soil cap would be six to eight feet deep in places.

The state and local authorities have approved everything the developer, Roseland Properties, has done, and they say the cleanup has far exceeded their standards.

But the state's policies are not settled at the moment. Rather, they are caught up in a politically charged discussion about how the state has handled the rush to turn urban wastelands into sought-after real estate.

In 2004, the state Department of Environmental Protection issued a moratorium on final approvals of chromium cleanups, and promised stricter standards and less reliance on capping.

The new rules have not yet been issued. In the meantime, the agency allowed the waterfront project to proceed even though various environmental groups and some scientists in the state agency contend that in residential areas, a cap can never be protective enough.

"We want an outside audit and review of the entire hazardous site remediation program, with this fiasco in Weehawken being Exhibit A," said Joe Morris, of the Interfaith Community Organization, which won a landmark court decision last year ordering the excavation of waste where a cap failed at a former chromium dump site in Jersey City.

A federal appeals court, upholding the order last year, scorched the Department of Environmental Protection, citing "a substantial breakdown in the agency process that has resulted in 20 years of permanent cleanup inaction."

The state's environmental commissioner, Lisa P. Jackson, said that Mr. Morris's "idea that this is Exhibit A is more than puzzling to me."

Ms. Jackson said that the agency would soon revamp its handling of toxic sites, and that the Weehawken development complied with all current regulations.

The disclosure of the Hudson chromium sites in the 1980's generated national attention, fed by gruesome recollections of workers at processing plants whose skin and nasal septums had been eaten away by the poison.

To be sure, the one in Weehawken was hardly the worst of the Hudson sites. Some of the fill used decades ago to build up the riverfront was contaminated, but chromium was never processed there.

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Still, Michael S. Friedman, the environmental consultant who manages the project for Roseland, said: "Everything we do is under a microscope. This is a high-powered lens."

Mayor Richard F. Turner said that Weehawken "has brought in outside experts, outside consultants — we don't even rely on D.E.P. consultants."

Michael Campion, the township's environmental consultant, said, "When I look at the numbers in Weehawken, and it's been tested like crazy, a cap is a reasonable remedy." He recommended approving Roseland's plan, but he acknowledged in his review that nearly all caps eventually suffer erosion.

Caps are often used on closed landfills, but much less frequently, and only recently on sites where people will live and buildings and traffic will bear down on the soil.

The chromium issue caused unusually public recriminations within the environmental agency. After a group convened to reconsider the cleanup standards recommended leaving them unchanged, one member, Zoe Kelman, a chemical engineer, wrote a 50-page dissent.

Several other agency scientists, speaking on condition of anonymity because they feared retribution, said that the Department of Environmental Protection had bent to political pressure to speed cleanups.

Ms. Kelman accused the agency of disregarding tests at one capped site, in Kearny, that found hexavalent chromium levels thousands of times higher than the agency plan had expected.

She also noted that while New Jersey sets the allowable level of hexavalent chromium in soil at 240 parts per million, Maryland's standard is 30 parts per million, and Oregon's is 23.

"I always feel the public believes we err on the side of protection, and it's obvious now that we don't," Ms. Kelman said.

The agency's critics were supported by a soil scientist at Cornell University, Murray McBride, who submitted an opinion in June 2005 that the current reliance on capping "seems to me to be a stopgap, short-term approach" that fails to account for the way chromium moves in the soil and may migrate to basements and other exposed areas.

In Weehawken, questions remain about the last known remaining concentration of chromium waste, a one-acre lot near the town houses where some of the more contaminated dirt was dumped, covered with sheeting and then paved for parking.

Mr. Morris and Jeff Tittel, the director of the state chapter of the Sierra Club, met with Commissioner Jackson this summer to argue that the mound under the parking lot should be classified as a hazardous waste dump and removed or encapsulated. They said the commissioner resisted, although Ms. Jackson said in an interview that she had never ruled out revisiting the site.

Mr. Tittel has a larger quarrel with the state's redevelopment policies, which were loosened in the 1990's — and which he said "changed from cleaning up sites to making them land banks for development."

"We have finally created social equity in New Jersey," Mr. Tittel said, "because we have people in $3 million condos living on top of toxic sites, not just working and poor people."

Property values have soared since the last of the 42 town houses was built in 2004. A house that sold less than two years ago for $1.5 million was put up for sale in September for $2.7 million, while several others are on the market for $2.4 million to $4 million. Among the residents is a principal of Roseland, Marshall Tycher.

In the old Weehawken, on the cliffs above the waterfront, a vocal minority opposed to the Roseland development is worried about the park.

"I don't know why people down there aren't screaming their heads off," said Mary Ciuffitelli, a 26-year resident of the town. "I grew up in New Jersey, so I want to know what's under my feet."

Poisoned On Eno Road (NYT)

By Bob Herbert

The New York Times, October 2, 2006

Dickson, Tenn.

If you stand outside the Holt family home late at night, after everyone has gone to sleep, with the sound of a soft wind drifting through the trees and the damp sweet smell of abundant grass heavy in the humid air, you can easily imagine what this area was like in the days of slavery.

And then the quiet is broken by the sudden eruption of dogs barking and howling on nearby property, and you're reminded that the tiny population of blacks in Dickson County, even after all these years, is still frequently treated — literally — like garbage.

The property adjacent to the Holt family home is a government-owned landfill. The howling dogs are housed in a pound right next to the landfill. The noise is a nuisance, but it's the least of the family's problems.

Toxic chemicals from the landfill have polluted the pristine water that was once drawn from the Holt family well. Unaware that the water was contaminated, the family drank it for years. Now the Holts are convinced that the poisons that seeped for so

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long from the landfill into the groundwater are responsible for the potentially deadly diseases that have struck several members of the family.

The Holts were not just unaware that their water was contaminated; they had been assured by federal environmental officials way back in 1991 that the water had been tested and was safe to drink.

"They told us," said Sheila Holt-Orsted, who grew up on the property, "that the water wouldn't hurt us, and that we shouldn't worry about it."

In fact, government records show that dangerous levels of trichloroethylene (TCE), a suspected carcinogen, had been found in the water as early as 1988. The family drank the poisoned water for more than a dozen years after that.

During that time, the government warned white families that the water had been contaminated and provided them with an alternate source of drinking water. The Holts, who are black, were left oblivious to the danger. Welcome to the world of environmental racism, a subject that doesn't get nearly enough attention.

The Holts' property is on Eno Road, a quiet rustic area with an interesting history. Hundreds of acres of land along the road were acquired by blacks in the post-slavery period. Only recently freed, they were proud of being landowners. The Holts have lived in the community for many decades.

Blacks make up just 4.5 percent of the Dickson County population, and they have always been clustered in the vicinity of Eno Road. This has been a great convenience for the whites, who have run the local governments. For six decades, the Eno Road community has been designated as the place for whites to dump their garbage.

"The city and county fathers singled out this small, rural and mostly black Eno Road community to locate their garbage dumps, landfills, transfer stations, toxic waste sites — you name it," said Dr. Robert Bullard, director of the Environmental Justice Resource Center at Clark Atlanta University. "These waste sites are all located on Eno Road."

When I asked the mayor of Dickson County, Robert Stone, why that particular community had been chosen to absorb so much of the county's garbage, he said he couldn't respond because the Holts had filed a lawsuit against the county. He referred me to a lawyer, Eric Thornton, who asked why anyone would think it was peculiar to dump the garbage there.

"It has to be at some location," he said. He denied that race had anything to do with the selection process, noting that there were also whites who lived nearby.

The ingestion of TCE, commonly used as a metal degreaser, has been associated with a variety of cancers, heart disease, impairment of the nervous system, stroke, liver disease, kidney disease, diabetes and other extremely serious disorders.

At various times, the concentration of TCE in the well water of the Holt family was 24 and 29 times as high as the maximum level of five parts per billion set by the federal Environmental Protection Agency.

Sheila Holt-Orsted has undergone six surgeries and chemotherapy for breast cancer. Her father was stricken with prostate cancer. During a conversation in her front yard, less than 50 feet from the landfill, she told me: "My aunt, who lives next door, she had cancer. And then there was another neighbor who had cancer. I said, you know, 'Something is not right here.' "

FBI/DEA/ATF/USMS:

Joint Chicago-DEA Drug Operations Net 16 Arrests (CST)

Chicago Sun-Times, September 29, 2006

Nine members of an international drug-trafficking ring that supplied heroin from Ghana to Chicago and other Midwest cities were charged Friday as apart of a joint investigation by Chicago Police and the U.S. DEA, according to police.

Seven of the nine were in custody as of Friday afternoon, according to a release from Chicago Police, including Moshoodi E. Ajijola, 38, of the 6600 block of North Damen Avenue. Authorities identified Ajijola as the head of the operation and charged him and eight others with federal drug conspiracy, the release said.

After a six-month undercover investigation by police and DEA agents dubbed "Operation Saheroin," authorities learned the organization imported pure heroin from Africa through Indian to America and finally to Chicago, where it was sold to customers for redistribution around the Midwest, including Rockford, St. Louis and Minneapolis, the release said.

Ajijola and six others were arrested last week, while a seventh suspect was arrested Friday, all on federal warrants. Police and federal agents used an undercover officer and wiretaps in the investigation, the release said.

In a separate drug investigation also announced Friday, federal charges were filed against nine alleged drug dealers who operated an open-air drug market in the 8800 block of South Lowe Avenue, the release said. The investigation led to the recovery of about 760 grams of crack cocaine valued at more than $93,600, the release said.

All nine of the defendants in "Operation C-Charlie" were arrested Wednesday, the release said. In addition to the cocaine, police seized small amounts of heroin and ecstasy, two semi-automatic handguns, five vehicles and $15,529, the release said.

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Court information on the suspects was not immediately available.

Heroin Ring Busted In City Hid Drugs In Suitcase Linings, Say Cops, Feds (CHIST)

Chicago Sun-Times, September 30, 2006

Local and federal police joined forces to nab international heroin dealers who were smuggling dope from Ghana and Nigeria to Chicago in the lining of suitcases and by using human mules.

Federal charges against nine members of the international trafficking organization were announced Friday by Chicago Police and federal law enforcement authorities.

Moshoodi E. Ajijola, 38, allegedly the head of the organization, is among seven already in custody. Ajijola is suspected of importing pure heroin, which was then sold to local street gangs and customers as far away as Rockford, Minneapolis and St. Louis. The drugs also were turning up all over the city -- from the far South Chicago Police District to the far north Rogers Park Police District.

The heroin was coming to Chicago and New York through India.

Police said Ajijola, who lived in the 6600 block of North Damen, and his associates were selling out of a building in the 800 block of Eastwood in the Uptown neighborhood.

The charges came after a six-month-long investigation, based largely on a Chicago Police officer's ability to infiltrate the group, authorities said.

Agents from the Drug Enforcement Administration's Chicago field office also were involved in the case -- which one Chicago Police official said involved some of the best local/federal cooperation ever. Because the defendants spoke four different languages, the case required a lot of translation work.

"It was a team effort -- probably the best I have seen in 10 years of chasing dope," said Chicago Police Lt. John Rowton.

All of the nine defendants face federal charges, which increase the penalties and is a tactic Chicago Police are employing more and more. Of the nine, two remained at large as of Friday.

Police Bust International Heroin Connection (CHIT)

Tribune Staff Report

Chicago Tribune, September 29, 2006

Federal and local authorities said Friday that charges have been filed against nine suspects accused of belonging to an international drug-trafficking group that supplied heroin from Ghana to Chicago and other Midwest cities.

Authorities said they identified Moshoodi E. Ajijola of the 6600 block of North Damen Avenue as the head of the group. He and eight co-defendants face federal drug-conspiracy charges, with a sentence of 20 years to life if convicted, police said. Two suspects remain at large.

The undercover operation involved cooperation between the U.S. attorney's office, Cook County sheriff's office and Chicago police, said Gary Olenkiewicz, the Drug Enforcement Administration's Chicago special agent in charge.

A second drug bust on the South Side seized more than $15,500, 760 grams of crack cocaine and five vehicles, police said. Six suspects face federal drug-trafficking charges, police said.

Four Sentenced In Drug Smuggling Conspiracy (AP)

AP, October 1, 2006

MONTPELIER — Four northern Vermont men were sentenced in federal court Thursday and Friday in what authorities described as a large conspiracy to smuggle millions of dollars worth of Canadian marijuana into the United States.

The four were among 12 people who have been sentenced or have pleaded guilty and are awaiting sentencing in connection with a ring that smuggled loads of as much as 1,000 pounds of pot at a time in grain trucks entering Vermont from Quebec, the U.S. attorney's office said.

It said the "marijuana would be paid for by cash drug proceeds — commonly in amounts of a half- to three-quarters of a million dollars — concealed in tires mounted on vehicles traveling into Canada from the United States."

In hearings Thursday and Friday, Judge William Sessions III issued sentences to:

Roland Paul Lahue, 50, of East Berkshire, who was given seven years in prison, followed by five years of supervised release.

Jeffrey Tessier, 40, of Richford, who got 21 months followed by four years of supervised release.

Robert Patterson, 47, of Richford, who got time served while awaiting trial.

Mark Willey, 43, of Barton, who was sentenced to time served.

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Authorities identified the leaders of the ring as Lahue and Ronald "Ronnie Cash" Aldrich of Richford. A news release from the federal prosecutor said Aldrich had previously pleaded guilty.

The investigation was said to have involved the Drug Enforcement Administration, Vermont State Police, Internal Revenue Service and Immigration and Customs Enforcement.

During the investigation numerous assets were seized from Aldrich, Lahue and their associates, authorities said. Included were more than $930,000 in cash, more than $1.5 million worth of real estate and numerous cars, trucks, motorcycles, boats and other vehicles.

Four Vt. Men Sentenced For Smuggling Marijuana (BFP)

Burlington Free Press, September 30, 2006

Four Vermont men who authorities said arranged for large amounts of marijuana to be smuggled into the United States from Canada by foot or concealed in grain trucks were sentenced in federal court Thursday and Friday, the U.S. Attorney's Office in Burlington said Friday.

Roland Paul Lahue, 50, of East Berkshire; Jeffrery Tessier, 40, and Robert Patterson, 47, both of Richford; and Mark Willey, 43, of Barton received sentences ranging from seven years in the case of Lahue to time served for Patterson and Willey.

Court documents indicate Lahue and his partner Ronald Aldrich led the U.S. portion of the smuggling ring. Sometimes, 1,000 pounds of marijuana worth $1.5 million would pass across the border in grain trucks, prosecutors said.

Authorities said the smuggling was lucrative for Lahue and Aldrich. U.S. Drug Enforcement Agency officials said they seized $930,000 in cash and $1.5 million in cars, trucks, motorcycles, boats and other vehicles.

The smuggling operation unraveled Oct. 25, 2003 when investigators seized about 135 pounds of marijuana belonging to Aldrich that was in a storage shed on Patterson's property.

Aldrich was sentenced earlier this year. Prosecutors said Tessier, Patterson and Willey played comparatively small roles in the smuggling operations, so their sentences were lighter. Seven other people from Vermont, New Hampshire and Oregon previously pleaded guilty or were sentenced for their role in the smuggling.

In deciding the case, Judge William K. Sessions III reduced the sentences of the four men who appeared in court Thursday and Friday because prosecutors said they helped in the government's investigation into the case.

Federal Indictments Handed Down In Marijuna House Raids (KCRA)

KCRA-TV, September 29, 2006

SACRAMENTO, Calif. -- Federal indictments were handed down Friday afternoon related to homes recently raided in Stockton and believe to be connection to a massive drug ring.

Investigators seized thousands of marijuana plants that being grown inside the homes.

A federal grand jury has now handed down a total of nine indictments related to the case and a joint task force has been formed that includes the Drug Enforcement Administration, the Internal Revenue Service, the U.S. Attorney General and local law enforcement.

Investigators said the homes raided in Stockton and a group of homes raided in Elk Grove are connected and that they suspect ties to organized crime in San Francisco.

Authorities have already seized millions of dollars of marijuana and large amounts of cash from the more than 50 homes they've raided in the last two months.

The operations are elaborate, the equipment inside the homes are identical and KCRA 3 Investigates has uncovered several trends.

In Stockton and Elk Grove, two real estate agents handled the overwhelming majority of homes. They represented the buyer in the transactions, which involved millions of dollars in real estate.

The joint task force is investigating everything about theses homes -- the purchase, the financing and the people buying the homes.

By tracking property records and deed, KCRA 3 Investigates has also learned that one title agent with the initials "N.C." handled 15 of the 20 homes in Stockton.

Marijuana Houses To Be Part Of Federal Probe (SR)

Stockton Record, September 30, 2006

STOCKTON - A score of indoor marijuana-growing operations uncovered this month in successive raids in several typically peaceful residential areas will become part of a larger federal probe in the region.

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A federal grand jury in Sacramento on Thursday handed down indictments on four San Francisco men arrested Sept. 13 in the first of the raids in Stockton, said Gordon Taylor, U.S. Drug Enforcement Agency assistant special agent in charge.

Federal prosecution is already under way in what investigators say is a related operation involving 21 houses in Sacramento and Elk Grove that also led to four arrests. Thursday's indictments formalize the U.S. Drug Enforcement Agency's role in Stockton. Agents have been assisting Stockton police for two weeks, Taylor said.

"This is without a doubt the most sophisticated criminal syndicate that we have ever investigated in this region," Taylor said, referring to the DEA's Eastern California District, extending from Bakersfield to the state's northern border, excluding counties along the coast. "This is going to take months to wrap our arms around."

If convicted on federal charges of growing more than 1,000 marijuana plants, the four men arrested in Stockton could face 10 years to life in prison, Taylor said.

Terry Lee Tong, 24, Zhi Huo Xue, 25, Jiapei Zhou, 21, and Hong Bi Zeng, 21, were scheduled to be arraigned in San Joaquin County Superior Court this week, each on 21 counts of felony marijuana cultivation and utility theft. A conviction on those charges would have carried a sentence of up to 10 years in prison. That hearing was continued to next week before the U.S. Attorney's Office decided to prosecute the case.

Jiapei Zhou, 21 "We're moving forward under the concept that all 41 indoor groves are tied to the same organization with perhaps several different operating cells," Taylor said.

Licensed medical marijuana dispensaries in San Francisco were one likely market for the marijuana grown in the area, Taylor said.

At least 6,000 plants were seized in Stockton, along with 200 pounds of dried marijuana. A similar number of plants were found in Elk Grove and Sacramento in raids that began last month.

Stockton police Officer Pete Smith said the so-called pot houses set a record for large busts after the first night, when two homes were raided. Over two weeks, neighbors' tips and investigative leads led to 18 more.

Terry Lee Tong, 24 Past large drug stings in recent years have netted as much as 22 pounds of cocaine and 27 pounds of methamphetamine.

Tom Emery, 50, lives down the block from one raided Spanos Park West home.

He said this week he's not surprised that most residents knew nothing of what was going on inside the homes.

"Everyone's too busy," he said of his neighbors, many of whom are commuters. "I guess that's why they picked these types of neighborhoods."

Stockton Indoor Pot Farms Part Of Syndicate's Reach, Agents Say (SACBEE)

The Sacramento Bee, September 30, 2006

Four Bay Area residents, indicted this week after a series of raids at homes in Stockton where marijuana was being grown, are part of the same organized crime syndicate behind a pot-growing network in the Sacramento area, authorities said Friday.

Described by agents as a Bay Area-based Asian organized crime network, the group is "without a doubt the most sophisticated crime syndicate we have ever investigated in this region," said Gordon Taylor, assistant special agent in charge of the Sacramento office of the federal Drug Enforcement Administration.

A task force consisting of the DEA, Internal Revenue Service, the U.S. Attorney's Office and the police departments of Sacramento, Elk Grove and Stockton has been formed to tackle the syndicate, Taylor said.

Authorities said they have raided 21 homes in the Sacramento area and 20 in Stockton since August, seizing at least $70 million worth of marijuana. Seven men and one woman, all Bay Area residents, have been charged in connection with the network.

Investigators "expect to find people much higher on the chain" of the network, Taylor said.

Local authorities are working with Bay Area agencies as they look into the syndicate, he said.

The IRS is helping track the home purchases. Many of the homes were purchased with 100 percent financing and the homes raided so far have all been worth at least $400,000, records show.

Investigators also are looking into where the marijuana was moved after it was grown, Taylor said. According to documents filed in federal court, agents have followed suspects from homes in the Sacramento region to San Francisco's Chinatown.

Taylor said the indoor marijuana farms have brought a dangerous criminal element into the suburbs.

"It's not just marijuana," he said. "It's organized crime now, moving into our neighborhoods."

WHERE CASE STANDS

21 homes raided in the Sacramento area since August

20 homes raided in Stockton

$70 million worth of marijuana seized

Buyers Must Sign Log To Get Medicine; Law Aimed At Drug Dealers (DRE)

Daily Record, September 30, 2006

Beginning today, cold and allergy sufferers will have to log their name and address to purchase some of their favorite over-the-counter remedies -- thanks to new federal regulations designed to keep certain cold medicines out of the hands of drug dealers.

The regulations were included in the Combat Methamphetamine Epidemic Act of 2005, which ordered pharmacies nationwide to move all over-the-counter cold and allergy medicines with the decongestants pseudoephedrine, ephedrine and phenylpropanolamine to a secured area and limited the amount that a consumer could purchase at one time.

The goal, according to the law, is to reduce the amount of pseudoephedrine that can be purchased at one time to limit its availability to drug dealers who use it to make methamphetamine.

In the past year, authorities broke up "meth" labs operating in Sussex County.

As of today, consumers must show an ID and sign a logbook for each purchase. Buyers must log their name, address, date and time of sale, name and quantity of the product sold, and the signature of the customer.

Retailers and pharmacies also will be required to complete a self-certification process that includes training their employees on the new regulations and procedures.

Joseph V. Roney, chief executive of the New Jersey Pharmacists Association, said on Friday that the new rules are unnecessary and outdated.

"They are turning cold-sufferers into criminals," Roney said.

The new regulations will be enforced by the U.S. Drug Enforcement Agency.

Roney said the federal rules are more strict than those put into New Jersey law last year. That law, with the same aim as federal regulations, limited the purchase of cold remedies with pseudoephedrine to three packages per sale.

The federal law will not hamper the makers of methamphetamine, because high-level dealers smuggle bags of pseudoephedrine into the country from laboratories in Mexico, Roney said.

Roney said he was concerned that consumers will face a confusing scenario as they try to purchase the cold remedies they need. He said his association has made materials available to its members to help smooth the transition.

Monica Contessa, pharmacist at the Madison Pharmacy, said she is not expecting any problems with the new law. She expects to have to answer some questions from customers who might not find their favorite cold remedy on the shelf.

But that has been happening since last year, she said, after the state law took effect.

Contessa said customers most likely will not be too concerned with the log-in procedures because they already have to sign forms for their insurance coverage.

Pharmacist Sri Aju at Molnar Pharmacy in Morristown also said he did not expect problems, in part because of the established nature of his business. The shop is located in a settled part of Morristown and has many regulars, he said.

He also expects to answer some questions and provide a little more explanation.

Contessa said removing cold products with pseudoephedrine from the shelves did not hamper sales because "the customers tend to know what works for them."

Janet Engle, an associate professor at the University of Illinois and a former president of the American Pharmacists Association, said that, besides the new regulations that could cause confusion, the decongestant used to replace pseudoephedrine is not as potent and, in some cases, does not work as well.

Roney said the decongestant used most often to replace pseudoephedrine is phenylephrine, and it does not work on allergy or cold symptoms as well as its predecessor.

Both Roney and Engle said Schering-Plough chose not to reformulate Claritin-D, its top-selling over-the-counter allergy medicine, and are running a series of ads touting that fact.

In the first quarter of this year, Schering-Plough's consumer health care sales decreased 6 percent to $311 million, largely due to lower sales of Claritin-D and other products containing pseudoephedrine, according to the company's annual statement.

Government Aims To Curb Meth Makers (IVDB)

Inland Valley Daily Bulletin, September 30, 2006

Customers looking for Sudafed, Claritin D and other cold medicines this weekend will likely find a bare shelf at their local pharmacy. A federal law that goes into effect today requires cold medications with pseudoephedrine to be kept behind counters or in locked cabinets wherever sold. Buyers also must show a photo ID and sign a logbook. "The additional control on pseudoephedrine will help law enforcement help target the meth problem," said Capt.

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Bill Ryan of the Los Angeles County Sheriff's Narcotics Bureau. The Combat Methamphetamine Epidemic Act of 2005 is the latest move by the government to hinder methamphetamine manufacturers by cutting off one of their sources of pseudoephedrine - one of the key ingredients in making the drug. Many cold medicines such as Sudafed contain pseudoephedrine. The law also requires that any employee selling these cold medicines must receive training on the law and its requirements.

The process for doing that was put in place a week ago, said John Cronin, pharmacist and legal consultant to the California Pharmacists Association. The law is patterned after a 2004 Oklahoma law that officials there credit with reducing meth labs by 80 percent. Medicines containing ephedrine and phenylpropanolamine also are subject to the law. An earlier portion of the law, which went into effect six months ago, limited customers to 3.6 grams a day or 9 grams in a 30-day period.

A gram equals 1,000 milligrams, and one Sudafed pill is 30 milligrams. According to the Drug Enforcement Administration, meth is the primary drug threat in California. Also known as crank, ice, speed or crystal, meth can be inhaled, smoked or injected. The quality of the drug - as well as supply and demand -determine its price.

The current wholesale price of meth in L.A. County is $5,000 to $6,000 a pound, according to Ryan. Ice, a more purer form of the drug, goes for a wholesale price of $8,000 to $11,000 a pound. Ryan said the number of meth labs have been decreasing in the state in the past couple of years due to enforcement and to controlling the ingredients used in making meth.

There were 673 labs seized in the state in 2004 compared to 2,579 in 1999, according to the DEA. Agency officials said that the number of meth labs in Mexico has increased, however. The newly required logbooks - which could be in electronic form - will list a customer's name, address, time and date of sale, the name of the product and how much of it was sold.

Pharmacists need to keep this information for two years. The only part of the Combat Meth Act that's new for Rite Aid is the requirement for customers to sign a logbook, according to company spokeswoman Jody Cook. She said Rite Aid voluntarily started putting cold medicines containing pseudoephedrine behind pharmacy counters last year. They also already ask for driver's licenses and keep the number of the license in their computer system for 30 days, she said.

Some drug companies have unveiled products without pseudoephedrine or ephedrine. Pfizer, which makes Sudafed, came out with SudafedPE in February 2005. It doesn't contain pseudoephedrine but phenylephrine. Days before the law took effect, some local pharmacies were still not familiar with all of its provisions. On Wednesday, a lone box of Sudafed remained on the shelf at Nogales Pharmacy in Rowland Heights.

Pharmacist Par-lin Hsu said he had planned to move the box and other cold medicine behind the counter later in the week. Hsu said he hasn't received any official notice about the law. Cronin said there were still questions on how pharmacists would comply. "That guidance would come out in a federal rule. It wasn't published until Sept. 26," he said.

Some customers were unaware of what they would need to do now when buying cold and allergy medications or appear to mind the new restrictions. Outside a Wal-Mart in Industry, Carlos Orozco said he and his children use Sudafed pills to treat their colds. The Whittier man said it wouldn't bother him to show an ID and sign a logbook to get the pills.

Orozco added that people already get carded when they buy liquor and cigarettes. "Everybody just needs one box, I think," Orozco said.

Under the Combat Methamphetamine Epidemic Act:

· Cold medicine containing pseudoephedrine will now be kept behind counters at pharmacies or in locked cabinets.

· Requires buyers to present a photo ID and sign a logbook. The logbook will contain a buyer's name and address, name of the product, amount bought plus date and time of the sale.

· Limits the amount of cold medicine one can buy to 3.6 grams a day or 9 grams in a 30-day period.

· Requires pharmacists to keep the information about the sale for two years.

· Provides an additional $99 million per year for the next five years under the Meth Hot Spots program to train state and local law enforcement to investigate and lock-up meth offenders and expand funding available for personnel and equipment for enforcement, prosecution and environmental clean-up.

· Enhances criminal penalties for meth production and trafficking.

· Requires new reporting and certification procedures of the largest exporting and importing countries of pseudoephedrine and ephedrine.

- Source:- U.S. Food and Drug Administration, Senator Dianne Feinstein's office

Anti-meth Law Puts Cold Medicines Behind Counter (PALMBEACHP)

Palm Beach Post (FL), September 30, 2006

Sudafed and its chemical cousins officially abandon the shelves and take their places behind pharmacy counters Sunday, the result of federal legislation aimed at slowing the spread of methamphetamine.

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With the new restrictions, which follow state regulations put in place in mid-2005, lawmakers have succeeded in making pseudoephedrine and two similar chemicals a lot harder to come by for home-and-garage labs brewing the illicit street drug.

They've also made getting a cure for the sniffles more time-consuming for the everyday consumer, since the ingredient is used in virtually all decongestants.

The tougher rules require the items be sold from behind pharmacy shelves or from a locked case. Buyers must provide a state or federal identification and log their name, address, date of purchase and how much of the drug was purchased. Logbooks are kept two years by the store and are open for examination by the Drug Enforcement Administration, as well as other state and federal law enforcement authorities.

The pharmaceutical industry has tried to adapt to the changes by reconstituting many of the products and eliminating the offending ingredient. But while the new products can be sold over the counter, there is some question about whether they work.

Brace yourself: Federal authorities may have another cluster of drugs in their sights, a list that includes such humble bromides as Alka-Seltzer Plus and Vicks 44 Cough Relief.

As the popularity of methamphetamine has grown, so have the sales, and theft, of cold and allergy drugs from store shelves containing the restricted ingredients. Cooking up a batch is dangerous, too: Toxic chemicals drench the premises from roof to root, rendering it fit only for a hazmat team. Sometimes, even surrounding soil has to be removed.

Drugstore crackdowns do seem to curb the number of homegrown meth labs. But another source has popped up to meet demand.

In Texas, for instance, kitchen-brewed meth began drying up just months after that state passed its own laws on drugstore sales. But that led to more meth being smuggled in from Mexico, and in an especially pure form: Mexican Ice. That was also the case with Oklahoma, one of the first states to experiment with drugstore sales.

The Florida Department of Law Enforcement acknowledges much of this state's meth comes from out-of-state labs, not suburban kitchens. However, eliminating the local labs — and their publicly funded cleanup — is a step forward, said FDLE Special Agent Rick Zenuch in an earlier interview.

Make that a hesitant step. Rules for how pharmacies handle sales came out only 10 days ago. Kevin Nicholson, vice president of pharmacy regulatory affairs for the association of drugstores, says at least some retailers won't get their DEA paperwork approved by today, "and until they get that certification, they can't sell the products."

Still unresolved are questions of whether the personal information in logs conflicts with stringent federal rules on a person's right to medical privacy.

Other ingredients in off-the-shelf drugs are also attracting attention. In August, the Partnership for a Drug-Free America reported its survey of more than 7,300 teens found one in 10 had used cough medicine to get high. Federal lawmakers this summer proposed restricting bulk sales of dextromethorpham, or DXM, the active ingredient in a broad array of cough medicines, including Alka-Seltzer Plus Cold & Cough, Tylenol Cold products and Vicks 44 Cough Relief products.

The federal proposal would have affected those pharmacists who buy ingredients, then mix and measure them. States, though, have also shown interest in restricting sales, says Nicholson. And last year, Walgreen Co. — which sells more than 200 products containing DXM — programmed its cash registers to bar sales of all products containing the cough ingredient to anyone younger than 18.

U.S. Stores Race To Meet Law Aimed At Meth (OREG)

The Oregonian, September 30, 2006

Consumers nationwide will have to show identification and sign a log book when buying cold remedies that contain pseudoephedrine starting today, under a new law aimed at depriving methamphetamine cooks of their essential ingredients.

Americans will be limited to daily purchases of pseudoephedrine totaling 3.6 grams and monthly purchases of 9 grams. At a typical dosage, that's 120 tablets a day and 300 a month.

Oregon consumers will be unaffected by the new rules under the Combat Methamphetamine Epidemic Act, which President Bush signed in March. Oregon is exempt because the state imposed a far tougher pseudoephedrine restriction starting in July: a prescription.

Retailers in the other 49 states were scrambling this week to file paperwork with the U.S. Drug Enforcement Administration, certifying that they had trained employees to follow the sales restrictions. The DEA estimated 89,000 businesses would be affected, and the deadline was midnight Friday.

Rusty Payne, a DEA spokesman, said stores that sell pseudoephedrine without a certification "run the risk of DEA action, such as an inspection or audit."

He declined to say how many businesses had completed the process, which the DEA announced on its Web site 11 days ago.

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"There are a number of retailers out there who won't be able to complete the process by (Saturday)," said Kevin Nicholson of the National Association of Chain Drug Stores. "So technically, they won't be able to sell the product."

Nicholson, vice president of pharmacy regulatory affairs for the trade group, said many chains waited until Friday to fill out the DEA forms online and experienced delays.

Jan Gee, president and CEO of the Washington Food Industry, said grocery stores in Washington state are doing the best they can to meet the deadline. But she called the DEA's timeframe "unrealistic."

"When you're making your best effort to achieve a new regulation or law, they're fairly flexible with you," said Gee, whose group represents 550 stores in Washington. "That's my hope."

Michael Polzin, a spokesman for Walgreens stores, said the company rushed its paperwork to the DEA within the past two days and had not received a response from the agency by Friday.

"We believe we're in compliance by having submitted that to the DEA," Polzin said.

The federal meth law follows two years of action by states to crack down on the sale of ephedrine and pseudoephedrine, interchangeable ingredients in manufacturing methamphetamine.

As of last week, 42 states had enacted some sort of retail sales restriction, according to the National Alliance for Model State Drug Laws. Some states confine the products to pharmacy counters. Others allow other retailers to sell pseudoephedrine as long as it is locked up to prevent theft. The federal law only supersedes states with looser standards.

States that lack any pseudoephedrine law tend to be in the northeast, a region with far fewer meth labs than the rest of the nation.

But even in states with no existing restrictions on pseudoephedrine sales, many Americans will see little change in their daily routines. That's because the pharmaceutical industry has already made dramatic changes in anticipation of the new federal law.

Changing cold medicine

Drug companies last year began reformulating cold medicines with phenylephrine, which can't be used to make meth.

The nation's largest drug store chains, historically the largest sellers of pseudoephedrine products, began placing reformulated products on store shelves. And many chains began voluntarily placing existing products with pseudoephedrine behind the counter, even in states that did not require it.

"People have been sort of discovering this over the course of the past year or so as states and as specific retailers have made changes on their own," said Erica Johnson, a spokeswoman for Pfizer Consumer Healthcare.

Pfizer, the first company to reformulate, now offers Sudafed PE with phenylephrine as well as traditional Sudafed with pseudoephedrine.

Some leading convenience store chains have switched entirely to the reformulated product. The 5,300 U.S. stores and franchisees of 7-Eleven Inc. stopped selling pseudoephedrine products last year in advance of the new federal law.

"We saw the direction that this was going and we just decided, let's not sell products with this particular ingredient," said Margaret Chabris, a spokeswoman.

U.S. consumption of pseudoephedrine has plummeted as a result of the changes, federal trade data show. Imports of bulk pseudoephedrine averaged 13 tons a month through July of this year, down from 49 tons a month during the same period in 2004 -- a 73 percent reduction in two years.

Gary Schnabel, executive director of the Oregon Board of Pharmacy, said sales of pseudoephedrine products have largely dried up.

"What we're hearing is that most people are just going to the reformulated products over the counter," Schnabel said.

Whether phenylephrine is as good at unplugging stuffy noses is a matter of debate at the moment.

Rep. Henry Waxman, D-Calif., called on the U.S. Food and Drug Administration last month to re-evaluate the decongestant's effectiveness.

FDA officials responded by saying that phenylephrine was approved as safe and effective by an FDA expert panel 30 years ago.

"If a consumer does not feel that phenylephrine provides the type of relief that they obtained with pseudoephedrine, they have the option of not purchasing it and purchasing pseudoephedrine instead," wrote David W. Boyer, assistant commissioner for legislation.

Johnson, the Pfizer spokeswoman, said the company's surveys showed 83 percent of people who used Sudafed in the past continue to be satisfied with the new product containing phenylephrine.

Fewer meth labs

Seizures of methamphetamine labs across the United States have declined dramatically.

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DEA data show the number of labs nationally fell 42 percent to 5,845 between 2004 and 2005. When seizures of dumpsites, chemicals and equipment are included, the total was 12,456 in 2005, a decline of 30 percent. The number of labs and waste sites in Oregon fell 60 percent during the same period, from 471 in 2004 to 189 in 2005.

Rob Bovett, legal counsel to the Oregon Narcotics Enforcement Association, said nationwide controls will prevent Oregon meth cooks from shopping for pseudoephedrine in neighboring states.

California, one of the few states still allowing retailers to sell pseudoephedrine over the counter without checking ID, will now have to follow the federal law.

And there will be other impacts, said Bovett, who openly advocates regulating pseudoephedrine "into non-existence."

"As we further change the demand for pseudoephedrine," Bovett said, "we're going to change the world market for pseudoephedrine and thereby change the supply of methamphetamine."

New OTC Policy For Allergy, Cold Meds (NSDY)

By Curtis L. Taylor, Newsday Staff Writer

Long Island Newsday, September 29, 2006

Consumers must show a photo ID and sign a log to purchase some nonprescription sinus, cold and allergy medicines such as Claritin-D and Sudafed -- drugs that will now be locked behind the counter starting Saturday.

The federal law bans over-the-counter sales of drug products containing ephedrine, pseudoephedrine and phenylpropanolamine to curb illegal production of crystal methamphetamine, an addictive drug made with the ingredients.

Officials said online purchasers will face similar restrictions under the Combat Methamphetamine Epidemic Act included in the anti-terrorist Patriot Bill signed March 9 by President George W. Bush.

"This is crazy," said Jerry McIntosh, 71, a customer at the Wakefield Pharmacy in South Ozone. "I wanted to get a little NyQuil cold medicine. I have a little cold and it makes you feel a little better, but I have to give my phone number and address. This makes no sense. If this is going to be a pain in the neck, I can live without it."

His pharmacist, Bob Mason, said that while he understood the need to curb illicit drug production, the restrictions were a major hardship to him and his customers.

"It takes time to log in the information," Mason said. "Worse, some customers just walk out without buying anything. They say, 'I am not going to do it, I just have a cold,' or 'I should not be harassed just because I have allergies.'"

Jan Engle, a professor of pharmacy practice at the University of Illinois College of Pharmacy, said the important thing is to educate consumers about where their medications are now located and about differences in the new decongestants on open shelves. Many brands are substituting ephedrine and pseudoephedrine, which have 12- and 24-hour time-release formulas, with phenlyephrine, an older drug that lasts about four hours, she said.

"If you are at work and you get congested, the last thing you want to do is stop every four hours to take your medicine," said Engle, who teaches a course on over-the-counter prescription drugs. Engle warned that consumers should be prepared to encounter lines and different policy interpretations at each pharmacy. In some states, the law calls for a two-box limit, but some chain drugstores have adopted a one-box policy.

"The bottom line for consumers is that the drug is still available, it is still safe and effective, it is just in a different place," Engle said.

Dr. Dean Mitchell, an allergist with offices in Baldwin and Manhattan, welcomed the new restrictions.

"It is going to dramatically affect my patients, but in the long run I think it will do some good," he said. "Many people overuse these drugs, which all have potential side effects.

"I see patients who take decongestants on a regular basis who come in with elevated blood pressure and insomnia," Mitchell said. "A lot are suffering from sinus conditions but have not been tested for allergies. There are now special allergy drops that can reverse this problem and they may not need the medicine."

Adam Brzezinski 81, of South Ozone, learned about the restrictions Friday while trying to buy Robitussin cough syrup. "I am lucky because I have a pharmacist that knows me, but I would not give out the information at a chain store," he said.

Who Moved My Sudafed? (TIME/CNN)

By Christine Gorman

Time/CNN, October 1, 2006

The fall allergy season brings a new headache this year. Starting this week, allergy sufferers who want to treat their stuffy noses with pseudoephedrine (an active ingredient in Sudafed and similar over-the-counter remedies) will have to go to a pharmacist or salesclerk, show photo identification and sign a logbook recording their name and street address. The national rule, which echoes restrictions found in several states, is supposed to make it tougher for criminals to manufacture the illegal

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drug methamphetamine using packets of pseudoephedrine as its raw material. Allergy sufferers who don't want to go through the extra trouble had better have a lot of tissues on hand. The most common alternative, the nasal decongestant phenylephrine, may not be as effective.

Both compounds work by constricting the blood vessels in the nose. But, says Leslie Hendeles, a professor of pharmacy practice and pediatrics at the University of Florida, "phenylephrine doesn't get into the bloodstream very effectively" because it is so quickly metabolized by the digestive system. That made Hendeles and a colleague curious about why the Food and Drug Administration considered the drug effective in the first place. They tracked down the studies on which an advisory panel had based its recommendations back in 1976 and were surprised to learn that seven of the 11 studies showed the drug was no better than a placebo at relieving nasal congestion. Part of the problem may be that there's a lot more variation in people's response to this particular pill, making it difficult to tell if it really works--and for whom.

Fortunately, phenylephrine does a pretty good job for most people when it's sprayed directly into the nose. So a decongestant spray like Neo-Synephrine is a good bet, but only if you use it for three days or less. Using the spray any longer sets you up for something called rebound congestion, in which you become even more stuffed up than you were when you began. That warning also holds true for oxymetazoline, the nasal decongestant found in such nasal sprays as Afrin.

On the other hand, phenylephrine sprays are usually safe for folks with high blood pressure, since the medication stays pretty much in the nose and doesn't affect the rest of the body. Pseudoephedrine, by contrast, should not be used, except under a doctor's order, if you have hypertension. Also, in extremely rare cases, the drug may trigger a heart attack.

So if you have a short-lasting cold, you're covered. But allergy sufferers generally need more than three days' relief. Antihistamines will take care of the runny nose and watery eyes. For your stuffy nose, you're going to want to think about signing that logbook. And if you use a big drugstore, be sure you visit before the pharmacy section closes for the night. There's also a limit to how many boxes you can buy each month, so families may need to plan accordingly. As an alternative, you may want to see a doctor about getting a prescription for a nasal corticosteroid spray.

As with any medication, read the label to make sure you know what you're getting--even if you have used a particular product before. Manufacturers of many familiar nonprescription brands have quietly switched to phenylephrine so that their packages can stay on drugstore shelves. Allergies may be hard to avoid, but if you do your homework and follow the rules, you can still get the relief you need.

Clemens Is Named In Drug Affidavit (LAT)

By Lance Pugmire, Times Staff Writer

The Los Angeles Times, October 1, 2006

The star pitcher and five other players used performance-enhancers, according to a former teammate who took steroids, prosecutors say.

Roger Clemens, one of professional baseball's most durable and successful pitchers, is among six players allegedly linked to performance-enhancing drugs by a former teammate, The Times has learned. The names had been blacked out in an affidavit filed in federal court.

Others whose identities had been concealed include Clemens' fellow Houston Astros pitcher Andy Pettitte and former American League most valuable player Miguel Tejada of the Baltimore Orioles.

The discovery ends four months of speculation surrounding the possible identities of Major League Baseball figures whose names were redacted from the search warrant affidavit filed in Phoenix on May 31. The document was based on statements allegedly made to federal agents by pitcher Jason Grimsley, who has since retired.

Grimsley, a journeyman relief pitcher who played on several teams, including the New York Yankees, Baltimore Orioles and the Angels, acknowledged using steroids, amphetamines and other drugs, investigators said in the document. He also implicated a number of former teammates, but the names were blacked out in copies of the affidavit made public in June after investigators used the warrant to raid Grimsley's house.

A source with authorized access to an unredacted affidavit allowed The Times to see it briefly and read aloud some of what had been blacked out of the public copies. A second source and confidant of Grimsley had previously disclosed player identities and provided additional details about the affidavit. The sources cooperated only on condition of anonymity.

According to the affidavit, Grimsley told investigators that Clemens "used athletic performance-enhancing drugs." He also allegedly said Tejada used anabolic steroids.

Clemens and Pettitte did not respond to requests for comment made Saturday through their agents and the Astros. Tejada had previously declined to be interviewed.

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Grimsley was questioned by investigators after he allegedly received an illegal shipment of human growth hormone, or HGH. The shipment was tracked to his Scottsdale, Ariz., home by a task force of federal agents investigating drug use in professional baseball, the affidavit said.

For a time, Grimsley secretly cooperated with investigators, they said, but stopped after retaining a lawyer.

According to the 20-page search warrant affidavit, signed by IRS Special Agent Jeff Novitzky, Grimsley told investigators he obtained amphetamines, anabolic steroids and human growth hormone from someone recommended to him by, a source said, former Yankees trainer Brian McNamee. McNamee is a personal strength coach for Clemens and Pettitte.

The former team trainer did not return several messages left with his wife and on his answering machine.

The affidavit also alleges that Grimsley told federal agents that former Orioles teammates Tejada, Brian Roberts and Jay Gibbons "took anabolic steroids." Roberts was the American League's all-star second baseman in 2005 when Grimsley was an Oriole.

All three Baltimore players declined to be interviewed. Roberts said he had "nothing to talk about" and didn't know why he was named.

A sixth player, retired outfielder and first baseman David Segui, previously came forward to say that his name was among those blacked out in the affidavit provided to the public. Segui told ESPN in June that he used HGH on the advice of his doctor as recently as the 2004 season. He did not obtain approval from the league, he acknowledged.

Government officials have declined to comment about their ongoing investigation of drugs in professional baseball.

Clemens, 44, a seven-time Cy Young Award winner who came out of retirement to pitch for the Astros the last three seasons, was a teammate of Grimsley on the Yankees in 1999 and 2000, as was Pettitte, a two-time all-star who is nearing 200 career wins. Grimsley, Tejada, Gibbons, Roberts and Segui were teammates in Baltimore during the 2004 and 2005 seasons.

Grimsley started this year with the Arizona Diamondbacks, but requested voluntary retirement in June after Major League Baseball suspended him for 50 games.

Edward Novak, Grimsley's lawyer, did not return calls. Previously, he publicly disputed the claims investigators made in the affidavit, saying his client did not volunteer the names of any teammates. He said federal agents asked Grimsley to wear a recording device to gather evidence against San Francisco Giants slugger Barry Bonds and that Grimsley refused.

Grimsley was not arrested and has not been charged. Since June, he has complained to friends that federal agents attributed statements and disclosures to him that he didn't make.

"Jason is loyal to the death, a hardheaded guy who would not give up his friends," one of Grimsley's friends said Saturday. "The only names he discussed with those investigators were names … [the investigators] suggested to him."

The Grimsley friend, who talked about the investigation on the condition he not be named, said investigators warned the pitcher that "if he didn't continue to cooperate, they would expose him as a rat."

Rich Levin, a spokesman for Major League Baseball, said the organization and players association were "doing everything we can to eliminate the use of performance-enhancing substances and amphetamines from the game."

Regarding the investigators' affidavit, Levin said baseball officials had "no information [about] how it was obtained or its accuracy."

Clemens has surprised many in the baseball world with his late-career success. Of his 348 career wins, 55 have come since the season he turned 40. In a controversial tell-all book released two winters ago, former major leaguer Jose Canseco speculated that Clemens' late-career surge showed "classic signs" of steroid use.

"Roger says it is all nonsense," Clemens' agent, Randy Hendricks, responded to Newsday at the time. He said the pitcher "takes vitamin B-12 shots … and will pass every [drug] test."

On Saturday, the agent told the Associated Press: "I've grown weary of having to defend [Clemens] from innuendo and conjecture about every six months for the last several years when he's complied with all of the rules and regulations."

Speaking of another of his clients, Pettitte, Hendricks told AP: "Andy is just surprised and stunned, and has no knowledge of any such activity."

Pettitte, 34, pitched nine seasons and was a part of four World Series championships with the Yankees, then signed with the Astros after the 2003 season, helping Houston advance to the World Series in 2005. He has won 14 games this year for a career record of 186 wins, 104 losses.

Tejada, listed at 5-feet-9, 215 pounds, hit 30 home runs in 2000 for the Oakland A's and has established himself as one of the game's best middle-infield power hitters.

He was drawn into baseball's steroids scandal in August 2005, when then-teammate Rafael Palmeiro, who tested positive for an anabolic steroid and was suspended for 10 games, told an appeals panel the test might have resulted from injectable vitamins given to him by Tejada. After investigating, the panel cleared Tejada.

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Tejada's increasingly sullen demeanor has attracted hometown news media coverage in Baltimore, where he also has become a target of complaints from fans who accuse him of not hustling.

During the summer, he canceled an interview with The Times for this article. "I don't want to talk to you," he said. Later, Tejada referred a reporter to agent Diego Bentz, who did not return calls.

Outfielder Gibbons, a product of Mayfair High School in Lakewood and Cal State Los Angeles, spent late June on the disabled list with a knee injury in Scottsdale, Ariz. His father, Jim, acknowledged at his Lakewood home on July 5 that the player was aware of the affidavit.

"Is this about Grimsley?" the elder Gibbons asked a Times reporter. "I'm not saying anything about it. I'll let him know you stopped by."

Roberts, listed at 5-9, 175, hit 18 home runs in 561 at-bats last season, matching his combined total through the previous six years in the major and minor leagues.

After a victory over the Red Sox in Boston on Saturday, two of the Orioles told the Baltimore Sun that they denied the claims made in the affidavit.

"I don't pay any attention to what" Grimsley allegedly said about performance-enhancing drug use, Tejada said. "I know that I've never had a problem with that. I know that I've never used that, and I know I am clean. I don't worry about anybody who puts me in that stuff. I'll get checked out for anybody, any time, any moment — whenever they want."

Gibbons said: "I have passed every test administered by Major League Baseball over all the years. And I am not going to dignify these claims and accusations with any further response."

Grimsley told investigators he had used anabolic steroids beginning in 2000, tested positive during 2003 trial testing, and switched to human growth hormone, undetectable in a urine test, after that. He admitted to using amphetamines until an agreement with the players association banned them several months ago, according to the affidavit.

In a major league career that began with the Philadelphia Phillies in 1989, Grimsley played for seven organizations.

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(INFOBOX BELOW)

The players

Roger Clemens

Starting pitcher, Houston Astros

Career: 348 wins, 178 losses, 3.10 ERA.

The 11-time all-star and seven-time Cy Young winner has pitched for Boston, Toronto, the New York Yankees and the Astros in his 23-year career.

Andy Pettitte

Starting pitcher, Houston Astros

Career: 186 wins 104 losses, 3.81 ERA.

A two-time all-star, he twice won 20 or more games while pitching for the New York Yankees from 1995 to 2003. He joined the Astros in 2004.

Miguel Tejada

Shortstop, Baltimore Orioles

Career: 1,584 hits, 240 home runs, 952 RBI, .286 career batting average.

- He was the 2002 American League MVP with Oakland, for whom he played from 1997 to 2003.

Brian Roberts

Second base, Baltimore Orioles

Career: .280 career batting average, 40 home runs, 250 RBI.

- Was an all-star in 2005, his fifth season in the major leagues, all with the Orioles.

Jay Gibbons

Outfield, Baltimore Orioles

Career: .263 career batting average, 115 home runs, 377 RBI.

- This is his sixth season in the major leagues, all with the Orioles.

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Jason Grimsley
Former relief pitcher, Arizona Diamondbacks
Career: 42 wins, 58 losses, 4.77 ERA.
- Suspended in June after acknowledging use of a performance-enhancing drug. He retired.
Sources: http://www.mlb.com ; Times reports

Baseball's Ugly Side Just Got Uglier (NYT)

By William C. Rhoden
The New York Times, October 2, 2006
San Francisco

By 11 a.m. yesterday, Barry Bonds hadn't heard the news.

On this, the final day of a disappointing season, Bonds, baseball's second greatest home run hitter, sat in front of his dressing area, watching his beloved 49ers get shellacked by the Kansas City Chiefs. Bonds wasn't aware that names had been disclosed in connection with the continuing peril of the use of human growth hormone.

In yesterday's editions, The Los Angeles Times reported that Roger Clemens was among six players named by a former teammate as using performance-enhancing drugs.

None of the players was named Barry Bonds.

The article said the former major league pitcher Jason Grimsley also identified Andy Pettitte, Miguel Tejada, Brian Roberts and Jay Gibbons as players who used performance-enhancing drugs.

The big fish in these allegations — and they are only allegations — is Clemens, perhaps the most dominating pitcher of his generation. I'm not sure how I expected Bonds to react to the news. Indignation? A sense of satisfaction? Bonds arched his eyebrows in surprise and not much else. "That's awful," he said, and let it go at that.

It is awful, and infuriating, that the hypocrisies of two industries — baseball and news media — are converging. Baseball, if it didn't encourage drug use, at least looked the other way season after season as players did what they it had to do to make it through 162 games. The news media, selectively picking and choosing who to vilify, has been on a Bonds hunt for two seasons. Now it may be confronted with Clemens. If I know my industry, there will now be calls for restraint, for withholding judgment. There will be calls for evenhandedness, for letting it play itself out, following the truth where it leads.

Right.

This hunt has never been about getting at the larger truth, never about purging, going back and finding out how baseball helped perpetuate a culture of amphetamines. Instead, we've witnessed a typically American approach to solving deep-seated problems: denial first, finding a scapegoat, initiating a public chase, holding an equally public execution and subsequently declaring the problem over.

Bonds was supposed to be that scapegoat.

The problem is that the loose string we've grabbed and pulled is undressing an entire industry, dredging up names never intended to be dredged up.

Clemens and Pettitte, teammates with the Yankees and the Astros, denied the allegations.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said yesterday before the Astros played in Atlanta.

He added: "I've been tested plenty of times. My physicals I've taken, they have taken my bloodwork. I have passed every test. Again, I just find it amazing that you can throw anybody out there."

Pettitte said he was stunned by the report.

"I played with Grimsley for a couple of years in New York and had a great relationship with him," Pettitte told reporters.

Pettitte said he never used any performance-enhancing drugs. "I don't know what else to say except to say it's embarrassing my name would be out there," he said.

Indeed. The moving finger writes and having writ, moves on.

Before yesterday's game, Giants Manager Felipe Alou noted, "The minute your name comes out, even if it's not true, your name came out; it's nice to go home clean."

In June, federal agents searched Grimsley's home in Arizona after he admitted using human growth hormone, steroids and amphetamines. Grimsley was released by Arizona and suspended by Major League Baseball. Alou, who may be on his way out as the Giants' manager, was asked what he thought of the new set of disclosures.

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"I was shocked to see some of the names on television this morning," Alou said. "There are some big names. I said, 'Here we go again.' Can you imagine having to go through another year? You believe the season is going to be behind us, the season is over and all of that is behind. Now it's in front of us."

Alou predicted that more names — more big names — will surface as federal agents dig and dig in their attempt to get Bonds. The battleground is filling up with casualties.

In pursuit of Bonds, The San Francisco Chronicle published a story based on documents obtained from a grand jury. Now two of its reporters face prison time. More big-name athletes will have their reputations tarnished. Meanwhile, Bonds, the target in all of this, is sitting in front of his stall, watching a football game.

What fitting symmetry to a baseball season that began with Bonds hounded by suspicion of steroid use, despite never testing positive. The season ends with big names other than Bonds being implicated by a former teammate. Now the mob that has pursued Bonds with a single-minded vengeance must decide whether to pursue Clemens and Pettitte as well.

Asked whether he thought the news media will go as hard after Clemens as it has after Bonds, Alou said: "First of all, it has to be true. We don't know if that is true."

"But I gotta say though," he said, smiling, "that Rockets are hard to catch."

Baseball deserves this. We deserve this.

Clemens, Others Blast Grimsley Report (AP)

AP, October 2, 2006

-- Roger Clemens calls the report "dangerous and malicious and reckless." Andy Pettitte insists he never took banned drugs. Miguel Tejada says he is being smeared again by scandal.

Some of baseball's biggest stars responded with denials and denunciations Sunday following a Los Angeles Times report in which former pitcher Jason Grimsley accused five players of using performance-enhancing drugs, according to a federal agent's affidavit. The other players cited were Baltimore teammates Brian Roberts and Jay Gibbons.

Grimsley once played with Clemens and Pettitte on the New York Yankees and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Clemens and Pettitte, now teammates on the Houston Astros, denied the allegations Sunday.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said Sunday before the Astros played in Atlanta on the final day of the regular season. "I haven't seen (the report), nor do I need to see it."

"For the people involved it is very dangerous and malicious and reckless on the part of somebody ... to put something out there with somebody else's writing on it," he added.

Clemens said he has been tested "plenty of times" and passed every test.

Pettitte was "stunned" by the report.

"I played with Grimsley for a couple of years in New York and had a great relationship with him," the pitcher said before the Astros' game.

"I've never used any drugs to enhance my performance in baseball. I don't know what else to say except to say it's embarrassing my name would be out there."

In June, federal agents searched Grimsley's home in Arizona after the pitcher admitted using human growth hormone, steroids and amphetamines. Grimsley later was released by the Arizona Diamondbacks.

In a search warrant affidavit signed by IRS Special Agent Jeff Novitzky, the Times reported, he said Grimsley identified other players who had used drugs. Those names were blacked out when the document was released.

"As for Jason Grimsley's affidavit, we have no information regarding how it was obtained or its accuracy," MLB spokesman Richard Levin said Sunday.

All major league players are tested at least twice a year for banned drugs. There is no test for HGH, but it is banned by the sport. Former Senate Majority Leader George Mitchell was hired by MLB to investigate steroids in baseball.

The Times said an unidentified source with access to the document _ minus the cross-outs _ allowed the newspaper see it but kept the copy. The Times said a second source who had identified the other players provided additional details about the document.

According to the affidavit, the Times said, Grimsley told investigators Clemens and Pettitte "used athletic performance-enhancing drugs."

Houston teammate Lance Berkman said he would be startled to find either of the two pitchers involved, calling the matter "irresponsible" and "unfortunate."

"You just have to be very, very careful when you make accusations like that," he said. "You better be right about it."

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The affidavit also alleged Grimsley told federal agents that Roberts, Gibbons and Tejada, all with the Orioles, "took anabolic steroids."

"What can I do? I spent one morning last year with Grimsley," Tejada said Sunday from Boston. "I mean, I already got thrown under the bus with Palmeiro. No, I don't worry about that."

Rafael Palmeiro was suspended last season for using steroids and suggested the positive test may have been the result of a vitamin B-12 shot Tejada gave him. Tejada insisted he did nothing wrong.

Gibbons has said he has passed every test administered by baseball.

"I'm as shocked as anybody else," he said.

Roberts derided the accusations as "ridiculous."

"We've had steroid testing, and I've taken all the tests," he told The (Baltimore) Sun. "There is no point in getting into verbal wars."

Novitzky also was the lead investigator in the Bay Area Laboratory Co-Operative probe. Two BALCO officials and Barry Bonds' personal trainer, Greg Anderson, served jail time after guilty pleas in that investigation.

Grimsley has complained to friends, the Times said, that federal agents attributed statements to him that he did not make.

Randy Hendricks, who represents Clemens and Pettitte, told The Associated Press he questions the conduct of the federal agents.

"I've grown weary of having to defend (Clemens) from innuendo and conjecture about every six months for the last several years when he's complied with all of the rules and regulations," Hendricks said. "Andy is just surprised and stunned, and has no knowledge of any such activity."

Atlanta Braves star Chipper Jones called Clemens and Pettitte "iconic figures" and is convinced of their innocence.

Giants manager Felipe Alou was asked how he thinks Clemens will be treated compared to Bonds.

"I've got to say, Rockets are hard to catch," he said. "I was shocked to see those names on television this morning. Some big names. I said, 'Here we go again.'"

Three O's Players Deny Steroid Use (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, October 2, 2006

Clemens, Pettitte Also Rebut Grimsley

The Baltimore Orioles issued a statement of support yesterday for their three players accused of using anabolic steroids by a former major league pitcher as the players -- Miguel Tejada, Brian Roberts and Jay Gibbons -- denied the charges.

Houston Astros pitchers Roger Clemens and Andy Pettitte, who were accused of performance-enhancing drug use by former reliever Jason Grimsley in a federal affidavit, also rebutted the charges a day after the Los Angeles Times revealed the identities of the players Grimsley accused.

The players' names had been blacked out in the affidavit that was filed in federal court in May.

Grimsley, who played for the Orioles, New York Yankees, Arizona Diamondbacks and other teams, admitted in the search-warrant affidavit to using anabolic steroids, human growth hormone and amphetamines. In the affidavit, he also implicated six players and an athletic trainer whose names had been unconfirmed until the Times report.

After the affidavit became public, Grimsley was suspended for 50 games by Major League Baseball and released by the Diamondbacks.

Grimsley also named retired Oriole David Segui, who previously acknowledged that his name was among those in the document. Segui told ESPN in June that he had received a prescription for human growth hormone because of naturally low levels. The trainer was Brian McNamee, formerly a team trainer for the Yankees and now the personal trainer for Clemens and Pettitte, according to the Times.

Grimsley played with Tejada, Roberts and Gibbons in 2005 and Clemens and Pettitte in 1999 and 2000 when he was with the Yankees. The charges against Clemens have received particular emphasis because Clemens, 44, has become the sport's measuring stick for fitness, durability and toughness.

"I just think it's incredibly dangerous to sit out there and just throw names out there," Clemens said yesterday before the Astros played in Atlanta, according to the Associated Press. "I haven't seen [the report], nor do I need to see it."

"I've been tested plenty of times. My physicals I've taken, they have taken my blood work. I have passed every test. Again, I just find it amazing that you can throw anybody out there."

Pettitte said he had a "great relationship" with Grimsley and was "stunned" by the report, according to the AP.

"I've never used any drugs to enhance my performance in baseball," Pettitte said. "I don't know what else to say except to say it's embarrassing my name would be out there."

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Their agent, Randy Hendricks, noted that Grimsley has said through his attorney that he did not disclose names to federal investigators.

"Roger and Andy deny using performance enhancing drugs," Hendricks said in an e-mail. "Roger passed Olympic-standard blood testing for the World Baseball Classic this year. . . . He is a phenomenal baseball player who does not deserve to have his name bandied about in the public domain based upon an affidavit of an investigative agent to get a search warrant. Roger and Andy never worked out with Grimsley and Grimsley would have no personal knowledge of anything they did."

Grimsley said Clemens and Pettitte "used athletic performance-enhancing drugs" and Roberts, Gibbons and Tejada "took anabolic steroids," according to the affidavit signed by IRS Special Agent Jeff Novitzky, the Times reported. The newspaper said it was allowed to view the unredacted version by someone with "authorized access" to it.

"What can I do? I spent one morning last year with Grimsley," Tejada said yesterday before the Orioles played at Boston, according to the AP. "I mean, I already got thrown under the bus with [Rafael] Palmeiro. No, I don't worry about that."

The night before, Tejada told the Baltimore Sun: "I know that I've never had a problem with that. I know that I've never used that and I know I am clean."

Gibbons told the Sun he has never failed a drug test.

"And I am not going to dignify these claims and accusations with any further response," he said.

"Our players have addressed the accusations quite strongly and we support them," Orioles Vice President of Player Personnel Mike Flanagan said in a statement. "We have not seen the affidavit and therefore will not comment on it further."

US/Central Afghanistan Mulls Herbicide In Drug War (AP)

AP, October 1, 2006

(AP) JALALABAD, Afghanistan With profits from this spring's record opium crop fueling a broad Taliban offensive, Afghan authorities say they are considering a once unthinkable way to deal with the scourge: spraying poppy fields with herbicide.

Afghans including President Hamid Karzai are deeply opposed to spraying the crop. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes.

But U.S. officials in Kabul and Washington are pushing for it. And on Thursday the country's top drug enforcement official said he would contemplate spraying opium crops — even with airborne crop-dusters — if other efforts fail to cut the size of the coming year's crop.

"This year, we'll wait and see how it goes. Next year, the 2008 season, we will consider it," said Lt. Gen. Mohammed Daoud Daoud on the sidelines of an anti-poppy gathering in Jalalabad, the ancient and verdant capital of Nangahar province, once the heart of Afghanistan's poppy belt.

This year Nangahar was a success. Poppy cultivation stayed low amid a boom that saw Afghanistan produce 82 percent of the world's opium, providing for 90 percent of its heroin, according to U.S. and United Nations figures.

Opium eradication is one of the great failures of the five-year period since the U.S.-led invasion in 2001. In 2000, under the Islamist Taliban government, Afghanistan produced virtually no opium.

Planting has skyrocketed since then, jumping 59 percent this year, enough to produce 6,700 tons of opium that fetched around $750 million for Afghan farmers and eventually sold for $50 billion on the street, mainly in Europe, according to a U.N. report.

Opium poppies have become Afghanistan's chief crop and economic mainstay even as Washington and Britain have pumped hundreds of millions of dollars into eradication schemes and complex efforts to create markets for legal crops.

In the meantime, drug money nourishes the insurgency. In the opium-rich southern provinces of Helmand and Kandahar, Taliban commanders protect growers in return for a 30 to 40 percent tax, which is spent to recruit fighters, experts in the region say.

Retired U.S. Gen. Barry McCaffrey, the Clinton administration drug czar, said crop dusters may be the only way to preserve Washington's project in Afghanistan, before drug profits undermine the country's elected government.

"We know exactly where these fields are. They're absolutely vulnerable to eradication. And it is immeasurably more effective to do it with an airplane," McCaffrey said by telephone from Virginia. "I've been telling the Pentagon, if you don't take on drug production you're going to get run out of Afghanistan."

But in Helmand, home to 42 percent of this year's crop, Daoud said it remains too dangerous to spray. A former mujahedeen commander, Daoud said the Taliban can down low-flying planes.

"They have rockets," the bearded general said, fingering a string of prayer beads. "We can't spray there."

U.S. and U.N. experts here say eradicating the drug from this Texas-sized country will take decades.

Inside Afghanistan, with just 150,000 opium users among its 30 million people, poppy eradication is seen as an outside issue. Two speakers at the counternarcotics conference here said it was more urgent to stop people drinking wine.

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"We want all drugs banned. Not only poppy," said provincial council chief Fazal Hadi Muslim Yar.

If Karzai approves herbicide, he risks losing the support of 3 million people involved in poppy growing. But without eradication, he could see his government undermined by drug-funded insurgents.

Karzai has said in the past that herbicides pose too big a risk for families and livestock, contaminating water and killing grapes, melons and vegetables grown alongside poppies. But the president approved Afghan eradication teams that used tractors to eliminate thousands of acres of poppies this year.

"Anywhere we eradicate a field, we must immediately provide the farmer with an alternative livelihood," Karzai spokesman Khaleeq Ahmad said on Saturday.

Aerial spraying is especially feared. Rumors have coursed through farm communities blaming sicknesses on secret poppy spraying, said Mohammed Nabi Hussaini, the head of Afghanistan's Poppy Eradication Program.

"There were diseases in children who ate apricots and parents said they saw helicopters nearby," Hussaini said. "But how long can we wait? The longer you wait the more it will get out of control."

McCaffrey said crop-dusting with common herbicides like Roundup was key in drug eradication programs that found success in Thailand and Peru.

Crop spraying is not the preferred option of the United Nations, but would be considered as part of a broad rural development program, U.N. spokesman Dan Norton said on Saturday.

Tens of thousands of Afghan farmers are now making crop decisions, weighing options between poppies and Afghanistan's robust vegetables and melons.

For now, the government counternarcotics campaign is friendly. Afghan government officials held a tent rally at the former winter palace in Jalalabad. With 200 turbaned elders and clerics listening, Daoud urged them to snuff out the illicit trade before it turned Afghanistan into a narco-state.

"Addiction will destroy the young generation that is Afghanistan's future," Daoud told the crowd. "Once you're addicted you're a burden to your family."

Across Afghanistan, tougher action is coming. Counternarcotics officials warned local leaders that they will be fired if cultivation rises.

Finally, Kabul officials drove the message home using the twin pillars of God and honor. Assadullah Sajid, an imam in a starched white tunic and long beard, pointed forcefully at the elders and policemen, invoking the Quran and warning them not to disgrace Nangahar.

"Last year our governor was honored because we didn't cultivate," Sajid said sternly. "Let's keep that honor."

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Opium eradication is one of the great failures of the five-year period since the U.S.-led invasion in 2001. In 2000, under the Islamist Taliban government, Afghanistan produced virtually no opium.

Opium poppies have become Afghanistan's chief crop and economic mainstay even as Washington and Britain have pumped hundreds of millions of dollars into eradication schemes and complex efforts to create markets for legal crops.

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Councilman To Idaho Town: Get Your Guns (USAT)

By Gwen Florio

USA Today, October 2, 2006

The Town Council in Greenleaf, Idaho, is considering a recommendation that all households keep and maintain guns because of the crime that might come with the encroaching growth from nearby Boise.

To date, violent crime is nearly unheard of in Greenleaf, population 890, admits City Councilman Steve Jett, who proposed the ordinance the council will take up Tuesday. Even so, Jett says it's only a matter of time.

"The biggest thing I was looking at is preparation," Jett says.

When asked about violent crime in Greenleaf, which doesn't have its own police force, Albert Erickson, police chief of neighboring Wilder, says, "I don't remember any."

Erickson, whose department covers Greenleaf, finally recalled a domestic-violence complaint there last year. "But I don't even know that it went to court."

Boise is not exactly a hotbed of violence. Its violent crime rate last year was 383 per 100,000 people, below the national average of 469 but higher than Idaho's rate of 257 per 100,000, according to the FBI Uniform Crime Report.

Greenleaf's proposal is not surprising, especially in the West, says David Kopel of the Denver-based Independence Institute, a free-market think tank.

Kopel, author of The Samurai, the Mountie, and the Cowboy: Should America Adopt the Gun Controls of Other Democracies?, ranks Montana as the state with the strongest gun rights, closely followed by Idaho and Wyoming.

"These laws are more suggestive of culture and attitude than a real attempt to arm everybody," says Gary Marbut, president of the Montana Shooting Sports Association.

The Montana Legislature routinely considers resolutions urging residents to own guns. Aumsville, Ore., considered, but rejected, an ordinance similar to Greenleaf's proposal in 2001, a year after the tiny southern Utah town of Virgin passed one.

In a nod to Greenleaf's Quaker roots — it takes its name from Quaker abolitionist and poet John Greenleaf Whittier — Jett says his proposal is merely a recommendation, not a requirement like Virgin's. The wording exempts convicted felons, others prohibited from owning guns and those who object to gun ownership.

The ordinance is modeled on a 1982 law in Kennesaw, Ga., a town that, like Greenleaf, found itself becoming a suburb to a sprawling state capital. "It was basically the law heard 'round the world," says Kennesaw Mayor Leonard Church. He says he has received inquiries from as far away as Australia about Kennesaw's measure.

Although the law is largely a formality — "We don't go door to door, saying, 'Show me your gun' " — Church says studies show enactment of the law coincides with a marked drop in burglaries and violent crime.

Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence, says the group doesn't oppose Greenleaf's proposal.

"There aren't too many rural towns in Idaho where everybody doesn't already have a gun," he says. "And we fully support the right of law-abiding citizens … to own a firearm for self-defense, or hunting, or sporting purposes."

IMMIGRATION:

Immigration In Herndon (WP)

The Washington Post, October 2, 2006

CONGRESS LEFT town having failed to pass the comprehensive reform of immigration laws that President Bush claimed to want but didn't do much to promote at crunchtime. The failure leaves millions of illegal immigrants sought after by U.S. employers but with no path to legal status. The nation wants and needs their labor but can't bring itself to deal honestly with the situation. Among the victims of this hypocrisy and gridlock on the national level are the nation's local governments, which are left with little guidance in handling the challenges posed by rapid immigration.

You can get an early sense of how this increasingly will play out in Northern Virginia's town of Herndon, which is back in the news with more ideas on how to clamp down on illegal immigrants. The proposals are small-minded and, if enacted, are likely to be futile in resolving any problems. But we understand local officials' frustration with the federal government's inability to craft an immigration policy for the country.

Herndon is proposing to train local police to enforce federal immigration laws and to place new restrictions on businesses. Anyone seeking a business license would have to prove valid immigration status, and anyone wanting to do business with the town would have to show that workers for the business are in the country legally.

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The new initiatives are, as one official conceded, an effort to just do something. But, toward what end, and at what cost? The business proposals duplicate existing laws. Letting the police officer on the corner take over the federal role in the complex world of immigration law could lead to heartbreaking mistakes and unintended consequences. People who look "foreign" to one police officer or another might become targets for unfair scrutiny. Many law enforcement authorities fear that such policies will chill relations with immigrant communities and, as a result, more serious crimes will go unreported and unsolved.

Officials in Herndon say they are still in the early stages of studying their proposals; let's hope that, instead of the emotion that shaped much of last year's debate on day laborers, a more analytical and reasoned examination will be undertaken. Congress would do well to take the same advice.

TAX:

Income Tax Cuts Benefit All Payers (USAT)

By Kevin Mccoy

USA Today, October 2, 2006

Americans of every income have benefited from a drop in federal income tax rates as Bush administration tax cuts enacted since 2000 took effect, an independent analysis of newly released IRS data shows.

But those earning $75,000 to $500,000 are shouldering a larger share of total taxes paid as millions more of them earn higher incomes and get hit with the Alternative Minimum Tax, the analysis also found.

The review by the Tax Foundation, a non-partisan research group that favors low taxes, provides one of the first detailed looks at the impact of federal tax changes phased in between 2000 and 2004.

Alluding to the political debate that often surrounds tax issues, Gerald Prante, a Tax Foundation economist, said, “It is true that in dollar amounts the rich have gained the most. But everybody's tax rates have fallen.”

The analysis showed, for example, that a taxpayer who earned $35,000 in 2000 would have paid 8.54% of that income — $2,989 after credits — in federal taxes. In 2004, federal taxes would have accounted for 5.12% of that taxpayer's annual income, or $1,792. That represents a 40% decrease in tax burden.

At the higher end of the income brackets, a $1.75 million earner would have paid $513,625 in 2000 federal taxes, when the rate for that earning bracket was 29.35%. Four years later, when the rate dropped to 25%, that earner would have paid $437,500. That represents a 14.8% cut in tax burden, the analysis shows.

Millions of upper-middle and moderately high-income earners also benefited from tax rate cuts. But the analysis shows their savings was limited by the Alternative Minimum Tax, which eliminates some deductions and credits they could otherwise claim on federal tax returns. The levy particularly hits those whose high state and local taxes become ineligible for federal tax deductions.

For instance, taxpayers who earned between $100,000 and $200,000 in 2004 paid 22.5% of all federal taxes, up from 19.4% four years earlier. Those who earned between $200,000 and $500,000 in 2004 paid 17.9% of all federal taxes, up from 15.4% in 2000, the analysis showed.

Prante said the federal government “cut ordinary income tax rates but left AMT alone. So the middle range (of taxpayers) ended up getting less of a reduction.”

The Tax Foundation also found that:

·Millions of lower-income Americans — those earning $25,000 annually or less — have been taken off the federal tax rolls. In 2000, roughly 29 million tax returns had no federal tax owed. Four years later, the number rose to about 43 million returns.

The increase resulted from the doubling of the child tax credit from $500 to $1,000, as well as the Earned Income Tax Credit, a federal benefit program for low-income workers.

·Income for the highest-earning Americans dropped sharply from 2000 to 2002, following the end of the bull stock market of the late 1990s, then grew rapidly from 2002 to 2004 as the economy recovered.

CONGRESS-ADMINISTRATION:

Reconfigured Supreme Court Takes Up Cases (LAT)

By David G. Savage

The Los Angeles Times, October 2, 2006

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WASHINGTON — Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., President Bush's two appointees, will have a chance to shift the law to the right on two charged issues — abortion and race — during the Supreme Court term that starts today.

The court will decide whether doctors can be prosecuted for using an abortion procedure that critics have labeled "partial-birth abortion." And it will rule on whether school boards can maintain integrated schools by assigning some students based on their race.

In the past, Justice Sandra Day O'Connor provided the fifth vote for majority rulings that struck down abortion regulations and allowed schools and colleges to use affirmative action. Now that O'Connor has been succeeded by Alito, the balance may tip the other way.

The session will also see the court take up global warming for the first time. Environmentalists are asking the justices to force the Bush administration to limit vehicle emissions believed to contribute to climate change.

Business lawyers and consumer advocates are closely watching another case involving cigarette maker Philip Morris to see whether the high court will strictly limit "punitive" damage verdicts against corporations.

And California's system for sentencing criminals is under attack. In recent years, the high court has said juries, not judges, should decide the key facts that call for longer prison terms.

In California, a judge may impose a longer prison term if certain "aggravating factors" are found.

If the court declares this sentencing system unconstitutional, thousands of state inmates could win the right to have their sentences reconsidered.

Abortion remains the most divisive issue before the court.

Until now, a 5-4 majority has held to the view that the government may not regulate abortion in a way that threatens the life or health of pregnant women.

Relying on that principle, the court six years ago struck down a Nebraska law that made it a crime for doctors to use a second-trimester surgical procedure that critics call "partial-birth abortion."

Some physicians, including litigant Dr. Leroy Carhart of Bellevue, Neb., seek to remove the fetus intact before cutting its umbilical cord. This procedure, known as D&X, for dilation and extraction, carries less risk of bleeding and infection than other procedures, the doctor maintains.

The high court, in a 5-4 decision upholding the practice, agreed with him in Stenberg vs. Carhart, saying that "significant medical authority supports the proposition that, in some circumstances, the D&X procedure would be the safest procedure."

The dissenters called the procedure "gruesome" and "horrific" and said it bore "a strong resemblance to infanticide."

Afterward, Congress passed the federal Partial-Birth Abortion Ban Act, and President Bush signed it into law in 2003. Contradicting the court's conclusion, lawmakers said the disputed procedure was "never medically indicated to preserve the health of the mother."

Judges in Omaha and San Francisco conducted trials and heard testimony from leading medical experts.

Both concluded that the disputed D&X procedure was a variant on the standard dilation and evacuation method of abortion at this stage of pregnancy. And both agreed with medical experts who said it was often safer.

"This is a medical matter, and the court has never deferred to Congress on a medical issue like this," said Priscilla Smith, a lawyer for the Center for Reproductive Rights, which is representing Carhart.

But U.S. Solicitor General Paul D. Clement said Congress' conclusion that the D&X procedure was not needed to protect women was "entitled to great deference."

The oral argument in Gonzales vs. Carhart is set for Nov. 8, the day after the elections.

The high court has also been closely split on race and affirmative action.

Three years ago, with O'Connor speaking for a 5-4 majority, the court ruled that colleges and universities may consider race in the admissions process to bring more diversity to the student body.

But the court's conservatives say schools and colleges should not treat students differently because of race, regardless of the reason.

The court agreed to hear a challenge to public school integration policies in Seattle and Louisville, Ky., that sometimes lead to children being barred from certain schools because of their race.

In Louisville, officials said at least 15%, and no more than 50%, of a school's students had to be black. The parent of a white child sued when her son was turned away from the school nearest her home.

Bush administration lawyers joined the case on the side of the parents and argue that "racial balancing" is unconstitutional. However, school officials say that because housing is segregated in many cities, they need to use race-based guidelines to maintain integrated schools.

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If the guidelines in Seattle and Louisville are struck down, the ruling could affect several California districts. Last year, the Los Angeles Unified School District was sued by the Pacific Legal Foundation for using race as an enrollment factor in its magnet schools.

College officials will also be watching the outcome. A ruling striking down school integration policies will be seen as a signal that college affirmative-action policies are in danger as well.

The schools case will be heard Dec. 4.

The global warming case tests whether a coalition of states can force the Bush administration to take action against greenhouse gases.

This dispute, to be heard Nov. 29, turns on the words of the Clean Air Act, which says the Environmental Protection Agency must take steps to limit "any air pollutant" coming from cars and trucks that could "endanger public health or welfare," including changes in the climate or weather.

The EPA administrator refused to adopt new emissions standards for motor vehicles.

The agency's experts said that greenhouse gases such as carbon dioxide were not true air pollutants.

A dozen states — California, Massachusetts, Connecticut, Illinois, Maine, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington — sued the EPA.

The court's decision could also determine the fate of California's newly adopted rules for cleaner vehicles to be sold in the state beginning in 2009. Those pending rules are also being challenged in lawsuits brought by the automakers.

"It will help California a lot if the court says carbon dioxide is an air pollutant," said UCLA law professor Ann Carlson, an expert on environmental law.

"It's also very significant if the states and environmentalists can force action on this issue when the administration is recalcitrant."

The punitive-damages case, which will come up Oct. 31, tests whether juries, acting on a single claim, can punish companies for wrongful behavior that may have hurt tens of thousands of people.

After Jesse Williams, a lifelong smoker, died of lung cancer in Oregon, his wife sued Philip Morris for fraud. A jury awarded her $21,000 in compensation for his death and $800,000 for pain and suffering. Then, to punish Philip Morris for concealing the dangers of smoking, it added nearly $80 million in punitive damages.

The Supreme Court has been searching for a way to limit these punitive awards, and three years ago said they rarely should "exceed a single-digit ratio between punitive and compensatory damages."

WASHINGTON — In the session that begins today, the Supreme Court is scheduled to consider a number of cases on hot-button issues, among them abortion and school integration.

Question: Can Congress outlaw a midterm abortion procedure referred to by opponents as "partial-birth" abortion?

Answer: Six years ago, the court on a 5-4 vote struck down a similar state ban on the grounds that it could threaten the health of some pregnant women. Justice Sandra Day O'Connor, now retired, was in the majority, and she has been replaced by President Bush's appointee Justice Samuel A. Alito Jr. (Gonzales vs. Carhart and Gonzales vs. Planned Parenthood)

Q: Can school districts maintain a racial balance in schools by limiting the percentage of white and black students, or does this use of race violate the rights of students who are excluded?

A: Lawyers challenging the integration guidelines used in Seattle and in Louisville, Ky., say any such use of race is unconstitutional. (Parents Involved in Community Schools vs. Seattle School District and Meredith vs. Jefferson County Board of Education)

Q: Can the Bush administration refuse to regulate the emissions of cars and power plants that are blamed for global warming, or does the Clean Air Act require the government to restrict such pollutants?

A: The court will hear an appeal from lawyers for Massachusetts, California and 10 other states that have demanded that the Environmental Protection Agency take action. (Massachusetts vs. EPA)

Q: Can juries award millions of dollars to a single plaintiff to punish a company for a pattern of wrongdoing?

A: An Oregon jury awarded $80 million in damages to the family of a longtime smoker who died of lung cancer. The Supreme Court has been searching for a limit on such punitive damages. (Philip Morris vs. Williams)

Q: Are immigrants convicted of drug possession subject to deportation under a strict federal law?

A: The 1996 law says immigrants who commit an "aggravated felony" are to be deported, and the government says low-level drug crimes are felonies. (Lopez vs. Gonzales, Gonzales vs. Duenas-Alvarez)

Q: Is California's system of sentencing criminals unconstitutional because it lets a judge increase a defendant's term based on "aggravating factors"?

A: In several recent rulings, the court has said juries, not judges, should decide the factors that call for longer sentences. (Cunningham vs. California)

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For Supreme Court's New Term: Rise Of A New Centrist (CSM)

By Warren Richey

The Christian Science Monitor, October 2, 2006

WASHINGTON

Abortion regulations and race-based public school enrollment plans are among major national issues at the US Supreme Court this year in a term that offers the first real insight into the constitutional vision of the high court under Chief Justice John Roberts.

Constitutional scholars and other analysts are watching closely to see if respect for legal precedent - the principle of stare decisis - emerges as a defining approach, or whether the Roberts court will seek to build on the conservative agenda of the Rehnquist court, with sweeping rulings that erode or erase liberal precedents.

A major factor in the direction of the court, whose 2006-2007 term begins Monday, is Justice Anthony Kennedy, who is emerging as a primary centrist power on the court following the retirement of Justice Sandra Day O'Connor. Analysts say he may provide the swing vote in several key cases.

"The absence of Justice O'Connor will be one of the most fundamental changes the court has seen," former acting solicitor general and Duke Law School Professor Walter Dellinger told reporters in a recent preterm briefing.

"It is difficult to overstate the significance of that shift," said former solicitor general and Pepperdine Law School Dean Kenneth Starr, in the same briefing. "All eyes will be on Kennedy."

Justice Kennedy's new judicial clout will be on full display in both the race and abortion cases. Similar cases were decided by 5-4 majorities in recent years with Justice O'Connor joining the court's four liberal justices. In contrast, Kennedy dissented in both cases.

Last term was a year of historic transition for the court with the passing of Chief Justice William Rehnquist and the retirement of O'Connor. It marked the arrival of Mr. Roberts as chief justice and Samuel Alito as an associate justice.

The change in the high court's roster is expected to swing the balance of power to the right, possibly overturning legal precedents on a range of hot-button issues, including both the abortion and race cases, analysts say.

Although it is not clear how Roberts and Justice Alito will vote in these cases, many analysts suggest they are likely to align with the court's conservative wing and that Kennedy will be in position to provide the decisive fifth vote. Partial-birth abortion is key case

At issue in the abortion case is the constitutionality of the federal Partial-Birth Abortion Act of 2003. The law was passed by the Republican-controlled Congress in open defiance of an earlier Supreme Court ruling that so-called partial-birth abortions could not be banned by states unless lawmakers provided an exception in cases where a woman's health might be threatened by the unavailability of the banned procedure.

Congress swept aside the court-imposed requirement by declaring in its law that there were no circumstances when a partial-birth abortion might be medically necessary. If no circumstances exist, lawmakers concluded, there is no need for a health exception. That Congressional finding disregards the testimony of some medical experts who say the procedure can be necessary in certain cases.

One key issue in the case is whether the high court should defer to Congress on what is medically necessary or set the standard itself.

Three district courts and three federal appeals courts have struck down the 2003 statute, ruling that it is unconstitutional because it fails to provide a health exception as required by the Supreme Court.

Despite universal defeat in the lower courts, supporters of the law hope that O'Connor's retirement and Alito's arrival may have tipped the balance of power on the issue.

In 2000, the Supreme Court struck down a Nebraska law nearly identical to the federal law by a 5-4 vote. Justice Kennedy wrote one of the most impassioned dissents of his 18 years on the court. "The majority views the procedures from the perspective of the abortionist, rather than from the perspective of a society shocked when confronted with a new method of ending human life," he wrote. He stressed in his dissent that he opposed "the decision, the reasoning, and the judgment." Will Kennedy stick to precedent?

With the possibility of the court divided 4-4 on the issue, Kennedy may wield the decisive vote. If he sticks to the analysis in his dissent in the Nebraska case, court watchers say the law will be upheld. If he adheres to his strongly held belief in stare decisis - affirming precedent even when a justice disagrees with it - the federal law will be struck down.

But Kennedy's dissent in the Nebraska case suggests another possibility. In 1992, Kennedy helped author a major abortion decision, Planned Parenthood v. Casey, which reaffirmed the central holding in Roe v. Wade that established a woman's right to choose to have an abortion. Part of Kennedy's contribution to the Casey decision was a guarantee that the states could regulate

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abortion procedures provided the regulations didn't create a substantial obstacle to obtaining an abortion. In his dissent in the Nebraska partial-birth abortion case, Kennedy complained that the five-justice majority swept aside the guarantee he apparently wrote into the Casey opinion.

Now, six years later, Kennedy could uphold the 2003 federal law under the theory that the same leeway guaranteed to state lawmakers in the 1992 Casey decision also exists for federal lawmakers. In effect, he would be applying stare decisis to his interpretation of Casey - an interpretation that would undercut the Nebraska ruling as being an unfaithful application of the 1992 Casey precedent. One complicating factor to this scenario, however, is Justice Antonin Scalia's insistence that the Casey abortion precedent (and Roe) must be overruled.

That's not the only complication. A federal abortion regulation runs counter to Kennedy's view of states' rights and federalism. Medical care is generally an area left to state regulation, not federal micromanaging. And some analysts question whether Congress has the power under the Commerce Clause to impose a national ban on a medical procedure that many states wish to retain.

The court will hear arguments on the partial-birth abortion issue on Nov. 8.

Kennedy may cast the deciding vote in the other potential megacase of the term. It involves race-based enrollment plans that seek to maintain integrated public schools in Seattle and Louisville.

The programs are aimed at balancing the racial composition of public schools by excluding whites and admitting blacks to white-majority schools and excluding blacks and admitting whites to black-majority schools.

Parents who want their children to attend their neighborhood school sued, claiming the programs violate the equal protection clause of the 14th Amendment by using race to determine who can and who cannot attend certain schools.

The same 5-4 split that some analysts say may decide the partial-birth abortion case could also determine the school race cases. In 2003, the court upheld an affirmative action plan at the University of Michigan Law School. The justices split 4-4 on the issue, with O'Connor casting the deciding fifth vote.

Now Kennedy, who dissented in the Michigan case, could reverse or limit that 2003 holding by casting the deciding vote in the Seattle and Louisville cases.

The court's new term also includes a case examining the scope of government regulation to fight global warming, and a legal issue of keen interest to the business community - whether large punitive damage awards violate the Constitution's due process requirements. Key issues for the Supreme Court's new term

Abortion: Is the federal Partial-Birth Abortion Act of 2003 unconstitutional because it lacks an exception in instances where the procedure is deemed medically necessary to protect a woman's health? Or should the courts defer to Congress's determination that the procedure is never necessary?

Race: Do race-based student enrollment plans in public schools in Seattle and Louisville violate the constitutional requirement of equal protection? Or are they justifiable efforts to achieve a better mix of black and white students in certain schools?

Federal regulation: Can the Environmental Protection Agency be forced by a group of environmentalists and certain states to regulate greenhouse gases emitted from motor vehicles and shown to contribute to global warming?

Punitive damages: Does a jury verdict ordering the Philip Morris tobacco company to pay $79.5 million in punitive damages to the widow of a former chain smoker violate constitutional guarantees of due process?

Free speech: Do unions have a First Amendment right to spend fees collected from nonunion members on partisan political campaigns when the nonmembers have not given their consent?

Criminal law: Should a 2004 landmark Supreme Court decision barring the introduction as evidence of out-of-court "testimonial" statements be applied retroactively in cases where defendants were not given an opportunity to cross-examine those witnesses?

Criminal law: Should another 2004 major Supreme Court decision be applied retroactively in cases where judges used evidence never presented to a jury to enhance a convicted criminal's sentence?

Federalism: Do state governments or the federal government have power to regulate state-chartered companies (like mortgage firms) that are subsidiaries of national banks?

Roberts Court May Be Defined In Second Term (NYT)

By Linda Greenhouse

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — If Year 1 was the transition for the new Roberts court, Year 2 is likely to be the test.

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During the first term under the leadership of Chief Justice John G. Roberts Jr., the justices were able to find common ground with some regularity by agreeing not to decide much. By the time the term ended in late June, the extent to which the members of the newly configured court were prepared to confront either precedent or one another remained unclear.

Chances are high that the new term, which begins on Monday, will be different. The cases that the court has agreed to decide — 38 so far — offer few off-ramps, requiring instead that the justices proceed to rulings that will define the new court in both substance and style.

Less than six weeks from now, for example, the court will hear the Bush administration's defense of the Partial-Birth Abortion Ban Act of 2003. While there are some secondary issues, there is no escaping the fact that at the end of the day, the Supreme Court will have to declare whether the federal statute is constitutional. In doing so, it will have to grapple with the meaning of a 5-to-4 decision that struck down a similar state law six years ago. The administration will argue that if the federal statute cannot coexist with that precedent, the court should overrule the earlier case.

Two cases on whether public school systems can take race into account in maintaining balance in individual schools do not confront the court's precedents quite as directly. But coming only three years after a sharply divided court permitted the continued use of race in university admissions, the decisions in these cases will provide the first clear indication of where the center now lies on questions of race and public policy after the retirement of Justice Sandra Day O'Connor. Justice O'Connor held the balance of power on such questions for years, and wrote the opinion three years ago in the case from the University of Michigan Law School.

The business community is watching several cases closely, particularly an appeal of a $79.5 million award of punitive damages against the cigarette maker Philip Morris, upheld by the Oregon Supreme Court on behalf of the family of a smoker who died of lung cancer.

Of all the areas of Supreme Court doctrine most likely to be affected by the court's change in membership, punitive damages ranks high on the list. It is also something of a wild card, because the question of whether the constitutional guarantee of due process places any substantive limits on the award of punitive damages by state courts has divided the court in a way that follows no ideological pattern, and the inclinations of the new justices are unknown.

The consistent dissenters from the court's effort to curb punitive damages have been Justices Antonin Scalia, Clarence Thomas and Ruth Bader Ginsburg. Chief Justice William H. Rehnquist and Justice O'Connor were in the majority in seeking to limit punitive damages. If their successors, Chief Justice Roberts and Justice Samuel A. Alito Jr., agree with the dissenters, the court's shift could be abruptly and bitterly disappointing to those encouraged by the court's halting but increasingly assertive steps in setting boundaries on punitive damages.

The new chief justice has made some notable administrative choices since the last term ended. As his administrative assistant, he hired Jeffrey P. Minear, a senior lawyer in the office of the solicitor general and a longtime familiar figure at the court.

The title of administrative assistant understates the role its holder plays in the day-to-day management of the court. Previous administrative assistants have come from a variety of backgrounds; Chief Justice Rehnquist's last assistant, Sally M. Rider, had held several top-level positions as a government lawyer. But none has ever been the chief justice's professional peer, as Mr. Minear clearly is. His 56 Supreme Court arguments, in fact, surpass Chief Justice Roberts's 39. Both men are the same age, 51.

In another development, the court has revised its practice of waiting two or three weeks to post argument transcripts on its Web site. Beginning on Tuesday (in observance of Yom Kippur, the court has scheduled no arguments on Monday), the court will post transcripts on the day of argument at www.supremecourtus .gov. While the court continues to resist television coverage of its sessions, the change is a step toward public access that would have been unthinkable only a few years ago.

These are some of the leading issues for the new term:

Abortion Rights

Two federal appeals courts, in St. Louis and San Francisco, declared the federal Partial-Birth Abortion Act of 2003 unconstitutional, basing their rulings on the Supreme Court's decision in Stenberg v. Carhart, which struck down Nebraska's similar law six years ago. The new cases, Gonzales v. Carhart, No. 05-380, and Gonzales v. Planned Parenthood, No. 05-1382, are the Bush administration's appeals of those rulings.

The statute outlaws a surgical procedure that doctors use to perform abortions after about 12 weeks of pregnancy. In its decision six years ago, the Supreme Court held by a vote of 5 to 4 that the law had to take into account medical judgments that the procedure was sometimes necessary for a pregnant woman's health.

Congress responded by enacting a federal law without a health exception, declaring that the procedure was never necessary to protect a pregnant woman's health. Among other issues, the new cases therefore present the issue of the

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respective roles of Congress and the court in defining the scope of constitutional rights, an issue on which Justice Anthony M. Kennedy, a dissenter in the case six years ago, has been particularly protective of the court's role.

Racial Quotas in Schools

Federal appeals courts upheld student assignment plans in Louisville, Ky. (Meredith v. Jefferson County Board of Education, No. 05-915) and Seattle (Parents Involved in Community Schools v. Seattle School District No. 1, No. 05-908). Both cities have long struggled to achieve integration, and now seek to maintain it by taking race into account in limiting students' choices of which schools to attend.

While many justices are wary of "this divvying us up by race," as Chief Justice Roberts phrased it in a voting rights case last term, the same justices also tend to support local education policies. The National School Boards Association is filing a brief supporting the school systems, while the Bush administration is arguing that the assignment plans are unconstitutional.

Punitive Damages Limits

The court has laid down various markers for curbing the discretion of state court systems to award punitive damages. In Philip Morris USA v. William, No. 05-1296, the Oregon Supreme Court upheld the $79.5 million award, nearly 100 times the compensatory damages a jury had awarded the smoker's widow.

This is far greater than the 10-to-1 ratio that the court's most recent decision, State Farm v. Campbell in 2003, suggested as the outer limit of due process. On the other hand, earlier cases concerned economic rather than physical injuries. The court's new membership aside, this case is sufficiently distinctive in several ways so as to make the outcome unpredictable.

Air Pollution Regulation

Two cases present interpretive issues under the Clean Air Act. In Massachusetts v. Environmental Protection Agency, No. 05-1120, 16 states and other parties are challenging the Bush administration's view that Congress has not authorized federal regulation of motor vehicle emissions that contribute to global warming. The question in Environmental Defense v. Duke Energy Corporation, No. 05-848, is what the law requires of utility companies seeking to modernize aging power plants.

Court Ruling Fuels Dispute In West Over Eminent Domain (WP)

By Blaine Harden And Juliet Eilperin

The Washington Post, October 1, 2006

SEATTLE -- Libertarians and land developers have found populist fodder in a contentious Supreme Court decision from last year that favors eminent domain over private property.

This fall, they are trying to harness anger over the ruling in an effort to pass state initiatives in the West and federal legislation that could unravel a long-standing fabric of state and local land-use regulations. Among other things, the rules control growth, limit sprawl, ensure open space and protect the environment.

The property-rights movement, as it is known, has a major new benefactor -- Howard Rich, a wealthy libertarian real estate investor from Manhattan. He has spent millions -- estimates run as high as $11 million -- to support initiatives that will appear on ballots throughout much of the West.

The initiatives -- and legislation approved Friday in the House -- have alarmed many city and state officials, along with environmental organizations, budget watchdog groups and smart-growth advocates. They complain about "bait-and-switch" tactics.

"They bait you with eminent domain, but you end up voting to destroy all land-use regulation," said Elaine Clegg, a nonpartisan member of the city council in Boise, Idaho.

Following the lead of an Oregon initiative that in 2004 derailed the nation's strongest laws against sprawl, measures this November aim to do much the same thing in Idaho, Arizona, California and Washington. They would compel state and local governments to pay cash to property owners when land-use rules, such as zoning regulations, reduce the value of their land. Some of the measures say that if government can't pay up, owners can develop their land as they see fit.

In Oregon, there is no money to pay claims that total $5.6 billion, so land-use rules are being waived. In Washington, passage of a "pay-or-waive" initiative could cost state taxpayers $7 billion to $8 billion in the next few years, according to studies by the state and the University of Washington. In California, where there is no provision to waive payment, Proposition 90 has aroused opposition from staunchly conservative groups such as the California Taxpayers Association, which is concerned that the initiative could cost the state billions of dollars, triggering tax increases and slow growth.

The federal bill, which was approved in the House by a vote of 231 to 181, would revamp land-use regulation nationwide, allowing developers and property owners to challenge local and state rulings in federal court, rather than in state court.

The National Association of Home Builders has been pushing the measure for years, but the Supreme Court's eminent-domain decision finally "brought the bill back into the limelight," said Jerry Howard, the association's chief executive.

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The bill's author, Rep. Steve Chabot (R-Ohio), who chairs the Judiciary subcommittee on the Constitution, said property-rights disputes that can drag on for years deserve speedy resolution in federal court.

"The Fifth Amendment says you can't take a person's property without due process," he said, comparing property rights with freedom of speech and freedom of religion.

Opponents of the bill, including 36 attorneys general and a slew of environmental advocates, say the measure will undermine state and local governments' ability to oversee growth and preserve open space.

In Idaho, a measure called Proposition 2 would halt eminent-domain seizures of the kind allowed by the Supreme Court in 2005 in Kelo v. New London . That ruling upheld the right of local governments to condemn private property and then hand it over to someone else for commercial development. Since Kelo , 26 states have passed laws that ban the use of eminent domain for economic development purposes.

But the Idaho initiative, as with others in the West, is about much more than just eminent domain. It would require state and local governments to compensate landowners for regulations that restrict what they can do with their land.

About three-fourths of the more than $330,000 spent to put Proposition 2 on the ballot came from groups funded by Rich, in a pattern of spending that has been repeated in many Western states.

Groups bankrolled by Rich have this year spent about $11 million in 12 states in support of measures to restrict land-use planning, cap state spending or limit judicial power, according to state campaign finance reports compiled by the Ballot Initiative Strategy Center, a Washington-based group that is supported by labor.

Rich was not available to comment on his spending or the goals of his property-rights groups.

John Tillman, president of one of those groups, Americans for Limited Government, declined in an e-mail to comment on the amount of Rich's spending, saying that campaign finance reports "speak for themselves." He did not dispute the $11 million figure.

Tillman did note that the Supreme Court decision in Kelo has alarmed the public, putting "everyone on notice that property rights are on shaky ground and that the time to act is now."

In some states, grass-roots opposition to land-use rules existed well before Kelo and before Rich began spending money. For the past 15 years in Washington state, the Washington Farm Bureau has fought laws that limit what some farmers can do with their land in heavily populated places such as King County, which includes Seattle.

In Oregon, which had been a national leader in land-use planning, the consequences of rolling back the rules are becoming clear. At last count, there were 3,038 claims by property owners involving more than 173,000 acres, according to a tally kept by Portland State University. Of the 2,630 claims that have been decided, 90 percent have gone in favor of landowners, with state and local governments waiving land-use rules. Most of the claims come from owners of what had been protected farm and forest land bordering fast-growing urban areas.

"The agenda behind these initiatives is to make it so expensive for local and state governments to regulate land use that they can hardly function at all," said John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute.

In recent weeks, courts in Nevada and Montana have knocked some initiatives off ballots. The Nevada ruling was on technical grounds, but a state judge in Great Falls, Mont., found "a pervasive and general pattern of fraud" in the gathering of signatures for three ballot measures aimed at reining in government power.

"A number of paid out-of-state signature gatherers used bait-and-switch tactics to fraudulently induce countless Montanans to sign petitions other than the petitions they thought they were signing," wrote Judge Dirk M. Sandefur.

The ruling has been appealed to the Montana Supreme Court. Nearly all of the money for signature gatherers came from Montanans in Action, which declines to reveal its donors.

Montana Gov. Brian Schweitzer (D) has said that Rich is bankrolling the measures and has challenged him to debate their merits. Rich has not responded to this request nor to a similar debate offer from Gov. Ted Kulongoski (D) of Oregon, where Rich's money has been instrumental in putting a spending-cap initiative on the ballot.

Oyez! Oyez! Oyez! (TIME)

By Mark Thompson

Time, October 2, 2006

Counsel, sharpen your legal arguments. The Supreme Court returns for its new term this week, and it's expected to be a corker. This will be the court's first full term with Samuel Alito in Sandra Day O'Connor's old seat. And on the docket are a raft of high-profile cases on hot-button issues that should give the best indication yet of the decision-making dynamics and working style of the John Roberts era. Here's a look at what to expect.

1 UNANIMITY IS JOHN ROBERTS' GOAL

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During Chief Justice Roberts' honeymoon term, about half the court's decisions were unanimous--nearly double the typical tally in recent years. This term, big cases on divisive social issues mean Roberts is likely to struggle to build such consensus. Still, he'll try in order to boost the court's "stature and legitimacy," he said in July. When the court can choose either a narrow but unanimous ruling or a sweeping, landmark decision by a 5-4 vote, he said, "I think it's better to decide on the former ground, and let it go at that."

2 ANTHONY KENNEDY, THE SWING JUSTICE

With Sandra Day O'Connor retired and his colleagues evenly divided, centrist Kennedy is the likely swing vote in tight cases. He began to play the role last term--with characteristic moderation. He sided with conservatives to limit the reach of the Clean Water Act but voted with the liberals to declare unconstitutional the Bush Administration plan to try alleged terrorists before military tribunals.

3 FLASHPOINT NO. 1: ABORTION

Watch for Kennedy's leanings in November, when the court hears arguments on the constitutionality of the 2003 federal ban on dilation-and-extraction (a.k.a. partial-birth) abortions. In 2000, when the court struck down a similar ban enacted by Nebraska, Kennedy voted with the minority. This time the question is whether he'll be swayed more by his aversion to abortion or his respect for precedent.

4 FLASHPOINT NO. 2: AFFIRMATIVE ACTION

In December, the court will wrestle with whether race can be used to assign pupils to public elementary and secondary schools. White parents from Louisville, Ky., and Seattle, backed by the Bush Administration, argue that using race as a deciding factor violates the constitutional right to equal protection. The most recent precedent: 2003, when the court ruled 5-4 that race could be used as a factor in admissions to public universities. Kennedy, who dissented in that case, could swing the decision the other way now.

Whose Court Is It Anyway? (NYT)

The New York Times, October 2, 2006

The Roberts court officially began last year, but the term that starts this week should give the first clear picture of what kind of court it will be. The docket includes major cases involving abortion, affirmative action and the environment.

The justices in the Supreme Court's now solidly conservative majority will be given a chance to prove what sort of conservatives they intend to be: those who issue rulings to match their personal ideology, or those who want to keep the court on a steady path by respecting precedent.

The cases that have so far attracted the most attention are a pair of challenges to a federal law that criminalizes so-called partial birth abortions. The law, passed by Congress in 2003, does not have an exception for procedures necessary to protect the health of a pregnant woman. The court struck down a nearly identical ban in 2000 by the State of Nebraska. That ruling was 5 to 4, and Justice Sandra Day O'Connor — the court's perennial swing vote before she retired — sided with the majority.

The "partial birth" cases should reveal a lot about the views of Chief Justice John Roberts and Justice Samuel Alito. If they are as hostile to abortion rights as many court watchers believe, there may now be five votes in favor of the ban, which could outlaw many second-trimester abortions and endanger the lives of women.

But if they are true to the statements they made at their confirmation hearings about respecting precedent, they should not want to reverse a decision the court made on this subject as recently as 2000.

The court has also agreed to hear a pair of challenges to admissions policies at K-12 public schools in Seattle and Louisville, Ky., that take race into account to promote diversity. These cases revisit many issues the court considered in 2003, when it upheld the University of Michigan's use of race in law school admissions. That was another 5-to-4 decision with Justice O'Connor casting the deciding vote. That ruling was right to say that schools should be able to take race into account, and the court should not change its stance now — opening the door to even more challenges to affirmative action.

Among the other important cases the court will hear is one about global warming. A group of states and environmental organizations have sued the Environmental Protection Agency for failing to do its duty under the Clean Air Act to regulate new cars' emission of carbon dioxide and other pollutants. The court can and should prod the Bush administration to do more to protect the earth from the buildup of greenhouse gases, by requiring it to enforce the law that Congress passed.

If Chief Justice Roberts and Justice Alito turn out to be conservatives with a deep respect for precedent, the court is likely to remain fairly centrist. But the biggest factor is likely to be Justice Anthony Kennedy, who began last term to fill Justice O'Connor's role as a voice of moderation. We hope he continues to do so.

Dues On The Docket (WSJ)

The Wall Street Journal, October 2, 2006

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It's no secret that the political power and influence of U.S. public-employee unions derives from their ability to collect mandatory dues. But the issue of whether these forced dues can be used for political activities without explicit permission to do so from workers could use some legal clarification.

That might happen now that the Supreme Court has agreed to hear an appeal from the state of Washington, where even nonmembers of unions can be compelled to pay collective-bargaining dues as a condition of employment. In 1992 Washington voters overwhelmingly approved a so-called "paycheck protection" initiative that forbade unions from using compulsory fees of nonmembers for political purposes without their consent.

Nevertheless, the state teachers union, the Washington Education Association, continued to spend dues money on politics without permission, finally prompting a lawsuit from then-Attorney General Christine Gregoire in 2000. The state won that case, but the union ultimately appealed to the state supreme court, where it argued that the paycheck protection law was unconstitutional and the court agreed.

In its March decision striking down the law, the state court said that requiring consent to spend dues on political programs is "too heavy an administrative burden" for unions. The court also held, strangely, that the opt-in provisions of paycheck protection violate the First Amendment rights of the union. Why? Due to the "obvious, significant expense involved in complying with" the law, the court averred.

In other words, it is too burdensome to ask a teachers union to do what every other group in the U.S. must do if it wants to raise money for a political cause: Identify, contact and persuade people to contribute. This is the "burden" of groups on both the left and right -- from the Sierra Club to the National Rifle Association. This union exception isn't very persuasive, and we'd be surprised if the U.S. Supreme Court buys it.

In a landmark 1988 decision, Communications Workers v. Beck, the Supreme Court held that workers under union contracts couldn't be forced to pay dues for activities not directly related to collective bargaining. But enforcement, which falls to the Labor Department and National Labor Relations Board, has often been weak or nonexistent. Moreover, under Beck, workers must opt-out of their dues money going to partisan political causes. Many are unaware that they have this right, and unions have become expert at creating obstacles to discourage those who want to exercise it.

The temptation for the Justices in the current case will be to rule narrowly on the First Amendment issue raised by the Washington supreme court and stop there. But the Court could do a service for the country by addressing the issue more fundamentally. Six states have passed paycheck protection laws that organized labor has opposed vigorously. And in 28 states workers can still lose their jobs for not joining the union.

The High Court now has an opportunity to set some national guidelines regarding the constitutionality of both paycheck protection laws for nonunion workers and the more general practice of unions extracting money from any worker involuntarily. Let's hope they don't take a pass.

Archbishop's Call For Court Blessing Steers Clear Of Issues (NYT)

By Neela Banerjee

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Speaking to Supreme Court justices, cabinet members, politicians and hundreds of judges and lawyers gathered here on Sunday to celebrate a special Mass marking the start of the judicial calendar, Archbishop Donald W. Wuerl of Washington rejoiced in what he called the resurgence of faith in the shaping of public policy and urged those before him to remain rooted in their religion.

"What we do and how we act, our morals and ethics, follow on what be believe," Archbishop Wuerl told a standing-room crowd at the Roman Catholic Cathedral of St. Matthew downtown. "The religious convictions of a people sustain their moral decisions."

Officially called the Solemn Votive Mass of the Holy Spirit, "votive" indicating that it is being celebrated for a particular intention, Red Masses are held all over the country, typically at the start of a judicial year. The Supreme Court's new term begins Monday.

Worshipers ask for the blessing of the Holy Spirit on those who administer justice, in a tradition that goes back to 13th-century Europe. The service is called the Red Mass because of the red vestments clergy members wear.

This year, the Mass was celebrated by the new leader of the Washington Archdiocese, Archbishop Wuerl, to bless a Supreme Court that has a Catholic majority for the first time. The five Catholics on the court are Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas, Antonin Scalia and Samuel A. Alito Jr.

All but Justice Alito were in attendance Sunday, as were Attorney General Alberto R. Gonzales; several other cabinet members; Mayor Anthony A. Williams; and Lt. Gov. Michael Steele of Maryland, a Republican candidate for the Senate.

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Many non-Catholics attend Red Masses, as a sign of respect. Last year, President Bush came; generally, presidents attend at least one during their terms.

A procession of priests and bishops was followed by a police color guard. A Ralph Vaughan Williams hymn was followed by the national anthem.

Having earned a reputation as a skilled diplomat in his previous tenure as bishop of Pittsburgh, Archbishop Wuerl did not overtly talk about issues the church has championed, like prohibiting abortion, although the court this session will review the constitutionality of a ban on a type of late-term abortion.

Instead, he said the values formed by religion could not be separated from the insight and judgment brought to bear on law and policy.

"The two spheres, church and state, while distinct, are always interrelated," Archbishop Wuerl told the worshipers. "Politics, law, faith are mingled because believers are also citizens. Church and state are home for the same people."

For those who may have been looking for some clue to the archbishop's approach to political issues, he strode the range of Catholic social teaching without focusing on a particular topic, as he called for "speaking out against racial discrimination, social injustice or threats to the dignity of life."

Advocates on the right and the left have said that, historically, personal religious beliefs have not necessarily directed the way justices vote on a case. But when Justice Alito was confirmed in January, the news media and others noted the Catholic majority on the court.

Few may have raised the issue of the justices' religion if they had all been Methodist, for instance, said John H. Garvey, dean of Boston College Law School, in a telephone interview. But Mr. Garvey said it was valid to discuss the religious composition of the court because some people would assume the justices voted a particular way because of their Catholic faith.

"They are not a voting bloc," Mr. Garvey said. "The Catholic Church is a very big tent with people from the far left and the far right in it. The fact that the Catholic members of the court are center-to-right rather than center-to-left says more about President Bush than about the Catholic Church."

Lucia A. Silecchia, professor of law at Catholic University of America in Washington, said it was too soon to tell whether the Catholic justices held common views. "Where it gets complicated is that all five identify themselves as Catholic, but they aren't necessarily consistent with one another," Professor Silecchia said.

The Mass ended with "America the Beautiful" and the hymn "O God Beyond All Praising." The archbishop descended the altar and left smiling and chatting with Chief Justice Roberts.

Later, on the steps of the cathedral, two young men approached Archbishop Wuerl to have him bless their rosaries and to take pictures with him.

As the archbishop stood with one man, the other, holding the camera, said happily, "Here's to the union of church and state!"

The archbishop laughed, but gently corrected him. "No," he said, "remember, I said they were two distinct spheres."

Archbishop Stresses Ties Between Morality, Faith At Mass With Justices (WP)

By Paul Schwartzman

The Washington Post, October 2, 2006

At a Mass attended by four U.S. Supreme Court justices, Archbishop Donald W. Wuerl said yesterday that religious faith is an enduring "cornerstone" of American life and that morality and ethics "cannot be divorced from their religious antecedents."

The archbishop delivered the homily as he celebrated his first Red Mass, held annually as the Supreme Court convenes at which worshipers seek God's blessing and guidance for those who administer justice.

Chief Justice John G. Roberts Jr. sat in the first pew during the service at the Cathedral of St. Matthew of the Apostle in Northwest Washington alongside Justices Antonin Scalia, Anthony M. Kennedy and Clarence Thomas.

Attorney General Alberto R. Gonzales was among five members of President Bush's Cabinet who attended the service, which began with the 1,000 worshipers rising and singing the national anthem and ended with "America the Beautiful."

One group that routinely seeks to hold prayer vigils outside the Red Mass was not allowed to get close to the officials in attendance.

On Thursday, a federal judge rejected the Christian group's claim that their faith demands that they demonstrate and pray in support of the public display of the Ten Commandments -- and that to do so properly they must be allowed to cross arbitrary security barriers around the cathedral. U.S. District Judge Royce C. Lamberth said the group, led by Presbyterian Rev. Patrick Mahoney, Christian activist Troy Newman and the Christian Defense Coalition, could demonstrate but behind security barricades. No demonstrators, however, appeared immediately outside the church.

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In his homily, Wuerl, who took over the Archdiocese of Washington in June, described spirituality and religious faith as an integral part of American life, one that endures even as some resist its place in political discourse.

"The assertion by some that the secular voice should alone speak to the ordering of society and its public policy, that it alone can speak to the needs of the human condition, is being increasingly challenged," Wuerl said.

"Looking around, I see many young men and women who, in such increasing numbers, are looking for spiritual values, a sense of rootedness and hope for the future," he said. "In spite of all the options and challenges from the secular world competing for the allegiance of human hearts, the quiet, soft and gentle voice of the spirit has not been stilled."

Religious faith, the archbishop said, has long played an important role in U.S. society, from the Mayflower Compact, which established law, to the Declaration of Independence. George Washington, he said, told Americans in his farewell address that "we cannot expect national prosperity without morality, and morality cannot be sustained without religious principles."

"What is religion's place in public life?" Wuerl asked. "Politics and faith are mingled because believers are also citizens. Both church and state are home to the very same people."

The Red Mass originated in medieval Europe and has been celebrated in the United States in New York since 1928. The service has been held annually in the District since 1953, sponsored by the John Carroll Society, a Washington-based organization for Catholic professionals.

Government Needs Faith, Wuerl Says (WT)

By Arlo Wagner

The Washington Times, October 2, 2006

Catholic Archbishop Donald W. Wuerl yesterday invoked the legacies of George Washington and Thomas Jefferson and their ideals of American law and religion while celebrating his first Red Mass, held each year on the Sunday before the Supreme Court's fall session.

"George Washington, after whom this city is named, was not the first, but perhaps the most prominent American political figure to highlight the vital part religion must play in the well-being of the nation," Archbishop Wuerl said at the 53rd annual Mass at the Cathedral of St. Matthew the Apostle in Northwest. "His often-quoted farewell address reminds us that we cannot expect national prosperity without morality. And morality cannot be sustained without religious principles."

Archbishop Wuerl also cited the Declaration of Independence and the writings of Thomas Jefferson, which he said were intended to be "an expression of the American mind and to give to that expression the proper tone and spirit."

Four Supreme Court justices and other government and Catholic officials were among the 1,500 people who filled the 111-year-old church for the 80-minute service.

Fire marshals had to close the church doors, off Rhode Island Avenue, shortly after the service began at 10 a.m. as a safety precaution for the overflow crowd.

The Red Mass is named after the clergy vestments and the color of fire, a symbol of the Holy Spirit. The masses began centuries ago in Rome, Paris and London.

The justices attending yesterday were Chief Justice John G. Roberts Jr., Anthony M. Kennedy, Antonin Scalia and Clarence Thomas, all Roman Catholics.

Other U.S. officials included Attorney General Alberto R. Gonzales, Secretary of Commerce Carlos Gutierrez, Secretary of Housing and Urban Development Alphonso R. Jackson, Secretary of Health and Human Services Michael O. Leavitt and Solicitor General Paul D. Clement, who conducted the second reading of Mass.

The first reading was performed by Anita B. McBride, chief of staff to first lady Laura Bush.

Also attending were ambassadors from Argentina, Bosnia-Herzegovina, Ireland, Italy, Jordan, Malta, Norway, Portugal and Venezuela.

At conclusion of the Mass and as normal Sunday services began, the justices, other officials and their spouses went to brunch at the nearby Renaissance Mayflower Hotel for the presentation of awards by the John Carroll Society to two lawyers and a staff member for "outstanding volunteer legal services to low-income people in the Washington area."

Lawyers Kevin C. Fitzgerald and William E. Lawler III were recipients. Legal staffer Francine L. Higginbotham was honored for supervising and managing the taking of telephone calls from poor people needing legal services.

Last year, according to the archdiocese's Community Services, $10 million in free, legal services were provided to 6,000 needy people by more than 280 lawyers and 55 law firms.

High Court Justices Attend Pre-term Mass (AP)

By Ann Sanner, The Associated Press

AP, October 2, 2006

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WASHINGTON (AP) — An audience that included four of the Supreme Court's Roman Catholics heard Washington's new archbishop on Sunday describe how religion has been a guiding principle in American history.

In a worship service traditionally held the day before the high court's new term, Cabinet members and foreign ambassadors joined the capital's legal community at the annual Red Mass.

Four of the five Roman Catholics on the high court — Chief Justice John Roberts, Antonin Scalia, Anthony Kennedy and Clarence Thomas — came to worship at the Cathedral of St. Matthew the Apostle.

Justice Samuel Alito, who gave Catholics a majority for the first time when he joined the nine-member court in January, did not attend the Mass.

In his first Red Mass in Washington since being appointed in May, Archbishop Donald W. Wuerl spoke of religion's relationship to public life.

"Morality and ethical considerations cannot be divorced from their religious antecedents," Wuerl said in his homily. "What we do and how we act, our morals and ethics, follow on what we believe. The religious convictions of a people sustain their moral decisions."

Wuerl said politics, law and faith mingle "because believers are also citizens. Church and state are home for the same people."

He called religious faith a "cornerstone in the American experience."

"May our religious faith, as a foundational part of our national experience, continue to nurture and sustain each branch of this society so that by its very connectedness to the vine, we can blossom and flourish," Wuerl said.

The service has been held at the cathedral since 1953 by the John Carroll Society, a group of Washington professionals who are Catholic.

Cabinet members attending the service included Attorney General Alberto Gonzales, Commerce Secretary Carlos M. Gutierrez, Health and Human Services Secretary Michael Leavitt and Housing and Urban Development Secretary Alphonso Jackson.

Celebration of the Red Mass dates to the 13th century and is conducted to ask the Holy Spirit for guidance for those who seek justice. The Mass takes its name from the red vestments, symbolizing the Holy Spirit, worn by the celebrants.

The Supreme Court this term is dealing with familiar issues such as abortion and race. Bush's two conservative appointees, Roberts and Alito, give opponents of abortion and affirmative action reason to hope the high court will move in their direction.

Roberts, Gonzales Speak On Judicial Independence (LAW)

By Tony Mauro

Law.com, October 2, 2006

Chief Justice John Roberts Jr. has made his strongest plea yet for judicial independence, even warning fellow conservatives to back off from attacking judges for unpopular decisions.

Speaking Thursday and Friday before a historic D.C. gathering of federal and state judges, lawyers, academics and business leaders aimed at preserving a "fair and independent" judiciary, Roberts recalled former President Ronald Reagan's definition of a judge's duties.

"The judge's commitment to the preservation of our rights often requires the lonely courage of a patriot," Roberts quoted Reagan as saying 25 years ago. "To the extent that attacks on judicial independence come from conservative quarters, I would commend to those quarters the words of the leading conservative voice of our time."

But Roberts also said attacks on the judiciary are "utterly bipartisan," and a key to warding off such attacks is to use "self-restraint" in decision-making.

"Judges are insulated from political pressure precisely because they are not supposed to be making political decisions but deciding cases according to the rule of law," said Roberts.

But the chief justice urged all to defend the judiciary. "Just as attacks on judicial independence come from all parts of the political spectrum, so should the defense of judicial independence."

At the same conference, sponsored by Georgetown University and the American Law Institute, Attorney General Alberto Gonzales offered similar remarks, defending the judiciary while warning judges not to overstep their authority.

"It is essential that judges be courageous enough to do the right thing, motivated solely by a respect for the law, undeterred by criticism or the possible outcome of the next election," said Gonzales. But he urged judges to retain "a proper sense of judicial humility."

Though he couched his comments in largely general terms, Gonzales went on to criticize high court rulings that have struck down Bush administration wartime measures. The Constitution gives the courts "relatively few tools" to intervene in military and

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foreign policy, Gonzales said, adding, "Judges must resist the temptation to supplement those tools based on their own personal views about the wisdom of the policies under review."

While blended with implied criticisms of some decisions, the defense of the judiciary by Roberts and Gonzales was a notable response from two top Bush appointees to recent sharp criticisms, mainly by Republican lawmakers, of federal judges. Even as the conference was getting under way, the House Judiciary Committee endorsed a bill that would create an inspector general to oversee disciplinary complaints against federal judges -- an idea that was bitterly criticized in corridor discussions throughout the conference.

But the conference also focused on problems facing state courts, besieged by increasingly costly and political judicial elections. Though the consensus of the more than 200 participants was that judicial elections should be eliminated, there was equal recognition that these elections are here to stay in most of the 39 states that have them.

Other areas of consensus were the need for enhancing jury service, increasing legal services to the poor, and improving public understanding of the courts. Participants urged the chief justice to give an annual "state of the judiciary" address that would highlight court developments in a visible way to parallel the president's State of the Union address.

Another measure urged by many, according to Stanford Law School professor Pamela Karlan, who summarized ideas offered by participants, was allowing broadcast coverage of Supreme Court hearings. "You are your own best advertisement for judicial independence," Karlan said to the justices in attendance.

The conference was conceived and launched by retired Justice Sandra Day O'Connor and Justice Stephen Breyer. At various times during the day-and-a-half-long meeting, five other Supreme Court justices attended, along with numerous state chief justices. Seeking to expand the discussion beyond lawyers and judges, O'Connor also persuaded the likes of billionaire investor Warren Buffett and Washington Post Chairman Donald Graham to attend.

If O'Connor was the unstoppable force organizing the event, Breyer was its motivational speaker, offering an impassioned speech on Thursday that sought to explain the need for independent courts in terms that citizens could understand.

Fair courts, independent from politics and pressure, are the key to economic and political stability, Breyer said. "You want prosperity? You want judges." Businesses, he said, need to rely on enforceable contracts to expand.

And when the Court tackles controversial issues ranging from abortion to the outcome of a presidential election (as in Bush v. Gore), Breyer said the public's trust in the courts explains why its decisions will be obeyed. "No paratroopers -- none. No bullets. No rocks thrown in the streets. That's not what you do in the United States. It's the rule of law."

No Bill Too Small For GOP Incumbents In Tight Elections (WP)

By Jonathan Weisman

The Washington Post, October 1, 2006

In a bid to help embattled incumbents win tough reelection campaigns in November, House Republican leaders last week muscled through more than 165 bills that their members can use to win over voters back home -- and deflect attention from the scandals they left behind in Washington.

The scandal brewing around former Florida representative Mark Foley's inappropriate e-mails to teenage boys is only the latest in a series of indictments, resignations and accusations to rock Washington. In the face of such ill winds, House Republican leaders have urged GOP candidates to focus their campaigns on local issues and personal accomplishments. The last days of legislating were devoted to giving the candidates the specifics to run on.

Dozens of the made-to-order bills that flew through the House bear the names of the endangered lawmakers, from Pennsylvania Rep. Jim Gerlach's Open Space and Farmland Preservation Act to Connecticut Rep. Christopher Shays's reauthorization of the HOPE VI housing program, to measures to preserve Native American languages and assist in water planning for Rep. Heather A. Wilson (R-N.M.).

"If you've got people with must-do pieces of legislation, you want to help them out," said Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference.

To be sure, larding up bills for endangered incumbents is nothing new. But with money tight and only two spending bills completed, this year's efforts focused less on home-district spending and more on substantive measures tailored to specific constituents -- a "suburban agenda" for embattled Republicans in the suburbs of Philadelphia, bills to appeal to Christian conservatives for troubled Midwestern Republicans and expressions of independence for Republicans from districts that have turned against President Bush.

Kingston said House Majority Leader John A. Boehner (R-Ohio), in his first end-of-session rush in that post, proved masterful at filling blank spots on the House's agenda with long-sought legislation.

The name of Rep. John N. Hostettler (R-Ind.), one of the most threatened incumbents, was blazed across the Public Expression of Religion Act, which passed the House Tuesday and would deny legal fees to anyone winning a lawsuit to block the

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display of religious symbols in public places. The little-noticed "GOP Suburban Agenda" that cleared the House in recent weeks included eight bills, seven of which were authored by Republicans in jeopardy.

"People care about these issues," said Rep. Michael G. Fitzpatrick (R-Pa.), an endangered freshman who returned to Bucks County over the weekend to tout an "online predators" bill and a measure to promote charitable giving for open-space preservation to counter Democratic attacks that have been fixated on the war in Iraq.

"I've got the quintessential suburban district," Fitzpatrick said. "When I go home and go to the ball fields with my wife, this is what people want to talk about, parklands and 'my space.' "

On the campaign trail, such small-bore bills are likely to be featured far more prominently than the measures that captured more headlines in Congress's last days, such as legislation creating military commissions to try suspected terrorists, a House-passed bill authorizing Bush's warrantless wiretapping, final approval of a 700-mile fence on the U.S.-Mexico border, and bills covering port security, defense policy, military spending and homeland security funding.

Democratic campaign chiefs remain confident that such local measures will have little impact in an election year that they say remains a referendum on the president's leadership.

"There are forces bigger and more powerful at work," shrugged Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee.

Democratic leaders have not let up in criticizing what they call a "do-nothing Congress," which has delayed action on a legion of big-ticket items. Despite personal promises from Republican leaders in the wake of influence-peddling scandals, changes to the rules governing lobbying were never made. Nine of 11 annual spending bills haven't passed. High-profile efforts to authorize Bush's warrantless wiretapping, open offshore areas to oil drilling and reform the rules on foreign investment after the Dubai ports fiasco all fell short of a presidential signing ceremony.

Bush's top three domestic priorities -- a comprehensive overhaul of immigration laws, a remaking of Social Security and simplification of the tax code -- went nowhere. The minimum wage has not been raised for a decade. And the last, best chance for conservatives to virtually eliminate the estate tax permanently may have passed if Democrats gain seats in the House and Senate in November.

But in a year when National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.) has implored candidates to resist national themes in their campaigns, major legislation may be beside the point, GOP aides say. Not when Rep. Chris Chocola (R-Ind.) will get money to deal with leaking underground storage tanks in his district, when Rep. Randy Kuhl (R-N.Y.) will get to tout his National Dam Safety Act and when Rep. Mark Green (R-Wis.) can claim bragging rights for the transfer of national forest land to the towns of Laona and Wabeno, Wis., as he campaigns for governor.

"I asked for help and I got it," Gerlach said of the leadership's last-minute scheduling of a vote on his open spaces and farmland preservation bill. "It was legislation my district wants. It was something my legislative district has a need for."

The effort to achieve such successes went to extraordinary lengths last week, even almost bringing down a major defense policy bill. House and Senate negotiators nearly failed to reach agreement on the defense bill, not because of issues such as the prohibition on torture that held up the bill last year, but because of an issue that had nothing to do with national defense -- a measure to clamp down on illegal immigrant gangs.

During a rare news conference, House Speaker J. Dennis Hastert (R-Ill.) publicly challenged Senate Armed Services Committee Chairman John W. Warner (R-Va.), saying he would not bring the defense policy bill to the House floor without the gang provision. Asked why Hastert had singled out the gang measure for his stand, one senior House leadership aide pointed to the person standing next to the speaker: freshman Rep. David G. Reichert (R-Wash.), the provision's author, who is running neck-and-neck with Microsoft executive Darcy Burner.

In the end, Hastert relented, but he offered Reichert a promise to be used on the campaign trail. The gang measure will be one of the first revisited when Congress returns after the election.

Trading Votes For Pork Across The House Aisle (NYT)

By David D. Kirkpatrick

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — For more than a decade, Representative John P. Murtha of Pennsylvania has operated a political trading post in a back corner of the House of Representatives.

A gang of about two dozen Democrats mill around his seat. A procession of others walk back to request pet spending projects, known as earmarks. And Republicans come by, asking him to enlist some of those Democrats to join them on close votes. “Whether they get what they want in the bill or they get the votes they are looking for, nobody ever leaves completely disappointed,” said Representative Paul E. Kanjorski, a Pennsylvania Democrat often found in what is known as the Murtha corner.

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Outside Washington, Mr. Murtha, a Vietnam veteran and longtime hawk, may be best known for his break with the president over the Iraq war last fall. But inside the Capitol, he is best known for turning earmarks into power. As the top Democrat on the House military spending subcommittee, he often delivers Democratic votes to Republican leaders in a tacit exchange for earmarks for himself and his allies.

In the last year, Democratic and Republican floor watchers say, Mr. Murtha has helped Republicans round up enough Democratic votes to narrowly block a host of Democratic proposals: to investigate federal contracting fraud in Iraq, to reform lobbying laws, to increase financing for flood control, to add $150 million for veterans' health care and job training, and to exempt middle-class families from the alternative minimum tax.

In one case that particularly irked Democratic partisans, Mr. Murtha led three others in voting against a politically vulnerable Louisiana Democrat's proposal to divert money intended to be spent on base closings to research prosthetic limbs for veterans. It failed by one vote.

For their "nays" on that and other matters, all four Democrats were rewarded. In the weeks after the vote, they claimed credit for a total of more than $250 million in earmarks in the 2006 appropriations bills. Mr. Murtha alone brought home about $80 million for his district and $120 million for his state, according to Taxpayers for Common Sense, a nonpartisan group that tracks such projects.

Mr. Murtha, who announced a bid this spring to become the next House Democratic leader, acknowledges that some Democrats grouse about his history of leading others across the aisle. (Several Democrats said as much, but none would speak publicly.) He confirmed working with Republicans on the Iraq war spending vote that blocked the Democratic corruption investigation, but said he did not remember the others. He said he always acted on principle, working with Republicans either because he agreed with them or to uphold private agreements about spending bills.

"You just need to get the things done, so you give them the votes to get the things done," he said in an interview. "There is no question that some projects come out of it for our members, and that is not a bad thing." He added, "Deal making is what Congress is all about."

Mr. Murtha can punish lawmakers, as well. Those who do not support the defense spending bill, for example, discover their next earmark requests go nowhere. "Let me tell you the facts of life," Mr. Murtha said he tells balky legislators. "If you vote against this bill, you won't have any input at all the next time."

Earmarks — often buried deep in complex bills by unidentified lawmakers — have come under new scrutiny since the conviction last fall of Representative Randy Cunningham, a California Republican on the defense-spending panel who accepted more than $2.4 million in bribes from contractors. The cost of earmarks has tripled in the last decade to about $64 billion a year, according to the Congressional Research Service. Mr. Murtha and other lawmakers say many earmarks are worthwhile, but critics charge that they waste taxpayers' money, encourage cronyism and foster self-dealing.

Some members of Congress complain that earmarks corrupt lawmaking in other ways. "They are used as internal bribery in order to get members to vote for a piece of legislation they wouldn't ordinarily give two minutes to," said Representative David R. Obey of Wisconsin, the top Democrat on the House Appropriations Committee.

No one is more adept at such trading than Mr. Murtha, say current and former members, Congressional aides and outside observers. "He delivers Democrats for key votes, which increases his clout and ability to get more earmarks, which then increases his ability to get Democratic votes," said Steve Ellis, a vice president of Taxpayers for Common Sense.

Mr. Murtha leans right on abortion rights and gun control but left on labor, tax and economic issues. And he consistently opposes ethics reform or disclosure requirements, including a proposal this year that would have required lawmakers to sign their names to earmarks, on the grounds that voters police lawmakers' actions.

He has sided with Republicans 169 times on close votes since 1994, more often than all but three of the most conservative Democrats. Many of those votes have been on nonideological but politically pivotal questions. For example, Mr. Murtha has often led members from his corner crowd to vote for procedural rules that limit potential amendments or debate on Republican bills — votes that typically follow party loyalty.

Dick Armey, a former Republican majority leader, said his party's strategists would often tell him, "Murtha will get us some votes."

At 74, Mr. Murtha remains an imposing figure: 6 feet 3 inches tall, with giant hands spread wide as he talks and size 12 shoes stuck out into the aisle. His corner perch is the only seat informally reserved for an individual lawmaker. "No one else dares sit there," said Representative Mike Doyle, a Pennsylvania Democrat and Murtha protégé.

He can also be very persuasive, thanks to his position on the spending committee. "If Jack Murtha tells you he needs your vote, then you would have to think very hard before not delivering it," said Representative James P. Moran, a Virginia Democrat who sits on the subcommittee and in Mr. Murtha's corner. "There are just too many chits out there."

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Members have watched with envy as Mr. Murtha has used earmarks to remake Johnstown, Pa., an impoverished former steel town that now includes a Murtha highway, a Murtha airport and Murtha health centers. He has steered billions of dollars to his district over the years, including more than $80 million in the defense spending bill passed Friday, according to a preliminary tally.

Mr. Murtha's patronage has transformed Johnstown into a national hub of the defense business, attracting giants like Lockheed Martin and Northrop Grumman. He even built one contractor from scratch. In 1988, Mr. Murtha asked the chancellor of the University of Pittsburgh to set up a nonprofit that could use Navy money to establish a Center for Excellence in Metalworking in Johnstown.

Since then, Mr. Murtha has delivered earmarks to the organization, now called Concurrent Technologies Corporation, for work like consulting on counterterrorism, designing ejection seats for pilots and developing software. The military and other federal agencies have paid Concurrent nearly a billion dollars in grants and contracts since 1999. In the most recent defense bill, Mr. Murtha inserted $1.3 million for Concurrent to research Army tank designs.

"It is Murtha's pet rock," said Stephen Gage, chief executive of an Ohio economic development organization that once worked with Concurrent.

Concurrent's executives, in turn, have given more than $114,000 to the congressman's campaigns over the last three elections, making it one of his biggest corporate donors. The organization pays about $500,000 a year to a lobbying firm, the PMA Group, whose executives and clients have given Mr. Murtha more than $1.2 million in donations since 1999.

Mr. Murtha's brother, Kit, recently retired from a smaller lobbying firm, KSA Consulting, that sought defense earmarks and represented many companies in Mr. Murtha's district. From 1998 through 2003, he received more contributions from military contractors than has any other member of the House, according to the Center for Public Integrity, a nonpartisan group.

Elected to the House in 1974, Mr. Murtha learned the politics of parochial projects from former Speaker Tip O'Neill, who named Mr. Murtha to the defense appropriations subcommittee and used him as his eyes and ears on the floor.

He survived a brush with scandal during the 1980 Abscam investigation, when he did not accept but did not rule out taking a $50,000 bribe from undercover agents of the Federal Bureau of Investigation; he eventually became a cooperating witness.

After becoming chairman of the defense spending panel in 1989, Mr. Murtha imposed a new discipline. Previously, the House often debated defense spending bills, which account for about half of federal discretionary spending, for weeks of contentious amendments and speeches, both in the committee and on the floor. Most Democrats often voted against the measures. "It took day after day after day," Mr. Murtha recalled.

Not any more. Mr. Murtha installed a new system that the Republicans have continued: the chairman and ranking member work out the details behind closed doors, pack the bill with plenty of earmarks, and link future projects for members to their support for the bill. The appropriations committee now typically debates and approves the bill in less than eight minutes and the full House in less than half an hour. (The $437 billion measure passed last week took under 20 minutes.)

"The defense community has some presence in almost every Congressional district — or so long as you vote for the bill, it does," said Mr. Moran, the Virginia Democrat. Mr. Murtha would "see to it" that members understood that those with earmarks in the bill who considered voting against it "better set their sights lower the next time," Mr. Moran said.

Mr. Murtha gave up the chairman's gavel when the Republicans took over the House in 1994 but managed to retain an unusual share of power. He has sole authority to grant nearly half the panel's earmarks and decide on all requests from Democrats, he said. Many minority appropriators work closely with their subcommittee chairmen, but Mr. Murtha's collaboration was especially close. He has worked for decades as a partner with the committee's senior Republicans. He still receives frequent visits from Representative Jerry Lewis, the California Republican who is chairman of the Appropriations Committee and is now under scrutiny in a federal investigation that grew out of the Cunningham scandal.

Mr. Murtha has used his influence in the caucus to place friends in strategic positions on appropriations committees and other House panels. Representative Nancy Pelosi, a California liberal who is the current Democratic leader, is a close Murtha ally. He put her on the appropriations committee early in her career and managed her campaign to be leader.

His friends say Mr. Murtha often guides their votes, especially on defense matters. "He is sort of like the general and we are the lieutenants," Mr. Doyle said.

Mr. Murtha takes care of his troops. Beginning with $1.5 million in 2003, for example, he has earmarked several million for the Doyle Manufacturing Technology Center to help lure military contractors to Mr. Doyle's district.

Mr. Kanjorski, the Pennsylvania Democrat, said he had help on "8 to 10" projects, including a $9.5 million deal four years ago for research by a firm partly owned by his nephews. In an interview, Mr. Kanjorski said his relatives "just happened to be the only people who would take responsibility" for developing the technology, which involved using water jets to pulverize materials. He said he recently gave Mr. Murtha a pair of high-tech disease-resistant socks made with silver fibers by a company in his

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district. After padding around in them, Mr. Kanjorski said, Mr. Murtha was so pleased that he agreed to an earmark to buy them for soldiers.

Other lawmakers have learned not to cross him. Aides to Representative Allyson Y. Schwartz, a freshman from the Philadelphia suburbs, say she has become a regular in the Murtha corner in part because her predecessor, a reform-minded Democrat who sometimes clashed with Mr. Murtha, suffered in his ability to obtain earmarks. In contrast, Mr. Murtha has helped Ms. Schwartz obtain a $7 million contract for a local defense firm and $150,000 to refurbish a historic inn in her district.

A spokeswoman for Ms. Schwartz said only that "she is proud of her relationship with Mr. Murtha." (The predecessor, Joe Hoeffel, now a Pennsylvania development official, acknowledged disagreements with Mr. Murtha but said they had worked well together.)

Mr. Murtha said he and his staff did their best to vet every earmark request but ultimately relied on the judgment of the members. He said he always asks, "Is this worthwhile not only to your district but to the country?"

Since Mr. Murtha announced his ambition to become party leader if the Democrats take the House this fall, supporters of his rival, Representative Steny H. Hoyer, the Maryland Democrat who is the party's whip, have begun quietly questioning Mr. Murtha's deal making. They argue that Mr. Murtha's pacts with Republicans should disqualify him for the job. Mr. Hoyer declined to comment.

Mr. Murtha, for his part, argued that his experience brokering votes would be an asset if Ms. Pelosi became the speaker. Running the House with a slim majority would require bipartisanship and party discipline. "I come across a little tougher," he said. "And I do have a lot of people that vote with me on an awful lot of issues."

GSA Will Try To Fix Procurement Problems With A New Service (WP)

By Stephen Barr

The Washington Post, October 2, 2006

Legislation that would permit the General Services Administration to revamp troubled operations and create a new purchasing service has been sent to the president for his signature.

Once the bill is signed, the GSA will roll out a new Federal Acquisition Service, which will combine the agency's Federal Supply Service and Federal Technology Service. Officials plan to have the FAS operating within 60 days after President Bush acts.

Sponsors of the legislation, including Reps. Thomas M. Davis III (R-Va.) and Duncan Hunter (R-Calif.) and Sens. Susan M. Collins (R-Maine) and Joseph I. Lieberman (D-Conn.), hope the reorganization will help improve the agency's financial controls and make for more efficient purchasing of services, equipment and supplies used by federal agencies.

In recent months, the GSA has been tagged as a problem agency. Its business began slumping in fiscal 2004, and the technology service began operating in the red. Some field offices were investigated for improper contracting activities; some federal agencies became dissatisfied with GSA services and took their business elsewhere.

Lurita Alexis Doan , who took office as the head of the GSA in May, is moving to restore morale at the agency and contends that most agencies would be better served if they stick to their primary missions and let the GSA handle procurement. She has recruited a commissioner for the new FAS, Jim Williams , an experienced project manager who has worked at the Department of Homeland Security and the Internal Revenue Service.

Most federal agencies rely on congressional appropriations for their programs, but GSA obtains most of its funding by contracting on behalf of federal agencies. It buys goods and services each year from the private sector and resells them to agencies, charging a fee for its management services.

The agency's technology service buys computers, software and telecommunications for the government, and the Federal Supply Service buys vehicles, property and general supplies. Congress hopes that consolidating the two services and their funding streams into the new FAS will help the GSA resolve its budget problems.

The GSA projects a loss of $96 million to $110 million for fiscal 2006 in the technology service but will not have a tally until financial statements are compiled in mid-November, officials said. Part of that loss stems from a decision to write off a $71 million in-house contract management system, GSA Preferred, that had not met expectations.

In hopes of breaking even in fiscal 2007, which began yesterday, the agency has cut costs -- dropping some internal projects, cutting back on travel and canceling some support contracts.

About 150 GSA employees have taken cash buyouts, which also will help reduce the agency's costs in the coming year. The GSA, which has about 13,000 employees, hopes to avoid staffing cuts if it can improve its financial outlook.

Sponsors of the reorganization legislation hope that creation of the FAS will help the GSA better coordinate how it buys and sells products and services. With the merger of the GSA's technology and general supply funds, officials expect more sales

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to federal customers. The two funds handle about $56 billion in annual sales and produce revenue of $7 billion to $8 billion to cover GSA operating expenses, officials said.Saving Money on a Move

Congress has extended a test program for reimbursing federal employees who are directed to move to new duty stations. The experiment, authorized for four years, gives employees more flexibility in arranging their moves and, based on previous trial runs, should reduce the government's costs.

Under travel rules, employees are entitled to reimbursement for certain expenses, including real estate and settlement costs and the transportation and storage of household goods. The government provides relocation assistance to about 28,000 civil service employees a year at an estimated cost of more than $800 million, according to a Senate report accompanying the bill.

The FBI and U.S. Customs and Border Protection reported substantial savings when they allowed employees to volunteer for a fixed-rate reimbursement, the report said.

For example, Border Patrol agents were offered $5,000 to $20,000 as a lump-sum payment for relocating during a 2004-05 test project. The average cost for a move was $16,888 during that period, much less than the average historical cost of $72,000 under federal travel rules, the report said.

The bill, sponsored by Collins, has been sent to the president for his signature.

Study Finds Missed Messages On Capitol Hill (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 2, 2006

When citizens send e-mails to their congressmen through the Web sites of lobby groups, they expect those messages to zip electronically to the place they intended.

It turns out that isn't always the case.

A new study by a company that routes thousands of these e-mails to Congress shows that plenty of constituent e-mails never reach lawmakers' offices.

"Citizens would be understandably upset if they knew that letters they sent through the U.S. Post Office were never delivered," writes Dennis W. Johnson, a George Washington University professor who oversaw the study for the e-mail company, Capitol Advantage. "Unfortunately, there is strong evidence that much of the electronic mail that citizens assume is reaching Congress is ending up in an electronic trash can."

Congress has had an e-mail problem for years. It is deluged with an estimated 200 million constituent messages annually, the vast majority of them electronic. The number is so large and is growing so quickly that lawmakers are desperate to find ways to throttle the volume.

The number of e-mails has mushroomed in part because of the now-common practice among interest groups to rally their troops via cyberspace. Generally, a lobby will send an e-mail to its most eager members, which directs them to a Web site. Once there, the members fill out a form that routes to lawmakers e-mails that advocate whatever it is the group is pressing for at the moment.

Lawmakers have come up with ingenious methods to undermine the effectiveness of such programs. As readers of this column know, some congressional offices are now insisting that would-be e-mailers solve a simple math problem (to prove they are real human beings and not some machine spamming them with the push of a button). Many offices are also demanding that constituents disclose what issue they want to communicate about and to reveal information about themselves: Zip code, street address, e-mail address, phone number and the like.

Now we know that these efforts are working well. According to the Capitol Advantage study, six of the 10 leading companies that run Web sites that send e-mails for interest groups failed to deliver even half of those e-mails through their systems.

That is a big disappointment. After all, aren't public officials supposed to be open to the public?

The survey wasn't as comprehensive as I might have liked and the companies that set up the Web sites are disputing its findings. But its overall conclusion is difficult to contradict: Lobby organizations are having a hard time getting e-mail to Congress.

"There's a lot of resentment toward us on Capitol Hill," said Bill Pease, chief technology officer of GetActive Software Inc., a vendor of public policy programs for the Web.

Lawmakers tend to think that e-mail communications and, in fact, almost all mass mailings are fake and can easily be disregarded, several executives said.

To get around the hurdles, Web site operators have taken to faxing the e-mails to legislators. For example, the Business Industry Political Action Committee, or BIPAC, routinely faxes to Congress messages that started out as e-mails typed into its

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sites by constituents. So does Democracy Data & Communications LLC, which also runs regular hand deliveries to Capitol Hill so it can be doubly sure that messages reach targets.

All of this, of course, is absurd. Electronic messages are being delivered on paper. Many of the missives that actually reach their targets are not accorded attention by the people who matter. Faxes, in particular, have low credibility with lawmakers.

Which leads to the more interesting question: Can democracy be conducted through shortcuts?

The Internet allows interest groups to mobilize their members with incredible ease and speed. Hundreds, even thousands of messages can be directed to individual lawmakers with a single, well-placed e-mail alert to trained zealots back home. Even with the obstacles placed in the way of these communications, e-mails roll into Congress at an amazing rate.

So amazing, in fact, that it is possible that lawmakers have become inured to the sheer volume and have learned not to care as much about them.

An earlier poll of congressional staffers, also underwritten by Capitol Advantage, touched on this. It discovered that half of the aides it surveyed thought the folks whose names were attached to the e-mails they receive aren't aware that the e-mails were sent to Capitol Hill. Another 25 percent of staffers questioned whether those communications were legitimate.

That strikes me as the bigger issue: Not whether every e-mail is getting through to Congress but how many of them are being read with serious interest. I bet a closer look at that issue would be even more unsettling to Web site operators and their clients than the latest estimate of delivery rates.Qorvis Branches Out

Qorvis Communications LLC has bought Sparky's Garage. No, the fast-growing public relations firm isn't going into the auto repair business. Sparky's Garage is a local advertising firm, and Qorvis has bought the seven-person shop in the belief that commercials will play an ever larger role in lobbying.

But not just any commercials. "A lot of issue advertising turns out to be very expensive memos to Congress or the administration," said Qorvis's Michael J. Petruzzello. "And it's hard to quantify if it's reaching its target audience and whether it's effective."

Sparky's Garage, now known as Qorvis Advertising, "will bring a fresh approach to issue advertising," Petruzzello promised, by integrating its commercials with the Internet and grass-roots lobbying. And adding some pizzazz.

The five-year-old ad agency's founder Bill Replogle (who called himself the chief mechanic) has worked on accounts that range from Harley-Davidson to the Washington Nationals. Those kind of clients don't normally cross paths with public policy types. But maybe the mixture will wake up the Washington wonks. That's what Qorvis is betting.

Treating War's Toll On The Mind (USN)

By Betsy Streisand

U.S. News and World Report, October 1, 2006

Thousands of soldiers have post-traumatic stress disorder. Will they get the help they need?

As they take their seats in the movie theater, Eric and Raquel Schrumpf could be any young couple out on a summer night in Southern California. No one notices as Schrumpf, 31, a former Marine sergeant who served in Iraq, scans the rows for moviegoers who may be wired with explosives under their jackets. No one pays attention as a man who appears to be Middle Eastern, wearing a long coat with bulging pockets, takes a seat in the same row as the Schrumpfs and Eric starts watching him intently. No one listens as Schrumpf instructs his wife to "get as low to the ground as you can if something happens." Then something does. Schrumpf hears metal jangling as the man reaches into his pocket. Convinced he is a suicide bomber about to strike, Schrumpf lunges at him. The man jerks away and his deadly weapon falls to the floor: a can of Coke.

Schrumpf has everyone's attention now, as he and his wife quickly leave the theater. The Schrumpfs can't even remember what movie they went to see. Not that it would have mattered. Eric Schrumpf had room for only one movie in his head, the one where he is in Iraq. Now, more than two years later, Schrumpf has a good job, a strong marriage, a couple of pets, and a life that looks startlingly like everyone else's in Orange County, Calif. But he is still never more than a sound, smell, or thought away from the war. He gets anxious in a crowd, has been known to dive for cover, even indoors, at the sound of a helicopter, reaches for nonexistent weapons to be used in nonexistent circumstances, and wakes up screaming from nightmares about burning bodies and rocket-propelled grenades. "I'll never be the same again," says Schrumpf, who as a weapons and tactics instructor with the 5th Marine Regiment was part of the initial push into southern Iraq in 2003. "The war will be part of my life and my family's life forever."

Reliving the war. Like thousands of soldiers who have returned from Iraq and Afghanistan, Schrumpf is suffering from post-traumatic stress disorder, a chronic condition whose symptoms include rage, depression, flashbacks, emotional numbness, and hypervigilance. It can be brought on by a single event, such as when a grenade landed next to Schrumpf, ticking off his death and then failing to explode. Or it can be the result of repeated exposure to trauma such as house-to-house firefights or the accidental killing of civilians. "Soldiers who are routinely exposed to the trauma of killing, maiming, and dying are much more

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likely to bring those problems home," says Army Col. Kathy Platoni, a clinical psychologist and leader of a combat stress-control unit that works with soldiers on the battlefield. At its most basic, PTSD is the inability to flip the switch from combat soldier to everyday citizen and to stop reliving the war at so high a frequency that it interferes with the ability to function.

The problem is as old as war itself. But this time, American soldiers have been assured by the government and the military that the solution will be different: Iraq will be nothing like Vietnam, with its legacy of psychologically scarred veterans whose problems went unrecognized, undiagnosed, and untreated. "The hallmark of this war is going to be psychological injury," says Stephen Robinson, a Gulf War vet and director of government relations for Veterans for America in Washington, D.C. "We have learned the lessons of Vietnam, but now they have to be implemented."

Since the war began, the departments of Defense and Veterans Affairs have stepped up efforts to address the mental health needs of soldiers before, during, and after they are deployed. And more effective treatments for PTSD have been developed. But as the war drags on, the psychological costs are mounting and so is the tab for mental health care. Troop shortages are driving already traumatized soldiers back into combat for three and sometimes four tours of duty. Those who make it home often feel too stigmatized to ask for treatment lest they jeopardize their military careers. And if they do ask, they often can't get the care they need when they need it.

In addition, there are concerns among veterans groups that the Bush administration is trying to reduce the runaway cost of the war by holding down the number of PTSD cases diagnosed (and benefits paid), and that the promise to protect the mental health of nearly 1.5 million troops is not being kept. "Throughout this war, everything has been underestimated-the insurgency, the body armor, the cost, and the number of troops," says Paul Rieckhoff, an Iraq war vet and founder of Iraq and Afghanistan Veterans of America in New York. "Now, the psychological problems and the needs of these soldiers are being underestimated, too."

Just how many troops will bring the war home with them is impossible to know at this point. But the numbers could be substantial. In a study published in 2004 in the New England Journal of Medicine, researchers at the Walter Reed Army Institute of Research found that nearly 17 percent of soldiers who have returned from Iraq, or nearly 1 in 6, showed signs of major depression, generalized anxiety, or PTSD. A report in the Journal of the American Medical Association earlier this year found that 1 in 5 soldiers met the risk for concern. And those numbers are virtually certain to grow as the war enters its fourth year. "I do think we're going to see a whole lot more PTSD as time goes on," says Platoni.

The VA, short of doctors, therapists, and staff in some areas, is straining to meet the mental health needs of the troops who have already returned from Iraq and Afghanistan. Soldiers often wait weeks or even months to see a psychiatrist or psychologist. A 2004 study by the Government Accountability Office found that six of the seven VA medical facilities it visited "may not be able to meet" increased demand for PTSD. "I don't think anybody can say with certainty whether we are prepared to meet the problem because we don't know what the scope is yet," says Matthew Friedman, a psychiatrist and executive director of the VA's National Center for PTSD in White River Junction, Vt. "What we do know is that the greater the exposure to trauma, the greater the chance that someone will have PTSD."

Danger zone. There may be no war better designed to produce combat stress and trauma. Operation Iraqi Freedom is a round-the-clock, unrelenting danger zone. There are no front lines, it's impossible to identify the enemy, and everything from a paper bag to a baby carriage is a potential bomb. Soldiers are targets 24-7, whether they are running combat missions or asleep in their bunks. "There is no moment of safety in Iraq," says Andrew Pomerantz, a psychiatrist and chief of the Mental Health and Behavioral Science Service at the VA Medical Center in White River Junction. "That's one of the things we're seeing in people when they come back-a feeling of an absolute lack of safety wherever they are."

Stories of vets who sleep with guns and knives and patrol the perimeters of their homes obsessively are as common as tales of valor. Marine Lt. Col. Michael Zacchea, 38, who trained Iraqi troops and was in about 100 firefights, knows that paranoia all too well. "Every time I get on the road," says Zacchea, who commutes from Long Island to Wall Street, "it's like I'm back in the streets of Baghdad in combat, driving and running gun battles, with people throwing grenades at me." Zacchea, a reservist, is now being treated for PTSD at a VA hospital, but had it not been for chronic dysentery, migraines, and shrapnel wounds in his shoulder, he says he probably would have been redeployed in September, emotional scars and all.

And he still may be. The military's need to maintain troop strength in the face of historic recruiting lows means many service members, including some suffering from psychological problems like Zacchea, have no choice but to return. President Bush recently authorized the Marine Corps to call up inactive reservists, men and women who have already fulfilled their active-duty commitment. "They're having to go deep into the bench," says Robinson, "and deploy some people who shouldn't be deployed."

Multiple tours. Robinson is referring to the increasing number of reports of service members who stock antidepressants and sleeping pills alongside their shampoo, soap, and razor blades. The Defense Department does not track the number of soldiers on mental health medications or diagnosed with mental illnesses. But the military acknowledges that service members

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on medication who may be suffering from combat-induced psychological problems are being kept in combat. "We're not keeping people over there on heavy-duty drugs," says Army Surgeon General Kevin Kiley, who estimates that 4 to 5 percent of soldiers are taking medications, mostly sleeping pills. "Four to five percent of 150,000, that's still a lot of troops. But if it's got them handling things, I'm OK with that."

Handling things is a relative term. Army Pvt. Jason Sedotal, 21, a military policeman from Pierre Part, La., had been in Iraq six weeks in 2004 when he drove a humvee over a landmine. His sergeant, seated beside him, lost two legs and an arm in the explosion. Consumed by guilt and fear, Sedotal, who suffered only minor injuries, was diagnosed with PTSD when he returned from his first tour in early 2005 and given antidepressants and sleeping pills. Several months later, while stationed at Fort Polk, La., he sought more mental health care and was prescribed a different antidepressant.

Last November, Sedotal was redeployed. "They told me I had to go back because my problem wasn't serious enough," Sedotal said in an interview from Baghdad in mid-September. Sedotal says he started "seeing things and having flashbacks." Twice a combat stress unit referred him to a hospital for mental health care. Twice he was returned to his unit, each time with more medication and the second time without his weapon. "I stopped running missions, and I was shunned by my immediate chain of command and my unit," says Sedotal, who returned to Fort Polk last week.

Cases like Sedotal's prompted Congress earlier this year to instruct the Department of Defense to create a Task Force on Mental Health to examine the state of mental health care for the military. It is expected to deliver a report to Secretary of Defense Donald Rumsfeld in May 2007 and make recommendations for everything from reducing the stigma surrounding disorders to helping families and children deal with the traumatized soldier.

Sending military members who suffer from PTSD back into combat goes straight to one of the toughest issues of the war: how to protect soldiers' mental health and still keep them fighting. It is well-established that repeated and prolonged exposure to combat stress is the single greatest risk factor in developing PTSD.

At the same time, there is tremendous resistance to sending home soldiers who are suffering from psychological wounds, in all but the most severe cases. "If a soldier has some PTSD symptoms," says Kiley, "we'll watch him and see how he does." The expectation "is that we're all in this boat together and we need to drive on to complete the mission," he says, adding that if the situation gets worse, the soldier would most likely be given a couple days of rest to see if he recovers. Once soldiers are evacuated, "they are much less likely to come back."

With that in mind, the DOD has designed a program to manage combat stress and identify mental health problems when they occur. It will include so-called battle-mind training for recruits, which focuses on the emotional fallout of seeing and contributing to the carnage of war and how to deal with it. Once they are in Iraq, there are psychologists and combat stress-control teams, such as Platoni's, who work side by side with troops to help them deal with their emotions and decompress immediately after battle. "Soldiers suffering from combat stress do better if they are treated early, efficiently, and as close to the battlefield as possible," says Col. Charles Hoge, chief of the Department of Psychiatry and Behavioral Sciences at Walter Reed Army Institute of Research.

Currently, there are more than 200 psychiatrists, therapists, social workers, and other mental health experts working with soldiers "in theater." They lend an ear, encourage soldiers to talk about their experiences with each other, and administer whatever short-term remedies they can, including stress-reduction techniques, anger-management strategies, or medications. However, their mission, first and foremost, is to be "force multipliers" who maintain troop strength. Their success is judged by their ability to keep soldiers from going home for psychological reasons. Soldiers are often their allies in this effort, as they feel such guilt and shame over abandoning their units they'll most likely say anything to keep from leaving. "It's a very sticky wicket," says Platoni. "We don't know if our interventions are enough to help them stay mentally healthy, or if they'll suffer more in the long term."

Last year, for instance, Platoni spent four months in Ar Ramadi, near Baghdad, where her battalion was under constant attack by insurgents. "They were watching their fellow soldiers burning to death and thinking they might be next," says Platoni. When a break came, one platoon was removed from combat for 48 hours so they could rest, shower, have a hot meal, and talk to psychologists about what they'd been through. "When they returned to the fighting," says Platoni, "they were able to deal with their fears better and focus on what needed to be done."

When soldiers do return home, the true emotional trauma of war is often just beginning. They go through a cursory post-deployment medical screening and a quick interview with a healthcare worker, who may or may not specialize in mental health. And returning soldiers are far more likely to downplay emotional problems for fear of being shifted from the "go home" line into the "further evaluation" line and being prevented from seeing families and friends.

Macho warrior. Three to six months after they return-the time when PTSD symptoms are the most likely to start becoming obvious-troops are given another mental health screening and may be referred for further evaluation, although the chances are slim. A GAO report issued in May, for instance, found that of the 5 percent of returning veterans between 2001 and 2004 who

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tested as being at risk for PTSD, fewer than one quarter were referred for further mental health evaluations. William Winkenwerder, assistant secretary of defense for health affairs, took issue with the study: "We're doing more than any military in history to identify, prevent, and treat mental health concerns among our troops. It is a top priority for us." Even with a referral, many veterans and active-duty soldiers will not seek help for fear of being stigmatized. To help break down the barriers, the DOD has begun encouraging high-ranking soldiers to openly discuss the effects that combat and killing can have on a person's psyche. Even so, the military remains dominated by the image of the macho warrior who sucks it up and drives on. According to the VA, the number of PTSD cases has doubled since 2000, to an all-time high of 260,000, but fewer than 40 percent of veterans from Iraq and Afghanistan have sought medical treatment. "This is the military culture," says Schrumpf, who now gets regular therapy and takes medication to help with his PTSD. "If it gets out that you even went to see the medical officer, and it always does, then you're done as a career marine."

In a surprising admission, former Georgia Sen. Max Cleland, who lost three limbs in Vietnam, announced in August that he is being treated for PTSD in the hopes of encouraging other vets to do the same. One of the biggest problems for Vietnam veterans, for instance, was that their psychological wounds went unrecognized and unattended for so long that, by the time they got treatment, many were past of the point of being helped. Cleland is one of a growing crowd of Vietnam vets who are finally seeking help-and competing for VA services-as a result of long-buried feelings stirred up by the Iraq war.

In the past few years, in part because of events such as September 11, there have been advances in therapies for PTSD. "Just because you have PTSD, it doesn't mean you can't be successful in daily life," says Harold Wain, chief of the psychiatry consultation and liaison service at Walter Reed Army Medical Center in Washington, D.C., the main Army hospital for amputees. Many of the patients Wain sees have suffered catastrophic injuries and must heal their bodies as well as their minds.

Reimagining the trauma again and again, or what's known as exposure therapy, has long been believed to be the most effective way of conquering PTSD. It is still popular and has been made even more effective by such tools as virtual reality. However, therapists are increasingly relying on cognitive behavior therapy or cognitive reframing, putting a new frame around a thought to shift the way a soldier interprets an event. A soldier who is racked with guilt because he couldn't save an injured buddy, for instance, may be redirected to concentrate on what he did do to help. Other approaches such as eye movement desensitization and reprocessing use hypnosis to help soldiers.

For some soldiers, simply talking about what happened to them can be therapy enough. When Zachary Scott-Singley returned from Iraq in 2005, he was haunted by the image of a 3-year-old boy who had been shot and killed accidentally by a fellow soldier. With a son of his own, Scott-Singley couldn't get the picture of the child and his wailing mother out of his head and became increasingly paranoid about his own child's safety. "I was constantly thinking about how people were going to attack me and take him," he says. Scott-Singley twice sought mental health care from the Army. The first time he says he was told that since he wasn't hurting anybody, he didn't have PTSD. The next counselor suggested he buy some stress-management tapes on the Internet and practice counting to 10 whenever he felt overwhelmed. (The VA is legally precluded from discussing a soldier's medical records.) Ironically, Scott-Singley found his therapy on the Web anyway, with his blog A Soldier's Thoughts (misoldierthoughts.blogspot.com). "It feels so much better to know I am not alone."

Outcry. Many veterans say they would also find it therapeutic to hear Bush acknowledge PTSD and the psychological costs of the war instead of downplaying them. Earlier this year, for instance, the Institute of Medicine was asked by Congress to re-evaluate the diagnostic criteria for PTSD, which was established by the American Psychiatric Association in 1980. Critics claim the review was ordered by the Bush administration in an effort to make it harder to diagnose PTSD, which would in turn reduce the amount of disability payments. The number of veterans from all wars receiving disability payments for PTSD, about 216,000 last year, has grown seven times as fast as the number receiving benefits for disabilities in general, at a cost of $4.6 billion a year. And that figure does not include most of the more than 100,000 Iraq and Afghanistan veterans who have sought mental health services. The IOM report, released in June, supported the current criteria for diagnosing PTSD.

Now the institute is looking at the accuracy of screening techniques and how to compensate and treat vets with PTSD, widely regarded as an easy condition to fake. And in another move that infuriated veterans groups, the VA late last year proposed a review of 72,000 cases of vets who were receiving full disability benefits for PTSD to look for fraud. The move prompted such an outcry that it was called off.

Studies and reviews aside, there isn't enough help available to veterans with PTSD. According to a report from the VA, individual veterans' visits to PTSD specialists dropped by 20 percent from 1995 to 2005-"a decrease in capacity at a time when the VA needs to reach out," the report stated. Secretary of Veterans Affairs James Nicholson says the VA sees 85 percent of new mental health patients within 30 days. "But that still leaves 15 percent and that's a big number. Could we do better? Yes."

Bush has called for a record $80.6 billion in the 2007 VA budget. That includes $3.2 billion for mental health services, a $339 million increase over this year's budget. However, those increases are being met by increasing demands for care, as well

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as rising cost-of-living allowances and prescription drug prices. "The bigger budget doesn't really add up to much," says Rieckhoff.

However frustrating and exhausting the process, most vets can avoid getting help only so long before friends and family push them into counseling or they get in trouble with the law. "It's almost like your family has its own form of PTSD just from being around you every day," says a former Army sergeant who worked as an interrogator in Iraq and asked that his name be withheld. "When I came back I was emotionally shut down and severely paranoid. My wife thought I was crazy and my son didn't realize who I was. Because of them, I got help."

Like many soldiers, he found it at one of more than 200 local Veterans Centers, which offer counseling for PTSD and sexual assault, a growing concern for women in the military. Vet Centers are part of the VA but operate like the anti-VA, free of the delays and bureaucracy. There is almost no paperwork, and the wait to see a counselor is rarely more than a week. It's no coincidence that when Doonesbury character B.D. finally went for help with his PTSD, he went to a Vet Center (story, Page 60). The centers are small and staffed mostly by vets, which creates the feel of a nurturing social environment rather than an institutional one. The free coffee is strictly decaf, and the approach is laid back. "Someone may come in asking about an insurance problem, and as we answer their questions, we ask them how are they feeling," says Karen Schoenfeld-Smith, a psychologist and team leader at the San Diego Vet Center, which sees a lot of Iraq vets from nearby Camp Pendleton. "That's how we get them into it." Many come just to talk to other vets.

It is that same need to talk that keeps Schrumpf E-mailing and phoning fellow marines and returning to Camp Pendleton every couple of weeks to hang out. "It is the only place I can talk about the killing," he says. Next month, Schrumpf will leave California for his home state of Tennessee, where he says it will be easier to raise a family. He's not worried about taking the war with him. In fact, in many ways he is more worried about leaving it behind. "The anger, the rage, and all that is just there," says Schrumpf. "And honestly, I don't want it to leave. It's like a security blanket." Or a movie, that just keeps on playing.

Campaignomics (USNEWS)

U.S. News and World Report, October 2, 2006

Could it really be as simple as falling gas prices? President Bush is enjoying a bump up in the polls: His approval ratings-as measured by the USA Today/Gallup Poll-have drifted up from the mid-30s in early June to 44 percent now, their highest levels in more than a year. And this rebound comes despite Americans' widespread unhappiness over the war in Iraq, anxiety about rising income inequality, and job insecurity bred of globalization.

Gas prices are down more than 66 cents a gallon in the past seven weeks, easing inflation worries and boosting the stock market, with the Dow Jones industrial average close to a record high. Last week, the Conference Board reported that consumers' outlook for the next six months had improved markedly since August.

The timing for a turnaround certainly is auspicious for Republicans going into the November 7 midterm congressional elections. All year long, Democrats have been trouncing Republicans in the polls, seemingly poised to retake one or both houses of Congress. But the latest Gallup survey found voter preferences split evenly between Democrats and Republicans. Is the economy suddenly giving the GOP a lift? Indirectly, says James Campbell, a University at Buffalo-SUNY political science professor and author of Before the Vote: Forecasting American National Elections. "With congressional elections, the economy only directly matters at the margins," he explains. "But the economy does affect presidential approval ratings, and they do affect congressional elections."

As he stumps for GOP candidates, the president is talking more and more about the economy, first because he believes it is trending his way and second, many suspect, because he wants to distract voters from an unpopular war. Just last week, Bush carried the "good news" economic message to Meyer Tool in Cincinnati, while also continuing to pound home the theme that the Grand Old Party is better equipped to fight the war against global terrorism. That argument has also boosted Bush, some pols believe.

The Chart. The Democrats, of course, aren't convinced about the economy. They've got their own message, focused on uncertainty, anxiety, and stagnation. And there isn't likely to be any letup in the shrill rhetoric as the midterm melee enters its final round. An improving economy-or voters' perception of an improving economy-might just keep the GOP in control of the House of Representatives, the branch that many analysts see as most likely to change hands. At least that's the conclusion of University of Texas-Dallas political science professors Patrick Brandt and Thomas Brunell. The duo just finished testing a forecasting model that attempts to predict the outcome of the battle for the House. Their three main factors are the presidential approval rating, inflation rate (think of it as a proxy for gas prices), and unemployment rate. Using a model-generated prediction of a 43 percent presidential approval rating on Election Day, the Brandt-Brunell formula predicts the GOP will retain 220 seats, a loss of 12 seats but still enough to keep control. And every 2 additional Bush approval points would mean a loss of one seat fewer.

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Things Fall Apart (NYT)

By Paul Krugman

The New York Times, October 2, 2006

Right after the 2004 election, it seemed as if Thomas Frank had been completely vindicated. In his book "What's the Matter With Kansas? How Conservatives Won the Heart of America," Mr. Frank argued that America's right wing had developed a permanent winning strategy based on the use of "values" issues to mobilize white working-class voters against a largely mythical cultural elite, while actually pursuing policies designed to benefit a small economic elite.

It was and is a brilliant analysis. But the political strategy Mr. Frank described may have less staying power than he feared. In fact, the right-wing coalition that has spent 40 years climbing to its current position of political dominance may be cracking up.

At its core, the political axis that currently controls Congress and the White House is an alliance between the preachers and the plutocrats — between the religious right, which hates gays, abortion and the theory of evolution, and the economic right, which hates Social Security, Medicare and taxes on rich people. Surrounding this core is a large periphery of politicians and lobbyists who joined the movement not out of conviction, but to share in the spoils.

Together, these groups formed a seemingly invincible political coalition, in which the religious right supplied the passion and the economic right supplied the money.

The coalition has, however, always been more vulnerable than it seemed, because it was an alliance based not on shared goals, but on each group's belief that it could use the other to get what it wants. Bring that belief into question, and the whole thing falls apart.

Future historians may date the beginning of the right-wing crackup to the days immediately following the 2004 election, when President Bush tried to convert a victory won by portraying John Kerry as weak on defense into a mandate for Social Security privatization. The attempted bait-and-switch failed in the face of overwhelming public opposition. If anything, the Bush plan was even less popular in deep-red states like Montana than in states that voted for Mr. Kerry.

And the religious and cultural right, which boasted of having supplied the Bush campaign with its "shock troops" and expected a right-wing cultural agenda in return — starting with a constitutional amendment banning gay marriage — was dismayed when the administration put its energy into attacking the welfare state instead. James Dobson, the founder and chairman of Focus on the Family, accused Republicans of "just ignoring those that put them in office."

It will be interesting, by the way, to see how Dr. Dobson, who declared of Bill Clinton that "no man has ever done more to debase the presidency," responds to the Foley scandal. Does the failure of Republican leaders to do anything about a sexual predator in their midst outrage him as much as a Democratic president's consensual affair?

In any case, just as the religious right was feeling betrayed by Mr. Bush's focus on the goals of the economic right, the economic right suddenly seemed to become aware of the nature of its political allies. "Where in the hell did this Terri Schiavo thing come from?" asked Dick Armey, the former House majority leader, in an interview with Ryan Sager, the author of "The Elephant in the Room: Evangelicals, Libertarians and the Battle to Control the Republican Party." The answer, he said, was "blatant pandering to James Dobson." He went on, "Dobson and his gang of thugs are real nasty bullies."

Some Republicans are switching parties. James Webb, who may pull off a macaca-fueled upset against Senator George Allen of Virginia, was secretary of the Navy under Ronald Reagan. Charles Barkley, a former N.B.A. star who used to be mentioned as a possible future Republican candidate, recently declared, "I was a Republican until they lost their minds."

So the right-wing coalition is showing signs of coming apart. It seems that we're not in Kansas anymore. In fact, Kansas itself doesn't seem to be in Kansas anymore. Kathleen Sebelius, the state's Democratic governor, has achieved a sky-high favorability rating by focusing on good governance rather than culture wars, and her party believes it will win big this year.

And nine former Kansas Republicans, including Mark Parkinson, the former state G.O.P. chairman, are now running for state office as Democrats. Why did Mr. Parkinson change parties? Because he "got tired of the theological debate over whether Charles Darwin was right."

A Party Without Principles (WP)

By Sebastian Mallaby

The Washington Post, October 2, 2006

After years of single-party government, the prospect of a Democratic majority in the House ought to feel refreshing. But even with Republicans collapsing in a pile of sexual sleaze, I just can't get excited. Most Democrats in Congress seem bereft of ideas or the courage to stand up for them. They clearly want power, but they have no principles to guide their use of it.

On Friday, Harry Reid, the Democratic leader in the Senate, correctly denounced a border-fence bill as a concession "to the radical anti-immigrant right wing" of the Republican Party. It's absurd to fence off 700 miles of the border and leave the other

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1,300 miles open; besides, the government lacks the manpower to prevent migrants from defeating the fence with tunnels or ladders. But if blowing billions on this symbolism is a sop to right-wing nuts, why did 26 Senate Democrats vote for the bill while only 17 opposed it?

The day before the immigration vote, the majority of Senate Democrats summoned up the courage to oppose the Bush assault on the nation's traditions of justice. Of course they were right; you don't win a war of ideas by abandoning your most appealing ones. But if the Democrats had made common cause with the bill's Republican opponents, they could have filibustered the president's bill. Why vote against something and simultaneously allow it through? On an issue as basic as access to justice, can't Democrats stand on principle?

These battles dominated last week's headlines, but the Democrats' under-the-radar behavior was even more depressing. A conservative group circulated a petition calling for bipartisan talks on Social Security, with all potential solutions to be part of the discussion. Rather than embracing this eminently sane idea, top Democrats in Congress loudly slammed the door on it.

There's a long tradition of demagoguery on entitlement reform, but refusing even to discuss the challenge plumbs new depths of cynicism. A decade ago, Democratic centrists such as Sen. Bob Kerrey of Nebraska argued that runaway entitlement spending would rob the rest of the budget, draining money from social programs that liberals are supposed to care about. Today, a pragmatic Republican such as Sen. Bob Bennett of Utah can propose a progressive fix to Social Security that does not involve personal accounts. But Democrats won't come forward to support him.

In rejecting Social Security discussions last week, the Democrats painted the conservatives' petition as a Trojan horse designed to get personal accounts back onto the table. Even if that were true, since when was all mention of personal accounts taboo for Democrats? A decade ago, a majority of the appointees to Bill Clinton's Social Security commission came out in favor of personal accounts. Even the dissenting minority was open to the idea of investing Social Security funds in the stock market.

If today's Democratic leaders were even a little bit awake, they would realize that the case for Social Security reform has grown stronger since the Clinton era. It's not just that the budget outlook has deteriorated or that the squandering of a decade renders a solvency fix more urgent. A new body of research shows how the lack of reform threatens core Democratic constituencies.

Social Security benefits were designed in the 1930s to protect traditional couples. But married couples make up a declining fraction of the adult population, particularly among minorities. Since 1970 the married share of the adult population has dropped by 10 percentage points for whites, 14 percentage points for Hispanics and an astonishing 22 percentage points for African Americans. Because Social Security benefits were not designed to protect singles, these changes in family structure are driving up poverty rates among the old. In the early 1990s, 2.4 percent of married retirees lived below the poverty line, according to the Urban Institute. But fully 21.2 percent of divorced retirees were poor, and the rate among never-marrieds was 16.2 percent.

If Democrats cared about poor women and minorities, they would be clamoring to reform Social Security. But instead they get a childish gratification out of stamping their feet and refusing to discuss the subject. They can't muster the courage to block the suspension of habeas corpus. But when it comes to blocking entitlement reform, the Democrats ride out to battle.

I'm not saying that Republicans are at all better, and of course elections breed some policy timidity. But the infuriating thing about the Democrats is that, just a decade ago, they knew how to empathize with voters' economic insecurities without collapsing into irresponsibility; they combined attractively progressive social policies with sensible pro-market fiscal responsibility. Now many in the party have lost interest in this necessary balance. If the Democrats win a measure of power next month, it's hard to see what they will do with it.

'Anything Goes' Administration (WP)

The Washington Post, October 2, 2006

THE INTERIOR Department's inspector general says the department suffers from an "anything goes" ethical culture.

"Simply stated, short of a crime, anything goes at the highest levels of the Department of the Interior," Inspector General Earl E. Devaney told a House Government Reform subcommittee last month. "Ethics failures on the part of senior department officials -- taking the form of appearances of impropriety, favoritism and bias -- have been routinely dismissed with a promise 'not to do it again.' "

At the Education Department, its inspector general found, officials violated conflict-of-interest rules and steered contracts for its $4.8 billion Reading First program to favored textbook publishers.

"They are trying to crash our party and we need to beat the [expletive deleted by IG] out of them in front of all the other would-be party crashers who are standing on the front lawn waiting to see how we welcome these dirtbags," the Reading First program director, Chris Doherty, wrote about one company in an e-mail to staff members.

Mr. Doherty, you won't be surprised to learn, just left the department to "return to the private sector."

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Meanwhile, three top officials at the Department of Housing and Urban Development told the inspector general there that Secretary Alphonso Jackson had said "it was important to consider presidential supporters when candidates for HUD discretionary contracts were being considered."

Mr. Jackson "personally intervened with contractors whom he did not like . . . these contractors had Democratic political affiliations," the inspector general found. The secretary had boasted in a public speech last April that he killed an advertising contract because the recipient had criticized the president -- then dismissed his comments as "anecdotal."

In fact, the investigation found, Mr. Jackson had expressed such political preferences -- there just wasn't evidence that anyone had acted on his wishes.

And then there was the U.S. Coalition Provisional Authority in Iraq, which sent -- in the account of The Post's Rajiv Chandrasekaran, "the loyal and the willing instead of the best and the brightest" to help rebuild Iraq -- with a screening process that featured questions on whether applicants voted for George W. Bush or even what they thought about Roe v. Wade .

A 24-year-old who lacked a background in finance -- but who had applied for a White House job -- was detailed to reopen Baghdad's stock exchange. The head of a faith-based relief organization that provided health care while promoting Christianity in developing countries was sent to replace a physician with extensive experience in postwar health administration because, the physician was told, the White House wanted a "loyalist" in the job.

These dots connect to form a disturbing picture -- not so much of greed-fueled corruption as of ideologically driven coziness. Those who differ from the party line are excluded from the benefits of power, while those who toe it are welcomed and, if they err, quickly forgiven. A more responsible president would put a quick stop to this. A more responsible Congress would insist.

The GOP Record (WSJ)

The Wall Street Journal, October 2, 2006

The 109th Congress has gone home to fight for re-election, and the best testament to its accomplishments is that very few Republicans are running on them. They're running instead against the peril to the country if the Nancy Pelosi Democrats take power.

We'll know in six weeks if this liberal fright mask is enough to save the GOP majority, but it's not too soon to say that Republicans in the 109th have been a major disappointment. The best thing about this Congress is that by doing little at least it did little harm. But despite their best chance in 50 years to reform the creaky institutions of the welfare state, Republicans couldn't maintain the unity or discipline to achieve nearly any of what they promised in 2004. * * *

The one great exception is the confirmation of two new Supreme Court Justices. GOP Senators in particular helped to steer President Bush away from his underwhelming initial choice of White House counsel Harriet Miers toward the distinguished Samuel Alito. With the High Court playing an ever more decisive role in our political life, this may be Mr. Bush's most significant legacy beyond the war on terror.

Republicans also deserve credit for financing the war, which is more than many Democrats say they'll do if they run Capitol Hill. The extension for two more years, through 2010, of the 15% rate on dividends and capital gains will also help sustain the economic growth that is throwing off record revenues to pay for the war even as the budget deficit declines. The recent compromise on terrorist interrogations may also turn out to be historic, putting Congress's imprimatur on the Presidential powers needed to fight an enemy that violates the normal rules of war. Toss in bankruptcy and class-action reform, and some free-trade agreements. That's about it for the good news.

On the liability side, the list of flops is extensive, starting with making the tax cuts permanent, repealing the estate tax and immigration reform. Senate Democrats did their part to kill the first two, but House Republicans get credit for fanning public worry about immigration and then pretending that a 700-mile fence will solve the problem.

Social Security reform was never going to be easy, and Mr. Bush's war-driven decline in job approval meant he couldn't move any Democrats. But that still doesn't excuse such prominent Republicans as Tom Davis (Virginia) and Roy Blunt (Missouri) for resisting their President's reform effort behind the scenes. So frightened were they that they never even brought the subject up for a vote.

Perhaps the most puzzling abdication was the GOP failure to do anything at all on health care. The window for saving private health care from government encroachment is closing, and both business and workers are feeling the pinch from rising costs. Yet Republicans failed to make health-care savings accounts more attractive, failed to let business associations offer their own health plans, and failed even to bring to a vote Arizona Congressman John Shadegg's bill to avoid costly state mandates by letting health insurance be marketed across state boundaries. The biggest winner here is Hillary Rodham Clinton's 2008 Presidential campaign.

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Republicans have many explanations for their paltry record, some of them even accurate. The troubles in Iraq sapped Mr. Bush's support, dividing Republicans while uniting Democrats who saw a chance to regain power this fall. Hurricane Katrina blew away whatever hope there was of spending restraint and changed the national conversation from GOP priorities. And Tom DeLay's ethical troubles, and eventual ouster as Majority Leader, created a leadership vacuum.

Yet none of this excuses the more fundamental problem, which is that too many Republicans now believe their purpose in Washington is keeping power for its own sake. The reform impulse that won the House in 1994 has given way to incumbent protection. This is the root of the earmarking epidemic, which now mars every spending bill and has become a vast new opportunity for Member corruption. This is also part of what corrupted Duke Cunningham, Bob Ney, Jack Abramoff, Tony Rudy and Michael Scanlon. Power for its own sake also explains the House GOP's decision to join Senate Democrats in killing serious reform of Fannie Mae and Freddie Mac, despite $16 billion in accounting mistakes or fraud. The Members are in bed with the housing subsidy lobby.

Even amid all of this scandal, many Republicans still refuse to acknowledge any problem. Appropriators continue to resist major budget reform, and the same Republicans who gave a Democratic President the line-item veto in the 1990s refused to give a weaker version to a GOP President this year. No wonder so many loyal Republican voters have been telling pollsters they're not sure if they'll vote this year.

With his party down in the polls, Mr. Bush has tried to recast the midterm election as a referendum on the war on terror. This strategy may yet save Republicans from losing Congress, both because the war is the most important issue of our time and because the Democrats are calling for retreat in Iraq and essentially for a return to the antiterror policies of the 1990s (see below). But it is no credit to the performance of Republicans in this Congress that their best argument for re-election is the wartime flaws of their opponents.

Democrats On The Verge (LAT)

The Los Angeles Times, October 2, 2006

NOT LONG AGO, even the most optimistic Democrats thought the party would be lucky to regain control of the House of Representatives in the midterm elections. Now, buoyed by bad news for President Bush and once-favored GOP incumbents such as the gaffe-prone Sen. George Allen of Virginia, Democrats are daring to dream that they will gain control of both houses of Congress on election day.

Such a change on Capitol Hill would be momentous, of course, which may explain why Bush went into oratorical overdrive last week by caricaturing Democrats as "the party of cut-and-run" in Iraq. But aside from being bad news for some partisans and good news for others, how would a congressional shift affect national and international policy?

On balance, it would be constructive. A Democratic Congress would be more of a check on the presidency, less patient with the U.S. involvement in Iraq, more protective of civil liberties in the war on terror, more willing to allow regressive tax cuts to expire and, in the case of a Democratic Senate, unlikely to approve stridently conservative judicial nominees. It also would be more sympathetic to one of Bush's priorities, comprehensive immigration reform.

The paradox is that, to win control of Congress, Democrats will have to rely on Democrats who sound suspiciously like Republicans.

Which raises the question: What does a politician have to do to get kicked out of his party nowadays? One might ask Connecticut Sen. Joe Lieberman, who is running for reelection as an independent after losing in the Democratic primary for his support of the Iraq war. On the other side of the aisle, one could ask Steve Laffey, a Rove Republican who lost in the primary in part because the Bush administration supported his opponent, Rhode Island Sen. Lincoln Chafee, a Rockefeller Republican who disagreed with the White House on a variety of issues but stands a better chance in the general election.

This leads to yet another paradox: As the stakes get higher, party affiliation matters more but means less.

Sen. Charles E. Schumer (D-N.Y.) and Rep. Rahm Emanuel (D-Ill.), chairmen of the Democratic congressional campaign committees, have been willing, even eager, to support candidates who don't toe the party line. Schumer, for example, recruited Pennsylvania Treasurer Bob Casey, an opponent of abortion, to oppose incumbent Republican Sen. Rick Santorum. Yet a victory for Casey, who is ahead in the polls, is vital to hopes of Democratic control. Even on issues on which there is a clear partisan divide, such as the war in Iraq, some Democrats have been allowed to tack to the center.

That's what they call "big tent" politics. But a tent is valuable for what it keeps out as much as for what it lets in. Last week, when the Senate took up Bush's proposal for military commissions to try suspected terrorists, all but one of the 44 Democrats voted to give suspected terrorists the right to file habeas corpus petitions challenging their confinement. But after that amendment was defeated, 12 Democrats, including five whose names are on the ballot next month, voted for a bill that guts the Great Writ. That's not the kind of position Democrats — or Republicans, for that matter — should be standing for.

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Curing The Debt Addiction (NYT)

The New York Times, October 2, 2006

The Treasury secretary, Henry Paulson Jr., capped off his recent trip to China with a visit last week to Capitol Hill. His aim was to dissuade Senator Charles Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, from moving forward on their bill to impose punitive tariffs on China. The two senators accuse China of manipulating its currency, the yuan, to gain an unfair trade advantage.

Mr. Paulson was right to try to parry the senators' protectionist efforts, and he has succeeded, for now. But the issue will persist so long as he fails to satisfactorily address a root cause of mounting protectionist pressures: the United States' growing indebtedness to the rest of the world.

Instead, Mr. Paulson recently told reporters that the nation's deficit in trade and other international transactions — on track this year to reach $800 billion, or nearly 7 percent of the economy — is actually a sign of strength. America has kept the world prosperous, he said, by buying global goods.

Come again? America's borrow-and-spend ways have indeed juiced the global economy. But the resulting indebtedness makes the country vulnerable to the protectionism Mr. Paulson wants to avoid, as well as to broader economic disarray.

Many American businesses — and politicians — see the mounting trade deficit and immediately cry foul. Demands for tariffs are the predictable, if misguided, reaction. Protectionism conveniently shifts the blame for trade-related hardships to foreigners, which is easier than adapting homegrown business practices to make America more competitive.

There are other dangers. If lenders like China began to doubt the strength of the American economy, they could put their money elsewhere, driving up American interest rates, perhaps sharply.

To reduce excessive foreign borrowing, it is imperative to reduce the federal deficit. To that end, Mr. Paulson has pledged to help the Bush administration find ways to curb Social Security, Medicare and Medicaid. That would certainly cut the budget, but at the cost of weakening the already frayed safety net — at precisely the time when increasing globalization is creating economic hardship for many Americans. It would be far better to start a deficit reduction effort by calling for a moratorium on further tax cuts and allowing other Bush-era tax cuts to expire as scheduled.

That, along with continuing efforts to adjust exchange rates in China and other countries, would lower the risks the United States is now courting.

OTHER NEWS:

Democrats' Risky Strategy: Trumpeting The Wealth Gap (WSJ)

By Deborah Solomon

The Wall Street Journal, October 2, 2006

October 2, 2006; Page A1

WENTWORTH, N.C. -- Many Democratic politicians, shrugging off lessons of recent political history, see this as the year when the widening gap between the rich and the rest of America will help win them votes.

As a group of his constituents munched on pot roast and buttered green beans in a school cafeteria here, Rep. Brad Miller -- a two-term Democrat seeking re-election in a district spanning rural, suburban and urban communities -- launched into what he believes is a winning pitch.

"People who are doing well are doing very well," he said into a handheld microphone, his tie loosened as he walked among the tables. "The rich are doing just fine. But wages aren't budging for the majority of Americans."

The congressman's words resonate here. Although some voters are prosperous suburbanites, others in this district along the Virginia border have lost textile-mill jobs. They've been forced into lower-paying positions with fewer benefits and scant prospect for raises. Pamela Tucker, a mental-health worker from nearby Reidsville, says she can barely keep up. "Things are worse. The taxes, the price of health care, gas," she says. "People don't have the means."

Other Democrats -- including Michigan Sen. Debbie Stabenow in a tough re-election fight and Claire McCaskill in her challenge to Missouri incumbent Republican Sen. Jim Talent -- are sounding similar themes: The U.S. economy is growing, but the poor and especially the middle class aren't benefiting. The rich are. And President George W. Bush and a Republican Congress are to blame, they argue.

It's a risky bet. Government data do show an unambiguous trend toward a widening gap between the rich and everyone else, a trend that pre-dates Mr. Bush's election in 2000. And yet U.S. electoral history is littered with Democrats who tried to use the inequality issue only to find voters unswayed and Republicans accusing them of "class warfare" or business-bashing.

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"The language of income distribution and income inequality is rarely effective in American politics," says political scientist William Galston, a domestic-policy adviser in the Clinton White House now at the Democratic-leaning Brookings Institution. While Americans may be unhappy that the rich are getting ahead while they're not, most still aspire to be rich and are turned off by candidates who demonize wealth, he says.

"There is little doubt that there has been a 25-year trend of a growing gap, sometimes called income inequality, between the wages of the skilled and the unskilled," says Edward Lazear, chairman of the White House Council of Economic Advisers. "While that trend shows no obvious signs of abating in the near future, by some measures inequality has slowed a bit in recent years."

Former Vice President Al Gore touched upon a "people versus the powerful" theme in his unsuccessful 2000 presidential bid. Some strategists say it failed because he didn't push it hard enough. Others say it failed because voters found the message polarizing. During a Democratic Leadership Council forum in 2002, Mr. Gore's running mate, Connecticut Sen. Joseph Lieberman, said the strategy made it "more difficult for us to gain support of the middle class, independent voters who don't see America as 'us versus them.'"

Four years later, Massachusetts Sen. John Kerry's running mate, then-Sen. John Edwards of North Carolina, spoke frequently about "two Americas" in which "one America does the work, while another America reaps the reward." They lost, too.

The one recent Democratic candidate to tap economic angst most successfully was Bill Clinton. He talked often in the 1992 campaign about how well the top 1% were doing while others were falling behind. After winning office, he persuaded Congress to raise taxes on the rich. But even his administration divided on how hard to push the issue after Democrats lost control of Congress in 1994. Two close advisers, Treasury Secretary Robert Rubin and Labor Secretary Robert Reich, sparred over the populist message.

"I had sat in on enough discussions about swing voters to feel that this crucial section of the electorate reacted badly to anything that sounded like class warfare," Mr. Rubin wrote in his book, "In an Uncertain World." Terms like "corporate welfare," a favorite of then Labor Secretary Reich, could inflame voters, Mr. Rubin said.

Many Democrats say this year the message could draw voters. "This is an issue they [Democrats] are talking about and should be talking about," says Stan Greenberg, a Democratic pollster.

While the war in Iraq continues to be a big issue, Mr. Greenberg and other strategists are advising Democratic candidates to talk often about the economic squeeze on their middle-class base. "Most people are seeing continuing financial pressure -- gas prices, health-care costs -- symbols that, when contrasted with the perception that the macro-economy is doing great and CEOs and others are doing very well, help to underscore what's happening and what's not happening," says Mr. Greenberg.

Some Republicans try to debunk the statistics Democrats cite, arguing that they overstate the income gap by looking at wages, while ignoring health and retirement benefits and tax breaks that help the working poor. Kevin Hassett, director of economic-policy studies at the Republican-leaning American Enterprise Institute, points to an increase in consumer spending as evidence that Americans are doing better than Democratic campaign themes suggest.

Winning Argument

But other Republicans concede that Democrats may have a winning argument when it comes to economic issues this year -- inequality included. "We get clobbered among economy voters," says Republican pollster Tony Fabrizio. "The reason [Democrats] are doing this is they see the people who are uncomfortable about the economy as people who are more likely to vote for them in real numbers."

Since the last recession ended in 2001, the U.S. economy has grown nearly 15%, after inflation. Corporate profits have skyrocketed and the stock market has rebounded. Yet many Americans haven't seen paychecks grow fast enough to keep up with rising prices. While incomes at the top rose, adjusted for inflation, the median household income fell for five years in a row before turning up in 2005. It remains below its 1999 peak. The Census Bureau reports that the top 20% of households claimed 50.4% of all the income in 2005, up from 45.6% in 1985.

Even Treasury Secretary Henry Paulson has acknowledged the gap. "Amid this country's strong economic expansion, many Americans simply aren't feeling the benefits. Many aren't seeing significant gains in their take-home pay," he said in an August speech. In another talk, in September, he added, "I believe it is the responsibility for all nations to search for ways to moderate income disparities."

Voters are beginning to take notice of the trend. In early September, a Wall Street Journal/NBC News poll found the "gap between rich and poor" ranked as the No. 2 economic issue -- after "gas prices and energy costs." Voters most often blamed the gap on "excessive salaries and bonuses" and competition from companies and workers overseas. More than half said they disapproved of the way President Bush was handling the economy.

Economists cite a variety of factors for widening inequality. Technology has favored the most skilled and most educated, and hurt the less qualified.

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Globalization has brought competition from millions of new workers around the globe, crimping wages for some workers while boosting demand for others. American unions have grown steadily weaker. And social mores have changed, tolerating much wider pay disparities within the same workplace, be it a manufacturer or a law firm.

Born elsewhere in U.S.

217535

Born outside U.S.

66940

Source: Census Bureau's American Community Survey

Figuring out how to reverse the trend poses a problem for policy makers. Most Democratic candidates favor an increase in the minimum wage, modest proposals for college and child-care tax credits, rolling back some of Mr. Bush's tax cuts, and finding ways to shield Americans against rising gas prices. But beyond that, Democrats candidates haven't fleshed out a program for reversing inequality.

The centrist Democratic Leadership Council is pushing what it has dubbed the American Dream Initiative to counter the "mistaken belief that when the wealthy do even better, the middle class will eventually get their share." The plan, championed by New York Sen. Hillary Clinton, among others, also calls for giving every child a $500 savings bond at birth so every American adult will have a nest egg.

While most candidates aren't citing income statistics on the stump, stagnant paychecks are a subtle, yet constant, thread in many campaigns. To skirt accusations of class warfare and business-bashing -- and to court swing voters -- Democrats focus not on the plight of the poor, but on the notion that middle class workers, despite being more productive than ever before, aren't being rewarded for their hard work.

"Unemployment has been low for some time now and it's pretty clear that the working man and woman is pretty unhappy with their lot and it's not because they're unemployed," says Alan Blinder, a Princeton University economist who worked in the Clinton White House and later was vice chairman of the Federal Reserve Board. "It's a combination of wages aren't going anywhere, people are losing health insurance and their pensions are under threat. And people are feeling it. At the same time, they're reading about this CEO or that CEO walking off with $100 million for managing their company badly."

Most Outspoken

Among the most outspoken on the issue of inequality is Rep. Miller, a 53-year-old lawyer and former North Carolina state legislator. He has seized on the issue in stump speeches. He has peppered Federal Reserve Chairman Ben Bernanke and former Chairman Alan Greenspan with questions about inequality at House hearings. He frequently mentions the names and salaries of highly-paid CEOs in speeches and on the House floor.

Mr. Miller told the Wentworth crowd, for instance, that CEOs make an average of $14 million a year. "Do we see the world through the eyes of Lee Raymond, who just left Exxon Mobil, making $145,000 per day or do we see it through the eyes of the guys working for $545 per week?" he asked. "That's the difference between Republicans and Democrats."

While Mr. Miller is talking about wages, the conservative Republican underdog, Vernon Robinson, a former Winston-Salem city councilman dubbed by the local press as "the black Jesse Helms," is focusing on social issues -- particularly illegal immigration and making English the official U.S. language. He says he hasn't heard much concern from voters about wages, and terms Mr. Miller's focus on CEO pay "pretty esoteric," adding, "He's saying 'vote for me. I'll make sure your boss gets paid less.' "

Other Democratic candidates are doing much the same as Mr. Miller, particularly in the Northeast and Midwest, where the economy is a big issue. In central Ohio, Democrat Mary Jo Kilroy, challenging Republican incumbent Rep. Deborah Pryce, talks frequently on the stump about gas prices, health-care costs and the minimum wage.

"I know how parents feel trying to put their kids through college. I hear all the time how it costs $60 a week to fill up my car and how health care is an enormous cost for all people," Ms. Kilroy, a Franklin County commissioner, said in an interview. Ohioans, she said, are "upset with the economy and Congress and their willingness to give these tax breaks for the super wealthy and burden future generations with the deficit."

At a rally at Ohio State University earlier this year, Ms. Kilroy accused Ms. Pryce of "supporting deep cuts to student loans that will put college out of reach for some lower- and middle-class students."

Ms. Pryce's office says she has never supported cuts to student-loan programs. "Kilroy's campaign has been consistently negative on everything," says her spokesman, George Rasley. "So the fact that they would be negative on the economic situation in Columbus -- by some measures the seventh-best economy in the country -- is no surprise even though it's a big lie." Polls show Ms. Kilroy and Ms. Pryce neck-and-neck.

On the stump in Missouri, Ms. McCaskill, in a stiff race to unseat Sen. Talent, railed against Washington policies that protect "millionaires" at the expense of the middle class. She has proposed a middle-class tax-relief package, arguing that

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"Missouri's middle class has been overlooked while the Bush administration has given billions in tax cuts to big corporations and millionaires." She has called for an increase in the minimum wage, and criticized Republicans' eagerness to cut the estate tax.

Consumers Extract Less Cash From Their Homes But Defy Predictions Of Greater Thrift (WSJ)

By Christopher Conkey

The Wall Street Journal, October 2, 2006

A year into the housing market's slowdown, Americans have yet to snap shut their wallets, defying predictions that the cooling market would have a chilling effect on consumer spending.

This year, despite what appears to be the most significant housing-market slump in more than a decade, the nation's consumers have increased their purchases of goods and services at an inflation-adjusted annual rate of more than 3% -- just as they have for the past two years. "They're not backing off," says Janet Hoffman, managing partner of consulting firm Accenture Ltd.'s North American retail practice.

In recent years, the long run-up in real-estate prices, coupled with a proliferation of low-interest financing options, allowed many consumers to borrow against the rising value of their homes to pay for cars, vacations and home improvements, among other things. Many economists assumed that a slowdown in the overheated housing market would reverse that trend, leading to a big pullback in spending.

So far, however, only half of that equation is panning out: Americans aren't using their houses like ATMs as much as they once did. Even so, their willingness to spend hasn't suffered, though economists don't agree on why.

Data developed by former Federal Reserve Chairman Alan Greenspan and Fed economist James Kennedy suggest consumers "extracted" cash from their homes -- such as through cash-out refinancings or home-equity loans -- at an annual rate of $497 billion in the second quarter. That was down sharply from a peak of $871 billion in the third quarter of 2005.

Bob Moulton, a mortgage broker with Americana Mortgage Group Inc., Manhasset, N.Y., says new applications for home-equity lines of credit and cash-out mortgage refinancings are down 50% from a year ago. Aside from the fact that home prices aren't rising as they used to, higher interest rates are the primary culprit.

Donna Simoes, an office manager in Williston Park, N.Y., took out a $200,000 home-equity line of credit with an interest rate of just under 4% two years ago to finance a bathroom remodeling and other projects. Today, the rate is up to 7.75%, and she rarely uses the credit line. "As the rate started to rise, my stomach started to fall," Ms. Simoes recalls. "I'm not willing to pay that amount of interest."

Even though consumers appear to be tapping home equity less than they have in the past, they are still finding ways to sustain their spending. Even stores that are heavily dependent on the state of the housing market are benefiting from those outlays. Sales at building-material and garden-supply centers are up more than 8% from a year earlier, outpacing the 6.7% year-to-date jump in overall retail sales, according to the Commerce Department. Sales at furniture and home-furnishing outlets are up 6.5% from last year.

There are several possible explanations. First, while housing is slumping -- the median sales price of an existing home is down 1.7% from a year ago, according to the National Association of Realtors -- other parts of the economy aren't. Unemployment remains low at 4.7%, employers are adding workers and incomes are rising. Corporate profits are up, businesses are increasing their capital spending, and exports have picked up this year. Moreover, the sharp drop in gasoline prices that began in August has given consumers a quick boost in purchasing power.

"There are pretty significant offsetting factors, including the fading energy tax and the healthy stock market," says Michelle Meyer, an economist with Lehman Brothers.

A second possibility is that not enough time has elapsed and that the impact of the cooling housing market may still be coming. "It's likely to take another year or so to see the pronounced effects," says Tim McGee, chief economist at U.S. Trust. If the housing market continues to deteriorate over the coming year, Mr. McGee and some other economists say, the decline in home-equity borrowings will combine with a reverse "wealth effect," in which consumers spend less because they feel less wealthy, to depress spending and shave one percentage point or so from economic growth in 2007.

Other observers, however, say that during the housing boom economists exaggerated the role of home-equity borrowing as a driver of consumer spending, and that's why a slowdown or modest decline in real-estate appreciation won't have much impact on consumer buying habits now. "The run-up in housing values over the past several years did not spur much of a bigger-than-expected increase in consumer spending...so we wonder about how large a spending effect one should expect to accompany a fall in housing prices, if that were to occur," Boston Fed President Cathy Minehan said last month.

Ms. Minehan said much of the equity consumers extracted from their homes over the past few years was used to reduce other forms of consumer debt and make home improvements, and that "overall household balance sheets today continue to look fairly strong."

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A recent survey done for Deutsche Bank Securities found that homeowners spent only about 14% of the money they cashed out of their homes -- and that didn't go back into their real-estate investments -- on consumer goods and services. The rest was either used to make other investments or to repay debt. Vinay Pande, chief investment adviser at Deutsche Bank Securities, says the survey found consumers "were unconcerned about a housing bubble," so declining house prices probably would have only a slight impact on their spending.

Even if Ms. Minehan and Mr. Pande are underestimating the potential impact of reduced home-equity borrowing, there are other reasons to suspect that consumers will keep spending even as the housing correction plays out. The overwhelming majority of mortgage debt and home-equity loans are held by Americans in the upper half of the income range. Households in the top 10% of income hold 42% of the value of home-equity lines of credit, according to data from the Fed's 2004 Survey of Consumer Finances. Those affluent consumers have already racked up sizable gains in the value of their homes in recent years and can most likely afford to weather a modest pullback without cutting back their spending.

"If you look at the appreciation over the last three to five years, it's still way up," said Pat Conroy of Deloitte & Touche. "Even though we've had a very small downturn the past six to 12 months, that really hasn't put a huge damper on the consumer's mind-set."

Coming Of Wage (WSJ)

By ALLAN HUBBARD And EDWARD P. LAZEAR

The Wall Street Journal, October 2, 2006

The U.S. economy has faced challenges from recession to corporate scandals to terrorist attack to natural disasters. And through it all, the economy has proven to be resilient and responsive. In the past three years our economy has grown 3.7% per year, faster than any other major industrialized economy, and added more than 5.7 million payroll jobs, more than all the jobs added in the European Union and Japan combined.

Yet questions understandably arise about whether this economic expansion is paying off for U.S. workers. American workers are among the hardest working and most productive in the world. They deserve to receive their share of the gains in this economic expansion, as they have in past expansions.

A pattern that prevails as the economy moves from recession to recovery, and then into a sustained expansion, is that productivity grows first. The higher productivity growth means higher profits for businesses, which induce them to expand output and then employment. Later, as fewer workers are available for hire, wages grow, profit rates fall, and workers' share of the gains rises. This is what we observed during the last expansion. After the recession in the early 1990s, wage growth was flat. It did not pick up until the last few years of the decade.

We are seeing the same pattern in this economic expansion. Productivity growth has been exceptionally strong in the past five years, well above the historical average. And now employee compensation per hour has also picked up. Over the first half of this year, compensation growth has averaged a remarkable 6.3%, at an annual rate adjusted for inflation. This growth is much faster than in previous years.

As has been the case for many years, higher health-care costs mean much of the growth in compensation goes to benefits. Although benefits are important, workers also naturally care about whether their paychecks are going up.

Recently, nominal wages of production workers have also grown considerably. At an annualized rate, nominal wage growth has been about 4% so far this year, faster than at this point in the last economic expansion. Nominal wages are now growing faster than the past couple of years and are growing at about the same rate as they were in the late 1990s.

The difference between this economic expansion and the last expansion is that higher-than-expected energy prices have consumed much of this strong nominal wage growth. Inflation-adjusted wage growth without the increase in energy prices is similar to past economic expansions. The issue here is energy prices, not wage growth. Workers' paychecks are going up, but they have had to use much of that increase for energy purchases like gasoline.

The recent news on energy prices is good for workers. Nationwide gasoline prices have fallen by about 65 cents per gallon since early August and market data suggest that inflation will fall below the levels of the past few months. This decline, coupled with the nominal growth rates that we see in both compensation and wages, means that workers should enjoy more real earnings in the months ahead.

The Bush administration is pursuing a variety of short and long-term measures to address high energy prices. Last year, the president and Congress enacted the first major energy bill in over a decade. It is a significant first step toward a long-term vision of achieving greater energy security through diversification of energy sources, improved efficiency and increased domestic production. In addition to implementing the new law, the administration is pursuing new ideas for alternative technologies and clean domestic production. For example, the administration and Congress are working to increase research in alternative fuels,

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and to safely increase domestic oil and natural gas production in the Outer Continental Shelf and Alaska. These and other pro-growth policies will benefit both the overall economy and workers.

Most importantly, American entrepreneurs and companies are investing billions of dollars in creative ideas for new fuels, power resources and better efficiency. Our flexible economy that rewards risk-taking and boosts productivity will also help us produce reliable and cost-effective energy.

With some politicians and commentators criticizing tax relief, free trade, immigration and labor policies, it is important to recognize the truth about wages and the distinctions between this economic expansion and past expansions. Increasing the tax and regulatory burden on our economy will not increase wages or make the current expansion more rewarding for workers. Without the tax relief, workers would be taking home a smaller portion of their paychecks. Higher taxes and a higher regulatory burden would just slow the strong productivity growth that we need to remain competitive in the global economy and increase standards of living.

How Military Credentials Play In November Elections (CSM)

By Linda Feldmann

The Christian Science Monitor, October 2, 2006

WASHINGTON

Andrew Duck knows he's a long-shot candidate for Congress. He's running against a seven-term incumbent, Roscoe Bartlett (R) of Maryland. He's a Democrat in a deeply red district. And he's raised only $150,000 so far, in an era when you need many times that to be taken seriously.

But he's got something on his résumé that Representative Bartlett doesn't have: 20 years of service in the Army, including time on the ground in Iraq. Will that make a difference? Probably not. Incumbents are tough to defeat. But, Mr. Duck says, when Republican voters hear his history, they're willing to give his flyer a second look.

For most of the 51 Democratic military veterans running for Congress this fall as nonincumbents - 50 for the House and one for the Senate - the climb is steep. In the House, only six are in competitive races, as defined by the nonpartisan Cook Political Report. The one Democratic Senate challenger who's a vet, Jim Webb of Virginia, is locked in a tight race against Sen. George Allen (R) after a series of mishaps by the senator.

Of the 40 Republican military vets running for the House as challengers, only five are in competitive races. So the military credential has not been a big boon to either party's roster. But the Democratic Party, which has struggled for decades with an image of weakness on security, has tried to make more of their candidates' military service than has the GOP. And even if winning election to Congress is beyond the reach of many Democratic vets, they argue that they can still help their party.

"We offer them [the Democrats] something that they didn't have when we came to the party," says Duane Burghard (D), a Navy vet who is running against Rep. Kenny Hulshof (R) of Missouri. "We can stand up with authority and legitimacy that, in fact, the Democrats offer veterans and national security a better chance."

Last week, the group VETPAC, the Veterans' Alliance for Security and Democracy political action committee, held an event on Capitol Hill in support of Rep. John Murtha (D) of Pennsylvania, who has taken major heat from Republicans for his turn against the Iraq war last year. VETPAC took over earlier this year as the lead nonparty group supporting Democratic military vets running for Congress as challengers, after the demise of the group Band of Brothers. Fundraising for VETPAC has been slow; before a fundraiser last week, it had raised only about $35,000.

Republicans say that the Democratic focus on veterans as candidates - highlighted in a party Web page called "Fighting Dems" - has been a failure. "This is the most overdone story of this cycle," says Danny Diaz, a spokesman for the Republican National Committee. "They are trying to use veterans as a PR tool and it's not working."

Still, in at least one competitive race, Rep. Rob Simmons (R) of Connecticut is using the lack of military service by his opponent, Joe Courtney, against him in a TV ad. So it may be that in some cases, military service insulates candidates from potential charges that they are weak on defense.

In the cases where Democratic vets are running competitive races, it's hard to say if it's military service that has made the difference. An impressive résumé doesn't get a challenger far without political and fundraising skill. It also helps if the incumbent is vulnerable and the political leanings of the district are favorable.

Joe Sestak, a retired vice admiral in the Navy, has raised more than $1 million and is giving 10-term Rep. Curt Weldon (R) of Pennsylvania a run for his money. Because of Admiral Sestak's high-level service, including time in the White House, "he has relationships with donors and political types that regular service-members don't have," says Amy Walter, House race analyst for the Cook report.

But "people know Weldon, he has a relationship with voters," Ms. Walter adds. "Will those relationships outweigh a desire for change?"

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According to the Cook list, the other competitive Democratic challengers who are vets running for Congress are: Ken Lucas of Kentucky, Tammy Duckworth of Illinois, Patrick Murphy of Pennsylvania, Chris Carney of Pennsylvania, and Eric Massa of New York.

Among GOP veterans running as challengers, the five competitive candidates are: Van Taylor of Texas, Chris Wakim of West Virginia, Max Burns of Georgia, Martha Rainville of Vermont, and Mac Collins of Georgia.

Bush The 'ATM' Readies Campaign Blitz (USAT)

By David Jackson

USA Today, October 2, 2006

WASHINGTON — President Bush's calendar this month will be filled with political events on behalf of GOP candidates for the House of Representatives, Senate and governor's offices, including a three-day Western swing starting today.

"The fact is we've got more requests than time," White House spokesman Tony Snow said.

Much of the focus this campaign season has been on the vulnerability of Republicans, who have controlled Congress for 12 years. This year, they face a public that a number of polls show is at best ambivalent about the war in Iraq and questions Bush's leadership.

In his public stump speeches, Bush says history and the voters will vindicate the decision that has become pivotal to the campaign: Iraq.

"Americans face the choice between two parties with two different attitudes on this war on terror," Bush said recently at a campaign stop for Alabama Gov. Bob Riley and the Republican Governors Association. He attacked Democrats as "the party of cut and run" in Iraq.

Over the next three days, Bush will stump and raise money for House candidates in Nevada, Arizona and California.

In the Golden State, Republican incumbent Reps. John Doolittle and Richard Pombo have had to answer questions about ties to disgraced lobbyist Jack Abramoff. Both deny any impropriety or wrongdoing. Bush will try this week to help Bob Beauprez in Colorado, where the congressman lags in the polls in his bid for governor.

White House political affairs director Sara Taylor said Bush will have an "aggressive schedule" leading up to Election Day but declined to detail the president's complete itinerary.

"We're cognizant of the fact we need to turn out the vote," Taylor said. "We need to turn out Republicans to win a lot of these districts."

Democrats need 15 seats to retake the House and six seats in the Senate. Republicans have 22 governorships on the line Nov. 7.

Bush's approval rating is 44% in the most recent USA TODAY/Gallup Poll, his highest in a year. Some GOP candidates, such as House hopeful Rick O'Donnell, who is running for Beauprez's House seat in Colorado, have called on Bush to develop a new plan in Iraq. Maryland Senate candidate Michael Steele and others have played down their Republican connections.

Many Democrats wield the Iraq war as a weapon against Bush and the Republicans. Sarah Feinberg of the Democratic Congressional Campaign Committee listed at least 15 House candidates who have criticized Bush in their ads against Republican opponents. Bush is also featured in Senate ads for Democrats in Virginia, New Jersey, Maryland, Pennsylvania, Arizona and Rhode Island, according to the Democratic Senatorial Campaign Committee.

None of that has diminished Bush's ability to raise money. A record-setting fundraiser for his own campaigns, Bush through Friday has raised $182 million for Republican candidates and organizations, the Republican National Committee says. That's closing in on the at least $188 million he took in during the 2001-02 campaign season, according to published reports.

"For Republicans, he's like an ATM machine," said Stuart Rothenberg, publisher of a non-partisan political report. "Otherwise, they want to stay away from him."

DeWine Senate Race Now Dead Heat (WT)

By Eric Pfeiffer

The Washington Times, October 2, 2006

A new poll shows the Ohio U.S. Senate race between the Republican incumbent, Sen. Mike DeWine, and his Democratic opponent, Rep. Sherrod Brown, in a statistical dead heat, and yesterday Mr. DeWine attempted to distance himself from President Bush before next month's midterm elections.

In a televised debate between the two lawmakers on NBC's "Meet the Press," Mr. DeWine said he would not have voted for the war in Iraq if he had known Iraqi strongman Saddam Hussein's regime did not possess weapons of mass destruction.

He also said he doesn't have confidence in Defense Secretary Donald H. Rumsfeld. "He's made major mistakes in this war. There's absolutely no doubt about it."

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The Mason-Dixon poll of 625 registered Ohio voters shows Mr. Brown leading Mr. DeWine 45 percent to 43 percent, with a four-point margin of error. In the same poll, Mr. DeWine is trailing Mr. Brown among independent voters, 52 percent to 33 percent.

Mr. DeWine also attempted to separate himself yesterday from the term "cut and run," a popular phrase among Republicans to describe Democrats' position regarding the war on terror.

"I don't know what it means," he said. "I don't know what it means to people."

In a speech to Republican donors Thursday, Mr. Bush described the Democrats as "the party of cut and run" when defending his administration's strategy on Iraq and the overall war on terrorism.

Nonetheless, Mr. Brown accused Mr. DeWine of being too close to Mr. Bush's policies.

"People who sit on the intelligence committees, like Mike DeWine, simply haven't done their jobs. They've not demanded accountability," Mr. Brown said. "They didn't demand a plan to reconstruct Iraq and rebuild Iraq. And then they didn't demand any kind of exit strategy."

Much of the NBC debate focused on Iraq, with Mr. DeWine and Mr. Brown offering their own ideas about how best to resolve the conflict and bring U.S. troops home. Mr. DeWine said he does not support a timetable for withdrawal of U.S. troops, while Mr. Brown, who voted against the war, said U.S. commanders should initiate a plan for troop withdrawal within two years.

When it was pointed out that he voted in favor of a 1998 resolution calling for regime change in Iraq, Mr. Brown said he supported the resolution under the reasoning that economic sanctions would be enough to force Saddam from power.

"Without military action?" Mr. Russert asked.

"Well, I don't know. We might have," Mr. Brown said.

It has been an especially difficult year for Republicans in Ohio. Gov. Bob Taft and Rep. Bob Ney both pleaded guilty to corruption-related charges, and the state has one of the higher casualty rates among U.S. troops serving in Iraq. Ohio Secretary of State J. Kenneth Blackwell, the once-promising Republican gubernatorial candidate, now trails his Democratic opponent, Rep. Ted Strickland, by double digits.

"The climate, as they say, in politics is not good. But Ohioans know me," Mr. DeWine said when asked if his campaign was negatively being affected by outside forces. "I've served Ohioans, starting as a county prosecutor in 1976, for 30 years. I think they know my integrity. I think they know my honesty. I think they know who I am."

However, Mr. Brown said, "It's a bit more than a perception," and pointed out that Mr. DeWine previously had accepted campaign contributions from disgraced former lobbyist Jack Abramoff.

The Mason-Dixon poll shows 10 percent of voters remain undecided about which candidate they will support, meaning either candidate is well within striking distance with just over a month before Election Day.

New Polls Detail Senate Campaigns In Three Pivotal States (MCT)

By Steven Thomma

McClatchy Newspapers, October 2, 2006

WASHINGTON - Democrats are slightly ahead of Republicans in three election battleground states that will help determine control of the Senate, a series of polls released Sunday showed.

In Montana, Democrat Jon Tester had the support of 47 percent of registered voters while incumbent Republican Sen. Conrad Burns had the support of 40 percent.

In Ohio, Democrat Rep. Sherrod Brown had 45 percent of registered voters, while incumbent Republican Sen. Mike DeWine had 43 percent.

In Tennessee, Democratic Rep. Harold Ford Jr. had 43 percent and former Chattanooga Mayor Bob Corker, the Republican Senate nominee, had 42 percent.

Democrats probably must win all three races if they're to take back control of the Senate on Nov. 7. They need to gain six seats overall, and these three are among the six seats currently held by Republicans that are considered most vulnerable.

Another Republican incumbent, Sen. George Allen of Virginia, was locked in a 43-43 percent dead heat with Democratic challenger James Webb, according to a poll released Friday by McClatchy Newspapers and MSNBC.

The surveys underscored how much these states are up for grabs and how much rides on the final five weeks of campaigning. The work of both major parties to get their supporters to turn out on Election Day could prove decisive. One in 10 voters remain undecided in Montana and Ohio, 12 percent in Virginia and 14 percent in Tennessee.

The polls were all conducted by Mason-Dixon Polling & Research Inc. for newspapers in each of the states - the Lee Newspapers in Montana, the Cleveland Plain Dealer in Ohio and the Memphis Commercial Appeal and Chattanooga Times Free Press in Tennessee. Each state poll was of 625 registered voters and had an error margin of plus or minus four percentage points. The polls were taken between Sept. 25 and Sept. 28.

Mason-Dixon conducted a broader series of polls for McClatchy Newspapers and MSNBC in seven other closely fought Senate battleground states. Virginia results were released Friday, the other six will be released Monday.

In Tennessee, Mason-Dixon found the contest close in the fight for the Republican-held seat being vacated by Sen. Bill Frist, the majority leader who is retiring to run for the 2008 Republican presidential nomination.

Ford is running as a tough-minded moderate in a state that has trended Republican and did not even support Tennessee son Al Gore when he was the Democratic presidential nominee in 2000. Ford supports the death penalty, voted for the Patriot Act, and aired one ad featuring him in the church where he was baptized.

The congressman led among women 47-38 percent, and among Democrats 88-4 percent.

He also led among his fellow African-Americans by a margin of 91-3 percent. If he were to win the election, he'd be the first popularly elected African-American U.S. senator from the South.

Corker will not be outflanked to the right, however. He supports the Iraq war, vows tougher border security, and supports gun rights. He stresses that he cut violent crime while mayor, though the size of the reduction is disputed.

Corker led among men by 46-to-39 percent, among Republicans by 76-to-10 percent and among independents by 43-to-33 percent. He led among whites by 49-to-35 percent.

In Montana, Burns has two problems: his mouth and his friends.

Known for crusty speaking since his days as a farm radio host, Burns strikes some Montanans as down to Earth, others as embarrassing. In the most recent example, he told some Virginia firefighters who came to Montana to help fight a wildfire that they'd done "a piss poor job."

But it's his association with disgraced lobbyist Jack Abramoff that could hurt him more. Burns took nearly $150,000 in Abramoff-related contributions before returning them. Also, two of his aides went to the 2001 Super Bowl on Abramoff's tab.

Tester, president of the state Senate, repeatedly hits Burns on ethics. "I won't sell Montana down the road by cutting deals with lobbyists like Jack Abramoff," Tester said in a recent debate.

In Ohio, Republican DeWine also has two problems. His are named President Bush and Ohio Gov. Bob Taft, both fellow Republicans.

Other polls have shown that Bush and the Iraq war are unpopular in Ohio, and that Taft's popularity dropped after he pleaded guilty to misdemeanor charges stemming from a statehouse ethics scandal.

DeWine is far from out of the race, however. To differentiate himself from Bush, he campaigns as a pragmatist who works both sides of the political aisle to get things done in the Senate. That's underscored by his role as one of the Senate's "Gang of 14" that forged a compromise last year to allow confirmation of several federal judges while preserving the minority's right to filibuster, or block, other nominations.

DeWine led among men by 47-43 percent, but trailed among women 47-39 percent. He and Brown each had support from about 80 percent of their party's base - but Brown led among independents by 52-33 percent.

The Mason-Dixon poll of 625 registered voters in each state was conducted by telephone Sept. 25-27 in Ohio and Tennessee and Sept. 26-28 in Montana.

Ohio Candidates For Senate Debate On Iraq (USAT)

USA Today, October 2, 2006

Rivals in Ohio's Senate race held their first televised debate Sunday, arguing on ABC's Meet the Press about Iraq and how to improve the situation. The Democratic National Committee has targeted GOP Sen. Mike DeWine's seat as key to efforts to gain a Senate majority.

Democratic Rep. Sherrod Brown, who voted against giving President Bush the authority to go to war in 2003, seized on the recent disclosure of a secret intelligence report and new books saying the war has increased terrorist threats. Brown accused DeWine of backing the status quo in Iraq and failing, as a member of the Senate Intelligence Committee, to hold the Bush administration accountable.

DeWine distanced himself from Bush's comments last week that Democrats had become the “party of cut-and-run,” saying he did not know what that statement meant. DeWine said there would not have been a vote for war in 2003 if intelligence about the threat from Iraq's suspected weapons of mass destruction had been accurate.

Dean encourages voting by mail

Democratic Party chief Howard Dean said he's trying to improve the turnout of minority voters who support Democrats by encouraging mail-in ballots, a tactic he said Republicans have used effectively. He said Democrats are testing the tactic in a New Mexico congressional race this year. If the plan works, “we're going to do that in 2008 all over the place,” Dean said at the party's annual Hispanic leadership summit Saturday in Washington. In New Mexico's largely Democratic 1st District, home to what Dean

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called a Democratic National Committee pilot project, five-term Republican Rep. Heather Wilson is challenged by Democratic Attorney General Patricia Madrid, who grew up in a Hispanic household near the border.

Romney supports crackdown with a twist

Massachusetts Gov. Mitt Romney told New Hampshire Republicans at their annual convention Saturday that he supports plans to reduce illegal immigration from Mexico but that the United States should do more to keep foreign students who come here and earn advanced degrees. “Let me tell you, you get a Ph.D. here in one of our great institutions, I want you to stay,” Romney said. “It makes no sense that we put up a big concrete wall against those who have education and skills but our doors have been wide open to people that have neither.”

Polls: Top Senate Races Very Competitive (AP-Y)

AP, October 2, 2006

Democratic Rep. Harold Ford is running even with Republican Bob Corker in Tennessee, while Democrat Jon Tester has edged ahead of Sen. Conrad Burns in Montana, according to polls released Sunday for some of the most contested Senate races.

The findings suggest an intensely competitive campaign for Congress heading into the Nov. 7 elections.

Republican Sen. Mike DeWine is in a virtual tie with Democratic Rep. Sherrod Brown in Ohio.

The three races are three that Democrats need to win if they are to take control of the Senate.

The Mason-Dixon polls done for various media outlets found:

_Ford had the backing of 43 percent in Tennessee, while former Chattanooga, Tenn., Mayor Corker was backed by 42 percent. Corker had a lead in midsummer polling matching the two.

_Tester has pulled ahead of Burns in Montana, by 47 percent to 40 percent. They were tied in August polling.

_Brown had 45 percent and DeWine had 43 percent in Ohio, findings similar to those of a Quinnipiac poll released a week ago.

The polls were conducted for MSNBC, McClatchy Newspapers and newspapers in each of the states — The (Cleveland) Plain Dealer, the Lee Newspapers in Montana and The Commercial Appeal of Memphis, Tenn., and Chattanooga Times Free Press in Chattanooga, Tenn.

The polls of 625 registered voters in each state were conducted Sept. 25-28. They had margins of sampling error of plus or minus 4 percentage points.

The G.O.P.'s Secret Weapon (TIME)

By Mike Allen, James Carney

Time, October 2, 2006

The polls keep suggesting thatÂ Republicans could be in for a historic drubbing. And their usual advantage--competence on national security--is constantly being challenged by new revelations about bungling in Iraq. But top Republican officials maintain an eerie, Zen-like calm. They insist that the prospects for their congressional candidates in November's midterms have never been as bad as advertised and are getting better by the day. Those are party operatives and political savants whose job it is to anticipate trouble. But much of the time they seem so placid, you wonder whether they know something.

They do. What they know is that just six days after George W. Bush won re-election in 2004, his political machine launched a sophisticated, expensive and largely unnoticed campaign aimed at maintaining G.O.P. majorities in the House and Senate. If that campaign succeeds, it would defy history and political gravity, both of which ordain that midterm elections are bad news for a lame-duck President's party, especially when the lame duck has low approval ratings. As always, a key part of the campaign involves money--the national Republican Party is dumping at least three times as much into key states as its Democratic counterpart is--but money is only the start. "Panic results when you're surprised," says Republican National Committee (R.N.C.) chairman Ken Mehlman. "We've been preparing for the toughest election in at least a decade."

Thanks to aggressive redistricting in the 1990s and early 2000s, fewer than three dozen House seats are seriously in contention this election cycle, compared with more than 100 in 1994, the year Republicans swept to power with a 54-seat pickup in the House. Then there's what political pros call the ground game. For most of the 20th century, turning out voters on Election Day was the Democrats' strength. They had labor unions to supply workers for campaigns, make sure their voters had time off from their jobs to go to the polls and provide rides to get them there.

Now, though, Democrats are the ones playing catch-up when it comes to the mechanics of Election Day. Every Monday, Ã¼berstrategist Karl Rove and Republican Party officials on Capitol Hill get spreadsheets tallying the numbers of voters registered, volunteers recruited, doors knocked on and phone numbers dialed for 40 House campaigns and a dozen Senate races. Over the next few weeks, the party will begin flying experienced paid and volunteer workers into states for the final push.

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The Senate Republicans' campaign committee calls its agents special teams, led by marshals, all in the service of the partywide effort known as the 72-Hour Task Force because its working philosophy initially focused on the final three days before an election.

So Republicans hope to close the deal in tight races with a get-out-the-vote strategy that was developed in the wreckage of the 2000 presidential campaign. Bush's team was led then, as it is now, by Rove, Bush's political architect and now White House deputy chief of staff, and Mehlman, then White House political-affairs director. Their theory was that Bush lost 3% or 4% of his expected vote in 2000 because those people just stayed home.

What Rove and Mehlman wanted to figure out was the code for increasing the number of Republican voters who could be reliably summoned to the polls--a code that, once cracked, could be used to win election after election. "We want to turn 75%-Republican areas into 78%- or 79%-Republican areas while at the same time turning 15% areas into 18% or 19% areas," says Mike DuHaime, political director of the R.N.C.

In the off year of 2001, the creators of the 72-Hour program tested it in odd, lower-profile contests, including court races in Pennsylvania. The Bushies picked clusters of precincts where they quietly tried their new methods, then compared those with similar precincts where the campaigns did things the more traditional way. Those experiments helped Republicans develop a handful of precepts that constitute the party's playbook for this fall:

1. Learn from the past Fifteen G.O.P. data experts spent months after the '04 election comparing turnout records from the swing states with the Bush-Cheney campaign's databases to figure out the optimal amount of mail, phone calls and door knocks that would persuade a probable G.O.P. voter to go to the polls.

2. Draw in new voters The Bush-Cheney campaign used state records to locate potential Republicans with Florida State University license plates, then had fellow Seminoles call them to sound out their views. Whereas parties used to go after certain precincts or ZIP codes, Republicans now know even which individual households they want through microtargeting--the use of computerized consumer data, from magazine subscriptions to charitable contributions, to help locate voters who are likely to vote Republican if they turn out. Other telltale signs of potential latent Republicanism are snowmobile ownership and enrollment in private schools.

3. Low tech can be better Caller ID, TiVo, cable channels and satellite radio all make it harder to reach voters than it was just a few years ago, increasing the importance of person-to-person appeals, the hallmark of old-fashioned, grassroots campaigns that used to connote an amateur or a low budget. "You clearly have to have TV ads," says White House political-affairs director Sara Taylor, "but for a little less TV, you can buy a whole lot of pizzas and phone lines and salaries for young men and women right out of college" to make phone calls, knock on doors and recruit and manage volunteers.

4. Details, details The shopping list includes everything from chairs to cell phones for hundreds of workers for Republican Party victory committees, whose staffs are charged with creating state turnout machines. The G.O.P. says their volunteer forces in '04 proved to be more effective than the paid workers contracted by Democrats, unions and Democrat- oriented fund-raising groups. Even Election Day comes sooner for Republicans, who have begun putting a huge effort into locking down absentee voters and vote-by-mail ballots in states that use them.

5. Spend more Republican officials estimate that at the end of August, their committees and campaigns had $235 million to spend in the two-month home stretch, a $58 million advantage over Democrats. The R.N.C. plans to lay out more than $60 million on turnout efforts and advertising vs. the more than $14 million set aside by Democratic National Committee (D.N.C.) chairman Howard Dean. Senator Hillary Clinton of New York, who has been critical of Dean's approach, complained at a D.N.C. fund-raising luncheon in Washington last week that the G.O.P. "is pouring tens of millions of dollars into races, and we're not matching that." House Republican officials contend that many of their Democratic challengers are so little known that they could be buried in an ad blitz. "You hit them, and they fold like a house of cards," a strategist said.

Republicans had begun to feel better about the election recently after Bush got a bump in the polls, reflecting a steady decline in gas prices and a successful effort by the White House to push national-security issues to the top of the news. But by last week G.O.P. operatives were less elated. Newscasts were trumpeting the tales of infighting in Bush's war cabinet told in Bob Woodward's State of Denial, a book full of stories about an Administration pursuing a war with no clue how to go about it. And Representative Mark Foley, a Republican from Florida, resigned after his X-rated Internet chats with teenage boys from the House page program were made public. A safe seat for Republicans was suddenly in jeopardy.

Republicans acknowledge one ominous vulnerability: for more than a decade, the party has benefited from an intensity gap. Stoked by hatred of Bill Clinton or love for George W. Bush, G.O.P. voters have been more certain to vote than Democrats--meaning that the party tends to perform better than the final opinion polls suggest. Representative Rahm Emanuel of Illinois, head of the House Democrats' campaign committee, recently told TIME that gap had counted for as much as 5 to 7 points for the Republicans. But he thinks this election year might be different. "Their voters are unhappy," he says. "They're despondent about a failed President."

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White House officials also concede they aren't so sure that Republicans will be motivated to go to the polls this year. Of course, expressions of doubt on the part of senior Republicans could be part of another game the G.O.P. plays better than the Democrats do these days: the expectations game. The Republicans are, after all, in the enviable position of being able to lose a lot. As long as they end up keeping control of both houses, they still come out the winner on Election Day. With reporting by Massimo Calabresi/Washington

Sparks In The Heartland (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 2, 2006

NORTH VERNON, IND.-Democratic congressional candidate Baron Hill can't say for certain that the recent drop in gas prices represents an attempt by oil companies to boost Republican fortunes in the midterm elections, but he won't rule it out, either. "The best thing that happened to the oil companies is the oil men in the White House," Hill says, munching on tuna salad at a table of supporters in the White Front Cafe on the main drag of this postage-stamp-size town. "You can't say for certain, but why else would they be coming down?"

Hill's concern over possible collusion between oil companies and the GOP-a charge rejected by mainstream economists-is a sign of just how closely his chances for victory in November, along with those of dozens of other Democrats in competitive House and Senate races, may be tied to voter attitudes about the economy. A former congressman fighting for the seat he lost in 2004 to current Rep. Mike Sodrel in Indiana's Ninth District, Hill insists there is still plenty of evidence of what the Democratic Party has branded the "middle-class squeeze": stagnant incomes paired with rising costs for healthcare, education, and other staples of the American dream. "We're seeing a rich man's economic recovery," says Hill. Supporters at his table, including Mike Marshall, a struggling bar owner, and Karen Snyder, a teacher whose school may begin charging parents to help fuel school buses, nod in agreement.

Robust. But Sodrel, considered one of the most vulnerable Republicans in the House of Representatives, says that signs of the robust national economy abound in his southeastern Indiana district. He points to recently unveiled plans by Honda to build a plant that will employ 2,000 workers just outside the district and an announcement by a barge manufacturer along the Ohio River that it will hire up to 1,000 new workers in coming years: "The economy in the Ninth is doing good, and the outlook is good." The main impediment to such growth, Sodrel says, would be Democratic-backed tax hikes.

While the debate over the Iraq war and national security has absorbed most of the national media spotlight going into the midterms, the question of whether voters share the Democrats' gloomy view of the national economy or the more upbeat Republican assessment is expected to be almost as important in determining which party will control Congress next year. "The war on terror and the economy are the two mega-issues of this election," says Republican pollster Whit Ayres. Democratic pollster Mark Mellman points out that, when voters are asked about the top problem facing the country, Iraq is the most frequent response, but when asked about their top personal concern, healthcare and the economy are more common answers. "No matter what the national media write [about Iraq]," says Democratic Rep. Sherrod Brown, who is challenging Sen. Mike DeWine in Ohio, "people in Ohio are mostly talking about the 200,000 lost jobs under Bush and college tuition at state universities doubling. It's much more about people's everyday lives."

A Graham But Not Some Cracker (USNEWS)

By Danielle Knight

U.S. News and World Report, October 2, 2006

Sen. Lindsey Graham, Republican of South Carolina, seems to be just about everywhere these days. By 4 p.m. one recent Tuesday, the boyish-looking conservative had already led a Republican meeting on a detainee agreement he helped broker, held two press conferences, gone to a hearing on judicial nominations, and conducted several media interviews.

He wasn't always this popular. In fact, Graham has had more than a few moments of loneliness-his parents died when he was in college. But in the four short years he has been in the Senate, this independent-minded military lawyer has quickly become a key player-known both for his willingness to challenge the Bush administration and his ability to work across the aisle. This mix of talents has won him a host of admirers, some of whom think he might someday be presidential timber, as well as a few grumbles from conservatives back home.

Graham insists he's not a maverick, though that term has often stuck to him. Instead, he says, he's just applying life lessons to politics. "I constantly try to prevent myself from getting in a comfort zone of political decision making that would take off the table a boldness that I think our country needs," says Graham.

Breaking ranks. Recently, Graham, 51, has been front and center in the debate over the treatment of suspected terrorists. Graham's 22 years as a reserve Air Force lawyer has put him at odds with the Bush administration over the issue. And he often

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breaks ranks with Republicans on other subjects too, from Medicare to Social Security. On immigration, he supported President Bush's plan for a guest-worker program, which has angered many House conservatives. But make no mistake, Graham is not a moderate. The American Conservative Union gave him a 96 percent rating for his 2005 voting record; as a House member, he helped lead the drive to impeach President Bill Clinton.

All this has kept his constituents pretty happy. Since filling the late Sen. Strom Thurmond's shoes four years ago, Graham, a Baptist who has never married, has scored approval ratings between 65 and 70 percent. "South Carolinians generally like that he's independent ... and he doesn't lose touch with the little person," says Cole Blease Graham Jr. (no relation), a University of South Carolina political science professor.

Some of that popularity stems from the fact Graham never seems to forget where he came from. He was raised in the back room of a restaurant/bar that his parents ran in the small textile mill town of Central. He was often in charge of the pool hall downstairs. "When you own a bar," he says, "you learn a lot about people."

After Graham's parents died while he was attending the University of South Carolina, his 13-year-old sister went to live with an aunt and uncle, and Graham visited her on weekends. Once Graham finished law school, he legally adopted the sister and joined the Air Force as a judge advocate. He gained notoriety for a case involving drug testing that made the Air Force stop using a flawed urinalysis program. He later transferred to Germany to work as a military prosecutor.

How Will The Clintons Harness The Political Force Of The Blog? (USAT)

By David D. Perlmutter

USA Today, October 2, 2006

Recently, Bill Clinton went to the blogs. Now the political world might never be the same.

While blogging has caught oneverywhere, presidential front-runner Hillary Clinton still does not blog — or at least not much. But her husband's lunch with leftbloggers such as Atrios, MyDD's Matt Stoller, Daily Kos' McJoan and Americablog's John (according to TalkLeft.com) might signal an innovative commitment to blogging for the office of commander in chief.

The attractions of blogging for politicians are many. Blogging directly reaches a national (and even global) audience without the filtering of the newspaper or the price of TV time. Blogging can render an aura of intimacy difficult to attain via traditional mass media. Blogging is also a boon for politicians out of the public eye. Former Democratic vice presidential candidate John Edwards blogs and guest blogs and meets with bloggers.

The disadvantages of blogging for politicians are that it takes up time and that its stream-of-consciousness nature is a minefield of possible gaffes. Bloggers and their readers are high-maintenance. During Howard Dean's effort in 2003-04, the campaign found it hard to keep up with the comments by bloggers on their websites, and thus many felt ignored.

These issues dog Hillary. She has been attacked regularly by leftbloggers for her centrist-to-conservative stances on issues such as the Iraq war and flag-burning. Her poll numbers are holding up, but political professionals understand that wildfires on the edges of public opinion can spread to the center.

What, then, should be Hillary's blog strategy?

Ignore the leftblogs.

Hillary could do nothing with, to or about Democratic blogs, assuming that they end up supporting her if she wins the first few presidential primaries. But bloggers are not a herd to be led. Also, there is the fear-and-loathing factor: George W. Bush and the Iraq war have spurred immense anger and mobilization of leftblogs. It is not clear that the 2008 Republican nominee (say, John McCain) will generate as much antipathy, especially if he promises an eventual pullout from Iraq. Nevertheless, as leftblogger Natasha “Pacific Views” Celine notes, any Republican who is conservative enough to win his party's nomination will be perceived as quite threatening enough to motivate the online Democratic left.

Attack the leftblogs.

An intriguing option for Hillary is to use (or rather abuse) leftblogs to push her appeal to middle voters via a “Sister Souljah” moment, referring to the time in 1992 when Bill Clinton criticized the black, female rap artist. The political implication was that Clinton came off as a moderate Democrat not beholden to an “extremist” of the left and thus was more acceptable to sociocultural moderates and conservatives.

It might be tempting to “dis” a leftblog, preferably one that has made some heated statement about the Iraq war that is beyond the pale of mainstream U.S. public opinion. The danger is that this is not 1992. Sister Souljah could only complain to the media and her friends (by phone), whereas blogs can swarm the world with a mouse click.

Co-opt the leftblogs.

Hillary can meet with leftbloggers, brief them, feign respect for them, make the case that she must attract a majority of the electorate, and ask for help. And she can buy cooperation by hiring a major leftblogger who will sign on as a “consultant.” Indeed, she is hiring, among others, Peter Daou, of Salon.com's Daou Report and director of blog operations for John Kerry in 2004.

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Hence the significance of Bill's dine-in with the leftbloggers. Has the Clinton machine determined that Bill become the designated ambassador to the blogs? Proclaimed TalkLeft: "It was awesome." Although, to many leftbloggers, affection for Bill does not transfer to Hillary, her perceived opportunism or her policies.

How the Clintons play the blogs, or are played by them, is one of the most important political stories of the next few years. The 2006 and 2008 elections will be the coming-of-age era for political blogging and all the new, interactive, interlinking media technologies they have inspired. The blog political playbook is being written and will map out campaign strategies for generations to come.

David D. Perlmutter is a professor at the University of Kansas' School of Journalism & Mass Communications and author of the forthcoming book Blogwars.

10 Years Later, Fox News Turns Up The Cable Volume (USAT)

By Peter Johnson

USA Today, October 2, 2006

NEW YORK — Roger Ailes, the man behind the curtain at Fox News Channel, says he was at a dinner party recently when one of the guests asked him, "Isn't Fox News too conservative?"

"I said, 'Are you comfortable with CNN?' He said, 'Yes.' How about CBS, ABC, NBC? 'Absolutely.' What about The New York Times, The Washington Post and The Los Angeles Times? 'Fine.' National Public Radio and PBS? 'Very good.' So I said, 'But this little cable channel is making you crazy? If all the media tipped to the right, I'd probably be the biggest liberal. But you've got to have debate.' "

In just 10 years, Fox News — the channel liberals love to hate — has transformed the cable news landscape with its in-your-face brand of news with 'tude. In the process, it has reduced granddaddy CNN to a distant second and NBC's cable news venture, MSNBC, to an also-ran. Fox News' combative Bill O'Reilly has become a household name, drawing more than 2 million viewers a night. Sean Hannity, Shepard Smith and Greta Van Susteren are cable news stars. On-air barbs by them and Fox News correspondents have ignited debates in journalism circles about whether objective news can stay relevant, particularly in an Internet era that gives ordinary Americans the power to vent about anything in blogs.

The ultimate sign of respect: Comedy Central's Jon Stewart and Stephen Colbert riff on Fox News on any given night.

"Many Americans had built up a perception that mainstream American television journalism routinely displayed a liberal bias. Roger knew it and tapped into it," says former MSNBC president Erik Sorenson. "Fox News convinced millions of those viewers that Fox's reporting was indeed fair and balanced, when compared to CNN and broadcast news. That resonated, especially in the wake of 9/11, and was underscored daily with strong, opinionated program hosts in prime time, on their morning show, and even during the day."

Fox, which went on the air Oct. 6, 1996, "didn't want to be an international network," says Tom Rosenstiel of the Project for Excellence in Journalism, a non-partisan media research organization. "They were going to be an American network, which is what their audience was looking for."

Hosts such as O'Reilly and Hannity "bring passion and sincerity to a much-needed discussion of critical issues," CNN's Lou Dobbs says. "And even though those are usually conservative voices, they are important voices."

As Fox News begins its next decade, the explosive growth that marked its first has ebbed.

Fox News Channel now draws an average of 840,000 viewers daily (6 a.m. to 11 p.m.) — compared with CNN's 448,000 and MSNBC's 270,000. But Fox's average prime-time viewership dipped 35% in the third quarter of this year compared with last year, when Katrina dominated the news. CNN was down 28%, and MSNBC dropped 22%.

As penetration of cable TV reaches a saturation point and with increased competition from the Web, Fox's "job is going to get harder now, just as it got harder for CNN 10 years ago," Rosenstiel says. "The big-growth era in cable seems to have come to an end."

That's why Ailes has been on something of a tear lately. He has been shaking up his daytime lineup some, calling surprise staff meetings, putting more emphasis on Fox News' website by partnering with YouTube in launching "The Blast," a dedicated page in which Fox News provides online video junkies with the craziest moments in news.

"This is hard work every day," Ailes says. "We have to maintain an intensity."

Anchor Shepard Smith says that although the ratings competition "for us is in cable, the Internet is clearly pulling eyes, and anybody who says otherwise is being disingenuous. Ten years ago you couldn't log on to find out what was going on. We need to integrate and use the Internet better. We have a long way to go."

Beyond new-media challenges, Fox News also has been unable to shake — not that Ailes or anyone at Fox seems to care much — the perception that its coverage leans right and, since 9/11, has become increasingly pro-Bush White House.

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That perception was fueled last week when former president Bill Clinton accused Fox News Sunday host Chris Wallace of "doing Fox News' bidding" by asking Clinton whether he had done enough to catch Osama bin Laden.

Never mind that Wallace's program airs on Fox broadcasting, not cable's Fox News, or whether Clinton's outburst was planned or spontaneous.

"Politicians used to be able to come on TV and read a rehearsed answer, and Cronkite and Huntley and Brinkley and those guys had to swallow it," O'Reilly says. "They couldn't give them the O'Reilly arched eyebrow or tell them they were a pinhead.

"You now have a country that expects analysis on TV, where 10 years ago it only existed on the Sunday talk-show brainiac slot."

Of the Clinton flare-up, Ailes says, "The only thing Chris didn't do is lay down like some other networks did" when they focused on what Clinton wanted to talk about: humanitarian efforts through his global initiative.

All weekend, Fox News extensively covered the scandal involving Rep. Mark Foley, R-Fla., who resigned Friday after news of inappropriate e-mails to a teenage boy became public. On his program Sunday, Wallace discussed it with guests Rep. Jane Harman, D-Calif., and former House speaker Newt Gingrich.

Fox supporters and detractors agree that credit for Fox's success rests with Ailes, 66, a former Republican Party operative who made his name starting in the '60s in entertainment by producing The Mike Douglas Show.

The success has pleased parent company News Corp. In a filing with the Securities and Exchange Commission, the company said Ailes stands to make $15.8 million in salary, bonus and stock this year.

Sitting in his second-floor office here, Ailes says Fox News has changed the TV news game: "Does anybody think Katie Couric (in her new role as anchor of The CBS Evening News) would have a segment called 'Free Speech' if it wasn't for Fox News?"

And Ailes says Dobbs, CNN's formerly staid business anchor, turned to hot-button debates such as illegal immigration after he "took one look at Bill O'Reilly and said: 'This guy is shooting his mouth off about what people really care about. I can do that.' "

(Both CBS and Dobbs say Fox had no role in their decisions.)

Ailes also says Fox News is probably more conservative than other TV news outlets, but only because it has consistently given equal voice to people whom mainstream media traditionally ignored if not disdained: conservatives.

Liberals "hate us for coming on the scene and changing the game and making people look at both sides of issues," he says.

But Robert Greenwald, who produced a film that attacked Fox News, Outfoxed: Rupert Murdoch's War on Journalism, says objectivity is an unknown concept at Fox.

More times than not, he says, Fox pushes a conservative agenda, albeit with "a wink and a nod. They don't do down-the-middle stuff — in their news or on their opinion shows. By design, they mix the two."

In Greenwald's eyes, Fox News Channel's most significant contribution "has unfortunately been the way news is covered, with the spread of let's-have-a-shouting-match, wrestling news entertainment." But he credits Ailes with "a genius for picking people who can talk to you. He proved that news doesn't have to be homework or spinach."

The accusation that Fox News is on the right-wing bandwagon comes mostly from those who don't watch the channel, says Brit Hume, the former ABC White House correspondent who joined two months after Fox's launch and hosts a daily political news program, Special Report. Some people "look at Fox News and see O'Reilly and Hannity and think, 'That's all they do over there,' " Hume says. "They probably think Bill and Sean are co-anchors and are on 24/7. You'd rather do without the label, but here we're succeeding. We pinch ourselves every day."

Jane Skinner, a daytime anchor, says friends who work at local TV stations around the country are constantly asking her what it's "really like" to work at Fox News — the assumption being that there's a political agenda and that she and others are told what questions to ask or comments to make.

"I laugh," Skinner says. "You can make all the comments about 'fair and balanced,' but they (management) are very much hands-off."

Rosenstiel, who has studied programming of all the cable news channels, says his most recent study shows Fox News journalists "were more likely to offer their opinions about the news, but often those opinions were fairly innocuous, like 'If there's an American victory in Iraq, that's good news.' I don't know anyone who would argue with that, but it's unusual to hear someone say it on TV news."

Besides, Rosenstiel says, "one person's bias is another person's telling the truth on TV. And the way Fox anchors and correspondents talk is very informal, not the stiff, omniscient narrator of traditional broadcast news. They talk like regular people, use plainer language.

"If it's a military conflict, they refer to American troops as 'our' troops. It's hard to argue when an American network does that. It is different from traditional broadcasting, but it's stylistic — not conservative or liberal."

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Smith notes that in the aftermath of Hurricane Katrina, Fox was as tough on the Bush administration as any other media outlet: “We were getting fed a pack of untruths and we showed the truth.”

Anchoring two hours a day with his afternoon Studio B and then at night with The Fox Report, Smith says the toughest challenge for Fox News staffers is to stay ahead of the pack. “You're constantly trying to reinvent yourself, and when others see things that work, they copy them. You have to be the innovator all the time — and that's hard to do.”

Says Van Susteren, who jumped from CNN five years ago: “If you think about it, we all do the same stories. We all did polygamy. We all did the war. Hezbollah. We all do missing people.

“But there's a reason people want to watch Fox — and the reason is we enjoy our jobs more and it pushes out to the screen. It gives us more energy and makes us push a little bit further. I think viewers pick up on it.”

The Right Man For Fox News (WP)

By Howard Kurtz

The Washington Post, October 2, 2006

NEW YORK -- Ten years after he created Fox News Channel, Roger Ailes says he still avoids mentioning his place of employment in certain circles.

"It's just not worth going through the hassle at an elite party," he says. And: "The only reason I know we're doing the right thing is that we're widely criticized." And: "I've never felt out of the mainstream in America. I've felt out of the mainstream at Le Cirque."

If the paunchy 66-year-old executive sounds as though he still harbors sharp resentments toward a liberal-leaning world, that bristling attitude is embedded in his network's genetic code as well. Ailes says he recently considered retiring but rejected the idea because, well, there are too many things that still tick him off.

Never mind that he got a big promotion last year, with owner Rupert Murdoch putting him in charge of Fox's local television stations as well as what has become the top-rated cable news channel. The onetime Republican operative remains acutely sensitive to any slights, pulling out of the National Academy of Television Arts and Sciences after Fox News was repeatedly shut out in Emmy nominations. Ailes wrote the academy head in 2002 that the award-winning stories were "those that reinforce the views and prejudices of your judges. . . . Earth to academy: your bias is showing."

Vanity Fair recently pegged Ailes as No. 44 on its New Establishment list, calling him "the most powerful news executive in America." But it also called him "the man who gives the Bush administration a major media outlet" and described Dick Cheney -- who demands that his hotel TVs be preset to Fox -- as his "big loyal friend."

"Vanity Fair is a left-wing rag," says Ailes, adding a moment later that its editor, Graydon Carter, is a friend. Ailes says the magazine's item is "just blatantly false" because he has met Cheney only a half-dozen times. Responds Carter: "Roger is the smartest guy in TV. Unfortunately, he's working for the wrong side."

The Cheney reference was based on the vice president's decision to grant his only interview after accidentally shooting a hunting companion to Fox's Brit Hume. Ailes says Hume asked all the necessary questions, and "the only thing he didn't do was be disrespectful to him, which is what the left wants."

The liberal view was crystallized last week when Bill Clinton unloaded on "Fox News Sunday" host Chris Wallace, who had pressed him about his record in fighting al-Qaeda. Clinton defended his tenure and accused Wallace of conducting "a nice little conservative hit job."

"I wouldn't want to be a waiter in a restaurant and bring him the wrong dish," Ailes says. "When you lean in and poke at journalists and try to intimidate them, it's a mistake."

While Fox remains No. 9 among all cable networks, some slippage in the ratings over the past year has Ailes concerned. For the last three months, Fox is down 28 percent from the same period last year, compared with declines of 21 percent for CNN and 12 percent for MSNBC.

Ailes responded with a recruitment ad that included such lines as "Can You Work Well With People Without Being a Territorial Jerk?" and "When You're Tired, Can You Keep Going Without Whining or Making Mistakes?" He also summoned executives to a 5 a.m. meeting to critique morning programming. "Sometimes we get ourselves thinking our job is to send memos to each other. I wanted to make them justify their paycheck."

Fox executives have been touting a proposed business channel, but Ailes has resisted the idea unless the new network can get distribution in at least 30 million homes. Fox has now cut a deal with YouTube to provide the Web site with video of "the craziest moments in news."

Despite its "fair and balanced" mantra, Fox is widely viewed as conservative, with nearly seven in 10 national journalists in a 2004 survey citing it as an especially conservative news outlet.

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And Fox sometimes puts its thumb on the scale. When Venezuelan leader Hugo Chavez was attacking President Bush, the network ran such on-screen graphics as "Chavez Insults U.S.: Where's the Outrage?" "Taking Cheap Oil From Hugo Chavez: Act of Treason?" and "New York Audience Gives Chavez Standing Ovation . . . Why?"

Fox gets its ideological sheen not from its reporters but from its high-profile conservative hosts, such as Sean Hannity, John Gibson and Bill O'Reilly, who regularly complains about the "left-wing press." And while the network has some liberal commentators, none has the prominence of Newt Gingrich.

But Fox may have moderated its journalistic approach a bit in recent years, with Ailes hiring Wallace from ABC News, former CNN anchor Bill Hemmer and Harvard analyst Marvin Kalb.

From where Ailes sits -- he says he gets asked for autographs in the real America, if not at Le Cirque -- the issue is the rest of the media. After the 9/11 attacks, he says, some journalists "ridiculed" him for wearing a flag pin.

"The New York Times had to fire a person for making up news," he says. "We haven't taken down a major story. If we make a mistake, we correct it in an hour."

Ailes believes he has helped discredit the notion that conservatism is "a freak point of view" in the media, noting that Rush Limbaugh, whose television show Ailes once produced, recently did a "Free Speech" commentary on the "CBS Evening News."

"We have forced a dialogue into the news business that didn't exist before we got here," Ailes says.Foley's Showdown With ABC

On Friday afternoon, a strategist for Rep. Mark Foley tried to cut a deal with ABC's Brian Ross.

The correspondent, who had dozens of instant messages that Foley sent to teenage House pages, had asked to interview the Florida Republican. Foley's former chief of staff said the congressman was quitting and that Ross could have that information exclusively if he agreed not to publish the raw, sexually explicit messages.

"I said we're not making any deals," Ross recalls. He says the Internet made the story possible, because on Thursday he posted a story on his ABC Web page, the Blotter, after obtaining one milder e-mail that Foley had sent a 16-year-old page, asking for a picture. Within two hours, former pages had e-mailed Ross and provided the salacious messages. The only question then, says Ross, was "whether this could be authenticated."

The St. Petersburg Times last fall obtained the earlier e-mail, asking the 16-year-old for a picture, and interviewed the boy, who wrote a friend that he considered the message "sick." But the boy would not go on the record.

Executive Editor Neil Brown says the paper's policy against making accusations based on unnamed sources was a factor. "We just didn't feel like we had the story," he says. "We had a lot of stuff implied. . . . If I had it to do over again, I think we probably would have been more organized about pursuing it. But hindsight is 20/20."

The paper did interview Foley, who assured a reporter that the e-mail exchange was innocent, Brown says.Delivering a Verdict?

Linda Greenhouse, the New York Times' Supreme Court reporter for three decades, has no shortage of opinions.

She aired some of them in June when she was honored at Harvard, saying that "our government had turned its energy and attention away from upholding the rule of law and toward creating law-free zones at Guantanamo Bay, Abu Ghraib, Haditha and other places around the world. And let's not forget the sustained assault on women's reproductive freedom and the hijacking of public policy by religious fundamentalism."

Don't those remarks, publicized last week by National Public Radio, go too far for a beat reporter covering such issues at the high court? Greenhouse says her comments were "statements of fact," not opinion, as underscored by the court striking down the administration's policy of holding terror suspects without charges.

"The notion that someone cannot go and speak from the heart to a group of college classmates and fellow alums, without being accountable to self-appointed media watchdogs, means American journalism is in danger of strangling in its own sanctimony," Greenhouse says.

Tom Kunkel, dean of the University of Maryland's journalism school, calls Greenhouse's remarks "ill-advised," saying that while she can "still report objectively on contentious issues before the Supreme Court, the average person can reasonably ask, how can that not color her stories?" But former Times ombudsman Daniel Okrent says it is impossible "to find any trace of her views in her work."

Fiasco In 1936 Survey Brought 'Science' To Election Polling (WSJ)

By Cynthia Crossen

The Wall Street Journal, October 2, 2006

President Alf Landon?

In the fall of 1936, the most influential poll in America, run by Literary Digest magazine, predicted that Mr. Landon, governor of Kansas, would trounce the Democratic incumbent, Franklin Roosevelt, with 57% of the popular vote. Literary Digest's poll was

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massive -- it sent out 10 million ballots that year -- and it had correctly forecast five previous presidential elections. There was widespread concern that the poll might create a bandwagon effect, giving Mr. Landon an even bigger victory.

The poll could hardly have been more wrong. Mr. Roosevelt won the election with more than 60% of the popular vote; Mr. Landon carried only two states, Maine and Vermont. The failure of the Literary Digest and other, smaller polls, "will undoubtedly revive agitation for their abolition or control," wrote the New York Times. Kenneth McKellar, a Democratic senator from Tennessee, called the Literary Digest poll "wicked," and promised to sponsor legislation to put polling under federal supervision.

Although by that time polling was not a young business, it was still operating in the statistical Dark Ages. First used around 1824, straw polls (named for the way farmers threw a fistful of straw in the air to see which way the wind was blowing) were often taken by traveling journalists or private citizens. They might ask everyone on a steamship or train how they intended to vote. One man who traveled around the Northeast in 1856 did 23 polls, interviewing 2,886 people, wrote Susan Herbst in her 1993 book, "Numbered Voices." All of his polls were published in the New York Times.

One reader in 1896 wrote to the Times about a recent poll he had witnessed on a train. "A straw poll of 23 riders showed 18 for McKinley, five for Bryan. ... When the train halted at Ballston, among those who got off were the five Bryan sympathizers, and then it was seen that they were handcuffed together, and were a gang of prisoners on their way to the county jail."

Literary Digest, a general-interest weekly founded in 1890, began doing straw polls in 1916. It mailed ballots to its subscribers, gradually building up a list with publicly available names of people who owned telephones and cars. At its peak, the magazine sent ballots to 20 million people, and employed 400 clerks to tally the returns.

But magazine subscribers and owners of cars and telephones during the Great Depression tended to be more affluent than the average voter -- and more Republican. Indeed, in its 1936 pre-election report, the magazine reported that a skeptic had called its office to ask, "Has the Republican National Committee purchased the Literary Digest?" Commented the magazine, "Absurd and amusing."

In its postelection report, however, the editors acknowledged that the poll undersampled some groups of voters. And whose fault was that? "We wonder why we get better cooperation in what we have always regarded as a public service from Republicans than we do from Democrats. Do Republicans live nearer mailboxes? Do Democrats generally disapprove of straw polls?"

Even among the subset of people who received ballots, there was an element of self-selection. People with ample leisure were more likely to take the trouble to help Literary Digest. But plenty of the "lower strata," as the magazine called them, voted that year.

There was at least one man who relished the Literary Digest fiasco: George Gallup. Mr. Gallup, a market researcher and syndicated columnist, had begun experimenting with so-called scientific methods of polling, and in July 1936, he predicted Literary Digest would call the election erroneously. He himself projected a Democratic victory, although his margin turned out to be way off.

Mr. Gallup, of course, was one of the leaders of the pack that predicted Thomas Dewey would beat Harry Truman in 1948. Pollsters' methods and tools -- and confidence -- had improved so much in the dozen years since 1936 that they decided they didn't need to collect more data after October. In a postelection poll by the Survey Research Center of the University of Michigan, 14% of Truman voters said they made up their minds in the two weeks before the election, and 3% said they decided on Election Day.

"Everyone believes in public-opinion polls," joked the radio comic Goodman Ace. "Everybody from the man on the street all the way up to President Thomas E. Dewey."

By 1948, Literary Digest was long gone. It had already been facing financial problems when its poll flopped; it suspended publication in 1938 and later merged with Time magazine.

Its editor in 1936, Wilfred J. Funk, derided Mr. Gallup's methodology, saying mockingly that the Digest's poll had never been able to discover "how many rich men, poor men, G-men, racketeers and candlestick makers" voted in any given election. Twelve years later, a reporter asked Mr. Funk to comment on the Truman-Dewey polls.

"I do not want to seem to be malicious," Mr. Funk said, "but I can't help but get a good chuckle out of this. ... I wonder if the word science will continue to be used with this type of public-opinion poll."

Rice Heads To Mideast To Buttress Palestinian Leader (NYT)

By Philip Shenon

The New York Times, October 2, 2006

WASHINGTON, Oct. 1 — Secretary of State Condoleezza Rice departed Sunday for the Middle East, on a trip billed by aides as an effort to bolster the embattled Palestinian Authority president, Mahmoud Abbas, in his struggles with the militant Islamic group Hamas, and to consult with Arab allies on Iran's nuclear program and the turmoil in Iraq.

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The State Department sought to play down expectations for Ms. Rice's trip, her first to the region since an agreement brokered by the United Nations ended the one-month war between Israel and Hezbollah this summer.

During her last visit, in July, Ms. Rice was criticized by Arab leaders for failing to move quickly to try to end the violence then raging along the Israeli-Lebanese border.

The State Department spokesman, Sean McCormack, said this week's trip, scheduled to begin in Saudi Arabia and to include stops in Egypt, Israel and the West Bank, was not likely to produce any major steps forward for American policies in the Middle East.

"These meetings are more about consultations, taking stock of where we are," he said.

On her visit to the West Bank, she is expected to meet with Mr. Abbas, his third meeting in less than three weeks with Bush administration officials.

During meetings in New York last month on the sidelines of the United Nations General Assembly, President Bush praised Mr. Abbas as a "a man of courage" for his efforts to make peace with Israel and bring order to the Palestinian territories.

But the United States has signaled it has no plans to resume financial aid to the beleaguered Palestinians unless Hamas, which won elections in January and controls the government, takes steps to recognize Israel and forswear violence — moves that the group's leaders have rejected, despite pressure from Mr. Abbas.

In remarks last week to the editorial board of The New York Times, Ms. Rice praised Mr. Abbas, saying he needed time "to sort through what he wants to do."

Despite her absence from Washington, Ms. Rice seemed most likely to be dogged from a distance this week about descriptions of her actions in a new book by the reporter Bob Woodward, especially about his report that Ms. Rice rebuffed warnings from the Central Intelligence Agency two months before the Sept. 11 attacks about an imminent strike by Al Qaeda.

Mr. Woodward said the starkest warnings were made in a July 10, 2001, meeting in the White House between Ms. Rice, then the national security adviser, and George J. Tenet, then the director of central intelligence. Through spokesmen, she has rejected Mr. Woodward's account of the meeting, saying Mr. Tenet did not issue such a blunt warning at the meeting and expressed none of the frustration attributed to him in the book.

Rice Seeks To Revive Stalled Peace Talks (AP)

AP, October 2, 2006

Secretary of State Condoleezza Rice is renewing efforts to revive stalled Mideast peace talks, visiting the region this week for the first time since a U.N.-brokered cease-fire halted Israel's war with Hezbollah militants.

Rice planned stops in Saudi Arabia, Egypt, Israel and the West Bank to consult with leaders. On Tuesday, she meets with Egypt's president and eight Arab foreign ministers in Cairo with the Israel-Palestinian dispute at the top of the agenda.

During her last visit to the region in August, Rice took heavy criticism for U.S. unwillingness to move for a quicker end to fighting in Lebanon.

This time, Rice's goal will be to move the U.S. democracy agenda forward with a discussion of threats to stability and moderation in the region such as Iran, Hamas and Hezbollah, her spokesman said last week.

Rice's visit comes amid some progress in the U.N.-brokered cease-fire, which took effect Aug. 14. On Sunday, the Israeli army abandoned almost all of its positions in Lebanon, a key step in fulfilling a major condition of the truce.

Still, Israel said it was "now waiting for Lebanon to do its part" — to keep Hezbollah out of the south and disarm it. Israel also plans to continue surveillance flights, which both Lebanon and the U.S. consider a violation of the border.

Rice plans to hold the Bush administration's third meeting in two weeks with Palestinian leader Mahmoud Abbas. The embattled secular leader was called a "man of courage" last week by President Bush for trying to revive peace talks despite a continued political stalemate with Hamas militants.

The top U.S. diplomat hopes to revive and expand agreements allowing transfer of goods and freer movement for Palestinians in and out of their separate territories in Gaza and the West Bank. The territories on opposite flanks of Israel would form an independent Palestinian state under a U.S.-backed plan for long-term peace.

But prospects for a return to active peace negotiations between Israel and the Palestinians have looked dim this year, partly because the political upheaval in both governments kept leaders' attention focused inward.

Rice Will Try To Get Arab Allies To Join Efforts Against Iran (USAT)

By Barbara Slavin

USA Today, October 2, 2006

Secretary of State Condoleezza Rice was headed to the Middle East on Sunday night to rally Arab allies against Iran and try to resurrect Israeli-Palestinian negotiations.

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The trip is Rice's first to the region since a cease-fire Aug. 14 ended 34 days of fighting between Israel and Hezbollah, the Iranian-backed Shiite militia that controls much of southern Lebanon.

The centerpiece of Rice's six-day trip is a meeting Tuesday in Cairo with foreign ministers from Arab states that are U.S. allies: Egypt, Jordan, Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain and Oman.

Nabil Fahmy, Egypt's ambassador to Washington, said participants will discuss the regional security threat posed by Iran and ideas on how to restart the Arab-Israeli peace process.

"We've been pushing the United States for a while to get re-engaged," he said. "You won't get the whole package unless you start somewhere."

Announcing the trip last week, State Department spokesman Sean McCormack said Rice wants to work with Arab leaders "who have a vision for a moderate, peaceful, democratic, stable and prosperous Middle East."

Jamal Khashoggi, an adviser to the Saudi ambassador to Washington, Prince Turki al-Faisal, said the Bush administration plans a major push to address the Israeli-Palestinian dispute after U.S. elections in November. In part, the effort is intended to help the United States' Arab allies offset criticism that they have done less to help the Palestinians than radicals such as Hezbollah and Iran, Khashoggi said.

McCormack did not say whether the administration plans a new Middle East initiative. He described Rice's visit as "exploratory" and said she was following up on President Bush's recent pledge at the United Nations to revive peace talks between Israel and the Palestinians.

"Clearly after the Lebanon war, there has been a reassessment by the Arabs," said Ziad Asali, president of the American Task Force on Palestine, a Washington-based organization that advocates a Palestinian state alongside Israel. Arab leaders "see Iran as trying to steal the Palestinian issue from them."

On Sunday, Israeli troops virtually completed their pullout from Lebanon, withdrawing from all but a single village on the border. They entered Lebanon after Hezbollah guerrillas captured two Israeli soldiers in a cross-border raid July 12.

Also Sunday, rival Palestinian security forces battled in Gaza. The fighting was sparked by disputes over unpaid salaries and the formation of a unity government.

Expectations for quick progress by Rice are modest, given the weakness of Israeli Prime Minister Ehud Olmert's government — blamed for poor performance in Lebanon — and Palestinian President Mahmoud Abbas. Her Palestinian agenda is "pretty minimalist," said Edward Abington, a former U.S. diplomat who advises Abbas.

Abbas has failed to form a unity government with the militant Muslim group Hamas, which won parliamentary elections in January and refuses to recognize Israel.

Abington said Abbas hopes Rice can pressure Israel to ease freedom of movement for the 1.4 million Palestinians bottled up in Gaza. Israel withdrew unilaterally from the territory last year, and Rice helped negotiate agreements on border crossings from Gaza into Israel and Egypt. Israel has resealed the territory in response to Gaza militants' rocket attacks on Israel and the kidnapping of an Israeli soldier in June.

Rice also plans to visit Saudi Arabia. In the past, she has prodded the Saudis and Egyptians to introduce democratic changes. The focus this time: rallying U.S. allies against Iran and its partners.

Bush's broad push for democracy in the Middle East — a pillar of his foreign policy — "is being underplayed," said Amr Hamzawy, a Middle East expert at the Carnegie Endowment for International Peace, a think tank in Washington. "The Bush administration defines 'moderates' as those who support peace with Israel, not confrontation."

Yossi Alpher, an independent Israeli strategic analyst, said Arab leaders have been pushed toward a tacit alliance with Israel as Iran has become more confrontational.

By backing Hezbollah, developing a nuclear program and meddling in Iraq, Iran has made the security outlook "very ugly for all of us," Alpher said. "The only bright spot is that (Israel and its moderate Arab neighbors) realize we are all in it together."

Iran Set On Expanding Nuclear Program (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 2, 2006

Iran's hardline president on Sunday said his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel and calling allegations that Tehran was seeking nuclear weapons a "big lie."

Speaking to professors at Tehran University, President Mahmoud Ahmadinejad reinforced his rejection of demands by the U.S. and its allies to stop enrichment, saying his country was committed to generating nuclear fuel for electricity.

"Allegations or charges by the United States than Iran is seeking nuclear weapons is a big lie," Ahmadinejad said during his speech, which was broadcast on state-run television.

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The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Ahmadinejad said in his speech that Iran will hopefully install up to 100,000 centrifuges, which spin uranium gas into enriched material in order to produce nuclear fuel. He did not provide any more details or set a timeline, but installing so many centrifuges could take several years.

In February, Iran announced for the first time that it produced a batch of low-enriched uranium, using 164 centrifuges.

It also has said it plans to intall 3,000 centrifuges by the end of the year at its uranium enrichment plant in the central Iranian town of Natanz. Large-scale production of enriched uranium in Natanz would require 54,000 centrifuges.

The speech Sunday was one of several lately in which Ahmadinejad has said Iran will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium to produce nuclear fuel and won't consider suspending it, even for a day.

"Not a single person has a right to give up the rights of the Iranian nation," he said.

Iran has been locked in a battle with the United States and some of its allies over its nuclear program. Tehran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

But talks between Iranian and European officials have continued over a package of incentives that six countries — the United States, China, Russia, France, Britain and Germany — are offering Tehran in return for suspending its enrichment program and returning to full-scale negotiations.

Last week, envoys ended two days of talks in Berlin with no agreement on the enrichment issue but insisted they had "come to some positive conclusions" on ways to open broader discussions.

An Offer Tehran Can't Refuse (NYT)

By Ted Koppel

The New York Times, October 2, 2006

A few days ago, I inadvertently violated United States economic sanctions against Iran. I was paying my hotel bill in Tehran, didn't have enough cash and asked if I could use a credit card.

"I'll need to keep your card for at least half an hour," said the clerk. Since he'd also "needed to keep" my passport for the first couple of days I was in Iran, I thought nothing more of it. Half an hour later, I had my hotel bill and my credit card and left for the airport.

A couple of days later my assistant asked me if I had purchased any clothing in Dubai. "No," I said. "Why?" Someone, it appeared, had used my corporate credit card to do just that. When I heard the amount involved — precisely the total of my hotel bill — I understood.

There had been no purchase of clothing in Dubai, of course; but some Dubai business debited my credit card there (where such a transaction is legal) for the amount of my hotel bill, simultaneously crediting the company that owns the hotel in Tehran with that sum for the purchase of goods or services in Dubai. Similar, much larger loopholes enable the European subsidiaries of American companies to sell sanction-banned American goods inside Iran in limited but still significant quantities.

Even as the United States withholds its goods and technological know-how from Iran, the Europeans, Russians, Japanese and especially the Chinese are offering theirs as quickly as the contracts can be drafted. The likelihood that more restrictive sanctions against Iran will either make it through the United Nations' bureaucratic quagmire or dissuade Iran from darting down the path toward nuclear technology is about as dim as that of a popular uprising among the people under 30 who make up 70 percent of Iran's population.

Many of Iran's young adults — especially the well-educated, English-speaking ones who cross the path of a visiting American journalist — are frustrated by the puritanical nature of Islamic law. They dismiss their president and ours as deserving each other, denounce the corruption of the mullahs and speak with surprising openness about confiscated satellite dishes, blocked Internet sites, the closing of newspapers and the jailing and mistreatment of dissidents. But the young malcontents appear nowhere close to staging a revolution.

On the highway from Tehran to the Mehrabad airport, I witnessed a mind-bending object lesson in the limits of youthful rebellion: two young women on in-line skates, clutching the door handles of a car being driven by a young man at speeds approaching 60 miles an hour. Both women brazenly violated every traffic law known to man, but with their head scarves in place, the loose ends firmly clenched between their teeth. There are certain lines you don't cross.

Trivial acts of rebellion, irrelevant to the Islamic revolution, are tolerated. Anything perceived as a significant challenge is not. One of the men who planned and executed the taking of the American Embassy in 1979, for example, spent nine months in solitary confinement for collaborating on a public opinion poll whose findings were deemed unacceptable.

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Iran suffers from chronic underemployment and its social safety nets are flimsy at best. The Revolutionary Guards now resemble Mafia families more than ideological shock troops. They still wield enormous influence, but their clout has corrupted them. In Tehran, I'm told, the Revolutionary Guard dominates the construction industry and its leading members have become exceedingly wealthy as a consequence. President Mahmoud Ahmadinejad remains popular among the peasants and the poor, who note that he has failed to deliver on most of his campaign promises but are willing to grant him more time. As long as the price of oil remains above $50 a barrel, Iran can buy what it needs.

Mr. Ahmadinejad's tweaking of the West and his refusal to bow to pressure on the nuclear issue are widely popular in Iran. There was a time, not long ago, when many Iranians genuinely believed that there was a danger of an American military attack, even an invasion. Hardly anyone seems to believe in that possibility any more.

What, then, can the United States do to prevent Iran from developing nuclear technology? Little or nothing. Washington should instead bow to the inevitable.

"You insist on having nuclear weapons," we should say. "Go ahead. It's a terrible idea, but we can't stop you. We would, however, like your leaders to view the enclosed DVD of 'The Godfather.' Please pay particular attention to the scene in which Don Corleone makes grudging peace with a man — the head of a rival crime family — who ordered the killing of his oldest son."

In that scene, Don Corleone says, "I forgo my vengeance for my dead son, for the common good. But I have selfish reasons." The welfare of his youngest son, Michael, is on his mind.

"I am a superstitious man," he continues. "And so if some unlucky accident should befall my youngest son, if some police officer should accidentally shoot him, or if he should hang himself in his cell, or if my son is struck by a bolt of lightening, then I will blame some of the people here. That I could never forgive."

If Iran is bound and determined to have nuclear weapons, let it. The elimination of American opposition on this issue would open the way to genuine normalization between our two nations. It might even convince the Iranians that their country can flourish without nuclear weapons.

But this should also be made clear to Tehran: If a dirty bomb explodes in Milwaukee, or some other nuclear device detonates in Baltimore or Wichita, if Israel or Egypt or Saudi Arabia should fall victim to a nuclear "accident," Iran should understand that the United States government will not search around for the perpetrator. The return address will be predetermined, and it will be somewhere in Iran.

Maybe we could induce Richard Armitage out of retirement to play the Don Corleone part. Apparently he knows the role, having already played it in Pakistan.

At Least 6 Die As Palestinian Movements Clash In Gaza (WP)

By Scott Wilson

The Washington Post, October 2, 2006

JERUSALEM, Oct. 1 -- The Palestinian security service controlled by Hamas moved forcefully in the Gaza Strip on Sunday to disperse demonstrators loyal to the rival Fatah movement who were demanding months of back pay from a nearly bankrupt government.

At least six people were killed, including two teenage boys, and more than 100 were injured in day-long clashes that marked the most severe partisan violence between the two sides in months.

The fighting, which erupted in downtown Gaza City and later flared in the West Bank, came after Palestinian leader Mahmoud Abbas's effort to form a power-sharing cabinet with Hamas collapsed in recent days. The apparent failure has brought mutual recriminations between the two main Palestinian political movements at a time of stifling economic crisis in the territories stemming from international sanctions against the Hamas-controlled government.

Ghazi Hamad, an adviser to Prime Minister Ismail Haniyeh of Hamas, called the violence "regrettable." He accused the demonstrators, many of them from the Fatah-dominated security forces, of attacking members of the 3,000-member security branch that reports directly to the Hamas-run Interior Ministry. Many of those who serve in that force also belong to Hamas's military wing.

"The protest today was beyond acceptable legal norms and turned truly into lawlessness," Hamad told reporters in Gaza.

Fatah leaders in Gaza called on Abbas, president of the Palestinian Authority, to launch a probe into the crackdown and take action against the Hamas government. One of those killed was a member of the Palestinian preventive security forces, a powerful branch whose ranks are filled with Fatah members.

Abbas has so far declined to exercise his authority to fire Haniyeh and dissolve the government. But pressure is building within his party for him to take bold steps to end the political crisis following his apparent failure to organize a so-called national unity government.

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Abbas announced last month that his secular-nationalist Fatah party and Hamas, a radical Islamic movement, had agreed to a joint political program that would usher in a power-sharing government. Haniyeh endorsed the agreement, which his aides said would leave him in the position of prime minister. The new government would comprise members of the two major parties, smaller movements with seats in the parliament and technocrats without political affiliation.

The agreement also accepted the 2002 Arab peace initiative that calls for the recognition of the Jewish state once Israel leaves all territory it occupied in the 1967 Middle East war.

But the deal has unraveled in the past few days. Haniyeh and other Hamas leaders have said that Hamas as a movement would never recognize Israel's right to exist. Abbas has accused Hamas of reneging on the agreement, saying the talks to form a unity government are "back to square one."

The United States, the European Union and other international donors have demanded that Hamas renounce violence, recognize the Jewish state and accept signed agreements with Israel in return for a renewal of aid, which accounts for nearly half the authority's $2 billion annual budget.

Those sanctions remain in place, and Israel has also kept frozen the roughly $55 million in monthly tax revenue it collects on behalf of the Palestinian government, a sum equal to roughly half the authority's monthly payroll.

The 165,000 Palestinian government employees, nearly half of them in the security forces, have received only a small fraction of their salaries in the past seven months. A civil-service strike across Gaza and the West Bank has kept public schools shuttered, courts closed and the parliament out of action for nearly a month.

The clashes Sunday began outside the parliament building in Gaza, and gunfights quickly spread across much of the city's main commercial area. Witnesses said the Hamas security branch used grenades, antitank weapons and rifles to break up the protesters. There were also reports of violent demonstrations in the central Gaza city of Khan Younis. Later in the evening in Gaza, hand grenades were thrown at a group of Fatah demonstrators, killing one and injuring 30 0thers.

In response to the Hamas crackdown in Gaza, armed Fatah loyalists vandalized and partly burned the empty cabinet building in the West Bank city of Ramallah. Hours earlier, dozens of protesters there marched in the city streets, chanting "Hamas Out!"

Fatal Clashes In Gaza Over Unpaid Salaries (NYT)

By Steven Erlanger

The New York Times, October 2, 2006

JERUSALEM, Oct. 1 — Hamas and Fatah gunmen fought running battles in Gaza on Sunday, as Hamas forces tried to disrupt Fatah-organized protests over unpaid government salaries. Six Palestinians were killed and more than 100 were wounded.

The clashes were among the most severe between the Palestinian factions since Hamas won power in legislative elections in January.

After President Mahmoud Abbas, who was traveling abroad, ordered a halt to the demonstrations by members of his Fatah faction, angry protesters turned their rage toward a government building in Ramallah, on the West Bank.

Some offices in the Ramallah cabinet building, which is empty because many of the Hamas cabinet members in the West Bank have been arrested by the Israelis, were set on fire after protesters marched through the city shouting, “Hamas out!”

The fighting came as Israel, which has troops in Gaza, pulled its last soldiers out of Lebanon early Sunday morning, handing off to the Lebanese Army and United Nations peacekeepers under the terms of an Aug. 14 cease-fire. Israel wanted its forces home before the somber Yom Kippur holiday, which began at sunset on Sunday.

A few Israeli soldiers remain in the village of Ghajar, which is divided by the international border between Lebanon and the Israeli-occupied Golan Heights.

The clashes in Gaza were bloody, with Hamas militiamen under an auxiliary command known as the Executive Force, formally now part of the police, trying to break up a large demonstration near Gaza City’s parliament building. The Hamas men, in black T-shirts and camouflage pants, fired guns and antitank grenades after the interior minister, Siad Siam, ordered them to stop what Hamas considers to be a rebellion among the Fatah-dominated security forces.

Then supporters of Fatah, including the preventive-security service and Mr. Abbas’s presidential guard, fired back.

The crowd scattered, screaming. A man and a teenager were killed and 32 were wounded, including three schoolchildren and a cameraman for the satellite station Al Arabiya. The fighting spread through other parts of Gaza, despite the midday call for Ramadan prayers, before subsiding in the late afternoon.

At Al Shifa Hospital in Gaza City, ambulances brought in the dead and wounded. Saqer Ayish, 17, who works in the presidential guard, was wounded, and his mother rushed in wailing. Hassan Abu Hatal, 15, a schoolboy, died from a bullet to the head; later, a boy, 16, was also killed, according to a doctor at Shifa.

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At least one member of the presidential guard and one Hamas militiaman were killed. Two more Palestinians died in unrelated family disputes, doctors said.

Sunday evening, the Hamas prime minister, Ismail Haniya, said that he had spoken to Mr. Abbas by telephone and that the two had agreed to work together to stop the violence. He defended the actions of Hamas and urged Palestinians to come together "in the face of a serious escalation from the occupation forces," meaning Israel.

Israeli troops on Sunday moved again into northern Gaza to try to stop rocket fire into Israel. Mr. Haniya asked Gazans to "respect the law and discipline and not to go into the streets."

Tensions throughout the Palestinian territories have been particularly high during the Muslim holy month of Ramadan, because both Mr. Abbas and Mr. Haniya had promised that a month's salary would be paid to the 170,000 or so employees of the Palestinian Authority. The employees have been paid less than two months' salary during the past seven months, bringing great hardship, and Ramadan is a time for family gifts and charity to the poor.

But in fact most employees were paid less than a third of a month's salary before Ramadan, and Hamas officials have angered Mr. Abbas by accusing him of trying to undermine them by keeping back the international aid that passed through his office to avoid the Hamas-led Palestinian Authority.

Mr. Abbas has dismissed those accusations, but his efforts to bring about a national-unity government with Hamas appear to be foundering after the Hamas governing council refused to endorse an earlier agreement he had made with Mr. Haniya.

Mr. Abbas is being pressed by some members of Fatah to dismiss the Hamas government, but it is unclear whether he also possesses the power to call new elections.

Since the election of Hamas in January, Israel has refused to hand over more than $50 million a month in taxes and duties it collects for the Palestinians. And since March 28, when Hamas took over, the United States and the European Union have cut off direct financing to the Palestinian Authority until the government recognizes Israel's right to exist, forswears violence and accepts previous Israeli-Palestinian agreements.

Hamas has been unable to come to terms either with the West, which regards it as a terrorist organization, or with Mr. Abbas, who has been trying to find a way to renew the flow of money to the desperate Palestinians.

There were also clashes on Sunday in Khan Yunis, in the southern part of Gaza, where 23 were wounded, and on Saturday there were smaller clashes in Deir al Balah as Hamas held rallies in Gaza and the police also demonstrated, blocking roads and shooting into the air.

Mushir al-Masri, a Hamas legislator and spokesman, blamed Fatah for the clashes, accusing the security services of striking "to weaken Hamas and to topple the government." Hamas said it had arrested up to 25 members of the protesting security personnel.

Tawfiq Abu Khoussa, a Fatah spokesman in Gaza, accused Hamas of "shedding Palestinian blood" and said, "Nothing can justify this violence."

Members of the preventive-security service said they had been attacked by Hamas gunmen, some of them using clubs.

Ghazi Hamas, the spokesman for the Hamas government, called the violence regrettable and insisted that Hamas had acted with restraint. "The protest today was beyond acceptable norms and turned truly into lawlessness," he said.

Hamas-Fatah Gunbattles Cover Gaza (WT/AP)

By Ibrahim Barzak

The Washington Times, October 2, 2006

GAZA CITY, Gaza Strip -- Gunbattles broke out across the Gaza Strip when heavily armed Hamas militiamen tried to break up anti-government demonstrations yesterday, killing seven persons and injuring dozens in the worst internal Palestinian violence since Hamas took power.

Militants from the opposition Fatah group retaliated by torching the Palestinian Cabinet building in the West Bank. The violence comes amid growing frustration over the parties' failure to form a national-unity government that could end crippling economic sanctions.

The fighting continued throughout the day and sent schoolchildren and other civilians in downtown Gaza City fleeing for cover.

"This is forbidden in Islam. We are in the holy month of Ramadan," said Majed Badawi, 33, who managed to escape after his car was caught in the crossfire. "It's a shame on Hamas, who call themselves real Muslims, and a shame on Fatah, as well. Why are they fighting and over what? We are victims because of both of them."

Palestinian Prime Minister Ismail Haniyeh, of Hamas, spoke with President Mahmoud Abbas, of Fatah, by telephone and called for joint action to end the fighting, Mr. Haniyeh's office said. But in a televised speech, Mr. Haniyeh also defended the Hamas militiamen, saying they acted lawfully in trying to break up the protests.

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Fatah officials blamed Hamas for the chaos. "Nothing can justify this violence," Fatah spokesman Tawfik Abu Khoussa said.

Hamas has been under pressure since its January election victory over the long-ruling Fatah.

Israel and the West, which view Hamas as a terror group, cut off hundreds of millions of dollars in aid and tax transfers to the Palestinian Authority, making it nearly impossible for the new government to pay its 165,000 workers.

In recent weeks, civil servants -- including members of the security forces, many of them Fatah loyalists -- have held expanding protests against the Hamas-led government to demand back wages.

On Saturday, the Hamas government sent its 3,500-member militia into Gaza's streets to quash the protests.

The fighting started in the southern Gaza town of Khan Younis, where dozens of police gathered to demand back wages, protesters said. The Hamas militiamen ordered them to disperse, then opened fire at the protesters, who responded by shooting in the air, protesters said.

Fighting then broke out between militia members and security officials in northern Gaza, and violence spread to the parliament building in Gaza City, where security officers and civil servants were protesting. The protesters threw stones at Hamas militiamen, who eventually fired on the protesters, according to a reporter at the scene.

Militiamen and security personnel -- including bodyguards for Mr. Abbas -- began trading fire nearby. People scattered, and children covered their heads with their schoolbags for protection.

The clashes later spilled over to an area near the president's residence.

The street battles killed four persons, including a presidential bodyguard and a 15-year-old boy, said Dr. Baker Abu Safia, director of Gaza's Shifa Hospital. Two others were killed in related violence, and at least 75 were injured, hospital officials said.

A seventh person, a member of the preventive security force, was killed Saturday night when unknown gunmen shot at the car he was in, security officials said.

In response to the violence, Fatah protesters in the West Bank city of Ramallah broke into the Cabinet building and set the second floor on fire. A second building in the compound also was set ablaze.

Forced out by the fire, the militants moved to the Education Ministry and torched a car on the way. They then trashed the offices of a Hamas newspaper.

In the West Bank city of Hebron, Fatah-allied militants ransacked the offices of local Hamas lawmakers and set the furniture on fire.

Rival Palestinian Gunmen Clash, Leaving 8 Dead (LAT)

By Ken Ellingwood

The Los Angeles Times, October 2, 2006

JERUSALEM — Armed men from the governing Hamas movement and its rival, Fatah, clashed Sunday in a series of gun battles in the Gaza Strip that left at least eight people dead and dozens more injured, Palestinian officials said.

It was the deadliest factional violence in months of tension, and came as the two sides appeared to have deadlocked in their attempts to form a coalition government aimed at breaking the international aid boycott against the Hamas-led government.

The outbreak of violence jumped to the West Bank, where gunmen set fire to the offices of the Hamas-run Cabinet in the city of Ramallah and burned a car outside the Education Ministry building.

The hopscotching violence reflected the geographical balance of power between the rival Palestinian groups. Whereas Gaza is the main stronghold of Hamas, a radical Islamic movement, once-dominant Fatah prevails in the West Bank.

The clashes began after 3,000 members of a special Hamas police unit took up positions around the Gaza Strip with orders to use force, if necessary, to break up demonstrations by members of the Palestinian security forces. The security officers have closed roads and burned piles of tires to protest the government's failure to pay them full salaries.

Many of those demonstrators are Fatah members, and Hamas has accused them of seeking to create chaos to undercut the government, of which Hamas gained control after winning parliamentary elections in January.

Late Sunday, officials expressed regret over the clashes, and Palestinian Authority Prime Minister Ismail Haniyeh of Hamas urged calm. But a government spokesman said Hamas forces were justified in trying to keep protesters from going too far.

"We have deployed the executive forces in the streets to maintain law and order and to stop the state of lawlessness and troublemakers," said Ghazi Hamad, the spokesman. "The participation of security service members in riots is a violation of the law which threatens the national security in the Palestinian community."

Fatah leaders accused Hamas of brutality.

Palestinian Authority President Mahmoud Abbas, who belongs to Fatah and was in Jordan at the time, urged security force members to halt their demonstrations. He pledged a criminal investigation of the shootings.

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Egyptian President Hosni Mubarak ordered a delegation of security specialists from his country who are assigned to Gaza to mediate between the two factions.

By evening, though, the streets in Gaza City were quiet.

The dead included three civilians, one of them a 15-year-old boy, and two members of the presidential guard. An officer in the Palestinian preventive security force was killed, along with a member of the Hamas unit. A Fatah member was killed late Sunday in a confrontation with Hamas forces that also injured at least 20 people in the Bureij refugee camp, south of Gaza City.

Most of more than 80 wounded in the confrontations were civilian bystanders, officials said.

The clashes began when the Hamas units sought to clear demonstrators from a main road near Khan Yunis in southern Gaza, leaving 17 people hurt amid the shooting. A separate confrontation broke out in the Sheik Adwan neighborhood on the northern edge of Gaza City.

A sustained gun battle near the parliament building in Gaza City killed the teenage boy and wounded numerous others. The two members of Force 17, the corps of presidential guards, died during separate skirmishes near Abbas' Gaza City residence.

The gun battles marked the latest dark turn in the Palestinian political situation, and it renewed fears of more widespread civil strife.

Abbas and Haniyeh said they had reached a tentative agreement on a unified government last month, but subsequent talks to solidify the deal were frozen after disputes arose over whether the proposed government would recognize Israel.

Hamas refuses to recognize the Jewish state and has said that it would agree only to a long-term truce. Abbas wants the government to comply with the three conditions set by the West for restoring aid to the Palestinian Authority: recognizing Israel, renouncing violence and honoring agreements between the Palestinians and Israel.

Fatah accused Hamas of backtracking on the initial agreement, which contained wording meant to signal a tacit acceptance of Israel's right to exist. But Abbas, during a speech to the United Nations General Assembly late last month, appeared to demand that the proposed government recognize Israel more explicitly.

The two sides have not met since, stirring rising concern among Palestinians of an impasse that could lead to more violence. Palestinian leaders are under pressure from the 165,000 government employees as well as ordinary residents to find an end to the aid boycott, imposed soon after Hamas came to power.

The Palestinian treasury has been further depleted because Israel has withheld about $50 million monthly in tax and customs revenues it collects on the Palestinians' behalf.

Israel Almost Gone From South Lebanon (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 2, 2006

The U.N. called Israel's pullout from nearly all of south Lebanon on Sunday "significant progress." But sources of friction remained: Israel still holds the Lebanese part of a divided border village and its planes patrol Lebanon's airspace.

Both the Lebanese government and Hezbollah dismissed the withdrawal, which came more than six weeks after a cease-fire ended the 34-day conflict, as "incomplete" and demanded Israel stop what they called its violations of Lebanon's airspace, sea and land.

"What is required is a complete and comprehensive Israeli withdrawal and a halt to Israeli attacks on Lebanon," Information Minister Ghazi Aridi told The Associated Press. "So far, there is no final solution. Israel's pullout today is incomplete."

Senior Hezbollah official Sheik Hassan Ezzeddine warned the Islamic militant group would resume attacks against Israel if it breached the U.N. cease-fire, which went into effect Aug. 14.

"The enemy must bear the consequences of its continued air, sea and land violations in Lebanon," said Ezzeddine, the group's top political official in south Lebanon.

The Israeli army withdrew from the entire south except for the village of Ghajar, said a statement by the commander the U.N. Interim Force in Lebanon, known as UNIFIL.

"Significant progress has been achieved today," Maj. Gen. Alain Pellegrini of France said. "I expect that they will leave this area in the course of the week, thus completing the withdrawal in line with the (U.N. Security Council) resolution 1701."

The pre-dawn pullout put a formal end to a nearly three-month troop incursion into Lebanon that began after Hezbollah guerrillas captured two Israeli soldiers and killed three others in a July 12 cross-border raid.

It clears the way for the full deployment of UNIFIL's 15,000 soldiers who will police the border with an equal number of Lebanese army troops.

Israel has been gradually withdrawing troops since the cease-fire went into effect, from a peak of 30,000 during the fighting. The Israeli naval blockade of Lebanon ended more than three weeks ago.

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U.N. Force spokesman Alexander Ivanko, speaking on Lebanon's privately owned Christian TV station LBC, said a deal on Ghajar was expected next week. He did not elaborate.

But there were no scenes of jubilation Sunday similar to those that greeted the withdrawal of Israeli forces from south Lebanon in 2000 after an 18-year occupation.

In the border village of Marwaheen, the most visible of the 10 vacated positions, the Israelis had held a hilltop position before pulling out early Sunday.

The villagers went about their business in what is perhaps a reflection of the weariness felt by many in south Lebanon after decades of almost continuous fighting with Israel.

It also could be attributed to the uncertainty over the future.

"You can never know whether they will be back again," cautioned Mohammed Musseileh, a 67-year-old farmer from Marwaheen, referring to the Israelis.

Witnesses said Israel began moving tanks and armored carriers out of pockets near the border after midnight. The roar of Israeli tanks could be heard on the Lebanese side as they moved across.

Israeli military officials said the last soldiers returned to Israel around 2:30 a.m. ahead of the onset of Yom Kippur, the holiest day on the Jewish calendar, at sundown Sunday. The officials spoke on condition of anonymity under military guidelines.

An armored column creaked across the border at the Israeli border community of Moshav Avivim, leaving tread marks in the soil and sending a large cloud of dust into the air.

Israeli spokeswoman Miri Eisin said Israel was "now waiting for Lebanon to do its part under the truce."

Israel wants Lebanon to keep Hezbollah out of the south and disarm it, but Beirut has indicated it would not actively seek Hezbollah's weapons. The militant group said it would disarm only when a strong central government was in place.

UNIFIL has said the question of disarming Hezbollah was best left for the Lebanese to tackle, but it would support the Lebanese army if it takes on the task.

Both the U.N. and the Lebanese government consider Israeli overflights as violations of the cease-fire, but the Israeli officials said Sunday there were no plans to stop them.

Ivanko, the UNIFIL spokesman, said the issue of the overflights was raised several times with the Israeli side, which has been asked to halt them.

Another source of tension in Lebanon is the disputed Israeli-held Chebaa Farms area near the borders of Israel, Lebanon and Syria. Resolution 1701 had directed the U.N. secretary-general to come up with a proposal to delineate the borders in the area within a now-elapsed 30 days.

After Israel abandoned its hilltop position in Marwaheen Sunday, some villagers saw a chance to make a little money. A group of men in a pickup truck grabbed some discarded tires. Another villager arrived, and later carried home a roll of electrical cables.

Ghanian peacekeepers in a white U.N. armored personnel carrier photographed the site. Two Lebanese military intelligence officers in plainclothes also surveyed the area before Hezbollah officials arrived in two vehicles, one of which was an ambulance marked as gift from the Iranian Embassy in Beirut.

They blocked the narrow road leading up to the former Israeli position, preventing reporters and villagers from reaching the spot.

Saleh Diyab Mohammed was among those who came to the hill after the Israelis were gone. He planted a Lebanese flag atop his half-finished, two-story house which was apparently used by Israelis soldiers.

"Now, I feel pure and proud," he said. "I feel free again."

Associated Press writers Matti Friedman in Moshav Zarit, Israel, and Hussein Dakroub in Beirut, Lebanon, contributed to this report.

India Links Spies, Islamic Militants To Bombay Attack (WT)

By Rahul Bedi

The Washington Times, October 2, 2006

NEW DELHI -- India accused Pakistan's spy agency yesterday of colluding with Islamist militants in a series of bomb attacks that killed 186 persons on trains in Bombay in July.

Bombay's police commissioner, A.N. Roy, said the "terror plot" was sponsored by Pakistan's Inter-Services Intelligence (ISI), executed by Pakistani militants and aided by a banned Indian Islamist group.

Commissioner Roy said an intensive investigation, including the use of "narco-analysis tests," or truth serum, showed that at least 12 Indians and 11 Pakistanis were involved in the bombings.

Security officials said the evidence would be handed over to Islamabad in the next few days.

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Pakistan's junior information minister, Tariq Azim Khan, said the accusations of ISI involvement were "baseless" and a "knee-jerk reaction."

"India has always chosen this path of pointing fingers at Pakistan without evidence," he said. "If they have any evidence, they should provide us with it, and we will carry out our investigations."

Commissioner Roy said the ISI began planning the attacks in March and provided funding and training for the bombers in Bahawalpur, in Pakistan's eastern Punjab province.

High-grade plastic explosives were smuggled into Bombay, while funds for the attack came from Pakistan through an operative in Saudi Arabia representing the Pakistani extremist group Lashkar-e-Taiba, Commissioner Roy said.

He said the bombers slipped into India from Pakistan, Nepal and Bangladesh and were met by Indian "sleepers" from the banned Students Islamic Movement of India.

On July 11, the day of the bombings, seven two-person teams -- each made up of one Indian and one Pakistani -- took the bombs to the Churchgate terminus in south Bombay, he said. They were put on trains and, within 11 minutes, all seven bombs exploded.

Irbaz Khan, a spokesman for Lashkar-e-Taiba, said: "We reject the allegations. They have named us in an effort to cover up their own failure and security lapses."

Indian Foreign Secretary Shiv Shankar Menon said his government would not judge Pakistan by its "immediate reactions or verbal statements, [but] by what they actually do about terrorism." India has long called on Pakistan to rein in militants operating from its territory and the disputed Kashmir region.

Mr. Menon said New Delhi would test the efficacy of a new joint India-Pakistan agency to tackle terrorism. "It seems logical that the mechanism has to deal with this kind of evidence," he said.

Pakistan Said To Play Both Sides On Terror War (CSM)

By Mark Sappenfield

The Christian Science Monitor, October 2, 2006

NEW DELHI

Indian officials pointed a warning finger at Pakistan this weekend, saying that Pakistan's top intelligence agency masterminded and funded July's train bombings in Mumbai (Bombay).

The accusations continue the neighboring countries' decades-long pattern of blame and denial. This time, however, other nations are joining the chorus.

Last week, a think tank in Britain's Defence Ministry released an incendiary report saying that Pakistan's Inter-Services Intelligence (ISI) agency "has been supporting terrorism and extremism, whether in London ... or in Afghanistan or Iraq."

On top of that, Afghan President Hamid Karzai spent most of the past week condemning Pakistan for ignoring and even abetting extremism, while frustrated American military officials decried Paki- stan's inability to clamp down on the Taliban in its border territories.

Pakistan's contradictions in the war on terror have long been obvious: It is both a crucial American ally and a primary training-ground for terrorists. But events in recent weeks suggest that, for the moment at least, pressure on Pakistan is increasing as the United States and Britain seek solutions to problems in Afghanistan and Iraq.

"The [Pakistani] Army's dual role in combating terrorism and at the same time promoting the MNA [a coalition of Islamist parties], and so indirectly supporting the Taliban through the ISI, is coming under closer and closer international scrutiny," said the British Defence Academy report.

It added: "Indirectly Pakistan, through the ISI, has been supporting terrorism and extremism whether in London on 7/7 or in Afghanistan or Iraq." ISI plans attacks too, says India

But India's claims of ISI involvement break new ground. Indian officials have long accused Pakistan of sponsoring terrorism in India in order to foment communal riots and destabilize the nation. The Mumbai (formerly Bombay) blasts on July 11, which killed 187 people, were no different, say Mumbai police.

Yet Mumbai Police Commissioner A.N. Roy went further when he announced the findings of his investigation Saturday. In the past, Pakistan was accused only of helping terrorists by allowing them to train in the country. In this case, Mr. Roy said the leading July 11 terrorists were Pakistanis, and that ISI plotted the attack before handing over the execution to the terrorist group Lashkar-i-Tayyaba.

So far, police authorities have presented little evidence to support these claims, though officials say they hope their findings are strong enough to win convictions within two years.

Pakistan has denounced the accusations. "The reported statement by [the] Mumbai Police Commissioner is irresponsible and [it is the] repetition of baseless allegations," reads an e-mail statement by Pakistan's Foreign Office.

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Yet Pakistan has frequently found itself on the defensive in recent weeks. Pakistan's truce with militant tribes has led to a threefold rise in attacks across the border in Afghanistan, according to US military officials. And Afghan President Karzai's repeated complaints about Pakistan's unwillingness to rein in radicals forced last week's meeting in Washington, where President Bush sought to soothe tempers between America's divided allies Karzai and Pakistani President Pervez Musharraf.

Perhaps the most surprising criticism, however, has come from Britain. The report from the Defence Ministry think-tank was so inflammatory that Prime Minister Tony Blair had to personally reassure President Musharraf that the leaked document was merely the work of some government analysts, not government policy.

And in a London court just a few days earlier, an accused terrorist testified that he had attended a terrorist training camp in Pakistan run by the ISI. Thereafter, he refused to give any further testimony, saying ISI agents had threatened his family.

If true, "this is quite sensational, because it is the first official confirmation of the involvement in terrorism of the ISI, an agency of a country which Washington and London has regarded as an ally, and Washington gives $3 billion in aid to," says M.J. Gohel, a terrorism expert at the Asia-Pacific Foundation in London. A history of suspicion surrounding ISI

The Mumbai police report only sharpens scrutiny of ISI, an organization with a well known history of incubating militant outfits. In a bid for greater influence in Afghan affairs, ISI is believed to have helped the Taliban during its rise a decade ago. Indeed, Pakistan was one of only three countries to recognize the Taliban government. The ISI is also widely believed to have become involved with terrorist groups directed toward the conflict in Kashmir.

Islamabad claims it disbanded those groups after 9/11. But many analysts and critics suggest that some continue to operate under different names and fronts, often unofficially supported by factions of the intelligence community.

"Gradually after 9/11 there's been a restructuring of militant outfits," says Ayesha Siddiqa, a defense analyst in Islamabad. "In the process, some have gone, some have been merged, some have been divided, but the phenomenon still remains."

She and others argue that ISI compartmentalizes its policy where it meets Pakistan's strategic goals - for example, by fighting international terrorist groups like Al Qaeda while at the same time unofficially supporting other elements of the militant community.

The dual policy exposes Pakistan's peculiar view of terrorism in the region, analysts say.

"People in Pakistan believe that the conflict in Kashmir is a freedom movement, and that those people should be able to fight," says Kamal Matinuddin, a retired general who is now a military analyst in Rawalpindi. "That is where the difference arises between the people of Pakistan and the rest of the world." Musharraf's next move

Whether the recent criticism of ISI will force Musharraf to take some action is open to question. Bob Ayers of Chatham House, a London think-tank, doubts it will. Blaming "Pakistan is the flavor du jour," he says.

At least Musharraf is playing along with the West, he says. Mr. Ayers and other Western analysts fear that if the US pushes too hard, Musharraf could fall, and someone far more problematic could come to power. "This is just a cycle," says Ayers. "It deflects attention away from our lack of results in the war on terror."

It could have much greater consequences for the eggshell-strong peace process with India, though. Last month, the leaders of India and Pakistan took an unprecedented step - agreeing to share intelligence as part of joint antiterror efforts.

Saturday's announcement will present a new obstacle.

Some see it merely as a blip. "All that will happen is that talks will be delayed by 15 or 20 days," says Pakistani retired General Matinuddin.

But the prejudices among the intelligence agencies on either side of the border are deep, and they indicate how difficult a joint intelligence project could be.

Hamid Gul, a former ISI director dismisses the idea that ISI is a rogue agency working to terrorize India.

"Pervez Musharraf is in complete control of the ISI. To assume or insinuate that there is a cavity in the ISI that is pursuing its own agenda is utterly wrong," says Mr. Gul.

Instead, he suggests that India is blind to its own problems. The realities on the ground in India, including poverty and discrimination against Muslims, provide ample reason for disgruntled Indians to wage war against their own government, he says.

By contrast, a former senior Indian intelligence official says the ISI is just up to its old tricks. "Pakistan uses terrorism as a tactical move to achieve what its Army cannot on the war front and what its bureaucrats cannot on a negotiating table," says Ajit Doval, former chief of India's Research and Analysis Wing (RAW).

India's foreign secretary said Sunday that he will share evidence from the Mumbai investigation with Pakistan. "This will be the test case of the [joint] mechanism," says Mr. Doval. "If they are sincere, they'll act on the evidence."

But he is skeptical. Echoing the sentiments of many Indians - and pointing to the level distrust to be overcome - he asks: "What is the point of sharing evidence with someone who is party to the crime?"

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Avian-flu Samples On The Way To CDC (WT)

By John Zarocostas

The Washington Times, October 2, 2006

GENEVA -- After 18 months of stalling and repeated calls for cooperation by international health officials, China is expected to deliver a batch of animal virus samples of the lethal avian influenza virus H5N1, senior global health officials say.

The Centers for Disease Control and Prevention (CDC) laboratory in Atlanta expects the samples to arrive "in the coming days," said Mike Purdue, head of a team that is studying how influenza moves from animals to humans on behalf of the World Health Organization (WHO).

Dr. Purdue told The Washington Times that the necessary paperwork was completed by Chinese authorities last week, but one carrier did not want to haul the samples, so they will be shipped by another company for WHO.

WHO first asked China to share the samples in the spring of 2005, after thousands of migratory birds died in the province of Qinghai. The 10 samples expected by the CDC are from Qinghai and other regions, Dr. Purdue said.

International health officials and diplomats have long been frustrated by Beijing's failure to send the samples promptly, despite its public pledges of full cooperation after its reluctance to share information aggravated a crisis over severe acute respiratory syndrome (SARS) in 2003.

The sharing of specimens is essential if researchers are to find a vaccine and more effective anti-viral drugs against bird flu. Since 2003, there have been 251 human cases of the avian influenza virus in 10 countries, of which 148 resulted in deaths.

Some Asian and Western health diplomats attribute the delay to a bureaucratic turf war between China's Ministry of Agriculture, which has been reluctant to share the samples, and the Ministry of Health, which has been more willing to co-operate. The same sources said Chinese authorities were now fully sharing human samples from victims of bird flu and HIV/AIDS.

Despite its dynamic economy and huge foreign reserves, China offered only $10 million at a pledging conference in Beijing in January aimed at strengthening global preparedness against a human avian influenza pandemic.

Senior Western diplomatic sources said China initially offered no contribution at all and only came forward with the $10 million pledge when pressure was put on its political leaders. However, diplomats are cautiously optimistic that China is moving in the right direction on global health issues.

In a significant move, China has put forward Margaret Chan, a senior WHO official, for the top post of the global health agency, which is vacant after the sudden death in May of the incumbent, Lee Jong-wook. This is the first time that China has nominated a candidate for a major global agency.

Dr. Chan, formerly Hong Kong's top health official, played a pivotal role in stamping out an avian-flu outbreak in the city in 1997. In July 2005, she publicly scolded China for stalling on vital cooperation over the outbreak of bird flu.

Another leading candidate in a crowded field is Shigeru Omi, a Japanese national and WHO regional director for the Western Pacific. Asian diplomats described fierce behind-the-scenes lobbying by Tokyo and Beijing for their respective nominees. The outcome is to be decided on Nov. 9.

Brazil's Lula Forced To A Runoff In Reelection Bid (WP)

By Monte Reel

The Washington Post, October 2, 2006

SAO PAULO, Brazil, Oct. 1 -- President Luiz Inacio Lula da Silva won the first round of Brazil's presidential election Sunday, but fell short of earning enough votes to avoid a runoff later this month against the second-place challenger.

With more than 98 percent of polling places counted, Lula received about 49 percent of the votes -- shy of the 50 percent needed to win reelection outright and avert an Oct. 29 runoff. The runner-up, former Sao Paulo state governor Geraldo Alckmin, received about 41 percent.

Lula, 60, cast his vote Sunday morning in Sao Bernardo do Campo, an industrial suburb of Sao Paulo, where he worked as a lathe operator and developed into an outspoken labor union leader who opposed the country's military dictatorship in the 1970s and '80s. Corruption scandals have hounded him during the past year, including one that surfaced just before the election charging that his campaign staff paid for damaging information about Alckmin.

That controversy, which continued to dominate headlines on election day, served as a last-minute life preserver that kept the conservative Alckmin's political hopes afloat. If the corruption controversy continues to simmer, his supporters say, they believe he might have a chance to unseat Lula.

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"Alckmin can win if something else shows up with this scandal. And the way things are going in Brazilian politics right now, I'm confident that something else is going to show up," said JosÃ© Carlos Brandt Silva, 62, a businessman who traveled more than 200 miles to vote for Alckmin in Sao Paulo, where his family is registered.

Six members of Lula's party face arrest warrants for allegedly paying about $800,000 for information that supposedly proved corruption on Alckmin's part. Lula's campaign contends that Alckmin's supporters desperately contrived the scandal just before the election. Lula fired his campaign manager last week after the allegations aired, though he has denied any involvement in the incident.

Overwhelming support from the poor has helped Lula weather the corruption scandals, which also included congressional vote-buying last year in which many members of Lula's Workers' Party were implicated. His support rests on the fact that poverty rates have dipped since he was elected four years ago, thanks in part to increased government social spending, lower inflation and a stable currency.

"The whole Brazilian political system is corrupt, not just Lula," said Fernando Silva, 29, a furniture maker who voted for Lula at a Sao Paulo public school Sunday. "If Lula is involved in corruption, I think another president would have been even more involved than him. So I'd rather vote for Lula, because my life has changed with him. I'm working. I have my own business."

Alckmin, a medical doctor by training, struggled during the campaign to attract excitement among voters, many of whom had not heard of him before he entered the race in March. After serving as vice governor of the state of Sao Paulo, he advanced to the governor's seat in 2001 following the death of his predecessor.

"He doesn't have a history of being involved in competitive elections, and he's not very well known outside of Sao Paulo," said Maria Celina D'Araujo, a political scientist in Rio de Janeiro. "The image he has tried to project during the campaign is that of the doctor who is going to treat the corruption that Brazil suffers from."

The runoff is expected to force the candidates to clarify their agendas. Lula declined to participate in presidential debates during the first-round campaign, and Alckmin has offered few specific policy proposals.

Some of the challenges for the next president are already apparent, and the candidates might have mentioned them only rarely because of their potential to be politically explosive, analysts said.

For example, the social security system is heavily indebted, and many believe that reducing the generous payouts that retirees now receive is necessary to maintain economic stability. Many economists are also calling for changes in Brazil's labor laws, which offer strong protections for workers but are also believed to fuel a vast sector of workers who are not legally registered; about 55 percent of Brazilian workers are not on the tax rolls.

"The next president is going to have to approve some sort of social security reform, and the issue of labor reform is also going to come up," said RogÃ©rio Schmitt, a political analyst in Sao Paulo. "These are unpopular reforms, so the candidates have been very generalistic so far."

If Lula is elected -- and polls put him as the favorite in the runoff -- he will probably have to tackle those issues without much party support from either members of congress members and state governors -- positions that were also on the ballot Sunday.

During his first term, Lula was able to count on support from his party to direct legislation. But the party has been significantly weakened from the scandals, which could make things tougher for him in a second term. He will be forced to build a broader coalition, said Schmitt.

Many affiliated with Brazil's opposition parties are already looking forward to 2010. "Lula will have even more problems in his second term than he did in the first," said Fabio Mazzo, 26, an Alckmin supporter from Sao Paulo.

Brazil's Lula Forced Into Surprise Run-off (FT)

By Jonathan Wheatley

Financial Times, October 2, 2006

Brazilian voters have delivered an unexpected setback to president Luiz Inácio Lula da Silva, who had been widely expected to win an outright majority in elections on Sunday and avoid the need for a second-round run-off on October 29.

With a little more than 98 per cent of the vote counted, electoral authorities ordered a run-off between Mr Lula da Silva and Geraldo Alckmin of the centrist PSDB.

Mr Lula da Silva had 48.8 per cent of the valid votes against 51.2 per cent for all opposition candidates combined. Mr Alckmin had 41.4 per cent, well ahead of his showing in recent opinion polls.

Mr Lula da Silva's commanding lead in opinion polls fell away in the days leading up to Sunday's vote after leaders of his campaign team and his left-leaning party, the PT, were caught attempting to smear an opposition candidate.

The president's popularity remained strong for much of the campaign in spite of a series of corruption scandals over the past 18 months that at one point threatened to bring down his government.

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But many voters chose to concentrate instead on the low inflation and relative economic stability that have boosted the spending power of the poor – the mass of Brazilian voters. The poor have also benefited from a quadrupling of spending on income-transfer programmes under Mr Lula da Silva.

However, the government has been criticised for failing to produce the "spectacle of growth" promised by Mr Lula da Silva before taking office in January 2003. Growth is heading for 3 per cent this year and is likely to average less than that over the four years of his administration.

The Lula government has maintained relatively orthodox monetary and fiscal policies and in its first year embarked on modest reforms of the bankrupt pensions system for public-sector workers. But it has failed to tackle more politically difficult reforms of the wider pensions system or to cut other spending to release money for much-needed investment in infrastructure and other drivers of growth.

Geraldo Alckmin, of the centrist opposition PSDB – which introduced many of the policies maintained by Mr Lula da Silva during its eight years in power to 2002 – has promised to tackle such issues without achieving much resonance among voters.

While Mr Alckmin's campaign may have failed to attract support away from the president, Mr Lula da Silva's own advisers may have put his long-expected victory in jeopardy.

Lula Forced Into Runoff Election (WT/AP)

By Harold Olmos

The Washington Times, October 2, 2006

BRASILIA, Brazil -- Brazil's leftist president faces a runoff for a second term after voters denied him an outright victory yesterday after last-minute accusations that his party engaged in a scheme of electoral corruption and dirty tricks.

Election authorities announced the Oct. 29 runoff after 98 percent of the vote had been counted, with President Luiz Inacio Lula da Silva getting 48.8 percent compared with 41.4 percent for center-right candidate Geraldo Alckmin, Sao Paulo state's former governor.

It was a stunning defeat for Mr. Lula de Silva, who polls had predicted less than a week ago would trounce Mr. Alckmin with 59 percent of the vote, far more than the 50 percent plus one vote needed to win the contest in the first round.

Mr. Lula de Silva had been favored to win because of the economic stability and anti-poverty programs he brought to Brazil. Votes in Sao Paulo, Mr. Alckmin's stronghold and Brazil's most populous state, apparently helped force the runoff.

Mr. Lula de Silva's campaign manager, Marco Aurelio Garcia, earlier said a first-round win for the president was still possible because many of the uncounted votes were from Brazil's impoverished northeast, which has benefited handsomely from government social programs.

"We believe that Lula will show solid growth as the vote from the northeast starts showing its weight," Mr. Garcia told reporters. "But I want to reaffirm that we always prepared ourselves for a two-round election."

However, of the 7 million uncounted votes by late yesterday, 6 million were from Sao Paulo state, where Mr. Alckmin was beating the incumbent.

Earlier yesterday, Mr. Lula de Silva said he was confident of a first-round victory after voting in the industrial town of Sao Bernardo do Campo, where he rose to prominence as a labor leader.

For months, polls have shown the incumbent easily winning the race. But Mr. Lula de Silva saw his once-commanding lead plummet on the eve of the vote as his Workers' Party was battered by accusations that party officials tried to buy a mysterious dossier that apparently contained incriminating information about a political rival.

Major newspapers ran front-page photos over the weekend showing piles of money purportedly meant to buy information showing corrupt dealings by an opponent. Local press reported that the photos were leaked by federal police.

Mr. Lula de Silva's party said Mr. Alckmin's supporters were involved and filed a complaint yesterday with a judge demanding that Mr. Alckmin's candidacy be declared invalid because of the leak. The judge has said he would consider the case. Mr. Alckmin's campaign has denied involvement.

Six members of Mr. Lula da Silva's party, including an old friend who ran the president's personal security detail, face arrest warrants on suspicion of involvement in efforts to buy the damaging information. Mr. Lula da Silva fired his campaign manager days before the election but repeatedly has denied knowledge of any wrongdoing.

Mr. Alckmin said yesterday that he was sure "ethics will defeat corruption."

In Brazil, Da Silva Forced Into Runoff (WSJ)

By Matt Moffett and Geraldo Samor

The Wall Street Journal, October 2, 2006

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RIO DE JANEIRO -- Turned off by government corruption, Brazilian voters denied President Luiz Inácio Lula da Silva the majority of the vote he needed to win re-election in yesterday's first round of balloting, setting the stage for a runoff with centrist Geraldo Alckmin.

With 99.1% of the vote counted, Mr. da Silva had 48.7% of the vote compared with 41.6% for his chief rival, Mr. Alckmin. With Mr. da Silva falling short of the required 50% threshold, the president's aides were acknowledging late last night that there would be a second round of voting Oct. 29.

Mr. da Silva has witnessed an erosion in his once formidable lead in the past couple of weeks following revelations that officials of his Workers Party tried to buy a dossier linking candidates in Mr. Alckmin's Social Democratic Party to an ambulance-procurement scam. Mr. da Silva's failure to convincingly address the scandal -- he skipped a debate with other candidates Thursday -- clearly upset voters, who had seen a host of previous corruption cases in his government.

A runoff would present a win-win situation for investors. Though a leftist, Mr. da Silva has proved in his first term that he is a responsible steward of fiscal policy, and financial markets have enjoyed an extended rally since he took office in 2003. But most investors think Mr. Alckmin, a former governor of the wealthy São Paulo state, has a clearer notion of the overhauls to the pension system and labor law Brazil needs to rev up its slow-growing economy.

Heading into the second round, Mr. da Silva would have the advantages of incumbency. But Mr. Alckmin would have momentum. In pre-election polls tracking a matchup between Mr. da Silva and Mr. Alckmin, Mr. Alckmin had reduced the deficit to just five points from 17 points since Sept. 19, according to the Datafolha agency.

Mr. da Silva would be expected to hammer on the benefits he has brought to poor Brazilians, who are enjoying low food prices and government welfare stipends that go to 11 million families. Mr. Alckmin would continue to challenge Mr. da Silva on corruption.

"Brazilians historically have been indifferent about (corruption), " says political consultant Andre Torretta. "You cannot come to a guy who's making less than the minimum wage and preach to him about ethics."

But the scandals during Mr. da Silva's presidency have been so devastating that Brazilians, especially those in the middle class, seem to be drawing a line. On Saturday, newspapers published photographs of the stacks of cash that police seized from Workers Party operatives alleged to have been involved in the smear campaign against the opposition. That follows a massive scandal last year in which some of Mr. da Silva's closest Workers Party allies are facing indictment for running a slush fund to buy votes in Congress. In a separate incident last year, a Workers Party official was arrested trying to go through airport security with $100,000 stashed in his underwear.

The rhetoric of the runoff is sure to be nasty. To make the point that he was blameless of the scandals involving his party, Mr. da Silva recently compared himself to Jesus Christ betrayed by Judas. In a response, Former President Fernando Henrique Cardoso, a top Social Democratic leader, said that Mr. da Silva "is not Christ, he is the devil, and we have to kick him out."

The campaign styles are also a contrast. The rough-hewn but charismatic Mr. da Silva is viewed with reverence by poor Brazilians; one mayor in the Amazon approached the president on his knees recently.

Mr. Alckmin, a doctor by training, is a much more subdued figure on the stump. Claudio Lembo, the current São Paulo governor, recently likened Mr. Alckmin to "the son-in-law every mother-in-law wanted to have."

Some key trends will work in Brazil's favor when the presidential term starts Jan. 1. Brazil's interest rates, which have been among the highest in the world, are falling and recently hit a 20-year-low. Policy makers hope that prompts consumers to open their wallets. The benchmark interest rate, which has fallen to 14.25% from 19.75% over the past year, is expected to slip further in coming months now that Brazil has succeeded in bringing inflation down to around 4% annually. The government also hopes investors will give the go-ahead to stalled bricks-and-mortar projects once uncertainty over the election ends.

Brazil's leaders also will cross their fingers for continued strength in the global economy. Brazil has been blessed in recent years with low global interest rates and high international prices for the country's agrarian and mining commodities, due largely to demand from China.

But Brazil's economy is beset by structural problems. The country's sprawling public sector is sustained by a highly taxed citizenry, and government bureaucracy stifles entrepreneurial energy. Also, due to higher spending in an election year, the government will struggle to meet its year-end goal of a primary budget surplus of 4.25% of gross domestic product.

In June, Fitch Ratings upgraded Brazil's sovereign debt rating by a single notch to Double B, which is two steps below investment grade. "We think the new government will stick to the macroeconomic policy, but there will be very little action on reform," says Roger Scher, a Fitch managing director. "It's going to be hard for whoever wins to put together a coalition and hold it together."

A Congress that has been historically fragmented would be harder for Mr. da Silva to handle in a second term due to scandals that have weakened his Workers Party and angered the opposition. "At least initially, the atmosphere will remain

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charged," says Fernando Lattman-Weltman, a political scientist with Rio's Getulio Vargas Foundation. "The opposition will be suffering from a hangover and there will be a runoff in many states."

Most analysts view Mr. Alckmin as more capable of engineering the profound economic changes Brazil needs. There is widespread opposition and sensitivity to changing the public pension system, which costs 12% of GDP, a higher average than wealthy countries with much older populations, says a JP Morgan report. Unions are also protective of Brazil's labor code, which is based on that of Mussolini's fascist government in Italy and results in millions of lawsuits against employers and significant severance charges.

But Antonio Delfim Netto, a congressman who was finance minister during the 1960s and 1970s, has had conversations with Mr. da Silva's aides and says they know what needs to be done to address Brazil's slowing growth. "They have no alternative," Mr. Netto says. "They know Brazilians won't tolerate another tax hike." Brazil's average tax load has climbed to 38% of GDP, comparable with wealthier countries', from 26% over the past 12 years.

Embattled Brazil Incumbent Fails To Win First-Round Ballot (NYT)

By Larry Rohter

The New York Times, October 2, 2006

RIO DE JANEIRO, Monday, Oct. 2 — Brazil's embattled president, Luiz Inácio Lula da Silva, finished first in the presidential vote held here Sunday, but fell just short of the majority he needed to avoid a runoff on Oct. 29.

With more than 99.2 percent of the ballots tabulated early Monday, Mr. da Silva, his momentum checked by a last-minute corruption and ethics scandal, had 48.65 percent of the vote. The most competitive of his seven opponents, Geraldo Alckmin of the Brazilian Social Democratic Party, was running closer than had been expected, with 41.6 percent of the vote.

Mr. Alckmin ended up finishing first in the more industrialized, modern and prosperous states of Brazil's south, including his home state of São Paulo, with 40 million people the largest in this nation of 185 million. Mr. da Silva, a 60-year-old former factory worker and labor union leader, performed strongest in the poorer, more backward states of the country's northeast, his native region, where he ended up polling more than two-thirds of the vote.

Campaigning on a platform of social justice and clean government, Mr. da Silva and his leftist Workers' Party won a landslide victory in a runoff four years ago this month. But his administration has been marked by one scandal after another, ranging from multimillion dollar schemes to buy the support of members of congress to rigging contracts for the purchase of blood products.

Nevertheless, Mr. da Silva had seemed assured of coasting to a first round re-election victory until the eruption of the so-called Dossiergate scandal two weeks ago. That was when Workers' Party operatives were caught trying to pay $792,000 in cash for information they apparently thought would incriminate Mr. Alckmin's party in a scandal at the Health Ministry involving kickbacks on the purchase of ambulances.

Workers' Party leaders tried to put the best face on a result they had hoped to avoid. "I want to reaffirm that we always prepared ourselves for a two-round election," said Marco Aurelio Garcia, who became Mr. da Silva's campaign manager less than two weeks ago, after his predecessor was forced to step down because of the dossier scandal.

Mr. Alckmin, a doctor and former governor whose level of support rose 10 points in the polls after the dossier scandal broke, was jubilant at the sudden turn and predicted that "ethics will defeat corruption" in the second round. "Lula had his chance," he told supporters in São Paulo, using the president's nickname. "A new team can do more for Brazil."

The division of Latin America's largest country into two evenly matched groups, one pro-Lula, the other opposed to him, was reflected at a polling place in Tijuca, a middle-class neighborhood here in Brazil's second-biggest city.

After casting their ballots Sunday afternoon, Etevaldo Mello and his wife, Fernanda Bandeira, found themselves in opposing camps.

"I voted for Lula in 2002, but I won't ever make that mistake again," said Mr. Mello, a 40-year-old systems analyst. "He hasn't done what he promised, and all we've had is corruption. I've lost hope and my faith in him."

But Ms. Bandeira, a 39-year-old social worker, said she was sticking with Mr. da Silva. "There's always been corruption, but at least Lula has brought it out into the light of day and is trying to fight it," she said. "And he's done more for the poor than all of those before him."

Other voters who described themselves as having been undecided during the campaign cited two last-minute developments as persuading them to vote against the president. Several said they were offended because he failed to take part in a candidates' debate Thursday night, while others said they were disgusted by photographs published Saturday of the stacks of dollars and local currency seized from the Workers' Party dirty tricks squad in the dossier case.

"I didn't vote for Alckmin; I voted against Lula and the corruption around him," said Jose Reis, a 39-year-old salesman interviewed in Madureira, a working class neighborhood here. "There are just too many scandals, and it's damaging the country."

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As in all previous scandals during the past 18 months, Mr. da Silva said he did not know about the skullduggery of his party's operatives in the dossier case. Those under investigation in the incident include Mr. da Silva's longtime bodyguard and the husband of his personal secretary.

The balloting took place with the country in a somber mood after the crash of a passenger plane with 155 people aboard deep in the Amazon jungle on Friday.

Brazilian Vote Forces Lula Into Runoff (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, October 2, 2006

SAO PAULO, Brazil — Brazilian President Luiz Inacio Lula da Silva fell short of the votes needed Sunday to avoid a runoff election this month, official results showed.

With 98% of the ballots counted, Lula had 48.8% of the vote compared with 41.4% for his principal challenger, Geraldo Alckmin, the conservative former governor of Sao Paulo state, electoral officials said.

New allegations of electoral dirty tricks appeared to cost Lula crucial support in recent days, experts said, turning a comfortable majority into a showing of less than 50%, and triggering a runoff election Oct. 29 with Alckmin, who had a surprisingly strong showing.

The unexpected setback could set up a contentious month of campaigning as Lula counterattacks and a united opposition seeks further evidence of campaign irregularities by the ruling Workers' Party.

Lula, whose rise from impoverished factory hand to chief executive of Latin America's largest nation won him global acclaim four years ago, had seemed assured of a smooth reelection until a scandal emerged last month to blemish anew the reputation of his Workers' Party.

Lula's 59% showing in polls sank after the "bloodsucker scandal," in which members of Alckmin's party have been linked to alleged kickbacks for the sale of overpriced ambulances to city governments, metamorphosed into a purported plot by Lula's political camp designed to tarnish Alckmin and his Brazilian Social Democracy Party.

Lula has not been directly implicated in the latest scandal, but it has forced him to dismiss several top aides, including his campaign manager.

"I'm confident we are going to win this election today," Lula told reporters Sunday after voting in the industrial suburb of Sao Bernardo do Campo.

Allegations have emerged that operatives of his party were involved in an effort to pay about $700,000 for a dossier of recordings, photos and documents from a family at the center of the "bloodsucker" scandal. The dossier is said to be damaging to Alckmin's party.

Newspapers here ran photos of some of the stacks of money seized by federal police and purported to be the payment for the incriminating material.

"Ethics will defeat corruption," Alckmin said as he cast his ballot in Sao Paulo. "Lula has had his opportunity. A new team can do more for Brazil."

The dossier episode is the latest scandal to batter the image of Lula, 60, who repeatedly denounced Brazil's ingrained corruption in the lead-up to his historic victory in 2002, his fourth run at the presidency.

The string of corruption allegations has clearly drained some of Lula's support, especially among middle-class and elite voters here in Brazil's financial and industrial capital. Many also were upset that Lula skipped a presidential debate last week.

"Lula managed to become just like the other candidates," complained Augusto Silveira, 28, a psychologist here. "He seems like the others, hungry for power and failing to keep his promises to the people."

But the burly, bearded president remains popular among the struggling urban and rural population. His signature "Zero Hunger" program guarantees about $23 a month to poor families, providing a survival cushion in a nation with wide disparities of income and wealth.

"I know everything he is accused of, but I will vote for Lula," said Jose Carlos de Oliveira, 63, a retired professor. "At least he is doing something for the poorest, which those who ruled Brazil for 500 years never did."

Lula, the son of impoverished farmers from Brazil's northeast, became an auto worker in the industrial belt here after his family migrated, following the path of many rural Brazilians. He rose to the position of outspoken union leader and national political figure before being elected Brazil's first leftist president.

When asked "Are you a communist?" Lula famously replied: "No, I am a machine worker."

The former assembly line worker helped defeat a U.S.-sponsored free-trade zone proposal last year in a protest against U.S. farm subsidies, and he has been a critic of the U.S.-led war in Iraq.

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Unlike Venezuela's President Hugo Chavez, Lula has sought close ties with Washington and has generally avoided strident criticism of the United States. He has governed as a moderate and won praise on Wall Street and in Washington at a time when leftist politicians often antagonistic toward the U.S. are on the rise in South America.

In doing so, Lula has faced criticism on the left from those who say he has betrayed his socialist ideals and caved in to mainstream capitalism.

During the campaign, Lula pledged to bolster social programs, raise the minimum wage, improve educational opportunities for the youth and continue Brazil's steady growth.

Alckmin, a doctor and a longtime politician, has promised to cut taxes, lower interest rates, clean up corruption and streamline the federal bureaucracy. But he lacks Lula's national recognition and charisma.

Presidential candidate Heloisa Helena, a senator who was purged from Lula's party after criticizing his economic policies as too conservative, was getting less than 10% of the vote.

Also at stake were 27 governorships, 27 Senate seats and all 513 seats in the lower house of Congress.

Social Democrats Defeat Governing Party In Austria (NYT)

By Mark Landler

The New York Times, October 2, 2006

VIENNA, Oct. 1 — In an election shadowed by fears about immigration, voters in Austria rebuked the governing People's Party on Sunday, handing a narrow victory to the Social Democratic Party and leaving two extreme right parties as players on an uncertain political landscape.

The conservative People's Party, led by Chancellor Wolfgang Schüssel, won 34.2 percent of the vote, a loss of more than eight percentage points from the election in 2002. The Social Democrats won 35.7 percent, raising the prospect that their leader, Alfred Gusenbauer, could replace Mr. Schüssel as chancellor, perhaps in a so-called grand coalition with the People's Party.

While analysts had expected the People's Party to lose ground, the size of the loss was a surprise, and a stinging reversal for Mr. Schüssel, who once reaped credit for Austria's robust economy. "We all underestimated how the common people feel," said Hans Rauscher, a political columnist for Der Standard. "The lesson is that arrogance doesn't pay."

For Jörg Haider, the once-powerful far-right leader whose party has been a fading partner in Mr. Schüssel's coalition, the election was a reprieve from political extinction.

His party, the Alliance for Austria's Future, appeared to have clung to seats in Parliament, winning 4.2 percent of the vote, just above the required 4 percent threshold. If it had fallen below that — as pollsters had predicted — Mr. Haider would have lost his toehold in national politics.

"He is almost finished on a national level, but his ideas are not finished," said Anton Pelinka, a political scientist in Vienna. The Freedom Party, which Mr. Haider led for two decades before quitting last year after a power struggle to start his new party, won 11.2 percent — a result that positions it to play a strong opposition role. It had called for Austria to expel all illegal immigrants and halt new arrivals.

Placards for the party's new leader, Heinz-Christian Strache, depict an Austrian flag above the slogan, "Daham statt Islam," a colloquialism that translates as "Home instead of Islam." A 37-year-old former dental technician, Mr. Strache looks like a younger version of Mr. Haider.

A party official, Harald Vilimsky, said the campaign tapped into the frustration of many Viennese, who find that their German-speaking children are a minority in the public schools. Mr. Schüssel, 61, who is more respected than loved, dismissed fears of an influx of immigrants from Eastern Europe. He was then embarrassed by reports that his mother-in-law was under the care of an Eastern European nurse, who was in Austria illegally.

While the extreme right did not match its best result — 27 percent in 1999 — it remains a force. A sign of that, analysts said, is that the anti-immigrant talk honed by Mr. Haider in the 1990's has become part of the political mainstream.

Although the major parties deplore the xenophobia of the far-right parties, they have strengthened their stance on immigration issues. The People's Party has toughened requirements for Austrian citizenship, while the Social Democrats have promised to crack down on crimes committed by foreigners. "They don't say, 'We're going to be tough on foreigners'; they say, 'We're going to be tough on illegal immigrants,' " said Herbert Lackner, the editor of Profil, a political magazine.

Only the Green Party called for more tolerance, and it finished fourth behind the Freedom Party.

Many Austrians are convinced that the European Union's expansion will flood the country with people bent on taking their jobs. The new twist, since the heyday of Mr. Haider, is that this suspicion now has an anti-Muslim tinge. "In the 90's, anti-immigration rhetoric was focused on rising crime and asylum seekers from the Balkans," said Peter Paul Hajek, a political analyst at the Austrian Marketing Institute, a polling company. "Now it's more about the clash between Islam and Christianity."

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With these inconclusive voting results, Austria finds itself in a position similar to Germany after its election last year. The two major parties may be forced into a grand coalition, since the extreme right parties have discouraged talk of a coalition with the People's Party. In a television interview on Sunday, Mr. Schüssel focused on the problems dogging Chancellor Angela Merkel. "Looking at Germany," he said, "one can see it is not so easy."

Schüssel Party Loses Austrian Election (FT)

By Eric Frey And Haig Simonian

Financial Times, October 2, 2006

The conservative People's party of the Austrian chancellor Wolfgang Schüssel suffered a stunning defeat in general elections on Sunday as the rival Social Democrats narrowly beat it into first place.

The result makes it almost certain Mr Schüssel's centre-right government will be replaced by a grand coalition led by Alfred Gusenbauer, the Social Democrat leader.

Mr Gusenbauer has vowed to cancel Austria's controversial purchase of Eurofighter military jets from the aerospace group EADS and reverse the introduction of university tuition fees. The two measures are part of wider social policy measures intended to mark a break from the "unfeeling" People's party liberal economic policies.

However, the broader economic measures that have made Austria one of the European Union's most successful members and prompted growth of more than 3 per cent this year are not expected to change significantly.

The People's party general secretary Reinhold Lopatka blamed the defeat on a low turnout, the emergence of fringe parties and a degree of complacency because of widespread expectations of a win. The chancellor is expected to resign as party leader but may put himself in the running for a European post.

Mr Schüssel, one of Europe's most experienced and longest-serving politicians, appeared to have fallen victim to popular unease with reforms such as overhaul of the pension system. "We tried to do what we could, but it looks as if it wasn't quite enough," he said last night.

Before the election, virtually all pollsters had predicted a Schüssel win, boosted by a scandal involving a trade union-owned bank with close ties to the Social Democrats.

Instead, the People's party lost 8 per cent of its former record vote, ending up with 34.2 per cent, based on preliminary official results.

That was just behind the Social Democrats who, in spite of slipping 0.8 percentage points compared with 2002, won 35.7 per cent.

Mr Schüssel also lost support to two far-right parties and a new protest group led by maverick EU parliamentarian, Hans-Peter Martin.

Exploiting Austria's strong euroscepticism, and especially concerns about immigrants from eastern Europe and Islamic countries, as well as EU accession talks with Turkey, the ultra-right Freedom party boosted its share from 10.2 to 11.2 per cent.

The improvement came in spite of the fact that the party's "moderate" wing split off last year on the initiative of Jörg Haider, once Europe's most successful rightwing leader.

Mr Haider's new group, the Alliance for Austria's Future (BZÖ), scraped past the 4 per cent threshold needed to gain seats in parliament, but is too weak to play a role in the next government.

Center-left Opposition Wins In Austria (AP)

By Veronika Oleksyn, Associated Press Writer

AP, October 2, 2006

Austria's opposition Social Democrats won nationwide elections on Sunday, swinging the country to the center-left after more than six years of influence by the extreme right, final unofficial returns showed.

With all but absentee ballots counted, the center-left bloc had 35.7 percent of the vote and the People's Party trailed with 34.2 percent, Interior Minister Liese Prokop said.

Although Chancellor Wolfgang Schuessel did not formally concede the election, he congratulated the leader of the Social Democrats, Alfred Gusenbauer, who would likely become the country's next chancellor. "We are a democratic country," Schuessel said.

Schuessel said he didn't blame anyone for the disappointing results, saying: "I carry the main responsibility for my party and I do that with conviction."

Gusenbauer, meanwhile, declined to proclaim outright victory, saying he would wait for all the votes to be counted. Officials said there were about 250,000 valid absentee votes to be tallied between now and Oct. 9, when the final results must be certified.

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"I never gave up hope. I always said there would be a surprise on Sunday," he said. "The people in Austria are of the opinion that yes, we're a rich and well-off country but it's not all distributed fairly enough and therefore people have the need for a correction."

Among other things, the Social Democrats have promised to lower the number of unemployed by 100,000 and reduce salary differences between men and women. The party had been in opposition since 2000 following more than three decades as the top vote-getter in Austrian elections.

The current governing coalition is made up of the People's Party and the rightist Alliance for the Future of Austria, which had vowed during the campaign to reduce the number of foreigners in Austria by 30 percent over the next three years.

Immigration had been a central theme of the campaign, with bitter debates over how to integrate foreigners into Austrian society.

The far right Freedom Party, which finished third with 11.2 percent of the vote, had pushed for the immediate deportation of all asylum seekers and other foreigners who commit crimes and argued that the number of foreign children whose mother tongue is not German should be capped at 30 percent in certain public schools.

The Greens finished fourth with 10.5 percent of the vote, and the Alliance for the Future of Austria captured 4.2 percent, just over the threshold needed to remain in parliament.

"Austrians have voted for a fairer society. They're looking for a much stronger commitment to the well-being of all citizens," said Paul Nyrup Rasmussen, president of the Brussels, Belgium-based Party of European Socialists.

"It's the start of a new era, and Austria can leave behind the international embarrassment of a coalition with the far right," he said.

In 1999, the Freedom Party's stunning 27 percent win in national elections — and its subsequent inclusion in the government — sparked months of EU diplomatic sanctions because of concerns over statements by then-leader Joerg Haider perceived as anti-Semitic and sympathetic to Nazi Germany's labor policies.

The main parties have ruled out including the Freedom Party in a new coalition.

President Heinz Fischer said he would meet on Tuesday with party heads, though it was unclear when he would ask the winner to form a new government.

Sunday's turnout was about 74 percent of Austria's 6 million eligible voters.

Associated Press Writer William J. Kole contributed to this report.

Hungary PM Suffers Big Poll Losses (FT)

By Christopher Condon

Financial Times, October 2, 2006

Ferenc Gyurcsany, Hungary's prime minister, suffered a double blow on Sunday night, when Laszlo Solyom, the president, called for his removal. Later, voters in nationwide local elections gave his Socialist party a beating.

Neither Mr Gyurcsany's position nor his newly introduced austerity measures was immediately threatened as his party continued to rally behind him.

However, the prime minister's ability to press forward with long-term plans for difficult public sector reforms may have suffered.

The opposition Fidesz party, along with thousands who have called for his resignation during recent anti-government demonstrations, received a clear boost from the day's events.

Sunday's vote comes two weeks after the revelation that Mr Gyurcsany had admitted lying about state finances to win April parliamentary elections.

With more than 80 per cent of precincts reporting, Fidesz looked headed for victory in 18 of 19 counties and in 19 of 23 cities.

The Socialists' were headed for only one significant victory, in Budapest, where they and their liberal coalition looked likely to retain control of the city council and the mayor's office.

Liberal Gabor Demszky, mayor of Budapest since 1990, narrowly led in his bid to win a fifth consecutive term.

The biggest surprise of the evening, however, was as a stunning blow to Mr Gyurcsany from Laszlo Solyom, Hungary's president.

In a televised address shortly after polls closed, Mr Solyom called on the country's parliament to remove Mr Gyurcsany from office.

Mr Solyom said Hungary was still immersed in a "moral crisis" related to Mr Gyurcsany's admissions to lying.

The president condemned recent street violence in Budapest but praised those who have demonstrated peacefully and called for Mr Gyurcsany's removal.

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"The peaceful protests across the country showed the healthy moral sense of the people to me. However, the catharsis and purge have not taken place," he said.

Mr Solyom said public finances represented Hungary's most pressing problem and he would support plans for reform. But, he added, reforms would not succeed without public support.

Mr Solyom said only parliament had the constitutional power to solve the crisis. He said: "The parliament decides on the person of the prime minister. The parliament can restore the required social confidence."

Socialist party members reacted to the speech by angrily attacking Mr Solyom for interfering in party politics and declaring their continued support for Mr Gyurcsany.

The news electrified an anti-government demonstration in front of the downtown parliament building that was estimated at 10,000 people.

On June 17, an audio taped leaked to the press revealed that Mr Gyurcsany, while imploring Socialist MPs to support his plans for reforms, said his party had lied repeatedly about state finances and the need to introduce austerity measures.

The resulting unrest did not significantly unsettle financial markets but caused analysts and investors to worry that Mr Gyurcsany's ability to pursue reforms would be damaged.

Moody's Investors Service and Fitch, the credit rating agencies, signalled they may soon downgrade Hungary's sovereign debt ratings.

Hungary is expected to post a 10.1 per cent budget deficit this year and is under heavy pressure to from investors and the European Union to make significant deficit cuts over the next three years.

Hungary's President Urges Premier's Ouster (NYT)

By Judy Dempsey, International Herald Tribune

The New York Times, October 2, 2006

BERLIN, Oct. 1 — Hungary's president, Laszlo Solyom, speaking on national public television Sunday just as the polls closed in local government elections, asked Parliament to oust Prime Minister Ferenc Gyurcsany for lying to the country about the state of the economy.

The surprise announcement by Mr. Solyom, an independent who was elected president last year, came as the voting ended in what was seen as the first test of Mr. Gyurcsany's political future since antigovernment protests erupted in Budapest and other cities over two weeks ago.

Voters cast ballots on Sunday in mayoral races and elections for local representatives in 3,174 cities, towns and villages. According to preliminary results released late Sunday by the National Election Office, with some 76 percent of the votes counted, the main opposition party, Fidesz-Hungarian Civic Union, seemed poised to win mayoral races in 15 of Hungary's 23 largest cities, as well as majorities in the county councils in 18 of the 19 counties, The Associated Press reported.

Mr. Gyurcsany's Socialist Party was seen retaining power in most of Budapest's 23 districts, and Mayor Gabor Demszky of Budapest — supported by the government coalition of Socialists and Free Democrats — was likely to win his fifth consecutive term since the 1990 return to democracy, The A.P. said.

As television viewers were waiting for the first results to trickle in just after the polls closed at 7 p.m. local time, Mr. Solyom, a quiet-spoken former president of the Constitutional Court of Hungary — the equivalent of the Supreme Court in the United States — appeared on screens.

"The prime minister refused to admit that he used inadmissible means to keep power," Mr. Solyom said, adding that the moral fiber of the government was called into question after Mr. Gyurcsany lied to the public during the parliamentary elections last April.

"The Parliament decides who is the prime minister," Mr. Solyom said. "The Parliament can restore society's confidence. The parliamentary majority holds the key to the solution."

Mr. Gyurcsany had told a closed meeting of the Socialist Party's top officials in May that the party had "lied in the morning and lied in the evening" to the electorate. When a tape of that meeting was leaked to Hungarian radio two weeks ago, spontaneous demonstrations erupted in Budapest and other cities, with protesters demanding that Mr. Gyurcsany, a wealthy businessman, resign.

As the demonstrations wore on, the protesters also voiced strong opposition to Mr. Gyurcsany's proposed economic program, which aimed at reducing the budget deficit from 10 percent of the gross domestic product by introducing sharp reductions in the public sector as well as introducing health charges and tuition fees for university students.

Mr. Gyurcsany repeatedly shrugged off the demonstrations, saying that he would not resign and that he was the only one in his party who could introduce bold reforms.

Mr. Solyom said Sunday that Mr. Gyurcsany had brought the office of prime minister — and politics — into disrepute.

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Emese Danks, a spokesman for Mr. Gyurcsany's coalition government of Socialists and Free Democrats, declined to comment on Mr. Solyom's announcement. "This is a party issue. This has nothing to do with the government. I have nothing to say," Danks said.

Eszter Pataki, a spokeswoman for the conservative Fidesz party, said her party agreed with "what the president said — this is the right line."

Earlier in the day, Mr. Gyurcsany said the results from the nationwide local government elections would not derail his economic program.

"I do not see any cause to consider this election as a referendum on the central government," he said as he cast his vote in an affluent part of Budapest. "We are continuing our program and I am quite sure that at the end, a significant majority of the people will think it was a successful one."

Serbia Asserts Its Sovereignty Over Kosovo In Legislation (NYT)

By Nicholas Wood

The New York Times, October 2, 2006

SARAJEVO, Bosnia and Herzegovina, Oct. 1 — As the United Nations Security Council looks increasingly likely to grant independence to Kosovo, Serbia's government has adopted a new Constitution that asserts what it considers is its irrefutable right to the province.

The Serbian Parliament voted overwhelmingly on Saturday to pass the Constitution, which includes a provision that defines Kosovo — currently administered by the United Nations — as an "integral part" of Serbia.

Kosovo's fate is the subject of United Nations-led negotiations between the Serbian government and ethnic Albanians in the province. The ethnic Albanians want independence, while the Serbian government and the province's small Serbian community demand that Kosovo remain part of Serbia.

Few Western diplomats say the groups will be able to reach agreement, leaving the decision to the United Nations Security Council, which is expected to grant Kosovo its independence, possibly by the end of the year.

The countries leading the United Nations effort to broker an agreement — a group that includes the United States and Russia — have been trying to get commitments from Kosovo's ethnic Albanians that they would not discriminate against or harm the Serbian minority. The countries hoped that would help Serbia accept Kosovo's independence.

But Western diplomats say Serbia has been intransigent about the possible breakup, and the passage of the Constitution is yet another indication that the country will not accept Kosovo's independence easily.

Diplomats fear that if Serbia does not agree to Kosovo's independence, it will foment trouble, including backing efforts by ethnic Serbs to resist Kosovo's ethnic Albanian-dominated government.

Although officially part of Serbia, Kosovo has been administered by the United Nations since June 1999, when Yugoslav troops were forced to withdraw after months of NATO-led bombing.

In 1998 and 1999, an estimated 10,000 people, mostly ethnic Albanian civilians, were killed as the Serbian-dominated Yugoslav Army and the Serbian police cracked down on an ethnic Albanian insurgency.

The new Serbian Constitution, which was drafted after the breakup of the state of Serbia and Montenegro in May, still must be approved by a popular referendum, set for Oct. 28 and 29, before it can become law. New parliamentary elections would follow in December.

The declaration on Kosovo drew criticism from ethnic Albanian leaders. "This is a unilateral decision, which will create problems in the future in normalizing the relations between an independent Kosovo and Serbia," Lutfi Haziri, deputy prime minister of Kosovo, said Sunday, according to Agence France-Presse. But he added: "I don't think the decision will be an obstacle for the status talks."

Serbs make up less than 10 percent of the population of Kosovo. Most of them live in enclaves spread across the province, where their movements are restricted because they fear attack by ethnic Albanians.

In an address to the Parliament of Serbia on Saturday, Prime Minister Vojislav Kostunica said, "By defending Kosovo and Metohija as our crucial national interest, you have unanimously decided to adopt a new Constitution that would confirm that Kosovo and Metohija is simply ours." (Kosovo and Metohija is what the Serbs call the province.)

In a separate development, an important party in Mr. Kostunica's coalition administration announced over the weekend that it was withdrawing from the government.

The pro-European G17 Plus Party said its ministers would resign because of what they said were the government's weak efforts to find and arrest Ratko Mladic, a Balkan war crimes suspect and former commander of the Bosnian Serb Army.

In neighboring Bosnia, voters went to the polls on Sunday, marking the end of a campaign in which major political parties were accused by international observers of promoting tensions among ethnic groups.

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The elections will lead to the appointment of representatives to Bosnia's governmental institutions, which were set up by the 1995 Dayton peace agreement. The pact ended the country's three-year civil war.

The institutions include a Parliament and a three-member presidency representing each of Bosnia's main ethnic groups: Orthodox Christian Serbs, Bosnian Muslims and Catholic Croats.

Tension Between Russia, Georgia Heats Up (AP)

By Maria Danilova

AP, October 2, 2006

The Cold War is long over, but the tension between Georgia and Russia revisits many of its issues — allegations of spying by Moscow, suspicions of interference by the United States and concerns that a hot war will start without some sort of compromise.

Last week's arrest of four Russian soldiers on charges of spying pushed a decade of animosity between Russia and Georgia to new heights. Russia recalled its ambassador, called Georgia a "bandit state" and stopped issuing visas to Georgians.

The reactions were far stronger than the tit-for-tat expulsions that usually accompany espionage scandals.

Amid an exchange of angry words, Russian President Vladimir Putin's response on Sunday stood out — likening Georgia's actions to those of Lavrenti Beria, the Georgian who headed the Soviet secret police under Joseph Stalin, and calling them "state terrorism."

But also Sunday, Putin took a step that could keep the tensions from spiraling further by ordering the defense ministry to continue its plans for withdrawing troops from Georgia. A Russian general a day earlier had announced that the plans were suspended.

Georgia's West-leaning government resents Russia for its close contacts with two separatist Georgian regions, for its reluctance to pulling out thousands of troops based in the country as a Soviet-era holdover and for economic pressure including sharply increasing the price of natural gas to banning Georgian wine, one of the country's major exports.

Russia in turn resists Georgia's drive to join NATO, its demands for the withdrawal of Russian forces and President Mikhail Saakashvili's determination to re-exert control over the breakaway regions of Abkhazia and South Ossetia, both of which seek possible annexation into Russia and have Russian forces present as peacekeepers.

It was also annoyed that a major oil pipeline from the Caspian Sea to Turkey runs through Georgia, bypassing Russia, and bristled when Georgia arrested a dozen opposition figures that Tbilisi claimed were plotting a coup with Russian backing.

The Kremlin saw Saakashvili's coming to power as an illegitimate regime change driven by Western governments, and the Western-educated Georgian leader has persistently aggravated Russia.

He went after the Russia-connected leader of the renegade province of Adzharia; then a seizure of Russian trucks in South Ossetia set off skirmishes there. Georgia took control of a small section of Abkhazia this year — and last week renamed it Upper Abkhazia — prompting Russian statements of support for the regions' drive for self-determination.

And last month he told the United Nations General Assembly that Russia was conducting a "gangster occupation" in the separatist regions. But relations were tense even with Saakashvili's predecessor Eduard Shevardnadze, who favored eventually joining NATO and had accepted U.S. troops and aid to buff up Georgia's impoverished army.

"There was already a kind of slowly developing cold war under Shevardnadze ... but when Saakashvili came to power, he sped up the process," said Ghia Nodia, an analyst with the Caucasus Institute for Peace Democracy and Development.

In the view of Sergei Markov, a Kremlin-connected analyst, the spying scandal is the next step in pushing tensions to all-out conflict.

"I think all these actions have, as their final goal, preparation for military operations first in South Ossetia and then in Abkhazia," Markov was quoted as saying by the RIA-Novosti news agency.

"One cannot rule out that there will be military conflicts or military incidents," agreed Georgian analyst Ramaz Sakvarelidze.

To avoid war, Sakvarelidze suggested, Georgia could stop its demand that Russian peacekeepers leave the separatist regions if, in turn, the troops changed their mandate from being "a wall between conflicting sides to a positive role in helping to build up relations." Georgia alleges the Russian troops support the separatists, essentially making Abkhazia and South Ossetia into proxy states.

Russia meanwhile wields significant influence over Georgia with its natural gas supplies. However, if it tried to cut off supplies, that could encourage Georgia to buy gas from Iran, as it did last winter when an explosion disrupted Russian deliveries to Georgia. That could also lead to new complaints from the West that Russia uses gas as a political weapon.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked — potentially increasing Russian suspicions that the United States is behind the latest tensions.

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"It's obvious that the Georgian authorities have decided on this step under the dictates of the American special services," Communist Party leader Gennady Zyuganov said last week.

The United States has pursued close relations with Georgia and says its aid is aimed at boosting the country's security and democratic institutions.

Last week, Deputy Assistant Secretary of State Matthew Bryza urged Russia and Georgia to negotiate, but Putin echoed Russia's suspicions on Sunday.

"These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Putin said.

AP correspondent Jim Heintz in Moscow contributed to this report.

Putin And Georgia Officials Intensify Rhetoric In Dispute (WP)

By Peter Finn

The Washington Post, October 2, 2006

MOSCOW, Oct. 1 -- Russian President Vladimir Putin accused the Georgian government of "state terrorism with hostage-taking" in a blistering attack Sunday that followed the arrests on espionage charges last week of four Russian military officers in Georgia.

Georgian officials, meanwhile, said Putin had met last week with the leaders of two breakaway regions that are inside Georgia's internationally recognized borders. The Kremlin would neither "confirm nor deny" that Putin had met with the separatist leaders of Abkhazia and South Ossetia in the Black Sea resort of Sochi, where he was working last week.

Putin's harsh tone and, if confirmed, a meeting with the separatist leaders would presage a major rupture in relations between Russia and Georgia, which have been at odds since Georgian President Mikheil Saakashvili came to power in January 2004 and set the former Soviet republic on a course away from Russian influence and toward membership in the NATO alliance.

Russia has provided quiet support to the two breakaway regions, including extending citizenship to many of their residents. But a meeting between Putin and their leaders would signify an open relationship that would infuriate the Georgians.

"This is an open support of separatism by Russia's leadership," Georgia's foreign minister, Gela Bezhuashvili, told reporters in Tbilisi, the country's capital.

Russia has signaled that any attempt to extend independence to Kosovo, a province of Serbia that has been administered by the United Nations since 1999, would provide a precedent for Abkhazia and South Ossetia to break away from Georgia. Both regions have been effectively independent since they routed Georgian forces in short wars in the early 1990s.

Saakashvili has said he is determined to reassert Georgian sovereignty over the two areas, and scrimmages along the borders in recent years have repeatedly threatened to spark renewed warfare. Russian forces are present in both regions -- as peacekeepers, according to Russia. Georgian officials say the Russian troops are propping up illegitimate governments.

Russia also maintains bases in other parts of Georgia, and Gen. Andrei Popov, head of the Russian military in the Caucasus, said on Sunday that any attempt to enter the facilities would be met with "deadly force." Georgian officials are seeking the arrest of a fifth Russian military officer who they say is in hiding in Russian military headquarters in Tbilisi.

Putin's comment came during a meeting at his country home outside Moscow to discuss the situation with senior ministers, leading legislators, armed forces chiefs and intelligence officials.

"The president described the actions of Georgia's leadership as an act of state terrorism with hostage-taking," the Kremlin said in a statement.

Before the meeting, Putin compared the arrests to the work of Soviet dictator Joseph Stalin's secret police chief, Lavrenti Beria, who, like Stalin, was a Georgian known for bloodthirsty ruthlessness.

"Our servicemen, as is known, have been detained and put behind bars," Putin said, making his first public comments on the crisis. "It is a sign of the legacy of Lavrenti Pavlovich Beria's policy."

On Thursday, Russia recalled its ambassador and evacuated other diplomats and their families from Georgia.

Georgian officials denounced the comments of Putin and other Russian officials as bellicose. "Our opinion is that this warlike rhetoric . . . can be described as an explicit threat to use military force," the Georgian Foreign Ministry said in a statement.

The intensity of the rhetoric has alarmed Western officials, who are calling for a negotiated settlement and privately urging the Georgians to find a quick solution, probably by expelling the Russians rather than putting them on trial, diplomats said.

Some Russian legislators are calling for a military solution, which would put Russia in conflict with a close U.S. ally with a force trained by Americans. Senior Russian officials so far have ruled out that option.

Putin hinted that the Georgians had been emboldened by their ties to the United States.

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"By all appearances, those who are doing it believe that this anti-Russian bias in foreign policy meets the interests of the Georgian people," he said. "But I do not think so. These people believe that, being under the cover of their foreign sponsors, they can feel comfortable and safe. But is it really so?"

Putin Accuses Georgia Of Employing Stalinist Tactics (LAT)

By David Holley

The Los Angeles Times, October 2, 2006

MOSCOW — Russian President Vladimir V. Putin used exceptionally harsh language Sunday to criticize Georgia for its arrest last week of four alleged Russian spies, accusing the former Soviet state of resorting to hostage-taking and Stalinist tactics.

In televised remarks made at the opening of a meeting with top security, defense and foreign policy officials, Putin said the Georgian government's actions followed in the path of Soviet dictator Josef Stalin's infamous secret service chief, Lavrenti P. Beria.

"It is absolutely clear that attempts are being made to sting Russia as painfully as possible and to provoke it," Putin said. "And, by all appearances, those who are doing it believe that this anti-Russian bias of foreign policy meets the interests of the Georgian people. But I do not think so."

Relations between Russia and Georgia have grown increasingly tense since the election in 2004 of pro-Western Georgian President Mikheil Saakashvili, who came to power after a nonviolent people's revolt dubbed the Rose Revolution. Among the top aims of his administration has been to recover control of pro-Russian breakaway regions and to bring Georgia into the North Atlantic Treaty Organization.

The heated rhetoric raised concerns about the risk of a military clash between Georgia and Russia, which has troops on peacekeeping duty in the breakaway regions. Russia also has two Soviet-era bases in the part of Georgia controlled by the central government.

In an apparent reference to the close ties that Georgia has with the United States and the European Union, Putin said that the Georgian policymakers "believe that, being under the cover of their foreign sponsors, they can feel comfortable and safe."

"But is it really so?" Putin continued. "Today, I would like to hear representatives of both the civilian departments and the military."

Putin then met behind closed doors with members of the country's security council.

After the meeting, the presidential website posted a statement that "the president termed the actions of Georgia's leadership as an act of state terrorism with hostage-taking."

Despite the angry words from Putin, his spokesman, Alexei Gromov, issued a brief statement Sunday evening that the president had ordered the Defense Ministry to continue the pullout of Russian troops from the two Soviet-era bases, in keeping with earlier agreements. The Russian military had announced Saturday that it had suspended closure of the bases in response to the spy dispute.

The four espionage suspects held by Georgia are among five Russian military officers arrested Wednesday. One of the five was released Thursday for lack of evidence. Ten Georgian citizens also were detained. Georgia has demanded that Moscow hand over a sixth officer believed to have taken refuge in Russia's military headquarters in Tbilisi, the Georgian capital.

Gen. Andrei Popov, the commander of Russian forces in Georgia, said Sunday that if provoked, his troops would respond with "any means necessary, including shooting to kill," the Russian news agency RIA Novosti reported.

Various top Russian officials besides Putin also have bitterly denounced Georgia's arrest of the spying suspects. But most of those statements, like Putin's, avoided direct comment on whether the detained officers were in fact intelligence agents.

Russia recalled its ambassador, Vyacheslav Kovalenko, in protest of the arrests, and he told reporters upon his arrival here Friday that the spying charges had "no solid basis at all." The Georgian government has released videotape that shows an exchange of money during a meeting of the alleged Russian spies and their Georgian contacts.

Putin is a former KGB agent, and before becoming president he headed its main domestic successor agency, the Federal Security Service. That personal background opened him to a bitterly sarcastic counterattack from a leader of Georgia's parliament, Giga Bokeria.

"Coming from Putin, it seems that the comparison with Beria is a compliment, because he is a direct successor," Bokeria said in comments broadcast on Georgia's Rustavi-2 television.

"However, of course this is an insult for us," Bokeria continued. "We are not proud of any legacy left by any Soviet executioner."

Incumbent Leads In Zambia Presidential Voting (NYT)

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By Michael Wines

The New York Times, October 2, 2006

JOHANNESBURG, Oct. 1 — Zambia's incumbent president, Levy Mwanawasa, surged into the lead on Sunday as vote-counting in that nation's presidential election neared a conclusion, leading angry supporters of the main opposition candidate to riot in some urban centers.

Mr. Mwanawasa's rival, Michael Sata, who led in vote tallies until now, accused the government of withholding results from provinces where he had done well and said the government was "creating tension in the nation" by refusing to acknowledge his victory.

But the nation's largest independent newspaper, The Zambia Post, said the results so far seemed to reflect its own polling of voters around the country. And a leading political historian, Bennett Siamwiza of the University of Zambia, said in a telephone interview that he believed that the vote, on Thursday, had been the most orderly and corruption-free in the nation's history.

With 94 of 150 voting constituencies reporting, Mr. Mwanawasa had almost 734,000 votes, or about 40 percent of the 1.8 million ballots counted. A businessman making his first foray into politics, Hakainde Hichilema, was second with 579,000 votes, and Mr. Sata, a former cabinet minister, trailed with 538,000 votes.

Mr. Sata, a charismatic speaker whose prop-filled campaign stops sometimes drew tens of thousands of supporters, had been pegged by some opinion polls as the runaway leader in the race. He won broad backing among Zambia's millions of poor people with his promises to turn around their lives within three months of taking office.

But some cautioned that it was unclear whether his throngs of supporters were actually registered to vote. Mr. Sata also confined much of his campaigning to Zambia's few big cities, and Mr. Mwanawasa appeared to be doing well in rural areas.

On Saturday, Mr. Sata angrily warned of "ghastly consequences" if election irregularities denied him victory. On Sunday, he declared himself the winner, saying the government was withholding results from his strongholds. "Let them announce the elections from our Lusaka, Copperbelt, Northern and Luapala Provinces, where we have won overwhelmingly," he said. "What criteria are they using in releasing the results?"

In Lusaka, the police arrested dozens of Sata backers after disturbances broke out when the latest vote tallies were announced. Shops closed, because of fear of more election-related violence.

But the government had already relented to Mr. Sata's demands that Chinese-manufactured computers not be used to count the vote — he said the Chinese supported Mr. Mwanawasa — and independent European observers have called the Zambia vote a model for the region.

"These are by far the best-organized elections in Zambia's history," Mr. Siamwiza, the historian said. "They're very transparent."

Webster Malido, the news editor of The Zambia Post in Lusaka, said in a telephone interview that Mr. Sata appeared to have believed that the crowds supporting him in Lusaka and other cities mirrored support elsewhere in the country.

"For Sata, the problem is that Mwanawasa was able to get some votes in every province, even where he did bad," he said. "But Sata only campaigned in urban areas," he added, and so was almost shut out in some rural regions.

Private Firms Eye Darfur (WT)

By Willis Witter

The Washington Times, October 2, 2006

Private military companies protecting American diplomats, aid workers and local officials in Iraq and Afghanistan are making a pitch to take over U.N. peacekeeping missions in Darfur and other global hot spots where the United Nations is unable to stop the killing.

Companies such as Blackwater, Triple Canopy, DynCorp and Halliburton have mushroomed in size and number since the 2003 Iraq invasion, serving an increasing need to protect people and projects from terrorist attacks.

With a limited number of U.S. and coalition troops in Iraq, private companies fill a void with up to 100,000 employees, far more than all non-U.S. coalition troops combined. They do everything from serving meals on U.S. bases to protecting diplomats and visiting generals who venture outside the protected Green Zone in downtown Baghdad.

Some companies are looking beyond Iraq and seeking a greater role in peacekeeping, and the largely ineffective deployment of a 7,000-member African Union (AU) force in the Darfur region of western Sudan provides an opportunity.

Blackwater says it could get its people and equipment in Darfur in three weeks, provided U.N. members could agree on a plan. In comparison, it takes an average of six months for a U.N. peacekeeping team to deploy.

Within limits

There's nothing inherently wrong with the concept, said Robert Young Pelton, author of the just-released book "License to Kill," which provides an inside look at a secretive world of private military contracting.

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Few people even know about the industry, which is said to bid on $30 billion to $100 billion in annual contracts. One reason is that well-paid private contractors in Iraq and elsewhere typically sign agreements that include fines of up to $250,000 for speaking with reporters.

Shortly after Secretary of State Colin L. Powell visited Darfur in 2004, Blackwater put together a proposal to go in there and stop the two sides from killing each other, Mr. Pelton said.

"The problem is, if you look at the presentation, it includes not only men with guns. They're offering helicopter gunships, a fighter bomber that has the capacity to drop cluster bombs and [satellite-guided weapons], armored vehicles. You say: 'Wait a minute? That's a lot of offensive force. What does that have to do with peacekeeping?'"

Almost everyone agrees that the U.N. peacekeeping system is broken, a view underscored by the humanitarian disaster in Darfur, in which hundreds of thousands of people have been killed and millions driven into squalid refugee camps.

The private sector would not perform offensive operations, said Chris Taylor, Blackwater's vice president for strategic initiatives. But it could provide badly needed backup for the AU force in an area of Sudan roughly the size of France.

"If the AU comes in and performs an intervention in one area, we can follow behind them and relieve them so they can continue elsewhere. We can provide the defensive security and provide a defensive perimeter for the humanitarian organizations to follow. The NGOs can start doing what they do best within a secure environment, and that's what's missing in Darfur," Mr. Taylor said.

"We're having discussions with all the principals, the policy-makers, but as you can imagine, the obstacles to doing this are far more political than operational," he said.

Outside the law

On an ill-defined battlefield, such as in a guerrilla-led insurgency, contractors can quickly become soldiers.

Mr. Pelton's book describes one such battle between a handful of Blackwater contractors and the Mahdi Army militia of radical Shi'ite cleric Muqtada al-Sadr in Najaf.

In spring 2004, the militia attacked Camp Golf, then the local headquarters of the U.S.-led Coalition Provisional Authority.

Fighting lasted all day and night, with Blackwater contractors doing most of the fighting and Blackwater helicopters doing all the resupply and medical evacuations, Mr. Pelton writes.

"The military seemed to fear what was happening -- Blackwater Security versus the Mahdi Army while the U.S. military stood by watching -- essentially an American mercenary militia battling an Iraqi mercenary militia."

U.N. peacekeeping operations make limited use of private companies to move troops and supplies; provide logistical support, medical personnel, portable outhouses; and perform other tasks.

Air transport for the 18 U.N. peacekeeping missions is done by private companies. Guards at many U.N. facilities are supplied by companies that bid for contracts. In Liberia, an entire police force was trained by one of the biggest military contractors, DynCorp, which was hired by the United States as part of a U.N. peacekeeping operation.

But it is situations like the battle in Najaf that worry the United Nations.

"The idea of putting in [peacekeeping] forces that would have the ability to use all necessary means, up to and including the use of lethal force to address a problem, is one that we are not comfortable with," said an official with the U.N. Department of Peacekeeping Operations.

Peter W. Singer, a scholar at the Brookings Institution and author of the 2003 book "Corporate Warriors," views the notion of privatized U.N. peacekeeping with skepticism.

"It would be a great idea if Martians came and acted in Darfur, too," Mr. Singer said. "It's not on the table except in the minds of the companies, or to be kind of honest, journalists looking for an interesting story."

Like Mr. Pelton, Mr. Singer raises the issue of accountability.

"Current international law has been found inapplicable to the actions of the industry, as the firms fall outside of the outdated legal conventions that deal only with individual mercenaries," he wrote in Brookings' Policy Review.

Blackwater's Mr. Taylor disagrees.

"Our professionals are just as accountable to the Geneva and Hague conventions as anybody else," he said, before listing at least a dozen overlapping U.S. laws that would apply to Blackwater employees.

In his book, Mr. Pelton weighs in on the side of Mr. Singer: "As of the spring of 2006, there has not been a single contractor charged for any crime that occurred in Iraq, though hundreds of soldiers have been court-martialed for offenses ranging from minor violations of military code to murder."

Under discussion

Doug Brooks, president of the International Peace Operations Association, a trade group representing 27 private companies, offers another take on a role for a private peacekeeping army in Darfur.

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The Sudanese government refuses to accept U.N. peacekeepers because it fears a repeat of what happened in Kosovo, which gained de facto independence from Serbia through a U.N. intervention, Mr. Brooks said.

"What about a private company working under Sudanese law?" he asked.

"You'd have to have some safeguards, but in essence, you would get effective security. It would be neutral, so it would protect against both the rebels and the [government-backed] Janjaweed militia. It would pay taxes to the Sudanese government.

"You'd have to have safeguards to make sure the guys aren't thrown into some kangaroo court for every alleged offense. But it's something that they might be willing to look at."

Mr. Brooks said his organization is attempting to broach the subject with the Sudanese government.

"We've had some informal contacts through go-betweens to see what they think about it and haven't heard back," he said. "But who knows?"

We Saved Europeans. Why Not Africans? (WP)

By Susan E. Rice, Anthony Lake And Donald M. Payne

The Washington Post, October 2, 2006

With Darfur set to be hit by a second wave of genocide, world leaders are shifting into diplomatic high gear. The government of Sudan flatly rejects deployment of a 22,000-strong U.N. force, knowing it would be much more effective than the African Union's, even if augmented by additional personnel as is now planned.

Some 450,000 innocent human beings are already dead, and more than 2.5 million have fled their homes. Now Sudan is launching a major offensive in Darfur. After three years of fruitless negotiation and feckless rhetoric, it's time to go beyond unenforced U.N. resolutions to a new kind of resolution: the firm resolve to act.

Will world leaders continue to give the perpetrators of genocide a veto over international action to stop it? Unless something changes dramatically, the answer seems to be yes.

British Prime Minister Tony Blair proposed bribing the Sudanese with debt relief, aid and trade concessions to get them to admit U.N. peacekeepers. By contrast, Secretary of State Condoleezza Rice threatened confrontation, and President Bush declared: "If the Sudanese government does not approve this peacekeeping force quickly, the United Nations must act." But neither said how. Instead, the president appointed Andrew Natsios, a former administrator of the U.S. Agency for International Development, as his special envoy for Darfur. An envoy's role is to negotiate, but the Sudanese have left nothing to negotiate.

Lost in the diplomatic bustle is reality: First, the U.S.-brokered peace deal for Darfur, fatally flawed from its signature, is dead. Second, Sudan has broken every pledge to every envoy to halt the killing in Darfur. Third, China is unlikely to compel Sudan to admit the United Nations -- 7 percent of its oil is at stake, and China may figure we value its help on Iran and North Korea more than on Sudan. Fourth, it's too late for sanctions; even if China miraculously relented, it would take months before their bite was felt. By then, Sudan will have completed its second wave of genocide in Darfur.

History demonstrates that there is one language Khartoum understands: the credible threat or use of force. After Sept. 11, 2001, when President Bush issued a warning to states that harbor terrorists, Sudan -- recalling the 1998 U.S. airstrike on Khartoum -- suddenly began cooperating on counterterrorism. It's time to get tough with Sudan again.

After swift diplomatic consultations, the United States should press for a U.N. resolution that issues Sudan an ultimatum: accept unconditional deployment of the U.N. force within one week or face military consequences. The resolution would authorize enforcement by U.N. member states, collectively or individually. International military pressure would continue until Sudan relented.

The United States, preferably with NATO involvement and African political support, would strike Sudanese airfields, aircraft and other military assets. It could blockade Port Sudan, through which Sudan's oil exports flow. Then U.N. troops would deploy -- by force, if necessary, with U.S. and NATO backing.

If the United States fails to gain U.N. support, we should act without it. Impossible? No, the United States acted without U.N. blessing in 1999 in Kosovo to confront a lesser humanitarian crisis (perhaps 10,000 killed) and a more formidable adversary. Under NATO auspices, it bombed Serbian targets until Slobodan Milosevic acquiesced. Not a single American died in combat. Many nations protested that the United States violated international law, but the United Nations subsequently deployed a mission to administer Kosovo and effectively blessed NATO military action retroactively.

Unthinkable in the current context? True, the international climate is less forgiving than in 1999. Iraq and torture scandals have left many abroad doubting our motives and legitimacy. Some will reject any future U.S. military action, especially against an Islamic regime, even if it is purely to halt genocide against Muslim civilians. Sudan has also threatened that al-Qaeda will attack non-African forces in Darfur -- a real possibility since Sudan long hosted Osama bin Laden and his businesses. Yet, to allow another nation to deter the United States by threatening terrorism would set a terrible precedent. It would also be cowardly and, in the face of genocide, immoral.

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Some will argue that the U.S. military cannot take on another mission. Our ground forces are stretched thin. But a bombing campaign or a naval blockade would tax the Air Force and Navy, which have relatively more capacity, and could utilize the 1,500 U.S. military personnel in nearby Djibouti.

Others will insist that, without the consent of the United Nations or a relevant regional body, we would be breaking international law. Perhaps, but the Security Council recently codified a new international norm prescribing "the responsibility to protect." It commits U.N. members to decisive action, including enforcement, when peaceful measures fail to halt genocide or crimes against humanity.

This genocide has lasted three long years. Peaceful measures have failed. The Sudanese government is poised to launch a second round. The real question is this: Will we use force to save Africans in Darfur as we did to save Europeans in Kosovo?

Susan E. Rice, a senior fellow at the Brookings Institution, was assistant secretary of state for African affairs from 1997 to 2001. Anthony Lake, a professor at Georgetown University, was national security adviser from 1993 to 1997. Donald M. Payne is a Democratic representative from New Jersey.

Report Cites Bid By Sunnis In Bahrain To Rig Elections (NYT)

By Hassan M. Fattah

The New York Times, October 2, 2006

MANAMA, Bahrain, Sept. 29 — Just months before Bahrain is to hold parliamentary and municipal elections, a former government adviser has set off a political firestorm with a report describing what he says is a vast conspiracy to rig the elections, manipulate the country's sectarian balance and ensure Sunni domination over the country's majority Shiites.

The scandal, which is being called "Bandargate" after the author of the report, Salah al-Bandar, reaches to the core of this tiny island kingdom's simmering tensions.

The report includes hundreds of pages of supporting material, apparently authentic, including canceled checks, hotel bills, accounting sheets and notes. The material suggests that at the very least, unusual business dealings were occurring between government officials, Mr. Bandar says, and that it may have amounted to an effort to set off ethnic conflict.

"For the first time the evidence is complete, it's not just allegations," said Mr. Bandar, speaking by telephone from Britain, where he has lived since his deportation in early September. "The evidence is documents, it is signatures, and there is a blueprint for their plans and their strategy. One can see the way in which the discrimination is institutional now, and it is beyond any imagination."

In all, Mr. Bandar contends, the documents indicate that $6 million was spent to plant articles in Bahraini newspapers, organize counterdemonstrations when Shiites held protests, set off cellphone text-message campaigns against opposition figures and even support a program to convert Shiites into Sunnis. Government officials have dismissed Mr. Bandar as a disgruntled employee with ulterior motives, insisting that the report is a fabrication.

Bahrain, with a population of about 700,000, including 200,000 expatriates, is a weekend playground for Saudis. The tiny island just off the coast of Saudi Arabia is a regional business hub and in recent years has become a center for Islamic banking.

But long-simmering sectarian divisions erupted almost to the point of civil unrest during the 1990's. King Hamad bin Isa al-Khalifa, who succeeded his father in 1999, headed off the conflict by promising political changes aimed at turning the country into a constitutional monarchy. But when the effort faltered several years ago, many advocates for the Shiite population stepped up their demands for greater rights and more of a say in a government that they say is skewed to the Sunni minority. Shiite groups boycotted the last elections, in 2002, but were expected to take part in the November elections.

At the same time, more militant Sunni groups, alarmed by a Shiite revival in the Middle East, have begun painting Bahrain as the edge of a "Shiite Crescent," increasingly susceptible to Iran's influence. The resulting tensions here have at times boiled over into violent clashes between gangs of young people and security forces.

Mr. Bandar, 52, a Sunni who was born in Sudan and married a Bahraini, was employed as an adviser to the Cabinet Affairs Ministry. He said he began receiving calls in January from other Sunnis inside the government increasingly concerned by what they said was an organized campaign to raise tensions within the government.

Mr. Bandar, who is also the secretary general of a group called the Gulf Center for Democratic Development, said he began investigating the accusations, enlisting the help of accountants and the government whistle-blowers to piece together a picture of a web led by high-ranking government officials.

In early September, he said, he presented a 240-page report to advisers to King Hamad and the prime minister, Sheik Khalifa bin Salman al-Khalifa, as well as to Western embassies and the news media. The report indicates that at the least, payments were made to the news media and other groups to write articles and spread messages. But it contends that the campaign went beyond corruption as a network of officials, religious leaders, government-backed civic groups and even some Jordanian intelligence agents worked to drown out Shiite voices and strengthen Sunnis.

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The elections, Mr. Bandar said in the report, were part of a five-year plan to put political control of the country firmly in the hands of a small group of militantly anti-Shiite Sunnis. But he noted in the phone conversation that there was no evidence linking either the king or the prime minister to the scandal. "The strategy of the group is to heighten the tension," Mr. Bandar said.

Much of the scandal centers around Sheik Ahmed bin Ateyatalla al-Khalifa, chief of the Central Informatics Organization, Bahrain's version of the Central Intelligence Agency, who also heads the committee that is overseeing the November elections. Most of the checks appear to be drawn on Sheik Ahmed's personal accounts, and the report includes documents with a detailed accounting of the expenditures.

Shortly after Mr. Bandar issued the report, he said, his contract was terminated. He was taken to the airport, he said, and placed on a flight bound for Britain, where he holds citizenship, his visa canceled when he left. He now stands accused of espionage and of trying to foment a coup and could face charges if he tried to return. He said he was filing his own lawsuit against the government charging wrongful dismissal.

For the most part, the government has remained silent as the scandal has grown. The news media have responded to the accusations that they accepted payments by writing articles critical of Mr. Bandar.

Officials implicated in the report do not dispute the authenticity of the documents in Mr. Bandar's report, but insist that their actions were not illegal and that his conclusions were wrong. Sheik Ahmed, speaking to reporters in Bahrain, said the report was a fabrication intended to undermine the coming elections and "weaken national unity."

The canceled checks, he said, were part of normal business dealings outside his official duties. But opposition leaders say even that would be a violation of the Constitution, which bans ministers from having outside business dealings.

"The checks are true, they are there and signed but they depend on people filling the gaps and getting the wrong impression," said Raed Shams, assistant secretary for cabinet affairs at the Ministry of State, who is described in the report as a major player in the group. "You start creating the whole story in your mind. In the end they are mixing the deck and confusing the issues."

Bahrain's predominantly Shiite opposition groups say the report is a smoking gun and have demanded a full investigation. "All of this fits within our own political reading," said Ibrahim al-Sharif, chairman of the Democratic Action Society. "What he did for us was connect the dots and show the extent of the effort. It's fair to say everyone is shocked by the result."

Global Sludge Ends In Tragedy For Ivory Coast (NYT)

By Lydia Polgreen And Marlise Simons

The New York Times, October 2, 2006

ABIDJAN, Ivory Coast, Sept. 28 — It was his infant son's cries, gasping and insistent, that first woke Salif Oudrawogol one night last month. The smell hit him moments later, wafting into the family's hut, a noxious mélange reminiscent of rotten eggs, garlic and petroleum.

Mr. Oudrawogol went outside to investigate. Beside the family's compound, near his manioc and corn fields, he saw a stinking slick of black sludge.

"The smell was so bad we were afraid," Mr. Oudrawogol said. "It burned our noses and eyes."

Over the next few days, the skin of his 6-month-old son, Salam, bloomed with blisters, which burst into weeping sores all over his body. The whole family suffered headaches, nosebleeds and stomach aches.

How that slick, a highly toxic cocktail of petrochemical waste and caustic soda, ended up in Mr. Oudrawogol's backyard in a suburb north of Abidjan is a dark tale of globalization. It came from a Greek-owned tanker flying a Panamanian flag and leased by the London branch of a Swiss trading corporation whose fiscal headquarters are in the Netherlands. Safe disposal in Europe would have cost about $300,000, or even twice that, counting the cost of delays. But because of decisions and actions made not only here but also in Europe, it was dumped on the doorstep of some of the world's poorest people.

So far eight people have died, dozens have been hospitalized and 85,000 have sought medical attention, paralyzing the fragile health care system in a country divided and impoverished by civil war, and the crisis has forced a government shakeup.

"In 30 years of doing this kind of work I have never seen anything like this," said Jean-Loup Quéru, an engineer with a French cleanup company brought in by the Ivorian government to remove the waste. "This kind of industrial waste, dumped in this urban setting, in the middle of the city, never."

The tale of the sludge can be traced to July 2, when a rust-streaked tanker, the Probo Koala, arrived in Amsterdam after a lengthy stay in the Mediterranean. Leased by Trafigura, a global oil and metals trading company, it was pausing on its way to Estonia to unload what the company said was 250 tons of "marslops" or "regular slops." That is the wash water from cleaning a ship's holds, which would normally be laced with oil, gasoline, caustic soda or other chemicals.

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Amsterdam Port Services, a waste processing company, took the job, for about $15,000. But as workers unloaded the waste, they found problems, the company said. For one, the volume was much higher, more like 400 tons. For another, the seeping fumes of the waste sickened some of the Dutch workers.

"It was pitch black and had a heavy stench," said Luut Planting, a spokesman for Amsterdam Port Services. "No one had ever seen similar waste."

The company stopped unloading the sludge, ordered analyses and then informed the Amsterdam city authorities of the presence of hazardous waste, Mr. Planting said. The material and test results are currently under seal in the office of the Dutch public prosecutor, which has opened a criminal investigation.

A statement posted on Trafigura's Web site says that tests performed on material discharged by the Probo Koala in Abidjan by a laboratory in Rotterdam showed that the material was not toxic. "Contrary to speculation in the media and the activist communities about residue washings in a recent shipment to Côte d'Ivoire, tests conducted by the company and others show the washings themselves to have little or no toxicity," the statement says.

As to the deaths and illness, the statement says, "It is still unclear exactly what caused the tragedy."

But the Rotterdam laboratory, Saybolt, has told Dutch news media the samples were not sealed, not properly marked and not wholly reliable.

Lucas Reijnders, a chemist and professor of environmental science at the University of Amsterdam, said he had seen the results of an analysis done in Ivory Coast by a lab there, Ciapol, on samples taken from the Probo Koala before the dumping.

The analysis showed extremely high levels of caustic soda; mercaptans, a kind of sulfur compound; and hydrogen sulfide, he said. The last, he said, is a volatile compound that "smells of rotten eggs, but at high concentrations you can no longer smell it because it paralyzes your nervous system."

"It's very lethal and acts very rapidly," he added. The mix, he said, was suggestive of oil refining.

Exactly where the waste originated remains unclear. A spokesman for Trafigura, Jan Maat, said the Probo Koala had served in the Mediterranean "as a floating storage tank" and had taken on loads from several different ships, but he declined to give details.

Reports in the Dutch press said the Probo Koala had been secretly used as a floating refinery during the summer, when selling gasoline had become unusually profitable.

Mr. Maat denied that. "This is absolutely untrue," he said.

After analyzing the waste, Amsterdam Port Services told Trafigura's London office that the price to treat and dispose of it would now be much more expensive, close to $300,000. Trafigura, which in 2005 had revenue of $28 billion dollars, balked at the cost.

"It was so much higher than the first price," said Mr. Maat. It would also have meant staying an extra day, costing $45,000 in port fees and a penalty of some $300,000 for arriving late in Estonia, he said.

A brief standoff ensued, but the Probo Koala was able to leave Amsterdam two days later after taking back all of its waste with the permission of the Dutch authorities.

"We have never handed back or refused waste before," said Mr. Planting. "But the crux was that Trafigura refused to pay. If they had, the material would have been treated and there would have been no problem."

From Amsterdam, the Probo Koala sailed to Estonia and took on Russian oil products. After delivering them to Nigeria, it continued to Abidjan, where it arrived on Aug. 19.

Mr. Maat said Trafigura's London office had advised the Ivory Coast port authorities and the Transportation Ministry that it was delivering chemical waste requiring special treatment and close supervision, and hired a local company, Tommy. "We were informed that four companies there could handle it," said Mr. Maat. "One of them was Tommy. Clearly this has not been a fortunate choice."

He also said, "We do not acknowledge responsibility for the dumping of the waste without treating it."

French, Dutch and British toxic-waste experts and oil traders said it can be easily ascertained that Ivory Coast has no facilities capable of handling high-level toxic waste.

Tommy hired more than a dozen tanker trucks, into which it pumped the sludge. The trucks fanned out, at night, to at least 18 sites across the city, according to witnesses in several neighborhoods where the material was dumped, as well as the French cleanup crew.

Several tankerloads went to the Abidjan landfill, in a community called Akouedo. Residents there are accustomed to foul odors, but knew something was particularly bad about the new material. They chased and surrounded one of the tanker trucks, forcing the driver to flee on foot, witnesses said. In other places, some trucks were simply abandoned by drivers fearful of being attacked as word of the illegal dumping crept out and public anger rose.

Efforts to reach Tommy by telephone were unsuccessful, and at least one of its executives has been jailed in Ivory Coast.

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Last week Jean-Baptiste Giassey, a 13-year-old schoolboy, rooted through garbage piled at Akouedo, near a team of workers from Tredi, the French environmental cleanup company that is gathering up the polluted trash, which is expected to be sent to France for proper disposal.

Stinking mud oozed from the trash under his flimsy sandals, coating his feet and legs. He was looking for scraps of aluminum, which he would sell to traders for less than 25 cents a pound. He said he had been spending five or six hours a day at the dump, trying to earn enough money for new clothes.

"I don't know that it is dangerous," he said. "I come here every day."

At first the Ivorian government did not acknowledge that something was amiss, even though the rank smell was spreading through the streets of Abidjan. Officials say they suspect they will find more dump sites than the 18 identified so far.

The spreading illnesses sparked violent demonstrations from a population convinced that government corruption was to blame for the dumping, and ultimately the furor forced the prime minister and his government to resign in September, though much of the government was reinstated later. Six Ivorians, one Nigerian and two European officials from Trafigura have been jailed so far in Ivory Coast.

The risk of sickness from the waste has abated with evaporation, experts said. But there may be long-term effects of exposure. In Dgibi, a village on the northern outskirts of Abidjan where some of the waste landed, an impromptu clinic set up to examine people exposed to the waste has been seeing 200 patients a day.

Most complain of nausea, headaches, skin sores and nosebleeds, said Stanislaus Dessi, a doctor at the clinic who works for the Ministry of Health.

"People are scared and confused," Dr. Dessi said. "We try to calm them and give them medicine to treat whatever symptoms they have."

The Probo Koala, back in Estonia, has been detained by the government there at the request of Ivory Coast.

Greenpeace has filed criminal complaints in Amsterdam against Trafigura, Amsterdam Port Services and the Dutch environmental authorities. The Dutch government said it could not comment while criminal investigations were under way. There are no fewer than five investigations going on in Ivory Coast.

The city of Amsterdam and the Dutch Parliament have begun their own inquiries.

"The whole procedure was illegal, first allowing the waste in, then pumping it back on board and letting the ship leave without any licenses," said Eco Matser, a chemist and expert in toxic waste at Greenpeace.

Africa has long been a dumping ground for all sorts of things the developed world has no use for. "This is the underbelly of globalization," said Jim Puckett, an activist at the Basel Action Network, an environmental group that fights toxic waste dumping. "Environmental regulations in the north have made disposing of waste expensive, so corporations look south."

U.S. To Cut Guatemala's Debt For Not Cutting Trees (NYT)

By Marc Lacey

The New York Times, October 2, 2006

MEXICO CITY, Oct. 1 — The United States government has joined with two environmental groups in a debt-for-nature swap, which will forgive about 20 percent of Guatemala's $108 million in foreign debt to Washington in an effort to help threatened tropical forests there, American and conservation officials said late last week.

In a deal to be announced Monday in Guatemala City, the government of Guatemala has agreed, in exchange for the debt forgiveness, to invest $24.4 million over the next 15 years in conservation work in four nature regions.

This is the largest amount of debt that has been forgiven by the United States under the Tropical Forest Conservation Act, which was enacted in 1998. So far, 10 countries, from the Philippines to Peru, have had part of their debt forgiven in exchange for forest protection efforts.

"You can't just come in as the U.S. and say it's important to protect those forests," Claudia A. McMurray, assistant secretary of state for oceans, environment and science, said in an interview. "You have to give these countries alternatives."

In the latest deal, the United States government contributed about $15 million toward the cancellation of Guatemala's debt, said Clay Lowery, assistant secretary of the Treasury for international affairs. The groups Conservation International and the Nature Conservancy each contributed an additional $1 million. Those funds, and the interest they will generate, will be enough to erase more than $20 million in debt and interest, officials said.

"This is a huge deal for Guatemala," John Beavers, who helped to negotiate the deal for the Nature Conservancy, said in a telephone interview from Guatemala City. "We hope it helps to drive the conservation area in Guatemala."

The country has struggled in recent years to control illegal logging and drug trafficking in its natural areas. Soldiers are deployed in some areas to stem the destruction.

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There is also a legal threat to Guatemala's parks. A business confederation has filed a suit contending that the law establishing the protected areas is unconstitutional, because it did not receive a two-thirds majority when the legislature approved it almost 20 years ago.

The bulk of the money generated by the debt forgiveness will go to private organizations working to preserve the country's nature areas. A $4.9 million conservation trust fund will also be set up to generate interest income for future grants.

The money will be spent in four of Guatemala's premier reserves, which include tropical and subtropical forests and coastal mangrove areas. The areas are home to many rare and endangered species.

"The areas protected in this agreement lie in the heart of Mayan civilization, and they are home to jaguars, scarlet macaws, harpy eagles and countless other species," Steven J. McCormick, president of the Nature Conservancy, said in a statement.

The protected areas are the Cuchumatanes region, the Maya Biosphere Reserve, the Motagua/Polochic System and the Western Highlands volcanic chain.

To qualify for the program, Guatemala had to meet a series of political and economic criteria. Eligible countries must have democratically elected governments and a suitable economic reform program in place, and they must cooperate with the United States on drug enforcement and counterterrorism efforts.

An agreement under the program with Belize set aside 23,000 acres of new forest preserves and has helped to manage an additional 270,000 acres. One of two deals in Panama helped preserve the Chagres River Basin, which is a major source of water for the Panama Canal.

European Agenda (WSJ)

By Nicolas Sarkozy

The Wall Street Journal, October 2, 2006

Next year's 50th anniversary of the EU's founding Rome treaty should be celebrated with pride, for it marks an historic achievement: Half a century of reuniting a divided Continent. But there is also cause for concern. The forces driving the Union's political momentum have run out of steam and Europe's citizens are either doubtful or indifferent to its aims and lack any real collective hope for the future.

Whether we like it or not, the referendum results on the EU constitution in France and the Netherlands were unequivocal and binding. Yet the need for EU constitutional reform remains strong. A new reference text will have to define Europe's geopolitical boundaries, establish the Union's long-term political aims, correlate EU policies with EU projects and set out the means to move forward. An ambitious agenda of this sort calls for a large-scale democratic debate. But all this takes time, and time is something we do not have. I would suggest that the most urgent priorities for institutional reform could be covered in a mini-treaty that would modify the treaties of Nice and Amsterdam. We should aim to draft this mini-treaty under the German EU presidency next year and to ratify during the French presidency in 2008 in time for the European Parliament elections in 2009. * * *

First, the mini-treaty should extend the scope of qualified majority voting in the Council and co-decision with the European Parliament and empower the European Parliament to elect the European Commission president. It should respect the principle of subsidiarity and to this end strengthen the role of national parliaments by adopting the EU constitution's proposed "early warning" system, enabling national legislators to challenge Commission proposals. There can also no longer be any dispute about the value of a stable European Council presidency. The mini-treaty should also create an EU foreign minister and increase participatory democracy, especially to empower groups of a million citizens or more to request that the Commission make proposals in a specified area. Finally, if the mini-treaty were to confer a legal personality on the Union this would allow it to participate in some international organizations as a single political entity.

But root-and-branch reforms nevertheless remain essential in the longer-term.

Choosing EU commissioners solely on the basis of their nationality prevents effective team-building. At the same time, though, the Commission is often a scapegoat for public opinion. So what would happen when it takes a major decision affecting, say, a large company from a country without its own commissioner to represent its national interest? To break this stalemate, we need to consider whether the Commission president should not select fellow members.

I am also convinced that Europe must change its rules on unanimous decision-making. How can we believe, or make others believe, that we can fight terror by bringing together a learned assembly of 50 justice ministers, giving each one the floor for two minutes and then demanding unanimity from them? I have already suggested the idea of a "super-qualified" majority voting system of 70% or 80% support for particularly sensitive policy areas. We also need a new motor to drive important decisions forward, with those countries most concerned by a specific topic getting together to set out an action plan. Such ad hoc groups could explore new possibilities for collective action, while leaving the door open for other states to join later.

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Now is the time, too, to face up honestly to the issue of Europe's borders, and accept that the French and Dutch referendum results were partly provoked by a Europe "sans frontiers." Establishing a new geographic and political framework for EU enlargement is a prerequisite of renewed popular support for the European project. And this framework must recognize that the Union's capacity to absorb new members is finite. I want this capacity to be quantified. The decision to accept each new applicant should be taken in light of the EU's internal objectives, its institutional limitations and the level of popular support. Such decisions should not be based upon foreign policy goals or a desire to encourage neighbors to reform.

So who is European and who is not? Clearly, some non-member countries are part of the European continent and have the right to full EU membership. This group includes Switzerland, Norway and -- eventually -- the Balkans. Then there are other countries whose right to join the Union is debatable or who, although neighbors, are clearly non-European.

For this latter group in the Euro-Asian and Mediterranean areas we should avoid presenting them with overly stark choices: Full membership or nothing at all. Our first step should be to establish preferential partnerships so we can work together while still observing our different interests and values.

Countries that want to participate in prosperous European markets should adopt all the internal market regulations needed to protect our product quality and controls. But preferential partnerships can also go beyond trade, allowing non-member countries to participate in certain European policies so that the Union can encourage their economic and social development. We could also perhaps even secure new defense arrangements that would help to build our collective security. * * *

Of all the countries with which the EU should have preferential relations there is Turkey, our neighbor and friend, sharing many of our security concerns and many of our values. These are good reasons for strengthening our ties with Turkey, without going so far as offering full membership.

However, no candidate for EU membership has the right to ignore that the Union has 25 members, including Cyprus. Despite the customs union between Turkey and the EU, Turkey continues to deny access to its ports and airports to boats and airplanes that have stopped in Cyprus. This is not acceptable. I say again and again that the EU must suspend any new accession negotiations with Turkey until Ankara has ratified and implemented, in good faith, its agreed trade protocols.

Turning to questions of EU finance, we must undertake an ambitious reform of the European budget. Under the current system, national budgets support European expenses. This is illogical, unfair and intolerable for the net contributor countries and incomprehensible for citizens. European expenses must be financed by European resources, just as local taxes finance local expenses. Financial reform will be an important issue for the coming French EU presidency.

Finally, I want to consider how to modernize political life in Europe. In each member state, the issues at stake in European election are still primarily national. My answer would be to allow European political groups to combine national lists of candidates and present a united program during European parliamentary elections. This would create genuine Europe-wide campaigns on European political agendas. If affiliated groups also declared their preferred choice for Commission president, this would give European citizens a direct say over the direction of Europe.

The world has changed tremendously since the Treaty of Rome and perhaps we have now reached the end of the road for that model of European integration. The new Europe must recognize new realities and adapt to them, not try to impose artificial systems upon its decision-making. Here is a revolution for the Union, a rupture with the past. What we need now is for all of the EU's member states to rediscover a desire to take Europe forward instead of being preoccupied with their national interests. Failing that, those nations which want to seize the initiative should be able to do so without being constrained by the reluctance of the others.

Mr. Sarkozy is France's interior minister. This essay is an edited version of one to appear in the fall issue of Europe's World.

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Block, Jonathan

From: Block, Jonathan
Sent: Monday, October 02, 2006 12:20 PM
To: Block, Jonathan
Subject: Sunday Show Transcripts 10/1/06
Attachments: SUNDAY SHOW TRANSCRIPTS 10.1.doc
Importance: Low

Attached, please find transcripts of the Sunday morning talk shows on October 1, 2006.

Jonathan
202-616-0503 (Work)
202-353-5328 (Mobile)

SUNDAY SHOW TRANSCRIPTS
10/1/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: Only 37 days until the midterm elections. The Democrats must gain six seats to take control of the U.S. Senate. This morning, our Senate Debate series continues with another one of the most closely watched races of the year, Ohio, where incumbent Republican Senator Mike DeWine faces off against Democratic challenger Congressman Sherrod Brown. A new poll out this morning shows the race nearly a dead heat. Republican Mike DeWine vs. Democrat Sherrod Brown, only on MEET THE PRESS.

What a week in Washington. Bob Woodward's new book, "State of Denial," about the Bush administration in Iraq; Republican Congressman Mark Foley of Florida resigns after sending salacious e-mails to a Capitol Hill page; Democrats and Republicans demanding an investigation as to who knew what when. All that and our U.S. Senate Debate from Ohio.

But first, on Wednesday evening, President Bush hosted a dinner with the two leaders crucial in helping to capture Osama bin Laden: the presidents of Afghanistan and Pakistan. The two men have been increasingly critical of each other. Earlier that day I sat down with Pakistan's president, Pervez Musharraf, and asked him about his differences with the president of Afghanistan.

President Musharraf, welcome back to MEET THE PRESS.

PRES. PERVEZ MUSHARRAF: Thank you very much.

MR. RUSSERT: Last Sunday on this very program: President Karzai of Afghanistan. And I asked him the following question:

(Videotape, September 24, 2006):

MR. RUSSERT: Where is Osama bin Laden?

PRES. HAMID KARZAI: He is not in Afghanistan. I can tell you that for sure.

MR. RUSSERT: Is he in Pakistan?

PRES. KARZAI: Probably he is there.

(End videotape)

MR. RUSSERT: Is he?

PRES. MUSHARRAF: I wouldn't be saying—I wouldn't follow his example of not knowing anything and yet talking. I don't know where he is. And who is informing him I would like to

know. I would like to ask him how to substantiate whatever he says. I don't know it. How can I say that he's on this side or that side? He could possibly—I can only guess—he could possibly in the—be in the border area.

MR. RUSSERT: In your book on page 221 you say, "I have said, half-jokingly, that I hope he is not caught in Pakistan." In all seriousness, are you fearful that if you captured Osama bin Laden, your government could topple?

PRES. MUSHARRAF: No, no. Never. That will never happen, and I am not fearful. But yes, indeed, it could cause some certain—it probably will cause waves within the extremists. Extremists will get more active. But these are my apprehensions. I'm not fearful. And not at all the government—my government doesn't get toppled. People support me. People know what I'm doing, and it's not that fragile.

MR. RUSSERT: There was a big rumor last week of a coup. Why did so many people in Pakistan listen to that rumor for so long?

PRES. MUSHARRAF: Well, they don't listen. It's a—a rumor always has publicity value when it starts spreading. But the very fact that I'm sitting here for since the last 18 days and not bothered at all should tell you how confident I am about the situation in Pakistan.

03:36

MR. RUSSERT: There's been a lot of discussion about an agreement, a treaty that you signed with some of the tribal leaders in north Waziristan. Some have said you've now given sanctuary to dissidents, to militants, the Taliban in that area. Why did you, in fact, withdraw the military from there after suffering substantial losses of some of your young men? Are you now going to give sanctuary to the terrorists?

PRES. MUSHARRAF: No. There are two misperceptions. When you say we—"Why have we withdrawn the military?" Well, the unfortunate part is, this is being spread by people with vested interests. Not one soldier has been moved out. They're—not one battalion, one soldier has been relocated. And what is anyone talking of? The military is there. And we think what we are doing will lead to success.

We are only involved in military operations. A military operation is—are not a—not an—a solution in themselves. They will only buy you time and create an environment, which our army did on our side. And having that environment, now these tribals themselves have pushed the governor, that "We want to reach a peace agreement." And we put a bottom line for them laid down by me to the governor, which is not negotiable: No al-Qaeda activity, no Taliban activity, on our side or across the border. And they signed this, and they agreed to this.

Now what is the problem? This is a strategy which has a ray of hope, a ray of success. And we should emulate this on the front side instead of criticizing it and not coming up with a counterstrategy.

MR. RUSSERT: The concern is in many circles that the Pakistani intelligence agency, the ISI and the Taliban are in cahoots. "Seth Jones, a political scientist at the RAND Corporation, said ... 'The evidence suggests the [Pakistani intelligence] is involved [in assisting Taliban insurgents] in several ways.' ... Pakistani intelligence agents have provided intelligence to the Taliban about coalition plans and tactical operations, he said, tipping off Taliban forces and allowing them to flee. Western military forces have intercepted the tips and know they are from people connected to Pakistani intelligence, Mr. Jones said. ... 'The U.S. government also believes they have given monetary assistance and maybe weapons.'"

Financing, tipping off, weapons? The ISI helping and assisting the Taliban, the very people who housed Osama bin Laden?

PRES. MUSHARRAF: I would—I think—I totally disagree with this. They don't know the realities on ground, they are not conscious of the reality that I'm seeing, the extreme danger of this becoming a people's movement.

MR. RUSSERT: So nobody in the ISI is helping the Taliban?

PRES. MUSHARRAF: Now, nobody in the ISI helps. Now, there—I have some reports that some dissidents, some people, retired people who were in the forefront, in ISI, during a period of '79 to '89 may be assisting with the leaks somewhere here and there. We are keeping a very tight watch, and we'll get all of them if at all that happens.

MR. RUSSERT: Finally, Iraq. You write in your book that you never favored the invasion of Iraq, because you feared "it would exacerbate extremism, as it has most certainly done. The world is not a safer place because of the war in Iraq; the world has become far more dangerous." Have you said that to President Bush?

PRES. MUSHARRAF: Well, we discussed—we haven't discussed it in such detail, and I look more—instead of talking of what it has become, we are talking of what is the present, and what is the solution to the problem. That is more important to me, and I don't get—whatever's happened has happened in Iraq.

MR. RUSSERT: Should the U.S. get out of Iraq?

PRES. MUSHARRAF: No, they can't. They should not. Because again, it's going to destabilize this region, and I agree with President Bush and whatever he's doing. We cannot leave. Whatever has happened now has happened. Now we have to make sure that we stabilize and then come out. Otherwise, it has—its reverberation will be felt in the Gulf.

MR. RUSSERT: We thank you very much for joining us.

PRES. MUSHARRAF: Thank you very much.

MR. RUSSERT: Coming next, Iraq, the Bob Woodward book, the resignation of Republican Congressman Mark Foley. And today, all eyes on Ohio. Our MEET THE PRESS Senate Debate series continues with Senate candidates Republican Mike DeWine and Democrat Sherrod Brown. They are next, right here on MEET THE PRESS. A debate is coming up.

(Announcements)

MR. RUSSERT: It's often said "As goes Ohio, goes the nation." The Ohio U.S. Senate debate. Republican Mike DeWine. Democrat Sherrod Brown. After this station break.

(Announcements)

MR. RUSSERT: Welcome, Republican incumbent Senator Mike DeWine, Democratic challenger Sherrod Brown, welcome both.

SEN. MIKE DeWINE (R-OH): Yep.

REP. SHERROD BROWN (D-OH): Thank you, Tim.

SEN. DeWINE: Thank you.

MR. RUSSERT: Let me start with...

REP. BROWN: Nice to see you, Tim.

MR. RUSSERT: Thank you. Let show you and start with Iraq. On Thursday, this was the president of the United States. Let's listen.

(Videotape, Thursday):

PRES. GEORGE W. BUSH: Five years after 9/11, the worst attack on American homeland in our history, the Democrats offer nothing but criticism and obstruction and endless second-guessing. The party of FDR and the party of Harry Truman has become the party of cut-and-run.

(End videotape)

MR. RUSSERT: Senator DeWine, "party of cut-and-run"? Is that appropriate and fair?

SEN. DeWINE: Tim, I don't use that term at all. But there's fundamental differences between how I think we need to proceed in Iraq and how...

MR. RUSSERT: Why don't you use that term?

SEN. DeWINE: It's just not a term that I use, "cut and run."

MR. RUSSERT: Is it inappropriate?

SEN. DeWINE: I know what it means. I know what it means to people, but I, here's—let me tell you what I believe and what I feel in my heart and what I think the evidence clearly shows. We cannot leave Iraq with the job undone, and we cannot set an artificial timetable. It would bring disaster, just to set a date that we will be out. It will embolden the insurgents, it will tell them when we will be gone. They just sit back and wait. That would be a mistake.

If you don't believe me, look at what the three military leaders who came in and testified in front of the Democrat Senate committee the other day said. General Batiste for example, General Eaton. They said they were very critical of the president, very critical of Rumsfeld, very critical of the conduct of the war. But when Hillary Clinton asked the question, the key question, really, Senator Clinton asked, "Shall we set a date, a date specific, to be out of Iraq?" they all said "No." And the reasons they gave were, one, it would bring about chaos in Iraq; two, it would, it would, it would spread; three, the person—the country that would benefit the most would be Iran. And then it was also said, and I think absolutely correctly, that we would have in Iraq a situation like we had in the 1990s in Afghanistan, only it would be worse. It would become the focal point for the terrorists, a place where they could go, get sanctuary. It would be even worse, Tim, than Afghanistan because one of—the colonel who testified said, "Beirut's on a major, major airline route. They won't have any trouble getting there, it's very easy." So that's what is, really, Tim, is at stake. These are not easy choices.

MR. RUSSERT: It's at stake, Senator.

SEN. DeWINE: They're tough questions.

MR. RUSSERT: But it begs the question, what do you do? Is status quo acceptable?

SEN. DeWINE: No. What, what we do is—I think General McCaffrey has pointed out one of the things that we have to do a much better job of is to make sure that the Iraqi military has the real equipment they need. It is very expensive for us to be there. We are losing precious lives of Americans, many from Ohio. We need to give them the equipment, pay the price, give them the equipment. We also need to continue to train them. And once they are to a point where they can take this over, we're out of there. We want to be gone. No one wants to be out of there any more, any more than...

MR. RUSSERT: Months or years?

SEN. DeWINE: Tim, there again, you cannot set the, the date. You can't say, "We're going to be out by a certain date," because it emboldens. What—all I'm saying is we need, and I'm following what everybody who has looked at this seriously says, whether they were for us getting in or not, we cannot leave by setting an artificial date. What we have to do is let the facts on the ground control.

MR. RUSSERT: Congressman Brown, headlines everywhere here. Here's David Ignatius in The Washington Post. "The Big Question Democrats Are Ducking." The hard question, "What do we do in Iraq?" We know you're opposed to the war, but what specifically do you do now?

REP. BROWN: First it's a question of accountability and a question of competence. Every—we all know, everyone knows now, the book that just mentioned by Bob Woodward, "State of Denial," the book, "Fiasco," the new National Intelligence estimates all say that, that the administration, that particularly Cheney and Rumsfeld, either muzzled or ignored—muzzled the military, muzzled the intelligence or, or ignored their advice. People who sit on the Intelligence Committees, like Mike DeWine, simply haven't done their jobs. They've not demanded accountability. They, they, they didn't listen to the questions of—on weapons of mass destruction. They didn't demand that the president come up with a plan to win, a plan to provide body armor for our troops, and way more people died than needed to because of that. They didn't demand any—how—a plan to reconstruct Iraq and rebuild Iraq, and then they didn't demand an exit—any kind of exit strategy.

MR. RUSSERT: Assuming all that's true, what do we do now?

REP. BROWN: What we do is we, we pressure, we force, we push the Iraqis to build the security forces, the military and the police security forces that they need to build. Mike DeWine and the administration is just saying "status quo, just stay the course." They're not advocating any real change. They've been saying for three years that things were doing well. They've clearly, even with the differences in the administration as that book points out that you mention, they, they, they clearly haven't really made any real changes in what we're doing in Iraq. I think once we, we push them in a serious way, we push them and pressure them to compromise—the Iraqis, the Sunnis and the Shiites—and we say to the military, we instruct the military that we want to exit Iraq within a year and a half to two years, and we tell them that we order the military, we instruct the military to, to come up with a plan within that year and a half to two years specifically at what, at what speed, and that the troops exit Iraq in the most orderly and safe way for Americans.

MR. RUSSERT: You—if you had your way, you had suggested the troops be out this year, by the fall of '06. What would've happened to Iraq if the troops left right now?

REP. BROWN: No, I, I suggested—I didn't suggest that.

MR. RUSSERT: A year ago.

REP. BROWN: I suggested a year ago that the president come up with a plan to begin the exit—the, the withdrawal of troops and then it, then it would be within a year or so. Now, obviously, you can't bring them out right now. I've never said, "Bring them out today." I say we need to order the military, instruct the military over the next year and a half or two years to come up with the exit strategy to do it in the safest, most orderly way. Otherwise, otherwise, Tim, the, this, the policy is just "stay the course." And that's clearly not working. Two—in, in—you know, we—again, we've not—we've an Intelligence Committee that hasn't asked the tough questions. It's not demanded any real accountability. And we've had this war prosecuted so incompetently and ineptly as a result.

MR. RUSSERT: Back in October in '03, about six months into the war, you voted against $87 billion to fund the war. Would you consider, if the president does not change the course and you're elected to the U.S. Senate, measures to cut off funding for the war?

REP. BROWN: No, I would not vote against the troops in the field.

MR. RUSSERT: Why did you do that in '03?

REP. BROWN: I voted against the $87 billion because there was a better way to do it. Much of that $87 billion went to Halliburton and went to Bechtel and went to Parsons, and it was not—there was no accountability. It was a blank check. I wanted $87 billion, the money, to go to the troops for body armor. I spoke out on body armor in committee over, over and over, questioned people like administrator Paul Bremer. And today Mike DeWine is running ads on television saying that I voted against the $87 billion. He should be ashamed of himself for that because he knows I was speaking out...

SEN. DeWINE: Sherrod...

REP. BROWN: ...on the 87 billion...

SEN. DeWINE: Sherrod...

REP. BROWN: ...way earlier than he was.

SEN. DeWINE: Oh!

REP. BROWN: And that I was pushing our—he sent people to war without the proper body armor. I said to Colin Powell, I said to administrator Bremer, I wrote letters to President Bush in early 2003 before we were at war, saying it's time you made sure you answered these questions about body armor, about how many troops, about exit strategy, about how much it's going to cost. And if he had done that in the, in the Intelligence Committee, if he had asked those same questions, we would have a safer America today.

SEN. DeWINE: Sherrod...

MR. RUSSERT: A chance to respond.

SEN. DeWINE: ...you are absolutely unbelievable. I cannot believe you...

REP. BROWN: This is the same guy...

SEN. DeWINE: Can I finish?

REP. BROWN: ...that ran...

SEN. DeWINE: Can I finish? Can I finish? You had your turn.

REP. BROWN: OK, fair enough.

SEN. DeWINE: You are absolutely unbelievable. How can you say this when you, Sherrod, voted five different times against funding for body armor when it really counted, when it was real money? You voted five times against body armor. And this is a long pattern, Tim, that this congressman has, with all due respect. Fifteen different times he has voted against funding for the military when it really counted in the, in the final vote. But it's a long history, a long pattern. With all due respect...

REP. BROWN: Mike, you know better than to say things like that.

SEN. DeWINE: ...let me finish—let me just finish.

REP. BROWN: But you do know better than to say things like that.

SEN. DeWINE: Now let me finish. Now you let me finish now. Now you let me finish and then we'll, we'll go. It's a long history, Sherrod, that you have. You do not understand that this is a global war on terror. If you, if you—Tim, if he'd understand...

MR. RUSSERT: Well, this—stop—but senator, this is important, because the National Intelligence Estimate came out talking about a cause celebre. And this is what it said. "The Iraq conflict has become the cause celebre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement." Has in fact the Iraq war made us less safe, created more terrorists than we've killed?

SEN. DeWINE: Tim, I think the National Intelligence Estimate said it very well. I think it is correct. It said a number of things. One, it said, as you pointed out, there was—it's become a cause celebre, I think that's the right word. The jihadists, the people who want to kill us, always have a cause. Osama bin Laden's cause before he, he went in and did September 11th was that we had troops in the, in the, in the Arabian Peninsula, Saudi Arabia. They have other reasons. They say Israel. They say that we have troops other places. So it is all—it is always something. But the, but the key finding, seems to me in that NIE, is they said, "If the jihadists are successful in Iraq, they will be emboldened and there will be more of them. If they're unsuccessful, there will be fewer of them." That to me is future-looking, Tim, and I think that is very instructive and it goes along with what the three military leaders who testified in front of the Democrats had the same plot, same plot in mind.

MR. RUSSERT: I want to, I want to look to the, I want to look to the future, but I just want to button this up because I think it's an important question for the voters of Ohio and the debate across the country. If the CIA came to you back in October of 2003 and said—October of 2002 and said, "Saddam Hussein does not have weapons of mass destruction," would you have still voted to go into Iraq?

SEN. DeWINE: No. I think...

MR. RUSSERT: So, so you regret your vote?

SEN. DeWINE: No. I think that, Tim, that the evidence—I've said this many times—the evidence that we would have never even had a vote. It would never have been presented by the president, we never would have had a vote. But saying that does not mean that our troops have not done a magnificent job, nor does it mean that the world is not better off for having Saddam Hussein—this man who had developed chemical weapons and biological weapons in the past—the world is better off, Tim, for him being gone.

One of the things that the Iraqi survey group that went in afterwards said, when they said they didn't have the weapons of mass destruction, but they said two other things that are very, very interesting. They said, one, he continued to have the capability, the scientists, and—to, to develop them in the future. And second, he had the will and inclination to do it.

MR. RUSSERT: So you stand by...

SEN. DeWINE: Two very...

MR. RUSSERT: ...you stand by your vote?

SEN. DeWINE: On what we knew at the time. But I will say again, Tim, that if we knew that at the time, my—the tipping point for me, as I think it would have been for most Americans, was, based on Saddam's history, what we knew about this man, this man who had, who had—that gassed the Kurds, 20,000 of them; this man who, who had, who had hidden from the U.N. for years and years and years what he had; defied 16 U.N. resolutions. Our intelligence—and it wasn't just the intelligence that Mike DeWine had, it was intelligence that Tony Blair had, Great Britain's Tony, the same intelligence that Bill Clinton had. We all had the same intelligence. The intelligence committee said, "This man has weapons of mass destruction." Knowing that, there was no choice at that point but to make that decision. But the intelligence was bad.

MR. RUSSERT: You, you believed that Saddam had weapons of mass destruction?

REP. BROWN: I voted against the war because the president hadn't proved, the president hadn't proved it.

SEN. DeWINE: What's the answer to that? What's the answer?MR. RUSSERT: But you did believe Saddam had weapons of mass destruction?

REP. BROWN: I wasn't sure. And I think the president did not prove, nor did Colin Powell, prove to the American public or to the Congress. Apparently he proved it to, to Mike DeWine and the Intelligence Committee, who believed it.

SEN. DeWINE: Well, he proved it to Bill Clinton, he proved it to Bill Clinton. And you know that, Sherrod.

REP. BROWN: But he, he—it's pretty clear—you always, you always say he proved it to Bill Clinton, to Bill Clinton. I've heard it before. But the funda—look at the real fundamental...

SEN. DeWINE: Well, look at the 198--90--but Tim, look at the 1998 speech that Bill Clinton gave where he laid out the case against Saddam. I'm not saying Bill Clinton would've gone into war or not. That's not the question. The question is...

REP. BROWN: Well, the...

SEN. DeWINE: ...what was the intelligence estimate that made Bill Clinton believe it? And he clearly did.

MR. RUSSERT: The policy, the policy of the Clinton administration was regime change in Iraq. You agreed with that?

REP. BROWN: And the policy of regime...

SEN. DeWINE: And you voted for regime change.

REP. BROWN: And the policy of regime change, but we were, we were changing the regime by what we were doing with the inspections, and the president should have let the inspections work. We, we would've overthrown Saddam Hussein, ultimately...

SEN. DeWINE: How?

REP. BROWN: ...by, by sanctions, by what we were doing. But, but the, the real fundamental thing is...

MR. RUSSERT: Without military action?

REP. BROWN: Well, I don't know. We might have. But we didn't need to go into Iraq at that time, and that's been proven.

The, the, the fundamental difference on, on this whole war on terror that Mike DeWine sits on the Intelligence Committee for 12 years. It's clear that, that he has failed on that committee. But the fundamental difference on the war on terror is, is look at how the United States has lost its focus. Look what's happened in Afghanistan. The Taliban is stronger than it's been at any time in five years. We know that more poppies are grown to--95 percent of the poppies in the, in the world are grown in Afghanistan. We're not supporting a moderate democratic government as well as we should in Afghanistan.

And then it's not just in Afghanistan that, that, that we've lost our focus that's caused, caused al-Qaeda to be stronger. Go look at what we've done in the United States. We've failed to protect our nuclear facilities, our water systems, our chemical plants. We tell our grandmothers to take their shoes off at the airport, yet we inspect fewer than 10 percent of cargo containers that come into our ports, that come across I-70 in the heart of Ohio, that come across the turnpike in I-90.

And we've—the, the intelligence operation in this country coupled with the loss of focus because of the war in Iraq has made the United States less safe.

And that's—so the question always, whom do you trust? Whom—Mike DeWine's been on the Intelligence Committee for 12 years. Whom do you trust to wage the war on terror? Somebody that's going to keep his focus on al-Qaeda, on protecting the United States of America, or somebody that's just saying, "Status quo in Iraq, status quo, status quo."

SEN. DeWINE: All right, let me answer that.

MR. RUSSERT: All right, let me, let me...

SEN. DeWINE: Let me answer the "who do you trust question," if I could.

Could I just answer that question?

MR. RUSSERT: All right, Senator, then I want to move to the future.

SEN. DeWINE: I'll be brief. I'll try to be brief.

MR. RUSSERT: Please.

SEN. DeWINE: Do you trust a man who, during the 1990s, when we were hit in the World Trade Center, Khobar Towers, USS Cole, all during the 1990s—it was clear what the terrorists were trying to do—this man voted 10 separate times to cut, to cut our intelligence spending. The majority of those times to put in...

REP. BROWN: Mike, Mike, you know better than that.

SEN. DeWINE: No, the truth.

REP. BROWN: You know, you know better than that, Mike.

SEN. DeWINE: You...

REP. BROWN: You've been to the Senate for 12 years,

SEN. DeWINE: You—can I finish? Can I finish?

REP. BROWN: ...you've been an Ohio state senator, you know better than making charges like that...

SEN. DeWINE: Can I finish? Tim, let me just, let me just...

REP. BROWN: ...that are just unsubstantiated.

SEN. DeWINE: You're unbelievable again. Ten different times, the roll call was there. You...

REP. BROWN: I joined, I joined Porter Gauss and Jim Sensenbrenner, the author of the Patriot Act...

SEN. DeWINE: Tim, Tim, let me ask him a question. Let me ask him a question. Tim...

REP. BROWN: ...because we knew that the...

SEN. DeWINE: Ten different times you voted.

REP. BROWN: ...that the intelligence operations in our government where he sat on the committee...

MR. RUSSERT: All right. All right, all right.

REP. BROWN: ...our intelligence operations were aimed...

MR. RUSSERT: All right.

SEN. DeWINE: Look, Tim, one point, just one point.

REP. BROWN: ...towards the Cold War and not towards the war on terror.

MR. RUSSERT: All right, hold on. Hold on. All right, Mike...

REP. BROWN: We wanted to see a shift in our intelligence focus...

SEN. DeWINE: Give me 60 seconds.

REP. BROWN: ...and Mike sat on that committee and failed to do it.

MR. RUSSERT: OK. All right. All right.

REP. BROWN: So we had to try to do it on the House floor. I ultimately voted...

MR. RUSSERT: Time out. Time out, time out, time out, time out, time out.

REP. BROWN: I ultimately voted every time for those intelligence budgets, and he knows that.

MR. RUSSERT: All right. Ask him one question and then I want to move on.

SEN. DeWINE: The majority of times of those 10 times where Sherrod Brown voted to cut our intelligence spending, he was the minority even of his own party. In addition to that, Tim, we passed the Patriot Act. We all came together, passed it, 98-to-1 in the Senate. That means Ted

Kennedy voted for it, John Kerry voted for it. Sherrod Brown in the House, was one of 66 members of the House to vote against the Patriot Act, and he continues to vote against the Patriot Act, to deny our law enforcement the tools they need to go against terror.

MR. RUSSERT: All right. I'm going to give him 30 seconds to respond to that, then I want to move to the future.

REP. BROWN: Well, the, the—again, the—on the intelligence, the intelligence...

MR. RUSSERT: But you voted against the Patriot Act?

REP. BROWN: I did vote against the Patriot Act. The Patriot Act had a lot of good things in it, but it, it, it went too far. And it's, it's not—the Patriot Act is law now, but we've not done what we should do in Afghanistan. We've not done what we should do to protect the United States of America. And clearly his focus has been "stay the course" in Iraq, the status quo in Iraq, and that has caused all other parts of the war on terror—it's undermined all other parts of the war on terror, coupled with the fact the intelligence experts are saying the war in Iraq is making us less safe, Tim.

MR. RUSSERT: Here's two...

REP. BROWN: As you know.

MR. RUSSERT: Here's two poll questions that I think caught the attention of a lot of Americans. Let me start with Senator DeWine.

"Most Iraqis Favor Immediate U.S. Pullout." "Most Iraqis." "A strong majority of Iraqis want U.S.-led military forces to immediately withdraw from the country, saying their swift departure would make Iraq more secure and decrease sectarian violence, according to new polls by the State Department and independent researchers."

And then this poll. "Iraqis back attacks on U.S. troops. About six in 10 Iraqis say they approve of attacks on U.S.-led forces ... [according to] the poll done for University of Maryland's Program on International Policy Attitudes."

Senator DeWine, if they want us out, and they're in favor of attacking us, why are we still there?

SEN. DeWINE: Tim, I was shocked by that as well. But you know, on reflection, this is their country. There's a lot of things going wrong. You blame someone who is there. Still does not change that we're not in Iraq primarily for the Iraqis. We're in Iraq for us. We're—have to do what we have to do, and it goes back to what the three generals—three military leaders said. It would be a total disaster for us to leave. It is in our self-interest, the interest to protect American families, that we are in Iraq. That's why we're there.

REP. BROWN: I, I guess I'm surprised that Mike DeWine is shocked by that. He sits on the Intelligence Committee, sat there 12 years. He's shocked that the Iraqi people think it's time to—

that, that, that troops be pulled out of Iraq? We're in the midst—we're—what we're doing in Iraq now, all intents and purposes is we're refereeing a civil war. That's why we need to push the Iraqi military forces and police forces to build their own security units to protect their country, to make themselves more secure. And that's the, that's the solution, not "stay the course," not just status quo.

MR. RUSSERT: Let's assume that in a year, year and a half, the Iraqis become more secure in terms of the military operations, police operations, we redeploy, and then civil war breaks out. What do we do?

REP. BROWN: Well, civil war is broken out there now. I mean, it's, it's—with the Shiites, the Sunni—you know what's happened in, in Anbar; you know what's happened in, in central Iraq...(unintelligible)...

MR. RUSSERT: So if it's a failed state, what do we do?

REP. BROWN: Well, if it's a failed state, we—maintaining the status quo is getting us nowhere except more American lives, $2 billion a week, and a loss of focus on Afghanistan, which is in much worse shape than it was two, three, four years ago, and a failure to protect our ports, and a failure to protect our nuclear facilities.

MR. RUSSERT: But could Iraq become the next Afghanistan?

REP. BROWN: We don't know. But it's clear that the status quo's not working, and we need to begin to say to the Iraqis, "You've got to do it on your own." If they think we're going to stay as long as Mike DeWine does, and George—Condoleezza Rice said we might be there 10 more years, President Bush says it's going to be up to the next president. Our embassy in Iraq sits on, on 100 acres while the average U.S. embassy around the world sits on 10 acres. So they don't think we're leaving. As long as they don't think we're leaving, any time as far as the eye can see, there simply is not the incentive for them to, to compromise—the Sunnis, the Shiites and the Kurds—and there's not the incentive for them to build their security forces in spite of the pleas of President Bush to build your security forces.

MR. RUSSERT: Bob Woodward's new book, "State of Denial," has this in it. "[Outgoing White House Chief of Staff Andy] Card was enough of a realist to see that there were two negative aspects to Bush's public persona that had come to define his presidency: incompetence and arrogance. ... Maybe unfair, unjustified in Card's opinion, but there it was. He was leaving. And the man most responsible for the postwar troubles, the one who should have gone, Rumsfeld," the secretary of defense, "was staying. 'It's Iraq, Iraq, Iraq,' Card told [his successor Josh] Bolten," the new chief of staff.

Senator DeWine, looking back at the number of troops involved, the judgment made about sectarian violence, the judgment made about the costs of the war, the judgment made about weapons of mass destruction, should President Bush have replaced the Secretary of Defense Donald Rumsfeld?

SEN. DeWINE: I've already said, Tim, I don't have confidence in Rumsfeld.

He's made major mistakes in this war. There's absolutely no doubt about it. The decision to put Rumsfeld in was made by the president, and that's his decision to keep. I was not elected president of the United States, the president was. That's why we have elections.

MR. RUSSERT: Well, in order to...

SEN. DeWINE: Ultimately, I, I don't have confidence in him, no. I've already said that.

MR. RUSSERT: Would you urge the president to replace him?

SEN. DeWINE: I think by saying I don't have confidence, it makes it pretty clear what I think.

MR. RUSSERT: That you're urging the president?

SEN. DeWINE: I, I don't, I don't think that, you know, he's done a, he's done a good job. I think...

MR. RUSSERT: Who would you put in there?

SEN. DeWINE: I think history...

MR. RUSSERT: Who would you put in there?

SEN. DeWINE: I'm not going to be getting the point of speculating. We all know some, some people who, who have prestige and the talent to do the job. But that's not, that's the president's decision, that's not my decision. And I'm not going to tell the president what to do in this regard.

MR. RUSSERT: Let me turn to the events on Friday. Congressman Brown, you're a member of the House of Representatives. Mark Foley, Republican senator from Florida, resigned because he had sent salacious e-mails to Capitol Hill pages, young high school boys who come to school here and work in the Congress. It now has been suggested that some in the Republican leadership knew about a year ago that the speaker of the House, the Majority Leader John Boehner of Ohio, and Tom Reynolds, the chairman of the Republican Committee, knew earlier this year. Should more have been done? And should there be an investigation as to exactly who knew what when?

REP. BROWN: Oh, of course, and of course. Yes and yes. I—my first thought when I heard about that Friday—and to most of us it just happened like that—was that I was thinking about the families around the United States who sent their 15- and 16-year-olds to Washington, assuming they were safe, assuming they were part of a program that, that, that was uplifting for them and safe for them, and I think about what those families must think about the safety of their children. And when, when you hear that the leaders of the House of Representatives, the, the people's House, knew about this ahead of time and did nothing to protect the safety of those children, it's just absolutely outrageous.

MR. RUSSERT: Senator DeWine, Congressman Chris Shays, Republican from Connecticut, says that if anyone in the House leadership knew about these e-mails they should step down from their leadership role. Do you agree?

SEN. DeWINE: Tim, I—it's a horrible situation. You know, Fran and I have eight children. I think this could've been one of my kids who was out serving as an intern or serving as, as a page. It's a horrible, horrible situation. I think there has to be a full investigation of who knew what and when they knew it.

MR. RUSSERT: But should anyone in the House leadership step down, like Congressman Shays recommends, if they knew about this?

SEN. DeWINE: I think you have to look and see what they knew and what they did about it. I would want to know what they did about it. And, you know, this is reprehensible. I mean, these kids are entrusted to us when they come out here, they're either our pages or they're interns, sometimes they're college students. And, you know, they do magnificent work, they do wonderful jobs, it's a great program, but this is horrible, horrible.

MR. RUSSERT: Have you spoken to Congressman Boehner of Ohio about this?

SEN. DeWINE: I have not, sir.

MR. RUSSERT: Let...

REP. BROWN: Tim, I think anyone should resign, any leader that knew about this should resign, absolutely.

MR. RUSSERT: Should resign.

REP. BROWN: But, see, he's forfeited any public trust. The leader of the House of Representatives that, that knew about a situation that jeopardized the safety of 15- to 16-year-olds in the government's custody, in the, in the custody of the House of Representatives, if they did nothing to protect those children, they aren't fit to be House...

MR. RUSSERT: So Speaker Hastert and Majority Leader Boehner should resign?

REP. BROWN: If they, in fact, knew that—I don't—I've only read the articles in the paper—if they knew about this ahead of time and did nothing, any legislative leader that knew ahead of time and did nothing should resign. Yes, sir.

MR. RUSSERT: Senator DeWine, this is an article in the Financial Times about the Buckeye state. "Perhaps the most telling sign of the difficult environment Republicans face is in Ohio. ...[DeWine's] tough race against Sherrod Brown...took many by surprise. But it is evidence that the Republicans' overall weak standing...has been pushed still lower by corruption scandals in the state.

"Bob Taft, the Republican governor, has pleaded no contest to ethics violations, and Bob Ney, a Republican congressman ensnared in a separate investigation into the dealings of Jack Abramoff, a powerful Washington lobbyist, this month pleaded guilty to federal corruption charges."

On Friday the House Government Reform Committee says that Abramoff billed clients for 400 contacts with the White House. There are 66 e-mails to indicate those contacts. Are you caught up in a perception of a culture of corruption regarding the Republican Party, particularly in Ohio?

SEN. DeWINE: Tim, the climate, as they say, in politics is not good. But Ohioans know me. I've served Ohioans starting as a country prosecutor in 1976 for, for 30 years. I think they know my integrity, I think they know my honesty, I think they knew who, who I am. So in the end, Ohioans are very discerning. They pick and choose among parties and they, they will make a decision on an individual basis, but I think they know me.

MR. RUSSERT: Is it fair that Senator DeWine is caught up in this whole perception of corruption because it's the governor, Congressman Ney, Jack Abramoff, Mark Foley, but it's not Mike DeWine.

REP. BROWN: Well, it's, it's a bit more than a perception. Thomas Noe has contributed to money to Mike DeWine, so has Jack Abramoff. Senator DeWine has...

MR. RUSSERT: Thomas Noe being someone involved with Governor Taft.

REP. BROWN: Who is, who is, is now convicted of a crime and probably will serve time, may already be in prison, I'm not sure. He was a big Bush backer, close to Taft, funded much of the Republican Party. I mean, Senator DeWine has benefited, as have so many other Republicans have benefitted from this political machine in Ohio. It's right in the midst of the culture of corruption. But, but it's more than that, it's ultimately, you know, who you're going to—who you're going to trust to fight for the middle class when you see, not just what's happening in Columbus, but in Washington. Mike DeWine received more than $400,000 from oil and gas interests, votes for an energy bill...

MR. RUSSERT: But, Congressman Brown...

REP. BROWN: ...that they wrote.

MR. RUSSERT: ...one-third of Abramoff's money went to Democrats.

REP. BROWN: Maybe it did, it didn't go to me. And I went—but, as I'm saying, Mike DeWine received a third of a million dollars from the drug industry, votes for a Medicare bill that meant huge profits to the drug companies, huge profits to the HMOs and, and seniors are seeing drug prices go up faster and faster, faster than anytime in the last five years. It's a question of—you know, the fundamental difference in this campaign is I've devoted my whole career to fighting for the middle class. Middle-class tax cuts, working to help college kids go to, go to school.

Voted against these job-killing trade agreements that, that even conservative David Brooks in The New York Times today wrote about as something that's really important in Ohio. And that...

MR. RUSSERT: Would you repeal NAFTA?

REP. BROWN: I would renegotiate NAFTA, as I would renegotiate PNTR with

China, and I would write tax laws that benefit workers in communities rather

than—and small businesses. We've lost so many small businesses in Ohio,

machine shops, tool and dye makers in Akron and Dayton and Zanesville, as

these big companies outsource. And Mike DeWine has supported every time these

trade agreements, these tax bills that give incentives to the big corporations...

SEN. DeWINE: Yeah.

REP. BROWN: ...rather than to the small companies that stay in...

MR. RUSSERT: All right.

REP. BROWN: ...in, in Lima, in Toledo, and manufacture here.

MR. RUSSERT: Let me give Senator DeWine a chance to respond.

REP. BROWN: Sure.

MR. RUSSERT: First, as to contributions from pharmaceutical and oil companies, then onto tax cuts, and then onto the whole issue of trade.

SEN. DeWINE: Well, Sherrod would, would, would have people believe that who gives you money influences you. I get contributions from 20,000 to 30,000 Ohioans. The oil companies, let me tell you, Tim, were not happy and still are not happy about my vote in regard to drilling in, in the Arctic. Drug companies were not happy when Chris Dodd and I and Hillary Clinton and others passed legislation to make them make drugs safer for kids. So I take them on. I do what I think is right. I vote for Ohioans.

But let me talk, if I could, for a moment about this whole job issue, because Congressman Brown has made a big issue about that. It is one more example where the congressman talks a good game, but doesn't do anything. I'll give you an example on trade. Steel. I worked together with Senator Rockefeller and others to go to the White House when these steel companies—they were importing steel, dumping steel in the United States from China and other countries. We got the

White House, we got the president to, to put the quotas on, to put the tariffs on. It made a big difference.

Another example. Senator Byrd and I worked together on what ultimately became the Byrd Amendment. I introduced it originally. And basically what it says is that when a foreign country dumps into the United States, instead of putting that money into the U.S. Treasury when we fine them, we give that money to the, to the U.S. companies. That's brought back $315 million just for Ohio companies.

But the bigger issue is, Sherrod thinks you can build a wall around the state of Ohio. One-fourth of our agriculture products are exported. One-fourth of our jobs, Tim, from manufacturing come from exporting to other countries. Thirteen thousand Ohio businesses export every single day. That's where our jobs come from. That's where our future comes from. And once again he—you know, he doesn't understand. He talks a good game about what he's doing. When it comes time to protect Ohio industries, he's not there. He doesn't do anything. I'm the one who has done it time and time again.

MR. RUSSERT: Thirty seconds.

REP. BROWN: First of all, Mike knows those efforts were bipartisan to get the president to do that. I was involved, he was involved, all of us were. The problem is the president pulled the rug out from under it, because under, under those, those, those, those tariffs to protect the steel industry, they didn't last very long. Neither of those laws that he says—that he talks about are still in effect.

But I want to see more trade. I just don't want one-way free trade where our biggest export is jobs to Mexico and jobs to China. I want fair trade, I fought for and got into Ohio my first year in, in the first session in Congress, the United States Export Assistance Center located in Ohio to serve the region. That's literally helped thousands, literally thousands of small business figure out how to export more. I want fair trade with more experts—more exports, not this free trade that causes the devastation of the Miami Valley, where Mike is from, that causes the kind of job loss in Jackson and Gallapolis and Chillicothe and Lima that we're seeing. We simply have abandoned the middle class when we passed these trade agreements, passed tax laws that give incentives to large corporations to outsource instead of helping our small businesses, helping our communities and helping our workers.

MR. RUSSERT: Twenty seconds.

SEN. DeWINE: When it came time to help the middle class with tax cuts, a tax cut that has taken five million Americans off the tax rolls, Tim, that's helped 4.3 million Ohioans, that has given the average Ohioan that makes $50,000 a year that has two kids, has saved $2,000 per year, Sherrod Brown voted no time and time again. He has not been with the middle class on taxes, either.

REP. BROWN: Mike, Mike, Mike, you know better than that, too.

SEN. DeWINE: Well, it's true.

REP. BROWN: Can I talk for a moment about taxes?

SEN. DeWINE: Again, what's the fact? You know, I keep citing...

REP. BROWN: Because since his whole ad campaign is, is fabricated on making up stuff about taxes.

SEN. DeWINE: I keep citing, I keep citing—no. You know the funny thing is? My ad cam is based on votes that you cast. You just want to run from your record, that's your problem.

REP. BROWN: You know, you know, interestingly, Mike's first ad in this campaign, he ran an ad of the World Trade Center on fire. The problem is, he doctored the ad. He took the most sacred symbol of a U.S. tragedy, and...

SEN. DeWINE: Have you ever denied the facts? Have you ever denied the facts in the ad, that you voted 10 different times against intelligence, and voted against the Patriot...

REP. BROWN: You—he, he said—he says on his ads, we all say—sit there very efficiently and say "I approve, I'm Sherrod Brown, I'm Mike DeWine, I approve this ad."

SEN. DeWINE: Well, deny the facts, Sherrod.

REP. BROWN: He approved an ad that showed—that, that doctored the picture of the World Trade Center. He also called--15 years ago, he said John Glenn was soft on Communism.

SEN. DeWINE: Tim, Tim, I, I said there was a mistake made in the picture, but there was no mistake in the facts.

REP. BROWN: This is how he runs ads. They aren't—"It was a mistake. It was a mistake."

SEN. DeWINE: You're still not denying the facts. Are the facts incorrect?

REP. BROWN: But no—just, just like Mike DeWine, it doesn't hold the drug companies accountable, doesn't hold the Defense Department accountable...

SEN. DeWINE: He won't, he won't answer the question, Tim. Ten votes against intelligence, 10 votes against...

REP. BROWN: He didn't even fire—he didn't fire the ad agency.

MR. RUSSERT: Was there anything other than the smokestack—smoke...

REP. BROWN: What was wrong with the ad?

MR. RUSSERT: Was there any factual other mistakes in terms of...(unintelligible).

REP. BROWN: Well, other, other than the smoke—the doctoring a photo?

MR. RUSSERT: Well, you made that point. You made that point.

REP. BROWN: That's a, that's a pretty important point. It just shows that Mike DeWine...

SEN. DeWINE: There he goes.

REP. BROWN: I could, I could document throughout how he's, he's on—let me talk about taxes, from what he says on his ads on taxes.

SEN. DeWINE: He won't answer the question, will he, Tim? He won't answer the question. The facts are correct.

REP. BROWN: No, I, I will answer the—no, I will be—I would be glad to answer the questions.

MR. RUSSERT: I think people watching these debates and this one have a sense that Washington has broken down in terms of our ability to find common ground. And I went through and, and found voting records which are quite interesting. Congressman Brown, here's your votes in support of President Bush. In 2005, you were with the president 7 percent of the time. In other words, 93 percent of the time you voted against the president. 2004 was 26, 11, 22 and 12 during the five years of the Bush presidency.

Senator DeWine, here's your voting record in terms of President Bush. The '05, year before running for re-election was 76 percent. Prior to that it was 94, 97, 98, 95. It's as if you—if you're a Republican, you have to be for Bush. If you're a Democrat, you have to be against Bush.

REP. BROWN: Well, can I, can I answer that...(unintelligible)?

MR. RUSSERT: Please.

REP. BROWN: My, my first—the eight years I served with—when President Clinton was president, on several major issues I took on the president and my party. I took them on in the North American Free Trade Agreement, because my interest was representing Ohio, not my party, and not the president of the United States. I took on the president on three—at least three other major issues: the balanced budget amendment, I supported it, President Clinton opposed it. On the line-item veto, I supported it, President Clinton opposed it. On the trade bill with China, PNTR with China, I opposed it. The president was pushing and lobbying hard. On major issues, I'll stand up to the president and my own party. Mike DeWine really hasn't. He's not just voted with President Bush almost all the time, including every single Bush appointee, every single Bush appointee, not one has Mike voted against. And I will show more independence when I'm in the Senate, because my allegiance will be to Ohio and to, to the communities in Ohio, not to the president, not to...

MR. RUSSERT: Is this election a referendum on George Bush?

REP. BROWN: This election's more a referendum on the special interest stranglehold in our government. The drug industry always gets its way, the HMOs always get their way, the oil industry always gets their way, the big companies that outsource jobs always get their way. That's what this is—that's really what this election's about. Who's fighting for the middle class? That's what this election's about.

MR. RUSSERT: What's this election about? Is it, is it a referendum on George W. Bush's policies?

SEN. DeWINE: I'll get to that in a minute. Can I answer the first question, though, about the bipartisanship breaking down? If I could do that, Tim.

Dick Durbin, certainly not a, a Republican, number two Democrat in the Senate, said this about me in the Columbus Dispatch. He said "Mike DeWine, yes, he votes Republican Party a lot of times." But he says, "When I go to him on specific important issues," he said, "he, he is not a rubber stamp. He is someone who will look at things and thinks about things." That's what number two man in the Senate, Dick Durbin, said.

The fundamental difference, really, when you put aside all the votes, between Sherrod Brown and Mike DeWine in this campaign is that, Tim, for 12 years in the Senate, I've gotten things done. And the way I've gotten things done is by working with Democrats and Republicans. I worked with Jay Rockefeller, for example, on highway safety issues. I worked with Jay on steel. I also worked with Jay on, on, on other issues, as well—adoption, foster care. I worked with Chris Dodd to get better medicines for kids, on the fire act to get money, $100 million, directly back in Ohio. Worked with Senator Levin in regard to the Great Lakes. I could go on and on and on. I have a long, long record of working with Democrats and Republicans alike. It is the only way, Tim, you get things done. And despite the headlines about all the acrimony in Washington, work still gets done. I've been able to do it. I've fought for kids, I have fought for better pharmaceuticals for children, highway safety, these are things I care passionately about.

The difference between myself and Sherrod is, if you look at his record, he has a very, very slim record in the House of Representatives of getting anything done. He has been described, he has been described as a partisan in the Cleveland Plain Dealer. He has been described as someone who is on the fringe by the National Journal. He's on the fringe of his own party. Many, many times his votes have been in the minority even of his own party. He is to the left of his own party and not in the mainstream of Ohio.

What Ohioans want, when I travel around the state, they say "Mike, we're sick of the acrimony, we're sick of the partisanship, we're sick of the fighting." I'm the one candidate in this race who has demonstrated I can work with Democrats and Republicans to get things done and make things happen for Ohio.

MR. RUSSERT: I'll consider that a closing statement and I'll give you 25 seconds.

REP. BROWN: Yeah, I, I don't—this whole thing about—that Mike DeWine just said—the Certified Public Accountants of Ohio, a, a Republican-leaning conservative business group that cares about economic development, that cares about tax cuts for the middle class, that cares about fairness, and is a, is a conservative Republican-leaning group, as I said, has endorsed me. I'm the only Democrat challenger in the country, I believe, that was endorsed by them. And we—I can make a list, a long list of bipartisan issues I worked on. I, I wrote with Bill Frist the first bioterrorism bill in the country—law in the country.

SEN. DeWINE: He denied that, by the way.

REP. BROWN: No, he denied five years later, another bill.

REP. BROWN: I've worked with Mike Bilrakis, Florida Republican, to change the way the children's health bill, how we do children's health research. I worked for—with John McCain on a bill to try to stop the gaming of the patent system by the drug companies. I will continue to work bipartisan in the, in the Senate, and—but my ultimate allegiance is to the middle class and working to help Ohioans.

MR. RUSSERT: To be continued. Sherrod Brown, Mike DeWine, thanks very much.

REP. BROWN: Thank you, Tim.

SEN. DeWINE: Thanks, Tim. Thank you very much.

MR. RUSSERT: And we'll be right back.

(Announcements)

MR. RUSSERT: That's all for today. We'll be back next week. Another in our series of MEET THE PRESS Senate Debates: Missouri. Republican incumbent Senator Jim Talent faces off Democratic challenger Claire McCaskill. Also, an exclusive Sunday morning interview with Bob Woodward, author of the new book "State of Denial: Bush at War Part III." The Missouri Senate Debate and Woodward here next Sunday. Because if it's Sunday, it is MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: Is State of Denial a bombshell or old news? Were White House dealings with Abramoff all above board? Questions for our headliner, White House counselor Dan Bartlett.

Then, a sex scandal rocks Republicans on Capitol Hill.

(BEGIN VIDEO CLIP)

REP. DENNIS HASTERT (R-IL), SPEAKER OF THE HOUSE: We want to make sure that all our pages are safe.

(END VIDEO CLIP)

STEPHANOPOULOS: And President Bush targets Democrats on Iraq.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The party of FDR, the party of Harry Truman has become the party of cut and run.

(END VIDEO CLIP)

STEPHANOPOULOS: Do Democrats have a realistic answer? What will really change if they win in November? We'll ask one of their leaders, Congressman Jack Murtha.

George Will, Donna Brazile, Mark Halperin and Torie Clarke debate the week's politics on our roundtable.

Plus, America's poet.

(BEGIN VIDEO CLIP)

HALL: I've been around a long time, and suddenly I'm chosen to be the poet laureate.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, The Sunday Funnies. (BEGIN VIDEO CLIP)

JAY LENO, HOST, TONIGHT SHOW: Bob Woodward said that Henry Kissinger is now advising President Bush on Iraq and they're trying to figure -- you know, they're trying to fight the Vietnam War all over again. Hey, why not, Bush missed it the first time.

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone.

Before Congress left town Friday, they gave President Bush the military tribunal legislation he demanded, but the White House and Republicans were also hit by a triple whammy of bad news late this week. A new report on Jack Abramoff, Congressman Mark Foley's resignation, and of course Bob Woodward's new book, State of Denial, also on the cover of Newsweek this morning.

Here to talk about all that is one of the president's closest advisers, Dan Bartlett. Welcome back to This Week.

BARTLETT: Thanks, George. Nice to be with you.

STEPHANOPOULOS: Now, in 2004, Bob Woodward wrote a book, Plan of Attack. You went out publicly, urged people to go buy it and read it. I take it you're not going to do that with State of Denial?

BARTLETT: Well, George, it is a book that we participated at various levels within the administration, both in the White House and other parts of the administration, Department of Defense and State.

But I must say, George, I think as we worked with Bob on this project from the very outset, it was unfortunate that we felt he had already formulated some conclusions even before the interviewing began.

STEPHANOPOULOS: That's a pretty stiff charge. You're saying he is a biased reporter on this?

BARTLETT: Well, we've had a lot of experience with Bob, and I think -- in the first two books, as you did mention -- and what we found in those books is that he came in very much with an open mind, very much wanting the facts to lead him to a conclusion. And after reading this book over the weekend, I was really struck by the fact that the central thesis of this book, the claim that the president was in a state of denial, that he was misleading the American people about what was happening in Iraq, quite frankly, is not backed up with the own facts that are in the book.

STEPHANOPOULOS: I want to get there in one second, but before we get there -- because you're making a pretty, pretty serious charge here. You're saying that Bob Woodward, been around Washington for an awful long time, went into this with an agenda and basically wasn't an honest reporter.

BARTLETT: I didn't say that he wasn't an honest reporter. Reporters come in with conclusions or some firm ideas about where they want to take a book, and certain occasions when he met with administration officials and they would come to talk to me about their meetings with him, there was just a sense that despite spending hours with him, that their points weren't getting across.

STEPHANOPOULOS: So you thought he had an agenda?

BARTLETT: I'm not going to use the word agenda, but we did feel like he approached this book different than he did the first two, and that's why we made the decision that the president was not going to...

STEPHANOPOULOS: And the vice president didn't speak with him either.

BARTLETT: That's correct.

STEPHANOPOULOS: So you know, from the outside, it looks like, well, if Bob Woodward is going to write a positive book, he gets cooperation, he gets praise. If it's a negative book, well, he didn't have an agenda, but you didn't approve of his approach.

BARTLETT: Well, I'll make the point, though, we didn't agree with everything he put in his second book either, but the fact of the matter is, many people in the administration, including myself, including the national security adviser, including the secretary of state, including the joint chairman -- the chairman of the Joint Chiefs of Staff, including many other people, did participate in this book.

But what we were struck by is the fact that time after time after time, counterevidence was provided to Bob and we didn't feel like our point was getting across. And you know, it's my job to make judgments like that as to whether the president ought to participate, and, you know, we made the decision...

STEPHANOPOULOS: And you don't feel he included the counterevidence in the book?

BARTLETT: Not as much as I thought. But as I said, what's interesting about this book is that he doesn't connect his own dots. What he talks about in here is that there is a grim picture in Iraq that the president wasn't sharing with the American people, that we didn't have a strategy, when in fact he references throughout the book time after time after time where the president was being presented with the bad information, was pushing the internal process to make sure that we were adapting to the enemy, and he was sharing this news with the American people.

STEPHANOPOULOS: But not always. Let's look at some of the specifics. Front page of The Washington Post this morning has an exert. Talk about May of this year, when the Joint Chiefs of Staff presented a private intelligence report to the Pentagon.

And it said, The report predicted a more violent 2007: 'Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through the next year.' Very same month a public report goes from the Pentagon to Congress. The public report sent to Congress said the 'appeal and motivation for continued violent action will begin to wane in early 2007.'

That does seem like a contradiction.

BARTLETT: Well, no, the fact of the matter is is that the reports that go to Congress, the entire intelligence community takes a look at all data points for an assessment such as like that. The one specific memorandum that he points to is one data point. All of these are taken into consideration, but the fact of the matter is, he uses these daily attack chars or weekly or monthly attack charts as if this is some shocking revelation, when in fact, those very...

STEPHANOPOULOS: But that's not what I was talking about here.

BARTLETT: ... attack charts are put...

STEPHANOPOULOS: This is very specific. On the one hand, you have the joint chiefs of staff intelligence report saying insurgents and terrorists retain the capabilities to increase the level of violence, and then the public report says, you expect basically the appeal and motivation for the insurgents to wane in 2007.

BARTLETT: In the assessment made then -- and remember, you've got to take yourself back into the point of May. And this is in the wake of the Golden Samarra Mosque bombing, in which sectarian violence is beginning to increase, we have a new government that is being formed.

And I think the prediction by many of the people looking at this is if you have a unity government that is fighting the forces of evil in Iraq that you are going to see better assessments. Having said that, the president has been very clear with the American people that the difficulties of the fight in Iraq was one that's going to take some time.

We've had generals go before Congress and argue very forcefully that this is a very difficult fight, that it's going to require our troops to be on the ground. George, the politically expedient thing for the president to do in the last two years has been, let's just pull down the troops and get out. Let's not follow a timetable, a conditions-based approach to this.

What he has done is said, I'm going to listen to my commanders on the ground. I'm going to constantly adapt our tactics to meet a very important strategic objective. And what this book shows is that there was a lot of disagreement.

There's a lot of people who are very smart, very experienced grappling with very difficult issues, sometimes coming to opposite conclusions, but at the end of the day, what we see is a process that is showing us adapt to the enemy. And the enemy is very good, and they have been to our extent more vicious and more violent than we probably originally expected. And the president has talked about that with the American people.

STEPHANOPOULOS: One of the more explosive allegations in the book goes back to before the war in Iraq. It goes back to 2001. He talks about a meeting July 10th, 2001, two months before 9/11. CIA Director George Tenet and his counterterrorism chief, Cofer Black, are reading intelligence. They are so caught up by what they're seeing. They see an attack coming.

They call up Condi Rice for an unscheduled meeting, go to the White House, warn her of this, say that we need action. But after the meeting, They both felt they were not getting through to Rice. She was polite, but they felt the brush-off. A coherent plan for covert action against bin Laden was in the pipeline, but it would take some time.

They believe it was a mistake not to act after that meeting.

BARTLETT: Well, I must say, myself and other members including Secretary Rice, who alleges was in this meeting, and there was a meeting...

STEPHANOPOULOS: You've spoken to her?

BARTLETT: I spoke to her this morning. She believes that this is a very grossly misaccurate characterization of the meeting they had. Look, George, the first eight months of President Bush's presidency has been some of the most investigated eight months in any presidency because of the 9/11 attack.

We had the 9-11 Commission, a bipartisan commission, look at all of it, look at all of the information that was provided to government officials. They testified before it. Now 4 1/2, 5 years later we're just now hearing about these vivid accounts of meetings with Secretary Rice...

STEPHANOPOULOS: Cofer Black says the only thing we didn't do was pull the trigger to the gun we were holding to Rice's head.

BARTLETT: And Cofer Black and George Tenet and others also testified before the 9-11 Commission. Why is it now that this information...

STEPHANOPOULOS: So this didn't happen? BARTLETT: And that's Secretary Rice's view that that type of urgent request to go after bin Laden as the book alleges in her mind didn't happen. But I don't want to leave the wrong impression, George. Everybody in government felt we could have done a better job before 9/11. We had huge gaps in our intelligence-gathering capabilities, the wall between law enforcement, intel, and that's why we've worked so hard in the last couple years to repair these things so we can do a better job of protecting the American people.

STEPHANOPOULOS: Finally on this book. Woodward reports that not only the chief of staff, Andy Card, but also the secretary -- who wanted Rumsfeld to go, but also the secretary of state, the national security adviser and her deputy all recommended a new national security team after the election.

Yet the president didn't take that advice. He said Colin Powell has to go; Donald Rumsfeld should stay. Why?

BARTLETT: Well, what you would expect a chief of staff to do at the beginning of a new term is to make an assessment of all senior staff as well as your cabinet. And that's exactly what Andy Card did; in fact recommending to the president that he may want to change his chief of staff himself.

And what Steve Hadley and Condi Rice and others say, Mr. President, maybe you ought to think about just bringing in a whole new team, do it all at once.

And the president decided that's not the approach he wanted to take. And what Andy, as a chief of staff, should do was providing options to the president in case he decided to make changes. But as everybody knows, the president has decided months ago that Secretary Rumsfeld is the right person for the job.

STEPHANOPOULOS: Newsweek is reporting this morning that the president is actually sounding out people, including Henry Kissinger and James Baker about whether he should replace Rumsfeld.

And it quotes a senior White House official, saying, so far, the advice has been Rumsfeld should stay, but I can't predict the future.

Is his job secure throughout this term?

BARTLETT: I can only speak for what the president -- the president has full confidence in Secretary Rumsfeld. Every cabinet member serves at the pleasure of the president. He is doing an enormously difficult job fighting a war, trying to transform our military to meet the new threats of the 21st century.

We recognize that he has his critics. We recognize that he's made some very difficult decisions. Some people don't like his bedside manner. But what President Bush looks to in Secretary Rumsfeld is to bring him the type of information he needs to make the right decisions in this war.

And make no mistake about it, George, this has been a difficult war. The enemy we're up against is determined to do everything they can to bring America to its knees. And we have to do everything we can to fight this enemy. And he believes that Secretary Rumsfeld is the right person to help him lead that fight. STEPHANOPOULOS: Let me turn to this issue, the congressional report on White House contacts with Jack Abramoff -- alleged some more than 400 contacts with Abramoff and his clients when he was active.

When Scott McClellan, the White House press secretary, was asked about contacts earlier this year, here's what he said.

(BEGIN VIDEO CLIP)

QUESTION: Can you be more specific about the contacts with the senior staff?

You said you were going to get back to us on that.

MCCLELLAN: No, I did check. There were a few staff-level meetings.

(END VIDEO CLIP)

STEPHANOPOULOS: Now this report also says there were about 187 contacts over drinks and meals with White House staffers, for a tab of almost $25,000.

There seems to be a great discrepancy between what Scott McClellan and the White House has admitted to and the evidence in this report.

BARTLETT: Well, George, I don't think that's the case. And the report itself concludes that you can't draw any firm conclusion from the quote-unquote contacts because many times, these so-

called contacts were just an excuse for Jack Abramoff and his cronies to bill their clients for activities that didn't really take place.

(CROSSTALK)

BARTLETT: What Scott McClellan was talking about and what all the discussion back then was about were what was called ways records. These are basically the records of people coming in and out of the White House...

STEPHANOPOULOS: Let me stop you there because it was more than that. He was asked on several occasions over those days, can you talk about contacts?

Do you have records of any phone calls or e-mails between staff members and Mr. Abramoff?

He was asked several times, on several different occasions. He always chose to answer by saying there were just a few high-level staff meetings, when in fact there were far more contacts.

BARTLETT: Well, George, what Scott was saying is we were not going to go on a fishing expedition looking for people's contacts when there was no suggestion of wrongdoing.

The bottom line about this report and about this whole scandal was the fact of how much this person, Jack Abramoff, bilked his clients for work they didn't do. And every time it shows...

(CROSSTALK)

BARTLETT: And every time it shows -- now, this is important for the viewers to understand is that he didn't get anything from this administration. He billed his clients thousands upon thousands upon thousands of dollars for very casual contacts.

In fact, in one case, he sees Karl Rove at a Gridiron dinner, which is a Washington media dinner, and he bills his client for it.

(CROSSTALK)

STEPHANOPOULOS: Let me just stop you. But it does show that some of his clients did get funding after -- the e-mails say White House intervention -- but more specifically, his former aide, Susan Ralston, became Karl Rove's aide.

There's dozens of contacts between the two. She's shown in these e-mails, negotiating for a job, and according to the evidence here, accepted tickets to sporting events, concerts on seven different occasions, for a total of about $2,000.

That seems, on its face, to be a clear violation of White House ethics rules.

BARTLETT: Well, this report was received on Friday. We're obviously looking at all the different things in this report.

I will make a couple distinctions that are important to understand, that there are different reporting requirements for different levels of staff. There are different standards for people who have prior relationships. And Susan Ralston, as you may know, used to work for Jack Abramoff.

So these are all mitigating factors that we will look at. But this is still under review. And we're going to look at the evidence that was brought forward by this report.

STEPHANOPOULOS: One final, quick question on this Mark Foley situation in the House: Number one, was the president aware of any of these allegations?

Number two, the Washington Post is calling for an independent investigation. Do you think that's appropriate?

BARTLETT: The president was not aware of this. It is a shocking revelation to see this type of allegation. The members of the House of Representatives, the leadership appear to be very aggressive in pursuing this investigation, and I think that's the best place is for the leadership to determine the way forward.

STEPHANOPOULOS: Dan Bartlett, thanks very much.

BARTLETT: Thanks for having me, George.

STEPHANOPOULOS: Congressman John Murtha is next, and later, America's new poet laureate.

(BEGIN VIDEO CLIP)

HALL: I think that the world needs even more poetry than it has. It needs to pay attention more.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: And we are back now for the Democratic response from Congressman John Murtha. Good morning, Congressman.

MURTHA: Good morning, George.

STEPHANOPOULOS: Well, you heard Dan Bartlett there on his response to State of Denial. He says the president is not in a state of denial. He's been straight with America, and he's going to stick with Don Rumsfeld. What's your response?

MURTHA: George, we're fighting for the soul of America. They have been mischaracterizing and misrepresenting this war for the last two years. I spoke out two years ago and said we can't win it militarily. The military leaders have told me that. General Pace has said this publicly, and

they continue to put our troops in harm's way. They're caught in a civil war. What Bob Woodward said doesn't surprise me a bit. It's the kind of thing that he dug into and got facts to verify what I've been saying.

STEPHANOPOULOS: You make...

MURTHA: They've mishandled this war. Rumsfeld ought to go, George. STEPHANOPOULOS: You make a cameo appearance in State of Denial on page 451. It discusses last March 16th. On that day, General John Abizaid, the head of Central Command, was testifying to the Senate. And he told the Senate in public that a precipitous withdrawal from Iraq would undermine U.S. strategy.

But Woodward writes that Abizaid then came to see you, and according to you, Abizaid raised his hand for emphasis and held his thumb and forefinger a quarter of an inch from each other and said, 'we're that far apart.'

Now that sounds like a contradiction. What did he mean by that?

MURTHA: Well, George, that's exactly what he said. My staff was in the meeting when we talked. There's no question about it. The military commander has been telling me this for a long time.

The administration and the civilian leadership, I told Bremer over and over again. I told Secretary Rumsfeld, you're too optimistic about what's going on. Incidents have increased from 400 a week last year to 800 a week. George, we got 130,000 people -- more than that now, but as a whole, 130,000 people on the ground.

And the worst two months. More Iraqis were killed in July and August than any other time.

STEPHANOPOULOS: But are you saying, sir, are you saying that General Abizaid was saying you and he were this far apart on the notion of withdrawing troops over the next year?

MURTHA: You heard Casey say he wanted to withdraw troops. Everybody wanted to withdraw troops. I don't remember what he was doing beforehand, but all the military commanders know that we have become the enemy. Seventy percent of the Iraqis say it's all right to kill Americans.

George, this thing's gotten out of hand. It's Sunnis fighting Shias, and our troops are caught in between. This is -- the Democrats are unified against terrorism. But terrorism is not the -- the heart of terrorism is not in Iraq. The heart of terrorism is worldwide, and you have to do it internationally.

STEPHANOPOULOS: But, sir...

MURTHA: You have to do it diplomatically.

STEPHANOPOULOS: Even generals on your side, General John Batiste, no one has been more critical of Secretary Rumsfeld than General John Batiste, the former commander of the 1st Infantry Division. He agrees with you on that, but he disagrees with your solution. Look at this.

(BEGIN VIDEO CLIP)

RETIRED MAJOR GENERAL JOHN BATISTE, U.S. ARMY: Should we pull out of Iraq on some timeline in the future without finishing the work that we started, I think the result will be a civil war of some magnitude, which will turn into a regional mess.

(END VIDEO CLIP)

STEPHANOPOULOS: He fears your solution would cause a regional mess.

MURTHA: Yeah, George, let me tell you something, when I came back from Vietnam in 1967, Lyndon Johnson, president of the United States, said -- it was a month later. It was in August of '67. He said there's been an election. Everything's going to be all right. Now, 35,000 people died after that, and you know the circumstance when we got out. We have to get out of there. We have to redeploy our troops. We're not deserting Iraq. What we're going to do is redeploy to the periphery. And that's what's going to happen.

STEPHANOPOULOS: The president says that's cut and run.

MURTHA: It's going to happen next week. It's going to happen next year. We have to redeploy out of Iraq. There's no question about it. Let them settle it themselves. The British were in India for 75 years as colonies, and when they left, there was a civil war.

Now, the Iraqis themselves say it's not going to be any worse. Who do I believe? This administration who said there's al Qaida connection, who said there's weapons of mass destruction, say it's going better every day, do I believe them? Or do I believe the people I've been talking to, the troops in the field, the troops in the hospitals and the generals who say we can't win it militarily?

What is the point? We've got 130,000 people on the ground for two years, and it's getting worse every day.

STEPHANOPOULOS: Well, sir, though, the National Intelligence Estimate said just this week even though Iraq has become a cause celebre for Islamic jihadists, they would take failure in Iraq as an even greater boost.

MURTHA: George, let me tell you something. They say that. They said there was weapons of mass destruction. They said there was an al Qaida connection. George, it's just the facts. We're going to have to get out of Iraq, and it's a matter of time.

We're putting our young people -- I go to the hospitals every week. It breaks my heart to see these young people. They're stretched so thin. Some of these young people are going back to Iraq

with less than a year in the United States. It should be two time. We've got people who are, they're taken back in the service with lower standards.

We're lowering our standards on the Geneva Convention. We're lowering our standards morally for the world. We have the lowest level, according to the polls, internationally that we've ever had because of what we're doing in Iraq. We have to change our tactics.

First of all, you have to hold somebody accountable, and then the second thing you have to do is start to work diplomatically, international, politically. You cannot solve this militarily.

STEPHANOPOULOS: Let me...

MURTHA: The longer we stay there, the worse it's going to get.

STEPHANOPOULOS: Let me turn to this issue of Congressman Mark Foley's resignation. It now turns out that five members of the Republican leadership, members of Congress were informed of these allegations in some level earlier this year. Do you think they handled it appropriately?

MURTHA: George, they did not, and you were there in the Congress working for Gephardt when some of these other things happened. Let me tell you something, that -- we have an obligation to protect these young pages. It's outrageous.

If they knew any extent at all of what happened, I just cannot believe that they allowed this to happen and just told him, OK, stay away from this kid. I don't know what they saw. But it's really makes me nervous that they looked like they tried to cover it up.

This is what the investigation has to be all about, and it has to be a very quick investigation. We have to protect these young people who come up there and try to learn what's going on with the government.

STEPHANOPOULOS: It's being handled by the ethics committee. You just saw Dan Bartlett say he thought that was appropriate. The Washington Post says no, you need an independent investigation. What do you think?

MURTHA: Well, I think the ethics committee can handle it if they do a quick job of it. I mean, this is something that could be done internally. There's no question in my mind about that, George. I'm convinced, but it has to be done very quickly.

We cannot afford -- you know, the reputation of Congress under the Republican leadership is lower than used car salesmen. They have responsibility, the Senate, the House and the White House.

They talk about the responsibility of Congress. We need -- these are the kind of things that destroy the confidence. When I say we're fighting for the soul of America -- we work two or

three days a week. We need to get back to five days a week starting on Monday, work through Friday.

And in these answers and solutions, we have to be bipartisan. You cannot do them partisan as they've been doing them the last couple years.

STEPHANOPOULOS: You say this has to be done quickly. You mean before the election?

MURTHA: Absolutely. I think they have to get into this; they have to call people in; they have to call these pages in; they have to look at these e-mails, see who knew when. And they have to hold them accountable.

This is what's happened with this administration. They don't hold people accountable. The world knows it. And the public knows it, George.

STEPHANOPOULOS: Finally, sir, you know, you've said and signaled you want to be majority leader if the Democrats take control. I am starting to hear from Democrats who worry that having you as leader will send the wrong message.

They point to your involvement in the Abscam scandal two decades ago. They also say you have a record of helping your brother's lobbying clients get government contracts.

Are they right to be worried?

MURTHA: George, let me tell you something. I've been in this business a long time. I've worked with leadership, as you know, from Gephardt to Tip to -- I've tried to get things done.

Twenty-five years ago, they offered me money and I said I didn't want the money. I wanted the best for my district. It had 24 percent unemployment.

I take no back seat to -- my brother was treated like everybody else. We do it by the book. Everything we do in our office is by the book. And I think you'll see it's going to turn out a little differently than my detractors are pointing to, George.

STEPHANOPOULOS: Congressman Murtha, thank you very much.

MURTHA: Nice talking to you, George.

STEPHANOPOULOS: The roundtable is next with George Will, Donna Brazile, Torie Clarke and Mark Halperin.

And later, the Sunday funnies.

(BEGIN VIDEO CLIP)

CONAN O'BRIEN, HOST, LATE NIGHT WITH CONAN O'BRIEN : Oprah Winfrey's in the news. In a recent interview, Oprah Winfrey says that she wants Senator Barack Obama to be the next president.

(LAUGHTER)

Yes, yes. Yes, when Oprah heard that Obama doesn't want to be president, she parted the clouds and said, Oprah has spoken.

(COMMERCIAL BREAK)

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Donald Hall.

For nearly all his 78 years, Hall has been a poet, writing about, in his words, love, death and New Hampshire. Today he becomes America's poet laureate and shares with us his first poem as laureate. It's calls Two Hays (ph).

(BEGIN VIDEOTAPE)

HALL: My grandfather and I were riding the horse. It took four days to hay and rake the acres of grass from the fields on both fields of the house.

After riding, he pulled the mowing machine all morning. He drank a bucket of water, then pulled a horse rake and turned the hay to dry in the sun, then heaped it together.

With a sigh, I trimmed the uncut hay around boulders and trees, by stone walls, and raked every blade to one of Riley's (ph) piles. My grandfather pitched it up on the rack, where I climbed to load it, pitting forkfuls in place.

We left behind us hayfields as neat as lawns.

Sixty-odd years later, a farmer's machines take alfalfa down in an afternoon. Next morning, an engine with huge claws grapples round green bales onto truck, leaving loose hay scattered and grasses waving at the field's margin. From the porch where I rock with my book, I marvel at acceleration and dishevelment.

Poetry has shown me the way to feel again and again, how to contain my feeling, how to -- how to be able to feel in that complicated human way, when you feel more than one way at once, ways that seem contradictory but which are true, both at the same time.

(END VIDEOTAPE)

STEPHANOPOULOS: You can see more of Donald Hall and the rest of today's show at our Web site. Just go to abcnews.com and click on This Week.

(SUNDAY FUNNIES)

STEPHANOPOULOS: That's our show for today. Coming up next week, a Sunday exclusive with the statesman President Bush and Congress have asked to take a fresh look at Iraq, former Secretary of State James Baker.

Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

CHRIS WALLACE, HOST: I'm Chris Wallace. New pictures surface of the ringleader of the 9/11 attacks -- next, next on "Fox News Sunday."

The Clinton interview -- it started as a media event...

(BEGIN VIDEO CLIP)

WILLIAM CLINTON, FORMER PRESIDENT OF THE UNITED STATES: You did your nice little conservative hit job on me.

(END VIDEO CLIP)

WALLACE: ... became a hot political issue.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: We'll let history judge. I don't have enough time to fingerpoint.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR HILLARY CLINTON (D-NY): I think my husband did a great job in demonstrating that Democrats are not going to take these attacks.

(END VIDEO CLIP)

WALLACE: Even the late-night comics weighed in.

(BEGIN VIDEO CLIP)

CHILD ON NBC'S "THE TONIGHT SHOW": Don't you like Santa?

CLINTON IMPERSONATOR: I worked hard to try to kill him. I authorized...

(LAUGHTER)

(END VIDEO CLIP)

WALLACE: Today, we'll discuss how our interview has changed the landscape for November with Congresswoman Jane Harman and former Speaker of the House Newt Gingrich.

Plus, separating fact from spin about what two presidents did before 9/11. We've assembled a truth squad: a former member of the Clinton National Security Council, the former CIA official in charge of hunting Osama bin Laden, and a journalist who spent years traveling the world and dug up new information on our fight against Al Qaida.

Then Bob Woodward's new book says the situation in Iraq is worse than the White House is telling us. We'll talk with our Sunday regulars: Brit Hume, Mara Liasson, Bill Kristol and Juan Williams.

And a special look back at our week that was -- all right now on "Fox News Sunday."

And good morning again from Fox News in Washington. Here's a quick check of the latest headlines.

There's new video out this morning of Mohammed Atta, the terrorist who flew a hijacked jet into the World Trade Center on 9/11. The tape, made in January of 2000, shows Atta along with others who took part in the attacks. Officials say the tape helps confirm Atta's movements before 9/11.

House Republican leaders have apparently known for months that Congressman Mark Foley sent inappropriate e-mails to a 16-year-old male page. A report today says Speaker Dennis Hastert learned about the e-mails early this year, but that they were described as "overfriendly."

And a former teammate of Roger Clemens allegedly has linked the all- star pitcher to performance-enhancing drugs. Clemens and five other players are named in a legal affidavit.

Well, our interview last week with former President Clinton prompted an outpouring of reaction. Joining us to discuss the fallout, Congresswoman Jane Harman, the top Democrat on the House Intelligence Committee, and former Republican Speaker of the House Newt Gingrich.

Welcome back, both of you, to "Fox News Sunday."

NEWT GINGRICH, FORMER SPEAKER OF THE HOUSE: Good to be here.

WALLACE: Before we get to the Clinton interview, let's start, as we always do, with the latest news.

It now turns out that, as we said, top Republican House leaders knew for months that Congressman Mark Foley sent inappropriate e-mails to at least one 16-year-old male page.

Speaker Gingrich, did House Republican leaders do all they should have?

GINGRICH: Well, I think if you look at what they actually knew, which was that the family did not want anyone involved and the actual notes were relatively innocuous -- there was nothing sexual in those notes. They had him counseled. They had the head of the page program, Congressman Shimkus, talk to him very directly. And I think they thought it was over. The newest incident only surfaced when ABC News interviewed Foley, and he resigned within two hours, or I think the House leaders would have moved to expel him.

WALLACE: But during all those months, they left Foley in the House Republican leadership. They left him as the head of the congressional caucus dealing with exploited children. No second thoughts about that?

GINGRICH: Well, you can have second thoughts about it, but I think, had they overly aggressively reacted to the initial round, they would have also been accused of gay bashing. I mean, the original notes had no sexual innuendo, and the parents did not want any action taken.

WALLACE: Well, how would it have been gay bashing?

GINGRICH: Because it was a male-male relationship. And they had no -- there was no proof, there was nothing that I know of in that initial round that would have led you to say in a normal circumstance that this is a predatory person. It's very clear -- and let me remind you, in 1983, I moved to expel two members for dealing with pages inappropriately, because I do think we have an en loco parentis responsibility. But I think it would have been very hard to have done much more than they did with the first action. And in the second action, had he not resigned, I think they would have expelled him.

WALLACE: Congresswoman Harman, did top Republican leaders in the House act appropriately in this case?

REP. JANE HARMAN (D), CALIFORNIA: Well, I'm a mother of four and a newly minted grandmother. And I don't know all the facts. All I know are the facts I read in the newspaper and some conversation on the floor, which I don't think is adequate. But I think this should be investigated objectively. I think the Democratic leadership should have been told 10 months ago. This was a very serious charge. And just because one page's family doesn't want facts out, I don't think is an adequate reason to do nothing. And I gather that basically nothing was done, except that Foley was warned, and Foley appears to have misled people, obviously misled people, about what he was up to. I mean, it's a human tragedy, not just for him but for all those involved. And I am not comfortable with where we're leaving this. It's not my call what we do next, but more needs to be done.

WALLACE: When you say not comfortable with where they're leaving it, it's going to the House Ethics Committee.

HARMAN: Well, it's going to the House Ethics Committee now. There's been a Republican investigation for 24 hours of Republican activity. I just don't think that that is adequate. And it's not my call what is asked for next, but my view is, as a parent and a grandparent, that we need to do more to create a comfort level for those parents who are sending young pages, children under 18, to serve in the House.

WALLACE: Let's turn to my interview with former President Clinton in which he said that he did a better job fighting Al Qaida than President Bush has. Let's watch.

(BEGIN VIDEO CLIP)

W. CLINTON: If I were still president, we'd have more than 20,000 troops there trying to kill him. Now, I've never criticized President Bush, and I don't think this is useful. But you know we do have a government that thinks Afghanistan is only one-seventh as important as Iraq. And you ask me about terror?

(END VIDEO CLIP)

WALLACE: Let's turn to the issue of what both presidents did pre- 9/11. We already know about the August 2001 CIA memo to the president that warned him that bin Laden wanted to attack America. But now we have learned, in the new Bob Woodward book, that in July of 2001, CIA Director George Tenet was so worried about an imminent attack -- this was just two months before 9/11 -- that he met with then-National Security Advisor Rice and felt that she gave him the brush-off.

Speaker Gingrich, does former President Clinton have a point about the Bush administration?

GINGRICH: I think he has a point about the Bush administration; I think people have a point about his administration. But we need to start figuring out how to play the solution game.

We are in a very hard war against people who hate us and want to destroy us. The fact is neither administration has gotten bin Laden. And instead of pointing fingers at each other, it would be nice for President Clinton to give us six or eight solutions. It would be nice for President Bush to admit this is going to be much harder than anybody ever dreamed. Winning this campaign is going to be a long, bitter, difficult problem.

WALLACE: I promise to move forward in a moment, but, Congresswoman Harman, I want to give you a chance to respond to the same question. Bill Clinton had eight years. George W. Bush had eight months.

HARMAN: Well, let's look at the history. It goes over four presidencies. I mean, the first modern terrorist attacks were to the U.S. Marine barracks in Lebanon, the U.S. embassy in Lebanon, the Achille Lauro, Pan Am 103. Those were all during the Reagan administration.

Then in Bush I, we cut the defense and intelligence budgets because we declared a peace dividend because the Cold War ended. Great achievement. And I'd love to give credit to Reagan and Bush I for that.

Then we start the Clinton years with too-low expenditures, I'm sure Newt would agree with me, both on defense and intelligence. I was elected to Congress then, and my aerospace district in California had lots of triple Ph.D.s out of work.

In the mid '90s, we realized the world was more dangerous on a bipartisan basis, and we start adding to the budgets on a bipartisan basis. We double the counterterrorism budget. We add 20 percent to intelligence. We prevent the millennium plot. Yes, I think Bill Clinton did a lot.

Then we have eight months, nine months of Bush. And this July 10 memo you just mentioned, Chris, is news to me, the July 10 meeting, and it's something we should explore. I mean, that is as close to a smoking gun as I can imagine. Condi Rice did nothing, and she was told by two senior terrorism officials that their hair was on fire.

WALLACE: Let's move if we can, because I know you want to, Speaker Gingrich, to the present, because there's plenty in the Bob Woodward book about that as well.

He reveals that, this May, the intelligence division of the Joint Chiefs of Staff sent a secret assessment of the situation in Iraq to the president and all the top officials. And let's put it up on the screen: "Insurgents and terrorists retain the resources and capabilities to sustain and even increase the current level of violence through the next year."

But two days after that secret Pentagon report, which said that, in fact, the situation could get even worse in 2007, the Pentagon sent a public report to Congress, and let's put part of that up on the screen, in which it said: "Appeal and motivation for continued violent action will begin to wane, to reduce, in early 2007."

Speaker Gingrich, is the president misleading the American people about the situation in Iraq?

GINGRICH: Well, I think what you just said -- and Jane may want to comment -- I think what you just reported was two Pentagon documents. I mean, I think there's a genuine intellectual fight under way inside the government among professionals over the way ahead. And I think one group is saying, "Stay the course. Hold things steady. This will all work." And the other group of equally serious professionals is saying, "This is much harder than you think it is. You had better rethink your entire strategy."

This is a genuine fight in the intelligence community and a genuine fight at the State and Defense departments. And I think the president, in that sense, has two different camps in the government today over how to do this.

WALLACE: Congresswoman Harman, how do you explain this disparity between the private intelligence estimates that the top officials in the Bush administration are getting and what they're putting out, in this particular case in a report to the Congress and public and statements that the president has made?

HARMAN: Well, first of all, I want to applaud Newt for saying in 2003 that an occupation of Iraq was a bad idea. He criticized Jerry Bremer, who was then there and our Coalition Provisional Authority, for following the wrong strategy. He turned out to be right, as he sometimes is.

(LAUGHTER)

The intelligence is not in equal piles. The intelligence is overwhelmingly negative and has been since the military effort ended. We didn't have a post-war plan. We've made incredible mistakes. And stubbornly, this president sticks to stay the course.

He says there are only two options: stay the course or cut and run. The right option is change the course, protect our troops on the ground. It's almost reckless endangerment, Chris, to have these kids there and have the intelligence say so clearly that they're in harm's way.

WALLACE: But I'm asking a different question, not the question of what the policy should be. How do you explain the fact that the public statements do not reflect the private intelligence?

HARMAN: Well, I think that there's an evidence-free zone in the White House and the top levels of the Pentagon. Regardless of what the intelligence says, regardless of what some of their key inside advisors say, they say something different in public.

WALLACE: All right. I'm going to ask you a question, though, about the situation, Congresswoman Harman. President Bush went after your party and, in fact, you personally the other day. Let's take a look. Here it is.

(BEGIN VIDEO CLIP)

BUSH: The party of FDR and the party of Harry Truman has become the party of cut and run.

(END VIDEO CLIP)

WALLACE: But, Congresswoman, this week Congress passed a bill authorizing the interrogation and prosecution of terror detainees. And I want you to take a look at the vote count. Let's put it up on the screen. In the House, 82 percent of Democrats, including you, voted against that measure. In the Senate, 32 of 44 senators opposed the measure.

Doesn't the president have a point when he says, "Every time I ask for a tool to fight the terrorists, whether it's the Patriot Act, whether it's warrantless wiretaps, whether it's this bill to handle terror detainees, most Democrats, including yourself, oppose it"?

HARMAN: Let me respond: Bring it on. Article 1, section 8, of the Constitution says Congress shall regulate captures on land and on water. Members of Congress, including me, for five years have been talking to this White House about drafting fair and balanced legislation to deal with this problem. We're all for detaining these guys. We're all for prosecuting them. And I am for, if it's under strict limits, with clear oversight by Congress, treating high-value detainees differently.

But this bill, with the exception of the one piece that John McCain negotiated, is a power shift from Congress and the courts to the White House so that they can do whatever they want. We've just ratified their blank check. And I think it's irresponsible, and I think it's probably unconstitutional.

And they did it in the last week of Congress to put Democrats and some conscientious Republicans in a box so they could cut their 30- second spots for the election.

WALLACE: So, Speaker Gingrich, have they, in fact, put Democrats in a box? And is this now back to the Karl Rove playbook, they're "soft on terrorism"?

GINGRICH: First of all, this was all in response to a Supreme Court decision called Hamdan, in which the administration had to get something passed or they had no authority.

Second, there's a genuine, legitimate disagreement between those people who believe that this is a vicious, brutal war and requires wartime rules and those people who believe you can handle this as a criminal justice matter and have procedures that are more like the criminal justice system.

That's a very significant difference of approach, and it tends to fall into the two parties -- not totally. I think Senator Lieberman, for example, voted for the administration bill.

But the challenge you have I think is going to get worse. There's a French professor today who is in hiding because there are Web sites that show his home and that urge people to go kill him because he wrote an article that criticized Muhammad. Now, we're going to find ourselves in the next four or five years looking at bills involving civil liberties we never dreamed of because our enemies are going to give us no choice.

And I just think we have to confront -- I mean, Jane's right. This is a very important debate about the future of the country. There are two very different approaches to how to do it. And I think what you saw was an honest reflection of the difference between the two parties.

WALLACE: We're going to have to leave it there. Speaker Gingrich, Congresswoman Harman, I want to thank you both for coming in and talking with us today. Pleasure, as always.

Up next, what really was done by two presidents before 9/11 to fight Al Qaida? We'll ask a truth squad we've assembled, right after this break.

WALLACE: Bill Clinton said a lot of things in our interview last week. How much of it was true? Well, we've assembled a panel of experts to discuss just that: Daniel Benjamin, a counterterrorism expert for the Clinton National Security Council; Michael Scheuer, who ran the CIA unit that hunted Osama bin Laden; and Lawrence Wright, author of a behind-the- scenes new book on the run-up to 9/11 called "The Looming Tower."

We should note we invited Richard Clarke, the counterterrorism expert President Clinton mentioned last week, but he declined.

Gentlemen, thank you all for coming today.

Let's start with President Clinton's claim in our interview that he may not have known in 1993 about Osama bin Laden but that, as time went on, he became very knowledgeable about him. Here it is.

(BEGIN VIDEO CLIP)

WALLACE: Did they know in 1996 when he declared war on the U.S.? Did they know in 1998...

W. CLINTON: Absolutely, absolutely...

WALLACE: ... when he bombed the two embassies? Did they know in 2000 when he hit the Cole?

W. CLINTON: What did I do? I worked hard to try to kill him. I authorized the finding for the CIA to kill him. We contracted with people to kill him. I got closer to killing him than anybody's gotten since.

(END VIDEO CLIP)

WALLACE: Mr. Scheuer, as the man in charge of what was called "Alec Station," the CIA unit in charge of hunting down Osama bin Laden, you say the Clinton administration missed at least 10 chances to get him. I don't want to go into all 10, but what was the problem?

MICHAEL SCHEUER, FORMER CIA AGENT: Well, the president is correct, in that he got - President Clinton is correct that he got closer than anyone, but, of course, he always refused to pull the trigger. And in addition, we were never authorized, while I was the chief of operations, to kill Osama bin Laden. In fact, Mr. Richard Clarke definitely told us we had no authorization to kill bin Laden.

Why they didn't shoot, of course, is, at least from Mr. Tenet's viewpoint it was because one time they were afraid to have shrapnel hit a mosque when they killed bin Laden. And two other times I think they were afraid they actually would have to do something, so they warned the emirates on one occasion, the princes from the United Arab Emirates, to move so we couldn't attack bin Laden.

WALLACE: They were on a hunting trip with bin Laden.

SCHEUER: Yes, sir. And Richard Clarke called the emirates and warned them that they should get out of that area, which cost us the chance to kill him.

WALLACE: Mr. Benjamin, you were working in the National Security Council at that time. Weren't there a number of cases where the Clinton administration had bin Laden in their sights and refused or failed to pull the trigger?

DAVID BENJAMIN, FORMER MEMBER OF CLINTON'S NATIONAL SECURITY COUNCIL: Well, as the 9/11 Commission report has shown, the answer to that is no. On three different occasions we had some intelligence that bin Laden might be in a particular place at a particular time, and we had warships off the coast of Pakistan ready to shoot cruise missiles. However, we never got the confirming intelligence.

I have the greatest respect for Mike Scheuer, but on this case I think he's wrong, because, quite simply, we never had enough information to do this with confidence, knowing that we would get the target. And it doesn't help your deterrence and it doesn't help your case if you fire and you don't hit the right person.

WALLACE: Mr. Wright, one of the strongest points I picked out from your book was, you talk a lot about the so-called wall that was barring the sharing of information between the CIA and the FBI. And you say repeatedly that it blocked, it hindered efforts to get bin Laden.

LAWRENCE WRIGHT, AUTHOR: Right. The wall was, to some extent, legal. There was a small legal wall constructed within the FBI between criminal and intelligence agents. But the mythical wall, the nonexistent legal wall, grew up between these cultures, and they naturally decided not to share information. There's a natural jealousy in all intelligence agencies about their information.

WALLACE: But give us one, very briefly, an example of the kind of case where if one side, the FBI, had known what the CIA knew or vice versa, it could have made all the difference.

WRIGHT: Well, in January of 2000, two members of Al Qaida flew from Kuala Lumpur to Los Angeles and then moved to San Diego. In March of 2000, the CIA learned of this, and they didn't tell the FBI. This is a year and a half before 9/11. And once they're in the U.S., they really belong to the FBI.

WALLACE: In our interview, President Clinton was very emphatic that after the attack on the USS Cole in October of 2000, he was ready to go to war. Let's watch.

(BEGIN VIDEO CLIP)

W. CLINTON: After the Cole, I had battle plans drawn to go into Afghanistan, overthrow the Taliban, and launch a full-scale attack and search for bin Laden.

(END VIDEO CLIP)

WALLACE: Now, Mr. Wright, you say in your book - and I must say I mentioned this to President Clinton in our interview last week - that bin Laden was so sure after the Cole attack that he was going to be hit that he separated, he scattered all of his leaders, but there was no response. Why not?

WRIGHT: Well, they took place 25 days before the general election, for one thing, so it would have been politically difficult.

I think this whole thing about the FBI and the CIA not warranting that Al Qaida did it was done as a kind of "you don't want to know" basis. Because everybody knew Al Qaida did it. And, you know, the intelligence agencies were reporting to the NSC what the FBI guys on the ground in Yemen were finding. They knew that it was Al Qaida in early November. But the leadership of those two agencies wouldn't certify it, in my opinion, because they didn't want the president to have to know that.

WALLACE: Let me ask you about that, Mr. Benjamin, because that was one of the points that President Clinton made in our interview, that it wasn't certified by the FBI and the CIA. Two points about that: One, he's the commander in chief. The CIA and the FBI don't work for - I mean, they work for him, he doesn't work for them. And two, doesn't this get to the whole issue as to whether or not this was viewed as law enforcement or a war?

BENJAMIN: No, I don't think it has anything to do with that. I think it has to do with having a standard of proof that you know that there was outside leadership of Al Qaida directing an attack in Yemen, and could you attack that outside leadership in Afghanistan on that basis? I think it's a very clear issue.

The whole discussion of a law enforcement paradigm versus a war paradigm is, in many ways, just a myth, because the war on terror, if you want to call it that, was conducted in a way before 9/11 that involved an awful lot of intelligence operations that had nothing to do with law enforcement.

This was about being able to say we got the right guys. And it was a very difficult time. It was right before the election. He needed to have proof to justify this kind of attack.

WALLACE: But, Mr. Scheuer, I can see you beginning to shake your head. I mean, whether or not they had certifiable proof about the Cole, they certainly knew that Al Qaida had been involved in the 1998 bombing of the U.S. embassies in Africa. In your opinion, as somebody who was up close and personal, why didn't the Clinton administration go after Al Qaida after the USS Cole?

SCHEUER: Mr. Wallace, my opinion is not all that important. I went to a little Jesuit school in Buffalo called Canicius, and the priests taught us never to lie, but if you had to lie, never lie

about facts. Mr. Richard Clarke, Mr. Sandy Berger, President Clinton are lying about the opportunities they had to kill Osama bin Laden. That's the plain truth, the exact truth.

Men and women at the CIA risked their lives to provide occasions to kill a man we knew had declared war and had attacked America four or five times before 1998. We had plans that had been approved by the Joint Operations Command at Fort Bragg. We had opportunities, many opportunities to kill him.

But that's the president's decision. That's absolutely the case. It's not a simple, dumb bureaucrat like me; that's not my decision. It's his. But for him to get on the television and say to the American people he did all he could is a flat lie, sir.

WALLACE: Mr. Benjamin?

BENJAMIN: Well, I simply disagree. The plans that Mike is referring to about being approved were actually disapproved by his own chain of command. The CIA did not have confidence in the operation that was drawn up, and we couldn't go forward with it.

After the attack on the East Africa embassies, the covert operations were restarted, and again the same assets that were being involved earlier proved to be feckless and didn't deliver the goods.

(CROSSTALK)

SCHEUER: ... saying this, that what Mr. Benjamin, who I have a great deal of respect for, but what I say doesn't matter. What matters is the documents that back up what I have to say or what Mr. Benjamin has to say.

The 9/11 Commission ignored those documents, didn't publish them to the American people, let no one involved with the effort to get bin Laden testify to the American people.

This is not a question of interpretation or judgment. This is a question of fact. And the documents will show the president had the opportunity.

WALLACE: All right. I want to get into one last area here, and I'll give you all an opportunity. One of the other issues that I discussed with President Clinton was the transition to the Bush administration in 2001, and here's what President Clinton had to say about that.

(BEGIN VIDEO CLIP)

W. CLINTON: At least I tried. That's the difference in me and some, including all of the right-wingers that are attacking me now. They ridiculed me for trying. They had eight months to try. They did not try. I tried.

So I tried and failed. When I failed, I left a comprehensive anti- terror strategy and the best guy in the country, Dick Clarke, who got demoted.

(END VIDEO CLIP)

WALLACE: Mr. Benjamin, wasn't the plan that President Clinton talks about there, the plan that Dick Clarke presented to Condi Rice in January of 2001, wasn't that awfully close to the delenda plan, "delenda" being Latin for destruction, which, in fact, he had drawn up in 1998 in the Clinton years and in fact was rejected by the Clinton White House?

BENJAMIN: Well, I was no longer in the administration. My understanding was that it was an elaboration of the original program. And things, of course, had changed because of the bombing of the Cole. This involved elaborate diplomatic approaches to other governments that a new administration needed to take on.

I do think that the key point here is that President Clinton is correct. The administration came into office. They held a meeting immediately on regime change in Iraq. They didn't hold a meeting of the principals of the National Security Council until September 4 on Al Qaida. They didn't take the threat nearly as seriously as their predecessors had, and valuable time was lost.

WALLACE: Mr. Scheuer, you're very critical of President Clinton, as we've seen today, but you also are on the record as saying that President Bush was, quote, "absolutely negligent in his failure to do more in the first eight months."

SCHEUER: Oh, I think that's absolutely the case. And I think that this administration has led us into a tremendously difficult long-term problem, which will be very bloody and costly for Americans.

I think fair is fair, though. Mr. Clarke, Mr. Berger, Mr. Clinton did have opportunities that were delivered by the men and women of the CIA to kill Osama bin Laden. In the first eight months of the Bush administration, there were no such opportunities. Could Bush have done more?

BENJAMIN: He didn't create any either.

SCHEUER: There were no such opportunities.

BENJAMIN: There were no votes (ph)?

SCHEUER: Well, the agency was still in the field. We were still trying to collect information. We didn't know where he was. I'm not saying that what they did or not was right, but the fact is Bush didn't have eyes on target.

WALLACE: Let me bring Mr. Wright into this, as well.

As someone -- and I have read your book -- who has reported this exhaustively for years around the world, after the bombing of the U.S. embassies in Africa, after the attack on the USS Cole, and it's not like the slate gets wiped clean when a new president comes in, why did both presidents fail to appreciate and take more seriously the threat of Al Qaida?

WRIGHT: Well, first of all, they were both poorly served by their intelligence agencies. And this is not a Clinton or a Bush problem; it goes back to Carter. It has been withered for decades under many administrations. And the will to act had also withered along with that.

And so, when it gets down time for Mike -- you know, when Clinton says, "Get him," and Mike is in charge of getting him, he doesn't have the kind of people really available to him. They're trying to hire tribal people who are not CIA employees. They're trying to give them some kind of reward if they capture him. They don't have people that speak natively Arabic and...

WALLACE: I understand that, but wasn't it also failure of will by both presidents?

WRIGHT: I think if they actually had a real moment of having bin Laden in their sights, but the truth is, on each of these occasions, when they had tribals who said they thought that he was there, one time when he was in the governor's house but he actually left, another time when the CIA had mistakenly given information that led to the bombing of the Chinese embassy in Belgrade, and then the best opportunity to get bin Laden arises right after that, and, you know, and Clinton -- and Tenet had a failure of nerve.

In each of these cases, the intelligence was not great. And the reason the intelligence was not great is they didn't have people that were capable of getting inside the tent.

WALLACE: All right. We could talk about this, and I wish we could, talk about this a lot more. And I want to thank you for coming in today and helping us try to set the record straight.

Coming up, our panel of Sunday regulars talks national security: Democrats energized by the Clinton interview, while Republicans pass legislation to handle terror detainees. Stay tuned.

(BEGIN VIDEO CLIP)

SEN. HILLARY CLINTON (D), NEW YORK: I think my husband did a great job in demonstrating that Democrats are not going to take these attacks.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: All the different, you know, finger-pointing and all that business -- I don't have enough time to finger-point.

(END VIDEO CLIP)

WALLACE: That was just part of the fallout this week from Bill Clinton's energetic interview on "FOX News Sunday." And it's panel time now for our Sunday regulars. Brit Hume, Washington managing editor of FOX News, and FOX News contributors Mara Liasson of National Public Radio, Bill Kristol of "The Weekly Standard," and Juan Williams also from National Public Radio.

Well, I have to say that I am shocked -- not displeased, but shocked - - to see that the Clinton interview continues to have this kind of fallout a week later. But as you just saw from those clips, it seemed to dovetail neatly into the larger national security debate between the Republican and Democratic parties.

At one point this week, we had Secretary of State Rice and Senator Clinton facing off again with each other. Brit, why do you think that the pre-9/11 actions or failures to act are still so politically explosive?

HUME: Because 9/11 is the biggest event of our time. It was a terrible thing, and responsibility for it is something historians will be examining for as long as there are historians. It's just a very big deal.

And for President Clinton, who had a successful, popular presidency during what appeared, at least on the surface, to be a wonderful time in America with a booming stock market and no wars in the world to speak of, this is a terrific threat to the legacy of a president who really had no massive major huge challenges of the kind that make big history.

And what I think he's concerned about -- and understandably so -- is that the big history that will be made about him is that he did nothing serious to abate the greatest threat then facing our country, which then came into fruition on 9/11.

LIASSON: Look, I think it is definitely good politics for the Republican base when Clinton is blamed for pre-11 lapses. I think it's great for the Democratic base when Clinton fights back hard against his detractors. I think one thing we've seen with President Clinton over and over again is, as usual, he gives ammunition to his enemies and heart to his supporters all at the very same time.

And I think when you hear Hillary Rodham Clinton saying, "My husband is right to fight back against these accusations," she is really representing the kind of battle cry of the Democrats this year, which is, "We will not be swift-boated again."

And they feel that they've been unfairly attacked for being weak on national security again and again, and that this year, this election year, is going to be different. And I think it fits perfectly into the bigger debate over national security in a week where you have the president of the United States saying the Democratic Party is the party of cut and run.

This issue is intensely partisan; it's intensely politicized. What you're not hearing anything about in this election campaign is what do we do now, what do we do next, to solve this problem?

WALLACE: You know, I seldom, seldom disagree with you. But you advanced a theory this week that perhaps this whole thing was premeditated by Bill Clinton to rally the Democrats. And I'm not saying you fell into this, but some of your colleagues in the press, a fellow named David Remnick, who seems to be in full Clinton spin cycle, advanced the same theory.

I'm going to reveal something today for the first time, which was that we -- I've mentioned it in the past -- that when the interview was going on, that the press secretary to Bill Clinton was jabbing my producer in the shoulder saying, "End this interview right away. Shut off the cameras."

After he left -- and I said before that he was shouting at his staff in the hall -- in fact, he threatened to fire them if they ever got into this kind of situation again. So premeditated, I don't think so.

KRISTOL: Well, maybe not. I, of course, agree with Hillary Clinton. I admire Bill for standing up to the outrageous assault that you launched on him by daring to ask him about whether he was entirely happy with what he had done to prevent 9/11.

I don't know. He obviously got genuinely angry. I also think that he had stored up these arguments, and he wanted to lay them out. He thought there was an advantage to defending his legacy, to trying to intimidate journalists from asking this question in the future. That was what was going on there. I do think that's true.

He may have been genuinely angry, but he thought -- he didn't intimidate you, but he thought if he could intimidate others from raising the whole issue of his administration's actions and failures to act prior to 9/11 and, therefore, in a sense, to prevent -- to almost make the whole discussion about which party is better on terror, make that sort of illegitimate. Put it out of bounds.

We had a vote this past week. Obviously, the two parties differed on this particular issue of how to treat detainees. The Democratic talking point isn't to defend their position. It's to say, "Well, this is politically an illegitimate debate," almost. I think that's what Clinton was trying to do.

WILLIAMS: What strikes me is that whenever we question -- have questions about President Bush's conduct pre-9/11, people say, "Well, why politicize that? You know, we're all struggling, we're all trying to get it done." But when it comes to discussions of President Clinton's role, it's apparently fair game to go after Clinton. I think that's a double standard. And I think that's what Clinton, in part, is reacting to.

It's interesting to me -- I saw a Gallup Poll this week that asked the American people, "Who do you think is more responsible for the failure to capture bin Laden or kill bin Laden?" And the answer is like 53 percent. It's President Bush, not Bill Clinton.

And, yet, the emphasis -- and I think this is something Clinton said to you in a challenging way -- the emphasis is always on what Clinton hasn't done as opposed to what Bush didn't do. And so all those questions, it seems to me, reside on Bush's watch, and yet the emphasis coming from the right wing has been, maybe astutely so, to attack Clinton and undermine Clinton going forward.

HUME: Until, Chris, Clinton sat for this round of interviews -- and, by the way, it's not clear to me, Bill, that any intimidation of journalists were needed to avoid that question because Chris,

after all, despite the fact that a number of other media celebrities interviewed him, was the only one who asked the question, as you've noted. The question was very mildly worded.

I must tell you, Juan, I haven't been listening and hearing much of many, many attacks in recent times about the Clinton record on this. It's kind of -- until he came out and this all happened, it wasn't being talked about.

WILLIAMS: What about "The Path to 9/11," that ABC movie?

HUME: Well, that was fictionalized history.

WILLIAMS: What about Rush Limbaugh literally days after in the pages of the "Wall Street Journal"?

HUME: Well, they made a big deal out of trying to suppress that documentary. What I'm saying to you is that the national debate as you see it played out here in Washington and day in and day out in the pages of the news media has not much been about the Clinton record pre-9/11.

Most people, I think, in the country felt that after the 9/11 Commission report came out that that whole pre-9/11 question had been reviewed, authoritatively, nobody was covered with glory, and ended.

WALLACE: Let me, if I can -- because everybody keeps saying -- we keep going back into this, but everybody says, "Let's talk about the present and the future." There was another big development on the national security front this week, Mara.

Congress passed this terror detainee bill that, as I pointed out to Congresswoman Harman, 80-plus percent of Democrats in the House opposed the Bill; 3/4 of Democrats in the Senate opposed the bill. Have they once again opened themselves up to Karl Rove's attack line, they're soft on terror?

LIASSON: Well, the attack lines are happening all over the country now regardless of how Democrats in the majority voted on these bills. I do think two things are happening. One, Democrats feel as a whole that these attacks are not as potent as they were in the past because of what's happening in Iraq.

I think on the other hand, when you look at who voted for it, it's Democrats in tight races. So Democrats in tight races in general voted with the president. But on the whole, as you said, a majority of Democrats voted against it. And I don't think they're as worried as they were in the past. They chose not to filibuster. They clearly chose not to make this some kind of a huge fight, but they're not as afraid of those attacks as they were in the past.

WALLACE: Real quickly, Bill.

KRISTOL: I think they should be worried. This was a vote. You know, as Mara said, people attack each other all the time. Here we have a vote on the record, more than 3/4 of Democrats

voting against tough interrogation techniques for detainees. I think the Republicans -- it genuinely illustrates the difference and understanding on how to fight the war on terror between the two parties. It was an actual, recorded vote in both houses of Congress.

WILLIAMS: Let me just say very quickly, there's a 14th Amendment in our Constitution that requires equal treatment under law for all Americans.

HUME: Enemy combatants? Battlefield detainees?

WILLIAMS: We should apply it in a way that keeps with our morals, Brit. We are Americans. We have a different standard than the terrorists, and I don't want to go down to the terrorists' standard.

HUME: When we had several hundred thousand prisoners held here with no trial of any kind during the Second World War, were we an immoral nation then?

WILLIAM: I think we had a challenge then, we had a different situation. We were fighting a clear enemy state. We're fighting terrorists now.

WALLACE: We need to take a break here, but we're going to continue this conversation. And also coming up, the new Bob Woodward book and that leaked national intelligence estimate. How does it all fit into the fall campaign? We'll ask the panel when we come back.

WALLACE: On this day in 1908, the Model T Ford was introduced to the American public as a reliable car for the average American. Better known as the Tin Lizzie, the Model T helped put America on the road. Stay tuned for more from our panel.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: In a lot of ways, the books are like cotton candy. It kind of melts on contact.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

REP. NANCY PELOSI (D-CA), HOUSE MINORITY LEADER: The president failed on all of those scores, and he has become Mr. Rosy-Scenario.

(END VIDEO CLIP)

WALLACE: That was White House Press Secretary Tony Snow and House Minority Leader Nancy Pelosi reacting to Bob Woodward's new book called "State of Denial." And we're back now with Brit, Mara, Bill and Juan.

Well, as we've been saying, Woodward has written another book just in time for the fall campaign, and it is interesting. He says the president has been far more optimistic about Iraq in public than the secret intelligence he's getting.

And he also says that everybody, just about, in the Bush administration except the president and the vice president -- those are two pretty big exceptions -- was fed up and wanted Don Rumsfeld out. Brit, your thoughts about what we know about the book so far.

HUME: Well, I haven't had -- don't have the book, haven't read the book. I just read some of the excerpts. It's not all that much to go on. My guess is that most of what's reported in the book is right. Bob Woodward is a careful reporter, and he probably -- the facts as stated are probably correct.

The question is whether they fit into an overall pattern of the kind he describes, and that's where I think it's probably more subject to challenge. And there are obviously some details in there, the question, for example, of whether a request for more troops by Paul Bremer was disregarded, it turns out, perhaps, not to be so.

But on balance, is this administration and this president in what the book calls a state of denial about the situation in Iraq? I don't think so. I think that no one is more aware of the difficulties there than the president and those around him.

The question they face is, of course, whether you try to see this through, believing, as Henry Kissinger is quoted in the book as saying, victory is the only exit strategy, or whether you try to figure out a way to get the heck out of there. So I think that's what it comes down to.

WALLACE: Mara, when you take this and you add it to what the national intelligence estimate that was partially leaked last Sunday and then more of it was disclosed this week by the president, which again seems to indicate that the president is receiving more negative, grimmer private intelligence than perhaps what he's saying to the American public, is that a problem for him, and is it an avenue of attack for the Democrats?

LIASSON: I think it is, because I think what the White House has been trying to do is to kind of de-link Iraq from the war on terror. The war on terror is where, politically, they're firmer on ground. But I think the NIE and the Woodward book re-links it again in a negative way.

It adds up to an impression that, gee, the Iraq war is going badly, more badly than we thought or more badly than the administration is telling you. Now, that clearly can be used as ammunition for the Democrats.

It doesn't suggest the solution. Does it suggest that we should get out? Not necessarily. Maybe it merely suggests we should try to figure out a better plan for being victorious there, because if we're not, whether we fail or whether we get out, the results will be disastrous.

WALLACE: Bill?

KRISTOL: The Bush administration has not tried to de-link Iraq and the war on terror. The president says in every speech that Iraq is a central front in the war on terror. The question is, are we doing everything we should be doing to win in Iraq?

I think the American people -- the FOX poll shows this -- they want to win in Iraq, and they will support changes in strategy to win in Iraq. What they won't support, I think, is a sense that we're just hunkering down, we're going to try to tough it out, and that the president is not open to rethinking strategy and tactics.

But if he can -- the president can make clear that if he gets a Republican Congress, he's going to pursue the war on terror on all fronts, whether it's detainees or Iraq or Iran, that we're fighting one jihadist enemy, and that he's willing to rethink tactics where they're not working. I think he gets support. If it becomes a president who's hunkered down, not listening to criticism, then he's in trouble.

WILLIAMS: Well, that's the problem. He's been hunkered down. And people have a sense that he is detached, in a bubble, however you want to put it, and hasn't been listening.

Now, the president was on a roll, and I think Republicans were doing better approaching the midterms over the last several weeks. I don't think there's any question about that. You saw his numbers bump up, not anything great, but over 40 percent, where it wasn't going to quite be the drag on Republican candidates.

But with the NIE and now the Woodward book, the conversation has shifted back from war on terror, where the president is strong, as Mara was saying, and back clearly to this ground that's so controversial where you have 2/3 of the American people saying, "It's wrong, it's a mistake. We don't like this policy."

KRISTOL: Wait, wait, wait. But the NIE says getting out of Iraq would be disastrous.

WALLACE: You know what, guys? We could talk about this forever. And we'll talk about it next week. But before we leave -- and we've got a couple of minutes left -- I want to talk about the Mark Foley scandal. Mara, you're the one who spent the most time covering -- and there's two issues: what Foley did, and perhaps most importantly, the issue of what the House Republican leaders did or failed to do.

LIASSON: Right. I think the question now is how this affects the midterms. That's what people are talking about. Foley's seat, which was considered to be his -- it's a competitive seat, but he was going to win -- now, I think, might be a potential loss to the Republicans.

There's another seat that's affected, which is Tom Reynolds, the head of the Republican Congressional Campaign Committee, who now is at war with Dennis Hastert about how soon the speaker's office actually knew about this problem. Reynolds is in a very tight race of his own in upstate New York. That also could be hurt.

WALLACE: Brit, bigger issue here. Does this feed into a sense that, certainly at least the Democrats are arguing, that it shows an arrogant Republican majority that, you know, is more concerned about incumbency than about, in this particular case, protecting kids?

HUME: It is serious misbehavior on the part of Congressman Foley. Whether it stems from some overall arrogance or just the weakness of the human flesh is another question.

It's probably worth noting here that there's a difference between the two parties on these issues. Inappropriate behavior towards subordinates didn't cost Gerry Studs his Democratic seat in Massachusetts, nor Barney Frank his.

Nor did inappropriate behavior toward a subordinate even cost Bill Clinton his standing within the Democratic Party, even though indirectly, he was impeached for it. Mark Foley found out about this, was found out to have done this, and he's out of office and in total disgrace in his party.

WILLIAMS: It took him long enough, don't you think?

HUME: What do you mean?

WILLIAMS: Well, gee, they knew about it way back. No action taken. That's the question.

HUME: We don't know.

(CROSSTALK)

HUME: It is worth noting that we don't yet know exactly what they knew and when they knew it. Obviously, we'll find out this week.

WILLIAMS: Well, there's an argument among Republicans that have a very different time record here for what Hastert is saying.

WALLACE: All right, guys. You can take it outside afterward. Thank you, panel. That's it for today. See you next week.

Time for some mail. And we received the most ever, more than 4,000 e- mails, about our interview with former President Clinton. Here's a sample.

Anne Hilton from Massachusetts writes, "Chris Wallace was rude and out of line, and it was completely inappropriate of him to ask Bill Clinton about Al Qaeda and 9/11 before talking about Clinton's global initiative."

From Mike Murray in Kansas, "Why is Clinton so defensive? I would think that if you did all you could to get bin Laden, you would not get so angry when questioned about it."

From Drew Wheeler in California: "You were shamed by the president, and you deserved to be. He made a very valid point."

From David Holtkamp in New Mexico: "Thank you for showing more grace and restraint than President Clinton did. Anyone who disagrees with him is obviously part of the vast right-wing conspiracy."

And Denny Delk in California sees a marketing opportunity. "I would like to place my order for the Chris Wallace action figure with the kung-fu conservative smirk. I'll be able to use it with my Bill Clinton doll to re-enact the exciting adventure." Denny, you need to get out more. Be sure to let us know your thoughts by e-mailing us at fns@FOXnews.com.

Up next, some final thoughts about the week that was around here.

WALLACE: Well, it's been quite a week. While I was still interviewing Bill Clinton, I thought, "I've got a heck of a story here." But even I'm surprised just how big it became. A couple of points. First, President Clinton questioned whether we ever asked officials in the Bush administration what they did before 9/11. Take a look.

(BEGIN VIDEO CLIP)

CLINTON: What I want to know, how many people in the Bush administration you asked this question of. You didn't ask that, did you? Tell the truth, Chris. Tell the truth, Chris.

(END VIDEO CLIP)

WALLACE: The problem is, at my age, I can't remember what I had for lunch yesterday. But we checked. And sure enough, on the week that Clinton counter-terrorism advisor Richard Clarke spoke to the 9/11 Commission and apologized to families of the victims, we had Defense Secretary Rumsfeld on. Here's how that went.

(BEGIN VIDEO CLIP)

WALLACE: Do you think it would be appropriate for someone in the administration from the president on down to consider making a similar statement to the families? What do you make of his basic charge that pre- 9/1 that this government, the Bush administration, largely ignored the threat from Al Qaeda? It sure sounds like fighting terrorism was not a top priority.

(END VIDEO CLIP)

WALLACE: And that's point one. This is what we do every week on "FOX News Sunday," get the best guests we can, Republican, Democrat or vegetarian, and ask them tough, probing questions about the most important and interesting subjects of the day.

Then, there were the hundreds of emails we got before the interview even ran. If you like Bill Clinton, I was a jerk. If you dislike him, I was a hero. Respectfully, I think both sides missed the

point. When we ask questions, we are not pushing a cause or expressing an opinion. We're trying to cut through all the talking points these politicians have, all their handlers, to get them off their script and telling you what they really think. It's a shame when a question to anyone is attacked as a hit job.

And that's it for today. Have a great week. And we'll see you next "FOX News Sunday."

CBS – FACE THE NATION

BOB SCHIEFFER, host:
Today on FACE THE NATION, another Bob Woodward bombshell. He says flatly the Bush administration has hidden the truth about Iraq from the American people. Is he right or wrong? We'll hear some of his interview with Mike Wallace, and we'll get the other side from one of the president's top aides.

The accusations come in Woodward's new book, "State of Denial," in which he not only questions that administration line on Iraq, but says top officials also ignored warnings that the attack on 9/11 was coming. We'll ask Joe Biden, the ranking Democrat on the Foreign Relations Committee, to assess that, and we'll hear from the president's counselor Dan Bartlett.

Then, in my final word, I'll shift to some good news. Andy Rooney is spouting off again.Well, some would call it good news. In any case, we'll have it.

But first, Iraq, the White House and Bob Woodward on FACE THE NATION.

Announcer: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now, from CBS News in Washington, Bob Schieffer.

SCHIEFFER: And good morning again.

BOB SCHIEFFER, host:

The president's top communications man, Dan Bartlett, will be here in a minute to talk about all this. But before we get to him, we want to get a Democrat's view of this. Senator Joe Biden, of course, is the ranking Democrat on the Senate Foreign Relations Committee.

Senator JOSEPH BIDEN (Democrat, Delaware; Member, Foreign Relations Committee): Hey, Bob.

SCHIEFFER: He's with us this morning.

And Senator, before we talk about Iraq and what's going on there, I want to ask you about another passage in this book, because Bob Woodward says that in 2001, in July--that is before the attacks on 9/11--the CIA director George Tenet and his top counterterrorism man, Cofer Black, asked for basically an emergency appointment with Condoleezza Rice, the president's

national security adviser, and they told her that they believed that al-Qaeda was going to attack us in this country.

Sen. BIDEN: Yes.

SCHIEFFER: Now as far as I know, this was not known about until Bob Woodward published this book. I want to ask you, did you know about this as the top Democrat on the Foreign Relations Committee? And what do you make of this?

Sen.BIDEN: Bob, I didn't know about it. There are all kinds of rumors of that effect.But it raises two really important questions. If that meeting really did take place, why didn't Condie Rice or George Tenet tell the 9/11 Commission about that? They were obliged to do that, and they didn't. And the second thing it raises is if they left us unprotected there, it forces us to focus now. I mean, the 9/11 Commission report is out there telling us what we have to do to protect ourselves, and this administration's done virtually nothing to implement the recommendations of the 9/11 report. So the real scandal will be if, God forbid, we're attacked again, why did they sit on their hands for the last three years and not do anything about chemical plants, not do anything about the number of other things that the 9/11 Commission report urgently says we have to do?

SCHIEFFER: Well, apparently this meeting was not known about by the 9/11 Commission. You said, if I understood you, you did not know about it.

Sen. BIDEN: Correct.

SCHIEFFER: It's hard to see what happened here, because Tenet and Cofer Black say...

Sen. BIDEN: No.

SCHIEFFER: ...according to this book, that they went away from this meeting feeling that they had been, basically, ignored and brushed off.

Sen. BIDEN: Well, I think there's a lot of evidence of that in other meetings as well, and subsequent meetings. But the point here is that if this, in fact, did occur, and take Woodward at his word that he has proof that it did occur, then Dr. Rice, Secretary of State Rice, did not meet her obligation to the 9/11 Commission, and George Tenet did not meet his obligation. They were obliged to tell the 9/11 Commission when they're investigating, of all relevant meetings that took place, relevant to the attack on 9/11.This sure sounds relevant to me. Why did they not do that?

SCHIEFFER: Now, Dan Bartlett, the president's communications chief who'll be here in a minute, says--and he said it again this morning on another broadcast--that the president retains confidence in Don Rumsfeld, the secretary of defense. Woodward's book, over and over, says that Rumsfeld, at many times, is at odds with other members of the administration. It even goes so far as to say that Andy Card, then the president's chief of staff, tried on several occasions to have Rumsfeld replaced. What do you know about that?

Sen.BIDEN: Well, that's my understanding as well. Bob, I was on your program right after Abu Ghraib.I called for Rumsfeld's resignation. I went down to the White House to meet with the president and the vice president in the Oval Office. The president said to me, quote, "Why you keep picking on Rummy?" I looked at the president, I said, `Mr. President, with all due respect,' and I looked at the vice president, `Mr. Vice President, I would call for your recommen--your resignation as well were you not a constitutional officer.' And the president said, `Why would you say that?' And I said, `Mr. President, not one piece of advice either Don Rumsfeld or Dick Cheney has given you has turned out to be correct with regard to Iraq.' And the president just seemed completed wedded to the notion.

But it's way beyond Rumsfeld now. Rumsfeld's resignation is almost irrelevant now. The issue is what is the president of the United States going to do about changing direction and policy in Iraq? He obviously has bought onto Rumsfeld and Cheney's notion. He's rejected the notion of everyone else in this administration--not everyone, others with a different view. It's the president's responsibility.He's got to change. Staying the course and saying we're not going to stand down till the Iraqi troops stand up, when the issue is getting them to stand together. There's 600,000-plus armed troops in Iraq, Bob, 600,000 trained. And there's more violence.

SCHIEFFER: Did you--did you just say that you would've called for the president's recommendation, had that been constitutionally possible, when you called for...

Sen. BIDEN: Yeah.

SCHIEFFER: You told the president that to his face?

Sen.BIDEN: I told the president, with Dick Cheney right there. I was straightforward. And I--and it's not...

SCHIEFFER: What did they say?

Sen.BIDEN: They just looked at me like I was crazy. I mean, look, it--this isn't about--it's not personal. When the president asked me why, I said, `Can you name me one piece of advice, with all due respect, Mr. President, one piece of advice you've gotten on a major issue relating to Iraq from the vice president or from the secretary of defense that's turned out to be correct?'

SCHIEFFER: Well, Senator Biden, are you saying--would--do you think the president ought to resign?

Sen. BIDEN: No, no, not--I didn't say the president, the vice president.

SCHIEFFER: Oh, the vice president.

Sen. BIDEN: I said to the president, I said--I said--I said to him, `With all due respect, Mr. President,' and I looked over at Dick Cheney, and I said, `Mr. Vice President, I not only call for Rumsfeld's resignation, were you not a constitutional officer, I would suggest you resign.' I didn't mean he literally should resign, I was making the point.

SCHIEFFER: I understand. Well, do you think he ought to resign?

Sen. BIDEN: That there is just no...

SCHIEFFER: Do you think the vice president ought to resign?

Sen. BIDEN: No, no, no, no.

SCHIEFFER: OK.

Sen. BIDEN: I was making--I was making the point that these guys...

SCHIEFFER: OK.

Sen.BIDEN: ...just don't know what they're doing. And no one takes them seriously anymore, except the president, apparently.

SCHIEFFER: The president said the Democratic Party, and I will quote here, "the party of Roosevelt and Truman has now become the party of cut-and-run."

Sen. BIDEN: No.

SCHIEFFER: And he says Democrats offer "nothing but criticism and obstruction and endless second-guessing." True or false?

Sen.BIDEN: That is absolutely not true.Absolutely false. I've been on your show today and the lead editorial in the Philadelphia Inquirer, in every major newspaper in America, I've offered a detailed plan, I've gone down and talked about it.Everyone knows we need a political settlement here, Bob. My plan--and many Democrats have embraced, and many Democratic candidates embraced--says you got to give breathing room to the Kurds, the Shia and the Sunnis, with a federal city called Baghdad, let them have their own regions within this federation, give the Sunnis a piece of the oil and have an American force stay in--over the horizon to keep the neighbors from interfering.That's a political solution.You may disagree with it. An awful lot of people agree. But it is an offer of a reasonable way we could responsibly take our troops home.

The president is, I think, wallowing now in a--in a combination of--there's--within the administration, Bob, and all your sources, ask them--they are completely at odds with one another, they have no idea what to do next. As I said, there's 600,000-plus trained forces by us, counting our forces, things are getting worse and worse, it's spiraling out of hand. There's a political solution needed, and the president is doing nothing, nothing, nothing about it. He is the one who should cut the old program and run on a new program.No one is cut and run. Nobody in the Democratic Party has called for the immediate withdrawal of those forces. We're calling for some sanity and recognition of reality. There's a civil war spiraling out of control and all the king's horses and all the king's men will not be able to hold Iraq together if it becomes a full-blown civil war. There's a need for a political solution.

SCHIEFFER: All right. Well, Senator Biden, I think that's a good point to stop.

Sen. BIDEN: Thank you.

SCHIEFFER: And when we come back, we'll get what the White House thinks about all of this and what you've just said. Dan Bartlett will be here, next.

BOB SCHIEFFER, host: And with us now, Dan Bartlett, the counselor to President Bush in the studio with us this morning.

Well, you just heard Senator Biden, he left you several things to talk about. But let me go first, Mr. Bartlett, to this July 10 meeting in 2001 where according to Bob Woodward, George Tenet, the head of the CIA asked for what amounted to an emergency meeting with Condoleezza Rice. They kind of called her on the way and said, `We've got to see you.'

Mr. DAN BARTLETT (Counselor to the President): Mm-hmm.

SCHIEFFER: And they said that they feared there was an attack coming by al-Qaeda in this country. How would you characterize that meeting?

Mr. BARTLETT: Well, Bob, we were very surprised to see the account in this book because it really didn't match Secretary Rice's recollection of the--of the meeting at all. In fact, these very vivid accounts we're hearing from, allegedly from Cofer Black and from George Tenet were not shared with the 9/11 Commission. As we all know, that eight months of the president's presidency was one of the most investigated eight months of any presidency because of 9/11. And nowhere over the last several years have these quotes showed up? These people testified under sworn testimony? So I--we find it to be puzzling to see some sort of quote like this. I talked to Secretary Rice this morning. She disputes it, vigorously.

SCHIEFFER: Well, what does she say happened?

Mr. BARTLETT: Well, she said there were ongoing conversations about general threat levels, as we've testified to the 9/11 Commission about. We were taking actions to do everything we could to protect the country, but what we know now, Bob, is that all of government could've done a better job before 9/11. We had serious gaps in our capabilities, both intelligence and law enforcement to stop the type of attack that we had today. So I must say, we've--we're puzzled by this. No one has seen these type of quotes before. Each of these participants went before the commission and testified.

SCHIEFFER: Well...

Mr. BARTLETT: So it kind of leaves us scratching her head because we don't believe that's an accurate account.

SCHIEFFER: Did the White House tell the 9/11 Commission that this meeting in fact, took place? I mean, did they have the information that there was such a meeting?

Mr. BARTLETT: Well, I'm pretty sure that the 9/11 Commission knew about all the conversations that Secretary Rice had.They went through calendars. They went through meetings.They went through dockets. They went through intelligence. As you recall, this was a very, very scrutinized period of time in the Bush presidency.

SCHIEFFER: Sure.

Mr. BARTLETT: So it is kind of--leaves you scratching your head a little bit to see these type of vivid quotes from a meeting that hasn't showed up in the last four years.

SCHIEFFER: Well, you say she disputes these quotes, but does she have any recollection herself of what she said at that meeting? Does she remember the meeting specifically?

Mr. BARTLETT: She does remember a meeting--this meeting and other meetings that they had where they were talking generalized about the threats and about what we're doing. But the suggestion in this is that they asked for a very specific plan to go after bin Laden, we knew an attack on America was going to happen. That is just not how she recalls it whatsoever, and none of the evidence, as shown, in the 9/11 Commission book, says otherwise. And I know Bob in the book says, "Well, the 9/11"--Cofer Black said, "the 9/11 Commission didn't want to hear all the facts." Well, I think anybody who followed that report, they looked under every stone, they penetrated every piece of intelligence and gave what was a very critical report of the administration and the Clinton administration about what hadn't happened. So I'm very skeptical about that.

SCHIEFFER: What do you think, he just made this up?

Mr.BARTLETT: I just don't know. Like I said, it leaves us, somewhat puzzled.

SCHIEFFER: Let me just ask you about the general tenor of Bob Woodward's book, and, and that is that the administration simply did not tell the truth about what was really happening in Iraq, almost from the beginning. And he cites it in these statistics now about 900 attacks. He talks about how when the White House was saying things were getting better, that in fact they had information, secret reports, telling him they were getting worse.

Mr. BARTLETT: And that part of the critique is one that really I must say after reading the book the last two days is not really backed up by the own evidence in Bob's book.And for example, take the 900 attacks daily. If you open up the New York Times today, the Brookings does these--based on governmental reports--these charts saying exactly the type of violence there's been.

The president himself in more than one occasion has been very blunt with the American people about the challenges in Iraq. Last year and early part of this year, he gave a series of speeches where we talked about how we're constantly adapting our strategies, where we had to fix things on reconstruction, on training Iraqi security forces. So I think the president--I know the president

has been very blunt with the American people about the challenges we face in Iraq. We've given that information.

And if you just take a step back, Bob, I think you can look at the fact no American out there doesn't understand the violence in Iraq. We see it every night on our TV screens and every day we wake up and read the papers. Everybody knows it's tough. The president...

SCHIEFFER: Well, let me just show you something...

Mr. BARTLETT: Sure.

SCHIEFFER: ...Mr.Bartlett. Here the, the Washington Post this morning puts out a--basically a full-page, and where they go down the line here and say, you know--well let me just take one for example.

Mr. BARTLETT: Sure.

SCHIEFFER: It says, "On March 16th, 2003 Vice President Cheney told Tim Russert to suggest we need several hundred thousand troops there after military operations cease" I don't think is accurate. I think that's overstatement. But a month, or two months--well, a month before that, in February of 2003 it says that CENTCOM, that's the commanders, showed that estimates that it would take 450,000 US troops to occupy Iraq based on the experience in Bosnia. Now the president's always said, `I depend on my military commanders.'

Mr. BARTLETT: Mm-hmm.

SCHIEFFER: `If he tells me we need more people, we send them.' Well, that seems to be what they were telling him, and yet the administration was saying, `We don't need all those people.'

Mr.BARTLETT: Actually that's not the case, Bob. The General Tommy Franks was the commander of CENTCOM, came forward with a plan with--for the president. One of the big mischaracterizations, or at least one of the things we learned after the fact was that our overestimation on the Iraqi security forces themselves, the Iraqi army, that they would stay and be relatively intact, and if you removed the Saddam loyalists from the top that they would be there and able to supply order and civility to the streets. Quite frankly that didn't happen, and is one of the things that you learn during a war is that some things you anticipate don't happen and some of the things you do anticipate do happen. In this case we felt there was going to be a much more intact security force provided by the Iraqis, and that didn't materialize, and we've had to adapt to that, and we have adapted.

I think one of the things if you read the book...

SCHIEFFER: But maybe, maybe the CENTCOM people anticipated something like that was going to happen and that's why they said you needed 450,000 troops.

Mr. BARTLETT: Well, the CENTCOM was run by General Tommy Franks, and General Tommy Franks was repeatedly asked the question by this president.

SCHIEFFER: So you're just saying that's false?

Mr. BARTLETT: I am in the sense that if you're saying that the president...

SCHIEFFER: That there was no such intelligence report?

Mr. BARTLETT: ...well, the president didn't--the president did not reject advice from the CENTCOM--from the central command or from Tommy Franks for more troops and they didn't get it. At every step of the way, the president has given the commanders what they wanted.

Quite frankly, the politically expedient thing to do these days in the last few years has been to draw down the troops. That's what apparently so many critics here in Washington have claimed we should do. The president has resisted that because the commanders on the ground are asking for strengthened number of troop levels. And General Abizaid has said we're going to keep the current strength level through the spring of 2007, reflecting the fact that the president, more than anybody else, understands the realities of what's happening in Iraq and is sharing those realities with the American people, regardless of the political consequences.

SCHIEFFER: In another book that is hitting the stands this week...

Mr. BARTLETT: It's the season for books.

SCHIEFFER: ...Secretary of State Powell, former Secretary of State Powell, talks about how in his last meeting with the president, he tried to warn him about what was ahead in Iraq. And it--he seems--the book says that the president didn't seem to respond to that, that he didn't seem to understand what he was saying. What do you know about that?

Mr. BARTLETT: Well, I don't know about the specific occurrence, and I haven't read this book, I'm still working on the book that is about to hit the bookstands. But, Bob, I think the point I would want to make to you is that every day the president gets the full story about what's happening in Iraq. He understands the challenges. He understands the forces of evil that are working in that country to try to prevent us from helping Iraq succeed. He understands mistakes there. He understands that sectarian violence is a serious problem that has to be dealt with. But he remains optimistic, and--about the strategy in Iraq. He remains optimistic that we have to win in Iraq.He understands the consequences of failure. And Senator Joe Biden and others--and I must say, Senator Biden had a lot to say, somebody who's declared that he's going to run for president. Obviously he's going to have a lot of political ambition to make those points. But the Democratic Party across the board has adopted a position that is more about getting out than winning.

SCHIEFFER: All right, let me just, before you go, because we're out of time, and I have to ask you. A lot of this book places a lot of the blame on Secretary Rumsfeld. It says he couldn't get along with anybody very much in the administration, wouldn't return Condoleezza Rice's phone

calls. Several things, that he should resign, that Andy Card wanted him to resign. Where are you, and where is the president right now on Don Rumsfeld?

Mr.BARTLETT: Well, I'll make a point first before I get to that. The fact that people aren't returning phone calls is silly.

SCHIEFFER: OK.

Mr. BARTLETT: Secretary Rice and Don Rumsfeld, they talk every morning, they return phone calls. I think people are conflating the difference between having differences of opinion and dysfunction. The president has confidence in Don Rumsfeld, he's the right man to do this job. It's a very difficult job, there are a lot of second--armchair quarterbacks, but he's the right man.

SCHIEFFER: All right. Thank you very much, Dan.

Mr. BARTLETT: You're welcome.

SCHIEFFER: Back with a final word in just a minute.

BOB SCHIEFFER, host: Finally today, the politicians are always asking why we don't report the good news. Well, I'm ready to do just that. The politicians won't like it, because this good news is not about them. But the good news is that Andy Rooney has written a new book of original essays called "Out of My Mind," and it is one of the funniest, wisest books I've ever read. The bad news is I started reading it last night when I should have been writing my commentary to end this broadcast. I couldn't stop. I fell asleep with a smile on my face, but I awoke with no commentary, which leaves me no choice but to quote from Andy's book.

You know it's Andy talking when early on he ponders how much the earth weighs. Who but Andy would care? When he discovered there are two million American men in prison and only 100,000 women, who but Andy would wonder if that is because women are just more honest, or just smarter and don't get caught? Who but Andy would question the conventional wisdom that we grow wiser with age? He says that if we noticed how our face changes, or the shape of our feet as we age, who of us would argue an old brain is as agile as it was when we were 21? I can certainly relate to that.

Actually, I have mixed feelings about telling you to buy this book. If no one buys it, I can keep cribbing from it when I have nothing much to say and a deadline is near, like today. Being a writer, Andy can relate to that. Now, isn't this the part where that stopwatch starts ticking?

CNN – LATE EDITION

WOLF BLITZER, HOST: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: By withdrawing from Iraq before the job is done, we would be doing exactly what the extremists and terrorists want.

(END VIDEO CLIP)

BLITZER: President Bush reaffirms his intent to stay the course in Iraq. But is the U.S. losing the fight for Iraqi hearts and minds? We'll talk with the U.S. ambassador to Iraq, Zalmay Khalilzad.

(BEGIN VIDEO CLIP)

PERVEZ MUSHARRAF, PRESIDENT OF PAKISTAN: Don't compare Pakistan with Afghanistan. Pakistan is a very stable country.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

HAMID KARZAI, PRESIDENT OF AFGHANISTAN: We're not trying to blame Pakistan. We're not trying to blame President Musharraf. We're simply seeking cooperation.

(END VIDEO CLIP)

BLITZER: President Bush tries to mend fences between key U.S. allies in the war on terror. We'll get assessments of the U.S. strategy in Afghanistan, Pakistan and more from former Secretary of State Henry Kissinger and Former National Security Adviser Zbigniew Brzezinski.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: The book's sort of like cotton candy. Kind of melts on contact.

(END VIDEO CLIP)

BLITZER: An explosive new book by journalist Bob Woodward claims a White House dysfunctional and divided over Iraq. White House counselor Dan Bartlett responds in an interview. Plus, reaction to the book and a controversial intelligence report on the war in Iraq from two key members of the Senate foreign relations committee, Republican Chairman Richard Lugar and Democrat Chris Dodd. "Late Edition's" lineup begins right now. It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 4 p.m. in London and 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition." We'll get to my interview with the U.S. Ambassador in Baghdad, Zalmay Khalilzad, in just a moment.

First, though, let's get a quick check with what's in the news right now. CNN's Fredricka Whitfield standing by. Fred?

(NEWSBREAK)

BLITZER: Thanks very much. We'll get to the U.S. ambassador in Iraq in a moment. First, an update on a major scandal unfolding in the United States right now. Republican Congressman Mark Foley of Florida forced to resign over allegations he sent sexually suggestive e-mail to a 16-year-old boy, a former Congressional page, and House Republicans are taking heat for the handling of the scandal. Our Congressional correspondent, Dana Bash, is following this still developing story. Lots of fallout here in Washington, Dana.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: That's for sure, Wolf. And you know, yesterday, all day long GOP leadership aides huddled in the Capitol. They're trying to explain their own conduct in the Mark Foley scandal.

And what we found out is that three Republican leaders knew months ago, last spring, about one questionable e-mail exchange between Foley and a former page. Now, one of those leaders is House Speaker Dennis Hastert, who had to issue a correction of sorts. Now, top Hastert aides insisted to CNN Friday that Hastert knew nothing about any questionable Foley conduct until late last week.

But yesterday, Congressman Tom Reynolds of New York revealed he actually knew about one incident a few months ago, last spring, and brought it to the speaker's attention in the spring. Now, Hastert says he has no reason to dispute that, but insists he, quote, "does not explicitly recall this conversation."

The question isn't, though, just when did they know about this. It's what did they do about it. And Republican leaders say GOP representatives on the page board, the House page board, confronted Foley and told him to cease contact with the young man and to be mindful of his conduct with pages. And allegedly, Foley then promised that he would do so.

So the GOP leadership maintains they investigated one incident that they knew about. But one Democrat on the House page board, the only Democrat on that board, says he knew nothing about any of this. Democrat Dale Kildee said, quote, "I was never informed of the allegations about Mr. Foley's inappropriate communications with a House page, and I was never involved in any inquiry into this matter." So even after spending 36 hours trying to coordinate statements, they're still, Wolf, facing intense criticism, especially from Democrats, who say this is not the way to investigate. It is not appropriate to keep this an internal Republican matter, something that could be potentially this serious.

BLITZER: And right now, I guess the Republicans are being very, very harsh on now former Congressman Foley.

BASH: They are. You know, we should point out that what Republican leaders insist is that they didn't know really anything about the much more explicit e-mails, instant messages, I should say, that came out on Friday night that really forced Foley's resignation. But right now, what they do know and what they are trying to do is try to make the point that what he did, what Foley did, was, quote, "unacceptable and abhorrent."

And what GOP leadership said in a statement yesterday is that there should be the full weight of the criminal justice system forced on Foley. And they're taking new measures to protect pages in the future, setting up a toll-free number, for example, for pages and family members to call with complaints and concerns. But, Wolf, there is a fair amount of eye-rolling, if you will, about this, because this is perhaps another example, many people out there will say, of members of Congress treating themselves differently from how average citizens would be treated.

Remember a few months ago, Patrick Kennedy, for example, he had a DUI incident, and he wasn't given the same treatment by Capitol police that others might have been. So, this is going to probably raise other questions about how members of Congress are treated versus average citizens.

BLITZER: And we're going to be speaking much more about this with Dan Bartlett, the White House counselor, also the two key senators who will be joining us. I suspect this sandal only just beginning here in Washington. Dana, thanks very much for that. Much more on this story coming up later on "Late Edition."

But now let's move to the war in Iraq. President Bush trying to reassure an uneasy American public about the situation in Iraq, but he isn't getting much cooperation from the actual developments on the ground. The country is struggling with brutal sectarian violence, and new polls indicate Iraqis are growing increasingly wary of the U.S. military presence in their country.

Just a short while ago, I spoke with the U.S. ambassador to Iraq, Zalmay Khalilzad.

(BEGIN VIDEOTAPE)

BLITZER: Mr. Ambassador, thanks very much for joining us. Welcome back to "Late Edition." Lots going on in Iraq, as is always the case. Let's begin with some assertions in Bob Woodward's new book, "State of Denial." One section suggesting that next year, 2007, is going to be even worse than potentially this year, 2006. He quotes -- he writes this in the book:

"Wednesday, May 24th," of this year, "the intelligence division of the Joint Staff, J-2, circulated an intelligence assessment classified "secret" that showed that the forces in Iraq were not in retreat. In large print that assessment said," quote, " 'The Sunni Arab insurgency is gaining strength and increasing capacity despite political progress and Iraqi security forces development. Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through next year."

Is that your current assessment?

KHALILZAD: Well, no. I believe that a main part of the violence now is sectarian violence, violence between death squads associated with militias, and some of the insurgents.

It is true that the insurgency's still there and is targeting us. And the terrorists are there, although I believe that the al Qaida terrorists in Iraq are weaker now than they were a while back, and that they are under pressure.

But there is the sectarian violence that has increased. And there is also some Shia-on-Shia violence in the south. That is the situation. And I believe with the reconciliation program that the prime minister has put forward with the Baghdad security effort that we and the Iraqis are making, it is very plausible in my mind that next year the level of violence will be lower than this year.

BLITZER: What you are saying is that the sectarian violence between Sunni and Shia right now is the main threat to Iraq as opposed to the al Qaida or other insurgency that has been so prevalent over these past few years.

KHALILZAD: I think that is true that the importance of the sectarian violence has increased. While the insurgency persists, the terrorists, I think -- the al Qaida terrorists are weakened in the course of the past several months.

BLITZER: Can we describe this level of the sectarian violence right now between Sunni and Shia as a low-grade civil war?

KHALILZAD: Well, I don't know. It depends on the definition. I don't call it a civil war because the main political leaders want Iraq to stay together.

KHALILZAD: They are in the government together. They have not left the government. The security forces that are mixed have not fragmented.

But there is the sectarian violence that is there. And forces associated with them of the political groups are involved in the sectarian violence. So it is a matter of definition, but I believe that based on the definition that I gave, that it is not a civil war. BLITZER: Here is what you said early in June of this year to Der Spiegel. You said: "The next six months will be critical in terms of reining in the danger of civil war. If the government fails to achieve this, we will have lost its opportunity."

It's been four months since you said that. So based on your assessment, the next two months will be critical. Is that a fair assessment?

KHALILZAD: That is a fair assessment. I stand by that. The government, in the course of the next two months, has to make progress in terms of containing sectarian violence. And the government has been working hard. And the prime minister's reconciliation effort is moving forward.

He has meetings, even tonight, of the political leaders, to bring an agreement among them to decrease violence in Baghdad. The Baghdad security plan is moving forward.

In the areas where the security forces have cleared, the level of violence in general has come down significantly. But in the areas that have not yet been cleared, there is significant, and in some cases, increased level of violence, as the people responsible for violence have been pushed out into those other areas.

BLITZER: Here's some statistics we'll put up on the screen, Mr. Ambassador. In August and July of this year, more than 3,000 Iraqi civilian deaths, according to the latest statistics, 36 attacks a day earlier, now increasing to about 42 a day.

And as far as the internally displaced persons, according to the Brookings Institution, in August of 2003, 100,000, a year later, 200,000, then 250,000. And in August of this year, half a million Iraqis have been internally displaced.

It seems to be getting worse, not better. KHALILZAD: Of course, it's cumulative. And the displaced people and the level of violence -- there are days that it's higher than other days. But it has been quite high since the Samarra attacks that took place by the terrorists in the spring.

But I believe that progress is being made in terms of the reconciliation, which is necessary. In order to deal with this situation, you need to reduce the sources of violence -- that is reconciliation -- and increase the capacity of the security forces, and to go after those who are responsible for violence.

And steps are being taken with regard to each of those. But the situation remains a difficult one. I don't want to sugarcoat it in any way.

BLITZER: Here's what the spokesman for the multinational forces, Major General William Caldwell said on Wednesday. Listen to this.

(BEGIN VIDEO CLIP) MAJ. GEN. WILLIAM CALDWELL, MNF-1 SPOKESMAN: This week's suicide attacks were at their highest level in any given week with half of them targeting security forces.

Last week, almost 50 percent of the vehicle-borne improvised explosive devices were suicide attacks.

(END VIDEO CLIP)

BLITZER: Well, if it's the worst week yet since the start of this war, what, three-and-a-half years ago or so, it doesn't sound like it's getting better. It sounds like it's getting worse.

KHALILZAD: Well, as I said, if you look at the Baghdad situation, the cleared areas are getting better. But the terrorists and the death squads are punching back. And they have used IEDs and suicide attacks as one of their responses, using quite a number of them. But they have been largely less effective than they were earlier.

But it is a challenging environment; there is no question about that. But, as I said, with reconciliation, building security capabilities of the Iraqi forces, and going after those who were involved in violence, we are making progress on each of those tracks.

But difficulties remain, of course.

(END VIDEOTAPE)

BLITZER: And just ahead, Ambassador Khalilzad talks about his deep concerns that the Iraqi prime minister, Nouri al-Maliki, may not necessarily be able to hold his country. He says he's confident in this man, but we'll see how far he can go in dealing with the death squads.

And at the top of the next hour, on "Late Edition," White House counsel Dan Bartlett responds to Bob Woodward's stunning new book about the war in Iraq.

And insight from a man who has President Bush's ear, the top outside adviser to the president, according to Bob Woodward's new book; that would be the former secretary of state Henry Kissinger.

And this note for our North American viewers: Don't forget to join John Roberts for an in-depth look at "This Week at War." That comes up at 1 p.m. Eastern, right after "Late Edition." We'll be right back.

BLITZER: Welcome back to "Late Edition." We're speaking to -- we're standing by, that is, to speak live with former secretary of state Henry Kissinger and former national security adviser Zbigniew Brzezinski. That's coming up shortly.

First, though, let's return to my interview with the U.S. ambassador to Iraq, Zalmay Khalilzad.

(BEGIN VIDEOTAPE)

BLITZER: A lot of people seem to be losing confidence in the prime minister, Nouri al-Maliki, that he's so far not taken the steps to deal with the death squads, the militias, the kind of tough political decisions that you and others have been urging him to take.

And when I reading Bob Woodward's book, "State of Denial," I came up along this quote from the former secretary of state, Colin Powell, who said this.

He said: "I'd like to" -- back in May of this year -- "I'd like to offer you caution about Mr. Maliki, because, frankly, I don't think any of us have heard anything about him or knew anything about him. I have a little bit of caution about somebody who spent most of the last 20-odd years in Iran and Syria."

Is the prime minister of Iraq, Nouri al-Maliki, up to the job or have you lost confidence in him?

KHALILZAD: No. I have full confidence in him. He has made tough decisions. And he is making tough decisions. He has authorized moving against death squads. He has moved forward in terms of the reconciliation.

There is the issue of militias. And we have agreed that there should be a plan for demobilizing, decommissioning, and reintegrating militia forces by the end of this year.

KHALILZAD: There are some people who say that force should be used immediately against the militias. But he believes, and I agree with him, that there has to be an integrated plan that is political to begin with to convince the political leaders who have militias to agree to a decommissioning and demobilization and reintegration plan, and to keep the military option as a last resort, if necessary, to coerce them into cooperation.

Also, he has agreed that all of Baghdad, no matter who is in charge of which parts of it, ultimately has to come under the control of the government and that is willing to use force if that becomes necessary, and use necessary amount of force to bring that about.

I think he is a strong leader. He is a good decision-maker. He sets priorities. And he follows through.

BLITZER: Let me read to you from the portions of the National Intelligence Estimate that were declassified this week: "We assess that the Iraq jihad is shaping a new generation of terrorist leaders and operatives. Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere. Fighters with experience in Iraq are a potential source of leadership for jihadists."

Lots of other stuff in there as well. The bottom line, though, that's has been widely interpreted from this NIE, this National Intelligence Estimate, is that the war in Iraq is exacerbating the terror threat against the United States.

KHALILZAD: I think that the al Qaida folks that came here, they came in order to attack the coalition forces. And according to the leader of al Qaida in Iraq that replaced Zarqawi, al-Masri, 4,000 al Qaida terrorists have been killed in Iraq who probably would have gone elsewhere to cause difficulties and do destruction.

Whether the U.S. presence, the coalition presence here, produced more people to come and join al Qaida, the issue now is that the fact that we are here, if we leave Iraq before the job is done, before Iraq can stand on its own feet, a terrorist problem will be created that will be far greater than what we have faced so far, because al Qaida could gain control of a region of Iraq, and from there expand further into Iraq and the rest of the world and use the resources of Iraq to threaten the United States and the world.

So it's very important, given where we are now in Iraq, that we help Iraq succeed in order to avoid the scenario that I mentioned. BLITZER: We are almost out of time, Mr. Ambassador. But a quick question about this book, "State of Denial," by Bob Woodward, a couple of references to you in there, historic references.

One suggesting that you were among those, together with retired General Jay Garner, who was originally brought in for reconstruction in Iraq, thinking there should be an Iraqi face quickly, an Iraqi provisional government put forward, rather than a U.S.-led Coalition Provisional Authority that Ambassador Paul Bremer undertook.

Were you -- is that an accurate depiction of your thoughts at that time that it was a mistake for a U.S.-led Coalition Provisional Authority to be put in place, as opposed to an Iraqi face on this government?

KHALILZAD: Right. Well, as you know, I was earlier working on Afghanistan. And I participated in a process that immediately after the U.S. forces went there to produce a government -- a transitional government headed by Mr. Karzai.

And my thought was that we should do the same in Iraq, that in the aftermath of the liberation here, we ought to put a government together. And the president assigned me the task of doing that.

And I had organized a number of meetings, and the last of which was then March in Baghdad. But then, of course, Mr. Bremer was appointed, and I was nominated to go to Afghanistan.

BLITZER: So you disagreed with that assessment. Did you threaten to resign? Did you want to quit when Bremer replaced General Garner?

KHALILZAD: No. The idea was that I would come together with Bremer and that he would work -- there was at least the idea before the final decision was made that I would come together with him, that I would work on the government formation, and Mr. Bremer would deal with the rest. And ultimately the president decided to send only Bremer. And I was nominated by the president to go as our ambassador to Afghanistan. And I accepted that. As you know, I went and served there before coming to Iraq.

BLITZER: Because in the book, Bob Woodward quotes you. There is a quote of you as saying, "I quit," when you heard that Bremer was going to replace -- "then I would quit," something like that, when I -- when you heard that Bremer was going to replace Garner.

KHALILZAD: That's not accurate.

BLITZER: We will leave it at that, then. And we will continue this discussion down the road. Mr. Ambassador, thanks very much for joining us.

KHALILZAD: Well, it's good to be with you, Wolf.

(END VIDEOTAPE)

BLITZER: And coming up, critics of President Bush accuse him of having a deaf ear when it comes to the war in Iraq. We'll get two views on that and more from the former secretary of state, Henry Kissinger, and the former national security adviser, Zbigniew Brzezinski.

Bob Woodward in his new book says Kissinger has been a secret outside adviser to the president and the vice president on Iraq. We're going to ask the former secretary of state about that.

And this program reminder: Bob Woodward will join our Larry King tomorrow night, 9 p.m. Eastern. You're going to want to see that. Bob Woodward will be taking your phone calls as well.

But up next, a quick check of what's in the news right now. Stay with "Late Edition."

(BEGIN VIDEO CLIP)

RUMSFELD: I haven't seen the book. I haven't read his first two books yet, either. So I wouldn't hold your breath on this one.

(END VIDEO CLIP)

BLITZER: Defense Secretary Donald Rumsfeld, commenting on accounts of Bob Woodward's new book of a Bush administration sharply divided over the war in Iraq, as well as Rumsfeld's own leadership.

Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. Joining us now from Connecticut, another prominent figure mentioned in Bob Woodward's book, the former secretary of state Henry Kissinger, and here in Washington, former national security adviser Zbigniew Brzezinski. He served during the Jimmy Carter administration. He's not mentioned in Bob Woodward's book. But Dr. Kissinger, I want to go to you first. The picture we get from this book is that you, in effect, over these past six years, have served as an informal outside adviser to the president and the vice president, playing a key role in shaping President Bush's policies and decisions. I want your reaction.

KISSINGER: I haven't read the book, but I have -- first of all, my conversations with the president and the vice president -- I think if they counted the number of times Secretary Powell and Secretary Rice have asked my opinion, they would be at least as frequent as the other two.

(CROSSTALK)

BLITZER: Excuse me for interrupting, Dr. Kissinger, but the book suggests that, at least once a month, if not more frequently, you're consulted, you're brought in by the president or the vice president.

KISSINGER: I have told you what the balance is. And I think you will find that I have seen the secretary of state as frequently as I've seen the president and the vice president and that it's

almost always at the request of the people that I'm talking to.

But there's a more fundamental point to be made. It is absurd to believe that an outsider who comes in, at most, once every six weeks for an hour or so, has any significant influence on tactical decisions.

Where outsiders like myself and Zbig can be helpful is to give a middle-term perspective and to deal with and to advise on issues that may not be right front, center.

And that has been the role that I believe where I can be useful. I have tried to play that with every president since I left office and, to some extent, have.

And it is simply wrong to imply that I am a shaper of day-to-day decisions. This is not my role. I'm an outsider; I'm a friend. And I respond to questions that are put to me, but they're mostly conceptual and have to do with problems that are not ready for decision.

BLITZER: Dr. Brzezinski, you've been an outside adviser to other presidents, not necessarily to this one. You've been a serious critic of this president.

But on one page, page 427, in Bob Woodward's book, "State of Denial," he says this: "The document was given the title "National Strategy for Victory in Iraq" -- referring to a document the Bush administration released -- "It was right out of the Kissinger playbook -- the only meaningful exit strategy would be victory."

Now, Dr. Kissinger and you have been on "Late Edition" several times. You know his views. His view, basically, is that the United States must win in Iraq and can't allow to happen in Iraq what happened in Vietnam. Is that an excellent strategy or not such an excellent strategy that he has been recommending to the Bush White House?

BRZEZINSKI: Gee, you're really throwing a tough question at me, aren't you?

(LAUGHTER)

We have been at this for a couple of years, now, Henry and I. We have appeared on your program many times. And you know and the viewers know that I think the war is a calamity for the United States.

It was undertaken under false pretenses. It's been conducted badly. And it's destroying the American position in the Middle East, eventually posing the risk that the United States will be pushed out of the region. Israel, incidentally, at that point, will be in mortal danger. And therefore, it is a policy that is destructive, self- destructive.

I think that the United States ought to decide, think through, the implications of its quest for quote, unquote "victory." That word is used, but what does it mean?

When all of the indices that you have cited earlier in the program about the level of violence, the destructiveness, the killings, the hostility of the Iraqi people toward us, indicate that a simple-minded victory is not attainable.

We have to re-think the strategy fundamentally. And I don't blame Henry for the strategy because he's right. He didn't formulate it. He gives them, however, external reassurance.

What the administration needs is a willingness to meet with the critic critics, not me, but think of Senator Hagel, for example...

BLITZER: He's described in this book as well...

BRZEZINSKI: ... people like that.

BLITZER: He's been an outspoken critic of the policy.

BRZEZINSKI: The administration needs to reconsider what it is doing, quite fundamentally.

BLITZER: Is this, Dr. Kissinger, an accurate assessment of your view, what Bob Woodward, in this book, suggests, that you're telling the president and the vice president the only exit strategy for the United States is victory in Iraq?

KISSINGER: Well, first of all, I will obviously not comment on any discussions I have in private conversations with the president, the vice president, or the secretary of state.

That phrase that Mr. Woodward quoted is from an article I wrote 15 months ago -- so it's been publicly available for a long time -- in which I said the only effective exit strategy is victory. Nobody can question this.

Now, as one analyzes the situation, one could think (ph) to ask, what could does one mean by victory?

And secondly, what is attainable at any given point?

And finally, what are the alternatives?

I have been opposed to setting a deadline because I believe that it will shift the psychological and political pattern. And I believe, also, that leaving a vacuum in Iraq which will then become the target for all the surrounding forces, plus an intensified civil war, plus the conflicts that may arise between the fragments that then exist and the surrounding country, is an extremely dangerous strategy.

BLITZER: Let me let Dr. Brzezinski weigh in on that issue of a deadline.

You're suggesting -- correct me if I'm wrong, Dr. Brzezinski, because you've been on this program with Dr. Kissinger several times, that the United States should set a deadline and effectively get out?

BRZEZINSKI: Let me be more precise.

BRZEZINSKI: What I've suggested, and I stick with it, is that we ought to initiate serious discussions with the Iraqis about setting a deadline, discuss it with them, set it jointly. I would push for leaving within a year. I believe that it is absolutely mistaken to stay, quote, unquote, "on course."

All of the negative scenarios that Henry outlines of our departure have to be weighed against the negative consequences of staying on course. We're heading towards an increasing disaster. In Iraq itself, where the overwhelming majority of the people want us to leave and to leave within a year. And we're heading toward a disaster in the region as a whole, where we're becoming increasingly identified as enemies of the Muslims, as hostile to all of their aspirations, and indifferent to their suffering.

BLITZER: All right. We're going to continue this conversation. I'll pick it up right after a short break. I first want to just read what Bob Woodward wrote specifically about Dr. Kissinger in the book, "State of Denial": "Former Secretary of State Kissinger has a powerful, largely invisible influence on the foreign policy of the Bush administration. Vice President Cheney told me in the summer of 2005, 'I probably talk to Henry Kissinger more than I talk to anybody else.' "

"The president also met privately with Kissinger every couple of months, making the former secretary the most regular and frequent outside adviser to Bush on foreign affairs." All right, Dr. Kissinger, Dr. Brzezinski, stand by. We're going to pick up that thought. Lots more to talk about, including the rift between two major U.S. allies, Pakistan and Afghanistan. Are both countries doing enough to fight the war on terror? And for our North American viewers, a reminder that coming up right after "Late Edition" at 1 p.m. Eastern, "This Week at War" with John Roberts. We'll be right back.

BLITZER: Welcome back to "Late Edition." We're getting perspective on the situation in Iraq and the overall war on terror from former Secretary of State Henry Kissinger and former National Security Adviser Zbigniew Brzezinski.

Dr. Kissinger, let me quote one other passage from Bob Woodward's book, "State of Denial": "Kissinger liked Bush personally, though he told colleagues that it was not clear to him that the president knew how to run the government. One of the big problems, he felt, was that Bush did not have the people or the system of national security policy decision making that ensured careful examination of the downsides of major decisions. Kissinger sensed wobbliness everywhere in Iraq."

Is that true?

KISSINGER: Look, it is amazing that I'm asked to comment on a book that I haven't read, that Brzezinski's asked to comment on views that I don't hold. I have written nine articles on Iraq in the last two years. Anybody can get them on the Internet and can see that I have tried to analyze the various aspects of the war. In some of them I have made recommendations for changes.

I agree that we need a comprehensive strategy. I do not believe that there is wobbliness within the administration. Of course there are sharp differences, which have been widely reported, but in almost every administration that I have seen, there have been differences, sometimes more, sometimes less intense.

And I think we should focus our national agenda -- discussion on where we should go now. I believe at some point, at some early point, other countries have to be brought into the discussion of the future of Iraq. Something that I've been writing about also for some time. I don't think the choice is between victory in the abstract and pulling out in the abstract.

The choice is between trying to leave the situation in such a way that the security of the free people is not being threatened by the emergence of al Qaida-type regimes on Iraqi territory and that America does not leave the conditions under conditions of total chaos. But that does not preclude that one -- and in fact, it requires that one also has a strategy that expresses this in concrete terms, and that has been my major theme. And not platitudes like victory or wobbliness.

BLITZER: All right. Well, that's fair enough.

KISSINGER: That is not my view.

BLITZER: I'm just quoting from Bob Woodward's book, "State of Denial," Dr. Kissinger. I want to move on and talk about a huge issue that developed in Washington this past week, the summit, the three-way summit involving the president of the United States and the presidents of Pakistan and Afghanistan, Pervez Musharraf and Hamid Karzai.

Dr. Brzezinski, it looks like these two critical allies the United States has in Afghanistan and Pakistan are at serious odds right now, precisely at a time when the United States needs them to cooperate in this war against the Taliban and al Qaida. How big of a problem is this?

BRZEZINSKI: I think it's a very serious problem. It's a very serious problem because the animus between the two creates room for groups such as Taliban to stage a comeback. We have a real problem with Pakistan because we've asked Pakistan to do a lot for us. Now, Musharraf has put his life on the line. But, at the same time, for example, we have cozied up to the Indians. We're supporting the Indian nuclear program while we're still maintaining a series of restrictions in Pakistan and so forth. So there's a lot of resentment in Pakistan, not only against Musharraf but against us.

At the same time, in Afghanistan, it is a fact that Karzai is our best friend. We have a government in Afghanistan that's based on people whom we supported in the war and who feel grateful to us. And that's a big difference than Iraq. But it is also a government that is weighed

heavily against the dominant Pashtuns in the country. And they feel discriminated, and some are gravitating toward the Taliban.

BLITZER: Dr. Kissinger, what does the president of the United States need to do to get these two allies on the same page?

KISSINGER: These two allies in these two countries haven't necessarily been on the same page for a few hundred years. We should make it clear to Pakistan that tolerating al Qaida on their territory and supporting the insurrection in Afghanistan is not compatible in the long term with good relations with the United States.

KISSINGER: But it is without doubt an extremely complicated situation. What we need is a bipartisan national strategy on these issues. It is a very complex problem. It has turned out to be more complicated than the administration expected at the beginning or could expect at the beginning. And therefore, we have to define the direction in which we can move and carry it out. But there isn't any quick gimmick by which it can be solved.

BLITZER: Dr. Kissinger, we have to leave it right there. We're out of time. But a quick -- I want to put a picture up on the screen. You were in Rome this week at the Vatican. There it is, a picture of Dr. Henry Kissinger and Pope Benedict XVI. You had an audience with the pontiff. How did that go, briefly? And did you discuss the issue that's come up, his critical comments, if you will, about Islam that's caused so much of a stir in the Muslim world?

KISSINGER: Look, Wolf, you know that it is not appropriate to discuss the substance of a papal audience on television. I've had the privilege of conversations with the Pope when he was cardinal. And I found him then and now a man of great profundity. BLITZER: Only appropriate that the German-born Henry Kissinger would have an audience with the German-born pontiff. Just as the Polish former national security adviser often met with the Polish pontiff, John Paul. Is that right, Dr. Brzezinski?

BRZEZINSKI: Correct.

BLITZER: All right. Good to have both of you on "Late Edition" as always. Thanks to both of you for coming in.

And we're going to have much more on "Late Edition," including a revealing profile of the U.S. defense secretary that airs tonight. "CNN Presents: Rumsfeld, Man of War." We're going to bring you an excerpt of that. "Late Edition" continues right after this.

BLITZER: Tonight on CNN, an unprecedented up-close look at the U.S. secretary of defense, Donald Rumsfeld. CNN special correspondent Frank Sesno was given rare access to the defense secretary, his allies and critics of his stewardship of the war in Iraq. Here's a look at the Rumsfeld military strategy.

(BEGIN VIDEOTAPE) FRANK SESNO, CNN SPECIAL CORRESPONDENT: Even before Tora Bora, President Bush told Rumsfeld to have his generals start looking at Iraq. Rumsfeld had

a long history with the place. As Reagan's envoy, he went there, shook Saddam's hand when Saddam was at war with Iran, America's archenemy.

But after Saddam's invasion of Kuwait and the first Gulf War, Rumsfeld signed on to a new line of neoconservative thought, that America should actively promote democracy in Iraq and oust Saddam Hussein. At the end of 2001, Rumsfeld ordered Tommy Franks to throw out the existing Iraq war plan, which called for more than 400,000 troops.

(BEGIN VIDEO CLIP)

DONALD RUMSFELD, U.S. SECRETARY OF DEFENSE: It didn't reflect any of the lessons from Afghanistan, that it didn't reflect the current state of affairs in Iraq.

(END VIDEO CLIP)

SESNO: Rumsfeld was adamant, leaning hard on General Tommy Franks, who was putting together the war plan.

THOMAS RICKS, THE WASHINGTON POST: There was quite a lot of friction. Fairly harsh tone. Franks would fly up to Washington, show it to him, and Rumsfeld would say, fewer troops, faster. Cut it down. Pare it down.

SESNO: Rumsfeld was thinking transformation and asking tough questions.

U.S. ARMY GENERAL JACK KEANE, RETIRED: The question sort of goes like this: Listen, Saddam Hussein's army today is half the size it used to be. Why do we have to attack with the same size force we did back then? Isn't it reasonable to do it with less? Well, that's a very good question, and it deserves to be asked.

SESNO: The U.S. would attack with fewer than 150,000 troops, though more were available if needed. Rumsfeld's vision had prevailed. It was about to be tested again but on a very different battlefield.

(END VIDEOTAPE)

BLITZER: And don't miss "CNN Presents: Rumsfeld, Man of War." That airs tonight, 8 p.m. Eastern.

And still ahead here on "Late Edition," our conversation with one of the president's top advisers, Dan Bartlett, about Secretary Rumsfeld's future, the Bob Woodward book and lots more.

And with only five weeks until the 2006 elections, stay with "Late Edition" and CNN, featuring the best political team on television for all of your campaign news. And you can also find the latest political news, including highlights from all of the network Sunday talk shows. Check out our CNN political ticker. Just go to cnn.com/ticker for all that information.

You're watching "Late Edition, " the last word in Sunday talk.

BLITZER: Welcome back. We'll have my interview with the White House counselor, Dan Bartlett, in just a moment. First, though, let's check in with CNN's Fredricka Whitfield at the CNN center for a quick look at what's in the news right now. Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks, Fred.

Just five weeks before key congressional elections here in the United States, House Republicans are finding themselves in hot water over one of their own. Republican Congressman Mark Foley of Florida resigned Friday, suddenly, over alleged sexually suggestive computer messages he sent to a 16-year-old boy, a former congressional page.

Our congressional correspondent Dana Bash, joining us, once again, with the latest. What a story this is. It's caused a huge uproar here in Washington.

BASH: It has. Because we now know that three Republican leaders actually knew about this months ago. In addition, several other Republican lawmakers knew, as well, about one questionable e-mail exchange between Foley and a former male page, but they kept it secret.

And over the past 36 hours, we've been getting some contradictory explanations from Republican leaders about their own conduct and knowledge about this matter.

For example, House Speaker Dennis Hastert said Friday he knew nothing about any of this. And now he's issued a correction of sorts after it was revealed that he was, in fact, informed.

Now, beyond the question of what did they know, it's what did they do about it?

Republicans say they confronted Foley late last year when they found out about that one questionable e-mail exchange, but Democrats are saying, that's simply unacceptable. They were never notified about this.

Even the Democrat on the House page board, which allegedly investigated, was not part of that inquiry at all. Listen to what the Democrat running for Foley's seat in Florida said yesterday about this.

(BEGIN VIDEO CLIP)

TIM MAHONEY, DEMOCRATIC HOUSE CANDIDATE: It's now clear, from all the press reports, that the Republican leadership team knew this was going on and they had to make a choice. They had to do what was right for the children that were in the care of the government, or they could try to hold on to a seat and they decided to try to hold on to a seat.

(END VIDEO CLIP)

BASH: Now, it should be noted that Republicans say they only knew about what they call an overly friendly e-mail, not the sexually explicit instant messages that, of course, forced Foley to resign on Friday.

BLITZER: And let me read some of those to give this some context of this uproar here in Washington, this reported by ABC News, which broke the story.

Here's one of those very sexually explicit instant messages: "What ya wearing?" "tshirt and shorts" "Love to slip them off of you."

And another one said this: "Do I make you a little horny?" "A little." "Cool."

Now, it's that kind of stuff -- these are young boys who, in effect, are being hit on, allegedly, by a member of Congress in his 50s.

And that's bad enough, but the question is this: Did other leaders, Republican leaders know about this and decide, you know what, we're going to turn a blind eye; we're going to admonish him and warn him of this but not pay attention and let him go on.

I mean, potentially, the scandal is only just beginning. BASH: That's right. And again, they say they didn't know about what you just read; they only knew about one e-mail that was what they considered overly friendly. It wasn't anywhere near as explicit as what you read.

But another question is, what happens in terms of Congressman Foley, criminally?

As of Friday, before what you just read became public, there was no indication of any criminal investigation. But now, considering what we know, it is possible, of course, federal investigators are going to have to look into whether any federal laws were broken.

And in a statement yesterday, Republicans seem to encourage the idea of a criminal investigation. They said that former Congressman Foley should fall under the full weight of the criminal justice system. And we do know that Foley used a private e-mail account, but we don't know where he was instant-messaging from, whether it was home, somewhere else or in his office.

But as of now, the Capitol police have sealed off his former office on Capitol Hill. And they're apparently guarding it, potentially, to protect any evidence.

BLITZER: We'll watch the story. We're going to have more on it this hour. Thanks very much, Dana Bash, reporting.

President Bush came out swinging this week. He slammed Democrats as cut-and-run second-guessers of his Iraq policy. And his team dumped on a new book that claims he's giving a false, overly optimistic picture of what's actually happening on the ground in Iraq. I sat down with one of President Bush's closest advisers, the counselor Dan Bartlett, earlier today.

(BEGIN VIDEOTAPE)

BLITZER: Dan Bartlett, thanks very much for coming in.

BARTLETT: Thanks, Wolf.

BLITZER: All right, we've got a lot to talk about. This book, "State of Denial," by Bob Woodward, the national intelligence estimate, lots more.

But first, this uproar that's developed over the past couple of days, Republican Congressman Mark Foley of Florida resigning suddenly because of inappropriate e-mail to a teenage boy, who was a page. Apparently, there's a lot of this going on.

When did you at the White House begin to learn that this was unfolding?

BARTLETT: It's my understanding, Wolf, we learned when the American people learned, when Representative Foley put out a press release saying he was stepping down. We were all shocked by it, deeply concerned about what exactly happened, and we're glad to see that there's going to be an investigation into the particulars of this case.

But the president, the entire administration was just as surprised as everybody else.

BLITZER: Because there are suggestions that the Republican leadership in the House knew much earlier about this inappropriate e- mail and effectively did nothing.

BARTLETT: Well, the speaker's office and the leadership offices have all put out statements explaining what they knew when and why. And I think that's the best place for it to be handled, and my understanding is there's going to be an investigation. BLITZER: Should there be an independent, outside investigation, given the fact that the Republican leadership, at least by some, have been implicated, at least tacitly in complicity with this?

BARTLETT: Well, I think the leadership is being very forthcoming about what they know and when they knew it. There is going to be, I'm sure, a criminal investigation into the particulars of this case.

So I don't think anybody has to worry about this being thoroughly investigated. We're going to get to the bottom of this, the leadership is, and that's very important, because we need to make sure that the page system is one in which children come up here and can work and make sure that they are protected.

BLITZER: When you say a criminal investigation, who would undertake that kind of criminal investigation?

I assume a criminal investigation of Mark Foley.

BARTLETT: Well, if you take the allegations at face value, I think there would have to be at least a preliminary look to see if there's any breaking of criminal law.

I'm not a lawyer and I don't know all the particulars of the case, but I think this is going to get a lot of scrutiny, and it should get a lot of scrutiny, and I'm sure if there's, as Speaker Hastert and others have said, if someone needs to be held accountable -- Representative Foley -- they will be.

BLITZER: I want to move on, but what about this notion, though, that there were leaders, Republican leaders in the House -- suggestion, including the speaker of the House -- who knew earlier about this inappropriate e-mail.

Should they be held accountable if they, in effect, turned a blind eye and said, just make sure he stops doing this?

BARTLETT: Well, Wolf, I think it's important, at least from the reports I have seen, is that the leadership made clear that they did not know about the specific e-mails that are now being discussed, that they saw were described in a much different way, maybe not an appropriate way, but much different than the sensational e-mails that have now been revealed.

And the referrals were taken by the speaker's office, and they were given to the appropriate people. But again, this all is going to be looked at. It should be looked at.

Most importantly, we have to make sure that we have the integrity of the page system on Capitol Hill, and no one takes that more seriously than the speaker.

BLITZER: All right, let's talk about this bombshell of a book, "State of Denial: Bush at War Part III," by Bob Woodward.

BLITZER: The final paragraph basically sums up the main theme of the book: "With all Bush's upbeat talk and optimism, he had not told the American public the truth about what Iraq had become."

It's in effect suggesting, as the title says, that the president of the United States and his top advisers were in a state of denial.

BARTLETT: You know, Wolf, it's interesting, because I've obviously spent a lot of time with Bob over the last six years, five years, talking about his various projects, and a lot of the discussions, a lot of the debate about this book is about old debates that we've had about the number of troops and the post-reconstruction phase, disagreements between Jerry Bremer and the Pentagon and the State Department.

But I must say, I was quite struck by the cover of the book and the central thesis of denial, because the evidence in the book itself -- and I've read it over the last 48 hours as quickly as I could -- but I was struck by the fact, Wolf, that there is evidence that contradicts his very thesis of denial. Throughout this book, throughout many of the president's public speeches, he's been

very blunt with the American people about the difficulty of this war. He's been very blunt about the challenges we face.

He's gone to great lengths to explain how we're adapting our strategy to the enemy's tactics. As you've covered before, in late last year and early this year, the president gave a series of speeches where he was talking about how we had made some mistakes, how we've changed the way we're training Iraqi security forces, for example.

In this book, I must say, I was really -- I am puzzled by the fact that he's come to the conclusion of this title, this central thesis, because I don't even think the evidence in his own book backs it up.

BLITZER: Because his two earlier books on President Bush were seen by the White House, seen by many as very sympathetic, very supportive, if you will, of the president. That's why this one stands in stark contrast.

Let me read from page 471 and 472: "Wednesday, May 24. The intelligence division of the Joint Staff, J-2, circulated an intelligence assessment, classified, secret, that showed that the forces in Iraq were not in retreat. In large print, the assessment said, quote, "The Sunni Arab insurgency is gaining strength and increasing capacity despite political progress and Iraqi security forces development. Insurgents and terrorists retain the resources and capabilities to sustain and even increase level of violence through next year."

This at a time when the president was saying this publicly. Listen.

(BEGIN VIDEO CLIP)

BUSH: Years from now people will look back on the formation of a unity government in Iraq as a decisive moment in the story of liberty. A moment when freedom gained a firm foothold in the Middle East and the forces of terror began their long retreat.

(END VIDEO CLIP)

BLITZER: All right. The contrast being that he was privately being told about a gloomy assessment, the situation in Iraq would probably be worse next year than it is this year, and suggesting to the American people publicly that, in his words, the terror forces were in a long retreat.

BARTLETT: Well, the first part of that quote -- and I think this is a very classic example where you can take a quote from a presidential speech and draw any conclusion you want.

The bottom line, the president years from now, he has taken a historical perspective that we're going to look back on this project and decide that when an Iraqi government was formed, when 12 million Iraqis came together and voted for a new way of life, that this was going to be a demonstrable difference in the lives of the Iraqi people.

In that very speech, the president talks about the necessary sacrifices, a lot of challenges going ahead. As you know, Wolf, because you were reporting at the time, this was in the wake of the sectarian violence that erupted after the bombing of the Golden Samarra Mosque.

We recognized that there was a very difficult period. The president was explaining that to the American people, but...

BLITZER: Do you expect the violence in Iraq in 2007 to be worse than it has been in 2006?

BARTLETT: Well, I can't make that prediction myself. But...

BLITZER: But what are you hearing from your intelligence and your military officers?

BARTLETT: I think it's interesting, Wolf, because General Abizaid has made very clear that we're going to keep the current strength of troops at about 140-something thousand at that level through the spring of '07. That's the difference here. The president at every step of the way, despite maybe the political expediency there may be to actually reduce troops, the president is listening to the generals on the ground, and I think that's what the American people want. It's going to be a conditions-based strategy. If we need more troops, we'll send more troops. If we need less troops, there'll be less troops there.

And the president has been very clear about that. And I think that's what so puzzling about this book, is that time and time again in this book, it points to evidence of saying we're in denial, when in fact you can look at the very same speeches or very same reports that show contradictory evidence to his thesis.

(END VIDEOTAPE)

BLITZER: And coming up, more of my conversation with Dan Bartlett about how his boss, the president of the United States, is running the country and the war. And I'll ask him whether Donald Rumsfeld should be dumped as the defense secretary. And later, is Iraq out of control? I'll speak with two senior members of the Senate foreign relations committee.

And remember, tomorrow night, "Larry King Live" with Bob Woodward about his new book, "State of Denial." Bob Woodward will take your questions, 9 p.m. Eastern.

Stay with "Late Edition" and CNN.

BLITZER: Welcome back to "Late Edition." We're standing by to speak live with senators Richard Lugar and Chris Dodd of the Foreign Relations Committee. That's coming up. But first, more now of my conversation earlier today with one of President Bush's closest advisers, the counselor, Dan Bartlett.

(BEGIN VIDEOTAPE)

BLITZER: Here's the part of the National Intelligence Estimate that was released publicly this past week: "The Iraq conflict has become the cause celebre for jihadists, breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihadist movement. We assess that the underlying factors fueling the spread of the movement outweigh its vulnerabilities."

That's one segment. It's talking about the impact of the fighting in Iraq on the worldwide terror threat against the United States.

This is what the president said on September 7th.

(BEGIN VIDEO CLIP)

BUSH: We are safer because we've taken action to protect the homeland. We're safer because we are on the offense against our enemies overseas. We're safer because of the skill and sacrifice of the brave Americans who defend our people.

(END VIDEO CLIP) BLITZER: Is there a contradiction there? Because the suggestion being is the American people are not safer right now because Iraq has become a breeding ground for jihadists and terrorists against the United States.

BARTLETT: Well, Wolf, you packed a lot into the question and the quotes and it's important to take a close look at the NIE because the NIE says that Iraq is one of four different factors that is fueling extremism and the recruits of the jihadists. And they're all very serious and they're all the type of underlying factors that had been there even before we went into Iraq.

Iraq is being used by the extremists as a recruiting tool. That is not a mystery. That is not -- they do it on their Web sites. They do it in calls by bin Laden himself.

BARTLETT: The irony is that bin Laden was using Iraq even before 2003 as a rallying cry for the jihadist movement.

The other point I would make: In that very speech that you quoted President Bush from, he went on to say that we are not yet safe, that the remaining challenges, that the enemy we're up against is very skillful, they're determined, they have a hateful ideology that they're trying to spread throughout the world.

In fact, the irony here is that about two weeks ago when right around September 11th, the critics were saying that the president has a campaign of fear; he is only talking about the enemy; he is only talking about how bad things are to try to scare the voters into voting for him.

Well, you can't have it both ways. The president is being very blunt about...

BLITZER: But the suggestion is...

BARTLETT: ... the prospects of what's happening in this war, the consequences. And one thing the NIE does say -- and it's an important debate to have in Washington -- is, if we leave Iraq, if the jihadists leave Iraq thinking they won this battle, they will even grow in more strength. We will have perceived to have lost if we pull out and that's the lesson the policymakers here in Washington should take.

BLITZER: But has the war in Iraq increased the terror threat against the United States?

BARTLETT: Well, that report doesn't say that. What the report says is there are four underlying factors that they are using to recruit more extremists. To say that that directly results in vulnerability here at home is not a conclusion that this NIE draws.

What we draw from this NIE is that it's a very frank assessment, that we have a very tough enemy that we're up against; they're very skilled at propaganda; they are very skilled at using age-old grievances or current conflicts as a recruiting tool but if we don't find this war on offense, Wolf, we will be more vulnerable at home.

And that's why this president will continue to fight for the tools necessary to fight them over there so we don't have to face them here at home.

BLITZER: Here's what Bob Woodward writes in his book, "State of Denial," quoting General Colin Powell, the former secretary of state: "I think things have gotten worse. We have a raging insurgency still. We still have terrorism. But the new element which came out from the bombing of the religious site at Samarra is that we now have sect on sect violence and it's serious. And this is a new war. And it's a war that American troops have less and less to do with. I understand that the CIA chiefs of station have a somewhat more negative view now."

Once again, the suggestion by Bob Woodward, in this book, that the president is misleading the American public on how bad things have deteriorated inside Iraq.

BARTLETT: Well, that would require somebody who -- a typical American who is out there following the news to not just see the obvious, every time you turn on your TV or open up your paper. People know how difficult it is in Iraq. And the president has been very blunt about that.

And the sectarian violence is something that we're seriously concerned about and the president has spoken at length about what we're doing to try to fix that.

And Colin Powell does raise a very serious point and it is, it's less and less about what we're doing but what the Iraqis are doing.

And part of our strategy is a political strategy to help this new unity government make the difficult decisions to reconcile differences between age-old sectarian divides. And it's a divide that Saddam Hussein himself exploited in order to rule his country in a brutal way, so it is a complicated strategy. It's the necessary strategy.

But most importantly, and I think the American people understand this, Wolf, is that, if we don't win in Iraq, if we don't have a victory in Iraq, sustaining a government there that can protect itself and be an ally in the war on terror, we will have made this country less safe.

And that is the conclusion all the intelligence reports show.

BLITZER: In this book, "State of Denial," and you read it now, basically, the other theme that comes across is that this has been an administration, a dysfunctional administration where you have bitter internal battles, that the president was under enormous pressure from some of his top advisers to fire the defense secretary, Donald Rumsfeld.

He resisted. He obviously has not done that. But the dysfunctional White House, as it's depicted in this book, comes across. I'll read to you from page 428: "After Thanksgiving, then-White House Chief of Staff Andy Card made another concerted effort to get the president to replace Rumsfeld. Many of the Republican and Democratic leaders were telling Card privately that they could just not deal with him. He was more arrogant and unresponsive than ever. Card was also hearing from members of the old foreign policy establishment connected to the president's father -- the gray beards, as he called them -- who were complaining more and more. A focus was Rumsfeld."

Is this true, that so many of the president's top advisers -- Powell, Condoleezza Rice, Andy Card, among others -- were urging the president to dump Rumsfeld?

BARTLETT: Well, you made two different points in here, and I'll take both of them squarely.

The first one was that there's dysfunction in the administration. And I think what's happening in this book is there's a conflation of disagreement with dysfunction.

You want to have an administration, a team, that has differences of opinion. These are very tough issues, Wolf. They're not easy, black and white, easy to call. They're very difficult, and they're ones in which when you have hindsight seem easy to make.

The president wants advisers that are strong-willed, that have differences of opinion, share those opinions with him so then he can make the best decision possible.

Now, the issue about Secretary Rumsfeld. And if you read the book carefully, Secretary Rice didn't call for Secretary Rumsfeld's dismissal. She suggested to the president maybe he ought to bring in a whole new national security team, starting in the second term.

Andy Card, his job as chief of staff is to analyze every senior post within the White House and within the cabinet. And he did that, even recommending to the president that he should replace himself. His job was to give him options.

But as we all know, the president is very -- has all the confidence in Secretary Rumsfeld, believes he's the right man to do the job, as he is doing. He has a very complicated job. He's fighting a war...

BLITZER: So he's saying Rumsfeld is not going anywhere?

BARTLETT: He has the fullest confidence in Secretary Rumsfeld.

BLITZER: One final question. Henry Kissinger: Has he been, as this book suggests, a major outside informal adviser to the president and the vice president, frequently visiting the White House and offering assessments on Iraq and other issues?

BARTLETT: Well, I think it's funny because there's a lot -- the conventional wisdom is that the president's in this bubble, that he doesn't listen to anybody.

But he's always talking to people, outside advisers, people who have long experience, such as Henry Kissinger. Of course he listens to Henry Kissinger. The man's got a wealth of experience and knowledge. But to suggest he has -- he's the driving influence behind the president's policy, I think, is a mischaracterization. BLITZER: Dan Bartlett, thanks very much for coming in.

BARTLETT: Thanks for having me, Wolf.

(END VIDEOTAPE)

BLITZER: And from inside the White House to two insiders in the United States Senate, I'll speak live with two senior members of the Senate Foreign Relations Committee, the chairman, Richard Lugar and Democrat Chris Dodd.

And remember, for our North American viewers, in the next hour, much more on the situation in Iraq as well as the war on terrorism. "This Week at War" airs at 1:00 p.m. Eastern.

But up next, a quick check of what's in the news right now. Stay with us. We'll be right back.

(NEWSBREAK)

BLITZER: We're just getting this in, some new videotape that has just come in, very disturbing videotape showing two of the 9/11 hijackers, Mohammed Atta, the ringleader of the 9/11 attacks, as well as Ziad Jarrah. He was the hijacker that piloted United Airlines Flight 93 that crashed in Pennsylvania.

You can see both of them smiling. This was video that was supposedly taken in Afghanistan as they went there to meet together with Osama bin Laden just before they went on their mission here in the United States, and we all know what happened as a result of that.

The Sunday Times says the video is dated January 18th, 2000, about a year and a half before the attacks against the United States, and was made in Afghanistan to be released after their death. Not exactly clear why this is being released right now, but let's get some instant analysis of what we're seeing here, disturbing video.

Joining us is the chairman of the Senate Foreign Relations Committee, Richard Lugar, Republican of Indiana, and a senior Democrat on the Foreign Relations Committee, Chris Dodd of Connecticut. Senators, thanks very much. Mr. Chairman, when you see this kind of video, you see these guys planning and plotting, working together, what goes through your mind?

LUGAR: Well, what goes through my mind is the same thoughts as when I learned some of the hijackers were exercising in Gold's Gym out here in Maryland the week before. You wonder what kind of people these are, what motivates them to do this. Now, we've thought a lot about this during the last five years because this is a jihadist movement of an extreme sorts, but these exemplify that type of psychology. It is horrible to witness, and it's horrible to witness in our world currently.

BLITZER: What about you, Senator Dodd, because these were not necessarily individuals who came from poor backgrounds, uneducated. They were educated, sophisticated. They could float around and mingle in the Western world, and we all know what they did in commandeering those planes.

DODD: What bothers me most I think as I'm looking at this is that's almost six years old, that video, and today according to the administration figures, not mine or anyone else's, the ranks of al Qaida have swelled from 20,000 members to 50,000 members. So we're looking at two individuals here who were prepared to take their lives and the lives of innocent people.

How many more people are we looking at today prepared to do that? And that's -- I know we're going to talk about this, but I think frankly we're at greater risk today as a result of not really taking the -- doing the steps, taking the steps necessary to deal with this. So I'm worried we're looking at a bigger problem.

BLITZER: So, in other words, not just the 19, but right now there may be a lot more...

DODD: A lot more.

BLITZER: ... of these guys.

DODD: We know there are a lot more.

BLITZER: Well, here's what the National Intelligence Estimate, the declassified estimate that was released this week, portions of it, concluded, among other things: "Jihadists, although a small percentage of Muslims, are increasing in both number and geographic dispersion. If this trend continues, threats to U.S. interests at home and abroad will become more diverse, leading to increasing attacks worldwide."

You've read this National Intelligence Estimate, and one of the conclusions is that a key factor in promoting the creation of this -- these jihadists is the war in Iraq.

LUGAR: Well, the key factor you've just mentioned is clearly disputable. The fact is that Iraq is a battle zone, and it has brought a lot of people in. Of course, the sectarian violence between

Shiites and Sunnis and the militias and elsewhere likewise is equally violent. I think before jumping to the conclusion that Iraq is the cause of all of this, you have to examine why our embassies were bombed in Africa long ago, why Afghanistan happened, why jihadists have been, really, throughout the Middle East with the Saudis now planning a 550-mile fence to keep them out. It is a worldwide phenomenon.

BLITZER: And 9/11 happened before the U.S. invaded Iraq. LUGAR: That's true, and let me just point out that we are vigilant, but we have not had attacks upon America since 9/11. The attacks have come in European capitals. The dispersion of jihadists has really headed more in that direction. Maybe they are learning some things and we are working better together in terms of our intelligence, as we found with the reports on the potential blowing up of aircraft across the Atlantic.

BLITZER: Senator Dodd?

DODD: Well, it's pretty bleak here. This is a war of choice, and it's causing a serious problem. These are 16 agencies who comprise the intelligence community, have drawn the conclusion here that this war is a failure. It's causing us deep and serious problems. We prematurely have abandoned Afghanistan or at least apparently so because that is collapsing as we talk. And have given up on some time for the search for Osama bin Laden and became obsessed with Saddam Hussein, and this is causing us serious, serious problems.

Now, all of us, of course, recognize we've got a major threat to our country, and certainly while we have not been attacked in the United States, it's not much consolation to the families of almost 3,000 of our young men and women who lost their lives in Iraq, not to mention the loss of treasury. And certainly when our allies are faced with these difficulties, the problem persists.

BLITZER: Listen to what the president said on this National Intelligence Estimate, Senator Dodd. And I want you to respond.

(BEGIN VIDEO CLIP)

BUSH: The Democrats are using the NIE to mislead the American people and justify their policy of withdrawal from Iraq. The American people need to know what withdrawal from Iraq would mean. By withdrawing from Iraq before the job is done, we would be doing exactly what the extremists and terrorists want.

(END VIDEO CLIP)

BLITZER: Do you agree with the president?

DODD: No, absolutely. I mean, 65 percent of the Iraqi people want us out of their country. Many people think that we're actually becoming the fuel that causes the loss of life in that country on a daily basis. I'm not advocating any instantaneous withdrawal. Nor are many, many serious people that I know advocating that.

But clearly, we need to be talking about redeployment, and clearly, the Iraqi people have to assume this responsibility. It's not going to be resolved. There isn't a treasury deep enough or an army big enough that can guarantee for the Iraqis what they have to decide for themselves.

BLITZER: All right, but that University of Maryland survey said close to 70 percent of Iraqis want the U.S. military out of their country within the next year. LUGAR: Almost 100 percent of the Sunnis were a part of that sample. Fifty-six percent of the Kurds want us to stay.

LUGAR: We have just an exemplification of what Chris Dodd has pointed out. The real battle is to find an Iraq in which three parts come together.

BLITZER: Can that happen?

Can these three parts of Iraq...

LUGAR: Well, it really has happen...

BLITZER: ... come together, Kurds, Shia and Sunni?

LUGAR: If they're going to have a future, they'll have to. Because the 303,000 people, now, are trained. But there isn't a government that knows, really, how to deploy and make effective the defenses Iraqis have built for themselves.

BLITZER: Do you have confidence in Nouri al-Maliki the prime minister?

LUGAR: I'm not going to make a comment whether I have confidence or not. He is the prime minister and we need to give him every bit of support right now and push to get on with it.

BLITZER: Stand by, guys, because we have a lot more to talk about. We're going to continue our conversation with these two influential senators. I'll ask them more about what's happening in Iraq and other hot spots.

And remember, for our North American viewers and all of our viewers, in fact, Bob Woodward will be talking about his new book, taking your phone calls on "Larry King Live." That airs tomorrow night, 9:00 p.m. Eastern. We'll be right back.

BLITZER: Welcome back. We're just getting in a copy of a letter that the Democratic leader in the House of Representatives, Nancy Pelosi, the minority leader in the House has just written, demanding a full-scale investigation of the Mark Foley incident, Mark Foley, the Republican, now former Republican from Florida accused of getting engaged in sexually explicit e-mail with a 16-year-old congressional page, a young boy.

It is a nightmare for every child, parent and grandparent to learn that a child is being stalked on the Internet by an adult in a position of authority. She goes on to say she believes that Republican leaders who knew about this for six months to a year must be investigated themselves.

Since that resolution unanimously passed on Friday, Republican leaders have admitted to knowing about Mr. Foley's outrageous behavior for six months to a year and they chose to cover it up rather than protect these children.

Joining us, now, once again, the chairman of the Senate Foreign Relations Committee, Richard Lugar and a ranking Democrat, Chris Dodd.

This is so awful, potentially, not only for the parents of these young pages -- and both of you have dealt with these pages for many years -- but for confidence in the United States Congress, right now, what is unfolding.

Mr. Chairman?

LUGAR: Well, I would join Congresswoman Pelosi in saying an investigation ought to occur. That's what she's suggesting.

BLITZER: But she's really saying, though, that the Republican leadership -- they failed. They knew about this six months ago, or a year ago. Maybe they didn't have all the details, but they basically said to Congressman Foley, you know what, stop. And that was it. If in fact that was the case, somebody was derelict.

LUGAR: Well, they will have to speak for themselves. I would just say, simply, that, to what has occurred is just as terrible as is being suggested.

There needs to be, clearly, protection for pages. There needs to be at least the opportunity for these young people to serve. It's a great experience, but it has to be unencumbered by the type of thing we're talking about now.

BLITZER: This is so worrying because parents, they send their 15, 16, 17-year-old kids to Washington. And there is a responsibility that all of you have.

DODD: First of all, I'll tell you, there is a very good program and it's much, much better today than it was years ago, where these young people came and basically lived on their own.

Today there's a school and dormitories and they're much more closely monitored and watched.

What is troubling here is the point that Congresswoman Pelosi raised. And that is, if people knew about this -- we saw examples of this -- as a Catholic, I say, we saw examples of this in the Catholic Church not that long ago, where hierarchy in the church neglected to pursue these matters aggressively.

And if that is the case, then she's absolutely correct. And the only way we're going to know that is by pursuing it. So I underscore what Senator Lugar has said here. This needs to be thoroughly examined and explored. And if, in fact, they did know, then people are going to have an awful lot of explaining to do.

BLITZER: All right, let's move on and talk about this book, "State of Denial," this Bob Woodward book, which basically accuses President Bush and his top advisers of being in a state of denial. I'll read to you from page 400 because it refers to Senator Chuck Hagel, Republican of Nebraska, a friend of yours, a colleague of yours: "Hagel made a pitch that Iraq was a much bigger mess than they were acknowledging and the administration should do more on security, training, governance and infrastructure. He left unsatisfied and gave an interview to U.S. News and World Report, saying, quote, 'Things aren't getting better. They're getting worse.' His private assessment was worse. The administration had no strategic thinker. Condoleezza Rice was weak. The military was being emasculated and severely damaged by uniformed sycophants."

Tough words. You know Chuck Hagel. He's a serious member of the Senate Foreign Relations Committee. What do you make of this?

LUGAR: Well, I would just say that both Senator Dodd and I have sat through hearings that Senator Biden conducted when he was chairman, that I have conducted.

We have talked explicitly about Iraq, about the preparation for war, preparation, hopefully, for peace and reconstruction, the lack of reconstruction progress, the dilemmas that we've just been discussing today with the Al Qaida -- all of this, all of us have expressed ourselves on.

Sometimes we've been listened to and sometimes not. I would just say, clearly, we have responsibility to continue to do that and to offer the very best counsel that we can.

I'm not going to offer judgments, categorically, person by person as to whether the president should have this person or that. I would think, conceivably, a wider circle of advisers and, maybe, now, in a bipartisan way, would be very helpful to the president as opposed to a much narrower circle that, apparently, has been the case.

BLITZER: The president, this week, at a political fund-raiser down in Alabama this week said that your party, the Democratic party, of FDR and the party of Harry Truman, in his words, has become the party of cut-and-run.

DODD: Well, this is campaign season here. And let me just mention a couple -- the title of this book which is getting so much attention, "State of Denial" -- and I say this not because he's sitting here, but I sit on the committee with Dick Lugar. We've had hearings on Iraq and Afghanistan, on Iran, wonderful hearings, comprehensive hearings with people who have testified, who are not necessarily in favor of present policies.

Unfortunately, that's been the exception, Wolf, not the rule. And denial also has to go to members of Congress. The Republican leadership in Congress have not conducted the kind of oversight that should have been conducted.

Why are we having a rump hearing, listening to three senior military people who gave up a career in the military because of their total objections to what this administration was doing? Those individuals should have been before serious committees of the Congress. So members of

Congress bear responsibility as well here, the leadership does, for not doing what Dick Lugar has done, I might add, on several occasions, giving us the opportunity to examine these issues more thoroughly.

BLITZER: We're totally out of time, but a quick question: Who's going to win, Lieberman or Ned Lamont, in your home state of Connecticut?

DODD: Well, it's going to be close. Look at it that way.

BLITZER: Who do you want?

DODD: Well, I'm supporting Ned Lamont.

BLITZER: That must be so painful for you...

DODD: Of course, it is. Thank you for asking me, though.

BLITZER: ... the tough...

(CROSSTALK)

BLITZER: .... very close relationship you've had with Joe Lieberman.

DODD: We're very good friends. But 145,000 Democrats, on August 8, made a decision.

DODD: I cannot not respect the decision of the members of my party and my state. That was the decision they made. I had a different one. I wanted Joe to win. Worked hard for him. But they reached a different conclusion.

BLITZER: All right. We'll leave it right there. Have you concluded yet whether you're running for president?

LUGAR: I'm exploring it very thoroughly.

BLITZER: Sounds like you are.

LUGAR: Sounds like I am.

BLITZER: OK.

(LAUGHTER)

BLITZER: Always good to have you on the program, Senator Dodd, Senator Lugar. Both of you are always good on the program because you're both candid and frank with our viewers. Appreciate it very much.

And up next, much more of our program. What was said on the other Sunday morning talk shows here in the United States about the U.S. mission in Iraq. We'll update you on that. And don't forget, to find the latest political news, including highlights from all the network Sunday talk shows, check out our CNN Political Ticker. Easy way to do it, go to cnn.com/ticker.

And for our North American viewers, coming up right at the top of the hour, "This Week at War" looks at how a big majority of Iraqis now say they want the U.S. out. John Roberts in "This Week at War," 1 p.m. Eastern. We'll be right back.

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States. On all of them, discussion centered on the Bush administration's handling of the war in Iraq and the way ahead for the U.S. mission there.

(BEGIN VIDEO CLIP) NEWT GINGRICH, FORMER HOUSE SPEAKER: I think there is a genuine intellectual fight under way inside the government among professionals over the way ahead. And I think one group is saying stay the course, hold things steady, this will all work. And the other group of equally serious professionals is saying, this is much harder than you think it is. You had better rethink your entire strategy.

And this is a genuine fight in the intelligence community, and a genuine fight at the state and defense departments. And I think the president in that sense has two different camps in the government today over how to do this.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. REP. JOHN MURTHA, D-PENNSYLVANIA: Who do I believe, this administration, who said there's al Qaida connection, who said there's weapons of mass destruction, say it's going better every day? Do I believe them? Or do I believe the people I've been talking to, the troops in the field, the troops in the hospitals, and the generals who said we can't win it militarily? What is the point? We've got 130,000 people on the ground for two years. It's getting worse every day.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR MIKE DEWINE, R-OHIO: We cannot leave Iraq with the job undone. And we cannot set an artificial timetable. It would bring disaster. Just to set a date that we will be out, it will embolden the insurgents. It will tell them when we will be gone. They just sit back and wait. That would be a mistake.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP) U.S. SENATOR JOE BIDEN, D-DELAWARE: Within the administration, Bob, and all your sources -- ask them -- they are completely at odds with one

another. They have no idea what to do next. As I said, there's 600,000-plus trained forces by us, counting our forces. Things are getting worse and worse. It's spiraling out of hand.

There's a political solution needed. And the president is doing nothing, nothing, nothing about it. He is the one should cut the old program and run on a new program.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here on "Late Edition," the last word in Sunday talk. We'll be right back.

(COMMERCIAL BREAK) BLITZER: And that's your "Late Edition" for this Sunday, October 1st. Please be sure to join us again next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk. We're on from 11 a.m. to 1 p.m. Eastern every Sunday morning.

I'm also in "The Situation Room" Monday through Friday 4 to 6 p.m. Eastern, back for another hour at 7 p.m. Eastern. Until then, thanks very much for watching. I'm Wolf Blitzer in Washington.

For our North American viewers, "This Week at War" just ahead, right after a check of what's in the news right now.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, October 03, 2006 8:29 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, October 03, 2006
Attachments:	agnb061003.pdf; agnb061003.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Rice, Others Dispute Claim She Ignored CIA Warning Of Al Qaeda Attack. As the White House continued its effort to rebut claims made by Bob Woodward in his new book, "State of Denial," the author sought to bolster his case by sharing "once secret" documents with NBC News – the only network to cover the story last night. The network, and much of the TV coverage, continued to portray a White House put on the defensive by the book. However, stories in this morning's Washington Post and New York Times cast doubt on Woodward's characterization of a meeting between Condoleezza Rice and then-CIA director George Tenet. NBC Nightly News (10/2, story 4, 2:35, Mitchell, 9.87M) said, "All of the President's men in a state of denial over 'State of Denial.'" White House spokesman Tony Snow: "Flat wrong. Absolutely wrong." The White House, added NBC, "issued a press release titled, 'Five Key Myths In Bob Woodward's Book.' For instance, denying Condoleezza Rice was told of a possible terror threat on July 10, 2001, two months before 9/11. Today, Rice, en route to Saudi Arabia, said it was incomprehensible that she would ignore such a warning. But Woodward has documents proving that a CIA briefer told Rice of an impending attack." Bob Woodward, author, 'State of Denial': "He said specifically after the meeting, 'We did everything but pull the trigger of the gun we were holding to her head.' Mitchell: "Is there clear evidence that they did anything?" Woodward: "The presidential order to get bin Laden or kill him was sitting on the President's desk September 10, 2001. The day before 9/11." Mitchell: "Officials tell NBC News the former CIA Director George Tenet did testify in secret to the 9/11 Commission about that meeting."

The Washington Post (10/3, A3, Eggen, Wright, 748K) reports Tenet's "statements to the [9/11] commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that 'they were not getting through to Rice' after the July 10, 2001, meeting." The New York Times (10/3, Shenon, Mazzetti, 1.21M) says "both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them." Democratic 9/11 Commissioner Richard Ben-Veniste said, "Tenet never told us that he was brushed off. We certainly would have followed that up."

The Los Angeles Times (10/3, Richter, 918K) reports Rice's "reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war." Rice did not "deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to 'shock' her did not make sense."

USA Today (10/3, Slavin, 2.27M) reports Rice "said she recalled 'a steady stream of quite alarmist reports of potential attacks' during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. 'There was nothing that related to an attack in the United States,' she said." The AP (10/3, Gearan) reports Rice "said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States" as claimed by Woodward. Rice said, "What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible." The AP adds, "Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book."

White House Described As At "War Over Woodward." NBC Nightly News (10/2, story 5, 1:10, Williams, 9.87M) reported, "All of this news out of Washington tonight leaves us with much to discuss with our Washington bureau chief and moderate of Meet the Press Tim Russert. … Tim, this so-called war over Woodward, same question. [A damage assessment so far?]" NBC (Russert) added, "The White House is ferocious in their response, and why? One of the best known reporters in America is in effect laying out a case questioning the competence and credibility of the White

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House on Iraq. It is the last thing they want to debate five weeks before an election."

Snow Calls Allegation Bush Is In Denial About Iraq "Outrageous." CNN's The Situation Room (10/2, King) reported, "An angry new response today from the White House to journalist Bob Woodward's new book State of Denial. Among other things, Woodward contains the declarations that terrorists in Iraq are in retreat don't match the secret intelligence assessment the President is being given. Press Secretary Tony Snow says the notion the president is in denial about Iraq war losses or that he is trying to cover up things is, quote, 'an outrage.'"

NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "Woodward's documents include these talking points the President used at a national security meeting just before the war. They recommended he keep the Iraqi army intact to prevent an insurgency. Instead, the army was disbanded. And the book offers several examples of the President making optimistic statements about Iraq, contrary to far more pessimistic secret assessments. Is this a case where they are not telling him the truth or he is putting a gloss on things?" Woodward: "He knows how bad it is." Mitchell: "A sign of how damaging Woodward's claims are is how hard the White House is fighting back."

Bob Woodward said on CNN's Larry King Live (10/2) that "there's a secret report from the intelligence division of the Joint Chief of Staff saying things are going to get worse. And, the terrorists in Iraq maintain this capability and in the year 2007, that's next year, it's going to get worse. [President Bush is] saying, as you heard, that they're in retreat." Asked what he makes of Bush's claims, Woodward said, "He's an optimist. He's a leader in a time of a really difficult war, a war of choice, a war he decided on, and it's Bush's war, no question about it and it's gone south and it's become more and more violent and more and more difficult."

Woodward Denies He Reached Conclusions Before Writing Book. Bob Woodward responded on CNN's Larry King Live (10/2) to White House counselor Dan Bartlett's claim that he reached some conclusions, saying, "I'd reached no conclusions. I had lots of secret memos and notes of what they had done and how they had done it and that his response to the man he put in charge of post war Iraq was when the man said, and your producer comes to you and says 'I can't do the things you've assigned me to do,' you don't go say 'kick ass.'"

White House Reportedly "Miffed" At Colin Powell. The White House Bulletin/US News (10/2) reports White House insiders "are more than a bit miffed at former Secretary of State Colin Powell. They consider him one of the prime sources" for Woodward's "State of Denial." Powell "lost many internal debates over the war and now he is getting even, White House officials say. But they don't want to take Powell on directly because he remains a highly-respected figure for most Americans and because, White House insiders say, they fear he might try to do more damage to Bush's image if he feels under sustained attack by his former colleagues."

More Commentary. In his Washington Post column (10/3, A17), George Will says, "'State of Denial' will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure. The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that." The book "does not demonstrate that the president is in a state of denial."

In his Washington Post column (10/3, A17), Richard Cohen says it is "time for yet another" constitutional amendment: "This one would ensure that no child of a president could become president. This would avert another George W. Bush. The reasons for this amendment can be amply found in Bob Woodward's new book, 'State of Denial.' If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure."

Homeless Iranian Woman Charged With Supporting Iraqi Terrorist Group. The New York Times (10/3, Rashbaum, 1.21M) reports, "A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday." Zeinab Taleb-Jedi "is free on a $500,000 bond and living in an East Side women's shelter. A

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law enforcement official said she did not pose a direct threat to the United States." The Times notes, "The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years. … When American forces invaded Iraq…they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad," and "F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's 'martyrs,' along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives."

In a widely-distributed story, the AP (10/3, Hays) adds that according to court documents, "two confidential informants in Iraq" said Taleb-Jedi was "a leader of the Mujahedeen Khalq. … One of the informants told the FBI that Taleb-Jedi was on a council 'responsible for making leadership decisions for the organization, including approving specific acts of terrorism' against Iran, the papers said." When the FBI questioned her in Iraq, "Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she 'left her job, sold all her belongings and traveled' the group's Ashraf Base in Iraq."

Defense Begins Closing Arguments At Albany Terror Trial. Capital News 9 Albany (10/2, Ference) reported, "It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation. Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word 'missile.' … But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote 'rocket equals missile.'" Aref lawyers "also argued the codeword used by the FBI informant for missile -- Chaudhry -- wasn't clear. At one point, the informant referred to it by saying, 'one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members.'"

Hayat Relatives Return To US From Pakistan. As reported in yesterday's New York Times, the AP (10/3) reports in a widely-distributed story, "Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said." Muhammad and Jaber Ismail "arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. … 'I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime,' Jaber Ismail said."

Afghan Prisoners' Attorneys Challenge Bush Detainee Plan. The Washington Post/AP (10/3, A6, Apuzzo) reports attorneys "for 25 men being held in Afghanistan launched a pre-emptive strike Monday against President Bush's plan to prosecute and interrogate terror suspects." Court documents "demand that the men be released or charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week." That bill "says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases would be heard before a military commission, not a civilian judge. Bush has not signed the bill but expects to soon." Monday's filing "initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a military prison in Guantanamo Bay. Detainees there have dozens of petitions pending."

Canadian Judge Releases Tamil Tigers Suspect On Bail. The Toronto Star (10/3, Grewal) reports, "A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom. Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them. Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation." The Star notes that Mylvaganam "must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not

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communicate with the co-accused. In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device."

Alliance Of Algerian Terror Group, Al Qaeda Analyzed. The Christian Science Monitor (10/3, Lund, 58K) reports many Algerians "are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital" of Algiers "during Ramadan." Already, "officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press." Authorities have "amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats." In a videotape "released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that 'the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates.'" The Monitor adds the GSPC "has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC."

HOMELAND RESPONSE:

Federal Report Makes No Recommendation On Terror Insurance Program. The Wall Street Journal (10/3, A4, 2.03M) reports a report released this week by an interagency group headed by Treasury Security Henry Paulson "makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent. The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes." The Journal notes, "Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program."

Chertoff, Peters To Meet With UK Transport Chief On Passenger Data Sharing. The Financial Times (10/3, Cameron) reports UK Transport Secretary Douglas Alexander is scheduled to meet with DHS Secretary Michael Chertoff and Transportation Secretary Mary Peters in Washington Wednesday "in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market." The "visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information." The Times adds that the meeting "reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information."

Judge Allows Greatly-Curtailed Jewell Libel Suit To Proceed To Trial. The Atlanta Journal-Constitution (10/3, White, 399K) reports, "Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday." Judge John R. Mather " said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation. But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park." The AP (10/3) notes, "Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement. Jewell was later cleared, and some news organizations settled legal claims that he had been defamed."

Nagin Signs Order Requiring Businesses To Use Local, Minority-Owned Firms. USA Today/AP (10/3, 17A) reports, "New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery. Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible." The rule expands on a requirement already in place for government contracts by

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involving "businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state."

WAR NEWS:

Maliki's Security Plan Would Empower Local Committees To Fight Violence. The Washington Post (10/3, A12, Keath, 748K) reports Iraqi Prime Minister Nouri al-Maliki "announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months. The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis." Maliki would form multiethnic "local committees" to offer input on security activities. The Post says he "is under increasing pressure to stop the violence, which has killed thousands since February." His "administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed."

The New York Times (10/3, Oppel, Mizher, 1.21M) adds, "Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, [Maliki] announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media." The "details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts" to stop the violence. The AP (10/3, Keath) and the Los Angeles Times (10/3, Moore, 918K) runs similar stories.

Foreign Fighters Said To Form "Relatively Small Slice" Of Insurgency. The Christian Science Monitor (10/3, Grier, 58K) reports, "It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a 'cause célèbre' for jihadists, as a recently declassified US intelligence assessment holds." But "that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime." Thus, "to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground."

Iraqi Torture Site Could Be Linked To Security Forces. USA Today (10/3, Jervis, 2.27M) reports, "U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government. Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid." Troops also found "posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr." USA Today adds, "There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry. ... U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias."

Iraq Veteran Pleads For More Troops In Iraq. In an op-ed for the Wall Street Journal (10/3, 2.03M), Iraq veteran and 101st Airborne platoon leader Pete Hegseth argues, "America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now."

Author Urges Reverence For Fallen Troops. In USA Today (10/3, 2.27M), writer Kathy Roth-Douquet discusses the phrase "died in vain," which she traces to Abraham Lincoln. She states that deaths in Iraq are not "for naught," even if the war "is a mistake, or we pull out too early," because "despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering."

Frist Says Taliban Should Be Part Of Afghan Government. The AP (10/3, Krane) reports, "US Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring 'people who call themselves Taliban' and their allies into the government." The senator "said he learned from briefings that Taliban fighters were too

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numerous and had too much popular support to be defeated on the battlefield." Frist, "during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat," said, "You need to bring them into a more transparent type of government. … And if that's accomplished, we'll be successful."

NATO Troops Fight To Win Afghan People's Support. The New York Times (10/3, Gall, 1.21M) reports from Pashmul, "NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people." The Times quotes Col. R. Stephen Williams's account of the battle and reports that in the aftermath "military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage."

The Christian Science Monitor (10/3, Peterson, 58K) also reports on such efforts to court support, writing, "Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index." Troops and villagers both face obstacles: "pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated." Officers with short tours of duty rarely have the necessary "local know-how," a "requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth."

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Morford Named Interim US Attorney In Nashville. The Nashville Tennessean (10/3, De La Cruz) reports, "A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today." The Tennessean continues, "Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm." The Tennessean adds, "Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said."

CORPORATE SCANDALS:

Enron Employees Angered By Fastow's Reduced Sentence. The Washington Post (10/3, D1, Johnson) reports, "When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals." The Post continues, "In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years. … That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior. … The reduction, former Enron worker Rod Jordan said yesterday, 'was a slap in the face to employees.'" The Post adds, "No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. 'A lot of them decided to skip Fastow because they thought it was a done deal,' Jordan said, referring to the 10-year term. … Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had 'locked in' a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force. … But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income. … At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing

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with a probation department report that would have exposed Fastow to a sentence longer than 10 years."

Memo Suggests Hurd Knew Of H-P Leak Probe In July 2005. The Wall Street Journal (10/3, Waldman, Clark) reports that Hewlett-Packard Co. "still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe? A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal."

Cingular Wireless Sues Over Hewlett-Packard Pretexting. The Legal Times (10/3, Crea) reports, "Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information." The Times continues, "The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages." The Times adds, "Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed."

Sonsini's Novell Options Grants Raise Red Flags. The California Recorder (10/3, Scheck) reports, "As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees. … But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people." The Recorder continues, "Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece. … That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper." The Recorder adds, "The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts. … But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December." The Recorder notes, "Ultimately, the options would become worthless before vesting due to the tech market crash. … Nevertheless, the series of events makes experts wonder whether the grants were also 'spring-loaded' -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case."

Siegel Retires As Mills Chief Executive. The Washington Post (10/3, D1, O'Hara) reports that Laurence C. Siegel "retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet." Mills will pay Siegel "$2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland." The company described Siegel's departure "as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures."

Alexander Bail Hearing Arguments Begin. The New York Times (10/3, Grobler, 1.21M) reports former Comverse CEO Jacob "Kobi" Alexander "transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday." At the bail hearing, Alexander "showed every sign

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that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse." Defense lawyer Herman Oosthuizen said Alexander "would be willing to hand over his Israeli passport and post bail of about $1.36 million." The Times adds, "An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors. Mr. Alexander, she said, had also offered as much as $5 million — and then 'a name-your-price offer' — to a colleague at Comverse to take the blame in the stock options case."

In a widely-distributed story, the AP (10/3, Jacobson) notes that the bail hearing "will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail."

Professor Says Hedge Funds Do Not Need More Regulation. Dale Oesterle, a law professor at Ohio State University, writes in USA Today (10/3), "Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more 'hedge fund regulation,' whatever that is. Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) 'activist' hedge funds, funds that purchase stock in a company to force through major changes." Oesterle adds that "the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation."

CRIMINAL LAW:

Foley Enters Rehab As His Attorney Denies "Inappropriate Sexual Contact." The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports that "disgraced" former Rep. Mark Foley "has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today. 'I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems,' Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment." The New York Times (10/3, Hulse, Zeleny, 1.21M) reports Roth "denied that Mr. Foley had ever had inappropriate physical contact with minors. 'Mark Foley has never, ever had inappropriate sexual contact with a minor in his life,' Mr. Roth said. 'He is absolutely, positively not a pedophile.'" USA Today (10/3, 8A, Page, 2.27M) reports recounts details of Foley's political career, noting, "Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House."

USA Today (10/3, Heath, 2.27M) reports Ben Cavataro, "a 17-year-old high school senior…said" Foley "nominated him to be a page last summer. … The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer. 'There was no indication of anything improper with Foley or anybody else,' Cavataro said." USA Today (10/3, Bazar, 2.27M) notes Foley's "statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal." The Washington Times (10/3, Pfeiffer, 88K), meanwhile, notes other sex scandals involving members of Congress.

The Palm Beach (FL) Post (10/3, Crowley) reports, "Mark Foley is not a pedophile and 'never ever' had sexual contact with minors, his attorney said Monday. … Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life. … 'Mark is an alcoholic. He drank in secret. He did not drink in public,' Roth said. 'He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic.'" The Post adds, "Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said. … Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy. … Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, 'Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life.' … Asked if Foley is a pedophile, Roth said, 'He is absolutely,

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positively not a pedophile.' … He described Foley as 'contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself.'"

Foley's Predilection For Young Males Was Reportedly Widely Known. The Los Angeles Times (10/3, Levey, Reynolds, Schmitt, 918K), in an article titled, "Foley Saga No Shock to Some: The Florida Republican was known to have an interest in younger men," reports, "some on Capitol Hill say" Foley "was known to have a special interest in younger men. In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues. 'Almost the first day I got there I was warned,' said Mark Beck-Heyman…who served as a page. … 'It was no secret that Foley had a special interest in male pages,' said Beck-Heyman, adding that Foley…on several occasions asked him out for ice cream. Another former congressional staff member said he too had been the object of Foley's advances." The Times goes on to report, "The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men. 'Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff,' said one former congressional staffer."

Roll Call's "Heard on the Hill" (10/3, Akers) reports, "the Foley 'victims' crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being 'asked out' by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18. … After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe. He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said 'was drunk,' approaching their table and quickly asked his friend to say she was his girlfriend. Foley…came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating. 'Yes,' our source recalled his pal saying. Foley, according to our source replied, 'Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?'"

CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "The FBI may not have seen it but some 16-year-olds sensed Foley was crossing a line other Congressmen didn't." Unidentified female: "I had a friend Matt and a friend Tim and he would see them first and he would be like 'Hi, Mattie, hi Timmy.' And we used to be like 'that's funny of them to say that. That's kind of weird.'"

Potential Prosecution Of Foley Examined. The AP (10/3, Jordan) reports, "The FBI…'is conducting an assessment to see if there's been a violation of federal law,'' according to FBI spokesman Richard Kolko." The AP continues, "The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe 'a precursor to a possible criminal investigation.'" The AP adds, "FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation. … The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said." The AP notes, "Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus."

McClatchy (10/3, Talev, Taylor) reports, "Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity." McClatchy adds, "Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a 'third party' made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched." McClatchy adds, "John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a 'commission of a felony' and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks."

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Bloomberg (10/3, Roberts) reports, "Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley. … In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested." Bloomberg notes, "Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days. … 'Central to the investigation is immediately questioning, under oath, the House Republican leadership,' Pelosi wrote in a letter to lawmakers on the committee yesterday."

Liberal Watchdog Group Forwarded Messages To FBI In July. CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "Melanie Sloan, who heads the Center for Responsibility in Politics, said there were warning signs" about Foley's "conduct. Last July, her group said some of the overly friendly e-mails were sent to the FBI but no action followed." Melanie Sloan: "I would have grabbed Foley's computer right away and starting examining." The Washington Post (10/3, A11, Babington, Weisman, 748K) reports the FBI "acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005" by Foley.

The AP (10/3, Taylor) notes Melanie Sloan, CREW's executive director and a former prosecutor "specializing in sex crimes," said, "they (the e-mails) should have raised a red flag over at the FBI," and "asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued." Roll Call (10/3, Bresnahan) characterizes CREW as a "liberal watchdog group" and reports that Sloan is a former House Democratic staffer. The Washington Post (10/3, A11, Babington, Weisman, 748K) describes CREW as a "liberal-leaning group."

The New York Times (10/3, Hulse, Zeleny, 1.21M) reports, "The group would not say where it had obtained the messages; it made them public after the ABC report."

Two Florida Papers Were Previously In Possession Of Foley Emails. The New York Times (10/3, Kornblut, Seelye, 1.21M) reports, "At least two news organizations were tipped off to e-mail messages sent by…Foley long before the story…broke last week and forced him to resign. The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors." The Times notes "the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley." Speaker Hastert is quoted as saying, "He deceived his in-state newspaper when they each questioned him. … He deceived me, too."

Value Of Page Program Questioned. ABC World News (10/2, story 5, 0:20, Gibson, 8.78M) reported, "The Congressional page program has…seen scandal before, most notably the House censored two Representatives in 1983." The New York Times' John Tierney (10/3) writes, "Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. … The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age?" The Hill (10/3, Kucinich) reports Hastert "announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for 'parents, grandparents, pages, former pages."

Man Kills Four, Wounds Seven At Amish School In Pennsylvania. A dairy truck driver walked into a one room Amish schoolhouse in Nickel Mines, Pennsylvania yesterday and tried to execute the girls there. The New York Times (10/3, Kocieniewski, Gately) reports that police say Charles Roberts succeeded in killing four of the girls and wounding seven others before killing himself. The Times adds, "The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m." Roberts "killed himself as the police stormed" the school.

A front page story in the Washington Post (10/3, A1, McCaffrey, Duggan) reports, "Of the seven other girls who were shot, as many as six were critically wounded. Their

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conditions were 'very, very dire,' said Col. Jeffery B. Miller, commissioner of the state police. Miller called it 'a horrendous crime scene' and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said."

NBC Nightly News (10/2, lead story, 2:50, Ellis) reported, "Hours after the shooting police walked the nearby field in a line searching for children that might have escaped the violence to hide in the familiar fields. According to police no children were found in the police. As for a motive police say this is a grudge that Roberts held for some 20 years but not against the Amish. Police are calling this a crime of convenience saying it was close to his home and at a school that had no security. Police are saying there is a lot of evidence that Roberts were planning this for a long time and that he was planning along siege."

The Washington Times/AP (10/3, Scolforo) reports, "The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of 'acting out in revenge for something that happened 20 years ago,' Col. Miller said, though he gave no details on what the grudge was." The AP adds, " Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security."

ABC World News (10/2, lead story, 3:10, Muir) reported, "We're getting late word about the gunman who backed his pickup truck to the schoolhouse about a half mile down the road here, investigators tell us late tonight he had three guns, two stun guns, two knives and 600 rounds of ammunition. He was prepared for a long siege here and why this schoolhouse? Because he knew it wouldn't be secure, surrounded by only white fencing and acres and acres of farmland."

CBS Evening News (10/2, lead story, 3:20, Pitts) reported, "Authorities found what they described as a suicide note at Roberts' home in the neighboring town. He had apparently worked his shift last night at the local milk plant. This morning he took his own children to the bus stop. Minutes before the fatal shooting, he called his wife from inside the school on his cell phone." Miller: "He did make a statement to his wife on the phone that he was acting out in a way to achieve revenge for something that happened 20 years ago."

USA Today (10/3, Frank, Levin) reports that "the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse. … The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were 'crying and weeping and hugging, and the Amish people don't usually show too much emotion,' said Annie Beiler, 66, whose farm abuts the school property."

The Pittsburgh Post-Gazette (10/3, Barnes, Mauriello) reports, "Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school. … 'It's clear to us he did a great deal of planning in this,' said state police Commissioner Jeffrey Miller. 'It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself.'" The Post-Gazette adds, "The incident did not appear to be related to the Amish. Mr. Roberts is not Amish. … Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate. … He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record." Bloomberg adds, "The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29."

The Los Angeles Times (10/3, Barry, Simon) reports, "Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days." The Times adds, "But Roberts' brutality evoked very little anger among the community

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Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. … Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord."

Local Television. More that 1,200 local television newscasts reported that a gunman attacked a one-room Amish school in rural Pennsylvania, shooting dead three girls before killing himself. In general, the incident was seen as part of series of ongoing violence that has recently hit US schools.

WPTY-TV Memphis, (9/2, 10:36 p.m.) reported, "What happened today in the West Nickel Mines Amish School in rural county Pennsylvania has horrified the country. Three girls, one teacher's aid murdered in cold blood and now word that a fourth may have died. All shot in the head by a gunman wreaking a terrible vengeance for a still unknown wrong he suffered long ago."

KKCO-TV Grand Junction, (9/2, 9:59 p.m.) reported, "A 32-year-old truck driver took more than a dozen girls hostage in a one room Amish school in Pennsylvania, killing at least three children and injuring 8 others. Then the gunman killed himself during a running gun battle with police. It was the nation's third deadly school shooting in the past week."

KOLN-TV Lincoln, (9/2, 4:59 p.m.) reported, "Authorities say the shooter wrote in a note he wanted revenge for something that happened 20 years ago."

WHYY-TV Philadelphia, (9/2, 5:32 p.m.) reported, "Today's school violence comes in the wake of last week's shooting of a principal in Wisconsin and shooting of a teenaged girl in Colorado."

KABC-TV Los Angeles, (9/2, 5:02 p.m.) reported, "Today's Amish school massacre is one of…school shootings and disturbances stretching from Colorado to Wisconsin, to Nevada, to nickel mines, Pennsylvania. In two of the incidents, gunmen targeted girls as victims."

WRC-TV Washington, DC, (9/2, 1:02 p.m.) reported, "Just today, a massacre in a one-room Amish school in Pennsylvania. The victims, again, all girls. With the American Association of School Administrators, saying security is a great concern. It's very difficult to prevent against all of these things because if you are dealing with people who are off the scale in terms of normalcy and they are willing to do almost anything to themselves, it's very difficult to protect a school or any other place. A therapist says the feeling of being afraid in school is something many children in her community live with every day."

WVIT-TV Hartford, (9/2, 5:30 p.m.) reported, "Psychologists say there are definitely things parents should keep in mind when deciding whether to talk to kids about school violence. Their age is a good indication of just how much, if anything, you should say."

KTVX-TV Salt Lake City, (9/2, 10:03 p.m.) reported, "The rash of school violence across the country has many parents wondering what's being done to keep our children safe 'close to home."

WISN-TV Milwaukee, (9/2, 6:36 p.m.) reported, "Federal funding is on the decline for programs aimed at stopping school violence. Records show funding was nearly $440 million in 2001. It has fallen to $346 million this year and even less is being set aside for next year."

WJLA-TV Washington, DC, (9/2, 6:00 p.m.) reported, "This is the nation's third school shooting in less than one week."

KDVR-TV Denver, (9/2, 9:28 p.m.) reported, "Some are wondering if this is a case of copycat shooters. There are some similarities between today's shooting and what happened in Bailey."

Expelled Student Shows Up At Las Vegas School With Gun, Flees. The AP (10/3, Ritter) reports, "Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said." The AP continues, "No shots were fired, and police said they had no indication the teen -- a former student who had been banned from Mojave High School -- had threatened anyone." The AP adds, "Police gave up their search of a residential area in suburban North Las Vegas after more than three hours. … 'We know who he is,' North Las Vegas police spokesman Tim Bedwell said. 'He will be found eventually.'" The AP notes, "Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons."

The New York Times (10/3, Scott) reports, "The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police." The Times adds, "When the youth recognized the officers, Sergeant Gervasi said, he dropped

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the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said. … 'They're still looking for an AK-47 he stole from his parents' house,' Sergeant Gervasi said."

Judge Sets $750,000 Bail In Wisconsin School Shooting Case. The Milwaukee Journal Sentinel/AP (10/3, Staff, Press) reports, "A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday." The Sentinel continues, "District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center." The Sentinel adds, "Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, 'I do.' … In following Barrett's bail recommendation, the judge said, 'It goes without saying the public does need protection in this matter.'" The Sentinel notes, "Barrett told the judge there were other 'persons of interest' for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang."

The AP (10/3, Richmond) reports, "Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions. … But Circuit Judge Patrick Taggart agreed with Barrett. … If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family." The AP notes, "He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty. … Taggart set a pretrial conference for Hainstock for Oct. 13."

Bush Directs Gonzales, Spellings To Convene School Violence Conference. The AP (10/3, Pickler) reports, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday." The AP continues, "Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath." The AP adds, "Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself. … 'The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America,' Perino said. 'It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools.'" The AP notes, "Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

AFP (10/3) reports, "Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said."

USA Today (10/3, Levin, Parker) reports, " "It was the third fatal school shooting in the USA in six days. … In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week."

ABC's Nightline (9/2, 11:59 p.m.) reported, "The white House is stepping in. President Bush, next week, brings together law enforcement and educational officials to figure out what the government can do to stem this innocence of killings."

The Bush administration announcement that it will hold a conference on school violence received moderate and straightforward coverage by local television newscasts. All newscasts agreed that the latest incidents that hit U.S. schools may be behind the decision. Some examples: WATE-TV Knoxville, (9/2, 10:59 p.m.) reported, "President Bush is planning a conference next week to address the string of school violence. The plan is to bring together education and law enforcement to figure out which federal resources can be brought in to prevent school violence and respond to it. President Bush says he is troubled by the shootings."

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WSVN-TV Miami, (9/2, 10:01 p.m.) reported, "Today's violence makes it the third U.S. school shooting in less than a week. Tonight, The White House is announcing President Bush plan to hold a special conference on school violence next week in Washington."

WPXI-TV Pittsburgh, (9/2, 11:05 p.m.) reported, "President Bush says he is saddened by the recent school violence and will address the issue at a news conference next week."

WTNH-TV Hartford, (9/2, 11:04 p.m.) reported, "President Bush will host a conference next week on school violence. Educators and law enforcement will be brought together. They will try to figure out how to keep innocent children from being targeted in a place where they are supposed to feel safe."

WLOS-TV Greenville, (9/2, 10:59 p.m.) reported, "President Bush says he is 'deeply saddened' by the recent series of school violence. He is planning a conference next week to address the problem."

KTBC-TV Austin, (9/2, 9:01 p.m.) reported, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country. The conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath."

WINK-TV Ft. Myers, (9/2, 11:02 p.m.) reported, "A spokeswoman says it will bring together education and law enforcement officials to discuss which federal resources can be used to prevent and respond to these kinds of attacks."

Schools Urged To Watch For Signs Of Emotional Distress In Children. USA Today (10/3, Davis) reports, "School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children. The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say." Experts "say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep."

NYTimes, WPost See Gun Laws As Tool To Curb Rash Of School Shootings. The New York Times (10/3, 1.21M) editorializes, "No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent. … This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently. The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. … Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns."

The Washington Post (10/3, A16, 748K), in an editorial, notes that "there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. … We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control."

Online Gambling Exec Predicts Industry Consolidation. The Financial Times (10/3, Blitz, Correspondent) reports, "Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday. Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US." Garber "told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in."

UK Online Gambling Companies May Stop Doing Business In US. The Wall Street Journal/AP (10/3) reports, "Several British online gambling companies may cease doing business in the US as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. PartyGaming PLC, the world's biggest online gambling company, said it would pull

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out of the US if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the US and Sportingbet PLC said it called off takeover talks with World Gaming PLC." The legislation passed the house and Senate as part of a port securities bill over the weekend.

The Washington Post/AP (10/3, D5, Barr) reports, "Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. … Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24."

The Atlanta Journal-Constitution (10/3, Emling) reports, "Top online gambling companies said Monday they were preparing to suspend their U.S. operations after Congress approved a bill aimed at cutting off cash flowing to their Internet sites." The AJC continues, "The Unlawful Internet Gambling Enforcement Act, abruptly passed Saturday as part of a port securities bill, bans banks and credit card companies from accepting checks and electronic payments from customers using Internet gaming sites. President Bush is expected to sign the measure." The AJC adds, "The congressional action sent gaming companies' stocks into a tailspin. … Shares of PartyGaming PLC, which operates the world's most popular poker site, PartyPoker, fell 58 percent on Monday, and those of Sportingbet, which owns ParadisePoker.com, fell 64 percent. Overall, the plunge wiped up to $7.5 billion in market capitalization off the books. .. . Another major operator, 888 Holdings, said it had suspended its online betting U.S. operations, and PartyGaming said it would do so once the act is signed."

The Los Angeles Times (10/3, Hiltzik) reports, "Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them." The Times continues, "Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday. .. .The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve." The Times adds, "Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain. … Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition."

USA Today (10/3, McCarthy, Swartz) reports, "Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections. … The surprise passage of the law threw the online gambling industry into a tailspin Monday." USA adds, "The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say. … Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia. … After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced."

DOJ Grant Will Fund Mississippi Domestic Violence Unit. The AP (10/3) reports, "A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant." The AP continues, "The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims. … 'What this division does is bring a cohesiveness to the state's efforts to fight domestic violence,' said Attorney General Jim Hood. 'Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing.'" The AP adds, "Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic

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Violence. … The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women."

Philadelphia Police Dispatchers Charged With Extortion. The AP (10/3) reports two Philadelphia police civilian "radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes." Patricia Bradley and Tamara Mitchell "have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday. The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division. Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers."

The Philadelphia Daily News (10/3, Hinkelman, 109K) reports that "the man to whom they peddled the names and addresses turned out to be a government informant," and US Attorney Patrick Meehan said, "These defendants deliberately undermined the work of the very officers they were supposed to be supporting." The Daily News adds, "The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags. The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation." The Philadelphia Inquirer (10/3, Arnold, 399K) also reports on the charges, but does not mention the FBI role in the investigation.

Former FBI Informant Sentenced To 90 Years In Prison For NJ Heists. The New York Times (10/3, 1.21M) reports, "A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies" in New Jersey. US Attorney Christopher J. Christie said that Michael Giubilo "was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said."

Lorusso To Testify In Jemal Trial Today. The Washington Post (10/3, B6, Leonnig) reports, "No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso. … Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn. But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille."

Mississippi Man Sentenced To Two Years In Prison For FEMA Fraud. The AP (10/3) reports Bryan Michael Beets of Vicksburg "has been sentenced to two years in prison. … U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross. Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June." In a statement yesterday announcing the sentence, US Attorney Dunn Lampton said, "The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud."

Louisiana Woman Sentenced To 18 Months In Prison For Katrina Fraud. The AP (10/3) reports Tarsha Johnson of Baton Rouge "was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said." She "pleaded guilty May 8 to making a false claim." U.S. District Judge Frank J. Polozola "also ordered her to perform 50 hours of community service and to pay $2,000 in restitution."

FBI, USDOT Investigating Tampa Expressway Authority. The St. Petersburg Times (10/3, Van Sickler) reports, "The FBI and the U.S. Department of Transportation are conducting a criminal investigation into

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the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday." Hillsborough County Commissioner Tom Scott "said he spoke with investigators from the two federal agencies last week for more than 90 minutes. 'I was invited to meet with them and they are looking at the (Expressway Authority),' Scott said. 'But I can't disclose the content of their questions in order not to hinder their investigation.'" The Times notes, "The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists."

FBI, Connecticut Authorities Investigating Interstate Construction Defects. The AP (10/3) reports, "Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84. Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire." The AP adds, "Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago. Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported."

Investigation Finds Inappropriate Expenditures At Getty. After a yearlong investigation, the California attorney general's office has concluded that the J. Paul Getty Trusts's former chief executive Barry Munitz and the Trust's board made a number of inappropriate expenditures, but will not be the subject of legal action because the money was returned. The Los Angeles Times (10/3, Felch, Frammolino) reports, "The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office." Attorney General Bill Lockyer "will take no legal action against the trust, Munitz or board members, the report said." Lockyer "has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years."

The New York Times (10/3, Wyatt, Kennedy) reports, "The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments. The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry."

DNA Test May Win New Trials For Two Convicted Murderers. The Washington Post (10/3, B4, Londoano) reports, "Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago. Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47. The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money. Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder."

Judge Rejects Motion To Unseal Karr Child Porn Investigation Documents. In a widely-distributed story, the AP (10/3, Wohlsen) reports, "A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out. The Press Democrat of Santa Rosa had sought to view the documents…but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors." The AP adds that the trial "was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data. … Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims," but

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"FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001. 'We're not doing any further forensic work,' he said."

Former Nevada Controller's First Husband To Be Exhumed In Murder Probe. The New York Times (10/3, Friess, 1.21M) reports that the investigation into the death of former Nevada Controller Kathy Augustine "has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by" Chaz Higgs – Kathy Augustine's second husband and the lead suspect in her murder. "David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine." The Times notes, "With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide."

Higgs Waives Extradition Hearing. The Washington Times (10/3, Seper, 88K) reports Higgs yesterday "waived extradition to face first-degree murder charges in Nevada. Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing."

Baltimore Man Arrested For Shooting Neighbor. The Baltimore Sun (10/3, Linskey) reports, "A 40-year-old man was arrested by police Monday afternoon, ending a seven-hour standoff in a Northeast Baltimore neighborhood that police said began when he allegedly used a shotgun to kill a neighbor who was cleaning his truck. Police declined to speculate on a motive for the slaying that occurred about 6 a.m. in the Belair-Edison neighborhood, but they said the suspect spoke briefly with the victim before the shooting." A police spokesman "identified the suspect as Marvin Ferguson of the 3800 block of Lyndale Ave. Police said Monday night that he was being questioned by homicide detectives but had not yet been charged. Immediately after the shooting, Ferguson stood outside until he heard police sirens, and then retreated into his home and refused to speak with negotiators, said Agent Donny Moses, a police spokesman."

Child Molester's Manuscript Used To Convict Him. Dean Schwartzmiller of San Jose, California has been convicted of child molestation based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile. The Washington Times (10/3, Wetzstein) reports that Schwartzmiller "faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography. Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children."

Critical Care Nurse Charged With Killing His Wife. The New York Times (10/3, Friess) reports, "One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder. The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies." The Times adds, "Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs. David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine."

The Washington Times (10/3, Seper) reports that Higgs "told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party. But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete

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autopsy was ordered. … According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained."

CIVIL RIGHTS:

Kentucky Jail Officer Says He Is FBI Informant In Civil Rights Probe. The Lexington Herald-Leader (10/3, Musgrave, Ku, Blackford, 118K) reports, "An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail. John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for 'an undisclosed period of time.' … David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case." The Leader adds, "After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail." Fayette County Detention Center director Ron Bishop said, "It makes a lot more sense now, when you look at the timing and his running for office."

The AP (10/3) notes, "Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation. 'I really wish that I could, but it violates the integrity of the case,' Vest said. … Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office." WTVQ-TV Lexington (10/2, Stotelmyer) reported, "Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems," and he "questions Vest's motives because Vest is the Republican candidate for jailer in next month's election." However, "Vest says before the FBI used him they 'checked me out, my credibility, my integrity.' Vest says he's done a good job as an inside informant. 'I did a lot and what I did, I did good,' said Vest."

EEOC Rules For Dismissed Chesapeake, VA, Deputies. The Hampton Roads Virginian-Pilot (10/3, Clayton) reports, "The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment." The V-P continues, "The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file." The V-P adds, "David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC. … Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department. … Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said. .. .Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents. .. .A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years."

Lawsuit Seeks Declaration That Student May Read Bible During Free Time At School. The Washington Post (10/3, B4, Rich) reports Maryann Mangum filed a lawsuit in U.S. District Court in Greenbelt alleging that Dwight D. Eisenhower Middle School Vice Principal Jeanetta Rainey "ordered" her daughter Amber, "then 12, to stop reading the Bible or face punishment." The girl was a "frequent reader during lunch breaks" and "in the spare minutes before afternoon classes. The habit was never viewed as a problem…until the book she was reading was the Bible." The lawsuit alleges that Rainey said "reading the Bible violated school policy and that she would face discipline if she continued to do so." Mangum is being advised by the Rutherford Institute. Institute President John W. Whitehead said that the suit "does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school."

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Euclid, OH, Approves Remap Plan Aimed At Settling DOJ Suit. The Cleveland Plain Dealer (10/3, Atassi) reports that the Euclid, OH, City Council "unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats." The Plain Dealer continues, "Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent. … About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain." The Plain Dealer adds, "City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength. … Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt. … In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's."

Workplace Discrimination Against Arabs, Muslims Said To Be Rising Again. The Los Angeles Times (10/3, Semuels, 918K) reports, "Reports of workplace discrimination against people perceived to be Muslim or Arab soared after the Sept. 11 attacks and then declined, government statistics indicate. But some advocates say they've seen a resurgence in the last year that corresponds to global political events. … 'We only see the tip of the iceberg,' said Joan Ehrlich, district director of the EEOC office in San Francisco. 'It's probably not even reflective of the amount of discrimination going on because people are afraid to come to the government for help.'" The Times notes, "In a case filed recently by EEOC attorney [Anna] Park, seven Yemeni sailors working for Norwegian Cruise Line were fired in rapid succession 'because they looked Muslim,' Park said. The firings occurred after the FBI began investigating a report that a crew member had asked about the location of a cruise ship's engine room, arousing suspicions. The men were fired before the investigation was completed, the suit alleged."

ANTITRUST:

DOJ Settles Dairy Antitrust Dispute With Kentucky. The AP (10/3) reports, "A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America." The AP continues, "Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government." The AP adds, "The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London. .. .Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee. .. .The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy."

The Kansas City Star (10/3) reports, "The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee." The Star adds, "The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky. … The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit."

FCC Approves Attlel's Purchase Of Midwest Wireless. The AP (10/3) reports, "The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets." The AP continues, "The companies must sell cell-phone businesses

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in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions. .. .The FCC voted 5-0 to approve the acquisition."

Microsoft's Vista Security Policies Under Attack. The San Jose Mercury News (10/3, Tribble) reports, "Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system." The News continues, "The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to 'hamstring' competitors. … 'Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,' the advertisement states. '... when it fails, it fails for 97 percent of the world's desktops.'" The News adds, "Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft. .. . In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it 'would allow legitimate security.' … McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago."

High Court Denies Northwest Airlines' Antitrust Appeal. The AP (10/3) reports, "The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals." The AP continues, "The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business." The AP adds, "A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late. … Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the 'out-of-time' petition."

SCOTUS Rejects UnitedHealth Ohio Doctor Rate Appeal. Market Watch (10/3) reports, "The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts." Market Watch continues, "UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court." Market Watch adds, "The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration."

Supreme Court Will Not Hear California Competition Case Against AT&T. Market Watch (10/3, Anderson) reports, "The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. for alleged anticompetitive conduct in other states." Market Watch continues, "RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T." Market Watch adds, "The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding. …

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'A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state,' AT&T said in a court petition. 'Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country.' … RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature."

Broadcom-Qualcomm Global Patent Dispute Heads To ITC. Bloomberg (10/3, Brennan, Decker) reports, "The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy." Bloomberg continues, "Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips." Bloomberg adds, "The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision. … Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington."

Harrah's Considering $15 Billion Takeover Bid. USA Today (10/3, Yu, Krantz) reports, "Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group. … If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. … In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close."

The Wall Street Journal (10/3, Sanders) reports, "While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates." The "biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants. But Apollo and Texas Pacific have already begun exploring the options with various state regulators."

Coach Accuses Target Of Selling Fake Bag. The Wall Street Journal (10/3, O'Connell, Hudson) reports that handbag maker Coach Inc. is accusing Target Corp. of marketing a fake Coach bag. In a lawsuit filed in federal court in Manhattan Friday, "Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says 'Coach,' according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an 'exact replica of a genuine Coach handbag' bearing at least one Coach trademark, the suit says. … Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit."

Gilead To Acquire Myogen For $2.5 Billion. The Wall Street Journal (10/3, Moore, Sechler) reports, "Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension. … With the transaction, the Foster City, Calif., company would acquire Myogen's main drug

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candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials."

USA Today/AP (10/3) reports, "Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday." The AP adds, "The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases."

Executive Says AMD Is Leading Consumer Choice And Value. Thomas M. McCoy, Executive Vice President, Legal Affairs, and Chief Administrative Officer for AMD, writes in a letter to the Wall Street Journal (10/3), "In his Sept. 23 Rule of Law column 'Tigers by the Tail,' Ron Cass asserts that Advanced Micro Devices is attempting to 'restrain a dominant competitor through the courts than beat it in the market.' This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa." McCoy adds, "The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. … Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids."

Competition, Antitrust Laws Seen As Best Way To Regulate Internet. Robert Hahn and Robert Litan, directors of the AEI-Brookings Joint Center for Regulatory Studies, write in The Hill (10/3), "If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined. … On examination…one truth is clear -- while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity." Hahn and Litan add, "Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the 'hands-off' policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future."

ENVIRONMENT:

SCOTUS To Consider Con Edison Cleanup Case. The AP (10/3) reports, "The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants." The AP continues, "The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term." The AP adds, "The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal 'Superfund' law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state."

DOE To Delay Buying Oil To Fill Strategic Reserve. The Wall Street Journal (10/3, A5, 2.03M) reports, "The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday. President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs." The Journal says, "Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is 'satisfied with the [reserve's] current level,' and that it was wary of affecting the market ahead of the high-demand winter-heating season, 'we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve.'" Stevens "said if the department decides to start buying crude, it would be done

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during a period of months to minimize the impact on the market."

FBI/DEA/ATF/USMS:

Judge Upholds FBI, Secret Service Applicant Polygraph Exams. In a widely-distributed story, the AP (10/3, Apuzzo) reports, "The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday. U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process." Although the "questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said."

Former FBI Agent Sentenced To Six Years In Prison For Stock Scam. The Wall Street Journal (10/3, C3, 2.03M) reports, "Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies. Mr. Royer also was sentenced to three years of supervised release. He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares." The New York Times/Bloomberg (10/3) adds, "In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. … Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission."

Newsday (10/3, DeStefano) reports Judge Raymond Dearie called "it a tragic case of a public official gone wrong." The judge "noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts." The New York Daily News (10/3, Marzulli, 729K) reports the sentencing in "City briefs," under the headline "G-Man Gets 6 For Scam."

US Attorney Says Steroid Story Contained Inaccuracies. ESPN.com (10/3) reports, "The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained 'significant inaccuracies.'" ESPN continues, "The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate. … Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets. … Ryan issued a statement Monday, saying: 'In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies.'"

The New York Times (10/3, Curry) reports, "Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit. … 'In terms of how those names got in the document, Jason disputes the fact that he put them there,' Bick said. 'Jason's attorney made that statement a while ago, and he still feels that way.'" The Times notes, "Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players."

The AP (10/3, Kravets) reports a spokesman for the Los Angeles Times "had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document"

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Report: Baseball's Pete Rose Used "Greenies." The AP (10/3) reports Pete Rose "says he took 'greenies' in his playing days, if only to lose a few pounds. … In an appearance on the 'Late Show' taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about 'greenies,' explained that he used them -- though they were nothing more than 'diet pills.'" According to the AP, neither Letterman nor Rose "used the word 'amphetamines,' which were commonly nicknamed 'greenies' at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year."

Drug Ring Investigation Leads To New Jersey Man's Guilty Plea. The Easton (PA) Express-Times (10/3, Quigley) reports a Phillipsburg man "has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area. Ray Edward Carter…faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office. … The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents."

Supreme Court Declines To Hear Pennsylvania Doctor's Appeal In Painkiller Case. The Pittsburgh Tribune-Review (10/2) reports the U.S. Supreme Court yesterday "declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office. Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal." U.S. District Judge Gary Lancaster "dismissed the second appeal, because the first was still pending."

The Pittsburgh Post-Gazette (10/3, Ward) reports Rottschaefer's lawyers "have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial. This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat. That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with 'no legitimate medical purpose,' said defense attorney Eli Stutsman."

Survey Indicates Parents Underestimate Children's Drug Use. In its Health section, The New York Times (10/3, Bakalar) reports a new study has found parents "consistently and substantially underestimate their children's use of alcohol and other drugs. Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research." Parents "consistently said they believed that their children were using substances less frequently than the children reported." For example, the Times reports that almost 23 percent of the adolescents admitted using marijuana, but only 13.2 percent of their parents knew it.

New Evidence Surfaces In Texas Bombing Case. The Fort Worth Star-Telegram (10/3, Baker) reports, "Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet. … But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes." The Star-Telegram continues, "The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young. .. .The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent. … 'It's one of the most egregious cases I've seen,' said Jared Tyler, an attorney with the Texas Innocence Network. 'For me, there is not a shred of evidence that he did it.'" The Star-Telegram adds, "Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela

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Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18. … The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer. … Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats."

Man Wanted For Ohio Shooting Arrested In Washington. The AP (10/3) reports, "Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times." The AP continues, "Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said." The AP adds, "Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium. … As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times."

IMMIGRATION:

SCOTUS Rejects Appeal By Nazi Concentration Camp Guard. The AP (10/3, Yost) reports, "A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship." The AP continues, "Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944." The AP adds, "Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution. … An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he 'personally assisted in persecution.' … In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show." The AP notes, "The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals."

Border Fence Seen As Ineffective Strategy. The Washington Post (10/3, A3, 748K) reports, "Building a fence in an attempt to secure the US border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former US Customs and Border Protection agents and other experts." Also, "the Mexican government agreed in a diplomatic note sent yesterday to the US government, warning that the fence would damage relations between the two countries." The Post adds, "Former US customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain. 'You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot,' veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas."

Crackdown On Illegal Immigrants Creates Mixed Reaction. The Christian Science Monitor (10/3, Jonsson, 58K) reports that as "federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids." Allan Burns, an anthropologist at the University of Florida in Gainesville, said, "There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration." Proponents "of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken

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immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000."

County Ordinance Would Bar Agencies From Denying Services To Illegals. The Chicago Tribune (10/3, Noel, 623K) reports, "Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants." Modeled on legislation "adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services." The "co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses."

Southern Pastors Try To Overcome Division Between Blacks, Hispanics. The New York Times (10/3, Swarns, 1.21M) reports that in Willacoochee, Georgia, an "immigrant boomtown in Atkinson County, about 45 miles north of the Florida border," the Rev. Harvey Williams, who is black, and the Rev. Atanacio Gaona, a Mexican immigrant, "have forged a rare friendship that transcends the deep divide between blacks and Hispanics here." For centuries, "the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns." The two pastors "find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together." Blacks "here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground." The "two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by."

TAX:

New York Man Sentenced To 27 Months In Prison For Tax Evasion. Business First of Buffalo (10/2) reported, "Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office." Assistant U.S. Attorney Gretchen Wylegala said on Monday that over a "6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions." Business First noted, "The conviction in June was the culmination of an investigation on the part of the FBI."

WSJournal Praises Rangel For Honesty On Plans To Raise Taxes. The Wall Street Journal (10/3, 2.03M) says in an editorial that Rep. Charlie Rangel, "the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority" has been "happy to explain his own agenda on taxes and the war in Iraq." Rangel "was asked by Congress Daily whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'" Republicans have "jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned."

WSJournal Touts Indexing Capital Gains For Inflation. The Wall Street Journal (10/3, 2.03M) says in an editorial, "Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable." One "useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation

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tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets."

CONGRESS-ADMINISTRATION:

GOP Leaders Allegedly Ignored Repeated Warnings Concerning Foley. Media reports last night and this morning indicate House Speaker Dennis Hastert, and the GOP in general, are under intense political pressure over the scandal surrounding former Rep. Mark Foley. NBC Nightly News (10/2, story 5, 1:10, Russert, 9.87M) summed up the tenor of the coverage, saying, "Republicans are panicked, in a simple word. … They are afraid of the consequences. And they are afraid conservative Christians will stay home at the elections and not support Republican candidates."

The Financial Times (10/3, Daniel, Dinmore) quotes Charlie Cook, publisher of the Cook Political Report, as saying, "Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician," but "as articles turned toward cover-up/inaction, it's just one more nail in the coffin for this majority." The Wall Street Journal (10/3, A4, Calmes, 2.03M) reports the GOP "has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms. … The Foley fallout has united both Republican voter groups in anger." Newsweek's Howard Fineman, on MSNBC's Hardball (10/2), said, "I think this is a missile aimed straight at the heart of the Republican base, which is why Republicans in the White House and on the Hill are scrambling so quickly to try to get ahead of this fast moving story. The Republican party has been built in the last 15 or 20 years on the notion that they are the party of family values."

Roll Call (10/3, Davis) says House Republican leaders "held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril. Sources familiar with the call described Members as 'angry' and 'furious,' and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program." The Washington Post (10/3, A11, Sheridan, 748K) reports Hastert "has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution."

All three networks aired extensive reports on the scandal. The report on ABC World News (10/2, story 3, 2:55, Ross, 8.78M) was particularly negative toward the GOP. ABC said, "Despite repeat warning signs going back at least five years, almost nothing was done in Congress to stop Foley's suspect behavior with pages. Today, the Republican leaders said they had no idea how bad it was until ABC News revealed some of Foley's X-rated messages to the underage boys. … But there were lots of warning signs. In 2001, pages were warned to be careful with Foley. In 2005, one page complained to his Congressman about' 'sick' e- mails from Foley -- a complaint passed to the Speaker's staff. Then, this past spring, the complaint was again raised with three Republican leaders, including Hastert himself." ABC added, "A former senior Republican official in Congress says Foley was one of a handful of members and staff whose behavior with pages was being closely watched but so far, Foley is the only member whose overt sexual approaches have been documented."

CBS Evening News (10/2, story 4, 2:55, Couric, 7.66M) reported, "Hastert is feeling the heat from the scandal involving" Foley. Hastert "and other top Republicans knew for a year that Foley had sent questionable e-mails to a former Congressional page. The Speaker says he only found out last Friday, though, about other sexually explicit messages sent by Foley. But…it could be too late for damage control." CBS added, "There is no getting around it, the unraveling of the page scandal could be the undoing of some house Republican leaders, if not their hold on Congress. … Some religious conservatives may not want to wait for the FBI's report and they have House Speaker Dennis Hastert in their sights."

NBC Nightly News (10/2, story 3, 2:45 , Williams, 9.87M) reported Hastert "was front and center but a lot of critics on both sides of the political aisle said they were not satisfied. … Democrats [are] accusing Republicans of a cover up." NBC noted that at a news conference, "Hastert refused to take questions." The Hill (10/3, O'Connor) reports Hastert, "who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. … Hastert publicly maintained yesterday that his staff did everything it could have." USA Today (10/3, Kiely, 2.27M), meanwhile, says,

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"Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit. 'Would have, could have, should have,' Hastert said. 'We did what we thought … was prudent at the time.'"

Most media analysis portray the scandal as having a detrimental effect on GOP chances this November. The New York Times (10/32, Hulse, Zeleny, 1.21M), in an article titled, "Pressure Grows for GOP Over Foley Scandal," reports Hastert "faced intensifying questions on Monday about why Republicans had not reacted more assertively…as members of his party, fearing a political debacle, demanded a strong response. Straining to hold the party together five weeks from Election Day…Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters." The AP (10/3, Taylor) says Hastert's "media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy."

WTimes, Some Social Conservatives Want Hastert To Resign As Speaker. The Washington Times (10/3, 88K), in an editorial titled "Resign, Mr. Speaker" that is currently featured atop the Drudge Report, alleges that Hastert "dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat." The Times adds, "Hastert must do the only right thing, and resign his speakership at once."

The Washington Post (10/3, Balz, VandeHei, 748K), in a front-page story titled, "After Foley, New Fears For The GOP: Some Say Party Could Lose House and Senate," reports, "There was intense anger among social conservative activists in Washington yesterday, and some called for…Hastert to resign. … Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders. 'They are outraged by how Hastert handled this,' said Paul M. Weyrich, a conservative activist who participated in the call."

The Washington Times (10/3, Hurt, 88K) reports, "several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of 'overly friendly' e-mails that Mr. Foley had sent to another teenage former page. 'Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page,' David Bossie, president of the conservative group Citizens United, said yesterday." The Times adds, "Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal."

Jones "Disgusted" With Leaders' Response. The Washington Post (10/3, A11, Babington, Weisman, 748K) reports, "Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry. 'This thing should have been looked into months ago,' said Rep. Walter B. Jones Jr. (R-N.C.), who said he is 'disgusted' by his leaders' response."

Pelosi Wants Hastert, GOP Leaders Questioned Under Oath. CNN's The Situation Room (10/2, King) reported that House Minority Leader Nancy Pelosi "issued this response: 'Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican leaders choose partisan politics over protecting children? Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust. Republican leaders must be investigated by the ethics committee and immediately questioned under oath.'"

Roll Call (10/3, Bresnahan) reports Pelosi "has asked for…Hastert and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when…and how they responded to the incident." Roll Call notes Pelosi "has not called for a special or independent

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counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal."

DNC Calling Attention To Foley's Ties To Reynolds, NRCC. The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports Republicans' efforts "to distance the party from Foley may be complicated by his close ties with the party's campaign operation." Kirk Fordham, Foley's chief of staff from 1995 to 2004 is now chief of staff for NRCC Chairman Rep. Tom Reynolds and Foley's PAC donated $100,000 to the NRCC this summer. The Times notes the DNC is "seizing on the campaign donation, which put Foley among the GOP committee's bigger donors" and "stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct." The AP (10/3, Sidoti) reports Reynolds' "race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district." The Hill (10/3, Allen, Blake) reports Democrats "are drawing a bead on" Reynolds. A Survey USA poll from last week "found that Reynolds is only leading his opponent by two points."

Democrats Blast Snow Over "Naughty E-Mails" Comment. The New York Times (10/3, Hulse, Zeleny, 1.21M) reports White House Press Secretary Tony Snow "initially characterized the scandal as 'naughty e-mails,' drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation."

CNN's The Situation Room (10/2, King) reported, "House leaders aren't the only senior Republicans whose statements on the Foley matter are raising eyebrows." Snow "now says the Administration is horrified by the allegations against Foley, but he says it's up to the House and criminal investigators to decide just how to respond. In his afternoon White House briefing, Snow took a much tougher line than he did in an interview this morning with CNN." Snow: "It's not always pretty up there on Capitol Hill and there have been other scandals, as you know, that have been more than simply naughty e-mails. … I want to find out what happened, but before we prosecute, let's figure out what all the facts are. That's probably the most important thing to do, is to be fair to all parties."

The Des Moines Register (10/3, 163K) reports Sen. John Kerry "denounced" Foley, saying, "I'm really angry those in a position of responsibility care more about power and politics than protection of children." Kerry said the scandal "adds to the 'Republican culture of corruption.'"

The Washington Post (10/3, C1, Farhi, 748K) reports, "In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives."

More Commentary. The Wall Street Journal (10/3, 2.03M), in an editorial, contends that "in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters?"

The New York Times (10/3, 1.21M) editorializes, "That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong."

Roll Call (10/3), in an editorial, writes, "The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible."

The Los Angeles Times (10/3, 918K) editorializes, "What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace."

In her column for Roll Call (10/3) Democratic strategist Donna Brazile writes, "I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power."

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The Washington Post's Eugene Robinson (10/3, A17) writes, "About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention."

Card Confirms He Proposed Rumsfeld Replacement. NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "The White House is…denying former Chief of Staff Andrew Card tried to get the President to replace Defense Secretary Rumsfeld. But today, Card confirmed he proposed replacing Rumsfeld with former Secretary of State James Baker. And you hearing that Republican on the Hill had concerns about Don Rumsfeld?" Andrew Card: "I would not be bashful about repeating that." Mitchell: "And Card didn't deny he talked to Laura Bush about firing Rumsfeld." Andrew Card: "I would always solicit her council and would ask her to be candid, and she would frequently repeat to me some of the concerns she heard from other people."

MSNBC's Hardball (10/2, Mitchell) reported, "Andy Card sat down with me today and confirmed what he did and didn't do. He said it wasn't a conspiracy so get rid of Rumsfeld, but he certainly did recommended the President that Republicans on the Hill were calling for it." Card: "I did speak to him frequently about Defense, as these opportunities for change were presented. I also reflected to the President what I had heard when I would go meet with members of Congress, Democrats, Republicans, and Senators, the House members. And it was always a candid conversation." MSNBC: "And you were hearing that Republicans on the Hill had concerns about Don Rumsfeld?" Card: "I was. I was. And I would not be bashful about repeating that. And I would counsel the President appropriately as the chief of staff. But I would never lobby the President, and I would never go out and solicit others to lobby the President. So to claim there's a campaign that I orchestrated or was trying to mount would be inaccurate."

Fox News' Special Report (10/2, Angle) reported, "Card and others don't deny there was some discussion of replacing Rumsfeld but insist it was in the context of getting fresh blood in several key posts. … Card even recommended the President replace him as chief of staff which he did. In fact, several officials talked with the President about bringing in a whole new team but Mr. President Bush wanted some continuity in the middle of a difficult war."

Non-Appeal Of DHS Ruling Said To Give Unions Negotiating Advantage. The Federal Times (10/3, Kauffman) reports, "The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say." The Times continues, "Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies." The Times adds, "Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out. … 'It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago,' said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS. … Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said."

Supreme Court Opens New Term By Rejecting 1900 Appeals. ABC World News (10/2, story 7, 0:25, Gibson, 8.78M) reported, "The Supreme Court's new term opened today. The justices right away refused an appeal by Northwest Airlines in an antitrust case brought by low cost competitor Spirit Airlines. And they rejected an appeal by newspaper companies. They sided with Detroit union workers who won reinstatement after an 18-month strike. During the year ahead the court will take up issues including global warning, racial diversity and late term abortion."

The Washington Post (10/3, A2, 748K) reports the court "rejected about 1,900 appeals that piled up during the summer recess. Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of

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sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers." During its new term, the Supreme Court "has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues."

The Wall Street Journal (10/3, A2, Anderson, 2.03M) reports the Supreme Court "declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission." The "legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business."

Kennedy Emerges As Key Swing Vote. The Wall Street Journal (10/3, Bravin, 2.03M) reports that since Justice Sandra Day O'Connor "retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases." Seeing Justice Kennedy 'as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right. The trick for advocates is finding how to do that."

High Court Urged To Take Narrow View Of "Illicit Trafficking." The New York Times (10/3, 1.21M) says in an editorial, "The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words 'illicit trafficking' the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences." Federal immigration law, "quite reasonably, imposes special conditions on legal immigrants who are convicted of 'aggravated felonies.' The law says that 'illicit trafficking' in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of 'trafficking' in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony."

Senate Confirms Bomar. The New York Times/AP (10/3, Press) reports, "A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July."

10th Assistant Defense Secretary Position Created. The Hill (10/3, Tiron) reports, "After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year. But the nod for an assistant secretary for global security affairs comes with strings attached." Congressional leaders like Speaker Dennis Hastert and Sen. Richard Lugar have raised concerns: "Hastert has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission." Meanwhile, Lugar has "called the merger of counter-narcotics and counter-proliferation missions 'a mistake,' adding, 'these jobs are too big and too important for any one person.'" By reorganizing, the DOD hopes "to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists."

Report Shows Abramoff Team's Effort To Influence Lawmakers. The Hill (10/3, Schor) reports the House Government Reform Committee report "released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach 'Team Abramoff' maintained among lawmakers and aides from both parties." Abramoff and lobbyists "formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released

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and represent Democratic as well as Republican members." The bulk of the report "focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors. But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino." Among the "victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation."

Congress Approves Military Pay Hike, Delays Civil Service Raise. The Washington Post (10/3, D4, Barr, 748K) reports in its "Federal Diary" column, "Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month. The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April. The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill." The House "approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise." The Washington Times (10/3, Causey, 88K) also reports the story.

Top Civil Servants Honored. The Washington Post (10/3, A15, 748K) reports that the fifth annual Sammies, or Service to America Medals, were presented at a gala last Wednesday. The awards "were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for 'leading the world's efforts to prepare for a catastrophic flu pandemic.'"

California Man Accused Of Sending Letters Threatening Bush, Cheney, Others. The AP (10/2) reports an engineer at a nuclear power plant near Sacramento "has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event. Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks." According to the AP, an affidavit indicates Braun "was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office." The AP reports the letters are said to have contained threats directed at President Bush, first lady Laura Bush, Vice President Dick Cheney, and others.

President Will Attend Christening Of Father's Namesake Carrier. The Norfolk Virginian Pilot (10/3) reports, "President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News. The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president." The Bush "is the last of 10 Nimitz-class carriers" and cost "approximately $6 billion."

OTHER NEWS:

Reports Offer Mixed Picture Of US Economy. USA Today (10/3, Read, 2.27M) reports, "A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among US manufacturers while commercial construction showed surprising resilience." The manufacturing sector "grew in September at the slowest pace in more than a year, a trade group said. A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said." Construction spending "edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months." The Institute for Supply Management "said its manufacturing index registered 52.9 in

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September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction."

The Wall Street Journal (10/3, Conkey, 2.03M) also says "the nation's factories appear to be losing some steam as economic growth moderates." Other data "offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace."

Gas Prices Drop Again. ABC World News (10/2, story 8, 0:15, Gibson, 8.78M) reported, "The government said that price of gasoline dropped again for the eighth straight week. Average price is 2.31 down 7 cents from last week and 73 cents overall since early August."

Stocks Mixed. NBC Nightly News (10/2, story 8, 0:10, Williams, 9.87M) reported, "Turning to Wall Street today The Dow was down almost 9 points [to close at 11,670.35]. The NASDAQ was off just over 20 points [to close at 2,237.60]." The Wall Street Journal (10/3, Browning, 2.03M) says, "Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. … It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on." The Washington Times (10/3, Hill, 88K) runs a similar report under the headline "Dow On Verge Of Closing At An All-time High."

USA Today (10/3, Krantz, 2.27M) reports, "Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year."

Majority Of Black, Hispanic Families Own Homes In DC Region. The Washington Post (10/3, A1, Layton, Keating, 748K) reports, "A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau. The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally." The Post adds, "Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners. In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs."

Housing Costs Sharply Up Between 2000, 2005. The New York Times (10/3, Scott, Archibold, 1.21M) reports, "The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes." While "many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class. …. Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex."

Dionne Says Voters Crediting Governors For "Relatively Good Economy." E.J. Dionne writes in the Washington Post (10/3, A17, 748K), "Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause? One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors." That "does not stop them from yelling irately at Washington, D.C."

Bloggers Increasingly Targeted By Libel Suits. USA Today (10/3, Parker) reports that "blogs -- short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide -- increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits

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have spawned a debate over how the 'blogosphere' and its revolutionary impact on speech and publishing might change libel law. Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are 'judgment-proof' because they -- unlike traditional media such as newspapers, magazines and television outlets -- often are ordinary citizens who don't have a lot of money."

Seeking Unpaid Fees, Lobbying Firm Sues Former Client. Roll Call (10/3, Ackley) reports, "The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000." In the case, which was "filed in D.C. Superior Court," "PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses. PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated. In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay 'a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals.' While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. … PodestaMattoon's court filing states that 'during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement' and, as a result, 'Falex became obligated to pay' the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000."

Insurers Roll Out New Medicare Drug Plans. The Wall Street Journal (10/3, D1, Fuhrmans, Zhang, 2.03M) reports, "After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15." The "good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything." Still, "the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings."

Florida GOP Chooses Negron As Foley's Replacement. The Hill (10/3, O'Connor) reports the Florida Republican Party named former state Rep. Joe Negron as Mark Foley's replacement. Negron's "name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat." CQ Politics (10/3, Kapochunas) reports, "Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat. … Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney."

The AP (10/3, Farrington) quotes Negron as saying, "My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley. … I think it's something that can be done." However, according to the AP, "one prominent Florida Republican expressed pessimism about holding onto the seat. 'It's a death sentence ... mission impossible,' said former state Republican Party Chairman Tom Slade. 'The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive.'"

The Los Angeles Times (10/3, Jarvie, Bustillo, 918K) reports, "Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands. … 'I don't know that it's going to be possible, but our job is to get voters to look beyond the name,' said Bill Lents, chairman of the St. Lucie County Republican Party. 'One idea being kicked around is "wrong name, right party." That's a message we have to get across, and it's not going to be easy, but that's our job.'"

Boehner Pessimistic Over GOP's Chances In Foley's District. The Washington Post (10/3, A1, Balz,

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VandeHei, 748K) reports House Majority Leader John Boehner "said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, 'to vote for this candidate, you have to vote for Mark Foley,' Boehner said. 'How many people are going to hold their nose to do that?'"

Bush To Raise Funds For Republicans In Three States. The Washington Post (10/3, Baker, 748K) reports, "President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections." Bush "plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program." At his first stop, a fundraiser here for House candidate Dean Heller, Bush said, "It sounds like they think the best way to protect the American people is to wait until we're attacked again. … That's not the way it's going to be under my administration."

The Sacramento Bee (10/3, Bizjak, 298K) reports that President Bush will make a fast visit to El Dorado County, California today to attend a $2,000 per person fundraiser for Rep. John Doolittle. Bush "is expected to arrive via helicopter, 'helo-ing in' as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then 'helo-ing' out two-plus hours later."

The New York Times (10/3, Rutenberg, Nagourney, 1.21M) reports, "Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq." But Bush "is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House." The Times adds, "To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle."

The White House Bulletin/US News (10/2) reported that as the November 7 election approaches, Bush "is said to be eager to engage the Democrats, and increasingly he wants to do it himself." "He's his own best spokesman," White House Press Secretary Tony Snow told US News and the Bulletin. Snow "expects to do fewer of his own on-the-record briefings during the next month -- maybe only two a week -- because the President wants to carry his case, personally, to the voters. Tops on Bush's message list: Defend the war on terrorism and the war in Iraq, talk up the economy, and call attention to his other initiatives such as his ideas for overhauling education and the health-care system. Republican advisers expect Bush to get tougher on the Democrats, whom he says are eager to re-take power in Congress and push through a left-wing agenda, including increasing taxes and limiting his power to conduct the war in Iraq and the overall war on terrorism."

Cheney Campaigns In His Old Wyoming District. USA Today (10/3, 2.27M) reports, "Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin." Cheney "said Republicans must keep their majority in Congress to maintain the fight against terrorism." Said Cheney, "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past." He also "said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner."

Cheney Has Raised More Than $38 Million For Republicans This Cycle. Fox News' Your World with Neil Cavuto (10/2, Baier) reported, "Vice President Cheney headlined 102 events this cycle, raising more than $38 million for Republicans."

Rasmussen Poll Shows Allen Ahead By Six. The Washington Times (10/3, Bellantoni, 88K) reports, "Virginia Sen. George Allen holds a six-point lead over his

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Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows. If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday." The data also show "5 percent are undecided and 3 percent would choose some other candidate in the contest."

Allen Campaign Airs Two-Minute Ad In Primetime. The AP (10/3) reports, "Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday -- a valedictory aimed at saving his political career." The "embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent 'macaca,' a type of monkey, through claims last week that he used a common racial slur against black people." The AP adds, "Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points." Allen "will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting."

Mason Dixon Poll Shows Whitehouse Leading Chafee 42-41. CNN's The Situation Room (10/2, King) reported, "In Rhode Island, moderate Republican Senator Lincoln Chafee is facing a stiff challenge from Democrat Sheldon Whitehouse. A new Mason-Dixon poll shows Whitehouse with 42 percent support among likely voters, to Chafee's 41 percent."

Talent, McCaskill Tied 43-43 In Mason Dixon Poll. CNN's The Situation Room (10/2, King) reported that in Missouri. "Republican Senator Jim Talent is tied with Democratic challenger Claire McCaskill in another new Mason-Dixon poll. Each gets 43 percent support among likely voters."

Mason Dixon Poll Shows Cardin Leading Steele By Six Points. CNN's The Situation Room (10/2, King) reported that in Maryland, "Democratic Congressman Ben Cardin now holds a six-point lead over Republican Lieutenant Governor Michael Steele. The Mason-Dixon poll of likely voters show Cardin with 47 percent and Steele with 41 percent."

Outside Groups Spending Heavily In Key Races. The Washington Post (10/3, A1, Birnbaum, Goldfarb, 748K) reports, "As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves." For example, in Ohio, "Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them. They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country." Labor unions "are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls. … On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut."

New Suburbs Seen As Key To Control Of Congress. USA Today (10/3, Lawrence, 2.27M) reports, "New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration. The new 'it' counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland,

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Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington." USA Today adds, "In recent elections, Democrats have dominated cities and close-in 'mature' suburbs, while Republicans sweep newer, outer suburbs and rural America. … Among the counties that could determine whether Republicans keep their House majority: Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel. Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican. Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican." Matthew Dowd, "who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. "

Lieberman Says Party Leaders Told Him He'll Keep His Seniority If Reelected. The Hill (10/3, Bolton) reports, "Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress. Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision." Reid "does not want to wrestle with these questions in public before the Nov. 7 election. 'The caucus won't make any decisions until after the elections in November,' said Reid's spokesman, Jim Manley."

DNC Unlikely To Change New Hampshire Role In 2008 Campaign. In his Roll Call column (10/3), political analyst Stuart Rothenberg says, "Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar. Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date? Don't bet on it." Democratic presidential candidates, 'as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held." Rothenberg added, "I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November. And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer."

Bill To Award California Electors To Popular Vote Winner Vetoed. The New York Times (10/3, Times, 1.21M) reports, "Saying it ran 'counter to the tradition of our great nation,' Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote." The bill, "which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president -- 270 -- would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted."

Ailes' Record In More Prominent News Corp Role Seen As Lackluster. The Wall Street Journal (10/3, Angwin, 2.03M) reports in a front page story that over the "past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot." Using a "similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives." Ailes has "started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing."

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Illinois Town Prospers By Accepting Dubious Enterprises. The Wall Street Journal (10/3, Spain, 2.03M) reports in a front page story that when "construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities." But "across the border in Illinois, the village of Sauget rolled out the welcome mat." That "'Yes, in my backyard' ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads." Sauget has "embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois."

Conservative Worry Over Left-Wing Professors Said To Be Overwrought. In a Wall Street Journal op-ed (10/3), Arthur C. Brooks of Syracuse University says, "Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty." Most studies "of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one." When "it comes to politics, people from conservative families follow their parents, not their professors."

NYTimes Says Wal-Mart Needs To Treat Employees Better. The New York Times (10/3, 1.21M) says in an editorial, "There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain." But "Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice."

WPost Criticizes Virginia Republicans Over NoVA Transportation. The Washington Post (10/3, A16, 748K) says in an editorial, "Last week's stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure."

Bush Backs Turkey Joining EU. The Washington Post (10/3, A6, Fletcher, 748K) reports President Bush "voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq." The session "lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States." Erdogan "thanked Bush for the endorsement, adding that 'the United States is a strategic partner, a very important strategic partner for Turkey.'" The Post says accession talks "have gotten off to a rocky start," and notes "many European countries are experiencing a surge of anti-immigration sentiment." The Post continues, "When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection

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of Turkey, Iraq and Iran for more than two decades." Erdogan "said he is committed to battling terrorism," and then "scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam." The AP (10/3, Klug) runs a similar report.

Erdogan Says Kurdish Attacks Creating Anti-US Sentiment In Turkey. The Washington Times (10/3, Sands, 88K) reports, "Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with…Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country." Erdogan, "briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization."

Bush Backs UN Force For Darfur. USA Today (10/3, 2.27M) reports, "President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay." The Sudanese government "has resisted international pressure to accept a UN peacekeeping force, but Bush said the UN should deploy such a force anyway." The AP (10/3) quotes Bush saying, "The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation. … In my view, the United Nations should not wait any longer."

Presidential Waiver Clears Military Training For 21 Countries. The AP (10/2, Gedda) reports, "Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House. All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court." The AP adds, "Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States. Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries."

Burns Says Moscow, Beijing Will Back Push For UN Sanctions On Iran. The Washington Times (10/3, Kralev, 88K) notes remarks by Undersecretary Burns that Washington "is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week." Burns "also said the [UNSC] will insist on a clear answer to its demand that Iran suspend its enrichment activity. A 'maybe' will be considered a 'no,' he said." In describing Secretary Rice's September 18 dinner in New York, Burns says she "and her five counterparts agreed that the first week of October would be the absolute deadline for Iran 'to say yes or no.'" Burns "rejected a suggestion by Kazakh President Nursultan Nazarbayev…that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s," instead saying the Administration "has refused to offer security guarantees to Iran because of other concerns." He also noted that "the Iranian issue would be [Rice's] primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council." AFP (10/3) cites an anonymous "senior State Department official" saying "US diplomats have made 'good progress' in gaining allies' approval for a list of sanctions to be imposed on" Tehran.

The AP (10/3, Ames) reports EU foreign policy chief Javier Solana "said he was resuming talks with" Iranian nuclear negotiator Ali Larijani "and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited. But [he] denied he was running out of patience." Solana "said he would talk by telephone with [Larijani] later Monday."

In Mideast, Rice Urged To Pursue Comprehensive Peace Deal. The Washington Post (10/3, A6, Wright, 748K) notes Secretary Rice "held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region." The Administration "is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the" Israel-Hezbollah war. Rice "described that conflict as a clarifying moment in defining the political forces in the world's most volatile region," and now she "is hoping to explore ways of reviving the moribund [Israeli-Palestinian] peace process" and "bolster support for the fragile

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governments in Iraq and Lebanon." The Post says Administration "officials privately concede that their expectations for any major movement are low," and Rice's trip "comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released."

The Financial Times (10/3, Khalaf, Dinmore, Wallis) reports Rice "faces urgent calls for a comprehensive peace [deal] when she meets eight Arab foreign ministers in Cairo today." The trip "is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos. But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives." Rice "has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November."

The Washington Times/AP (10/3, Nasrawi) adds, "Eight U.S.-allied Arab countries are banding together to meet with [Rice] on her [Cairo stop], in hopes of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues." The "goal of Rice's tour is to promote democracy and discuss threats to stability,...but the Arab ministers' priority is relaunching peace talks." The AP notes, "By sending Rice to the region after the war in Lebanon, Washington may be signaling its willingness to listen to the concerns of moderate Arab leaders — though its unlikely the two sides share the same priorities."

Tel Aviv Reaches Out To Arab Nations In Order To Contain Iran. In a 1,500-word piece on its front page, the Wall Street Journal (10/3, A1, Leggett, Brauchli, 2.03M) says Tel Aviv is working with Arab capitals to thwart Iranian regional goals. The war with Hezbollah "has redoubled [Tel Aviv's] concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region." Of intense discussion internally "is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play." Secretary Rice "is visiting the region, and she will focus on both Iran…and the Palestinian question." The Journal adds, "The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both."

Israeli Analysts Now Hold Favorable View Of Lebanon War's Effects. The Washington Times (10/3, Mitnick, 88K) reports, "After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact." When Israel "agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable." But "many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement." The war "destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public."

Clash Between Hamas, Fatah Factions Continues. The New York Times (10/3, Myre, 1.21M) reports, "Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded." The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, "appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting."

Russia Suspends Transport, Postal Link With Georgia. The Financial Times (10/3, Buckley) reports, "Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges." Moscow's transport ministry "ordered air, road, rail and sea links to be closed from midnight Monday night. The communications

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ministry said mail services would be suspended." The Wall Street Journal (10/3, Champion, 2.03M) reports, "Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries." But "Moscow retaliated for the arrests" with the minister's announcement.

The New York Times (10/3, Myers, 1.21M) says "relations between Russia and Georgia… have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's." The Washington Times/AP (10/3, Dzhindzhikhashvili) runs a similar report.

More Commentary. Under the headline "Enough Bullying," the Washington Post (10/3, A16, 748K) editorializes, "Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called 'the greatest catastrophe of the 20th century.' Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. … A Russian attempt to strangle Georgia has been slowly escalating." In a telephone conversation, Putin "told President Bush that 'it was unacceptable for other countries to take steps that Georgia could interpret as support,' according to the Russian news agency RIA Novosti." Bush "ought to reject that imperious warning."

Ban Ki-Moon "All But Certain" To Become UN Secretary General. The Washington Post (10/3, A13, Lynch, 748K) reports the UNSC's "five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat." Experts "said it is all but certain that Ban will become" UNSYG in January. "But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee." The Post says Ban will "take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world." His elevation "would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted" by division and scandal in recent years.

The New York Times (10/3, Hoge, 1.21M) says Ban "virtually assured his selection as [UNSYG], winning overwhelming support in a final informal poll of the Security Council." He "will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts. He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures." The Wall Street Journal (10/3, Ramstad, King, 2.03M) notes yesterday's straw poll "effectively seals Mr. Ban's bid," and says he "will face an array of challenges." The Financial Times (10/3, Turner), AP (10/3, Wadhams), Washington Times (10/3, Pisik, 88K), Los Angeles Times (10/3, Farley, 918K) and Christian Science Monitor (10/3, Kirk, 58K) run similar stories.

Bret Stephens writes in his Wall Street Journal column (10/3), "Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job." Instead, Kofi Annan's successor "is likely to be South Korea's colorless foreign minister Ban Ki-Moon." The Times of London "reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council. The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the UN. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir."

US General Says Chávez Worries Region. The New York Times (10/3, Pear, 1.21M) reports, "The commander of United States military activities in Latin America [Gen. Brantz J. Craddock] said Monday that Venezuela under President Hugo Chávez had become a

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destabilizing force, and that other countries in the Western hemisphere shared that concern." Craddock reported concern by other countries over Venezuela's "purchase of weapons, especially small arms." The Times reports, "Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain." US officials "said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries." The Times reports that Craddock and Secretary Rumsfeld attended the same conference.

Bosnian Voters Endorse Existing Ethnic Divisions. The New York Times (10/3, Wood, 1.21M) reports, "Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country." The Party for Bosnia and Herzegovina's Haris Silajdzic won the Muslim presidency, while the Alliance of Independent Social Democrats' Nebojsa Radmanovic won the Bosnian Serb presidency seat. Radmanovic's party is headed by Milorad Dodik, and the Times notes Silajdzic and Dodik "were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future. Each man advocates a tough version of the policies generally supported by his ethnic group." Muslim and Croat politicians generally seek closer integration and EU candidacy, while Serb politically generally favor independence for their sub-state, and outside experts "worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians."

Brazilian Corruption Cases Said To Drag Down Lula's Support. The Wall Street Journal (10/3, Moffett, Samor, 2.03M) reports, "The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash. The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin." Silva "in the end found himself dragged down by their cumulative weight even though he isn't facing charges," and now he "won't have the luxury of playing it safe in the runoff." The "anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day." The Journal adds that Brazilian financial markets "surged" following the first round of voting, because Alckim "is seen by investors as having a clearer agenda to shrink the state and stimulate growth."

LATimes Says Lula Deserved First Round Shakeup. In an editorial today, the Los Angeles Times (10/3, 918K) says Silva's "own mediocrity cost him" an outright win in the first round of voting. His "sudden and surprising fall from grace isn't necessarily good news," and even if he wins the runoff election, as is widely expected, he "may find it very difficult to get much done in his second term. Some might call that a bonus." The Times says Silva's "embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate." The Times also pans Silva's willingness "to defer leadership of the Latin American left" to the "buffoonish" Hugo Chavez, and says "that deference may have diminished [his] standing at home as well as abroad."

Zambian President Reelected In Clean Vote. The New York Times (10/3, Wines, 1.21M) notes Zambian President Levy Mwanawasa "took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day." Sata, who refused to concede but "said he would not contest the election results in court," also called for an end to the violence. Mwanawasa appears to have "captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate." International observers declared the vote "relatively free of corruption." Mwanawasa "accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers."

Abe Seeks Meetings This Week With Hu, Roh. The Washington Post (10/3, A12, Faiola, 748K) reports, "Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts

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in China and South Korea." The meetings, which could occur Sunday and Monday respectively, "would mark a symbolic breakthrough for Abe… China and South Korea have boycotted top-level meetings with Japan since last year" because of former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine. The Post adds, "Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's." In any meeting with Chinese President Hu Jintao or South Korean President Roh Moo-hyun, Abe would "have much to talk about," including textbook content and the future of the Japanese Constitution.

India Post Said To Struggle Against More Efficient Private Firms. A 1,994-word piece in the Wall Street Journal (10/3, Bellman, 2.03M) examines the evolving role of the postal system in India. "India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals," in this case including FedEx and UPS. "But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?" Noting that "more-efficient private couriers have eaten deeply into India Post's business," the Journal says similar problems have emerged at the "state-owned phone company Mahanagar Telephone Nigam Ltd" and at Air India and Indian Airlines. "Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace."

Kristof Says Good Governance, Not More Aid, Will Remake Africa. In his latest column on his travels in Africa, New York Times (10/3, 1.21M) columnist Nicholas Kristof says "the need for better for better governance" is "one of the biggest challenges facing Africa today." While foreign aid can help, "what matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule." Kristof lauds UK Prime Minister Tony Blair's anticorruption initiative and President Bush's Millennium Challenge Accounts, and says, "We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform." He notes that "all across Africa, countries are increasing efforts to fight corruption and improve the investment climate," and concludes, "So, yes, Africa is still afflicted by AIDS, misery and the tyranny of" corrupt leaders. "But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"A Plan To Save King/Drew Gets Tough."
"His Corps Value Was Bravery."
"11 Amish Girls Shot In School."
"2 Share Nobel For Method To Silence Specific Genes."
"Foley Saga No Shock To Some."
"Barrels Of Money Fuel Oil Tax Fight."
"Michelin Anoints Bay Area Cuisine With Pinch Of Stars."
"State Ends Inquiry, Names Monitor For Getty Trust."

New York Times

"Pressure Grows For Republicans Over Foley Scandal."
"Across Nation, Housing Costs Rise As Burden."
"Man Shoots 11, Killing 4 Girls, In Amish School."
"After Afghan Battle, A Harder Fight for Peace."
"Colliding With Death At 37,000 Feet, And Living."
"Bridging A Racial Rift That Isn't Black And White."

USA Today:

"Courts Are Asked To Crack Down On Bloggers, Websites."
"'A Horrendous Crime Scene.'"

Washington Post:

"At Least 3 Killed at PA. Amish School."
"After Foley, New Fears For The GOP."
"Most Blacks, Hispanics In Area Own Homes."
"In Antipsychotics, Newer Isn't Better."
"Outside Groups Shoveling Cash Into Tight Races."
"New Conductors Speed Global Flows Of Money."

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Washington Times:
"U.S. Cities United Front On Iran."
"Hastert Denies GOP Saw Foley's 'Vile' Message."
"Gunman Says 3 Amish Schoolgirls."
"Dow On verge Of Closing At An All-Time High."
"Genghis Misunderstood."

Detroit Free Press:
"Back In The Game!"
"Fans Prove This Is Tiger Town."

Atlanta Journal-Constitution:
"Farmers Accused Of 'Scheme' Wind Up Keeping Millions."
"Horror At Amish School."
"Scandal Puts Republicans On Defensive."
"Ga. Companies Await Third Straight Cut In Unemployment Tax."

Houston Chronicle:
"Why Your Electric Bill Is Still High."
"Terror In Amish Country."
"Judge Won't Dismiss Suit In Deputy Shooting."
"Mexico Implores Bush To Veto Border Fence Bill."
"Series Tackles Football Mania."

Story Lineup From Last Night's Network News:
ABC: Amish School House Shooting; School Safety; Foley Investigation; Foley Aftermath; Congressional Page Program; Working Mothers; Supreme Court; Gas Prices; Neil Armstrong's Words On The Moon; Golf In Darfur.
CBS: Amish School Shooting; School Safety; School Safety Analysis; Foley Investigation; Congressional Page Program; Brian Rohrbough Opinion; Amish Country.
NBC: Amish School Shooting; Amish Country; Foley Investigation; Woodward's Book; Washington's Reaction; Iraq-Sectarian Violence; Iraq-Sectarian Violence; Nobel Prize Winners; Stock Market; Neil Armstrong's Words; Troops Return Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: PA-Amish school Shootings; Foley Scandal; Afghanistan-US KIA.
CBS: PA-Amish School Shootings; Foley Scandal; Chicago-Power Outage; Gas Prices.
NPR: PA-Amish School Shootings; WI-Student Accused Of Killing Principal; Foley Scandal; Wall Street; UN Secretary General Race; Brazil Election.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends a Richard Pombo for Congress reception, Stockton Memorial Civic Auditorium, Stockton, Calif.; attends a John Doolittle for Congress reception, El Dorado Hills, Calif.; attends a Republican National Committee reception, Private residence, Los Angeles.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Henry Bonilla, private residence, San Antonio; speaks at a reception for congressional candidate Van Taylor, private residence, Dallas.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on preparing the Hispanic community for leadership in the STEM fields. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TERRORISM INSURANCE _ 7:15 a.m. - 9:45 a.m. The US Chamber of Commerce, others, sponsor a seminar on terrorism insurance, with Vince Randzzo of Wacovia Corp.; Stef Zielezienski of the American Insurance Association; Joel Wood of the council of Insurance Agents and Brokers, others. Location: 1615 H St. NW.

SCHOOL DROPOUTS _ 9:30 a.m. The National Education Association holds a news conference to release a plan to address the school dropout crisis. Location: National Press Club.

YOUTH-CIVICS/POLITICS _ 9:30 a.m. The Center for Information and Research on Civic Learning & Engagement holds a briefing to release``The Futures of American Democracy: New Study on Youth Civic and Political Health." Location: National Press Club, Zenger Room.

DOHA _ 10 a.m. The American Enterprise Institute holds a forum ``The World Trading System After the Collapse of Doha: The WTO, Developing Countries, and Regionalism" with former Commerce Undersecretary Grant Aldonas, others. Location: 12th floor, AEI, 1150 17th St. NW.

UAE LEADERS _ 10 a.m. Business for Diplomatic Action organization and Zogby International release a survey of young leaders in the United Arab Emirates. Location: Foreign Press Center, National Press Building.

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LATINO-SUMMIT _ 10:30 a.m. Ambassadors Roger Noriega and Nancy Soderberg speak at the Latino Coalition's 2006 Small Business Economic Summit to discuss Venezuela and Argentina's relationship. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

HEALTH CARE TRANSPARENCY _ 11 a.m. - 12:30 p.m. The Heritage Foundation sponsors a panel discussion, ``Transparency in Health Care." Participants: Walton Francis, economist and author of CHECKBOOKs ``Guide to Health Plans for Federal Employees;" David B. Kendall, Senior Fellow for Health Policy, Progressive Policy Institute; and Thomas P. Miller, resident fellow, American Enterprise Institute. Keynote remarks by Alex M. Azar II, Deputy Secretary of Health and Human Services. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

MILLENNIUM DEVELOPMENT GOALS _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a UNDP Washington Roundtable, ``The Millennium Development Goals: A Time of Reckoning." Panelists include Dirk Dijkerman, CEO, Office of the Director of Foreign Assistance, State Department; and Debayani Kar, communications and advocacy coordinator, Jubilee Network. Location: Carnegie Endowment for International Peace, Root Room, 1779 Massachusetts Ave. NW.

CHINA-INDIA _ 12:30 p.m. A team of American and Japanese former government, business and academic leaders release a report on recommendations for the U.S. and Japan to respond to the emerging economicv and political rise of China and India. Participants include former Deputy Secrertary of State Ken Dam, Noboru Hatakeyama of the Japan Economic Forum, Marshall Bouton of the Chicago Council on Global Affairs; others. Location: Douglas Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SOROS _ 3 p.m. Investor George Soros speaks at the 16th conference on the Organization of American States Lecture Series of the Americas. Location: OAS, 17th St. and Constitution Ave. NW.

US RUSSIA NUCLEAR _ 3 p.m. - 4:30 p.m. Amb. Nikolay Spassky, deputy head of the Russian Atomic Energy Agency, speaks on ``Nuclear Powers Become Nuclear Partners," focusing on US-Russian nuclear cooperation. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LARSON-MIDDLE EAST _ 4:30 p.m. Terje Rex Larson, Norwegian diplomat and United Nations special envoy, will speak at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS) about ``Challenges and Opportunities in the Middle East. Location: First floor auditorium of the schools Rome Building, 1619 Massachusetts Ave. NW.

SINGLETON _ 6:30 p.m. The National Hispanic Foundation for the Arts holds its Tenth Annual Noche de Gala dinner, with film director John Singleton, actor Michael Pena and singer Fanny Lu. Keynote address - Commerce Secretary Gutierrez at 6:30 p.m. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CUBA AFTER CASTRO _ 7:30 p.m. American University's School of International Affairs hosts a panel discussion. ``Cuba after Fidel." Partcipants: William LeoGrande, dean, American University School of Public Affairs; Robert Pastor, vice president, American University International Affairs Office; Philip Pters, vice president, Lexington Institute; and Silvia Wilhelm, executive director, Cuban American Commission for Family Rights. Location: Abramson Family Recital Hall, Katzen Arts Center, American University, 4400 Massachusetts Ave. NW.

SCHIEFFER ROAST _ 8:30 p.m. CBS news veteran Bob Schiffer will be ``roasted" by former Senate Democratic Leader Tom Daschle, former roastee Don Imus and his wife Deirdre, and White House press secretary Tony Snow at the 18th annual Roast for Spina Bifida. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Rice, Others Dispute Claim She Ignored CIA Warning Of Al Qaeda Attack. As the White House continued its effort to rebut claims made by Bob Woodward in his new book, "State of Denial," the author sought to bolster his case by sharing "once secret" documents with NBC News – the only network to cover the story last night. The network, and much of the TV coverage, continued to portray a White House put on the defensive by the book. However, stories in this morning's Washington Post and New York Times cast doubt on Woodward's characterization of a meeting between Condoleezza Rice and then-CIA director George Tenet. NBC Nightly News (10/2, story 4, 2:35, Mitchell, 9.87M) said, "All of the President's men in a state of denial over 'State of Denial.'" White House spokesman Tony Snow: "Flat wrong. Absolutely wrong." The White House, added NBC, "issued a press release titled, 'Five Key Myths In Bob Woodward's Book.' For instance, denying Condoleezza Rice was told of a possible terror threat on July 10, 2001, two months before 9/11. Today, Rice, en route to Saudi Arabia, said it was incomprehensible that she would ignore such a warning. But Woodward has documents proving that a CIA briefer told Rice of an impending attack." Bob Woodward, author, 'State of Denial': "He said specifically after the meeting, 'We did everything but pull the trigger of the gun we were holding to her head.' Mitchell: "Is there clear evidence that they did anything?" Woodward: "The presidential order to get bin Laden or kill him was sitting on the President's desk September 10, 2001. The day before 9/11." Mitchell: "Officials tell NBC News the former CIA Director George Tenet did testify in secret to the 9/11 Commission about that meeting."

The Washington Post (10/3, A3, Eggen, Wright, 748K) reports Tenet's "statements to the [9/11] commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that 'they were not getting through to Rice' after the July 10, 2001, meeting." The New York Times (10/3, Shenon, Mazzetti, 1.21M) says "both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them." Democratic 9/11 Commissioner Richard Ben-Veniste said, "Tenet never told us that he was brushed off. We certainly would have followed that up."

The Los Angeles Times (10/3, Richter, 918K) reports Rice's "reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war." Rice did not "deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to 'shock' her did not make sense."

USA Today (10/3, Slavin, 2.27M) reports Rice "said she recalled 'a steady stream of quite alarmist reports of potential attacks' during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. 'There was nothing that related to an attack in the United States,' she said." The AP (10/3, Gearan) reports Rice "said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States" as claimed by Woodward. Rice said, "What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible." The AP adds, "Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book."

White House Described As At "War Over Woodward." NBC Nightly News (10/2, story 5, 1:10, Williams, 9.87M) reported, "All of this news out of Washington tonight leaves us with much to discuss with our Washington bureau chief and moderate of Meet the Press Tim Russert. … Tim, this so-called war over Woodward, same question. [A damage assessment so far?]" NBC (Russert) added, "The White House is ferocious in their response, and why? One of the best known reporters in America is in effect laying out a case questioning the competence and credibility of the White House on Iraq. It is the last thing they want to debate five weeks before an election."

Snow Calls Allegation Bush Is In Denial About Iraq "Outrageous." CNN's The Situation Room (10/2, King) reported, "An angry new response today from the White House to journalist Bob Woodward's new book State of Denial. Among other things, Woodward contains the declarations that terrorists in Iraq are in retreat don't match the secret intelligence assessment the President is being given. Press Secretary Tony Snow says the notion the president is in denial about Iraq war losses or that he is trying to cover up things is, quote, 'an outrage.'"

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NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "Woodward's documents include these talking points the President used at a national security meeting just before the war. They recommended he keep the Iraqi army intact to prevent an insurgency. Instead, the army was disbanded. And the book offers several examples of the President making optimistic statements about Iraq, contrary to far more pessimistic secret assessments. Is this a case where they are not telling him the truth or he is putting a gloss on things?" Woodward: "He knows how bad it is." Mitchell: "A sign of how damaging Woodward's claims are is how hard the White House is fighting back."

Bob Woodward said on CNN's Larry King Live (10/2) that "there's a secret report from the intelligence division of the Joint Chief of Staff saying things are going to get worse. And, the terrorists in Iraq maintain this capability and in the year 2007, that's next year, it's going to get worse. [President Bush is] saying, as you heard, that they're in retreat." Asked what he makes of Bush's claims, Woodward said, "He's an optimist. He's a leader in a time of a really difficult war, a war of choice, a war he decided on, and it's Bush's war, no question about it and it's gone south and it's become more and more violent and more and more difficult."

Woodward Denies He Reached Conclusions Before Writing Book. Bob Woodward responded on CNN's Larry King Live (10/2) to White House counselor Dan Bartlett's claim that he reached some conclusions, saying, "I'd reached no conclusions. I had lots of secret memos and notes of what they had done and how they had done it and that his response to the man he put in charge of post war Iraq was when the man said, and your producer comes to you and says 'I can't do the things you've assigned me to do,' you don't go say 'kick ass.'"

White House Reportedly "Miffed" At Colin Powell. The White House Bulletin/US News (10/2) reports White House insiders "are more than a bit miffed at former Secretary of State Colin Powell. They consider him one of the prime sources" for Woodward's "State of Denial." Powell "lost many internal debates over the war and now he is getting even, White House officials say. But they don't want to take Powell on directly because he remains a highly-respected figure for most Americans and because, White House insiders say, they fear he might try to do more damage to Bush's image if he feels under sustained attack by his former colleagues."

More Commentary. In his Washington Post column (10/3, A17), George Will says, "'State of Denial' will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure. The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that." The book "does not demonstrate that the president is in a state of denial."

In his Washington Post column (10/3, A17), Richard Cohen says it is "time for yet another" constitutional amendment: "This one would ensure that no child of a president could become president. This would avert another George W. Bush. The reasons for this amendment can be amply found in Bob Woodward's new book, 'State of Denial.' If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure."

Homeless Iranian Woman Charged With Supporting Iraqi Terrorist Group. The New York Times (10/3, Rashbaum, 1.21M) reports, "A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday." Zeinab Taleb-Jedi "is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States." The Times notes, "The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years. … When American forces invaded Iraq…they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad," and "F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's 'martyrs,' along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives."

In a widely-distributed story, the AP (10/3, Hays) adds that according to court documents, "two confidential informants in Iraq" said Taleb-Jedi was "a leader of the Mujahedeen Khalq. … One of the informants told the FBI that Taleb-Jedi was on a council 'responsible for making leadership decisions for the organization, including approving specific acts of terrorism' against Iran, the papers said." When the FBI questioned her in Iraq, "Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing,

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she 'left her job, sold all her belongings and traveled' the group's Ashraf Base in Iraq."

Defense Begins Closing Arguments At Albany Terror Trial. Capital News 9 Albany (10/2, Ference) reported, "It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation. Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word 'missile.' … But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote 'rocket equals missile.'" Aref lawyers "also argued the codeword used by the FBI informant for missile -- Chaudhry -- wasn't clear. At one point, the informant referred to it by saying, 'one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members.'"

Hayat Relatives Return To US From Pakistan. As reported in yesterday's New York Times, the AP (10/3) reports in a widely-distributed story, "Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said." Muhammad and Jaber Ismail "arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. … 'I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime,' Jaber Ismail said."

Afghan Prisoners' Attorneys Challenge Bush Detainee Plan. The Washington Post/AP (10/3, A6, Apuzzo) reports attorneys "for 25 men being held in Afghanistan launched a pre-emptive strike Monday against President Bush's plan to prosecute and interrogate terror suspects." Court documents "demand that the men be released or charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week." That bill "says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases would be heard before a military commission, not a civilian judge. Bush has not signed the bill but expects to soon." Monday's filing "initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a military prison in Guantanamo Bay. Detainees there have dozens of petitions pending."

Canadian Judge Releases Tamil Tigers Suspect On Bail. The Toronto Star (10/3, Grewal) reports, "A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom. Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them. Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation." The Star notes that Mylvaganam "must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused. In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device."

Alliance Of Algerian Terror Group, Al Qaeda Analyzed. The Christian Science Monitor (10/3, Lund, 58K) reports many Algerians "are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital" of Algiers "during Ramadan." Already, "officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press." Authorities have "amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats." In a videotape "released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that 'the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates.'" The Monitor adds the GSPC "has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC."

HOMELAND RESPONSE:

Federal Report Makes No Recommendation On Terror Insurance Program. The Wall Street Journal (10/3, A4, 2.03M) reports a report released this week by an interagency group headed by Treasury Security Henry Paulson "makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent. The findings were consistent with a study by the Government Accountability Office, a congressional watchdog

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agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes." The Journal notes, "Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program."

Chertoff, Peters To Meet With UK Transport Chief On Passenger Data Sharing. The Financial Times (10/3, Cameron) reports UK Transport Secretary Douglas Alexander is scheduled to meet with DHS Secretary Michael Chertoff and Transportation Secretary Mary Peters in Washington Wednesday "in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market." The "visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information." The Times adds that the meeting "reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information."

Judge Allows Greatly-Curtailed Jewell Libel Suit To Proceed To Trial. The Atlanta Journal-Constitution (10/3, White, 399K) reports, "Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday." Judge John R. Mather " said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation. But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park." The AP (10/3) notes, "Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement. Jewell was later cleared, and some news organizations settled legal claims that he had been defamed."

Nagin Signs Order Requiring Businesses To Use Local, Minority-Owned Firms. USA Today/AP (10/3, 17A) reports, "New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery. Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible." The rule expands on a requirement already in place for government contracts by involving "businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state."

WAR NEWS:

Maliki's Security Plan Would Empower Local Committees To Fight Violence. The Washington Post (10/3, A12, Keath, 748K) reports Iraqi Prime Minister Nouri al-Maliki "announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months. The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis." Maliki would form multiethnic "local committees" to offer input on security activities. The Post says he "is under increasing pressure to stop the violence, which has killed thousands since February." His "administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed."

The New York Times (10/3, Oppel, Mizher, 1.21M) adds, "Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, [Maliki] announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media." The "details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts" to stop the violence. The AP (10/3, Keath) and the Los Angeles Times (10/3, Moore, 918K) runs similar stories.

Foreign Fighters Said To Form "Relatively Small Slice" Of Insurgency. The Christian Science Monitor (10/3, Grier, 58K) reports, "It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a 'cause célèbre' for jihadists, as a recently declassified US intelligence assessment holds." But "that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime." Thus, "to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground."

Iraqi Torture Site Could Be Linked To Security Forces. USA Today (10/3, Jervis, 2.27M) reports, "U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a

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Shiite Muslim militia with ties to the government. Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid." Troops also found "posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr." USA Today adds, "There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry. ... U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias."

Iraq Veteran Pleads For More Troops In Iraq. In an op-ed for the Wall Street Journal (10/3, 2.03M), Iraq veteran and 101st Airborne platoon leader Pete Hegseth argues, "America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now."

Author Urges Reverence For Fallen Troops. In USA Today (10/3, 2.27M), writer Kathy Roth-Douquet discusses the phrase "died in vain," which she traces to Abraham Lincoln. She states that deaths in Iraq are not "for naught," even if the war "is a mistake, or we pull out too early," because "despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering."

Frist Says Taliban Should Be Part Of Afghan Government. The AP (10/3, Krane) reports, "US Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring 'people who call themselves Taliban' and their allies into the government." The senator "said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield." Frist, "during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat," said, "You need to bring them into a more transparent type of government. … And if that's accomplished, we'll be successful."

NATO Troops Fight To Win Afghan People's Support. The New York Times (10/3, Gall, 1.21M) reports from Pashmul, "NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people." The Times quotes Col. R. Stephen Williams's account of the battle and reports that in the aftermath "military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage."

The Christian Science Monitor (10/3, Peterson, 58K) also reports on such efforts to court support, writing, "Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index." Troops and villagers both face obstacles: "pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated." Officers with short tours of duty rarely have the necessary "local know-how," a "requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth."

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Morford Named Interim US Attorney In Nashville. The Nashville Tennessean (10/3, De La Cruz) reports, "A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today." The Tennessean continues, "Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm." The Tennessean adds, "Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said."

CORPORATE SCANDALS:

Enron Employees Angered By Fastow's Reduced Sentence. The Washington Post (10/3, D1, Johnson) reports, "When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals." The Post continues, "In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a

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maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years. … That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior. … The reduction, former Enron worker Rod Jordan said yesterday, 'was a slap in the face to employees.'" The Post adds, "No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. 'A lot of them decided to skip Fastow because they thought it was a done deal,' Jordan said, referring to the 10-year term. … Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had 'locked in' a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force. … But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income. … At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years."

Memo Suggests Hurd Knew Of H-P Leak Probe In July 2005. The Wall Street Journal (10/3, Waldman, Clark) reports that Hewlett-Packard Co. "still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe? A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal."

Cingular Wireless Sues Over Hewlett-Packard Pretexting. The Legal Times (10/3, Crea) reports, "Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information." The Times continues, "The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages." The Times adds, "Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed."

Sonsini's Novell Options Grants Raise Red Flags. The California Recorder (10/3, Scheck) reports, "As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees. … But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people." The Recorder continues, "Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece. … That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper." The Recorder adds, "The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts. … But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December." The Recorder notes, "Ultimately, the options would become worthless before vesting due to the tech market crash. … Nevertheless, the series of events makes experts wonder whether the grants were also 'spring-loaded' -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case."

Siegel Retires As Mills Chief Executive. The Washington Post (10/3, D1, O'Hara) reports that Laurence C. Siegel "retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet." Mills will pay Siegel "$2.5

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million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland." The company described Siegel's departure "as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures."

Alexander Bail Hearing Arguments Begin. The New York Times (10/3, Grobler, 1.21M) reports former Comverse CEO Jacob "Kobi" Alexander "transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday." At the bail hearing, Alexander "showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse." Defense lawyer Herman Oosthuizen said Alexander "would be willing to hand over his Israeli passport and post bail of about $1.36 million." The Times adds, "An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors. Mr. Alexander, she said, had also offered as much as $5 million — and then 'a name-your-price offer' — to a colleague at Comverse to take the blame in the stock options case."

In a widely-distributed story, the AP (10/3, Jacobson) notes that the bail hearing "will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail."

Professor Says Hedge Funds Do Not Need More Regulation. Dale Oesterle, a law professor at Ohio State University, writes in USA Today (10/3), "Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more 'hedge fund regulation,' whatever that is. Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) 'activist' hedge funds, funds that purchase stock in a company to force through major changes." Oesterle adds that "the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation."

CRIMINAL LAW:

Foley Enters Rehab As His Attorney Denies "Inappropriate Sexual Contact." The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports that "disgraced" former Rep. Mark Foley "has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today. 'I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems,' Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment." The New York Times (10/3, Hulse, Zeleny, 1.21M) reports Roth "denied that Mr. Foley had ever had inappropriate physical contact with minors. 'Mark Foley has never, ever had inappropriate sexual contact with a minor in his life,' Mr. Roth said. 'He is absolutely, positively not a pedophile.'" USA Today (10/3, 8A, Page, 2.27M) reports recounts details of Foley's political career, noting, "Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House."

USA Today (10/3, Heath, 2.27M) reports Ben Cavataro, "a 17-year-old high school senior…said" Foley "nominated him to be a page last summer. … The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer. 'There was no indication of anything improper with Foley or anybody else,' Cavataro said." USA Today (10/3, Bazar, 2.27M) notes Foley's "statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal." The Washington Times (10/3, Pfeiffer, 88K), meanwhile, notes other sex scandals involving members of Congress.

The Palm Beach (FL) Post (10/3, Crowley) reports, "Mark Foley is not a pedophile and 'never ever' had sexual contact with minors, his attorney said Monday. … Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life. … 'Mark is an alcoholic. He drank in secret. He did not drink in public,' Roth said. 'He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic.'" The Post adds, "Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said. … Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy. … Asked if

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Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, 'Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life.' … Asked if Foley is a pedophile, Roth said, 'He is absolutely, positively not a pedophile.' … He described Foley as 'contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself.'"

Foley's Predilection For Young Males Was Reportedly Widely Known. The Los Angeles Times (10/3, Levey, Reynolds, Schmitt, 918K), in an article titled, "Foley Saga No Shock to Some: The Florida Republican was known to have an interest in younger men," reports, "some on Capitol Hill say" Foley "was known to have a special interest in younger men. In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues. 'Almost the first day I got there I was warned,' said Mark Beck-Heyman…who served as a page. … 'It was no secret that Foley had a special interest in male pages,' said Beck-Heyman, adding that Foley…on several occasions asked him out for ice cream. Another former congressional staff member said he too had been the object of Foley's advances." The Times goes on to report, "The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men. 'Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff,' said one former congressional staffer."

Roll Call's "Heard on the Hill" (10/3, Akers) reports, "the Foley 'victims' crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being 'asked out' by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18. … After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe. He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said 'was drunk,' approaching their table and quickly asked his friend to say she was his girlfriend. Foley…came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating. 'Yes,' our source recalled his pal saying. Foley, according to our source replied, 'Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?'"

CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "The FBI may not have seen it but some 16-year-olds sensed Foley was crossing a line other Congressmen didn't." Unidentified female: "I had a friend Matt and a friend Tim and he would see them first and he would be like 'Hi, Mattie, hi Timmy.' And we used to be like 'that's funny of them to say that. That's kind of weird.'"

Potential Prosecution Of Foley Examined. The AP (10/3, Jordan) reports, "The FBI…'is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko." The AP continues, "The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe 'a precursor to a possible criminal investigation.'" The AP adds, "FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation. … The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said." The AP notes, "Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus."

McClatchy (10/3, Talev, Taylor) reports, "Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity." McClatchy adds, "Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a 'third party' made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched." McClatchy adds, "John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a 'commission of a felony' and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks."

Bloomberg (10/3, Roberts) reports, "Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley. … In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had

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requested." Bloomberg notes, "Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days. … 'Central to the investigation is immediately questioning, under oath, the House Republican leadership,' Pelosi wrote in a letter to lawmakers on the committee yesterday."

Liberal Watchdog Group Forwarded Messages To FBI In July. CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "Melanie Sloan, who heads the Center for Responsibility in Politics, said there were warning signs" about Foley's "conduct. Last July, her group said some of the overly friendly e-mails were sent to the FBI but no action followed." Melanie Sloan: "I would have grabbed Foley's computer right away and starting examining." The Washington Post (10/3, A11, Babington, Weisman, 748K) reports the FBI "acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005" by Foley.

The AP (10/3, Taylor) notes Melanie Sloan, CREW's executive director and a former prosecutor "specializing in sex crimes," said, "they (the e-mails) should have raised a red flag over at the FBI," and "asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued." Roll Call (10/3, Bresnahan) characterizes CREW as a "liberal watchdog group" and reports that Sloan is a former House Democratic staffer. The Washington Post (10/3, A11, Babington, Weisman, 748K) describes CREW as a "liberal-leaning group."

The New York Times (10/3, Hulse, Zeleny, 1.21M) reports, "The group would not say where it had obtained the messages; it made them public after the ABC report."

Two Florida Papers Were Previously In Possession Of Foley Emails. The New York Times (10/3, Kornblut, Seelye, 1.21M) reports, "At least two news organizations were tipped off to e-mail messages sent by…Foley long before the story…broke last week and forced him to resign. The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors." The Times notes "the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley." Speaker Hastert is quoted as saying, "He deceived his in-state newspaper when they each questioned him. … He deceived me, too."

Value Of Page Program Questioned. ABC World News (10/2, story 5, 0:20, Gibson, 8.78M) reported, "The Congressional page program has…seen scandal before, most notably the House censored two Representatives in 1983." The New York Times' John Tierney (10/3) writes, "Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. … The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age?" The Hill (10/3, Kucinich) reports Hastert "announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for 'parents, grandparents, pages, former pages."

Man Kills Four, Wounds Seven At Amish School In Pennsylvania. A dairy truck driver walked into a one room Amish schoolhouse in Nickel Mines, Pennsylvania yesterday and tried to execute the girls there. The New York Times (10/3, Kocieniewski, Gately) reports that police say Charles Roberts succeeded in killing four of the girls and wounding seven others before killing himself. The Times adds, "The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m." Roberts "killed himself as the police stormed" the school.

A front page story in the Washington Post (10/3, A1, McCaffrey, Duggan) reports, "Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were 'very, very dire,' said Col. Jeffery B. Miller, commissioner of the state police. Miller called it 'a horrendous crime scene' and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said."

NBC Nightly News (10/2, lead story, 2:50, Ellis) reported, "Hours after the shooting police walked the nearby field in a line searching for children that might have escaped the violence to hide in the familiar fields. According to police no children were found in the police. As for a motive police say this is a grudge that Roberts held for some 20 years but not against the Amish. Police are calling this a crime of convenience saying it was close to his home and at a school that had no security. Police are saying there is a lot of evidence that Roberts were planning this for a long time and that he was planning along siege."

The Washington Times/AP (10/3, Scolforo) reports, "The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of 'acting out in revenge for something that

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happened 20 years ago,' Col. Miller said, though he gave no details on what the grudge was." The AP adds, " Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security."

ABC World News (10/2, lead story, 3:10, Muir) reported, "We're getting late word about the gunman who backed his pickup truck to the schoolhouse about a half mile down the road here, investigators tell us late tonight he had three guns, two stun guns, two knives and 600 rounds of ammunition. He was prepared for a long siege here and why this schoolhouse? Because he knew it wouldn't be secure, surrounded by only white fencing and acres and acres of farmland."

CBS Evening News (10/2, lead story, 3:20, Pitts) reported, "Authorities found what they described as a suicide note at Roberts' home in the neighboring town. He had apparently worked his shift last night at the local milk plant. This morning he took his own children to the bus stop. Minutes before the fatal shooting, he called his wife from inside the school on his cell phone." Miller: "He did make a statement to his wife on the phone that he was acting out in a way to achieve revenge for something that happened 20 years ago."

USA Today (10/3, Frank, Levin) reports that "the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse. … The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were 'crying and weeping and hugging, and the Amish people don't usually show too much emotion,' said Annie Beiler, 66, whose farm abuts the school property."

The Pittsburgh Post-Gazette (10/3, Barnes, Mauriello) reports, "Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school. … 'It's clear to us he did a great deal of planning in this,' said state police Commissioner Jeffrey Miller. 'It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself.'" The Post-Gazette adds, "The incident did not appear to be related to the Amish. Mr. Roberts is not Amish. … Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate. … He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record." Bloomberg adds, "The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29."

The Los Angeles Times (10/3, Barry, Simon) reports, "Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days." The Times adds, "But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. … Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord."

Local Television. More that 1,200 local television newscasts reported that a gunman attacked a one-room Amish school in rural Pennsylvania, shooting dead three girls before killing himself. In general, the incident was seen as part of series of ongoing violence that has recently hit US schools.

WPTY-TV Memphis, (9/2, 10:36 p.m.) reported, "What happened today in the West Nickel Mines Amish School in rural county Pennsylvania has horrified the country. Three girls, one teacher's aid murdered in cold blood and now word that a fourth may have died. All shot in the head by a gunman wreaking a terrible vengeance for a still unknown wrong he suffered long ago."

KKCO-TV Grand Junction, (9/2, 9:59 p.m.) reported, "A 32-year-old truck driver took more than a dozen girls hostage in a one room Amish school in Pennsylvania, killing at least three children and injuring 8 others. Then the gunman killed himself during a running gun battle with police. It was the nation's third deadly school shooting in the past week."

KOLN-TV Lincoln, (9/2, 4:59 p.m.) reported, "Authorities say the shooter wrote in a note he wanted revenge for something that happened 20 years ago."

WHYY-TV Philadelphia, (9/2, 5:32 p.m.) reported, "Today's school violence comes in the wake of last week's shooting of a principal in Wisconsin and shooting of a teenaged girl in Colorado."

KABC-TV Los Angeles, (9/2, 5:02 p.m.) reported, "Today's Amish school massacre is one of…school shootings

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and disturbances stretching from Colorado to Wisconsin, to Nevada, to nickel mines, Pennsylvania. In two of the incidents, gunmen targeted girls as victims."

WRC-TV Washington, DC, (9/2, 1:02 p.m.) reported, "Just today, a massacre in a one-room Amish school in Pennsylvania. The victims, again, all girls. With the American Association of School Administrators, saying security is a great concern. It's very difficult to prevent against all of these things because if you are dealing with people who are off the scale in terms of normalcy and they are willing to do almost anything to themselves, it's very difficult to protect a school or any other place. A therapist says the feeling of being afraid in school is something many children in her community live with every day."

WVIT-TV Hartford, (9/2, 5:30 p.m.) reported, "Psychologists say there are definitely things parents should keep in mind when deciding whether to talk to kids about school violence. Their age is a good indication of just how much, if anything, you should say."

KTVX-TV Salt Lake City, (9/2, 10:03 p.m.) reported, "The rash of school violence across the country has many parents wondering what's being done to keep our children safe 'close to home."

WISN-TV Milwaukee, (9/2, 6:36 p.m.) reported, "Federal funding is on the decline for programs aimed at stopping school violence. Records show funding was nearly $440 million in 2001. It has fallen to $346 million this year and even less is being set aside for next year."

WJLA-TV Washington, DC, (9/2, 6:00 p.m.) reported, "This is the nation's third school shooting in less than one week."

KDVR-TV Denver, (9/2, 9:28 p.m.) reported, "Some are wondering if this is a case of copycat shooters. There are some similarities between today's shooting and what happened in Bailey."

Expelled Student Shows Up At Las Vegas School With Gun, Flees. The AP (10/3, Ritter) reports, "Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said." The AP continues, "No shots were fired, and police said they had no indication the teen -- a former student who had been banned from Mojave High School -- had threatened anyone." The AP adds, "Police gave up their search of a residential area in suburban North Las Vegas after more than three hours. … 'We know who he is,' North Las Vegas police spokesman Tim Bedwell said. 'He will be found eventually.'" The AP notes, "Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons."

The New York Times (10/3, Scott) reports, "The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police." The Times adds, "When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said. … 'They're still looking for an AK-47 he stole from his parents' house,' Sergeant Gervasi said."

Judge Sets $750,000 Bail In Wisconsin School Shooting Case. The Milwaukee Journal Sentinel/AP (10/3, Staff, Press) reports, "A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday." The Sentinel continues, "District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center." The Sentinel adds, "Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, 'I do.' … In following Barrett's bail recommendation, the judge said, 'It goes without saying the public does need protection in this matter.'" The Sentinel notes, "Barrett told the judge there were other 'persons of interest' for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang."

The AP (10/3, Richmond) reports, "Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions. … But Circuit Judge Patrick Taggart agreed with Barrett. … If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family." The AP notes, "He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty. … Taggart set a pretrial conference for Hainstock for Oct. 13."

Bush Directs Gonzales, Spellings To Convene School Violence Conference. The AP (10/3, Pickler) reports, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday." The AP continues, "Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath." The AP adds, "Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old

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Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself. … 'The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America,' Perino said. 'It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools.'" The AP notes, "Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

AFP (10/3) reports, "Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said."

USA Today (10/3, Levin, Parker) reports, " "It was the third fatal school shooting in the USA in six days. … In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week."

ABC's Nightline (9/2, 11:59 p.m.) reported, "The white House is stepping in. President Bush, next week, brings together law enforcement and educational officials to figure out what the government can do to stem this innocence of killings."

The Bush administration announcement that it will hold a conference on school violence received moderate and straightforward coverage by local television newscasts. All newscasts agreed that the latest incidents that hit U.S. schools may be behind the decision. Some examples: WATE-TV Knoxville, (9/2, 10:59 p.m.) reported, "President Bush is planning a conference next week to address the string of school violence. The plan is to bring together education and law enforcement to figure out which federal resources can be brought in to prevent school violence and respond to it. President Bush says he is troubled by the shootings."

WSVN-TV Miami, (9/2, 10:01 p.m.) reported, "Today's violence makes it the third U.S. school shooting in less than a week. Tonight, The White House is announcing President Bush plan to hold a special conference on school violence next week in Washington."

WPXI-TV Pittsburgh, (9/2, 11:05 p.m.) reported, "President Bush says he is saddened by the recent school violence and will address the issue at a news conference next week."

WTNH-TV Hartford, (9/2, 11:04 p.m.) reported, "President Bush will host a conference next week on school violence. Educators and law enforcement will be brought together. They will try to figure out how to keep innocent children from being targeted in a place where they are supposed to feel safe."

WLOS-TV Greenville, (9/2, 10:59 p.m.) reported, "President Bush says he is 'deeply saddened' by the recent series of school violence. He is planning a conference next week to address the problem."

KTBC-TV Austin, (9/2, 9:01 p.m.) reported, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country. The conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath."

WINK-TV Ft. Myers, (9/2, 11:02 p.m.) reported, "A spokeswoman says it will bring together education and law enforcement officials to discuss which federal resources can be used to prevent and respond to these kinds of attacks."

Schools Urged To Watch For Signs Of Emotional Distress In Children. USA Today (10/3, Davis) reports, "School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children. The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say." Experts "say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep."

NYTimes, WPost See Gun Laws As Tool To Curb Rash Of School Shootings. The New York Times (10/3, 1.21M) editorializes, "No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent. … This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently. The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. … Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns."

The Washington Post (10/3, A16, 748K), in an editorial, notes that "there are those who will argue that nothing -- least

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of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. … We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control."

Online Gambling Exec Predicts Industry Consolidation. The Financial Times (10/3, Blitz, Correspondent) reports, "Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday. Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US." Garber "told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in."

UK Online Gambling Companies May Stop Doing Business In US. The Wall Street Journal/AP (10/3) reports, "Several British online gambling companies may cease doing business in the US as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the US if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the US and Sportingbet PLC said it called off takeover talks with World Gaming PLC." The legislation passed the house and Senate as part of a port securities bill over the weekend.

The Washington Post/AP (10/3, D5, Barr) reports, "Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. … Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24."

The Atlanta Journal-Constitution (10/3, Emling) reports, "Top online gambling companies said Monday they were preparing to suspend their U.S. operations after Congress approved a bill aimed at cutting off cash flowing to their Internet sites." The AJC continues, "The Unlawful Internet Gambling Enforcement Act, abruptly passed Saturday as part of a port securities bill, bans banks and credit card companies from accepting checks and electronic payments from customers using Internet gaming sites. President Bush is expected to sign the measure." The AJC adds, "The congressional action sent gaming companies' stocks into a tailspin. … Shares of PartyGaming PLC, which operates the world's most popular poker site, PartyPoker, fell 58 percent on Monday, and those of Sportingbet, which owns ParadisePoker.com, fell 64 percent. Overall, the plunge wiped up to $7.5 billion in market capitalization off the books. .. . Another major operator, 888 Holdings, said it had suspended its online betting U.S. operations, and PartyGaming said it would do so once the act is signed."

The Los Angeles Times (10/3, Hiltzik) reports, "Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them." The Times continues, "Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday. .. .The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve." The Times adds, "Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain. … Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition."

USA Today (10/3, McCarthy, Swartz) reports, "Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections. … The surprise passage of the law threw the online gambling industry into a tailspin Monday." USA adds, "The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say. … Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia. … After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced."

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DOJ Grant Will Fund Mississippi Domestic Violence Unit. The AP (10/3) reports, "A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant." The AP continues, "The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims. … 'What this division does is bring a cohesiveness to the state's efforts to fight domestic violence,' said Attorney General Jim Hood. 'Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing.'" The AP adds, "Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence. … The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women."

Philadelphia Police Dispatchers Charged With Extortion. The AP (10/3) reports two Philadelphia police civilian "radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes." Patricia Bradley and Tamara Mitchell "have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday. The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division. Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers."

The Philadelphia Daily News (10/3, Hinkelman, 109K) reports that "the man to whom they peddled the names and addresses turned out to be a government informant," and US Attorney Patrick Meehan said, "These defendants deliberately undermined the work of the very officers they were supposed to be supporting." The Daily News adds, "The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags. The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation." The Philadelphia Inquirer (10/3, Arnold, 399K) also reports on the charges, but does not mention the FBI role in the investigation.

Former FBI Informant Sentenced To 90 Years In Prison For NJ Heists. The New York Times (10/3, 1.21M) reports, "A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies" in New Jersey. US Attorney Christopher J. Christie said that Michael Giubilo "was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said."

Lorusso To Testify In Jemal Trial Today. The Washington Post (10/3, B6, Leonnig) reports, "No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso. … Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn. But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille."

Mississippi Man Sentenced To Two Years In Prison For FEMA Fraud. The AP (10/3) reports Bryan Michael Beets of Vicksburg "has been sentenced to two years in prison. … U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross. Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June." In a statement yesterday announcing the sentence, US Attorney Dunn Lampton said, "The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud."

Louisiana Woman Sentenced To 18 Months In Prison For Katrina Fraud. The AP (10/3) reports Tarsha Johnson of Baton Rouge "was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said." She "pleaded

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guilty May 8 to making a false claim." U.S. District Judge Frank J. Polozola "also ordered her to perform 50 hours of community service and to pay $2,000 in restitution."

FBI, USDOT Investigating Tampa Expressway Authority. The St. Petersburg Times (10/3, Van Sickler) reports, "The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday." Hillsborough County Commissioner Tom Scott "said he spoke with investigators from the two federal agencies last week for more than 90 minutes. 'I was invited to meet with them and they are looking at the (Expressway Authority),' Scott said. 'But I can't disclose the content of their questions in order not to hinder their investigation.'" The Times notes, "The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists."

FBI, Connecticut Authorities Investigating Interstate Construction Defects. The AP (10/3) reports, "Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84. Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire." The AP adds, "Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago. Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported."

Investigation Finds Inappropriate Expenditures At Getty. After a yearlong investigation, the California attorney general's office has concluded that the J. Paul Getty Trusts's former chief executive Barry Munitz and the Trust's board made a number of inappropriate expenditures, but will not be the subject of legal action because the money was returned. The Los Angeles Times (10/3, Felch, Frammolino) reports, "The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office." Attorney General Bill Lockyer "will take no legal action against the trust, Munitz or board members, the report said." Lockyer "has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years."

The New York Times (10/3, Wyatt, Kennedy) reports, "The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments. The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry."

DNA Test May Win New Trials For Two Convicted Murderers. The Washington Post (10/3, B4, Londoano) reports, "Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago. Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47. The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money. Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder."

Judge Rejects Motion To Unseal Karr Child Porn Investigation Documents. In a widely-distributed story, the AP (10/3, Wohlsen) reports, "A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out. The Press Democrat of Santa Rosa had sought to view the documents…but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors." The AP adds that the trial "was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data. … Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims," but "FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001. 'We're not doing any further forensic work,' he said."

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Former Nevada Controller's First Husband To Be Exhumed In Murder Probe. The New York Times (10/3, Friess, 1.21M) reports that the investigation into the death of former Nevada Controller Kathy Augustine "has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by" Chaz Higgs – Kathy Augustine's second husband and the lead suspect in her murder. "David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine." The Times notes, "With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide."

Higgs Waives Extradition Hearing. The Washington Times (10/3, Seper, 88K) reports Higgs yesterday "waived extradition to face first-degree murder charges in Nevada. Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing."

Baltimore Man Arrested For Shooting Neighbor. The Baltimore Sun (10/3, Linskey) reports, "A 40-year-old man was arrested by police Monday afternoon, ending a seven-hour standoff in a Northeast Baltimore neighborhood that police said began when he allegedly used a shotgun to kill a neighbor who was cleaning his truck. Police declined to speculate on a motive for the slaying that occurred about 6 a.m. in the Belair-Edison neighborhood, but they said the suspect spoke briefly with the victim before the shooting." A police spokesman "identified the suspect as Marvin Ferguson of the 3800 block of Lyndale Ave. Police said Monday night that he was being questioned by homicide detectives but had not yet been charged. Immediately after the shooting, Ferguson stood outside until he heard police sirens, and then retreated into his home and refused to speak with negotiators, said Agent Donny Moses, a police spokesman."

Child Molester's Manuscript Used To Convict Him. Dean Schwartzmiller of San Jose, California has been convicted of child molestation based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile. The Washington Times (10/3, Wetzstein) reports that Schwartzmiller "faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography. Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children."

Critical Care Nurse Charged With Killing His Wife. The New York Times (10/3, Friess) reports, "One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder. The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies." The Times adds, "Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs. David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine."

The Washington Times (10/3, Seper) reports that Higgs "told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party. But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. … According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained."

CIVIL RIGHTS:

Kentucky Jail Officer Says He Is FBI Informant In Civil Rights Probe. The Lexington Herald-Leader (10/3, Musgrave, Ku, Blackford, 118K) reports, "An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail. John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for 'an undisclosed period of time.' … David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with

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federal officials on the case." The Leader adds, "After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail." Fayette County Detention Center director Ron Bishop said, "It makes a lot more sense now, when you look at the timing and his running for office."

The AP (10/3) notes, "Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation. 'I really wish that I could, but it violates the integrity of the case,' Vest said. … Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office." WTVQ-TV Lexington (10/2, Stotelmyer) reported, "Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems," and he "questions Vest's motives because Vest is the Republican candidate for jailer in next month's election." However, "Vest says before the FBI used him they 'checked me out, my credibility, my integrity.' Vest says he's done a good job as an inside informant. 'I did a lot and what I did, I did good,' said Vest."

EEOC Rules For Dismissed Chesapeake, VA, Deputies. The Hampton Roads Virginian-Pilot (10/3, Clayton) reports, "The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment." The V-P continues, "The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file." The V-P adds, "David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC. … Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department. … Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said. .. .Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents. .. .A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years."

Lawsuit Seeks Declaration That Student May Read Bible During Free Time At School. The Washington Post (10/3, B4, Rich) reports Maryann Mangum filed a lawsuit in U.S. District Court in Greenbelt alleging that Dwight D. Eisenhower Middle School Vice Principal Jeanetta Rainey "ordered" her daughter Amber, "then 12, to stop reading the Bible or face punishment." The girl was a "frequent reader during lunch breaks" and "in the spare minutes before afternoon classes. The habit was never viewed as a problem…until the book she was reading was the Bible." The lawsuit alleges that Rainey said "reading the Bible violated school policy and that she would face discipline if she continued to do so." Mangum is being advised by the Rutherford Institute. Institute President John W. Whitehead said that the suit "does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school."

Euclid, OH, Approves Remap Plan Aimed At Settling DOJ Suit. The Cleveland Plain Dealer (10/3, Atassi) reports that the Euclid, OH, City Council "unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats." The Plain Dealer continues, "Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent. … About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain." The Plain Dealer adds, "City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength. … Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt. … In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's."

Workplace Discrimination Against Arabs, Muslims Said To Be Rising Again. The Los Angeles Times (10/3, Semuels, 918K) reports, "Reports of

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workplace discrimination against people perceived to be Muslim or Arab soared after the Sept. 11 attacks and then declined, government statistics indicate. But some advocates say they've seen a resurgence in the last year that corresponds to global political events. … 'We only see the tip of the iceberg,' said Joan Ehrlich, district director of the EEOC office in San Francisco. 'It's probably not even reflective of the amount of discrimination going on because people are afraid to come to the government for help.'" The Times notes, "In a case filed recently by EEOC attorney [Anna] Park, seven Yemeni sailors working for Norwegian Cruise Line were fired in rapid succession 'because they looked Muslim,' Park said. The firings occurred after the FBI began investigating a report that a crew member had asked about the location of a cruise ship's engine room, arousing suspicions. The men were fired before the investigation was completed, the suit alleged."

ANTITRUST:

DOJ Settles Dairy Antitrust Dispute With Kentucky. The AP (10/3) reports, "A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America." The AP continues, "Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government." The AP adds, "The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London. .. .Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee. .. .The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy."

The Kansas City Star (10/3) reports, "The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee." The Star adds, "The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky. … The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit."

FCC Approves Attlel's Purchase Of Midwest Wireless. The AP (10/3) reports, "The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets." The AP continues, "The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions. .. .The FCC voted 5-0 to approve the acquisition."

Microsoft's Vista Security Policies Under Attack. The San Jose Mercury News (10/3, Tribble) reports, "Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system." The News continues, "The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to 'hamstring' competitors. … 'Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,' the advertisement states. '... when it fails, it fails for 97 percent of the world's desktops.'" The News adds, "Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft. .. . In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it 'would allow legitimate security.' … McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago."

High Court Denies Northwest Airlines' Antitrust Appeal. The AP (10/3) reports, "The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals." The AP continues, "The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged

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that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business." The AP adds, "A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late. … Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the 'out-of-time' petition."

SCOTUS Rejects UnitedHealth Ohio Doctor Rate Appeal. Market Watch (10/3) reports, "The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts." Market Watch continues, "UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court." Market Watch adds, "The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration."

Supreme Court Will Not Hear California Competition Case Against AT&T. Market Watch (10/3, Anderson) reports, "The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. for alleged anticompetitive conduct in other states." Market Watch continues, "RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T." Market Watch adds, "The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding. … 'A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state,' AT&T said in a court petition. 'Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country.' … RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature."

Broadcom-Qualcomm Global Patent Dispute Heads To ITC. Bloomberg (10/3, Brennan, Decker) reports, "The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy." Bloomberg continues, "Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips." Bloomberg adds, "The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision. … Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington."

Harrah's Considering $15 Billion Takeover Bid. USA Today (10/3, Yu, Krantz) reports, "Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group. … If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. … In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close."

The Wall Street Journal (10/3, Sanders) reports, "While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates." The "biggest wrinkle could involve licensing for any new owners and the time it

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could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants. But Apollo and Texas Pacific have already begun exploring the options with various state regulators."

Coach Accuses Target Of Selling Fake Bag. The Wall Street Journal (10/3, O'Connell, Hudson) reports that handbag maker Coach Inc. is accusing Target Corp. of marketing a fake Coach bag. In a lawsuit filed in federal court in Manhattan Friday, "Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says 'Coach,' according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an 'exact replica of a genuine Coach handbag' bearing at least one Coach trademark, the suit says. … Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit."

Gilead To Acquire Myogen For $2.5 Billion. The Wall Street Journal (10/3, Moore, Sechler) reports, "Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension. … With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials."

USA Today/AP (10/3) reports, "Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday." The AP adds, "The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases."

Executive Says AMD Is Leading Consumer Choice And Value. Thomas M. McCoy, Executive Vice President, Legal Affairs, and Chief Administrative Officer for AMD, writes in a letter to the Wall Street Journal (10/3), "In his Sept. 23 Rule of Law column 'Tigers by the Tail,' Ron Cass asserts that Advanced Micro Devices is attempting to 'restrain a dominant competitor through the courts than beat it in the market.' This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa." McCoy adds, "The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. … Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids."

Competition, Antitrust Laws Seen As Best Way To Regulate Internet. Robert Hahn and Robert Litan, directors of the AEI-Brookings Joint Center for Regulatory Studies, write in The Hill (10/3), "If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined. … On examination…one truth is clear -- while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity." Hahn and Litan add, "Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the 'hands-off' policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future."

ENVIRONMENT:

SCOTUS To Consider Con Edison Cleanup Case. The AP (10/3) reports, "The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants." The AP continues, "The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term." The AP adds, "The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas

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power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal 'Superfund' law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state."

DOE To Delay Buying Oil To Fill Strategic Reserve. The Wall Street Journal (10/3, A5, 2.03M) reports, "The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday. President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs." The Journal says, "Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is 'satisfied with the [reserve's] current level,' and that it was wary of affecting the market ahead of the high-demand winter-heating season, 'we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve.'" Stevens "said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market."

FBI/DEA/ATF/USMS:

Judge Upholds FBI, Secret Service Applicant Polygraph Exams. In a widely-distributed story, the AP (10/3, Apuzzo) reports, "The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday. U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process." Although the "questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said."

Former FBI Agent Sentenced To Six Years In Prison For Stock Scam. The Wall Street Journal (10/3, C3, 2.03M) reports, "Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies. Mr. Royer also was sentenced to three years of supervised release. He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares." The New York Times/Bloomberg (10/3) adds, "In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. … Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission."

Newsday (10/3, DeStefano) reports Judge Raymond Dearie called "it a tragic case of a public official gone wrong." The judge "noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts." The New York Daily News (10/3, Marzulli, 729K) reports the sentencing in "City briefs," under the headline "G-Man Gets 6 For Scam."

US Attorney Says Steroid Story Contained Inaccuracies. ESPN.com (10/3) reports, "The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained 'significant inaccuracies.'" ESPN continues, "The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate. … Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets. … Ryan issued a statement Monday, saying: 'In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies.'"

The New York Times (10/3, Curry) reports, "Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit. … 'In terms of how those names got in the document, Jason disputes the fact that he put them there,' Bick said. 'Jason's attorney made that statement a while ago, and he still feels that way.'" The Times notes, "Edward F. Novak, Grimsley's

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lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players."

The AP (10/3, Kravets) reports a spokesman for the Los Angeles Times "had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document"

Report: Baseball's Pete Rose Used "Greenies." The AP (10/3) reports Pete Rose "says he took 'greenies' in his playing days, if only to lose a few pounds. … In an appearance on the 'Late Show' taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about 'greenies,' explained that he used them -- though they were nothing more than 'diet pills.'" According to the AP, neither Letterman nor Rose "used the word 'amphetamines,' which were commonly nicknamed 'greenies' at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year."

Drug Ring Investigation Leads To New Jersey Man's Guilty Plea. The Easton (PA) Express-Times (10/3, Quigley) reports a Phillipsburg man "has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area. Ray Edward Carter…faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office. … The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents."

Supreme Court Declines To Hear Pennsylvania Doctor's Appeal In Painkiller Case. The Pittsburgh Tribune-Review (10/2) reports the U.S. Supreme Court yesterday "declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office. Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal." U.S. District Judge Gary Lancaster "dismissed the second appeal, because the first was still pending."

The Pittsburgh Post-Gazette (10/3, Ward) reports Rottschaefer's lawyers "have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial. This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat. That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with 'no legitimate medical purpose,' said defense attorney Eli Stutsman."

Survey Indicates Parents Underestimate Children's Drug Use. In its Health section, The New York Times (10/3, Bakalar) reports a new study has found parents "consistently and substantially underestimate their children's use of alcohol and other drugs. Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research." Parents "consistently said they believed that their children were using substances less frequently than the children reported." For example, the Times reports that almost 23 percent of the adolescents admitted using marijuana, but only 13.2 percent of their parents knew it.

New Evidence Surfaces In Texas Bombing Case. The Fort Worth Star-Telegram (10/3, Baker) reports, "Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet. … But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes." The Star-Telegram continues, "The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young. .. .The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent. … 'It's one of the most egregious cases I've seen,' said Jared Tyler, an attorney with the Texas Innocence Network. 'For me, there is not a shred of evidence that he did it.'" The Star-Telegram adds, "Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18. … The case had gone unsolved for a decade

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until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer. … Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats."

Man Wanted For Ohio Shooting Arrested In Washington. The AP (10/3) reports, "Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times." The AP continues, "Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said." The AP adds, "Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium. … As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times."

IMMIGRATION:

SCOTUS Rejects Appeal By Nazi Concentration Camp Guard. The AP (10/3, Yost) reports, "A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship." The AP continues, "Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944." The AP adds, "Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution. … An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he 'personally assisted in persecution.' … In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show." The AP notes, "The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals."

Border Fence Seen As Ineffective Strategy. The Washington Post (10/3, A3, 748K) reports, "Building a fence in an attempt to secure the US border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former US Customs and Border Protection agents and other experts." Also, "the Mexican government agreed in a diplomatic note sent yesterday to the US government, warning that the fence would damage relations between the two countries." The Post adds, "Former US customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain. 'You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot,' veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas."

Crackdown On Illegal Immigrants Creates Mixed Reaction. The Christian Science Monitor (10/3, Jonsson, 58K) reports that as "federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids." Allan Burns, an anthropologist at the University of Florida in Gainesville, said, "There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration." Proponents "of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000."

County Ordinance Would Bar Agencies From Denying Services To Illegals. The Chicago Tribune (10/3, Noel, 623K) reports, "Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants." Modeled on legislation "adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services." The "co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses."

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Southern Pastors Try To Overcome Division Between Blacks, Hispanics. The New York Times (10/3, Swarns, 1.21M) reports that in Willacoochee, Georgia, an "immigrant boomtown in Atkinson County, about 45 miles north of the Florida border," the Rev. Harvey Williams, who is black, and the Rev. Atanacio Gaona, a Mexican immigrant, "have forged a rare friendship that transcends the deep divide between blacks and Hispanics here." For centuries, "the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns." The two pastors "find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together." Blacks "here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground." The "two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by."

TAX:

New York Man Sentenced To 27 Months In Prison For Tax Evasion. Business First of Buffalo (10/2) reported, "Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office." Assistant U.S. Attorney Gretchen Wylegala said on Monday that over a "6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions." Business First noted, "The conviction in June was the culmination of an investigation on the part of the FBI."

WSJournal Praises Rangel For Honesty On Plans To Raise Taxes. The Wall Street Journal (10/3, 2.03M) says in an editorial that Rep. Charlie Rangel, "the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority" has been "happy to explain his own agenda on taxes and the war in Iraq." Rangel "was asked by Congress Daily whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'" Republicans have "jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned."

WSJournal Touts Indexing Capital Gains For Inflation. The Wall Street Journal (10/3, 2.03M) says in an editorial, "Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable." One "useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets."

CONGRESS-ADMINISTRATION:

GOP Leaders Allegedly Ignored Repeated Warnings Concerning Foley. Media reports last night and this morning indicate House Speaker Dennis Hastert, and the GOP in general, are under intense political pressure over the scandal surrounding former Rep. Mark Foley. NBC Nightly News (10/2, story 5, 1:10, Russert, 9.87M) summed up the tenor of the coverage, saying, "Republicans are panicked, in a simple word. … They are afraid of the consequences. And they are afraid conservative Christians will stay home at the elections and not support Republican candidates."

The Financial Times (10/3, Daniel, Dinmore) quotes Charlie Cook, publisher of the Cook Political Report, as saying, "Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician," but "as articles turned toward cover-up/inaction, it's just one more nail in the coffin for this majority." The Wall Street Journal (10/3, A4, Calmes, 2.03M) reports the GOP "has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms. … The Foley fallout has united both Republican voter groups in anger." Newsweek's Howard Fineman, on MSNBC's Hardball (10/2), said, "I think this is a missile aimed straight at the heart of the Republican base, which is why Republicans in the White House and on the Hill are scrambling so quickly to try to get ahead of this fast moving story. The Republican

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party has been built in the last 15 or 20 years on the notion that they are the party of family values."

Roll Call (10/3, Davis) says House Republican leaders "held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril. Sources familiar with the call described Members as 'angry' and 'furious,' and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program." The Washington Post (10/3, A11, Sheridan, 748K) reports Hastert "has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution."

All three networks aired extensive reports on the scandal. The report on ABC World News (10/2, story 3, 2:55, Ross, 8.78M) was particularly negative toward the GOP. ABC said, "Despite repeat warning signs going back at least five years, almost nothing was done in Congress to stop Foley's suspect behavior with pages. Today, the Republican leaders said they had no idea how bad it was until ABC News revealed some of Foley's X-rated messages to the underage boys. … But there were lots of warning signs. In 2001, pages were warned to be careful with Foley. In 2005, one page complained to his Congressman about' 'sick' e- mails from Foley -- a complaint passed to the Speaker's staff. Then, this past spring, the complaint was again raised with three Republican leaders, including Hastert himself." ABC added, "A former senior Republican official in Congress says Foley was one of a handful of members and staff whose behavior with pages was being closely watched but so far, Foley is the only member whose overt sexual approaches have been documented."

CBS Evening News (10/2, story 4, 2:55, Couric, 7.66M) reported, "Hastert is feeling the heat from the scandal involving" Foley. Hastert "and other top Republicans knew for a year that Foley had sent questionable e-mails to a former Congressional page. The Speaker says he only found out last Friday, though, about other sexually explicit messages sent by Foley. But…it could be too late for damage control." CBS added, "There is no getting around it, the unraveling of the page scandal could be the undoing of some house Republican leaders, if not their hold on Congress. … Some religious conservatives may not want to wait for the FBI's report and they have House Speaker Dennis Hastert in their sights."

NBC Nightly News (10/2, story 3, 2:45 , Williams, 9.87M) reported Hastert "was front and center but a lot of critics on both sides of the political aisle said they were not satisfied. … Democrats [are] accusing Republicans of a cover up." NBC noted that at a news conference, "Hastert refused to take questions." The Hill (10/3, O'Connor) reports Hastert, "who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. … Hastert publicly maintained yesterday that his staff did everything it could have." USA Today (10/3, Kiely, 2.27M), meanwhile, says, "Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit. 'Would have, could have, should have,' Hastert said. 'We did what we thought … was prudent at the time.'"

Most media analysis portray the scandal as having a detrimental effect on GOP chances this November. The New York Times (10/32, Hulse, Zeleny, 1.21M), in an article titled, "Pressure Grows for GOP Over Foley Scandal," reports Hastert "faced intensifying questions on Monday about why Republicans had not reacted more assertively…as members of his party, fearing a political debacle, demanded a strong response. Straining to hold the party together five weeks from Election Day…Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters." The AP (10/3, Taylor) says Hastert's "media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy."

WTimes, Some Social Conservatives Want Hastert To Resign As Speaker. The Washington Times (10/3, 88K), in an editorial titled "Resign, Mr. Speaker" that is currently featured atop the Drudge Report, alleges that Hastert "dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat." The Times adds, "Hastert must do the only right thing, and resign his speakership at once."

The Washington Post (10/3, Balz, VandeHei, 748K), in a front-page story titled, "After Foley, New Fears For The GOP: Some Say Party Could Lose House and Senate,"

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reports, "There was intense anger among social conservative activists in Washington yesterday, and some called for…Hastert to resign. … Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders. 'They are outraged by how Hastert handled this,' said Paul M. Weyrich, a conservative activist who participated in the call."

The Washington Times (10/3, Hurt, 88K) reports, "several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of 'overly friendly' e-mails that Mr. Foley had sent to another teenage former page. 'Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page,' David Bossie, president of the conservative group Citizens United, said yesterday." The Times adds, "Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal."

Jones "Disgusted" With Leaders' Response. The Washington Post (10/3, A11, Babington, Weisman, 748K) reports, "Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry. 'This thing should have been looked into months ago,' said Rep. Walter B. Jones Jr. (R-N.C.), who said he is 'disgusted' by his leaders' response."

Pelosi Wants Hastert, GOP Leaders Questioned Under Oath. CNN's The Situation Room (10/2, King) reported that House Minority Leader Nancy Pelosi "issued this response: 'Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican leaders choose partisan politics over protecting children? Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust. Republican leaders must be investigated by the ethics committee and immediately questioned under oath.'"

Roll Call (10/3, Bresnahan) reports Pelosi "has asked for…Hastert and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when…and how they responded to the incident." Roll Call notes Pelosi "has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal."

DNC Calling Attention To Foley's Ties To Reynolds, NRCC. The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports Republicans' efforts "to distance the party from Foley may be complicated by his close ties with the party's campaign operation." Kirk Fordham, Foley's chief of staff from 1995 to 2004 is now chief of staff for NRCC Chairman Rep. Tom Reynolds and Foley's PAC donated $100,000 to the NRCC this summer. The Times notes the DNC is "seizing on the campaign donation, which put Foley among the GOP committee's bigger donors" and "stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct." The AP (10/3, Sidoti) reports Reynolds' "race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district." The Hill (10/3, Allen, Blake) reports Democrats "are drawing a bead on" Reynolds. A Survey USA poll from last week "found that Reynolds is only leading his opponent by two points."

Democrats Blast Snow Over "Naughty E-Mails" Comment. The New York Times (10/3, Hulse, Zeleny, 1.21M) reports White House Press Secretary Tony Snow "initially characterized the scandal as 'naughty e-mails,' drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation."

CNN's The Situation Room (10/2, King) reported, "House leaders aren't the only senior Republicans whose statements on the Foley matter are raising eyebrows." Snow "now says the Administration is horrified by the allegations against Foley, but he says it's up to the House and criminal investigators to decide just how to respond. In his afternoon White House briefing, Snow took a much tougher line than he did in an interview this morning with CNN." Snow: "It's not always pretty up there on Capitol Hill and there have been other scandals, as you know, that have been more than simply naughty e-mails. … I want to find out what happened, but before we prosecute, let's figure out what all the facts are. That's probably the most important thing to do, is to be fair to all parties."

The Des Moines Register (10/3, 163K) reports Sen. John Kerry "denounced" Foley, saying, "I'm really angry those in a position of responsibility care more about power and politics than protection of children." Kerry said the scandal "adds to the 'Republican culture of corruption.'"

The Washington Post (10/3, C1, Farhi, 748K) reports, "In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives."

More Commentary. The Wall Street Journal (10/3, 2.03M), in an editorial, contends that "in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to

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doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters?"

The New York Times (10/3, 1.21M) editorializes, "That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong."

Roll Call (10/3), in an editorial, writes, "The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible."

The Los Angeles Times (10/3, 918K) editorializes, "What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace."

In her column for Roll Call (10/3) Democratic strategist Donna Brazile writes, "I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power."

The Washington Post's Eugene Robinson (10/3, A17) writes, "About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention."

Card Confirms He Proposed Rumsfeld Replacement. NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "The White House is…denying former Chief of Staff Andrew Card tried to get the President to replace Defense Secretary Rumsfeld. But today, Card confirmed he proposed replacing Rumsfeld with former Secretary of State James Baker. And you hearing that Republican on the Hill had concerns about Don Rumsfeld?" Andrew Card: "I would not be bashful about repeating that." Mitchell: "And Card didn't deny he talked to Laura Bush about firing Rumsfeld." Andrew Card: "I would always solicit her council and would ask her to be candid, and she would frequently repeat to me some of the concerns she heard from other people."

MSNBC's Hardball (10/2, Mitchell) reported, "Andy Card sat down with me today and confirmed what he did and didn't do. He said it wasn't a conspiracy so get rid of Rumsfeld, but he certainly did recommended the President that Republicans on the Hill were calling for it." Card: "I did speak to him frequently about Defense, as these opportunities for change were presented. I also reflected to the President what I had heard when I would go meet with members of Congress, Democrats, Republicans, and Senators, the House members. And it was always a candid conversation." MSNBC: "And you were hearing that Republicans on the Hill had concerns about Don Rumsfeld?" Card: "I was. I was. And I would not be bashful about repeating that. And I would counsel the President appropriately as the chief of staff. But I would never lobby the President, and I would never go out and solicit others to lobby the President. So to claim there's a campaign that I orchestrated or was trying to mount would be inaccurate."

Fox News' Special Report (10/2, Angle) reported, "Card and others don't deny there was some discussion of replacing Rumsfeld but insist it was in the context of getting fresh blood in several key posts. … Card even recommended the President replace him as chief of staff which he did. In fact, several officials talked with the President about bringing in a whole new team but Mr. President Bush wanted some continuity in the middle of a difficult war."

Non-Appeal Of DHS Ruling Said To Give Unions Negotiating Advantage. The Federal Times (10/3, Kauffman) reports, "The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say." The Times continues, "Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies." The Times adds, "Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out. … 'It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago,' said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS. … Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit

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employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said."

Supreme Court Opens New Term By Rejecting 1900 Appeals. ABC World News (10/2, story 7, 0:25, Gibson, 8.78M) reported, "The Supreme Court's new term opened today. The justices right away refused an appeal by Northwest Airlines in an antitrust case brought by low cost competitor Spirit Airlines. And they rejected an appeal by newspaper companies. They sided with Detroit union workers who won reinstatement after an 18-month strike. During the year ahead the court will take up issues including global warning, racial diversity and late term abortion."

The Washington Post (10/3, A2, 748K) reports the court "rejected about 1,900 appeals that piled up during the summer recess. Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers." During its new term, the Supreme Court "has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues."

The Wall Street Journal (10/3, A2, Anderson, 2.03M) reports the Supreme Court "declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission." The "legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business."

Kennedy Emerges As Key Swing Vote. The Wall Street Journal (10/3, Bravin, 2.03M) reports that since Justice Sandra Day O'Connor "retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases." Seeing Justice Kennedy 'as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right. The trick for advocates is finding how to do that."

High Court Urged To Take Narrow View Of "Illicit Trafficking." The New York Times (10/3, 1.21M) says in an editorial, "The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words 'illicit trafficking' the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences." Federal immigration law, "quite reasonably, imposes special conditions on legal immigrants who are convicted of 'aggravated felonies.' The law says that 'illicit trafficking' in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of 'trafficking' in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony."

Senate Confirms Bomar. The New York Times/AP (10/3, Press) reports, "A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July."

10th Assistant Defense Secretary Position Created. The Hill (10/3, Tiron) reports, "After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year. But the nod for an assistant secretary for global security affairs comes with strings attached." Congressional leaders like Speaker Dennis Hastert and Sen. Richard Lugar have raised concerns: "Hastert has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission." Meanwhile, Lugar has "called the merger of counter-narcotics and counter-proliferation missions 'a mistake,' adding, 'these jobs are too big and too important for any one person.'" By reorganizing, the DOD hopes "to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists."

Report Shows Abramoff Team's Effort To Influence Lawmakers. The Hill (10/3, Schor) reports the House Government Reform Committee report "released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach 'Team Abramoff' maintained among lawmakers and aides from both parties." Abramoff and

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lobbyists "formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members." The bulk of the report "focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors. But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino." Among the "victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation."

Congress Approves Military Pay Hike, Delays Civil Service Raise. The Washington Post (10/3, D4, Barr, 748K) reports in its "Federal Diary" column, "Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month. The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April. The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill." The House "approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise." The Washington Times (10/3, Causey, 88K) also reports the story.

Top Civil Servants Honored. The Washington Post (10/3, A15, 748K) reports that the fifth annual Sammies, or Service to America Medals, were presented at a gala last Wednesday. The awards "were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for 'leading the world's efforts to prepare for a catastrophic flu pandemic.'"

California Man Accused Of Sending Letters Threatening Bush, Cheney, Others. The AP (10/2) reports an engineer at a nuclear power plant near Sacramento "has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event. Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks." According to the AP, an affidavit indicates Braun "was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office." The AP reports the letters are said to have contained threats directed at President Bush, first lady Laura Bush, Vice President Dick Cheney, and others.

President Will Attend Christening Of Father's Namesake Carrier. The Norfolk Virginian Pilot (10/3) reports, "President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News. The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president." The Bush "is the last of 10 Nimitz-class carriers" and cost "approximately $6 billion."

OTHER NEWS:

Reports Offer Mixed Picture Of US Economy. USA Today (10/3, Read, 2.27M) reports, "A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among US manufacturers while commercial construction showed surprising resilience." The manufacturing sector "grew in September at the slowest pace in more than a year, a trade group said. A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said." Construction spending "edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months." The Institute for Supply Management "said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction."

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The Wall Street Journal (10/3, Conkey, 2.03M) also says "the nation's factories appear to be losing some steam as economic growth moderates." Other data "offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace."

Gas Prices Drop Again. ABC World News (10/2, story 8, 0:15, Gibson, 8.78M) reported, "The government said that price of gasoline dropped again for the eighth straight week. Average price is 2.31 down 7 cents from last week and 73 cents overall since early August."

Stocks Mixed. NBC Nightly News (10/2, story 8, 0:10, Williams, 9.87M) reported, "Turning to Wall Street today The Dow was down almost 9 points [to close at 11, 670.35]. The NASDAQ was off just over 20 points [to close at 2,237.60]." The Wall Street Journal (10/3, Browning, 2.03M) says, "Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. … It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on." The Washington Times (10/3, Hill, 88K) runs a similar report under the headline "Dow On Verge Of Closing At An All-time High."

USA Today (10/3, Krantz, 2.27M) reports, "Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year."

Majority Of Black, Hispanic Families Own Homes In DC Region. The Washington Post (10/3, A1, Layton, Keating, 748K) reports, "A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau. The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally." The Post adds, "Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners. In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs."

Housing Costs Sharply Up Between 2000, 2005. The New York Times (10/3, Scott, Archibold, 1.21M) reports, "The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes." While "many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class. …. Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex."

Dionne Says Voters Crediting Governors For "Relatively Good Economy." E.J. Dionne writes in the Washington Post (10/3, A17, 748K), "Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause? One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors." That "does not stop them from yelling irately at Washington, D.C."

Bloggers Increasingly Targeted By Libel Suits.

USA Today (10/3, Parker) reports that "blogs -- short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide -- increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the 'blogosphere' and its revolutionary impact on speech and publishing might change libel law. Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are 'judgment-proof' because they -- unlike traditional media such as newspapers, magazines and television outlets -- often are ordinary citizens who don't have a lot of money."

Seeking Unpaid Fees, Lobbying Firm Sues Former Client.

Roll Call (10/3, Ackley) reports, "The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000." In the case, which was "filed in D.C. Superior Court," "PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity,

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the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses. PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated. In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay 'a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals.' While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. … PodestaMattoon's court filing states that 'during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement' and, as a result, 'Falex became obligated to pay' the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000."

Insurers Roll Out New Medicare Drug Plans. The Wall Street Journal (10/3, D1, Fuhrmans, Zhang, 2.03M) reports, "After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15." The "good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything." Still, "the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings."

Florida GOP Chooses Negron As Foley's Replacement. The Hill (10/3, O'Connor) reports the Florida Republican Party named former state Rep. Joe Negron as Mark Foley's replacement. Negron's "name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat." CQ Politics (10/3, Kapochunas) reports, "Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat. … Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney."

The AP (10/3, Farrington) quotes Negron as saying, "My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley. … I think it's something that can be done." However, according to the AP, "one prominent Florida Republican expressed pessimism about holding onto the seat. 'It's a death sentence ... mission impossible,' said former state Republican Party Chairman Tom Slade. 'The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive.'"

The Los Angeles Times (10/3, Jarvie, Bustillo, 918K) reports, "Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands. … 'I don't know that it's going to be possible, but our job is to get voters to look beyond the name,' said Bill Lents, chairman of the St. Lucie County Republican Party. 'One idea being kicked around is "wrong name, right party." That's a message we have to get across, and it's not going to be easy, but that's our job.'"

Boehner Pessimistic Over GOP's Chances In Foley's District. The Washington Post (10/3, A1, Balz, VandeHei, 748K) reports House Majority Leader John Boehner "said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, 'to vote for this candidate, you have to vote for Mark Foley,' Boehner said. 'How many people are going to hold their nose to do that?'"

Bush To Raise Funds For Republicans In Three States. The Washington Post (10/3, Baker, 748K) reports, "President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections." Bush "plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program." At his first stop, a fundraiser here for House candidate Dean Heller, Bush said, "It sounds like they think the best way to protect the American people is to wait until we're attacked again. … That's not the way it's going to be under my administration."

The Sacramento Bee (10/3, Bizjak, 298K) reports that President Bush will make a fast visit to El Dorado County, California today to attend a $2,000 per person fundraiser for Rep. John Doolittle. Bush "is expected to arrive via helicopter, 'helo-ing in' as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then 'helo-ing' out two-plus hours later."

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The New York Times (10/3, Rutenberg, Nagourney, 1.21M) reports, "Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq." But Bush "is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House." The Times adds, "To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle."

The White House Bulletin/US News (10/2) reported that as the November 7 election approaches, Bush "is said to be eager to engage the Democrats, and increasingly he wants to do it himself." "He's his own best spokesman," White House Press Secretary Tony Snow told US News and the Bulletin. Snow "expects to do fewer of his own on-the-record briefings during the next month -- maybe only two a week -- because the President wants to carry his case, personally, to the voters. Tops on Bush's message list: Defend the war on terrorism and the war in Iraq, talk up the economy, and call attention to his other initiatives such as his ideas for overhauling education and the health-care system. Republican advisers expect Bush to get tougher on the Democrats, whom he says are eager to re-take power in Congress and push through a left-wing agenda, including increasing taxes and limiting his power to conduct the war in Iraq and the overall war on terrorism."

Cheney Campaigns In His Old Wyoming District. USA Today (10/3, 2.27M) reports, "Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin." Cheney "said Republicans must keep their majority in Congress to maintain the fight against terrorism." Said Cheney, "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past." He also "said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner."

Cheney Has Raised More Than $38 Million For Republicans This Cycle. Fox News' Your World with Neil Cavuto (10/2, Baier) reported, "Vice President Cheney headlined 102 events this cycle, raising more than $38 million for Republicans."

Rasmussen Poll Shows Allen Ahead By Six. The Washington Times (10/3, Bellantoni, 88K) reports, "Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows. If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday." The data also show "5 percent are undecided and 3 percent would choose some other candidate in the contest."

Allen Campaign Airs Two-Minute Ad In Primetime. The AP (10/3) reports, "Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday -- a valedictory aimed at saving his political career." The "embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent 'macaca,' a type of monkey, through claims last week that he used a common racial slur against black people." The AP adds, "Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points." Allen "will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting."

Mason Dixon Poll Shows Whitehouse Leading Chafee 42-41. CNN's The Situation Room (10/2, King) reported, "In Rhode Island, moderate Republican Senator Lincoln Chafee is facing a stiff challenge from Democrat Sheldon Whitehouse. A new Mason-Dixon poll shows Whitehouse with 42 percent support among likely voters, to Chafee's 41 percent."

Talent, McCaskill Tied 43-43 In Mason Dixon Poll. CNN's The Situation Room (10/2, King) reported that in Missouri. "Republican Senator Jim Talent is tied with Democratic challenger Claire McCaskill in another new

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Mason-Dixon poll. Each gets 43 percent support among likely voters."

Mason Dixon Poll Shows Cardin Leading Steele By Six Points. CNN's The Situation Room (10/2, King) reported that in Maryland, "Democratic Congressman Ben Cardin now holds a six-point lead over Republican Lieutenant Governor Michael Steele. The Mason-Dixon poll of likely voters show Cardin with 47 percent and Steele with 41 percent."

Outside Groups Spending Heavily In Key Races. The Washington Post (10/3, A1, Birnbaum, Goldfarb, 748K) reports, "As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves." For example, in Ohio, "Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them. They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country." Labor unions "are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls. … On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut."

New Suburbs Seen As Key To Control Of Congress. USA Today (10/3, Lawrence, 2.27M) reports, "New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration. The new 'it' counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington." USA Today adds, "In recent elections, Democrats have dominated cities and close-in 'mature' suburbs, while Republicans sweep newer, outer suburbs and rural America. … Among the counties that could determine whether Republicans keep their House majority: Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel. Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican. Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican." Matthew Dowd, "who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. "

Lieberman Says Party Leaders Told Him He'll Keep His Seniority If Reelected. The Hill (10/3, Bolton) reports, "Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress. Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision." Reid "does not want to wrestle with these questions in public before the Nov. 7 election. 'The caucus won't make any decisions until after the elections in November,' said Reid's spokesman, Jim Manley."

DNC Unlikely To Change New Hampshire Role In 2008 Campaign. In his Roll Call column (10/3), political analyst Stuart Rothenberg says, "Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar. Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date? Don't bet on it." Democratic presidential candidates, 'as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held." Rothenberg added, "I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November. And if that happens, the irony is that the DNC will

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have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer."

Bill To Award California Electors To Popular Vote Winner Vetoed. The New York Times (10/3, Times, 1.21M) reports, "Saying it ran 'counter to the tradition of our great nation,' Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote." The bill, "which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president -- 270 -- would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted."

Ailes' Record In More Prominent News Corp Role Seen As Lackluster. The Wall Street Journal (10/3, Angwin, 2.03M) reports in a front page story that over the "past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot." Using a "similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives." Ailes has "started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing."

Illinois Town Prospers By Accepting Dubious Enterprises. The Wall Street Journal (10/3, Spain, 2.03M) reports in a front page story that when "construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities." But "across the border in Illinois, the village of Sauget rolled out the welcome mat." That "'Yes, in my backyard' ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads." Sauget has "embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois."

Conservative Worry Over Left-Wing Professors Said To Be Overwrought. In a Wall Street Journal op-ed (10/3), Arthur C. Brooks of Syracuse University says, "Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty." Most studies "of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one." When "it comes to politics, people from conservative families follow their parents, not their professors."

NYTimes Says Wal-Mart Needs To Treat Employees Better. The New York Times (10/3, 1.21M) says in an editorial, "There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain." But "Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice."

WPost Criticizes Virginia Republicans Over NoVA Transportation. The Washington Post (10/3, A16, 748K) says in an editorial, "Last week's stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other

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improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure."

Bush Backs Turkey Joining EU. The Washington Post (10/3, A6, Fletcher, 748K) reports President Bush "voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq." The session "lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States." Erdogan "thanked Bush for the endorsement, adding that 'the United States is a strategic partner, a very important strategic partner for Turkey.'" The Post says accession talks "have gotten off to a rocky start," and notes "many European countries are experiencing a surge of anti-immigration sentiment." The Post continues, "When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades." Erdogan "said he is committed to battling terrorism," and then "scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam." The AP (10/3, Klug) runs a similar report.

Erdogan Says Kurdish Attacks Creating Anti-US Sentiment In Turkey. The Washington Times (10/3, Sands, 88K) reports, "Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with…Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country." Erdogan, "briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization."

Bush Backs UN Force For Darfur. USA Today (10/3, 2.27M) reports, "President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay." The Sudanese government "has resisted international pressure to accept a UN peacekeeping force, but Bush said the UN should deploy such a force anyway." The AP (10/3) quotes Bush saying, "The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation. … In my view, the United Nations should not wait any longer."

Presidential Waiver Clears Military Training For 21 Countries. The AP (10/2, Gedda) reports, "Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House. All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court." The AP adds, "Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States. Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries."

Burns Says Moscow, Beijing Will Back Push For UN Sanctions On Iran. The Washington Times (10/3, Kralev, 88K) notes remarks by Undersecretary Burns that Washington "is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week." Burns "also said the [UNSC] will insist on a clear answer to its demand that Iran suspend its enrichment activity. A 'maybe' will be considered a 'no,' he said." In describing Secretary Rice's September 18 dinner in New York, Burns says she "and her five counterparts agreed that the first week of October would be the absolute deadline for Iran 'to say yes or no.'" Burns "rejected a suggestion by Kazakh President Nursultan Nazarbayev…that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s," instead saying the Administration "has refused to offer security guarantees to Iran because of other concerns." He also noted that "the Iranian issue would be [Rice's] primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council." AFP (10/3) cites an anonymous "senior State Department official" saying "US diplomats have made 'good progress' in gaining allies' approval for a list of sanctions to be imposed on" Tehran.

The AP (10/3, Ames) reports EU foreign policy chief Javier Solana "said he was resuming talks with" Iranian nuclear negotiator Ali Larijani "and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited. But [he] denied he was running out of patience." Solana "said he would talk by telephone with [Larijani] later Monday."

In Mideast, Rice Urged To Pursue Comprehensive Peace Deal. The Washington Post (10/3, A6, Wright, 748K) notes Secretary Rice "held midnight

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talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region." The Administration "is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the" Israel-Hezbollah war. Rice "described that conflict as a clarifying moment in defining the political forces in the world's most volatile region," and now she "is hoping to explore ways of reviving the moribund [Israeli-Palestinian] peace process" and "bolster support for the fragile governments in Iraq and Lebanon." The Post says Administration "officials privately concede that their expectations for any major movement are low," and Rice's trip "comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released."

The Financial Times (10/3, Khalaf, Dinmore, Wallis) reports Rice "faces urgent calls for a comprehensive peace [deal] when she meets eight Arab foreign ministers in Cairo today." The trip "is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos. But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives." Rice "has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November."

The Washington Times/AP (10/3, Nasrawi) adds, "Eight U.S.-allied Arab countries are banding together to meet with [Rice] on her [Cairo stop], in hopes of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues." The "goal of Rice's tour is to promote democracy and discuss threats to stability,…but the Arab ministers' priority is relaunching peace talks." The AP notes, "By sending Rice to the region after the war in Lebanon, Washington may be signaling its willingness to listen to the concerns of moderate Arab leaders — though its unlikely the two sides share the same priorities."

Tel Aviv Reaches Out To Arab Nations In Order To Contain Iran. In a 1,500-word piece on its front page, the Wall Street Journal (10/3, A1, Leggett, Brauchli, 2.03M) says Tel Aviv is working with Arab capitals to thwart Iranian regional goals. The war with Hezbollah "has redoubled [Tel Aviv's] concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region." Of intense discussion internally "is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play." Secretary Rice "is visiting the region, and she will focus on both Iran…and the Palestinian question." The Journal adds, "The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both."

Israeli Analysts Now Hold Favorable View Of Lebanon War's Effects. The Washington Times (10/3, Mitnick, 88K) reports, "After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact." When Israel "agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable." But "many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement." The war "destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public."

Clash Between Hamas, Fatah Factions Continues. The New York Times (10/3, Myre, 1.21M) reports, "Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded." The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, "appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting."

Russia Suspends Transport, Postal Link With Georgia. The Financial Times (10/3, Buckley) reports, "Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges." Moscow's transport ministry "ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended." The Wall Street Journal (10/3, Champion, 2.03M) reports, "Georgia released four Russian military officers it had arrested on

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charges of spying, in an effort to defuse an escalating crisis between the two countries." But "Moscow retaliated for the arrests" with the minister's announcement.

The New York Times (10/3, Myers, 1.21M) says "relations between Russia and Georgia… have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's." The Washington Times/AP (10/3, Dzhindzhikhashvili) runs a similar report.

More Commentary. Under the headline "Enough Bullying," the Washington Post (10/3, A16, 748K) editorializes, "Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called 'the greatest catastrophe of the 20th century.' Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. … A Russian attempt to strangle Georgia has been slowly escalating." In a telephone conversation, Putin "told President Bush that 'it was unacceptable for other countries to take steps that Georgia could interpret as support,' according to the Russian news agency RIA Novosti." Bush "ought to reject that imperious warning."

Ban Ki-Moon "All But Certain" To Become UN Secretary General. The Washington Post (10/3, A13, Lynch, 748K) reports the UNSC's "five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat." Experts "said it is all but certain that Ban will become" UNSYG in January. "But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee." The Post says Ban will "take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world." His elevation "would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted" by division and scandal in recent years.

The New York Times (10/3, Hoge, 1.21M) says Ban "virtually assured his selection as [UNSYG], winning overwhelming support in a final informal poll of the Security Council." He "will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts. He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures." The Wall Street Journal (10/3, Ramstad, King, 2.03M) notes yesterday's straw poll "effectively seals Mr. Ban's bid," and says he "will face an array of challenges." The Financial Times (10/3, Turner), AP (10/3, Wadhams), Washington Times (10/3, Pisik, 88K), Los Angeles Times (10/3, Farley, 918K) and Christian Science Monitor (10/3, Kirk, 58K) run similar stories.

Bret Stephens writes in his Wall Street Journal column (10/3), "Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job." Instead, Kofi Annan's successor "is likely to be South Korea's colorless foreign minister Ban Ki-Moon." The Times of London "reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council. The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the UN. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir."

US General Says Chávez Worries Region. The New York Times (10/3, Pear, 1.21M) reports, "The commander of United States military activities in Latin America [Gen. Brantz J. Craddock] said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern." Craddock reported concern by other countries over Venezuela's "purchase of weapons, especially small arms." The Times reports, "Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain." US officials "said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries." The Times reports that Craddock and Secretary Rumsfeld attended the same conference.

Bosnian Voters Endorse Existing Ethnic Divisions. The New York Times (10/3, Wood, 1.21M) reports, "Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of

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national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country." The Party for Bosnia and Herzegovina's Haris Silajdzic won the Muslim presidency, while the Alliance of Independent Social Democrats' Nebojsa Radmanovic won the Bosnian Serb presidency seat. Radmanovic's party is headed by Milorad Dodik, and the Times notes Silajdzic and Dodik "were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future. Each man advocates a tough version of the policies generally supported by his ethnic group." Muslim and Croat politicians generally seek closer integration and EU candidacy, while Serb politically generally favor independence for their sub-state, and outside experts "worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians."

Brazilian Corruption Cases Said To Drag Down Lula's Support. The Wall Street Journal (10/3, Moffett, Samor, 2.03M) reports, "The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash. The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin." Silva "in the end found himself dragged down by their cumulative weight even though he isn't facing charges," and now he "won't have the luxury of playing it safe in the runoff." The "anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day." The Journal adds that Brazilian financial markets "surged" following the first round of voting, because Alckim "is seen by investors as having a clearer agenda to shrink the state and stimulate growth."

LATimes Says Lula Deserved First Round Shakeup. In an editorial today, the Los Angeles Times (10/3, 918K) says Silva's "own mediocrity cost him" an outright win in the first round of voting. His "sudden and surprising fall from grace isn't necessarily good news," and even if he wins the runoff election, as is widely expected, he "may find it very difficult to get much done in his second term. Some might call that a bonus." The Times says Silva's "embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate." The Times also pans Silva's willingness "to defer leadership of the Latin American left" to the "buffoonish" Hugo Chavez, and says "that deference may have diminished [his] standing at home as well as abroad."

Zambian President Reelected In Clean Vote. The New York Times (10/3, Wines, 1.21M) notes Zambian President Levy Mwanawasa "took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day." Sata, who refused to concede but "said he would not contest the election results in court," also called for an end to the violence. Mwanawasa appears to have "captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate." International observers declared the vote "relatively free of corruption." Mwanawasa "accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers."

Abe Seeks Meetings This Week With Hu, Roh. The Washington Post (10/3, A12, Faiola, 748K) reports, "Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea." The meetings, which could occur Sunday and Monday respectively, "would mark a symbolic breakthrough for Abe… China and South Korea have boycotted top-level meetings with Japan since last year" because of former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine. The Post adds, "Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's." In any meeting with Chinese President Hu Jintao or South Korean President Roh Moo-hyun, Abe would "have much to talk about," including textbook content and the future of the Japanese Constitution.

India Post Said To Struggle Against More Efficient Private Firms. A 1,994-word piece in the Wall Street Journal (10/3, Bellman, 2.03M) examines the evolving role of the postal system in India. "India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals," in this case including FedEx and UPS. "But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?"

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Noting that "more-efficient private couriers have eaten deeply into India Post's business," the Journal says similar problems have emerged at the "state-owned phone company Mahanagar Telephone Nigam Ltd" and at Air India and Indian Airlines. "Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace."

Kristof Says Good Governance, Not More Aid, Will Remake Africa. In his latest column on his travels in Africa, New York Times (10/3, 1.21M) columnist Nicholas Kristof says "the need for better for better governance" is "one of the biggest challenges facing Africa today." While foreign aid can help, "what matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule." Kristof lauds UK Prime Minister Tony Blair's anticorruption initiative and President Bush's Millennium Challenge Accounts, and says, "We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform." He notes that "all across Africa, countries are increasing efforts to fight corruption and improve the investment climate," and concludes, "So, yes, Africa is still afflicted by AIDS, misery and the tyranny of" corrupt leaders. "But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Plan To Save King/Drew Gets Tough."
"His Corps Value Was Bravery."
"11 Amish Girls Shot In School."
"2 Share Nobel For Method To Silence Specific Genes."
"Foley Saga No Shock To Some."
"Barrels Of Money Fuel Oil Tax Fight."
"Michelin Anoints Bay Area Cuisine With Pinch Of Stars."
"State Ends Inquiry, Names Monitor For Getty Trust."

New York Times
"Pressure Grows For Republicans Over Foley Scandal."
"Across Nation, Housing Costs Rise As Burden."
"Man Shoots 11, Killing 4 Girls, In Amish School."
"After Afghan Battle, A Harder Fight for Peace."
"Colliding With Death At 37,000 Feet, And Living."
"Bridging A Racial Rift That Isn't Black And White."

USA Today:
"Courts Are Asked To Crack Down On Bloggers, Websites."
"'A Horrendous Crime Scene.'"

Washington Post:
"At Least 3 Killed at PA. Amish School."
"After Foley, New Fears For The GOP."
"Most Blacks, Hispanics In Area Own Homes."
"In Antipsychotics, Newer Isn't Better."
"Outside Groups Shoveling Cash Into Tight Races."
"New Conductors Speed Global Flows Of Money."

Washington Times:
"U.S. Cities United Front On Iran."
"Hastert Denies GOP Saw Foley's 'Vile' Message."
"Gunman Says 3 Amish Schoolgirls."
"Dow On verge Of Closing At An All-Time High."
"Genghis Misunderstood."

Detroit Free Press:
"Back In The Game!"
"Fans Prove This Is Tiger Town."

Atlanta Journal-Constitution:
"Farmers Accused Of 'Scheme' Wind Up Keeping Millions."
"Horror At Amish School."
"Scandal Puts Republicans On Defensive."
"Ga. Companies Await Third Straight Cut In Unemployment Tax."

Houston Chronicle:
"Why Your Electric Bill Is Still High."
"Terror In Amish Country."
"Judge Won't Dismiss Suit In Deputy Shooting."
"Mexico Implores Bush To Veto Border Fence Bill."
"Series Tackles Football Mania."

Story Lineup From Last Night's Network News:
ABC: Amish School House Shooting; School Safety; Foley Investigation; Foley Aftermath; Congressional Page Program; Working Mothers; Supreme Court; Gas Prices; Neil Armstrong's Words On The Moon; Golf In Darfur.
CBS: Amish School Shooting; School Safety; School Safety Analysis; Foley Investigation; Congressional Page Program; Brian Rohrbough Opinion; Amish Country.
NBC: Amish School Shooting; Amish Country; Foley Investigation; Woodward's Book; Washington's Reaction; Iraq-Sectarian Violence; Iraq-Sectarian Violence; Nobel Prize Winners; Stock Market; Neil Armstrong's Words; Troops Return Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: PA-Amish school Shootings; Foley Scandal; Afghanistan-US KIA.
CBS: PA-Amish School Shootings; Foley Scandal; Chicago-Power Outage; Gas Prices.

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NPR: PA-Amish School Shootings; WI-Student Accused Of Killing Principal; Foley Scandal; Wall Street; UN Secretary General Race; Brazil Election.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends a Richard Pombo for Congress reception, Stockton Memorial Civic Auditorium, Stockton, Calif.; attends a John Doolittle for Congress reception, El Dorado Hills, Calif.; attends a Republican National Committee reception, Private residence, Los Angeles.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Henry Bonilla, private residence, San Antonio; speaks at a reception for congressional candidate Van Taylor, private residence, Dallas.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on preparing the Hispanic community for leadership in the STEM fields. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TERRORISM INSURANCE _ 7:15 a.m. - 9:45 a.m. The US Chamber of Commerce, others, sponsor a seminar on terrorism insurance, with Vince Randzzo of Wacovia Corp.; Stef Zielezienski of the American Insurance Association; Joel Wood of the council of Insurance Agents and Brokers, others. Location: 1615 H St. NW.

SCHOOL DROPOUTS _ 9:30 a.m. The National Education Association holds a news conference to release a plan to address the school dropout crisis. Location: National Press Club.

YOUTH-CIVICS/POLITICS _ 9:30 a.m. The Center for Information and Research on Civic Learning & Engagement holds a briefing to release``The Futures of American Democracy: New Study on Youth Civic and Political Health." Location: National Press Club, Zenger Room.

DOHA _ 10 a.m. The American Enterprise Institute holds a forum ``The World Trading System After the Collapse of Doha: The WTO, Developing Countries, and Regionalism" with former Commerce Undersecretary Grant Aldonas, others. Location: 12th floor, AEI, 1150 17th St. NW.

UAE LEADERS _ 10 a.m. Business for Diplomatic Action organization and Zogby International release a survey of young leaders in the United Arab Emirates. Location: Foreign Press Center, National Press Building.

LATINO-SUMMIT _ 10:30 a.m. Ambassadors Roger Noriega and Nancy Soderberg speak at the Latino Coalition's 2006 Small Business Economic Summit to discuss Venezuela and Argentina's relationship. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

HEALTH CARE TRANSPARENCY _ 11 a.m. - 12:30 p.m. The Heritage Foundation sponsors a panel discussion, ``Transparency in Health Care." Participants: Walton Francis, economist and author of CHECKBOOKs ``Guide to Health Plans for Federal Employees;" David B. Kendall, Senior Fellow for Health Policy, Progressive Policy Institute; and Thomas P. Miller, resident fellow, American Enterprise Institute. Keynote remarks by Alex M. Azar II, Deputy Secretary of Health and Human Services. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

MILLENNIUM DEVELOPMENT GOALS _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a UNDP Washington Roundtable, ``The Millennium Development Goals: A Time of Reckoning." Panelists include Dirk Dijkerman, CEO, Office of the Director of Foreign Assistance, State Department; and Debayani Kar, communications and advocacy coordinator, Jubilee Network. Location: Carnegie Endowment for International Peace, Root Room, 1779 Massachusetts Ave. NW.

CHINA-INDIA _ 12:30 p.m. A team of American and Japanese former government, business and academic leaders release a report on recommendations for the U.S. and Japan to respond to the emerging economicv and political rise of China and India. Participants include former Deputy Secrertary of State Ken Dam, Noboru Hatakeyama of the Japan Economic Forum, Marshall Bouton of the Chicago Council on Global Affairs; others. Location: Douglas Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SOROS _ 3 p.m. Investor George Soros speaks at the 16th conference on the Organization of American States Lecture Series of the Americas. Location: OAS, 17th St. and Constitution Ave. NW.

US RUSSIA NUCLEAR _ 3 p.m. - 4:30 p.m. Amb. Nikolay Spassky, deputy head of the Russian Atomic Energy Agency, speaks on ``Nuclear Powers Become Nuclear Partners," focusing on US-Russian nuclear cooperation. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LARSON-MIDDLE EAST _ 4:30 p.m. Terje Rex Larson, Norwegian diplomat and United Nations special envoy, will speak at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS) about ``Challenges and Opportunities in the Middle East. Location: First floor auditorium of the schools Rome Building, 1619 Massachusetts Ave. NW.

SINGLETON _ 6:30 p.m. The National Hispanic Foundation for the Arts holds its Tenth Annual Noche de Gala dinner, with film director John Singleton, actor Michael Pena and singer Fanny Lu. Keynote address - Commerce

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Secretary Gutierrez at 6:30 p.m. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CUBA AFTER CASTRO _ 7:30 p.m. American University's School of International Affairs hosts a panel discussion. ``Cuba after Fidel.'' Partcipants: William LeoGrande, dean, American University School of Public Affairs; Robert Pastor, vice president, American University International Affairs Office; Philip Pters, vice president, Lexington Institute; and Silvia Wilhelm, executive director, Cuban American Commission for Family Rights. Location: Abramson Family Recital Hall, Katzen Arts Center, American University, 4400 Massachusetts Ave. NW.

SCHIEFFER ROAST _ 8:30 p.m. CBS news veteran Bob Schiffer will be ``roasted'' by former Senate Democratic Leader Tom Daschle, former roastee Don Imus and his wife Deirdre, and White House press secretary Tony Snow at the 18th annual Roast for Spina Bifida. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Tenet Recalled Warning Rice (WP)

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By Dan Eggen And Robin Wright

The Washington Post, October 3, 2006

Former CIA director George Tenet told the 9/11 Commission that he had warned of an imminent threat from al-Qaeda in a July 2001 meeting with Condoleezza Rice, adding that he believed Rice took the warning seriously, according to a transcript of the interview and the recollection of a commissioner who was there.

Tenet's statements to the commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that "they were not getting through to Rice" after the July 10, 2001, meeting.

Rice angrily rejected those assertions yesterday, saying that it was "incomprehensible" that she would have ignored such explicit intelligence from senior CIA officials and that she received no warning at the meeting of an attack within the United States.

Rice acknowledged that the White House was receiving a "steady stream of quite alarmist reports of potential attacks" during that period, but said the targets were assumed to be in the Middle East, including Saudi Arabia, Yemen, Israel and Jordan.

"What I am quite certain of, however, is that I would remember if I was told -- as this account apparently says -- that there was about to be an attack in the United States," Rice said. "The idea that I would somehow have ignored that I find incomprehensible."

The meeting has become the focus of a fierce and often confusing round of finger-pointing involving Rice, the White House and the 9/11 Commission, all of whom dispatched staffers to the National Archives and other locations yesterday in attempts to sort out what had occurred.

Members of the commission -- an independent, bipartisan panel created by Congress to investigate the Sept. 11, 2001, terror attacks -- have said for days that they were not told about the July 10 meeting and were angry at being left out. As recently as yesterday afternoon, both commission chairman Thomas H. Kean and vice chairman Lee Hamilton said they believed the panel had not been told about the July 10 meeting.

But it turns out that the panel was, in fact, told about the meeting, according to the interview transcript and Democratic commission member Richard Ben-Veniste, who sat in on the interview with Tenet. The meeting was not identified by the July 10 date in the commission's best-selling report.

Rice added to the confusion yesterday by strongly suggesting that the meeting may never have occurred at all -- even though administration officials had conceded for several days that it had. A State Department spokesman said later that while the meeting definitely happened, Rice and Tenet disputed Woodward's characterization of her response.

"The briefing was a summary of the threat reporting from the previous weeks," State Department spokesman Sean McCormack told reporters traveling with Rice in Jiddah, Saudi Arabia. "There was nothing new."

Despite this, McCormack said, Rice asked that Tenet provide the same briefing to Defense Secretary Donald H. Rumsfeld and then-U.S. Attorney General John D. Ashcroft. The two men received it by July 17, he said. McCormack was unable to explain why Rice felt the briefing should be repeated if it did not include new material.

Ashcroft said in an interview yesterday that he was never briefed by Tenet or Black about an imminent domestic threat.

"I didn't get called on by Black or Tenet if they were going around doing such briefings," Ashcroft said. "If in fact they were making visits to emphasize the severity of the domestic threat, I'm a little disappointed they didn't bring that information to my attention."

Neither Black nor Tenet has made any public comments about the assertions in Woodward's book. Woodward declined yesterday to comment in detail, saying only that he stood by his reporting.

Tenet gave testimony about the July 2001 meeting with Rice at his Langley headquarters office on Jan. 28, 2004, occasionally referring to charts and slides. Philip Zelikow, who at the time was the commission's executive director and now works for Rice, was present along with other commission staff members, according to Ben-Veniste and to a portion of the transcript, which was read to The Washington Post by an official with access to it.

At one point in the lengthy session, Tenet recalled a briefing he was given on July 10 by Black and his staff, according to the transcript. He said the information was so important that he quickly called for a car and telephoned Rice to arrange for a White House meeting to share what he had just learned, according to the transcript and Ben-Veniste.

According to the transcript, Tenet told Rice there were signs that there could be an al-Qaeda attack in weeks or perhaps months, that there would be multiple, simultaneous attacks causing major human casualties, and that the focus would be U.S. targets, facilities or interests. But the intelligence reporting focused almost entirely on the attacks occurring overseas, Tenet told the commission.

It was at this session that Tenet said "the system was blinking red," which became a chapter title in the commission report, according to the official who saw the transcript.

According to three people present at the session, including Ben-Veniste, Tenet believed that Rice responded seriously to what she had been told. "We particularly questioned him about whether he had the sense that Dr. Rice and the others on the White House side understood the gravity of what he was telling them," said Ben-Veniste, a former Watergate prosecutor. "He said that they believed that they did. . . . We asked him further whether Dr. Rice just shrugged this off, and he said he did not have such an impression."

Ben-Veniste's comments seem to contradict his own remarks over the weekend to the New York Times, in which he said that "the meeting was never mentioned to us." Ben-Veniste said yesterday that there was confusion between two different meetings and that the meeting described by Tenet is different in character from the one portrayed by Woodward.

Zelikow, who now works as one of Rice's closest aides as a State Department counselor, did not respond to a request for comment yesterday. He told the New York Times that none of the commission's witnesses had drawn attention to a July 10 meeting or had outlined the type of confrontation with Rice described by Woodward.

In comments to reporters, Rice also denied that she had endorsed ousting Rumsfeld at the end of Bush's first term, although she said she did tell President Bush that he might want to consider changing his entire foreign policy team.

"I did tell the president at one point that I thought maybe all of us should go, because we had fought two wars and had the largest terrorist attack in American history," Rice said. "When he asked me to be secretary of state, I said I think maybe you need new people. I don't know if that was somehow interpreted, but what I was actually talking about was me."

Wright reported from Shannon, Ireland, and Jiddah, Saudi Arabia. Staff writer Walter Pincus contributed to this report.

C.I.A. Chief Warned Rice On Al Qaeda (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, October 3, 2006

JIDDA, Saudi Arabia, Oct. 2 — A review of White House records has determined that George J. Tenet, then the director of central intelligence, did brief Condoleezza Rice and other top officials on July 10, 2001, about the looming threat from Al Qaeda, a State Department spokesman said Monday.

The account by the spokesman, Sean McCormack, came hours after Ms. Rice, the secretary of state, told reporters aboard her airplane that she did not recall the specific meeting on July 10, noting that she had met repeatedly with Mr. Tenet that summer about terrorist threats. Ms. Rice, the national security adviser at the time, said it was “incomprehensible” to suggest she had ignored dire terrorist threats two months before the Sept. 11 attacks.

Mr. McCormack also said records showed that the Sept. 11 commission had been informed about the meeting, a fact that former intelligence officials and members of the commission confirmed on Monday.

When details of the meeting emerged last week in a new book by Bob Woodward of The Washington Post, Bush administration officials questioned Mr. Woodward’s reporting.

Now, after several days, both current and former Bush administration officials have confirmed parts of Mr. Woodward’s account.

Officials now agree that on July 10, 2001, Mr. Tenet and his counterterrorism deputy, J. Cofer Black, were so alarmed about intelligence pointing to an impending attack by Al Qaeda that they demanded an emergency meeting at the White House with Ms. Rice and her National Security Council staff.

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According to two former intelligence officials, Mr. Tenet told those assembled at the White House about the growing body of intelligence the C.I.A. had collected suggesting an attack was in the works. But both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them.

Earlier this week, some members of the Sept. 11 commission said they could not recall being told about a meeting like the one described by Mr. Woodward.

On Monday, officials said Mr. Tenet had told members of the commission about the July 10 meeting when they interviewed him in early 2004, but committee members said he never indicated he had left the White House with the impression that he had been ignored.

"Tenet never told us that he was brushed off," said Richard Ben-Veniste, a Democratic member of the commission. "We certainly would have followed that up."

Mr. McCormack said the records showed that far from ignoring Mr. Tenet's warnings, Ms. Rice acted on the intelligence and requested that Mr. Tenet make the same presentation to Defense Secretary Donald H. Rumsfeld and John Ashcroft, then the attorney general.

But Mr. Ashcroft said by telephone on Monday evening that he never received a briefing that summer from Mr. Tenet.

"Frankly, I'm disappointed that I didn't get that kind of briefing," he said. "I'm surprised he didn't think it was important enough to come by and tell me."

Government investigations have shown that Mr. Ashcroft was briefed by other C.I.A. officials in the weeks before the Sept. 11 attacks.

The dispute that has played out in recent days gives further evidence of an escalating battle between the White House and Mr. Tenet over who should take the blame for the failure to stop the Sept. 11 attacks and assertions by Bush administration officials that Saddam Hussein was stockpiling chemical and biological weapons and cultivating ties to Al Qaeda.

Mr. Tenet resigned as director of central intelligence in the summer of 2004 and was honored that December with a Presidential Medal of Freedom at a White House ceremony. Since leaving the C.I.A., Mr. Tenet has stayed out of the public eye, largely declining to defend his record even after several government investigations assailed the faulty intelligence that helped build the case for the Iraq war.

Mr. Tenet is now completing work on a memoir that is scheduled to be published early next year. It is unclear how much he will use the book to settle old scores, although recent books have portrayed him both as dubious about the need to invade Iraq and angry that the White House has made the C.I.A. the primary scapegoat for the war.

In his book "The One Percent Doctrine," the journalist and author Ron Suskind quotes Mr. Tenet's former deputy at the C.I.A., John McLaughlin, as saying Mr. Tenet "wishes he could give that damn medal back."

In his own book, Mr. Woodward wrote that over time Mr. Tenet developed a particular dislike for Ms. Rice, and that the former C.I.A. director was furious when she publicly blamed the agency for allowing President Bush to make the false claim in the 2003 State of the Union address that Mr. Hussein was pursuing nuclear materials in Niger.

"If the C.I.A., the director of central intelligence, had said, 'Take this out of the speech,' it would have been gone, without question," Ms. Rice told reporters in July 2003.

In fact, the C.I.A. had told the White House months before that the intelligence about Niger was dubious, and had managed to keep the claim out of an October 2002 speech that Mr. Bush gave in Cincinnati.

More recently, Mr. Tenet has told friends he was particularly angry when, appearing recently on Sunday talk shows, both Ms. Rice and Vice President Dick Cheney cited Mr. Tenet as the reason that Bush administration officials asserted that Mr. Hussein had stockpiles of banned weapons and ties to Al Qaeda.

Mr. Cheney recalled in an appearance on "Meet the Press" on Sept. 10: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk,' "

Rice Denies Book's Assertion She Brushed Off CIA Terror Warning (LAT)

By Paul Richter

The Los Angeles Times, October 3, 2006

State Department officials acknowledged late Monday that Secretary of State Condoleezza Rice was at a 2001 meeting where she was reportedly warned of the need to act on an impending terrorist threat to the United States.

They said she met with then-CIA Director George J. Tenet on or around July 10. A new book by Bob Woodward says she brushed off Tenet's warning at that session.

Earlier on Monday, Rice rejected the book's suggestion as "incomprehensible."

Speaking to reporters on her plane en route to the Middle East, Rice insisted she did not recall. Tenet and his counterterrorism chief seeking a special meeting with her to try to mobilize more vigorous anti-terror action, as Woodward writes in "State of Denial."

"The idea that I would have ignored that, I find incomprehensible," Rice told reporters late Sunday during the flight. "I am quite certain that it was not a meeting in which I was told that there was an impending attack, and refused to respond."

The State Department said Monday that a meeting around the time described by Woodward had in fact taken place, based on government records, but that no new information was given to Rice, who then was President Bush's national security advisor.

In his book, Woodward writes that Tenet and J. Cofer Black, then director of the CIA's counterterrorism center, decided on July 10, 2001, that they had to request a dramatic, "out-of-cycle" meeting with Rice to describe their anxiety over the chance of an attack against American interests, possibly within the United States.

Rice agreed to see them and acknowledged their warnings, but Tenet and Black felt she did not appreciate the gravity of the situation, which Woodward writes was the "starkest warning" yet given to the White House. "She was polite, but they felt the brush-off," Woodward writes.

Rice's reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war.

Rice did not deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to "shock" her did not make sense.

On Monday, two State Department officials delving into records at Rice's request found that a meeting took place "on or around July 10," as the book reports, said Curtis Cooper, a State Department spokesman. But the officials said that the meeting did not reveal any new threats, and that records about the meeting had been turned over to the national commission that investigated the Sept. 11 attacks, Cooper said. Woodward's book indicates that the Sept. 11 commission had access to the records of the meeting, but did not probe deeply into it.

Cooper said Tenet was asked by Sept. 11 commission members about the meeting. Cooper could not say whether the discussion took place in the commission's public sessions or in private. In public, no commissioner referred to a meeting on July 10. One commission member, Timothy J. Roemer, a former Democratic House member from Indiana, said over the weekend that commissioners had not been told about the meeting.

One of the officials probing meeting records at Rice's request was Philip D. Zelikow, the former Sept. 11 commission executive director whom Rice appointed State Department counselor last year.

Zelikow and State Department legal advisor John Bellinger reported that the information Tenet presented consisted of "threat reporting" from several weeks leading up to the meeting. "The information presented at this meeting was not new," Cooper said.

Rice told reporters that she was meeting regularly during the period with Tenet and Black, and they were getting a "steady stream" of intelligence reports warning of potential strikes. "I was talking to George about them all the time," she said.

Rice also denied that she had complained to Bush that Defense Secretary Donald H. Rumsfeld was not returning her calls, as Woodward writes.

"Secretary Rumsfeld has never refused to return my phone calls — this is ludicrous," she said.

She denied that she tried to convince Bush to dump Rumsfeld, as the book says, though she said at one point she told Bush "that maybe all of us should go" after the demands of two wars, the aftermath of Sept. 11 and other world developments.

DOJ_NMG_0073311

Rice said her five-day Mideast trip is aimed at trying to persuade moderate Arab states to do more to help democratic leaders in the region. She said she may meet Friday in London with ministers of the other world powers trying to convince Iran to suspend its uranium program.

Rice Says She Did Not Ignore Urgent Pre-Sept. 11 Warning (USAT)

By Barbara Slavin

USA Today, October 3, 2006

JEDDAH, Saudi Arabia — Secretary of State Condoleezza Rice said Monday that it was "incomprehensible" that she would have ignored an urgent warning from the CIA director two months before Sept. 11, 2001, that al-Qaeda was planning to attack the United States, as a new book reports.

"I don't remember a so-called emergency meeting," Rice said in addressing several claims in State of Denial by Bob Woodward of The Washington Post. Woodward based his account on interviews with unnamed officials.

Rice discussed the book with reporters who accompanied her on a trip to the Middle East.

Rice dined Monday with Saudi King Abdullah at the start of a week-long tour aimed at bolstering moderate forces in the region in the wake of a 34-day war between Israel and Hezbollah in Lebanon. The radical Shiite Muslim militia, which has been branded a terrorist group by the United States, gained stature in the Middle East for holding its ground against Israel.

Rice flies today to Cairo and then heads to Israel and the Palestinian territories.

In his book, Woodward writes that George Tenet, then director of the CIA, and a senior aide, Cofer Black, held an unscheduled meeting with Rice on July 10, 2001. According to Woodward, Tenet sought the meeting because he wanted to press the new Bush administration to take action immediately against al-Qaeda leader Osama bin Laden to disrupt a possible attack in the USA.

Rice said she recalled "a steady stream of quite alarmist reports of potential attacks" during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. "There was nothing that related to an attack in the United States," she said.

In her testimony to the 9/11 Commission, which investigated events leading up to the attacks, Rice said it was not until the following month that she recalled hearing about possible terrorist plots in the U.S. homeland. An Aug. 6, 2001, presidential daily report by the CIA was entitled "Bin Ladin Determined To Strike in US." Rice did not tell the commission about any earlier warning.

Rice also challenged a claim in Woodward's book that she had difficulty getting her phone calls returned by Defense Secretary Donald Rumsfeld and that she advised President Bush to fire Rumsfeld at the end of Bush's first term because of Rumsfeld's policy mistakes in managing the war in Iraq.

"Secretary Rumsfeld has never refused to return my phone calls. This is ludicrous," Rice said.

As for Woodward's report that she wanted Rumsfeld to leave the administration, Rice said, "I did tell the president at one point that maybe all of us should go" so Bush could appoint a fresh national security team for his second term.

In the end, Bush asked only one top national security adviser to leave: Rice's predecessor as secretary of State, Colin Powell, according to a second new book. Soldier, a biography of Powell by Washington Post reporter Karen DeYoung, portrays the former Cabinet member as receiving shabby treatment from others in the Bush administration.

The book alleges Vice President Cheney's aides added unverified intelligence about Iraqi development of weapons of mass destruction to a presentation Powell made before the United Nations Security Council in the lead-up to the U.S. invasion of Iraq in 2003. It said Powell tried to verify the information but much of what he said before the Security Council has turned out to be inaccurate. Last year, Powell called his speech a "blot" on his record of public service.

The book also says Powell was forced out of the administration even though he was willing to stay in a second term.

Asked about the portrait of Powell, Rice said: "I know the president had an open door for Colin Powell. .... He was treated not only with respect but with admiration."

Rice: No Memory Of CIA Warning Of Attack (AP-Y)

By Anne Gearan, Ap Diplomatic Writer

AP, October 3, 2006

DOJ_NMG_0073312

Secretary of State Condoleezza Rice said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States, as a new book claims he did two months before the attacks on Sept. 11, 2001.

"What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible," Rice said.

Rice was President Bush's national security adviser in 2001, when Bob Woodward's book "State of Denial" outlines a July 10 meeting among Rice, Tenet and the CIA's top counterterror officer.

"I don't know that this meeting took place, but what I really don't know, what I'm quite certain of, is that it was not a meeting in which I was told there was an impending attack and I refused to respond," Rice said.

Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book.

"It kind of doesn't ring true that you have to shock me into something I was very involved in," Rice said.

There was near constant discussion of possible attacks overseas, and high alarm, Rice said.

Meanwhile, former Attorney General John Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," Ashcroft said in an interview with The Associated Press.

"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Cofer Black of the CIA should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

"There was no covert action to kill him and we needed one," Ashcroft said.

The meeting between Tenet, Rice and Black was not mentioned in the reports from several investigations of the Sept. 11 attacks, but Woodward wrote that it stood out in the minds of Tenet and Black as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

Tenet asked for the meeting after receiving a disturbing briefing from Black, according to the book.

But though Tenet and Black warned Rice in the starkest terms of the prospects for attack, she brushed them off, Woodward reiterated Monday. He told NBC's "Today" show that Black told him the two men were so emphatic, it amounted to "holding a gun to her head" and doing everything except pulling the trigger.

Black reportedly laid out secret intercepts and other data "showing the increasing likelihood that al-Qaida would soon attack the United States." Tenet was so worried that he called Rice from his car and asked to see her right away, the book said.

"Tenet and Black felt they were not getting through to Rice," Woodward wrote of the session. "She was polite, but they felt the brush-off."

Rice referred to the session as "the supposed meeting" and noted that it is not part of the independent Sept. 11 Commission's report.

"I remember that George was very worried and he expressed that," Rice told reporters. "We were all very worried because the threat reporting was quite intense. The problem was that it was also quite nebulous."

Rice, who was promoted to secretary of state in Bush's second term, also said she never argued that Secretary of Defense Donald Rumsfeld should be fired. The book's suggestion that Rumsfeld would not take her calls is "ludicrous," Rice said.

Rumsfeld and Rice are not close, and he is often considered her rival in administration decision making. Woodward wrote that then-White House Chief of Staff Andrew Card twice tried to get Bush to sack Rumsfeld and replace him with Bush family counselor James A. Baker III, and that both then-Secretary of State Colin Powell and Rice backed the plan.

Woodward interviewed Rice for his new book.

Rice's latest Middle East trip is focused on strengthening support for Palestinian President Mahmoud Abbas and other moderate Arab leaders after a series of setbacks for democratic and moderate forces in the region.

Her trip includes visits to allies Saudi Arabia and Egypt and a meeting of other friendly nations that ring the Persian Gulf, before visits to Israel and the West Bank.

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Rice is looking for new ways to improve Abbas' standing in his standoff with Hamas radicals trounced Abbas' secular Fatah Party in Palestinian elections in January. Abbas was elected separately and retains his position, but he has been hamstrung by the divided government and a cutoff of Western aid.

The Bush administration and Israel are increasingly convinced Hamas will crumble, and look to Abbas to capitalize. Rice may ask other countries to do more to bolster Abbas' security forces, and she hopes to breathe life into stalled agreements and talks that would help Palestinians move more freely across their borders with Israel.

Iran's nuclear ambitions will also be part of Rice's discussions, as an unofficial deadline passes this week for Iran to heed a U.N. Security Council demand to shelve disputed nuclear activities.

Rice said Sunday she may close her trip Friday with a meeting of world powers in Europe to look at what to do next. The United States wants to press for U.N. Security Council sanctions, but it is not clear she has full support from other permanent members of the council.

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On the Net:

State Department: http://www.state.gov

The Leaders We Have (WP)

By George F. Will

The Washington Post, October 3, 2006

While leading the hunt for weapons of mass destruction in Iraq in the summer of 2003, David Kay received a phone call from "Scooter" Libby, Dick Cheney's chief of staff, who wanted a particular place searched: "The vice president wants to know if you've looked at this area. We have indications -- and here are the geocoordinates -- that something's buried there." Kay and his experts located the area on the map. It was in the middle of Lebanon.

This story from Bob Woodward's "State of Denial" would be hilarious were it not about war. The vignette is dismaying because it seems symptomatic of a blinkering monomania that may have prevented obsessed persons from facing facts.

Some will regard "State of Denial" as Katrina between hard covers, a snapshot of dysfunctional government. But it is largely just a glimpse of government , disheartening as that fact may be to those who regard government as a glistening scalpel for administering social transformation.

Once, when President William Howard Taft was listening to an aide talk about "the machinery of government," Taft murmured, "The young man really thinks it's a machine." Actually, government is people, and not a random slice of the population. Those at government's pinnacle generally are strong-willed, ambitious, competitive, opinionated and have agendas about which they care deeply. That is why they are there. And why almost any administration, carefully scrutinized, looks much like a teaspoon of pond water viewed under a microscope -- a teeming, disorderly maelstrom of sometimes rival life forms. That is especially true of an administration staffed with such canny Washington survivors as Cheney, Donald Rumsfeld and Colin Powell. A government of rookies or shrinking violets would be more harmonious. So, how much of a virtue is harmony?

"State of Denial" will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure.

The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that.

The book does not demonstrate that the president is in a state of denial. His almost exclusive and increasingly grating reliance on the rhetoric of unwavering resolve may be mistaken. It certainly has undermined his reputation as a realist. But he believes a president must be "the calcium in the backbone" of the nation, so the resolute face that he thinks he must show the nation does not preclude private anguish.

The book's central figure, however, is not Bush, whose lack of inquisitiveness is a defect, but Rumsfeld, whose abrasive inquisitiveness is supposedly a defect. The prologue begins with Rumsfeld's selection as defense secretary. The 45th and final chapter contains much about Bush but revolves around an interview with Rumsfeld.

DOJ_NMG_0073314

The book actually includes one heartening story that should enhance Rumsfeld's reputation. On Veterans Day 2005, the president traveled to a Pennsylvania Army depot to deliver a speech announcing the new military policy for Iraq, the policy of "clear, hold and build." Woodward says Rumsfeld, having read the speech, called Andy Card, the White House chief of staff, a half-hour before Bush was to deliver it, and said, "Take that out." Card replied that the three words were the centerpiece of the speech, not to mention the war strategy. Rumsfeld replied, "Clear, we're doing. It's up to the Iraqis to hold. And the State Department's got to work with somebody on the build."

At last, a division of labor that uses the U.S. military only for properly military purposes and assigns responsibilities in a way that will force Iraq's government to grow up. In the name of counterinsurgency, there has been too much of what today's military argot calls "full-spectrum operations" -- operations that go beyond killing insurgents to building schools, connecting sewers and other civil projects that keep the training wheels on the Iraqi government's bicycle and keep the United States chasing the chimera of "nation-building."

"Where's the leader?" Bush, according to Woodward, has exclaimed in dismay about the Iraqi government's dithering. "Where's George Washington? Where's Thomas Jefferson? Where's John Adams, for crying out loud?" For a president to ask that question about Iraq, that tribal stew, is enough to cause one to ask it about the United States.

Can Bush Save Bush? (WP)

By Richard Cohen

The Washington Post, October 3, 2006

Not too long after Franklin D. Roosevelt died, Republicans insisted on what was to become the 22nd Amendment to the Constitution. It was meant to ensure that never again would a president serve more than two terms. Now is the time for yet another amendment. This one would ensure that no child of a president could become president. This would avert another George W. Bush.

The reasons for this amendment can be amply found in Bob Woodward's new book, "State of Denial." If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure.

My proposed amendment comes to mind because from time to time Woodward would quote someone on why Bush ran for president in the first place and what determines his executive style: his father. He wanted to best his father but also even the score for him. This score was a twofold thing. George W. Bush wanted, in effect, to win the second term that George H.W. Bush had lost (to Bill Clinton), and he also wanted to finish the job his father had started with Saddam Hussein. If there is a better explanation for why Bush -- not necessarily the neocons around him -- so fervently wanted war, I cannot come up with it.

This descent into the fog of Freudian politics is, I know, just the sort of thing Washington eschews. Such musings lack position papers or paper trails -- paper of any kind, actually -- and rely instead on elastic language sometimes known as psychobabble. Yet those of us who are both fathers and sons know the truth of these matters. There is no more complicated relationship on the face of the earth. It is fraught with competition, a kind of canine sniffing that is suffused with both an edgy rivalry and an immense love that does not quit even with the grave. If I say that George W. Bush was out to both vanquish and redeem his father, many a man will know what I mean.

But I don't have to say it. Brent Scowcroft, the elder Bush's close friend and his former national security adviser, says it for me. This is what Woodward writes about Scowcroft: "In his younger years, Scowcroft thought, George W. couldn't decide whether he was going to rebel against his father or try to beat him at his own game. Now, he had tried at the game, and it was a disaster."

It was not only Scowcroft, though, who thought -- or feared -- that Bush had approached the challenge of Saddam Hussein the wrong way. There are suggestions in the book that both of Bush's parents felt that way. Woodward quotes a conversation Barbara Bush had with former senator David Boren, an old family friend, in which she says that she and her husband are "worried" about Iraq -- with the former president "losing sleep over it." Boren asks why the father did not talk to the son.

"He doesn't think he should unless he's asked," Barbara Bush said.

DOJ_NMG_0073315

I go on about this matter because in Woodward's book, as with everything else I've read about the 43rd president, it's apparent that Bush had no reason to run for the office other than to satisfy some psychological compulsion -- and had no accomplishment to his name that did not stem from primogeniture. Especially in foreign policy, he was an ignoramus who smugly thought that his instincts trumped experience and knowledge. What's even more appalling is that over and over in Woodward's book, Bush sticks to his losing hand, refusing to challenge his own assumptions -- or, it seems, his steadfast belief that his is a divine mission.

The conventional script in Washington for ending the Iraq war is for Bush to approach key Democrats and seek bipartisan cover for a methodical American withdrawal. Maybe that will happen or maybe it will be Republicans such as James Baker, Bush senior's secretary of state, who will do the approaching. But given the nature of the problem, maybe it would be best if the father shed his reluctance and offered his son some sharp advice. After all, it is now clear that the finest service one president can provide another -- not to mention his country -- is to reassert a parental role. The kid's in way over his head.

Iranian Woman Indicted In Brooklyn In Terrorism Case (NYT)

By William K. Rashbaum

The New York Times, October 3, 2006

A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday.

The woman, Zeinab Taleb-Jedi, is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States.

Prosecutors said Ms. Taleb-Jedi, who was arrested in late March when she flew to Kennedy Airport from Amman, Jordan, was a member of the leadership council of the Iranian resistance group People's Mujahedeen, which both the United States and the European Union describe as a terrorist organization.

She was indicted on Friday in Federal District Court in Brooklyn on a single count of providing material support to the group. The case against her was based on an investigation by the F.B.I. and federal prosecutors in California, but she will be tried in New York.

Ms. Taleb-Jedi, who became an American citizen in 1996, has been free on a personal recognizance bond signed by her son, a recent college graduate, since shortly after her arrest, according to court records. After that she lived for a short while with him on West 128th Street and then at the Lenox Hill Neighborhood House Park Avenue Women's Shelter, according to court papers.

Shelter officials said it housed older women with mental health disorders. The woman and her son could not be located for comment last night. At the time of her arraignment, on April 1, her court-appointed lawyer, Justine Harris, said Ms. Taleb-Jedi, who then weighed just 95 pounds, came to the United States to seek medical care for severe digestive problems.

The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years.

Two informers cited in the affidavit said Ms. Taleb-Jedi was a member of the group's leadership council. One said the council was "responsible for making leadership decisions for the organizations, including approving specific acts of terrorism" against Iran, the affidavit said.

When American forces invaded Iraq in April 2003, they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad, where they turned over a range of heavy weapons, from tanks and artillery, along with lighter weapons, according to the affidavit.

F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's "martyrs," along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives.

In her interview at the Iraqi base, Ms. Taleb-Jedi said she had began her college education in Iran but came to the United States in 1978 to work on her master's degree in political science in Atlanta, according to the affidavit.

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She eventually moved to Queens, where she continued her activities for the group, and then to northern Virginia, according to the affidavit. In 1995 and 1996, she registered, under the Foreign Agents Registration Act, as a press officer for the People's Mujahedeen of Iran.

U.S. Says Woman In Shelter Terror Chief (AP)

By Tom Hays, ASSOCIATED PRESS WRITER

AP, October 3, 2006

NEW YORK -- An Iranian widow who became a naturalized U.S. citizen 10 years ago was a top official for a heavily armed, Iraq-based terrorist organization dedicated to the violent overthrow of Iran's government, the U.S. government alleges in court documents.

The documents, obtained from Brooklyn court files on Monday, say two confidential informants in Iraq identified Zeinab Taleb-Jedi, 51, as a leader of the Mujahedeen Khalq. The group was identified in court papers as Mujahedin-e Khalq.

One of the informants told the FBI that Taleb-Jedi was on a council "responsible for making leadership decisions for the organization, including approving specific acts of terrorism" against Iran, the papers said.

Taleb-Jedi was arrested in March after flying from Jordan to Kennedy International Airport. A judge agreed to release her on $500,000 (euro394,166) bond. The court papers said she has been living at a women's shelter in Manhattan.

Taleb-Jedi was among 200 Muhjahedeen Khalq members detained and questioned by the FBI in 2004 after U.S. military forces took over parts of Iraq once controlled by the group, the documents said. U.S. soldiers seized tanks, anti-aircraft weapons, rocket-propelled grenade launchers and more than 420,000 pounds of plastic explosives.

At the time, Taleb-Jedi allegedly told agents she "wholeheartedly supports the Mujahedin," the papers said.

Federal prosecutors in Los Angeles, who have been investigating the group, announced last week that a grand jury in Brooklyn had indicted Taleb-Jedi on charges of providing support to a terrorist organization. If convicted, she faces up to 15 years in prison.

The group, also known as the People's Mujahedeen Organization of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The defendant, who was born in Iran, came to the United States on a student visa in 1978 to pursue a master's degree in political science in Georgia, court papers said. She later moved to Queens before settling in Virginia, where she became a naturalized U.S. citizen.

In her FBI interview, Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she "left her job, sold all her belongings and traveled" the group's Ashraf Base in Iraq, 40 miles (64 kilometers) north of Baghdad, documents said.

A call to her attorney on Monday was not immediately returned.

Arguing for her release at an arraignment, defense attorney Justine Harris said her client had returned to the United States to see her adult son and to seek medical treatment for a severe digestive ailment that had pushed her weight down to 95 pounds.

"This a middle-age woman with absolutely no record," the lawyer said.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. It sided with Iraq in its 1980-88 war against Iran.

The State Department says the groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

Testimony Ends In Aref And Hossain Trial (CAPN9)

By By: Steve Ference

Capital News 9, October 3, 2006

It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation.

DOJ_NMG_0073317

Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word "missile." In order to show Aref, whose native language is Kurdish, knew what missile meant, they read an article from a pamphlet called "Rally for Jihad."

Prosecutors read an excerpt:

"How wonderful it is, oh Muslims, when you see the enemy shot down by your bullets and their body parts ripped by your missiles."

It's been years since news of an FBI sting surprised the Capital Region. And led to the arrest of two men for allegedly laundering money to support terrorism. Soon the case will be in the hands of the jury, now that both sides have rested. Our Steve Ference has more on the last day of testimony.

Defense attorneys argued just because the word missile was found in one of hundreds of books and papers owned by Aref means little.

But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote "rocket equals missile." Again defense attorneys argued it didn't mean much, because Aref had also written the word "wet" equaled the Arabic word for dry.

His attorneys also argued the codeword used by the FBI informant for missile - Chaudhry - wasn't clear. At one point, the informant referred to it by saying, "one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members."

So what did either defendant understand was going on then? A friend of Yassin Aref, May Saffar, said other witnesses brought in by the government mistranslated words, and she's afraid it might confuse the jury.

Saffar said "To bring in an Urdu translator to the jury and have her mistranslate an Arabic word - how does this help him?"

She says at first she denounced both defendants, but now isn't convinced they did anything wrong. But either way, she says at least Aref believes his future is up to God.

"It doesn't matter what the outcome is, fair or not" Saffar said. "I will just have to accept it."

We'll see closing arguments Tuesday, and then the jury will get instructions on how to handle the case that will then be in their hands.

Judges' juror instructions:

Another intriguing part of the case the judge instructed jurors not to concern themselves with why the FBI became interested in Aref as part of their sting operation. Defense attorneys have maintained that their client was unfairly targeted - and was simply a witness to a loan transaction. But the judge told jurors that the FBI had "certain valid suspicions." Prosecutors also presented evidence in court that Aref's name and address was found in a address books at three separate terror camps in Iraq in 2003.

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat's father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

DOJ_NMG_0073318

The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Terror Supporter's Kin Return To U.S. (AP)

AP, October 3, 2006

SAN FRANCISCO - Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said.

Muhammad Ismail, 45, and his son, Jaber, 19, arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. They were scheduled to take a connecting flight to San Francisco yesterday, she said.

The Ismails are an uncle and cousin of Hamid Hayat, 23, of Lodi, who was convicted in April of one count of providing material support to terrorists and three counts of lying about it to FBI agents.

His father, Umer Hayat, was convicted of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

In April, the Ismails were barred from boarding a connecting flight to San Francisco from Hong Kong and returned to Pakistan.

There, Jaber Ismail was questioned by FBI agents, but the two refused further interviews and a polygraph.

After complaining to the federal government, Mass received a letter last month from the Department of Homeland Security suggesting that the two were cleared to fly.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime," Jaber Ismail said. "I went to Pakistan for religious studies, but I knew that I always wanted to return home to California."

Lawyers For Detainees Challenge Bush Plan (WP/AP)

By Matt Apuzzo, Associated Press

The Washington Post, October 3, 2006

Attorneys for 25 men being held in Afghanistan have launched the first legal challenge of President Bush's plan for prosecuting and interrogating terrorism suspects.

Documents filed yesterday in federal district court here demand that the men be released or be charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week.

That bill says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases will be heard before a military commission, not a civilian judge.

Bush has not signed the bill but expects to do so soon. Supporters say it is a necessary tool in the war on terrorism.

Yesterday's filing initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a U.S. military prison in Guantanamo Bay, Cuba. Detainees there have dozens of petitions pending.

In civilian courts, the government is required to tell people why they are being held and allow them access to attorneys. People accused of crimes are then afforded speedy trials before juries of their peers.

"With the move that Congress made, the capitulation it made to the president, those rights are in danger of being curtailed," said Vincent Warren, executive director for the Center for Constitutional Rights, which filed the petition.

The new law protects detainees from blatant abuses such as torture but does not require that they be granted legal counsel. It also allows prosecutors to use evidence, such as hearsay, that wouldn't be allowed in civilian courts.

Though the petition was filed before the bill was signed, the law was written retroactively, so a judge would have to strike down at least some of the law in order for the detainees represented by the center to prevail.

The case was assigned to U.S. District Judge Richard J. Leon, who, in a Guantanamo Bay case last year, ruled that Congress had authorized the president to order the detention of "enemy combatants" for the duration of the war on terror. Leon did not set a hearing date for the new case.

The detainees named in the case are being held at Bagram air base north of Kabul, according to court papers.

Accused Tamil Tiger Supporter On Bail (TORSTAR)

By San Grewal, STAFF REPORTER

Toronto Star, October 3, 2006

A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom.

Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them.

Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation.

The fourth-year computer-engineering student at the University of Waterloo is one of 11 men accused of conspiring to help the Tamil Tigers, an organization listed as a terrorist group in both Canada and the U.S. All 11 were arrested since late August, some in Canada and others south of the border.

U.S. authorities are holding three Canadians in custody.

Judge John Belleghem read out the conditions of Mylvaganam's release, which stipulate that he must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused.

In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device.

A publication ban on the court proceedings is in effect.

About a dozen relatives in the courtroom broke into smiles and congratulated one another when the decision came down.

Mylvaganam's lawyer, Jeffry House, said the decision, which came after the Crown recommended his client's release, was the right one.

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"There's certainly nothing linking my client to the Tamil Tigers," said House, who pointed out the family responsibility his client shoulders. "He brought his mother and five siblings from Sri Lanka, including his disabled sister. Essentially, he's the head of the family; he's the main breadwinner."

Mylvaganam had been working for Microsoft in Seattle in a co-op program before returning to Ontario in May.

Merger With Al Qaeda Deepens Threat From Algerian Radicals (CSM)

By Aron Lund, Contributor To The Christian Science Monitor

The Christian Science Monitor, October 3, 2006

Italian police said Monday they broke up a cell with ties to Algeria's Salafist Group for Preaching and Combat.

ALGIERS, ALGERIA

It was a quiet Ramadan evening, the sunset casting a red glow on the white colonial facades along the city's seafront. With the call of the muezzin, the Muslim prayer crier, Algerians had returned home to break the fast with friends and family, leaving the city nearly deserted.

During this holy month of Ramadan, the quiet has become reassuring. Many here are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital during Ramadan.

Already, officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press.

Authorities have amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats.

In a videotape released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that "the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates."

Born out of Algeria's civil war, which began in 1992 when the army overturned an Islamist electoral victory, the GSPC has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC.

It also underscores concerns spelled out in the National Intelligence Estimate, parts of which were recently declassified, that said "several North African groups, unless countered, are likely to expand their reach and become more capable of multiple and/or mass-casualty attacks outside their traditional areas of operation."

For years, the GSPC has been moving units into the areas of the Sahara, away from the military pressure brought to bear in Algeria's north. A GSPC faction was involved in the desert kidnapping of 32 European tourists in 2003, and in 2005 the group overran a Mauritanian military base. GSPC activity has also been reported in Mali and Niger, and support cells have popped up in surrounding Muslim countries and Europe.

According to the French newspaper Le Figaro, the French Antiterrorist Coordination Unit (UCLAT) estimates that tens of indigenous Islamist cells have contacts with the GSPC, and, adding to their concern, Zawahiri exhorted the Algerians to strike at France in his Sept. 11 tape.

Monday, Italian police reported that they had broken up an Algerian cell that "financed and gave logistical support to Islamic terrorism responsible for massacres in Algeria," [a news agency] reported.

This internationalization, and the GSPC's attempts to rally militants in surrounding countries, has long worried the US. In 2002, the Pentagon announced the Pan-Sahel Initiative, assigning US military advisers to train and equip the militaries of Mauritania, Mali, Niger, and Chad. Also involved are Algeria and Morocco, though both governments deny reports of US forces stationed within their countries.

Some, however, take a less alarmist view of events. University of Virginia professor and Algeria analyst William Quandt, responding to questions via e-mail, describes it as "a pretty small, marginal group that is just struggling to survive," and says that "whatever links it may have to Al Qaeda must be quite tenuous." He estimates the group to have no more than a few hundred members.

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But even if real contacts are scarce, official Al Qaeda status could still bolster the GSPC's standing. By linking their struggle to the Iraqi jihad, the organization is able to tap into popular anger at American foreign policy, and the widespread support for Iraq's armed groups that this has generated.

HOMELAND RESPONSE:

Terrorism Insurance Still Holds Uncertainties (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- Federal officials said the market for terrorism insurance has improved since the Sept. 11, 2001 attacks but further development is uncertain because of the unpredictability of potential damage from a terrorist strike and inadequate demand from policyholders.

An interagency working group headed by Treasury Secretary Henry Paulson, in a report released yesterday, found that the private market hasn't adapted to provide thorough property and casualty coverage for terrorism risks. But it makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent.

The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes. But for other forms of coverage, such as group life insurance, policies covering terrorism risks have generally remained available.

Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program. The White House has opposed making the program permanent.

UK And US To Meet Over Passenger Data (FT)

By Doug Cameron

Financial Times, October 3, 2006

The UK transport secretary is due to meet with his US counterpart and the country's head of homeland security on Wednesday in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market.

Douglas Alexander will meet Michael Chertoff, the US homeland security chief, as well as Mary Peters, who was last week confirmed to succeed Norman Mineta as US transportation secretary.

Mr Alexander's visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information.

The US authorities regard the extension of a 2004 pact, which expired on September 30, as a key weapon in its fight against terrorism. While officials on both sides point to "broad agreement" over a new deal, European negotiators have had to wrestle with potential legal challenges over privacy and civil liberties resulting from any expanded agreement.

Mr Alexander is also due to address the International Aviation Club in Washington during his brief US visit, providing the first public platform to express lingering unease among EU governments over progress in long-running efforts to reach a new transatlantic aviation agreement covering route access, as well as competition and security matters.

The UK remains a key player in the negotiations because of the pivotal role of access to London's congested Heathrow airport. Critics of the preliminary pact agreed last year maintain that access to the airport will not be improved by the proposed deal, which is being closely watched by others countries as a potential template for multilateral air transport negotiations.

Heathrow access for US airlines is still viewed as a key element in negotiations with the EU, which, together with the UK, is seeking, expanded investment opportunities in the US industry despite fierce opposition to such moves in the US Congress.

The UK role is heightened by the efforts of Sir Richard Branson, the British entrepreneur, to launch a domestic US carrier, Virgin America, which has held up by widespread domestic opposition.

Mr Alexander's planned meeting with Mr Chertoff reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information.

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EU-based airlines have continued to operate flights normally and provide the data to the US authorities through a series of temporary deals and de facto amnesties from legal action by some member states while negotiations continue.

Mr Chertoff backed a proposed deal at the weekend, but EU negotiators returned from Washington to seek clearance for a new pact. Airline officials said the proposal mirrored the existing arrangements, but extended the length of time, which US authorities could keep the information beyond the eight years outlined in the expired deal.

Mr Chertoff has also made it clear in recent speeches that his department would look to share information with intelligence agencies in the US and elsewhere, despite concerns from civil liberties groups on both sides of the Atlantic.

Carriers have to provide the DHS with two sets of information, with passport data sent electronically to the department before take-off under the Advance Passenger Information programme. The current talks centre around the use of details contained in a Passenger Name Reference (PNR), which also include name, contact and payment details which the US authorities said was maintain are invaluable in tackling terrorism and organised crime.

Trial OK'd On One Jewell Claim Against AJC (AJC)

By Gayle White, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 3, 2006

Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday.

State Court Judge John R. Mather dismissed most claims against the newspaper in a suit that has been pending since shortly after the 1996 Olympics.

The judge said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation.

But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park.

The judge acknowledged that Jewell may have initially been suspected of making the call. But, Mather wrote, it ultimately became clear that the call was made just three minutes after Jewell reported finding a suspicious knapsack in the park. The call came from a telephone booth several blocks away, possibly a five to eight minute walk.

Jewell's lawyer, Lin Wood, said Monday, "It is a significant victory for Richard Jewell to get his case before a jury."

Wood indicated he doesn't plan to appeal and is eager to proceed to a trial.

The newspaper's reports regarding the telephone call were "absolutely, undisputably false," Wood said.

The newspaper's lawyer, Tom Clyde, said the reporting accurately reflected the information that was available in the days following the bombing.

"At the time of our reporting, the timing sequence of when the bomb went off and when the phone call was made remained very much in question," he said.

As the timing became clearer, the newspaper "led the way" in reporting the evidence that exonerated Jewell, Clyde said.

John Mellott, publisher of The Atlanta Journal-Constitution, said he is pleased with the court's decision.

He said the newspaper will seek permission to appeal the ruling on the 9-11-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Jewell was initially lauded as a hero after a bomb went off at the July 27, 1996, Olympic celebration. He called attention to the suspicious knapsack that held a bomb and helped evacuate the area. But he was later identified by the Journal-Constitution and other media as a suspect.

Jewell was later cleared. In April, 2005, Eric Rudolph pleaded guilty to setting the bomb and three others.

The Olympic Park bomb killed Alice Hawthorne of Albany and injured more than 100 other people.

In August, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County, Ga.

Judge: Jewell Libel Suit Against Newspaper Can Proceed (CLE)

The Columbus Ledger-Enquirer, October 3, 2006

DOJ_NMG_0073323

ATLANTA - A judge ruled Monday that former Olympic security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can proceed, although he dismissed most of Jewell's claims that the newspaper had defamed him in its reports on the 1996 bombing at Centennial Olympic Park.

State Court Judge John R. Mather said a jury would decide whether the newspaper was wrong to report that investigators believed Jewell placed a 911 call warning that a bomb would go off in the park.

The July 27, 1996 bombing killed one person and wounded more than 100. Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement.

Jewell was later cleared, and some news organizations settled legal claims that he had been defamed. The Journal-Constitution defended its reporting of the investigation.

In April, 2005 Eric Rudolph pleaded guilty to setting the Olympic park bomb and three others, including a fatal explosion at a Birmingham, Ala., abortion clinic.

This year, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County.

Mather ruled that the Journal-Constitution reported truthfully that Jewell was the focus of investigation, that investigators believed he fit the profile of a lone bomber and most other points surrounding the probe.

However, the judge acknowledged that although Jewell may have been suspected initially of making the 911 call, it became clear that the call was made three minutes after Jewell found the suspicious backpack - from a telephone booth several blocks away.

Jewell's lawyer, Lin Wood, said the newspaper's reports on the telephone call were "absolutely" false.

"It is a significant victory for Richard Jewell to get his case before a jury," Wood said.

Tom Clyde, the newspaper's lawyer, said that when the stories were published, "the timing sequence of when the bomb went off and when the phone call was made remained very much in question."

Clyde said the Journal-Constitution later "led the way" in reporting evidence that exonerated Jewell.

The newspaper's publisher, John Mellott, said it will seek permission to appeal the ruling on the 911-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Nagin Wants Minorities In On Katrina Recovery (USAT/AP)

USA Today, October 3, 2006

NEW ORLEANS — New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery.

Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible.

A similar requirement has been in place for government contracts, but the mayor's order expands it to businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state.

“We just want to make sure we don't go back to a city of haves and have-nots,” Nagin said. “This is imperative, not only for us but for our kids and grandkids.”

In the immediate aftermath of the August 2005 storm, many local firms complained that the main beneficiaries of large government contracts for emergency cleanup and recovery were out-of-state businesses and workers.

Nagin said his order should help ensure that local firms enjoy the benefits of the enormous federal rebuilding investment and help them secure small-business loans and other financing.

He said his order should not slow the rebuilding or send more businesses to adjacent parishes that don't have similar requirements. “This is such a big pie. We just want to make sure this pie expands,” Nagin said at a news conference.

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City workers will examine projects seeking incentives or tax breaks and determine reasonable goals for local and women- or minority-controlled companies, said Judith Williams, co-chair of the mayor's 100-day commission, established at the start of Nagin's second term.

"We're not looking to make it impossible for folks to do business here," she said.

In addition to the executive order on local and disadvantaged businesses, Nagin announced the signing of two other executive orders Monday.

One requires city agencies to develop a list of pending projects so small businesses are aware of potential contracts, and another requires businesses planning developments to account for historic and natural resource effects.

WAR NEWS:

Iraqi Premier Offers Plan To Stop Violence (WP/AP)

By Lee Keath

The Washington Post, October 3, 2006

BAGHDAD, Oct. 2 -- Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis.

Local committees will be formed in each Baghdad district -- made up of representatives of every party, religious and tribal leaders and security officials -- to consult on security efforts. A Sunni representative, for example, could raise a complaint if he thinks police are not pursuing a Shiite militia after an attack. A central committee, also comprising all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki said. "We have vowed before almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who leads one of the most powerful Shiite militias, Moqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman said.

Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday at a frozen-meat factory were found dumped in southern Baghdad.

Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that Maliki must make progress within the next two months to avert a crisis.

But Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

When Maliki took office in May, he announced a 24-point reconciliation plan that laid out ways to tackle violence -- including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias -- some of which are linked to parties in the government. Sunnis have accused Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces Friday and accused of plotting al-Qaeda bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

Iraqi Leader Unveils New Security Plan Amid Rising Violence (NYT)

DOJ_NMG_0073325

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, October 3, 2006

BAGHDAD, Oct. 2 — Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, Prime Minister Nuri Kamal al-Maliki announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media.

But the details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts, through both political and military initiatives, to quell the sectarian violence and growing militia dominance that have pushed the country to the verge of civil war.

News of the plan came amid brazen sectarian abductions and killings in the past two days that have enraged Sunni legislators, some of whom accused Shiite lawmakers of focusing their efforts against Sunni militants while ignoring — and even empowering — Shiite militiamen.

In addition, the past few days have been one of the deadliest stretches for coalition forces in months, as the military reported the deaths of 10 more American and British servicemen since Saturday. At least 13 troops have been killed in the past three days.

The 10 newly reported deaths included five marines killed in Anbar Province, three of them in enemy attacks, one in a vehicle accident Sunday and one in an attack Saturday. Three soldiers were killed in Baghdad on Monday by small-arms fire, and another died Sunday after his vehicle was struck by a roadside bomb. A British soldier was also reportedly killed in Basra on Sunday.

In Baghdad, increasingly bold abductions have continued to underscore the degree to which many areas of the capital are not under the government's control.

Shortly after noon on Monday, men wearing police uniforms and riding in eight pickup trucks resembling those used by Interior Ministry forces blocked off a street near a technical college in eastern Baghdad and abducted 14 men working at an electronics store, according to the Iraqi police. The kidnappers' trucks did not have license plates, but otherwise the men appeared to possess all of the gear and dress of official security forces, the police said.

The abductions followed the kidnapping on Sunday of 26 food-processing workers in the western Baghdad neighborhood of Amel — and the discovery of the dead bodies of at least 10 of them shortly afterward, an Interior Ministry official said Monday.

The bodies were found in a southern Baghdad neighborhood, some with clear signs of torture, and most shot in the head, the official said. Four of the food workers escaped or were released, but the fate of the other 12 is unknown, he said.

The kidnappings prompted the country's most influential Sunni party, the Iraqi Islamic Party, to demand to know how victims from Amel could be transported so far without being discovered at Iraqi police and army checkpoints.

"We are sure that this work was done by terrorist militias working hard to kill Iraqis in the daylight, without anything to fear" from the Iraqi police or troops, the party said in a statement.

In Parliament, what normally would have been a perfunctory exercise to extend by a month the country's state of emergency led some Sunnis to denounce the government's inability to stop militias that have infiltrated Iraqi security forces. Continuing to give the security forces expanded powers makes it easier for militiamen to literally get away with murder, some charged.

"The state of emergency gives power to these bad guys in the security forces," said Salim Abdullah, a Sunni member of Parliament. "We give them power, but they are not accountable."

Some Shiite politicians, meanwhile, have accused Sunni lawmakers of having close ties to insurgents.

In the past week, Mr. Maliki's four-month-old government has faced growing criticism from some American military officials as well as Sunni lawmakers for its inability so far to rein in militiamen who operate with impunity, sometimes with the protection of Iraqi security forces.

In an effort to make some strides against militias, Mr. Maliki's security plan would create local committees of political leaders, tribal sheiks, clerics and members of the security forces that would monitor security in every Baghdad neighborhood.

"We are doing this to end sectarianism in Iraq forever," said Mr. Maliki, a Shiite, as he announced the plan on television flanked by Sunni lawmakers.

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The committees would have no control over the security forces and would instead function as arbitrators of local sectarian disputes, intelligence gatherers for security forces, and as a bridge between civilians and the police and army, according to lawmakers involved in drafting the plan.

"These commissions will never have any authority to lead or command security forces," said Jalaladin al-Sagheir, a Shiite member of Parliament. "It will just let the people know that they are a part of their district's protection."

The local committees will report to a "central commission for peace and security," which will work with Iraqi armed forces. There will also be a new commission for monitoring the news media, but no other details were available. The plan will be reviewed by lawmakers every month.

Iraq PM Announces Plan To Unite Parties (AP-Y)

By Lee Keath, Associated Press Writer

AP, October 3, 2006

Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood by neighborhood level.

Local committees will be formed in each Baghdad district — made up of representatives of every party, religious and tribal leaders and security officials — to consult on security efforts. A Sunni representative, for example, could raise a complaint if he feels police are not pursuing a Shiite militia after an attack. A central committee, also made up of all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki told reporters. "We have vowed before Almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who heads one of the most powerful Shiite militias, Muqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman told The Associated Press.

Al-Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold, midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday were found dumped in southern Baghdad. Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Al-Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that al-Maliki must make progress within the next two months to avert a crisis.

But al-Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

Al-Maliki announced a 24-point reconciliation plan when he took office in May, which laid down ways to tackle violence — including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias — some of which are linked to parties in the government. Sunnis have accused al-Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces on Friday and accused of plotting al-Qaida bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

"We will spare no efforts to succeed in this great initiative which we agreed on today to stop the violence and killings in Baghdad and in all Iraq," al-Dulaimi said at a news conference with al-Maliki. The two men signed an agreement with other Sunni and Shiite politicians on the four-point plan.

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In addition to the local and central committees, the plan calls for establishment of a media committee and a monthly review of progress, al-Maliki said.

However, the new plan does not directly tackle the issue of cracking down on Shiite militias, a step Sunnis demand but many Shiites oppose.

In theory, the committees would give Sunnis a venue to press security forces to take action against militias. But Shiites on the committee would have an equal chance to try to prevent action.

The top parties are to meet Tuesday to work out the details of how the committees will work, but already divisions were showing — even over wording. Shiite parties want the new plan to be focused on "terrorism," which would suggest insurgents, while Sunnis want it to address "violence," which would include Shiite militias.

The most well-known of these militias is the Mahdi Army led by al-Sadr, who on Friday ordered his fighters to put aside their weapons temporarily. He told supporters "the resistance (should) be political. ... He does not want to see a single drop of (Iraqi) blood shed," said Sadr spokesman Amir al-Husseini.

The Mahdi Army has been blamed for many attacks on Sunnis since the bombing of a Shiite shrine north of Baghdad in February sparked the wave of sectarian violence. But U.S. commanders have suggested that since then some militants have split from al-Sadr, saying he is not radical enough and carrying out attacks on their own.

Violence has not slowed in the wake of al-Sadr's orders. A curfew slapped on Baghdad on Saturday after the arrest of al-Dulaimi's bodyguard brought a day of calm. But as soon as it was lifted, violence explode.

More than 50 bodies — most bound and many of them showing signs of torture — were found in Baghdad alone on Sunday, apparent victims of sectarian killings, police said.

Midday Monday, gunmen wearing military-style uniforms pulled up to a group of computer stores at the Technical University in downtown Baghdad and pulled out 14 employees, forcing them into SUVs and driving off, police said.

On Sunday, gunmen stormed into a frozen meat factory in Baghdad and forced 24 workers into a refrigerator truck, shooting two others who refused to get in.

Hours later, seven bodies were found in a Sunni district of the Baghdad neighborhood of Dora and were identified as workers from the factory. The fate of the other abducted workers was not known. In similar mass kidnappings in the past, the attackers have sorted out Shiites and Sunnis and killed those of the rival sect.

Lawmakers from the Iraqi Islamic Party, a Sunni political group, said the kidnapped workers were all Sunnis and called on the government to act.

"It is the time the government takes serious and urgent steps to disband these criminal organizations and to save the people from their harm," they said in a statement.

At least 20 other people were killed in attacks around Iraq, including a bomb blast in Baghdad's downtown Al-Nasir Square that killed four people and wounded 13, and mortar barrages against two Sunni neighborhoods that killed two people and wounded dozens.

The U.S command said three U.S. Marines died in Anbar province Saturday — two in combat and the third in a vehicle accident. A British soldier was killed and another wounded in a mortar attack in the southern city of Basra. One shell hit a nearby house, killing two children.

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AP correspondent Qassim Abdul-Zahra in Baghdad contributed to this report.

Iraqis Plan A Team Effort To End Violence (LAT)

By Solomon Moore

The Los Angeles Times, October 3, 2006

BAGHDAD — Leaders of Iraq's major political blocs announced a plan Monday to create local committees of clerics, tribal leaders and military officers to help quell violence in the capital.

The committees would have no police powers but would work with Iraqi authorities to set up checkpoints and identify dangers in the community, and advise police officers on other security issues.

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The government also announced that a central committee for peace and security would monitor police performance in Baghdad's neighborhoods and report abuses.

The plan, unveiled by Prime Minister Nouri Maliki in a televised news conference, appeared to gain broad support among Iraq's major Sunni and Shiite political blocs Monday night.

Sunni Arab insurgent groups and Shiite Muslim militias, some tied to Iraq's leading political parties, are blamed for most of the slayings in the capital, which has been a sectarian battleground for more than a year.

"The agreement between the leaders of the political blocs is going to be activated tonight, and our brothers will work hard to stop the bloodshed," said Maliki, flanked by political party leaders in Baghdad's fortified Green Zone.

Although the plan appears to conflict with a Shiite proposal to create bands of armed volunteers to guard neighborhoods, Shiite politicians and clerics endorsed Maliki's announcement.

"Despite the bloodshed taking place every day, there is a strong intention by the political blocs," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of the nation's largest Shiite paramilitary groups. "During the last two days, we sensed a universal desire to stop the violence, which is harming all the political blocs and, most importantly, the Iraqi people."

Shiite cleric and legislator Sheik Jalaluddin Saghir urged Iraqis to work with the plan.

"I hope that people from all sects will take this message presented today from the political blocs and understand that the politicians have agreed, and not weaken in their fight against terror," he said.

Ammar Wajeeh, a prominent Sunni Arab politician, was more cautious. "We will see whether this agreement will be effective or not," he said. "The purpose of this initiative is to strengthen national reconciliation and to end the influence of militias."

The announcement came less than a week after senior U.S. military officials in Iraq told reporters that Maliki, a Shiite, was not doing enough to stop sectarian violence in Baghdad, and that he was impeding planned offensives against Shiite paramilitary fighters.

Army Gen. George W. Casey Jr., the commander of ground forces in Iraq, disavowed that criticism last week. On Monday, he issued a joint statement with U.S. Ambassador Zalmay Khalilzad, saying the plan was the result of "two days of frank and intense discussions and negotiation."

"This is a significant step in the right direction and shows that the Iraqi leaders want their country to succeed and are responding to the wishes of their people for security," the statement said.

As the politicians announced their security plan, Al Sharqiya, an Iraqi satellite television channel, reported that the number of violent deaths in Baghdad had reached a high of 1,980 in September.

The figure could not be independently confirmed, but if correct it would undercut assertions by U.S. officials that an offensive in the capital was making headway against sectarian violence.

The announcement also came on a day when Baghdad police found at least 40 bodies, many of them handcuffed and bearing gunshot and torture wounds. Ten of the victims were identified as Sunni Arabs who had been among a group of 22 people kidnapped from a food processing plant Sunday.

At least 20 people were killed throughout Iraq on Monday, including two U.S. soldiers shot to death in Baghdad.

The U.S. military also announced that a Marine was killed in combat and another died in an accident Saturday. Both occurred in Al Anbar province.

In Baghdad, a large force of gunmen dressed in police uniforms and driving seven identical sport utility vehicles commonly used by Iraqi security forces abducted 14 employees from an electronics market.

Interior Ministry officials denied any connection to the incident.

A group of armed men hijacked a minibus, fatally shot the driver and kidnapped four female Finance Ministry employees. Police fought off the attackers and rescued the women.

Gunmen also shot at an Education Ministry security convoy, killing one guard and injuring another.

Mortar attacks on a Sunni Arab neighborhood in southwest Baghdad killed four people and injured 20, and four bomb attacks elsewhere in the capital killed at least seven people and wounded at least 29 others.

North of Hawija, in the Kirkuk oil region, insurgents shot and killed one policeman and injured another.

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In the southern port city of Basra, a British convoy was attacked by gunmen. A soldier was reportedly killed.

In Babil province, a car with four occupants exploded at an Iraqi army checkpoint, killing the motorists.

U.S. forces turned over Forward Operating Base Duke, a military base in the southern province of Najaf, to Iraqi border patrol forces.

Iraq's Interior Ministry assumed control of a wide swath of desert extending from the Saudi Arabian border to Al Anbar province.

Iraq War Draws Foreign Jihadists, But Not In Droves (CSM)

By Peter Grier

The Christian Science Monitor, October 3, 2006

WASHINGTON

It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a "cause célèbre" for jihadists, as a recently declassified US intelligence assessment holds.

But that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime.

Thus, to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground. Fighting there may not produce as many hardened mujahideen eager to export jihad as did the struggle against the Soviet occupation of Afghanistan.

"It is not obvious now how many Iraqi jihadists will support the global jihad of bin Laden and how many will focus their efforts on Iraq's fledgling state," says a recent analysis of the evolving terrorist threat by the Center for Strategic and International Studies.

The leak of a National Intelligence Estimate on terrorism trends to The New York Times, and President Bush's subsequent move to declassify the NIE's key judgments, has focused new attention on the relationship between the war in Iraq and global jihad.

One NIE conclusion is that US involvement in Iraq has served as a recruiting sergeant for Islamist terrorism. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere.... Should jihadists leaving Iraq perceive themselves ... to have failed, we judge fewer fighters will be inspired to carry on the fight," says the NIE.

But the NIE - or at least the portions declassified so far - does not estimate how many of these jihadists are fighting in Iraq today, and how many may be members of terrorist cells elsewhere, looking to Iraq for inspiration. Foreigners a small share of Iraqi opposition

Abu Musab al-Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq killed by a US airstrike in June, was undoubtedly a key insurgent leader, able to rally native Iraqi Sunni Islamists to his cause. Evidence suggests, however, that foreign fighters such as he are a small minority of the overall insurgent force.

Between 50 and 70 foreign fighters sneak over the border into Iraq every month, Maj. Gen. William Caldwell, chief US military spokesman in Iraq, said last week. Most come from Saudi Arabia, Sudan, Egypt, or Syria.

Between January and mid-September, US or Iraqi government forces captured some 630 foreign fighters, according to General Caldwell. Of these, 370 remain in detention in Iraq. The rest have been processed through Iraqi courts and sentenced, or released. Some may have been taken to undisclosed locations elsewhere.

The total number of foreign fighters in Iraq is between 800 and 2,000, according to estimates by the Brookings Institution, a think tank in Washington. In contrast, the total strength of the insurgency is more than 20,000 people, according to Brookings. That means the vast majority of its fighters come from Iraq itself.

"In proportion to the whole insurgency, [the percentage of foreign fighters] is very small," says Aidan Kirby, a terrorism expert at the Center for Strategic and International Studies (CSIS).

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On the one hand, this makes Iraq's effect on the global jihad of Mr. bin Laden unpredictable. The Afghan war against Soviet invaders in the 1980s created substantial numbers of battle-hardened Islamist fighters. It's unclear whether Iraq will have an effect of the same magnitude.

Some native Iraqi insurgents may become part of the larger Al Qaeda network. But many more are likely to be uninterested in uprooting themselves to take the fight to other countries. 'It only takes a few'

On the other hand, numbers are not the sole indicator of the scale of the danger. Already there are anecdotal reports of foreign fighters traveling back to Europe from Iraq, prepared to spread jihad, says Ms. Kirby of CSIS.

"It really only takes a few people," she says. "They're acting as a force multiplier."

Jordan, Kuwait, Syria, Qatar, and Saudi Arabia have seen some spillover of violence from Iraq inside their borders, notes a CSIS analysis of Al Qaeda. And terrorists appear to have won a sanctuary in Iraq's overwhelmingly Sunni Anbar Province. "The likelihood is that this sanctuary will be there for years," says the report.

Moreover, the death of Mr. Zarqawi may affect Al Qaeda's targeting. A charismatic leader with his own agenda, he was focused on attacking "the near enemy," according to Brian Fishman, a scholar at the US Army's Combating Terrorism Center. And Zarqawi's near enemy appeared to be apostate Arabs in the Middle East.

Bin Laden, on the other hand, emphasizes the "far enemy" - the US and the West. "Zarqawi's death may actually strengthen the negotiating position of jihadists dedicated to attacking the US homeland," writes Mr. Fishman in an article in the current issue of The Washington Quarterly.

Torture Site May Be Linked To Security Forces (USAT)

By Rick Jervis

USA Today, October 3, 2006

BAGHDAD — U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government.

Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid, said Lt. Col. Avanulas Smiley, 40, a battalion commander who led U.S. troops in the raid.

“If there's linkage to Iraqi security forces, then obviously we have a problem and it needs to be addressed,” Smiley said.

One room of the complex contained a long wooden bench stained with a large pool of blood and urine, which could indicate victims were tortured there.

In another room, posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr, were plastered on the walls. On the floor were stained mattresses strewn among baseball bats, bayonets and electric drills.

The compound was empty when it was raided, Smiley said. Troops found a hole at the back of the complex, through which its occupants may have escaped, he said.

The compound belongs to a social organization named for al-Sadr's father, who was killed by Saddam Hussein's regime in 1999, said Lt. Col. Jonathan Withington, a 4th Infantry Division spokesman.

On Monday, Brig. Gen. David Halverson, deputy commander of U.S. troops in Baghdad, toured the one-story office complex as investigators looked over evidence.

Members of a special U.S. task force that investigates death squads collected blood samples and placed pieces of evidence in plastic bags. The investigators, who work with Iraqi counterparts, will try to determine whether the site was tied to Muqtada al-Sadr's organization, Smiley said.

U.S. and Iraqi forces launched an offensive in June aimed at securing Baghdad, a city of 6 million. As part of the offensive, an additional 10,000 U.S. and Iraqi troops were moved into the capital to reinforce the roughly 52,000 already here.

The biggest challenge for U.S. and Iraqi forces now is tackling religious violence that has pitted Sunnis against Shiites, particularly in the capital. “Violence carried out by Sunni and Shiite factions appeared to be carving Baghdad, and the country as a whole, into sectarian zones, protected by various armed groups,” said a report last week by Anthony Cordesman of the Center for Strategic and International Studies.

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There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry.

U.S. and Iraqi officers have pledged to crack down on any illegal militias, regardless of their affiliation or connections. "Whoever's doing the killing, we don't really care what political party they belong to," Halverson said. "If they're breaking the rule of law, we're going to bring them to justice."

U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias. "The government should announce clearly to the public that all militias should be dissolved," Maj. Gen. Bashar Mahmoud Ayoub said in August.

"There should be a militia policy that is supported by (Iraq's parliament) to enhance the security in Iraq," Halverson said.

Muqtada al-Sadr's militia, the Mahdi Army, battled U.S. forces in 2004. Today, however, al-Sadr's organization has 30 seats in the parliament and controls five Cabinet posts. Prime Minister Nouri al-Maliki, a Shiite, relies on al-Sadr's organization for political support.

Sunday's raid was conducted after Iraqi officers developed the intelligence and planned the operation. The Iraqis then invited their U.S. advisers along, Smiley said.

Smiley said he is impressed with the progress of the Iraqi army and national police troops with whom he has worked. But he said he remains distrustful of some local Iraqi police, who often act on tribal or political loyalties.

"I wouldn't say I find it often, but I suspect it often," Smiley said. "You can't always prove it. And that can cause some frustration on the street with soldiers."

More Troops, Please (WSJ)

By Pete Hegseth

The Wall Street Journal, October 3, 2006

I've heard President Bush repeatedly state he will send more troops to Iraq if the commanders on the ground ask for them. I think, having returned home from Iraq two months ago, that there must be a breakdown in communication somewhere along the line. Maybe units on the ground are painting too rosy a picture for the generals. Perhaps the generals aren't asking because it goes against the "can do" ethos of the Army. Possibly the military is being squeezed by the Pentagon to do more with less. Or maybe the White House doesn't want to admit more troops are needed. In any case, while I do not have the answers nor do I seek to place blame, it is painfully obvious there's a disconnect.

I volunteered to serve in Iraq because I believe in our mission there. I share the president's conviction about the Iraq war -- we can and must win, for the Iraqi people, for the future of our country and for peace-loving people everywhere. But I'm frustrated. America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now. * * *

After witnessing two national elections during three months in Baghdad, my Army unit moved north to Samarra, where we spent eight months sowing the seeds of progress. While we had success in uprooting the insurgency and building the local government, it wasn't enough. We had just enough troops to control Samarra and secure ourselves, but not enough to bring lasting stability or security. "Not enough" became the story of my year in Iraq.

The future of Samarra and Iraq as a whole, ultimately lies in the hands of her people -- their sympathies are the ultimate prize in this war. No matter how many insurgents we kill, city leaders we meet or policemen we enlist, it is all for naught if we cannot provide security and stability. Tribal sheikhs told us that even within Samarra -- deep in the Sunni triangle -- a vast majority of people just want peace and order and will side with whoever can provide it. Right now Samarrans rightfully question who that will be.

The end goal in Samarra is for Iraqis to do everything for themselves. But their government and security forces are not ready. Insurgents use death threats and murder to assert power over anyone working with the City Council or joining the police force. This atmosphere forces moderate Samarrans to keep their mouths shut, and their silence abets the insurgents who live and fight in Samarra. Despite killing scores of insurgents, we are unable to provide lasting security, and so the Samarran street slips away.

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Two things are to blame for our predicament, one a corollary of the other. The first reason is that we did not have enough troops in Samarra. The skill and courage of 150 American soldiers prevented chaos, but was never enough to fully secure a city of 120,000 people or maintain the rule of law. The soldiers in the city were preoccupied with defending themselves and conducting night raids, and were therefore largely unable to regularly patrol during the day -- thus giving insurgents reign to move freely and intimidate the local population. A visitor in Samarra on an average day would be hard-pressed to point out a single American humvee traversing local neighborhoods. The same is true for Baghdad.

Our four-vehicle civil affairs patrol was often the only American presence deep inside the city and we were frequently greeted by locals with the question, "Where have you been?" Americans can't of course be omnipresent; but we should at least be there when it matters. When Americans are there, either the insurgents are not or they are on the losing side of a firefight.

Second, because of a lack of troops, American military leaders are forced to make a choice between mission objectives and self-preservation. Many of our leaders are opting to guard supply routes and coagulate on sprawling military bases, rather than consistently moving into dangerous areas and fighting the insurgency. In our case, we had 500 soldiers stationed outside Samarra who made infrequent trips into the city center. There is little reason why most of these troops were not stationed inside Samarra, canvassing every neighborhood with platoon-sized patrol bases and suffocating insurgent operations. Rather than take the risks necessary -- like small patrol bases and frequent foot patrols -- our unit opted to secure itself and its supply routes rather than commit resources inside the city. And while this approach is safer in the short run, it only prolongs mission accomplishment, ultimately endangering more troops. We often speculated our unit would be back next year, driving the same streets with even fewer guys.

In due time, the Iraqi Security Forces will take over Samarra, but they are not ready yet. If the Americans left today, the Iraqis would be co-opted by the insurgents -- who are utterly ruthless, willing to kill family members of policemen or decapitate Iraqi soldiers to preserve disorder. It will take time. Both the Iraqi Army and Samarra Police need to get bloodied a bit and bounce back, proving their strength to the people. They will eventually be ready, but until then, security belongs to us.

I also understand calling for more troops is contrary to conventional thinking inside government and the military. Supporters of the current approach argue sending more troops would further inflame anti-American sentiment, incite more violence and retard independent progress. My experience suggests otherwise. American troops are tolerated, even welcomed when they effectively provide security; but their presence is cursed when it does not accompany progress. Violence persists not because American troops are present, but because our presence is futile. Many local leaders asked us, "How come the most powerful country in the world cannot defeat local criminals and thugs?" They suggested our failure was part of a larger conspiracy to keep the Iraqi people suffering.

I have not lost the optimism that sent me to Iraq. We did make gains. Our 10-man civil affairs team established good relationships with brave Iraqi leaders and sat across from them as equals. I watched city leaders battle insurgents, not only with guns but with newspapers and economic development. By the time we left, the City Council was meeting on its own accord and with increasing legitimacy, forming committees to oversee fuel allocation, new construction and security. Increased home construction was evident and local markets were open.

Even the security situation inside the city improved. Previous summers in Samarra had been extremely violent, but the summer of 2006 was different. Days passed without a significant attack inside the city. Less than 150 Americans, along with Iraqi counterparts, controlled a town of over 120,000 Sunni Arabs through targeted raids and sniper operations. One local insurgent even begged city leaders for amnesty in exchange for good conduct. Our unit killed or captured hundreds of insurgents, knocking the wind out of the local insurgency -- but never crushing it.

I believe, as the president noted, that "the safety of America depends on the outcome of the battle in the streets of Baghdad." Why then do we have just enough troops in Iraq not to lose? Most of the people I've spoken with since coming home -- those both for and against the war -- believe we must finish the job in Iraq. Americans understand a defeat in Iraq would have horrible consequences for America and its allies for decades to come. America has the capacity to win and the will to support a winning strategy.

Why then are we pursuing a bare minimum approach?

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First Lt. Hegseth served as an infantry platoon leader and civil-military operations officer in Iraq with the 101st Airborne Division.

Death Never 'in Vain' (USAT)

By Kathy Roth-douquet

USA Today, October 3, 2006

Died in vain?

President Bush wants to stay the course in Iraq so that those who have died there will not have died "in vain." Anti-war activist Cindy Sheehan urges us to pull out immediately to prevent more Americans from dying in vain.

Bush and Sheehan have both got it wrong.

Too many partisans in the battle for Iraq policy have used soldiers' deaths as a football in a bid to score points. It's cruel (imagine being a family member and being told the death of your loved one was in vain), but even more, it's just wrong. Those who argue that a soldier's death has meaning only if the politics are "right" misunderstand military service in America.

"We think of Kristian (Menchaca) as a hero," says Sylvia Grice of her cousin, 23, one of the soldiers kidnapped, tortured and killed by insurgents last June in Iraq. "He didn't have to do this. He believed in what he was doing." The terrible death's meaning, in other words, came from the soldier's commitment. It is his commitment that gives his life meaning, and even his country's possible errors — staying in too long, leaving too early — can't take that meaning from him.

The phrase "died in vain" comes to us from our great moralist president, Abraham Lincoln. In Gettysburg's graveyard, Lincoln urged the gathered to fight on for the survival of the United States so that those interred in that ground would not have died in vain. He did not argue that a soldier who loses his battle or his war has died in vain. Instead, he noted that America itself — its ideas and ideals — is what gives the soldier's life meaning.

So where does the meaning of military sacrifice come from?

Military service in America flows from our Constitution as a covenant among free people. The parties to this sacred contract are, on one hand, a group of citizens who assent to bear arms for their country for a time, and on the other, the rest of us, the civilians whose task it is to decide whether to send our compatriots into peril. Those bearing arms promise to bring their loyalty, skill and honor to the task; the civilians, for their part, promise to weigh the fate of those soldiers with seriousness and care, and provide the support necessary to those who go.

The meaning in the lives of those who bear arms resides in their loyalty to the democracy that sends them, and the skill and honor they bring to their task. If the civilians who send them falter in their decision-making, it dishonors those who steer and not those who serve.

So let's apply this to the war in Iraq. What if the war is a mistake, or we pull out too early? Are the deaths then for naught?

From the standpoint of a soldier or Marine, or in my case, a Marine's wife, the answer to these questions must be no. Why? Because despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering.

Whether we are led by Democratic presidents or Republican ones — great men such as Franklin D. Roosevelt or middling men such as Warren G. Harding — there will be mistakes, judged differently at different times in history and perhaps never resolved utterly in consensus. Even in the "good war," there were bad engagements, bad decisions, unnecessary, sad, tragic deaths.

Service, then, is even more ennobling because it represents an act of faith in an unwieldy system — a representative democracy of human beings. The weakness of our system lends poignancy to the decision to serve: Those who go into harm's way recognize that our society is in many ways deeply flawed, but to paraphrase Winston Churchill, it's the best one available yet.

Philosopher Nancy Sherman says the military resolves this tension by adopting a version of the ancient Stoic philosophy, which holds that one may be judged only by the rightness or wrongness of one's own acts, not by the acts of others. A soldier who does his portion morally and well cannot be tarred by the brush of a leader's bad policy. This does not mean that some

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individuals' willingness to serve translates into a blank check for irresponsible policy — if anything it requires us to constantly scrutinize our policy and commit to do better.

In complicated times like these, it's important to remember that self-government is perishable — it can be killed not only by enemies outside the gate, but also by indifference and alienation within. The decision to serve is a decision to be part of our country and, ideally, to make the part one touches the best possible. This is what has value, so that even in the tragic cases of friendly fire, or accidental deaths or deaths in battles later lost, those who die did not die in vain. They died in service to an ideal — Lincoln's ideal that the government of the people, by the people and for the people shall not perish from the face of this earth.

There is nothing vain about that.

Kathy Roth-Douquet is the co-author, with Frank Schaeffer, of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country. She lives on a military base in North Carolina.

Frist: Taliban Should Be In Afghan Gov't (AP)

By Jim Krane, Associated Press Writer

AP, October 3, 2006

U.S. Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring "people who call themselves Taliban" and their allies into the government.

The Tennessee Republican said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield.

"You need to bring them into a more transparent type of government," Frist said during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat. "And if that's accomplished, we'll be successful."

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have been killed nationwide so far this year. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

The top U.S. military commander in Afghanistan, Lt. Gen. Karl Eikenberry, told Pentagon reporters last month that while the Taliban enemy in Afghanistan is not extremely strong, their numbers and influence have grown in some southern sections of the country.

President Bush has been criticized for his handling of the war and is trying to contain the damage ahead of midterm elections this fall. On Friday, Bush acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist said asking the Taliban to join the government was a decision to be made by Afghan President Hamid Karzai. Karzai's spokesmen were not immediately able to be reached for comment.

Sen. Mel Martinez, a Republican from Florida accompanying Frist on his trip, said negotiating with the Taliban was not "out of the question" but that fighters who refused to join the political process would have to be defeated.

"A political solution is how it's all going to be solved," he said.

Frist said he had hoped the U.S. would be able to withdraw its forces from Afghanistan soon. But he said the 20,000 U.S. troops in the country are still needed to support the NATO alliance, which will assume direct control over most military operations here.

"We're going to need to stay here a long time," Frist said.

The senator said he was warned to expect attacks to increase. There appears to be an "unlimited flow" of Afghans and foreigners "willing to pick up arms and integrate themselves with the Taliban," he said.

He said the only way to win in places like the volatile southern part of the country is to "assimilate people who call themselves Taliban into a larger, more representative government."

"Approaching counterinsurgency by winning hearts and minds will ultimately be the answer," Frist said. "Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

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Frist and Martinez flew to this dust-blown mountain city 220 miles south of Kabul during a one-day stop in Afghanistan on a regional tour that includes stops in Pakistan and Iraq.

The pair had intended to visit a new $6.5 million hospital built by the United Arab Emirates, but a group of wounded Taliban fighters were recuperating there, including a midlevel commander, and U.S. commander Lt. Col. Kevin McGlaughlin canceled the visit because of security concerns.

In violence Monday, a suicide bomber blew himself up next to a NATO convoy in the capital Kabul, wounding three foreign soldiers and three civilians, while a roadside bomb in the eastern Paktia province killed three Afghan soldiers and wounded three others, officials said.

Maj. Luke Knittig, a military spokesman, said he could not disclose the nationalities of the NATO soldiers who were wounded. The attack came two days after another suicide bomber killed 12 people and wounded more than 40 outside Afghanistan's Interior Ministry.

In the southern province of Helmand, five civilians were killed when their vehicle hit a mine on a road usually used by NATO and Afghan forces, said Ghulam Muhiddin, the governor's spokesman.

Suspected Taliban on a motorbike, meanwhile, killed two policemen and wounded two others in Gereshk district, he said. NATO-led troops killed three militants in Nawzad district.

After Afghan Battle, A Harder Fight For Peace (NYT)

By Carlotta Gall

The New York Times, October 3, 2006

PASHMUL, Afghanistan — NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people.

Villagers trickling back to their homes broke into an argument over who was to blame for the heavy destruction, NATO or the Taliban.

“My house was bombarded and my grape store destroyed,” said Hajji Bilal Jan, 48, a farmer from the upper part of Pashmul. “The coalition forces are cruel, without reason. There were no Taliban in our house. Why did they bombard the house?”

Another man, Neamatullah, 45, who like many Afghans uses only one name, stopped to listen and then countered: “Why did you let the Taliban come to your village? You brought them to your village.”

The battle here, the biggest for the American-led forces in the country since March 2002, was a long-awaited success for NATO forces in a year in which the Taliban have revived with surprising strength.

But it also showed that fighting the insurgency was not just about winning the battle, but securing the peace. Pushing out the Taliban is one thing, NATO and Afghan commanders emphasize, and keeping them out another.

NATO officials estimate that the Taliban lost 500 fighters over all and say 136 have been captured, mostly as they tried to escape. Five Canadian soldiers died in the operation. But just afterward, four more were killed in a suicide bombing.

To help enlist the support of local villagers, military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war’s damage.

“If the people cooperate with us, the Taliban can do nothing,” said Capt. Majid Khan, commander of a unit of the Afghan Army that took part in the fighting and is now based in Pashmul.

Most villagers here, who grow grapes and pomegranates in the rich soil along the Arghandab River valley, said they opposed the Taliban but had been powerless to stop the groups of armed men who moved into the area over recent months.

But among them were those who fed and sheltered the Taliban and possibly fought alongside them. The villagers said the leader of the Taliban group in this area, Abdul Khaleeq, was from Pashmul, and he had fighters from surrounding villages as well as outsiders.

“Most of the people are with the government,” Mr. Neamatullah said. “Just a few people get special benefits from the Taliban.”

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"He knows everything about the Taliban," he added, pointing out the man he had argued with, Mr. Jan.

"It was very good, the bombing," Mr. Neamatullah said. "I am happy, because the Taliban must be finished off."

The Taliban first moved into two densely populated farming districts in this area, Panjwai and Zhare, west of Kandahar, in May just as NATO forces, led by Brig. Gen. David Fraser of Canada, were taking over command from United States forces in the southern region of the country.

"The whole place was full of Taliban," said Faizullah, 26, a farmer who was later wounded in the bombing of the nearby village of Zehdanan. "They did not stay more than two nights in one place. They were telling people to leave."

In July and August the Taliban began building up their forces there in a clear bid to set up an area of control and threaten the city of Kandahar, the provincial capital, General Fraser said in an interview in his headquarters at the Kandahar air base.

"They put a lot of resources into this area, a lot of intellectual capital and psychological commitment," he said. "This was a fight unlike the fight I've had with the Taliban for the last eight months."

One of the Taliban leaders, Hajji Mullah Abdul Rauf, a former provincial governor, taunted the American military in an interview with Al Jazeera television in the Panjwai area in late August. "Where has the American power gone?" he said. "Why could they not capture the Taliban and mujahedeen in their caves?"

"It is Afghans who are helping us," he said. "They give food, they give help and they have come out against this government. They do not want this government."

But Mr. Neamatullah said he had challenged some of the Taliban fighters he came across. He met a group sitting under a mulberry tree, not far from his village, Char Kutsa, also near Pashmul, where women were washing clothes in a stream.

He said he had asked the men: "Why do you come here? Do you want the women to get bombed?" He said he did the same with another group the next day in the mosque of a neighboring village. "The Taliban's special answer was always that 'somebody ordered us to come here' to this village," he said.

Villagers said the Taliban were mostly Afghans, but from neighboring provinces and districts, as well as from Pakistan. The Taliban were well equipped with radios, satellite telephones and weapons, they said.

NATO and Afghan forces finally mounted a carefully planned operation, beginning on Sept. 2, after warning civilians to leave the area and dropping leaflets promising the Taliban safe passage out if they gave up their weapons.

The Taliban concentrated their fighters in several pockets on either side of the river — at Sperwan, Pashmul and Siah Jui — and NATO deployed forces from the south, north and east in a pincers movement.

More forces guarded the western and southern flanks to cut supply and escape routes. Canadian forces hit a mine on their first attempt to breach the river stronghold from the south into Pashmul and then suffered multiple casualties in an airstrike from an American A-10 attack jet.

The commander of United States forces in southern Afghanistan, Col. R. Stephen Williams, 46, from Anchorage, joined the battle four days later. He gathered Canadian, American and Afghan forces for an attack on Pashmul on Sept. 12.

After wearing the Taliban down for six days with rock music blaring across the river valley, and artillery fire and airstrikes wherever they spotted a concentration of fighters, they found a weak spot in the Taliban's defenses.

Playing his favorite song, AC/DC's "Back in Black," to hide the sound of the armored vehicles, Colonel Williams took the Taliban by surprise, crossing the river and driving through the cornfields from the northeast.

The fighting was intense for a day and a half. The Taliban were dug in under ideal cover in vineyards, with deep irrigation channels and high mud-wall barns for drying grapes. "It was Normandy invasion tactics with bunker systems and trenches," Colonel Williams said as he walked journalists through a battlefield tour.

"We found a lot of bunkers, with metal roofs and air holes with metal pipes running up for ventilation," the colonel said, standing over one bunker that had been destroyed by his forces "They used the canals as trenches and then would pull back to the bunker."

The village school, a cluster of white painted classrooms built with American aid money in the last four years, was destroyed by repeated air and artillery strikes. "The Taliban used this as a weapons cache and their command and control place," the colonel said. "For some reason they kept coming back in here every time we bombed the place."

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In small mud buildings, his soldiers found a makeshift field hospital. “We found tons of bloodied rags, bandages, IV bags and needles,” he said. “We took away five to six garbage bags for examination.”

The Taliban pulled out in groups during the attack, leaving small numbers of men to delay the NATO advance. Colonel Williams calculated from battlefield reports that his force alone had killed 150 to 200 insurgents in 10 days of fighting, and only had four men wounded on their side. Seven to eight Taliban commanders were lost in the fighting, he said.

Although NATO and Taliban forces told villagers to leave before the fighting, some civilians were killed and wounded in the conflict. United Nations officials have gathered reports of at least 40 civilians killed. A government commission sent by President Hamid Karzai to investigate the fighting said that 53 civilians had been killed in the fighting and that it had caused an estimated $750,000 in damage.

Kandahar’s main hospital took in 24 wounded people from the Panjwai and Zhare districts from Sept. 3 to 18, as well as two girls wounded in the suicide bombing, which happened on Sept. 18.

Rahmatullah, 33, a farm laborer, lay in bed with two broken legs. He lost two nephews, ages 3 and 1, when their house in Zangabad was bombed. As family members were trying to save the children’s mother from the rubble, a NATO plane struck a second time, wounding more women and children, he said.

Despite their injuries and losses, there was little sympathy for the Taliban among the patients or other villagers interviewed. In Pashmul, a 19-year-old high school student, also named Neamatullah, and his brother Habibullah, 17, climbed the broken wall where the gate to their house was destroyed.

They gestured with shock at the devastation before them. A bomb had gouged out a 25-foot-deep crater in their yard, smashing the well and the main building of the house.

Asked whom he blamed for the damage, Neamatullah said the Taliban. “Before they came, there was no bombing,” he said.

Afghan Politics - One Chicken Dinner At A Time (CSM)

By Scott Peterson

The Christian Science Monitor, October 3, 2006

NARAY, EASTERN AFGHANISTAN

Bold, full of hope, and with a healthy fear for their speck-on-a-map villages, the Afghan elders arrived at this US firebase recently for a change-of-guard ceremony.

Expected to be a gracious host - but with little suitable food and after being caught off-guard by the elders who had arrived one day in advance - US Army Capt. Dennis Sugrue invited the handful of weathered men to join him for lunch on cushions on the floor.

The air was thick with concerned expectation. The US officers hoped to win these elders as allies against a growing insurgency with promises of development projects and friendship. And there has been some progress: a growing number of project requests, and even help finding insurgent locations.

But would there be enough food, when the lids were removed, to honor the Afghan guests? Or would the two Army captains find themselves embarrassed by a meager offering?

After the lids were swept from two large platters, the assembled party caught its collective breath. Two small grilled chickens would be enough meat to forge closer bonds between these Afghan elders and their American hosts. Business could commence.

"The American help is very important," says elder Haji Hamidullah, who ticks off four US-funded projects in his village of Mandagal, including water pipes and a collection basin, and a microhydro power setup. "Now there is now clean water, but there will be. At night, we stay in the dark. If we have light, it will be very good."

Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index.

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"If some [insurgents] come down to the village, we will fight them," vows Hamidullah, who is here to accept the first installment - more than $6,000 worth of freshly printed red 1,000 Afghani notes, in three bundles - for the $25,000 water-pipe scheme. The day before, US officers had doled out $75,000 for approved projects.

Trust was so high in Mandagal that the Americans would pay, that elders had already hired an engineer and paid with their own money to complete much of the work.

"There are a lot of hills and trees in Nuristan. In the day, the enemies hide in the trees; at night, they plant IEDs [improvised explosive device] and leave night letters," says Hamidullah.

"We're not afraid of these people," boasts Hamidullah. "People are sometimes scared, but they see the government is powerful and fighting them," he says, gilding the lily a bit. But he acknowledges that "without the Americans" there would be "big problems."

A firm stance like Hamidullah's is not easy to maintain, as pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated. Threats are common, and come in the form of "night letters," which appear overnight from insurgents, warning people that they will die if they cooperate with US or Afghan forces.

"Whenever construction is going on, [militants] come down from the hills to stop it," says Captain Sugrue, a civil engineer from Watertown, N.Y., who launched the first 15 or so projects with discretionary funds available for such work to US commanders. He says the rugged terrain makes Nuristan a "natural refuge" for militants looking for training bases.

"The insurgents can't compete with the money we are going to pour into reconstruction," adds Sugrue. "People who are likely targets are scared. If you are a shura [local council] leader, you are a target."

The learning curve for the Americans has been steep. The first time they set foot in Kamdesh, US troops were fired upon. Later, at a US-sponsored gathering of district elders, a moderate mullah from Mirdish, named Abdullah, explained the need to develop local relationships.

" 'If you had come to me first, you would not have been shot at,' " Sugrue recalls Mr. Abdullah telling him. "What he was saying is that there is a right way to do things."

Local know-how is a requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth. But it's an uncommon trait among US military officers in Iraq and Afghanistan, whose tours are often too short - and whose mandates are too uncertain - to gain such a detailed knowledge of an area.

Sugrue's first big project taught another important lesson. Engineers had chosen the worst 14 sections of the 20-mile road from Naray to Kamdesh village for improvement. To do the job, Sugrue tapped a well-established contractor from Jalalabad - some 70 miles away.

But when it became clear to locals from the Naray region that the road project was proceeding with an outside firm, they began to have second thoughts about initially cold-shouldering the effort. One group of out-of-town road workers was beaten up. While the project is nearly complete, Sugrue says "I have a guy with no vested interest in a doing a good job with the road; he's just trying to get away with his life."

Contracts are now made in conjunction with village leaders "to make sure the right people do the work, and have a stake in it." The trade-off is that, while there is a community approval for the work, there are local limits to technical expertise. Sugrue and his colleagues are now plotting the best way to do another road project that goes through 10 villages, and has become more of a political problem than an engineering one.

Of the 15 or so US-funded projects in Kamdesh so far, half of the biggest ones are now being handed over to the Provincial Reconstruction Teams (PRT), which are purpose-built US military units that are being deployed across eastern Afghanistan in areas controlled by US forces. Each PRT includes two civilian engineers and civil affairs officers to handle big-ticket projects like roads and bridges.

Small, high-visibility projects will still be run by individual squadrons, at least here with the 3-71 Cav., so that US patrols have a reason to keep visiting villages to assess progress and make their presence felt.

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"We are improving our methods, though there are still shortfalls," says Sugrue. Elders understand the long-term importance of such projects for the community, he says, though many villagers are illiterate and see the projects solely as a "job for three months swinging a hammer."

But there are larger issues at stake for some. At the same lunch, Mir Mohamed Khan, an elder from nearby Nangal village - where Army money will help to complete a previous drinking water project started by a European-funded agency called Afghan Aid - breaks off a piece of grilled chicken and wraps it in bread.

He says that recent US shelling from this base at insurgents who had attacked with rockets overshot the target. "They fired from the first village, and you almost hit the third village," says Mr. Khan. "If you come to our village, everyone will let you know where they fired from."

Outside, Khan pointed to the configuration of hills, where he said shepherds had seen insurgents in action. They had been trained by Pakistani intelligence, he claimed, and in religious schools."

"They call it a religious way, but it is not a religious way," says Khan. "They are enemies of both of us....The enemies are trying to stop reconstruction, but they will never do it."

DOJ:

Ohio Prosecutor Named Interim U.S. Attorney (TENN)

By BONNA De La CRUZ, Staff Writer

Nashville Tennessean, October 3, 2006

A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today.

Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm.

Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said.

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CORPORATE SCANDALS:

Feeling 'Slap In The Face' After Fastow's Sentence (WP)

By Carrie Johnson

The Washington Post, October 3, 2006

When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals.

In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years.

That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior.

The reduction, former Enron worker Rod Jordan said yesterday, "was a slap in the face to employees."

No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. "A lot of them decided to skip Fastow because they thought it was a done deal," Jordan said, referring to the 10-year term.

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Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had "locked in" a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force.

But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income.

At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years.

Daniel M. Petrocelli, a lawyer for Skilling, called Fastow's reduced sentence "disturbing" in an e-mail. During the trial, Petrocelli regularly attacked government witnesses for misrepresenting the sentence reductions they would receive for cooperating with prosecutors. Legal analysts said yesterday that the contention could become a ground for Skilling's expected appeal.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli wrote. "Now, with the trial over, they come into court and argue for a substantially lesser sentence."

Legal analysts said the proceeding, and the debate it provoked, underscore the power that federal judges enjoy. Since Fastow's plea deal was struck in 2004, a U.S. Supreme Court decision made sentencing guidelines advisory, rather than mandatory, for judges. That gave the judge more leeway to give Fastow less time.

However, judicial discretion can cut both ways. A few former Enron workers who agreed to help prosecutors have been sentenced to a wide range of prison terms: from probation to six years behind bars. The Fastow case is drawing the most heated commentary because a week earlier, the same judge who sentenced Fastow was far more stern with former Enron executive David W. Delainey.

Delainey, a Canadian citizen who voluntarily agreed to travel to the United States several times, pleaded guilty to a single insider-trading charge and began cooperating with prosecutors even before his October 2003 deal. Delainey's lawyers had asked for probation, but instead Hoyt reduced his possible sentence by only three months, ordered him to serve 2 1/2 years in prison and warned that he could have faced far more serious charges for his conduct at Enron. The disparity in treatment fueled anger from John Dowd, a Washington lawyer who defended Delainey.

"The message from the court was clear," Dowd said. "If you square your account with the law early, accept the consequences, fully cooperate for three years and receive the enthusiastic support of the government at sentencing: Tough luck; you get a cut of three months. If you fight the truth and get others involved in crime, and receive no support from the government, then you receive the mercy of the court and get a cut of four years off what you agreed to."

Within the next few weeks, former Enron investor relations official Paula H. Rieker, who pleaded guilty to a single insider-trading charge, and former accounting chief Richard A. Causey, who pleaded guilty to securities fraud, will be sentenced by other federal judges in Houston. Causey, who did not reap the same personal gains from Enron that Fastow did, faces the possibility of a longer sentence.

Philip Hilder, a Houston defense lawyer who represented several witnesses in the Enron investigation, said he was "surprised" by the leniency toward Fastow. But, Hilder added, Hoyt appeared to have considered Fastow's circumstances.

"He really has transformed himself from somebody who was vilified to someone who seemed almost sympathetic on the stand and who genuinely accepted responsibility for his actions," Hilder said. "I wish more judges would view defendants as individuals."

Memo Suggests When Hurd Knew Of Phone Data (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 3, 2006

DOJ_NMG_0073341

Despite hours of testimony before a House subcommittee last week, Hewlett-Packard Co. still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe?

A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal.

The memo, from the firm of Wilson Sonsini Goodrich & Rosati, says Mr. Hurd recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web." Mr. Hurd "remembered thinking" there must be a Web site with such information, according to the memo, which was prepared by Wilson Sonsini lawyers who were asked to investigate H-P's tactics in investigating the leak probe.

Investigators for H-P obtained the phone records of board members, reporters and H-P employees using a technique called pretexting, which involves obtaining records through impersonating a phone customer. Disclosure of H-P's tactics have prompted several government investigations and the resignations of three H-P executives and Chairman Patricia Dunn, who helped lead the leak investigation and recently yielded her title to Mr. Hurd.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. • Complete coverage3

The Wilson Sonsini memo, which was based on a telephone interview by the lawyers with Mr. Hurd on Aug. 25, 2006, is the first evidence to emerge that Mr. Hurd may have known about the use of phone records during the investigation. In his House testimony and other statements, Mr. Hurd has said he didn't recall discussion of the methodology of the leak investigation in the July meeting, focusing instead on the results of the investigation so far.

Michael Moeller, an H-P spokesman, yesterday wouldn't go into details of the Wilson Sonsini memo. But he added: "We believe the documents, Mark's witness interview, the memo, and his testimony provide a complete and accurate picture of his knowledge of the investigation."

During a hearing Thursday before a subcommittee of the House Energy and Commerce Committee, Ms. Dunn testified that she learned early in the investigation that phone records were being sought by Ronald DeLia, the Boston-based private investigator that was handling the matter for H-P. But she said she believed that the information was being gathered in a legal way, and that she didn't understand what pretexting meant until much later.

"It was my understanding that these records were available through permitted mechanisms and that it was the common practice within Hewlett-Packard to use phone records to perform investigations," she testified.

But those assumptions were challenged by House members during the hearing. "You honestly believed that it was that simple, that your phone records, that anybody in the world can just call up and get them?" asked Rep. Greg Walden (R, Ore.).

Mr. Hurd has apologized profusely for the affair, and has said he should have done more to learn about the details of the investigation. He has previously disclosed his attendance at the July 2005 meeting, as well as another in March 2006, at which findings of a second phase of the investigation were discussed.

In the Wilson Sonsini memo, the lawyers wrote that Mr. Hurd said he wasn't aware that pretexting was being used to obtain phone records. Mr. Hurd told the lawyers he had only heard the term for the first time recently.

But Mr. Hurd's recollection about the July 22, 2005, meeting, as reported in the lawyers' memo, contains inconsistencies. On the second page of the three-page document, the lawyers wrote that Mr. Hurd confirmed that he attended about 45 minutes of a scheduled, hour-long briefing on the leak probe by H-P's investigators.

Mr. Hurd recalled learning then that the results of the investigation, at that point, were inconclusive, the memo states. He added that he didn't recall what, if any, investigative techniques were discussed at the meeting, or if anyone mentioned phone carriers. On the third page of the memo, however, the lawyers cite his recollection about the possibility that phone records had been obtained off of a Web site.

According to other Wilson Sonsini memos, several other participants at the July 2005 meeting told the lawyers that phone records were discussed, and possibly the use of pretexting as well. H-P investigators Kevin Huska and Tony Gentilucci, who both

attended the meeting with Mr. Hurd, told Wilson Sonsini that phone records were discussed, but neither could recall if pretexting was also raised.

Mr. DeLia told the lawyers that any results discussed at the meeting "would have had to include the results of the telephone research." Mr. DeLia also told the lawyers that he explained how pretexting was used at the July 2005 meeting, though he told them he wasn't sure if Mr. Hurd was in the room during the discussion of phone records.

The Wilson Sonsini memo also describes Mr. Hurd's recollection of the March 2006 meeting, which was held in Los Angeles and coincided with H-P's shareholder meeting. Mr. Hurd told the lawyers that Kevin Hunsaker -- an H-P vice president who helped lead the leak probe, and has subsequently resigned -- "explained that they had information regarding phone calls," the memo states.

But questions about the legality of obtaining such records weren't raised, because of Mr. Hurd's previous statements to Ann Baskins, H-P's general counsel, who has also resigned.

"Because Hurd had previously told Baskins that the investigation must be legal, he did not feel the need to question Hunsaker on this point," the memo states, referring to Mr. Hurd.

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Cingular Wireless Files Suit Against Investigator Over Hewlett-Packard Pretexting (LAW)

By Joe Crea, Legal Times

Legal Times, October 3, 2006

Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information.

The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages.

Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed.

Kelly could not be reached for comment.

Cingular is represented by David Balser and Nathan Garroway of McKenna Long & Aldridge in Atlanta. The suit claims that Kelly and his firm did not obtain authorization from Cingular, its customers or law enforcement agencies to acquire personal customer information, in violation of federal law.

Lawmakers grilled current and former HP executives on Thursday over the scandal, in which hired private investigators for the Palo Alto, Calif.-based company impersonated HP board members, employees, and journalists. The hired guns rifled through people's trash, planted spies in newsrooms, obtained phone records through a practice known as "pretexting," and spied on targeted individuals and their relatives.

On the day of the hearing, Verizon Wireless filed a similar lawsuit in a Trenton, N.J., federal court in response to the HP pretexting scandal.

"Ours is a John Doe lawsuit," says Jeffrey Nelson, executive director of corporate communications for Verizon Wireless. "We don't name any particular individuals [in our suit], but we believe it involved one member of HP's board and potentially a family member of that board member."

Sonsini Received Questionable Novell Options (LAW)

By Justin Scheck, The Recorder

California Recorder, October 3, 2006

As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees.

But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people.

Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece.

That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper.

The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts.

But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December.

Ultimately, the options would become worthless before vesting due to the tech market crash.

Nevertheless, the series of events makes experts wonder whether the grants were also "spring-loaded" -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case.

"It doesn't smell good," said Boalt Hall School of Law professor Jesse Fried, an expert in corporate governance and insider trading. "This was at the annual low and was an off-cycle grant, and it's highly likely that this was spring-loaded."

Neither Sonsini -- who left the Novell board in 2002 -- nor a spokeswoman from the firm he chairs, Wilson Sonsini Goodrich & Rosati, would comment for this story.

On Aug. 29, though, Novell announced it was reviewing its option grant practices, and that the audit could lead to a restatement of past earnings under SEC rules governing executive pay.

"It's a comprehensive review," said Novell spokesman Bruce Lowry. He wouldn't comment on the ongoing work being done by lawyers at Morgan, Lewis & Bockius. Linda Griggs, a partner at the firm who is working on the probe, said Friday she was too busy to comment.

However, Lowry did confirm that grants to board members would be included in the examination. "It is all grants that are being reviewed," he said.

ABNORMAL PRACTICES

Novell's disclosure came at the tail end of a long train of admissions by companies that their option grants raised suspicion.

Since The Wall Street Journal first reported early this year on the apparently widespread practice of changing dates on stock options, more than 100 companies have come under scrutiny.

At least six companies gave out suspiciously dated options at times when Sonsini sat on their boards. Two of them -- Pixar and Novell -- have publicly announced internal probes of past grants. Another, Brocade, has seen former executives indicted for past options practices. And three others, LSI Logic, Lattice Semiconductor Corp. and Echelon Corp, were identified by The Recorder in August as having suspiciously timed grants to top executives.

Speaking privately because they are involved in stock option probes, several attorneys said questions about director grants have come up at a handful of companies being investigated by the SEC. But, they said, such cases are rare. At the majority of companies, board members only received options once a year at a pre-determined date outlined in a director compensation plan.

Novell had just such a system to keep directors out of the awkward position of awarding options to themselves. Every spring, on the day of Novell's annual shareholder meeting, each director would receive 15,000 options at the share price on the day of the meeting, in accordance with guidelines ratified by shareholders in 1996.

"No person shall have any discretion to select which outside directors shall be granted options, or to determine the number of shares to be covered by options granted to outside directors," the plan said.

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But Novell's directors deviated from that policy three times between 1996 and 2001, granting themselves options at dates other than the annual meetings. On those occasions, the board cited a 1991 stock plan for the authority to make such grants.

The fact that Novell had guidelines for option grants -- and that directors strayed from them -- is particularly disturbing, said lawyers and academics.

"It should be an issue of shareholder concern whenever a board changes its own compensation," said Kirk Hanson, the director of the Markkula Center for Applied Ethics at Santa Clara University and a former Stanford University business professor.

While directors are generally permitted to award themselves whatever they want as long as it is publicly disclosed, Hanson said basic principles of corporate governance hold that they should avoid giving themselves pieces of the company just because they can.

It's not entirely clear from documents filed with the SEC how Novell's board decided to make the out-of-cycle grants in 1997, 1999 and again in 2001. Besides Sonsini, two other ex-board members -- former FCC Chairman Reed Hundt and Jack Messman, who was ousted as Novell CEO earlier this year -- declined to explain.

At the time of the 1999 grant, Hundt served on the company's compensation committee, while Messman sat on both the compensation and corporate governance committees.

"I think it is inappropriate for me to comment," Messman said, especially given the terms of his severance agreement. "I'm in a contract that prevents me from talking."

Hundt, who is also a former Latham & Watkins partner, said he didn't recall discussions about options grants in 1999, and that they wouldn't have been of any importance to him because he didn't exercise Novell options.

MEASURING THE FALLOUT

When the company's 1999 fiscal year ended Oct. 31, the stock options ostensibly awarded a week earlier already looked promising. The company had had a successful fourth quarter, capping off a good year. After sliding by nearly 50 percent over the previous three months, the company's stock had begun climbing again.

On Nov. 10 Messman and Hundt reported their options to the SEC. On Nov. 23 Novell announced that its 1999 financial results were extremely positive. Sonsini reported his options a few weeks later.

"The options were awarded before good news was released, when they probably knew good news would be released," said Fried, the Boalt professor, basing his opinion on a description of the events at Novell. As far as the dates on the grants go, "we don't know if there was backdating, but if options were granted on a low like that, the probability the options would be granted on a low is very low."

None of the other out-of-cycle grants to Novell directors came at annual lows; the 2001 grant, for example, was awarded on Sept. 10 that year -- hardly a good time to receive any stock. Ironically, that grant now is much more valuable than the questionable 1999 award. The 2001 option to buy 50,000 shares came at a strike price of $3.92. With Novell now trading at just over $6 a share, that grant was worth just over $110,000 as of last week. It is unclear whether Sonsini has ever exercised any of those options.

It's also unclear what -- if any -- consequences Novell's directors could face if they're found to have improperly handled options. First, the company will need to disclose the results of its internal investigation. And even if the Morgan Lewis lawyers find wrongdoing, it may not be serious enough to warrant a significant financial restatement, or government interest.

While spring-loading remains troubling to business ethicists, the SEC's chief accountant, Conrad Hewitt, issued a letter Sept. 19 indicating that the SEC won't consider the practice to have significant accounting ramifications.

As far as criminal or civil liability goes, that's less certain: Federal prosecutors and SEC enforcement agents haven't said whether they'll consider the behavior problematic, though white collar defense lawyers say they don't expect it to be a major issue.

"Some may see it as unseemly or distasteful," said one attorney speaking on condition of anonymity because he is conducting probes of several companies where spring-loading questions have come up. "However, if someone felt there was an ironclad theory of prosecution, you would have heard of it by now."

But that doesn't make Fried feel any better.

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"The problem is with disclosure. They were giving themselves in-the-money options," he said. "They were formally at-the-money, but they were really in the money."

And while the SEC might say it's legal, "from a corporate governance perspective, they're doing something improper, or they appear to have done it," Fried said.

Mills Chief Retires But Must Repay Costs For Jet Travel (WP)

By Terence O'hara

The Washington Post, October 3, 2006

Laurence C. Siegel, who ran one of the most successful mall empires in America before a series of operational and accounting blunders cost his investors billions of dollars, retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet.

Mills, which has lost nearly $2.2 billion of its market value in the past 12 months, will pay Siegel $2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland.

The Chevy Chase company described the departure of Siegel, 53, as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures.

"They're unrelated," said Mark S. Ordan, a veteran retail real estate executive who was appointed chief operating officer of Mills earlier this year and then was named to succeed Siegel as president and chief executive. "He felt this was a good time to leave, a natural time to leave, given everything that is going on with the company. It had nothing to do" with the travel expenses.

Siegel did not respond to requests for comment. Both he and the company signed agreements not to disparage each other.

Siegel, who became chief executive of Mills in 1996, expanded the concept of the regional mega-mall to spectacular size and ostentation, and shoppers flocked to the company's properties in the 1990s. Mills, fueled by a bull market in real estate stocks and billions in investment from the German real estate fund company Kan Am, planned, built and bought dozens of malls in the last decade to become a rival to such mall companies as Indianapolis-based Simon Property Group Inc., Australia's Westfield Group and New York's Vornado Realty Trust.

The rapid growth masked underlying problems in Mills' operations, which surfaced in a series of accounting errors. As the nature and extent of the problems became clear over the past nine months, Siegel rapidly lost credibility with the investors that had provided Mills with capital to keep its costly developments afloat.

The company's biggest construction project, a $2 billion retail and entertainment complex called Xanadu in northern New Jersey, became emblematic of Siegel's ambitions. Plans include an indoor ski slope and a 30-story Ferris wheel tall enough to be seen in Manhattan, eight miles away. Siegel held a $2 million party at the site two years ago to celebrate the signing of a lease with New Jersey officials. The project is now over budget and under increasingly skeptical scrutiny from its lenders and financial backers, and Mills is negotiating to sell its interest.

Ordan defended the $10.5 million Siegel could receive if Mills is sold.

"Larry has been the CEO of this company for a very long time, and the portfolio of assets that we have were developed and bought under his guidance," Ordan said. "And most of the payments we're talking about are contractual obligations."

Nonetheless, two Wall Street analysts were critical.

"The award seems somewhat excessive given the company's fall from grace," RBC Capital Markets analyst Rich Moore told investors in a research note yesterday.

Bank of America analyst Ross Nussbaum said the $10.5 million in cash Siegel will be paid if the company is sold presents a conflict because Siegel will remain on Mills' board of directors and would vote on any deal. Nussbaum said the sales-related bonus gives Siegel an incentive "to vote for a sale of the company at a lower price than if he were receiving a stock payment."

Siegel agreed to remain non-executive chairman of Mills. If Xanadu is sold, Mills said he might "join the new joint venture" that would acquire the mall and resign his chairmanship, while remaining on the board. Mills is currently in a protracted

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negotiation with Kan Am and Colony Capital, which would take over the project and agree to fund its remaining construction costs. The closing of the deal has been delayed twice, however, because of the complexities of the transaction, Ordan said. The deal is considered by Wall Street as a vital step in the ultimate sale of Mills. Further complicating matters: Kan Am has three of Mills' 14 board seats and is a large shareholder in Mills.

Siegel's personal use of the company aircraft was left largely unexplained by the company in a Securities and Exchange Commission filing yesterday. Ordan declined to comment on it. Personal use of jets by chief executives has been a controversial corporate governance issue for years. SEC and Internal Revenue Service rules regarding what makes a trip personal and not business, and whether it should be disclosed, have been toughened in the last two years.

Siegel would have had ample opportunity to use a jet, personally tending to business all over the country and in European capitals where Mills owned or was building malls. While the company did not own such a plane, it had access to several, including a Gulfstream G-III, from a chartering company.

In yesterday's SEC filing, Mills said Siegel must repay "any non-business related perquisites that may have been provided to (him), including $362,156 for personal use of the company chartered aircraft and personal flights paid by the company."

Siegel has two weeks to make the payment, documents said.

Mills has never before disclosed in SEC documents that Siegel or any other executive used corporate aircraft for any purpose. Siegel was paid more than $5 million in cash in 2004, the last year for which Mills reported executive compensation.

In Namibia Court, Arguments Over Bail For Options Fugitive (NYT)

By John Grobler

The New York Times, October 3, 2006

WINDHOEK, Namibia, Oct. 2 — After arriving here two months ago, Jacob Alexander, the former chief executive of Comverse Technology wanted in the United States on stock option fraud charges, transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday.

During the hearing on his bail application, Mr. Alexander, 54, showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse.

A 32-count indictment against Mr. Alexander was unsealed last week by federal prosecutors in Brooklyn.

One of Mr. Alexander's lawyers here, Herman Oosthuizen, said his client would be willing to hand over his Israeli passport and post bail of about $1.36 million. Mr. Oosthuizen also told the court in Windhoek that Mr. Alexander had invested about $1.5 million in local low-cost housing and other start-up business ventures in Namibia and had been granted a two-year work permit.

Mr. Alexander and his wife bought a house in a gated community adjoining the government-owned Windhoek Country Club, according to an affidavit by Mr. Alexander.

An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors.

Mr. Alexander, she said, had also offered as much as $5 million — and then "a name-your-price offer" — to a colleague at Comverse to take the blame in the stock options case. She did not identify the employee, but said that the person had agreed to cooperate with the investigation.

The bail hearing will continue on Tuesday. Mr. Alexander remains incarcerated.

Ex-Comverse Chief Executive Says He Will Plead Not Guilty (AP)

By Celean Jacobson

AP, October 3, 2006

JOHANNESBURG, South Africa — The fugitive ex-CEO of Comverse Technology Inc., who is wanted in the United States for stock-options fraud, told a Namibian court Monday he intends to plead not guilty and claimed the warrant for his arrest was invalid.

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Jacob "Kobi" Alexander, the former chief executive of the New York-based maker of voice mail software, said he entered the southern African nation openly and lawfully and had invested in businesses there before he was arrested after a two-month international manhunt.

Alexander was arrested Sept. 26 in the Namibian capital of Windhoek at the request of the FBI. He is accused of making about $6.4 million by illegally backdating stock options.

A bail hearing began Monday in a Namibian court and will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail.

The U.S. has 30 days to lodge a formal extradition request. U.S. Attorney Roslynn Mauskopf said last week that she would seek Alexander's swift extradition to face charges in federal court in New York.

In an affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

"While in Namibia I have used my own name openly and publicly in all my encounters and ventures with government officials and private individuals alike," he said. "I entered Namibia openly and lawfully, and I have not in any manner tried to hide my whereabouts from anyone."

Alexander, who has a two-year permit to live and work in Namibia, stays in a $500,000 home he purchased on the Windhoek Country Club Estate. His children attend the city's international school.

According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

It is alleged that from 1991 through 2005, Alexander exercised options and sold stock worth approximately $150 million, making a $138 million profit. Of that, about $6.4 million was generated by backdating options.

Checks Already In Place (USAT)

By Dale Oesterle

USA Today, October 3, 2006

Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more “hedge fund regulation,” whatever that is.

Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) “activist” hedge funds, funds that purchase stock in a company to force through major changes.

The lessons of these events are the reverse of those offered by the hedge fund alarmists. Amaranth's investors quickly accessed the fund books and minimized their losses. There was no general market panic. A maverick trader caused the losses. In a moment of frenzy he simply lost it, exceeding the fund's risk authorization guidelines. There was no institutional intent to defraud anyone. Fund investors will withdraw what money remains, and the fund will whither and die. Pirate Capital has similarly suffered for its transgressions. The Securities and Exchange Commission is after the fund, and several of its top analysts have left.

In other words, the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation.

On the other hand, consider the threat of the consequences of regulation too heavy handed. This is an industry of close to 10,000 funds estimated at holding close to $1.3 trillion dollars. It must have some attraction to investors. Overzealous regulation trying to control what cannot be controlled, the financial markets, will encourage more funds to locate offshore and encourage more investors to use foreign markets. Regulation could cost us control over hedge funds, not enhance it. The initial public offering market is already moving from New York to London because of the overly regulatory Sarbanes-Oxley Act of 2002. Our financial industry and its derivative professional communities are suffering as a result.

Hedge funds take huge risks, and inevitably some will fail. A hedge fund failure is not a national calamity, it is a natural and to be expected part of the industry.

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Dale Oesterle is a law professor at Ohio State University.

CRIMINAL LAW:

Foley Enters Alcohol Rehab Center (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 3, 2006

WASHINGTON — Former Rep. Mark Foley, the disgraced Florida lawmaker who quit last week after revelations about explicit messages he sent to a former teenage House page surfaced, has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today.

"I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment.

Pressure has been mounting on Republicans over their handling of the scandal involving Foley. The FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

House Speaker J. Dennis Hastert (R-Ill.), who had asked for a federal investigation, told reporters today that no party leaders had seen the messages until ABC News released them Friday.

"Congressman Foley duped a lot of people," Hastert said. "I have known him for all the years [12] he has served in this House, and he deceived me too."

Hastert expressed relief that Foley had resigned. "If he had not," Hastert said, "I would have demanded his expulsion."

Appearing with Hastert, Rep. John Shimkus (R-Ill.), chairman of the board that oversees Congress' page program, said the board in recent years had provided a new dormitory for pages with "state-of-the-art security measures." He said the board would provide a toll-free hotline for family members with concerns about safety.

Hastert and Shimkus refused to take questions from reporters, who wanted to know when they learned about Foley's messages to the teenage page.

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

In response to these charges, Hastert said today, "Since I have been speaker, we have moved aggressively to ensure the safety of these kids."

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

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House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time about Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known about the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

Pressure Grows For G.O.P. Over Foley Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 3, 2006

WASHINGTON, Oct. 2 — Speaker J. Dennis Hastert faced intensifying questions on Monday about why Republicans had not reacted more assertively to Representative Mark Foley's messages to a teenage page, as members of his party, fearing a political debacle, demanded a strong response.

Straining to hold the party together five weeks from Election Day amid unfolding revelations about the case, Mr. Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters.

"This is a political problem, and we need to step up and do something dramatic," Representative Ray LaHood of Illinois said afterward, adding that he had proposed abolishing the Congressional page program.

Mr. Foley, 52, who resigned Friday after being confronted with sexually explicit instant messages he had sent to pages, released a statement saying he had entered a rehabilitation clinic for treatment of "alcoholism and related behavioral problems."

At a news conference in West Palm Beach, Fla., late Monday, Mr. Foley's lawyer, David Roth, said that Mr. Foley had sent the inappropriate e-mail messages while under the influence of alcohol and that he had kept his drinking problem secret.

A former aide and other associates said in interviews that they did not believe Mr. Foley had a drinking problem.

ABC News, which first reported the sexually explicit messages on Friday, said Monday that additional messages suggested that Mr. Foley had met in person with a teenage page outside Capitol Hill and had sought a relationship.

"I miss you lots since San Diego," Mr. Foley wrote, using his screen name, Maf54, according to a transcript obtained and released by ABC.

"Ya I cant wait til dc," the page replied.

Federal law enforcement officials said the F.B.I. in recent months had been given e-mail messages between Mr. Foley and a page but had found insufficient grounds to open a criminal investigation. A group called Citizens for Responsibility and Ethics in Washington said Monday that it had forwarded the messages to the Federal Bureau of Investigation on July 21 and requested an investigation. The group would not say where it had obtained the messages; it made them public after the ABC report.

Federal agents on Monday began contacting men who were in the Congressional page program in recent years, said government officials briefed on the matter, who asked not to be named because they were not authorized to discuss the inquiry. The officials said the agents were trying to find any former or current pages who had had contact with Mr. Foley and to authenticate e-mail and instant messages attributed to the former lawmaker that had circulated on the Internet in recent days.

The officials said that several pages who had received electronic messages from Mr. Foley had already been located.

At the White House, Tony Snow, President Bush's press secretary, initially characterized the scandal as "naughty e-mails," drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation.

Mr. Hastert, who returned to the Capitol to deal with the escalating scandal, was pressed by reporters to explain why the first communication between Mr. Foley and a page, which was brought to the attention of Republican leaders last year, had not led to more assertive efforts to determine if it was an isolated case.

Mr. Hastert defended the Republicans' handling of a parent's complaint last year about communication from Mr. Foley to the parent's teenage son. But he acknowledged that the e-mail inquiring about the boy's well being and requesting a photo was potentially troubling.

"I think that raised a red flag, raised a red flag with the kid, raised a red flag with the parents," said Mr. Hastert, who repeated that he could not recall learning of the messages before news of them broke last week. But the speaker said he and others had been "duped" by Mr. Foley, who when questioned about the e-mail said it was an innocent effort to make sure that the young man, who was from Louisiana, had made it through Hurricane Katrina.

Representative John Shimkus, Republican of Illinois, and the House clerk, Jeff Trandahl, instructed Mr. Foley to break off any contact with the former page. At the time, Republicans did not purse the matter further, considering the case closed.

"Would have, could have, should have," Mr. Hastert said, responding to questions about whether Republicans should have done more.

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In Florida, Republicans met on Monday and chose Joe Negron, a conservative state representative, as a replacement candidate for the 16th Congressional District seat held by Mr. Foley. The ballots, however, have already been printed, and Mr. Foley's name will remain. If he wins, the votes will go to Mr. Negron.

The House majority leader, John A. Boehner of Ohio, dismissed that possibility. "To vote for this candidate, you have to vote for Mark Foley," Mr. Boehner said on a conservative radio program hosted by Sean Hannity. "How many people are going to hold their nose to do that?"

The case has led to varying accounts from two members of the leadership. Representative Thomas M. Reynolds of New York, who runs the House Republican campaign effort and is in a close race, has acknowledged learning generally about Mr. Foley's initial e-mail messages this past spring. Mr. Reynolds has said he raised the matter with Mr. Hastert, who said he did not recall the exchange but did not dispute that it happened.

"I did what most of us would have done in the workplace," Mr. Reynolds told reporters in Amherst, N.Y., on Monday night. "I heard something, I took it to my supervisor."

Across the country, in competitive and noncompetitive races, Democrats seized on an issue that they said was resonating with voters. In an effort coordinated in Washington by the Democratic Congressional Campaign Committee, the party's candidates urged their Republican opponents to call for the resignation of Mr. Hastert and other leaders.

In Indiana, Baron Hill, a Democratic candidate for a House seat, asked the incumbent, Representative Mike Sodrel, a first-term Republican, to reject any financial contributions from the national party. In North Carolina, where Representative Robin Hayes, a Republican, is engaged in a tough campaign fight, the state Democratic Party issued a statement asking, "Who does Robin Hayes stand up for — Mark Foley and the Republican House leadership or under-age children?"

As Congressional Republicans campaigned Monday in their districts, they responded to the Democratic criticism and distanced themselves from Mr. Foley's behavior.

"We need to admit that this was done on our watch," Mr. LaHood said. He added that when he arrived home after Congress adjourned early Saturday, the page program was what constituents asked about.

"The first three questions I was asked when I arrived in Peoria," he said, "were not about immigration, the war or taxes. It was, 'What are you going to do about the page program?' "

The Foley case also drew criticism from conservative groups. "It's one of the worst Congressional scandals ever," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote Sunday in an editorial circulated by Gopusa.com, a Republican Web site. "A top House Republican who denounced sex predators as 'animals' stands accused of acting like one."

At the news conference Monday night, Mr. Roth, Mr. Foley's lawyer, denied that Mr. Foley had ever had inappropriate physical contact with minors. "Mark Foley has never, ever had inappropriate sexual contact with a minor in his life," Mr. Roth said. "He is absolutely, positively not a pedophile."

On Political Track For Decades, Foley's Career Derails In Days (USAT)

By Susan Page

USA Today, October 3, 2006

WASHINGTON — It may well have been the proudest moment of Mark Foley's career in Congress: standing in the front row of lawmakers in the Rose Garden as President Bush signed a sweeping bill the Florida Republican had helped draft and pass.

The Adam Walsh Child Protection and Safety Act, toughening laws designed to shield children from exploitation, represented "a huge step forward," Foley told USA TODAY in an interview just before the ceremony in July. The Internet had given sexual predators new ways to reach kids, and the laws needed to respond, he said: "We track library books better than we do sex offenders."

Foley's worst moment was, presumably, nine weeks later, when he resigned in the wake of allegations that he had sent improper e-mails and instant messages, some of which were sexually explicit, to teenage boys who had worked as congressional pages.

As the FBI looked into whether federal laws were broken, Foley announced in a statement that he accepted "full responsibility" and was checking himself into a rehabilitation facility for alcoholism treatment.

It was an abrupt end to the political ambitions that began when Foley was 6 and watched admiring constituents flock around his congressman. He has been running for a succession of offices since he was 23. Just three years ago, he was a leading contender for a U.S. Senate seat.

Now, at 52, he has joined the rogues' gallery of members of Congress who resigned in disgrace.

"He was very well-liked, very outgoing, very likable," says Florida state Sen. Dave Aronberg, a Democrat who often ran into Foley at community gatherings. "He was at every event. He used to say, 'I'd go to the opening of an envelope.' "

Foley was the most accessible member of Congress from the area, Aronberg says, adding, "I hope he gets help."

In an interview last year with The Hill, a newspaper for members of Congress and their staffs, Foley recalled riding his bike to the Lantana Shopping Center in South Florida at age 6. Rep. Paul Rogers, who was shaking hands, gave Foley $5 to hand out campaign brochures. "For whatever reason, it stuck," Foley said. "That was my dream."

He was a local boy — born in Newton, Mass., but a resident of Lake Worth since his family moved there when he was 3. He attended Palm Beach Junior College for a year, then opened a restaurant, the Lettuce Patch. At 23, he was appointed to the Lake Worth City Council. He was a Democrat at first but switched to the GOP before he began a slow climb through political offices: vice-mayor of Lake Worth, a member of the Florida House of Representatives, then a Florida state senator at age 38.

Lois Frankel, a onetime Democratic leader of the state House, remembers Foley as a "master" of politics. "No matter what side of the aisle you were on, you had to admire his ability to work a room, to deliver a message," says Frankel, who is now mayor of West Palm Beach.

When state House district lines were redrawn and Foley found himself in a predominantly Democratic district, he ran for a state Senate seat instead. "He kept picking himself up and moving on," Frankel says.

When the local member of Congress decided to retire in 1994, Foley won a three-way Republican primary and trounced his Democratic opponent by 16 percentage points. He has never gotten less than 60% of the vote for re-election.

Once in Congress, Foley generally voted as a conservative Republican but showed an independent streak on social issues. For one thing, he supported abortion rights. He voted in favor of the Defense of Marriage Act, which defined marriage as between a man and a woman, but against amending the Constitution to ban gay marriage.

He sometimes broke with the Bush administration on trade, opposing the Central American Free Trade Agreement last year because, he said, it could hurt Florida's sugar industry.

Foley earned a reputation in Washington as a hard worker, a prodigious fundraiser and a reliable person for Capitol Hill reporters to go to for a quote. "If he said he would do something, he did it," says former Florida senator Bob Graham, a Democrat.

Joe Scarborough, a former Florida congressman first elected with Foley in 1994, says Foley reached out to him. "Mark knew I had never been an elected official before," says Scarborough, now the host of a program on MSNBC. "He said if there was anything he could do to help me out, he'd be glad to do it."

In 2002, Foley was the Republican speaker — freshman New York Sen. Hillary Rodham Clinton was the Democratic one — delivering humorous remarks to the annual dinner sponsored by the Washington Press Club Foundation.

He delivered a David Letterman-style "Top 10" list of "suspicious activities in Washington."

No. 4 was "Defense Secretary Donald Rumsfeld addressing reporters as adults." No. 3 was "former vice president Al Gore saying: 'Pie? No thanks. I'm on a diet.' "

"And the No. 1 most suspicious activity in Washington," Foley concluded to laughter, "is Mark Foley telling a reporter 'no comment.' "

Foley had hopes of moving up one more step — to the U.S. Senate when Graham retired in 2004. The congressman began campaigning across the state. After several publications in Florida and Washington ran stories saying he was gay, Foley called a news conference in May 2003 to address the swirling rumors.

"Everyone's talking about it," he acknowledged, but he called it nobody's business. "My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public." He said the speculation was "revolting and unforgivable."

Four months later, he withdrew from the Senate race, saying he wanted to spend more time with his ailing 82-year-old father.

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Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House. In 2004, he was unopposed in the Republican primary and won the general election with 68% of the vote.

Allegations in recent days of his behavior toward congressional pages, however, have cost him dearly. Some of his colleagues express bafflement at what was apparently a double life. "There were two Mark Foleys," says Rep. Clay Shaw, a fellow Florida Republican. "One was a nice guy and the other is a child predator."

Some of those who worked with him on children's issues — he was co-chairman of the House Caucus on Missing and Exploited Children — are dumbfounded. Patty Wetterling, a children's advocate in Minnesota who is running for Congress as a Democrat, says she feels "a very big sadness and betrayal."

Singer-turned-politician Sonny Bono and his wife, Mary, worked with Foley on a task force designed to boost ties between Republicans and Hollywood. When Sonny Bono died in a skiing accident, Mary Bono sold his 1994 Jeep Wrangler to Foley.

On Monday, Mary Bono, now a Republican House member from California, issued a statement calling Foley's conduct "unacceptable and abhorrent." If he has violated the law, she said, "he should be prosecuted."

Little-known Job Caught In Spotlight (USAT)

By Brad Heath

USA Today, October 3, 2006

Like many former congressional pages, Ben Cavataro said he was drawn to the page program by an interest in politics and the opportunity to see the workings of government up-close.

Cavataro, a 17-year-old high school senior from Palm Beach Gardens, Fla., said Rep. Mark Foley, a Republican representing his district, nominated him to be a page last summer.

On Friday, Foley abruptly quit the House of Representatives after ABC News reported he had sent sexually explicit messages to a former page. House leaders subsequently asked the FBI to investigate.

In the wake of Foley's resignation, the role — and relative security — of these high school students is facing new scrutiny. Rep. John Shimkus, R-Ill., the chairman of the board that oversees the program, said the House will set up a hotline for pages and their parents to report concerns.

The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer.

"There was no indication of anything improper with Foley or anybody else," Cavataro said. "We talked for like two minutes and shook hands."

His experience mirrored those of many of the scores of other pages who ferry messages between members of Congress on Capitol Hill each year. Theirs is typically one of Washington's least-noticed jobs. No longer.

"I hope it doesn't make the page program into a joke like the White House internship program was after (Monica) Lewinsky," said Dave Aronberg, a Democratic state senator in Florida and former House page who was referring to the intern who had oral sex in the Oval Office with President Clinton. "It's given a lot of kids a lot of great opportunities."

The House and Senate each select a group of pages annually to shuttle messages from office to office and to and from the floor of the Capitol. Typically, the job spans a semester of a school year or a few weeks during the summer.

The House takes about 60-70 pages during each period; the Senate takes about half as many. During the school year, the pages attend morning classes at schools that are part of the program.

House and Senate pages must be at least 16 years old when they're nominated. The programs are meant to be strictly supervised. House pages live in a brick dormitory near the Capitol, under a 10 p.m. weeknight curfew.

Rush Seale, who was a Senate page in 1999 and a House page in 2000, said few pages have one-on-one access to members of Congress. "It would have been kind of unusual," Seale said.

In 1983 the House censured two representatives for sexual encounters with 17-year-old pages. As a result, pages were required to live in the program's dorm.

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Rick Gagliano, who was a page in 1976, said the scandals shouldn't overshadow the program. “Yes there have been some terrible situations in the page program history, but like the institution of the House of Representatives itself, the positive experiences and good work the page program does far outweigh the negatives,” he said.

Addictions Are Often Disclosed Amid Scandals (USAT)

By Emily Bazar

USA Today, October 3, 2006

Former congressman Mark Foley's statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal.

Reps. Patrick Kennedy, D-R.I., and Bob Ney, R-Ohio, and actor/director Mel Gibson have sought treatment in recent months for alcohol or drug addiction during trying circumstances.

Doing so removes them from the public eye and may win sympathy, says Gary Jacobson, a political science professor at the University of California, San Diego. It's also a way to shift some of the blame from the person to the addiction, he says.

“This seems to have become standard operating procedure,” Jacobson says. “It's a way of both taking responsibility and denying it at the same time.”

Kennedy checked into treatment in May, a day after he crashed his car near the Capitol. Kennedy, who has a history of drug and alcohol problems, said he was battling an addiction to prescribed painkillers.

Gibson entered an alcohol treatment program this summer after pleading no contest to drunken driving. Gibson made anti-Semitic remarks to arresting officers when he was stopped in Malibu.

Ney announced last month that he was seeking treatment for alcoholism the same day he agreed to plead guilty to corruption charges related to the Jack Abramoff influence-peddling scandal.

Foley's announcement Monday surprised Sarah Chamberlain, executive director of the Republican Main Street Partnership. Foley emceed the group's annual dinner Wednesday.

“At the dinners, he was always working, so usually he didn't have anything to drink,” she says.

Foley has not acknowledged or denied that he sent the e-mails.

Alcoholism may exacerbate other disorders, says Fred Berlin, founder of Johns Hopkins University's Sexual Disorders Clinic. “It can impair a person's judgment and can lead them to become disinhibited with respect to their impulses,” he says. “It's like throwing gasoline on the fire.”

Berlin says alcoholism has reached a level of acceptance that sexual disorders have not. “It's much less socially stigmatizing to admit to alcoholism than it may be to admit to some other problem,” he says.

Foley Joins List Of Sex Scandals On Capitol Hill (WT)

By Eric Pfeiffer

The Washington Times, October 3, 2006

The resignation of former Rep. Mark Foley has shocked Washington, but it is not the first accusation of impropriety with underage congressional pages to make headlines. The investigation of Mr. Foley's misconduct adds to a long history of Capitol Hill sex scandals.

One congressional historian said House members have proven more prone to such scandals.

"With the exception of Bob Packwood, it's mostly been on the House side," said Donald A. Ritchie, associate historian in the Senate's Historical Office. "That doesn't mean there weren't things going on, but it wasn't something that ruined their careers."

Mr. Packwood, Oregon Republican, was forced to resign from the Senate in 1995 in the wake of accusations that he had sexually harassed women.

In 1983, Rep. Gerry Studds, Massachusetts Democrat, was censured by the House for sexual involvement during the previous decade with a 17-year-old male page. Mr. Studds turned his back on members of the House as the charges were read against him. Afterward, Mr. Studds held a press conference with the former page, acknowledging their relationship.

Unlike Mr. Foley, Mr. Studds did not resign from Congress. In fact, he became the first openly homosexual member of Congress and won re-election six more times before retiring in 1996.

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Also in 1983, former Rep. Daniel Crane, Illinois Republican, admitted to having an affair with a 17-year-old female page. Mr. Crane apologized for his actions on the House floor, saying, "I only hope my wife and children will forgive me."

He was voted out of office in 1984.

Why have some members of Congress survived sex scandals while others have not?

"What makes [the Foley scandal] different is that it was off the grid of social acceptability," said Eric Dezenhall, a crisis-management consultant. "You can't spin it. Americans are much more offended by hypocrisy than they are by dishonesty."

Mr. Foley had been co-chairman of the House Caucus on Missing and Exploited Children.

In an interview with CNN yesterday, House Speaker J. Dennis Hastert said he was not aware of Mr. Foley's reported misconduct until the Florida congressman resigned.

"First I was really aware of this was last Friday when it happened," Mr. Hastert said. "And all of a sudden, the press came out and said that there were these e-mails that were from 2003."

Mr. Hastert, Illinois Republican, spent much of the day yesterday meeting privately with the clerk of the House and the Republican chairman of the House page board, CNN reported.

Sex scandals on the Hill have not been limited to those involving congressional pages.

In 1990, Rep. Barney Frank, Massachusetts Democrat, was reprimanded by the House after it was revealed that Mr. Frank's former associate, Steve Gobie, was running a male prostitution ring out of Mr. Frank's apartment. Mr. Frank refused to resign from Congress and has been subsequently re-elected.

In 1989, former Sen. John Tower, Texas Republican, was nominated by President George Bush for secretary of defense. However, Mr. Tower failed to win Senate confirmation after being accused of alcoholism and having affairs with multiple women.

In 1976, Rep. Wayne Hays, Ohio Democrat, resigned after his former secretary, Elizabeth Ray, told reporters that the congressman had hired her and given her raises under the condition that she act as his mistress.

"I can't type. I can't file. I can't even answer the phone," Ms. Ray said at the time.

In 1974, Rep. Wilbur D. Mills, a powerful Arkansas Democrat who was chairman of the House Ways and Means Committee, was a passenger in a car pulled over at 2 a.m. by U.S. Park Police. Mr. Mills was drunk and was accompanied by an Argentine stripper known by the stage name Fanne Foxe, but the ensuing scandal did not prevent him from being re-elected that year.

Later, however, when Mr. Mills was spotted in a nightclub where Miss Foxe was performing, he was stripped of his committee chairmanship and did not seek re-election in 1976.

Foley 'drank In Secret,' Seeking Help, Lawyer Says (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), October 3, 2006

WEST PALM BEACH — Mark Foley is not a pedophile and "never ever" had sexual contact with minors, his attorney said Monday.

Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life.

"Mark is an alcoholic. He drank in secret. He did not drink in public," Roth said. "He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic."

Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said.

Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy.

Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, "Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life."

Asked if Foley is a pedophile, Roth said, "He is absolutely, positively not a pedophile."

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He described Foley as "contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself."

But even as Foley tried to make the case that his problems stemmed from alcohol and mental illness, the FBI and the Florida Department of Law Enforcement were beginning preliminary investigations to determine whether he broke any laws.

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., and other leaders were moving quickly and vigorously to distance themselves from Foley.

Hastert said Monday that House Republican leaders were unaware of the "vile and repulsive" sexually explicit messages Foley had sent to a former page.

"Congressman Foley duped a lot of people," Hastert said at a news conference. "He deceived the good men and women in organizations around this country with whom he worked to strengthen our child predator laws. I have known him for all the years he served in this House. He deceived me, too."

Foley's name was removed from the wall outside his office early Monday. Later in the morning, a congressional employee posted a new sign reading, "Office of the 16th Congressional District of Florida."

His staff now works for the House clerk's office, which also took over his congressional Web site. The staff was warned early Monday not to talk to the media, one staffer said.

And now, what had been considered a safe congressional seat for Republicans is up for grabs. At a hastily called meeting of Republican leaders at the Orlando airport, state Rep. Joe Negron of Stuart was chosen as the nominee.

But Foley's name will remain on the ballot, increasing the odds that turned-off voters will pick Democrat Tim Mahoney, a political newcomer.

House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity that Negron is virtually doomed because "to vote for this candidate, you have to vote for Mark Foley. How many people are going to hold their nose to do that?"

Although Hastert said GOP leaders didn't know of the instant messages Foley sent to at least one former page, he conceded earlier that they were aware of other personal but less explicit e-mails Foley had sent to another 16-year-old former page.

In addition to Hastert's office, those informed about the e-mails included Boehner; Rep. John Shimkus, R-Ill., who heads the board overseeing the House page program; and Rep. Thomas Reynolds, R-N.Y., chairman of the National Republican Congressional Committee.

Reynolds said he discussed the e-mails with Hastert. The speaker said he did not dispute Reynolds' account but did not recall the conversation.

Boehner told the Dayton Daily News he was "99 percent" sure he talked to Hastert about the matter, but also said he did not recall their conversation.

Last year, Shimkus said he spoke to Foley about the e-mails, insisting that they cease immediately. But the matter was not made public, taken to the House ethics committee or revealed to Democratic members of the page board.

The GOP leaders' handling of the matter prompted criticism even from some Republicans who said they should have acted more forcefully.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, R-Conn.

Republican leaders also are concerned that the fallout from Foley's exit could hurt other GOP candidates in November. Tony Perkins, president of the Family Research Council, said there is "a real chance" the episode could threaten the GOP's majority status.

"I think the next 48 hours are critical in how this is handled," he said. "When a party holds itself out as the guardian of values, this is not helpful."

Meanwhile, the political firestorm was getting worse in Washington. Democrats were quick to accuse Republicans of not doing enough to protect the congressional pages who live in dorms near the Capitol.

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"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

Even the White House was brought into the fray. Spokesman Tony Snow attempted to deflect the political repercussions.

"The House has to clean up the mess, to the extent there is a mess," he said. "This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party."

Leaders from dozens of socially conservative groups held a conference call late Monday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like that to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

A watchdog group, Citizens for Responsibility and Ethics in Washington, said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately turned them over to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes.

On Monday, the group asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Sloan said that though the 2005 e-mails were not sexually explicit — asking about the boy's birthday and progress in school, and requesting a photo — "they set off alarm bells for me."

"These are strategies pedophiles often use" to draw in their targets, Sloan said in a conference call with reporters.

Asked about the preliminary inquiry under way at the FBI, Attorney General Alberto Gonzales said Monday: "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI was "conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The Washington Post reported that a former chief of staff for Foley made one last effort to keep the most damaging messages from going public.

According to media reporter Howard Kurtz, the unnamed chief of staff contacted ABC's Brian Ross, offering to give the network an exclusive about Foley's resignation if Ross agreed "not to publish the raw, sexually explicit messages." Foley resigned after ABC confronted him with those messages.

"I said we're not making any deals," Ross said.

Foley's longtime former chief of staff, Kirk Fordham, did not return a call seeking comment. Fordham is now chief of staff for Reynolds, one of the congressmen who notified Hastert of the complaint from a former page.

Foley Saga No Shock To Some (LAT)

By Noam N. Levey, Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, October 3, 2006

WASHINGTON — Years before sexually explicit electronic messages sent by Rep. Mark Foley to teenage House pages became public last week, some on Capitol Hill say, the Florida Republican was known to have a special interest in younger men.

In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues.

"Almost the first day I got there I was warned," said Mark Beck-Heyman, a San Diego native who served as a page in the House of Representatives in the summer of 1995. "It was no secret that Foley had a special interest in male pages," said Beck-Heyman, adding that Foley, who is now 52, on several occasions asked him out for ice cream.

Another former congressional staff member said he too had been the object of Foley's advances. "It was so well known around the House. Pages passed it along from class to class," said the former aide, adding that when he was 18 a few years ago and working as an intern, Foley approached him at a bar near the Capitol and asked for his e-mail address.

Like most of those willing to discuss Foley, the young man asked not to be named because of concern that speaking openly could harm his career.

Foley resigned from office Friday. His attorney said Monday that Foley had checked himself into an alcohol rehabilitation center. In a statement, Foley said: "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

News reports about the messages Foley sent sparked a furor that continues to build. Much of the controversy centers on whether Republican congressional leaders responded aggressively enough when they learned late last year about less salacious e-mails Foley had sent to another page. In those e-mails, Foley asked the page to send a photo of himself and asked how old he was.

The GOP leaders said Monday, as they have since Foley resigned, that the matter had been appropriately handled last year, when the House clerk and congressman in charge of the page program told Foley to cease contact with the page. They also have said they knew nothing about more explicit instant messages — in which Foley graphically discussed sex — and had no reason to be suspicious about Foley's behavior.

House Speaker J. Dennis Hastert (R-Ill.), in public comments Monday, called the explicit messages "vile and repulsive, both to myself and to my colleagues." He added: "No one in the Republican leadership saw those messages until last Friday, when ABC News released them to the public."

ABC reported Monday that in another set of instant messages, Foley tried to arrange a rendezvous with another young teenage page.

Hastert also held a rare off-camera question-and-answer session with reporters Monday, during which he said that Foley's inappropriate contacts with pages appeared to have occurred after the teenagers had left Washington and returned home.

"I understand that these are pages that have all left the program," Hastert said. "This was after the fact. And you know — woulda, coulda, shoulda."

At least one Republican lawmaker, however, has said that GOP lawmakers should have dug deeper into Foley's behavior months ago.

West Virginia Rep. Shelley Moore Capito, who sits on the board overseeing the page program but who has said she was not told of any of the e-mails, told the Charleston Gazette over the weekend that even the less-explicit ones should have been viewed as suspicious

"I don't think it would pass the sniff test," she told the newspaper. "Even asking those questions — that is not normal between a 52-year-old adult and a 16-year-old…. It's not like they're family friends or anything. I think it would raise some serious questions."

The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men.

"Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff," said one former congressional staffer.

The staffers said Foley — who was elected to the House in 1994 and is not openly gay — would seek out the young men in bars, restaurants and even around the Capitol.

The former intern said he was approached by Foley at Bullfeathers, a popular restaurant and bar a few blocks from the Capitol. "He asked for e-mail, which I gave him," said the young man. "I was 18. To have a congressman take an interest in you seemed pretty cool."

But he said he quickly regretted it. Foley began sending him e-mails, asking for more information about him. "It was a patented act," he said. He stopped responding to Foley soon afterward.

Beck-Heyman, the former page, said several other male pages in his class also had been approached by Foley. "Mark Foley knew he could get away with this type of behavior with male pages because he was a congressman," he said.

Another former staffer said it was an oft-repeated story around Capitol Hill that Foley's former chief of staff, Kirk Fordham, would sometimes accompany the congressman to keep him out of trouble.

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Fordham represents a link between Foley and House GOP leaders. Shortly after leaving Foley's office last year, he became chief of staff to Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee.

Reynolds has said he was told this spring about the e-mails that sparked the initial complaint about Foley.

Fordham has not responded to repeated requests for comment from The Times.

Democratic congressional leaders continued Monday to attack the Republican handling of the Foley case.

"This is about a member of Congress who used his position to prey on young children, and a Republican leadership team who set out to cover it up," said Senate Minority Leader Harry Reid (D-Nev.).

As criticism of GOP leaders mounted, the FBI — which reported Sunday that it had launched a preliminary investigation of Foley's behavior — came under fire Monday for not acting more quickly.

The advocacy group Citizens for Responsibility and Ethics in Washington said it sent the FBI the less explicit Foley e-mails in July. The group's officials now have asked the Department of Justice to investigate why the bureau didn't begin its investigation sooner.

FBI officials declined to comment on the complaint.

But a law enforcement official said investigators are trying to determine the scale and scope of potential crimes, and have been reviewing the messages that have become public.

The official, who requested anonymity because of the investigation's sensitivity, said that the bureau hoped to speak with some pages and their families soon to determine whether they would be willing to cooperate with the investigation.

Federal law makes it a crime to use the Internet to solicit sex from anyone under 18 years of age. Offenders can be fined and imprisoned for up to 30 years with a minimum sentence of five years in prison.

As of late Monday, the FBI had not requested access to the computers in Foley's former congressional office.

The office has continued to operate, handling constituent requests and other routine chores, but under the auspices of the clerk of the House.

Follow The Money (RC)

By Mary Ann Akers

Roll Call, October 3, 2006

How fitting that of all the politicians disgraced former Rep. Mark Foley (R-Fla.) chose to give money to this campaign cycle, the only two Members of Congress to whom he donated were Rep. Bob Ney (R-Ohio) and Sen. George Allen (R-Va.).

Foley's campaign committee made a total of three donations: $100,000 to the National Republican Congressional Committee; $2,000 to Friends of George Allen; and $1,000 to Bob Ney for Congress.

What, did Foley have some sixth sense that they'd all implode in the same year? Could he have predicted that he and Ney both would wind up in the tank, out of a job?

Ney, the only Member of Congress to be criminally nailed in the Jack Abramoff lobbying scandal, is scheduled to officially plead guilty in federal court on Oct. 13. Allen, the only Member of Congress ever known to use the word "macaca," is pleading his case to the people of Virginia (forget about the people of America, that dream is over) 24-7 until Election Day; and Foley, well, he's looking like the straw that broke the camel's back on the GOP scandal front.

Worst Pretty Boy in the World. Obviously, Keith Olbermann, host of MSNBC's "Countdown," doesn't know how narcissistic Congressional Chief of Staff Jason Roe is. When Olbermann gave Roe his nightly "Worst Person in the World" award Friday night, Roe wasn't upset in the slightest, he just hoped he looked hot if the show aired a photo of him.

Roe, chief of staff to Rep. Tom Feeney (R-Fla.), has taken a leave of absence to work on GOP candidate Peter Roskam's House campaign in the Illinois 6th district against Democrat Tammy Duckworth, a combat veteran who lost both her legs in Iraq. Olbermann derided Roskam for saying that Duckworth wanted to "cut and run" from Iraq "even though," Olbermann pointed out, "she lost both her legs there while serving as a helicopter pilot."

The reason Roe got the award is because he called "Countdown" to complain that Roskam was misquoted, charging the show with "intellectual dishonesty."

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Well, that just did it. With a big photo of Roe and Roskam up on the screen behind him, Olbermann looked into the camera, addressing Roe, and said, "Hey, pal, this is about campaigning against a woman who has no legs because they were CUT OFF while she served in Iraq. ...You leave the intellectual to us, we'll leave the dishonesty to you."

He thus declared Roskam and Roe "Worst Persons in the World."

A friend of Roe who saw the segment called to tell him about it, saying, "Dude, you're not going to like this. They just named you 'Worst Person in the World.'" Well, he shoulda known. His pal Roe's first reaction: "Did they put my picture up?"

The tanned, toothy and handsome Roe, who never has a wrinkle in his designer clothes or a hair out of place, wrote the producers of "Countdown" an e-mail saying, "Thanks for using a good picture of me. The only disappointment is that since no one watches Olberman [sic], none of my friends will ever get to see my award. Try to get some viewership."

Roe's wife, Patty Roe, chief of staff to Rep. Rick Renzi (R-Ariz.), is a head-turning blonde who, nevertheless, said she's a slob compared to her prissy husband. She told us, "He wakes up looking that beautiful. With all the products not even a pillow can mess up his hair!"

Foley Memories. Boy oh boy (no pun intended) are the Foley "victims" crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being "asked out" by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18.

He said the ex-Congressman used to occasionally ask him out for "a beer." Though nothing ever happened, the all-grown-up-now former scribe is wigged out thinking about it.

After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe.

"Last night I remembered another weird Foley incident," DT on the LC told us.

He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said "was drunk," approaching their table and quickly asked his friend to say she was his girlfriend.

Foley, who checked himself into an alcohol rehab clinic over the weekend, came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating.

"Yes," our source recalled his pal saying. Foley, according to our source replied, "Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?"

The former reporter froze. "I swear to God," he said. "We were both so stunned we didn't know what to say. Luckily, the food came at his table and he left right after that."

At some point during Foley's attempted courtship (or beership) of the young reporter, our source went to a party at Foley's house one night with another young male journalist. "I remember very vividly leaving his house and thinking, 'That guy drinks way too much and is going to get himself in big trouble.'"

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Ex-Rep. Foley Checks Into Alcohol Rehab (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, October 3, 2006

WASHINGTON (AP) - Former Rep. Mark Foley, under FBI investigation for salacious e-mail exchanges with teenage congressional pages, has checked himself into rehabilitation facility for alcoholism treatment and accepts responsibility for his actions, his attorney said Monday.

The attorney, David Roth, would not identify the facility, but told the Associated Press in West Palm Beach, Fla., that Foley had checked in over the weekend.

``I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley, a Republican, said in a statement, Roth told the AP.

In scorching language, House Republican leaders on Monday condemned Foley's actions as they tried to contain the damage to the party five weeks before midterm elections.

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``Congressman Foley duped a lot of people ... He deceived the good men and women in organizations around the country with whom he worked to strengthen child predator laws," Speaker Dennis Hastert told reporters. ``I have known him all the years he served in the House and he deceived me too."

The Bush administration, meanwhile, sought to distance itself from the scandal and the increasing questions about when members of the House Republican leadership knew of the e-mail exchanges and what did they know of Foley's actions. Coming five weeks before the election, the scandal involving the Republican congressman could cost the GOP control of the House.

``The House has to clean up the mess, to the extent there is a mess," White House spokesman Tony Snow told reporters at a briefing.

Foley abruptly quit Congress on Friday after reports surfaced that he'd sent sexually charged electronic messages to boys working as pages. In the statement, Foley said the ``events that led to my resignation have crystalized recognition of my long-standing and significant alcoholism and emotional difficulties."

``I deeply regret and accept full responsibility for the harm I have caused," Foley said. He also expressed ``gratitude for the prayers and words of encouragement that have been conveyed to me."

The FBI, meanwhile, ``is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko.

The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe ``a precursor to a possible criminal investigation."

Florida Republicans picked state Rep. Joe Negron to replace Foley as its candidate in the West Palm Beach district, which is largely Republican.

House Republicans went into damage control mode amid charges by Democrats that some House leaders may have known for months about Foley's inappropriate overtures toward the young pages.

Hastert met with his staff, the House clerk and Rep. John Shimkus, R-Ill., the congressman who oversees the page program, to review the procedures on protecting the teenage pages while they are working at the Capitol and after they finish their assignments.

Hastert in a letter sent Sunday to Attorney General Alberto Gonzales, asked the Justice Department to ``conduct an investigation of Mr. Foley's conduct with current and former House pages," including ``any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement."

Democrats demanded that investigators determine whether Republican leaders tried to cover up Foley's actions for political reasons.

``The attorney general should open a full-scale investigation immediately," Senate Democratic leader Harry Reid of Nevada said in a statement, including whether GOP leaders ``knew there was a problem and ignored it to preserve a congressional seat this election year."

FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation.

The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said.

Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said he told Hastert months ago about the allegations involving a 16-year-old boy from Louisiana.

Hastert acknowledged that his staff had been made aware of concerns about what they termed ``over-friendly" e-mails Foley had sent to the teenager - including one requesting his picture - in the fall of 2005, and that they referred the matter to the House clerk.

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But Hastert said those e-mails were not viewed as ``sexual in nature" and that he was not aware of ``a different set of communications which were sexually explicit ... which Mr. Foley reportedly sent another former page or pages."

AP reporter Brian Skoloff contributed to this story from West Palm Beach, Fla.; AP reporter John Heilprin contributed from Washington

Foley Checks Into Rehab As Republicans Seek Cover (MCT)

By Margaret Talev And Marisa Taylor

McClatchy, October 3, 2006

WASHINGTON - Republicans sought cover Monday from the FBI probe of former Rep. Mark Foley's sexual communications with underage male congressional pages, as the scandal's aftershocks spread across the political world and conservative activists began talking about a possible shakeup of the House Republican leadership.

As Foley, a Florida Republican, entered an alcohol and behavioral rehabilitation program, legal experts said criminal prosecution isn't a foregone conclusion. In some states, 16 is the age of sexual consent.

Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity.

While it hasn't been proved that Foley engaged in sexual acts with anyone under 18, ABC News on Monday reported sexually charged instant-message exchanges in which Foley urged a former page to meet him and referred to a prior meeting between them in California.

House Speaker Dennis Hastert, R-Ill., called a news conference on Capitol Hill to state unequivocally that no one in the party leadership knew until late last week of Foley's "vile and repulsive" instant messages, which ABC published online and which included explicit dialogue about masturbation. He said he wanted to find out who did know.

Hastert asked the Justice Department on Sunday to investigate not only Foley's actions, but what anyone in Congress knew about them.

Hastert has been under fire since Foley's abrupt resignation Friday. Hastert then suggested he was just learning there was a problem. But Rep. Tom Reynolds, R-N.Y., chairman of the GOP's congressional campaign committee, has said he made Hastert aware of the situation months ago.

The head of the House Page Board, Rep. John Shimkus, R-Ill., acknowledged learning late last year, along with the House clerk, that Foley had sent a former page an e-mail that wasn't sexually explicit but that asked personal questions that made the young man uncomfortable. Shimkus told Foley to stop communicating with the young man, but didn't share the information with his fellow Page Board members.

None of the Republican leaders acknowledged knowing about the sexually explicit messages.

Democrats are accusing Republicans of an election-year cover-up.

Rep. Dale Kildee, D-Mich., a member of the House Page Board who said Shimkus didn't inform him about Foley's e-mail, accused Republicans of being "more concerned with finding political cover for themselves than with the safety and well-being of the House pages."

Shimkus said the young man's parents didn't want to pursue an investigation and that Foley was questioned, professed innocent motives and agreed not to contact the young man again.

Several conservative leaders voiced anger that House Republican leaders knew they had a potential predator in their ranks and didn't take it more seriously.

"After the elections, if the Republicans are still in power, this may signal a change in the leadership, if it appears they knew more than they have reported to us," said Mike Mears, executive director of Concerned Women for America's political action committee.

Richard A. Viguerie, a leader of the conservative movement for decades, suggested that Hastert's call for a Justice Department investigation "could be part of an effort to cover this up until after the election." He called for the immediate resignation of any House leader who knew of improper conduct and didn't act.

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Tom Fitton, president of the conservative group Judicial Watch, said Hastert, Majority Leader John Boehner, Shimkus and Reynolds have "some serious explaining to do."

David Keene of the American Conservative Union said he doubts that Hastert had any idea of the extent of Foley's communications, but that Hastert nevertheless may pay a political price for not acting sooner.

Republican congressional candidates across the country feared the controversy's potential to depress conservative turnout at the polls in November or sway independent voters toward Democrats.

Republican Vern Buchanan, in a competitive Florida race to succeed Rep. Katherine Harris of Sarasota, gave to charity $2,000 that Foley's political action committee had contributed to his campaign. Buchanan's Democratic opponent, Christine Jennings, called it disconcerting to find Buchanan "in such a small group of recipients to benefit from Mark Foley's PAC."

Rep. Clay Shaw, a Fort Lauderdale Republican in a tight race, is donating $2,000 from Foley's campaign and political action committee to the Center for Missing and Exploited Children. Spokeswoman Gail Gitcho said, "No one is going to mistake Clay Shaw for Mark Foley," but acknowledged that the scandal "has completely eaten up the news cycle."

White House Press Secretary Tony Snow initially minimized the scandal in an interview with CNN.

"Look, I hate to tell you, but it's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails," he said.

But he backed away from that line later, telling White House reporters, "Look, this is an awful and disturbing story. ... I think people are trying to put us in a box, and say, you know what, unless you come out and you condemn Denny Hastert, you're saying that this behavior is acceptable. It's not."

Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a "third party" made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched.

John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a "commission of a felony" and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks.

Barry Coburn, a criminal defense attorney and former federal prosecutor, said the allegations didn't clearly present solicitation of a minor.

"It might have been clearly inappropriate, and it might yet conceivably turn out to be something short of criminal solicitation," he said.

McClatchy Newspapers correspondents Lesley Clark and Alan Bjerga contributed to this report.

Hastert Says He Wasn't Aware Of Explicit E-Mails (Update1) (BLOOM)

By William Roberts

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- House Speaker Dennis Hastert, under fire for his response to Florida Representative Mark Foley's e-mails to teenage congressional pages, said he was unaware of any sexually explicit e-mails until Foley resigned.

``Republican leaders of the House did not have them," Hastert said at the Capitol. ``Someone did have them. And the Ethics Committee, the Justice Department, the news media, and anyone who can should help us find out who."

Hastert's comments are part of an effort to rebut Democratic suggestions that House Republican leaders didn't act aggressively enough after they learned about what they called ``overly friendly" but not sexual message that Foley sent to a teenage former page in 2005. Some Democrats said Republican leaders may have wanted to protect Republican control of Foley's district.

Foley, 52, resigned Sept. 29 after ABC News asked him about explicit e-mails that were sent to teenagers in 2003.

Some Republican congressional candidates distanced themselves from the scandal, fearing it might deal a final blow to the party's bid to keep control of the House in November elections.

`Toleration'

``Toleration of inappropriate behavior is almost as bad as the behavior itself," said Representative Heather Wilson, a Republican from New Mexico who faces a difficult race in November.

Hastert met today with Representative John Shimkus, the Illinois Republican who is chairman of the board that oversees the congressional page program. After their meeting, Hastert and Shimkus read prepared statements in front of news cameras in the Capitol and declined to take questions.

``Congressman Foley duped a lot of people," Hastert said. ``I have known him for all the years he served in this House. He deceived me, too."

House Democratic Leader Nancy Pelosi said in a statement today that Hastert ``failed to answer the question that every mother and father in America is asking: how could Republican Leaders chose partisan politics over protecting children?"

Foley has checked himself into a rehabilitation center for treatment of alcoholism, Palm Beach, Florida, television station WPBF reported. Joe Negron, a Republican state representative, has been chosen to replace Foley as the party's nominee in the 16th District, which stretches from Jupiter Beach on Florida's east coast across Lake Okeechobee to Port Charlotte on the west coast, CNN reported.

A Letter

Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley.

In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested.

The FBI has opened an initial assessment of the matter ``to determine if there has been a violation of federal law," said Stephen Kodak, a spokesman for the agency in Washington.

FBI

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said she received the non-sexual e-mails July 21 from an unnamed congressional aide and gave them to an FBI agent.

She called for an investigation into the FBI's failure to act on them until now, saying agents should have recognized them as more than ```overly friendly."

Cynthia Schnedar, counselor to the Justice Department's inspector general, Glenn Fine, said officials are reviewing Sloan's complaint.

Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days.

``Central to the investigation is immediately questioning, under oath, the House Republican leadership," Pelosi wrote in a letter to lawmakers on the committee yesterday.

Quickly Enough

White House officials declined to say whether Republican leaders in Congress had reacted quickly enough to warnings about Foley.

``The House is responsible for enforcing its standards," White House spokesman Tony Snow said. ``That has always been the case."

He rejected the suggestion that the scandal would harm his party's prospects in the November elections.

``This does not affect every Republican," Snow said. ``If you try to paint with a broad brush, I think you run the risk of tarring respectable people."

Democrats, advocacy groups and some Republicans demanded full disclosure by Republican leaders of how the episode unfolded. Representative Peter King, a New York Republican, said yesterday that House leaders ``have to get all the facts out as quickly as possible."

Representative Rob Simmons of Connecticut said yesterday that all lawmaker should be held accountable for their actions.

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``If it is found that any member of Congress or staff willingly participated in a cover-up of Mr. Foley's actions, that individual should resign immediately," Simmons said.

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FBI Knew In July About Foley E-Mails To Teen (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 3, 2006

The FBI acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005 by then-Rep. Mark Foley (R-Fla.) to a Louisiana teenager -- messages that troubled the boy's parents.

Key House Republicans learned of the e-mails in 2005 and chose to deal with Foley privately, warning him to cease contact with the 16-year-old former House page. Top aides to Speaker J. Dennis Hastert (R-Ill.) did not inform him about the incident, Hastert said yesterday, and he defended their actions in a Capitol Hill news conference.

But the GOP's handling of the Foley matter has rocked the party since it was revealed last week that Foley had sent far more sexually explicit electronic messages to teenage former pages in 2003 and 2004.

Many Democrats and some Republicans sharply criticized the decision by key House GOP members to handle the matter of the Louisiana e-mails so quietly that only one of the three lawmakers who oversee the page program knew anything about it. The other two -- one Democrat, one Republican -- expressed anger yesterday that they had been kept in the dark.

Also yesterday, ABC News posted on its Web site instant messages -- reportedly between Foley and another former House page -- in which the lawmaker repeatedly tried to set up a dinner date and indicated that the boy had spent time with him in San Diego. Previously disclosed messages had not indicated that Foley was trying to make personal contact with the boys, who had served as runners and helpers for a year in Washington.

Foley abruptly resigned Friday, and his attorney David Roth said yesterday that the six-term lawmaker is now at an alcohol-treatment center in Florida. In a statement faxed to news outlets Sunday night -- Foley's only public comments since his resignation -- he said: "I deeply regret and accept full responsibility for the harm I have caused."

Roth, interviewed last night on CNN, said that Foley is "absolutely, positively not a pedophile" and "has never, ever had an inappropriate sexual contact with a minor in his life." He said Foley wrote the e-mails "under the influence of alcohol" and was "suffering from mental illness."

Officials from the liberal-leaning group Citizens for Responsibility and Ethics in Washington said yesterday that they received copies of the Louisiana e-mails on July 21 and turned them over to the FBI the same day. Melanie Sloan, the group's executive director, said she spoke with a special agent in the Washington field office, and she questioned yesterday why the FBI did not investigate Foley weeks ago.

An FBI official, who spoke on the condition of anonymity because the investigation is ongoing, said the field office concluded that the e-mails "did not rise to the level of criminal activity." The bureau announced Sunday that it would begin a preliminary investigation into Foley's more explicit electronic exchanges with teenagers.

Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry.

"This thing should have been looked into months ago," said Rep. Walter B. Jones Jr. (R-N.C.), who said he is "disgusted" by his leaders' response. "That's abnormal for a 52-year-old man having those kinds of e-mails going to a 16-year-old child."

In a written statement, Rep. Christopher Shays (R-Conn.) said the Republican leadership needs to be shaken up. "If they knew or should have known the extent of this problem, they should not serve in leadership," he said.

Hastert, as the House's top officer and the man in line after the vice president to succeed the president, has been the main target of questions and barbs from both parties. He reiterated yesterday that he recalled hearing nothing about Foley's e-mails until last Friday, but he does not dispute the assertion of Rep. Thomas M. Reynolds (R-N.Y.) that he informed the speaker last spring.

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"If Reynolds told me, it was in a line of things, and we were in the middle of another crisis this spring, so I just don't remember that," Hastert told reporters. He defended the decision by several top staffers to handle the Foley matter without telling him. "I see no reason to bump it up to me at that time," he said.

Hastert noted that the 2005 e-mails to the Louisiana teenager were ambiguous. In one, Foley asked the boy to send a picture of himself, which reportedly alarmed the youth and his parents. Hastert agreed yesterday that an adult's request for a teenager's photo "would raise a red flag." But he said he would not second-guess his party's handling of the situation.

The boy's parents approached the office of Rep. Rodney Alexander (R-La.) in late 2005, asking that Foley stop contacting their son and that the matter be kept quiet, according to House accounts.

Reynolds, who chairs his party's House campaign committee, and Majority Leader John A. Boehner (Ohio) were among prominent Republicans who also knew of the parents' concerns earlier this year. But the matter was left to Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, and then-House clerk Jeff Trandahl, also a board member.

Shimkus has said that Foley assured them that the e-mails were innocent, and that they closed the discussion by telling him to respect pages and to cease contacting the Louisiana boy. Trandahl, now executive director of the National Fish and Wildlife Foundation, did not return phone calls yesterday.

Hastert said that he and other House leaders knew nothing of the instant messages between Foley and former pages in 2003 and 2004, which, ABC has reported, were much more graphic and discussed topics including masturbation.

ABC reported yesterday that Foley used the screen name "Maf54" and wrote a former page: "I miss you lots since san diego," to which the teenager responded, "ya I cant wait til dc." The youth asked, "did you pick a night for dinner." Maf54 replied, "not yet . . . but likely Friday."

In another exchange, Maf54 wrote, "I want to see you." The teenager replied, "Like I said not til feb . . . then we will go to dinner." Maf54: "and then what happens?" Teenager: "we eat . . . we drink . . . who knows . . . hang out . . . late into the night." When Maf54 pressed further, the teenager wrote, "hmmm, I have the feeling that you are fishing here . . . im not sure what I would be comfortable with . . . well see."

Rep. Shelley Moore Capito (W.Va.), Shimkus's fellow Republican on the Page Board, said she knew nothing of Foley's electronic exchanges until last week.

"As a member of the Page Board -- and, more importantly, as a mother -- I am appalled by Mark Foley's despicable conduct," she said. "I deeply regret not being made aware of this situation as a member of the Page Board."

White House spokesman Tony Snow contributed to the political firestorm yesterday when he told CNN the scandal involved "simply naughty e-mails." Democrats assailed the comment, and Snow later called the messages "disturbing," "appalling" and "reprehensible."

Hastert Defends Handling Of Page Scandal (AP-Y)

By Andrew Taylor, Associated Press Writer

AP, October 3, 2006

House Speaker Dennis Hastert on Monday defended his office's handling of questions raised about Rep. Mark Foley last year, saying the parents of a former male page were concerned about an e-mail Foley sent their son but didn't want the matter pursued.

Hastert said neither he nor other GOP leaders were aware until last Friday of far more lurid computer exchanges two years earlier between the Florida Republican and another page.

Hastert, R-Ill., acknowledged that Foley's 2005 e-mail to a Louisiana boy seeking a photograph raised a "red flag" with the Louisiana congressman who sponsored the page, but said his staff aides and Rep. John Shimkus, another Illinois Republican who chairs a board of House members who oversee the page program, did not know the contents.

Rep. Tom Reynolds, the House GOP campaign chairman, said he told Hastert in the spring of this year about the questionable e-mail. Hastert says he does not recall the conversation but does not dispute Reynolds' account.

Shimkus, appearing with Hastert on Monday, said new measures would be implemented to keep pages safe, including a toll-free hotline for pages, former pages and their families to confidentially report any incidents.

Democrats protested that those decisions should be made by the bipartisan page board.

"Once again, the House Republican leadership is following the same pattern of unilateral decision-making that caused this problem in the first place," said Rep. Dale Kildee of Michigan, longtime Democratic member of the board.

Hastert's media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy. GOP leaders scheduled a late-afternoon conference call on the matter with rank-and-file Republicans.

Shimkus and the House clerk called Foley last fall and told him to cut off all communication with the former page. Only after ABC News reported the 2005 e-mail late last week did the more lurid material surface, as pages forwarded further messages to ABC.

The network reported instant messages between Foley and a San Diego teenager, who suggested he was uncomfortable in an exchange discussing dinner plans for when the boy was to come to Washington.

"and then what happens," Foley messaged at one point.

"I have the feeling that you are fishing here ... im not sure what I would be comfortable with ... well see," the teen replied.

Democrats hammered at GOP leaders' handling of the Foley subject as an internal party matter instead of bringing it to the attention of the page board or the House Ethics Committee.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

The FBI has begun an inquiry into Foley's computer contact with pages, and Hastert wrote a letter to Florida Gov. Jeb Bush asking for an investigation into whether state laws were broken.

Meanwhile, Florida newspapers — who were leaked copies of the e-mail with the Louisiana boy last year — defended their decision not to run stories. Both The St. Petersburg Times and The Miami Herald were given copies of the e-mail, as were other news organizations, including Fox News.

"Our decision at the time was ... that because the language was not sexually explicit and was subject to interpretation, from innocuous to 'sick,' as the page characterized it, to be cautious," said Tom Fiedler, executive editor of the Herald. "Given the potentially devastating impact that a false suggestion of pedophilia could have on anyone, not to mention a congressman known to be gay, and lacking any corroborating information, we chose not to do a story."

Hastert called on any person who was aware of the 2003 instant messages to speak to law enforcement authorities. He said no Republican leader in Congress was aware of those exchanges until Friday, when ABC News reported it had questioned Foley about them.

A watchdog group, Citizens for Responsibility and Ethics in Washington (CREW), said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately gave them to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes. The group on Monday asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Asked about the preliminary inquiry under way at the FBI into Foley's actions, Attorney General Alberto Gonzales told reporters Monday afternoon, "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI "is conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The congressional page program has traditionally been a starting point for young people interested in making a career of politics.

There currently are 72 House pages, 48 selected by Republicans and 24 by Democrats, according to a recent report by the Congressional Research Service. The Senate breakdown is 30 pages, 18 chosen by Republicans and 12 by Democrats.

Leadership officials had been aware since last year of the 2005 e-mail exchange, which they said was "over friendly" but did not include overtly sexual references. They said they did not follow up other than to instruct Foley to not communicate with the Louisiana page.

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But Sloan of the CREW watchdog group said that while the 2005 e-mail was not sexually explicit — asking about the boy's birthday and progress in school and requesting a photograph — "they set off alarm bells for me."

"These are strategies pedophiles often use to draw in their" targets, said Sloan in a conference call with reporters.

Foley, 52, checked into an alcohol rehabilitation center over the weekend, his attorney said Monday. In a statement, Foley said, "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

Florida Republicans on Monday chose a member of the state Legislature, Rep. Joe Negron, to replace Foley as the party's candidate for the state's 16th congressional district, which covers an area north and west of Palm Beach.

Democrat Tim Mahoney said Monday that his campaign learned about the Foley e-mails through a reporter and wasn't sure what to believe until actually seeing them.

"There was information that obviously had been out and about. It had to be one of the biggest open secrets in Washington D.C."

White House spokesman Tony Snow attempted to deflect the political repercussions, saying, "The House has to clean up the mess, to the extent there is a mess."

"This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party," Snow said.

Pelosi Wants GOP Leaders' Testimony (RC)

By John Bresnahan

Roll Call, October 3, 2006

House GOP leaders and the FBI faced new questions on Monday over their handling of the sex scandal surrounding former Rep. Mark Foley (R-Fla.), with Democrats and a Congressional watchdog group suggesting Foley's activities were covered up or deliberately ignored for months to keep his seat under Republican control.

House Minority Leader Nancy Pelosi (D-Calif.) has asked for Speaker Dennis Hastert (R-Ill.) and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when, about a series of July 2005 e-mails from Foley to a 16-year-old former Congressional page and how they responded to the incident.

Hastert has said repeatedly that he was not personally aware of the initial batch of Foley e-mails since the scandal first broke last Thursday, although Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) have both stated publicly that they informed the Speaker of the messages in the spring or early summer of this year. Boehner now says he cannot remember whether he told Hastert, and Hastert himself does not "recall or remember" any conversation with Reynolds regarding Foley.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," Pelosi said in a statement released by her office. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

Three of Hastert's top aides were made aware of the Foley e-mails in the fall of 2005 by Rep. Rodney Alexander (R-La.), according to a timeline released by the Speaker's office on Saturday. The teen lived in Alexander's district, and his parents sought Alexander's help in getting Foley to stop contacting their son.

The July 2005 e-mails do not include sexually explicit language but were disturbing enough that Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and Jeff Trandahl, the former Clerk of the House, interviewed Foley about them last year. Foley agreed to stop the e-mails, and Hastert's staff was then informed of his promise but took no further action, according to Hastert's office. Hastert told reporters on Monday that "there [was] no reason to bump it up to me at that time."

Since ABC News first reported on the July 2005 e-mails last Thursday, a series of electronic messages between Foley and other former pages have surfaced, a number of which include sexually graphic comments by the former lawmaker to teenage boys. Foley resigned from the House on Friday, and his Congressional office was taken over by the Clerk of the House. Foley has

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reportedly checked himself into alcohol rehabilitation in Florida, becoming the second GOP lawmaker to do so in the past month.

The House approved a resolution late Friday evening directing the ethics panel to look into the Foley scandal, although Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the committee, have not announced yet if or how they would conduct any investigation.

The ethics committee traditionally has deferred to the Justice Department or other law enforcement agencies in the handling of criminal matters, although in this case, sources close to the panel said the two lawmakers are anxious to have the panel weigh in on this matter as quickly as possible.

The ethics committee would need a quorum of at least six of its 10 members present to approve any investigation or appoint an investigative subcommittee to undertake a probe, and that has not occurred as of Monday night, according to House insiders. Members of the committee also would have to physically present to approve subpoenas to any lawmakers or current or former House staffers.

At this time, Pelosi has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal. But the appointment of an outside counsel would almost certainly slow down any committee investigation, and Hastings and Berman are under intense pressure to show some results in the five weeks before the midterm elections.

Hastert asked for both Attorney General Alberto Gonzales and Florida authorities to begin a criminal investigation of Foley. FBI officials said the bureau now has begun a "preliminary review" of the Foley messages to determine their authenticity and whether any federal laws were violated by the Florida Republican.

Hastert also has vowed that the ethics committee and House officials will work in tandem with any federal probe. "Well, obviously, if federal investigators come in, we always cooperate with them," Hastert said.

But Melanie Sloan, head of the liberal watchdog group Citizens for Responsibility and Ethics in Washington, told reporters on Monday that she had turned over the July 2005 e-mails to an FBI special agent on July 21 of this year. Sloan questioned whether the FBI, at the behest of the White House or other Republican officials, covered up Foley's allegedly improper behavior to protect his House seat for the GOP.

Sloan has asked the Justice Department's Inspector General office to look into the FBI's handling of the Foley e-mails. The IG's office had no comment on Monday other than to say it had received Sloan's request.

"Since the FBI has known about Rep. Foley's e-mails since July, the question arises: Did the administration help to cover up Rep. Foley's conduct and leave a potential sexual predator on the loose? Was the administration more concerned with protecting a powerful ally in Congress than with protecting children?" Sloan said in a Monday conference call with the press.

Sloan, a former federal prosecutor and House Democratic staffer, said the initial batch of Foley e-mails, which included no explicitly sexual references, were disturbing enough that they warranted a criminal probe as soon as the FBI became aware of them. Sloan did not name the FBI special agent to whom she turned over the e-mails.

"There are the strategies that pedophiles use to draw in their victims," Sloan said of the initial Foley e-mails, which included Foley asking former pages some friendly questions, followed by a request for a photo of one teen.

Sloan said she "never heard back from the FBI" after turning the e-mails over to the special agent but was not alarmed by that since the bureau would not inform her of their actions in the case. When the Foley scandal broke last week, Sloan said she became concerned that GOP leaders or Bush administration officials blocked a probe of the former lawmaker.

"The American public deserves to know not just how and why members of Congress failed to take action to protect the youngsters entrusted to the care of the House of Representatives, but also why the FBI — an agency charged with protecting the public — failed to safeguard other youngsters from a potential sexual predator," Sloan said in her letter to the Justice IG's office.

A potentially thorny legal question facing House leaders is what to do with any documents or materials still in Foley's Cannon Building office or district offices.

Although he has resigned from Congress and the Clerk of the House is officially running his former office and has changed the locks on the office doors, Foley still personally owns any documents, materials or electronic records in those offices, and the House may not be at liberty to turn them over to criminal investigators short of a subpoena, which Foley could potentially contest

in court on the grounds that some of the materials may be privileged, similar to the claim that has arisen in the corruption probe of Rep. William Jefferson (D-La.).

In addition, it is unclear what electronic or telephone records the House has in its possession at this time relating to Foley, and how such records could be turned over to investigators.

With Foley facing potential federal and state criminal investigations, legal experts also are divided as to whether he will be able to spend freely on his legal defense from his $2.8 million campaign account that is left over from his aborted re-election bid.

If forced to pay legal bills out of his own pocket, Foley will find it a difficult endeavor if any investigation is prolonged and requires a well-financed team of advisers.

According to a review of his financial disclosure statement for 2005, Foley is not among the most wealthy Members of Congress, with a net worth of at least $237,000.

In recent years, most Members of Congress caught up in federal investigations have been granted free reign by the Federal Election Commission to spend from their campaign accounts on their defenses, with the commission usually applying a standard that allows such expenses if the probes are clearly related to the Member's status as a federal candidate or actions taken as a Member of Congress.

Some defense lawyers believe the FEC would not place any limits on Foley and his ability to pay for his legal team with leftover campaign funds, citing the generally broad leeway other lawmakers have been given by the commission to pay legal bills.

Cleta Mitchell, a GOP campaign finance expert at the firm Foley & Lardner, said this investigation falls under the "but for" standard that the FEC applies — but for Foley being a Member of Congress, this investigation wouldn't have started.

"It is pretty broadly interpreted — and all the Members who've had to deal with allegations of criminal misconduct have been advised that their excess campaign contributions can in fact be used to defray legal expenses arising from their service as Members of Congress. Even if the costs are associated with defending allegations of a criminal nature," the GOP lawyer said.

But other lawyers say that standard may not apply to Foley, particularly if the FEC decides that these actions under scrutiny had no connection to his actual work as a Member of Congress.

"It's not a slam dunk," said Marc Elias, a Democratic attorney with Perkins Coie.

Elias noted a 2003 decision by the FEC that was a split verdict for James Treffinger, a GOP Senate candidate from New Jersey in 2000 and 2002 who came under a 19-count federal indictment for extorting contributions to his campaign from county contractors who were awarded local business. In that case, the FEC ruled that half of Treffinger's actions were not related in any fashion to the Senate campaign and were about local corruption, forbidding him from using the leftover funds to defray legal costs.

In Foley's case, Elias said the FEC may rule that his actions with the teenagers was "purely personal conduct," particularly if the investigation were to lead to actions with other minors not connected to the House Page program.

Paul Kane contributed to this report.

Papers Knew Of Foley E-Mail But Did Not Publish Stories (NYT)

By Anne E. Kornblut And Katharine Q. Seelye

The New York Times, October 3, 2006

WASHINGTON, Oct. 2 — At least two news organizations were tipped off to e-mail messages sent by Representative Mark Foley long before the story of his sexually explicit remarks to teenage pages broke last week and forced him to resign.

The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors.

It was not until the exchanges were published online last week, first by an anonymous blogger, then on the ABC News Web site, that the story gained momentum and grew more damaging as other teenagers came forward.

The trickle of information about Mr. Foley's messages, first made known to the news media almost a year ago, has raised questions not only for Congressional officials but also for news organizations about how to handle anonymous sources making explosive accusations in an election year.

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At the same time, the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley.

"He deceived his in-state newspaper when they each questioned him," Speaker J. Dennis Hastert said Tuesday. "He deceived me, too."

The St. Petersburg Times said that last November, it received copies of an e-mail exchange between Mr. Foley and a former page from Louisiana. The newspaper said the boy, who was under age, did not want his name used, and the paper said it did not want to publish accusations based on unnamed sources. The Miami Herald apparently received the same information, although it is not clear when it received it.

Brian Ross of ABC News said he learned about the e-mail messages in August but was too busy with Hurricane Katrina and the anniversary of the Sept. 11 attacks to pursue them immediately. None of the organizations seemed to anticipate how big the story would become.

"I never thought it would lead to his resignation," Mr. Ross said.

When The St. Petersburg Times received its first tip on the e-mail messages in late 2005, the editors decided it was "friendly chit-chat," with nothing overtly sexual, but nonetheless assigned two reporters to find out more, according to an editor's note.

The reporters tracked down the teenager, but he refused to let them use his name in a story. They found a second page who had corresponded with Mr. Foley and was willing to let them use his name but said he did not have a problem with the messages, undercutting the premise.

When the newspaper asked Mr. Foley about the messages, he "insisted he was merely trying to be friendly," Scott Montgomery, the newspaper's government and politics editor, wrote Saturday in a note to readers.

The editor of The Herald, Tom Fiedler, said the initial messages did not seem to justify writing a story. "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Mr. Fiedler was quoted in his paper as saying.

Then, in June, the reports resurfaced on Capitol Hill, where a neighborhood resident struck up a conversation in a bar with someone who had provided the e-mail messages. He said he passed them on to several news outlets. The resident, who said he was not affiliated with either party and was motivated by concern for the teenager, would talk only on condition of anonymity.

No one acted on the information until last week, and even then, it was a Web site that first posted the exchange. It is not clear who maintains the Weblog, stopsexpredators.blogspot.com, which appears to be largely devoted to the Foley scandal.

ABC News had its first account several days later on its Web site.

Mr. Ross said he was surprised by how quickly the congressman's office confirmed the authenticity of the e-mail messages, first when ABC reported them on Sept. 28, and again a day later when confronted with much more explicit exchanges.

Mr. Ross dismissed suggestions by some Republicans that the news was disseminated as part of a smear campaign against Mr. Foley.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Mr. Ross said, referring to Republicans.

Your Page, M'Lord (NYT)

By John Tierney

The New York Times, October 3, 2006

Suppose Nike's founder, Phil Knight, asked taxpayers to subsidize a program for 16-year-olds to leave their homes to become "squires" running errands at Nike headquarters. Or suppose, before his death, Sam Walton had asked Congress to build a dormitory in Arkansas to house teenage "serfs" spending a semester away from their schools to work on a Wal-Mart loading dock.

These executives would become national jokes. They'd be denounced for trying to revive 19th-century child-labor practices and 12th-century feudalism. There would be no public money appropriated for Knight's Squires or Sam's Serfs.

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Yet Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. They're not being forced to wear Prince Valiant haircuts, but they have to do scut work that's probably even less useful than what they could learn at Nike or Wal-Mart.

Congressional pages spend much of their time hand-delivering documents, a job that's done electronically in most 21st-century institutions. When educators talk about preparing youth for jobs in the Information Age, they're not talking about training messengers.

The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age? If they stayed in school, they could maintain their innocence by reading the old step-by-step textbook version of how a bill becomes law. By going to Capitol Hill, they see how the process has changed:

1. A bill is introduced to build highways.
2. A congressman receives a donation from a constituent who wants to open a go-kart track.
3. The congressman persuades his committee chairman to slip in a $350 million "earmark" for an "alternative sustainable transportation research facility" in his district.
4. The chairman quietly adds similar earmarks for all members of the committee.
5. The bill is passed unanimously.
6. The president complains about the "wasteful spending" but signs it into law anyway.
7. The congressman attends a fund-raiser at the new go-kart track.

What lesson has the page learned? That Congress is the closest thing in modern America to a medieval court: an enclave governed by arcane ancient rules of seniority, a gathering of nobles who spend their days accepting praise and dispensing favors to supplicants.

They're so secure in their jobs, and so used to being surrounded by groveling minions, that they assume the privileges of feudal lords when dealing with pages and other lieges. Which is why, on occasion, they try to exercise the droit du seigneur.

Unlike previous scandals, in which members were censured for having sex with pages, the current one so far doesn't involve physical contact. But it features lewd messages from Representative Mark Foley to a teenager asking about his sex life and requesting a picture. When you are chairman of the House Caucus on Missing and Exploited Children, as Foley was, this does not qualify as research for your job.

Even if you could somehow quell Congressional libidos, even if this scandal taught members of Congress not to hit on teenagers, the page program still wouldn't be worth paying for. It should be eliminated, as Representative Ray LaHood has proposed, for the sake of both Congress and the pages. They need to be spared not just from lustful congressmen but from the chief lesson taught by the program: that success is all about making the right connections.

To get into the program, you (or your parents or their well-connected friends) have to find a member of Congress to sponsor you. Once in, the supreme goal is to ingratiate yourself with someone powerful enough to help you move up the Washington hierarchy. As Rachel Swarns reported in The Times, Foley was a favorite of the pages because he offered them the gift of access.

"If a congressman was talking to you, it was the best thing in the world," said one former page, Patrick McDonald.

Spend enough time as a page, and you can easily believe it's not what you know, it's who you know — and whom you flatter. Granted, toadying can be a useful skill in most lines of work. But it's not a lesson teenagers need to study for a whole semester, especially when it's being taught in text messages from a lord on Capitol Hill.

Foley May Be 1st Member Prosecuted Under Strong Internet-crime Laws (HILL)

By Jackie Kucinich

The Hill, October 3, 2006

Former Rep. Mark Foley (R-Fla.) is not the first member of Congress to face a firestorm of public outrage for engaging in inappropriate conduct with underage pages, but he could be the first to be prosecuted under strong Internet-crime laws.

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Ex-House counsel Stanley Brand said that the difference between the current page incident and an incident two decades ago involving two other lawmakers is the passage of cyber crime laws in recent years and the presence of Internet communication.

"It's not just someone's word against another; there are e-mails," he said. "The difficulty of proving an illicit solicitation is not there. I'm sure that is what the FBI is looking into."

Foley resigned suddenly on Friday after ABC News reported about questionable e-mails and sexually explicit instant messages between a page and the six-term legislator Thursday and Friday. On Monday, Foley checked himself into an alcohol rehabilitation center for treatment.

House GOP leaders, Brand said, could also face consequences politically and legally if the FBI discovers that members of the leadership team knew about Foley's behavior before ABC News released the e-mails and instant messages.

In 1983, the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) after their inappropriate relations with House pages were discovered.

Crane lost his election shortly thereafter while Studds was reelected and remained in the House until retiring in 1997.

While Crane and Studds escaped prosecution, Foley likely will not. According to Orin Kerr, an associate professor at George Washington University, Foley could have broken the law under 18 U.S. Code 2422(b), which states that an individual "using the mail or any facility or means of interstate or foreign commerce … who knowingly persuades, induces, entices, or coerces" an individual who is under the age of 18 to "engage in prostitution or any sexual activity" can be charged with a criminal offense. If convicted, the individual can be imprisoned for five to 30 years.

As a result of Crane and Studds's misconduct, the House created the Page Board, a body of lawmakers and House officials, which oversee the activities and education of pages.

Three members of the House as well as House Sergeant at Arms Wilson Livingood, Clerk of the House Karen Haas and former clerk Donald Anderson make up the Page Board, according to House Administration Committee spokeswoman Sally Collins.

Reps. John Shimkus (R-Ill), Shelley Moore Capito (R-W.Va.) and Dale Kildee (D-Mich.) are the board's House members.

Speaker Dennis Hastert (R-Ill.) announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for "parents, grandparents, pages, former pages …"

"Anyone who has a concern about improper contact … can confidentially report improper contact," Hastert said.

Although many improvements have been made to the page program in order to provide more supervision of students, Hastert said House leaders should do more to ensure that pages are safe after they leave their positions in the House.

Shimkus added that he plans to meet with the Page Board in the coming weeks to construct further programs to protect pages.

One member of the board said he was left out of the discussions entirely.

"I am now equally outraged to learn that Republican House Speaker Dennis Hastert announced today that there will be changes in the policies of the House page program," said Kildee. "Once again, I was not informed of the meeting today, nor was I consulted in any way about any proposed changes."

"Speaker Hastert's announcement this afternoon is yet another example of the House Republican leaders being more concerned with finding political cover for themselves than with the safety and well being of the House pages," he added.

Capito, for her part, directed all of her outrage towards Foley.

"As a member of the Page Board — and more importantly as a mother — I am appalled by Mark Foley's despicable conduct and hope that his actions be held accountable by the full weight of our justice system," she said in a release.

The board typically meets two times a year to discuss the agenda for the pages, plan activities, arrange seminars and discuss enrollment, according to Collins.

There are 63 pages admitted to the program each year; Republican members choose 45 of them and Democrats choose 18.

In order to be admitted to the competitive program, applicants must be at least 16 years old, a junior in high school and have a grade point average of 3.0 or above during the academic year.

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Members of Congress sponsor page applicants and then page program staffers interview them. The Clerk's office manages the page program.

Once accepted, pages live in an on-campus dormitory and attend classes in addition to their service in the House.

The program is highly regimented. Pages attend classes in the Jefferson Building of the Library of Congress at 6:45 a.m. and are taught a range of topics including mathematics, social studies and foreign languages.

When they are not in class, their duties are mainly to deliver correspondence and legislative material between members, answer phones in party cloakrooms and prepare the House Floor for sessions. They have a 10 p.m. curfew on weeknights, which extends to midnight on weekends.

They are paid an annual rate of $17,540, with a monthly gross salary of $1,461.67, according to informational materials provided on several members' websites. They are required to pay a residence hall fee of $400 a month, which includes meals and is automatically deducted from their paychecks.

At all times during the workday they are to remain in uniform: blue blazers, a white shirt and gray slacks or skirts.

The page program has had its share of problems traditionally associated with teenagers. In 2002, 11 pages were dismissed for marijuana use. In 1996, five pages were suspended from the program for alcohol use.

Matthew Loraditch, a 21-year-old former page, told the Chicago Tribune Sunday that he had known about the "creepy" e-mails for years. Loraditch runs the House Page Alumni Association's Internet messaging board. That website was shut down Monday.

"Because of the current situation. I am shutting down the board until I can provide a proper statement about my part in what has been going on. I appreciate your patience," the site said. The site was taken down entirely yesterday afternoon.

Loraditch is listed as the website's licensee at the bottom of the home page.

Man Shoots 11, Killing 4 Girls, In Amish School (NYT)

By David Kocieniewski And Gary Gately

The New York Times, October 3, 2006

NICKEL MINES, Pa., Oct. 2 — A dairy truck driver, apparently nursing a 20-year-old grudge, walked into a one-room Amish schoolhouse here Monday morning and systematically tried to execute the girls there, killing four and wounding seven before killing himself, the police said.

The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m.

The gunman, identified as Charles C. Roberts, 32, killed himself as the police stormed the West Nickel Mines Amish School, which is set back in a cornfield on a street of stone houses, barns and silos in Lancaster County, about 50 miles west of Philadelphia. Several of the wounded were in critical condition in area hospitals.

"He wanted to find female victims," said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police. "This was a target of opportunity."

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. But notes he left at his home — where he lived with his wife, Marie, and their three children — said he was distraught about a slight that had occurred more than 20 years ago.

The police would not describe the incident that had upset him. But Colonel Miller said Mr. Roberts, who lived near the school but was not Amish, did not appear to have been motivated by religious bias. The police said they were looking into a report that the couple lost an infant daughter in 1997.

When Mr. Roberts arrived at the school shortly before 10:30 a.m., he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

When the state police arrived around 10:45, Mr. Roberts had barricaded the doors with bolts and lumber he had brought in his pickup truck, Colonel Miller said.

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After a brief cellphone exchange with his wife and then with the state police, Mr. Roberts began shooting, aiming the handgun and a shotgun at the children as they stood lined in front of the room. As the police began charging the building around 11, Mr. Roberts fired a shot into his head, Colonel Miller said.

"He was angry with life; he was angry at God," Colonel Miller said. "It appears he chose this school because it was close to his home, it had the female victims he was looking for, and it probably seemed easier to get into than some bigger school."

The rampage was the third fatal shooting at a United States school in the past week but seemed nearly incomprehensible to many residents of the Amish community, where crime rates are so low that many homeowners do not lock their doors and many towns have no police force.

The Amish community in Pennsylvania, which numbers about 55,000, lives an agrarian lifestyle, shunning technological advances like electricity and automobiles. And many say their insular lifestyle gives them a sense that they are protected from the violence of American society. But as residents gathered near the school, some wearing traditional garb and arriving in horse-drawn buggies, they said that sense of safety had been shattered.

"If someone snaps and wants to do something stupid, there's no distance that's going to stop them," said Jake King, 56, an Amish lantern maker who knew several families whose children had been shot.

Mr. Roberts's relatives said they, too, were stunned by his violent outburst and had had no indication that he had been planning any attack. His wife issued a written statement offering sympathy to the families of his victims and said she could not reconcile the day's events with the man she had loved.

Her statement was read by a family friend, Dwight Lefever, and described Mr. Roberts as a devoted father who had always taken the time to play with his three children, ferry them to soccer practice and birthday parties, and had "never once refused to help change a diaper."

"The man that did this thing is not the Charles I was married to for nearly 10 years," Mrs. Roberts said in the statement.

The police did not release the names of the victims but said all had been girls from 6 to 13.

Once the police entered the building, they found a cache of weapons and supplies that indicated Mr. Roberts had prepared for a long siege. He had a 9-millimeter semiautomatic pistol, two shotguns, a stun gun, two knives, two cans of gunpowder and 600 rounds of ammunition.

In a toolbox near his body, the police discovered bolts he had used to barricade the school doors with two-by-fours, pliers and wires he had used to bind the girls' legs. Another five-gallon bucket he brought into the building contained earplugs, bathroom tissue and a clean change of clothing, the police said.

Mr. Roberts lived just over a mile from the school in the town of Bart, in a modular home that had a trampoline and sandbox in the yard and was already decorated for Halloween. Neighbors said he was jovial and generally well liked, and they were struggling to understand what had driven him to violence.

"I am dying to know what kind of insult from a girl 20 years ago could have led to this," said Mary Miller, who lived on his street.

The police said, however, that Mr. Roberts's co-workers had noticed changes in his behavior over the past several months. While he had long been known as an upbeat and outgoing person, this year he began to appear sullen, his co-workers told the police. Then, late last week, Mr. Roberts once again appeared upbeat at work, Colonel Miller said.

"We think that's when he decided to do what he did," Colonel Miller said. "It's like his worries and burdens were lifted from him."

The police said most of Mr. Roberts's weapons appeared to be legal. He bought the 9-millimeter semiautomatic, which he fired at least 13 times during his rampage, from a store five miles from the schoolhouse in 2004. The shotguns and ammunition also appeared to be legal, the police said, although it was not clear whether his possession of a stun gun violated any law.

The police said Mr. Roberts had bought the ammunition and other supplies from area stores over the past several months, so there was no glaring sign that might have alerted store owners that he was about to burst out in violence.

The police said Mr. Roberts called his wife from a cellphone while he was inside the school just moments before the shooting. During the call, Colonel Miller said, Mr. Roberts made a reference to the grievance that he blamed for his despair, then told her: "The police are here. I'm not coming home."

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Colonel Miller said that once the gunfire began troopers charged the building and broke in through several windows in the school. By the time they arrived, however, the children lay dead or wounded in the front of the classroom and Mr. Roberts's body was a few feet away. One child died in the arms of a trooper as he rushed her out of the building to get medical help, Colonel Miller said.

Lancaster County school officials held an emergency meeting last night to try to ease the concerns of school administrators and parents unnerved by the shooting. County officials said that despite the bloodshed, residents should be confident that most of the schools were safe.

That reassurance gave little comfort, however, to people like Dwylin Bieler, 42, whose 8-year-old daughter played with one shooting victim.

"You think something like this will never happen, especially in a place like this," said Mr. Bieler, who is Mennonite, and says the Amish community makes him and others feel welcome. "You pray that it won't happen. But you just never know. You can't know. And that's hard to accept."

Four Girls Killed At Pa. Amish School (WP)

By Raymond Mccaffrey And Paul Duggan

The Washington Post, October 3, 2006

BART TOWNSHIP, Pa., Oct. 2 -- A truck driver armed with three guns, two knives and 600 rounds of ammunition burst into a one-room schoolhouse in this Amish community Monday, lined at least 11 girls against a blackboard and shot them "execution style," fatally wounding four before taking his life, police said.

The fourth girl died late last night at a hospital, a spokeswoman for the Pennsylvania State Police said. Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were "very, very dire," said Col. Jeffery B. Miller, commissioner of the state police.

Miller called it "a horrendous crime scene" and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said.

The shootings in this Lancaster County farming community occurred as police outside the schoolhouse were trying to make contact with the assailant, Charles Carl Roberts IV, 32, who drove a milk tank truck and lived in the area, Miller said.

"It was over within a matter of seconds," he said last night.

Miller said Roberts -- armed with a semiautomatic handgun, a rifle, a shotgun and a stun gun -- apparently was motivated by rage over a long-ago incident unconnected to the school or the Amish.

"Apparently there was some sort of an issue in his past that he, for some reason, wanted to exact revenge against female victims," Miller said. "It's obvious to us that this was a premeditated hostage scenario where, I believe, based on what the investigators have so far, he intended not to walk out of there alive. But he also intended to kill innocent victims."

Three young students and a teacher's aide who was believed to be about 15 or 16 were fatally wounded in the rampage, police said.

Miller said that 15 rounds were fired from the handgun and three from the shotgun. One shotgun blast was directed toward police outside the building, the police official said.

Roberts left notes for his wife and three children "along the lines of suicide notes," Miller said.

The school had 26 students in attendance yesterday, 15 boys and 11 girls, authorities said. The attack shocked the quiet people of this community, whose religion and traditions require them to remain separate from the outside world and shun the trappings of modern life, including electricity and motor vehicles. Roberts was not Amish, and Miller said he had no known criminal history.

The shootings here were the third at a U.S. school in five days.

On Wednesday, a 53-year-old drifter took six girls hostage in Platte Canyon High School in Bailey, Colo., sexually assaulted them and fatally shot a 16-year-old girl before killing himself. Two days later, a 15-year-old former student allegedly shot and killed a principal in Cazenovia, Wis.

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Elsewhere, three teenagers were charged in Green Bay, Wis., on Thursday in an alleged plot to bomb and burn a high school and shoot students as they emerged. And on Monday, officials in Las Vegas said they locked down four schools after a student was spotted entering a high school carrying a gun.

Bart Township, about 60 miles west of Philadelphia, has about 3,000 people and a landscape of grain silos, dairy farms and tobacco fields. Its country roads host the horse-drawn buggies of the Amish.

According to Miller, Roberts's wife, Marie Roberts, told police that her husband worked until 3 a.m. Monday delivering unprocessed milk from Amish farms to a dairy and then went home. He took his children to a bus stop about 8:45 a.m. before driving to the Amish school on White Oak Road.

Roberts apparently was prepared for a long siege, Miller said. In addition to the weapons and rounds of ammunition, he had two cans of smokeless gunpowder, rolls of tape, tools and a change of clothes.

Marie Roberts later found several suicide notes and tried to call her husband, Miller said. About 11 a.m., Roberts called his wife from the schoolhouse and "told her he wasn't coming home," Miller said. Roberts told her that "he couldn't go on anymore" and that "he was getting revenge for something that happened 20 years ago," Miller said.

Miller also said that "there may have been a loss of a child some time in his life."

From the notes to his family and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Miller said. Co-workers at the dairy said Roberts, once given to joking, had seemed to grow despondent not long ago, according to Miller.

But in the past two or three days, Miller said, Roberts changed again. Miller said police were told that Roberts appeared more at ease, which might suggest that he had come to a decision about what he would do.

Miller said he did not believe that Roberts was influenced by the recent school shootings but instead settled on his course independently.

"The man who did this today is not the Charlie that I've been married to for almost 10 years," Marie Roberts said in a statement released to the news media.

Quoting a teacher who escaped, Miller said that when Roberts entered the school, he showed students the handgun and spoke to them in a "rambling discourse," Miller said.

In a news conference, Miller said Roberts arrived at the school in the morning in a borrowed pickup. He said Roberts separated the boys, ages 6 to 13, from the girls at the school.

Roberts then told the girls to line up against a blackboard and bound their feet with wire ties and plastic handcuffs, Miller said, his voice choked with emotion. Roberts allowed the boys to leave, along with a pregnant woman and three women with infants.

As the women, who apparently are teacher's aides, were leaving, a teacher was able to flee, and she called police from a nearby farm at 10:36 a.m., Miller said.

As officers arrived at the school and a hostage negotiator tried to contact Roberts, he called a police dispatcher and warned that he would start shooting in 10 seconds if police did not withdraw, Miller said. Seconds later, shots rang out, and state troopers carrying ballistic shields rushed the building. Miller said Roberts had barred the doors with lumber that he had brought for that purpose and with desks from the classroom.

Roberts spoke to his wife by cellphone moments before he opened fire, Miller said. In addition to shooting at the girls, he fired out a window at approaching state troopers but did not hit them. Miller said troopers did not fire. One was injured slightly by broken glass while going in a window.

Police found Roberts face down on the floor, with the weapons beside him, Miller said, adding that "one of the girls died in the arms of one of my troopers."

Television news footage showed ambulances and police vehicles on the road outside the schoolhouse, which is surrounded by a white fence. A blue pickup with a white cap over the bed was backed up to the front of the schoolhouse. At one point, firefighters and Amish men walked abreast through nearby fields, looking for students who might have fled and were not accounted for.

The wounded were taken to several hospitals, in locations that included Hershey, Pa., Philadelphia and Delaware.

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At the Penn State Milton S. Hershey Medical Center in Hershey, a 6-year-old girl and an 8-year-old girl remained in critical condition last night in the pediatric intensive care unit, a hospital spokesman said.

He said the girl who was upgraded to serious had undergone about five hours of surgery and was able to communicate with family members by blinking her eyes and giving hand signals.

The death of the fourth girl, about 12 hours after the shooting, was reported by Trooper Linette Quinn, a state police spokeswoman. It was not clear at what hospital she died.

The first Amish settlers arrived in Lancaster County in the early 18th century, according to the Pennsylvania Dutch Country Web site.

Donald Kraybill, a leading national scholar of Amish communities, said violence is rare at Amish schoolhouses, which he said are characterized by an emphasis on order, but where pranks and giggles are not uncommon. About 150 small Amish schoolhouses dot Lancaster County.

Monday, Amish people gathered on a farm near the school, bearded men in black pants, suspenders and broad-brimmed straw hats and women in long dresses and bonnets.

Irene Moyer, who is Amish, said she was contacted by the parents of one of the children at the school. "One of the Amish neighbors knocked at the door and said: 'Can you take care of my children? There's a gunman at the school.' "

A family spokesman, Dwight LeFever, read a statement from Roberts's wife, saying: "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please, pray for the families who lost children and, please, pray, too, for our family and children."

Staff writers Daniel de Vise, Tamara Jones, Kari Lydersen, Dan Morse, Clarence Williams and William Branigin, researcher Meg Smith and the Associated Press contributed to this report.

Gunman Slays 4 Amish Schoolgirls (WT/AP)

By Mark Scolforo

The Washington Times, October 3, 2006

NICKEL MINES, Pa. -- A milk-truck driver carrying three guns and a grudge stormed a one-room Amish schoolhouse yesterday, sent the boys and adults outside, barricaded the doors with two-by-fours, and then opened fire on a dozen girls, killing four of them before committing suicide.

It was the nation's third deadly school shooting in less than a week, and it sent shock waves through Lancaster County's bucolic Amish country, a picturesque landscape of horse-drawn buggies, green pastures and neat-as-a-pin farms, where violent crime is virtually nonexistent.

Most had been shot, execution-style, after being lined up along the chalkboard, their feet bound with wire and plastic ties, authorities said. The names and ages of the dead were not released.

"This is a horrendous, horrific incident for the Amish community. They're solid citizens in the community. They're good people. They don't deserve ... no one deserves this," State Police Commissioner Jeffrey B. Miller said.

Two young students were killed, along with a female teacher's aide, Col. Miller said. Authorities said the aide was about 15. Late last night, Philadelphia's Fox affiliate WTXF and CNN said a fourth student had died.

At least six other victims were critically wounded, state police said.

The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of "acting out in revenge for something that happened 20 years ago," Col. Miller said, though he gave no details on what the grudge was.

Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security.

Col. Miller said Roberts was apparently preparing for a long siege, arming himself with a 9 mm semiautomatic pistol, a 12-gauge shotgun and a rifle, along with a bag with about 600 rounds of ammunition, two cans of smokeless powder, two knives and a stun gun on his belt. He also had rolls of tape, various tools and a change of clothes.

DOJ_NMG_0073379

Roberts had left several rambling notes to his wife and three children that Col. Miller said were "along the lines of suicide notes." The gunman also called his wife during the siege by cell phone to tell her that he was getting even for some long-ago offense, Col. Miller said.

The shooting took place at the one-room West Nickel Mines Amish School, a neat white building set amid green fields about 55 miles west of Philadelphia, with a square white horse fence around the schoolyard. The school had about 25 to 30 students, ages 6 to 13.

From the suicide notes and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Col. Miller said. And it was clear from interviews with his co-workers at the dairy that his mood had darkened in recent days and that he had stopped chatting and joking around with fellow employees and customers, the officer said.

Col. Miller said Roberts had been scheduled to take a random drug test yesterday. But the officer said it was not clear whether that played a role in the attack. The colonel also said investigators were looking into whether the attack was related to the death of one of Roberts' own children. According to an obituary, Roberts and his wife, Marie, lost a daughter shortly after she was born in 1997.

Reporters were kept away from the school after the shooting, and the Amish were reluctant to speak with the press, as is their custom. The victims were members of the Old Order Amish. Lancaster County is home to some 20,000 Old Order Amish, who eschew automobiles, electricity, computers, fancy clothes and most other modern conveniences, live among their own people, and typically speak a German dialect known as Pennsylvania Dutch.

Bob Allen, a clerk at a bookstore in the Amish country tourist town of Intercourse, said residents see the area as being safe and the Amish as peaceful people.

"It just goes to show there's no safe place. There's really no such thing," he said.

After entering the building, Roberts released about 15 boys, a pregnant woman and three women with babies, Col. Miller said.

"Very, very traumatic situation. Some of my troopers, actually one of the girls died in the arms of one of our troopers," Col. Miller said.

A Roberts family spokesman, Dwight Lefever, read a short statement from Mrs. Roberts that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

Seclusion Shattered By School Slayings (USAT)

By Thomas Frank And Alan Levin

USA Today, October 3, 2006

BART TOWNSHIP, Pa. — They shun electricity, telephones and the court system to try to stay disconnected from a world they consider polluted by modern convention and comfort.

But the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse.

“You read about it, you hear about it. But you don't expect it to happen this close to home,” said John Fisher, 33, an Amish man who lives a half-mile from the school.

The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were “crying and weeping and hugging, and the Amish people don't usually show too much emotion,” said Annie Beiler, 66, whose farm abuts the school property. “They are quiet, private people.”

Lancaster County District Attorney Don Totaro said, “It's beyond comprehension that anyone would slaughter children in this manner.”

“It's like a dream. It's something you hear of in a city,” said Naomi Fisher, whose runs an auction house nearby. “You read it in the paper. But not in a quiet little country school.”

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David Bernard, 66, of Parkesburg works as a driver for some Amish neighbors and accompanied them to the school Monday night. Bernard said the Amish viewed the violence as a demonstration of the problems posed by the modern world.

"This is a place of blood," he said of the school. "People died here, so they'll probably tear it down."

The violence seemed unlikely to change the tight religious sect that is rooted in non-violence and resistance to change.

"I don't see it as having a large effect on their lifestyle," said David Weaver-Zercher, a professor at Messiah College in Pennsylvania. "In a certain way, it confirms a general orientation about the world not being a very good place."

Since the Amish emerged as a small Protestant sect in late-17th-century Switzerland, its adherents have strived to maintain religious purity. Nonviolence — or "non-resistance" — was an early tenet that arose from a literal reading of the New Testament.

"They take the words of Jesus seriously: to love your enemies and not to do evil to fellow people," said Donald Kraybill, an Amish expert at Elizabethtown College in Pennsylvania. "There is very little violence in the Amish community."

Crime by the Amish is so rare that only one adherent is thought to have been convicted of murder: an Amish man from western Pennsylvania who killed his wife in 1993 saying he wanted to excise the devil.

The gunman Monday, Charles Carl Roberts IV, was not Amish and was not targeting the Amish but apparently picked the school because it was near his home and had little security, said Col. Jeffrey Miller of the Pennsylvania State Police. Roberts killed himself in the school building.

Amish schools — typically one-room schoolhouses with 25-30 students and a young, female teacher — reflect the community's efforts to protect itself against the dangers of worldliness. The Amish went to the U.S. Supreme Court in 1972 to preserve their right to end classroom education after eighth grade.

They won a decision in 1972 that said the Amish weren't against education itself but oppose "conventional formal education" in high school years "because it comes at the child's crucial adolescent period of religious development."

"The Amish view is that they should provide the basic education for children to live productively in the Amish community," said Herman Bontrager of the National Committee for Amish Religious Freedom, which brought the Supreme Court case. "Additional things really aren't necessary for living productively in their community. They distract and maybe lead you into another world."

The Amish have negotiated a tricky path between accepting and rejecting convention since the rise of technology in the mid-19th century. They number about 200,000. The largest communities are in Ohio, Pennsylvania and Indiana.

Many have moved away from farming, particularly in Lancaster County, Pa., the site of Monday's shooting and the setting for the acclaimed 1985 film Witness, in which Harrison Ford plays a Philadelphia police officer who takes refuge on an Amish farm.

About 60% of Lancaster's Amish run businesses such as greenhouses, woodworking shops and farmer's markets, said Kraybill.

That has challenged the Amish's effort to "separate from the world," said Weaver-Zercher, the Messiah College professor. "They look at various technology and how that would connect them."

The Amish eschew electricity that would literally connect them to society through power lines, but they use self-contained power sources such as batteries and gas to run refrigerators and stoves.

They pay federal income taxes and local property taxes, but they won an act of Congress to exempt them from paying and receiving Social Security benefits. "They feel the church should provide support for its own members," Kraybill said.

Amish avoid phones in their homes, where they would enable intrusions that interrupt family life. Phones are in some Amish businesses and at roadside booths where families share them.

After the gunman took students hostage in the school, a teacher ran to a farmhouse where someone called 911.

Although Amish enjoy police protection, many of them are reluctant to cooperate with criminal investigations, viewing prosecution as a form of force.

Steven Nolt, a historian at Goshen College in Indiana who's written several books about the Amish, recalled cases in which Amish people were murdered but relatives refused to help win convictions "because they weren't going to engage in that kind of retributive violence."

Weaver-Zercher of Messiah College said he expects the Amish to "reach out" to the gunman's widow.

"They'll try to express their forgiveness," he said, "and sense that in some ways, this woman is a victim."

DOJ_NMG_0073381

Gunman At Amish School Kills 4 Girls, Wounds 7 (PPG)

By Tom Barnes And Tracie Mauriello, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 3, 2006

Lancaster County milk truck driver kills himself after slaughter

NICKEL MINES -- It was a bloodbath, made even more horrible by its location and its innocent victims, who became targets of a lone gunman apparently because they simply lived near his home.

Charles Carl Roberts IV, 32, a rural milk truck driver and father of three, walked into West Nickel Mines School, the tiny schoolhouse less than 2 miles from his home that housed children in grades one through eight.

Armed with three guns and 600 rounds of ammunition, he ordered all but the girls to leave, then barricaded the doors with lumber, bound the children's legs and lined them up against the chalkboard.

He called his wife to say he was "angry at life, angry at God" then shot each girl, most of them in the back of the head and all at close range.

Police had arrived on the scene before the shots were fired and tried to hail Mr. Roberts using loudspeakers.

Mr. Roberts used a cell phone to call a 911 center and tell them he would begin shooting if state police did not leave. When police at the scene tried to call Mr. Roberts back, that's when they heard the sound of gunfire.

By the time police managed to break into the school, they found Mr. Roberts dead.

Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school.

"It's clear to us he did a great deal of planning in this," said state police Commissioner Jeffrey Miller. "It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself."

Two young girls and Mr. Roberts died inside the schoolhouse, a third female, a 15-year-old teacher's aide, died later at Lancaster General Hospital. Another girl died later last night, and seven others were fighting for their lives at hospitals in Philadelphia, Hershey and Wilmington, Del.

It was the nation's third deadly school shooting in the last week, and it prompted the Bush administration to call for a national conference next week on school violence.

"It would be a miracle if we were able to somehow not have any further loss of life," Col. Miller said. Police did not release the names of the victims.

Two had such severe head wounds they could not be identified for hours. State police showed photographs of the wounded children to families of the victims so they then could be taken to the correct hospital to see their daughters.

"They were killed at close range, execution style," Col. Miller said. "I have never seen anything like this. This was a horrendous tragedy."

The incident did not appear to be related to the Amish. Mr. Roberts is not Amish.

Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate.

"It seems as though he wanted to attack young, female victims," Col. Miller said.

He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy.

"How these pieces fit together we don't know. We may never know," he said. "We believe he was going through some sort of personal strife, something from 20 years ago."

Neighbors and distant relatives said they did not know about any incident from 20 years ago.

"I completely don't know anything about anything like that," said Ken Scott, who used to work with Mr. Roberts.

"It appears this location was probably picked because it was close by. It was a target of opportunity," Col. Miller said. "He was able to locate individuals in the age group he was looking for."

Police say Mr. Roberts, who lived in the town of Bart, dropped off his children at a school bus stop, then drove a borrowed pickup truck to the school at about 9:45 a.m. Brandishing a semiautomatic pistol, he also carried a range bag containing a shotgun, a rifle, two knives, a stun gun, two cans of smokeless gunpowder, a change of clothes, a hammer, a hacksaw, tape and lumber, which he used to secure the doors and to prevent police from storming inside.

Before securing the building, Mr. Roberts allowed 15 boys, a pregnant woman and three women with infants to leave the building, then lined up 11 girls, age 6 to 15, against a chalkboard, their feet bound with wire ties and flexible plastic ties, Col. Miller said.

It was about that time that the teacher and another adult at the school fled to a nearby farmhouse, and someone there called 911 around 10:30 a.m. to report a gunman holding students hostage.

Most of the victims were shot in the back of the head, although some were hit in other parts of their bodies.

It was over in seconds.

Police could not easily enter the schoolhouse because Mr. Roberts "had taken extreme measures to fortify this location. He took two-by-sixes and two-by-fours and nailed them to the doors and then used flex-ties so there was practically no way we could get in quickly."

Police believe Mr. Roberts held the hostages for about 45 minutes before the teacher got away and reached a telephone to call for help.

About the same time, police received another call from Mr. Roberts' distraught wife, Marie, who had returned home to find suicide notes left by her husband for her and their children.

Most of the injured were badly hurt.

Two girls -- ages 8 and 6 -- remained in critical condition last night at the Penn State Children's Hospital in Hershey, while a 13-year-old girl was upgraded to serious condition after surgery, spokeswoman Amy Buehler Stranges said.

Three girls, ages 8, 10 and 12, were flown to Children's Hospital of Philadelphia, where they were still in surgery last night, spokeswoman Peggy Flynn said. The youngest girl was being treated for gunshot wounds of her neck and arm. The 10-year-old was suffering from head injuries. The oldest girl was being treated for arm and leg injuries.

One victim was transported by helicopter to Christiana Hospital in Delaware, spokesman Spiros Mantzavinos said. He declined to give the person's age or release information about the condition or type of injuries, citing confidentiality laws.

The incident left the peaceful Amish farming community of about 300 looking for answers.

"Our children are defenseless. He picked an easy target. It takes a real target to do that," said John Fisher, 33, one of several dozen Amish men clustered at an informal state police command post, about 300 yards from the school.

"This is a sad day, something I never expected in this community," said another Amish man, Jacob King, a 31-year-old stonemason and lifelong resident.

Many of the Amish neighbors spent a lot of time being interviewed by reporters, although some objected to television interviews because they didn't want their pictures taken.

Some Amish and non-Amish residents speculated the incidents might affect relations between the cultures.

Daniel Beiler, 30, who is Amish, said it could make the Amish even further reject the outside world. But Mr. Fisher wasn't so sure.

"We have a very good relationship with the non-Amish. We get along very well," he said.

Longtime residents of the area were equally shocked.

"I can't believe anybody could do this to children," said Shirley Woerth, who has lived here for 53 years.

Mr. Roberts had no criminal history and no active warrants out against him. He grew up in the area, and his and his wife's families still live in the area.

State police were examining his milk truck, which was found parked several hundred yards from the shooting scene.

A family spokesman, Dwight LeFever, read a short statement from Mr. Roberts' wife that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

The Amish live among their own people and maintain a lifestyle that eschews modern conveniences, such as television and radio. They typically speak a German dialect known as Pennsylvania Dutch.

Land O'Lakes, based in Arden Hills, Minn., issued a statement confirming that Mr. Roberts was employed as a truck driver and assigned to Northwest Food Products, a wholly owned Land O'Lakes subsidiary.

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The shootings were disturbingly similar to an attack last week at Platte Canyon High School in Bailey, Colo., where a man took several girls hostage in a school classroom and then killed one of them and himself. Authorities said the man in Colorado sexually molested the girls.

"If this is some kind of a copycat, it's horrible and of concern to everybody, all law enforcement," said Monte Gore, undersheriff of Park County, Colo.

Col. Miller, though, said he believed the Pennsylvania attack was not a copycat crime: "I really believe this was about this individual and what was going on inside his head."

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

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Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Milk-Truck Driver Kills 3 Girls, Critically Wounds 8 (LAT)

By Ellen Barry And Stephanie Simon, Times Staff Writers

The Los Angeles Times, October 3, 2006

NICKEL MINES, Pa. -- Calling on their faith for guidance, the Amish community here coupled sorrow with forgiveness Monday after a milk-truck driver armed with a small arsenal burst into a one-room schoolhouse, killing three girls and critically wounding eight before committing suicide.

The attack was methodical, gruesome and baffling. Charles Carl Roberts IV, a 32-year-old father of three with no criminal record, entered the schoolhouse with a gun in his hand about 10 a.m., State Police Commissioner Jeffrey B. Miller said. Roberts, who was not Amish and had no known connection to the school, ordered the 15 male students, the teacher and several aides with infants to leave. Then he set about preparing for a siege.

According to Miller, Roberts lined up 10 female students, ages 6 to 13, and a young teacher's aide against the chalkboard. He wrapped wire and plastic ties around their ankles, binding their feet together -- or to one another. He barricaded the door with wooden boards and piled-up desks.

Outside, the teacher and the boys raced for help, cutting through fields to the nearest farmhouse. The Amish eschew most modern technology, so none of them had a cell phone. Many homes here -- like the schoolhouse -- do not have phones, although Amish farmers often have a line running to the barn or corn crib.

At 10:36 a.m., the teacher reached a phone and dialed 911.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, a stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire. At some point, Roberts called his wife on his cell phone. He talked of a grudge from long ago, said he was getting even. He kept the girls silent as he talked. On the other end of the line, his wife heard nothing but his voice.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond. Instead, he called 911 and demanded they leave. If they did not back off within 10 seconds, he said, he'd start shooting.

Seconds later, gunfire erupted.

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Roberts shot the girls in the head -- one after another, in quick order -- with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they stormed the school but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said.

One girl died instantly. A second passed away moments later, in a trooper's arms. A third was pronounced dead when she arrived at the hospital. Eight other children were in critical condition Monday night; Miller said "it would be a miracle" if they all recovered.

"He executed those children," Miller said.

Authorities said Roberts apparently was looking to take revenge on young girls, and found the school a convenient target -- "a location of opportunity," as Miller put it.

Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days.

When he finished his milk route about 3 a.m. Monday, Roberts parked the truck on a hill outside the school, as was his custom. He slept a few hours at his nearby home, but was up by 8:45 a.m. to take his children to the bus stop. His wife, Marie, noticed nothing wrong; the day was unremarkable, routine. "His family had no inkling," Miller said.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more. ... Our hearts are broken our lives are shattered, and we grieve for the innocence and lives that were lost today."

Before driving to the school in a borrowed pick-up truck, Roberts left notes for each of his young children. His suicide letters, like his final call to his wife, alluded to resentment over a past grievance. Miller speculated that it could have something to do with a child that Roberts and his wife lost years ago. Mostly, Miller said, the notes expressed rage: "He was angry with life. Angry with God."

But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about an hour's drive west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing. Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl and then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas, Nev., spotted a former student on campus with a gun; he fled before firing any shots.

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Here in Lancaster County, violence also is not completely unknown: Just this past spring, a young man confessed to killing six of his relatives, aged 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Barry reported from Nickel Mines and Simon from Denver.

Gun Reported At North Las Vegas School (AP)

By Ken Ritter, Associated Press Writer

AP, October 3, 2006

LAS VEGAS, Nev. — Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said.

No shots were fired, and police said they had no indication the teen _ a former student who had been banned from Mojave High School _ had threatened anyone.

Police gave up their search of a residential area in suburban North Las Vegas after more than three hours.

"We know who he is," North Las Vegas police spokesman Tim Bedwell said. "He will be found eventually."

Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons.

The teen ran from the Mojave High campus when school police recognized him and confronted him about 7 a.m., authorities said. School police reported finding a .25-caliber handgun behind a nearby church.

About 2,300 students at the high school and 2,900 youngsters at two nearby elementary schools and a middle school were locked down during the police search of a square-mile residential area. The security measure meant students were kept in rooms while instruction continued, said David Sheehan, a school district spokesman.

The Clark County School District, with about 300,000 students and 325 schools, is the fifth-largest district in the nation.

Bedwell said the teen could face charges including trespassing, possession of a handgun by a minor and possession of a weapon on school property, a felony.

School districts across the country have been especially sensitive to threats after deadly shootings last week at schools in Wisconsin and Colorado, and then another on Monday in Pennsylvania's Amish country.

On Friday, a school principal was gunned down in Cazenovia, Wis., and a 15-year-old student was charged with murder. Just two days earlier, an adult gunman held six girls hostage in a school at Bailey, Colo., before killing a 16-year-old girl and then himself.

Expelled Boy Shows Up At School Armed, Then Flees (NYT)

By Cathy Scott

The New York Times, October 3, 2006

NORTH LAS VEGAS, Nev., Oct. 2 — A 15-year-old boy who had been expelled from his high school returned to the grounds there Monday morning with an automatic pistol and an AK-47 assault rifle, but fled when he was recognized and remained at large, the police said.

The youth, whose name was not released, did not fire the weapons and apparently did not threaten anyone, the police said, but four public schools were locked down throughout the morning as the neighborhood around the high school was searched.

The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police.

When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said.

“They’re still looking for an AK-47 he stole from his parents’ house,” Sergeant Gervasi said.

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A growing number of guns in schools has been a pressing issue in Clark County, which, with 300,000 students enrolled at 325 schools, has the fifth-largest school district in the country. Last Thursday 50 members of the school police protested at a school board meeting, seeking the hiring of more officers.

Bail In School Attack Is $750,000; Safety Cited (MJS)

By Journal Sentinel Staff And The Associated Press

Milwaukee Journal Sentinel, October 3, 2006

A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday.

Advertisement

District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center.

Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, "I do."

In following Barrett's bail recommendation, the judge said, "It goes without saying the public does need protection in this matter."

Barrett told the judge there were other "persons of interest" for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail.

He has been charged with one count of first-degree intentional homicide in Klang's death. Taggart set a pretrial conference for Hainstock for Oct. 13.

According to the criminal complaint, Hainstock carried a shotgun and a .22-caliber revolver to the school on Friday morning. A custodian tugged the shotgun away from the youth, who then ran down a hallway while pulling the revolver from a pocket.

Klang, the 49-year-old school principal, confronted the boy and struggled with him in the hallway. He was shot three times while wrestling Hainstock to the floor, the complaint says.

Judge Sets Bail At $750,000 In Weston Schools Shooting (AP)

By Todd Richmond, Associated Press Writer

AP, October 3, 2006

BARABOO, Wis. -- A judge set bail at $750,000 Monday for a 15-year-old boy accused of killing his high school principal after prosecutors said the teen may have been looking for others to attack as well.

Sauk County District Attorney Pat Barrett told the judge there were other "persons of interest" for Eric Hainstock when he went to Weston Schools in Cazenovia Friday morning and shot Principal John Klang. She told reporters after the five-minute hearing that Hainstock may have had additional targets picked out.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions.

But Circuit Judge Patrick Taggart agreed with Barrett.

"It goes without saying the public does need protection in this matter," he said.

If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family.

A handful of students attended the hearing.

Hainstock and his attorneys appeared in court through a video feed from jail. He sat with his chin in his hand. When Taggart asked him if he understood he faces life in prison, Hainstock replied calmly and firmly, "I do."

He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty.

DOJ_NMG_0073388

Taggart set a pretrial conference for Hainstock for Oct. 13.

Search warrants show deputies found a note at Hainstock's house from him to his father, along with boxes of ammunition, discipline reports from Weston Schools and a photo of a girl with her eyes poked out. Klang gave Hainstock a disciplinary notice for having tobacco in the school Thursday, the day before the shooting, according to the criminal complaint.

Investigators had been to the Hainstock home before. Court records show Hainstock's 35-year-old father, Shawn Hainstock, was charged in 2001 with felony child abuse.

Shawn Hainstock kicked his son several times in the hip for not giving water to some pets, put hot sauce or hot peppers in the boy's mouth for lying or using foul language, and spanked the child with a wooden paddle marked "the board of education," the complaint in that case said.

The elder Hainstock pleaded no contest to misdemeanor battery in 2002 as part of a deferred prosecution agreement, which allows people facing criminal charges to have them dismissed if they fulfill certain conditions. The charge against Shawn Hainstock was dismissed in 2003.

Court records also say Eric Hainstock had a medical condition that affected his behavior but he was not receiving treatment because the family could no longer afford drugs or counseling.

The pain from Friday's violence was still apparent Monday in Cazenovia, a tiny farming community of 300 people about 70 miles northwest of Madison.

"Forever changed. 9-29-06," read billboards outside of the town's only gas station and its municipal building, referring to the date of Klang's death.

Flags at the school complex were at half-staff. Some students and staff met with counselors, while others walked the halls, talking and holding each other.

About a half dozen Sauk County investigators also were in the school reviewing the shooting, but Superintendent Terry Milfred said things were starting to get back to normal. Volleyball practice went on Monday morning, and Friday's football game was still scheduled, he said.

"The spectrum varies from grief ... all the way to seeing a group that is absolutely normal," he said. "That's especially noticeable with students, who are live and vibrant even though they are grieving."

A funeral Mass for Klang will be celebrated at 11 a.m. Wednesday at the Weston High School gymnasium.

National School Violence Conference Set (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, October 3, 2006

The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday.

Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

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Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Perino said the president plans to use his fundraising spree through Nevada, California, Arizona and Colorado to draw a clear line between Democrats and Republicans, particularly on the war on terror, as the campaign begins its final month.

Bush began Monday evening at an airport hangar in Reno, Nev., where a few hundred people who donated a combined $360,000 gathered to support Secretary of State Dean Heller's congressional campaign. Heller is up against Democrat Jill Derby for the seat being vacated by Rep. Jim Gibbons, who is running for governor.

"I want you all to remember when you go to the polls here in Nevada, what political party supported the president to make sure we have the tools necessary to protect the American people and which political party didn't," Bush said.

Bush criticized some Democrats for voting against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said. "That's not the way it's going to be under my administration."

The donors paid $500 to attend the reception, held on a cement-floored hangar decorated with blue curtains, or $2,100 to also be photographed with the president.

Republicans have held the seat since it was created 25 years ago to represent more than 100,000 square miles — nearly the entire state except for Las Vegas. Republicans hold an edge of more than 47,000 registered, mostly rural voters, but polls make it a close race.

About 100 protesters rallied near the fundraiser, chanting, "Vote for change."

"I think it's an indication of how desperate the Republicans have gotten to try to hang onto a seat that just a year ago was considered a slam dunk for the Republicans," said Pam duPre, executive director of the Washoe County Democratic Party.

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Associated Press Writer Scott Sonner contributed to this report.

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On the Net:

http://www.whitehouse.gov

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

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`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Bush 'Troubled' By School Shooting (AFP-Y)

AFP, October 3, 2006

US President George W. Bush was "deeply saddened and troubled" by a shooting at a Pennsylvania schoolhouse that left at least three girls dead, the White House said.

Bush ordered cabinet officials to find ways for the government to help in the aftermath of recent school shootings, said Dana Perino, a White House spokeswoman.

Bush is "deeply saddened and troubled by the recent school violence," Perino told reporters on a presidential trip to Reno, Nevada.

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"It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and gunned down," Perino said.

Attorney General Alberto Gonzales and US Education Secretary Margaret Spellings will convene a conference next week with education and law enforcement groups to discuss school violence, she said.

Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said.

A truck driver burst into an Amish schoolhouse in rural Pennsylvania Monday and killed at least three girls "execution style" after lining them up in a classroom, police said.

It was the third fatal killing in a US school in the past week.

Last week a 16-year-old schoolgirl was killed when a gunman took six hostages at a Colorado school before opening fire and turning the gun on himself as police stormed a classroom.

On Friday, the principal of a Wisconsin high school was killed after being shot by a student.

'A Horrendous Crime Scene' (USAT)

By Alan Levin And Laura Parker

USA Today, October 3, 2006

NICKEL MINES, Pa. - A milk-truck driver claiming to have a 20-year-old grudge barricaded himself inside a one-room Amish schoolhouse Monday and shot 12 girls, killing three of them, before he committed suicide in the latest shocking attack at a U.S. school.

At least eight girls were in critical condition at area hospitals, said Col. Jeffrey Miller, commissioner of the Pennsylvania State Police. Most were shot in the head, he said.

"It's a horrendous crime scene," Miller said. "One of the children died in the arms of one of our troopers."

The shootings stunned this quiet, insular community in the rolling cornfields and pastures of Amish country, about 60 miles west of Philadelphia. It was the third fatal school shooting in the USA in six days. The attack was similar to one in Bailey, Colo., last week. There, a gunman took several girls hostage at a high school and killed one of them.

In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week.

The Pennsylvania gunman was identified as Charles Carl Roberts IV, 32, who lived near the school. Miller said Roberts backed a pickup to the front door of the yellow schoolhouse around 10:35 a.m., then began boarding up the doors with lumber that he had brought in the truck. He had a handgun, a rifle and a shotgun, Miller said.

Roberts took over the classroom, but quickly allowed several people to leave, including about 15 boys ages 6-13, Miller said.

He also released four adult women, including the teacher, a pregnant woman, and other women who had infants. He lined the girls up in front of the blackboard, where he bound their feet with "flex-cuffs," disposable handcuffs, Miller said.

The teacher and adults ran to a nearby farm to call police. The school has no electricity or phone service.

After Pennsylvania State Police officers arrived at the scene, Roberts contacted the Lancaster County sheriff's office and warned the state police to back off "within 10 seconds" or he would start shooting, Miller said.

He began shooting moments later "in rapid succession," Miller said. The dead girls included two students and a student aide about 15 years old, Miller said.

Roberts left "rambling" suicide notes at his home Monday morning for his three children, Miller said. He was not Amish. Police believe that he chose the school because it was an easy target, Miller said. After seeing the notes, Roberts' wife called her husband's cellphone about 11 a.m., Miller said. Roberts told her he was "seeking revenge" for something that happened 20 years ago, Miller said.

Miller declined to elaborate about what drove Roberts to attack the girls, but he said investigators were looking into the possibility that Roberts had been affected by the death of a child. He would not say whether the child was Roberts' or someone else's.

Roberts also told his wife that "the police were here and that 'I'm not coming home.' He told her he loved her and that was it," Miller said.

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Roberts apparently planned for a long siege, Miller said. He had brought a change of clothes, a bucket and toilet paper. With the three guns, he brought 600 rounds of ammunition. He shot the students with a 9mm handgun and reloaded, Miller said.

Miller said co-workers described Roberts as friendly and talkative — but said he had become less so recently. In the past few days, a calm came over him, they told police. Miller said he believed that was an indication that Roberts had decided to attack the school.

"He was angry at life. He was angry at God," Miller said.

Most Amish live in rural communities and are seldom exposed to crime. In nearby Strasburg, the FBI recorded just two violent crimes in 2005: a robbery and an assault.

"They just don't take provisions for or expect outsiders to come walking in," said Steven Nolt, a historian at Goshen College in Indiana who's written books about the Amish.

Experts: Events Might Weigh Heavily On Kids (USAT)

By Robert Davis, Usa Today

USA Today, October 3, 2006

School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children.

The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say.

"This has been one of the most gruesome weeks I've ever encountered in 20 years of dealing with school safety," says Ronald Stephens, executive director of the National School Safety Center, which helps schools prepare for and respond to crisis. "It's hit an entirely new low. Parents are going to be wondering if their children are safe returning to school."

He and others hope that counselors are available today in the nation's schools. "Students are going to have a number of feelings they need to express," Stephens says. "It's going to be very difficult for a whole lot of learning to take place until some of these emotional issues have been given some attention."

Experts such as Stephens say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep.

Security has become more visible since the shootings at Colorado's Columbine High School in 1999. About 15,000 schools now have their own police officer, says William Lassiter of the Center for Prevention of School Violence. But schools remain easy targets.

"You have this unease about who can we trust and who is safe," says George Greger-Holt, a school counselor who focuses on safety in Chatham County, N.C.

Three School Shootings (NYT)

The New York Times, October 3, 2006

No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent.

When Charles Roberts snapped, the tools lay ready to hand. It is not clear what led him to seek out a quiet country school in Lancaster County, Pa., but it is possible he chose it because he knew that it belonged to a trusting, insular community, where there would be no one to stop him from entering with a shotgun, a rifle and an automatic pistol.

This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently.

The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. There are no simple solutions to this conflict. It is neither possible nor tolerable to secure every school or guard every child. Nor is it possible or politically tolerable to keep tabs on every

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gun. But in these killings we see an open society threatened by the ubiquity of its weapons, in which one kind of freedom is allowed to trump all others. Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns.

Common Tragedy And Culprits (WP)

The Washington Post, October 3, 2006

A SCHOOL shooting is, by definition, obscene, yet there is a special horror to the tragedy in Nickel Mines, Pa. Perhaps it is because the setting, a picturesque community in Lancaster County, was so peaceful. Or that the target was a one-room Amish school amid fields of green. Or that the victims were young girls. Yes, there are unique features that make yesterday's attack a singular tragedy. There is, however, one aspect that makes it shamefully commonplace -- guns.

The 32-year-old man who walked into the Georgetown Amish School in a rural area about 60 miles west of Philadelphia had, authorities said, armed himself with a shotgun, a rifle and a semiautomatic handgun. After releasing all the boys and some women, the gunman barricaded the doors with boards and, having bound the feet of his victims, shot to death three girls before killing himself. Eight others were critically wounded; one of the wounded later died. "This is the last place on Earth that something like this would happen," Raymond Bial, author of books on the Amish, told Bloomberg News, as if being pacifist guarantees protection from the world.

Yesterday marked the third time in less than a week that a school was the site of a fatal shooting. In Colorado, on Sept. 27, a man armed with two handguns sexually assaulted some of the six girls he held hostage before killing one of them and himself. In Wisconsin, just two days later, a 15-year-old student fatally shot a principal. Like yesterday's shootings, each incident was tragic and certainly each had unique circumstances, but all -- including near-tragedies in Florida, North Carolina and Nevada that barely made headlines -- shared the fact of the far-too-easy availability of guns.

At this early stage, it is not known what drove Charles Carl Roberts IV to yesterday's rampage or whether it could have been prevented. Indeed, there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. Witness the recent vote by the House of Representatives to make it more difficult for authorities to crack down on bad gun shops. Thankfully, the Senate didn't have time to take up that measure.

Our sympathies go to the people of Nickel Mines. We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control.

Online Gambling Set For Takeover Wave (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, October 3, 2006

Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday.

Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US.

Investors wiped $7bn (£3.7bn) off the market value of what at the start of trading was an industry worth $12bn, as heavyweight internet gambling companies said they would suspend indefinitely their US operations.

PartyGaming, the biggest company in the sector, lost 57.94 per cent after announcing it would suspend all money gaming business with the US indefinitely when President George W. Bush signs the bill into law.

Across the sector, internet gambling stocks went into freefall. Sportingbet lost 64 per cent of its value, falling to 66p.

888 Holdings, which has also indefinitely suspended US operations and expects to take a charge, dropped 26 per cent.

Mr Garber told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in. However, Harrah's had other matters on its mind yesterday with news that it had received a $15bn takeover offer from private equity companies Apollo Management and Texas Pacific.

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Now that listed internet gambling companies are expected to quit the US en masse, the remains of their businesses will be free from the spectre of illegality that in the past might have put off investors and prospective buyers.

Mr Garber said: “I wouldn’t be surprised if they [MGM and Harrah’s] didn’t have an interest in winning non US-facing companies as a means of tipping their toes in the internet world.”

Mr Garber said he expected PartyGaming to be involved in buying up companies likely to suffer heavily from the impact of the new US legislation. “We are very focused on mergers and acquisitions. I see our liquidity as being very attractive to smaller players who may not be able to survive on their own.”

A banking adviser in the sector said: “This is going to create a round of consolidation but what format and nature and how broad is a different matter.”

Mr Levy said consolidation would happen first between online operators in order to restore the high margins lost by the US debacle followed by takeovers by big onshore operators coming from both the US and the UK.

U.K. Online Gambling Sites Mull Exiting U.S. Market (WSJ/AP)

Associated Press

The Wall Street Journal, October 3, 2006

LONDON -- Several British online gambling companies may cease doing business in the U.S. as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the U.S. if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the U.S. and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday. It is expected to be signed by President George W. Bush

Shares of all three companies tumbled in trading on the London Stock Exchange Monday.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars, and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank commented that it was difficult to assess the value of online betting companies with heavy exposure in the U.S. because the allocation of costs is unclear.

Sportingbet, which does more than 60% of its business in the U.S., said the impact of the legislation was unclear. However, the company called off talks about a potential bid for World Gaming.

"The precise effect of the legislation is unclear," 888 Holdings said in a statement. "However, this legislation indicates Congressional intent to treat Internet gaming, whether sports-related or not, as illegal."

The legislation, if enacted, "will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," PartyGaming said. "If the president signs the act into law, the company will suspend all real money gaming business with U.S. residents."

Austrian-based Bwin.com Interactive Entertainment AG, which gets 22% of its revenue from the U.S., said it was reviewing its options. "It's a difficult situation right now, and we need to have our lawyers take a close look, review the situation and what it could mean to us," Bwin spokeswoman Karin Klein said in Vienna.

William Hill PLC, one of Britain's biggest bookmakers, announced on Sept. 27 that it would cease accepting casino and poker business from clients with a U.S. address or a credit card issued in the U.S.

Paddy Power, the Irish bookmaker, gets about half its revenue from online betting but "we have made every effort to block U.S. play," said spokesman Breon Corcoran. "We would be excited about bringing an Irish brand to the States, but given the climate there, it's unlikely to happen," Mr. Corcoran said.

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Online Gaming Shares Plummet In Bill's Wake (WP/AP)

By Robert Barr

The Washington Post, October 3, 2006

LONDON, Oct. 2 -- Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming, the world's biggest online gambling company, said it would pull out of the United States if President Bush signs the legislation into law.

The company 888 Holdings PLC said it is suspending online betting operations in the United States as a result, and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday.

Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

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Bad Luck For Online Gaming (LAT)

By Michael A. Hiltzik

The Los Angeles Times, October 3, 2006

Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them.

Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday.

The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve.

Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain.

Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition.

"That's a major weakness" of the new measure, said I. Nelson Rose, an expert in gambling law at Whittier Law School.

"It left out expanding the reach of the Wire Act, so poker sites can say, 'We're not covered by that.' "

The gambling provision's late-night passage took many in the gaming world by surprise. Many thought the Senate bill was dead in the current session, meaning that both houses of Congress would have to start from scratch next year.

U.S. casinos were neutral on the bill. Although they don't like the offshore competition, domestic gambling companies might someday want to open their own online casinos.

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Online gaming companies headquartered in Britain were among those taking the biggest hit from the measure. Although most have been trying in recent months to wean themselves from the U.S. market as the threat of congressional regulation has risen, American customers still account for the greatest share of their business.

"This development is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, chief executive of PartyGaming Ltd., the operator of the PartyPoker website, in a statement.

Shares of PartyGaming, based in Gibraltar, lost 58% in Monday's trading in London.

Shares of Neteller, a British payment processing company based on the Isle of Man, fell more than 60%. Such companies have sprung up in recent years after American payment processors, such as the PayPal subsidiary of EBay Inc., voluntarily ceased accepting payments to online gambling sites.

In a statement issued after the Senate vote, Neteller said, "It is currently unclear how Neteller, a European company, with no assets, presence or employees in the U.S., would be affected by this bill." The company said it would have a "clearer view" after U.S. authorities issued the regulations.

U.S. banks and credit card companies have generally ceased transferring funds for internet gambling over concerns that they could be charged with aiding and abetting illegal activities. But they have opposed legislation that makes them criminally liable for such transfers, arguing that in many cases they don't have the ability to determine whether a recipient is a gambling website.

Representatives of industry groups said Monday that they were satisfied that the new bill took that difficulty into account.

"We wanted to be sure that there was some protection if we act in good faith," said Floyd Stoner, executive director for congressional relations at the American Bankers Assn.

The Senate's action followed a string of other legal attacks in the U.S. on the online gaming industry. In July, David Carruthers, CEO of London-listed firm BetOnSports, was arrested while making an international air connection in Dallas. Charges against him include racketeering and mail fraud.

Last month Peter Dicks, then chairman of Sportingbet, a British online company, was arrested at New York's Kennedy Airport on a warrant alleging that he violated a Louisiana law barring online gambling. Dicks was released and returned to Britain on Friday.

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New Legislation May Pull The Plug On Online Gambling (USAT)

By Michael Mccarthy And Jon Swartz, Usa Today

USA Today, October 3, 2006

The $12 billion online gambling industry could turn into a house of cards now that the Congress has passed a law banning the use of credit cards, checks and electronic fund transfers for Internet gaming, industry experts warn.

President Bush is expected to sign the Unlawful Internet Gambling Enforcement Act, which makes it illegal for banks, credit card companies and online payment systems to process payment to online gambling companies.

Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections.

The surprise passage of the law threw the online gambling industry into a tailspin Monday. Shares of publicly traded companies PartyGaming, Sportingbet and 888 Holdings tumbled in heavy trading on the London Stock Exchange, wiping out nearly $8 billion in market value. PartyGaming, the world's largest online-gambling company, said it will stop taking bets from 920,000 active U.S. customers as soon as Bush signs the proposed law. Sportingbet said it is calling off its bid for World Gaming.

Shares in the publicly traded PartyGaming plunged 60% to 81 cents on the British market and 888 Holdings said it is suspending online betting operations in the USA. Its shares tanked 48% to $1.42 on the British market.

Sportingbet, which gleans more than half its business in the USA, said the bill's impact is unclear. Sportingbet shares slumped 67% to $1.12 on the British market.

"This develop is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, PartyGaming's CEO.

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The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say.

Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia.

After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced.

Most credit card companies already ban customers from paying gaming sites as the result of a settlement between New York Attorney General Eliot Spitzer and several major credit card issuers a few years ago.

PartyGaming generated 80% of its $1 billion in 2005 revenue from the U.S. market. During the first half of 2006, American bettors accounted for 78% of $662 million in revenue, says John Shepherd, a spokesman for the Gibraltar-based company.

"If you lop off 80% of somebody's revenues, it's going to hurt," Schneider says. "A lot of them have been trying to build up their non-U.S. business."

Unfortunately for players, the companies eliminated in the shakeout are more likely to be publicly traded operators that answer to regulators in Britain than privately held firms more likely disappear into the ether of the Web, warns Linda Goldstein, a partner with Manatt, Phelps & Phillips.

"The upshot is the legislation will drive away larger, more reputable gaming operators, leaving consumers with less reliable options," says Ken Dreifach, an Internet lawyer who once worked for Spitzer. That could expose consumers to more fraudulent operators, he says.

A stock listing is no guarantee, however. Many U.S.-based customers of BetOnSports have been waiting to cash out the money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud.

"We're telling folks 30-90 days," says BetOnSports spokesman Kevin Smith, who declined to comment on how many players are owed how much money.

Michael Bolcerek, president of the Poker Players Alliance, says he'll seek congressional support for a legislative exception for online poker, similar to the carve-outs for fantasy sports, horse racing and state lotteries in the proposed law. Bolcerek argues poker is a uniquely American sport, enjoyed by 23 million Americans.

"We believe poker is a skill game that should be separated from other forms of gambling," he says.

Attorney General Creates Domestic Violence Unit (AP)

AP, October 3, 2006

JACKSON, Miss. - A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant.

The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims.

"What this division does is bring a cohesiveness to the state's efforts to fight domestic violence," said Attorney General Jim Hood. "Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing."

Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence.

"When a group of dedicated individuals and organizations make a commitment to act as one, the possibilities to create positive change are endless," Michele Carroll, executive director of the Mississippi Coalition Against Domestic Violence, said in a statement. "With the award of this grant and the development of this program we have a truly unique opportunity to work collaboratively to end the violence."

The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women.

Philadelphia Police Dispatchers Charged With Selling Information (AP)

AP, October 3, 2006

PHILADELPHIA (AP) — Two police department radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes.

Patricia Bradley, 35, and Tamara Mitchell, 38, both civilian dispatchers employed by the Philadelphia Police Department, have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday.

The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division.

Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers. Authorities said they made deals to share in the proceeds of the planned robberies with the man — identified in court documents only as "I.B." — to whom they provided the privileged information.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," Meehan said.

Bradley worked as a dispatcher from March 2003 until she was fired in February. Mitchell, who has worked as a dispatcher from 2001 until the present, also will be fired, Meehan said.

A police department spokeswoman said she was not aware of the case and had no immediate comment.

If convicted, Bradley faces a maximum sentence of 80 years in prison and a $1 million fine; Mitchell faces a maximum of 40 years in prison and a $500,000 fine, authorities said.

Neither of the women had listed phone numbers and it was not immediately clear whether they had attorneys.

Court documents did not state whether any of the planned robberies occurred. U.S. Attorney's spokesman Rich Manieri said he could not immediately elaborate on details of the case not included in the documents released Monday.

2 Police Dispatchers Charged In Scheme (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 3, 2006

Federal prosecutors yesterday charged two Philadelphia police dispatchers with extortion for allegedly selling information from the Police Department's computer system.

The two civilian dispatchers, Patricia Bradley and Tamara Mitchell, were charged with extortion by way of criminal information, a process that indicates they intend to plead guilty.

The two women used license tags listed in the Police Department's computer system to get names and addresses that they then sold to a man who said he intended to commit robberies at the addresses, according to the charges.

The alleged extortion occurred from August 2003 until May 2006.

The two dispatchers believed that the names and addresses they sold were those of drug dealers, according to the charges.

Unfortunately for Bradley, 35, and Mitchell, 38, the man to whom they peddled the names and addresses turned out to be a government informant, identified only as "I.B." in the court filing.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," said U.S. Attorney Patrick Meehan.

The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags.

The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation.

A police spokesman said yesterday that Bradley no longer works for the department and that proceedings to dismiss Mitchell should begin shortly.

The FBI and the Police Department's Internal Affairs Division investigated the case.

2 Police Radio Dispatchers Face Jail Time (PHI)

By Stephanie L. Arnold

The Philadelphia Inquirer, October 3, 2006

Two Philadelphia police radio dispatchers face a combined 120 years in federal prison and more than $1 million in fines if convicted on charges of using police computer equipment to obtain and distribute personal information about cars and homes to a man they believed was robbing the victims.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," U.S. Attorney Patrick Meehan said in a statement yesterday.

Charged were Patricia Bradley, 35, of the 1300 block of Lippincott Street, and Tamara Mitchell, 38, of the 600 block of Chew Street. They are accused of running license tags and giving the names and addresses associated with those tags to a man who used the information to commit crimes at those addresses.

According to court documents, Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers.

They thought they were setting up the dealers to be robbed.

Bradley worked as a dispatcher for the Police Department from March 2003 until she was fired in February 2006. Mitchell, who still works for the department, has worked as a dispatcher since 2001. The U.S. Attorney's Office said Mitchell would be fired upon the filing of the charges.

The department hires civilian dispatchers whose responsibilities include providing information and support to police officers via police radio. A computer database is used to obtain identifying information about civilians and vehicles as requested by police officers. This database, authorities said, is prohibited from being used for personal purposes.

Newark: Bank Robber Sentenced (NYT)

By The New York Times

The New York Times, October 3, 2006

A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies, prosecutors said. The man, Michael Giubilo, 61, of Belleville, was convicted on Feb. 10 of robbing banks in West Caldwell and Millburn in 2003 and 2004, said Christopher J. Christie, the United States attorney for New Jersey. Mr. Giubilo was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said.

Jemal Defense Team Questions Deal For Prosecution's Witness (WP)

By Carol D. Leonnig

The Washington Post, October 3, 2006

No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso.

Since the days in 2001 and 2002 when he and Jemal were standing shoulder-to-shoulder chomping on cigars at the Capitol Grille, much has changed for Lorusso. He's no longer flying high as a flashy D.C. government dealmaker; instead, he was forced out of his job and began cooperating with federal prosecutors. Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn.

But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille.

Jemal's attorneys argue that prosecutors appear willing to overlook Lorusso's other shady dealings in District government and in his hometown of Boston so they can go after the more famous Jemal, his son and another company officer. That includes evidence that Lorusso helped bilk city taxpayers of millions of dollars through phony invoices for work renovating One Judiciary

Square, a municipal building, soon after joining city government in November 2000 -- a project involving another company, they wrote. Also, they said, in 1998 and 1999, Lorusso persuaded people to invest hundreds of thousands of dollars in two illegal Ponzi schemes in Massachusetts that led to the indictment of one associate.

"In return for his stories about cash (bribes), Lorusso received full absolution," Jemal's defense attorneys wrote. "In return for testifying against his prominent former friends, Lorusso has capped (his future prison sentence)."

As part of his deal, Lorusso pleaded guilty to two counts of accepting bribes. He now faces a maximum of 57 to 71 months in prison but would likely get less due to his cooperation when he is sentenced after Jemal's trial.

Yesterday, Thomas Mason, Lorusso's attorney, declined to comment on his client's deal. Also yesterday, U.S. District Judge Ricardo M. Urbina denied a defense request that the government be forced to turn over more material to them about how they reached this deal.

The fate of Jemal, his son Norman Jemal and leasing agent Blake Esherick hangs to a great degree on whether jurors believe Lorusso's explanation of why he crafted city leasing and purchase deals that were so favorable to Jemal's Douglas Development Corp. and so lousy for city taxpayers.

Lorusso is expected to testify that he took cash, trips and gifts, including a Rolex watch and pricey cowboy boots, in exchange for personally arranging exorbitantly priced leases and fraudulent invoices. Jemal denies wrongdoing.

In 2001, Lorusso proposed that the city pay Jemal $12.5 million for a Prince George's County parcel the city could use as a new vehicle-impoundment lot, records show. Lorusso presented his bosses with an appraisal saying that amount was a fair market price, but he didn't mention that he had given the appraiser inaccurate information about the site that drastically inflated the appraisal. What raised eyebrows on the D.C. City Council was that Jemal had paid $1.5 million for the land just four years earlier; the $12.5 million deal did not go through.

All told, Lorusso negotiated deals that helped Jemal and his company generate $14 million a year in income on city leases.

Yesterday, the government responded to the defense's contentions about Lorusso's credibility and favorable plea deal with the written equivalent of a smirk. Prosecutors wrote in court papers that the Jemal defense team's arguments "deserve little in the way of comment" except to note one irony.

"(T)he defendants maintain that Mr. Lorusso had corrupt relationships with nearly every person and entity with which he was involved -- with the sole exception of the defendants," prosecutors wrote.

Jemal and Lorusso may have never uttered the word "bribe," prosecutors wrote, but Lorusso will tell jurors that he "understood and believed that the defendants were in essence taking care of him in exchange for his taking care of the defendants."

D.C. Council member Jim Graham (D-Ward 1) led a council investigation into Lorusso's deals with Jemal and other city contractors, turning up revelations that helped federal investigators. Yesterday, Graham said Lorusso was surely pressured to cooperate because of the evidence against him, but that doesn't mean he's lying.

"I mean, is Lorusso a choir boy? Forget it," Graham said in an interview. "But we found a lot of shenanigans going on. And of course now he's going to do everything he can to cooperate and reduce his exposure."

Miss. Resident Sentenced For Making False Claims To FEMA (AP)

AP, October 3, 2006

JACKSON, Miss. - A Vicksburg man convicted of making false claims to the Federal Emergency Management Agency for Hurricane Katrina relief funds has been sentenced to two years in prison.

U.S. Attorney Dunn Lampton announced in a news release on Monday that Bryan Michael Beets also will be under three years' probation after he serves his sentence.

U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross.

Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June.

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"The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud," Lampton said in the release.

BR Woman Gets Prison In Disaster Fraud (AP)

AP, October 3, 2006

A 27-year-old Baton Rouge woman was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said.

Tarsha Johnson pleaded guilty May 8 to making a false claim. U.S. District Judge Frank J. Polozola sentenced her to prison with three years of supervised release, said U.S. Attorney David Dugas.

Polozola also ordered her to perform 50 hours of community service and to pay $2,000 in restitution.

FBI Joins Expressway Inquiries (SPT)

By Michael Van Sickler, Times Staff Writer

St. Petersburg Times, October 3, 2006

The state Auditor General's Office started an audit. Now a member of the authority confirms FBI and U.S. DOT inquiries.

TAMPA — The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday.

Hillsborough County Commissioner Tom Scott, who sits on the seven-member board, said he spoke with investigators from the two federal agencies last week for more than 90 minutes.

"I was invited to meet with them and they are looking at the (Expressway Authority)," Scott said. "But I can't disclose the content of their questions in order not to hinder their investigation."

Neither the FBI nor the DOT's Office of Inspector General would confirm the investigation.

The inspector general's office frequently conducts criminal investigations with the FBI in cases of alleged waste, fraud or abuse in transportation agencies and projects, said spokesman David Burnes.

State lawmakers created the Expressway Authority in 1964 to build toll roads in Hillsborough.

A once obscure agency, the Expressway Authority came under greater scrutiny in 2004 when its key project, the elevated lanes of the Lee Roy Selmon Crosstown, encountered serious construction problems.

The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists.

An investigation in early September by Gov. Jeb Bush's general counsel found no laws were broken, but it concluded that enough questions were raised to warrant a state audit of what the agency pays in legal and lobbying fees.

The state Auditor General's Office began an audit last week that will review Expressway Authority finances.

Rhea Law, the agency's interim legal counsel, said those investigators have requested billing records dating as far back as 2001.

Law would not say whether the FBI and the U.S. DOT are conducting a third inquiry.

Later, after Scott confirmed he had spoken with FBI and DOT officials, followup questions to Law were referred to Expressway Authority spokesman Mathias Bergendahl. He e-mailed a response from Law late Monday that did not acknowledge the investigation.

"(We) do not want to create any speculation about the Expressway Authority or the results of any review," Law wrote.

"As results are forthcoming, they will be shared with … the public."

This isn't the first time federal officials have looked into the Expressway Authority.

In June 2004, Santos Ramirez, a special agent with the DOT's Inspector General's Office, asked the Expressway Authority for information about a possible conflict of interest involving Bob Clark, a board member who owns Tampa Steel Erecting Co.

At issue was whether Clark could vote on materials to be used in projects that could benefit his company.

Steven Anderson, the Expressway Authority's legal counsel at the time, wrote an opinion urging Clark to abstain from votes that determine which materials will be used in road projects.

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In an interview Monday, Anderson said Ramirez called him in 2004 and asked for the opinion about Clark. He said Ramirez asked other questions about Clark but Anderson would not disclose what they were.

The U.S. Department of Transportation wouldn't confirm that Ramirez is working this case. A call to his downtown Tampa office was not returned.

It was another opinion that Anderson wrote about a possible conflict involving Clark that ignited the current round of investigations.

The governor appointed Clark to the board in 2003. At the time, the Expressway Authority was completing a purchase of $366,000 from Clark's steel company.

Anderson flagged that purchase as questionable. More than three years later, on Aug. 28, Clark and four other board members, all appointed by Bush or one of his employees, voted to fire Anderson without a public discussion.

Board members Gwen Miller and Scott voted to retain Anderson.

When the law firm of Gray Robinson, which has strong ties to Bush, won the contract replacing Anderson, Scott claimed it was political payback.

A possible criminal inquiry could look into allegations that Expressway officials unlawfully steered the legal services contract to Gray Robinson.

It also might look into the billing practices of lobbyist John Beck, who met with Gray Robinson attorneys before the vote.

Beck's partner, Cynthia Henderson, a former top official in Bush's administration, double-billed the Expressway Authority last year for about $1,000.

On Monday, Beck's firm reimbursed the agency another $5,731 after it acknowledged it had overbilled again this year.

Other board members said they had not heard about the FBI investigation.

"I haven't heard anything. Let me know when you hear something," Clark said.

"I don't have any comment on an FBI investigation," said former state Sen. James Hargrett, D-Tampa. "I have not been contacted."

Miller, who said revelations about Beck's double billings should result in his termination from the authority, said she didn't know about the FBI inquiry, either.

"Nobody has called me or anything," she said. "I wasn't aware the FBI was involved until today when you told me."

Times staff writers Rebecca Catalanello and Janet Zink and researcher John Martin contributed to this report. Michael Van Sickler can be reached at mvansickler@sptimes.com or (813) 226-3402.

Rell, Blumenthal Announce Reviews Of Troubled Highway Project (AP)

AP, October 3, 2006

WATERBURY, Conn. -- Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84.

Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire.

The governor and attorney general's announcements came a day after The Hartford Courant reported that federal investigators are looking into why hundreds of storm drains are defective in the project.

Fixing the problems could cost the state millions of dollars and require newly paved parts of the highway to be torn up, the newspaper reported, citing state documents and people familiar with the project.

"Connecticut citizens deserve every assurance that their tax dollars are being spent and invested wisely," Rell said in a prepared statement. "They also deserve to know that multimillion dollar road projects are being performed in a complete and competent fashion."

Rell is asking an independent auditing firm to review all contracts awarded to L.G. DeFelice Inc. of North Haven, a now-defunct company that had the $52 million contract to rebuild the highway, and to New Britain-based Maguire Group Inc., which had a $6 million contract to inspect work on the project.

DeFelice, which went out of business last year and reformed as Hallberg Contracting Corp., was fired for failure to perform, the governor said. Maguire Group was fired by the DOT, at Rell's direction, last month.

The auditing firm will also review the DOT's internal oversight processes, Rell said.

Blumenthal said his investigation began several months ago "as a result of apparent failures in quality and timeliness of work done by various contractors. It is an active and intensive inquiry that will support claims for monetary recovery and other remedies as appropriate," he said in a written statement.

Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago.

Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported.

In a memo written two weeks ago, a top DOT engineer blamed the defective drains on a "complete breakdown" in the inspection process.

"The numerous types of deficiencies, the particular as well as the general defects and omissions in the work, were and are stunning," Arthur W. Gruhn, chief engineer at the DOT's bureau of engineering and highway operations, wrote in the memo.

Gruhn said last week that it remains a mystery why the work is shoddy and why the inspection process failed.

"We may never know what was in somebody's mind as they were doing this," Gruhn said. "It just is so far beyond the norm that appropriate action had to be taken."

The drains, also known as catch basins, and related underground piping are designed to remove water from the roadway. Gruhn said improper drainage can create a hazard for motorists and damage roads through erosion and other forces.

The highway project includes about 300 catch basins. Inspectors have taken another look at about 280 of them, and all but 10 need additional work, Gruhn said. As many as 100 of the drains will require major reconstruction, Gruhn said, including some that are below new pavement.

Gruhn said there was no estimate yet on how much it will cost to fix the problems, but he said it could cost more than the liability insurance coverage provided by the contractors.

No one has stepped forward to accept responsibility for the problems. Nothing has been found to suggest DOT workers were partly to blame, Gruhn said.

A former vice president at DeFelice who ran the now-defunct company's cost department said he was not aware of the drainage problems.

"As far as I know, the work was installed correctly and it was inspected," said Stephen Hallberg.

The Maguire Group is not conceding it was responsible, but a lawyer for the company said it intends to help the state correct any problems.

"Obviously we are in the process of reviewing the findings of the Department of Transportation," attorney Richard R. Brown said. "We absolutely want to cooperate in terms of correcting the situation at no expense to the state of Connecticut."

The DOT has clashed with The Maguire Group in the past. In 1992, then-DOT Commissioner Emil H. Frankel cited Maguire's "serious disregard for standards of professional ethics" in suspending the company for two years from doing work for the Transportation Department.

'Inappropriate' Expenditures Found At Getty (LAT)

By Jason Felch And Ralph Frammolino

The Los Angeles Times, October 3, 2006

A yearlong investigation by the California attorney general's office has concluded that the J. Paul Getty Trust's former chief executive Barry Munitz and the organization's board of trustees made several "inappropriate" expenditures, but will not be the subject of legal action because the money has been returned.

The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office.

For the first time in its history, Atty. Gen. Bill Lockyer has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years.

The attorney general will take no legal action against the trust, Munitz or board members, the report said.

Lockyer concluded that Munitz, whom he describes as a close friend, had compensated the trust for the inappropriate expenditure by agreeing to repay the Getty $250,000 and forgo more than $2 million in benefits when he was ousted in February.

The report also found that several other transactions were appropriate under California law, which allows the Getty to settle potential claims and spend money as long at it furthers its broad charitable purpose, the "diffusion of artistic and general knowledge."

Among them: the $3-million severance payment to former museum director Deborah Gribbon was appropriate because she had valid legal claims against the Getty; questioned grants went to nonprofit organizations and furthered the Getty's mission; and the Getty received fair market value when it sold property to Munitz's friend, philanthropist Eli Broad.

The attorney general's probe was launched in July after a Los Angeles Times investigation revealed that Munitz had used the Getty's resources for personal benefit amid controversies over his management and leadership of the trust. Further reports over the last two years showed that board members did not review Munitz's expenses and had benefited personally from the trust's vast resources.

Since those reports, much of the Getty's senior management and several members of its board of directors have left, including Chairman John Biggs, who retired early in August. The Getty is in the process of implementing a series of reforms it says are intended to correct problems highlighted in the Times reports.

The troubles of the Getty Trust, one of the country's richest private foundations, came amid a national debate about oversight of the nonprofit sector in which the art institution became a symbol of the need for reforms. Federal legislation passed this year has increased the penalties for violations of the federal tax code, which prohibits using public funds for personal benefit.

Van de Kamp will review progress reports made under oath by the Getty every six months, gather additional information if necessary and advise the attorney general's office about the organization's progress.

Aside from the appointment of the independent monitor, the report offers no specific consequences for the violations by Munitz and the board that it identifies, and gives no recommendations for reform or improved governance.

The investigation was carried out by the attorney general's charitable trust division, which regulates all nonprofits doing business in California and can impose civil penalties, remove trustees or recommend the revocation of an organization's tax-exempt status if it discovers gross mismanagement or fraud.

Lockyer approved the report before it was released. The Times reported in July that Lockyer, who is running for state treasurer in the November election, met privately with Munitz in the midst of the probe. Lockyer said Munitz disclosed he was leaving the Getty during the meeting, which the attorney general described as "therapy with a friend." In the past, Lockyer said he had sought Munitz's advise on political issues.

The report shows that the attorney general's probe focused narrowly on issues identified in the Times articles — investigators identified no new issues in their 13-page report, which provided little detail about the expenditures it criticized.

The report stated in two places that the probe found no evidence that Munitz or trustees committed any crimes. "The payments to Dr. Munitz from the trust were authorized, and there was no indication that he obtained such authorization by making false statements, submitting false billings or through some other form of deceit."

In its June 2005 investigation of Munitz, The Times reported that on his frequent travels, he regularly flew first class, stayed in luxury hotels and ate dinner with friends at expensive restaurants, all at Getty expense. Many of the trips had a questionable tie to Getty objectives.

In one case, Munitz billed the Getty more than $35,000 for a trip with his wife and friends to Tuscany, where they rented a 15th century villa and toured the countryside visiting Getty-sponsored projects.

The Getty trustees had specifically approved Munitz's first class travel and the participation of his wife on his trips in his employment contract. The board was responsible for reviewing his expense accounts regularly, but delegated the task to one of Munitz's deputies.

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The attorney general's report concluded that trustees had acted inappropriately in allowing the reimbursement of Munitz's wife's travel expenses. It concluded that Munitz's justification that his wife's participation was expected of his high office was "unpersuasive," and said the implication that an unmarried official could not perform adequately "an absurd proposition."

The report also said some of Munitz's travel expenses were "inappropriate or clearly unreasonable," though no clear rule prohibited them.

The investigation also characterized as "an improper private benefit" the more than $20,000 worth of artwork given to four retiring trustees. The Times reported that Munitz's office had ignored warnings from the trust's attorneys that such gifts violated Getty's will, which prohibits compensation for board members.

It was also critical of Munitz's frequent use of Getty staff to run personal errands for him and his wife. The Times reported he regularly sent his driver from Brentwood to Long Beach to pick up taped episodes of his favorite television programs, and on one occasion asked a secretary to track down blood orange juice for his wife, who had enjoyed it on a recent trip to Europe.

A Times article last month reported that among several "senior advisors" that Munitz hired to advise him was Iris Mickein, a young woman who had previously been an intern at the Getty. Munitz later had the Getty pay the Museum of Modern Art in New York to employ Mickein and flew her around the country to meet his friends at Getty expense.

The attorney general's report concluded that Mickein's MOMA job was appropriate because the Getty's mission includes the training of art students, but took issue with her consulting fees, for which she did "insufficient work."

The investigation concluded that there was nothing improper about Munitz steering a $200,000 Getty grant to a Russian museum at the request of a female Russian researcher with whom Munitz went to a movie, a concert and met with on several business trips.

While acknowledging that Munitz had socialized with the researcher, the attorney general found that the grant was legitimate because "it served the charitable purpose of the trust, specifically art education."

The Russian grant was one of several identified in The Times stories that the attorney general found were appropriate because they went to organizations "engaged in the diffusion of artistic and general knowledge."

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Monitor Named To Oversee Reforms At Getty Trust (NYT)

By Edward Wyatt And Randy Kennedy

The New York Times, October 3, 2006

LOS ANGELES, Oct. 2 — Ending a 14-month investigation, the California attorney general appointed an independent monitor on Monday to oversee reforms at the J. Paul Getty Trust, one of the world's richest cultural organizations. The inquiry determined that the trust's former president, with the approval of the Getty board, misspent trust money on his wife's travel, used employees for personal errands and made improper payments to a graduate student.

Although the attorney general, Bill Lockyer, found that the former president and the board violated their legal duties, he declined to take civil or criminal action against them. The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments.

The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry.

Louise H. Bryson, who took over as chairwoman of the Getty board of trustees in August, said she was "pleased the attorney general acknowledged the work done by the board to change the policies and procedures" that resulted in the violations.

After reports of questionable expenses and suspect grants by Mr. Munitz and gifts to retiring board members began appearing in 2005 in The Los Angeles Times, the Getty board changed its policies to restrict travel expenses, prohibit the use of employees for personal ends and forbid gifts from the Getty to its trustees.

In February, the board reached a settlement with Mr. Munitz in which the former president resigned while repaying $250,000 in cash for improper expenditures and forfeited more than $2 million in expected benefits.

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Notably, the attorney general found that a number of actions by Mr. Munitz that were approved by the board were consistent with the trust's charitable purposes. These included sending a staff member to Israel to observe an academy for chess, a game that is one of Mr. Munitz's favorite hobbies; furnishing the office of a former Getty Trust executive at another Los Angeles County arts institution; and sponsoring a luncheon at which Mr. Munitz was given an award.

The attorney general also found that the sale in 2002 of a piece of property in the Los Angeles suburb of Brentwood to Eli Broad, the billionaire philanthropist and a friend of Mr. Munitz's, for $2 million was reasonable. An assessment by an independent appraiser hired by the attorney general's office found that the property had a fair market value of $1.8 million at the time.

The report also found that there were no improprieties in a $3 million severance payment to Deborah Gribbon, the former director of the J. Paul Getty Museum, who resigned in 2004 after months of disagreements with Mr. Munitz. The attorney general's report said that the trust, in paying the money, reasonably based it on damages that Ms. Gribbon might have received in a wrongful termination lawsuit.

"Indeed, those damages might well have greatly exceeded the amount of the approved separation payment," the report found.

Through his lawyer, Mr. Munitz said yesterday: "I'm relieved that this is behind me and the Getty." Mr. Munitz stressed the findings in the report that all payments to him had been authorized by the trust, and that there was no indication that he obtained any money by making false statements or submitting false bills.

John Van de Kamp, a former state attorney general, is to serve as the independent monitor of the Getty Trust for two fiscal years, reporting to the attorney general's office on whether the trust's planned reforms are being followed.

The procedure calls for the trust to make reports to the attorney general's office every six months; those reports will be reviewed by the monitor, who can then ask for additional information from the trust. Tom Dresslar, a spokesman for the attorney general's office, said the Getty had agreed to provide further information or documentation should the monitor request it.

In a statement, Mr. Lockyer said that because charitable trusts are subsidized by taxpayers, "board members and executives have a legal duty" to make sure that spending is lawful and used to further the trust's charitable purpose. "With some expenditures and gifts, Mr. Munitz violated his duty and Getty's trustees failed to do their governance job," Mr. Lockyer said.

Mr. Lockyer and Mr. Munitz are known to be personal friends, and the attorney general has acknowledged that they met privately while the inquiry was under way.

Asked about that relationship, Mr. Dresslar said the investigation was conducted by the attorney general's charitable trusts division and that it was not influenced by the friendship.

The report's conclusions and recommendations were essentially unedited by Mr. Lockyer before he approved them, Mr. Dresslar added.

It is the first time that the California attorney general has imposed an independent overseer in an enforcement action against a charitable trust, although the procedure has been used in consumer settlements, including one this year with Ameriquest Mortgage Company after an investigation into allegations of predatory lending practices.

Jack B. Siegel, a Chicago lawyer who is an expert on nonprofit law, said he was somewhat surprised that the attorney general's findings were not more critical of the Getty. "The focus seems to be on — I don't want to say trivial things — but on very specific things like travel reimbursement," Mr. Siegel said. "They don't really seem in this to be addressing fundamental governance issues, about the overall way things are run."

DNA Test Result Casts Doubt On Two Convictions In 1987 Murder (WP)

By Ernesto Londoã±o

The Washington Post, October 3, 2006

Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago.

Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47.

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The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money.

Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder.

DNA tests, which became commonplace in criminal investigations in the mid-1990s, have led to the exoneration of dozens of convicts in recent years, including a handful in Maryland.

Stephen Mercer, Owens's attorney, said the DNA test yielded a profile of a man who is neither Owens nor Thompson -- a finding at odds with the state's theory in the case.

"Someone's gotten away with murder for 20 years," said Mercer, who this year persuaded a Baltimore City Circuit Court judge to allow him to have the swab tested.

Baltimore prosecutors say they are ready to meet their burden of proof again if the case goes back to court, a prospect Williar's relatives find disturbing.

"In my heart of hearts, I believe they did it," said William C. Winkler, Williar's stepfather, who raised her. "There's not a day that goes by that I don't have to take a deep breath to get through a thought."

Mercer, a Rockville lawyer who teamed up with attorneys from the Innocence Project division of the Maryland Office of the Public Defender, said they intend to file motions seeking new trials based on the new evidence.

The Baltimore City State's Attorney's Office opposed the motion to test the swab, arguing that the convictions were supported by physical evidence and Thompson's confession.

"There was a lot of compelling evidence that was presented," said Margaret Burns, a spokeswoman for the office. Jurors "found that there was proof beyond a reasonable doubt. Not only did the jury find that, the appeals process confirmed that several times."

She said prosecutors will examine the methodology used to test the sample as well as its chain of custody over the years. Winkler said semen residue collected from the body could have been from an earlier, consensual sexual encounter, although a state witness testified that Williar had broken up with her boyfriend months before she died, and was not seeing anyone at the time.

Prosecutors argued that the semen was evidence of the rape.

Staff researcher Madonna Lebling contributed to this report.

Judge Keeps Karr Pornography Case Sealed (HC/AP)

By Marcus Wohlsen, Associated Press Writer

Houston Chronicle, October 3, 2006

SANTA ROSA, Calif. — A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out.

The Press Democrat of Santa Rosa had sought to view the documents in the case against the high-profile suspect, but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr's trial was originally scheduled to start Monday, but was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data.

Investigators said they think they have other computer equipment linked to Karr that could contain more than 1,000 other images.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

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Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims.

She said the digital images were not related to child pornography charges against Karr.

But FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001.

"We're not doing any further forensic work," he said.

Keck did not immediately return phone messages to The Associated Press seeking comment.

Karr, 41, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Police Investigate '03 Death After Charge Against Nurse (NYT)

By Steve Friess

The New York Times, October 3, 2006

LAS VEGAS, Oct. 2 — One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder.

The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies.

That alleged conversation — and a laboratory test that turned up suc- cinylcholine in the body of Mr. Higgs's wife, Kathy Augustine — formed the basis of the indictment. Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs.

David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine.

Mr. Higgs, who was arrested on Friday in Hampton, Va., where he was staying with relatives, waived extradition on Monday and will be returned to Nevada. He has not made any public remarks since an impassioned denial of wrongdoing in an interview with The Las Vegas Review-Journal on July 13, in which he insisted he loved his wife and called suspicion of his involvement "just crazy."

The day after those remarks, Mr. Higgs was found with his wrists slit in the Las Vegas home he and Ms. Augustine had shared. He was treated at a local hospital and released but did not attend his wife's funeral on July 15.

The death of Ms. Augustine, 50, who was the Nevada state controller, and the case's potboiler-style twists have captivated Nevadans.

According to police reports, Mr. Higgs called the police the morning of July 8 and said he had found his wife unresponsive and not breathing at their second home in Reno. He suggested to paramedics that she might have had a complication from a heart condition.

Ms. Augustine died three days later, and an autopsy by the Reno coroner found no evidence of heart disease or heart attack.

With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide. On Friday, Mr. Higgs, 42, was arrested on one count of first-degree murder.

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"It's a major punch in the gut to the family," Greg Augustine, 36, son of Charles Augustine and stepson of Kathy Augustine, said Saturday. "We were holding out hope that there wasn't any foul play. Now we know she was killed."

Now that Mr. Higgs has been accused in this death, questions have arisen about the death of Charles Augustine.

"My dad was getting better, and they were moving him to a rehab area," Greg Augustine said in July, "but very soon after that, he had massive organ failure."

No criminal investigation was conducted at the time of Mr. Augustine's death.

Mr. Higgs and Ms. Augustine were married three weeks after the death of Mr. Augustine in 2003, and the newlyweds received $1 million from his life insurance policy.

Greg Augustine said his father and stepmother were in the midst of a divorce after 17 years of marriage when the elder Mr. Augustine was hospitalized. Greg Augustine said he had had little contact with his stepmother after his father's death but does not suspect she was involved in his father's death.

The indictment against Mr. Higgs says he injected succinylcholine into Ms. Augustine's buttocks on July 8 before calling the police. Succinylcholine is a muscle relaxant used by anesthesiologists to briefly paralyze patients in order to install breathing tubes, but it has also been used as a murder weapon. Efren Saldivar, a respiratory therapist, confessed in 2001 that he injected it into some of his more than 50 victims in California. The indictment against Mr. Higgs said he had mentioned his marital discord as well as the use of succinylcholine to a fellow nurse at the Reno-area hospital on July 7. The two were discussing a high-profile arrest of a man charged with gunning down his wife, and Mr. Higgs reportedly remarked that such a means of killing someone was "stupid." The nurse, not named in the indictment, informed the police of the conversation as Ms. Augustine lay comatose before her death three days after her collapse.

Ms. Augustine's only biological child — a daughter, Dallas Augustine, 26 — could not be reached for comment, but her spokesman said the recent developments had devastated her. "Everyone knows that your parents are probably going to precede you in death, but the idea that somebody stole half of her life is an entirely different story," said the representative, Mark Fierro. "This is 10 times, 1,000 times harder than the original situation."

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 3, 2006

Critical care nurse William Charles Higgs told co-workers he knew how to commit the perfect murder just before his wife, Nevada State Controller Kathy Augustine, died of what initially was called a heart attack.

Yesterday, during a court hearing in Hampton, Va., the man who met his wife while caring for her dying husband in 2003 waived extradition to face first-degree murder charges in Nevada.

Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing.

Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. Police think Mrs. Augustine was injected with succinylcholine, a muscle relaxant often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained.

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The report also said Mr. Higgs told co-workers he was having marital problems and was planning on ending his marriage. Investigators said Mr. Higgs also told co-workers just before his wife's death that if he intended to kill someone he would use a paralyzing drug such as succinylcholine because it could not be detected after death.

Mr. Higgs, known to his family and friends as "Chaz," attempted to kill himself at the couple's Las Vegas home by slashing his wrists three days after his wife died. He was treated and later released from a Las Vegas hospital. He did not attend his wife's funeral, held a day after his release from the hospital.

After the FBI laboratory in Quantico, Va., confirmed finding succinylcholine in Mrs. Augustine's urine, Reno police obtained an arrest warrant. FBI agents staked out the Hampton house where Mr. Higgs had been visiting relatives and arrested him Friday as he pulled into the driveway.

Mr. Higgs met Mrs. Augustine when he was caring for her first husband of 17 years, Charles Francis Augustine, 63, who died in 2003. They married six months after the funeral. Investigators yesterday said they will exhume Mr. Augustine's body to look for traces of the same drug that authorities said killed Mrs. Augustine.

Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

Manuscript Used To Convict Molester (WT)

By Cheryl Wetzstein

The Washington Times, October 3, 2006

A man thought to be one of the nation's most prolific child molesters has been convicted in a California court based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile.

Dean Arthur Schwartzmiller, 64, of San Jose, Calif., faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography.

Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children.

"When we found the notebooks and the manuscript, we realized we had come across a serial child molester and essentially a sociopath," said Steve Fein, deputy district attorney in Santa Clara County, who prosecuted the case.

"I haven't seen too many people keep code or that detailed a log on their sexual contacts with children," said Detective Robert Dillon, who works in the San Jose Police Department's child exploitation unit and testified at the trial in Santa Clara County Superior Court.

Mr. Dillon said that based on the notebooks' 1,500 pages, Schwartzmiller abused between 250 and 300 children -- predominantly boys in early adolescence. Boys were listed in categories such as hair color ("Blonde boys"), behavior ("Boys who say no") and explicit sex acts.

Schwartzmiller also had been writing a memoir about his life and his political views. Most chillingly, the manuscript had "paragraph summaries" of more than 100 boys, including "their names, specific characteristics about them and what he had done with them," Mr. Dillon said. "I've heard of other [pedophiles] with 10, 15, 20 victims but nobody as extensive as this."

Schwartzmiller came to the attention of California authorities after he fled the scene of a traffic accident. Police visited his home and met his roommate, Fred Everts, a convicted child molester. Police arrested Everts after discovering he had violated his parole.

Schwartzmiller learned of Everts' arrest and fled to Washington state, but called one of the boys he was later convicted of molesting and asked him to go to his home and destroy certain materials. The boy told his mother and she went to police with the pornographic materials they found including photos of her own semi-naked son, press reports said. Schwartzmiller was soon arrested.

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The boy and his cousin, now 13, testified against Schwartzmiller. Schwartzmiller defended himself, and accused the cousins, who are in California illegally, of striking a deal with prosecutors to gain legal residency in exchange for lying about him. Schwartzmiller further argued that consensual sex with boys shouldn't be a crime if the boys have reached puberty.

Jurors found Schwartzmiller guilty Sept. 18 after four hours of deliberation.

Mr. Fein described Schwartzmiller as having "no remorse. He has no feelings that anything he has done is wrong. He's essentially proud of how he's led his life and what he's done."

As prolific as Schwartzmiller is thought to be, the nation's most notorious child molester may still be Rex King, described as "Mr. X" in Alfred Kinsey's research.

King, a forestry official who traveled for work, is estimated to have molested 800 children, including infants, according to his meticulous records. Kinsey included King's sex acts in his 1948 book on male sexual behavior.

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper

The Washington Times, October 3, 2006

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Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the

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She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

CIVIL RIGHTS:

FAYETTE LOCKUP IS TARGET OF RIGHTS VIOLATIONS INQUIRY (LEXHL)

By Beth Musgrave, Michelle Ku And Linda Blackford, HERALD-LEADER STAFF WRITERS

Lexington Herald-Leader (KY), October 3, 2006

Jail officer says he alerted FBI

John Vest said he has been working with the FBI for an "undisclosed" time.

An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail.

John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for "an undisclosed period of time."

Vest said he was not authorized to talk about the FBI investigation or his involvement.

David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case. The FBI typically does not comment on ongoing cases or who its informants are.

After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

On Thursday, the FBI announced that the Civil Rights Division of the Department of Justice, the U.S. attorney for the Eastern District of Kentucky and the FBI were conducting an investigation into possible civil rights violations involving excessive force at the 1,000-bed facility.

On Tuesday, FBI agents served a sealed search warrant at the jail on Old Frankfort Pike. Federal authorities have said that they cannot go into specifics about the investigation until the search warrant is unsealed.

The Fayette County jail has not been without problems over the past several years. Since August 2005, five inmates have died at the facility. It's unclear whether the current investigation has anything to do with those deaths.

Bishop said yesterday that Vest has been investigated four times in the last year. Two of those investigations involved use of force. One investigation was for improper documentation involving use of force. The second case involving alleged excessive use of force remains open, he said.

Vest has also been investigated for insubordination and for improperly filling out his time card, Bishop said.

Bishop said Vest was suspended this year for 16 hours for the insubordination incident. He received written reprimands for the other two closed cases: the time-card incident and the use of force.

Vest has worked in the jail's intake area on the third shift, from midnight to 8 a.m., for the last year, Bishop said. Vest makes $27,110 a year, according to city records.

"I'm disappointed that Director Bishop is attempting to intimidate a federal witness," Vest said after learning that Bishop had disclosed his personnel records.

Vest said that he had no written reprimands before he was transferred in November 2005 to intake, where the FBI could be focusing its investigation. According to several people who witnessed the FBI search last week, agents spent hours going through documents in the intake area, where inmates are processed before being booked.

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Vest said he has been told by his supervisors that the case that remains open has been resolved and the use of force was determined to be appropriate. But Vest said he expected to receive a written reprimand because his supervisors said he had not included everything in his report that was required.

In another incident, Vest was investigated in December 2003 after an altercation with an inmate. Vest allegedly pepper-sprayed an inmate who refused to follow an order. The inmate allegedly hit Vest with a mop handle before Vest subdued him. Both men were treated at a hospital.

Vest said the pepper spray incident was reviewed by the jail staff and was deemed an appropriate use of force. He received no reprimands.

The inmate involved was charged with assault third degree. He eventually pleaded guilty, court records show.

Jail spokesman Lt. Darin Kelly said he did not know whether Vest was disciplined in the pepper spray incident because the FBI took those records.

Vest is still employed at the Fayette jail but is requesting administrative leave with pay. He also is requesting protection under the federal Whistle-blower Protection Act, aimed at preventing workplace retribution. Bishop said he was unaware that Vest had requested leave.

Vest's spokesman, David Adams, said neither he nor Vest could discuss whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest, 42, the Republican candidate, was born in Winchester, in Clark County, Adams said.

Adams said Vest has already been personally attacked for his actions and he expected attacks against Vest to accelerate now that he has gone public. Adams said he could not elaborate on who has attacked Vest.

"Soon, retribution will begin for those who have perpetrated crimes in the name of government entities and those who helped the perpetrators hide their crimes," Adams said, reading from a prepared statement.

Cecil Moss, Vest's Democratic opponent in the Nov. 7 race for Jessamine jailer, had little to say about Vest's announcement.

"That's Fayette County, and I really don't know what they're doing up there," Moss said. "I don't know Mr. Vest very well."

Frank Hubbard, the current jailer, did not seek re-election.

Herald-Leader reporter Greg Kocher contributed to this story.

Fayette Jail Employee Says He Assisted FBI Investigation (AP)

AP, October 3, 2006

LEXINGTON, Ky. - A Fayette County jail employee who has asked for whistleblower protection said Monday he had been working with the FBI in its investigation of unnecessary force and civil rights violations against inmates at the facility.

John Vest has worked at the jail since 2003 and is running for jailer in Jessamine County. He is still employed at the Fayette jail but has asked for administrative leave with pay, the Lexington Herald-Leader reported on its Web site Monday.

The newspaper said Vest is requesting protection under the federal Whistleblower Protection Act, aimed at preventing workplace retribution.

The FBI announced Thursday that the Department of Justice Civil Rights Division, the U.S. attorney for the Eastern District of Kentucky and the FBI were investigating possible civil rights violations involving excessive force at the 1,000-bed facility. FBI agents served a sealed search warrant Tuesday at the jail.

Vest said at a news conference Monday he had been working with the FBI in the investigation for "an undisclosed period of time."

Vest has been involved in at least three use of force incidents in the three years he's been at the jail, the Herald-Leader reported. He received written reprimands in two cases, and one remains open, the newspaper said.

DOJ_NMG_0073414

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

Vest has worked in the jail's intake area on the third shift for the last year, Bishop said.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation.

"I really wish that I could, but it violates the integrity of the case," Vest said. "The people that have been victimized will be cheated if I violate the integrity of this case."

Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest was born in Winchester, in Clark County, Adams said.

FBI officials could not be reached for comment.

Jail Informant Goes Public (WTVQ-TV)

By Greg Stotelmyer, Action News 36

WTVQ-TV, October 3, 2006

John Vest has been an employee at the jail in Fayette County since June of 2003. He won't say how long, but he confirms he's a federal whistleblower working with the FBI on its probe into the use of unnecessary force at the jail. Vest made that revelation Monday morning, six days after the detention center was searched by the FBI. Vest refused to answer questions about his roll as an inside informant, repeatedly telling Action News 36 "I'm not authorized to talk about it." Vest is a corporal, working third shift in the jail's intake area, which is where inmates are booked. Vest has requested administrative leave with pay claiming he would be working "in a hostile work environment."

The detention center's director, Ron Bishop says he's not surprised Vest is the whistleblower, but he did not know who the informant was before Vest went public. Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems. "We always follow up and we always take appropriate action," Bishop said about reports of force.

Bishop also questions Vest's motives because Vest is the Republican candidate for jailer in next month's election in Jessamine County. "Let me say that I am a little suspicious of the timing and given his track record here, it is a little suspect," said Bishop. Vest says his informant roll and a run for office are "two separate things".

Vest says being "deep inside" the jail as a whistleblower made him concerned. "I was scared to death," Vest told Action News 36 in a follow up phone interview. Bishop says Vest has four disciplinary actions against him in the three plus years he's worked at the detention center. Bishop says there's an open investigation on Vest for possible use of excessive force. Vest has been reprimanded for failing to report a use of force incident and suspended for insubordination. Vest claims he has been told he's been cleared of excessive use of force.

FBI spokesman David Beyer would "neither confirm nor deny" that Vest is an informant. The search warrant allowing the FBI to raid the jail last Tuesday remains under court seal.

Bishop says the FBI carted away personnel files, incident reports and shift logs. It also took video and DVD's of events taped that involved the use of force. Bishop says he "rests easy at night" despite the federal probe.

Vest says before the FBI used him they "checked me out, my credibility, my integrity." Vest says he's done a good job as an inside informant. "I did a lot and what I did, I did good," said Vest. "John Vest knows right from wrong, John Vest has integrity."

EEOC Rules In Favor Of Chesapeake Deputies Who Were Fired (VAPILOT)

By Cindy Clayton, The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

DOJ_NMG_0073415

CHESAPEAKE - The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment.

The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file.

David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC.

Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department.

Col. David Newby, undersheriff, said the department doesn't plan to respond.

"We don't mediate these things," Newby said. "We tell them that if they wish to do so, we'll try it in court and not before. That's been our practice for 15 or 20 years."

Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said.

Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents.

A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years.

Earlier this year, Newby said the two men were not reappointed after Newhart's re-election in November. State law allows sheriffs to reappoint employees at will.

Ellis said he was told he was being fired because he didn't speak when the sheriff greeted him inside the booking section of the jail.

Cahoon said he was told he was let go because he kept a journal of his experiences at the department. Included in Ellis' lawsuit was an affidavit written by Cahoon about incidents and experiences he had while working for Newhart. Cahoon said he had told the department's attorney during an interview that he kept a journal during his years with the department.

Cahoon and Ellis said they were taught during law enforcement training to keep a log of their actions and experiences.

Ellis' lawsuit alleged several incidents that involved white employees with rank who were charged with crimes in other cities, had threatened black employees or had failed to follow orders but were not demoted.

In one instance, a sergeant threatened a deputy and a "physical confrontation," ensued, according to the suit. The sergeant retrieved a weapon from his locker and threatened the deputy. The sergeant was not demoted, according to the suit.

Another allegation, labeled the "Thunder Dome Incident," involved inmates being put into a "dangerous cell block" where another inmate had been beaten the previous week, the suit stated. The lieutenant in charge wasn't demoted.

At a Christmas party at the sheriff's home, a white employee got into an argument with a black employee and a fight followed, the suit stated. The white employee is said to have used several racial slurs.

"There is a hostile work environment created by the lack of discipline required by Sheriff John R. Newhart," the lawsuit stated, "and due to the racial climate in the department."

Bible-Reading Student Gets Lesson In Litigation (WP)

By Eric Rich

The Washington Post, October 3, 2006

Amber Mangum was a frequent reader during lunch breaks at her Prince George's County middle school, silently soaking up the adventures of Harry Potter and other tales in the spare minutes before afternoon classes. The habit was never viewed as a problem -- not, a lawsuit alleges, until the book she was reading was the Bible.

DOJ_NMG_0073416

A vice principal at Dwight D. Eisenhower Middle School in Laurel last month ordered Amber, then 12, to stop reading the Bible or face punishment, according to a lawsuit filed Friday by Amber's mother. The lawsuit, filed in U.S. District Court in Greenbelt, alleges that the vice principal's actions violated the girl's civil rights.

"Amber's a new Christian, and she's trying to learn all she can," said Maryann Mangum, the girl's mother. "She reads her Bible and she goes to Sunday school. . . . It really upset me when she was not allowed to read it on her own time."

John White, a spokesman for the school system, said administrators learned of the lawsuit Friday and were not prepared to comment on its claims. "We're just beginning to look into it," he said.

Mangum said her daughter was reading her Bible on Sept. 14 when Vice Principal Jeanetta Rainey approached. According to Mangum and the lawsuit, Rainey told Amber that reading the Bible violated school policy and that she would face discipline if she continued to do so.

Later that day, Amber recounted the episode to Mangum, who is her adoptive mother and also her biological grandmother. James Baker, a family friend, sent a note to the school asking that the principal identify any policy barring students from reading the Bible during their free time.

The note quoted a section of the school system's administrative procedures, saying that students "may read their Bibles or other scriptures, say grace before meals, and pray before tests to the same extent they may engage in comparable, non-disruptive activities."

The principal, Charoscar Coleman, did not respond, the lawsuit says. A friend at Mangum's church suggested that Mangum contact the Rutherford Institute, a nonprofit legal organization specializing in cases that involve issues of religious and civil liberties.

The institute's president, John W. Whitehead, said yesterday that the law is clear and that Amber's rights were violated. He said the lawsuit does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school.

"This is a seventh-grader who's probably overwhelmed by what's going on around her," Whitehead said. "This is a chance for her to get some comfort during the day. . . . What would you rather have a kid doing, throwing spit wads or sitting there silently reading a few passages from the Bible?"

Euclid OKs Election Plan Hoping To End U.S. Lawsuit (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, October 3, 2006

Redistricting aims to add black representation

Euclid -- City Council unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent.

About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain.

City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength.

Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt.

"This administration and City Council are united in our belief that this community has done nothing wrong," Mayor Bill Cervenik told residents. "Be proud of Euclid. Don't be ashamed of these accusations, because none of them are true."

In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's.

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Attorney Hilary Taylor, who is representing the city in the case, said that in drafting its proposal, the Justice Department relied on inadequate census data that does not accurately reflect the demographics of the city.

The city's counterproposal was created with help from Cleveland State University researchers using new demographic data compiled by GeoLytics, a New Jersey-based company.

EUCLIDB5

ANTITRUST:

Justice Department, State Settle Suit With Dairy Industry (AP)

AP, October 3, 2006

LONDON, Ky. - A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America.

Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government.

The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London.

Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee.

The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy.

The lawsuit said the association's acquisition of Southern Belle and the nearby Flav-O-Rich dairy in London hurt competition since both competed for school milk contracts in Kentucky and Tennessee.

Dairy Co-op In KC Settles With U.S. (KCS)

The Kansas City Star, October 3, 2006

Dairy Farmers of America, the country's biggest dairy cooperative, agreed to divest its interest in a Kentucky milk processor after a three-year battle with the federal government.

The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee.

Dairy Farmers of America will sell its interest in Southern Belle Dairy Co. to Prairie Farms Dairy Inc. under the Justice Department's approval. Also selling its interest in Southern Belle to Prairie Farms is Dairy Farmers of America's partner, the Allen Family Limited Partnership.

A spokeswoman for Dairy Farmers of America indicated that the cooperative would have a statement, but had not provided it by late Monday.

The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky.

The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit.

FCC OKs Alltel Buy Of Midwest Wireless (AP-YBIZ)

AP, October 3, 2006

FCC OKs Alltel Buy of Midwest Wireless Holdings With Conditions

DOJ_NMG_0073418

WASHINGTON (AP) -- The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets.

The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions.

The FCC voted 5-0 to approve the acquisition.

Little Rock, Ark.-based Alltel share closed Monday at $55.31 on the New York Stock Exchange, down 19 cents. Privately held Midwest Wireless is based in Mankato, Minn.

McAfee, Others Criticize Vista Security Policies (MERCN)

By Sarah Jane Tribble

The San Jose Mercury News, October 3, 2006

Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system.

The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to ``hamstring" competitors.

``Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats," the advertisement states. ``... when it fails, it fails for 97 percent of the world's desktops."

Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft.

``Customers have asked us to make a more secure operating system and that's been our goal," Toulouse said. ``We just want to protect the customers and we know we can't do it alone."

To be sure, the $3.6 billion security market was largely created because of Microsoft's weak operating systems, said Andrew Jaquith, senior analyst with the Yankee Group.

``Windows has for years been a monumentally insecure platform and there are a number of companies like Symantec and McAfee that have made their reputation and money on security of this platform," Jaquith said.

Now that Microsoft is trying to address those security concerns, the companies that have long benefited from operating system weaknesses have much to lose, he said.

In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it ``would allow legitimate security."

McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago.

At issue are two main points:

First, the security companies say they fear consumers will be confused when Microsoft's new security center pops up along with their own but relays different information. Microsoft argues its own dashboard relays very basic information that should be compatible with the information provided by security firms.

Second, the firms allege that Microsoft has blocked their ability to review the operating system's kernel, or core. Microsoft's Toulouse said Monday that the company never wanted that code to be open for the public.

Microsoft, instead, has been offering a ``relatively unprecedented level access" to the security firms, he said. McAfee and Symantec have both had office space and lab space on the Microsoft campus, he said.

Both Symantec and McAfee said they have not taken any formal action yet, but there are many options, including filing lawsuits and waging antitrust complaints.

Security firms aren't the only ones in Silicon Valley crying foul over Microsoft's new operating system.

DOJ_NMG_0073419

This summer, San Jose-based Adobe Systems took the software behemoth to task for plans to let users save documents as a PDF, an Adobe file format. Microsoft dropped the plan after reports Adobe threatend legal action.

Supreme Court Denies Northwest Airlines Appeal In Key Antitrust Case (AP)

The Associated Press

AP, October 3, 2006

The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals.

The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business.

A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late.

Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the "out-of-time" petition.

JUSTICES REFUSE TO HEAR GLORIA ALLRED CASE

The Supreme Court on Monday refused to step into a First Amendment issue involving Gloria Allred, a prominent California lawyer who was the subject of a judge's gag order in a high-profile murder case that is now over.

Allred, an outspoken television personality, represented a teenage girl who testified at the trial of Scott Dyleski, now 17. Dyleski was sentenced last week to life in prison without parole for the killing of Pamela Vitale, the wife of television legal analyst Daniel Horowitz.

Allred's client, Jena Reddy, is Dyleski's ex-girlfriend. She told the jury that while Dyleski never admitted or denied killing his neighbor, he told her he would take the blame to protect her and his best friend. Reddy also testified that hours after Vitale was slain, Dyleski told friends it would take at least three dozen blows to bludgeon someone and it would likely be a slow, painful death.

Late last year, amid intense media attention, a Superior Court judge in Contra Costa County, Calif., issued a gag order aimed at attorneys for witnesses in the case, as well as police, prosecutors and defense lawyers.

Allred's lawyers, including constitutional lawyer Erwin Chemerinsky, say judges increasingly are engaging in prior restraint of free speech rights in important cases.

The Supreme Court has never articulated a legal standard for when, if at all, gag orders on lawyers, parties and witnesses are permissible, said Allred's lawyers. They said that in the absence of guidance from the Supreme Court, judges have developed "quite different standards" on whether and when to gag the speech of attorneys, parties and witnesses.

Horowitz found his wife, who had been beaten to death, in the mobile home of a hilltop estate where the couple were building a California dream home, up the road from where Dyleski lived.

Allred also represented Amber Frey, the former lover and star witness against Scott Peterson, who is on death row for murdering his pregnant wife, Laci, in 2003.

The First Amendment case is Gloria Allred and Allred, Maroko & Goldberg v. Superior Court of the State of California, 05-1505.

HIGH COURT SIDES WITH FIRED NEWSPAPER WORKERS

The Supreme Court sided Monday with Detroit newspaper unions and employees who were fired for their actions during an 18-month strike in the mid-1990s.

Justices declined to hear the newspapers' appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for The Detroit News and Detroit Free Press to reinstate fired employees.

DOJ_NMG_0073420

The workers lost their job after the newspapers said they blocked entrances at a distribution facility and the Detroit News Building in violation of court orders during the strike that ran from July 1995 to February 1997.

The labor relations board determined that the employees had not engaged in misconduct, but were instead exercising their right to strike. It ordered the employees reinstated with backpay.

The U.S. Court of Appeals for the D.C. Circuit upheld the board's ruling. Solicitor General Paul Clement, representing the labor relations board, urged justices not to take the appeal from the Detroit Newspaper Agency.

The Detroit News was owned by Gannett Co. during the strike, while the Detroit Free Press was owned by Knight-Ridder Newspapers Inc. The Free Press now belongs to Gannett and the News is owned by MediaNews Group Inc.

The case is Detroit Newspaper Agency v. National Labor Relations Board, 05-1427.

Supreme Court Rejects UnitedHealth Ohio Doctor Rate Appeal (MRKTWTCH)

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s (UNH) Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts.

UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court.

The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration.

The case is UnitedHealth Care of Ohio v. Academy of Medicine of Cincinnati, 05-1465.

-Contact: 201-938-5400

Supreme Court Won't Hear Calif. Competition Case Against AT&T (MRKTWTCH)

By Mark H. Anderson

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. (T) for alleged anticompetitive conduct in other states.

RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T.

The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding.

"A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state," AT&T said in a court petition. "Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country."

RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature.

The case is AT&T v. RLH Industries, 05-1493.

-Contact: 201-938-5400

Broadcom Seeks To Bar Qualcomm Chips In Patent Fight (Update4) (BLOOM)

By Peter J. Brennan And Susan Decker

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy.

DOJ_NMG_0073421

Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips.

The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision.

``I can guarantee you that their customers are calling them every day and pushing them to settle," says Lyle Vander Schaaf, a patent lawyer with Bryan Cave in Washington who isn't involved in the dispute. Vander Schaaf is a former lawyer with the trade commission.

Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington.

Stealth Agency

The commission, which is charged with protecting domestic markets from unfair trade practices and patent infringement, is ``sort of a stealth agency," says patent lawyer Charles F. Schill of Steptoe & Johnson in Washington, who handles cases before the agency. It ``can completely shut down your source of supply and just put you out of the market," he says.

In the past, the commission has blocked imports of knockoff Sharpie pens and some disposable cameras. In 2001, it persuaded President George W. Bush to impose tariffs of up to 40 percent to protect the U.S. steel industry.

The commission is just the latest front in the two-year-old patent fight between the two companies that began when Broadcom announced it was going to start competing with Qualcomm after the companies had worked together on a project. Broadcom and Qualcomm, the world's second-largest maker of chips for mobile phones, are battling in courtrooms and administrative agencies in Europe, South Korea and California.

A Stable of Supporters

Each combatant has enlisted a stable of big companies to support its cause.

In Qualcomm's corner are customers that use its chips in their phones, such as Seoul, South Korea-based LG Electronics Inc., and service providers such as Verizon Wireless -- a joint venture of Verizon Communications Inc. and Vodafone Plc -- and Sprint Nextel Corp. that distribute the phones to their customers. They say their products should be permitted in the U.S. even if the trade commission decides Qualcomm chips infringe Broadcom's patents.

Broadcom has the backing of Dallas-based Texas Instruments Inc., the world's biggest maker of cell-phone chips, and Espoo, Finland-based Nokia Oyj, the world's biggest maker of wireless phones.

Broadcom and its allies filed complaints with the European Commission claiming Qualcomm used its patents to create a dominant position for the advanced phones. Texas Instruments and Broadcom also have filed a complaint with the South Korean Fair Trade Commission. Broadcom also claimed that Qualcomm was using its patents to shut it out of the market. A judge threw out that antitrust suit in New Jersey, although Broadcom can seek to refile the complaint.

A Coordinated Assault?

The various cases have prompted Qualcomm to accuse its competitors of coordinating lawsuits and government investigations around the world, a charge Broadcom denies.

Qualcomm also is seeking an order today from U.S. District Judge Rudi Brewster in San Diego to prevent Broadcom from using trade secrets Qualcomm alleges were stolen. David Rosmann, a Broadcom spokesman, calls those charges ``false and incredible."

Broadcom got its start by selling chips for cable television set-top boxes and has expanded into such devices as computer switches, headsets and modems. The company's effort to expand into cellular phones has met with limited success, in devices such as Palm Inc.'s Treo 650 and with small Chinese makers such as Konka Group.

While Qualcomm's profit from royalties on all of its chips tripled -- to $1.66 billion -- between 2000 and 2005, its shares are down 13 percent this year on concern that it won't successfully renegotiate its license with Nokia, which sells one out of every three mobile phones in the world.

DOJ_NMG_0073422

Options Irregularities

Broadcom shares have fallen 1.9 percent this year as it restates results to reflect $1.5 billion in costs related to options irregularities.

The stock rose 51 cents to $30.85 at 4 p.m. New York time in Nasdaq Stock Market composite trading. Qualcomm shares fell $1.69, or 4.7 percent, to $34.66 in Nasdaq composite trading and have declined 20 percent this year.

The outcome in the ITC is anybody's guess. Qualcomm investors are betting against a commission decision to bar imports of the disputed phones: ``An injunction to not allow Qualcomm's chipsets inside the U.S. is pretty drastic," says John Krause, an analyst at Minneapolis-based Thrivent Financial for Lutherans, which manages $63 billion in assets including shares of Qualcomm.

On the other hand, Broadcom says it has an edge in the fight because commission staff attorneys have backed its patent-infringement claims -- and administrative law judges often follow the position taken by the staff attorneys.

If the two sides want to reach an accommodation, they'll have plenty of opportunities -- and not a little pressure -- to do so before the Oct. 10 ruling.

`In Earnest'

U.S. Magistrate Anthony Battaglia, hearing a related matter, has ordered the billionaire chairmen of the two companies -- Qualcomm's Irwin Jacobs, 72, and Broadcom's Henry Samueli, 52 -- to ``discuss a global resolution in earnest." The two are due to appear before Battaglia in San Diego on Oct. 4 to report on their progress.

While Qualcomm Chief Executive Paul Jacobs, Irwin Jacobs's son, said in a Sept. 27 interview that his company has offered to settle on terms that are ``extremely favorable" to Broadcom, there's still no deal.

Even with the commission decision looming, Broadcom and Qualcomm still have time to reach a settlement that would resolve their differences, says Ehud Gelblum, an analyst with JPMorgan Chase & Co. in New York. In a Sept. 28 note to clients, he said the companies have ``one last chance to kiss and make up."

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Harrah's Gets $15B Private Equity Bid (USAT)

By Roger Yu And Matt Krantz

USA Today, October 3, 2006

Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group.

The bid is the latest in a string of large deals sought by private equity firms, which combine debt, investors' money and their own funds to buy undervalued companies and resell them for profit.

If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. Bigger takeovers this year: hospital operator HCA and tech company Freescale Semiconductor.

In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close. “There is no assurance that Harrah's will enter into this or any other transaction,” the statement said.

Apollo couldn't be reached. Texas Pacific Group declined comment. In Monday trading, investors bid up Harrah's shares by 14%. They closed at $75.68.

In acquiring Harrah's, the private equity firms could get an undervalued company in a fast-growing industry. Harrah's operates about 40 casinos in Las Vegas, Atlantic City and other cities. Holdings include Caesars Palace in Las Vegas, Harrah's Las Vegas and Bally's, Horseshoe, Showboat and other brands.

“They traded at a relative discount compared to its peer group,” says Rod Petrick, an analyst at broker Stifel Nicolaus.

The gaming industry also has been active this year with mergers and acquisitions — 58 deals, Dealogic says.

But private equity firms have stayed away from gaming companies, says Peter Fitzpatrick of law firm Bryan Cave. Making them attractive now: They're flush with cash and can generate predictable returns.

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The annual gaming revenue for U.S. commercial casinos rose to $30.3 billion last year, nearly doubling in 10 years. Harrah's has added to its appeal by buying Caesars Entertainment in 2004, which broadened its reach into more upscale customers. It also runs one of the industry's best guest-loyalty programs, Petrick says.

Its shares have fallen in recent months partly because it has been unsuccessful in penetrating Asia, the hottest emerging market for gaming, says Jake Balzer, an analyst at Guzman & Co. Harrah's has no presence in Macau, the largest Asian market, and lost a bid for a gaming license issued by Singapore earlier this year.

Balzer says, "The deal doesn't make a whole lot of sense" for the company because it would stifle Harrah's growth.

Licenses Are The Biggest Hurdle To A Deal For Harrah's (WSJ)

By Peter Sanders

The Wall Street Journal, October 3, 2006

While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates.

The companies yesterday confirmed the $81-a-share offer for Harrah's, the world's largest gambling operator by revenue. The offer represented a 22% premium over the company's closing price of $66.43 a share Friday. Also, Harrah's has about $10.8 billion in debt.

Harrah's, Las Vegas, said it had formed a special committee of nonmanagement directors to review the proposal. The company said, "The special committee has not determined that a transaction is in the best interests of Harrah's and its stockholders. ... Accordingly, there is no assurance that Harrah's will enter into this or any other transaction."

WALL STREET JOURNAL VIDEO

Reporter Peter Sanders discusses1 the complexities of the deal and why it may not be in shareholders' best interest.

It is unclear whether other suitors will emerge. But for potential buyers, the attraction of Harrah's may not lie only in its existing casinos -- which comprise Caesars Palace and other properties -- but also in its real-estate holdings in Las Vegas and elsewhere. The company owns more than 350 acres around the Las Vegas Strip alone, said Charles Atwood, Harrah's vice chairman.

Harrah's intends for some of that land to be part of a major redevelopment on the Strip that would include new hotels, retail and entertainment venues as well as casinos. Harrah's has for months been consolidating its land holdings for that project, a process that continued yesterday when it announced a land swap with Boyd Gaming Corp. that gives it the Barbary Coast casino site in exchange for 24 acres near Boyd's Stardust casino. With land on the Strip recently going for more than $23 million an acre, the real estate is attractive.

Beyond Las Vegas, Harrah's has a trove of casino properties in a dozen states. It is possible that an acquisition of Harrah's could lead to a breakup of the company that would see Harrah's casinos sold piecemeal.

But the biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants.

But Apollo and Texas Pacific have already begun exploring the options with various state regulators. On Sept. 15, officials in Missouri received a detailed request from Las Vegas attorney Frank Schreck outlining a potential acquisition of an unnamed public company by three private firms.

In an interview, Mr. Schreck said he was hired by Apollo, Texas Pacific and a third firm to explore the regulatory options in various states. Mr. Schreck said he received a waiver from Harrah's, which is also a client, to work with the private-equity firms. He declined to name the third firm, although he confirmed the third entity was based in Great Britain but has dropped out.

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The rules that dictate who holds casino licenses vary by state. In Nevada, for instance, officers, directors, controlling shareholders and anyone with more than a 10% stake must apply for a casino license. At closely held concerns, the state requires every shareholder to hold a casino license, said Dennis Neilander, chairman of the Nevada Gaming Control Board.

The private firms seeking to buy Harrah's could be helped by waivers often granted to institutional investors that exempt them from the licensing process, according to state regulators and Mr. Schreck.

Traditionally, private equity has shied away from major casino investments because of the heavy regulatory scrutiny. But in recent years, private equity has begun to seek out deeper investment in the sector. The first was Colony Capital of Los Angeles, which isn't involved in the current deal. It was granted a casino license in 1999 when it bought the Harveys Casino Resorts chain. In that case, Nevada awarded casino licenses to Colony's Thomas Barrack and Kelvin Davis, who were then deemed the casino's "beneficial owners," Mr. Neilander said. Nonvoting shareholders who were "basically passive investors concerned only with the assets' income" weren't required to be licensed.

Mr. Davis has since left Colony and is now a partner at Texas Pacific. He would have to reapply for a casino license if his firm acquires Harrah's.

Despite the difficulty and complexity of any take-out by private equity, investors sent the stock soaring on the news. Harrah's shares were up $9.25, or 14%, to $75.68 apiece in 4 p.m. New York Stock Exchange composite trading. Analysts said a potential deal could be a good option for the gambling company.

"We believe that Harrah's board of directors is hard-pressed to come up with an alternative equity value creating plan to rival this proposal," Joe Greff, a casino analyst at Bear Stearns in New York, wrote in a research note. "We suspect the board of directors will just seek a higher price, citing its global development pipeline and Las Vegas land bank as a reason that the current proposal is inadequate."

--Randall Smith contributed to this article.

Write to Peter Sanders at peter.sanders@wsj.com2

Not Our Bag, Coach Says In A Lawsuit Alleging Target Sold Counterfeit Purse (WSJ)

By Vanessa O'Connell, Kris Hudson

The Wall Street Journal, October 3, 2006

Target Corp. has thrived by selling stylish apparel and accessories on the cheap. But handbag maker Coach Inc. is accusing the big-box retailer of crossing the line by marketing a fake Coach bag.

In a lawsuit filed in federal court in Manhattan Friday, Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says "Coach," according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an "exact replica of a genuine Coach handbag" bearing at least one Coach trademark, the suit says.

Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit.

"Target has procedures in place to ensure that we do not sell counterfeit products to our guests," Target said in a statement. "We have been assured that the Coach product showcased in our store is authentic therefore we believe the lawsuit is without merit."

A subsequent message to The Wall Street Journal said "we are not providing any more information than what is in the statement."

Coach said the bag was sold at Target for about $200 -- less than the original Coach bag, but far more than Target bags usually sell for. The original bag was called the Python Signature Striped Demi. It was offered by Coach about a year ago, but is no longer in the product offering.

The Coach suit is seeking at least $1 million as well as information about where the bag was made. "This is a counterfeit," Mr. Devine says. "We have gone into stores in Florida and purchased this ourselves. It isn't ours."

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The suit illustrates a new aggressiveness on the part of luxury-goods companies to hold retailers responsible for suspected instances of counterfeiting of their high-end products. Mr. Devine says this is the first time Coach has sued a major U.S. retailer over counterfeits. Last month, French luxury-goods brands Louis Vuitton and Dior Couture filed a complaint in a French court against eBay Inc., alleging the online auctioneer isn't doing enough to keep people from selling counterfeit goods through its site. That suit, which seeks an estimated $47 million in damages, alleges that nine out of every 10 Louis Vuitton brand items for sale on eBay are counterfeit. (Louis Vuitton is owned by LVMH Moet Hennessy Louis Vuitton SA. Christian Dior SA, the holding company of luxury-goods mogul Bernard Arnault, controls LVMH and owns Dior Couture.)

Designers and manufacturers are getting more assertive about protecting their brands and designs, in part because of a bill that would protect fashion trademarks from uses that blur their distinctiveness or tarnish their reputations. The bill was recently passed by the Senate and is headed to President Bush's desk.

Fashion designers also are pushing for separate federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Peter Raymond, partner at the New York office of the law firm Reed Smith LLP says the legislative push has "given some confidence to a number of manufacturers" to take new measures to fight infringements of their design.

Putting a well-known trademark like Coach on a bag isn't considered copying but counterfeiting and would be illegal under current laws, Mr. Raymond says. He says the bag might have wound up at Target through the "gray goods" market, in which genuine brand-name products get beyond their usual chain of distribution and make their way to store shelves.

Though Coach has encountered other instances of stores selling Coach counterfeit goods, those stores were "usually small mom-and-pops" against which Coach sought criminal actions, working with police, Mr. Devine says. "What we don't see is reputable retailers selling counterfeits, which is what is so surprising about the Target situation," he said.

The Coach lawsuit against Target is the latest in a string of designer brands suing large retailers for alleged trademark infringement. Coach itself sued department-store chain Kohl's Corp. earlier this year, accusing Kohl's of infringing on its trademarks for its Sonoma handbags, among other goods. LVMH's Fendi brand sued Wal-Mart Stores Inc. in June for allegedly selling counterfeit Fendi handbags at its Sam's Club warehouses.

Sometimes, the manufacturers win. In 1999, Wal-Mart agreed to pay Tommy Hilfiger Corp. $6.4 million to settle a lawsuit alleging it sold fake Hilfiger apparel.

In its suit against Target, Coach cited more than 20 trademarks that it registered from the years 1963 to 2005, including the signature Coach hang tag to distinctive patterns of open-ended ovals on its fabrics.

Sales of the allegedly fake Coach bag aren't the only issue Coach has with Target. Mr. Devine says Coach in the past had discovered Target knocking off its bags. "We had in the past been able to reach an agreement with them to stop selling the bags," he says.

As recently as Sept. 21, Mr. Devine says, Coach sent Target a letter regarding an Isaac Mizrahi tote bag that was sold under the Isaac brand but allegedly infringed on one of Coach's existing styles. Then, in the past week to 10 days, Coach learned of another item under Target's Cherokee label that was using Coach's so-called Optic C design and retails for $11.89 compared with $170 and up for Coach bags.

Coach has a signature "C" fabrication, with interlocking Cs, as well as a more abstract version called Optic C, Mr. Devine says, and it has trademark protection on both. Neither the Isaac Mizrahi nor the Cherokee purse is mentioned in the suit, however.

"Success frequently breeds imitation and counterfeiting, so naturally we're seeing more activity" in the realm of knockoffs, says Mr. Devine.

Gilead Agrees To Buy Myogen For $2.5 Billion (WSJ)

By Angela Moore, Bob Sechler

The Wall Street Journal, October 3, 2006

DOJ_NMG_0073426

Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension.

The $52.50-a-share offer is a 50% premium over Myogen's share price of $35.08 on Friday. The Westminster, Colo., company's shares rose 47%, or $16.36, to $51.44, while Gilead shares were off $4.49, or 6.5%, at $64.28, both as of 4 p.m. in Nasdaq Stock Market composite trading.

With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials. Pulmonary hypertension involves a narrowing of blood vessels in the lung, making it difficult for the heart to pump blood through the lungs and causing shortness of breath even when resting.

Myogen expects to file a new-drug application for Ambrisentan with the Food and Drug Administration as early as the fourth quarter, Gilead said. British drug maker GlaxoSmithKline PLC holds rights to the product outside the U.S.

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Executives from Gilead said that the "scarcity value" of a drug in late-stage testing that addresses an unmet medical need justified the premium price offered for Myogen.

"We felt that the premium was a fair value for what we were doing here, and that this was in fact a product that we could build a franchise around," Gilead Chief Financial Officer John Milligan said.

Datamonitor, a business-information provider based in London, estimated in March that the market for pulmonary hypertension treatments could grow to around $2 billion by 2014 from $636 million in 2004, driven by new treatments. Ambrisentan is expected to lead that market with sales topping $500 million by 2014, Datamonitor said.

The current market leader for treatment of pulmonary hypertension is Tracleer from Swiss pharmaceuticals company Actelion Ltd.

Gilead Chief Executive John Martin said Tracleer had $339 million in sales during the first half of 2006.

"We believe we have a product with a stronger profile" that can take market share as well as grow with overall demand, he said.

About 88,000 people in the U.S. have pulmonary arterial hypertension, according to Gilead, but only 30% are diagnosed and even fewer are receiving treatment. About 5,000 new patients are diagnosed each year.

Write to Angela Moore at angela.moore@dowjones.com3 and Bob Sechler at bob.sechler@dowjones.com

Gilead Plans To Acquire Myogen In $2.5B Deal (USAT/AP)

USA Today, October 3, 2006

DENVER — Gilead Sciences, a leading producer of HIV drugs, said Monday that it plans to acquire biotech Myogen for about $2.5 billion in cash, signaling an expansion into treatments for pulmonary diseases.

Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday.

The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases.

Sanford C. Bernstein analyst Geoff Porges said the offer indicates a possible bidding war for Myogen and also reflects the scarcity of late-stage drugs in the pulmonary disease category. “It's a very generous offer,” he said.

During a conference call with analysts, Gilead President and Chief Executive Officer John Martin said the acquisition will help Gilead build on its $365 million buyout of privately held Corus Pharma in August.

“Our planned acquisition of Myogen represents both a scientific and strategic step,” Martin said.

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Gilead, a Foster City, Calif.-based biopharmaceutical company with a market value of $29.2 billion, is known for its HIV drugs. It manufactures two of the three drugs in a once-a-day pill called Atripla that was approved last summer for HIV and AIDS treatment. The company also makes the Tamiflu flu treatment.

Gilead posted second-quarter net income of $265 million, or 56 cents per share, up 34% from $196 million, or 41 cents per share, in the previous second quarter. The company credited the jump to strong sales of its HIV treatments.

Myogen, a 10-year-old biopharm based in the Denver suburb of Westminster, had a market value of about $2.2 billion as of Monday. It posted a net loss of $18.5 million, or 44 cents a share, in the second quarter compared with a net loss of $21.7 million, or 61 cents a share, in the second quarter of 2005.

Myogen is developing a drug called Ambrisentan to treat pulmonary arterial hypertension. It believes information developed from two studies will support a new drug application that it expects to file with the Food and Drug Administration by year's end.

It also has a drug for treatment of primary pulmonary hypertension and a late-stage study for a drug that could treat resistant hypertension.

Argus Research analyst David Coleman, who follows Myogen, said Gilead likely will be able to capitalize on the drug better than Myogen.

"I do believe it is a very good deal for Myogen shareholders," he said.

In a research note to clients, Piper Jaffray analyst Thomas Wei said Gilead will be able to draw on its marketing expertise to build buyers for Ambrisentan.

The deal is structured in two phases, with Myogen slated to become a wholly owned subsidiary of Gilead. Myogen's board approved the deal, which is expected to close by the end of the year, pending regulatory and other standard approvals.

Gilead said the deal will boost earnings in 2007 and 2008. It does not expect Myogen to add to 2009 profit.

Myogen stock rose $16.36, or 47%, to close at $51.44 a share in Nasdaq trading. It has traded between $17.96 a share and $42.27 a share in the past year.

Shares of Gilead fell $4.49 or 6.5%, to close at $64.28 in trading on the Nasdaq. In the past year, it has traded between $44.73 a share and $68.77 a share.

You've Got It Backward: Intel Is Bullying AMD (WSJ)

By Thomas M. McCoy

Wall Street Journal, October 3, 2006

In his Sept. 23 Rule of Law column "Tigers by the Tail," Ron Cass asserts that Advanced Micro Devices is attempting to "restrain a dominant competitor through the courts than beat it in the market." This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa.

It is not competition when Intel pays a computer maker millions of dollars to cancel a new product containing AMD CPUs or when Intel threatens them with retaliation if they publicly support new AMD products. And the list of Intel tricks goes on. That's why computer makers tell us, "We think that you have great products and we wish that we could buy more of them but Intel prevents us from doing so."

The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. The Korean FTC is investigating and last year the European Commission gathered evidence via dawn raids about Intel's behavior. Most recently, the Financial Times Deutschland revealed the existence of an illegal and secret deal between Intel and Germany's largest retailer, Media Markt, to exclude AMD from the consumer segment.

Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids.

Thomas M. McCoy

Executive Vice President, Legal Affairs, and Chief Administrative Officer

AMD (Advanced Micro Devices)

DOJ_NMG_0073428

Sunnyvale, Calif.

Competition And Antitrust Law Can Protect The Internet (HILL)

By Robert W. Hahn And Robert E. Litan

The Hill, October 3, 2006

If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined.

The "net neutrality" controversy centers on whether firms providing higher-speed broadband should be allowed to charge both the content providers and consumers for faster, more reliable service — pitting Silicon Valley firms like Google and eBay against the telecommunications and cable industries (which rarely find themselves on the same side, this being a notable exception).

On examination, however, one truth is clear – while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity.

Net neutrality enthusiasts believe that if Internet service providers are allowed to charge content providers like CNN.com, they will block websites for their own private gain—thus crippling the Internet. Those opposing net neutrality assert the opposite—that pricing freedom is the key to Internet innovation and the deployment of the expanded networks needed to handle rapidly growing Internet traffic.

The fact is, pricing freedom is a key to the success of the Internet. And, existing government oversight, including antitrust authority, is sufficient to rein in any potential anticompetitive behavior in those unlikely circumstances where market forces fail.

Lost in the incredibly contentious net neutrality debate in Congress and the media is the role that competition and antitrust law should play in assuring that consumers continue to have access to their preferred websites. Although net neutrality proponents have loudly complained about the danger that an Internet service provider would block access to websites they compete with or whose views they don't like, there are to date no real life examples that this has occurred (except where governments, like the one in China, block certain traffic). The reason is competition.

Network providers know that if they block access to a favored web site, their customers' swift and sure response will be to take their business elsewhere. And, in the unlikely event that a provider risks alienating its customers, the Department of Justice, the Federal Communications Commission and the Federal Trade Commission have ample legal authority under existing laws to stop the offending practice.

That is why Congress created these agencies, and already has instructed them to ensure that communications (and other) firms play fair. The FCC has already used that authority to slap down one local North Carolina Internet Service Provider, Madison River, for blocking Internet-based phone service offered by Vonage. And there remains the ability of private parties to enforce the antitrust laws – encouraged by the prospect of treble damages. Indeed, Google has recently warned that it may bring antitrust actions against Internet service providers that abuse their market power. What better evidence can there be that current law is sufficient?

Why not add even more legislative language to require regulators to issue even more rules to ensure that all Internet providers treat all websites equally? Because of another "law" – the law of unintended consequences. Net neutrality regulations could very well interfere with the carriers' abilities to enhance the capacity of their broadband networks by limiting their ability to get an adequate return on investment. This, in turn, could chill innovations ranging from telemedicine to those we could only predict with hindsight, such as eBay or Google.

Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the "hands-off" policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future.

Hahn and Litan are directors of the AEI-Brookings Joint Center for Regulatory Studies.

DOJ_NMG_0073429

ENVIRONMENT:

Supreme Court To Take On Con Ed Case (AP)

AP, October 3, 2006

WASHINGTON — The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants.

The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term.

The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal "Superfund" law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state.

The case is UGI Utilities v. Consolidated Edison Co. of New York, Inc. (05-1323).

Shares of Con Ed rose 24 cents to $46.44 in midday trading on the New York Stock Exchange. Shares of UGI jumped 12 cents to $24.57 on the NYSE.

U.S. To Delay Buying Strategic-Reserve Oil (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday.

President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs.

Last year, the U.S. sold crude from the reserve -- a federal oil depository of 727 million barrels designed to cushion the country against supply disruptions and subsequent petroleum price rises -- to meet emergency demand in the wake of a destructive hurricane season. In June, the reserve held almost 688 million barrels of oil.

Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is "satisfied with the [reserve's] current level," and that it was wary of affecting the market ahead of the high-demand winter-heating season, "we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve."

He said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market.

FBI/DEA/ATF/USMS:

Court Upholds Polygraph Tests For FBI, Secret Service Applicants (AP)

By Matt Apuzzo

AP, October 3, 2006

WASHINGTON - The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday.

U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process.

The Secret Service has required polygraph tests for potential agents since 1985. All FBI employees have been tested since 1994.

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Applicants are asked questions about their medical histories, finances, sex lives, drug use and mental health. Secret Service applicants are asked whether they have committed adultery or other sex crimes.

While those questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said.

"With regard to the Secret Service's specific questions, the agency has made a reasonable determination that there is a danger if its employees in sensitive positions could be blackmailed for some reason," Sullivan wrote. "The court will not second-guess that conclusion."

Four of the six applicants who brought the case probably were turned down based on their answers to drug-related questions, according to court documents. All denied using drugs.

"Three people know you're lying: me, you and God," a Secret Service polygraph agent said to one applicant, according to court documents.

"No, God and I know I'm telling the truth," the applicant, Eileen Moynahan replied.

A fifth applicant was denied because she had lied about marijuana use on a Baltimore police application, prosecutors said. The sixth applicant was accused of holding his breath to try to beat the polygraph.

The lawsuit claimed the tests are unreliable, yet there is no way for applicants to clear their name. They said the stigma attached to failing the test would prevent them from getting other law enforcement jobs.

Sullivan denied that claim, noting that some of the applicants who brought the lawsuit now work in federal law enforcement jobs.

"Ultimately this will be an issue for the Supreme Court or Congress to take care of," attorney Mark Zaid said.

Ex-FBI Agent Gets 6 Years In Stock Case (WSJ)

The Wall Street Journal, October 3, 2006

NEW YORK -- Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies.

Mr. Royer also was sentenced to three years of supervised release.

He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares.

"Elgindy was the master manipulator," said Judge Raymond Dearie of U.S. District Court in Brooklyn. But "without this chap and the information he sold, we would have no conspiracy."

Mr. Elgindy was sentenced to more than 11 years in prison and ordered to forfeit $1.5 million in June.

6-Year Sentence In Trading Case (NYT)

By Bloomberg News

The New York Times, October 3, 2006

By Bloomberg News

A federal judge in Brooklyn sentenced a former F.B.I. agent yesterday to six years in prison for racketeering and securities fraud related to the inside-trading prosecution of a former stock picker, Anthony Elgindy.

The former agent, Jeffrey A. Royer, 39, who was convicted after a trial with Mr. Elgindy, will be allowed to surrender to federal prison authorities by Nov. 6, said Robert Nardoza, a spokesman for the United States attorney for Brooklyn, Roslynn R. Mauskopf.

Mr. Royer was an F.B.I. agent from 1996 to December 2001, when he left to work for Mr. Elgindy, prosecutors said.

In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. According to witnesses at the trial, Mr. Elgindy used information supplied by Mr. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site, AnthonyPacific.com.

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Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission.

Mr. Royer's lawyer, Lawrence D. Gerzog, did not return a call made to his office after business hours seeking comment.

Short sellers seek to profit by correctly predicting a decline in a stock's price. They sell borrowed shares, planning to buy them later at a lower price and return them to holders. Mr. Elgindy's gains from trading shares of 32 companies using illegally leaked information totaled $3.02 million, the government said.

Ex-agent Gets 6 Years In Fraud (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 3, 2006

Calling it a tragic case of a public official gone wrong, a federal judge in Brooklyn sentenced a former FBI agent to 6 years in prison yesterday for tipping off a Web-based stock market adviser with inside law enforcement information.

The former agent, Jeffrey Royer, betrayed no emotion as Judge Raymond Dearie sentenced him for his January 2005 conviction.

Dearie gave Royer, who remains free on bail, until Nov. 6 to surrender to a designated federal prison.

"We must ask more of our public officials, we must," said Dearie as he sentenced Royer, 43, for conspiracy, securities fraud, racketeering, witness tampering and other crimes.

Royer was convicted with stock trader Amr Elgindy for plotting to use information about FBI investigations of companies in order to profit on the stock market.

Prosecutors charged that Elgindy, who ran a subscription-based Web site, used information leaked to him by Royer to shake down companies that were the object of negative reports by his Web service.

Elgindy, of southern California was sentenced to 13 years in prison earlier this year. Dearie said that Elgindy orchestrated the scheme, dangling the prospect of a job and other benefits to entice Royer.

Dearie noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts.

Early in the case, investigators speculated that Elgindy, of Egyptian ancestry, might have had advance warning about the Sept. 11 terror attacks because of the timing of his trades, but that never was substantiated.

Just before sentencing, Royer said he leaked the information because he thought he was helping to put shady companies out of business.

The former agent apologized to his family and also to his ex-girlfriend, Lynn Wingate. Prosecutors said she was another FBI agent whom Royer persuaded to continue to leak him confidential information after he left the FBI in 2001 to work for Elgindy.

"She trusted and loved me," Royer said about Wingate, who pleaded guilty to obstruction of justice charges and received 3 years' probation in July.

City Briefs (NYDN)

New York Daily News, October 3, 2006

A man walking on the upper East Side was struck and killed yesterday by an SUV that sent him flying 30 feet, witnesses said.

"I saw something flying through the air, and I didn't know what it was. Then I thought, 'My God, that's a dude!'" said Hank Ley, 33, a doorman near the scene at 90th St. and York Ave.

The driver stayed at thescene, witnesses said. The 56-year-old victim, Yao Huang of W. 24th St., was taken to New York-Presbyterian Hospital Weill Cornell, where he was pronounced dead, officials said.

Christina Boyle and Michael White

Crane accident violations

The Tishman Construction Corp. and others involved in a near-fatal crane accident last week were socked with violations yesterday for "unsafe operation of a crane."

An 8,000-pound chunk of a tower crane that was being disassembled fell from the 21st floor of an apartment building under construction at 108 Third Ave. at 13th St. on Friday.

"Tishman Construction will do anything in its power to provide any and all information required or asked for by the Department of Buildings and the Office of Emergency Management," said Tishman spokesman Bud Perrone.

Frank Lombardi

B'klyn deliveryman shot

A man delivering merchandise to a Brooklyn 99-cent store was shot in the chest yesterday by a thug who accosted him near his truck and demanded his wallet, police said.

The unidentified 27-year-old victim was in stable condition after the 11:15 a.m. shooting in Flatbush. Police said he was trying to hand over his wallet when the gunman shot him.

Noah Fowle and Ernie Naspretto

G-man gets 6 for scam

An ex-FBI agent was sentenced yesterday to six years in prison for passing confidential information to rogue insider trader Amr (Anthony Pacific) Elgindy.

Jeffrey Royer, who quit the FBI in 2001, furnished Elgindy with criminal histories and ongoing investigations of executives that Elgindy posted on his Web site to force stock prices of companies down.

John Marzulli

Inaccuracies Have To Do With Names In Times Report (ESPN)

ESPN.com, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate.

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets.

Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for the Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher later was released by the Arizona Diamondbacks.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky said Grimsley had identified the other players as drug users. Those names were blacked out when the document was originally released.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Grimsley played with Clemens and Pettitte on the New York Yankees, and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Information from The Associated Press was used in this report.

GRIMSLEY AND HGH

Former Diamondbacks pitcher Jason Grimsley told federal investigators in June he used illegal performance-enhancing drugs. A day after they searched his house, Grimsley asked for and was granted his release from the team.

Doubt Cast On Report That Named Players (NYT)

By Jack Curry

The New York Times, October 3, 2006

Two days after it was reported that Roger Clemens was among the six major league players who investigators said had been identified as having used performance-enhancing substances, a federal prosecutor said the news media coverage contained "significant inaccuracies."

The Los Angeles Times reported late Saturday that Clemens, a seven-time Cy Young Award winner; Andy Pettitte, Clemens's teammate and workout partner with the Houston Astros; Miguel Tejada of the Baltimore Orioles; and three other current or former Orioles were reportedly named by Jason Grimsley, a former pitcher, as players who had used the drugs. The names were blacked out in a federal affidavit that was made public in June.

But Kevin V. Ryan, the United States attorney for the Northern District of California who is investigating steroids in baseball, issued a brief statement that cast some doubt on what was in The Times's article.

"In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies," Ryan said.

The prosecutor's office declined to elaborate. A message left for a Times spokesman was not immediately returned.

Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit.

"In terms of how those names got in the document, Jason disputes the fact that he put them there," Bick said. "Jason's attorney made that statement a while ago, and he still feels that way."

Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players.

Clemens and Pettitte, two former Yankees, both denied the accusations that were reported in The Times, as did Tejada, Brian Roberts and Jay Gibbons. David Segui, the sixth player, had previously said that he used human growth hormone.

"I'm here talking to you guys about something that is pretty much hearsay," Clemens said on Sunday. "It's ridiculous."

Pettitte said, "This has no weight behind this, as far as I'm concerned."

Randy Hendricks, who represents Clemens, noted that Clemens was on the United States team in the World Baseball Classic last March. He was subject to Olympic-style drug testing, which is stricter than baseball's testing policy. Clemens and Pettitte were teammates with Grimsley on the Yankees in 1999 and 2000.

Prosecutor: Steroids Story 'Inaccurate' (AP)

By David Kravets, The Associated Press

AP, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday a newspaper report that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and quickly was seized on by print and broadcast media outlets.

San Francisco U.S. Attorney Kevin Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for Ryan declined to elaborate.

DOJ_NMG_0073434

A spokesman for the Los Angeles Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher, who played with Clemens and Pettitte on the New York Yankees, later was released by the Arizona Diamondbacks and suspended for 50 games.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky, the lead investigator in the Bay Area Laboratory Co-Operative steroids probe, said Grimsley had identified other players as drug users, the Times reported. Those names were blacked out when the document was released.

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Pete Rose Admits Taking Amphetamines (AP)

AP, October 3, 2006

NEW YORK (AP) -- Pete Rose says he took "greenies" in his playing days, if only to lose a few pounds. Oh, and he doesn't bet on baseball anymore, but if he did, he'd pick the Twins and the Padres.

In an appearance on the "Late Show" taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about "greenies," explained that he used them -- though they were nothing more than "diet pills."

"Well, I don't think greenies would ever help you do anything," he said. "You know, I took greenies before in spring training only because I tried to lose some weight, see."

Letterman then asked whether the pills ever helped him ward off fatigue.

"No, not like steroids," Rose replied. "If I took steroids, I'd have gotten 5,000 damn hits."

Neither Letterman nor Rose used the word "amphetamines," which were commonly nicknamed "greenies" at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year.

Rose said he still enjoys watching baseball -- as many as three games a day -- and still holds out hope that he'll be reinstated. Letterman asked Rose who he likes in this year's playoffs.

"You sound like you're betting on baseball," Rose said, drawing laughter and applause. "You know, baseball's going to hate me -- the two teams I like are San Diego and Minnesota. And I liked the Yankees until they lost Randy Johnson, I liked the Mets, who've had a fantastic year, until they lost (Pedro) Martinez. St. Louis is going into the playoffs playing as bad as you could play. Detroit, I don't think they have the experience."

He added that he can't bet on baseball anymore "because I know too damn much about it."

"It wouldn't be fair," he said.

Rose, the career hits leader banned from baseball for betting on games as a manager, also explained the story behind the balls he signed with the words "I'm sorry I bet on baseball" that hit the market last month.

He said he signed the balls in 2005 for a friend who planned to keep them for 10 or 15 years. But the friend passed them on to a partner, and they wound up in the hands of a collector who put them up for auction -- prompting Rose to sign and market his own apology balls.

Drug Ring Suspect Pleads Guilty (ETPA)

By Tom Quigley, The Express-times

Easton Express-Times, October 3, 2006

one of 23 residents nabbed in sting. One charge dismissed in deal, but man still faces prison.

DOJ_NMG_0073435

TRENTON | A Phillipsburg man has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area.

Ray Edward Carter, 48, of the first block of Sitgreaves Street, faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office.

Princeton, N.J., attorney Kim A. Otis was assigned to represent Carter, the first to plea to the federal charges.

"His nickname is Pops," the attorney said. "He's actually a very decent and straightforward honest man."

Otis said his client has a problem with drugs.

"Unfortunately he has an addiction," Otis said. "I'm hoping to do the best for him that I can."

Carter pleaded guilty Thursday before U.S. District Judge Joel A. Pisano to a single count of conspiracy to distribute and possession with intent to distribute more than 50 grams of crack. A remaining charge of conspiring to distribute the drug will be dismissed, according to the plea bargain.

Carter must also serve five years on supervised release. If he violates the conditions of the program, he faces up to five years of additional prison time, records show.

The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents.

Phillipsburg residents Keisha Fredericks, 29, of the 300 block of Washington Street, and Edward "Sugar Ray" Rayshawn Carter, 31, of the first block of Sitgreaves Street, are considered the ringleaders of the alleged $17,000-a-week cocaine ring, a DEA spokesman said.

Investigators dubbed the investigation Operation Stateline because the dealers in the Phillipsburg-based organization often sold drugs in the Easton area, authorities allege. Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions and made undercover drug buys as they infiltrated the alleged drug network, court records show.

Investigators seized about 3 pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rogers Street, Bethlehem, is one of those facing federal charges along with Fredericks and Edward Rayshawn Carter.

Also facing federal drug charges are James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg, Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton, and Daniel "Groove" Groover, 45, of the 100 block of Washington Avenue, Phillipsburg.

All seven people facing federal charges remain in federal custody, records show. All face possible life sentences.

Court records show attorneys for Hartwell, Groover and Edward Rayshawn Carter have requested extensions from the court for further plea negotiations with the government.

Supreme Court Denies Oakmont Doc's Appeal (PTR)

Pittsburgh Tribune-Review, October 2, 2006

The U.S. Supreme Court today declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office.

Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal.

Rottschaefer's lawyers filed a second appeal for a new trial last month. They claim to have found new evidence that could clear the doctor.

The five patient-witnesses who testified against Rottschaefer at trial have since sued him for malpractice. They testified during his criminal trial that they were drug addicts and that Rottschaefer prescribed the drugs to them for no medical reason, with four of the women saying they provided oral sex for prescriptions.

The women now say in sworn statements in the civil cases that the drugs were prescribed to treat chronic pain, Rottschaefer's lawyers say.

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They also accuse prosecutors of allowing two witnesses to lie on the stand during trial, claiming that they were not receiving leniency from the government in other criminal cases in exchange for their testimony against Rottschaefer.

U.S. District Judge Gary Lancaster dismissed the second appeal, because the first was still pending. Rottschaefer's lawyers now can re-file the second appeal.

Doctor Again Challenges Drugs-for-sex Conviction (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 2, 2006

An Oakmont doctor who was convicted more than two years ago of 153 counts of illegally doling out OxyContin in exchange for sexual favors will take one more shot at beating the charges.

That chance will not come from the U.S. Supreme Court, which yesterday denied a petition from Dr. Bernard Rottschaefer asking the court to hear his case on appeal.

Instead, Dr. Rottschaefer's lawyers have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial.

This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat.

That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with "no legitimate medical purpose," said defense attorney Eli Stutsman.

In hundreds of pages of depositions given by the five women, they admit that parts of their testimony against Dr. Rottschaefer in his criminal trial were falsified.

Mr. Stutsman called the fact that all of the women changed their stories "extraordinary."

He hopes to use the new information in the depositions, as well as letters that were written by one of the women to her boyfriend while she was incarcerated, to prove "a comprehensive scheme to tell a lie to get a better deal" in their own criminal cases.

U.S. Attorney Mary Beth Buchanan declined to comment.

Dr. Rottschaefer was convicted in March 2004 of 153 counts -- though he was acquitted of 55 more -- and was sentenced in September of that year to 61/2 years in prison. He has yet to serve any time, though, while his case continues in appeals.

Four of the five women testified at Dr. Rottschaefer's trial that they were drug addicts and had no medical need for the prescriptions they were given. But now, Mr. Stutsman said, that story has changed.

"Every complaining witness lied under oath in Dr. Rottschaefer's prosecution," he wrote. "The false testimony went to the heart of the case: whether the prescriptions were issued for medical treatment or as drug dealing."

In their depositions, the women listed ailments that were treated by the OxyContin, including migraines and a fractured tailbone.

Adolescence: When Young People Use, Parents Seldom Know (NYT)

By Nicholas Bakalar

The New York Times, October 3, 2006

Parents consistently and substantially underestimate their children's use of alcohol and other drugs, a new study has found.

Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research.

Parents consistently said they believed that their children were using substances less frequently than the children reported. Alcohol use was most common, with 54.4 percent of the teenagers reporting having consumed at least one drink in their lifetimes, and 23.6 percent saying they had been intoxicated. But only 30.5 percent of parents believed that their children had ever had a drink, and only 8.1 percent said their children had ever been drunk.

While 44 percent of the adolescents reported smoking cigarettes, only 27 percent of their parents knew they smoked.

Almost 23 percent of the adolescents admitted to using marijuana, while only 13.2 percent of their parents were aware of it.

DOJ_NMG_0073437

With drugs other than marijuana, the results were similar: 8.5 percent of teenagers said they had used other drugs, while 3.1 percent of parents knew it.

"Parents of 12- and 13-year-olds had the lowest rates of knowledge," said Dr. Laura J. Bierut, the senior author of the study and an associate professor of psychiatry at Washington University in St. Louis. "That's worrisome, because there is good evidence that the younger you start to use substances, the more likely you are to develop addiction."

"Children are not telling you about their drug use," Dr. Bierut added. "You have to ask. Kids have access to drugs, they use them, and most parents are clueless."

New Evidence Surfaces In Bombing Case (FWST)

By Max B. Baker

The Fort Worth Star-Telegram, October 3, 2006

Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet.

But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes.

The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young.

The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent.

"It's one of the most egregious cases I've seen," said Jared Tyler, an attorney with the Texas Innocence Network. "For me, there is not a shred of evidence that he did it."

Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18.

The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer.

Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats.

Nicknamed "Cowboy," Toney is a prolific e-mail correspondent, writing regularly not only to reporters but also to members of the jury that convicted him. He also has a Web site on which he proclaims his innocence.

"Lies got me sentenced to death for a crime I did not commit," Toney writes on his Web site. "Since the charade of a Texas trial people have came forward and told me who killed the Blounts and why they did it."

Tarrant County Assistant District Attorney Debra Windsor, who will defend her office in court, says the way the case is being presented by the defense attorneys involves more than questions about Toney's innocence.

"It is actually an attack on this office," she said. A troubling case

Tyler and David Dow, attorneys for the Innocence Network at the University of Houston Law Center, accuse Tarrant County District Attorney Tim Curry's office of offenses including withholding reports from the Texas Department of Public Safety and the ATF that attack the credibility of the state's key witnesses, Chris Meeks and Michael Toney's ex-wife, Kimberly Toney.

Released to the defense this year for the first time, the reports suggest that Meeks and Toney may have been manipulated and intimidated into giving statements fitting investigators' preconceived notions of how and why the crime occurred.

Defense attorneys point out that by the time Michael Toney was indicted in 1997, the crime was 12 years old. The Lake Worth incident was the longest-running unsolved bombing investigation in the country, court papers state. Defense attorneys suggest that there was a renewed interest in this case by a federal agency trying to rebuild its image after the Oklahoma City bombing.

DOJ_NMG_0073438

Prosecutors were led to Toney when he allegedly confessed to committing the crime to Charles Ferris, a fellow inmate in the Parker County Jail. Already serving time in prison on a burglary charge, Toney had been transferred to the Weatherford jail on an unresolved burglary charge. Toney reportedly told Ferris that he had put the explosive briefcase on the front porch of the mobile home.

After that, investigators began looking into Toney's possible involvement in the case, which led them to Meeks and Kimberly Toney. Neither one had ever talked to authorities about Toney's role in the bombing.

Kimberly Toney testified during the trial that she, Meeks and Michael Toney went out together the day of the bombing and that they drove to a business near the mobile home park where the Blounts lived. She said Michael Toney, who was then her boyfriend, got out of their pickup, grabbed a briefcase and disappeared behind the business. He came back later without the briefcase.

Meek told basically the same story during the trial.

Defense attorneys contend that recently released reports from the DPS and the ATF show that investigators used what they call "cognitive interviewing techniques" to plant false memories into Meeks' and Kimberly Toney's minds. Those reports should have been released to Michael Toney's attorneys at the time of the trial, to show that they had not always given the same account of the crime.

Both witnesses' testimony was crucial to the state's case against Toney.

Kimberly Toney's memories in particular were "unscrupulously recovered, reshaped, and reformed, by aggressive investigators desperately trying to close" the case, court papers said.

The defense also contends that Kimberly Toney's testimony is questionable because of recently uncovered evidence that she may have suffered memory loss from chemicals she was exposed to in 1991 during the Persian Gulf War.

"At the time the investigation into the Blount bombing was reopened, it was the longest-running unsolved bombing investigation in the country. The bombing of the Alfred P. Murrah Federal Building in Oklahoma City had just occurred, and the ATF was determined to solve this crime, one way or another," court papers state. Testimony recanted

A memorandum from Tarrant County Assistant District Attorney Mike Parrish and two ATF reports that cast doubts on the testimony of Tucker Finis Blankenship were also not provided to defense attorneys at the time of the trial. Blankenship met Toney while they were in jail together, according to court documents.

Blankenship said Toney said that another man was going to pay him $5,000 for making and delivering the bomb, but that he had put it by the wrong mobile home. Since then, Blankenship has recanted those statements, and court papers indicate that Blankenship believed the cases against him would be dropped in return for his testimony.

Information was also uncovered that pointed to another man who had built a pipe bomb similar to one used in the Blount bombing and that the man's family told authorities that components used in the briefcase bomb were missing from their home. The man had also told more than one other person that he was responsible for the three deaths, court papers state.

"The fact of the matter is that the Blount bombing remains unsolved to this day, even as Mr. Toney remains on death row," court papers state.

But during the trial, Toney also admitted that he lied frequently. During the trial he acknowledged telling some people that his father is dead, others that his mother is dead, and others that he had a master's degree in chemistry.

He has also said since his conviction that he unwisely told Ferris that he could tell authorities he was involved in the Blount bombing if it would help him get out of jail by getting his charges reduced or dismissed. Ferris has since recanted that testimony, too.

Parrish has no doubts that he convicted the right person. The district attorney's office has until early next year to file its initial response to Toney's request for a review of the evidence and possibly a new trial.

"All that's been raised on state appeal," Parrish said. "There must be some new, slightly different kitchen sink they are throwing in here." <body.end> Max B. Baker, 817-390-7714

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http://www.dfw.com

Man Wanted In Shooting At Ohio Football Game Arrested In Wash. (AP)

AP, October 3, 2006

BREMERTON, Wash. - Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times.

Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said.

Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium.

As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times.

Among the witnesses were cheerleaders as young as 4.

Caulton was booked into the Kitsap County Jail pending his return to Ohio, where he has been charged with the killing in Youngstown Municipal Court.

Youngstown police said several initial requests for information about the killing got no response, and some people said they were afraid for their safety to get involved. But within days, detectives collected information that led to an arrest warrant against Caulton.

Police said the two had argued near the stadium before the shooting. The nature of the argument wasn't disclosed.

IMMIGRATION:

Supreme Court Rejects Appeal Of Nazi Concentration Camp Guard (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, October 3, 2006

(AP) - WASHINGTON-A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship.

Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944.

Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution.

An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he "personally assisted in persecution."

In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show.

The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals.

The Supreme Court's action means the government could begin proceedings to have Hansl deported. He was born in Croatia to parents of German descent and conscripted into the SS after Germany invaded Yugoslavia in 1941.

Hansl's attorney, James Benzoni, had told justices that U.S. immigration policy after World War II allowed visas to be issued to former concentration camp guards unless they were directly involved in committing atrocities.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Border Fence Called Impractical (WP)

The Washington Post, October 3, 2006

DOJ_NMG_0073440

Building a fence in an attempt to secure the U.S. border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former U.S. Customs and Border Protection agents and other experts.

And the Mexican government agreed in a diplomatic note sent yesterday to the U.S. government, warning that the fence would damage relations between the two countries.

The Senate voted Friday to build about 700 miles of double-layered fence with access roads, lighting, cameras and sensors, to try to block five heavily used crossing points along the 2,000-mile border.

The plan, which awaits President Bush's signature, includes a sweep of fencing along most of the Arizona border, where about half of the almost 1.2 million people arrested crossing from Mexico last year were caught.

The fence would also stretch through parts of California, New Mexico and Texas.

Former U.S. customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain.

"You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot," veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas.

The barrier would have to traverse the rugged Huachuca Mountains and other craggy ranges west of Nogales, Ariz., which are marked by bluffs and ravines that make them inaccessible to vehicle traffic, Morgan noted.

Another former customs special agent said the fencing would also struggle to bridge hundreds of creek beds spanning the Arizona-Sonora border, which are prone to flash floods from May to October.

Republican backers of the proposal contend it is necessary to prevent entry to the United States by illegal immigrants and extremists, and to prevent smuggling of weapons and drugs.

Mexican President Vicente Fox, who leaves office Dec. 1, has called the barrier "shameful" and compared it to the Berlin Wall. His spokesman yesterday urged Bush to veto the bill.

"This decision hurts bilateral relations, goes against the spirit of cooperation needed to guarantee security on the common border, creates a climate of tension in border communities," Ruben Aguilar told reporters.

Crackdown On Immigrants Empties A Town And Hardens Views (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 3, 2006

STILLMORE, GA.

As Department of Homeland Security agents in black SUVs tooled up and down the dirt avenues of Stillmore, Ga., hundreds of undocumented people scattered into the woods like "flushed quail," one witness said.

Many of those who weren't arrested fled, some to Kentucky. One family hid for two nights in a tree. As night sets now, a sprinkling of solitary lights glow from once-crowded trailer parks. Since the Labor Day raid, Stillmore, where the wishful sign at the city limit reads "A town that is still growing," has shrunk by at least a third after more than 120 people were arrested and perhaps as many as 300 others disappeared.

"It's a ghost town," says resident Bennett Byrd.

As federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids.

"There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration," says Allan Burns, an anthropologist at the University of Florida in Gainesville. "People are divided."

In Stillmore, the Crider plant does everything from poultry processing to packing M&Ms for the military to grilling the ribs for restaurant franchises, employees say. In a town of about 1,000 people, more than half of them were working there. The plant's success was driven by a hardworking labor supply that began arriving about four years ago.

Workers had "very good" fake documentation that fooled managers, a Crider plant spokesperson says.

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In the town, few complained about the immigration status of the workers as Stillmore, once a thriving train depot, again became a destination. "People got along. The town was growing," says Don Hadden, a local carpenter.

Then, earlier this year, an investigation began by Immigration and Customs Enforcement (ICE) agents in the Department of Homeland Security (DHS). ICE agents arrested a Stillmore man in the spring, accusing him of supplying counterfeit documents to workers. The man's records were then used to identify other workers. For 10 weeks, ICE trained company managers to spot forgeries and check Social Security numbers. About 30 people who had not been weeded out by the company were arrested at the plant in an orderly fashion over Labor Day weekend, according to a plant spokesperson.

ICE agents also raided several homes in town. Witnesses say agents popped up through floor boards and broke windows.

"Everything we did [in this investigation] was in accordance with the immigration laws of this country," says Marc Raimondi, DHS spokesman.

But some, including the Southern Poverty Law Center, have voiced concerns about the searches.

"Hispanics came to Stillmore and opened up stores that had been closed for years, and now there's a sadness in how they were treated," says Father Vic Subb, who worked for a Catholic ministry in town for six years.

Proponents of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000.

"I firmly believe that we [as a nation] are taking in more immigrants than we have the capacity to feed, educate or employ," says D.A. King, president of Dustin Inman Society in Marietta, Ga., which opposes illegal migration of workers across the border.

This year, ICE has rounded up 2,100 people in workplace raids nationwide compared with 1,145 in 2005.

Meanwhile, more communities are signing agreements to work with ICE to undertake deportation proceedings for scofflaws and prisoners. In Charlotte, more than 600 people have been deported through hearings initiated by local officials.

It's a debate that's galvanized Congress. Sen. Mark Pryor (D) of Arkansas said immigration reform should consider the community impact of enforcement, noting a 2005 raid in Arkadelphia that detained 119 people and left 30 children behind. But last week, Rep. Russell Pearce (R) of Arizona argued for reviving Operation Wetback, the controversial 1950s-era deportation program. To deal with illegal immigration, Congress has so far approved a border fence project.

The law-and-order tack is heightening tensions, experts say.

"Because of [stepped-up raids], you're going to see more pro-immigrant activity, and anti-immigrant folks are going to want even more enforcement," says Bill Hing, an immigration law professor at the University of California, Davis.

In Stillmore, the raids forced Americans to confront their own beliefs. Residents such as Larry Hadden saw friendly and "clean" people invigorating the town's economy. To see them chased "like rabbits" through the underbrush troubled him, as did watching as women and children were left behind without resources.

Others, including resident Carolyn Byrd, see the ICE roundup as justified. Her son, Bennett, was a manager of the Crider plant for years. He said that Hispanics worked harder than anyone else. But they also took jobs, including his.

Now the plant is paying a dollar more an hour than before the raid, to draw new workers from neighboring counties. "With the illegals gone, Americans have a chance to make more money," says Mr. Byrd.

Still, there's a feeling among some that, as the undocumented go, so does the town of Stillmore. "It was very good here, but now I am too sad I can't find a good job," says Samuel Villalobos, an undocumented worker who hid out with his family in his trailer during the raid. "The trailer parks are empty, people leave very, very worried, no income, no money. It's too hard over here. Stillmore is too quiet."

Immigration Resolution Passes Early Test (CHIT)

By Josh Noel

Chicago Tribune, October 3, 2006

Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants.

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Modeled on legislation adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services.

The co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses.

During a brief hearing of the Law Enforcement and Corrections Committee, Maldonado cited two examples of such abuse. One was an allegation made last month that a Stroger Hospital police officer roughed up Agustin Sotomayor, 77, during an arrest and asked whether the man was in the United States legally.

The other, he said, came from the owner of Los Dos Compadres restaurant in unincorporated Franklin Park, who reported that a Cook County sheriff's police officer checked identification of would-be patrons late last month and turned away anyone without proof of being in the United States legally.

"We are sending a moral message through our government to the undocumented that we are in support of their struggle to achieve social justice," Maldonado said. "As we await comprehensive immigration reform, we stand with them."

Cook County sheriff's office spokesperson Sally Daly said the agency was unaware of the allegation against its officer until Monday. Neither Maldonado nor any citizen made a complaint, she said.

"Certainly it is concerning, but why Commissioner Maldonado would wait this long to mention it is unclear to us," Daly said. "If it's true, we take it seriously, and we will conduct an investigation."

Joining Maldonado in support of the resolution were Commissioners Joseph Mario Moreno (D-Chicago), a co-sponsor, and Mike Quigley (D-Chicago).

In a long preface to his dissent, Peraica criticized the resolution as a "feel-good piece of legislation" that violated the Constitution because county government cannot make immigration law.

"The proper channel for this is the United States Congress and the United States Senate," he said. "We would be setting a dangerous precedent if we embarked down that road."

Peraica had previously said that Sotomayor's arrest was a reflection of the poor training of county employees, but he said on Monday that the officer's behavior, if true, can't be legislated away.

"What happened to Mr. Sotomayor is absolutely wrong and was done as the result of an ill-trained employee acting in an ignorant manner," he said. "No resolution can change that."

He called for more training for county law-enforcement officials to make clear the limits of their power regarding immigration.

Commissioner Jerry Butler (D-Chicago) joined the dissent, saying that anyone seeking services at a county health facility should be required to answer basic questions about where they live or have lived.

Maldonado said the issue will go before the full board sometime after Wednesday's scheduled meeting.

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Bridging A Racial Rift That Isn't Black And White (NYT)

By Rachel L. Swarns

The New York Times, October 3, 2006

WILLACOOCHEE, Ga. — The ministers close their eyes and raise their voices to the heavens and, for a moment, they are colorless. Two men who grew up desperately poor, who picked tobacco in the fields and hauled boxes at Wal-Mart and whose life journeys ultimately led them to the Lord and to each other.

"It's like praying with a brother," said the Rev. Harvey Williams Jr., 54, who is black.

"He looks out for me and I look out for him," said the Rev. Atanacio Gaona, 45, who is a Mexican immigrant. "In the eyes of the Lord, there are no colors."

In this immigrant boomtown in Atkinson County, about 45 miles north of the Florida border, the ministers have forged a rare friendship that transcends the deep divide between blacks and Hispanics here.

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For centuries, the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns.

The two pastors find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together.

Blacks here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground.

The jobless rate for black men in Georgia is nearly triple that of Hispanic men, labor statistics show. More blacks than Hispanics fail to meet minimum standards in Atkinson County public schools. And many blacks express anguish at being supplanted by immigrants who know little of their history and sometimes treat them with disdain as they fill factory jobs, buy property, open small businesses and scale the economic ladder.

"If you have 10 factory openings, I would say Hispanics would get the majority of the jobs now," said Joyce Taylor, the Atkinson County clerk, who is black. "And if you look at the little grocery stores, there are more Hispanic businesses than black businesses."

"It's kind of scary," said Ms. Taylor, 44, whose daughter was laid off from a factory here. "My children, looking forward, it may be harder for them."

Some Hispanics say African-Americans treat them with hostility and disparage them with slurs, even though blacks know the sting of racism all too well. They say many blacks are jealous of their progress and resent the fact that whites, who dominate the business sector, look increasingly to Hispanics to fill work forces. Blacks say employers favor immigrants because they work for less money.

An Area of Intense Feelings

The killing of six Mexican farm workers in a robbery last year in Tifton, about 30 miles away — and the arrest of four black men in the case — has heightened the friction. Nothing so violent has occurred here, but some Hispanics say black criminals focus on immigrants in this town, too.

Speaking of blacks, Benito González, 51, a Mexican who has worked alongside them at a poultry plant, said: "They don't like to work, and they're always in jail. If there's hard work to be done, the blacks, they leave and they don't come back. That's why the bosses prefer Mexicans and why there are so many Mexicans working in the factories here."

Such images stoke the debate over how to overcome tensions, which flared nationally this year when some African-Americans expressed anger and unease as immigrant groups hailed efforts to legalize illegal immigrants as a new civil rights movement. Although the push in Congress to create a guest-worker program has stalled, concerns about competition between black and immigrant low-wage workers remain.

Those feelings resonate with particular intensity in the South, home to the nation's largest share of African-Americans and its fastest-growing population of immigrants, according to an analysis of census data by William H. Frey, a demographer at the Brookings Institution.

The two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by.

Mr. Williams, a thoughtful man who studied psychology in community college, ruminates in a weekly newspaper column on topics like spirituality, ethnic relations and his recovery from cocaine addiction 20 years ago.

Mr. Gaona, whose boyish looks belie his intensity, left school after second grade to help his father work the fields in Mexico. He entered the United States illegally and started picking tobacco here when he was 24. Over the past decade, he has received his citizenship and built his church from the ground up.

The two men met working on a Wal-Mart warehouse floor in neighboring Coffee County around 1993 when Mr. Gaona was starting to deepen his faith and Mr. Williams, already a pastor, was looking for a ride to work.

Neither expected much from the acquaintanceship.

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Mr. Gaona, who said his perceptions of black Americans were shaped in Mexico by news reports of crime and violence in poor urban areas, recalled, “I was thinking: ‘He’s black. Who knows what he wants from me?’ I was just trying to keep my distance.”

Mr. Williams said he never envisioned a friendship because he had never known blacks and Hispanics to be friends.

“I think I probably saw him as being a Hispanic,’ he said, “and I was only going to get so close.”

Over the next five years, in their hourlong weekday commuting trip in Mr. Gaona’s 1988 Oldsmobile and later in Mr. Williams’s 1982 Ford station wagon, they discovered common ground. Both are divorced fathers. Mr. Williams has two sons and two daughters. Mr. Gaona has five boys.

Both grew up poor, working in the fields. And both were trying to advance at Wal-Mart and searching for pathways to God. It was Mr. Williams who helped persuade Mr. Gaona to quit Wal-Mart to open the first Spanish-language church in this town.

Today, the men are remarried, full-time ministers who chat by telephone and disregard the diners at local restaurants who still gawk at the sight of a black man and a Hispanic man eating together.

But they also remain painfully aware of the fear and prejudice that remain in their communities.

Mr. Williams, who leads a working- and middle-class congregation of teachers, Civil Service workers and factory workers at the Union Holiness House of Deliverance, shakes his head as he describes the jokes about Mexicans with poor hygiene that circulate among some black people he knows.

“It was not so long ago that we were the object of jokes,” Mr. Williams said. “I’m constantly having to remind people.”

Mr. Gaona, whose flock at the Iglesia Alfa y Omega is dominated by factory and farm workers, says his members often describe American blacks as moyos, a derogatory Spanish term that sometimes refers to a black insect. He used the term, too, he admits, before he found God and his friend Mr. Williams.

“Every now and then, I remind them that we need to respect people, no matter how they look or their color,” Mr. Gaona said. "But mostly, we don’t know them, and they don’t know us. There’s no real communication going on.”

Gaps and Similarities

The tension simmers just below the surface in the quiet communities of bungalows and trailers where the two churches are situated. Five years ago, these neighborhoods were overwhelmingly black. Today, Hispanics and blacks account for 21 percent and 19 percent of the county population of about 8,000, respectively.

Lyrical Spanish chatter competes with the sweet Georgia drawl as blacks and Hispanics share streets, assembly lines, classrooms — and hardships — that could prove to be the basis of community and political alliances. The two groups appear more likely to be poor than whites. About 36 percent of Hispanics and 31 percent of blacks live in poverty in Atkinson County, census data shows; 17 percent of whites are poor.

The two ethnic groups report experiencing some discrimination from non-Hispanic whites, who account for 60 percent of the population, and they view the blue-collar jobs in the factories that manufacture industrial fabrics and mobile homes as steppingstones to prosperity.

School administrators and sociologists suggest that the gap between blacks and Hispanics in employment and education may stem in part from immigrant parents who push their children harder to succeed in schools and the immigrant zeal to find work, regardless of how much it pays.

Many black adults, who typically have more formal education than new immigrants, seethe at the disparities. In a town where neighborliness is entrenched, blacks and Hispanics often treat one another warily.

It is hard to envision such tension in the ministers’ friendship, particularly as they laugh amid the wooden pews in Mr. Williams’s church. But in many ways, they, too, keep their distance.

Despite more than 10 years’ friendship, the two have never dined in each other’s home. Their wives and children have never met, nor have their congregations.

Mr. Gaona does not know the black families who live near him. And he has never addressed Mr. Williams’s congregation, even though his friend has invited him several times. The minister says he feels uncomfortable preaching in English.

Mr. Williams, who has spoken at his friend’s church twice, says there is more to it. (Mr. Gaona’s English, after all, is quite good.)

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"There's still a barrier there," Mr. Williams said.

He said the worshippers in Mr. Gaona's church seemed reluctant to mingle with him after his guest sermons there several years ago.

"They are like standing on the side, you know, with their heads down as if waiting for me to leave," he recounted. "They're uncomfortable. And that's one reason for not visiting him any more than I do.

"It's one of my goals in life, to break down these nationality walls. But people are pretty divided. I just don't know if that's going to change."

Mr. Williams concedes that he, too, strives to do better. He does not know the name of the Hispanic family that lives near him. For a time, he refused to wave to Hispanic drivers on the road because they often hurt his feelings by ignoring him and the Southern tradition of greeting strangers. He has since decided to wave — no matter what.

His wife, who did not grow up around immigrants, still feels a bit uncomfortable socializing with Hispanics, despite his long friendship with the Hispanic pastor.

A Shoulder to Lean On

Mr. Gaona said he was recently taken aback when his 5-year-old came home from school and described his black classmates as moyos, the aspersion.

" 'Why you need to call them like that?' " Mr. Gaona said he asked his son. "I'm trying to share with him that's not right. But that's what he hears."

Still, on most days the two men put aside such awkwardness and focus on supporting each other.

When Mr. Gaona's computer became infected with a virus, he called Mr. Williams, who stopped by to help repair it. When state officials refused to renew his brother's driving license because his immigration papers were not in order, Mr. Gaona called Mr. Williams in frustration.

Mr. Williams relies on Mr. Gaona to interview Hispanic immigrants who ask to rent his church's social hall for parties. And it was his respect for the Hispanic pastor that helped persuade him to use his newspaper column to chastise Americans who disparaged the newcomers.

"I believe that rather than be angry or envy those who have came to America and found success, we ought to be learning from them," Mr. Williams wrote.

As the ministers meandered through their changing neighborhoods one afternoon, they considered taking their friendship to another level by preaching a joint service for their congregations. Though they knew it might never happen, they envisioned Spanish speakers and English speakers, newcomers and long timers' holding hands and praying beneath the oak trees.

On that sultry summer afternoon, it felt good to dream about the possibility. Somehow, it felt like it just might be the start of something.

"We'll get together one day soon and do one out in the open," Mr. Gaona said.

Mr. Williams replied: "That sounds good. That sounds good. We'll do that."

TAX:

Amherst Man Sentenced For Hiding Funds (BIZBUFF)

Business First of Buffalo, October 3, 2006

Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office.

Assistant U.S. Attorney Gretchen Wylegala said Fortune, 62, admitted he became aware in 2001 that the banks had a duty to report to the IRS cash transactions in amounts of $10,000 or more. During a six-month-period, he acted purposefully to avoid those reports, orchestrating his cash transactions to be under that limit, typically taking amounts of $9,000 or $9,500. During that 6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions, according to Wylegala.

The conviction in June was the culmination of an investigation on the part of the FBI.

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An Honest Democrat (WSJ)

The Wall Street Journal, October 3, 2006

Democrats are campaigning on "a new direction for America," but they've been deliberately abstemious with any details of what that means. New York Senator Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda "gives Republicans a target." So much for the courage of one's convictions.

Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first term tax cuts were worth preserving and he answered that he "cannot think of one." Then last week, Mr. Rangel was asked by Congress Daily whether he'd consider tax increases across the income spectrum. "No question about it," he said. "Everything has to be on the table."

"Everything" would mean repealing the 10% low-income tax bracket, the child tax credit and marriage penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be-chairman points for honesty.

Mr. Rangel has also been clear in saying he wants to "stop this war" in Iraq, and last week he was asked by The Hill newspaper how he might accomplish that. He responded: "You've got to be able to pay for the war, don't you?" That sounds like a vow to cut off funding for the war, a la 1975 in Vietnam, a point that California Democrat Lynn Woolsey reinforced by telling the same paper, "Personally, I wouldn't spend another dime [on the war]."

Republicans have jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned.

Counting Capital Gains (WSJ)

The Wall Street Journal, October 3, 2006

Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable.

One useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets.

This situation stretches back to 1913, when the Treasury Department decided to define the word "cost" in the tax code as meaning historical dollars, rather than current dollars. Capital gains taxes are due whenever an asset yields a nominal gain, even if the investment is a loser in real terms. So an investor who purchased a stock for $10 in 1956, and sold it for $20 today, would still pay a 15% capital gains tax on the transaction, even though adjusted for 50 years of inflation he'd be a net loser.

From 1979 to 1994, roughly 33% of the increase in shareholder wealth, or some $1.5 trillion, was due to inflation. This means Americans are paying far higher capital gains tax rates than advertised. A 1993 study by then Federal Reserve Board Governor Wayne Angell calculated that the average real tax rate on investments from 1972 to 1992 in Nasdaq stocks was 68%. It was 101% in the S&P 500, 123% in the NYSE, and 233% in the Dow Jones Industrials. On three of the four major indexes, the average taxes were higher than the actual return.

Granted, this problem is less severe now than during the hyper-inflation of the 1970s. The capital gains bite is also less severe because Congress has cut the rate to 15% from as high as 28% as recently as 1996. This capital gains differential from the top income-tax rate of 35% is intended in part to offset the fact that capital losses are deductible against overall income only up to $3,000 a year.

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But inflation remains a hidden thief that transfers gains unfairly to the government from taxpayers. The Pence-Cantor bill would protect against this by allowing any taxpayer holding an asset for more than three years to have a gain or loss determined by a cost basis adjusted for inflation. The proposal would immediately raise the after-tax return on capital investment, thus providing an incentive for more of it.

The Bush Administration should consider getting behind the bill, but it might also be able to achieve the same result without legislation -- that is, via executive order. The tax code says only that taxes must be paid on gains as measured by the increase from the "basis" a taxpayer has in the property. The code then defines that basis as "the cost of such property," but without declaring whether that cost is real (after inflation) or nominal. If Treasury had the authority to define "cost" in one manner in 1913, it surely has the authority to redefine "cost" today.

President George H. W. Bush flinched from making this change in 1992 on the advice of government lawyers who argued that the definition of "cost" had been around so long that only Congress could now change it. But that legal interpretation is open to argument, all the more so given that inflation is once again making a comeback, albeit far more modestly than in the 1970s. Nonetheless, an inflation rate of 3% over a decade devalues the dollar value of a financial asset by about 35%. Academics have also argued that a President could redefine cost to allow, for instance, the indexing of depreciation schedules -- another bow to fairness and a boost for investment.

The Bush tax cuts expire in 2010, so taxes are sure to be a major policy battleground leading up to the 2008 Presidential race. New Treasury Secretary Hank Paulson will also be looking for ways to make his mark in the final two years of this Presidency, and removing inflated capital gains from taxation is one way to do that and help the economy.

CONGRESS-ADMINISTRATION:

Book And E-mails Hit Republican Nerves (FT)

By Caroline Daniel And Guy Dinmore In Washington

Financial Times, October 3, 2006

US Republicans are facing challenges to their credibility this week on two of their strongest themes – family values and national security – with questions on whether the leadership had covered up a scandal involving a congressman sending explicit e-mails to teenage boys, and whether the White House has covered up rising problems in Iraq.

The FBI said it would look into e-mails sent to under-age congressional pages by Mark Foley, a 52-year-old Republican congressman from Florida who resigned on Friday and on Monday said he would enter rehab to deal with his alcoholism.

The real political damage could arise from concern that the Republican leadership, including Dennis Hastert, the House speaker, had been slow to investigate the allegations fully and had failed to remove Mr Foley as chairman of the House caucus on missing and exploited children.

Mr Hastert said on Monday: “Congressman Foley duped a lot of people. I’ve known him for all the years he has worked in this House and he deceived me, too.”

In an effort to contain the fallout, and with Democratic critics asking, “Why did GOP leaders sit on Foley e-mails?” Mr Hastert called for an internal review and a Justice Department inquiry into who had seen the messages that Mr Foley had sent. An initial review by the leadership – which did not include the most explicit e-mails disclosed last week – had concluded that his messages were simply “over-friendly”.

“Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician,” said Charlie Cook, publisher of the Cook Political Report. “As articles turned toward cover-up/ inaction, it’s just one more nail in the coffin for this majority.”

Republicans had hoped to make national security the dominant election issue and had been poised to exploit last week’s victory on Capitol Hill – approval of new rules on interrogations and military tribunals – to paint Democrats as weak on national security.

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That plan for this week has been thrown off course by the publication of Bob Woodward's book State of Denial, which revealed an administration divided and disorganised over Iraq, and a new biography of Colin Powell, which says the former secretary of state warned the president of the growing insurgency.

One of the most damaging allegations from Mr Woodward is that Condoleezza Rice, the present secretary of state, brushed off warnings of a possible al-Qaeda attack on the US delivered by George Tenet, then chief of the CIA, and Cofer Black, head of counter-terrorism, at an emergency meeting on July 10 2001.

On her way to the Middle East, Ms Rice said that she could not specifically recall a meeting, and flatly denied being warned by Mr Tenet of an attack on the US. "What I am quite certain of, however, is that I would remember if I was told – as this account apparently says – that there was about to be an attack in the United States. The idea that I would somehow have ignored that I find incomprehensible."

Ms Rice said that Philip Zelikow, her senior policy adviser on the region and the former executive director of the 9/11 commission, had stayed in Washington "to help reconstruct from the commission side what happened".

Mr Zelikow was quoted by the New York Times as saying no witness before the 9/11 commission had drawn attention to such a meeting as described by Mr Woodward.

Mr Cook said the events of the last few days marked an inflection point. "The spotlight is shifting away from terrorism, 9/11, national security and falling gasoline prices back on to Iraq, how we got there and mistakes made by the Bush administration on how we have waged the war."

Party's Handling Of Foley Riles Up Voters Frustrated By Immigration, Spending (WSJ)

By Jackie Calmes

The Wall Street Journal, October 3, 2006

WASHINGTON -- As the scandal over former Rep. Mark Foley has expanded to entwine Republican leaders who knew of his emails to underage male House pages but took little action, the party has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Long before the disclosure of the unduly personal Foley emails and separate, sexually explicit instant messages last week, and the six-term Florida Republican's sudden resignation, his colleagues were fretful that many conservatives would stay home on Election Day, turned off by high federal spending, illegal immigration and inaction on a number of social issues. Moderate suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for medical research using embryonic stem cells, which President Bush vetoed in July.

Speaker of the House Dennis Hastert (R., Ill.) and John Shimkus (R., Ill.) say2 no Republican leaders were aware of inappropriate emails by Mark Foley until ABC News broke the story last Friday.

Greg Valliere, chief political strategist for Stanford Washington Research, says3 that the Foley sex scandal and its cover-up puts Republican chances in upcoming mid-term elections "in real jeopardy."

REPRESENTATIVE RACES

4 • Look at local issues5 facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Now the Foley fallout has united both Republican voter groups in anger, just five weeks before midterm elections that will determine whether the party holds its House and Senate majorities.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com. His headline reflected an ire that went beyond Mr. Foley to envelop other House Republicans who acknowledge they had heard complaints about Mr. Foley's questionable contacts with a former page. "Who Protected the Perverted Congressman?" it read.

"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

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Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Many of the Republicans' most vulnerable House districts are in a swath from the moderate Northeast westward through the Ohio River valley, and in suburban districts in Arizona, Florida, Washington state and elsewhere where Republicans already were on the defensive. Democratic pollster Peter Hart, noting that Republicans already have lost the support of most independent voters, says, "Voters in general want change, and this just puts another nail in the Republicans' coffin."

"At the end of the day," the Republican Mr. Fabrizio says, "we need moderate voters to save people like Chris Shays," a Connecticut Republican who is among the most endangered incumbents.

"The Republican Party holds itself out, rightly or wrongly, as the guardian of values, and for something like this to occur does not bode well for the party," said Tony Perkins, head of the conservative Family Research Council and a frequent ally of Republican leaders. As for Christian conservative voters, "there's clearly a lack of enthusiasm as compared to" the 2004 election.

Yesterday, House Speaker Dennis Hastert and Rep. John Shimkus, chairman of the House Page Board, again sought to contain the damage with a statement to reporters reiterating their disgust with Mr. Foley and their determination to help state and federal authorities pursue the matter. The two Illinois Republicans left without answering questions.

Later Mr. Hastert spoke to a smaller group of reporters, providing his most complete account to date. The speaker said a portion of a Foley email to a former page from Louisiana asking for a photo of the teenager was "a red flag." But he said his staff didn't need to "bump it up to me at that time."

Democrats charged that the failure of Republicans to take the initial 2005 complaint, from the parents of a then-16-year-old boy, to the bipartisan six-member board that oversees the page program was evidence of Republicans' desire to shield Mr. Foley -- and the party's House majority. The board's top Democrat, Michigan Rep. Dale Kildee, has said that Mr. Shimkus, the board's Republican chairman, never told him of the issue.

Yet Rep. Tom Reynolds of New York, who heads the House Republicans' campaign committee, was informed of the questionable Foley emails. Mr. Reynolds says he raised the Foley matter with Mr. Hastert last spring, though the Speaker reiterated yesterday that he doesn't recall such a conversation.

The matter further imperils Mr. Reynolds. Though the House and Senate campaign chiefs of both parties typically get those jobs because they are safe at home, Mr. Reynolds already had reason to worry about his hold on his moderate-to-conservative upstate New York district. Wealthy local businessman Jack Davis, his Democratic foe, has vowed to spend $2 million. Tomorrow, first lady Laura Bush will campaign for Mr. Reynolds in his suburban Buffalo district, and then separately participate in a local radio program about youth issues.

House Majority Leader John Boehner, an Ohio Republican, conceded in a television interview late yesterday that he expected Republicans to lose Mr. Foley's seat, a seat that he had been expected to win. His comment came as Florida Republicans tapped state Rep. Joe Negron to run instead, though Mr. Foley's name must remain on the ballot. Democrats have their sights on four other Florida districts as well.

The fallout also could give impetus to Democratic candidates who previously were making an issue of online sexual predators. Among them are Ed Perlmutter, a former state senator favored to seize an open Republican-held seat in Colorado, and Phil Kellam, who is threatening freshman Republican Rep. Thelma Drake in Virginia.

Action against sexual predators on the Internet has been a popular theme for politicians of both parties. Its resonance with the public, especially parents, is reflected in the popularity since 2004 of the Dateline NBC series "To Catch a Predator," which films sting operations against suspected sexual abusers of children. Last August at the Democratic National Committee's summer meeting, Karin Johanson, the executive director of the House Democrats' campaign committee, predicted to members that Republicans would run attack ads in the fall depicting Democrats as soft on sexual predators. In anticipation, Democrats developed an Internet-safety proposal.

With Democrats now the ones on the offensive, they called on Republicans to return funds from Mr. Foley, who had been a prodigious party fund-raiser and donor. In North Carolina, the Democratic Party released a statement asking of the incumbent Republican, "Who does Robin Hayes stand up for? Mark Foley and the Republican House leadership or underage children?"

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In Virginia, Dick Wadhams, the campaign manager for embattled Republican Sen. George Allen, said the campaign would donate its $5,000 from Mr. Foley to the charity Enough is Enough, a nonprofit group based in Great Falls, Va., that works against Internet-based pornography.

Leaders Face Foley Fallout (RC)

By Susan Davis

Roll Call, October 3, 2006

Facing a firestorm of criticism in the unfolding House page scandal surrounding former Rep. Mark Foley (R-Fla.), House Republican leaders held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril.

Sources familiar with the call described Members as "angry" and "furious," and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program.

"It's big, it's devastating, it's goes back to the idea that Washington, [D.C.,] is an immoral city," said one source familiar with the call.

Rep. Ray LaHood (R-Ill.), the sources said, went so far as to call for scrapping the House page program, which has been in place for more than 150 years. Rep. Phil Gingrey (R-Ga.) also called for the House to hold hearings on the matter, but that suggestion was not widely supported.

Unconfirmed rumors continue to swirl around Foley, who has checked into a rehabilitation facility for alcohol abuse.

House Majority Leader John Boehner (R-Ohio), mindful of press leaks, warned Members on the call not to discuss unconfirmed allegations on the conference call, but rather to contact leadership offices directly with those concerns.

The conference call came as Speaker Dennis Hastert (R-Ill.) and his aides wrestled with pressure that is perhaps unprecedented in his tenure, as divisions revealed themselves in leadership over the weekend.

National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) stated publicly that he discussed the series of non-sexual e-mail exchanges in 2005 between Foley and a 16-year-old male former page from Louisiana with the Speaker earlier this year.

Hastert does not deny the conversation took place but maintains he does not recall it, and the different accounts from the two leaders was widely noted.

"The atmosphere was foul over the weekend," said a GOP strategist close to the leadership. "People were pissed. I think the Speaker heard that and came back pretty quickly to the Capitol. The problem is that the rumor was the leadership was at each other's throats. ... The biggest problem was that they didn't all get their stories straight. Now they're all getting their stories straight, which is important."

Reynolds was not on the conference call Monday with the rest of the leadership team, though he was scheduled to have a press conference Monday night in Buffalo, N.Y., to reiterate the statement he made over the weekend about his knowledge of the Foley affair.

Leaders are furiously working to separate themselves from a series of sexually explicit online communications between Foley and an unknown number of former House pages, which were first publicly revealed last week.

Sources on Monday's conference call said Members supported the leaders' position that there was no prior knowledge of any inappropriate contact between Foley and minors.

Senior members of Hastert's staff, Rep. John Shimkus (R-Ill.), a co-chair of the House Page Board, and then-Clerk of the House Jeff Trandahl led a quiet inquiry into a 2005 e-mail exchange between Foley and the Louisiana page that was dubbed only as "over-friendly" but did result in Foley being advised to end communication with the boy at the request of his parents.

Hastert sought to separate himself from Foley, telling reporters Monday that he recalls little communication between himself and Foley, who was first elected in 1994.

"I've never had a [personal] conversation with him," Hastert said, "Other than his vote on a tariff matter at one time or another, I think."

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Hastert returned to Capitol Hill on Monday to reiterate his commitment to a thorough investigation into Foley's activities and a review of the House page program.

The normally media-averse Speaker spent much of Monday interacting with the press to continue pushing his position that no member of Republican leadership was aware of sexually explicit online communications Foley had with an unknown number of former House pages.

"The instant messages, reportedly between Congressman Foley and a former page sent in 2003, are vile and repulsive to me, and to my colleagues," Hastert said, "No one in the Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public."

Hastert also has committed the House to full cooperation with any and all investigations.

The events of the past week have capped what has been a rocky 109th Congress for Hastert.

While he appears to maintain broad support in the Conference, he and his senior aides increasingly have become the target of behind-the-scenes criticism from rank-and-file Members and aides.

At the kickoff of the 109th Congress, Hastert's staff counsel Ted Van Der Meid was the chief architect of a series of partisan rules changes imposed on the House ethics committee following the admonishments of then-Majority Leader Tom DeLay (R-Texas).

The new rules deadlocked the panel for several months prompting fierce partisan gridlock on the panel until Hastert relented and the House reverted to the old rules.

Hastert was also criticized by DeLay's detractors for not having the foresight to urge DeLay to remove himself from leadership as his ethical troubles worsened and overwhelmed the House majority late last year.

When DeLay stepped down as Majority Leader on Sept. 28, 2005, Hastert was also caught off-guard when his intention to install House Rules Chairman David Dreier (R-Calif.) as temporary Majority Leader was thwarted by the Conference and resulted in a clumsy scenario under which Majority Whip Roy Blunt (R-Mo.) was given the title and Dreier was given a greater role in leadership decisions.

Hastert also was forceful in January 2006 in committing the House to passing a comprehensive lobbying and ethics reform bill in the wake of DeLay's retirement announcement and the expanding scandal surrounding disgraced former lobbyist Jack Abramoff.

The bill never became law despite repeated commitments from leaders, and the House succeeded only in passing smaller rules changes to ban former Members who are lobbyists from the House floor, and to require greater disclosure of earmarks in conference reports.

Hastert also came under fire in May when he and other Congressional leaders took on the Justice Department for what they then described as an unconstitutional raid of Rep. William Jefferson's (D-La.) Congressional office. Jefferson is the target of a federal criminal probe.

While there was bipartisan agreement that the raid raised constitutional issues regarding constitutional Speech or Debate Clause protections provided to Members of Congress, Hastert and his senior aides were criticized for their handling of the matter and for creating the appearance that they sought to protect a Member of Congress from an investigation.

Congressional leaders filed a brief in support of Jefferson's request to have the materials returned to his office on the grounds they were obtained unconstitutionally — the appeal was struck down in court.

While Hastert has said publicly he will stand for re-election for Speaker next year, he has not similarly committed to serving for the full length of the Congress if elected.

In recent weeks, House Republicans have suggested that doubt has increased as to whether Hastert, who has diabetes and has been hospitalized several times for treatment of kidney stones and other health issues, will serve out the full Congress.

If Republicans lose the majority, Hastert is widely expected to leave the House, although he has never said so publicly.

The full repercussions of the Foley scandal have yet to play out, as well as the extent to which it could damage Hastert's standing in the House. While other Congressional leaders are elected only by their party colleagues, the Speaker must be elected by the full chamber.

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If Republicans maintain the majority by similar or smaller margins, it would only take the opposition of a handful of Members against Hastert to potentially threaten his hold on the Speakership.

Leadership elections are scheduled for Nov. 15. The Speaker formally will be elected by the full House on the first day of the new session in January.

Statutory Implications Of E-Mails Are Murky (WP)

By Mary Beth Sheridan

The Washington Post, October 3, 2006

House Speaker J. Dennis Hastert has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution.

"As a general proposition, mere knowledge of the fact somebody has committed a crime . . . doesn't expose you to criminal liability," said David Schertler, a former assistant U.S. attorney for the District who is now in private practice.

Hastert's office has acknowledged that his aides learned last year about inappropriate e-mails sent by then-Rep. Mark Foley (R-Fla.) to a 16-year-old page. At the time, Foley was ordered to cut off contact with the boy.

Foley resigned Friday after the revelation of much more sexually explicit messages sent to other pages in 2003.

Stephen Saltzburg, a professor at George Washington University's law school, said it was not clear whether members of Congress or their staffs actually saw any of the e-mails before the current scandal, or had only heard about them.

"That can make a big difference," he said. "But even if they had seen them, they may not have been aware of any criminality associated with that. They may have thought it was improper."

In fact, it is still not certain whether Foley broke the law by sending the messages, Saltzburg noted.

Hastert (R-Ill.) said yesterday that no Republican House leaders had seen the "vile" messages sent in 2003 until Friday. Republican officials have said the 2005 e-mails were "over-friendly" but not sexually explicit.

Legal experts said federal law and some states have an offense called "misprision of a felony," aimed at people who know of a crime and do not report it.

But Schertler said that law is generally interpreted as involving someone who participates in a coverup or has a legal responsibility to report illegal conduct.

"Ethically and morally, it raises a lot of questions" if legislators learned of a possible offense and did not report it, Schertler said. But it probably would not rise to the level of a crime, he said.

E-mails Send House GOP Scrambling (HILL)

By Patrick O'connor

The Hill, October 3, 2006

House Speaker Dennis Hastert (R-Ill.) launched a media offensive yesterday amid mounting criticism of his handling of ex-Rep. Mark Foley's (R-Fla.) e-mail to a 16-year -old page.

The Speaker, who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. Hastert's staff acknowledged last weekend that they were told about e-mail between Foley and a former page from Louisiana in the fall of 2005.

Hastert has not disputed that the he was told about the e-mails by Rep. Tom Reynolds (R-N.Y.) earlier this year.

The Speaker's judgment in this case has left some within his own conference questioning his leadership capabilities. At press time, House leadership was holding a conference call with House Republican members.

Hastert publicly maintained yesterday that his staff did everything it could have after Rep. Rodney Alexander (R-La.), whose office sponsored the page, first brought the e-mailto their attention because the page's parents did not want the incident publicized.

"In 2005, we did exactly what we thought the parents wanted us to do," Hastert told a small group of reporters about his staff's review of the e-mail from Foley to the page.

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Hastert said he was not notified of that investigation until his chief of staff, Scott Palmer, and outside counsel, Randy Evans, conducted an internal investigation last weekend to solidify the timeline.

The initial investigation was conducted in coordination with Rep. John Shimkus (R-Ill.), who heads the six-member House Page Board, and former Clerk of the House Jeff Trandahl. The other members of the Page Board were not notified about the investigation.

During an earlier statement in the Capitol yesterday, Hastert tried to make a clear distinction between the language in Foley's email to the Louisiana page and the more salacious instant messages that were released later by news outlets.

"No one in Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public," Hastert said.

Despite that statement, the Speaker later said the e-mail in question did "raise red flags."

Hastert's outreach comes after a prominent member of his own leadership team disputed the his initial account about when he first heard about the e-mail in question.

Reynolds, who chairs the National Republican Congressional Committee (NRCC), released a statement on Saturday saying he first told Hastert about the initial set of e-mail last spring after the Speaker said last week that he first heard about the correspondence when news broke.

In addition to his press outreach, Hastert requested the Clerk of the House to establish a hotline for pages, former pages, their families and anyone else with pertinent information about improper contact between the pages and members or staff.

The FBI confirmed on Sunday that it is investigating Foley's activities.

The news comes just over a month before voters head to the polls to decide the fate of congressional Republicans in the next Congress. Hastert yesterday downplayed the political implications of this episode.

"This is a different issue [than] about whether we have the majority or not," Hastert said.

At press time, two conservative leaders called on Hastert and other GOP leaders to resign.

David Bossie, president of conservative advocacy group Citizens United, said, "This inaction demonstrates a lack of leadership on Speaker Hastert's part, and calls into question both his judgment and character."

Bossie told The Hill, "This is an issue of right and wrong. This is a question of honesty and integrity in government.

Michael Reagan, nationally syndicated radio show host and affiliated with Citizens United, also called for leadership resignations.

Numerous Democratic candidates have criticized Republican leaders for covering up Foley's behavior, and Minority Leader Nancy Pelosi (D-Calif.) called for leaders to be questioned by federal investigators about what they knew and when they knew it.

Many Republicans in the House are upset that they were not notified about the initial investigation and criticized their leaders' handling of the scandal.

A House conservative lawmaker said "he was very disgusted with the leadership," claiming the leaders "should have handed this over to the ethics committee immediately."

The member also questioned Hastert's memory lapse regarding his conversation with Reynolds last spring about Foley.

"I don't think I would have forgotten that conversation," the member said.

"The Speaker should have asked, 'What the hell is going on?'"

Instead of resolving this issue months ago, the matter is playing out weeks before the election, the member said.

Rep. Ray LaHood (R-Ill.), a close Hastert ally and chief of staff to former Minority Leader Bob Michel (R-Ill.), said he emailed Palmer on Sunday telling him to abolish the entire page program until these problems are sorted out.

"This whole thing is going to go a lot deeper than we all realize," LaHood said, falling short of calling for Hastert to dismiss any of his staff.

Foley's lawyer released a statement yesterday announcing that the congressman has checked himself into alcohol rehabilitation facility.

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Meanwhile, the Florida Republican Party named former state Rep. Joe Negron as its candidate to replace Foley. Negron has 35 days to campaign before theelection, and his name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat.

House Majority Leader John Boehner (R-Ohio) said yesterday on Sean Hannity's radio show that he expects Democrats to win Foley's seat in November.

Leaders over the weekend questioned the exact timeline of events about when members of the leadership knew about the questions involving Foley.

Reynolds statement on Saturday directly contradicted Hastert's initial response to Foley's resignation. NRCC spokesman Carl Forti said the campaign chief released his statement Saturday afternoon "to clarify the timeline."

Foley's office first notified NRCC staff on Wednesday night that ABC had asked them about the initial e-mail, Forti said yesterday.

An ABC News reporter then surprised some Republicans outside a rally at the Capitol Hill Club for GOP-friendly lobbyists, but the questions were about disgraced former lobbyist Jack Abramoff.

Foley's office again contacted the NRCC on Friday morning when they became aware of other instant messages that were more sexually suggestive in nature, Forti said. Upon learning of that second batch of messages, "intermediaries" approached Foley on Reynolds' behalf and told the six-term congressman that he would have to resign, the NRCC spokesman said yesterday.

Hastert yesterday dismissed the suggestion that his staff should have raised the issue with him.

"It was resolved when this thing came out, so I didn't see any reason to bump it up to me," Hastert said yesterday about his staff's review of the e-mail from Foley to a page. "There was no there there."

Boehner and Rep. Marsha Blackburn (R-Tenn.) were scheduled to make media appearances last night to make the case that there is a clear distinction between the initial e-mail and the later instant messages.

Hastert Says He Didn't Know Of Explicit Contact (USAT)

By Kathy Kiely

USA Today, October 3, 2006

WASHINGTON — House Speaker Dennis Hastert defended himself and other Republican leaders Monday against charges they did not move aggressively to investigate Rep. Mark Foley's contacts with teenage boys.

Hastert reiterated that House leaders had no knowledge of sexually explicit instant messages the Florida Republican allegedly sent to several congressional pages until ABC News reported about them Friday.

Foley resigned after ABC questioned him about them.

Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit.

"Would have, could have, should have," Hastert said. "We did what we thought … was prudent at the time."

Hastert's comments came as law enforcement officials in Washington and Florida outlined plans to investigate whether Foley's communications violated state or federal law prohibiting sexual solicitation of minors.

In Florida, Republicans named state Rep. Joe Negron to run in Foley's place Nov. 7. Foley's name will stay on the ballot.

"I'm going to make sure everyone knows that Mark Foley has withdrawn. He's no longer an issue," Negron said.

House Majority Leader John Boehner, R-Ohio, said it would be hard to hold onto the seat.

"In order to vote for this candidate, you have to vote for Mark Foley," Boehner said on The Sean Hannity Show on ABC Radio. "How many people are going to hold their nose to do that?"

Democrats continued to criticize Republicans for not pushing harder when Rep. Rodney Alexander, R-La., told Hastert aides last fall about the e-mail to the 16-year-old. That message was investigated by Hastert's staff and Rep. John Shimkus, R-Ill., head of the three-member House page board.

Republicans "failed to protect the children under their trust," House Minority Leader Nancy Pelosi, D-Calif., said.

Hastert refused to comment directly on the charges.

"This is not an issue of whether we have the majority or not," he said. "This is about how we protect those kids."

John Walsh, host of the television show America's Most Wanted, said he could not believe the double life that Foley led. Walsh's show profiles cases of fugitives, many of whom are accused molesters. "I feel incredibly deceived," Walsh said. "I'm absolutely appalled."

Sen. George Allen, R-Va., and Rep. Clay Shaw, R-Fla., said they will donate campaign contributions from Foley to charities. Allen is giving $5,000 to Enough is Enough, a group that advocates protection of children from Internet pornography. Shaw is giving $2,000 to the Center for Missing and Exploited Children.

On Capitol Hill, Foley's office remained locked. Hastert, who protested the FBI's unannounced raid this year on the office of Rep. William Jefferson, D-La., said he wants federal agents to have free rein. "I expect everybody to cooperate with them," he said.

David Roth, Foley's attorney, said his client entered an alcohol rehabilitation program. Even if he is charged and convicted, Foley will receive an annual congressional pension of about $32,000 once he reaches 62, according to Pete Sepp of the National Taxpayers Union, a watchdog group.

Resign, Mr. Speaker (WT)

The Washington Times, October 3, 2006

The facts of the disgrace of Mark Foley, who was a Republican member of the House from a Florida district until he resigned last week, constitute a disgrace for every Republican member of Congress. Red flags emerged in late 2005, perhaps even earlier, in suggestive and wholly inappropriate e-mail messages to underage congressional pages. His aberrant, predatory -- and possibly criminal -- behavior was an open secret among the pages who were his prey. The evidence was strong enough long enough ago that the speaker should have relieved Mr. Foley of his committee responsibilities contingent on a full investigation to learn what had taken place, whether any laws had been violated and what action, up to and including prosecution, were warranted by the facts. This never happened.

Rep. John Shimkus of Illinois, the Republican chairman of the House Page Board, said he learned about the Foley e-mail messages "in late 2005." Rep. John Boehner of Ohio, the leader of the Republican majority, said he was informed of the e-mail messages earlier this year. On Friday, Mr. Hastert dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat.

Now the scandal must unfold on the front pages of the newspapers and on the television screens, as transcripts of lewd messages emerge and doubts are rightly raised about the forthrightness of the Republican stewards of the 109th Congress. Some Democrats are attempting to make this "a Republican scandal," and they shouldn't; Democrats have contributed more than their share of characters in the tawdry history of congressional sexual scandals. Sexual predators come in all shapes, sizes and partisan hues, in institutions within and without government. When predators are found they must be dealt with, forcefully and swiftly. This time the offender is a Republican, and Republicans can't simply "get ahead" of the scandal by competing to make the most noise in calls for a full investigation. The time for that is long past.

House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once. Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations -- or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. He gave phony answers Friday to the old and ever-relevant questions of what did he know and when did he know it? Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance.

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A special, one-day congressional session should elect a successor. We nominate Rep. Henry Hyde, also of Illinois, the chairman of the House International Relations Committee whose approaching retirement ensures that he has no dog in this fight. He has a long and principled career, and is respected on both sides of the aisle. Mr. Hyde would preside over the remaining three months of the 109th Congress in a manner best suited for a full and exhaustive investigation until a new speaker for the 110th Congress is elected in January, who can assume responsibility for the investigation.

After Foley, New Fears For The GOP (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 3, 2006

Republican strategists said yesterday that public revulsion over the sexually graphic online conversations between Rep. Mark Foley (R-Fla.) and former House pages could compound the party's problems enough to tip the House to the Democrats in November -- and could jeopardize the party's hold on the Senate as well.

As House GOP leaders defended their role in handling revelations that forced Foley on Friday to give up his House seat, party strategists said the scandal threatens to depress turnout among Christian conservatives and could hamper efforts to convince undecided and swing voters that Republicans deserve to remain in the majority.

There was intense anger among social conservative activists in Washington yesterday, and some called for House Speaker J. Dennis Hastert (R-Ill.) to resign.

Republican operatives closely following the battle for the House and Senate said that they are virtually ready to concede nearly a third of the 15 seats the Democrats need to recapture control of the House, and that they will spend the next five weeks trying to shelter other vulnerable incumbents from the fallout of the Foley scandal in hopes of salvaging a slender majority.

Districts in which Republicans have effectively walked off the field include Foley's own in South Florida. House Majority Leader John A. Boehner (R-Ohio) said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, "to vote for this candidate, you have to vote for Mark Foley," Boehner said. "How many people are going to hold their nose to do that?"

Others warned that the impact could be much greater. Tony Perkins, president of the Family Research Council and an important social conservative leader, said "there's a real chance" that the episode could dethrone the Republican majority. "I think the next 48 hours are critical in how this is handled," he said, adding that "when a party holds itself out as the guardian of values, this is not helpful."

Foley's sudden resignation came at the end of a week that had delivered a series of blows to Republican hopes in November. A National Intelligence Estimate asserted that the war in Iraq is fueling new threats from Islamic jihadists faster than the United States and allies can contain them, then a new book by Bob Woodward of The Washington Post said the administration's private assessments of Iraq are far worse than officials are telling the public. Taken together, GOP strategists said, the events of the past 10 days reversed what some Republicans had seen as a modest rebound in September after the worst days of the summer.

By yesterday, a number of GOP strategists reported widespread gloom about the party's prospects, combined with intense anger at the House leadership.

Joe Gaylord, who was the top adviser to Newt Gingrich (Ga.) when Republicans seized control of the House in 1994, was pessimistic about the party's midterm prospects. He said the fallout from Foley's resignation comes "very close" to ensuring a Democratic victory in November.

"The part that causes the greatest fallout is the obvious kind of pall that an incident like this would put on our hardest-core voters, who are evangelical Christians," he said. "The thing I have said almost since this cycle began is the real worry you have is that [Republicans] just won't turn out. This is one more nail in that coffin."

Depressed turnout would not only hurt vulnerable House incumbents but also make it more difficult for Republicans to hold the most competitive Senate seats -- many of those races are now virtually even, according to recent polling.

Hastert faces a spreading revolt among some conservatives over the way he and other GOP leaders handled the matter when first alerted to the contact between Foley and one former House page. Hastert said again yesterday that no House

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Republican leader knew about the most graphic communications until they surfaced on Friday, but that did little to satisfy some conservative activists.

David Bossie, who runs a group called Citizens United, called yesterday for Hastert's resignation and said other conservative leaders are likely to follow suit. Bossie said the initial e-mails alone, which included Foley's request of a minor's picture, should have prompted an immediate inquiry. "That was a cry for an investigation," Bossie said. "Why couldn't the speaker of the House muster the will to stop this?"

Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul M. Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like [Foley] to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

Vin Weber, a GOP lobbyist close to the White House and to congressional leaders, said many Republicans outside of Washington are echoing Bossie.

"From what I hear, it is resonating badly and our candidates are on the defensive about this," Weber said. "The maddening thing about this is if they had done the right thing" by informing Democrats early on and investigating it fully, "there would be no political fallout," he said.

Top GOP strategists said party leaders will concentrate on trying to keep the focus of the unfolding story on Foley, rather than on how House leaders responded when informed about his contacts with former pages.

"I don't know of any race ever where the action of one member has impacted the race of another," said Carl Forti, spokesman for the National Republican Congressional Committee.

Republicans are bracing for ads that link previous scandals with the Foley case and ask, "Had enough?" Several strategists said this could be devastating in tight races. The most optimistic scenario offered by GOP strategists is that no new information surfaces and the controversy ends in the next five weeks.

Republicans have designated state Rep. Joe Negron as the substitute candidate in Florida's 16th District, even as Boehner and others denigrate his prospects.

Republicans say they are in grave danger of losing the seat of former House majority leader Tom DeLay (Tex.), as well as those held by Rep. Robert W. Ney (Ohio) -- who agreed to plead guilty to corruption charges in the investigation into the activities of convicted former lobbyist Jack Abramoff -- and Rep. Don Sherwood (Pa.), who has been embroiled in a scandal over an affair.

In addition, Republicans have largely given up on holding the seat of retiring Rep. Jim Kolbe (Ariz.), and strategists are pessimistic about retaining open seats in Colorado and Iowa and the seat now held by Rep. John N. Hostettler (Ind.).

Some Republicans also said Rep. Thomas M. Reynolds (N.Y.), the NRCC's chairman and one of the GOP leaders who knew about a non-graphic communication between Foley and a former page, could face an even tougher challenge for his Buffalo area seat. Reynolds and Hastert sniped at each other over the weekend about who knew what and when.

Hastert Denies GOP Saw Foley's 'Vile' Messages (WT)

By Charles Hurt

The Washington Times, October 3, 2006

House Speaker J. Dennis Hastert said yesterday that Republican leaders had not previously seen the more lurid Internet "instant messages" sent by disgraced ex-Rep. Mark Foley as influential conservatives began calling for party leadership resignations over the handling of the matter.

"The instant messages reportedly between Congressman Foley and a former page, sent in 2003, were vile and repulsive," Mr. Hastert said yesterday. "No one in the Republican leadership ... saw those messages until last Friday when ABC News released them to the public."

Had Mr. Foley not resigned immediately, he added, "I would have demanded his expulsion."

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Still, several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page," David Bossie, president of the conservative group Citizens United, said yesterday.

"This inaction demonstrates a lack of leadership on Speaker Hastert's part and calls into question both his judgment and character," Mr. Bossie said. "If Speaker Hastert was willing to sacrifice a child to protect Representative Foley's seat and his own leadership position, then he surely does not share our American and conservative values."

Richard A. Viguerie, a founder of the conservative movement, called for the "immediate resignation of any House GOP leaders who had knowledge of former Congressman Mark Foley's improper contact with underage pages -- but who took no action."

Mr. Hastert told reporters yesterday that he had been unaware of sexually explicit messages sent by Mr. Foley but had been told about previous, less sordid, messages in which the congressman asked a teen boy what he wanted for his birthday and whether he could provide a photograph of himself.

"There was nothing explicit in this e-mail that I understood," Mr. Hastert told reporters yesterday. "His parents were protective of this thing and what they wanted was Mr. Foley ... to stop contacting their son."

The explanation did not convince Mr. Viguerie.

"When you have a 50-year-old man -- who is a known homosexual -- who wants a picture of a 16-year-old boy, that should send out some alarm bells," he said. "This is almost like a Clinton-type response."

Mr. Foley has refused to answer questions about his sexuality.

Nor did it convince conservative activist Bay Buchanan.

"That e-mail they call an 'overly friendly' e-mail -- that had predator stamped all over it. There's just no one in this country that can suggest otherwise," said Mrs. Buchanan, the president of American Cause.

Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal, which broke last week just as lawmakers were heading home for November elections that could end their near-continuous 12-year grip on Congress.

"Most Republicans are sticking together," said Hastert spokesman Ron Bonjean. "Most Republicans understand that 30 days before Election Day, we need to stand together and find out what happened and continue fighting the war on terror and cutting taxes."

Conservative outrage echoed that of Democratic leaders.

"Speaker Hastert again failed to answer the question that every mother and father in America is asking: How could Republican leaders choose partisan politics over protecting children?" Minority Leader Nancy Pelosi said after Mr. Hastert held a press conference yesterday with Rep. John Shimkus, Illinois Republican and leader of the Congressional Page Board.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," she said. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

In Florida, meanwhile, Republican leaders tapped state Rep. Joe Negron to run in Mr. Foley's place against Democrat Tim Mahoney, whose campaign had been viewed as a long shot before last week's developments. Though Mr. Foley's name remains on the November ballot, Mr. Negron will be awarded any votes cast for the six-term congressman, according to Florida election law, as well as any write-ins that are cast for him.

"Obviously I'd rather have my name on the ballot, but Mark Foley, that name is a place-holder -- that's it," Mr. Negron told reporters in Orlando yesterday. "He's withdrawn -- not in Congress, not a congressman anymore. This is going to be a race between Joe Negron and Tim Mahoney."

Former Florida Republican Party Chairman Tom Slade said chances are slim that Republicans can hold the seat.

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"I think it's a death sentence ... mission impossible," he said. "The only way you win is [voters] have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

On Sunday night, two days after his resignation, Mr. Foley checked himself into a clinic for treatment of alcoholism, for at least 30 days. He also has issued a statement assuming responsibility for his actions.

Last night, his attorney David Roth told CNN that Mr. Foley is "absolutely, positively not a pedophile" and "has never ever had an inappropriate sexual contact with a minor in his life."

Republicans on Capitol Hill say they feel betrayed by their longtime colleague and offered no words of comfort for him.

"Congressman Foley duped a lot of people," Mr. Hastert said. "He lied to Mr. Shimkus, and he deceived his in-state paper when they each questioned him. He deceived the good men and women in organizations around the country with whom he worked to strengthen our child-predator law. I have known him for all the years he served in this House, and he deceived me, too."

Whatever the cause, Mr. Viguerie said, it's more evidence that Republicans have lost their way.

"This isn't an isolated situation," he said. "It is only the most recent example of Republican House leaders doing whatever it takes to hold onto power. If it means spending billions of taxpayers' dollars on questionable projects, they'll do it. If it means covering up the most despicable actions of a colleague, they'll do it. They've lost their moral rudder."

•This article is based in part on wire service reports.

Analysis: Foley Shadows GOP Election (SFC/AP)

San Francisco Chronicle, October 2, 2006

(10-02) 16:44 PDT WASHINGTON, (AP) --

In a twist on the old Watergate question, the Republican Party is struggling to answer: What did GOP leaders know of a congressman's salacious exchanges with underage male pages and when did they know it?

The truth could determine not only their own political futures but also whether the party can recover from the scandal surrounding former Republican Rep. Mark Foley — and manage to remain in power after Nov. 7.

"I don't think this is so much about Foley as it is about the handling of this," Rick Davis, a Republican strategist, said Monday as the drama rocked the House GOP five weeks before midterm elections, much to Democrats' delight.

"The question becomes who's getting thrown overboard besides Foley to get this to go away," said Tony Fabrizio, another GOP consultant.

The six-term Florida congressman resigned abruptly on Friday after the disclosure that he sent suggestive electronic messages to teenage boys working as House pages. The tawdry turn of events set off finger-pointing among House Republicans and overshadowed what the GOP had hoped would be a triumphant final work week highlighting the party's national security credentials before the campaign's homestretch.

Now, the Republican Party — already facing an unfriendly political environment and the fallout from a new book critical of President Bush's handling of the Iraq war — finds itself knocked even further off message and working to contain the political damage.

Punting on Monday, White House spokesman Tony Snow told reporters: "The House has to clean up the mess, to the extent there is a mess."

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., denounced sexually explicit instant messages Foley sent in 2003 to pages as "vile and repulsive" and denied that House leaders had access to them.

However, Hastert's staff and Republicans in leadership, including Majority Leader John Boehner, R-Ohio, and Rep. Tom Reynolds, R-N.Y., the chairman of the House campaign effort, for months had been aware of a questionable 2005 e-mail exchange between Foley and a Louisiana teen. Reynolds said he also told Hastert, but the speaker said he doesn't recall the conversation.

GOP leaders are facing questions of a cover-up while Democrats across the country seize on the scandal, demanding an independent investigation and calling for some Republicans to resign their leadership posts.

Republican candidates, meanwhile, are distancing themselves from Foley and seeking inquiries. Some Republicans also are calling for accountability from GOP leaders who knew about some of Foley's behavior and failed to take action.

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"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, a Republican in a competitive re-election fight in Connecticut.

Like other Democrats, his opponent Diane Farrell called the scandal indicative of House Republicans run amok, saying: "This leadership, which has been so terribly wrong on so many policies, now seems willing to cover up events to protect its members."

Privately, some Republicans concede that the party now is in even more danger of losing control of the House and a few fear the scandal could spill over to the Senate as well. Democrats need to win 15 GOP-held House seats and six in the Senate for control after a dozen years of Republican rule.

The fear is that voters already angry with Congress and inclined to favor Democrats will view the scandal as an indictment against the GOP in general and buy into the Democratic argument that change is needed.

In light of the scandal, at least one Republican-held House seat considered safe for Republicans now may be in jeopardy — Foley's seat in Florida. His name must remain on the ballot even though Republicans chose a replacement candidate, state Rep. Joe Negron.

Seeing an opportunity, Democrats rushed to the aid of challenger Tim Mahoney, and the candidate himself wasted no time, launching a fresh round of television ads featuring former Democratic Sen. Bob Graham calling Mahoney someone who "believes in faith, family and personal responsibility."

Carl Forti, a spokesman for the House Republican campaign effort, said that's the only seat that could be affected. "I don't know of any member of Congress who's ever lost because of something a member did or didn't do," he said.

"If Democrats want to play politics with this, they're going to be bitten too," Forti said.

Still, the fallout from Foley's behavior also could complicate Reynolds' re-election bid.

The New York Republican's race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district.

Other Republicans in close re-election fights also are feeling heat.

In Ohio, Rep. Deborah Pryce, a House leadership member, is facing questions about what she knew, and she joined other Republicans — including Reps. Nancy Johnson of Connecticut, Clay Shaw of Florida and Heather Wilson of New Mexico — in saying they plan to donate to charities or return the contributions they received from Foley. Sen. George Allen of Virginia says he'll do the same.

For Hastert, Boehner and others in leadership but not in close races, the ramifications could spread beyond November and into House leadership elections should Republicans hold the House — now a big "if" some Republicans say.

Three decades ago, Republican Richard M. Nixon was dogged by the question of what did the president know about the break-in of Democratic headquarters at the Watergate and when did he know it.

In November 1974, Democrats capitalized on the scandal, seizing scores of congressional seats as the Watergate class swept to office.

Ripple Effect May Shake Reynolds (HILL)

By Jonathan Allen And Aaron Blake

The Hill, October 3, 2006

The political fallout from former Rep. Mark Foley's (R-Fla.) inappropriate electronic communications with underage congressional pages could spread to Rep. Thomas Reynolds' (R-N.Y.) district, according to some political experts.

As Republican leaders scramble to limit the damage to their party, Democrats are drawing a bead on the National Republican Congressional Committee (NRCC) chairman, who has admitted to knowing for months about e-mail contact Foley had with a page.

Sean Kelly, a political science professor at Niagara University in Lewiston, N.Y., said there is reason for Republicans to be worried about Reynolds' seat.

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"The story seems to have some legs, and the current explanation doesn't seem to be cutting it to a lot of people — that he knew and that he passed on the information and the parents didn't want to pursue it," Kelly said. "My perception is that a lot of people are looking at that and saying, 'So what if the parents didn't want to pursue it? It should be pursued.'"

Last week a Survey USA poll found that Reynolds is only leading his opponent by two points. Reynolds and other Republican leaders insist they knew nothing about the most salacious Internet chats, the contents of which have been posted on ABC's website.

"His insistence that he told the Speaker about this some time ago highlights … his own political vulnerability," said Thomas E. Mann, a senior fellow at the Brookings Institution.

Reynolds won a fourth term in 2004 by his slimmest margin to date, 56 percent to 44 percent. Democrat Jack Davis is making a second bid for the seat and said he will pump $2 million of his own money into the campaign.

But Republicans say the Foley story has not made them more concerned about Reynolds's prospects for reelection.

"Not at all," NRCC spokesman Carl Forti said.

Two past NRCC chairmen, Rep. John Linder (R-Ga.) and former Rep. Bill Paxon (R-N.Y.), said Reynolds will be unaffected.

"I don't think last week will have any impact at all," Linder said.

Republican leaders have been working to distinguish between less-suggestive e-mails that they say they were aware of and extremely explicit Instant Messenger conversations that they say they knew nothing about until they were reported by ABC last week.

Paxon suggested that the distinction is important in explaining why Reynolds did not pressure Foley to resign months ago.

"If you're Tom Reynolds and if you thought for a nanosecond that there was a potential scandal there, you would have taken immediate action to get Foley out of the race," Paxon said.

But Democrats say Reynolds kept the e-mail quiet for political purposes.

"When Washington and Republicans in Congress needed a moral compass, Tom Reynolds, as a member of the leadership, swept the facts under the rug and put politics ahead of protecting children," said Jen Psaki, spokeswoman for the Democratic Congressional Campaign Committee (DCCC).

Jim Campbell, a political science professor at the University at Buffalo, said the Foley scandal does not help Reynolds but it probably will not cost him his seat.

"My sense is that this is probably going to be a two-day story. As long as Congressman Reynolds indicates he followed the reasonable procedure in sending along the information about this up through the channels, I wouldn't think it would hurt him much," Campbell said.

Campbell and Kelly said Davis has focused almost entirely on economic issues and they do not anticipate a message shift in the five weeks before the election.

"I'd be surprised if Davis changes tact," Campbell said.

Local Democrats are upset that Davis has been reluctant to attack Reynolds on issues other than the economy, Kelly said.

"I think there are a lot of people in Erie County who are probably pulling their hair out," he said.

But the Davis camp launched a salvo at Reynolds late Monday afternoon.

"Like all of us, Tom Reynolds has a moral obligation to protect our children. He did not care, period," said Davis campaign spokesman Curtis Ellis. "Reynolds should have been demanding accountability from Mark Foley. Instead, he was demanding a $100,000 campaign contribution and took it."

DCCC Chairman Rahm Emanuel (D-Ill.) has targeted Reynolds's seat throughout the 2005-2006 cycle.

Kerry: Foley Scandal Part Of GOP 'culture Of Corruption' (DMR)

By Lisa Ros

Des Moines Register, October 3, 2006

Massachusetts Sen. John Kerry denounced former Rep. Mark Foley during an appearance in Ames today, shaming him for his explicit communications with a teenage congressional page that emerged last week.

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He said he and his wife, Teresa Heinz Kerry, “are just appalled and astonished and angered by the double standard of values.”

“I’m really angry those in a position of responsibility care more about

power and politics than protection of children,” he added.

ABC News has printed excerpts of an explicit instant message exchange between Foley and a male page, where the Florida Republican asks the teen about his masturbation habits and the size of his genitalia. Foley, a Florida Republican, resigned Friday.

Kerry, the Democrats' 2004 presidential nominee and a potential candidate for the nomination in 2008, spoke today before participating in a kickoff event for Political Action Week at Iowa State University.

Kerry wouldn’t predict whether the scandal regarding Foley would directly affect mid-term elections in November, but said it adds to the “Republican culture of corruption,” linking it to what he said were failures responding to Katrina, the war in Iraq and the Sept. 11 terrorist attacks.

The Redder They Are, The Harder They Fall (WP)

By Paul Farhi

The Washington Post, October 3, 2006

Sex scandals involving politicians are as old as Thomas Jefferson, but the outcome seems to depend on which party you represent. In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives.

The latest example: Mark Foley, a Republican congressman from Florida, who abruptly became an ex-congressman from Florida last week amid revelations that he had sent sexually explicit e-mails to teenage boys who were serving as House pages.

Foley's creepy behavior might have done him in even if he'd been the most liberal of Democrats. But that's not assured. With a Republican at the center of the seamy scandal, however, it was almost a slam-dunk that Foley would have to quit.

That's how it usually turns out for members of the conservative, traditional-family-values party. Just ask Bob Livingston, Jack Ryan, Bob Packwood, Dan Crane or others in the GOP who've watched their careers go pffft! with salacious disclosures. Or ask Bill Clinton, Gerry Studds, Barney Frank and other Democrats who've withstood embarrassing revelations to govern another day. Consider, for example:

Â· Packwood, from Oregon, resigned his Senate seat in 1995 amid repeated allegations that he had sexually harassed women. A few years earlier, Rep. Jim Bates, a Democrat from the San Diego area, faced similar allegations by two female staffers. Bates refused to resign and won reelection (he eventually lost his seat to Randy "Duke" Cunningham, who ran into his own ethics problems last year, and resigned after being convicted of bribery).

Â· In 1998, Livingston won the Republican Party's blessing to succeed Newt Gingrich as speaker of the House. But Livingston, of Louisiana, never served a day in the job. He was sunk by revelations that he'd had an extramarital affair, a disclosure that carried the additional baggage of hypocrisy since, at the time, Livingston was leading the Republican impeachment of President Clinton for his affair with Monica Lewinsky. Clinton, of course, ultimately survived impeachment.

Â· Rep. Thomas Evans (R-Del.) was voted out of office in 1982 after he publicly regretted his "association" with a lobbyist named Paula Parkinson, who later posed for Playboy; Evans and two other Republican House members (including one named Dan Quayle) had shared a Florida cottage with Parkinson on a junket. Contrast this to the reaction to allegations of an affair between Sen. Chuck Robb (D-Va.) and Tai Collins, a former Miss Virginia. Robb claimed that Collins had only given him a back rub in a hotel room. Robb won reelection three years later.

Â· The clearest illustration may be in the divergent outcomes of the cases against Crane (R) and Studds (D) in 1983. Both men were censured by the House for having sex with underage congressional pages -- Crane with a 17-year-old girl in 1980, Studds with a 17-year-old boy in 1973. Crane, of Illinois, apologized for his actions, while Studds, who declared he was gay, refused. Crane lost his reelection bid the next year; Studds, of Massachusetts, kept winning his seat until he retired in 1996.

A double standard? And if so, by whom?

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"The reality is that Democrats seem to get away with more," says Chuck Todd, editor in chief of the Hotline, a daily political journal. "They can have an affair and bail [themselves] out. There's a lower threshold for Republicans. I guess it's more of a hypocrisy thing," he adds, because such scandals put Republicans at odds with the party's socially conservative image.

Todd thinks he knows who's to blame for this: "It's the media, to be honest. What is the standard 'gotcha' story in the media? It's hypocrisy. If we can prove hypocrisy, we have a story. . . . So in a sex scandal, the bar for Republicans is lower."

He cites the case of Jack Ryan, the Illinois Republican whose bid for the Senate was derailed in 2004 when his wife, actress Jeri Ryan, alleged in divorce papers that he had taken her to sex clubs and had asked her to engage in sexual activity in front of other patrons. "What's amazing is that his candidacy hit the wall not because he had sex, but because he was thinking about having sex," says Todd.

But it's tough to blame the media when it's the electorate that determines who stays and who goes.

In Studds's case, he happened to represent a liberal (and apparently quite forgiving) district, while Crane came from a conservative rural district. Ditto with Barney Frank, who was reelected in his liberal Massachusetts district after it was revealed that he hired a male prostitute in 1985 to work in his District apartment, and the young man used the apartment to run a prostitution service. Clinton, meanwhile, was elected president twice, which may have had something to do with his ability to survive the storm over alleged extramarital affairs.

"A scandal's a scandal and the media will jump on it, no matter what party," notes Michael Farquhar, author of "A Treasury of Great American Scandals." On the other hand, notes Farquhar, a reporter who is on leave from The Post, "there's probably that extra twinge of delight [in the media] when, say, a gay-bashing Republican gets caught soliciting sex in a men's room, or a pious espouser of family values sleeps with his secretary."

There are exceptions, of course. A few Democrats have lost their jobs as a result of scandals. Wayne Hays, a Democrat from Ohio, resigned his House seat in 1976 after the disclosure of his affair with Elizabeth Ray, the curvaceous blonde who "worked" in Hays's office despite no evident secretarial skills. Gary Hart, who famously dared reporters to follow him around to prove he was squeaky clean, blew up as a Democratic presidential candidate in 1984 after reporters found him leaving a Capitol Hill townhouse after spending the night with a woman not his wife. And Gary Condit, a conservative Democrat from Modesto, Calif., lost his seat in 2002 following saturation coverage of his relationship with murdered intern Chandra Levy.

It's also true that Wilbur Mills, the powerful Democratic chairman of the House Ways and Means Committee in the 1970s, lost his chairmanship after cavorting in the Tidal Basin with Fanne Foxe, "the Argentine Firecracker."

What's forgotten, however, is that Mills won reelection after his Tidal Basin romp; he was stripped of his chairmanship only after he appeared on a stage in Boston with Foxe, apparently drunk. House Democrats demanded his resignation, and got it.

Paging Mr. Hastert (WSJ)

The Wall Street Journal, October 3, 2006

Florida Republican Mark Foley's sexually explicit emails to a Congressional page certainly warranted his resignation from the House, and they may well merit prosecution. But this being five weeks from an election, the GOP House leadership is also being assailed for not having come down more strongly on a gay Congressman for showing a more than friendly interest in underage boys. That's a different issue altogether.

At least this seems to be the essence of the Democratic and media charge against Speaker Dennis Hastert, who admits his office was told months ago about a friendly, non-explicit 2005 email exchange between Mr. Foley and another page. In that exchange, Mr. Foley had asked the teenager "how old are you now" and requested "an email pic."

In our admittedly traditional view, this was odd and suspect behavior, especially because Mr. Foley was well known as a homosexual even if he declined to publicly acknowledge it. And Mr. Hastert was informed that fellow Illinois Republican John Shimkus -- who oversees the page program as part of a six-member board -- spoke privately with Mr. Foley, who explained that the email was innocent.

What next was Mr. Hastert supposed to do with an elected Congressman? Assume that Mr. Foley was a potential sexual predator and bar him from having any private communication with pages? Refer him to the Ethics Committee? In retrospect, barring contact with pages would have been wise.

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But in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters? Where's Minority Leader Nancy Pelosi on that one?

Mr. Foley's explicit emails -- which were sent to a former page who had returned home -- clearly crossed the line into "vile and repulsive," as Mr. Hastert put it yesterday. And the Floridian has now resigned in disgrace and is being criminally investigated. This is harsher treatment than was meted out in the past to some Members of Congress who crossed another line and actually had sexual relations with underage pages. Democrat Gerry Studds of Massachusetts was censured in 1983 for seducing a male teenage page, but remained in the House for another 13 years and retired, according to the Boston Globe, with a rich pension.

Mr. Foley lied to many people over the years, most notably to himself. It's one of those human mysteries that someone so prominent, and so active as a spokesman against sexual predators, would send emails that he knew would destroy his career if they became public. That kind of psychoanalysis is above our pay grade.

Yes, Mr. Hastert and his staff should have done more to quarantine Mr. Foley from male pages after the first email came to light. But if that's the standard, we should all admit we are returning to a rule of conduct that our cultural elite long ago abandoned as intolerant.

The Foley Matter (NYT)

The New York Times, October 3, 2006

History suggests that once a political party achieves sweeping power, it will only be a matter of time before the power becomes the entire point. Policy, ideology, ethics all gradually fall away, replaced by a political machine that exists to win elections and dispense the goodies that come as a result. The only surprise in Washington now is that the Congressional Republicans managed to reach that point of decayed purpose so thoroughly, so fast.

That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong.

The news about Mr. Foley should have set off alarm bells instantly, even if the messages the leaders saw were of the "inappropriate" variety rather than the flat-out salacious versions that surfaced last week. But there was certainly no sense of urgency in their response, which seemed directed at sweeping the matter under the rug rather than finding out precisely what was going on.

The obvious first step — notifying the bipartisan committee that oversees the page program — was never taken, presumably because that would have meant bringing a Democrat into the discussions. After Mr. Foley assured everyone that he was simply engaged in mentoring, whatever leadership inquiry there was ended with telling him to stop e-mailing the youth who got the inappropriate letter.

It's astonishing behavior for a party that sold itself as the champion of conservative social values. But then so was the fact that a party that prides itself on fiscal conservatism managed to roll up record-breaking deficits, featuring large amounts of wasteful pork earmarked to the districts of powerful legislators or the profit sheets of generous campaign contributors. So was the speed with which the party that billed itself as the voice of grass-roots exurban and suburban America turned itself into the partner of every special-interest lobbyist with a checkbook.

The good news is that American democracy, so flawed in many ways, is often fairly efficient at punishing parties that become addicted to self-perpetuation. This November may not force Congress to come up with a plan for Iraq, or even immigration. But if it reminds elected officials that there's a punishment waiting for those who fall in love with their own sense of entitlement, it will have done its job.

Adult Supervision (RC)

DOJ_NMG_0073465

Roll Call, October 3, 2006

The burgeoning scandal surrounding resigned Rep. Mark Foley's (R-Fla.) interaction with pages raises a raft of difficult issues. But for GOP leaders, the most troubling must be the question of why they reacted so feebly after first being informed of at least some of Foley's behavior more than 10 months ago.

With the midterm elections now roughly a month away, the public's perception of Congress is in the cellar. And while a variety of foreign and domestic issues have contributed to that unpopularity, the preponderance of scandals over the past two years — the Jack Abramoff affair, the bribery case against jailed ex-Rep. Duke Cunningham (R-Calif.), the fall of Rep. Bob Ney (R-Ohio) and the mounting evidence of impropriety by Rep. William Jefferson (D-La.) among them — has played a large role in fueling the public's disdain. In the opinion of many voters, Members of Congress write laws but view themselves as subject to none.

In each of those previously mentioned instances, offending actions by lawmakers and aides were brought to light by journalists, Justice Department investigations or both, not by the House's self-appointed watchdog — the Committee on Standards of Official Conduct, known as the ethics committee — or by lawmakers scrutinizing each other's behavior.

In the Foley case, Congress once again has shown itself completely incapable of policing its own Members. And in this instance, unlike in other recent scandals, the victims weren't bamboozled taxpayers or defrauded lobbying clients. They were teenagers whose parents entrusted them to the House page program.

Now the FBI is assessing whether Foley broke any laws, as well it should. But the FBI won't reach any conclusions about which Republican leaders, lawmakers and aides knew about Foley's behavior. The agency won't determine how or why the decision was made by the GOP leadership not to launch a wider investigation, refer the matter to the ethics committee or inform any of the chamber's Democrats of the situation. Nor is federal law enforcement empowered to determine whether any of those Members and aides brought discredit to the House as an institution.

That will be the job of the ethics committee, or at least it should be. But in this case, we do not believe the ethics panel can do the job on its own. The potential for conflicts of interest is simply too great, as all five Republican members of the ethics panel were appointed to it by Speaker Dennis Hastert (R-Ill.). And one of the staffers who likely is to come under particular scrutiny, Hastert counsel Ted Van Der Meid, is a former ethics committee counsel who serves as the Speaker's point man on ethics as well as on issues related to the House Clerk's office.

The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible. It may be too late to fix the damage wrought by Foley, but it is not too late for Congress, for once in this sorry affair, to do the right thing.

Foley's Red Lights (LAT)

The Los Angeles Times, October 3, 2006

THE SCANDAL SURROUNDING disgraced Rep. Mark Foley (R-Fla.) is following the familiar Washington pattern, with one side (Democrats, in this case) alleging a coverup and the other (Republicans) railing about a setup. Even the affair itself has a familiar ring: It isn't the first sex scandal involving a congressman and teenage subordinates. What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace.

Foley resigned Friday after the ABC News website reported salacious instant messages that Foley had sent in 2003 to a male teenager who had been a House page. ABC's revelation, however, came about a year after members of the House leadership were made aware of the allegations about Foley, a deputy Republican whip and chairman — it would be impossible to make this stuff up — of the House Caucus on Missing and Exploited Children.

That's when the office of Rep. Rodney Alexander (D-La.) received copies of four e-mails that Foley had sent to a 16-year-old from Louisiana who had recently completed his term as a House page. The teenager had sent the e-mails to several congressional staffers, telling one that he was "freaked out" by them.

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He was right to be. Anyone trained to recognize the techniques of sexual predators would be disturbed by them.

For starters, Foley used a personal e-mail account instead of the House-issued one, suggesting that he wanted an extra layer of concealment. Out of the blue, Foley asked for a picture and offered a birthday gift. He praised another page's physique and said he "acts much older than his age."

According to House Speaker J. Dennis Hastert (R-Ill.), Alexander's office consulted with Hastert's aides; the clerk of the House; Rep. John Shimkus (R-Ill.), the chairman of the committee that supervised the page program; and, some time later, Rep. Thomas M. Reynolds (R-N.Y.), chairman of the House GOP campaign committee. All of them violated one of the prime rules for protecting against sexual predators: When confronted with something unsettling, don't judge the matter yourself, consult an expert.

Nor did anyone ask other pages about their contacts with Foley. Only after ABC News publicized the e-mails did other former pages come out of the woodwork with more alarming information.

Foley's lawyer announced that the congressman had checked himself into a rehab program for alcoholics, as if drinking too much could somehow explain his attempt to seduce boys one-third his age. A different kind of rehab may be in order for the inattentive lawmakers and staff who oversee the pages.

To paraphrase a former Republican president, when it comes to allegations like these, don't trust — verify.

GOP Leaders Deserve Nothing Less Than To Lose Their Jobs (RC)

By Donna Brazile

Roll Call, October 3, 2006

When the Bush administration fabricated and exploited pre-war intelligence that led us to invade Iraq, there was no outrage. When administration officials deceived us about secret detention facilities operating in foreign countries, there was no outrage. We accepted it when they lied about outing a CIA operative to get back at her whistle-blowing husband, and we accepted it when they lied about receiving potentially illegal contributions and gifts from disgraced lobbyist Jack Abramoff.

And now, we have the Mark Foley scandal.

I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power.

The news that Foley, a former Republican House Member from Florida who preyed upon minors, was somehow allowed to remain in office and hold a key leadership position while the House Republican leadership knew about it is both reprehensible and appalling. Sir Edmund Burke once said, "The only thing necessary for the triumph of evil is for good men to do nothing." But what "good men" would turn a blind eye to child exploitation for fear of compromising their majority status?

Never could we have imagined that the culture of corruption would extend to child abuse. It is beyond disgraceful that Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Rep. John Shimkus (R-Ill.) or National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) would allow electoral concerns to take precedence over protecting the most vulnerable in our society. Good men (and women, too) never should play politics with the safety of our children. For this reason, I would hope the investigation of this matter leads not only to some institutional reforms, but also to the resignation of the leaders who sought to keep this matter under wraps and not expose a sexual predator in their midst.

Let's start with the facts. Soon after Rep. Rodney Alexander (R-La.), a father of three and grandfather of four, learned of the sexually explicit instant messages from Foley to an underage male, he chose to inform Reynolds, who heads House Republicans' campaign arm and is a father of four. Reynolds told Hastert, a father of two, about Foley's indecency months ago, and the Speaker referred the matter to Shimkus, a father of three. None of them reported it to the police. None of them opened an official investigation. None acted like the fathers they are. What if it had been their sons? What would they have done then?

Unflinchingly, my father once faced down a man wielding a knife when he thought I was in danger. I'm sure those Congressmen would have reacted similarly, without fear or hesitation, if it had been their sons, because that is what parents do. But the pages are their sons too, because they are the leaders of the institution to which these children are entrusted. And because we as civilized human beings should have — must have — a collective responsibility for our children.

If these elected leaders can't be entrusted with this most fundamental responsibility, with what can we entrust them?

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Hastert should immediately step down as Speaker and take full responsibility for condoning, by his inaction, child exploitation.

With regard to Shimkus and others who are saying they didn't know about the extent of the vile and reprehensible electronic messages, the truth is that they didn't know because they chose not to ask.

We cannot expect our leaders to be perfect. They are human and they are flawed, but they don't need to be perfect to respond with the requisite moral outrage when a grown man in a position of power preys upon minors. And now, they should all ask themselves: What family value is more important than protecting our children?

We should never allow politics to trump principles, elections to trump ethics or the pursuit of power to trump common decency.

With the media on full alert to this growing scandal, the Republicans are doing what has come normal in their pursuit of power at any cost: They are trying to spin outrage from the public, the media and others as being orchestrated as a Democratic witch hunt.

Sorry, guys, this is the majority party's mess, and if Republicans didn't run Congress as if it belonged to only them and those who stand by them, they probably would have made the right decision about what to do with Foley months (if not years) ago.

If any of us is silent about this horror, we are just as culpable as the individuals responsible for this act and its subsequent cover-up. This is not about partisanship. This is about the total failure of the Republican House leadership to protect children from a predator because they were more interested in protecting themselves.

If you aren't outraged, you aren't paying attention.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

No Spinning Past This Scandal (WP)

By Eugene Robinson

The Washington Post, October 3, 2006

Even when damage control seems a lost cause, I suppose you have to follow the playbook. So Mark Foley resigns his House seat in a nanosecond, then explains those creepy electronic messages to young congressional pages by declaring himself an alcoholic, effectively blaming it all on demon rum. House Speaker Dennis Hastert promptly calls for a really thorough -- meaning really slow -- investigation. The rest of the Republican leadership declares itself shocked and/or saddened, but agrees that the time has come to move on, folks, nothing to see here.

These practiced responses have long served politicians, but you don't get the sense that anyone thinks they'll work this time. There's really no effective spin you can put on the Foley scandal, no way that even the Republican Party's image-making geniuses can make people feel good about a 52-year-old man discussing masturbatory techniques with a male teenager via instant message.

About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention. Then maybe it wouldn't sink in that House leaders were told in November 2005 -- that's almost a year ago, for anyone who's counting -- about an inappropriate e-mail that Foley had sent to a House page. The situation was handled with nothing more than a quiet warning.

The leadership didn't launch an investigation, which probably would have unearthed the much more explicit instant-message exchange between the Florida Republican and another young male page that surfaced last week. House leaders even let Foley continue to serve as co-chair of the Congressional Missing and Exploited Children's Caucus, an irony too sad and unforgivable to properly enjoy.

Hastert doesn't remember ever being told of any problem with Foley, but others remember telling him about the e-mail incident. That's one of the questions -- What did I know, and when did I know it? -- that Hastert wants investigators to get to the bottom of. Eventually. Certainly after the November elections.

Former speaker Newt Gingrich suggested over the weekend that House leaders may have worried last year that if they pursued the Foley matter, they'd be "accused of gay-bashing." Clearly, in terms of his spinning skills, Gingrich has lost a step.

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The issue was whether a congressman was having improper communications with a child, not whether the congressman was gay; it would have been just as troubling if the e-mail had been sent to a female page. And anyway, it's a little late for the Republicans to denounce gay-bashing after raising it to an art form.

I don't know whether the Republicans will lose control of the House this fall, but I know that they deserve to. That judgment has nothing to do with party politics; there have been times when the Democrats were in control and allowed Congress to sink to a similar level of corruption. But that's surely where we are now, and since the Republicans are the ones in charge, they're the ones who deserve the blame.

We've had the Jack Abramoff scandal. We've had the Randy "Duke" Cunningham scandal. Congress -- especially the House -- has made immigrants into scapegoats. House Republicans didn't even clear their throats in objection when the White House demanded, and eventually won, the right to decide what is and isn't torture. For years now the House has legislated primarily to shovel pork, pork and more pork to the folks back home.

And now, however it happened -- either because of a deliberate political decision or because the institution is so degraded that it couldn't stir itself to action, like an overstuffed aristocrat crippled by gout -- we learn that the House has countenanced a congressman's sick advances toward teenagers.

Congressional pages tend to be idealistic, patriotic young people who wholeheartedly believe in America. Many are contemplating a career in politics, and they are thrilled to have the chance to come to the U.S. Capitol and witness the workings of our great democracy.

Those who came in contact with Mark Foley certainly got a lesson, didn't they?

Famous quotations are the last refuge of newspaper columnists and other scoundrels, so I try to avoid them, but at the moment I can't help thinking of what Oliver Cromwell said to the so-called Rump Parliament in 1653. Voters would do well to send the same message to the House of Representatives next month:

"You have sat too long here for any good you have been doing. Depart, I say, and let us have done with you. In the name of God, go!"

DHS Loses Court Battle Over Collective Bargaining (FEDTIMES)

By Tim Kauffman

Federal Times, October 3, 2006

The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say.

Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies.

Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out.

"It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago," said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS.

Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said.

The department's lost court battle also may bode ill for the Pentagon, which is fending off its own court challenge by unions of its planned labor-management and employee appeals rules.

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Those Defense Department rule changes — which are similar to those struck down at Homeland Security — were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia. Defense has appealed that court ruling, and court arguments are scheduled for later this fall.

Joyce Frank, spokeswoman for the National Security Personnel System, said department officials remain hopeful for a favorable ruling. In the meantime, the department is continuing to roll out personnel changes that are not affected by the court ruling to nonbargaining unit employees.

In the case of Homeland Security, the government had until midnight Sept. 25 to appeal the June 27 decision by the U.S. Court of Appeals for the District of Columbia Circuit that invalidated the department's proposed changes to Title 5 rules. Those rules govern collective bargaining, labor management procedures, and employee appeals of disciplinary actions. On Sept. 26, Homeland Security announced that the Justice Department would not pursue an appeal before the Supreme Court, ending the court battle.

Now Homeland Security officials are weighing their options: Either propose a new set of labor-management rules that would survive a court challenge, or resort to existing rules, embodied in Title 5, that govern labor-management relations at most agencies.

Colleen Kelley, national president of the National Treasury Employees Union, which led the union coalition that won the court case, sent a letter to Homeland Security Secretary Michael Chertoff on Sept. 28 asking him to abide by existing contracts and work with the unions on any changes the department would like to make.

"I hope they will be more realistic about addressing valid issues that they need to address and rules they need to change, rather than this far-reaching approach," she said in an interview. "They were trying to make change just because they could, not because it was anything that would improve the department."

Administration officials could still push for substantial changes to existing labor-management rules, but there's a danger of drawing yet another lawsuit from the unions if it doesn't allow for collective bargaining. The judicial rulings held that the initial changes did not meet Congress' requirement that collective bargaining rights be preserved.

Another lawsuit would eat into the short time that's left to make changes; officials have until January 2009 to make any reforms under the 2002 law authorizing the changes.

"They're running out of time," said Mark Roth, general counsel for the American Federation of Government Employees, which was a member of the union coalition that brought the lawsuit. "Certainly anything other than going into this with an open mind and sincere good faith really makes no sense for them."

Roth said AFGE has a number of ideas for improving the existing collective bargaining process, such as imposing time limits on bargaining, allowing managers to make workplace changes in some instances before bargaining occurs, and allowing for more discussion of what's open to negotiation.

Still, he surmises that between 70 percent and 80 percent of the changes Homeland Security wanted to make under the initial reforms would be subject to collective bargaining under existing Title 5 rules.

"How you do pay pools, [compensation] surveys, how you move through a pay band and appealing decisions are going to be subject to negotiations ultimately," Roth said. "I don't believe the issue of whether we're going to have pay bands is bargainable. But so many of the details are bargainable."

For now, existing collective bargaining agreements remain in effect until the department proposes any new rules and discusses them with union leaders.

The department's willingness to sit down and negotiate with the unions remains uncertain. Managers have not been abiding by the terms of existing union contracts, NTEU's Kelley said. Violations range from making unilateral changes to work shifts and assignments without employee input to not including the union in award decisions, she said.

"We see an across-the-board intent to not abide by negotiated agreements and force the union into enforcement mode rather than a problem-solving mode," Kelley said.

As Term Begins, Justices Reject 1,900 Appeals (WP)

The Washington Post, October 3, 2006

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As the Supreme Court began a new term yesterday in which it will rule on landmark social issues, it rejected about 1,900 appeals that piled up during the summer recess.

Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers.

The nation's highest court reconvened, as required, on the first Monday in October. But because this year that day fell on Yom Kippur, the holiest day of the Jewish calendar, the session was brief -- about 10 minutes -- and the justices did not hear oral arguments. The court's two Jewish members, Justices Ruth Bader Ginsburg and Stephen G. Breyer, were absent.

During its new term, the Supreme Court has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues. It will be the second full term for Chief Justice John G. Roberts Jr., who succeeded the late William H. Rehnquist, and the first full term for Justice Samuel A. Alito Jr., who replaced the more moderate Sandra Day O'Connor. President Bush appointed the two conservative justices.

In the Texas case, an employee of an adult bookstore in El Paso was arrested in 2003 for selling a sex toy to undercover police officers. He was charged under the Texas law that bans the sale of an "obscene device" designed primarily "for the stimulation of human genital organs."

His attorney said the law was unconstitutional because it violated the right to sexual privacy without government interference. The court, which last year rejected a challenge to a similar Alabama law, denied the appeal without any comment.

The justices rejected an appeal brought by Jonas and Tiffany Eklund, who contended that the Byron Union School District, east of San Francisco, violated constitutional guarantees separating church and state when it required students in a world history class to read pages from the opening chapter of the Koran and study Islam's Five Pillars of Faith in a unit on Muslim culture.

"Parents entrust public schools with educating their children, not indoctrinating them in religion," the Eklunds' attorneys stated in a brief asking the Supreme Court to take the case. "The public school here had children become Muslims for three weeks."

The U.S. Court of Appeals for the 9th Circuit ruled that the activities were not overt religious exercises and therefore did not raise constitutional concerns.

The justices also declined to hear an appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for the Detroit News and Detroit Free Press to reinstate employees who were fired during an 18-month newspaper strike in the mid-1990s.

The workers lost their jobs after the newspapers said they blocked entrances at a distribution facility and the Detroit News building, in violation of court orders, during the strike. It ran from July 1995 to February 1997.

The NLRB determined that the employees had not engaged in misconduct but were rather exercising their right to strike. It ordered the employees reinstated with back pay.

High Court Rejects Appeal Of Trade-Case Decision (WSJ)

By Mark Anderson

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Supreme Court declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission.

The denial came as the high court cleared the decks for its new session with rejection of more than 1,900 appeals that piled up over the summer. The justices met in an abbreviated session yesterday because of the Yom Kippur holiday and will begin hearing oral arguments today.

The legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business.

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Motion Systems cited a trade provision that was added to U.S. legislation in 2000 approving China's membership in the World Trade Organization, designed to police the effect of Chinese imports on U.S. businesses. A handful of companies have used the law to seek quotas against Chinese products, but met resistance from the Bush administration.

The ITC recommended the U.S. impose quotas on the Chinese imports for three years. The U.S. Trade Representative reviewed the ITC decision and submitted a recommendation to the White House. President Bush in January 2003 rejected restricted trade in the electric-scooter devices, saying "the import relief would have an adverse impact on the U.S. economy clearly greater than the benefits of such action."

The company appealed the decision to the Federal U.S. Circuit Court of Appeals in Washington, which handles patent and certain trade appeals. In February 2006, the Federal Circuit ruled Congress didn't give it authority to review the president's decision.

(Motion Systems v. Bush)

In other business cases, the justices declined to block legal efforts by California to seek as much as $5 billion in financial restitution from PG&E Corp. for consumers harmed by the state's 2000 energy crisis; declined to consider whether national bank laws prevent bank officers from using state age-discrimination laws to fight their termination; and declined to intervene in whether former shareholders in Peregrine Systems Inc. can use California insider-trading laws to sue former board members of the company, which went bankrupt in 2003 after an accounting scandal.

(PG&E Corp. v. California, U.S. National Bank Association v. Kroske and Moores v. Friese)

When Ideologies Clash, Justice May Tip Supreme Court's Balance (WSJ)

By Jess Bravin

The Wall Street Journal, October 3, 2006

WASHINGTON -- Ever since Justice Sandra Day O'Connor retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases.

Seeing Justice Kennedy as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right.

The trick for advocates is finding how to do that.

"It is hard to think of a surefire way to reach Kennedy, because his jurisprudence does not have a coherent and consistent methodology, like Scalia's originalism or Breyer's pragmatic consequentialism," says Northwestern University law professor John McGinnis. Justice Antonin Scalia says his legal thinking is yoked to the original meaning of legal text; Justice Stephen Breyer asks how a particular outcome will affect what he regards as the broader constitutional or statutory goal.

Prof. McGinnis suggests that "the best way to appeal to Kennedy is to quote his own opinions back to him." That isn't just an appeal to the justice's "vanity, but also to their sense of continuity," he says. "The second-best is to show through amicus [friend-of-the-court] briefs or otherwise that the great and good favor the position, because Kennedy seems influenced by the establishment's views."

Mark Levy, director of appellate advocacy for Kilpatrick Stockton LLP in Washington, agrees. Justice Kennedy "is a person of broad sweep. He has an interest in the court as an institution, he has an interest in history, he's a justice who looks to foreign law when it's helpful to him," Mr. Levy says. "You'd bring in history not so much the way you would with Justice Scalia and saying, 'It's settled,' but rather, 'This is how it's developed and this is how the court will be viewed 10 or 50 or 100 years from now.' "

Several cases on the court's docket may touch conflicting strains in Justice Kennedy's jurisprudence, lawyers say. On Nov. 8, for instance, the justices are slated to hear arguments over the federal Partial-Birth Abortion Ban Act, which Congress passed in 2003 after a 5-4 Supreme Court struck down a similar state law in Nebraska. Lower federal courts have invalidated the 2003 law as contrary to the court's earlier opinion.

"Both sides have to be cognizant of the fact that [Justice Kennedy] wrote a strong dissent" from the 2000 decision invalidating the Nebraska law, says Duke University law professor Erwin Chemerinsky. "On the other hand, this is a federal statute

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to overturn a Supreme Court decision, and he has been very hostile to that" practice, Mr. Chemerinsky says. The government would be wise to raise the Kennedy dissent from the 2000 case, he suggests, while abortion-rights advocates should appeal to stare decisis, the principle of adhering to settled precedent, by citing Justice Kennedy's 1997 majority opinion striking down a federal law adopted to overturn one of the court's religion rulings.

In another test of Justice Kennedy's views, the court will decide whether public-school systems can consider a pupil's race in making school assignments, to promote classroom diversity.

In 2003, Justice Kennedy voted to strike down undergraduate- and law-school admissions systems at the University of Michigan for giving improper advantages to minority applicants. (Justice O'Connor cast the deciding vote then, joining different blocs to uphold the law school's system, but invalidating the undergraduate-admissions system.)

But in his dissent, Justice Kennedy wrote that under different circumstances, it could be acceptable to consider race to promote an ethnically diverse student body.

The Bush administration, opposing the diversity plans, cited Justice Kennedy by name 13 times in its friend-of-the-court briefs, zeroing in on his Michigan dissent. The briefs cite only one other sitting justice by name: Clarence Thomas, twice.

On the other side, Tom Goldstein, who represents the National Association of School Boards in defending the admissions systems, says he will aim to show they fit within the narrow opening Justice Kennedy left for racial classification.

Mr. Goldstein, who heads the Supreme Court practice at Akin Gump Straus Hauer & Feld LLP in Washington, points to a lower-court concurrence by conservative U.S. Circuit Judge Alex Kozinski that upheld one of the challenged plans.

"We have his protégé on the Ninth Circuit with a concurring opinion that was almost directed at Justice Kennedy," Mr. Goldstein says. Judge Kozinski wrote that the challenged program was unlike affirmative-action systems previously considered by the Supreme Court, and rather was "a plan that gives the American melting pot a healthy stir without benefiting or burdening any particular group."

Justice Kennedy, appointed in 1988, was President Reagan's third choice to succeed Justice Lewis Powell. The first, Judge Robert Bork, was rejected by the Democratic-controlled Senate as too ideologically extreme, while a second nominee, also a strict conservative, withdrew after damaging personal revelations. Justice Kennedy, then a federal appeals judge in California, was selected as a less-controversial conservative who could win confirmation in an election year.

Since then, Justice Kennedy has lived up to expectations, usually conservative on law-and-order cases but occasionally disappointing the right, particularly in social issues such as gay rights and abortion. More broadly, he has seen a bigger role for courts in applying the law than many conservatives would prefer and looked to international law and opinion in making ethical judgments.

"He's a judicial supremacist," says Prof. Michael Dorf of Columbia Law School, a former Kennedy clerk. According to a study of court decisions from 1994 to 2005 by University of Kentucky law professor Lori Ringhand, Justice Kennedy voted to invalidate more state and federal laws than any other justice.

In the most recent term, Justice Kennedy voted more often with the conservative bloc of Chief Justice John Roberts and Justices Scalia, Thomas and Samuel Alito than the liberal wing of Justices Breyer, John Paul Stevens, David Souter and Ruth Bader Ginsburg. But he also frustrated conservatives, for instance joining a majority that struck down President Bush's plan to create military tribunals for suspected terrorists without congressional approval.

Of course, focusing exclusively on trying to sway Justice Kennedy has its risks. "If you rely on international law and make a fairly blatant play to get Kennedy, you might have taken Justices Scalia or Thomas out of the loop," says Carter Phillips, a Sidley Austin partner with two cases on this year's high-court docket. "It's hard to write a brief to pick up a single vote, because at the end of the day, that might be all you get."

Justice For Immigrants (NYT)

The New York Times, October 3, 2006

The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words “illicit trafficking” the wrong interpretation, as

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some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences.

Federal immigration law, quite reasonably, imposes special conditions on legal immigrants who are convicted of "aggravated felonies." The law says that "illicit trafficking" in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of "trafficking" in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony.

That is the situation of the defendants in today's cases. Reymundo Toledo-Flores was convicted of possession of cocaine, and Jose Antonio Lopez was convicted of aiding and abetting possession of cocaine. The courts that heard their cases ruled that their convictions qualified as trafficking, and therefore as aggravated felonies. This legal exaggeration has serious consequences. Noncitizens convicted of aggravated felonies can more easily be deported and can be barred from becoming American citizens. They can also receive substantially longer prison sentences if they commit future crimes.

The legal climate is not particularly hospitable to immigrants right now, and Mr. Toledo-Flores and Mr. Lopez have the additional disadvantage of coming to court having been convicted of crimes. But their crimes were minor ones that cannot properly be described as aggravated felonies. As the American Bar Association notes in a friend-of-the-court brief, treating the two men as if they had committed worse crimes than they did "leads not only to individual injustices" but also harms "the integrity and fair and regular operation of the criminal justice system."

Senate Confirms Director Of National Parks (NYT/AP)

By The Associated Press

The New York Times, October 3, 2006

A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July.

Pentagon Gets New Office (HILL)

By Roxana Tiron

The Hill, October 3, 2006

After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year.

But the nod for an assistant secretary for global security affairs comes with strings attached. And as the Pentagon planned to start implementing its preliminary phase of reorganization yesterday, it also had to start preparing a report to answer several congressional concerns by February 1.

Conferees on the 2007 defense authorization bill said they agree with adjusting roles and responsibilities within the office of the undersecretary of defense for policy, headed by Eric Edelman, but that they had serious concerns about the plan as it stands.

The details have been very closely held within the Pentagon, according to a House source familiar with the discussions during the bill's conference.

But defense authorizers are "trying to keep an open mind and giving them [the policy shop] a chance to explain," the source said.

The policy shop shake-up required legislation to add a 10th assistant secretary. The new secretary will have to be confirmed by the Senate, but that is not expected until January.

The reorganization is meant to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists.

But among other concerns, the current overhaul plan touches on one of Congress's soft spots: the U.S. military's counter-narcotics mission.

House Speaker Dennis Hastert (R-Ill.) has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission.

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Staff from the House Government Reform panel, the International Relations panel, the Armed Services committee, and several Senate staff members have also grilled Pentagon officials about the plan.

The Pentagon wants the deputy assistant secretary of defense for counter-narcotics to report to the new assistant secretary of defense for global security affairs.

At present, counter-drug missions are overseen by the civilian Special Operations and Low Intensity Conflict Office (SO/LIC), which is also part of the policy shop.

Under the new arrangement, SO/LIC would lose counter-narcotics and be renamed as SO/LIC and Interdependent Capabilities.

This sparks congressional fear that the counter-narcotics office would lose direct access to money slated for counter-drug operations in a central transfer account.

This allows the office to move quickly and avoid a lengthy approval process if money is needed urgently. It also allows Congress to know exactly what the money is spent on.

Under the Pentagon's plan, the counter-narcotics office would also oversee counter-proliferation missions and other global threats, including avian flu.

Initially the Pentagon intended to move money from the central transfer account for counter-drug operations to a subordinate agency, raising fears that counter-narcotics would lose financial flexibility, with money trapped in bureaucracy.

But according to a Senate source, the Pentagon gave way to congressional pressure and agreed during conference talks to keep the money within the policy shop.

The expanded counter-narcotics office will have oversight of the money and call the shots on program execution, according to the House source.

Conferees expressed concern that the counter-drug office's enlarged portfolio and reorganization would dissipate its focus.

"The large number of significant issues that would reside in this organization could mean that insufficient personnel and resources are devoted to the critical and diverse issues assigned to this assistant secretary of defense," including critical missions of counter-proliferation and combating weapons of mass destruction, according to the conference report.

Lawmakers also warned that management of counter-narcotics policy must remain consistent with congressional intent and the effective use of the central transfer account. "Separating [counter-narcotics] oversight from the administration of the central transfer account would likely reduce the effectiveness and responsiveness" of the office, conferees wrote.

The Pentagon will probably face pressure from Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee and one of the brains behind the Nunn-Lugar program designed to eliminate the proliferation of nuclear, chemical and biological weapons.

In a letter to Edelman last month, Lugar called the merger of counter-narcotics and counter-proliferation missions "a mistake," adding, "these jobs are too big and too important for any one person."

It will be the deputy assistant secretary who will have to split the attention for the two large missions, he said.

The Pentagon planned to start its major reorganization yesterday, mostly reshuffling regional policy offices.

Abramoff Report Reveals Ties To GOP, Democratic Members (HILL)

By Elana Schor

The Hill, October 3, 2006

The House Government Reform Committee report released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach "Team Abramoff" maintained among lawmakers and aides from both parties.

Abramoff and lobbyists formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members.

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The Government Reform panel conducted its inquiry as part of its executive-branch oversight duties, and the bulk of its 93-page report focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors.

But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino.

The lobbyists also played up their thwarting of neighboring tribes' efforts to open casinos that "not only threaten the Tribe's market share, but challenge the long-respected procedures for putting land into trust and establishing a casino operation on tribal lands."

Among the victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation. When Stabenow moved to pass her bill by unanimous consent, the summary states, "we were successful in obtaining an objection … and thereby were able to defeat the proposal for the year."

Reid has consistently opposed expansion of casinos off existing Indian reservations, and he registered his objection on Nov. 19, 2002, on those grounds. "The land claim is simply – and everyone knows this – an excuse to take land into trust for off-reservation gaming," Reid said then on the floor.

"[Reid's] opposition to the Bay Mills casino was based on this longstanding policy position [against off-reservation casinos], not on the views of lobbyists," spokesman Jim Manley said in an e-mail. "It is now well-known that Abramoff and his associates exaggerated their influence."

Stabenow spokeswoman Angela Benander said that any actions taken on behalf of the Bay Mills tribe or Chippewas were done to support the senator's constituents and with the support of other Michigan lawmakers.

The majority of the aides with whom Abramoff and his colleagues met were Republican, including several from the GOP's two campaign committees. Abramoff achieved "Pioneer" status in 2004 for raising at least $100,000 to aid President Bush's reelection.

The Democratic aides taking meetings with Abramoff's team, according to the work summary, represented Reid, Stabenow, Sen. Carl Levin (D-Mich.), retired Sen. Ben Nighthorse Campbell (D-Colo.), former Senate Minority Leader Tom Daschle (D-S.D.) and Rep. John Dingell (D-Mich.), among others.

The lobbyists also reported meeting with Debbie Dingell, wife of the House Energy and Commerce Committee ranking member and an influential lobbyist in her own right, as well as representatives for the centrist New Democratic Network and the Democratic Senatorial Campaign Committee.

Both Government Reform Chairman Tom Davis (R-Va.) and Waxman, in their public comments following the report's release, noted that they based their inquiry on potentially exaggerated information the Abramoff lobbyists provided to their employer.

"The documents we are releasing are authentic, but that does not mean that Mr. Abramoff or his associates are telling the truth," Waxman said Thursday, calling for further investigation into the executive-branch lobbying in the report.

Some on Capitol Hill have speculated that the Government Reform report, though overshadowed during the weekend by reports of the unfolding scandal surrounding former Rep. Mark Foley (R-Fla.), could add new potency to Democratic charges that the GOP has fallen victim to a "culture of corruption" that has its roots in the Bush White House.

But since Abramoff registered his guilty plea in January, incumbent Republican ties to his crimes have become a central campaign issue for only a handful of Democratic challengers, including Montana state Sen. Jon Tester (D), who opened a seven-point lead over Sen. Conrad Burns (R-Mont.) in a poll released this week. Burns had come under fire for helping the Chippewas win some appropriations.

Abramoff's largesse to Democrats, underscored by the work summary, remains a potent counterargument for Republicans. When Rep. Sherrod Brown (D-Ohio), running a close race against incumbent Sen. Mike DeWine (R-Ohio), sought to link DeWine to Abramoff and other ethically challenged Republicans during their debate on "Meet the Press" on Sunday, host Tim Russert pointed out that about one-third of Abramoff clients' political donations went to Democrats.

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“Maybe it did, but it didn’t go to me,” Brown replied, pivoting to criticism of DeWine’s vote in favor of the Medicare prescription drug benefit.

Congress Sets Military Pay Raise, Punts On Civil Service (WP)

By Stephen Barr

The Washington Post, October 3, 2006

Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month.

The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April.

The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill.

Veterans and employee groups decried the pay decision as meager.

"We're extremely disappointed, to put it mildly, that Congress couldn't see its way clear to provide more than a 2.2 percent pay raise for the troops who are putting their lives on the line every day for the rest of America," said Steve Strobridge , director of government relations for the Military Officers Association of America.

"That's the smallest military raise in 13 years," he noted.

Colleen M. Kelley , president of the National Treasury Employees Union, called the 2.2 percent raise "a shameful decision during a time of war."

In his 2007 budget request, President Bush recommended a 2.2 percent raise for the military and the civil service.

The House, however, approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise.

Congress, in most recent years, has followed a "pay parity" approach to raises, ensuring equal average salary increases for the military and the civil service. Given that history, Congress may scale back the federal employee raise when it returns in mid-November to take up unfinished spending bills. Congress also may be reluctant to give government civilians a larger raise than the troops because of their sacrifices in Iraq and Afghanistan.

In a statement, Sen. John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, said that the defense authorization bill had won bipartisan support and predicted that it would improve the quality of life for members of the armed forces and their families.

The legislation provides for more than 20 types of bonuses and special payments aimed at encouraging enlistment and re-enlistment, the committee said.

It also expanded eligibility for Tricare, the military health insurance program, to allow members of the Selected Reserve -- those who train regularly -- to buy into the program when they are not on active duty. The legislation also prohibits any increase in Tricare enrollment premiums and in pharmacy co-payments in fiscal 2007.

As part of the legislation, Congress ordered the Pentagon to prepare a strategic plan to improve Defense's senior management and technical workforce, including scientists and engineers "in light of recent trends and projected changes in the mission."

Congressional aides are interested in learning how the department makes use of its senior-level civilians. Like other departments, Defense has a graying workforce, with substantial numbers of retirements expected in the next few years, and could have difficulty offsetting the loss of experienced hands, especially in science and engineering.

House-Senate negotiators dropped a provision that would have expanded protections to federal employees who blow the whistle on waste, fraud and abuse. The White House opposed the provision, which was in the Senate's version of the bill.Keeping Track of Homeland Security

DOJ_NMG_0073477

Congress has asked the Department of Homeland Security to submit a spending plan for the troubled overhaul of its personnel system. In an unusual move, Congress directed the department to include a list of its contract obligations for the new system.

House-Senate negotiators on the fiscal 2007 appropriations bill for Homeland Security provided $25 million for the new system, MaxHR. The president's budget had sought about $42 million, but congressional aides said delays caused by court litigation mean the department can get along with less funding for the short term.

The spending bill will add 1,500 new Border Patrol officers, bringing that workforce to 14,800.

Congress Leaves Big Question Mark On Pay Raises (WT)

By Mike Causey

The Washington Times, October 3, 2006

There is good news and bad news on the federal employee and military pay front.

The good news is that Congress finally has passed legislation that would guarantee a pay raise effective in January.

The not-so-good news: The raise, part of the defense authorization bill, is only for uniformed military personnel -- not federal workers -- and is only 2.2 percent.

Confused? Welcome to the club. Here is what's happening in the annual pay battle between Congress and the White House.

President Bush originally proposed a 2.2 percent raise, effective in January, for both federal and military personnel.

Congress followed the same script it has used for the past dozen years and said that's not enough. Instead, it included funds for a 2.7 percent raise, for both civilian and military personnel, in the Treasury appropriations bill. That's the typical vehicle Congress uses to boost raises and ensure that civilian and military groups get the same percentage raise.

The problem is that Congress has been slow to approve appropriations bills. The money package with the higher 2.7 percent raise was left unfinished as Congress recessed for the pre-election period.

When lawmakers return Nov. 13, it will be to a lame duck Congress. Some of the incumbents will have lost their elections on Nov. 7. Control of the House, Senate or both may have shifted from the Republicans to the Democrats. In any case, Congress may or may not get around to approving the appropriations bill that includes the 2.7 percent raise.

Insiders expect President Bush to go along with a higher figure if Congress approves it, but he may not.

Bottom line: Nobody, including members of the House and Senate, know what will happen on the federal/military pay raise.

When the final figure is announced, it will be up to the president to designate, or not, how much of that total increase will be used to fund locality pay raises. The White House typically earmarks about one percentage point of the raise for city-by-city adjustments. In the past, the Baltimore-Washington area has qualified for raises slightly higher than the amount approved for the general increase.

But so much is up in the air that it is hard to explain and digest the possibilities -- much less predict the final figure.

Don't let money slip away

If your agency offered you a tax-deferred 4 percent pay raise, would you take it? That's a no-brainer, correct?

The vast majority of feds hired since the mid-1980s have taken such an offer by signing up for the Thrift Savings Plan (TSP), the government's in-house 401(k) program for civilian and military personnel.

Workers under the newer Federal Employees Retirement System get an automatic 1 percent contribution to their TSP accounts. But in order to qualify for an additional 4 percent tax-deferred match from their agency, they must sign up for the TSP.

More than 265,000 feds qualify, but many thousands haven't signed up. In effect, they are leaving a tax-deferred pay raise on the table. The solution: If you are in the FERS system, sign up now.

Mike Causey, senior editor at Federal News Radio AM 1050, can be reached at 202/895-5132 or mcausey@federalnewsradio.com.

Top Civil Servants Honored (WP)

By Laura Blumenfeld

The Washington Post, October 3, 2006

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The winners -- shimmering in silk and tuxedos -- thanked their mothers, blinked back tears and posed for the cameras, just as they do at the Oscars. But the awards were called the Sammies, or the Service to America Medals, and the stars of the program were civil servants who typically perform backstage.

"Your good work reflects the best of our country," President Bush said in a letter read aloud at the fifth annual gala, held Wednesday at the Andrew W. Mellon Auditorium.

The Sammies were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for "leading the world's efforts to prepare for a catastrophic flu pandemic."

The event's emcee, Gwen Ifill, host of PBS's "Washington Week," joked in her opening: "Before I begin my remarks, are there any Transportation Department officials in the room? I just drove into D.C. from Northern Virginia, and there are some things I'd like to discuss during the first break."

At the end of the evening, after hearing tributes to the honorees, Ifill expressed admiration for the federal bureaucrats who filled the ballroom:

The next time our government does something that frustrates you . . .

Think about Nancy Cox and Nancy Powell protecting us from the threat of an avian flu pandemic.

Think about Tom Casadevall and Mark Ward helping thousands of people survive some of the worst natural disasters in history.

Think about Martin Harrell standing up to injustice and fighting threats to our environment.

Think about Norden Huang and Bill Phillips conducting cutting-edge research to improve the quality of our lives.

Think about Ron McNeal supporting the troops who support us all.

Think about Christina Sanford putting her safety at risk so that others may enjoy the taste of freedom and democracy.

And think about the nearly 2 million other Americans like them, who go to work every day to serve a cause larger than themselves.

Calif. Man Charged With Threatening Bush, Cheney (AP)

AP, October 2, 2006

(AP) SACRAMENTO An engineer at a nuclear power plant near Sacramento has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event.

Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks.

The charges relate to two letters prosecutors said Braun mailed on Thursday to the Serrano Country Club and Serrano Visitors Center in El Dorado Hills, a tony community in the foothills east of Sacramento. The letters contained threats to President Bush, Vice President Dick Cheney and U.S. Rep. John Doolittle, R-Rocklin, according to a statement from the FBI.

Bush is scheduled to appear at the country club Tuesday afternoon in a campaign event for Doolittle, who represents a heavily Republican district near Sacramento.

A federal affidavit filed with the case further alleges that Braun had sent 51 such letters, including the two most recent ones, since 2001. The letters threatened the lives of the president, Cheney, First Lady Laura Bush and Defense Secretary Donald Rumsfeld.

"Each of the letters contained a written threat, usually death by some kind of WMD agent (anthrax, toxic chemical poison, radioactive dust or improvised explosives) and some unknown, white, powdery substance, or items simulating a possible letter/package improvised explosive device," according to the affidavit by Special Agent Timothy Lester.

The white substance usually turned out to be baking soda, the affidavit said.

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The two charges against Braun carry maximum penalties of five years in prison and $250,000 fines, but U.S. Magistrate Judge Kimberly Mueller told Braun he could face additional charges once prosecutors review the FBI's investigation.

Braun appeared disheveled in federal court, his hair in disarray as he sat in chains through a brief court appearance Monday afternoon. Monday's initial court appearance was postponed until Thursday, and Braun will be detained until then.

His attorney, Philip Cozens, said he had just taken the case and could not comment.

FBI spokeswoman Karen Ernst said the Braun case was "not believed to be related to the ongoing investigation where the real anthrax was sent."

The first letters from the Sacramento area were sent in November 2001, about the same time real anthrax was sent to East Coast government and media officials, killing five people.

Braun, who works at the now-closed Rancho Seco nuclear power plant south of Sacramento, was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office, the affidavit said.

Letters also were mailed to members of Congress, a U.S. senator, Sacramento-area radio stations and newspapers, local government officials and churches affiliated with the Church of Jesus Christ of Latter-day Saints, according to the affidavit.

The letters to the White House were sent in May 2005 but were intercepted by the Secret Service before delivery.

"Anytime somebody's out there threatening offices and public servants, it's unnerving to say the least," Doolittle spokeswoman Laura Blackann said.

Spokesmen for the Secret Service declined comment.

FBI agents had Braun under surveillance last Thursday and watched as he dropped two letters into a mailbox at an Elk Grove strip mall, said Drew Parenti, special agent in charge of the FBI office in Sacramento. They sealed off the mailbox and found the letters to the Serrano visitors center and country club.

That gave investigators enough evidence to obtain a search warrant for Braun's home in Elk Grove, a suburb south of Sacramento, and at the decommissioned power plant, which is owned by the Sacramento Municipal Utility District. He was arrested at his home about 9:30 p.m. Friday after agents found more evidence there, Parenti said.

Employees at the Serrano visitors center and country club said they were unaware of any threat.

The FBI's affidavit states that Braun has a master's degree in radiological physics and a law degree. He has worked as a nuclear engineer at Rancho Seco since 1984 while practicing law part-time.

President To Be On Hand For Christening Of Carrier Named After His Father (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News.

The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president.

President Bush will participate in the ceremony, said Blair Jones, a White House spokesman.

"This is a tremendous honor for the president's father, and he's looking forward to the christening," Jones said Monday.

The elder Bush's daughter, Doro Bush Koch, the ship's sponsor, will break the traditional bottle of sparkling wine on the flattop's bow.

Northrop Grumman's Newport News sector began construction of the approximately $6 billion nuclear-powered ship in 2001 and plans to deliver it to the Navy in late 2008.

It is the last of 10 Nimitz-class carriers and includes technology and improved features that will serve as a bridge to the Navy's next-generation carrier, the CVN-21, now under design and planning at Newport News.

OTHER NEWS:

Manufacturing Decelerates While Commercial Construction Soars (USAT/AP)

By Madlen Read

DOJ_NMG_0073480

USA Today, October 3, 2006

NEW YORK — A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among U.S. manufacturers while commercial construction showed surprising resilience.

Hurt by weaker auto sales and a slumping housing market, the manufacturing sector grew in September at the slowest pace in more than a year, a trade group said.

A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said. Construction spending edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months.

The Institute for Supply Management, based in Tempe, Ariz., said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction.

The September figure represented the 40th-consecutive month of growth.

But Mark Zandi, chief economist at Moody's Economy.com, says it's only a matter of months before manufacturers start reporting a contraction.

"The good news is there is still growth, and pricing pressures are easing," Zandi says. "The bad news is growth is slowing, it will slow more and it's leading to cuts in jobs."

The reason is threefold, he says: decreasing home construction, slashed auto production and less need to build up inventories.

The ISM's employment index dropped to 49.4 in September from 54.0 in August. The prices paid index fell to 61.0 in September from 73.0 as commodity prices took a tumble. The new orders index stayed the same at 54.2, but the backlog of orders index fell to 46.5 in September from 51.5.

Meanwhile, the housing market has been leveling off.

The Commerce Department's report Monday said spending on private home construction dropped 1.5% in August to a seasonally adjusted rate of $617 billion. The August decline followed an even bigger 2.1% July decrease and marked the fifth-consecutive month that home building has fallen.

Data On Factories Indicate Economy Is Losing Speed (WSJ)

By Christopher Conkey

The Wall Street Journal, October 3, 2006

Manufacturing activity expanded in September, but the nation's factories appear to be losing some steam as economic growth moderates.

The Institute for Supply Management, a private group of corporate purchasing managers, said its manufacturing index fell to 52.9 last month from 54.5 in August. Readings over 50 indicate expansion, but the September measure suggests that factories experienced slightly weaker growth as the third quarter progressed. Recent data on industrial production and factory orders have also pointed to slower growth.

"It's apparent that manufacturing is losing momentum and feeling the effects of higher interest rates and a weaker housing market," said Norbert Ore, who oversees the ISM survey and also serves as Georgia-Pacific Corp.'s procurement director.

Slower economic growth is likely to damp inflationary pressures, and makes it more probable that the Federal Reserve will leave interest rates unchanged, or eventually begin to lower them.

ISM said one wood-products company that participated in its survey of procurement managers at 400 medium-size to large companies reported seeing a "serious downturn in customer orders related to the housing-market" slump.

Other data released Monday offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace. A recent Commerce Department report showed that the rate of new-home sales picked up in August.

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David Lereah, NAR's chief economist, said the August figures suggest that the housing market has hit bottom. Others disagreed.

John Lonski, chief economist at Moody's Investors Service, said it was "premature" to view the unexpected rise in sales in August as "indicating the nearness of a bottom for home sales." Daniel Oppenheim, an analyst with Bank of America Securities, said a high inventory of unsold homes would depress prices and that surveys of real-estate agents point to slower sales in coming months.

The ISM's readings on employment, tracking hiring in the manufacturing sector, and on prices, reflecting what manufacturers pay for materials, both declined last month. The group's reading on new orders for goods was unchanged.

Despite the slower growth rate, September was the 40th consecutive month of expansion in the manufacturing sector. That marked the longest uninterrupted growth streak since the 1970s.

Overall, economists said they expect slow to moderate growth for the rest of the year. "We see the economy continuing its forward momentum, but at a below-trend pace over the next six months," said John Silvia, chief economist at Wachovia Corp., in a research note. He predicted that the economy would expand at an inflation-adjusted annual rate of 2.5% in the second half of the year. Mr. Silvia said that will keep the Federal Reserve from raising or lowering interest rates for the rest of the year.

Separately, the Commerce Department said construction spending rose 0.3% in August from July as residential construction declined but commercial building picked up.

Another Session Leaves The Dow Chasing Record (WSJ)

By E.s. Browning

The Wall Street Journal, October 3, 2006

The Dow Jones Industrial Average took another run at a record but came up short once again.

Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. The blue chips finished little changed, down 8.72 points, or 0.07%, at 11670.35, still up 8.9% this year.

It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on.

Stocks often have trouble breaking through milestone numbers, as investors take profits and stand back to consider the future.

"I am kind of disappointed that we didn't respond more favorably to the $2 drop in crude oil," said Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco. "That probably means that we are going to spend some time consolidating below that elusive Dow record."

Crude-oil futures for November delivery fell $1.88, or 3%, to $61.03 a barrel, amid signs of strong inventories and expectations that slower economic growth would limit oil demand.

Historically, September has been the Dow's weakest month on average, and October normally is better. But this September saw the Dow industrials spurt ahead 2.6%, and some investors said the industrial average now is overdue for a pullback.

The day's economic news wasn't startling and didn't appear to drive markets. A monthly gauge of manufacturing activity came in a bit weaker than expected for September. August construction spending and an index of pending home sales both were stronger than expected, but stocks made their moves well after that news was announced.

The volatile Nasdaq Composite Index fell 0.92%, or 20.83 points, to 2237.60, still up 1.5% in 2006. The Standard & Poor's 500-stock index declined 0.34%, or 4.53 points, to 1331.32, ahead 6.7% this year.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 1,486 stocks rose and 1,802 fell.

Bond prices gained.1 The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 4.614%. The 30-year bond was up 6/32 to yield 4.756%.

The dollar weakened.2 Late in New York, it traded at 117.67 yen, down from 118.12, while the euro rose against the dollar to $1.2741 from $1.2681.

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Write to E.S. Browning at jim.browning@wsj.com3

Dow On Verge Of Closing At An All-time High (WT)

By Patrice Hill

The Washington Times, October 3, 2006

The Dow Jones Industrial Average is flirting with an all-time high after spending 6 1/2 years in the wilderness recovering from a bubble in technology stocks, a recession, terrorist attacks, a wave of corporate scandals, sharply higher energy costs and interest rates, and recently, worries about a housing bust.

The Dow has struggled to top the 11,723 level it reached in January 2000, with its recent treadmill action of advance and retreat typical of the solid but unglamorous gains it has been eking out for investors since the bubble burst in early 2000.

Yesterday's market action was in line with the trend. The Dow briefly topped its high, then pulled back to end 9 points lower at 11,670 on worries about a steep slowdown in manufacturing. The blue-chip Standard & Poor's 500 index also has soared to 5½-year highs, but the technology-driven Nasdaq Composite Index stands at less than half the record high it hit in March 2000.

The last time the Dow visited these heights, few analysts questioned that the market would continue its swift upward march. But the long, tortuous path it has followed since then has fed chronic questions about the sustainability of market gains and produced a plethora of opinions about where the Dow is headed from here.

"The best is yet to come," said Jeffrey N. Kleintop, chief investment strategist at PNC Financial Services Group, predicting that the S&P 500 index will gain at least 14 percent in the next year as energy prices continue to recede, uncertainty about corporate earnings and control of Congress is resolved, and the Federal Reserve reverses its anti-inflation campaign and cuts interest rates.

Last month, the market got a "head start" on the "fourth-quarter fireworks" that Mr. Kleintop said he is expecting, in line with the usually robust market performance in the second year of a president's term.

"The stock market is entering what has historically been the best 12-month period for its performance during the four-year presidential election cycle," he said, citing many similarities to the midcycle years 1966 and 1986, during which the market experienced explosive gains.

Mike Ryan, head of UBS Wealth Management Research, said the dramatic drop in oil and gas prices since Labor Day -- which should boost economic growth and help tame inflation -- is largely responsible for the turnaround in the market and investor sentiment.

"Investors seem to believe the U.S. economy is headed towards a so-called soft landing," he said.

But Alexander P. Paris, stock strategist at Barrington Research Associates Inc., said the market is due for a "rest" because investors have exaggerated the benefits of a "surprise collapse in oil prices" while overlooking pitfalls.

Among other things, Mr. Paris questioned whether investors have braced themselves for the fallout from a possible Republican loss of Congress in next month's elections.

"Despite considerable confusion, worry and uncertainty about the Fed, inflation, a housing bust and the economy, the market has put together a lengthy rally from the July lows," he said. "Despite the recent celebration, the market may have a difficult time extending its rally in the months ahead."

Mutual fund managers helped lift the market by engaging in some "window dressing" at the end of last month, buying winning stocks so they can include them in their annual reports to investors. But now they are likely to "sit on their hands" for a while and wait to see whether earnings hold up and the economy rebounds from a soft third quarter, he said.

Daniel C. Chung, chief investment officer at Fred Alger Management Inc., said the market should continue to expand, if not "take off," not so much because the economy is doing well but because corporate profits are at extraordinarily high levels and are likely to remain so.

Earnings growth for the S&P 500 companies averaged 18 percent in the first quarter, much better than Wall Street analysts had expected, and even managed 15 percent excluding record energy profits, he said.

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"For nearly four years, the S&P 500 has registered more than 10 percent earnings growth, and we believe that the run is not over," Mr. Chung said, because corporations continue to benefit from cost-cutting due to the globalization of production at the same time their workers have little leverage to push for a greater share of corporate income that would cut into profits.

"This is a recipe for all sorts of social discontent," he said, and may explain why voters are so disenchanted with an otherwise healthy economy, but it should be welcome news for the stock market, where price gains have been trailing earnings growth.

Lawrence Kudlow of Kudlow & Co. LLC said the Dow's plodding rise toward record highs has important political implications.

"This powerful combination of rising stocks, falling gasoline prices and the Goldilocks economy are powerful pluses for election-year Republicans," he said. "The Dems aren't even talking about the economy anymore."

Strike 4: Dow Fails To Set Record High (USAT)

By Matt Krantz

USA Today, October 3, 2006

Stocks kicked the fourth quarter off with a small loss and disappointed investors further when the Dow missed setting a new high, the fourth-consecutive failed run.

The Dow Jones industrial average briefly rose above its closing high of 11,722.98 but retreated to close down 8.72 points to 11,670.35 Monday. That doesn't take away from what's been a powerful 8.9% rally this year, though.

Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year. And the Nasdaq composite shed 20.83 points to 2237.60, whittling its 2006 gain to 1.5%.

Traders, such as Todd Leone of SG Cowen, said investors shouldn't overreact to the fact the Dow missed setting a new closing high again. “The headlines make more out of it,” he says. “I don't think it's that big of a deal.”

After the big move the market made last week and last quarter, investors should not be surprised to see stocks do “a little breath catching,” says Michael Farr, president of Farr Miller & Washington. Farr thinks the market is waiting for a new reason to move higher, which could likely be what he expects to be a healthy third-quarter earnings reporting season. If interest rates remain steady, investors will focus on corporate earnings. “The expectations are for a fairly stable environment,” he says.

Highlights:

Harrah's Entertainment, operator of large casinos, jumped $9.25 to $75.68 after receiving a $15.1 billion, or $81 a share, offer from several private equity firms. (Story 1B.)

•First Republic Bank tumbled $3.95. The commercial bank, based in San Francisco, warned it would earn 56 cents to 58 cents a share, missing forecasts by 4 cents a share.

•Myogen, a biotech firm, gained $16.36 to $51.44 after rival Gilead Sciences said it was buying the company for $52.50 a share. Gilead shares lost $4.49 to $64.28. (Story, 3B.)

•Optimal Group, a provider of payment services to the online gaming industry, fell $2.95 to $8.81. The stock was hurt by a regulation passed by Congress on Saturday that places restrictions on online gambling. (Story 1B.)

•Apple Computer fell $2.12 to $74.86. Citigroup lowered the stock to a “hold” from “buy” because it says the company is unlikely to release an upgraded video iPod by the holidays.

Most Blacks, Hispanics In Area Own Homes (WP)

By Lyndsey Layton And Dan Keating

The Washington Post, October 3, 2006

A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau.

The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally.

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Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners.

In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs.

The continuing loss of black, middle-class homeowners in the city is bound to have reverberations, said Peter A. Tatian, a housing expert at the Urban Institute.

"It's a real issue in those [heavily African American neighborhoods]; there's not a solid base of people who have ownership in the community, an investment that they want to fight to protect. It tends to be harder to bring about positive changes," said Tatian, who directs NeighborhoodInfo DC, a grass-roots group working to improve quality of life.

The data mark "a symbolic passing," he said. "In this city, those kinds of issues always seem to have political ramifications."

Regionwide, more than 260,000 African Americans owned homes in 2005. The growth was much more rapid in the 1990s but continued this decade, increasing from 49 percent of black households to 51 percent. Prince George's County, where more than three in five African Americans own their homes, gained 15,000 black homeowners this decade and now has 45 percent of the black homeowners in the region.

Homeownership among immigrants also shows significant growth. About 63 percent of local immigrants own their homes, higher than the national rate of 55 percent, census figures show.

The immigrant housing data reflect the highly mobile, growing local market. A homeowner in Montgomery County is as likely to have been born abroad as to be a Maryland native. Same thing in Arlington and Fairfax counties. Overall, the number of immigrants and state native homeowners is dwarfed by the number of homeowners who moved from other states.

Particularly striking was the growing number of Hispanics who bought homes in the Washington area from 2000 to 2005, many of them settling in expensive suburbs such as Fairfax and Montgomery. Across the region, Hispanics surpassed blacks in homeownership rates last year.

"It says a lot about the upward mobility of Hispanics," said William H. Frey, a demographer at the Brookings Institution. "Washington is not only an example of a metropolitan area with melting pot suburbs, but it has melting pot suburbs where immigrants are achieving the American dream."

More than 80,000 Hispanics owned their home in the region last year, the census says, the first time a majority of Hispanics have owned rather than rented. Fairfax and Montgomery each gained about 5,000 Hispanic homeowners, and the number grew by more than 7,000 each in Prince William and Prince George's counties.

"This is not an accident," said Tom Perez (D-Silver Spring), a Montgomery County Council member and former head of CASA of Maryland, which helps Hispanics with housing, employment training and other services. "Government and nonprofits and the banking community as well have spent a lot of time and effort to prepare and assist people in saving money, building credit, paying bills on time, getting themselves in a position to qualify for a loan.

"In Latino communities, a lot of effort has been made to stress homeownership as one of the keys to self-sufficiency," Perez said. "The most common way to accumulate wealth in America is to own a home. That is a basic fact of American life, and Latinos have clearly gotten the message."

For many Hispanics, homeownership is security, said Carlos Devis, a Colombian immigrant who bought a house with his wife in Potomac in 2003. "For Latinos, we don't have 401(k)s," he said, referring to the employer-sponsored retirement fund. "The house is the 401(k)."

Evelyn Andrade, a Salvadoran American hairdresser, bought a three-bedroom house in Rockville in 2001 after years of renting an apartment. "The rents are so high, it doesn't make sense," said Andrade, 29, who is married and has three children. "I always thought it was better to own."

Almost 100,000 Asians own houses, condominiums and townhouses locally, triple the number in 1990. Homeownership among Asians increased about 71 percent regionwide between 2000 and 2005. Asians posted particularly high rates in Loudoun County, where about 96 percent owned their homes last year. That's far above Asians' national rate of 59 percent.

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Farhan Syed, a real estate broker in Loudoun, knows this phenomenon well. "Most Asians happen to be dual-income families, well-educated, able to afford a home," he said. "Everyone wants the American dream."

When the real estate market began to heat up in the Washington region in 2000, buying a home seemed like a financially savvy move, Syed said. "There was the perception that real estate could be a money-making scheme, and a lot of people got in the market."

Tannaz Haddadi and her husband, Darius Powerz, are typical. They were both born in Iran and immigrated as children with their families to Fairfax. Haddadi, 29, and Powerz, 34, first bought a townhouse in Loudoun and traded up for a single-family home in Fairfax two years ago. "There are a lot of working professionals like us, first- or second-generation citizens who want to get in early and work our way up," said Haddadi, who, like her husband, works for the federal government.

The population figures released by the U.S. Census Bureau today are based on the American Community Survey, which gathered demographic data from those living in the United States last year.

The figures for the Washington region do not reflect changes to the population numbers for the District that the Census Bureau approved in July, after the city challenged earlier data and said the census had undercounted the city's population by more than 31,000 people.

Some embassy officials and advocacy groups say the population figures for minority groups could be even higher because the census undercounts those groups.

Across Nation, Housing Costs Rise As Burden (NYT)

By Janny Scott And Randal C. Archibold

The New York Times, October 3, 2006

The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes.

While many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class.

In New York City, more than half of all renters now spend at least 30 percent of their gross income on housing, a percentage figure commonly seen as a limit of affordability. In Staten Island, the percentage paying at least 30 percent of income rose to nearly 60 percent, up from 40.

Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex.

“Housing prices have gone up much more than incomes have,” said Christopher Jones, vice president for research at the Regional Plan Association in New York City. “Clearly, you can’t sustain that sort of imbalance over the long run. There’s only so long that housing prices can go up without sustained increases in income to support them.”

The data, from the American Community Survey, was collected throughout 2005, some of it before the real estate market began softening over the past year.

While the escalation in house prices that began in the mid-1990’s has slowed down in most places, and while prices are even dropping in some markets, rents are currently rising.

Historically, it is not unprecedented for housing prices to rise faster than household incomes, since housing prices fluctuate more than median incomes. In recent decades, median incomes have not risen at the rate that they did in the booming 1950’s and 1960’s, yet real estate prices in many parts of the country have escalated sharply in recent years.

“People want to hang on and stay in the market,” said William H. Frey, a demographer at the Brookings Institution in Washington, “and they are willing to stretch themselves to find or to rent a house that is suitable.”

The places with the highest overall percentages of people carrying a heavy housing burden were in fast-growing areas of California, Colorado and Texas.

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In Southern California, Temecula and Hemet had the highest percentages of renters paying at least 30 percent, with 74 and 73 percent of renters at that level.

Boulder, Colo., and College Station, Tex., held the record for renters spending at least 50 percent, with 47 and 46 percent.

The biggest jump in the percentages of people paying at least 30 percent of their income on rent, as well as those spending at least 50 percent, occurred in Olathe, Kan., a booming suburb of 114,000 southwest of Kansas City.

S. Lawrence Yun, an economist with the National Association of Realtors, said renters in desirable cities might be spending more of their income on housing in hopes of getting a toehold in places with good schools, better homes and a good quality of life. He said, "There is certainly a concern that people are devoting a large portion of their income to housing, and one of the reasons is due to the more limited housing supply."

In the New York region, a very high percentage of renters in urban counties spent a big share of income on housing. In the Bronx, Brooklyn and Queens, close to a third of all renters pay at least 30 percent.

But many of the biggest increases in housing burdens occurred outside the city.

Among homeowners, there were big increases in the percentage of people spending at least 30 percent on housing in counties like Nassau, Dutchess, Orange and Putnam. The percentage of households spending at least 50 percent of income also rose in those counties.

In Clifton, N.J., the percentage of mortgage holders spending at least 50 percent of their income on housing rose to 27 percent in 2005 from 12 percent in 2000, a 134 percent rise. In New Britain, Conn., the group paying at least 30 percent more than doubled, rising to 57 percent of people with mortgages, up from 27 percent.

Nationally, the biggest increase in homeowners spending more than 30 percent of their income on housing occurred in an unincorporated area southeast of Los Angeles called Florence-Graham, where more than a third of residents live in poverty. There, the figure climbed to 43 percent from 17 percent. Other places with big jumps included Wyoming, Mich.; Round Rock, Tex.; and Plymouth, Minn.

In general, the places with the highest overall percentages of homeowners spending that level of income were poorer cities. El Monte, Calif., a Los Angeles suburb, had the highest percentage of mortgage holders, 73 percent, spending more than 30 percent of their income on housing. In Newark, the figure was 72 percent; in El Cajon, Calif., east of San Diego, 69 percent; and in South Gate, Calif., 69 percent.

Jack Kyser, senior economist with the Los Angeles County Economic Development Corporation, said such cities are often the only places that people on the lowest rungs of the economic ladder can afford and they tend to stretch their resources to get in. He said El Monte and South Gate both are growing, largely because Latinos have been moving in.

"These communities are well located to employment opportunities and they can drive and it is not a horrendous drive," he said. "They are also close to public transportation and use it."

The numbers, which were analyzed for The New York Times by Andrew A. Beveridge, a demographer at Queens College, provided a glimpse of how hot — and how unhot — some areas had become.

Two Southern California coastal cities, Santa Barbara and Newport Beach, had the highest median house values, at $1 million.

Youngstown, Ohio, a city long hurting economically, had the lowest, at $48,000.

In New York State, the median value of owner-occupied homes actually declined slightly in a few upstate counties, including Oswego, Steuben and Madison. The median house value dropped 9 percent in Buffalo, to $60,800.

Housing values rose only barely in some upstate counties, including Cattaraugus, Cayuga, Chautauqua and Chemung.

Because of a change in census procedures, it was not possible yesterday to reliably gauge the increase in cost burden among homeowners in places with large numbers of condominium or cooperative apartments.

In 2000, the bureau did not count owner-occupied apartments in multifamily buildings; in 2005, it did. So the 2000 and 2005 figures could not be satisfactorily compared for places like Manhattan and San Diego.

In Manhattan, where the median value of all owner-occupied homes hit $718,000, the increase in median gross rents from 2000 to 2005 was 14 percent, well below the 20 percent jump in Suffolk County on Long Island, the 23 percent rise in the city of Passaic, N.J., and the 24 percent jump in Ulster County, N.Y.

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The increase in the percentage of Manhattan renters paying at least 50 percent of their income on housing was 13 percent — well below the 50 percent rise in Rockland County.

The data also showed that, among couples living together in Manhattan, about 17 percent were unmarried in 2005, compared with 10 percent nationwide.

Manhattan appeared to have the second highest number of male couples living together, following Los Angeles.

A Backlash Against Bickering (WP)

By E. J. Dionne Jr.

The Washington Post, October 3, 2006

CONCORD, N.H. -- Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause?

One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors. That does not stop them from yelling irately at Washington, D.C.

Consider the latest WMUR Granite State Poll by the University of New Hampshire's Survey Center. Asked the classic question about whether "things in New Hampshire" were going in "the right direction" or were "seriously off on the wrong track," an astonishing 79 percent saw their state moving the right way; only 14 percent saw it on the wrong track.

But when asked exactly the same question about how their country was doing, according to findings released yesterday, only 34 percent of New Hampshire residents said "the right direction"; 56 percent said "the wrong track."

That is good news for Gov. John Lynch, a Democrat who leads his Republican opponent, Jim Coburn, by a margin of 69 to 14 percent in the latest survey. It is bad news for Bush, whose approval rating in New Hampshire is 36 percent.

Lynch is among a cadre of moderate Democratic governors around the country who find themselves in commanding positions -- even outside Democratic-trending New England. Among them: Kathleen Sebelius in Kansas, Dave Freudenthal in Wyoming, Janet Napolitano in Arizona and Brad Henry in Oklahoma.

For his part, Lynch can hardly utter a sentence without including the word "bipartisan." He prides himself on having worked well with a Republican legislature and speaks with amazement at how Washington has become a place of "ongoing partisan bickering."

It may be no accident that Lynch's ratings are high while Bush's are low. Nick Clemons, the executive director of the New Hampshire Democratic Party, sees voters here consciously contrasting the peaceable political kingdom their state has become with what's happening several hundred miles to the south. "Washington," he says, "is the foil for New Hampshire."

The success of Democratic governors such as Lynch (and, for that matter, of that rescripted and now-moderate Republican Arnold Schwarzenegger in California) also reflects a default by national Republicans on domestic issues.

The president's relentless focus on terrorism, combined with growing disenchantment with his Iraq policies, pushes voters to seek leadership from state and local politicians on issues such as education and health care.

Tom Rath, one of the state's most experienced Republican power brokers, loyally insists that Bush is still "personally" liked here. But Rath sees Iraq taking a huge toll on the president, partly because so many in New Hampshire's National Guard have served there and "the repetitious call-ups are disruptive to people's lives."

Rath recently announced his support for Gov. Mitt Romney of Massachusetts for the 2008 Republican presidential nomination. His rationale is surprisingly similar to the explanations that Democrats give for the popularity of governors such as Lynch or Sebelius: Voters are in a mood for less "doctrinaire" politicians who can fix things.

Of the federal government, Rath said: "There's a feeling that this great big thing doesn't work very well." He said Republicans need to win back voters who feel they gave "the keys to the car" to their party only to have it driven "into the back of the garage." Rath sees Romney as the GOP's repairman.

If New Hampshire offers a model for a new wave of moderate Democrats, it is also a test case for how badly Bush -- and, now, the scandal surrounding former representative Mark Foley -- will wound incumbent Republican House members.

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Politicians in both parties here see Rep. Jeb Bradley as having a substantial advantage over Carol Shea-Porter, an underfunded antiwar Democrat, and Rep. Charles Bass, to whom the words "nice guy" cling like a second title, leading his Democratic foe, Paul Hodes.

But Hodes, an indefatigable campaigner, has advertised heavily in an effort to demonstrate Bass's support for Bush's Iraq policies. The fact that Bass is stressing his "independence" and responded immediately with advertising of his own attacking Hodes on Iraq suggests that Republicans know how vulnerable the incumbent could become if Hodes succeeds in yoking Bass to Bush. In principle, Bradley could face the same problem.

The irony is that Bush has fostered a backlash against himself, against ideology and against partisanship that, as a former governor, he should have seen coming.

postchat@aol.com

Those Attacked Online Are Filing Libel Lawsuits (USAT)

By Laura Parker

USA Today, October 3, 2006

Rafe Banks, a lawyer in Georgia, got involved in a nasty dispute with a client over how to defend him on a drunken-driving charge. The client, David Milum, fired Banks and demanded that the lawyer refund a $3,000 fee. Banks refused.

Milum eventually was acquitted. Ordinarily, that might have been the last Banks ever heard about his former client. But then Milum started a blog.

In May 2004, Banks was stunned to learn that Milum's blog was accusing the lawyer of bribing judges on behalf of drug dealers. At the end of one posting, Milum wrote, “Rafe, don't you wish you had given back my $3,000 retainer?”

Banks, saying the postings were false, sued Milum. And last January, Milum became the first blogger in the USA to lose a libel suit, according to the Media Law Resource Center in New York, which tracks litigation involving bloggers. Milum was ordered to pay Banks $50,000.

The case reflected how blogs — short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide — increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the “blogosphere” and its revolutionary impact on speech and publishing might change libel law.

Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are “judgment-proof” because they — unlike traditional media such as newspapers, magazines and television outlets — often are ordinary citizens who don't have a lot of money. Recent lawsuits by Banks and others who say they have had their reputations harmed or their privacy violated have been aimed not just at cash awards but also at silencing their critics.

“Bloggers didn't think they could be subject to libel,” says Eric Robinson, a Media Law Resource Center attorney. “You take what is on your mind, type it and post it.”

The legal battles over blogging and message board postings are unfolding on several fronts:

•In Washington, D.C., former U.S. Senate aide Jessica Cutler was sued for invasion of privacy by Robert Steinbuch, also a former Senate aide, after Cutler posted a blog in 2004 describing their sexual escapades. The blog, titled Washingtonienne, was viewed widely after it was cited by a Washington gossip website called Wonkette. In July, Steinbuch added Wonkette to the lawsuit.

•Todd Hollis, a criminal defense lawyer in Pittsburgh, has filed a libel suit against a website called DontDateHimGirl.com, which includes message boards in which women gossip about men they supposedly dated. One posting on the site accused Hollis of having herpes. Another said he had infected a woman he once dated with a sexually transmitted disease. Yet another said he was gay. Hollis, 38, who says the accusations are false, is suing the site's operator, Tasha Joseph, and the posters of the messages.

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•Anna Draker, a high school assistant principal in San Antonio, filed a defamation and negligence lawsuit against two students and their parents after a hoax page bearing her name, photo and several lewd comments and graphics appeared on MySpace.com, the popular social networking website.

The suit alleges that the students — one of whom had been disciplined by Draker — created the page to get revenge, and that it was designed to "injure Ms. Draker's reputation, expose her to public hatred … and cause her harm." The suit also alleges that the youths' parents were grossly negligent in supervising them.

•Ligonier Ministries, a religious broadcaster and publisher in Lake Mary, Fla., has taken the unusual step of asking a judge to pre-emptively silence a blogger to try to prevent him from criticizing the ministries. Judges historically have refused to place such limits on traditional publishers.

The lawsuit cites postings on a blog by Frank Vance that described Ligonier president Timothy Dick as "a shark" and as coming from a "family of nincompoops." The suit says the entries are false and have damaged Dick's reputation.

Robert Cox, founder and president of the Media Bloggers Association, which has 1,000 members, says the recent wave of lawsuits means that bloggers should bone up on libel law. "It hasn't happened yet, but soon, there will be a blogger who is successfully sued and who loses his home," he says. "That will be the shot heard round the blogosphere."

At its best, the blogosphere represents the ultimate in free speech by giving voice to millions. It is the Internet's version of Speaker's Corner in London's Hyde Park, a global coffeehouse where ideas are debated and exchanged.

The blogosphere also is the Internet's Wild West, a rapidly expanding frontier town with no sheriff. It's a place where both truth and "truthiness" thrive, to use the satirical word coined by comedian Stephen Colbert as a jab at politicians for whom facts don't matter.

Nearly two blogs are created every second, according to Technorati, a San Francisco firm that tracks more than 53 million blogs. Besides forming online communities in which people share ideas, news and gossip and debate issues of the day, blogs empower character assassins and mischief makers.

Small disputes now can lead to huge embarrassment, thanks to websites such as bitterwaitress.com, which purports to identify restaurant patrons who leave miserly tips. DontDateHimGirl.com includes postings that have identified men as pedophiles, rapists and diseased, without verification the postings are true.

"People take advantage of the anonymity to say things in public they would never say to anyone face-to-face," Cox says. "That's where you get these horrible comments. This is standard operating procedure."

Even so, Cox thinks the chief danger in legal disputes over what's said on the Internet is the potential chilling effect it could have on free speech. Many lawsuits against bloggers, he says, are filed merely to silence critics. In those cases, he encourages bloggers to fight back.

Last April, Cox orchestrated an effective counterattack on behalf of a blogger in Maine who was sued by a New York ad agency for $1 million. Lance Dutson, a website designer, had been blogging for two years when he posted several essays accusing Maine's Department of Tourism of wasting taxpayers' money. Among other things, he posted a draft of a tourism ad that mistakenly had contained a toll-free number to a phone-sex line.

Warren Kremer Paino Advertising, which produced the tourism campaign, said in its suit that Dutson made defamatory statements "designed to blacken WKPA's reputation (and) expose WKPA to public contempt and ridicule."

Dutson's criticisms paled to those directed at WKPA after word of the lawsuit spread through the blogosphere. Bloggers rushed to defend Dutson, and several lawyers volunteered to represent him. The media picked up the story and cast it as David vs. Goliath. Eight days after filing the suit, WKPA dropped it without comment.

"We're not here to play nice with somebody who is trying to suppress the speech of one of my members," Cox says.

A key principle that courts use in determining whether someone has been libeled is what damage the offending article did to that person's reputation in his or her community.

Susan Crawford, a professor at Cardozo Law School in New York who specializes in media and Internet issues, says the ease with which false postings can be corrected instantly, among other things, will force judges to reconsider how to measure the damage that is done to a plaintiff's reputation.

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"Libel law depends on having a reputation in a particular town that's damaged," she says. "Do you have an online reputation? What's your community that hears about the damage to your online reputation? Who should be sued? The original poster? Or someone like the Wonkette, for making something really famous? The causes of action won't go away. But judges will be skeptical that a single, four-line (posting in a) blog has actually damaged anyone."

Greg Herbert, an Orlando lawyer who represented Dutson, disagrees. The principles of libel law aren't going to change, he says. However, some judges "might not think a blogger is entitled to the same sort of free speech protection others are. A lot of judges still don't know what a blog is, and they think the Internet is a dark and nefarious place where all kinds of evil deeds occur."

Judges have indicated that they will give wide latitude to the type of speech being posted on the Internet. They usually have cited the 1996 Communications Decency Act, which protects website owners from being held liable for postings by others. On the other hand, under that statute, individuals who post messages are responsible for their content and can be sued for libel. That applies whether they are posting on their own website or on others' message boards.

In May, a federal judge in Philadelphia cited the act in dismissing a lawsuit stemming from a series of postings on a website operated by Tucker Max, a Duke Law School graduate whose site features tales of his boozing and womanizing.

Posters on a message board on tucker max.com had ridiculed Anthony DiMeo III, the heir to a New Jersey blueberry farm fortune, accusing him of inflating his credentials as a publicist, event planner and actor. DiMeo sued Max last March, claiming in court papers that his manhood had been questioned, his professional skills lampooned and his social connections mocked. DiMeo said Max, through the website, had libeled and threatened him, noting that one poster had written: "I can't believe no one has killed (DiMeo) yet."

In dismissing the suit, U.S. District Judge Steward Dalzell noted that Max "could be a poster child for the vulgarity" on the Internet, but that he nevertheless was entitled to protection under the Communications Decency Act. After the decision, DiMeo ridiculers on tuckermax.com piled on. Max says more than 200,000 people have viewed various threads on his message board about DiMeo.

DiMeo has asked an appeals court to consider not only the original messages about him but also those posted since his suit was filed.

Alan Nochumson, DiMeo's attorney, says the criticism has amounted to an Internet gang attack, led by Max, that has significantly damaged DiMeo's business. Nochumson says when Internet users use Google to search for DiMeo's name, many of the first Web links that pop up direct readers to postings on Max's website that criticize DiMeo.

Max says the claim is absurd. "The Internet isn't some giant ant colony," he says. "Different people from all over the country do things. I don't control them."

Hollis' lawsuit against DontDateHimGirl .com could reveal how far courts are willing to go to protect website owners from third-party comments. His suit claims the site is not the equivalent of an Internet provider such as AOL or Yahoo, and that because Joseph edits the site, she should be liable for its contents.

Hollis has sued Joseph, a Miami publicist and former Miami Herald columnist, as well as seven women who posted the messages about him. Three are named in the suit; four are anonymous.

Joseph's attorney, Lida Rodriguez-Taseff, says Joseph does not edit postings, except to remove information such as Social Security numbers and addresses.

"If a court were to find that the Communications Decency Act doesn't apply to Tasha, no website would be safe," Rodriguez-Taseff says, adding that if courts start to hold website owners liable for the content of third-party postings, "the only people who would be able to provide forums (would be) wealthy people. … It would be like making the coffee shop owner responsible for what people say in his coffee shop. What this case would say is that providers of forums in the Internet would have an obligation to determine truth or falsity of posts."

A hearing is scheduled Oct. 19.

"The Internet has a great number of valuable tools with which people can do great things," Hollis says.

But he says he's disturbed by how such false personal information can spread so freely across the Web. "Even if I had herpes, which I don't, even if I was gay, which I'm not, would I want to have a conversation about those things with an anonymous individual over a global platform? It's utterly ridiculous."

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Even if he wins in court, Hollis says, he loses.

"Those postings are going to be out there forever," he says. "Whenever anybody Googles my name, up comes a billion sites. I will forever have to explain to someone that I do not have herpes."

In Cumming, Ga., about 40 miles northeast of Atlanta, David Milum, 58, is still blogging. He is appealing the $50,000 judgment against him.

Milum says he considers himself a muckraker and exposer of corruption in local officials. In the recent libel trial, his attorney, Jeff Butler, described his client as a "rabble-rouser" whose inspiration was "public service."

Milum lost in court because he could not meet the basic defense for libel claims: He could not prove that his allegations that Banks was involved in bribery and corruption were true.

Now Milum is facing another libel suit — this one seeking $2 million — over his claims about the alleged misdeeds of a local government employee.

"I have a very wonderful wife," Milum says. "And you can imagine how wonderful she has to be to put up with this."

PodestaMattoon Sues Client For Unpaid Fees (RC)

By Kate Ackley

Roll Call, October 3, 2006

The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000.

The case, filed in D.C. Superior Court, offers a glimpse into the often mysterious client-lobbyist arrangements involving contracts and performance fees for securing money from the Defense Department's budget.

PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses.

PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated.

In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay "a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals."

While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. Steve Ellis, vice president of Taxpayers for Common Sense, and Keith Ashdown, research director of Citizens for Responsibility and Ethics in Washington, said their data showed that for fiscal 2005, the tribology center received a $1.5 million Defense earmark that was requested by a Member of the House. (Tribology is the study of effects of friction on moving parts and methods of lubricating them.)

The CTC and Falex are located in Speaker Dennis Hastert's (R-Ill.) district, but a spokeswoman in his office did not confirm whether he had made the request.

PodestaMattoon's court filing states that "during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement" and, as a result, "Falex became obligated to pay" the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000.

The contract between Falex and PodestaMattoon gets murkier later in 2004, when, the court filings claim, Falex asked the firm to enter into an arrangement directly with the CTC, which is a 501(c)(3) nonprofit.

The lawsuit alleges that Falex agreed to pay the lobbying bills for the nonprofit center, which operates as a partnership between Falex and Northern Illinois University's college of engineering and engineering technology.

Lobbying ethics lawyer Kenneth Gross, a partner at Skadden, Arps, Slate, Meagher & Flom, said such an arrangement, while not routine, does not raise any legal concerns, especially since the CTC and Falex are part of a joint venture.

"There are limitations on the amount that (c)(3) [organizations] can spend on lobbying, but this arrangement doesn't necessarily set off any bells," Gross said.

The court documents state that PodestaMattoon sent a letter to the CTC confirming its work and that Falex agreed to pay the firm a $200,000 performance fee. Once again, PodestaMattoon maintains that it was successful in its work for Falex/CTC.

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Missi Tessier, a spokeswoman for PodestaMattoon, said she could not discuss the firm's work for the client or the status of the lawsuit.

"The only thing that I can say is that it is a simple fee-collection issue," said Tessier, who added that she did not know of any similar suits brought by the firm against other clients. "We're working with our attorney."

Ashdown and Ellis, both of whom track earmarks, said the center received a Defense earmark for $1.8 million in the fiscal 2006 bill.

"As a result of PodestaMattoon's performance of its obligations under 2005 Agreement, CTC became obligated to pay PodestaMattoon $200,000 in a performance fee, which PodestaMattoon later discounted to $175,000," the court documents state.

Gross said such performance or success fees typically are permitted in lobbying contracts.

Current laws, he said, "make it impermissible for a government contractor to hire a lobbyist or firm to secure a government contract" on a contingency basis, but "that same prohibition does not apply when you are securing a benefit with the legislative branch."

Gross added that the current law prohibits lobbying firms from receiving payment directly from appropriated funds.

PodestaMattoon's attorneys of record, Peter Kadzik and Andres Colon, did not return calls for comment. Andrew Faville, CEO of Falex, did not respond to several messages seeking comment. And lawyers Seth Goldberg and Eduardo Crosa of Steptoe & Johnson, which represents the defendants, also did not respond to inquires.

Mean Seniors Face Fresh Round Of Decisions As 2007 Sign-Up Nears (WSJ)

By Vanessa Fuhrmans, Jane Zhang

The Wall Street Journal, October 3, 2006

Here we go again.

After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15.

The good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything. Some analysts had predicted a shakeout after dozens of providers rushed into the new drug-benefit market last year, but few companies are actually canceling plans.

Still, the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings. Beneficiaries in most states will have 50 to 60 offerings to choose from, at least 10 more than in 2006. Some plans are adding benefits -- including eliminating co-payments for generic drugs. But at least one, Humana Inc., is rolling back one of the richest benefits on the market: coverage for brand-name drugs during a phase known as the "doughnut hole" that requires many beneficiaries to pay the full cost of drugs after reaching a certain cost threshold.

For the most basic plans, prices are converging, though there are still some big differences. Last year companies announced drug-benefit premiums without knowing how the competitive landscape would shape up. Consequently, prices ranged widely, from as little as $1.87 a month to more than $35 for a basic plan. Now for 2007, Humana still sells the cheapest plan in 38 states, but premiums for its basic option have climbed to between $10.20 and $18.20. Meanwhile, Cigna Corp. and Aetna Inc., whose prices were some of the highest, have lowered theirs by as much as 30%. (Cigna's basic option ranges from $17 to $31; Aetna's costs $24.80 to $30.80.)

To compare the 2007 plan offering, seniors can also tap a number of new or enhanced online tools. Later this month, Medicare's Plan Finder at www.medicare.gov1 and www.mymedicare.gov2 will let beneficiaries compare out-of-pocket costs and benefits for the 2007 plans in their area. Seniors can see what plans are available in each state at www.medicare.gov/medicarereform/local-plans-2007.asp3. A new Web site, www.partdoptimizer.com4, is run by DestinationRx, which provided software for Medicare's comparison tools. It provides tips on avoiding the doughnut hole and compares how much seniors would save by switching to alternative medicines within their current plan. The site currently has data for 2006 plans but will be able to crunch 2007 information after the enrollment period has ended Dec. 31.

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Who should consider switching? Prime candidates are those who picked plans for this year that provided coverage of the so-called doughnut hole, or who fell into that gap and now want coverage for it. The doughnut hole refers to a portion of drug spending that the government-subsidized plans don't have to cover. Seniors get coverage for up to $2,400 in spending in 2007. The federal subsidies then stop until the patient reaches $3,850 in out-of-pocket expenses. After that, the coverage kicks in again and covers 95% of drug purchases for the rest of the year. For a higher premium, some plans offer to cover drug expenses through the gap.

Filling the Gap

It is these higher-end plans that are seeing some of the biggest changes in 2007. For starters, there are many more available. Just 15% of plans this year provided coverage of the doughnut hole, according to Avalere Health LLC, a health-care consulting firm in Washington, D.C. Next year 29% of them will.

This year in New Jersey, for instance, Humana sold one of these more-comprehensive plans for a $48.50 monthly premium, while Cigna's cost a bit more -- $51.36. In 2007, the Humana premium will jump 46% to $71.20. Cigna, though, which signed up fewer beneficiaries than it had hoped for 2006, has dropped its price, to $38.20.

What's more, Humana is joining the majority of its rivals in providing coverage for only generics during the doughnut hole. This year, it was the only major insurer to provide coverage of many brand-name drugs through the gap. But as a result, it says it attracted more than its share of sicker enrollees with higher-than-average medication costs -- and lost money on the higher-end plan. "We'd assumed that other national plans would offer brand coverage through the gap, but none did," says Scott Latimer, Humana's market president for central and northern Florida.

Of Humana's 3.5 million drug-plan enrollees, about 12%, or 420,000 people, are currently in its most-comprehensive plan and will no longer have their brand-name drugs covered through the doughnut hole, Humana says.

On the whole, though, 5% of all plans will offer both brand-name and generic drug coverage through the gap, an increase from this year, according to Avalere. In Michigan, Coventry Health Care Inc. is one of just a few companies that is raising the price of its most comprehensive plan, from $42.40 to $48. In doing so, it is adding generics and brand-name drugs to its gap coverage. But seniors should check if such benefit improvements apply to their drugs. Coventry says only some preferred brand drugs in its first tier of coverage are included alongside the generics.

"You have to read the fine print," says John Gorman, president and chief executive of Gorman Health Group, a Washington health-care consulting company.

In another shift, many plans are making changes that will reduce the chances that consumers will even reach the $2,400 level where the coverage gap starts. By eliminating co-pays for generic drugs in some plans, for instance, insurers are making such treatments essentially free to patients (at least until they reach the coverage gap). Aetna is dropping co-pays for generics in many of its plans, while Cigna says it is eliminating generic co-pays in all of its most basic drug plans.

Peter Ashkenaz, a spokesman for the federal Centers for Medicare and Medicaid Services, says every beneficiary will be notified if there is any change in their plan.

Even if beneficiaries want to stay in their current plan, they should still check that the drugs they take are remaining on their plan's formulary and on the same co-pay "tier" as before. A move from the lowest to a higher tier of co-payments for a drug can translate into a rise in co-pay to $40 a month from $5.

New Shoppers

There may be a huge market of potential shoppers. Only 20% of 3,400 beneficiaries surveyed last month by J.D. Power & Associates said they would definitely stay with the plan they had. About two million Americans will turn 65 in 2007 and also will be eligible. At least another four million, including three million low-income beneficiaries not subject to penalties for missing the deadline earlier this year, have yet to enroll.

Still, unless another plan has the potential to save a beneficiary substantial money each month, some Medicare watchers say that many may decide to stay put. Few predict that any player will break the lock that the country's three biggest plans -- UnitedHealth Group Inc., Humana and WellPoint Inc. -- have on the majority of the market.

"People went through so much trauma picking a plan the first year," says Robert Laszewski, a Washington-based health-care consultant. "They're not going to open this up all over again just to save a few bucks."

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Many Obstacles Face Negron In Fla. 16, Especially Foley's Name (CQ)

By Rachel Kapochunas

CQPolitics, October 2, 2006

The Florida Republican Party announced Monday that its executive committee has chosen Republican state Rep. Joe Negron to face Democratic businessman Tim Mahoney this fall for the 16th District seat suddenly vacated Friday by scandal-plagued Republican Rep. Mark Foley.

The GOP was forced to name a replacement candidate for Foley after the six-term incumbent resigned, following revelations about inappropriate e-mails and other Internet communications — some of which were sexually explicit — from Foley to underage, male congressional pages. Foley has since announced he is seeking in-patient treatment for alcoholism.

Although the state Republicans wasted no time in rallying around Negron as a stand-in for an election that will be held just five weeks from Tuesday, it will be very hard for them to put the Foley scandal behind them. A quirk in the Florida election law requires that Foley's name remain on the Republican line on the Nov. 7 ballot, as he had already been certified as the winner of the Sept. 5 primary.

Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat.

So Negron — a lawyer who currently represents a state House constituency that overlaps the 16th District in parts of Martin, St. Lucie and Palm Beach counties —has just five weeks to raise money, inform voters of the strange ballot situation and introduce himself to the many district voters who are not familiar with him.

Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney.

"It's still a race against the 'Foley' name," Martin County Democratic Chairman David Dew told CQPolitics.com shortly after Negron was chosen. "If I'm a Republican, I'm having a real hard time punching that name that says 'Foley' knowing that he's an accused predator."

Negron, in a phone interview with CQPolitics.com after the party announcement, concedes he faces a problem, but can overcome it. "I think it's an education effort, but I believe that voters are very smart and sophisticated," said Negron, who added that he just needs to "get the word out that the name 'Mark Foley' is only a placeholder," in order to be successful.

"I'm very grateful for this opportunity to keep District 16 a Republican seat," Negron. "It's a seat that went for President Bush [in 2004 with] 55 percent and voted for Gov. [Jeb] Bush [with] 60 percent."

But Negron and the Republican party bear the burden of explaining the ballot process to voters in the face of a rapidly strengthening bid by Democratic businessman Mahoney, who had appeared a distinct underdog to the long-popular Foley but raised an eye-opening $1.1 million as of Aug. 16.

Mahoney showed no hesitation about weighing in on the Foley scandal. Mahoney, at a press conference Saturday in West Palm Beach, echoed Democratic charges that Republican officials had failed to address earlier allegations that Foley had made inappropriate remarks to pages and had put election concerns ahead of their obligation to protect the youngsters.

"They had to make a choice," said Mahoney. "They had to do what is right for the children . . . or they could try to hold onto a seat. And they decided to try to hold onto a seat."

Negron's truncated congressional campaign is actually his second bid for higher office this year. He launched a Republican primary campaign for Florida attorney general, but yielded to the strong advantage held by former U.S. Rep. Bill McCollum and withdrew from that race this summer.

Negron, though, has had his eye on the 16th District seat for several years. He expressed his interest in replacing Foley when the congressman weighed a bid for the Senate in 2004. But Foley announced in September 2003 that he would no longer campaign for the seat, left open by retiring Democratic Sen. Bob Graham, that eventually went to Republican Mel Martinez.

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Sen. Martinez was one of the first GOP officials to endorse Negron after he was chosen as the new nominee. “I am pleased with the party’s choice of Representative Negron to run in the 16th District,” Martinez said in a statement released by the party. “I fully endorse his campaign. Representative Negron is a man of integrity and he will represent Floridians with honor.”

Negron said he has $1 million carried over from his campaign for attorney general. Federal election law does not permit Negron to transfer those funds directly to a congressional campaign committee. Negron said Monday he is already preparing to “turn over” $600,000 of his funds by returning the checks to individual donors and asking them to donate to his federal account.

Negron now has until 5 p.m. Oct. 11 to submit the $9,726 filing fee and a “Federal Office Loyalty Oath” form to the Division of Elections, small requirements to appear on the November ballot which pale in comparison to Negron’s challenges ahead.

CQ rates the race as No Clear Favorite. Please visit CQPolitics.com’s Election Forecaster for ratings on all races.

Fla. GOP Picks Foley Replacement (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, October 3, 2006

Disgraced former Rep. Mark Foley sought treatment for alcoholism and "other behavioral problems" as Republicans on Monday picked a new candidate to salvage the seat that Foley abandoned after exchanging lurid online messages with teenage boys.

State party leaders chose state Rep. Joe Negron to replace Foley in next month's election. Negron will receive votes cast for Foley, although Foley's name will remain on the ballot in the West Palm Beach district, which is largely Republican.

"My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley," Negron said. "I think it's something that can be done."

Foley resigned Friday after reports surfaced that he sent sexually explicit e-mails and instant messages to male teenage pages. He quickly went into seclusion and released a statement that he was seeking treatment.

"Painfully, the events that led to my resignation have crystalized recognition of my long-standing significant alcohol and emotional difficulties," he said. "I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

He added: "I deeply regret and accept full responsibility for the harm I have caused."

Foley's attorney, David Roth, acknowledged Monday that his client checked into a treatment center over the weekend, but would not identify the facility.

The FBI is investigating Foley's e-mails, as is the Florida Department of Law Enforcement. Foley, who is 52 and single, could be found to have violated a law that he helped write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

House Speaker Dennis Hastert said Monday that GOP leaders did not see Foley's Internet exchanges and that he would have demanded Foley's expulsion if he had known about them. "As a parent and speaker of the House, I am disgusted," Hastert, R-Ill., told reporters in Washington.

The scandal suddenly put Foley's seat up for grabs as Democrats seek a net gain of 15 Republican seats to retake power in the House. Foley, who had represented the district for 12 years, was regarded as a shoo-in for re-election before his resignation. His name was to remain on the Nov. 7 ballot because the deadline had passed for changing ballots.

At least one prominent Florida Republican expressed pessimism about holding onto the seat.

"It's a death sentence ... mission impossible," said former state Republican Party Chairman Tom Slade. "The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

But state party spokesman Jeff Sadosky said the seat is too important to surrender. "It's not going to be about yesterday's news no matter how tragic and horrifying," he said.

Negron, standing beside a 10th grade son and 8th grade daughter, became choked up when talking about what Foley did.

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"I've had pages work in my office for years, I've seen pages go to Washington, I've seen the incredible opportunity that is," Negron said, his voice trailing off. He then put his hand over his face and struggled to continue talking. "It was very disturbing because I work with these young people."

The Democratic nominee is Tim Mahoney, a former Republican and financial adviser. He said Monday that his campaign would largely remain unchanged.

"When people meet me and people know me, whether they're Democrats or Republicans, they get on board," he said. "They know that when I'm in Washington D.C., I'll be no nonsense and it's all going to be about results."

Negron, an attorney who turns 45 next week, joined in the call to investigate who knew about the e-mails and when. Democrats have suggested House leaders tried to cover them up for political reasons.

"We ought to investigate if people knew about inappropriate, criminal e-mails and didn't take appropriate action," he said. "If that happened, they need to be punished."

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Associated Press writers Brent Kallestad in Tallahassee and Brian Skoloff in West Palm Beach contributed to this report.

Foley Debacle Tests District Loyalties (LAT)

By Jenny Jarvie And Miguel Bustillo

The Los Angeles Times, October 3, 2006

JUPITER, Fla. — Mark Child voted for Rep Mark Foley two years ago, and expected to vote for him again in November. But after the disclosure that the politician had been sending sexually suggestive Internet messages to teenage boys working as congressional pages, Child is not sure what he will do.

"I'm a Republican, but I don't always vote Republican," the 48-year-old carpenter said as he dined at the Tabica Grill here. "I feel betrayed."

His wife, Sandra, shuddered at the idea of seeing Foley's name on the ballot.

"We have children," said the 47-year-old nurse. "You put a person in Congress and you expect them to do their job. He did a good job, but he was overcome by his demons."

Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands.

"I'm very disappointed, particularly that Republican leaders in Washington knew about it," said Paul Levine, a 64-year-old retiree. "It's absolutely inexcusable, it's criminal they didn't expose that. They covered it up."

Florida Republican officials, meanwhile, tried to recover from the shock of Foley's resignation and began working to elect another candidate to the seat. That will require Florida Republicans to persuade voters to cast ballots for the disgraced incumbent, even though he has resigned.

Under Florida law, Foley's name will remain on the ballot, which has already been printed. But the replacement candidate Republicans selected Monday, state Rep. Joe Negron, will receive any votes cast for Foley.

"I don't know that it's going to be possible, but our job is to get voters to look beyond the name," said Bill Lents, chairman of the St. Lucie County Republican Party. "One idea being kicked around is 'wrong name, right party.' That's a message we have to get across, and it's not going to be easy, but that's our job."

Not everyone in Jupiter, a small coastal town of 46,000 at the mouth of the Loxahatchee River in Palm Beach County, had heard of the scandal — and some who had said they remained loyal to the GOP.

"I'm a Republican — this isn't going to change that," said Richard Engstrom, a 58-year-old accountant, as he crossed the parking lot of a Wal-Mart here. "Some people are easily swayed. But I don't think this means the Democrats will get in."

The precedent for the decision to keep Foley's name on the ballot but count his votes toward someone else happened in 2004, when Florida Democrat Jim Stork withdrew from a race against incumbent Republican Rep. E. Clay Shaw Jr., citing health reasons.

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After state elections officials ruled that it was too late to remove Stork's name from the ballot, Florida Democrats won an injunction allowing them to name congressional aide Robin Rorapaugh as the party's candidate, and have votes for Stork count for him.

Barring a legal challenge, the same outcome is expected in the Nov. 7 election for Foley's old seat, requiring Republicans to remind voters of Foley at the same time the party seeks to distance itself from him.

"That's going to cause confusion with voters who will have assumed we had got rid of this guy," said Darryl Paulson, a political science professor at the University of South Florida in St. Petersburg. The district "was widely seen as a safe Republican seat — until three days ago," he added.

The jigsaw piece of a political district Foley represented stretches across the heart of south central Florida, and includes urban and rural, as well as rich and poor, areas. It goes from Port Charlotte on the Gulf of Mexico, up and over the west and north shore of Lake Okeechobee, east through Port St. Lucie and Stuart on the Atlantic Coast, then south and slightly inland to Royal Palm Beach and Wellington.

The district, which had 202,500 registered Republicans and 170,369 registered Democrats as of Aug. 7, according to Florida's election division, once had more GOP voters. But some were sheared off in 2002 and added to a neighboring district held by Shaw, who had nearly lost a close reelection battle.

Some Republican officials admitted they were still reeling from the news about Foley, a popular moderate who had won reelection two years ago with 68% of the vote. But they said it was time to press on.

"This is someone I was a close political friend of, and it was a punch right to the gut," said Sid Dinerstein, chairman of the Palm Beach County Republican Party.

Before learning Monday that Foley had checked himself into an alcoholism treatment center, Dinerstein said, "We worried whether he was alive, frankly. No one had heard from him.

"But this is politics. We have to go forward. It helps that the Democrat was out here with John Kerry last week. That gets the Republican base fired up."

The Democratic challenger, Tim Mahoney, continued to remind voters of Foley's messages to congressional pages, while at the same time pledging to run an issues-oriented campaign that focused on such topics as the war in Iraq, energy prices and the cost of hurricane insurance in Florida.

"I hope my opponent will join me in calling for a full investigation of the tragic events that led to the resignation of congressman Foley so that the mothers and fathers who entrust their children to the United States Congress' page program can be assured that their children are not put at risk," Mahoney said in a statement.

As a light rain swept across the sprawling town of highways, strip malls and gated communities, which is home to a large number of affluent retirees from the North, the shockwaves continued to spread Monday evening.

"Oh my God, that's awful," said Mary Russell, 48, an assistant manager at a Payless Shoe Source, who had just closed up for the day. "I had no idea."

"Wow," said Denise Vogel, a computer consultant who had voted for Foley in previous elections, when she head about the scandal as she browsed a video store. "I'm going Democrat."

Bush Heads West To Stump For Republicans (WP)

By Peter Baker

The Washington Post, October 3, 2006

RENO, Nev., Oct. 2 -- President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections.

Bush plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said at his first stop, a fundraiser here for House candidate Dean Heller. "That's not the way it's going to be under my administration."

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The fact that Bush had to go to the aid of Heller, the secretary of state, was another indication of Republican trouble. The 2nd Congressional District, which covers all of Nevada but Las Vegas and its suburbs, has not elected a Democrat since being created in 1982.

But in the bruising August primary to replace Rep. Jim Gibbons, who is running for governor, Heller emerged financially tapped out. He won by just 421 votes, a victory that the runner-up briefly sought to overturn in court.

The latest public poll, commissioned by the Las Vegas Review-Journal, found Heller leading Democrat Jill Derby by just 45 percent to 42 percent in a district where Republicans outnumber Democrats by a margin of nearly 3 to 2.

Bush's approval rating in the state stands at 41 percent, roughly comparable to his national standing, but he has the ability to bring in the big dollars Heller needs. His visit to a hangar at the Reno airport raised $360,000 from a few hundred people.

Few Will See Bush's Quick Visit Today (SACBEE)

By Tony Bizjak

The Sacramento Bee, October 3, 2006

When President Bush drops in today for a visit to El Dorado County, locals may be lucky to catch even a glimpse.

The good news: no highways clogged by presidential motorcades.

Instead, the president is expected to arrive via helicopter, "helo-ing in" as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then "helo-ing" out two-plus hours later.

The lunch is a $2,000-per-person fundraiser for Rep. John Doolittle with about 300 in attendance at Serrano Country Club.

Bush will be arriving from a fundraiser breakfast in Stockton and is expected to land at Rolling Hills Middle School, sheriff's officials said, then proceed a short distance to the clubhouse.

Officials are closing about a half-mile of Serrano Parkway to traffic between Terracina Drive and Torino Way at the request of the Secret Service.

El Dorado Sheriff's Lt. Kevin House warned, however, that presidential travel itineraries are subject to last-minute changes.

While no one without a lunch ticket is sure to see the president, the excitement of the Bush visit is palpable on the hillside.

That starts with Doolittle, the veteran Republican congressman from Roseville who finds himself in what may be his toughest re-election campaign. He is being challenged by Democrat Charlie Brown.

"For the first time in his career, (Doolittle) is going to have the opportunity to introduce the president to his constituents, and he is tremendously excited about that," Doolittle spokesman Richard Robinson said.

Among those constituents will be a contingent of Sweeneys. El Dorado County Board of Supervisors Chairman Jack Sweeney is coming with a friend, all four of his children, three of his children's spouses and a grandson.

"A big day for the Sweeney family," the patriarch said. "I've always wanted to be at a function with the president of the United States. I'm 68 and I decided I didn't want my kids to have to wait until they are my age to be able to do that."

Debbie Manning, president of the El Dorado Hills Chamber of Commerce, said people have been calling her office asking about where to get a view of the president. Unfortunately, she said, she doesn't know.

"The good news is, with El Dorado Hills, there aren't many ways in and out," Manning said.

Serrano Parkway will remain open to pedestrians, sheriff's officials said, although people will not be allowed to stand on the north side of the road near the gated country club entrance.

A group opposing Doolittle and protesting the president's policies, especially regarding Iraq, will be roadside, a spokesman said. El Dorado Hills may be conservative, "but we still have people concerned about the mess in Iraq," said Don Nicodemus of the Sierra Foothills Democratic Club.

Bush, Fund-Raiser In Chief, Hits The Trail In Earnest (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, October 3, 2006

STOCKTON, Calif., Oct. 2 — President Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq.

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But Mr. Bush is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House.

Mr. Bush intends to concentrate first and foremost on raising money. His strength on that front is undiminished by his political problems and is vital to giving his party an advantage in outspending the Democrats on advertising down the homestretch.

To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle.

But after a period in which most of his political appearances have been behind closed doors — he did five fund-raisers in the past week that were closed to the press — he will also step out more publicly.

While not yet conducting full-scale campaign rallies, Mr. Bush will be appearing more frequently with candidates, often in heavily Republican areas where Democrats are nonetheless competitive this year. And he will give speeches driving home the twin themes of national security and tax cuts while trying to rally a dispirited Republican base.

White House and party officials said there was never any internal debate about putting Mr. Bush out into the public eye, for all the risks that might entail. With a new burst of bad news for the party — including repercussions from the forced resignation of Representative Mark Foley of Florida over sexually explicit e-mail and instant messages sent to teenage pages — the officials said that employing Mr. Bush's power to use the White House platform to emphasize the Republican campaign message was more necessary than ever.

Mr. Bush will avoid districts and states where party officials determine his appearance may be particularly damaging for Republicans. But his aides, discussing the White House strategy for the president, said they had concluded for the most part that putting Mr. Bush out in public would do his party and its candidates more good than harm, a position that is clearly a big gamble for Republicans and a test of how much political clout he has left after two years of setbacks and missteps.

In the first three days of this week alone, he will make five public fund-raising appearances with Republican candidates, and his schedule suggests that the White House strategy is to try to close off the possibility of Democratic gains not in the most hotly contested and visible races, but in a second tier that could decide whether the House remains in Republican hands.

Two of those appearances will be on behalf of Republican House members in California, John T. Doolittle and Richard W. Pombo, who is to join Mr. Bush for an open fund-raiser here in central California on Tuesday. Both Mr. Pombo and Mr. Doolittle are viewed as potentially vulnerable because they have been touched by the fallout from the corruption scandals in Washington. In both cases, the White House believes Mr. Bush's ability to turn out Republican base voters will help to keep the seats safe.

Similarly, he went to Reno, Nev., on Monday to raise money for Dean Heller, the Republican candidate for a House seat in a district that should be safely Republican but that analysts say could be in play.

"You'll be seeing more public speeches in the weeks ahead," said Karl Rove, Mr. Bush's senior political strategist. "The president is enormously important with a significant part of the electorate that they need to win."

Mr. Bush alluded to this in an interview with conservative columnists in the Oval Office last month, saying he could set the stage for the Republican message. "There are a lot of people out there that hopefully I'll be able to inspire to turn out," he said.

But some of what Mr. Bush is doing will largely remain out of public sight. He plans to record messages for automated calls to voters in crucial districts, taking advantage of the sophisticated Republican operation to identify likely supporters and the issues that motivate them.

Mr. Bush, who has always relished campaigning, was described by associates as hungry to return to the road and is enjoying spending time with candidates and offering them advice.

The advice, it seems, goes to matters large and small. Michele Bachmann, a Republican running for an open House seat in Minnesota, said Mr. Bush needled her for wearing scalloped pink gloves for a recent presidential visit to her state. "What are those for?" Mr. Bush said, pointing to the gloves, according to Ms. Bachmann. "When you campaign, take off the gloves."

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The White House sought, sometimes in awkward ways, to balance Mr. Bush's strengths and liabilities. He was the star attraction last week at an event that raised money for Republicans in three states, including Iowa — a closed-door fund-raiser in an Embassy Row mansion 10 minutes from the White House and 1,000 miles from Iowa, where it escaped mention the next day in the influential Des Moines Register.

And last Thursday, he was at a closed-door fund-raiser for Representative Deborah Pryce, an embattled Republican in Ohio — who used the money to finance a campaign that has included advertisements disputing Mr. Bush's position on stem-cell research.

Senator Charles E. Schumer of New York, leading the Democrats' effort to win the Senate, said his main concern as he surveyed an otherwise favorable political environment was that Mr. Bush's fund-raising power would overcome any drag he might have on his party. "That's the No. 1 question that will determine the election," Mr. Schumer said. "And I don't know the answer."

Democrats said Mr. Bush's presence on the campaign trail would only help them as they tried to turn the election into a referendum on the president. And their professed delight was echoed by signs of apprehension in states where Republicans are facing their toughest battles.

In Rhode Island, Ian Lang, the campaign manager for Senator Lincoln Chafee, a Republican who is in a tough re-election battle, said a visit by Mr. Bush "is not something we're looking for or asking for."

John Brabender, a strategist for Senator Rick Santorum of Pennsylvania, who is facing a stiff Democratic challenge, said of Mr. Bush: "He would be a distraction right now. It's very important that we turn this race into Bob Casey versus Rick Santorum."

Sara Taylor, the White House political director, said Mr. Bush could prove pivotal with party faithful who have been less than enthused this year.

"He is loved by his base," she said, "and they support him."

Cheney Slams Dems In Wyo. Stump Speech (USAT)

USA Today, October 3, 2006

Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin.

Cheney said Republicans must keep their majority in Congress to maintain the fight against terrorism. "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past," Cheney, who held the state's lone seat from 1978 to 1989, said at the Casper Events Center. He said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner.

Kean should quit race, anti-war group says

A group of anti-war activists with relatives serving in Iraq called on New Jersey Republican Tom Kean Jr. to quit the U.S. Senate race, saying he lacks a strategy for withdrawing troops or ensuring soldiers get needed aid once they return. The flap started in August when Kean and his Democratic opponent, Sen. Robert Menendez, met with the group Military Families Speak Out and were given a series of war-related questions. Menendez answered them; Kean answered some and promised written responses to the rest, said Paula Rogovin, the group's spokeswoman. Rogovin says Kean reneged. A spokeswoman for Kean, Jill Hazelbaker, said Kean has answered the group and "has stated repeatedly the egregious mistakes he feels have been made, and he's asked the president to level with the American people and acknowledge those mistakes."

Voter-registration group accused of fraud

A group that registered more than a million voters two years ago is facing allegations of voter fraud and sloppy work just weeks before midterm elections. ACORN — the Association of Community Organizations for Reform Now — is running voter-registration drives in 17 states this year. The group dispatches workers and volunteers to poor neighborhoods, gas stations, courthouses and other places to sign up new voters. Among the problems:

•Philadelphia's municipal voter-registration office has rejected about 3,000 cards submitted by ACORN because of missing information or invalid addresses.

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• Denver County election officials forwarded about 200 cards to the secretary of State's office after finding similar handwriting on signatures.

• In Ohio, ACORN is accused of submitting cards with non-existent addresses, forged signatures and, in one case, for someone who died seven years ago.

"ACORN does not commit voter fraud," national president Maude Hurd said. We work hard to bring new people into the democratic process and work to maintain good quality control."

Nevada family 'like the Kennedys, but …'

A Nevada family would be a political dynasty except only one of them has ever won a statewide election. For three generations, members of the Hansen family have run for political offices ranging from governor and U.S. senator to Elko County sheriff. Only David Hansen has ever won a statewide or major county race, being elected twice to the state school board more than 20 years ago. Said Joshua Hansen, 26, an Independent American Party candidate in the 3rd Congressional District: "We're like the Kennedys, but without the money."

Poll Shows Allen Leading Webb By Six Points (WT)

By Christina Bellantoni

The Washington Times, October 3, 2006

Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows.

If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday.

The data also show 5 percent are undecided and 3 percent would choose some other candidate in the contest.

Election Day is Nov. 7.

The race could hold national implications as well -- Democrats need to win six seats to recapture a Senate majority.

Mr. Allen has held a steady lead in the Rasmussen poll for more than a year, but his once double-digit advantage over any challenger was eroded after a summer of campaign blunders.

In an attempt to regain the momentum from Mr. Webb, who is catching up in the fundraising race, Mr. Allen last night spoke to voters in a two-minute statewide televised address.

He also has been battling recent assertions that he used racial epithets to describe blacks when he was in college.

The Rasmussen poll showed Mr. Webb leading Mr. Allen by 39 points among black voters.

Mr. Webb is facing criticism, too, with Mr. Allen running an attack ad using the Democrat's 1979 article "Women Can't Fight" in which he criticizes female midshipmen at the U.S. Naval Academy.

Still, 47 percent of women surveyed in the poll said they prefer Mr. Webb to Mr. Allen. Meanwhile, 57 percent of men said they prefer Mr. Allen.

The poll showed that 49 percent of those surveyed were not familiar with Mr. Webb's article, saying they had followed news reports on the article either "not very closely" or "not at all."

By contrast, 81 percent of potential voters said they were following the racial accusations against Mr. Allen either "very closely" or "somewhat closely."

The poll also showed 11 percent of Republicans would choose Mr. Webb if the election were held today, while 13 percent of Democrats said they would pick Mr. Allen.

Mr. Allen has a 54 percent favorable rating and a 43 percent unfavorable rating, while Mr. Webb had a 48 percent popularity rating.

Most voters told Rasmussen that national security would be the most important issue when deciding the Senate race, followed by the Iraq war and the economy.

The poll also showed President Bush, who has held a fundraiser for Mr. Allen, has a 48 percent approval rating and a 50 percent disapproval rating.

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Mr. Webb is running a television ad linking Mr. Allen with Mr. Bush, saying their "stay the course" idea for the Iraq war is not right for Virginia or the nation.

The Rasmussen Senate results matched a SurveyUSA poll, released over the weekend, showing Mr. Allen with a six-point lead. A Mason-Dixon Polling and Research poll conducted last week for MSNBC/McClatchy showed the race tied at 43 percent for each candidate.

Allen Banks On 2-minute Statewide Ad To Reverse Tailspin (AP)

By Bob Lewis

AP, October 2, 2006

Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday — a valedictory aimed at saving his political career.

The embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent "macaca," a type of monkey, through claims last week that he used a common racial slur against black people.

The ad was expected to summarize the high points of a tenure in elected office dating from his term as governor in the mid-90s and, more importantly, try to refocus the race on subjects more favorable to him.

Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points.

"The Allen campaign knows that the direction this campaign has been going the last month has been very damaging for them," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University. "They're very anxious about the direction of his numbers."

Also on Monday, Webb began his biggest ad purchase yet, a 30-second spot that features two retired military women rebutting claims in an Allen ad aired last week.

"Jim Webb is committed to creating opportunities for women," Clara Adams-Ender, a retired U.S. Army brigadier general, says in the ad.

The ad will match ads Allen began airing statewide last week at a total cost of about $650,000 weekly, said Webb spokeswoman Kristian Denny Todd. Allen's ads featured female U.S. Naval Academy graduates who said they suffered hostility and humiliation at Annapolis because of a 1979 magazine article Webb wrote that said women could not lead men in combat and decried their admission to the academy.

Allen's newest ad, however, is unique in Virginia political history. The only comparable use of one-time, statewide advertising was in 1987 when Republican Sen. Paul Trible announced he would not seek re-election.

Allen will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting.

Allen wanted to do the ad live, but the costs and logistical arrangements would have been prohibitive, campaign advisers said. It was taped over the weekend.

Merle Black, a political scientist at Emory University in Atlanta, said Allen's tourniquet strategy makes sense considering the unfavorable coverage of unflattering and bizarre developments in the campaign.

"This would be an opportunity for him to redefine the issues of the campaign and give voters his side of the story unfiltered by the media," Black said.

Black said Allen's unusual address-to-the-people ad is comparable to Richard Nixon's famed "Checkers" speech in 1952 in which Nixon denied allegations of improper campaign financing and kept his spot as Dwight Eisenhower's running mate on the GOP presidential ticket that year.

"This is an example of political damage control, but it's also a candidate trying to revive his career — his political life — by framing the issues in a way as favorable to him as possible," Black said.

Outside Groups Shoveling Cash Into Tight Races (WP)

DOJ_NMG_0073503

By Jeffrey H. Birnbaum And Zachary A. Goldfarb

The Washington Post, October 3, 2006

As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves.

In Ohio, Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them.

They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country.

Politically active groups on both the left and the right are shelling out dollars faster than in any previous midterm election and focusing them intensely on the races that are up for grabs. Even with five weeks to go in the campaign, the $34 million in "independent expenditures" so far is nearly double the amount spent in the entire 2002 midterm election, according to PoliticalMoneyLine.com.

This year's figure includes spending by the parties' House and Senate campaign committees, which unlike in 2002 are no longer allowed to coordinate directly with candidates for major ad buys, and by the "527" groups that emerged after an overhaul of funding laws that year.

Independent spending by political organizations -- such as the George Soros-funded liberal group America Coming Together and the group Swift Boat Veterans for Truth, which took aim at Democratic nominee John F. Kerry's Vietnam War record -- was a defining force in the 2004 presidential campaign. What's notable this time, with control of Congress and many governorships at stake, is how such spending has migrated to elections for lesser offices.

During the 2004 election, Democrats seemed to benefit most from independent spending. Now the balance appears to be tilting rightward: America Coming Together and its companion group, the Media Fund, are largely shuttered. Meanwhile, a leading backer of the Swift Boat group, Texas developer Bob J. Perry, has donated $5 million focusing on top GOP target races.

But in Maryland, as in some other places, Democrats are still benefiting. The Maryland Fund, a 527 led by several national Democratic operatives with ties to the state, started airing television and radio ads last week critical of Gov. Robert L. Ehrlich Jr. (R), who is being challenged by Baltimore Mayor Martin O'Malley (D). The ads seek to link Ehrlich to President Bush, whose approval ratings lag behind the governor's in the state.

Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute, predicted that "in some key races, this outsider spending will be decisive."

Expenditures by outside interest groups have ballooned largely in reaction to the 2002 law banning "soft money," the uncapped contributions that previously filled the coffers of both political parties. Once those unlimited donations were outlawed for the parties, lobby groups started handing out the big money.

In Hawaii, for example, the National Association of Realtors spent more than $600,000 in support of Rep. Ed Case, who lost the recent Democratic primary for the Senate to the incumbent, Daniel K. Akaka. The Realtors' eye-popping gift -- the group's largest ever in a primary -- nearly matched the entire amount raised by Case. "Mr. Case has a really strong record supporting issues important to Realtors," a spokeswoman for the group explained. "We decided to go all out."

MoveOn.org has also spared little expense. The liberal group's political action committee has laid out $3.5 million on commercials attacking GOP candidates in six congressional districts. It spent $465,000 against veteran Rep. Nancy L. Johnson (R-Conn.) in late spring and summer, while her Democratic opponent, Chris Murphy, doled out $181,000. MoveOn.org also expended $245,000 against Rep. Chris Chocola (R-Ind.) during the same period, while Joe Donnelly, his opponent, spent roughly half that amount.

Organizations, sometimes with mysterious origins, are cropping up everywhere and spending massively in the toughest races. A group called Softer Voices is boosting Sen. Rick Santorum (R-Pa.) with an expenditure of nearly $700,000. A group called Campaign Money Watch is attacking Pryce and Sen. Conrad Burns (R-Mont.) with $200,000.

Labor unions are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls.

One of the Democrats' leading architects of the independent-spending movement, former White House aide Harold Ickes, recently started what he calls the September Fund. Erik Smith, the fund's president, said, "There was a belief by those of us who organized this that one side of the argument -- the Bush administration and its allies -- would have a lot more resources than the other." But he added: "We're not going to make up the shortfall."

To help Democratic candidates, the September Fund intends to raise at least $10 million and buy ads that criticize Bush. But several Republican-leaning groups have already purchased millions of dollars of airtime supporting Bush's policies and, by inference, GOP candidates. They also have money available to buy even more commercials, and they plan to do so.

These groups include Progress for America, a major player in 2004 that has been on the air this year in Ohio and Missouri, states in which incumbent Republican senators Mike DeWine and James M. Talent, respectively, are in tough fights to keep their jobs. Another, the California-based Economic Freedom Fund, has spent more than $700,000 opposing Democratic Reps. Leonard L. Boswell (Iowa), Alan B. Mollohan (W.Va.) and Jim Marshall (Ga.), three members of a small circle of Democrats at any risk of losing their seats this fall. The fund was boosted by a $5 million gift from Perry.

The intervention of outside groups, especially at high levels, can be a mixed blessing. Maureen O'Brien Donovan, spokeswoman for Rep. John E. Sweeney (R-N.Y.), asserted that MoveOn.org's commercials against her boss have backfired. "Its intervention and its volunteers aren't from here, and that's well known to the general public," she said. "People who have lived here all their lives find those types of things suspect."

At the same time, candidates cannot control the groups' messages or their delivery, which sometimes causes voter confusion. "Nobody knows who these guys are, and voters have no way of judging their interests or their donors," said George Rasley, Pryce's spokesman.

In addition, the independent efforts are sometimes heavy-handed and irritate the voters they are supposed to attract. The Chocola campaign, for instance, received complaints from voters who were annoyed by automated phone calls they had received from an outside group that was supporting his reelection.

The number of independent organizations, some of them anonymous, has multiplied. On the left, a patchwork of innocuous-sounding organizations has sprouted, including Majority Action, which wants to unseat 10 to 15 Republican congressmen, and America Votes, which is trying to prevent Democratic-leaning groups from duplicating one another's work. Large sums are flowing from these and more established groups. Emily's List, which helps female, pro-abortion-rights Democrats, expects to spend about $10 million this year, and the American Federation of State, County and Municipal Employees, a labor union, anticipates spending $22 million.

On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut.

The generally pro-Republican Business Industry Political Action Committee has a more elaborate scheme. By using companies' electronic communications systems, it has delivered 40 million messages to employees urging them to cast their ballots for pro-business candidates. It has also helped a million citizens register to vote and another million apply for early voting forms.

All of these efforts are sure to make a difference. "When you have the ability to spend one to three million dollars down the stretch in a particular House or Senate race, that kind of spending can really drive the election," said Michael E. Toner, chairman of the Federal Election Commission. "That can decide who wins or loses on Election Day."

New Suburbs Could Be New Political Battlegrounds (USAT)

By Jill Lawrence

USA Today, October 3, 2006

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New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration.

The new "it" counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington.

In recent elections, Democrats have dominated cities and close-in "mature" suburbs, while Republicans sweep newer, outer suburbs and rural America. "The further out you go, the redder things are," says William Frey, a sociologist at the University of Michigan and the Brookings Institution.

Frey and others say future elections will be won and lost in fast-growing suburbs that didn't exist 10 or 20 years ago. "The emerging suburbs are in transition. They're contested," says Lang, director of the Metropolitan Institute at Virginia Tech.

Some of these areas are increasingly ethnic and Democratic, while others are growing more Republican. Some give big margins to GOP presidential candidates but split more evenly in other races. Their housing runs the gamut from mini-mansions to trailer parks. All have enough voters to make them worth fighting for.

Among the counties that could determine whether Republicans keep their House majority:

•Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel.

•Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican.

•Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican.

Democrats lost growing suburbs badly in the 2004 presidential election. Last year Virginia Gov. Tim Kaine broke tradition by carrying Loudoun and Prince William counties, outer suburbs of Washington, D.C. His campaign centered on transportation and education.

Joel Kotkin, an urban historian associated with centrist Democrats, says outer suburbia is terra incognita to many Democrats "yet there's no reason they can't be competitive. These people care about schools and infrastructure. They want economic growth. They have some of the same concerns on foreign policy."

Ruy Teixera, a Democratic analyst, calls the counties "an important part of a winning strategy" even if Democrats can't win them outright. That's because shrinking GOP victory margins in the new suburbs would improve Democrats' chances to carry statewide races for president and state offices.

Matthew Dowd, who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. His research shows most voters in such areas are not ideological; rather, they look for candidates who share their concerns about practical matters such as schools. "They're a force that you can't take for granted," he says.

Lieberman Says He Has Been Promised Seniority (HILL)

By Alexander Bolton

The Hill, October 3, 2006

Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress.

Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision.

But the strongest response is likely to come from Sen. Frank Lautenberg (D-N.J.) who views Lieberman's independent status as an opportunity to press Democratic leaders to restore seniority he lost four years ago.

If Lautenberg retrieves seniority accrued during 18 years of Senate service before retiring in 2000, he could leapfrog Lieberman to lead the Homeland Security and Governmental Affairs Committee or the Environment and Public Works Committee.

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Lieberman has served 18 years in the upper chamber. Lautenberg has served a total of 22 years, but he has only four years of recognized seniority because he retired from Congress for two years in 2000.

While even Lautenberg's allies admit the chances of jumping over as many as five lawmakers on either committee are small, the senator thinks he has a strong case.

Reid, the Senate Democratic leader, does not want to wrestle with these questions in public before the Nov. 7 election.

"The caucus won't make any decisions until after the elections in November," said Reid's spokesman, Jim Manley.

While that response implies that Lieberman's status is to be decided by the entire caucus, senior Democratic aides say questions of seniority are largely decided by Reid.

Lieberman said he would keep his senior position in the caucus, even though he lost Connecticut's Democratic primary, and is running against Democratic nominee Ned Lamont, whom the Senate Democratic leadership has endorsed.

"That's what I've been told," said Lieberman in an interview Friday, before Congress recessed for the election. "Caucuses like to keep as many members as they can, not discourage membership," implying that leaders risk his defection to the GOP if they strip him of seniority.

Lieberman said he assumed that would mean he would continue to serve as the top Democrat on the governmental affairs panel. It would also allow him to become the most senior Democrat on the Environment and Public Works Committee. But Lieberman said his desire is to stay atop Homeland Security and Governmental Affairs.

It looks more and more likely that Lieberman will win reelection. A poll released last week by Quinnipiac University showed Lieberman holding a 49-39 percent lead over Lamont among likely voters.

That could create big problems with Democrats in Congress and around the country if their party takes over the Senate. The governmental affairs panel is primarily responsible for oversight and investigations of the executive branch.

If Democrats take over either the Senate or the House, it is expected they will pour much time and effort into investigating the Bush administration. And many Democrats think Lieberman, who lost the primary race because of his perceived closeness to the Bush administration, is not the right person for that job.

Tom Matzzie, the Washington director of MoveOn.org, a liberal advocacy group that supports Lamont, said Lieberman may be spreading false information to make himself a more attractive candidate.

"This is a Lieberman campaign tactic," he said. "Democratic leaders are supporting Ned Lamont."

Bill Grad, who sits on the Democratic Town Council of Greenwich, Conn., Lamont's home town, said Lieberman has very actively distanced himself from the Democratic Party, and that it was wrong of leaders to promise anything.

"Why should Reid tell the guy in advance that he'll have his seniority. If it comes to that, that's fine. But it's disappointing, it's greatly disappointing that he would be given assurances."

"He's not running as a Democrat," said Grad, who is also a volunteer for Democratic candidate Diane Farrell. "He couldn't be more clear about that. He's not supporting any Democrats running for Congress."

Lamont's campaign did not respond to a request for comment.

Lautenberg does not have anything critical to say about Lieberman, but he calls himself a "dyed-in-the-wool" Democrat and says he wants to see Lamont win.

He also said that as the election approaches, now is the time for him to make the case to colleagues and leaders that he should regain his seniority.

"I will make the case, I will make the case," said Lautenberg emphatically. "The closer to the election, the better the reminder has to be."

"I saved a Democratic seat," he said of his 2002 election. "I financed the race myself at the beginning."

Lautenberg declared his 2002 candidacy about a month before Election Day after former Sen. Bob Torricelli (D-N.J.) suddenly resigned his seat soon after the Senate Ethics Committee rebuked him for accepting improper gifts. Lautenberg won the seat, which Republicans had a good chance of capturing because of Torricelli's ethical troubles.

Lautenberg also spent nearly $1.5 million of his own money on the race.

Sen. Paul Sarbanes (D-Md.), a thirty-year Senate veteran who is retiring at the end of this Congress, said he is sympathetic to Lautenberg.

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"It looks like he has a case to make but I don't know what rule he's working off," he said.

But Senate history is not reassuring for Lautenberg. When Minnesota Sen. Hubert Humphrey (D) returned to the Senate after serving as vice-president under President Lyndon Johnson, he lost all the seniority he accrued before leaving for the White House, said Senate Historian Richard Baker.

Poor New Hampshire? Don't Bet Against The Granite State (RC)

By Stuart Rothenberg

Roll Call, October 3, 2006

Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar.

Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date?

Don't bet on it.

Democratic presidential candidates, as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held.

The DNC has added Nevada between Iowa and the Granite State and scheduled South Carolina for the Tuesday after New Hampshire. Both of the new contests are caucuses, so New Hampshire's status as the first primary state isn't compromised. Still, the Granite State's secretary of state may take action to ensure that the state isn't leapfrogged by Nevada.

If New Hampshire moves up its date, the DNC has promised to punish it by refusing to recognize the state's delegates. In theory, that should encourage Democratic presidential hopefuls to bypass the state rather than expend time and resources in a state with no delegates at the national convention. It won't. All the early potential candidates have indicated they will campaign in New Hampshire, whenever the primary is held.

"There will be an election. People will vote. Reporters will cover it. And the results will influence results in subsequent states. There's nothing meaningful the DNC can do about it," said one veteran Democratic strategist with presidential campaign experience.

New Hampshire really isn't about delegates, although campaigns obviously hope to win some in the primary. Rather, the primary is all about momentum. That means candidates and journalists will show up even if delegates are not at stake.

"It's preposterous to think that we wouldn't cover New Hampshire in the same way we always have," a network political director said to me recently.

Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

But what if New Hampshire keeps the same date? Won't Nevada eclipse it? Again, don't bet on it.

While the South Carolina primary is likely to get plenty of attention from candidates and the national media in 2008, it's unlikely that Nevada caucuses will get anything close to Iowa and New Hampshire in terms of attention.

First, like the well-established Iowa event, Nevada is another caucus, not a primary. Journalists are likely to flock to one event where campaign organization and base voters are important, but are they really going to do it a second time, after all of the hullabaloo around Iowa? Probably not.

And for the campaigns of presidential hopefuls, Iowa's caucuses are a known commodity. Political operatives know who is going to participate and how the caucuses will work. They don't have a clue about how Nevada's caucuses will work, and that means they'll invest far less time and effort in that state, even if it is early in the process.

True, Nevada is a state with a considerable Hispanic population, and that guarantees candidates and some media will be there. But New Hampshire, not Nevada, is likely to be seen as the second big test of the presidential nominating process.

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Cost certainly will be an issue for the TV networks. They will devote considerable resources to the first caucuses and the first primary, but they are less likely to treat Nevada like a major league happening, especially since it is likely to be a Democrats-only event.

"Nevada will be semi-big," insisted a veteran Democratic operative who has played in the Democratic presidential sandbox. "It won't be as big as New Hampshire, even if New Hampshire comes after it. It may not even be as important as South Carolina."

South Carolina is likely to get more coverage than Nevada because it is on the East Coast, because both parties will have primaries the same day and, once again, because reporters and candidates already have come to regard the Palmetto State as an early test. Moreover, the state's considerable African-American population makes it both an interesting story for journalists and a test of candidates' appeal.

I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November.

And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer.

Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar.

Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date?

Don't bet on it.

Democratic presidential candidates, as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held.

The DNC has added Nevada between Iowa and the Granite State and scheduled South Carolina for the Tuesday after New Hampshire. Both of the new contests are caucuses, so New Hampshire's status as the first primary state isn't compromised. Still, the Granite State's secretary of state may take action to ensure that the state isn't leapfrogged by Nevada.

If New Hampshire moves up its date, the DNC has promised to punish it by refusing to recognize the state's delegates. In theory, that should encourage Democratic presidential hopefuls to bypass the state rather than expend time and resources in a state with no delegates at the national convention. It won't. All the early potential candidates have indicated they will campaign in New Hampshire, whenever the primary is held.

"There will be an election. People will vote. Reporters will cover it. And the results will influence results in subsequent states. There's nothing meaningful the DNC can do about it," said one veteran Democratic strategist with presidential campaign experience.

New Hampshire really isn't about delegates, although campaigns obviously hope to win some in the primary. Rather, the primary is all about momentum. That means candidates and journalists will show up even if delegates are not at stake.

"It's preposterous to think that we wouldn't cover New Hampshire in the same way we always have," a network political director said to me recently.

Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

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Stuart Rothenberg is editor of the Rothenberg Political Report.

Veto In California On Electoral College (NYT)

By The New York Times

The New York Times, October 3, 2006

By The New York Times

SACRAMENTO, Oct. 2 — In the end, only one vote mattered.

Saying it ran "counter to the tradition of our great nation," Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote.

The bill, which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president — 270 — would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted.

Mr. Koza said the goal was to force presidential candidates to campaign nationwide, rather than concentrating on a small number of battleground states — like Ohio or Florida — that have a lot of electors. California, while having more electors and voters than any other state, is considered reliably Democratic, and thus not often a part of the presidential campaign.

Thomas J. Umberg, the bill's sponsor in the California Assembly, said that he was disappointed by the governor's decision "to maintain the status quo" and that he would consider taking the proposition to a ballot measure.

After Riding High With Fox News, Murdoch Aide Has Harder Slog (WSJ)

By Julia Angwin

The Wall Street Journal, October 3, 2006

Over the past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot.

Using a similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives. He has started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life

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amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing.

Mr. Ailes's independent streak contributed to the decision last year of Rupert Murdoch's son and heir apparent, Lachlan Murdoch, to quit the company. The younger Murdoch felt Mr. Ailes was undercutting his position, according to people close to the situation.

His style has even affected News Corp.'s relations with other media companies. Executives at CBS Corp., frustrated with the slow pace of negotiations between the two, didn't tell Mr. Ailes they planned to shutter CBS's UPN network, which ran on 10 News Corp. stations, until 10 minutes before the January news conference.

Mr. Ailes's adventures mark a change of pace for one of the world's largest media companies, which owns, in addition to the Fox television business, the 20th Century Fox film studio as well as newspapers and satellite-TV operations. In the past, the company was largely free of the infighting typical of the media business because of the single-minded control wielded by Chief Executive Mr. Murdoch.

But in recent years, Mr. Murdoch, 75 years old, has allowed Mr. Ailes to carve out a larger power base. In the process, that's sparked tensions within the executive suite.

Mr. Murdoch has long been a big supporter of Mr. Ailes, 66, whom he hired a decade ago. Last year, Mr. Murdoch renewed Mr. Ailes's employment contract for another five years. In a written statement, Mr. Murdoch says, "Roger has done a truly amazing job growing Fox News into the number-one news channel." He adds: "Roger has my full support and complete admiration."

Mr. Ailes says any intimation that he has sharp elbows is overblown. "There are lots of things that can be said about me -- but not playing for the full team is not one of them," he says. If the only way to win is to damage someone else, he adds, "you're no damn good."

He says Fox's stations have performed better than expected and that the new network will pick up. On the ratings declines at Fox News, "we're not unaware of a little bit of deterioration," he says, adding that "if you look at all the pressure on cable news, it's amazing that it's held up as well as it has."

A former Republican political consultant who began his career working for President Nixon, Mr. Ailes approaches business with a campaign-like competitiveness. In his political career, Mr. Ailes can claim credit for crafting the television ad that helped sink Michael Dukakis's presidential bid. The ad questioned the candidate's national-security credentials while picturing him riding a tank.

At News Corp., Mr. Ailes insisted on a lot of autonomy. Upon his hiring, he reported directly to Mr. Murdoch, unlike the heads of News Corp.'s other cable channels, who report to a News Corp. executive in Los Angeles. Mr. Ailes also oversees Fox News's ad sales and negotiations with cable operators. The other cable heads handed off those functions to a centralized group. Mr. Ailes says he insisted on those conditions to prevent "second-guessing" about programming.

Go-It-Alone Style

For 10 years, Mr. Ailes's go-it-alone style was successful. In 2002, Fox News toppled Time Warner Inc.'s CNN as the cable-news leader by recasting the medium with snappy on-air personalities, a graphics-heavy presentation and an evening line-up bristling with conservative commentary. CNN never regained the lead, and Mr. Ailes won't let them forget it: Last week, he held a Fox News 10-year anniversary party across the street from CNN's Atlanta headquarters.

News Corp. doesn't report financial results for the Fox News Channel, but says it is one of the biggest parts of the fast-growing cable-networks division. The division reported operating income of $864 million for the year ended June 30. News Corp. has been slow to launch a business-news cable channel that would be under Mr. Ailes's auspices. Mr. Ailes says he wants to wait until the channel has sealed distribution deals.

Mr. Ailes has chafed at interference from other divisions. Last year, when Mr. Murdoch decided to invest heavily in Internet businesses, FoxNews.com was folded into a centralized ad-sales unit. Almost immediately, Mr. Ailes battled to get his division back. He complained that the unit's profits were falling as the centralized division spent to hire more salespeople, even as ad sales rose.

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"We had some disagreements," Mr. Ailes says of his relations with the Internet division. Mr. Ailes says he and the head of the Internet division agreed to part ways during a meeting in December. Despite being associated with the leading cable-news network, FoxNews.com ranks as the 11th largest Internet news site, according to August figures from comScore Media Metrix.

Mr. Ailes had long been interested in the Fox local TV stations. But that was the province of Lachlan Murdoch, Rupert Murdoch's son, who was appointed News Corp.'s deputy chief operating officer in 2000. In 2004, Lachlan Murdoch appointed longtime Ailes lieutenant Jack Abernethy to head the stations. The close relationship between Messrs. Ailes and Abernethy sometimes left Lachlan Murdoch out of the loop, according to people close to the situation.

Lachlan Murdoch, for instance, wanted to postpone airing a new show by Fox News Channel correspondent Geraldo Rivera on local TV stations, according to people close to the situation. He wanted first to cancel "A Current Affair," a failing news program. Mr. Ailes went directly to Rupert Murdoch and won permission to ignore Lachlan's preference, these people say.

Mr. Ailes says he doesn't recall circumventing Lachlan Murdoch. "If that's what happened, I don't know it," he says. "I don't think that's what happened because Lachlan and I get along great." Lachlan Murdoch, who was upset with other decisions made by his father -- such as moving News Corp. headquarters to New York from Australia -- quit the company last summer.

Mr. Murdoch immediately tapped Mr. Ailes to take on the TV station portfolio. The Fox television station group is the largest in the U.S. and an important part of the News Corp. empire. The stations contributed about $1 billion of the company's $3.9 billion operating income in the year ended June 30, 2006.

After he added the station group to his portfolio, Mr. Ailes started introducing more news programming and a greater reliance on Fox News content. Such offerings can be more profitable for local stations, which can sell all the resulting ad time themselves. With many syndicated and network programming deals, local stations have to share the ad time with program makers.

The news operations of local TV stations have started to look like Fox News. Many have imported Fox News's flashy blue and red graphics and its spinning 3-D logo, and have trained local news anchors in Fox News's chatty on-air style. Some markets have also started using a variant of the Fox News tagline, "The most powerful name in news."

Mr. Ailes insists that the stations will remain editorially independent. "Fox News Channel will act as a support mechanism but those are real local stations," he says. "Editorially every news director has got to make his own decisions."

When the new logo rolled out in Los Angeles in April, morning-show host Jillian Barberie jokingly complained on air about the size of the logo, which covered up her shoes. Former New York Fox station anchor Chris Gailus says he wonders whether a cable image is right for local news. "My gut instinct is that people who watch local news may be a bit more traditional about the look," he says.

Mr. Ailes says the feedback from the station managers about the new look has been "ecstatic."

More recently, Mr. Ailes told CNN that News Corp.'s stations will no longer buy its news feeds, something for which he had long agitated. Some station heads had resisted the move, worried, among other issues, about the relatively scanty nature of Fox News's overseas coverage.

Mr. Ailes, who refers to CNN's international channel as the "Anti-American channel," says stations can rely on Fox News and its partners. "We don't think we need to be in the business of paying CNN," he adds.

Overall, Mr. Ailes's changes haven't translated into more viewers. The local stations' latest national ratings -- from May -- were mostly flat to down, according to Nielsen Media Research, which tracks the numbers. The entire industry is in a slump as TV stations across the U.S. struggle with increased competition from Internet and cable television.

In September, Geraldo Rivera's show, the one that Lachlan Murdoch wanted to postpone, drew about the same ratings as the weak program it replaced. "He's doing extremely well in some markets and we need to get a little better in some of the larger markets," Mr. Ailes says. "But he's doing better shows every day, I think."

Station revenues were also flat in the year ended June 30, 2006. Mr. Ailes says the stations did better than the shortfall the company had projected.

Unexpected Project

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One of Mr. Ailes's bigger projects came about unexpectedly. Ten of News Corp.'s 35 television stations used to carry the UPN network, which was owned by CBS. During the fall of 2005, CBS felt that Messrs. Ailes and Abernethy were dragging their feet about renewing the contract, which was set to expire in 2006, according to people familiar with the situation.

"We weren't in a hurry, but we weren't turning it down," Mr. Ailes recalls. Eventually, CBS decided to ditch the network. Mr. Ailes says he got a call from CBS Chief Executive Leslie Moonves 10 minutes before the announcement was made. "Les called me on his way into the press conference," Mr. Ailes says. "Had they signaled any kind of urgency or intensity we would certainly have met with them." He says he met with CBS executives once.

At the news conference, on Jan. 24, CBS announced it would merge the UPN network with Time Warner's WB network to make a new network called CW. CBS said the CW network would air on stations owned by Tribune Co., leaving Fox without a network for its 10 UPN stations.

The announcement left News Corp. scrambling to come up with programming before its annual presentations to advertisers in May. Messrs. Ailes and Abernethy decided to revive an idea that had been kicking around News Corp: translating Spanish-language telenovelas into English. News Corp. produces the episodes on a shoestring budget of $200,000 to $500,000 for each hour-long segment. Traditional network dramas can cost $2 million to $3 million an episode.

MyNetworkTV launched as a new broadcast network in the fall with two debut telenovelas "Desire" and "Fashion House" running back-to-back hour-long episodes every night of the week during prime time. It signed up stations reaching 96% of U.S. households.

In the weeks prior to the launch, News Corp.'s Fox-affiliated television stations promoted MyNetworkTV heavily, even when it competed with the stations' own programming. Some at the Fox broadcast network thought the Fox promotions were suffering as a result, according to people familiar with the situation.

Peter Chernin, News Corp.'s president, expressed concern to executives that there was a "lack of communication" between the stations and the network, says a person familiar with his thinking. Finally, Messrs. Chernin and Abernethy agreed to cut back on MyNetworkTV promotions for the two weeks leading up to Labor Day and then to promote the MyNetworkTV shows within the Fox premieres.

Still, viewers and advertisers have not flocked to the new network. Ratings for the shows have been low. A person close to the situation says the network is losing a million dollars a week.

Mr. Ailes says test audiences liked the shows and that the network's success is a matter of getting the word out. "I probably undermarketed it," he says.

In His New Role, Roger Ailes Has Rankled Colleagues; Slow Start At MyNetworkTV (WSJ)

By William Spain

The Wall Street Journal, October 3, 2006

SAUGET, Ill. -- When construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities.

But across the border in Illinois, the village of Sauget rolled out the welcome mat. "This kind of industry has to go someplace," says the village's president, Richard A. Sauget Jr. "We are very comfortable with it here."

That "Yes, in my backyard" ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads.

Sauget, named for its most prominent family, might offer some lessons for other Midwestern towns desperately seeking economic rejuvenation. Sauget has no downtown to dress up, no chamber of commerce. It has done nothing to try to attract new housing or a Wal-Mart.

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Instead, Sauget has embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois.

"The town allows us to operate as a business, not making moral judgments, but expecting us to obey the law," says Michael Ocello, president of VCG Holdings of Denver, owner of the strip clubs that locals have nicknamed "Ballet du Sauget."

What the village lacks are schools, churches and supermarkets. There is now a village maintenance shed where a school once stood. While Mr. Sauget's three children attend Catholic school, the village pays into the district in nearby Cahokia for kids who go to public schools.

Many of the residents are police officers, firefighters and other village employees. Given the population's relatively static nature, housing turnover is rare. "I have never sold a house in Sauget," says Linda Frierdich, owner of Advantage Real Estate in nearby Columbia, Ill. "I don't think anyone has. Nobody wants to move there."

Yvonne McDaniel, 58, has lived in Sauget for 55 years and raised four children here with her husband, a retired Sauget police officer. "It might not be the most beautiful place in the world but there are more important things than beauty," she says.

Sauget's per capita income of about $19,000 is just $1,000 less than Chicago's. And with annual property and other tax revenues of $7 million -- which works out to a remarkable $28,000 per person -- residents of Sauget (pronounced so-ZHAY) enjoy free sewer service and trash pickup, and a force of 16 police officers and 16 firefighters -- one of each for every 15 locals.

Sauget's location -- just a five-minute drive from downtown St. Louis -- makes it easy for thousands of weekend visitors to sample its nightlife.

But perhaps nothing is more vital to Sauget's success than the unabashedly pro-business leanings of its leading family, the Saugets.

Mr. Sauget, 33 years old, is a former minor-league ballplayer who has been attending village meetings since he was 13 and is known around town as "mayor." He is the third Sauget to be elected village president since the town's founding as "Monsanto," after the chemical giant, in 1926. Members of his family control the Gateway Grizzlies, a local minor-league baseball team, several nightclubs, and a portion of its four square miles, including about 20 of its roughly 100 homes. His father, Richard Sauget Sr., lives in a mansion in Sauget complete with a tennis court and meticulously trimmed lawn and hedges.

Tooling around town in his black GMC Yukon Denali SUV, the younger Mr. Sauget proudly points out the many industrial landmarks. "There's Stellar Manufacturing," he says, adding, "They make the 'hockey pucks,' " the deodorizing cakes used in many public toilets.

Kathy Andria, president of the American Bottom Conservancy, a local environmental group, occasionally gives "toxic tours" of East St. Louis and other poor industrial towns just east of St. Louis. She says Sauget is a must-see because it's a "magnet" for industries that deal with pollutants. "They think of the companies as their constituents."

The village was created to offer Monsanto a tax- and regulation-free dumping location at a time when environmental rules existed mainly at the local level.

"We were basically incorporated to be a sewer," Mr. Sauget says.

The town thrived under the oversight of its first president, Leo Sauget, Richard's great-grandfather, who was once described by the St. Louis Post-Dispatch as "a gentleman farmer who ... would shock blue bloods by showing up at board meetings in overalls." The town also got a reputation for its smell, memorialized in the 1992 song "Sauget Wind" by rock band Uncle Tupelo, which includes the verse, "They're poisoning the air / For personal wealth..."

In the late 1960s, polychlorinated biphenyl (PCB) contamination of land, ground water, rivers and the food chain began to cause concern -- and the Monsanto plant in Sauget was the nation's largest producer of PCBs. Production of PCBs was banned in 1977, but they remain part of a noxious chemical stew at an Environmental Protection Agency Superfund site along Dead Creek in Sauget.

"Sauget is one of the most polluted communities in the region," says Richard Karl, director of the EPA's Superfund Division, Region 5. "It's basically a soup of different chemicals," including PCBs, benzene, toluene, and dioxin and organic solvents. Heavy-metal pollutants include cadmium, silver, selenium and zinc. So far, the agency has spent tens of millions of dollars to clean up the area. "We have eliminated a lot of the direct contact threats but we won't be leaving anytime soon," says Mr. Karl.

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Around the time of the PCB imbroglio, the town changed its name from Monsanto to Sauget, after Leo Sauget, who had just stepped down as village president. Today, the plant is owned by Solutia Inc., which was spun off from Monsanto Co. in 1997, and makes products including oil additives and agricultural chemicals.

Over the years, the town has occasionally sided with local companies in court against regulators and groups worried about pollution. Paul Sauget, Leo's son and successor as village president, once handed a complaining EPA official a gas mask at a public meeting.

A trucking company recently built a terminal and a new dialysis clinic opened next to the ballpark. In August, a new $100 million ethanol plant broke ground. "The heavy industry is not as strong as it used to be, but all the infrastructure is still [here]," Mr. Sauget says. "We have the access, we have the roads. And we will talk to anybody."

All In The Family (WSJ)

By ARTHUR C. BROOKS

The Wall Street Journal, October 3, 2006

Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty.

In one popular book about campus politics, the author writes, "We all know that left-wing radicals from the 1960s have hung around academia and hired people like themselves. . . . [T]hey spew violent anti-Americanism, preach anti-Semitism, and cheer on the killing of American soldiers and civilians -- all the while collecting tax dollars and tuition fees to indoctrinate our children." If the author is right, then the fears about the minds of our children might seem like a lot more than just right-wing paranoia.

Most studies of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one. Imagine a student with God-fearing Republican parents exposed to the depredations of an English professor aiming to use his class as a Bolshevik training camp. Will the professor succeed in turning the kid into a Red? The evidence says, probably not: When it comes to politics, people from conservative families follow their parents, not their professors.

The most recent evidence on this subject comes from the mid-1990s, in the University of Michigan's National Election Studies. These survey data uncover two facts. First, people who go to college are more likely to vote Republican than those who don't go to college. Adults 25 and under from Republican homes are, for example, 11 percentage points more likely to vote Republican if they attended college than if they didn't. And young adults from Democratic households are 11 percentage points less likely to vote Democrat if they've gone to college than if not.

Second, nearly everybody grows more likely to vote Republican as they age -- but especially college graduates. It is no shock that the vast majority of people of all educational backgrounds from Republican homes vote Republican by age 40. It may come as more of a surprise that 40-year-olds with Democrat parents are far less likely to vote Democrat if they've gone to college than if they haven't. In fact, while three-quarters of the uneducated group still vote Democrat, the odds are only about 50-50 that the college graduates vote this way. And they've not all become skeptical political independents: Fully a third are registered Republicans.

Obviously, some kids turn left in college -- but this appears to be the exception, not the rule. Does all this mean that our colleges and universities are actually breeding grounds for conservatism? Hardly. What the statistics really show is that higher education by itself doesn't affect political views very much. Rather, in addition to the strong influence of parents, it is higher incomes -- which typically reward a college education in America -- that push people to the right politically. In Republican families, the income effect reinforces parents' influence on their kids. In Democratic families, the two effects work against each other.

To fearful Republican parents, then: Sleep tight. When it comes to politics, your kids are in good hands -- yours.

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Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming in November from Basic Books.

The Chair Out From Under Them (NYT)

The New York Times, October 3, 2006

Wal-Mart is famous for trimming, squeezing, and slashing costs relentlessly. While the company would like the world to focus on the benefits derived from its low prices, we cannot ignore how the nation's largest private employer often grinds up its hourly workers in the same machine.

There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain. For instance, Steven Greenhouse and Michael Barbaro reported yesterday in The Times that employees at several Florida stores say that managers are barring older employees with back and leg problems from using stools they had sat on for years.

Other employees are complaining of sudden scheduling changes they say are skewed to chase out long-term employees, and wage caps that act as a disincentive for those longer-tenured workers. In a stunning deployment of corporate doublespeak, a memo to store managers describes the wage caps as a way to maintain "internally equitable pay levels." It is true that if everyone is making the same everyday low wages, a perverse form of equality is established among them.

The company says it is not trying to encourage long-term employees to leave, and that the caps encourage them to move up if they want higher pay. Other retailers impose wage caps, the company argues. It is true that Wal-Mart falls under particular scrutiny, but it is in no small measure because it the largest private employer in the country. And, as that internal document last year noted, poorly compensated part-time workers lacking benefits will turn to government programs for the needy instead, a form of backdoor taxpayer subsidy.

But Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice.

As a business, Wal-Mart minimizes costs and maximizes profits. Society says what is fair, sets the rules of the game through government, and imposes minimum standards. Congress must act to raise the minimum wage, which has sat at a paltry $5.15 an hour since 1997, and reform the teetering health-insurance system. Right now, it's sending the wrong message to companies like Wal-Mart.

Richmond's Obstructionists (WP)

The Washington Post, October 3, 2006

LAST WEEK'S stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure.

Step back and consider the events of this year that led to the impasse. Gov. Timothy M. Kaine (D) took office in January promising a major push on transportation funding -- $1 billion a year in new revenue. That number itself seemed an absolute minimum given that the state has produced no new transportation funding source in 20 years, even as population and congestion boomed. Mr. Kaine, along with the Republican-led Senate, made headway in devising a proposal based largely on a palatable menu of higher taxes and fees. But after a months-long standoff they were blocked by Republicans in the House of Delegates, led by Speaker William J. Howell (Stafford).

The assembly reconvened last week in Richmond, ostensibly to try again. But rather than deal with Virginia's most critical problem, Mr. Howell and his acolytes promptly squashed the only serious plan on the table -- one backed by moderate Republicans that would have yielded more than $400 million annually for Northern Virginia. Instead, the speaker and his allies offered up a slapped-together scheme wrapped in a news release claiming that it would produce $2.4 billion for transportation.

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In fact, the $2.4 billion plan combined a large dose of smoke and mirrors with a hefty dollop of fiscal irresponsibility. More than half of it -- $1.5 billion -- would be borrowed and spent, starting in 2008, over just five years. And after that? Zilch. Moreover, Virginia taxpayers would be paying the loan back for 20 years, to the tune of something like $75 million a year in interest. And where would that money come from? Education, public safety, and health and human services. The House GOP leaders weren't talking about that.

They also weren't talking very specifically about how much money their plan would produce for the regions that need it most. And no wonder. Because excluding Metro, which would get $50 million a year, the rest of Northern Virginia's roads, rails and transit would receive just $54 million a year on average over the next decade. That's scarcely enough to build an intersection or a few miles of highway. Compare that with the $700 million annually that the Northern Virginia Transportation Authority says is needed between now and 2030 if the region's tangled roads are to be improved.

No new initiatives for transportation are likely next year, when state lawmakers are up for reelection. But the elections themselves provide an opportunity for fed-up commuters to throw out the Republican hard-liners who are undermining and threatening the future of the state's most dynamic region.

Bush Backs Turkey's Entry To E.U. (WP)

By Michael A. Fletcher

The Washington Post, October 3, 2006

President Bush voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq.

The meeting between the two leaders lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States.

"Our desire is . . . to help people who care about a peaceful future to reject radicalism and extremism," Bush said after the Oval Office meeting. "I made it very clear to the prime minister I think it's in the United States' interests that Turkey join the European Union."

Speaking through an interpreter, Erdogan thanked Bush for the endorsement, adding that "the United States is a strategic partner, a very important strategic partner for Turkey."

Last fall, the E.U. began talks with Turkey with the aim of having the country join the 25-member bloc. But those talks have gotten off to a rocky start, as the E.U. has pressured Turkey to cooperate in reaching a comprehensive settlement for the reunification of Cyprus and on rights for Turkey's Kurdish minority as conditions of membership.

Many European countries are experiencing a surge of anti-immigration sentiment, causing some anxiety around the prospect of admitting a 99 percent Muslim nation that has more than 70 million citizens, many of whom are poor by European standards. Membership in the E.U. can come with relaxed immigration rules.

Meanwhile, support for E.U. membership is beginning to wane among Turkish citizens, although a sizable majority still favor joining.

In an interview, Erdogan said the majority of Turks still view E.U. membership as something that would produce economic benefits and improve their quality of life. At the same time, he said, the European position on the Cyprus issue is causing a backlash against the idea of joining.

"At times, the statements made by the E.U. have a negative impact on Turkish public opinion," Erdogan said.

Cyprus, divided into ethnic Greek and Turkish zones since a 1974 invasion by Turkish troops, was admitted to the E.U. in 2004. Turkey refuses to deal with the Greek zone, which is administered by the island's internationally recognized government. Meanwhile, the Turkish zone, recognized only by Turkey, has been subjected to a widespread diplomatic and economic boycott.

When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades. Fighters for the Kurdistan Workers' Party often cross into Turkey from northern Iraq to launch terrorist attacks, causing Turkey to complain that the United States should do more to clamp down on the group.

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The United States has pledged its support in cracking down on the rebel group, but officials worry that a military offensive would alienate Iraqi Kurds, the group most supportive of the U.S. presence in Iraq. The United States and Turkey have designated envoys to work on a plan to resolve the situation, and in the interview, Erdogan said he is willing to let that process play itself out.

In his statements after his meeting with Bush and in the interview, Erdogan said he is committed to battling terrorism. But he scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam.

"The coinage of such terms as 'Islamic terrorism' or 'Islamo-fascism,' these have injured the Muslim people in the world, and it is best to avoid such characterizations," Erdogan said.

Asked whether he planned to communicate that to Bush, who frequently invokes such phrases in speeches, he said he has in the past. "In the same way as we consider anti-Semitism a crime against humanity," he said, "Islamo-phobia is also a crime against humanity."

Bush Backs Turkey's Bid To Join EU (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 3, 2006

President Bush on Monday endorsed Turkey's drive to join the European Union, commending the nation's leader for overseeing economic reforms.

Bush and Turkey's Prime Minister Recep Tayyip Erdogan said their countries share an agenda of stability in the Middle East.

"Our desire is to help people who care about a peaceful future to reject radicalism and extremism," Bush said with Erdogan at his side in the Oval Office, after their private meeting. The two discussed Iraq, Iran and a series of issues related to combatting terrorism.

Erdogan, speaking through an interpreter, said: "It was important to hear the president say that support for Turkey's membership in the European Union will continue."

A day earlier, in remarks at Georgetown University, Erdogan made a pitch for Turkey's membership, saying that "despite all the uncertainty surrounding us, we have become a country ... that is exporting security and stability to the region."

Including Turkey in the EU, he said, would add "strategic depth" to the organization, moving it from a regional actor to a global power.

In the speech, he also said a deep cultural misunderstanding between Western and Muslim societies is fueling radical groups around the world. Erdogan said overcoming differences between the West and Muslims "requires global cooperation."

"We will either all win, or we will all lose," he said.

Turkey's battle with the autonomy-seeking Kurdistan Workers Party, or PKK, was expected to be a focus of Erdogan's meeting with Bush. Turkish news media quoted Erdogan as saying he would ask Bush to fight the Kurdish rebels based in northern Iraq.

Bush and Erdogan made no mention of the issue after their meeting and took no questions.

Some in Turkey complain about what they see as a lack of U.S. cooperation in the fight against the militants, who frequently launch deadly attacks on Turkish targets.

The United States has pledged its support in cracking down on the rebel group. But Washington has also warned Turkey against pursuing the rebels into northern Iraq, fearing an incursion would alienate Iraqi Kurds.

After Erdogan's meeting with Bush, the prime minister planned to fly to London for talks Tuesday with British Prime Minister Tony Blair.

Kurdish Rebels Said To Fuel Anti-U.S. Views (WT)

By David R. Sands

The Washington Times, October 3, 2006

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Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with President Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country.

Mr. Erdogan, briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization.

Attacks inside Turkey blamed on the PKK have surged again after a long lull, with nearly 100 Turkish security officers killed in clashes with rebels in the first nine months of this year. The revelation that many of the PKK guerrillas use American-made arms has heightened anti-U.S. feeling in Turkey, Mr. Erdogan said.

"Terrorist organizations based in Iraq have been infiltrating into Turkey, as well as their arms," Mr. Erdogan said, speaking through an interpreter. "When the Turkish people learned that some of these arms were American-made, sentiment against America has been created."

Mr. Erdogan said Mr. Bush in their meeting "underlined he would do what he could to attack this problem." He added, "I came out of the meeting more hopeful."

The meeting between the two leaders went nearly twice as long as scheduled, but Mr. Bush did not mention the PKK and discussed terrorism only in general terms when the two leaders met later with reporters at the White House.

Ankara has pressed for the closing of PKK offices in Iraq and for tighter border controls. The U.S. government has warned Turkey against retaliatory attacks across the border in Iraq, fearing it could worsen the already tenuous security situation in Iraq.

Mr. Bush praised Turkey's economic reforms under Mr. Erdogan's moderate Islamist party's leadership, and repeated the long-standing U.S. support for Turkey's membership in the European Union.

Relations between the two NATO allies were badly strained by Turkey's 2003 refusal to allow U.S. and coalition forces to use its territory as part of the staging area for the war that ousted Iraqi dictator Saddam Hussein. Iraq's Kurds, who dominate the northern area of the country on Turkey's borders, have forged close ties with the United States while winning a large degree of autonomy from the central government in Baghdad.

Mr. Erdogan, who faces parliamentary elections within the year, said before his trip to Washington that he would push for "concrete steps" by the United States to curb Kurdish guerrilla activity in northern Iraq. Under U.S. pressure, an Iraqi-based PKK leader declared a "cease-fire" Saturday.

Mr. Erdogan said he also raised the question of the status of Kirkuk, an oil-rich city in Kurdish Iraq that also includes large numbers of Arabs and ethnic Turkmen, who have close ties to Turkey. He said he pressed Mr. Bush to consider a "special status" for Kirkuk, which Iraqi Kurds see as a potential capital, if Iraq should break up politically.

•Joseph Curl contributed to this report.

Bush Says U.N. Force Should Go To Darfur (USAT)

USA Today, October 3, 2006

President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay. The Sudanese government has resisted international pressure to accept a U.N. peacekeeping force, but Bush said the U.N. should deploy such a force anyway.

He dispatched special envoy Andrew Natsios to the region. Natsios said he has been visiting Sudan for 17 years. “I know leaders in all regions of the country, and I'm going to use those contacts and that history to move this process along,” he said. More than 200,000 people have been killed and more than 2.5 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Georgia frees Russians accused of spying

Georgia released four Russian officers whose arrest on spying charges prompted Moscow to announce sweeping travel and communications sanctions. Hoping to defuse tension, Georgian President Mikhail Saakashvili said he had decided to hand over the Russians to visiting Belgian Foreign Minister Karel De Gucht, chairman of the Organization for Security and Cooperation

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in Europe. “It's a very solid case of espionage, subversion and trying to destabilize my country,” Saakashvili said. The arrests last week infuriated Russia, which has put its troops in Georgia on high alert, recalled its ambassador and evacuated its diplomats.

Prime minister: Calm returning to Gaza

Hamas militiamen pulled back from Gaza's streets, and Palestinian Prime Minister Ismail Haniyeh said calm was returning to the area after a deadly explosion of violence between his Hamas group and its Fatah rivals. Fatah militants enforced a general strike in many West Bank towns Monday as a show of strength against Hamas, while the Hamas-led government ordered all ministries closed to protest Fatah attacks on government buildings. The fighting in Gaza erupted Sunday when the government's 3,500-man militia confronted members of the Fatah-dominated security forces who were protesting the government's inability to pay their wages. Fatah militants responded by torching the Cabinet building.

South Korean favored to be U.N. chief

South Korea's foreign minister cemented his position as the front-runner to succeed U.N. Secretary-General Kofi Annan, the only one of six candidates to escape a veto in an informal U.N. Security Council ballot. The Security Council scheduled a formal vote for Oct. 9, making Ban Ki Moon's appointment likely. “It is quite clear that from (Monday's) straw poll that Minister Ban Ki Moon is the candidate that the Security Council will recommend to the General Assembly,” China's U.N. Ambassador Wang Guangya said.

Bush Says U.N. Should Not Wait On Darfur (AP-Y)

AP, October 3, 2006

President Bush said Monday the United Nations should send a peacekeeping force to the troubled Darfur region of Sudan as soon as possible without further delay.

"The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation," Bush said as he dispatched special envoy Andrew Natsios to the region. "In my view, the United Nations should not wait any longer ... ."

The Sudanese government has thus far resisted mounting international pressure to accept a U.N. peacekeeping force in Darfur. Bush contends the U.N. should deploy such a force anyway.

Natsios said he had been going to Sudan for 17 years and "I know leaders in all regions of the country and I'm going to use those contacts and that history to move this process along."

"I think what our objective is, is not just to have a temporary fix for two months, but to try to deal with the root causes of this so we don't have another fourth war in five years, should we end this one successfully," Natsios said in an Oval Office session with Bush and reporters.

Bush Waiver Restores Military Training (AP-Y)

By George Gedda, Associated Press Writer

AP, October 3, 2006

Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House.

All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court.

The administration has taken a tough line against the ICC since its creation in 2002 out of concern that Americans overseas, including military personnel, diplomats and ordinary citizens, could be subject to politically motivated ICC prosecutions.

The following countries are affected by the waiver: Barbados, Bolivia, Brazil, Costa Rica, Croatia, Ecuador, Kenya, Mali, Malta, Mexico, Namibia, Niger, Paraguay, Peru, Samoa, Serbia, South Africa, St. Vincent and the Grenadines, Tanzania, Trinidad and Uruguay.

There was no waiver for programs that finance the purchase of U.S. military equipment by these countries or for their eligibility to purchase excess U.S. defense items.

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The ICC, a United Nations creation, was set up in an attempt to ensure that perpetrators of genocide or crimes against humanity are brought to justice.

Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States.

Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries.

Gen. Bantz Craddock, who oversees U.S. military operations in Latin America, said in Senate testimony last March that military members of all ranks in the region are receiving training in China. In addition, he said, more and more Chinese non-lethal military equipment is showing up in the region.

Craddock testified that in 2003, a year before the law took effect, the United States trained 771 military personnel from countries that are now sanctioned.

U.S. Wins A United Front On Iran (WT)

By Nicholas Kralev

The Washington Times, October 3, 2006

The United States is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week, a senior U.S. official said yesterday.

R. Nicholas Burns, undersecretary of state for political affairs, also said the U.N. Security Council will insist on a clear answer to its demand that Iran suspend its enrichment activity. A "maybe" will be considered a "no," he said.

"For four months now, we've been waiting for an answer," Mr. Burns told editors and reporters at a luncheon at The Washington Times. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

The five permanent council members -- the United States, Britain, France, Russia and China -- along with Germany on June 1 offered Iran a package of economic and political incentives if it suspends enrichment and asked for an answer by the end of July.

When there was no answer, the council passed a resolution threatening sanctions under Article 41 of Chapter 7 of the U.N. Charter and gave Tehran another deadline, Aug. 31. But Iran began negotiating "seriously" with the Europeans only in mid-September, Mr. Burns said, and the Bush administration decided to wait a little longer.

At a dinner in New York on Sept. 18, Secretary of State Condoleezza Rice and her five counterparts agreed that the first week of October would be the absolute deadline for Iran "to say yes or no," Mr. Burns said.

"She agreed with the Russians, Chinese and Europeans," he said of Miss Rice, "that, if Iran said no, we would all go to sanctions together at the Security Council."

He said a scheduled meeting this week between Javier Solana, the European Union's foreign policy chief, and Ali Larijani, Iran's top nuclear negotiator, should bring "clarity."

"If [Iran's answer] is maybe, it's a no," Mr. Burns said. "If it's 'We'd like to negotiate this further,' it has been negotiated for four months. At some point, you have to draw the line. So I think you'll have the answer by the end of the week."

Iranian President Mahmoud Ahmadinejad repeatedly has rejected the calls for suspending enrichment but denies that his country is pursuing a nuclear weapon.

Mr. Burns rejected a suggestion by Kazakh President Nursultan Nazarbayev, made in an interview with The Times last week, that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s. The country received a U.S. promise at that time that it would not be invaded.

But Mr. Burns said the Bush administration has refused to offer security guarantees to Iran because of other concerns, most recently its support for the terrorist group Hezbollah during its war with Israel in southern Lebanon.

"We saw the war this summer not to be just a border war," he said. "We saw this as a new element in the Middle East -- the Iranian and Syrian involvement.

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"We are also very concerned about this nexus of terrorism -- Iran, Syria, Hezbollah, Hamas, [Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine.] We think they are coordinating their actions, and we are trying to push back on that."

Mr. Burns said the Iranian issue would be Miss Rice's primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council.

He also said the Bush administration was waiting to see the results of a cease-fire agreement between Pakistan's government and tribal leaders in North and South Waziristan, an area of Pakistan that many intelligence analysts think is being used as a base for Taliban and al Qaeda attacks on Afghanistan.

"We've told the Pakistanis that, while we understand what they are trying to do in dealing with an extraordinarily difficult situation, we have some questions and concerns about it, and we are going to watch and see how it works," Mr. Burns said.

"Our view is -- and it has been amply and clearly expressed to the Pakistani government -- that they have an obligation to go after the foreign terrorist groups that are our enemies and theirs, and a big problem in Afghanistan."

'Good Progress' In Drawing Up Iran Sanctions: US Official (AFP)

AFP, October 3, 2006

US diplomats have made "good progress" in gaining allies' approval for a list of sanctions to be imposed on Iran if it fails to freeze its uranium enrichment activities, a senior US official said.

US Under Secretary of State Nicholas Burns has been negotiating with his counterparts from the five permanent UN Security Council members plus Germany on what sanctions to include in a UN resolution if Iran pursues its nuclear program.

Those talks have run in parallel with negotiations led by European Union foreign policy chief Javier Solana aimed at convincing Iran to freeze uranium enrichment in return for a package of economic and diplomatic rewards.

Burns "has made pretty good progress in terms of lining up the elements of a resolution with his political director counterparts," said the senior State Department official on condition of anonymity.

"I don't think it would be particularly difficult, given the progress they've made, to pull all this together" into a resolution, he said.

A timetable for pushing ahead with a sanctions resolution could come out of a possible meeting later this week in Europe of foreign ministers from the six nations dealing with the issue -- Britain, China, France, Russia, the US and Germany, he said.

Iran ignored an August 31 deadline set by the UN Security Council for halting enrichment, which can be used to make fuel for nuclear power stations or to provide the core of atomic weapons.

The United States has pressed its Security Council allies to use sanctions to increase the pressure on Tehran, but has met stiff resistance, notably from Russia and China.

At a meeting last month in New York, US Secretary of State Condoleezza Rice agreed to give Solana until this week to negotiate a resolution of the standoff with Iran's top nuclear envoy, Ali Larijani, but so far those talks have yielded no results.

Rice, who began a trip to the Middle East on Monday to discuss the Iranian issue among other things, said she could meet with her counterparts from the so-called P5-plus-1 countries later this week to take stock of the negotiations.

The senior State Department official said that meeting could take place in Europe on Friday.

US President George W. Bush and Russian President Vladimir Putin also discussed the Iranian nuclear issue by telephone on Monday and agreed to stick to "a united position" on the matter, the White House said.

The United States is backing the use of progressive sanctions to force Iran's hand, beginning with restrictions on sales of dual-use equipment and technology which could help Tehran's nuclear program, according to US and European officials.

Other possible punitive measures include assets freezes and travel bans targeting Iranians involved in the nuclear sector.

The senior US official said that while "very good progress" had been made in lining up "the basics" of a first round of sanctions, it could take time to agree on the exact wording of a new UN resolution actually imposing the measures.

"As we know from past practice on this, getting 90 percent there is great, getting the last ten percent sometimes takes longer than you wish," he said.

While Washington has no specific timetable for trying to get a sanctions resolution adopted by the Security Council, he said, time is running out.

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"The last few grains of sand in this hour glass seem to be running through," he said.

EU Official Pushes Iran On Nuclear Plans (AP)

By Paul Ames, Associated Press Writer

AP, October 3, 2006

The EU foreign policy chief said he was resuming talks with Iran's top nuclear negotiator and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited.

But Javier Solana denied he was running out of patience.

"We don't have an infinite length of time in front of us," he told reporters. "I'm not tired and I'm patient because I think that what we have at stake is very important."

Speaking to reporters on the sidelines of a EU defense ministers meeting, he said he would talk by telephone with Iranian negotiator Ali Larijani later Monday.

Solana has been leading negotiations with Larijani on behalf of Britain, France, Germany, China, the United States and Russia, which are seeking to persuade Iran to suspend work on processing uranium in return for a package of incentives.

"We have made progress on some elements but still what is fundamental for us, which is the matter of suspension, has not been finally agreed," Solana said.

Iran's hardline president said Sunday his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel. He denied Iran was seeking to build nuclear weapons and said the program was for generating electricity.

On Friday, the Bush administration repeated threats to seek U.N. sanctions unless the negotiations end successfully. However, Russia and China, which have veto rights at the Security Council, are wary of sanctions.

Igor Ivanov, the secretary of Russia's presidential Security Council, was scheduled to travel to Iran for talks with Larijani on Tuesday, Russian news agencies said Monday.

The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Iran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

Rice Meets With Saudi King On Trip To Rally Arab Allies (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 3, 2006

In Wake of Lebanon War, Secretary of State Looks to Stabilize Middle East, Counter Momentum of Militant Movements

JIDDAH, Saudi Arabia, Oct. 2 -- Secretary of State Condoleezza Rice held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region.

The Bush administration is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the 33-day war in Lebanon between Hezbollah and Israel.

America's top diplomat described that conflict as a clarifying moment in defining the political forces in the world's most volatile region. Many analysts believe the sixth Middle East war at least temporarily boosted the standing of Hezbollah as well as its patron Iran and allies such as the radical Palestinian group Hamas.

Rice is hoping to explore ways of reviving the moribund peace process between Israel and the Palestinians as well as bolster support for the fragile governments in Iraq and Lebanon. U.S. officials privately concede that their expectations for any major movement are low.

To emphasize the growing gap between moderates and militants, Rice may hold talks on Iran on Friday with the foreign ministers of the five permanent members of the U.N. Security Council plus Germany. The subject will be what actions to take

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against Tehran for failing to comply with a U.N. resolution to stop uranium enrichment for an energy program that could be used to develop nuclear weapons.

Rice held a conference call with her counterparts over the weekend to discuss Iran, which missed a formal Aug. 31 deadline. A second, informal deadline passes this week.

"I think it's fair to say that we have not yet heard anything that suggests that the Iranians are going to suspend," Rice told reporters traveling with her, pointing out that Iranian President Mahmoud Ahmadinejad has repeatedly rejected suspending enrichment.

The Bush administration is pressing for punitive sanctions against Iran if it does not agree to suspend enrichment and come to the negotiating table.

Rice said European Union foreign policy chief Javier Solana is likely to "check his sources one more time to see if there is anything more there." Solana has been heading up talks with Iran's top nuclear negotiator, Ali Larijani.

"We did have a discussion of the importance of remaining firm on Resolution 1696, which means that if the Iranians don't suspend, then we will go to the Security Council for sanctions," Rice said.

The U.S. effort to generate new momentum in the Middle East comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released.

An attempt last month between Palestinian President Mahmoud Abbas and Hamas to form a national unity government collapsed, particularly over the issue of recognizing Israel. New clashes in Gaza among Palestinians on Sunday killed six and injured more than 100.

In Jiddah, Rice said she is also hoping to win Saudi political and financial help in Iraq. Guardian of Islam's holy places and ruled by a staunchly Sunni government, the kingdom has particular leverage with Iraq's Sunni tribes.

"Saudi Arabia has a lot of standing with a number of the forces in Iraq" and was "very helpful in trying to get Sunnis involved in the election," Rice told reporters traveling with her. "So I think it would be very helpful if they were supportive of, and working toward," helping Iraqi Prime Minister Nouri al-Maliki's national reconciliation plan.

Rice's trip is a follow-up to President Bush's pledge at the United Nations last month to galvanize moderate voices in the region. Rice is also scheduled to visit Egypt for a meeting with eight foreign ministers and then Israel and the West Bank to discuss peace efforts.

Rice Faces Calls For Progress In Mideast (FT)

By Roula Khalaf, Guy Dinmore And William Wallis

Financial Times, October 3, 2006

Condoleezza Rice, US secretary of state, faces urgent calls for a comprehensive peace between Israel and the Palestinians when she meets eight Arab foreign ministers in Cairo today.

Her first trip to the region since the end of Israel's Lebanon offensive comes as Middle East leaders consider seeking a collective summit with US President George W. Bush after the US mid-term elections, according to senior officials in the region.

Ms Rice's regional tour, which started in Saudi Arabia on Monday, is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos.

But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives.

Pro-western Arab states have emerged weakened from the 34 days of fighting between Israel and Lebanon's Shia Hizbollah guerrillas, their Sunni leaderships all the more alarmed by the growing influence of Shia Iran, backer of Hizbollah, in the Middle East.

The unusual criticism from Saudi Arabia, Jordan and Egypt of the Tehran- and Damascus-backed Hizbollah, whose capture of two Israeli soldiers on July 12 sparked the war, has exposed them to mounting attacks at home. Arab public opinion was outraged by Israel's massive offensive and the US's refusal to call for an early ceasefire.

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Governments are telling the US that it should now seek an "endgame" to the Palestinian-Israeli conflict, not another long, drawn-out peace process based on small, incremental steps. They argue that addressing the region's most emotive issue would help undermine more radical forces that claim to be better champions of Palestinian rights.

"This is not an anti-Iran gathering, but the Gulf states are worried about security issues. Part of it is Iran and the spillover from Iraq. Part of it is the increase of radicalism throughout the region," said a senior Arab diplomat. "To many of these threats the answer is to have a programme to move forward the Middle East peace process."

Ms Rice has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November.

Philip Zelikow, special counsellor to Ms Rice, laid out the State Department's thinking about the region in a keynote speech last month, stressing the importance of a coalition of the US, Europe, Israel and "moderate" Arab states in dealing with the multiple threats to stability in the Middle East, namely Sunni and Shia extremism. What would bind this "coalition of the builders", he said, was a "sense that the Arab-Israeli issues are being addressed".

Clayton Swisher, analyst with the Middle East Institute in Washington, however, said the administration was divided on how to proceed. Arab officials, meanwhile, acknowledge that the political landscape is not conducive to progress.

Nouri al-Maliki, Iraqi prime minister, on Monday announced an initiative aimed at calming sectarian violence which would establish neighbourhood commissions to oversee the work of the security forces, AP adds from Baghdad.

Mr Maliki announced his plan after meeting Sunni and Shia leaders in his national unity government, which is coming under increasing criticism for failure to rein in militias and insurgents. The plan would set up local committees with representatives from political parties in each district of Baghdad, which would report to a central body.

Rice Revisiting Mideast Peace Issue (WT/AP)

By Salah Nasrawi

The Washington Times, October 3, 2006

AIRO -- Eight U.S.-allied Arab countries are banding together to meet with Secretary of State Condoleezza Rice on her trip here, with the hope of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues.

During their meeting today with Miss Rice, the foreign ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan are expected to coordinate efforts to buttress the stature of a moderate Palestinian leader and stem Iran's growing influence.

Miss Rice's visit comes as Arab countries have in recent weeks halted dealings with the Palestinian militant group Hamas. They want it to join a unity government that supports a 2002 Arab League plan that would offer peace to Israel in exchange for land, and they have even started funneling aid through Palestinian Authority President Mahmoud Abbas, Arab diplomats said.

The goal of Miss Rice's tour is to promote democracy and discuss threats to stability, such as Iran, Hamas and Hezbollah, Miss Rice's spokesman said. But the Arab ministers' priority is restarting peace talks.

On Sunday, Egypt's President Hosni Mubarak and Jordan's King Abdullah II called for Palestinian-Israeli talks to be resumed "as soon as possible." Their meeting came as the worst internal Palestinian violence since Hamas took power in March shook the Gaza Strip.

Egypt, a longtime mediator among Palestinian factions and between Israel and the Palestinians, appears to be losing patience with Hamas.

Last week, Egypt's chief of intelligence, Omar Suleiman, demanded the immediate release of Israeli Cpl. Gilad Shalit. Militants close to Hamas captured the soldier in June, triggering Israeli military retaliation. Mr. Suleiman has been working on a prisoner swap.

Mr. Suleiman also told the Syrian-based Hamas leader Khaled Mashaal that the militant group should cooperate fully with Mr. Abbas to form a unity government, a step that has been stalled by Hamas' refusal to join a Cabinet that recognizes Israel.

Jordan, Saudi Arabia and some Gulf states expressed similar concerns. The Gulf Cooperation Council comprises Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

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On Saturday, the Arab press reported that the intelligence chiefs of Egypt, Jordan and some Gulf nations met last week in Aqaba, Jordan, with their Israeli counterpart. Israeli newspapers reported the meeting was held "to discuss the confrontation with the extreme Middle Eastern states and how to handle the threat of terror."

Meanwhile, Hamas' isolation from the Arab fold deepens.

"They are virtually boycotting them. No Arab government talks to them, not even the Arab League," an official from the regional organization said on the condition of anonymity because of the sensitivity of the issue.

Israelis Reach Out To Arab Nations That Share Fear Of Ascendant Iran (WSJ)

By Karby Leggett and Marcus Brauchli

The Wall Street Journal, October 3, 2006

JERUSALEM -- Israel's summer war against Iranian-backed Hezbollah militants has redoubled its concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region.

Leaders across the political spectrum here now agree that Israel must find ways to work with other Middle Eastern states, even if that means dealing with governments that have been hostile to Israel in the past. Asked in an interview last week if Saudi Arabia, a longtime backer of groups that have fought Israel, would be considered a moderate Arab nation Israel could potentially work with, Foreign Minister Tzipi Livni replied bluntly: "Yes."

More keenly debated is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play. This week, U.S. Secretary of State Condoleezza Rice is visiting the region, and she will focus on both Iran, which the U.S. worries is trying to develop a nuclear weapon, and the Palestinian question.

The increased alarm here about Iran has arisen in large measure because of Israel's critical self-assessment of a war that ended indecisively in August, with Hezbollah -- and others in the region -- calling it a defeat for Israel's vaunted military. That left many Israeli leaders worried about an emboldened Iran.

"The main threat in this region is fundamentalism, radicalism and unconventional weapons -- everything under the title of Iran," said Ami Ayalon, a leader of Israel's Labor party.

The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both.

The Nuclear Question

The concern about Iran comes as the international community tries to persuade Tehran to suspend a nuclear program the U.S. believes is aimed at building a weapon. Iran says the program is purely peaceful. Tehran defied one United Nations resolution that had called on it to suspend by the end of August any activities that could produce a nuclear weapon, and the U.S. and Europe are weighing further steps. Israel's worries about Iran are compounded by comments from Iranian leaders, including President Mahmoud Ahmadinejad, suggesting a desire to see Israel eliminated as a state. "History has taught us to listen to this kind of talk," said the foreign minister, Ms. Livni, alluding to the Holocaust.

The more immediate lesson Israeli leaders are taking from the 34-day war in Lebanon is that Iran is building an organized military threat capable of taking on Israel and extending its influence in the region. The Lebanon war began July 12, when Hezbollah militants attacked inside Israel, killing three soldiers and kidnapping two others. Israel responded with a devastating air and ground campaign that killed more than 1,000 Lebanese -- almost all civilians -- and devastated the nation's infrastructure. Hundreds of Hezbollah fighters were killed, according to Israel, along with more than 150 Israelis, mostly soldiers.

Israeli officials and politicians across the political spectrum are convinced Iran represents an existential threat. Withdrawing from territory in the absence of a negotiated deal, as Israel did in Gaza last year and Lebanon in 2000 -- and was contemplating doing in the West Bank before the war -- is increasingly seen as futile. "We had withdrawn from every inch of their territory" in Lebanon, said Benjamin Netanyahu, former Israeli prime minister and current leader of the opposition Likud party, referring to Israel's 2000 pullout from Lebanon. Hezbollah and the Lebanese government contend the withdrawal was

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incomplete because Israel retained control of a parcel of land called Shebaa Farms, and complain of regular violations of Lebanese territory.

Mr. Netanyahu and other leaders believe Iran is a regional threat, pointing out that its influence is growing in Iraq following the model Tehran used to establish Hezbollah in Lebanon. One senior security official said Tehran is funneling increasing sums of money and arms to organizations it supports in Lebanon and now Iraq. "Iran is building an enormous force in Iraq," he said, adding that the goal is to exert influence in the run-up to and aftermath of American and other troops' inevitable exit.

The assessment that Iran is a regional threat and could one day be a nuclear rival unnerves other countries in the region, Israeli officials and politicians say. That has led them to decide they should attempt a new embrace not only of Egypt and Jordan -- which already have formal relations with Israel -- but also Arab countries with which it has had few to no dealings.

"We have to do everything to lead Iran to collapse from internal reasons... the way to do that is to isolate them even in the Arab world," said Ran Cohen, a member of the Knesset, or Parliament, from the liberal Mertz-Yahad Party.

Israel's outreach to moderate Arab states gained some momentum last month when, during a United Nations meeting in New York, Israeli officials held some private meetings with officials from Persian Gulf countries regarding Iran, officials here said. Israeli officials declined to name which countries' representatives they met with, saying the matter is too politically sensitive. Beyond Egypt, Jordan and Mauritania, Israel has no official relations with any Arab League countries.

This process could gain further momentum this week, when Ms. Rice arrives in the Middle East for a new round of diplomacy. In Egypt, where she is scheduled to arrive today, Ms. Rice plans to meet with foreign ministers from the six-nation Gulf Cooperation Council, which includes Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates. Discussions are expected to focus on the Israeli-Palestinian issue and how to possibly restart talks for a political settlement, though the question of Iran and its nuclear program also is likely to be addressed. Like Israel, the U.S. is interested in building a broad regional coalition against Iran.

Palestinian Pressures

Still, Israel could have difficulty winning cooperation from Arab countries if it isn't willing to address their longstanding complaints about its occupation of Palestinian and Syrian territory. Officials in Egypt and Jordan, as well as Gulf states such as Saudi Arabia -- all majority Sunni Muslim states -- do little to hide their anger over Israel's often-harsh treatment of the Palestinians. They are particularly concerned with Israel's bid to unilaterally set its border with the West Bank, a plan that would leave Jerusalem inside Israel.

Radical Islamist groups in the region, including Hamas, cite Israel's control of Jerusalem as justification for its attacks. Al Qaeda, meanwhile, says the U.S. is a legitimate target because of its support for Israel. Saudi Arabia, in what was considered a dramatic move several years ago, offered to get much of the Arab world to recognize Israel in exchange for a withdrawal from all territory Israel occupied during the 1967 war. Israel rejected the idea. Saudi Arabia's peace proposal also reflected its own concern that Islamic radicals are using the Palestinian conflict to build support for their movements.

While there has been some discussion in Israeli circles of whether to open talks with Syria, an Iranian ally but also a key player in any effort to secure peace in the region, few Israeli officials said their country is contemplating the idea in earnest. U.S. officials remain adamantly against it, saying Damascus must be isolated for its role in abetting terrorism in the region.

Specter of an Arms Race

Despite these territorial issues, many Arab states make little effort to hide their concern of a militarily powerful and potentially nuclear-armed Iran. At the start of the Lebanon war, for example, Sunni leaders in the region were openly critical of Hezbollah, a Shiite Muslim organization that has deep ideological ties to Iran. Perhaps the biggest concern, within the U.S. and Israel but also among weaker states such as Kuwait and Jordan, is that a nuclear Iran could spark a regional arms race. Egypt has fed those fears with a recent announcement that it is restarting its own nuclear-power program.

Another major complication is the growing political tension among Palestinian factions, particularly between Hamas, which now runs the Palestinian Authority government, and Fatah, the former ruling Palestinian party. These strains have been worsened by a months-long financial blockade of the Hamas-run government by Western countries, including the U.S.

In recent weeks, Palestinian President Mahmoud Abbas has held discussions with Hamas leaders on the formation of a national unity government that could allow Western countries to end the financial boycott, but the effort has stumbled on Hamas's

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refusal to recognize Israel's right to exist. Officials in Egypt, Jordan and Saudi Arabia also have begun applying political and financial pressure on Hamas to recognize the Jewish state, which Israeli officials say is the bare minimum needed to formally restart peace talks.

Without a breakthrough on this front, progress on the Israeli-Palestinian dialogue is virtually impossible. Meanwhile, violence in Gaza is ticking higher daily, fueling anger and making any solution to the conflict even less likely.

Analysts Warm To Lebanon Results (WT)

By Joshua Mitnick

The Washington Times, October 3, 2006

TEL AVIV -- After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact.

When Hezbollah guerrillas succeeded in capturing two Israeli soldiers in northern Israel just three weeks after Hamas took an Israeli corporal captive in the Gaza Strip, Israelis lamented that their country had lost its ability to intimidate enemies.

And when Israel agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable.

But many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement.

The war destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public.

"We really must shake ourselves out of this mood of pessimism and negative thinking," wrote Daniel Gavron on the English language Web site of the Ha'aretz newspaper.

"There is no reason to assume that a new round of hostilities is about to break out. We are planning to rehabilitate the north; Lebanese are reconstructing their country; the international force is being established.

"Neither side wants to renew the conflict that cost us both so much. The latest reports suggest that even [Hezbollah leader] Hassan Nasrallah, for all his posturing, is behaving himself, and reining in Hezbollah in southern Lebanon."

After the Sunday pullout of the Israel Defense Forces, both Israeli and Hezbollah officials were quoted warning of a new outbreak.

An anonymous Israeli military officer was quoted on the Web site of the Israeli newspaper Yediot Ahronot as saying that the army expects that within two months Hezbollah could begin testing the reaction of Israeli troops along the border with small provocations.

A Hezbollah spokesman reportedly threatened to renew attacks on Israel if its military encroached on Lebanon's land, sea and airspace.

But analysts counter that the Shi'ite militia has suffered too much damage for a quick renewal of the war. Military historian Michael Oren said that although he is pessimistic that the cease-fire brokered by the United Nations will hold, Israel has succeeded in re-establishing a measure of deterrence against Hezbollah.

"There are levels of deterrence. We destroyed Hezbollah's ministate, and Nasrallah is still in hiding," he said. "On the other hand, Hezbollah fired 4,000 missiles into our territory and survived the war. So it's not black and white."

A spokeswoman for Prime Minister Ehud Olmert was cautiously upbeat when asked about the pullout.

"We hope that this new force will bring about a new era of stability along the Israel-Lebanese border," Miri Eisen said, referring to a U.N. force deploying there. "There's always a difference between what you plan for and what happens in the real world. We'll see what happens."

When the Israel-Hezbollah cease-fire first went into effect Aug. 14, analysts and officials described the truce as rickety and delicate. But with the fighting ending, many think Hezbollah is too immersed in rebuilding the south and fending off accusations from rival politicians about the damage of the war.

"I don't think there's going to be a confrontation between Israel and Hezbollah for a while," said Hirsch Goodman, a fellow at Tel Aviv University's Institute for National Security Studies.

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"Hezbollah is going to be focused on its relations with the Lebanese government and the international force -- that is where the real dynamic has developed. The main interaction right now is a dynamic between Lebanon and Hezbollah, and whether it will remain an independent militia in a democratic country."

2 Killed As Palestinian Factions Clash For 2nd Day (NYT)

By Greg Myre

The New York Times, October 3, 2006

JERUSALEM, Oct. 2 — Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting.

"We reiterate to our people to be responsible, not to spread the circle of disagreements and conflict," Mr. Haniya told his cabinet.

However, in the southern Gaza town of Rafah, Fatah supporters held a large demonstration on Monday evening and clashed with members of the Executive Force, a security body established earlier this year by the Hamas government. A policeman and a demonstrator were killed, and more than a dozen people were wounded. In an effort to reduce tensions, the Executive Force pulled back from the main streets in Gaza City, where on Sunday it battled other security units and gunmen aligned with Fatah. In both Gaza and the West Bank, many shops, schools and government offices were closed.

Sunday's fighting, which left seven people dead and dozens wounded in Gaza, came at a time when Hamas, a militant Islamic group, and Fatah, a secular nationalist movement, were struggling to form a national unity government. After the clashes, the effort appears to have become even more complicated.

The Palestinians have a history of fierce but brief internal battles, often followed by relative calm. While Mr. Abbas and Mr. Haniya called for a halt to the bloodshed, officials on each side blamed the other for starting the violence.

The Hamas government "moves from failure to failure and from crisis to crisis," Ahmed Abdel Rahman, a senior Fatah official, said Monday in the West Bank city of Ramallah. "The Hamas government is now endangering the Palestinian people."

Ahmed Yousef, a top adviser to Mr. Haniya, said that recent Fatah-led street protests were part of a broader effort to undermine the government. "We realized there was a plan by Fatah to occupy all government institutions, and we had to send a message," he said, but added that Hamas was prepared to restart talks on the unity government.

In other fighting Monday, Fatah and Hamas gunmen briefly traded fire at Gaza City's main hospital, Shifa, when a family came to retrieve the body of one of those killed Sunday. The shooting caused panic inside the hospital, but no serious injuries were reported.

Also in Gaza, militants set fire to the Agricultural Ministry, causing damage, although no one was hurt. In the West Bank city of Nablus, Fatah gunmen shot and wounded two bodyguards of Nasser al-Shaer, the deputy prime minister, who was not present. In Jericho, a shopkeeper who refused to take part in a general strike called by Fatah militants was shot and seriously wounded, Palestinians said.

In a speech Sunday night on Palestinian television, Mr. Abbas said, "These confrontations have crossed the red line, which we have avoided crossing for four decades."

Mr. Abbas also called for renewed negotiations on a unity government, though there was no immediate sign that more talks were planned. The discussions have been going on for months, and Mr. Abbas and Mr. Haniya announced an agreement in principle on Sept. 11. But since then, the talks have stalled.

A Palestinian fisherman was killed Monday just off Gaza's Mediterranean coast, in what Palestinian officials said was a shooting by an Israeli gunboat. The Israeli military said that naval vessels fired in the air several times to drive fishing boats back toward the shore, but that it was not aware that anyone had been hit.

Israel has imposed tight restrictions on Palestinian boats in recent months, accusing Palestinians of smuggling in weapons by sea.

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The internal Palestinian fighting erupted Sunday when the Executive Force clashed with Fatah supporters in Gaza City and Khan Yunis, a town in southern Gaza.

Tensions have been building in recent weeks, as many government workers staged demonstrations to protest unpaid salaries. Many protesters are linked to Fatah, which controlled the Palestinian Authority government for more than a decade, until Hamas won parliamentary elections in January.

The Hamas government has been unable to pay salaries or govern effectively because the United States and the European Union, regarding Hamas as a terrorist group, have taken steps to cut off aid funds, and Israel has refused to turn over customs and other fees that it collects for the Palestinians.

Secretary of State Condoleezza Rice, on a Middle Eastern trip, plans to meet with Palestinian and Israeli leaders on Wednesday and Thursday, though her agenda appears relatively modest, diplomats in the region said.

Ms. Rice, who will visit Saudi Arabia and Egypt first, will seek to find ways to ease the travel restrictions Israel has imposed on Palestinians and their goods, particularly in Gaza, the diplomats said. She brokered an agreement on Palestinian movements last November, but it quickly broke down.

Russians Raise The Stakes In Georgia Row (FT)

By Neil Buckley

Financial Times, October 3, 2006

Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges.

Moscow's transport ministry ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended.

Neither ministry made reference to the detained officers. Instead, they alleged violations of transport agreements by Georgia and declined to say how long the suspensions would last.

The quarrel sparked by last Wednesday's detention of the men, whom Moscow insists are innocent, has caused the biggest rift in years between the two former Soviet republics and threatens to erupt into conflict.

Vladimir Putin, the Russian president, discussed the situation in a phone call with George W. Bush at the US president's request, the Kremlin said. Mr Putin was said to have told him that any action by a third country that could be interpreted by Georgia as encouraging its "destructive" policy was "dangerous and unacceptable".

Russia recalled its ambassador from Tbilisi, the Georgian capital, last week and evacuated dozens of its diplomats.

At the weekend Mr Putin described the detentions as "state terrorism with hostage taking", likening them to the actions of Lavrenty Beria, the Georgian who was chief of Stalin's secret police.

Russia's moves drew a swift international response, with the Organisation for Security and Co-operation in Europe, which was attempting to act as mediator, calling on Russia to restore transport links immediately.

Erkki Tuomioja – the foreign minister of Finland, current holder of the EU presidency – urged both sides to "hold back from steps that could be seen as provocation". Georgia's gesture of returning the men came after Mikheil Saakashvili, the Georgian president met Karel De Gucht, Belgium's foreign minister and OSCE chairman in office, and appeared to be aimed at defusing the dispute.

The men were handed over in Tbilisi to OSCE representatives and a Russian embassy official at about 5.30pm Moscow time and flew back to Moscow last night.

However, Moscow announced its transport blockade, agreed earlier by Mr Putin and senior security staff, soon after Tbilisi said it would return the officers.

The blockade could hit the Caucasus republic hard. More than 300,000 Georgians work in Russia, many of them sending money home to relatives.

Boris Gryzlov, the speaker of Russia's lower house of parliament, said it was planning to pass legislative amendments that would allow the government to ban banking transactions with certain countries. Relations between Moscow and Tbilisi have

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soured since Mr Saakashvili came to power in the Rose Revolution of November 2003 and moved Georgia out of Moscow's orbit, pursuing EU and Nato membership.

Moscow has called last week's arrests a deliberate provocation.

Russian political analysts said they were a stunt designed to bolster the Georgian president's flagging image as his party faces nationwide municipal electionson Thursday.

Georgia Frees Russian Officers, But Moscow Moves To Retaliate (WSJ)

By Marc Champion

The Wall Street Journal, October 3, 2006

Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries. But Moscow retaliated for the arrests by cutting off transport and postal links, suggesting a tense period ahead.

Georgian officials handed the four Russians to representatives of the Organization for Security and Cooperation in Europe, or OSCE, to be flown back to Russia. Another two officers Georgian police had sought on the same spying charges joined the four on the plane home, according to Russian officials.

The decision to release the men was a recognition by Georgia's government of the high risk attached to its arrest of the officers last week, made partly in a bid to draw international attention to the country's dispute with Moscow over two separatist territories.

OSCE Chairman Karel De Gucht, who flew to Tbilisi to mediate the dispute, said in a news conference with Georgian President Mikhail Saakashvili that the OSCE was committed to preserving Georgia's territorial integrity, a reference to the two territories, Abkhazia and South Ossetia. The territories are under protection of troops led by Russia, which has suggested that it may support their independence.

Over the weekend, Russian President Vladimir Putin accused Georgia of "state terrorism." Reflecting the significance of the dispute to Russia, Mr. Putin yesterday told President Bush, in a phone call in which he also discussed Iran, that any action by a third country seen as encouraging Georgia's actions would be "unacceptable," according to a Kremlin statement. The U.S. has been a strong backer of Georgia's government.

Earlier yesterday, Russia said it was cutting off all transport and postal links to Georgia. Those measures would further cut curtailed trade between the two countries. More than a million Georgians live and work in Russia, and many flights out of Georgia route through Moscow.

Russian parliamentary speaker Boris Gryzlov said the legislature planned to pass amendments enabling the government to ban banking operations with certain countries, according to the Interfax news agency. If applied to Georgia, that could be a devastating move that Georgian officials have long said they feared. Many Georgians rely heavily on the money their family members send home from Russia.

Relations between the two countries have been tense for more than a decade, partly because of the role Russian troops and volunteer fighters played in helping ethnic Abkhaz and South Ossetians to split Abkhazia and South Ossetia from Georgia in the early 1990s. The construction of a U.S.-backed oil pipeline running from the Caspian Sea to the Turkish Mediterranean coast via Georgia, which began operation this year, and the election of the Westward-looking Mr. Saakashvili in 2004 have sharpened the dispute.

This year, Mr. Saakashvili accused Russia of responsibility for bombings just across the Russian border that interrupted the Russian gas pipeline to Georgia during a midwinter dispute over natural-gas prices between Moscow and several increasingly independent former Soviet republics. Russia denied involvement and later banned imports of Georgian wine and mineral water, saying they were unsafe to drink.

Russia Severs Transport Links With Georgia (NYT)

By Steven Lee Myers

The New York Times, October 3, 2006

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MOSCOW, Oct. 2 — Russia announced Monday that it was suspending air, rail, sea and road links to its small southern neighbor, Georgia, taking its first significant retaliatory steps after last week's arrests by Georgia of four Russian military officers on accusations of espionage.

Several hours after Russia suspended travel, as well as postal service, between the countries, Georgia released the four officers into the custody of the Organization for Security and Cooperation in Europe, an international body to which both countries belong that had helped negotiate the release.

The officers and two others in Georgia who were accused, but not arrested, returned to Russia on a flight from Georgia on Monday night.

Their release, however, did not lead Russia to reconsider its actions. A Kremlin spokesman, Dmitri S. Peskov, said the moves were intended to punish the Georgian authorities for what he called a pattern of hostile and provocative acts toward Russia that extended beyond the latest arrests.

"It's a matter of changing their attitude totally," he said in a telephone interview.

"Instead of making steps toward improving relations with Russia," he added, "they are taking steps toward conflict."

Georgia's president, Mikheil Saakashvili, called the release a gesture of good will. But speaking to reporters in the country's capital, Tbilisi, he reiterated his government's accusations that the officers had been spying and vowed to counter Russian efforts to undermine a neighboring country seeking an independent foreign policy. "We cannot be treated as a second-rate backyard of some kind of emerging empire," he said.

Relations between Russia and Georgia — both former republics of the Soviet Union, though hardly equal ones — have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's.

Those conflicts remain at the heart of the country's many clashes with Russia, which maintains peacekeeping forces in both separatist regions, as well as other bases in Georgia that it is moving to close — slowly, according to the Georgians.

Russia's view of Georgia has also deteriorated sharply since the 2004 election of Mr. Saakashvili, who has tried to steer the country on a more westerly course. Last month, Georgia agreed on a plan for negotiations that could lead to membership in NATO, an anathema to Russia.

Georgian officials accused the Russian officers of recruiting agents and plotting attacks inside Georgia, showing what they asserted was videotaped evidence. The reaction in Russia has at times sounded warlike, with some lawmakers and commentators saying Russia should retaliate by force, if necessary, or halt the withdrawal of Russian forces there.

International mediators intervened over the weekend in an effort to calm the situation. The chairman of the O.S.C.E., Foreign Minister Karel De Gucht of Belgium, flew to Georgia's capital on Monday to preside over the release of the officers.

He said their release came after negotiations over the weekend involving Georgian, Russian, European and American officials, including Secretary of State Condoleezza Rice.

The Kremlin also reported that President Vladimir V. Putin and President Bush discussed Georgia in a telephone conversation on Monday. Mr. Peskov, the spokesman, said Mr. Putin stressed that "no third country should make steps" that encouraged Georgia's intransigence, though he said that did not mean the United States.

On Sunday, the Kremlin denounced the arrests as "state terrorism" in a statement, though Mr. Putin's published remarks were more tempered. He accused the Georgians of "creating ever new crisis situations" to divert attention from the country's problems.

The impact of a suspension in travel between the countries — and how long it might last — remained unclear. A spokeswoman for Aeroflot, the Russian state-controlled airline, said that Monday night's flight to Tbilisi had been canceled. The chief of Russia's railroads said it would cancel an order for spare parts from Georgia.

Russia has already severely dented Georgia's economy by imposing a ban, ostensibly for health concerns, on wine and mineral water — two of Georgia's most significant exports.

In his appearance with reporters on Monday, Mr. Saakashvili repeatedly referred to what he called "freedom wine," vowing that Georgia would be undeterred by Russian economic or diplomatic pressure.

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Russian 'Spies' Freed, But Moscow Vengeful Georgia Faces Sanctions For Arrests (WT/AP)

By Misha Dzhindzhikhashvili

The Washington Times, October 3, 2006

TBILISI, Georgia -- Georgia released four Russian officers whose arrest on spying charges angered its giant northern neighbor, but a vengeful Russia pushed ahead yesterday with punitive sanctions aimed at dealing a painful blow to the economically struggling Caucasus nation.

Georgia's agreement to release the men -- even as it reaffirmed the spying accusations against them -- appeared to be a capitulation that underscored its vulnerability.

The tension reflected Moscow's difficult relations with Georgia, which has defied President Vladimir Putin with a pro-Western stance, hosts unwanted Russian troops on its soil and is facing two Russian-backed separatist movements that could flare up in renewed violence.

Infuriated by Wednesday's arrests, Russia put its troops in Georgia on high alert, recalled its ambassador and evacuated its citizens. And even though Georgian officials announced early yesterday that the officers would be handed over to the Organization for Security and Cooperation in Europe and sent home, Russia's transport and communications ministries declared that all air, road, rail, sea and postal links with Georgia would be suspended starting today.

In a potentially even more crippling blow, Russian lawmakers scheduled debate this week on a bill that could bar Georgians living in Russia from cabling money home. Russian officials say about 300,000 Georgians live in Russia; some estimates put the number far higher -- at about 1 million. Georgia's population is 4.7 million.

Russia's lower house speaker, Boris Gryzlov, said yesterday that Georgians living in Russia send home an estimated $1 billion a year. In June, Mr. Putin put the amount at $1.5 billion to $2 billion annually -- an amount comparable to Georgia's state budget.

Yesterday's sanctions follow a government session at which Mr. Putin denounced the arrests as "state terrorism involving hostage-taking" and ordered top Cabinet members to draw up retaliatory measures. "These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Mr. Putin questioned ominously.

Russia's chilly relations with Georgia have worsened steadily since President Mikhail Saakashvili came to power after Georgia's 2003 "Rose Revolution," vowing to take the country out of Russia's orbit, bring breakaway provinces back into fold and join NATO in 2008.

The Kremlin said Mr. Putin discussed the situations in both Georgia and Iran with President Bush in a phone conversation yesterday.

Mr. Putin underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy," the Kremlin said in an apparent reference to U.S. support for Mr. Saakashvili's government.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked -- adding to Russian suspicions that it was behind the latest tensions.

Enough Bullying (WP)

The Washington Post, October 3, 2006

RUSSIAN PRESIDENT Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called "the greatest catastrophe of the 20th century." Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. One particular target is the small Caucasian state of Georgia, which has infuriated Mr. Putin by embracing liberal democracy and turning toward the West.

A Russian attempt to strangle Georgia has been slowly escalating. Moscow banned Georgia's principal exports in March and has been encouraging two separatist regions, protecting their rebel regimes with troops and granting Russian citizenship to

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many of their residents. Last winter Georgia's natural gas supplies, which come from Russia, were disrupted for weeks by sabotage of pipelines.

Now comes a new escalation: Last week the Georgian government announced that it caught a number of Russian army officers based in Georgia engaging in blatant espionage activities. When it arrested four of them, Mr. Putin seized the occasion to withdraw his ambassador and many other diplomats. He also closed air, sea and land links between the two countries and suspended the issuance of visas. His rubber-stamp parliament is taking steps to block remittances by the hundreds of thousands of Georgian workers in Russia.

Yesterday, pressed by the Bush administration, Georgia allowed the Russian officers to return home. But Russia continued its bellicose acts, while improbably claiming that it -- and not the poor nation of 5 million it is besieging -- is the victim of aggression. In a telephone conversation, Mr. Putin told President Bush that "it was unacceptable for other countries to take steps that Georgia could interpret as support," according to the Russian news agency RIA Novosti.

Mr. Bush ought to reject that imperious warning. U.S. diplomats in fact have spent the past several days urging compromise and caution on the part of Georgia's sometimes impulsive president, Mikheil Saakashvili. But the United States has not only the right but also the duty to support Georgia's independence and Mr. Saakashvili's aspirations to consolidate liberal democracy and steer his country toward membership in NATO. As the Georgian president rightly said yesterday, "The message to Russia is: 'Enough is enough.' "

S. Korean Strongly Backed To Lead U.N. (WP)

By Colum Lynch

The Washington Post, October 3, 2006

UNITED NATIONS, Oct. 2 -- The U.N. Security Council's five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat.

The Korean diplomat secured 14 votes in favor of his candidacy, including from all of the council's five veto-wielding powers -- the United States, China, Russia, France and Britain. Only one non-permanent council member, voting anonymously, expressed no opinion.

Key senior council members said it is all but certain that Ban will become the eighth secretary general, replacing Kofi Annan of Ghana when he steps down at the end of December.

But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee.

"It is quite clear from today's vote that Minister Ban Ki Moon is the candidate the Security Council will recommend" to the General Assembly, China's U.N. ambassador, Wang Guangya, told reporters.

Ban would take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world, including a peacekeeping army of more than 70,000 "Blue Helmets."

Ban's selection would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted by political divisions over the U.S.-led war in Iraq, U.N. mismanagement of the oil-for-food program and a series of sexual-misconduct scandals in U.N. peacekeeping operations.

During his campaign, the Korean diplomat has pledged to play a role in smoothing differences between the developing world and the United States and other Western powers, which have clashed over U.N. reform priorities.

He vowed to pursue some key objectives of the United States, a close military and political ally of South Korea, saying reform of the United Nations' management and financial practices would be his "job number one." He also intends to play a more active role than Annan in urging North Korea to scrap its nuclear weapons program.

"We are very pleased with the outcome here, very pleased," said John R. Bolton, the U.S. ambassador to the United Nations, after the vote. Bolton said he could not "rule out the possibility" that a new candidate might enter the race to mount a final challenge to Ban. But, he added: "I don't think there's much doubt what the outcome is at this point."

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Some of Ban's rivals had privately complained that the South Korean government ran a costly political campaign, involving trade deals and pledges of aid for Security Council members, to secure Ban's victory.

But some of Ban's competitors rallied behind the Korean diplomat.

Shashi Tharoor of India, who placed second in today's ballot, conceded defeat after the vote, saying that he had written Ban to congratulate him on his victory. "It is clear that he will be our next secretary general."

"It is a great honor and a huge responsibility to be secretary general, and I wish Mr. Ban every success in that task," Tharoor said. "The U.N., and the world, has a stake in his success."

The emergence of Ban as the likely new U.N. leader ended a rare public campaign for a post that has been traditionally selected in secrecy by the world's major powers. But the campaign followed past practices of limiting the field of viable candidates to a single region, in this case Asia.

Although one candidate hailed from outside the region, Latvian President Vaira Vike-Freiberga, China made it clear that it would block any non-Asian candidate from reaching the top job.

China's U.N. envoy said his government is confident in Ban. "I think that he is experienced. He's low-key but very firm, and he's decisive," Wang said.

Council Backs South Korean For U.N. Secretary General (NYT)

By Warren Hoge

The New York Times, October 3, 2006

UNITED NATIONS, Oct. 2 — Ban Ki-moon, the foreign minister of South Korea, on Monday virtually assured his selection as the next secretary general of the United Nations, winning overwhelming support in a final informal poll of the Security Council.

The Council scheduled a formal vote for next Monday to make its verdict official, which should lead to Mr. Ban's being elevated to the position of the world's most important international civil servant on Jan. 1.

Secretary General Kofi Annan is to step down Dec. 31 after two five-year terms, and under United Nations procedures, the 15-member Council selects one name and sends it to the 192-member General Assembly for appointment.

Mr. Ban nailed down his selection by winning his fourth straight informal poll, this one with a different colored ballot for the five veto-bearing members — Britain, China, France, Russia and the United States — to show whether any of them were opposed.

In a contest in which the ambassadors had the options of voting "encourage," "discourage" or "no opinion," Mr. Ban won 14 positive votes, no negatives and one "no opinion," from one of the 10 rotating members.

There were objections from permanent members — signaling potential vetoes — against all five of the other active candidates. (One had withdrawn.)

Mr. Ban will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts.

He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures. At the same time, it is a moment when the United Nations finds itself back at the center of many of the world's most intractable problems in places like Lebanon, Sudan, Iran, Kosovo and North Korea.

Mr. Ban has said he will devote particular attention to efforts to broker a settlement in the Middle East.

Mr. Ban, 62, is a soft-spoken man who in six months of campaigning around the world has had to learn the Western art of self-promotion after early audiences complained they found his laid-back presentation underwhelming. He still frequently cites his own "humility" in exercising responsibility, but argues that it is an asset that should not be confused with indecisiveness.

In response to concerns about whether he has the strength and presence to be secretary general, he has pointed to his leadership in the weighty and delicate talks aimed at ending the nuclear standoff with North Korea.

Mr. Ban is familiar with the United Nations, where he served as first secretary at the South Korean mission from 1974 to 1978 and was chief assistant to Han Seung-soo, president of the General Assembly in 2001. He has also served as director of the United Nations division at the South Korean Foreign Ministry.

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His selection will carry great resonance in South Korea, a country created by the United Nations in 1948 and defended by United Nations-authorized troops in the Korean War.

In his lifetime, South Korea has been a model for development, transformed from a war-torn impoverished country into one of the world's wealthiest.

As a foreign service officer for three decades, Mr. Ban has been a top official in the Korean Embassy in New Delhi and ambassador to Austria. He became foreign minister in January 2004.

He says he first dreamed of becoming a diplomat when, as an 18-year-old student visiting Washington in 1962, he met President Kennedy at the White House.

Mr. Ban has had extensive contact with the United States and is considered politically close to Washington. John R. Bolton, the American ambassador, said after the vote, "The United States is very pleased with the outcome."

Six of the seven candidates were Asian in a year seen as Asia's turn at the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

As in the previous three votes, the second finisher on Monday was an Indian, Shashi Tharoor, 50, the under secretary general for public information. He received 10 positives, 3 negatives and 2 "no opinion" votes.

The next four, who trailed far behind, were Vaira Vike-Freiberga, 68, the president of Latvia, the only woman and non-Asian in the race; Ashraf Ghani, 57, a former finance minister of Afghanistan and current chancellor of Kabul University; Surakiart Sathirathai, 47, the deputy to Thaksin Shinawatra, the prime minister of Thailand who was deposed in a military coup last month; and Prince Zeid al-Hussein, 42, Jordan's ambassador to the United Nations.

Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, withdrew Friday after drawing only three positive votes in the third balloting.

South Korea's Ban Wins Support From Major Powers To Head U.N. (WSJ)

By Evan Ramstad, South Korea And Neil King Jr.

The Wall Street Journal, October 3, 2006

South Korean Foreign Minister Ban Ki Moon won the decisive support of the U.S. and other major powers to head the United Nations during a time of mounting challenges and upheaval within the world body.

The straw-poll vote yesterday effectively seals Mr. Ban's bid to succeed the departing Kofi Annan, of Ghana, who became U.N. secretary-general in 1997. The five veto-wielding Security Council members -- the U.S., France, Britain, China and Russia -- all voted to support Mr. Ban's candidacy, which the South Korean government actively promoted, over rivals from India, Jordan, Thailand, Latvia and Afghanistan. An official vote, followed by General Assembly approval, is expected later this month.

Mr. Ban, 62 years old, will face an array of challenges, from the need to gut and remodel the U.N.'s 38-story New York headquarters to efforts to get a U.N. peacekeeping force into the Darfur region of Sudan. The U.N. has become a forum for tackling many of the world's most-pressing crises, including efforts to mediate in Lebanon and to corral the nuclear ambitions of North Korea and Iran.

The U.N. also has drawn criticism: The developing world is seeking more influence within the Security Council, while many lawmakers in Washington see the organization as toothless and indecisive.

U.S. officials said they hope the soft-spoken Mr. Ban will push a range of internal U.N. reforms begun by Mr. Annan while eschewing the high-profile role of world diplomat that he pursued. South Korea is traditionally an ally of the U.S., though Seoul has recently leaned toward China amid booming economic ties and shared views on some issues. Having Mr. Ban at the U.N. could improve Washington's ties with Seoul while helping the U.S. in at least some of its overhaul goals for the U.N.

After the balloting, the U.S. ambassador to the U.N., John Bolton, said "the United States is very pleased with the outcome of the vote."

Mr. Ban's views on North Korea may be at odds with the U.S. government's desire for a tough response to Pyongyang's nuclear-weapons ambitions. Mr. Ban, who became foreign minister in 2004, supports Seoul's view that talking to North Korean leaders and offering economic incentives to encourage change is preferable to threats and sanctions.

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Last year, he often represented South Korea in the six-nation discussions over North Korea's nuclear-weapons program. Those talks produced a tentative agreement for North Korea to suspend further development in return for economic aid. But Pyongyang later balked at the deal. North Korea's decision to test-fire seven missiles in July prompted the U.N. Security Council to adopt a resolution sanctioning Pyongyang.

Mr. Ban hasn't detailed publicly his thoughts about how to run the U.N., but he has expressed support for change at the international body. In a May speech, he described the U.N. as "overstretched and fatigued" and argued that it should focus more on "delivering results in the hundreds of pressing items already on its agenda" and not "identifying new frontiers to conquer."

ISSUE BRIEFING

• South Korea's Ban leads1 the pack for U.N. secretary-general, but the race isn't over.

Mr. Ban has said he believes the U.N. is facing a critical test to keep multilateralism relevant. A sluggish bureaucracy and scandals over contracting have hurt the organization's reputation. Mr. Ban said he may apply lessons learned while heading South Korea's foreign ministry, where he implemented performance-based criteria for jobs and promotions to replace a tenure-based system.

Mr. Ban is a longtime diplomat whose background reflects a deep belief in the U.N.'s mission. In the early 1950s, dozens of countries, led by the U.S., fought under the U.N. umbrella alongside South Korea against the communist North in the Korean War. After the war, the U.N. and U.S. coordinated the rebuilding of the country.

South Korean President Roh Moo Hyun urged Mr. Ban to run for the post, and many prominent South Koreans threw their support behind his bid.

South Korean Set To Succeed Annan At UN (FT)

By Mark Turner In New York

Financial Times, October 3, 2006

Ban Ki-moon, the South Korean foreign minister, emerged as almost certain to become the United Nations' next secretary general after winning close to unanimous support in the Security Council.

In what is now expected to be the Council's last straw poll, which for the first time differentiated between the five veto-wielding powers and the 10 elected members, Mr Ban won 14 'encouragements', and one 'no opinion', with all permanent members in favour.

His closest competitor, India's Shashi Tharoor, won 10 votes of encouragement and three votes against, including one veto, and on Monday evening conceded his race was over. The remaining candidates trailed far behind.

"It is clear he [Mr Ban] will be our next secretary general," said Mr Tharoor after the vote. "The United Nations and the world has a stake in his success."

He said he would return to his post as the UN's information chief, although adding that he considered "all options" open for his future.

Security Council ambassadors said they expected to hold a formal vote on Monday, and while it was theoretically conceivable that another candidate could still step forward, they said that was highly unlikely at this late stage.

John Bolton, the US ambassador to the UN, declared he was "very pleased with the outcome", and thought there was not "much doubt" as to the final result. Kenzo Oshima, the Japanese ambassador, said there was a sense that "on the basis of today's [Monday's] ballot, the council is now ready."

"On Monday we will be in a position to make a recommendation," said Emyr Jones Parry, the British ambassador, referring to the formal process whereby the UN General Assembly is asked to rubber-stamp the outcome.

Some countries not on the Security Council, including Canada, had championed greater input from the assembly, including the possibility that it be given more than one candidate to choose from, but their proposals were rejected.

Mr Ban's campaign, which began eight months ago, is likely to be studied closely by future aspirants for the post. His speeches focused on the need for UN reform, but studiously avoided any controversy – winning him few admirers in the media, or even amongst diplomats.

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Until around a month ago, there had been a sense that another candidate would emerge and win, but Mr Ban surprised everyone by garnering widespread support in two undifferentiated straw polls.

When asked if the Korean represented a lowest common denominator outcome, Wang Guangya, China's ambassador to the UN, called him "low key but very firm. He's decisive. Sometimes Asians show their quality in a different way."

Ban Ki-Moon Cements Hold On U.N. Post (AP)

By Nick Wadhams, Associated Press Writer

AP, October 3, 2006

South Korea's foreign minister cemented his position as the near-certain successor to U.N. Secretary-General Kofi Annan on Monday, the only one of six candidates to escape a veto in an informal Security Council ballot.

The Security Council was expected to hold a formal vote to pick the eighth secretary-general in the United Nations' 60-year history on Oct. 9, making Ban Ki-Moon's appointment almost assured. The 192-nation General Assembly must approve the council's recommendation, and traditionally does so without protest.

"It is quite clear that from today's straw poll that Minister Ban Ki-Moon is the candidate that the Security Council will recommend to the General Assembly," China's U.N. Ambassador Wang Guangya said.

While the informal poll is nonbinding and the results could change, diplomats and candidates left little doubt that Ban would win. Soon after the results became known, India's Shashi Tharoor, the U.N. undersecretary-general for public information, announced he was leaving the race even though he placed second to Ban in all four of the informal polls.

"It is clear that he will be our next secretary-general," Tharoor said.

If Ban does indeed win the race, his selection will have been marked by unprecedented speed, consensus and calm. In the past, U.N. chiefs have often been elected as time runs out, after heated negotiations and numerous rounds of voting.

Annan himself was a compromise candidate in 1996 who emerged late and only after the United States blocked Boutros Boutros-Ghali's bid for a second term. Annan's example also shows how unpredictable the process can be: during informal polling at the time, France consistently vetoed him before changing its vote at the last minute.

In Monday's poll, the 15 council nations checked one of three boxes for each candidate in the secret ballot: "Encourage," "discourage," and "no opinion." For the first time, the five permanent members of the council — Britain, China, France, Russia and the United States — were given blue ballots to show the candidates if they could escape a veto.

According to the results, Ban received 14 votes in favor and a white "no opinion" ballot cast by one of the 10 rotating members of the council. Every other candidate received at least one no vote from a veto-wielding member.

Tharoor received 10 favorable votes and three against. One of those negative votes was a veto. Latvia's President Vaira Vike-Freiberga was next with five in favor, six against — including two vetoes — and four undecided votes.

Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, and former Afghan Finance Minister Ashraf Ghani each received four votes in favor. But Ghani had 11 votes against him including three vetoes, and Surakiart had seven no-votes, among them two vetoes.

The last candidate, Jordan's U.N. Ambassador Prince Zeid al Hussein, had only two votes in favor and eight against, with one veto.

Bolton said the council would meet on Oct. 9 to hold its formal vote, while Japan's U.N. Ambassador Kenzo Oshima, president of the Security Council for October, said that was the likely date.

Bolton said he'd wanted the vote by the end of the week, but agreed to delay so candidates could decide to drop out and new ones could come forward.

But the council wants the process finished by the end of October, and Bolton suggested there wasn't enough time.

"New candidates still have the option of coming forward, but we've been waiting for new candidates and I don't know of any, there's no speculation of any," Bolton said. "I'd be surprised if new candidates came forward."

Associated Press reporter Paul Burkhardt contributed to this story.

Korean Wins A Final Poll For U.N. Chief (WT)

By Betsy Pisik

DOJ_NMG_0073538

The Washington Times, October 3, 2006

NEW YORK -- The Security Council is poised to select South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general as soon as Monday, after his fourth consecutive strong showing in a straw poll yesterday.

Fourteen council members yesterday endorsed his candidacy in principle, while one unnamed nation offered "no opinion."

The vote is likely to take place Monday, council diplomats said yesterday.

"We have a lot of respect for Foreign Minister Ban," said U.S. Ambassador John R. Bolton after yesterday afternoon's poll. "We know him well from his service in Washington and think very highly of him professionally and personally."

"I can say the United States is very pleased with the outcome of the vote," Mr. Bolton added.

The poll yesterday was the fifth in the council and the first to reveal which of the five permanent members cast "discourage" votes -- a situation that could turn into a veto.

After the poll, U.N. communications chief Shashi Tharoor, who placed second, dropped out of the race.

"It is clear that he will be our next secretary-general," Mr. Tharoor told reporters. "It is a great honor, and I wish Mr. Ban every success in that task."

Mr. Tharoor received 10 "encourage" votes yesterday, but one of the three negative votes was cast by a permanent member.

Latvian President Vaira Vike-Freiberga placed third with five encouragements, but two of the six negative votes were cast by permanent members -- most probably China and Russia.

Former Thai Deputy Foreign Minister Surakiart Sathirathai and former Afghan Finance Minister Ashraf Ghani won four "encourage" votes each.

The first and last candidates to declare their intentions were opposed by permanent members. Jordanian newcomer Prince Zeid Ra'ad Zeid al Hussein won two favorable votes yesterday. Sri Lankan diplomat Jayantha Dhanapala withdrew over the weekend.

While ambassadors were inside with their paper ballots -- white for elected members, blue for permanent -- reporters and envoys gathered in the corridor outside, talking and making informal wagers.

When diplomats emerged from the chambers, they were gently besieged as the news of the tally filtered out.

"I believe among the five-six Asian candidates, each had advantages," said Chinese Ambassador Wang Guangya. But Mr. Ban, he said, has experience.

"He is low-key but firm, and he is decisive," Mr. Wang told reporters. "Sometimes the Asians show their qualities in a different way. I do hope he will be a good candidate for the job of the secretary-general."

Mr. Ban, who is in Seoul this week, was informed of the results by Japanese Ambassador Kenzo Oshima, president of the council for October.

South Korea's minister of foreign affairs and trade since 2004, Mr. Ban, 62, appears to be more of a consensus candidate than a passionate first choice. He speaks French and English as well as Korean, and is well-known to most of the key foreign ministries on the council and in the United Nations.

In a recent interview with reporters and editors of The Washington Times, Mr. Ban vowed that reforming the almost 61-year-old organization would be one of his priorities.

"The U.N. needs to be changed, to be more effective in taking on these challenges and agendas," he said.

"The U.N. Secretariat must be changed and reformed. It needs to be reborn, so that it is more effective, more efficient and more relevant. It must regain the trust of the major stakeholders," he added.

"Unfortunately, the U.N. has been somewhat discredited by scandals and the nonprofessional performance of its peacekeepers and other employees. The highest priority is to change the culture under which the Secretariat staff has been operating. The staff must be made more professional and more accountable," Mr. Ban said.

•David Sands contributed to this report from Washington

S. Korean Poised To Succeed Annan (LAT)

By Maggie Farley

The Los Angeles Times, October 3, 2006

UNITED NATIONS — South Korean Foreign Minister Ban Ki-moon is one step away from being named the U.N.'s next secretary-general, after winning the support of all five permanent Security Council members in an informal poll Monday.

Ban, 62, won the support of 14 of the Security Council's 15 members in a closed-door poll, with one nonpermanent member expressing "no opinion." The balloting was secret, but permanent members marked blue ballots to distinguish their votes. A rejection by a veto-holding nation — Britain, China, France, Russia or the United States — can be enough to end a candidacy.

"To the U.S. government, he is well known and highly respected," U.S. Ambassador John R. Bolton said after the Ban poll. "He has had extensive experience in bilateral and multilateral diplomacy and as foreign minister and an ally of the U.S."

The council will hold a formal ballot next Monday, and then the General Assembly must vote.

Secretary-General Kofi Annan, from Ghana, steps down Dec. 31 after two five-year terms. Annan has called the post "the world's most difficult job" and joked that "S.G." stands not just for secretary-general, but also for "scapegoat."

Ban would inherit a sprawling bureaucracy of 9,000 workers and a $5-billion budget, with aid agencies and 18 peacekeeping operations spanning the globe.

He said in an interview last week that he wanted "to make the U.N. relevant again," aware that its image had been damaged by scandals and management failures. He argued that the Security Council's role at the center of peace talks in the Middle East and negotiations in Iran, North Korea and Sudan demonstrated the U.N.'s crucial role in world affairs.

Ban, a career diplomat, has been posted to India, Washington and Austria. In 2001, he served as chief of staff to the U.N. General Assembly president. As South Korea's foreign minister, he has been involved in six-nation talks about North Korea's nuclear program, an issue he says he would like to be personally involved in if he becomes secretary-general.

A low-key, steady civil servant, he is a self-described "consensus-builder" and is aware that some people say he lacks charisma. But he believes that working quietly behind the scenes is the best way to craft an agreement.

Chinese Ambassador Wang Guangya agrees.

"I think that he is an experienced one — he is low-key but very firm. He is decisive," Wang said Monday.

Ban, who has been careful not to alienate Security Council members, has taken up the call for reform of the United Nations, a popular stance.

"The organization suffers from a chronic weakness: its inability to set priorities and make choices," he said last week at a forum in New York. "The U.N. needs to promise less and deliver more."

The selection of the secretary-general has been criticized as secretive and unfair, with the Security Council's five permanent members largely responsible for selecting the world's top diplomat. The ideal candidate, said Brian Urquhart, a former undersecretary-general, is someone strong enough to clean up the organization but not challenge the permanent members.

This year's process was more public than usual, with candidates scattering across the globe in informal campaigning. But it also invited more scrutiny than most candidates are comfortable with. Ban, with clear discomfort, had to justify generous aid grants he dispensed to a few Security Council member countries that he visited as Seoul's minister of foreign affairs and trade.

Ban was the only candidate who did not receive any "discouragements," the equivalent of a veto in the informal poll.

Undersecretary-General Shashi Tharoor, 50, of India finished second and withdrew from the race.

"It is clear he will be the next secretary-general," Tharoor said in his concession speech, referring to Ban.

The rest of the candidates received support from less than half of the Security Council. They were Latvian President Vaira Vike-Freiberga; Thai Deputy Prime Minister Surakiart Sathirathai; Prince Zeid Raad Hussein, Jordan's ambassador to the U.N.; and Afghanistan's former Finance Minister Ashraf Ghani.

Jayantha Dhanapala, a U.N. expert on nonproliferation from Sri Lanka, withdrew from the race Friday.

The Quiet Diplomat Who May Lead The UN (CSM)

By Donald Kirk

The Christian Science Monitor, October 3, 2006

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SEOUL

The diplomat in the lead to head the UN for the next decade is skilled in compromise - exhibiting a deliberately bland style that was expected to stand him in good stead during a UN Security Council poll Monday over a successor to Secretary-General Kofi Annan.

The candidacy of South Korean Foreign Minister Ban Ki-Moon hinges on the five permanent members: the US, Britain, France, China, and Russia. While the outcome is still uncertain, the soft-spoken career diplomat is the only one of the current candidates who has the minimum of nine positive votes.

Mr. Ban has the support of the US, which wants the process wrapped up this month, and China is expected to give Ban the nod. Indeed, Ban's most saleable quality is his ability to get along with all sides, building consensus in the process. Ban's evenhanded approach, analysts say, may be what's needed to bring a semblance of harmony and cohesion among UN members.

"He's extremely nonpolitical," says Moon Jong In, professor of international relations at Yonsei University in Seoul. "He's willing to listen to anybody. He doesn't have charismatic leadership - he has consensual leadership."

Conservatives, while highly critical of the left-leaning government of President Roh Moo Hyun, agree. "At least he hasn't done any harm as foreign minister," says a retired business consultant here. "Conservatives like him. It would be a great thing if he became secretary-general."

In his 36-year career, Ban has proven the ultimate diplomat while treading gingerly as foreign minister for the past 32 months through the minefield of US-South Korean relations and North Korea's refusal to return to nuclear talks for nearly a year.

In fact, Han Song Ryol, North Korea's deputy permanent representative to the UN, told the leftist newspaper Hangyoreh that acceptance of Ban as Mr. Annan's successor would be "good for the Korean people" and that "nonaligned nations have a good feeling about him."

In a poll last week, Ban got 13 votes of "encouragement" against only one of "discouragement" and one giving "no opinion." Since the five permanent members have the power of veto, the "no opinion" vote," if cast by one of them, would knock him out of the race even before the General Assembly of all 192 members casts a binding vote on the Security Council's choice.

Ban has said with characteristic sangfroid that he's "reasonably confident" the five permanent members are on his side. That coolly stated view masks the intensity of a carefully modulated campaign in which he has often appeared to be emulating Annan's style.

Hosting Annan last May, Ban took turns with the secretary-general in pressing for North Korea to give up its nuclear weapons. But they quietly made plain that they did not agree with the US emphasis on the North's human rights or counterfeiting efforts, saying that nuclear weapons took top "priority."

The real issue may be whether Ban will be able to take a strong stand when countries and causes are at severe odds, as in the Middle East, and whether he will have the stamina to promote long-overdue reforms in the UN's bureaucracy. "I'm worried he might be too willing to compromise, says Park Nei Hei, a consultant to the Boston Consulting Group here. "His character may not be very effective."

Nonetheless, Ban endorsed the UN Security Council Resolution, adopted after North Korea test-fired seven missiles in early July, banning member nations from any trade or financial dealings that might support North Korea's missile program. But he opposed US pressure for widening existing sanctions.

Still, he then persuaded South Korea's President Roh to sublimate his distaste for the "tough" US policy and join President Bush last month in Washington in a call for a "broad comprehensive" approach to bring North Korea back to talks.

Ban avoids the North's human rights record, saying that severe criticism would only make matters worse. Still, in an address before the UN General Assembly on Sept. 24, he stated that his government supported "global action to strength the values of human rights and democracy."

Given his career path, Ban probably knows more about dealing with the UN than most of his competitors.

After graduating from top-ranked Seoul National University in 1970, he joined the foreign ministry's UN division, followed by a tour in the ministry's UN mission, and then the post of director of the UN mission. He also served in the Korean Embassy in Washington and, in 1985, picked up a master's degree from Harvard's Kennedy School of Government.

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Ban rose to ambassador when he was posted to Vienna, where he served in 1999 as chairman of the preparatory commission for the Comprehensive Nuclear Test Ban Treaty Organization. His experience broadened when he was named Korea's chief envoy to the UN in September 2001.

Ban rests his candidacy in part on his response in that challenging period. The ministry credits him with a "facilitating role in the prompt adoption by the membership of the first resolution of the session condemning the terrorist attacks," all "pivotal in turning a year that started out in crisis and confusion into one of the most productive and reform-oriented for the General Assembly."

For Koreans, the post of UN secretary-general is the ultimate status symbol. With the image factor clearly in mind, Ban has pulled out all the stops, courting Security Council members far and wide. And while Ban is sensitive to the need to get along with the US, he is striving, diplomatically, not to appear too close to Washington.

The US positions on peaceful resolution of the North's nuclear issue and denuclearization of the Korean peninsula were "very good ones, leaving room for future negotiations," he said, in the language of gentle diplomacy that's been his hallmark.

'If The U.N. Cannot Be Trusted With Money . . .' (WSJ)

By Bret Stephens

The Wall Street Journal, October 3, 2006

Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job.

Instead, Kofi Annan's successor as secretary-general is likely to be South Korea's colorless foreign minister Ban Ki-Moon, who has the backing of the Bush administration and continues to run well ahead of other candidates in several Security Council straw polls. An Asian peer of Mr. Ban recently quipped that he'll be "more secretary than general"; his one recommendation is that he's probably less bad than runner-up Shashi Tharoor of India, a self-promoting U.N. bureaucrat who was among the most outspoken apologists of the Oil for Food program.

Still, it's worth considering Mr. Ghani's candidacy, partly because of what its probable failure says about the U.N., and partly because his prescriptions for the organization are worth heeding whoever wins the job. "The U.N. has not been managed," he says in a recent interview in New York. "If the U.N. cannot be trusted with money, it cannot be trusted with mandates."

Mr. Ghani -- 57, slight, balding, fluent in English, Dari and Pashtun and conversant in Urdu, Arabic and French -- knows whereof he speaks: He spent a decade at the World Bank helping old industrial behemoths in Russia become transparent, efficient and competitive, and another 30 months in Afghanistan building a finance ministry nearly from scratch. On his watch, Afghanistan enjoyed double-digit rates of economic growth; in 2003, Emerging Markets named him Asia's best finance minister. He's a believer in the power of audits and thinks the first priority of a secretary-general is to read and act on them. "Once the management issues are resolved you are free to focus on issues of peace and security. But the first task of diplomacy is to create trust."

Now there's an idea. Mr. Annan often speaks of the U.N.'s "unique legitimacy" as if it were the organization's birthright, which it enjoys by virtue of its nature as a global institution. Mr. Ghani seems to think the U.N.'s legitimacy is ultimately a function of its credibility -- of whether it can competently perform the tasks expected of it. But U.N. competence has not been much in evidence in recent years, or decades, which leads him to a second thought: "The U.N. is doing too many things," he says. "Its limits need to be clearly recognized."

What, for instance, is the point of UNCTAD -- the U.N. Conference on Trade and Development -- when there is already a World Trade Organization? What's the point of UNDESA -- the Department of Economic and Social Affairs -- when there are already the World Bank and International Monetary Fund? And just what value-added is being provided by the U.N.'s various development agencies? "Technical assistance has become the scandal of our times," says Mr. Ghani. "It has not resulted in the creation of local capabilities."

The argument here isn't exactly original (see William Easterly's "The White Man's Burden"), but it would be revolutionary coming from a U.N. secretary-general. For years, Mr. Annan and his deputies have scolded the Bush administration for not devoting enough of the U.S. budget to foreign aid. Along comes Mr. Ghani to say: Don't bother, the additional money would

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probably be squandered. Instead, his focus is on what developing countries can and should do for themselves, using the example of one of his Afghan employees who created a single treasury account for the entire government. "She did a job that hundreds of consultants wouldn't have been able to do," he says. "We created a reporting system that consistently allowed us to track income and expenditure." (By way of comparison, he points out that the Indonesian government maintains 60,000 separate accounts.)

Mr. Ghani also dwells on two other causes rarely championed by Mr. Annan: prosperity and the rule of law. "Where the rule of law is weak," the Afghan says, "investors don't trust their money." Why should this matter to a U.N. secretary-general? "Participation in the global economy is an important avenue to solving conflicts," he answers. "The majority of people in the Middle East are under 20. How do we make them stakeholders in a globalizing world?"

Now compare this to something Mr. Annan said in 2002: "Economic growth, by itself, is not enough to respond to the problems of a world plagued by hunger, pollution and other ills." This is a cliché, of course, as, in its way, is Mr. Ghani's emphasis on better management, broader prosperity, and so on.

Yet not all clichés are created equal, and in a largely symbolic job it makes no small difference which ones are uttered. Is the U.N.'s meta-message charity or self-help? Diversity or merit? Stability or freedom? The catchphrases needn't be mutually exclusive, but they connote vastly different attitudes and priorities. A secretary-general who made self-help, merit and freedom the bywords of his decade would, even if he accomplished nothing else, change the image of the U.N. for the better.

Needless to say, that isn't going to happen. In yesterday's Security Council straw poll, Mr. Ghani took only four "encouragement" votes, almost certainly knocking him out of contention, while Mr. Ban got 14. The Times of London reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council.

The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the U.N. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir.

U.S. General Says Chávez Worries Region (NYT)

By Robert Pear

The New York Times, October 3, 2006

MANAGUA, Nicaragua, Oct. 2 — The commander of United States military activities in Latin America said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern.

The commander, Gen. Bantz J. Craddock of the Army, said, “What I have heard in the last few months is more concern by more countries” about an increase in Venezuela’s purchase of weapons, especially small arms.

United States officials said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries. “There’s a factor here that is destabilizing,” General Craddock said.

Defense Secretary Donald H. Rumsfeld and General Craddock were in Managua for a meeting of defense ministers from more than 30 countries in the hemisphere.

In recent months, Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain.

General Craddock said he did not know the reason for the purchases. “I don’t have much military-to-military contact with Venezuela,” he said.

Asked about Venezuela’s recent call to form a military coalition in opposition to the United States, General Craddock said, “I don’t see any traction” for the proposal.

Delegates from Brazil and other countries said they “did not see a rationale or need” for such a coalition, General Craddock said.

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On Sunday, President Chávez said he had received warnings that the United States might be plotting to assassinate him. General Craddock responded: "That's mindless. That's far out. It's way over the top."

One reason for United States concern about Mr. Chávez is that he is supporting Washington's old cold war nemesis, Daniel Ortega, who is running for president of Nicaragua. Public opinion polls suggest that Mr. Ortega could return to power after the election on Nov. 5.

The commander in chief of the Nicaraguan Army, Gen. Omar Halleslevens, said Monday that the army would remain apolitical, regardless of who won the election.

General Halleslevens told American officials and journalists that the Nicaraguan Army was determined to stay out of politics. "We have a professional army that follows the Constitution and the law and will not be used for political or partisan purposes," he said.

General Craddock said he believed the assurances from the Nicaraguan commander.

In 1989, Nicaragua's army had more than 73,000 men. "That was an army that was created for war," General Halleslevens said, noting that the army now has 11,000 men.

The president of Nicaragua, Enrique Bolaños, said that his nation has had extensive experience removing land mines left from its civil war and that it was eager to share its expertise with other countries, like Afghanistan and Iraq.

General Craddock welcomed the offer, saying, "That's a distinct possibility."

Early Results Of Bosnia Vote Reinforce Ethnic Split (NYT)

By Nicholas Wood

The New York Times, October 3, 2006

SARAJEVO, Bosnia and Herzegovina, Oct. 2 — Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country.

After a campaign dominated by nationalist grandstanding, parties led by Haris Silajdzic, the Bosnian Muslim who was prime minister during the war fought from 1992 to 1995, and Milorad Dodik, the most prominent Bosnian Serb politician, were expected to dominate the country's main institutions. Complete results in the voting for the country's complex governing system were not expected until the end of the week.

During the election campaign, both men were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future.

Each man advocates a tough version of the policies generally supported by his ethnic group. Bosnian Muslims, the country's largest group, with some support from their Roman Catholic Croat allies, seek a more unified country. They want to carry out political and economic changes that will enable Bosnia to join the European Union.

But many Serbs still want the half of the country that they dominate to become independent.

Voters on Sunday were selecting members of Bosnia's three-member presidency, which includes one member from each of the three main ethnic groups, as well as members of a national Parliament and those of two substates — the Muslim-Croat federation and the Bosnian Serb Republic.

Representatives were also being selected for the federation's 10 cantons, which provide local health, education and police services. The complex layers of government were devised under the Dayton peace agreement, which helped bring an end to the war.

Mr. Silajdzic, of the Party for Bosnia and Herzegovina, won the Muslim presidency. Nebojsa Radmanovic, a member of Mr. Dodik's Alliance of Independent Social Democrats, won the Bosnian Serb seat. The competition between the main Bosnian Croat candidates was too close to call, with just 50 percent of votes counted by Monday afternoon. Mr. Silajdzic's and Mr. Dodik's parties were likely to hold the largest number of seats in the national Parliament.

International officials here worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians.

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During the campaign, Mr. Silajdzic advocated the replacement of Bosnia's ethnically divided structures with a single centralized state. Mr. Dodik countered by saying any attempt to carry out such a plan would lead the Bosnian Serbs to hold a referendum on independence. Diplomats fear that such a development would ignite violence.

More than a decade after the end of the war that claimed about 100,000 lives from all sides, international officials still have a significant influence over the country's government.

Bosnia's most senior international official, the high representative — currently Christian Schwarz-Schilling of Germany — has the right to dismiss politicians and impose laws. In February, the mainly Western governments that oversee the high representative's office will review whether it should be closed by mid-2007 or extended. The European Union still has 6,000 peacekeepers in the country.

Mr. Silajdzic said Monday that he was determined to start work on creating a new Bosnia, in which institutions and politics were no longer based on ethnicity. "We have to transfer ourselves from a country based on ethnic rights to citizens' rights," he said in an interview. "What we have now is the result of genocide and a war of aggression, and it should be changed."

Mr. Dodik said the support for his party confirmed that Bosnian Serbs favor the federal structure, and he repeated warnings that "in the case that demands for abolishing the Serb Republic are repeated, demands for referendum will be raised again."

The European Union has told Bosnia that, in order to move toward possible membership, it must reform its Constitution to simplify its political structures and create a single national police force. Talks among Bosnia's political parties on both topics became deadlocked earlier this year.

Party's Scandals Catch Up To Brazil's President (WSJ)

By Matt Moffett And Geraldo Samor

The Wall Street Journal, October 3, 2006

RIO DE JANEIRO -- The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash.

The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin.

Mr. da Silva, who had for months kept his own image unsullied by widespread fund-raising and payoff scandals in his Workers Party, in the end found himself dragged down by their cumulative weight even though he isn't facing charges. "The voters just got sick and tired of Lula saying he didn't know what was going on," says David Fleischer, who writes a political newsletter from Brasilia. "They saw the pictures of the money themselves."

Mr. da Silva outpolled Mr. Alckmin 48.6% to 41.6%. But the challenger has upward momentum and the remaining 10% of voters could go either way, likely setting the stage for a tight Oct. 29 runoff.

Mr. Alckmin, a former governor of wealthy São Paulo state, trailed Mr. da Silva in the polls by 17 points about two weeks ago. But he picked up ground quickly after the arrest of the Workers Party officials, who have been charged with planning to use $770,000 in cash to buy a dossier linking politicians in Mr. Alckmin's party to a kickback scam involving the procurement of ambulances.

In the first round, Mr. da Silva, a former union leader who is Brazil's first working-class president, tried to stay above the fray. He spurned debates with other candidates and campaigned mostly within his base of low-income voters, who rallied to the government's social programs and Mr. da Silva's common touch.

But Mr. da Silva won't have the luxury of playing it safe in the runoff. "Lula has suffered a shock and he's now facing a highly motivated candidate in what will be an intense race," says Cristiano Noronha, a political consultant.

The electorate is divided in its priorities. In a survey, consultant Antonio Lavareda found that 40% of respondents thought the government's focus should be on social programs, Mr. da Silva's hallmark. But 39% said they thought the government should emphasize anti-corruption measures, Mr. Alckmin's strong suit.

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Brazilian financial markets surged yesterday following Mr. Alckmin's unexpectedly strong performance. While the leftist Mr. da Silva has shown himself to be a fiscally responsible overseer of the economy, Mr. Alckmin is seen by investors as having a clearer agenda to shrink the state and stimulate growth.

Some analysts are viewing the election as a watershed, signaling a new determination on the part of Brazilians to hold their leaders accountable for corruption. Historically, Brazilians have tolerated graft as long as some services or public works were trickling down. The attitude was encapsulated in a famous slogan once used by a shady Brazilian politician: "Rouba, mas faz." He steals, but he gets things done.

But the rebuke to Mr. da Silva shows Brazilians' tolerance for corruption "is coming to an end," says Roberto da Matta, an anthropologist who is a professor emeritus at the University of Notre Dame in Indiana. "Lula, who was a political Robocop, has turned into a human. And Alckmin, who didn't have any charisma, now has a human face."

The disillusionment with Mr. da Silva was particularly marked among wealthier and middle-class voters in Brazil's more economically advanced south. In Rio de Janeiro's trendy Ipanema neighborhood on Sunday, some people walked around with black T-shirts reading: "Lula No. Down With Corruption."

To be sure, the anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day. Brazilians re-elected several congressmen who are under federal indictment for receiving payoffs from an alleged Workers Party slush fund. And the top vote-getter among São Paulo congressional candidates was Paulo Maluf, who is accused by federal prosecutors of racketeering, money laundering and corruption.

But in some other local races, voters made candidates pay for their sins. Only five of 50 Congress members involved in the ambulance scam won re-election. And former House Speaker Severino Cavalcanti, who resigned last year after being charged with taking kickbacks from a Congressional restaurateur, also lost his comeback bid.

A Message For Lula (LAT)

The Los Angeles Times, October 3, 2006

FINANCIAL MARKETS CHEERED the failure of Brazilian President Luiz Inacio Lula da Silva to win a majority of the vote in Sunday's election, and the U.S. State Department made some positive noises to the effect that the results demonstrated "the strength of democracy in the hemisphere." But Lula's sudden and surprising fall from grace isn't necessarily good news.

Though polls had long predicted Lula as the clear winner, he instead attracted only 48.6% of the vote, forcing an Oct. 29 runoff with rival Geraldo Alckmin, the former governor of Sao Paulo. Brazilian stock traders were pleased because Alckmin is more business-friendly than Lula and promises to lower the country's crushing tax burden, though he hasn't given many specifics on how to go about it. The benchmark Ibovespa index rose 2% Monday.

Lula's collapse can be traced to a scandal that emerged Sept. 15, when two men tied to his Workers' Party were arrested in what appeared to be a dirty-tricks campaign against political rivals. This followed years of vote-buying scandals, kickbacks and other corrupt dealings by party members and their associates. And though Lula has never been directly tied to any of them, he has also failed to clean house. He didn't help his own case by refusing to participate in a final televised debate among the presidential candidates.

Despite the setback, Lula is heavily favored to win the runoff, not least because Alckmin is nearly devoid of charisma; in a country fond of single names and nicknames, Alckmin is often called "xuxu," which is a flavorless Latin American squash. Yet with his political capital at an all-time low and with the number of friendly seats declining in Congress, Lula may find it very difficult to get much done in his second term.

Some might call that a bonus. Lula's embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate. Latin America's most populous nation suffers from a bloated state that gets in the way of private enterprise. Perhaps a chastened second-term Lula might be more amenable to working with the opposition to improve business conditions in the country.

On the global stage, Lula has been an authoritative voice for social justice, though at times he has been too quick to defer leadership of the Latin American left — oddly, given Brazil's size — to the buffoonish Venezuelan president, Hugo Chavez.

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Judging from Sunday's results, that deference may have diminished Lula's standing at home as well as abroad.

Riots Spread As Incumbent Widens Lead In Zambia Vote (NYT)

By Michael Wines

The New York Times, October 3, 2006

JOHANNESBURG, Oct. 2 — President Levy Mwanawasa of Zambia took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day.

Mr. Sata urged his followers to end the violence, but also accused Mr. Mwanawasa of stealing the election and promised "a big battle" against Mr. Mwanawasa's faction in Parliament. Mr. Sata said he would not contest the election results in court, but at the same time refused to formally concede the race. "How can I concede when I am complaining of votes being stolen?" he said.

With votes tallied in all but 15 of Zambia's 150 constituencies, Mr. Mwanawasa had captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate.

The final total was delayed because impassable roads slowed the delivery of ballots from some rural provinces.

Mr. Sata complained that 400,000 votes in his strongholds, in urban areas like the copper-mining regions, were unaccounted for, and the national election commission said it was investigating the charge. European observers and local political analysts have said, however, that the election seemed relatively free of corruption. The largest independent newspaper, The Zambia Post, has reported that the results largely tracked its own surveys of voters leaving the polls.

Some analysts have said that Mr. Sata, 69, a former cabinet minister who promised to improve the lives of Zambia's poor, won over supporters in the capital, Lusaka, and other major cities, but that he did not campaign in rural areas where Mr. Mwanawasa was strong.

Near the end of the campaign, one opinion poll indicated that Mr. Sata was backed by 52 percent of Zambians, but political experts in Lusaka said that that result was clouded by the difficulty of taking accurate samples in a largely rural and poorly educated nation.

Mr. Sata's supporters began rioting in some Lusaka slums on Sunday when ballots from rural areas were counted and his early lead over Mr. Mwanawasa vanished. Mr. Mwanawasa accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers, but the disorder continued Monday in Lusaka and spread to Kitwe, an industrial city in the copper-mining region in Zambia's north.

Mr. Sata appealed Monday for calm. "We are not going to do anything that will destroy Zambia," he said.

Japan's Abe Seeks Talks With China, South Korea (WP)

By Anthony Faiola

The Washington Post, October 3, 2006

TOKYO, Oct. 2 -- Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea.

Officials here said specific dates were still under discussion and cautioned that negotiations with one or both nations might yet break down. But widespread Japanese media reports indicated that Abe was hoping to hold talks with Chinese President Hu Jintao on Sunday and to see South Korean President Roh Moo Hyun the next day.

Scoring such summits so early in his tenure would mark a symbolic breakthrough for Abe, 52, who succeeded Junichiro Koizumi as prime minister on Sept. 26. China and South Korea have boycotted top-level meetings with Japan since last year, citing Koizumi's annual visits to Tokyo's Yasukuni Shrine, which honors Japan's military dead, including convicted World War II criminals.

Japan's relations with both nations have also sharply deteriorated over territorial disputes. Tensions between China and Japan center on drilling rights in the East China Sea, an issue that has increasingly concerned the United States. Japan's schism

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with South Korea over disputed islets, meanwhile, has helped plunge relations between Washington's two most important allies in the region to their lowest point since the end of World War II.

"I plan to develop forward-looking relations with our important neighbors, China and South Korea, by building mutual understanding through dialogue and cooperation in every possible level and area," Abe told reporters in Tokyo on Monday.

Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's.

Abe underscored his position on at least one issue Monday, telling parliament that he wished to continue to pray for Japan's war dead and revere their memories. He said he would refuse all comment on whether he intends to do that by visiting Yasukuni annually, as Koizumi did.

Abe is believed to have already made his own visit there last April, although he never publicly confirmed it. Regardless, analysts predict Abe will hold off on visiting the highly symbolic shrine until at least after Japan's key legislative elections in July, when his ruling Liberal Democratic Party must hold on to power for him to continue his premiership.

"For Abe, to have the summit meetings now and illustrate friendship between the countries, then win the July elections and visit Yasukuni later next year would be an ideal scenario," said Minoru Morita, a Tokyo-based political analyst. But China and South Korea "will face major embarrassment at home if that happens."

If Abe manages to meet with Hu and Roh, he'd have much to talk about. Among the issues for discussion might be Abe's support for new Japanese history textbooks, which have been denounced by Beijing and Seoul as whitewashing Japan's past aggression. His push to strengthen patriotism in Japanese classrooms and to rewrite Japan's pacifist constitution to allow for a greater role for the military have also made China and South Korea uneasy.

In April, South Korea dispatched a flotilla of warships to prevent a Japanese survey vessel from entering waters claimed by both nations. Japan and China have become bogged down in negotiations aimed at resolving an increasingly serious dispute over lucrative energy rights near islands called Senkaku in Japanese and Diaoyutai in Chinese. The Chinese have constructed drilling platforms that could tap resources claimed by the Japanese.

Snail Mail As Economy Zooms, India's Postmen Struggle To Adapt (WSJ)

By Eric Bellman

The Wall Street Journal, October 3, 2006

MUMBAI, India -- When Mumbai Region Postmaster General A.P. Srivastava joined the postal system 27 years ago, mailmen routinely hired extra laborers to help carry bulging gunnysacks of letters they took all day to deliver.

Today, private-sector couriers such as FedEx Corp. and United Parcel Service Inc. have grabbed more than half the delivery business nationwide. That means this city's thousands of postmen finish their rounds before lunch. Mr. Srivastava, who can't fire excess staffers, spends much of his time cooking up new schemes to keep his workers busy. He's ruled out selling onions at Mumbai post offices: too perishable. Instead, he's considering marketing hair oil and shampoo.

"We have to find new ways to generate revenues and use excess space and staff," sighs the 52-year-old Mr. Srivastava, sipping tea at his desk piled high with files waiting for his approval. "Laying people off isn't an option."

India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals.

But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?

Once the pride of India's civil service, India Post and its predecessor, the British East India Co., controlled most mail delivery for centuries. But since a reform-minded government started allowing more competition in the 1990s, more-efficient private couriers have eaten deeply into India Post's business.

Likewise, state-owned phone company Mahanagar Telephone Nigam Ltd. used to have a monopoly on much of the phone service in India. Today it is battling with an onslaught of internationally financed competitors that have driven the quality of service up and rates down on everything from local to long-distance to cellular service to Internet connections.

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State-run airlines Air India and Indian Airlines have been under attack for more than a decade and the industry has just become more competitive with six new carriers starting operations in the past two years. The banking sector is still dominated by the giant State Bank of India but the country's growing middle class is taking most of its business to the high-tech private banks, such as HDFC Bank Ltd. and ICICI Bank Ltd. leaving the state banks with the least-profitable businesses and worst borrowers.

Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace.

But the shift toward the private sector has been a gradual process, made necessary by the political reality faced by a succession of unstable coalition governments. Today's Congress Party-led coalition depends on the support of communist parties, which oppose layoffs and privatizations. When the coalition first came to power in 2004 one of the first things it did was close the Disinvestment Ministry which oversaw privatizations.

In contrast, in the U.K., Margaret Thatcher -- one of the earliest promoters of privatization in her country -- was able to use her Conservative Party's strong control of Parliament to push though privatization. She closed down unprofitable organizations and auctioned off many of the U.K.'s largest state-owned companies in the 1980s despite violent strikes and opposition from the left.

In India, Mr. Srivastava's struggle to modernize Mumbai's post offices shows how efforts to reform state-run entities can be tripped up by a convoluted bureaucracy and populist politics. India Post is forced to maintain its 550,000 employees with full benefits and run a vast network of post offices, most of them unprofitable. What's more, politicians keep India Post from raising postal rates, so it loses money on almost every postcard and package it handles.

While India Post runs the largest postal network in the world with more than 155,000 branches, it's also one of the most inefficient. Each of the U.S. Postal Service's 700,000 employees handles more than 15 times as many pieces of mail a year on average as India Post workers. The U.S. service also makes money, reporting an operating profit of more than $1.5 billion last year, while India Post lost $300 million.

The British East India Co. established the first postal stations in Mumbai, the city formerly known as Bombay, in 1688 and in Calcutta (now known as Kolkata) in 1727. About 50 years later, it started regular service between the two cities using runners who carried spears with bells attached to ward off tigers.

Mr. Srivastava fondly recalls the days when the local post office was the only place people could mail a letter or package, or even make a phone call. He joined the postal system in 1979 partly because of its prestige and importance in Indian communities. In his first posting, as head of a post office in the northern state of Uttar Pradesh, Mr. Srivastava was given membership in the best clubs, invited to join a local education committee and was regularly paid visits by local politicians and business leaders: high status for a 27-year-old.

During the annual rush of mail during Diwali -- the festival of lights during which India's 800 million Hindus exchange cards and gifts -- Mr. Srivastava remembers having to use every inch of floor space to sort mail, "even in my office." There was then virtually no competition. When Mr. Srivastava once discovered that a clandestine private courier was transporting mail, he called the police and had the operation shut down.

Today, there are more than 2,000 private companies delivering documents and packages in India, ranging from tiny operations with a handful of men who make around $2 a day to big international players like FedEx. The industry generates $850 million a year in sales, according to estimates by the Express Industry Council of India, which represents private couriers. The market is so promising that in 2004 DHL Corp. decided to take over one of the leading domestic courier services for $160 million.

"The role of the post office was much more important in the lives of the people back" in the old days, says Mr. Srivastava wistfully. "Now, there are so many other opportunities that our service is not given the same respect."

Under pressure from the central government to pay its way, India Post has been forced to try an assortment of new businesses. The agency now sells the outsides of envelopes and mail boxes as advertising space. For the hundreds of millions of Indians without access to computers, the postal service will receive, print and deliver email to its destination by hand. And for the first time in India Post's long history, its local postmen have to pick up mail directly from homes.

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The post office is even outsourcing its postmen to phone and credit-card companies, who use them to confirm the home addresses of new customers. Mahanagar Telephone Nigam, one of India Post's clients, pays 30 rupees (about 64 cents) per confirmation. Other companies, including the Indian arms of Western Union Financial Services Inc. and General Electric Co., now pay India Post commissions to sell their loans and money-transfer services. Mr. Srivastava is even renting out the century-old domed General Post Office at night for movie shoots.

In a dusty corner of the cavernous Mumbai General Post Office, at the former domestic-parcels counter, Shyam Sundar Dhini was peddling cashews, herbal medicines and aloe vera gel. A "Happy New Year" sign hung on the wall above his makeshift shop despite its being September. "I have become a salesman instead of a postman," said Mr. Dhini, a 23-year postal veteran who isn't quite sure what aloe vera gel is used for. "I know everything about letters and stamps, but nothing about sales. No one wanted this job because this is not what postmen do."

Some postmen, who are now under pressure to learn new skills ranging from using a computer to how to accept mutual-fund applications, have been reluctant to adapt. "There is resistance from the staff, especially the older set," who have grumbled about the new chores, concedes Mr. Srivastava. "But if they do not do these other activities they will not have a job to do."

Still, the postal union has repeatedly threatened to strike to block plans to reduce the post office's losses by redeploying its staffers on nonpostal jobs. "We will work hard, but we don't want more work," declares Arvind Y. Salvi secretary for the National Union of Postal Employees in Mumbai. Since the neighborhood postman is the government employee closest to the average citizen, Mr. Salvi says any government that causes them to strike risks losing votes. Few politicians are willing to take that risk.

Postal workers also grouse that they haven't been properly trained to do the new jobs being foisted upon them or given the facilities needed to carry out nonpostal assignments. Mr. Salvi's post office at a busy Mumbai intersection illustrates the problem. Like most such offices in India, it's cramped and dirty and hasn't changed much for decades. Next to his desk is a huge old safe with a skeleton key. Nearby is a roaring gas stove, which is used to melt the plastic to seal registered letters. Following a colonial-era procedure, each registered letter is tied by hand with brown twine, which is then glued to the envelopes with six blobs of plastic, each stamped with the official postal seal.

Two computers, delivered a year ago from the regional headquarters, sit next to the stove, but have never been deployed because no one knows how to use them. "They called employees in one Sunday and taught us for five hours saying 'This is a computer, push this key, push that key' but that's not enough," says Mr. Salvi. "The postmen don't even know what email is."

Motivating demoralized postal workers is tough. A mid-level manager at India Post, for example, makes about $500 a month, roughly one-third the salary of a manager at an international courier in India. Rigid bureaucratic wage scales dictate salaries and restrict bonuses, making it almost impossible for the post office to offer incentives. Mr. Srivastava says the only reward he can give hardworking postmen who have excelled in promoting new products is a thermos bottle or a lunch box.

Meanwhile, to fend off competition from private couriers, India Post is trying a tactic left over from India's socialist days: outlawing the competition. The agency's political backers are pushing for an amendment to postal laws that would make it illegal for private carriers to deliver parcels or documents that weigh less than 300 grams. It would also make couriers pay 10% of their revenues to underwrite India Post's expansion into rural areas and force 100%-owned foreign companies, such as FedEx, to reduce their shareholding in local units to 49%. Legislators will be debating the bill later this year.

"Customers are looking for short transit times and a high level of service and technology but these are not elements that the postal service provides," so any restrictions on couriers will hurt Indian companies says Jacques Creeten, the Mumbai-based managing director for FedEx. "India is not isolated in the world -- it is competing with China, Vietnam and Bangladesh and exporters need the express industry to stay competitive."

Mr. Srivastava says he doesn't need a monopoly, but argues that he can't be expected to compete with couriers that don't have to carry India Post's high administrative costs and political baggage. "We didn't realize this was really going to hit us," he says, as he signs document after document required by India's layers of bureaucratic protocol to run his domain of more than 10,000 workers.

"Some people have still not realized."

--Binny Sabharwal contributed to this article.

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Optimism And Africa (NYT)

By Nicholas D. Kristof

The New York Times, October 3, 2006

MALABO, Equatorial Guinea

The founding president of this country was a witch doctor who murdered tens of thousands, put enemies' heads on pikes, denounced education and spread land mines on the road out of his country to prevent people from fleeing. This was then so vile a place that an American diplomat stabbed another to death here in 1971 and claimed in his trial that he had been driven insane partly by the screams of all the people being tortured.

When the president was finally ousted in 1979, he ran off into the bush with $60 million packed in suitcases. But he was pursued, and in a shootout, the nation's entire foreign exchange reserves burned up.

This little country of Equatorial Guinea was, therefore, a useful place to visit with Casey Parks, the student journalist who won a contest to accompany me on this trip — because it underscores one of the biggest challenges facing Africa today.

That is the need for better governance, meaning both less corruption and better economic policies. The single greatest need to fight poverty and injustice isn't more aid, although that is needed. What matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule.

Equatorial Guinea traditionally has been Africa's poster boy for bad governance. Even after the old witch doctor was ousted, the kleptocracy continued under Teodoro Obiang, the current president. A new book about the country, "The Wonga Coup," notes that in 2004 President Obiang bought a Boeing 737, one of six personal planes, for $55 million, and outfitted it with a king-sized bed and gold-plated fittings in the extra-large bathroom.

Schools and clinics are needy, but Forbes lists President Obiang as the world's eighth richest ruler, with a net worth of $600 million. Just last year, "The Wonga Coup" says, the president's son spent the equivalent of a third of his country's entire education budget on a vacation home in South Africa and three cars — two Bentleys and a Lamborghini.

That is grotesque, but it is changing. Here in Equatorial Guinea, torture has diminished, and two opposition members of Parliament provide token public criticism. The government is participating in Tony Blair's anticorruption initiative (a terrific program to help poor countries), and Prime Minister Ricardo Mangue told me that his government would begin publishing budgets to try to ensure more transparency.

We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform. An excellent new U.S. aid program, the Millennium Challenge Accounts, rewards good governance, and we can do even more. For example, as Joseph Stiglitz notes in his new book, "Making Globalization Work," the West can modify bank secrecy rules so that it is harder for dictators to pillage their lands.

The time is right, because all across Africa, countries are increasing efforts to fight corruption and improve the investment climate. The World Bank's latest "Doing Business" report shows that some African countries, particularly Tanzania, Ghana, Rwanda and Nigeria, are among the world leaders in reforming their economies.

And where African countries have had sustained good governance, economies have boomed. Examples include Botswana, Mozambique, Rwanda and Mauritius, which in turn are becoming models for neighbors.

Partly as a result, Africa is enjoying an overall economic growth rate this year of 5 to 6 percent, twice that of the U.S. And Africa now has a huge opportunity to move up the ladder into low-wage manufacturing, because Chinese labor costs are rising and some labor-intensive production is being shipped to lower-wage countries. Chinese traders are now everywhere in Africa, although they haven't set up many factories so far.

Senegal has snared a share of the French-language call-center industry, and a few countries, like Mauritius, Lesotho and Namibia, make garments, but manufacturers have generally shunned Africa because of concerns about infrastructure, political instability, corruption and ability to scale up production. If Africa plays its cards right, that could change.

So, yes, Africa is still afflicted by AIDS, misery and the tyranny of "big men" whose sons squander national treasure on Lamborghinis. But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Tenet Recalled Warning Rice (WP)

By Dan Eggen And Robin Wright

The Washington Post, October 3, 2006

Former CIA director George Tenet told the 9/11 Commission that he had warned of an imminent threat from al-Qaeda in a July 2001 meeting with Condoleezza Rice, adding that he believed Rice took the warning seriously, according to a transcript of the interview and the recollection of a commissioner who was there.

Tenet's statements to the commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that "they were not getting through to Rice" after the July 10, 2001, meeting.

Rice angrily rejected those assertions yesterday, saying that it was "incomprehensible" that she would have ignored such explicit intelligence from senior CIA officials and that she received no warning at the meeting of an attack within the United States.

Rice acknowledged that the White House was receiving a "steady stream of quite alarmist reports of potential attacks" during that period, but said the targets were assumed to be in the Middle East, including Saudi Arabia, Yemen, Israel and Jordan.

"What I am quite certain of, however, is that I would remember if I was told -- as this account apparently says -- that there was about to be an attack in the United States," Rice said. "The idea that I would somehow have ignored that I find incomprehensible."

The meeting has become the focus of a fierce and often confusing round of finger-pointing involving Rice, the White House and the 9/11 Commission, all of whom dispatched staffers to the National Archives and other locations yesterday in attempts to sort out what had occurred.

Members of the commission -- an independent, bipartisan panel created by Congress to investigate the Sept. 11, 2001, terror attacks -- have said for days that they were not told about the July 10 meeting and were angry at being left out. As recently as yesterday afternoon, both commission chairman Thomas H. Kean and vice chairman Lee Hamilton said they believed the panel had not been told about the July 10 meeting.

But it turns out that the panel was, in fact, told about the meeting, according to the interview transcript and Democratic commission member Richard Ben-Veniste, who sat in on the interview with Tenet. The meeting was not identified by the July 10 date in the commission's best-selling report.

Rice added to the confusion yesterday by strongly suggesting that the meeting may never have occurred at all -- even though administration officials had conceded for several days that it had. A State Department spokesman said later that while the meeting definitely happened, Rice and Tenet disputed Woodward's characterization of her response.

"The briefing was a summary of the threat reporting from the previous weeks," State Department spokesman Sean McCormack told reporters traveling with Rice in Jiddah, Saudi Arabia. "There was nothing new."

Despite this, McCormack said, Rice asked that Tenet provide the same briefing to Defense Secretary Donald H. Rumsfeld and then-U.S. Attorney General John D. Ashcroft. The two men received it by July 17, he said. McCormack was unable to explain why Rice felt the briefing should be repeated if it did not include new material.

Ashcroft said in an interview yesterday that he was never briefed by Tenet or Black about an imminent domestic threat.

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"I didn't get called on by Black or Tenet if they were going around doing such briefings," Ashcroft said. "If in fact they were making visits to emphasize the severity of the domestic threat, I'm a little disappointed they didn't bring that information to my attention."

Neither Black nor Tenet has made any public comments about the assertions in Woodward's book. Woodward declined yesterday to comment in detail, saying only that he stood by his reporting.

Tenet gave testimony about the July 2001 meeting with Rice at his Langley headquarters office on Jan. 28, 2004, occasionally referring to charts and slides. Philip Zelikow, who at the time was the commission's executive director and now works for Rice, was present along with other commission staff members, according to Ben-Veniste and to a portion of the transcript, which was read to The Washington Post by an official with access to it.

At one point in the lengthy session, Tenet recalled a briefing he was given on July 10 by Black and his staff, according to the transcript. He said the information was so important that he quickly called for a car and telephoned Rice to arrange for a White House meeting to share what he had just learned, according to the transcript and Ben-Veniste.

According to the transcript, Tenet told Rice there were signs that there could be an al-Qaeda attack in weeks or perhaps months, that there would be multiple, simultaneous attacks causing major human casualties, and that the focus would be U.S. targets, facilities or interests. But the intelligence reporting focused almost entirely on the attacks occurring overseas, Tenet told the commission.

It was at this session that Tenet said "the system was blinking red," which became a chapter title in the commission report, according to the official who saw the transcript.

According to three people present at the session, including Ben-Veniste, Tenet believed that Rice responded seriously to what she had been told. "We particularly questioned him about whether he had the sense that Dr. Rice and the others on the White House side understood the gravity of what he was telling them," said Ben-Veniste, a former Watergate prosecutor. "He said that they believed that they did. . . . We asked him further whether Dr. Rice just shrugged this off, and he said he did not have such an impression."

Ben-Veniste's comments seem to contradict his own remarks over the weekend to the New York Times, in which he said that "the meeting was never mentioned to us." Ben-Veniste said yesterday that there was confusion between two different meetings and that the meeting described by Tenet is different in character from the one portrayed by Woodward.

Zelikow, who now works as one of Rice's closest aides as a State Department counselor, did not respond to a request for comment yesterday. He told the New York Times that none of the commission's witnesses had drawn attention to a July 10 meeting or had outlined the type of confrontation with Rice described by Woodward.

In comments to reporters, Rice also denied that she had endorsed ousting Rumsfeld at the end of Bush's first term, although she said she did tell President Bush that he might want to consider changing his entire foreign policy team.

"I did tell the president at one point that I thought maybe all of us should go, because we had fought two wars and had the largest terrorist attack in American history," Rice said. "When he asked me to be secretary of state, I said I think maybe you need new people. I don't know if that was somehow interpreted, but what I was actually talking about was me."

Wright reported from Shannon, Ireland, and Jiddah, Saudi Arabia. Staff writer Walter Pincus contributed to this report.

C.I.A. Chief Warned Rice On Al Qaeda (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, October 3, 2006

JIDDA, Saudi Arabia, Oct. 2 — A review of White House records has determined that George J. Tenet, then the director of central intelligence, did brief Condoleezza Rice and other top officials on July 10, 2001, about the looming threat from Al Qaeda, a State Department spokesman said Monday.

The account by the spokesman, Sean McCormack, came hours after Ms. Rice, the secretary of state, told reporters aboard her airplane that she did not recall the specific meeting on July 10, noting that she had met repeatedly with Mr. Tenet that summer about terrorist threats. Ms. Rice, the national security adviser at the time, said it was “incomprehensible” to suggest she had ignored dire terrorist threats two months before the Sept. 11 attacks.

Mr. McCormack also said records showed that the Sept. 11 commission had been informed about the meeting, a fact that former intelligence officials and members of the commission confirmed on Monday.

When details of the meeting emerged last week in a new book by Bob Woodward of The Washington Post, Bush administration officials questioned Mr. Woodward’s reporting.

Now, after several days, both current and former Bush administration officials have confirmed parts of Mr. Woodward’s account.

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Officials now agree that on July 10, 2001, Mr. Tenet and his counterterrorism deputy, J. Cofer Black, were so alarmed about intelligence pointing to an impending attack by Al Qaeda that they demanded an emergency meeting at the White House with Ms. Rice and her National Security Council staff.

According to two former intelligence officials, Mr. Tenet told those assembled at the White House about the growing body of intelligence the C.I.A. had collected suggesting an attack was in the works. But both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them.

Earlier this week, some members of the Sept. 11 commission said they could not recall being told about a meeting like the one described by Mr. Woodward.

On Monday, officials said Mr. Tenet had told members of the commission about the July 10 meeting when they interviewed him in early 2004, but committee members said he never indicated he had left the White House with the impression that he had been ignored.

"Tenet never told us that he was brushed off," said Richard Ben-Veniste, a Democratic member of the commission. "We certainly would have followed that up."

Mr. McCormack said the records showed that far from ignoring Mr. Tenet's warnings, Ms. Rice acted on the intelligence and requested that Mr. Tenet make the same presentation to Defense Secretary Donald H. Rumsfeld and John Ashcroft, then the attorney general.

But Mr. Ashcroft said by telephone on Monday evening that he never received a briefing that summer from Mr. Tenet.

"Frankly, I'm disappointed that I didn't get that kind of briefing," he said. "I'm surprised he didn't think it was important enough to come by and tell me."

Government investigations have shown that Mr. Ashcroft was briefed by other C.I.A. officials in the weeks before the Sept. 11 attacks.

The dispute that has played out in recent days gives further evidence of an escalating battle between the White House and Mr. Tenet over who should take the blame for the failure to stop the Sept. 11 attacks and assertions by Bush administration officials that Saddam Hussein was stockpiling chemical and biological weapons and cultivating ties to Al Qaeda.

Mr. Tenet resigned as director of central intelligence in the summer of 2004 and was honored that December with a Presidential Medal of Freedom at a White House ceremony. Since leaving the C.I.A., Mr. Tenet has stayed out of the public eye, largely declining to defend his record even after several government investigations assailed the faulty intelligence that helped build the case for the Iraq war.

Mr. Tenet is now completing work on a memoir that is scheduled to be published early next year. It is unclear how much he will use the book to settle old scores, although recent books have portrayed him both as dubious about the need to invade Iraq and angry that the White House has made the C.I.A. the primary scapegoat for the war.

In his book "The One Percent Doctrine," the journalist and author Ron Suskind quotes Mr. Tenet's former deputy at the C.I.A., John McLaughlin, as saying Mr. Tenet "wishes he could give that damn medal back."

In his own book, Mr. Woodward wrote that over time Mr. Tenet developed a particular dislike for Ms. Rice, and that the former C.I.A. director was furious when she publicly blamed the agency for allowing President Bush to make the false claim in the 2003 State of the Union address that Mr. Hussein was pursuing nuclear materials in Niger.

"If the C.I.A., the director of central intelligence, had said, 'Take this out of the speech,' it would have been gone, without question," Ms. Rice told reporters in July 2003.

In fact, the C.I.A. had told the White House months before that the intelligence about Niger was dubious, and had managed to keep the claim out of an October 2002 speech that Mr. Bush gave in Cincinnati.

More recently, Mr. Tenet has told friends he was particularly angry when, appearing recently on Sunday talk shows, both Ms. Rice and Vice President Dick Cheney cited Mr. Tenet as the reason that Bush administration officials asserted that Mr. Hussein had stockpiles of banned weapons and ties to Al Qaeda.

Mr. Cheney recalled in an appearance on "Meet the Press" on Sept. 10: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk,' "

Rice Denies Book's Assertion She Brushed Off CIA Terror Warning (LAT)

By Paul Richter

The Los Angeles Times, October 3, 2006

State Department officials acknowledged late Monday that Secretary of State Condoleezza Rice was at a 2001 meeting where she was reportedly warned of the need to act on an impending terrorist threat to the United States.

They said she met with then-CIA Director George J. Tenet on or around July 10. A new book by Bob Woodward says she brushed off Tenet's warning at that session.

Earlier on Monday, Rice rejected the book's suggestion as "incomprehensible."

Speaking to reporters on her plane en route to the Middle East, Rice insisted she did not recall. Tenet and his counterterrorism chief seeking a special meeting with her to try to mobilize more vigorous anti-terror action, as Woodward writes in "State of Denial."

"The idea that I would have ignored that, I find incomprehensible," Rice told reporters late Sunday during the flight. "I am quite certain that it was not a meeting in which I was told that there was an impending attack, and refused to respond."

The State Department said Monday that a meeting around the time described by Woodward had in fact taken place, based on government records, but that no new information was given to Rice, who then was President Bush's national security advisor.

In his book, Woodward writes that Tenet and J. Cofer Black, then director of the CIA's counterterrorism center, decided on July 10, 2001, that they had to request a dramatic, "out-of-cycle" meeting with Rice to describe their anxiety over the chance of an attack against American interests, possibly within the United States.

Rice agreed to see them and acknowledged their warnings, but Tenet and Black felt she did not appreciate the gravity of the situation, which Woodward writes was the "starkest warning" yet given to the White House. "She was polite, but they felt the brush-off," Woodward writes.

Rice's reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war.

Rice did not deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to "shock" her did not make sense.

On Monday, two State Department officials delving into records at Rice's request found that a meeting took place "on or around July 10," as the book reports, said Curtis Cooper, a State Department spokesman. But the officials said that the meeting did not reveal any new threats, and that records about the meeting had been turned over to the national commission that investigated the Sept. 11 attacks, Cooper said. Woodward's book indicates that the Sept. 11 commission had access to the records of the meeting, but did not probe deeply into it.

Cooper said Tenet was asked by Sept. 11 commission members about the meeting. Cooper could not say whether the discussion took place in the commission's public sessions or in private. In public, no commissioner referred to a meeting on July 10. One commission member, Timothy J. Roemer, a former Democratic House member from Indiana, said over the weekend that commissioners had not been told about the meeting.

One of the officials probing meeting records at Rice's request was Philip D. Zelikow, the former Sept. 11 commission executive director whom Rice appointed State Department counselor last year.

Zelikow and State Department legal advisor John Bellinger reported that the information Tenet presented consisted of "threat reporting" from several weeks leading up to the meeting. "The information presented at this meeting was not new," Cooper said.

Rice told reporters that she was meeting regularly during the period with Tenet and Black, and they were getting a "steady stream" of intelligence reports warning of potential strikes. "I was talking to George about them all the time," she said.

Rice also denied that she had complained to Bush that Defense Secretary Donald H. Rumsfeld was not returning her calls, as Woodward writes.

"Secretary Rumsfeld has never refused to return my phone calls — this is ludicrous," she said.

She denied that she tried to convince Bush to dump Rumsfeld, as the book says, though she said at one point she told Bush "that maybe all of us should go" after the demands of two wars, the aftermath of Sept. 11 and other world developments.

Rice said her five-day Mideast trip is aimed at trying to persuade moderate Arab states to do more to help democratic leaders in the region. She said she may meet Friday in London with ministers of the other world powers trying to convince Iran to suspend its uranium program.

Rice Says She Did Not Ignore Urgent Pre-Sept. 11 Warning (USAT)

By Barbara Slavin

USA Today, October 3, 2006

JEDDAH, Saudi Arabia — Secretary of State Condoleezza Rice said Monday that it was “incomprehensible” that she would have ignored an urgent warning from the CIA director two months before Sept. 11, 2001, that al-Qaeda was planning to attack the United States, as a new book reports.

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"I don't remember a so-called emergency meeting," Rice said in addressing several claims in State of Denial by Bob Woodward of The Washington Post. Woodward based his account on interviews with unnamed officials.

Rice discussed the book with reporters who accompanied her on a trip to the Middle East.

Rice dined Monday with Saudi King Abdullah at the start of a week-long tour aimed at bolstering moderate forces in the region in the wake of a 34-day war between Israel and Hezbollah in Lebanon. The radical Shiite Muslim militia, which has been branded a terrorist group by the United States, gained stature in the Middle East for holding its ground against Israel.

Rice flies today to Cairo and then heads to Israel and the Palestinian territories.

In his book, Woodward writes that George Tenet, then director of the CIA, and a senior aide, Cofer Black, held an unscheduled meeting with Rice on July 10, 2001. According to Woodward, Tenet sought the meeting because he wanted to press the new Bush administration to take action immediately against al-Qaeda leader Osama bin Laden to disrupt a possible attack in the USA.

Rice said she recalled "a steady stream of quite alarmist reports of potential attacks" during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. "There was nothing that related to an attack in the United States," she said.

In her testimony to the 9/11 Commission, which investigated events leading up to the attacks, Rice said it was not until the following month that she recalled hearing about possible terrorist plots in the U.S. homeland. An Aug. 6, 2001, presidential daily report by the CIA was entitled "Bin Ladin Determined To Strike in US." Rice did not tell the commission about any earlier warning.

Rice also challenged a claim in Woodward's book that she had difficulty getting her phone calls returned by Defense Secretary Donald Rumsfeld and that she advised President Bush to fire Rumsfeld at the end of Bush's first term because of Rumsfeld's policy mistakes in managing the war in Iraq.

"Secretary Rumsfeld has never refused to return my phone calls. This is ludicrous," Rice said.

As for Woodward's report that she wanted Rumsfeld to leave the administration, Rice said, "I did tell the president at one point that maybe all of us should go" so Bush could appoint a fresh national security team for his second term.

In the end, Bush asked only one top national security adviser to leave: Rice's predecessor as secretary of State, Colin Powell, according to a second new book. Soldier, a biography of Powell by Washington Post reporter Karen DeYoung, portrays the former Cabinet member as receiving shabby treatment from others in the Bush administration.

The book alleges Vice President Cheney's aides added unverified intelligence about Iraqi development of weapons of mass destruction to a presentation Powell made before the United Nations Security Council in the lead-up to the U.S. invasion of Iraq in 2003. It said Powell tried to verify the information but much of what he said before the Security Council has turned out to be inaccurate. Last year, Powell called his speech a "blot" on his record of public service.

The book also says Powell was forced out of the administration even though he was willing to stay in a second term.

Asked about the portrait of Powell, Rice said: "I know the president had an open door for Colin Powell. …. He was treated not only with respect but with admiration."

Rice: No Memory Of CIA Warning Of Attack (AP-Y)

By Anne Gearan, Ap Diplomatic Writer

AP, October 3, 2006

Secretary of State Condoleezza Rice said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States, as a new book claims he did two months before the attacks on Sept. 11, 2001.

"What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible," Rice said.

Rice was President Bush's national security adviser in 2001, when Bob Woodward's book "State of Denial" outlines a July 10 meeting among Rice, Tenet and the CIA's top counterterror officer.

"I don't know that this meeting took place, but what I really don't know, what I'm quite certain of, is that it was not a meeting in which I was told there was an impending attack and I refused to respond," Rice said.

Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book.

"It kind of doesn't ring true that you have to shock me into something I was very involved in," Rice said.

There was near constant discussion of possible attacks overseas, and high alarm, Rice said.

Meanwhile, former Attorney General John Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," Ashcroft said in an interview with The Associated Press.

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"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Cofer Black of the CIA should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

"There was no covert action to kill him and we needed one," Ashcroft said.

The meeting between Tenet, Rice and Black was not mentioned in the reports from several investigations of the Sept. 11 attacks, but Woodward wrote that it stood out in the minds of Tenet and Black as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

Tenet asked for the meeting after receiving a disturbing briefing from Black, according to the book.

But though Tenet and Black warned Rice in the starkest terms of the prospects for attack, she brushed them off, Woodward reiterated Monday. He told NBC's "Today" show that Black told him the two men were so emphatic, it amounted to "holding a gun to her head" and doing everything except pulling the trigger.

Black reportedly laid out secret intercepts and other data "showing the increasing likelihood that al-Qaida would soon attack the United States." Tenet was so worried that he called Rice from his car and asked to see her right away, the book said.

"Tenet and Black felt they were not getting through to Rice," Woodward wrote of the session. "She was polite, but they felt the brush-off."

Rice referred to the session as "the supposed meeting" and noted that it is not part of the independent Sept. 11 Commission's report.

"I remember that George was very worried and he expressed that," Rice told reporters. "We were all very worried because the threat reporting was quite intense. The problem was that it was also quite nebulous."

Rice, who was promoted to secretary of state in Bush's second term, also said she never argued that Secretary of Defense Donald Rumsfeld should be fired. The book's suggestion that Rumsfeld would not take her calls is "ludicrous," Rice said.

Rumsfeld and Rice are not close, and he is often considered her rival in administration decision making. Woodward wrote that then-White House Chief of Staff Andrew Card twice tried to get Bush to sack Rumsfeld and replace him with Bush family counselor James A. Baker III, and that both then-Secretary of State Colin Powell and Rice backed the plan.

Woodward interviewed Rice for his new book.

Rice's latest Middle East trip is focused on strengthening support for Palestinian President Mahmoud Abbas and other moderate Arab leaders after a series of setbacks for democratic and moderate forces in the region.

Her trip includes visits to allies Saudi Arabia and Egypt and a meeting of other friendly nations that ring the Persian Gulf, before visits to Israel and the West Bank.

Rice is looking for new ways to improve Abbas' standing in his standoff with Hamas radicals trounced Abbas' secular Fatah Party in Palestinian elections in January. Abbas was elected separately and retains his position, but he has been hamstrung by the divided government and a cutoff of Western aid.

The Bush administration and Israel are increasingly convinced Hamas will crumble, and look to Abbas to capitalize. Rice may ask other countries to do more to bolster Abbas' security forces, and she hopes to breathe life into stalled agreements and talks that would help Palestinians move more freely across their borders with Israel.

Iran's nuclear ambitions will also be part of Rice's discussions, as an unofficial deadline passes this week for Iran to heed a U.N. Security Council demand to shelve disputed nuclear activities.

Rice said Sunday she may close her trip Friday with a meeting of world powers in Europe to look at what to do next. The United States wants to press for U.N. Security Council sanctions, but it is not clear she has full support from other permanent members of the council.

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On the Net:

State Department: http://www.state.gov

The Leaders We Have (WP)

By George F. Will

The Washington Post, October 3, 2006

While leading the hunt for weapons of mass destruction in Iraq in the summer of 2003, David Kay received a phone call from "Scooter" Libby, Dick Cheney's chief of staff, who wanted a particular place searched: "The vice president wants to know if you've looked at this area. We have indications -- and here are the geocoordinates -- that something's buried there." Kay and his experts located the area on the map. It was in the middle of Lebanon.

This story from Bob Woodward's "State of Denial" would be hilarious were it not about war. The vignette is dismaying because it seems symptomatic of a blinkering monomania that may have prevented obsessed persons from facing facts.

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Some will regard "State of Denial" as Katrina between hard covers, a snapshot of dysfunctional government. But it is largely just a glimpse of government , disheartening as that fact may be to those who regard government as a glistening scalpel for administering social transformation.

Once, when President William Howard Taft was listening to an aide talk about "the machinery of government," Taft murmured, "The young man really thinks it's a machine." Actually, government is people, and not a random slice of the population. Those at government's pinnacle generally are strong-willed, ambitious, competitive, opinionated and have agendas about which they care deeply. That is why they are there. And why almost any administration, carefully scrutinized, looks much like a teaspoon of pond water viewed under a microscope -- a teeming, disorderly maelstrom of sometimes rival life forms. That is especially true of an administration staffed with such canny Washington survivors as Cheney, Donald Rumsfeld and Colin Powell. A government of rookies or shrinking violets would be more harmonious. So, how much of a virtue is harmony?

"State of Denial" will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure.

The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that.

The book does not demonstrate that the president is in a state of denial. His almost exclusive and increasingly grating reliance on the rhetoric of unwavering resolve may be mistaken. It certainly has undermined his reputation as a realist. But he believes a president must be "the calcium in the backbone" of the nation, so the resolute face that he thinks he must show the nation does not preclude private anguish.

The book's central figure, however, is not Bush, whose lack of inquisitiveness is a defect, but Rumsfeld, whose abrasive inquisitiveness is supposedly a defect. The prologue begins with Rumsfeld's selection as defense secretary. The 45th and final chapter contains much about Bush but revolves around an interview with Rumsfeld.

The book actually includes one heartening story that should enhance Rumsfeld's reputation. On Veterans Day 2005, the president traveled to a Pennsylvania Army depot to deliver a speech announcing the new military policy for Iraq, the policy of "clear, hold and build." Woodward says Rumsfeld, having read the speech, called Andy Card, the White House chief of staff, a half-hour before Bush was to deliver it, and said, "Take that out." Card replied that the three words were the centerpiece of the speech, not to mention the war strategy. Rumsfeld replied, "Clear, we're doing. It's up to the Iraqis to hold. And the State Department's got to work with somebody on the build."

At last, a division of labor that uses the U.S. military only for properly military purposes and assigns responsibilities in a way that will force Iraq's government to grow up. In the name of counterinsurgency, there has been too much of what today's military argot calls "full-spectrum operations" -- operations that go beyond killing insurgents to building schools, connecting sewers and other civil projects that keep the training wheels on the Iraqi government's bicycle and keep the United States chasing the chimera of "nation-building."

"Where's the leader?" Bush, according to Woodward, has exclaimed in dismay about the Iraqi government's dithering. "Where's George Washington? Where's Thomas Jefferson? Where's John Adams, for crying out loud?" For a president to ask that question about Iraq, that tribal stew, is enough to cause one to ask it about the United States.

Can Bush Save Bush? (WP)

By Richard Cohen

The Washington Post, October 3, 2006

Not too long after Franklin D. Roosevelt died, Republicans insisted on what was to become the 22nd Amendment to the Constitution. It was meant to ensure that never again would a president serve more than two terms. Now is the time for yet another amendment. This one would ensure that no child of a president could become president. This would avert another George W. Bush.

The reasons for this amendment can be amply found in Bob Woodward's new book, "State of Denial." If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure.

My proposed amendment comes to mind because from time to time Woodward would quote someone on why Bush ran for president in the first place and what determines his executive style: his father. He wanted to best his father but also even the score for him. This score was a twofold thing. George W. Bush wanted, in effect, to win the second term that George H.W. Bush

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had lost (to Bill Clinton), and he also wanted to finish the job his father had started with Saddam Hussein. If there is a better explanation for why Bush -- not necessarily the neocons around him -- so fervently wanted war, I cannot come up with it.

This descent into the fog of Freudian politics is, I know, just the sort of thing Washington eschews. Such musings lack position papers or paper trails -- paper of any kind, actually -- and rely instead on elastic language sometimes known as psychobabble. Yet those of us who are both fathers and sons know the truth of these matters. There is no more complicated relationship on the face of the earth. It is fraught with competition, a kind of canine sniffing that is suffused with both an edgy rivalry and an immense love that does not quit even with the grave. If I say that George W. Bush was out to both vanquish and redeem his father, many a man will know what I mean.

But I don't have to say it. Brent Scowcroft, the elder Bush's close friend and his former national security adviser, says it for me. This is what Woodward writes about Scowcroft: "In his younger years, Scowcroft thought, George W. couldn't decide whether he was going to rebel against his father or try to beat him at his own game. Now, he had tried at the game, and it was a disaster."

It was not only Scowcroft, though, who thought -- or feared -- that Bush had approached the challenge of Saddam Hussein the wrong way. There are suggestions in the book that both of Bush's parents felt that way. Woodward quotes a conversation Barbara Bush had with former senator David Boren, an old family friend, in which she says that she and her husband are "worried" about Iraq -- with the former president "losing sleep over it." Boren asks why the father did not talk to the son.

"He doesn't think he should unless he's asked," Barbara Bush said.

I go on about this matter because in Woodward's book, as with everything else I've read about the 43rd president, it's apparent that Bush had no reason to run for the office other than to satisfy some psychological compulsion -- and had no accomplishment to his name that did not stem from primogeniture. Especially in foreign policy, he was an ignoramus who smugly thought that his instincts trumped experience and knowledge. What's even more appalling is that over and over in Woodward's book, Bush sticks to his losing hand, refusing to challenge his own assumptions -- or, it seems, his steadfast belief that his is a divine mission.

The conventional script in Washington for ending the Iraq war is for Bush to approach key Democrats and seek bipartisan cover for a methodical American withdrawal. Maybe that will happen or maybe it will be Republicans such as James Baker, Bush senior's secretary of state, who will do the approaching. But given the nature of the problem, maybe it would be best if the father shed his reluctance and offered his son some sharp advice. After all, it is now clear that the finest service one president can provide another -- not to mention his country -- is to reassert a parental role. The kid's in way over his head.

Iranian Woman Indicted In Brooklyn In Terrorism Case (NYT)

By William K. Rashbaum

The New York Times, October 3, 2006

A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday.

The woman, Zeinab Taleb-Jedi, is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States.

Prosecutors said Ms. Taleb-Jedi, who was arrested in late March when she flew to Kennedy Airport from Amman, Jordan, was a member of the leadership council of the Iranian resistance group People's Mujahedeen, which both the United States and the European Union describe as a terrorist organization.

She was indicted on Friday in Federal District Court in Brooklyn on a single count of providing material support to the group. The case against her was based on an investigation by the F.B.I. and federal prosecutors in California, but she will be tried in New York.

Ms. Taleb-Jedi, who became an American citizen in 1996, has been free on a personal recognizance bond signed by her son, a recent college graduate, since shortly after her arrest, according to court records. After that she lived for a short while with him on West 128th Street and then at the Lenox Hill Neighborhood House Park Avenue Women's Shelter, according to court papers.

Shelter officials said it housed older women with mental health disorders. The woman and her son could not be located for comment last night. At the time of her arraignment, on April 1, her court-appointed lawyer, Justine Harris, said Ms. Taleb-Jedi, who then weighed just 95 pounds, came to the United States to seek medical care for severe digestive problems.

The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years.

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Two informers cited in the affidavit said Ms. Taleb-Jedi was a member of the group's leadership council. One said the council was "responsible for making leadership decisions for the organizations, including approving specific acts of terrorism" against Iran, the affidavit said.

When American forces invaded Iraq in April 2003, they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad, where they turned over a range of heavy weapons, from tanks and artillery, along with lighter weapons, according to the affidavit.

F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's "martyrs," along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives.

In her interview at the Iraqi base, Ms. Taleb-Jedi said she had began her college education in Iran but came to the United States in 1978 to work on her master's degree in political science in Atlanta, according to the affidavit.

She eventually moved to Queens, where she continued her activities for the group, and then to northern Virginia, according to the affidavit. In 1995 and 1996, she registered, under the Foreign Agents Registration Act, as a press officer for the People's Mujahedeen of Iran.

U.S. Says Woman In Shelter Terror Chief (AP)

By Tom Hays, ASSOCIATED PRESS WRITER

AP, October 3, 2006

NEW YORK -- An Iranian widow who became a naturalized U.S. citizen 10 years ago was a top official for a heavily armed, Iraq-based terrorist organization dedicated to the violent overthrow of Iran's government, the U.S. government alleges in court documents.

The documents, obtained from Brooklyn court files on Monday, say two confidential informants in Iraq identified Zeinab Taleb-Jedi, 51, as a leader of the Mujahedeen Khalq. The group was identified in court papers as Mujahedin-e Khalq.

One of the informants told the FBI that Taleb-Jedi was on a council "responsible for making leadership decisions for the organization, including approving specific acts of terrorism" against Iran, the papers said.

Taleb-Jedi was arrested in March after flying from Jordan to Kennedy International Airport. A judge agreed to release her on $500,000 (euro394,166) bond. The court papers said she has been living at a women's shelter in Manhattan.

Taleb-Jedi was among 200 Muhjahedeen Khalq members detained and questioned by the FBI in 2004 after U.S. military forces took over parts of Iraq once controlled by the group, the documents said. U.S. soldiers seized tanks, anti-aircraft weapons, rocket-propelled grenade launchers and more than 420,000 pounds of plastic explosives.

At the time, Taleb-Jedi allegedly told agents she "wholeheartedly supports the Mujahedin," the papers said.

Federal prosecutors in Los Angeles, who have been investigating the group, announced last week that a grand jury in Brooklyn had indicted Taleb-Jedi on charges of providing support to a terrorist organization. If convicted, she faces up to 15 years in prison.

The group, also known as the People's Mujahedeen Organization of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The defendant, who was born in Iran, came to the United States on a student visa in 1978 to pursue a master's degree in political science in Georgia, court papers said. She later moved to Queens before settling in Virginia, where she became a naturalized U.S. citizen.

In her FBI interview, Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she "left her job, sold all her belongings and traveled" the group's Ashraf Base in Iraq, 40 miles (64 kilometers) north of Baghdad, documents said.

A call to her attorney on Monday was not immediately returned.

Arguing for her release at an arraignment, defense attorney Justine Harris said her client had returned to the United States to see her adult son and to seek medical treatment for a severe digestive ailment that had pushed her weight down to 95 pounds.

"This a middle-age woman with absolutely no record," the lawyer said.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. It sided with Iraq in its 1980-88 war against Iran.

The State Department says the groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

DOJ_NMG_0073563

Testimony Ends In Aref And Hossain Trial (CAPN9)

By By: Steve Ference

Capital News 9, October 3, 2006

It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation.

Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word "missile." In order to show Aref, whose native language is Kurdish, knew what missile meant, they read an article from a pamphlet called "Rally for Jihad."

Prosecutors read an excerpt:

"How wonderful it is, oh Muslims, when you see the enemy shot down by your bullets and their body parts ripped by your missiles."

It's been years since news of an FBI sting surprised the Capital Region. And led to the arrest of two men for allegedly laundering money to support terrorism. Soon the case will be in the hands of the jury, now that both sides have rested. Our Steve Ference has more on the last day of testimony.

Defense attorneys argued just because the word missile was found in one of hundreds of books and papers owned by Aref means little.

But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote "rocket equals missile." Again defense attorneys argued it didn't mean much, because Aref had also written the word “wet” equaled the Arabic word for dry.

His attorneys also argued the codeword used by the FBI informant for missile - Chaudhry - wasn't clear. At one point, the informant referred to it by saying, "one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members."

So what did either defendant understand was going on then? A friend of Yassin Aref, May Saffar, said other witnesses brought in by the government mistranslated words, and she's afraid it might confuse the jury.

Saffar said “To bring in an Urdu translator to the jury and have her mistranslate an Arabic word - how does this help him?”

She says at first she denounced both defendants, but now isn't convinced they did anything wrong. But either way, she says at least Aref believes his future is up to God.

“It doesn't matter what the outcome is, fair or not” Saffar said. "I will just have to accept it."

We'll see closing arguments Tuesday, and then the jury will get instructions on how to handle the case that will then be in their hands.

Judges' juror instructions:

Another intriguing part of the case the judge instructed jurors not to concern themselves with why the FBI became interested in Aref as part of their sting operation. Defense attorneys have maintained that their client was unfairly targeted - and was simply a witness to a loan transaction. But the judge told jurors that the FBI had "certain valid suspicions." Prosecutors also presented evidence in court that Aref's name and address was found in a address books at three separate terror camps in Iraq in 2003.

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat’s father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

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The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Terror Supporter's Kin Return To U.S. (AP)

AP, October 3, 2006

SAN FRANCISCO - Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said.

Muhammad Ismail, 45, and his son, Jaber, 19, arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. They were scheduled to take a connecting flight to San Francisco yesterday, she said.

The Ismails are an uncle and cousin of Hamid Hayat, 23, of Lodi, who was convicted in April of one count of providing material support to terrorists and three counts of lying about it to FBI agents.

His father, Umer Hayat, was convicted of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

In April, the Ismails were barred from boarding a connecting flight to San Francisco from Hong Kong and returned to Pakistan.

There, Jaber Ismail was questioned by FBI agents, but the two refused further interviews and a polygraph.

After complaining to the federal government, Mass received a letter last month from the Department of Homeland Security suggesting that the two were cleared to fly.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime," Jaber Ismail said. "I went to Pakistan for religious studies, but I knew that I always wanted to return home to California."

Lawyers For Detainees Challenge Bush Plan (WP/AP)

By Matt Apuzzo, Associated Press

The Washington Post, October 3, 2006

Attorneys for 25 men being held in Afghanistan have launched the first legal challenge of President Bush's plan for prosecuting and interrogating terrorism suspects.

Documents filed yesterday in federal district court here demand that the men be released or be charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week.

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That bill says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases will be heard before a military commission, not a civilian judge.

Bush has not signed the bill but expects to do so soon. Supporters say it is a necessary tool in the war on terrorism.

Yesterday's filing initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a U.S. military prison in Guantanamo Bay, Cuba. Detainees there have dozens of petitions pending.

In civilian courts, the government is required to tell people why they are being held and allow them access to attorneys. People accused of crimes are then afforded speedy trials before juries of their peers.

"With the move that Congress made, the capitulation it made to the president, those rights are in danger of being curtailed," said Vincent Warren, executive director for the Center for Constitutional Rights, which filed the petition.

The new law protects detainees from blatant abuses such as torture but does not require that they be granted legal counsel. It also allows prosecutors to use evidence, such as hearsay, that wouldn't be allowed in civilian courts.

Though the petition was filed before the bill was signed, the law was written retroactively, so a judge would have to strike down at least some of the law in order for the detainees represented by the center to prevail.

The case was assigned to U.S. District Judge Richard J. Leon, who, in a Guantanamo Bay case last year, ruled that Congress had authorized the president to order the detention of "enemy combatants" for the duration of the war on terror. Leon did not set a hearing date for the new case.

The detainees named in the case are being held at Bagram air base north of Kabul, according to court papers.

Accused Tamil Tiger Supporter On Bail (TORSTAR)

By San Grewal, STAFF REPORTER

Toronto Star, October 3, 2006

A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom.

Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them.

Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation.

The fourth-year computer-engineering student at the University of Waterloo is one of 11 men accused of conspiring to help the Tamil Tigers, an organization listed as a terrorist group in both Canada and the U.S. All 11 were arrested since late August, some in Canada and others south of the border.

U.S. authorities are holding three Canadians in custody.

Judge John Belleghem read out the conditions of Mylvaganam's release, which stipulate that he must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused.

In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device.

A publication ban on the court proceedings is in effect.

About a dozen relatives in the courtroom broke into smiles and congratulated one another when the decision came down.

Mylvaganam's lawyer, Jeffry House, said the decision, which came after the Crown recommended his client's release, was the right one.

"There's certainly nothing linking my client to the Tamil Tigers," said House, who pointed out the family responsibility his client shoulders. "He brought his mother and five siblings from Sri Lanka, including his disabled sister. Essentially, he's the head of the family; he's the main breadwinner."

Mylvaganam had been working for Microsoft in Seattle in a co-op program before returning to Ontario in May.

Merger With Al Qaeda Deepens Threat From Algerian Radicals (CSM)

By Aron Lund, Contributor To The Christian Science Monitor

The Christian Science Monitor, October 3, 2006

Italian police said Monday they broke up a cell with ties to Algeria's Salafist Group for Preaching and Combat.

ALGIERS, ALGERIA

It was a quiet Ramadan evening, the sunset casting a red glow on the white colonial facades along the city's seafront. With the call of the muezzin, the Muslim prayer crier, Algerians had returned home to break the fast with friends and family, leaving the city nearly deserted.

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During this holy month of Ramadan, the quiet has become reassuring. Many here are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital during Ramadan.

Already, officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press.

Authorities have amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats.

In a videotape released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that "the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates."

Born out of Algeria's civil war, which began in 1992 when the army overturned an Islamist electoral victory, the GSPC has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC.

It also underscores concerns spelled out in the National Intelligence Estimate, parts of which were recently declassified, that said "several North African groups, unless countered, are likely to expand their reach and become more capable of multiple and/or mass-casualty attacks outside their traditional areas of operation."

For years, the GSPC has been moving units into the areas of the Sahara, away from the military pressure brought to bear in Algeria's north. A GSPC faction was involved in the desert kidnapping of 32 European tourists in 2003, and in 2005 the group overran a Mauritanian military base. GSPC activity has also been reported in Mali and Niger, and support cells have popped up in surrounding Muslim countries and Europe.

According to the French newspaper Le Figaro, the French Antiterrorist Coordination Unit (UCLAT) estimates that tens of indigenous Islamist cells have contacts with the GSPC, and, adding to their concern, Zawahiri exhorted the Algerians to strike at France in his Sept. 11 tape.

Monday, Italian police reported that they had broken up an Algerian cell that "financed and gave logistical support to Islamic terrorism responsible for massacres in Algeria," [a news agency] reported.

This internationalization, and the GSPC's attempts to rally militants in surrounding countries, has long worried the US. In 2002, the Pentagon announced the Pan-Sahel Initiative, assigning US military advisers to train and equip the militaries of Mauritania, Mali, Niger, and Chad. Also involved are Algeria and Morocco, though both governments deny reports of US forces stationed within their countries.

Some, however, take a less alarmist view of events. University of Virginia professor and Algeria analyst William Quandt, responding to questions via e-mail, describes it as "a pretty small, marginal group that is just struggling to survive," and says that "whatever links it may have to Al Qaeda must be quite tenuous." He estimates the group to have no more than a few hundred members.

But even if real contacts are scarce, official Al Qaeda status could still bolster the GSPC's standing. By linking their struggle to the Iraqi jihad, the organization is able to tap into popular anger at American foreign policy, and the widespread support for Iraq's armed groups that this has generated.

HOMELAND RESPONSE:

Terrorism Insurance Still Holds Uncertainties (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- Federal officials said the market for terrorism insurance has improved since the Sept. 11, 2001 attacks but further development is uncertain because of the unpredictability of potential damage from a terrorist strike and inadequate demand from policyholders.

An interagency working group headed by Treasury Secretary Henry Paulson, in a report released yesterday, found that the private market hasn't adapted to provide thorough property and casualty coverage for terrorism risks. But it makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent.

The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes. But for other forms of coverage, such as group life insurance, policies covering terrorism risks have generally remained available.

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Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program. The White House has opposed making the program permanent.

UK And US To Meet Over Passenger Data (FT)

By Doug Cameron

Financial Times, October 3, 2006

The UK transport secretary is due to meet with his US counterpart and the country's head of homeland security on Wednesday in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market.

Douglas Alexander will meet Michael Chertoff, the US homeland security chief, as well as Mary Peters, who was last week confirmed to succeed Norman Mineta as US transportation secretary.

Mr Alexander's visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information.

The US authorities regard the extension of a 2004 pact, which expired on September 30, as a key weapon in its fight against terrorism. While officials on both sides point to "broad agreement" over a new deal, European negotiators have had to wrestle with potential legal challenges over privacy and civil liberties resulting from any expanded agreement.

Mr Alexander is also due to address the International Aviation Club in Washington during his brief US visit, providing the first public platform to express lingering unease among EU governments over progress in long-running efforts to reach a new transatlantic aviation agreement covering route access, as well as competition and security matters.

The UK remains a key player in the negotiations because of the pivotal role of access to London's congested Heathrow airport. Critics of the preliminary pact agreed last year maintain that access to the airport will not be improved by the proposed deal, which is being closely watched by others countries as a potential template for multilateral air transport negotiations.

Heathrow access for US airlines is still viewed as a key element in negotiations with the EU, which, together with the UK, is seeking, expanded investment opportunities in the US industry despite fierce opposition to such moves in the US Congress.

The UK role is heightened by the efforts of Sir Richard Branson, the British entrepreneur, to launch a domestic US carrier, Virgin America, which has held up by widespread domestic opposition.

Mr Alexander's planned meeting with Mr Chertoff reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information.

EU-based airlines have continued to operate flights normally and provide the data to the US authorities through a series of temporary deals and de facto amnesties from legal action by some member states while negotiations continue.

Mr Chertoff backed a proposed deal at the weekend, but EU negotiators returned from Washington to seek clearance for a new pact. Airline officials said the proposal mirrored the existing arrangements, but extended the length of time, which US authorities could keep the information beyond the eight years outlined in the expired deal.

Mr Chertoff has also made it clear in recent speeches that his department would look to share information with intelligence agencies in the US and elsewhere, despite concerns from civil liberties groups on both sides of the Atlantic.

Carriers have to provide the DHS with two sets of information, with passport data sent electronically to the department before take-off under the Advance Passenger Information programme. The current talks centre around the use of details contained in a Passenger Name Reference (PNR), which also include name, contact and payment details which the US authorities said was maintain are invaluable in tackling terrorism and organised crime.

Trial OK'd On One Jewell Claim Against AJC (AJC)

By Gayle White, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 3, 2006

Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday.

State Court Judge John R. Mather dismissed most claims against the newspaper in a suit that has been pending since shortly after the 1996 Olympics.

The judge said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation.

But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park.

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The judge acknowledged that Jewell may have initially been suspected of making the call. But, Mather wrote, it ultimately became clear that the call was made just three minutes after Jewell reported finding a suspicious knapsack in the park. The call came from a telephone booth several blocks away, possibly a five to eight minute walk.

Jewell's lawyer, Lin Wood, said Monday, "It is a significant victory for Richard Jewell to get his case before a jury."

Wood indicated he doesn't plan to appeal and is eager to proceed to a trial.

The newspaper's reports regarding the telephone call were "absolutely, undisputably false," Wood said.

The newspaper's lawyer, Tom Clyde, said the reporting accurately reflected the information that was available in the days following the bombing.

"At the time of our reporting, the timing sequence of when the bomb went off and when the phone call was made remained very much in question," he said.

As the timing became clearer, the newspaper "led the way" in reporting the evidence that exonerated Jewell, Clyde said.

John Mellott, publisher of The Atlanta Journal-Constitution, said he is pleased with the court's decision.

He said the newspaper will seek permission to appeal the ruling on the 9-11-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Jewell was initially lauded as a hero after a bomb went off at the July 27, 1996, Olympic celebration. He called attention to the suspicious knapsack that held a bomb and helped evacuate the area. But he was later identified by the Journal-Constitution and other media as a suspect.

Jewell was later cleared. In April, 2005, Eric Rudolph pleaded guilty to setting the bomb and three others.

The Olympic Park bomb killed Alice Hawthorne of Albany and injured more than 100 other people.

In August, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County, Ga.

Judge: Jewell Libel Suit Against Newspaper Can Proceed (CLE)

The Columbus Ledger-Enquirer, October 3, 2006

ATLANTA - A judge ruled Monday that former Olympic security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can proceed, although he dismissed most of Jewell's claims that the newspaper had defamed him in its reports on the 1996 bombing at Centennial Olympic Park.

State Court Judge John R. Mather said a jury would decide whether the newspaper was wrong to report that investigators believed Jewell placed a 911 call warning that a bomb would go off in the park.

The July 27, 1996 bombing killed one person and wounded more than 100. Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement.

Jewell was later cleared, and some news organizations settled legal claims that he had been defamed. The Journal-Constitution defended its reporting of the investigation.

In April, 2005 Eric Rudolph pleaded guilty to setting the Olympic park bomb and three others, including a fatal explosion at a Birmingham, Ala., abortion clinic.

This year, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County.

Mather ruled that the Journal-Constitution reported truthfully that Jewell was the focus of investigation, that investigators believed he fit the profile of a lone bomber and most other points surrounding the probe.

However, the judge acknowledged that although Jewell may have been suspected initially of making the 911 call, it became clear that the call was made three minutes after Jewell found the suspicious backpack - from a telephone booth several blocks away.

Jewell's lawyer, Lin Wood, said the newspaper's reports on the telephone call were "absolutely" false.

"It is a significant victory for Richard Jewell to get his case before a jury," Wood said.

Tom Clyde, the newspaper's lawyer, said that when the stories were published, "the timing sequence of when the bomb went off and when the phone call was made remained very much in question."

Clyde said the Journal-Constitution later "led the way" in reporting evidence that exonerated Jewell.

The newspaper's publisher, John Mellott, said it will seek permission to appeal the ruling on the 911-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Nagin Wants Minorities In On Katrina Recovery (USAT/AP)

USA Today, October 3, 2006

NEW ORLEANS — New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery.

Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible.

A similar requirement has been in place for government contracts, but the mayor's order expands it to businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state.

"We just want to make sure we don't go back to a city of haves and have-nots," Nagin said. "This is imperative, not only for us but for our kids and grandkids."

In the immediate aftermath of the August 2005 storm, many local firms complained that the main beneficiaries of large government contracts for emergency cleanup and recovery were out-of-state businesses and workers.

Nagin said his order should help ensure that local firms enjoy the benefits of the enormous federal rebuilding investment and help them secure small-business loans and other financing.

He said his order should not slow the rebuilding or send more businesses to adjacent parishes that don't have similar requirements. "This is such a big pie. We just want to make sure this pie expands," Nagin said at a news conference.

City workers will examine projects seeking incentives or tax breaks and determine reasonable goals for local and women- or minority-controlled companies, said Judith Williams, co-chair of the mayor's 100-day commission, established at the start of Nagin's second term.

"We're not looking to make it impossible for folks to do business here," she said.

In addition to the executive order on local and disadvantaged businesses, Nagin announced the signing of two other executive orders Monday.

One requires city agencies to develop a list of pending projects so small businesses are aware of potential contracts, and another requires businesses planning developments to account for historic and natural resource effects.

WAR NEWS:

Iraqi Premier Offers Plan To Stop Violence (WP/AP)

By Lee Keath

The Washington Post, October 3, 2006

BAGHDAD, Oct. 2 -- Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis.

Local committees will be formed in each Baghdad district -- made up of representatives of every party, religious and tribal leaders and security officials -- to consult on security efforts. A Sunni representative, for example, could raise a complaint if he thinks police are not pursuing a Shiite militia after an attack. A central committee, also comprising all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki said. "We have vowed before almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who leads one of the most powerful Shiite militias, Moqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman said.

Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday at a frozen-meat factory were found dumped in southern Baghdad.

Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that Maliki must make progress within the next two months to avert a crisis.

But Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

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When Maliki took office in May, he announced a 24-point reconciliation plan that laid out ways to tackle violence -- including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias -- some of which are linked to parties in the government. Sunnis have accused Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces Friday and accused of plotting al-Qaeda bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

Iraqi Leader Unveils New Security Plan Amid Rising Violence (NYT)

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, October 3, 2006

BAGHDAD, Oct. 2 — Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, Prime Minister Nuri Kamal al-Maliki announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media.

But the details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts, through both political and military initiatives, to quell the sectarian violence and growing militia dominance that have pushed the country to the verge of civil war.

News of the plan came amid brazen sectarian abductions and killings in the past two days that have enraged Sunni legislators, some of whom accused Shiite lawmakers of focusing their efforts against Sunni militants while ignoring — and even empowering — Shiite militiamen.

In addition, the past few days have been one of the deadliest stretches for coalition forces in months, as the military reported the deaths of 10 more American and British servicemen since Saturday. At least 13 troops have been killed in the past three days.

The 10 newly reported deaths included five marines killed in Anbar Province, three of them in enemy attacks, one in a vehicle accident Sunday and one in an attack Saturday. Three soldiers were killed in Baghdad on Monday by small-arms fire, and another died Sunday after his vehicle was struck by a roadside bomb. A British soldier was also reportedly killed in Basra on Sunday.

In Baghdad, increasingly bold abductions have continued to underscore the degree to which many areas of the capital are not under the government's control.

Shortly after noon on Monday, men wearing police uniforms and riding in eight pickup trucks resembling those used by Interior Ministry forces blocked off a street near a technical college in eastern Baghdad and abducted 14 men working at an electronics store, according to the Iraqi police. The kidnappers' trucks did not have license plates, but otherwise the men appeared to possess all of the gear and dress of official security forces, the police said.

The abductions followed the kidnapping on Sunday of 26 food-processing workers in the western Baghdad neighborhood of Amel — and the discovery of the dead bodies of at least 10 of them shortly afterward, an Interior Ministry official said Monday.

The bodies were found in a southern Baghdad neighborhood, some with clear signs of torture, and most shot in the head, the official said. Four of the food workers escaped or were released, but the fate of the other 12 is unknown, he said.

The kidnappings prompted the country's most influential Sunni party, the Iraqi Islamic Party, to demand to know how victims from Amel could be transported so far without being discovered at Iraqi police and army checkpoints.

"We are sure that this work was done by terrorist militias working hard to kill Iraqis in the daylight, without anything to fear" from the Iraqi police or troops, the party said in a statement.

In Parliament, what normally would have been a perfunctory exercise to extend by a month the country's state of emergency led some Sunnis to denounce the government's inability to stop militias that have infiltrated Iraqi security forces. Continuing to give the security forces expanded powers makes it easier for militiamen to literally get away with murder, some charged.

"The state of emergency gives power to these bad guys in the security forces," said Salim Abdullah, a Sunni member of Parliament. "We give them power, but they are not accountable."

Some Shiite politicians, meanwhile, have accused Sunni lawmakers of having close ties to insurgents.

In the past week, Mr. Maliki's four-month-old government has faced growing criticism from some American military officials as well as Sunni lawmakers for its inability so far to rein in militiamen who operate with impunity, sometimes with the protection of Iraqi security forces.

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In an effort to make some strides against militias, Mr. Maliki's security plan would create local committees of political leaders, tribal sheiks, clerics and members of the security forces that would monitor security in every Baghdad neighborhood.

"We are doing this to end sectarianism in Iraq forever," said Mr. Maliki, a Shiite, as he announced the plan on television flanked by Sunni lawmakers.

The committees would have no control over the security forces and would instead function as arbitrators of local sectarian disputes, intelligence gatherers for security forces, and as a bridge between civilians and the police and army, according to lawmakers involved in drafting the plan.

"These commissions will never have any authority to lead or command security forces," said Jalaladin al-Sagheir, a Shiite member of Parliament. "It will just let the people know that they are a part of their district's protection."

The local committees will report to a "central commission for peace and security," which will work with Iraqi armed forces. There will also be a new commission for monitoring the news media, but no other details were available. The plan will be reviewed by lawmakers every month.

Iraq PM Announces Plan To Unite Parties (AP-Y)

By Lee Keath, Associated Press Writer

AP, October 3, 2006

Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood by neighborhood level.

Local committees will be formed in each Baghdad district — made up of representatives of every party, religious and tribal leaders and security officials — to consult on security efforts. A Sunni representative, for example, could raise a complaint if he feels police are not pursuing a Shiite militia after an attack. A central committee, also made up of all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki told reporters. "We have vowed before Almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who heads one of the most powerful Shiite militias, Muqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman told The Associated Press.

Al-Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold, midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday were found dumped in southern Baghdad. Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Al-Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that al-Maliki must make progress within the next two months to avert a crisis.

But al-Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

Al-Maliki announced a 24-point reconciliation plan when he took office in May, which laid down ways to tackle violence — including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias — some of which are linked to parties in the government. Sunnis have accused al-Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces on Friday and accused of plotting al-Qaida bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

"We will spare no efforts to succeed in this great initiative which we agreed on today to stop the violence and killings in Baghdad and in all Iraq," al-Dulaimi said at a news conference with al-Maliki. The two men signed an agreement with other Sunni and Shiite politicians on the four-point plan.

In addition to the local and central committees, the plan calls for establishment of a media committee and a monthly review of progress, al-Maliki said.

However, the new plan does not directly tackle the issue of cracking down on Shiite militias, a step Sunnis demand but many Shiites oppose.

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In theory, the committees would give Sunnis a venue to press security forces to take action against militias. But Shiites on the committee would have an equal chance to try to prevent action.

The top parties are to meet Tuesday to work out the details of how the committees will work, but already divisions were showing — even over wording. Shiite parties want the new plan to be focused on "terrorism," which would suggest insurgents, while Sunnis want it to address "violence," which would include Shiite militias.

The most well-known of these militias is the Mahdi Army led by al-Sadr, who on Friday ordered his fighters to put aside their weapons temporarily. He told supporters "the resistance (should) be political. ... He does not want to see a single drop of (Iraqi) blood shed," said Sadr spokesman Amir al-Husseini.

The Mahdi Army has been blamed for many attacks on Sunnis since the bombing of a Shiite shrine north of Baghdad in February sparked the wave of sectarian violence. But U.S. commanders have suggested that since then some militants have split from al-Sadr, saying he is not radical enough and carrying out attacks on their own.

Violence has not slowed in the wake of al-Sadr's orders. A curfew slapped on Baghdad on Saturday after the arrest of al-Dulaimi's bodyguard brought a day of calm. But as soon as it was lifted, violence explode.

More than 50 bodies — most bound and many of them showing signs of torture — were found in Baghdad alone on Sunday, apparent victims of sectarian killings, police said.

Midday Monday, gunmen wearing military-style uniforms pulled up to a group of computer stores at the Technical University in downtown Baghdad and pulled out 14 employees, forcing them into SUVs and driving off, police said.

On Sunday, gunmen stormed into a frozen meat factory in Baghdad and forced 24 workers into a refrigerator truck, shooting two others who refused to get in.

Hours later, seven bodies were found in a Sunni district of the Baghdad neighborhood of Dora and were identified as workers from the factory. The fate of the other abducted workers was not known. In similar mass kidnappings in the past, the attackers have sorted out Shiites and Sunnis and killed those of the rival sect.

Lawmakers from the Iraqi Islamic Party, a Sunni political group, said the kidnapped workers were all Sunnis and called on the government to act.

"It is the time the government takes serious and urgent steps to disband these criminal organizations and to save the people from their harm," they said in a statement.

At least 20 other people were killed in attacks around Iraq, including a bomb blast in Baghdad's downtown Al-Nasir Square that killed four people and wounded 13, and mortar barrages against two Sunni neighborhoods that killed two people and wounded dozens.

The U.S command said three U.S. Marines died in Anbar province Saturday — two in combat and the third in a vehicle accident. A British soldier was killed and another wounded in a mortar attack in the southern city of Basra. One shell hit a nearby house, killing two children.

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AP correspondent Qassim Abdul-Zahra in Baghdad contributed to this report.

Iraqis Plan A Team Effort To End Violence (LAT)

By Solomon Moore

The Los Angeles Times, October 3, 2006

BAGHDAD — Leaders of Iraq's major political blocs announced a plan Monday to create local committees of clerics, tribal leaders and military officers to help quell violence in the capital.

The committees would have no police powers but would work with Iraqi authorities to set up checkpoints and identify dangers in the community, and advise police officers on other security issues.

The government also announced that a central committee for peace and security would monitor police performance in Baghdad's neighborhoods and report abuses.

The plan, unveiled by Prime Minister Nouri Maliki in a televised news conference, appeared to gain broad support among Iraq's major Sunni and Shiite political blocs Monday night.

Sunni Arab insurgent groups and Shiite Muslim militias, some tied to Iraq's leading political parties, are blamed for most of the slayings in the capital, which has been a sectarian battleground for more than a year.

"The agreement between the leaders of the political blocs is going to be activated tonight, and our brothers will work hard to stop the bloodshed," said Maliki, flanked by political party leaders in Baghdad's fortified Green Zone.

Although the plan appears to conflict with a Shiite proposal to create bands of armed volunteers to guard neighborhoods, Shiite politicians and clerics endorsed Maliki's announcement.

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"Despite the bloodshed taking place every day, there is a strong intention by the political blocs," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of the nation's largest Shiite paramilitary groups. "During the last two days, we sensed a universal desire to stop the violence, which is harming all the political blocs and, most importantly, the Iraqi people."

Shiite cleric and legislator Sheik Jalaluddin Saghir urged Iraqis to work with the plan.

"I hope that people from all sects will take this message presented today from the political blocs and understand that the politicians have agreed, and not weaken in their fight against terror," he said.

Ammar Wajeeh, a prominent Sunni Arab politician, was more cautious. "We will see whether this agreement will be effective or not," he said. "The purpose of this initiative is to strengthen national reconciliation and to end the influence of militias."

The announcement came less than a week after senior U.S. military officials in Iraq told reporters that Maliki, a Shiite, was not doing enough to stop sectarian violence in Baghdad, and that he was impeding planned offensives against Shiite paramilitary fighters.

Army Gen. George W. Casey Jr., the commander of ground forces in Iraq, disavowed that criticism last week. On Monday, he issued a joint statement with U.S. Ambassador Zalmay Khalilzad, saying the plan was the result of "two days of frank and intense discussions and negotiation."

"This is a significant step in the right direction and shows that the Iraqi leaders want their country to succeed and are responding to the wishes of their people for security," the statement said.

As the politicians announced their security plan, Al Sharqiya, an Iraqi satellite television channel, reported that the number of violent deaths in Baghdad had reached a high of 1,980 in September.

The figure could not be independently confirmed, but if correct it would undercut assertions by U.S. officials that an offensive in the capital was making headway against sectarian violence.

The announcement also came on a day when Baghdad police found at least 40 bodies, many of them handcuffed and bearing gunshot and torture wounds. Ten of the victims were identified as Sunni Arabs who had been among a group of 22 people kidnapped from a food processing plant Sunday.

At least 20 people were killed throughout Iraq on Monday, including two U.S. soldiers shot to death in Baghdad.

The U.S. military also announced that a Marine was killed in combat and another died in an accident Saturday. Both occurred in Al Anbar province.

In Baghdad, a large force of gunmen dressed in police uniforms and driving seven identical sport utility vehicles commonly used by Iraqi security forces abducted 14 employees from an electronics market.

Interior Ministry officials denied any connection to the incident.

A group of armed men hijacked a minibus, fatally shot the driver and kidnapped four female Finance Ministry employees. Police fought off the attackers and rescued the women.

Gunmen also shot at an Education Ministry security convoy, killing one guard and injuring another.

Mortar attacks on a Sunni Arab neighborhood in southwest Baghdad killed four people and injured 20, and four bomb attacks elsewhere in the capital killed at least seven people and wounded at least 29 others.

North of Hawija, in the Kirkuk oil region, insurgents shot and killed one policeman and injured another.

In the southern port city of Basra, a British convoy was attacked by gunmen. A soldier was reportedly killed.

In Babil province, a car with four occupants exploded at an Iraqi army checkpoint, killing the motorists.

U.S. forces turned over Forward Operating Base Duke, a military base in the southern province of Najaf, to Iraqi border patrol forces.

Iraq's Interior Ministry assumed control of a wide swath of desert extending from the Saudi Arabian border to Al Anbar province.

Iraq War Draws Foreign Jihadists, But Not In Droves (CSM)

By Peter Grier

The Christian Science Monitor, October 3, 2006

WASHINGTON

It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a "cause célèbre" for jihadists, as a recently declassified US intelligence assessment holds.

But that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime.

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Thus, to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground. Fighting there may not produce as many hardened mujahideen eager to export jihad as did the struggle against the Soviet occupation of Afghanistan.

"It is not obvious now how many Iraqi jihadists will support the global jihad of bin Laden and how many will focus their efforts on Iraq's fledgling state," says a recent analysis of the evolving terrorist threat by the Center for Strategic and International Studies.

The leak of a National Intelligence Estimate on terrorism trends to The New York Times, and President Bush's subsequent move to declassify the NIE's key judgments, has focused new attention on the relationship between the war in Iraq and global jihad.

One NIE conclusion is that US involvement in Iraq has served as a recruiting sergeant for Islamist terrorism. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere.... Should jihadists leaving Iraq perceive themselves ... to have failed, we judge fewer fighters will be inspired to carry on the fight," says the NIE.

But the NIE - or at least the portions declassified so far - does not estimate how many of these jihadists are fighting in Iraq today, and how many may be members of terrorist cells elsewhere, looking to Iraq for inspiration. Foreigners a small share of Iraqi opposition

Abu Musab al-Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq killed by a US airstrike in June, was undoubtedly a key insurgent leader, able to rally native Iraqi Sunni Islamists to his cause. Evidence suggests, however, that foreign fighters such as he are a small minority of the overall insurgent force.

Between 50 and 70 foreign fighters sneak over the border into Iraq every month, Maj. Gen. William Caldwell, chief US military spokesman in Iraq, said last week. Most come from Saudi Arabia, Sudan, Egypt, or Syria.

Between January and mid-September, US or Iraqi government forces captured some 630 foreign fighters, according to General Caldwell. Of these, 370 remain in detention in Iraq. The rest have been processed through Iraqi courts and sentenced, or released. Some may have been taken to undisclosed locations elsewhere.

The total number of foreign fighters in Iraq is between 800 and 2,000, according to estimates by the Brookings Institution, a think tank in Washington. In contrast, the total strength of the insurgency is more than 20,000 people, according to Brookings. That means the vast majority of its fighters come from Iraq itself.

"In proportion to the whole insurgency, [the percentage of foreign fighters] is very small," says Aidan Kirby, a terrorism expert at the Center for Strategic and International Studies (CSIS).

On the one hand, this makes Iraq's effect on the global jihad of Mr. bin Laden unpredictable. The Afghan war against Soviet invaders in the 1980s created substantial numbers of battle-hardened Islamist fighters. It's unclear whether Iraq will have an effect of the same magnitude.

Some native Iraqi insurgents may become part of the larger Al Qaeda network. But many more are likely to be uninterested in uprooting themselves to take the fight to other countries. 'It only takes a few'

On the other hand, numbers are not the sole indicator of the scale of the danger. Already there are anecdotal reports of foreign fighters traveling back to Europe from Iraq, prepared to spread jihad, says Ms. Kirby of CSIS.

"It really only takes a few people," she says. "They're acting as a force multiplier."

Jordan, Kuwait, Syria, Qatar, and Saudi Arabia have seen some spillover of violence from Iraq inside their borders, notes a CSIS analysis of Al Qaeda. And terrorists appear to have won a sanctuary in Iraq's overwhelmingly Sunni Anbar Province. "The likelihood is that this sanctuary will be there for years," says the report.

Moreover, the death of Mr. Zarqawi may affect Al Qaeda's targeting. A charismatic leader with his own agenda, he was focused on attacking "the near enemy," according to Brian Fishman, a scholar at the US Army's Combating Terrorism Center. And Zarqawi's near enemy appeared to be apostate Arabs in the Middle East.

Bin Laden, on the other hand, emphasizes the "far enemy" - the US and the West. "Zarqawi's death may actually strengthen the negotiating position of jihadists dedicated to attacking the US homeland," writes Mr. Fishman in an article in the current issue of The Washington Quarterly.

Torture Site May Be Linked To Security Forces (USAT)

By Rick Jervis

USA Today, October 3, 2006

BAGHDAD — U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government.

Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid, said Lt. Col. Avanulas Smiley, 40, a battalion commander who led U.S. troops in the raid.

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"If there's linkage to Iraqi security forces, then obviously we have a problem and it needs to be addressed," Smiley said.

One room of the complex contained a long wooden bench stained with a large pool of blood and urine, which could indicate victims were tortured there.

In another room, posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr, were plastered on the walls. On the floor were stained mattresses strewn among baseball bats, bayonets and electric drills.

The compound was empty when it was raided, Smiley said. Troops found a hole at the back of the complex, through which its occupants may have escaped, he said.

The compound belongs to a social organization named for al-Sadr's father, who was killed by Saddam Hussein's regime in 1999, said Lt. Col. Jonathan Withington, a 4th Infantry Division spokesman.

On Monday, Brig. Gen. David Halverson, deputy commander of U.S. troops in Baghdad, toured the one-story office complex as investigators looked over evidence.

Members of a special U.S. task force that investigates death squads collected blood samples and placed pieces of evidence in plastic bags. The investigators, who work with Iraqi counterparts, will try to determine whether the site was tied to Muqtada al-Sadr's organization, Smiley said.

U.S. and Iraqi forces launched an offensive in June aimed at securing Baghdad, a city of 6 million. As part of the offensive, an additional 10,000 U.S. and Iraqi troops were moved into the capital to reinforce the roughly 52,000 already here.

The biggest challenge for U.S. and Iraqi forces now is tackling religious violence that has pitted Sunnis against Shiites, particularly in the capital. "Violence carried out by Sunni and Shiite factions appeared to be carving Baghdad, and the country as a whole, into sectarian zones, protected by various armed groups," said a report last week by Anthony Cordesman of the Center for Strategic and International Studies.

There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry.

U.S. and Iraqi officers have pledged to crack down on any illegal militias, regardless of their affiliation or connections. "Whoever's doing the killing, we don't really care what political party they belong to," Halverson said. "If they're breaking the rule of law, we're going to bring them to justice."

U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias. "The government should announce clearly to the public that all militias should be dissolved," Maj. Gen. Bashar Mahmoud Ayoub said in August.

"There should be a militia policy that is supported by (Iraq's parliament) to enhance the security in Iraq," Halverson said.

Muqtada al-Sadr's militia, the Mahdi Army, battled U.S. forces in 2004. Today, however, al-Sadr's organization has 30 seats in the parliament and controls five Cabinet posts. Prime Minister Nouri al-Maliki, a Shiite, relies on al-Sadr's organization for political support.

Sunday's raid was conducted after Iraqi officers developed the intelligence and planned the operation. The Iraqis then invited their U.S. advisers along, Smiley said.

Smiley said he is impressed with the progress of the Iraqi army and national police troops with whom he has worked. But he said he remains distrustful of some local Iraqi police, who often act on tribal or political loyalties.

"I wouldn't say I find it often, but I suspect it often," Smiley said. "You can't always prove it. And that can cause some frustration on the street with soldiers."

More Troops, Please (WSJ)

By Pete Hegseth

The Wall Street Journal, October 3, 2006

I've heard President Bush repeatedly state he will send more troops to Iraq if the commanders on the ground ask for them. I think, having returned home from Iraq two months ago, that there must be a breakdown in communication somewhere along the line. Maybe units on the ground are painting too rosy a picture for the generals. Perhaps the generals aren't asking because it goes against the "can do" ethos of the Army. Possibly the military is being squeezed by the Pentagon to do more with less. Or maybe the White House doesn't want to admit more troops are needed. In any case, while I do not have the answers nor do I seek to place blame, it is painfully obvious there's a disconnect.

I volunteered to serve in Iraq because I believe in our mission there. I share the president's conviction about the Iraq war -- we can and must win, for the Iraqi people, for the future of our country and for peace-loving people everywhere. But I'm frustrated. America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees,

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body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now. * * *

After witnessing two national elections during three months in Baghdad, my Army unit moved north to Samarra, where we spent eight months sowing the seeds of progress. While we had success in uprooting the insurgency and building the local government, it wasn't enough. We had just enough troops to control Samarra and secure ourselves, but not enough to bring lasting stability or security. "Not enough" became the story of my year in Iraq.

The future of Samarra and Iraq as a whole, ultimately lies in the hands of her people -- their sympathies are the ultimate prize in this war. No matter how many insurgents we kill, city leaders we meet or policemen we enlist, it is all for naught if we cannot provide security and stability. Tribal sheikhs told us that even within Samarra -- deep in the Sunni triangle -- a vast majority of people just want peace and order and will side with whoever can provide it. Right now Samarrans rightfully question who that will be.

The end goal in Samarra is for Iraqis to do everything for themselves. But their government and security forces are not ready. Insurgents use death threats and murder to assert power over anyone working with the City Council or joining the police force. This atmosphere forces moderate Samarrans to keep their mouths shut, and their silence abets the insurgents who live and fight in Samarra. Despite killing scores of insurgents, we are unable to provide lasting security, and so the Samarran street slips away.

Two things are to blame for our predicament, one a corollary of the other. The first reason is that we did not have enough troops in Samarra. The skill and courage of 150 American soldiers prevented chaos, but was never enough to fully secure a city of 120,000 people or maintain the rule of law. The soldiers in the city were preoccupied with defending themselves and conducting night raids, and were therefore largely unable to regularly patrol during the day -- thus giving insurgents reign to move freely and intimidate the local population. A visitor in Samarra on an average day would be hard-pressed to point out a single American humvee traversing local neighborhoods. The same is true for Baghdad.

Our four-vehicle civil affairs patrol was often the only American presence deep inside the city and we were frequently greeted by locals with the question, "Where have you been?" Americans can't of course be omnipresent; but we should at least be there when it matters. When Americans are there, either the insurgents are not or they are on the losing side of a firefight.

Second, because of a lack of troops, American military leaders are forced to make a choice between mission objectives and self-preservation. Many of our leaders are opting to guard supply routes and coagulate on sprawling military bases, rather than consistently moving into dangerous areas and fighting the insurgency. In our case, we had 500 soldiers stationed outside Samarra who made infrequent trips into the city center. There is little reason why most of these troops were not stationed inside Samarra, canvassing every neighborhood with platoon-sized patrol bases and suffocating insurgent operations. Rather than take the risks necessary -- like small patrol bases and frequent foot patrols -- our unit opted to secure itself and its supply routes rather than commit resources inside the city. And while this approach is safer in the short run, it only prolongs mission accomplishment, ultimately endangering more troops. We often speculated our unit would be back next year, driving the same streets with even fewer guys.

In due time, the Iraqi Security Forces will take over Samarra, but they are not ready yet. If the Americans left today, the Iraqis would be co-opted by the insurgents -- who are utterly ruthless, willing to kill family members of policemen or decapitate Iraqi soldiers to preserve disorder. It will take time. Both the Iraqi Army and Samarra Police need to get bloodied a bit and bounce back, proving their strength to the people. They will eventually be ready, but until then, security belongs to us.

I also understand calling for more troops is contrary to conventional thinking inside government and the military. Supporters of the current approach argue sending more troops would further inflame anti-American sentiment, incite more violence and retard independent progress. My experience suggests otherwise. American troops are tolerated, even welcomed when they effectively provide security; but their presence is cursed when it does not accompany progress. Violence persists not because American troops are present, but because our presence is futile. Many local leaders asked us, "How come the most powerful country in the world cannot defeat local criminals and thugs?" They suggested our failure was part of a larger conspiracy to keep the Iraqi people suffering.

I have not lost the optimism that sent me to Iraq. We did make gains. Our 10-man civil affairs team established good relationships with brave Iraqi leaders and sat across from them as equals. I watched city leaders battle insurgents, not only with guns but with newspapers and economic development. By the time we left, the City Council was meeting on its own accord and with increasing legitimacy, forming committees to oversee fuel allocation, new construction and security. Increased home construction was evident and local markets were open.

Even the security situation inside the city improved. Previous summers in Samarra had been extremely violent, but the summer of 2006 was different. Days passed without a significant attack inside the city. Less than 150 Americans, along with Iraqi counterparts, controlled a town of over 120,000 Sunni Arabs through targeted raids and sniper operations. One local insurgent

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even begged city leaders for amnesty in exchange for good conduct. Our unit killed or captured hundreds of insurgents, knocking the wind out of the local insurgency -- but never crushing it.

I believe, as the president noted, that "the safety of America depends on the outcome of the battle in the streets of Baghdad." Why then do we have just enough troops in Iraq not to lose? Most of the people I've spoken with since coming home -- those both for and against the war -- believe we must finish the job in Iraq. Americans understand a defeat in Iraq would have horrible consequences for America and its allies for decades to come. America has the capacity to win and the will to support a winning strategy.

Why then are we pursuing a bare minimum approach?

First Lt. Hegseth served as an infantry platoon leader and civil-military operations officer in Iraq with the 101st Airborne Division.

Death Never 'in Vain' (USAT)

By Kathy Roth-douquet

USA Today, October 3, 2006

Died in vain?

President Bush wants to stay the course in Iraq so that those who have died there will not have died "in vain." Anti-war activist Cindy Sheehan urges us to pull out immediately to prevent more Americans from dying in vain.

Bush and Sheehan have both got it wrong.

Too many partisans in the battle for Iraq policy have used soldiers' deaths as a football in a bid to score points. It's cruel (imagine being a family member and being told the death of your loved one was in vain), but even more, it's just wrong. Those who argue that a soldier's death has meaning only if the politics are "right" misunderstand military service in America.

"We think of Kristian (Menchaca) as a hero," says Sylvia Grice of her cousin, 23, one of the soldiers kidnapped, tortured and killed by insurgents last June in Iraq. "He didn't have to do this. He believed in what he was doing." The terrible death's meaning, in other words, came from the soldier's commitment. It is his commitment that gives his life meaning, and even his country's possible errors — staying in too long, leaving too early — can't take that meaning from him.

The phrase "died in vain" comes to us from our great moralist president, Abraham Lincoln. In Gettysburg's graveyard, Lincoln urged the gathered to fight on for the survival of the United States so that those interred in that ground would not have died in vain. He did not argue that a soldier who loses his battle or his war has died in vain. Instead, he noted that America itself — its ideas and ideals — is what gives the soldier's life meaning.

So where does the meaning of military sacrifice come from?

Military service in America flows from our Constitution as a covenant among free people. The parties to this sacred contract are, on one hand, a group of citizens who assent to bear arms for their country for a time, and on the other, the rest of us, the civilians whose task it is to decide whether to send our compatriots into peril. Those bearing arms promise to bring their loyalty, skill and honor to the task; the civilians, for their part, promise to weigh the fate of those soldiers with seriousness and care, and provide the support necessary to those who go.

The meaning in the lives of those who bear arms resides in their loyalty to the democracy that sends them, and the skill and honor they bring to their task. If the civilians who send them falter in their decision-making, it dishonors those who steer and not those who serve.

So let's apply this to the war in Iraq. What if the war is a mistake, or we pull out too early? Are the deaths then for naught?

From the standpoint of a soldier or Marine, or in my case, a Marine's wife, the answer to these questions must be no. Why? Because despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering.

Whether we are led by Democratic presidents or Republican ones — great men such as Franklin D. Roosevelt or middling men such as Warren G. Harding — there will be mistakes, judged differently at different times in history and perhaps never resolved utterly in consensus. Even in the "good war," there were bad engagements, bad decisions, unnecessary, sad, tragic deaths.

Service, then, is even more ennobling because it represents an act of faith in an unwieldy system — a representative democracy of human beings. The weakness of our system lends poignancy to the decision to serve: Those who go into harm's way recognize that our society is in many ways deeply flawed, but to paraphrase Winston Churchill, it's the best one available yet.

Philosopher Nancy Sherman says the military resolves this tension by adopting a version of the ancient Stoic philosophy, which holds that one may be judged only by the rightness or wrongness of one's own acts, not by the acts of others. A soldier

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who does his portion morally and well cannot be tarred by the brush of a leader's bad policy. This does not mean that some individuals' willingness to serve translates into a blank check for irresponsible policy — if anything it requires us to constantly scrutinize our policy and commit to do better.

In complicated times like these, it's important to remember that self-government is perishable — it can be killed not only by enemies outside the gate, but also by indifference and alienation within. The decision to serve is a decision to be part of our country and, ideally, to make the part one touches the best possible. This is what has value, so that even in the tragic cases of friendly fire, or accidental deaths or deaths in battles later lost, those who die did not die in vain. They died in service to an ideal — Lincoln's ideal that the government of the people, by the people and for the people shall not perish from the face of this earth.

There is nothing vain about that.

Kathy Roth-Douquet is the co-author, with Frank Schaeffer, of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country. She lives on a military base in North Carolina.

Frist: Taliban Should Be In Afghan Gov't (AP)

By Jim Krane, Associated Press Writer

AP, October 3, 2006

U.S. Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring "people who call themselves Taliban" and their allies into the government.

The Tennessee Republican said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield.

"You need to bring them into a more transparent type of government," Frist said during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat. "And if that's accomplished, we'll be successful."

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have been killed nationwide so far this year. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

The top U.S. military commander in Afghanistan, Lt. Gen. Karl Eikenberry, told Pentagon reporters last month that while the Taliban enemy in Afghanistan is not extremely strong, their numbers and influence have grown in some southern sections of the country.

President Bush has been criticized for his handling of the war and is trying to contain the damage ahead of midterm elections this fall. On Friday, Bush acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist said asking the Taliban to join the government was a decision to be made by Afghan President Hamid Karzai. Karzai's spokesmen were not immediately able to be reached for comment.

Sen. Mel Martinez, a Republican from Florida accompanying Frist on his trip, said negotiating with the Taliban was not "out of the question" but that fighters who refused to join the political process would have to be defeated.

"A political solution is how it's all going to be solved," he said.

Frist said he had hoped the U.S. would be able to withdraw its forces from Afghanistan soon. But he said the 20,000 U.S. troops in the country are still needed to support the NATO alliance, which will assume direct control over most military operations here.

"We're going to need to stay here a long time," Frist said.

The senator said he was warned to expect attacks to increase. There appears to be an "unlimited flow" of Afghans and foreigners "willing to pick up arms and integrate themselves with the Taliban," he said.

He said the only way to win in places like the volatile southern part of the country is to "assimilate people who call themselves Taliban into a larger, more representative government."

"Approaching counterinsurgency by winning hearts and minds will ultimately be the answer," Frist said. "Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

Frist and Martinez flew to this dust-blown mountain city 220 miles south of Kabul during a one-day stop in Afghanistan on a regional tour that includes stops in Pakistan and Iraq.

The pair had intended to visit a new $6.5 million hospital built by the United Arab Emirates, but a group of wounded Taliban fighters were recuperating there, including a midlevel commander, and U.S. commander Lt. Col. Kevin McGlaughlin canceled the visit because of security concerns.

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In violence Monday, a suicide bomber blew himself up next to a NATO convoy in the capital Kabul, wounding three foreign soldiers and three civilians, while a roadside bomb in the eastern Paktia province killed three Afghan soldiers and wounded three others, officials said.

Maj. Luke Knittig, a military spokesman, said he could not disclose the nationalities of the NATO soldiers who were wounded. The attack came two days after another suicide bomber killed 12 people and wounded more than 40 outside Afghanistan's Interior Ministry.

In the southern province of Helmand, five civilians were killed when their vehicle hit a mine on a road usually used by NATO and Afghan forces, said Ghulam Muhiddin, the governor's spokesman.

Suspected Taliban on a motorbike, meanwhile, killed two policemen and wounded two others in Gereshk district, he said. NATO-led troops killed three militants in Nawzad district.

After Afghan Battle, A Harder Fight For Peace (NYT)

By Carlotta Gall

The New York Times, October 3, 2006

PASHMUL, Afghanistan — NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people.

Villagers trickling back to their homes broke into an argument over who was to blame for the heavy destruction, NATO or the Taliban.

"My house was bombarded and my grape store destroyed," said Hajji Bilal Jan, 48, a farmer from the upper part of Pashmul. "The coalition forces are cruel, without reason. There were no Taliban in our house. Why did they bombard the house?"

Another man, Neamatullah, 45, who like many Afghans uses only one name, stopped to listen and then countered: "Why did you let the Taliban come to your village? You brought them to your village."

The battle here, the biggest for the American-led forces in the country since March 2002, was a long-awaited success for NATO forces in a year in which the Taliban have revived with surprising strength.

But it also showed that fighting the insurgency was not just about winning the battle, but securing the peace. Pushing out the Taliban is one thing, NATO and Afghan commanders emphasize, and keeping them out another.

NATO officials estimate that the Taliban lost 500 fighters over all and say 136 have been captured, mostly as they tried to escape. Five Canadian soldiers died in the operation. But just afterward, four more were killed in a suicide bombing.

To help enlist the support of local villagers, military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage.

"If the people cooperate with us, the Taliban can do nothing," said Capt. Majid Khan, commander of a unit of the Afghan Army that took part in the fighting and is now based in Pashmul.

Most villagers here, who grow grapes and pomegranates in the rich soil along the Arghandab River valley, said they opposed the Taliban but had been powerless to stop the groups of armed men who moved into the area over recent months.

But among them were those who fed and sheltered the Taliban and possibly fought alongside them. The villagers said the leader of the Taliban group in this area, Abdul Khaleeq, was from Pashmul, and he had fighters from surrounding villages as well as outsiders.

"Most of the people are with the government," Mr. Neamatullah said. "Just a few people get special benefits from the Taliban."

"He knows everything about the Taliban," he added, pointing out the man he had argued with, Mr. Jan.

"It was very good, the bombing," Mr. Neamatullah said. "I am happy, because the Taliban must be finished off."

The Taliban first moved into two densely populated farming districts in this area, Panjwai and Zhare, west of Kandahar, in May just as NATO forces, led by Brig. Gen. David Fraser of Canada, were taking over command from United States forces in the southern region of the country.

"The whole place was full of Taliban," said Faizullah, 26, a farmer who was later wounded in the bombing of the nearby village of Zehdanan. "They did not stay more than two nights in one place. They were telling people to leave."

In July and August the Taliban began building up their forces there in a clear bid to set up an area of control and threaten the city of Kandahar, the provincial capital, General Fraser said in an interview in his headquarters at the Kandahar air base.

"They put a lot of resources into this area, a lot of intellectual capital and psychological commitment," he said. "This was a fight unlike the fight I've had with the Taliban for the last eight months."

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One of the Taliban leaders, Hajji Mullah Abdul Rauf, a former provincial governor, taunted the American military in an interview with Al Jazeera television in the Panjwai area in late August. “Where has the American power gone?” he said. “Why could they not capture the Taliban and mujahedeen in their caves?”

“It is Afghans who are helping us,” he said. “They give food, they give help and they have come out against this government. They do not want this government.”

But Mr. Neamatullah said he had challenged some of the Taliban fighters he came across. He met a group sitting under a mulberry tree, not far from his village, Char Kutsa, also near Pashmul, where women were washing clothes in a stream.

He said he had asked the men: “Why do you come here? Do you want the women to get bombed?” He said he did the same with another group the next day in the mosque of a neighboring village. “The Taliban’s special answer was always that ‘somebody ordered us to come here’ to this village,” he said.

Villagers said the Taliban were mostly Afghans, but from neighboring provinces and districts, as well as from Pakistan. The Taliban were well equipped with radios, satellite telephones and weapons, they said.

NATO and Afghan forces finally mounted a carefully planned operation, beginning on Sept. 2, after warning civilians to leave the area and dropping leaflets promising the Taliban safe passage out if they gave up their weapons.

The Taliban concentrated their fighters in several pockets on either side of the river — at Sperwan, Pashmul and Siah Jui — and NATO deployed forces from the south, north and east in a pincers movement.

More forces guarded the western and southern flanks to cut supply and escape routes. Canadian forces hit a mine on their first attempt to breach the river stronghold from the south into Pashmul and then suffered multiple casualties in an airstrike from an American A-10 attack jet.

The commander of United States forces in southern Afghanistan, Col. R. Stephen Williams, 46, from Anchorage, joined the battle four days later. He gathered Canadian, American and Afghan forces for an attack on Pashmul on Sept. 12.

After wearing the Taliban down for six days with rock music blaring across the river valley, and artillery fire and airstrikes wherever they spotted a concentration of fighters, they found a weak spot in the Taliban’s defenses.

Playing his favorite song, AC/DC’s “Back in Black,” to hide the sound of the armored vehicles, Colonel Williams took the Taliban by surprise, crossing the river and driving through the cornfields from the northeast.

The fighting was intense for a day and a half. The Taliban were dug in under ideal cover in vineyards, with deep irrigation channels and high mud-wall barns for drying grapes. “It was Normandy invasion tactics with bunker systems and trenches,” Colonel Williams said as he walked journalists through a battlefield tour.

“We found a lot of bunkers, with metal roofs and air holes with metal pipes running up for ventilation,” the colonel said, standing over one bunker that had been destroyed by his forces “They used the canals as trenches and then would pull back to the bunker.”

The village school, a cluster of white painted classrooms built with American aid money in the last four years, was destroyed by repeated air and artillery strikes. “The Taliban used this as a weapons cache and their command and control place,” the colonel said. “For some reason they kept coming back in here every time we bombed the place.”

In small mud buildings, his soldiers found a makeshift field hospital. “We found tons of bloodied rags, bandages, IV bags and needles,” he said. “We took away five to six garbage bags for examination.”

The Taliban pulled out in groups during the attack, leaving small numbers of men to delay the NATO advance. Colonel Williams calculated from battlefield reports that his force alone had killed 150 to 200 insurgents in 10 days of fighting, and only had four men wounded on their side. Seven to eight Taliban commanders were lost in the fighting, he said.

Although NATO and Taliban forces told villagers to leave before the fighting, some civilians were killed and wounded in the conflict. United Nations officials have gathered reports of at least 40 civilians killed. A government commission sent by President Hamid Karzai to investigate the fighting said that 53 civilians had been killed in the fighting and that it had caused an estimated $750,000 in damage.

Kandahar’s main hospital took in 24 wounded people from the Panjwai and Zhare districts from Sept. 3 to 18, as well as two girls wounded in the suicide bombing, which happened on Sept. 18.

Rahmatullah, 33, a farm laborer, lay in bed with two broken legs. He lost two nephews, ages 3 and 1, when their house in Zangabad was bombed. As family members were trying to save the children’s mother from the rubble, a NATO plane struck a second time, wounding more women and children, he said.

Despite their injuries and losses, there was little sympathy for the Taliban among the patients or other villagers interviewed. In Pashmul, a 19-year-old high school student, also named Neamatullah, and his brother Habibullah, 17, climbed the broken wall where the gate to their house was destroyed.

They gestured with shock at the devastation before them. A bomb had gouged out a 25-foot-deep crater in their yard, smashing the well and the main building of the house.

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Asked whom he blamed for the damage, Neamatullah said the Taliban. “Before they came, there was no bombing,” he said.

Afghan Politics - One Chicken Dinner At A Time (CSM)

By Scott Peterson

The Christian Science Monitor, October 3, 2006

NARAY, EASTERN AFGHANISTAN

Bold, full of hope, and with a healthy fear for their speck-on-a-map villages, the Afghan elders arrived at this US firebase recently for a change-of-guard ceremony.

Expected to be a gracious host - but with little suitable food and after being caught off-guard by the elders who had arrived one day in advance - US Army Capt. Dennis Sugrue invited the handful of weathered men to join him for lunch on cushions on the floor.

The air was thick with concerned expectation. The US officers hoped to win these elders as allies against a growing insurgency with promises of development projects and friendship. And there has been some progress: a growing number of project requests, and even help finding insurgent locations.

But would there be enough food, when the lids were removed, to honor the Afghan guests? Or would the two Army captains find themselves embarrassed by a meager offering?

After the lids were swept from two large platters, the assembled party caught its collective breath. Two small grilled chickens would be enough meat to forge closer bonds between these Afghan elders and their American hosts. Business could commence.

"The American help is very important," says elder Haji Hamidullah, who ticks off four US-funded projects in his village of Mandagal, including water pipes and a collection basin, and a microhydro power setup. "Now there is now clean water, but there will be. At night, we stay in the dark. If we have light, it will be very good."

Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index.

"If some [insurgents] come down to the village, we will fight them," vows Hamidullah, who is here to accept the first installment - more than $6,000 worth of freshly printed red 1,000 Afghani notes, in three bundles - for the $25,000 water-pipe scheme. The day before, US officers had doled out $75,000 for approved projects.

Trust was so high in Mandagal that the Americans would pay, that elders had already hired an engineer and paid with their own money to complete much of the work.

"There are a lot of hills and trees in Nuristan. In the day, the enemies hide in the trees; at night, they plant IEDs [improvised explosive device] and leave night letters," says Hamidullah.

"We're not afraid of these people," boasts Hamidullah. "People are sometimes scared, but they see the government is powerful and fighting them," he says, gilding the lily a bit. But he acknowledges that "without the Americans" there would be "big problems."

A firm stance like Hamidullah's is not easy to maintain, as pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated. Threats are common, and come in the form of "night letters," which appear overnight from insurgents, warning people that they will die if they cooperate with US or Afghan forces.

"Whenever construction is going on, [militants] come down from the hills to stop it," says Captain Sugrue, a civil engineer from Watertown, N.Y., who launched the first 15 or so projects with discretionary funds available for such work to US commanders. He says the rugged terrain makes Nuristan a "natural refuge" for militants looking for training bases.

"The insurgents can't compete with the money we are going to pour into reconstruction," adds Sugrue. "People who are likely targets are scared. If you are a shura [local council] leader, you are a target."

The learning curve for the Americans has been steep. The first time they set foot in Kamdesh, US troops were fired upon. Later, at a US-sponsored gathering of district elders, a moderate mullah from Mirdish, named Abdullah, explained the need to develop local relationships.

" 'If you had come to me first, you would not have been shot at,' " Sugrue recalls Mr. Abdullah telling him. "What he was saying is that there is a right way to do things."

Local know-how is a requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth. But it's an uncommon trait among US military officers in Iraq and Afghanistan, whose tours are often too short - and whose mandates are too uncertain - to gain such a detailed knowledge of an area.

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Sugrue's first big project taught another important lesson. Engineers had chosen the worst 14 sections of the 20-mile road from Naray to Kamdesh village for improvement. To do the job, Sugrue tapped a well-established contractor from Jalalabad - some 70 miles away.

But when it became clear to locals from the Naray region that the road project was proceeding with an outside firm, they began to have second thoughts about initially cold-shouldering the effort. One group of out-of-town road workers was beaten up. While the project is nearly complete, Sugrue says "I have a guy with no vested interest in a doing a good job with the road; he's just trying to get away with his life."

Contracts are now made in conjunction with village leaders "to make sure the right people do the work, and have a stake in it." The trade-off is that, while there is a community approval for the work, there are local limits to technical expertise. Sugrue and his colleagues are now plotting the best way to do another road project that goes through 10 villages, and has become more of a political problem than an engineering one.

Of the 15 or so US-funded projects in Kamdesh so far, half of the biggest ones are now being handed over to the Provincial Reconstruction Teams (PRT), which are purpose-built US military units that are being deployed across eastern Afghanistan in areas controlled by US forces. Each PRT includes two civilian engineers and civil affairs officers to handle big-ticket projects like roads and bridges.

Small, high-visibility projects will still be run by individual squadrons, at least here with the 3-71 Cav., so that US patrols have a reason to keep visiting villages to assess progress and make their presence felt.

"We are improving our methods, though there are still shortfalls," says Sugrue. Elders understand the long-term importance of such projects for the community, he says, though many villagers are illiterate and see the projects solely as a "job for three months swinging a hammer."

But there are larger issues at stake for some. At the same lunch, Mir Mohamed Khan, an elder from nearby Nangal village - where Army money will help to complete a previous drinking water project started by a European-funded agency called Afghan Aid - breaks off a piece of grilled chicken and wraps it in bread.

He says that recent US shelling from this base at insurgents who had attacked with rockets overshot the target. "They fired from the first village, and you almost hit the third village," says Mr. Khan. "If you come to our village, everyone will let you know where they fired from."

Outside, Khan pointed to the configuration of hills, where he said shepherds had seen insurgents in action. They had been trained by Pakistani intelligence, he claimed, and in religious schools."

"They call it a religious way, but it is not a religious way," says Khan. "They are enemies of both of us....The enemies are trying to stop reconstruction, but they will never do it."

DOJ:

Ohio Prosecutor Named Interim U.S. Attorney (TENN)

By BONNA De La CRUZ, Staff Writer

Nashville Tennessean, October 3, 2006

A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today.

Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm.

Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said.

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CORPORATE SCANDALS:

Feeling 'Slap In The Face' After Fastow's Sentence (WP)

By Carrie Johnson

The Washington Post, October 3, 2006

DOJ_NMG_0073583

When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals.

In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years.

That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior.

The reduction, former Enron worker Rod Jordan said yesterday, "was a slap in the face to employees."

No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. "A lot of them decided to skip Fastow because they thought it was a done deal," Jordan said, referring to the 10-year term.

Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had "locked in" a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force.

But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income.

At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years.

Daniel M. Petrocelli, a lawyer for Skilling, called Fastow's reduced sentence "disturbing" in an e-mail. During the trial, Petrocelli regularly attacked government witnesses for misrepresenting the sentence reductions they would receive for cooperating with prosecutors. Legal analysts said yesterday that the contention could become a ground for Skilling's expected appeal.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli wrote. "Now, with the trial over, they come into court and argue for a substantially lesser sentence."

Legal analysts said the proceeding, and the debate it provoked, underscore the power that federal judges enjoy. Since Fastow's plea deal was struck in 2004, a U.S. Supreme Court decision made sentencing guidelines advisory, rather than mandatory, for judges. That gave the judge more leeway to give Fastow less time.

However, judicial discretion can cut both ways. A few former Enron workers who agreed to help prosecutors have been sentenced to a wide range of prison terms: from probation to six years behind bars. The Fastow case is drawing the most heated commentary because a week earlier, the same judge who sentenced Fastow was far more stern with former Enron executive David W. Delainey.

Delainey, a Canadian citizen who voluntarily agreed to travel to the United States several times, pleaded guilty to a single insider-trading charge and began cooperating with prosecutors even before his October 2003 deal. Delainey's lawyers had asked for probation, but instead Hoyt reduced his possible sentence by only three months, ordered him to serve 2 1/2 years in prison and warned that he could have faced far more serious charges for his conduct at Enron. The disparity in treatment fueled anger from John Dowd, a Washington lawyer who defended Delainey.

"The message from the court was clear," Dowd said. "If you square your account with the law early, accept the consequences, fully cooperate for three years and receive the enthusiastic support of the government at sentencing: Tough luck; you get a cut of three months. If you fight the truth and get others involved in crime, and receive no support from the government, then you receive the mercy of the court and get a cut of four years off what you agreed to."

Within the next few weeks, former Enron investor relations official Paula H. Rieker, who pleaded guilty to a single insider-trading charge, and former accounting chief Richard A. Causey, who pleaded guilty to securities fraud, will be sentenced by other federal judges in Houston. Causey, who did not reap the same personal gains from Enron that Fastow did, faces the possibility of a longer sentence.

Philip Hilder, a Houston defense lawyer who represented several witnesses in the Enron investigation, said he was "surprised" by the leniency toward Fastow. But, Hilder added, Hoyt appeared to have considered Fastow's circumstances.

"He really has transformed himself from somebody who was vilified to someone who seemed almost sympathetic on the stand and who genuinely accepted responsibility for his actions," Hilder said. "I wish more judges would view defendants as individuals."

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Memo Suggests When Hurd Knew Of Phone Data (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 3, 2006

Despite hours of testimony before a House subcommittee last week, Hewlett-Packard Co. still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe?

A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal.

The memo, from the firm of Wilson Sonsini Goodrich & Rosati, says Mr. Hurd recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web." Mr. Hurd "remembered thinking" there must be a Web site with such information, according to the memo, which was prepared by Wilson Sonsini lawyers who were asked to investigate H-P's tactics in investigating the leak probe.

Investigators for H-P obtained the phone records of board members, reporters and H-P employees using a technique called pretexting, which involves obtaining records through impersonating a phone customer. Disclosure of H-P's tactics have prompted several government investigations and the resignations of three H-P executives and Chairman Patricia Dunn, who helped lead the leak investigation and recently yielded her title to Mr. Hurd.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. · Complete coverage3

The Wilson Sonsini memo, which was based on a telephone interview by the lawyers with Mr. Hurd on Aug. 25, 2006, is the first evidence to emerge that Mr. Hurd may have known about the use of phone records during the investigation. In his House testimony and other statements, Mr. Hurd has said he didn't recall discussion of the methodology of the leak investigation in the July meeting, focusing instead on the results of the investigation so far.

Michael Moeller, an H-P spokesman, yesterday wouldn't go into details of the Wilson Sonsini memo. But he added: "We believe the documents, Mark's witness interview, the memo, and his testimony provide a complete and accurate picture of his knowledge of the investigation."

During a hearing Thursday before a subcommittee of the House Energy and Commerce Committee, Ms. Dunn testified that she learned early in the investigation that phone records were being sought by Ronald DeLia, the Boston-based private investigator that was handling the matter for H-P. But she said she believed that the information was being gathered in a legal way, and that she didn't understand what pretexting meant until much later.

"It was my understanding that these records were available through permitted mechanisms and that it was the common practice within Hewlett-Packard to use phone records to perform investigations," she testified.

But those assumptions were challenged by House members during the hearing. "You honestly believed that it was that simple, that your phone records, that anybody in the world can just call up and get them?" asked Rep. Greg Walden (R, Ore.).

Mr. Hurd has apologized profusely for the affair, and has said he should have done more to learn about the details of the investigation. He has previously disclosed his attendance at the July 2005 meeting, as well as another in March 2006, at which findings of a second phase of the investigation were discussed.

In the Wilson Sonsini memo, the lawyers wrote that Mr. Hurd said he wasn't aware that pretexting was being used to obtain phone records. Mr. Hurd told the lawyers he had only heard the term for the first time recently.

But Mr. Hurd's recollection about the July 22, 2005, meeting, as reported in the lawyers' memo, contains inconsistencies. On the second page of the three-page document, the lawyers wrote that Mr. Hurd confirmed that he attended about 45 minutes of a scheduled, hour-long briefing on the leak probe by H-P's investigators.

Mr. Hurd recalled learning then that the results of the investigation, at that point, were inconclusive, the memo states. He added that he didn't recall what, if any, investigative techniques were discussed at the meeting, or if anyone mentioned phone carriers. On the third page of the memo, however, the lawyers cite his recollection about the possibility that phone records had been obtained off of a Web site.

According to other Wilson Sonsini memos, several other participants at the July 2005 meeting told the lawyers that phone records were discussed, and possibly the use of pretexting as well. H-P investigators Kevin Huska and Tony Gentilucci, who both attended the meeting with Mr. Hurd, told Wilson Sonsini that phone records were discussed, but neither could recall if pretexting was also raised.

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Mr. DeLia told the lawyers that any results discussed at the meeting "would have had to include the results of the telephone research." Mr. DeLia also told the lawyers that he explained how pretexting was used at the July 2005 meeting, though he told them he wasn't sure if Mr. Hurd was in the room during the discussion of phone records.

The Wilson Sonsini memo also describes Mr. Hurd's recollection of the March 2006 meeting, which was held in Los Angeles and coincided with H-P's shareholder meeting. Mr. Hurd told the lawyers that Kevin Hunsaker -- an H-P vice president who helped lead the leak probe, and has subsequently resigned -- "explained that they had information regarding phone calls," the memo states.

But questions about the legality of obtaining such records weren't raised, because of Mr. Hurd's previous statements to Ann Baskins, H-P's general counsel, who has also resigned.

"Because Hurd had previously told Baskins that the investigation must be legal, he did not feel the need to question Hunsaker on this point," the memo states, referring to Mr. Hurd.

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Cingular Wireless Files Suit Against Investigator Over Hewlett-Packard Pretexting (LAW)

By Joe Crea, Legal Times

Legal Times, October 3, 2006

Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information.

The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages.

Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed.

Kelly could not be reached for comment.

Cingular is represented by David Balser and Nathan Garroway of McKenna Long & Aldridge in Atlanta. The suit claims that Kelly and his firm did not obtain authorization from Cingular, its customers or law enforcement agencies to acquire personal customer information, in violation of federal law.

Lawmakers grilled current and former HP executives on Thursday over the scandal, in which hired private investigators for the Palo Alto, Calif.-based company impersonated HP board members, employees, and journalists. The hired guns rifled through people's trash, planted spies in newsrooms, obtained phone records through a practice known as "pretexting," and spied on targeted individuals and their relatives.

On the day of the hearing, Verizon Wireless filed a similar lawsuit in a Trenton, N.J., federal court in response to the HP pretexting scandal.

"Ours is a John Doe lawsuit," says Jeffrey Nelson, executive director of corporate communications for Verizon Wireless. "We don't name any particular individuals [in our suit], but we believe it involved one member of HP's board and potentially a family member of that board member."

Sonsini Received Questionable Novell Options (LAW)

By Justin Scheck, The Recorder

California Recorder, October 3, 2006

As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees.

But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people.

Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece.

That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper.

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The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts.

But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December.

Ultimately, the options would become worthless before vesting due to the tech market crash.

Nevertheless, the series of events makes experts wonder whether the grants were also "spring-loaded" -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case.

"It doesn't smell good," said Boalt Hall School of Law professor Jesse Fried, an expert in corporate governance and insider trading. "This was at the annual low and was an off-cycle grant, and it's highly likely that this was spring-loaded."

Neither Sonsini -- who left the Novell board in 2002 -- nor a spokeswoman from the firm he chairs, Wilson Sonsini Goodrich & Rosati, would comment for this story.

On Aug. 29, though, Novell announced it was reviewing its option grant practices, and that the audit could lead to a restatement of past earnings under SEC rules governing executive pay.

"It's a comprehensive review," said Novell spokesman Bruce Lowry. He wouldn't comment on the ongoing work being done by lawyers at Morgan, Lewis & Bockius. Linda Griggs, a partner at the firm who is working on the probe, said Friday she was too busy to comment.

However, Lowry did confirm that grants to board members would be included in the examination. "It is all grants that are being reviewed," he said.

ABNORMAL PRACTICES

Novell's disclosure came at the tail end of a long train of admissions by companies that their option grants raised suspicion.

Since The Wall Street Journal first reported early this year on the apparently widespread practice of changing dates on stock options, more than 100 companies have come under scrutiny.

At least six companies gave out suspiciously dated options at times when Sonsini sat on their boards. Two of them -- Pixar and Novell -- have publicly announced internal probes of past grants. Another, Brocade, has seen former executives indicted for past options practices. And three others, LSI Logic, Lattice Semiconductor Corp. and Echelon Corp, were identified by The Recorder in August as having suspiciously timed grants to top executives.

Speaking privately because they are involved in stock option probes, several attorneys said questions about director grants have come up at a handful of companies being investigated by the SEC. But, they said, such cases are rare. At the majority of companies, board members only received options once a year at a pre-determined date outlined in a director compensation plan.

Novell had just such a system to keep directors out of the awkward position of awarding options to themselves. Every spring, on the day of Novell's annual shareholder meeting, each director would receive 15,000 options at the share price on the day of the meeting, in accordance with guidelines ratified by shareholders in 1996.

"No person shall have any discretion to select which outside directors shall be granted options, or to determine the number of shares to be covered by options granted to outside directors," the plan said.

But Novell's directors deviated from that policy three times between 1996 and 2001, granting themselves options at dates other than the annual meetings. On those occasions, the board cited a 1991 stock plan for the authority to make such grants.

The fact that Novell had guidelines for option grants -- and that directors strayed from them -- is particularly disturbing, said lawyers and academics.

"It should be an issue of shareholder concern whenever a board changes its own compensation," said Kirk Hanson, the director of the Markkula Center for Applied Ethics at Santa Clara University and a former Stanford University business professor.

While directors are generally permitted to award themselves whatever they want as long as it is publicly disclosed, Hanson said basic principles of corporate governance hold that they should avoid giving themselves pieces of the company just because they can.

It's not entirely clear from documents filed with the SEC how Novell's board decided to make the out-of-cycle grants in 1997, 1999 and again in 2001. Besides Sonsini, two other ex-board members -- former FCC Chairman Reed Hundt and Jack Messman, who was ousted as Novell CEO earlier this year -- declined to explain.

At the time of the 1999 grant, Hundt served on the company's compensation committee, while Messman sat on both the compensation and corporate governance committees.

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"I think it is inappropriate for me to comment," Messman said, especially given the terms of his severance agreement. "I'm in a contract that prevents me from talking."

Hundt, who is also a former Latham & Watkins partner, said he didn't recall discussions about options grants in 1999, and that they wouldn't have been of any importance to him because he didn't exercise Novell options.

MEASURING THE FALLOUT

When the company's 1999 fiscal year ended Oct. 31, the stock options ostensibly awarded a week earlier already looked promising. The company had had a successful fourth quarter, capping off a good year. After sliding by nearly 50 percent over the previous three months, the company's stock had begun climbing again.

On Nov. 10 Messman and Hundt reported their options to the SEC. On Nov. 23 Novell announced that its 1999 financial results were extremely positive. Sonsini reported his options a few weeks later.

"The options were awarded before good news was released, when they probably knew good news would be released," said Fried, the Boalt professor, basing his opinion on a description of the events at Novell. As far as the dates on the grants go, "we don't know if there was backdating, but if options were granted on a low like that, the probability the options would be granted on a low is very low."

None of the other out-of-cycle grants to Novell directors came at annual lows; the 2001 grant, for example, was awarded on Sept. 10 that year -- hardly a good time to receive any stock. Ironically, that grant now is much more valuable than the questionable 1999 award. The 2001 option to buy 50,000 shares came at a strike price of $3.92. With Novell now trading at just over $6 a share, that grant was worth just over $110,000 as of last week. It is unclear whether Sonsini has ever exercised any of those options.

It's also unclear what -- if any -- consequences Novell's directors could face if they're found to have improperly handled options. First, the company will need to disclose the results of its internal investigation. And even if the Morgan Lewis lawyers find wrongdoing, it may not be serious enough to warrant a significant financial restatement, or government interest.

While spring-loading remains troubling to business ethicists, the SEC's chief accountant, Conrad Hewitt, issued a letter Sept. 19 indicating that the SEC won't consider the practice to have significant accounting ramifications.

As far as criminal or civil liability goes, that's less certain: Federal prosecutors and SEC enforcement agents haven't said whether they'll consider the behavior problematic, though white collar defense lawyers say they don't expect it to be a major issue.

"Some may see it as unseemly or distasteful," said one attorney speaking on condition of anonymity because he is conducting probes of several companies where spring-loading questions have come up. "However, if someone felt there was an ironclad theory of prosecution, you would have heard of it by now."

But that doesn't make Fried feel any better.

"The problem is with disclosure. They were giving themselves in-the-money options," he said. "They were formally at-the-money, but they were really in the money."

And while the SEC might say it's legal, "from a corporate governance perspective, they're doing something improper, or they appear to have done it," Fried said.

Mills Chief Retires But Must Repay Costs For Jet Travel (WP)

By Terence O'hara

The Washington Post, October 3, 2006

Laurence C. Siegel, who ran one of the most successful mall empires in America before a series of operational and accounting blunders cost his investors billions of dollars, retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet.

Mills, which has lost nearly $2.2 billion of its market value in the past 12 months, will pay Siegel $2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland.

The Chevy Chase company described the departure of Siegel, 53, as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures.

"They're unrelated," said Mark S. Ordan, a veteran retail real estate executive who was appointed chief operating officer of Mills earlier this year and then was named to succeed Siegel as president and chief executive. "He felt this was a good time to leave, a natural time to leave, given everything that is going on with the company. It had nothing to do" with the travel expenses.

Siegel did not respond to requests for comment. Both he and the company signed agreements not to disparage each other.

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Siegel, who became chief executive of Mills in 1996, expanded the concept of the regional mega-mall to spectacular size and ostentation, and shoppers flocked to the company's properties in the 1990s. Mills, fueled by a bull market in real estate stocks and billions in investment from the German real estate fund company Kan Am, planned, built and bought dozens of malls in the last decade to become a rival to such mall companies as Indianapolis-based Simon Property Group Inc., Australia's Westfield Group and New York's Vornado Realty Trust.

The rapid growth masked underlying problems in Mills' operations, which surfaced in a series of accounting errors. As the nature and extent of the problems became clear over the past nine months, Siegel rapidly lost credibility with the investors that had provided Mills with capital to keep its costly developments afloat.

The company's biggest construction project, a $2 billion retail and entertainment complex called Xanadu in northern New Jersey, became emblematic of Siegel's ambitions. Plans include an indoor ski slope and a 30-story Ferris wheel tall enough to be seen in Manhattan, eight miles away. Siegel held a $2 million party at the site two years ago to celebrate the signing of a lease with New Jersey officials. The project is now over budget and under increasingly skeptical scrutiny from its lenders and financial backers, and Mills is negotiating to sell its interest.

Ordan defended the $10.5 million Siegel could receive if Mills is sold.

"Larry has been the CEO of this company for a very long time, and the portfolio of assets that we have were developed and bought under his guidance," Ordan said. "And most of the payments we're talking about are contractual obligations."

Nonetheless, two Wall Street analysts were critical.

"The award seems somewhat excessive given the company's fall from grace," RBC Capital Markets analyst Rich Moore told investors in a research note yesterday.

Bank of America analyst Ross Nussbaum said the $10.5 million in cash Siegel will be paid if the company is sold presents a conflict because Siegel will remain on Mills' board of directors and would vote on any deal. Nussbaum said the sales-related bonus gives Siegel an incentive "to vote for a sale of the company at a lower price than if he were receiving a stock payment."

Siegel agreed to remain non-executive chairman of Mills. If Xanadu is sold, Mills said he might "join the new joint venture" that would acquire the mall and resign his chairmanship, while remaining on the board. Mills is currently in a protracted negotiation with Kan Am and Colony Capital, which would take over the project and agree to fund its remaining construction costs. The closing of the deal has been delayed twice, however, because of the complexities of the transaction, Ordan said. The deal is considered by Wall Street as a vital step in the ultimate sale of Mills. Further complicating matters: Kan Am has three of Mills' 14 board seats and is a large shareholder in Mills.

Siegel's personal use of the company aircraft was left largely unexplained by the company in a Securities and Exchange Commission filing yesterday. Ordan declined to comment on it. Personal use of jets by chief executives has been a controversial corporate governance issue for years. SEC and Internal Revenue Service rules regarding what makes a trip personal and not business, and whether it should be disclosed, have been toughened in the last two years.

Siegel would have had ample opportunity to use a jet, personally tending to business all over the country and in European capitals where Mills owned or was building malls. While the company did not own such a plane, it had access to several, including a Gulfstream G-III, from a chartering company.

In yesterday's SEC filing, Mills said Siegel must repay "any non-business related perquisites that may have been provided to (him), including $362,156 for personal use of the company chartered aircraft and personal flights paid by the company."

Siegel has two weeks to make the payment, documents said.

Mills has never before disclosed in SEC documents that Siegel or any other executive used corporate aircraft for any purpose. Siegel was paid more than $5 million in cash in 2004, the last year for which Mills reported executive compensation.

In Namibia Court, Arguments Over Bail For Options Fugitive (NYT)

By John Grobler

The New York Times, October 3, 2006

WINDHOEK, Namibia, Oct. 2 — After arriving here two months ago, Jacob Alexander, the former chief executive of Comverse Technology wanted in the United States on stock option fraud charges, transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday.

During the hearing on his bail application, Mr. Alexander, 54, showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse.

A 32-count indictment against Mr. Alexander was unsealed last week by federal prosecutors in Brooklyn.

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One of Mr. Alexander's lawyers here, Herman Oosthuizen, said his client would be willing to hand over his Israeli passport and post bail of about $1.36 million. Mr. Oosthuizen also told the court in Windhoek that Mr. Alexander had invested about $1.5 million in local low-cost housing and other start-up business ventures in Namibia and had been granted a two-year work permit.

Mr. Alexander and his wife bought a house in a gated community adjoining the government-owned Windhoek Country Club, according to an affidavit by Mr. Alexander.

An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors.

Mr. Alexander, she said, had also offered as much as $5 million — and then "a name-your-price offer" — to a colleague at Comverse to take the blame in the stock options case. She did not identify the employee, but said that the person had agreed to cooperate with the investigation.

The bail hearing will continue on Tuesday. Mr. Alexander remains incarcerated.

Ex-Comverse Chief Executive Says He Will Plead Not Guilty (AP)

By Celean Jacobson

AP, October 3, 2006

JOHANNESBURG, South Africa — The fugitive ex-CEO of Comverse Technology Inc., who is wanted in the United States for stock-options fraud, told a Namibian court Monday he intends to plead not guilty and claimed the warrant for his arrest was invalid.

Jacob "Kobi" Alexander, the former chief executive of the New York-based maker of voice mail software, said he entered the southern African nation openly and lawfully and had invested in businesses there before he was arrested after a two-month international manhunt.

Alexander was arrested Sept. 26 in the Namibian capital of Windhoek at the request of the FBI. He is accused of making about $6.4 million by illegally backdating stock options.

A bail hearing began Monday in a Namibian court and will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail.

The U.S. has 30 days to lodge a formal extradition request. U.S. Attorney Roslynn Mauskopf said last week that she would seek Alexander's swift extradition to face charges in federal court in New York.

In an affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

"While in Namibia I have used my own name openly and publicly in all my encounters and ventures with government officials and private individuals alike," he said. "I entered Namibia openly and lawfully, and I have not in any manner tried to hide my whereabouts from anyone."

Alexander, who has a two-year permit to live and work in Namibia, stays in a $500,000 home he purchased on the Windhoek Country Club Estate. His children attend the city's international school.

According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

It is alleged that from 1991 through 2005, Alexander exercised options and sold stock worth approximately $150 million, making a $138 million profit. Of that, about $6.4 million was generated by backdating options.

Checks Already In Place (USAT)

By Dale Oesterle

USA Today, October 3, 2006

Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more "hedge fund regulation," whatever that is.

Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) "activist" hedge funds, funds that purchase stock in a company to force through major changes.

The lessons of these events are the reverse of those offered by the hedge fund alarmists. Amaranth's investors quickly accessed the fund books and minimized their losses. There was no general market panic. A maverick trader caused the losses. In a moment of frenzy he simply lost it, exceeding the fund's risk authorization guidelines. There was no institutional intent to defraud anyone. Fund investors will withdraw what money remains, and the fund will whither and die. Pirate Capital has similarly

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suffered for its transgressions. The Securities and Exchange Commission is after the fund, and several of its top analysts have left.

In other words, the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation.

On the other hand, consider the threat of the consequences of regulation too heavy handed. This is an industry of close to 10,000 funds estimated at holding close to $1.3 trillion dollars. It must have some attraction to investors. Overzealous regulation trying to control what cannot be controlled, the financial markets, will encourage more funds to locate offshore and encourage more investors to use foreign markets. Regulation could cost us control over hedge funds, not enhance it. The initial public offering market is already moving from New York to London because of the overly regulatory Sarbanes-Oxley Act of 2002. Our financial industry and its derivative professional communities are suffering as a result.

Hedge funds take huge risks, and inevitably some will fail. A hedge fund failure is not a national calamity, it is a natural and to be expected part of the industry.

Dale Oesterle is a law professor at Ohio State University.

CRIMINAL LAW:

Foley Enters Alcohol Rehab Center (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 3, 2006

WASHINGTON — Former Rep. Mark Foley, the disgraced Florida lawmaker who quit last week after revelations about explicit messages he sent to a former teenage House page surfaced, has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today.

"I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment.

Pressure has been mounting on Republicans over their handling of the scandal involving Foley. The FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

House Speaker J. Dennis Hastert (R-Ill.), who had asked for a federal investigation, told reporters today that no party leaders had seen the messages until ABC News released them Friday.

"Congressman Foley duped a lot of people," Hastert said. "I have known him for all the years [12] he has served in this House, and he deceived me too."

Hastert expressed relief that Foley had resigned. "If he had not," Hastert said, "I would have demanded his expulsion."

Appearing with Hastert, Rep. John Shimkus (R-Ill.), chairman of the board that oversees Congress' page program, said the board in recent years had provided a new dormitory for pages with "state-of-the-art security measures." He said the board would provide a toll-free hotline for family members with concerns about safety.

Hastert and Shimkus refused to take questions from reporters, who wanted to know when they learned about Foley's messages to the teenage page.

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

In response to these charges, Hastert said today, "Since I have been speaker, we have moved aggressively to ensure the safety of these kids."

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

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"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time about Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known about the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

Pressure Grows For G.O.P. Over Foley Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 3, 2006

DOJ_NMG_0073592

WASHINGTON, Oct. 2 — Speaker J. Dennis Hastert faced intensifying questions on Monday about why Republicans had not reacted more assertively to Representative Mark Foley's messages to a teenage page, as members of his party, fearing a political debacle, demanded a strong response.

Straining to hold the party together five weeks from Election Day amid unfolding revelations about the case, Mr. Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters.

"This is a political problem, and we need to step up and do something dramatic," Representative Ray LaHood of Illinois said afterward, adding that he had proposed abolishing the Congressional page program.

Mr. Foley, 52, who resigned Friday after being confronted with sexually explicit instant messages he had sent to pages, released a statement saying he had entered a rehabilitation clinic for treatment of "alcoholism and related behavioral problems."

At a news conference in West Palm Beach, Fla., late Monday, Mr. Foley's lawyer, David Roth, said that Mr. Foley had sent the inappropriate e-mail messages while under the influence of alcohol and that he had kept his drinking problem secret.

A former aide and other associates said in interviews that they did not believe Mr. Foley had a drinking problem.

ABC News, which first reported the sexually explicit messages on Friday, said Monday that additional messages suggested that Mr. Foley had met in person with a teenage page outside Capitol Hill and had sought a relationship.

"I miss you lots since San Diego," Mr. Foley wrote, using his screen name, Maf54, according to a transcript obtained and released by ABC.

"Ya I cant wait til dc," the page replied.

Federal law enforcement officials said the F.B.I. in recent months had been given e-mail messages between Mr. Foley and a page but had found insufficient grounds to open a criminal investigation. A group called Citizens for Responsibility and Ethics in Washington said Monday that it had forwarded the messages to the Federal Bureau of Investigation on July 21 and requested an investigation. The group would not say where it had obtained the messages; it made them public after the ABC report.

Federal agents on Monday began contacting men who were in the Congressional page program in recent years, said government officials briefed on the matter, who asked not to be named because they were not authorized to discuss the inquiry. The officials said the agents were trying to find any former or current pages who had had contact with Mr. Foley and to authenticate e-mail and instant messages attributed to the former lawmaker that had circulated on the Internet in recent days.

The officials said that several pages who had received electronic messages from Mr. Foley had already been located.

At the White House, Tony Snow, President Bush's press secretary, initially characterized the scandal as "naughty e-mails," drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation.

Mr. Hastert, who returned to the Capitol to deal with the escalating scandal, was pressed by reporters to explain why the first communication between Mr. Foley and a page, which was brought to the attention of Republican leaders last year, had not led to more assertive efforts to determine if it was an isolated case.

Mr. Hastert defended the Republicans' handling of a parent's complaint last year about communication from Mr. Foley to the parent's teenage son. But he acknowledged that the e-mail inquiring about the boy's well being and requesting a photo was potentially troubling.

"I think that raised a red flag, raised a red flag with the kid, raised a red flag with the parents," said Mr. Hastert, who repeated that he could not recall learning of the messages before news of them broke last week. But the speaker said he and others had been "duped" by Mr. Foley, who when questioned about the e-mail said it was an innocent effort to make sure that the young man, who was from Louisiana, had made it through Hurricane Katrina.

Representative John Shimkus, Republican of Illinois, and the House clerk, Jeff Trandahl, instructed Mr. Foley to break off any contact with the former page. At the time, Republicans did not purse the matter further, considering the case closed.

"Would have, could have, should have," Mr. Hastert said, responding to questions about whether Republicans should have done more.

In Florida, Republicans met on Monday and chose Joe Negron, a conservative state representative, as a replacement candidate for the 16th Congressional District seat held by Mr. Foley. The ballots, however, have already been printed, and Mr. Foley's name will remain. If he wins, the votes will go to Mr. Negron.

The House majority leader, John A. Boehner of Ohio, dismissed that possibility. "To vote for this candidate, you have to vote for Mark Foley," Mr. Boehner said on a conservative radio program hosted by Sean Hannity. "How many people are going to hold their nose to do that?"

The case has led to varying accounts from two members of the leadership. Representative Thomas M. Reynolds of New York, who runs the House Republican campaign effort and is in a close race, has acknowledged learning generally about Mr.

Foley's initial e-mail messages this past spring. Mr. Reynolds has said he raised the matter with Mr. Hastert, who said he did not recall the exchange but did not dispute that it happened.

"I did what most of us would have done in the workplace," Mr. Reynolds told reporters in Amherst, N.Y., on Monday night. "I heard something, I took it to my supervisor."

Across the country, in competitive and noncompetitive races, Democrats seized on an issue that they said was resonating with voters. In an effort coordinated in Washington by the Democratic Congressional Campaign Committee, the party's candidates urged their Republican opponents to call for the resignation of Mr. Hastert and other leaders.

In Indiana, Baron Hill, a Democratic candidate for a House seat, asked the incumbent, Representative Mike Sodrel, a first-term Republican, to reject any financial contributions from the national party. In North Carolina, where Representative Robin Hayes, a Republican, is engaged in a tough campaign fight, the state Democratic Party issued a statement asking, "Who does Robin Hayes stand up for — Mark Foley and the Republican House leadership or under-age children?"

As Congressional Republicans campaigned Monday in their districts, they responded to the Democratic criticism and distanced themselves from Mr. Foley's behavior.

"We need to admit that this was done on our watch," Mr. LaHood said. He added that when he arrived home after Congress adjourned early Saturday, the page program was what constituents asked about.

"The first three questions I was asked when I arrived in Peoria," he said, "were not about immigration, the war or taxes. It was, 'What are you going to do about the page program?' "

The Foley case also drew criticism from conservative groups. "It's one of the worst Congressional scandals ever," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote Sunday in an editorial circulated by Gopusa.com, a Republican Web site. "A top House Republican who denounced sex predators as 'animals' stands accused of acting like one."

At the news conference Monday night, Mr. Roth, Mr. Foley's lawyer, denied that Mr. Foley had ever had inappropriate physical contact with minors. "Mark Foley has never, ever had inappropriate sexual contact with a minor in his life," Mr. Roth said. "He is absolutely, positively not a pedophile."

On Political Track For Decades, Foley's Career Derails In Days (USAT)

By Susan Page

USA Today, October 3, 2006

WASHINGTON — It may well have been the proudest moment of Mark Foley's career in Congress: standing in the front row of lawmakers in the Rose Garden as President Bush signed a sweeping bill the Florida Republican had helped draft and pass.

The Adam Walsh Child Protection and Safety Act, toughening laws designed to shield children from exploitation, represented "a huge step forward," Foley told USA TODAY in an interview just before the ceremony in July. The Internet had given sexual predators new ways to reach kids, and the laws needed to respond, he said: "We track library books better than we do sex offenders."

Foley's worst moment was, presumably, nine weeks later, when he resigned in the wake of allegations that he had sent improper e-mails and instant messages, some of which were sexually explicit, to teenage boys who had worked as congressional pages.

As the FBI looked into whether federal laws were broken, Foley announced in a statement that he accepted "full responsibility" and was checking himself into a rehabilitation facility for alcoholism treatment.

It was an abrupt end to the political ambitions that began when Foley was 6 and watched admiring constituents flock around his congressman. He has been running for a succession of offices since he was 23. Just three years ago, he was a leading contender for a U.S. Senate seat.

Now, at 52, he has joined the rogues' gallery of members of Congress who resigned in disgrace.

"He was very well-liked, very outgoing, very likable," says Florida state Sen. Dave Aronberg, a Democrat who often ran into Foley at community gatherings. "He was at every event. He used to say, 'I'd go to the opening of an envelope.' "

Foley was the most accessible member of Congress from the area, Aronberg says, adding, "I hope he gets help."

In an interview last year with The Hill, a newspaper for members of Congress and their staffs, Foley recalled riding his bike to the Lantana Shopping Center in South Florida at age 6. Rep. Paul Rogers, who was shaking hands, gave Foley $5 to hand out campaign brochures. "For whatever reason, it stuck," Foley said. "That was my dream."

He was a local boy — born in Newton, Mass., but a resident of Lake Worth since his family moved there when he was 3. He attended Palm Beach Junior College for a year, then opened a restaurant, the Lettuce Patch. At 23, he was appointed to the Lake Worth City Council. He was a Democrat at first but switched to the GOP before he began a slow climb through political offices: vice-mayor of Lake Worth, a member of the Florida House of Representatives, then a Florida state senator at age 38.

Lois Frankel, a onetime Democratic leader of the state House, remembers Foley as a "master" of politics. "No matter what side of the aisle you were on, you had to admire his ability to work a room, to deliver a message," says Frankel, who is now mayor of West Palm Beach.

When state House district lines were redrawn and Foley found himself in a predominantly Democratic district, he ran for a state Senate seat instead. "He kept picking himself up and moving on," Frankel says.

When the local member of Congress decided to retire in 1994, Foley won a three-way Republican primary and trounced his Democratic opponent by 16 percentage points. He has never gotten less than 60% of the vote for re-election.

Once in Congress, Foley generally voted as a conservative Republican but showed an independent streak on social issues. For one thing, he supported abortion rights. He voted in favor of the Defense of Marriage Act, which defined marriage as between a man and a woman, but against amending the Constitution to ban gay marriage.

He sometimes broke with the Bush administration on trade, opposing the Central American Free Trade Agreement last year because, he said, it could hurt Florida's sugar industry.

Foley earned a reputation in Washington as a hard worker, a prodigious fundraiser and a reliable person for Capitol Hill reporters to go to for a quote. "If he said he would do something, he did it," says former Florida senator Bob Graham, a Democrat.

Joe Scarborough, a former Florida congressman first elected with Foley in 1994, says Foley reached out to him. "Mark knew I had never been an elected official before," says Scarborough, now the host of a program on MSNBC. "He said if there was anything he could do to help me out, he'd be glad to do it."

In 2002, Foley was the Republican speaker — freshman New York Sen. Hillary Rodham Clinton was the Democratic one — delivering humorous remarks to the annual dinner sponsored by the Washington Press Club Foundation.

He delivered a David Letterman-style "Top 10" list of "suspicious activities in Washington."

No. 4 was "Defense Secretary Donald Rumsfeld addressing reporters as adults." No. 3 was "former vice president Al Gore saying: 'Pie? No thanks. I'm on a diet.' "

"And the No. 1 most suspicious activity in Washington," Foley concluded to laughter, "is Mark Foley telling a reporter 'no comment.' "

Foley had hopes of moving up one more step — to the U.S. Senate when Graham retired in 2004. The congressman began campaigning across the state. After several publications in Florida and Washington ran stories saying he was gay, Foley called a news conference in May 2003 to address the swirling rumors.

"Everyone's talking about it," he acknowledged, but he called it nobody's business. "My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public." He said the speculation was "revolting and unforgivable."

Four months later, he withdrew from the Senate race, saying he wanted to spend more time with his ailing 82-year-old father.

Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House. In 2004, he was unopposed in the Republican primary and won the general election with 68% of the vote.

Allegations in recent days of his behavior toward congressional pages, however, have cost him dearly. Some of his colleagues express bafflement at what was apparently a double life. "There were two Mark Foleys," says Rep. Clay Shaw, a fellow Florida Republican. "One was a nice guy and the other is a child predator."

Some of those who worked with him on children's issues — he was co-chairman of the House Caucus on Missing and Exploited Children — are dumbfounded. Patty Wetterling, a children's advocate in Minnesota who is running for Congress as a Democrat, says she feels "a very big sadness and betrayal."

Singer-turned-politician Sonny Bono and his wife, Mary, worked with Foley on a task force designed to boost ties between Republicans and Hollywood. When Sonny Bono died in a skiing accident, Mary Bono sold his 1994 Jeep Wrangler to Foley.

On Monday, Mary Bono, now a Republican House member from California, issued a statement calling Foley's conduct "unacceptable and abhorrent." If he has violated the law, she said, "he should be prosecuted."

Little-known Job Caught In Spotlight (USAT)

By Brad Heath

USA Today, October 3, 2006

Like many former congressional pages, Ben Cavataro said he was drawn to the page program by an interest in politics and the opportunity to see the workings of government up-close.

Cavataro, a 17-year-old high school senior from Palm Beach Gardens, Fla., said Rep. Mark Foley, a Republican representing his district, nominated him to be a page last summer.

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On Friday, Foley abruptly quit the House of Representatives after ABC News reported he had sent sexually explicit messages to a former page. House leaders subsequently asked the FBI to investigate.

In the wake of Foley's resignation, the role — and relative security — of these high school students is facing new scrutiny. Rep. John Shimkus, R-Ill., the chairman of the board that oversees the program, said the House will set up a hotline for pages and their parents to report concerns.

The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer.

"There was no indication of anything improper with Foley or anybody else," Cavataro said. "We talked for like two minutes and shook hands."

His experience mirrored those of many of the scores of other pages who ferry messages between members of Congress on Capitol Hill each year. Theirs is typically one of Washington's least-noticed jobs. No longer.

"I hope it doesn't make the page program into a joke like the White House internship program was after (Monica) Lewinsky," said Dave Aronberg, a Democratic state senator in Florida and former House page who was referring to the intern who had oral sex in the Oval Office with President Clinton. "It's given a lot of kids a lot of great opportunities."

The House and Senate each select a group of pages annually to shuttle messages from office to office and to and from the floor of the Capitol. Typically, the job spans a semester of a school year or a few weeks during the summer.

The House takes about 60-70 pages during each period; the Senate takes about half as many. During the school year, the pages attend morning classes at schools that are part of the program.

House and Senate pages must be at least 16 years old when they're nominated. The programs are meant to be strictly supervised. House pages live in a brick dormitory near the Capitol, under a 10 p.m. weeknight curfew.

Rush Seale, who was a Senate page in 1999 and a House page in 2000, said few pages have one-on-one access to members of Congress. "It would have been kind of unusual," Seale said.

In 1983 the House censured two representatives for sexual encounters with 17-year-old pages. As a result, pages were required to live in the program's dorm.

Rick Gagliano, who was a page in 1976, said the scandals shouldn't overshadow the program. "Yes there have been some terrible situations in the page program history, but like the institution of the House of Representatives itself, the positive experiences and good work the page program does far outweigh the negatives," he said.

Addictions Are Often Disclosed Amid Scandals (USAT)

By Emily Bazar

USA Today, October 3, 2006

Former congressman Mark Foley's statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal.

Reps. Patrick Kennedy, D-R.I., and Bob Ney, R-Ohio, and actor/director Mel Gibson have sought treatment in recent months for alcohol or drug addiction during trying circumstances.

Doing so removes them from the public eye and may win sympathy, says Gary Jacobson, a political science professor at the University of California, San Diego. It's also a way to shift some of the blame from the person to the addiction, he says.

"This seems to have become standard operating procedure," Jacobson says. "It's a way of both taking responsibility and denying it at the same time."

Kennedy checked into treatment in May, a day after he crashed his car near the Capitol. Kennedy, who has a history of drug and alcohol problems, said he was battling an addiction to prescribed painkillers.

Gibson entered an alcohol treatment program this summer after pleading no contest to drunken driving. Gibson made anti-Semitic remarks to arresting officers when he was stopped in Malibu.

Ney announced last month that he was seeking treatment for alcoholism the same day he agreed to plead guilty to corruption charges related to the Jack Abramoff influence-peddling scandal.

Foley's announcement Monday surprised Sarah Chamberlain, executive director of the Republican Main Street Partnership. Foley emceed the group's annual dinner Wednesday.

"At the dinners, he was always working, so usually he didn't have anything to drink," she says.

Foley has not acknowledged or denied that he sent the e-mails.

Alcoholism may exacerbate other disorders, says Fred Berlin, founder of Johns Hopkins University's Sexual Disorders Clinic. "It can impair a person's judgment and can lead them to become disinhibited with respect to their impulses," he says. "It's like throwing gasoline on the fire."

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Berlin says alcoholism has reached a level of acceptance that sexual disorders have not. “It's much less socially stigmatizing to admit to alcoholism than it may be to admit to some other problem,” he says.

Foley Joins List Of Sex Scandals On Capitol Hill (WT)

By Eric Pfeiffer

The Washington Times, October 3, 2006

The resignation of former Rep. Mark Foley has shocked Washington, but it is not the first accusation of impropriety with underage congressional pages to make headlines. The investigation of Mr. Foley's misconduct adds to a long history of Capitol Hill sex scandals.

One congressional historian said House members have proven more prone to such scandals.

"With the exception of Bob Packwood, it's mostly been on the House side," said Donald A. Ritchie, associate historian in the Senate's Historical Office. "That doesn't mean there weren't things going on, but it wasn't something that ruined their careers."

Mr. Packwood, Oregon Republican, was forced to resign from the Senate in 1995 in the wake of accusations that he had sexually harassed women.

In 1983, Rep. Gerry Studds, Massachusetts Democrat, was censured by the House for sexual involvement during the previous decade with a 17-year-old male page. Mr. Studds turned his back on members of the House as the charges were read against him. Afterward, Mr. Studds held a press conference with the former page, acknowledging their relationship.

Unlike Mr. Foley, Mr. Studds did not resign from Congress. In fact, he became the first openly homosexual member of Congress and won re-election six more times before retiring in 1996.

Also in 1983, former Rep. Daniel Crane, Illinois Republican, admitted to having an affair with a 17-year-old female page. Mr. Crane apologized for his actions on the House floor, saying, "I only hope my wife and children will forgive me."

He was voted out of office in 1984.

Why have some members of Congress survived sex scandals while others have not?

"What makes [the Foley scandal] different is that it was off the grid of social acceptability," said Eric Dezenhall, a crisis-management consultant. "You can't spin it. Americans are much more offended by hypocrisy than they are by dishonesty."

Mr. Foley had been co-chairman of the House Caucus on Missing and Exploited Children.

In an interview with CNN yesterday, House Speaker J. Dennis Hastert said he was not aware of Mr. Foley's reported misconduct until the Florida congressman resigned.

"First I was really aware of this was last Friday when it happened," Mr. Hastert said. "And all of a sudden, the press came out and said that there were these e-mails that were from 2003."

Mr. Hastert, Illinois Republican, spent much of the day yesterday meeting privately with the clerk of the House and the Republican chairman of the House page board, CNN reported.

Sex scandals on the Hill have not been limited to those involving congressional pages.

In 1990, Rep. Barney Frank, Massachusetts Democrat, was reprimanded by the House after it was revealed that Mr. Frank's former associate, Steve Gobie, was running a male prostitution ring out of Mr. Frank's apartment. Mr. Frank refused to resign from Congress and has been subsequently re-elected.

In 1989, former Sen. John Tower, Texas Republican, was nominated by President George Bush for secretary of defense. However, Mr. Tower failed to win Senate confirmation after being accused of alcoholism and having affairs with multiple women.

In 1976, Rep. Wayne Hays, Ohio Democrat, resigned after his former secretary, Elizabeth Ray, told reporters that the congressman had hired her and given her raises under the condition that she act as his mistress.

"I can't type. I can't file. I can't even answer the phone," Ms. Ray said at the time.

In 1974, Rep. Wilbur D. Mills, a powerful Arkansas Democrat who was chairman of the House Ways and Means Committee, was a passenger in a car pulled over at 2 a.m. by U.S. Park Police. Mr. Mills was drunk and was accompanied by an Argentine stripper known by the stage name Fanne Foxe, but the ensuing scandal did not prevent him from being re-elected that year.

Later, however, when Mr. Mills was spotted in a nightclub where Miss Foxe was performing, he was stripped of his committee chairmanship and did not seek re-election in 1976.

Foley 'drank In Secret,' Seeking Help, Lawyer Says (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), October 3, 2006

DOJ_NMG_0073597

WEST PALM BEACH — Mark Foley is not a pedophile and "never ever" had sexual contact with minors, his attorney said Monday.

Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life.

"Mark is an alcoholic. He drank in secret. He did not drink in public," Roth said. "He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic."

Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said.

Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy.

Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, "Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life."

Asked if Foley is a pedophile, Roth said, "He is absolutely, positively not a pedophile."

He described Foley as "contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself."

But even as Foley tried to make the case that his problems stemmed from alcohol and mental illness, the FBI and the Florida Department of Law Enforcement were beginning preliminary investigations to determine whether he broke any laws.

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., and other leaders were moving quickly and vigorously to distance themselves from Foley.

Hastert said Monday that House Republican leaders were unaware of the "vile and repulsive" sexually explicit messages Foley had sent to a former page.

"Congressman Foley duped a lot of people," Hastert said at a news conference. "He deceived the good men and women in organizations around this country with whom he worked to strengthen our child predator laws. I have known him for all the years he served in this House. He deceived me, too."

Foley's name was removed from the wall outside his office early Monday. Later in the morning, a congressional employee posted a new sign reading, "Office of the 16th Congressional District of Florida."

His staff now works for the House clerk's office, which also took over his congressional Web site. The staff was warned early Monday not to talk to the media, one staffer said.

And now, what had been considered a safe congressional seat for Republicans is up for grabs. At a hastily called meeting of Republican leaders at the Orlando airport, state Rep. Joe Negron of Stuart was chosen as the nominee.

But Foley's name will remain on the ballot, increasing the odds that turned-off voters will pick Democrat Tim Mahoney, a political newcomer.

House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity that Negron is virtually doomed because "to vote for this candidate, you have to vote for Mark Foley. How many people are going to hold their nose to do that?"

Although Hastert said GOP leaders didn't know of the instant messages Foley sent to at least one former page, he conceded earlier that they were aware of other personal but less explicit e-mails Foley had sent to another 16-year-old former page.

In addition to Hastert's office, those informed about the e-mails included Boehner; Rep. John Shimkus, R-Ill., who heads the board overseeing the House page program; and Rep. Thomas Reynolds, R-N.Y., chairman of the National Republican Congressional Committee.

Reynolds said he discussed the e-mails with Hastert. The speaker said he did not dispute Reynolds' account but did not recall the conversation.

Boehner told the Dayton Daily News he was "99 percent" sure he talked to Hastert about the matter, but also said he did not recall their conversation.

Last year, Shimkus said he spoke to Foley about the e-mails, insisting that they cease immediately. But the matter was not made public, taken to the House ethics committee or revealed to Democratic members of the page board.

The GOP leaders' handling of the matter prompted criticism even from some Republicans who said they should have acted more forcefully.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, R-Conn.

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Republican leaders also are concerned that the fallout from Foley's exit could hurt other GOP candidates in November. Tony Perkins, president of the Family Research Council, said there is "a real chance" the episode could threaten the GOP's majority status.

"I think the next 48 hours are critical in how this is handled," he said. "When a party holds itself out as the guardian of values, this is not helpful."

Meanwhile, the political firestorm was getting worse in Washington. Democrats were quick to accuse Republicans of not doing enough to protect the congressional pages who live in dorms near the Capitol.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

Even the White House was brought into the fray. Spokesman Tony Snow attempted to deflect the political repercussions.

"The House has to clean up the mess, to the extent there is a mess," he said. "This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party."

Leaders from dozens of socially conservative groups held a conference call late Monday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like that to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

A watchdog group, Citizens for Responsibility and Ethics in Washington, said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately turned them over to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes.

On Monday, the group asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Sloan said that though the 2005 e-mails were not sexually explicit — asking about the boy's birthday and progress in school, and requesting a photo — "they set off alarm bells for me."

"These are strategies pedophiles often use" to draw in their targets, Sloan said in a conference call with reporters.

Asked about the preliminary inquiry under way at the FBI, Attorney General Alberto Gonzales said Monday: "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI was "conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The Washington Post reported that a former chief of staff for Foley made one last effort to keep the most damaging messages from going public.

According to media reporter Howard Kurtz, the unnamed chief of staff contacted ABC's Brian Ross, offering to give the network an exclusive about Foley's resignation if Ross agreed "not to publish the raw, sexually explicit messages." Foley resigned after ABC confronted him with those messages.

"I said we're not making any deals," Ross said.

Foley's longtime former chief of staff, Kirk Fordham, did not return a call seeking comment. Fordham is now chief of staff for Reynolds, one of the congressmen who notified Hastert of the complaint from a former page.

Foley Saga No Shock To Some (LAT)

By Noam N. Levey, Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, October 3, 2006

WASHINGTON — Years before sexually explicit electronic messages sent by Rep. Mark Foley to teenage House pages became public last week, some on Capitol Hill say, the Florida Republican was known to have a special interest in younger men.

In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues.

"Almost the first day I got there I was warned," said Mark Beck-Heyman, a San Diego native who served as a page in the House of Representatives in the summer of 1995. "It was no secret that Foley had a special interest in male pages," said Beck-Heyman, adding that Foley, who is now 52, on several occasions asked him out for ice cream.

Another former congressional staff member said he too had been the object of Foley's advances. "It was so well known around the House. Pages passed it along from class to class," said the former aide, adding that when he was 18 a few years ago and working as an intern, Foley approached him at a bar near the Capitol and asked for his e-mail address.

Like most of those willing to discuss Foley, the young man asked not to be named because of concern that speaking openly could harm his career.

Foley resigned from office Friday. His attorney said Monday that Foley had checked himself into an alcohol rehabilitation center. In a statement, Foley said: "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

News reports about the messages Foley sent sparked a furor that continues to build. Much of the controversy centers on whether Republican congressional leaders responded aggressively enough when they learned late last year about less salacious e-mails Foley had sent to another page. In those e-mails, Foley asked the page to send a photo of himself and asked how old he was.

The GOP leaders said Monday, as they have since Foley resigned, that the matter had been appropriately handled last year, when the House clerk and congressman in charge of the page program told Foley to cease contact with the page. They also have said they knew nothing about more explicit instant messages — in which Foley graphically discussed sex — and had no reason to be suspicious about Foley's behavior.

House Speaker J. Dennis Hastert (R-Ill.), in public comments Monday, called the explicit messages "vile and repulsive, both to myself and to my colleagues." He added: "No one in the Republican leadership saw those messages until last Friday, when ABC News released them to the public."

ABC reported Monday that in another set of instant messages, Foley tried to arrange a rendezvous with another young teenage page.

Hastert also held a rare off-camera question-and-answer session with reporters Monday, during which he said that Foley's inappropriate contacts with pages appeared to have occurred after the teenagers had left Washington and returned home.

"I understand that these are pages that have all left the program," Hastert said. "This was after the fact. And you know — woulda, coulda, shoulda."

At least one Republican lawmaker, however, has said that GOP lawmakers should have dug deeper into Foley's behavior months ago.

West Virginia Rep. Shelley Moore Capito, who sits on the board overseeing the page program but who has said she was not told of any of the e-mails, told the Charleston Gazette over the weekend that even the less-explicit ones should have been viewed as suspicious

"I don't think it would pass the sniff test," she told the newspaper. "Even asking those questions — that is not normal between a 52-year-old adult and a 16-year-old…. It's not like they're family friends or anything. I think it would raise some serious questions."

The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men.

"Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff," said one former congressional staffer.

The staffers said Foley — who was elected to the House in 1994 and is not openly gay — would seek out the young men in bars, restaurants and even around the Capitol.

The former intern said he was approached by Foley at Bullfeathers, a popular restaurant and bar a few blocks from the Capitol. "He asked for e-mail, which I gave him," said the young man. "I was 18. To have a congressman take an interest in you seemed pretty cool."

But he said he quickly regretted it. Foley began sending him e-mails, asking for more information about him. "It was a patented act," he said. He stopped responding to Foley soon afterward.

Beck-Heyman, the former page, said several other male pages in his class also had been approached by Foley. "Mark Foley knew he could get away with this type of behavior with male pages because he was a congressman," he said.

Another former staffer said it was an oft-repeated story around Capitol Hill that Foley's former chief of staff, Kirk Fordham, would sometimes accompany the congressman to keep him out of trouble.

Fordham represents a link between Foley and House GOP leaders. Shortly after leaving Foley's office last year, he became chief of staff to Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee.

Reynolds has said he was told this spring about the e-mails that sparked the initial complaint about Foley.

Fordham has not responded to repeated requests for comment from The Times.

Democratic congressional leaders continued Monday to attack the Republican handling of the Foley case.

"This is about a member of Congress who used his position to prey on young children, and a Republican leadership team who set out to cover it up," said Senate Minority Leader Harry Reid (D-Nev.).

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As criticism of GOP leaders mounted, the FBI — which reported Sunday that it had launched a preliminary investigation of Foley's behavior — came under fire Monday for not acting more quickly.

The advocacy group Citizens for Responsibility and Ethics in Washington said it sent the FBI the less explicit Foley e-mails in July. The group's officials now have asked the Department of Justice to investigate why the bureau didn't begin its investigation sooner.

FBI officials declined to comment on the complaint.

But a law enforcement official said investigators are trying to determine the scale and scope of potential crimes, and have been reviewing the messages that have become public.

The official, who requested anonymity because of the investigation's sensitivity, said that the bureau hoped to speak with some pages and their families soon to determine whether they would be willing to cooperate with the investigation.

Federal law makes it a crime to use the Internet to solicit sex from anyone under 18 years of age. Offenders can be fined and imprisoned for up to 30 years with a minimum sentence of five years in prison.

As of late Monday, the FBI had not requested access to the computers in Foley's former congressional office.

The office has continued to operate, handling constituent requests and other routine chores, but under the auspices of the clerk of the House.

Follow The Money (RC)

By Mary Ann Akers

Roll Call, October 3, 2006

How fitting that of all the politicians disgraced former Rep. Mark Foley (R-Fla.) chose to give money to this campaign cycle, the only two Members of Congress to whom he donated were Rep. Bob Ney (R-Ohio) and Sen. George Allen (R-Va.).

Foley's campaign committee made a total of three donations: $100,000 to the National Republican Congressional Committee; $2,000 to Friends of George Allen; and $1,000 to Bob Ney for Congress.

What, did Foley have some sixth sense that they'd all implode in the same year? Could he have predicted that he and Ney both would wind up in the tank, out of a job?

Ney, the only Member of Congress to be criminally nailed in the Jack Abramoff lobbying scandal, is scheduled to officially plead guilty in federal court on Oct. 13. Allen, the only Member of Congress ever known to use the word "macaca," is pleading his case to the people of Virginia (forget about the people of America, that dream is over) 24-7 until Election Day; and Foley, well, he's looking like the straw that broke the camel's back on the GOP scandal front.

Worst Pretty Boy in the World. Obviously, Keith Olbermann, host of MSNBC's "Countdown," doesn't know how narcissistic Congressional Chief of Staff Jason Roe is. When Olbermann gave Roe his nightly "Worst Person in the World" award Friday night, Roe wasn't upset in the slightest, he just hoped he looked hot if the show aired a photo of him.

Roe, chief of staff to Rep. Tom Feeney (R-Fla.), has taken a leave of absence to work on GOP candidate Peter Roskam's House campaign in the Illinois 6th district against Democrat Tammy Duckworth, a combat veteran who lost both her legs in Iraq. Olbermann derided Roskam for saying that Duckworth wanted to "cut and run" from Iraq "even though," Olbermann pointed out, "she lost both her legs there while serving as a helicopter pilot."

The reason Roe got the award is because he called "Countdown" to complain that Roskam was misquoted, charging the show with "intellectual dishonesty."

Well, that just did it. With a big photo of Roe and Roskam up on the screen behind him, Olbermann looked into the camera, addressing Roe, and said, "Hey, pal, this is about campaigning against a woman who has no legs because they were CUT OFF while she served in Iraq. ...You leave the intellectual to us, we'll leave the dishonesty to you."

He thus declared Roskam and Roe "Worst Persons in the World."

A friend of Roe who saw the segment called to tell him about it, saying, "Dude, you're not going to like this. They just named you 'Worst Person in the World.'" Well, he shoulda known. His pal Roe's first reaction: "Did they put my picture up?"

The tanned, toothy and handsome Roe, who never has a wrinkle in his designer clothes or a hair out of place, wrote the producers of "Countdown" an e-mail saying, "Thanks for using a good picture of me. The only disappointment is that since no one watches Olberman [sic], none of my friends will ever get to see my award. Try to get some viewership."

Roe's wife, Patty Roe, chief of staff to Rep. Rick Renzi (R-Ariz.), is a head-turning blonde who, nevertheless, said she's a slob compared to her prissy husband. She told us, "He wakes up looking that beautiful. With all the products not even a pillow can mess up his hair!"

Foley Memories. Boy oh boy (no pun intended) are the Foley "victims" crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being "asked out" by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18.

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He said the ex-Congressman used to occasionally ask him out for “a beer.” Though nothing ever happened, the all-grown-up-now former scribe is wigged out thinking about it.

After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe.

“Last night I remembered another weird Foley incident,” DT on the LC told us.

He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said “was drunk,” approaching their table and quickly asked his friend to say she was his girlfriend.

Foley, who checked himself into an alcohol rehab clinic over the weekend, came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating.

“Yes,” our source recalled his pal saying. Foley, according to our source replied, “Well, I’ve been asking [name redacted] out for years, and he always says no. What’s your secret?”

The former reporter froze. “I swear to God,” he said. “We were both so stunned we didn't know what to say. Luckily, the food came at his table and he left right after that.”

At some point during Foley’s attempted courtship (or beership) of the young reporter, our source went to a party at Foley’s house one night with another young male journalist. “I remember very vividly leaving his house and thinking, ‘That guy drinks way too much and is going to get himself in big trouble.’”

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Ex-Rep. Foley Checks Into Alcohol Rehab (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, October 3, 2006

WASHINGTON (AP) - Former Rep. Mark Foley, under FBI investigation for salacious e-mail exchanges with teenage congressional pages, has checked himself into rehabilitation facility for alcoholism treatment and accepts responsibility for his actions, his attorney said Monday.

The attorney, David Roth, would not identify the facility, but told the Associated Press in West Palm Beach, Fla., that Foley had checked in over the weekend.

``I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley, a Republican, said in a statement, Roth told the AP.

In scorching language, House Republican leaders on Monday condemned Foley's actions as they tried to contain the damage to the party five weeks before midterm elections.

``Congressman Foley duped a lot of people ... He deceived the good men and women in organizations around the country with whom he worked to strengthen child predator laws," Speaker Dennis Hastert told reporters. ``I have known him all the years he served in the House and he deceived me too."

The Bush administration, meanwhile, sought to distance itself from the scandal and the increasing questions about when members of the House Republican leadership knew of the e-mail exchanges and what did they know of Foley's actions. Coming five weeks before the election, the scandal involving the Republican congressman could cost the GOP control of the House.

``The House has to clean up the mess, to the extent there is a mess," White House spokesman Tony Snow told reporters at a briefing.

Foley abruptly quit Congress on Friday after reports surfaced that he'd sent sexually charged electronic messages to boys working as pages. In the statement, Foley said the ``events that led to my resignation have crystalized recognition of my long-standing and significant alcoholism and emotional difficulties."

``I deeply regret and accept full responsibility for the harm I have caused," Foley said. He also expressed ``gratitude for the prayers and words of encouragement that have been conveyed to me."

The FBI, meanwhile, ``is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko.

The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe ``a precursor to a possible criminal investigation."

Florida Republicans picked state Rep. Joe Negron to replace Foley as its candidate in the West Palm Beach district, which is largely Republican.

House Republicans went into damage control mode amid charges by Democrats that some House leaders may have known for months about Foley's inappropriate overtures toward the young pages.

Hastert met with his staff, the House clerk and Rep. John Shimkus, R-Ill., the congressman who oversees the page program, to review the procedures on protecting the teenage pages while they are working at the Capitol and after they finish their assignments.

Hastert in a letter sent Sunday to Attorney General Alberto Gonzales, asked the Justice Department to ``conduct an investigation of Mr. Foley's conduct with current and former House pages,'' including ``any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement.''

Democrats demanded that investigators determine whether Republican leaders tried to cover up Foley's actions for political reasons.

``The attorney general should open a full-scale investigation immediately,'' Senate Democratic leader Harry Reid of Nevada said in a statement, including whether GOP leaders ``knew there was a problem and ignored it to preserve a congressional seat this election year.''

FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation.

The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said.

Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said he told Hastert months ago about the allegations involving a 16-year-old boy from Louisiana.

Hastert acknowledged that his staff had been made aware of concerns about what they termed ``over-friendly'' e-mails Foley had sent to the teenager - including one requesting his picture - in the fall of 2005, and that they referred the matter to the House clerk.

But Hastert said those e-mails were not viewed as ``sexual in nature'' and that he was not aware of ``a different set of communications which were sexually explicit ... which Mr. Foley reportedly sent another former page or pages.''

AP reporter Brian Skoloff contributed to this story from West Palm Beach, Fla.; AP reporter John Heilprin contributed from Washington

Foley Checks Into Rehab As Republicans Seek Cover (MCT)

By Margaret Talev And Marisa Taylor

McClatchy, October 3, 2006

WASHINGTON - Republicans sought cover Monday from the FBI probe of former Rep. Mark Foley's sexual communications with underage male congressional pages, as the scandal's aftershocks spread across the political world and conservative activists began talking about a possible shakeup of the House Republican leadership.

As Foley, a Florida Republican, entered an alcohol and behavioral rehabilitation program, legal experts said criminal prosecution isn't a foregone conclusion. In some states, 16 is the age of sexual consent.

Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity.

While it hasn't been proved that Foley engaged in sexual acts with anyone under 18, ABC News on Monday reported sexually charged instant-message exchanges in which Foley urged a former page to meet him and referred to a prior meeting between them in California.

House Speaker Dennis Hastert, R-Ill., called a news conference on Capitol Hill to state unequivocally that no one in the party leadership knew until late last week of Foley's "vile and repulsive" instant messages, which ABC published online and which included explicit dialogue about masturbation. He said he wanted to find out who did know.

Hastert asked the Justice Department on Sunday to investigate not only Foley's actions, but what anyone in Congress knew about them.

Hastert has been under fire since Foley's abrupt resignation Friday. Hastert then suggested he was just learning there was a problem. But Rep. Tom Reynolds, R-N.Y., chairman of the GOP's congressional campaign committee, has said he made Hastert aware of the situation months ago.

The head of the House Page Board, Rep. John Shimkus, R-Ill., acknowledged learning late last year, along with the House clerk, that Foley had sent a former page an e-mail that wasn't sexually explicit but that asked personal questions that made the

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young man uncomfortable. Shimkus told Foley to stop communicating with the young man, but didn't share the information with his fellow Page Board members.

None of the Republican leaders acknowledged knowing about the sexually explicit messages.

Democrats are accusing Republicans of an election-year cover-up.

Rep. Dale Kildee, D-Mich., a member of the House Page Board who said Shimkus didn't inform him about Foley's e-mail, accused Republicans of being "more concerned with finding political cover for themselves than with the safety and well-being of the House pages."

Shimkus said the young man's parents didn't want to pursue an investigation and that Foley was questioned, professed innocent motives and agreed not to contact the young man again.

Several conservative leaders voiced anger that House Republican leaders knew they had a potential predator in their ranks and didn't take it more seriously.

"After the elections, if the Republicans are still in power, this may signal a change in the leadership, if it appears they knew more than they have reported to us," said Mike Mears, executive director of Concerned Women for America's political action committee.

Richard A. Viguerie, a leader of the conservative movement for decades, suggested that Hastert's call for a Justice Department investigation "could be part of an effort to cover this up until after the election." He called for the immediate resignation of any House leader who knew of improper conduct and didn't act.

Tom Fitton, president of the conservative group Judicial Watch, said Hastert, Majority Leader John Boehner, Shimkus and Reynolds have "some serious explaining to do."

David Keene of the American Conservative Union said he doubts that Hastert had any idea of the extent of Foley's communications, but that Hastert nevertheless may pay a political price for not acting sooner.

Republican congressional candidates across the country feared the controversy's potential to depress conservative turnout at the polls in November or sway independent voters toward Democrats.

Republican Vern Buchanan, in a competitive Florida race to succeed Rep. Katherine Harris of Sarasota, gave to charity $2,000 that Foley's political action committee had contributed to his campaign. Buchanan's Democratic opponent, Christine Jennings, called it disconcerting to find Buchanan "in such a small group of recipients to benefit from Mark Foley's PAC."

Rep. Clay Shaw, a Fort Lauderdale Republican in a tight race, is donating $2,000 from Foley's campaign and political action committee to the Center for Missing and Exploited Children. Spokeswoman Gail Gitcho said, "No one is going to mistake Clay Shaw for Mark Foley," but acknowledged that the scandal "has completely eaten up the news cycle."

White House Press Secretary Tony Snow initially minimized the scandal in an interview with CNN.

"Look, I hate to tell you, but it's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails," he said.

But he backed away from that line later, telling White House reporters, "Look, this is an awful and disturbing story. ... I think people are trying to put us in a box, and say, you know what, unless you come out and you condemn Denny Hastert, you're saying that this behavior is acceptable. It's not."

Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a "third party" made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched.

John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a "commission of a felony" and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks.

Barry Coburn, a criminal defense attorney and former federal prosecutor, said the allegations didn't clearly present solicitation of a minor.

"It might have been clearly inappropriate, and it might yet conceivably turn out to be something short of criminal solicitation," he said.

McClatchy Newspapers correspondents Lesley Clark and Alan Bjerga contributed to this report.

Hastert Says He Wasn't Aware Of Explicit E-Mails (Update1) (BLOOM)

By William Roberts

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- House Speaker Dennis Hastert, under fire for his response to Florida Representative Mark Foley's e-mails to teenage congressional pages, said he was unaware of any sexually explicit e-mails until Foley resigned.

``Republican leaders of the House did not have them," Hastert said at the Capitol. ``Someone did have them. And the Ethics Committee, the Justice Department, the news media, and anyone who can should help us find out who."

Hastert's comments are part of an effort to rebut Democratic suggestions that House Republican leaders didn't act aggressively enough after they learned about what they called ``overly friendly" but not sexual message that Foley sent to a teenage former page in 2005. Some Democrats said Republican leaders may have wanted to protect Republican control of Foley's district.

Foley, 52, resigned Sept. 29 after ABC News asked him about explicit e-mails that were sent to teenagers in 2003.

Some Republican congressional candidates distanced themselves from the scandal, fearing it might deal a final blow to the party's bid to keep control of the House in November elections.

`Toleration'

``Toleration of inappropriate behavior is almost as bad as the behavior itself," said Representative Heather Wilson, a Republican from New Mexico who faces a difficult race in November.

Hastert met today with Representative John Shimkus, the Illinois Republican who is chairman of the board that oversees the congressional page program. After their meeting, Hastert and Shimkus read prepared statements in front of news cameras in the Capitol and declined to take questions.

``Congressman Foley duped a lot of people," Hastert said. ``I have known him for all the years he served in this House. He deceived me, too."

House Democratic Leader Nancy Pelosi said in a statement today that Hastert ``failed to answer the question that every mother and father in America is asking: how could Republican Leaders chose partisan politics over protecting children?"

Foley has checked himself into a rehabilitation center for treatment of alcoholism, Palm Beach, Florida, television station WPBF reported. Joe Negron, a Republican state representative, has been chosen to replace Foley as the party's nominee in the 16th District, which stretches from Jupiter Beach on Florida's east coast across Lake Okeechobee to Port Charlotte on the west coast, CNN reported.

A Letter

Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley.

In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested.

The FBI has opened an initial assessment of the matter ``to determine if there has been a violation of federal law," said Stephen Kodak, a spokesman for the agency in Washington.

FBI

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said she received the non-sexual e-mails July 21 from an unnamed congressional aide and gave them to an FBI agent.

She called for an investigation into the FBI's failure to act on them until now, saying agents should have recognized them as more than ```overly friendly."

Cynthia Schnedar, counselor to the Justice Department's inspector general, Glenn Fine, said officials are reviewing Sloan's complaint.

Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days.

``Central to the investigation is immediately questioning, under oath, the House Republican leadership," Pelosi wrote in a letter to lawmakers on the committee yesterday.

Quickly Enough

White House officials declined to say whether Republican leaders in Congress had reacted quickly enough to warnings about Foley.

``The House is responsible for enforcing its standards," White House spokesman Tony Snow said. ``That has always been the case."

He rejected the suggestion that the scandal would harm his party's prospects in the November elections.

``This does not affect every Republican," Snow said. ``If you try to paint with a broad brush, I think you run the risk of tarring respectable people."

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Democrats, advocacy groups and some Republicans demanded full disclosure by Republican leaders of how the episode unfolded. Representative Peter King, a New York Republican, said yesterday that House leaders ``have to get all the facts out as quickly as possible."

Representative Rob Simmons of Connecticut said yesterday that all lawmaker should be held accountable for their actions.

``If it is found that any member of Congress or staff willingly participated in a cover-up of Mr. Foley's actions, that individual should resign immediately," Simmons said.

To contact the reporter on this story: Laura Litvan in Washington at llitvan@bloomberg.net ; Jay Newton-Small in Washington at jnewtonsmall@bloomberg.net

FBI Knew In July About Foley E-Mails To Teen (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 3, 2006

The FBI acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005 by then-Rep. Mark Foley (R-Fla.) to a Louisiana teenager -- messages that troubled the boy's parents.

Key House Republicans learned of the e-mails in 2005 and chose to deal with Foley privately, warning him to cease contact with the 16-year-old former House page. Top aides to Speaker J. Dennis Hastert (R-Ill.) did not inform him about the incident, Hastert said yesterday, and he defended their actions in a Capitol Hill news conference.

But the GOP's handling of the Foley matter has rocked the party since it was revealed last week that Foley had sent far more sexually explicit electronic messages to teenage former pages in 2003 and 2004.

Many Democrats and some Republicans sharply criticized the decision by key House GOP members to handle the matter of the Louisiana e-mails so quietly that only one of the three lawmakers who oversee the page program knew anything about it. The other two -- one Democrat, one Republican -- expressed anger yesterday that they had been kept in the dark.

Also yesterday, ABC News posted on its Web site instant messages -- reportedly between Foley and another former House page -- in which the lawmaker repeatedly tried to set up a dinner date and indicated that the boy had spent time with him in San Diego. Previously disclosed messages had not indicated that Foley was trying to make personal contact with the boys, who had served as runners and helpers for a year in Washington.

Foley abruptly resigned Friday, and his attorney David Roth said yesterday that the six-term lawmaker is now at an alcohol-treatment center in Florida. In a statement faxed to news outlets Sunday night -- Foley's only public comments since his resignation -- he said: "I deeply regret and accept full responsibility for the harm I have caused."

Roth, interviewed last night on CNN, said that Foley is "absolutely, positively not a pedophile" and "has never, ever had an inappropriate sexual contact with a minor in his life." He said Foley wrote the e-mails "under the influence of alcohol" and was "suffering from mental illness."

Officials from the liberal-leaning group Citizens for Responsibility and Ethics in Washington said yesterday that they received copies of the Louisiana e-mails on July 21 and turned them over to the FBI the same day. Melanie Sloan, the group's executive director, said she spoke with a special agent in the Washington field office, and she questioned yesterday why the FBI did not investigate Foley weeks ago.

An FBI official, who spoke on the condition of anonymity because the investigation is ongoing, said the field office concluded that the e-mails "did not rise to the level of criminal activity." The bureau announced Sunday that it would begin a preliminary investigation into Foley's more explicit electronic exchanges with teenagers.

Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry.

"This thing should have been looked into months ago," said Rep. Walter B. Jones Jr. (R-N.C.), who said he is "disgusted" by his leaders' response. "That's abnormal for a 52-year-old man having those kinds of e-mails going to a 16-year-old child."

In a written statement, Rep. Christopher Shays (R-Conn.) said the Republican leadership needs to be shaken up. "If they knew or should have known the extent of this problem, they should not serve in leadership," he said.

Hastert, as the House's top officer and the man in line after the vice president to succeed the president, has been the main target of questions and barbs from both parties. He reiterated yesterday that he recalled hearing nothing about Foley's e-mails until last Friday, but he does not dispute the assertion of Rep. Thomas M. Reynolds (R-N.Y.) that he informed the speaker last spring.

"If Reynolds told me, it was in a line of things, and we were in the middle of another crisis this spring, so I just don't remember that," Hastert told reporters. He defended the decision by several top staffers to handle the Foley matter without telling him. "I see no reason to bump it up to me at that time," he said.

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Hastert noted that the 2005 e-mails to the Louisiana teenager were ambiguous. In one, Foley asked the boy to send a picture of himself, which reportedly alarmed the youth and his parents. Hastert agreed yesterday that an adult's request for a teenager's photo "would raise a red flag." But he said he would not second-guess his party's handling of the situation.

The boy's parents approached the office of Rep. Rodney Alexander (R-La.) in late 2005, asking that Foley stop contacting their son and that the matter be kept quiet, according to House accounts.

Reynolds, who chairs his party's House campaign committee, and Majority Leader John A. Boehner (Ohio) were among prominent Republicans who also knew of the parents' concerns earlier this year. But the matter was left to Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, and then-House clerk Jeff Trandahl, also a board member.

Shimkus has said that Foley assured them that the e-mails were innocent, and that they closed the discussion by telling him to respect pages and to cease contacting the Louisiana boy. Trandahl, now executive director of the National Fish and Wildlife Foundation, did not return phone calls yesterday.

Hastert said that he and other House leaders knew nothing of the instant messages between Foley and former pages in 2003 and 2004, which, ABC has reported, were much more graphic and discussed topics including masturbation.

ABC reported yesterday that Foley used the screen name "Maf54" and wrote a former page: "I miss you lots since san diego," to which the teenager responded, "ya I cant wait til dc." The youth asked, "did you pick a night for dinner." Maf54 replied, "not yet . . . but likely Friday."

In another exchange, Maf54 wrote, "I want to see you." The teenager replied, "Like I said not til feb . . . then we will go to dinner." Maf54: "and then what happens?" Teenager: "we eat . . . we drink . . . who knows . . . hang out . . . late into the night." When Maf54 pressed further, the teenager wrote, "hmmm, I have the feeling that you are fishing here . . . im not sure what I would be comfortable with . . . well see."

Rep. Shelley Moore Capito (W.Va.), Shimkus's fellow Republican on the Page Board, said she knew nothing of Foley's electronic exchanges until last week.

"As a member of the Page Board -- and, more importantly, as a mother -- I am appalled by Mark Foley's despicable conduct," she said. "I deeply regret not being made aware of this situation as a member of the Page Board."

White House spokesman Tony Snow contributed to the political firestorm yesterday when he told CNN the scandal involved "simply naughty e-mails." Democrats assailed the comment, and Snow later called the messages "disturbing," "appalling" and "reprehensible."

Hastert Defends Handling Of Page Scandal (AP-Y)

By Andrew Taylor, Associated Press Writer

AP, October 3, 2006

House Speaker Dennis Hastert on Monday defended his office's handling of questions raised about Rep. Mark Foley last year, saying the parents of a former male page were concerned about an e-mail Foley sent their son but didn't want the matter pursued.

Hastert said neither he nor other GOP leaders were aware until last Friday of far more lurid computer exchanges two years earlier between the Florida Republican and another page.

Hastert, R-Ill., acknowledged that Foley's 2005 e-mail to a Louisiana boy seeking a photograph raised a "red flag" with the Louisiana congressman who sponsored the page, but said his staff aides and Rep. John Shimkus, another Illinois Republican who chairs a board of House members who oversee the page program, did not know the contents.

Rep. Tom Reynolds, the House GOP campaign chairman, said he told Hastert in the spring of this year about the questionable e-mail. Hastert says he does not recall the conversation but does not dispute Reynolds' account.

Shimkus, appearing with Hastert on Monday, said new measures would be implemented to keep pages safe, including a toll-free hotline for pages, former pages and their families to confidentially report any incidents.

Democrats protested that those decisions should be made by the bipartisan page board.

"Once again, the House Republican leadership is following the same pattern of unilateral decision-making that caused this problem in the first place," said Rep. Dale Kildee of Michigan, longtime Democratic member of the board.

Hastert's media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy. GOP leaders scheduled a late-afternoon conference call on the matter with rank-and-file Republicans.

Shimkus and the House clerk called Foley last fall and told him to cut off all communication with the former page. Only after ABC News reported the 2005 e-mail late last week did the more lurid material surface, as pages forwarded further messages to ABC.

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The network reported instant messages between Foley and a San Diego teenager, who suggested he was uncomfortable in an exchange discussing dinner plans for when the boy was to come to Washington.

"and then what happens," Foley messaged at one point.

"I have the feeling that you are fishing here ... im not sure what I would be comfortable with ... well see," the teen replied.

Democrats hammered at GOP leaders' handling of the Foley subject as an internal party matter instead of bringing it to the attention of the page board or the House Ethics Committee.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

The FBI has begun an inquiry into Foley's computer contact with pages, and Hastert wrote a letter to Florida Gov. Jeb Bush asking for an investigation into whether state laws were broken.

Meanwhile, Florida newspapers — who were leaked copies of the e-mail with the Louisiana boy last year — defended their decision not to run stories. Both The St. Petersburg Times and The Miami Herald were given copies of the e-mail, as were other news organizations, including Fox News.

"Our decision at the time was ... that because the language was not sexually explicit and was subject to interpretation, from innocuous to 'sick,' as the page characterized it, to be cautious," said Tom Fiedler, executive editor of the Herald. "Given the potentially devastating impact that a false suggestion of pedophilia could have on anyone, not to mention a congressman known to be gay, and lacking any corroborating information, we chose not to do a story."

Hastert called on any person who was aware of the 2003 instant messages to speak to law enforcement authorities. He said no Republican leader in Congress was aware of those exchanges until Friday, when ABC News reported it had questioned Foley about them.

A watchdog group, Citizens for Responsibility and Ethics in Washington (CREW), said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately gave them to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes. The group on Monday asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Asked about the preliminary inquiry under way at the FBI into Foley's actions, Attorney General Alberto Gonzales told reporters Monday afternoon, "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI "is conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The congressional page program has traditionally been a starting point for young people interested in making a career of politics.

There currently are 72 House pages, 48 selected by Republicans and 24 by Democrats, according to a recent report by the Congressional Research Service. The Senate breakdown is 30 pages, 18 chosen by Republicans and 12 by Democrats.

Leadership officials had been aware since last year of the 2005 e-mail exchange, which they said was "over friendly" but did not include overtly sexual references. They said they did not follow up other than to instruct Foley to not communicate with the Louisiana page.

But Sloan of the CREW watchdog group said that while the 2005 e-mail was not sexually explicit — asking about the boy's birthday and progress in school and requesting a photograph — "they set off alarm bells for me."

"These are strategies pedophiles often use to draw in their" targets, said Sloan in a conference call with reporters.

Foley, 52, checked into an alcohol rehabilitation center over the weekend, his attorney said Monday. In a statement, Foley said, "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

Florida Republicans on Monday chose a member of the state Legislature, Rep. Joe Negron, to replace Foley as the party's candidate for the state's 16th congressional district, which covers an area north and west of Palm Beach.

Democrat Tim Mahoney said Monday that his campaign learned about the Foley e-mails through a reporter and wasn't sure what to believe until actually seeing them.

"There was information that obviously had been out and about. It had to be one of the biggest open secrets in Washington D.C."

White House spokesman Tony Snow attempted to deflect the political repercussions, saying, "The House has to clean up the mess, to the extent there is a mess."

"This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party," Snow said.

Pelosi Wants GOP Leaders' Testimony (RC)

By John Bresnahan

Roll Call, October 3, 2006

House GOP leaders and the FBI faced new questions on Monday over their handling of the sex scandal surrounding former Rep. Mark Foley (R-Fla.), with Democrats and a Congressional watchdog group suggesting Foley's activities were covered up or deliberately ignored for months to keep his seat under Republican control.

House Minority Leader Nancy Pelosi (D-Calif.) has asked for Speaker Dennis Hastert (R-Ill.) and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when, about a series of July 2005 e-mails from Foley to a 16-year-old former Congressional page and how they responded to the incident.

Hastert has said repeatedly that he was not personally aware of the initial batch of Foley e-mails since the scandal first broke last Thursday, although Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) have both stated publicly that they informed the Speaker of the messages in the spring or early summer of this year. Boehner now says he cannot remember whether he told Hastert, and Hastert himself does not "recall or remember" any conversation with Reynolds regarding Foley.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," Pelosi said in a statement released by her office. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

Three of Hastert's top aides were made aware of the Foley e-mails in the fall of 2005 by Rep. Rodney Alexander (R-La.), according to a timeline released by the Speaker's office on Saturday. The teen lived in Alexander's district, and his parents sought Alexander's help in getting Foley to stop contacting their son.

The July 2005 e-mails do not include sexually explicit language but were disturbing enough that Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and Jeff Trandahl, the former Clerk of the House, interviewed Foley about them last year. Foley agreed to stop the e-mails, and Hastert's staff was then informed of his promise but took no further action, according to Hastert's office. Hastert told reporters on Monday that "there [was] no reason to bump it up to me at that time."

Since ABC News first reported on the July 2005 e-mails last Thursday, a series of electronic messages between Foley and other former pages have surfaced, a number of which include sexually graphic comments by the former lawmaker to teenage boys. Foley resigned from the House on Friday, and his Congressional office was taken over by the Clerk of the House. Foley has reportedly checked himself into alcohol rehabilitation in Florida, becoming the second GOP lawmaker to do so in the past month.

The House approved a resolution late Friday evening directing the ethics panel to look into the Foley scandal, although Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the committee, have not announced yet if or how they would conduct any investigation.

The ethics committee traditionally has deferred to the Justice Department or other law enforcement agencies in the handling of criminal matters, although in this case, sources close to the panel said the two lawmakers are anxious to have the panel weigh in on this matter as quickly as possible.

The ethics committee would need a quorum of at least six of its 10 members present to approve any investigation or appoint an investigative subcommittee to undertake a probe, and that has not occurred as of Monday night, according to House insiders. Members of the committee also would have to physically present to approve subpoenas to any lawmakers or current or former House staffers.

At this time, Pelosi has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal. But the appointment of an outside counsel would almost certainly slow down any committee investigation, and Hastings and Berman are under intense pressure to show some results in the five weeks before the midterm elections.

Hastert asked for both Attorney General Alberto Gonzales and Florida authorities to begin a criminal investigation of Foley. FBI officials said the bureau now has begun a "preliminary review" of the Foley messages to determine their authenticity and whether any federal laws were violated by the Florida Republican.

Hastert also has vowed that the ethics committee and House officials will work in tandem with any federal probe. "Well, obviously, if federal investigators come in, we always cooperate with them," Hastert said.

But Melanie Sloan, head of the liberal watchdog group Citizens for Responsibility and Ethics in Washington, told reporters on Monday that she had turned over the July 2005 e-mails to an FBI special agent on July 21 of this year. Sloan questioned

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whether the FBI, at the behest of the White House or other Republican officials, covered up Foley's allegedly improper behavior to protect his House seat for the GOP.

Sloan has asked the Justice Department's Inspector General office to look into the FBI's handling of the Foley e-mails. The IG's office had no comment on Monday other than to say it had received Sloan's request.

"Since the FBI has known about Rep. Foley's e-mails since July, the question arises: Did the administration help to cover up Rep. Foley's conduct and leave a potential sexual predator on the loose? Was the administration more concerned with protecting a powerful ally in Congress than with protecting children?" Sloan said in a Monday conference call with the press.

Sloan, a former federal prosecutor and House Democratic staffer, said the initial batch of Foley e-mails, which included no explicitly sexual references, were disturbing enough that they warranted a criminal probe as soon as the FBI became aware of them. Sloan did not name the FBI special agent to whom she turned over the e-mails.

"There are the strategies that pedophiles use to draw in their victims," Sloan said of the initial Foley e-mails, which included Foley asking former pages some friendly questions, followed by a request for a photo of one teen.

Sloan said she "never heard back from the FBI" after turning the e-mails over to the special agent but was not alarmed by that since the bureau would not inform her of their actions in the case. When the Foley scandal broke last week, Sloan said she became concerned that GOP leaders or Bush administration officials blocked a probe of the former lawmaker.

"The American public deserves to know not just how and why members of Congress failed to take action to protect the youngsters entrusted to the care of the House of Representatives, but also why the FBI — an agency charged with protecting the public — failed to safeguard other youngsters from a potential sexual predator," Sloan said in her letter to the Justice IG's office.

A potentially thorny legal question facing House leaders is what to do with any documents or materials still in Foley's Cannon Building office or district offices.

Although he has resigned from Congress and the Clerk of the House is officially running his former office and has changed the locks on the office doors, Foley still personally owns any documents, materials or electronic records in those offices, and the House may not be at liberty to turn them over to criminal investigators short of a subpoena, which Foley could potentially contest in court on the grounds that some of the materials may be privileged, similar to the claim that has arisen in the corruption probe of Rep. William Jefferson (D-La.).

In addition, it is unclear what electronic or telephone records the House has in its possession at this time relating to Foley, and how such records could be turned over to investigators.

With Foley facing potential federal and state criminal investigations, legal experts also are divided as to whether he will be able to spend freely on his legal defense from his $2.8 million campaign account that is left over from his aborted re-election bid.

If forced to pay legal bills out of his own pocket, Foley will find it a difficult endeavor if any investigation is prolonged and requires a well-financed team of advisers.

According to a review of his financial disclosure statement for 2005, Foley is not among the most wealthy Members of Congress, with a net worth of at least $237,000.

In recent years, most Members of Congress caught up in federal investigations have been granted free reign by the Federal Election Commission to spend from their campaign accounts on their defenses, with the commission usually applying a standard that allows such expenses if the probes are clearly related to the Member's status as a federal candidate or actions taken as a Member of Congress.

Some defense lawyers believe the FEC would not place any limits on Foley and his ability to pay for his legal team with leftover campaign funds, citing the generally broad leeway other lawmakers have been given by the commission to pay legal bills.

Cleta Mitchell, a GOP campaign finance expert at the firm Foley & Lardner, said this investigation falls under the "but for" standard that the FEC applies — but for Foley being a Member of Congress, this investigation wouldn't have started.

"It is pretty broadly interpreted — and all the Members who've had to deal with allegations of criminal misconduct have been advised that their excess campaign contributions can in fact be used to defray legal expenses arising from their service as Members of Congress. Even if the costs are associated with defending allegations of a criminal nature," the GOP lawyer said.

But other lawyers say that standard may not apply to Foley, particularly if the FEC decides that these actions under scrutiny had no connection to his actual work as a Member of Congress.

"It's not a slam dunk," said Marc Elias, a Democratic attorney with Perkins Coie.

Elias noted a 2003 decision by the FEC that was a split verdict for James Treffinger, a GOP Senate candidate from New Jersey in 2000 and 2002 who came under a 19-count federal indictment for extorting contributions to his campaign from county contractors who were awarded local business. In that case, the FEC ruled that half of Treffinger's actions were not related in any fashion to the Senate campaign and were about local corruption, forbidding him from using the leftover funds to defray legal costs.

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In Foley's case, Elias said the FEC may rule that his actions with the teenagers was "purely personal conduct," particularly if the investigation were to lead to actions with other minors not connected to the House Page program.

Paul Kane contributed to this report.

Papers Knew Of Foley E-Mail But Did Not Publish Stories (NYT)

By Anne E. Kornblut And Katharine Q. Seelye

The New York Times, October 3, 2006

WASHINGTON, Oct. 2 — At least two news organizations were tipped off to e-mail messages sent by Representative Mark Foley long before the story of his sexually explicit remarks to teenage pages broke last week and forced him to resign.

The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors.

It was not until the exchanges were published online last week, first by an anonymous blogger, then on the ABC News Web site, that the story gained momentum and grew more damaging as other teenagers came forward.

The trickle of information about Mr. Foley's messages, first made known to the news media almost a year ago, has raised questions not only for Congressional officials but also for news organizations about how to handle anonymous sources making explosive accusations in an election year.

At the same time, the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley.

"He deceived his in-state newspaper when they each questioned him," Speaker J. Dennis Hastert said Tuesday. "He deceived me, too."

The St. Petersburg Times said that last November, it received copies of an e-mail exchange between Mr. Foley and a former page from Louisiana. The newspaper said the boy, who was under age, did not want his name used, and the paper said it did not want to publish accusations based on unnamed sources. The Miami Herald apparently received the same information, although it is not clear when it received it.

Brian Ross of ABC News said he learned about the e-mail messages in August but was too busy with Hurricane Katrina and the anniversary of the Sept. 11 attacks to pursue them immediately. None of the organizations seemed to anticipate how big the story would become.

"I never thought it would lead to his resignation," Mr. Ross said.

When The St. Petersburg Times received its first tip on the e-mail messages in late 2005, the editors decided it was "friendly chit-chat," with nothing overtly sexual, but nonetheless assigned two reporters to find out more, according to an editor's note.

The reporters tracked down the teenager, but he refused to let them use his name in a story. They found a second page who had corresponded with Mr. Foley and was willing to let them use his name but said he did not have a problem with the messages, undercutting the premise.

When the newspaper asked Mr. Foley about the messages, he "insisted he was merely trying to be friendly," Scott Montgomery, the newspaper's government and politics editor, wrote Saturday in a note to readers.

The editor of The Herald, Tom Fiedler, said the initial messages did not seem to justify writing a story. "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Mr. Fiedler was quoted in his paper as saying.

Then, in June, the reports resurfaced on Capitol Hill, where a neighborhood resident struck up a conversation in a bar with someone who had provided the e-mail messages. He said he passed them on to several news outlets. The resident, who said he was not affiliated with either party and was motivated by concern for the teenager, would talk only on condition of anonymity.

No one acted on the information until last week, and even then, it was a Web site that first posted the exchange. It is not clear who maintains the Weblog, stopsexpredators.blogspot.com, which appears to be largely devoted to the Foley scandal.

ABC News had its first account several days later on its Web site.

Mr. Ross said he was surprised by how quickly the congressman's office confirmed the authenticity of the e-mail messages, first when ABC reported them on Sept. 28, and again a day later when confronted with much more explicit exchanges.

Mr. Ross dismissed suggestions by some Republicans that the news was disseminated as part of a smear campaign against Mr. Foley.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Mr. Ross said, referring to Republicans.

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Your Page, M'Lord (NYT)

By John Tierney

The New York Times, October 3, 2006

Suppose Nike's founder, Phil Knight, asked taxpayers to subsidize a program for 16-year-olds to leave their homes to become "squires" running errands at Nike headquarters. Or suppose, before his death, Sam Walton had asked Congress to build a dormitory in Arkansas to house teenage "serfs" spending a semester away from their schools to work on a Wal-Mart loading dock.

These executives would become national jokes. They'd be denounced for trying to revive 19th-century child-labor practices and 12th-century feudalism. There would be no public money appropriated for Knight's Squires or Sam's Serfs.

Yet Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. They're not being forced to wear Prince Valiant haircuts, but they have to do scut work that's probably even less useful than what they could learn at Nike or Wal-Mart.

Congressional pages spend much of their time hand-delivering documents, a job that's done electronically in most 21st-century institutions. When educators talk about preparing youth for jobs in the Information Age, they're not talking about training messengers.

The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age? If they stayed in school, they could maintain their innocence by reading the old step-by-step textbook version of how a bill becomes law. By going to Capitol Hill, they see how the process has changed:

1. A bill is introduced to build highways.
2. A congressman receives a donation from a constituent who wants to open a go-kart track.
3. The congressman persuades his committee chairman to slip in a $350 million "earmark" for an "alternative sustainable transportation research facility" in his district.
4. The chairman quietly adds similar earmarks for all members of the committee.
5. The bill is passed unanimously.
6. The president complains about the "wasteful spending" but signs it into law anyway.
7. The congressman attends a fund-raiser at the new go-kart track.

What lesson has the page learned? That Congress is the closest thing in modern America to a medieval court: an enclave governed by arcane ancient rules of seniority, a gathering of nobles who spend their days accepting praise and dispensing favors to supplicants.

They're so secure in their jobs, and so used to being surrounded by groveling minions, that they assume the privileges of feudal lords when dealing with pages and other lieges. Which is why, on occasion, they try to exercise the droit du seigneur.

Unlike previous scandals, in which members were censured for having sex with pages, the current one so far doesn't involve physical contact. But it features lewd messages from Representative Mark Foley to a teenager asking about his sex life and requesting a picture. When you are chairman of the House Caucus on Missing and Exploited Children, as Foley was, this does not qualify as research for your job.

Even if you could somehow quell Congressional libidos, even if this scandal taught members of Congress not to hit on teenagers, the page program still wouldn't be worth paying for. It should be eliminated, as Representative Ray LaHood has proposed, for the sake of both Congress and the pages. They need to be spared not just from lustful congressmen but from the chief lesson taught by the program: that success is all about making the right connections.

To get into the program, you (or your parents or their well-connected friends) have to find a member of Congress to sponsor you. Once in, the supreme goal is to ingratiate yourself with someone powerful enough to help you move up the Washington hierarchy. As Rachel Swarns reported in The Times, Foley was a favorite of the pages because he offered them the gift of access.

"If a congressman was talking to you, it was the best thing in the world," said one former page, Patrick McDonald.

Spend enough time as a page, and you can easily believe it's not what you know, it's who you know — and whom you flatter. Granted, toadying can be a useful skill in most lines of work. But it's not a lesson teenagers need to study for a whole semester, especially when it's being taught in text messages from a lord on Capitol Hill.

Foley May Be 1st Member Prosecuted Under Strong Internet-crime Laws (HILL)

By Jackie Kucinich

The Hill, October 3, 2006

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Former Rep. Mark Foley (R-Fla.) is not the first member of Congress to face a firestorm of public outrage for engaging in inappropriate conduct with underage pages, but he could be the first to be prosecuted under strong Internet-crime laws.

Ex-House counsel Stanley Brand said that the difference between the current page incident and an incident two decades ago involving two other lawmakers is the passage of cyber crime laws in recent years and the presence of Internet communication.

"It's not just someone's word against another; there are e-mails," he said. "The difficulty of proving an illicit solicitation is not there. I'm sure that is what the FBI is looking into."

Foley resigned suddenly on Friday after ABC News reported about questionable e-mails and sexually explicit instant messages between a page and the six-term legislator Thursday and Friday. On Monday, Foley checked himself into an alcohol rehabilitation center for treatment.

House GOP leaders, Brand said, could also face consequences politically and legally if the FBI discovers that members of the leadership team knew about Foley's behavior before ABC News released the e-mails and instant messages.

In 1983, the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) after their inappropriate relations with House pages were discovered.

Crane lost his election shortly thereafter while Studds was reelected and remained in the House until retiring in 1997.

While Crane and Studds escaped prosecution, Foley likely will not. According to Orin Kerr, an associate professor at George Washington University, Foley could have broken the law under 18 U.S. Code 2422(b), which states that an individual "using the mail or any facility or means of interstate or foreign commerce … who knowingly persuades, induces, entices, or coerces" an individual who is under the age of 18 to "engage in prostitution or any sexual activity" can be charged with a criminal offense. If convicted, the individual can be imprisoned for five to 30 years.

As a result of Crane and Studds's misconduct, the House created the Page Board, a body of lawmakers and House officials, which oversee the activities and education of pages.

Three members of the House as well as House Sergeant at Arms Wilson Livingood, Clerk of the House Karen Haas and former clerk Donald Anderson make up the Page Board, according to House Administration Committee spokeswoman Sally Collins.

Reps. John Shimkus (R-Ill), Shelley Moore Capito (R-W.Va.) and Dale Kildee (D-Mich.) are the board's House members.

Speaker Dennis Hastert (R-Ill.) announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for "parents, grandparents, pages, former pages …"

"Anyone who has a concern about improper contact … can confidentially report improper contact," Hastert said.

Although many improvements have been made to the page program in order to provide more supervision of students, Hastert said House leaders should do more to ensure that pages are safe after they leave their positions in the House.

Shimkus added that he plans to meet with the Page Board in the coming weeks to construct further programs to protect pages.

One member of the board said he was left out of the discussions entirely.

"I am now equally outraged to learn that Republican House Speaker Dennis Hastert announced today that there will be changes in the policies of the House page program," said Kildee. "Once again, I was not informed of the meeting today, nor was I consulted in any way about any proposed changes."

"Speaker Hastert's announcement this afternoon is yet another example of the House Republican leaders being more concerned with finding political cover for themselves than with the safety and well being of the House pages," he added.

Capito, for her part, directed all of her outrage towards Foley.

"As a member of the Page Board — and more importantly as a mother — I am appalled by Mark Foley's despicable conduct and hope that his actions be held accountable by the full weight of our justice system," she said in a release.

The board typically meets two times a year to discuss the agenda for the pages, plan activities, arrange seminars and discuss enrollment, according to Collins.

There are 63 pages admitted to the program each year; Republican members choose 45 of them and Democrats choose 18.

In order to be admitted to the competitive program, applicants must be at least 16 years old, a junior in high school and have a grade point average of 3.0 or above during the academic year.

Members of Congress sponsor page applicants and then page program staffers interview them. The Clerk's office manages the page program.

Once accepted, pages live in an on-campus dormitory and attend classes in addition to their service in the House.

The program is highly regimented. Pages attend classes in the Jefferson Building of the Library of Congress at 6:45 a.m. and are taught a range of topics including mathematics, social studies and foreign languages.

When they are not in class, their duties are mainly to deliver correspondence and legislative material between members, answer phones in party cloakrooms and prepare the House Floor for sessions. They have a 10 p.m. curfew on weeknights, which extends to midnight on weekends.

They are paid an annual rate of $17,540, with a monthly gross salary of $1,461.67, according to informational materials provided on several members' websites. They are required to pay a residence hall fee of $400 a month, which includes meals and is automatically deducted from their paychecks.

At all times during the workday they are to remain in uniform: blue blazers, a white shirt and gray slacks or skirts.

The page program has had its share of problems traditionally associated with teenagers. In 2002, 11 pages were dismissed for marijuana use. In 1996, five pages were suspended from the program for alcohol use.

Matthew Loraditch, a 21-year-old former page, told the Chicago Tribune Sunday that he had known about the "creepy" e-mails for years. Loraditch runs the House Page Alumni Association's Internet messaging board. That website was shut down Monday.

"Because of the current situation. I am shutting down the board until I can provide a proper statement about my part in what has been going on. I appreciate your patience," the site said. The site was taken down entirely yesterday afternoon.

Loraditch is listed as the website's licensee at the bottom of the home page.

Man Shoots 11, Killing 4 Girls, In Amish School (NYT)

By David Kocieniewski And Gary Gately

The New York Times, October 3, 2006

NICKEL MINES, Pa., Oct. 2 — A dairy truck driver, apparently nursing a 20-year-old grudge, walked into a one-room Amish schoolhouse here Monday morning and systematically tried to execute the girls there, killing four and wounding seven before killing himself, the police said.

The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m.

The gunman, identified as Charles C. Roberts, 32, killed himself as the police stormed the West Nickel Mines Amish School, which is set back in a cornfield on a street of stone houses, barns and silos in Lancaster County, about 50 miles west of Philadelphia. Several of the wounded were in critical condition in area hospitals.

"He wanted to find female victims," said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police. "This was a target of opportunity."

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. But notes he left at his home — where he lived with his wife, Marie, and their three children — said he was distraught about a slight that had occurred more than 20 years ago.

The police would not describe the incident that had upset him. But Colonel Miller said Mr. Roberts, who lived near the school but was not Amish, did not appear to have been motivated by religious bias. The police said they were looking into a report that the couple lost an infant daughter in 1997.

When Mr. Roberts arrived at the school shortly before 10:30 a.m., he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

When the state police arrived around 10:45, Mr. Roberts had barricaded the doors with bolts and lumber he had brought in his pickup truck, Colonel Miller said.

After a brief cellphone exchange with his wife and then with the state police, Mr. Roberts began shooting, aiming the handgun and a shotgun at the children as they stood lined in front of the room. As the police began charging the building around 11, Mr. Roberts fired a shot into his head, Colonel Miller said.

"He was angry with life; he was angry at God," Colonel Miller said. "It appears he chose this school because it was close to his home, it had the female victims he was looking for, and it probably seemed easier to get into than some bigger school."

The rampage was the third fatal shooting at a United States school in the past week but seemed nearly incomprehensible to many residents of the Amish community, where crime rates are so low that many homeowners do not lock their doors and many towns have no police force.

The Amish community in Pennsylvania, which numbers about 55,000, lives an agrarian lifestyle, shunning technological advances like electricity and automobiles. And many say their insular lifestyle gives them a sense that they are protected from the violence of American society. But as residents gathered near the school, some wearing traditional garb and arriving in horse-drawn buggies, they said that sense of safety had been shattered.

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"If someone snaps and wants to do something stupid, there's no distance that's going to stop them," said Jake King, 56, an Amish lantern maker who knew several families whose children had been shot.

Mr. Roberts's relatives said they, too, were stunned by his violent outburst and had had no indication that he had been planning any attack. His wife issued a written statement offering sympathy to the families of his victims and said she could not reconcile the day's events with the man she had loved.

Her statement was read by a family friend, Dwight Lefever, and described Mr. Roberts as a devoted father who had always taken the time to play with his three children, ferry them to soccer practice and birthday parties, and had "never once refused to help change a diaper."

"The man that did this thing is not the Charles I was married to for nearly 10 years," Mrs. Roberts said in the statement.

The police did not release the names of the victims but said all had been girls from 6 to 13.

Once the police entered the building, they found a cache of weapons and supplies that indicated Mr. Roberts had prepared for a long siege. He had a 9-millimeter semiautomatic pistol, two shotguns, a stun gun, two knives, two cans of gunpowder and 600 rounds of ammunition.

In a toolbox near his body, the police discovered bolts he had used to barricade the school doors with two-by-fours, pliers and wires he had used to bind the girls' legs. Another five-gallon bucket he brought into the building contained earplugs, bathroom tissue and a clean change of clothing, the police said.

Mr. Roberts lived just over a mile from the school in the town of Bart, in a modular home that had a trampoline and sandbox in the yard and was already decorated for Halloween. Neighbors said he was jovial and generally well liked, and they were struggling to understand what had driven him to violence.

"I am dying to know what kind of insult from a girl 20 years ago could have led to this," said Mary Miller, who lived on his street.

The police said, however, that Mr. Roberts's co-workers had noticed changes in his behavior over the past several months. While he had long been known as an upbeat and outgoing person, this year he began to appear sullen, his co-workers told the police. Then, late last week, Mr. Roberts once again appeared upbeat at work, Colonel Miller said.

"We think that's when he decided to do what he did," Colonel Miller said. "It's like his worries and burdens were lifted from him."

The police said most of Mr. Roberts's weapons appeared to be legal. He bought the 9-millimeter semiautomatic, which he fired at least 13 times during his rampage, from a store five miles from the schoolhouse in 2004. The shotguns and ammunition also appeared to be legal, the police said, although it was not clear whether his possession of a stun gun violated any law.

The police said Mr. Roberts had bought the ammunition and other supplies from area stores over the past several months, so there was no glaring sign that might have alerted store owners that he was about to burst out in violence.

The police said Mr. Roberts called his wife from a cellphone while he was inside the school just moments before the shooting. During the call, Colonel Miller said, Mr. Roberts made a reference to the grievance that he blamed for his despair, then told her: "The police are here. I'm not coming home."

Colonel Miller said that once the gunfire began troopers charged the building and broke in through several windows in the school. By the time they arrived, however, the children lay dead or wounded in the front of the classroom and Mr. Roberts's body was a few feet away. One child died in the arms of a trooper as he rushed her out of the building to get medical help, Colonel Miller said.

Lancaster County school officials held an emergency meeting last night to try to ease the concerns of school administrators and parents unnerved by the shooting. County officials said that despite the bloodshed, residents should be confident that most of the schools were safe.

That reassurance gave little comfort, however, to people like Dwylin Bieler, 42, whose 8-year-old daughter played with one shooting victim.

"You think something like this will never happen, especially in a place like this," said Mr. Bieler, who is Mennonite, and says the Amish community makes him and others feel welcome. "You pray that it won't happen. But you just never know. You can't know. And that's hard to accept."

Four Girls Killed At Pa. Amish School (WP)

By Raymond Mccaffrey And Paul Duggan

The Washington Post, October 3, 2006

BART TOWNSHIP, Pa., Oct. 2 -- A truck driver armed with three guns, two knives and 600 rounds of ammunition burst into a one-room schoolhouse in this Amish community Monday, lined at least 11 girls against a blackboard and shot them "execution style," fatally wounding four before taking his life, police said.

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The fourth girl died late last night at a hospital, a spokeswoman for the Pennsylvania State Police said. Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were "very, very dire," said Col. Jeffery B. Miller, commissioner of the state police.

Miller called it "a horrendous crime scene" and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said.

The shootings in this Lancaster County farming community occurred as police outside the schoolhouse were trying to make contact with the assailant, Charles Carl Roberts IV, 32, who drove a milk tank truck and lived in the area, Miller said.

"It was over within a matter of seconds," he said last night.

Miller said Roberts -- armed with a semiautomatic handgun, a rifle, a shotgun and a stun gun -- apparently was motivated by rage over a long-ago incident unconnected to the school or the Amish.

"Apparently there was some sort of an issue in his past that he, for some reason, wanted to exact revenge against female victims," Miller said. "It's obvious to us that this was a premeditated hostage scenario where, I believe, based on what the investigators have so far, he intended not to walk out of there alive. But he also intended to kill innocent victims."

Three young students and a teacher's aide who was believed to be about 15 or 16 were fatally wounded in the rampage, police said.

Miller said that 15 rounds were fired from the handgun and three from the shotgun. One shotgun blast was directed toward police outside the building, the police official said.

Roberts left notes for his wife and three children "along the lines of suicide notes," Miller said.

The school had 26 students in attendance yesterday, 15 boys and 11 girls, authorities said. The attack shocked the quiet people of this community, whose religion and traditions require them to remain separate from the outside world and shun the trappings of modern life, including electricity and motor vehicles. Roberts was not Amish, and Miller said he had no known criminal history.

The shootings here were the third at a U.S. school in five days.

On Wednesday, a 53-year-old drifter took six girls hostage in Platte Canyon High School in Bailey, Colo., sexually assaulted them and fatally shot a 16-year-old girl before killing himself. Two days later, a 15-year-old former student allegedly shot and killed a principal in Cazenovia, Wis.

Elsewhere, three teenagers were charged in Green Bay, Wis., on Thursday in an alleged plot to bomb and burn a high school and shoot students as they emerged. And on Monday, officials in Las Vegas said they locked down four schools after a student was spotted entering a high school carrying a gun.

Bart Township, about 60 miles west of Philadelphia, has about 3,000 people and a landscape of grain silos, dairy farms and tobacco fields. Its country roads host the horse-drawn buggies of the Amish.

According to Miller, Roberts's wife, Marie Roberts, told police that her husband worked until 3 a.m. Monday delivering unprocessed milk from Amish farms to a dairy and then went home. He took his children to a bus stop about 8:45 a.m. before driving to the Amish school on White Oak Road.

Roberts apparently was prepared for a long siege, Miller said. In addition to the weapons and rounds of ammunition, he had two cans of smokeless gunpowder, rolls of tape, tools and a change of clothes.

Marie Roberts later found several suicide notes and tried to call her husband, Miller said. About 11 a.m., Roberts called his wife from the schoolhouse and "told her he wasn't coming home," Miller said. Roberts told her that "he couldn't go on anymore" and that "he was getting revenge for something that happened 20 years ago," Miller said.

Miller also said that "there may have been a loss of a child some time in his life."

From the notes to his family and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Miller said. Co-workers at the dairy said Roberts, once given to joking, had seemed to grow despondent not long ago, according to Miller.

But in the past two or three days, Miller said, Roberts changed again. Miller said police were told that Roberts appeared more at ease, which might suggest that he had come to a decision about what he would do.

Miller said he did not believe that Roberts was influenced by the recent school shootings but instead settled on his course independently.

"The man who did this today is not the Charlie that I've been married to for almost 10 years," Marie Roberts said in a statement released to the news media.

Quoting a teacher who escaped, Miller said that when Roberts entered the school, he showed students the handgun and spoke to them in a "rambling discourse," Miller said.

In a news conference, Miller said Roberts arrived at the school in the morning in a borrowed pickup. He said Roberts separated the boys, ages 6 to 13, from the girls at the school.

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Roberts then told the girls to line up against a blackboard and bound their feet with wire ties and plastic handcuffs, Miller said, his voice choked with emotion. Roberts allowed the boys to leave, along with a pregnant woman and three women with infants.

As the women, who apparently are teacher's aides, were leaving, a teacher was able to flee, and she called police from a nearby farm at 10:36 a.m., Miller said.

As officers arrived at the school and a hostage negotiator tried to contact Roberts, he called a police dispatcher and warned that he would start shooting in 10 seconds if police did not withdraw, Miller said. Seconds later, shots rang out, and state troopers carrying ballistic shields rushed the building. Miller said Roberts had barred the doors with lumber that he had brought for that purpose and with desks from the classroom.

Roberts spoke to his wife by cellphone moments before he opened fire, Miller said. In addition to shooting at the girls, he fired out a window at approaching state troopers but did not hit them. Miller said troopers did not fire. One was injured slightly by broken glass while going in a window.

Police found Roberts face down on the floor, with the weapons beside him, Miller said, adding that "one of the girls died in the arms of one of my troopers."

Television news footage showed ambulances and police vehicles on the road outside the schoolhouse, which is surrounded by a white fence. A blue pickup with a white cap over the bed was backed up to the front of the schoolhouse. At one point, firefighters and Amish men walked abreast through nearby fields, looking for students who might have fled and were not accounted for.

The wounded were taken to several hospitals, in locations that included Hershey, Pa., Philadelphia and Delaware.

At the Penn State Milton S. Hershey Medical Center in Hershey, a 6-year-old girl and an 8-year-old girl remained in critical condition last night in the pediatric intensive care unit, a hospital spokesman said.

He said the girl who was upgraded to serious had undergone about five hours of surgery and was able to communicate with family members by blinking her eyes and giving hand signals.

The death of the fourth girl, about 12 hours after the shooting, was reported by Trooper Linette Quinn, a state police spokeswoman. It was not clear at what hospital she died.

The first Amish settlers arrived in Lancaster County in the early 18th century, according to the Pennsylvania Dutch Country Web site.

Donald Kraybill, a leading national scholar of Amish communities, said violence is rare at Amish schoolhouses, which he said are characterized by an emphasis on order, but where pranks and giggles are not uncommon. About 150 small Amish schoolhouses dot Lancaster County.

Monday, Amish people gathered on a farm near the school, bearded men in black pants, suspenders and broad-brimmed straw hats and women in long dresses and bonnets.

Irene Moyer, who is Amish, said she was contacted by the parents of one of the children at the school. "One of the Amish neighbors knocked at the door and said: 'Can you take care of my children? There's a gunman at the school.' "

A family spokesman, Dwight LeFever, read a statement from Roberts's wife, saying: "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please, pray for the families who lost children and, please, pray, too, for our family and children."

Staff writers Daniel de Vise, Tamara Jones, Kari Lydersen, Dan Morse, Clarence Williams and William Branigin, researcher Meg Smith and the Associated Press contributed to this report.

Gunman Slays 4 Amish Schoolgirls (WT/AP)

By Mark Scolforo

The Washington Times, October 3, 2006

NICKEL MINES, Pa. -- A milk-truck driver carrying three guns and a grudge stormed a one-room Amish schoolhouse yesterday, sent the boys and adults outside, barricaded the doors with two-by-fours, and then opened fire on a dozen girls, killing four of them before committing suicide.

It was the nation's third deadly school shooting in less than a week, and it sent shock waves through Lancaster County's bucolic Amish country, a picturesque landscape of horse-drawn buggies, green pastures and neat-as-a-pin farms, where violent crime is virtually nonexistent.

Most had been shot, execution-style, after being lined up along the chalkboard, their feet bound with wire and plastic ties, authorities said. The names and ages of the dead were not released.

"This is a horrendous, horrific incident for the Amish community. They're solid citizens in the community. They're good people. They don't deserve ... no one deserves this," State Police Commissioner Jeffrey B. Miller said.

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Two young students were killed, along with a female teacher's aide, Col. Miller said. Authorities said the aide was about 15. Late last night, Philadelphia's Fox affiliate WTXF and CNN said a fourth student had died.

At least six other victims were critically wounded, state police said.

The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of "acting out in revenge for something that happened 20 years ago," Col. Miller said, though he gave no details on what the grudge was.

Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security.

Col. Miller said Roberts was apparently preparing for a long siege, arming himself with a 9 mm semiautomatic pistol, a 12-gauge shotgun and a rifle, along with a bag with about 600 rounds of ammunition, two cans of smokeless powder, two knives and a stun gun on his belt. He also had rolls of tape, various tools and a change of clothes.

Roberts had left several rambling notes to his wife and three children that Col. Miller said were "along the lines of suicide notes." The gunman also called his wife during the siege by cell phone to tell her that he was getting even for some long-ago offense, Col. Miller said.

The shooting took place at the one-room West Nickel Mines Amish School, a neat white building set amid green fields about 55 miles west of Philadelphia, with a square white horse fence around the schoolyard. The school had about 25 to 30 students, ages 6 to 13.

From the suicide notes and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Col. Miller said. And it was clear from interviews with his co-workers at the dairy that his mood had darkened in recent days and that he had stopped chatting and joking around with fellow employees and customers, the officer said.

Col. Miller said Roberts had been scheduled to take a random drug test yesterday. But the officer said it was not clear whether that played a role in the attack. The colonel also said investigators were looking into whether the attack was related to the death of one of Roberts' own children. According to an obituary, Roberts and his wife, Marie, lost a daughter shortly after she was born in 1997.

Reporters were kept away from the school after the shooting, and the Amish were reluctant to speak with the press, as is their custom. The victims were members of the Old Order Amish. Lancaster County is home to some 20,000 Old Order Amish, who eschew automobiles, electricity, computers, fancy clothes and most other modern conveniences, live among their own people, and typically speak a German dialect known as Pennsylvania Dutch.

Bob Allen, a clerk at a bookstore in the Amish country tourist town of Intercourse, said residents see the area as being safe and the Amish as peaceful people.

"It just goes to show there's no safe place. There's really no such thing," he said.

After entering the building, Roberts released about 15 boys, a pregnant woman and three women with babies, Col. Miller said.

"Very, very traumatic situation. Some of my troopers, actually one of the girls died in the arms of one of our troopers," Col. Miller said.

A Roberts family spokesman, Dwight Lefever, read a short statement from Mrs. Roberts that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

Seclusion Shattered By School Slayings (USAT)

By Thomas Frank And Alan Levin

USA Today, October 3, 2006

BART TOWNSHIP, Pa. — They shun electricity, telephones and the court system to try to stay disconnected from a world they consider polluted by modern convention and comfort.

But the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse.

“You read about it, you hear about it. But you don't expect it to happen this close to home,” said John Fisher, 33, an Amish man who lives a half-mile from the school.

The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were “crying and weeping and hugging, and the Amish people don't usually show too much emotion,” said Annie Beiler, 66, whose farm abuts the school property. “They are quiet, private people.”

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Lancaster County District Attorney Don Totaro said, “It's beyond comprehension that anyone would slaughter children in this manner.”

“It's like a dream. It's something you hear of in a city,” said Naomi Fisher, whose runs an auction house nearby. “You read it in the paper. But not in a quiet little country school.”

David Bernard, 66, of Parkesburg works as a driver for some Amish neighbors and accompanied them to the school Monday night. Bernard said the Amish viewed the violence as a demonstration of the problems posed by the modern world.

“This is a place of blood,” he said of the school. “People died here, so they'll probably tear it down.”

The violence seemed unlikely to change the tight religious sect that is rooted in non-violence and resistance to change.

“I don't see it as having a large effect on their lifestyle,” said David Weaver-Zercher, a professor at Messiah College in Pennsylvania. “In a certain way, it confirms a general orientation about the world not being a very good place.”

Since the Amish emerged as a small Protestant sect in late-17th-century Switzerland, its adherents have strived to maintain religious purity. Nonviolence — or “non-resistance” — was an early tenet that arose from a literal reading of the New Testament.

“They take the words of Jesus seriously: to love your enemies and not to do evil to fellow people,” said Donald Kraybill, an Amish expert at Elizabethtown College in Pennsylvania. “There is very little violence in the Amish community.”

Crime by the Amish is so rare that only one adherent is thought to have been convicted of murder: an Amish man from western Pennsylvania who killed his wife in 1993 saying he wanted to excise the devil.

The gunman Monday, Charles Carl Roberts IV, was not Amish and was not targeting the Amish but apparently picked the school because it was near his home and had little security, said Col. Jeffrey Miller of the Pennsylvania State Police. Roberts killed himself in the school building.

Amish schools — typically one-room schoolhouses with 25-30 students and a young, female teacher — reflect the community's efforts to protect itself against the dangers of worldliness. The Amish went to the U.S. Supreme Court in 1972 to preserve their right to end classroom education after eighth grade.

They won a decision in 1972 that said the Amish weren't against education itself but oppose “conventional formal education” in high school years “because it comes at the child's crucial adolescent period of religious development.”

“The Amish view is that they should provide the basic education for children to live productively in the Amish community,” said Herman Bontrager of the National Committee for Amish Religious Freedom, which brought the Supreme Court case. “Additional things really aren't necessary for living productively in their community. They distract and maybe lead you into another world.”

The Amish have negotiated a tricky path between accepting and rejecting convention since the rise of technology in the mid-19th century. They number about 200,000. The largest communities are in Ohio, Pennsylvania and Indiana.

Many have moved away from farming, particularly in Lancaster County, Pa., the site of Monday's shooting and the setting for the acclaimed 1985 film Witness, in which Harrison Ford plays a Philadelphia police officer who takes refuge on an Amish farm.

About 60% of Lancaster's Amish run businesses such as greenhouses, woodworking shops and farmer's markets, said Kraybill.

That has challenged the Amish's effort to “separate from the world,” said Weaver-Zercher, the Messiah College professor. “They look at various technology and how that would connect them.”

The Amish eschew electricity that would literally connect them to society through power lines, but they use self-contained power sources such as batteries and gas to run refrigerators and stoves.

They pay federal income taxes and local property taxes, but they won an act of Congress to exempt them from paying and receiving Social Security benefits. “They feel the church should provide support for its own members,” Kraybill said.

Amish avoid phones in their homes, where they would enable intrusions that interrupt family life. Phones are in some Amish businesses and at roadside booths where families share them.

After the gunman took students hostage in the school, a teacher ran to a farmhouse where someone called 911.

Although Amish enjoy police protection, many of them are reluctant to cooperate with criminal investigations, viewing prosecution as a form of force.

Steven Nolt, a historian at Goshen College in Indiana who's written several books about the Amish, recalled cases in which Amish people were murdered but relatives refused to help win convictions “because they weren't going to engage in that kind of retributive violence.”

Weaver-Zercher of Messiah College said he expects the Amish to “reach out” to the gunman's widow.

“They'll try to express their forgiveness,” he said, “and sense that in some ways, this woman is a victim.”

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Gunman At Amish School Kills 4 Girls, Wounds 7 (PPG)

By Tom Barnes And Tracie Mauriello, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 3, 2006

Lancaster County milk truck driver kills himself after slaughter

NICKEL MINES -- It was a bloodbath, made even more horrible by its location and its innocent victims, who became targets of a lone gunman apparently because they simply lived near his home.

Charles Carl Roberts IV, 32, a rural milk truck driver and father of three, walked into West Nickel Mines School, the tiny schoolhouse less than 2 miles from his home that housed children in grades one through eight.

Armed with three guns and 600 rounds of ammunition, he ordered all but the girls to leave, then barricaded the doors with lumber, bound the children's legs and lined them up against the chalkboard.

He called his wife to say he was "angry at life, angry at God" then shot each girl, most of them in the back of the head and all at close range.

Police had arrived on the scene before the shots were fired and tried to hail Mr. Roberts using loudspeakers.

Mr. Roberts used a cell phone to call a 911 center and tell them he would begin shooting if state police did not leave. When police at the scene tried to call Mr. Roberts back, that's when they heard the sound of gunfire.

By the time police managed to break into the school, they found Mr. Roberts dead.

Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school.

"It's clear to us he did a great deal of planning in this," said state police Commissioner Jeffrey Miller. "It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself."

Two young girls and Mr. Roberts died inside the schoolhouse, a third female, a 15-year-old teacher's aide, died later at Lancaster General Hospital. Another girl died later last night, and seven others were fighting for their lives at hospitals in Philadelphia, Hershey and Wilmington, Del.

It was the nation's third deadly school shooting in the last week, and it prompted the Bush administration to call for a national conference next week on school violence.

"It would be a miracle if we were able to somehow not have any further loss of life," Col. Miller said. Police did not release the names of the victims.

Two had such severe head wounds they could not be identified for hours. State police showed photographs of the wounded children to families of the victims so they then could be taken to the correct hospital to see their daughters.

"They were killed at close range, execution style," Col. Miller said. "I have never seen anything like this. This was a horrendous tragedy."

The incident did not appear to be related to the Amish. Mr. Roberts is not Amish.

Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate.

"It seems as though he wanted to attack young, female victims," Col. Miller said.

He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy.

"How these pieces fit together we don't know. We may never know," he said. "We believe he was going through some sort of personal strife, something from 20 years ago."

Neighbors and distant relatives said they did not know about any incident from 20 years ago.

"I completely don't know anything about anything like that," said Ken Scott, who used to work with Mr. Roberts.

"It appears this location was probably picked because it was close by. It was a target of opportunity," Col. Miller said. "He was able to locate individuals in the age group he was looking for."

Police say Mr. Roberts, who lived in the town of Bart, dropped off his children at a school bus stop, then drove a borrowed pickup truck to the school at about 9:45 a.m. Brandishing a semiautomatic pistol, he also carried a range bag containing a shotgun, a rifle, two knives, a stun gun, two cans of smokeless gunpowder, a change of clothes, a hammer, a hacksaw, tape and lumber, which he used to secure the doors and to prevent police from storming inside.

Before securing the building, Mr. Roberts allowed 15 boys, a pregnant woman and three women with infants to leave the building, then lined up 11 girls, age 6 to 15, against a chalkboard, their feet bound with wire ties and flexible plastic ties, Col. Miller said.

It was about that time that the teacher and another adult at the school fled to a nearby farmhouse, and someone there called 911 around 10:30 a.m. to report a gunman holding students hostage.

Most of the victims were shot in the back of the head, although some were hit in other parts of their bodies.

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It was over in seconds.

Police could not easily enter the schoolhouse because Mr. Roberts "had taken extreme measures to fortify this location. He took two-by-sixes and two-by-fours and nailed them to the doors and then used flex-ties so there was practically no way we could get in quickly."

Police believe Mr. Roberts held the hostages for about 45 minutes before the teacher got away and reached a telephone to call for help.

About the same time, police received another call from Mr. Roberts' distraught wife, Marie, who had returned home to find suicide notes left by her husband for her and their children.

Most of the injured were badly hurt.

Two girls -- ages 8 and 6 -- remained in critical condition last night at the Penn State Children's Hospital in Hershey, while a 13-year-old girl was upgraded to serious condition after surgery, spokeswoman Amy Buehler Stranges said.

Three girls, ages 8, 10 and 12, were flown to Children's Hospital of Philadelphia, where they were still in surgery last night, spokeswoman Peggy Flynn said. The youngest girl was being treated for gunshot wounds of her neck and arm. The 10-year-old was suffering from head injuries. The oldest girl was being treated for arm and leg injuries.

One victim was transported by helicopter to Christiana Hospital in Delaware, spokesman Spiros Mantzavinos said. He declined to give the person's age or release information about the condition or type of injuries, citing confidentiality laws.

The incident left the peaceful Amish farming community of about 300 looking for answers.

"Our children are defenseless. He picked an easy target. It takes a real target to do that," said John Fisher, 33, one of several dozen Amish men clustered at an informal state police command post, about 300 yards from the school.

"This is a sad day, something I never expected in this community," said another Amish man, Jacob King, a 31-year-old stonemason and lifelong resident.

Many of the Amish neighbors spent a lot of time being interviewed by reporters, although some objected to television interviews because they didn't want their pictures taken.

Some Amish and non-Amish residents speculated the incidents might affect relations between the cultures.

Daniel Beiler, 30, who is Amish, said it could make the Amish even further reject the outside world. But Mr. Fisher wasn't so sure.

"We have a very good relationship with the non-Amish. We get along very well," he said.

Longtime residents of the area were equally shocked.

"I can't believe anybody could do this to children," said Shirley Woerth, who has lived here for 53 years.

Mr. Roberts had no criminal history and no active warrants out against him. He grew up in the area, and his and his wife's families still live in the area.

State police were examining his milk truck, which was found parked several hundred yards from the shooting scene.

A family spokesman, Dwight LeFever, read a short statement from Mr. Roberts' wife that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

The Amish live among their own people and maintain a lifestyle that eschews modern conveniences, such as television and radio. They typically speak a German dialect known as Pennsylvania Dutch.

Land O'Lakes, based in Arden Hills, Minn., issued a statement confirming that Mr. Roberts was employed as a truck driver and assigned to Northwest Food Products, a wholly owned Land O'Lakes subsidiary.

The shootings were disturbingly similar to an attack last week at Platte Canyon High School in Bailey, Colo., where a man took several girls hostage in a school classroom and then killed one of them and himself. Authorities said the man in Colorado sexually molested the girls.

"If this is some kind of a copycat, it's horrible and of concern to everybody, all law enforcement," said Monte Gore, undersheriff of Park County, Colo.

Col. Miller, though, said he believed the Pennsylvania attack was not a copycat crime: "I really believe this was about this individual and what was going on inside his head."

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

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The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Milk-Truck Driver Kills 3 Girls, Critically Wounds 8 (LAT)

By Ellen Barry And Stephanie Simon, Times Staff Writers

DOJ_NMG_0073622

The Los Angeles Times, October 3, 2006

NICKEL MINES, Pa. -- Calling on their faith for guidance, the Amish community here coupled sorrow with forgiveness Monday after a milk-truck driver armed with a small arsenal burst into a one-room schoolhouse, killing three girls and critically wounding eight before committing suicide.

The attack was methodical, gruesome and baffling. Charles Carl Roberts IV, a 32-year-old father of three with no criminal record, entered the schoolhouse with a gun in his hand about 10 a.m., State Police Commissioner Jeffrey B. Miller said. Roberts, who was not Amish and had no known connection to the school, ordered the 15 male students, the teacher and several aides with infants to leave. Then he set about preparing for a siege.

According to Miller, Roberts lined up 10 female students, ages 6 to 13, and a young teacher's aide against the chalkboard. He wrapped wire and plastic ties around their ankles, binding their feet together -- or to one another. He barricaded the door with wooden boards and piled-up desks.

Outside, the teacher and the boys raced for help, cutting through fields to the nearest farmhouse. The Amish eschew most modern technology, so none of them had a cell phone. Many homes here -- like the schoolhouse -- do not have phones, although Amish farmers often have a line running to the barn or corn crib.

At 10:36 a.m., the teacher reached a phone and dialed 911.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, a stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire. At some point, Roberts called his wife on his cell phone. He talked of a grudge from long ago, said he was getting even. He kept the girls silent as he talked. On the other end of the line, his wife heard nothing but his voice.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond. Instead, he called 911 and demanded they leave. If they did not back off within 10 seconds, he said, he'd start shooting.

Seconds later, gunfire erupted.

Roberts shot the girls in the head -- one after another, in quick order -- with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they stormed the school but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said.

One girl died instantly. A second passed away moments later, in a trooper's arms. A third was pronounced dead when she arrived at the hospital. Eight other children were in critical condition Monday night; Miller said "it would be a miracle" if they all recovered.

"He executed those children," Miller said.

Authorities said Roberts apparently was looking to take revenge on young girls, and found the school a convenient target -- "a location of opportunity," as Miller put it.

Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days.

When he finished his milk route about 3 a.m. Monday, Roberts parked the truck on a hill outside the school, as was his custom. He slept a few hours at his nearby home, but was up by 8:45 a.m. to take his children to the bus stop. His wife, Marie, noticed nothing wrong; the day was unremarkable, routine. "His family had no inkling," Miller said.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more. ... Our hearts are broken our lives are shattered, and we grieve for the innocence and lives that were lost today."

Before driving to the school in a borrowed pick-up truck, Roberts left notes for each of his young children. His suicide letters, like his final call to his wife, alluded to resentment over a past grievance. Miller speculated that it could have something to do with a child that Roberts and his wife lost years ago. Mostly, Miller said, the notes expressed rage: "He was angry with life. Angry with God."

But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about an hour's drive west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing. Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl and then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas, Nev., spotted a former student on campus with a gun; he fled before firing any shots.

Here in Lancaster County, violence also is not completely unknown: Just this past spring, a young man confessed to killing six of his relatives, aged 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Barry reported from Nickel Mines and Simon from Denver.

Gun Reported At North Las Vegas School (AP)

By Ken Ritter, Associated Press Writer

AP, October 3, 2006

LAS VEGAS, Nev. — Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said.

No shots were fired, and police said they had no indication the teen _ a former student who had been banned from Mojave High School _ had threatened anyone.

Police gave up their search of a residential area in suburban North Las Vegas after more than three hours.

"We know who he is," North Las Vegas police spokesman Tim Bedwell said. "He will be found eventually."

Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons.

The teen ran from the Mojave High campus when school police recognized him and confronted him about 7 a.m., authorities said. School police reported finding a .25-caliber handgun behind a nearby church.

About 2,300 students at the high school and 2,900 youngsters at two nearby elementary schools and a middle school were locked down during the police search of a square-mile residential area. The security measure meant students were kept in rooms while instruction continued, said David Sheehan, a school district spokesman.

The Clark County School District, with about 300,000 students and 325 schools, is the fifth-largest district in the nation.

Bedwell said the teen could face charges including trespassing, possession of a handgun by a minor and possession of a weapon on school property, a felony.

School districts across the country have been especially sensitive to threats after deadly shootings last week at schools in Wisconsin and Colorado, and then another on Monday in Pennsylvania's Amish country.

On Friday, a school principal was gunned down in Cazenovia, Wis., and a 15-year-old student was charged with murder. Just two days earlier, an adult gunman held six girls hostage in a school at Bailey, Colo., before killing a 16-year-old girl and then himself.

Expelled Boy Shows Up At School Armed, Then Flees (NYT)

By Cathy Scott

The New York Times, October 3, 2006

DOJ_NMG_0073624

NORTH LAS VEGAS, Nev., Oct. 2 — A 15-year-old boy who had been expelled from his high school returned to the grounds there Monday morning with an automatic pistol and an AK-47 assault rifle, but fled when he was recognized and remained at large, the police said.

The youth, whose name was not released, did not fire the weapons and apparently did not threaten anyone, the police said, but four public schools were locked down throughout the morning as the neighborhood around the high school was searched.

The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police.

When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said.

"They're still looking for an AK-47 he stole from his parents' house," Sergeant Gervasi said.

A growing number of guns in schools has been a pressing issue in Clark County, which, with 300,000 students enrolled at 325 schools, has the fifth-largest school district in the country. Last Thursday 50 members of the school police protested at a school board meeting, seeking the hiring of more officers.

Bail In School Attack Is $750,000; Safety Cited (MJS)

By Journal Sentinel Staff And The Associated Press

Milwaukee Journal Sentinel, October 3, 2006

A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday.

Advertisement

District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center.

Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, "I do."

In following Barrett's bail recommendation, the judge said, "It goes without saying the public does need protection in this matter."

Barrett told the judge there were other "persons of interest" for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail.

He has been charged with one count of first-degree intentional homicide in Klang's death. Taggart set a pretrial conference for Hainstock for Oct. 13.

According to the criminal complaint, Hainstock carried a shotgun and a .22-caliber revolver to the school on Friday morning. A custodian tugged the shotgun away from the youth, who then ran down a hallway while pulling the revolver from a pocket.

Klang, the 49-year-old school principal, confronted the boy and struggled with him in the hallway. He was shot three times while wrestling Hainstock to the floor, the complaint says.

Judge Sets Bail At $750,000 In Weston Schools Shooting (AP)

By Todd Richmond, Associated Press Writer

AP, October 3, 2006

BARABOO, Wis. -- A judge set bail at $750,000 Monday for a 15-year-old boy accused of killing his high school principal after prosecutors said the teen may have been looking for others to attack as well.

Sauk County District Attorney Pat Barrett told the judge there were other "persons of interest" for Eric Hainstock when he went to Weston Schools in Cazenovia Friday morning and shot Principal John Klang. She told reporters after the five-minute hearing that Hainstock may have had additional targets picked out.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions.

But Circuit Judge Patrick Taggart agreed with Barrett.

"It goes without saying the public does need protection in this matter," he said.

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If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family.

A handful of students attended the hearing.

Hainstock and his attorneys appeared in court through a video feed from jail. He sat with his chin in his hand. When Taggart asked him if he understood he faces life in prison, Hainstock replied calmly and firmly, "I do."

He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty.

Taggart set a pretrial conference for Hainstock for Oct. 13.

Search warrants show deputies found a note at Hainstock's house from him to his father, along with boxes of ammunition, discipline reports from Weston Schools and a photo of a girl with her eyes poked out. Klang gave Hainstock a disciplinary notice for having tobacco in the school Thursday, the day before the shooting, according to the criminal complaint.

Investigators had been to the Hainstock home before. Court records show Hainstock's 35-year-old father, Shawn Hainstock, was charged in 2001 with felony child abuse.

Shawn Hainstock kicked his son several times in the hip for not giving water to some pets, put hot sauce or hot peppers in the boy's mouth for lying or using foul language, and spanked the child with a wooden paddle marked "the board of education," the complaint in that case said.

The elder Hainstock pleaded no contest to misdemeanor battery in 2002 as part of a deferred prosecution agreement, which allows people facing criminal charges to have them dismissed if they fulfill certain conditions. The charge against Shawn Hainstock was dismissed in 2003.

Court records also say Eric Hainstock had a medical condition that affected his behavior but he was not receiving treatment because the family could no longer afford drugs or counseling.

The pain from Friday's violence was still apparent Monday in Cazenovia, a tiny farming community of 300 people about 70 miles northwest of Madison.

"Forever changed. 9-29-06," read billboards outside of the town's only gas station and its municipal building, referring to the date of Klang's death.

Flags at the school complex were at half-staff. Some students and staff met with counselors, while others walked the halls, talking and holding each other.

About a half dozen Sauk County investigators also were in the school reviewing the shooting, but Superintendent Terry Milfred said things were starting to get back to normal. Volleyball practice went on Monday morning, and Friday's football game was still scheduled, he said.

"The spectrum varies from grief ... all the way to seeing a group that is absolutely normal," he said. "That's especially noticeable with students, who are live and vibrant even though they are grieving."

A funeral Mass for Klang will be celebrated at 11 a.m. Wednesday at the Weston High School gymnasium.

National School Violence Conference Set (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, October 3, 2006

The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday.

Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

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Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Perino said the president plans to use his fundraising spree through Nevada, California, Arizona and Colorado to draw a clear line between Democrats and Republicans, particularly on the war on terror, as the campaign begins its final month.

Bush began Monday evening at an airport hangar in Reno, Nev., where a few hundred people who donated a combined $360,000 gathered to support Secretary of State Dean Heller's congressional campaign. Heller is up against Democrat Jill Derby for the seat being vacated by Rep. Jim Gibbons, who is running for governor.

"I want you all to remember when you go to the polls here in Nevada, what political party supported the president to make sure we have the tools necessary to protect the American people and which political party didn't," Bush said.

Bush criticized some Democrats for voting against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said. "That's not the way it's going to be under my administration."

The donors paid $500 to attend the reception, held on a cement-floored hangar decorated with blue curtains, or $2,100 to also be photographed with the president.

Republicans have held the seat since it was created 25 years ago to represent more than 100,000 square miles — nearly the entire state except for Las Vegas. Republicans hold an edge of more than 47,000 registered, mostly rural voters, but polls make it a close race.

About 100 protesters rallied near the fundraiser, chanting, "Vote for change."

"I think it's an indication of how desperate the Republicans have gotten to try to hang onto a seat that just a year ago was considered a slam dunk for the Republicans," said Pam duPre, executive director of the Washoe County Democratic Party.

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Associated Press Writer Scott Sonner contributed to this report.

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On the Net:

http://www.whitehouse.gov

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

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The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Bush 'Troubled' By School Shooting (AFP-Y)

AFP, October 3, 2006

US President George W. Bush was "deeply saddened and troubled" by a shooting at a Pennsylvania schoolhouse that left at least three girls dead, the White House said.

Bush ordered cabinet officials to find ways for the government to help in the aftermath of recent school shootings, said Dana Perino, a White House spokeswoman.

Bush is "deeply saddened and troubled by the recent school violence," Perino told reporters on a presidential trip to Reno, Nevada.

"It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and gunned down," Perino said.

Attorney General Alberto Gonzales and US Education Secretary Margaret Spellings will convene a conference next week with education and law enforcement groups to discuss school violence, she said.

Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said.

A truck driver burst into an Amish schoolhouse in rural Pennsylvania Monday and killed at least three girls "execution style" after lining them up in a classroom, police said.

It was the third fatal killing in a US school in the past week.

Last week a 16-year-old schoolgirl was killed when a gunman took six hostages at a Colorado school before opening fire and turning the gun on himself as police stormed a classroom.

On Friday, the principal of a Wisconsin high school was killed after being shot by a student.

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‘A Horrendous Crime Scene' (USAT)

By Alan Levin And Laura Parker

USA Today, October 3, 2006

NICKEL MINES, Pa. - A milk-truck driver claiming to have a 20-year-old grudge barricaded himself inside a one-room Amish schoolhouse Monday and shot 12 girls, killing three of them, before he committed suicide in the latest shocking attack at a U.S. school.

At least eight girls were in critical condition at area hospitals, said Col. Jeffrey Miller, commissioner of the Pennsylvania State Police. Most were shot in the head, he said.

“It's a horrendous crime scene,” Miller said. “One of the children died in the arms of one of our troopers.”

The shootings stunned this quiet, insular community in the rolling cornfields and pastures of Amish country, about 60 miles west of Philadelphia. It was the third fatal school shooting in the USA in six days. The attack was similar to one in Bailey, Colo., last week. There, a gunman took several girls hostage at a high school and killed one of them.

In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week.

The Pennsylvania gunman was identified as Charles Carl Roberts IV, 32, who lived near the school. Miller said Roberts backed a pickup to the front door of the yellow schoolhouse around 10:35 a.m., then began boarding up the doors with lumber that he had brought in the truck. He had a handgun, a rifle and a shotgun, Miller said.

Roberts took over the classroom, but quickly allowed several people to leave, including about 15 boys ages 6-13, Miller said.

He also released four adult women, including the teacher, a pregnant woman, and other women who had infants. He lined the girls up in front of the blackboard, where he bound their feet with “flex-cuffs,” disposable handcuffs, Miller said.

The teacher and adults ran to a nearby farm to call police. The school has no electricity or phone service.

After Pennsylvania State Police officers arrived at the scene, Roberts contacted the Lancaster County sheriff's office and warned the state police to back off “within 10 seconds” or he would start shooting, Miller said.

He began shooting moments later “in rapid succession,” Miller said. The dead girls included two students and a student aide about 15 years old, Miller said.

Roberts left “rambling” suicide notes at his home Monday morning for his three children, Miller said. He was not Amish. Police believe that he chose the school because it was an easy target, Miller said. After seeing the notes, Roberts' wife called her husband's cellphone about 11 a.m., Miller said. Roberts told her he was “seeking revenge” for something that happened 20 years ago, Miller said.

Miller declined to elaborate about what drove Roberts to attack the girls, but he said investigators were looking into the possibility that Roberts had been affected by the death of a child. He would not say whether the child was Roberts' or someone else's.

Roberts also told his wife that “the police were here and that ‘I'm not coming home.' He told her he loved her and that was it,” Miller said.

Roberts apparently planned for a long siege, Miller said. He had brought a change of clothes, a bucket and toilet paper. With the three guns, he brought 600 rounds of ammunition. He shot the students with a 9mm handgun and reloaded, Miller said.

Miller said co-workers described Roberts as friendly and talkative — but said he had become less so recently. In the past few days, a calm came over him, they told police. Miller said he believed that was an indication that Roberts had decided to attack the school.

“He was angry at life. He was angry at God,” Miller said.

Most Amish live in rural communities and are seldom exposed to crime. In nearby Strasburg, the FBI recorded just two violent crimes in 2005: a robbery and an assault.

“They just don't take provisions for or expect outsiders to come walking in,” said Steven Nolt, a historian at Goshen College in Indiana who's written books about the Amish.

Experts: Events Might Weigh Heavily On Kids (USAT)

By Robert Davis, Usa Today

USA Today, October 3, 2006

School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children.

The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say.

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"This has been one of the most gruesome weeks I've ever encountered in 20 years of dealing with school safety," says Ronald Stephens, executive director of the National School Safety Center, which helps schools prepare for and respond to crisis. "It's hit an entirely new low. Parents are going to be wondering if their children are safe returning to school."

He and others hope that counselors are available today in the nation's schools. "Students are going to have a number of feelings they need to express," Stephens says. "It's going to be very difficult for a whole lot of learning to take place until some of these emotional issues have been given some attention."

Experts such as Stephens say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep.

Security has become more visible since the shootings at Colorado's Columbine High School in 1999. About 15,000 schools now have their own police officer, says William Lassiter of the Center for Prevention of School Violence. But schools remain easy targets.

"You have this unease about who can we trust and who is safe," says George Greger-Holt, a school counselor who focuses on safety in Chatham County, N.C.

Three School Shootings (NYT)

The New York Times, October 3, 2006

No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent.

When Charles Roberts snapped, the tools lay ready to hand. It is not clear what led him to seek out a quiet country school in Lancaster County, Pa., but it is possible he chose it because he knew that it belonged to a trusting, insular community, where there would be no one to stop him from entering with a shotgun, a rifle and an automatic pistol.

This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently.

The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. There are no simple solutions to this conflict. It is neither possible nor tolerable to secure every school or guard every child. Nor is it possible or politically tolerable to keep tabs on every gun. But in these killings we see an open society threatened by the ubiquity of its weapons, in which one kind of freedom is allowed to trump all others. Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns.

Common Tragedy And Culprits (WP)

The Washington Post, October 3, 2006

A SCHOOL shooting is, by definition, obscene, yet there is a special horror to the tragedy in Nickel Mines, Pa. Perhaps it is because the setting, a picturesque community in Lancaster County, was so peaceful. Or that the target was a one-room Amish school amid fields of green. Or that the victims were young girls. Yes, there are unique features that make yesterday's attack a singular tragedy. There is, however, one aspect that makes it shamefully commonplace -- guns.

The 32-year-old man who walked into the Georgetown Amish School in a rural area about 60 miles west of Philadelphia had, authorities said, armed himself with a shotgun, a rifle and a semiautomatic handgun. After releasing all the boys and some women, the gunman barricaded the doors with boards and, having bound the feet of his victims, shot to death three girls before killing himself. Eight others were critically wounded; one of the wounded later died. "This is the last place on Earth that something like this would happen," Raymond Bial, author of books on the Amish, told Bloomberg News, as if being pacifist guarantees protection from the world.

Yesterday marked the third time in less than a week that a school was the site of a fatal shooting. In Colorado, on Sept. 27, a man armed with two handguns sexually assaulted some of the six girls he held hostage before killing one of them and himself. In Wisconsin, just two days later, a 15-year-old student fatally shot a principal. Like yesterday's shootings, each incident was tragic and certainly each had unique circumstances, but all -- including near-tragedies in Florida, North Carolina and Nevada that barely made headlines -- shared the fact of the far-too-easy availability of guns.

At this early stage, it is not known what drove Charles Carl Roberts IV to yesterday's rampage or whether it could have been prevented. Indeed, there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in

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Congress are seeking to make it easier. Witness the recent vote by the House of Representatives to make it more difficult for authorities to crack down on bad gun shops. Thankfully, the Senate didn't have time to take up that measure.

Our sympathies go to the people of Nickel Mines. We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control.

Online Gambling Set For Takeover Wave (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, October 3, 2006

Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday.

Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US.

Investors wiped $7bn (£3.7bn) off the market value of what at the start of trading was an industry worth $12bn, as heavyweight internet gambling companies said they would suspend indefinitely their US operations.

PartyGaming, the biggest company in the sector, lost 57.94 per cent after announcing it would suspend all money gaming business with the US indefinitely when President George W. Bush signs the bill into law.

Across the sector, internet gambling stocks went into freefall. Sportingbet lost 64 per cent of its value, falling to 66p.

888 Holdings, which has also indefinitely suspended US operations and expects to take a charge, dropped 26 per cent.

Mr Garber told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in. However, Harrah's had other matters on its mind yesterday with news that it had received a $15bn takeover offer from private equity companies Apollo Management and Texas Pacific.

Now that listed internet gambling companies are expected to quit the US en masse, the remains of their businesses will be free from the spectre of illegality that in the past might have put off investors and prospective buyers.

Mr Garber said: "I wouldn't be surprised if they [MGM and Harrah's] didn't have an interest in winning non US-facing companies as a means of tipping their toes in the internet world."

Mr Garber said he expected PartyGaming to be involved in buying up companies likely to suffer heavily from the impact of the new US legislation. "We are very focused on mergers and acquisitions. I see our liquidity as being very attractive to smaller players who may not be able to survive on their own."

A banking adviser in the sector said: "This is going to create a round of consolidation but what format and nature and how broad is a different matter."

Mr Levy said consolidation would happen first between online operators in order to restore the high margins lost by the US debacle followed by takeovers by big onshore operators coming from both the US and the UK.

U.K. Online Gambling Sites Mull Exiting U.S. Market (WSJ/AP)

Associated Press

The Wall Street Journal, October 3, 2006

LONDON -- Several British online gambling companies may cease doing business in the U.S. as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the U.S. if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the U.S. and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday. It is expected to be signed by President George W. Bush

Shares of all three companies tumbled in trading on the London Stock Exchange Monday.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars, and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank commented that it was difficult to assess the value of online betting companies with heavy exposure in the U.S. because the allocation of costs is unclear.

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Sportingbet, which does more than 60% of its business in the U.S., said the impact of the legislation was unclear. However, the company called off talks about a potential bid for World Gaming.

"The precise effect of the legislation is unclear," 888 Holdings said in a statement. "However, this legislation indicates Congressional intent to treat Internet gaming, whether sports-related or not, as illegal."

The legislation, if enacted, "will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," PartyGaming said. "If the president signs the act into law, the company will suspend all real money gaming business with U.S. residents."

Austrian-based Bwin.com Interactive Entertainment AG, which gets 22% of its revenue from the U.S., said it was reviewing its options. "It's a difficult situation right now, and we need to have our lawyers take a close look, review the situation and what it could mean to us," Bwin spokeswoman Karin Klein said in Vienna.

William Hill PLC, one of Britain's biggest bookmakers, announced on Sept. 27 that it would cease accepting casino and poker business from clients with a U.S. address or a credit card issued in the U.S.

Paddy Power, the Irish bookmaker, gets about half its revenue from online betting but "we have made every effort to block U.S. play," said spokesman Breon Corcoran. "We would be excited about bringing an Irish brand to the States, but given the climate there, it's unlikely to happen," Mr. Corcoran said.

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Online Gaming Shares Plummet In Bill's Wake (WP/AP)

By Robert Barr

The Washington Post, October 3, 2006

LONDON, Oct. 2 -- Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming, the world's biggest online gambling company, said it would pull out of the United States if President Bush signs the legislation into law.

The company 888 Holdings PLC said it is suspending online betting operations in the United States as a result, and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday.

Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank said it was difficult to assess the value of online betting companies with heavy U.S. exposure because the allocation of costs is unclear.

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Bad Luck For Online Gaming (LAT)

By Michael A. Hiltzik

The Los Angeles Times, October 3, 2006

Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them.

Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday.

The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve.

Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain.

Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition.

"That's a major weakness" of the new measure, said I. Nelson Rose, an expert in gambling law at Whittier Law School.

"It left out expanding the reach of the Wire Act, so poker sites can say, 'We're not covered by that.' "

The gambling provision's late-night passage took many in the gaming world by surprise. Many thought the Senate bill was dead in the current session, meaning that both houses of Congress would have to start from scratch next year.

U.S. casinos were neutral on the bill. Although they don't like the offshore competition, domestic gambling companies might someday want to open their own online casinos.

Online gaming companies headquartered in Britain were among those taking the biggest hit from the measure. Although most have been trying in recent months to wean themselves from the U.S. market as the threat of congressional regulation has risen, American customers still account for the greatest share of their business.

"This development is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, chief executive of PartyGaming Ltd., the operator of the PartyPoker website, in a statement.

Shares of PartyGaming, based in Gibraltar, lost 58% in Monday's trading in London.

Shares of Neteller, a British payment processing company based on the Isle of Man, fell more than 60%. Such companies have sprung up in recent years after American payment processors, such as the PayPal subsidiary of EBay Inc., voluntarily ceased accepting payments to online gambling sites.

In a statement issued after the Senate vote, Neteller said, "It is currently unclear how Neteller, a European company, with no assets, presence or employees in the U.S., would be affected by this bill." The company said it would have a "clearer view" after U.S. authorities issued the regulations.

U.S. banks and credit card companies have generally ceased transferring funds for internet gambling over concerns that they could be charged with aiding and abetting illegal activities. But they have opposed legislation that makes them criminally liable for such transfers, arguing that in many cases they don't have the ability to determine whether a recipient is a gambling website.

Representatives of industry groups said Monday that they were satisfied that the new bill took that difficulty into account.

"We wanted to be sure that there was some protection if we act in good faith," said Floyd Stoner, executive director for congressional relations at the American Bankers Assn.

The Senate's action followed a string of other legal attacks in the U.S. on the online gaming industry. In July, David Carruthers, CEO of London-listed firm BetOnSports, was arrested while making an international air connection in Dallas. Charges against him include racketeering and mail fraud.

Last month Peter Dicks, then chairman of Sportingbet, a British online company, was arrested at New York's Kennedy Airport on a warrant alleging that he violated a Louisiana law barring online gambling. Dicks was released and returned to Britain on Friday.

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New Legislation May Pull The Plug On Online Gambling (USAT)

By Michael Mccarthy And Jon Swartz, Usa Today

USA Today, October 3, 2006

The $12 billion online gambling industry could turn into a house of cards now that the Congress has passed a law banning the use of credit cards, checks and electronic fund transfers for Internet gaming, industry experts warn.

President Bush is expected to sign the Unlawful Internet Gambling Enforcement Act, which makes it illegal for banks, credit card companies and online payment systems to process payment to online gambling companies.

Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections.

The surprise passage of the law threw the online gambling industry into a tailspin Monday. Shares of publicly traded companies PartyGaming, Sportingbet and 888 Holdings tumbled in heavy trading on the London Stock Exchange, wiping out nearly $8 billion in market value. PartyGaming, the world's largest online-gambling company, said it will stop taking bets from

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920,000 active U.S. customers as soon as Bush signs the proposed law. Sportingbet said it is calling off its bid for World Gaming.

Shares in the publicly traded PartyGaming plunged 60% to 81 cents on the British market and 888 Holdings said it is suspending online betting operations in the USA. Its shares tanked 48% to $1.42 on the British market.

Sportingbet, which gleans more than half its business in the USA, said the bill's impact is unclear. Sportingbet shares slumped 67% to $1.12 on the British market.

"This develop is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, PartyGaming's CEO.

The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say.

Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia.

After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced.

Most credit card companies already ban customers from paying gaming sites as the result of a settlement between New York Attorney General Eliot Spitzer and several major credit card issuers a few years ago.

PartyGaming generated 80% of its $1 billion in 2005 revenue from the U.S. market. During the first half of 2006, American bettors accounted for 78% of $662 million in revenue, says John Shepherd, a spokesman for the Gibraltar-based company.

"If you lop off 80% of somebody's revenues, it's going to hurt," Schneider says. "A lot of them have been trying to build up their non-U.S. business."

Unfortunately for players, the companies eliminated in the shakeout are more likely to be publicly traded operators that answer to regulators in Britain than privately held firms more likely disappear into the ether of the Web, warns Linda Goldstein, a partner with Manatt, Phelps & Phillips.

"The upshot is the legislation will drive away larger, more reputable gaming operators, leaving consumers with less reliable options," says Ken Dreifach, an Internet lawyer who once worked for Spitzer. That could expose consumers to more fraudulent operators, he says.

A stock listing is no guarantee, however. Many U.S.-based customers of BetOnSports have been waiting to cash out the money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud.

"We're telling folks 30-90 days," says BetOnSports spokesman Kevin Smith, who declined to comment on how many players are owed how much money.

Michael Bolcerek, president of the Poker Players Alliance, says he'll seek congressional support for a legislative exception for online poker, similar to the carve-outs for fantasy sports, horse racing and state lotteries in the proposed law. Bolcerek argues poker is a uniquely American sport, enjoyed by 23 million Americans.

"We believe poker is a skill game that should be separated from other forms of gambling," he says.

Attorney General Creates Domestic Violence Unit (AP)

AP, October 3, 2006

JACKSON, Miss. - A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant.

The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims.

"What this division does is bring a cohesiveness to the state's efforts to fight domestic violence," said Attorney General Jim Hood. "Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing."

Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence.

"When a group of dedicated individuals and organizations make a commitment to act as one, the possibilities to create positive change are endless," Michele Carroll, executive director of the Mississippi Coalition Against Domestic Violence, said in a statement. "With the award of this grant and the development of this program we have a truly unique opportunity to work collaboratively to end the violence."

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The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women.

Philadelphia Police Dispatchers Charged With Selling Information (AP)

AP, October 3, 2006

PHILADELPHIA (AP) — Two police department radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes.

Patricia Bradley, 35, and Tamara Mitchell, 38, both civilian dispatchers employed by the Philadelphia Police Department, have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday.

The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division.

Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers. Authorities said they made deals to share in the proceeds of the planned robberies with the man — identified in court documents only as "I.B." — to whom they provided the privileged information.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," Meehan said.

Bradley worked as a dispatcher from March 2003 until she was fired in February. Mitchell, who has worked as a dispatcher from 2001 until the present, also will be fired, Meehan said.

A police department spokeswoman said she was not aware of the case and had no immediate comment.

If convicted, Bradley faces a maximum sentence of 80 years in prison and a $1 million fine; Mitchell faces a maximum of 40 years in prison and a $500,000 fine, authorities said.

Neither of the women had listed phone numbers and it was not immediately clear whether they had attorneys.

Court documents did not state whether any of the planned robberies occurred. U.S. Attorney's spokesman Rich Manieri said he could not immediately elaborate on details of the case not included in the documents released Monday.

2 Police Dispatchers Charged In Scheme (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 3, 2006

Federal prosecutors yesterday charged two Philadelphia police dispatchers with extortion for allegedly selling information from the Police Department's computer system.

The two civilian dispatchers, Patricia Bradley and Tamara Mitchell, were charged with extortion by way of criminal information, a process that indicates they intend to plead guilty.

The two women used license tags listed in the Police Department's computer system to get names and addresses that they then sold to a man who said he intended to commit robberies at the addresses, according to the charges.

The alleged extortion occurred from August 2003 until May 2006.

The two dispatchers believed that the names and addresses they sold were those of drug dealers, according to the charges.

Unfortunately for Bradley, 35, and Mitchell, 38, the man to whom they peddled the names and addresses turned out to be a government informant, identified only as "I.B." in the court filing.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," said U.S. Attorney Patrick Meehan.

The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags.

The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation.

A police spokesman said yesterday that Bradley no longer works for the department and that proceedings to dismiss Mitchell should begin shortly.

The FBI and the Police Department's Internal Affairs Division investigated the case.

2 Police Radio Dispatchers Face Jail Time (PHI)

By Stephanie L. Arnold

The Philadelphia Inquirer, October 3, 2006

DOJ_NMG_0073635

Two Philadelphia police radio dispatchers face a combined 120 years in federal prison and more than $1 million in fines if convicted on charges of using police computer equipment to obtain and distribute personal information about cars and homes to a man they believed was robbing the victims.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," U.S. Attorney Patrick Meehan said in a statement yesterday.

Charged were Patricia Bradley, 35, of the 1300 block of Lippincott Street, and Tamara Mitchell, 38, of the 600 block of Chew Street. They are accused of running license tags and giving the names and addresses associated with those tags to a man who used the information to commit crimes at those addresses.

According to court documents, Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers.

They thought they were setting up the dealers to be robbed.

Bradley worked as a dispatcher for the Police Department from March 2003 until she was fired in February 2006. Mitchell, who still works for the department, has worked as a dispatcher since 2001. The U.S. Attorney's Office said Mitchell would be fired upon the filing of the charges.

The department hires civilian dispatchers whose responsibilities include providing information and support to police officers via police radio. A computer database is used to obtain identifying information about civilians and vehicles as requested by police officers. This database, authorities said, is prohibited from being used for personal purposes.

Newark: Bank Robber Sentenced (NYT)

By The New York Times

The New York Times, October 3, 2006

A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies, prosecutors said. The man, Michael Giubilo, 61, of Belleville, was convicted on Feb. 10 of robbing banks in West Caldwell and Millburn in 2003 and 2004, said Christopher J. Christie, the United States attorney for New Jersey. Mr. Giubilo was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said.

Jemal Defense Team Questions Deal For Prosecution's Witness (WP)

By Carol D. Leonnig

The Washington Post, October 3, 2006

No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso.

Since the days in 2001 and 2002 when he and Jemal were standing shoulder-to-shoulder chomping on cigars at the Capitol Grille, much has changed for Lorusso. He's no longer flying high as a flashy D.C. government dealmaker; instead, he was forced out of his job and began cooperating with federal prosecutors. Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn.

But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille.

Jemal's attorneys argue that prosecutors appear willing to overlook Lorusso's other shady dealings in District government and in his hometown of Boston so they can go after the more famous Jemal, his son and another company officer. That includes evidence that Lorusso helped bilk city taxpayers of millions of dollars through phony invoices for work renovating One Judiciary Square, a municipal building, soon after joining city government in November 2000 -- a project involving another company, they wrote. Also, they said, in 1998 and 1999, Lorusso persuaded people to invest hundreds of thousands of dollars in two illegal Ponzi schemes in Massachusetts that led to the indictment of one associate.

"In return for his stories about cash (bribes), Lorusso received full absolution," Jemal's defense attorneys wrote. "In return for testifying against his prominent former friends, Lorusso has capped (his future prison sentence)."

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As part of his deal, Lorusso pleaded guilty to two counts of accepting bribes. He now faces a maximum of 57 to 71 months in prison but would likely get less due to his cooperation when he is sentenced after Jemal's trial.

Yesterday, Thomas Mason, Lorusso's attorney, declined to comment on his client's deal. Also yesterday, U.S. District Judge Ricardo M. Urbina denied a defense request that the government be forced to turn over more material to them about how they reached this deal.

The fate of Jemal, his son Norman Jemal and leasing agent Blake Esherick hangs to a great degree on whether jurors believe Lorusso's explanation of why he crafted city leasing and purchase deals that were so favorable to Jemal's Douglas Development Corp. and so lousy for city taxpayers.

Lorusso is expected to testify that he took cash, trips and gifts, including a Rolex watch and pricey cowboy boots, in exchange for personally arranging exorbitantly priced leases and fraudulent invoices. Jemal denies wrongdoing.

In 2001, Lorusso proposed that the city pay Jemal $12.5 million for a Prince George's County parcel the city could use as a new vehicle-impoundment lot, records show. Lorusso presented his bosses with an appraisal saying that amount was a fair market price, but he didn't mention that he had given the appraiser inaccurate information about the site that drastically inflated the appraisal. What raised eyebrows on the D.C. City Council was that Jemal had paid $1.5 million for the land just four years earlier; the $12.5 million deal did not go through.

All told, Lorusso negotiated deals that helped Jemal and his company generate $14 million a year in income on city leases.

Yesterday, the government responded to the defense's contentions about Lorusso's credibility and favorable plea deal with the written equivalent of a smirk. Prosecutors wrote in court papers that the Jemal defense team's arguments "deserve little in the way of comment" except to note one irony.

"(T)he defendants maintain that Mr. Lorusso had corrupt relationships with nearly every person and entity with which he was involved -- with the sole exception of the defendants," prosecutors wrote.

Jemal and Lorusso may have never uttered the word "bribe," prosecutors wrote, but Lorusso will tell jurors that he "understood and believed that the defendants were in essence taking care of him in exchange for his taking care of the defendants."

D.C. Council member Jim Graham (D-Ward 1) led a council investigation into Lorusso's deals with Jemal and other city contractors, turning up revelations that helped federal investigators. Yesterday, Graham said Lorusso was surely pressured to cooperate because of the evidence against him, but that doesn't mean he's lying.

"I mean, is Lorusso a choir boy? Forget it," Graham said in an interview. "But we found a lot of shenanigans going on. And of course now he's going to do everything he can to cooperate and reduce his exposure."

Miss. Resident Sentenced For Making False Claims To FEMA (AP)

AP, October 3, 2006

JACKSON, Miss. - A Vicksburg man convicted of making false claims to the Federal Emergency Management Agency for Hurricane Katrina relief funds has been sentenced to two years in prison.

U.S. Attorney Dunn Lampton announced in a news release on Monday that Bryan Michael Beets also will be under three years' probation after he serves his sentence.

U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross.

Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June.

"The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud," Lampton said in the release.

BR Woman Gets Prison In Disaster Fraud (AP)

AP, October 3, 2006

A 27-year-old Baton Rouge woman was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said.

Tarsha Johnson pleaded guilty May 8 to making a false claim. U.S. District Judge Frank J. Polozola sentenced her to prison with three years of supervised release, said U.S. Attorney David Dugas.

Polozola also ordered her to perform 50 hours of community service and to pay $2,000 in restitution.

FBI Joins Expressway Inquiries (SPT)

By Michael Van Sickler, Times Staff Writer

DOJ_NMG_0073637

St. Petersburg Times, October 3, 2006

The state Auditor General's Office started an audit. Now a member of the authority confirms FBI and U.S. DOT inquiries.

TAMPA — The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday.

Hillsborough County Commissioner Tom Scott, who sits on the seven-member board, said he spoke with investigators from the two federal agencies last week for more than 90 minutes.

"I was invited to meet with them and they are looking at the (Expressway Authority)," Scott said. "But I can't disclose the content of their questions in order not to hinder their investigation."

Neither the FBI nor the DOT's Office of Inspector General would confirm the investigation.

The inspector general's office frequently conducts criminal investigations with the FBI in cases of alleged waste, fraud or abuse in transportation agencies and projects, said spokesman David Burnes.

State lawmakers created the Expressway Authority in 1964 to build toll roads in Hillsborough.

A once obscure agency, the Expressway Authority came under greater scrutiny in 2004 when its key project, the elevated lanes of the Lee Roy Selmon Crosstown, encountered serious construction problems.

The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists.

An investigation in early September by Gov. Jeb Bush's general counsel found no laws were broken, but it concluded that enough questions were raised to warrant a state audit of what the agency pays in legal and lobbying fees.

The state Auditor General's Office began an audit last week that will review Expressway Authority finances.

Rhea Law, the agency's interim legal counsel, said those investigators have requested billing records dating as far back as 2001.

Law would not say whether the FBI and the U.S. DOT are conducting a third inquiry.

Later, after Scott confirmed he had spoken with FBI and DOT officials, followup questions to Law were referred to Expressway Authority spokesman Mathias Bergendahl. He e-mailed a response from Law late Monday that did not acknowledge the investigation.

"(We) do not want to create any speculation about the Expressway Authority or the results of any review," Law wrote.

"As results are forthcoming, they will be shared with … the public."

This isn't the first time federal officials have looked into the Expressway Authority.

In June 2004, Santos Ramirez, a special agent with the DOT's Inspector General's Office, asked the Expressway Authority for information about a possible conflict of interest involving Bob Clark, a board member who owns Tampa Steel Erecting Co.

At issue was whether Clark could vote on materials to be used in projects that could benefit his company.

Steven Anderson, the Expressway Authority's legal counsel at the time, wrote an opinion urging Clark to abstain from votes that determine which materials will be used in road projects.

In an interview Monday, Anderson said Ramirez called him in 2004 and asked for the opinion about Clark. He said Ramirez asked other questions about Clark but Anderson would not disclose what they were.

The U.S. Department of Transportation wouldn't confirm that Ramirez is working this case. A call to his downtown Tampa office was not returned.

It was another opinion that Anderson wrote about a possible conflict involving Clark that ignited the current round of investigations.

The governor appointed Clark to the board in 2003. At the time, the Expressway Authority was completing a purchase of $366,000 from Clark's steel company.

Anderson flagged that purchase as questionable. More than three years later, on Aug. 28, Clark and four other board members, all appointed by Bush or one of his employees, voted to fire Anderson without a public discussion.

Board members Gwen Miller and Scott voted to retain Anderson.

When the law firm of Gray Robinson, which has strong ties to Bush, won the contract replacing Anderson, Scott claimed it was political payback.

A possible criminal inquiry could look into allegations that Expressway officials unlawfully steered the legal services contract to Gray Robinson.

It also might look into the billing practices of lobbyist John Beck, who met with Gray Robinson attorneys before the vote.

Beck's partner, Cynthia Henderson, a former top official in Bush's administration, double-billed the Expressway Authority last year for about $1,000.

On Monday, Beck's firm reimbursed the agency another $5,731 after it acknowledged it had overbilled again this year.

Other board members said they had not heard about the FBI investigation.

"I haven't heard anything. Let me know when you hear something," Clark said.

"I don't have any comment on an FBI investigation," said former state Sen. James Hargrett, D-Tampa. "I have not been contacted."

Miller, who said revelations about Beck's double billings should result in his termination from the authority, said she didn't know about the FBI inquiry, either.

"Nobody has called me or anything," she said. "I wasn't aware the FBI was involved until today when you told me."

Times staff writers Rebecca Catalanello and Janet Zink and researcher John Martin contributed to this report. Michael Van Sickler can be reached at mvansickler@sptimes.com or (813) 226-3402.

Rell, Blumenthal Announce Reviews Of Troubled Highway Project (AP)

AP, October 3, 2006

WATERBURY, Conn. -- Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84.

Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire.

The governor and attorney general's announcements came a day after The Hartford Courant reported that federal investigators are looking into why hundreds of storm drains are defective in the project.

Fixing the problems could cost the state millions of dollars and require newly paved parts of the highway to be torn up, the newspaper reported, citing state documents and people familiar with the project.

"Connecticut citizens deserve every assurance that their tax dollars are being spent and invested wisely," Rell said in a prepared statement. "They also deserve to know that multimillion dollar road projects are being performed in a complete and competent fashion."

Rell is asking an independent auditing firm to review all contracts awarded to L.G. DeFelice Inc. of North Haven, a now-defunct company that had the $52 million contract to rebuild the highway, and to New Britain-based Maguire Group Inc., which had a $6 million contract to inspect work on the project.

DeFelice, which went out of business last year and reformed as Hallberg Contracting Corp., was fired for failure to perform, the governor said. Maguire Group was fired by the DOT, at Rell's direction, last month.

The auditing firm will also review the DOT's internal oversight processes, Rell said.

Blumenthal said his investigation began several months ago "as a result of apparent failures in quality and timeliness of work done by various contractors. It is an active and intensive inquiry that will support claims for monetary recovery and other remedies as appropriate," he said in a written statement.

Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago.

Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported.

In a memo written two weeks ago, a top DOT engineer blamed the defective drains on a "complete breakdown" in the inspection process.

"The numerous types of deficiencies, the particular as well as the general defects and omissions in the work, were and are stunning," Arthur W. Gruhn, chief engineer at the DOT's bureau of engineering and highway operations, wrote in the memo.

Gruhn said last week that it remains a mystery why the work is shoddy and why the inspection process failed.

"We may never know what was in somebody's mind as they were doing this," Gruhn said. "It just is so far beyond the norm that appropriate action had to be taken."

The drains, also known as catch basins, and related underground piping are designed to remove water from the roadway. Gruhn said improper drainage can create a hazard for motorists and damage roads through erosion and other forces.

The highway project includes about 300 catch basins. Inspectors have taken another look at about 280 of them, and all but 10 need additional work, Gruhn said. As many as 100 of the drains will require major reconstruction, Gruhn said, including some that are below new pavement.

Gruhn said there was no estimate yet on how much it will cost to fix the problems, but he said it could cost more than the liability insurance coverage provided by the contractors.

No one has stepped forward to accept responsibility for the problems. Nothing has been found to suggest DOT workers were partly to blame, Gruhn said.

A former vice president at DeFelice who ran the now-defunct company's cost department said he was not aware of the drainage problems.

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"As far as I know, the work was installed correctly and it was inspected," said Stephen Hallberg.

The Maguire Group is not conceding it was responsible, but a lawyer for the company said it intends to help the state correct any problems.

"Obviously we are in the process of reviewing the findings of the Department of Transportation," attorney Richard R. Brown said. "We absolutely want to cooperate in terms of correcting the situation at no expense to the state of Connecticut."

The DOT has clashed with The Maguire Group in the past. In 1992, then-DOT Commissioner Emil H. Frankel cited Maguire's "serious disregard for standards of professional ethics" in suspending the company for two years from doing work for the Transportation Department.

'Inappropriate' Expenditures Found At Getty (LAT)

By Jason Felch And Ralph Frammolino

The Los Angeles Times, October 3, 2006

A yearlong investigation by the California attorney general's office has concluded that the J. Paul Getty Trust's former chief executive Barry Munitz and the organization's board of trustees made several "inappropriate" expenditures, but will not be the subject of legal action because the money has been returned.

The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office.

For the first time in its history, Atty. Gen. Bill Lockyer has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years.

The attorney general will take no legal action against the trust, Munitz or board members, the report said.

Lockyer concluded that Munitz, whom he describes as a close friend, had compensated the trust for the inappropriate expenditure by agreeing to repay the Getty $250,000 and forgo more than $2 million in benefits when he was ousted in February.

The report also found that several other transactions were appropriate under California law, which allows the Getty to settle potential claims and spend money as long at it furthers its broad charitable purpose, the "diffusion of artistic and general knowledge."

Among them: the $3-million severance payment to former museum director Deborah Gribbon was appropriate because she had valid legal claims against the Getty; questioned grants went to nonprofit organizations and furthered the Getty's mission; and the Getty received fair market value when it sold property to Munitz's friend, philanthropist Eli Broad.

The attorney general's probe was launched in July after a Los Angeles Times investigation revealed that Munitz had used the Getty's resources for personal benefit amid controversies over his management and leadership of the trust. Further reports over the last two years showed that board members did not review Munitz's expenses and had benefited personally from the trust's vast resources.

Since those reports, much of the Getty's senior management and several members of its board of directors have left, including Chairman John Biggs, who retired early in August. The Getty is in the process of implementing a series of reforms it says are intended to correct problems highlighted in the Times reports.

The troubles of the Getty Trust, one of the country's richest private foundations, came amid a national debate about oversight of the nonprofit sector in which the art institution became a symbol of the need for reforms. Federal legislation passed this year has increased the penalties for violations of the federal tax code, which prohibits using public funds for personal benefit.

Van de Kamp will review progress reports made under oath by the Getty every six months, gather additional information if necessary and advise the attorney general's office about the organization's progress.

Aside from the appointment of the independent monitor, the report offers no specific consequences for the violations by Munitz and the board that it identifies, and gives no recommendations for reform or improved governance.

The investigation was carried out by the attorney general's charitable trust division, which regulates all nonprofits doing business in California and can impose civil penalties, remove trustees or recommend the revocation of an organization's tax-exempt status if it discovers gross mismanagement or fraud.

Lockyer approved the report before it was released. The Times reported in July that Lockyer, who is running for state treasurer in the November election, met privately with Munitz in the midst of the probe. Lockyer said Munitz disclosed he was leaving the Getty during the meeting, which the attorney general described as "therapy with a friend." In the past, Lockyer said he had sought Munitz's advise on political issues.

The report shows that the attorney general's probe focused narrowly on issues identified in the Times articles — investigators identified no new issues in their 13-page report, which provided little detail about the expenditures it criticized.

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The report stated in two places that the probe found no evidence that Munitz or trustees committed any crimes. "The payments to Dr. Munitz from the trust were authorized, and there was no indication that he obtained such authorization by making false statements, submitting false billings or through some other form of deceit."

In its June 2005 investigation of Munitz, The Times reported that on his frequent travels, he regularly flew first class, stayed in luxury hotels and ate dinner with friends at expensive restaurants, all at Getty expense. Many of the trips had a questionable tie to Getty objectives.

In one case, Munitz billed the Getty more than $35,000 for a trip with his wife and friends to Tuscany, where they rented a 15th century villa and toured the countryside visiting Getty-sponsored projects.

The Getty trustees had specifically approved Munitz's first class travel and the participation of his wife on his trips in his employment contract. The board was responsible for reviewing his expense accounts regularly, but delegated the task to one of Munitz's deputies.

The attorney general's report concluded that trustees had acted inappropriately in allowing the reimbursement of Munitz's wife's travel expenses. It concluded that Munitz's justification that his wife's participation was expected of his high office was "unpersuasive," and said the implication that an unmarried official could not perform adequately "an absurd proposition."

The report also said some of Munitz's travel expenses were "inappropriate or clearly unreasonable," though no clear rule prohibited them.

The investigation also characterized as "an improper private benefit" the more than $20,000 worth of artwork given to four retiring trustees. The Times reported that Munitz's office had ignored warnings from the trust's attorneys that such gifts violated Getty's will, which prohibits compensation for board members.

It was also critical of Munitz's frequent use of Getty staff to run personal errands for him and his wife. The Times reported he regularly sent his driver from Brentwood to Long Beach to pick up taped episodes of his favorite television programs, and on one occasion asked a secretary to track down blood orange juice for his wife, who had enjoyed it on a recent trip to Europe.

A Times article last month reported that among several "senior advisors" that Munitz hired to advise him was Iris Mickein, a young woman who had previously been an intern at the Getty. Munitz later had the Getty pay the Museum of Modern Art in New York to employ Mickein and flew her around the country to meet his friends at Getty expense.

The attorney general's report concluded that Mickein's MOMA job was appropriate because the Getty's mission includes the training of art students, but took issue with her consulting fees, for which she did "insufficient work."

The investigation concluded that there was nothing improper about Munitz steering a $200,000 Getty grant to a Russian museum at the request of a female Russian researcher with whom Munitz went to a movie, a concert and met with on several business trips.

While acknowledging that Munitz had socialized with the researcher, the attorney general found that the grant was legitimate because "it served the charitable purpose of the trust, specifically art education."

The Russian grant was one of several identified in The Times stories that the attorney general found were appropriate because they went to organizations "engaged in the diffusion of artistic and general knowledge."

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Monitor Named To Oversee Reforms At Getty Trust (NYT)

By Edward Wyatt And Randy Kennedy
The New York Times, October 3, 2006

LOS ANGELES, Oct. 2 — Ending a 14-month investigation, the California attorney general appointed an independent monitor on Monday to oversee reforms at the J. Paul Getty Trust, one of the world's richest cultural organizations. The inquiry determined that the trust's former president, with the approval of the Getty board, misspent trust money on his wife's travel, used employees for personal errands and made improper payments to a graduate student.

Although the attorney general, Bill Lockyer, found that the former president and the board violated their legal duties, he declined to take civil or criminal action against them. The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments.

The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry.

Louise H. Bryson, who took over as chairwoman of the Getty board of trustees in August, said she was "pleased the attorney general acknowledged the work done by the board to change the policies and procedures" that resulted in the violations.

After reports of questionable expenses and suspect grants by Mr. Munitz and gifts to retiring board members began appearing in 2005 in The Los Angeles Times, the Getty board changed its policies to restrict travel expenses, prohibit the use of employees for personal ends and forbid gifts from the Getty to its trustees.

In February, the board reached a settlement with Mr. Munitz in which the former president resigned while repaying $250,000 in cash for improper expenditures and forfeited more than $2 million in expected benefits.

Notably, the attorney general found that a number of actions by Mr. Munitz that were approved by the board were consistent with the trust's charitable purposes. These included sending a staff member to Israel to observe an academy for chess, a game that is one of Mr. Munitz's favorite hobbies; furnishing the office of a former Getty Trust executive at another Los Angeles County arts institution; and sponsoring a luncheon at which Mr. Munitz was given an award.

The attorney general also found that the sale in 2002 of a piece of property in the Los Angeles suburb of Brentwood to Eli Broad, the billionaire philanthropist and a friend of Mr. Munitz's, for $2 million was reasonable. An assessment by an independent appraiser hired by the attorney general's office found that the property had a fair market value of $1.8 million at the time.

The report also found that there were no improprieties in a $3 million severance payment to Deborah Gribbon, the former director of the J. Paul Getty Museum, who resigned in 2004 after months of disagreements with Mr. Munitz. The attorney general's report said that the trust, in paying the money, reasonably based it on damages that Ms. Gribbon might have received in a wrongful termination lawsuit.

"Indeed, those damages might well have greatly exceeded the amount of the approved separation payment," the report found.

Through his lawyer, Mr. Munitz said yesterday: "I'm relieved that this is behind me and the Getty." Mr. Munitz stressed the findings in the report that all payments to him had been authorized by the trust, and that there was no indication that he obtained any money by making false statements or submitting false bills.

John Van de Kamp, a former state attorney general, is to serve as the independent monitor of the Getty Trust for two fiscal years, reporting to the attorney general's office on whether the trust's planned reforms are being followed.

The procedure calls for the trust to make reports to the attorney general's office every six months; those reports will be reviewed by the monitor, who can then ask for additional information from the trust. Tom Dresslar, a spokesman for the attorney general's office, said the Getty had agreed to provide further information or documentation should the monitor request it.

In a statement, Mr. Lockyer said that because charitable trusts are subsidized by taxpayers, "board members and executives have a legal duty" to make sure that spending is lawful and used to further the trust's charitable purpose. "With some expenditures and gifts, Mr. Munitz violated his duty and Getty's trustees failed to do their governance job," Mr. Lockyer said.

Mr. Lockyer and Mr. Munitz are known to be personal friends, and the attorney general has acknowledged that they met privately while the inquiry was under way.

Asked about that relationship, Mr. Dresslar said the investigation was conducted by the attorney general's charitable trusts division and that it was not influenced by the friendship.

The report's conclusions and recommendations were essentially unedited by Mr. Lockyer before he approved them, Mr. Dresslar added.

It is the first time that the California attorney general has imposed an independent overseer in an enforcement action against a charitable trust, although the procedure has been used in consumer settlements, including one this year with Ameriquest Mortgage Company after an investigation into allegations of predatory lending practices.

Jack B. Siegel, a Chicago lawyer who is an expert on nonprofit law, said he was somewhat surprised that the attorney general's findings were not more critical of the Getty. "The focus seems to be on — I don't want to say trivial things — but on very specific things like travel reimbursement," Mr. Siegel said. "They don't really seem in this to be addressing fundamental governance issues, about the overall way things are run."

DNA Test Result Casts Doubt On Two Convictions In 1987 Murder (WP)

By Ernesto Londoã±o

The Washington Post, October 3, 2006

Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago.

Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47.

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The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money.

Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder.

DNA tests, which became commonplace in criminal investigations in the mid-1990s, have led to the exoneration of dozens of convicts in recent years, including a handful in Maryland.

Stephen Mercer, Owens's attorney, said the DNA test yielded a profile of a man who is neither Owens nor Thompson -- a finding at odds with the state's theory in the case.

"Someone's gotten away with murder for 20 years," said Mercer, who this year persuaded a Baltimore City Circuit Court judge to allow him to have the swab tested.

Baltimore prosecutors say they are ready to meet their burden of proof again if the case goes back to court, a prospect Williar's relatives find disturbing.

"In my heart of hearts, I believe they did it," said William C. Winkler, Williar's stepfather, who raised her. "There's not a day that goes by that I don't have to take a deep breath to get through a thought."

Mercer, a Rockville lawyer who teamed up with attorneys from the Innocence Project division of the Maryland Office of the Public Defender, said they intend to file motions seeking new trials based on the new evidence.

The Baltimore City State's Attorney's Office opposed the motion to test the swab, arguing that the convictions were supported by physical evidence and Thompson's confession.

"There was a lot of compelling evidence that was presented," said Margaret Burns, a spokeswoman for the office. Jurors "found that there was proof beyond a reasonable doubt. Not only did the jury find that, the appeals process confirmed that several times."

She said prosecutors will examine the methodology used to test the sample as well as its chain of custody over the years. Winkler said semen residue collected from the body could have been from an earlier, consensual sexual encounter, although a state witness testified that Williar had broken up with her boyfriend months before she died, and was not seeing anyone at the time.

Prosecutors argued that the semen was evidence of the rape.

Staff researcher Madonna Lebling contributed to this report.

Judge Keeps Karr Pornography Case Sealed (HC/AP)

By Marcus Wohlsen, Associated Press Writer

Houston Chronicle, October 3, 2006

SANTA ROSA, Calif. — A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out.

The Press Democrat of Santa Rosa had sought to view the documents in the case against the high-profile suspect, but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr's trial was originally scheduled to start Monday, but was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data.

Investigators said they think they have other computer equipment linked to Karr that could contain more than 1,000 other images.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims.

She said the digital images were not related to child pornography charges against Karr.

But FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001.

"We're not doing any further forensic work," he said.

Keck did not immediately return phone messages to The Associated Press seeking comment.

Karr, 41, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Police Investigate '03 Death After Charge Against Nurse (NYT)

By Steve Friess

The New York Times, October 3, 2006

LAS VEGAS, Oct. 2 — One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder.

The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies.

That alleged conversation — and a laboratory test that turned up suc- cinylcholine in the body of Mr. Higgs's wife, Kathy Augustine — formed the basis of the indictment. Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs.

David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine.

Mr. Higgs, who was arrested on Friday in Hampton, Va., where he was staying with relatives, waived extradition on Monday and will be returned to Nevada. He has not made any public remarks since an impassioned denial of wrongdoing in an interview with The Las Vegas Review-Journal on July 13, in which he insisted he loved his wife and called suspicion of his involvement "just crazy."

The day after those remarks, Mr. Higgs was found with his wrists slit in the Las Vegas home he and Ms. Augustine had shared. He was treated at a local hospital and released but did not attend his wife's funeral on July 15.

The death of Ms. Augustine, 50, who was the Nevada state controller, and the case's potboiler-style twists have captivated Nevadans.

According to police reports, Mr. Higgs called the police the morning of July 8 and said he had found his wife unresponsive and not breathing at their second home in Reno. He suggested to paramedics that she might have had a complication from a heart condition.

Ms. Augustine died three days later, and an autopsy by the Reno coroner found no evidence of heart disease or heart attack.

With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide. On Friday, Mr. Higgs, 42, was arrested on one count of first-degree murder.

"It's a major punch in the gut to the family," Greg Augustine, 36, son of Charles Augustine and stepson of Kathy Augustine, said Saturday. "We were holding out hope that there wasn't any foul play. Now we know she was killed."

Now that Mr. Higgs has been accused in this death, questions have arisen about the death of Charles Augustine.

"My dad was getting better, and they were moving him to a rehab area," Greg Augustine said in July, "but very soon after that, he had massive organ failure."

No criminal investigation was conducted at the time of Mr. Augustine's death.

Mr. Higgs and Ms. Augustine were married three weeks after the death of Mr. Augustine in 2003, and the newlyweds received $1 million from his life insurance policy.

Greg Augustine said his father and stepmother were in the midst of a divorce after 17 years of marriage when the elder Mr. Augustine was hospitalized. Greg Augustine said he had had little contact with his stepmother after his father's death but does not suspect she was involved in his father's death.

The indictment against Mr. Higgs says he injected succinylcholine into Ms. Augustine's buttocks on July 8 before calling the police. Succinylcholine is a muscle relaxant used by anesthesiologists to briefly paralyze patients in order to install breathing tubes, but it has also been used as a murder weapon. Efren Saldivar, a respiratory therapist, confessed in 2001 that he injected it into some of his more than 50 victims in California. The indictment against Mr. Higgs said he had mentioned his marital discord

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as well as the use of succinylcholine to a fellow nurse at the Reno-area hospital on July 7. The two were discussing a high-profile arrest of a man charged with gunning down his wife, and Mr. Higgs reportedly remarked that such a means of killing someone was "stupid." The nurse, not named in the indictment, informed the police of the conversation as Ms. Augustine lay comatose before her death three days after her collapse.

Ms. Augustine's only biological child — a daughter, Dallas Augustine, 26 — could not be reached for comment, but her spokesman said the recent developments had devastated her. "Everyone knows that your parents are probably going to precede you in death, but the idea that somebody stole half of her life is an entirely different story," said the representative, Mark Fierro. "This is 10 times, 1,000 times harder than the original situation."

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 3, 2006

Critical care nurse William Charles Higgs told co-workers he knew how to commit the perfect murder just before his wife, Nevada State Controller Kathy Augustine, died of what initially was called a heart attack.

Yesterday, during a court hearing in Hampton, Va., the man who met his wife while caring for her dying husband in 2003 waived extradition to face first-degree murder charges in Nevada.

Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing.

Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. Police think Mrs. Augustine was injected with succinylcholine, a muscle relaxant often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained.

The report also said Mr. Higgs told co-workers he was having marital problems and was planning on ending his marriage. Investigators said Mr. Higgs also told co-workers just before his wife's death that if he intended to kill someone he would use a paralyzing drug such as succinylcholine because it could not be detected after death.

Mr. Higgs, known to his family and friends as "Chaz," attempted to kill himself at the couple's Las Vegas home by slashing his wrists three days after his wife died. He was treated and later released from a Las Vegas hospital. He did not attend his wife's funeral, held a day after his release from the hospital.

After the FBI laboratory in Quantico, Va., confirmed finding succinylcholine in Mrs. Augustine's urine, Reno police obtained an arrest warrant. FBI agents staked out the Hampton house where Mr. Higgs had been visiting relatives and arrested him Friday as he pulled into the driveway.

Mr. Higgs met Mrs. Augustine when he was caring for her first husband of 17 years, Charles Francis Augustine, 63, who died in 2003. They married six months after the funeral. Investigators yesterday said they will exhume Mr. Augustine's body to look for traces of the same drug that authorities said killed Mrs. Augustine.

Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

Manuscript Used To Convict Molester (WT)

By Cheryl Wetzstein

The Washington Times, October 3, 2006

A man thought to be one of the nation's most prolific child molesters has been convicted in a California court based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile.

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Dean Arthur Schwartzmiller, 64, of San Jose, Calif., faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography.

Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children.

"When we found the notebooks and the manuscript, we realized we had come across a serial child molester and essentially a sociopath," said Steve Fein, deputy district attorney in Santa Clara County, who prosecuted the case.

"I haven't seen too many people keep code or that detailed a log on their sexual contacts with children," said Detective Robert Dillon, who works in the San Jose Police Department's child exploitation unit and testified at the trial in Santa Clara County Superior Court.

Mr. Dillon said that based on the notebooks' 1,500 pages, Schwartzmiller abused between 250 and 300 children -- predominantly boys in early adolescence. Boys were listed in categories such as hair color ("Blonde boys"), behavior ("Boys who say no") and explicit sex acts.

Schwartzmiller also had been writing a memoir about his life and his political views. Most chillingly, the manuscript had "paragraph summaries" of more than 100 boys, including "their names, specific characteristics about them and what he had done with them," Mr. Dillon said. "I've heard of other [pedophiles] with 10, 15, 20 victims but nobody as extensive as this."

Schwartzmiller came to the attention of California authorities after he fled the scene of a traffic accident. Police visited his home and met his roommate, Fred Everts, a convicted child molester. Police arrested Everts after discovering he had violated his parole.

Schwartzmiller learned of Everts' arrest and fled to Washington state, but called one of the boys he was later convicted of molesting and asked him to go to his home and destroy certain materials. The boy told his mother and she went to police with the pornographic materials they found including photos of her own semi-naked son, press reports said. Schwartzmiller was soon arrested.

The boy and his cousin, now 13, testified against Schwartzmiller. Schwartzmiller defended himself, and accused the cousins, who are in California illegally, of striking a deal with prosecutors to gain legal residency in exchange for lying about him. Schwartzmiller further argued that consensual sex with boys shouldn't be a crime if the boys have reached puberty.

Jurors found Schwartzmiller guilty Sept. 18 after four hours of deliberation.

Mr. Fein described Schwartzmiller as having "no remorse. He has no feelings that anything he has done is wrong. He's essentially proud of how he's led his life and what he's done."

As prolific as Schwartzmiller is thought to be, the nation's most notorious child molester may still be Rex King, described as "Mr. X" in Alfred Kinsey's research.

King, a forestry official who traveled for work, is estimated to have molested 800 children, including infants, according to his meticulous records. Kinsey included King's sex acts in his 1948 book on male sexual behavior.

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By Jerry Seper

The Washington Times, October 3, 2006

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Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. Police think Mrs. Augustine was injected with succinylcholine, a muscle relaxant often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained.

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The report also said Mr. Higgs told co-workers he was having marital problems and was planning on ending his marriage. Investigators said Mr. Higgs also told co-workers just before his wife's death that if he intended to kill someone he would use a paralyzing drug such as succinylcholine because it could not be detected after death.

Mr. Higgs, known to his family and friends as "Chaz," attempted to kill himself at the couple's Las Vegas home by slashing his wrists three days after his wife died. He was treated and later released from a Las Vegas hospital. He did not attend his wife's funeral, held a day after his release from the hospital.

After the FBI laboratory in Quantico, Va., confirmed finding succinylcholine in Mrs. Augustine's urine, Reno police obtained an arrest warrant. FBI agents staked out the Hampton house where Mr. Higgs had been visiting relatives and arrested him Friday as he pulled into the driveway.

Mr. Higgs met Mrs. Augustine when he was caring for her first husband of 17 years, Charles Francis Augustine, 63, who died in 2003. They married six months after the funeral. Investigators yesterday said they will exhume Mr. Augustine's body to look for traces of the same drug that authorities said killed Mrs. Augustine.

Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

CIVIL RIGHTS:

FAYETTE LOCKUP IS TARGET OF RIGHTS VIOLATIONS INQUIRY (LEXHL)

By Beth Musgrave, Michelle Ku And Linda Blackford, HERALD-LEADER STAFF WRITERS

Lexington Herald-Leader (KY), October 3, 2006

Jail officer says he alerted FBI

John Vest said he has been working with the FBI for an "undisclosed" time.

An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail.

John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for "an undisclosed period of time."

Vest said he was not authorized to talk about the FBI investigation or his involvement.

David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case. The FBI typically does not comment on ongoing cases or who its informants are.

After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

On Thursday, the FBI announced that the Civil Rights Division of the Department of Justice, the U.S. attorney for the Eastern District of Kentucky and the FBI were conducting an investigation into possible civil rights violations involving excessive force at the 1,000-bed facility.

On Tuesday, FBI agents served a sealed search warrant at the jail on Old Frankfort Pike. Federal authorities have said that they cannot go into specifics about the investigation until the search warrant is unsealed.

The Fayette County jail has not been without problems over the past several years. Since August 2005, five inmates have died at the facility. It's unclear whether the current investigation has anything to do with those deaths.

Bishop said yesterday that Vest has been investigated four times in the last year. Two of those investigations involved use of force. One investigation was for improper documentation involving use of force. The second case involving alleged excessive use of force remains open, he said.

Vest has also been investigated for insubordination and for improperly filling out his time card, Bishop said.

Bishop said Vest was suspended this year for 16 hours for the insubordination incident. He received written reprimands for the other two closed cases: the time-card incident and the use of force.

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Vest has worked in the jail's intake area on the third shift, from midnight to 8 a.m., for the last year, Bishop said. Vest makes $27,110 a year, according to city records.

"I'm disappointed that Director Bishop is attempting to intimidate a federal witness," Vest said after learning that Bishop had disclosed his personnel records.

Vest said that he had no written reprimands before he was transferred in November 2005 to intake, where the FBI could be focusing its investigation. According to several people who witnessed the FBI search last week, agents spent hours going through documents in the intake area, where inmates are processed before being booked.

Vest said he has been told by his supervisors that the case that remains open has been resolved and the use of force was determined to be appropriate. But Vest said he expected to receive a written reprimand because his supervisors said he had not included everything in his report that was required.

In another incident, Vest was investigated in December 2003 after an altercation with an inmate. Vest allegedly pepper-sprayed an inmate who refused to follow an order. The inmate allegedly hit Vest with a mop handle before Vest subdued him. Both men were treated at a hospital.

Vest said the pepper spray incident was reviewed by the jail staff and was deemed an appropriate use of force. He received no reprimands.

The inmate involved was charged with assault third degree. He eventually pleaded guilty, court records show.

Jail spokesman Lt. Darin Kelly said he did not know whether Vest was disciplined in the pepper spray incident because the FBI took those records.

Vest is still employed at the Fayette jail but is requesting administrative leave with pay. He also is requesting protection under the federal Whistle-blower Protection Act, aimed at preventing workplace retribution. Bishop said he was unaware that Vest had requested leave.

Vest's spokesman, David Adams, said neither he nor Vest could discuss whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest, 42, the Republican candidate, was born in Winchester, in Clark County, Adams said.

Adams said Vest has already been personally attacked for his actions and he expected attacks against Vest to accelerate now that he has gone public. Adams said he could not elaborate on who has attacked Vest.

"Soon, retribution will begin for those who have perpetrated crimes in the name of government entities and those who helped the perpetrators hide their crimes," Adams said, reading from a prepared statement.

Cecil Moss, Vest's Democratic opponent in the Nov. 7 race for Jessamine jailer, had little to say about Vest's announcement.

"That's Fayette County, and I really don't know what they're doing up there," Moss said. "I don't know Mr. Vest very well."

Frank Hubbard, the current jailer, did not seek re-election.

Herald-Leader reporter Greg Kocher contributed to this story.

Fayette Jail Employee Says He Assisted FBI Investigation (AP)

AP, October 3, 2006

LEXINGTON, Ky. - A Fayette County jail employee who has asked for whistleblower protection said Monday he had been working with the FBI in its investigation of unnecessary force and civil rights violations against inmates at the facility.

John Vest has worked at the jail since 2003 and is running for jailer in Jessamine County. He is still employed at the Fayette jail but has asked for administrative leave with pay, the Lexington Herald-Leader reported on its Web site Monday.

The newspaper said Vest is requesting protection under the federal Whistleblower Protection Act, aimed at preventing workplace retribution.

The FBI announced Thursday that the Department of Justice Civil Rights Division, the U.S. attorney for the Eastern District of Kentucky and the FBI were investigating possible civil rights violations involving excessive force at the 1,000-bed facility. FBI agents served a sealed search warrant Tuesday at the jail.

Vest said at a news conference Monday he had been working with the FBI in the investigation for "an undisclosed period of time."

Vest has been involved in at least three use of force incidents in the three years he's been at the jail, the Herald-Leader reported. He received written reprimands in two cases, and one remains open, the newspaper said.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

Vest has worked in the jail's intake area on the third shift for the last year, Bishop said.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation.

"I really wish that I could, but it violates the integrity of the case," Vest said. "The people that have been victimized will be cheated if I violate the integrity of this case."

Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest was born in Winchester, in Clark County, Adams said.

FBI officials could not be reached for comment.

Jail Informant Goes Public (WTVQ-TV)

By Greg Stotelmyer, Action News 36

WTVQ-TV, October 3, 2006

John Vest has been an employee at the jail in Fayette County since June of 2003. He won't say how long, but he confirms he's a federal whistleblower working with the FBI on its probe into the use of unnecessary force at the jail. Vest made that revelation Monday morning, six days after the detention center was searched by the FBI. Vest refused to answer questions about his roll as an inside informant, repeatedly telling Action News 36 "I'm not authorized to talk about it." Vest is a corporal, working third shift in the jail's intake area, which is where inmates are booked. Vest has requested administrative leave with pay claiming he would be working "in a hostile work environment."

The detention center's director, Ron Bishop says he's not surprised Vest is the whistleblower, but he did not know who the informant was before Vest went public. Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems. "We always follow up and we always take appropriate action," Bishop said about reports of force.

Bishop also questions Vest's motives because Vest is the Republican candidate for jailer in next month's election in Jessamine County. "Let me say that I am a little suspicious of the timing and given his track record here, it is a little suspect," said Bishop. Vest says his informant roll and a run for office are "two separate things".

Vest says being "deep inside" the jail as a whistleblower made him concerned. "I was scared to death," Vest told Action News 36 in a follow up phone interview. Bishop says Vest has four disciplinary actions against him in the three plus years he's worked at the detention center. Bishop says there's an open investigation on Vest for possible use of excessive force. Vest has been reprimanded for failing to report a use of force incident and suspended for insubordination. Vest claims he has been told he's been cleared of excessive use of force.

FBI spokesman David Beyer would "neither confirm nor deny" that Vest is an informant. The search warrant allowing the FBI to raid the jail last Tuesday remains under court seal.

Bishop says the FBI carted away personnel files, incident reports and shift logs. It also took video and DVD's of events taped that involved the use of force. Bishop says he "rests easy at night" despite the federal probe.

Vest says before the FBI used him they "checked me out, my credibility, my integrity." Vest says he's done a good job as an inside informant. "I did a lot and what I did, I did good," said Vest. "John Vest knows right from wrong, John Vest has integrity."

EEOC Rules In Favor Of Chesapeake Deputies Who Were Fired (VAPILOT)

By Cindy Clayton, The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

CHESAPEAKE - The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment.

The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file.

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David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC.

Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department.

Col. David Newby, undersheriff, said the department doesn't plan to respond.

"We don't mediate these things," Newby said. "We tell them that if they wish to do so, we'll try it in court and not before. That's been our practice for 15 or 20 years."

Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said.

Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents.

A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years.

Earlier this year, Newby said the two men were not reappointed after Newhart's re-election in November. State law allows sheriffs to reappoint employees at will.

Ellis said he was told he was being fired because he didn't speak when the sheriff greeted him inside the booking section of the jail.

Cahoon said he was told he was let go because he kept a journal of his experiences at the department. Included in Ellis' lawsuit was an affidavit written by Cahoon about incidents and experiences he had while working for Newhart. Cahoon said he had told the department's attorney during an interview that he kept a journal during his years with the department.

Cahoon and Ellis said they were taught during law enforcement training to keep a log of their actions and experiences.

Ellis' lawsuit alleged several incidents that involved white employees with rank who were charged with crimes in other cities, had threatened black employees or had failed to follow orders but were not demoted.

In one instance, a sergeant threatened a deputy and a "physical confrontation," ensued, according to the suit. The sergeant retrieved a weapon from his locker and threatened the deputy. The sergeant was not demoted, according to the suit.

Another allegation, labeled the "Thunder Dome Incident," involved inmates being put into a "dangerous cell block" where another inmate had been beaten the previous week, the suit stated. The lieutenant in charge wasn't demoted.

At a Christmas party at the sheriff's home, a white employee got into an argument with a black employee and a fight followed, the suit stated. The white employee is said to have used several racial slurs.

"There is a hostile work environment created by the lack of discipline required by Sheriff John R. Newhart," the lawsuit stated, "and due to the racial climate in the department."

Bible-Reading Student Gets Lesson In Litigation (WP)

By Eric Rich

The Washington Post, October 3, 2006

Amber Mangum was a frequent reader during lunch breaks at her Prince George's County middle school, silently soaking up the adventures of Harry Potter and other tales in the spare minutes before afternoon classes. The habit was never viewed as a problem -- not, a lawsuit alleges, until the book she was reading was the Bible.

A vice principal at Dwight D. Eisenhower Middle School in Laurel last month ordered Amber, then 12, to stop reading the Bible or face punishment, according to a lawsuit filed Friday by Amber's mother. The lawsuit, filed in U.S. District Court in Greenbelt, alleges that the vice principal's actions violated the girl's civil rights.

"Amber's a new Christian, and she's trying to learn all she can," said Maryann Mangum, the girl's mother. "She reads her Bible and she goes to Sunday school. . . . It really upset me when she was not allowed to read it on her own time."

John White, a spokesman for the school system, said administrators learned of the lawsuit Friday and were not prepared to comment on its claims. "We're just beginning to look into it," he said.

Mangum said her daughter was reading her Bible on Sept. 14 when Vice Principal Jeanetta Rainey approached. According to Mangum and the lawsuit, Rainey told Amber that reading the Bible violated school policy and that she would face discipline if she continued to do so.

Later that day, Amber recounted the episode to Mangum, who is her adoptive mother and also her biological grandmother. James Baker, a family friend, sent a note to the school asking that the principal identify any policy barring students from reading the Bible during their free time.

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The note quoted a section of the school system's administrative procedures, saying that students "may read their Bibles or other scriptures, say grace before meals, and pray before tests to the same extent they may engage in comparable, non-disruptive activities."

The principal, Charoscar Coleman, did not respond, the lawsuit says. A friend at Mangum's church suggested that Mangum contact the Rutherford Institute, a nonprofit legal organization specializing in cases that involve issues of religious and civil liberties.

The institute's president, John W. Whitehead, said yesterday that the law is clear and that Amber's rights were violated. He said the lawsuit does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school.

"This is a seventh-grader who's probably overwhelmed by what's going on around her," Whitehead said. "This is a chance for her to get some comfort during the day. . . . What would you rather have a kid doing, throwing spit wads or sitting there silently reading a few passages from the Bible?"

Euclid OKs Election Plan Hoping To End U.S. Lawsuit (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, October 3, 2006

Redistricting aims to add black representation

Euclid -- City Council unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent.

About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain.

City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength.

Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt.

"This administration and City Council are united in our belief that this community has done nothing wrong," Mayor Bill Cervenik told residents. "Be proud of Euclid. Don't be ashamed of these accusations, because none of them are true."

In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's.

Attorney Hilary Taylor, who is representing the city in the case, said that in drafting its proposal, the Justice Department relied on inadequate census data that does not accurately reflect the demographics of the city.

The city's counterproposal was created with help from Cleveland State University researchers using new demographic data compiled by GeoLytics, a New Jersey-based company.

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ANTITRUST:

Justice Department, State Settle Suit With Dairy Industry (AP)

AP, October 3, 2006

LONDON, Ky. - A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America.

Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government.

The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London.

Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee.

The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy.

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The lawsuit said the association's acquisition of Southern Belle and the nearby Flav-O-Rich dairy in London hurt competition since both competed for school milk contracts in Kentucky and Tennessee.

Dairy Co-op In KC Settles With U.S. (KCS)

The Kansas City Star, October 3, 2006

Dairy Farmers of America, the country's biggest dairy cooperative, agreed to divest its interest in a Kentucky milk processor after a three-year battle with the federal government.

The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee.

Dairy Farmers of America will sell its interest in Southern Belle Dairy Co. to Prairie Farms Dairy Inc. under the Justice Department's approval. Also selling its interest in Southern Belle to Prairie Farms is Dairy Farmers of America's partner, the Allen Family Limited Partnership.

A spokeswoman for Dairy Farmers of America indicated that the cooperative would have a statement, but had not provided it by late Monday.

The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky.

The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit.

FCC OKs Alltel Buy Of Midwest Wireless (AP-YBIZ)

AP, October 3, 2006

FCC OKs Alltel Buy of Midwest Wireless Holdings With Conditions

WASHINGTON (AP) -- The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets.

The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions.

The FCC voted 5-0 to approve the acquisition.

Little Rock, Ark.-based Alltel share closed Monday at $55.31 on the New York Stock Exchange, down 19 cents. Privately held Midwest Wireless is based in Mankato, Minn.

McAfee, Others Criticize Vista Security Policies (MERCN)

By Sarah Jane Tribble

The San Jose Mercury News, October 3, 2006

Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system.

The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to ``hamstring'' competitors.

``Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,'' the advertisement states. ``... when it fails, it fails for 97 percent of the world's desktops.''

Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft.

``Customers have asked us to make a more secure operating system and that's been our goal,'' Toulouse said. ``We just want to protect the customers and we know we can't do it alone.''

To be sure, the $3.6 billion security market was largely created because of Microsoft's weak operating systems, said Andrew Jaquith, senior analyst with the Yankee Group.

``Windows has for years been a monumentally insecure platform and there are a number of companies like Symantec and McAfee that have made their reputation and money on security of this platform,'' Jaquith said.

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Now that Microsoft is trying to address those security concerns, the companies that have long benefited from operating system weaknesses have much to lose, he said.

In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it ``would allow legitimate security."

McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago.

At issue are two main points:

First, the security companies say they fear consumers will be confused when Microsoft's new security center pops up along with their own but relays different information. Microsoft argues its own dashboard relays very basic information that should be compatible with the information provided by security firms.

Second, the firms allege that Microsoft has blocked their ability to review the operating system's kernel, or core. Microsoft's Toulouse said Monday that the company never wanted that code to be open for the public.

Microsoft, instead, has been offering a ``relatively unprecedented level access" to the security firms, he said. McAfee and Symantec have both had office space and lab space on the Microsoft campus, he said.

Both Symantec and McAfee said they have not taken any formal action yet, but there are many options, including filing lawsuits and waging antitrust complaints.

Security firms aren't the only ones in Silicon Valley crying foul over Microsoft's new operating system.

This summer, San Jose-based Adobe Systems took the software behemoth to task for plans to let users save documents as a PDF, an Adobe file format. Microsoft dropped the plan after reports Adobe threatend legal action.

Supreme Court Denies Northwest Airlines Appeal In Key Antitrust Case (AP)

The Associated Press

AP, October 3, 2006

The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals.

The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business.

A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late.

Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the "out-of-time" petition.

JUSTICES REFUSE TO HEAR GLORIA ALLRED CASE

The Supreme Court on Monday refused to step into a First Amendment issue involving Gloria Allred, a prominent California lawyer who was the subject of a judge's gag order in a high-profile murder case that is now over.

Allred, an outspoken television personality, represented a teenage girl who testified at the trial of Scott Dyleski, now 17. Dyleski was sentenced last week to life in prison without parole for the killing of Pamela Vitale, the wife of television legal analyst Daniel Horowitz.

Allred's client, Jena Reddy, is Dyleski's ex-girlfriend. She told the jury that while Dyleski never admitted or denied killing his neighbor, he told her he would take the blame to protect her and his best friend. Reddy also testified that hours after Vitale was slain, Dyleski told friends it would take at least three dozen blows to bludgeon someone and it would likely be a slow, painful death.

Late last year, amid intense media attention, a Superior Court judge in Contra Costa County, Calif., issued a gag order aimed at attorneys for witnesses in the case, as well as police, prosecutors and defense lawyers.

Allred's lawyers, including constitutional lawyer Erwin Chemerinsky, say judges increasingly are engaging in prior restraint of free speech rights in important cases.

The Supreme Court has never articulated a legal standard for when, if at all, gag orders on lawyers, parties and witnesses are permissible, said Allred's lawyers. They said that in the absence of guidance from the Supreme Court, judges have developed "quite different standards" on whether and when to gag the speech of attorneys, parties and witnesses.

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Horowitz found his wife, who had been beaten to death, in the mobile home of a hilltop estate where the couple were building a California dream home, up the road from where Dyleski lived.

Allred also represented Amber Frey, the former lover and star witness against Scott Peterson, who is on death row for murdering his pregnant wife, Laci, in 2003.

The First Amendment case is Gloria Allred and Allred, Maroko & Goldberg v. Superior Court of the State of California, 05-1505.

HIGH COURT SIDES WITH FIRED NEWSPAPER WORKERS

The Supreme Court sided Monday with Detroit newspaper unions and employees who were fired for their actions during an 18-month strike in the mid-1990s.

Justices declined to hear the newspapers' appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for The Detroit News and Detroit Free Press to reinstate fired employees.

The workers lost their job after the newspapers said they blocked entrances at a distribution facility and the Detroit News Building in violation of court orders during the strike that ran from July 1995 to February 1997.

The labor relations board determined that the employees had not engaged in misconduct, but were instead exercising their right to strike. It ordered the employees reinstated with backpay.

The U.S. Court of Appeals for the D.C. Circuit upheld the board's ruling. Solicitor General Paul Clement, representing the labor relations board, urged justices not to take the appeal from the Detroit Newspaper Agency.

The Detroit News was owned by Gannett Co. during the strike, while the Detroit Free Press was owned by Knight-Ridder Newspapers Inc. The Free Press now belongs to Gannett and the News is owned by MediaNews Group Inc.

The case is Detroit Newspaper Agency v. National Labor Relations Board, 05-1427.

Supreme Court Rejects UnitedHealth Ohio Doctor Rate Appeal (MRKTWTCH)

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s (UNH) Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts.

UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court.

The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration.

The case is UnitedHealth Care of Ohio v. Academy of Medicine of Cincinnati, 05-1465.

-Contact: 201-938-5400

Supreme Court Won't Hear Calif. Competition Case Against AT&T (MRKTWTCH)

By Mark H. Anderson

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. (T) for alleged anticompetitive conduct in other states.

RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T.

The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding.

"A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state," AT&T said in a court petition. "Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country."

RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature.

The case is AT&T v. RLH Industries, 05-1493.

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Broadcom Seeks To Bar Qualcomm Chips In Patent Fight (Update4) (BLOOM)

By Peter J. Brennan And Susan Decker

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy.

Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips.

The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision.

``I can guarantee you that their customers are calling them every day and pushing them to settle," says Lyle Vander Schaaf, a patent lawyer with Bryan Cave in Washington who isn't involved in the dispute. Vander Schaaf is a former lawyer with the trade commission.

Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington.

Stealth Agency

The commission, which is charged with protecting domestic markets from unfair trade practices and patent infringement, is ``sort of a stealth agency," says patent lawyer Charles F. Schill of Steptoe & Johnson in Washington, who handles cases before the agency. It ``can completely shut down your source of supply and just put you out of the market," he says.

In the past, the commission has blocked imports of knockoff Sharpie pens and some disposable cameras. In 2001, it persuaded President George W. Bush to impose tariffs of up to 40 percent to protect the U.S. steel industry.

The commission is just the latest front in the two-year-old patent fight between the two companies that began when Broadcom announced it was going to start competing with Qualcomm after the companies had worked together on a project. Broadcom and Qualcomm, the world's second-largest maker of chips for mobile phones, are battling in courtrooms and administrative agencies in Europe, South Korea and California.

A Stable of Supporters

Each combatant has enlisted a stable of big companies to support its cause.

In Qualcomm's corner are customers that use its chips in their phones, such as Seoul, South Korea-based LG Electronics Inc., and service providers such as Verizon Wireless -- a joint venture of Verizon Communications Inc. and Vodafone Plc -- and Sprint Nextel Corp. that distribute the phones to their customers. They say their products should be permitted in the U.S. even if the trade commission decides Qualcomm chips infringe Broadcom's patents.

Broadcom has the backing of Dallas-based Texas Instruments Inc., the world's biggest maker of cell-phone chips, and Espoo, Finland-based Nokia Oyj, the world's biggest maker of wireless phones.

Broadcom and its allies filed complaints with the European Commission claiming Qualcomm used its patents to create a dominant position for the advanced phones. Texas Instruments and Broadcom also have filed a complaint with the South Korean Fair Trade Commission. Broadcom also claimed that Qualcomm was using its patents to shut it out of the market. A judge threw out that antitrust suit in New Jersey, although Broadcom can seek to refile the complaint.

A Coordinated Assault?

The various cases have prompted Qualcomm to accuse its competitors of coordinating lawsuits and government investigations around the world, a charge Broadcom denies.

Qualcomm also is seeking an order today from U.S. District Judge Rudi Brewster in San Diego to prevent Broadcom from using trade secrets Qualcomm alleges were stolen. David Rosmann, a Broadcom spokesman, calls those charges ``false and incredible."

Broadcom got its start by selling chips for cable television set-top boxes and has expanded into such devices as computer switches, headsets and modems. The company's effort to expand into cellular phones has met with limited success, in devices such as Palm Inc.'s Treo 650 and with small Chinese makers such as Konka Group.

While Qualcomm's profit from royalties on all of its chips tripled -- to $1.66 billion -- between 2000 and 2005, its shares are down 13 percent this year on concern that it won't successfully renegotiate its license with Nokia, which sells one out of every three mobile phones in the world.

Options Irregularities

Broadcom shares have fallen 1.9 percent this year as it restates results to reflect $1.5 billion in costs related to options irregularities.

The stock rose 51 cents to $30.85 at 4 p.m. New York time in Nasdaq Stock Market composite trading. Qualcomm shares fell $1.69, or 4.7 percent, to $34.66 in Nasdaq composite trading and have declined 20 percent this year.

The outcome in the ITC is anybody's guess. Qualcomm investors are betting against a commission decision to bar imports of the disputed phones: ``An injunction to not allow Qualcomm's chipsets inside the U.S. is pretty drastic," says John Krause, an analyst at Minneapolis-based Thrivent Financial for Lutherans, which manages $63 billion in assets including shares of Qualcomm.

On the other hand, Broadcom says it has an edge in the fight because commission staff attorneys have backed its patent-infringement claims -- and administrative law judges often follow the position taken by the staff attorneys.

If the two sides want to reach an accommodation, they'll have plenty of opportunities -- and not a little pressure -- to do so before the Oct. 10 ruling.

`In Earnest'

U.S. Magistrate Anthony Battaglia, hearing a related matter, has ordered the billionaire chairmen of the two companies -- Qualcomm's Irwin Jacobs, 72, and Broadcom's Henry Samueli, 52 -- to ``discuss a global resolution in earnest." The two are due to appear before Battaglia in San Diego on Oct. 4 to report on their progress.

While Qualcomm Chief Executive Paul Jacobs, Irwin Jacobs's son, said in a Sept. 27 interview that his company has offered to settle on terms that are ``extremely favorable" to Broadcom, there's still no deal.

Even with the commission decision looming, Broadcom and Qualcomm still have time to reach a settlement that would resolve their differences, says Ehud Gelblum, an analyst with JPMorgan Chase & Co. in New York. In a Sept. 28 note to clients, he said the companies have ``one last chance to kiss and make up."

To contact the reporters on this story: Susan Decker in Washington at sdecker1@bloomberg.net ; Peter J. Brennan in Los Angeles at pbrennan3@bloomberg.net .

Harrah's Gets $15B Private Equity Bid (USAT)

By Roger Yu And Matt Krantz

USA Today, October 3, 2006

Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group.

The bid is the latest in a string of large deals sought by private equity firms, which combine debt, investors' money and their own funds to buy undervalued companies and resell them for profit.

If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. Bigger takeovers this year: hospital operator HCA and tech company Freescale Semiconductor.

In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close. “There is no assurance that Harrah's will enter into this or any other transaction,” the statement said.

Apollo couldn't be reached. Texas Pacific Group declined comment. In Monday trading, investors bid up Harrah's shares by 14%. They closed at $75.68.

In acquiring Harrah's, the private equity firms could get an undervalued company in a fast-growing industry. Harrah's operates about 40 casinos in Las Vegas, Atlantic City and other cities. Holdings include Caesars Palace in Las Vegas, Harrah's Las Vegas and Bally's, Horseshoe, Showboat and other brands.

“They traded at a relative discount compared to its peer group,” says Rod Petrick, an analyst at broker Stifel Nicolaus.

The gaming industry also has been active this year with mergers and acquisitions — 58 deals, Dealogic says.

But private equity firms have stayed away from gaming companies, says Peter Fitzpatrick of law firm Bryan Cave. Making them attractive now: They're flush with cash and can generate predictable returns.

The annual gaming revenue for U.S. commercial casinos rose to $30.3 billion last year, nearly doubling in 10 years. Harrah's has added to its appeal by buying Caesars Entertainment in 2004, which broadened its reach into more upscale customers. It also runs one of the industry's best guest-loyalty programs, Petrick says.

Its shares have fallen in recent months partly because it has been unsuccessful in penetrating Asia, the hottest emerging market for gaming, says Jake Balzer, an analyst at Guzman & Co. Harrah's has no presence in Macau, the largest Asian market, and lost a bid for a gaming license issued by Singapore earlier this year.

Balzer says, “The deal doesn't make a whole lot of sense” for the company because it would stifle Harrah's growth.

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Licenses Are The Biggest Hurdle To A Deal For Harrah's (WSJ)

By Peter Sanders

The Wall Street Journal, October 3, 2006

While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates.

The companies yesterday confirmed the $81-a-share offer for Harrah's, the world's largest gambling operator by revenue. The offer represented a 22% premium over the company's closing price of $66.43 a share Friday. Also, Harrah's has about $10.8 billion in debt.

Harrah's, Las Vegas, said it had formed a special committee of nonmanagement directors to review the proposal. The company said, "The special committee has not determined that a transaction is in the best interests of Harrah's and its stockholders. ... Accordingly, there is no assurance that Harrah's will enter into this or any other transaction."

WALL STREET JOURNAL VIDEO

Reporter Peter Sanders discusses1 the complexities of the deal and why it may not be in shareholders' best interest.

It is unclear whether other suitors will emerge. But for potential buyers, the attraction of Harrah's may not lie only in its existing casinos -- which comprise Caesars Palace and other properties -- but also in its real-estate holdings in Las Vegas and elsewhere. The company owns more than 350 acres around the Las Vegas Strip alone, said Charles Atwood, Harrah's vice chairman.

Harrah's intends for some of that land to be part of a major redevelopment on the Strip that would include new hotels, retail and entertainment venues as well as casinos. Harrah's has for months been consolidating its land holdings for that project, a process that continued yesterday when it announced a land swap with Boyd Gaming Corp. that gives it the Barbary Coast casino site in exchange for 24 acres near Boyd's Stardust casino. With land on the Strip recently going for more than $23 million an acre, the real estate is attractive.

Beyond Las Vegas, Harrah's has a trove of casino properties in a dozen states. It is possible that an acquisition of Harrah's could lead to a breakup of the company that would see Harrah's casinos sold piecemeal.

But the biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants.

But Apollo and Texas Pacific have already begun exploring the options with various state regulators. On Sept. 15, officials in Missouri received a detailed request from Las Vegas attorney Frank Schreck outlining a potential acquisition of an unnamed public company by three private firms.

In an interview, Mr. Schreck said he was hired by Apollo, Texas Pacific and a third firm to explore the regulatory options in various states. Mr. Schreck said he received a waiver from Harrah's, which is also a client, to work with the private-equity firms. He declined to name the third firm, although he confirmed the third entity was based in Great Britain but has dropped out.

The rules that dictate who holds casino licenses vary by state. In Nevada, for instance, officers, directors, controlling shareholders and anyone with more than a 10% stake must apply for a casino license. At closely held concerns, the state requires every shareholder to hold a casino license, said Dennis Neilander, chairman of the Nevada Gaming Control Board.

The private firms seeking to buy Harrah's could be helped by waivers often granted to institutional investors that exempt them from the licensing process, according to state regulators and Mr. Schreck.

Traditionally, private equity has shied away from major casino investments because of the heavy regulatory scrutiny. But in recent years, private equity has begun to seek out deeper investment in the sector. The first was Colony Capital of Los Angeles, which isn't involved in the current deal. It was granted a casino license in 1999 when it bought the Harveys Casino Resorts chain. In that case, Nevada awarded casino licenses to Colony's Thomas Barrack and Kelvin Davis, who were then deemed the casino's "beneficial owners," Mr. Neilander said. Nonvoting shareholders who were "basically passive investors concerned only with the assets' income" weren't required to be licensed.

Mr. Davis has since left Colony and is now a partner at Texas Pacific. He would have to reapply for a casino license if his firm acquires Harrah's.

Despite the difficulty and complexity of any take-out by private equity, investors sent the stock soaring on the news. Harrah's shares were up $9.25, or 14%, to $75.68 apiece in 4 p.m. New York Stock Exchange composite trading. Analysts said a potential deal could be a good option for the gambling company.

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"We believe that Harrah's board of directors is hard-pressed to come up with an alternative equity value creating plan to rival this proposal," Joe Greff, a casino analyst at Bear Stearns in New York, wrote in a research note. "We suspect the board of directors will just seek a higher price, citing its global development pipeline and Las Vegas land bank as a reason that the current proposal is inadequate."

--Randall Smith contributed to this article.

Write to Peter Sanders at peter.sanders@wsj.com2

Not Our Bag, Coach Says In A Lawsuit Alleging Target Sold Counterfeit Purse (WSJ)

By Vanessa O'Connell, Kris Hudson

The Wall Street Journal, October 3, 2006

Target Corp. has thrived by selling stylish apparel and accessories on the cheap. But handbag maker Coach Inc. is accusing the big-box retailer of crossing the line by marketing a fake Coach bag.

In a lawsuit filed in federal court in Manhattan Friday, Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says "Coach," according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an "exact replica of a genuine Coach handbag" bearing at least one Coach trademark, the suit says.

Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit.

"Target has procedures in place to ensure that we do not sell counterfeit products to our guests," Target said in a statement. "We have been assured that the Coach product showcased in our store is authentic therefore we believe the lawsuit is without merit."

A subsequent message to The Wall Street Journal said "we are not providing any more information than what is in the statement."

Coach said the bag was sold at Target for about $200 -- less than the original Coach bag, but far more than Target bags usually sell for. The original bag was called the Python Signature Striped Demi. It was offered by Coach about a year ago, but is no longer in the product offering.

The Coach suit is seeking at least $1 million as well as information about where the bag was made. "This is a counterfeit," Mr. Devine says. "We have gone into stores in Florida and purchased this ourselves. It isn't ours."

The suit illustrates a new aggressiveness on the part of luxury-goods companies to hold retailers responsible for suspected instances of counterfeiting of their high-end products. Mr. Devine says this is the first time Coach has sued a major U.S. retailer over counterfeits. Last month, French luxury-goods brands Louis Vuitton and Dior Couture filed a complaint in a French court against eBay Inc., alleging the online auctioneer isn't doing enough to keep people from selling counterfeit goods through its site. That suit, which seeks an estimated $47 million in damages, alleges that nine out of every 10 Louis Vuitton brand items for sale on eBay are counterfeit. (Louis Vuitton is owned by LVMH Moet Hennessy Louis Vuitton SA. Christian Dior SA, the holding company of luxury-goods mogul Bernard Arnault, controls LVMH and owns Dior Couture.)

Designers and manufacturers are getting more assertive about protecting their brands and designs, in part because of a bill that would protect fashion trademarks from uses that blur their distinctiveness or tarnish their reputations. The bill was recently passed by the Senate and is headed to President Bush's desk.

Fashion designers also are pushing for separate federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Peter Raymond, partner at the New York office of the law firm Reed Smith LLP says the legislative push has "given some confidence to a number of manufacturers" to take new measures to fight infringements of their design.

Putting a well-known trademark like Coach on a bag isn't considered copying but counterfeiting and would be illegal under current laws, Mr. Raymond says. He says the bag might have wound up at Target through the "gray goods" market, in which genuine brand-name products get beyond their usual chain of distribution and make their way to store shelves.

Though Coach has encountered other instances of stores selling Coach counterfeit goods, those stores were "usually small mom-and-pops" against which Coach sought criminal actions, working with police, Mr. Devine says. "What we don't see is reputable retailers selling counterfeits, which is what is so surprising about the Target situation," he said.

The Coach lawsuit against Target is the latest in a string of designer brands suing large retailers for alleged trademark infringement. Coach itself sued department-store chain Kohl's Corp. earlier this year, accusing Kohl's of infringing on its trademarks for its Sonoma handbags, among other goods. LVMH's Fendi brand sued Wal-Mart Stores Inc. in June for allegedly selling counterfeit Fendi handbags at its Sam's Club warehouses.

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Sometimes, the manufacturers win. In 1999, Wal-Mart agreed to pay Tommy Hilfiger Corp. $6.4 million to settle a lawsuit alleging it sold fake Hilfiger apparel.

In its suit against Target, Coach cited more than 20 trademarks that it registered from the years 1963 to 2005, including the signature Coach hang tag to distinctive patterns of open-ended ovals on its fabrics.

Sales of the allegedly fake Coach bag aren't the only issue Coach has with Target. Mr. Devine says Coach in the past had discovered Target knocking off its bags. "We had in the past been able to reach an agreement with them to stop selling the bags," he says.

As recently as Sept. 21, Mr. Devine says, Coach sent Target a letter regarding an Isaac Mizrahi tote bag that was sold under the Isaac brand but allegedly infringed on one of Coach's existing styles. Then, in the past week to 10 days, Coach learned of another item under Target's Cherokee label that was using Coach's so-called Optic C design and retails for $11.89 compared with $170 and up for Coach bags.

Coach has a signature "C" fabrication, with interlocking Cs, as well as a more abstract version called Optic C, Mr. Devine says, and it has trademark protection on both. Neither the Isaac Mizrahi nor the Cherokee purse is mentioned in the suit, however.

"Success frequently breeds imitation and counterfeiting, so naturally we're seeing more activity" in the realm of knockoffs, says Mr. Devine.

Gilead Agrees To Buy Myogen For $2.5 Billion (WSJ)

By Angela Moore, Bob Sechler

The Wall Street Journal, October 3, 2006

Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension.

The $52.50-a-share offer is a 50% premium over Myogen's share price of $35.08 on Friday. The Westminster, Colo., company's shares rose 47%, or $16.36, to $51.44, while Gilead shares were off $4.49, or 6.5%, at $64.28, both as of 4 p.m. in Nasdaq Stock Market composite trading.

With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials. Pulmonary hypertension involves a narrowing of blood vessels in the lung, making it difficult for the heart to pump blood through the lungs and causing shortness of breath even when resting.

Myogen expects to file a new-drug application for Ambrisentan with the Food and Drug Administration as early as the fourth quarter, Gilead said. British drug maker GlaxoSmithKline PLC holds rights to the product outside the U.S.

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Executives from Gilead said that the "scarcity value" of a drug in late-stage testing that addresses an unmet medical need justified the premium price offered for Myogen.

"We felt that the premium was a fair value for what we were doing here, and that this was in fact a product that we could build a franchise around," Gilead Chief Financial Officer John Milligan said.

Datamonitor, a business-information provider based in London, estimated in March that the market for pulmonary hypertension treatments could grow to around $2 billion by 2014 from $636 million in 2004, driven by new treatments. Ambrisentan is expected to lead that market with sales topping $500 million by 2014, Datamonitor said.

The current market leader for treatment of pulmonary hypertension is Tracleer from Swiss pharmaceuticals company Actelion Ltd.

Gilead Chief Executive John Martin said Tracleer had $339 million in sales during the first half of 2006.

"We believe we have a product with a stronger profile" that can take market share as well as grow with overall demand, he said.

About 88,000 people in the U.S. have pulmonary arterial hypertension, according to Gilead, but only 30% are diagnosed and even fewer are receiving treatment. About 5,000 new patients are diagnosed each year.

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Gilead Plans To Acquire Myogen In $2.5B Deal (USAT/AP)

USA Today, October 3, 2006

DOJ_NMG_0073659

DENVER — Gilead Sciences, a leading producer of HIV drugs, said Monday that it plans to acquire biotech Myogen for about $2.5 billion in cash, signaling an expansion into treatments for pulmonary diseases.

Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday.

The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases.

Sanford C. Bernstein analyst Geoff Porges said the offer indicates a possible bidding war for Myogen and also reflects the scarcity of late-stage drugs in the pulmonary disease category. “It's a very generous offer,” he said.

During a conference call with analysts, Gilead President and Chief Executive Officer John Martin said the acquisition will help Gilead build on its $365 million buyout of privately held Corus Pharma in August.

“Our planned acquisition of Myogen represents both a scientific and strategic step,” Martin said.

Gilead, a Foster City, Calif.-based biopharmaceutical company with a market value of $29.2 billion, is known for its HIV drugs. It manufactures two of the three drugs in a once-a-day pill called Atripla that was approved last summer for HIV and AIDS treatment. The company also makes the Tamiflu flu treatment.

Gilead posted second-quarter net income of $265 million, or 56 cents per share, up 34% from $196 million, or 41 cents per share, in the previous second quarter. The company credited the jump to strong sales of its HIV treatments.

Myogen, a 10-year-old biopharm based in the Denver suburb of Westminster, had a market value of about $2.2 billion as of Monday. It posted a net loss of $18.5 million, or 44 cents a share, in the second quarter compared with a net loss of $21.7 million, or 61 cents a share, in the second quarter of 2005.

Myogen is developing a drug called Ambrisentan to treat pulmonary arterial hypertension. It believes information developed from two studies will support a new drug application that it expects to file with the Food and Drug Administration by year's end.

It also has a drug for treatment of primary pulmonary hypertension and a late-stage study for a drug that could treat resistant hypertension.

Argus Research analyst David Coleman, who follows Myogen, said Gilead likely will be able to capitalize on the drug better than Myogen.

“I do believe it is a very good deal for Myogen shareholders,” he said.

In a research note to clients, Piper Jaffray analyst Thomas Wei said Gilead will be able to draw on its marketing expertise to build buyers for Ambrisentan.

The deal is structured in two phases, with Myogen slated to become a wholly owned subsidiary of Gilead. Myogen's board approved the deal, which is expected to close by the end of the year, pending regulatory and other standard approvals.

Gilead said the deal will boost earnings in 2007 and 2008. It does not expect Myogen to add to 2009 profit.

Myogen stock rose $16.36, or 47%, to close at $51.44 a share in Nasdaq trading. It has traded between $17.96 a share and $42.27 a share in the past year.

Shares of Gilead fell $4.49 or 6.5%, to close at $64.28 in trading on the Nasdaq. In the past year, it has traded between $44.73 a share and $68.77 a share.

You've Got It Backward: Intel Is Bullying AMD (WSJ)

By Thomas M. McCoy

Wall Street Journal, October 3, 2006

In his Sept. 23 Rule of Law column "Tigers by the Tail," Ron Cass asserts that Advanced Micro Devices is attempting to "restrain a dominant competitor through the courts than beat it in the market." This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa.

It is not competition when Intel pays a computer maker millions of dollars to cancel a new product containing AMD CPUs or when Intel threatens them with retaliation if they publicly support new AMD products. And the list of Intel tricks goes on. That's why computer makers tell us, "We think that you have great products and we wish that we could buy more of them but Intel prevents us from doing so."

The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. The Korean FTC is investigating and last year the European Commission gathered evidence via dawn raids about Intel's behavior. Most recently, the Financial Times Deutschland revealed the existence of an illegal and secret deal between Intel and Germany's largest retailer, Media Markt, to exclude AMD from the consumer segment.

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Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids.

Thomas M. McCoy
Executive Vice President, Legal Affairs, and Chief Administrative Officer
AMD (Advanced Micro Devices)
Sunnyvale, Calif.

Competition And Antitrust Law Can Protect The Internet (HILL)

By Robert W. Hahn And Robert E. Litan
The Hill, October 3, 2006

If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined.

The "net neutrality" controversy centers on whether firms providing higher-speed broadband should be allowed to charge both the content providers and consumers for faster, more reliable service — pitting Silicon Valley firms like Google and eBay against the telecommunications and cable industries (which rarely find themselves on the same side, this being a notable exception).

On examination, however, one truth is clear – while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity.

Net neutrality enthusiasts believe that if Internet service providers are allowed to charge content providers like CNN.com, they will block websites for their own private gain—thus crippling the Internet. Those opposing net neutrality assert the opposite—that pricing freedom is the key to Internet innovation and the deployment of the expanded networks needed to handle rapidly growing Internet traffic.

The fact is, pricing freedom is a key to the success of the Internet. And, existing government oversight, including antitrust authority, is sufficient to rein in any potential anticompetitive behavior in those unlikely circumstances where market forces fail.

Lost in the incredibly contentious net neutrality debate in Congress and the media is the role that competition and antitrust law should play in assuring that consumers continue to have access to their preferred websites. Although net neutrality proponents have loudly complained about the danger that an Internet service provider would block access to websites they compete with or whose views they don't like, there are to date no real life examples that this has occurred (except where governments, like the one in China, block certain traffic). The reason is competition.

Network providers know that if they block access to a favored web site, their customers' swift and sure response will be to take their business elsewhere. And, in the unlikely event that a provider risks alienating its customers, the Department of Justice, the Federal Communications Commission and the Federal Trade Commission have ample legal authority under existing laws to stop the offending practice.

That is why Congress created these agencies, and already has instructed them to ensure that communications (and other) firms play fair. The FCC has already used that authority to slap down one local North Carolina Internet Service Provider, Madison River, for blocking Internet-based phone service offered by Vonage. And there remains the ability of private parties to enforce the antitrust laws – encouraged by the prospect of treble damages. Indeed, Google has recently warned that it may bring antitrust actions against Internet service providers that abuse their market power. What better evidence can there be that current law is sufficient?

Why not add even more legislative language to require regulators to issue even more rules to ensure that all Internet providers treat all websites equally? Because of another "law" – the law of unintended consequences. Net neutrality regulations could very well interfere with the carriers' abilities to enhance the capacity of their broadband networks by limiting their ability to get an adequate return on investment. This, in turn, could chill innovations ranging from telemedicine to those we could only predict with hindsight, such as eBay or Google.

Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the "hands-off" policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future.

Hahn and Litan are directors of the AEI-Brookings Joint Center for Regulatory Studies.

DOJ_NMG_0073661

ENVIRONMENT:

Supreme Court To Take On Con Ed Case (AP)

AP, October 3, 2006

WASHINGTON — The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants.

The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term.

The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal "Superfund" law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state.

The case is UGI Utilities v. Consolidated Edison Co. of New York, Inc. (05-1323).

Shares of Con Ed rose 24 cents to $46.44 in midday trading on the New York Stock Exchange. Shares of UGI jumped 12 cents to $24.57 on the NYSE.

U.S. To Delay Buying Strategic-Reserve Oil (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday.

President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs.

Last year, the U.S. sold crude from the reserve -- a federal oil depository of 727 million barrels designed to cushion the country against supply disruptions and subsequent petroleum price rises -- to meet emergency demand in the wake of a destructive hurricane season. In June, the reserve held almost 688 million barrels of oil.

Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is "satisfied with the [reserve's] current level," and that it was wary of affecting the market ahead of the high-demand winter-heating season, "we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve."

He said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market.

FBI/DEA/ATF/USMS:

Court Upholds Polygraph Tests For FBI, Secret Service Applicants (AP)

By Matt Apuzzo

AP, October 3, 2006

WASHINGTON - The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday.

U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process.

The Secret Service has required polygraph tests for potential agents since 1985. All FBI employees have been tested since 1994.

Applicants are asked questions about their medical histories, finances, sex lives, drug use and mental health. Secret Service applicants are asked whether they have committed adultery or other sex crimes.

While those questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said.

"With regard to the Secret Service's specific questions, the agency has made a reasonable determination that there is a danger if its employees in sensitive positions could be blackmailed for some reason," Sullivan wrote. "The court will not second-guess that conclusion."

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Four of the six applicants who brought the case probably were turned down based on their answers to drug-related questions, according to court documents. All denied using drugs.

"Three people know you're lying: me, you and God," a Secret Service polygraph agent said to one applicant, according to court documents.

"No, God and I know I'm telling the truth," the applicant, Eileen Moynahan replied.

A fifth applicant was denied because she had lied about marijuana use on a Baltimore police application, prosecutors said. The sixth applicant was accused of holding his breath to try to beat the polygraph.

The lawsuit claimed the tests are unreliable, yet there is no way for applicants to clear their name. They said the stigma attached to failing the test would prevent them from getting other law enforcement jobs.

Sullivan denied that claim, noting that some of the applicants who brought the lawsuit now work in federal law enforcement jobs.

"Ultimately this will be an issue for the Supreme Court or Congress to take care of," attorney Mark Zaid said.

Ex-FBI Agent Gets 6 Years In Stock Case (WSJ)

The Wall Street Journal, October 3, 2006

NEW YORK -- Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies.

Mr. Royer also was sentenced to three years of supervised release.

He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares.

"Elgindy was the master manipulator," said Judge Raymond Dearie of U.S. District Court in Brooklyn. But "without this chap and the information he sold, we would have no conspiracy."

Mr. Elgindy was sentenced to more than 11 years in prison and ordered to forfeit $1.5 million in June.

6-Year Sentence In Trading Case (NYT)

By Bloomberg News

The New York Times, October 3, 2006

By Bloomberg News

A federal judge in Brooklyn sentenced a former F.B.I. agent yesterday to six years in prison for racketeering and securities fraud related to the inside-trading prosecution of a former stock picker, Anthony Elgindy.

The former agent, Jeffrey A. Royer, 39, who was convicted after a trial with Mr. Elgindy, will be allowed to surrender to federal prison authorities by Nov. 6, said Robert Nardoza, a spokesman for the United States attorney for Brooklyn, Roslynn R. Mauskopf.

Mr. Royer was an F.B.I. agent from 1996 to December 2001, when he left to work for Mr. Elgindy, prosecutors said.

In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. According to witnesses at the trial, Mr. Elgindy used information supplied by Mr. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site, AnthonyPacific.com.

Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission.

Mr. Royer's lawyer, Lawrence D. Gerzog, did not return a call made to his office after business hours seeking comment.

Short sellers seek to profit by correctly predicting a decline in a stock's price. They sell borrowed shares, planning to buy them later at a lower price and return them to holders. Mr. Elgindy's gains from trading shares of 32 companies using illegally leaked information totaled $3.02 million, the government said.

Ex-agent Gets 6 Years In Fraud (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 3, 2006

Calling it a tragic case of a public official gone wrong, a federal judge in Brooklyn sentenced a former FBI agent to 6 years in prison yesterday for tipping off a Web-based stock market adviser with inside law enforcement information.

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The former agent, Jeffrey Royer, betrayed no emotion as Judge Raymond Dearie sentenced him for his January 2005 conviction.

Dearie gave Royer, who remains free on bail, until Nov. 6 to surrender to a designated federal prison.

"We must ask more of our public officials, we must," said Dearie as he sentenced Royer, 43, for conspiracy, securities fraud, racketeering, witness tampering and other crimes.

Royer was convicted with stock trader Amr Elgindy for plotting to use information about FBI investigations of companies in order to profit on the stock market.

Prosecutors charged that Elgindy, who ran a subscription-based Web site, used information leaked to him by Royer to shake down companies that were the object of negative reports by his Web service.

Elgindy, of southern California was sentenced to 13 years in prison earlier this year. Dearie said that Elgindy orchestrated the scheme, dangling the prospect of a job and other benefits to entice Royer.

Dearie noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts.

Early in the case, investigators speculated that Elgindy, of Egyptian ancestry, might have had advance warning about the Sept. 11 terror attacks because of the timing of his trades, but that never was substantiated.

Just before sentencing, Royer said he leaked the information because he thought he was helping to put shady companies out of business.

The former agent apologized to his family and also to his ex-girlfriend, Lynn Wingate. Prosecutors said she was another FBI agent whom Royer persuaded to continue to leak him confidential information after he left the FBI in 2001 to work for Elgindy.

"She trusted and loved me," Royer said about Wingate, who pleaded guilty to obstruction of justice charges and received 3 years' probation in July.

City Briefs (NYDN)

New York Daily News, October 3, 2006

A man walking on the upper East Side was struck and killed yesterday by an SUV that sent him flying 30 feet, witnesses said.

"I saw something flying through the air, and I didn't know what it was. Then I thought, 'My God, that's a dude!'" said Hank Ley, 33, a doorman near the scene at 90th St. and York Ave.

The driver stayed at thescene, witnesses said. The 56-year-old victim, Yao Huang of W. 24th St., was taken to New York-Presbyterian Hospital Weill Cornell, where he was pronounced dead, officials said.

Christina Boyle and Michael White

Crane accident violations

The Tishman Construction Corp. and others involved in a near-fatal crane accident last week were socked with violations yesterday for "unsafe operation of a crane."

An 8,000-pound chunk of a tower crane that was being disassembled fell from the 21st floor of an apartment building under construction at 108 Third Ave. at 13th St. on Friday.

"Tishman Construction will do anything in its power to provide any and all information required or asked for by the Department of Buildings and the Office of Emergency Management," said Tishman spokesman Bud Perrone.

Frank Lombardi

B'klyn deliveryman shot

A man delivering merchandise to a Brooklyn 99-cent store was shot in the chest yesterday by a thug who accosted him near his truck and demanded his wallet, police said.

The unidentified 27-year-old victim was in stable condition after the 11:15 a.m. shooting in Flatbush. Police said he was trying to hand over his wallet when the gunman shot him.

Noah Fowle and Ernie Naspretto

G-man gets 6 for scam

An ex-FBI agent was sentenced yesterday to six years in prison for passing confidential information to rogue insider trader Amr (Anthony Pacific) Elgindy.

Jeffrey Royer, who quit the FBI in 2001, furnished Elgindy with criminal histories and ongoing investigations of executives that Elgindy posted on his Web site to force stock prices of companies down.

John Marzulli

DOJ_NMG_0073664

Inaccuracies Have To Do With Names In Times Report (ESPN)

ESPN.com, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate.

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets.

Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for the Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher later was released by the Arizona Diamondbacks.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky said Grimsley had identified the other players as drug users. Those names were blacked out when the document was originally released.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Grimsley played with Clemens and Pettitte on the New York Yankees, and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Information from The Associated Press was used in this report.

GRIMSLEY AND HGH

Former Diamondbacks pitcher Jason Grimsley told federal investigators in June he used illegal performance-enhancing drugs. A day after they searched his house, Grimsley asked for and was granted his release from the team.

Doubt Cast On Report That Named Players (NYT)

By Jack Curry

The New York Times, October 3, 2006

Two days after it was reported that Roger Clemens was among the six major league players who investigators said had been identified as having used performance-enhancing substances, a federal prosecutor said the news media coverage contained “significant inaccuracies.”

The Los Angeles Times reported late Saturday that Clemens, a seven-time Cy Young Award winner; Andy Pettitte, Clemens’s teammate and workout partner with the Houston Astros; Miguel Tejada of the Baltimore Orioles; and three other current or former Orioles were reportedly named by Jason Grimsley, a former pitcher, as players who had used the drugs. The names were blacked out in a federal affidavit that was made public in June.

But Kevin V. Ryan, the United States attorney for the Northern District of California who is investigating steroids in baseball, issued a brief statement that cast some doubt on what was in The Times’s article.

“In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government’s search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies,” Ryan said.

The prosecutor’s office declined to elaborate. A message left for a Times spokesman was not immediately returned.

Grimsley’s agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit.

“In terms of how those names got in the document, Jason disputes the fact that he put them there,” Bick said. “Jason’s attorney made that statement a while ago, and he still feels that way.”

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Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players.

Clemens and Pettitte, two former Yankees, both denied the accusations that were reported in The Times, as did Tejada, Brian Roberts and Jay Gibbons. David Segui, the sixth player, had previously said that he used human growth hormone.

"I'm here talking to you guys about something that is pretty much hearsay," Clemens said on Sunday. "It's ridiculous."

Pettitte said, "This has no weight behind this, as far as I'm concerned."

Randy Hendricks, who represents Clemens, noted that Clemens was on the United States team in the World Baseball Classic last March. He was subject to Olympic-style drug testing, which is stricter than baseball's testing policy. Clemens and Pettitte were teammates with Grimsley on the Yankees in 1999 and 2000.

Prosecutor: Steroids Story 'Inaccurate' (AP)

By David Kravets, The Associated Press

AP, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday a newspaper report that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and quickly was seized on by print and broadcast media outlets.

San Francisco U.S. Attorney Kevin Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for Ryan declined to elaborate.

A spokesman for the Los Angeles Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher, who played with Clemens and Pettitte on the New York Yankees, later was released by the Arizona Diamondbacks and suspended for 50 games.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky, the lead investigator in the Bay Area Laboratory Co-Operative steroids probe, said Grimsley had identified other players as drug users, the Times reported. Those names were blacked out when the document was released.

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Pete Rose Admits Taking Amphetamines (AP)

AP, October 3, 2006

NEW YORK (AP) -- Pete Rose says he took "greenies" in his playing days, if only to lose a few pounds. Oh, and he doesn't bet on baseball anymore, but if he did, he'd pick the Twins and the Padres.

In an appearance on the "Late Show" taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about "greenies," explained that he used them -- though they were nothing more than "diet pills."

"Well, I don't think greenies would ever help you do anything," he said. "You know, I took greenies before in spring training only because I tried to lose some weight, see."

Letterman then asked whether the pills ever helped him ward off fatigue.

"No, not like steroids," Rose replied. "If I took steroids, I'd have gotten 5,000 damn hits."

Neither Letterman nor Rose used the word "amphetamines," which were commonly nicknamed "greenies" at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year.

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Rose said he still enjoys watching baseball -- as many as three games a day -- and still holds out hope that he'll be reinstated. Letterman asked Rose who he likes in this year's playoffs.

"You sound like you're betting on baseball," Rose said, drawing laughter and applause. "You know, baseball's going to hate me -- the two teams I like are San Diego and Minnesota. And I liked the Yankees until they lost Randy Johnson, I liked the Mets, who've had a fantastic year, until they lost (Pedro) Martinez. St. Louis is going into the playoffs playing as bad as you could play. Detroit, I don't think they have the experience."

He added that he can't bet on baseball anymore "because I know too damn much about it."

"It wouldn't be fair," he said.

Rose, the career hits leader banned from baseball for betting on games as a manager, also explained the story behind the balls he signed with the words "I'm sorry I bet on baseball" that hit the market last month.

He said he signed the balls in 2005 for a friend who planned to keep them for 10 or 15 years. But the friend passed them on to a partner, and they wound up in the hands of a collector who put them up for auction -- prompting Rose to sign and market his own apology balls.

Drug Ring Suspect Pleads Guilty (ETPA)

By Tom Quigley, The Express-times

Easton Express-Times, October 3, 2006

one of 23 residents nabbed in sting. One charge dismissed in deal, but man still faces prison.

TRENTON | A Phillipsburg man has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area.

Ray Edward Carter, 48, of the first block of Sitgreaves Street, faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office.

Princeton, N.J., attorney Kim A. Otis was assigned to represent Carter, the first to plea to the federal charges.

"His nickname is Pops," the attorney said. "He's actually a very decent and straightforward honest man."

Otis said his client has a problem with drugs.

"Unfortunately he has an addiction," Otis said. "I'm hoping to do the best for him that I can."

Carter pleaded guilty Thursday before U.S. District Judge Joel A. Pisano to a single count of conspiracy to distribute and possession with intent to distribute more than 50 grams of crack. A remaining charge of conspiring to distribute the drug will be dismissed, according to the plea bargain.

Carter must also serve five years on supervised release. If he violates the conditions of the program, he faces up to five years of additional prison time, records show.

The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents.

Phillipsburg residents Keisha Fredericks, 29, of the 300 block of Washington Street, and Edward "Sugar Ray" Rayshawn Carter, 31, of the first block of Sitgreaves Street, are considered the ringleaders of the alleged $17,000-a-week cocaine ring, a DEA spokesman said.

Investigators dubbed the investigation Operation Stateline because the dealers in the Phillipsburg-based organization often sold drugs in the Easton area, authorities allege. Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions and made undercover drug buys as they infiltrated the alleged drug network, court records show.

Investigators seized about 3 pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rogers Street, Bethlehem, is one of those facing federal charges along with Fredericks and Edward Rayshawn Carter.

Also facing federal drug charges are James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg, Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton, and Daniel "Groove" Groover, 45, of the 100 block of Washington Avenue, Phillipsburg.

All seven people facing federal charges remain in federal custody, records show. All face possible life sentences.

Court records show attorneys for Hartwell, Groover and Edward Rayshawn Carter have requested extensions from the court for further plea negotiations with the government.

Supreme Court Denies Oakmont Doc's Appeal (PTR)

Pittsburgh Tribune-Review, October 2, 2006

DOJ_NMG_0073667

The U.S. Supreme Court today declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office.

Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal.

Rottschaefer's lawyers filed a second appeal for a new trial last month. They claim to have found new evidence that could clear the doctor.

The five patient-witnesses who testified against Rottschaefer at trial have since sued him for malpractice. They testified during his criminal trial that they were drug addicts and that Rottschaefer prescribed the drugs to them for no medical reason, with four of the women saying they provided oral sex for prescriptions.

The women now say in sworn statements in the civil cases that the drugs were prescribed to treat chronic pain, Rottschaefer's lawyers say.

They also accuse prosecutors of allowing two witnesses to lie on the stand during trial, claiming that they were not receiving leniency from the government in other criminal cases in exchange for their testimony against Rottschaefer.

U.S. District Judge Gary Lancaster dismissed the second appeal, because the first was still pending. Rottschaefer's lawyers now can re-file the second appeal.

Doctor Again Challenges Drugs-for-sex Conviction (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 2, 2006

An Oakmont doctor who was convicted more than two years ago of 153 counts of illegally doling out OxyContin in exchange for sexual favors will take one more shot at beating the charges.

That chance will not come from the U.S. Supreme Court, which yesterday denied a petition from Dr. Bernard Rottschaefer asking the court to hear his case on appeal.

Instead, Dr. Rottschaefer's lawyers have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial.

This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat.

That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with "no legitimate medical purpose," said defense attorney Eli Stutsman.

In hundreds of pages of depositions given by the five women, they admit that parts of their testimony against Dr. Rottschaefer in his criminal trial were falsified.

Mr. Stutsman called the fact that all of the women changed their stories "extraordinary."

He hopes to use the new information in the depositions, as well as letters that were written by one of the women to her boyfriend while she was incarcerated, to prove "a comprehensive scheme to tell a lie to get a better deal" in their own criminal cases.

U.S. Attorney Mary Beth Buchanan declined to comment.

Dr. Rottschaefer was convicted in March 2004 of 153 counts -- though he was acquitted of 55 more -- and was sentenced in September of that year to 61/2 years in prison. He has yet to serve any time, though, while his case continues in appeals.

Four of the five women testified at Dr. Rottschaefer's trial that they were drug addicts and had no medical need for the prescriptions they were given. But now, Mr. Stutsman said, that story has changed.

"Every complaining witness lied under oath in Dr. Rottschaefer's prosecution," he wrote. "The false testimony went to the heart of the case: whether the prescriptions were issued for medical treatment or as drug dealing."

In their depositions, the women listed ailments that were treated by the OxyContin, including migraines and a fractured tailbone.

Adolescence: When Young People Use, Parents Seldom Know (NYT)

By Nicholas Bakalar

The New York Times, October 3, 2006

Parents consistently and substantially underestimate their children's use of alcohol and other drugs, a new study has found.

DOJ_NMG_0073668

Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research.

Parents consistently said they believed that their children were using substances less frequently than the children reported. Alcohol use was most common, with 54.4 percent of the teenagers reporting having consumed at least one drink in their lifetimes, and 23.6 percent saying they had been intoxicated. But only 30.5 percent of parents believed that their children had ever had a drink, and only 8.1 percent said their children had ever been drunk.

While 44 percent of the adolescents reported smoking cigarettes, only 27 percent of their parents knew they smoked.

Almost 23 percent of the adolescents admitted to using marijuana, while only 13.2 percent of their parents were aware of it.

With drugs other than marijuana, the results were similar: 8.5 percent of teenagers said they had used other drugs, while 3.1 percent of parents knew it.

"Parents of 12- and 13-year-olds had the lowest rates of knowledge," said Dr. Laura J. Bierut, the senior author of the study and an associate professor of psychiatry at Washington University in St. Louis. "That's worrisome, because there is good evidence that the younger you start to use substances, the more likely you are to develop addiction."

"Children are not telling you about their drug use," Dr. Bierut added. "You have to ask. Kids have access to drugs, they use them, and most parents are clueless."

New Evidence Surfaces In Bombing Case (FWST)

By Max B. Baker

The Fort Worth Star-Telegram, October 3, 2006

Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet.

But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes.

The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young.

The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent.

"It's one of the most egregious cases I've seen," said Jared Tyler, an attorney with the Texas Innocence Network. "For me, there is not a shred of evidence that he did it."

Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18.

The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer.

Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats.

Nicknamed "Cowboy," Toney is a prolific e-mail correspondent, writing regularly not only to reporters but also to members of the jury that convicted him. He also has a Web site on which he proclaims his innocence.

"Lies got me sentenced to death for a crime I did not commit," Toney writes on his Web site. "Since the charade of a Texas trial people have came forward and told me who killed the Blounts and why they did it."

Tarrant County Assistant District Attorney Debra Windsor, who will defend her office in court, says the way the case is being presented by the defense attorneys involves more than questions about Toney's innocence.

"It is actually an attack on this office," she said. A troubling case

Tyler and David Dow, attorneys for the Innocence Network at the University of Houston Law Center, accuse Tarrant County District Attorney Tim Curry's office of offenses including withholding reports from the Texas Department of Public Safety and the ATF that attack the credibility of the state's key witnesses, Chris Meeks and Michael Toney's ex-wife, Kimberly Toney.

Released to the defense this year for the first time, the reports suggest that Meeks and Toney may have been manipulated and intimidated into giving statements fitting investigators' preconceived notions of how and why the crime occurred.

Defense attorneys point out that by the time Michael Toney was indicted in 1997, the crime was 12 years old. The Lake Worth incident was the longest-running unsolved bombing investigation in the country, court papers state. Defense attorneys

DOJ_NMG_0073669

suggest that there was a renewed interest in this case by a federal agency trying to rebuild its image after the Oklahoma City bombing.

Prosecutors were led to Toney when he allegedly confessed to committing the crime to Charles Ferris, a fellow inmate in the Parker County Jail. Already serving time in prison on a burglary charge, Toney had been transferred to the Weatherford jail on an unresolved burglary charge. Toney reportedly told Ferris that he had put the explosive briefcase on the front porch of the mobile home.

After that, investigators began looking into Toney's possible involvement in the case, which led them to Meeks and Kimberly Toney. Neither one had ever talked to authorities about Toney's role in the bombing.

Kimberly Toney testified during the trial that she, Meeks and Michael Toney went out together the day of the bombing and that they drove to a business near the mobile home park where the Blounts lived. She said Michael Toney, who was then her boyfriend, got out of their pickup, grabbed a briefcase and disappeared behind the business. He came back later without the briefcase.

Meek told basically the same story during the trial.

Defense attorneys contend that recently released reports from the DPS and the ATF show that investigators used what they call "cognitive interviewing techniques" to plant false memories into Meeks' and Kimberly Toney's minds. Those reports should have been released to Michael Toney's attorneys at the time of the trial, to show that they had not always given the same account of the crime.

Both witnesses' testimony was crucial to the state's case against Toney.

Kimberly Toney's memories in particular were "unscrupulously recovered, reshaped, and reformed, by aggressive investigators desperately trying to close" the case, court papers said.

The defense also contends that Kimberly Toney's testimony is questionable because of recently uncovered evidence that she may have suffered memory loss from chemicals she was exposed to in 1991 during the Persian Gulf War.

"At the time the investigation into the Blount bombing was reopened, it was the longest-running unsolved bombing investigation in the country. The bombing of the Alfred P. Murrah Federal Building in Oklahoma City had just occurred, and the ATF was determined to solve this crime, one way or another," court papers state. Testimony recanted

A memorandum from Tarrant County Assistant District Attorney Mike Parrish and two ATF reports that cast doubts on the testimony of Tucker Finis Blankenship were also not provided to defense attorneys at the time of the trial. Blankenship met Toney while they were in jail together, according to court documents.

Blankenship said Toney said that another man was going to pay him $5,000 for making and delivering the bomb, but that he had put it by the wrong mobile home. Since then, Blankenship has recanted those statements, and court papers indicate that Blankenship believed the cases against him would be dropped in return for his testimony.

Information was also uncovered that pointed to another man who had built a pipe bomb similar to one used in the Blount bombing and that the man's family told authorities that components used in the briefcase bomb were missing from their home. The man had also told more than one other person that he was responsible for the three deaths, court papers state.

"The fact of the matter is that the Blount bombing remains unsolved to this day, even as Mr. Toney remains on death row," court papers state.

But during the trial, Toney also admitted that he lied frequently. During the trial he acknowledged telling some people that his father is dead, others that his mother is dead, and others that he had a master's degree in chemistry.

He has also said since his conviction that he unwisely told Ferris that he could tell authorities he was involved in the Blount bombing if it would help him get out of jail by getting his charges reduced or dismissed. Ferris has since recanted that testimony, too.

Parrish has no doubts that he convicted the right person. The district attorney's office has until early next year to file its initial response to Toney's request for a review of the evidence and possibly a new trial.

"All that's been raised on state appeal," Parrish said. "There must be some new, slightly different kitchen sink they are throwing in here." <body.end> Max B. Baker, 817-390-7714

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http://www.dfw.com

Man Wanted In Shooting At Ohio Football Game Arrested In Wash. (AP)

AP, October 3, 2006

BREMERTON, Wash. - Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times.

Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said.

Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium.

As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times.

Among the witnesses were cheerleaders as young as 4.

Caulton was booked into the Kitsap County Jail pending his return to Ohio, where he has been charged with the killing in Youngstown Municipal Court.

Youngstown police said several initial requests for information about the killing got no response, and some people said they were afraid for their safety to get involved. But within days, detectives collected information that led to an arrest warrant against Caulton.

Police said the two had argued near the stadium before the shooting. The nature of the argument wasn't disclosed.

IMMIGRATION:

Supreme Court Rejects Appeal Of Nazi Concentration Camp Guard (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, October 3, 2006

(AP) - WASHINGTON-A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship.

Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944.

Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution.

An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he "personally assisted in persecution."

In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show.

The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals.

The Supreme Court's action means the government could begin proceedings to have Hansl deported. He was born in Croatia to parents of German descent and conscripted into the SS after Germany invaded Yugoslavia in 1941.

Hansl's attorney, James Benzoni, had told justices that U.S. immigration policy after World War II allowed visas to be issued to former concentration camp guards unless they were directly involved in committing atrocities.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Border Fence Called Impractical (WP)

The Washington Post, October 3, 2006

Building a fence in an attempt to secure the U.S. border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former U.S. Customs and Border Protection agents and other experts.

And the Mexican government agreed in a diplomatic note sent yesterday to the U.S. government, warning that the fence would damage relations between the two countries.

The Senate voted Friday to build about 700 miles of double-layered fence with access roads, lighting, cameras and sensors, to try to block five heavily used crossing points along the 2,000-mile border.

The plan, which awaits President Bush's signature, includes a sweep of fencing along most of the Arizona border, where about half of the almost 1.2 million people arrested crossing from Mexico last year were caught.

The fence would also stretch through parts of California, New Mexico and Texas.

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Former U.S. customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain.

"You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot," veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas.

The barrier would have to traverse the rugged Huachuca Mountains and other craggy ranges west of Nogales, Ariz., which are marked by bluffs and ravines that make them inaccessible to vehicle traffic, Morgan noted.

Another former customs special agent said the fencing would also struggle to bridge hundreds of creek beds spanning the Arizona-Sonora border, which are prone to flash floods from May to October.

Republican backers of the proposal contend it is necessary to prevent entry to the United States by illegal immigrants and extremists, and to prevent smuggling of weapons and drugs.

Mexican President Vicente Fox, who leaves office Dec. 1, has called the barrier "shameful" and compared it to the Berlin Wall. His spokesman yesterday urged Bush to veto the bill.

"This decision hurts bilateral relations, goes against the spirit of cooperation needed to guarantee security on the common border, creates a climate of tension in border communities," Ruben Aguilar told reporters.

Crackdown On Immigrants Empties A Town And Hardens Views (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 3, 2006

STILLMORE, GA.

As Department of Homeland Security agents in black SUVs tooled up and down the dirt avenues of Stillmore, Ga., hundreds of undocumented people scattered into the woods like "flushed quail," one witness said.

Many of those who weren't arrested fled, some to Kentucky. One family hid for two nights in a tree. As night sets now, a sprinkling of solitary lights glow from once-crowded trailer parks. Since the Labor Day raid, Stillmore, where the wishful sign at the city limit reads "A town that is still growing," has shrunk by at least a third after more than 120 people were arrested and perhaps as many as 300 others disappeared.

"It's a ghost town," says resident Bennett Byrd.

As federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids.

"There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration," says Allan Burns, an anthropologist at the University of Florida in Gainesville. "People are divided."

In Stillmore, the Crider plant does everything from poultry processing to packing M&Ms for the military to grilling the ribs for restaurant franchises, employees say. In a town of about 1,000 people, more than half of them were working there. The plant's success was driven by a hardworking labor supply that began arriving about four years ago.

Workers had "very good" fake documentation that fooled managers, a Crider plant spokesperson says.

In the town, few complained about the immigration status of the workers as Stillmore, once a thriving train depot, again became a destination. "People got along. The town was growing," says Don Hadden, a local carpenter.

Then, earlier this year, an investigation began by Immigration and Customs Enforcement (ICE) agents in the Department of Homeland Security (DHS). ICE agents arrested a Stillmore man in the spring, accusing him of supplying counterfeit documents to workers. The man's records were then used to identify other workers. For 10 weeks, ICE trained company managers to spot forgeries and check Social Security numbers. About 30 people who had not been weeded out by the company were arrested at the plant in an orderly fashion over Labor Day weekend, according to a plant spokesperson.

ICE agents also raided several homes in town. Witnesses say agents popped up through floor boards and broke windows.

"Everything we did [in this investigation] was in accordance with the immigration laws of this country," says Marc Raimondi, DHS spokesman.

But some, including the Southern Poverty Law Center, have voiced concerns about the searches.

"Hispanics came to Stillmore and opened up stores that had been closed for years, and now there's a sadness in how they were treated," says Father Vic Subb, who worked for a Catholic ministry in town for six years.

Proponents of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000.

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"I firmly believe that we [as a nation] are taking in more immigrants than we have the capacity to feed, educate or employ," says D.A. King, president of Dustin Inman Society in Marietta, Ga., which opposes illegal migration of workers across the border.

This year, ICE has rounded up 2,100 people in workplace raids nationwide compared with 1,145 in 2005.

Meanwhile, more communities are signing agreements to work with ICE to undertake deportation proceedings for scofflaws and prisoners. In Charlotte, more than 600 people have been deported through hearings initiated by local officials.

It's a debate that's galvanized Congress. Sen. Mark Pryor (D) of Arkansas said immigration reform should consider the community impact of enforcement, noting a 2005 raid in Arkadelphia that detained 119 people and left 30 children behind. But last week, Rep. Russell Pearce (R) of Arizona argued for reviving Operation Wetback, the controversial 1950s-era deportation program. To deal with illegal immigration, Congress has so far approved a border fence project.

The law-and-order tack is heightening tensions, experts say.

"Because of [stepped-up raids], you're going to see more pro-immigrant activity, and anti-immigrant folks are going to want even more enforcement," says Bill Hing, an immigration law professor at the University of California, Davis.

In Stillmore, the raids forced Americans to confront their own beliefs. Residents such as Larry Hadden saw friendly and "clean" people invigorating the town's economy. To see them chased "like rabbits" through the underbrush troubled him, as did watching as women and children were left behind without resources.

Others, including resident Carolyn Byrd, see the ICE roundup as justified. Her son, Bennett, was a manager of the Crider plant for years. He said that Hispanics worked harder than anyone else. But they also took jobs, including his.

Now the plant is paying a dollar more an hour than before the raid, to draw new workers from neighboring counties. "With the illegals gone, Americans have a chance to make more money," says Mr. Byrd.

Still, there's a feeling among some that, as the undocumented go, so does the town of Stillmore. "It was very good here, but now I am too sad I can't find a good job," says Samuel Villalobos, an undocumented worker who hid out with his family in his trailer during the raid. "The trailer parks are empty, people leave very, very worried, no income, no money. It's too hard over here. Stillmore is too quiet."

Immigration Resolution Passes Early Test (CHIT)

By Josh Noel

Chicago Tribune, October 3, 2006

Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants.

Modeled on legislation adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services.

The co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses.

During a brief hearing of the Law Enforcement and Corrections Committee, Maldonado cited two examples of such abuse. One was an allegation made last month that a Stroger Hospital police officer roughed up Agustin Sotomayor, 77, during an arrest and asked whether the man was in the United States legally.

The other, he said, came from the owner of Los Dos Compadres restaurant in unincorporated Franklin Park, who reported that a Cook County sheriff's police officer checked identification of would-be patrons late last month and turned away anyone without proof of being in the United States legally.

"We are sending a moral message through our government to the undocumented that we are in support of their struggle to achieve social justice," Maldonado said. "As we await comprehensive immigration reform, we stand with them."

Cook County sheriff's office spokesperson Sally Daly said the agency was unaware of the allegation against its officer until Monday. Neither Maldonado nor any citizen made a complaint, she said.

"Certainly it is concerning, but why Commissioner Maldonado would wait this long to mention it is unclear to us," Daly said. "If it's true, we take it seriously, and we will conduct an investigation."

Joining Maldonado in support of the resolution were Commissioners Joseph Mario Moreno (D-Chicago), a co-sponsor, and Mike Quigley (D-Chicago).

In a long preface to his dissent, Peraica criticized the resolution as a "feel-good piece of legislation" that violated the Constitution because county government cannot make immigration law.

"The proper channel for this is the United States Congress and the United States Senate," he said. "We would be setting a dangerous precedent if we embarked down that road."

Peraica had previously said that Sotomayor's arrest was a reflection of the poor training of county employees, but he said on Monday that the officer's behavior, if true, can't be legislated away.

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"What happened to Mr. Sotomayor is absolutely wrong and was done as the result of an ill-trained employee acting in an ignorant manner," he said. "No resolution can change that."

He called for more training for county law-enforcement officials to make clear the limits of their power regarding immigration.

Commissioner Jerry Butler (D-Chicago) joined the dissent, saying that anyone seeking services at a county health facility should be required to answer basic questions about where they live or have lived.

Maldonado said the issue will go before the full board sometime after Wednesday's scheduled meeting.

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Bridging A Racial Rift That Isn't Black And White (NYT)

By Rachel L. Swarns

The New York Times, October 3, 2006

WILLACOOCHEE, Ga. — The ministers close their eyes and raise their voices to the heavens and, for a moment, they are colorless. Two men who grew up desperately poor, who picked tobacco in the fields and hauled boxes at Wal-Mart and whose life journeys ultimately led them to the Lord and to each other.

"It's like praying with a brother," said the Rev. Harvey Williams Jr., 54, who is black.

"He looks out for me and I look out for him," said the Rev. Atanacio Gaona, 45, who is a Mexican immigrant. "In the eyes of the Lord, there are no colors."

In this immigrant boomtown in Atkinson County, about 45 miles north of the Florida border, the ministers have forged a rare friendship that transcends the deep divide between blacks and Hispanics here.

For centuries, the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns.

The two pastors find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together.

Blacks here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground.

The jobless rate for black men in Georgia is nearly triple that of Hispanic men, labor statistics show. More blacks than Hispanics fail to meet minimum standards in Atkinson County public schools. And many blacks express anguish at being supplanted by immigrants who know little of their history and sometimes treat them with disdain as they fill factory jobs, buy property, open small businesses and scale the economic ladder.

"If you have 10 factory openings, I would say Hispanics would get the majority of the jobs now," said Joyce Taylor, the Atkinson County clerk, who is black. "And if you look at the little grocery stores, there are more Hispanic businesses than black businesses."

"It's kind of scary," said Ms. Taylor, 44, whose daughter was laid off from a factory here. "My children, looking forward, it may be harder for them."

Some Hispanics say African-Americans treat them with hostility and disparage them with slurs, even though blacks know the sting of racism all too well. They say many blacks are jealous of their progress and resent the fact that whites, who dominate the business sector, look increasingly to Hispanics to fill work forces. Blacks say employers favor immigrants because they work for less money.

An Area of Intense Feelings

The killing of six Mexican farm workers in a robbery last year in Tifton, about 30 miles away — and the arrest of four black men in the case — has heightened the friction. Nothing so violent has occurred here, but some Hispanics say black criminals focus on immigrants in this town, too.

Speaking of blacks, Benito González, 51, a Mexican who has worked alongside them at a poultry plant, said: "They don't like to work, and they're always in jail. If there's hard work to be done, the blacks, they leave and they don't come back. That's why the bosses prefer Mexicans and why there are so many Mexicans working in the factories here."

Such images stoke the debate over how to overcome tensions, which flared nationally this year when some African-Americans expressed anger and unease as immigrant groups hailed efforts to legalize illegal immigrants as a new civil rights movement. Although the push in Congress to create a guest-worker program has stalled, concerns about competition between black and immigrant low-wage workers remain.

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Those feelings resonate with particular intensity in the South, home to the nation's largest share of African-Americans and its fastest-growing population of immigrants, according to an analysis of census data by William H. Frey, a demographer at the Brookings Institution.

The two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by.

Mr. Williams, a thoughtful man who studied psychology in community college, ruminates in a weekly newspaper column on topics like spirituality, ethnic relations and his recovery from cocaine addiction 20 years ago.

Mr. Gaona, whose boyish looks belie his intensity, left school after second grade to help his father work the fields in Mexico. He entered the United States illegally and started picking tobacco here when he was 24. Over the past decade, he has received his citizenship and built his church from the ground up.

The two men met working on a Wal-Mart warehouse floor in neighboring Coffee County around 1993 when Mr. Gaona was starting to deepen his faith and Mr. Williams, already a pastor, was looking for a ride to work.

Neither expected much from the acquaintanceship.

Mr. Gaona, who said his perceptions of black Americans were shaped in Mexico by news reports of crime and violence in poor urban areas, recalled, "I was thinking: 'He's black. Who knows what he wants from me?' I was just trying to keep my distance."

Mr. Williams said he never envisioned a friendship because he had never known blacks and Hispanics to be friends.

"I think I probably saw him as being a Hispanic,' he said, "and I was only going to get so close."

Over the next five years, in their hourlong weekday commuting trip in Mr. Gaona's 1988 Oldsmobile and later in Mr. Williams's 1982 Ford station wagon, they discovered common ground. Both are divorced fathers. Mr. Williams has two sons and two daughters. Mr. Gaona has five boys.

Both grew up poor, working in the fields. And both were trying to advance at Wal-Mart and searching for pathways to God. It was Mr. Williams who helped persuade Mr. Gaona to quit Wal-Mart to open the first Spanish-language church in this town.

Today, the men are remarried, full-time ministers who chat by telephone and disregard the diners at local restaurants who still gawk at the sight of a black man and a Hispanic man eating together.

But they also remain painfully aware of the fear and prejudice that remain in their communities.

Mr. Williams, who leads a working- and middle-class congregation of teachers, Civil Service workers and factory workers at the Union Holiness House of Deliverance, shakes his head as he describes the jokes about Mexicans with poor hygiene that circulate among some black people he knows.

"It was not so long ago that we were the object of jokes," Mr. Williams said. "I'm constantly having to remind people."

Mr. Gaona, whose flock at the Iglesia Alfa y Omega is dominated by factory and farm workers, says his members often describe American blacks as moyos, a derogatory Spanish term that sometimes refers to a black insect. He used the term, too, he admits, before he found God and his friend Mr. Williams.

"Every now and then, I remind them that we need to respect people, no matter how they look or their color," Mr. Gaona said. "But mostly, we don't know them, and they don't know us. There's no real communication going on."

Gaps and Similarities

The tension simmers just below the surface in the quiet communities of bungalows and trailers where the two churches are situated. Five years ago, these neighborhoods were overwhelmingly black. Today, Hispanics and blacks account for 21 percent and 19 percent of the county population of about 8,000, respectively.

Lyrical Spanish chatter competes with the sweet Georgia drawl as blacks and Hispanics share streets, assembly lines, classrooms — and hardships — that could prove to be the basis of community and political alliances. The two groups appear more likely to be poor than whites. About 36 percent of Hispanics and 31 percent of blacks live in poverty in Atkinson County, census data shows; 17 percent of whites are poor.

The two ethnic groups report experiencing some discrimination from non-Hispanic whites, who account for 60 percent of the population, and they view the blue-collar jobs in the factories that manufacture industrial fabrics and mobile homes as steppingstones to prosperity.

School administrators and sociologists suggest that the gap between blacks and Hispanics in employment and education may stem in part from immigrant parents who push their children harder to succeed in schools and the immigrant zeal to find work, regardless of how much it pays.

Many black adults, who typically have more formal education than new immigrants, seethe at the disparities. In a town where neighborliness is entrenched, blacks and Hispanics often treat one another warily.

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It is hard to envision such tension in the ministers' friendship, particularly as they laugh amid the wooden pews in Mr. Williams's church. But in many ways, they, too, keep their distance.

Despite more than 10 years' friendship, the two have never dined in each other's home. Their wives and children have never met, nor have their congregations.

Mr. Gaona does not know the black families who live near him. And he has never addressed Mr. Williams's congregation, even though his friend has invited him several times. The minister says he feels uncomfortable preaching in English.

Mr. Williams, who has spoken at his friend's church twice, says there is more to it. (Mr. Gaona's English, after all, is quite good.)

"There's still a barrier there," Mr. Williams said.

He said the worshippers in Mr. Gaona's church seemed reluctant to mingle with him after his guest sermons there several years ago.

"They are like standing on the side, you know, with their heads down as if waiting for me to leave," he recounted. "They're uncomfortable. And that's one reason for not visiting him any more than I do.

"It's one of my goals in life, to break down these nationality walls. But people are pretty divided. I just don't know if that's going to change."

Mr. Williams concedes that he, too, strives to do better. He does not know the name of the Hispanic family that lives near him. For a time, he refused to wave to Hispanic drivers on the road because they often hurt his feelings by ignoring him and the Southern tradition of greeting strangers. He has since decided to wave — no matter what.

His wife, who did not grow up around immigrants, still feels a bit uncomfortable socializing with Hispanics, despite his long friendship with the Hispanic pastor.

A Shoulder to Lean On

Mr. Gaona said he was recently taken aback when his 5-year-old came home from school and described his black classmates as moyos, the aspersion.

" 'Why you need to call them like that?' " Mr. Gaona said he asked his son. "I'm trying to share with him that's not right. But that's what he hears."

Still, on most days the two men put aside such awkwardness and focus on supporting each other.

When Mr. Gaona's computer became infected with a virus, he called Mr. Williams, who stopped by to help repair it. When state officials refused to renew his brother's driving license because his immigration papers were not in order, Mr. Gaona called Mr. Williams in frustration.

Mr. Williams relies on Mr. Gaona to interview Hispanic immigrants who ask to rent his church's social hall for parties. And it was his respect for the Hispanic pastor that helped persuade him to use his newspaper column to chastise Americans who disparaged the newcomers.

"I believe that rather than be angry or envy those who have came to America and found success, we ought to be learning from them," Mr. Williams wrote.

As the ministers meandered through their changing neighborhoods one afternoon, they considered taking their friendship to another level by preaching a joint service for their congregations. Though they knew it might never happen, they envisioned Spanish speakers and English speakers, newcomers and long timers' holding hands and praying beneath the oak trees.

On that sultry summer afternoon, it felt good to dream about the possibility. Somehow, it felt like it just might be the start of something.

"We'll get together one day soon and do one out in the open," Mr. Gaona said.

Mr. Williams replied: "That sounds good. That sounds good. We'll do that."

TAX:

Amherst Man Sentenced For Hiding Funds (BIZBUFF)

Business First of Buffalo, October 3, 2006

Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office.

Assistant U.S. Attorney Gretchen Wylegala said Fortune, 62, admitted he became aware in 2001 that the banks had a duty to report to the IRS cash transactions in amounts of $10,000 or more. During a six-month-period, he acted purposefully to avoid those reports, orchestrating his cash transactions to be under that limit, typically taking amounts of $9,000 or $9,500. During that 6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions, according to Wylegala.

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The conviction in June was the culmination of an investigation on the part of the FBI.

An Honest Democrat (WSJ)

The Wall Street Journal, October 3, 2006

Democrats are campaigning on "a new direction for America," but they've been deliberately abstemious with any details of what that means. New York Senator Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda "gives Republicans a target." So much for the courage of one's convictions.

Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first term tax cuts were worth preserving and he answered that he "cannot think of one." Then last week, Mr. Rangel was asked by Congress Daily whether he'd consider tax increases across the income spectrum. "No question about it," he said. "Everything has to be on the table."

"Everything" would mean repealing the 10% low-income tax bracket, the child tax credit and marriage penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be-chairman points for honesty.

Mr. Rangel has also been clear in saying he wants to "stop this war" in Iraq, and last week he was asked by The Hill newspaper how he might accomplish that. He responded: "You've got to be able to pay for the war, don't you?" That sounds like a vow to cut off funding for the war, a la 1975 in Vietnam, a point that California Democrat Lynn Woolsey reinforced by telling the same paper, "Personally, I wouldn't spend another dime [on the war]."

Republicans have jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned.

Counting Capital Gains (WSJ)

The Wall Street Journal, October 3, 2006

Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable.

One useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets.

This situation stretches back to 1913, when the Treasury Department decided to define the word "cost" in the tax code as meaning historical dollars, rather than current dollars. Capital gains taxes are due whenever an asset yields a nominal gain, even if the investment is a loser in real terms. So an investor who purchased a stock for $10 in 1956, and sold it for $20 today, would still pay a 15% capital gains tax on the transaction, even though adjusted for 50 years of inflation he'd be a net loser.

From 1979 to 1994, roughly 33% of the increase in shareholder wealth, or some $1.5 trillion, was due to inflation. This means Americans are paying far higher capital gains tax rates than advertised. A 1993 study by then Federal Reserve Board Governor Wayne Angell calculated that the average real tax rate on investments from 1972 to 1992 in Nasdaq stocks was 68%. It was 101% in the S&P 500, 123% in the NYSE, and 233% in the Dow Jones Industrials. On three of the four major indexes, the average taxes were higher than the actual return.

Granted, this problem is less severe now than during the hyper-inflation of the 1970s. The capital gains bite is also less severe because Congress has cut the rate to 15% from as high as 28% as recently as 1996. This capital gains differential from the top income-tax rate of 35% is intended in part to offset the fact that capital losses are deductible against overall income only up to $3,000 a year.

But inflation remains a hidden thief that transfers gains unfairly to the government from taxpayers. The Pence-Cantor bill would protect against this by allowing any taxpayer holding an asset for more than three years to have a gain or loss determined by a cost basis adjusted for inflation. The proposal would immediately raise the after-tax return on capital investment, thus providing an incentive for more of it.

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The Bush Administration should consider getting behind the bill, but it might also be able to achieve the same result without legislation -- that is, via executive order. The tax code says only that taxes must be paid on gains as measured by the increase from the "basis" a taxpayer has in the property. The code then defines that basis as "the cost of such property," but without declaring whether that cost is real (after inflation) or nominal. If Treasury had the authority to define "cost" in one manner in 1913, it surely has the authority to redefine "cost" today.

President George H. W. Bush flinched from making this change in 1992 on the advice of government lawyers who argued that the definition of "cost" had been around so long that only Congress could now change it. But that legal interpretation is open to argument, all the more so given that inflation is once again making a comeback, albeit far more modestly than in the 1970s. Nonetheless, an inflation rate of 3% over a decade devalues the dollar value of a financial asset by about 35%. Academics have also argued that a President could redefine cost to allow, for instance, the indexing of depreciation schedules -- another bow to fairness and a boost for investment.

The Bush tax cuts expire in 2010, so taxes are sure to be a major policy battleground leading up to the 2008 Presidential race. New Treasury Secretary Hank Paulson will also be looking for ways to make his mark in the final two years of this Presidency, and removing inflated capital gains from taxation is one way to do that and help the economy.

CONGRESS-ADMINISTRATION:

Book And E-mails Hit Republican Nerves (FT)

By Caroline Daniel And Guy Dinmore In Washington

Financial Times, October 3, 2006

US Republicans are facing challenges to their credibility this week on two of their strongest themes – family values and national security – with questions on whether the leadership had covered up a scandal involving a congressman sending ex-plicit e-mails to teenage boys, and whether the White House has covered up rising problems in Iraq.

The FBI said it would look into e-mails sent to under-age congressional pages by Mark Foley, a 52-year-old Republican congressman from Florida who resigned on Friday and on Monday said he would enter rehab to deal with his alcoholism.

The real political damage could arise from concern that the Republican leadership, including Dennis Hastert, the House speaker, had been slow to investigate the allegations fully and had failed to remove Mr Foley as chairman of the House caucus on missing and exploited children.

Mr Hastert said on Monday: “Congressman Foley duped a lot of people. I’ve known him for all the years he has worked in this House and he deceived me, too.”

In an effort to contain the fallout, and with Democratic critics asking, “Why did GOP leaders sit on Foley e-mails?” Mr Hastert called for an internal review and a Justice Department inquiry into who had seen the messages that Mr Foley had sent. An initial review by the leadership – which did not include the most explicit e-mails disclosed last week – had concluded that his messages were simply “over-friendly”.

“Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician,” said Charlie Cook, publisher of the Cook Political Report. “As articles turned toward cover-up/ inaction, it’s just one more nail in the coffin for this majority.”

Republicans had hoped to make national security the dominant election issue and had been poised to exploit last week’s victory on Capitol Hill – approval of new rules on interrogations and military tribunals – to paint Democrats as weak on national security.

That plan for this week has been thrown off course by the publication of Bob Woodward’s book State of Denial, which revealed an administration divided and disorganised over Iraq, and a new biography of Colin Powell, which says the former secretary of state warned the president of the growing insurgency.

One of the most damaging allegations from Mr Woodward is that Condoleezza Rice, the present secretary of state, brushed off warnings of a possible al-Qaeda attack on the US delivered by George Tenet, then chief of the CIA, and Cofer Black, head of counter-terrorism, at an emergency meeting on July 10 2001.

On her way to the Middle East, Ms Rice said that she could not specifically recall a meeting, and flatly denied being warned by Mr Tenet of an attack on the US. “What I am quite certain of, however, is that I would remember if I was told – as this account apparently says – that there was about to be an attack in the United States. The idea that I would somehow have ignored that I find incomprehensible.”

Ms Rice said that Philip Zelikow, her senior policy adviser on the region and the former executive director of the 9/11 commission, had stayed in Washington “to help reconstruct from the commission side what happened”.

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Mr Zelikow was quoted by the New York Times as saying no witness before the 9/11 commission had drawn attention to such a meeting as described by Mr Woodward.

Mr Cook said the events of the last few days marked an inflection point. “The spotlight is shifting away from terrorism, 9/11, national security and falling gasoline prices back on to Iraq, how we got there and mistakes made by the Bush administration on how we have waged the war.”

Party's Handling Of Foley Riles Up Voters Frustrated By Immigration, Spending (WSJ)

By Jackie Calmes

The Wall Street Journal, October 3, 2006

WASHINGTON -- As the scandal over former Rep. Mark Foley has expanded to entwine Republican leaders who knew of his emails to underage male House pages but took little action, the party has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Long before the disclosure of the unduly personal Foley emails and separate, sexually explicit instant messages last week, and the six-term Florida Republican's sudden resignation, his colleagues were fretful that many conservatives would stay home on Election Day, turned off by high federal spending, illegal immigration and inaction on a number of social issues. Moderate suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for medical research using embryonic stem cells, which President Bush vetoed in July.

Speaker of the House Dennis Hastert (R., Ill.) and John Shimkus (R., Ill.) say2 no Republican leaders were aware of inappropriate emails by Mark Foley until ABC News broke the story last Friday.

Greg Valliere, chief political strategist for Stanford Washington Research, says3 that the Foley sex scandal and its cover-up puts Republican chances in upcoming mid-term elections "in real jeopardy."

REPRESENTATIVE RACES

4 · Look at local issues5 facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Now the Foley fallout has united both Republican voter groups in anger, just five weeks before midterm elections that will determine whether the party holds its House and Senate majorities.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com. His headline reflected an ire that went beyond Mr. Foley to envelop other House Republicans who acknowledge they had heard complaints about Mr. Foley's questionable contacts with a former page. "Who Protected the Perverted Congressman?" it read.

"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Many of the Republicans' most vulnerable House districts are in a swath from the moderate Northeast westward through the Ohio River valley, and in suburban districts in Arizona, Florida, Washington state and elsewhere where Republicans already were on the defensive. Democratic pollster Peter Hart, noting that Republicans already have lost the support of most independent voters, says, "Voters in general want change, and this just puts another nail in the Republicans' coffin."

"At the end of the day," the Republican Mr. Fabrizio says, "we need moderate voters to save people like Chris Shays," a Connecticut Republican who is among the most endangered incumbents.

"The Republican Party holds itself out, rightly or wrongly, as the guardian of values, and for something like this to occur does not bode well for the party," said Tony Perkins, head of the conservative Family Research Council and a frequent ally of Republican leaders. As for Christian conservative voters, "there's clearly a lack of enthusiasm as compared to" the 2004 election.

Yesterday, House Speaker Dennis Hastert and Rep. John Shimkus, chairman of the House Page Board, again sought to contain the damage with a statement to reporters reiterating their disgust with Mr. Foley and their determination to help state and federal authorities pursue the matter. The two Illinois Republicans left without answering questions.

Later Mr. Hastert spoke to a smaller group of reporters, providing his most complete account to date. The speaker said a portion of a Foley email to a former page from Louisiana asking for a photo of the teenager was "a red flag." But he said his staff didn't need to "bump it up to me at that time."

Democrats charged that the failure of Republicans to take the initial 2005 complaint, from the parents of a then-16-year-old boy, to the bipartisan six-member board that oversees the page program was evidence of Republicans' desire to shield Mr. Foley

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-- and the party's House majority. The board's top Democrat, Michigan Rep. Dale Kildee, has said that Mr. Shimkus, the board's Republican chairman, never told him of the issue.

Yet Rep. Tom Reynolds of New York, who heads the House Republicans' campaign committee, was informed of the questionable Foley emails. Mr. Reynolds says he raised the Foley matter with Mr. Hastert last spring, though the Speaker reiterated yesterday that he doesn't recall such a conversation.

The matter further imperils Mr. Reynolds. Though the House and Senate campaign chiefs of both parties typically get those jobs because they are safe at home, Mr. Reynolds already had reason to worry about his hold on his moderate-to-conservative upstate New York district. Wealthy local businessman Jack Davis, his Democratic foe, has vowed to spend $2 million. Tomorrow, first lady Laura Bush will campaign for Mr. Reynolds in his suburban Buffalo district, and then separately participate in a local radio program about youth issues.

House Majority Leader John Boehner, an Ohio Republican, conceded in a television interview late yesterday that he expected Republicans to lose Mr. Foley's seat, a seat that he had been expected to win. His comment came as Florida Republicans tapped state Rep. Joe Negron to run instead, though Mr. Foley's name must remain on the ballot. Democrats have their sights on four other Florida districts as well.

The fallout also could give impetus to Democratic candidates who previously were making an issue of online sexual predators. Among them are Ed Perlmutter, a former state senator favored to seize an open Republican-held seat in Colorado, and Phil Kellam, who is threatening freshman Republican Rep. Thelma Drake in Virginia.

Action against sexual predators on the Internet has been a popular theme for politicians of both parties. Its resonance with the public, especially parents, is reflected in the popularity since 2004 of the Dateline NBC series "To Catch a Predator," which films sting operations against suspected sexual abusers of children. Last August at the Democratic National Committee's summer meeting, Karin Johanson, the executive director of the House Democrats' campaign committee, predicted to members that Republicans would run attack ads in the fall depicting Democrats as soft on sexual predators. In anticipation, Democrats developed an Internet-safety proposal.

With Democrats now the ones on the offensive, they called on Republicans to return funds from Mr. Foley, who had been a prodigious party fund-raiser and donor. In North Carolina, the Democratic Party released a statement asking of the incumbent Republican, "Who does Robin Hayes stand up for? Mark Foley and the Republican House leadership or underage children?"

In Virginia, Dick Wadhams, the campaign manager for embattled Republican Sen. George Allen, said the campaign would donate its $5,000 from Mr. Foley to the charity Enough is Enough, a nonprofit group based in Great Falls, Va., that works against Internet-based pornography.

Leaders Face Foley Fallout (RC)

By Susan Davis

Roll Call, October 3, 2006

Facing a firestorm of criticism in the unfolding House page scandal surrounding former Rep. Mark Foley (R-Fla.), House Republican leaders held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril.

Sources familiar with the call described Members as "angry" and "furious," and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program.

"It's big, it's devastating, it's goes back to the idea that Washington, [D.C.,] is an immoral city," said one source familiar with the call.

Rep. Ray LaHood (R-Ill.), the sources said, went so far as to call for scrapping the House page program, which has been in place for more than 150 years. Rep. Phil Gingrey (R-Ga.) also called for the House to hold hearings on the matter, but that suggestion was not widely supported.

Unconfirmed rumors continue to swirl around Foley, who has checked into a rehabilitation facility for alcohol abuse.

House Majority Leader John Boehner (R-Ohio), mindful of press leaks, warned Members on the call not to discuss unconfirmed allegations on the conference call, but rather to contact leadership offices directly with those concerns.

The conference call came as Speaker Dennis Hastert (R-Ill.) and his aides wrestled with pressure that is perhaps unprecedented in his tenure, as divisions revealed themselves in leadership over the weekend.

National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) stated publicly that he discussed the series of non-sexual e-mail exchanges in 2005 between Foley and a 16-year-old male former page from Louisiana with the Speaker earlier this year.

Hastert does not deny the conversation took place but maintains he does not recall it, and the different accounts from the two leaders was widely noted.

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"The atmosphere was foul over the weekend," said a GOP strategist close to the leadership. "People were pissed. I think the Speaker heard that and came back pretty quickly to the Capitol. The problem is that the rumor was the leadership was at each other's throats. ... The biggest problem was that they didn't all get their stories straight. Now they're all getting their stories straight, which is important."

Reynolds was not on the conference call Monday with the rest of the leadership team, though he was scheduled to have a press conference Monday night in Buffalo, N.Y., to reiterate the statement he made over the weekend about his knowledge of the Foley affair.

Leaders are furiously working to separate themselves from a series of sexually explicit online communications between Foley and an unknown number of former House pages, which were first publicly revealed last week.

Sources on Monday's conference call said Members supported the leaders' position that there was no prior knowledge of any inappropriate contact between Foley and minors.

Senior members of Hastert's staff, Rep. John Shimkus (R-Ill.), a co-chair of the House Page Board, and then-Clerk of the House Jeff Trandahl led a quiet inquiry into a 2005 e-mail exchange between Foley and the Louisiana page that was dubbed only as "over-friendly" but did result in Foley being advised to end communication with the boy at the request of his parents.

Hastert sought to separate himself from Foley, telling reporters Monday that he recalls little communication between himself and Foley, who was first elected in 1994.

"I've never had a [personal] conversation with him," Hastert said, "Other than his vote on a tariff matter at one time or another, I think."

Hastert returned to Capitol Hill on Monday to reiterate his commitment to a thorough investigation into Foley's activities and a review of the House page program.

The normally media-averse Speaker spent much of Monday interacting with the press to continue pushing his position that no member of Republican leadership was aware of sexually explicit online communications Foley had with an unknown number of former House pages.

"The instant messages, reportedly between Congressman Foley and a former page sent in 2003, are vile and repulsive to me, and to my colleagues," Hastert said, "No one in the Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public."

Hastert also has committed the House to full cooperation with any and all investigations.

The events of the past week have capped what has been a rocky 109th Congress for Hastert.

While he appears to maintain broad support in the Conference, he and his senior aides increasingly have become the target of behind-the-scenes criticism from rank-and-file Members and aides.

At the kickoff of the 109th Congress, Hastert's staff counsel Ted Van Der Meid was the chief architect of a series of partisan rules changes imposed on the House ethics committee following the admonishments of then-Majority Leader Tom DeLay (R-Texas).

The new rules deadlocked the panel for several months prompting fierce partisan gridlock on the panel until Hastert relented and the House reverted to the old rules.

Hastert was also criticized by DeLay's detractors for not having the foresight to urge DeLay to remove himself from leadership as his ethical troubles worsened and overwhelmed the House majority late last year.

When DeLay stepped down as Majority Leader on Sept. 28, 2005, Hastert was also caught off-guard when his intention to install House Rules Chairman David Dreier (R-Calif.) as temporary Majority Leader was thwarted by the Conference and resulted in a clumsy scenario under which Majority Whip Roy Blunt (R-Mo.) was given the title and Dreier was given a greater role in leadership decisions.

Hastert also was forceful in January 2006 in committing the House to passing a comprehensive lobbying and ethics reform bill in the wake of DeLay's retirement announcement and the expanding scandal surrounding disgraced former lobbyist Jack Abramoff.

The bill never became law despite repeated commitments from leaders, and the House succeeded only in passing smaller rules changes to ban former Members who are lobbyists from the House floor, and to require greater disclosure of earmarks in conference reports.

Hastert also came under fire in May when he and other Congressional leaders took on the Justice Department for what they then described as an unconstitutional raid of Rep. William Jefferson's (D-La.) Congressional office. Jefferson is the target of a federal criminal probe.

While there was bipartisan agreement that the raid raised constitutional issues regarding constitutional Speech or Debate Clause protections provided to Members of Congress, Hastert and his senior aides were criticized for their handling of the matter and for creating the appearance that they sought to protect a Member of Congress from an investigation.

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Congressional leaders filed a brief in support of Jefferson's request to have the materials returned to his office on the grounds they were obtained unconstitutionally — the appeal was struck down in court.

While Hastert has said publicly he will stand for re-election for Speaker next year, he has not similarly committed to serving for the full length of the Congress if elected.

In recent weeks, House Republicans have suggested that doubt has increased as to whether Hastert, who has diabetes and has been hospitalized several times for treatment of kidney stones and other health issues, will serve out the full Congress.

If Republicans lose the majority, Hastert is widely expected to leave the House, although he has never said so publicly.

The full repercussions of the Foley scandal have yet to play out, as well as the extent to which it could damage Hastert's standing in the House. While other Congressional leaders are elected only by their party colleagues, the Speaker must be elected by the full chamber.

If Republicans maintain the majority by similar or smaller margins, it would only take the opposition of a handful of Members against Hastert to potentially threaten his hold on the Speakership.

Leadership elections are scheduled for Nov. 15. The Speaker formally will be elected by the full House on the first day of the new session in January.

Statutory Implications Of E-Mails Are Murky (WP)

By Mary Beth Sheridan

The Washington Post, October 3, 2006

House Speaker J. Dennis Hastert has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution.

"As a general proposition, mere knowledge of the fact somebody has committed a crime . . . doesn't expose you to criminal liability," said David Schertler, a former assistant U.S. attorney for the District who is now in private practice.

Hastert's office has acknowledged that his aides learned last year about inappropriate e-mails sent by then-Rep. Mark Foley (R-Fla.) to a 16-year-old page. At the time, Foley was ordered to cut off contact with the boy.

Foley resigned Friday after the revelation of much more sexually explicit messages sent to other pages in 2003.

Stephen Saltzburg, a professor at George Washington University's law school, said it was not clear whether members of Congress or their staffs actually saw any of the e-mails before the current scandal, or had only heard about them.

"That can make a big difference," he said. "But even if they had seen them, they may not have been aware of any criminality associated with that. They may have thought it was improper."

In fact, it is still not certain whether Foley broke the law by sending the messages, Saltzburg noted.

Hastert (R-Ill.) said yesterday that no Republican House leaders had seen the "vile" messages sent in 2003 until Friday. Republican officials have said the 2005 e-mails were "over-friendly" but not sexually explicit.

Legal experts said federal law and some states have an offense called "misprision of a felony," aimed at people who know of a crime and do not report it.

But Schertler said that law is generally interpreted as involving someone who participates in a coverup or has a legal responsibility to report illegal conduct.

"Ethically and morally, it raises a lot of questions" if legislators learned of a possible offense and did not report it, Schertler said. But it probably would not rise to the level of a crime, he said.

E-mails Send House GOP Scrambling (HILL)

By Patrick O'connor

The Hill, October 3, 2006

House Speaker Dennis Hastert (R-Ill.) launched a media offensive yesterday amid mounting criticism of his handling of ex-Rep. Mark Foley's (R-Fla.) e-mail to a 16-year -old page.

The Speaker, who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. Hastert's staff acknowledged last weekend that they were told about e-mail between Foley and a former page from Louisiana in the fall of 2005.

Hastert has not disputed that the he was told about the e-mails by Rep. Tom Reynolds (R-N.Y.) earlier this year.

The Speaker's judgment in this case has left some within his own conference questioning his leadership capabilities. At press time, House leadership was holding a conference call with House Republican members.

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Hastert publicly maintained yesterday that his staff did everything it could have after Rep. Rodney Alexander (R-La.), whose office sponsored the page, first brought the e-mailto their attention because the page's parents did not want the incident publicized.

"In 2005, we did exactly what we thought the parents wanted us to do," Hastert told a small group of reporters about his staff's review of the e-mail from Foley to the page.

Hastert said he was not notified of that investigation until his chief of staff, Scott Palmer, and outside counsel, Randy Evans, conducted an internal investigation last weekend to solidify the timeline.

The initial investigation was conducted in coordination with Rep. John Shimkus (R-Ill.), who heads the six-member House Page Board, and former Clerk of the House Jeff Trandahl. The other members of the Page Board were not notified about the investigation.

During an earlier statement in the Capitol yesterday, Hastert tried to make a clear distinction between the language in Foley's email to the Louisiana page and the more salacious instant messages that were released later by news outlets.

"No one in Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public," Hastert said.

Despite that statement, the Speaker later said the e-mail in question did "raise red flags."

Hastert's outreach comes after a prominent member of his own leadership team disputed the his initial account about when he first heard about the e-mail in question.

Reynolds, who chairs the National Republican Congressional Committee (NRCC), released a statement on Saturday saying he first told Hastert about the initial set of e-mail last spring after the Speaker said last week that he first heard about the correspondence when news broke.

In addition to his press outreach, Hastert requested the Clerk of the House to establish a hotline for pages, former pages, their families and anyone else with pertinent information about improper contact between the pages and members or staff.

The FBI confirmed on Sunday that it is investigating Foley's activities.

The news comes just over a month before voters head to the polls to decide the fate of congressional Republicans in the next Congress. Hastert yesterday downplayed the political implications of this episode.

"This is a different issue [than] about whether we have the majority or not," Hastert said.

At press time, two conservative leaders called on Hastert and other GOP leaders to resign.

David Bossie, president of conservative advocacy group Citizens United, said, "This inaction demonstrates a lack of leadership on Speaker Hastert's part, and calls into question both his judgment and character."

Bossie told The Hill, "This is an issue of right and wrong. This is a question of honesty and integrity in government.

Michael Reagan, nationally syndicated radio show host and affiliated with Citizens United, also called for leadership resignations.

Numerous Democratic candidates have criticized Republican leaders for covering up Foley's behavior, and Minority Leader Nancy Pelosi (D-Calif.) called for leaders to be questioned by federal investigators about what they knew and when they knew it.

Many Republicans in the House are upset that they were not notified about the initial investigation and criticized their leaders' handling of the scandal.

A House conservative lawmaker said "he was very disgusted with the leadership," claiming the leaders "should have handed this over to the ethics committee immediately."

The member also questioned Hastert's memory lapse regarding his conversation with Reynolds last spring about Foley.

"I don't think I would have forgotten that conversation," the member said.

"The Speaker should have asked, 'What the hell is going on?'"

Instead of resolving this issue months ago, the matter is playing out weeks before the election, the member said.

Rep. Ray LaHood (R-Ill.), a close Hastert ally and chief of staff to former Minority Leader Bob Michel (R-Ill.), said he emailed Palmer on Sunday telling him to abolish the entire page program until these problems are sorted out.

"This whole thing is going to go a lot deeper than we all realize," LaHood said, falling short of calling for Hastert to dismiss any of his staff.

Foley's lawyer released a statement yesterday announcing that the congressman has checked himself into alcohol rehabilitation facility.

Meanwhile, the Florida Republican Party named former state Rep. Joe Negron as its candidate to replace Foley. Negron has 35 days to campaign before theelection, and his name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat.

House Majority Leader John Boehner (R-Ohio) said yesterday on Sean Hannity's radio show that he expects Democrats to win Foley's seat in November.

Leaders over the weekend questioned the exact timeline of events about when members of the leadership knew about the questions involving Foley.

Reynolds statement on Saturday directly contradicted Hastert's initial response to Foley's resignation. NRCC spokesman Carl Forti said the campaign chief released his statement Saturday afternoon "to clarify the timeline."

Foley's office first notified NRCC staff on Wednesday night that ABC had asked them about the initial e-mail, Forti said yesterday.

An ABC News reporter then surprised some Republicans outside a rally at the Capitol Hill Club for GOP-friendly lobbyists, but the questions were about disgraced former lobbyist Jack Abramoff.

Foley's office again contacted the NRCC on Friday morning when they became aware of other instant messages that were more sexually suggestive in nature, Forti said. Upon learning of that second batch of messages, "intermediaries" approached Foley on Reynolds' behalf and told the six-term congressman that he would have to resign, the NRCC spokesman said yesterday.

Hastert yesterday dismissed the suggestion that his staff should have raised the issue with him.

"It was resolved when this thing came out, so I didn't see any reason to bump it up to me," Hastert said yesterday about his staff's review of the e-mail from Foley to a page. "There was no there there."

Boehner and Rep. Marsha Blackburn (R-Tenn.) were scheduled to make media appearances last night to make the case that there is a clear distinction between the initial e-mail and the later instant messages.

Hastert Says He Didn't Know Of Explicit Contact (USAT)

By Kathy Kiely

USA Today, October 3, 2006

WASHINGTON — House Speaker Dennis Hastert defended himself and other Republican leaders Monday against charges they did not move aggressively to investigate Rep. Mark Foley's contacts with teenage boys.

Hastert reiterated that House leaders had no knowledge of sexually explicit instant messages the Florida Republican allegedly sent to several congressional pages until ABC News reported about them Friday.

Foley resigned after ABC questioned him about them.

Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit.

"Would have, could have, should have," Hastert said. "We did what we thought … was prudent at the time."

Hastert's comments came as law enforcement officials in Washington and Florida outlined plans to investigate whether Foley's communications violated state or federal law prohibiting sexual solicitation of minors.

In Florida, Republicans named state Rep. Joe Negron to run in Foley's place Nov. 7. Foley's name will stay on the ballot.

"I'm going to make sure everyone knows that Mark Foley has withdrawn. He's no longer an issue," Negron said.

House Majority Leader John Boehner, R-Ohio, said it would be hard to hold onto the seat.

"In order to vote for this candidate, you have to vote for Mark Foley," Boehner said on The Sean Hannity Show on ABC Radio. "How many people are going to hold their nose to do that?"

Democrats continued to criticize Republicans for not pushing harder when Rep. Rodney Alexander, R-La., told Hastert aides last fall about the e-mail to the 16-year-old. That message was investigated by Hastert's staff and Rep. John Shimkus, R-Ill., head of the three-member House page board.

Republicans "failed to protect the children under their trust," House Minority Leader Nancy Pelosi, D-Calif., said.

Hastert refused to comment directly on the charges.

"This is not an issue of whether we have the majority or not," he said. "This is about how we protect those kids."

John Walsh, host of the television show America's Most Wanted, said he could not believe the double life that Foley led. Walsh's show profiles cases of fugitives, many of whom are accused molesters. "I feel incredibly deceived," Walsh said. "I'm absolutely appalled."

Sen. George Allen, R-Va., and Rep. Clay Shaw, R-Fla., said they will donate campaign contributions from Foley to charities. Allen is giving $5,000 to Enough is Enough, a group that advocates protection of children from Internet pornography. Shaw is giving $2,000 to the Center for Missing and Exploited Children.

On Capitol Hill, Foley's office remained locked. Hastert, who protested the FBI's unannounced raid this year on the office of Rep. William Jefferson, D-La., said he wants federal agents to have free rein. "I expect everybody to cooperate with them," he said.

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David Roth, Foley's attorney, said his client entered an alcohol rehabilitation program. Even if he is charged and convicted, Foley will receive an annual congressional pension of about $32,000 once he reaches 62, according to Pete Sepp of the National Taxpayers Union, a watchdog group.

Resign, Mr. Speaker (WT)

The Washington Times, October 3, 2006

The facts of the disgrace of Mark Foley, who was a Republican member of the House from a Florida district until he resigned last week, constitute a disgrace for every Republican member of Congress. Red flags emerged in late 2005, perhaps even earlier, in suggestive and wholly inappropriate e-mail messages to underage congressional pages. His aberrant, predatory -- and possibly criminal -- behavior was an open secret among the pages who were his prey. The evidence was strong enough long enough ago that the speaker should have relieved Mr. Foley of his committee responsibilities contingent on a full investigation to learn what had taken place, whether any laws had been violated and what action, up to and including prosecution, were warranted by the facts. This never happened.

Rep. John Shimkus of Illinois, the Republican chairman of the House Page Board, said he learned about the Foley e-mail messages "in late 2005." Rep. John Boehner of Ohio, the leader of the Republican majority, said he was informed of the e-mail messages earlier this year. On Friday, Mr. Hastert dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat.

Now the scandal must unfold on the front pages of the newspapers and on the television screens, as transcripts of lewd messages emerge and doubts are rightly raised about the forthrightness of the Republican stewards of the 109th Congress. Some Democrats are attempting to make this "a Republican scandal," and they shouldn't; Democrats have contributed more than their share of characters in the tawdry history of congressional sexual scandals. Sexual predators come in all shapes, sizes and partisan hues, in institutions within and without government. When predators are found they must be dealt with, forcefully and swiftly. This time the offender is a Republican, and Republicans can't simply "get ahead" of the scandal by competing to make the most noise in calls for a full investigation. The time for that is long past.

House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once. Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations -- or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. He gave phony answers Friday to the old and ever-relevant questions of what did he know and when did he know it? Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance.

A special, one-day congressional session should elect a successor. We nominate Rep. Henry Hyde, also of Illinois, the chairman of the House International Relations Committee whose approaching retirement ensures that he has no dog in this fight. He has a long and principled career, and is respected on both sides of the aisle. Mr. Hyde would preside over the remaining three months of the 109th Congress in a manner best suited for a full and exhaustive investigation until a new speaker for the 110th Congress is elected in January, who can assume responsibility for the investigation.

After Foley, New Fears For The GOP (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 3, 2006

Republican strategists said yesterday that public revulsion over the sexually graphic online conversations between Rep. Mark Foley (R-Fla.) and former House pages could compound the party's problems enough to tip the House to the Democrats in November -- and could jeopardize the party's hold on the Senate as well.

As House GOP leaders defended their role in handling revelations that forced Foley on Friday to give up his House seat, party strategists said the scandal threatens to depress turnout among Christian conservatives and could hamper efforts to convince undecided and swing voters that Republicans deserve to remain in the majority.

There was intense anger among social conservative activists in Washington yesterday, and some called for House Speaker J. Dennis Hastert (R-Ill.) to resign.

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Republican operatives closely following the battle for the House and Senate said that they are virtually ready to concede nearly a third of the 15 seats the Democrats need to recapture control of the House, and that they will spend the next five weeks trying to shelter other vulnerable incumbents from the fallout of the Foley scandal in hopes of salvaging a slender majority.

Districts in which Republicans have effectively walked off the field include Foley's own in South Florida. House Majority Leader John A. Boehner (R-Ohio) said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, "to vote for this candidate, you have to vote for Mark Foley," Boehner said. "How many people are going to hold their nose to do that?"

Others warned that the impact could be much greater. Tony Perkins, president of the Family Research Council and an important social conservative leader, said "there's a real chance" that the episode could dethrone the Republican majority. "I think the next 48 hours are critical in how this is handled," he said, adding that "when a party holds itself out as the guardian of values, this is not helpful."

Foley's sudden resignation came at the end of a week that had delivered a series of blows to Republican hopes in November. A National Intelligence Estimate asserted that the war in Iraq is fueling new threats from Islamic jihadists faster than the United States and allies can contain them, then a new book by Bob Woodward of The Washington Post said the administration's private assessments of Iraq are far worse than officials are telling the public. Taken together, GOP strategists said, the events of the past 10 days reversed what some Republicans had seen as a modest rebound in September after the worst days of the summer.

By yesterday, a number of GOP strategists reported widespread gloom about the party's prospects, combined with intense anger at the House leadership.

Joe Gaylord, who was the top adviser to Newt Gingrich (Ga.) when Republicans seized control of the House in 1994, was pessimistic about the party's midterm prospects. He said the fallout from Foley's resignation comes "very close" to ensuring a Democratic victory in November.

"The part that causes the greatest fallout is the obvious kind of pall that an incident like this would put on our hardest-core voters, who are evangelical Christians," he said. "The thing I have said almost since this cycle began is the real worry you have is that [Republicans] just won't turn out. This is one more nail in that coffin."

Depressed turnout would not only hurt vulnerable House incumbents but also make it more difficult for Republicans to hold the most competitive Senate seats -- many of those races are now virtually even, according to recent polling.

Hastert faces a spreading revolt among some conservatives over the way he and other GOP leaders handled the matter when first alerted to the contact between Foley and one former House page. Hastert said again yesterday that no House Republican leader knew about the most graphic communications until they surfaced on Friday, but that did little to satisfy some conservative activists.

David Bossie, who runs a group called Citizens United, called yesterday for Hastert's resignation and said other conservative leaders are likely to follow suit. Bossie said the initial e-mails alone, which included Foley's request of a minor's picture, should have prompted an immediate inquiry. "That was a cry for an investigation," Bossie said. "Why couldn't the speaker of the House muster the will to stop this?"

Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul M. Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like [Foley] to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

Vin Weber, a GOP lobbyist close to the White House and to congressional leaders, said many Republicans outside of Washington are echoing Bossie.

"From what I hear, it is resonating badly and our candidates are on the defensive about this," Weber said. "The maddening thing about this is if they had done the right thing" by informing Democrats early on and investigating it fully, "there would be no political fallout," he said.

Top GOP strategists said party leaders will concentrate on trying to keep the focus of the unfolding story on Foley, rather than on how House leaders responded when informed about his contacts with former pages.

"I don't know of any race ever where the action of one member has impacted the race of another," said Carl Forti, spokesman for the National Republican Congressional Committee.

Republicans are bracing for ads that link previous scandals with the Foley case and ask, "Had enough?" Several strategists said this could be devastating in tight races. The most optimistic scenario offered by GOP strategists is that no new information surfaces and the controversy ends in the next five weeks.

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Republicans have designated state Rep. Joe Negron as the substitute candidate in Florida's 16th District, even as Boehner and others denigrate his prospects.

Republicans say they are in grave danger of losing the seat of former House majority leader Tom DeLay (Tex.), as well as those held by Rep. Robert W. Ney (Ohio) -- who agreed to plead guilty to corruption charges in the investigation into the activities of convicted former lobbyist Jack Abramoff -- and Rep. Don Sherwood (Pa.), who has been embroiled in a scandal over an affair.

In addition, Republicans have largely given up on holding the seat of retiring Rep. Jim Kolbe (Ariz.), and strategists are pessimistic about retaining open seats in Colorado and Iowa and the seat now held by Rep. John N. Hostettler (Ind.).

Some Republicans also said Rep. Thomas M. Reynolds (N.Y.), the NRCC's chairman and one of the GOP leaders who knew about a non-graphic communication between Foley and a former page, could face an even tougher challenge for his Buffalo area seat. Reynolds and Hastert sniped at each other over the weekend about who knew what and when.

Hastert Denies GOP Saw Foley's 'Vile' Messages (WT)

By Charles Hurt

The Washington Times, October 3, 2006

House Speaker J. Dennis Hastert said yesterday that Republican leaders had not previously seen the more lurid Internet "instant messages" sent by disgraced ex-Rep. Mark Foley as influential conservatives began calling for party leadership resignations over the handling of the matter.

"The instant messages reportedly between Congressman Foley and a former page, sent in 2003, were vile and repulsive," Mr. Hastert said yesterday. "No one in the Republican leadership ... saw those messages until last Friday when ABC News released them to the public."

Had Mr. Foley not resigned immediately, he added, "I would have demanded his expulsion."

Still, several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page," David Bossie, president of the conservative group Citizens United, said yesterday.

"This inaction demonstrates a lack of leadership on Speaker Hastert's part and calls into question both his judgment and character," Mr. Bossie said. "If Speaker Hastert was willing to sacrifice a child to protect Representative Foley's seat and his own leadership position, then he surely does not share our American and conservative values."

Richard A. Viguerie, a founder of the conservative movement, called for the "immediate resignation of any House GOP leaders who had knowledge of former Congressman Mark Foley's improper contact with underage pages -- but who took no action."

Mr. Hastert told reporters yesterday that he had been unaware of sexually explicit messages sent by Mr. Foley but had been told about previous, less sordid, messages in which the congressman asked a teen boy what he wanted for his birthday and whether he could provide a photograph of himself.

"There was nothing explicit in this e-mail that I understood," Mr. Hastert told reporters yesterday. "His parents were protective of this thing and what they wanted was Mr. Foley ... to stop contacting their son."

The explanation did not convince Mr. Viguerie.

"When you have a 50-year-old man -- who is a known homosexual -- who wants a picture of a 16-year-old boy, that should send out some alarm bells," he said. "This is almost like a Clinton-type response."

Mr. Foley has refused to answer questions about his sexuality.

Nor did it convince conservative activist Bay Buchanan.

"That e-mail they call an 'overly friendly' e-mail -- that had predator stamped all over it. There's just no one in this country that can suggest otherwise," said Mrs. Buchanan, the president of American Cause.

Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal, which broke last week just as lawmakers were heading home for November elections that could end their near-continuous 12-year grip on Congress.

"Most Republicans are sticking together," said Hastert spokesman Ron Bonjean. "Most Republicans understand that 30 days before Election Day, we need to stand together and find out what happened and continue fighting the war on terror and cutting taxes."

Conservative outrage echoed that of Democratic leaders.

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"Speaker Hastert again failed to answer the question that every mother and father in America is asking: How could Republican leaders choose partisan politics over protecting children?" Minority Leader Nancy Pelosi said after Mr. Hastert held a press conference yesterday with Rep. John Shimkus, Illinois Republican and leader of the Congressional Page Board.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," she said. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

In Florida, meanwhile, Republican leaders tapped state Rep. Joe Negron to run in Mr. Foley's place against Democrat Tim Mahoney, whose campaign had been viewed as a long shot before last week's developments. Though Mr. Foley's name remains on the November ballot, Mr. Negron will be awarded any votes cast for the six-term congressman, according to Florida election law, as well as any write-ins that are cast for him.

"Obviously I'd rather have my name on the ballot, but Mark Foley, that name is a place-holder -- that's it," Mr. Negron told reporters in Orlando yesterday. "He's withdrawn -- not in Congress, not a congressman anymore. This is going to be a race between Joe Negron and Tim Mahoney."

Former Florida Republican Party Chairman Tom Slade said chances are slim that Republicans can hold the seat.

"I think it's a death sentence ... mission impossible," he said. "The only way you win is [voters] have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

On Sunday night, two days after his resignation, Mr. Foley checked himself into a clinic for treatment of alcoholism, for at least 30 days. He also has issued a statement assuming responsibility for his actions.

Last night, his attorney David Roth told CNN that Mr. Foley is "absolutely, positively not a pedophile" and "has never ever had an inappropriate sexual contact with a minor in his life."

Republicans on Capitol Hill say they feel betrayed by their longtime colleague and offered no words of comfort for him.

"Congressman Foley duped a lot of people," Mr. Hastert said. "He lied to Mr. Shimkus, and he deceived his in-state paper when they each questioned him. He deceived the good men and women in organizations around the country with whom he worked to strengthen our child-predator law. I have known him for all the years he served in this House, and he deceived me, too."

Whatever the cause, Mr. Viguerie said, it's more evidence that Republicans have lost their way.

"This isn't an isolated situation," he said. "It is only the most recent example of Republican House leaders doing whatever it takes to hold onto power. If it means spending billions of taxpayers' dollars on questionable projects, they'll do it. If it means covering up the most despicable actions of a colleague, they'll do it. They've lost their moral rudder."

·This article is based in part on wire service reports.

Analysis: Foley Shadows GOP Election (SFC/AP)

San Francisco Chronicle, October 2, 2006

(10-02) 16:44 PDT WASHINGTON, (AP) --

In a twist on the old Watergate question, the Republican Party is struggling to answer: What did GOP leaders know of a congressman's salacious exchanges with underage male pages and when did they know it?

The truth could determine not only their own political futures but also whether the party can recover from the scandal surrounding former Republican Rep. Mark Foley — and manage to remain in power after Nov. 7.

"I don't think this is so much about Foley as it is about the handling of this," Rick Davis, a Republican strategist, said Monday as the drama rocked the House GOP five weeks before midterm elections, much to Democrats' delight.

"The question becomes who's getting thrown overboard besides Foley to get this to go away," said Tony Fabrizio, another GOP consultant.

The six-term Florida congressman resigned abruptly on Friday after the disclosure that he sent suggestive electronic messages to teenage boys working as House pages. The tawdry turn of events set off finger-pointing among House Republicans and overshadowed what the GOP had hoped would be a triumphant final work week highlighting the party's national security credentials before the campaign's homestretch.

Now, the Republican Party — already facing an unfriendly political environment and the fallout from a new book critical of President Bush's handling of the Iraq war — finds itself knocked even further off message and working to contain the political damage.

Punting on Monday, White House spokesman Tony Snow told reporters: "The House has to clean up the mess, to the extent there is a mess."

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., denounced sexually explicit instant messages Foley sent in 2003 to pages as "vile and repulsive" and denied that House leaders had access to them.

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However, Hastert's staff and Republicans in leadership, including Majority Leader John Boehner, R-Ohio, and Rep. Tom Reynolds, R-N.Y., the chairman of the House campaign effort, for months had been aware of a questionable 2005 e-mail exchange between Foley and a Louisiana teen. Reynolds said he also told Hastert, but the speaker said he doesn't recall the conversation.

GOP leaders are facing questions of a cover-up while Democrats across the country seize on the scandal, demanding an independent investigation and calling for some Republicans to resign their leadership posts.

Republican candidates, meanwhile, are distancing themselves from Foley and seeking inquiries. Some Republicans also are calling for accountability from GOP leaders who knew about some of Foley's behavior and failed to take action.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, a Republican in a competitive re-election fight in Connecticut.

Like other Democrats, his opponent Diane Farrell called the scandal indicative of House Republicans run amok, saying: "This leadership, which has been so terribly wrong on so many policies, now seems willing to cover up events to protect its members."

Privately, some Republicans concede that the party now is in even more danger of losing control of the House and a few fear the scandal could spill over to the Senate as well. Democrats need to win 15 GOP-held House seats and six in the Senate for control after a dozen years of Republican rule.

The fear is that voters already angry with Congress and inclined to favor Democrats will view the scandal as an indictment against the GOP in general and buy into the Democratic argument that change is needed.

In light of the scandal, at least one Republican-held House seat considered safe for Republicans now may be in jeopardy — Foley's seat in Florida. His name must remain on the ballot even though Republicans chose a replacement candidate, state Rep. Joe Negron.

Seeing an opportunity, Democrats rushed to the aid of challenger Tim Mahoney, and the candidate himself wasted no time, launching a fresh round of television ads featuring former Democratic Sen. Bob Graham calling Mahoney someone who "believes in faith, family and personal responsibility."

Carl Forti, a spokesman for the House Republican campaign effort, said that's the only seat that could be affected. "I don't know of any member of Congress who's ever lost because of something a member did or didn't do," he said.

"If Democrats want to play politics with this, they're going to be bitten too," Forti said.

Still, the fallout from Foley's behavior also could complicate Reynolds' re-election bid.

The New York Republican's race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district.

Other Republicans in close re-election fights also are feeling heat.

In Ohio, Rep. Deborah Pryce, a House leadership member, is facing questions about what she knew, and she joined other Republicans — including Reps. Nancy Johnson of Connecticut, Clay Shaw of Florida and Heather Wilson of New Mexico — in saying they plan to donate to charities or return the contributions they received from Foley. Sen. George Allen of Virginia says he'll do the same.

For Hastert, Boehner and others in leadership but not in close races, the ramifications could spread beyond November and into House leadership elections should Republicans hold the House — now a big "if" some Republicans say.

Three decades ago, Republican Richard M. Nixon was dogged by the question of what did the president know about the break-in of Democratic headquarters at the Watergate and when did he know it.

In November 1974, Democrats capitalized on the scandal, seizing scores of congressional seats as the Watergate class swept to office.

Ripple Effect May Shake Reynolds (HILL)

By Jonathan Allen And Aaron Blake

The Hill, October 3, 2006

The political fallout from former Rep. Mark Foley's (R-Fla.) inappropriate electronic communications with underage congressional pages could spread to Rep. Thomas Reynolds' (R-N.Y.) district, according to some political experts.

As Republican leaders scramble to limit the damage to their party, Democrats are drawing a bead on the National Republican Congressional Committee (NRCC) chairman, who has admitted to knowing for months about e-mail contact Foley had with a page.

Sean Kelly, a political science professor at Niagara University in Lewiston, N.Y., said there is reason for Republicans to be worried about Reynolds' seat.

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"The story seems to have some legs, and the current explanation doesn't seem to be cutting it to a lot of people — that he knew and that he passed on the information and the parents didn't want to pursue it," Kelly said. "My perception is that a lot of people are looking at that and saying, 'So what if the parents didn't want to pursue it? It should be pursued.'"

Last week a Survey USA poll found that Reynolds is only leading his opponent by two points. Reynolds and other Republican leaders insist they knew nothing about the most salacious Internet chats, the contents of which have been posted on ABC's website.

"His insistence that he told the Speaker about this some time ago highlights … his own political vulnerability," said Thomas E. Mann, a senior fellow at the Brookings Institution.

Reynolds won a fourth term in 2004 by his slimmest margin to date, 56 percent to 44 percent. Democrat Jack Davis is making a second bid for the seat and said he will pump $2 million of his own money into the campaign.

But Republicans say the Foley story has not made them more concerned about Reynolds's prospects for reelection.

"Not at all," NRCC spokesman Carl Forti said.

Two past NRCC chairmen, Rep. John Linder (R-Ga.) and former Rep. Bill Paxon (R-N.Y.), said Reynolds will be unaffected.

"I don't think last week will have any impact at all," Linder said.

Republican leaders have been working to distinguish between less-suggestive e-mails that they say they were aware of and extremely explicit Instant Messenger conversations that they say they knew nothing about until they were reported by ABC last week.

Paxon suggested that the distinction is important in explaining why Reynolds did not pressure Foley to resign months ago.

"If you're Tom Reynolds and if you thought for a nanosecond that there was a potential scandal there, you would have taken immediate action to get Foley out of the race," Paxon said.

But Democrats say Reynolds kept the e-mail quiet for political purposes.

"When Washington and Republicans in Congress needed a moral compass, Tom Reynolds, as a member of the leadership, swept the facts under the rug and put politics ahead of protecting children," said Jen Psaki, spokeswoman for the Democratic Congressional Campaign Committee (DCCC).

Jim Campbell, a political science professor at the University at Buffalo, said the Foley scandal does not help Reynolds but it probably will not cost him his seat.

"My sense is that this is probably going to be a two-day story. As long as Congressman Reynolds indicates he followed the reasonable procedure in sending along the information about this up through the channels, I wouldn't think it would hurt him much," Campbell said.

Campbell and Kelly said Davis has focused almost entirely on economic issues and they do not anticipate a message shift in the five weeks before the election.

"I'd be surprised if Davis changes tact," Campbell said.

Local Democrats are upset that Davis has been reluctant to attack Reynolds on issues other than the economy, Kelly said.

"I think there are a lot of people in Erie County who are probably pulling their hair out," he said.

But the Davis camp launched a salvo at Reynolds late Monday afternoon.

"Like all of us, Tom Reynolds has a moral obligation to protect our children. He did not care, period," said Davis campaign spokesman Curtis Ellis. "Reynolds should have been demanding accountability from Mark Foley. Instead, he was demanding a $100,000 campaign contribution and took it."

DCCC Chairman Rahm Emanuel (D-Ill.) has targeted Reynolds's seat throughout the 2005-2006 cycle.

Kerry: Foley Scandal Part Of GOP 'culture Of Corruption' (DMR)

By Lisa Ros

Des Moines Register, October 3, 2006

Massachusetts Sen. John Kerry denounced former Rep. Mark Foley during an appearance in Ames today, shaming him for his explicit communications with a teenage congressional page that emerged last week.

He said he and his wife, Teresa Heinz Kerry, "are just appalled and astonished and angered by the double standard of values."

"I'm really angry those in a position of responsibility care more about

power and politics than protection of children," he added.

ABC News has printed excerpts of an explicit instant message exchange between Foley and a male page, where the Florida Republican asks the teen about his masturbation habits and the size of his genitalia. Foley, a Florida Republican, resigned Friday.

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Kerry, the Democrats' 2004 presidential nominee and a potential candidate for the nomination in 2008, spoke today before participating in a kickoff event for Political Action Week at Iowa State University.

Kerry wouldn't predict whether the scandal regarding Foley would directly affect mid-term elections in November, but said it adds to the "Republican culture of corruption," linking it to what he said were failures responding to Katrina, the war in Iraq and the Sept. 11 terrorist attacks.

The Redder They Are, The Harder They Fall (WP)

By Paul Farhi

The Washington Post, October 3, 2006

Sex scandals involving politicians are as old as Thomas Jefferson, but the outcome seems to depend on which party you represent. In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives.

The latest example: Mark Foley, a Republican congressman from Florida, who abruptly became an ex-congressman from Florida last week amid revelations that he had sent sexually explicit e-mails to teenage boys who were serving as House pages.

Foley's creepy behavior might have done him in even if he'd been the most liberal of Democrats. But that's not assured. With a Republican at the center of the seamy scandal, however, it was almost a slam-dunk that Foley would have to quit.

That's how it usually turns out for members of the conservative, traditional-family-values party. Just ask Bob Livingston, Jack Ryan, Bob Packwood, Dan Crane or others in the GOP who've watched their careers go pffft! with salacious disclosures. Or ask Bill Clinton, Gerry Studds, Barney Frank and other Democrats who've withstood embarrassing revelations to govern another day. Consider, for example:

Â· Packwood, from Oregon, resigned his Senate seat in 1995 amid repeated allegations that he had sexually harassed women. A few years earlier, Rep. Jim Bates, a Democrat from the San Diego area, faced similar allegations by two female staffers. Bates refused to resign and won reelection (he eventually lost his seat to Randy "Duke" Cunningham, who ran into his own ethics problems last year, and resigned after being convicted of bribery).

Â· In 1998, Livingston won the Republican Party's blessing to succeed Newt Gingrich as speaker of the House. But Livingston, of Louisiana, never served a day in the job. He was sunk by revelations that he'd had an extramarital affair, a disclosure that carried the additional baggage of hypocrisy since, at the time, Livingston was leading the Republican impeachment of President Clinton for his affair with Monica Lewinsky. Clinton, of course, ultimately survived impeachment.

Â· Rep. Thomas Evans (R-Del.) was voted out of office in 1982 after he publicly regretted his "association" with a lobbyist named Paula Parkinson, who later posed for Playboy; Evans and two other Republican House members (including one named Dan Quayle) had shared a Florida cottage with Parkinson on a junket. Contrast this to the reaction to allegations of an affair between Sen. Chuck Robb (D-Va.) and Tai Collins, a former Miss Virginia. Robb claimed that Collins had only given him a back rub in a hotel room. Robb won reelection three years later.

Â· The clearest illustration may be in the divergent outcomes of the cases against Crane (R) and Studds (D) in 1983. Both men were censured by the House for having sex with underage congressional pages -- Crane with a 17-year-old girl in 1980, Studds with a 17-year-old boy in 1973. Crane, of Illinois, apologized for his actions, while Studds, who declared he was gay, refused. Crane lost his reelection bid the next year; Studds, of Massachusetts, kept winning his seat until he retired in 1996.

A double standard? And if so, by whom?

"The reality is that Democrats seem to get away with more," says Chuck Todd, editor in chief of the Hotline, a daily political journal. "They can have an affair and bail [themselves] out. There's a lower threshold for Republicans. I guess it's more of a hypocrisy thing," he adds, because such scandals put Republicans at odds with the party's socially conservative image.

Todd thinks he knows who's to blame for this: "It's the media, to be honest. What is the standard 'gotcha' story in the media? It's hypocrisy. If we can prove hypocrisy, we have a story. . . . So in a sex scandal, the bar for Republicans is lower."

He cites the case of Jack Ryan, the Illinois Republican whose bid for the Senate was derailed in 2004 when his wife, actress Jeri Ryan, alleged in divorce papers that he had taken her to sex clubs and had asked her to engage in sexual activity in front of other patrons. "What's amazing is that his candidacy hit the wall not because he had sex, but because he was thinking about having sex," says Todd.

But it's tough to blame the media when it's the electorate that determines who stays and who goes.

In Studds's case, he happened to represent a liberal (and apparently quite forgiving) district, while Crane came from a conservative rural district. Ditto with Barney Frank, who was reelected in his liberal Massachusetts district after it was revealed that he hired a male prostitute in 1985 to work in his District apartment, and the young man used the apartment to run a prostitution service. Clinton, meanwhile, was elected president twice, which may have had something to do with his ability to survive the storm over alleged extramarital affairs.

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"A scandal's a scandal and the media will jump on it, no matter what party," notes Michael Farquhar, author of "A Treasury of Great American Scandals." On the other hand, notes Farquhar, a reporter who is on leave from The Post, "there's probably that extra twinge of delight [in the media] when, say, a gay-bashing Republican gets caught soliciting sex in a men's room, or a pious espouser of family values sleeps with his secretary."

There are exceptions, of course. A few Democrats have lost their jobs as a result of scandals. Wayne Hays, a Democrat from Ohio, resigned his House seat in 1976 after the disclosure of his affair with Elizabeth Ray, the curvaceous blonde who "worked" in Hays's office despite no evident secretarial skills. Gary Hart, who famously dared reporters to follow him around to prove he was squeaky clean, blew up as a Democratic presidential candidate in 1984 after reporters found him leaving a Capitol Hill townhouse after spending the night with a woman not his wife. And Gary Condit, a conservative Democrat from Modesto, Calif., lost his seat in 2002 following saturation coverage of his relationship with murdered intern Chandra Levy.

It's also true that Wilbur Mills, the powerful Democratic chairman of the House Ways and Means Committee in the 1970s, lost his chairmanship after cavorting in the Tidal Basin with Fanne Foxe, "the Argentine Firecracker."

What's forgotten, however, is that Mills won reelection after his Tidal Basin romp; he was stripped of his chairmanship only after he appeared on a stage in Boston with Foxe, apparently drunk. House Democrats demanded his resignation, and got it.

Paging Mr. Hastert (WSJ)

The Wall Street Journal, October 3, 2006

Florida Republican Mark Foley's sexually explicit emails to a Congressional page certainly warranted his resignation from the House, and they may well merit prosecution. But this being five weeks from an election, the GOP House leadership is also being assailed for not having come down more strongly on a gay Congressman for showing a more than friendly interest in underage boys. That's a different issue altogether.

At least this seems to be the essence of the Democratic and media charge against Speaker Dennis Hastert, who admits his office was told months ago about a friendly, non-explicit 2005 email exchange between Mr. Foley and another page. In that exchange, Mr. Foley had asked the teenager "how old are you now" and requested "an email pic."

In our admittedly traditional view, this was odd and suspect behavior, especially because Mr. Foley was well known as a homosexual even if he declined to publicly acknowledge it. And Mr. Hastert was informed that fellow Illinois Republican John Shimkus -- who oversees the page program as part of a six-member board -- spoke privately with Mr. Foley, who explained that the email was innocent.

What next was Mr. Hastert supposed to do with an elected Congressman? Assume that Mr. Foley was a potential sexual predator and bar him from having any private communication with pages? Refer him to the Ethics Committee? In retrospect, barring contact with pages would have been wise.

But in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters? Where's Minority Leader Nancy Pelosi on that one?

Mr. Foley's explicit emails -- which were sent to a former page who had returned home -- clearly crossed the line into "vile and repulsive," as Mr. Hastert put it yesterday. And the Floridian has now resigned in disgrace and is being criminally investigated. This is harsher treatment than was meted out in the past to some Members of Congress who crossed another line and actually had sexual relations with underage pages. Democrat Gerry Studds of Massachusetts was censured in 1983 for seducing a male teenage page, but remained in the House for another 13 years and retired, according to the Boston Globe, with a rich pension.

Mr. Foley lied to many people over the years, most notably to himself. It's one of those human mysteries that someone so prominent, and so active as a spokesman against sexual predators, would send emails that he knew would destroy his career if they became public. That kind of psychoanalysis is above our pay grade.

Yes, Mr. Hastert and his staff should have done more to quarantine Mr. Foley from male pages after the first email came to light. But if that's the standard, we should all admit we are returning to a rule of conduct that our cultural elite long ago abandoned as intolerant.

The Foley Matter (NYT)

The New York Times, October 3, 2006

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History suggests that once a political party achieves sweeping power, it will only be a matter of time before the power becomes the entire point. Policy, ideology, ethics all gradually fall away, replaced by a political machine that exists to win elections and dispense the goodies that come as a result. The only surprise in Washington now is that the Congressional Republicans managed to reach that point of decayed purpose so thoroughly, so fast.

That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong.

The news about Mr. Foley should have set off alarm bells instantly, even if the messages the leaders saw were of the "inappropriate" variety rather than the flat-out salacious versions that surfaced last week. But there was certainly no sense of urgency in their response, which seemed directed at sweeping the matter under the rug rather than finding out precisely what was going on.

The obvious first step — notifying the bipartisan committee that oversees the page program — was never taken, presumably because that would have meant bringing a Democrat into the discussions. After Mr. Foley assured everyone that he was simply engaged in mentoring, whatever leadership inquiry there was ended with telling him to stop e-mailing the youth who got the inappropriate letter.

It's astonishing behavior for a party that sold itself as the champion of conservative social values. But then so was the fact that a party that prides itself on fiscal conservatism managed to roll up record-breaking deficits, featuring large amounts of wasteful pork earmarked to the districts of powerful legislators or the profit sheets of generous campaign contributors. So was the speed with which the party that billed itself as the voice of grass-roots exurban and suburban America turned itself into the partner of every special-interest lobbyist with a checkbook.

The good news is that American democracy, so flawed in many ways, is often fairly efficient at punishing parties that become addicted to self-perpetuation. This November may not force Congress to come up with a plan for Iraq, or even immigration. But if it reminds elected officials that there's a punishment waiting for those who fall in love with their own sense of entitlement, it will have done its job.

Adult Supervision (RC)

Roll Call, October 3, 2006

The burgeoning scandal surrounding resigned Rep. Mark Foley's (R-Fla.) interaction with pages raises a raft of difficult issues. But for GOP leaders, the most troubling must be the question of why they reacted so feebly after first being informed of at least some of Foley's behavior more than 10 months ago.

With the midterm elections now roughly a month away, the public's perception of Congress is in the cellar. And while a variety of foreign and domestic issues have contributed to that unpopularity, the preponderance of scandals over the past two years — the Jack Abramoff affair, the bribery case against jailed ex-Rep. Duke Cunningham (R-Calif.), the fall of Rep. Bob Ney (R-Ohio) and the mounting evidence of impropriety by Rep. William Jefferson (D-La.) among them — has played a large role in fueling the public's disdain. In the opinion of many voters, Members of Congress write laws but view themselves as subject to none.

In each of those previously mentioned instances, offending actions by lawmakers and aides were brought to light by journalists, Justice Department investigations or both, not by the House's self-appointed watchdog — the Committee on Standards of Official Conduct, known as the ethics committee — or by lawmakers scrutinizing each other's behavior.

In the Foley case, Congress once again has shown itself completely incapable of policing its own Members. And in this instance, unlike in other recent scandals, the victims weren't bamboozled taxpayers or defrauded lobbying clients. They were teenagers whose parents entrusted them to the House page program.

Now the FBI is assessing whether Foley broke any laws, as well it should. But the FBI won't reach any conclusions about which Republican leaders, lawmakers and aides knew about Foley's behavior. The agency won't determine how or why the decision was made by the GOP leadership not to launch a wider investigation, refer the matter to the ethics committee or inform any of the chamber's Democrats of the situation. Nor is federal law enforcement empowered to determine whether any of those Members and aides brought discredit to the House as an institution.

That will be the job of the ethics committee, or at least it should be. But in this case, we do not believe the ethics panel can do the job on its own. The potential for conflicts of interest is simply too great, as all five Republican members of the ethics panel were appointed to it by Speaker Dennis Hastert (R-Ill.). And one of the staffers who likely is to come under particular scrutiny, Hastert counsel Ted Van Der Meid, is a former ethics committee counsel who serves as the Speaker's point man on ethics as well as on issues related to the House Clerk's office.

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The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible. It may be too late to fix the damage wrought by Foley, but it is not too late for Congress, for once in this sorry affair, to do the right thing.

Foley's Red Lights (LAT)

The Los Angeles Times, October 3, 2006

THE SCANDAL SURROUNDING disgraced Rep. Mark Foley (R-Fla.) is following the familiar Washington pattern, with one side (Democrats, in this case) alleging a coverup and the other (Republicans) railing about a setup. Even the affair itself has a familiar ring: It isn't the first sex scandal involving a congressman and teenage subordinates. What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace.

Foley resigned Friday after the ABC News website reported salacious instant messages that Foley had sent in 2003 to a male teenager who had been a House page. ABC's revelation, however, came about a year after members of the House leadership were made aware of the allegations about Foley, a deputy Republican whip and chairman — it would be impossible to make this stuff up — of the House Caucus on Missing and Exploited Children.

That's when the office of Rep. Rodney Alexander (D-La.) received copies of four e-mails that Foley had sent to a 16-year-old from Louisiana who had recently completed his term as a House page. The teenager had sent the e-mails to several congressional staffers, telling one that he was "freaked out" by them.

He was right to be. Anyone trained to recognize the techniques of sexual predators would be disturbed by them.

For starters, Foley used a personal e-mail account instead of the House-issued one, suggesting that he wanted an extra layer of concealment. Out of the blue, Foley asked for a picture and offered a birthday gift. He praised another page's physique and said he "acts much older than his age."

According to House Speaker J. Dennis Hastert (R-Ill.), Alexander's office consulted with Hastert's aides; the clerk of the House; Rep. John Shimkus (R-Ill.), the chairman of the committee that supervised the page program; and, some time later, Rep. Thomas M. Reynolds (R-N.Y.), chairman of the House GOP campaign committee. All of them violated one of the prime rules for protecting against sexual predators: When confronted with something unsettling, don't judge the matter yourself, consult an expert.

Nor did anyone ask other pages about their contacts with Foley. Only after ABC News publicized the e-mails did other former pages come out of the woodwork with more alarming information.

Foley's lawyer announced that the congressman had checked himself into a rehab program for alcoholics, as if drinking too much could somehow explain his attempt to seduce boys one-third his age. A different kind of rehab may be in order for the inattentive lawmakers and staff who oversee the pages.

To paraphrase a former Republican president, when it comes to allegations like these, don't trust — verify.

GOP Leaders Deserve Nothing Less Than To Lose Their Jobs (RC)

By Donna Brazile

Roll Call, October 3, 2006

When the Bush administration fabricated and exploited pre-war intelligence that led us to invade Iraq, there was no outrage. When administration officials deceived us about secret detention facilities operating in foreign countries, there was no outrage. We accepted it when they lied about outing a CIA operative to get back at her whistle-blowing husband, and we accepted it when they lied about receiving potentially illegal contributions and gifts from disgraced lobbyist Jack Abramoff.

And now, we have the Mark Foley scandal.

I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power.

The news that Foley, a former Republican House Member from Florida who preyed upon minors, was somehow allowed to remain in office and hold a key leadership position while the House Republican leadership knew about it is both reprehensible and appalling. Sir Edmund Burke once said, "The only thing necessary for the triumph of evil is for good men to do nothing." But what "good men" would turn a blind eye to child exploitation for fear of compromising their majority status?

Never could we have imagined that the culture of corruption would extend to child abuse. It is beyond disgraceful that Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Rep. John Shimkus (R-Ill.) or National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) would allow electoral concerns to take precedence over protecting the

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most vulnerable in our society. Good men (and women, too) never should play politics with the safety of our children. For this reason, I would hope the investigation of this matter leads not only to some institutional reforms, but also to the resignation of the leaders who sought to keep this matter under wraps and not expose a sexual predator in their midst.

Let's start with the facts. Soon after Rep. Rodney Alexander (R-La.), a father of three and grandfather of four, learned of the sexually explicit instant messages from Foley to an underage male, he chose to inform Reynolds, who heads House Republicans' campaign arm and is a father of four. Reynolds told Hastert, a father of two, about Foley's indecency months ago, and the Speaker referred the matter to Shimkus, a father of three. None of them reported it to the police. None of them opened an official investigation. None acted like the fathers they are. What if it had been their sons? What would they have done then?

Unflinchingly, my father once faced down a man wielding a knife when he thought I was in danger. I'm sure those Congressmen would have reacted similarly, without fear or hesitation, if it had been their sons, because that is what parents do. But the pages are their sons too, because they are the leaders of the institution to which these children are entrusted. And because we as civilized human beings should have — must have — a collective responsibility for our children.

If these elected leaders can't be entrusted with this most fundamental responsibility, with what can we entrust them?

Hastert should immediately step down as Speaker and take full responsibility for condoning, by his inaction, child exploitation.

With regard to Shimkus and others who are saying they didn't know about the extent of the vile and reprehensible electronic messages, the truth is that they didn't know because they chose not to ask.

We cannot expect our leaders to be perfect. They are human and they are flawed, but they don't need to be perfect to respond with the requisite moral outrage when a grown man in a position of power preys upon minors. And now, they should all ask themselves: What family value is more important than protecting our children?

We should never allow politics to trump principles, elections to trump ethics or the pursuit of power to trump common decency.

With the media on full alert to this growing scandal, the Republicans are doing what has come normal in their pursuit of power at any cost: They are trying to spin outrage from the public, the media and others as being orchestrated as a Democratic witch hunt.

Sorry, guys, this is the majority party's mess, and if Republicans didn't run Congress as if it belonged to only them and those who stand by them, they probably would have made the right decision about what to do with Foley months (if not years) ago.

If any of us is silent about this horror, we are just as culpable as the individuals responsible for this act and its subsequent cover-up. This is not about partisanship. This is about the total failure of the Republican House leadership to protect children from a predator because they were more interested in protecting themselves.

If you aren't outraged, you aren't paying attention.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

No Spinning Past This Scandal (WP)

By Eugene Robinson

The Washington Post, October 3, 2006

Even when damage control seems a lost cause, I suppose you have to follow the playbook. So Mark Foley resigns his House seat in a nanosecond, then explains those creepy electronic messages to young congressional pages by declaring himself an alcoholic, effectively blaming it all on demon rum. House Speaker Dennis Hastert promptly calls for a really thorough -- meaning really slow -- investigation. The rest of the Republican leadership declares itself shocked and/or saddened, but agrees that the time has come to move on, folks, nothing to see here.

These practiced responses have long served politicians, but you don't get the sense that anyone thinks they'll work this time. There's really no effective spin you can put on the Foley scandal, no way that even the Republican Party's image-making geniuses can make people feel good about a 52-year-old man discussing masturbatory techniques with a male teenager via instant message.

About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention. Then maybe it wouldn't sink in that House leaders were told in November 2005 -- that's almost a year ago, for anyone who's counting -- about an inappropriate e-mail that Foley had sent to a House page. The situation was handled with nothing more than a quiet warning.

The leadership didn't launch an investigation, which probably would have unearthed the much more explicit instant-message exchange between the Florida Republican and another young male page that surfaced last week. House leaders even

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let Foley continue to serve as co-chair of the Congressional Missing and Exploited Children's Caucus, an irony too sad and unforgivable to properly enjoy.

Hastert doesn't remember ever being told of any problem with Foley, but others remember telling him about the e-mail incident. That's one of the questions -- What did I know, and when did I know it? -- that Hastert wants investigators to get to the bottom of. Eventually. Certainly after the November elections.

Former speaker Newt Gingrich suggested over the weekend that House leaders may have worried last year that if they pursued the Foley matter, they'd be "accused of gay-bashing." Clearly, in terms of his spinning skills, Gingrich has lost a step. The issue was whether a congressman was having improper communications with a child, not whether the congressman was gay; it would have been just as troubling if the e-mail had been sent to a female page. And anyway, it's a little late for the Republicans to denounce gay-bashing after raising it to an art form.

I don't know whether the Republicans will lose control of the House this fall, but I know that they deserve to. That judgment has nothing to do with party politics; there have been times when the Democrats were in control and allowed Congress to sink to a similar level of corruption. But that's surely where we are now, and since the Republicans are the ones in charge, they're the ones who deserve the blame.

We've had the Jack Abramoff scandal. We've had the Randy "Duke" Cunningham scandal. Congress -- especially the House -- has made immigrants into scapegoats. House Republicans didn't even clear their throats in objection when the White House demanded, and eventually won, the right to decide what is and isn't torture. For years now the House has legislated primarily to shovel pork, pork and more pork to the folks back home.

And now, however it happened -- either because of a deliberate political decision or because the institution is so degraded that it couldn't stir itself to action, like an overstuffed aristocrat crippled by gout -- we learn that the House has countenanced a congressman's sick advances toward teenagers.

Congressional pages tend to be idealistic, patriotic young people who wholeheartedly believe in America. Many are contemplating a career in politics, and they are thrilled to have the chance to come to the U.S. Capitol and witness the workings of our great democracy.

Those who came in contact with Mark Foley certainly got a lesson, didn't they?

Famous quotations are the last refuge of newspaper columnists and other scoundrels, so I try to avoid them, but at the moment I can't help thinking of what Oliver Cromwell said to the so-called Rump Parliament in 1653. Voters would do well to send the same message to the House of Representatives next month:

"You have sat too long here for any good you have been doing. Depart, I say, and let us have done with you. In the name of God, go!"

DHS Loses Court Battle Over Collective Bargaining (FEDTIMES)

By Tim Kauffman

Federal Times, October 3, 2006

The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say.

Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies.

Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out.

"It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago," said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS.

Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said.

The department's lost court battle also may bode ill for the Pentagon, which is fending off its own court challenge by unions of its planned labor-management and employee appeals rules.

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Those Defense Department rule changes — which are similar to those struck down at Homeland Security — were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia. Defense has appealed that court ruling, and court arguments are scheduled for later this fall.

Joyce Frank, spokeswoman for the National Security Personnel System, said department officials remain hopeful for a favorable ruling. In the meantime, the department is continuing to roll out personnel changes that are not affected by the court ruling to nonbargaining unit employees.

In the case of Homeland Security, the government had until midnight Sept. 25 to appeal the June 27 decision by the U.S. Court of Appeals for the District of Columbia Circuit that invalidated the department's proposed changes to Title 5 rules. Those rules govern collective bargaining, labor management procedures, and employee appeals of disciplinary actions. On Sept. 26, Homeland Security announced that the Justice Department would not pursue an appeal before the Supreme Court, ending the court battle.

Now Homeland Security officials are weighing their options: Either propose a new set of labor-management rules that would survive a court challenge, or resort to existing rules, embodied in Title 5, that govern labor-management relations at most agencies.

Colleen Kelley, national president of the National Treasury Employees Union, which led the union coalition that won the court case, sent a letter to Homeland Security Secretary Michael Chertoff on Sept. 28 asking him to abide by existing contracts and work with the unions on any changes the department would like to make.

"I hope they will be more realistic about addressing valid issues that they need to address and rules they need to change, rather than this far-reaching approach," she said in an interview. "They were trying to make change just because they could, not because it was anything that would improve the department."

Administration officials could still push for substantial changes to existing labor-management rules, but there's a danger of drawing yet another lawsuit from the unions if it doesn't allow for collective bargaining. The judicial rulings held that the initial changes did not meet Congress' requirement that collective bargaining rights be preserved.

Another lawsuit would eat into the short time that's left to make changes; officials have until January 2009 to make any reforms under the 2002 law authorizing the changes.

"They're running out of time," said Mark Roth, general counsel for the American Federation of Government Employees, which was a member of the union coalition that brought the lawsuit. "Certainly anything other than going into this with an open mind and sincere good faith really makes no sense for them."

Roth said AFGE has a number of ideas for improving the existing collective bargaining process, such as imposing time limits on bargaining, allowing managers to make workplace changes in some instances before bargaining occurs, and allowing for more discussion of what's open to negotiation.

Still, he surmises that between 70 percent and 80 percent of the changes Homeland Security wanted to make under the initial reforms would be subject to collective bargaining under existing Title 5 rules.

"How you do pay pools, [compensation] surveys, how you move through a pay band and appealing decisions are going to be subject to negotiations ultimately," Roth said. "I don't believe the issue of whether we're going to have pay bands is bargainable. But so many of the details are bargainable."

For now, existing collective bargaining agreements remain in effect until the department proposes any new rules and discusses them with union leaders.

The department's willingness to sit down and negotiate with the unions remains uncertain. Managers have not been abiding by the terms of existing union contracts, NTEU's Kelley said. Violations range from making unilateral changes to work shifts and assignments without employee input to not including the union in award decisions, she said.

"We see an across-the-board intent to not abide by negotiated agreements and force the union into enforcement mode rather than a problem-solving mode," Kelley said.

As Term Begins, Justices Reject 1,900 Appeals (WP)

The Washington Post, October 3, 2006

As the Supreme Court began a new term yesterday in which it will rule on landmark social issues, it rejected about 1,900 appeals that piled up during the summer recess.

Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers.

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The nation's highest court reconvened, as required, on the first Monday in October. But because this year that day fell on Yom Kippur, the holiest day of the Jewish calendar, the session was brief -- about 10 minutes -- and the justices did not hear oral arguments. The court's two Jewish members, Justices Ruth Bader Ginsburg and Stephen G. Breyer, were absent.

During its new term, the Supreme Court has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues. It will be the second full term for Chief Justice John G. Roberts Jr., who succeeded the late William H. Rehnquist, and the first full term for Justice Samuel A. Alito Jr., who replaced the more moderate Sandra Day O'Connor. President Bush appointed the two conservative justices.

In the Texas case, an employee of an adult bookstore in El Paso was arrested in 2003 for selling a sex toy to undercover police officers. He was charged under the Texas law that bans the sale of an "obscene device" designed primarily "for the stimulation of human genital organs."

His attorney said the law was unconstitutional because it violated the right to sexual privacy without government interference. The court, which last year rejected a challenge to a similar Alabama law, denied the appeal without any comment.

The justices rejected an appeal brought by Jonas and Tiffany Eklund, who contended that the Byron Union School District, east of San Francisco, violated constitutional guarantees separating church and state when it required students in a world history class to read pages from the opening chapter of the Koran and study Islam's Five Pillars of Faith in a unit on Muslim culture.

"Parents entrust public schools with educating their children, not indoctrinating them in religion," the Eklunds' attorneys stated in a brief asking the Supreme Court to take the case. "The public school here had children become Muslims for three weeks."

The U.S. Court of Appeals for the 9th Circuit ruled that the activities were not overt religious exercises and therefore did not raise constitutional concerns.

The justices also declined to hear an appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for the Detroit News and Detroit Free Press to reinstate employees who were fired during an 18-month newspaper strike in the mid-1990s.

The workers lost their jobs after the newspapers said they blocked entrances at a distribution facility and the Detroit News building, in violation of court orders, during the strike. It ran from July 1995 to February 1997.

The NLRB determined that the employees had not engaged in misconduct but were rather exercising their right to strike. It ordered the employees reinstated with back pay.

High Court Rejects Appeal Of Trade-Case Decision (WSJ)

By Mark Anderson

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Supreme Court declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission.

The denial came as the high court cleared the decks for its new session with rejection of more than 1,900 appeals that piled up over the summer. The justices met in an abbreviated session yesterday because of the Yom Kippur holiday and will begin hearing oral arguments today.

The legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business.

Motion Systems cited a trade provision that was added to U.S. legislation in 2000 approving China's membership in the World Trade Organization, designed to police the effect of Chinese imports on U.S. businesses. A handful of companies have used the law to seek quotas against Chinese products, but met resistance from the Bush administration.

The ITC recommended the U.S. impose quotas on the Chinese imports for three years. The U.S. Trade Representative reviewed the ITC decision and submitted a recommendation to the White House. President Bush in January 2003 rejected restricted trade in the electric-scooter devices, saying "the import relief would have an adverse impact on the U.S. economy clearly greater than the benefits of such action."

The company appealed the decision to the Federal U.S. Circuit Court of Appeals in Washington, which handles patent and certain trade appeals. In February 2006, the Federal Circuit ruled Congress didn't give it authority to review the president's decision.

(Motion Systems v. Bush)

In other business cases, the justices declined to block legal efforts by California to seek as much as $5 billion in financial restitution from PG&E Corp. for consumers harmed by the state's 2000 energy crisis; declined to consider whether national bank laws prevent bank officers from using state age-discrimination laws to fight their termination; and declined to intervene in whether

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former shareholders in Peregrine Systems Inc. can use California insider-trading laws to sue former board members of the company, which went bankrupt in 2003 after an accounting scandal.

(PG&E Corp. v. California, U.S. National Bank Association v. Kroske and Moores v. Friese)

When Ideologies Clash, Justice May Tip Supreme Court's Balance (WSJ)

By Jess Bravin

The Wall Street Journal, October 3, 2006

WASHINGTON -- Ever since Justice Sandra Day O'Connor retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases.

Seeing Justice Kennedy as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right.

The trick for advocates is finding how to do that.

"It is hard to think of a surefire way to reach Kennedy, because his jurisprudence does not have a coherent and consistent methodology, like Scalia's originalism or Breyer's pragmatic consequentialism," says Northwestern University law professor John McGinnis. Justice Antonin Scalia says his legal thinking is yoked to the original meaning of legal text; Justice Stephen Breyer asks how a particular outcome will affect what he regards as the broader constitutional or statutory goal.

Prof. McGinnis suggests that "the best way to appeal to Kennedy is to quote his own opinions back to him." That isn't just an appeal to the justice's "vanity, but also to their sense of continuity," he says. "The second-best is to show through amicus [friend-of-the-court] briefs or otherwise that the great and good favor the position, because Kennedy seems influenced by the establishment's views."

Mark Levy, director of appellate advocacy for Kilpatrick Stockton LLP in Washington, agrees. Justice Kennedy "is a person of broad sweep. He has an interest in the court as an institution, he has an interest in history, he's a justice who looks to foreign law when it's helpful to him," Mr. Levy says. "You'd bring in history not so much the way you would with Justice Scalia and saying, 'It's settled,' but rather, 'This is how it's developed and this is how the court will be viewed 10 or 50 or 100 years from now.' "

Several cases on the court's docket may touch conflicting strains in Justice Kennedy's jurisprudence, lawyers say. On Nov. 8, for instance, the justices are slated to hear arguments over the federal Partial-Birth Abortion Ban Act, which Congress passed in 2003 after a 5-4 Supreme Court struck down a similar state law in Nebraska. Lower federal courts have invalidated the 2003 law as contrary to the court's earlier opinion.

"Both sides have to be cognizant of the fact that [Justice Kennedy] wrote a strong dissent" from the 2000 decision invalidating the Nebraska law, says Duke University law professor Erwin Chemerinsky. "On the other hand, this is a federal statute to overturn a Supreme Court decision, and he has been very hostile to that" practice, Mr. Chemerinsky says. The government would be wise to raise the Kennedy dissent from the 2000 case, he suggests, while abortion-rights advocates should appeal to stare decisis, the principle of adhering to settled precedent, by citing Justice Kennedy's 1997 majority opinion striking down a federal law adopted to overturn one of the court's religion rulings.

In another test of Justice Kennedy's views, the court will decide whether public-school systems can consider a pupil's race in making school assignments, to promote classroom diversity.

In 2003, Justice Kennedy voted to strike down undergraduate- and law-school admissions systems at the University of Michigan for giving improper advantages to minority applicants. (Justice O'Connor cast the deciding vote then, joining different blocs to uphold the law school's system, but invalidating the undergraduate-admissions system.)

But in his dissent, Justice Kennedy wrote that under different circumstances, it could be acceptable to consider race to promote an ethnically diverse student body.

The Bush administration, opposing the diversity plans, cited Justice Kennedy by name 13 times in its friend-of-the-court briefs, zeroing in on his Michigan dissent. The briefs cite only one other sitting justice by name: Clarence Thomas, twice.

On the other side, Tom Goldstein, who represents the National Association of School Boards in defending the admissions systems, says he will aim to show they fit within the narrow opening Justice Kennedy left for racial classification.

Mr. Goldstein, who heads the Supreme Court practice at Akin Gump Straus Hauer & Feld LLP in Washington, points to a lower-court concurrence by conservative U.S. Circuit Judge Alex Kozinski that upheld one of the challenged plans.

"We have his protégé on the Ninth Circuit with a concurring opinion that was almost directed at Justice Kennedy," Mr. Goldstein says. Judge Kozinski wrote that the challenged program was unlike affirmative-action systems previously considered

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by the Supreme Court, and rather was "a plan that gives the American melting pot a healthy stir without benefiting or burdening any particular group."

Justice Kennedy, appointed in 1988, was President Reagan's third choice to succeed Justice Lewis Powell. The first, Judge Robert Bork, was rejected by the Democratic-controlled Senate as too ideologically extreme, while a second nominee, also a strict conservative, withdrew after damaging personal revelations. Justice Kennedy, then a federal appeals judge in California, was selected as a less-controversial conservative who could win confirmation in an election year.

Since then, Justice Kennedy has lived up to expectations, usually conservative on law-and-order cases but occasionally disappointing the right, particularly in social issues such as gay rights and abortion. More broadly, he has seen a bigger role for courts in applying the law than many conservatives would prefer and looked to international law and opinion in making ethical judgments.

"He's a judicial supremacist," says Prof. Michael Dorf of Columbia Law School, a former Kennedy clerk. According to a study of court decisions from 1994 to 2005 by University of Kentucky law professor Lori Ringhand, Justice Kennedy voted to invalidate more state and federal laws than any other justice.

In the most recent term, Justice Kennedy voted more often with the conservative bloc of Chief Justice John Roberts and Justices Scalia, Thomas and Samuel Alito than the liberal wing of Justices Breyer, John Paul Stevens, David Souter and Ruth Bader Ginsburg. But he also frustrated conservatives, for instance joining a majority that struck down President Bush's plan to create military tribunals for suspected terrorists without congressional approval.

Of course, focusing exclusively on trying to sway Justice Kennedy has its risks. "If you rely on international law and make a fairly blatant play to get Kennedy, you might have taken Justices Scalia or Thomas out of the loop," says Carter Phillips, a Sidley Austin partner with two cases on this year's high-court docket. "It's hard to write a brief to pick up a single vote, because at the end of the day, that might be all you get."

Justice For Immigrants (NYT)

The New York Times, October 3, 2006

The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words “illicit trafficking” the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences.

Federal immigration law, quite reasonably, imposes special conditions on legal immigrants who are convicted of “aggravated felonies.” The law says that “illicit trafficking” in drugs is an aggravated felony, and today’s cases pose the question of what that means. The plain meaning of “trafficking” in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony.

That is the situation of the defendants in today’s cases. Reymundo Toledo-Flores was convicted of possession of cocaine, and Jose Antonio Lopez was convicted of aiding and abetting possession of cocaine. The courts that heard their cases ruled that their convictions qualified as trafficking, and therefore as aggravated felonies. This legal exaggeration has serious consequences. Noncitizens convicted of aggravated felonies can more easily be deported and can be barred from becoming American citizens. They can also receive substantially longer prison sentences if they commit future crimes.

The legal climate is not particularly hospitable to immigrants right now, and Mr. Toledo-Flores and Mr. Lopez have the additional disadvantage of coming to court having been convicted of crimes. But their crimes were minor ones that cannot properly be described as aggravated felonies. As the American Bar Association notes in a friend-of-the-court brief, treating the two men as if they had committed worse crimes than they did “leads not only to individual injustices” but also harms “the integrity and fair and regular operation of the criminal justice system.”

Senate Confirms Director Of National Parks (NYT/AP)

By The Associated Press

The New York Times, October 3, 2006

A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July.

Pentagon Gets New Office (HILL)

By Roxana Tiron

DOJ_NMG_0073700

The Hill, October 3, 2006

After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year.

But the nod for an assistant secretary for global security affairs comes with strings attached. And as the Pentagon planned to start implementing its preliminary phase of reorganization yesterday, it also had to start preparing a report to answer several congressional concerns by February 1.

Conferees on the 2007 defense authorization bill said they agree with adjusting roles and responsibilities within the office of the undersecretary of defense for policy, headed by Eric Edelman, but that they had serious concerns about the plan as it stands.

The details have been very closely held within the Pentagon, according to a House source familiar with the discussions during the bill's conference.

But defense authorizers are "trying to keep an open mind and giving them [the policy shop] a chance to explain," the source said.

The policy shop shake-up required legislation to add a 10th assistant secretary. The new secretary will have to be confirmed by the Senate, but that is not expected until January.

The reorganization is meant to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists.

But among other concerns, the current overhaul plan touches on one of Congress's soft spots: the U.S. military's counter-narcotics mission.

House Speaker Dennis Hastert (R-Ill.) has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission.

Staff from the House Government Reform panel, the International Relations panel, the Armed Services committee, and several Senate staff members have also grilled Pentagon officials about the plan.

The Pentagon wants the deputy assistant secretary of defense for counter-narcotics to report to the new assistant secretary of defense for global security affairs.

At present, counter-drug missions are overseen by the civilian Special Operations and Low Intensity Conflict Office (SO/LIC), which is also part of the policy shop.

Under the new arrangement, SO/LIC would lose counter-narcotics and be renamed as SO/LIC and Interdependent Capabilities.

This sparks congressional fear that the counter-narcotics office would lose direct access to money slated for counter-drug operations in a central transfer account.

This allows the office to move quickly and avoid a lengthy approval process if money is needed urgently. It also allows Congress to know exactly what the money is spent on.

Under the Pentagon's plan, the counter-narcotics office would also oversee counter-proliferation missions and other global threats, including avian flu.

Initially the Pentagon intended to move money from the central transfer account for counter-drug operations to a subordinate agency, raising fears that counter-narcotics would lose financial flexibility, with money trapped in bureaucracy.

But according to a Senate source, the Pentagon gave way to congressional pressure and agreed during conference talks to keep the money within the policy shop.

The expanded counter-narcotics office will have oversight of the money and call the shots on program execution, according to the House source.

Conferees expressed concern that the counter-drug office's enlarged portfolio and reorganization would dissipate its focus.

"The large number of significant issues that would reside in this organization could mean that insufficient personnel and resources are devoted to the critical and diverse issues assigned to this assistant secretary of defense," including critical missions of counter-proliferation and combating weapons of mass destruction, according to the conference report.

Lawmakers also warned that management of counter-narcotics policy must remain consistent with congressional intent and the effective use of the central transfer account. "Separating [counter-narcotics] oversight from the administration of the central transfer account would likely reduce the effectiveness and responsiveness" of the office, conferees wrote.

The Pentagon will probably face pressure from Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee and one of the brains behind the Nunn-Lugar program designed to eliminate the proliferation of nuclear, chemical and biological weapons.

In a letter to Edelman last month, Lugar called the merger of counter-narcotics and counter-proliferation missions "a mistake," adding, "these jobs are too big and too important for any one person."

It will be the deputy assistant secretary who will have to split the attention for the two large missions, he said.

The Pentagon planned to start its major reorganization yesterday, mostly reshuffling regional policy offices.

Abramoff Report Reveals Ties To GOP, Democratic Members (HILL)

By Elana Schor

The Hill, October 3, 2006

The House Government Reform Committee report released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach "Team Abramoff" maintained among lawmakers and aides from both parties.

Abramoff and lobbyists formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members.

The Government Reform panel conducted its inquiry as part of its executive-branch oversight duties, and the bulk of its 93-page report focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors.

But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino.

The lobbyists also played up their thwarting of neighboring tribes' efforts to open casinos that "not only threaten the Tribe's market share, but challenge the long-respected procedures for putting land into trust and establishing a casino operation on tribal lands."

Among the victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation. When Stabenow moved to pass her bill by unanimous consent, the summary states, "we were successful in obtaining an objection … and thereby were able to defeat the proposal for the year."

Reid has consistently opposed expansion of casinos off existing Indian reservations, and he registered his objection on Nov. 19, 2002, on those grounds. "The land claim is simply – and everyone knows this – an excuse to take land into trust for off-reservation gaming," Reid said then on the floor.

"[Reid's] opposition to the Bay Mills casino was based on this longstanding policy position [against off-reservation casinos], not on the views of lobbyists," spokesman Jim Manley said in an e-mail. "It is now well-known that Abramoff and his associates exaggerated their influence."

Stabenow spokeswoman Angela Benander said that any actions taken on behalf of the Bay Mills tribe or Chippewas were done to support the senator's constituents and with the support of other Michigan lawmakers.

The majority of the aides with whom Abramoff and his colleagues met were Republican, including several from the GOP's two campaign committees. Abramoff achieved "Pioneer" status in 2004 for raising at least $100,000 to aid President Bush's reelection.

The Democratic aides taking meetings with Abramoff's team, according to the work summary, represented Reid, Stabenow, Sen. Carl Levin (D-Mich.), retired Sen. Ben Nighthorse Campbell (D-Colo.), former Senate Minority Leader Tom Daschle (D-S.D.) and Rep. John Dingell (D-Mich.), among others.

The lobbyists also reported meeting with Debbie Dingell, wife of the House Energy and Commerce Committee ranking member and an influential lobbyist in her own right, as well as representatives for the centrist New Democratic Network and the Democratic Senatorial Campaign Committee.

Both Government Reform Chairman Tom Davis (R-Va.) and Waxman, in their public comments following the report's release, noted that they based their inquiry on potentially exaggerated information the Abramoff lobbyists provided to their employer.

"The documents we are releasing are authentic, but that does not mean that Mr. Abramoff or his associates are telling the truth," Waxman said Thursday, calling for further investigation into the executive-branch lobbying in the report.

Some on Capitol Hill have speculated that the Government Reform report, though overshadowed during the weekend by reports of the unfolding scandal surrounding former Rep. Mark Foley (R-Fla.), could add new potency to Democratic charges that the GOP has fallen victim to a "culture of corruption" that has its roots in the Bush White House.

But since Abramoff registered his guilty plea in January, incumbent Republican ties to his crimes have become a central campaign issue for only a handful of Democratic challengers, including Montana state Sen. Jon Tester (D), who opened a seven-

point lead over Sen. Conrad Burns (R-Mont.) in a poll released this week. Burns had come under fire for helping the Chippewas win some appropriations.

Abramoff's largesse to Democrats, underscored by the work summary, remains a potent counterargument for Republicans. When Rep. Sherrod Brown (D-Ohio), running a close race against incumbent Sen. Mike DeWine (R-Ohio), sought to link DeWine to Abramoff and other ethically challenged Republicans during their debate on "Meet the Press" on Sunday, host Tim Russert pointed out that about one-third of Abramoff clients' political donations went to Democrats.

"Maybe it did, but it didn't go to me," Brown replied, pivoting to criticism of DeWine's vote in favor of the Medicare prescription drug benefit.

Congress Sets Military Pay Raise, Punts On Civil Service (WP)

By Stephen Barr

The Washington Post, October 3, 2006

Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month.

The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April.

The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill.

Veterans and employee groups decried the pay decision as meager.

"We're extremely disappointed, to put it mildly, that Congress couldn't see its way clear to provide more than a 2.2 percent pay raise for the troops who are putting their lives on the line every day for the rest of America," said Steve Strobridge , director of government relations for the Military Officers Association of America.

"That's the smallest military raise in 13 years," he noted.

Colleen M. Kelley , president of the National Treasury Employees Union, called the 2.2 percent raise "a shameful decision during a time of war."

In his 2007 budget request, President Bush recommended a 2.2 percent raise for the military and the civil service.

The House, however, approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise.

Congress, in most recent years, has followed a "pay parity" approach to raises, ensuring equal average salary increases for the military and the civil service. Given that history, Congress may scale back the federal employee raise when it returns in mid-November to take up unfinished spending bills. Congress also may be reluctant to give government civilians a larger raise than the troops because of their sacrifices in Iraq and Afghanistan.

In a statement, Sen. John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, said that the defense authorization bill had won bipartisan support and predicted that it would improve the quality of life for members of the armed forces and their families.

The legislation provides for more than 20 types of bonuses and special payments aimed at encouraging enlistment and re-enlistment, the committee said.

It also expanded eligibility for Tricare, the military health insurance program, to allow members of the Selected Reserve -- those who train regularly -- to buy into the program when they are not on active duty. The legislation also prohibits any increase in Tricare enrollment premiums and in pharmacy co-payments in fiscal 2007.

As part of the legislation, Congress ordered the Pentagon to prepare a strategic plan to improve Defense's senior management and technical workforce, including scientists and engineers "in light of recent trends and projected changes in the mission."

Congressional aides are interested in learning how the department makes use of its senior-level civilians. Like other departments, Defense has a graying workforce, with substantial numbers of retirements expected in the next few years, and could have difficulty offsetting the loss of experienced hands, especially in science and engineering.

House-Senate negotiators dropped a provision that would have expanded protections to federal employees who blow the whistle on waste, fraud and abuse. The White House opposed the provision, which was in the Senate's version of the bill.Keeping Track of Homeland Security

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Congress has asked the Department of Homeland Security to submit a spending plan for the troubled overhaul of its personnel system. In an unusual move, Congress directed the department to include a list of its contract obligations for the new system.

House-Senate negotiators on the fiscal 2007 appropriations bill for Homeland Security provided $25 million for the new system, MaxHR. The president's budget had sought about $42 million, but congressional aides said delays caused by court litigation mean the department can get along with less funding for the short term.

The spending bill will add 1,500 new Border Patrol officers, bringing that workforce to 14,800.

Congress Leaves Big Question Mark On Pay Raises (WT)

By Mike Causey

The Washington Times, October 3, 2006

There is good news and bad news on the federal employee and military pay front.

The good news is that Congress finally has passed legislation that would guarantee a pay raise effective in January.

The not-so-good news: The raise, part of the defense authorization bill, is only for uniformed military personnel -- not federal workers -- and is only 2.2 percent.

Confused? Welcome to the club. Here is what's happening in the annual pay battle between Congress and the White House.

President Bush originally proposed a 2.2 percent raise, effective in January, for both federal and military personnel.

Congress followed the same script it has used for the past dozen years and said that's not enough. Instead, it included funds for a 2.7 percent raise, for both civilian and military personnel, in the Treasury appropriations bill. That's the typical vehicle Congress uses to boost raises and ensure that civilian and military groups get the same percentage raise.

The problem is that Congress has been slow to approve appropriations bills. The money package with the higher 2.7 percent raise was left unfinished as Congress recessed for the pre-election period.

When lawmakers return Nov. 13, it will be to a lame duck Congress. Some of the incumbents will have lost their elections on Nov. 7. Control of the House, Senate or both may have shifted from the Republicans to the Democrats. In any case, Congress may or may not get around to approving the appropriations bill that includes the 2.7 percent raise.

Insiders expect President Bush to go along with a higher figure if Congress approves it, but he may not.

Bottom line: Nobody, including members of the House and Senate, know what will happen on the federal/military pay raise.

When the final figure is announced, it will be up to the president to designate, or not, how much of that total increase will be used to fund locality pay raises. The White House typically earmarks about one percentage point of the raise for city-by-city adjustments. In the past, the Baltimore-Washington area has qualified for raises slightly higher than the amount approved for the general increase.

But so much is up in the air that it is hard to explain and digest the possibilities -- much less predict the final figure.

Don't let money slip away

If your agency offered you a tax-deferred 4 percent pay raise, would you take it? That's a no-brainer, correct?

The vast majority of feds hired since the mid-1980s have taken such an offer by signing up for the Thrift Savings Plan (TSP), the government's in-house 401(k) program for civilian and military personnel.

Workers under the newer Federal Employees Retirement System get an automatic 1 percent contribution to their TSP accounts. But in order to qualify for an additional 4 percent tax-deferred match from their agency, they must sign up for the TSP.

More than 265,000 feds qualify, but many thousands haven't signed up. In effect, they are leaving a tax-deferred pay raise on the table. The solution: If you are in the FERS system, sign up now.

Mike Causey, senior editor at Federal News Radio AM 1050, can be reached at 202/895-5132 or mcausey@federalnewsradio.com.

Top Civil Servants Honored (WP)

By Laura Blumenfeld

The Washington Post, October 3, 2006

The winners -- shimmering in silk and tuxedos -- thanked their mothers, blinked back tears and posed for the cameras, just as they do at the Oscars. But the awards were called the Sammies, or the Service to America Medals, and the stars of the program were civil servants who typically perform backstage.

"Your good work reflects the best of our country," President Bush said in a letter read aloud at the fifth annual gala, held Wednesday at the Andrew W. Mellon Auditorium.

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The Sammies were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for "leading the world's efforts to prepare for a catastrophic flu pandemic."

The event's emcee, Gwen Ifill, host of PBS's "Washington Week," joked in her opening: "Before I begin my remarks, are there any Transportation Department officials in the room? I just drove into D.C. from Northern Virginia, and there are some things I'd like to discuss during the first break."

At the end of the evening, after hearing tributes to the honorees, Ifill expressed admiration for the federal bureaucrats who filled the ballroom:

The next time our government does something that frustrates you . . .

Think about Nancy Cox and Nancy Powell protecting us from the threat of an avian flu pandemic.

Think about Tom Casadevall and Mark Ward helping thousands of people survive some of the worst natural disasters in history.

Think about Martin Harrell standing up to injustice and fighting threats to our environment.

Think about Norden Huang and Bill Phillips conducting cutting-edge research to improve the quality of our lives.

Think about Ron McNeal supporting the troops who support us all.

Think about Christina Sanford putting her safety at risk so that others may enjoy the taste of freedom and democracy.

And think about the nearly 2 million other Americans like them, who go to work every day to serve a cause larger than themselves.

Calif. Man Charged With Threatening Bush, Cheney (AP)

AP, October 2, 2006

(AP) SACRAMENTO An engineer at a nuclear power plant near Sacramento has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event.

Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks.

The charges relate to two letters prosecutors said Braun mailed on Thursday to the Serrano Country Club and Serrano Visitors Center in El Dorado Hills, a tony community in the foothills east of Sacramento. The letters contained threats to President Bush, Vice President Dick Cheney and U.S. Rep. John Doolittle, R-Rocklin, according to a statement from the FBI.

Bush is scheduled to appear at the country club Tuesday afternoon in a campaign event for Doolittle, who represents a heavily Republican district near Sacramento.

A federal affidavit filed with the case further alleges that Braun had sent 51 such letters, including the two most recent ones, since 2001. The letters threatened the lives of the president, Cheney, First Lady Laura Bush and Defense Secretary Donald Rumsfeld.

"Each of the letters contained a written threat, usually death by some kind of WMD agent (anthrax, toxic chemical poison, radioactive dust or improvised explosives) and some unknown, white, powdery substance, or items simulating a possible letter/package improvised explosive device," according to the affidavit by Special Agent Timothy Lester.

The white substance usually turned out to be baking soda, the affidavit said.

The two charges against Braun carry maximum penalties of five years in prison and $250,000 fines, but U.S. Magistrate Judge Kimberly Mueller told Braun he could face additional charges once prosecutors review the FBI's investigation.

Braun appeared disheveled in federal court, his hair in disarray as he sat in chains through a brief court appearance Monday afternoon. Monday's initial court appearance was postponed until Thursday, and Braun will be detained until then.

His attorney, Philip Cozens, said he had just taken the case and could not comment.

FBI spokeswoman Karen Ernst said the Braun case was "not believed to be related to the ongoing investigation where the real anthrax was sent."

The first letters from the Sacramento area were sent in November 2001, about the same time real anthrax was sent to East Coast government and media officials, killing five people.

Braun, who works at the now-closed Rancho Seco nuclear power plant south of Sacramento, was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office, the affidavit said.

Letters also were mailed to members of Congress, a U.S. senator, Sacramento-area radio stations and newspapers, local government officials and churches affiliated with the Church of Jesus Christ of Latter-day Saints, according to the affidavit.

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The letters to the White House were sent in May 2005 but were intercepted by the Secret Service before delivery.

"Anytime somebody's out there threatening offices and public servants, it's unnerving to say the least," Doolittle spokeswoman Laura Blackann said.

Spokesmen for the Secret Service declined comment.

FBI agents had Braun under surveillance last Thursday and watched as he dropped two letters into a mailbox at an Elk Grove strip mall, said Drew Parenti, special agent in charge of the FBI office in Sacramento. They sealed off the mailbox and found the letters to the Serrano visitors center and country club.

That gave investigators enough evidence to obtain a search warrant for Braun's home in Elk Grove, a suburb south of Sacramento, and at the decommissioned power plant, which is owned by the Sacramento Municipal Utility District. He was arrested at his home about 9:30 p.m. Friday after agents found more evidence there, Parenti said.

Employees at the Serrano visitors center and country club said they were unaware of any threat.

The FBI's affidavit states that Braun has a master's degree in radiological physics and a law degree. He has worked as a nuclear engineer at Rancho Seco since 1984 while practicing law part-time.

President To Be On Hand For Christening Of Carrier Named After His Father (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News.

The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president.

President Bush will participate in the ceremony, said Blair Jones, a White House spokesman.

"This is a tremendous honor for the president's father, and he's looking forward to the christening," Jones said Monday.

The elder Bush's daughter, Doro Bush Koch, the ship's sponsor, will break the traditional bottle of sparkling wine on the flattop's bow.

Northrop Grumman's Newport News sector began construction of the approximately $6 billion nuclear-powered ship in 2001 and plans to deliver it to the Navy in late 2008.

It is the last of 10 Nimitz-class carriers and includes technology and improved features that will serve as a bridge to the Navy's next-generation carrier, the CVN-21, now under design and planning at Newport News.

OTHER NEWS:

Manufacturing Decelerates While Commercial Construction Soars (USAT/AP)

By Madlen Read

USA Today, October 3, 2006

NEW YORK — A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among U.S. manufacturers while commercial construction showed surprising resilience.

Hurt by weaker auto sales and a slumping housing market, the manufacturing sector grew in September at the slowest pace in more than a year, a trade group said.

A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said. Construction spending edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months.

The Institute for Supply Management, based in Tempe, Ariz., said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction.

The September figure represented the 40th-consecutive month of growth.

But Mark Zandi, chief economist at Moody's Economy.com, says it's only a matter of months before manufacturers start reporting a contraction.

“The good news is there is still growth, and pricing pressures are easing,” Zandi says. “The bad news is growth is slowing, it will slow more and it's leading to cuts in jobs.”

The reason is threefold, he says: decreasing home construction, slashed auto production and less need to build up inventories.

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The ISM's employment index dropped to 49.4 in September from 54.0 in August. The prices paid index fell to 61.0 in September from 73.0 as commodity prices took a tumble. The new orders index stayed the same at 54.2, but the backlog of orders index fell to 46.5 in September from 51.5.

Meanwhile, the housing market has been leveling off.

The Commerce Department's report Monday said spending on private home construction dropped 1.5% in August to a seasonally adjusted rate of $617 billion. The August decline followed an even bigger 2.1% July decrease and marked the fifth-consecutive month that home building has fallen.

Data On Factories Indicate Economy Is Losing Speed (WSJ)

By Christopher Conkey

The Wall Street Journal, October 3, 2006

Manufacturing activity expanded in September, but the nation's factories appear to be losing some steam as economic growth moderates.

The Institute for Supply Management, a private group of corporate purchasing managers, said its manufacturing index fell to 52.9 last month from 54.5 in August. Readings over 50 indicate expansion, but the September measure suggests that factories experienced slightly weaker growth as the third quarter progressed. Recent data on industrial production and factory orders have also pointed to slower growth.

"It's apparent that manufacturing is losing momentum and feeling the effects of higher interest rates and a weaker housing market," said Norbert Ore, who oversees the ISM survey and also serves as Georgia-Pacific Corp.'s procurement director.

Slower economic growth is likely to damp inflationary pressures, and makes it more probable that the Federal Reserve will leave interest rates unchanged, or eventually begin to lower them.

ISM said one wood-products company that participated in its survey of procurement managers at 400 medium-size to large companies reported seeing a "serious downturn in customer orders related to the housing-market" slump.

Other data released Monday offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace. A recent Commerce Department report showed that the rate of new-home sales picked up in August.

David Lereah, NAR's chief economist, said the August figures suggest that the housing market has hit bottom. Others disagreed.

John Lonski, chief economist at Moody's Investors Service, said it was "premature" to view the unexpected rise in sales in August as "indicating the nearness of a bottom for home sales." Daniel Oppenheim, an analyst with Bank of America Securities, said a high inventory of unsold homes would depress prices and that surveys of real-estate agents point to slower sales in coming months.

The ISM's readings on employment, tracking hiring in the manufacturing sector, and on prices, reflecting what manufacturers pay for materials, both declined last month. The group's reading on new orders for goods was unchanged.

Despite the slower growth rate, September was the 40th consecutive month of expansion in the manufacturing sector. That marked the longest uninterrupted growth streak since the 1970s.

Overall, economists said they expect slow to moderate growth for the rest of the year. "We see the economy continuing its forward momentum, but at a below-trend pace over the next six months," said John Silvia, chief economist at Wachovia Corp., in a research note. He predicted that the economy would expand at an inflation-adjusted annual rate of 2.5% in the second half of the year. Mr. Silvia said that will keep the Federal Reserve from raising or lowering interest rates for the rest of the year.

Separately, the Commerce Department said construction spending rose 0.3% in August from July as residential construction declined but commercial building picked up.

Another Session Leaves The Dow Chasing Record (WSJ)

By E.s. Browning

The Wall Street Journal, October 3, 2006

The Dow Jones Industrial Average took another run at a record but came up short once again.

Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. The blue chips finished little changed, down 8.72 points, or 0.07%, at 11670.35, still up 8.9% this year.

It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on.

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Stocks often have trouble breaking through milestone numbers, as investors take profits and stand back to consider the future.

"I am kind of disappointed that we didn't respond more favorably to the $2 drop in crude oil," said Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco. "That probably means that we are going to spend some time consolidating below that elusive Dow record."

Crude-oil futures for November delivery fell $1.88, or 3%, to $61.03 a barrel, amid signs of strong inventories and expectations that slower economic growth would limit oil demand.

Historically, September has been the Dow's weakest month on average, and October normally is better. But this September saw the Dow industrials spurt ahead 2.6%, and some investors said the industrial average now is overdue for a pullback.

The day's economic news wasn't startling and didn't appear to drive markets. A monthly gauge of manufacturing activity came in a bit weaker than expected for September. August construction spending and an index of pending home sales both were stronger than expected, but stocks made their moves well after that news was announced.

The volatile Nasdaq Composite Index fell 0.92%, or 20.83 points, to 2237.60, still up 1.5% in 2006. The Standard & Poor's 500-stock index declined 0.34%, or 4.53 points, to 1331.32, ahead 6.7% this year.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 1,486 stocks rose and 1,802 fell.

Bond prices gained.1 The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 4.614%. The 30-year bond was up 6/32 to yield 4.756%.

The dollar weakened.2 Late in New York, it traded at 117.67 yen, down from 118.12, while the euro rose against the dollar to $1.2741 from $1.2681.

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Dow On Verge Of Closing At An All-time High (WT)

By Patrice Hill

The Washington Times, October 3, 2006

The Dow Jones Industrial Average is flirting with an all-time high after spending 6 1/2 years in the wilderness recovering from a bubble in technology stocks, a recession, terrorist attacks, a wave of corporate scandals, sharply higher energy costs and interest rates, and recently, worries about a housing bust.

The Dow has struggled to top the 11,723 level it reached in January 2000, with its recent treadmill action of advance and retreat typical of the solid but unglamorous gains it has been eking out for investors since the bubble burst in early 2000.

Yesterday's market action was in line with the trend. The Dow briefly topped its high, then pulled back to end 9 points lower at 11,670 on worries about a steep slowdown in manufacturing. The blue-chip Standard & Poor's 500 index also has soared to 5½-year highs, but the technology-driven Nasdaq Composite Index stands at less than half the record high it hit in March 2000.

The last time the Dow visited these heights, few analysts questioned that the market would continue its swift upward march. But the long, tortuous path it has followed since then has fed chronic questions about the sustainability of market gains and produced a plethora of opinions about where the Dow is headed from here.

"The best is yet to come," said Jeffrey N. Kleintop, chief investment strategist at PNC Financial Services Group, predicting that the S&P 500 index will gain at least 14 percent in the next year as energy prices continue to recede, uncertainty about corporate earnings and control of Congress is resolved, and the Federal Reserve reverses its anti-inflation campaign and cuts interest rates.

Last month, the market got a "head start" on the "fourth-quarter fireworks" that Mr. Kleintop said he is expecting, in line with the usually robust market performance in the second year of a president's term.

"The stock market is entering what has historically been the best 12-month period for its performance during the four-year presidential election cycle," he said, citing many similarities to the midcycle years 1966 and 1986, during which the market experienced explosive gains.

Mike Ryan, head of UBS Wealth Management Research, said the dramatic drop in oil and gas prices since Labor Day -- which should boost economic growth and help tame inflation -- is largely responsible for the turnaround in the market and investor sentiment.

"Investors seem to believe the U.S. economy is headed towards a so-called soft landing," he said.

But Alexander P. Paris, stock strategist at Barrington Research Associates Inc., said the market is due for a "rest" because investors have exaggerated the benefits of a "surprise collapse in oil prices" while overlooking pitfalls.

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Among other things, Mr. Paris questioned whether investors have braced themselves for the fallout from a possible Republican loss of Congress in next month's elections.

"Despite considerable confusion, worry and uncertainty about the Fed, inflation, a housing bust and the economy, the market has put together a lengthy rally from the July lows," he said. "Despite the recent celebration, the market may have a difficult time extending its rally in the months ahead."

Mutual fund managers helped lift the market by engaging in some "window dressing" at the end of last month, buying winning stocks so they can include them in their annual reports to investors. But now they are likely to "sit on their hands" for a while and wait to see whether earnings hold up and the economy rebounds from a soft third quarter, he said.

Daniel C. Chung, chief investment officer at Fred Alger Management Inc., said the market should continue to expand, if not "take off," not so much because the economy is doing well but because corporate profits are at extraordinarily high levels and are likely to remain so.

Earnings growth for the S&P 500 companies averaged 18 percent in the first quarter, much better than Wall Street analysts had expected, and even managed 15 percent excluding record energy profits, he said.

"For nearly four years, the S&P 500 has registered more than 10 percent earnings growth, and we believe that the run is not over," Mr. Chung said, because corporations continue to benefit from cost-cutting due to the globalization of production at the same time their workers have little leverage to push for a greater share of corporate income that would cut into profits.

"This is a recipe for all sorts of social discontent," he said, and may explain why voters are so disenchanted with an otherwise healthy economy, but it should be welcome news for the stock market, where price gains have been trailing earnings growth.

Lawrence Kudlow of Kudlow & Co. LLC said the Dow's plodding rise toward record highs has important political implications.

"This powerful combination of rising stocks, falling gasoline prices and the Goldilocks economy are powerful pluses for election-year Republicans," he said. "The Dems aren't even talking about the economy anymore."

Strike 4: Dow Fails To Set Record High (USAT)

By Matt Krantz

USA Today, October 3, 2006

Stocks kicked the fourth quarter off with a small loss and disappointed investors further when the Dow missed setting a new high, the fourth-consecutive failed run.

The Dow Jones industrial average briefly rose above its closing high of 11,722.98 but retreated to close down 8.72 points to 11,670.35 Monday. That doesn't take away from what's been a powerful 8.9% rally this year, though.

Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year. And the Nasdaq composite shed 20.83 points to 2237.60, whittling its 2006 gain to 1.5%.

Traders, such as Todd Leone of SG Cowen, said investors shouldn't overreact to the fact the Dow missed setting a new closing high again. “The headlines make more out of it,” he says. “I don't think it's that big of a deal.”

After the big move the market made last week and last quarter, investors should not be surprised to see stocks do “a little breath catching,” says Michael Farr, president of Farr Miller & Washington. Farr thinks the market is waiting for a new reason to move higher, which could likely be what he expects to be a healthy third-quarter earnings reporting season. If interest rates remain steady, investors will focus on corporate earnings. “The expectations are for a fairly stable environment,” he says.

Highlights:

Harrah's Entertainment, operator of large casinos, jumped $9.25 to $75.68 after receiving a $15.1 billion, or $81 a share, offer from several private equity firms. (Story 1B.)

·First Republic Bank tumbled $3.95. The commercial bank, based in San Francisco, warned it would earn 56 cents to 58 cents a share, missing forecasts by 4 cents a share.

·Myogen, a biotech firm, gained $16.36 to $51.44 after rival Gilead Sciences said it was buying the company for $52.50 a share. Gilead shares lost $4.49 to $64.28. (Story, 3B.)

·Optimal Group, a provider of payment services to the online gaming industry, fell $2.95 to $8.81. The stock was hurt by a regulation passed by Congress on Saturday that places restrictions on online gambling. (Story 1B.)

·Apple Computer fell $2.12 to $74.86. Citigroup lowered the stock to a “hold” from “buy” because it says the company is unlikely to release an upgraded video iPod by the holidays.

Most Blacks, Hispanics In Area Own Homes (WP)

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By Lyndsey Layton And Dan Keating

The Washington Post, October 3, 2006

A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau.

The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally.

Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners.

In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs.

The continuing loss of black, middle-class homeowners in the city is bound to have reverberations, said Peter A. Tatian, a housing expert at the Urban Institute.

"It's a real issue in those [heavily African American neighborhoods]; there's not a solid base of people who have ownership in the community, an investment that they want to fight to protect. It tends to be harder to bring about positive changes," said Tatian, who directs NeighborhoodInfo DC, a grass-roots group working to improve quality of life.

The data mark "a symbolic passing," he said. "In this city, those kinds of issues always seem to have political ramifications."

Regionwide, more than 260,000 African Americans owned homes in 2005. The growth was much more rapid in the 1990s but continued this decade, increasing from 49 percent of black households to 51 percent. Prince George's County, where more than three in five African Americans own their homes, gained 15,000 black homeowners this decade and now has 45 percent of the black homeowners in the region.

Homeownership among immigrants also shows significant growth. About 63 percent of local immigrants own their homes, higher than the national rate of 55 percent, census figures show.

The immigrant housing data reflect the highly mobile, growing local market. A homeowner in Montgomery County is as likely to have been born abroad as to be a Maryland native. Same thing in Arlington and Fairfax counties. Overall, the number of immigrants and state native homeowners is dwarfed by the number of homeowners who moved from other states.

Particularly striking was the growing number of Hispanics who bought homes in the Washington area from 2000 to 2005, many of them settling in expensive suburbs such as Fairfax and Montgomery. Across the region, Hispanics surpassed blacks in homeownership rates last year.

"It says a lot about the upward mobility of Hispanics," said William H. Frey, a demographer at the Brookings Institution. "Washington is not only an example of a metropolitan area with melting pot suburbs, but it has melting pot suburbs where immigrants are achieving the American dream."

More than 80,000 Hispanics owned their home in the region last year, the census says, the first time a majority of Hispanics have owned rather than rented. Fairfax and Montgomery each gained about 5,000 Hispanic homeowners, and the number grew by more than 7,000 each in Prince William and Prince George's counties.

"This is not an accident," said Tom Perez (D-Silver Spring), a Montgomery County Council member and former head of CASA of Maryland, which helps Hispanics with housing, employment training and other services. "Government and nonprofits and the banking community as well have spent a lot of time and effort to prepare and assist people in saving money, building credit, paying bills on time, getting themselves in a position to qualify for a loan.

"In Latino communities, a lot of effort has been made to stress homeownership as one of the keys to self-sufficiency," Perez said. "The most common way to accumulate wealth in America is to own a home. That is a basic fact of American life, and Latinos have clearly gotten the message."

For many Hispanics, homeownership is security, said Carlos Devis, a Colombian immigrant who bought a house with his wife in Potomac in 2003. "For Latinos, we don't have 401(k)s," he said, referring to the employer-sponsored retirement fund. "The house is the 401(k)."

Evelyn Andrade, a Salvadoran American hairdresser, bought a three-bedroom house in Rockville in 2001 after years of renting an apartment. "The rents are so high, it doesn't make sense," said Andrade, 29, who is married and has three children. "I always thought it was better to own."

Almost 100,000 Asians own houses, condominiums and townhouses locally, triple the number in 1990. Homeownership among Asians increased about 71 percent regionwide between 2000 and 2005. Asians posted particularly high rates in Loudoun County, where about 96 percent owned their homes last year. That's far above Asians' national rate of 59 percent.

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Farhan Syed, a real estate broker in Loudoun, knows this phenomenon well. "Most Asians happen to be dual-income families, well-educated, able to afford a home," he said. "Everyone wants the American dream."

When the real estate market began to heat up in the Washington region in 2000, buying a home seemed like a financially savvy move, Syed said. "There was the perception that real estate could be a money-making scheme, and a lot of people got in the market."

Tannaz Haddadi and her husband, Darius Powerz, are typical. They were both born in Iran and immigrated as children with their families to Fairfax. Haddadi, 29, and Powerz, 34, first bought a townhouse in Loudoun and traded up for a single-family home in Fairfax two years ago. "There are a lot of working professionals like us, first- or second-generation citizens who want to get in early and work our way up," said Haddadi, who, like her husband, works for the federal government.

The population figures released by the U.S. Census Bureau today are based on the American Community Survey, which gathered demographic data from those living in the United States last year.

The figures for the Washington region do not reflect changes to the population numbers for the District that the Census Bureau approved in July, after the city challenged earlier data and said the census had undercounted the city's population by more than 31,000 people.

Some embassy officials and advocacy groups say the population figures for minority groups could be even higher because the census undercounts those groups.

Across Nation, Housing Costs Rise As Burden (NYT)

By Janny Scott And Randal C. Archibold

The New York Times, October 3, 2006

The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes.

While many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class.

In New York City, more than half of all renters now spend at least 30 percent of their gross income on housing, a percentage figure commonly seen as a limit of affordability. In Staten Island, the percentage paying at least 30 percent of income rose to nearly 60 percent, up from 40.

Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex.

“Housing prices have gone up much more than incomes have,” said Christopher Jones, vice president for research at the Regional Plan Association in New York City. “Clearly, you can’t sustain that sort of imbalance over the long run. There’s only so long that housing prices can go up without sustained increases in income to support them.”

The data, from the American Community Survey, was collected throughout 2005, some of it before the real estate market began softening over the past year.

While the escalation in house prices that began in the mid-1990’s has slowed down in most places, and while prices are even dropping in some markets, rents are currently rising.

Historically, it is not unprecedented for housing prices to rise faster than household incomes, since housing prices fluctuate more than median incomes. In recent decades, median incomes have not risen at the rate that they did in the booming 1950’s and 1960’s, yet real estate prices in many parts of the country have escalated sharply in recent years.

“People want to hang on and stay in the market,” said William H. Frey, a demographer at the Brookings Institution in Washington, “and they are willing to stretch themselves to find or to rent a house that is suitable.”

The places with the highest overall percentages of people carrying a heavy housing burden were in fast-growing areas of California, Colorado and Texas.

In Southern California, Temecula and Hemet had the highest percentages of renters paying at least 30 percent, with 74 and 73 percent of renters at that level.

Boulder, Colo., and College Station, Tex., held the record for renters spending at least 50 percent, with 47 and 46 percent.

The biggest jump in the percentages of people paying at least 30 percent of their income on rent, as well as those spending at least 50 percent, occurred in Olathe, Kan., a booming suburb of 114,000 southwest of Kansas City.

S. Lawrence Yun, an economist with the National Association of Realtors, said renters in desirable cities might be spending more of their income on housing in hopes of getting a toehold in places with good schools, better homes and a good quality of

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life. He said, "There is certainly a concern that people are devoting a large portion of their income to housing, and one of the reasons is due to the more limited housing supply."

In the New York region, a very high percentage of renters in urban counties spent a big share of income on housing. In the Bronx, Brooklyn and Queens, close to a third of all renters pay at least 30 percent.

But many of the biggest increases in housing burdens occurred outside the city.

Among homeowners, there were big increases in the percentage of people spending at least 30 percent on housing in counties like Nassau, Dutchess, Orange and Putnam. The percentage of households spending at least 50 percent of income also rose in those counties.

In Clifton, N.J., the percentage of mortgage holders spending at least 50 percent of their income on housing rose to 27 percent in 2005 from 12 percent in 2000, a 134 percent rise. In New Britain, Conn., the group paying at least 30 percent more than doubled, rising to 57 percent of people with mortgages, up from 27 percent.

Nationally, the biggest increase in homeowners spending more than 30 percent of their income on housing occurred in an unincorporated area southeast of Los Angeles called Florence-Graham, where more than a third of residents live in poverty. There, the figure climbed to 43 percent from 17 percent. Other places with big jumps included Wyoming, Mich.; Round Rock, Tex.; and Plymouth, Minn.

In general, the places with the highest overall percentages of homeowners spending that level of income were poorer cities. El Monte, Calif., a Los Angeles suburb, had the highest percentage of mortgage holders, 73 percent, spending more than 30 percent of their income on housing. In Newark, the figure was 72 percent; in El Cajon, Calif., east of San Diego, 69 percent; and in South Gate, Calif., 69 percent.

Jack Kyser, senior economist with the Los Angeles County Economic Development Corporation, said such cities are often the only places that people on the lowest rungs of the economic ladder can afford and they tend to stretch their resources to get in. He said El Monte and South Gate both are growing, largely because Latinos have been moving in.

"These communities are well located to employment opportunities and they can drive and it is not a horrendous drive," he said. "They are also close to public transportation and use it."

The numbers, which were analyzed for The New York Times by Andrew A. Beveridge, a demographer at Queens College, provided a glimpse of how hot — and how unhot — some areas had become.

Two Southern California coastal cities, Santa Barbara and Newport Beach, had the highest median house values, at $1 million.

Youngstown, Ohio, a city long hurting economically, had the lowest, at $48,000.

In New York State, the median value of owner-occupied homes actually declined slightly in a few upstate counties, including Oswego, Steuben and Madison. The median house value dropped 9 percent in Buffalo, to $60,800.

Housing values rose only barely in some upstate counties, including Cattaraugus, Cayuga, Chautauqua and Chemung.

Because of a change in census procedures, it was not possible yesterday to reliably gauge the increase in cost burden among homeowners in places with large numbers of condominium or cooperative apartments.

In 2000, the bureau did not count owner-occupied apartments in multifamily buildings; in 2005, it did. So the 2000 and 2005 figures could not be satisfactorily compared for places like Manhattan and San Diego.

In Manhattan, where the median value of all owner-occupied homes hit $718,000, the increase in median gross rents from 2000 to 2005 was 14 percent, well below the 20 percent jump in Suffolk County on Long Island, the 23 percent rise in the city of Passaic, N.J., and the 24 percent jump in Ulster County, N.Y.

The increase in the percentage of Manhattan renters paying at least 50 percent of their income on housing was 13 percent — well below the 50 percent rise in Rockland County.

The data also showed that, among couples living together in Manhattan, about 17 percent were unmarried in 2005, compared with 10 percent nationwide.

Manhattan appeared to have the second highest number of male couples living together, following Los Angeles.

A Backlash Against Bickering (WP)

By E. J. Dionne Jr.

The Washington Post, October 3, 2006

CONCORD, N.H. -- Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause?

One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors. That does not stop them from yelling irately at Washington, D.C.

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Consider the latest WMUR Granite State Poll by the University of New Hampshire's Survey Center. Asked the classic question about whether "things in New Hampshire" were going in "the right direction" or were "seriously off on the wrong track," an astonishing 79 percent saw their state moving the right way; only 14 percent saw it on the wrong track.

But when asked exactly the same question about how their country was doing, according to findings released yesterday, only 34 percent of New Hampshire residents said "the right direction"; 56 percent said "the wrong track."

That is good news for Gov. John Lynch, a Democrat who leads his Republican opponent, Jim Coburn, by a margin of 69 to 14 percent in the latest survey. It is bad news for Bush, whose approval rating in New Hampshire is 36 percent.

Lynch is among a cadre of moderate Democratic governors around the country who find themselves in commanding positions -- even outside Democratic-trending New England. Among them: Kathleen Sebelius in Kansas, Dave Freudenthal in Wyoming, Janet Napolitano in Arizona and Brad Henry in Oklahoma.

For his part, Lynch can hardly utter a sentence without including the word "bipartisan." He prides himself on having worked well with a Republican legislature and speaks with amazement at how Washington has become a place of "ongoing partisan bickering."

It may be no accident that Lynch's ratings are high while Bush's are low. Nick Clemons, the executive director of the New Hampshire Democratic Party, sees voters here consciously contrasting the peaceable political kingdom their state has become with what's happening several hundred miles to the south. "Washington," he says, "is the foil for New Hampshire."

The success of Democratic governors such as Lynch (and, for that matter, of that rescripted and now-moderate Republican Arnold Schwarzenegger in California) also reflects a default by national Republicans on domestic issues.

The president's relentless focus on terrorism, combined with growing disenchantment with his Iraq policies, pushes voters to seek leadership from state and local politicians on issues such as education and health care.

Tom Rath, one of the state's most experienced Republican power brokers, loyally insists that Bush is still "personally" liked here. But Rath sees Iraq taking a huge toll on the president, partly because so many in New Hampshire's National Guard have served there and "the repetitious call-ups are disruptive to people's lives."

Rath recently announced his support for Gov. Mitt Romney of Massachusetts for the 2008 Republican presidential nomination. His rationale is surprisingly similar to the explanations that Democrats give for the popularity of governors such as Lynch or Sebelius: Voters are in a mood for less "doctrinaire" politicians who can fix things.

Of the federal government, Rath said: "There's a feeling that this great big thing doesn't work very well." He said Republicans need to win back voters who feel they gave "the keys to the car" to their party only to have it driven "into the back of the garage." Rath sees Romney as the GOP's repairman.

If New Hampshire offers a model for a new wave of moderate Democrats, it is also a test case for how badly Bush -- and, now, the scandal surrounding former representative Mark Foley -- will wound incumbent Republican House members.

Politicians in both parties here see Rep. Jeb Bradley as having a substantial advantage over Carol Shea-Porter, an underfunded antiwar Democrat, and Rep. Charles Bass, to whom the words "nice guy" cling like a second title, leading his Democratic foe, Paul Hodes.

But Hodes, an indefatigable campaigner, has advertised heavily in an effort to demonstrate Bass's support for Bush's Iraq policies. The fact that Bass is stressing his "independence" and responded immediately with advertising of his own attacking Hodes on Iraq suggests that Republicans know how vulnerable the incumbent could become if Hodes succeeds in yoking Bass to Bush. In principle, Bradley could face the same problem.

The irony is that Bush has fostered a backlash against himself, against ideology and against partisanship that, as a former governor, he should have seen coming.

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Those Attacked Online Are Filing Libel Lawsuits (USAT)

By Laura Parker

USA Today, October 3, 2006

Rafe Banks, a lawyer in Georgia, got involved in a nasty dispute with a client over how to defend him on a drunken-driving charge. The client, David Milum, fired Banks and demanded that the lawyer refund a $3,000 fee. Banks refused.

Milum eventually was acquitted. Ordinarily, that might have been the last Banks ever heard about his former client. But then Milum started a blog.

In May 2004, Banks was stunned to learn that Milum's blog was accusing the lawyer of bribing judges on behalf of drug dealers. At the end of one posting, Milum wrote, “Rafe, don't you wish you had given back my $3,000 retainer?”

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Banks, saying the postings were false, sued Milum. And last January, Milum became the first blogger in the USA to lose a libel suit, according to the Media Law Resource Center in New York, which tracks litigation involving bloggers. Milum was ordered to pay Banks $50,000.

The case reflected how blogs — short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide — increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the "blogosphere" and its revolutionary impact on speech and publishing might change libel law.

Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are "judgment-proof" because they — unlike traditional media such as newspapers, magazines and television outlets — often are ordinary citizens who don't have a lot of money. Recent lawsuits by Banks and others who say they have had their reputations harmed or their privacy violated have been aimed not just at cash awards but also at silencing their critics.

"Bloggers didn't think they could be subject to libel," says Eric Robinson, a Media Law Resource Center attorney. "You take what is on your mind, type it and post it."

The legal battles over blogging and message board postings are unfolding on several fronts:

·In Washington, D.C., former U.S. Senate aide Jessica Cutler was sued for invasion of privacy by Robert Steinbuch, also a former Senate aide, after Cutler posted a blog in 2004 describing their sexual escapades. The blog, titled Washingtonienne, was viewed widely after it was cited by a Washington gossip website called Wonkette. In July, Steinbuch added Wonkette to the lawsuit.

·Todd Hollis, a criminal defense lawyer in Pittsburgh, has filed a libel suit against a website called DontDateHimGirl.com, which includes message boards in which women gossip about men they supposedly dated. One posting on the site accused Hollis of having herpes. Another said he had infected a woman he once dated with a sexually transmitted disease. Yet another said he was gay. Hollis, 38, who says the accusations are false, is suing the site's operator, Tasha Joseph, and the posters of the messages.

·Anna Draker, a high school assistant principal in San Antonio, filed a defamation and negligence lawsuit against two students and their parents after a hoax page bearing her name, photo and several lewd comments and graphics appeared on MySpace.com, the popular social networking website.

The suit alleges that the students — one of whom had been disciplined by Draker — created the page to get revenge, and that it was designed to "injure Ms. Draker's reputation, expose her to public hatred … and cause her harm." The suit also alleges that the youths' parents were grossly negligent in supervising them.

·Ligonier Ministries, a religious broadcaster and publisher in Lake Mary, Fla., has taken the unusual step of asking a judge to pre-emptively silence a blogger to try to prevent him from criticizing the ministries. Judges historically have refused to place such limits on traditional publishers.

The lawsuit cites postings on a blog by Frank Vance that described Ligonier president Timothy Dick as "a shark" and as coming from a "family of nincompoops." The suit says the entries are false and have damaged Dick's reputation.

Robert Cox, founder and president of the Media Bloggers Association, which has 1,000 members, says the recent wave of lawsuits means that bloggers should bone up on libel law. "It hasn't happened yet, but soon, there will be a blogger who is successfully sued and who loses his home," he says. "That will be the shot heard round the blogosphere."

At its best, the blogosphere represents the ultimate in free speech by giving voice to millions. It is the Internet's version of Speaker's Corner in London's Hyde Park, a global coffeehouse where ideas are debated and exchanged.

The blogosphere also is the Internet's Wild West, a rapidly expanding frontier town with no sheriff. It's a place where both truth and "truthiness" thrive, to use the satirical word coined by comedian Stephen Colbert as a jab at politicians for whom facts don't matter.

Nearly two blogs are created every second, according to Technorati, a San Francisco firm that tracks more than 53 million blogs. Besides forming online communities in which people share ideas, news and gossip and debate issues of the day, blogs empower character assassins and mischief makers.

Small disputes now can lead to huge embarrassment, thanks to websites such as bitterwaitress.com, which purports to identify restaurant patrons who leave miserly tips. DontDateHimGirl.com includes postings that have identified men as pedophiles, rapists and diseased, without verification the postings are true.

"People take advantage of the anonymity to say things in public they would never say to anyone face-to-face," Cox says. "That's where you get these horrible comments. This is standard operating procedure."

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Even so, Cox thinks the chief danger in legal disputes over what's said on the Internet is the potential chilling effect it could have on free speech. Many lawsuits against bloggers, he says, are filed merely to silence critics. In those cases, he encourages bloggers to fight back.

Last April, Cox orchestrated an effective counterattack on behalf of a blogger in Maine who was sued by a New York ad agency for $1 million. Lance Dutson, a website designer, had been blogging for two years when he posted several essays accusing Maine's Department of Tourism of wasting taxpayers' money. Among other things, he posted a draft of a tourism ad that mistakenly had contained a toll-free number to a phone-sex line.

Warren Kremer Paino Advertising, which produced the tourism campaign, said in its suit that Dutson made defamatory statements "designed to blacken WKPA's reputation (and) expose WKPA to public contempt and ridicule."

Dutson's criticisms paled to those directed at WKPA after word of the lawsuit spread through the blogosphere. Bloggers rushed to defend Dutson, and several lawyers volunteered to represent him. The media picked up the story and cast it as David vs. Goliath. Eight days after filing the suit, WKPA dropped it without comment.

"We're not here to play nice with somebody who is trying to suppress the speech of one of my members," Cox says.

A key principle that courts use in determining whether someone has been libeled is what damage the offending article did to that person's reputation in his or her community.

Susan Crawford, a professor at Cardozo Law School in New York who specializes in media and Internet issues, says the ease with which false postings can be corrected instantly, among other things, will force judges to reconsider how to measure the damage that is done to a plaintiff's reputation.

"Libel law depends on having a reputation in a particular town that's damaged," she says. "Do you have an online reputation? What's your community that hears about the damage to your online reputation? Who should be sued? The original poster? Or someone like the Wonkette, for making something really famous? The causes of action won't go away. But judges will be skeptical that a single, four-line (posting in a) blog has actually damaged anyone."

Greg Herbert, an Orlando lawyer who represented Dutson, disagrees. The principles of libel law aren't going to change, he says. However, some judges "might not think a blogger is entitled to the same sort of free speech protection others are. A lot of judges still don't know what a blog is, and they think the Internet is a dark and nefarious place where all kinds of evil deeds occur."

Judges have indicated that they will give wide latitude to the type of speech being posted on the Internet. They usually have cited the 1996 Communications Decency Act, which protects website owners from being held liable for postings by others. On the other hand, under that statute, individuals who post messages are responsible for their content and can be sued for libel. That applies whether they are posting on their own website or on others' message boards.

In May, a federal judge in Philadelphia cited the act in dismissing a lawsuit stemming from a series of postings on a website operated by Tucker Max, a Duke Law School graduate whose site features tales of his boozing and womanizing.

Posters on a message board on tucker max.com had ridiculed Anthony DiMeo III, the heir to a New Jersey blueberry farm fortune, accusing him of inflating his credentials as a publicist, event planner and actor. DiMeo sued Max last March, claiming in court papers that his manhood had been questioned, his professional skills lampooned and his social connections mocked. DiMeo said Max, through the website, had libeled and threatened him, noting that one poster had written: "I can't believe no one has killed (DiMeo) yet."

In dismissing the suit, U.S. District Judge Steward Dalzell noted that Max "could be a poster child for the vulgarity" on the Internet, but that he nevertheless was entitled to protection under the Communications Decency Act. After the decision, DiMeo ridiculers on tuckermax.com piled on. Max says more than 200,000 people have viewed various threads on his message board about DiMeo.

DiMeo has asked an appeals court to consider not only the original messages about him but also those posted since his suit was filed.

Alan Nochumson, DiMeo's attorney, says the criticism has amounted to an Internet gang attack, led by Max, that has significantly damaged DiMeo's business. Nochumson says when Internet users use Google to search for DiMeo's name, many of the first Web links that pop up direct readers to postings on Max's website that criticize DiMeo.

Max says the claim is absurd. "The Internet isn't some giant ant colony," he says. "Different people from all over the country do things. I don't control them."

Hollis' lawsuit against DontDateHimGirl .com could reveal how far courts are willing to go to protect website owners from third-party comments. His suit claims the site is not the equivalent of an Internet provider such as AOL or Yahoo, and that because Joseph edits the site, she should be liable for its contents.

Hollis has sued Joseph, a Miami publicist and former Miami Herald columnist, as well as seven women who posted the messages about him. Three are named in the suit; four are anonymous.

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Joseph's attorney, Lida Rodriguez-Taseff, says Joseph does not edit postings, except to remove information such as Social Security numbers and addresses.

"If a court were to find that the Communications Decency Act doesn't apply to Tasha, no website would be safe," Rodriguez-Taseff says, adding that if courts start to hold website owners liable for the content of third-party postings, "the only people who would be able to provide forums (would be) wealthy people. … It would be like making the coffee shop owner responsible for what people say in his coffee shop. What this case would say is that providers of forums in the Internet would have an obligation to determine truth or falsity of posts."

A hearing is scheduled Oct. 19.

"The Internet has a great number of valuable tools with which people can do great things," Hollis says.

But he says he's disturbed by how such false personal information can spread so freely across the Web. "Even if I had herpes, which I don't, even if I was gay, which I'm not, would I want to have a conversation about those things with an anonymous individual over a global platform? It's utterly ridiculous."

Even if he wins in court, Hollis says, he loses.

"Those postings are going to be out there forever," he says. "Whenever anybody Googles my name, up comes a billion sites. I will forever have to explain to someone that I do not have herpes."

In Cumming, Ga., about 40 miles northeast of Atlanta, David Milum, 58, is still blogging. He is appealing the $50,000 judgment against him.

Milum says he considers himself a muckraker and exposer of corruption in local officials. In the recent libel trial, his attorney, Jeff Butler, described his client as a "rabble-rouser" whose inspiration was "public service."

Milum lost in court because he could not meet the basic defense for libel claims: He could not prove that his allegations that Banks was involved in bribery and corruption were true.

Now Milum is facing another libel suit — this one seeking $2 million — over his claims about the alleged misdeeds of a local government employee.

"I have a very wonderful wife," Milum says. "And you can imagine how wonderful she has to be to put up with this."

PodestaMattoon Sues Client For Unpaid Fees (RC)

By Kate Ackley

Roll Call, October 3, 2006

The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000.

The case, filed in D.C. Superior Court, offers a glimpse into the often mysterious client-lobbyist arrangements involving contracts and performance fees for securing money from the Defense Department's budget.

PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses.

PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated.

In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay "a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals."

While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. Steve Ellis, vice president of Taxpayers for Common Sense, and Keith Ashdown, research director of Citizens for Responsibility and Ethics in Washington, said their data showed that for fiscal 2005, the tribology center received a $1.5 million Defense earmark that was requested by a Member of the House. (Tribology is the study of effects of friction on moving parts and methods of lubricating them.)

The CTC and Falex are located in Speaker Dennis Hastert's (R-Ill.) district, but a spokeswoman in his office did not confirm whether he had made the request.

PodestaMattoon's court filing states that "during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement" and, as a result, "Falex became obligated to pay" the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000.

The contract between Falex and PodestaMattoon gets murkier later in 2004, when, the court filings claim, Falex asked the firm to enter into an arrangement directly with the CTC, which is a 501(c)(3) nonprofit.

The lawsuit alleges that Falex agreed to pay the lobbying bills for the nonprofit center, which operates as a partnership between Falex and Northern Illinois University's college of engineering and engineering technology.

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Lobbying ethics lawyer Kenneth Gross, a partner at Skadden, Arps, Slate, Meagher & Flom, said such an arrangement, while not routine, does not raise any legal concerns, especially since the CTC and Falex are part of a joint venture.

"There are limitations on the amount that (c)(3) [organizations] can spend on lobbying, but this arrangement doesn't necessarily set off any bells," Gross said.

The court documents state that PodestaMattoon sent a letter to the CTC confirming its work and that Falex agreed to pay the firm a $200,000 performance fee. Once again, PodestaMattoon maintains that it was successful in its work for Falex/CTC.

Missi Tessier, a spokeswoman for PodestaMattoon, said she could not discuss the firm's work for the client or the status of the lawsuit.

"The only thing that I can say is that it is a simple fee-collection issue," said Tessier, who added that she did not know of any similar suits brought by the firm against other clients. "We're working with our attorney."

Ashdown and Ellis, both of whom track earmarks, said the center received a Defense earmark for $1.8 million in the fiscal 2006 bill.

"As a result of PodestaMattoon's performance of its obligations under 2005 Agreement, CTC became obligated to pay PodestaMattoon $200,000 in a performance fee, which PodestaMattoon later discounted to $175,000," the court documents state.

Gross said such performance or success fees typically are permitted in lobbying contracts.

Current laws, he said, "make it impermissible for a government contractor to hire a lobbyist or firm to secure a government contract" on a contingency basis, but "that same prohibition does not apply when you are securing a benefit with the legislative branch."

Gross added that the current law prohibits lobbying firms from receiving payment directly from appropriated funds.

PodestaMattoon's attorneys of record, Peter Kadzik and Andres Colon, did not return calls for comment. Andrew Faville, CEO of Falex, did not respond to several messages seeking comment. And lawyers Seth Goldberg and Eduardo Crosa of Steptoe & Johnson, which represents the defendants, also did not respond to inquires.

Mean Seniors Face Fresh Round Of Decisions As 2007 Sign-Up Nears (WSJ)

By Vanessa Fuhrmans, Jane Zhang

The Wall Street Journal, October 3, 2006

Here we go again.

After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15.

The good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything. Some analysts had predicted a shakeout after dozens of providers rushed into the new drug-benefit market last year, but few companies are actually canceling plans.

Still, the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings. Beneficiaries in most states will have 50 to 60 offerings to choose from, at least 10 more than in 2006. Some plans are adding benefits -- including eliminating co-payments for generic drugs. But at least one, Humana Inc., is rolling back one of the richest benefits on the market: coverage for brand-name drugs during a phase known as the "doughnut hole" that requires many beneficiaries to pay the full cost of drugs after reaching a certain cost threshold.

For the most basic plans, prices are converging, though there are still some big differences. Last year companies announced drug-benefit premiums without knowing how the competitive landscape would shape up. Consequently, prices ranged widely, from as little as $1.87 a month to more than $35 for a basic plan. Now for 2007, Humana still sells the cheapest plan in 38 states, but premiums for its basic option have climbed to between $10.20 and $18.20. Meanwhile, Cigna Corp. and Aetna Inc., whose prices were some of the highest, have lowered theirs by as much as 30%. (Cigna's basic option ranges from $17 to $31; Aetna's costs $24.80 to $30.80.)

To compare the 2007 plan offering, seniors can also tap a number of new or enhanced online tools. Later this month, Medicare's Plan Finder at www.medicare.gov1 and www.mymedicare.gov2 will let beneficiaries compare out-of-pocket costs and benefits for the 2007 plans in their area. Seniors can see what plans are available in each state at www.medicare.gov/medicarereform/local-plans-2007.asp3. A new Web site, www.partdoptimizer.com4, is run by DestinationRx, which provided software for Medicare's comparison tools. It provides tips on avoiding the doughnut hole and compares how much seniors would save by switching to alternative medicines within their current plan. The site currently has data for 2006 plans but will be able to crunch 2007 information after the enrollment period has ended Dec. 31.

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Who should consider switching? Prime candidates are those who picked plans for this year that provided coverage of the so-called doughnut hole, or who fell into that gap and now want coverage for it. The doughnut hole refers to a portion of drug spending that the government-subsidized plans don't have to cover. Seniors get coverage for up to $2,400 in spending in 2007. The federal subsidies then stop until the patient reaches $3,850 in out-of-pocket expenses. After that, the coverage kicks in again and covers 95% of drug purchases for the rest of the year. For a higher premium, some plans offer to cover drug expenses through the gap.

Filling the Gap

It is these higher-end plans that are seeing some of the biggest changes in 2007. For starters, there are many more available. Just 15% of plans this year provided coverage of the doughnut hole, according to Avalere Health LLC, a health-care consulting firm in Washington, D.C. Next year 29% of them will.

This year in New Jersey, for instance, Humana sold one of these more-comprehensive plans for a $48.50 monthly premium, while Cigna's cost a bit more -- $51.36. In 2007, the Humana premium will jump 46% to $71.20. Cigna, though, which signed up fewer beneficiaries than it had hoped for 2006, has dropped its price, to $38.20.

What's more, Humana is joining the majority of its rivals in providing coverage for only generics during the doughnut hole. This year, it was the only major insurer to provide coverage of many brand-name drugs through the gap. But as a result, it says it attracted more than its share of sicker enrollees with higher-than-average medication costs -- and lost money on the higher-end plan. "We'd assumed that other national plans would offer brand coverage through the gap, but none did," says Scott Latimer, Humana's market president for central and northern Florida.

Of Humana's 3.5 million drug-plan enrollees, about 12%, or 420,000 people, are currently in its most-comprehensive plan and will no longer have their brand-name drugs covered through the doughnut hole, Humana says.

On the whole, though, 5% of all plans will offer both brand-name and generic drug coverage through the gap, an increase from this year, according to Avalere. In Michigan, Coventry Health Care Inc. is one of just a few companies that is raising the price of its most comprehensive plan, from $42.40 to $48. In doing so, it is adding generics and brand-name drugs to its gap coverage. But seniors should check if such benefit improvements apply to their drugs. Coventry says only some preferred brand drugs in its first tier of coverage are included alongside the generics.

"You have to read the fine print," says John Gorman, president and chief executive of Gorman Health Group, a Washington health-care consulting company.

In another shift, many plans are making changes that will reduce the chances that consumers will even reach the $2,400 level where the coverage gap starts. By eliminating co-pays for generic drugs in some plans, for instance, insurers are making such treatments essentially free to patients (at least until they reach the coverage gap). Aetna is dropping co-pays for generics in many of its plans, while Cigna says it is eliminating generic co-pays in all of its most basic drug plans.

Peter Ashkenaz, a spokesman for the federal Centers for Medicare and Medicaid Services, says every beneficiary will be notified if there is any change in their plan.

Even if beneficiaries want to stay in their current plan, they should still check that the drugs they take are remaining on their plan's formulary and on the same co-pay "tier" as before. A move from the lowest to a higher tier of co-payments for a drug can translate into a rise in co-pay to $40 a month from $5.

New Shoppers

There may be a huge market of potential shoppers. Only 20% of 3,400 beneficiaries surveyed last month by J.D. Power & Associates said they would definitely stay with the plan they had. About two million Americans will turn 65 in 2007 and also will be eligible. At least another four million, including three million low-income beneficiaries not subject to penalties for missing the deadline earlier this year, have yet to enroll.

Still, unless another plan has the potential to save a beneficiary substantial money each month, some Medicare watchers say that many may decide to stay put. Few predict that any player will break the lock that the country's three biggest plans -- UnitedHealth Group Inc., Humana and WellPoint Inc. -- have on the majority of the market.

"People went through so much trauma picking a plan the first year," says Robert Laszewski, a Washington-based health-care consultant. "They're not going to open this up all over again just to save a few bucks."

Many Obstacles Face Negron In Fla. 16, Especially Foley's Name (CQ)

By Rachel Kapochunas

CQPolitics, October 2, 2006

The Florida Republican Party announced Monday that its executive committee has chosen Republican state Rep. Joe Negron to face Democratic businessman Tim Mahoney this fall for the 16th District seat suddenly vacated Friday by scandal-plagued Republican Rep. Mark Foley.

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The GOP was forced to name a replacement candidate for Foley after the six-term incumbent resigned, following revelations about inappropriate e-mails and other Internet communications — some of which were sexually explicit — from Foley to underage, male congressional pages. Foley has since announced he is seeking in-patient treatment for alcoholism.

Although the state Republicans wasted no time in rallying around Negron as a stand-in for an election that will be held just five weeks from Tuesday, it will be very hard for them to put the Foley scandal behind them. A quirk in the Florida election law requires that Foley's name remain on the Republican line on the Nov. 7 ballot, as he had already been certified as the winner of the Sept. 5 primary.

Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat.

So Negron — a lawyer who currently represents a state House constituency that overlaps the 16th District in parts of Martin, St. Lucie and Palm Beach counties —has just five weeks to raise money, inform voters of the strange ballot situation and introduce himself to the many district voters who are not familiar with him.

Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney.

"It's still a race against the 'Foley' name," Martin County Democratic Chairman David Dew told CQPolitics.com shortly after Negron was chosen. "If I'm a Republican, I'm having a real hard time punching that name that says 'Foley' knowing that he's an accused predator."

Negron, in a phone interview with CQPolitics.com after the party announcement, concedes he faces a problem, but can overcome it. "I think it's an education effort, but I believe that voters are very smart and sophisticated," said Negron, who added that he just needs to "get the word out that the name 'Mark Foley' is only a placeholder," in order to be successful.

"I'm very grateful for this opportunity to keep District 16 a Republican seat," Negron. "It's a seat that went for President Bush [in 2004 with] 55 percent and voted for Gov. [Jeb] Bush [with] 60 percent."

But Negron and the Republican party bear the burden of explaining the ballot process to voters in the face of a rapidly strengthening bid by Democratic businessman Mahoney, who had appeared a distinct underdog to the long-popular Foley but raised an eye-opening $1.1 million as of Aug. 16.

Mahoney showed no hesitation about weighing in on the Foley scandal. Mahoney, at a press conference Saturday in West Palm Beach, echoed Democratic charges that Republican officials had failed to address earlier allegations that Foley had made inappropriate remarks to pages and had put election concerns ahead of their obligation to protect the youngsters.

"They had to make a choice," said Mahoney. "They had to do what is right for the children . . . or they could try to hold onto a seat. And they decided to try to hold onto a seat."

Negron's truncated congressional campaign is actually his second bid for higher office this year. He launched a Republican primary campaign for Florida attorney general, but yielded to the strong advantage held by former U.S. Rep. Bill McCollum and withdrew from that race this summer.

Negron, though, has had his eye on the 16th District seat for several years. He expressed his interest in replacing Foley when the congressman weighed a bid for the Senate in 2004. But Foley announced in September 2003 that he would no longer campaign for the seat, left open by retiring Democratic Sen. Bob Graham, that eventually went to Republican Mel Martinez.

Sen. Martinez was one of the first GOP officials to endorse Negron after he was chosen as the new nominee. "I am pleased with the party's choice of Representative Negron to run in the 16th District," Martinez said in a statement released by the party. "I fully endorse his campaign. Representative Negron is a man of integrity and he will represent Floridians with honor."

Negron said he has $1 million carried over from his campaign for attorney general. Federal election law does not permit Negron to transfer those funds directly to a congressional campaign committee. Negron said Monday he is already preparing to "turn over" $600,000 of his funds by returning the checks to individual donors and asking them to donate to his federal account.

Negron now has until 5 p.m. Oct. 11 to submit the $9,726 filing fee and a "Federal Office Loyalty Oath" form to the Division of Elections, small requirements to appear on the November ballot which pale in comparison to Negron's challenges ahead.

CQ rates the race as No Clear Favorite. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

Fla. GOP Picks Foley Replacement (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, October 3, 2006

DOJ_NMG_0073719

Disgraced former Rep. Mark Foley sought treatment for alcoholism and "other behavioral problems" as Republicans on Monday picked a new candidate to salvage the seat that Foley abandoned after exchanging lurid online messages with teenage boys.

State party leaders chose state Rep. Joe Negron to replace Foley in next month's election. Negron will receive votes cast for Foley, although Foley's name will remain on the ballot in the West Palm Beach district, which is largely Republican.

"My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley," Negron said. "I think it's something that can be done."

Foley resigned Friday after reports surfaced that he sent sexually explicit e-mails and instant messages to male teenage pages. He quickly went into seclusion and released a statement that he was seeking treatment.

"Painfully, the events that led to my resignation have crystalized recognition of my long-standing significant alcohol and emotional difficulties," he said. "I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

He added: "I deeply regret and accept full responsibility for the harm I have caused."

Foley's attorney, David Roth, acknowledged Monday that his client checked into a treatment center over the weekend, but would not identify the facility.

The FBI is investigating Foley's e-mails, as is the Florida Department of Law Enforcement. Foley, who is 52 and single, could be found to have violated a law that he helped write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

House Speaker Dennis Hastert said Monday that GOP leaders did not see Foley's Internet exchanges and that he would have demanded Foley's expulsion if he had known about them. "As a parent and speaker of the House, I am disgusted," Hastert, R-Ill., told reporters in Washington.

The scandal suddenly put Foley's seat up for grabs as Democrats seek a net gain of 15 Republican seats to retake power in the House. Foley, who had represented the district for 12 years, was regarded as a shoo-in for re-election before his resignation. His name was to remain on the Nov. 7 ballot because the deadline had passed for changing ballots.

At least one prominent Florida Republican expressed pessimism about holding onto the seat.

"It's a death sentence ... mission impossible," said former state Republican Party Chairman Tom Slade. "The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

But state party spokesman Jeff Sadosky said the seat is too important to surrender. "It's not going to be about yesterday's news no matter how tragic and horrifying," he said.

Negron, standing beside a 10th grade son and 8th grade daughter, became choked up when talking about what Foley did.

"I've had pages work in my office for years, I've seen pages go to Washington, I've seen the incredible opportunity that is," Negron said, his voice trailing off. He then put his hand over his face and struggled to continue talking. "It was very disturbing because I work with these young people."

The Democratic nominee is Tim Mahoney, a former Republican and financial adviser. He said Monday that his campaign would largely remain unchanged.

"When people meet me and people know me, whether they're Democrats or Republicans, they get on board," he said. "They know that when I'm in Washington D.C., I'll be no nonsense and it's all going to be about results."

Negron, an attorney who turns 45 next week, joined in the call to investigate who knew about the e-mails and when. Democrats have suggested House leaders tried to cover them up for political reasons.

"We ought to investigate if people knew about inappropriate, criminal e-mails and didn't take appropriate action," he said. "If that happened, they need to be punished."

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Associated Press writers Brent Kallestad in Tallahassee and Brian Skoloff in West Palm Beach contributed to this report.

Foley Debacle Tests District Loyalties (LAT)

By Jenny Jarvie And Miguel Bustillo

The Los Angeles Times, October 3, 2006

JUPITER, Fla. — Mark Child voted for Rep Mark Foley two years ago, and expected to vote for him again in November. But after the disclosure that the politician had been sending sexually suggestive Internet messages to teenage boys working as congressional pages, Child is not sure what he will do.

"I'm a Republican, but I don't always vote Republican," the 48-year-old carpenter said as he dined at the Tabica Grill here. "I feel betrayed."

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His wife, Sandra, shuddered at the idea of seeing Foley's name on the ballot.

"We have children," said the 47-year-old nurse. "You put a person in Congress and you expect them to do their job. He did a good job, but he was overcome by his demons."

Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands.

"I'm very disappointed, particularly that Republican leaders in Washington knew about it," said Paul Levine, a 64-year-old retiree. "It's absolutely inexcusable, it's criminal they didn't expose that. They covered it up."

Florida Republican officials, meanwhile, tried to recover from the shock of Foley's resignation and began working to elect another candidate to the seat. That will require Florida Republicans to persuade voters to cast ballots for the disgraced incumbent, even though he has resigned.

Under Florida law, Foley's name will remain on the ballot, which has already been printed. But the replacement candidate Republicans selected Monday, state Rep. Joe Negron, will receive any votes cast for Foley.

"I don't know that it's going to be possible, but our job is to get voters to look beyond the name," said Bill Lents, chairman of the St. Lucie County Republican Party. "One idea being kicked around is 'wrong name, right party.' That's a message we have to get across, and it's not going to be easy, but that's our job."

Not everyone in Jupiter, a small coastal town of 46,000 at the mouth of the Loxahatchee River in Palm Beach County, had heard of the scandal — and some who had said they remained loyal to the GOP.

"I'm a Republican — this isn't going to change that," said Richard Engstrom, a 58-year-old accountant, as he crossed the parking lot of a Wal-Mart here. "Some people are easily swayed. But I don't think this means the Democrats will get in."

The precedent for the decision to keep Foley's name on the ballot but count his votes toward someone else happened in 2004, when Florida Democrat Jim Stork withdrew from a race against incumbent Republican Rep. E. Clay Shaw Jr., citing health reasons.

After state elections officials ruled that it was too late to remove Stork's name from the ballot, Florida Democrats won an injunction allowing them to name congressional aide Robin Rorapaugh as the party's candidate, and have votes for Stork count for him.

Barring a legal challenge, the same outcome is expected in the Nov. 7 election for Foley's old seat, requiring Republicans to remind voters of Foley at the same time the party seeks to distance itself from him.

"That's going to cause confusion with voters who will have assumed we had got rid of this guy," said Darryl Paulson, a political science professor at the University of South Florida in St. Petersburg. The district "was widely seen as a safe Republican seat — until three days ago," he added.

The jigsaw piece of a political district Foley represented stretches across the heart of south central Florida, and includes urban and rural, as well as rich and poor, areas. It goes from Port Charlotte on the Gulf of Mexico, up and over the west and north shore of Lake Okeechobee, east through Port St. Lucie and Stuart on the Atlantic Coast, then south and slightly inland to Royal Palm Beach and Wellington.

The district, which had 202,500 registered Republicans and 170,369 registered Democrats as of Aug. 7, according to Florida's election division, once had more GOP voters. But some were sheared off in 2002 and added to a neighboring district held by Shaw, who had nearly lost a close reelection battle.

Some Republican officials admitted they were still reeling from the news about Foley, a popular moderate who had won reelection two years ago with 68% of the vote. But they said it was time to press on.

"This is someone I was a close political friend of, and it was a punch right to the gut," said Sid Dinerstein, chairman of the Palm Beach County Republican Party.

Before learning Monday that Foley had checked himself into an alcoholism treatment center, Dinerstein said, "We worried whether he was alive, frankly. No one had heard from him.

"But this is politics. We have to go forward. It helps that the Democrat was out here with John Kerry last week. That gets the Republican base fired up."

The Democratic challenger, Tim Mahoney, continued to remind voters of Foley's messages to congressional pages, while at the same time pledging to run an issues-oriented campaign that focused on such topics as the war in Iraq, energy prices and the cost of hurricane insurance in Florida.

"I hope my opponent will join me in calling for a full investigation of the tragic events that led to the resignation of congressman Foley so that the mothers and fathers who entrust their children to the United States Congress' page program can be assured that their children are not put at risk," Mahoney said in a statement.

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As a light rain swept across the sprawling town of highways, strip malls and gated communities, which is home to a large number of affluent retirees from the North, the shockwaves continued to spread Monday evening.

"Oh my God, that's awful," said Mary Russell, 48, an assistant manager at a Payless Shoe Source, who had just closed up for the day. "I had no idea."

"Wow," said Denise Vogel, a computer consultant who had voted for Foley in previous elections, when she head about the scandal as she browsed a video store. "I'm going Democrat."

Bush Heads West To Stump For Republicans (WP)

By Peter Baker

The Washington Post, October 3, 2006

RENO, Nev., Oct. 2 -- President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections.

Bush plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said at his first stop, a fundraiser here for House candidate Dean Heller. "That's not the way it's going to be under my administration."

The fact that Bush had to go to the aid of Heller, the secretary of state, was another indication of Republican trouble. The 2nd Congressional District, which covers all of Nevada but Las Vegas and its suburbs, has not elected a Democrat since being created in 1982.

But in the bruising August primary to replace Rep. Jim Gibbons, who is running for governor, Heller emerged financially tapped out. He won by just 421 votes, a victory that the runner-up briefly sought to overturn in court.

The latest public poll, commissioned by the Las Vegas Review-Journal, found Heller leading Democrat Jill Derby by just 45 percent to 42 percent in a district where Republicans outnumber Democrats by a margin of nearly 3 to 2.

Bush's approval rating in the state stands at 41 percent, roughly comparable to his national standing, but he has the ability to bring in the big dollars Heller needs. His visit to a hangar at the Reno airport raised $360,000 from a few hundred people.

Few Will See Bush's Quick Visit Today (SACBEE)

By Tony Bizjak

The Sacramento Bee, October 3, 2006

When President Bush drops in today for a visit to El Dorado County, locals may be lucky to catch even a glimpse.

The good news: no highways clogged by presidential motorcades.

Instead, the president is expected to arrive via helicopter, "helo-ing in" as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then "helo-ing" out two-plus hours later.

The lunch is a $2,000-per-person fundraiser for Rep. John Doolittle with about 300 in attendance at Serrano Country Club.

Bush will be arriving from a fundraiser breakfast in Stockton and is expected to land at Rolling Hills Middle School, sheriff's officials said, then proceed a short distance to the clubhouse.

Officials are closing about a half-mile of Serrano Parkway to traffic between Terracina Drive and Torino Way at the request of the Secret Service.

El Dorado Sheriff's Lt. Kevin House warned, however, that presidential travel itineraries are subject to last-minute changes.

While no one without a lunch ticket is sure to see the president, the excitement of the Bush visit is palpable on the hillside.

That starts with Doolittle, the veteran Republican congressman from Roseville who finds himself in what may be his toughest re-election campaign. He is being challenged by Democrat Charlie Brown.

"For the first time in his career, (Doolittle) is going to have the opportunity to introduce the president to his constituents, and he is tremendously excited about that," Doolittle spokesman Richard Robinson said.

Among those constituents will be a contingent of Sweeneys. El Dorado County Board of Supervisors Chairman Jack Sweeney is coming with a friend, all four of his children, three of his children's spouses and a grandson.

"A big day for the Sweeney family," the patriarch said. "I've always wanted to be at a function with the president of the United States. I'm 68 and I decided I didn't want my kids to have to wait until they are my age to be able to do that."

Debbie Manning, president of the El Dorado Hills Chamber of Commerce, said people have been calling her office asking about where to get a view of the president. Unfortunately, she said, she doesn't know.

"The good news is, with El Dorado Hills, there aren't many ways in and out," Manning said.

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Serrano Parkway will remain open to pedestrians, sheriff's officials said, although people will not be allowed to stand on the north side of the road near the gated country club entrance.

A group opposing Doolittle and protesting the president's policies, especially regarding Iraq, will be roadside, a spokesman said. El Dorado Hills may be conservative, "but we still have people concerned about the mess in Iraq," said Don Nicodemus of the Sierra Foothills Democratic Club.

Bush, Fund-Raiser In Chief, Hits The Trail In Earnest (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, October 3, 2006

STOCKTON, Calif., Oct. 2 — President Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq.

But Mr. Bush is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House.

Mr. Bush intends to concentrate first and foremost on raising money. His strength on that front is undiminished by his political problems and is vital to giving his party an advantage in outspending the Democrats on advertising down the homestretch.

To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle.

But after a period in which most of his political appearances have been behind closed doors — he did five fund-raisers in the past week that were closed to the press — he will also step out more publicly.

While not yet conducting full-scale campaign rallies, Mr. Bush will be appearing more frequently with candidates, often in heavily Republican areas where Democrats are nonetheless competitive this year. And he will give speeches driving home the twin themes of national security and tax cuts while trying to rally a dispirited Republican base.

White House and party officials said there was never any internal debate about putting Mr. Bush out into the public eye, for all the risks that might entail. With a new burst of bad news for the party — including repercussions from the forced resignation of Representative Mark Foley of Florida over sexually explicit e-mail and instant messages sent to teenage pages — the officials said that employing Mr. Bush's power to use the White House platform to emphasize the Republican campaign message was more necessary than ever.

Mr. Bush will avoid districts and states where party officials determine his appearance may be particularly damaging for Republicans. But his aides, discussing the White House strategy for the president, said they had concluded for the most part that putting Mr. Bush out in public would do his party and its candidates more good than harm, a position that is clearly a big gamble for Republicans and a test of how much political clout he has left after two years of setbacks and missteps.

In the first three days of this week alone, he will make five public fund-raising appearances with Republican candidates, and his schedule suggests that the White House strategy is to try to close off the possibility of Democratic gains not in the most hotly contested and visible races, but in a second tier that could decide whether the House remains in Republican hands.

Two of those appearances will be on behalf of Republican House members in California, John T. Doolittle and Richard W. Pombo, who is to join Mr. Bush for an open fund-raiser here in central California on Tuesday. Both Mr. Pombo and Mr. Doolittle are viewed as potentially vulnerable because they have been touched by the fallout from the corruption scandals in Washington. In both cases, the White House believes Mr. Bush's ability to turn out Republican base voters will help to keep the seats safe.

Similarly, he went to Reno, Nev., on Monday to raise money for Dean Heller, the Republican candidate for a House seat in a district that should be safely Republican but that analysts say could be in play.

"You'll be seeing more public speeches in the weeks ahead," said Karl Rove, Mr. Bush's senior political strategist. "The president is enormously important with a significant part of the electorate that they need to win."

Mr. Bush alluded to this in an interview with conservative columnists in the Oval Office last month, saying he could set the stage for the Republican message. "There are a lot of people out there that hopefully I'll be able to inspire to turn out," he said.

But some of what Mr. Bush is doing will largely remain out of public sight. He plans to record messages for automated calls to voters in crucial districts, taking advantage of the sophisticated Republican operation to identify likely supporters and the issues that motivate them.

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Mr. Bush, who has always relished campaigning, was described by associates as hungry to return to the road and is enjoying spending time with candidates and offering them advice.

The advice, it seems, goes to matters large and small. Michele Bachmann, a Republican running for an open House seat in Minnesota, said Mr. Bush needled her for wearing scalloped pink gloves for a recent presidential visit to her state. "What are those for?" Mr. Bush said, pointing to the gloves, according to Ms. Bachmann. "When you campaign, take off the gloves."

The White House sought, sometimes in awkward ways, to balance Mr. Bush's strengths and liabilities. He was the star attraction last week at an event that raised money for Republicans in three states, including Iowa — a closed-door fund-raiser in an Embassy Row mansion 10 minutes from the White House and 1,000 miles from Iowa, where it escaped mention the next day in the influential Des Moines Register.

And last Thursday, he was at a closed-door fund-raiser for Representative Deborah Pryce, an embattled Republican in Ohio — who used the money to finance a campaign that has included advertisements disputing Mr. Bush's position on stem-cell research.

Senator Charles E. Schumer of New York, leading the Democrats' effort to win the Senate, said his main concern as he surveyed an otherwise favorable political environment was that Mr. Bush's fund-raising power would overcome any drag he might have on his party. "That's the No. 1 question that will determine the election," Mr. Schumer said. "And I don't know the answer."

Democrats said Mr. Bush's presence on the campaign trail would only help them as they tried to turn the election into a referendum on the president. And their professed delight was echoed by signs of apprehension in states where Republicans are facing their toughest battles.

In Rhode Island, Ian Lang, the campaign manager for Senator Lincoln Chafee, a Republican who is in a tough re-election battle, said a visit by Mr. Bush "is not something we're looking for or asking for."

John Brabender, a strategist for Senator Rick Santorum of Pennsylvania, who is facing a stiff Democratic challenge, said of Mr. Bush: "He would be a distraction right now. It's very important that we turn this race into Bob Casey versus Rick Santorum."

Sara Taylor, the White House political director, said Mr. Bush could prove pivotal with party faithful who have been less than enthused this year.

"He is loved by his base," she said, "and they support him."

Cheney Slams Dems In Wyo. Stump Speech (USAT)

USA Today, October 3, 2006

Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin.

Cheney said Republicans must keep their majority in Congress to maintain the fight against terrorism. "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past," Cheney, who held the state's lone seat from 1978 to 1989, said at the Casper Events Center. He said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner.

Kean should quit race, anti-war group says

A group of anti-war activists with relatives serving in Iraq called on New Jersey Republican Tom Kean Jr. to quit the U.S. Senate race, saying he lacks a strategy for withdrawing troops or ensuring soldiers get needed aid once they return. The flap started in August when Kean and his Democratic opponent, Sen. Robert Menendez, met with the group Military Families Speak Out and were given a series of war-related questions. Menendez answered them; Kean answered some and promised written responses to the rest, said Paula Rogovin, the group's spokeswoman. Rogovin says Kean reneged. A spokeswoman for Kean, Jill Hazelbaker, said Kean has answered the group and "has stated repeatedly the egregious mistakes he feels have been made, and he's asked the president to level with the American people and acknowledge those mistakes."

Voter-registration group accused of fraud

A group that registered more than a million voters two years ago is facing allegations of voter fraud and sloppy work just weeks before midterm elections. ACORN — the Association of Community Organizations for Reform Now — is running voter-registration drives in 17 states this year. The group dispatches workers and volunteers to poor neighborhoods, gas stations, courthouses and other places to sign up new voters. Among the problems:

·Philadelphia's municipal voter-registration office has rejected about 3,000 cards submitted by ACORN because of missing information or invalid addresses.

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· Denver County election officials forwarded about 200 cards to the secretary of State's office after finding similar handwriting on signatures.

· In Ohio, ACORN is accused of submitting cards with non-existent addresses, forged signatures and, in one case, for someone who died seven years ago.

"ACORN does not commit voter fraud," national president Maude Hurd said. We work hard to bring new people into the democratic process and work to maintain good quality control."

Nevada family 'like the Kennedys, but …'

A Nevada family would be a political dynasty except only one of them has ever won a statewide election. For three generations, members of the Hansen family have run for political offices ranging from governor and U.S. senator to Elko County sheriff. Only David Hansen has ever won a statewide or major county race, being elected twice to the state school board more than 20 years ago. Said Joshua Hansen, 26, an Independent American Party candidate in the 3rd Congressional District: "We're like the Kennedys, but without the money."

Poll Shows Allen Leading Webb By Six Points (WT)

By Christina Bellantoni

The Washington Times, October 3, 2006

Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows.

If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday.

The data also show 5 percent are undecided and 3 percent would choose some other candidate in the contest.

Election Day is Nov. 7.

The race could hold national implications as well -- Democrats need to win six seats to recapture a Senate majority.

Mr. Allen has held a steady lead in the Rasmussen poll for more than a year, but his once double-digit advantage over any challenger was eroded after a summer of campaign blunders.

In an attempt to regain the momentum from Mr. Webb, who is catching up in the fundraising race, Mr. Allen last night spoke to voters in a two-minute statewide televised address.

He also has been battling recent assertions that he used racial epithets to describe blacks when he was in college.

The Rasmussen poll showed Mr. Webb leading Mr. Allen by 39 points among black voters.

Mr. Webb is facing criticism, too, with Mr. Allen running an attack ad using the Democrat's 1979 article "Women Can't Fight" in which he criticizes female midshipmen at the U.S. Naval Academy.

Still, 47 percent of women surveyed in the poll said they prefer Mr. Webb to Mr. Allen. Meanwhile, 57 percent of men said they prefer Mr. Allen.

The poll showed that 49 percent of those surveyed were not familiar with Mr. Webb's article, saying they had followed news reports on the article either "not very closely" or "not at all."

By contrast, 81 percent of potential voters said they were following the racial accusations against Mr. Allen either "very closely" or "somewhat closely."

The poll also showed 11 percent of Republicans would choose Mr. Webb if the election were held today, while 13 percent of Democrats said they would pick Mr. Allen.

Mr. Allen has a 54 percent favorable rating and a 43 percent unfavorable rating, while Mr. Webb had a 48 percent popularity rating.

Most voters told Rasmussen that national security would be the most important issue when deciding the Senate race, followed by the Iraq war and the economy.

The poll also showed President Bush, who has held a fundraiser for Mr. Allen, has a 48 percent approval rating and a 50 percent disapproval rating.

Mr. Webb is running a television ad linking Mr. Allen with Mr. Bush, saying their "stay the course" idea for the Iraq war is not right for Virginia or the nation.

The Rasmussen Senate results matched a SurveyUSA poll, released over the weekend, showing Mr. Allen with a six-point lead. A Mason-Dixon Polling and Research poll conducted last week for MSNBC/McClatchy showed the race tied at 43 percent for each candidate.

Allen Banks On 2-minute Statewide Ad To Reverse Tailspin (AP)

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By Bob Lewis
AP, October 2, 2006

Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday — a valedictory aimed at saving his political career.

The embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent "macaca," a type of monkey, through claims last week that he used a common racial slur against black people.

The ad was expected to summarize the high points of a tenure in elected office dating from his term as governor in the mid-90s and, more importantly, try to refocus the race on subjects more favorable to him.

Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points.

"The Allen campaign knows that the direction this campaign has been going the last month has been very damaging for them," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University. "They're very anxious about the direction of his numbers."

Also on Monday, Webb began his biggest ad purchase yet, a 30-second spot that features two retired military women rebutting claims in an Allen ad aired last week.

"Jim Webb is committed to creating opportunities for women," Clara Adams-Ender, a retired U.S. Army brigadier general, says in the ad.

The ad will match ads Allen began airing statewide last week at a total cost of about $650,000 weekly, said Webb spokeswoman Kristian Denny Todd. Allen's ads featured female U.S. Naval Academy graduates who said they suffered hostility and humiliation at Annapolis because of a 1979 magazine article Webb wrote that said women could not lead men in combat and decried their admission to the academy.

Allen's newest ad, however, is unique in Virginia political history. The only comparable use of one-time, statewide advertising was in 1987 when Republican Sen. Paul Trible announced he would not seek re-election.

Allen will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting.

Allen wanted to do the ad live, but the costs and logistical arrangements would have been prohibitive, campaign advisers said. It was taped over the weekend.

Merle Black, a political scientist at Emory University in Atlanta, said Allen's tourniquet strategy makes sense considering the unfavorable coverage of unflattering and bizarre developments in the campaign.

"This would be an opportunity for him to redefine the issues of the campaign and give voters his side of the story unfiltered by the media," Black said.

Black said Allen's unusual address-to-the-people ad is comparable to Richard Nixon's famed "Checkers" speech in 1952 in which Nixon denied allegations of improper campaign financing and kept his spot as Dwight Eisenhower's running mate on the GOP presidential ticket that year.

"This is an example of political damage control, but it's also a candidate trying to revive his career — his political life — by framing the issues in a way as favorable to him as possible," Black said.

Outside Groups Shoveling Cash Into Tight Races (WP)

By Jeffrey H. Birnbaum And Zachary A. Goldfarb
The Washington Post, October 3, 2006

As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves.

In Ohio, Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them.

They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country.

Politically active groups on both the left and the right are shelling out dollars faster than in any previous midterm election and focusing them intensely on the races that are up for grabs. Even with five weeks to go in the campaign, the $34 million in

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"independent expenditures" so far is nearly double the amount spent in the entire 2002 midterm election, according to PoliticalMoneyLine.com.

This year's figure includes spending by the parties' House and Senate campaign committees, which unlike in 2002 are no longer allowed to coordinate directly with candidates for major ad buys, and by the "527" groups that emerged after an overhaul of funding laws that year.

Independent spending by political organizations -- such as the George Soros-funded liberal group America Coming Together and the group Swift Boat Veterans for Truth, which took aim at Democratic nominee John F. Kerry's Vietnam War record -- was a defining force in the 2004 presidential campaign. What's notable this time, with control of Congress and many governorships at stake, is how such spending has migrated to elections for lesser offices.

During the 2004 election, Democrats seemed to benefit most from independent spending. Now the balance appears to be tilting rightward: America Coming Together and its companion group, the Media Fund, are largely shuttered. Meanwhile, a leading backer of the Swift Boat group, Texas developer Bob J. Perry, has donated $5 million focusing on top GOP target races.

But in Maryland, as in some other places, Democrats are still benefiting. The Maryland Fund, a 527 led by several national Democratic operatives with ties to the state, started airing television and radio ads last week critical of Gov. Robert L. Ehrlich Jr. (R), who is being challenged by Baltimore Mayor Martin O'Malley (D). The ads seek to link Ehrlich to President Bush, whose approval ratings lag behind the governor's in the state.

Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute, predicted that "in some key races, this outsider spending will be decisive."

Expenditures by outside interest groups have ballooned largely in reaction to the 2002 law banning "soft money," the uncapped contributions that previously filled the coffers of both political parties. Once those unlimited donations were outlawed for the parties, lobby groups started handing out the big money.

In Hawaii, for example, the National Association of Realtors spent more than $600,000 in support of Rep. Ed Case, who lost the recent Democratic primary for the Senate to the incumbent, Daniel K. Akaka. The Realtors' eye-popping gift -- the group's largest ever in a primary -- nearly matched the entire amount raised by Case. "Mr. Case has a really strong record supporting issues important to Realtors," a spokeswoman for the group explained. "We decided to go all out."

MoveOn.org has also spared little expense. The liberal group's political action committee has laid out $3.5 million on commercials attacking GOP candidates in six congressional districts. It spent $465,000 against veteran Rep. Nancy L. Johnson (R-Conn.) in late spring and summer, while her Democratic opponent, Chris Murphy, doled out $181,000. MoveOn.org also expended $245,000 against Rep. Chris Chocola (R-Ind.) during the same period, while Joe Donnelly, his opponent, spent roughly half that amount.

Organizations, sometimes with mysterious origins, are cropping up everywhere and spending massively in the toughest races. A group called Softer Voices is boosting Sen. Rick Santorum (R-Pa.) with an expenditure of nearly $700,000. A group called Campaign Money Watch is attacking Pryce and Sen. Conrad Burns (R-Mont.) with $200,000.

Labor unions are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls.

One of the Democrats' leading architects of the independent-spending movement, former White House aide Harold Ickes, recently started what he calls the September Fund. Erik Smith, the fund's president, said, "There was a belief by those of us who organized this that one side of the argument -- the Bush administration and its allies -- would have a lot more resources than the other." But he added: "We're not going to make up the shortfall."

To help Democratic candidates, the September Fund intends to raise at least $10 million and buy ads that criticize Bush. But several Republican-leaning groups have already purchased millions of dollars of airtime supporting Bush's policies and, by inference, GOP candidates. They also have money available to buy even more commercials, and they plan to do so.

These groups include Progress for America, a major player in 2004 that has been on the air this year in Ohio and Missouri, states in which incumbent Republican senators Mike DeWine and James M. Talent, respectively, are in tough fights to keep their jobs. Another, the California-based Economic Freedom Fund, has spent more than $700,000 opposing Democratic Reps. Leonard L. Boswell (Iowa), Alan B. Mollohan (W.Va.) and Jim Marshall (Ga.), three members of a small circle of Democrats at any risk of losing their seats this fall. The fund was boosted by a $5 million gift from Perry.

The intervention of outside groups, especially at high levels, can be a mixed blessing. Maureen O'Brien Donovan, spokeswoman for Rep. John E. Sweeney (R-N.Y.), asserted that MoveOn.org's commercials against her boss have backfired. "Its intervention and its volunteers aren't from here, and that's well known to the general public," she said. "People who have lived here all their lives find those types of things suspect."

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At the same time, candidates cannot control the groups' messages or their delivery, which sometimes causes voter confusion. "Nobody knows who these guys are, and voters have no way of judging their interests or their donors," said George Rasley, Pryce's spokesman.

In addition, the independent efforts are sometimes heavy-handed and irritate the voters they are supposed to attract. The Chocola campaign, for instance, received complaints from voters who were annoyed by automated phone calls they had received from an outside group that was supporting his reelection.

The number of independent organizations, some of them anonymous, has multiplied. On the left, a patchwork of innocuous-sounding organizations has sprouted, including Majority Action, which wants to unseat 10 to 15 Republican congressmen, and America Votes, which is trying to prevent Democratic-leaning groups from duplicating one another's work. Large sums are flowing from these and more established groups. Emily's List, which helps female, pro-abortion-rights Democrats, expects to spend about $10 million this year, and the American Federation of State, County and Municipal Employees, a labor union, anticipates spending $22 million.

On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut.

The generally pro-Republican Business Industry Political Action Committee has a more elaborate scheme. By using companies' electronic communications systems, it has delivered 40 million messages to employees urging them to cast their ballots for pro-business candidates. It has also helped a million citizens register to vote and another million apply for early voting forms.

All of these efforts are sure to make a difference. "When you have the ability to spend one to three million dollars down the stretch in a particular House or Senate race, that kind of spending can really drive the election," said Michael E. Toner, chairman of the Federal Election Commission. "That can decide who wins or loses on Election Day."

New Suburbs Could Be New Political Battlegrounds (USAT)

By Jill Lawrence

USA Today, October 3, 2006

New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration.

The new “it” counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington.

In recent elections, Democrats have dominated cities and close-in “mature” suburbs, while Republicans sweep newer, outer suburbs and rural America. “The further out you go, the redder things are,” says William Frey, a sociologist at the University of Michigan and the Brookings Institution.

Frey and others say future elections will be won and lost in fast-growing suburbs that didn't exist 10 or 20 years ago. “The emerging suburbs are in transition. They're contested,” says Lang, director of the Metropolitan Institute at Virginia Tech.

Some of these areas are increasingly ethnic and Democratic, while others are growing more Republican. Some give big margins to GOP presidential candidates but split more evenly in other races. Their housing runs the gamut from mini-mansions to trailer parks. All have enough voters to make them worth fighting for.

Among the counties that could determine whether Republicans keep their House majority:

·Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel.

·Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican.

·Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican.

Democrats lost growing suburbs badly in the 2004 presidential election. Last year Virginia Gov. Tim Kaine broke tradition by carrying Loudoun and Prince William counties, outer suburbs of Washington, D.C. His campaign centered on transportation and education.

Joel Kotkin, an urban historian associated with centrist Democrats, says outer suburbia is terra incognita to many Democrats “yet there's no reason they can't be competitive. These people care about schools and infrastructure. They want economic growth. They have some of the same concerns on foreign policy.”

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Ruy Teixera, a Democratic analyst, calls the counties "an important part of a winning strategy" even if Democrats can't win them outright. That's because shrinking GOP victory margins in the new suburbs would improve Democrats' chances to carry statewide races for president and state offices.

Matthew Dowd, who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. His research shows most voters in such areas are not ideological; rather, they look for candidates who share their concerns about practical matters such as schools. "They're a force that you can't take for granted," he says.

Lieberman Says He Has Been Promised Seniority (HILL)

By Alexander Bolton

The Hill, October 3, 2006

Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress.

Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision.

But the strongest response is likely to come from Sen. Frank Lautenberg (D-N.J.) who views Lieberman's independent status as an opportunity to press Democratic leaders to restore seniority he lost four years ago.

If Lautenberg retrieves seniority accrued during 18 years of Senate service before retiring in 2000, he could leapfrog Lieberman to lead the Homeland Security and Governmental Affairs Committee or the Environment and Public Works Committee.

Lieberman has served 18 years in the upper chamber. Lautenberg has served a total of 22 years, but he has only four years of recognized seniority because he retired from Congress for two years in 2000.

While even Lautenberg's allies admit the chances of jumping over as many as five lawmakers on either committee are small, the senator thinks he has a strong case.

Reid, the Senate Democratic leader, does not want to wrestle with these questions in public before the Nov. 7 election.

"The caucus won't make any decisions until after the elections in November," said Reid's spokesman, Jim Manley.

While that response implies that Lieberman's status is to be decided by the entire caucus, senior Democratic aides say questions of seniority are largely decided by Reid.

Lieberman said he would keep his senior position in the caucus, even though he lost Connecticut's Democratic primary, and is running against Democratic nominee Ned Lamont, whom the Senate Democratic leadership has endorsed.

"That's what I've been told," said Lieberman in an interview Friday, before Congress recessed for the election. "Caucuses like to keep as many members as they can, not discourage membership," implying that leaders risk his defection to the GOP if they strip him of seniority.

Lieberman said he assumed that would mean he would continue to serve as the top Democrat on the governmental affairs panel. It would also allow him to become the most senior Democrat on the Environment and Public Works Committee. But Lieberman said his desire is to stay atop Homeland Security and Governmental Affairs.

It looks more and more likely that Lieberman will win reelection. A poll released last week by Quinnipiac University showed Lieberman holding a 49-39 percent lead over Lamont among likely voters.

That could create big problems with Democrats in Congress and around the country if their party takes over the Senate. The governmental affairs panel is primarily responsible for oversight and investigations of the executive branch.

If Democrats take over either the Senate or the House, it is expected they will pour much time and effort into investigating the Bush administration. And many Democrats think Lieberman, who lost the primary race because of his perceived closeness to the Bush administration, is not the right person for that job.

Tom Matzzie, the Washington director of MoveOn.org, a liberal advocacy group that supports Lamont, said Lieberman may be spreading false information to make himself a more attractive candidate.

"This is a Lieberman campaign tactic," he said. "Democratic leaders are supporting Ned Lamont."

Bill Grad, who sits on the Democratic Town Council of Greenwich, Conn., Lamont's home town, said Lieberman has very actively distanced himself from the Democratic Party, and that it was wrong of leaders to promise anything.

"Why should Reid tell the guy in advance that he'll have his seniority. If it comes to that, that's fine. But it's disappointing, it's greatly disappointing that he would be given assurances."

"He's not running as a Democrat," said Grad, who is also a volunteer for Democratic candidate Diane Farrell. "He couldn't be more clear about that. He's not supporting any Democrats running for Congress."

Lamont's campaign did not respond to a request for comment.

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Lautenberg does not have anything critical to say about Lieberman, but he calls himself a "dyed-in-the-wool" Democrat and says he wants to see Lamont win.

He also said that as the election approaches, now is the time for him to make the case to colleagues and leaders that he should regain his seniority.

"I will make the case, I will make the case," said Lautenberg emphatically. "The closer to the election, the better the reminder has to be."

"I saved a Democratic seat," he said of his 2002 election. "I financed the race myself at the beginning."

Lautenberg declared his 2002 candidacy about a month before Election Day after former Sen. Bob Torricelli (D-N.J.) suddenly resigned his seat soon after the Senate Ethics Committee rebuked him for accepting improper gifts. Lautenberg won the seat, which Republicans had a good chance of capturing because of Torricelli's ethical troubles.

Lautenberg also spent nearly $1.5 million of his own money on the race.

Sen. Paul Sarbanes (D-Md.), a thirty-year Senate veteran who is retiring at the end of this Congress, said he is sympathetic to Lautenberg.

"It looks like he has a case to make but I don't know what rule he's working off," he said.

But Senate history is not reassuring for Lautenberg. When Minnesota Sen. Hubert Humphrey (D) returned to the Senate after serving as vice-president under President Lyndon Johnson, he lost all the seniority he accrued before leaving for the White House, said Senate Historian Richard Baker.

Poor New Hampshire? Don't Bet Against The Granite State (RC)

By Stuart Rothenberg

Roll Call, October 3, 2006

Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar.

Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date?

Don't bet on it.

Democratic presidential candidates, as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held.

The DNC has added Nevada between Iowa and the Granite State and scheduled South Carolina for the Tuesday after New Hampshire. Both of the new contests are caucuses, so New Hampshire's status as the first primary state isn't compromised. Still, the Granite State's secretary of state may take action to ensure that the state isn't leapfrogged by Nevada.

If New Hampshire moves up its date, the DNC has promised to punish it by refusing to recognize the state's delegates. In theory, that should encourage Democratic presidential hopefuls to bypass the state rather than expend time and resources in a state with no delegates at the national convention. It won't. All the early potential candidates have indicated they will campaign in New Hampshire, whenever the primary is held.

"There will be an election. People will vote. Reporters will cover it. And the results will influence results in subsequent states. There's nothing meaningful the DNC can do about it," said one veteran Democratic strategist with presidential campaign experience.

New Hampshire really isn't about delegates, although campaigns obviously hope to win some in the primary. Rather, the primary is all about momentum. That means candidates and journalists will show up even if delegates are not at stake.

"It's preposterous to think that we wouldn't cover New Hampshire in the same way we always have," a network political director said to me recently.

Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

But what if New Hampshire keeps the same date? Won't Nevada eclipse it? Again, don't bet on it.

While the South Carolina primary is likely to get plenty of attention from candidates and the national media in 2008, it's unlikely that Nevada caucuses will get anything close to Iowa and New Hampshire in terms of attention.

First, like the well-established Iowa event, Nevada is another caucus, not a primary. Journalists are likely to flock to one event where campaign organization and base voters are important, but are they really going to do it a second time, after all of the hullabaloo around Iowa? Probably not.

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And for the campaigns of presidential hopefuls, Iowa's caucuses are a known commodity. Political operatives know who is going to participate and how the caucuses will work. They don't have a clue about how Nevada's caucuses will work, and that means they'll invest far less time and effort in that state, even if it is early in the process.

True, Nevada is a state with a considerable Hispanic population, and that guarantees candidates and some media will be there. But New Hampshire, not Nevada, is likely to be seen as the second big test of the presidential nominating process.

Cost certainly will be an issue for the TV networks. They will devote considerable resources to the first caucuses and the first primary, but they are less likely to treat Nevada like a major league happening, especially since it is likely to be a Democrats-only event.

"Nevada will be semi-big," insisted a veteran Democratic operative who has played in the Democratic presidential sandbox. "It won't be as big as New Hampshire, even if New Hampshire comes after it. It may not even be as important as South Carolina."

South Carolina is likely to get more coverage than Nevada because it is on the East Coast, because both parties will have primaries the same day and, once again, because reporters and candidates already have come to regard the Palmetto State as an early test. Moreover, the state's considerable African-American population makes it both an interesting story for journalists and a test of candidates' appeal.

I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November.

And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer.

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Stuart Rothenberg is editor of the Rothenberg Political Report.

Veto In California On Electoral College (NYT)

By The New York Times

The New York Times, October 3, 2006

By The New York Times

SACRAMENTO, Oct. 2 — In the end, only one vote mattered.

Saying it ran "counter to the tradition of our great nation," Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote.

The bill, which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president — 270 — would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted.

Mr. Koza said the goal was to force presidential candidates to campaign nationwide, rather than concentrating on a small number of battleground states — like Ohio or Florida — that have a lot of electors. California, while having more electors and voters than any other state, is considered reliably Democratic, and thus not often a part of the presidential campaign.

Thomas J. Umberg, the bill's sponsor in the California Assembly, said that he was disappointed by the governor's decision "to maintain the status quo" and that he would consider taking the proposition to a ballot measure.

After Riding High With Fox News, Murdoch Aide Has Harder Slog (WSJ)

By Julia Angwin

The Wall Street Journal, October 3, 2006

Over the past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot.

Using a similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives. He has started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing.

Mr. Ailes's independent streak contributed to the decision last year of Rupert Murdoch's son and heir apparent, Lachlan Murdoch, to quit the company. The younger Murdoch felt Mr. Ailes was undercutting his position, according to people close to the situation.

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His style has even affected News Corp.'s relations with other media companies. Executives at CBS Corp., frustrated with the slow pace of negotiations between the two, didn't tell Mr. Ailes they planned to shutter CBS's UPN network, which ran on 10 News Corp. stations, until 10 minutes before the January news conference.

Mr. Ailes's adventures mark a change of pace for one of the world's largest media companies, which owns, in addition to the Fox television business, the 20th Century Fox film studio as well as newspapers and satellite-TV operations. In the past, the company was largely free of the infighting typical of the media business because of the single-minded control wielded by Chief Executive Mr. Murdoch.

But in recent years, Mr. Murdoch, 75 years old, has allowed Mr. Ailes to carve out a larger power base. In the process, that's sparked tensions within the executive suite.

Mr. Murdoch has long been a big supporter of Mr. Ailes, 66, whom he hired a decade ago. Last year, Mr. Murdoch renewed Mr. Ailes's employment contract for another five years. In a written statement, Mr. Murdoch says, "Roger has done a truly amazing job growing Fox News into the number-one news channel." He adds: "Roger has my full support and complete admiration."

Mr. Ailes says any intimation that he has sharp elbows is overblown. "There are lots of things that can be said about me -- but not playing for the full team is not one of them," he says. If the only way to win is to damage someone else, he adds, "you're no damn good."

He says Fox's stations have performed better than expected and that the new network will pick up. On the ratings declines at Fox News, "we're not unaware of a little bit of deterioration," he says, adding that "if you look at all the pressure on cable news, it's amazing that it's held up as well as it has."

A former Republican political consultant who began his career working for President Nixon, Mr. Ailes approaches business with a campaign-like competitiveness. In his political career, Mr. Ailes can claim credit for crafting the television ad that helped sink Michael Dukakis's presidential bid. The ad questioned the candidate's national-security credentials while picturing him riding a tank.

At News Corp., Mr. Ailes insisted on a lot of autonomy. Upon his hiring, he reported directly to Mr. Murdoch, unlike the heads of News Corp.'s other cable channels, who report to a News Corp. executive in Los Angeles. Mr. Ailes also oversees Fox News's ad sales and negotiations with cable operators. The other cable heads handed off those functions to a centralized group. Mr. Ailes says he insisted on those conditions to prevent "second-guessing" about programming.

Go-It-Alone Style

For 10 years, Mr. Ailes's go-it-alone style was successful. In 2002, Fox News toppled Time Warner Inc.'s CNN as the cable-news leader by recasting the medium with snappy on-air personalities, a graphics-heavy presentation and an evening line-up bristling with conservative commentary. CNN never regained the lead, and Mr. Ailes won't let them forget it: Last week, he held a Fox News 10-year anniversary party across the street from CNN's Atlanta headquarters.

News Corp. doesn't report financial results for the Fox News Channel, but says it is one of the biggest parts of the fast-growing cable-networks division. The division reported operating income of $864 million for the year ended June 30. News Corp. has been slow to launch a business-news cable channel that would be under Mr. Ailes's auspices. Mr. Ailes says he wants to wait until the channel has sealed distribution deals.

Mr. Ailes has chafed at interference from other divisions. Last year, when Mr. Murdoch decided to invest heavily in Internet businesses, FoxNews.com was folded into a centralized ad-sales unit. Almost immediately, Mr. Ailes battled to get his division back. He complained that the unit's profits were falling as the centralized division spent to hire more salespeople, even as ad sales rose.

"We had some disagreements," Mr. Ailes says of his relations with the Internet division. Mr. Ailes says he and the head of the Internet division agreed to part ways during a meeting in December. Despite being associated with the leading cable-news network, FoxNews.com ranks as the 11th largest Internet news site, according to August figures from comScore Media Metrix.

Mr. Ailes had long been interested in the Fox local TV stations. But that was the province of Lachlan Murdoch, Rupert Murdoch's son, who was appointed News Corp.'s deputy chief operating officer in 2000. In 2004, Lachlan Murdoch appointed longtime Ailes lieutenant Jack Abernethy to head the stations. The close relationship between Messrs. Ailes and Abernethy sometimes left Lachlan Murdoch out of the loop, according to people close to the situation.

Lachlan Murdoch, for instance, wanted to postpone airing a new show by Fox News Channel correspondent Geraldo Rivera on local TV stations, according to people close to the situation. He wanted first to cancel "A Current Affair," a failing news program. Mr. Ailes went directly to Rupert Murdoch and won permission to ignore Lachlan's preference, these people say.

Mr. Ailes says he doesn't recall circumventing Lachlan Murdoch. "If that's what happened, I don't know it," he says. "I don't think that's what happened because Lachlan and I get along great." Lachlan Murdoch, who was upset with other decisions made by his father -- such as moving News Corp. headquarters to New York from Australia -- quit the company last summer.

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Mr. Murdoch immediately tapped Mr. Ailes to take on the TV station portfolio. The Fox television station group is the largest in the U.S. and an important part of the News Corp. empire. The stations contributed about $1 billion of the company's $3.9 billion operating income in the year ended June 30, 2006.

After he added the station group to his portfolio, Mr. Ailes started introducing more news programming and a greater reliance on Fox News content. Such offerings can be more profitable for local stations, which can sell all the resulting ad time themselves. With many syndicated and network programming deals, local stations have to share the ad time with program makers.

The news operations of local TV stations have started to look like Fox News. Many have imported Fox News's flashy blue and red graphics and its spinning 3-D logo, and have trained local news anchors in Fox News's chatty on-air style. Some markets have also started using a variant of the Fox News tagline, "The most powerful name in news."

Mr. Ailes insists that the stations will remain editorially independent. "Fox News Channel will act as a support mechanism but those are real local stations," he says. "Editorially every news director has got to make his own decisions."

When the new logo rolled out in Los Angeles in April, morning-show host Jillian Barberie jokingly complained on air about the size of the logo, which covered up her shoes. Former New York Fox station anchor Chris Gailus says he wonders whether a cable image is right for local news. "My gut instinct is that people who watch local news may be a bit more traditional about the look," he says.

Mr. Ailes says the feedback from the station managers about the new look has been "ecstatic."

More recently, Mr. Ailes told CNN that News Corp.'s stations will no longer buy its news feeds, something for which he had long agitated. Some station heads had resisted the move, worried, among other issues, about the relatively scanty nature of Fox News's overseas coverage.

Mr. Ailes, who refers to CNN's international channel as the "Anti-American channel," says stations can rely on Fox News and its partners. "We don't think we need to be in the business of paying CNN," he adds.

Overall, Mr. Ailes's changes haven't translated into more viewers. The local stations' latest national ratings -- from May -- were mostly flat to down, according to Nielsen Media Research, which tracks the numbers. The entire industry is in a slump as TV stations across the U.S. struggle with increased competition from Internet and cable television.

In September, Geraldo Rivera's show, the one that Lachlan Murdoch wanted to postpone, drew about the same ratings as the weak program it replaced. "He's doing extremely well in some markets and we need to get a little better in some of the larger markets," Mr. Ailes says. "But he's doing better shows every day, I think."

Station revenues were also flat in the year ended June 30, 2006. Mr. Ailes says the stations did better than the shortfall the company had projected.

Unexpected Project

One of Mr. Ailes's bigger projects came about unexpectedly. Ten of News Corp.'s 35 television stations used to carry the UPN network, which was owned by CBS. During the fall of 2005, CBS felt that Messrs. Ailes and Abernethy were dragging their feet about renewing the contract, which was set to expire in 2006, according to people familiar with the situation.

"We weren't in a hurry, but we weren't turning it down," Mr. Ailes recalls. Eventually, CBS decided to ditch the network. Mr. Ailes says he got a call from CBS Chief Executive Leslie Moonves 10 minutes before the announcement was made. "Les called me on his way into the press conference," Mr. Ailes says. "Had they signaled any kind of urgency or intensity we would certainly have met with them." He says he met with CBS executives once.

At the news conference, on Jan. 24, CBS announced it would merge the UPN network with Time Warner's WB network to make a new network called CW. CBS said the CW network would air on stations owned by Tribune Co., leaving Fox without a network for its 10 UPN stations.

The announcement left News Corp. scrambling to come up with programming before its annual presentations to advertisers in May. Messrs. Ailes and Abernethy decided to revive an idea that had been kicking around News Corp: translating Spanish-language telenovelas into English. News Corp. produces the episodes on a shoestring budget of $200,000 to $500,000 for each hour-long segment. Traditional network dramas can cost $2 million to $3 million an episode.

MyNetworkTV launched as a new broadcast network in the fall with two debut telenovelas "Desire" and "Fashion House" running back-to-back hour-long episodes every night of the week during prime time. It signed up stations reaching 96% of U.S. households.

In the weeks prior to the launch, News Corp.'s Fox-affiliated television stations promoted MyNetworkTV heavily, even when it competed with the stations' own programming. Some at the Fox broadcast network thought the Fox promotions were suffering as a result, according to people familiar with the situation.

Peter Chernin, News Corp.'s president, expressed concern to executives that there was a "lack of communication" between the stations and the network, says a person familiar with his thinking. Finally, Messrs. Chernin and Abernethy agreed to

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cut back on MyNetworkTV promotions for the two weeks leading up to Labor Day and then to promote the MyNetworkTV shows within the Fox premieres.

Still, viewers and advertisers have not flocked to the new network. Ratings for the shows have been low. A person close to the situation says the network is losing a million dollars a week.

Mr. Ailes says test audiences liked the shows and that the network's success is a matter of getting the word out. "I probably undermarketed it," he says.

In His New Role, Roger Ailes Has Rankled Colleagues; Slow Start At MyNetworkTV (WSJ)

By William Spain

The Wall Street Journal, October 3, 2006

SAUGET, Ill. -- When construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities.

But across the border in Illinois, the village of Sauget rolled out the welcome mat. "This kind of industry has to go someplace," says the village's president, Richard A. Sauget Jr. "We are very comfortable with it here."

That "Yes, in my backyard" ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads.

Sauget, named for its most prominent family, might offer some lessons for other Midwestern towns desperately seeking economic rejuvenation. Sauget has no downtown to dress up, no chamber of commerce. It has done nothing to try to attract new housing or a Wal-Mart.

Instead, Sauget has embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois.

"The town allows us to operate as a business, not making moral judgments, but expecting us to obey the law," says Michael Ocello, president of VCG Holdings of Denver, owner of the strip clubs that locals have nicknamed "Ballet du Sauget."

What the village lacks are schools, churches and supermarkets. There is now a village maintenance shed where a school once stood. While Mr. Sauget's three children attend Catholic school, the village pays into the district in nearby Cahokia for kids who go to public schools.

Many of the residents are police officers, firefighters and other village employees. Given the population's relatively static nature, housing turnover is rare. "I have never sold a house in Sauget," says Linda Frierdich, owner of Advantage Real Estate in nearby Columbia, Ill. "I don't think anyone has. Nobody wants to move there."

Yvonne McDaniel, 58, has lived in Sauget for 55 years and raised four children here with her husband, a retired Sauget police officer. "It might not be the most beautiful place in the world but there are more important things than beauty," she says.

Sauget's per capita income of about $19,000 is just $1,000 less than Chicago's. And with annual property and other tax revenues of $7 million -- which works out to a remarkable $28,000 per person -- residents of Sauget (pronounced so-ZHAY) enjoy free sewer service and trash pickup, and a force of 16 police officers and 16 firefighters -- one of each for every 15 locals.

Sauget's location -- just a five-minute drive from downtown St. Louis -- makes it easy for thousands of weekend visitors to sample its nightlife.

But perhaps nothing is more vital to Sauget's success than the unabashedly pro-business leanings of its leading family, the Saugets.

Mr. Sauget, 33 years old, is a former minor-league ballplayer who has been attending village meetings since he was 13 and is known around town as "mayor." He is the third Sauget to be elected village president since the town's founding as "Monsanto," after the chemical giant, in 1926. Members of his family control the Gateway Grizzlies, a local minor-league baseball team, several nightclubs, and a portion of its four square miles, including about 20 of its roughly 100 homes. His father, Richard Sauget Sr., lives in a mansion in Sauget complete with a tennis court and meticulously trimmed lawn and hedges.

Tooling around town in his black GMC Yukon Denali SUV, the younger Mr. Sauget proudly points out the many industrial landmarks. "There's Stellar Manufacturing," he says, adding, "They make the 'hockey pucks,' " the deodorizing cakes used in many public toilets.

Kathy Andria, president of the American Bottom Conservancy, a local environmental group, occasionally gives "toxic tours" of East St. Louis and other poor industrial towns just east of St. Louis. She says Sauget is a must-see because it's a "magnet" for industries that deal with pollutants. "They think of the companies as their constituents."

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The village was created to offer Monsanto a tax- and regulation-free dumping location at a time when environmental rules existed mainly at the local level.

"We were basically incorporated to be a sewer," Mr. Sauget says.

The town thrived under the oversight of its first president, Leo Sauget, Richard's great-grandfather, who was once described by the St. Louis Post-Dispatch as "a gentleman farmer who ... would shock blue bloods by showing up at board meetings in overalls." The town also got a reputation for its smell, memorialized in the 1992 song "Sauget Wind" by rock band Uncle Tupelo, which includes the verse, "They're poisoning the air / For personal wealth..."

In the late 1960s, polychlorinated biphenyl (PCB) contamination of land, ground water, rivers and the food chain began to cause concern -- and the Monsanto plant in Sauget was the nation's largest producer of PCBs. Production of PCBs was banned in 1977, but they remain part of a noxious chemical stew at an Environmental Protection Agency Superfund site along Dead Creek in Sauget.

"Sauget is one of the most polluted communities in the region," says Richard Karl, director of the EPA's Superfund Division, Region 5. "It's basically a soup of different chemicals," including PCBs, benzene, toluene, and dioxin and organic solvents. Heavy-metal pollutants include cadmium, silver, selenium and zinc. So far, the agency has spent tens of millions of dollars to clean up the area. "We have eliminated a lot of the direct contact threats but we won't be leaving anytime soon," says Mr. Karl.

Around the time of the PCB imbroglio, the town changed its name from Monsanto to Sauget, after Leo Sauget, who had just stepped down as village president. Today, the plant is owned by Solutia Inc., which was spun off from Monsanto Co. in 1997, and makes products including oil additives and agricultural chemicals.

Over the years, the town has occasionally sided with local companies in court against regulators and groups worried about pollution. Paul Sauget, Leo's son and successor as village president, once handed a complaining EPA official a gas mask at a public meeting.

A trucking company recently built a terminal and a new dialysis clinic opened next to the ballpark. In August, a new $100 million ethanol plant broke ground. "The heavy industry is not as strong as it used to be, but all the infrastructure is still [here]," Mr. Sauget says. "We have the access, we have the roads. And we will talk to anybody."

All In The Family (WSJ)

By ARTHUR C. BROOKS

The Wall Street Journal, October 3, 2006

Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty.

In one popular book about campus politics, the author writes, "We all know that left-wing radicals from the 1960s have hung around academia and hired people like themselves. . . . [T]hey spew violent anti-Americanism, preach anti-Semitism, and cheer on the killing of American soldiers and civilians -- all the while collecting tax dollars and tuition fees to indoctrinate our children." If the author is right, then the fears about the minds of our children might seem like a lot more than just right-wing paranoia.

Most studies of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one. Imagine a student with God-fearing Republican parents exposed to the depredations of an English professor aiming to use his class as a Bolshevik training camp. Will the professor succeed in turning the kid into a Red? The evidence says, probably not: When it comes to politics, people from conservative families follow their parents, not their professors.

The most recent evidence on this subject comes from the mid-1990s, in the University of Michigan's National Election Studies. These survey data uncover two facts. First, people who go to college are more likely to vote Republican than those who don't go to college. Adults 25 and under from Republican homes are, for example, 11 percentage points more likely to vote Republican if they attended college than if they didn't. And young adults from Democratic households are 11 percentage points less likely to vote Democrat if they've gone to college than if not.

Second, nearly everybody grows more likely to vote Republican as they age -- but especially college graduates. It is no shock that the vast majority of people of all educational backgrounds from Republican homes vote Republican by age 40. It may come as more of a surprise that 40-year-olds with Democrat parents are far less likely to vote Democrat if they've gone to college than if they haven't. In fact, while three-quarters of the uneducated group still vote Democrat, the odds are only about 50-50 that

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the college graduates vote this way. And they've not all become skeptical political independents: Fully a third are registered Republicans.

Obviously, some kids turn left in college -- but this appears to be the exception, not the rule. Does all this mean that our colleges and universities are actually breeding grounds for conservatism? Hardly. What the statistics really show is that higher education by itself doesn't affect political views very much. Rather, in addition to the strong influence of parents, it is higher incomes -- which typically reward a college education in America -- that push people to the right politically. In Republican families, the income effect reinforces parents' influence on their kids. In Democratic families, the two effects work against each other.

To fearful Republican parents, then: Sleep tight. When it comes to politics, your kids are in good hands -- yours.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming in November from Basic Books.

The Chair Out From Under Them (NYT)

The New York Times, October 3, 2006

Wal-Mart is famous for trimming, squeezing, and slashing costs relentlessly. While the company would like the world to focus on the benefits derived from its low prices, we cannot ignore how the nation's largest private employer often grinds up its hourly workers in the same machine.

There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain. For instance, Steven Greenhouse and Michael Barbaro reported yesterday in The Times that employees at several Florida stores say that managers are barring older employees with back and leg problems from using stools they had sat on for years.

Other employees are complaining of sudden scheduling changes they say are skewed to chase out long-term employees, and wage caps that act as a disincentive for those longer-tenured workers. In a stunning deployment of corporate doublespeak, a memo to store managers describes the wage caps as a way to maintain "internally equitable pay levels." It is true that if everyone is making the same everyday low wages, a perverse form of equality is established among them.

The company says it is not trying to encourage long-term employees to leave, and that the caps encourage them to move up if they want higher pay. Other retailers impose wage caps, the company argues. It is true that Wal-Mart falls under particular scrutiny, but it is in no small measure because it the largest private employer in the country. And, as that internal document last year noted, poorly compensated part-time workers lacking benefits will turn to government programs for the needy instead, a form of backdoor taxpayer subsidy.

But Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice.

As a business, Wal-Mart minimizes costs and maximizes profits. Society says what is fair, sets the rules of the game through government, and imposes minimum standards. Congress must act to raise the minimum wage, which has sat at a paltry $5.15 an hour since 1997, and reform the teetering health- insurance system. Right now, it's sending the wrong message to companies like Wal-Mart.

Richmond's Obstructionists (WP)

The Washington Post, October 3, 2006

LAST WEEK'S stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure.

Step back and consider the events of this year that led to the impasse. Gov. Timothy M. Kaine (D) took office in January promising a major push on transportation funding -- $1 billion a year in new revenue. That number itself seemed an absolute minimum given that the state has produced no new transportation funding source in 20 years, even as population and congestion boomed. Mr. Kaine, along with the Republican-led Senate, made headway in devising a proposal based largely on a palatable menu of higher taxes and fees. But after a months-long standoff they were blocked by Republicans in the House of Delegates, led by Speaker William J. Howell (Stafford).

The assembly reconvened last week in Richmond, ostensibly to try again. But rather than deal with Virginia's most critical problem, Mr. Howell and his acolytes promptly squashed the only serious plan on the table -- one backed by moderate

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Republicans that would have yielded more than $400 million annually for Northern Virginia. Instead, the speaker and his allies offered up a slapped-together scheme wrapped in a news release claiming that it would produce $2.4 billion for transportation.

In fact, the $2.4 billion plan combined a large dose of smoke and mirrors with a hefty dollop of fiscal irresponsibility. More than half of it -- $1.5 billion -- would be borrowed and spent, starting in 2008, over just five years. And after that? Zilch. Moreover, Virginia taxpayers would be paying the loan back for 20 years, to the tune of something like $75 million a year in interest. And where would that money come from? Education, public safety, and health and human services. The House GOP leaders weren't talking about that.

They also weren't talking very specifically about how much money their plan would produce for the regions that need it most. And no wonder. Because excluding Metro, which would get $50 million a year, the rest of Northern Virginia's roads, rails and transit would receive just $54 million a year on average over the next decade. That's scarcely enough to build an intersection or a few miles of highway. Compare that with the $700 million annually that the Northern Virginia Transportation Authority says is needed between now and 2030 if the region's tangled roads are to be improved.

No new initiatives for transportation are likely next year, when state lawmakers are up for reelection. But the elections themselves provide an opportunity for fed-up commuters to throw out the Republican hard-liners who are undermining and threatening the future of the state's most dynamic region.

Bush Backs Turkey's Entry To E.U. (WP)

By Michael A. Fletcher

The Washington Post, October 3, 2006

President Bush voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq.

The meeting between the two leaders lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States.

"Our desire is . . . to help people who care about a peaceful future to reject radicalism and extremism," Bush said after the Oval Office meeting. "I made it very clear to the prime minister I think it's in the United States' interests that Turkey join the European Union."

Speaking through an interpreter, Erdogan thanked Bush for the endorsement, adding that "the United States is a strategic partner, a very important strategic partner for Turkey."

Last fall, the E.U. began talks with Turkey with the aim of having the country join the 25-member bloc. But those talks have gotten off to a rocky start, as the E.U. has pressured Turkey to cooperate in reaching a comprehensive settlement for the reunification of Cyprus and on rights for Turkey's Kurdish minority as conditions of membership.

Many European countries are experiencing a surge of anti-immigration sentiment, causing some anxiety around the prospect of admitting a 99 percent Muslim nation that has more than 70 million citizens, many of whom are poor by European standards. Membership in the E.U. can come with relaxed immigration rules.

Meanwhile, support for E.U. membership is beginning to wane among Turkish citizens, although a sizable majority still favor joining.

In an interview, Erdogan said the majority of Turks still view E.U. membership as something that would produce economic benefits and improve their quality of life. At the same time, he said, the European position on the Cyprus issue is causing a backlash against the idea of joining.

"At times, the statements made by the E.U. have a negative impact on Turkish public opinion," Erdogan said.

Cyprus, divided into ethnic Greek and Turkish zones since a 1974 invasion by Turkish troops, was admitted to the E.U. in 2004. Turkey refuses to deal with the Greek zone, which is administered by the island's internationally recognized government. Meanwhile, the Turkish zone, recognized only by Turkey, has been subjected to a widespread diplomatic and economic boycott.

When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades. Fighters for the Kurdistan Workers' Party often cross into Turkey from northern Iraq to launch terrorist attacks, causing Turkey to complain that the United States should do more to clamp down on the group.

The United States has pledged its support in cracking down on the rebel group, but officials worry that a military offensive would alienate Iraqi Kurds, the group most supportive of the U.S. presence in Iraq. The United States and Turkey have designated envoys to work on a plan to resolve the situation, and in the interview, Erdogan said he is willing to let that process play itself out.

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In his statements after his meeting with Bush and in the interview, Erdogan said he is committed to battling terrorism. But he scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam.

"The coinage of such terms as 'Islamic terrorism' or 'Islamo-fascism,' these have injured the Muslim people in the world, and it is best to avoid such characterizations," Erdogan said.

Asked whether he planned to communicate that to Bush, who frequently invokes such phrases in speeches, he said he has in the past. "In the same way as we consider anti-Semitism a crime against humanity," he said, "Islamo-phobia is also a crime against humanity."

Bush Backs Turkey's Bid To Join EU (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 3, 2006

President Bush on Monday endorsed Turkey's drive to join the European Union, commending the nation's leader for overseeing economic reforms.

Bush and Turkey's Prime Minister Recep Tayyip Erdogan said their countries share an agenda of stability in the Middle East.

"Our desire is to help people who care about a peaceful future to reject radicalism and extremism," Bush said with Erdogan at his side in the Oval Office, after their private meeting. The two discussed Iraq, Iran and a series of issues related to combatting terrorism.

Erdogan, speaking through an interpreter, said: "It was important to hear the president say that support for Turkey's membership in the European Union will continue."

A day earlier, in remarks at Georgetown University, Erdogan made a pitch for Turkey's membership, saying that "despite all the uncertainty surrounding us, we have become a country ... that is exporting security and stability to the region."

Including Turkey in the EU, he said, would add "strategic depth" to the organization, moving it from a regional actor to a global power.

In the speech, he also said a deep cultural misunderstanding between Western and Muslim societies is fueling radical groups around the world. Erdogan said overcoming differences between the West and Muslims "requires global cooperation."

"We will either all win, or we will all lose," he said.

Turkey's battle with the autonomy-seeking Kurdistan Workers Party, or PKK, was expected to be a focus of Erdogan's meeting with Bush. Turkish news media quoted Erdogan as saying he would ask Bush to fight the Kurdish rebels based in northern Iraq.

Bush and Erdogan made no mention of the issue after their meeting and took no questions.

Some in Turkey complain about what they see as a lack of U.S. cooperation in the fight against the militants, who frequently launch deadly attacks on Turkish targets.

The United States has pledged its support in cracking down on the rebel group. But Washington has also warned Turkey against pursuing the rebels into northern Iraq, fearing an incursion would alienate Iraqi Kurds.

After Erdogan's meeting with Bush, the prime minister planned to fly to London for talks Tuesday with British Prime Minister Tony Blair.

Kurdish Rebels Said To Fuel Anti-U.S. Views (WT)

By David R. Sands

The Washington Times, October 3, 2006

Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with President Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country.

Mr. Erdogan, briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization.

Attacks inside Turkey blamed on the PKK have surged again after a long lull, with nearly 100 Turkish security officers killed in clashes with rebels in the first nine months of this year. The revelation that many of the PKK guerrillas use American-made arms has heightened anti-U.S. feeling in Turkey, Mr. Erdogan said.

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"Terrorist organizations based in Iraq have been infiltrating into Turkey, as well as their arms," Mr. Erdogan said, speaking through an interpreter. "When the Turkish people learned that some of these arms were American-made, sentiment against America has been created."

Mr. Erdogan said Mr. Bush in their meeting "underlined he would do what he could to attack this problem." He added, "I came out of the meeting more hopeful."

The meeting between the two leaders went nearly twice as long as scheduled, but Mr. Bush did not mention the PKK and discussed terrorism only in general terms when the two leaders met later with reporters at the White House.

Ankara has pressed for the closing of PKK offices in Iraq and for tighter border controls. The U.S. government has warned Turkey against retaliatory attacks across the border in Iraq, fearing it could worsen the already tenuous security situation in Iraq.

Mr. Bush praised Turkey's economic reforms under Mr. Erdogan's moderate Islamist party's leadership, and repeated the long-standing U.S. support for Turkey's membership in the European Union.

Relations between the two NATO allies were badly strained by Turkey's 2003 refusal to allow U.S. and coalition forces to use its territory as part of the staging area for the war that ousted Iraqi dictator Saddam Hussein. Iraq's Kurds, who dominate the northern area of the country on Turkey's borders, have forged close ties with the United States while winning a large degree of autonomy from the central government in Baghdad.

Mr. Erdogan, who faces parliamentary elections within the year, said before his trip to Washington that he would push for "concrete steps" by the United States to curb Kurdish guerrilla activity in northern Iraq. Under U.S. pressure, an Iraqi-based PKK leader declared a "cease-fire" Saturday.

Mr. Erdogan said he also raised the question of the status of Kirkuk, an oil-rich city in Kurdish Iraq that also includes large numbers of Arabs and ethnic Turkmen, who have close ties to Turkey. He said he pressed Mr. Bush to consider a "special status" for Kirkuk, which Iraqi Kurds see as a potential capital, if Iraq should break up politically.

·Joseph Curl contributed to this report.

Bush Says U.N. Force Should Go To Darfur (USAT)

USA Today, October 3, 2006

President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay. The Sudanese government has resisted international pressure to accept a U.N. peacekeeping force, but Bush said the U.N. should deploy such a force anyway.

He dispatched special envoy Andrew Natsios to the region. Natsios said he has been visiting Sudan for 17 years. “I know leaders in all regions of the country, and I'm going to use those contacts and that history to move this process along,” he said. More than 200,000 people have been killed and more than 2.5 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Georgia frees Russians accused of spying

Georgia released four Russian officers whose arrest on spying charges prompted Moscow to announce sweeping travel and communications sanctions. Hoping to defuse tension, Georgian President Mikhail Saakashvili said he had decided to hand over the Russians to visiting Belgian Foreign Minister Karel De Gucht, chairman of the Organization for Security and Cooperation in Europe. “It's a very solid case of espionage, subversion and trying to destabilize my country,” Saakashvili said. The arrests last week infuriated Russia, which has put its troops in Georgia on high alert, recalled its ambassador and evacuated its diplomats.

Prime minister: Calm returning to Gaza

Hamas militiamen pulled back from Gaza's streets, and Palestinian Prime Minister Ismail Haniyeh said calm was returning to the area after a deadly explosion of violence between his Hamas group and its Fatah rivals. Fatah militants enforced a general strike in many West Bank towns Monday as a show of strength against Hamas, while the Hamas-led government ordered all ministries closed to protest Fatah attacks on government buildings. The fighting in Gaza erupted Sunday when the government's 3,500-man militia confronted members of the Fatah-dominated security forces who were protesting the government's inability to pay their wages. Fatah militants responded by torching the Cabinet building.

South Korean favored to be U.N. chief

South Korea's foreign minister cemented his position as the front-runner to succeed U.N. Secretary-General Kofi Annan, the only one of six candidates to escape a veto in an informal U.N. Security Council ballot. The Security Council scheduled a formal vote for Oct. 9, making Ban Ki Moon's appointment likely. “It is quite clear that from (Monday's) straw poll that Minister Ban Ki Moon is the candidate that the Security Council will recommend to the General Assembly,” China's U.N. Ambassador Wang Guangya said.

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Bush Says U.N. Should Not Wait On Darfur (AP-Y)

AP, October 3, 2006

President Bush said Monday the United Nations should send a peacekeeping force to the troubled Darfur region of Sudan as soon as possible without further delay.

"The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation," Bush said as he dispatched special envoy Andrew Natsios to the region. "In my view, the United Nations should not wait any longer ... ."

The Sudanese government has thus far resisted mounting international pressure to accept a U.N. peacekeeping force in Darfur. Bush contends the U.N. should deploy such a force anyway.

Natsios said he had been going to Sudan for 17 years and "I know leaders in all regions of the country and I'm going to use those contacts and that history to move this process along."

"I think what our objective is, is not just to have a temporary fix for two months, but to try to deal with the root causes of this so we don't have another fourth war in five years, should we end this one successfully," Natsios said in an Oval Office session with Bush and reporters.

Bush Waiver Restores Military Training (AP-Y)

By George Gedda, Associated Press Writer

AP, October 3, 2006

Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House.

All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court.

The administration has taken a tough line against the ICC since its creation in 2002 out of concern that Americans overseas, including military personnel, diplomats and ordinary citizens, could be subject to politically motivated ICC prosecutions.

The following countries are affected by the waiver: Barbados, Bolivia, Brazil, Costa Rica, Croatia, Ecuador, Kenya, Mali, Malta, Mexico, Namibia, Niger, Paraguay, Peru, Samoa, Serbia, South Africa, St. Vincent and the Grenadines, Tanzania, Trinidad and Uruguay.

There was no waiver for programs that finance the purchase of U.S. military equipment by these countries or for their eligibility to purchase excess U.S. defense items.

The ICC, a United Nations creation, was set up in an attempt to ensure that perpetrators of genocide or crimes against humanity are brought to justice.

Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States.

Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries.

Gen. Bantz Craddock, who oversees U.S. military operations in Latin America, said in Senate testimony last March that military members of all ranks in the region are receiving training in China. In addition, he said, more and more Chinese non-lethal military equipment is showing up in the region.

Craddock testified that in 2003, a year before the law took effect, the United States trained 771 military personnel from countries that are now sanctioned.

U.S. Wins A United Front On Iran (WT)

By Nicholas Kralev

The Washington Times, October 3, 2006

The United States is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week, a senior U.S. official said yesterday.

R. Nicholas Burns, undersecretary of state for political affairs, also said the U.N. Security Council will insist on a clear answer to its demand that Iran suspend its enrichment activity. A "maybe" will be considered a "no," he said.

"For four months now, we've been waiting for an answer," Mr. Burns told editors and reporters at a luncheon at The Washington Times. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

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The five permanent council members -- the United States, Britain, France, Russia and China -- along with Germany on June 1 offered Iran a package of economic and political incentives if it suspends enrichment and asked for an answer by the end of July.

When there was no answer, the council passed a resolution threatening sanctions under Article 41 of Chapter 7 of the U.N. Charter and gave Tehran another deadline, Aug. 31. But Iran began negotiating "seriously" with the Europeans only in mid-September, Mr. Burns said, and the Bush administration decided to wait a little longer.

At a dinner in New York on Sept. 18, Secretary of State Condoleezza Rice and her five counterparts agreed that the first week of October would be the absolute deadline for Iran "to say yes or no," Mr. Burns said.

"She agreed with the Russians, Chinese and Europeans," he said of Miss Rice, "that, if Iran said no, we would all go to sanctions together at the Security Council."

He said a scheduled meeting this week between Javier Solana, the European Union's foreign policy chief, and Ali Larijani, Iran's top nuclear negotiator, should bring "clarity."

"If [Iran's answer] is maybe, it's a no," Mr. Burns said. "If it's 'We'd like to negotiate this further,' it has been negotiated for four months. At some point, you have to draw the line. So I think you'll have the answer by the end of the week."

Iranian President Mahmoud Ahmadinejad repeatedly has rejected the calls for suspending enrichment but denies that his country is pursuing a nuclear weapon.

Mr. Burns rejected a suggestion by Kazakh President Nursultan Nazarbayev, made in an interview with The Times last week, that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s. The country received a U.S. promise at that time that it would not be invaded.

But Mr. Burns said the Bush administration has refused to offer security guarantees to Iran because of other concerns, most recently its support for the terrorist group Hezbollah during its war with Israel in southern Lebanon.

"We saw the war this summer not to be just a border war," he said. "We saw this as a new element in the Middle East -- the Iranian and Syrian involvement.

"We are also very concerned about this nexus of terrorism -- Iran, Syria, Hezbollah, Hamas, [Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine.] We think they are coordinating their actions, and we are trying to push back on that."

Mr. Burns said the Iranian issue would be Miss Rice's primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council.

He also said the Bush administration was waiting to see the results of a cease-fire agreement between Pakistan's government and tribal leaders in North and South Waziristan, an area of Pakistan that many intelligence analysts think is being used as a base for Taliban and al Qaeda attacks on Afghanistan.

"We've told the Pakistanis that, while we understand what they are trying to do in dealing with an extraordinarily difficult situation, we have some questions and concerns about it, and we are going to watch and see how it works," Mr. Burns said.

"Our view is -- and it has been amply and clearly expressed to the Pakistani government -- that they have an obligation to go after the foreign terrorist groups that are our enemies and theirs, and a big problem in Afghanistan."

'Good Progress' In Drawing Up Iran Sanctions: US Official (AFP)

AFP, October 3, 2006

US diplomats have made "good progress" in gaining allies' approval for a list of sanctions to be imposed on Iran if it fails to freeze its uranium enrichment activities, a senior US official said.

US Under Secretary of State Nicholas Burns has been negotiating with his counterparts from the five permanent UN Security Council members plus Germany on what sanctions to include in a UN resolution if Iran pursues its nuclear program.

Those talks have run in parallel with negotiations led by European Union foreign policy chief Javier Solana aimed at convincing Iran to freeze uranium enrichment in return for a package of economic and diplomatic rewards.

Burns "has made pretty good progress in terms of lining up the elements of a resolution with his political director counterparts," said the senior State Department official on condition of anonymity.

"I don't think it would be particularly difficult, given the progress they've made, to pull all this together" into a resolution, he said.

A timetable for pushing ahead with a sanctions resolution could come out of a possible meeting later this week in Europe of foreign ministers from the six nations dealing with the issue -- Britain, China, France, Russia, the US and Germany, he said.

Iran ignored an August 31 deadline set by the UN Security Council for halting enrichment, which can be used to make fuel for nuclear power stations or to provide the core of atomic weapons.

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The United States has pressed its Security Council allies to use sanctions to increase the pressure on Tehran, but has met stiff resistance, notably from Russia and China.

At a meeting last month in New York, US Secretary of State Condoleezza Rice agreed to give Solana until this week to negotiate a resolution of the standoff with Iran's top nuclear envoy, Ali Larijani, but so far those talks have yielded no results.

Rice, who began a trip to the Middle East on Monday to discuss the Iranian issue among other things, said she could meet with her counterparts from the so-called P5-plus-1 countries later this week to take stock of the negotiations.

The senior State Department official said that meeting could take place in Europe on Friday.

US President George W. Bush and Russian President Vladimir Putin also discussed the Iranian nuclear issue by telephone on Monday and agreed to stick to "a united position" on the matter, the White House said.

The United States is backing the use of progressive sanctions to force Iran's hand, beginning with restrictions on sales of dual-use equipment and technology which could help Tehran's nuclear program, according to US and European officials.

Other possible punitive measures include assets freezes and travel bans targeting Iranians involved in the nuclear sector.

The senior US official said that while "very good progress" had been made in lining up "the basics" of a first round of sanctions, it could take time to agree on the exact wording of a new UN resolution actually imposing the measures.

"As we know from past practice on this, getting 90 percent there is great, getting the last ten percent sometimes takes longer than you wish," he said.

While Washington has no specific timetable for trying to get a sanctions resolution adopted by the Security Council, he said, time is running out.

"The last few grains of sand in this hour glass seem to be running through," he said.

EU Official Pushes Iran On Nuclear Plans (AP)

By Paul Ames, Associated Press Writer

AP, October 3, 2006

The EU foreign policy chief said he was resuming talks with Iran's top nuclear negotiator and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited.

But Javier Solana denied he was running out of patience.

"We don't have an infinite length of time in front of us," he told reporters. "I'm not tired and I'm patient because I think that what we have at stake is very important."

Speaking to reporters on the sidelines of a EU defense ministers meeting, he said he would talk by telephone with Iranian negotiator Ali Larijani later Monday.

Solana has been leading negotiations with Larijani on behalf of Britain, France, Germany, China, the United States and Russia, which are seeking to persuade Iran to suspend work on processing uranium in return for a package of incentives.

"We have made progress on some elements but still what is fundamental for us, which is the matter of suspension, has not been finally agreed," Solana said.

Iran's hardline president said Sunday his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel. He denied Iran was seeking to build nuclear weapons and said the program was for generating electricity.

On Friday, the Bush administration repeated threats to seek U.N. sanctions unless the negotiations end successfully. However, Russia and China, which have veto rights at the Security Council, are wary of sanctions.

Igor Ivanov, the secretary of Russia's presidential Security Council, was scheduled to travel to Iran for talks with Larijani on Tuesday, Russian news agencies said Monday.

The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Iran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

Rice Meets With Saudi King On Trip To Rally Arab Allies (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 3, 2006

In Wake of Lebanon War, Secretary of State Looks to Stabilize Middle East, Counter Momentum of Militant Movements

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JIDDAH, Saudi Arabia, Oct. 2 -- Secretary of State Condoleezza Rice held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region.

The Bush administration is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the 33-day war in Lebanon between Hezbollah and Israel.

America's top diplomat described that conflict as a clarifying moment in defining the political forces in the world's most volatile region. Many analysts believe the sixth Middle East war at least temporarily boosted the standing of Hezbollah as well as its patron Iran and allies such as the radical Palestinian group Hamas.

Rice is hoping to explore ways of reviving the moribund peace process between Israel and the Palestinians as well as bolster support for the fragile governments in Iraq and Lebanon. U.S. officials privately concede that their expectations for any major movement are low.

To emphasize the growing gap between moderates and militants, Rice may hold talks on Iran on Friday with the foreign ministers of the five permanent members of the U.N. Security Council plus Germany. The subject will be what actions to take against Tehran for failing to comply with a U.N. resolution to stop uranium enrichment for an energy program that could be used to develop nuclear weapons.

Rice held a conference call with her counterparts over the weekend to discuss Iran, which missed a formal Aug. 31 deadline. A second, informal deadline passes this week.

"I think it's fair to say that we have not yet heard anything that suggests that the Iranians are going to suspend," Rice told reporters traveling with her, pointing out that Iranian President Mahmoud Ahmadinejad has repeatedly rejected suspending enrichment.

The Bush administration is pressing for punitive sanctions against Iran if it does not agree to suspend enrichment and come to the negotiating table.

Rice said European Union foreign policy chief Javier Solana is likely to "check his sources one more time to see if there is anything more there." Solana has been heading up talks with Iran's top nuclear negotiator, Ali Larijani.

"We did have a discussion of the importance of remaining firm on Resolution 1696, which means that if the Iranians don't suspend, then we will go to the Security Council for sanctions," Rice said.

The U.S. effort to generate new momentum in the Middle East comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released.

An attempt last month between Palestinian President Mahmoud Abbas and Hamas to form a national unity government collapsed, particularly over the issue of recognizing Israel. New clashes in Gaza among Palestinians on Sunday killed six and injured more than 100.

In Jiddah, Rice said she is also hoping to win Saudi political and financial help in Iraq. Guardian of Islam's holy places and ruled by a staunchly Sunni government, the kingdom has particular leverage with Iraq's Sunni tribes.

"Saudi Arabia has a lot of standing with a number of the forces in Iraq" and was "very helpful in trying to get Sunnis involved in the election," Rice told reporters traveling with her. "So I think it would be very helpful if they were supportive of, and working toward," helping Iraqi Prime Minister Nouri al-Maliki's national reconciliation plan.

Rice's trip is a follow-up to President Bush's pledge at the United Nations last month to galvanize moderate voices in the region. Rice is also scheduled to visit Egypt for a meeting with eight foreign ministers and then Israel and the West Bank to discuss peace efforts.

Rice Faces Calls For Progress In Mideast (FT)

By Roula Khalaf, Guy Dinmore And William Wallis

Financial Times, October 3, 2006

Condoleezza Rice, US secretary of state, faces urgent calls for a comprehensive peace between Israel and the Palestinians when she meets eight Arab foreign ministers in Cairo today.

Her first trip to the region since the end of Israel's Lebanon offensive comes as Middle East leaders consider seeking a collective summit with US President George W. Bush after the US mid-term elections, according to senior officials in the region.

Ms Rice's regional tour, which started in Saudi Arabia on Monday, is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos.

But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives.

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Pro-western Arab states have emerged weakened from the 34 days of fighting between Israel and Lebanon's Shia Hizbollah guerrillas, their Sunni leaderships all the more alarmed by the growing influence of Shia Iran, backer of Hizbollah, in the Middle East.

The unusual criticism from Saudi Arabia, Jordan and Egypt of the Tehran- and Damascus-backed Hizbollah, whose capture of two Israeli soldiers on July 12 sparked the war, has exposed them to mounting attacks at home. Arab public opinion was outraged by Israel's massive offensive and the US's refusal to call for an early ceasefire.

Governments are telling the US that it should now seek an "endgame" to the Palestinian-Israeli conflict, not another long, drawn-out peace process based on small, incremental steps. They argue that addressing the region's most emotive issue would help undermine more radical forces that claim to be better champions of Palestinian rights.

"This is not an anti-Iran gathering, but the Gulf states are worried about security issues. Part of it is Iran and the spillover from Iraq. Part of it is the increase of radicalism throughout the region," said a senior Arab diplomat. "To many of these threats the answer is to have a programme to move forward the Middle East peace process."

Ms Rice has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November.

Philip Zelikow, special counsellor to Ms Rice, laid out the State Department's thinking about the region in a keynote speech last month, stressing the importance of a coalition of the US, Europe, Israel and "moderate" Arab states in dealing with the multiple threats to stability in the Middle East, namely Sunni and Shia extremism. What would bind this "coalition of the builders", he said, was a "sense that the Arab-Israeli issues are being addressed".

Clayton Swisher, analyst with the Middle East Institute in Washington, however, said the administration was divided on how to proceed. Arab officials, meanwhile, acknowledge that the political landscape is not conducive to progress.

Nouri al-Maliki, Iraqi prime minister, on Monday announced an initiative aimed at calming sectarian violence which would establish neighbourhood commissions to oversee the work of the security forces, AP adds from Baghdad.

Mr Maliki announced his plan after meeting Sunni and Shia leaders in his national unity government, which is coming under increasing criticism for failure to rein in militias and insurgents. The plan would set up local committees with representatives from political parties in each district of Baghdad, which would report to a central body.

Rice Revisiting Mideast Peace Issue (WT/AP)

By Salah Nasrawi

The Washington Times, October 3, 2006

AIRO -- Eight U.S.-allied Arab countries are banding together to meet with Secretary of State Condoleezza Rice on her trip here, with the hope of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues.

During their meeting today with Miss Rice, the foreign ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan are expected to coordinate efforts to buttress the stature of a moderate Palestinian leader and stem Iran's growing influence.

Miss Rice's visit comes as Arab countries have in recent weeks halted dealings with the Palestinian militant group Hamas. They want it to join a unity government that supports a 2002 Arab League plan that would offer peace to Israel in exchange for land, and they have even started funneling aid through Palestinian Authority President Mahmoud Abbas, Arab diplomats said.

The goal of Miss Rice's tour is to promote democracy and discuss threats to stability, such as Iran, Hamas and Hezbollah, Miss Rice's spokesman said. But the Arab ministers' priority is restarting peace talks.

On Sunday, Egypt's President Hosni Mubarak and Jordan's King Abdullah II called for Palestinian-Israeli talks to be resumed "as soon as possible." Their meeting came as the worst internal Palestinian violence since Hamas took power in March shook the Gaza Strip.

Egypt, a longtime mediator among Palestinian factions and between Israel and the Palestinians, appears to be losing patience with Hamas.

Last week, Egypt's chief of intelligence, Omar Suleiman, demanded the immediate release of Israeli Cpl. Gilad Shalit. Militants close to Hamas captured the soldier in June, triggering Israeli military retaliation. Mr. Suleiman has been working on a prisoner swap.

Mr. Suleiman also told the Syrian-based Hamas leader Khaled Mashaal that the militant group should cooperate fully with Mr. Abbas to form a unity government, a step that has been stalled by Hamas' refusal to join a Cabinet that recognizes Israel.

Jordan, Saudi Arabia and some Gulf states expressed similar concerns. The Gulf Cooperation Council comprises Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

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On Saturday, the Arab press reported that the intelligence chiefs of Egypt, Jordan and some Gulf nations met last week in Aqaba, Jordan, with their Israeli counterpart. Israeli newspapers reported the meeting was held "to discuss the confrontation with the extreme Middle Eastern states and how to handle the threat of terror."

Meanwhile, Hamas' isolation from the Arab fold deepens.

"They are virtually boycotting them. No Arab government talks to them, not even the Arab League," an official from the regional organization said on the condition of anonymity because of the sensitivity of the issue.

Israelis Reach Out To Arab Nations That Share Fear Of Ascendant Iran (WSJ)

By Karby Leggett and Marcus Brauchli

The Wall Street Journal, October 3, 2006

JERUSALEM -- Israel's summer war against Iranian-backed Hezbollah militants has redoubled its concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region.

Leaders across the political spectrum here now agree that Israel must find ways to work with other Middle Eastern states, even if that means dealing with governments that have been hostile to Israel in the past. Asked in an interview last week if Saudi Arabia, a longtime backer of groups that have fought Israel, would be considered a moderate Arab nation Israel could potentially work with, Foreign Minister Tzipi Livni replied bluntly: "Yes."

More keenly debated is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play. This week, U.S. Secretary of State Condoleezza Rice is visiting the region, and she will focus on both Iran, which the U.S. worries is trying to develop a nuclear weapon, and the Palestinian question.

The increased alarm here about Iran has arisen in large measure because of Israel's critical self-assessment of a war that ended indecisively in August, with Hezbollah -- and others in the region -- calling it a defeat for Israel's vaunted military. That left many Israeli leaders worried about an emboldened Iran.

"The main threat in this region is fundamentalism, radicalism and unconventional weapons -- everything under the title of Iran," said Ami Ayalon, a leader of Israel's Labor party.

The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both.

The Nuclear Question

The concern about Iran comes as the international community tries to persuade Tehran to suspend a nuclear program the U.S. believes is aimed at building a weapon. Iran says the program is purely peaceful. Tehran defied one United Nations resolution that had called on it to suspend by the end of August any activities that could produce a nuclear weapon, and the U.S. and Europe are weighing further steps. Israel's worries about Iran are compounded by comments from Iranian leaders, including President Mahmoud Ahmadinejad, suggesting a desire to see Israel eliminated as a state. "History has taught us to listen to this kind of talk," said the foreign minister, Ms. Livni, alluding to the Holocaust.

The more immediate lesson Israeli leaders are taking from the 34-day war in Lebanon is that Iran is building an organized military threat capable of taking on Israel and extending its influence in the region. The Lebanon war began July 12, when Hezbollah militants attacked inside Israel, killing three soldiers and kidnapping two others. Israel responded with a devastating air and ground campaign that killed more than 1,000 Lebanese -- almost all civilians -- and devastated the nation's infrastructure. Hundreds of Hezbollah fighters were killed, according to Israel, along with more than 150 Israelis, mostly soldiers.

Israeli officials and politicians across the political spectrum are convinced Iran represents an existential threat. Withdrawing from territory in the absence of a negotiated deal, as Israel did in Gaza last year and Lebanon in 2000 -- and was contemplating doing in the West Bank before the war -- is increasingly seen as futile. "We had withdrawn from every inch of their territory" in Lebanon, said Benjamin Netanyahu, former Israeli prime minister and current leader of the opposition Likud party, referring to Israel's 2000 pullout from Lebanon. Hezbollah and the Lebanese government contend the withdrawal was incomplete because Israel retained control of a parcel of land called Shebaa Farms, and complain of regular violations of Lebanese territory.

Mr. Netanyahu and other leaders believe Iran is a regional threat, pointing out that its influence is growing in Iraq following the model Tehran used to establish Hezbollah in Lebanon. One senior security official said Tehran is funneling increasing sums of money and arms to organizations it supports in Lebanon and now Iraq. "Iran is building an enormous force in Iraq," he said, adding that the goal is to exert influence in the run-up to and aftermath of American and other troops' inevitable exit.

The assessment that Iran is a regional threat and could one day be a nuclear rival unnerves other countries in the region, Israeli officials and politicians say. That has led them to decide they should attempt a new embrace not only of Egypt and Jordan -- which already have formal relations with Israel -- but also Arab countries with which it has had few to no dealings.

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"We have to do everything to lead Iran to collapse from internal reasons... the way to do that is to isolate them even in the Arab world," said Ran Cohen, a member of the Knesset, or Parliament, from the liberal Mertz-Yahad Party.

Israel's outreach to moderate Arab states gained some momentum last month when, during a United Nations meeting in New York, Israeli officials held some private meetings with officials from Persian Gulf countries regarding Iran, officials here said. Israeli officials declined to name which countries' representatives they met with, saying the matter is too politically sensitive. Beyond Egypt, Jordan and Mauritania, Israel has no official relations with any Arab League countries.

This process could gain further momentum this week, when Ms. Rice arrives in the Middle East for a new round of diplomacy. In Egypt, where she is scheduled to arrive today, Ms. Rice plans to meet with foreign ministers from the six-nation Gulf Cooperation Council, which includes Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates. Discussions are expected to focus on the Israeli-Palestinian issue and how to possibly restart talks for a political settlement, though the question of Iran and its nuclear program also is likely to be addressed. Like Israel, the U.S. is interested in building a broad regional coalition against Iran.

Palestinian Pressures

Still, Israel could have difficulty winning cooperation from Arab countries if it isn't willing to address their longstanding complaints about its occupation of Palestinian and Syrian territory. Officials in Egypt and Jordan, as well as Gulf states such as Saudi Arabia -- all majority Sunni Muslim states -- do little to hide their anger over Israel's often-harsh treatment of the Palestinians. They are particularly concerned with Israel's bid to unilaterally set its border with the West Bank, a plan that would leave Jerusalem inside Israel.

Radical Islamist groups in the region, including Hamas, cite Israel's control of Jerusalem as justification for its attacks. Al Qaeda, meanwhile, says the U.S. is a legitimate target because of its support for Israel. Saudi Arabia, in what was considered a dramatic move several years ago, offered to get much of the Arab world to recognize Israel in exchange for a withdrawal from all territory Israel occupied during the 1967 war. Israel rejected the idea. Saudi Arabia's peace proposal also reflected its own concern that Islamic radicals are using the Palestinian conflict to build support for their movements.

While there has been some discussion in Israeli circles of whether to open talks with Syria, an Iranian ally but also a key player in any effort to secure peace in the region, few Israeli officials said their country is contemplating the idea in earnest. U.S. officials remain adamantly against it, saying Damascus must be isolated for its role in abetting terrorism in the region.

Specter of an Arms Race

Despite these territorial issues, many Arab states make little effort to hide their concern of a militarily powerful and potentially nuclear-armed Iran. At the start of the Lebanon war, for example, Sunni leaders in the region were openly critical of Hezbollah, a Shiite Muslim organization that has deep ideological ties to Iran. Perhaps the biggest concern, within the U.S. and Israel but also among weaker states such as Kuwait and Jordan, is that a nuclear Iran could spark a regional arms race. Egypt has fed those fears with a recent announcement that it is restarting its own nuclear-power program.

Another major complication is the growing political tension among Palestinian factions, particularly between Hamas, which now runs the Palestinian Authority government, and Fatah, the former ruling Palestinian party. These strains have been worsened by a months-long financial blockade of the Hamas-run government by Western countries, including the U.S.

In recent weeks, Palestinian President Mahmoud Abbas has held discussions with Hamas leaders on the formation of a national unity government that could allow Western countries to end the financial boycott, but the effort has stumbled on Hamas's refusal to recognize Israel's right to exist. Officials in Egypt, Jordan and Saudi Arabia also have begun applying political and financial pressure on Hamas to recognize the Jewish state, which Israeli officials say is the bare minimum needed to formally restart peace talks.

Without a breakthrough on this front, progress on the Israeli-Palestinian dialogue is virtually impossible. Meanwhile, violence in Gaza is ticking higher daily, fueling anger and making any solution to the conflict even less likely.

Analysts Warm To Lebanon Results (WT)

By Joshua Mitnick

The Washington Times, October 3, 2006

TEL AVIV -- After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact.

When Hezbollah guerrillas succeeded in capturing two Israeli soldiers in northern Israel just three weeks after Hamas took an Israeli corporal captive in the Gaza Strip, Israelis lamented that their country had lost its ability to intimidate enemies.

And when Israel agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable.

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But many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement.

The war destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public.

"We really must shake ourselves out of this mood of pessimism and negative thinking," wrote Daniel Gavron on the English language Web site of the Ha'aretz newspaper.

"There is no reason to assume that a new round of hostilities is about to break out. We are planning to rehabilitate the north; Lebanese are reconstructing their country; the international force is being established.

"Neither side wants to renew the conflict that cost us both so much. The latest reports suggest that even [Hezbollah leader] Hassan Nasrallah, for all his posturing, is behaving himself, and reining in Hezbollah in southern Lebanon."

After the Sunday pullout of the Israel Defense Forces, both Israeli and Hezbollah officials were quoted warning of a new outbreak.

An anonymous Israeli military officer was quoted on the Web site of the Israeli newspaper Yediot Ahronot as saying that the army expects that within two months Hezbollah could begin testing the reaction of Israeli troops along the border with small provocations.

A Hezbollah spokesman reportedly threatened to renew attacks on Israel if its military encroached on Lebanon's land, sea and airspace.

But analysts counter that the Shi'ite militia has suffered too much damage for a quick renewal of the war. Military historian Michael Oren said that although he is pessimistic that the cease-fire brokered by the United Nations will hold, Israel has succeeded in re-establishing a measure of deterrence against Hezbollah.

"There are levels of deterrence. We destroyed Hezbollah's ministate, and Nasrallah is still in hiding," he said. "On the other hand, Hezbollah fired 4,000 missiles into our territory and survived the war. So it's not black and white."

A spokeswoman for Prime Minister Ehud Olmert was cautiously upbeat when asked about the pullout.

"We hope that this new force will bring about a new era of stability along the Israel-Lebanese border," Miri Eisen said, referring to a U.N. force deploying there. "There's always a difference between what you plan for and what happens in the real world. We'll see what happens."

When the Israel-Hezbollah cease-fire first went into effect Aug. 14, analysts and officials described the truce as rickety and delicate. But with the fighting ending, many think Hezbollah is too immersed in rebuilding the south and fending off accusations from rival politicians about the damage of the war.

"I don't think there's going to be a confrontation between Israel and Hezbollah for a while," said Hirsch Goodman, a fellow at Tel Aviv University's Institute for National Security Studies.

"Hezbollah is going to be focused on its relations with the Lebanese government and the international force -- that is where the real dynamic has developed. The main interaction right now is a dynamic between Lebanon and Hezbollah, and whether it will remain an independent militia in a democratic country."

2 Killed As Palestinian Factions Clash For 2nd Day (NYT)

By Greg Myre

The New York Times, October 3, 2006

JERUSALEM, Oct. 2 — Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting.

“We reiterate to our people to be responsible, not to spread the circle of disagreements and conflict,” Mr. Haniya told his cabinet.

However, in the southern Gaza town of Rafah, Fatah supporters held a large demonstration on Monday evening and clashed with members of the Executive Force, a security body established earlier this year by the Hamas government. A policeman and a demonstrator were killed, and more than a dozen people were wounded. In an effort to reduce tensions, the Executive Force pulled back from the main streets in Gaza City, where on Sunday it battled other security units and gunmen aligned with Fatah. In both Gaza and the West Bank, many shops, schools and government offices were closed.

Sunday’s fighting, which left seven people dead and dozens wounded in Gaza, came at a time when Hamas, a militant Islamic group, and Fatah, a secular nationalist movement, were struggling to form a national unity government. After the clashes, the effort appears to have become even more complicated.

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The Palestinians have a history of fierce but brief internal battles, often followed by relative calm. While Mr. Abbas and Mr. Haniya called for a halt to the bloodshed, officials on each side blamed the other for starting the violence.

The Hamas government "moves from failure to failure and from crisis to crisis," Ahmed Abdel Rahman, a senior Fatah official, said Monday in the West Bank city of Ramallah. "The Hamas government is now endangering the Palestinian people."

Ahmed Yousef, a top adviser to Mr. Haniya, said that recent Fatah-led street protests were part of a broader effort to undermine the government. "We realized there was a plan by Fatah to occupy all government institutions, and we had to send a message," he said, but added that Hamas was prepared to restart talks on the unity government.

In other fighting Monday, Fatah and Hamas gunmen briefly traded fire at Gaza City's main hospital, Shifa, when a family came to retrieve the body of one of those killed Sunday. The shooting caused panic inside the hospital, but no serious injuries were reported.

Also in Gaza, militants set fire to the Agricultural Ministry, causing damage, although no one was hurt. In the West Bank city of Nablus, Fatah gunmen shot and wounded two bodyguards of Nasser al-Shaer, the deputy prime minister, who was not present. In Jericho, a shopkeeper who refused to take part in a general strike called by Fatah militants was shot and seriously wounded, Palestinians said.

In a speech Sunday night on Palestinian television, Mr. Abbas said, "These confrontations have crossed the red line, which we have avoided crossing for four decades."

Mr. Abbas also called for renewed negotiations on a unity government, though there was no immediate sign that more talks were planned. The discussions have been going on for months, and Mr. Abbas and Mr. Haniya announced an agreement in principle on Sept. 11. But since then, the talks have stalled.

A Palestinian fisherman was killed Monday just off Gaza's Mediterranean coast, in what Palestinian officials said was a shooting by an Israeli gunboat. The Israeli military said that naval vessels fired in the air several times to drive fishing boats back toward the shore, but that it was not aware that anyone had been hit.

Israel has imposed tight restrictions on Palestinian boats in recent months, accusing Palestinians of smuggling in weapons by sea.

The internal Palestinian fighting erupted Sunday when the Executive Force clashed with Fatah supporters in Gaza City and Khan Yunis, a town in southern Gaza.

Tensions have been building in recent weeks, as many government workers staged demonstrations to protest unpaid salaries. Many protesters are linked to Fatah, which controlled the Palestinian Authority government for more than a decade, until Hamas won parliamentary elections in January.

The Hamas government has been unable to pay salaries or govern effectively because the United States and the European Union, regarding Hamas as a terrorist group, have taken steps to cut off aid funds, and Israel has refused to turn over customs and other fees that it collects for the Palestinians.

Secretary of State Condoleezza Rice, on a Middle Eastern trip, plans to meet with Palestinian and Israeli leaders on Wednesday and Thursday, though her agenda appears relatively modest, diplomats in the region said.

Ms. Rice, who will visit Saudi Arabia and Egypt first, will seek to find ways to ease the travel restrictions Israel has imposed on Palestinians and their goods, particularly in Gaza, the diplomats said. She brokered an agreement on Palestinian movements last November, but it quickly broke down.

Russians Raise The Stakes In Georgia Row (FT)

By Neil Buckley

Financial Times, October 3, 2006

Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges.

Moscow's transport ministry ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended.

Neither ministry made reference to the detained officers. Instead, they alleged violations of transport agreements by Georgia and declined to say how long the suspensions would last.

The quarrel sparked by last Wednesday's detention of the men, whom Moscow insists are innocent, has caused the biggest rift in years between the two former Soviet republics and threatens to erupt into conflict.

Vladimir Putin, the Russian president, discussed the situation in a phone call with George W. Bush at the US president's request, the Kremlin said. Mr Putin was said to have told him that any action by a third country that could be interpreted by Georgia as encouraging its "destructive" policy was "dangerous and unacceptable".

Russia recalled its ambassador from Tbilisi, the Georgian capital, last week and evacuated dozens of its diplomats.

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At the weekend Mr Putin described the detentions as “state terrorism with hostage taking”, likening them to the actions of Lavrenty Beria, the Georgian who was chief of Stalin’s secret police.

Russia’s moves drew a swift international response, with the Organisation for Security and Co-operation in Europe, which was attempting to act as mediator, calling on Russia to restore transport links immediately.

Erkki Tuomioja – the foreign minister of Finland, current holder of the EU presidency – urged both sides to “hold back from steps that could be seen as provocation”. Georgia’s gesture of returning the men came after Mikheil Saakashvili, the Georgian president met Karel De Gucht, Belgium’s foreign minister and OSCE chairman in office, and appeared to be aimed at defusing the dispute.

The men were handed over in Tbilisi to OSCE representatives and a Russian embassy official at about 5.30pm Moscow time and flew back to Moscow last night.

However, Moscow announced its transport blockade, agreed earlier by Mr Putin and senior security staff, soon after Tbilisi said it would return the officers.

The blockade could hit the Caucasus republic hard. More than 300,000 Georgians work in Russia, many of them sending money home to relatives.

Boris Gryzlov, the speaker of Russia’s lower house of parliament, said it was planning to pass legislative amendments that would allow the government to ban banking transactions with certain countries. Relations between Moscow and Tbilisi have soured since Mr Saakashvili came to power in the Rose Revolution of November 2003 and moved Georgia out of Moscow’s orbit, pursuing EU and Nato membership.

Moscow has called last week’s arrests a deliberate provocation.

Russian political analysts said they were a stunt designed to bolster the Georgian president’s flagging image as his party faces nationwide municipal electionson Thursday.

Georgia Frees Russian Officers, But Moscow Moves To Retaliate (WSJ)

By Marc Champion

The Wall Street Journal, October 3, 2006

Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries. But Moscow retaliated for the arrests by cutting off transport and postal links, suggesting a tense period ahead.

Georgian officials handed the four Russians to representatives of the Organization for Security and Cooperation in Europe, or OSCE, to be flown back to Russia. Another two officers Georgian police had sought on the same spying charges joined the four on the plane home, according to Russian officials.

The decision to release the men was a recognition by Georgia's government of the high risk attached to its arrest of the officers last week, made partly in a bid to draw international attention to the country's dispute with Moscow over two separatist territories.

OSCE Chairman Karel De Gucht, who flew to Tbilisi to mediate the dispute, said in a news conference with Georgian President Mikhail Saakashvili that the OSCE was committed to preserving Georgia's territorial integrity, a reference to the two territories, Abkhazia and South Ossetia. The territories are under protection of troops led by Russia, which has suggested that it may support their independence.

Over the weekend, Russian President Vladimir Putin accused Georgia of "state terrorism." Reflecting the significance of the dispute to Russia, Mr. Putin yesterday told President Bush, in a phone call in which he also discussed Iran, that any action by a third country seen as encouraging Georgia's actions would be "unacceptable," according to a Kremlin statement. The U.S. has been a strong backer of Georgia's government.

Earlier yesterday, Russia said it was cutting off all transport and postal links to Georgia. Those measures would further cut curtailed trade between the two countries. More than a million Georgians live and work in Russia, and many flights out of Georgia route through Moscow.

Russian parliamentary speaker Boris Gryzlov said the legislature planned to pass amendments enabling the government to ban banking operations with certain countries, according to the Interfax news agency. If applied to Georgia, that could be a devastating move that Georgian officials have long said they feared. Many Georgians rely heavily on the money their family members send home from Russia.

Relations between the two countries have been tense for more than a decade, partly because of the role Russian troops and volunteer fighters played in helping ethnic Abkhaz and South Ossetians to split Abkhazia and South Ossetia from Georgia in the early 1990s. The construction of a U.S.-backed oil pipeline running from the Caspian Sea to the Turkish Mediterranean coast

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via Georgia, which began operation this year, and the election of the Westward-looking Mr. Saakashvili in 2004 have sharpened the dispute.

This year, Mr. Saakashvili accused Russia of responsibility for bombings just across the Russian border that interrupted the Russian gas pipeline to Georgia during a midwinter dispute over natural-gas prices between Moscow and several increasingly independent former Soviet republics. Russia denied involvement and later banned imports of Georgian wine and mineral water, saying they were unsafe to drink.

Russia Severs Transport Links With Georgia (NYT)

By Steven Lee Myers

The New York Times, October 3, 2006

MOSCOW, Oct. 2 — Russia announced Monday that it was suspending air, rail, sea and road links to its small southern neighbor, Georgia, taking its first significant retaliatory steps after last week's arrests by Georgia of four Russian military officers on accusations of espionage.

Several hours after Russia suspended travel, as well as postal service, between the countries, Georgia released the four officers into the custody of the Organization for Security and Cooperation in Europe, an international body to which both countries belong that had helped negotiate the release.

The officers and two others in Georgia who were accused, but not arrested, returned to Russia on a flight from Georgia on Monday night.

Their release, however, did not lead Russia to reconsider its actions. A Kremlin spokesman, Dmitri S. Peskov, said the moves were intended to punish the Georgian authorities for what he called a pattern of hostile and provocative acts toward Russia that extended beyond the latest arrests.

"It's a matter of changing their attitude totally," he said in a telephone interview.

"Instead of making steps toward improving relations with Russia," he added, "they are taking steps toward conflict."

Georgia's president, Mikheil Saakashvili, called the release a gesture of good will. But speaking to reporters in the country's capital, Tbilisi, he reiterated his government's accusations that the officers had been spying and vowed to counter Russian efforts to undermine a neighboring country seeking an independent foreign policy. "We cannot be treated as a second-rate backyard of some kind of emerging empire," he said.

Relations between Russia and Georgia — both former republics of the Soviet Union, though hardly equal ones — have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's.

Those conflicts remain at the heart of the country's many clashes with Russia, which maintains peacekeeping forces in both separatist regions, as well as other bases in Georgia that it is moving to close — slowly, according to the Georgians.

Russia's view of Georgia has also deteriorated sharply since the 2004 election of Mr. Saakashvili, who has tried to steer the country on a more westerly course. Last month, Georgia agreed on a plan for negotiations that could lead to membership in NATO, an anathema to Russia.

Georgian officials accused the Russian officers of recruiting agents and plotting attacks inside Georgia, showing what they asserted was videotaped evidence. The reaction in Russia has at times sounded warlike, with some lawmakers and commentators saying Russia should retaliate by force, if necessary, or halt the withdrawal of Russian forces there.

International mediators intervened over the weekend in an effort to calm the situation. The chairman of the O.S.C.E., Foreign Minister Karel De Gucht of Belgium, flew to Georgia's capital on Monday to preside over the release of the officers.

He said their release came after negotiations over the weekend involving Georgian, Russian, European and American officials, including Secretary of State Condoleezza Rice.

The Kremlin also reported that President Vladimir V. Putin and President Bush discussed Georgia in a telephone conversation on Monday. Mr. Peskov, the spokesman, said Mr. Putin stressed that "no third country should make steps" that encouraged Georgia's intransigence, though he said that did not mean the United States.

On Sunday, the Kremlin denounced the arrests as "state terrorism" in a statement, though Mr. Putin's published remarks were more tempered. He accused the Georgians of "creating ever new crisis situations" to divert attention from the country's problems.

The impact of a suspension in travel between the countries — and how long it might last — remained unclear. A spokeswoman for Aeroflot, the Russian state-controlled airline, said that Monday night's flight to Tbilisi had been canceled. The chief of Russia's railroads said it would cancel an order for spare parts from Georgia.

Russia has already severely dented Georgia's economy by imposing a ban, ostensibly for health concerns, on wine and mineral water — two of Georgia's most significant exports.

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In his appearance with reporters on Monday, Mr. Saakashvili repeatedly referred to what he called “freedom wine,” vowing that Georgia would be undeterred by Russian economic or diplomatic pressure.

Russian 'Spies' Freed, But Moscow Vengeful Georgia Faces Sanctions For Arrests (WT/AP)

By Misha Dzhindzhikhashvili

The Washington Times, October 3, 2006

TBILISI, Georgia -- Georgia released four Russian officers whose arrest on spying charges angered its giant northern neighbor, but a vengeful Russia pushed ahead yesterday with punitive sanctions aimed at dealing a painful blow to the economically struggling Caucasus nation.

Georgia's agreement to release the men -- even as it reaffirmed the spying accusations against them -- appeared to be a capitulation that underscored its vulnerability.

The tension reflected Moscow's difficult relations with Georgia, which has defied President Vladimir Putin with a pro-Western stance, hosts unwanted Russian troops on its soil and is facing two Russian-backed separatist movements that could flare up in renewed violence.

Infuriated by Wednesday's arrests, Russia put its troops in Georgia on high alert, recalled its ambassador and evacuated its citizens. And even though Georgian officials announced early yesterday that the officers would be handed over to the Organization for Security and Cooperation in Europe and sent home, Russia's transport and communications ministries declared that all air, road, rail, sea and postal links with Georgia would be suspended starting today.

In a potentially even more crippling blow, Russian lawmakers scheduled debate this week on a bill that could bar Georgians living in Russia from cabling money home. Russian officials say about 300,000 Georgians live in Russia; some estimates put the number far higher -- at about 1 million. Georgia's population is 4.7 million.

Russia's lower house speaker, Boris Gryzlov, said yesterday that Georgians living in Russia send home an estimated $1 billion a year. In June, Mr. Putin put the amount at $1.5 billion to $2 billion annually -- an amount comparable to Georgia's state budget.

Yesterday's sanctions follow a government session at which Mr. Putin denounced the arrests as "state terrorism involving hostage-taking" and ordered top Cabinet members to draw up retaliatory measures. "These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Mr. Putin questioned ominously.

Russia's chilly relations with Georgia have worsened steadily since President Mikhail Saakashvili came to power after Georgia's 2003 "Rose Revolution," vowing to take the country out of Russia's orbit, bring breakaway provinces back into fold and join NATO in 2008.

The Kremlin said Mr. Putin discussed the situations in both Georgia and Iran with President Bush in a phone conversation yesterday.

Mr. Putin underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy," the Kremlin said in an apparent reference to U.S. support for Mr. Saakashvili's government.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked -- adding to Russian suspicions that it was behind the latest tensions.

Enough Bullying (WP)

The Washington Post, October 3, 2006

RUSSIAN PRESIDENT Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called "the greatest catastrophe of the 20th century." Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. One particular target is the small Caucasian state of Georgia, which has infuriated Mr. Putin by embracing liberal democracy and turning toward the West.

A Russian attempt to strangle Georgia has been slowly escalating. Moscow banned Georgia's principal exports in March and has been encouraging two separatist regions, protecting their rebel regimes with troops and granting Russian citizenship to many of their residents. Last winter Georgia's natural gas supplies, which come from Russia, were disrupted for weeks by sabotage of pipelines.

Now comes a new escalation: Last week the Georgian government announced that it caught a number of Russian army officers based in Georgia engaging in blatant espionage activities. When it arrested four of them, Mr. Putin seized the occasion to withdraw his ambassador and many other diplomats. He also closed air, sea and land links between the two countries and

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suspended the issuance of visas. His rubber-stamp parliament is taking steps to block remittances by the hundreds of thousands of Georgian workers in Russia.

Yesterday, pressed by the Bush administration, Georgia allowed the Russian officers to return home. But Russia continued its bellicose acts, while improbably claiming that it -- and not the poor nation of 5 million it is besieging -- is the victim of aggression. In a telephone conversation, Mr. Putin told President Bush that "it was unacceptable for other countries to take steps that Georgia could interpret as support," according to the Russian news agency RIA Novosti.

Mr. Bush ought to reject that imperious warning. U.S. diplomats in fact have spent the past several days urging compromise and caution on the part of Georgia's sometimes impulsive president, Mikheil Saakashvili. But the United States has not only the right but also the duty to support Georgia's independence and Mr. Saakashvili's aspirations to consolidate liberal democracy and steer his country toward membership in NATO. As the Georgian president rightly said yesterday, "The message to Russia is: 'Enough is enough.' "

S. Korean Strongly Backed To Lead U.N. (WP)

By Colum Lynch

The Washington Post, October 3, 2006

UNITED NATIONS, Oct. 2 -- The U.N. Security Council's five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat.

The Korean diplomat secured 14 votes in favor of his candidacy, including from all of the council's five veto-wielding powers -- the United States, China, Russia, France and Britain. Only one non-permanent council member, voting anonymously, expressed no opinion.

Key senior council members said it is all but certain that Ban will become the eighth secretary general, replacing Kofi Annan of Ghana when he steps down at the end of December.

But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee.

"It is quite clear from today's vote that Minister Ban Ki Moon is the candidate the Security Council will recommend" to the General Assembly, China's U.N. ambassador, Wang Guangya, told reporters.

Ban would take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world, including a peacekeeping army of more than 70,000 "Blue Helmets."

Ban's selection would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted by political divisions over the U.S.-led war in Iraq, U.N. mismanagement of the oil-for-food program and a series of sexual-misconduct scandals in U.N. peacekeeping operations.

During his campaign, the Korean diplomat has pledged to play a role in smoothing differences between the developing world and the United States and other Western powers, which have clashed over U.N. reform priorities.

He vowed to pursue some key objectives of the United States, a close military and political ally of South Korea, saying reform of the United Nations' management and financial practices would be his "job number one." He also intends to play a more active role than Annan in urging North Korea to scrap its nuclear weapons program.

"We are very pleased with the outcome here, very pleased," said John R. Bolton, the U.S. ambassador to the United Nations, after the vote. Bolton said he could not "rule out the possibility" that a new candidate might enter the race to mount a final challenge to Ban. But, he added: "I don't think there's much doubt what the outcome is at this point."

Some of Ban's rivals had privately complained that the South Korean government ran a costly political campaign, involving trade deals and pledges of aid for Security Council members, to secure Ban's victory.

But some of Ban's competitors rallied behind the Korean diplomat.

Shashi Tharoor of India, who placed second in today's ballot, conceded defeat after the vote, saying that he had written Ban to congratulate him on his victory. "It is clear that he will be our next secretary general."

"It is a great honor and a huge responsibility to be secretary general, and I wish Mr. Ban every success in that task," Tharoor said. "The U.N., and the world, has a stake in his success."

The emergence of Ban as the likely new U.N. leader ended a rare public campaign for a post that has been traditionally selected in secrecy by the world's major powers. But the campaign followed past practices of limiting the field of viable candidates to a single region, in this case Asia.

Although one candidate hailed from outside the region, Latvian President Vaira Vike-Freiberga, China made it clear that it would block any non-Asian candidate from reaching the top job.

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China's U.N. envoy said his government is confident in Ban. "I think that he is experienced. He's low-key but very firm, and he's decisive," Wang said.

Council Backs South Korean For U.N. Secretary General (NYT)

By Warren Hoge

The New York Times, October 3, 2006

UNITED NATIONS, Oct. 2 — Ban Ki-moon, the foreign minister of South Korea, on Monday virtually assured his selection as the next secretary general of the United Nations, winning overwhelming support in a final informal poll of the Security Council.

The Council scheduled a formal vote for next Monday to make its verdict official, which should lead to Mr. Ban's being elevated to the position of the world's most important international civil servant on Jan. 1.

Secretary General Kofi Annan is to step down Dec. 31 after two five-year terms, and under United Nations procedures, the 15-member Council selects one name and sends it to the 192-member General Assembly for appointment.

Mr. Ban nailed down his selection by winning his fourth straight informal poll, this one with a different colored ballot for the five veto-bearing members — Britain, China, France, Russia and the United States — to show whether any of them were opposed.

In a contest in which the ambassadors had the options of voting "encourage," "discourage" or "no opinion," Mr. Ban won 14 positive votes, no negatives and one "no opinion," from one of the 10 rotating members.

There were objections from permanent members — signaling potential vetoes — against all five of the other active candidates. (One had withdrawn.)

Mr. Ban will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts.

He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures. At the same time, it is a moment when the United Nations finds itself back at the center of many of the world's most intractable problems in places like Lebanon, Sudan, Iran, Kosovo and North Korea.

Mr. Ban has said he will devote particular attention to efforts to broker a settlement in the Middle East.

Mr. Ban, 62, is a soft-spoken man who in six months of campaigning around the world has had to learn the Western art of self-promotion after early audiences complained they found his laid-back presentation underwhelming. He still frequently cites his own "humility" in exercising responsibility, but argues that it is an asset that should not be confused with indecisiveness.

In response to concerns about whether he has the strength and presence to be secretary general, he has pointed to his leadership in the weighty and delicate talks aimed at ending the nuclear standoff with North Korea.

Mr. Ban is familiar with the United Nations, where he served as first secretary at the South Korean mission from 1974 to 1978 and was chief assistant to Han Seung-soo, president of the General Assembly in 2001. He has also served as director of the United Nations division at the South Korean Foreign Ministry.

His selection will carry great resonance in South Korea, a country created by the United Nations in 1948 and defended by United Nations-authorized troops in the Korean War.

In his lifetime, South Korea has been a model for development, transformed from a war-torn impoverished country into one of the world's wealthiest.

As a foreign service officer for three decades, Mr. Ban has been a top official in the Korean Embassy in New Delhi and ambassador to Austria. He became foreign minister in January 2004.

He says he first dreamed of becoming a diplomat when, as an 18-year-old student visiting Washington in 1962, he met President Kennedy at the White House.

Mr. Ban has had extensive contact with the United States and is considered politically close to Washington. John R. Bolton, the American ambassador, said after the vote, "The United States is very pleased with the outcome."

Six of the seven candidates were Asian in a year seen as Asia's turn at the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

As in the previous three votes, the second finisher on Monday was an Indian, Shashi Tharoor, 50, the under secretary general for public information. He received 10 positives, 3 negatives and 2 "no opinion" votes.

The next four, who trailed far behind, were Vaira Vike-Freiberga, 68, the president of Latvia, the only woman and non-Asian in the race; Ashraf Ghani, 57, a former finance minister of Afghanistan and current chancellor of Kabul University; Surakiart Sathirathai, 47, the deputy to Thaksin Shinawatra, the prime minister of Thailand who was deposed in a military coup last month; and Prince Zeid al-Hussein, 42, Jordan's ambassador to the United Nations.

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Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, withdrew Friday after drawing only three positive votes in the third balloting.

South Korea's Ban Wins Support From Major Powers To Head U.N. (WSJ)

By Evan Ramstad, South Korea And Neil King Jr.

The Wall Street Journal, October 3, 2006

South Korean Foreign Minister Ban Ki Moon won the decisive support of the U.S. and other major powers to head the United Nations during a time of mounting challenges and upheaval within the world body.

The straw-poll vote yesterday effectively seals Mr. Ban's bid to succeed the departing Kofi Annan, of Ghana, who became U.N. secretary-general in 1997. The five veto-wielding Security Council members -- the U.S., France, Britain, China and Russia -- all voted to support Mr. Ban's candidacy, which the South Korean government actively promoted, over rivals from India, Jordan, Thailand, Latvia and Afghanistan. An official vote, followed by General Assembly approval, is expected later this month.

Mr. Ban, 62 years old, will face an array of challenges, from the need to gut and remodel the U.N.'s 38-story New York headquarters to efforts to get a U.N. peacekeeping force into the Darfur region of Sudan. The U.N. has become a forum for tackling many of the world's most-pressing crises, including efforts to mediate in Lebanon and to corral the nuclear ambitions of North Korea and Iran.

The U.N. also has drawn criticism: The developing world is seeking more influence within the Security Council, while many lawmakers in Washington see the organization as toothless and indecisive.

U.S. officials said they hope the soft-spoken Mr. Ban will push a range of internal U.N. reforms begun by Mr. Annan while eschewing the high-profile role of world diplomat that he pursued. South Korea is traditionally an ally of the U.S., though Seoul has recently leaned toward China amid booming economic ties and shared views on some issues. Having Mr. Ban at the U.N. could improve Washington's ties with Seoul while helping the U.S. in at least some of its overhaul goals for the U.N.

After the balloting, the U.S. ambassador to the U.N., John Bolton, said "the United States is very pleased with the outcome of the vote."

Mr. Ban's views on North Korea may be at odds with the U.S. government's desire for a tough response to Pyongyang's nuclear-weapons ambitions. Mr. Ban, who became foreign minister in 2004, supports Seoul's view that talking to North Korean leaders and offering economic incentives to encourage change is preferable to threats and sanctions.

Last year, he often represented South Korea in the six-nation discussions over North Korea's nuclear-weapons program. Those talks produced a tentative agreement for North Korea to suspend further development in return for economic aid. But Pyongyang later balked at the deal. North Korea's decision to test-fire seven missiles in July prompted the U.N. Security Council to adopt a resolution sanctioning Pyongyang.

Mr. Ban hasn't detailed publicly his thoughts about how to run the U.N., but he has expressed support for change at the international body. In a May speech, he described the U.N. as "overstretched and fatigued" and argued that it should focus more on "delivering results in the hundreds of pressing items already on its agenda" and not "identifying new frontiers to conquer."

ISSUE BRIEFING

· South Korea's Ban leads1 the pack for U.N. secretary-general, but the race isn't over.

Mr. Ban has said he believes the U.N. is facing a critical test to keep multilateralism relevant. A sluggish bureaucracy and scandals over contracting have hurt the organization's reputation. Mr. Ban said he may apply lessons learned while heading South Korea's foreign ministry, where he implemented performance-based criteria for jobs and promotions to replace a tenure-based system.

Mr. Ban is a longtime diplomat whose background reflects a deep belief in the U.N.'s mission. In the early 1950s, dozens of countries, led by the U.S., fought under the U.N. umbrella alongside South Korea against the communist North in the Korean War. After the war, the U.N. and U.S. coordinated the rebuilding of the country.

South Korean President Roh Moo Hyun urged Mr. Ban to run for the post, and many prominent South Koreans threw their support behind his bid.

South Korean Set To Succeed Annan At UN (FT)

By Mark Turner In New York

Financial Times, October 3, 2006

Ban Ki-moon, the South Korean foreign minister, emerged as almost certain to become the United Nations' next secretary general after winning close to unanimous support in the Security Council.

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In what is now expected to be the Council's last straw poll, which for the first time differentiated between the five veto-wielding powers and the 10 elected members, Mr Ban won 14 'encouragements', and one 'no opinion', with all permanent members in favour.

His closest competitor, India's Shashi Tharoor, won 10 votes of encouragement and three votes against, including one veto, and on Monday evening conceded his race was over. The remaining candidates trailed far behind.

"It is clear he [Mr Ban] will be our next secretary general," said Mr Tharoor after the vote. "The United Nations and the world has a stake in his success."

He said he would return to his post as the UN's information chief, although adding that he considered "all options" open for his future.

Security Council ambassadors said they expected to hold a formal vote on Monday, and while it was theoretically conceivable that another candidate could still step forward, they said that was highly unlikely at this late stage.

John Bolton, the US ambassador to the UN, declared he was "very pleased with the outcome", and thought there was not "much doubt" as to the final result. Kenzo Oshima, the Japanese ambassador, said there was a sense that "on the basis of today's [Monday's] ballot, the council is now ready."

"On Monday we will be in a position to make a recommendation," said Emyr Jones Parry, the British ambassador, referring to the formal process whereby the UN General Assembly is asked to rubber-stamp the outcome.

Some countries not on the Security Council, including Canada, had championed greater input from the assembly, including the possibility that it be given more than one candidate to choose from, but their proposals were rejected.

Mr Ban's campaign, which began eight months ago, is likely to be studied closely by future aspirants for the post. His speeches focused on the need for UN reform, but studiously avoided any controversy – winning him few admirers in the media, or even amongst diplomats.

Until around a month ago, there had been a sense that another candidate would emerge and win, but Mr Ban surprised everyone by garnering widespread support in two undifferentiated straw polls.

When asked if the Korean represented a lowest common denominator outcome, Wang Guangya, China's ambassador to the UN, called him "low key but very firm. He's decisive. Sometimes Asians show their quality in a different way."

Ban Ki-Moon Cements Hold On U.N. Post (AP)

By Nick Wadhams, Associated Press Writer

AP, October 3, 2006

South Korea's foreign minister cemented his position as the near-certain successor to U.N. Secretary-General Kofi Annan on Monday, the only one of six candidates to escape a veto in an informal Security Council ballot.

The Security Council was expected to hold a formal vote to pick the eighth secretary-general in the United Nations' 60-year history on Oct. 9, making Ban Ki-Moon's appointment almost assured. The 192-nation General Assembly must approve the council's recommendation, and traditionally does so without protest.

"It is quite clear that from today's straw poll that Minister Ban Ki-Moon is the candidate that the Security Council will recommend to the General Assembly," China's U.N. Ambassador Wang Guangya said.

While the informal poll is nonbinding and the results could change, diplomats and candidates left little doubt that Ban would win. Soon after the results became known, India's Shashi Tharoor, the U.N. undersecretary-general for public information, announced he was leaving the race even though he placed second to Ban in all four of the informal polls.

"It is clear that he will be our next secretary-general," Tharoor said.

If Ban does indeed win the race, his selection will have been marked by unprecedented speed, consensus and calm. In the past, U.N. chiefs have often been elected as time runs out, after heated negotiations and numerous rounds of voting.

Annan himself was a compromise candidate in 1996 who emerged late and only after the United States blocked Boutros Boutros-Ghali's bid for a second term. Annan's example also shows how unpredictable the process can be: during informal polling at the time, France consistently vetoed him before changing its vote at the last minute.

In Monday's poll, the 15 council nations checked one of three boxes for each candidate in the secret ballot: "Encourage," "discourage," and "no opinion." For the first time, the five permanent members of the council — Britain, China, France, Russia and the United States — were given blue ballots to show the candidates if they could escape a veto.

According to the results, Ban received 14 votes in favor and a white "no opinion" ballot cast by one of the 10 rotating members of the council. Every other candidate received at least one no vote from a veto-wielding member.

Tharoor received 10 favorable votes and three against. One of those negative votes was a veto. Latvia's President Vaira Vike-Freiberga was next with five in favor, six against — including two vetoes — and four undecided votes.

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Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, and former Afghan Finance Minister Ashraf Ghani each received four votes in favor. But Ghani had 11 votes against him including three vetoes, and Surakiart had seven no-votes, among them two vetoes.

The last candidate, Jordan's U.N. Ambassador Prince Zeid al Hussein, had only two votes in favor and eight against, with one veto.

Bolton said the council would meet on Oct. 9 to hold its formal vote, while Japan's U.N. Ambassador Kenzo Oshima, president of the Security Council for October, said that was the likely date.

Bolton said he'd wanted the vote by the end of the week, but agreed to delay so candidates could decide to drop out and new ones could come forward.

But the council wants the process finished by the end of October, and Bolton suggested there wasn't enough time.

"New candidates still have the option of coming forward, but we've been waiting for new candidates and I don't know of any, there's no speculation of any," Bolton said. "I'd be surprised if new candidates came forward."

Associated Press reporter Paul Burkhardt contributed to this story.

Korean Wins A Final Poll For U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 3, 2006

NEW YORK -- The Security Council is poised to select South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general as soon as Monday, after his fourth consecutive strong showing in a straw poll yesterday.

Fourteen council members yesterday endorsed his candidacy in principle, while one unnamed nation offered "no opinion."

The vote is likely to take place Monday, council diplomats said yesterday.

"We have a lot of respect for Foreign Minister Ban," said U.S. Ambassador John R. Bolton after yesterday afternoon's poll. "We know him well from his service in Washington and think very highly of him professionally and personally."

"I can say the United States is very pleased with the outcome of the vote," Mr. Bolton added.

The poll yesterday was the fifth in the council and the first to reveal which of the five permanent members cast "discourage" votes -- a situation that could turn into a veto.

After the poll, U.N. communications chief Shashi Tharoor, who placed second, dropped out of the race.

"It is clear that he will be our next secretary-general," Mr. Tharoor told reporters. "It is a great honor, and I wish Mr. Ban every success in that task."

Mr. Tharoor received 10 "encourage" votes yesterday, but one of the three negative votes was cast by a permanent member.

Latvian President Vaira Vike-Freiberga placed third with five encouragements, but two of the six negative votes were cast by permanent members -- most probably China and Russia.

Former Thai Deputy Foreign Minister Surakiart Sathirathai and former Afghan Finance Minister Ashraf Ghani won four "encourage" votes each.

The first and last candidates to declare their intentions were opposed by permanent members. Jordanian newcomer Prince Zeid Ra'ad Zeid al Hussein won two favorable votes yesterday. Sri Lankan diplomat Jayantha Dhanapala withdrew over the weekend.

While ambassadors were inside with their paper ballots -- white for elected members, blue for permanent -- reporters and envoys gathered in the corridor outside, talking and making informal wagers.

When diplomats emerged from the chambers, they were gently besieged as the news of the tally filtered out.

"I believe among the five-six Asian candidates, each had advantages," said Chinese Ambassador Wang Guangya. But Mr. Ban, he said, has experience.

"He is low-key but firm, and he is decisive," Mr. Wang told reporters. "Sometimes the Asians show their qualities in a different way. I do hope he will be a good candidate for the job of the secretary-general."

Mr. Ban, who is in Seoul this week, was informed of the results by Japanese Ambassador Kenzo Oshima, president of the council for October.

South Korea's minister of foreign affairs and trade since 2004, Mr. Ban, 62, appears to be more of a consensus candidate than a passionate first choice. He speaks French and English as well as Korean, and is well-known to most of the key foreign ministries on the council and in the United Nations.

In a recent interview with reporters and editors of The Washington Times, Mr. Ban vowed that reforming the almost 61-year-old organization would be one of his priorities.

"The U.N. needs to be changed, to be more effective in taking on these challenges and agendas," he said.

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"The U.N. Secretariat must be changed and reformed. It needs to be reborn, so that it is more effective, more efficient and more relevant. It must regain the trust of the major stakeholders," he added.

"Unfortunately, the U.N. has been somewhat discredited by scandals and the nonprofessional performance of its peacekeepers and other employees. The highest priority is to change the culture under which the Secretariat staff has been operating. The staff must be made more professional and more accountable," Mr. Ban said.

·David Sands contributed to this report from Washington

S. Korean Poised To Succeed Annan (LAT)

By Maggie Farley

The Los Angeles Times, October 3, 2006

UNITED NATIONS — South Korean Foreign Minister Ban Ki-moon is one step away from being named the U.N.'s next secretary-general, after winning the support of all five permanent Security Council members in an informal poll Monday.

Ban, 62, won the support of 14 of the Security Council's 15 members in a closed-door poll, with one nonpermanent member expressing "no opinion." The balloting was secret, but permanent members marked blue ballots to distinguish their votes. A rejection by a veto-holding nation — Britain, China, France, Russia or the United States — can be enough to end a candidacy.

"To the U.S. government, he is well known and highly respected," U.S. Ambassador John R. Bolton said after the Ban poll. "He has had extensive experience in bilateral and multilateral diplomacy and as foreign minister and an ally of the U.S."

The council will hold a formal ballot next Monday, and then the General Assembly must vote.

Secretary-General Kofi Annan, from Ghana, steps down Dec. 31 after two five-year terms. Annan has called the post "the world's most difficult job" and joked that "S.G." stands not just for secretary-general, but also for "scapegoat."

Ban would inherit a sprawling bureaucracy of 9,000 workers and a $5-billion budget, with aid agencies and 18 peacekeeping operations spanning the globe.

He said in an interview last week that he wanted "to make the U.N. relevant again," aware that its image had been damaged by scandals and management failures. He argued that the Security Council's role at the center of peace talks in the Middle East and negotiations in Iran, North Korea and Sudan demonstrated the U.N.'s crucial role in world affairs.

Ban, a career diplomat, has been posted to India, Washington and Austria. In 2001, he served as chief of staff to the U.N. General Assembly president. As South Korea's foreign minister, he has been involved in six-nation talks about North Korea's nuclear program, an issue he says he would like to be personally involved in if he becomes secretary-general.

A low-key, steady civil servant, he is a self-described "consensus-builder" and is aware that some people say he lacks charisma. But he believes that working quietly behind the scenes is the best way to craft an agreement.

Chinese Ambassador Wang Guangya agrees.

"I think that he is an experienced one — he is low-key but very firm. He is decisive," Wang said Monday.

Ban, who has been careful not to alienate Security Council members, has taken up the call for reform of the United Nations, a popular stance.

"The organization suffers from a chronic weakness: its inability to set priorities and make choices," he said last week at a forum in New York. "The U.N. needs to promise less and deliver more."

The selection of the secretary-general has been criticized as secretive and unfair, with the Security Council's five permanent members largely responsible for selecting the world's top diplomat. The ideal candidate, said Brian Urquhart, a former undersecretary-general, is someone strong enough to clean up the organization but not challenge the permanent members.

This year's process was more public than usual, with candidates scattering across the globe in informal campaigning. But it also invited more scrutiny than most candidates are comfortable with. Ban, with clear discomfort, had to justify generous aid grants he dispensed to a few Security Council member countries that he visited as Seoul's minister of foreign affairs and trade.

Ban was the only candidate who did not receive any "discouragements," the equivalent of a veto in the informal poll.

Undersecretary-General Shashi Tharoor, 50, of India finished second and withdrew from the race.

"It is clear he will be the next secretary-general," Tharoor said in his concession speech, referring to Ban.

The rest of the candidates received support from less than half of the Security Council. They were Latvian President Vaira Vike-Freiberga; Thai Deputy Prime Minister Surakiart Sathirathai; Prince Zeid Raad Hussein, Jordan's ambassador to the U.N.; and Afghanistan's former Finance Minister Ashraf Ghani.

Jayantha Dhanapala, a U.N. expert on nonproliferation from Sri Lanka, withdrew from the race Friday.

The Quiet Diplomat Who May Lead The UN (CSM)

By Donald Kirk

DOJ_NMG_0073758

The Christian Science Monitor, October 3, 2006

SEOUL

The diplomat in the lead to head the UN for the next decade is skilled in compromise - exhibiting a deliberately bland style that was expected to stand him in good stead during a UN Security Council poll Monday over a successor to Secretary-General Kofi Annan.

The candidacy of South Korean Foreign Minister Ban Ki-Moon hinges on the five permanent members: the US, Britain, France, China, and Russia. While the outcome is still uncertain, the soft-spoken career diplomat is the only one of the current candidates who has the minimum of nine positive votes.

Mr. Ban has the support of the US, which wants the process wrapped up this month, and China is expected to give Ban the nod. Indeed, Ban's most saleable quality is his ability to get along with all sides, building consensus in the process. Ban's evenhanded approach, analysts say, may be what's needed to bring a semblance of harmony and cohesion among UN members.

"He's extremely nonpolitical," says Moon Jong In, professor of international relations at Yonsei University in Seoul. "He's willing to listen to anybody. He doesn't have charismatic leadership - he has consensual leadership."

Conservatives, while highly critical of the left-leaning government of President Roh Moo Hyun, agree. "At least he hasn't done any harm as foreign minister," says a retired business consultant here. "Conservatives like him. It would be a great thing if he became secretary-general."

In his 36-year career, Ban has proven the ultimate diplomat while treading gingerly as foreign minister for the past 32 months through the minefield of US-South Korean relations and North Korea's refusal to return to nuclear talks for nearly a year.

In fact, Han Song Ryol, North Korea's deputy permanent representative to the UN, told the leftist newspaper Hangyoreh that acceptance of Ban as Mr. Annan's successor would be "good for the Korean people" and that "nonaligned nations have a good feeling about him."

In a poll last week, Ban got 13 votes of "encouragement" against only one of "discouragement" and one giving "no opinion." Since the five permanent members have the power of veto, the "no opinion" vote," if cast by one of them, would knock him out of the race even before the General Assembly of all 192 members casts a binding vote on the Security Council's choice.

Ban has said with characteristic sangfroid that he's "reasonably confident" the five permanent members are on his side. That coolly stated view masks the intensity of a carefully modulated campaign in which he has often appeared to be emulating Annan's style.

Hosting Annan last May, Ban took turns with the secretary-general in pressing for North Korea to give up its nuclear weapons. But they quietly made plain that they did not agree with the US emphasis on the North's human rights or counterfeiting efforts, saying that nuclear weapons took top "priority."

The real issue may be whether Ban will be able to take a strong stand when countries and causes are at severe odds, as in the Middle East, and whether he will have the stamina to promote long-overdue reforms in the UN's bureaucracy. "I'm worried he might be too willing to compromise, says Park Nei Hei, a consultant to the Boston Consulting Group here. "His character may not be very effective."

Nonetheless, Ban endorsed the UN Security Council Resolution, adopted after North Korea test-fired seven missiles in early July, banning member nations from any trade or financial dealings that might support North Korea's missile program. But he opposed US pressure for widening existing sanctions.

Still, he then persuaded South Korea's President Roh to sublimate his distaste for the "tough" US policy and join President Bush last month in Washington in a call for a "broad comprehensive" approach to bring North Korea back to talks.

Ban avoids the North's human rights record, saying that severe criticism would only make matters worse. Still, in an address before the UN General Assembly on Sept. 24, he stated that his government supported "global action to strength the values of human rights and democracy."

Given his career path, Ban probably knows more about dealing with the UN than most of his competitors.

After graduating from top-ranked Seoul National University in 1970, he joined the foreign ministry's UN division, followed by a tour in the ministry's UN mission, and then the post of director of the UN mission. He also served in the Korean Embassy in Washington and, in 1985, picked up a master's degree from Harvard's Kennedy School of Government.

Ban rose to ambassador when he was posted to Vienna, where he served in 1999 as chairman of the preparatory commission for the Comprehensive Nuclear Test Ban Treaty Organization. His experience broadened when he was named Korea's chief envoy to the UN in September 2001.

Ban rests his candidacy in part on his response in that challenging period. The ministry credits him with a "facilitating role in the prompt adoption by the membership of the first resolution of the session condemning the terrorist attacks," all "pivotal in

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turning a year that started out in crisis and confusion into one of the most productive and reform-oriented for the General Assembly."

For Koreans, the post of UN secretary-general is the ultimate status symbol. With the image factor clearly in mind, Ban has pulled out all the stops, courting Security Council members far and wide. And while Ban is sensitive to the need to get along with the US, he is striving, diplomatically, not to appear too close to Washington.

The US positions on peaceful resolution of the North's nuclear issue and denuclearization of the Korean peninsula were "very good ones, leaving room for future negotiations," he said, in the language of gentle diplomacy that's been his hallmark.

'If The U.N. Cannot Be Trusted With Money . . .' (WSJ)

By Bret Stephens

The Wall Street Journal, October 3, 2006

Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job.

Instead, Kofi Annan's successor as secretary-general is likely to be South Korea's colorless foreign minister Ban Ki-Moon, who has the backing of the Bush administration and continues to run well ahead of other candidates in several Security Council straw polls. An Asian peer of Mr. Ban recently quipped that he'll be "more secretary than general"; his one recommendation is that he's probably less bad than runner-up Shashi Tharoor of India, a self-promoting U.N. bureaucrat who was among the most outspoken apologists of the Oil for Food program.

Still, it's worth considering Mr. Ghani's candidacy, partly because of what its probable failure says about the U.N., and partly because his prescriptions for the organization are worth heeding whoever wins the job. "The U.N. has not been managed," he says in a recent interview in New York. "If the U.N. cannot be trusted with money, it cannot be trusted with mandates."

Mr. Ghani -- 57, slight, balding, fluent in English, Dari and Pashtun and conversant in Urdu, Arabic and French -- knows whereof he speaks: He spent a decade at the World Bank helping old industrial behemoths in Russia become transparent, efficient and competitive, and another 30 months in Afghanistan building a finance ministry nearly from scratch. On his watch, Afghanistan enjoyed double-digit rates of economic growth; in 2003, Emerging Markets named him Asia's best finance minister. He's a believer in the power of audits and thinks the first priority of a secretary-general is to read and act on them. "Once the management issues are resolved you are free to focus on issues of peace and security. But the first task of diplomacy is to create trust."

Now there's an idea. Mr. Annan often speaks of the U.N.'s "unique legitimacy" as if it were the organization's birthright, which it enjoys by virtue of its nature as a global institution. Mr. Ghani seems to think the U.N.'s legitimacy is ultimately a function of its credibility -- of whether it can competently perform the tasks expected of it. But U.N. competence has not been much in evidence in recent years, or decades, which leads him to a second thought: "The U.N. is doing too many things," he says. "Its limits need to be clearly recognized."

What, for instance, is the point of UNCTAD -- the U.N. Conference on Trade and Development -- when there is already a World Trade Organization? What's the point of UNDESA -- the Department of Economic and Social Affairs -- when there are already the World Bank and International Monetary Fund? And just what value-added is being provided by the U.N.'s various development agencies? "Technical assistance has become the scandal of our times," says Mr. Ghani. "It has not resulted in the creation of local capabilities."

The argument here isn't exactly original (see William Easterly's "The White Man's Burden"), but it would be revolutionary coming from a U.N. secretary-general. For years, Mr. Annan and his deputies have scolded the Bush administration for not devoting enough of the U.S. budget to foreign aid. Along comes Mr. Ghani to say: Don't bother, the additional money would probably be squandered. Instead, his focus is on what developing countries can and should do for themselves, using the example of one of his Afghan employees who created a single treasury account for the entire government. "She did a job that hundreds of consultants wouldn't have been able to do," he says. "We created a reporting system that consistently allowed us to track income and expenditure." (By way of comparison, he points out that the Indonesian government maintains 60,000 separate accounts.)

Mr. Ghani also dwells on two other causes rarely championed by Mr. Annan: prosperity and the rule of law. "Where the rule of law is weak," the Afghan says, "investors don't trust their money." Why should this matter to a U.N. secretary-general? "Participation in the global economy is an important avenue to solving conflicts," he answers. "The majority of people in the Middle East are under 20. How do we make them stakeholders in a globalizing world?"

Now compare this to something Mr. Annan said in 2002: "Economic growth, by itself, is not enough to respond to the problems of a world plagued by hunger, pollution and other ills." This is a cliché, of course, as, in its way, is Mr. Ghani's emphasis on better management, broader prosperity, and so on.

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Yet not all clichés are created equal, and in a largely symbolic job it makes no small difference which ones are uttered. Is the U.N.'s meta-message charity or self-help? Diversity or merit? Stability or freedom? The catchphrases needn't be mutually exclusive, but they connote vastly different attitudes and priorities. A secretary-general who made self-help, merit and freedom the bywords of his decade would, even if he accomplished nothing else, change the image of the U.N. for the better.

Needless to say, that isn't going to happen. In yesterday's Security Council straw poll, Mr. Ghani took only four "encouragement" votes, almost certainly knocking him out of contention, while Mr. Ban got 14. The Times of London reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council.

The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the U.N. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir.

U.S. General Says Chávez Worries Region (NYT)

By Robert Pear

The New York Times, October 3, 2006

MANAGUA, Nicaragua, Oct. 2 — The commander of United States military activities in Latin America said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern.

The commander, Gen. Bantz J. Craddock of the Army, said, “What I have heard in the last few months is more concern by more countries” about an increase in Venezuela’s purchase of weapons, especially small arms.

United States officials said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries. “There’s a factor here that is destabilizing,” General Craddock said.

Defense Secretary Donald H. Rumsfeld and General Craddock were in Managua for a meeting of defense ministers from more than 30 countries in the hemisphere.

In recent months, Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain.

General Craddock said he did not know the reason for the purchases. “I don’t have much military-to-military contact with Venezuela,” he said.

Asked about Venezuela’s recent call to form a military coalition in opposition to the United States, General Craddock said, “I don’t see any traction” for the proposal.

Delegates from Brazil and other countries said they “did not see a rationale or need” for such a coalition, General Craddock said.

On Sunday, President Chávez said he had received warnings that the United States might be plotting to assassinate him. General Craddock responded: “That’s mindless. That’s far out. It’s way over the top.”

One reason for United States concern about Mr. Chávez is that he is supporting Washington’s old cold war nemesis, Daniel Ortega, who is running for president of Nicaragua. Public opinion polls suggest that Mr. Ortega could return to power after the election on Nov. 5.

The commander in chief of the Nicaraguan Army, Gen. Omar Halleslevens, said Monday that the army would remain apolitical, regardless of who won the election.

General Halleslevens told American officials and journalists that the Nicaraguan Army was determined to stay out of politics. “We have a professional army that follows the Constitution and the law and will not be used for political or partisan purposes,” he said.

General Craddock said he believed the assurances from the Nicaraguan commander.

In 1989, Nicaragua’s army had more than 73,000 men. “That was an army that was created for war,” General Halleslevens said, noting that the army now has 11,000 men.

The president of Nicaragua, Enrique Bolaños, said that his nation has had extensive experience removing land mines left from its civil war and that it was eager to share its expertise with other countries, like Afghanistan and Iraq.

General Craddock welcomed the offer, saying, “That’s a distinct possibility.”

Early Results Of Bosnia Vote Reinforce Ethnic Split (NYT)

By Nicholas Wood

The New York Times, October 3, 2006

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SARAJEVO, Bosnia and Herzegovina, Oct. 2 — Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country.

After a campaign dominated by nationalist grandstanding, parties led by Haris Silajdzic, the Bosnian Muslim who was prime minister during the war fought from 1992 to 1995, and Milorad Dodik, the most prominent Bosnian Serb politician, were expected to dominate the country's main institutions. Complete results in the voting for the country's complex governing system were not expected until the end of the week.

During the election campaign, both men were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future.

Each man advocates a tough version of the policies generally supported by his ethnic group. Bosnian Muslims, the country's largest group, with some support from their Roman Catholic Croat allies, seek a more unified country. They want to carry out political and economic changes that will enable Bosnia to join the European Union.

But many Serbs still want the half of the country that they dominate to become independent.

Voters on Sunday were selecting members of Bosnia's three-member presidency, which includes one member from each of the three main ethnic groups, as well as members of a national Parliament and those of two substates — the Muslim-Croat federation and the Bosnian Serb Republic.

Representatives were also being selected for the federation's 10 cantons, which provide local health, education and police services. The complex layers of government were devised under the Dayton peace agreement, which helped bring an end to the war.

Mr. Silajdzic, of the Party for Bosnia and Herzegovina, won the Muslim presidency. Nebojsa Radmanovic, a member of Mr. Dodik's Alliance of Independent Social Democrats, won the Bosnian Serb seat. The competition between the main Bosnian Croat candidates was too close to call, with just 50 percent of votes counted by Monday afternoon. Mr. Silajdzic's and Mr. Dodik's parties were likely to hold the largest number of seats in the national Parliament.

International officials here worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians.

During the campaign, Mr. Silajdzic advocated the replacement of Bosnia's ethnically divided structures with a single centralized state. Mr. Dodik countered by saying any attempt to carry out such a plan would lead the Bosnian Serbs to hold a referendum on independence. Diplomats fear that such a development would ignite violence.

More than a decade after the end of the war that claimed about 100,000 lives from all sides, international officials still have a significant influence over the country's government.

Bosnia's most senior international official, the high representative — currently Christian Schwarz-Schilling of Germany — has the right to dismiss politicians and impose laws. In February, the mainly Western governments that oversee the high representative's office will review whether it should be closed by mid-2007 or extended. The European Union still has 6,000 peacekeepers in the country.

Mr. Silajdzic said Monday that he was determined to start work on creating a new Bosnia, in which institutions and politics were no longer based on ethnicity. "We have to transfer ourselves from a country based on ethnic rights to citizens' rights," he said in an interview. "What we have now is the result of genocide and a war of aggression, and it should be changed."

Mr. Dodik said the support for his party confirmed that Bosnian Serbs favor the federal structure, and he repeated warnings that "in the case that demands for abolishing the Serb Republic are repeated, demands for referendum will be raised again."

The European Union has told Bosnia that, in order to move toward possible membership, it must reform its Constitution to simplify its political structures and create a single national police force. Talks among Bosnia's political parties on both topics became deadlocked earlier this year.

Party's Scandals Catch Up To Brazil's President (WSJ)

By Matt Moffett And Geraldo Samor

The Wall Street Journal, October 3, 2006

RIO DE JANEIRO -- The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash.

The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin.

Mr. da Silva, who had for months kept his own image unsullied by widespread fund-raising and payoff scandals in his Workers Party, in the end found himself dragged down by their cumulative weight even though he isn't facing charges. "The

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voters just got sick and tired of Lula saying he didn't know what was going on," says David Fleischer, who writes a political newsletter from Brasilia. "They saw the pictures of the money themselves."

Mr. da Silva outpolled Mr. Alckmin 48.6% to 41.6%. But the challenger has upward momentum and the remaining 10% of voters could go either way, likely setting the stage for a tight Oct. 29 runoff.

Mr. Alckmin, a former governor of wealthy São Paulo state, trailed Mr. da Silva in the polls by 17 points about two weeks ago. But he picked up ground quickly after the arrest of the Workers Party officials, who have been charged with planning to use $770,000 in cash to buy a dossier linking politicians in Mr. Alckmin's party to a kickback scam involving the procurement of ambulances.

In the first round, Mr. da Silva, a former union leader who is Brazil's first working-class president, tried to stay above the fray. He spurned debates with other candidates and campaigned mostly within his base of low-income voters, who rallied to the government's social programs and Mr. da Silva's common touch.

But Mr. da Silva won't have the luxury of playing it safe in the runoff. "Lula has suffered a shock and he's now facing a highly motivated candidate in what will be an intense race," says Cristiano Noronha, a political consultant.

The electorate is divided in its priorities. In a survey, consultant Antonio Lavareda found that 40% of respondents thought the government's focus should be on social programs, Mr. da Silva's hallmark. But 39% said they thought the government should emphasize anti-corruption measures, Mr. Alckmin's strong suit.

Brazilian financial markets surged yesterday following Mr. Alckmin's unexpectedly strong performance. While the leftist Mr. da Silva has shown himself to be a fiscally responsible overseer of the economy, Mr. Alckmin is seen by investors as having a clearer agenda to shrink the state and stimulate growth.

Some analysts are viewing the election as a watershed, signaling a new determination on the part of Brazilians to hold their leaders accountable for corruption. Historically, Brazilians have tolerated graft as long as some services or public works were trickling down. The attitude was encapsulated in a famous slogan once used by a shady Brazilian politician: "Rouba, mas faz." He steals, but he gets things done.

But the rebuke to Mr. da Silva shows Brazilians' tolerance for corruption "is coming to an end," says Roberto da Matta, an anthropologist who is a professor emeritus at the University of Notre Dame in Indiana. "Lula, who was a political Robocop, has turned into a human. And Alckmin, who didn't have any charisma, now has a human face."

The disillusionment with Mr. da Silva was particularly marked among wealthier and middle-class voters in Brazil's more economically advanced south. In Rio de Janeiro's trendy Ipanema neighborhood on Sunday, some people walked around with black T-shirts reading: "Lula No. Down With Corruption."

To be sure, the anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day. Brazilians re-elected several congressmen who are under federal indictment for receiving payoffs from an alleged Workers Party slush fund. And the top vote-getter among São Paulo congressional candidates was Paulo Maluf, who is accused by federal prosecutors of racketeering, money laundering and corruption.

But in some other local races, voters made candidates pay for their sins. Only five of 50 Congress members involved in the ambulance scam won re-election. And former House Speaker Severino Cavalcanti, who resigned last year after being charged with taking kickbacks from a Congressional restaurateur, also lost his comeback bid.

A Message For Lula (LAT)

The Los Angeles Times, October 3, 2006

FINANCIAL MARKETS CHEERED the failure of Brazilian President Luiz Inacio Lula da Silva to win a majority of the vote in Sunday's election, and the U.S. State Department made some positive noises to the effect that the results demonstrated "the strength of democracy in the hemisphere." But Lula's sudden and surprising fall from grace isn't necessarily good news.

Though polls had long predicted Lula as the clear winner, he instead attracted only 48.6% of the vote, forcing an Oct. 29 runoff with rival Geraldo Alckmin, the former governor of Sao Paulo. Brazilian stock traders were pleased because Alckmin is more business-friendly than Lula and promises to lower the country's crushing tax burden, though he hasn't given many specifics on how to go about it. The benchmark Ibovespa index rose 2% Monday.

Lula's collapse can be traced to a scandal that emerged Sept. 15, when two men tied to his Workers' Party were arrested in what appeared to be a dirty-tricks campaign against political rivals. This followed years of vote-buying scandals, kickbacks and other corrupt dealings by party members and their associates. And though Lula has never been directly tied to any of them, he has also failed to clean house. He didn't help his own case by refusing to participate in a final televised debate among the presidential candidates.

Despite the setback, Lula is heavily favored to win the runoff, not least because Alckmin is nearly devoid of charisma; in a country fond of single names and nicknames, Alckmin is often called "xuxu," which is a flavorless Latin American squash. Yet

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with his political capital at an all-time low and with the number of friendly seats declining in Congress, Lula may find it very difficult to get much done in his second term.

Some might call that a bonus. Lula's embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate. Latin America's most populous nation suffers from a bloated state that gets in the way of private enterprise. Perhaps a chastened second-term Lula might be more amenable to working with the opposition to improve business conditions in the country.

On the global stage, Lula has been an authoritative voice for social justice, though at times he has been too quick to defer leadership of the Latin American left — oddly, given Brazil's size — to the buffoonish Venezuelan president, Hugo Chavez.

Judging from Sunday's results, that deference may have diminished Lula's standing at home as well as abroad.

Riots Spread As Incumbent Widens Lead In Zambia Vote (NYT)

By Michael Wines

The New York Times, October 3, 2006

JOHANNESBURG, Oct. 2 — President Levy Mwanawasa of Zambia took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day.

Mr. Sata urged his followers to end the violence, but also accused Mr. Mwanawasa of stealing the election and promised "a big battle" against Mr. Mwanawasa's faction in Parliament. Mr. Sata said he would not contest the election results in court, but at the same time refused to formally concede the race. "How can I concede when I am complaining of votes being stolen?" he said.

With votes tallied in all but 15 of Zambia's 150 constituencies, Mr. Mwanawasa had captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate.

The final total was delayed because impassable roads slowed the delivery of ballots from some rural provinces.

Mr. Sata complained that 400,000 votes in his strongholds, in urban areas like the copper-mining regions, were unaccounted for, and the national election commission said it was investigating the charge. European observers and local political analysts have said, however, that the election seemed relatively free of corruption. The largest independent newspaper, The Zambia Post, has reported that the results largely tracked its own surveys of voters leaving the polls.

Some analysts have said that Mr. Sata, 69, a former cabinet minister who promised to improve the lives of Zambia's poor, won over supporters in the capital, Lusaka, and other major cities, but that he did not campaign in rural areas where Mr. Mwanawasa was strong.

Near the end of the campaign, one opinion poll indicated that Mr. Sata was backed by 52 percent of Zambians, but political experts in Lusaka said that that result was clouded by the difficulty of taking accurate samples in a largely rural and poorly educated nation.

Mr. Sata's supporters began rioting in some Lusaka slums on Sunday when ballots from rural areas were counted and his early lead over Mr. Mwanawasa vanished. Mr. Mwanawasa accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers, but the disorder continued Monday in Lusaka and spread to Kitwe, an industrial city in the copper-mining region in Zambia's north.

Mr. Sata appealed Monday for calm. "We are not going to do anything that will destroy Zambia," he said.

Japan's Abe Seeks Talks With China, South Korea (WP)

By Anthony Faiola

The Washington Post, October 3, 2006

TOKYO, Oct. 2 -- Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea.

Officials here said specific dates were still under discussion and cautioned that negotiations with one or both nations might yet break down. But widespread Japanese media reports indicated that Abe was hoping to hold talks with Chinese President Hu Jintao on Sunday and to see South Korean President Roh Moo Hyun the next day.

Scoring such summits so early in his tenure would mark a symbolic breakthrough for Abe, 52, who succeeded Junichiro Koizumi as prime minister on Sept. 26. China and South Korea have boycotted top-level meetings with Japan since last year, citing Koizumi's annual visits to Tokyo's Yasukuni Shrine, which honors Japan's military dead, including convicted World War II criminals.

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Japan's relations with both nations have also sharply deteriorated over territorial disputes. Tensions between China and Japan center on drilling rights in the East China Sea, an issue that has increasingly concerned the United States. Japan's schism with South Korea over disputed islets, meanwhile, has helped plunge relations between Washington's two most important allies in the region to their lowest point since the end of World War II.

"I plan to develop forward-looking relations with our important neighbors, China and South Korea, by building mutual understanding through dialogue and cooperation in every possible level and area," Abe told reporters in Tokyo on Monday.

Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's.

Abe underscored his position on at least one issue Monday, telling parliament that he wished to continue to pray for Japan's war dead and revere their memories. He said he would refuse all comment on whether he intends to do that by visiting Yasukuni annually, as Koizumi did.

Abe is believed to have already made his own visit there last April, although he never publicly confirmed it. Regardless, analysts predict Abe will hold off on visiting the highly symbolic shrine until at least after Japan's key legislative elections in July, when his ruling Liberal Democratic Party must hold on to power for him to continue his premiership.

"For Abe, to have the summit meetings now and illustrate friendship between the countries, then win the July elections and visit Yasukuni later next year would be an ideal scenario," said Minoru Morita, a Tokyo-based political analyst. But China and South Korea "will face major embarrassment at home if that happens."

If Abe manages to meet with Hu and Roh, he'd have much to talk about. Among the issues for discussion might be Abe's support for new Japanese history textbooks, which have been denounced by Beijing and Seoul as whitewashing Japan's past aggression. His push to strengthen patriotism in Japanese classrooms and to rewrite Japan's pacifist constitution to allow for a greater role for the military have also made China and South Korea uneasy.

In April, South Korea dispatched a flotilla of warships to prevent a Japanese survey vessel from entering waters claimed by both nations. Japan and China have become bogged down in negotiations aimed at resolving an increasingly serious dispute over lucrative energy rights near islands called Senkaku in Japanese and Diaoyutai in Chinese. The Chinese have constructed drilling platforms that could tap resources claimed by the Japanese.

Snail Mail As Economy Zooms, India's Postmen Struggle To Adapt (WSJ)

By Eric Bellman

The Wall Street Journal, October 3, 2006

MUMBAI, India -- When Mumbai Region Postmaster General A.P. Srivastava joined the postal system 27 years ago, mailmen routinely hired extra laborers to help carry bulging gunnysacks of letters they took all day to deliver.

Today, private-sector couriers such as FedEx Corp. and United Parcel Service Inc. have grabbed more than half the delivery business nationwide. That means this city's thousands of postmen finish their rounds before lunch. Mr. Srivastava, who can't fire excess staffers, spends much of his time cooking up new schemes to keep his workers busy. He's ruled out selling onions at Mumbai post offices: too perishable. Instead, he's considering marketing hair oil and shampoo.

"We have to find new ways to generate revenues and use excess space and staff," sighs the 52-year-old Mr. Srivastava, sipping tea at his desk piled high with files waiting for his approval. "Laying people off isn't an option."

India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals.

But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?

Once the pride of India's civil service, India Post and its predecessor, the British East India Co., controlled most mail delivery for centuries. But since a reform-minded government started allowing more competition in the 1990s, more-efficient private couriers have eaten deeply into India Post's business.

Likewise, state-owned phone company Mahanagar Telephone Nigam Ltd. used to have a monopoly on much of the phone service in India. Today it is battling with an onslaught of internationally financed competitors that have driven the quality of service up and rates down on everything from local to long-distance to cellular service to Internet connections.

State-run airlines Air India and Indian Airlines have been under attack for more than a decade and the industry has just become more competitive with six new carriers starting operations in the past two years. The banking sector is still dominated by the giant State Bank of India but the country's growing middle class is taking most of its business to the high-tech private banks, such as HDFC Bank Ltd. and ICICI Bank Ltd. leaving the state banks with the least-profitable businesses and worst borrowers.

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Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace.

But the shift toward the private sector has been a gradual process, made necessary by the political reality faced by a succession of unstable coalition governments. Today's Congress Party-led coalition depends on the support of communist parties, which oppose layoffs and privatizations. When the coalition first came to power in 2004 one of the first things it did was close the Disinvestment Ministry which oversaw privatizations.

In contrast, in the U.K., Margaret Thatcher -- one of the earliest promoters of privatization in her country -- was able to use her Conservative Party's strong control of Parliament to push though privatization. She closed down unprofitable organizations and auctioned off many of the U.K.'s largest state-owned companies in the 1980s despite violent strikes and opposition from the left.

In India, Mr. Srivastava's struggle to modernize Mumbai's post offices shows how efforts to reform state-run entities can be tripped up by a convoluted bureaucracy and populist politics. India Post is forced to maintain its 550,000 employees with full benefits and run a vast network of post offices, most of them unprofitable. What's more, politicians keep India Post from raising postal rates, so it loses money on almost every postcard and package it handles.

While India Post runs the largest postal network in the world with more than 155,000 branches, it's also one of the most inefficient. Each of the U.S. Postal Service's 700,000 employees handles more than 15 times as many pieces of mail a year on average as India Post workers. The U.S. service also makes money, reporting an operating profit of more than $1.5 billion last year, while India Post lost $300 million.

The British East India Co. established the first postal stations in Mumbai, the city formerly known as Bombay, in 1688 and in Calcutta (now known as Kolkata) in 1727. About 50 years later, it started regular service between the two cities using runners who carried spears with bells attached to ward off tigers.

Mr. Srivastava fondly recalls the days when the local post office was the only place people could mail a letter or package, or even make a phone call. He joined the postal system in 1979 partly because of its prestige and importance in Indian communities. In his first posting, as head of a post office in the northern state of Uttar Pradesh, Mr. Srivastava was given membership in the best clubs, invited to join a local education committee and was regularly paid visits by local politicians and business leaders: high status for a 27-year-old.

During the annual rush of mail during Diwali -- the festival of lights during which India's 800 million Hindus exchange cards and gifts -- Mr. Srivastava remembers having to use every inch of floor space to sort mail, "even in my office." There was then virtually no competition. When Mr. Srivastava once discovered that a clandestine private courier was transporting mail, he called the police and had the operation shut down.

Today, there are more than 2,000 private companies delivering documents and packages in India, ranging from tiny operations with a handful of men who make around $2 a day to big international players like FedEx. The industry generates $850 million a year in sales, according to estimates by the Express Industry Council of India, which represents private couriers. The market is so promising that in 2004 DHL Corp. decided to take over one of the leading domestic courier services for $160 million.

"The role of the post office was much more important in the lives of the people back" in the old days, says Mr. Srivastava wistfully. "Now, there are so many other opportunities that our service is not given the same respect."

Under pressure from the central government to pay its way, India Post has been forced to try an assortment of new businesses. The agency now sells the outsides of envelopes and mail boxes as advertising space. For the hundreds of millions of Indians without access to computers, the postal service will receive, print and deliver email to its destination by hand. And for the first time in India Post's long history, its local postmen have to pick up mail directly from homes.

The post office is even outsourcing its postmen to phone and credit-card companies, who use them to confirm the home addresses of new customers. Mahanagar Telephone Nigam, one of India Post's clients, pays 30 rupees (about 64 cents) per confirmation. Other companies, including the Indian arms of Western Union Financial Services Inc. and General Electric Co., now pay India Post commissions to sell their loans and money-transfer services. Mr. Srivastava is even renting out the century-old domed General Post Office at night for movie shoots.

In a dusty corner of the cavernous Mumbai General Post Office, at the former domestic-parcels counter, Shyam Sundar Dhini was peddling cashews, herbal medicines and aloe vera gel. A "Happy New Year" sign hung on the wall above his makeshift shop despite its being September. "I have become a salesman instead of a postman," said Mr. Dhini, a 23-year postal veteran who isn't quite sure what aloe vera gel is used for. "I know everything about letters and stamps, but nothing about sales. No one wanted this job because this is not what postmen do."

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Some postmen, who are now under pressure to learn new skills ranging from using a computer to how to accept mutual-fund applications, have been reluctant to adapt. "There is resistance from the staff, especially the older set," who have grumbled about the new chores, concedes Mr. Srivastava. "But if they do not do these other activities they will not have a job to do."

Still, the postal union has repeatedly threatened to strike to block plans to reduce the post office's losses by redeploying its staffers on nonpostal jobs. "We will work hard, but we don't want more work," declares Arvind Y. Salvi secretary for the National Union of Postal Employees in Mumbai. Since the neighborhood postman is the government employee closest to the average citizen, Mr. Salvi says any government that causes them to strike risks losing votes. Few politicians are willing to take that risk.

Postal workers also grouse that they haven't been properly trained to do the new jobs being foisted upon them or given the facilities needed to carry out nonpostal assignments. Mr. Salvi's post office at a busy Mumbai intersection illustrates the problem. Like most such offices in India, it's cramped and dirty and hasn't changed much for decades. Next to his desk is a huge old safe with a skeleton key. Nearby is a roaring gas stove, which is used to melt the plastic to seal registered letters. Following a colonial-era procedure, each registered letter is tied by hand with brown twine, which is then glued to the envelopes with six blobs of plastic, each stamped with the official postal seal.

Two computers, delivered a year ago from the regional headquarters, sit next to the stove, but have never been deployed because no one knows how to use them. "They called employees in one Sunday and taught us for five hours saying 'This is a computer, push this key, push that key' but that's not enough," says Mr. Salvi. "The postmen don't even know what email is."

Motivating demoralized postal workers is tough. A mid-level manager at India Post, for example, makes about $500 a month, roughly one-third the salary of a manager at an international courier in India. Rigid bureaucratic wage scales dictate salaries and restrict bonuses, making it almost impossible for the post office to offer incentives. Mr. Srivastava says the only reward he can give hardworking postmen who have excelled in promoting new products is a thermos bottle or a lunch box.

Meanwhile, to fend off competition from private couriers, India Post is trying a tactic left over from India's socialist days: outlawing the competition. The agency's political backers are pushing for an amendment to postal laws that would make it illegal for private carriers to deliver parcels or documents that weigh less than 300 grams. It would also make couriers pay 10% of their revenues to underwrite India Post's expansion into rural areas and force 100%-owned foreign companies, such as FedEx, to reduce their shareholding in local units to 49%. Legislators will be debating the bill later this year.

"Customers are looking for short transit times and a high level of service and technology but these are not elements that the postal service provides," so any restrictions on couriers will hurt Indian companies says Jacques Creeten, the Mumbai-based managing director for FedEx. "India is not isolated in the world -- it is competing with China, Vietnam and Bangladesh and exporters need the express industry to stay competitive."

Mr. Srivastava says he doesn't need a monopoly, but argues that he can't be expected to compete with couriers that don't have to carry India Post's high administrative costs and political baggage. "We didn't realize this was really going to hit us," he says, as he signs document after document required by India's layers of bureaucratic protocol to run his domain of more than 10,000 workers.

"Some people have still not realized."

--Binny Sabharwal contributed to this article.

Optimism And Africa (NYT)

By Nicholas D. Kristof

The New York Times, October 3, 2006

MALABO, Equatorial Guinea

The founding president of this country was a witch doctor who murdered tens of thousands, put enemies' heads on pikes, denounced education and spread land mines on the road out of his country to prevent people from fleeing. This was then so vile a place that an American diplomat stabbed another to death here in 1971 and claimed in his trial that he had been driven insane partly by the screams of all the people being tortured.

When the president was finally ousted in 1979, he ran off into the bush with $60 million packed in suitcases. But he was pursued, and in a shootout, the nation's entire foreign exchange reserves burned up.

This little country of Equatorial Guinea was, therefore, a useful place to visit with Casey Parks, the student journalist who won a contest to accompany me on this trip — because it underscores one of the biggest challenges facing Africa today.

That is the need for better governance, meaning both less corruption and better economic policies. The single greatest need to fight poverty and injustice isn't more aid, although that is needed. What matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule.

Equatorial Guinea traditionally has been Africa's poster boy for bad governance. Even after the old witch doctor was ousted, the kleptocracy continued under Teodoro Obiang, the current president. A new book about the country, "The Wonga

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Coup," notes that in 2004 President Obiang bought a Boeing 737, one of six personal planes, for $55 million, and outfitted it with a king-sized bed and gold-plated fittings in the extra-large bathroom.

Schools and clinics are needy, but Forbes lists President Obiang as the world's eighth richest ruler, with a net worth of $600 million. Just last year, "The Wonga Coup" says, the president's son spent the equivalent of a third of his country's entire education budget on a vacation home in South Africa and three cars — two Bentleys and a Lamborghini.

That is grotesque, but it is changing. Here in Equatorial Guinea, torture has diminished, and two opposition members of Parliament provide token public criticism. The government is participating in Tony Blair's anticorruption initiative (a terrific program to help poor countries), and Prime Minister Ricardo Mangue told me that his government would begin publishing budgets to try to ensure more transparency.

We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform. An excellent new U.S. aid program, the Millennium Challenge Accounts, rewards good governance, and we can do even more. For example, as Joseph Stiglitz notes in his new book, "Making Globalization Work," the West can modify bank secrecy rules so that it is harder for dictators to pillage their lands.

The time is right, because all across Africa, countries are increasing efforts to fight corruption and improve the investment climate. The World Bank's latest "Doing Business" report shows that some African countries, particularly Tanzania, Ghana, Rwanda and Nigeria, are among the world leaders in reforming their economies.

And where African countries have had sustained good governance, economies have boomed. Examples include Botswana, Mozambique, Rwanda and Mauritius, which in turn are becoming models for neighbors.

Partly as a result, Africa is enjoying an overall economic growth rate this year of 5 to 6 percent, twice that of the U.S. And Africa now has a huge opportunity to move up the ladder into low-wage manufacturing, because Chinese labor costs are rising and some labor-intensive production is being shipped to lower-wage countries. Chinese traders are now everywhere in Africa, although they haven't set up many factories so far.

Senegal has snared a share of the French-language call-center industry, and a few countries, like Mauritius, Lesotho and Namibia, make garments, but manufacturers have generally shunned Africa because of concerns about infrastructure, political instability, corruption and ability to scale up production. If Africa plays its cards right, that could change.

So, yes, Africa is still afflicted by AIDS, misery and the tyranny of "big men" whose sons squander national treasure on Lamborghinis. But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope.

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Sent:	Tuesday, October 03, 2006 8:59 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, October 03, 2006
Attachments:	agnb061003.pdf; agnb061003.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Rice, Others Dispute Claim She Ignored CIA Warning Of Al Qaeda Attack. As the White House continued its effort to rebut claims made by Bob Woodward in his new book, "State of Denial," the author sought to bolster his case by sharing "once secret" documents with NBC News – the only network to cover the story last night. The network, and much of the TV coverage, continued to portray a White House put on the defensive by the book. However, stories in this morning's Washington Post and New York Times cast doubt on Woodward's characterization of a meeting between Condoleezza Rice and then-CIA director George Tenet. NBC Nightly News (10/2, story 4, 2:35, Mitchell, 9.87M) said, "All of the President's men in a state of denial over 'State of Denial.'" White House spokesman Tony Snow: "Flat wrong. Absolutely wrong." The White House, added NBC, "issued a press release titled, 'Five Key Myths In Bob Woodward's Book.' For instance, denying Condoleezza Rice was told of a possible terror threat on July 10, 2001, two months before 9/11. Today, Rice, en route to Saudi Arabia, said it was incomprehensible that she would ignore such a warning. But Woodward has documents proving that a CIA briefer told Rice of an impending attack." Bob Woodward, author, 'State of Denial': "He said specifically after the meeting, 'We did everything but pull the trigger of the gun we were holding to her head.' Mitchell: "Is there clear evidence that they did anything?" Woodward: "The presidential order to get bin Laden or kill him was sitting on the President's desk September 10, 2001. The day before 9/11." Mitchell: "Officials tell NBC News the former CIA Director George Tenet did testify in secret to the 9/11 Commission about that meeting."

The Washington Post (10/3, A3, Eggen, Wright, 748K) reports Tenet's "statements to the [9/11] commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that 'they were not getting through to Rice' after the July 10, 2001, meeting." The New York Times (10/3, Shenon, Mazzetti, 1.21M) says "both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them." Democratic 9/11 Commissioner Richard Ben-Veniste said, "Tenet never told us that he was brushed off. We certainly would have followed that up."

The Los Angeles Times (10/3, Richter, 918K) reports Rice's "reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war." Rice did not "deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to 'shock' her did not make sense."

USA Today (10/3, Slavin, 2.27M) reports Rice "said she recalled 'a steady stream of quite alarmist reports of potential attacks' during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. 'There was nothing that related to an attack in the United States,' she said." The AP (10/3, Gearan) reports Rice "said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States" as claimed by Woodward. Rice said, "What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible." The AP adds, "Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book."

White House Described As At "War Over Woodward." NBC Nightly News (10/2, story 5, 1:10, Williams, 9.87M) reported, "All of this news out of Washington tonight leaves us with much to discuss with our Washington bureau chief and moderate of Meet the Press Tim Russert. … Tim, this so-called war over Woodward, same question. [A damage assessment so far?]" NBC (Russert) added, "The White House is ferocious in their response, and why? One of the best known reporters in America is in effect laying out a case questioning the competence and credibility of the White

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House on Iraq. It is the last thing they want to debate five weeks before an election."

Snow Calls Allegation Bush Is In Denial About Iraq "Outrageous." CNN's The Situation Room (10/2, King) reported, "An angry new response today from the White House to journalist Bob Woodward's new book State of Denial. Among other things, Woodward contains the declarations that terrorists in Iraq are in retreat don't match the secret intelligence assessment the President is being given. Press Secretary Tony Snow says the notion the president is in denial about Iraq war losses or that he is trying to cover up things is, quote, 'an outrage.'"

NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "Woodward's documents include these talking points the President used at a national security meeting just before the war. They recommended he keep the Iraqi army intact to prevent an insurgency. Instead, the army was disbanded. And the book offers several examples of the President making optimistic statements about Iraq, contrary to far more pessimistic secret assessments. Is this a case where they are not telling him the truth or he is putting a gloss on things?" Woodward: "He knows how bad it is." Mitchell: "A sign of how damaging Woodward's claims are is how hard the White House is fighting back."

Bob Woodward said on CNN's Larry King Live (10/2) that "there's a secret report from the intelligence division of the Joint Chief of Staff saying things are going to get worse. And, the terrorists in Iraq maintain this capability and in the year 2007, that's next year, it's going to get worse. [President Bush is] saying, as you heard, that they're in retreat." Asked what he makes of Bush's claims, Woodward said, "He's an optimist. He's a leader in a time of a really difficult war, a war of choice, a war he decided on, and it's Bush's war, no question about it and it's gone south and it's become more and more violent and more and more difficult."

Woodward Denies He Reached Conclusions Before Writing Book. Bob Woodward responded on CNN's Larry King Live (10/2) to White House counselor Dan Bartlett's claim that he reached some conclusions, saying, "I'd reached no conclusions. I had lots of secret memos and notes of what they had done and how they had done it and that his response to the man he put in charge of post war Iraq was when the man said, and your producer comes to you and says 'I can't do the things you've assigned me to do,' you don't go say 'kick ass.'"

White House Reportedly "Miffed" At Colin Powell. The White House Bulletin/US News (10/2) reports White House insiders "are more than a bit miffed at former Secretary of State Colin Powell. They consider him one of the prime sources" for Woodward's "State of Denial." Powell "lost many internal debates over the war and now he is getting even, White House officials say. But they don't want to take Powell on directly because he remains a highly-respected figure for most Americans and because, White House insiders say, they fear he might try to do more damage to Bush's image if he feels under sustained attack by his former colleagues."

More Commentary. In his Washington Post column (10/3, A17), George Will says, "'State of Denial' will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure. The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that." The book "does not demonstrate that the president is in a state of denial."

In his Washington Post column (10/3, A17), Richard Cohen says it is "time for yet another" constitutional amendment: "This one would ensure that no child of a president could become president. This would avert another George W. Bush. The reasons for this amendment can be amply found in Bob Woodward's new book, 'State of Denial.' If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure."

Homeless Iranian Woman Charged With Supporting Iraqi Terrorist Group. The New York Times (10/3, Rashbaum, 1.21M) reports, "A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday." Zeinab Taleb-Jedi "is free on a $500,000 bond and living in an East Side women's shelter. A

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law enforcement official said she did not pose a direct threat to the United States." The Times notes, "The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years. … When American forces invaded Iraq…they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad," and "F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's 'martyrs,' along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives."

In a widely-distributed story, the AP (10/3, Hays) adds that according to court documents, "two confidential informants in Iraq" said Taleb-Jedi was "a leader of the Mujahedeen Khalq. … One of the informants told the FBI that Taleb-Jedi was on a council 'responsible for making leadership decisions for the organization, including approving specific acts of terrorism' against Iran, the papers said." When the FBI questioned her in Iraq, "Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she 'left her job, sold all her belongings and traveled' the group's Ashraf Base in Iraq."

Defense Begins Closing Arguments At Albany Terror Trial. Capital News 9 Albany (10/2, Ference) reported, "It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation. Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word 'missile.' … But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote 'rocket equals missile.'" Aref lawyers "also argued the codeword used by the FBI informant for missile -- Chaudhry -- wasn't clear. At one point, the informant referred to it by saying, 'one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members.'"

Hayat Relatives Return To US From Pakistan. As reported in yesterday's New York Times, the AP (10/3) reports in a widely-distributed story, "Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said." Muhammad and Jaber Ismail "arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. … 'I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime,' Jaber Ismail said."

Afghan Prisoners' Attorneys Challenge Bush Detainee Plan. The Washington Post/AP (10/3, A6, Apuzzo) reports attorneys "for 25 men being held in Afghanistan launched a pre-emptive strike Monday against President Bush's plan to prosecute and interrogate terror suspects." Court documents "demand that the men be released or charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week." That bill "says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases would be heard before a military commission, not a civilian judge. Bush has not signed the bill but expects to soon." Monday's filing "initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a military prison in Guantanamo Bay. Detainees there have dozens of petitions pending."

Canadian Judge Releases Tamil Tigers Suspect On Bail. The Toronto Star (10/3, Grewal) reports, "A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom. Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them. Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation." The Star notes that Mylvaganam "must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not

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communicate with the co-accused. In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device."

Alliance Of Algerian Terror Group, Al Qaeda Analyzed. The Christian Science Monitor (10/3, Lund, 58K) reports many Algerians "are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital" of Algiers "during Ramadan." Already, "officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press." Authorities have "amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats." In a videotape "released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that 'the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates.'" The Monitor adds the GSPC "has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC."

HOMELAND RESPONSE:

Federal Report Makes No Recommendation On Terror Insurance Program. The Wall Street Journal (10/3, A4, 2.03M) reports a report released this week by an interagency group headed by Treasury Security Henry Paulson "makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent. The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes." The Journal notes, "Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program."

Chertoff, Peters To Meet With UK Transport Chief On Passenger Data Sharing. The Financial Times (10/3, Cameron) reports UK Transport Secretary Douglas Alexander is scheduled to meet with DHS Secretary Michael Chertoff and Transportation Secretary Mary Peters in Washington Wednesday "in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market." The "visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information." The Times adds that the meeting "reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information."

Judge Allows Greatly-Curtailed Jewell Libel Suit To Proceed To Trial. The Atlanta Journal-Constitution (10/3, White, 399K) reports, "Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday." Judge John R. Mather " said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation. But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park." The AP (10/3) notes, "Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement. Jewell was later cleared, and some news organizations settled legal claims that he had been defamed."

Nagin Signs Order Requiring Businesses To Use Local, Minority-Owned Firms. USA Today/AP (10/3, 17A) reports, "New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery. Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible." The rule expands on a requirement already in place for government contracts by

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involving "businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state."

WAR NEWS:

Maliki's Security Plan Would Empower Local Committees To Fight Violence. The Washington Post (10/3, A12, Keath, 748K) reports Iraqi Prime Minister Nouri al-Maliki "announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months. The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis." Maliki would form multiethnic "local committees" to offer input on security activities. The Post says he "is under increasing pressure to stop the violence, which has killed thousands since February." His "administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed."

The New York Times (10/3, Oppel, Mizher, 1.21M) adds, "Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, [Maliki] announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media." The "details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts" to stop the violence. The AP (10/3, Keath) and the Los Angeles Times (10/3, Moore, 918K) runs similar stories.

Foreign Fighters Said To Form "Relatively Small Slice" Of Insurgency. The Christian Science Monitor (10/3, Grier, 58K) reports, "It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a 'cause célèbre' for jihadists, as a recently declassified US intelligence assessment holds." But "that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime." Thus, "to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground."

Iraqi Torture Site Could Be Linked To Security Forces. USA Today (10/3, Jervis, 2.27M) reports, "U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government. Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid." Troops also found "posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr." USA Today adds, "There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry. ... U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias."

Iraq Veteran Pleads For More Troops In Iraq. In an op-ed for the Wall Street Journal (10/3, 2.03M), Iraq veteran and 101st Airborne platoon leader Pete Hegseth argues, "America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now."

Author Urges Reverence For Fallen Troops. In USA Today (10/3, 2.27M), writer Kathy Roth-Douquet discusses the phrase "died in vain," which she traces to Abraham Lincoln. She states that deaths in Iraq are not "for naught," even if the war "is a mistake, or we pull out too early," because "despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering."

Frist Says Taliban Should Be Part Of Afghan Government. The AP (10/3, Krane) reports, "US Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring 'people who call themselves Taliban' and their allies into the government." The senator "said he learned from briefings that Taliban fighters were too

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numerous and had too much popular support to be defeated on the battlefield." Frist, "during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat," said, "You need to bring them into a more transparent type of government. … And if that's accomplished, we'll be successful."

NATO Troops Fight To Win Afghan People's Support. The New York Times (10/3, Gall, 1.21M) reports from Pashmul, "NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people." The Times quotes Col. R. Stephen Williams's account of the battle and reports that in the aftermath "military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage."

The Christian Science Monitor (10/3, Peterson, 58K) also reports on such efforts to court support, writing, "Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index." Troops and villagers both face obstacles: "pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated." Officers with short tours of duty rarely have the necessary "local know-how," a "requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth."

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Morford Named Interim US Attorney In Nashville. The Nashville Tennessean (10/3, De La Cruz) reports, "A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today." The Tennessean continues, "Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm." The Tennessean adds, "Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said."

CORPORATE SCANDALS:

Enron Employees Angered By Fastow's Reduced Sentence. The Washington Post (10/3, D1, Johnson) reports, "When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals." The Post continues, "In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years. … That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior. … The reduction, former Enron worker Rod Jordan said yesterday, 'was a slap in the face to employees.'" The Post adds, "No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. 'A lot of them decided to skip Fastow because they thought it was a done deal,' Jordan said, referring to the 10-year term. … Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had 'locked in' a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force. … But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income. … At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing

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with a probation department report that would have exposed Fastow to a sentence longer than 10 years."

Memo Suggests Hurd Knew Of H-P Leak Probe In July 2005. The Wall Street Journal (10/3, Waldman, Clark) reports that Hewlett-Packard Co. "still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe? A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal."

Cingular Wireless Sues Over Hewlett-Packard Pretexting. The Legal Times (10/3, Crea) reports, "Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information." The Times continues, "The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages." The Times adds, "Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed."

Sonsini's Novell Options Grants Raise Red Flags. The California Recorder (10/3, Scheck) reports, "As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees. … But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people." The Recorder continues, "Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece. … That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper." The Recorder adds, "The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts. … But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December." The Recorder notes, "Ultimately, the options would become worthless before vesting due to the tech market crash. … Nevertheless, the series of events makes experts wonder whether the grants were also 'spring-loaded' -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case."

Siegel Retires As Mills Chief Executive. The Washington Post (10/3, D1, O'Hara) reports that Laurence C. Siegel "retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet." Mills will pay Siegel "$2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland." The company described Siegel's departure "as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures."

Alexander Bail Hearing Arguments Begin. The New York Times (10/3, Grobler, 1.21M) reports former Comverse CEO Jacob "Kobi" Alexander "transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday." At the bail hearing, Alexander "showed every sign

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that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse." Defense lawyer Herman Oosthuizen said Alexander "would be willing to hand over his Israeli passport and post bail of about $1.36 million." The Times adds, "An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors. Mr. Alexander, she said, had also offered as much as $5 million — and then 'a name-your-price offer' — to a colleague at Comverse to take the blame in the stock options case."

In a widely-distributed story, the AP (10/3, Jacobson) notes that the bail hearing "will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail."

Professor Says Hedge Funds Do Not Need More Regulation. Dale Oesterle, a law professor at Ohio State University, writes in USA Today (10/3), "Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more 'hedge fund regulation,' whatever that is. Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) 'activist' hedge funds, funds that purchase stock in a company to force through major changes." Oesterle adds that "the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation."

CRIMINAL LAW:

Foley Enters Rehab As His Attorney Denies "Inappropriate Sexual Contact." The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports that "disgraced" former Rep. Mark Foley "has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today. 'I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems,' Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment." The New York Times (10/3, Hulse, Zeleny, 1.21M) reports Roth "denied that Mr. Foley had ever had inappropriate physical contact with minors. 'Mark Foley has never, ever had inappropriate sexual contact with a minor in his life,' Mr. Roth said. 'He is absolutely, positively not a pedophile.'" USA Today (10/3, 8A, Page, 2.27M) reports recounts details of Foley's political career, noting, "Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House."

USA Today (10/3, Heath, 2.27M) reports Ben Cavataro, "a 17-year-old high school senior…said" Foley "nominated him to be a page last summer. … The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer. 'There was no indication of anything improper with Foley or anybody else,' Cavataro said." USA Today (10/3, Bazar, 2.27M) notes Foley's "statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal." The Washington Times (10/3, Pfeiffer, 88K), meanwhile, notes other sex scandals involving members of Congress.

The Palm Beach (FL) Post (10/3, Crowley) reports, "Mark Foley is not a pedophile and 'never ever' had sexual contact with minors, his attorney said Monday. … Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life. … 'Mark is an alcoholic. He drank in secret. He did not drink in public,' Roth said. 'He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic.'" The Post adds, "Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said. … Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy. … Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, 'Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life.' … Asked if Foley is a pedophile, Roth said, 'He is absolutely,

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positively not a pedophile.' … He described Foley as 'contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself.'"

Foley's Predilection For Young Males Was Reportedly Widely Known. The Los Angeles Times (10/3, Levey, Reynolds, Schmitt, 918K), in an article titled, "Foley Saga No Shock to Some: The Florida Republican was known to have an interest in younger men," reports, "some on Capitol Hill say" Foley "was known to have a special interest in younger men. In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues. 'Almost the first day I got there I was warned,' said Mark Beck-Heyman…who served as a page. … 'It was no secret that Foley had a special interest in male pages,' said Beck-Heyman, adding that Foley…on several occasions asked him out for ice cream. Another former congressional staff member said he too had been the object of Foley's advances." The Times goes on to report, "The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men. 'Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff,' said one former congressional staffer."

Roll Call's "Heard on the Hill" (10/3, Akers) reports, "the Foley 'victims' crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being 'asked out' by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18. … After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe. He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said 'was drunk,' approaching their table and quickly asked his friend to say she was his girlfriend. Foley…came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating. 'Yes,' our source recalled his pal saying. Foley, according to our source replied, 'Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?'"

CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "The FBI may not have seen it but some 16-year-olds sensed Foley was crossing a line other Congressmen didn't." Unidentified female: "I had a friend Matt and a friend Tim and he would see them first and he would be like 'Hi, Mattie, hi Timmy.' And we used to be like 'that's funny of them to say that. That's kind of weird.'"

Potential Prosecution Of Foley Examined. The AP (10/3, Jordan) reports, "The FBI…'is conducting an assessment to see if there's been a violation of federal law,'' according to FBI spokesman Richard Kolko." The AP continues, "The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe 'a precursor to a possible criminal investigation.'" The AP adds, "FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation. … The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said." The AP notes, "Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus."

McClatchy (10/3, Talev, Taylor) reports, "Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity." McClatchy adds, "Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a 'third party' made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched." McClatchy adds, "John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a 'commission of a felony' and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks."

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Bloomberg (10/3, Roberts) reports, "Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley. … In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested." Bloomberg notes, "Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days. … 'Central to the investigation is immediately questioning, under oath, the House Republican leadership,' Pelosi wrote in a letter to lawmakers on the committee yesterday."

Liberal Watchdog Group Forwarded Messages To FBI In July. CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "Melanie Sloan, who heads the Center for Responsibility in Politics, said there were warning signs" about Foley's "conduct. Last July, her group said some of the overly friendly e-mails were sent to the FBI but no action followed." Melanie Sloan: "I would have grabbed Foley's computer right away and starting examining." The Washington Post (10/3, A11, Babington, Weisman, 748K) reports the FBI "acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005" by Foley.

The AP (10/3, Taylor) notes Melanie Sloan, CREW's executive director and a former prosecutor "specializing in sex crimes," said, "they (the e-mails) should have raised a red flag over at the FBI," and "asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued." Roll Call (10/3, Bresnahan) characterizes CREW as a "liberal watchdog group" and reports that Sloan is a former House Democratic staffer. The Washington Post (10/3, A11, Babington, Weisman, 748K) describes CREW as a "liberal-leaning group."

The New York Times (10/3, Hulse, Zeleny, 1.21M) reports, "The group would not say where it had obtained the messages; it made them public after the ABC report."

Two Florida Papers Were Previously In Possession Of Foley Emails. The New York Times (10/3, Kornblut, Seelye, 1.21M) reports, "At least two news organizations were tipped off to e-mail messages sent by…Foley long before the story…broke last week and forced him to resign. The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors." The Times notes "the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley." Speaker Hastert is quoted as saying, "He deceived his in-state newspaper when they each questioned him. … He deceived me, too."

Value Of Page Program Questioned. ABC World News (10/2, story 5, 0:20, Gibson, 8.78M) reported, "The Congressional page program has…seen scandal before, most notably the House censored two Representatives in 1983." The New York Times' John Tierney (10/3) writes, "Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. … The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age?" The Hill (10/3, Kucinich) reports Hastert "announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for 'parents, grandparents, pages, former pages."

Man Kills Four, Wounds Seven At Amish School In Pennsylvania. A dairy truck driver walked into a one room Amish schoolhouse in Nickel Mines, Pennsylvania yesterday and tried to execute the girls there. The New York Times (10/3, Kocieniewski, Gately) reports that police say Charles Roberts succeeded in killing four of the girls and wounding seven others before killing himself. The Times adds, "The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m." Roberts "killed himself as the police stormed" the school.

A front page story in the Washington Post (10/3, A1, McCaffrey, Duggan) reports, "Of the seven other girls who were shot, as many as six were critically wounded. Their

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conditions were 'very, very dire,' said Col. Jeffery B. Miller, commissioner of the state police. Miller called it 'a horrendous crime scene' and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said."

NBC Nightly News (10/2, lead story, 2:50, Ellis) reported, "Hours after the shooting police walked the nearby field in a line searching for children that might have escaped the violence to hide in the familiar fields. According to police no children were found in the police. As for a motive police say this is a grudge that Roberts held for some 20 years but not against the Amish. Police are calling this a crime of convenience saying it was close to his home and at a school that had no security. Police are saying there is a lot of evidence that Roberts were planning this for a long time and that he was planning along siege."

The Washington Times/AP (10/3, Scolforo) reports, "The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of 'acting out in revenge for something that happened 20 years ago,' Col. Miller said, though he gave no details on what the grudge was." The AP adds, " Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security."

ABC World News (10/2, lead story, 3:10, Muir) reported, "We're getting late word about the gunman who backed his pickup truck to the schoolhouse about a half mile down the road here, investigators tell us late tonight he had three guns, two stun guns, two knives and 600 rounds of ammunition. He was prepared for a long siege here and why this schoolhouse? Because he knew it wouldn't be secure, surrounded by only white fencing and acres and acres of farmland."

CBS Evening News (10/2, lead story, 3:20, Pitts) reported, "Authorities found what they described as a suicide note at Roberts' home in the neighboring town. He had apparently worked his shift last night at the local milk plant. This morning he took his own children to the bus stop. Minutes before the fatal shooting, he called his wife from inside the school on his cell phone." Miller: "He did make a statement to his wife on the phone that he was acting out in a way to achieve revenge for something that happened 20 years ago."

USA Today (10/3, Frank, Levin) reports that "the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse. … The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were 'crying and weeping and hugging, and the Amish people don't usually show too much emotion,' said Annie Beiler, 66, whose farm abuts the school property."

The Pittsburgh Post-Gazette (10/3, Barnes, Mauriello) reports, "Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school. … 'It's clear to us he did a great deal of planning in this,' said state police Commissioner Jeffrey Miller. 'It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself.'" The Post-Gazette adds, "The incident did not appear to be related to the Amish. Mr. Roberts is not Amish. … Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate. … He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record." Bloomberg adds, "The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29."

The Los Angeles Times (10/3, Barry, Simon) reports, "Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days." The Times adds, "But Roberts' brutality evoked very little anger among the community

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Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. … Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord."

Local Television. More that 1,200 local television newscasts reported that a gunman attacked a one-room Amish school in rural Pennsylvania, shooting dead three girls before killing himself. In general, the incident was seen as part of series of ongoing violence that has recently hit US schools.

WPTY-TV Memphis, (9/2, 10:36 p.m.) reported, "What happened today in the West Nickel Mines Amish School in rural county Pennsylvania has horrified the country. Three girls, one teacher's aid murdered in cold blood and now word that a fourth may have died. All shot in the head by a gunman wreaking a terrible vengeance for a still unknown wrong he suffered long ago."

KKCO-TV Grand Junction, (9/2, 9:59 p.m.) reported, "A 32-year-old truck driver took more than a dozen girls hostage in a one room Amish school in Pennsylvania, killing at least three children and injuring 8 others. Then the gunman killed himself during a running gun battle with police. It was the nation's third deadly school shooting in the past week."

KOLN-TV Lincoln, (9/2, 4:59 p.m.) reported, "Authorities say the shooter wrote in a note he wanted revenge for something that happened 20 years ago."

WHYY-TV Philadelphia, (9/2, 5:32 p.m.) reported, "Today's school violence comes in the wake of last week's shooting of a principal in Wisconsin and shooting of a teenaged girl in Colorado."

KABC-TV Los Angeles, (9/2, 5:02 p.m.) reported, "Today's Amish school massacre is one of…school shootings and disturbances stretching from Colorado to Wisconsin, to Nevada, to nickel mines, Pennsylvania. In two of the incidents, gunmen targeted girls as victims."

WRC-TV Washington, DC, (9/2, 1:02 p.m.) reported, "Just today, a massacre in a one-room Amish school in Pennsylvania. The victims, again, all girls. With the American Association of School Administrators, saying security is a great concern. It's very difficult to prevent against all of these things because if you are dealing with people who are off the scale in terms of normalcy and they are willing to do almost anything to themselves, it's very difficult to protect a school or any other place. A therapist says the feeling of being afraid in school is something many children in her community live with every day."

WVIT-TV Hartford, (9/2, 5:30 p.m.) reported, "Psychologists say there are definitely things parents should keep in mind when deciding whether to talk to kids about school violence. Their age is a good indication of just how much, if anything, you should say."

KTVX-TV Salt Lake City, (9/2, 10:03 p.m.) reported, "The rash of school violence across the country has many parents wondering what's being done to keep our children safe 'close to home."

WISN-TV Milwaukee, (9/2, 6:36 p.m.) reported, "Federal funding is on the decline for programs aimed at stopping school violence. Records show funding was nearly $440 million in 2001. It has fallen to $346 million this year and even less is being set aside for next year."

WJLA-TV Washington, DC, (9/2, 6:00 p.m.) reported, "This is the nation's third school shooting in less than one week."

KDVR-TV Denver, (9/2, 9:28 p.m.) reported, "Some are wondering if this is a case of copycat shooters. There are some similarities between today's shooting and what happened in Bailey."

Expelled Student Shows Up At Las Vegas School With Gun, Flees. The AP (10/3, Ritter) reports, "Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said." The AP continues, "No shots were fired, and police said they had no indication the teen -- a former student who had been banned from Mojave High School -- had threatened anyone." The AP adds, "Police gave up their search of a residential area in suburban North Las Vegas after more than three hours. … 'We know who he is,' North Las Vegas police spokesman Tim Bedwell said. 'He will be found eventually.'" The AP notes, "Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons."

The New York Times (10/3, Scott) reports, "The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police." The Times adds, "When the youth recognized the officers, Sergeant Gervasi said, he dropped

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the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said. … 'They're still looking for an AK-47 he stole from his parents' house,' Sergeant Gervasi said."

Judge Sets $750,000 Bail In Wisconsin School Shooting Case. The Milwaukee Journal Sentinel/AP (10/3, Staff, Press) reports, "A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday." The Sentinel continues, "District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center." The Sentinel adds, "Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, 'I do.' … In following Barrett's bail recommendation, the judge said, 'It goes without saying the public does need protection in this matter.'" The Sentinel notes, "Barrett told the judge there were other 'persons of interest' for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang."

The AP (10/3, Richmond) reports, "Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions. … But Circuit Judge Patrick Taggart agreed with Barrett. … If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family." The AP notes, "He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty. … Taggart set a pretrial conference for Hainstock for Oct. 13."

Bush Directs Gonzales, Spellings To Convene School Violence Conference. The AP (10/3, Pickler) reports, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday." The AP continues, "Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath." The AP adds, "Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself. … 'The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America,' Perino said. 'It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools.'" The AP notes, "Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

AFP (10/3) reports, "Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said."

USA Today (10/3, Levin, Parker) reports, " "It was the third fatal school shooting in the USA in six days. … In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week."

ABC's Nightline (9/2, 11:59 p.m.) reported, "The white House is stepping in. President Bush, next week, brings together law enforcement and educational officials to figure out what the government can do to stem this innocence of killings."

The Bush administration announcement that it will hold a conference on school violence received moderate and straightforward coverage by local television newscasts. All newscasts agreed that the latest incidents that hit U.S. schools may be behind the decision. Some examples: WATE-TV Knoxville, (9/2, 10:59 p.m.) reported, "President Bush is planning a conference next week to address the string of school violence. The plan is to bring together education and law enforcement to figure out which federal resources can be brought in to prevent school violence and respond to it. President Bush says he is troubled by the shootings."

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WSVN-TV Miami, (9/2, 10:01 p.m.) reported, "Today's violence makes it the third U.S. school shooting in less than a week. Tonight, The White House is announcing President Bush plan to hold a special conference on school violence next week in Washington."

WPXI-TV Pittsburgh, (9/2, 11:05 p.m.) reported, "President Bush says he is saddened by the recent school violence and will address the issue at a news conference next week."

WTNH-TV Hartford, (9/2, 11:04 p.m.) reported, "President Bush will host a conference next week on school violence. Educators and law enforcement will be brought together. They will try to figure out how to keep innocent children from being targeted in a place where they are supposed to feel safe."

WLOS-TV Greenville, (9/2, 10:59 p.m.) reported, "President Bush says he is 'deeply saddened' by the recent series of school violence. He is planning a conference next week to address the problem."

KTBC-TV Austin, (9/2, 9:01 p.m.) reported, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country. The conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath."

WINK-TV Ft. Myers, (9/2, 11:02 p.m.) reported, "A spokeswoman says it will bring together education and law enforcement officials to discuss which federal resources can be used to prevent and respond to these kinds of attacks."

Schools Urged To Watch For Signs Of Emotional Distress In Children. USA Today (10/3, Davis) reports, "School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children. The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say." Experts "say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep."

NYTimes, WPost See Gun Laws As Tool To Curb Rash Of School Shootings. The New York Times (10/3, 1.21M) editorializes, "No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent. … This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently. The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. … Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns."

The Washington Post (10/3, A16, 748K), in an editorial, notes that "there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. … We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control."

Online Gambling Exec Predicts Industry Consolidation. The Financial Times (10/3, Blitz, Correspondent) reports, "Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday. Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US." Garber "told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in."

UK Online Gambling Companies May Stop Doing Business In US. The Wall Street Journal/AP (10/3) reports, "Several British online gambling companies may cease doing business in the US as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. PartyGaming PLC, the world's biggest online gambling company, said it would pull

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out of the US if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the US and Sportingbet PLC said it called off takeover talks with World Gaming PLC." The legislation passed the house and Senate as part of a port securities bill over the weekend.

The Washington Post/AP (10/3, D5, Barr) reports, "Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. … Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24."

The Atlanta Journal-Constitution (10/3, Emling) reports, "Top online gambling companies said Monday they were preparing to suspend their U.S. operations after Congress approved a bill aimed at cutting off cash flowing to their Internet sites." The AJC continues, "The Unlawful Internet Gambling Enforcement Act, abruptly passed Saturday as part of a port securities bill, bans banks and credit card companies from accepting checks and electronic payments from customers using Internet gaming sites. President Bush is expected to sign the measure." The AJC adds, "The congressional action sent gaming companies' stocks into a tailspin. … Shares of PartyGaming PLC, which operates the world's most popular poker site, PartyPoker, fell 58 percent on Monday, and those of Sportingbet, which owns ParadisePoker.com, fell 64 percent. Overall, the plunge wiped up to $7.5 billion in market capitalization off the books. .. . Another major operator, 888 Holdings, said it had suspended its online betting U.S. operations, and PartyGaming said it would do so once the act is signed."

The Los Angeles Times (10/3, Hiltzik) reports, "Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them." The Times continues, "Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday. .. .The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve." The Times adds, "Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain. … Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition."

USA Today (10/3, McCarthy, Swartz) reports, "Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections. … The surprise passage of the law threw the online gambling industry into a tailspin Monday." USA adds, "The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say. … Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia. … After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced."

DOJ Grant Will Fund Mississippi Domestic Violence Unit. The AP (10/3) reports, "A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant." The AP continues, "The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims. … 'What this division does is bring a cohesiveness to the state's efforts to fight domestic violence,' said Attorney General Jim Hood. 'Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing.'" The AP adds, "Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic

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Violence. … The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women."

Philadelphia Police Dispatchers Charged With Extortion. The AP (10/3) reports two Philadelphia police civilian "radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes." Patricia Bradley and Tamara Mitchell "have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday. The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division. Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers."

The Philadelphia Daily News (10/3, Hinkelman, 109K) reports that "the man to whom they peddled the names and addresses turned out to be a government informant," and US Attorney Patrick Meehan said, "These defendants deliberately undermined the work of the very officers they were supposed to be supporting." The Daily News adds, "The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags. The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation." The Philadelphia Inquirer (10/3, Arnold, 399K) also reports on the charges, but does not mention the FBI role in the investigation.

Former FBI Informant Sentenced To 90 Years In Prison For NJ Heists. The New York Times (10/3, 1.21M) reports, "A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies" in New Jersey. US Attorney Christopher J. Christie said that Michael Giubilo "was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said."

Lorusso To Testify In Jemal Trial Today. The Washington Post (10/3, B6, Leonnig) reports, "No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso. … Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn. But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille."

Mississippi Man Sentenced To Two Years In Prison For FEMA Fraud. The AP (10/3) reports Bryan Michael Beets of Vicksburg "has been sentenced to two years in prison. … U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross. Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June." In a statement yesterday announcing the sentence, US Attorney Dunn Lampton said, "The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud."

Louisiana Woman Sentenced To 18 Months In Prison For Katrina Fraud. The AP (10/3) reports Tarsha Johnson of Baton Rouge "was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said." She "pleaded guilty May 8 to making a false claim." U.S. District Judge Frank J. Polozola "also ordered her to perform 50 hours of community service and to pay $2,000 in restitution."

FBI, USDOT Investigating Tampa Expressway Authority. The St. Petersburg Times (10/3, Van Sickler) reports, "The FBI and the U.S. Department of Transportation are conducting a criminal investigation into

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the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday." Hillsborough County Commissioner Tom Scott "said he spoke with investigators from the two federal agencies last week for more than 90 minutes. 'I was invited to meet with them and they are looking at the (Expressway Authority),' Scott said. 'But I can't disclose the content of their questions in order not to hinder their investigation.'" The Times notes, "The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists."

FBI, Connecticut Authorities Investigating Interstate Construction Defects. The AP (10/3) reports, "Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84. Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire." The AP adds, "Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago. Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported."

Investigation Finds Inappropriate Expenditures At Getty. After a yearlong investigation, the California attorney general's office has concluded that the J. Paul Getty Trusts's former chief executive Barry Munitz and the Trust's board made a number of inappropriate expenditures, but will not be the subject of legal action because the money was returned. The Los Angeles Times (10/3, Felch, Frammolino) reports, "The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office." Attorney General Bill Lockyer "will take no legal action against the trust, Munitz or board members, the report said." Lockyer "has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years."

The New York Times (10/3, Wyatt, Kennedy) reports, "The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments. The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry."

DNA Test May Win New Trials For Two Convicted Murderers. The Washington Post (10/3, B4, Londoano) reports, "Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago. Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47. The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money. Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder."

Judge Rejects Motion To Unseal Karr Child Porn Investigation Documents. In a widely-distributed story, the AP (10/3, Wohlsen) reports, "A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out. The Press Democrat of Santa Rosa had sought to view the documents…but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors." The AP adds that the trial "was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data. … Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims," but

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"FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001. 'We're not doing any further forensic work,' he said."

Former Nevada Controller's First Husband To Be Exhumed In Murder Probe. The New York Times (10/3, Friess, 1.21M) reports that the investigation into the death of former Nevada Controller Kathy Augustine "has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by" Chaz Higgs – Kathy Augustine's second husband and the lead suspect in her murder. "David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine." The Times notes, "With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide."

Higgs Waives Extradition Hearing. The Washington Times (10/3, Seper, 88K) reports Higgs yesterday "waived extradition to face first-degree murder charges in Nevada. Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing."

Baltimore Man Arrested For Shooting Neighbor. The Baltimore Sun (10/3, Linskey) reports, "A 40-year-old man was arrested by police Monday afternoon, ending a seven-hour standoff in a Northeast Baltimore neighborhood that police said began when he allegedly used a shotgun to kill a neighbor who was cleaning his truck. Police declined to speculate on a motive for the slaying that occurred about 6 a.m. in the Belair-Edison neighborhood, but they said the suspect spoke briefly with the victim before the shooting." A police spokesman "identified the suspect as Marvin Ferguson of the 3800 block of Lyndale Ave. Police said Monday night that he was being questioned by homicide detectives but had not yet been charged. Immediately after the shooting, Ferguson stood outside until he heard police sirens, and then retreated into his home and refused to speak with negotiators, said Agent Donny Moses, a police spokesman."

Child Molester's Manuscript Used To Convict Him. Dean Schwartzmiller of San Jose, California has been convicted of child molestation based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile. The Washington Times (10/3, Wetzstein) reports that Schwartzmiller "faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography. Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children."

Critical Care Nurse Charged With Killing His Wife. The New York Times (10/3, Friess) reports, "One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder. The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies." The Times adds, "Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs. David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine."

The Washington Times (10/3, Seper) reports that Higgs "told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party. But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete

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autopsy was ordered. … According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained."

CIVIL RIGHTS:

Kentucky Jail Officer Says He Is FBI Informant In Civil Rights Probe. The Lexington Herald-Leader (10/3, Musgrave, Ku, Blackford, 118K) reports, "An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail. John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for 'an undisclosed period of time.' … David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case." The Leader adds, "After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail." Fayette County Detention Center director Ron Bishop said, "It makes a lot more sense now, when you look at the timing and his running for office."

The AP (10/3) notes, "Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation. 'I really wish that I could, but it violates the integrity of the case,' Vest said. … Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office." WTVQ-TV Lexington (10/2, Stotelmyer) reported, "Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems," and he "questions Vest's motives because Vest is the Republican candidate for jailer in next month's election." However, "Vest says before the FBI used him they 'checked me out, my credibility, my integrity.' Vest says he's done a good job as an inside informant. 'I did a lot and what I did, I did good,' said Vest."

EEOC Rules For Dismissed Chesapeake, VA, Deputies. The Hampton Roads Virginian-Pilot (10/3, Clayton) reports, "The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment." The V-P continues, "The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file." The V-P adds, "David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC. … Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department. … Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said. .. .Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents. .. .A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years."

Lawsuit Seeks Declaration That Student May Read Bible During Free Time At School. The Washington Post (10/3, B4, Rich) reports Maryann Mangum filed a lawsuit in U.S. District Court in Greenbelt alleging that Dwight D. Eisenhower Middle School Vice Principal Jeanetta Rainey "ordered" her daughter Amber, "then 12, to stop reading the Bible or face punishment." The girl was a "frequent reader during lunch breaks" and "in the spare minutes before afternoon classes. The habit was never viewed as a problem…until the book she was reading was the Bible." The lawsuit alleges that Rainey said "reading the Bible violated school policy and that she would face discipline if she continued to do so." Mangum is being advised by the Rutherford Institute. Institute President John W. Whitehead said that the suit "does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school."

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Euclid, OH, Approves Remap Plan Aimed At Settling DOJ Suit. The Cleveland Plain Dealer (10/3, Atassi) reports that the Euclid, OH, City Council "unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats." The Plain Dealer continues, "Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent. … About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain." The Plain Dealer adds, "City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength. … Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt. … In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's."

Workplace Discrimination Against Arabs, Muslims Said To Be Rising Again. The Los Angeles Times (10/3, Semuels, 918K) reports, "Reports of workplace discrimination against people perceived to be Muslim or Arab soared after the Sept. 11 attacks and then declined, government statistics indicate. But some advocates say they've seen a resurgence in the last year that corresponds to global political events. … 'We only see the tip of the iceberg,' said Joan Ehrlich, district director of the EEOC office in San Francisco. 'It's probably not even reflective of the amount of discrimination going on because people are afraid to come to the government for help.'" The Times notes, "In a case filed recently by EEOC attorney [Anna] Park, seven Yemeni sailors working for Norwegian Cruise Line were fired in rapid succession 'because they looked Muslim,' Park said. The firings occurred after the FBI began investigating a report that a crew member had asked about the location of a cruise ship's engine room, arousing suspicions. The men were fired before the investigation was completed, the suit alleged."

ANTITRUST:

DOJ Settles Dairy Antitrust Dispute With Kentucky. The AP (10/3) reports, "A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America." The AP continues, "Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government." The AP adds, "The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London. .. .Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee. .. .The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy."

The Kansas City Star (10/3) reports, "The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee." The Star adds, "The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky. … The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit."

FCC Approves Attlel's Purchase Of Midwest Wireless. The AP (10/3) reports, "The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets." The AP continues, "The companies must sell cell-phone businesses

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in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions. .. .The FCC voted 5-0 to approve the acquisition."

Microsoft's Vista Security Policies Under Attack. The San Jose Mercury News (10/3, Tribble) reports, "Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system." The News continues, "The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to 'hamstring' competitors. … 'Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,' the advertisement states. '... when it fails, it fails for 97 percent of the world's desktops.'" The News adds, "Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft. .. . In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it 'would allow legitimate security.' … McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago."

High Court Denies Northwest Airlines' Antitrust Appeal. The AP (10/3) reports, "The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals." The AP continues, "The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business." The AP adds, "A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late. … Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the 'out-of-time' petition."

SCOTUS Rejects UnitedHealth Ohio Doctor Rate Appeal. Market Watch (10/3) reports, "The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts." Market Watch continues, "UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court." Market Watch adds, "The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration."

Supreme Court Will Not Hear California Competition Case Against AT&T. Market Watch (10/3, Anderson) reports, "The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. for alleged anticompetitive conduct in other states." Market Watch continues, "RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T." Market Watch adds, "The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding. …

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'A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state,' AT&T said in a court petition. 'Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country.' … RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature."

Broadcom-Qualcomm Global Patent Dispute Heads To ITC. Bloomberg (10/3, Brennan, Decker) reports, "The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy." Bloomberg continues, "Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips." Bloomberg adds, "The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision. … Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington."

Harrah's Considering $15 Billion Takeover Bid. USA Today (10/3, Yu, Krantz) reports, "Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group. … If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. … In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close."

The Wall Street Journal (10/3, Sanders) reports, "While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates." The "biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants. But Apollo and Texas Pacific have already begun exploring the options with various state regulators."

Coach Accuses Target Of Selling Fake Bag. The Wall Street Journal (10/3, O'Connell, Hudson) reports that handbag maker Coach Inc. is accusing Target Corp. of marketing a fake Coach bag. In a lawsuit filed in federal court in Manhattan Friday, "Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says 'Coach,' according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an 'exact replica of a genuine Coach handbag' bearing at least one Coach trademark, the suit says. … Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit."

Gilead To Acquire Myogen For $2.5 Billion. The Wall Street Journal (10/3, Moore, Sechler) reports, "Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension. … With the transaction, the Foster City, Calif., company would acquire Myogen's main drug

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candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials."

USA Today/AP (10/3) reports, "Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday." The AP adds, "The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases."

Executive Says AMD Is Leading Consumer Choice And Value. Thomas M. McCoy, Executive Vice President, Legal Affairs, and Chief Administrative Officer for AMD, writes in a letter to the Wall Street Journal (10/3), "In his Sept. 23 Rule of Law column 'Tigers by the Tail,' Ron Cass asserts that Advanced Micro Devices is attempting to 'restrain a dominant competitor through the courts than beat it in the market.' This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa." McCoy adds, "The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. … Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids."

Competition, Antitrust Laws Seen As Best Way To Regulate Internet. Robert Hahn and Robert Litan, directors of the AEI-Brookings Joint Center for Regulatory Studies, write in The Hill (10/3), "If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined. … On examination…one truth is clear -- while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity." Hahn and Litan add, "Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the 'hands-off' policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future."

ENVIRONMENT:

SCOTUS To Consider Con Edison Cleanup Case. The AP (10/3) reports, "The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants." The AP continues, "The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term." The AP adds, "The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal 'Superfund' law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state."

DOE To Delay Buying Oil To Fill Strategic Reserve. The Wall Street Journal (10/3, A5, 2.03M) reports, "The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday. President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs." The Journal says, "Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is 'satisfied with the [reserve's] current level,' and that it was wary of affecting the market ahead of the high-demand winter-heating season, 'we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve.'" Stevens "said if the department decides to start buying crude, it would be done

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during a period of months to minimize the impact on the market."

FBI/DEA/ATF/USMS:

Judge Upholds FBI, Secret Service Applicant Polygraph Exams. In a widely-distributed story, the AP (10/3, Apuzzo) reports, "The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday. U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process." Although the "questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said."

Former FBI Agent Sentenced To Six Years In Prison For Stock Scam. The Wall Street Journal (10/3, C3, 2.03M) reports, "Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies. Mr. Royer also was sentenced to three years of supervised release. He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares." The New York Times/Bloomberg (10/3) adds, "In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. … Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission."

Newsday (10/3, DeStefano) reports Judge Raymond Dearie called "it a tragic case of a public official gone wrong." The judge "noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts." The New York Daily News (10/3, Marzulli, 729K) reports the sentencing in "City briefs," under the headline "G-Man Gets 6 For Scam."

US Attorney Says Steroid Story Contained Inaccuracies. ESPN.com (10/3) reports, "The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained 'significant inaccuracies.'" ESPN continues, "The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate. … Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets. … Ryan issued a statement Monday, saying: 'In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies.'"

The New York Times (10/3, Curry) reports, "Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit. … 'In terms of how those names got in the document, Jason disputes the fact that he put them there,' Bick said. 'Jason's attorney made that statement a while ago, and he still feels that way.'" The Times notes, "Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players."

The AP (10/3, Kravets) reports a spokesman for the Los Angeles Times "had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document"

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Report: Baseball's Pete Rose Used "Greenies." The AP (10/3) reports Pete Rose "says he took 'greenies' in his playing days, if only to lose a few pounds. … In an appearance on the 'Late Show' taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about 'greenies,' explained that he used them -- though they were nothing more than 'diet pills.'" According to the AP, neither Letterman nor Rose "used the word 'amphetamines,' which were commonly nicknamed 'greenies' at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year."

Drug Ring Investigation Leads To New Jersey Man's Guilty Plea. The Easton (PA) Express-Times (10/3, Quigley) reports a Phillipsburg man "has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area. Ray Edward Carter…faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office. … The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents."

Supreme Court Declines To Hear Pennsylvania Doctor's Appeal In Painkiller Case. The Pittsburgh Tribune-Review (10/2) reports the U.S. Supreme Court yesterday "declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office. Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal." U.S. District Judge Gary Lancaster "dismissed the second appeal, because the first was still pending."

The Pittsburgh Post-Gazette (10/3, Ward) reports Rottschaefer's lawyers "have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial. This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat. That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with 'no legitimate medical purpose,' said defense attorney Eli Stutsman."

Survey Indicates Parents Underestimate Children's Drug Use. In its Health section, The New York Times (10/3, Bakalar) reports a new study has found parents "consistently and substantially underestimate their children's use of alcohol and other drugs. Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research." Parents "consistently said they believed that their children were using substances less frequently than the children reported." For example, the Times reports that almost 23 percent of the adolescents admitted using marijuana, but only 13.2 percent of their parents knew it.

New Evidence Surfaces In Texas Bombing Case. The Fort Worth Star-Telegram (10/3, Baker) reports, "Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet. … But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes." The Star-Telegram continues, "The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young. .. .The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent. … 'It's one of the most egregious cases I've seen,' said Jared Tyler, an attorney with the Texas Innocence Network. 'For me, there is not a shred of evidence that he did it.'" The Star-Telegram adds, "Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela

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Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18. … The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer. … Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats."

Man Wanted For Ohio Shooting Arrested In Washington. The AP (10/3) reports, "Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times." The AP continues, "Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said." The AP adds, "Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium. … As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times."

IMMIGRATION:

SCOTUS Rejects Appeal By Nazi Concentration Camp Guard. The AP (10/3, Yost) reports, "A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship." The AP continues, "Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944." The AP adds, "Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution. … An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he 'personally assisted in persecution.' … In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show." The AP notes, "The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals."

Border Fence Seen As Ineffective Strategy. The Washington Post (10/3, A3, 748K) reports, "Building a fence in an attempt to secure the US border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former US Customs and Border Protection agents and other experts." Also, "the Mexican government agreed in a diplomatic note sent yesterday to the US government, warning that the fence would damage relations between the two countries." The Post adds, "Former US customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain. 'You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot,' veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas."

Crackdown On Illegal Immigrants Creates Mixed Reaction. The Christian Science Monitor (10/3, Jonsson, 58K) reports that as "federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids." Allan Burns, an anthropologist at the University of Florida in Gainesville, said, "There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration." Proponents "of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken

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immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000."

County Ordinance Would Bar Agencies From Denying Services To Illegals. The Chicago Tribune (10/3, Noel, 623K) reports, "Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants." Modeled on legislation "adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services." The "co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses."

Southern Pastors Try To Overcome Division Between Blacks, Hispanics. The New York Times (10/3, Swarns, 1.21M) reports that in Willacoochee, Georgia, an "immigrant boomtown in Atkinson County, about 45 miles north of the Florida border," the Rev. Harvey Williams, who is black, and the Rev. Atanacio Gaona, a Mexican immigrant, "have forged a rare friendship that transcends the deep divide between blacks and Hispanics here." For centuries, "the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns." The two pastors "find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together." Blacks "here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground." The "two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by."

TAX:

New York Man Sentenced To 27 Months In Prison For Tax Evasion. Business First of Buffalo (10/2) reported, "Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office." Assistant U.S. Attorney Gretchen Wylegala said on Monday that over a "6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions." Business First noted, "The conviction in June was the culmination of an investigation on the part of the FBI."

WSJournal Praises Rangel For Honesty On Plans To Raise Taxes. The Wall Street Journal (10/3, 2.03M) says in an editorial that Rep. Charlie Rangel, "the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority" has been "happy to explain his own agenda on taxes and the war in Iraq." Rangel "was asked by Congress Daily whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'" Republicans have "jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned."

WSJournal Touts Indexing Capital Gains For Inflation. The Wall Street Journal (10/3, 2.03M) says in an editorial, "Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable." One "useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation

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tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets."

CONGRESS-ADMINISTRATION:

GOP Leaders Allegedly Ignored Repeated Warnings Concerning Foley. Media reports last night and this morning indicate House Speaker Dennis Hastert, and the GOP in general, are under intense political pressure over the scandal surrounding former Rep. Mark Foley. NBC Nightly News (10/2, story 5, 1:10, Russert, 9.87M) summed up the tenor of the coverage, saying, "Republicans are panicked, in a simple word. … They are afraid of the consequences. And they are afraid conservative Christians will stay home at the elections and not support Republican candidates."

The Financial Times (10/3, Daniel, Dinmore) quotes Charlie Cook, publisher of the Cook Political Report, as saying, "Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician," but "as articles turned toward cover-up/inaction, it's just one more nail in the coffin for this majority." The Wall Street Journal (10/3, A4, Calmes, 2.03M) reports the GOP "has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms. … The Foley fallout has united both Republican voter groups in anger." Newsweek's Howard Fineman, on MSNBC's Hardball (10/2), said, "I think this is a missile aimed straight at the heart of the Republican base, which is why Republicans in the White House and on the Hill are scrambling so quickly to try to get ahead of this fast moving story. The Republican party has been built in the last 15 or 20 years on the notion that they are the party of family values."

Roll Call (10/3, Davis) says House Republican leaders "held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril. Sources familiar with the call described Members as 'angry' and 'furious,' and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program." The Washington Post (10/3, A11, Sheridan, 748K) reports Hastert "has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution."

All three networks aired extensive reports on the scandal. The report on ABC World News (10/2, story 3, 2:55, Ross, 8.78M) was particularly negative toward the GOP. ABC said, "Despite repeat warning signs going back at least five years, almost nothing was done in Congress to stop Foley's suspect behavior with pages. Today, the Republican leaders said they had no idea how bad it was until ABC News revealed some of Foley's X-rated messages to the underage boys. … But there were lots of warning signs. In 2001, pages were warned to be careful with Foley. In 2005, one page complained to his Congressman about' 'sick' e- mails from Foley -- a complaint passed to the Speaker's staff. Then, this past spring, the complaint was again raised with three Republican leaders, including Hastert himself." ABC added, "A former senior Republican official in Congress says Foley was one of a handful of members and staff whose behavior with pages was being closely watched but so far, Foley is the only member whose overt sexual approaches have been documented."

CBS Evening News (10/2, story 4, 2:55, Couric, 7.66M) reported, "Hastert is feeling the heat from the scandal involving" Foley. Hastert "and other top Republicans knew for a year that Foley had sent questionable e-mails to a former Congressional page. The Speaker says he only found out last Friday, though, about other sexually explicit messages sent by Foley. But…it could be too late for damage control." CBS added, "There is no getting around it, the unraveling of the page scandal could be the undoing of some house Republican leaders, if not their hold on Congress. … Some religious conservatives may not want to wait for the FBI's report and they have House Speaker Dennis Hastert in their sights."

NBC Nightly News (10/2, story 3, 2:45 , Williams, 9.87M) reported Hastert "was front and center but a lot of critics on both sides of the political aisle said they were not satisfied. … Democrats [are] accusing Republicans of a cover up." NBC noted that at a news conference, "Hastert refused to take questions." The Hill (10/3, O'Connor) reports Hastert, "who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. … Hastert publicly maintained yesterday that his staff did everything it could have." USA Today (10/3, Kiely, 2.27M), meanwhile, says,

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"Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit. 'Would have, could have, should have,' Hastert said. 'We did what we thought … was prudent at the time.'"

Most media analysis portray the scandal as having a detrimental effect on GOP chances this November. The New York Times (10/32, Hulse, Zeleny, 1.21M), in an article titled, "Pressure Grows for GOP Over Foley Scandal," reports Hastert "faced intensifying questions on Monday about why Republicans had not reacted more assertively…as members of his party, fearing a political debacle, demanded a strong response. Straining to hold the party together five weeks from Election Day…Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters." The AP (10/3, Taylor) says Hastert's "media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy."

WTimes, Some Social Conservatives Want Hastert To Resign As Speaker. The Washington Times (10/3, 88K), in an editorial titled "Resign, Mr. Speaker" that is currently featured atop the Drudge Report, alleges that Hastert "dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat." The Times adds, "Hastert must do the only right thing, and resign his speakership at once."

The Washington Post (10/3, Balz, VandeHei, 748K), in a front-page story titled, "After Foley, New Fears For The GOP: Some Say Party Could Lose House and Senate," reports, "There was intense anger among social conservative activists in Washington yesterday, and some called for…Hastert to resign. … Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders. 'They are outraged by how Hastert handled this,' said Paul M. Weyrich, a conservative activist who participated in the call."

The Washington Times (10/3, Hurt, 88K) reports, "several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of 'overly friendly' e-mails that Mr. Foley had sent to another teenage former page. 'Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page,' David Bossie, president of the conservative group Citizens United, said yesterday." The Times adds, "Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal."

Jones "Disgusted" With Leaders' Response. The Washington Post (10/3, A11, Babington, Weisman, 748K) reports, "Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry. 'This thing should have been looked into months ago,' said Rep. Walter B. Jones Jr. (R-N.C.), who said he is 'disgusted' by his leaders' response."

Pelosi Wants Hastert, GOP Leaders Questioned Under Oath. CNN's The Situation Room (10/2, King) reported that House Minority Leader Nancy Pelosi "issued this response: 'Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican leaders choose partisan politics over protecting children? Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust. Republican leaders must be investigated by the ethics committee and immediately questioned under oath.'"

Roll Call (10/3, Bresnahan) reports Pelosi "has asked for…Hastert and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when…and how they responded to the incident." Roll Call notes Pelosi "has not called for a special or independent

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counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal."

DNC Calling Attention To Foley's Ties To Reynolds, NRCC. The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports Republicans' efforts "to distance the party from Foley may be complicated by his close ties with the party's campaign operation." Kirk Fordham, Foley's chief of staff from 1995 to 2004 is now chief of staff for NRCC Chairman Rep. Tom Reynolds and Foley's PAC donated $100,000 to the NRCC this summer. The Times notes the DNC is "seizing on the campaign donation, which put Foley among the GOP committee's bigger donors" and "stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct." The AP (10/3, Sidoti) reports Reynolds' "race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district." The Hill (10/3, Allen, Blake) reports Democrats "are drawing a bead on" Reynolds. A Survey USA poll from last week "found that Reynolds is only leading his opponent by two points."

Democrats Blast Snow Over "Naughty E-Mails" Comment. The New York Times (10/3, Hulse, Zeleny, 1.21M) reports White House Press Secretary Tony Snow "initially characterized the scandal as 'naughty e-mails,' drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation."

CNN's The Situation Room (10/2, King) reported, "House leaders aren't the only senior Republicans whose statements on the Foley matter are raising eyebrows." Snow "now says the Administration is horrified by the allegations against Foley, but he says it's up to the House and criminal investigators to decide just how to respond. In his afternoon White House briefing, Snow took a much tougher line than he did in an interview this morning with CNN." Snow: "It's not always pretty up there on Capitol Hill and there have been other scandals, as you know, that have been more than simply naughty e-mails. … I want to find out what happened, but before we prosecute, let's figure out what all the facts are. That's probably the most important thing to do, is to be fair to all parties."

The Des Moines Register (10/3, 163K) reports Sen. John Kerry "denounced" Foley, saying, "I'm really angry those in a position of responsibility care more about power and politics than protection of children." Kerry said the scandal "adds to the 'Republican culture of corruption.'"

The Washington Post (10/3, C1, Farhi, 748K) reports, "In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives."

More Commentary. The Wall Street Journal (10/3, 2.03M), in an editorial, contends that "in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters?"

The New York Times (10/3, 1.21M) editorializes, "That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong."

Roll Call (10/3), in an editorial, writes, "The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible."

The Los Angeles Times (10/3, 918K) editorializes, "What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace."

In her column for Roll Call (10/3) Democratic strategist Donna Brazile writes, "I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power."

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The Washington Post's Eugene Robinson (10/3, A17) writes, "About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention."

Card Confirms He Proposed Rumsfeld Replacement. NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "The White House is…denying former Chief of Staff Andrew Card tried to get the President to replace Defense Secretary Rumsfeld. But today, Card confirmed he proposed replacing Rumsfeld with former Secretary of State James Baker. And you hearing that Republican on the Hill had concerns about Don Rumsfeld?" Andrew Card: "I would not be bashful about repeating that." Mitchell: "And Card didn't deny he talked to Laura Bush about firing Rumsfeld." Andrew Card: "I would always solicit her council and would ask her to be candid, and she would frequently repeat to me some of the concerns she heard from other people."

MSNBC's Hardball (10/2, Mitchell) reported, "Andy Card sat down with me today and confirmed what he did and didn't do. He said it wasn't a conspiracy so get rid of Rumsfeld, but he certainly did recommended the President that Republicans on the Hill were calling for it." Card: "I did speak to him frequently about Defense, as these opportunities for change were presented. I also reflected to the President what I had heard when I would go meet with members of Congress, Democrats, Republicans, and Senators, the House members. And it was always a candid conversation." MSNBC: "And you were hearing that Republicans on the Hill had concerns about Don Rumsfeld?" Card: "I was. I was. And I would not be bashful about repeating that. And I would counsel the President appropriately as the chief of staff. But I would never lobby the President, and I would never go out and solicit others to lobby the President. So to claim there's a campaign that I orchestrated or was trying to mount would be inaccurate."

Fox News' Special Report (10/2, Angle) reported, "Card and others don't deny there was some discussion of replacing Rumsfeld but insist it was in the context of getting fresh blood in several key posts. … Card even recommended the President replace him as chief of staff which he did. In fact, several officials talked with the President about bringing in a whole new team but Mr. President Bush wanted some continuity in the middle of a difficult war."

Non-Appeal Of DHS Ruling Said To Give Unions Negotiating Advantage. The Federal Times (10/3, Kauffman) reports, "The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say." The Times continues, "Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies." The Times adds, "Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out. … 'It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago,' said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS. … Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said."

Supreme Court Opens New Term By Rejecting 1900 Appeals. ABC World News (10/2, story 7, 0:25, Gibson, 8.78M) reported, "The Supreme Court's new term opened today. The justices right away refused an appeal by Northwest Airlines in an antitrust case brought by low cost competitor Spirit Airlines. And they rejected an appeal by newspaper companies. They sided with Detroit union workers who won reinstatement after an 18-month strike. During the year ahead the court will take up issues including global warning, racial diversity and late term abortion."

The Washington Post (10/3, A2, 748K) reports the court "rejected about 1,900 appeals that piled up during the summer recess. Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of

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sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers." During its new term, the Supreme Court "has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues."

The Wall Street Journal (10/3, A2, Anderson, 2.03M) reports the Supreme Court "declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission." The "legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business."

Kennedy Emerges As Key Swing Vote. The Wall Street Journal (10/3, Bravin, 2.03M) reports that since Justice Sandra Day O'Connor "retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases." Seeing Justice Kennedy 'as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right. The trick for advocates is finding how to do that."

High Court Urged To Take Narrow View Of "Illicit Trafficking." The New York Times (10/3, 1.21M) says in an editorial, "The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words 'illicit trafficking' the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences." Federal immigration law, "quite reasonably, imposes special conditions on legal immigrants who are convicted of 'aggravated felonies.' The law says that 'illicit trafficking' in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of 'trafficking' in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony."

Senate Confirms Bomar. The New York Times/AP (10/3, Press) reports, "A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July."

10th Assistant Defense Secretary Position Created. The Hill (10/3, Tiron) reports, "After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year. But the nod for an assistant secretary for global security affairs comes with strings attached." Congressional leaders like Speaker Dennis Hastert and Sen. Richard Lugar have raised concerns: "Hastert has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission." Meanwhile, Lugar has "called the merger of counter-narcotics and counter-proliferation missions 'a mistake,' adding, 'these jobs are too big and too important for any one person.'" By reorganizing, the DOD hopes "to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists."

Report Shows Abramoff Team's Effort To Influence Lawmakers. The Hill (10/3, Schor) reports the House Government Reform Committee report "released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach 'Team Abramoff' maintained among lawmakers and aides from both parties." Abramoff and lobbyists "formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released

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and represent Democratic as well as Republican members." The bulk of the report "focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors. But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino." Among the "victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation."

Congress Approves Military Pay Hike, Delays Civil Service Raise. The Washington Post (10/3, D4, Barr, 748K) reports in its "Federal Diary" column, "Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month. The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April. The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill." The House "approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise." The Washington Times (10/3, Causey, 88K) also reports the story.

Top Civil Servants Honored. The Washington Post (10/3, A15, 748K) reports that the fifth annual Sammies, or Service to America Medals, were presented at a gala last Wednesday. The awards "were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for 'leading the world's efforts to prepare for a catastrophic flu pandemic.'"

California Man Accused Of Sending Letters Threatening Bush, Cheney, Others. The AP (10/2) reports an engineer at a nuclear power plant near Sacramento "has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event. Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks." According to the AP, an affidavit indicates Braun "was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office." The AP reports the letters are said to have contained threats directed at President Bush, first lady Laura Bush, Vice President Dick Cheney, and others.

President Will Attend Christening Of Father's Namesake Carrier. The Norfolk Virginian Pilot (10/3) reports, "President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News. The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president." The Bush "is the last of 10 Nimitz-class carriers" and cost "approximately $6 billion."

OTHER NEWS:

Reports Offer Mixed Picture Of US Economy. USA Today (10/3, Read, 2.27M) reports, "A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among US manufacturers while commercial construction showed surprising resilience." The manufacturing sector "grew in September at the slowest pace in more than a year, a trade group said. A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said." Construction spending "edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months." The Institute for Supply Management "said its manufacturing index registered 52.9 in

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September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction."

The Wall Street Journal (10/3, Conkey, 2.03M) also says "the nation's factories appear to be losing some steam as economic growth moderates." Other data "offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace."

Gas Prices Drop Again. ABC World News (10/2, story 8, 0:15, Gibson, 8.78M) reported, "The government said that price of gasoline dropped again for the eighth straight week. Average price is 2.31 down 7 cents from last week and 73 cents overall since early August."

Stocks Mixed. NBC Nightly News (10/2, story 8, 0:10, Williams, 9.87M) reported, "Turning to Wall Street today The Dow was down almost 9 points [to close at 11,670.35]. The NASDAQ was off just over 20 points [to close at 2,237.60]." The Wall Street Journal (10/3, Browning, 2.03M) says, "Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. … It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on." The Washington Times (10/3, Hill, 88K) runs a similar report under the headline "Dow On Verge Of Closing At An All-time High."

USA Today (10/3, Krantz, 2.27M) reports, "Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year."

Majority Of Black, Hispanic Families Own Homes In DC Region. The Washington Post (10/3, A1, Layton, Keating, 748K) reports, "A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau. The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally." The Post adds, "Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners. In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs."

Housing Costs Sharply Up Between 2000, 2005. The New York Times (10/3, Scott, Archibold, 1.21M) reports, "The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes." While "many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class. …. Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex."

Dionne Says Voters Crediting Governors For "Relatively Good Economy." E.J. Dionne writes in the Washington Post (10/3, A17, 748K), "Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause? One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors." That "does not stop them from yelling irately at Washington, D.C."

Bloggers Increasingly Targeted By Libel Suits. USA Today (10/3, Parker) reports that "blogs -- short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide -- increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits

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have spawned a debate over how the 'blogosphere' and its revolutionary impact on speech and publishing might change libel law. Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are 'judgment-proof' because they -- unlike traditional media such as newspapers, magazines and television outlets -- often are ordinary citizens who don't have a lot of money."

Seeking Unpaid Fees, Lobbying Firm Sues Former Client. Roll Call (10/3, Ackley) reports, "The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000." In the case, which was "filed in D.C. Superior Court," "PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses. PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated. In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay 'a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals.' While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. … PodestaMattoon's court filing states that 'during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement' and, as a result, 'Falex became obligated to pay' the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000."

Insurers Roll Out New Medicare Drug Plans. The Wall Street Journal (10/3, D1, Fuhrmans, Zhang, 2.03M) reports, "After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15." The "good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything." Still, "the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings."

Florida GOP Chooses Negron As Foley's Replacement. The Hill (10/3, O'Connor) reports the Florida Republican Party named former state Rep. Joe Negron as Mark Foley's replacement. Negron's "name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat." CQ Politics (10/3, Kapochunas) reports, "Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat. … Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney."

The AP (10/3, Farrington) quotes Negron as saying, "My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley. … I think it's something that can be done." However, according to the AP, "one prominent Florida Republican expressed pessimism about holding onto the seat. 'It's a death sentence ... mission impossible,' said former state Republican Party Chairman Tom Slade. 'The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive.'"

The Los Angeles Times (10/3, Jarvie, Bustillo, 918K) reports, "Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands. … 'I don't know that it's going to be possible, but our job is to get voters to look beyond the name,' said Bill Lents, chairman of the St. Lucie County Republican Party. 'One idea being kicked around is "wrong name, right party." That's a message we have to get across, and it's not going to be easy, but that's our job.'"

Boehner Pessimistic Over GOP's Chances In Foley's District. The Washington Post (10/3, A1, Balz,

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VandeHei, 748K) reports House Majority Leader John Boehner "said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, 'to vote for this candidate, you have to vote for Mark Foley,' Boehner said. 'How many people are going to hold their nose to do that?'"

Bush To Raise Funds For Republicans In Three States. The Washington Post (10/3, Baker, 748K) reports, "President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections." Bush "plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program." At his first stop, a fundraiser here for House candidate Dean Heller, Bush said, "It sounds like they think the best way to protect the American people is to wait until we're attacked again. … That's not the way it's going to be under my administration."

The Sacramento Bee (10/3, Bizjak, 298K) reports that President Bush will make a fast visit to El Dorado County, California today to attend a $2,000 per person fundraiser for Rep. John Doolittle. Bush "is expected to arrive via helicopter, 'helo-ing in' as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then 'helo-ing' out two-plus hours later."

The New York Times (10/3, Rutenberg, Nagourney, 1.21M) reports, "Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq." But Bush "is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House." The Times adds, "To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle."

The White House Bulletin/US News (10/2) reported that as the November 7 election approaches, Bush "is said to be eager to engage the Democrats, and increasingly he wants to do it himself." "He's his own best spokesman," White House Press Secretary Tony Snow told US News and the Bulletin. Snow "expects to do fewer of his own on-the-record briefings during the next month -- maybe only two a week -- because the President wants to carry his case, personally, to the voters. Tops on Bush's message list: Defend the war on terrorism and the war in Iraq, talk up the economy, and call attention to his other initiatives such as his ideas for overhauling education and the health-care system. Republican advisers expect Bush to get tougher on the Democrats, whom he says are eager to re-take power in Congress and push through a left-wing agenda, including increasing taxes and limiting his power to conduct the war in Iraq and the overall war on terrorism."

Cheney Campaigns In His Old Wyoming District. USA Today (10/3, 2.27M) reports, "Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin." Cheney "said Republicans must keep their majority in Congress to maintain the fight against terrorism." Said Cheney, "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past." He also "said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner."

Cheney Has Raised More Than $38 Million For Republicans This Cycle. Fox News' Your World with Neil Cavuto (10/2, Baier) reported, "Vice President Cheney headlined 102 events this cycle, raising more than $38 million for Republicans."

Rasmussen Poll Shows Allen Ahead By Six. The Washington Times (10/3, Bellantoni, 88K) reports, "Virginia Sen. George Allen holds a six-point lead over his

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Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows. If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday." The data also show "5 percent are undecided and 3 percent would choose some other candidate in the contest."

Allen Campaign Airs Two-Minute Ad In Primetime. The AP (10/3) reports, "Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday -- a valedictory aimed at saving his political career." The "embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent 'macaca,' a type of monkey, through claims last week that he used a common racial slur against black people." The AP adds, "Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points." Allen "will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting."

Mason Dixon Poll Shows Whitehouse Leading Chafee 42-41. CNN's The Situation Room (10/2, King) reported, "In Rhode Island, moderate Republican Senator Lincoln Chafee is facing a stiff challenge from Democrat Sheldon Whitehouse. A new Mason-Dixon poll shows Whitehouse with 42 percent support among likely voters, to Chafee's 41 percent."

Talent, McCaskill Tied 43-43 In Mason Dixon Poll. CNN's The Situation Room (10/2, King) reported that in Missouri. "Republican Senator Jim Talent is tied with Democratic challenger Claire McCaskill in another new Mason-Dixon poll. Each gets 43 percent support among likely voters."

Mason Dixon Poll Shows Cardin Leading Steele By Six Points. CNN's The Situation Room (10/2, King) reported that in Maryland, "Democratic Congressman Ben Cardin now holds a six-point lead over Republican Lieutenant Governor Michael Steele. The Mason-Dixon poll of likely voters show Cardin with 47 percent and Steele with 41 percent."

Outside Groups Spending Heavily In Key Races. The Washington Post (10/3, A1, Birnbaum, Goldfarb, 748K) reports, "As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves." For example, in Ohio, "Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them. They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country." Labor unions "are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls. … On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut."

New Suburbs Seen As Key To Control Of Congress. USA Today (10/3, Lawrence, 2.27M) reports, "New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration. The new 'it' counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland,

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Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington." USA Today adds, "In recent elections, Democrats have dominated cities and close-in 'mature' suburbs, while Republicans sweep newer, outer suburbs and rural America. … Among the counties that could determine whether Republicans keep their House majority: Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel. Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican. Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican." Matthew Dowd, "who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. "

Lieberman Says Party Leaders Told Him He'll Keep His Seniority If Reelected. The Hill (10/3, Bolton) reports, "Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress. Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision." Reid "does not want to wrestle with these questions in public before the Nov. 7 election. 'The caucus won't make any decisions until after the elections in November,' said Reid's spokesman, Jim Manley."

DNC Unlikely To Change New Hampshire Role In 2008 Campaign. In his Roll Call column (10/3), political analyst Stuart Rothenberg says, "Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar. Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date? Don't bet on it." Democratic presidential candidates, 'as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held." Rothenberg added, "I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November. And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer."

Bill To Award California Electors To Popular Vote Winner Vetoed. The New York Times (10/3, Times, 1.21M) reports, "Saying it ran 'counter to the tradition of our great nation,' Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote." The bill, "which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president -- 270 -- would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted."

Ailes' Record In More Prominent News Corp Role Seen As Lackluster. The Wall Street Journal (10/3, Angwin, 2.03M) reports in a front page story that over the "past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot." Using a "similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives." Ailes has "started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing."

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Illinois Town Prospers By Accepting Dubious Enterprises. The Wall Street Journal (10/3, Spain, 2.03M) reports in a front page story that when "construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities." But "across the border in Illinois, the village of Sauget rolled out the welcome mat." That "'Yes, in my backyard' ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads." Sauget has "embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois."

Conservative Worry Over Left-Wing Professors Said To Be Overwrought. In a Wall Street Journal op-ed (10/3), Arthur C. Brooks of Syracuse University says, "Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty." Most studies "of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one." When "it comes to politics, people from conservative families follow their parents, not their professors."

NYTimes Says Wal-Mart Needs To Treat Employees Better. The New York Times (10/3, 1.21M) says in an editorial, "There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain." But "Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice."

WPost Criticizes Virginia Republicans Over NoVA Transportation. The Washington Post (10/3, A16, 748K) says in an editorial, "Last week's stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure."

Bush Backs Turkey Joining EU. The Washington Post (10/3, A6, Fletcher, 748K) reports President Bush "voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq." The session "lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States." Erdogan "thanked Bush for the endorsement, adding that 'the United States is a strategic partner, a very important strategic partner for Turkey.'" The Post says accession talks "have gotten off to a rocky start," and notes "many European countries are experiencing a surge of anti-immigration sentiment." The Post continues, "When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection

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of Turkey, Iraq and Iran for more than two decades." Erdogan "said he is committed to battling terrorism," and then "scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam." The AP (10/3, Klug) runs a similar report.

Erdogan Says Kurdish Attacks Creating Anti-US Sentiment In Turkey. The Washington Times (10/3, Sands, 88K) reports, "Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with…Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country." Erdogan, "briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization."

Bush Backs UN Force For Darfur. USA Today (10/3, 2.27M) reports, "President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay." The Sudanese government "has resisted international pressure to accept a UN peacekeeping force, but Bush said the UN should deploy such a force anyway." The AP (10/3) quotes Bush saying, "The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation. … In my view, the United Nations should not wait any longer."

Presidential Waiver Clears Military Training For 21 Countries. The AP (10/2, Gedda) reports, "Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House. All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court." The AP adds, "Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States. Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries."

Burns Says Moscow, Beijing Will Back Push For UN Sanctions On Iran. The Washington Times (10/3, Kralev, 88K) notes remarks by Undersecretary Burns that Washington "is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week." Burns "also said the [UNSC] will insist on a clear answer to its demand that Iran suspend its enrichment activity. A 'maybe' will be considered a 'no,' he said." In describing Secretary Rice's September 18 dinner in New York, Burns says she "and her five counterparts agreed that the first week of October would be the absolute deadline for Iran 'to say yes or no.'" Burns "rejected a suggestion by Kazakh President Nursultan Nazarbayev…that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s," instead saying the Administration "has refused to offer security guarantees to Iran because of other concerns." He also noted that "the Iranian issue would be [Rice's] primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council." AFP (10/3) cites an anonymous "senior State Department official" saying "US diplomats have made 'good progress' in gaining allies' approval for a list of sanctions to be imposed on" Tehran.

The AP (10/3, Ames) reports EU foreign policy chief Javier Solana "said he was resuming talks with" Iranian nuclear negotiator Ali Larijani "and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited. But [he] denied he was running out of patience." Solana "said he would talk by telephone with [Larijani] later Monday."

In Mideast, Rice Urged To Pursue Comprehensive Peace Deal. The Washington Post (10/3, A6, Wright, 748K) notes Secretary Rice "held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region." The Administration "is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the" Israel-Hezbollah war. Rice "described that conflict as a clarifying moment in defining the political forces in the world's most volatile region," and now she "is hoping to explore ways of reviving the moribund [Israeli-Palestinian] peace process" and "bolster support for the fragile

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governments in Iraq and Lebanon." The Post says Administration "officials privately concede that their expectations for any major movement are low," and Rice's trip "comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released."

The Financial Times (10/3, Khalaf, Dinmore, Wallis) reports Rice "faces urgent calls for a comprehensive peace [deal] when she meets eight Arab foreign ministers in Cairo today." The trip "is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos. But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives." Rice "has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November."

The Washington Times/AP (10/3, Nasrawi) adds, "Eight U.S.-allied Arab countries are banding together to meet with [Rice] on her [Cairo stop], in hopes of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues." The "goal of Rice's tour is to promote democracy and discuss threats to stability,...but the Arab ministers' priority is relaunching peace talks." The AP notes, "By sending Rice to the region after the war in Lebanon, Washington may be signaling its willingness to listen to the concerns of moderate Arab leaders — though its unlikely the two sides share the same priorities."

Tel Aviv Reaches Out To Arab Nations In Order To Contain Iran. In a 1,500-word piece on its front page, the Wall Street Journal (10/3, A1, Leggett, Brauchli, 2.03M) says Tel Aviv is working with Arab capitals to thwart Iranian regional goals. The war with Hezbollah "has redoubled [Tel Aviv's] concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region." Of intense discussion internally "is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play." Secretary Rice "is visiting the region, and she will focus on both Iran…and the Palestinian question." The Journal adds, "The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both."

Israeli Analysts Now Hold Favorable View Of Lebanon War's Effects. The Washington Times (10/3, Mitnick, 88K) reports, "After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact." When Israel "agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable." But "many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement." The war "destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public."

Clash Between Hamas, Fatah Factions Continues. The New York Times (10/3, Myre, 1.21M) reports, "Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded." The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, "appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting."

Russia Suspends Transport, Postal Link With Georgia. The Financial Times (10/3, Buckley) reports, "Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges." Moscow's transport ministry "ordered air, road, rail and sea links to be closed from midnight Monday night. The communications

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ministry said mail services would be suspended." The Wall Street Journal (10/3, Champion, 2.03M) reports, "Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries." But "Moscow retaliated for the arrests" with the minister's announcement.

The New York Times (10/3, Myers, 1.21M) says "relations between Russia and Georgia… have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's." The Washington Times/AP (10/3, Dzhindzhikhashvili) runs a similar report.

More Commentary. Under the headline "Enough Bullying," the Washington Post (10/3, A16, 748K) editorializes, "Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called 'the greatest catastrophe of the 20th century.' Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. … A Russian attempt to strangle Georgia has been slowly escalating." In a telephone conversation, Putin "told President Bush that 'it was unacceptable for other countries to take steps that Georgia could interpret as support,' according to the Russian news agency RIA Novosti." Bush "ought to reject that imperious warning."

Ban Ki-Moon "All But Certain" To Become UN Secretary General. The Washington Post (10/3, A13, Lynch, 748K) reports the UNSC's "five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat." Experts "said it is all but certain that Ban will become" UNSYG in January. "But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee." The Post says Ban will "take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world." His elevation "would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted" by division and scandal in recent years.

The New York Times (10/3, Hoge, 1.21M) says Ban "virtually assured his selection as [UNSYG], winning overwhelming support in a final informal poll of the Security Council." He "will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts. He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures." The Wall Street Journal (10/3, Ramstad, King, 2.03M) notes yesterday's straw poll "effectively seals Mr. Ban's bid," and says he "will face an array of challenges." The Financial Times (10/3, Turner), AP (10/3, Wadhams), Washington Times (10/3, Pisik, 88K), Los Angeles Times (10/3, Farley, 918K) and Christian Science Monitor (10/3, Kirk, 58K) run similar stories.

Bret Stephens writes in his Wall Street Journal column (10/3), "Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job." Instead, Kofi Annan's successor "is likely to be South Korea's colorless foreign minister Ban Ki-Moon." The Times of London "reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council. The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the UN. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir."

US General Says Chávez Worries Region. The New York Times (10/3, Pear, 1.21M) reports, "The commander of United States military activities in Latin America [Gen. Brantz J. Craddock] said Monday that Venezuela under President Hugo Chávez had become a

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destabilizing force, and that other countries in the Western hemisphere shared that concern." Craddock reported concern by other countries over Venezuela's "purchase of weapons, especially small arms." The Times reports, "Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain." US officials "said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries." The Times reports that Craddock and Secretary Rumsfeld attended the same conference.

Bosnian Voters Endorse Existing Ethnic Divisions. The New York Times (10/3, Wood, 1.21M) reports, "Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country." The Party for Bosnia and Herzegovina's Haris Silajdzic won the Muslim presidency, while the Alliance of Independent Social Democrats' Nebojsa Radmanovic won the Bosnian Serb presidency seat. Radmanovic's party is headed by Milorad Dodik, and the Times notes Silajdzic and Dodik "were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future. Each man advocates a tough version of the policies generally supported by his ethnic group." Muslim and Croat politicians generally seek closer integration and EU candidacy, while Serb politically generally favor independence for their sub-state, and outside experts "worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians."

Brazilian Corruption Cases Said To Drag Down Lula's Support. The Wall Street Journal (10/3, Moffett, Samor, 2.03M) reports, "The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash. The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin." Silva "in the end found himself dragged down by their cumulative weight even though he isn't facing charges," and now he "won't have the luxury of playing it safe in the runoff." The "anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day." The Journal adds that Brazilian financial markets "surged" following the first round of voting, because Alckim "is seen by investors as having a clearer agenda to shrink the state and stimulate growth."

LATimes Says Lula Deserved First Round Shakeup. In an editorial today, the Los Angeles Times (10/3, 918K) says Silva's "own mediocrity cost him" an outright win in the first round of voting. His "sudden and surprising fall from grace isn't necessarily good news," and even if he wins the runoff election, as is widely expected, he "may find it very difficult to get much done in his second term. Some might call that a bonus." The Times says Silva's "embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate." The Times also pans Silva's willingness "to defer leadership of the Latin American left" to the "buffoonish" Hugo Chavez, and says "that deference may have diminished [his] standing at home as well as abroad."

Zambian President Reelected In Clean Vote. The New York Times (10/3, Wines, 1.21M) notes Zambian President Levy Mwanawasa "took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day." Sata, who refused to concede but "said he would not contest the election results in court," also called for an end to the violence. Mwanawasa appears to have "captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate." International observers declared the vote "relatively free of corruption." Mwanawasa "accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers."

Abe Seeks Meetings This Week With Hu, Roh. The Washington Post (10/3, A12, Faiola, 748K) reports, "Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts

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in China and South Korea." The meetings, which could occur Sunday and Monday respectively, "would mark a symbolic breakthrough for Abe… China and South Korea have boycotted top-level meetings with Japan since last year" because of former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine. The Post adds, "Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's." In any meeting with Chinese President Hu Jintao or South Korean President Roh Moo-hyun, Abe would "have much to talk about," including textbook content and the future of the Japanese Constitution.

India Post Said To Struggle Against More Efficient Private Firms. A 1,994-word piece in the Wall Street Journal (10/3, Bellman, 2.03M) examines the evolving role of the postal system in India. "India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals," in this case including FedEx and UPS. "But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?" Noting that "more-efficient private couriers have eaten deeply into India Post's business," the Journal says similar problems have emerged at the "state-owned phone company Mahanagar Telephone Nigam Ltd" and at Air India and Indian Airlines. "Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace."

Kristof Says Good Governance, Not More Aid, Will Remake Africa. In his latest column on his travels in Africa, New York Times (10/3, 1.21M) columnist Nicholas Kristof says "the need for better for better governance" is "one of the biggest challenges facing Africa today." While foreign aid can help, "what matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule." Kristof lauds UK Prime Minister Tony Blair's anticorruption initiative and President Bush's Millennium Challenge Accounts, and says, "We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform." He notes that "all across Africa, countries are increasing efforts to fight corruption and improve the investment climate," and concludes, "So, yes, Africa is still afflicted by AIDS, misery and the tyranny of" corrupt leaders. "But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"A Plan To Save King/Drew Gets Tough."
"His Corps Value Was Bravery."
"11 Amish Girls Shot In School."
"2 Share Nobel For Method To Silence Specific Genes."
"Foley Saga No Shock To Some."
"Barrels Of Money Fuel Oil Tax Fight."
"Michelin Anoints Bay Area Cuisine With Pinch Of Stars."
"State Ends Inquiry, Names Monitor For Getty Trust."

New York Times

"Pressure Grows For Republicans Over Foley Scandal."
"Across Nation, Housing Costs Rise As Burden."
"Man Shoots 11, Killing 4 Girls, In Amish School."
"After Afghan Battle, A Harder Fight for Peace."
"Colliding With Death At 37,000 Feet, And Living."
"Bridging A Racial Rift That Isn't Black And White."

USA Today:

"Courts Are Asked To Crack Down On Bloggers, Websites."
"'A Horrendous Crime Scene.'"

Washington Post:

"At Least 3 Killed at PA. Amish School."
"After Foley, New Fears For The GOP."
"Most Blacks, Hispanics In Area Own Homes."
"In Antipsychotics, Newer Isn't Better."
"Outside Groups Shoveling Cash Into Tight Races."
"New Conductors Speed Global Flows Of Money."

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Washington Times:
"U.S. Cities United Front On Iran."
"Hastert Denies GOP Saw Foley's 'Vile' Message."
"Gunman Says 3 Amish Schoolgirls."
"Dow On verge Of Closing At An All-Time High."
"Genghis Misunderstood."

Detroit Free Press:
"Back In The Game!"
"Fans Prove This Is Tiger Town."

Atlanta Journal-Constitution:
"Farmers Accused Of 'Scheme' Wind Up Keeping Millions."
"Horror At Amish School."
"Scandal Puts Republicans On Defensive."
"Ga. Companies Await Third Straight Cut In Unemployment Tax."

Houston Chronicle:
"Why Your Electric Bill Is Still High."
"Terror In Amish Country."
"Judge Won't Dismiss Suit In Deputy Shooting."
"Mexico Implores Bush To Veto Border Fence Bill."
"Series Tackles Football Mania."

Story Lineup From Last Night's Network News:
ABC: Amish School House Shooting; School Safety; Foley Investigation; Foley Aftermath; Congressional Page Program; Working Mothers; Supreme Court; Gas Prices; Neil Armstrong's Words On The Moon; Golf In Darfur.
CBS: Amish School Shooting; School Safety; School Safety Analysis; Foley Investigation; Congressional Page Program; Brian Rohrbough Opinion; Amish Country.
NBC: Amish School Shooting; Amish Country; Foley Investigation; Woodward's Book; Washington's Reaction; Iraq-Sectarian Violence; Iraq-Sectarian Violence; Nobel Prize Winners; Stock Market; Neil Armstrong's Words; Troops Return Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: PA-Amish school Shootings; Foley Scandal; Afghanistan-US KIA.
CBS: PA-Amish School Shootings; Foley Scandal; Chicago-Power Outage; Gas Prices.
NPR: PA-Amish School Shootings; WI-Student Accused Of Killing Principal; Foley Scandal; Wall Street; UN Secretary General Race; Brazil Election.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends a Richard Pombo for Congress reception, Stockton Memorial Civic Auditorium, Stockton, Calif.; attends a John Doolittle for Congress reception, El Dorado Hills, Calif.; attends a Republican National Committee reception, Private residence, Los Angeles.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Henry Bonilla, private residence, San Antonio; speaks at a reception for congressional candidate Van Taylor, private residence, Dallas.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on preparing the Hispanic community for leadership in the STEM fields. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TERRORISM INSURANCE _ 7:15 a.m. - 9:45 a.m. The US Chamber of Commerce, others, sponsor a seminar on terrorism insurance, with Vince Randzzo of Wacovia Corp.; Stef Zielezienski of the American Insurance Association; Joel Wood of the council of Insurance Agents and Brokers, others. Location: 1615 H St. NW.

SCHOOL DROPOUTS _ 9:30 a.m. The National Education Association holds a news conference to release a plan to address the school dropout crisis. Location: National Press Club.

YOUTH-CIVICS/POLITICS _ 9:30 a.m. The Center for Information and Research on Civic Learning & Engagement holds a briefing to release``The Futures of American Democracy: New Study on Youth Civic and Political Health." Location: National Press Club, Zenger Room.

DOHA _ 10 a.m. The American Enterprise Institute holds a forum ``The World Trading System After the Collapse of Doha: The WTO, Developing Countries, and Regionalism" with former Commerce Undersecretary Grant Aldonas, others. Location: 12th floor, AEI, 1150 17th St. NW.

UAE LEADERS _ 10 a.m. Business for Diplomatic Action organization and Zogby International release a survey of young leaders in the United Arab Emirates. Location: Foreign Press Center, National Press Building.

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LATINO-SUMMIT _ 10:30 a.m. Ambassadors Roger Noriega and Nancy Soderberg speak at the Latino Coalition's 2006 Small Business Economic Summit to discuss Venezuela and Argentina's relationship. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

HEALTH CARE TRANSPARENCY _ 11 a.m. - 12:30 p.m. The Heritage Foundation sponsors a panel discussion, ``Transparency in Health Care." Participants: Walton Francis, economist and author of CHECKBOOKs ``Guide to Health Plans for Federal Employees;" David B. Kendall, Senior Fellow for Health Policy, Progressive Policy Institute; and Thomas P. Miller, resident fellow, American Enterprise Institute. Keynote remarks by Alex M. Azar II, Deputy Secretary of Health and Human Services. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

MILLENNIUM DEVELOPMENT GOALS _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a UNDP Washington Roundtable, ``The Millennium Development Goals: A Time of Reckoning." Panelists include Dirk Dijkerman, CEO, Office of the Director of Foreign Assistance, State Department; and Debayani Kar, communications and advocacy coordinator, Jubilee Network. Location: Carnegie Endowment for International Peace, Root Room, 1779 Massachusetts Ave. NW.

CHINA-INDIA _ 12:30 p.m. A team of American and Japanese former government, business and academic leaders release a report on recommendations for the U.S. and Japan to respond to the emerging economicv and political rise of China and India. Participants include former Deputy Secrertary of State Ken Dam, Noboru Hatakeyama of the Japan Economic Forum, Marshall Bouton of the Chicago Council on Global Affairs; others. Location: Douglas Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SOROS _ 3 p.m. Investor George Soros speaks at the 16th conference on the Organization of American States Lecture Series of the Americas. Location: OAS, 17th St. and Constitution Ave. NW.

US RUSSIA NUCLEAR _ 3 p.m. - 4:30 p.m. Amb. Nikolay Spassky, deputy head of the Russian Atomic Energy Agency, speaks on ``Nuclear Powers Become Nuclear Partners," focusing on US-Russian nuclear cooperation. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LARSON-MIDDLE EAST _ 4:30 p.m. Terje Rex Larson, Norwegian diplomat and United Nations special envoy, will speak at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS) about ``Challenges and Opportunities in the Middle East. Location: First floor auditorium of the schools Rome Building, 1619 Massachusetts Ave. NW.

SINGLETON _ 6:30 p.m. The National Hispanic Foundation for the Arts holds its Tenth Annual Noche de Gala dinner, with film director John Singleton, actor Michael Pena and singer Fanny Lu. Keynote address - Commerce Secretary Gutierrez at 6:30 p.m. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CUBA AFTER CASTRO _ 7:30 p.m. American University's School of International Affairs hosts a panel discussion. ``Cuba after Fidel." Partcipants: William LeoGrande, dean, American University School of Public Affairs; Robert Pastor, vice president, American University International Affairs Office; Philip Pters, vice president, Lexington Institute; and Silvia Wilhelm, executive director, Cuban American Commission for Family Rights. Location: Abramson Family Recital Hall, Katzen Arts Center, American University, 4400 Massachusetts Ave. NW.

SCHIEFFER ROAST _ 8:30 p.m. CBS news veteran Bob Schiffer will be ``roasted" by former Senate Democratic Leader Tom Daschle, former roastee Don Imus and his wife Deirdre, and White House press secretary Tony Snow at the 18th annual Roast for Spina Bifida. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Rice, Others Dispute Claim She Ignored CIA Warning Of Al Qaeda Attack. As the White House continued its effort to rebut claims made by Bob Woodward in his new book, "State of Denial," the author sought to bolster his case by sharing "once secret" documents with NBC News – the only network to cover the story last night. The network, and much of the TV coverage, continued to portray a White House put on the defensive by the book. However, stories in this morning's Washington Post and New York Times cast doubt on Woodward's characterization of a meeting between Condoleezza Rice and then-CIA director George Tenet. NBC Nightly News (10/2, story 4, 2:35, Mitchell, 9.87M) said, "All of the President's men in a state of denial over 'State of Denial.'" White House spokesman Tony Snow: "Flat wrong. Absolutely wrong." The White House, added NBC, "issued a press release titled, 'Five Key Myths In Bob Woodward's Book.' For instance, denying Condoleezza Rice was told of a possible terror threat on July 10, 2001, two months before 9/11. Today, Rice, en route to Saudi Arabia, said it was incomprehensible that she would ignore such a warning. But Woodward has documents proving that a CIA briefer told Rice of an impending attack." Bob Woodward, author, 'State of Denial': "He said specifically after the meeting, 'We did everything but pull the trigger of the gun we were holding to her head.' Mitchell: "Is there clear evidence that they did anything?" Woodward: "The presidential order to get bin Laden or kill him was sitting on the President's desk September 10, 2001. The day before 9/11." Mitchell: "Officials tell NBC News the former CIA Director George Tenet did testify in secret to the 9/11 Commission about that meeting."

The Washington Post (10/3, A3, Eggen, Wright, 748K) reports Tenet's "statements to the [9/11] commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that 'they were not getting through to Rice' after the July 10, 2001, meeting." The New York Times (10/3, Shenon, Mazzetti, 1.21M) says "both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them." Democratic 9/11 Commissioner Richard Ben-Veniste said, "Tenet never told us that he was brushed off. We certainly would have followed that up."

The Los Angeles Times (10/3, Richter, 918K) reports Rice's "reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war." Rice did not "deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to 'shock' her did not make sense."

USA Today (10/3, Slavin, 2.27M) reports Rice "said she recalled 'a steady stream of quite alarmist reports of potential attacks' during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. 'There was nothing that related to an attack in the United States,' she said." The AP (10/3, Gearan) reports Rice "said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States" as claimed by Woodward. Rice said, "What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible." The AP adds, "Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book."

White House Described As At "War Over Woodward." NBC Nightly News (10/2, story 5, 1:10, Williams, 9.87M) reported, "All of this news out of Washington tonight leaves us with much to discuss with our Washington bureau chief and moderate of Meet the Press Tim Russert. … Tim, this so-called war over Woodward, same question. [A damage assessment so far?]" NBC (Russert) added, "The White House is ferocious in their response, and why? One of the best known reporters in America is in effect laying out a case questioning the competence and credibility of the White House on Iraq. It is the last thing they want to debate five weeks before an election."

Snow Calls Allegation Bush Is In Denial About Iraq "Outrageous." CNN's The Situation Room (10/2, King) reported, "An angry new response today from the White House to journalist Bob Woodward's new book State of Denial. Among other things, Woodward contains the declarations that terrorists in Iraq are in retreat don't match the secret intelligence assessment the President is being given. Press Secretary Tony Snow says the notion the president is in denial about Iraq war losses or that he is trying to cover up things is, quote, 'an outrage.'"

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NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "Woodward's documents include these talking points the President used at a national security meeting just before the war. They recommended he keep the Iraqi army intact to prevent an insurgency. Instead, the army was disbanded. And the book offers several examples of the President making optimistic statements about Iraq, contrary to far more pessimistic secret assessments. Is this a case where they are not telling him the truth or he is putting a gloss on things?" Woodward: "He knows how bad it is." Mitchell: "A sign of how damaging Woodward's claims are is how hard the White House is fighting back."

Bob Woodward said on CNN's Larry King Live (10/2) that "there's a secret report from the intelligence division of the Joint Chief of Staff saying things are going to get worse. And, the terrorists in Iraq maintain this capability and in the year 2007, that's next year, it's going to get worse. [President Bush is] saying, as you heard, that they're in retreat." Asked what he makes of Bush's claims, Woodward said, "He's an optimist. He's a leader in a time of a really difficult war, a war of choice, a war he decided on, and it's Bush's war, no question about it and it's gone south and it's become more and more violent and more and more difficult."

Woodward Denies He Reached Conclusions Before Writing Book. Bob Woodward responded on CNN's Larry King Live (10/2) to White House counselor Dan Bartlett's claim that he reached some conclusions, saying, "I'd reached no conclusions. I had lots of secret memos and notes of what they had done and how they had done it and that his response to the man he put in charge of post war Iraq was when the man said, and your producer comes to you and says 'I can't do the things you've assigned me to do,' you don't go say 'kick ass.'"

White House Reportedly "Miffed" At Colin Powell. The White House Bulletin/US News (10/2) reports White House insiders "are more than a bit miffed at former Secretary of State Colin Powell. They consider him one of the prime sources" for Woodward's "State of Denial." Powell "lost many internal debates over the war and now he is getting even, White House officials say. But they don't want to take Powell on directly because he remains a highly-respected figure for most Americans and because, White House insiders say, they fear he might try to do more damage to Bush's image if he feels under sustained attack by his former colleagues."

More Commentary. In his Washington Post column (10/3, A17), George Will says, "'State of Denial' will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure. The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that." The book "does not demonstrate that the president is in a state of denial."

In his Washington Post column (10/3, A17), Richard Cohen says it is "time for yet another" constitutional amendment: "This one would ensure that no child of a president could become president. This would avert another George W. Bush. The reasons for this amendment can be amply found in Bob Woodward's new book, 'State of Denial.' If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure."

Homeless Iranian Woman Charged With Supporting Iraqi Terrorist Group. The New York Times (10/3, Rashbaum, 1.21M) reports, "A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday." Zeinab Taleb-Jedi "is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States." The Times notes, "The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years. … When American forces invaded Iraq…they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad," and "F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's 'martyrs,' along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives."

In a widely-distributed story, the AP (10/3, Hays) adds that according to court documents, "two confidential informants in Iraq" said Taleb-Jedi was "a leader of the Mujahedeen Khalq. … One of the informants told the FBI that Taleb-Jedi was on a council 'responsible for making leadership decisions for the organization, including approving specific acts of terrorism' against Iran, the papers said." When the FBI questioned her in Iraq, "Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing,

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she 'left her job, sold all her belongings and traveled' the group's Ashraf Base in Iraq."

Defense Begins Closing Arguments At Albany Terror Trial. Capital News 9 Albany (10/2, Ference) reported, "It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation. Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word 'missile.' … But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote 'rocket equals missile.'" Aref lawyers "also argued the codeword used by the FBI informant for missile -- Chaudhry -- wasn't clear. At one point, the informant referred to it by saying, 'one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members.'"

Hayat Relatives Return To US From Pakistan. As reported in yesterday's New York Times, the AP (10/3) reports in a widely-distributed story, "Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said." Muhammad and Jaber Ismail "arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. … 'I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime,' Jaber Ismail said."

Afghan Prisoners' Attorneys Challenge Bush Detainee Plan. The Washington Post/AP (10/3, A6, Apuzzo) reports attorneys "for 25 men being held in Afghanistan launched a pre-emptive strike Monday against President Bush's plan to prosecute and interrogate terror suspects." Court documents "demand that the men be released or charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week." That bill "says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases would be heard before a military commission, not a civilian judge. Bush has not signed the bill but expects to soon." Monday's filing "initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a military prison in Guantanamo Bay. Detainees there have dozens of petitions pending."

Canadian Judge Releases Tamil Tigers Suspect On Bail. The Toronto Star (10/3, Grewal) reports, "A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom. Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them. Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation." The Star notes that Mylvaganam "must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused. In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device."

Alliance Of Algerian Terror Group, Al Qaeda Analyzed. The Christian Science Monitor (10/3, Lund, 58K) reports many Algerians "are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital" of Algiers "during Ramadan." Already, "officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press." Authorities have "amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats." In a videotape "released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that 'the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates.'" The Monitor adds the GSPC "has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC."

HOMELAND RESPONSE:

Federal Report Makes No Recommendation On Terror Insurance Program. The Wall Street Journal (10/3, A4, 2.03M) reports a report released this week by an interagency group headed by Treasury Security Henry Paulson "makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent. The findings were consistent with a study by the Government Accountability Office, a congressional watchdog

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agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes." The Journal notes, "Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program."

Chertoff, Peters To Meet With UK Transport Chief On Passenger Data Sharing. The Financial Times (10/3, Cameron) reports UK Transport Secretary Douglas Alexander is scheduled to meet with DHS Secretary Michael Chertoff and Transportation Secretary Mary Peters in Washington Wednesday "in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market." The "visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information." The Times adds that the meeting "reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information."

Judge Allows Greatly-Curtailed Jewell Libel Suit To Proceed To Trial. The Atlanta Journal-Constitution (10/3, White, 399K) reports, "Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday." Judge John R. Mather " said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation. But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park." The AP (10/3) notes, "Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement. Jewell was later cleared, and some news organizations settled legal claims that he had been defamed."

Nagin Signs Order Requiring Businesses To Use Local, Minority-Owned Firms. USA Today/AP (10/3, 17A) reports, "New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery. Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible." The rule expands on a requirement already in place for government contracts by involving "businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state."

WAR NEWS:

Maliki's Security Plan Would Empower Local Committees To Fight Violence. The Washington Post (10/3, A12, Keath, 748K) reports Iraqi Prime Minister Nouri al-Maliki "announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months. The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis." Maliki would form multiethnic "local committees" to offer input on security activities. The Post says he "is under increasing pressure to stop the violence, which has killed thousands since February." His "administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed."

The New York Times (10/3, Oppel, Mizher, 1.21M) adds, "Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, [Maliki] announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media." The "details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts" to stop the violence. The AP (10/3, Keath) and the Los Angeles Times (10/3, Moore, 918K) runs similar stories.

Foreign Fighters Said To Form "Relatively Small Slice" Of Insurgency. The Christian Science Monitor (10/3, Grier, 58K) reports, "It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a 'cause célèbre' for jihadists, as a recently declassified US intelligence assessment holds." But "that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime." Thus, "to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground."

Iraqi Torture Site Could Be Linked To Security Forces. USA Today (10/3, Jervis, 2.27M) reports, "U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a

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Shiite Muslim militia with ties to the government. Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid." Troops also found "posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr." USA Today adds, "There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry. ... U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias."

Iraq Veteran Pleads For More Troops In Iraq. In an op-ed for the Wall Street Journal (10/3, 2.03M), Iraq veteran and 101st Airborne platoon leader Pete Hegseth argues, "America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now."

Author Urges Reverence For Fallen Troops. In USA Today (10/3, 2.27M), writer Kathy Roth-Douquet discusses the phrase "died in vain," which she traces to Abraham Lincoln. She states that deaths in Iraq are not "for naught," even if the war "is a mistake, or we pull out too early," because "despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering."

Frist Says Taliban Should Be Part Of Afghan Government. The AP (10/3, Krane) reports, "US Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring 'people who call themselves Taliban' and their allies into the government." The senator "said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield." Frist, "during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat," said, "You need to bring them into a more transparent type of government. … And if that's accomplished, we'll be successful."

NATO Troops Fight To Win Afghan People's Support. The New York Times (10/3, Gall, 1.21M) reports from Pashmul, "NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people." The Times quotes Col. R. Stephen Williams's account of the battle and reports that in the aftermath "military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage."

The Christian Science Monitor (10/3, Peterson, 58K) also reports on such efforts to court support, writing, "Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index." Troops and villagers both face obstacles: "pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated." Officers with short tours of duty rarely have the necessary "local know-how," a "requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth."

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Morford Named Interim US Attorney In Nashville. The Nashville Tennessean (10/3, De La Cruz) reports, "A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today." The Tennessean continues, "Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm." The Tennessean adds, "Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said."

CORPORATE SCANDALS:

Enron Employees Angered By Fastow's Reduced Sentence. The Washington Post (10/3, D1, Johnson) reports, "When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals." The Post continues, "In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a

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maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years. … That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior. … The reduction, former Enron worker Rod Jordan said yesterday, 'was a slap in the face to employees.'" The Post adds, "No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. 'A lot of them decided to skip Fastow because they thought it was a done deal,' Jordan said, referring to the 10-year term. … Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had 'locked in' a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force. … But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income. … At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years."

Memo Suggests Hurd Knew Of H-P Leak Probe In July 2005. The Wall Street Journal (10/3, Waldman, Clark) reports that Hewlett-Packard Co. "still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe? A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal."

Cingular Wireless Sues Over Hewlett-Packard Pretexting. The Legal Times (10/3, Crea) reports, "Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information." The Times continues, "The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages." The Times adds, "Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed."

Sonsini's Novell Options Grants Raise Red Flags. The California Recorder (10/3, Scheck) reports, "As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees. … But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people." The Recorder continues, "Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece. … That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper." The Recorder adds, "The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts. … But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December." The Recorder notes, "Ultimately, the options would become worthless before vesting due to the tech market crash. … Nevertheless, the series of events makes experts wonder whether the grants were also 'spring-loaded' -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case."

Siegel Retires As Mills Chief Executive. The Washington Post (10/3, D1, O'Hara) reports that Laurence C. Siegel "retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet." Mills will pay Siegel "$2.5

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million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland." The company described Siegel's departure "as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures."

Alexander Bail Hearing Arguments Begin. The New York Times (10/3, Grobler, 1.21M) reports former Comverse CEO Jacob "Kobi" Alexander "transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday." At the bail hearing, Alexander "showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse." Defense lawyer Herman Oosthuizen said Alexander "would be willing to hand over his Israeli passport and post bail of about $1.36 million." The Times adds, "An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors. Mr. Alexander, she said, had also offered as much as $5 million — and then 'a name-your-price offer' — to a colleague at Comverse to take the blame in the stock options case."

In a widely-distributed story, the AP (10/3, Jacobson) notes that the bail hearing "will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail."

Professor Says Hedge Funds Do Not Need More Regulation. Dale Oesterle, a law professor at Ohio State University, writes in USA Today (10/3), "Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more 'hedge fund regulation,' whatever that is. Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) 'activist' hedge funds, funds that purchase stock in a company to force through major changes." Oesterle adds that "the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation."

CRIMINAL LAW:

Foley Enters Rehab As His Attorney Denies "Inappropriate Sexual Contact." The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports that "disgraced" former Rep. Mark Foley "has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today. 'I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems,' Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment." The New York Times (10/3, Hulse, Zeleny, 1.21M) reports Roth "denied that Mr. Foley had ever had inappropriate physical contact with minors. 'Mark Foley has never, ever had inappropriate sexual contact with a minor in his life,' Mr. Roth said. 'He is absolutely, positively not a pedophile.'" USA Today (10/3, 8A, Page, 2.27M) reports recounts details of Foley's political career, noting, "Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House."

USA Today (10/3, Heath, 2.27M) reports Ben Cavataro, "a 17-year-old high school senior…said" Foley "nominated him to be a page last summer. … The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer. 'There was no indication of anything improper with Foley or anybody else,' Cavataro said." USA Today (10/3, Bazar, 2.27M) notes Foley's "statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal." The Washington Times (10/3, Pfeiffer, 88K), meanwhile, notes other sex scandals involving members of Congress.

The Palm Beach (FL) Post (10/3, Crowley) reports, "Mark Foley is not a pedophile and 'never ever' had sexual contact with minors, his attorney said Monday. … Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life. … 'Mark is an alcoholic. He drank in secret. He did not drink in public,' Roth said. 'He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic.'" The Post adds, "Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said. … Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy. … Asked if

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Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, 'Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life.' … Asked if Foley is a pedophile, Roth said, 'He is absolutely, positively not a pedophile.' … He described Foley as 'contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself.'"

Foley's Predilection For Young Males Was Reportedly Widely Known. The Los Angeles Times (10/3, Levey, Reynolds, Schmitt, 918K), in an article titled, "Foley Saga No Shock to Some: The Florida Republican was known to have an interest in younger men," reports, "some on Capitol Hill say" Foley "was known to have a special interest in younger men. In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues. 'Almost the first day I got there I was warned,' said Mark Beck-Heyman…who served as a page. … 'It was no secret that Foley had a special interest in male pages,' said Beck-Heyman, adding that Foley…on several occasions asked him out for ice cream. Another former congressional staff member said he too had been the object of Foley's advances." The Times goes on to report, "The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men. 'Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff,' said one former congressional staffer."

Roll Call's "Heard on the Hill" (10/3, Akers) reports, "the Foley 'victims' crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being 'asked out' by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18. … After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe. He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said 'was drunk,' approaching their table and quickly asked his friend to say she was his girlfriend. Foley…came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating. 'Yes,' our source recalled his pal saying. Foley, according to our source replied, 'Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?'"

CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "The FBI may not have seen it but some 16-year-olds sensed Foley was crossing a line other Congressmen didn't." Unidentified female: "I had a friend Matt and a friend Tim and he would see them first and he would be like 'Hi, Mattie, hi Timmy.' And we used to be like 'that's funny of them to say that. That's kind of weird.'"

Potential Prosecution Of Foley Examined. The AP (10/3, Jordan) reports, "The FBI…'is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko." The AP continues, "The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe 'a precursor to a possible criminal investigation.'" The AP adds, "FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation. … The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said." The AP notes, "Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus."

McClatchy (10/3, Talev, Taylor) reports, "Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity." McClatchy adds, "Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a 'third party' made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched." McClatchy adds, "John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a 'commission of a felony' and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks."

Bloomberg (10/3, Roberts) reports, "Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley. … In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had

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requested." Bloomberg notes, "Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days. … 'Central to the investigation is immediately questioning, under oath, the House Republican leadership,' Pelosi wrote in a letter to lawmakers on the committee yesterday."

Liberal Watchdog Group Forwarded Messages To FBI In July. CBS Evening News (10/2, story 5, 3:15, Couric, 7.66M) reported, "Melanie Sloan, who heads the Center for Responsibility in Politics, said there were warning signs" about Foley's "conduct. Last July, her group said some of the overly friendly e-mails were sent to the FBI but no action followed." Melanie Sloan: "I would have grabbed Foley's computer right away and starting examining." The Washington Post (10/3, A11, Babington, Weisman, 748K) reports the FBI "acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005" by Foley.

The AP (10/3, Taylor) notes Melanie Sloan, CREW's executive director and a former prosecutor "specializing in sex crimes," said, "they (the e-mails) should have raised a red flag over at the FBI," and "asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued." Roll Call (10/3, Bresnahan) characterizes CREW as a "liberal watchdog group" and reports that Sloan is a former House Democratic staffer. The Washington Post (10/3, A11, Babington, Weisman, 748K) describes CREW as a "liberal-leaning group."

The New York Times (10/3, Hulse, Zeleny, 1.21M) reports, "The group would not say where it had obtained the messages; it made them public after the ABC report."

Two Florida Papers Were Previously In Possession Of Foley Emails. The New York Times (10/3, Kornblut, Seelye, 1.21M) reports, "At least two news organizations were tipped off to e-mail messages sent by…Foley long before the story…broke last week and forced him to resign. The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors." The Times notes "the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley." Speaker Hastert is quoted as saying, "He deceived his in-state newspaper when they each questioned him. … He deceived me, too."

Value Of Page Program Questioned. ABC World News (10/2, story 5, 0:20, Gibson, 8.78M) reported, "The Congressional page program has…seen scandal before, most notably the House censored two Representatives in 1983." The New York Times' John Tierney (10/3) writes, "Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. … The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age?" The Hill (10/3, Kucinich) reports Hastert "announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for 'parents, grandparents, pages, former pages."

Man Kills Four, Wounds Seven At Amish School In Pennsylvania. A dairy truck driver walked into a one room Amish schoolhouse in Nickel Mines, Pennsylvania yesterday and tried to execute the girls there. The New York Times (10/3, Kocieniewski, Gately) reports that police say Charles Roberts succeeded in killing four of the girls and wounding seven others before killing himself. The Times adds, "The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m." Roberts "killed himself as the police stormed" the school.

A front page story in the Washington Post (10/3, A1, McCaffrey, Duggan) reports, "Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were 'very, very dire,' said Col. Jeffery B. Miller, commissioner of the state police. Miller called it 'a horrendous crime scene' and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said."

NBC Nightly News (10/2, lead story, 2:50, Ellis) reported, "Hours after the shooting police walked the nearby field in a line searching for children that might have escaped the violence to hide in the familiar fields. According to police no children were found in the police. As for a motive police say this is a grudge that Roberts held for some 20 years but not against the Amish. Police are calling this a crime of convenience saying it was close to his home and at a school that had no security. Police are saying there is a lot of evidence that Roberts were planning this for a long time and that he was planning along siege."

The Washington Times/AP (10/3, Scolforo) reports, "The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of 'acting out in revenge for something that

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happened 20 years ago,' Col. Miller said, though he gave no details on what the grudge was." The AP adds, " Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security."

ABC World News (10/2, lead story, 3:10, Muir) reported, "We're getting late word about the gunman who backed his pickup truck to the schoolhouse about a half mile down the road here, investigators tell us late tonight he had three guns, two stun guns, two knives and 600 rounds of ammunition. He was prepared for a long siege here and why this schoolhouse? Because he knew it wouldn't be secure, surrounded by only white fencing and acres and acres of farmland."

CBS Evening News (10/2, lead story, 3:20, Pitts) reported, "Authorities found what they described as a suicide note at Roberts' home in the neighboring town. He had apparently worked his shift last night at the local milk plant. This morning he took his own children to the bus stop. Minutes before the fatal shooting, he called his wife from inside the school on his cell phone." Miller: "He did make a statement to his wife on the phone that he was acting out in a way to achieve revenge for something that happened 20 years ago."

USA Today (10/3, Frank, Levin) reports that "the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse. … The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were 'crying and weeping and hugging, and the Amish people don't usually show too much emotion,' said Annie Beiler, 66, whose farm abuts the school property."

The Pittsburgh Post-Gazette (10/3, Barnes, Mauriello) reports, "Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school. … 'It's clear to us he did a great deal of planning in this,' said state police Commissioner Jeffrey Miller. 'It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself.'" The Post-Gazette adds, "The incident did not appear to be related to the Amish. Mr. Roberts is not Amish. … Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate. … He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record." Bloomberg adds, "The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29."

The Los Angeles Times (10/3, Barry, Simon) reports, "Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days." The Times adds, "But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. … Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord."

Local Television. More that 1,200 local television newscasts reported that a gunman attacked a one-room Amish school in rural Pennsylvania, shooting dead three girls before killing himself. In general, the incident was seen as part of series of ongoing violence that has recently hit US schools.

WPTY-TV Memphis, (9/2, 10:36 p.m.) reported, "What happened today in the West Nickel Mines Amish School in rural county Pennsylvania has horrified the country. Three girls, one teacher's aid murdered in cold blood and now word that a fourth may have died. All shot in the head by a gunman wreaking a terrible vengeance for a still unknown wrong he suffered long ago."

KKCO-TV Grand Junction, (9/2, 9:59 p.m.) reported, "A 32-year-old truck driver took more than a dozen girls hostage in a one room Amish school in Pennsylvania, killing at least three children and injuring 8 others. Then the gunman killed himself during a running gun battle with police. It was the nation's third deadly school shooting in the past week."

KOLN-TV Lincoln, (9/2, 4:59 p.m.) reported, "Authorities say the shooter wrote in a note he wanted revenge for something that happened 20 years ago."

WHYY-TV Philadelphia, (9/2, 5:32 p.m.) reported, "Today's school violence comes in the wake of last week's shooting of a principal in Wisconsin and shooting of a teenaged girl in Colorado."

KABC-TV Los Angeles, (9/2, 5:02 p.m.) reported, "Today's Amish school massacre is one of…school shootings

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and disturbances stretching from Colorado to Wisconsin, to Nevada, to nickel mines, Pennsylvania. In two of the incidents, gunmen targeted girls as victims."

WRC-TV Washington, DC, (9/2, 1:02 p.m.) reported, "Just today, a massacre in a one-room Amish school in Pennsylvania. The victims, again, all girls. With the American Association of School Administrators, saying security is a great concern. It's very difficult to prevent against all of these things because if you are dealing with people who are off the scale in terms of normalcy and they are willing to do almost anything to themselves, it's very difficult to protect a school or any other place. A therapist says the feeling of being afraid in school is something many children in her community live with every day."

WVIT-TV Hartford, (9/2, 5:30 p.m.) reported, "Psychologists say there are definitely things parents should keep in mind when deciding whether to talk to kids about school violence. Their age is a good indication of just how much, if anything, you should say."

KTVX-TV Salt Lake City, (9/2, 10:03 p.m.) reported, "The rash of school violence across the country has many parents wondering what's being done to keep our children safe 'close to home."

WISN-TV Milwaukee, (9/2, 6:36 p.m.) reported, "Federal funding is on the decline for programs aimed at stopping school violence. Records show funding was nearly $440 million in 2001. It has fallen to $346 million this year and even less is being set aside for next year."

WJLA-TV Washington, DC, (9/2, 6:00 p.m.) reported, "This is the nation's third school shooting in less than one week."

KDVR-TV Denver, (9/2, 9:28 p.m.) reported, "Some are wondering if this is a case of copycat shooters. There are some similarities between today's shooting and what happened in Bailey."

Expelled Student Shows Up At Las Vegas School With Gun, Flees. The AP (10/3, Ritter) reports, "Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said." The AP continues, "No shots were fired, and police said they had no indication the teen -- a former student who had been banned from Mojave High School -- had threatened anyone." The AP adds, "Police gave up their search of a residential area in suburban North Las Vegas after more than three hours. … 'We know who he is,' North Las Vegas police spokesman Tim Bedwell said. 'He will be found eventually.'" The AP notes, "Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons."

The New York Times (10/3, Scott) reports, "The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police." The Times adds, "When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said. … 'They're still looking for an AK-47 he stole from his parents' house,' Sergeant Gervasi said."

Judge Sets $750,000 Bail In Wisconsin School Shooting Case. The Milwaukee Journal Sentinel/AP (10/3, Staff, Press) reports, "A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday." The Sentinel continues, "District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center." The Sentinel adds, "Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, 'I do.' … In following Barrett's bail recommendation, the judge said, 'It goes without saying the public does need protection in this matter.'" The Sentinel notes, "Barrett told the judge there were other 'persons of interest' for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang."

The AP (10/3, Richmond) reports, "Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions. … But Circuit Judge Patrick Taggart agreed with Barrett. … If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family." The AP notes, "He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty. … Taggart set a pretrial conference for Hainstock for Oct. 13."

Bush Directs Gonzales, Spellings To Convene School Violence Conference. The AP (10/3, Pickler) reports, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday." The AP continues, "Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath." The AP adds, "Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old

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Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself. … 'The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America,' Perino said. 'It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools.'" The AP notes, "Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

Bloomberg (10/3, Zeranski, Dolmetsch) reports, "President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

AFP (10/3) reports, "Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said."

USA Today (10/3, Levin, Parker) reports, " "It was the third fatal school shooting in the USA in six days. … In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week."

ABC's Nightline (9/2, 11:59 p.m.) reported, "The white House is stepping in. President Bush, next week, brings together law enforcement and educational officials to figure out what the government can do to stem this innocence of killings."

The Bush administration announcement that it will hold a conference on school violence received moderate and straightforward coverage by local television newscasts. All newscasts agreed that the latest incidents that hit U.S. schools may be behind the decision. Some examples: WATE-TV Knoxville, (9/2, 10:59 p.m.) reported, "President Bush is planning a conference next week to address the string of school violence. The plan is to bring together education and law enforcement to figure out which federal resources can be brought in to prevent school violence and respond to it. President Bush says he is troubled by the shootings."

WSVN-TV Miami, (9/2, 10:01 p.m.) reported, "Today's violence makes it the third U.S. school shooting in less than a week. Tonight, The White House is announcing President Bush plan to hold a special conference on school violence next week in Washington."

WPXI-TV Pittsburgh, (9/2, 11:05 p.m.) reported, "President Bush says he is saddened by the recent school violence and will address the issue at a news conference next week."

WTNH-TV Hartford, (9/2, 11:04 p.m.) reported, "President Bush will host a conference next week on school violence. Educators and law enforcement will be brought together. They will try to figure out how to keep innocent children from being targeted in a place where they are supposed to feel safe."

WLOS-TV Greenville, (9/2, 10:59 p.m.) reported, "President Bush says he is 'deeply saddened' by the recent series of school violence. He is planning a conference next week to address the problem."

KTBC-TV Austin, (9/2, 9:01 p.m.) reported, "The Bush administration will host a conference next week to discuss the recent string of school violence across the country. The conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath."

WINK-TV Ft. Myers, (9/2, 11:02 p.m.) reported, "A spokeswoman says it will bring together education and law enforcement officials to discuss which federal resources can be used to prevent and respond to these kinds of attacks."

Schools Urged To Watch For Signs Of Emotional Distress In Children. USA Today (10/3, Davis) reports, "School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children. The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say." Experts "say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep."

NYTimes, WPost See Gun Laws As Tool To Curb Rash Of School Shootings. The New York Times (10/3, 1.21M) editorializes, "No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent. … This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently. The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. … Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns."

The Washington Post (10/3, A16, 748K), in an editorial, notes that "there are those who will argue that nothing -- least

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of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. … We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control."

Online Gambling Exec Predicts Industry Consolidation. The Financial Times (10/3, Blitz, Correspondent) reports, "Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday. Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US." Garber "told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in."

UK Online Gambling Companies May Stop Doing Business In US. The Wall Street Journal/AP (10/3) reports, "Several British online gambling companies may cease doing business in the US as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the US if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the US and Sportingbet PLC said it called off takeover talks with World Gaming PLC." The legislation passed the house and Senate as part of a port securities bill over the weekend.

The Washington Post/AP (10/3, D5, Barr) reports, "Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming. … Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24."

The Atlanta Journal-Constitution (10/3, Emling) reports, "Top online gambling companies said Monday they were preparing to suspend their U.S. operations after Congress approved a bill aimed at cutting off cash flowing to their Internet sites." The AJC continues, "The Unlawful Internet Gambling Enforcement Act, abruptly passed Saturday as part of a port securities bill, bans banks and credit card companies from accepting checks and electronic payments from customers using Internet gaming sites. President Bush is expected to sign the measure." The AJC adds, "The congressional action sent gaming companies' stocks into a tailspin. … Shares of PartyGaming PLC, which operates the world's most popular poker site, PartyPoker, fell 58 percent on Monday, and those of Sportingbet, which owns ParadisePoker.com, fell 64 percent. Overall, the plunge wiped up to $7.5 billion in market capitalization off the books. .. . Another major operator, 888 Holdings, said it had suspended its online betting U.S. operations, and PartyGaming said it would do so once the act is signed."

The Los Angeles Times (10/3, Hiltzik) reports, "Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them." The Times continues, "Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday. .. .The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve." The Times adds, "Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain. … Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition."

USA Today (10/3, McCarthy, Swartz) reports, "Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections. … The surprise passage of the law threw the online gambling industry into a tailspin Monday." USA adds, "The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say. … Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia. … After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced."

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DOJ Grant Will Fund Mississippi Domestic Violence Unit. The AP (10/3) reports, "A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant." The AP continues, "The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims. … 'What this division does is bring a cohesiveness to the state's efforts to fight domestic violence,' said Attorney General Jim Hood. 'Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing.'" The AP adds, "Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence. … The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women."

Philadelphia Police Dispatchers Charged With Extortion. The AP (10/3) reports two Philadelphia police civilian "radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes." Patricia Bradley and Tamara Mitchell "have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday. The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division. Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers."

The Philadelphia Daily News (10/3, Hinkelman, 109K) reports that "the man to whom they peddled the names and addresses turned out to be a government informant," and US Attorney Patrick Meehan said, "These defendants deliberately undermined the work of the very officers they were supposed to be supporting." The Daily News adds, "The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags. The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation." The Philadelphia Inquirer (10/3, Arnold, 399K) also reports on the charges, but does not mention the FBI role in the investigation.

Former FBI Informant Sentenced To 90 Years In Prison For NJ Heists. The New York Times (10/3, 1.21M) reports, "A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies" in New Jersey. US Attorney Christopher J. Christie said that Michael Giubilo "was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said."

Lorusso To Testify In Jemal Trial Today. The Washington Post (10/3, B6, Leonnig) reports, "No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso. … Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn. But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille."

Mississippi Man Sentenced To Two Years In Prison For FEMA Fraud. The AP (10/3) reports Bryan Michael Beets of Vicksburg "has been sentenced to two years in prison. … U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross. Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June." In a statement yesterday announcing the sentence, US Attorney Dunn Lampton said, "The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud."

Louisiana Woman Sentenced To 18 Months In Prison For Katrina Fraud. The AP (10/3) reports Tarsha Johnson of Baton Rouge "was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said." She "pleaded

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guilty May 8 to making a false claim." U.S. District Judge Frank J. Polozola "also ordered her to perform 50 hours of community service and to pay $2,000 in restitution."

FBI, USDOT Investigating Tampa Expressway Authority. The St. Petersburg Times (10/3, Van Sickler) reports, "The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday." Hillsborough County Commissioner Tom Scott "said he spoke with investigators from the two federal agencies last week for more than 90 minutes. 'I was invited to meet with them and they are looking at the (Expressway Authority),' Scott said. 'But I can't disclose the content of their questions in order not to hinder their investigation.'" The Times notes, "The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists."

FBI, Connecticut Authorities Investigating Interstate Construction Defects. The AP (10/3) reports, "Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84. Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire." The AP adds, "Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago. Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported."

Investigation Finds Inappropriate Expenditures At Getty. After a yearlong investigation, the California attorney general's office has concluded that the J. Paul Getty Trusts's former chief executive Barry Munitz and the Trust's board made a number of inappropriate expenditures, but will not be the subject of legal action because the money was returned. The Los Angeles Times (10/3, Felch, Frammolino) reports, "The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office." Attorney General Bill Lockyer "will take no legal action against the trust, Munitz or board members, the report said." Lockyer "has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years."

The New York Times (10/3, Wyatt, Kennedy) reports, "The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments. The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry."

DNA Test May Win New Trials For Two Convicted Murderers. The Washington Post (10/3, B4, Londoano) reports, "Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago. Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47. The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money. Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder."

Judge Rejects Motion To Unseal Karr Child Porn Investigation Documents. In a widely-distributed story, the AP (10/3, Wohlsen) reports, "A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out. The Press Democrat of Santa Rosa had sought to view the documents…but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors." The AP adds that the trial "was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data. … Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims," but "FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001. 'We're not doing any further forensic work,' he said."

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Former Nevada Controller's First Husband To Be Exhumed In Murder Probe. The New York Times (10/3, Friess, 1.21M) reports that the investigation into the death of former Nevada Controller Kathy Augustine "has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by" Chaz Higgs – Kathy Augustine's second husband and the lead suspect in her murder. "David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine." The Times notes, "With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide."

Higgs Waives Extradition Hearing. The Washington Times (10/3, Seper, 88K) reports Higgs yesterday "waived extradition to face first-degree murder charges in Nevada. Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing."

Baltimore Man Arrested For Shooting Neighbor. The Baltimore Sun (10/3, Linskey) reports, "A 40-year-old man was arrested by police Monday afternoon, ending a seven-hour standoff in a Northeast Baltimore neighborhood that police said began when he allegedly used a shotgun to kill a neighbor who was cleaning his truck. Police declined to speculate on a motive for the slaying that occurred about 6 a.m. in the Belair-Edison neighborhood, but they said the suspect spoke briefly with the victim before the shooting." A police spokesman "identified the suspect as Marvin Ferguson of the 3800 block of Lyndale Ave. Police said Monday night that he was being questioned by homicide detectives but had not yet been charged. Immediately after the shooting, Ferguson stood outside until he heard police sirens, and then retreated into his home and refused to speak with negotiators, said Agent Donny Moses, a police spokesman."

Child Molester's Manuscript Used To Convict Him. Dean Schwartzmiller of San Jose, California has been convicted of child molestation based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile. The Washington Times (10/3, Wetzstein) reports that Schwartzmiller "faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography. Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children."

Critical Care Nurse Charged With Killing His Wife. The New York Times (10/3, Friess) reports, "One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder. The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies." The Times adds, "Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs. David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine."

The Washington Times (10/3, Seper) reports that Higgs "told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party. But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. … According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained."

CIVIL RIGHTS:

Kentucky Jail Officer Says He Is FBI Informant In Civil Rights Probe. The Lexington Herald-Leader (10/3, Musgrave, Ku, Blackford, 118K) reports, "An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail. John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for 'an undisclosed period of time.' … David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with

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federal officials on the case." The Leader adds, "After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail." Fayette County Detention Center director Ron Bishop said, "It makes a lot more sense now, when you look at the timing and his running for office."

The AP (10/3) notes, "Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation. 'I really wish that I could, but it violates the integrity of the case,' Vest said. … Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office." WTVQ-TV Lexington (10/2, Stotelmyer) reported, "Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems," and he "questions Vest's motives because Vest is the Republican candidate for jailer in next month's election." However, "Vest says before the FBI used him they 'checked me out, my credibility, my integrity.' Vest says he's done a good job as an inside informant. 'I did a lot and what I did, I did good,' said Vest."

EEOC Rules For Dismissed Chesapeake, VA, Deputies. The Hampton Roads Virginian-Pilot (10/3, Clayton) reports, "The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment." The V-P continues, "The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file." The V-P adds, "David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC. … Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department. … Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said. .. .Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents. .. .A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years."

Lawsuit Seeks Declaration That Student May Read Bible During Free Time At School. The Washington Post (10/3, B4, Rich) reports Maryann Mangum filed a lawsuit in U.S. District Court in Greenbelt alleging that Dwight D. Eisenhower Middle School Vice Principal Jeanetta Rainey "ordered" her daughter Amber, "then 12, to stop reading the Bible or face punishment." The girl was a "frequent reader during lunch breaks" and "in the spare minutes before afternoon classes. The habit was never viewed as a problem…until the book she was reading was the Bible." The lawsuit alleges that Rainey said "reading the Bible violated school policy and that she would face discipline if she continued to do so." Mangum is being advised by the Rutherford Institute. Institute President John W. Whitehead said that the suit "does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school."

Euclid, OH, Approves Remap Plan Aimed At Settling DOJ Suit. The Cleveland Plain Dealer (10/3, Atassi) reports that the Euclid, OH, City Council "unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats." The Plain Dealer continues, "Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent. … About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain." The Plain Dealer adds, "City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength. … Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt. … In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's."

Workplace Discrimination Against Arabs, Muslims Said To Be Rising Again. The Los Angeles Times (10/3, Semuels, 918K) reports, "Reports of

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workplace discrimination against people perceived to be Muslim or Arab soared after the Sept. 11 attacks and then declined, government statistics indicate. But some advocates say they've seen a resurgence in the last year that corresponds to global political events. … 'We only see the tip of the iceberg,' said Joan Ehrlich, district director of the EEOC office in San Francisco. 'It's probably not even reflective of the amount of discrimination going on because people are afraid to come to the government for help.'" The Times notes, "In a case filed recently by EEOC attorney [Anna] Park, seven Yemeni sailors working for Norwegian Cruise Line were fired in rapid succession 'because they looked Muslim,' Park said. The firings occurred after the FBI began investigating a report that a crew member had asked about the location of a cruise ship's engine room, arousing suspicions. The men were fired before the investigation was completed, the suit alleged."

ANTITRUST:

DOJ Settles Dairy Antitrust Dispute With Kentucky. The AP (10/3) reports, "A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America." The AP continues, "Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government." The AP adds, "The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London. .. .Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee. .. .The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy."

The Kansas City Star (10/3) reports, "The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee." The Star adds, "The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky. … The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit."

FCC Approves Attlel's Purchase Of Midwest Wireless. The AP (10/3) reports, "The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets." The AP continues, "The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions. .. .The FCC voted 5-0 to approve the acquisition."

Microsoft's Vista Security Policies Under Attack. The San Jose Mercury News (10/3, Tribble) reports, "Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system." The News continues, "The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to 'hamstring' competitors. … 'Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,' the advertisement states. '... when it fails, it fails for 97 percent of the world's desktops.'" The News adds, "Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft. .. . In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it 'would allow legitimate security.' … McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago."

High Court Denies Northwest Airlines' Antitrust Appeal. The AP (10/3) reports, "The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals." The AP continues, "The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged

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that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business." The AP adds, "A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late. … Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the 'out-of-time' petition."

SCOTUS Rejects UnitedHealth Ohio Doctor Rate Appeal. Market Watch (10/3) reports, "The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts." Market Watch continues, "UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court." Market Watch adds, "The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration."

Supreme Court Will Not Hear California Competition Case Against AT&T. Market Watch (10/3, Anderson) reports, "The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. for alleged anticompetitive conduct in other states." Market Watch continues, "RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T." Market Watch adds, "The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding. … 'A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state,' AT&T said in a court petition. 'Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country.' … RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature."

Broadcom-Qualcomm Global Patent Dispute Heads To ITC. Bloomberg (10/3, Brennan, Decker) reports, "The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy." Bloomberg continues, "Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips." Bloomberg adds, "The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision. … Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington."

Harrah's Considering $15 Billion Takeover Bid. USA Today (10/3, Yu, Krantz) reports, "Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group. … If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. … In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close."

The Wall Street Journal (10/3, Sanders) reports, "While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates." The "biggest wrinkle could involve licensing for any new owners and the time it

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could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants. But Apollo and Texas Pacific have already begun exploring the options with various state regulators."

Coach Accuses Target Of Selling Fake Bag. The Wall Street Journal (10/3, O'Connell, Hudson) reports that handbag maker Coach Inc. is accusing Target Corp. of marketing a fake Coach bag. In a lawsuit filed in federal court in Manhattan Friday, "Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says 'Coach,' according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an 'exact replica of a genuine Coach handbag' bearing at least one Coach trademark, the suit says. … Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit."

Gilead To Acquire Myogen For $2.5 Billion. The Wall Street Journal (10/3, Moore, Sechler) reports, "Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension. … With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials."

USA Today/AP (10/3) reports, "Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday." The AP adds, "The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases."

Executive Says AMD Is Leading Consumer Choice And Value. Thomas M. McCoy, Executive Vice President, Legal Affairs, and Chief Administrative Officer for AMD, writes in a letter to the Wall Street Journal (10/3), "In his Sept. 23 Rule of Law column 'Tigers by the Tail,' Ron Cass asserts that Advanced Micro Devices is attempting to 'restrain a dominant competitor through the courts than beat it in the market.' This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa." McCoy adds, "The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. … Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids."

Competition, Antitrust Laws Seen As Best Way To Regulate Internet. Robert Hahn and Robert Litan, directors of the AEI-Brookings Joint Center for Regulatory Studies, write in The Hill (10/3), "If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined. … On examination…one truth is clear -- while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity." Hahn and Litan add, "Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the 'hands-off' policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future."

ENVIRONMENT:

SCOTUS To Consider Con Edison Cleanup Case. The AP (10/3) reports, "The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants." The AP continues, "The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term." The AP adds, "The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas

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power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal 'Superfund' law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state."

DOE To Delay Buying Oil To Fill Strategic Reserve. The Wall Street Journal (10/3, A5, 2.03M) reports, "The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday. President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs." The Journal says, "Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is 'satisfied with the [reserve's] current level,' and that it was wary of affecting the market ahead of the high-demand winter-heating season, 'we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve.'" Stevens "said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market."

FBI/DEA/ATF/USMS:

Judge Upholds FBI, Secret Service Applicant Polygraph Exams. In a widely-distributed story, the AP (10/3, Apuzzo) reports, "The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday. U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process." Although the "questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said."

Former FBI Agent Sentenced To Six Years In Prison For Stock Scam. The Wall Street Journal (10/3, C3, 2.03M) reports, "Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies. Mr. Royer also was sentenced to three years of supervised release. He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares." The New York Times/Bloomberg (10/3) adds, "In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. … Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission."

Newsday (10/3, DeStefano) reports Judge Raymond Dearie called "it a tragic case of a public official gone wrong." The judge "noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts." The New York Daily News (10/3, Marzulli, 729K) reports the sentencing in "City briefs," under the headline "G-Man Gets 6 For Scam."

US Attorney Says Steroid Story Contained Inaccuracies. ESPN.com (10/3) reports, "The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained 'significant inaccuracies.'" ESPN continues, "The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate. … Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets. … Ryan issued a statement Monday, saying: 'In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies.'"

The New York Times (10/3, Curry) reports, "Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit. … 'In terms of how those names got in the document, Jason disputes the fact that he put them there,' Bick said. 'Jason's attorney made that statement a while ago, and he still feels that way.'" The Times notes, "Edward F. Novak, Grimsley's

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lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players."

The AP (10/3, Kravets) reports a spokesman for the Los Angeles Times "had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document"

Report: Baseball's Pete Rose Used "Greenies." The AP (10/3) reports Pete Rose "says he took 'greenies' in his playing days, if only to lose a few pounds. … In an appearance on the 'Late Show' taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about 'greenies,' explained that he used them -- though they were nothing more than 'diet pills.'" According to the AP, neither Letterman nor Rose "used the word 'amphetamines,' which were commonly nicknamed 'greenies' at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year."

Drug Ring Investigation Leads To New Jersey Man's Guilty Plea. The Easton (PA) Express-Times (10/3, Quigley) reports a Phillipsburg man "has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area. Ray Edward Carter…faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office. … The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents."

Supreme Court Declines To Hear Pennsylvania Doctor's Appeal In Painkiller Case. The Pittsburgh Tribune-Review (10/2) reports the U.S. Supreme Court yesterday "declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office. Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal." U.S. District Judge Gary Lancaster "dismissed the second appeal, because the first was still pending."

The Pittsburgh Post-Gazette (10/3, Ward) reports Rottschaefer's lawyers "have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial. This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat. That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with 'no legitimate medical purpose,' said defense attorney Eli Stutsman."

Survey Indicates Parents Underestimate Children's Drug Use. In its Health section, The New York Times (10/3, Bakalar) reports a new study has found parents "consistently and substantially underestimate their children's use of alcohol and other drugs. Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research." Parents "consistently said they believed that their children were using substances less frequently than the children reported." For example, the Times reports that almost 23 percent of the adolescents admitted using marijuana, but only 13.2 percent of their parents knew it.

New Evidence Surfaces In Texas Bombing Case. The Fort Worth Star-Telegram (10/3, Baker) reports, "Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet. … But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes." The Star-Telegram continues, "The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young. .. .The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent. … 'It's one of the most egregious cases I've seen,' said Jared Tyler, an attorney with the Texas Innocence Network. 'For me, there is not a shred of evidence that he did it.'" The Star-Telegram adds, "Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18. … The case had gone unsolved for a decade

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until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer. … Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats."

Man Wanted For Ohio Shooting Arrested In Washington. The AP (10/3) reports, "Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times." The AP continues, "Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said." The AP adds, "Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium. … As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times."

IMMIGRATION:

SCOTUS Rejects Appeal By Nazi Concentration Camp Guard. The AP (10/3, Yost) reports, "A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship." The AP continues, "Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944." The AP adds, "Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution. … An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he 'personally assisted in persecution.' … In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show." The AP notes, "The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals."

Border Fence Seen As Ineffective Strategy. The Washington Post (10/3, A3, 748K) reports, "Building a fence in an attempt to secure the US border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former US Customs and Border Protection agents and other experts." Also, "the Mexican government agreed in a diplomatic note sent yesterday to the US government, warning that the fence would damage relations between the two countries." The Post adds, "Former US customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain. 'You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot,' veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas."

Crackdown On Illegal Immigrants Creates Mixed Reaction. The Christian Science Monitor (10/3, Jonsson, 58K) reports that as "federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids." Allan Burns, an anthropologist at the University of Florida in Gainesville, said, "There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration." Proponents "of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000."

County Ordinance Would Bar Agencies From Denying Services To Illegals. The Chicago Tribune (10/3, Noel, 623K) reports, "Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants." Modeled on legislation "adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services." The "co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses."

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Southern Pastors Try To Overcome Division Between Blacks, Hispanics. The New York Times (10/3, Swarns, 1.21M) reports that in Willacoochee, Georgia, an "immigrant boomtown in Atkinson County, about 45 miles north of the Florida border," the Rev. Harvey Williams, who is black, and the Rev. Atanacio Gaona, a Mexican immigrant, "have forged a rare friendship that transcends the deep divide between blacks and Hispanics here." For centuries, "the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns." The two pastors "find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together." Blacks "here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground." The "two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by."

TAX:

New York Man Sentenced To 27 Months In Prison For Tax Evasion. Business First of Buffalo (10/2) reported, "Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office." Assistant U.S. Attorney Gretchen Wylegala said on Monday that over a "6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions." Business First noted, "The conviction in June was the culmination of an investigation on the part of the FBI."

WSJournal Praises Rangel For Honesty On Plans To Raise Taxes. The Wall Street Journal (10/3, 2.03M) says in an editorial that Rep. Charlie Rangel, "the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority" has been "happy to explain his own agenda on taxes and the war in Iraq." Rangel "was asked by Congress Daily whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'" Republicans have "jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned."

WSJournal Touts Indexing Capital Gains For Inflation. The Wall Street Journal (10/3, 2.03M) says in an editorial, "Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable." One "useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets."

CONGRESS-ADMINISTRATION:

GOP Leaders Allegedly Ignored Repeated Warnings Concerning Foley. Media reports last night and this morning indicate House Speaker Dennis Hastert, and the GOP in general, are under intense political pressure over the scandal surrounding former Rep. Mark Foley. NBC Nightly News (10/2, story 5, 1:10, Russert, 9.87M) summed up the tenor of the coverage, saying, "Republicans are panicked, in a simple word. … They are afraid of the consequences. And they are afraid conservative Christians will stay home at the elections and not support Republican candidates."

The Financial Times (10/3, Daniel, Dinmore) quotes Charlie Cook, publisher of the Cook Political Report, as saying, "Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician," but "as articles turned toward cover-up/inaction, it's just one more nail in the coffin for this majority." The Wall Street Journal (10/3, A4, Calmes, 2.03M) reports the GOP "has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms. … The Foley fallout has united both Republican voter groups in anger." Newsweek's Howard Fineman, on MSNBC's Hardball (10/2), said, "I think this is a missile aimed straight at the heart of the Republican base, which is why Republicans in the White House and on the Hill are scrambling so quickly to try to get ahead of this fast moving story. The Republican

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party has been built in the last 15 or 20 years on the notion that they are the party of family values."

Roll Call (10/3, Davis) says House Republican leaders "held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril. Sources familiar with the call described Members as 'angry' and 'furious,' and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program." The Washington Post (10/3, A11, Sheridan, 748K) reports Hastert "has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution."

All three networks aired extensive reports on the scandal. The report on ABC World News (10/2, story 3, 2:55, Ross, 8.78M) was particularly negative toward the GOP. ABC said, "Despite repeat warning signs going back at least five years, almost nothing was done in Congress to stop Foley's suspect behavior with pages. Today, the Republican leaders said they had no idea how bad it was until ABC News revealed some of Foley's X-rated messages to the underage boys. … But there were lots of warning signs. In 2001, pages were warned to be careful with Foley. In 2005, one page complained to his Congressman about' 'sick' e- mails from Foley -- a complaint passed to the Speaker's staff. Then, this past spring, the complaint was again raised with three Republican leaders, including Hastert himself." ABC added, "A former senior Republican official in Congress says Foley was one of a handful of members and staff whose behavior with pages was being closely watched but so far, Foley is the only member whose overt sexual approaches have been documented."

CBS Evening News (10/2, story 4, 2:55, Couric, 7.66M) reported, "Hastert is feeling the heat from the scandal involving" Foley. Hastert "and other top Republicans knew for a year that Foley had sent questionable e-mails to a former Congressional page. The Speaker says he only found out last Friday, though, about other sexually explicit messages sent by Foley. But…it could be too late for damage control." CBS added, "There is no getting around it, the unraveling of the page scandal could be the undoing of some house Republican leaders, if not their hold on Congress. … Some religious conservatives may not want to wait for the FBI's report and they have House Speaker Dennis Hastert in their sights."

NBC Nightly News (10/2, story 3, 2:45 , Williams, 9.87M) reported Hastert "was front and center but a lot of critics on both sides of the political aisle said they were not satisfied. … Democrats [are] accusing Republicans of a cover up." NBC noted that at a news conference, "Hastert refused to take questions." The Hill (10/3, O'Connor) reports Hastert, "who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. … Hastert publicly maintained yesterday that his staff did everything it could have." USA Today (10/3, Kiely, 2.27M), meanwhile, says, "Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit. 'Would have, could have, should have,' Hastert said. 'We did what we thought … was prudent at the time.'"

Most media analysis portray the scandal as having a detrimental effect on GOP chances this November. The New York Times (10/32, Hulse, Zeleny, 1.21M), in an article titled, "Pressure Grows for GOP Over Foley Scandal," reports Hastert "faced intensifying questions on Monday about why Republicans had not reacted more assertively…as members of his party, fearing a political debacle, demanded a strong response. Straining to hold the party together five weeks from Election Day…Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters." The AP (10/3, Taylor) says Hastert's "media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy."

WTimes, Some Social Conservatives Want Hastert To Resign As Speaker. The Washington Times (10/3, 88K), in an editorial titled "Resign, Mr. Speaker" that is currently featured atop the Drudge Report, alleges that Hastert "dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat." The Times adds, "Hastert must do the only right thing, and resign his speakership at once."

The Washington Post (10/3, Balz, VandeHei, 748K), in a front-page story titled, "After Foley, New Fears For The GOP: Some Say Party Could Lose House and Senate,"

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reports, "There was intense anger among social conservative activists in Washington yesterday, and some called for…Hastert to resign. … Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders. 'They are outraged by how Hastert handled this,' said Paul M. Weyrich, a conservative activist who participated in the call."

The Washington Times (10/3, Hurt, 88K) reports, "several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of 'overly friendly' e-mails that Mr. Foley had sent to another teenage former page. 'Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page,' David Bossie, president of the conservative group Citizens United, said yesterday." The Times adds, "Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal."

Jones "Disgusted" With Leaders' Response. The Washington Post (10/3, A11, Babington, Weisman, 748K) reports, "Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry. 'This thing should have been looked into months ago,' said Rep. Walter B. Jones Jr. (R-N.C.), who said he is 'disgusted' by his leaders' response."

Pelosi Wants Hastert, GOP Leaders Questioned Under Oath. CNN's The Situation Room (10/2, King) reported that House Minority Leader Nancy Pelosi "issued this response: 'Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican leaders choose partisan politics over protecting children? Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust. Republican leaders must be investigated by the ethics committee and immediately questioned under oath.'"

Roll Call (10/3, Bresnahan) reports Pelosi "has asked for…Hastert and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when…and how they responded to the incident." Roll Call notes Pelosi "has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal."

DNC Calling Attention To Foley's Ties To Reynolds, NRCC. The Los Angeles Times (10/3, Levey, Neubauer, 918K) reports Republicans' efforts "to distance the party from Foley may be complicated by his close ties with the party's campaign operation." Kirk Fordham, Foley's chief of staff from 1995 to 2004 is now chief of staff for NRCC Chairman Rep. Tom Reynolds and Foley's PAC donated $100,000 to the NRCC this summer. The Times notes the DNC is "seizing on the campaign donation, which put Foley among the GOP committee's bigger donors" and "stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct." The AP (10/3, Sidoti) reports Reynolds' "race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district." The Hill (10/3, Allen, Blake) reports Democrats "are drawing a bead on" Reynolds. A Survey USA poll from last week "found that Reynolds is only leading his opponent by two points."

Democrats Blast Snow Over "Naughty E-Mails" Comment. The New York Times (10/3, Hulse, Zeleny, 1.21M) reports White House Press Secretary Tony Snow "initially characterized the scandal as 'naughty e-mails,' drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation."

CNN's The Situation Room (10/2, King) reported, "House leaders aren't the only senior Republicans whose statements on the Foley matter are raising eyebrows." Snow "now says the Administration is horrified by the allegations against Foley, but he says it's up to the House and criminal investigators to decide just how to respond. In his afternoon White House briefing, Snow took a much tougher line than he did in an interview this morning with CNN." Snow: "It's not always pretty up there on Capitol Hill and there have been other scandals, as you know, that have been more than simply naughty e-mails. … I want to find out what happened, but before we prosecute, let's figure out what all the facts are. That's probably the most important thing to do, is to be fair to all parties."

The Des Moines Register (10/3, 163K) reports Sen. John Kerry "denounced" Foley, saying, "I'm really angry those in a position of responsibility care more about power and politics than protection of children." Kerry said the scandal "adds to the 'Republican culture of corruption.'"

The Washington Post (10/3, C1, Farhi, 748K) reports, "In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives."

More Commentary. The Wall Street Journal (10/3, 2.03M), in an editorial, contends that "in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to

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doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters?"

The New York Times (10/3, 1.21M) editorializes, "That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong."

Roll Call (10/3), in an editorial, writes, "The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible."

The Los Angeles Times (10/3, 918K) editorializes, "What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace."

In her column for Roll Call (10/3) Democratic strategist Donna Brazile writes, "I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power."

The Washington Post's Eugene Robinson (10/3, A17) writes, "About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention."

Card Confirms He Proposed Rumsfeld Replacement. NBC Nightly News (10/2, story 4, 2:35, Williams, 9.87M) reported, "The White House is…denying former Chief of Staff Andrew Card tried to get the President to replace Defense Secretary Rumsfeld. But today, Card confirmed he proposed replacing Rumsfeld with former Secretary of State James Baker. And you hearing that Republican on the Hill had concerns about Don Rumsfeld?" Andrew Card: "I would not be bashful about repeating that." Mitchell: "And Card didn't deny he talked to Laura Bush about firing Rumsfeld." Andrew Card: "I would always solicit her council and would ask her to be candid, and she would frequently repeat to me some of the concerns she heard from other people."

MSNBC's Hardball (10/2, Mitchell) reported, "Andy Card sat down with me today and confirmed what he did and didn't do. He said it wasn't a conspiracy so get rid of Rumsfeld, but he certainly did recommended the President that Republicans on the Hill were calling for it." Card: "I did speak to him frequently about Defense, as these opportunities for change were presented. I also reflected to the President what I had heard when I would go meet with members of Congress, Democrats, Republicans, and Senators, the House members. And it was always a candid conversation." MSNBC: "And you were hearing that Republicans on the Hill had concerns about Don Rumsfeld?" Card: "I was. I was. And I would not be bashful about repeating that. And I would counsel the President appropriately as the chief of staff. But I would never lobby the President, and I would never go out and solicit others to lobby the President. So to claim there's a campaign that I orchestrated or was trying to mount would be inaccurate."

Fox News' Special Report (10/2, Angle) reported, "Card and others don't deny there was some discussion of replacing Rumsfeld but insist it was in the context of getting fresh blood in several key posts. … Card even recommended the President replace him as chief of staff which he did. In fact, several officials talked with the President about bringing in a whole new team but Mr. President Bush wanted some continuity in the middle of a difficult war."

Non-Appeal Of DHS Ruling Said To Give Unions Negotiating Advantage. The Federal Times (10/3, Kauffman) reports, "The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say." The Times continues, "Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies." The Times adds, "Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out. … 'It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago,' said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS. … Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit

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employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said."

Supreme Court Opens New Term By Rejecting 1900 Appeals. ABC World News (10/2, story 7, 0:25, Gibson, 8.78M) reported, "The Supreme Court's new term opened today. The justices right away refused an appeal by Northwest Airlines in an antitrust case brought by low cost competitor Spirit Airlines. And they rejected an appeal by newspaper companies. They sided with Detroit union workers who won reinstatement after an 18-month strike. During the year ahead the court will take up issues including global warning, racial diversity and late term abortion."

The Washington Post (10/3, A2, 748K) reports the court "rejected about 1,900 appeals that piled up during the summer recess. Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers." During its new term, the Supreme Court "has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues."

The Wall Street Journal (10/3, A2, Anderson, 2.03M) reports the Supreme Court "declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission." The "legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business."

Kennedy Emerges As Key Swing Vote. The Wall Street Journal (10/3, Bravin, 2.03M) reports that since Justice Sandra Day O'Connor "retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases." Seeing Justice Kennedy 'as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right. The trick for advocates is finding how to do that."

High Court Urged To Take Narrow View Of "Illicit Trafficking." The New York Times (10/3, 1.21M) says in an editorial, "The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words 'illicit trafficking' the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences." Federal immigration law, "quite reasonably, imposes special conditions on legal immigrants who are convicted of 'aggravated felonies.' The law says that 'illicit trafficking' in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of 'trafficking' in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony."

Senate Confirms Bomar. The New York Times/AP (10/3, Press) reports, "A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July."

10th Assistant Defense Secretary Position Created. The Hill (10/3, Tiron) reports, "After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year. But the nod for an assistant secretary for global security affairs comes with strings attached." Congressional leaders like Speaker Dennis Hastert and Sen. Richard Lugar have raised concerns: "Hastert has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission." Meanwhile, Lugar has "called the merger of counter-narcotics and counter-proliferation missions 'a mistake,' adding, 'these jobs are too big and too important for any one person.'" By reorganizing, the DOD hopes "to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists."

Report Shows Abramoff Team's Effort To Influence Lawmakers. The Hill (10/3, Schor) reports the House Government Reform Committee report "released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach 'Team Abramoff' maintained among lawmakers and aides from both parties." Abramoff and

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lobbyists "formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members." The bulk of the report "focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors. But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino." Among the "victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation."

Congress Approves Military Pay Hike, Delays Civil Service Raise. The Washington Post (10/3, D4, Barr, 748K) reports in its "Federal Diary" column, "Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month. The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April. The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill." The House "approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise." The Washington Times (10/3, Causey, 88K) also reports the story.

Top Civil Servants Honored. The Washington Post (10/3, A15, 748K) reports that the fifth annual Sammies, or Service to America Medals, were presented at a gala last Wednesday. The awards "were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for 'leading the world's efforts to prepare for a catastrophic flu pandemic.'"

California Man Accused Of Sending Letters Threatening Bush, Cheney, Others. The AP (10/2) reports an engineer at a nuclear power plant near Sacramento "has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event. Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks." According to the AP, an affidavit indicates Braun "was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office." The AP reports the letters are said to have contained threats directed at President Bush, first lady Laura Bush, Vice President Dick Cheney, and others.

President Will Attend Christening Of Father's Namesake Carrier. The Norfolk Virginian Pilot (10/3) reports, "President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News. The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president." The Bush "is the last of 10 Nimitz-class carriers" and cost "approximately $6 billion."

OTHER NEWS:

Reports Offer Mixed Picture Of US Economy. USA Today (10/3, Read, 2.27M) reports, "A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among US manufacturers while commercial construction showed surprising resilience." The manufacturing sector "grew in September at the slowest pace in more than a year, a trade group said. A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said." Construction spending "edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months." The Institute for Supply Management "said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction."

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The Wall Street Journal (10/3, Conkey, 2.03M) also says "the nation's factories appear to be losing some steam as economic growth moderates." Other data "offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace."

Gas Prices Drop Again. ABC World News (10/2, story 8, 0:15, Gibson, 8.78M) reported, "The government said that price of gasoline dropped again for the eighth straight week. Average price is 2.31 down 7 cents from last week and 73 cents overall since early August."

Stocks Mixed. NBC Nightly News (10/2, story 8, 0:10, Williams, 9.87M) reported, "Turning to Wall Street today The Dow was down almost 9 points [to close at 11, 670.35]. The NASDAQ was off just over 20 points [to close at 2,237.60]." The Wall Street Journal (10/3, Browning, 2.03M) says, "Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. … It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on." The Washington Times (10/3, Hill, 88K) runs a similar report under the headline "Dow On Verge Of Closing At An All-time High."

USA Today (10/3, Krantz, 2.27M) reports, "Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year."

Majority Of Black, Hispanic Families Own Homes In DC Region. The Washington Post (10/3, A1, Layton, Keating, 748K) reports, "A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau. The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally." The Post adds, "Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners. In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs."

Housing Costs Sharply Up Between 2000, 2005. The New York Times (10/3, Scott, Archibold, 1.21M) reports, "The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes." While "many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class. …. Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex."

Dionne Says Voters Crediting Governors For "Relatively Good Economy." E.J. Dionne writes in the Washington Post (10/3, A17, 748K), "Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause? One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors." That "does not stop them from yelling irately at Washington, D.C."

Bloggers Increasingly Targeted By Libel Suits.

USA Today (10/3, Parker) reports that "blogs -- short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide -- increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the 'blogosphere' and its revolutionary impact on speech and publishing might change libel law. Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are 'judgment-proof' because they -- unlike traditional media such as newspapers, magazines and television outlets -- often are ordinary citizens who don't have a lot of money."

Seeking Unpaid Fees, Lobbying Firm Sues Former Client.

Roll Call (10/3, Ackley) reports, "The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000." In the case, which was "filed in D.C. Superior Court," "PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity,

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the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses. PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated. In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay 'a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals.' While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. … PodestaMattoon's court filing states that 'during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement' and, as a result, 'Falex became obligated to pay' the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000."

Insurers Roll Out New Medicare Drug Plans. The Wall Street Journal (10/3, D1, Fuhrmans, Zhang, 2.03M) reports, "After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15." The "good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything." Still, "the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings."

Florida GOP Chooses Negron As Foley's Replacement. The Hill (10/3, O'Connor) reports the Florida Republican Party named former state Rep. Joe Negron as Mark Foley's replacement. Negron's "name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat." CQ Politics (10/3, Kapochunas) reports, "Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat. … Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney."

The AP (10/3, Farrington) quotes Negron as saying, "My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley. … I think it's something that can be done." However, according to the AP, "one prominent Florida Republican expressed pessimism about holding onto the seat. 'It's a death sentence ... mission impossible,' said former state Republican Party Chairman Tom Slade. 'The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive.'"

The Los Angeles Times (10/3, Jarvie, Bustillo, 918K) reports, "Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands. … 'I don't know that it's going to be possible, but our job is to get voters to look beyond the name,' said Bill Lents, chairman of the St. Lucie County Republican Party. 'One idea being kicked around is "wrong name, right party." That's a message we have to get across, and it's not going to be easy, but that's our job.'"

Boehner Pessimistic Over GOP's Chances In Foley's District. The Washington Post (10/3, A1, Balz, VandeHei, 748K) reports House Majority Leader John Boehner "said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, 'to vote for this candidate, you have to vote for Mark Foley,' Boehner said. 'How many people are going to hold their nose to do that?'"

Bush To Raise Funds For Republicans In Three States. The Washington Post (10/3, Baker, 748K) reports, "President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections." Bush "plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program." At his first stop, a fundraiser here for House candidate Dean Heller, Bush said, "It sounds like they think the best way to protect the American people is to wait until we're attacked again. … That's not the way it's going to be under my administration."

The Sacramento Bee (10/3, Bizjak, 298K) reports that President Bush will make a fast visit to El Dorado County, California today to attend a $2,000 per person fundraiser for Rep. John Doolittle. Bush "is expected to arrive via helicopter, 'helo-ing in' as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then 'helo-ing' out two-plus hours later."

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The New York Times (10/3, Rutenberg, Nagourney, 1.21M) reports, "Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq." But Bush "is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House." The Times adds, "To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle."

The White House Bulletin/US News (10/2) reported that as the November 7 election approaches, Bush "is said to be eager to engage the Democrats, and increasingly he wants to do it himself." "He's his own best spokesman," White House Press Secretary Tony Snow told US News and the Bulletin. Snow "expects to do fewer of his own on-the-record briefings during the next month -- maybe only two a week -- because the President wants to carry his case, personally, to the voters. Tops on Bush's message list: Defend the war on terrorism and the war in Iraq, talk up the economy, and call attention to his other initiatives such as his ideas for overhauling education and the health-care system. Republican advisers expect Bush to get tougher on the Democrats, whom he says are eager to re-take power in Congress and push through a left-wing agenda, including increasing taxes and limiting his power to conduct the war in Iraq and the overall war on terrorism."

Cheney Campaigns In His Old Wyoming District. USA Today (10/3, 2.27M) reports, "Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin." Cheney "said Republicans must keep their majority in Congress to maintain the fight against terrorism." Said Cheney, "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past." He also "said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner."

Cheney Has Raised More Than $38 Million For Republicans This Cycle. Fox News' Your World with Neil Cavuto (10/2, Baier) reported, "Vice President Cheney headlined 102 events this cycle, raising more than $38 million for Republicans."

Rasmussen Poll Shows Allen Ahead By Six. The Washington Times (10/3, Bellantoni, 88K) reports, "Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows. If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday." The data also show "5 percent are undecided and 3 percent would choose some other candidate in the contest."

Allen Campaign Airs Two-Minute Ad In Primetime. The AP (10/3) reports, "Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday -- a valedictory aimed at saving his political career." The "embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent 'macaca,' a type of monkey, through claims last week that he used a common racial slur against black people." The AP adds, "Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points." Allen "will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting."

Mason Dixon Poll Shows Whitehouse Leading Chafee 42-41. CNN's The Situation Room (10/2, King) reported, "In Rhode Island, moderate Republican Senator Lincoln Chafee is facing a stiff challenge from Democrat Sheldon Whitehouse. A new Mason-Dixon poll shows Whitehouse with 42 percent support among likely voters, to Chafee's 41 percent."

Talent, McCaskill Tied 43-43 In Mason Dixon Poll. CNN's The Situation Room (10/2, King) reported that in Missouri. "Republican Senator Jim Talent is tied with Democratic challenger Claire McCaskill in another new

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Mason-Dixon poll. Each gets 43 percent support among likely voters."

Mason Dixon Poll Shows Cardin Leading Steele By Six Points. CNN's The Situation Room (10/2, King) reported that in Maryland, "Democratic Congressman Ben Cardin now holds a six-point lead over Republican Lieutenant Governor Michael Steele. The Mason-Dixon poll of likely voters show Cardin with 47 percent and Steele with 41 percent."

Outside Groups Spending Heavily In Key Races. The Washington Post (10/3, A1, Birnbaum, Goldfarb, 748K) reports, "As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves." For example, in Ohio, "Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them. They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country." Labor unions "are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls. … On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut."

New Suburbs Seen As Key To Control Of Congress. USA Today (10/3, Lawrence, 2.27M) reports, "New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration. The new 'it' counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington." USA Today adds, "In recent elections, Democrats have dominated cities and close-in 'mature' suburbs, while Republicans sweep newer, outer suburbs and rural America. … Among the counties that could determine whether Republicans keep their House majority: Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel. Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican. Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican." Matthew Dowd, "who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. "

Lieberman Says Party Leaders Told Him He'll Keep His Seniority If Reelected. The Hill (10/3, Bolton) reports, "Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress. Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision." Reid "does not want to wrestle with these questions in public before the Nov. 7 election. 'The caucus won't make any decisions until after the elections in November,' said Reid's spokesman, Jim Manley."

DNC Unlikely To Change New Hampshire Role In 2008 Campaign. In his Roll Call column (10/3), political analyst Stuart Rothenberg says, "Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar. Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date? Don't bet on it." Democratic presidential candidates, 'as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held." Rothenberg added, "I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November. And if that happens, the irony is that the DNC will

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have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer."

Bill To Award California Electors To Popular Vote Winner Vetoed. The New York Times (10/3, Times, 1.21M) reports, "Saying it ran 'counter to the tradition of our great nation,' Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote." The bill, "which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president -- 270 -- would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted."

Ailes' Record In More Prominent News Corp Role Seen As Lackluster. The Wall Street Journal (10/3, Angwin, 2.03M) reports in a front page story that over the "past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot." Using a "similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives." Ailes has "started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing."

Illinois Town Prospers By Accepting Dubious Enterprises. The Wall Street Journal (10/3, Spain, 2.03M) reports in a front page story that when "construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities." But "across the border in Illinois, the village of Sauget rolled out the welcome mat." That "'Yes, in my backyard' ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads." Sauget has "embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois."

Conservative Worry Over Left-Wing Professors Said To Be Overwrought. In a Wall Street Journal op-ed (10/3), Arthur C. Brooks of Syracuse University says, "Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty." Most studies "of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one." When "it comes to politics, people from conservative families follow their parents, not their professors."

NYTimes Says Wal-Mart Needs To Treat Employees Better. The New York Times (10/3, 1.21M) says in an editorial, "There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain." But "Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice."

WPost Criticizes Virginia Republicans Over NoVA Transportation. The Washington Post (10/3, A16, 748K) says in an editorial, "Last week's stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other

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improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure."

Bush Backs Turkey Joining EU. The Washington Post (10/3, A6, Fletcher, 748K) reports President Bush "voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq." The session "lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States." Erdogan "thanked Bush for the endorsement, adding that 'the United States is a strategic partner, a very important strategic partner for Turkey.'" The Post says accession talks "have gotten off to a rocky start," and notes "many European countries are experiencing a surge of anti-immigration sentiment." The Post continues, "When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades." Erdogan "said he is committed to battling terrorism," and then "scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam." The AP (10/3, Klug) runs a similar report.

Erdogan Says Kurdish Attacks Creating Anti-US Sentiment In Turkey. The Washington Times (10/3, Sands, 88K) reports, "Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with…Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country." Erdogan, "briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization."

Bush Backs UN Force For Darfur. USA Today (10/3, 2.27M) reports, "President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay." The Sudanese government "has resisted international pressure to accept a UN peacekeeping force, but Bush said the UN should deploy such a force anyway." The AP (10/3) quotes Bush saying, "The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation. … In my view, the United Nations should not wait any longer."

Presidential Waiver Clears Military Training For 21 Countries. The AP (10/2, Gedda) reports, "Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House. All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court." The AP adds, "Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States. Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries."

Burns Says Moscow, Beijing Will Back Push For UN Sanctions On Iran. The Washington Times (10/3, Kralev, 88K) notes remarks by Undersecretary Burns that Washington "is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week." Burns "also said the [UNSC] will insist on a clear answer to its demand that Iran suspend its enrichment activity. A 'maybe' will be considered a 'no,' he said." In describing Secretary Rice's September 18 dinner in New York, Burns says she "and her five counterparts agreed that the first week of October would be the absolute deadline for Iran 'to say yes or no.'" Burns "rejected a suggestion by Kazakh President Nursultan Nazarbayev…that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s," instead saying the Administration "has refused to offer security guarantees to Iran because of other concerns." He also noted that "the Iranian issue would be [Rice's] primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council." AFP (10/3) cites an anonymous "senior State Department official" saying "US diplomats have made 'good progress' in gaining allies' approval for a list of sanctions to be imposed on" Tehran.

The AP (10/3, Ames) reports EU foreign policy chief Javier Solana "said he was resuming talks with" Iranian nuclear negotiator Ali Larijani "and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited. But [he] denied he was running out of patience." Solana "said he would talk by telephone with [Larijani] later Monday."

In Mideast, Rice Urged To Pursue Comprehensive Peace Deal. The Washington Post (10/3, A6, Wright, 748K) notes Secretary Rice "held midnight

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talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region." The Administration "is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the" Israel-Hezbollah war. Rice "described that conflict as a clarifying moment in defining the political forces in the world's most volatile region," and now she "is hoping to explore ways of reviving the moribund [Israeli-Palestinian] peace process" and "bolster support for the fragile governments in Iraq and Lebanon." The Post says Administration "officials privately concede that their expectations for any major movement are low," and Rice's trip "comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released."

The Financial Times (10/3, Khalaf, Dinmore, Wallis) reports Rice "faces urgent calls for a comprehensive peace [deal] when she meets eight Arab foreign ministers in Cairo today." The trip "is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos. But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives." Rice "has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November."

The Washington Times/AP (10/3, Nasrawi) adds, "Eight U.S.-allied Arab countries are banding together to meet with [Rice] on her [Cairo stop], in hopes of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues." The "goal of Rice's tour is to promote democracy and discuss threats to stability,…but the Arab ministers' priority is relaunching peace talks." The AP notes, "By sending Rice to the region after the war in Lebanon, Washington may be signaling its willingness to listen to the concerns of moderate Arab leaders — though its unlikely the two sides share the same priorities."

Tel Aviv Reaches Out To Arab Nations In Order To Contain Iran. In a 1,500-word piece on its front page, the Wall Street Journal (10/3, A1, Leggett, Brauchli, 2.03M) says Tel Aviv is working with Arab capitals to thwart Iranian regional goals. The war with Hezbollah "has redoubled [Tel Aviv's] concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region." Of intense discussion internally "is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play." Secretary Rice "is visiting the region, and she will focus on both Iran…and the Palestinian question." The Journal adds, "The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both."

Israeli Analysts Now Hold Favorable View Of Lebanon War's Effects. The Washington Times (10/3, Mitnick, 88K) reports, "After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact." When Israel "agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable." But "many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement." The war "destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public."

Clash Between Hamas, Fatah Factions Continues. The New York Times (10/3, Myre, 1.21M) reports, "Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded." The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, "appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting."

Russia Suspends Transport, Postal Link With Georgia. The Financial Times (10/3, Buckley) reports, "Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges." Moscow's transport ministry "ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended." The Wall Street Journal (10/3, Champion, 2.03M) reports, "Georgia released four Russian military officers it had arrested on

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charges of spying, in an effort to defuse an escalating crisis between the two countries." But "Moscow retaliated for the arrests" with the minister's announcement.

The New York Times (10/3, Myers, 1.21M) says "relations between Russia and Georgia… have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's." The Washington Times/AP (10/3, Dzhindzhikhashvili) runs a similar report.

More Commentary. Under the headline "Enough Bullying," the Washington Post (10/3, A16, 748K) editorializes, "Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called 'the greatest catastrophe of the 20th century.' Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. … A Russian attempt to strangle Georgia has been slowly escalating." In a telephone conversation, Putin "told President Bush that 'it was unacceptable for other countries to take steps that Georgia could interpret as support,' according to the Russian news agency RIA Novosti." Bush "ought to reject that imperious warning."

Ban Ki-Moon "All But Certain" To Become UN Secretary General. The Washington Post (10/3, A13, Lynch, 748K) reports the UNSC's "five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat." Experts "said it is all but certain that Ban will become" UNSYG in January. "But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee." The Post says Ban will "take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world." His elevation "would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted" by division and scandal in recent years.

The New York Times (10/3, Hoge, 1.21M) says Ban "virtually assured his selection as [UNSYG], winning overwhelming support in a final informal poll of the Security Council." He "will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts. He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures." The Wall Street Journal (10/3, Ramstad, King, 2.03M) notes yesterday's straw poll "effectively seals Mr. Ban's bid," and says he "will face an array of challenges." The Financial Times (10/3, Turner), AP (10/3, Wadhams), Washington Times (10/3, Pisik, 88K), Los Angeles Times (10/3, Farley, 918K) and Christian Science Monitor (10/3, Kirk, 58K) run similar stories.

Bret Stephens writes in his Wall Street Journal column (10/3), "Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job." Instead, Kofi Annan's successor "is likely to be South Korea's colorless foreign minister Ban Ki-Moon." The Times of London "reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council. The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the UN. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir."

US General Says Chávez Worries Region. The New York Times (10/3, Pear, 1.21M) reports, "The commander of United States military activities in Latin America [Gen. Brantz J. Craddock] said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern." Craddock reported concern by other countries over Venezuela's "purchase of weapons, especially small arms." The Times reports, "Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain." US officials "said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries." The Times reports that Craddock and Secretary Rumsfeld attended the same conference.

Bosnian Voters Endorse Existing Ethnic Divisions. The New York Times (10/3, Wood, 1.21M) reports, "Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of

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national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country." The Party for Bosnia and Herzegovina's Haris Silajdzic won the Muslim presidency, while the Alliance of Independent Social Democrats' Nebojsa Radmanovic won the Bosnian Serb presidency seat. Radmanovic's party is headed by Milorad Dodik, and the Times notes Silajdzic and Dodik "were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future. Each man advocates a tough version of the policies generally supported by his ethnic group." Muslim and Croat politicians generally seek closer integration and EU candidacy, while Serb politically generally favor independence for their sub-state, and outside experts "worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians."

Brazilian Corruption Cases Said To Drag Down Lula's Support. The Wall Street Journal (10/3, Moffett, Samor, 2.03M) reports, "The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash. The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin." Silva "in the end found himself dragged down by their cumulative weight even though he isn't facing charges," and now he "won't have the luxury of playing it safe in the runoff." The "anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day." The Journal adds that Brazilian financial markets "surged" following the first round of voting, because Alckim "is seen by investors as having a clearer agenda to shrink the state and stimulate growth."

LATimes Says Lula Deserved First Round Shakeup. In an editorial today, the Los Angeles Times (10/3, 918K) says Silva's "own mediocrity cost him" an outright win in the first round of voting. His "sudden and surprising fall from grace isn't necessarily good news," and even if he wins the runoff election, as is widely expected, he "may find it very difficult to get much done in his second term. Some might call that a bonus." The Times says Silva's "embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate." The Times also pans Silva's willingness "to defer leadership of the Latin American left" to the "buffoonish" Hugo Chavez, and says "that deference may have diminished [his] standing at home as well as abroad."

Zambian President Reelected In Clean Vote. The New York Times (10/3, Wines, 1.21M) notes Zambian President Levy Mwanawasa "took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day." Sata, who refused to concede but "said he would not contest the election results in court," also called for an end to the violence. Mwanawasa appears to have "captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate." International observers declared the vote "relatively free of corruption." Mwanawasa "accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers."

Abe Seeks Meetings This Week With Hu, Roh. The Washington Post (10/3, A12, Faiola, 748K) reports, "Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea." The meetings, which could occur Sunday and Monday respectively, "would mark a symbolic breakthrough for Abe… China and South Korea have boycotted top-level meetings with Japan since last year" because of former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine. The Post adds, "Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's." In any meeting with Chinese President Hu Jintao or South Korean President Roh Moo-hyun, Abe would "have much to talk about," including textbook content and the future of the Japanese Constitution.

India Post Said To Struggle Against More Efficient Private Firms. A 1,994-word piece in the Wall Street Journal (10/3, Bellman, 2.03M) examines the evolving role of the postal system in India. "India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals," in this case including FedEx and UPS. "But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?"

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Noting that "more-efficient private couriers have eaten deeply into India Post's business," the Journal says similar problems have emerged at the "state-owned phone company Mahanagar Telephone Nigam Ltd" and at Air India and Indian Airlines. "Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace."

Kristof Says Good Governance, Not More Aid, Will Remake Africa. In his latest column on his travels in Africa, New York Times (10/3, 1.21M) columnist Nicholas Kristof says "the need for better for better governance" is "one of the biggest challenges facing Africa today." While foreign aid can help, "what matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule." Kristof lauds UK Prime Minister Tony Blair's anticorruption initiative and President Bush's Millennium Challenge Accounts, and says, "We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform." He notes that "all across Africa, countries are increasing efforts to fight corruption and improve the investment climate," and concludes, "So, yes, Africa is still afflicted by AIDS, misery and the tyranny of" corrupt leaders. "But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Plan To Save King/Drew Gets Tough."
"His Corps Value Was Bravery."
"11 Amish Girls Shot In School."
"2 Share Nobel For Method To Silence Specific Genes."
"Foley Saga No Shock To Some."
"Barrels Of Money Fuel Oil Tax Fight."
"Michelin Anoints Bay Area Cuisine With Pinch Of Stars."
"State Ends Inquiry, Names Monitor For Getty Trust."

New York Times
"Pressure Grows For Republicans Over Foley Scandal."
"Across Nation, Housing Costs Rise As Burden."
"Man Shoots 11, Killing 4 Girls, In Amish School."
"After Afghan Battle, A Harder Fight for Peace."
"Colliding With Death At 37,000 Feet, And Living."
"Bridging A Racial Rift That Isn't Black And White."

USA Today:
"Courts Are Asked To Crack Down On Bloggers, Websites."
"'A Horrendous Crime Scene.'"

Washington Post:
"At Least 3 Killed at PA. Amish School."
"After Foley, New Fears For The GOP."
"Most Blacks, Hispanics In Area Own Homes."
"In Antipsychotics, Newer Isn't Better."
"Outside Groups Shoveling Cash Into Tight Races."
"New Conductors Speed Global Flows Of Money."

Washington Times:
"U.S. Cities United Front On Iran."
"Hastert Denies GOP Saw Foley's 'Vile' Message."
"Gunman Says 3 Amish Schoolgirls."
"Dow On verge Of Closing At An All-Time High."
"Genghis Misunderstood."

Detroit Free Press:
"Back In The Game!"
"Fans Prove This Is Tiger Town."

Atlanta Journal-Constitution:
"Farmers Accused Of 'Scheme' Wind Up Keeping Millions."
"Horror At Amish School."
"Scandal Puts Republicans On Defensive."
"Ga. Companies Await Third Straight Cut In Unemployment Tax."

Houston Chronicle:
"Why Your Electric Bill Is Still High."
"Terror In Amish Country."
"Judge Won't Dismiss Suit In Deputy Shooting."
"Mexico Implores Bush To Veto Border Fence Bill."
"Series Tackles Football Mania."

Story Lineup From Last Night's Network News:
ABC: Amish School House Shooting; School Safety; Foley Investigation; Foley Aftermath; Congressional Page Program; Working Mothers; Supreme Court; Gas Prices; Neil Armstrong's Words On The Moon; Golf In Darfur.
CBS: Amish School Shooting; School Safety; School Safety Analysis; Foley Investigation; Congressional Page Program; Brian Rohrbough Opinion; Amish Country.
NBC: Amish School Shooting; Amish Country; Foley Investigation; Woodward's Book; Washington's Reaction; Iraq-Sectarian Violence; Iraq-Sectarian Violence; Nobel Prize Winners; Stock Market; Neil Armstrong's Words; Troops Return Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: PA-Amish school Shootings; Foley Scandal; Afghanistan-US KIA.
CBS: PA-Amish School Shootings; Foley Scandal; Chicago-Power Outage; Gas Prices.

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NPR: PA-Amish School Shootings; WI-Student Accused Of Killing Principal; Foley Scandal; Wall Street; UN Secretary General Race; Brazil Election.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends a Richard Pombo for Congress reception, Stockton Memorial Civic Auditorium, Stockton, Calif.; attends a John Doolittle for Congress reception, El Dorado Hills, Calif.; attends a Republican National Committee reception, Private residence, Los Angeles.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Henry Bonilla, private residence, San Antonio; speaks at a reception for congressional candidate Van Taylor, private residence, Dallas.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: HISPANIC CAUCUS _ The Congressional Hispanic Caucus Institutes' holds its Public Policy Conference Summit. Highlights: 10 a.m. Session on preparing the Hispanic community for leadership in the STEM fields. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TERRORISM INSURANCE _ 7:15 a.m. - 9:45 a.m. The US Chamber of Commerce, others, sponsor a seminar on terrorism insurance, with Vince Randzzo of Wacovia Corp.; Stef Zielezienski of the American Insurance Association; Joel Wood of the council of Insurance Agents and Brokers, others. Location: 1615 H St. NW.

SCHOOL DROPOUTS _ 9:30 a.m. The National Education Association holds a news conference to release a plan to address the school dropout crisis. Location: National Press Club.

YOUTH-CIVICS/POLITICS _ 9:30 a.m. The Center for Information and Research on Civic Learning & Engagement holds a briefing to release``The Futures of American Democracy: New Study on Youth Civic and Political Health." Location: National Press Club, Zenger Room.

DOHA _ 10 a.m. The American Enterprise Institute holds a forum ``The World Trading System After the Collapse of Doha: The WTO, Developing Countries, and Regionalism" with former Commerce Undersecretary Grant Aldonas, others. Location: 12th floor, AEI, 1150 17th St. NW.

UAE LEADERS _ 10 a.m. Business for Diplomatic Action organization and Zogby International release a survey of young leaders in the United Arab Emirates. Location: Foreign Press Center, National Press Building.

LATINO-SUMMIT _ 10:30 a.m. Ambassadors Roger Noriega and Nancy Soderberg speak at the Latino Coalition's 2006 Small Business Economic Summit to discuss Venezuela and Argentina's relationship. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

HEALTH CARE TRANSPARENCY _ 11 a.m. - 12:30 p.m. The Heritage Foundation sponsors a panel discussion, ``Transparency in Health Care." Participants: Walton Francis, economist and author of CHECKBOOKs ``Guide to Health Plans for Federal Employees;" David B. Kendall, Senior Fellow for Health Policy, Progressive Policy Institute; and Thomas P. Miller, resident fellow, American Enterprise Institute. Keynote remarks by Alex M. Azar II, Deputy Secretary of Health and Human Services. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

MILLENNIUM DEVELOPMENT GOALS _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a UNDP Washington Roundtable, ``The Millennium Development Goals: A Time of Reckoning." Panelists include Dirk Dijkerman, CEO, Office of the Director of Foreign Assistance, State Department; and Debayani Kar, communications and advocacy coordinator, Jubilee Network. Location: Carnegie Endowment for International Peace, Root Room, 1779 Massachusetts Ave. NW.

CHINA-INDIA _ 12:30 p.m. A team of American and Japanese former government, business and academic leaders release a report on recommendations for the U.S. and Japan to respond to the emerging economicv and political rise of China and India. Participants include former Deputy Secrertary of State Ken Dam, Noboru Hatakeyama of the Japan Economic Forum, Marshall Bouton of the Chicago Council on Global Affairs; others. Location: Douglas Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SOROS _ 3 p.m. Investor George Soros speaks at the 16th conference on the Organization of American States Lecture Series of the Americas. Location: OAS, 17th St. and Constitution Ave. NW.

US RUSSIA NUCLEAR _ 3 p.m. - 4:30 p.m. Amb. Nikolay Spassky, deputy head of the Russian Atomic Energy Agency, speaks on ``Nuclear Powers Become Nuclear Partners," focusing on US-Russian nuclear cooperation. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LARSON-MIDDLE EAST _ 4:30 p.m. Terje Rex Larson, Norwegian diplomat and United Nations special envoy, will speak at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS) about ``Challenges and Opportunities in the Middle East. Location: First floor auditorium of the schools Rome Building, 1619 Massachusetts Ave. NW.

SINGLETON _ 6:30 p.m. The National Hispanic Foundation for the Arts holds its Tenth Annual Noche de Gala dinner, with film director John Singleton, actor Michael Pena and singer Fanny Lu. Keynote address - Commerce

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Secretary Gutierrez at 6:30 p.m. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CUBA AFTER CASTRO _ 7:30 p.m. American University's School of International Affairs hosts a panel discussion. ``Cuba after Fidel.'' Partcipants: William LeoGrande, dean, American University School of Public Affairs; Robert Pastor, vice president, American University International Affairs Office; Philip Pters, vice president, Lexington Institute; and Silvia Wilhelm, executive director, Cuban American Commission for Family Rights. Location: Abramson Family Recital Hall, Katzen Arts Center, American University, 4400 Massachusetts Ave. NW.

SCHIEFFER ROAST _ 8:30 p.m. CBS news veteran Bob Schiffer will be ``roasted'' by former Senate Democratic Leader Tom Daschle, former roastee Don Imus and his wife Deirdre, and White House press secretary Tony Snow at the 18th annual Roast for Spina Bifida. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Tenet Recalled Warning Rice (WP)

DOJ_NMG_0073866

By Dan Eggen And Robin Wright

The Washington Post, October 3, 2006

Former CIA director George Tenet told the 9/11 Commission that he had warned of an imminent threat from al-Qaeda in a July 2001 meeting with Condoleezza Rice, adding that he believed Rice took the warning seriously, according to a transcript of the interview and the recollection of a commissioner who was there.

Tenet's statements to the commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that "they were not getting through to Rice" after the July 10, 2001, meeting.

Rice angrily rejected those assertions yesterday, saying that it was "incomprehensible" that she would have ignored such explicit intelligence from senior CIA officials and that she received no warning at the meeting of an attack within the United States.

Rice acknowledged that the White House was receiving a "steady stream of quite alarmist reports of potential attacks" during that period, but said the targets were assumed to be in the Middle East, including Saudi Arabia, Yemen, Israel and Jordan.

"What I am quite certain of, however, is that I would remember if I was told -- as this account apparently says -- that there was about to be an attack in the United States," Rice said. "The idea that I would somehow have ignored that I find incomprehensible."

The meeting has become the focus of a fierce and often confusing round of finger-pointing involving Rice, the White House and the 9/11 Commission, all of whom dispatched staffers to the National Archives and other locations yesterday in attempts to sort out what had occurred.

Members of the commission -- an independent, bipartisan panel created by Congress to investigate the Sept. 11, 2001, terror attacks -- have said for days that they were not told about the July 10 meeting and were angry at being left out. As recently as yesterday afternoon, both commission chairman Thomas H. Kean and vice chairman Lee Hamilton said they believed the panel had not been told about the July 10 meeting.

But it turns out that the panel was, in fact, told about the meeting, according to the interview transcript and Democratic commission member Richard Ben-Veniste, who sat in on the interview with Tenet. The meeting was not identified by the July 10 date in the commission's best-selling report.

Rice added to the confusion yesterday by strongly suggesting that the meeting may never have occurred at all -- even though administration officials had conceded for several days that it had. A State Department spokesman said later that while the meeting definitely happened, Rice and Tenet disputed Woodward's characterization of her response.

"The briefing was a summary of the threat reporting from the previous weeks," State Department spokesman Sean McCormack told reporters traveling with Rice in Jiddah, Saudi Arabia. "There was nothing new."

Despite this, McCormack said, Rice asked that Tenet provide the same briefing to Defense Secretary Donald H. Rumsfeld and then-U.S. Attorney General John D. Ashcroft. The two men received it by July 17, he said. McCormack was unable to explain why Rice felt the briefing should be repeated if it did not include new material.

Ashcroft said in an interview yesterday that he was never briefed by Tenet or Black about an imminent domestic threat.

"I didn't get called on by Black or Tenet if they were going around doing such briefings," Ashcroft said. "If in fact they were making visits to emphasize the severity of the domestic threat, I'm a little disappointed they didn't bring that information to my attention."

Neither Black nor Tenet has made any public comments about the assertions in Woodward's book. Woodward declined yesterday to comment in detail, saying only that he stood by his reporting.

Tenet gave testimony about the July 2001 meeting with Rice at his Langley headquarters office on Jan. 28, 2004, occasionally referring to charts and slides. Philip Zelikow, who at the time was the commission's executive director and now works for Rice, was present along with other commission staff members, according to Ben-Veniste and to a portion of the transcript, which was read to The Washington Post by an official with access to it.

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At one point in the lengthy session, Tenet recalled a briefing he was given on July 10 by Black and his staff, according to the transcript. He said the information was so important that he quickly called for a car and telephoned Rice to arrange for a White House meeting to share what he had just learned, according to the transcript and Ben-Veniste.

According to the transcript, Tenet told Rice there were signs that there could be an al-Qaeda attack in weeks or perhaps months, that there would be multiple, simultaneous attacks causing major human casualties, and that the focus would be U.S. targets, facilities or interests. But the intelligence reporting focused almost entirely on the attacks occurring overseas, Tenet told the commission.

It was at this session that Tenet said "the system was blinking red," which became a chapter title in the commission report, according to the official who saw the transcript.

According to three people present at the session, including Ben-Veniste, Tenet believed that Rice responded seriously to what she had been told. "We particularly questioned him about whether he had the sense that Dr. Rice and the others on the White House side understood the gravity of what he was telling them," said Ben-Veniste, a former Watergate prosecutor. "He said that they believed that they did. . . . We asked him further whether Dr. Rice just shrugged this off, and he said he did not have such an impression."

Ben-Veniste's comments seem to contradict his own remarks over the weekend to the New York Times, in which he said that "the meeting was never mentioned to us." Ben-Veniste said yesterday that there was confusion between two different meetings and that the meeting described by Tenet is different in character from the one portrayed by Woodward.

Zelikow, who now works as one of Rice's closest aides as a State Department counselor, did not respond to a request for comment yesterday. He told the New York Times that none of the commission's witnesses had drawn attention to a July 10 meeting or had outlined the type of confrontation with Rice described by Woodward.

In comments to reporters, Rice also denied that she had endorsed ousting Rumsfeld at the end of Bush's first term, although she said she did tell President Bush that he might want to consider changing his entire foreign policy team.

"I did tell the president at one point that I thought maybe all of us should go, because we had fought two wars and had the largest terrorist attack in American history," Rice said. "When he asked me to be secretary of state, I said I think maybe you need new people. I don't know if that was somehow interpreted, but what I was actually talking about was me."

Wright reported from Shannon, Ireland, and Jiddah, Saudi Arabia. Staff writer Walter Pincus contributed to this report.

C.I.A. Chief Warned Rice On Al Qaeda (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, October 3, 2006

JIDDA, Saudi Arabia, Oct. 2 — A review of White House records has determined that George J. Tenet, then the director of central intelligence, did brief Condoleezza Rice and other top officials on July 10, 2001, about the looming threat from Al Qaeda, a State Department spokesman said Monday.

The account by the spokesman, Sean McCormack, came hours after Ms. Rice, the secretary of state, told reporters aboard her airplane that she did not recall the specific meeting on July 10, noting that she had met repeatedly with Mr. Tenet that summer about terrorist threats. Ms. Rice, the national security adviser at the time, said it was “incomprehensible” to suggest she had ignored dire terrorist threats two months before the Sept. 11 attacks.

Mr. McCormack also said records showed that the Sept. 11 commission had been informed about the meeting, a fact that former intelligence officials and members of the commission confirmed on Monday.

When details of the meeting emerged last week in a new book by Bob Woodward of The Washington Post, Bush administration officials questioned Mr. Woodward’s reporting.

Now, after several days, both current and former Bush administration officials have confirmed parts of Mr. Woodward’s account.

Officials now agree that on July 10, 2001, Mr. Tenet and his counterterrorism deputy, J. Cofer Black, were so alarmed about intelligence pointing to an impending attack by Al Qaeda that they demanded an emergency meeting at the White House with Ms. Rice and her National Security Council staff.

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According to two former intelligence officials, Mr. Tenet told those assembled at the White House about the growing body of intelligence the C.I.A. had collected suggesting an attack was in the works. But both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them.

Earlier this week, some members of the Sept. 11 commission said they could not recall being told about a meeting like the one described by Mr. Woodward.

On Monday, officials said Mr. Tenet had told members of the commission about the July 10 meeting when they interviewed him in early 2004, but committee members said he never indicated he had left the White House with the impression that he had been ignored.

"Tenet never told us that he was brushed off," said Richard Ben-Veniste, a Democratic member of the commission. "We certainly would have followed that up."

Mr. McCormack said the records showed that far from ignoring Mr. Tenet's warnings, Ms. Rice acted on the intelligence and requested that Mr. Tenet make the same presentation to Defense Secretary Donald H. Rumsfeld and John Ashcroft, then the attorney general.

But Mr. Ashcroft said by telephone on Monday evening that he never received a briefing that summer from Mr. Tenet.

"Frankly, I'm disappointed that I didn't get that kind of briefing," he said. "I'm surprised he didn't think it was important enough to come by and tell me."

Government investigations have shown that Mr. Ashcroft was briefed by other C.I.A. officials in the weeks before the Sept. 11 attacks.

The dispute that has played out in recent days gives further evidence of an escalating battle between the White House and Mr. Tenet over who should take the blame for the failure to stop the Sept. 11 attacks and assertions by Bush administration officials that Saddam Hussein was stockpiling chemical and biological weapons and cultivating ties to Al Qaeda.

Mr. Tenet resigned as director of central intelligence in the summer of 2004 and was honored that December with a Presidential Medal of Freedom at a White House ceremony. Since leaving the C.I.A., Mr. Tenet has stayed out of the public eye, largely declining to defend his record even after several government investigations assailed the faulty intelligence that helped build the case for the Iraq war.

Mr. Tenet is now completing work on a memoir that is scheduled to be published early next year. It is unclear how much he will use the book to settle old scores, although recent books have portrayed him both as dubious about the need to invade Iraq and angry that the White House has made the C.I.A. the primary scapegoat for the war.

In his book "The One Percent Doctrine," the journalist and author Ron Suskind quotes Mr. Tenet's former deputy at the C.I.A., John McLaughlin, as saying Mr. Tenet "wishes he could give that damn medal back."

In his own book, Mr. Woodward wrote that over time Mr. Tenet developed a particular dislike for Ms. Rice, and that the former C.I.A. director was furious when she publicly blamed the agency for allowing President Bush to make the false claim in the 2003 State of the Union address that Mr. Hussein was pursuing nuclear materials in Niger.

"If the C.I.A., the director of central intelligence, had said, 'Take this out of the speech,' it would have been gone, without question," Ms. Rice told reporters in July 2003.

In fact, the C.I.A. had told the White House months before that the intelligence about Niger was dubious, and had managed to keep the claim out of an October 2002 speech that Mr. Bush gave in Cincinnati.

More recently, Mr. Tenet has told friends he was particularly angry when, appearing recently on Sunday talk shows, both Ms. Rice and Vice President Dick Cheney cited Mr. Tenet as the reason that Bush administration officials asserted that Mr. Hussein had stockpiles of banned weapons and ties to Al Qaeda.

Mr. Cheney recalled in an appearance on "Meet the Press" on Sept. 10: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk,' "

Rice Denies Book's Assertion She Brushed Off CIA Terror Warning (LAT)

By Paul Richter

The Los Angeles Times, October 3, 2006

State Department officials acknowledged late Monday that Secretary of State Condoleezza Rice was at a 2001 meeting where she was reportedly warned of the need to act on an impending terrorist threat to the United States.

They said she met with then-CIA Director George J. Tenet on or around July 10. A new book by Bob Woodward says she brushed off Tenet's warning at that session.

Earlier on Monday, Rice rejected the book's suggestion as "incomprehensible."

Speaking to reporters on her plane en route to the Middle East, Rice insisted she did not recall. Tenet and his counterterrorism chief seeking a special meeting with her to try to mobilize more vigorous anti-terror action, as Woodward writes in "State of Denial."

"The idea that I would have ignored that, I find incomprehensible," Rice told reporters late Sunday during the flight. "I am quite certain that it was not a meeting in which I was told that there was an impending attack, and refused to respond."

The State Department said Monday that a meeting around the time described by Woodward had in fact taken place, based on government records, but that no new information was given to Rice, who then was President Bush's national security advisor.

In his book, Woodward writes that Tenet and J. Cofer Black, then director of the CIA's counterterrorism center, decided on July 10, 2001, that they had to request a dramatic, "out-of-cycle" meeting with Rice to describe their anxiety over the chance of an attack against American interests, possibly within the United States.

Rice agreed to see them and acknowledged their warnings, but Tenet and Black felt she did not appreciate the gravity of the situation, which Woodward writes was the "starkest warning" yet given to the White House. "She was polite, but they felt the brush-off," Woodward writes.

Rice's reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war.

Rice did not deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to "shock" her did not make sense.

On Monday, two State Department officials delving into records at Rice's request found that a meeting took place "on or around July 10," as the book reports, said Curtis Cooper, a State Department spokesman. But the officials said that the meeting did not reveal any new threats, and that records about the meeting had been turned over to the national commission that investigated the Sept. 11 attacks, Cooper said. Woodward's book indicates that the Sept. 11 commission had access to the records of the meeting, but did not probe deeply into it.

Cooper said Tenet was asked by Sept. 11 commission members about the meeting. Cooper could not say whether the discussion took place in the commission's public sessions or in private. In public, no commissioner referred to a meeting on July 10. One commission member, Timothy J. Roemer, a former Democratic House member from Indiana, said over the weekend that commissioners had not been told about the meeting.

One of the officials probing meeting records at Rice's request was Philip D. Zelikow, the former Sept. 11 commission executive director whom Rice appointed State Department counselor last year.

Zelikow and State Department legal advisor John Bellinger reported that the information Tenet presented consisted of "threat reporting" from several weeks leading up to the meeting. "The information presented at this meeting was not new," Cooper said.

Rice told reporters that she was meeting regularly during the period with Tenet and Black, and they were getting a "steady stream" of intelligence reports warning of potential strikes. "I was talking to George about them all the time," she said.

Rice also denied that she had complained to Bush that Defense Secretary Donald H. Rumsfeld was not returning her calls, as Woodward writes.

"Secretary Rumsfeld has never refused to return my phone calls — this is ludicrous," she said.

She denied that she tried to convince Bush to dump Rumsfeld, as the book says, though she said at one point she told Bush "that maybe all of us should go" after the demands of two wars, the aftermath of Sept. 11 and other world developments.

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Rice said her five-day Mideast trip is aimed at trying to persuade moderate Arab states to do more to help democratic leaders in the region. She said she may meet Friday in London with ministers of the other world powers trying to convince Iran to suspend its uranium program.

Rice Says She Did Not Ignore Urgent Pre-Sept. 11 Warning (USAT)

By Barbara Slavin

USA Today, October 3, 2006

JEDDAH, Saudi Arabia — Secretary of State Condoleezza Rice said Monday that it was "incomprehensible" that she would have ignored an urgent warning from the CIA director two months before Sept. 11, 2001, that al-Qaeda was planning to attack the United States, as a new book reports.

"I don't remember a so-called emergency meeting," Rice said in addressing several claims in State of Denial by Bob Woodward of The Washington Post. Woodward based his account on interviews with unnamed officials.

Rice discussed the book with reporters who accompanied her on a trip to the Middle East.

Rice dined Monday with Saudi King Abdullah at the start of a week-long tour aimed at bolstering moderate forces in the region in the wake of a 34-day war between Israel and Hezbollah in Lebanon. The radical Shiite Muslim militia, which has been branded a terrorist group by the United States, gained stature in the Middle East for holding its ground against Israel.

Rice flies today to Cairo and then heads to Israel and the Palestinian territories.

In his book, Woodward writes that George Tenet, then director of the CIA, and a senior aide, Cofer Black, held an unscheduled meeting with Rice on July 10, 2001. According to Woodward, Tenet sought the meeting because he wanted to press the new Bush administration to take action immediately against al-Qaeda leader Osama bin Laden to disrupt a possible attack in the USA.

Rice said she recalled "a steady stream of quite alarmist reports of potential attacks" during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. "There was nothing that related to an attack in the United States," she said.

In her testimony to the 9/11 Commission, which investigated events leading up to the attacks, Rice said it was not until the following month that she recalled hearing about possible terrorist plots in the U.S. homeland. An Aug. 6, 2001, presidential daily report by the CIA was entitled "Bin Ladin Determined To Strike in US." Rice did not tell the commission about any earlier warning.

Rice also challenged a claim in Woodward's book that she had difficulty getting her phone calls returned by Defense Secretary Donald Rumsfeld and that she advised President Bush to fire Rumsfeld at the end of Bush's first term because of Rumsfeld's policy mistakes in managing the war in Iraq.

"Secretary Rumsfeld has never refused to return my phone calls. This is ludicrous," Rice said.

As for Woodward's report that she wanted Rumsfeld to leave the administration, Rice said, "I did tell the president at one point that maybe all of us should go" so Bush could appoint a fresh national security team for his second term.

In the end, Bush asked only one top national security adviser to leave: Rice's predecessor as secretary of State, Colin Powell, according to a second new book. Soldier, a biography of Powell by Washington Post reporter Karen DeYoung, portrays the former Cabinet member as receiving shabby treatment from others in the Bush administration.

The book alleges Vice President Cheney's aides added unverified intelligence about Iraqi development of weapons of mass destruction to a presentation Powell made before the United Nations Security Council in the lead-up to the U.S. invasion of Iraq in 2003. It said Powell tried to verify the information but much of what he said before the Security Council has turned out to be inaccurate. Last year, Powell called his speech a "blot" on his record of public service.

The book also says Powell was forced out of the administration even though he was willing to stay in a second term.

Asked about the portrait of Powell, Rice said: "I know the president had an open door for Colin Powell. .... He was treated not only with respect but with admiration."

Rice: No Memory Of CIA Warning Of Attack (AP-Y)

By Anne Gearan, Ap Diplomatic Writer

AP, October 3, 2006

DOJ_NMG_0073871

Secretary of State Condoleezza Rice said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States, as a new book claims he did two months before the attacks on Sept. 11, 2001.

"What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible," Rice said.

Rice was President Bush's national security adviser in 2001, when Bob Woodward's book "State of Denial" outlines a July 10 meeting among Rice, Tenet and the CIA's top counterterror officer.

"I don't know that this meeting took place, but what I really don't know, what I'm quite certain of, is that it was not a meeting in which I was told there was an impending attack and I refused to respond," Rice said.

Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book.

"It kind of doesn't ring true that you have to shock me into something I was very involved in," Rice said.

There was near constant discussion of possible attacks overseas, and high alarm, Rice said.

Meanwhile, former Attorney General John Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," Ashcroft said in an interview with The Associated Press.

"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Cofer Black of the CIA should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

"There was no covert action to kill him and we needed one," Ashcroft said.

The meeting between Tenet, Rice and Black was not mentioned in the reports from several investigations of the Sept. 11 attacks, but Woodward wrote that it stood out in the minds of Tenet and Black as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

Tenet asked for the meeting after receiving a disturbing briefing from Black, according to the book.

But though Tenet and Black warned Rice in the starkest terms of the prospects for attack, she brushed them off, Woodward reiterated Monday. He told NBC's "Today" show that Black told him the two men were so emphatic, it amounted to "holding a gun to her head" and doing everything except pulling the trigger.

Black reportedly laid out secret intercepts and other data "showing the increasing likelihood that al-Qaida would soon attack the United States." Tenet was so worried that he called Rice from his car and asked to see her right away, the book said.

"Tenet and Black felt they were not getting through to Rice," Woodward wrote of the session. "She was polite, but they felt the brush-off."

Rice referred to the session as "the supposed meeting" and noted that it is not part of the independent Sept. 11 Commission's report.

"I remember that George was very worried and he expressed that," Rice told reporters. "We were all very worried because the threat reporting was quite intense. The problem was that it was also quite nebulous."

Rice, who was promoted to secretary of state in Bush's second term, also said she never argued that Secretary of Defense Donald Rumsfeld should be fired. The book's suggestion that Rumsfeld would not take her calls is "ludicrous," Rice said.

Rumsfeld and Rice are not close, and he is often considered her rival in administration decision making. Woodward wrote that then-White House Chief of Staff Andrew Card twice tried to get Bush to sack Rumsfeld and replace him with Bush family counselor James A. Baker III, and that both then-Secretary of State Colin Powell and Rice backed the plan.

Woodward interviewed Rice for his new book.

Rice's latest Middle East trip is focused on strengthening support for Palestinian President Mahmoud Abbas and other moderate Arab leaders after a series of setbacks for democratic and moderate forces in the region.

Her trip includes visits to allies Saudi Arabia and Egypt and a meeting of other friendly nations that ring the Persian Gulf, before visits to Israel and the West Bank.

DOJ_NMG_0073872

Rice is looking for new ways to improve Abbas' standing in his standoff with Hamas radicals trounced Abbas' secular Fatah Party in Palestinian elections in January. Abbas was elected separately and retains his position, but he has been hamstrung by the divided government and a cutoff of Western aid.

The Bush administration and Israel are increasingly convinced Hamas will crumble, and look to Abbas to capitalize. Rice may ask other countries to do more to bolster Abbas' security forces, and she hopes to breathe life into stalled agreements and talks that would help Palestinians move more freely across their borders with Israel.

Iran's nuclear ambitions will also be part of Rice's discussions, as an unofficial deadline passes this week for Iran to heed a U.N. Security Council demand to shelve disputed nuclear activities.

Rice said Sunday she may close her trip Friday with a meeting of world powers in Europe to look at what to do next. The United States wants to press for U.N. Security Council sanctions, but it is not clear she has full support from other permanent members of the council.

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On the Net:

State Department: http://www.state.gov

The Leaders We Have (WP)

By George F. Will

The Washington Post, October 3, 2006

While leading the hunt for weapons of mass destruction in Iraq in the summer of 2003, David Kay received a phone call from "Scooter" Libby, Dick Cheney's chief of staff, who wanted a particular place searched: "The vice president wants to know if you've looked at this area. We have indications -- and here are the geocoordinates -- that something's buried there." Kay and his experts located the area on the map. It was in the middle of Lebanon.

This story from Bob Woodward's "State of Denial" would be hilarious were it not about war. The vignette is dismaying because it seems symptomatic of a blinkering monomania that may have prevented obsessed persons from facing facts.

Some will regard "State of Denial" as Katrina between hard covers, a snapshot of dysfunctional government. But it is largely just a glimpse of government , disheartening as that fact may be to those who regard government as a glistening scalpel for administering social transformation.

Once, when President William Howard Taft was listening to an aide talk about "the machinery of government," Taft murmured, "The young man really thinks it's a machine." Actually, government is people, and not a random slice of the population. Those at government's pinnacle generally are strong-willed, ambitious, competitive, opinionated and have agendas about which they care deeply. That is why they are there. And why almost any administration, carefully scrutinized, looks much like a teaspoon of pond water viewed under a microscope -- a teeming, disorderly maelstrom of sometimes rival life forms. That is especially true of an administration staffed with such canny Washington survivors as Cheney, Donald Rumsfeld and Colin Powell. A government of rookies or shrinking violets would be more harmonious. So, how much of a virtue is harmony?

"State of Denial" will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure.

The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that.

The book does not demonstrate that the president is in a state of denial. His almost exclusive and increasingly grating reliance on the rhetoric of unwavering resolve may be mistaken. It certainly has undermined his reputation as a realist. But he believes a president must be "the calcium in the backbone" of the nation, so the resolute face that he thinks he must show the nation does not preclude private anguish.

The book's central figure, however, is not Bush, whose lack of inquisitiveness is a defect, but Rumsfeld, whose abrasive inquisitiveness is supposedly a defect. The prologue begins with Rumsfeld's selection as defense secretary. The 45th and final chapter contains much about Bush but revolves around an interview with Rumsfeld.

DOJ_NMG_0073873

The book actually includes one heartening story that should enhance Rumsfeld's reputation. On Veterans Day 2005, the president traveled to a Pennsylvania Army depot to deliver a speech announcing the new military policy for Iraq, the policy of "clear, hold and build." Woodward says Rumsfeld, having read the speech, called Andy Card, the White House chief of staff, a half-hour before Bush was to deliver it, and said, "Take that out." Card replied that the three words were the centerpiece of the speech, not to mention the war strategy. Rumsfeld replied, "Clear, we're doing. It's up to the Iraqis to hold. And the State Department's got to work with somebody on the build."

At last, a division of labor that uses the U.S. military only for properly military purposes and assigns responsibilities in a way that will force Iraq's government to grow up. In the name of counterinsurgency, there has been too much of what today's military argot calls "full-spectrum operations" -- operations that go beyond killing insurgents to building schools, connecting sewers and other civil projects that keep the training wheels on the Iraqi government's bicycle and keep the United States chasing the chimera of "nation-building."

"Where's the leader?" Bush, according to Woodward, has exclaimed in dismay about the Iraqi government's dithering. "Where's George Washington? Where's Thomas Jefferson? Where's John Adams, for crying out loud?" For a president to ask that question about Iraq, that tribal stew, is enough to cause one to ask it about the United States.

Can Bush Save Bush? (WP)

By Richard Cohen

The Washington Post, October 3, 2006

Not too long after Franklin D. Roosevelt died, Republicans insisted on what was to become the 22nd Amendment to the Constitution. It was meant to ensure that never again would a president serve more than two terms. Now is the time for yet another amendment. This one would ensure that no child of a president could become president. This would avert another George W. Bush.

The reasons for this amendment can be amply found in Bob Woodward's new book, "State of Denial." If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure.

My proposed amendment comes to mind because from time to time Woodward would quote someone on why Bush ran for president in the first place and what determines his executive style: his father. He wanted to best his father but also even the score for him. This score was a twofold thing. George W. Bush wanted, in effect, to win the second term that George H.W. Bush had lost (to Bill Clinton), and he also wanted to finish the job his father had started with Saddam Hussein. If there is a better explanation for why Bush -- not necessarily the neocons around him -- so fervently wanted war, I cannot come up with it.

This descent into the fog of Freudian politics is, I know, just the sort of thing Washington eschews. Such musings lack position papers or paper trails -- paper of any kind, actually -- and rely instead on elastic language sometimes known as psychobabble. Yet those of us who are both fathers and sons know the truth of these matters. There is no more complicated relationship on the face of the earth. It is fraught with competition, a kind of canine sniffing that is suffused with both an edgy rivalry and an immense love that does not quit even with the grave. If I say that George W. Bush was out to both vanquish and redeem his father, many a man will know what I mean.

But I don't have to say it. Brent Scowcroft, the elder Bush's close friend and his former national security adviser, says it for me. This is what Woodward writes about Scowcroft: "In his younger years, Scowcroft thought, George W. couldn't decide whether he was going to rebel against his father or try to beat him at his own game. Now, he had tried at the game, and it was a disaster."

It was not only Scowcroft, though, who thought -- or feared -- that Bush had approached the challenge of Saddam Hussein the wrong way. There are suggestions in the book that both of Bush's parents felt that way. Woodward quotes a conversation Barbara Bush had with former senator David Boren, an old family friend, in which she says that she and her husband are "worried" about Iraq -- with the former president "losing sleep over it." Boren asks why the father did not talk to the son.

"He doesn't think he should unless he's asked," Barbara Bush said.

DOJ_NMG_0073874

I go on about this matter because in Woodward's book, as with everything else I've read about the 43rd president, it's apparent that Bush had no reason to run for the office other than to satisfy some psychological compulsion -- and had no accomplishment to his name that did not stem from primogeniture. Especially in foreign policy, he was an ignoramus who smugly thought that his instincts trumped experience and knowledge. What's even more appalling is that over and over in Woodward's book, Bush sticks to his losing hand, refusing to challenge his own assumptions -- or, it seems, his steadfast belief that his is a divine mission.

The conventional script in Washington for ending the Iraq war is for Bush to approach key Democrats and seek bipartisan cover for a methodical American withdrawal. Maybe that will happen or maybe it will be Republicans such as James Baker, Bush senior's secretary of state, who will do the approaching. But given the nature of the problem, maybe it would be best if the father shed his reluctance and offered his son some sharp advice. After all, it is now clear that the finest service one president can provide another -- not to mention his country -- is to reassert a parental role. The kid's in way over his head.

Iranian Woman Indicted In Brooklyn In Terrorism Case (NYT)

By William K. Rashbaum

The New York Times, October 3, 2006

A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday.

The woman, Zeinab Taleb-Jedi, is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States.

Prosecutors said Ms. Taleb-Jedi, who was arrested in late March when she flew to Kennedy Airport from Amman, Jordan, was a member of the leadership council of the Iranian resistance group People's Mujahedeen, which both the United States and the European Union describe as a terrorist organization.

She was indicted on Friday in Federal District Court in Brooklyn on a single count of providing material support to the group. The case against her was based on an investigation by the F.B.I. and federal prosecutors in California, but she will be tried in New York.

Ms. Taleb-Jedi, who became an American citizen in 1996, has been free on a personal recognizance bond signed by her son, a recent college graduate, since shortly after her arrest, according to court records. After that she lived for a short while with him on West 128th Street and then at the Lenox Hill Neighborhood House Park Avenue Women's Shelter, according to court papers.

Shelter officials said it housed older women with mental health disorders. The woman and her son could not be located for comment last night. At the time of her arraignment, on April 1, her court-appointed lawyer, Justine Harris, said Ms. Taleb-Jedi, who then weighed just 95 pounds, came to the United States to seek medical care for severe digestive problems.

The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years.

Two informers cited in the affidavit said Ms. Taleb-Jedi was a member of the group's leadership council. One said the council was "responsible for making leadership decisions for the organizations, including approving specific acts of terrorism" against Iran, the affidavit said.

When American forces invaded Iraq in April 2003, they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad, where they turned over a range of heavy weapons, from tanks and artillery, along with lighter weapons, according to the affidavit.

F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's "martyrs," along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives.

In her interview at the Iraqi base, Ms. Taleb-Jedi said she had began her college education in Iran but came to the United States in 1978 to work on her master's degree in political science in Atlanta, according to the affidavit.

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She eventually moved to Queens, where she continued her activities for the group, and then to northern Virginia, according to the affidavit. In 1995 and 1996, she registered, under the Foreign Agents Registration Act, as a press officer for the People's Mujahedeen of Iran.

U.S. Says Woman In Shelter Terror Chief (AP)

By Tom Hays, ASSOCIATED PRESS WRITER

AP, October 3, 2006

NEW YORK -- An Iranian widow who became a naturalized U.S. citizen 10 years ago was a top official for a heavily armed, Iraq-based terrorist organization dedicated to the violent overthrow of Iran's government, the U.S. government alleges in court documents.

The documents, obtained from Brooklyn court files on Monday, say two confidential informants in Iraq identified Zeinab Taleb-Jedi, 51, as a leader of the Mujahedeen Khalq. The group was identified in court papers as Mujahedin-e Khalq.

One of the informants told the FBI that Taleb-Jedi was on a council "responsible for making leadership decisions for the organization, including approving specific acts of terrorism" against Iran, the papers said.

Taleb-Jedi was arrested in March after flying from Jordan to Kennedy International Airport. A judge agreed to release her on $500,000 (euro394,166) bond. The court papers said she has been living at a women's shelter in Manhattan.

Taleb-Jedi was among 200 Muhjahedeen Khalq members detained and questioned by the FBI in 2004 after U.S. military forces took over parts of Iraq once controlled by the group, the documents said. U.S. soldiers seized tanks, anti-aircraft weapons, rocket-propelled grenade launchers and more than 420,000 pounds of plastic explosives.

At the time, Taleb-Jedi allegedly told agents she "wholeheartedly supports the Mujahedin," the papers said.

Federal prosecutors in Los Angeles, who have been investigating the group, announced last week that a grand jury in Brooklyn had indicted Taleb-Jedi on charges of providing support to a terrorist organization. If convicted, she faces up to 15 years in prison.

The group, also known as the People's Mujahedeen Organization of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The defendant, who was born in Iran, came to the United States on a student visa in 1978 to pursue a master's degree in political science in Georgia, court papers said. She later moved to Queens before settling in Virginia, where she became a naturalized U.S. citizen.

In her FBI interview, Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she "left her job, sold all her belongings and traveled" the group's Ashraf Base in Iraq, 40 miles (64 kilometers) north of Baghdad, documents said.

A call to her attorney on Monday was not immediately returned.

Arguing for her release at an arraignment, defense attorney Justine Harris said her client had returned to the United States to see her adult son and to seek medical treatment for a severe digestive ailment that had pushed her weight down to 95 pounds.

"This a middle-age woman with absolutely no record," the lawyer said.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. It sided with Iraq in its 1980-88 war against Iran.

The State Department says the groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

Testimony Ends In Aref And Hossain Trial (CAPN9)

By By: Steve Ference

Capital News 9, October 3, 2006

It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation.

DOJ_NMG_0073876

Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word "missile." In order to show Aref, whose native language is Kurdish, knew what missile meant, they read an article from a pamphlet called "Rally for Jihad."

Prosecutors read an excerpt:

"How wonderful it is, oh Muslims, when you see the enemy shot down by your bullets and their body parts ripped by your missiles."

It's been years since news of an FBI sting surprised the Capital Region. And led to the arrest of two men for allegedly laundering money to support terrorism. Soon the case will be in the hands of the jury, now that both sides have rested. Our Steve Ference has more on the last day of testimony.

Defense attorneys argued just because the word missile was found in one of hundreds of books and papers owned by Aref means little.

But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote "rocket equals missile." Again defense attorneys argued it didn't mean much, because Aref had also written the word "wet" equaled the Arabic word for dry.

His attorneys also argued the codeword used by the FBI informant for missile - Chaudhry - wasn't clear. At one point, the informant referred to it by saying, "one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members."

So what did either defendant understand was going on then? A friend of Yassin Aref, May Saffar, said other witnesses brought in by the government mistranslated words, and she's afraid it might confuse the jury.

Saffar said "To bring in an Urdu translator to the jury and have her mistranslate an Arabic word - how does this help him?"

She says at first she denounced both defendants, but now isn't convinced they did anything wrong. But either way, she says at least Aref believes his future is up to God.

"It doesn't matter what the outcome is, fair or not" Saffar said. "I will just have to accept it."

We'll see closing arguments Tuesday, and then the jury will get instructions on how to handle the case that will then be in their hands.

Judges' juror instructions:

Another intriguing part of the case the judge instructed jurors not to concern themselves with why the FBI became interested in Aref as part of their sting operation. Defense attorneys have maintained that their client was unfairly targeted - and was simply a witness to a loan transaction. But the judge told jurors that the FBI had "certain valid suspicions." Prosecutors also presented evidence in court that Aref's name and address was found in a address books at three separate terror camps in Iraq in 2003.

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat's father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

DOJ_NMG_0073877

The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Terror Supporter's Kin Return To U.S. (AP)

AP, October 3, 2006

SAN FRANCISCO - Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said.

Muhammad Ismail, 45, and his son, Jaber, 19, arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. They were scheduled to take a connecting flight to San Francisco yesterday, she said.

The Ismails are an uncle and cousin of Hamid Hayat, 23, of Lodi, who was convicted in April of one count of providing material support to terrorists and three counts of lying about it to FBI agents.

His father, Umer Hayat, was convicted of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

In April, the Ismails were barred from boarding a connecting flight to San Francisco from Hong Kong and returned to Pakistan.

There, Jaber Ismail was questioned by FBI agents, but the two refused further interviews and a polygraph.

After complaining to the federal government, Mass received a letter last month from the Department of Homeland Security suggesting that the two were cleared to fly.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime," Jaber Ismail said. "I went to Pakistan for religious studies, but I knew that I always wanted to return home to California."

Lawyers For Detainees Challenge Bush Plan (WP/AP)

By Matt Apuzzo, Associated Press

DOJ_NMG_0073878

The Washington Post, October 3, 2006

Attorneys for 25 men being held in Afghanistan have launched the first legal challenge of President Bush's plan for prosecuting and interrogating terrorism suspects.

Documents filed yesterday in federal district court here demand that the men be released or be charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week.

That bill says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases will be heard before a military commission, not a civilian judge.

Bush has not signed the bill but expects to do so soon. Supporters say it is a necessary tool in the war on terrorism.

Yesterday's filing initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a U.S. military prison in Guantanamo Bay, Cuba. Detainees there have dozens of petitions pending.

In civilian courts, the government is required to tell people why they are being held and allow them access to attorneys. People accused of crimes are then afforded speedy trials before juries of their peers.

"With the move that Congress made, the capitulation it made to the president, those rights are in danger of being curtailed," said Vincent Warren, executive director for the Center for Constitutional Rights, which filed the petition.

The new law protects detainees from blatant abuses such as torture but does not require that they be granted legal counsel. It also allows prosecutors to use evidence, such as hearsay, that wouldn't be allowed in civilian courts.

Though the petition was filed before the bill was signed, the law was written retroactively, so a judge would have to strike down at least some of the law in order for the detainees represented by the center to prevail.

The case was assigned to U.S. District Judge Richard J. Leon, who, in a Guantanamo Bay case last year, ruled that Congress had authorized the president to order the detention of "enemy combatants" for the duration of the war on terror. Leon did not set a hearing date for the new case.

The detainees named in the case are being held at Bagram air base north of Kabul, according to court papers.

Accused Tamil Tiger Supporter On Bail (TORSTAR)

By San Grewal, STAFF REPORTER

Toronto Star, October 3, 2006

A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom.

Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them.

Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation.

The fourth-year computer-engineering student at the University of Waterloo is one of 11 men accused of conspiring to help the Tamil Tigers, an organization listed as a terrorist group in both Canada and the U.S. All 11 were arrested since late August, some in Canada and others south of the border.

U.S. authorities are holding three Canadians in custody.

Judge John Belleghem read out the conditions of Mylvaganam's release, which stipulate that he must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused.

In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device.

A publication ban on the court proceedings is in effect.

About a dozen relatives in the courtroom broke into smiles and congratulated one another when the decision came down.

Mylvaganam's lawyer, Jeffry House, said the decision, which came after the Crown recommended his client's release, was the right one.

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"There's certainly nothing linking my client to the Tamil Tigers," said House, who pointed out the family responsibility his client shoulders. "He brought his mother and five siblings from Sri Lanka, including his disabled sister. Essentially, he's the head of the family; he's the main breadwinner."

Mylvaganam had been working for Microsoft in Seattle in a co-op program before returning to Ontario in May.

Merger With Al Qaeda Deepens Threat From Algerian Radicals (CSM)

By Aron Lund, Contributor To The Christian Science Monitor

The Christian Science Monitor, October 3, 2006

Italian police said Monday they broke up a cell with ties to Algeria's Salafist Group for Preaching and Combat.

ALGIERS, ALGERIA

It was a quiet Ramadan evening, the sunset casting a red glow on the white colonial facades along the city's seafront. With the call of the muezzin, the Muslim prayer crier, Algerians had returned home to break the fast with friends and family, leaving the city nearly deserted.

During this holy month of Ramadan, the quiet has become reassuring. Many here are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital during Ramadan.

Already, officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press.

Authorities have amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats.

In a videotape released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that "the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates."

Born out of Algeria's civil war, which began in 1992 when the army overturned an Islamist electoral victory, the GSPC has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC.

It also underscores concerns spelled out in the National Intelligence Estimate, parts of which were recently declassified, that said "several North African groups, unless countered, are likely to expand their reach and become more capable of multiple and/or mass-casualty attacks outside their traditional areas of operation."

For years, the GSPC has been moving units into the areas of the Sahara, away from the military pressure brought to bear in Algeria's north. A GSPC faction was involved in the desert kidnapping of 32 European tourists in 2003, and in 2005 the group overran a Mauritanian military base. GSPC activity has also been reported in Mali and Niger, and support cells have popped up in surrounding Muslim countries and Europe.

According to the French newspaper Le Figaro, the French Antiterrorist Coordination Unit (UCLAT) estimates that tens of indigenous Islamist cells have contacts with the GSPC, and, adding to their concern, Zawahiri exhorted the Algerians to strike at France in his Sept. 11 tape.

Monday, Italian police reported that they had broken up an Algerian cell that "financed and gave logistical support to Islamic terrorism responsible for massacres in Algeria," [a news agency] reported.

This internationalization, and the GSPC's attempts to rally militants in surrounding countries, has long worried the US. In 2002, the Pentagon announced the Pan-Sahel Initiative, assigning US military advisers to train and equip the militaries of Mauritania, Mali, Niger, and Chad. Also involved are Algeria and Morocco, though both governments deny reports of US forces stationed within their countries.

Some, however, take a less alarmist view of events. University of Virginia professor and Algeria analyst William Quandt, responding to questions via e-mail, describes it as "a pretty small, marginal group that is just struggling to survive," and says that "whatever links it may have to Al Qaeda must be quite tenuous." He estimates the group to have no more than a few hundred members.

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But even if real contacts are scarce, official Al Qaeda status could still bolster the GSPC's standing. By linking their struggle to the Iraqi jihad, the organization is able to tap into popular anger at American foreign policy, and the widespread support for Iraq's armed groups that this has generated.

HOMELAND RESPONSE:

Terrorism Insurance Still Holds Uncertainties (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- Federal officials said the market for terrorism insurance has improved since the Sept. 11, 2001 attacks but further development is uncertain because of the unpredictability of potential damage from a terrorist strike and inadequate demand from policyholders.

An interagency working group headed by Treasury Secretary Henry Paulson, in a report released yesterday, found that the private market hasn't adapted to provide thorough property and casualty coverage for terrorism risks. But it makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent.

The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes. But for other forms of coverage, such as group life insurance, policies covering terrorism risks have generally remained available.

Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program. The White House has opposed making the program permanent.

UK And US To Meet Over Passenger Data (FT)

By Doug Cameron

Financial Times, October 3, 2006

The UK transport secretary is due to meet with his US counterpart and the country's head of homeland security on Wednesday in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market.

Douglas Alexander will meet Michael Chertoff, the US homeland security chief, as well as Mary Peters, who was last week confirmed to succeed Norman Mineta as US transportation secretary.

Mr Alexander's visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information.

The US authorities regard the extension of a 2004 pact, which expired on September 30, as a key weapon in its fight against terrorism. While officials on both sides point to "broad agreement" over a new deal, European negotiators have had to wrestle with potential legal challenges over privacy and civil liberties resulting from any expanded agreement.

Mr Alexander is also due to address the International Aviation Club in Washington during his brief US visit, providing the first public platform to express lingering unease among EU governments over progress in long-running efforts to reach a new transatlantic aviation agreement covering route access, as well as competition and security matters.

The UK remains a key player in the negotiations because of the pivotal role of access to London's congested Heathrow airport. Critics of the preliminary pact agreed last year maintain that access to the airport will not be improved by the proposed deal, which is being closely watched by others countries as a potential template for multilateral air transport negotiations.

Heathrow access for US airlines is still viewed as a key element in negotiations with the EU, which, together with the UK, is seeking, expanded investment opportunities in the US industry despite fierce opposition to such moves in the US Congress.

The UK role is heightened by the efforts of Sir Richard Branson, the British entrepreneur, to launch a domestic US carrier, Virgin America, which has held up by widespread domestic opposition.

Mr Alexander's planned meeting with Mr Chertoff reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information.

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EU-based airlines have continued to operate flights normally and provide the data to the US authorities through a series of temporary deals and de facto amnesties from legal action by some member states while negotiations continue.

Mr Chertoff backed a proposed deal at the weekend, but EU negotiators returned from Washington to seek clearance for a new pact. Airline officials said the proposal mirrored the existing arrangements, but extended the length of time, which US authorities could keep the information beyond the eight years outlined in the expired deal.

Mr Chertoff has also made it clear in recent speeches that his department would look to share information with intelligence agencies in the US and elsewhere, despite concerns from civil liberties groups on both sides of the Atlantic.

Carriers have to provide the DHS with two sets of information, with passport data sent electronically to the department before take-off under the Advance Passenger Information programme. The current talks centre around the use of details contained in a Passenger Name Reference (PNR), which also include name, contact and payment details which the US authorities said was maintain are invaluable in tackling terrorism and organised crime.

Trial OK'd On One Jewell Claim Against AJC (AJC)

By Gayle White, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 3, 2006

Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday.

State Court Judge John R. Mather dismissed most claims against the newspaper in a suit that has been pending since shortly after the 1996 Olympics.

The judge said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation.

But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park.

The judge acknowledged that Jewell may have initially been suspected of making the call. But, Mather wrote, it ultimately became clear that the call was made just three minutes after Jewell reported finding a suspicious knapsack in the park. The call came from a telephone booth several blocks away, possibly a five to eight minute walk.

Jewell's lawyer, Lin Wood, said Monday, "It is a significant victory for Richard Jewell to get his case before a jury."

Wood indicated he doesn't plan to appeal and is eager to proceed to a trial.

The newspaper's reports regarding the telephone call were "absolutely, undisputably false," Wood said.

The newspaper's lawyer, Tom Clyde, said the reporting accurately reflected the information that was available in the days following the bombing.

"At the time of our reporting, the timing sequence of when the bomb went off and when the phone call was made remained very much in question," he said.

As the timing became clearer, the newspaper "led the way" in reporting the evidence that exonerated Jewell, Clyde said.

John Mellott, publisher of The Atlanta Journal-Constitution, said he is pleased with the court's decision.

He said the newspaper will seek permission to appeal the ruling on the 9-11-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Jewell was initially lauded as a hero after a bomb went off at the July 27, 1996, Olympic celebration. He called attention to the suspicious knapsack that held a bomb and helped evacuate the area. But he was later identified by the Journal-Constitution and other media as a suspect.

Jewell was later cleared. In April, 2005, Eric Rudolph pleaded guilty to setting the bomb and three others.

The Olympic Park bomb killed Alice Hawthorne of Albany and injured more than 100 other people.

In August, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County, Ga.

Judge: Jewell Libel Suit Against Newspaper Can Proceed (CLE)

The Columbus Ledger-Enquirer, October 3, 2006

DOJ_NMG_0073882

ATLANTA - A judge ruled Monday that former Olympic security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can proceed, although he dismissed most of Jewell's claims that the newspaper had defamed him in its reports on the 1996 bombing at Centennial Olympic Park.

State Court Judge John R. Mather said a jury would decide whether the newspaper was wrong to report that investigators believed Jewell placed a 911 call warning that a bomb would go off in the park.

The July 27, 1996 bombing killed one person and wounded more than 100. Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement.

Jewell was later cleared, and some news organizations settled legal claims that he had been defamed. The Journal-Constitution defended its reporting of the investigation.

In April, 2005 Eric Rudolph pleaded guilty to setting the Olympic park bomb and three others, including a fatal explosion at a Birmingham, Ala., abortion clinic.

This year, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County.

Mather ruled that the Journal-Constitution reported truthfully that Jewell was the focus of investigation, that investigators believed he fit the profile of a lone bomber and most other points surrounding the probe.

However, the judge acknowledged that although Jewell may have been suspected initially of making the 911 call, it became clear that the call was made three minutes after Jewell found the suspicious backpack - from a telephone booth several blocks away.

Jewell's lawyer, Lin Wood, said the newspaper's reports on the telephone call were "absolutely" false.

"It is a significant victory for Richard Jewell to get his case before a jury," Wood said.

Tom Clyde, the newspaper's lawyer, said that when the stories were published, "the timing sequence of when the bomb went off and when the phone call was made remained very much in question."

Clyde said the Journal-Constitution later "led the way" in reporting evidence that exonerated Jewell.

The newspaper's publisher, John Mellott, said it will seek permission to appeal the ruling on the 911-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Nagin Wants Minorities In On Katrina Recovery (USAT/AP)

USA Today, October 3, 2006

NEW ORLEANS — New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery.

Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible.

A similar requirement has been in place for government contracts, but the mayor's order expands it to businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state.

“We just want to make sure we don't go back to a city of haves and have-nots,” Nagin said. “This is imperative, not only for us but for our kids and grandkids.”

In the immediate aftermath of the August 2005 storm, many local firms complained that the main beneficiaries of large government contracts for emergency cleanup and recovery were out-of-state businesses and workers.

Nagin said his order should help ensure that local firms enjoy the benefits of the enormous federal rebuilding investment and help them secure small-business loans and other financing.

He said his order should not slow the rebuilding or send more businesses to adjacent parishes that don't have similar requirements. “This is such a big pie. We just want to make sure this pie expands,” Nagin said at a news conference.

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City workers will examine projects seeking incentives or tax breaks and determine reasonable goals for local and women- or minority-controlled companies, said Judith Williams, co-chair of the mayor's 100-day commission, established at the start of Nagin's second term.

"We're not looking to make it impossible for folks to do business here," she said.

In addition to the executive order on local and disadvantaged businesses, Nagin announced the signing of two other executive orders Monday.

One requires city agencies to develop a list of pending projects so small businesses are aware of potential contracts, and another requires businesses planning developments to account for historic and natural resource effects.

WAR NEWS:

Iraqi Premier Offers Plan To Stop Violence (WP/AP)

By Lee Keath

The Washington Post, October 3, 2006

BAGHDAD, Oct. 2 -- Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis.

Local committees will be formed in each Baghdad district -- made up of representatives of every party, religious and tribal leaders and security officials -- to consult on security efforts. A Sunni representative, for example, could raise a complaint if he thinks police are not pursuing a Shiite militia after an attack. A central committee, also comprising all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki said. "We have vowed before almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who leads one of the most powerful Shiite militias, Moqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman said.

Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday at a frozen-meat factory were found dumped in southern Baghdad.

Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that Maliki must make progress within the next two months to avert a crisis.

But Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

When Maliki took office in May, he announced a 24-point reconciliation plan that laid out ways to tackle violence -- including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias -- some of which are linked to parties in the government. Sunnis have accused Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces Friday and accused of plotting al-Qaeda bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

Iraqi Leader Unveils New Security Plan Amid Rising Violence (NYT)

DOJ_NMG_0073884

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, October 3, 2006

BAGHDAD, Oct. 2 — Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, Prime Minister Nuri Kamal al-Maliki announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media.

But the details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts, through both political and military initiatives, to quell the sectarian violence and growing militia dominance that have pushed the country to the verge of civil war.

News of the plan came amid brazen sectarian abductions and killings in the past two days that have enraged Sunni legislators, some of whom accused Shiite lawmakers of focusing their efforts against Sunni militants while ignoring — and even empowering — Shiite militiamen.

In addition, the past few days have been one of the deadliest stretches for coalition forces in months, as the military reported the deaths of 10 more American and British servicemen since Saturday. At least 13 troops have been killed in the past three days.

The 10 newly reported deaths included five marines killed in Anbar Province, three of them in enemy attacks, one in a vehicle accident Sunday and one in an attack Saturday. Three soldiers were killed in Baghdad on Monday by small-arms fire, and another died Sunday after his vehicle was struck by a roadside bomb. A British soldier was also reportedly killed in Basra on Sunday.

In Baghdad, increasingly bold abductions have continued to underscore the degree to which many areas of the capital are not under the government's control.

Shortly after noon on Monday, men wearing police uniforms and riding in eight pickup trucks resembling those used by Interior Ministry forces blocked off a street near a technical college in eastern Baghdad and abducted 14 men working at an electronics store, according to the Iraqi police. The kidnappers' trucks did not have license plates, but otherwise the men appeared to possess all of the gear and dress of official security forces, the police said.

The abductions followed the kidnapping on Sunday of 26 food-processing workers in the western Baghdad neighborhood of Amel — and the discovery of the dead bodies of at least 10 of them shortly afterward, an Interior Ministry official said Monday.

The bodies were found in a southern Baghdad neighborhood, some with clear signs of torture, and most shot in the head, the official said. Four of the food workers escaped or were released, but the fate of the other 12 is unknown, he said.

The kidnappings prompted the country's most influential Sunni party, the Iraqi Islamic Party, to demand to know how victims from Amel could be transported so far without being discovered at Iraqi police and army checkpoints.

"We are sure that this work was done by terrorist militias working hard to kill Iraqis in the daylight, without anything to fear" from the Iraqi police or troops, the party said in a statement.

In Parliament, what normally would have been a perfunctory exercise to extend by a month the country's state of emergency led some Sunnis to denounce the government's inability to stop militias that have infiltrated Iraqi security forces. Continuing to give the security forces expanded powers makes it easier for militiamen to literally get away with murder, some charged.

"The state of emergency gives power to these bad guys in the security forces," said Salim Abdullah, a Sunni member of Parliament. "We give them power, but they are not accountable."

Some Shiite politicians, meanwhile, have accused Sunni lawmakers of having close ties to insurgents.

In the past week, Mr. Maliki's four-month-old government has faced growing criticism from some American military officials as well as Sunni lawmakers for its inability so far to rein in militiamen who operate with impunity, sometimes with the protection of Iraqi security forces.

In an effort to make some strides against militias, Mr. Maliki's security plan would create local committees of political leaders, tribal sheiks, clerics and members of the security forces that would monitor security in every Baghdad neighborhood.

"We are doing this to end sectarianism in Iraq forever," said Mr. Maliki, a Shiite, as he announced the plan on television flanked by Sunni lawmakers.

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The committees would have no control over the security forces and would instead function as arbitrators of local sectarian disputes, intelligence gatherers for security forces, and as a bridge between civilians and the police and army, according to lawmakers involved in drafting the plan.

"These commissions will never have any authority to lead or command security forces," said Jalaladin al-Sagheir, a Shiite member of Parliament. "It will just let the people know that they are a part of their district's protection."

The local committees will report to a "central commission for peace and security," which will work with Iraqi armed forces. There will also be a new commission for monitoring the news media, but no other details were available. The plan will be reviewed by lawmakers every month.

Iraq PM Announces Plan To Unite Parties (AP-Y)

By Lee Keath, Associated Press Writer

AP, October 3, 2006

Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood by neighborhood level.

Local committees will be formed in each Baghdad district — made up of representatives of every party, religious and tribal leaders and security officials — to consult on security efforts. A Sunni representative, for example, could raise a complaint if he feels police are not pursuing a Shiite militia after an attack. A central committee, also made up of all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki told reporters. "We have vowed before Almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who heads one of the most powerful Shiite militias, Muqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman told The Associated Press.

Al-Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold, midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday were found dumped in southern Baghdad. Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Al-Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that al-Maliki must make progress within the next two months to avert a crisis.

But al-Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

Al-Maliki announced a 24-point reconciliation plan when he took office in May, which laid down ways to tackle violence — including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias — some of which are linked to parties in the government. Sunnis have accused al-Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces on Friday and accused of plotting al-Qaida bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

"We will spare no efforts to succeed in this great initiative which we agreed on today to stop the violence and killings in Baghdad and in all Iraq," al-Dulaimi said at a news conference with al-Maliki. The two men signed an agreement with other Sunni and Shiite politicians on the four-point plan.

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In addition to the local and central committees, the plan calls for establishment of a media committee and a monthly review of progress, al-Maliki said.

However, the new plan does not directly tackle the issue of cracking down on Shiite militias, a step Sunnis demand but many Shiites oppose.

In theory, the committees would give Sunnis a venue to press security forces to take action against militias. But Shiites on the committee would have an equal chance to try to prevent action.

The top parties are to meet Tuesday to work out the details of how the committees will work, but already divisions were showing — even over wording. Shiite parties want the new plan to be focused on "terrorism," which would suggest insurgents, while Sunnis want it to address "violence," which would include Shiite militias.

The most well-known of these militias is the Mahdi Army led by al-Sadr, who on Friday ordered his fighters to put aside their weapons temporarily. He told supporters "the resistance (should) be political. ... He does not want to see a single drop of (Iraqi) blood shed," said Sadr spokesman Amir al-Husseini.

The Mahdi Army has been blamed for many attacks on Sunnis since the bombing of a Shiite shrine north of Baghdad in February sparked the wave of sectarian violence. But U.S. commanders have suggested that since then some militants have split from al-Sadr, saying he is not radical enough and carrying out attacks on their own.

Violence has not slowed in the wake of al-Sadr's orders. A curfew slapped on Baghdad on Saturday after the arrest of al-Dulaimi's bodyguard brought a day of calm. But as soon as it was lifted, violence explode.

More than 50 bodies — most bound and many of them showing signs of torture — were found in Baghdad alone on Sunday, apparent victims of sectarian killings, police said.

Midday Monday, gunmen wearing military-style uniforms pulled up to a group of computer stores at the Technical University in downtown Baghdad and pulled out 14 employees, forcing them into SUVs and driving off, police said.

On Sunday, gunmen stormed into a frozen meat factory in Baghdad and forced 24 workers into a refrigerator truck, shooting two others who refused to get in.

Hours later, seven bodies were found in a Sunni district of the Baghdad neighborhood of Dora and were identified as workers from the factory. The fate of the other abducted workers was not known. In similar mass kidnappings in the past, the attackers have sorted out Shiites and Sunnis and killed those of the rival sect.

Lawmakers from the Iraqi Islamic Party, a Sunni political group, said the kidnapped workers were all Sunnis and called on the government to act.

"It is the time the government takes serious and urgent steps to disband these criminal organizations and to save the people from their harm," they said in a statement.

At least 20 other people were killed in attacks around Iraq, including a bomb blast in Baghdad's downtown Al-Nasir Square that killed four people and wounded 13, and mortar barrages against two Sunni neighborhoods that killed two people and wounded dozens.

The U.S command said three U.S. Marines died in Anbar province Saturday — two in combat and the third in a vehicle accident. A British soldier was killed and another wounded in a mortar attack in the southern city of Basra. One shell hit a nearby house, killing two children.

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AP correspondent Qassim Abdul-Zahra in Baghdad contributed to this report.

Iraqis Plan A Team Effort To End Violence (LAT)

By Solomon Moore

The Los Angeles Times, October 3, 2006

BAGHDAD — Leaders of Iraq's major political blocs announced a plan Monday to create local committees of clerics, tribal leaders and military officers to help quell violence in the capital.

The committees would have no police powers but would work with Iraqi authorities to set up checkpoints and identify dangers in the community, and advise police officers on other security issues.

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The government also announced that a central committee for peace and security would monitor police performance in Baghdad's neighborhoods and report abuses.

The plan, unveiled by Prime Minister Nouri Maliki in a televised news conference, appeared to gain broad support among Iraq's major Sunni and Shiite political blocs Monday night.

Sunni Arab insurgent groups and Shiite Muslim militias, some tied to Iraq's leading political parties, are blamed for most of the slayings in the capital, which has been a sectarian battleground for more than a year.

"The agreement between the leaders of the political blocs is going to be activated tonight, and our brothers will work hard to stop the bloodshed," said Maliki, flanked by political party leaders in Baghdad's fortified Green Zone.

Although the plan appears to conflict with a Shiite proposal to create bands of armed volunteers to guard neighborhoods, Shiite politicians and clerics endorsed Maliki's announcement.

"Despite the bloodshed taking place every day, there is a strong intention by the political blocs," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of the nation's largest Shiite paramilitary groups. "During the last two days, we sensed a universal desire to stop the violence, which is harming all the political blocs and, most importantly, the Iraqi people."

Shiite cleric and legislator Sheik Jalaluddin Saghir urged Iraqis to work with the plan.

"I hope that people from all sects will take this message presented today from the political blocs and understand that the politicians have agreed, and not weaken in their fight against terror," he said.

Ammar Wajeeh, a prominent Sunni Arab politician, was more cautious. "We will see whether this agreement will be effective or not," he said. "The purpose of this initiative is to strengthen national reconciliation and to end the influence of militias."

The announcement came less than a week after senior U.S. military officials in Iraq told reporters that Maliki, a Shiite, was not doing enough to stop sectarian violence in Baghdad, and that he was impeding planned offensives against Shiite paramilitary fighters.

Army Gen. George W. Casey Jr., the commander of ground forces in Iraq, disavowed that criticism last week. On Monday, he issued a joint statement with U.S. Ambassador Zalmay Khalilzad, saying the plan was the result of "two days of frank and intense discussions and negotiation."

"This is a significant step in the right direction and shows that the Iraqi leaders want their country to succeed and are responding to the wishes of their people for security," the statement said.

As the politicians announced their security plan, Al Sharqiya, an Iraqi satellite television channel, reported that the number of violent deaths in Baghdad had reached a high of 1,980 in September.

The figure could not be independently confirmed, but if correct it would undercut assertions by U.S. officials that an offensive in the capital was making headway against sectarian violence.

The announcement also came on a day when Baghdad police found at least 40 bodies, many of them handcuffed and bearing gunshot and torture wounds. Ten of the victims were identified as Sunni Arabs who had been among a group of 22 people kidnapped from a food processing plant Sunday.

At least 20 people were killed throughout Iraq on Monday, including two U.S. soldiers shot to death in Baghdad.

The U.S. military also announced that a Marine was killed in combat and another died in an accident Saturday. Both occurred in Al Anbar province.

In Baghdad, a large force of gunmen dressed in police uniforms and driving seven identical sport utility vehicles commonly used by Iraqi security forces abducted 14 employees from an electronics market.

Interior Ministry officials denied any connection to the incident.

A group of armed men hijacked a minibus, fatally shot the driver and kidnapped four female Finance Ministry employees. Police fought off the attackers and rescued the women.

Gunmen also shot at an Education Ministry security convoy, killing one guard and injuring another.

Mortar attacks on a Sunni Arab neighborhood in southwest Baghdad killed four people and injured 20, and four bomb attacks elsewhere in the capital killed at least seven people and wounded at least 29 others.

North of Hawija, in the Kirkuk oil region, insurgents shot and killed one policeman and injured another.

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In the southern port city of Basra, a British convoy was attacked by gunmen. A soldier was reportedly killed.

In Babil province, a car with four occupants exploded at an Iraqi army checkpoint, killing the motorists.

U.S. forces turned over Forward Operating Base Duke, a military base in the southern province of Najaf, to Iraqi border patrol forces.

Iraq's Interior Ministry assumed control of a wide swath of desert extending from the Saudi Arabian border to Al Anbar province.

Iraq War Draws Foreign Jihadists, But Not In Droves (CSM)

By Peter Grier

The Christian Science Monitor, October 3, 2006

WASHINGTON

It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a "cause célèbre" for jihadists, as a recently declassified US intelligence assessment holds.

But that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime.

Thus, to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground. Fighting there may not produce as many hardened mujahideen eager to export jihad as did the struggle against the Soviet occupation of Afghanistan.

"It is not obvious now how many Iraqi jihadists will support the global jihad of bin Laden and how many will focus their efforts on Iraq's fledgling state," says a recent analysis of the evolving terrorist threat by the Center for Strategic and International Studies.

The leak of a National Intelligence Estimate on terrorism trends to The New York Times, and President Bush's subsequent move to declassify the NIE's key judgments, has focused new attention on the relationship between the war in Iraq and global jihad.

One NIE conclusion is that US involvement in Iraq has served as a recruiting sergeant for Islamist terrorism. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere.... Should jihadists leaving Iraq perceive themselves ... to have failed, we judge fewer fighters will be inspired to carry on the fight," says the NIE.

But the NIE - or at least the portions declassified so far - does not estimate how many of these jihadists are fighting in Iraq today, and how many may be members of terrorist cells elsewhere, looking to Iraq for inspiration. Foreigners a small share of Iraqi opposition

Abu Musab al-Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq killed by a US airstrike in June, was undoubtedly a key insurgent leader, able to rally native Iraqi Sunni Islamists to his cause. Evidence suggests, however, that foreign fighters such as he are a small minority of the overall insurgent force.

Between 50 and 70 foreign fighters sneak over the border into Iraq every month, Maj. Gen. William Caldwell, chief US military spokesman in Iraq, said last week. Most come from Saudi Arabia, Sudan, Egypt, or Syria.

Between January and mid-September, US or Iraqi government forces captured some 630 foreign fighters, according to General Caldwell. Of these, 370 remain in detention in Iraq. The rest have been processed through Iraqi courts and sentenced, or released. Some may have been taken to undisclosed locations elsewhere.

The total number of foreign fighters in Iraq is between 800 and 2,000, according to estimates by the Brookings Institution, a think tank in Washington. In contrast, the total strength of the insurgency is more than 20,000 people, according to Brookings. That means the vast majority of its fighters come from Iraq itself.

"In proportion to the whole insurgency, [the percentage of foreign fighters] is very small," says Aidan Kirby, a terrorism expert at the Center for Strategic and International Studies (CSIS).

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On the one hand, this makes Iraq's effect on the global jihad of Mr. bin Laden unpredictable. The Afghan war against Soviet invaders in the 1980s created substantial numbers of battle-hardened Islamist fighters. It's unclear whether Iraq will have an effect of the same magnitude.

Some native Iraqi insurgents may become part of the larger Al Qaeda network. But many more are likely to be uninterested in uprooting themselves to take the fight to other countries. 'It only takes a few'

On the other hand, numbers are not the sole indicator of the scale of the danger. Already there are anecdotal reports of foreign fighters traveling back to Europe from Iraq, prepared to spread jihad, says Ms. Kirby of CSIS.

"It really only takes a few people," she says. "They're acting as a force multiplier."

Jordan, Kuwait, Syria, Qatar, and Saudi Arabia have seen some spillover of violence from Iraq inside their borders, notes a CSIS analysis of Al Qaeda. And terrorists appear to have won a sanctuary in Iraq's overwhelmingly Sunni Anbar Province. "The likelihood is that this sanctuary will be there for years," says the report.

Moreover, the death of Mr. Zarqawi may affect Al Qaeda's targeting. A charismatic leader with his own agenda, he was focused on attacking "the near enemy," according to Brian Fishman, a scholar at the US Army's Combating Terrorism Center. And Zarqawi's near enemy appeared to be apostate Arabs in the Middle East.

Bin Laden, on the other hand, emphasizes the "far enemy" - the US and the West. "Zarqawi's death may actually strengthen the negotiating position of jihadists dedicated to attacking the US homeland," writes Mr. Fishman in an article in the current issue of The Washington Quarterly.

Torture Site May Be Linked To Security Forces (USAT)

By Rick Jervis

USA Today, October 3, 2006

BAGHDAD — U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government.

Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid, said Lt. Col. Avanulas Smiley, 40, a battalion commander who led U.S. troops in the raid.

“If there's linkage to Iraqi security forces, then obviously we have a problem and it needs to be addressed,” Smiley said.

One room of the complex contained a long wooden bench stained with a large pool of blood and urine, which could indicate victims were tortured there.

In another room, posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr, were plastered on the walls. On the floor were stained mattresses strewn among baseball bats, bayonets and electric drills.

The compound was empty when it was raided, Smiley said. Troops found a hole at the back of the complex, through which its occupants may have escaped, he said.

The compound belongs to a social organization named for al-Sadr's father, who was killed by Saddam Hussein's regime in 1999, said Lt. Col. Jonathan Withington, a 4th Infantry Division spokesman.

On Monday, Brig. Gen. David Halverson, deputy commander of U.S. troops in Baghdad, toured the one-story office complex as investigators looked over evidence.

Members of a special U.S. task force that investigates death squads collected blood samples and placed pieces of evidence in plastic bags. The investigators, who work with Iraqi counterparts, will try to determine whether the site was tied to Muqtada al-Sadr's organization, Smiley said.

U.S. and Iraqi forces launched an offensive in June aimed at securing Baghdad, a city of 6 million. As part of the offensive, an additional 10,000 U.S. and Iraqi troops were moved into the capital to reinforce the roughly 52,000 already here.

The biggest challenge for U.S. and Iraqi forces now is tackling religious violence that has pitted Sunnis against Shiites, particularly in the capital. “Violence carried out by Sunni and Shiite factions appeared to be carving Baghdad, and the country as a whole, into sectarian zones, protected by various armed groups,” said a report last week by Anthony Cordesman of the Center for Strategic and International Studies.

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There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry.

U.S. and Iraqi officers have pledged to crack down on any illegal militias, regardless of their affiliation or connections. "Whoever's doing the killing, we don't really care what political party they belong to," Halverson said. "If they're breaking the rule of law, we're going to bring them to justice."

U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias. "The government should announce clearly to the public that all militias should be dissolved," Maj. Gen. Bashar Mahmoud Ayoub said in August.

"There should be a militia policy that is supported by (Iraq's parliament) to enhance the security in Iraq," Halverson said.

Muqtada al-Sadr's militia, the Mahdi Army, battled U.S. forces in 2004. Today, however, al-Sadr's organization has 30 seats in the parliament and controls five Cabinet posts. Prime Minister Nouri al-Maliki, a Shiite, relies on al-Sadr's organization for political support.

Sunday's raid was conducted after Iraqi officers developed the intelligence and planned the operation. The Iraqis then invited their U.S. advisers along, Smiley said.

Smiley said he is impressed with the progress of the Iraqi army and national police troops with whom he has worked. But he said he remains distrustful of some local Iraqi police, who often act on tribal or political loyalties.

"I wouldn't say I find it often, but I suspect it often," Smiley said. "You can't always prove it. And that can cause some frustration on the street with soldiers."

More Troops, Please (WSJ)

By Pete Hegseth

The Wall Street Journal, October 3, 2006

I've heard President Bush repeatedly state he will send more troops to Iraq if the commanders on the ground ask for them. I think, having returned home from Iraq two months ago, that there must be a breakdown in communication somewhere along the line. Maybe units on the ground are painting too rosy a picture for the generals. Perhaps the generals aren't asking because it goes against the "can do" ethos of the Army. Possibly the military is being squeezed by the Pentagon to do more with less. Or maybe the White House doesn't want to admit more troops are needed. In any case, while I do not have the answers nor do I seek to place blame, it is painfully obvious there's a disconnect.

I volunteered to serve in Iraq because I believe in our mission there. I share the president's conviction about the Iraq war -- we can and must win, for the Iraqi people, for the future of our country and for peace-loving people everywhere. But I'm frustrated. America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees, body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now. * * *

After witnessing two national elections during three months in Baghdad, my Army unit moved north to Samarra, where we spent eight months sowing the seeds of progress. While we had success in uprooting the insurgency and building the local government, it wasn't enough. We had just enough troops to control Samarra and secure ourselves, but not enough to bring lasting stability or security. "Not enough" became the story of my year in Iraq.

The future of Samarra and Iraq as a whole, ultimately lies in the hands of her people -- their sympathies are the ultimate prize in this war. No matter how many insurgents we kill, city leaders we meet or policemen we enlist, it is all for naught if we cannot provide security and stability. Tribal sheikhs told us that even within Samarra -- deep in the Sunni triangle -- a vast majority of people just want peace and order and will side with whoever can provide it. Right now Samarrans rightfully question who that will be.

The end goal in Samarra is for Iraqis to do everything for themselves. But their government and security forces are not ready. Insurgents use death threats and murder to assert power over anyone working with the City Council or joining the police force. This atmosphere forces moderate Samarrans to keep their mouths shut, and their silence abets the insurgents who live and fight in Samarra. Despite killing scores of insurgents, we are unable to provide lasting security, and so the Samarran street slips away.

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Two things are to blame for our predicament, one a corollary of the other. The first reason is that we did not have enough troops in Samarra. The skill and courage of 150 American soldiers prevented chaos, but was never enough to fully secure a city of 120,000 people or maintain the rule of law. The soldiers in the city were preoccupied with defending themselves and conducting night raids, and were therefore largely unable to regularly patrol during the day -- thus giving insurgents reign to move freely and intimidate the local population. A visitor in Samarra on an average day would be hard-pressed to point out a single American humvee traversing local neighborhoods. The same is true for Baghdad.

Our four-vehicle civil affairs patrol was often the only American presence deep inside the city and we were frequently greeted by locals with the question, "Where have you been?" Americans can't of course be omnipresent; but we should at least be there when it matters. When Americans are there, either the insurgents are not or they are on the losing side of a firefight.

Second, because of a lack of troops, American military leaders are forced to make a choice between mission objectives and self-preservation. Many of our leaders are opting to guard supply routes and coagulate on sprawling military bases, rather than consistently moving into dangerous areas and fighting the insurgency. In our case, we had 500 soldiers stationed outside Samarra who made infrequent trips into the city center. There is little reason why most of these troops were not stationed inside Samarra, canvassing every neighborhood with platoon-sized patrol bases and suffocating insurgent operations. Rather than take the risks necessary -- like small patrol bases and frequent foot patrols -- our unit opted to secure itself and its supply routes rather than commit resources inside the city. And while this approach is safer in the short run, it only prolongs mission accomplishment, ultimately endangering more troops. We often speculated our unit would be back next year, driving the same streets with even fewer guys.

In due time, the Iraqi Security Forces will take over Samarra, but they are not ready yet. If the Americans left today, the Iraqis would be co-opted by the insurgents -- who are utterly ruthless, willing to kill family members of policemen or decapitate Iraqi soldiers to preserve disorder. It will take time. Both the Iraqi Army and Samarra Police need to get bloodied a bit and bounce back, proving their strength to the people. They will eventually be ready, but until then, security belongs to us.

I also understand calling for more troops is contrary to conventional thinking inside government and the military. Supporters of the current approach argue sending more troops would further inflame anti-American sentiment, incite more violence and retard independent progress. My experience suggests otherwise. American troops are tolerated, even welcomed when they effectively provide security; but their presence is cursed when it does not accompany progress. Violence persists not because American troops are present, but because our presence is futile. Many local leaders asked us, "How come the most powerful country in the world cannot defeat local criminals and thugs?" They suggested our failure was part of a larger conspiracy to keep the Iraqi people suffering.

I have not lost the optimism that sent me to Iraq. We did make gains. Our 10-man civil affairs team established good relationships with brave Iraqi leaders and sat across from them as equals. I watched city leaders battle insurgents, not only with guns but with newspapers and economic development. By the time we left, the City Council was meeting on its own accord and with increasing legitimacy, forming committees to oversee fuel allocation, new construction and security. Increased home construction was evident and local markets were open.

Even the security situation inside the city improved. Previous summers in Samarra had been extremely violent, but the summer of 2006 was different. Days passed without a significant attack inside the city. Less than 150 Americans, along with Iraqi counterparts, controlled a town of over 120,000 Sunni Arabs through targeted raids and sniper operations. One local insurgent even begged city leaders for amnesty in exchange for good conduct. Our unit killed or captured hundreds of insurgents, knocking the wind out of the local insurgency -- but never crushing it.

I believe, as the president noted, that "the safety of America depends on the outcome of the battle in the streets of Baghdad." Why then do we have just enough troops in Iraq not to lose? Most of the people I've spoken with since coming home -- those both for and against the war -- believe we must finish the job in Iraq. Americans understand a defeat in Iraq would have horrible consequences for America and its allies for decades to come. America has the capacity to win and the will to support a winning strategy.

Why then are we pursuing a bare minimum approach?

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First Lt. Hegseth served as an infantry platoon leader and civil-military operations officer in Iraq with the 101st Airborne Division.

Death Never 'in Vain' (USAT)

By Kathy Roth-douquet

USA Today, October 3, 2006

Died in vain?

President Bush wants to stay the course in Iraq so that those who have died there will not have died "in vain." Anti-war activist Cindy Sheehan urges us to pull out immediately to prevent more Americans from dying in vain.

Bush and Sheehan have both got it wrong.

Too many partisans in the battle for Iraq policy have used soldiers' deaths as a football in a bid to score points. It's cruel (imagine being a family member and being told the death of your loved one was in vain), but even more, it's just wrong. Those who argue that a soldier's death has meaning only if the politics are "right" misunderstand military service in America.

"We think of Kristian (Menchaca) as a hero," says Sylvia Grice of her cousin, 23, one of the soldiers kidnapped, tortured and killed by insurgents last June in Iraq. "He didn't have to do this. He believed in what he was doing." The terrible death's meaning, in other words, came from the soldier's commitment. It is his commitment that gives his life meaning, and even his country's possible errors — staying in too long, leaving too early — can't take that meaning from him.

The phrase "died in vain" comes to us from our great moralist president, Abraham Lincoln. In Gettysburg's graveyard, Lincoln urged the gathered to fight on for the survival of the United States so that those interred in that ground would not have died in vain. He did not argue that a soldier who loses his battle or his war has died in vain. Instead, he noted that America itself — its ideas and ideals — is what gives the soldier's life meaning.

So where does the meaning of military sacrifice come from?

Military service in America flows from our Constitution as a covenant among free people. The parties to this sacred contract are, on one hand, a group of citizens who assent to bear arms for their country for a time, and on the other, the rest of us, the civilians whose task it is to decide whether to send our compatriots into peril. Those bearing arms promise to bring their loyalty, skill and honor to the task; the civilians, for their part, promise to weigh the fate of those soldiers with seriousness and care, and provide the support necessary to those who go.

The meaning in the lives of those who bear arms resides in their loyalty to the democracy that sends them, and the skill and honor they bring to their task. If the civilians who send them falter in their decision-making, it dishonors those who steer and not those who serve.

So let's apply this to the war in Iraq. What if the war is a mistake, or we pull out too early? Are the deaths then for naught?

From the standpoint of a soldier or Marine, or in my case, a Marine's wife, the answer to these questions must be no. Why? Because despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering.

Whether we are led by Democratic presidents or Republican ones — great men such as Franklin D. Roosevelt or middling men such as Warren G. Harding — there will be mistakes, judged differently at different times in history and perhaps never resolved utterly in consensus. Even in the "good war," there were bad engagements, bad decisions, unnecessary, sad, tragic deaths.

Service, then, is even more ennobling because it represents an act of faith in an unwieldy system — a representative democracy of human beings. The weakness of our system lends poignancy to the decision to serve: Those who go into harm's way recognize that our society is in many ways deeply flawed, but to paraphrase Winston Churchill, it's the best one available yet.

Philosopher Nancy Sherman says the military resolves this tension by adopting a version of the ancient Stoic philosophy, which holds that one may be judged only by the rightness or wrongness of one's own acts, not by the acts of others. A soldier who does his portion morally and well cannot be tarred by the brush of a leader's bad policy. This does not mean that some

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individuals' willingness to serve translates into a blank check for irresponsible policy — if anything it requires us to constantly scrutinize our policy and commit to do better.

In complicated times like these, it's important to remember that self-government is perishable — it can be killed not only by enemies outside the gate, but also by indifference and alienation within. The decision to serve is a decision to be part of our country and, ideally, to make the part one touches the best possible. This is what has value, so that even in the tragic cases of friendly fire, or accidental deaths or deaths in battles later lost, those who die did not die in vain. They died in service to an ideal — Lincoln's ideal that the government of the people, by the people and for the people shall not perish from the face of this earth.

There is nothing vain about that.

Kathy Roth-Douquet is the co-author, with Frank Schaeffer, of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country. She lives on a military base in North Carolina.

Frist: Taliban Should Be In Afghan Gov't (AP)

By Jim Krane, Associated Press Writer

AP, October 3, 2006

U.S. Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring "people who call themselves Taliban" and their allies into the government.

The Tennessee Republican said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield.

"You need to bring them into a more transparent type of government," Frist said during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat. "And if that's accomplished, we'll be successful."

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have been killed nationwide so far this year. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

The top U.S. military commander in Afghanistan, Lt. Gen. Karl Eikenberry, told Pentagon reporters last month that while the Taliban enemy in Afghanistan is not extremely strong, their numbers and influence have grown in some southern sections of the country.

President Bush has been criticized for his handling of the war and is trying to contain the damage ahead of midterm elections this fall. On Friday, Bush acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist said asking the Taliban to join the government was a decision to be made by Afghan President Hamid Karzai. Karzai's spokesmen were not immediately able to be reached for comment.

Sen. Mel Martinez, a Republican from Florida accompanying Frist on his trip, said negotiating with the Taliban was not "out of the question" but that fighters who refused to join the political process would have to be defeated.

"A political solution is how it's all going to be solved," he said.

Frist said he had hoped the U.S. would be able to withdraw its forces from Afghanistan soon. But he said the 20,000 U.S. troops in the country are still needed to support the NATO alliance, which will assume direct control over most military operations here.

"We're going to need to stay here a long time," Frist said.

The senator said he was warned to expect attacks to increase. There appears to be an "unlimited flow" of Afghans and foreigners "willing to pick up arms and integrate themselves with the Taliban," he said.

He said the only way to win in places like the volatile southern part of the country is to "assimilate people who call themselves Taliban into a larger, more representative government."

"Approaching counterinsurgency by winning hearts and minds will ultimately be the answer," Frist said. "Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

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Frist and Martinez flew to this dust-blown mountain city 220 miles south of Kabul during a one-day stop in Afghanistan on a regional tour that includes stops in Pakistan and Iraq.

The pair had intended to visit a new $6.5 million hospital built by the United Arab Emirates, but a group of wounded Taliban fighters were recuperating there, including a midlevel commander, and U.S. commander Lt. Col. Kevin McGlaughlin canceled the visit because of security concerns.

In violence Monday, a suicide bomber blew himself up next to a NATO convoy in the capital Kabul, wounding three foreign soldiers and three civilians, while a roadside bomb in the eastern Paktia province killed three Afghan soldiers and wounded three others, officials said.

Maj. Luke Knittig, a military spokesman, said he could not disclose the nationalities of the NATO soldiers who were wounded. The attack came two days after another suicide bomber killed 12 people and wounded more than 40 outside Afghanistan's Interior Ministry.

In the southern province of Helmand, five civilians were killed when their vehicle hit a mine on a road usually used by NATO and Afghan forces, said Ghulam Muhiddin, the governor's spokesman.

Suspected Taliban on a motorbike, meanwhile, killed two policemen and wounded two others in Gereshk district, he said. NATO-led troops killed three militants in Nawzad district.

After Afghan Battle, A Harder Fight For Peace (NYT)

By Carlotta Gall

The New York Times, October 3, 2006

PASHMUL, Afghanistan — NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people.

Villagers trickling back to their homes broke into an argument over who was to blame for the heavy destruction, NATO or the Taliban.

“My house was bombarded and my grape store destroyed,” said Hajji Bilal Jan, 48, a farmer from the upper part of Pashmul. “The coalition forces are cruel, without reason. There were no Taliban in our house. Why did they bombard the house?”

Another man, Neamatullah, 45, who like many Afghans uses only one name, stopped to listen and then countered: “Why did you let the Taliban come to your village? You brought them to your village.”

The battle here, the biggest for the American-led forces in the country since March 2002, was a long-awaited success for NATO forces in a year in which the Taliban have revived with surprising strength.

But it also showed that fighting the insurgency was not just about winning the battle, but securing the peace. Pushing out the Taliban is one thing, NATO and Afghan commanders emphasize, and keeping them out another.

NATO officials estimate that the Taliban lost 500 fighters over all and say 136 have been captured, mostly as they tried to escape. Five Canadian soldiers died in the operation. But just afterward, four more were killed in a suicide bombing.

To help enlist the support of local villagers, military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war’s damage.

“If the people cooperate with us, the Taliban can do nothing,” said Capt. Majid Khan, commander of a unit of the Afghan Army that took part in the fighting and is now based in Pashmul.

Most villagers here, who grow grapes and pomegranates in the rich soil along the Arghandab River valley, said they opposed the Taliban but had been powerless to stop the groups of armed men who moved into the area over recent months.

But among them were those who fed and sheltered the Taliban and possibly fought alongside them. The villagers said the leader of the Taliban group in this area, Abdul Khaleeq, was from Pashmul, and he had fighters from surrounding villages as well as outsiders.

“Most of the people are with the government,” Mr. Neamatullah said. “Just a few people get special benefits from the Taliban.”

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"He knows everything about the Taliban," he added, pointing out the man he had argued with, Mr. Jan.

"It was very good, the bombing," Mr. Neamatullah said. "I am happy, because the Taliban must be finished off."

The Taliban first moved into two densely populated farming districts in this area, Panjwai and Zhare, west of Kandahar, in May just as NATO forces, led by Brig. Gen. David Fraser of Canada, were taking over command from United States forces in the southern region of the country.

"The whole place was full of Taliban," said Faizullah, 26, a farmer who was later wounded in the bombing of the nearby village of Zehdanan. "They did not stay more than two nights in one place. They were telling people to leave."

In July and August the Taliban began building up their forces there in a clear bid to set up an area of control and threaten the city of Kandahar, the provincial capital, General Fraser said in an interview in his headquarters at the Kandahar air base.

"They put a lot of resources into this area, a lot of intellectual capital and psychological commitment," he said. "This was a fight unlike the fight I've had with the Taliban for the last eight months."

One of the Taliban leaders, Hajji Mullah Abdul Rauf, a former provincial governor, taunted the American military in an interview with Al Jazeera television in the Panjwai area in late August. "Where has the American power gone?" he said. "Why could they not capture the Taliban and mujahedeen in their caves?"

"It is Afghans who are helping us," he said. "They give food, they give help and they have come out against this government. They do not want this government."

But Mr. Neamatullah said he had challenged some of the Taliban fighters he came across. He met a group sitting under a mulberry tree, not far from his village, Char Kutsa, also near Pashmul, where women were washing clothes in a stream.

He said he had asked the men: "Why do you come here? Do you want the women to get bombed?" He said he did the same with another group the next day in the mosque of a neighboring village. "The Taliban's special answer was always that 'somebody ordered us to come here' to this village," he said.

Villagers said the Taliban were mostly Afghans, but from neighboring provinces and districts, as well as from Pakistan. The Taliban were well equipped with radios, satellite telephones and weapons, they said.

NATO and Afghan forces finally mounted a carefully planned operation, beginning on Sept. 2, after warning civilians to leave the area and dropping leaflets promising the Taliban safe passage out if they gave up their weapons.

The Taliban concentrated their fighters in several pockets on either side of the river — at Sperwan, Pashmul and Siah Jui — and NATO deployed forces from the south, north and east in a pincers movement.

More forces guarded the western and southern flanks to cut supply and escape routes. Canadian forces hit a mine on their first attempt to breach the river stronghold from the south into Pashmul and then suffered multiple casualties in an airstrike from an American A-10 attack jet.

The commander of United States forces in southern Afghanistan, Col. R. Stephen Williams, 46, from Anchorage, joined the battle four days later. He gathered Canadian, American and Afghan forces for an attack on Pashmul on Sept. 12.

After wearing the Taliban down for six days with rock music blaring across the river valley, and artillery fire and airstrikes wherever they spotted a concentration of fighters, they found a weak spot in the Taliban's defenses.

Playing his favorite song, AC/DC's "Back in Black," to hide the sound of the armored vehicles, Colonel Williams took the Taliban by surprise, crossing the river and driving through the cornfields from the northeast.

The fighting was intense for a day and a half. The Taliban were dug in under ideal cover in vineyards, with deep irrigation channels and high mud-wall barns for drying grapes. "It was Normandy invasion tactics with bunker systems and trenches," Colonel Williams said as he walked journalists through a battlefield tour.

"We found a lot of bunkers, with metal roofs and air holes with metal pipes running up for ventilation," the colonel said, standing over one bunker that had been destroyed by his forces "They used the canals as trenches and then would pull back to the bunker."

The village school, a cluster of white painted classrooms built with American aid money in the last four years, was destroyed by repeated air and artillery strikes. "The Taliban used this as a weapons cache and their command and control place," the colonel said. "For some reason they kept coming back in here every time we bombed the place."

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In small mud buildings, his soldiers found a makeshift field hospital. “We found tons of bloodied rags, bandages, IV bags and needles,” he said. “We took away five to six garbage bags for examination.”

The Taliban pulled out in groups during the attack, leaving small numbers of men to delay the NATO advance. Colonel Williams calculated from battlefield reports that his force alone had killed 150 to 200 insurgents in 10 days of fighting, and only had four men wounded on their side. Seven to eight Taliban commanders were lost in the fighting, he said.

Although NATO and Taliban forces told villagers to leave before the fighting, some civilians were killed and wounded in the conflict. United Nations officials have gathered reports of at least 40 civilians killed. A government commission sent by President Hamid Karzai to investigate the fighting said that 53 civilians had been killed in the fighting and that it had caused an estimated $750,000 in damage.

Kandahar’s main hospital took in 24 wounded people from the Panjwai and Zhare districts from Sept. 3 to 18, as well as two girls wounded in the suicide bombing, which happened on Sept. 18.

Rahmatullah, 33, a farm laborer, lay in bed with two broken legs. He lost two nephews, ages 3 and 1, when their house in Zangabad was bombed. As family members were trying to save the children’s mother from the rubble, a NATO plane struck a second time, wounding more women and children, he said.

Despite their injuries and losses, there was little sympathy for the Taliban among the patients or other villagers interviewed. In Pashmul, a 19-year-old high school student, also named Neamatullah, and his brother Habibullah, 17, climbed the broken wall where the gate to their house was destroyed.

They gestured with shock at the devastation before them. A bomb had gouged out a 25-foot-deep crater in their yard, smashing the well and the main building of the house.

Asked whom he blamed for the damage, Neamatullah said the Taliban. “Before they came, there was no bombing,” he said.

Afghan Politics - One Chicken Dinner At A Time (CSM)

By Scott Peterson

The Christian Science Monitor, October 3, 2006

NARAY, EASTERN AFGHANISTAN

Bold, full of hope, and with a healthy fear for their speck-on-a-map villages, the Afghan elders arrived at this US firebase recently for a change-of-guard ceremony.

Expected to be a gracious host - but with little suitable food and after being caught off-guard by the elders who had arrived one day in advance - US Army Capt. Dennis Sugrue invited the handful of weathered men to join him for lunch on cushions on the floor.

The air was thick with concerned expectation. The US officers hoped to win these elders as allies against a growing insurgency with promises of development projects and friendship. And there has been some progress: a growing number of project requests, and even help finding insurgent locations.

But would there be enough food, when the lids were removed, to honor the Afghan guests? Or would the two Army captains find themselves embarrassed by a meager offering?

After the lids were swept from two large platters, the assembled party caught its collective breath. Two small grilled chickens would be enough meat to forge closer bonds between these Afghan elders and their American hosts. Business could commence.

"The American help is very important," says elder Haji Hamidullah, who ticks off four US-funded projects in his village of Mandagal, including water pipes and a collection basin, and a microhydro power setup. "Now there is now clean water, but there will be. At night, we stay in the dark. If we have light, it will be very good."

Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index.

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"If some [insurgents] come down to the village, we will fight them," vows Hamidullah, who is here to accept the first installment - more than $6,000 worth of freshly printed red 1,000 Afghani notes, in three bundles - for the $25,000 water-pipe scheme. The day before, US officers had doled out $75,000 for approved projects.

Trust was so high in Mandagal that the Americans would pay, that elders had already hired an engineer and paid with their own money to complete much of the work.

"There are a lot of hills and trees in Nuristan. In the day, the enemies hide in the trees; at night, they plant IEDs [improvised explosive device] and leave night letters," says Hamidullah.

"We're not afraid of these people," boasts Hamidullah. "People are sometimes scared, but they see the government is powerful and fighting them," he says, gilding the lily a bit. But he acknowledges that "without the Americans" there would be "big problems."

A firm stance like Hamidullah's is not easy to maintain, as pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated. Threats are common, and come in the form of "night letters," which appear overnight from insurgents, warning people that they will die if they cooperate with US or Afghan forces.

"Whenever construction is going on, [militants] come down from the hills to stop it," says Captain Sugrue, a civil engineer from Watertown, N.Y., who launched the first 15 or so projects with discretionary funds available for such work to US commanders. He says the rugged terrain makes Nuristan a "natural refuge" for militants looking for training bases.

"The insurgents can't compete with the money we are going to pour into reconstruction," adds Sugrue. "People who are likely targets are scared. If you are a shura [local council] leader, you are a target."

The learning curve for the Americans has been steep. The first time they set foot in Kamdesh, US troops were fired upon. Later, at a US-sponsored gathering of district elders, a moderate mullah from Mirdish, named Abdullah, explained the need to develop local relationships.

" 'If you had come to me first, you would not have been shot at,' " Sugrue recalls Mr. Abdullah telling him. "What he was saying is that there is a right way to do things."

Local know-how is a requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth. But it's an uncommon trait among US military officers in Iraq and Afghanistan, whose tours are often too short - and whose mandates are too uncertain - to gain such a detailed knowledge of an area.

Sugrue's first big project taught another important lesson. Engineers had chosen the worst 14 sections of the 20-mile road from Naray to Kamdesh village for improvement. To do the job, Sugrue tapped a well-established contractor from Jalalabad - some 70 miles away.

But when it became clear to locals from the Naray region that the road project was proceeding with an outside firm, they began to have second thoughts about initially cold-shouldering the effort. One group of out-of-town road workers was beaten up. While the project is nearly complete, Sugrue says "I have a guy with no vested interest in a doing a good job with the road; he's just trying to get away with his life."

Contracts are now made in conjunction with village leaders "to make sure the right people do the work, and have a stake in it." The trade-off is that, while there is a community approval for the work, there are local limits to technical expertise. Sugrue and his colleagues are now plotting the best way to do another road project that goes through 10 villages, and has become more of a political problem than an engineering one.

Of the 15 or so US-funded projects in Kamdesh so far, half of the biggest ones are now being handed over to the Provincial Reconstruction Teams (PRT), which are purpose-built US military units that are being deployed across eastern Afghanistan in areas controlled by US forces. Each PRT includes two civilian engineers and civil affairs officers to handle big-ticket projects like roads and bridges.

Small, high-visibility projects will still be run by individual squadrons, at least here with the 3-71 Cav., so that US patrols have a reason to keep visiting villages to assess progress and make their presence felt.

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"We are improving our methods, though there are still shortfalls," says Sugrue. Elders understand the long-term importance of such projects for the community, he says, though many villagers are illiterate and see the projects solely as a "job for three months swinging a hammer."

But there are larger issues at stake for some. At the same lunch, Mir Mohamed Khan, an elder from nearby Nangal village - where Army money will help to complete a previous drinking water project started by a European-funded agency called Afghan Aid - breaks off a piece of grilled chicken and wraps it in bread.

He says that recent US shelling from this base at insurgents who had attacked with rockets overshot the target. "They fired from the first village, and you almost hit the third village," says Mr. Khan. "If you come to our village, everyone will let you know where they fired from."

Outside, Khan pointed to the configuration of hills, where he said shepherds had seen insurgents in action. They had been trained by Pakistani intelligence, he claimed, and in religious schools."

"They call it a religious way, but it is not a religious way," says Khan. "They are enemies of both of us....The enemies are trying to stop reconstruction, but they will never do it."

DOJ:

Ohio Prosecutor Named Interim U.S. Attorney (TENN)

By BONNA De La CRUZ, Staff Writer

Nashville Tennessean, October 3, 2006

A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today.

Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm.

Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said.

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CORPORATE SCANDALS:

Feeling 'Slap In The Face' After Fastow's Sentence (WP)

By Carrie Johnson

The Washington Post, October 3, 2006

When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals.

In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years.

That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior.

The reduction, former Enron worker Rod Jordan said yesterday, "was a slap in the face to employees."

No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. "A lot of them decided to skip Fastow because they thought it was a done deal," Jordan said, referring to the 10-year term.

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Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had "locked in" a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force.

But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income.

At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years.

Daniel M. Petrocelli, a lawyer for Skilling, called Fastow's reduced sentence "disturbing" in an e-mail. During the trial, Petrocelli regularly attacked government witnesses for misrepresenting the sentence reductions they would receive for cooperating with prosecutors. Legal analysts said yesterday that the contention could become a ground for Skilling's expected appeal.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli wrote. "Now, with the trial over, they come into court and argue for a substantially lesser sentence."

Legal analysts said the proceeding, and the debate it provoked, underscore the power that federal judges enjoy. Since Fastow's plea deal was struck in 2004, a U.S. Supreme Court decision made sentencing guidelines advisory, rather than mandatory, for judges. That gave the judge more leeway to give Fastow less time.

However, judicial discretion can cut both ways. A few former Enron workers who agreed to help prosecutors have been sentenced to a wide range of prison terms: from probation to six years behind bars. The Fastow case is drawing the most heated commentary because a week earlier, the same judge who sentenced Fastow was far more stern with former Enron executive David W. Delainey.

Delainey, a Canadian citizen who voluntarily agreed to travel to the United States several times, pleaded guilty to a single insider-trading charge and began cooperating with prosecutors even before his October 2003 deal. Delainey's lawyers had asked for probation, but instead Hoyt reduced his possible sentence by only three months, ordered him to serve 2 1/2 years in prison and warned that he could have faced far more serious charges for his conduct at Enron. The disparity in treatment fueled anger from John Dowd, a Washington lawyer who defended Delainey.

"The message from the court was clear," Dowd said. "If you square your account with the law early, accept the consequences, fully cooperate for three years and receive the enthusiastic support of the government at sentencing: Tough luck; you get a cut of three months. If you fight the truth and get others involved in crime, and receive no support from the government, then you receive the mercy of the court and get a cut of four years off what you agreed to."

Within the next few weeks, former Enron investor relations official Paula H. Rieker, who pleaded guilty to a single insider-trading charge, and former accounting chief Richard A. Causey, who pleaded guilty to securities fraud, will be sentenced by other federal judges in Houston. Causey, who did not reap the same personal gains from Enron that Fastow did, faces the possibility of a longer sentence.

Philip Hilder, a Houston defense lawyer who represented several witnesses in the Enron investigation, said he was "surprised" by the leniency toward Fastow. But, Hilder added, Hoyt appeared to have considered Fastow's circumstances.

"He really has transformed himself from somebody who was vilified to someone who seemed almost sympathetic on the stand and who genuinely accepted responsibility for his actions," Hilder said. "I wish more judges would view defendants as individuals."

Memo Suggests When Hurd Knew Of Phone Data (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 3, 2006

DOJ_NMG_0073900

Despite hours of testimony before a House subcommittee last week, Hewlett-Packard Co. still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe?

A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal.

The memo, from the firm of Wilson Sonsini Goodrich & Rosati, says Mr. Hurd recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web." Mr. Hurd "remembered thinking" there must be a Web site with such information, according to the memo, which was prepared by Wilson Sonsini lawyers who were asked to investigate H-P's tactics in investigating the leak probe.

Investigators for H-P obtained the phone records of board members, reporters and H-P employees using a technique called pretexting, which involves obtaining records through impersonating a phone customer. Disclosure of H-P's tactics have prompted several government investigations and the resignations of three H-P executives and Chairman Patricia Dunn, who helped lead the leak investigation and recently yielded her title to Mr. Hurd.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. • Complete coverage3

The Wilson Sonsini memo, which was based on a telephone interview by the lawyers with Mr. Hurd on Aug. 25, 2006, is the first evidence to emerge that Mr. Hurd may have known about the use of phone records during the investigation. In his House testimony and other statements, Mr. Hurd has said he didn't recall discussion of the methodology of the leak investigation in the July meeting, focusing instead on the results of the investigation so far.

Michael Moeller, an H-P spokesman, yesterday wouldn't go into details of the Wilson Sonsini memo. But he added: "We believe the documents, Mark's witness interview, the memo, and his testimony provide a complete and accurate picture of his knowledge of the investigation."

During a hearing Thursday before a subcommittee of the House Energy and Commerce Committee, Ms. Dunn testified that she learned early in the investigation that phone records were being sought by Ronald DeLia, the Boston-based private investigator that was handling the matter for H-P. But she said she believed that the information was being gathered in a legal way, and that she didn't understand what pretexting meant until much later.

"It was my understanding that these records were available through permitted mechanisms and that it was the common practice within Hewlett-Packard to use phone records to perform investigations," she testified.

But those assumptions were challenged by House members during the hearing. "You honestly believed that it was that simple, that your phone records, that anybody in the world can just call up and get them?" asked Rep. Greg Walden (R, Ore.).

Mr. Hurd has apologized profusely for the affair, and has said he should have done more to learn about the details of the investigation. He has previously disclosed his attendance at the July 2005 meeting, as well as another in March 2006, at which findings of a second phase of the investigation were discussed.

In the Wilson Sonsini memo, the lawyers wrote that Mr. Hurd said he wasn't aware that pretexting was being used to obtain phone records. Mr. Hurd told the lawyers he had only heard the term for the first time recently.

But Mr. Hurd's recollection about the July 22, 2005, meeting, as reported in the lawyers' memo, contains inconsistencies. On the second page of the three-page document, the lawyers wrote that Mr. Hurd confirmed that he attended about 45 minutes of a scheduled, hour-long briefing on the leak probe by H-P's investigators.

Mr. Hurd recalled learning then that the results of the investigation, at that point, were inconclusive, the memo states. He added that he didn't recall what, if any, investigative techniques were discussed at the meeting, or if anyone mentioned phone carriers. On the third page of the memo, however, the lawyers cite his recollection about the possibility that phone records had been obtained off of a Web site.

According to other Wilson Sonsini memos, several other participants at the July 2005 meeting told the lawyers that phone records were discussed, and possibly the use of pretexting as well. H-P investigators Kevin Huska and Tony Gentilucci, who both

attended the meeting with Mr. Hurd, told Wilson Sonsini that phone records were discussed, but neither could recall if pretexting was also raised.

Mr. DeLia told the lawyers that any results discussed at the meeting "would have had to include the results of the telephone research." Mr. DeLia also told the lawyers that he explained how pretexting was used at the July 2005 meeting, though he told them he wasn't sure if Mr. Hurd was in the room during the discussion of phone records.

The Wilson Sonsini memo also describes Mr. Hurd's recollection of the March 2006 meeting, which was held in Los Angeles and coincided with H-P's shareholder meeting. Mr. Hurd told the lawyers that Kevin Hunsaker -- an H-P vice president who helped lead the leak probe, and has subsequently resigned -- "explained that they had information regarding phone calls," the memo states.

But questions about the legality of obtaining such records weren't raised, because of Mr. Hurd's previous statements to Ann Baskins, H-P's general counsel, who has also resigned.

"Because Hurd had previously told Baskins that the investigation must be legal, he did not feel the need to question Hunsaker on this point," the memo states, referring to Mr. Hurd.

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Cingular Wireless Files Suit Against Investigator Over Hewlett-Packard Pretexting (LAW)

By Joe Crea, Legal Times

Legal Times, October 3, 2006

Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information.

The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages.

Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed.

Kelly could not be reached for comment.

Cingular is represented by David Balser and Nathan Garroway of McKenna Long & Aldridge in Atlanta. The suit claims that Kelly and his firm did not obtain authorization from Cingular, its customers or law enforcement agencies to acquire personal customer information, in violation of federal law.

Lawmakers grilled current and former HP executives on Thursday over the scandal, in which hired private investigators for the Palo Alto, Calif.-based company impersonated HP board members, employees, and journalists. The hired guns rifled through people's trash, planted spies in newsrooms, obtained phone records through a practice known as "pretexting," and spied on targeted individuals and their relatives.

On the day of the hearing, Verizon Wireless filed a similar lawsuit in a Trenton, N.J., federal court in response to the HP pretexting scandal.

"Ours is a John Doe lawsuit," says Jeffrey Nelson, executive director of corporate communications for Verizon Wireless. "We don't name any particular individuals [in our suit], but we believe it involved one member of HP's board and potentially a family member of that board member."

Sonsini Received Questionable Novell Options (LAW)

By Justin Scheck, The Recorder

California Recorder, October 3, 2006

As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees.

But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people.

Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece.

That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper.

The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts.

But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December.

Ultimately, the options would become worthless before vesting due to the tech market crash.

Nevertheless, the series of events makes experts wonder whether the grants were also "spring-loaded" -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case.

"It doesn't smell good," said Boalt Hall School of Law professor Jesse Fried, an expert in corporate governance and insider trading. "This was at the annual low and was an off-cycle grant, and it's highly likely that this was spring-loaded."

Neither Sonsini -- who left the Novell board in 2002 -- nor a spokeswoman from the firm he chairs, Wilson Sonsini Goodrich & Rosati, would comment for this story.

On Aug. 29, though, Novell announced it was reviewing its option grant practices, and that the audit could lead to a restatement of past earnings under SEC rules governing executive pay.

"It's a comprehensive review," said Novell spokesman Bruce Lowry. He wouldn't comment on the ongoing work being done by lawyers at Morgan, Lewis & Bockius. Linda Griggs, a partner at the firm who is working on the probe, said Friday she was too busy to comment.

However, Lowry did confirm that grants to board members would be included in the examination. "It is all grants that are being reviewed," he said.

ABNORMAL PRACTICES

Novell's disclosure came at the tail end of a long train of admissions by companies that their option grants raised suspicion.

Since The Wall Street Journal first reported early this year on the apparently widespread practice of changing dates on stock options, more than 100 companies have come under scrutiny.

At least six companies gave out suspiciously dated options at times when Sonsini sat on their boards. Two of them -- Pixar and Novell -- have publicly announced internal probes of past grants. Another, Brocade, has seen former executives indicted for past options practices. And three others, LSI Logic, Lattice Semiconductor Corp. and Echelon Corp, were identified by The Recorder in August as having suspiciously timed grants to top executives.

Speaking privately because they are involved in stock option probes, several attorneys said questions about director grants have come up at a handful of companies being investigated by the SEC. But, they said, such cases are rare. At the majority of companies, board members only received options once a year at a pre-determined date outlined in a director compensation plan.

Novell had just such a system to keep directors out of the awkward position of awarding options to themselves. Every spring, on the day of Novell's annual shareholder meeting, each director would receive 15,000 options at the share price on the day of the meeting, in accordance with guidelines ratified by shareholders in 1996.

"No person shall have any discretion to select which outside directors shall be granted options, or to determine the number of shares to be covered by options granted to outside directors," the plan said.

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But Novell's directors deviated from that policy three times between 1996 and 2001, granting themselves options at dates other than the annual meetings. On those occasions, the board cited a 1991 stock plan for the authority to make such grants.

The fact that Novell had guidelines for option grants -- and that directors strayed from them -- is particularly disturbing, said lawyers and academics.

"It should be an issue of shareholder concern whenever a board changes its own compensation," said Kirk Hanson, the director of the Markkula Center for Applied Ethics at Santa Clara University and a former Stanford University business professor.

While directors are generally permitted to award themselves whatever they want as long as it is publicly disclosed, Hanson said basic principles of corporate governance hold that they should avoid giving themselves pieces of the company just because they can.

It's not entirely clear from documents filed with the SEC how Novell's board decided to make the out-of-cycle grants in 1997, 1999 and again in 2001. Besides Sonsini, two other ex-board members -- former FCC Chairman Reed Hundt and Jack Messman, who was ousted as Novell CEO earlier this year -- declined to explain.

At the time of the 1999 grant, Hundt served on the company's compensation committee, while Messman sat on both the compensation and corporate governance committees.

"I think it is inappropriate for me to comment," Messman said, especially given the terms of his severance agreement. "I'm in a contract that prevents me from talking."

Hundt, who is also a former Latham & Watkins partner, said he didn't recall discussions about options grants in 1999, and that they wouldn't have been of any importance to him because he didn't exercise Novell options.

MEASURING THE FALLOUT

When the company's 1999 fiscal year ended Oct. 31, the stock options ostensibly awarded a week earlier already looked promising. The company had had a successful fourth quarter, capping off a good year. After sliding by nearly 50 percent over the previous three months, the company's stock had begun climbing again.

On Nov. 10 Messman and Hundt reported their options to the SEC. On Nov. 23 Novell announced that its 1999 financial results were extremely positive. Sonsini reported his options a few weeks later.

"The options were awarded before good news was released, when they probably knew good news would be released," said Fried, the Boalt professor, basing his opinion on a description of the events at Novell. As far as the dates on the grants go, "we don't know if there was backdating, but if options were granted on a low like that, the probability the options would be granted on a low is very low."

None of the other out-of-cycle grants to Novell directors came at annual lows; the 2001 grant, for example, was awarded on Sept. 10 that year -- hardly a good time to receive any stock. Ironically, that grant now is much more valuable than the questionable 1999 award. The 2001 option to buy 50,000 shares came at a strike price of $3.92. With Novell now trading at just over $6 a share, that grant was worth just over $110,000 as of last week. It is unclear whether Sonsini has ever exercised any of those options.

It's also unclear what -- if any -- consequences Novell's directors could face if they're found to have improperly handled options. First, the company will need to disclose the results of its internal investigation. And even if the Morgan Lewis lawyers find wrongdoing, it may not be serious enough to warrant a significant financial restatement, or government interest.

While spring-loading remains troubling to business ethicists, the SEC's chief accountant, Conrad Hewitt, issued a letter Sept. 19 indicating that the SEC won't consider the practice to have significant accounting ramifications.

As far as criminal or civil liability goes, that's less certain: Federal prosecutors and SEC enforcement agents haven't said whether they'll consider the behavior problematic, though white collar defense lawyers say they don't expect it to be a major issue.

"Some may see it as unseemly or distasteful," said one attorney speaking on condition of anonymity because he is conducting probes of several companies where spring-loading questions have come up. "However, if someone felt there was an ironclad theory of prosecution, you would have heard of it by now."

But that doesn't make Fried feel any better.

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"The problem is with disclosure. They were giving themselves in-the-money options," he said. "They were formally at-the-money, but they were really in the money."

And while the SEC might say it's legal, "from a corporate governance perspective, they're doing something improper, or they appear to have done it," Fried said.

Mills Chief Retires But Must Repay Costs For Jet Travel (WP)

By Terence O'hara

The Washington Post, October 3, 2006

Laurence C. Siegel, who ran one of the most successful mall empires in America before a series of operational and accounting blunders cost his investors billions of dollars, retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet.

Mills, which has lost nearly $2.2 billion of its market value in the past 12 months, will pay Siegel $2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland.

The Chevy Chase company described the departure of Siegel, 53, as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures.

"They're unrelated," said Mark S. Ordan, a veteran retail real estate executive who was appointed chief operating officer of Mills earlier this year and then was named to succeed Siegel as president and chief executive. "He felt this was a good time to leave, a natural time to leave, given everything that is going on with the company. It had nothing to do" with the travel expenses.

Siegel did not respond to requests for comment. Both he and the company signed agreements not to disparage each other.

Siegel, who became chief executive of Mills in 1996, expanded the concept of the regional mega-mall to spectacular size and ostentation, and shoppers flocked to the company's properties in the 1990s. Mills, fueled by a bull market in real estate stocks and billions in investment from the German real estate fund company Kan Am, planned, built and bought dozens of malls in the last decade to become a rival to such mall companies as Indianapolis-based Simon Property Group Inc., Australia's Westfield Group and New York's Vornado Realty Trust.

The rapid growth masked underlying problems in Mills' operations, which surfaced in a series of accounting errors. As the nature and extent of the problems became clear over the past nine months, Siegel rapidly lost credibility with the investors that had provided Mills with capital to keep its costly developments afloat.

The company's biggest construction project, a $2 billion retail and entertainment complex called Xanadu in northern New Jersey, became emblematic of Siegel's ambitions. Plans include an indoor ski slope and a 30-story Ferris wheel tall enough to be seen in Manhattan, eight miles away. Siegel held a $2 million party at the site two years ago to celebrate the signing of a lease with New Jersey officials. The project is now over budget and under increasingly skeptical scrutiny from its lenders and financial backers, and Mills is negotiating to sell its interest.

Ordan defended the $10.5 million Siegel could receive if Mills is sold.

"Larry has been the CEO of this company for a very long time, and the portfolio of assets that we have were developed and bought under his guidance," Ordan said. "And most of the payments we're talking about are contractual obligations."

Nonetheless, two Wall Street analysts were critical.

"The award seems somewhat excessive given the company's fall from grace," RBC Capital Markets analyst Rich Moore told investors in a research note yesterday.

Bank of America analyst Ross Nussbaum said the $10.5 million in cash Siegel will be paid if the company is sold presents a conflict because Siegel will remain on Mills' board of directors and would vote on any deal. Nussbaum said the sales-related bonus gives Siegel an incentive "to vote for a sale of the company at a lower price than if he were receiving a stock payment."

Siegel agreed to remain non-executive chairman of Mills. If Xanadu is sold, Mills said he might "join the new joint venture" that would acquire the mall and resign his chairmanship, while remaining on the board. Mills is currently in a protracted

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negotiation with Kan Am and Colony Capital, which would take over the project and agree to fund its remaining construction costs. The closing of the deal has been delayed twice, however, because of the complexities of the transaction, Ordan said. The deal is considered by Wall Street as a vital step in the ultimate sale of Mills. Further complicating matters: Kan Am has three of Mills' 14 board seats and is a large shareholder in Mills.

Siegel's personal use of the company aircraft was left largely unexplained by the company in a Securities and Exchange Commission filing yesterday. Ordan declined to comment on it. Personal use of jets by chief executives has been a controversial corporate governance issue for years. SEC and Internal Revenue Service rules regarding what makes a trip personal and not business, and whether it should be disclosed, have been toughened in the last two years.

Siegel would have had ample opportunity to use a jet, personally tending to business all over the country and in European capitals where Mills owned or was building malls. While the company did not own such a plane, it had access to several, including a Gulfstream G-III, from a chartering company.

In yesterday's SEC filing, Mills said Siegel must repay "any non-business related perquisites that may have been provided to (him), including $362,156 for personal use of the company chartered aircraft and personal flights paid by the company."

Siegel has two weeks to make the payment, documents said.

Mills has never before disclosed in SEC documents that Siegel or any other executive used corporate aircraft for any purpose. Siegel was paid more than $5 million in cash in 2004, the last year for which Mills reported executive compensation.

In Namibia Court, Arguments Over Bail For Options Fugitive (NYT)

By John Grobler

The New York Times, October 3, 2006

WINDHOEK, Namibia, Oct. 2 — After arriving here two months ago, Jacob Alexander, the former chief executive of Comverse Technology wanted in the United States on stock option fraud charges, transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday.

During the hearing on his bail application, Mr. Alexander, 54, showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse.

A 32-count indictment against Mr. Alexander was unsealed last week by federal prosecutors in Brooklyn.

One of Mr. Alexander's lawyers here, Herman Oosthuizen, said his client would be willing to hand over his Israeli passport and post bail of about $1.36 million. Mr. Oosthuizen also told the court in Windhoek that Mr. Alexander had invested about $1.5 million in local low-cost housing and other start-up business ventures in Namibia and had been granted a two-year work permit.

Mr. Alexander and his wife bought a house in a gated community adjoining the government-owned Windhoek Country Club, according to an affidavit by Mr. Alexander.

An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors.

Mr. Alexander, she said, had also offered as much as $5 million — and then "a name-your-price offer" — to a colleague at Comverse to take the blame in the stock options case. She did not identify the employee, but said that the person had agreed to cooperate with the investigation.

The bail hearing will continue on Tuesday. Mr. Alexander remains incarcerated.

Ex-Comverse Chief Executive Says He Will Plead Not Guilty (AP)

By Celean Jacobson

AP, October 3, 2006

JOHANNESBURG, South Africa — The fugitive ex-CEO of Comverse Technology Inc., who is wanted in the United States for stock-options fraud, told a Namibian court Monday he intends to plead not guilty and claimed the warrant for his arrest was invalid.

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Jacob "Kobi" Alexander, the former chief executive of the New York-based maker of voice mail software, said he entered the southern African nation openly and lawfully and had invested in businesses there before he was arrested after a two-month international manhunt.

Alexander was arrested Sept. 26 in the Namibian capital of Windhoek at the request of the FBI. He is accused of making about $6.4 million by illegally backdating stock options.

A bail hearing began Monday in a Namibian court and will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail.

The U.S. has 30 days to lodge a formal extradition request. U.S. Attorney Roslynn Mauskopf said last week that she would seek Alexander's swift extradition to face charges in federal court in New York.

In an affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

"While in Namibia I have used my own name openly and publicly in all my encounters and ventures with government officials and private individuals alike," he said. "I entered Namibia openly and lawfully, and I have not in any manner tried to hide my whereabouts from anyone."

Alexander, who has a two-year permit to live and work in Namibia, stays in a $500,000 home he purchased on the Windhoek Country Club Estate. His children attend the city's international school.

According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

It is alleged that from 1991 through 2005, Alexander exercised options and sold stock worth approximately $150 million, making a $138 million profit. Of that, about $6.4 million was generated by backdating options.

Checks Already In Place (USAT)

By Dale Oesterle

USA Today, October 3, 2006

Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more “hedge fund regulation,” whatever that is.

Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) “activist” hedge funds, funds that purchase stock in a company to force through major changes.

The lessons of these events are the reverse of those offered by the hedge fund alarmists. Amaranth's investors quickly accessed the fund books and minimized their losses. There was no general market panic. A maverick trader caused the losses. In a moment of frenzy he simply lost it, exceeding the fund's risk authorization guidelines. There was no institutional intent to defraud anyone. Fund investors will withdraw what money remains, and the fund will whither and die. Pirate Capital has similarly suffered for its transgressions. The Securities and Exchange Commission is after the fund, and several of its top analysts have left.

In other words, the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation.

On the other hand, consider the threat of the consequences of regulation too heavy handed. This is an industry of close to 10,000 funds estimated at holding close to $1.3 trillion dollars. It must have some attraction to investors. Overzealous regulation trying to control what cannot be controlled, the financial markets, will encourage more funds to locate offshore and encourage more investors to use foreign markets. Regulation could cost us control over hedge funds, not enhance it. The initial public offering market is already moving from New York to London because of the overly regulatory Sarbanes-Oxley Act of 2002. Our financial industry and its derivative professional communities are suffering as a result.

Hedge funds take huge risks, and inevitably some will fail. A hedge fund failure is not a national calamity, it is a natural and to be expected part of the industry.

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Dale Oesterle is a law professor at Ohio State University.

CRIMINAL LAW:

Foley Enters Alcohol Rehab Center (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 3, 2006

WASHINGTON — Former Rep. Mark Foley, the disgraced Florida lawmaker who quit last week after revelations about explicit messages he sent to a former teenage House page surfaced, has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today.

"I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment.

Pressure has been mounting on Republicans over their handling of the scandal involving Foley. The FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

House Speaker J. Dennis Hastert (R-Ill.), who had asked for a federal investigation, told reporters today that no party leaders had seen the messages until ABC News released them Friday.

"Congressman Foley duped a lot of people," Hastert said. "I have known him for all the years [12] he has served in this House, and he deceived me too."

Hastert expressed relief that Foley had resigned. "If he had not," Hastert said, "I would have demanded his expulsion."

Appearing with Hastert, Rep. John Shimkus (R-Ill.), chairman of the board that oversees Congress' page program, said the board in recent years had provided a new dormitory for pages with "state-of-the-art security measures." He said the board would provide a toll-free hotline for family members with concerns about safety.

Hastert and Shimkus refused to take questions from reporters, who wanted to know when they learned about Foley's messages to the teenage page.

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

In response to these charges, Hastert said today, "Since I have been speaker, we have moved aggressively to ensure the safety of these kids."

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

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House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time about Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known about the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

Pressure Grows For G.O.P. Over Foley Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 3, 2006

DOJ_NMG_0073909

WASHINGTON, Oct. 2 — Speaker J. Dennis Hastert faced intensifying questions on Monday about why Republicans had not reacted more assertively to Representative Mark Foley's messages to a teenage page, as members of his party, fearing a political debacle, demanded a strong response.

Straining to hold the party together five weeks from Election Day amid unfolding revelations about the case, Mr. Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters.

"This is a political problem, and we need to step up and do something dramatic," Representative Ray LaHood of Illinois said afterward, adding that he had proposed abolishing the Congressional page program.

Mr. Foley, 52, who resigned Friday after being confronted with sexually explicit instant messages he had sent to pages, released a statement saying he had entered a rehabilitation clinic for treatment of "alcoholism and related behavioral problems."

At a news conference in West Palm Beach, Fla., late Monday, Mr. Foley's lawyer, David Roth, said that Mr. Foley had sent the inappropriate e-mail messages while under the influence of alcohol and that he had kept his drinking problem secret.

A former aide and other associates said in interviews that they did not believe Mr. Foley had a drinking problem.

ABC News, which first reported the sexually explicit messages on Friday, said Monday that additional messages suggested that Mr. Foley had met in person with a teenage page outside Capitol Hill and had sought a relationship.

"I miss you lots since San Diego," Mr. Foley wrote, using his screen name, Maf54, according to a transcript obtained and released by ABC.

"Ya I cant wait til dc," the page replied.

Federal law enforcement officials said the F.B.I. in recent months had been given e-mail messages between Mr. Foley and a page but had found insufficient grounds to open a criminal investigation. A group called Citizens for Responsibility and Ethics in Washington said Monday that it had forwarded the messages to the Federal Bureau of Investigation on July 21 and requested an investigation. The group would not say where it had obtained the messages; it made them public after the ABC report.

Federal agents on Monday began contacting men who were in the Congressional page program in recent years, said government officials briefed on the matter, who asked not to be named because they were not authorized to discuss the inquiry. The officials said the agents were trying to find any former or current pages who had had contact with Mr. Foley and to authenticate e-mail and instant messages attributed to the former lawmaker that had circulated on the Internet in recent days.

The officials said that several pages who had received electronic messages from Mr. Foley had already been located.

At the White House, Tony Snow, President Bush's press secretary, initially characterized the scandal as "naughty e-mails," drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation.

Mr. Hastert, who returned to the Capitol to deal with the escalating scandal, was pressed by reporters to explain why the first communication between Mr. Foley and a page, which was brought to the attention of Republican leaders last year, had not led to more assertive efforts to determine if it was an isolated case.

Mr. Hastert defended the Republicans' handling of a parent's complaint last year about communication from Mr. Foley to the parent's teenage son. But he acknowledged that the e-mail inquiring about the boy's well being and requesting a photo was potentially troubling.

"I think that raised a red flag, raised a red flag with the kid, raised a red flag with the parents," said Mr. Hastert, who repeated that he could not recall learning of the messages before news of them broke last week. But the speaker said he and others had been "duped" by Mr. Foley, who when questioned about the e-mail said it was an innocent effort to make sure that the young man, who was from Louisiana, had made it through Hurricane Katrina.

Representative John Shimkus, Republican of Illinois, and the House clerk, Jeff Trandahl, instructed Mr. Foley to break off any contact with the former page. At the time, Republicans did not purse the matter further, considering the case closed.

"Would have, could have, should have," Mr. Hastert said, responding to questions about whether Republicans should have done more.

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In Florida, Republicans met on Monday and chose Joe Negron, a conservative state representative, as a replacement candidate for the 16th Congressional District seat held by Mr. Foley. The ballots, however, have already been printed, and Mr. Foley's name will remain. If he wins, the votes will go to Mr. Negron.

The House majority leader, John A. Boehner of Ohio, dismissed that possibility. "To vote for this candidate, you have to vote for Mark Foley," Mr. Boehner said on a conservative radio program hosted by Sean Hannity. "How many people are going to hold their nose to do that?"

The case has led to varying accounts from two members of the leadership. Representative Thomas M. Reynolds of New York, who runs the House Republican campaign effort and is in a close race, has acknowledged learning generally about Mr. Foley's initial e-mail messages this past spring. Mr. Reynolds has said he raised the matter with Mr. Hastert, who said he did not recall the exchange but did not dispute that it happened.

"I did what most of us would have done in the workplace," Mr. Reynolds told reporters in Amherst, N.Y., on Monday night. "I heard something, I took it to my supervisor."

Across the country, in competitive and noncompetitive races, Democrats seized on an issue that they said was resonating with voters. In an effort coordinated in Washington by the Democratic Congressional Campaign Committee, the party's candidates urged their Republican opponents to call for the resignation of Mr. Hastert and other leaders.

In Indiana, Baron Hill, a Democratic candidate for a House seat, asked the incumbent, Representative Mike Sodrel, a first-term Republican, to reject any financial contributions from the national party. In North Carolina, where Representative Robin Hayes, a Republican, is engaged in a tough campaign fight, the state Democratic Party issued a statement asking, "Who does Robin Hayes stand up for — Mark Foley and the Republican House leadership or under-age children?"

As Congressional Republicans campaigned Monday in their districts, they responded to the Democratic criticism and distanced themselves from Mr. Foley's behavior.

"We need to admit that this was done on our watch," Mr. LaHood said. He added that when he arrived home after Congress adjourned early Saturday, the page program was what constituents asked about.

"The first three questions I was asked when I arrived in Peoria," he said, "were not about immigration, the war or taxes. It was, 'What are you going to do about the page program?' "

The Foley case also drew criticism from conservative groups. "It's one of the worst Congressional scandals ever," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote Sunday in an editorial circulated by Gopusa.com, a Republican Web site. "A top House Republican who denounced sex predators as 'animals' stands accused of acting like one."

At the news conference Monday night, Mr. Roth, Mr. Foley's lawyer, denied that Mr. Foley had ever had inappropriate physical contact with minors. "Mark Foley has never, ever had inappropriate sexual contact with a minor in his life," Mr. Roth said. "He is absolutely, positively not a pedophile."

On Political Track For Decades, Foley's Career Derails In Days (USAT)

By Susan Page

USA Today, October 3, 2006

WASHINGTON — It may well have been the proudest moment of Mark Foley's career in Congress: standing in the front row of lawmakers in the Rose Garden as President Bush signed a sweeping bill the Florida Republican had helped draft and pass.

The Adam Walsh Child Protection and Safety Act, toughening laws designed to shield children from exploitation, represented "a huge step forward," Foley told USA TODAY in an interview just before the ceremony in July. The Internet had given sexual predators new ways to reach kids, and the laws needed to respond, he said: "We track library books better than we do sex offenders."

Foley's worst moment was, presumably, nine weeks later, when he resigned in the wake of allegations that he had sent improper e-mails and instant messages, some of which were sexually explicit, to teenage boys who had worked as congressional pages.

As the FBI looked into whether federal laws were broken, Foley announced in a statement that he accepted "full responsibility" and was checking himself into a rehabilitation facility for alcoholism treatment.

It was an abrupt end to the political ambitions that began when Foley was 6 and watched admiring constituents flock around his congressman. He has been running for a succession of offices since he was 23. Just three years ago, he was a leading contender for a U.S. Senate seat.

Now, at 52, he has joined the rogues' gallery of members of Congress who resigned in disgrace.

"He was very well-liked, very outgoing, very likable," says Florida state Sen. Dave Aronberg, a Democrat who often ran into Foley at community gatherings. "He was at every event. He used to say, 'I'd go to the opening of an envelope.' "

Foley was the most accessible member of Congress from the area, Aronberg says, adding, "I hope he gets help."

In an interview last year with The Hill, a newspaper for members of Congress and their staffs, Foley recalled riding his bike to the Lantana Shopping Center in South Florida at age 6. Rep. Paul Rogers, who was shaking hands, gave Foley $5 to hand out campaign brochures. "For whatever reason, it stuck," Foley said. "That was my dream."

He was a local boy — born in Newton, Mass., but a resident of Lake Worth since his family moved there when he was 3. He attended Palm Beach Junior College for a year, then opened a restaurant, the Lettuce Patch. At 23, he was appointed to the Lake Worth City Council. He was a Democrat at first but switched to the GOP before he began a slow climb through political offices: vice-mayor of Lake Worth, a member of the Florida House of Representatives, then a Florida state senator at age 38.

Lois Frankel, a onetime Democratic leader of the state House, remembers Foley as a "master" of politics. "No matter what side of the aisle you were on, you had to admire his ability to work a room, to deliver a message," says Frankel, who is now mayor of West Palm Beach.

When state House district lines were redrawn and Foley found himself in a predominantly Democratic district, he ran for a state Senate seat instead. "He kept picking himself up and moving on," Frankel says.

When the local member of Congress decided to retire in 1994, Foley won a three-way Republican primary and trounced his Democratic opponent by 16 percentage points. He has never gotten less than 60% of the vote for re-election.

Once in Congress, Foley generally voted as a conservative Republican but showed an independent streak on social issues. For one thing, he supported abortion rights. He voted in favor of the Defense of Marriage Act, which defined marriage as between a man and a woman, but against amending the Constitution to ban gay marriage.

He sometimes broke with the Bush administration on trade, opposing the Central American Free Trade Agreement last year because, he said, it could hurt Florida's sugar industry.

Foley earned a reputation in Washington as a hard worker, a prodigious fundraiser and a reliable person for Capitol Hill reporters to go to for a quote. "If he said he would do something, he did it," says former Florida senator Bob Graham, a Democrat.

Joe Scarborough, a former Florida congressman first elected with Foley in 1994, says Foley reached out to him. "Mark knew I had never been an elected official before," says Scarborough, now the host of a program on MSNBC. "He said if there was anything he could do to help me out, he'd be glad to do it."

In 2002, Foley was the Republican speaker — freshman New York Sen. Hillary Rodham Clinton was the Democratic one — delivering humorous remarks to the annual dinner sponsored by the Washington Press Club Foundation.

He delivered a David Letterman-style "Top 10" list of "suspicious activities in Washington."

No. 4 was "Defense Secretary Donald Rumsfeld addressing reporters as adults." No. 3 was "former vice president Al Gore saying: 'Pie? No thanks. I'm on a diet.' "

"And the No. 1 most suspicious activity in Washington," Foley concluded to laughter, "is Mark Foley telling a reporter 'no comment.' "

Foley had hopes of moving up one more step — to the U.S. Senate when Graham retired in 2004. The congressman began campaigning across the state. After several publications in Florida and Washington ran stories saying he was gay, Foley called a news conference in May 2003 to address the swirling rumors.

"Everyone's talking about it," he acknowledged, but he called it nobody's business. "My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public." He said the speculation was "revolting and unforgivable."

Four months later, he withdrew from the Senate race, saying he wanted to spend more time with his ailing 82-year-old father.

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Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House. In 2004, he was unopposed in the Republican primary and won the general election with 68% of the vote.

Allegations in recent days of his behavior toward congressional pages, however, have cost him dearly. Some of his colleagues express bafflement at what was apparently a double life. "There were two Mark Foleys," says Rep. Clay Shaw, a fellow Florida Republican. "One was a nice guy and the other is a child predator."

Some of those who worked with him on children's issues — he was co-chairman of the House Caucus on Missing and Exploited Children — are dumbfounded. Patty Wetterling, a children's advocate in Minnesota who is running for Congress as a Democrat, says she feels "a very big sadness and betrayal."

Singer-turned-politician Sonny Bono and his wife, Mary, worked with Foley on a task force designed to boost ties between Republicans and Hollywood. When Sonny Bono died in a skiing accident, Mary Bono sold his 1994 Jeep Wrangler to Foley.

On Monday, Mary Bono, now a Republican House member from California, issued a statement calling Foley's conduct "unacceptable and abhorrent." If he has violated the law, she said, "he should be prosecuted."

Little-known Job Caught In Spotlight (USAT)

By Brad Heath

USA Today, October 3, 2006

Like many former congressional pages, Ben Cavataro said he was drawn to the page program by an interest in politics and the opportunity to see the workings of government up-close.

Cavataro, a 17-year-old high school senior from Palm Beach Gardens, Fla., said Rep. Mark Foley, a Republican representing his district, nominated him to be a page last summer.

On Friday, Foley abruptly quit the House of Representatives after ABC News reported he had sent sexually explicit messages to a former page. House leaders subsequently asked the FBI to investigate.

In the wake of Foley's resignation, the role — and relative security — of these high school students is facing new scrutiny. Rep. John Shimkus, R-Ill., the chairman of the board that oversees the program, said the House will set up a hotline for pages and their parents to report concerns.

The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer.

"There was no indication of anything improper with Foley or anybody else," Cavataro said. "We talked for like two minutes and shook hands."

His experience mirrored those of many of the scores of other pages who ferry messages between members of Congress on Capitol Hill each year. Theirs is typically one of Washington's least-noticed jobs. No longer.

"I hope it doesn't make the page program into a joke like the White House internship program was after (Monica) Lewinsky," said Dave Aronberg, a Democratic state senator in Florida and former House page who was referring to the intern who had oral sex in the Oval Office with President Clinton. "It's given a lot of kids a lot of great opportunities."

The House and Senate each select a group of pages annually to shuttle messages from office to office and to and from the floor of the Capitol. Typically, the job spans a semester of a school year or a few weeks during the summer.

The House takes about 60-70 pages during each period; the Senate takes about half as many. During the school year, the pages attend morning classes at schools that are part of the program.

House and Senate pages must be at least 16 years old when they're nominated. The programs are meant to be strictly supervised. House pages live in a brick dormitory near the Capitol, under a 10 p.m. weeknight curfew.

Rush Seale, who was a Senate page in 1999 and a House page in 2000, said few pages have one-on-one access to members of Congress. "It would have been kind of unusual," Seale said.

In 1983 the House censured two representatives for sexual encounters with 17-year-old pages. As a result, pages were required to live in the program's dorm.

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Rick Gagliano, who was a page in 1976, said the scandals shouldn't overshadow the program. “Yes there have been some terrible situations in the page program history, but like the institution of the House of Representatives itself, the positive experiences and good work the page program does far outweigh the negatives,” he said.

Addictions Are Often Disclosed Amid Scandals (USAT)

By Emily Bazar

USA Today, October 3, 2006

Former congressman Mark Foley's statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal.

Reps. Patrick Kennedy, D-R.I., and Bob Ney, R-Ohio, and actor/director Mel Gibson have sought treatment in recent months for alcohol or drug addiction during trying circumstances.

Doing so removes them from the public eye and may win sympathy, says Gary Jacobson, a political science professor at the University of California, San Diego. It's also a way to shift some of the blame from the person to the addiction, he says.

“This seems to have become standard operating procedure,” Jacobson says. “It's a way of both taking responsibility and denying it at the same time.”

Kennedy checked into treatment in May, a day after he crashed his car near the Capitol. Kennedy, who has a history of drug and alcohol problems, said he was battling an addiction to prescribed painkillers.

Gibson entered an alcohol treatment program this summer after pleading no contest to drunken driving. Gibson made anti-Semitic remarks to arresting officers when he was stopped in Malibu.

Ney announced last month that he was seeking treatment for alcoholism the same day he agreed to plead guilty to corruption charges related to the Jack Abramoff influence-peddling scandal.

Foley's announcement Monday surprised Sarah Chamberlain, executive director of the Republican Main Street Partnership. Foley emceed the group's annual dinner Wednesday.

“At the dinners, he was always working, so usually he didn't have anything to drink,” she says.

Foley has not acknowledged or denied that he sent the e-mails.

Alcoholism may exacerbate other disorders, says Fred Berlin, founder of Johns Hopkins University's Sexual Disorders Clinic. “It can impair a person's judgment and can lead them to become disinhibited with respect to their impulses,” he says. “It's like throwing gasoline on the fire.”

Berlin says alcoholism has reached a level of acceptance that sexual disorders have not. “It's much less socially stigmatizing to admit to alcoholism than it may be to admit to some other problem,” he says.

Foley Joins List Of Sex Scandals On Capitol Hill (WT)

By Eric Pfeiffer

The Washington Times, October 3, 2006

The resignation of former Rep. Mark Foley has shocked Washington, but it is not the first accusation of impropriety with underage congressional pages to make headlines. The investigation of Mr. Foley's misconduct adds to a long history of Capitol Hill sex scandals.

One congressional historian said House members have proven more prone to such scandals.

"With the exception of Bob Packwood, it's mostly been on the House side," said Donald A. Ritchie, associate historian in the Senate's Historical Office. "That doesn't mean there weren't things going on, but it wasn't something that ruined their careers."

Mr. Packwood, Oregon Republican, was forced to resign from the Senate in 1995 in the wake of accusations that he had sexually harassed women.

In 1983, Rep. Gerry Studds, Massachusetts Democrat, was censured by the House for sexual involvement during the previous decade with a 17-year-old male page. Mr. Studds turned his back on members of the House as the charges were read against him. Afterward, Mr. Studds held a press conference with the former page, acknowledging their relationship.

Unlike Mr. Foley, Mr. Studds did not resign from Congress. In fact, he became the first openly homosexual member of Congress and won re-election six more times before retiring in 1996.

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Also in 1983, former Rep. Daniel Crane, Illinois Republican, admitted to having an affair with a 17-year-old female page. Mr. Crane apologized for his actions on the House floor, saying, "I only hope my wife and children will forgive me."

He was voted out of office in 1984.

Why have some members of Congress survived sex scandals while others have not?

"What makes [the Foley scandal] different is that it was off the grid of social acceptability," said Eric Dezenhall, a crisis-management consultant. "You can't spin it. Americans are much more offended by hypocrisy than they are by dishonesty."

Mr. Foley had been co-chairman of the House Caucus on Missing and Exploited Children.

In an interview with CNN yesterday, House Speaker J. Dennis Hastert said he was not aware of Mr. Foley's reported misconduct until the Florida congressman resigned.

"First I was really aware of this was last Friday when it happened," Mr. Hastert said. "And all of a sudden, the press came out and said that there were these e-mails that were from 2003."

Mr. Hastert, Illinois Republican, spent much of the day yesterday meeting privately with the clerk of the House and the Republican chairman of the House page board, CNN reported.

Sex scandals on the Hill have not been limited to those involving congressional pages.

In 1990, Rep. Barney Frank, Massachusetts Democrat, was reprimanded by the House after it was revealed that Mr. Frank's former associate, Steve Gobie, was running a male prostitution ring out of Mr. Frank's apartment. Mr. Frank refused to resign from Congress and has been subsequently re-elected.

In 1989, former Sen. John Tower, Texas Republican, was nominated by President George Bush for secretary of defense. However, Mr. Tower failed to win Senate confirmation after being accused of alcoholism and having affairs with multiple women.

In 1976, Rep. Wayne Hays, Ohio Democrat, resigned after his former secretary, Elizabeth Ray, told reporters that the congressman had hired her and given her raises under the condition that she act as his mistress.

"I can't type. I can't file. I can't even answer the phone," Ms. Ray said at the time.

In 1974, Rep. Wilbur D. Mills, a powerful Arkansas Democrat who was chairman of the House Ways and Means Committee, was a passenger in a car pulled over at 2 a.m. by U.S. Park Police. Mr. Mills was drunk and was accompanied by an Argentine stripper known by the stage name Fanne Foxe, but the ensuing scandal did not prevent him from being re-elected that year.

Later, however, when Mr. Mills was spotted in a nightclub where Miss Foxe was performing, he was stripped of his committee chairmanship and did not seek re-election in 1976.

Foley 'drank In Secret,' Seeking Help, Lawyer Says (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), October 3, 2006

WEST PALM BEACH — Mark Foley is not a pedophile and "never ever" had sexual contact with minors, his attorney said Monday.

Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life.

"Mark is an alcoholic. He drank in secret. He did not drink in public," Roth said. "He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic."

Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said.

Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy.

Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, "Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life."

Asked if Foley is a pedophile, Roth said, "He is absolutely, positively not a pedophile."

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He described Foley as "contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself."

But even as Foley tried to make the case that his problems stemmed from alcohol and mental illness, the FBI and the Florida Department of Law Enforcement were beginning preliminary investigations to determine whether he broke any laws.

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., and other leaders were moving quickly and vigorously to distance themselves from Foley.

Hastert said Monday that House Republican leaders were unaware of the "vile and repulsive" sexually explicit messages Foley had sent to a former page.

"Congressman Foley duped a lot of people," Hastert said at a news conference. "He deceived the good men and women in organizations around this country with whom he worked to strengthen our child predator laws. I have known him for all the years he served in this House. He deceived me, too."

Foley's name was removed from the wall outside his office early Monday. Later in the morning, a congressional employee posted a new sign reading, "Office of the 16th Congressional District of Florida."

His staff now works for the House clerk's office, which also took over his congressional Web site. The staff was warned early Monday not to talk to the media, one staffer said.

And now, what had been considered a safe congressional seat for Republicans is up for grabs. At a hastily called meeting of Republican leaders at the Orlando airport, state Rep. Joe Negron of Stuart was chosen as the nominee.

But Foley's name will remain on the ballot, increasing the odds that turned-off voters will pick Democrat Tim Mahoney, a political newcomer.

House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity that Negron is virtually doomed because "to vote for this candidate, you have to vote for Mark Foley. How many people are going to hold their nose to do that?"

Although Hastert said GOP leaders didn't know of the instant messages Foley sent to at least one former page, he conceded earlier that they were aware of other personal but less explicit e-mails Foley had sent to another 16-year-old former page.

In addition to Hastert's office, those informed about the e-mails included Boehner; Rep. John Shimkus, R-Ill., who heads the board overseeing the House page program; and Rep. Thomas Reynolds, R-N.Y., chairman of the National Republican Congressional Committee.

Reynolds said he discussed the e-mails with Hastert. The speaker said he did not dispute Reynolds' account but did not recall the conversation.

Boehner told the Dayton Daily News he was "99 percent" sure he talked to Hastert about the matter, but also said he did not recall their conversation.

Last year, Shimkus said he spoke to Foley about the e-mails, insisting that they cease immediately. But the matter was not made public, taken to the House ethics committee or revealed to Democratic members of the page board.

The GOP leaders' handling of the matter prompted criticism even from some Republicans who said they should have acted more forcefully.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, R-Conn.

Republican leaders also are concerned that the fallout from Foley's exit could hurt other GOP candidates in November. Tony Perkins, president of the Family Research Council, said there is "a real chance" the episode could threaten the GOP's majority status.

"I think the next 48 hours are critical in how this is handled," he said. "When a party holds itself out as the guardian of values, this is not helpful."

Meanwhile, the political firestorm was getting worse in Washington. Democrats were quick to accuse Republicans of not doing enough to protect the congressional pages who live in dorms near the Capitol.

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"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

Even the White House was brought into the fray. Spokesman Tony Snow attempted to deflect the political repercussions.

"The House has to clean up the mess, to the extent there is a mess," he said. "This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party."

Leaders from dozens of socially conservative groups held a conference call late Monday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like that to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

A watchdog group, Citizens for Responsibility and Ethics in Washington, said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately turned them over to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes.

On Monday, the group asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Sloan said that though the 2005 e-mails were not sexually explicit — asking about the boy's birthday and progress in school, and requesting a photo — "they set off alarm bells for me."

"These are strategies pedophiles often use" to draw in their targets, Sloan said in a conference call with reporters.

Asked about the preliminary inquiry under way at the FBI, Attorney General Alberto Gonzales said Monday: "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI was "conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The Washington Post reported that a former chief of staff for Foley made one last effort to keep the most damaging messages from going public.

According to media reporter Howard Kurtz, the unnamed chief of staff contacted ABC's Brian Ross, offering to give the network an exclusive about Foley's resignation if Ross agreed "not to publish the raw, sexually explicit messages." Foley resigned after ABC confronted him with those messages.

"I said we're not making any deals," Ross said.

Foley's longtime former chief of staff, Kirk Fordham, did not return a call seeking comment. Fordham is now chief of staff for Reynolds, one of the congressmen who notified Hastert of the complaint from a former page.

Foley Saga No Shock To Some (LAT)

By Noam N. Levey, Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, October 3, 2006

WASHINGTON — Years before sexually explicit electronic messages sent by Rep. Mark Foley to teenage House pages became public last week, some on Capitol Hill say, the Florida Republican was known to have a special interest in younger men.

In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues.

"Almost the first day I got there I was warned," said Mark Beck-Heyman, a San Diego native who served as a page in the House of Representatives in the summer of 1995. "It was no secret that Foley had a special interest in male pages," said Beck-Heyman, adding that Foley, who is now 52, on several occasions asked him out for ice cream.

Another former congressional staff member said he too had been the object of Foley's advances. "It was so well known around the House. Pages passed it along from class to class," said the former aide, adding that when he was 18 a few years ago and working as an intern, Foley approached him at a bar near the Capitol and asked for his e-mail address.

Like most of those willing to discuss Foley, the young man asked not to be named because of concern that speaking openly could harm his career.

Foley resigned from office Friday. His attorney said Monday that Foley had checked himself into an alcohol rehabilitation center. In a statement, Foley said: "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

News reports about the messages Foley sent sparked a furor that continues to build. Much of the controversy centers on whether Republican congressional leaders responded aggressively enough when they learned late last year about less salacious e-mails Foley had sent to another page. In those e-mails, Foley asked the page to send a photo of himself and asked how old he was.

The GOP leaders said Monday, as they have since Foley resigned, that the matter had been appropriately handled last year, when the House clerk and congressman in charge of the page program told Foley to cease contact with the page. They also have said they knew nothing about more explicit instant messages — in which Foley graphically discussed sex — and had no reason to be suspicious about Foley's behavior.

House Speaker J. Dennis Hastert (R-Ill.), in public comments Monday, called the explicit messages "vile and repulsive, both to myself and to my colleagues." He added: "No one in the Republican leadership saw those messages until last Friday, when ABC News released them to the public."

ABC reported Monday that in another set of instant messages, Foley tried to arrange a rendezvous with another young teenage page.

Hastert also held a rare off-camera question-and-answer session with reporters Monday, during which he said that Foley's inappropriate contacts with pages appeared to have occurred after the teenagers had left Washington and returned home.

"I understand that these are pages that have all left the program," Hastert said. "This was after the fact. And you know — woulda, coulda, shoulda."

At least one Republican lawmaker, however, has said that GOP lawmakers should have dug deeper into Foley's behavior months ago.

West Virginia Rep. Shelley Moore Capito, who sits on the board overseeing the page program but who has said she was not told of any of the e-mails, told the Charleston Gazette over the weekend that even the less-explicit ones should have been viewed as suspicious

"I don't think it would pass the sniff test," she told the newspaper. "Even asking those questions — that is not normal between a 52-year-old adult and a 16-year-old…. It's not like they're family friends or anything. I think it would raise some serious questions."

The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men.

"Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff," said one former congressional staffer.

The staffers said Foley — who was elected to the House in 1994 and is not openly gay — would seek out the young men in bars, restaurants and even around the Capitol.

The former intern said he was approached by Foley at Bullfeathers, a popular restaurant and bar a few blocks from the Capitol. "He asked for e-mail, which I gave him," said the young man. "I was 18. To have a congressman take an interest in you seemed pretty cool."

But he said he quickly regretted it. Foley began sending him e-mails, asking for more information about him. "It was a patented act," he said. He stopped responding to Foley soon afterward.

Beck-Heyman, the former page, said several other male pages in his class also had been approached by Foley. "Mark Foley knew he could get away with this type of behavior with male pages because he was a congressman," he said.

Another former staffer said it was an oft-repeated story around Capitol Hill that Foley's former chief of staff, Kirk Fordham, would sometimes accompany the congressman to keep him out of trouble.

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Fordham represents a link between Foley and House GOP leaders. Shortly after leaving Foley's office last year, he became chief of staff to Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee.

Reynolds has said he was told this spring about the e-mails that sparked the initial complaint about Foley.

Fordham has not responded to repeated requests for comment from The Times.

Democratic congressional leaders continued Monday to attack the Republican handling of the Foley case.

"This is about a member of Congress who used his position to prey on young children, and a Republican leadership team who set out to cover it up," said Senate Minority Leader Harry Reid (D-Nev.).

As criticism of GOP leaders mounted, the FBI — which reported Sunday that it had launched a preliminary investigation of Foley's behavior — came under fire Monday for not acting more quickly.

The advocacy group Citizens for Responsibility and Ethics in Washington said it sent the FBI the less explicit Foley e-mails in July. The group's officials now have asked the Department of Justice to investigate why the bureau didn't begin its investigation sooner.

FBI officials declined to comment on the complaint.

But a law enforcement official said investigators are trying to determine the scale and scope of potential crimes, and have been reviewing the messages that have become public.

The official, who requested anonymity because of the investigation's sensitivity, said that the bureau hoped to speak with some pages and their families soon to determine whether they would be willing to cooperate with the investigation.

Federal law makes it a crime to use the Internet to solicit sex from anyone under 18 years of age. Offenders can be fined and imprisoned for up to 30 years with a minimum sentence of five years in prison.

As of late Monday, the FBI had not requested access to the computers in Foley's former congressional office.

The office has continued to operate, handling constituent requests and other routine chores, but under the auspices of the clerk of the House.

Follow The Money (RC)

By Mary Ann Akers

Roll Call, October 3, 2006

How fitting that of all the politicians disgraced former Rep. Mark Foley (R-Fla.) chose to give money to this campaign cycle, the only two Members of Congress to whom he donated were Rep. Bob Ney (R-Ohio) and Sen. George Allen (R-Va.).

Foley's campaign committee made a total of three donations: $100,000 to the National Republican Congressional Committee; $2,000 to Friends of George Allen; and $1,000 to Bob Ney for Congress.

What, did Foley have some sixth sense that they'd all implode in the same year? Could he have predicted that he and Ney both would wind up in the tank, out of a job?

Ney, the only Member of Congress to be criminally nailed in the Jack Abramoff lobbying scandal, is scheduled to officially plead guilty in federal court on Oct. 13. Allen, the only Member of Congress ever known to use the word "macaca," is pleading his case to the people of Virginia (forget about the people of America, that dream is over) 24-7 until Election Day; and Foley, well, he's looking like the straw that broke the camel's back on the GOP scandal front.

Worst Pretty Boy in the World. Obviously, Keith Olbermann, host of MSNBC's "Countdown," doesn't know how narcissistic Congressional Chief of Staff Jason Roe is. When Olbermann gave Roe his nightly "Worst Person in the World" award Friday night, Roe wasn't upset in the slightest, he just hoped he looked hot if the show aired a photo of him.

Roe, chief of staff to Rep. Tom Feeney (R-Fla.), has taken a leave of absence to work on GOP candidate Peter Roskam's House campaign in the Illinois 6th district against Democrat Tammy Duckworth, a combat veteran who lost both her legs in Iraq. Olbermann derided Roskam for saying that Duckworth wanted to "cut and run" from Iraq "even though," Olbermann pointed out, "she lost both her legs there while serving as a helicopter pilot."

The reason Roe got the award is because he called "Countdown" to complain that Roskam was misquoted, charging the show with "intellectual dishonesty."

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Well, that just did it. With a big photo of Roe and Roskam up on the screen behind him, Olbermann looked into the camera, addressing Roe, and said, "Hey, pal, this is about campaigning against a woman who has no legs because they were CUT OFF while she served in Iraq. ...You leave the intellectual to us, we'll leave the dishonesty to you."

He thus declared Roskam and Roe "Worst Persons in the World."

A friend of Roe who saw the segment called to tell him about it, saying, "Dude, you're not going to like this. They just named you 'Worst Person in the World.'" Well, he shoulda known. His pal Roe's first reaction: "Did they put my picture up?"

The tanned, toothy and handsome Roe, who never has a wrinkle in his designer clothes or a hair out of place, wrote the producers of "Countdown" an e-mail saying, "Thanks for using a good picture of me. The only disappointment is that since no one watches Olberman [sic], none of my friends will ever get to see my award. Try to get some viewership."

Roe's wife, Patty Roe, chief of staff to Rep. Rick Renzi (R-Ariz.), is a head-turning blonde who, nevertheless, said she's a slob compared to her prissy husband. She told us, "He wakes up looking that beautiful. With all the products not even a pillow can mess up his hair!"

Foley Memories. Boy oh boy (no pun intended) are the Foley "victims" crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being "asked out" by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18.

He said the ex-Congressman used to occasionally ask him out for "a beer." Though nothing ever happened, the all-grown-up-now former scribe is wigged out thinking about it.

After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe.

"Last night I remembered another weird Foley incident," DT on the LC told us.

He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said "was drunk," approaching their table and quickly asked his friend to say she was his girlfriend.

Foley, who checked himself into an alcohol rehab clinic over the weekend, came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating.

"Yes," our source recalled his pal saying. Foley, according to our source replied, "Well, I've been asking [name redacted] out for years, and he always says no. What's your secret?"

The former reporter froze. "I swear to God," he said. "We were both so stunned we didn't know what to say. Luckily, the food came at his table and he left right after that."

At some point during Foley's attempted courtship (or beership) of the young reporter, our source went to a party at Foley's house one night with another young male journalist. "I remember very vividly leaving his house and thinking, 'That guy drinks way too much and is going to get himself in big trouble.'"

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Ex-Rep. Foley Checks Into Alcohol Rehab (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, October 3, 2006

WASHINGTON (AP) - Former Rep. Mark Foley, under FBI investigation for salacious e-mail exchanges with teenage congressional pages, has checked himself into rehabilitation facility for alcoholism treatment and accepts responsibility for his actions, his attorney said Monday.

The attorney, David Roth, would not identify the facility, but told the Associated Press in West Palm Beach, Fla., that Foley had checked in over the weekend.

``I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley, a Republican, said in a statement, Roth told the AP.

In scorching language, House Republican leaders on Monday condemned Foley's actions as they tried to contain the damage to the party five weeks before midterm elections.

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``Congressman Foley duped a lot of people ... He deceived the good men and women in organizations around the country with whom he worked to strengthen child predator laws," Speaker Dennis Hastert told reporters. ``I have known him all the years he served in the House and he deceived me too."

The Bush administration, meanwhile, sought to distance itself from the scandal and the increasing questions about when members of the House Republican leadership knew of the e-mail exchanges and what did they know of Foley's actions. Coming five weeks before the election, the scandal involving the Republican congressman could cost the GOP control of the House.

``The House has to clean up the mess, to the extent there is a mess," White House spokesman Tony Snow told reporters at a briefing.

Foley abruptly quit Congress on Friday after reports surfaced that he'd sent sexually charged electronic messages to boys working as pages. In the statement, Foley said the ``events that led to my resignation have crystalized recognition of my long-standing and significant alcoholism and emotional difficulties."

``I deeply regret and accept full responsibility for the harm I have caused," Foley said. He also expressed ``gratitude for the prayers and words of encouragement that have been conveyed to me."

The FBI, meanwhile, ``is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko.

The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe ``a precursor to a possible criminal investigation."

Florida Republicans picked state Rep. Joe Negron to replace Foley as its candidate in the West Palm Beach district, which is largely Republican.

House Republicans went into damage control mode amid charges by Democrats that some House leaders may have known for months about Foley's inappropriate overtures toward the young pages.

Hastert met with his staff, the House clerk and Rep. John Shimkus, R-Ill., the congressman who oversees the page program, to review the procedures on protecting the teenage pages while they are working at the Capitol and after they finish their assignments.

Hastert in a letter sent Sunday to Attorney General Alberto Gonzales, asked the Justice Department to ``conduct an investigation of Mr. Foley's conduct with current and former House pages," including ``any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement."

Democrats demanded that investigators determine whether Republican leaders tried to cover up Foley's actions for political reasons.

``The attorney general should open a full-scale investigation immediately," Senate Democratic leader Harry Reid of Nevada said in a statement, including whether GOP leaders ``knew there was a problem and ignored it to preserve a congressional seat this election year."

FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation.

The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said.

Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said he told Hastert months ago about the allegations involving a 16-year-old boy from Louisiana.

Hastert acknowledged that his staff had been made aware of concerns about what they termed ``over-friendly" e-mails Foley had sent to the teenager - including one requesting his picture - in the fall of 2005, and that they referred the matter to the House clerk.

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But Hastert said those e-mails were not viewed as ``sexual in nature" and that he was not aware of ``a different set of communications which were sexually explicit ... which Mr. Foley reportedly sent another former page or pages."

AP reporter Brian Skoloff contributed to this story from West Palm Beach, Fla.; AP reporter John Heilprin contributed from Washington

Foley Checks Into Rehab As Republicans Seek Cover (MCT)

By Margaret Talev And Marisa Taylor

McClatchy, October 3, 2006

WASHINGTON - Republicans sought cover Monday from the FBI probe of former Rep. Mark Foley's sexual communications with underage male congressional pages, as the scandal's aftershocks spread across the political world and conservative activists began talking about a possible shakeup of the House Republican leadership.

As Foley, a Florida Republican, entered an alcohol and behavioral rehabilitation program, legal experts said criminal prosecution isn't a foregone conclusion. In some states, 16 is the age of sexual consent.

Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity.

While it hasn't been proved that Foley engaged in sexual acts with anyone under 18, ABC News on Monday reported sexually charged instant-message exchanges in which Foley urged a former page to meet him and referred to a prior meeting between them in California.

House Speaker Dennis Hastert, R-Ill., called a news conference on Capitol Hill to state unequivocally that no one in the party leadership knew until late last week of Foley's "vile and repulsive" instant messages, which ABC published online and which included explicit dialogue about masturbation. He said he wanted to find out who did know.

Hastert asked the Justice Department on Sunday to investigate not only Foley's actions, but what anyone in Congress knew about them.

Hastert has been under fire since Foley's abrupt resignation Friday. Hastert then suggested he was just learning there was a problem. But Rep. Tom Reynolds, R-N.Y., chairman of the GOP's congressional campaign committee, has said he made Hastert aware of the situation months ago.

The head of the House Page Board, Rep. John Shimkus, R-Ill., acknowledged learning late last year, along with the House clerk, that Foley had sent a former page an e-mail that wasn't sexually explicit but that asked personal questions that made the young man uncomfortable. Shimkus told Foley to stop communicating with the young man, but didn't share the information with his fellow Page Board members.

None of the Republican leaders acknowledged knowing about the sexually explicit messages.

Democrats are accusing Republicans of an election-year cover-up.

Rep. Dale Kildee, D-Mich., a member of the House Page Board who said Shimkus didn't inform him about Foley's e-mail, accused Republicans of being "more concerned with finding political cover for themselves than with the safety and well-being of the House pages."

Shimkus said the young man's parents didn't want to pursue an investigation and that Foley was questioned, professed innocent motives and agreed not to contact the young man again.

Several conservative leaders voiced anger that House Republican leaders knew they had a potential predator in their ranks and didn't take it more seriously.

"After the elections, if the Republicans are still in power, this may signal a change in the leadership, if it appears they knew more than they have reported to us," said Mike Mears, executive director of Concerned Women for America's political action committee.

Richard A. Viguerie, a leader of the conservative movement for decades, suggested that Hastert's call for a Justice Department investigation "could be part of an effort to cover this up until after the election." He called for the immediate resignation of any House leader who knew of improper conduct and didn't act.

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Tom Fitton, president of the conservative group Judicial Watch, said Hastert, Majority Leader John Boehner, Shimkus and Reynolds have "some serious explaining to do."

David Keene of the American Conservative Union said he doubts that Hastert had any idea of the extent of Foley's communications, but that Hastert nevertheless may pay a political price for not acting sooner.

Republican congressional candidates across the country feared the controversy's potential to depress conservative turnout at the polls in November or sway independent voters toward Democrats.

Republican Vern Buchanan, in a competitive Florida race to succeed Rep. Katherine Harris of Sarasota, gave to charity $2,000 that Foley's political action committee had contributed to his campaign. Buchanan's Democratic opponent, Christine Jennings, called it disconcerting to find Buchanan "in such a small group of recipients to benefit from Mark Foley's PAC."

Rep. Clay Shaw, a Fort Lauderdale Republican in a tight race, is donating $2,000 from Foley's campaign and political action committee to the Center for Missing and Exploited Children. Spokeswoman Gail Gitcho said, "No one is going to mistake Clay Shaw for Mark Foley," but acknowledged that the scandal "has completely eaten up the news cycle."

White House Press Secretary Tony Snow initially minimized the scandal in an interview with CNN.

"Look, I hate to tell you, but it's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails," he said.

But he backed away from that line later, telling White House reporters, "Look, this is an awful and disturbing story. ... I think people are trying to put us in a box, and say, you know what, unless you come out and you condemn Denny Hastert, you're saying that this behavior is acceptable. It's not."

Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a "third party" made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched.

John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a "commission of a felony" and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks.

Barry Coburn, a criminal defense attorney and former federal prosecutor, said the allegations didn't clearly present solicitation of a minor.

"It might have been clearly inappropriate, and it might yet conceivably turn out to be something short of criminal solicitation," he said.

McClatchy Newspapers correspondents Lesley Clark and Alan Bjerga contributed to this report.

Hastert Says He Wasn't Aware Of Explicit E-Mails (Update1) (BLOOM)

By William Roberts

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- House Speaker Dennis Hastert, under fire for his response to Florida Representative Mark Foley's e-mails to teenage congressional pages, said he was unaware of any sexually explicit e-mails until Foley resigned.

``Republican leaders of the House did not have them," Hastert said at the Capitol. ``Someone did have them. And the Ethics Committee, the Justice Department, the news media, and anyone who can should help us find out who."

Hastert's comments are part of an effort to rebut Democratic suggestions that House Republican leaders didn't act aggressively enough after they learned about what they called ``overly friendly" but not sexual message that Foley sent to a teenage former page in 2005. Some Democrats said Republican leaders may have wanted to protect Republican control of Foley's district.

Foley, 52, resigned Sept. 29 after ABC News asked him about explicit e-mails that were sent to teenagers in 2003.

Some Republican congressional candidates distanced themselves from the scandal, fearing it might deal a final blow to the party's bid to keep control of the House in November elections.

`Toleration'

``Toleration of inappropriate behavior is almost as bad as the behavior itself," said Representative Heather Wilson, a Republican from New Mexico who faces a difficult race in November.

Hastert met today with Representative John Shimkus, the Illinois Republican who is chairman of the board that oversees the congressional page program. After their meeting, Hastert and Shimkus read prepared statements in front of news cameras in the Capitol and declined to take questions.

``Congressman Foley duped a lot of people," Hastert said. ``I have known him for all the years he served in this House. He deceived me, too."

House Democratic Leader Nancy Pelosi said in a statement today that Hastert ``failed to answer the question that every mother and father in America is asking: how could Republican Leaders chose partisan politics over protecting children?"

Foley has checked himself into a rehabilitation center for treatment of alcoholism, Palm Beach, Florida, television station WPBF reported. Joe Negron, a Republican state representative, has been chosen to replace Foley as the party's nominee in the 16th District, which stretches from Jupiter Beach on Florida's east coast across Lake Okeechobee to Port Charlotte on the west coast, CNN reported.

A Letter

Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley.

In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested.

The FBI has opened an initial assessment of the matter ``to determine if there has been a violation of federal law," said Stephen Kodak, a spokesman for the agency in Washington.

FBI

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said she received the non-sexual e-mails July 21 from an unnamed congressional aide and gave them to an FBI agent.

She called for an investigation into the FBI's failure to act on them until now, saying agents should have recognized them as more than ```overly friendly."

Cynthia Schnedar, counselor to the Justice Department's inspector general, Glenn Fine, said officials are reviewing Sloan's complaint.

Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days.

``Central to the investigation is immediately questioning, under oath, the House Republican leadership," Pelosi wrote in a letter to lawmakers on the committee yesterday.

Quickly Enough

White House officials declined to say whether Republican leaders in Congress had reacted quickly enough to warnings about Foley.

``The House is responsible for enforcing its standards," White House spokesman Tony Snow said. ``That has always been the case."

He rejected the suggestion that the scandal would harm his party's prospects in the November elections.

``This does not affect every Republican," Snow said. ``If you try to paint with a broad brush, I think you run the risk of tarring respectable people."

Democrats, advocacy groups and some Republicans demanded full disclosure by Republican leaders of how the episode unfolded. Representative Peter King, a New York Republican, said yesterday that House leaders ``have to get all the facts out as quickly as possible."

Representative Rob Simmons of Connecticut said yesterday that all lawmaker should be held accountable for their actions.

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``If it is found that any member of Congress or staff willingly participated in a cover-up of Mr. Foley's actions, that individual should resign immediately," Simmons said.

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FBI Knew In July About Foley E-Mails To Teen (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 3, 2006

The FBI acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005 by then-Rep. Mark Foley (R-Fla.) to a Louisiana teenager -- messages that troubled the boy's parents.

Key House Republicans learned of the e-mails in 2005 and chose to deal with Foley privately, warning him to cease contact with the 16-year-old former House page. Top aides to Speaker J. Dennis Hastert (R-Ill.) did not inform him about the incident, Hastert said yesterday, and he defended their actions in a Capitol Hill news conference.

But the GOP's handling of the Foley matter has rocked the party since it was revealed last week that Foley had sent far more sexually explicit electronic messages to teenage former pages in 2003 and 2004.

Many Democrats and some Republicans sharply criticized the decision by key House GOP members to handle the matter of the Louisiana e-mails so quietly that only one of the three lawmakers who oversee the page program knew anything about it. The other two -- one Democrat, one Republican -- expressed anger yesterday that they had been kept in the dark.

Also yesterday, ABC News posted on its Web site instant messages -- reportedly between Foley and another former House page -- in which the lawmaker repeatedly tried to set up a dinner date and indicated that the boy had spent time with him in San Diego. Previously disclosed messages had not indicated that Foley was trying to make personal contact with the boys, who had served as runners and helpers for a year in Washington.

Foley abruptly resigned Friday, and his attorney David Roth said yesterday that the six-term lawmaker is now at an alcohol-treatment center in Florida. In a statement faxed to news outlets Sunday night -- Foley's only public comments since his resignation -- he said: "I deeply regret and accept full responsibility for the harm I have caused."

Roth, interviewed last night on CNN, said that Foley is "absolutely, positively not a pedophile" and "has never, ever had an inappropriate sexual contact with a minor in his life." He said Foley wrote the e-mails "under the influence of alcohol" and was "suffering from mental illness."

Officials from the liberal-leaning group Citizens for Responsibility and Ethics in Washington said yesterday that they received copies of the Louisiana e-mails on July 21 and turned them over to the FBI the same day. Melanie Sloan, the group's executive director, said she spoke with a special agent in the Washington field office, and she questioned yesterday why the FBI did not investigate Foley weeks ago.

An FBI official, who spoke on the condition of anonymity because the investigation is ongoing, said the field office concluded that the e-mails "did not rise to the level of criminal activity." The bureau announced Sunday that it would begin a preliminary investigation into Foley's more explicit electronic exchanges with teenagers.

Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry.

"This thing should have been looked into months ago," said Rep. Walter B. Jones Jr. (R-N.C.), who said he is "disgusted" by his leaders' response. "That's abnormal for a 52-year-old man having those kinds of e-mails going to a 16-year-old child."

In a written statement, Rep. Christopher Shays (R-Conn.) said the Republican leadership needs to be shaken up. "If they knew or should have known the extent of this problem, they should not serve in leadership," he said.

Hastert, as the House's top officer and the man in line after the vice president to succeed the president, has been the main target of questions and barbs from both parties. He reiterated yesterday that he recalled hearing nothing about Foley's e-mails until last Friday, but he does not dispute the assertion of Rep. Thomas M. Reynolds (R-N.Y.) that he informed the speaker last spring.

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"If Reynolds told me, it was in a line of things, and we were in the middle of another crisis this spring, so I just don't remember that," Hastert told reporters. He defended the decision by several top staffers to handle the Foley matter without telling him. "I see no reason to bump it up to me at that time," he said.

Hastert noted that the 2005 e-mails to the Louisiana teenager were ambiguous. In one, Foley asked the boy to send a picture of himself, which reportedly alarmed the youth and his parents. Hastert agreed yesterday that an adult's request for a teenager's photo "would raise a red flag." But he said he would not second-guess his party's handling of the situation.

The boy's parents approached the office of Rep. Rodney Alexander (R-La.) in late 2005, asking that Foley stop contacting their son and that the matter be kept quiet, according to House accounts.

Reynolds, who chairs his party's House campaign committee, and Majority Leader John A. Boehner (Ohio) were among prominent Republicans who also knew of the parents' concerns earlier this year. But the matter was left to Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, and then-House clerk Jeff Trandahl, also a board member.

Shimkus has said that Foley assured them that the e-mails were innocent, and that they closed the discussion by telling him to respect pages and to cease contacting the Louisiana boy. Trandahl, now executive director of the National Fish and Wildlife Foundation, did not return phone calls yesterday.

Hastert said that he and other House leaders knew nothing of the instant messages between Foley and former pages in 2003 and 2004, which, ABC has reported, were much more graphic and discussed topics including masturbation.

ABC reported yesterday that Foley used the screen name "Maf54" and wrote a former page: "I miss you lots since san diego," to which the teenager responded, "ya I cant wait til dc." The youth asked, "did you pick a night for dinner." Maf54 replied, "not yet . . . but likely Friday."

In another exchange, Maf54 wrote, "I want to see you." The teenager replied, "Like I said not til feb . . . then we will go to dinner." Maf54: "and then what happens?" Teenager: "we eat . . . we drink . . . who knows . . . hang out . . . late into the night." When Maf54 pressed further, the teenager wrote, "hmmm, I have the feeling that you are fishing here . . . im not sure what I would be comfortable with . . . well see."

Rep. Shelley Moore Capito (W.Va.), Shimkus's fellow Republican on the Page Board, said she knew nothing of Foley's electronic exchanges until last week.

"As a member of the Page Board -- and, more importantly, as a mother -- I am appalled by Mark Foley's despicable conduct," she said. "I deeply regret not being made aware of this situation as a member of the Page Board."

White House spokesman Tony Snow contributed to the political firestorm yesterday when he told CNN the scandal involved "simply naughty e-mails." Democrats assailed the comment, and Snow later called the messages "disturbing," "appalling" and "reprehensible."

Hastert Defends Handling Of Page Scandal (AP-Y)

By Andrew Taylor, Associated Press Writer

AP, October 3, 2006

House Speaker Dennis Hastert on Monday defended his office's handling of questions raised about Rep. Mark Foley last year, saying the parents of a former male page were concerned about an e-mail Foley sent their son but didn't want the matter pursued.

Hastert said neither he nor other GOP leaders were aware until last Friday of far more lurid computer exchanges two years earlier between the Florida Republican and another page.

Hastert, R-Ill., acknowledged that Foley's 2005 e-mail to a Louisiana boy seeking a photograph raised a "red flag" with the Louisiana congressman who sponsored the page, but said his staff aides and Rep. John Shimkus, another Illinois Republican who chairs a board of House members who oversee the page program, did not know the contents.

Rep. Tom Reynolds, the House GOP campaign chairman, said he told Hastert in the spring of this year about the questionable e-mail. Hastert says he does not recall the conversation but does not dispute Reynolds' account.

Shimkus, appearing with Hastert on Monday, said new measures would be implemented to keep pages safe, including a toll-free hotline for pages, former pages and their families to confidentially report any incidents.

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Democrats protested that those decisions should be made by the bipartisan page board.

"Once again, the House Republican leadership is following the same pattern of unilateral decision-making that caused this problem in the first place," said Rep. Dale Kildee of Michigan, longtime Democratic member of the board.

Hastert's media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy. GOP leaders scheduled a late-afternoon conference call on the matter with rank-and-file Republicans.

Shimkus and the House clerk called Foley last fall and told him to cut off all communication with the former page. Only after ABC News reported the 2005 e-mail late last week did the more lurid material surface, as pages forwarded further messages to ABC.

The network reported instant messages between Foley and a San Diego teenager, who suggested he was uncomfortable in an exchange discussing dinner plans for when the boy was to come to Washington.

"and then what happens," Foley messaged at one point.

"I have the feeling that you are fishing here ... im not sure what I would be comfortable with ... well see," the teen replied.

Democrats hammered at GOP leaders' handling of the Foley subject as an internal party matter instead of bringing it to the attention of the page board or the House Ethics Committee.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

The FBI has begun an inquiry into Foley's computer contact with pages, and Hastert wrote a letter to Florida Gov. Jeb Bush asking for an investigation into whether state laws were broken.

Meanwhile, Florida newspapers — who were leaked copies of the e-mail with the Louisiana boy last year — defended their decision not to run stories. Both The St. Petersburg Times and The Miami Herald were given copies of the e-mail, as were other news organizations, including Fox News.

"Our decision at the time was ... that because the language was not sexually explicit and was subject to interpretation, from innocuous to 'sick,' as the page characterized it, to be cautious," said Tom Fiedler, executive editor of the Herald. "Given the potentially devastating impact that a false suggestion of pedophilia could have on anyone, not to mention a congressman known to be gay, and lacking any corroborating information, we chose not to do a story."

Hastert called on any person who was aware of the 2003 instant messages to speak to law enforcement authorities. He said no Republican leader in Congress was aware of those exchanges until Friday, when ABC News reported it had questioned Foley about them.

A watchdog group, Citizens for Responsibility and Ethics in Washington (CREW), said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately gave them to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes. The group on Monday asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Asked about the preliminary inquiry under way at the FBI into Foley's actions, Attorney General Alberto Gonzales told reporters Monday afternoon, "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI "is conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The congressional page program has traditionally been a starting point for young people interested in making a career of politics.

There currently are 72 House pages, 48 selected by Republicans and 24 by Democrats, according to a recent report by the Congressional Research Service. The Senate breakdown is 30 pages, 18 chosen by Republicans and 12 by Democrats.

Leadership officials had been aware since last year of the 2005 e-mail exchange, which they said was "over friendly" but did not include overtly sexual references. They said they did not follow up other than to instruct Foley to not communicate with the Louisiana page.

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But Sloan of the CREW watchdog group said that while the 2005 e-mail was not sexually explicit — asking about the boy's birthday and progress in school and requesting a photograph — "they set off alarm bells for me."

"These are strategies pedophiles often use to draw in their" targets, said Sloan in a conference call with reporters.

Foley, 52, checked into an alcohol rehabilitation center over the weekend, his attorney said Monday. In a statement, Foley said, "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

Florida Republicans on Monday chose a member of the state Legislature, Rep. Joe Negron, to replace Foley as the party's candidate for the state's 16th congressional district, which covers an area north and west of Palm Beach.

Democrat Tim Mahoney said Monday that his campaign learned about the Foley e-mails through a reporter and wasn't sure what to believe until actually seeing them.

"There was information that obviously had been out and about. It had to be one of the biggest open secrets in Washington D.C."

White House spokesman Tony Snow attempted to deflect the political repercussions, saying, "The House has to clean up the mess, to the extent there is a mess."

"This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party," Snow said.

Pelosi Wants GOP Leaders' Testimony (RC)

By John Bresnahan

Roll Call, October 3, 2006

House GOP leaders and the FBI faced new questions on Monday over their handling of the sex scandal surrounding former Rep. Mark Foley (R-Fla.), with Democrats and a Congressional watchdog group suggesting Foley's activities were covered up or deliberately ignored for months to keep his seat under Republican control.

House Minority Leader Nancy Pelosi (D-Calif.) has asked for Speaker Dennis Hastert (R-Ill.) and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when, about a series of July 2005 e-mails from Foley to a 16-year-old former Congressional page and how they responded to the incident.

Hastert has said repeatedly that he was not personally aware of the initial batch of Foley e-mails since the scandal first broke last Thursday, although Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) have both stated publicly that they informed the Speaker of the messages in the spring or early summer of this year. Boehner now says he cannot remember whether he told Hastert, and Hastert himself does not "recall or remember" any conversation with Reynolds regarding Foley.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," Pelosi said in a statement released by her office. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

Three of Hastert's top aides were made aware of the Foley e-mails in the fall of 2005 by Rep. Rodney Alexander (R-La.), according to a timeline released by the Speaker's office on Saturday. The teen lived in Alexander's district, and his parents sought Alexander's help in getting Foley to stop contacting their son.

The July 2005 e-mails do not include sexually explicit language but were disturbing enough that Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and Jeff Trandahl, the former Clerk of the House, interviewed Foley about them last year. Foley agreed to stop the e-mails, and Hastert's staff was then informed of his promise but took no further action, according to Hastert's office. Hastert told reporters on Monday that "there [was] no reason to bump it up to me at that time."

Since ABC News first reported on the July 2005 e-mails last Thursday, a series of electronic messages between Foley and other former pages have surfaced, a number of which include sexually graphic comments by the former lawmaker to teenage boys. Foley resigned from the House on Friday, and his Congressional office was taken over by the Clerk of the House. Foley has

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reportedly checked himself into alcohol rehabilitation in Florida, becoming the second GOP lawmaker to do so in the past month.

The House approved a resolution late Friday evening directing the ethics panel to look into the Foley scandal, although Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the committee, have not announced yet if or how they would conduct any investigation.

The ethics committee traditionally has deferred to the Justice Department or other law enforcement agencies in the handling of criminal matters, although in this case, sources close to the panel said the two lawmakers are anxious to have the panel weigh in on this matter as quickly as possible.

The ethics committee would need a quorum of at least six of its 10 members present to approve any investigation or appoint an investigative subcommittee to undertake a probe, and that has not occurred as of Monday night, according to House insiders. Members of the committee also would have to physically present to approve subpoenas to any lawmakers or current or former House staffers.

At this time, Pelosi has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal. But the appointment of an outside counsel would almost certainly slow down any committee investigation, and Hastings and Berman are under intense pressure to show some results in the five weeks before the midterm elections.

Hastert asked for both Attorney General Alberto Gonzales and Florida authorities to begin a criminal investigation of Foley. FBI officials said the bureau now has begun a "preliminary review" of the Foley messages to determine their authenticity and whether any federal laws were violated by the Florida Republican.

Hastert also has vowed that the ethics committee and House officials will work in tandem with any federal probe. "Well, obviously, if federal investigators come in, we always cooperate with them," Hastert said.

But Melanie Sloan, head of the liberal watchdog group Citizens for Responsibility and Ethics in Washington, told reporters on Monday that she had turned over the July 2005 e-mails to an FBI special agent on July 21 of this year. Sloan questioned whether the FBI, at the behest of the White House or other Republican officials, covered up Foley's allegedly improper behavior to protect his House seat for the GOP.

Sloan has asked the Justice Department's Inspector General office to look into the FBI's handling of the Foley e-mails. The IG's office had no comment on Monday other than to say it had received Sloan's request.

"Since the FBI has known about Rep. Foley's e-mails since July, the question arises: Did the administration help to cover up Rep. Foley's conduct and leave a potential sexual predator on the loose? Was the administration more concerned with protecting a powerful ally in Congress than with protecting children?" Sloan said in a Monday conference call with the press.

Sloan, a former federal prosecutor and House Democratic staffer, said the initial batch of Foley e-mails, which included no explicitly sexual references, were disturbing enough that they warranted a criminal probe as soon as the FBI became aware of them. Sloan did not name the FBI special agent to whom she turned over the e-mails.

"There are the strategies that pedophiles use to draw in their victims," Sloan said of the initial Foley e-mails, which included Foley asking former pages some friendly questions, followed by a request for a photo of one teen.

Sloan said she "never heard back from the FBI" after turning the e-mails over to the special agent but was not alarmed by that since the bureau would not inform her of their actions in the case. When the Foley scandal broke last week, Sloan said she became concerned that GOP leaders or Bush administration officials blocked a probe of the former lawmaker.

"The American public deserves to know not just how and why members of Congress failed to take action to protect the youngsters entrusted to the care of the House of Representatives, but also why the FBI — an agency charged with protecting the public — failed to safeguard other youngsters from a potential sexual predator," Sloan said in her letter to the Justice IG's office.

A potentially thorny legal question facing House leaders is what to do with any documents or materials still in Foley's Cannon Building office or district offices.

Although he has resigned from Congress and the Clerk of the House is officially running his former office and has changed the locks on the office doors, Foley still personally owns any documents, materials or electronic records in those offices, and the House may not be at liberty to turn them over to criminal investigators short of a subpoena, which Foley could potentially contest

in court on the grounds that some of the materials may be privileged, similar to the claim that has arisen in the corruption probe of Rep. William Jefferson (D-La.).

In addition, it is unclear what electronic or telephone records the House has in its possession at this time relating to Foley, and how such records could be turned over to investigators.

With Foley facing potential federal and state criminal investigations, legal experts also are divided as to whether he will be able to spend freely on his legal defense from his $2.8 million campaign account that is left over from his aborted re-election bid.

If forced to pay legal bills out of his own pocket, Foley will find it a difficult endeavor if any investigation is prolonged and requires a well-financed team of advisers.

According to a review of his financial disclosure statement for 2005, Foley is not among the most wealthy Members of Congress, with a net worth of at least $237,000.

In recent years, most Members of Congress caught up in federal investigations have been granted free reign by the Federal Election Commission to spend from their campaign accounts on their defenses, with the commission usually applying a standard that allows such expenses if the probes are clearly related to the Member's status as a federal candidate or actions taken as a Member of Congress.

Some defense lawyers believe the FEC would not place any limits on Foley and his ability to pay for his legal team with leftover campaign funds, citing the generally broad leeway other lawmakers have been given by the commission to pay legal bills.

Cleta Mitchell, a GOP campaign finance expert at the firm Foley & Lardner, said this investigation falls under the "but for" standard that the FEC applies — but for Foley being a Member of Congress, this investigation wouldn't have started.

"It is pretty broadly interpreted — and all the Members who've had to deal with allegations of criminal misconduct have been advised that their excess campaign contributions can in fact be used to defray legal expenses arising from their service as Members of Congress. Even if the costs are associated with defending allegations of a criminal nature," the GOP lawyer said.

But other lawyers say that standard may not apply to Foley, particularly if the FEC decides that these actions under scrutiny had no connection to his actual work as a Member of Congress.

"It's not a slam dunk," said Marc Elias, a Democratic attorney with Perkins Coie.

Elias noted a 2003 decision by the FEC that was a split verdict for James Treffinger, a GOP Senate candidate from New Jersey in 2000 and 2002 who came under a 19-count federal indictment for extorting contributions to his campaign from county contractors who were awarded local business. In that case, the FEC ruled that half of Treffinger's actions were not related in any fashion to the Senate campaign and were about local corruption, forbidding him from using the leftover funds to defray legal costs.

In Foley's case, Elias said the FEC may rule that his actions with the teenagers was "purely personal conduct," particularly if the investigation were to lead to actions with other minors not connected to the House Page program.

Paul Kane contributed to this report.

Papers Knew Of Foley E-Mail But Did Not Publish Stories (NYT)

By Anne E. Kornblut And Katharine Q. Seelye

The New York Times, October 3, 2006

WASHINGTON, Oct. 2 — At least two news organizations were tipped off to e-mail messages sent by Representative Mark Foley long before the story of his sexually explicit remarks to teenage pages broke last week and forced him to resign.

The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors.

It was not until the exchanges were published online last week, first by an anonymous blogger, then on the ABC News Web site, that the story gained momentum and grew more damaging as other teenagers came forward.

The trickle of information about Mr. Foley's messages, first made known to the news media almost a year ago, has raised questions not only for Congressional officials but also for news organizations about how to handle anonymous sources making explosive accusations in an election year.

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At the same time, the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley.

"He deceived his in-state newspaper when they each questioned him," Speaker J. Dennis Hastert said Tuesday. "He deceived me, too."

The St. Petersburg Times said that last November, it received copies of an e-mail exchange between Mr. Foley and a former page from Louisiana. The newspaper said the boy, who was under age, did not want his name used, and the paper said it did not want to publish accusations based on unnamed sources. The Miami Herald apparently received the same information, although it is not clear when it received it.

Brian Ross of ABC News said he learned about the e-mail messages in August but was too busy with Hurricane Katrina and the anniversary of the Sept. 11 attacks to pursue them immediately. None of the organizations seemed to anticipate how big the story would become.

"I never thought it would lead to his resignation," Mr. Ross said.

When The St. Petersburg Times received its first tip on the e-mail messages in late 2005, the editors decided it was "friendly chit-chat," with nothing overtly sexual, but nonetheless assigned two reporters to find out more, according to an editor's note.

The reporters tracked down the teenager, but he refused to let them use his name in a story. They found a second page who had corresponded with Mr. Foley and was willing to let them use his name but said he did not have a problem with the messages, undercutting the premise.

When the newspaper asked Mr. Foley about the messages, he "insisted he was merely trying to be friendly," Scott Montgomery, the newspaper's government and politics editor, wrote Saturday in a note to readers.

The editor of The Herald, Tom Fiedler, said the initial messages did not seem to justify writing a story. "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Mr. Fiedler was quoted in his paper as saying.

Then, in June, the reports resurfaced on Capitol Hill, where a neighborhood resident struck up a conversation in a bar with someone who had provided the e-mail messages. He said he passed them on to several news outlets. The resident, who said he was not affiliated with either party and was motivated by concern for the teenager, would talk only on condition of anonymity.

No one acted on the information until last week, and even then, it was a Web site that first posted the exchange. It is not clear who maintains the Weblog, stopsexpredators.blogspot.com, which appears to be largely devoted to the Foley scandal.

ABC News had its first account several days later on its Web site.

Mr. Ross said he was surprised by how quickly the congressman's office confirmed the authenticity of the e-mail messages, first when ABC reported them on Sept. 28, and again a day later when confronted with much more explicit exchanges.

Mr. Ross dismissed suggestions by some Republicans that the news was disseminated as part of a smear campaign against Mr. Foley.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Mr. Ross said, referring to Republicans.

Your Page, M'Lord (NYT)

By John Tierney

The New York Times, October 3, 2006

Suppose Nike's founder, Phil Knight, asked taxpayers to subsidize a program for 16-year-olds to leave their homes to become "squires" running errands at Nike headquarters. Or suppose, before his death, Sam Walton had asked Congress to build a dormitory in Arkansas to house teenage "serfs" spending a semester away from their schools to work on a Wal-Mart loading dock.

These executives would become national jokes. They'd be denounced for trying to revive 19th-century child-labor practices and 12th-century feudalism. There would be no public money appropriated for Knight's Squires or Sam's Serfs.

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Yet Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. They're not being forced to wear Prince Valiant haircuts, but they have to do scut work that's probably even less useful than what they could learn at Nike or Wal-Mart.

Congressional pages spend much of their time hand-delivering documents, a job that's done electronically in most 21st-century institutions. When educators talk about preparing youth for jobs in the Information Age, they're not talking about training messengers.

The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age? If they stayed in school, they could maintain their innocence by reading the old step-by-step textbook version of how a bill becomes law. By going to Capitol Hill, they see how the process has changed:

1. A bill is introduced to build highways.
2. A congressman receives a donation from a constituent who wants to open a go-kart track.
3. The congressman persuades his committee chairman to slip in a $350 million "earmark" for an "alternative sustainable transportation research facility" in his district.
4. The chairman quietly adds similar earmarks for all members of the committee.
5. The bill is passed unanimously.
6. The president complains about the "wasteful spending" but signs it into law anyway.
7. The congressman attends a fund-raiser at the new go-kart track.

What lesson has the page learned? That Congress is the closest thing in modern America to a medieval court: an enclave governed by arcane ancient rules of seniority, a gathering of nobles who spend their days accepting praise and dispensing favors to supplicants.

They're so secure in their jobs, and so used to being surrounded by groveling minions, that they assume the privileges of feudal lords when dealing with pages and other lieges. Which is why, on occasion, they try to exercise the droit du seigneur.

Unlike previous scandals, in which members were censured for having sex with pages, the current one so far doesn't involve physical contact. But it features lewd messages from Representative Mark Foley to a teenager asking about his sex life and requesting a picture. When you are chairman of the House Caucus on Missing and Exploited Children, as Foley was, this does not qualify as research for your job.

Even if you could somehow quell Congressional libidos, even if this scandal taught members of Congress not to hit on teenagers, the page program still wouldn't be worth paying for. It should be eliminated, as Representative Ray LaHood has proposed, for the sake of both Congress and the pages. They need to be spared not just from lustful congressmen but from the chief lesson taught by the program: that success is all about making the right connections.

To get into the program, you (or your parents or their well-connected friends) have to find a member of Congress to sponsor you. Once in, the supreme goal is to ingratiate yourself with someone powerful enough to help you move up the Washington hierarchy. As Rachel Swarns reported in The Times, Foley was a favorite of the pages because he offered them the gift of access.

"If a congressman was talking to you, it was the best thing in the world," said one former page, Patrick McDonald.

Spend enough time as a page, and you can easily believe it's not what you know, it's who you know — and whom you flatter. Granted, toadying can be a useful skill in most lines of work. But it's not a lesson teenagers need to study for a whole semester, especially when it's being taught in text messages from a lord on Capitol Hill.

Foley May Be 1st Member Prosecuted Under Strong Internet-crime Laws (HILL)

By Jackie Kucinich

The Hill, October 3, 2006

Former Rep. Mark Foley (R-Fla.) is not the first member of Congress to face a firestorm of public outrage for engaging in inappropriate conduct with underage pages, but he could be the first to be prosecuted under strong Internet-crime laws.

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Ex-House counsel Stanley Brand said that the difference between the current page incident and an incident two decades ago involving two other lawmakers is the passage of cyber crime laws in recent years and the presence of Internet communication.

"It's not just someone's word against another; there are e-mails," he said. "The difficulty of proving an illicit solicitation is not there. I'm sure that is what the FBI is looking into."

Foley resigned suddenly on Friday after ABC News reported about questionable e-mails and sexually explicit instant messages between a page and the six-term legislator Thursday and Friday. On Monday, Foley checked himself into an alcohol rehabilitation center for treatment.

House GOP leaders, Brand said, could also face consequences politically and legally if the FBI discovers that members of the leadership team knew about Foley's behavior before ABC News released the e-mails and instant messages.

In 1983, the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) after their inappropriate relations with House pages were discovered.

Crane lost his election shortly thereafter while Studds was reelected and remained in the House until retiring in 1997.

While Crane and Studds escaped prosecution, Foley likely will not. According to Orin Kerr, an associate professor at George Washington University, Foley could have broken the law under 18 U.S. Code 2422(b), which states that an individual "using the mail or any facility or means of interstate or foreign commerce … who knowingly persuades, induces, entices, or coerces" an individual who is under the age of 18 to "engage in prostitution or any sexual activity" can be charged with a criminal offense. If convicted, the individual can be imprisoned for five to 30 years.

As a result of Crane and Studds's misconduct, the House created the Page Board, a body of lawmakers and House officials, which oversee the activities and education of pages.

Three members of the House as well as House Sergeant at Arms Wilson Livingood, Clerk of the House Karen Haas and former clerk Donald Anderson make up the Page Board, according to House Administration Committee spokeswoman Sally Collins.

Reps. John Shimkus (R-Ill), Shelley Moore Capito (R-W.Va.) and Dale Kildee (D-Mich.) are the board's House members.

Speaker Dennis Hastert (R-Ill.) announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for "parents, grandparents, pages, former pages …"

"Anyone who has a concern about improper contact … can confidentially report improper contact," Hastert said.

Although many improvements have been made to the page program in order to provide more supervision of students, Hastert said House leaders should do more to ensure that pages are safe after they leave their positions in the House.

Shimkus added that he plans to meet with the Page Board in the coming weeks to construct further programs to protect pages.

One member of the board said he was left out of the discussions entirely.

"I am now equally outraged to learn that Republican House Speaker Dennis Hastert announced today that there will be changes in the policies of the House page program," said Kildee. "Once again, I was not informed of the meeting today, nor was I consulted in any way about any proposed changes."

"Speaker Hastert's announcement this afternoon is yet another example of the House Republican leaders being more concerned with finding political cover for themselves than with the safety and well being of the House pages," he added.

Capito, for her part, directed all of her outrage towards Foley.

"As a member of the Page Board — and more importantly as a mother — I am appalled by Mark Foley's despicable conduct and hope that his actions be held accountable by the full weight of our justice system," she said in a release.

The board typically meets two times a year to discuss the agenda for the pages, plan activities, arrange seminars and discuss enrollment, according to Collins.

There are 63 pages admitted to the program each year; Republican members choose 45 of them and Democrats choose 18.

In order to be admitted to the competitive program, applicants must be at least 16 years old, a junior in high school and have a grade point average of 3.0 or above during the academic year.

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Members of Congress sponsor page applicants and then page program staffers interview them. The Clerk's office manages the page program.

Once accepted, pages live in an on-campus dormitory and attend classes in addition to their service in the House.

The program is highly regimented. Pages attend classes in the Jefferson Building of the Library of Congress at 6:45 a.m. and are taught a range of topics including mathematics, social studies and foreign languages.

When they are not in class, their duties are mainly to deliver correspondence and legislative material between members, answer phones in party cloakrooms and prepare the House Floor for sessions. They have a 10 p.m. curfew on weeknights, which extends to midnight on weekends.

They are paid an annual rate of $17,540, with a monthly gross salary of $1,461.67, according to informational materials provided on several members' websites. They are required to pay a residence hall fee of $400 a month, which includes meals and is automatically deducted from their paychecks.

At all times during the workday they are to remain in uniform: blue blazers, a white shirt and gray slacks or skirts.

The page program has had its share of problems traditionally associated with teenagers. In 2002, 11 pages were dismissed for marijuana use. In 1996, five pages were suspended from the program for alcohol use.

Matthew Loraditch, a 21-year-old former page, told the Chicago Tribune Sunday that he had known about the "creepy" e-mails for years. Loraditch runs the House Page Alumni Association's Internet messaging board. That website was shut down Monday.

"Because of the current situation. I am shutting down the board until I can provide a proper statement about my part in what has been going on. I appreciate your patience," the site said. The site was taken down entirely yesterday afternoon.

Loraditch is listed as the website's licensee at the bottom of the home page.

Man Shoots 11, Killing 4 Girls, In Amish School (NYT)

By David Kocieniewski And Gary Gately

The New York Times, October 3, 2006

NICKEL MINES, Pa., Oct. 2 — A dairy truck driver, apparently nursing a 20-year-old grudge, walked into a one-room Amish schoolhouse here Monday morning and systematically tried to execute the girls there, killing four and wounding seven before killing himself, the police said.

The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m.

The gunman, identified as Charles C. Roberts, 32, killed himself as the police stormed the West Nickel Mines Amish School, which is set back in a cornfield on a street of stone houses, barns and silos in Lancaster County, about 50 miles west of Philadelphia. Several of the wounded were in critical condition in area hospitals.

"He wanted to find female victims," said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police. "This was a target of opportunity."

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. But notes he left at his home — where he lived with his wife, Marie, and their three children — said he was distraught about a slight that had occurred more than 20 years ago.

The police would not describe the incident that had upset him. But Colonel Miller said Mr. Roberts, who lived near the school but was not Amish, did not appear to have been motivated by religious bias. The police said they were looking into a report that the couple lost an infant daughter in 1997.

When Mr. Roberts arrived at the school shortly before 10:30 a.m., he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

When the state police arrived around 10:45, Mr. Roberts had barricaded the doors with bolts and lumber he had brought in his pickup truck, Colonel Miller said.

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After a brief cellphone exchange with his wife and then with the state police, Mr. Roberts began shooting, aiming the handgun and a shotgun at the children as they stood lined in front of the room. As the police began charging the building around 11, Mr. Roberts fired a shot into his head, Colonel Miller said.

"He was angry with life; he was angry at God," Colonel Miller said. "It appears he chose this school because it was close to his home, it had the female victims he was looking for, and it probably seemed easier to get into than some bigger school."

The rampage was the third fatal shooting at a United States school in the past week but seemed nearly incomprehensible to many residents of the Amish community, where crime rates are so low that many homeowners do not lock their doors and many towns have no police force.

The Amish community in Pennsylvania, which numbers about 55,000, lives an agrarian lifestyle, shunning technological advances like electricity and automobiles. And many say their insular lifestyle gives them a sense that they are protected from the violence of American society. But as residents gathered near the school, some wearing traditional garb and arriving in horse-drawn buggies, they said that sense of safety had been shattered.

"If someone snaps and wants to do something stupid, there's no distance that's going to stop them," said Jake King, 56, an Amish lantern maker who knew several families whose children had been shot.

Mr. Roberts's relatives said they, too, were stunned by his violent outburst and had had no indication that he had been planning any attack. His wife issued a written statement offering sympathy to the families of his victims and said she could not reconcile the day's events with the man she had loved.

Her statement was read by a family friend, Dwight Lefever, and described Mr. Roberts as a devoted father who had always taken the time to play with his three children, ferry them to soccer practice and birthday parties, and had "never once refused to help change a diaper."

"The man that did this thing is not the Charles I was married to for nearly 10 years," Mrs. Roberts said in the statement.

The police did not release the names of the victims but said all had been girls from 6 to 13.

Once the police entered the building, they found a cache of weapons and supplies that indicated Mr. Roberts had prepared for a long siege. He had a 9-millimeter semiautomatic pistol, two shotguns, a stun gun, two knives, two cans of gunpowder and 600 rounds of ammunition.

In a toolbox near his body, the police discovered bolts he had used to barricade the school doors with two-by-fours, pliers and wires he had used to bind the girls' legs. Another five-gallon bucket he brought into the building contained earplugs, bathroom tissue and a clean change of clothing, the police said.

Mr. Roberts lived just over a mile from the school in the town of Bart, in a modular home that had a trampoline and sandbox in the yard and was already decorated for Halloween. Neighbors said he was jovial and generally well liked, and they were struggling to understand what had driven him to violence.

"I am dying to know what kind of insult from a girl 20 years ago could have led to this," said Mary Miller, who lived on his street.

The police said, however, that Mr. Roberts's co-workers had noticed changes in his behavior over the past several months. While he had long been known as an upbeat and outgoing person, this year he began to appear sullen, his co-workers told the police. Then, late last week, Mr. Roberts once again appeared upbeat at work, Colonel Miller said.

"We think that's when he decided to do what he did," Colonel Miller said. "It's like his worries and burdens were lifted from him."

The police said most of Mr. Roberts's weapons appeared to be legal. He bought the 9-millimeter semiautomatic, which he fired at least 13 times during his rampage, from a store five miles from the schoolhouse in 2004. The shotguns and ammunition also appeared to be legal, the police said, although it was not clear whether his possession of a stun gun violated any law.

The police said Mr. Roberts had bought the ammunition and other supplies from area stores over the past several months, so there was no glaring sign that might have alerted store owners that he was about to burst out in violence.

The police said Mr. Roberts called his wife from a cellphone while he was inside the school just moments before the shooting. During the call, Colonel Miller said, Mr. Roberts made a reference to the grievance that he blamed for his despair, then told her: "The police are here. I'm not coming home."

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Colonel Miller said that once the gunfire began troopers charged the building and broke in through several windows in the school. By the time they arrived, however, the children lay dead or wounded in the front of the classroom and Mr. Roberts's body was a few feet away. One child died in the arms of a trooper as he rushed her out of the building to get medical help, Colonel Miller said.

Lancaster County school officials held an emergency meeting last night to try to ease the concerns of school administrators and parents unnerved by the shooting. County officials said that despite the bloodshed, residents should be confident that most of the schools were safe.

That reassurance gave little comfort, however, to people like Dwylin Bieler, 42, whose 8-year-old daughter played with one shooting victim.

"You think something like this will never happen, especially in a place like this," said Mr. Bieler, who is Mennonite, and says the Amish community makes him and others feel welcome. "You pray that it won't happen. But you just never know. You can't know. And that's hard to accept."

Four Girls Killed At Pa. Amish School (WP)

By Raymond Mccaffrey And Paul Duggan

The Washington Post, October 3, 2006

BART TOWNSHIP, Pa., Oct. 2 -- A truck driver armed with three guns, two knives and 600 rounds of ammunition burst into a one-room schoolhouse in this Amish community Monday, lined at least 11 girls against a blackboard and shot them "execution style," fatally wounding four before taking his life, police said.

The fourth girl died late last night at a hospital, a spokeswoman for the Pennsylvania State Police said. Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were "very, very dire," said Col. Jeffery B. Miller, commissioner of the state police.

Miller called it "a horrendous crime scene" and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said.

The shootings in this Lancaster County farming community occurred as police outside the schoolhouse were trying to make contact with the assailant, Charles Carl Roberts IV, 32, who drove a milk tank truck and lived in the area, Miller said.

"It was over within a matter of seconds," he said last night.

Miller said Roberts -- armed with a semiautomatic handgun, a rifle, a shotgun and a stun gun -- apparently was motivated by rage over a long-ago incident unconnected to the school or the Amish.

"Apparently there was some sort of an issue in his past that he, for some reason, wanted to exact revenge against female victims," Miller said. "It's obvious to us that this was a premeditated hostage scenario where, I believe, based on what the investigators have so far, he intended not to walk out of there alive. But he also intended to kill innocent victims."

Three young students and a teacher's aide who was believed to be about 15 or 16 were fatally wounded in the rampage, police said.

Miller said that 15 rounds were fired from the handgun and three from the shotgun. One shotgun blast was directed toward police outside the building, the police official said.

Roberts left notes for his wife and three children "along the lines of suicide notes," Miller said.

The school had 26 students in attendance yesterday, 15 boys and 11 girls, authorities said. The attack shocked the quiet people of this community, whose religion and traditions require them to remain separate from the outside world and shun the trappings of modern life, including electricity and motor vehicles. Roberts was not Amish, and Miller said he had no known criminal history.

The shootings here were the third at a U.S. school in five days.

On Wednesday, a 53-year-old drifter took six girls hostage in Platte Canyon High School in Bailey, Colo., sexually assaulted them and fatally shot a 16-year-old girl before killing himself. Two days later, a 15-year-old former student allegedly shot and killed a principal in Cazenovia, Wis.

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Elsewhere, three teenagers were charged in Green Bay, Wis., on Thursday in an alleged plot to bomb and burn a high school and shoot students as they emerged. And on Monday, officials in Las Vegas said they locked down four schools after a student was spotted entering a high school carrying a gun.

Bart Township, about 60 miles west of Philadelphia, has about 3,000 people and a landscape of grain silos, dairy farms and tobacco fields. Its country roads host the horse-drawn buggies of the Amish.

According to Miller, Roberts's wife, Marie Roberts, told police that her husband worked until 3 a.m. Monday delivering unprocessed milk from Amish farms to a dairy and then went home. He took his children to a bus stop about 8:45 a.m. before driving to the Amish school on White Oak Road.

Roberts apparently was prepared for a long siege, Miller said. In addition to the weapons and rounds of ammunition, he had two cans of smokeless gunpowder, rolls of tape, tools and a change of clothes.

Marie Roberts later found several suicide notes and tried to call her husband, Miller said. About 11 a.m., Roberts called his wife from the schoolhouse and "told her he wasn't coming home," Miller said. Roberts told her that "he couldn't go on anymore" and that "he was getting revenge for something that happened 20 years ago," Miller said.

Miller also said that "there may have been a loss of a child some time in his life."

From the notes to his family and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Miller said. Co-workers at the dairy said Roberts, once given to joking, had seemed to grow despondent not long ago, according to Miller.

But in the past two or three days, Miller said, Roberts changed again. Miller said police were told that Roberts appeared more at ease, which might suggest that he had come to a decision about what he would do.

Miller said he did not believe that Roberts was influenced by the recent school shootings but instead settled on his course independently.

"The man who did this today is not the Charlie that I've been married to for almost 10 years," Marie Roberts said in a statement released to the news media.

Quoting a teacher who escaped, Miller said that when Roberts entered the school, he showed students the handgun and spoke to them in a "rambling discourse," Miller said.

In a news conference, Miller said Roberts arrived at the school in the morning in a borrowed pickup. He said Roberts separated the boys, ages 6 to 13, from the girls at the school.

Roberts then told the girls to line up against a blackboard and bound their feet with wire ties and plastic handcuffs, Miller said, his voice choked with emotion. Roberts allowed the boys to leave, along with a pregnant woman and three women with infants.

As the women, who apparently are teacher's aides, were leaving, a teacher was able to flee, and she called police from a nearby farm at 10:36 a.m., Miller said.

As officers arrived at the school and a hostage negotiator tried to contact Roberts, he called a police dispatcher and warned that he would start shooting in 10 seconds if police did not withdraw, Miller said. Seconds later, shots rang out, and state troopers carrying ballistic shields rushed the building. Miller said Roberts had barred the doors with lumber that he had brought for that purpose and with desks from the classroom.

Roberts spoke to his wife by cellphone moments before he opened fire, Miller said. In addition to shooting at the girls, he fired out a window at approaching state troopers but did not hit them. Miller said troopers did not fire. One was injured slightly by broken glass while going in a window.

Police found Roberts face down on the floor, with the weapons beside him, Miller said, adding that "one of the girls died in the arms of one of my troopers."

Television news footage showed ambulances and police vehicles on the road outside the schoolhouse, which is surrounded by a white fence. A blue pickup with a white cap over the bed was backed up to the front of the schoolhouse. At one point, firefighters and Amish men walked abreast through nearby fields, looking for students who might have fled and were not accounted for.

The wounded were taken to several hospitals, in locations that included Hershey, Pa., Philadelphia and Delaware.

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At the Penn State Milton S. Hershey Medical Center in Hershey, a 6-year-old girl and an 8-year-old girl remained in critical condition last night in the pediatric intensive care unit, a hospital spokesman said.

He said the girl who was upgraded to serious had undergone about five hours of surgery and was able to communicate with family members by blinking her eyes and giving hand signals.

The death of the fourth girl, about 12 hours after the shooting, was reported by Trooper Linette Quinn, a state police spokeswoman. It was not clear at what hospital she died.

The first Amish settlers arrived in Lancaster County in the early 18th century, according to the Pennsylvania Dutch Country Web site.

Donald Kraybill, a leading national scholar of Amish communities, said violence is rare at Amish schoolhouses, which he said are characterized by an emphasis on order, but where pranks and giggles are not uncommon. About 150 small Amish schoolhouses dot Lancaster County.

Monday, Amish people gathered on a farm near the school, bearded men in black pants, suspenders and broad-brimmed straw hats and women in long dresses and bonnets.

Irene Moyer, who is Amish, said she was contacted by the parents of one of the children at the school. "One of the Amish neighbors knocked at the door and said: 'Can you take care of my children? There's a gunman at the school.' "

A family spokesman, Dwight LeFever, read a statement from Roberts's wife, saying: "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please, pray for the families who lost children and, please, pray, too, for our family and children."

Staff writers Daniel de Vise, Tamara Jones, Kari Lydersen, Dan Morse, Clarence Williams and William Branigin, researcher Meg Smith and the Associated Press contributed to this report.

Gunman Slays 4 Amish Schoolgirls (WT/AP)

By Mark Scolforo

The Washington Times, October 3, 2006

NICKEL MINES, Pa. -- A milk-truck driver carrying three guns and a grudge stormed a one-room Amish schoolhouse yesterday, sent the boys and adults outside, barricaded the doors with two-by-fours, and then opened fire on a dozen girls, killing four of them before committing suicide.

It was the nation's third deadly school shooting in less than a week, and it sent shock waves through Lancaster County's bucolic Amish country, a picturesque landscape of horse-drawn buggies, green pastures and neat-as-a-pin farms, where violent crime is virtually nonexistent.

Most had been shot, execution-style, after being lined up along the chalkboard, their feet bound with wire and plastic ties, authorities said. The names and ages of the dead were not released.

"This is a horrendous, horrific incident for the Amish community. They're solid citizens in the community. They're good people. They don't deserve ... no one deserves this," State Police Commissioner Jeffrey B. Miller said.

Two young students were killed, along with a female teacher's aide, Col. Miller said. Authorities said the aide was about 15. Late last night, Philadelphia's Fox affiliate WTXF and CNN said a fourth student had died.

At least six other victims were critically wounded, state police said.

The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of "acting out in revenge for something that happened 20 years ago," Col. Miller said, though he gave no details on what the grudge was.

Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security.

Col. Miller said Roberts was apparently preparing for a long siege, arming himself with a 9 mm semiautomatic pistol, a 12-gauge shotgun and a rifle, along with a bag with about 600 rounds of ammunition, two cans of smokeless powder, two knives and a stun gun on his belt. He also had rolls of tape, various tools and a change of clothes.

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Roberts had left several rambling notes to his wife and three children that Col. Miller said were "along the lines of suicide notes." The gunman also called his wife during the siege by cell phone to tell her that he was getting even for some long-ago offense, Col. Miller said.

The shooting took place at the one-room West Nickel Mines Amish School, a neat white building set amid green fields about 55 miles west of Philadelphia, with a square white horse fence around the schoolyard. The school had about 25 to 30 students, ages 6 to 13.

From the suicide notes and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Col. Miller said. And it was clear from interviews with his co-workers at the dairy that his mood had darkened in recent days and that he had stopped chatting and joking around with fellow employees and customers, the officer said.

Col. Miller said Roberts had been scheduled to take a random drug test yesterday. But the officer said it was not clear whether that played a role in the attack. The colonel also said investigators were looking into whether the attack was related to the death of one of Roberts' own children. According to an obituary, Roberts and his wife, Marie, lost a daughter shortly after she was born in 1997.

Reporters were kept away from the school after the shooting, and the Amish were reluctant to speak with the press, as is their custom. The victims were members of the Old Order Amish. Lancaster County is home to some 20,000 Old Order Amish, who eschew automobiles, electricity, computers, fancy clothes and most other modern conveniences, live among their own people, and typically speak a German dialect known as Pennsylvania Dutch.

Bob Allen, a clerk at a bookstore in the Amish country tourist town of Intercourse, said residents see the area as being safe and the Amish as peaceful people.

"It just goes to show there's no safe place. There's really no such thing," he said.

After entering the building, Roberts released about 15 boys, a pregnant woman and three women with babies, Col. Miller said.

"Very, very traumatic situation. Some of my troopers, actually one of the girls died in the arms of one of our troopers," Col. Miller said.

A Roberts family spokesman, Dwight Lefever, read a short statement from Mrs. Roberts that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

Seclusion Shattered By School Slayings (USAT)

By Thomas Frank And Alan Levin

USA Today, October 3, 2006

BART TOWNSHIP, Pa. — They shun electricity, telephones and the court system to try to stay disconnected from a world they consider polluted by modern convention and comfort.

But the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse.

“You read about it, you hear about it. But you don't expect it to happen this close to home,” said John Fisher, 33, an Amish man who lives a half-mile from the school.

The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were “crying and weeping and hugging, and the Amish people don't usually show too much emotion,” said Annie Beiler, 66, whose farm abuts the school property. “They are quiet, private people.”

Lancaster County District Attorney Don Totaro said, “It's beyond comprehension that anyone would slaughter children in this manner.”

“It's like a dream. It's something you hear of in a city,” said Naomi Fisher, whose runs an auction house nearby. “You read it in the paper. But not in a quiet little country school.”

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David Bernard, 66, of Parkesburg works as a driver for some Amish neighbors and accompanied them to the school Monday night. Bernard said the Amish viewed the violence as a demonstration of the problems posed by the modern world.

"This is a place of blood," he said of the school. "People died here, so they'll probably tear it down."

The violence seemed unlikely to change the tight religious sect that is rooted in non-violence and resistance to change.

"I don't see it as having a large effect on their lifestyle," said David Weaver-Zercher, a professor at Messiah College in Pennsylvania. "In a certain way, it confirms a general orientation about the world not being a very good place."

Since the Amish emerged as a small Protestant sect in late-17th-century Switzerland, its adherents have strived to maintain religious purity. Nonviolence — or "non-resistance" — was an early tenet that arose from a literal reading of the New Testament.

"They take the words of Jesus seriously: to love your enemies and not to do evil to fellow people," said Donald Kraybill, an Amish expert at Elizabethtown College in Pennsylvania. "There is very little violence in the Amish community."

Crime by the Amish is so rare that only one adherent is thought to have been convicted of murder: an Amish man from western Pennsylvania who killed his wife in 1993 saying he wanted to excise the devil.

The gunman Monday, Charles Carl Roberts IV, was not Amish and was not targeting the Amish but apparently picked the school because it was near his home and had little security, said Col. Jeffrey Miller of the Pennsylvania State Police. Roberts killed himself in the school building.

Amish schools — typically one-room schoolhouses with 25-30 students and a young, female teacher — reflect the community's efforts to protect itself against the dangers of worldliness. The Amish went to the U.S. Supreme Court in 1972 to preserve their right to end classroom education after eighth grade.

They won a decision in 1972 that said the Amish weren't against education itself but oppose "conventional formal education" in high school years "because it comes at the child's crucial adolescent period of religious development."

"The Amish view is that they should provide the basic education for children to live productively in the Amish community," said Herman Bontrager of the National Committee for Amish Religious Freedom, which brought the Supreme Court case. "Additional things really aren't necessary for living productively in their community. They distract and maybe lead you into another world."

The Amish have negotiated a tricky path between accepting and rejecting convention since the rise of technology in the mid-19th century. They number about 200,000. The largest communities are in Ohio, Pennsylvania and Indiana.

Many have moved away from farming, particularly in Lancaster County, Pa., the site of Monday's shooting and the setting for the acclaimed 1985 film Witness, in which Harrison Ford plays a Philadelphia police officer who takes refuge on an Amish farm.

About 60% of Lancaster's Amish run businesses such as greenhouses, woodworking shops and farmer's markets, said Kraybill.

That has challenged the Amish's effort to "separate from the world," said Weaver-Zercher, the Messiah College professor. "They look at various technology and how that would connect them."

The Amish eschew electricity that would literally connect them to society through power lines, but they use self-contained power sources such as batteries and gas to run refrigerators and stoves.

They pay federal income taxes and local property taxes, but they won an act of Congress to exempt them from paying and receiving Social Security benefits. "They feel the church should provide support for its own members," Kraybill said.

Amish avoid phones in their homes, where they would enable intrusions that interrupt family life. Phones are in some Amish businesses and at roadside booths where families share them.

After the gunman took students hostage in the school, a teacher ran to a farmhouse where someone called 911.

Although Amish enjoy police protection, many of them are reluctant to cooperate with criminal investigations, viewing prosecution as a form of force.

Steven Nolt, a historian at Goshen College in Indiana who's written several books about the Amish, recalled cases in which Amish people were murdered but relatives refused to help win convictions "because they weren't going to engage in that kind of retributive violence."

Weaver-Zercher of Messiah College said he expects the Amish to "reach out" to the gunman's widow.

"They'll try to express their forgiveness," he said, "and sense that in some ways, this woman is a victim."

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Gunman At Amish School Kills 4 Girls, Wounds 7 (PPG)

By Tom Barnes And Tracie Mauriello, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 3, 2006

Lancaster County milk truck driver kills himself after slaughter

NICKEL MINES -- It was a bloodbath, made even more horrible by its location and its innocent victims, who became targets of a lone gunman apparently because they simply lived near his home.

Charles Carl Roberts IV, 32, a rural milk truck driver and father of three, walked into West Nickel Mines School, the tiny schoolhouse less than 2 miles from his home that housed children in grades one through eight.

Armed with three guns and 600 rounds of ammunition, he ordered all but the girls to leave, then barricaded the doors with lumber, bound the children's legs and lined them up against the chalkboard.

He called his wife to say he was "angry at life, angry at God" then shot each girl, most of them in the back of the head and all at close range.

Police had arrived on the scene before the shots were fired and tried to hail Mr. Roberts using loudspeakers.

Mr. Roberts used a cell phone to call a 911 center and tell them he would begin shooting if state police did not leave. When police at the scene tried to call Mr. Roberts back, that's when they heard the sound of gunfire.

By the time police managed to break into the school, they found Mr. Roberts dead.

Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school.

"It's clear to us he did a great deal of planning in this," said state police Commissioner Jeffrey Miller. "It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself."

Two young girls and Mr. Roberts died inside the schoolhouse, a third female, a 15-year-old teacher's aide, died later at Lancaster General Hospital. Another girl died later last night, and seven others were fighting for their lives at hospitals in Philadelphia, Hershey and Wilmington, Del.

It was the nation's third deadly school shooting in the last week, and it prompted the Bush administration to call for a national conference next week on school violence.

"It would be a miracle if we were able to somehow not have any further loss of life," Col. Miller said. Police did not release the names of the victims.

Two had such severe head wounds they could not be identified for hours. State police showed photographs of the wounded children to families of the victims so they then could be taken to the correct hospital to see their daughters.

"They were killed at close range, execution style," Col. Miller said. "I have never seen anything like this. This was a horrendous tragedy."

The incident did not appear to be related to the Amish. Mr. Roberts is not Amish.

Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate.

"It seems as though he wanted to attack young, female victims," Col. Miller said.

He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy.

"How these pieces fit together we don't know. We may never know," he said. "We believe he was going through some sort of personal strife, something from 20 years ago."

Neighbors and distant relatives said they did not know about any incident from 20 years ago.

"I completely don't know anything about anything like that," said Ken Scott, who used to work with Mr. Roberts.

"It appears this location was probably picked because it was close by. It was a target of opportunity," Col. Miller said. "He was able to locate individuals in the age group he was looking for."

Police say Mr. Roberts, who lived in the town of Bart, dropped off his children at a school bus stop, then drove a borrowed pickup truck to the school at about 9:45 a.m. Brandishing a semiautomatic pistol, he also carried a range bag containing a shotgun, a rifle, two knives, a stun gun, two cans of smokeless gunpowder, a change of clothes, a hammer, a hacksaw, tape and lumber, which he used to secure the doors and to prevent police from storming inside.

Before securing the building, Mr. Roberts allowed 15 boys, a pregnant woman and three women with infants to leave the building, then lined up 11 girls, age 6 to 15, against a chalkboard, their feet bound with wire ties and flexible plastic ties, Col. Miller said.

It was about that time that the teacher and another adult at the school fled to a nearby farmhouse, and someone there called 911 around 10:30 a.m. to report a gunman holding students hostage.

Most of the victims were shot in the back of the head, although some were hit in other parts of their bodies.

It was over in seconds.

Police could not easily enter the schoolhouse because Mr. Roberts "had taken extreme measures to fortify this location. He took two-by-sixes and two-by-fours and nailed them to the doors and then used flex-ties so there was practically no way we could get in quickly."

Police believe Mr. Roberts held the hostages for about 45 minutes before the teacher got away and reached a telephone to call for help.

About the same time, police received another call from Mr. Roberts' distraught wife, Marie, who had returned home to find suicide notes left by her husband for her and their children.

Most of the injured were badly hurt.

Two girls -- ages 8 and 6 -- remained in critical condition last night at the Penn State Children's Hospital in Hershey, while a 13-year-old girl was upgraded to serious condition after surgery, spokeswoman Amy Buehler Stranges said.

Three girls, ages 8, 10 and 12, were flown to Children's Hospital of Philadelphia, where they were still in surgery last night, spokeswoman Peggy Flynn said. The youngest girl was being treated for gunshot wounds of her neck and arm. The 10-year-old was suffering from head injuries. The oldest girl was being treated for arm and leg injuries.

One victim was transported by helicopter to Christiana Hospital in Delaware, spokesman Spiros Mantzavinos said. He declined to give the person's age or release information about the condition or type of injuries, citing confidentiality laws.

The incident left the peaceful Amish farming community of about 300 looking for answers.

"Our children are defenseless. He picked an easy target. It takes a real target to do that," said John Fisher, 33, one of several dozen Amish men clustered at an informal state police command post, about 300 yards from the school.

"This is a sad day, something I never expected in this community," said another Amish man, Jacob King, a 31-year-old stonemason and lifelong resident.

Many of the Amish neighbors spent a lot of time being interviewed by reporters, although some objected to television interviews because they didn't want their pictures taken.

Some Amish and non-Amish residents speculated the incidents might affect relations between the cultures.

Daniel Beiler, 30, who is Amish, said it could make the Amish even further reject the outside world. But Mr. Fisher wasn't so sure.

"We have a very good relationship with the non-Amish. We get along very well," he said.

Longtime residents of the area were equally shocked.

"I can't believe anybody could do this to children," said Shirley Woerth, who has lived here for 53 years.

Mr. Roberts had no criminal history and no active warrants out against him. He grew up in the area, and his and his wife's families still live in the area.

State police were examining his milk truck, which was found parked several hundred yards from the shooting scene.

A family spokesman, Dwight LeFever, read a short statement from Mr. Roberts' wife that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

The Amish live among their own people and maintain a lifestyle that eschews modern conveniences, such as television and radio. They typically speak a German dialect known as Pennsylvania Dutch.

Land O'Lakes, based in Arden Hills, Minn., issued a statement confirming that Mr. Roberts was employed as a truck driver and assigned to Northwest Food Products, a wholly owned Land O'Lakes subsidiary.

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The shootings were disturbingly similar to an attack last week at Platte Canyon High School in Bailey, Colo., where a man took several girls hostage in a school classroom and then killed one of them and himself. Authorities said the man in Colorado sexually molested the girls.

"If this is some kind of a copycat, it's horrible and of concern to everybody, all law enforcement," said Monte Gore, undersheriff of Park County, Colo.

Col. Miller, though, said he believed the Pennsylvania attack was not a copycat crime: "I really believe this was about this individual and what was going on inside his head."

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

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Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Milk-Truck Driver Kills 3 Girls, Critically Wounds 8 (LAT)

By Ellen Barry And Stephanie Simon, Times Staff Writers

The Los Angeles Times, October 3, 2006

NICKEL MINES, Pa. -- Calling on their faith for guidance, the Amish community here coupled sorrow with forgiveness Monday after a milk-truck driver armed with a small arsenal burst into a one-room schoolhouse, killing three girls and critically wounding eight before committing suicide.

The attack was methodical, gruesome and baffling. Charles Carl Roberts IV, a 32-year-old father of three with no criminal record, entered the schoolhouse with a gun in his hand about 10 a.m., State Police Commissioner Jeffrey B. Miller said. Roberts, who was not Amish and had no known connection to the school, ordered the 15 male students, the teacher and several aides with infants to leave. Then he set about preparing for a siege.

According to Miller, Roberts lined up 10 female students, ages 6 to 13, and a young teacher's aide against the chalkboard. He wrapped wire and plastic ties around their ankles, binding their feet together -- or to one another. He barricaded the door with wooden boards and piled-up desks.

Outside, the teacher and the boys raced for help, cutting through fields to the nearest farmhouse. The Amish eschew most modern technology, so none of them had a cell phone. Many homes here -- like the schoolhouse -- do not have phones, although Amish farmers often have a line running to the barn or corn crib.

At 10:36 a.m., the teacher reached a phone and dialed 911.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, a stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire. At some point, Roberts called his wife on his cell phone. He talked of a grudge from long ago, said he was getting even. He kept the girls silent as he talked. On the other end of the line, his wife heard nothing but his voice.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond. Instead, he called 911 and demanded they leave. If they did not back off within 10 seconds, he said, he'd start shooting.

Seconds later, gunfire erupted.

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Roberts shot the girls in the head -- one after another, in quick order -- with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they stormed the school but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said.

One girl died instantly. A second passed away moments later, in a trooper's arms. A third was pronounced dead when she arrived at the hospital. Eight other children were in critical condition Monday night; Miller said "it would be a miracle" if they all recovered.

"He executed those children," Miller said.

Authorities said Roberts apparently was looking to take revenge on young girls, and found the school a convenient target -- "a location of opportunity," as Miller put it.

Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days.

When he finished his milk route about 3 a.m. Monday, Roberts parked the truck on a hill outside the school, as was his custom. He slept a few hours at his nearby home, but was up by 8:45 a.m. to take his children to the bus stop. His wife, Marie, noticed nothing wrong; the day was unremarkable, routine. "His family had no inkling," Miller said.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more. ... Our hearts are broken our lives are shattered, and we grieve for the innocence and lives that were lost today."

Before driving to the school in a borrowed pick-up truck, Roberts left notes for each of his young children. His suicide letters, like his final call to his wife, alluded to resentment over a past grievance. Miller speculated that it could have something to do with a child that Roberts and his wife lost years ago. Mostly, Miller said, the notes expressed rage: "He was angry with life. Angry with God."

But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about an hour's drive west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing. Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl and then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas, Nev., spotted a former student on campus with a gun; he fled before firing any shots.

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Here in Lancaster County, violence also is not completely unknown: Just this past spring, a young man confessed to killing six of his relatives, aged 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Barry reported from Nickel Mines and Simon from Denver.

Gun Reported At North Las Vegas School (AP)

By Ken Ritter, Associated Press Writer

AP, October 3, 2006

LAS VEGAS, Nev. — Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said.

No shots were fired, and police said they had no indication the teen _ a former student who had been banned from Mojave High School _ had threatened anyone.

Police gave up their search of a residential area in suburban North Las Vegas after more than three hours.

"We know who he is," North Las Vegas police spokesman Tim Bedwell said. "He will be found eventually."

Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons.

The teen ran from the Mojave High campus when school police recognized him and confronted him about 7 a.m., authorities said. School police reported finding a .25-caliber handgun behind a nearby church.

About 2,300 students at the high school and 2,900 youngsters at two nearby elementary schools and a middle school were locked down during the police search of a square-mile residential area. The security measure meant students were kept in rooms while instruction continued, said David Sheehan, a school district spokesman.

The Clark County School District, with about 300,000 students and 325 schools, is the fifth-largest district in the nation.

Bedwell said the teen could face charges including trespassing, possession of a handgun by a minor and possession of a weapon on school property, a felony.

School districts across the country have been especially sensitive to threats after deadly shootings last week at schools in Wisconsin and Colorado, and then another on Monday in Pennsylvania's Amish country.

On Friday, a school principal was gunned down in Cazenovia, Wis., and a 15-year-old student was charged with murder. Just two days earlier, an adult gunman held six girls hostage in a school at Bailey, Colo., before killing a 16-year-old girl and then himself.

Expelled Boy Shows Up At School Armed, Then Flees (NYT)

By Cathy Scott

The New York Times, October 3, 2006

NORTH LAS VEGAS, Nev., Oct. 2 — A 15-year-old boy who had been expelled from his high school returned to the grounds there Monday morning with an automatic pistol and an AK-47 assault rifle, but fled when he was recognized and remained at large, the police said.

The youth, whose name was not released, did not fire the weapons and apparently did not threaten anyone, the police said, but four public schools were locked down throughout the morning as the neighborhood around the high school was searched.

The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police.

When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said.

“They’re still looking for an AK-47 he stole from his parents’ house,” Sergeant Gervasi said.

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A growing number of guns in schools has been a pressing issue in Clark County, which, with 300,000 students enrolled at 325 schools, has the fifth-largest school district in the country. Last Thursday 50 members of the school police protested at a school board meeting, seeking the hiring of more officers.

Bail In School Attack Is $750,000; Safety Cited (MJS)

By Journal Sentinel Staff And The Associated Press

Milwaukee Journal Sentinel, October 3, 2006

A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday.

Advertisement

District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center.

Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, "I do."

In following Barrett's bail recommendation, the judge said, "It goes without saying the public does need protection in this matter."

Barrett told the judge there were other "persons of interest" for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail.

He has been charged with one count of first-degree intentional homicide in Klang's death. Taggart set a pretrial conference for Hainstock for Oct. 13.

According to the criminal complaint, Hainstock carried a shotgun and a .22-caliber revolver to the school on Friday morning. A custodian tugged the shotgun away from the youth, who then ran down a hallway while pulling the revolver from a pocket.

Klang, the 49-year-old school principal, confronted the boy and struggled with him in the hallway. He was shot three times while wrestling Hainstock to the floor, the complaint says.

Judge Sets Bail At $750,000 In Weston Schools Shooting (AP)

By Todd Richmond, Associated Press Writer

AP, October 3, 2006

BARABOO, Wis. -- A judge set bail at $750,000 Monday for a 15-year-old boy accused of killing his high school principal after prosecutors said the teen may have been looking for others to attack as well.

Sauk County District Attorney Pat Barrett told the judge there were other "persons of interest" for Eric Hainstock when he went to Weston Schools in Cazenovia Friday morning and shot Principal John Klang. She told reporters after the five-minute hearing that Hainstock may have had additional targets picked out.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions.

But Circuit Judge Patrick Taggart agreed with Barrett.

"It goes without saying the public does need protection in this matter," he said.

If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family.

A handful of students attended the hearing.

Hainstock and his attorneys appeared in court through a video feed from jail. He sat with his chin in his hand. When Taggart asked him if he understood he faces life in prison, Hainstock replied calmly and firmly, "I do."

He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty.

DOJ_NMG_0073947

Taggart set a pretrial conference for Hainstock for Oct. 13.

Search warrants show deputies found a note at Hainstock's house from him to his father, along with boxes of ammunition, discipline reports from Weston Schools and a photo of a girl with her eyes poked out. Klang gave Hainstock a disciplinary notice for having tobacco in the school Thursday, the day before the shooting, according to the criminal complaint.

Investigators had been to the Hainstock home before. Court records show Hainstock's 35-year-old father, Shawn Hainstock, was charged in 2001 with felony child abuse.

Shawn Hainstock kicked his son several times in the hip for not giving water to some pets, put hot sauce or hot peppers in the boy's mouth for lying or using foul language, and spanked the child with a wooden paddle marked "the board of education," the complaint in that case said.

The elder Hainstock pleaded no contest to misdemeanor battery in 2002 as part of a deferred prosecution agreement, which allows people facing criminal charges to have them dismissed if they fulfill certain conditions. The charge against Shawn Hainstock was dismissed in 2003.

Court records also say Eric Hainstock had a medical condition that affected his behavior but he was not receiving treatment because the family could no longer afford drugs or counseling.

The pain from Friday's violence was still apparent Monday in Cazenovia, a tiny farming community of 300 people about 70 miles northwest of Madison.

"Forever changed. 9-29-06," read billboards outside of the town's only gas station and its municipal building, referring to the date of Klang's death.

Flags at the school complex were at half-staff. Some students and staff met with counselors, while others walked the halls, talking and holding each other.

About a half dozen Sauk County investigators also were in the school reviewing the shooting, but Superintendent Terry Milfred said things were starting to get back to normal. Volleyball practice went on Monday morning, and Friday's football game was still scheduled, he said.

"The spectrum varies from grief ... all the way to seeing a group that is absolutely normal," he said. "That's especially noticeable with students, who are live and vibrant even though they are grieving."

A funeral Mass for Klang will be celebrated at 11 a.m. Wednesday at the Weston High School gymnasium.

National School Violence Conference Set (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, October 3, 2006

The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday.

Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

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Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Perino said the president plans to use his fundraising spree through Nevada, California, Arizona and Colorado to draw a clear line between Democrats and Republicans, particularly on the war on terror, as the campaign begins its final month.

Bush began Monday evening at an airport hangar in Reno, Nev., where a few hundred people who donated a combined $360,000 gathered to support Secretary of State Dean Heller's congressional campaign. Heller is up against Democrat Jill Derby for the seat being vacated by Rep. Jim Gibbons, who is running for governor.

"I want you all to remember when you go to the polls here in Nevada, what political party supported the president to make sure we have the tools necessary to protect the American people and which political party didn't," Bush said.

Bush criticized some Democrats for voting against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said. "That's not the way it's going to be under my administration."

The donors paid $500 to attend the reception, held on a cement-floored hangar decorated with blue curtains, or $2,100 to also be photographed with the president.

Republicans have held the seat since it was created 25 years ago to represent more than 100,000 square miles — nearly the entire state except for Las Vegas. Republicans hold an edge of more than 47,000 registered, mostly rural voters, but polls make it a close race.

About 100 protesters rallied near the fundraiser, chanting, "Vote for change."

"I think it's an indication of how desperate the Republicans have gotten to try to hang onto a seat that just a year ago was considered a slam dunk for the Republicans," said Pam duPre, executive director of the Washoe County Democratic Party.

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Associated Press Writer Scott Sonner contributed to this report.

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On the Net:

http://www.whitehouse.gov

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

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`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Bush 'Troubled' By School Shooting (AFP-Y)

AFP, October 3, 2006

US President George W. Bush was "deeply saddened and troubled" by a shooting at a Pennsylvania schoolhouse that left at least three girls dead, the White House said.

Bush ordered cabinet officials to find ways for the government to help in the aftermath of recent school shootings, said Dana Perino, a White House spokeswoman.

Bush is "deeply saddened and troubled by the recent school violence," Perino told reporters on a presidential trip to Reno, Nevada.

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"It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and gunned down," Perino said.

Attorney General Alberto Gonzales and US Education Secretary Margaret Spellings will convene a conference next week with education and law enforcement groups to discuss school violence, she said.

Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said.

A truck driver burst into an Amish schoolhouse in rural Pennsylvania Monday and killed at least three girls "execution style" after lining them up in a classroom, police said.

It was the third fatal killing in a US school in the past week.

Last week a 16-year-old schoolgirl was killed when a gunman took six hostages at a Colorado school before opening fire and turning the gun on himself as police stormed a classroom.

On Friday, the principal of a Wisconsin high school was killed after being shot by a student.

'A Horrendous Crime Scene' (USAT)

By Alan Levin And Laura Parker

USA Today, October 3, 2006

NICKEL MINES, Pa. - A milk-truck driver claiming to have a 20-year-old grudge barricaded himself inside a one-room Amish schoolhouse Monday and shot 12 girls, killing three of them, before he committed suicide in the latest shocking attack at a U.S. school.

At least eight girls were in critical condition at area hospitals, said Col. Jeffrey Miller, commissioner of the Pennsylvania State Police. Most were shot in the head, he said.

"It's a horrendous crime scene," Miller said. "One of the children died in the arms of one of our troopers."

The shootings stunned this quiet, insular community in the rolling cornfields and pastures of Amish country, about 60 miles west of Philadelphia. It was the third fatal school shooting in the USA in six days. The attack was similar to one in Bailey, Colo., last week. There, a gunman took several girls hostage at a high school and killed one of them.

In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week.

The Pennsylvania gunman was identified as Charles Carl Roberts IV, 32, who lived near the school. Miller said Roberts backed a pickup to the front door of the yellow schoolhouse around 10:35 a.m., then began boarding up the doors with lumber that he had brought in the truck. He had a handgun, a rifle and a shotgun, Miller said.

Roberts took over the classroom, but quickly allowed several people to leave, including about 15 boys ages 6-13, Miller said.

He also released four adult women, including the teacher, a pregnant woman, and other women who had infants. He lined the girls up in front of the blackboard, where he bound their feet with "flex-cuffs," disposable handcuffs, Miller said.

The teacher and adults ran to a nearby farm to call police. The school has no electricity or phone service.

After Pennsylvania State Police officers arrived at the scene, Roberts contacted the Lancaster County sheriff's office and warned the state police to back off "within 10 seconds" or he would start shooting, Miller said.

He began shooting moments later "in rapid succession," Miller said. The dead girls included two students and a student aide about 15 years old, Miller said.

Roberts left "rambling" suicide notes at his home Monday morning for his three children, Miller said. He was not Amish. Police believe that he chose the school because it was an easy target, Miller said. After seeing the notes, Roberts' wife called her husband's cellphone about 11 a.m., Miller said. Roberts told her he was "seeking revenge" for something that happened 20 years ago, Miller said.

Miller declined to elaborate about what drove Roberts to attack the girls, but he said investigators were looking into the possibility that Roberts had been affected by the death of a child. He would not say whether the child was Roberts' or someone else's.

Roberts also told his wife that "the police were here and that 'I'm not coming home.' He told her he loved her and that was it," Miller said.

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Roberts apparently planned for a long siege, Miller said. He had brought a change of clothes, a bucket and toilet paper. With the three guns, he brought 600 rounds of ammunition. He shot the students with a 9mm handgun and reloaded, Miller said.

Miller said co-workers described Roberts as friendly and talkative — but said he had become less so recently. In the past few days, a calm came over him, they told police. Miller said he believed that was an indication that Roberts had decided to attack the school.

"He was angry at life. He was angry at God," Miller said.

Most Amish live in rural communities and are seldom exposed to crime. In nearby Strasburg, the FBI recorded just two violent crimes in 2005: a robbery and an assault.

"They just don't take provisions for or expect outsiders to come walking in," said Steven Nolt, a historian at Goshen College in Indiana who's written books about the Amish.

Experts: Events Might Weigh Heavily On Kids (USAT)

By Robert Davis, Usa Today

USA Today, October 3, 2006

School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children.

The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say.

"This has been one of the most gruesome weeks I've ever encountered in 20 years of dealing with school safety," says Ronald Stephens, executive director of the National School Safety Center, which helps schools prepare for and respond to crisis. "It's hit an entirely new low. Parents are going to be wondering if their children are safe returning to school."

He and others hope that counselors are available today in the nation's schools. "Students are going to have a number of feelings they need to express," Stephens says. "It's going to be very difficult for a whole lot of learning to take place until some of these emotional issues have been given some attention."

Experts such as Stephens say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep.

Security has become more visible since the shootings at Colorado's Columbine High School in 1999. About 15,000 schools now have their own police officer, says William Lassiter of the Center for Prevention of School Violence. But schools remain easy targets.

"You have this unease about who can we trust and who is safe," says George Greger-Holt, a school counselor who focuses on safety in Chatham County, N.C.

Three School Shootings (NYT)

The New York Times, October 3, 2006

No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent.

When Charles Roberts snapped, the tools lay ready to hand. It is not clear what led him to seek out a quiet country school in Lancaster County, Pa., but it is possible he chose it because he knew that it belonged to a trusting, insular community, where there would be no one to stop him from entering with a shotgun, a rifle and an automatic pistol.

This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently.

The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. There are no simple solutions to this conflict. It is neither possible nor tolerable to secure every school or guard every child. Nor is it possible or politically tolerable to keep tabs on every

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gun. But in these killings we see an open society threatened by the ubiquity of its weapons, in which one kind of freedom is allowed to trump all others. Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns.

Common Tragedy And Culprits (WP)

The Washington Post, October 3, 2006

A SCHOOL shooting is, by definition, obscene, yet there is a special horror to the tragedy in Nickel Mines, Pa. Perhaps it is because the setting, a picturesque community in Lancaster County, was so peaceful. Or that the target was a one-room Amish school amid fields of green. Or that the victims were young girls. Yes, there are unique features that make yesterday's attack a singular tragedy. There is, however, one aspect that makes it shamefully commonplace -- guns.

The 32-year-old man who walked into the Georgetown Amish School in a rural area about 60 miles west of Philadelphia had, authorities said, armed himself with a shotgun, a rifle and a semiautomatic handgun. After releasing all the boys and some women, the gunman barricaded the doors with boards and, having bound the feet of his victims, shot to death three girls before killing himself. Eight others were critically wounded; one of the wounded later died. "This is the last place on Earth that something like this would happen," Raymond Bial, author of books on the Amish, told Bloomberg News, as if being pacifist guarantees protection from the world.

Yesterday marked the third time in less than a week that a school was the site of a fatal shooting. In Colorado, on Sept. 27, a man armed with two handguns sexually assaulted some of the six girls he held hostage before killing one of them and himself. In Wisconsin, just two days later, a 15-year-old student fatally shot a principal. Like yesterday's shootings, each incident was tragic and certainly each had unique circumstances, but all -- including near-tragedies in Florida, North Carolina and Nevada that barely made headlines -- shared the fact of the far-too-easy availability of guns.

At this early stage, it is not known what drove Charles Carl Roberts IV to yesterday's rampage or whether it could have been prevented. Indeed, there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in Congress are seeking to make it easier. Witness the recent vote by the House of Representatives to make it more difficult for authorities to crack down on bad gun shops. Thankfully, the Senate didn't have time to take up that measure.

Our sympathies go to the people of Nickel Mines. We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control.

Online Gambling Set For Takeover Wave (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, October 3, 2006

Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday.

Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US.

Investors wiped $7bn (£3.7bn) off the market value of what at the start of trading was an industry worth $12bn, as heavyweight internet gambling companies said they would suspend indefinitely their US operations.

PartyGaming, the biggest company in the sector, lost 57.94 per cent after announcing it would suspend all money gaming business with the US indefinitely when President George W. Bush signs the bill into law.

Across the sector, internet gambling stocks went into freefall. Sportingbet lost 64 per cent of its value, falling to 66p.

888 Holdings, which has also indefinitely suspended US operations and expects to take a charge, dropped 26 per cent.

Mr Garber told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in. However, Harrah's had other matters on its mind yesterday with news that it had received a $15bn takeover offer from private equity companies Apollo Management and Texas Pacific.

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Now that listed internet gambling companies are expected to quit the US en masse, the remains of their businesses will be free from the spectre of illegality that in the past might have put off investors and prospective buyers.

Mr Garber said: “I wouldn’t be surprised if they [MGM and Harrah’s] didn’t have an interest in winning non US-facing companies as a means of tipping their toes in the internet world.”

Mr Garber said he expected PartyGaming to be involved in buying up companies likely to suffer heavily from the impact of the new US legislation. “We are very focused on mergers and acquisitions. I see our liquidity as being very attractive to smaller players who may not be able to survive on their own.”

A banking adviser in the sector said: “This is going to create a round of consolidation but what format and nature and how broad is a different matter.”

Mr Levy said consolidation would happen first between online operators in order to restore the high margins lost by the US debacle followed by takeovers by big onshore operators coming from both the US and the UK.

U.K. Online Gambling Sites Mull Exiting U.S. Market (WSJ/AP)

Associated Press

The Wall Street Journal, October 3, 2006

LONDON -- Several British online gambling companies may cease doing business in the U.S. as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the U.S. if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the U.S. and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday. It is expected to be signed by President George W. Bush

Shares of all three companies tumbled in trading on the London Stock Exchange Monday.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars, and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank commented that it was difficult to assess the value of online betting companies with heavy exposure in the U.S. because the allocation of costs is unclear.

Sportingbet, which does more than 60% of its business in the U.S., said the impact of the legislation was unclear. However, the company called off talks about a potential bid for World Gaming.

"The precise effect of the legislation is unclear," 888 Holdings said in a statement. "However, this legislation indicates Congressional intent to treat Internet gaming, whether sports-related or not, as illegal."

The legislation, if enacted, "will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," PartyGaming said. "If the president signs the act into law, the company will suspend all real money gaming business with U.S. residents."

Austrian-based Bwin.com Interactive Entertainment AG, which gets 22% of its revenue from the U.S., said it was reviewing its options. "It's a difficult situation right now, and we need to have our lawyers take a close look, review the situation and what it could mean to us," Bwin spokeswoman Karin Klein said in Vienna.

William Hill PLC, one of Britain's biggest bookmakers, announced on Sept. 27 that it would cease accepting casino and poker business from clients with a U.S. address or a credit card issued in the U.S.

Paddy Power, the Irish bookmaker, gets about half its revenue from online betting but "we have made every effort to block U.S. play," said spokesman Breon Corcoran. "We would be excited about bringing an Irish brand to the States, but given the climate there, it's unlikely to happen," Mr. Corcoran said.

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Online Gaming Shares Plummet In Bill's Wake (WP/AP)

By Robert Barr

The Washington Post, October 3, 2006

LONDON, Oct. 2 -- Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming, the world's biggest online gambling company, said it would pull out of the United States if President Bush signs the legislation into law.

The company 888 Holdings PLC said it is suspending online betting operations in the United States as a result, and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday.

Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

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Bad Luck For Online Gaming (LAT)

By Michael A. Hiltzik

The Los Angeles Times, October 3, 2006

Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them.

Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday.

The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve.

Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain.

Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition.

"That's a major weakness" of the new measure, said I. Nelson Rose, an expert in gambling law at Whittier Law School.

"It left out expanding the reach of the Wire Act, so poker sites can say, 'We're not covered by that.' "

The gambling provision's late-night passage took many in the gaming world by surprise. Many thought the Senate bill was dead in the current session, meaning that both houses of Congress would have to start from scratch next year.

U.S. casinos were neutral on the bill. Although they don't like the offshore competition, domestic gambling companies might someday want to open their own online casinos.

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Online gaming companies headquartered in Britain were among those taking the biggest hit from the measure. Although most have been trying in recent months to wean themselves from the U.S. market as the threat of congressional regulation has risen, American customers still account for the greatest share of their business.

"This development is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, chief executive of PartyGaming Ltd., the operator of the PartyPoker website, in a statement.

Shares of PartyGaming, based in Gibraltar, lost 58% in Monday's trading in London.

Shares of Neteller, a British payment processing company based on the Isle of Man, fell more than 60%. Such companies have sprung up in recent years after American payment processors, such as the PayPal subsidiary of EBay Inc., voluntarily ceased accepting payments to online gambling sites.

In a statement issued after the Senate vote, Neteller said, "It is currently unclear how Neteller, a European company, with no assets, presence or employees in the U.S., would be affected by this bill." The company said it would have a "clearer view" after U.S. authorities issued the regulations.

U.S. banks and credit card companies have generally ceased transferring funds for internet gambling over concerns that they could be charged with aiding and abetting illegal activities. But they have opposed legislation that makes them criminally liable for such transfers, arguing that in many cases they don't have the ability to determine whether a recipient is a gambling website.

Representatives of industry groups said Monday that they were satisfied that the new bill took that difficulty into account.

"We wanted to be sure that there was some protection if we act in good faith," said Floyd Stoner, executive director for congressional relations at the American Bankers Assn.

The Senate's action followed a string of other legal attacks in the U.S. on the online gaming industry. In July, David Carruthers, CEO of London-listed firm BetOnSports, was arrested while making an international air connection in Dallas. Charges against him include racketeering and mail fraud.

Last month Peter Dicks, then chairman of Sportingbet, a British online company, was arrested at New York's Kennedy Airport on a warrant alleging that he violated a Louisiana law barring online gambling. Dicks was released and returned to Britain on Friday.

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New Legislation May Pull The Plug On Online Gambling (USAT)

By Michael Mccarthy And Jon Swartz, Usa Today

USA Today, October 3, 2006

The $12 billion online gambling industry could turn into a house of cards now that the Congress has passed a law banning the use of credit cards, checks and electronic fund transfers for Internet gaming, industry experts warn.

President Bush is expected to sign the Unlawful Internet Gambling Enforcement Act, which makes it illegal for banks, credit card companies and online payment systems to process payment to online gambling companies.

Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections.

The surprise passage of the law threw the online gambling industry into a tailspin Monday. Shares of publicly traded companies PartyGaming, Sportingbet and 888 Holdings tumbled in heavy trading on the London Stock Exchange, wiping out nearly $8 billion in market value. PartyGaming, the world's largest online-gambling company, said it will stop taking bets from 920,000 active U.S. customers as soon as Bush signs the proposed law. Sportingbet said it is calling off its bid for World Gaming.

Shares in the publicly traded PartyGaming plunged 60% to 81 cents on the British market and 888 Holdings said it is suspending online betting operations in the USA. Its shares tanked 48% to $1.42 on the British market.

Sportingbet, which gleans more than half its business in the USA, said the bill's impact is unclear. Sportingbet shares slumped 67% to $1.12 on the British market.

"This develop is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, PartyGaming's CEO.

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The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say.

Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia.

After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced.

Most credit card companies already ban customers from paying gaming sites as the result of a settlement between New York Attorney General Eliot Spitzer and several major credit card issuers a few years ago.

PartyGaming generated 80% of its $1 billion in 2005 revenue from the U.S. market. During the first half of 2006, American bettors accounted for 78% of $662 million in revenue, says John Shepherd, a spokesman for the Gibraltar-based company.

"If you lop off 80% of somebody's revenues, it's going to hurt," Schneider says. "A lot of them have been trying to build up their non-U.S. business."

Unfortunately for players, the companies eliminated in the shakeout are more likely to be publicly traded operators that answer to regulators in Britain than privately held firms more likely disappear into the ether of the Web, warns Linda Goldstein, a partner with Manatt, Phelps & Phillips.

"The upshot is the legislation will drive away larger, more reputable gaming operators, leaving consumers with less reliable options," says Ken Dreifach, an Internet lawyer who once worked for Spitzer. That could expose consumers to more fraudulent operators, he says.

A stock listing is no guarantee, however. Many U.S.-based customers of BetOnSports have been waiting to cash out the money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud.

"We're telling folks 30-90 days," says BetOnSports spokesman Kevin Smith, who declined to comment on how many players are owed how much money.

Michael Bolcerek, president of the Poker Players Alliance, says he'll seek congressional support for a legislative exception for online poker, similar to the carve-outs for fantasy sports, horse racing and state lotteries in the proposed law. Bolcerek argues poker is a uniquely American sport, enjoyed by 23 million Americans.

"We believe poker is a skill game that should be separated from other forms of gambling," he says.

Attorney General Creates Domestic Violence Unit (AP)

AP, October 3, 2006

JACKSON, Miss. - A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant.

The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims.

"What this division does is bring a cohesiveness to the state's efforts to fight domestic violence," said Attorney General Jim Hood. "Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing."

Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence.

"When a group of dedicated individuals and organizations make a commitment to act as one, the possibilities to create positive change are endless," Michele Carroll, executive director of the Mississippi Coalition Against Domestic Violence, said in a statement. "With the award of this grant and the development of this program we have a truly unique opportunity to work collaboratively to end the violence."

The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women.

Philadelphia Police Dispatchers Charged With Selling Information (AP)

DOJ_NMG_0073957

AP, October 3, 2006

PHILADELPHIA (AP) — Two police department radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes.

Patricia Bradley, 35, and Tamara Mitchell, 38, both civilian dispatchers employed by the Philadelphia Police Department, have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday.

The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division.

Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers. Authorities said they made deals to share in the proceeds of the planned robberies with the man — identified in court documents only as "I.B." — to whom they provided the privileged information.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," Meehan said.

Bradley worked as a dispatcher from March 2003 until she was fired in February. Mitchell, who has worked as a dispatcher from 2001 until the present, also will be fired, Meehan said.

A police department spokeswoman said she was not aware of the case and had no immediate comment.

If convicted, Bradley faces a maximum sentence of 80 years in prison and a $1 million fine; Mitchell faces a maximum of 40 years in prison and a $500,000 fine, authorities said.

Neither of the women had listed phone numbers and it was not immediately clear whether they had attorneys.

Court documents did not state whether any of the planned robberies occurred. U.S. Attorney's spokesman Rich Manieri said he could not immediately elaborate on details of the case not included in the documents released Monday.

2 Police Dispatchers Charged In Scheme (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 3, 2006

Federal prosecutors yesterday charged two Philadelphia police dispatchers with extortion for allegedly selling information from the Police Department's computer system.

The two civilian dispatchers, Patricia Bradley and Tamara Mitchell, were charged with extortion by way of criminal information, a process that indicates they intend to plead guilty.

The two women used license tags listed in the Police Department's computer system to get names and addresses that they then sold to a man who said he intended to commit robberies at the addresses, according to the charges.

The alleged extortion occurred from August 2003 until May 2006.

The two dispatchers believed that the names and addresses they sold were those of drug dealers, according to the charges.

Unfortunately for Bradley, 35, and Mitchell, 38, the man to whom they peddled the names and addresses turned out to be a government informant, identified only as "I.B." in the court filing.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," said U.S. Attorney Patrick Meehan.

The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags.

The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation.

A police spokesman said yesterday that Bradley no longer works for the department and that proceedings to dismiss Mitchell should begin shortly.

The FBI and the Police Department's Internal Affairs Division investigated the case.

2 Police Radio Dispatchers Face Jail Time (PHI)

By Stephanie L. Arnold

The Philadelphia Inquirer, October 3, 2006

Two Philadelphia police radio dispatchers face a combined 120 years in federal prison and more than $1 million in fines if convicted on charges of using police computer equipment to obtain and distribute personal information about cars and homes to a man they believed was robbing the victims.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," U.S. Attorney Patrick Meehan said in a statement yesterday.

Charged were Patricia Bradley, 35, of the 1300 block of Lippincott Street, and Tamara Mitchell, 38, of the 600 block of Chew Street. They are accused of running license tags and giving the names and addresses associated with those tags to a man who used the information to commit crimes at those addresses.

According to court documents, Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers.

They thought they were setting up the dealers to be robbed.

Bradley worked as a dispatcher for the Police Department from March 2003 until she was fired in February 2006. Mitchell, who still works for the department, has worked as a dispatcher since 2001. The U.S. Attorney's Office said Mitchell would be fired upon the filing of the charges.

The department hires civilian dispatchers whose responsibilities include providing information and support to police officers via police radio. A computer database is used to obtain identifying information about civilians and vehicles as requested by police officers. This database, authorities said, is prohibited from being used for personal purposes.

Newark: Bank Robber Sentenced (NYT)

By The New York Times

The New York Times, October 3, 2006

A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies, prosecutors said. The man, Michael Giubilo, 61, of Belleville, was convicted on Feb. 10 of robbing banks in West Caldwell and Millburn in 2003 and 2004, said Christopher J. Christie, the United States attorney for New Jersey. Mr. Giubilo was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said.

Jemal Defense Team Questions Deal For Prosecution's Witness (WP)

By Carol D. Leonnig

The Washington Post, October 3, 2006

No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso.

Since the days in 2001 and 2002 when he and Jemal were standing shoulder-to-shoulder chomping on cigars at the Capitol Grille, much has changed for Lorusso. He's no longer flying high as a flashy D.C. government dealmaker; instead, he was forced out of his job and began cooperating with federal prosecutors. Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn.

But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille.

Jemal's attorneys argue that prosecutors appear willing to overlook Lorusso's other shady dealings in District government and in his hometown of Boston so they can go after the more famous Jemal, his son and another company officer. That includes evidence that Lorusso helped bilk city taxpayers of millions of dollars through phony invoices for work renovating One Judiciary

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Square, a municipal building, soon after joining city government in November 2000 -- a project involving another company, they wrote. Also, they said, in 1998 and 1999, Lorusso persuaded people to invest hundreds of thousands of dollars in two illegal Ponzi schemes in Massachusetts that led to the indictment of one associate.

"In return for his stories about cash (bribes), Lorusso received full absolution," Jemal's defense attorneys wrote. "In return for testifying against his prominent former friends, Lorusso has capped (his future prison sentence)."

As part of his deal, Lorusso pleaded guilty to two counts of accepting bribes. He now faces a maximum of 57 to 71 months in prison but would likely get less due to his cooperation when he is sentenced after Jemal's trial.

Yesterday, Thomas Mason, Lorusso's attorney, declined to comment on his client's deal. Also yesterday, U.S. District Judge Ricardo M. Urbina denied a defense request that the government be forced to turn over more material to them about how they reached this deal.

The fate of Jemal, his son Norman Jemal and leasing agent Blake Esherick hangs to a great degree on whether jurors believe Lorusso's explanation of why he crafted city leasing and purchase deals that were so favorable to Jemal's Douglas Development Corp. and so lousy for city taxpayers.

Lorusso is expected to testify that he took cash, trips and gifts, including a Rolex watch and pricey cowboy boots, in exchange for personally arranging exorbitantly priced leases and fraudulent invoices. Jemal denies wrongdoing.

In 2001, Lorusso proposed that the city pay Jemal $12.5 million for a Prince George's County parcel the city could use as a new vehicle-impoundment lot, records show. Lorusso presented his bosses with an appraisal saying that amount was a fair market price, but he didn't mention that he had given the appraiser inaccurate information about the site that drastically inflated the appraisal. What raised eyebrows on the D.C. City Council was that Jemal had paid $1.5 million for the land just four years earlier; the $12.5 million deal did not go through.

All told, Lorusso negotiated deals that helped Jemal and his company generate $14 million a year in income on city leases.

Yesterday, the government responded to the defense's contentions about Lorusso's credibility and favorable plea deal with the written equivalent of a smirk. Prosecutors wrote in court papers that the Jemal defense team's arguments "deserve little in the way of comment" except to note one irony.

"(T)he defendants maintain that Mr. Lorusso had corrupt relationships with nearly every person and entity with which he was involved -- with the sole exception of the defendants," prosecutors wrote.

Jemal and Lorusso may have never uttered the word "bribe," prosecutors wrote, but Lorusso will tell jurors that he "understood and believed that the defendants were in essence taking care of him in exchange for his taking care of the defendants."

D.C. Council member Jim Graham (D-Ward 1) led a council investigation into Lorusso's deals with Jemal and other city contractors, turning up revelations that helped federal investigators. Yesterday, Graham said Lorusso was surely pressured to cooperate because of the evidence against him, but that doesn't mean he's lying.

"I mean, is Lorusso a choir boy? Forget it," Graham said in an interview. "But we found a lot of shenanigans going on. And of course now he's going to do everything he can to cooperate and reduce his exposure."

Miss. Resident Sentenced For Making False Claims To FEMA (AP)

AP, October 3, 2006

JACKSON, Miss. - A Vicksburg man convicted of making false claims to the Federal Emergency Management Agency for Hurricane Katrina relief funds has been sentenced to two years in prison.

U.S. Attorney Dunn Lampton announced in a news release on Monday that Bryan Michael Beets also will be under three years' probation after he serves his sentence.

U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross.

Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June.

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"The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud," Lampton said in the release.

BR Woman Gets Prison In Disaster Fraud (AP)

AP, October 3, 2006

A 27-year-old Baton Rouge woman was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said.

Tarsha Johnson pleaded guilty May 8 to making a false claim. U.S. District Judge Frank J. Polozola sentenced her to prison with three years of supervised release, said U.S. Attorney David Dugas.

Polozola also ordered her to perform 50 hours of community service and to pay $2,000 in restitution.

FBI Joins Expressway Inquiries (SPT)

By Michael Van Sickler, Times Staff Writer

St. Petersburg Times, October 3, 2006

The state Auditor General's Office started an audit. Now a member of the authority confirms FBI and U.S. DOT inquiries.

TAMPA — The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday.

Hillsborough County Commissioner Tom Scott, who sits on the seven-member board, said he spoke with investigators from the two federal agencies last week for more than 90 minutes.

"I was invited to meet with them and they are looking at the (Expressway Authority)," Scott said. "But I can't disclose the content of their questions in order not to hinder their investigation."

Neither the FBI nor the DOT's Office of Inspector General would confirm the investigation.

The inspector general's office frequently conducts criminal investigations with the FBI in cases of alleged waste, fraud or abuse in transportation agencies and projects, said spokesman David Burnes.

State lawmakers created the Expressway Authority in 1964 to build toll roads in Hillsborough.

A once obscure agency, the Expressway Authority came under greater scrutiny in 2004 when its key project, the elevated lanes of the Lee Roy Selmon Crosstown, encountered serious construction problems.

The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists.

An investigation in early September by Gov. Jeb Bush's general counsel found no laws were broken, but it concluded that enough questions were raised to warrant a state audit of what the agency pays in legal and lobbying fees.

The state Auditor General's Office began an audit last week that will review Expressway Authority finances.

Rhea Law, the agency's interim legal counsel, said those investigators have requested billing records dating as far back as 2001.

Law would not say whether the FBI and the U.S. DOT are conducting a third inquiry.

Later, after Scott confirmed he had spoken with FBI and DOT officials, followup questions to Law were referred to Expressway Authority spokesman Mathias Bergendahl. He e-mailed a response from Law late Monday that did not acknowledge the investigation.

"(We) do not want to create any speculation about the Expressway Authority or the results of any review," Law wrote.

"As results are forthcoming, they will be shared with … the public."

This isn't the first time federal officials have looked into the Expressway Authority.

In June 2004, Santos Ramirez, a special agent with the DOT's Inspector General's Office, asked the Expressway Authority for information about a possible conflict of interest involving Bob Clark, a board member who owns Tampa Steel Erecting Co.

At issue was whether Clark could vote on materials to be used in projects that could benefit his company.

Steven Anderson, the Expressway Authority's legal counsel at the time, wrote an opinion urging Clark to abstain from votes that determine which materials will be used in road projects.

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In an interview Monday, Anderson said Ramirez called him in 2004 and asked for the opinion about Clark. He said Ramirez asked other questions about Clark but Anderson would not disclose what they were.

The U.S. Department of Transportation wouldn't confirm that Ramirez is working this case. A call to his downtown Tampa office was not returned.

It was another opinion that Anderson wrote about a possible conflict involving Clark that ignited the current round of investigations.

The governor appointed Clark to the board in 2003. At the time, the Expressway Authority was completing a purchase of $366,000 from Clark's steel company.

Anderson flagged that purchase as questionable. More than three years later, on Aug. 28, Clark and four other board members, all appointed by Bush or one of his employees, voted to fire Anderson without a public discussion.

Board members Gwen Miller and Scott voted to retain Anderson.

When the law firm of Gray Robinson, which has strong ties to Bush, won the contract replacing Anderson, Scott claimed it was political payback.

A possible criminal inquiry could look into allegations that Expressway officials unlawfully steered the legal services contract to Gray Robinson.

It also might look into the billing practices of lobbyist John Beck, who met with Gray Robinson attorneys before the vote.

Beck's partner, Cynthia Henderson, a former top official in Bush's administration, double-billed the Expressway Authority last year for about $1,000.

On Monday, Beck's firm reimbursed the agency another $5,731 after it acknowledged it had overbilled again this year.

Other board members said they had not heard about the FBI investigation.

"I haven't heard anything. Let me know when you hear something," Clark said.

"I don't have any comment on an FBI investigation," said former state Sen. James Hargrett, D-Tampa. "I have not been contacted."

Miller, who said revelations about Beck's double billings should result in his termination from the authority, said she didn't know about the FBI inquiry, either.

"Nobody has called me or anything," she said. "I wasn't aware the FBI was involved until today when you told me."

Times staff writers Rebecca Catalanello and Janet Zink and researcher John Martin contributed to this report. Michael Van Sickler can be reached at mvansickler@sptimes.com or (813) 226-3402.

Rell, Blumenthal Announce Reviews Of Troubled Highway Project (AP)

AP, October 3, 2006

WATERBURY, Conn. -- Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84.

Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire.

The governor and attorney general's announcements came a day after The Hartford Courant reported that federal investigators are looking into why hundreds of storm drains are defective in the project.

Fixing the problems could cost the state millions of dollars and require newly paved parts of the highway to be torn up, the newspaper reported, citing state documents and people familiar with the project.

"Connecticut citizens deserve every assurance that their tax dollars are being spent and invested wisely," Rell said in a prepared statement. "They also deserve to know that multimillion dollar road projects are being performed in a complete and competent fashion."

Rell is asking an independent auditing firm to review all contracts awarded to L.G. DeFelice Inc. of North Haven, a now-defunct company that had the $52 million contract to rebuild the highway, and to New Britain-based Maguire Group Inc., which had a $6 million contract to inspect work on the project.

DeFelice, which went out of business last year and reformed as Hallberg Contracting Corp., was fired for failure to perform, the governor said. Maguire Group was fired by the DOT, at Rell's direction, last month.

The auditing firm will also review the DOT's internal oversight processes, Rell said.

Blumenthal said his investigation began several months ago "as a result of apparent failures in quality and timeliness of work done by various contractors. It is an active and intensive inquiry that will support claims for monetary recovery and other remedies as appropriate," he said in a written statement.

Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago.

Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported.

In a memo written two weeks ago, a top DOT engineer blamed the defective drains on a "complete breakdown" in the inspection process.

"The numerous types of deficiencies, the particular as well as the general defects and omissions in the work, were and are stunning," Arthur W. Gruhn, chief engineer at the DOT's bureau of engineering and highway operations, wrote in the memo.

Gruhn said last week that it remains a mystery why the work is shoddy and why the inspection process failed.

"We may never know what was in somebody's mind as they were doing this," Gruhn said. "It just is so far beyond the norm that appropriate action had to be taken."

The drains, also known as catch basins, and related underground piping are designed to remove water from the roadway. Gruhn said improper drainage can create a hazard for motorists and damage roads through erosion and other forces.

The highway project includes about 300 catch basins. Inspectors have taken another look at about 280 of them, and all but 10 need additional work, Gruhn said. As many as 100 of the drains will require major reconstruction, Gruhn said, including some that are below new pavement.

Gruhn said there was no estimate yet on how much it will cost to fix the problems, but he said it could cost more than the liability insurance coverage provided by the contractors.

No one has stepped forward to accept responsibility for the problems. Nothing has been found to suggest DOT workers were partly to blame, Gruhn said.

A former vice president at DeFelice who ran the now-defunct company's cost department said he was not aware of the drainage problems.

"As far as I know, the work was installed correctly and it was inspected," said Stephen Hallberg.

The Maguire Group is not conceding it was responsible, but a lawyer for the company said it intends to help the state correct any problems.

"Obviously we are in the process of reviewing the findings of the Department of Transportation," attorney Richard R. Brown said. "We absolutely want to cooperate in terms of correcting the situation at no expense to the state of Connecticut."

The DOT has clashed with The Maguire Group in the past. In 1992, then-DOT Commissioner Emil H. Frankel cited Maguire's "serious disregard for standards of professional ethics" in suspending the company for two years from doing work for the Transportation Department.

'Inappropriate' Expenditures Found At Getty (LAT)

By Jason Felch And Ralph Frammolino

The Los Angeles Times, October 3, 2006

A yearlong investigation by the California attorney general's office has concluded that the J. Paul Getty Trust's former chief executive Barry Munitz and the organization's board of trustees made several "inappropriate" expenditures, but will not be the subject of legal action because the money has been returned.

The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office.

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For the first time in its history, Atty. Gen. Bill Lockyer has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years.

The attorney general will take no legal action against the trust, Munitz or board members, the report said.

Lockyer concluded that Munitz, whom he describes as a close friend, had compensated the trust for the inappropriate expenditure by agreeing to repay the Getty $250,000 and forgo more than $2 million in benefits when he was ousted in February.

The report also found that several other transactions were appropriate under California law, which allows the Getty to settle potential claims and spend money as long at it furthers its broad charitable purpose, the "diffusion of artistic and general knowledge."

Among them: the $3-million severance payment to former museum director Deborah Gribbon was appropriate because she had valid legal claims against the Getty; questioned grants went to nonprofit organizations and furthered the Getty's mission; and the Getty received fair market value when it sold property to Munitz's friend, philanthropist Eli Broad.

The attorney general's probe was launched in July after a Los Angeles Times investigation revealed that Munitz had used the Getty's resources for personal benefit amid controversies over his management and leadership of the trust. Further reports over the last two years showed that board members did not review Munitz's expenses and had benefited personally from the trust's vast resources.

Since those reports, much of the Getty's senior management and several members of its board of directors have left, including Chairman John Biggs, who retired early in August. The Getty is in the process of implementing a series of reforms it says are intended to correct problems highlighted in the Times reports.

The troubles of the Getty Trust, one of the country's richest private foundations, came amid a national debate about oversight of the nonprofit sector in which the art institution became a symbol of the need for reforms. Federal legislation passed this year has increased the penalties for violations of the federal tax code, which prohibits using public funds for personal benefit.

Van de Kamp will review progress reports made under oath by the Getty every six months, gather additional information if necessary and advise the attorney general's office about the organization's progress.

Aside from the appointment of the independent monitor, the report offers no specific consequences for the violations by Munitz and the board that it identifies, and gives no recommendations for reform or improved governance.

The investigation was carried out by the attorney general's charitable trust division, which regulates all nonprofits doing business in California and can impose civil penalties, remove trustees or recommend the revocation of an organization's tax-exempt status if it discovers gross mismanagement or fraud.

Lockyer approved the report before it was released. The Times reported in July that Lockyer, who is running for state treasurer in the November election, met privately with Munitz in the midst of the probe. Lockyer said Munitz disclosed he was leaving the Getty during the meeting, which the attorney general described as "therapy with a friend." In the past, Lockyer said he had sought Munitz's advise on political issues.

The report shows that the attorney general's probe focused narrowly on issues identified in the Times articles — investigators identified no new issues in their 13-page report, which provided little detail about the expenditures it criticized.

The report stated in two places that the probe found no evidence that Munitz or trustees committed any crimes. "The payments to Dr. Munitz from the trust were authorized, and there was no indication that he obtained such authorization by making false statements, submitting false billings or through some other form of deceit."

In its June 2005 investigation of Munitz, The Times reported that on his frequent travels, he regularly flew first class, stayed in luxury hotels and ate dinner with friends at expensive restaurants, all at Getty expense. Many of the trips had a questionable tie to Getty objectives.

In one case, Munitz billed the Getty more than $35,000 for a trip with his wife and friends to Tuscany, where they rented a 15th century villa and toured the countryside visiting Getty-sponsored projects.

The Getty trustees had specifically approved Munitz's first class travel and the participation of his wife on his trips in his employment contract. The board was responsible for reviewing his expense accounts regularly, but delegated the task to one of Munitz's deputies.

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The attorney general's report concluded that trustees had acted inappropriately in allowing the reimbursement of Munitz's wife's travel expenses. It concluded that Munitz's justification that his wife's participation was expected of his high office was "unpersuasive," and said the implication that an unmarried official could not perform adequately "an absurd proposition."

The report also said some of Munitz's travel expenses were "inappropriate or clearly unreasonable," though no clear rule prohibited them.

The investigation also characterized as "an improper private benefit" the more than $20,000 worth of artwork given to four retiring trustees. The Times reported that Munitz's office had ignored warnings from the trust's attorneys that such gifts violated Getty's will, which prohibits compensation for board members.

It was also critical of Munitz's frequent use of Getty staff to run personal errands for him and his wife. The Times reported he regularly sent his driver from Brentwood to Long Beach to pick up taped episodes of his favorite television programs, and on one occasion asked a secretary to track down blood orange juice for his wife, who had enjoyed it on a recent trip to Europe.

A Times article last month reported that among several "senior advisors" that Munitz hired to advise him was Iris Mickein, a young woman who had previously been an intern at the Getty. Munitz later had the Getty pay the Museum of Modern Art in New York to employ Mickein and flew her around the country to meet his friends at Getty expense.

The attorney general's report concluded that Mickein's MOMA job was appropriate because the Getty's mission includes the training of art students, but took issue with her consulting fees, for which she did "insufficient work."

The investigation concluded that there was nothing improper about Munitz steering a $200,000 Getty grant to a Russian museum at the request of a female Russian researcher with whom Munitz went to a movie, a concert and met with on several business trips.

While acknowledging that Munitz had socialized with the researcher, the attorney general found that the grant was legitimate because "it served the charitable purpose of the trust, specifically art education."

The Russian grant was one of several identified in The Times stories that the attorney general found were appropriate because they went to organizations "engaged in the diffusion of artistic and general knowledge."

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Monitor Named To Oversee Reforms At Getty Trust (NYT)

By Edward Wyatt And Randy Kennedy

The New York Times, October 3, 2006

LOS ANGELES, Oct. 2 — Ending a 14-month investigation, the California attorney general appointed an independent monitor on Monday to oversee reforms at the J. Paul Getty Trust, one of the world's richest cultural organizations. The inquiry determined that the trust's former president, with the approval of the Getty board, misspent trust money on his wife's travel, used employees for personal errands and made improper payments to a graduate student.

Although the attorney general, Bill Lockyer, found that the former president and the board violated their legal duties, he declined to take civil or criminal action against them. The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments.

The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry.

Louise H. Bryson, who took over as chairwoman of the Getty board of trustees in August, said she was "pleased the attorney general acknowledged the work done by the board to change the policies and procedures" that resulted in the violations.

After reports of questionable expenses and suspect grants by Mr. Munitz and gifts to retiring board members began appearing in 2005 in The Los Angeles Times, the Getty board changed its policies to restrict travel expenses, prohibit the use of employees for personal ends and forbid gifts from the Getty to its trustees.

In February, the board reached a settlement with Mr. Munitz in which the former president resigned while repaying $250,000 in cash for improper expenditures and forfeited more than $2 million in expected benefits.

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Notably, the attorney general found that a number of actions by Mr. Munitz that were approved by the board were consistent with the trust's charitable purposes. These included sending a staff member to Israel to observe an academy for chess, a game that is one of Mr. Munitz's favorite hobbies; furnishing the office of a former Getty Trust executive at another Los Angeles County arts institution; and sponsoring a luncheon at which Mr. Munitz was given an award.

The attorney general also found that the sale in 2002 of a piece of property in the Los Angeles suburb of Brentwood to Eli Broad, the billionaire philanthropist and a friend of Mr. Munitz's, for $2 million was reasonable. An assessment by an independent appraiser hired by the attorney general's office found that the property had a fair market value of $1.8 million at the time.

The report also found that there were no improprieties in a $3 million severance payment to Deborah Gribbon, the former director of the J. Paul Getty Museum, who resigned in 2004 after months of disagreements with Mr. Munitz. The attorney general's report said that the trust, in paying the money, reasonably based it on damages that Ms. Gribbon might have received in a wrongful termination lawsuit.

"Indeed, those damages might well have greatly exceeded the amount of the approved separation payment," the report found.

Through his lawyer, Mr. Munitz said yesterday: "I'm relieved that this is behind me and the Getty." Mr. Munitz stressed the findings in the report that all payments to him had been authorized by the trust, and that there was no indication that he obtained any money by making false statements or submitting false bills.

John Van de Kamp, a former state attorney general, is to serve as the independent monitor of the Getty Trust for two fiscal years, reporting to the attorney general's office on whether the trust's planned reforms are being followed.

The procedure calls for the trust to make reports to the attorney general's office every six months; those reports will be reviewed by the monitor, who can then ask for additional information from the trust. Tom Dresslar, a spokesman for the attorney general's office, said the Getty had agreed to provide further information or documentation should the monitor request it.

In a statement, Mr. Lockyer said that because charitable trusts are subsidized by taxpayers, "board members and executives have a legal duty" to make sure that spending is lawful and used to further the trust's charitable purpose. "With some expenditures and gifts, Mr. Munitz violated his duty and Getty's trustees failed to do their governance job," Mr. Lockyer said.

Mr. Lockyer and Mr. Munitz are known to be personal friends, and the attorney general has acknowledged that they met privately while the inquiry was under way.

Asked about that relationship, Mr. Dresslar said the investigation was conducted by the attorney general's charitable trusts division and that it was not influenced by the friendship.

The report's conclusions and recommendations were essentially unedited by Mr. Lockyer before he approved them, Mr. Dresslar added.

It is the first time that the California attorney general has imposed an independent overseer in an enforcement action against a charitable trust, although the procedure has been used in consumer settlements, including one this year with Ameriquest Mortgage Company after an investigation into allegations of predatory lending practices.

Jack B. Siegel, a Chicago lawyer who is an expert on nonprofit law, said he was somewhat surprised that the attorney general's findings were not more critical of the Getty. "The focus seems to be on — I don't want to say trivial things — but on very specific things like travel reimbursement," Mr. Siegel said. "They don't really seem in this to be addressing fundamental governance issues, about the overall way things are run."

DNA Test Result Casts Doubt On Two Convictions In 1987 Murder (WP)

By Ernesto Londoã±o

The Washington Post, October 3, 2006

Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago.

Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47.

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The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money.

Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder.

DNA tests, which became commonplace in criminal investigations in the mid-1990s, have led to the exoneration of dozens of convicts in recent years, including a handful in Maryland.

Stephen Mercer, Owens's attorney, said the DNA test yielded a profile of a man who is neither Owens nor Thompson -- a finding at odds with the state's theory in the case.

"Someone's gotten away with murder for 20 years," said Mercer, who this year persuaded a Baltimore City Circuit Court judge to allow him to have the swab tested.

Baltimore prosecutors say they are ready to meet their burden of proof again if the case goes back to court, a prospect Williar's relatives find disturbing.

"In my heart of hearts, I believe they did it," said William C. Winkler, Williar's stepfather, who raised her. "There's not a day that goes by that I don't have to take a deep breath to get through a thought."

Mercer, a Rockville lawyer who teamed up with attorneys from the Innocence Project division of the Maryland Office of the Public Defender, said they intend to file motions seeking new trials based on the new evidence.

The Baltimore City State's Attorney's Office opposed the motion to test the swab, arguing that the convictions were supported by physical evidence and Thompson's confession.

"There was a lot of compelling evidence that was presented," said Margaret Burns, a spokeswoman for the office. Jurors "found that there was proof beyond a reasonable doubt. Not only did the jury find that, the appeals process confirmed that several times."

She said prosecutors will examine the methodology used to test the sample as well as its chain of custody over the years. Winkler said semen residue collected from the body could have been from an earlier, consensual sexual encounter, although a state witness testified that Williar had broken up with her boyfriend months before she died, and was not seeing anyone at the time.

Prosecutors argued that the semen was evidence of the rape.

Staff researcher Madonna Lebling contributed to this report.

Judge Keeps Karr Pornography Case Sealed (HC/AP)

By Marcus Wohlsen, Associated Press Writer

Houston Chronicle, October 3, 2006

SANTA ROSA, Calif. — A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out.

The Press Democrat of Santa Rosa had sought to view the documents in the case against the high-profile suspect, but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr's trial was originally scheduled to start Monday, but was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data.

Investigators said they think they have other computer equipment linked to Karr that could contain more than 1,000 other images.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

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Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims.

She said the digital images were not related to child pornography charges against Karr.

But FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001.

"We're not doing any further forensic work," he said.

Keck did not immediately return phone messages to The Associated Press seeking comment.

Karr, 41, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Police Investigate '03 Death After Charge Against Nurse (NYT)

By Steve Friess

The New York Times, October 3, 2006

LAS VEGAS, Oct. 2 — One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder.

The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies.

That alleged conversation — and a laboratory test that turned up suc- cinylcholine in the body of Mr. Higgs's wife, Kathy Augustine — formed the basis of the indictment. Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs.

David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine.

Mr. Higgs, who was arrested on Friday in Hampton, Va., where he was staying with relatives, waived extradition on Monday and will be returned to Nevada. He has not made any public remarks since an impassioned denial of wrongdoing in an interview with The Las Vegas Review-Journal on July 13, in which he insisted he loved his wife and called suspicion of his involvement "just crazy."

The day after those remarks, Mr. Higgs was found with his wrists slit in the Las Vegas home he and Ms. Augustine had shared. He was treated at a local hospital and released but did not attend his wife's funeral on July 15.

The death of Ms. Augustine, 50, who was the Nevada state controller, and the case's potboiler-style twists have captivated Nevadans.

According to police reports, Mr. Higgs called the police the morning of July 8 and said he had found his wife unresponsive and not breathing at their second home in Reno. He suggested to paramedics that she might have had a complication from a heart condition.

Ms. Augustine died three days later, and an autopsy by the Reno coroner found no evidence of heart disease or heart attack.

With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide. On Friday, Mr. Higgs, 42, was arrested on one count of first-degree murder.

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"It's a major punch in the gut to the family," Greg Augustine, 36, son of Charles Augustine and stepson of Kathy Augustine, said Saturday. "We were holding out hope that there wasn't any foul play. Now we know she was killed."

Now that Mr. Higgs has been accused in this death, questions have arisen about the death of Charles Augustine.

"My dad was getting better, and they were moving him to a rehab area," Greg Augustine said in July, "but very soon after that, he had massive organ failure."

No criminal investigation was conducted at the time of Mr. Augustine's death.

Mr. Higgs and Ms. Augustine were married three weeks after the death of Mr. Augustine in 2003, and the newlyweds received $1 million from his life insurance policy.

Greg Augustine said his father and stepmother were in the midst of a divorce after 17 years of marriage when the elder Mr. Augustine was hospitalized. Greg Augustine said he had had little contact with his stepmother after his father's death but does not suspect she was involved in his father's death.

The indictment against Mr. Higgs says he injected succinylcholine into Ms. Augustine's buttocks on July 8 before calling the police. Succinylcholine is a muscle relaxant used by anesthesiologists to briefly paralyze patients in order to install breathing tubes, but it has also been used as a murder weapon. Efren Saldivar, a respiratory therapist, confessed in 2001 that he injected it into some of his more than 50 victims in California. The indictment against Mr. Higgs said he had mentioned his marital discord as well as the use of succinylcholine to a fellow nurse at the Reno-area hospital on July 7. The two were discussing a high-profile arrest of a man charged with gunning down his wife, and Mr. Higgs reportedly remarked that such a means of killing someone was "stupid." The nurse, not named in the indictment, informed the police of the conversation as Ms. Augustine lay comatose before her death three days after her collapse.

Ms. Augustine's only biological child — a daughter, Dallas Augustine, 26 — could not be reached for comment, but her spokesman said the recent developments had devastated her. "Everyone knows that your parents are probably going to precede you in death, but the idea that somebody stole half of her life is an entirely different story," said the representative, Mark Fierro. "This is 10 times, 1,000 times harder than the original situation."

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 3, 2006

Critical care nurse William Charles Higgs told co-workers he knew how to commit the perfect murder just before his wife, Nevada State Controller Kathy Augustine, died of what initially was called a heart attack.

Yesterday, during a court hearing in Hampton, Va., the man who met his wife while caring for her dying husband in 2003 waived extradition to face first-degree murder charges in Nevada.

Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing.

Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. Police think Mrs. Augustine was injected with succinylcholine, a muscle relaxant often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained.

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The report also said Mr. Higgs told co-workers he was having marital problems and was planning on ending his marriage. Investigators said Mr. Higgs also told co-workers just before his wife's death that if he intended to kill someone he would use a paralyzing drug such as succinylcholine because it could not be detected after death.

Mr. Higgs, known to his family and friends as "Chaz," attempted to kill himself at the couple's Las Vegas home by slashing his wrists three days after his wife died. He was treated and later released from a Las Vegas hospital. He did not attend his wife's funeral, held a day after his release from the hospital.

After the FBI laboratory in Quantico, Va., confirmed finding succinylcholine in Mrs. Augustine's urine, Reno police obtained an arrest warrant. FBI agents staked out the Hampton house where Mr. Higgs had been visiting relatives and arrested him Friday as he pulled into the driveway.

Mr. Higgs met Mrs. Augustine when he was caring for her first husband of 17 years, Charles Francis Augustine, 63, who died in 2003. They married six months after the funeral. Investigators yesterday said they will exhume Mr. Augustine's body to look for traces of the same drug that authorities said killed Mrs. Augustine.

Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

Manuscript Used To Convict Molester (WT)

By Cheryl Wetzstein

The Washington Times, October 3, 2006

A man thought to be one of the nation's most prolific child molesters has been convicted in a California court based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile.

Dean Arthur Schwartzmiller, 64, of San Jose, Calif., faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography.

Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children.

"When we found the notebooks and the manuscript, we realized we had come across a serial child molester and essentially a sociopath," said Steve Fein, deputy district attorney in Santa Clara County, who prosecuted the case.

"I haven't seen too many people keep code or that detailed a log on their sexual contacts with children," said Detective Robert Dillon, who works in the San Jose Police Department's child exploitation unit and testified at the trial in Santa Clara County Superior Court.

Mr. Dillon said that based on the notebooks' 1,500 pages, Schwartzmiller abused between 250 and 300 children -- predominantly boys in early adolescence. Boys were listed in categories such as hair color ("Blonde boys"), behavior ("Boys who say no") and explicit sex acts.

Schwartzmiller also had been writing a memoir about his life and his political views. Most chillingly, the manuscript had "paragraph summaries" of more than 100 boys, including "their names, specific characteristics about them and what he had done with them," Mr. Dillon said. "I've heard of other [pedophiles] with 10, 15, 20 victims but nobody as extensive as this."

Schwartzmiller came to the attention of California authorities after he fled the scene of a traffic accident. Police visited his home and met his roommate, Fred Everts, a convicted child molester. Police arrested Everts after discovering he had violated his parole.

Schwartzmiller learned of Everts' arrest and fled to Washington state, but called one of the boys he was later convicted of molesting and asked him to go to his home and destroy certain materials. The boy told his mother and she went to police with the pornographic materials they found including photos of her own semi-naked son, press reports said. Schwartzmiller was soon arrested.

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The boy and his cousin, now 13, testified against Schwartzmiller. Schwartzmiller defended himself, and accused the cousins, who are in California illegally, of striking a deal with prosecutors to gain legal residency in exchange for lying about him. Schwartzmiller further argued that consensual sex with boys shouldn't be a crime if the boys have reached puberty.

Jurors found Schwartzmiller guilty Sept. 18 after four hours of deliberation.

Mr. Fein described Schwartzmiller as having "no remorse. He has no feelings that anything he has done is wrong. He's essentially proud of how he's led his life and what he's done."

As prolific as Schwartzmiller is thought to be, the nation's most notorious child molester may still be Rex King, described as "Mr. X" in Alfred Kinsey's research.

King, a forestry official who traveled for work, is estimated to have molested 800 children, including infants, according to his meticulous records. Kinsey included King's sex acts in his 1948 book on male sexual behavior.

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper

The Washington Times, October 3, 2006

Critical care nurse William Charles Higgs told co-workers he knew how to commit the perfect murder just before his wife, Nevada State Controller Kathy Augustine, died of what initially was called a heart attack.

Yesterday, during a court hearing in Hampton, Va., the man who met his wife while caring for her dying husband in 2003 waived extradition to face first-degree murder charges in Nevada.

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Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

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Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the

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state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

CIVIL RIGHTS:

FAYETTE LOCKUP IS TARGET OF RIGHTS VIOLATIONS INQUIRY (LEXHL)

By Beth Musgrave, Michelle Ku And Linda Blackford, HERALD-LEADER STAFF WRITERS

Lexington Herald-Leader (KY), October 3, 2006

Jail officer says he alerted FBI

John Vest said he has been working with the FBI for an "undisclosed" time.

An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail.

John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for "an undisclosed period of time."

Vest said he was not authorized to talk about the FBI investigation or his involvement.

David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case. The FBI typically does not comment on ongoing cases or who its informants are.

After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

On Thursday, the FBI announced that the Civil Rights Division of the Department of Justice, the U.S. attorney for the Eastern District of Kentucky and the FBI were conducting an investigation into possible civil rights violations involving excessive force at the 1,000-bed facility.

On Tuesday, FBI agents served a sealed search warrant at the jail on Old Frankfort Pike. Federal authorities have said that they cannot go into specifics about the investigation until the search warrant is unsealed.

The Fayette County jail has not been without problems over the past several years. Since August 2005, five inmates have died at the facility. It's unclear whether the current investigation has anything to do with those deaths.

Bishop said yesterday that Vest has been investigated four times in the last year. Two of those investigations involved use of force. One investigation was for improper documentation involving use of force. The second case involving alleged excessive use of force remains open, he said.

Vest has also been investigated for insubordination and for improperly filling out his time card, Bishop said.

Bishop said Vest was suspended this year for 16 hours for the insubordination incident. He received written reprimands for the other two closed cases: the time-card incident and the use of force.

Vest has worked in the jail's intake area on the third shift, from midnight to 8 a.m., for the last year, Bishop said. Vest makes $27,110 a year, according to city records.

"I'm disappointed that Director Bishop is attempting to intimidate a federal witness," Vest said after learning that Bishop had disclosed his personnel records.

Vest said that he had no written reprimands before he was transferred in November 2005 to intake, where the FBI could be focusing its investigation. According to several people who witnessed the FBI search last week, agents spent hours going through documents in the intake area, where inmates are processed before being booked.

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Vest said he has been told by his supervisors that the case that remains open has been resolved and the use of force was determined to be appropriate. But Vest said he expected to receive a written reprimand because his supervisors said he had not included everything in his report that was required.

In another incident, Vest was investigated in December 2003 after an altercation with an inmate. Vest allegedly pepper-sprayed an inmate who refused to follow an order. The inmate allegedly hit Vest with a mop handle before Vest subdued him. Both men were treated at a hospital.

Vest said the pepper spray incident was reviewed by the jail staff and was deemed an appropriate use of force. He received no reprimands.

The inmate involved was charged with assault third degree. He eventually pleaded guilty, court records show.

Jail spokesman Lt. Darin Kelly said he did not know whether Vest was disciplined in the pepper spray incident because the FBI took those records.

Vest is still employed at the Fayette jail but is requesting administrative leave with pay. He also is requesting protection under the federal Whistle-blower Protection Act, aimed at preventing workplace retribution. Bishop said he was unaware that Vest had requested leave.

Vest's spokesman, David Adams, said neither he nor Vest could discuss whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest, 42, the Republican candidate, was born in Winchester, in Clark County, Adams said.

Adams said Vest has already been personally attacked for his actions and he expected attacks against Vest to accelerate now that he has gone public. Adams said he could not elaborate on who has attacked Vest.

"Soon, retribution will begin for those who have perpetrated crimes in the name of government entities and those who helped the perpetrators hide their crimes," Adams said, reading from a prepared statement.

Cecil Moss, Vest's Democratic opponent in the Nov. 7 race for Jessamine jailer, had little to say about Vest's announcement.

"That's Fayette County, and I really don't know what they're doing up there," Moss said. "I don't know Mr. Vest very well."

Frank Hubbard, the current jailer, did not seek re-election.

Herald-Leader reporter Greg Kocher contributed to this story.

Fayette Jail Employee Says He Assisted FBI Investigation (AP)

AP, October 3, 2006

LEXINGTON, Ky. - A Fayette County jail employee who has asked for whistleblower protection said Monday he had been working with the FBI in its investigation of unnecessary force and civil rights violations against inmates at the facility.

John Vest has worked at the jail since 2003 and is running for jailer in Jessamine County. He is still employed at the Fayette jail but has asked for administrative leave with pay, the Lexington Herald-Leader reported on its Web site Monday.

The newspaper said Vest is requesting protection under the federal Whistleblower Protection Act, aimed at preventing workplace retribution.

The FBI announced Thursday that the Department of Justice Civil Rights Division, the U.S. attorney for the Eastern District of Kentucky and the FBI were investigating possible civil rights violations involving excessive force at the 1,000-bed facility. FBI agents served a sealed search warrant Tuesday at the jail.

Vest said at a news conference Monday he had been working with the FBI in the investigation for "an undisclosed period of time."

Vest has been involved in at least three use of force incidents in the three years he's been at the jail, the Herald-Leader reported. He received written reprimands in two cases, and one remains open, the newspaper said.

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Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

Vest has worked in the jail's intake area on the third shift for the last year, Bishop said.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation.

"I really wish that I could, but it violates the integrity of the case," Vest said. "The people that have been victimized will be cheated if I violate the integrity of this case."

Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest was born in Winchester, in Clark County, Adams said.

FBI officials could not be reached for comment.

Jail Informant Goes Public (WTVQ-TV)

By Greg Stotelmyer, Action News 36

WTVQ-TV, October 3, 2006

John Vest has been an employee at the jail in Fayette County since June of 2003. He won't say how long, but he confirms he's a federal whistleblower working with the FBI on its probe into the use of unnecessary force at the jail. Vest made that revelation Monday morning, six days after the detention center was searched by the FBI. Vest refused to answer questions about his roll as an inside informant, repeatedly telling Action News 36 "I'm not authorized to talk about it." Vest is a corporal, working third shift in the jail's intake area, which is where inmates are booked. Vest has requested administrative leave with pay claiming he would be working "in a hostile work environment."

The detention center's director, Ron Bishop says he's not surprised Vest is the whistleblower, but he did not know who the informant was before Vest went public. Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems. "We always follow up and we always take appropriate action," Bishop said about reports of force.

Bishop also questions Vest's motives because Vest is the Republican candidate for jailer in next month's election in Jessamine County. "Let me say that I am a little suspicious of the timing and given his track record here, it is a little suspect," said Bishop. Vest says his informant roll and a run for office are "two separate things".

Vest says being "deep inside" the jail as a whistleblower made him concerned. "I was scared to death," Vest told Action News 36 in a follow up phone interview. Bishop says Vest has four disciplinary actions against him in the three plus years he's worked at the detention center. Bishop says there's an open investigation on Vest for possible use of excessive force. Vest has been reprimanded for failing to report a use of force incident and suspended for insubordination. Vest claims he has been told he's been cleared of excessive use of force.

FBI spokesman David Beyer would "neither confirm nor deny" that Vest is an informant. The search warrant allowing the FBI to raid the jail last Tuesday remains under court seal.

Bishop says the FBI carted away personnel files, incident reports and shift logs. It also took video and DVD's of events taped that involved the use of force. Bishop says he "rests easy at night" despite the federal probe.

Vest says before the FBI used him they "checked me out, my credibility, my integrity." Vest says he's done a good job as an inside informant. "I did a lot and what I did, I did good," said Vest. "John Vest knows right from wrong, John Vest has integrity."

EEOC Rules In Favor Of Chesapeake Deputies Who Were Fired (VAPILOT)

By Cindy Clayton, The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

DOJ_NMG_0073974

CHESAPEAKE - The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment.

The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file.

David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC.

Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department.

Col. David Newby, undersheriff, said the department doesn't plan to respond.

"We don't mediate these things," Newby said. "We tell them that if they wish to do so, we'll try it in court and not before. That's been our practice for 15 or 20 years."

Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said.

Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents.

A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years.

Earlier this year, Newby said the two men were not reappointed after Newhart's re-election in November. State law allows sheriffs to reappoint employees at will.

Ellis said he was told he was being fired because he didn't speak when the sheriff greeted him inside the booking section of the jail.

Cahoon said he was told he was let go because he kept a journal of his experiences at the department. Included in Ellis' lawsuit was an affidavit written by Cahoon about incidents and experiences he had while working for Newhart. Cahoon said he had told the department's attorney during an interview that he kept a journal during his years with the department.

Cahoon and Ellis said they were taught during law enforcement training to keep a log of their actions and experiences.

Ellis' lawsuit alleged several incidents that involved white employees with rank who were charged with crimes in other cities, had threatened black employees or had failed to follow orders but were not demoted.

In one instance, a sergeant threatened a deputy and a "physical confrontation," ensued, according to the suit. The sergeant retrieved a weapon from his locker and threatened the deputy. The sergeant was not demoted, according to the suit.

Another allegation, labeled the "Thunder Dome Incident," involved inmates being put into a "dangerous cell block" where another inmate had been beaten the previous week, the suit stated. The lieutenant in charge wasn't demoted.

At a Christmas party at the sheriff's home, a white employee got into an argument with a black employee and a fight followed, the suit stated. The white employee is said to have used several racial slurs.

"There is a hostile work environment created by the lack of discipline required by Sheriff John R. Newhart," the lawsuit stated, "and due to the racial climate in the department."

Bible-Reading Student Gets Lesson In Litigation (WP)

By Eric Rich

The Washington Post, October 3, 2006

Amber Mangum was a frequent reader during lunch breaks at her Prince George's County middle school, silently soaking up the adventures of Harry Potter and other tales in the spare minutes before afternoon classes. The habit was never viewed as a problem -- not, a lawsuit alleges, until the book she was reading was the Bible.

DOJ_NMG_0073975

A vice principal at Dwight D. Eisenhower Middle School in Laurel last month ordered Amber, then 12, to stop reading the Bible or face punishment, according to a lawsuit filed Friday by Amber's mother. The lawsuit, filed in U.S. District Court in Greenbelt, alleges that the vice principal's actions violated the girl's civil rights.

"Amber's a new Christian, and she's trying to learn all she can," said Maryann Mangum, the girl's mother. "She reads her Bible and she goes to Sunday school. . . . It really upset me when she was not allowed to read it on her own time."

John White, a spokesman for the school system, said administrators learned of the lawsuit Friday and were not prepared to comment on its claims. "We're just beginning to look into it," he said.

Mangum said her daughter was reading her Bible on Sept. 14 when Vice Principal Jeanetta Rainey approached. According to Mangum and the lawsuit, Rainey told Amber that reading the Bible violated school policy and that she would face discipline if she continued to do so.

Later that day, Amber recounted the episode to Mangum, who is her adoptive mother and also her biological grandmother. James Baker, a family friend, sent a note to the school asking that the principal identify any policy barring students from reading the Bible during their free time.

The note quoted a section of the school system's administrative procedures, saying that students "may read their Bibles or other scriptures, say grace before meals, and pray before tests to the same extent they may engage in comparable, non-disruptive activities."

The principal, Charoscar Coleman, did not respond, the lawsuit says. A friend at Mangum's church suggested that Mangum contact the Rutherford Institute, a nonprofit legal organization specializing in cases that involve issues of religious and civil liberties.

The institute's president, John W. Whitehead, said yesterday that the law is clear and that Amber's rights were violated. He said the lawsuit does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school.

"This is a seventh-grader who's probably overwhelmed by what's going on around her," Whitehead said. "This is a chance for her to get some comfort during the day. . . . What would you rather have a kid doing, throwing spit wads or sitting there silently reading a few passages from the Bible?"

Euclid OKs Election Plan Hoping To End U.S. Lawsuit (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, October 3, 2006

Redistricting aims to add black representation

Euclid -- City Council unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent.

About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain.

City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength.

Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt.

"This administration and City Council are united in our belief that this community has done nothing wrong," Mayor Bill Cervenik told residents. "Be proud of Euclid. Don't be ashamed of these accusations, because none of them are true."

In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's.

DOJ_NMG_0073976

Attorney Hilary Taylor, who is representing the city in the case, said that in drafting its proposal, the Justice Department relied on inadequate census data that does not accurately reflect the demographics of the city.

The city's counterproposal was created with help from Cleveland State University researchers using new demographic data compiled by GeoLytics, a New Jersey-based company.

EUCLIDB5

ANTITRUST:

Justice Department, State Settle Suit With Dairy Industry (AP)

AP, October 3, 2006

LONDON, Ky. - A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America.

Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government.

The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London.

Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee.

The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy.

The lawsuit said the association's acquisition of Southern Belle and the nearby Flav-O-Rich dairy in London hurt competition since both competed for school milk contracts in Kentucky and Tennessee.

Dairy Co-op In KC Settles With U.S. (KCS)

The Kansas City Star, October 3, 2006

Dairy Farmers of America, the country's biggest dairy cooperative, agreed to divest its interest in a Kentucky milk processor after a three-year battle with the federal government.

The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee.

Dairy Farmers of America will sell its interest in Southern Belle Dairy Co. to Prairie Farms Dairy Inc. under the Justice Department's approval. Also selling its interest in Southern Belle to Prairie Farms is Dairy Farmers of America's partner, the Allen Family Limited Partnership.

A spokeswoman for Dairy Farmers of America indicated that the cooperative would have a statement, but had not provided it by late Monday.

The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky.

The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit.

FCC OKs Alltel Buy Of Midwest Wireless (AP-YBIZ)

AP, October 3, 2006

FCC OKs Alltel Buy of Midwest Wireless Holdings With Conditions

DOJ_NMG_0073977

WASHINGTON (AP) -- The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets.

The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions.

The FCC voted 5-0 to approve the acquisition.

Little Rock, Ark.-based Alltel share closed Monday at $55.31 on the New York Stock Exchange, down 19 cents. Privately held Midwest Wireless is based in Mankato, Minn.

McAfee, Others Criticize Vista Security Policies (MERCN)

By Sarah Jane Tribble

The San Jose Mercury News, October 3, 2006

Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system.

The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to ``hamstring" competitors.

``Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats," the advertisement states. ``... when it fails, it fails for 97 percent of the world's desktops."

Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft.

``Customers have asked us to make a more secure operating system and that's been our goal," Toulouse said. ``We just want to protect the customers and we know we can't do it alone."

To be sure, the $3.6 billion security market was largely created because of Microsoft's weak operating systems, said Andrew Jaquith, senior analyst with the Yankee Group.

``Windows has for years been a monumentally insecure platform and there are a number of companies like Symantec and McAfee that have made their reputation and money on security of this platform," Jaquith said.

Now that Microsoft is trying to address those security concerns, the companies that have long benefited from operating system weaknesses have much to lose, he said.

In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it ``would allow legitimate security."

McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago.

At issue are two main points:

First, the security companies say they fear consumers will be confused when Microsoft's new security center pops up along with their own but relays different information. Microsoft argues its own dashboard relays very basic information that should be compatible with the information provided by security firms.

Second, the firms allege that Microsoft has blocked their ability to review the operating system's kernel, or core. Microsoft's Toulouse said Monday that the company never wanted that code to be open for the public.

Microsoft, instead, has been offering a ``relatively unprecedented level access" to the security firms, he said. McAfee and Symantec have both had office space and lab space on the Microsoft campus, he said.

Both Symantec and McAfee said they have not taken any formal action yet, but there are many options, including filing lawsuits and waging antitrust complaints.

Security firms aren't the only ones in Silicon Valley crying foul over Microsoft's new operating system.

DOJ_NMG_0073978

This summer, San Jose-based Adobe Systems took the software behemoth to task for plans to let users save documents as a PDF, an Adobe file format. Microsoft dropped the plan after reports Adobe threatend legal action.

Supreme Court Denies Northwest Airlines Appeal In Key Antitrust Case (AP)

The Associated Press

AP, October 3, 2006

The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals.

The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business.

A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late.

Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the "out-of-time" petition.

JUSTICES REFUSE TO HEAR GLORIA ALLRED CASE

The Supreme Court on Monday refused to step into a First Amendment issue involving Gloria Allred, a prominent California lawyer who was the subject of a judge's gag order in a high-profile murder case that is now over.

Allred, an outspoken television personality, represented a teenage girl who testified at the trial of Scott Dyleski, now 17. Dyleski was sentenced last week to life in prison without parole for the killing of Pamela Vitale, the wife of television legal analyst Daniel Horowitz.

Allred's client, Jena Reddy, is Dyleski's ex-girlfriend. She told the jury that while Dyleski never admitted or denied killing his neighbor, he told her he would take the blame to protect her and his best friend. Reddy also testified that hours after Vitale was slain, Dyleski told friends it would take at least three dozen blows to bludgeon someone and it would likely be a slow, painful death.

Late last year, amid intense media attention, a Superior Court judge in Contra Costa County, Calif., issued a gag order aimed at attorneys for witnesses in the case, as well as police, prosecutors and defense lawyers.

Allred's lawyers, including constitutional lawyer Erwin Chemerinsky, say judges increasingly are engaging in prior restraint of free speech rights in important cases.

The Supreme Court has never articulated a legal standard for when, if at all, gag orders on lawyers, parties and witnesses are permissible, said Allred's lawyers. They said that in the absence of guidance from the Supreme Court, judges have developed "quite different standards" on whether and when to gag the speech of attorneys, parties and witnesses.

Horowitz found his wife, who had been beaten to death, in the mobile home of a hilltop estate where the couple were building a California dream home, up the road from where Dyleski lived.

Allred also represented Amber Frey, the former lover and star witness against Scott Peterson, who is on death row for murdering his pregnant wife, Laci, in 2003.

The First Amendment case is Gloria Allred and Allred, Maroko & Goldberg v. Superior Court of the State of California, 05-1505.

HIGH COURT SIDES WITH FIRED NEWSPAPER WORKERS

The Supreme Court sided Monday with Detroit newspaper unions and employees who were fired for their actions during an 18-month strike in the mid-1990s.

Justices declined to hear the newspapers' appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for The Detroit News and Detroit Free Press to reinstate fired employees.

DOJ_NMG_0073979

The workers lost their job after the newspapers said they blocked entrances at a distribution facility and the Detroit News Building in violation of court orders during the strike that ran from July 1995 to February 1997.

The labor relations board determined that the employees had not engaged in misconduct, but were instead exercising their right to strike. It ordered the employees reinstated with backpay.

The U.S. Court of Appeals for the D.C. Circuit upheld the board's ruling. Solicitor General Paul Clement, representing the labor relations board, urged justices not to take the appeal from the Detroit Newspaper Agency.

The Detroit News was owned by Gannett Co. during the strike, while the Detroit Free Press was owned by Knight-Ridder Newspapers Inc. The Free Press now belongs to Gannett and the News is owned by MediaNews Group Inc.

The case is Detroit Newspaper Agency v. National Labor Relations Board, 05-1427.

Supreme Court Rejects UnitedHealth Ohio Doctor Rate Appeal (MRKTWTCH)

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s (UNH) Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts.

UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court.

The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration.

The case is UnitedHealth Care of Ohio v. Academy of Medicine of Cincinnati, 05-1465.

-Contact: 201-938-5400

Supreme Court Won't Hear Calif. Competition Case Against AT&T (MRKTWTCH)

By Mark H. Anderson

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. (T) for alleged anticompetitive conduct in other states.

RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T.

The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding.

"A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state," AT&T said in a court petition. "Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country."

RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature.

The case is AT&T v. RLH Industries, 05-1493.

-Contact: 201-938-5400

Broadcom Seeks To Bar Qualcomm Chips In Patent Fight (Update4) (BLOOM)

By Peter J. Brennan And Susan Decker

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy.

DOJ_NMG_0073980

Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips.

The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision.

``I can guarantee you that their customers are calling them every day and pushing them to settle," says Lyle Vander Schaaf, a patent lawyer with Bryan Cave in Washington who isn't involved in the dispute. Vander Schaaf is a former lawyer with the trade commission.

Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington.

Stealth Agency

The commission, which is charged with protecting domestic markets from unfair trade practices and patent infringement, is ``sort of a stealth agency," says patent lawyer Charles F. Schill of Steptoe & Johnson in Washington, who handles cases before the agency. It ``can completely shut down your source of supply and just put you out of the market," he says.

In the past, the commission has blocked imports of knockoff Sharpie pens and some disposable cameras. In 2001, it persuaded President George W. Bush to impose tariffs of up to 40 percent to protect the U.S. steel industry.

The commission is just the latest front in the two-year-old patent fight between the two companies that began when Broadcom announced it was going to start competing with Qualcomm after the companies had worked together on a project. Broadcom and Qualcomm, the world's second-largest maker of chips for mobile phones, are battling in courtrooms and administrative agencies in Europe, South Korea and California.

A Stable of Supporters

Each combatant has enlisted a stable of big companies to support its cause.

In Qualcomm's corner are customers that use its chips in their phones, such as Seoul, South Korea-based LG Electronics Inc., and service providers such as Verizon Wireless -- a joint venture of Verizon Communications Inc. and Vodafone Plc -- and Sprint Nextel Corp. that distribute the phones to their customers. They say their products should be permitted in the U.S. even if the trade commission decides Qualcomm chips infringe Broadcom's patents.

Broadcom has the backing of Dallas-based Texas Instruments Inc., the world's biggest maker of cell-phone chips, and Espoo, Finland-based Nokia Oyj, the world's biggest maker of wireless phones.

Broadcom and its allies filed complaints with the European Commission claiming Qualcomm used its patents to create a dominant position for the advanced phones. Texas Instruments and Broadcom also have filed a complaint with the South Korean Fair Trade Commission. Broadcom also claimed that Qualcomm was using its patents to shut it out of the market. A judge threw out that antitrust suit in New Jersey, although Broadcom can seek to refile the complaint.

A Coordinated Assault?

The various cases have prompted Qualcomm to accuse its competitors of coordinating lawsuits and government investigations around the world, a charge Broadcom denies.

Qualcomm also is seeking an order today from U.S. District Judge Rudi Brewster in San Diego to prevent Broadcom from using trade secrets Qualcomm alleges were stolen. David Rosmann, a Broadcom spokesman, calls those charges ``false and incredible."

Broadcom got its start by selling chips for cable television set-top boxes and has expanded into such devices as computer switches, headsets and modems. The company's effort to expand into cellular phones has met with limited success, in devices such as Palm Inc.'s Treo 650 and with small Chinese makers such as Konka Group.

While Qualcomm's profit from royalties on all of its chips tripled -- to $1.66 billion -- between 2000 and 2005, its shares are down 13 percent this year on concern that it won't successfully renegotiate its license with Nokia, which sells one out of every three mobile phones in the world.

Options Irregularities

Broadcom shares have fallen 1.9 percent this year as it restates results to reflect $1.5 billion in costs related to options irregularities.

The stock rose 51 cents to $30.85 at 4 p.m. New York time in Nasdaq Stock Market composite trading. Qualcomm shares fell $1.69, or 4.7 percent, to $34.66 in Nasdaq composite trading and have declined 20 percent this year.

The outcome in the ITC is anybody's guess. Qualcomm investors are betting against a commission decision to bar imports of the disputed phones: ``An injunction to not allow Qualcomm's chipsets inside the U.S. is pretty drastic," says John Krause, an analyst at Minneapolis-based Thrivent Financial for Lutherans, which manages $63 billion in assets including shares of Qualcomm.

On the other hand, Broadcom says it has an edge in the fight because commission staff attorneys have backed its patent-infringement claims -- and administrative law judges often follow the position taken by the staff attorneys.

If the two sides want to reach an accommodation, they'll have plenty of opportunities -- and not a little pressure -- to do so before the Oct. 10 ruling.

`In Earnest'

U.S. Magistrate Anthony Battaglia, hearing a related matter, has ordered the billionaire chairmen of the two companies -- Qualcomm's Irwin Jacobs, 72, and Broadcom's Henry Samueli, 52 -- to ``discuss a global resolution in earnest." The two are due to appear before Battaglia in San Diego on Oct. 4 to report on their progress.

While Qualcomm Chief Executive Paul Jacobs, Irwin Jacobs's son, said in a Sept. 27 interview that his company has offered to settle on terms that are ``extremely favorable" to Broadcom, there's still no deal.

Even with the commission decision looming, Broadcom and Qualcomm still have time to reach a settlement that would resolve their differences, says Ehud Gelblum, an analyst with JPMorgan Chase & Co. in New York. In a Sept. 28 note to clients, he said the companies have ``one last chance to kiss and make up."

To contact the reporters on this story: Susan Decker in Washington at sdecker1@bloomberg.net ; Peter J. Brennan in Los Angeles at pbrennan3@bloomberg.net .

Harrah's Gets $15B Private Equity Bid (USAT)

By Roger Yu And Matt Krantz

USA Today, October 3, 2006

Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group.

The bid is the latest in a string of large deals sought by private equity firms, which combine debt, investors' money and their own funds to buy undervalued companies and resell them for profit.

If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. Bigger takeovers this year: hospital operator HCA and tech company Freescale Semiconductor.

In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close. “There is no assurance that Harrah's will enter into this or any other transaction,” the statement said.

Apollo couldn't be reached. Texas Pacific Group declined comment. In Monday trading, investors bid up Harrah's shares by 14%. They closed at $75.68.

In acquiring Harrah's, the private equity firms could get an undervalued company in a fast-growing industry. Harrah's operates about 40 casinos in Las Vegas, Atlantic City and other cities. Holdings include Caesars Palace in Las Vegas, Harrah's Las Vegas and Bally's, Horseshoe, Showboat and other brands.

“They traded at a relative discount compared to its peer group,” says Rod Petrick, an analyst at broker Stifel Nicolaus.

The gaming industry also has been active this year with mergers and acquisitions — 58 deals, Dealogic says.

But private equity firms have stayed away from gaming companies, says Peter Fitzpatrick of law firm Bryan Cave. Making them attractive now: They're flush with cash and can generate predictable returns.

DOJ_NMG_0073982

The annual gaming revenue for U.S. commercial casinos rose to $30.3 billion last year, nearly doubling in 10 years. Harrah's has added to its appeal by buying Caesars Entertainment in 2004, which broadened its reach into more upscale customers. It also runs one of the industry's best guest-loyalty programs, Petrick says.

Its shares have fallen in recent months partly because it has been unsuccessful in penetrating Asia, the hottest emerging market for gaming, says Jake Balzer, an analyst at Guzman & Co. Harrah's has no presence in Macau, the largest Asian market, and lost a bid for a gaming license issued by Singapore earlier this year.

Balzer says, "The deal doesn't make a whole lot of sense" for the company because it would stifle Harrah's growth.

Licenses Are The Biggest Hurdle To A Deal For Harrah's (WSJ)

By Peter Sanders

The Wall Street Journal, October 3, 2006

While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates.

The companies yesterday confirmed the $81-a-share offer for Harrah's, the world's largest gambling operator by revenue. The offer represented a 22% premium over the company's closing price of $66.43 a share Friday. Also, Harrah's has about $10.8 billion in debt.

Harrah's, Las Vegas, said it had formed a special committee of nonmanagement directors to review the proposal. The company said, "The special committee has not determined that a transaction is in the best interests of Harrah's and its stockholders. ... Accordingly, there is no assurance that Harrah's will enter into this or any other transaction."

WALL STREET JOURNAL VIDEO

Reporter Peter Sanders discusses1 the complexities of the deal and why it may not be in shareholders' best interest.

It is unclear whether other suitors will emerge. But for potential buyers, the attraction of Harrah's may not lie only in its existing casinos -- which comprise Caesars Palace and other properties -- but also in its real-estate holdings in Las Vegas and elsewhere. The company owns more than 350 acres around the Las Vegas Strip alone, said Charles Atwood, Harrah's vice chairman.

Harrah's intends for some of that land to be part of a major redevelopment on the Strip that would include new hotels, retail and entertainment venues as well as casinos. Harrah's has for months been consolidating its land holdings for that project, a process that continued yesterday when it announced a land swap with Boyd Gaming Corp. that gives it the Barbary Coast casino site in exchange for 24 acres near Boyd's Stardust casino. With land on the Strip recently going for more than $23 million an acre, the real estate is attractive.

Beyond Las Vegas, Harrah's has a trove of casino properties in a dozen states. It is possible that an acquisition of Harrah's could lead to a breakup of the company that would see Harrah's casinos sold piecemeal.

But the biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants.

But Apollo and Texas Pacific have already begun exploring the options with various state regulators. On Sept. 15, officials in Missouri received a detailed request from Las Vegas attorney Frank Schreck outlining a potential acquisition of an unnamed public company by three private firms.

In an interview, Mr. Schreck said he was hired by Apollo, Texas Pacific and a third firm to explore the regulatory options in various states. Mr. Schreck said he received a waiver from Harrah's, which is also a client, to work with the private-equity firms. He declined to name the third firm, although he confirmed the third entity was based in Great Britain but has dropped out.

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The rules that dictate who holds casino licenses vary by state. In Nevada, for instance, officers, directors, controlling shareholders and anyone with more than a 10% stake must apply for a casino license. At closely held concerns, the state requires every shareholder to hold a casino license, said Dennis Neilander, chairman of the Nevada Gaming Control Board.

The private firms seeking to buy Harrah's could be helped by waivers often granted to institutional investors that exempt them from the licensing process, according to state regulators and Mr. Schreck.

Traditionally, private equity has shied away from major casino investments because of the heavy regulatory scrutiny. But in recent years, private equity has begun to seek out deeper investment in the sector. The first was Colony Capital of Los Angeles, which isn't involved in the current deal. It was granted a casino license in 1999 when it bought the Harveys Casino Resorts chain. In that case, Nevada awarded casino licenses to Colony's Thomas Barrack and Kelvin Davis, who were then deemed the casino's "beneficial owners," Mr. Neilander said. Nonvoting shareholders who were "basically passive investors concerned only with the assets' income" weren't required to be licensed.

Mr. Davis has since left Colony and is now a partner at Texas Pacific. He would have to reapply for a casino license if his firm acquires Harrah's.

Despite the difficulty and complexity of any take-out by private equity, investors sent the stock soaring on the news. Harrah's shares were up $9.25, or 14%, to $75.68 apiece in 4 p.m. New York Stock Exchange composite trading. Analysts said a potential deal could be a good option for the gambling company.

"We believe that Harrah's board of directors is hard-pressed to come up with an alternative equity value creating plan to rival this proposal," Joe Greff, a casino analyst at Bear Stearns in New York, wrote in a research note. "We suspect the board of directors will just seek a higher price, citing its global development pipeline and Las Vegas land bank as a reason that the current proposal is inadequate."

--Randall Smith contributed to this article.

Write to Peter Sanders at peter.sanders@wsj.com2

Not Our Bag, Coach Says In A Lawsuit Alleging Target Sold Counterfeit Purse (WSJ)

By Vanessa O'Connell, Kris Hudson

The Wall Street Journal, October 3, 2006

Target Corp. has thrived by selling stylish apparel and accessories on the cheap. But handbag maker Coach Inc. is accusing the big-box retailer of crossing the line by marketing a fake Coach bag.

In a lawsuit filed in federal court in Manhattan Friday, Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says "Coach," according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an "exact replica of a genuine Coach handbag" bearing at least one Coach trademark, the suit says.

Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit.

"Target has procedures in place to ensure that we do not sell counterfeit products to our guests," Target said in a statement. "We have been assured that the Coach product showcased in our store is authentic therefore we believe the lawsuit is without merit."

A subsequent message to The Wall Street Journal said "we are not providing any more information than what is in the statement."

Coach said the bag was sold at Target for about $200 -- less than the original Coach bag, but far more than Target bags usually sell for. The original bag was called the Python Signature Striped Demi. It was offered by Coach about a year ago, but is no longer in the product offering.

The Coach suit is seeking at least $1 million as well as information about where the bag was made. "This is a counterfeit," Mr. Devine says. "We have gone into stores in Florida and purchased this ourselves. It isn't ours."

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The suit illustrates a new aggressiveness on the part of luxury-goods companies to hold retailers responsible for suspected instances of counterfeiting of their high-end products. Mr. Devine says this is the first time Coach has sued a major U.S. retailer over counterfeits. Last month, French luxury-goods brands Louis Vuitton and Dior Couture filed a complaint in a French court against eBay Inc., alleging the online auctioneer isn't doing enough to keep people from selling counterfeit goods through its site. That suit, which seeks an estimated $47 million in damages, alleges that nine out of every 10 Louis Vuitton brand items for sale on eBay are counterfeit. (Louis Vuitton is owned by LVMH Moet Hennessy Louis Vuitton SA. Christian Dior SA, the holding company of luxury-goods mogul Bernard Arnault, controls LVMH and owns Dior Couture.)

Designers and manufacturers are getting more assertive about protecting their brands and designs, in part because of a bill that would protect fashion trademarks from uses that blur their distinctiveness or tarnish their reputations. The bill was recently passed by the Senate and is headed to President Bush's desk.

Fashion designers also are pushing for separate federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Peter Raymond, partner at the New York office of the law firm Reed Smith LLP says the legislative push has "given some confidence to a number of manufacturers" to take new measures to fight infringements of their design.

Putting a well-known trademark like Coach on a bag isn't considered copying but counterfeiting and would be illegal under current laws, Mr. Raymond says. He says the bag might have wound up at Target through the "gray goods" market, in which genuine brand-name products get beyond their usual chain of distribution and make their way to store shelves.

Though Coach has encountered other instances of stores selling Coach counterfeit goods, those stores were "usually small mom-and-pops" against which Coach sought criminal actions, working with police, Mr. Devine says. "What we don't see is reputable retailers selling counterfeits, which is what is so surprising about the Target situation," he said.

The Coach lawsuit against Target is the latest in a string of designer brands suing large retailers for alleged trademark infringement. Coach itself sued department-store chain Kohl's Corp. earlier this year, accusing Kohl's of infringing on its trademarks for its Sonoma handbags, among other goods. LVMH's Fendi brand sued Wal-Mart Stores Inc. in June for allegedly selling counterfeit Fendi handbags at its Sam's Club warehouses.

Sometimes, the manufacturers win. In 1999, Wal-Mart agreed to pay Tommy Hilfiger Corp. $6.4 million to settle a lawsuit alleging it sold fake Hilfiger apparel.

In its suit against Target, Coach cited more than 20 trademarks that it registered from the years 1963 to 2005, including the signature Coach hang tag to distinctive patterns of open-ended ovals on its fabrics.

Sales of the allegedly fake Coach bag aren't the only issue Coach has with Target. Mr. Devine says Coach in the past had discovered Target knocking off its bags. "We had in the past been able to reach an agreement with them to stop selling the bags," he says.

As recently as Sept. 21, Mr. Devine says, Coach sent Target a letter regarding an Isaac Mizrahi tote bag that was sold under the Isaac brand but allegedly infringed on one of Coach's existing styles. Then, in the past week to 10 days, Coach learned of another item under Target's Cherokee label that was using Coach's so-called Optic C design and retails for $11.89 compared with $170 and up for Coach bags.

Coach has a signature "C" fabrication, with interlocking Cs, as well as a more abstract version called Optic C, Mr. Devine says, and it has trademark protection on both. Neither the Isaac Mizrahi nor the Cherokee purse is mentioned in the suit, however.

"Success frequently breeds imitation and counterfeiting, so naturally we're seeing more activity" in the realm of knockoffs, says Mr. Devine.

Gilead Agrees To Buy Myogen For $2.5 Billion (WSJ)

By Angela Moore, Bob Sechler

The Wall Street Journal, October 3, 2006

DOJ_NMG_0073985

Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension.

The $52.50-a-share offer is a 50% premium over Myogen's share price of $35.08 on Friday. The Westminster, Colo., company's shares rose 47%, or $16.36, to $51.44, while Gilead shares were off $4.49, or 6.5%, at $64.28, both as of 4 p.m. in Nasdaq Stock Market composite trading.

With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials. Pulmonary hypertension involves a narrowing of blood vessels in the lung, making it difficult for the heart to pump blood through the lungs and causing shortness of breath even when resting.

Myogen expects to file a new-drug application for Ambrisentan with the Food and Drug Administration as early as the fourth quarter, Gilead said. British drug maker GlaxoSmithKline PLC holds rights to the product outside the U.S.

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Executives from Gilead said that the "scarcity value" of a drug in late-stage testing that addresses an unmet medical need justified the premium price offered for Myogen.

"We felt that the premium was a fair value for what we were doing here, and that this was in fact a product that we could build a franchise around," Gilead Chief Financial Officer John Milligan said.

Datamonitor, a business-information provider based in London, estimated in March that the market for pulmonary hypertension treatments could grow to around $2 billion by 2014 from $636 million in 2004, driven by new treatments. Ambrisentan is expected to lead that market with sales topping $500 million by 2014, Datamonitor said.

The current market leader for treatment of pulmonary hypertension is Tracleer from Swiss pharmaceuticals company Actelion Ltd.

Gilead Chief Executive John Martin said Tracleer had $339 million in sales during the first half of 2006.

"We believe we have a product with a stronger profile" that can take market share as well as grow with overall demand, he said.

About 88,000 people in the U.S. have pulmonary arterial hypertension, according to Gilead, but only 30% are diagnosed and even fewer are receiving treatment. About 5,000 new patients are diagnosed each year.

Write to Angela Moore at angela.moore@dowjones.com3 and Bob Sechler at bob.sechler@dowjones.com

Gilead Plans To Acquire Myogen In $2.5B Deal (USAT/AP)

USA Today, October 3, 2006

DENVER — Gilead Sciences, a leading producer of HIV drugs, said Monday that it plans to acquire biotech Myogen for about $2.5 billion in cash, signaling an expansion into treatments for pulmonary diseases.

Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday.

The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases.

Sanford C. Bernstein analyst Geoff Porges said the offer indicates a possible bidding war for Myogen and also reflects the scarcity of late-stage drugs in the pulmonary disease category. “It's a very generous offer,” he said.

During a conference call with analysts, Gilead President and Chief Executive Officer John Martin said the acquisition will help Gilead build on its $365 million buyout of privately held Corus Pharma in August.

“Our planned acquisition of Myogen represents both a scientific and strategic step,” Martin said.

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Gilead, a Foster City, Calif.-based biopharmaceutical company with a market value of $29.2 billion, is known for its HIV drugs. It manufactures two of the three drugs in a once-a-day pill called Atripla that was approved last summer for HIV and AIDS treatment. The company also makes the Tamiflu flu treatment.

Gilead posted second-quarter net income of $265 million, or 56 cents per share, up 34% from $196 million, or 41 cents per share, in the previous second quarter. The company credited the jump to strong sales of its HIV treatments.

Myogen, a 10-year-old biopharm based in the Denver suburb of Westminster, had a market value of about $2.2 billion as of Monday. It posted a net loss of $18.5 million, or 44 cents a share, in the second quarter compared with a net loss of $21.7 million, or 61 cents a share, in the second quarter of 2005.

Myogen is developing a drug called Ambrisentan to treat pulmonary arterial hypertension. It believes information developed from two studies will support a new drug application that it expects to file with the Food and Drug Administration by year's end.

It also has a drug for treatment of primary pulmonary hypertension and a late-stage study for a drug that could treat resistant hypertension.

Argus Research analyst David Coleman, who follows Myogen, said Gilead likely will be able to capitalize on the drug better than Myogen.

"I do believe it is a very good deal for Myogen shareholders," he said.

In a research note to clients, Piper Jaffray analyst Thomas Wei said Gilead will be able to draw on its marketing expertise to build buyers for Ambrisentan.

The deal is structured in two phases, with Myogen slated to become a wholly owned subsidiary of Gilead. Myogen's board approved the deal, which is expected to close by the end of the year, pending regulatory and other standard approvals.

Gilead said the deal will boost earnings in 2007 and 2008. It does not expect Myogen to add to 2009 profit.

Myogen stock rose $16.36, or 47%, to close at $51.44 a share in Nasdaq trading. It has traded between $17.96 a share and $42.27 a share in the past year.

Shares of Gilead fell $4.49 or 6.5%, to close at $64.28 in trading on the Nasdaq. In the past year, it has traded between $44.73 a share and $68.77 a share.

You've Got It Backward: Intel Is Bullying AMD (WSJ)

By Thomas M. McCoy

Wall Street Journal, October 3, 2006

In his Sept. 23 Rule of Law column "Tigers by the Tail," Ron Cass asserts that Advanced Micro Devices is attempting to "restrain a dominant competitor through the courts than beat it in the market." This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa.

It is not competition when Intel pays a computer maker millions of dollars to cancel a new product containing AMD CPUs or when Intel threatens them with retaliation if they publicly support new AMD products. And the list of Intel tricks goes on. That's why computer makers tell us, "We think that you have great products and we wish that we could buy more of them but Intel prevents us from doing so."

The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. The Korean FTC is investigating and last year the European Commission gathered evidence via dawn raids about Intel's behavior. Most recently, the Financial Times Deutschland revealed the existence of an illegal and secret deal between Intel and Germany's largest retailer, Media Markt, to exclude AMD from the consumer segment.

Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids.

Thomas M. McCoy

Executive Vice President, Legal Affairs, and Chief Administrative Officer

AMD (Advanced Micro Devices)

DOJ_NMG_0073987

Sunnyvale, Calif.

Competition And Antitrust Law Can Protect The Internet (HILL)

By Robert W. Hahn And Robert E. Litan

The Hill, October 3, 2006

If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined.

The "net neutrality" controversy centers on whether firms providing higher-speed broadband should be allowed to charge both the content providers and consumers for faster, more reliable service — pitting Silicon Valley firms like Google and eBay against the telecommunications and cable industries (which rarely find themselves on the same side, this being a notable exception).

On examination, however, one truth is clear – while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity.

Net neutrality enthusiasts believe that if Internet service providers are allowed to charge content providers like CNN.com, they will block websites for their own private gain—thus crippling the Internet. Those opposing net neutrality assert the opposite—that pricing freedom is the key to Internet innovation and the deployment of the expanded networks needed to handle rapidly growing Internet traffic.

The fact is, pricing freedom is a key to the success of the Internet. And, existing government oversight, including antitrust authority, is sufficient to rein in any potential anticompetitive behavior in those unlikely circumstances where market forces fail.

Lost in the incredibly contentious net neutrality debate in Congress and the media is the role that competition and antitrust law should play in assuring that consumers continue to have access to their preferred websites. Although net neutrality proponents have loudly complained about the danger that an Internet service provider would block access to websites they compete with or whose views they don't like, there are to date no real life examples that this has occurred (except where governments, like the one in China, block certain traffic). The reason is competition.

Network providers know that if they block access to a favored web site, their customers' swift and sure response will be to take their business elsewhere. And, in the unlikely event that a provider risks alienating its customers, the Department of Justice, the Federal Communications Commission and the Federal Trade Commission have ample legal authority under existing laws to stop the offending practice.

That is why Congress created these agencies, and already has instructed them to ensure that communications (and other) firms play fair. The FCC has already used that authority to slap down one local North Carolina Internet Service Provider, Madison River, for blocking Internet-based phone service offered by Vonage. And there remains the ability of private parties to enforce the antitrust laws – encouraged by the prospect of treble damages. Indeed, Google has recently warned that it may bring antitrust actions against Internet service providers that abuse their market power. What better evidence can there be that current law is sufficient?

Why not add even more legislative language to require regulators to issue even more rules to ensure that all Internet providers treat all websites equally? Because of another "law" – the law of unintended consequences. Net neutrality regulations could very well interfere with the carriers' abilities to enhance the capacity of their broadband networks by limiting their ability to get an adequate return on investment. This, in turn, could chill innovations ranging from telemedicine to those we could only predict with hindsight, such as eBay or Google.

Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the "hands-off" policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future.

Hahn and Litan are directors of the AEI-Brookings Joint Center for Regulatory Studies.

DOJ_NMG_0073988

ENVIRONMENT:

Supreme Court To Take On Con Ed Case (AP)

AP, October 3, 2006

WASHINGTON — The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants.

The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term.

The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal "Superfund" law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state.

The case is UGI Utilities v. Consolidated Edison Co. of New York, Inc. (05-1323).

Shares of Con Ed rose 24 cents to $46.44 in midday trading on the New York Stock Exchange. Shares of UGI jumped 12 cents to $24.57 on the NYSE.

U.S. To Delay Buying Strategic-Reserve Oil (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday.

President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs.

Last year, the U.S. sold crude from the reserve -- a federal oil depository of 727 million barrels designed to cushion the country against supply disruptions and subsequent petroleum price rises -- to meet emergency demand in the wake of a destructive hurricane season. In June, the reserve held almost 688 million barrels of oil.

Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is "satisfied with the [reserve's] current level," and that it was wary of affecting the market ahead of the high-demand winter-heating season, "we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve."

He said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market.

FBI/DEA/ATF/USMS:

Court Upholds Polygraph Tests For FBI, Secret Service Applicants (AP)

By Matt Apuzzo

AP, October 3, 2006

WASHINGTON - The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday.

U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process.

The Secret Service has required polygraph tests for potential agents since 1985. All FBI employees have been tested since 1994.

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Applicants are asked questions about their medical histories, finances, sex lives, drug use and mental health. Secret Service applicants are asked whether they have committed adultery or other sex crimes.

While those questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said.

"With regard to the Secret Service's specific questions, the agency has made a reasonable determination that there is a danger if its employees in sensitive positions could be blackmailed for some reason," Sullivan wrote. "The court will not second-guess that conclusion."

Four of the six applicants who brought the case probably were turned down based on their answers to drug-related questions, according to court documents. All denied using drugs.

"Three people know you're lying: me, you and God," a Secret Service polygraph agent said to one applicant, according to court documents.

"No, God and I know I'm telling the truth," the applicant, Eileen Moynahan replied.

A fifth applicant was denied because she had lied about marijuana use on a Baltimore police application, prosecutors said. The sixth applicant was accused of holding his breath to try to beat the polygraph.

The lawsuit claimed the tests are unreliable, yet there is no way for applicants to clear their name. They said the stigma attached to failing the test would prevent them from getting other law enforcement jobs.

Sullivan denied that claim, noting that some of the applicants who brought the lawsuit now work in federal law enforcement jobs.

"Ultimately this will be an issue for the Supreme Court or Congress to take care of," attorney Mark Zaid said.

Ex-FBI Agent Gets 6 Years In Stock Case (WSJ)

The Wall Street Journal, October 3, 2006

NEW YORK -- Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies.

Mr. Royer also was sentenced to three years of supervised release.

He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares.

"Elgindy was the master manipulator," said Judge Raymond Dearie of U.S. District Court in Brooklyn. But "without this chap and the information he sold, we would have no conspiracy."

Mr. Elgindy was sentenced to more than 11 years in prison and ordered to forfeit $1.5 million in June.

6-Year Sentence In Trading Case (NYT)

By Bloomberg News

The New York Times, October 3, 2006

By Bloomberg News

A federal judge in Brooklyn sentenced a former F.B.I. agent yesterday to six years in prison for racketeering and securities fraud related to the inside-trading prosecution of a former stock picker, Anthony Elgindy.

The former agent, Jeffrey A. Royer, 39, who was convicted after a trial with Mr. Elgindy, will be allowed to surrender to federal prison authorities by Nov. 6, said Robert Nardoza, a spokesman for the United States attorney for Brooklyn, Roslynn R. Mauskopf.

Mr. Royer was an F.B.I. agent from 1996 to December 2001, when he left to work for Mr. Elgindy, prosecutors said.

In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. According to witnesses at the trial, Mr. Elgindy used information supplied by Mr. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site, AnthonyPacific.com.

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Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission.

Mr. Royer's lawyer, Lawrence D. Gerzog, did not return a call made to his office after business hours seeking comment.

Short sellers seek to profit by correctly predicting a decline in a stock's price. They sell borrowed shares, planning to buy them later at a lower price and return them to holders. Mr. Elgindy's gains from trading shares of 32 companies using illegally leaked information totaled $3.02 million, the government said.

Ex-agent Gets 6 Years In Fraud (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 3, 2006

Calling it a tragic case of a public official gone wrong, a federal judge in Brooklyn sentenced a former FBI agent to 6 years in prison yesterday for tipping off a Web-based stock market adviser with inside law enforcement information.

The former agent, Jeffrey Royer, betrayed no emotion as Judge Raymond Dearie sentenced him for his January 2005 conviction.

Dearie gave Royer, who remains free on bail, until Nov. 6 to surrender to a designated federal prison.

"We must ask more of our public officials, we must," said Dearie as he sentenced Royer, 43, for conspiracy, securities fraud, racketeering, witness tampering and other crimes.

Royer was convicted with stock trader Amr Elgindy for plotting to use information about FBI investigations of companies in order to profit on the stock market.

Prosecutors charged that Elgindy, who ran a subscription-based Web site, used information leaked to him by Royer to shake down companies that were the object of negative reports by his Web service.

Elgindy, of southern California was sentenced to 13 years in prison earlier this year. Dearie said that Elgindy orchestrated the scheme, dangling the prospect of a job and other benefits to entice Royer.

Dearie noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts.

Early in the case, investigators speculated that Elgindy, of Egyptian ancestry, might have had advance warning about the Sept. 11 terror attacks because of the timing of his trades, but that never was substantiated.

Just before sentencing, Royer said he leaked the information because he thought he was helping to put shady companies out of business.

The former agent apologized to his family and also to his ex-girlfriend, Lynn Wingate. Prosecutors said she was another FBI agent whom Royer persuaded to continue to leak him confidential information after he left the FBI in 2001 to work for Elgindy.

"She trusted and loved me," Royer said about Wingate, who pleaded guilty to obstruction of justice charges and received 3 years' probation in July.

City Briefs (NYDN)

New York Daily News, October 3, 2006

A man walking on the upper East Side was struck and killed yesterday by an SUV that sent him flying 30 feet, witnesses said.

"I saw something flying through the air, and I didn't know what it was. Then I thought, 'My God, that's a dude!'" said Hank Ley, 33, a doorman near the scene at 90th St. and York Ave.

The driver stayed at thescene, witnesses said. The 56-year-old victim, Yao Huang of W. 24th St., was taken to New York-Presbyterian Hospital Weill Cornell, where he was pronounced dead, officials said.

Christina Boyle and Michael White

Crane accident violations

The Tishman Construction Corp. and others involved in a near-fatal crane accident last week were socked with violations yesterday for "unsafe operation of a crane."

An 8,000-pound chunk of a tower crane that was being disassembled fell from the 21st floor of an apartment building under construction at 108 Third Ave. at 13th St. on Friday.

"Tishman Construction will do anything in its power to provide any and all information required or asked for by the Department of Buildings and the Office of Emergency Management," said Tishman spokesman Bud Perrone.

Frank Lombardi

B'klyn deliveryman shot

A man delivering merchandise to a Brooklyn 99-cent store was shot in the chest yesterday by a thug who accosted him near his truck and demanded his wallet, police said.

The unidentified 27-year-old victim was in stable condition after the 11:15 a.m. shooting in Flatbush. Police said he was trying to hand over his wallet when the gunman shot him.

Noah Fowle and Ernie Naspretto

G-man gets 6 for scam

An ex-FBI agent was sentenced yesterday to six years in prison for passing confidential information to rogue insider trader Amr (Anthony Pacific) Elgindy.

Jeffrey Royer, who quit the FBI in 2001, furnished Elgindy with criminal histories and ongoing investigations of executives that Elgindy posted on his Web site to force stock prices of companies down.

John Marzulli

Inaccuracies Have To Do With Names In Times Report (ESPN)

ESPN.com, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate.

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets.

Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for the Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher later was released by the Arizona Diamondbacks.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky said Grimsley had identified the other players as drug users. Those names were blacked out when the document was originally released.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Grimsley played with Clemens and Pettitte on the New York Yankees, and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Information from The Associated Press was used in this report.

GRIMSLEY AND HGH

DOJ_NMG_0073992

Former Diamondbacks pitcher Jason Grimsley told federal investigators in June he used illegal performance-enhancing drugs. A day after they searched his house, Grimsley asked for and was granted his release from the team.

Doubt Cast On Report That Named Players (NYT)

By Jack Curry

The New York Times, October 3, 2006

Two days after it was reported that Roger Clemens was among the six major league players who investigators said had been identified as having used performance-enhancing substances, a federal prosecutor said the news media coverage contained "significant inaccuracies."

The Los Angeles Times reported late Saturday that Clemens, a seven-time Cy Young Award winner; Andy Pettitte, Clemens's teammate and workout partner with the Houston Astros; Miguel Tejada of the Baltimore Orioles; and three other current or former Orioles were reportedly named by Jason Grimsley, a former pitcher, as players who had used the drugs. The names were blacked out in a federal affidavit that was made public in June.

But Kevin V. Ryan, the United States attorney for the Northern District of California who is investigating steroids in baseball, issued a brief statement that cast some doubt on what was in The Times's article.

"In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies," Ryan said.

The prosecutor's office declined to elaborate. A message left for a Times spokesman was not immediately returned.

Grimsley's agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit.

"In terms of how those names got in the document, Jason disputes the fact that he put them there," Bick said. "Jason's attorney made that statement a while ago, and he still feels that way."

Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players.

Clemens and Pettitte, two former Yankees, both denied the accusations that were reported in The Times, as did Tejada, Brian Roberts and Jay Gibbons. David Segui, the sixth player, had previously said that he used human growth hormone.

"I'm here talking to you guys about something that is pretty much hearsay," Clemens said on Sunday. "It's ridiculous."

Pettitte said, "This has no weight behind this, as far as I'm concerned."

Randy Hendricks, who represents Clemens, noted that Clemens was on the United States team in the World Baseball Classic last March. He was subject to Olympic-style drug testing, which is stricter than baseball's testing policy. Clemens and Pettitte were teammates with Grimsley on the Yankees in 1999 and 2000.

Prosecutor: Steroids Story 'Inaccurate' (AP)

By David Kravets, The Associated Press

AP, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday a newspaper report that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and quickly was seized on by print and broadcast media outlets.

San Francisco U.S. Attorney Kevin Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for Ryan declined to elaborate.

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A spokesman for the Los Angeles Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher, who played with Clemens and Pettitte on the New York Yankees, later was released by the Arizona Diamondbacks and suspended for 50 games.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky, the lead investigator in the Bay Area Laboratory Co-Operative steroids probe, said Grimsley had identified other players as drug users, the Times reported. Those names were blacked out when the document was released.

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Pete Rose Admits Taking Amphetamines (AP)

AP, October 3, 2006

NEW YORK (AP) -- Pete Rose says he took "greenies" in his playing days, if only to lose a few pounds. Oh, and he doesn't bet on baseball anymore, but if he did, he'd pick the Twins and the Padres.

In an appearance on the "Late Show" taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about "greenies," explained that he used them -- though they were nothing more than "diet pills."

"Well, I don't think greenies would ever help you do anything," he said. "You know, I took greenies before in spring training only because I tried to lose some weight, see."

Letterman then asked whether the pills ever helped him ward off fatigue.

"No, not like steroids," Rose replied. "If I took steroids, I'd have gotten 5,000 damn hits."

Neither Letterman nor Rose used the word "amphetamines," which were commonly nicknamed "greenies" at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year.

Rose said he still enjoys watching baseball -- as many as three games a day -- and still holds out hope that he'll be reinstated. Letterman asked Rose who he likes in this year's playoffs.

"You sound like you're betting on baseball," Rose said, drawing laughter and applause. "You know, baseball's going to hate me -- the two teams I like are San Diego and Minnesota. And I liked the Yankees until they lost Randy Johnson, I liked the Mets, who've had a fantastic year, until they lost (Pedro) Martinez. St. Louis is going into the playoffs playing as bad as you could play. Detroit, I don't think they have the experience."

He added that he can't bet on baseball anymore "because I know too damn much about it."

"It wouldn't be fair," he said.

Rose, the career hits leader banned from baseball for betting on games as a manager, also explained the story behind the balls he signed with the words "I'm sorry I bet on baseball" that hit the market last month.

He said he signed the balls in 2005 for a friend who planned to keep them for 10 or 15 years. But the friend passed them on to a partner, and they wound up in the hands of a collector who put them up for auction -- prompting Rose to sign and market his own apology balls.

Drug Ring Suspect Pleads Guilty (ETPA)

By Tom Quigley, The Express-times

Easton Express-Times, October 3, 2006

one of 23 residents nabbed in sting. One charge dismissed in deal, but man still faces prison.

DOJ_NMG_0073994

TRENTON | A Phillipsburg man has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area.

Ray Edward Carter, 48, of the first block of Sitgreaves Street, faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office.

Princeton, N.J., attorney Kim A. Otis was assigned to represent Carter, the first to plea to the federal charges.

"His nickname is Pops," the attorney said. "He's actually a very decent and straightforward honest man."

Otis said his client has a problem with drugs.

"Unfortunately he has an addiction," Otis said. "I'm hoping to do the best for him that I can."

Carter pleaded guilty Thursday before U.S. District Judge Joel A. Pisano to a single count of conspiracy to distribute and possession with intent to distribute more than 50 grams of crack. A remaining charge of conspiring to distribute the drug will be dismissed, according to the plea bargain.

Carter must also serve five years on supervised release. If he violates the conditions of the program, he faces up to five years of additional prison time, records show.

The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents.

Phillipsburg residents Keisha Fredericks, 29, of the 300 block of Washington Street, and Edward "Sugar Ray" Rayshawn Carter, 31, of the first block of Sitgreaves Street, are considered the ringleaders of the alleged $17,000-a-week cocaine ring, a DEA spokesman said.

Investigators dubbed the investigation Operation Stateline because the dealers in the Phillipsburg-based organization often sold drugs in the Easton area, authorities allege. Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions and made undercover drug buys as they infiltrated the alleged drug network, court records show.

Investigators seized about 3 pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rogers Street, Bethlehem, is one of those facing federal charges along with Fredericks and Edward Rayshawn Carter.

Also facing federal drug charges are James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg, Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton, and Daniel "Groove" Groover, 45, of the 100 block of Washington Avenue, Phillipsburg.

All seven people facing federal charges remain in federal custody, records show. All face possible life sentences.

Court records show attorneys for Hartwell, Groover and Edward Rayshawn Carter have requested extensions from the court for further plea negotiations with the government.

Supreme Court Denies Oakmont Doc's Appeal (PTR)

Pittsburgh Tribune-Review, October 2, 2006

The U.S. Supreme Court today declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office.

Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal.

Rottschaefer's lawyers filed a second appeal for a new trial last month. They claim to have found new evidence that could clear the doctor.

The five patient-witnesses who testified against Rottschaefer at trial have since sued him for malpractice. They testified during his criminal trial that they were drug addicts and that Rottschaefer prescribed the drugs to them for no medical reason, with four of the women saying they provided oral sex for prescriptions.

The women now say in sworn statements in the civil cases that the drugs were prescribed to treat chronic pain, Rottschaefer's lawyers say.

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They also accuse prosecutors of allowing two witnesses to lie on the stand during trial, claiming that they were not receiving leniency from the government in other criminal cases in exchange for their testimony against Rottschaefer.

U.S. District Judge Gary Lancaster dismissed the second appeal, because the first was still pending. Rottschaefer's lawyers now can re-file the second appeal.

Doctor Again Challenges Drugs-for-sex Conviction (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 2, 2006

An Oakmont doctor who was convicted more than two years ago of 153 counts of illegally doling out OxyContin in exchange for sexual favors will take one more shot at beating the charges.

That chance will not come from the U.S. Supreme Court, which yesterday denied a petition from Dr. Bernard Rottschaefer asking the court to hear his case on appeal.

Instead, Dr. Rottschaefer's lawyers have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial.

This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat.

That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with "no legitimate medical purpose," said defense attorney Eli Stutsman.

In hundreds of pages of depositions given by the five women, they admit that parts of their testimony against Dr. Rottschaefer in his criminal trial were falsified.

Mr. Stutsman called the fact that all of the women changed their stories "extraordinary."

He hopes to use the new information in the depositions, as well as letters that were written by one of the women to her boyfriend while she was incarcerated, to prove "a comprehensive scheme to tell a lie to get a better deal" in their own criminal cases.

U.S. Attorney Mary Beth Buchanan declined to comment.

Dr. Rottschaefer was convicted in March 2004 of 153 counts -- though he was acquitted of 55 more -- and was sentenced in September of that year to 61/2 years in prison. He has yet to serve any time, though, while his case continues in appeals.

Four of the five women testified at Dr. Rottschaefer's trial that they were drug addicts and had no medical need for the prescriptions they were given. But now, Mr. Stutsman said, that story has changed.

"Every complaining witness lied under oath in Dr. Rottschaefer's prosecution," he wrote. "The false testimony went to the heart of the case: whether the prescriptions were issued for medical treatment or as drug dealing."

In their depositions, the women listed ailments that were treated by the OxyContin, including migraines and a fractured tailbone.

Adolescence: When Young People Use, Parents Seldom Know (NYT)

By Nicholas Bakalar

The New York Times, October 3, 2006

Parents consistently and substantially underestimate their children's use of alcohol and other drugs, a new study has found.

Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research.

Parents consistently said they believed that their children were using substances less frequently than the children reported. Alcohol use was most common, with 54.4 percent of the teenagers reporting having consumed at least one drink in their lifetimes, and 23.6 percent saying they had been intoxicated. But only 30.5 percent of parents believed that their children had ever had a drink, and only 8.1 percent said their children had ever been drunk.

While 44 percent of the adolescents reported smoking cigarettes, only 27 percent of their parents knew they smoked.

Almost 23 percent of the adolescents admitted to using marijuana, while only 13.2 percent of their parents were aware of it.

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With drugs other than marijuana, the results were similar: 8.5 percent of teenagers said they had used other drugs, while 3.1 percent of parents knew it.

"Parents of 12- and 13-year-olds had the lowest rates of knowledge," said Dr. Laura J. Bierut, the senior author of the study and an associate professor of psychiatry at Washington University in St. Louis. "That's worrisome, because there is good evidence that the younger you start to use substances, the more likely you are to develop addiction."

"Children are not telling you about their drug use," Dr. Bierut added. "You have to ask. Kids have access to drugs, they use them, and most parents are clueless."

New Evidence Surfaces In Bombing Case (FWST)

By Max B. Baker

The Fort Worth Star-Telegram, October 3, 2006

Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet.

But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes.

The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young.

The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent.

"It's one of the most egregious cases I've seen," said Jared Tyler, an attorney with the Texas Innocence Network. "For me, there is not a shred of evidence that he did it."

Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18.

The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer.

Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats.

Nicknamed "Cowboy," Toney is a prolific e-mail correspondent, writing regularly not only to reporters but also to members of the jury that convicted him. He also has a Web site on which he proclaims his innocence.

"Lies got me sentenced to death for a crime I did not commit," Toney writes on his Web site. "Since the charade of a Texas trial people have came forward and told me who killed the Blounts and why they did it."

Tarrant County Assistant District Attorney Debra Windsor, who will defend her office in court, says the way the case is being presented by the defense attorneys involves more than questions about Toney's innocence.

"It is actually an attack on this office," she said. A troubling case

Tyler and David Dow, attorneys for the Innocence Network at the University of Houston Law Center, accuse Tarrant County District Attorney Tim Curry's office of offenses including withholding reports from the Texas Department of Public Safety and the ATF that attack the credibility of the state's key witnesses, Chris Meeks and Michael Toney's ex-wife, Kimberly Toney.

Released to the defense this year for the first time, the reports suggest that Meeks and Toney may have been manipulated and intimidated into giving statements fitting investigators' preconceived notions of how and why the crime occurred.

Defense attorneys point out that by the time Michael Toney was indicted in 1997, the crime was 12 years old. The Lake Worth incident was the longest-running unsolved bombing investigation in the country, court papers state. Defense attorneys suggest that there was a renewed interest in this case by a federal agency trying to rebuild its image after the Oklahoma City bombing.

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Prosecutors were led to Toney when he allegedly confessed to committing the crime to Charles Ferris, a fellow inmate in the Parker County Jail. Already serving time in prison on a burglary charge, Toney had been transferred to the Weatherford jail on an unresolved burglary charge. Toney reportedly told Ferris that he had put the explosive briefcase on the front porch of the mobile home.

After that, investigators began looking into Toney's possible involvement in the case, which led them to Meeks and Kimberly Toney. Neither one had ever talked to authorities about Toney's role in the bombing.

Kimberly Toney testified during the trial that she, Meeks and Michael Toney went out together the day of the bombing and that they drove to a business near the mobile home park where the Blounts lived. She said Michael Toney, who was then her boyfriend, got out of their pickup, grabbed a briefcase and disappeared behind the business. He came back later without the briefcase.

Meek told basically the same story during the trial.

Defense attorneys contend that recently released reports from the DPS and the ATF show that investigators used what they call "cognitive interviewing techniques" to plant false memories into Meeks' and Kimberly Toney's minds. Those reports should have been released to Michael Toney's attorneys at the time of the trial, to show that they had not always given the same account of the crime.

Both witnesses' testimony was crucial to the state's case against Toney.

Kimberly Toney's memories in particular were "unscrupulously recovered, reshaped, and reformed, by aggressive investigators desperately trying to close" the case, court papers said.

The defense also contends that Kimberly Toney's testimony is questionable because of recently uncovered evidence that she may have suffered memory loss from chemicals she was exposed to in 1991 during the Persian Gulf War.

"At the time the investigation into the Blount bombing was reopened, it was the longest-running unsolved bombing investigation in the country. The bombing of the Alfred P. Murrah Federal Building in Oklahoma City had just occurred, and the ATF was determined to solve this crime, one way or another," court papers state. Testimony recanted

A memorandum from Tarrant County Assistant District Attorney Mike Parrish and two ATF reports that cast doubts on the testimony of Tucker Finis Blankenship were also not provided to defense attorneys at the time of the trial. Blankenship met Toney while they were in jail together, according to court documents.

Blankenship said Toney said that another man was going to pay him $5,000 for making and delivering the bomb, but that he had put it by the wrong mobile home. Since then, Blankenship has recanted those statements, and court papers indicate that Blankenship believed the cases against him would be dropped in return for his testimony.

Information was also uncovered that pointed to another man who had built a pipe bomb similar to one used in the Blount bombing and that the man's family told authorities that components used in the briefcase bomb were missing from their home. The man had also told more than one other person that he was responsible for the three deaths, court papers state.

"The fact of the matter is that the Blount bombing remains unsolved to this day, even as Mr. Toney remains on death row," court papers state.

But during the trial, Toney also admitted that he lied frequently. During the trial he acknowledged telling some people that his father is dead, others that his mother is dead, and others that he had a master's degree in chemistry.

He has also said since his conviction that he unwisely told Ferris that he could tell authorities he was involved in the Blount bombing if it would help him get out of jail by getting his charges reduced or dismissed. Ferris has since recanted that testimony, too.

Parrish has no doubts that he convicted the right person. The district attorney's office has until early next year to file its initial response to Toney's request for a review of the evidence and possibly a new trial.

"All that's been raised on state appeal," Parrish said. "There must be some new, slightly different kitchen sink they are throwing in here." <body.end> Max B. Baker, 817-390-7714

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Man Wanted In Shooting At Ohio Football Game Arrested In Wash. (AP)

AP, October 3, 2006

BREMERTON, Wash. - Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times.

Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said.

Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium.

As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times.

Among the witnesses were cheerleaders as young as 4.

Caulton was booked into the Kitsap County Jail pending his return to Ohio, where he has been charged with the killing in Youngstown Municipal Court.

Youngstown police said several initial requests for information about the killing got no response, and some people said they were afraid for their safety to get involved. But within days, detectives collected information that led to an arrest warrant against Caulton.

Police said the two had argued near the stadium before the shooting. The nature of the argument wasn't disclosed.

IMMIGRATION:

Supreme Court Rejects Appeal Of Nazi Concentration Camp Guard (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, October 3, 2006

(AP) - WASHINGTON-A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship.

Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944.

Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution.

An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he "personally assisted in persecution."

In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show.

The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals.

The Supreme Court's action means the government could begin proceedings to have Hansl deported. He was born in Croatia to parents of German descent and conscripted into the SS after Germany invaded Yugoslavia in 1941.

Hansl's attorney, James Benzoni, had told justices that U.S. immigration policy after World War II allowed visas to be issued to former concentration camp guards unless they were directly involved in committing atrocities.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Border Fence Called Impractical (WP)

The Washington Post, October 3, 2006

DOJ_NMG_0073999

Building a fence in an attempt to secure the U.S. border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former U.S. Customs and Border Protection agents and other experts.

And the Mexican government agreed in a diplomatic note sent yesterday to the U.S. government, warning that the fence would damage relations between the two countries.

The Senate voted Friday to build about 700 miles of double-layered fence with access roads, lighting, cameras and sensors, to try to block five heavily used crossing points along the 2,000-mile border.

The plan, which awaits President Bush's signature, includes a sweep of fencing along most of the Arizona border, where about half of the almost 1.2 million people arrested crossing from Mexico last year were caught.

The fence would also stretch through parts of California, New Mexico and Texas.

Former U.S. customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain.

"You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot," veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas.

The barrier would have to traverse the rugged Huachuca Mountains and other craggy ranges west of Nogales, Ariz., which are marked by bluffs and ravines that make them inaccessible to vehicle traffic, Morgan noted.

Another former customs special agent said the fencing would also struggle to bridge hundreds of creek beds spanning the Arizona-Sonora border, which are prone to flash floods from May to October.

Republican backers of the proposal contend it is necessary to prevent entry to the United States by illegal immigrants and extremists, and to prevent smuggling of weapons and drugs.

Mexican President Vicente Fox, who leaves office Dec. 1, has called the barrier "shameful" and compared it to the Berlin Wall. His spokesman yesterday urged Bush to veto the bill.

"This decision hurts bilateral relations, goes against the spirit of cooperation needed to guarantee security on the common border, creates a climate of tension in border communities," Ruben Aguilar told reporters.

Crackdown On Immigrants Empties A Town And Hardens Views (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 3, 2006

STILLMORE, GA.

As Department of Homeland Security agents in black SUVs tooled up and down the dirt avenues of Stillmore, Ga., hundreds of undocumented people scattered into the woods like "flushed quail," one witness said.

Many of those who weren't arrested fled, some to Kentucky. One family hid for two nights in a tree. As night sets now, a sprinkling of solitary lights glow from once-crowded trailer parks. Since the Labor Day raid, Stillmore, where the wishful sign at the city limit reads "A town that is still growing," has shrunk by at least a third after more than 120 people were arrested and perhaps as many as 300 others disappeared.

"It's a ghost town," says resident Bennett Byrd.

As federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids.

"There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration," says Allan Burns, an anthropologist at the University of Florida in Gainesville. "People are divided."

In Stillmore, the Crider plant does everything from poultry processing to packing M&Ms for the military to grilling the ribs for restaurant franchises, employees say. In a town of about 1,000 people, more than half of them were working there. The plant's success was driven by a hardworking labor supply that began arriving about four years ago.

Workers had "very good" fake documentation that fooled managers, a Crider plant spokesperson says.

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In the town, few complained about the immigration status of the workers as Stillmore, once a thriving train depot, again became a destination. "People got along. The town was growing," says Don Hadden, a local carpenter.

Then, earlier this year, an investigation began by Immigration and Customs Enforcement (ICE) agents in the Department of Homeland Security (DHS). ICE agents arrested a Stillmore man in the spring, accusing him of supplying counterfeit documents to workers. The man's records were then used to identify other workers. For 10 weeks, ICE trained company managers to spot forgeries and check Social Security numbers. About 30 people who had not been weeded out by the company were arrested at the plant in an orderly fashion over Labor Day weekend, according to a plant spokesperson.

ICE agents also raided several homes in town. Witnesses say agents popped up through floor boards and broke windows.

"Everything we did [in this investigation] was in accordance with the immigration laws of this country," says Marc Raimondi, DHS spokesman.

But some, including the Southern Poverty Law Center, have voiced concerns about the searches.

"Hispanics came to Stillmore and opened up stores that had been closed for years, and now there's a sadness in how they were treated," says Father Vic Subb, who worked for a Catholic ministry in town for six years.

Proponents of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000.

"I firmly believe that we [as a nation] are taking in more immigrants than we have the capacity to feed, educate or employ," says D.A. King, president of Dustin Inman Society in Marietta, Ga., which opposes illegal migration of workers across the border.

This year, ICE has rounded up 2,100 people in workplace raids nationwide compared with 1,145 in 2005.

Meanwhile, more communities are signing agreements to work with ICE to undertake deportation proceedings for scofflaws and prisoners. In Charlotte, more than 600 people have been deported through hearings initiated by local officials.

It's a debate that's galvanized Congress. Sen. Mark Pryor (D) of Arkansas said immigration reform should consider the community impact of enforcement, noting a 2005 raid in Arkadelphia that detained 119 people and left 30 children behind. But last week, Rep. Russell Pearce (R) of Arizona argued for reviving Operation Wetback, the controversial 1950s-era deportation program. To deal with illegal immigration, Congress has so far approved a border fence project.

The law-and-order tack is heightening tensions, experts say.

"Because of [stepped-up raids], you're going to see more pro-immigrant activity, and anti-immigrant folks are going to want even more enforcement," says Bill Hing, an immigration law professor at the University of California, Davis.

In Stillmore, the raids forced Americans to confront their own beliefs. Residents such as Larry Hadden saw friendly and "clean" people invigorating the town's economy. To see them chased "like rabbits" through the underbrush troubled him, as did watching as women and children were left behind without resources.

Others, including resident Carolyn Byrd, see the ICE roundup as justified. Her son, Bennett, was a manager of the Crider plant for years. He said that Hispanics worked harder than anyone else. But they also took jobs, including his.

Now the plant is paying a dollar more an hour than before the raid, to draw new workers from neighboring counties. "With the illegals gone, Americans have a chance to make more money," says Mr. Byrd.

Still, there's a feeling among some that, as the undocumented go, so does the town of Stillmore. "It was very good here, but now I am too sad I can't find a good job," says Samuel Villalobos, an undocumented worker who hid out with his family in his trailer during the raid. "The trailer parks are empty, people leave very, very worried, no income, no money. It's too hard over here. Stillmore is too quiet."

Immigration Resolution Passes Early Test (CHIT)

By Josh Noel

Chicago Tribune, October 3, 2006

Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants.

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Modeled on legislation adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services.

The co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses.

During a brief hearing of the Law Enforcement and Corrections Committee, Maldonado cited two examples of such abuse. One was an allegation made last month that a Stroger Hospital police officer roughed up Agustin Sotomayor, 77, during an arrest and asked whether the man was in the United States legally.

The other, he said, came from the owner of Los Dos Compadres restaurant in unincorporated Franklin Park, who reported that a Cook County sheriff's police officer checked identification of would-be patrons late last month and turned away anyone without proof of being in the United States legally.

"We are sending a moral message through our government to the undocumented that we are in support of their struggle to achieve social justice," Maldonado said. "As we await comprehensive immigration reform, we stand with them."

Cook County sheriff's office spokesperson Sally Daly said the agency was unaware of the allegation against its officer until Monday. Neither Maldonado nor any citizen made a complaint, she said.

"Certainly it is concerning, but why Commissioner Maldonado would wait this long to mention it is unclear to us," Daly said. "If it's true, we take it seriously, and we will conduct an investigation."

Joining Maldonado in support of the resolution were Commissioners Joseph Mario Moreno (D-Chicago), a co-sponsor, and Mike Quigley (D-Chicago).

In a long preface to his dissent, Peraica criticized the resolution as a "feel-good piece of legislation" that violated the Constitution because county government cannot make immigration law.

"The proper channel for this is the United States Congress and the United States Senate," he said. "We would be setting a dangerous precedent if we embarked down that road."

Peraica had previously said that Sotomayor's arrest was a reflection of the poor training of county employees, but he said on Monday that the officer's behavior, if true, can't be legislated away.

"What happened to Mr. Sotomayor is absolutely wrong and was done as the result of an ill-trained employee acting in an ignorant manner," he said. "No resolution can change that."

He called for more training for county law-enforcement officials to make clear the limits of their power regarding immigration.

Commissioner Jerry Butler (D-Chicago) joined the dissent, saying that anyone seeking services at a county health facility should be required to answer basic questions about where they live or have lived.

Maldonado said the issue will go before the full board sometime after Wednesday's scheduled meeting.

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Bridging A Racial Rift That Isn't Black And White (NYT)

By Rachel L. Swarns

The New York Times, October 3, 2006

WILLACOOCHEE, Ga. — The ministers close their eyes and raise their voices to the heavens and, for a moment, they are colorless. Two men who grew up desperately poor, who picked tobacco in the fields and hauled boxes at Wal-Mart and whose life journeys ultimately led them to the Lord and to each other.

"It's like praying with a brother," said the Rev. Harvey Williams Jr., 54, who is black.

"He looks out for me and I look out for him," said the Rev. Atanacio Gaona, 45, who is a Mexican immigrant. "In the eyes of the Lord, there are no colors."

In this immigrant boomtown in Atkinson County, about 45 miles north of the Florida border, the ministers have forged a rare friendship that transcends the deep divide between blacks and Hispanics here.

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For centuries, the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns.

The two pastors find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together.

Blacks here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground.

The jobless rate for black men in Georgia is nearly triple that of Hispanic men, labor statistics show. More blacks than Hispanics fail to meet minimum standards in Atkinson County public schools. And many blacks express anguish at being supplanted by immigrants who know little of their history and sometimes treat them with disdain as they fill factory jobs, buy property, open small businesses and scale the economic ladder.

"If you have 10 factory openings, I would say Hispanics would get the majority of the jobs now," said Joyce Taylor, the Atkinson County clerk, who is black. "And if you look at the little grocery stores, there are more Hispanic businesses than black businesses."

"It's kind of scary," said Ms. Taylor, 44, whose daughter was laid off from a factory here. "My children, looking forward, it may be harder for them."

Some Hispanics say African-Americans treat them with hostility and disparage them with slurs, even though blacks know the sting of racism all too well. They say many blacks are jealous of their progress and resent the fact that whites, who dominate the business sector, look increasingly to Hispanics to fill work forces. Blacks say employers favor immigrants because they work for less money.

An Area of Intense Feelings

The killing of six Mexican farm workers in a robbery last year in Tifton, about 30 miles away — and the arrest of four black men in the case — has heightened the friction. Nothing so violent has occurred here, but some Hispanics say black criminals focus on immigrants in this town, too.

Speaking of blacks, Benito González, 51, a Mexican who has worked alongside them at a poultry plant, said: "They don't like to work, and they're always in jail. If there's hard work to be done, the blacks, they leave and they don't come back. That's why the bosses prefer Mexicans and why there are so many Mexicans working in the factories here."

Such images stoke the debate over how to overcome tensions, which flared nationally this year when some African-Americans expressed anger and unease as immigrant groups hailed efforts to legalize illegal immigrants as a new civil rights movement. Although the push in Congress to create a guest-worker program has stalled, concerns about competition between black and immigrant low-wage workers remain.

Those feelings resonate with particular intensity in the South, home to the nation's largest share of African-Americans and its fastest-growing population of immigrants, according to an analysis of census data by William H. Frey, a demographer at the Brookings Institution.

The two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by.

Mr. Williams, a thoughtful man who studied psychology in community college, ruminates in a weekly newspaper column on topics like spirituality, ethnic relations and his recovery from cocaine addiction 20 years ago.

Mr. Gaona, whose boyish looks belie his intensity, left school after second grade to help his father work the fields in Mexico. He entered the United States illegally and started picking tobacco here when he was 24. Over the past decade, he has received his citizenship and built his church from the ground up.

The two men met working on a Wal-Mart warehouse floor in neighboring Coffee County around 1993 when Mr. Gaona was starting to deepen his faith and Mr. Williams, already a pastor, was looking for a ride to work.

Neither expected much from the acquaintanceship.

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Mr. Gaona, who said his perceptions of black Americans were shaped in Mexico by news reports of crime and violence in poor urban areas, recalled, “I was thinking: ‘He’s black. Who knows what he wants from me?’ I was just trying to keep my distance.”

Mr. Williams said he never envisioned a friendship because he had never known blacks and Hispanics to be friends.

“I think I probably saw him as being a Hispanic,’ he said, “and I was only going to get so close.”

Over the next five years, in their hourlong weekday commuting trip in Mr. Gaona’s 1988 Oldsmobile and later in Mr. Williams’s 1982 Ford station wagon, they discovered common ground. Both are divorced fathers. Mr. Williams has two sons and two daughters. Mr. Gaona has five boys.

Both grew up poor, working in the fields. And both were trying to advance at Wal-Mart and searching for pathways to God. It was Mr. Williams who helped persuade Mr. Gaona to quit Wal-Mart to open the first Spanish-language church in this town.

Today, the men are remarried, full-time ministers who chat by telephone and disregard the diners at local restaurants who still gawk at the sight of a black man and a Hispanic man eating together.

But they also remain painfully aware of the fear and prejudice that remain in their communities.

Mr. Williams, who leads a working- and middle-class congregation of teachers, Civil Service workers and factory workers at the Union Holiness House of Deliverance, shakes his head as he describes the jokes about Mexicans with poor hygiene that circulate among some black people he knows.

“It was not so long ago that we were the object of jokes,” Mr. Williams said. “I’m constantly having to remind people.”

Mr. Gaona, whose flock at the Iglesia Alfa y Omega is dominated by factory and farm workers, says his members often describe American blacks as moyos, a derogatory Spanish term that sometimes refers to a black insect. He used the term, too, he admits, before he found God and his friend Mr. Williams.

“Every now and then, I remind them that we need to respect people, no matter how they look or their color,” Mr. Gaona said. "But mostly, we don’t know them, and they don’t know us. There’s no real communication going on.”

Gaps and Similarities

The tension simmers just below the surface in the quiet communities of bungalows and trailers where the two churches are situated. Five years ago, these neighborhoods were overwhelmingly black. Today, Hispanics and blacks account for 21 percent and 19 percent of the county population of about 8,000, respectively.

Lyrical Spanish chatter competes with the sweet Georgia drawl as blacks and Hispanics share streets, assembly lines, classrooms — and hardships — that could prove to be the basis of community and political alliances. The two groups appear more likely to be poor than whites. About 36 percent of Hispanics and 31 percent of blacks live in poverty in Atkinson County, census data shows; 17 percent of whites are poor.

The two ethnic groups report experiencing some discrimination from non-Hispanic whites, who account for 60 percent of the population, and they view the blue-collar jobs in the factories that manufacture industrial fabrics and mobile homes as steppingstones to prosperity.

School administrators and sociologists suggest that the gap between blacks and Hispanics in employment and education may stem in part from immigrant parents who push their children harder to succeed in schools and the immigrant zeal to find work, regardless of how much it pays.

Many black adults, who typically have more formal education than new immigrants, seethe at the disparities. In a town where neighborliness is entrenched, blacks and Hispanics often treat one another warily.

It is hard to envision such tension in the ministers’ friendship, particularly as they laugh amid the wooden pews in Mr. Williams’s church. But in many ways, they, too, keep their distance.

Despite more than 10 years’ friendship, the two have never dined in each other’s home. Their wives and children have never met, nor have their congregations.

Mr. Gaona does not know the black families who live near him. And he has never addressed Mr. Williams’s congregation, even though his friend has invited him several times. The minister says he feels uncomfortable preaching in English.

Mr. Williams, who has spoken at his friend’s church twice, says there is more to it. (Mr. Gaona’s English, after all, is quite good.)

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"There's still a barrier there," Mr. Williams said.

He said the worshippers in Mr. Gaona's church seemed reluctant to mingle with him after his guest sermons there several years ago.

"They are like standing on the side, you know, with their heads down as if waiting for me to leave," he recounted. "They're uncomfortable. And that's one reason for not visiting him any more than I do.

"It's one of my goals in life, to break down these nationality walls. But people are pretty divided. I just don't know if that's going to change."

Mr. Williams concedes that he, too, strives to do better. He does not know the name of the Hispanic family that lives near him. For a time, he refused to wave to Hispanic drivers on the road because they often hurt his feelings by ignoring him and the Southern tradition of greeting strangers. He has since decided to wave — no matter what.

His wife, who did not grow up around immigrants, still feels a bit uncomfortable socializing with Hispanics, despite his long friendship with the Hispanic pastor.

A Shoulder to Lean On

Mr. Gaona said he was recently taken aback when his 5-year-old came home from school and described his black classmates as moyos, the aspersion.

" 'Why you need to call them like that?' " Mr. Gaona said he asked his son. "I'm trying to share with him that's not right. But that's what he hears."

Still, on most days the two men put aside such awkwardness and focus on supporting each other.

When Mr. Gaona's computer became infected with a virus, he called Mr. Williams, who stopped by to help repair it. When state officials refused to renew his brother's driving license because his immigration papers were not in order, Mr. Gaona called Mr. Williams in frustration.

Mr. Williams relies on Mr. Gaona to interview Hispanic immigrants who ask to rent his church's social hall for parties. And it was his respect for the Hispanic pastor that helped persuade him to use his newspaper column to chastise Americans who disparaged the newcomers.

"I believe that rather than be angry or envy those who have came to America and found success, we ought to be learning from them," Mr. Williams wrote.

As the ministers meandered through their changing neighborhoods one afternoon, they considered taking their friendship to another level by preaching a joint service for their congregations. Though they knew it might never happen, they envisioned Spanish speakers and English speakers, newcomers and long timers' holding hands and praying beneath the oak trees.

On that sultry summer afternoon, it felt good to dream about the possibility. Somehow, it felt like it just might be the start of something.

"We'll get together one day soon and do one out in the open," Mr. Gaona said.

Mr. Williams replied: "That sounds good. That sounds good. We'll do that."

TAX:

Amherst Man Sentenced For Hiding Funds (BIZBUFF)

Business First of Buffalo, October 3, 2006

Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office.

Assistant U.S. Attorney Gretchen Wylegala said Fortune, 62, admitted he became aware in 2001 that the banks had a duty to report to the IRS cash transactions in amounts of $10,000 or more. During a six-month-period, he acted purposefully to avoid those reports, orchestrating his cash transactions to be under that limit, typically taking amounts of $9,000 or $9,500. During that 6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions, according to Wylegala.

The conviction in June was the culmination of an investigation on the part of the FBI.

DOJ_NMG_0074005

An Honest Democrat (WSJ)

The Wall Street Journal, October 3, 2006

Democrats are campaigning on "a new direction for America," but they've been deliberately abstemious with any details of what that means. New York Senator Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda "gives Republicans a target." So much for the courage of one's convictions.

Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first term tax cuts were worth preserving and he answered that he "cannot think of one." Then last week, Mr. Rangel was asked by Congress Daily whether he'd consider tax increases across the income spectrum. "No question about it," he said. "Everything has to be on the table."

"Everything" would mean repealing the 10% low-income tax bracket, the child tax credit and marriage penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be-chairman points for honesty.

Mr. Rangel has also been clear in saying he wants to "stop this war" in Iraq, and last week he was asked by The Hill newspaper how he might accomplish that. He responded: "You've got to be able to pay for the war, don't you?" That sounds like a vow to cut off funding for the war, a la 1975 in Vietnam, a point that California Democrat Lynn Woolsey reinforced by telling the same paper, "Personally, I wouldn't spend another dime [on the war]."

Republicans have jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned.

Counting Capital Gains (WSJ)

The Wall Street Journal, October 3, 2006

Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable.

One useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets.

This situation stretches back to 1913, when the Treasury Department decided to define the word "cost" in the tax code as meaning historical dollars, rather than current dollars. Capital gains taxes are due whenever an asset yields a nominal gain, even if the investment is a loser in real terms. So an investor who purchased a stock for $10 in 1956, and sold it for $20 today, would still pay a 15% capital gains tax on the transaction, even though adjusted for 50 years of inflation he'd be a net loser.

From 1979 to 1994, roughly 33% of the increase in shareholder wealth, or some $1.5 trillion, was due to inflation. This means Americans are paying far higher capital gains tax rates than advertised. A 1993 study by then Federal Reserve Board Governor Wayne Angell calculated that the average real tax rate on investments from 1972 to 1992 in Nasdaq stocks was 68%. It was 101% in the S&P 500, 123% in the NYSE, and 233% in the Dow Jones Industrials. On three of the four major indexes, the average taxes were higher than the actual return.

Granted, this problem is less severe now than during the hyper-inflation of the 1970s. The capital gains bite is also less severe because Congress has cut the rate to 15% from as high as 28% as recently as 1996. This capital gains differential from the top income-tax rate of 35% is intended in part to offset the fact that capital losses are deductible against overall income only up to $3,000 a year.

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But inflation remains a hidden thief that transfers gains unfairly to the government from taxpayers. The Pence-Cantor bill would protect against this by allowing any taxpayer holding an asset for more than three years to have a gain or loss determined by a cost basis adjusted for inflation. The proposal would immediately raise the after-tax return on capital investment, thus providing an incentive for more of it.

The Bush Administration should consider getting behind the bill, but it might also be able to achieve the same result without legislation -- that is, via executive order. The tax code says only that taxes must be paid on gains as measured by the increase from the "basis" a taxpayer has in the property. The code then defines that basis as "the cost of such property," but without declaring whether that cost is real (after inflation) or nominal. If Treasury had the authority to define "cost" in one manner in 1913, it surely has the authority to redefine "cost" today.

President George H. W. Bush flinched from making this change in 1992 on the advice of government lawyers who argued that the definition of "cost" had been around so long that only Congress could now change it. But that legal interpretation is open to argument, all the more so given that inflation is once again making a comeback, albeit far more modestly than in the 1970s. Nonetheless, an inflation rate of 3% over a decade devalues the dollar value of a financial asset by about 35%. Academics have also argued that a President could redefine cost to allow, for instance, the indexing of depreciation schedules -- another bow to fairness and a boost for investment.

The Bush tax cuts expire in 2010, so taxes are sure to be a major policy battleground leading up to the 2008 Presidential race. New Treasury Secretary Hank Paulson will also be looking for ways to make his mark in the final two years of this Presidency, and removing inflated capital gains from taxation is one way to do that and help the economy.

CONGRESS-ADMINISTRATION:

Book And E-mails Hit Republican Nerves (FT)

By Caroline Daniel And Guy Dinmore In Washington

Financial Times, October 3, 2006

US Republicans are facing challenges to their credibility this week on two of their strongest themes – family values and national security – with questions on whether the leadership had covered up a scandal involving a congressman sending explicit e-mails to teenage boys, and whether the White House has covered up rising problems in Iraq.

The FBI said it would look into e-mails sent to under-age congressional pages by Mark Foley, a 52-year-old Republican congressman from Florida who resigned on Friday and on Monday said he would enter rehab to deal with his alcoholism.

The real political damage could arise from concern that the Republican leadership, including Dennis Hastert, the House speaker, had been slow to investigate the allegations fully and had failed to remove Mr Foley as chairman of the House caucus on missing and exploited children.

Mr Hastert said on Monday: “Congressman Foley duped a lot of people. I’ve known him for all the years he has worked in this House and he deceived me, too.”

In an effort to contain the fallout, and with Democratic critics asking, “Why did GOP leaders sit on Foley e-mails?” Mr Hastert called for an internal review and a Justice Department inquiry into who had seen the messages that Mr Foley had sent. An initial review by the leadership – which did not include the most explicit e-mails disclosed last week – had concluded that his messages were simply “over-friendly”.

“Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician,” said Charlie Cook, publisher of the Cook Political Report. “As articles turned toward cover-up/ inaction, it’s just one more nail in the coffin for this majority.”

Republicans had hoped to make national security the dominant election issue and had been poised to exploit last week’s victory on Capitol Hill – approval of new rules on interrogations and military tribunals – to paint Democrats as weak on national security.

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That plan for this week has been thrown off course by the publication of Bob Woodward's book State of Denial, which revealed an administration divided and disorganised over Iraq, and a new biography of Colin Powell, which says the former secretary of state warned the president of the growing insurgency.

One of the most damaging allegations from Mr Woodward is that Condoleezza Rice, the present secretary of state, brushed off warnings of a possible al-Qaeda attack on the US delivered by George Tenet, then chief of the CIA, and Cofer Black, head of counter-terrorism, at an emergency meeting on July 10 2001.

On her way to the Middle East, Ms Rice said that she could not specifically recall a meeting, and flatly denied being warned by Mr Tenet of an attack on the US. "What I am quite certain of, however, is that I would remember if I was told – as this account apparently says – that there was about to be an attack in the United States. The idea that I would somehow have ignored that I find incomprehensible."

Ms Rice said that Philip Zelikow, her senior policy adviser on the region and the former executive director of the 9/11 commission, had stayed in Washington "to help reconstruct from the commission side what happened".

Mr Zelikow was quoted by the New York Times as saying no witness before the 9/11 commission had drawn attention to such a meeting as described by Mr Woodward.

Mr Cook said the events of the last few days marked an inflection point. "The spotlight is shifting away from terrorism, 9/11, national security and falling gasoline prices back on to Iraq, how we got there and mistakes made by the Bush administration on how we have waged the war."

Party's Handling Of Foley Riles Up Voters Frustrated By Immigration, Spending (WSJ)

By Jackie Calmes

The Wall Street Journal, October 3, 2006

WASHINGTON -- As the scandal over former Rep. Mark Foley has expanded to entwine Republican leaders who knew of his emails to underage male House pages but took little action, the party has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Long before the disclosure of the unduly personal Foley emails and separate, sexually explicit instant messages last week, and the six-term Florida Republican's sudden resignation, his colleagues were fretful that many conservatives would stay home on Election Day, turned off by high federal spending, illegal immigration and inaction on a number of social issues. Moderate suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for medical research using embryonic stem cells, which President Bush vetoed in July.

Speaker of the House Dennis Hastert (R., Ill.) and John Shimkus (R., Ill.) say2 no Republican leaders were aware of inappropriate emails by Mark Foley until ABC News broke the story last Friday.

Greg Valliere, chief political strategist for Stanford Washington Research, says3 that the Foley sex scandal and its cover-up puts Republican chances in upcoming mid-term elections "in real jeopardy."

REPRESENTATIVE RACES

4 • Look at local issues5 facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Now the Foley fallout has united both Republican voter groups in anger, just five weeks before midterm elections that will determine whether the party holds its House and Senate majorities.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com. His headline reflected an ire that went beyond Mr. Foley to envelop other House Republicans who acknowledge they had heard complaints about Mr. Foley's questionable contacts with a former page. "Who Protected the Perverted Congressman?" it read.

"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

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Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Many of the Republicans' most vulnerable House districts are in a swath from the moderate Northeast westward through the Ohio River valley, and in suburban districts in Arizona, Florida, Washington state and elsewhere where Republicans already were on the defensive. Democratic pollster Peter Hart, noting that Republicans already have lost the support of most independent voters, says, "Voters in general want change, and this just puts another nail in the Republicans' coffin."

"At the end of the day," the Republican Mr. Fabrizio says, "we need moderate voters to save people like Chris Shays," a Connecticut Republican who is among the most endangered incumbents.

"The Republican Party holds itself out, rightly or wrongly, as the guardian of values, and for something like this to occur does not bode well for the party," said Tony Perkins, head of the conservative Family Research Council and a frequent ally of Republican leaders. As for Christian conservative voters, "there's clearly a lack of enthusiasm as compared to" the 2004 election.

Yesterday, House Speaker Dennis Hastert and Rep. John Shimkus, chairman of the House Page Board, again sought to contain the damage with a statement to reporters reiterating their disgust with Mr. Foley and their determination to help state and federal authorities pursue the matter. The two Illinois Republicans left without answering questions.

Later Mr. Hastert spoke to a smaller group of reporters, providing his most complete account to date. The speaker said a portion of a Foley email to a former page from Louisiana asking for a photo of the teenager was "a red flag." But he said his staff didn't need to "bump it up to me at that time."

Democrats charged that the failure of Republicans to take the initial 2005 complaint, from the parents of a then-16-year-old boy, to the bipartisan six-member board that oversees the page program was evidence of Republicans' desire to shield Mr. Foley -- and the party's House majority. The board's top Democrat, Michigan Rep. Dale Kildee, has said that Mr. Shimkus, the board's Republican chairman, never told him of the issue.

Yet Rep. Tom Reynolds of New York, who heads the House Republicans' campaign committee, was informed of the questionable Foley emails. Mr. Reynolds says he raised the Foley matter with Mr. Hastert last spring, though the Speaker reiterated yesterday that he doesn't recall such a conversation.

The matter further imperils Mr. Reynolds. Though the House and Senate campaign chiefs of both parties typically get those jobs because they are safe at home, Mr. Reynolds already had reason to worry about his hold on his moderate-to-conservative upstate New York district. Wealthy local businessman Jack Davis, his Democratic foe, has vowed to spend $2 million. Tomorrow, first lady Laura Bush will campaign for Mr. Reynolds in his suburban Buffalo district, and then separately participate in a local radio program about youth issues.

House Majority Leader John Boehner, an Ohio Republican, conceded in a television interview late yesterday that he expected Republicans to lose Mr. Foley's seat, a seat that he had been expected to win. His comment came as Florida Republicans tapped state Rep. Joe Negron to run instead, though Mr. Foley's name must remain on the ballot. Democrats have their sights on four other Florida districts as well.

The fallout also could give impetus to Democratic candidates who previously were making an issue of online sexual predators. Among them are Ed Perlmutter, a former state senator favored to seize an open Republican-held seat in Colorado, and Phil Kellam, who is threatening freshman Republican Rep. Thelma Drake in Virginia.

Action against sexual predators on the Internet has been a popular theme for politicians of both parties. Its resonance with the public, especially parents, is reflected in the popularity since 2004 of the Dateline NBC series "To Catch a Predator," which films sting operations against suspected sexual abusers of children. Last August at the Democratic National Committee's summer meeting, Karin Johanson, the executive director of the House Democrats' campaign committee, predicted to members that Republicans would run attack ads in the fall depicting Democrats as soft on sexual predators. In anticipation, Democrats developed an Internet-safety proposal.

With Democrats now the ones on the offensive, they called on Republicans to return funds from Mr. Foley, who had been a prodigious party fund-raiser and donor. In North Carolina, the Democratic Party released a statement asking of the incumbent Republican, "Who does Robin Hayes stand up for? Mark Foley and the Republican House leadership or underage children?"

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In Virginia, Dick Wadhams, the campaign manager for embattled Republican Sen. George Allen, said the campaign would donate its $5,000 from Mr. Foley to the charity Enough is Enough, a nonprofit group based in Great Falls, Va., that works against Internet-based pornography.

Leaders Face Foley Fallout (RC)

By Susan Davis

Roll Call, October 3, 2006

Facing a firestorm of criticism in the unfolding House page scandal surrounding former Rep. Mark Foley (R-Fla.), House Republican leaders held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril.

Sources familiar with the call described Members as "angry" and "furious," and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program.

"It's big, it's devastating, it's goes back to the idea that Washington, [D.C.,] is an immoral city," said one source familiar with the call.

Rep. Ray LaHood (R-Ill.), the sources said, went so far as to call for scrapping the House page program, which has been in place for more than 150 years. Rep. Phil Gingrey (R-Ga.) also called for the House to hold hearings on the matter, but that suggestion was not widely supported.

Unconfirmed rumors continue to swirl around Foley, who has checked into a rehabilitation facility for alcohol abuse.

House Majority Leader John Boehner (R-Ohio), mindful of press leaks, warned Members on the call not to discuss unconfirmed allegations on the conference call, but rather to contact leadership offices directly with those concerns.

The conference call came as Speaker Dennis Hastert (R-Ill.) and his aides wrestled with pressure that is perhaps unprecedented in his tenure, as divisions revealed themselves in leadership over the weekend.

National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) stated publicly that he discussed the series of non-sexual e-mail exchanges in 2005 between Foley and a 16-year-old male former page from Louisiana with the Speaker earlier this year.

Hastert does not deny the conversation took place but maintains he does not recall it, and the different accounts from the two leaders was widely noted.

"The atmosphere was foul over the weekend," said a GOP strategist close to the leadership. "People were pissed. I think the Speaker heard that and came back pretty quickly to the Capitol. The problem is that the rumor was the leadership was at each other's throats. ... The biggest problem was that they didn't all get their stories straight. Now they're all getting their stories straight, which is important."

Reynolds was not on the conference call Monday with the rest of the leadership team, though he was scheduled to have a press conference Monday night in Buffalo, N.Y., to reiterate the statement he made over the weekend about his knowledge of the Foley affair.

Leaders are furiously working to separate themselves from a series of sexually explicit online communications between Foley and an unknown number of former House pages, which were first publicly revealed last week.

Sources on Monday's conference call said Members supported the leaders' position that there was no prior knowledge of any inappropriate contact between Foley and minors.

Senior members of Hastert's staff, Rep. John Shimkus (R-Ill.), a co-chair of the House Page Board, and then-Clerk of the House Jeff Trandahl led a quiet inquiry into a 2005 e-mail exchange between Foley and the Louisiana page that was dubbed only as "over-friendly" but did result in Foley being advised to end communication with the boy at the request of his parents.

Hastert sought to separate himself from Foley, telling reporters Monday that he recalls little communication between himself and Foley, who was first elected in 1994.

"I've never had a [personal] conversation with him," Hastert said, "Other than his vote on a tariff matter at one time or another, I think."

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Hastert returned to Capitol Hill on Monday to reiterate his commitment to a thorough investigation into Foley's activities and a review of the House page program.

The normally media-averse Speaker spent much of Monday interacting with the press to continue pushing his position that no member of Republican leadership was aware of sexually explicit online communications Foley had with an unknown number of former House pages.

"The instant messages, reportedly between Congressman Foley and a former page sent in 2003, are vile and repulsive to me, and to my colleagues," Hastert said, "No one in the Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public."

Hastert also has committed the House to full cooperation with any and all investigations.

The events of the past week have capped what has been a rocky 109th Congress for Hastert.

While he appears to maintain broad support in the Conference, he and his senior aides increasingly have become the target of behind-the-scenes criticism from rank-and-file Members and aides.

At the kickoff of the 109th Congress, Hastert's staff counsel Ted Van Der Meid was the chief architect of a series of partisan rules changes imposed on the House ethics committee following the admonishments of then-Majority Leader Tom DeLay (R-Texas).

The new rules deadlocked the panel for several months prompting fierce partisan gridlock on the panel until Hastert relented and the House reverted to the old rules.

Hastert was also criticized by DeLay's detractors for not having the foresight to urge DeLay to remove himself from leadership as his ethical troubles worsened and overwhelmed the House majority late last year.

When DeLay stepped down as Majority Leader on Sept. 28, 2005, Hastert was also caught off-guard when his intention to install House Rules Chairman David Dreier (R-Calif.) as temporary Majority Leader was thwarted by the Conference and resulted in a clumsy scenario under which Majority Whip Roy Blunt (R-Mo.) was given the title and Dreier was given a greater role in leadership decisions.

Hastert also was forceful in January 2006 in committing the House to passing a comprehensive lobbying and ethics reform bill in the wake of DeLay's retirement announcement and the expanding scandal surrounding disgraced former lobbyist Jack Abramoff.

The bill never became law despite repeated commitments from leaders, and the House succeeded only in passing smaller rules changes to ban former Members who are lobbyists from the House floor, and to require greater disclosure of earmarks in conference reports.

Hastert also came under fire in May when he and other Congressional leaders took on the Justice Department for what they then described as an unconstitutional raid of Rep. William Jefferson's (D-La.) Congressional office. Jefferson is the target of a federal criminal probe.

While there was bipartisan agreement that the raid raised constitutional issues regarding constitutional Speech or Debate Clause protections provided to Members of Congress, Hastert and his senior aides were criticized for their handling of the matter and for creating the appearance that they sought to protect a Member of Congress from an investigation.

Congressional leaders filed a brief in support of Jefferson's request to have the materials returned to his office on the grounds they were obtained unconstitutionally — the appeal was struck down in court.

While Hastert has said publicly he will stand for re-election for Speaker next year, he has not similarly committed to serving for the full length of the Congress if elected.

In recent weeks, House Republicans have suggested that doubt has increased as to whether Hastert, who has diabetes and has been hospitalized several times for treatment of kidney stones and other health issues, will serve out the full Congress.

If Republicans lose the majority, Hastert is widely expected to leave the House, although he has never said so publicly.

The full repercussions of the Foley scandal have yet to play out, as well as the extent to which it could damage Hastert's standing in the House. While other Congressional leaders are elected only by their party colleagues, the Speaker must be elected by the full chamber.

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If Republicans maintain the majority by similar or smaller margins, it would only take the opposition of a handful of Members against Hastert to potentially threaten his hold on the Speakership.

Leadership elections are scheduled for Nov. 15. The Speaker formally will be elected by the full House on the first day of the new session in January.

Statutory Implications Of E-Mails Are Murky (WP)

By Mary Beth Sheridan

The Washington Post, October 3, 2006

House Speaker J. Dennis Hastert has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution.

"As a general proposition, mere knowledge of the fact somebody has committed a crime . . . doesn't expose you to criminal liability," said David Schertler, a former assistant U.S. attorney for the District who is now in private practice.

Hastert's office has acknowledged that his aides learned last year about inappropriate e-mails sent by then-Rep. Mark Foley (R-Fla.) to a 16-year-old page. At the time, Foley was ordered to cut off contact with the boy.

Foley resigned Friday after the revelation of much more sexually explicit messages sent to other pages in 2003.

Stephen Saltzburg, a professor at George Washington University's law school, said it was not clear whether members of Congress or their staffs actually saw any of the e-mails before the current scandal, or had only heard about them.

"That can make a big difference," he said. "But even if they had seen them, they may not have been aware of any criminality associated with that. They may have thought it was improper."

In fact, it is still not certain whether Foley broke the law by sending the messages, Saltzburg noted.

Hastert (R-Ill.) said yesterday that no Republican House leaders had seen the "vile" messages sent in 2003 until Friday. Republican officials have said the 2005 e-mails were "over-friendly" but not sexually explicit.

Legal experts said federal law and some states have an offense called "misprision of a felony," aimed at people who know of a crime and do not report it.

But Schertler said that law is generally interpreted as involving someone who participates in a coverup or has a legal responsibility to report illegal conduct.

"Ethically and morally, it raises a lot of questions" if legislators learned of a possible offense and did not report it, Schertler said. But it probably would not rise to the level of a crime, he said.

E-mails Send House GOP Scrambling (HILL)

By Patrick O'connor

The Hill, October 3, 2006

House Speaker Dennis Hastert (R-Ill.) launched a media offensive yesterday amid mounting criticism of his handling of ex-Rep. Mark Foley's (R-Fla.) e-mail to a 16-year -old page.

The Speaker, who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. Hastert's staff acknowledged last weekend that they were told about e-mail between Foley and a former page from Louisiana in the fall of 2005.

Hastert has not disputed that the he was told about the e-mails by Rep. Tom Reynolds (R-N.Y.) earlier this year.

The Speaker's judgment in this case has left some within his own conference questioning his leadership capabilities. At press time, House leadership was holding a conference call with House Republican members.

Hastert publicly maintained yesterday that his staff did everything it could have after Rep. Rodney Alexander (R-La.), whose office sponsored the page, first brought the e-mailto their attention because the page's parents did not want the incident publicized.

"In 2005, we did exactly what we thought the parents wanted us to do," Hastert told a small group of reporters about his staff's review of the e-mail from Foley to the page.

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Hastert said he was not notified of that investigation until his chief of staff, Scott Palmer, and outside counsel, Randy Evans, conducted an internal investigation last weekend to solidify the timeline.

The initial investigation was conducted in coordination with Rep. John Shimkus (R-Ill.), who heads the six-member House Page Board, and former Clerk of the House Jeff Trandahl. The other members of the Page Board were not notified about the investigation.

During an earlier statement in the Capitol yesterday, Hastert tried to make a clear distinction between the language in Foley's email to the Louisiana page and the more salacious instant messages that were released later by news outlets.

"No one in Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public," Hastert said.

Despite that statement, the Speaker later said the e-mail in question did "raise red flags."

Hastert's outreach comes after a prominent member of his own leadership team disputed the his initial account about when he first heard about the e-mail in question.

Reynolds, who chairs the National Republican Congressional Committee (NRCC), released a statement on Saturday saying he first told Hastert about the initial set of e-mail last spring after the Speaker said last week that he first heard about the correspondence when news broke.

In addition to his press outreach, Hastert requested the Clerk of the House to establish a hotline for pages, former pages, their families and anyone else with pertinent information about improper contact between the pages and members or staff.

The FBI confirmed on Sunday that it is investigating Foley's activities.

The news comes just over a month before voters head to the polls to decide the fate of congressional Republicans in the next Congress. Hastert yesterday downplayed the political implications of this episode.

"This is a different issue [than] about whether we have the majority or not," Hastert said.

At press time, two conservative leaders called on Hastert and other GOP leaders to resign.

David Bossie, president of conservative advocacy group Citizens United, said, "This inaction demonstrates a lack of leadership on Speaker Hastert's part, and calls into question both his judgment and character."

Bossie told The Hill, "This is an issue of right and wrong. This is a question of honesty and integrity in government.

Michael Reagan, nationally syndicated radio show host and affiliated with Citizens United, also called for leadership resignations.

Numerous Democratic candidates have criticized Republican leaders for covering up Foley's behavior, and Minority Leader Nancy Pelosi (D-Calif.) called for leaders to be questioned by federal investigators about what they knew and when they knew it.

Many Republicans in the House are upset that they were not notified about the initial investigation and criticized their leaders' handling of the scandal.

A House conservative lawmaker said "he was very disgusted with the leadership," claiming the leaders "should have handed this over to the ethics committee immediately."

The member also questioned Hastert's memory lapse regarding his conversation with Reynolds last spring about Foley.

"I don't think I would have forgotten that conversation," the member said.

"The Speaker should have asked, 'What the hell is going on?'"

Instead of resolving this issue months ago, the matter is playing out weeks before the election, the member said.

Rep. Ray LaHood (R-Ill.), a close Hastert ally and chief of staff to former Minority Leader Bob Michel (R-Ill.), said he emailed Palmer on Sunday telling him to abolish the entire page program until these problems are sorted out.

"This whole thing is going to go a lot deeper than we all realize," LaHood said, falling short of calling for Hastert to dismiss any of his staff.

Foley's lawyer released a statement yesterday announcing that the congressman has checked himself into alcohol rehabilitation facility.

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Meanwhile, the Florida Republican Party named former state Rep. Joe Negron as its candidate to replace Foley. Negron has 35 days to campaign before theelection, and his name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat.

House Majority Leader John Boehner (R-Ohio) said yesterday on Sean Hannity's radio show that he expects Democrats to win Foley's seat in November.

Leaders over the weekend questioned the exact timeline of events about when members of the leadership knew about the questions involving Foley.

Reynolds statement on Saturday directly contradicted Hastert's initial response to Foley's resignation. NRCC spokesman Carl Forti said the campaign chief released his statement Saturday afternoon "to clarify the timeline."

Foley's office first notified NRCC staff on Wednesday night that ABC had asked them about the initial e-mail, Forti said yesterday.

An ABC News reporter then surprised some Republicans outside a rally at the Capitol Hill Club for GOP-friendly lobbyists, but the questions were about disgraced former lobbyist Jack Abramoff.

Foley's office again contacted the NRCC on Friday morning when they became aware of other instant messages that were more sexually suggestive in nature, Forti said. Upon learning of that second batch of messages, "intermediaries" approached Foley on Reynolds' behalf and told the six-term congressman that he would have to resign, the NRCC spokesman said yesterday.

Hastert yesterday dismissed the suggestion that his staff should have raised the issue with him.

"It was resolved when this thing came out, so I didn't see any reason to bump it up to me," Hastert said yesterday about his staff's review of the e-mail from Foley to a page. "There was no there there."

Boehner and Rep. Marsha Blackburn (R-Tenn.) were scheduled to make media appearances last night to make the case that there is a clear distinction between the initial e-mail and the later instant messages.

Hastert Says He Didn't Know Of Explicit Contact (USAT)

By Kathy Kiely

USA Today, October 3, 2006

WASHINGTON — House Speaker Dennis Hastert defended himself and other Republican leaders Monday against charges they did not move aggressively to investigate Rep. Mark Foley's contacts with teenage boys.

Hastert reiterated that House leaders had no knowledge of sexually explicit instant messages the Florida Republican allegedly sent to several congressional pages until ABC News reported about them Friday.

Foley resigned after ABC questioned him about them.

Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit.

"Would have, could have, should have," Hastert said. "We did what we thought … was prudent at the time."

Hastert's comments came as law enforcement officials in Washington and Florida outlined plans to investigate whether Foley's communications violated state or federal law prohibiting sexual solicitation of minors.

In Florida, Republicans named state Rep. Joe Negron to run in Foley's place Nov. 7. Foley's name will stay on the ballot.

"I'm going to make sure everyone knows that Mark Foley has withdrawn. He's no longer an issue," Negron said.

House Majority Leader John Boehner, R-Ohio, said it would be hard to hold onto the seat.

"In order to vote for this candidate, you have to vote for Mark Foley," Boehner said on The Sean Hannity Show on ABC Radio. "How many people are going to hold their nose to do that?"

Democrats continued to criticize Republicans for not pushing harder when Rep. Rodney Alexander, R-La., told Hastert aides last fall about the e-mail to the 16-year-old. That message was investigated by Hastert's staff and Rep. John Shimkus, R-Ill., head of the three-member House page board.

Republicans "failed to protect the children under their trust," House Minority Leader Nancy Pelosi, D-Calif., said.

Hastert refused to comment directly on the charges.

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"This is not an issue of whether we have the majority or not," he said. "This is about how we protect those kids."

John Walsh, host of the television show America's Most Wanted, said he could not believe the double life that Foley led. Walsh's show profiles cases of fugitives, many of whom are accused molesters. "I feel incredibly deceived," Walsh said. "I'm absolutely appalled."

Sen. George Allen, R-Va., and Rep. Clay Shaw, R-Fla., said they will donate campaign contributions from Foley to charities. Allen is giving $5,000 to Enough is Enough, a group that advocates protection of children from Internet pornography. Shaw is giving $2,000 to the Center for Missing and Exploited Children.

On Capitol Hill, Foley's office remained locked. Hastert, who protested the FBI's unannounced raid this year on the office of Rep. William Jefferson, D-La., said he wants federal agents to have free rein. "I expect everybody to cooperate with them," he said.

David Roth, Foley's attorney, said his client entered an alcohol rehabilitation program. Even if he is charged and convicted, Foley will receive an annual congressional pension of about $32,000 once he reaches 62, according to Pete Sepp of the National Taxpayers Union, a watchdog group.

Resign, Mr. Speaker (WT)

The Washington Times, October 3, 2006

The facts of the disgrace of Mark Foley, who was a Republican member of the House from a Florida district until he resigned last week, constitute a disgrace for every Republican member of Congress. Red flags emerged in late 2005, perhaps even earlier, in suggestive and wholly inappropriate e-mail messages to underage congressional pages. His aberrant, predatory -- and possibly criminal -- behavior was an open secret among the pages who were his prey. The evidence was strong enough long enough ago that the speaker should have relieved Mr. Foley of his committee responsibilities contingent on a full investigation to learn what had taken place, whether any laws had been violated and what action, up to and including prosecution, were warranted by the facts. This never happened.

Rep. John Shimkus of Illinois, the Republican chairman of the House Page Board, said he learned about the Foley e-mail messages "in late 2005." Rep. John Boehner of Ohio, the leader of the Republican majority, said he was informed of the e-mail messages earlier this year. On Friday, Mr. Hastert dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat.

Now the scandal must unfold on the front pages of the newspapers and on the television screens, as transcripts of lewd messages emerge and doubts are rightly raised about the forthrightness of the Republican stewards of the 109th Congress. Some Democrats are attempting to make this "a Republican scandal," and they shouldn't; Democrats have contributed more than their share of characters in the tawdry history of congressional sexual scandals. Sexual predators come in all shapes, sizes and partisan hues, in institutions within and without government. When predators are found they must be dealt with, forcefully and swiftly. This time the offender is a Republican, and Republicans can't simply "get ahead" of the scandal by competing to make the most noise in calls for a full investigation. The time for that is long past.

House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once. Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations -- or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. He gave phony answers Friday to the old and ever-relevant questions of what did he know and when did he know it? Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance.

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A special, one-day congressional session should elect a successor. We nominate Rep. Henry Hyde, also of Illinois, the chairman of the House International Relations Committee whose approaching retirement ensures that he has no dog in this fight. He has a long and principled career, and is respected on both sides of the aisle. Mr. Hyde would preside over the remaining three months of the 109th Congress in a manner best suited for a full and exhaustive investigation until a new speaker for the 110th Congress is elected in January, who can assume responsibility for the investigation.

After Foley, New Fears For The GOP (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 3, 2006

Republican strategists said yesterday that public revulsion over the sexually graphic online conversations between Rep. Mark Foley (R-Fla.) and former House pages could compound the party's problems enough to tip the House to the Democrats in November -- and could jeopardize the party's hold on the Senate as well.

As House GOP leaders defended their role in handling revelations that forced Foley on Friday to give up his House seat, party strategists said the scandal threatens to depress turnout among Christian conservatives and could hamper efforts to convince undecided and swing voters that Republicans deserve to remain in the majority.

There was intense anger among social conservative activists in Washington yesterday, and some called for House Speaker J. Dennis Hastert (R-Ill.) to resign.

Republican operatives closely following the battle for the House and Senate said that they are virtually ready to concede nearly a third of the 15 seats the Democrats need to recapture control of the House, and that they will spend the next five weeks trying to shelter other vulnerable incumbents from the fallout of the Foley scandal in hopes of salvaging a slender majority.

Districts in which Republicans have effectively walked off the field include Foley's own in South Florida. House Majority Leader John A. Boehner (R-Ohio) said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, "to vote for this candidate, you have to vote for Mark Foley," Boehner said. "How many people are going to hold their nose to do that?"

Others warned that the impact could be much greater. Tony Perkins, president of the Family Research Council and an important social conservative leader, said "there's a real chance" that the episode could dethrone the Republican majority. "I think the next 48 hours are critical in how this is handled," he said, adding that "when a party holds itself out as the guardian of values, this is not helpful."

Foley's sudden resignation came at the end of a week that had delivered a series of blows to Republican hopes in November. A National Intelligence Estimate asserted that the war in Iraq is fueling new threats from Islamic jihadists faster than the United States and allies can contain them, then a new book by Bob Woodward of The Washington Post said the administration's private assessments of Iraq are far worse than officials are telling the public. Taken together, GOP strategists said, the events of the past 10 days reversed what some Republicans had seen as a modest rebound in September after the worst days of the summer.

By yesterday, a number of GOP strategists reported widespread gloom about the party's prospects, combined with intense anger at the House leadership.

Joe Gaylord, who was the top adviser to Newt Gingrich (Ga.) when Republicans seized control of the House in 1994, was pessimistic about the party's midterm prospects. He said the fallout from Foley's resignation comes "very close" to ensuring a Democratic victory in November.

"The part that causes the greatest fallout is the obvious kind of pall that an incident like this would put on our hardest-core voters, who are evangelical Christians," he said. "The thing I have said almost since this cycle began is the real worry you have is that [Republicans] just won't turn out. This is one more nail in that coffin."

Depressed turnout would not only hurt vulnerable House incumbents but also make it more difficult for Republicans to hold the most competitive Senate seats -- many of those races are now virtually even, according to recent polling.

Hastert faces a spreading revolt among some conservatives over the way he and other GOP leaders handled the matter when first alerted to the contact between Foley and one former House page. Hastert said again yesterday that no House

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Republican leader knew about the most graphic communications until they surfaced on Friday, but that did little to satisfy some conservative activists.

David Bossie, who runs a group called Citizens United, called yesterday for Hastert's resignation and said other conservative leaders are likely to follow suit. Bossie said the initial e-mails alone, which included Foley's request of a minor's picture, should have prompted an immediate inquiry. "That was a cry for an investigation," Bossie said. "Why couldn't the speaker of the House muster the will to stop this?"

Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul M. Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like [Foley] to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

Vin Weber, a GOP lobbyist close to the White House and to congressional leaders, said many Republicans outside of Washington are echoing Bossie.

"From what I hear, it is resonating badly and our candidates are on the defensive about this," Weber said. "The maddening thing about this is if they had done the right thing" by informing Democrats early on and investigating it fully, "there would be no political fallout," he said.

Top GOP strategists said party leaders will concentrate on trying to keep the focus of the unfolding story on Foley, rather than on how House leaders responded when informed about his contacts with former pages.

"I don't know of any race ever where the action of one member has impacted the race of another," said Carl Forti, spokesman for the National Republican Congressional Committee.

Republicans are bracing for ads that link previous scandals with the Foley case and ask, "Had enough?" Several strategists said this could be devastating in tight races. The most optimistic scenario offered by GOP strategists is that no new information surfaces and the controversy ends in the next five weeks.

Republicans have designated state Rep. Joe Negron as the substitute candidate in Florida's 16th District, even as Boehner and others denigrate his prospects.

Republicans say they are in grave danger of losing the seat of former House majority leader Tom DeLay (Tex.), as well as those held by Rep. Robert W. Ney (Ohio) -- who agreed to plead guilty to corruption charges in the investigation into the activities of convicted former lobbyist Jack Abramoff -- and Rep. Don Sherwood (Pa.), who has been embroiled in a scandal over an affair.

In addition, Republicans have largely given up on holding the seat of retiring Rep. Jim Kolbe (Ariz.), and strategists are pessimistic about retaining open seats in Colorado and Iowa and the seat now held by Rep. John N. Hostettler (Ind.).

Some Republicans also said Rep. Thomas M. Reynolds (N.Y.), the NRCC's chairman and one of the GOP leaders who knew about a non-graphic communication between Foley and a former page, could face an even tougher challenge for his Buffalo area seat. Reynolds and Hastert sniped at each other over the weekend about who knew what and when.

Hastert Denies GOP Saw Foley's 'Vile' Messages (WT)

By Charles Hurt

The Washington Times, October 3, 2006

House Speaker J. Dennis Hastert said yesterday that Republican leaders had not previously seen the more lurid Internet "instant messages" sent by disgraced ex-Rep. Mark Foley as influential conservatives began calling for party leadership resignations over the handling of the matter.

"The instant messages reportedly between Congressman Foley and a former page, sent in 2003, were vile and repulsive," Mr. Hastert said yesterday. "No one in the Republican leadership ... saw those messages until last Friday when ABC News released them to the public."

Had Mr. Foley not resigned immediately, he added, "I would have demanded his expulsion."

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Still, several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page," David Bossie, president of the conservative group Citizens United, said yesterday.

"This inaction demonstrates a lack of leadership on Speaker Hastert's part and calls into question both his judgment and character," Mr. Bossie said. "If Speaker Hastert was willing to sacrifice a child to protect Representative Foley's seat and his own leadership position, then he surely does not share our American and conservative values."

Richard A. Viguerie, a founder of the conservative movement, called for the "immediate resignation of any House GOP leaders who had knowledge of former Congressman Mark Foley's improper contact with underage pages -- but who took no action."

Mr. Hastert told reporters yesterday that he had been unaware of sexually explicit messages sent by Mr. Foley but had been told about previous, less sordid, messages in which the congressman asked a teen boy what he wanted for his birthday and whether he could provide a photograph of himself.

"There was nothing explicit in this e-mail that I understood," Mr. Hastert told reporters yesterday. "His parents were protective of this thing and what they wanted was Mr. Foley ... to stop contacting their son."

The explanation did not convince Mr. Viguerie.

"When you have a 50-year-old man -- who is a known homosexual -- who wants a picture of a 16-year-old boy, that should send out some alarm bells," he said. "This is almost like a Clinton-type response."

Mr. Foley has refused to answer questions about his sexuality.

Nor did it convince conservative activist Bay Buchanan.

"That e-mail they call an 'overly friendly' e-mail -- that had predator stamped all over it. There's just no one in this country that can suggest otherwise," said Mrs. Buchanan, the president of American Cause.

Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal, which broke last week just as lawmakers were heading home for November elections that could end their near-continuous 12-year grip on Congress.

"Most Republicans are sticking together," said Hastert spokesman Ron Bonjean. "Most Republicans understand that 30 days before Election Day, we need to stand together and find out what happened and continue fighting the war on terror and cutting taxes."

Conservative outrage echoed that of Democratic leaders.

"Speaker Hastert again failed to answer the question that every mother and father in America is asking: How could Republican leaders choose partisan politics over protecting children?" Minority Leader Nancy Pelosi said after Mr. Hastert held a press conference yesterday with Rep. John Shimkus, Illinois Republican and leader of the Congressional Page Board.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," she said. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

In Florida, meanwhile, Republican leaders tapped state Rep. Joe Negron to run in Mr. Foley's place against Democrat Tim Mahoney, whose campaign had been viewed as a long shot before last week's developments. Though Mr. Foley's name remains on the November ballot, Mr. Negron will be awarded any votes cast for the six-term congressman, according to Florida election law, as well as any write-ins that are cast for him.

"Obviously I'd rather have my name on the ballot, but Mark Foley, that name is a place-holder -- that's it," Mr. Negron told reporters in Orlando yesterday. "He's withdrawn -- not in Congress, not a congressman anymore. This is going to be a race between Joe Negron and Tim Mahoney."

Former Florida Republican Party Chairman Tom Slade said chances are slim that Republicans can hold the seat.

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"I think it's a death sentence ... mission impossible," he said. "The only way you win is [voters] have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

On Sunday night, two days after his resignation, Mr. Foley checked himself into a clinic for treatment of alcoholism, for at least 30 days. He also has issued a statement assuming responsibility for his actions.

Last night, his attorney David Roth told CNN that Mr. Foley is "absolutely, positively not a pedophile" and "has never ever had an inappropriate sexual contact with a minor in his life."

Republicans on Capitol Hill say they feel betrayed by their longtime colleague and offered no words of comfort for him.

"Congressman Foley duped a lot of people," Mr. Hastert said. "He lied to Mr. Shimkus, and he deceived his in-state paper when they each questioned him. He deceived the good men and women in organizations around the country with whom he worked to strengthen our child-predator law. I have known him for all the years he served in this House, and he deceived me, too."

Whatever the cause, Mr. Viguerie said, it's more evidence that Republicans have lost their way.

"This isn't an isolated situation," he said. "It is only the most recent example of Republican House leaders doing whatever it takes to hold onto power. If it means spending billions of taxpayers' dollars on questionable projects, they'll do it. If it means covering up the most despicable actions of a colleague, they'll do it. They've lost their moral rudder."

•This article is based in part on wire service reports.

Analysis: Foley Shadows GOP Election (SFC/AP)

San Francisco Chronicle, October 2, 2006

(10-02) 16:44 PDT WASHINGTON, (AP) --

In a twist on the old Watergate question, the Republican Party is struggling to answer: What did GOP leaders know of a congressman's salacious exchanges with underage male pages and when did they know it?

The truth could determine not only their own political futures but also whether the party can recover from the scandal surrounding former Republican Rep. Mark Foley — and manage to remain in power after Nov. 7.

"I don't think this is so much about Foley as it is about the handling of this," Rick Davis, a Republican strategist, said Monday as the drama rocked the House GOP five weeks before midterm elections, much to Democrats' delight.

"The question becomes who's getting thrown overboard besides Foley to get this to go away," said Tony Fabrizio, another GOP consultant.

The six-term Florida congressman resigned abruptly on Friday after the disclosure that he sent suggestive electronic messages to teenage boys working as House pages. The tawdry turn of events set off finger-pointing among House Republicans and overshadowed what the GOP had hoped would be a triumphant final work week highlighting the party's national security credentials before the campaign's homestretch.

Now, the Republican Party — already facing an unfriendly political environment and the fallout from a new book critical of President Bush's handling of the Iraq war — finds itself knocked even further off message and working to contain the political damage.

Punting on Monday, White House spokesman Tony Snow told reporters: "The House has to clean up the mess, to the extent there is a mess."

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., denounced sexually explicit instant messages Foley sent in 2003 to pages as "vile and repulsive" and denied that House leaders had access to them.

However, Hastert's staff and Republicans in leadership, including Majority Leader John Boehner, R-Ohio, and Rep. Tom Reynolds, R-N.Y., the chairman of the House campaign effort, for months had been aware of a questionable 2005 e-mail exchange between Foley and a Louisiana teen. Reynolds said he also told Hastert, but the speaker said he doesn't recall the conversation.

GOP leaders are facing questions of a cover-up while Democrats across the country seize on the scandal, demanding an independent investigation and calling for some Republicans to resign their leadership posts.

Republican candidates, meanwhile, are distancing themselves from Foley and seeking inquiries. Some Republicans also are calling for accountability from GOP leaders who knew about some of Foley's behavior and failed to take action.

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"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, a Republican in a competitive re-election fight in Connecticut.

Like other Democrats, his opponent Diane Farrell called the scandal indicative of House Republicans run amok, saying: "This leadership, which has been so terribly wrong on so many policies, now seems willing to cover up events to protect its members."

Privately, some Republicans concede that the party now is in even more danger of losing control of the House and a few fear the scandal could spill over to the Senate as well. Democrats need to win 15 GOP-held House seats and six in the Senate for control after a dozen years of Republican rule.

The fear is that voters already angry with Congress and inclined to favor Democrats will view the scandal as an indictment against the GOP in general and buy into the Democratic argument that change is needed.

In light of the scandal, at least one Republican-held House seat considered safe for Republicans now may be in jeopardy — Foley's seat in Florida. His name must remain on the ballot even though Republicans chose a replacement candidate, state Rep. Joe Negron.

Seeing an opportunity, Democrats rushed to the aid of challenger Tim Mahoney, and the candidate himself wasted no time, launching a fresh round of television ads featuring former Democratic Sen. Bob Graham calling Mahoney someone who "believes in faith, family and personal responsibility."

Carl Forti, a spokesman for the House Republican campaign effort, said that's the only seat that could be affected. "I don't know of any member of Congress who's ever lost because of something a member did or didn't do," he said.

"If Democrats want to play politics with this, they're going to be bitten too," Forti said.

Still, the fallout from Foley's behavior also could complicate Reynolds' re-election bid.

The New York Republican's race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district.

Other Republicans in close re-election fights also are feeling heat.

In Ohio, Rep. Deborah Pryce, a House leadership member, is facing questions about what she knew, and she joined other Republicans — including Reps. Nancy Johnson of Connecticut, Clay Shaw of Florida and Heather Wilson of New Mexico — in saying they plan to donate to charities or return the contributions they received from Foley. Sen. George Allen of Virginia says he'll do the same.

For Hastert, Boehner and others in leadership but not in close races, the ramifications could spread beyond November and into House leadership elections should Republicans hold the House — now a big "if" some Republicans say.

Three decades ago, Republican Richard M. Nixon was dogged by the question of what did the president know about the break-in of Democratic headquarters at the Watergate and when did he know it.

In November 1974, Democrats capitalized on the scandal, seizing scores of congressional seats as the Watergate class swept to office.

Ripple Effect May Shake Reynolds (HILL)

By Jonathan Allen And Aaron Blake

The Hill, October 3, 2006

The political fallout from former Rep. Mark Foley's (R-Fla.) inappropriate electronic communications with underage congressional pages could spread to Rep. Thomas Reynolds' (R-N.Y.) district, according to some political experts.

As Republican leaders scramble to limit the damage to their party, Democrats are drawing a bead on the National Republican Congressional Committee (NRCC) chairman, who has admitted to knowing for months about e-mail contact Foley had with a page.

Sean Kelly, a political science professor at Niagara University in Lewiston, N.Y., said there is reason for Republicans to be worried about Reynolds' seat.

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"The story seems to have some legs, and the current explanation doesn't seem to be cutting it to a lot of people — that he knew and that he passed on the information and the parents didn't want to pursue it," Kelly said. "My perception is that a lot of people are looking at that and saying, 'So what if the parents didn't want to pursue it? It should be pursued.'"

Last week a Survey USA poll found that Reynolds is only leading his opponent by two points. Reynolds and other Republican leaders insist they knew nothing about the most salacious Internet chats, the contents of which have been posted on ABC's website.

"His insistence that he told the Speaker about this some time ago highlights … his own political vulnerability," said Thomas E. Mann, a senior fellow at the Brookings Institution.

Reynolds won a fourth term in 2004 by his slimmest margin to date, 56 percent to 44 percent. Democrat Jack Davis is making a second bid for the seat and said he will pump $2 million of his own money into the campaign.

But Republicans say the Foley story has not made them more concerned about Reynolds's prospects for reelection.

"Not at all," NRCC spokesman Carl Forti said.

Two past NRCC chairmen, Rep. John Linder (R-Ga.) and former Rep. Bill Paxon (R-N.Y.), said Reynolds will be unaffected.

"I don't think last week will have any impact at all," Linder said.

Republican leaders have been working to distinguish between less-suggestive e-mails that they say they were aware of and extremely explicit Instant Messenger conversations that they say they knew nothing about until they were reported by ABC last week.

Paxon suggested that the distinction is important in explaining why Reynolds did not pressure Foley to resign months ago.

"If you're Tom Reynolds and if you thought for a nanosecond that there was a potential scandal there, you would have taken immediate action to get Foley out of the race," Paxon said.

But Democrats say Reynolds kept the e-mail quiet for political purposes.

"When Washington and Republicans in Congress needed a moral compass, Tom Reynolds, as a member of the leadership, swept the facts under the rug and put politics ahead of protecting children," said Jen Psaki, spokeswoman for the Democratic Congressional Campaign Committee (DCCC).

Jim Campbell, a political science professor at the University at Buffalo, said the Foley scandal does not help Reynolds but it probably will not cost him his seat.

"My sense is that this is probably going to be a two-day story. As long as Congressman Reynolds indicates he followed the reasonable procedure in sending along the information about this up through the channels, I wouldn't think it would hurt him much," Campbell said.

Campbell and Kelly said Davis has focused almost entirely on economic issues and they do not anticipate a message shift in the five weeks before the election.

"I'd be surprised if Davis changes tact," Campbell said.

Local Democrats are upset that Davis has been reluctant to attack Reynolds on issues other than the economy, Kelly said.

"I think there are a lot of people in Erie County who are probably pulling their hair out," he said.

But the Davis camp launched a salvo at Reynolds late Monday afternoon.

"Like all of us, Tom Reynolds has a moral obligation to protect our children. He did not care, period," said Davis campaign spokesman Curtis Ellis. "Reynolds should have been demanding accountability from Mark Foley. Instead, he was demanding a $100,000 campaign contribution and took it."

DCCC Chairman Rahm Emanuel (D-Ill.) has targeted Reynolds's seat throughout the 2005-2006 cycle.

Kerry: Foley Scandal Part Of GOP 'culture Of Corruption' (DMR)

By Lisa Ros

Des Moines Register, October 3, 2006

Massachusetts Sen. John Kerry denounced former Rep. Mark Foley during an appearance in Ames today, shaming him for his explicit communications with a teenage congressional page that emerged last week.

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He said he and his wife, Teresa Heinz Kerry, “are just appalled and astonished and angered by the double standard of values.”

“I’m really angry those in a position of responsibility care more about

power and politics than protection of children,” he added.

ABC News has printed excerpts of an explicit instant message exchange between Foley and a male page, where the Florida Republican asks the teen about his masturbation habits and the size of his genitalia. Foley, a Florida Republican, resigned Friday.

Kerry, the Democrats' 2004 presidential nominee and a potential candidate for the nomination in 2008, spoke today before participating in a kickoff event for Political Action Week at Iowa State University.

Kerry wouldn’t predict whether the scandal regarding Foley would directly affect mid-term elections in November, but said it adds to the “Republican culture of corruption,” linking it to what he said were failures responding to Katrina, the war in Iraq and the Sept. 11 terrorist attacks.

The Redder They Are, The Harder They Fall (WP)

By Paul Farhi

The Washington Post, October 3, 2006

Sex scandals involving politicians are as old as Thomas Jefferson, but the outcome seems to depend on which party you represent. In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives.

The latest example: Mark Foley, a Republican congressman from Florida, who abruptly became an ex-congressman from Florida last week amid revelations that he had sent sexually explicit e-mails to teenage boys who were serving as House pages.

Foley's creepy behavior might have done him in even if he'd been the most liberal of Democrats. But that's not assured. With a Republican at the center of the seamy scandal, however, it was almost a slam-dunk that Foley would have to quit.

That's how it usually turns out for members of the conservative, traditional-family-values party. Just ask Bob Livingston, Jack Ryan, Bob Packwood, Dan Crane or others in the GOP who've watched their careers go pffft! with salacious disclosures. Or ask Bill Clinton, Gerry Studds, Barney Frank and other Democrats who've withstood embarrassing revelations to govern another day. Consider, for example:

Â· Packwood, from Oregon, resigned his Senate seat in 1995 amid repeated allegations that he had sexually harassed women. A few years earlier, Rep. Jim Bates, a Democrat from the San Diego area, faced similar allegations by two female staffers. Bates refused to resign and won reelection (he eventually lost his seat to Randy "Duke" Cunningham, who ran into his own ethics problems last year, and resigned after being convicted of bribery).

Â· In 1998, Livingston won the Republican Party's blessing to succeed Newt Gingrich as speaker of the House. But Livingston, of Louisiana, never served a day in the job. He was sunk by revelations that he'd had an extramarital affair, a disclosure that carried the additional baggage of hypocrisy since, at the time, Livingston was leading the Republican impeachment of President Clinton for his affair with Monica Lewinsky. Clinton, of course, ultimately survived impeachment.

Â· Rep. Thomas Evans (R-Del.) was voted out of office in 1982 after he publicly regretted his "association" with a lobbyist named Paula Parkinson, who later posed for Playboy; Evans and two other Republican House members (including one named Dan Quayle) had shared a Florida cottage with Parkinson on a junket. Contrast this to the reaction to allegations of an affair between Sen. Chuck Robb (D-Va.) and Tai Collins, a former Miss Virginia. Robb claimed that Collins had only given him a back rub in a hotel room. Robb won reelection three years later.

Â· The clearest illustration may be in the divergent outcomes of the cases against Crane (R) and Studds (D) in 1983. Both men were censured by the House for having sex with underage congressional pages -- Crane with a 17-year-old girl in 1980, Studds with a 17-year-old boy in 1973. Crane, of Illinois, apologized for his actions, while Studds, who declared he was gay, refused. Crane lost his reelection bid the next year; Studds, of Massachusetts, kept winning his seat until he retired in 1996.

A double standard? And if so, by whom?

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"The reality is that Democrats seem to get away with more," says Chuck Todd, editor in chief of the Hotline, a daily political journal. "They can have an affair and bail [themselves] out. There's a lower threshold for Republicans. I guess it's more of a hypocrisy thing," he adds, because such scandals put Republicans at odds with the party's socially conservative image.

Todd thinks he knows who's to blame for this: "It's the media, to be honest. What is the standard 'gotcha' story in the media? It's hypocrisy. If we can prove hypocrisy, we have a story. . . . So in a sex scandal, the bar for Republicans is lower."

He cites the case of Jack Ryan, the Illinois Republican whose bid for the Senate was derailed in 2004 when his wife, actress Jeri Ryan, alleged in divorce papers that he had taken her to sex clubs and had asked her to engage in sexual activity in front of other patrons. "What's amazing is that his candidacy hit the wall not because he had sex, but because he was thinking about having sex," says Todd.

But it's tough to blame the media when it's the electorate that determines who stays and who goes.

In Studds's case, he happened to represent a liberal (and apparently quite forgiving) district, while Crane came from a conservative rural district. Ditto with Barney Frank, who was reelected in his liberal Massachusetts district after it was revealed that he hired a male prostitute in 1985 to work in his District apartment, and the young man used the apartment to run a prostitution service. Clinton, meanwhile, was elected president twice, which may have had something to do with his ability to survive the storm over alleged extramarital affairs.

"A scandal's a scandal and the media will jump on it, no matter what party," notes Michael Farquhar, author of "A Treasury of Great American Scandals." On the other hand, notes Farquhar, a reporter who is on leave from The Post, "there's probably that extra twinge of delight [in the media] when, say, a gay-bashing Republican gets caught soliciting sex in a men's room, or a pious espouser of family values sleeps with his secretary."

There are exceptions, of course. A few Democrats have lost their jobs as a result of scandals. Wayne Hays, a Democrat from Ohio, resigned his House seat in 1976 after the disclosure of his affair with Elizabeth Ray, the curvaceous blonde who "worked" in Hays's office despite no evident secretarial skills. Gary Hart, who famously dared reporters to follow him around to prove he was squeaky clean, blew up as a Democratic presidential candidate in 1984 after reporters found him leaving a Capitol Hill townhouse after spending the night with a woman not his wife. And Gary Condit, a conservative Democrat from Modesto, Calif., lost his seat in 2002 following saturation coverage of his relationship with murdered intern Chandra Levy.

It's also true that Wilbur Mills, the powerful Democratic chairman of the House Ways and Means Committee in the 1970s, lost his chairmanship after cavorting in the Tidal Basin with Fanne Foxe, "the Argentine Firecracker."

What's forgotten, however, is that Mills won reelection after his Tidal Basin romp; he was stripped of his chairmanship only after he appeared on a stage in Boston with Foxe, apparently drunk. House Democrats demanded his resignation, and got it.

Paging Mr. Hastert (WSJ)

The Wall Street Journal, October 3, 2006

Florida Republican Mark Foley's sexually explicit emails to a Congressional page certainly warranted his resignation from the House, and they may well merit prosecution. But this being five weeks from an election, the GOP House leadership is also being assailed for not having come down more strongly on a gay Congressman for showing a more than friendly interest in underage boys. That's a different issue altogether.

At least this seems to be the essence of the Democratic and media charge against Speaker Dennis Hastert, who admits his office was told months ago about a friendly, non-explicit 2005 email exchange between Mr. Foley and another page. In that exchange, Mr. Foley had asked the teenager "how old are you now" and requested "an email pic."

In our admittedly traditional view, this was odd and suspect behavior, especially because Mr. Foley was well known as a homosexual even if he declined to publicly acknowledge it. And Mr. Hastert was informed that fellow Illinois Republican John Shimkus -- who oversees the page program as part of a six-member board -- spoke privately with Mr. Foley, who explained that the email was innocent.

What next was Mr. Hastert supposed to do with an elected Congressman? Assume that Mr. Foley was a potential sexual predator and bar him from having any private communication with pages? Refer him to the Ethics Committee? In retrospect, barring contact with pages would have been wise.

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But in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters? Where's Minority Leader Nancy Pelosi on that one?

Mr. Foley's explicit emails -- which were sent to a former page who had returned home -- clearly crossed the line into "vile and repulsive," as Mr. Hastert put it yesterday. And the Floridian has now resigned in disgrace and is being criminally investigated. This is harsher treatment than was meted out in the past to some Members of Congress who crossed another line and actually had sexual relations with underage pages. Democrat Gerry Studds of Massachusetts was censured in 1983 for seducing a male teenage page, but remained in the House for another 13 years and retired, according to the Boston Globe, with a rich pension.

Mr. Foley lied to many people over the years, most notably to himself. It's one of those human mysteries that someone so prominent, and so active as a spokesman against sexual predators, would send emails that he knew would destroy his career if they became public. That kind of psychoanalysis is above our pay grade.

Yes, Mr. Hastert and his staff should have done more to quarantine Mr. Foley from male pages after the first email came to light. But if that's the standard, we should all admit we are returning to a rule of conduct that our cultural elite long ago abandoned as intolerant.

The Foley Matter (NYT)

The New York Times, October 3, 2006

History suggests that once a political party achieves sweeping power, it will only be a matter of time before the power becomes the entire point. Policy, ideology, ethics all gradually fall away, replaced by a political machine that exists to win elections and dispense the goodies that come as a result. The only surprise in Washington now is that the Congressional Republicans managed to reach that point of decayed purpose so thoroughly, so fast.

That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong.

The news about Mr. Foley should have set off alarm bells instantly, even if the messages the leaders saw were of the "inappropriate" variety rather than the flat-out salacious versions that surfaced last week. But there was certainly no sense of urgency in their response, which seemed directed at sweeping the matter under the rug rather than finding out precisely what was going on.

The obvious first step — notifying the bipartisan committee that oversees the page program — was never taken, presumably because that would have meant bringing a Democrat into the discussions. After Mr. Foley assured everyone that he was simply engaged in mentoring, whatever leadership inquiry there was ended with telling him to stop e-mailing the youth who got the inappropriate letter.

It's astonishing behavior for a party that sold itself as the champion of conservative social values. But then so was the fact that a party that prides itself on fiscal conservatism managed to roll up record-breaking deficits, featuring large amounts of wasteful pork earmarked to the districts of powerful legislators or the profit sheets of generous campaign contributors. So was the speed with which the party that billed itself as the voice of grass-roots exurban and suburban America turned itself into the partner of every special-interest lobbyist with a checkbook.

The good news is that American democracy, so flawed in many ways, is often fairly efficient at punishing parties that become addicted to self-perpetuation. This November may not force Congress to come up with a plan for Iraq, or even immigration. But if it reminds elected officials that there's a punishment waiting for those who fall in love with their own sense of entitlement, it will have done its job.

Adult Supervision (RC)

DOJ_NMG_0074024

Roll Call, October 3, 2006

The burgeoning scandal surrounding resigned Rep. Mark Foley's (R-Fla.) interaction with pages raises a raft of difficult issues. But for GOP leaders, the most troubling must be the question of why they reacted so feebly after first being informed of at least some of Foley's behavior more than 10 months ago.

With the midterm elections now roughly a month away, the public's perception of Congress is in the cellar. And while a variety of foreign and domestic issues have contributed to that unpopularity, the preponderance of scandals over the past two years — the Jack Abramoff affair, the bribery case against jailed ex-Rep. Duke Cunningham (R-Calif.), the fall of Rep. Bob Ney (R-Ohio) and the mounting evidence of impropriety by Rep. William Jefferson (D-La.) among them — has played a large role in fueling the public's disdain. In the opinion of many voters, Members of Congress write laws but view themselves as subject to none.

In each of those previously mentioned instances, offending actions by lawmakers and aides were brought to light by journalists, Justice Department investigations or both, not by the House's self-appointed watchdog — the Committee on Standards of Official Conduct, known as the ethics committee — or by lawmakers scrutinizing each other's behavior.

In the Foley case, Congress once again has shown itself completely incapable of policing its own Members. And in this instance, unlike in other recent scandals, the victims weren't bamboozled taxpayers or defrauded lobbying clients. They were teenagers whose parents entrusted them to the House page program.

Now the FBI is assessing whether Foley broke any laws, as well it should. But the FBI won't reach any conclusions about which Republican leaders, lawmakers and aides knew about Foley's behavior. The agency won't determine how or why the decision was made by the GOP leadership not to launch a wider investigation, refer the matter to the ethics committee or inform any of the chamber's Democrats of the situation. Nor is federal law enforcement empowered to determine whether any of those Members and aides brought discredit to the House as an institution.

That will be the job of the ethics committee, or at least it should be. But in this case, we do not believe the ethics panel can do the job on its own. The potential for conflicts of interest is simply too great, as all five Republican members of the ethics panel were appointed to it by Speaker Dennis Hastert (R-Ill.). And one of the staffers who likely is to come under particular scrutiny, Hastert counsel Ted Van Der Meid, is a former ethics committee counsel who serves as the Speaker's point man on ethics as well as on issues related to the House Clerk's office.

The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible. It may be too late to fix the damage wrought by Foley, but it is not too late for Congress, for once in this sorry affair, to do the right thing.

Foley's Red Lights (LAT)

The Los Angeles Times, October 3, 2006

THE SCANDAL SURROUNDING disgraced Rep. Mark Foley (R-Fla.) is following the familiar Washington pattern, with one side (Democrats, in this case) alleging a coverup and the other (Republicans) railing about a setup. Even the affair itself has a familiar ring: It isn't the first sex scandal involving a congressman and teenage subordinates. What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace.

Foley resigned Friday after the ABC News website reported salacious instant messages that Foley had sent in 2003 to a male teenager who had been a House page. ABC's revelation, however, came about a year after members of the House leadership were made aware of the allegations about Foley, a deputy Republican whip and chairman — it would be impossible to make this stuff up — of the House Caucus on Missing and Exploited Children.

That's when the office of Rep. Rodney Alexander (D-La.) received copies of four e-mails that Foley had sent to a 16-year-old from Louisiana who had recently completed his term as a House page. The teenager had sent the e-mails to several congressional staffers, telling one that he was "freaked out" by them.

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He was right to be. Anyone trained to recognize the techniques of sexual predators would be disturbed by them.

For starters, Foley used a personal e-mail account instead of the House-issued one, suggesting that he wanted an extra layer of concealment. Out of the blue, Foley asked for a picture and offered a birthday gift. He praised another page's physique and said he "acts much older than his age."

According to House Speaker J. Dennis Hastert (R-Ill.), Alexander's office consulted with Hastert's aides; the clerk of the House; Rep. John Shimkus (R-Ill.), the chairman of the committee that supervised the page program; and, some time later, Rep. Thomas M. Reynolds (R-N.Y.), chairman of the House GOP campaign committee. All of them violated one of the prime rules for protecting against sexual predators: When confronted with something unsettling, don't judge the matter yourself, consult an expert.

Nor did anyone ask other pages about their contacts with Foley. Only after ABC News publicized the e-mails did other former pages come out of the woodwork with more alarming information.

Foley's lawyer announced that the congressman had checked himself into a rehab program for alcoholics, as if drinking too much could somehow explain his attempt to seduce boys one-third his age. A different kind of rehab may be in order for the inattentive lawmakers and staff who oversee the pages.

To paraphrase a former Republican president, when it comes to allegations like these, don't trust — verify.

GOP Leaders Deserve Nothing Less Than To Lose Their Jobs (RC)

By Donna Brazile

Roll Call, October 3, 2006

When the Bush administration fabricated and exploited pre-war intelligence that led us to invade Iraq, there was no outrage. When administration officials deceived us about secret detention facilities operating in foreign countries, there was no outrage. We accepted it when they lied about outing a CIA operative to get back at her whistle-blowing husband, and we accepted it when they lied about receiving potentially illegal contributions and gifts from disgraced lobbyist Jack Abramoff.

And now, we have the Mark Foley scandal.

I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power.

The news that Foley, a former Republican House Member from Florida who preyed upon minors, was somehow allowed to remain in office and hold a key leadership position while the House Republican leadership knew about it is both reprehensible and appalling. Sir Edmund Burke once said, "The only thing necessary for the triumph of evil is for good men to do nothing." But what "good men" would turn a blind eye to child exploitation for fear of compromising their majority status?

Never could we have imagined that the culture of corruption would extend to child abuse. It is beyond disgraceful that Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Rep. John Shimkus (R-Ill.) or National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) would allow electoral concerns to take precedence over protecting the most vulnerable in our society. Good men (and women, too) never should play politics with the safety of our children. For this reason, I would hope the investigation of this matter leads not only to some institutional reforms, but also to the resignation of the leaders who sought to keep this matter under wraps and not expose a sexual predator in their midst.

Let's start with the facts. Soon after Rep. Rodney Alexander (R-La.), a father of three and grandfather of four, learned of the sexually explicit instant messages from Foley to an underage male, he chose to inform Reynolds, who heads House Republicans' campaign arm and is a father of four. Reynolds told Hastert, a father of two, about Foley's indecency months ago, and the Speaker referred the matter to Shimkus, a father of three. None of them reported it to the police. None of them opened an official investigation. None acted like the fathers they are. What if it had been their sons? What would they have done then?

Unflinchingly, my father once faced down a man wielding a knife when he thought I was in danger. I'm sure those Congressmen would have reacted similarly, without fear or hesitation, if it had been their sons, because that is what parents do. But the pages are their sons too, because they are the leaders of the institution to which these children are entrusted. And because we as civilized human beings should have — must have — a collective responsibility for our children.

If these elected leaders can't be entrusted with this most fundamental responsibility, with what can we entrust them?

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Hastert should immediately step down as Speaker and take full responsibility for condoning, by his inaction, child exploitation.

With regard to Shimkus and others who are saying they didn't know about the extent of the vile and reprehensible electronic messages, the truth is that they didn't know because they chose not to ask.

We cannot expect our leaders to be perfect. They are human and they are flawed, but they don't need to be perfect to respond with the requisite moral outrage when a grown man in a position of power preys upon minors. And now, they should all ask themselves: What family value is more important than protecting our children?

We should never allow politics to trump principles, elections to trump ethics or the pursuit of power to trump common decency.

With the media on full alert to this growing scandal, the Republicans are doing what has come normal in their pursuit of power at any cost: They are trying to spin outrage from the public, the media and others as being orchestrated as a Democratic witch hunt.

Sorry, guys, this is the majority party's mess, and if Republicans didn't run Congress as if it belonged to only them and those who stand by them, they probably would have made the right decision about what to do with Foley months (if not years) ago.

If any of us is silent about this horror, we are just as culpable as the individuals responsible for this act and its subsequent cover-up. This is not about partisanship. This is about the total failure of the Republican House leadership to protect children from a predator because they were more interested in protecting themselves.

If you aren't outraged, you aren't paying attention.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

No Spinning Past This Scandal (WP)

By Eugene Robinson

The Washington Post, October 3, 2006

Even when damage control seems a lost cause, I suppose you have to follow the playbook. So Mark Foley resigns his House seat in a nanosecond, then explains those creepy electronic messages to young congressional pages by declaring himself an alcoholic, effectively blaming it all on demon rum. House Speaker Dennis Hastert promptly calls for a really thorough -- meaning really slow -- investigation. The rest of the Republican leadership declares itself shocked and/or saddened, but agrees that the time has come to move on, folks, nothing to see here.

These practiced responses have long served politicians, but you don't get the sense that anyone thinks they'll work this time. There's really no effective spin you can put on the Foley scandal, no way that even the Republican Party's image-making geniuses can make people feel good about a 52-year-old man discussing masturbatory techniques with a male teenager via instant message.

About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention. Then maybe it wouldn't sink in that House leaders were told in November 2005 -- that's almost a year ago, for anyone who's counting -- about an inappropriate e-mail that Foley had sent to a House page. The situation was handled with nothing more than a quiet warning.

The leadership didn't launch an investigation, which probably would have unearthed the much more explicit instant-message exchange between the Florida Republican and another young male page that surfaced last week. House leaders even let Foley continue to serve as co-chair of the Congressional Missing and Exploited Children's Caucus, an irony too sad and unforgivable to properly enjoy.

Hastert doesn't remember ever being told of any problem with Foley, but others remember telling him about the e-mail incident. That's one of the questions -- What did I know, and when did I know it? -- that Hastert wants investigators to get to the bottom of. Eventually. Certainly after the November elections.

Former speaker Newt Gingrich suggested over the weekend that House leaders may have worried last year that if they pursued the Foley matter, they'd be "accused of gay-bashing." Clearly, in terms of his spinning skills, Gingrich has lost a step.

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The issue was whether a congressman was having improper communications with a child, not whether the congressman was gay; it would have been just as troubling if the e-mail had been sent to a female page. And anyway, it's a little late for the Republicans to denounce gay-bashing after raising it to an art form.

I don't know whether the Republicans will lose control of the House this fall, but I know that they deserve to. That judgment has nothing to do with party politics; there have been times when the Democrats were in control and allowed Congress to sink to a similar level of corruption. But that's surely where we are now, and since the Republicans are the ones in charge, they're the ones who deserve the blame.

We've had the Jack Abramoff scandal. We've had the Randy "Duke" Cunningham scandal. Congress -- especially the House -- has made immigrants into scapegoats. House Republicans didn't even clear their throats in objection when the White House demanded, and eventually won, the right to decide what is and isn't torture. For years now the House has legislated primarily to shovel pork, pork and more pork to the folks back home.

And now, however it happened -- either because of a deliberate political decision or because the institution is so degraded that it couldn't stir itself to action, like an overstuffed aristocrat crippled by gout -- we learn that the House has countenanced a congressman's sick advances toward teenagers.

Congressional pages tend to be idealistic, patriotic young people who wholeheartedly believe in America. Many are contemplating a career in politics, and they are thrilled to have the chance to come to the U.S. Capitol and witness the workings of our great democracy.

Those who came in contact with Mark Foley certainly got a lesson, didn't they?

Famous quotations are the last refuge of newspaper columnists and other scoundrels, so I try to avoid them, but at the moment I can't help thinking of what Oliver Cromwell said to the so-called Rump Parliament in 1653. Voters would do well to send the same message to the House of Representatives next month:

"You have sat too long here for any good you have been doing. Depart, I say, and let us have done with you. In the name of God, go!"

DHS Loses Court Battle Over Collective Bargaining (FEDTIMES)

By Tim Kauffman

Federal Times, October 3, 2006

The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say.

Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies.

Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out.

"It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago," said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS.

Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said.

The department's lost court battle also may bode ill for the Pentagon, which is fending off its own court challenge by unions of its planned labor-management and employee appeals rules.

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Those Defense Department rule changes — which are similar to those struck down at Homeland Security — were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia. Defense has appealed that court ruling, and court arguments are scheduled for later this fall.

Joyce Frank, spokeswoman for the National Security Personnel System, said department officials remain hopeful for a favorable ruling. In the meantime, the department is continuing to roll out personnel changes that are not affected by the court ruling to nonbargaining unit employees.

In the case of Homeland Security, the government had until midnight Sept. 25 to appeal the June 27 decision by the U.S. Court of Appeals for the District of Columbia Circuit that invalidated the department's proposed changes to Title 5 rules. Those rules govern collective bargaining, labor management procedures, and employee appeals of disciplinary actions. On Sept. 26, Homeland Security announced that the Justice Department would not pursue an appeal before the Supreme Court, ending the court battle.

Now Homeland Security officials are weighing their options: Either propose a new set of labor-management rules that would survive a court challenge, or resort to existing rules, embodied in Title 5, that govern labor-management relations at most agencies.

Colleen Kelley, national president of the National Treasury Employees Union, which led the union coalition that won the court case, sent a letter to Homeland Security Secretary Michael Chertoff on Sept. 28 asking him to abide by existing contracts and work with the unions on any changes the department would like to make.

"I hope they will be more realistic about addressing valid issues that they need to address and rules they need to change, rather than this far-reaching approach," she said in an interview. "They were trying to make change just because they could, not because it was anything that would improve the department."

Administration officials could still push for substantial changes to existing labor-management rules, but there's a danger of drawing yet another lawsuit from the unions if it doesn't allow for collective bargaining. The judicial rulings held that the initial changes did not meet Congress' requirement that collective bargaining rights be preserved.

Another lawsuit would eat into the short time that's left to make changes; officials have until January 2009 to make any reforms under the 2002 law authorizing the changes.

"They're running out of time," said Mark Roth, general counsel for the American Federation of Government Employees, which was a member of the union coalition that brought the lawsuit. "Certainly anything other than going into this with an open mind and sincere good faith really makes no sense for them."

Roth said AFGE has a number of ideas for improving the existing collective bargaining process, such as imposing time limits on bargaining, allowing managers to make workplace changes in some instances before bargaining occurs, and allowing for more discussion of what's open to negotiation.

Still, he surmises that between 70 percent and 80 percent of the changes Homeland Security wanted to make under the initial reforms would be subject to collective bargaining under existing Title 5 rules.

"How you do pay pools, [compensation] surveys, how you move through a pay band and appealing decisions are going to be subject to negotiations ultimately," Roth said. "I don't believe the issue of whether we're going to have pay bands is bargainable. But so many of the details are bargainable."

For now, existing collective bargaining agreements remain in effect until the department proposes any new rules and discusses them with union leaders.

The department's willingness to sit down and negotiate with the unions remains uncertain. Managers have not been abiding by the terms of existing union contracts, NTEU's Kelley said. Violations range from making unilateral changes to work shifts and assignments without employee input to not including the union in award decisions, she said.

"We see an across-the-board intent to not abide by negotiated agreements and force the union into enforcement mode rather than a problem-solving mode," Kelley said.

As Term Begins, Justices Reject 1,900 Appeals (WP)

The Washington Post, October 3, 2006

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As the Supreme Court began a new term yesterday in which it will rule on landmark social issues, it rejected about 1,900 appeals that piled up during the summer recess.

Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers.

The nation's highest court reconvened, as required, on the first Monday in October. But because this year that day fell on Yom Kippur, the holiest day of the Jewish calendar, the session was brief -- about 10 minutes -- and the justices did not hear oral arguments. The court's two Jewish members, Justices Ruth Bader Ginsburg and Stephen G. Breyer, were absent.

During its new term, the Supreme Court has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues. It will be the second full term for Chief Justice John G. Roberts Jr., who succeeded the late William H. Rehnquist, and the first full term for Justice Samuel A. Alito Jr., who replaced the more moderate Sandra Day O'Connor. President Bush appointed the two conservative justices.

In the Texas case, an employee of an adult bookstore in El Paso was arrested in 2003 for selling a sex toy to undercover police officers. He was charged under the Texas law that bans the sale of an "obscene device" designed primarily "for the stimulation of human genital organs."

His attorney said the law was unconstitutional because it violated the right to sexual privacy without government interference. The court, which last year rejected a challenge to a similar Alabama law, denied the appeal without any comment.

The justices rejected an appeal brought by Jonas and Tiffany Eklund, who contended that the Byron Union School District, east of San Francisco, violated constitutional guarantees separating church and state when it required students in a world history class to read pages from the opening chapter of the Koran and study Islam's Five Pillars of Faith in a unit on Muslim culture.

"Parents entrust public schools with educating their children, not indoctrinating them in religion," the Eklunds' attorneys stated in a brief asking the Supreme Court to take the case. "The public school here had children become Muslims for three weeks."

The U.S. Court of Appeals for the 9th Circuit ruled that the activities were not overt religious exercises and therefore did not raise constitutional concerns.

The justices also declined to hear an appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for the Detroit News and Detroit Free Press to reinstate employees who were fired during an 18-month newspaper strike in the mid-1990s.

The workers lost their jobs after the newspapers said they blocked entrances at a distribution facility and the Detroit News building, in violation of court orders, during the strike. It ran from July 1995 to February 1997.

The NLRB determined that the employees had not engaged in misconduct but were rather exercising their right to strike. It ordered the employees reinstated with back pay.

High Court Rejects Appeal Of Trade-Case Decision (WSJ)

By Mark Anderson

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Supreme Court declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission.

The denial came as the high court cleared the decks for its new session with rejection of more than 1,900 appeals that piled up over the summer. The justices met in an abbreviated session yesterday because of the Yom Kippur holiday and will begin hearing oral arguments today.

The legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business.

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Motion Systems cited a trade provision that was added to U.S. legislation in 2000 approving China's membership in the World Trade Organization, designed to police the effect of Chinese imports on U.S. businesses. A handful of companies have used the law to seek quotas against Chinese products, but met resistance from the Bush administration.

The ITC recommended the U.S. impose quotas on the Chinese imports for three years. The U.S. Trade Representative reviewed the ITC decision and submitted a recommendation to the White House. President Bush in January 2003 rejected restricted trade in the electric-scooter devices, saying "the import relief would have an adverse impact on the U.S. economy clearly greater than the benefits of such action."

The company appealed the decision to the Federal U.S. Circuit Court of Appeals in Washington, which handles patent and certain trade appeals. In February 2006, the Federal Circuit ruled Congress didn't give it authority to review the president's decision.

(Motion Systems v. Bush)

In other business cases, the justices declined to block legal efforts by California to seek as much as $5 billion in financial restitution from PG&E Corp. for consumers harmed by the state's 2000 energy crisis; declined to consider whether national bank laws prevent bank officers from using state age-discrimination laws to fight their termination; and declined to intervene in whether former shareholders in Peregrine Systems Inc. can use California insider-trading laws to sue former board members of the company, which went bankrupt in 2003 after an accounting scandal.

(PG&E Corp. v. California, U.S. National Bank Association v. Kroske and Moores v. Friese)

When Ideologies Clash, Justice May Tip Supreme Court's Balance (WSJ)

By Jess Bravin

The Wall Street Journal, October 3, 2006

WASHINGTON -- Ever since Justice Sandra Day O'Connor retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases.

Seeing Justice Kennedy as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right.

The trick for advocates is finding how to do that.

"It is hard to think of a surefire way to reach Kennedy, because his jurisprudence does not have a coherent and consistent methodology, like Scalia's originalism or Breyer's pragmatic consequentialism," says Northwestern University law professor John McGinnis. Justice Antonin Scalia says his legal thinking is yoked to the original meaning of legal text; Justice Stephen Breyer asks how a particular outcome will affect what he regards as the broader constitutional or statutory goal.

Prof. McGinnis suggests that "the best way to appeal to Kennedy is to quote his own opinions back to him." That isn't just an appeal to the justice's "vanity, but also to their sense of continuity," he says. "The second-best is to show through amicus [friend-of-the-court] briefs or otherwise that the great and good favor the position, because Kennedy seems influenced by the establishment's views."

Mark Levy, director of appellate advocacy for Kilpatrick Stockton LLP in Washington, agrees. Justice Kennedy "is a person of broad sweep. He has an interest in the court as an institution, he has an interest in history, he's a justice who looks to foreign law when it's helpful to him," Mr. Levy says. "You'd bring in history not so much the way you would with Justice Scalia and saying, 'It's settled,' but rather, 'This is how it's developed and this is how the court will be viewed 10 or 50 or 100 years from now.' "

Several cases on the court's docket may touch conflicting strains in Justice Kennedy's jurisprudence, lawyers say. On Nov. 8, for instance, the justices are slated to hear arguments over the federal Partial-Birth Abortion Ban Act, which Congress passed in 2003 after a 5-4 Supreme Court struck down a similar state law in Nebraska. Lower federal courts have invalidated the 2003 law as contrary to the court's earlier opinion.

"Both sides have to be cognizant of the fact that [Justice Kennedy] wrote a strong dissent" from the 2000 decision invalidating the Nebraska law, says Duke University law professor Erwin Chemerinsky. "On the other hand, this is a federal statute

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to overturn a Supreme Court decision, and he has been very hostile to that" practice, Mr. Chemerinsky says. The government would be wise to raise the Kennedy dissent from the 2000 case, he suggests, while abortion-rights advocates should appeal to stare decisis, the principle of adhering to settled precedent, by citing Justice Kennedy's 1997 majority opinion striking down a federal law adopted to overturn one of the court's religion rulings.

In another test of Justice Kennedy's views, the court will decide whether public-school systems can consider a pupil's race in making school assignments, to promote classroom diversity.

In 2003, Justice Kennedy voted to strike down undergraduate- and law-school admissions systems at the University of Michigan for giving improper advantages to minority applicants. (Justice O'Connor cast the deciding vote then, joining different blocs to uphold the law school's system, but invalidating the undergraduate-admissions system.)

But in his dissent, Justice Kennedy wrote that under different circumstances, it could be acceptable to consider race to promote an ethnically diverse student body.

The Bush administration, opposing the diversity plans, cited Justice Kennedy by name 13 times in its friend-of-the-court briefs, zeroing in on his Michigan dissent. The briefs cite only one other sitting justice by name: Clarence Thomas, twice.

On the other side, Tom Goldstein, who represents the National Association of School Boards in defending the admissions systems, says he will aim to show they fit within the narrow opening Justice Kennedy left for racial classification.

Mr. Goldstein, who heads the Supreme Court practice at Akin Gump Straus Hauer & Feld LLP in Washington, points to a lower-court concurrence by conservative U.S. Circuit Judge Alex Kozinski that upheld one of the challenged plans.

"We have his protégé on the Ninth Circuit with a concurring opinion that was almost directed at Justice Kennedy," Mr. Goldstein says. Judge Kozinski wrote that the challenged program was unlike affirmative-action systems previously considered by the Supreme Court, and rather was "a plan that gives the American melting pot a healthy stir without benefiting or burdening any particular group."

Justice Kennedy, appointed in 1988, was President Reagan's third choice to succeed Justice Lewis Powell. The first, Judge Robert Bork, was rejected by the Democratic-controlled Senate as too ideologically extreme, while a second nominee, also a strict conservative, withdrew after damaging personal revelations. Justice Kennedy, then a federal appeals judge in California, was selected as a less-controversial conservative who could win confirmation in an election year.

Since then, Justice Kennedy has lived up to expectations, usually conservative on law-and-order cases but occasionally disappointing the right, particularly in social issues such as gay rights and abortion. More broadly, he has seen a bigger role for courts in applying the law than many conservatives would prefer and looked to international law and opinion in making ethical judgments.

"He's a judicial supremacist," says Prof. Michael Dorf of Columbia Law School, a former Kennedy clerk. According to a study of court decisions from 1994 to 2005 by University of Kentucky law professor Lori Ringhand, Justice Kennedy voted to invalidate more state and federal laws than any other justice.

In the most recent term, Justice Kennedy voted more often with the conservative bloc of Chief Justice John Roberts and Justices Scalia, Thomas and Samuel Alito than the liberal wing of Justices Breyer, John Paul Stevens, David Souter and Ruth Bader Ginsburg. But he also frustrated conservatives, for instance joining a majority that struck down President Bush's plan to create military tribunals for suspected terrorists without congressional approval.

Of course, focusing exclusively on trying to sway Justice Kennedy has its risks. "If you rely on international law and make a fairly blatant play to get Kennedy, you might have taken Justices Scalia or Thomas out of the loop," says Carter Phillips, a Sidley Austin partner with two cases on this year's high-court docket. "It's hard to write a brief to pick up a single vote, because at the end of the day, that might be all you get."

Justice For Immigrants (NYT)

The New York Times, October 3, 2006

The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words “illicit trafficking” the wrong interpretation, as

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some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences.

Federal immigration law, quite reasonably, imposes special conditions on legal immigrants who are convicted of "aggravated felonies." The law says that "illicit trafficking" in drugs is an aggravated felony, and today's cases pose the question of what that means. The plain meaning of "trafficking" in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony.

That is the situation of the defendants in today's cases. Reymundo Toledo-Flores was convicted of possession of cocaine, and Jose Antonio Lopez was convicted of aiding and abetting possession of cocaine. The courts that heard their cases ruled that their convictions qualified as trafficking, and therefore as aggravated felonies. This legal exaggeration has serious consequences. Noncitizens convicted of aggravated felonies can more easily be deported and can be barred from becoming American citizens. They can also receive substantially longer prison sentences if they commit future crimes.

The legal climate is not particularly hospitable to immigrants right now, and Mr. Toledo-Flores and Mr. Lopez have the additional disadvantage of coming to court having been convicted of crimes. But their crimes were minor ones that cannot properly be described as aggravated felonies. As the American Bar Association notes in a friend-of-the-court brief, treating the two men as if they had committed worse crimes than they did "leads not only to individual injustices" but also harms "the integrity and fair and regular operation of the criminal justice system."

Senate Confirms Director Of National Parks (NYT/AP)

By The Associated Press

The New York Times, October 3, 2006

A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July.

Pentagon Gets New Office (HILL)

By Roxana Tiron

The Hill, October 3, 2006

After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year.

But the nod for an assistant secretary for global security affairs comes with strings attached. And as the Pentagon planned to start implementing its preliminary phase of reorganization yesterday, it also had to start preparing a report to answer several congressional concerns by February 1.

Conferees on the 2007 defense authorization bill said they agree with adjusting roles and responsibilities within the office of the undersecretary of defense for policy, headed by Eric Edelman, but that they had serious concerns about the plan as it stands.

The details have been very closely held within the Pentagon, according to a House source familiar with the discussions during the bill's conference.

But defense authorizers are "trying to keep an open mind and giving them [the policy shop] a chance to explain," the source said.

The policy shop shake-up required legislation to add a 10th assistant secretary. The new secretary will have to be confirmed by the Senate, but that is not expected until January.

The reorganization is meant to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists.

But among other concerns, the current overhaul plan touches on one of Congress's soft spots: the U.S. military's counter-narcotics mission.

House Speaker Dennis Hastert (R-Ill.) has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission.

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Staff from the House Government Reform panel, the International Relations panel, the Armed Services committee, and several Senate staff members have also grilled Pentagon officials about the plan.

The Pentagon wants the deputy assistant secretary of defense for counter-narcotics to report to the new assistant secretary of defense for global security affairs.

At present, counter-drug missions are overseen by the civilian Special Operations and Low Intensity Conflict Office (SO/LIC), which is also part of the policy shop.

Under the new arrangement, SO/LIC would lose counter-narcotics and be renamed as SO/LIC and Interdependent Capabilities.

This sparks congressional fear that the counter-narcotics office would lose direct access to money slated for counter-drug operations in a central transfer account.

This allows the office to move quickly and avoid a lengthy approval process if money is needed urgently. It also allows Congress to know exactly what the money is spent on.

Under the Pentagon's plan, the counter-narcotics office would also oversee counter-proliferation missions and other global threats, including avian flu.

Initially the Pentagon intended to move money from the central transfer account for counter-drug operations to a subordinate agency, raising fears that counter-narcotics would lose financial flexibility, with money trapped in bureaucracy.

But according to a Senate source, the Pentagon gave way to congressional pressure and agreed during conference talks to keep the money within the policy shop.

The expanded counter-narcotics office will have oversight of the money and call the shots on program execution, according to the House source.

Conferees expressed concern that the counter-drug office's enlarged portfolio and reorganization would dissipate its focus.

"The large number of significant issues that would reside in this organization could mean that insufficient personnel and resources are devoted to the critical and diverse issues assigned to this assistant secretary of defense," including critical missions of counter-proliferation and combating weapons of mass destruction, according to the conference report.

Lawmakers also warned that management of counter-narcotics policy must remain consistent with congressional intent and the effective use of the central transfer account. "Separating [counter-narcotics] oversight from the administration of the central transfer account would likely reduce the effectiveness and responsiveness" of the office, conferees wrote.

The Pentagon will probably face pressure from Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee and one of the brains behind the Nunn-Lugar program designed to eliminate the proliferation of nuclear, chemical and biological weapons.

In a letter to Edelman last month, Lugar called the merger of counter-narcotics and counter-proliferation missions "a mistake," adding, "these jobs are too big and too important for any one person."

It will be the deputy assistant secretary who will have to split the attention for the two large missions, he said.

The Pentagon planned to start its major reorganization yesterday, mostly reshuffling regional policy offices.

Abramoff Report Reveals Ties To GOP, Democratic Members (HILL)

By Elana Schor

The Hill, October 3, 2006

The House Government Reform Committee report released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach "Team Abramoff" maintained among lawmakers and aides from both parties.

Abramoff and lobbyists formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members.

The Government Reform panel conducted its inquiry as part of its executive-branch oversight duties, and the bulk of its 93-page report focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors.

But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino.

The lobbyists also played up their thwarting of neighboring tribes' efforts to open casinos that "not only threaten the Tribe's market share, but challenge the long-respected procedures for putting land into trust and establishing a casino operation on tribal lands."

Among the victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation. When Stabenow moved to pass her bill by unanimous consent, the summary states, "we were successful in obtaining an objection … and thereby were able to defeat the proposal for the year."

Reid has consistently opposed expansion of casinos off existing Indian reservations, and he registered his objection on Nov. 19, 2002, on those grounds. "The land claim is simply – and everyone knows this – an excuse to take land into trust for off-reservation gaming," Reid said then on the floor.

"[Reid's] opposition to the Bay Mills casino was based on this longstanding policy position [against off-reservation casinos], not on the views of lobbyists," spokesman Jim Manley said in an e-mail. "It is now well-known that Abramoff and his associates exaggerated their influence."

Stabenow spokeswoman Angela Benander said that any actions taken on behalf of the Bay Mills tribe or Chippewas were done to support the senator's constituents and with the support of other Michigan lawmakers.

The majority of the aides with whom Abramoff and his colleagues met were Republican, including several from the GOP's two campaign committees. Abramoff achieved "Pioneer" status in 2004 for raising at least $100,000 to aid President Bush's reelection.

The Democratic aides taking meetings with Abramoff's team, according to the work summary, represented Reid, Stabenow, Sen. Carl Levin (D-Mich.), retired Sen. Ben Nighthorse Campbell (D-Colo.), former Senate Minority Leader Tom Daschle (D-S.D.) and Rep. John Dingell (D-Mich.), among others.

The lobbyists also reported meeting with Debbie Dingell, wife of the House Energy and Commerce Committee ranking member and an influential lobbyist in her own right, as well as representatives for the centrist New Democratic Network and the Democratic Senatorial Campaign Committee.

Both Government Reform Chairman Tom Davis (R-Va.) and Waxman, in their public comments following the report's release, noted that they based their inquiry on potentially exaggerated information the Abramoff lobbyists provided to their employer.

"The documents we are releasing are authentic, but that does not mean that Mr. Abramoff or his associates are telling the truth," Waxman said Thursday, calling for further investigation into the executive-branch lobbying in the report.

Some on Capitol Hill have speculated that the Government Reform report, though overshadowed during the weekend by reports of the unfolding scandal surrounding former Rep. Mark Foley (R-Fla.), could add new potency to Democratic charges that the GOP has fallen victim to a "culture of corruption" that has its roots in the Bush White House.

But since Abramoff registered his guilty plea in January, incumbent Republican ties to his crimes have become a central campaign issue for only a handful of Democratic challengers, including Montana state Sen. Jon Tester (D), who opened a seven-point lead over Sen. Conrad Burns (R-Mont.) in a poll released this week. Burns had come under fire for helping the Chippewas win some appropriations.

Abramoff's largesse to Democrats, underscored by the work summary, remains a potent counterargument for Republicans. When Rep. Sherrod Brown (D-Ohio), running a close race against incumbent Sen. Mike DeWine (R-Ohio), sought to link DeWine to Abramoff and other ethically challenged Republicans during their debate on "Meet the Press" on Sunday, host Tim Russert pointed out that about one-third of Abramoff clients' political donations went to Democrats.

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"Maybe it did, but it didn't go to me," Brown replied, pivoting to criticism of DeWine's vote in favor of the Medicare prescription drug benefit.

Congress Sets Military Pay Raise, Punts On Civil Service (WP)

By Stephen Barr

The Washington Post, October 3, 2006

Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month.

The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April.

The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill.

Veterans and employee groups decried the pay decision as meager.

"We're extremely disappointed, to put it mildly, that Congress couldn't see its way clear to provide more than a 2.2 percent pay raise for the troops who are putting their lives on the line every day for the rest of America," said Steve Strobridge , director of government relations for the Military Officers Association of America.

"That's the smallest military raise in 13 years," he noted.

Colleen M. Kelley , president of the National Treasury Employees Union, called the 2.2 percent raise "a shameful decision during a time of war."

In his 2007 budget request, President Bush recommended a 2.2 percent raise for the military and the civil service.

The House, however, approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise.

Congress, in most recent years, has followed a "pay parity" approach to raises, ensuring equal average salary increases for the military and the civil service. Given that history, Congress may scale back the federal employee raise when it returns in mid-November to take up unfinished spending bills. Congress also may be reluctant to give government civilians a larger raise than the troops because of their sacrifices in Iraq and Afghanistan.

In a statement, Sen. John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, said that the defense authorization bill had won bipartisan support and predicted that it would improve the quality of life for members of the armed forces and their families.

The legislation provides for more than 20 types of bonuses and special payments aimed at encouraging enlistment and re-enlistment, the committee said.

It also expanded eligibility for Tricare, the military health insurance program, to allow members of the Selected Reserve -- those who train regularly -- to buy into the program when they are not on active duty. The legislation also prohibits any increase in Tricare enrollment premiums and in pharmacy co-payments in fiscal 2007.

As part of the legislation, Congress ordered the Pentagon to prepare a strategic plan to improve Defense's senior management and technical workforce, including scientists and engineers "in light of recent trends and projected changes in the mission."

Congressional aides are interested in learning how the department makes use of its senior-level civilians. Like other departments, Defense has a graying workforce, with substantial numbers of retirements expected in the next few years, and could have difficulty offsetting the loss of experienced hands, especially in science and engineering.

House-Senate negotiators dropped a provision that would have expanded protections to federal employees who blow the whistle on waste, fraud and abuse. The White House opposed the provision, which was in the Senate's version of the bill.Keeping Track of Homeland Security

DOJ_NMG_0074036

Congress has asked the Department of Homeland Security to submit a spending plan for the troubled overhaul of its personnel system. In an unusual move, Congress directed the department to include a list of its contract obligations for the new system.

House-Senate negotiators on the fiscal 2007 appropriations bill for Homeland Security provided $25 million for the new system, MaxHR. The president's budget had sought about $42 million, but congressional aides said delays caused by court litigation mean the department can get along with less funding for the short term.

The spending bill will add 1,500 new Border Patrol officers, bringing that workforce to 14,800.

Congress Leaves Big Question Mark On Pay Raises (WT)

By Mike Causey

The Washington Times, October 3, 2006

There is good news and bad news on the federal employee and military pay front.

The good news is that Congress finally has passed legislation that would guarantee a pay raise effective in January.

The not-so-good news: The raise, part of the defense authorization bill, is only for uniformed military personnel -- not federal workers -- and is only 2.2 percent.

Confused? Welcome to the club. Here is what's happening in the annual pay battle between Congress and the White House.

President Bush originally proposed a 2.2 percent raise, effective in January, for both federal and military personnel.

Congress followed the same script it has used for the past dozen years and said that's not enough. Instead, it included funds for a 2.7 percent raise, for both civilian and military personnel, in the Treasury appropriations bill. That's the typical vehicle Congress uses to boost raises and ensure that civilian and military groups get the same percentage raise.

The problem is that Congress has been slow to approve appropriations bills. The money package with the higher 2.7 percent raise was left unfinished as Congress recessed for the pre-election period.

When lawmakers return Nov. 13, it will be to a lame duck Congress. Some of the incumbents will have lost their elections on Nov. 7. Control of the House, Senate or both may have shifted from the Republicans to the Democrats. In any case, Congress may or may not get around to approving the appropriations bill that includes the 2.7 percent raise.

Insiders expect President Bush to go along with a higher figure if Congress approves it, but he may not.

Bottom line: Nobody, including members of the House and Senate, know what will happen on the federal/military pay raise.

When the final figure is announced, it will be up to the president to designate, or not, how much of that total increase will be used to fund locality pay raises. The White House typically earmarks about one percentage point of the raise for city-by-city adjustments. In the past, the Baltimore-Washington area has qualified for raises slightly higher than the amount approved for the general increase.

But so much is up in the air that it is hard to explain and digest the possibilities -- much less predict the final figure.

Don't let money slip away

If your agency offered you a tax-deferred 4 percent pay raise, would you take it? That's a no-brainer, correct?

The vast majority of feds hired since the mid-1980s have taken such an offer by signing up for the Thrift Savings Plan (TSP), the government's in-house 401(k) program for civilian and military personnel.

Workers under the newer Federal Employees Retirement System get an automatic 1 percent contribution to their TSP accounts. But in order to qualify for an additional 4 percent tax-deferred match from their agency, they must sign up for the TSP.

More than 265,000 feds qualify, but many thousands haven't signed up. In effect, they are leaving a tax-deferred pay raise on the table. The solution: If you are in the FERS system, sign up now.

Mike Causey, senior editor at Federal News Radio AM 1050, can be reached at 202/895-5132 or mcausey@federalnewsradio.com.

Top Civil Servants Honored (WP)

By Laura Blumenfeld

The Washington Post, October 3, 2006

DOJ_NMG_0074037

The winners -- shimmering in silk and tuxedos -- thanked their mothers, blinked back tears and posed for the cameras, just as they do at the Oscars. But the awards were called the Sammies, or the Service to America Medals, and the stars of the program were civil servants who typically perform backstage.

"Your good work reflects the best of our country," President Bush said in a letter read aloud at the fifth annual gala, held Wednesday at the Andrew W. Mellon Auditorium.

The Sammies were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for "leading the world's efforts to prepare for a catastrophic flu pandemic."

The event's emcee, Gwen Ifill, host of PBS's "Washington Week," joked in her opening: "Before I begin my remarks, are there any Transportation Department officials in the room? I just drove into D.C. from Northern Virginia, and there are some things I'd like to discuss during the first break."

At the end of the evening, after hearing tributes to the honorees, Ifill expressed admiration for the federal bureaucrats who filled the ballroom:

The next time our government does something that frustrates you . . .

Think about Nancy Cox and Nancy Powell protecting us from the threat of an avian flu pandemic.

Think about Tom Casadevall and Mark Ward helping thousands of people survive some of the worst natural disasters in history.

Think about Martin Harrell standing up to injustice and fighting threats to our environment.

Think about Norden Huang and Bill Phillips conducting cutting-edge research to improve the quality of our lives.

Think about Ron McNeal supporting the troops who support us all.

Think about Christina Sanford putting her safety at risk so that others may enjoy the taste of freedom and democracy.

And think about the nearly 2 million other Americans like them, who go to work every day to serve a cause larger than themselves.

Calif. Man Charged With Threatening Bush, Cheney (AP)

AP, October 2, 2006

(AP) SACRAMENTO An engineer at a nuclear power plant near Sacramento has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event.

Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks.

The charges relate to two letters prosecutors said Braun mailed on Thursday to the Serrano Country Club and Serrano Visitors Center in El Dorado Hills, a tony community in the foothills east of Sacramento. The letters contained threats to President Bush, Vice President Dick Cheney and U.S. Rep. John Doolittle, R-Rocklin, according to a statement from the FBI.

Bush is scheduled to appear at the country club Tuesday afternoon in a campaign event for Doolittle, who represents a heavily Republican district near Sacramento.

A federal affidavit filed with the case further alleges that Braun had sent 51 such letters, including the two most recent ones, since 2001. The letters threatened the lives of the president, Cheney, First Lady Laura Bush and Defense Secretary Donald Rumsfeld.

"Each of the letters contained a written threat, usually death by some kind of WMD agent (anthrax, toxic chemical poison, radioactive dust or improvised explosives) and some unknown, white, powdery substance, or items simulating a possible letter/package improvised explosive device," according to the affidavit by Special Agent Timothy Lester.

The white substance usually turned out to be baking soda, the affidavit said.

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The two charges against Braun carry maximum penalties of five years in prison and $250,000 fines, but U.S. Magistrate Judge Kimberly Mueller told Braun he could face additional charges once prosecutors review the FBI's investigation.

Braun appeared disheveled in federal court, his hair in disarray as he sat in chains through a brief court appearance Monday afternoon. Monday's initial court appearance was postponed until Thursday, and Braun will be detained until then.

His attorney, Philip Cozens, said he had just taken the case and could not comment.

FBI spokeswoman Karen Ernst said the Braun case was "not believed to be related to the ongoing investigation where the real anthrax was sent."

The first letters from the Sacramento area were sent in November 2001, about the same time real anthrax was sent to East Coast government and media officials, killing five people.

Braun, who works at the now-closed Rancho Seco nuclear power plant south of Sacramento, was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office, the affidavit said.

Letters also were mailed to members of Congress, a U.S. senator, Sacramento-area radio stations and newspapers, local government officials and churches affiliated with the Church of Jesus Christ of Latter-day Saints, according to the affidavit.

The letters to the White House were sent in May 2005 but were intercepted by the Secret Service before delivery.

"Anytime somebody's out there threatening offices and public servants, it's unnerving to say the least," Doolittle spokeswoman Laura Blackann said.

Spokesmen for the Secret Service declined comment.

FBI agents had Braun under surveillance last Thursday and watched as he dropped two letters into a mailbox at an Elk Grove strip mall, said Drew Parenti, special agent in charge of the FBI office in Sacramento. They sealed off the mailbox and found the letters to the Serrano visitors center and country club.

That gave investigators enough evidence to obtain a search warrant for Braun's home in Elk Grove, a suburb south of Sacramento, and at the decommissioned power plant, which is owned by the Sacramento Municipal Utility District. He was arrested at his home about 9:30 p.m. Friday after agents found more evidence there, Parenti said.

Employees at the Serrano visitors center and country club said they were unaware of any threat.

The FBI's affidavit states that Braun has a master's degree in radiological physics and a law degree. He has worked as a nuclear engineer at Rancho Seco since 1984 while practicing law part-time.

President To Be On Hand For Christening Of Carrier Named After His Father (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News.

The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president.

President Bush will participate in the ceremony, said Blair Jones, a White House spokesman.

"This is a tremendous honor for the president's father, and he's looking forward to the christening," Jones said Monday.

The elder Bush's daughter, Doro Bush Koch, the ship's sponsor, will break the traditional bottle of sparkling wine on the flattop's bow.

Northrop Grumman's Newport News sector began construction of the approximately $6 billion nuclear-powered ship in 2001 and plans to deliver it to the Navy in late 2008.

It is the last of 10 Nimitz-class carriers and includes technology and improved features that will serve as a bridge to the Navy's next-generation carrier, the CVN-21, now under design and planning at Newport News.

OTHER NEWS:

Manufacturing Decelerates While Commercial Construction Soars (USAT/AP)

By Madlen Read

DOJ_NMG_0074039

USA Today, October 3, 2006

NEW YORK — A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among U.S. manufacturers while commercial construction showed surprising resilience.

Hurt by weaker auto sales and a slumping housing market, the manufacturing sector grew in September at the slowest pace in more than a year, a trade group said.

A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said. Construction spending edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months.

The Institute for Supply Management, based in Tempe, Ariz., said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction.

The September figure represented the 40th-consecutive month of growth.

But Mark Zandi, chief economist at Moody's Economy.com, says it's only a matter of months before manufacturers start reporting a contraction.

"The good news is there is still growth, and pricing pressures are easing," Zandi says. "The bad news is growth is slowing, it will slow more and it's leading to cuts in jobs."

The reason is threefold, he says: decreasing home construction, slashed auto production and less need to build up inventories.

The ISM's employment index dropped to 49.4 in September from 54.0 in August. The prices paid index fell to 61.0 in September from 73.0 as commodity prices took a tumble. The new orders index stayed the same at 54.2, but the backlog of orders index fell to 46.5 in September from 51.5.

Meanwhile, the housing market has been leveling off.

The Commerce Department's report Monday said spending on private home construction dropped 1.5% in August to a seasonally adjusted rate of $617 billion. The August decline followed an even bigger 2.1% July decrease and marked the fifth-consecutive month that home building has fallen.

Data On Factories Indicate Economy Is Losing Speed (WSJ)

By Christopher Conkey

The Wall Street Journal, October 3, 2006

Manufacturing activity expanded in September, but the nation's factories appear to be losing some steam as economic growth moderates.

The Institute for Supply Management, a private group of corporate purchasing managers, said its manufacturing index fell to 52.9 last month from 54.5 in August. Readings over 50 indicate expansion, but the September measure suggests that factories experienced slightly weaker growth as the third quarter progressed. Recent data on industrial production and factory orders have also pointed to slower growth.

"It's apparent that manufacturing is losing momentum and feeling the effects of higher interest rates and a weaker housing market," said Norbert Ore, who oversees the ISM survey and also serves as Georgia-Pacific Corp.'s procurement director.

Slower economic growth is likely to damp inflationary pressures, and makes it more probable that the Federal Reserve will leave interest rates unchanged, or eventually begin to lower them.

ISM said one wood-products company that participated in its survey of procurement managers at 400 medium-size to large companies reported seeing a "serious downturn in customer orders related to the housing-market" slump.

Other data released Monday offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace. A recent Commerce Department report showed that the rate of new-home sales picked up in August.

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David Lereah, NAR's chief economist, said the August figures suggest that the housing market has hit bottom. Others disagreed.

John Lonski, chief economist at Moody's Investors Service, said it was "premature" to view the unexpected rise in sales in August as "indicating the nearness of a bottom for home sales." Daniel Oppenheim, an analyst with Bank of America Securities, said a high inventory of unsold homes would depress prices and that surveys of real-estate agents point to slower sales in coming months.

The ISM's readings on employment, tracking hiring in the manufacturing sector, and on prices, reflecting what manufacturers pay for materials, both declined last month. The group's reading on new orders for goods was unchanged.

Despite the slower growth rate, September was the 40th consecutive month of expansion in the manufacturing sector. That marked the longest uninterrupted growth streak since the 1970s.

Overall, economists said they expect slow to moderate growth for the rest of the year. "We see the economy continuing its forward momentum, but at a below-trend pace over the next six months," said John Silvia, chief economist at Wachovia Corp., in a research note. He predicted that the economy would expand at an inflation-adjusted annual rate of 2.5% in the second half of the year. Mr. Silvia said that will keep the Federal Reserve from raising or lowering interest rates for the rest of the year.

Separately, the Commerce Department said construction spending rose 0.3% in August from July as residential construction declined but commercial building picked up.

Another Session Leaves The Dow Chasing Record (WSJ)

By E.s. Browning

The Wall Street Journal, October 3, 2006

The Dow Jones Industrial Average took another run at a record but came up short once again.

Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. The blue chips finished little changed, down 8.72 points, or 0.07%, at 11670.35, still up 8.9% this year.

It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on.

Stocks often have trouble breaking through milestone numbers, as investors take profits and stand back to consider the future.

"I am kind of disappointed that we didn't respond more favorably to the $2 drop in crude oil," said Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco. "That probably means that we are going to spend some time consolidating below that elusive Dow record."

Crude-oil futures for November delivery fell $1.88, or 3%, to $61.03 a barrel, amid signs of strong inventories and expectations that slower economic growth would limit oil demand.

Historically, September has been the Dow's weakest month on average, and October normally is better. But this September saw the Dow industrials spurt ahead 2.6%, and some investors said the industrial average now is overdue for a pullback.

The day's economic news wasn't startling and didn't appear to drive markets. A monthly gauge of manufacturing activity came in a bit weaker than expected for September. August construction spending and an index of pending home sales both were stronger than expected, but stocks made their moves well after that news was announced.

The volatile Nasdaq Composite Index fell 0.92%, or 20.83 points, to 2237.60, still up 1.5% in 2006. The Standard & Poor's 500-stock index declined 0.34%, or 4.53 points, to 1331.32, ahead 6.7% this year.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 1,486 stocks rose and 1,802 fell.

Bond prices gained.1 The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 4.614%. The 30-year bond was up 6/32 to yield 4.756%.

The dollar weakened.2 Late in New York, it traded at 117.67 yen, down from 118.12, while the euro rose against the dollar to $1.2741 from $1.2681.

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Write to E.S. Browning at jim.browning@wsj.com3

Dow On Verge Of Closing At An All-time High (WT)

By Patrice Hill

The Washington Times, October 3, 2006

The Dow Jones Industrial Average is flirting with an all-time high after spending 6 1/2 years in the wilderness recovering from a bubble in technology stocks, a recession, terrorist attacks, a wave of corporate scandals, sharply higher energy costs and interest rates, and recently, worries about a housing bust.

The Dow has struggled to top the 11,723 level it reached in January 2000, with its recent treadmill action of advance and retreat typical of the solid but unglamorous gains it has been eking out for investors since the bubble burst in early 2000.

Yesterday's market action was in line with the trend. The Dow briefly topped its high, then pulled back to end 9 points lower at 11,670 on worries about a steep slowdown in manufacturing. The blue-chip Standard & Poor's 500 index also has soared to 5½-year highs, but the technology-driven Nasdaq Composite Index stands at less than half the record high it hit in March 2000.

The last time the Dow visited these heights, few analysts questioned that the market would continue its swift upward march. But the long, tortuous path it has followed since then has fed chronic questions about the sustainability of market gains and produced a plethora of opinions about where the Dow is headed from here.

"The best is yet to come," said Jeffrey N. Kleintop, chief investment strategist at PNC Financial Services Group, predicting that the S&P 500 index will gain at least 14 percent in the next year as energy prices continue to recede, uncertainty about corporate earnings and control of Congress is resolved, and the Federal Reserve reverses its anti-inflation campaign and cuts interest rates.

Last month, the market got a "head start" on the "fourth-quarter fireworks" that Mr. Kleintop said he is expecting, in line with the usually robust market performance in the second year of a president's term.

"The stock market is entering what has historically been the best 12-month period for its performance during the four-year presidential election cycle," he said, citing many similarities to the midcycle years 1966 and 1986, during which the market experienced explosive gains.

Mike Ryan, head of UBS Wealth Management Research, said the dramatic drop in oil and gas prices since Labor Day -- which should boost economic growth and help tame inflation -- is largely responsible for the turnaround in the market and investor sentiment.

"Investors seem to believe the U.S. economy is headed towards a so-called soft landing," he said.

But Alexander P. Paris, stock strategist at Barrington Research Associates Inc., said the market is due for a "rest" because investors have exaggerated the benefits of a "surprise collapse in oil prices" while overlooking pitfalls.

Among other things, Mr. Paris questioned whether investors have braced themselves for the fallout from a possible Republican loss of Congress in next month's elections.

"Despite considerable confusion, worry and uncertainty about the Fed, inflation, a housing bust and the economy, the market has put together a lengthy rally from the July lows," he said. "Despite the recent celebration, the market may have a difficult time extending its rally in the months ahead."

Mutual fund managers helped lift the market by engaging in some "window dressing" at the end of last month, buying winning stocks so they can include them in their annual reports to investors. But now they are likely to "sit on their hands" for a while and wait to see whether earnings hold up and the economy rebounds from a soft third quarter, he said.

Daniel C. Chung, chief investment officer at Fred Alger Management Inc., said the market should continue to expand, if not "take off," not so much because the economy is doing well but because corporate profits are at extraordinarily high levels and are likely to remain so.

Earnings growth for the S&P 500 companies averaged 18 percent in the first quarter, much better than Wall Street analysts had expected, and even managed 15 percent excluding record energy profits, he said.

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"For nearly four years, the S&P 500 has registered more than 10 percent earnings growth, and we believe that the run is not over," Mr. Chung said, because corporations continue to benefit from cost-cutting due to the globalization of production at the same time their workers have little leverage to push for a greater share of corporate income that would cut into profits.

"This is a recipe for all sorts of social discontent," he said, and may explain why voters are so disenchanted with an otherwise healthy economy, but it should be welcome news for the stock market, where price gains have been trailing earnings growth.

Lawrence Kudlow of Kudlow & Co. LLC said the Dow's plodding rise toward record highs has important political implications.

"This powerful combination of rising stocks, falling gasoline prices and the Goldilocks economy are powerful pluses for election-year Republicans," he said. "The Dems aren't even talking about the economy anymore."

Strike 4: Dow Fails To Set Record High (USAT)

By Matt Krantz

USA Today, October 3, 2006

Stocks kicked the fourth quarter off with a small loss and disappointed investors further when the Dow missed setting a new high, the fourth-consecutive failed run.

The Dow Jones industrial average briefly rose above its closing high of 11,722.98 but retreated to close down 8.72 points to 11,670.35 Monday. That doesn't take away from what's been a powerful 8.9% rally this year, though.

Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year. And the Nasdaq composite shed 20.83 points to 2237.60, whittling its 2006 gain to 1.5%.

Traders, such as Todd Leone of SG Cowen, said investors shouldn't overreact to the fact the Dow missed setting a new closing high again. “The headlines make more out of it,” he says. “I don't think it's that big of a deal.”

After the big move the market made last week and last quarter, investors should not be surprised to see stocks do “a little breath catching,” says Michael Farr, president of Farr Miller & Washington. Farr thinks the market is waiting for a new reason to move higher, which could likely be what he expects to be a healthy third-quarter earnings reporting season. If interest rates remain steady, investors will focus on corporate earnings. “The expectations are for a fairly stable environment,” he says.

Highlights:

Harrah's Entertainment, operator of large casinos, jumped $9.25 to $75.68 after receiving a $15.1 billion, or $81 a share, offer from several private equity firms. (Story 1B.)

•First Republic Bank tumbled $3.95. The commercial bank, based in San Francisco, warned it would earn 56 cents to 58 cents a share, missing forecasts by 4 cents a share.

•Myogen, a biotech firm, gained $16.36 to $51.44 after rival Gilead Sciences said it was buying the company for $52.50 a share. Gilead shares lost $4.49 to $64.28. (Story, 3B.)

•Optimal Group, a provider of payment services to the online gaming industry, fell $2.95 to $8.81. The stock was hurt by a regulation passed by Congress on Saturday that places restrictions on online gambling. (Story 1B.)

•Apple Computer fell $2.12 to $74.86. Citigroup lowered the stock to a “hold” from “buy” because it says the company is unlikely to release an upgraded video iPod by the holidays.

Most Blacks, Hispanics In Area Own Homes (WP)

By Lyndsey Layton And Dan Keating

The Washington Post, October 3, 2006

A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau.

The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally.

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Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners.

In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs.

The continuing loss of black, middle-class homeowners in the city is bound to have reverberations, said Peter A. Tatian, a housing expert at the Urban Institute.

"It's a real issue in those [heavily African American neighborhoods]; there's not a solid base of people who have ownership in the community, an investment that they want to fight to protect. It tends to be harder to bring about positive changes," said Tatian, who directs NeighborhoodInfo DC, a grass-roots group working to improve quality of life.

The data mark "a symbolic passing," he said. "In this city, those kinds of issues always seem to have political ramifications."

Regionwide, more than 260,000 African Americans owned homes in 2005. The growth was much more rapid in the 1990s but continued this decade, increasing from 49 percent of black households to 51 percent. Prince George's County, where more than three in five African Americans own their homes, gained 15,000 black homeowners this decade and now has 45 percent of the black homeowners in the region.

Homeownership among immigrants also shows significant growth. About 63 percent of local immigrants own their homes, higher than the national rate of 55 percent, census figures show.

The immigrant housing data reflect the highly mobile, growing local market. A homeowner in Montgomery County is as likely to have been born abroad as to be a Maryland native. Same thing in Arlington and Fairfax counties. Overall, the number of immigrants and state native homeowners is dwarfed by the number of homeowners who moved from other states.

Particularly striking was the growing number of Hispanics who bought homes in the Washington area from 2000 to 2005, many of them settling in expensive suburbs such as Fairfax and Montgomery. Across the region, Hispanics surpassed blacks in homeownership rates last year.

"It says a lot about the upward mobility of Hispanics," said William H. Frey, a demographer at the Brookings Institution. "Washington is not only an example of a metropolitan area with melting pot suburbs, but it has melting pot suburbs where immigrants are achieving the American dream."

More than 80,000 Hispanics owned their home in the region last year, the census says, the first time a majority of Hispanics have owned rather than rented. Fairfax and Montgomery each gained about 5,000 Hispanic homeowners, and the number grew by more than 7,000 each in Prince William and Prince George's counties.

"This is not an accident," said Tom Perez (D-Silver Spring), a Montgomery County Council member and former head of CASA of Maryland, which helps Hispanics with housing, employment training and other services. "Government and nonprofits and the banking community as well have spent a lot of time and effort to prepare and assist people in saving money, building credit, paying bills on time, getting themselves in a position to qualify for a loan.

"In Latino communities, a lot of effort has been made to stress homeownership as one of the keys to self-sufficiency," Perez said. "The most common way to accumulate wealth in America is to own a home. That is a basic fact of American life, and Latinos have clearly gotten the message."

For many Hispanics, homeownership is security, said Carlos Devis, a Colombian immigrant who bought a house with his wife in Potomac in 2003. "For Latinos, we don't have 401(k)s," he said, referring to the employer-sponsored retirement fund. "The house is the 401(k)."

Evelyn Andrade, a Salvadoran American hairdresser, bought a three-bedroom house in Rockville in 2001 after years of renting an apartment. "The rents are so high, it doesn't make sense," said Andrade, 29, who is married and has three children. "I always thought it was better to own."

Almost 100,000 Asians own houses, condominiums and townhouses locally, triple the number in 1990. Homeownership among Asians increased about 71 percent regionwide between 2000 and 2005. Asians posted particularly high rates in Loudoun County, where about 96 percent owned their homes last year. That's far above Asians' national rate of 59 percent.

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Farhan Syed, a real estate broker in Loudoun, knows this phenomenon well. "Most Asians happen to be dual-income families, well-educated, able to afford a home," he said. "Everyone wants the American dream."

When the real estate market began to heat up in the Washington region in 2000, buying a home seemed like a financially savvy move, Syed said. "There was the perception that real estate could be a money-making scheme, and a lot of people got in the market."

Tannaz Haddadi and her husband, Darius Powerz, are typical. They were both born in Iran and immigrated as children with their families to Fairfax. Haddadi, 29, and Powerz, 34, first bought a townhouse in Loudoun and traded up for a single-family home in Fairfax two years ago. "There are a lot of working professionals like us, first- or second-generation citizens who want to get in early and work our way up," said Haddadi, who, like her husband, works for the federal government.

The population figures released by the U.S. Census Bureau today are based on the American Community Survey, which gathered demographic data from those living in the United States last year.

The figures for the Washington region do not reflect changes to the population numbers for the District that the Census Bureau approved in July, after the city challenged earlier data and said the census had undercounted the city's population by more than 31,000 people.

Some embassy officials and advocacy groups say the population figures for minority groups could be even higher because the census undercounts those groups.

Across Nation, Housing Costs Rise As Burden (NYT)

By Janny Scott And Randal C. Archibold

The New York Times, October 3, 2006

The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes.

While many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class.

In New York City, more than half of all renters now spend at least 30 percent of their gross income on housing, a percentage figure commonly seen as a limit of affordability. In Staten Island, the percentage paying at least 30 percent of income rose to nearly 60 percent, up from 40.

Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex.

“Housing prices have gone up much more than incomes have,” said Christopher Jones, vice president for research at the Regional Plan Association in New York City. “Clearly, you can’t sustain that sort of imbalance over the long run. There’s only so long that housing prices can go up without sustained increases in income to support them.”

The data, from the American Community Survey, was collected throughout 2005, some of it before the real estate market began softening over the past year.

While the escalation in house prices that began in the mid-1990’s has slowed down in most places, and while prices are even dropping in some markets, rents are currently rising.

Historically, it is not unprecedented for housing prices to rise faster than household incomes, since housing prices fluctuate more than median incomes. In recent decades, median incomes have not risen at the rate that they did in the booming 1950’s and 1960’s, yet real estate prices in many parts of the country have escalated sharply in recent years.

“People want to hang on and stay in the market,” said William H. Frey, a demographer at the Brookings Institution in Washington, “and they are willing to stretch themselves to find or to rent a house that is suitable.”

The places with the highest overall percentages of people carrying a heavy housing burden were in fast-growing areas of California, Colorado and Texas.

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In Southern California, Temecula and Hemet had the highest percentages of renters paying at least 30 percent, with 74 and 73 percent of renters at that level.

Boulder, Colo., and College Station, Tex., held the record for renters spending at least 50 percent, with 47 and 46 percent.

The biggest jump in the percentages of people paying at least 30 percent of their income on rent, as well as those spending at least 50 percent, occurred in Olathe, Kan., a booming suburb of 114,000 southwest of Kansas City.

S. Lawrence Yun, an economist with the National Association of Realtors, said renters in desirable cities might be spending more of their income on housing in hopes of getting a toehold in places with good schools, better homes and a good quality of life. He said, "There is certainly a concern that people are devoting a large portion of their income to housing, and one of the reasons is due to the more limited housing supply."

In the New York region, a very high percentage of renters in urban counties spent a big share of income on housing. In the Bronx, Brooklyn and Queens, close to a third of all renters pay at least 30 percent.

But many of the biggest increases in housing burdens occurred outside the city.

Among homeowners, there were big increases in the percentage of people spending at least 30 percent on housing in counties like Nassau, Dutchess, Orange and Putnam. The percentage of households spending at least 50 percent of income also rose in those counties.

In Clifton, N.J., the percentage of mortgage holders spending at least 50 percent of their income on housing rose to 27 percent in 2005 from 12 percent in 2000, a 134 percent rise. In New Britain, Conn., the group paying at least 30 percent more than doubled, rising to 57 percent of people with mortgages, up from 27 percent.

Nationally, the biggest increase in homeowners spending more than 30 percent of their income on housing occurred in an unincorporated area southeast of Los Angeles called Florence-Graham, where more than a third of residents live in poverty. There, the figure climbed to 43 percent from 17 percent. Other places with big jumps included Wyoming, Mich.; Round Rock, Tex.; and Plymouth, Minn.

In general, the places with the highest overall percentages of homeowners spending that level of income were poorer cities. El Monte, Calif., a Los Angeles suburb, had the highest percentage of mortgage holders, 73 percent, spending more than 30 percent of their income on housing. In Newark, the figure was 72 percent; in El Cajon, Calif., east of San Diego, 69 percent; and in South Gate, Calif., 69 percent.

Jack Kyser, senior economist with the Los Angeles County Economic Development Corporation, said such cities are often the only places that people on the lowest rungs of the economic ladder can afford and they tend to stretch their resources to get in. He said El Monte and South Gate both are growing, largely because Latinos have been moving in.

"These communities are well located to employment opportunities and they can drive and it is not a horrendous drive," he said. "They are also close to public transportation and use it."

The numbers, which were analyzed for The New York Times by Andrew A. Beveridge, a demographer at Queens College, provided a glimpse of how hot — and how unhot — some areas had become.

Two Southern California coastal cities, Santa Barbara and Newport Beach, had the highest median house values, at $1 million.

Youngstown, Ohio, a city long hurting economically, had the lowest, at $48,000.

In New York State, the median value of owner-occupied homes actually declined slightly in a few upstate counties, including Oswego, Steuben and Madison. The median house value dropped 9 percent in Buffalo, to $60,800.

Housing values rose only barely in some upstate counties, including Cattaraugus, Cayuga, Chautauqua and Chemung.

Because of a change in census procedures, it was not possible yesterday to reliably gauge the increase in cost burden among homeowners in places with large numbers of condominium or cooperative apartments.

In 2000, the bureau did not count owner-occupied apartments in multifamily buildings; in 2005, it did. So the 2000 and 2005 figures could not be satisfactorily compared for places like Manhattan and San Diego.

In Manhattan, where the median value of all owner-occupied homes hit $718,000, the increase in median gross rents from 2000 to 2005 was 14 percent, well below the 20 percent jump in Suffolk County on Long Island, the 23 percent rise in the city of Passaic, N.J., and the 24 percent jump in Ulster County, N.Y.

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The increase in the percentage of Manhattan renters paying at least 50 percent of their income on housing was 13 percent — well below the 50 percent rise in Rockland County.

The data also showed that, among couples living together in Manhattan, about 17 percent were unmarried in 2005, compared with 10 percent nationwide.

Manhattan appeared to have the second highest number of male couples living together, following Los Angeles.

A Backlash Against Bickering (WP)

By E. J. Dionne Jr.

The Washington Post, October 3, 2006

CONCORD, N.H. -- Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause?

One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors. That does not stop them from yelling irately at Washington, D.C.

Consider the latest WMUR Granite State Poll by the University of New Hampshire's Survey Center. Asked the classic question about whether "things in New Hampshire" were going in "the right direction" or were "seriously off on the wrong track," an astonishing 79 percent saw their state moving the right way; only 14 percent saw it on the wrong track.

But when asked exactly the same question about how their country was doing, according to findings released yesterday, only 34 percent of New Hampshire residents said "the right direction"; 56 percent said "the wrong track."

That is good news for Gov. John Lynch, a Democrat who leads his Republican opponent, Jim Coburn, by a margin of 69 to 14 percent in the latest survey. It is bad news for Bush, whose approval rating in New Hampshire is 36 percent.

Lynch is among a cadre of moderate Democratic governors around the country who find themselves in commanding positions -- even outside Democratic-trending New England. Among them: Kathleen Sebelius in Kansas, Dave Freudenthal in Wyoming, Janet Napolitano in Arizona and Brad Henry in Oklahoma.

For his part, Lynch can hardly utter a sentence without including the word "bipartisan." He prides himself on having worked well with a Republican legislature and speaks with amazement at how Washington has become a place of "ongoing partisan bickering."

It may be no accident that Lynch's ratings are high while Bush's are low. Nick Clemons, the executive director of the New Hampshire Democratic Party, sees voters here consciously contrasting the peaceable political kingdom their state has become with what's happening several hundred miles to the south. "Washington," he says, "is the foil for New Hampshire."

The success of Democratic governors such as Lynch (and, for that matter, of that rescripted and now-moderate Republican Arnold Schwarzenegger in California) also reflects a default by national Republicans on domestic issues.

The president's relentless focus on terrorism, combined with growing disenchantment with his Iraq policies, pushes voters to seek leadership from state and local politicians on issues such as education and health care.

Tom Rath, one of the state's most experienced Republican power brokers, loyally insists that Bush is still "personally" liked here. But Rath sees Iraq taking a huge toll on the president, partly because so many in New Hampshire's National Guard have served there and "the repetitious call-ups are disruptive to people's lives."

Rath recently announced his support for Gov. Mitt Romney of Massachusetts for the 2008 Republican presidential nomination. His rationale is surprisingly similar to the explanations that Democrats give for the popularity of governors such as Lynch or Sebelius: Voters are in a mood for less "doctrinaire" politicians who can fix things.

Of the federal government, Rath said: "There's a feeling that this great big thing doesn't work very well." He said Republicans need to win back voters who feel they gave "the keys to the car" to their party only to have it driven "into the back of the garage." Rath sees Romney as the GOP's repairman.

If New Hampshire offers a model for a new wave of moderate Democrats, it is also a test case for how badly Bush -- and, now, the scandal surrounding former representative Mark Foley -- will wound incumbent Republican House members.

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Politicians in both parties here see Rep. Jeb Bradley as having a substantial advantage over Carol Shea-Porter, an underfunded antiwar Democrat, and Rep. Charles Bass, to whom the words "nice guy" cling like a second title, leading his Democratic foe, Paul Hodes.

But Hodes, an indefatigable campaigner, has advertised heavily in an effort to demonstrate Bass's support for Bush's Iraq policies. The fact that Bass is stressing his "independence" and responded immediately with advertising of his own attacking Hodes on Iraq suggests that Republicans know how vulnerable the incumbent could become if Hodes succeeds in yoking Bass to Bush. In principle, Bradley could face the same problem.

The irony is that Bush has fostered a backlash against himself, against ideology and against partisanship that, as a former governor, he should have seen coming.

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Those Attacked Online Are Filing Libel Lawsuits (USAT)

By Laura Parker

USA Today, October 3, 2006

Rafe Banks, a lawyer in Georgia, got involved in a nasty dispute with a client over how to defend him on a drunken-driving charge. The client, David Milum, fired Banks and demanded that the lawyer refund a $3,000 fee. Banks refused.

Milum eventually was acquitted. Ordinarily, that might have been the last Banks ever heard about his former client. But then Milum started a blog.

In May 2004, Banks was stunned to learn that Milum's blog was accusing the lawyer of bribing judges on behalf of drug dealers. At the end of one posting, Milum wrote, “Rafe, don't you wish you had given back my $3,000 retainer?”

Banks, saying the postings were false, sued Milum. And last January, Milum became the first blogger in the USA to lose a libel suit, according to the Media Law Resource Center in New York, which tracks litigation involving bloggers. Milum was ordered to pay Banks $50,000.

The case reflected how blogs — short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide — increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the “blogosphere” and its revolutionary impact on speech and publishing might change libel law.

Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are “judgment-proof” because they — unlike traditional media such as newspapers, magazines and television outlets — often are ordinary citizens who don't have a lot of money. Recent lawsuits by Banks and others who say they have had their reputations harmed or their privacy violated have been aimed not just at cash awards but also at silencing their critics.

“Bloggers didn't think they could be subject to libel,” says Eric Robinson, a Media Law Resource Center attorney. “You take what is on your mind, type it and post it.”

The legal battles over blogging and message board postings are unfolding on several fronts:

•In Washington, D.C., former U.S. Senate aide Jessica Cutler was sued for invasion of privacy by Robert Steinbuch, also a former Senate aide, after Cutler posted a blog in 2004 describing their sexual escapades. The blog, titled Washingtonienne, was viewed widely after it was cited by a Washington gossip website called Wonkette. In July, Steinbuch added Wonkette to the lawsuit.

•Todd Hollis, a criminal defense lawyer in Pittsburgh, has filed a libel suit against a website called DontDateHimGirl.com, which includes message boards in which women gossip about men they supposedly dated. One posting on the site accused Hollis of having herpes. Another said he had infected a woman he once dated with a sexually transmitted disease. Yet another said he was gay. Hollis, 38, who says the accusations are false, is suing the site's operator, Tasha Joseph, and the posters of the messages.

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•Anna Draker, a high school assistant principal in San Antonio, filed a defamation and negligence lawsuit against two students and their parents after a hoax page bearing her name, photo and several lewd comments and graphics appeared on MySpace.com, the popular social networking website.

The suit alleges that the students — one of whom had been disciplined by Draker — created the page to get revenge, and that it was designed to "injure Ms. Draker's reputation, expose her to public hatred … and cause her harm." The suit also alleges that the youths' parents were grossly negligent in supervising them.

•Ligonier Ministries, a religious broadcaster and publisher in Lake Mary, Fla., has taken the unusual step of asking a judge to pre-emptively silence a blogger to try to prevent him from criticizing the ministries. Judges historically have refused to place such limits on traditional publishers.

The lawsuit cites postings on a blog by Frank Vance that described Ligonier president Timothy Dick as "a shark" and as coming from a "family of nincompoops." The suit says the entries are false and have damaged Dick's reputation.

Robert Cox, founder and president of the Media Bloggers Association, which has 1,000 members, says the recent wave of lawsuits means that bloggers should bone up on libel law. "It hasn't happened yet, but soon, there will be a blogger who is successfully sued and who loses his home," he says. "That will be the shot heard round the blogosphere."

At its best, the blogosphere represents the ultimate in free speech by giving voice to millions. It is the Internet's version of Speaker's Corner in London's Hyde Park, a global coffeehouse where ideas are debated and exchanged.

The blogosphere also is the Internet's Wild West, a rapidly expanding frontier town with no sheriff. It's a place where both truth and "truthiness" thrive, to use the satirical word coined by comedian Stephen Colbert as a jab at politicians for whom facts don't matter.

Nearly two blogs are created every second, according to Technorati, a San Francisco firm that tracks more than 53 million blogs. Besides forming online communities in which people share ideas, news and gossip and debate issues of the day, blogs empower character assassins and mischief makers.

Small disputes now can lead to huge embarrassment, thanks to websites such as bitterwaitress.com, which purports to identify restaurant patrons who leave miserly tips. DontDateHimGirl.com includes postings that have identified men as pedophiles, rapists and diseased, without verification the postings are true.

"People take advantage of the anonymity to say things in public they would never say to anyone face-to-face," Cox says. "That's where you get these horrible comments. This is standard operating procedure."

Even so, Cox thinks the chief danger in legal disputes over what's said on the Internet is the potential chilling effect it could have on free speech. Many lawsuits against bloggers, he says, are filed merely to silence critics. In those cases, he encourages bloggers to fight back.

Last April, Cox orchestrated an effective counterattack on behalf of a blogger in Maine who was sued by a New York ad agency for $1 million. Lance Dutson, a website designer, had been blogging for two years when he posted several essays accusing Maine's Department of Tourism of wasting taxpayers' money. Among other things, he posted a draft of a tourism ad that mistakenly had contained a toll-free number to a phone-sex line.

Warren Kremer Paino Advertising, which produced the tourism campaign, said in its suit that Dutson made defamatory statements "designed to blacken WKPA's reputation (and) expose WKPA to public contempt and ridicule."

Dutson's criticisms paled to those directed at WKPA after word of the lawsuit spread through the blogosphere. Bloggers rushed to defend Dutson, and several lawyers volunteered to represent him. The media picked up the story and cast it as David vs. Goliath. Eight days after filing the suit, WKPA dropped it without comment.

"We're not here to play nice with somebody who is trying to suppress the speech of one of my members," Cox says.

A key principle that courts use in determining whether someone has been libeled is what damage the offending article did to that person's reputation in his or her community.

Susan Crawford, a professor at Cardozo Law School in New York who specializes in media and Internet issues, says the ease with which false postings can be corrected instantly, among other things, will force judges to reconsider how to measure the damage that is done to a plaintiff's reputation.

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"Libel law depends on having a reputation in a particular town that's damaged," she says. "Do you have an online reputation? What's your community that hears about the damage to your online reputation? Who should be sued? The original poster? Or someone like the Wonkette, for making something really famous? The causes of action won't go away. But judges will be skeptical that a single, four-line (posting in a) blog has actually damaged anyone."

Greg Herbert, an Orlando lawyer who represented Dutson, disagrees. The principles of libel law aren't going to change, he says. However, some judges "might not think a blogger is entitled to the same sort of free speech protection others are. A lot of judges still don't know what a blog is, and they think the Internet is a dark and nefarious place where all kinds of evil deeds occur."

Judges have indicated that they will give wide latitude to the type of speech being posted on the Internet. They usually have cited the 1996 Communications Decency Act, which protects website owners from being held liable for postings by others. On the other hand, under that statute, individuals who post messages are responsible for their content and can be sued for libel. That applies whether they are posting on their own website or on others' message boards.

In May, a federal judge in Philadelphia cited the act in dismissing a lawsuit stemming from a series of postings on a website operated by Tucker Max, a Duke Law School graduate whose site features tales of his boozing and womanizing.

Posters on a message board on tucker max.com had ridiculed Anthony DiMeo III, the heir to a New Jersey blueberry farm fortune, accusing him of inflating his credentials as a publicist, event planner and actor. DiMeo sued Max last March, claiming in court papers that his manhood had been questioned, his professional skills lampooned and his social connections mocked. DiMeo said Max, through the website, had libeled and threatened him, noting that one poster had written: "I can't believe no one has killed (DiMeo) yet."

In dismissing the suit, U.S. District Judge Steward Dalzell noted that Max "could be a poster child for the vulgarity" on the Internet, but that he nevertheless was entitled to protection under the Communications Decency Act. After the decision, DiMeo ridiculers on tuckermax.com piled on. Max says more than 200,000 people have viewed various threads on his message board about DiMeo.

DiMeo has asked an appeals court to consider not only the original messages about him but also those posted since his suit was filed.

Alan Nochumson, DiMeo's attorney, says the criticism has amounted to an Internet gang attack, led by Max, that has significantly damaged DiMeo's business. Nochumson says when Internet users use Google to search for DiMeo's name, many of the first Web links that pop up direct readers to postings on Max's website that criticize DiMeo.

Max says the claim is absurd. "The Internet isn't some giant ant colony," he says. "Different people from all over the country do things. I don't control them."

Hollis' lawsuit against DontDateHimGirl .com could reveal how far courts are willing to go to protect website owners from third-party comments. His suit claims the site is not the equivalent of an Internet provider such as AOL or Yahoo, and that because Joseph edits the site, she should be liable for its contents.

Hollis has sued Joseph, a Miami publicist and former Miami Herald columnist, as well as seven women who posted the messages about him. Three are named in the suit; four are anonymous.

Joseph's attorney, Lida Rodriguez-Taseff, says Joseph does not edit postings, except to remove information such as Social Security numbers and addresses.

"If a court were to find that the Communications Decency Act doesn't apply to Tasha, no website would be safe," Rodriguez-Taseff says, adding that if courts start to hold website owners liable for the content of third-party postings, "the only people who would be able to provide forums (would be) wealthy people. … It would be like making the coffee shop owner responsible for what people say in his coffee shop. What this case would say is that providers of forums in the Internet would have an obligation to determine truth or falsity of posts."

A hearing is scheduled Oct. 19.

"The Internet has a great number of valuable tools with which people can do great things," Hollis says.

But he says he's disturbed by how such false personal information can spread so freely across the Web. "Even if I had herpes, which I don't, even if I was gay, which I'm not, would I want to have a conversation about those things with an anonymous individual over a global platform? It's utterly ridiculous."

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Even if he wins in court, Hollis says, he loses.

"Those postings are going to be out there forever," he says. "Whenever anybody Googles my name, up comes a billion sites. I will forever have to explain to someone that I do not have herpes."

In Cumming, Ga., about 40 miles northeast of Atlanta, David Milum, 58, is still blogging. He is appealing the $50,000 judgment against him.

Milum says he considers himself a muckraker and exposer of corruption in local officials. In the recent libel trial, his attorney, Jeff Butler, described his client as a "rabble-rouser" whose inspiration was "public service."

Milum lost in court because he could not meet the basic defense for libel claims: He could not prove that his allegations that Banks was involved in bribery and corruption were true.

Now Milum is facing another libel suit — this one seeking $2 million — over his claims about the alleged misdeeds of a local government employee.

"I have a very wonderful wife," Milum says. "And you can imagine how wonderful she has to be to put up with this."

PodestaMattoon Sues Client For Unpaid Fees (RC)

By Kate Ackley

Roll Call, October 3, 2006

The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000.

The case, filed in D.C. Superior Court, offers a glimpse into the often mysterious client-lobbyist arrangements involving contracts and performance fees for securing money from the Defense Department's budget.

PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses.

PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated.

In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay "a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals."

While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. Steve Ellis, vice president of Taxpayers for Common Sense, and Keith Ashdown, research director of Citizens for Responsibility and Ethics in Washington, said their data showed that for fiscal 2005, the tribology center received a $1.5 million Defense earmark that was requested by a Member of the House. (Tribology is the study of effects of friction on moving parts and methods of lubricating them.)

The CTC and Falex are located in Speaker Dennis Hastert's (R-Ill.) district, but a spokeswoman in his office did not confirm whether he had made the request.

PodestaMattoon's court filing states that "during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement" and, as a result, "Falex became obligated to pay" the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000.

The contract between Falex and PodestaMattoon gets murkier later in 2004, when, the court filings claim, Falex asked the firm to enter into an arrangement directly with the CTC, which is a 501(c)(3) nonprofit.

The lawsuit alleges that Falex agreed to pay the lobbying bills for the nonprofit center, which operates as a partnership between Falex and Northern Illinois University's college of engineering and engineering technology.

Lobbying ethics lawyer Kenneth Gross, a partner at Skadden, Arps, Slate, Meagher & Flom, said such an arrangement, while not routine, does not raise any legal concerns, especially since the CTC and Falex are part of a joint venture.

"There are limitations on the amount that (c)(3) [organizations] can spend on lobbying, but this arrangement doesn't necessarily set off any bells," Gross said.

The court documents state that PodestaMattoon sent a letter to the CTC confirming its work and that Falex agreed to pay the firm a $200,000 performance fee. Once again, PodestaMattoon maintains that it was successful in its work for Falex/CTC.

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Missi Tessier, a spokeswoman for PodestaMattoon, said she could not discuss the firm's work for the client or the status of the lawsuit.

"The only thing that I can say is that it is a simple fee-collection issue," said Tessier, who added that she did not know of any similar suits brought by the firm against other clients. "We're working with our attorney."

Ashdown and Ellis, both of whom track earmarks, said the center received a Defense earmark for $1.8 million in the fiscal 2006 bill.

"As a result of PodestaMattoon's performance of its obligations under 2005 Agreement, CTC became obligated to pay PodestaMattoon $200,000 in a performance fee, which PodestaMattoon later discounted to $175,000," the court documents state.

Gross said such performance or success fees typically are permitted in lobbying contracts.

Current laws, he said, "make it impermissible for a government contractor to hire a lobbyist or firm to secure a government contract" on a contingency basis, but "that same prohibition does not apply when you are securing a benefit with the legislative branch."

Gross added that the current law prohibits lobbying firms from receiving payment directly from appropriated funds.

PodestaMattoon's attorneys of record, Peter Kadzik and Andres Colon, did not return calls for comment. Andrew Faville, CEO of Falex, did not respond to several messages seeking comment. And lawyers Seth Goldberg and Eduardo Crosa of Steptoe & Johnson, which represents the defendants, also did not respond to inquires.

Mean Seniors Face Fresh Round Of Decisions As 2007 Sign-Up Nears (WSJ)

By Vanessa Fuhrmans, Jane Zhang

The Wall Street Journal, October 3, 2006

Here we go again.

After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15.

The good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything. Some analysts had predicted a shakeout after dozens of providers rushed into the new drug-benefit market last year, but few companies are actually canceling plans.

Still, the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings. Beneficiaries in most states will have 50 to 60 offerings to choose from, at least 10 more than in 2006. Some plans are adding benefits -- including eliminating co-payments for generic drugs. But at least one, Humana Inc., is rolling back one of the richest benefits on the market: coverage for brand-name drugs during a phase known as the "doughnut hole" that requires many beneficiaries to pay the full cost of drugs after reaching a certain cost threshold.

For the most basic plans, prices are converging, though there are still some big differences. Last year companies announced drug-benefit premiums without knowing how the competitive landscape would shape up. Consequently, prices ranged widely, from as little as $1.87 a month to more than $35 for a basic plan. Now for 2007, Humana still sells the cheapest plan in 38 states, but premiums for its basic option have climbed to between $10.20 and $18.20. Meanwhile, Cigna Corp. and Aetna Inc., whose prices were some of the highest, have lowered theirs by as much as 30%. (Cigna's basic option ranges from $17 to $31; Aetna's costs $24.80 to $30.80.)

To compare the 2007 plan offering, seniors can also tap a number of new or enhanced online tools. Later this month, Medicare's Plan Finder at www.medicare.gov1 and www.mymedicare.gov2 will let beneficiaries compare out-of-pocket costs and benefits for the 2007 plans in their area. Seniors can see what plans are available in each state at www.medicare.gov/medicarereform/local-plans-2007.asp3. A new Web site, www.partdoptimizer.com4, is run by DestinationRx, which provided software for Medicare's comparison tools. It provides tips on avoiding the doughnut hole and compares how much seniors would save by switching to alternative medicines within their current plan. The site currently has data for 2006 plans but will be able to crunch 2007 information after the enrollment period has ended Dec. 31.

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Who should consider switching? Prime candidates are those who picked plans for this year that provided coverage of the so-called doughnut hole, or who fell into that gap and now want coverage for it. The doughnut hole refers to a portion of drug spending that the government-subsidized plans don't have to cover. Seniors get coverage for up to $2,400 in spending in 2007. The federal subsidies then stop until the patient reaches $3,850 in out-of-pocket expenses. After that, the coverage kicks in again and covers 95% of drug purchases for the rest of the year. For a higher premium, some plans offer to cover drug expenses through the gap.

Filling the Gap

It is these higher-end plans that are seeing some of the biggest changes in 2007. For starters, there are many more available. Just 15% of plans this year provided coverage of the doughnut hole, according to Avalere Health LLC, a health-care consulting firm in Washington, D.C. Next year 29% of them will.

This year in New Jersey, for instance, Humana sold one of these more-comprehensive plans for a $48.50 monthly premium, while Cigna's cost a bit more -- $51.36. In 2007, the Humana premium will jump 46% to $71.20. Cigna, though, which signed up fewer beneficiaries than it had hoped for 2006, has dropped its price, to $38.20.

What's more, Humana is joining the majority of its rivals in providing coverage for only generics during the doughnut hole. This year, it was the only major insurer to provide coverage of many brand-name drugs through the gap. But as a result, it says it attracted more than its share of sicker enrollees with higher-than-average medication costs -- and lost money on the higher-end plan. "We'd assumed that other national plans would offer brand coverage through the gap, but none did," says Scott Latimer, Humana's market president for central and northern Florida.

Of Humana's 3.5 million drug-plan enrollees, about 12%, or 420,000 people, are currently in its most-comprehensive plan and will no longer have their brand-name drugs covered through the doughnut hole, Humana says.

On the whole, though, 5% of all plans will offer both brand-name and generic drug coverage through the gap, an increase from this year, according to Avalere. In Michigan, Coventry Health Care Inc. is one of just a few companies that is raising the price of its most comprehensive plan, from $42.40 to $48. In doing so, it is adding generics and brand-name drugs to its gap coverage. But seniors should check if such benefit improvements apply to their drugs. Coventry says only some preferred brand drugs in its first tier of coverage are included alongside the generics.

"You have to read the fine print," says John Gorman, president and chief executive of Gorman Health Group, a Washington health-care consulting company.

In another shift, many plans are making changes that will reduce the chances that consumers will even reach the $2,400 level where the coverage gap starts. By eliminating co-pays for generic drugs in some plans, for instance, insurers are making such treatments essentially free to patients (at least until they reach the coverage gap). Aetna is dropping co-pays for generics in many of its plans, while Cigna says it is eliminating generic co-pays in all of its most basic drug plans.

Peter Ashkenaz, a spokesman for the federal Centers for Medicare and Medicaid Services, says every beneficiary will be notified if there is any change in their plan.

Even if beneficiaries want to stay in their current plan, they should still check that the drugs they take are remaining on their plan's formulary and on the same co-pay "tier" as before. A move from the lowest to a higher tier of co-payments for a drug can translate into a rise in co-pay to $40 a month from $5.

New Shoppers

There may be a huge market of potential shoppers. Only 20% of 3,400 beneficiaries surveyed last month by J.D. Power & Associates said they would definitely stay with the plan they had. About two million Americans will turn 65 in 2007 and also will be eligible. At least another four million, including three million low-income beneficiaries not subject to penalties for missing the deadline earlier this year, have yet to enroll.

Still, unless another plan has the potential to save a beneficiary substantial money each month, some Medicare watchers say that many may decide to stay put. Few predict that any player will break the lock that the country's three biggest plans -- UnitedHealth Group Inc., Humana and WellPoint Inc. -- have on the majority of the market.

"People went through so much trauma picking a plan the first year," says Robert Laszewski, a Washington-based health-care consultant. "They're not going to open this up all over again just to save a few bucks."

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Many Obstacles Face Negron In Fla. 16, Especially Foley's Name (CQ)

By Rachel Kapochunas

CQPolitics, October 2, 2006

The Florida Republican Party announced Monday that its executive committee has chosen Republican state Rep. Joe Negron to face Democratic businessman Tim Mahoney this fall for the 16th District seat suddenly vacated Friday by scandal-plagued Republican Rep. Mark Foley.

The GOP was forced to name a replacement candidate for Foley after the six-term incumbent resigned, following revelations about inappropriate e-mails and other Internet communications — some of which were sexually explicit — from Foley to underage, male congressional pages. Foley has since announced he is seeking in-patient treatment for alcoholism.

Although the state Republicans wasted no time in rallying around Negron as a stand-in for an election that will be held just five weeks from Tuesday, it will be very hard for them to put the Foley scandal behind them. A quirk in the Florida election law requires that Foley's name remain on the Republican line on the Nov. 7 ballot, as he had already been certified as the winner of the Sept. 5 primary.

Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat.

So Negron — a lawyer who currently represents a state House constituency that overlaps the 16th District in parts of Martin, St. Lucie and Palm Beach counties —has just five weeks to raise money, inform voters of the strange ballot situation and introduce himself to the many district voters who are not familiar with him.

Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney.

"It's still a race against the 'Foley' name," Martin County Democratic Chairman David Dew told CQPolitics.com shortly after Negron was chosen. "If I'm a Republican, I'm having a real hard time punching that name that says 'Foley' knowing that he's an accused predator."

Negron, in a phone interview with CQPolitics.com after the party announcement, concedes he faces a problem, but can overcome it. "I think it's an education effort, but I believe that voters are very smart and sophisticated," said Negron, who added that he just needs to "get the word out that the name 'Mark Foley' is only a placeholder," in order to be successful.

"I'm very grateful for this opportunity to keep District 16 a Republican seat," Negron. "It's a seat that went for President Bush [in 2004 with] 55 percent and voted for Gov. [Jeb] Bush [with] 60 percent."

But Negron and the Republican party bear the burden of explaining the ballot process to voters in the face of a rapidly strengthening bid by Democratic businessman Mahoney, who had appeared a distinct underdog to the long-popular Foley but raised an eye-opening $1.1 million as of Aug. 16.

Mahoney showed no hesitation about weighing in on the Foley scandal. Mahoney, at a press conference Saturday in West Palm Beach, echoed Democratic charges that Republican officials had failed to address earlier allegations that Foley had made inappropriate remarks to pages and had put election concerns ahead of their obligation to protect the youngsters.

"They had to make a choice," said Mahoney. "They had to do what is right for the children . . . or they could try to hold onto a seat. And they decided to try to hold onto a seat."

Negron's truncated congressional campaign is actually his second bid for higher office this year. He launched a Republican primary campaign for Florida attorney general, but yielded to the strong advantage held by former U.S. Rep. Bill McCollum and withdrew from that race this summer.

Negron, though, has had his eye on the 16th District seat for several years. He expressed his interest in replacing Foley when the congressman weighed a bid for the Senate in 2004. But Foley announced in September 2003 that he would no longer campaign for the seat, left open by retiring Democratic Sen. Bob Graham, that eventually went to Republican Mel Martinez.

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Sen. Martinez was one of the first GOP officials to endorse Negron after he was chosen as the new nominee. “I am pleased with the party’s choice of Representative Negron to run in the 16th District,” Martinez said in a statement released by the party. “I fully endorse his campaign. Representative Negron is a man of integrity and he will represent Floridians with honor.”

Negron said he has $1 million carried over from his campaign for attorney general. Federal election law does not permit Negron to transfer those funds directly to a congressional campaign committee. Negron said Monday he is already preparing to “turn over” $600,000 of his funds by returning the checks to individual donors and asking them to donate to his federal account.

Negron now has until 5 p.m. Oct. 11 to submit the $9,726 filing fee and a “Federal Office Loyalty Oath” form to the Division of Elections, small requirements to appear on the November ballot which pale in comparison to Negron’s challenges ahead.

CQ rates the race as No Clear Favorite. Please visit CQPolitics.com’s Election Forecaster for ratings on all races.

Fla. GOP Picks Foley Replacement (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, October 3, 2006

Disgraced former Rep. Mark Foley sought treatment for alcoholism and "other behavioral problems" as Republicans on Monday picked a new candidate to salvage the seat that Foley abandoned after exchanging lurid online messages with teenage boys.

State party leaders chose state Rep. Joe Negron to replace Foley in next month's election. Negron will receive votes cast for Foley, although Foley's name will remain on the ballot in the West Palm Beach district, which is largely Republican.

"My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley," Negron said. "I think it's something that can be done."

Foley resigned Friday after reports surfaced that he sent sexually explicit e-mails and instant messages to male teenage pages. He quickly went into seclusion and released a statement that he was seeking treatment.

"Painfully, the events that led to my resignation have crystalized recognition of my long-standing significant alcohol and emotional difficulties," he said. "I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

He added: "I deeply regret and accept full responsibility for the harm I have caused."

Foley's attorney, David Roth, acknowledged Monday that his client checked into a treatment center over the weekend, but would not identify the facility.

The FBI is investigating Foley's e-mails, as is the Florida Department of Law Enforcement. Foley, who is 52 and single, could be found to have violated a law that he helped write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

House Speaker Dennis Hastert said Monday that GOP leaders did not see Foley's Internet exchanges and that he would have demanded Foley's expulsion if he had known about them. "As a parent and speaker of the House, I am disgusted," Hastert, R-Ill., told reporters in Washington.

The scandal suddenly put Foley's seat up for grabs as Democrats seek a net gain of 15 Republican seats to retake power in the House. Foley, who had represented the district for 12 years, was regarded as a shoo-in for re-election before his resignation. His name was to remain on the Nov. 7 ballot because the deadline had passed for changing ballots.

At least one prominent Florida Republican expressed pessimism about holding onto the seat.

"It's a death sentence ... mission impossible," said former state Republican Party Chairman Tom Slade. "The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

But state party spokesman Jeff Sadosky said the seat is too important to surrender. "It's not going to be about yesterday's news no matter how tragic and horrifying," he said.

Negron, standing beside a 10th grade son and 8th grade daughter, became choked up when talking about what Foley did.

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"I've had pages work in my office for years, I've seen pages go to Washington, I've seen the incredible opportunity that is," Negron said, his voice trailing off. He then put his hand over his face and struggled to continue talking. "It was very disturbing because I work with these young people."

The Democratic nominee is Tim Mahoney, a former Republican and financial adviser. He said Monday that his campaign would largely remain unchanged.

"When people meet me and people know me, whether they're Democrats or Republicans, they get on board," he said. "They know that when I'm in Washington D.C., I'll be no nonsense and it's all going to be about results."

Negron, an attorney who turns 45 next week, joined in the call to investigate who knew about the e-mails and when. Democrats have suggested House leaders tried to cover them up for political reasons.

"We ought to investigate if people knew about inappropriate, criminal e-mails and didn't take appropriate action," he said. "If that happened, they need to be punished."

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Associated Press writers Brent Kallestad in Tallahassee and Brian Skoloff in West Palm Beach contributed to this report.

Foley Debacle Tests District Loyalties (LAT)

By Jenny Jarvie And Miguel Bustillo

The Los Angeles Times, October 3, 2006

JUPITER, Fla. — Mark Child voted for Rep Mark Foley two years ago, and expected to vote for him again in November. But after the disclosure that the politician had been sending sexually suggestive Internet messages to teenage boys working as congressional pages, Child is not sure what he will do.

"I'm a Republican, but I don't always vote Republican," the 48-year-old carpenter said as he dined at the Tabica Grill here. "I feel betrayed."

His wife, Sandra, shuddered at the idea of seeing Foley's name on the ballot.

"We have children," said the 47-year-old nurse. "You put a person in Congress and you expect them to do their job. He did a good job, but he was overcome by his demons."

Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands.

"I'm very disappointed, particularly that Republican leaders in Washington knew about it," said Paul Levine, a 64-year-old retiree. "It's absolutely inexcusable, it's criminal they didn't expose that. They covered it up."

Florida Republican officials, meanwhile, tried to recover from the shock of Foley's resignation and began working to elect another candidate to the seat. That will require Florida Republicans to persuade voters to cast ballots for the disgraced incumbent, even though he has resigned.

Under Florida law, Foley's name will remain on the ballot, which has already been printed. But the replacement candidate Republicans selected Monday, state Rep. Joe Negron, will receive any votes cast for Foley.

"I don't know that it's going to be possible, but our job is to get voters to look beyond the name," said Bill Lents, chairman of the St. Lucie County Republican Party. "One idea being kicked around is 'wrong name, right party.' That's a message we have to get across, and it's not going to be easy, but that's our job."

Not everyone in Jupiter, a small coastal town of 46,000 at the mouth of the Loxahatchee River in Palm Beach County, had heard of the scandal — and some who had said they remained loyal to the GOP.

"I'm a Republican — this isn't going to change that," said Richard Engstrom, a 58-year-old accountant, as he crossed the parking lot of a Wal-Mart here. "Some people are easily swayed. But I don't think this means the Democrats will get in."

The precedent for the decision to keep Foley's name on the ballot but count his votes toward someone else happened in 2004, when Florida Democrat Jim Stork withdrew from a race against incumbent Republican Rep. E. Clay Shaw Jr., citing health reasons.

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After state elections officials ruled that it was too late to remove Stork's name from the ballot, Florida Democrats won an injunction allowing them to name congressional aide Robin Rorapaugh as the party's candidate, and have votes for Stork count for him.

Barring a legal challenge, the same outcome is expected in the Nov. 7 election for Foley's old seat, requiring Republicans to remind voters of Foley at the same time the party seeks to distance itself from him.

"That's going to cause confusion with voters who will have assumed we had got rid of this guy," said Darryl Paulson, a political science professor at the University of South Florida in St. Petersburg. The district "was widely seen as a safe Republican seat — until three days ago," he added.

The jigsaw piece of a political district Foley represented stretches across the heart of south central Florida, and includes urban and rural, as well as rich and poor, areas. It goes from Port Charlotte on the Gulf of Mexico, up and over the west and north shore of Lake Okeechobee, east through Port St. Lucie and Stuart on the Atlantic Coast, then south and slightly inland to Royal Palm Beach and Wellington.

The district, which had 202,500 registered Republicans and 170,369 registered Democrats as of Aug. 7, according to Florida's election division, once had more GOP voters. But some were sheared off in 2002 and added to a neighboring district held by Shaw, who had nearly lost a close reelection battle.

Some Republican officials admitted they were still reeling from the news about Foley, a popular moderate who had won reelection two years ago with 68% of the vote. But they said it was time to press on.

"This is someone I was a close political friend of, and it was a punch right to the gut," said Sid Dinerstein, chairman of the Palm Beach County Republican Party.

Before learning Monday that Foley had checked himself into an alcoholism treatment center, Dinerstein said, "We worried whether he was alive, frankly. No one had heard from him.

"But this is politics. We have to go forward. It helps that the Democrat was out here with John Kerry last week. That gets the Republican base fired up."

The Democratic challenger, Tim Mahoney, continued to remind voters of Foley's messages to congressional pages, while at the same time pledging to run an issues-oriented campaign that focused on such topics as the war in Iraq, energy prices and the cost of hurricane insurance in Florida.

"I hope my opponent will join me in calling for a full investigation of the tragic events that led to the resignation of congressman Foley so that the mothers and fathers who entrust their children to the United States Congress' page program can be assured that their children are not put at risk," Mahoney said in a statement.

As a light rain swept across the sprawling town of highways, strip malls and gated communities, which is home to a large number of affluent retirees from the North, the shockwaves continued to spread Monday evening.

"Oh my God, that's awful," said Mary Russell, 48, an assistant manager at a Payless Shoe Source, who had just closed up for the day. "I had no idea."

"Wow," said Denise Vogel, a computer consultant who had voted for Foley in previous elections, when she head about the scandal as she browsed a video store. "I'm going Democrat."

Bush Heads West To Stump For Republicans (WP)

By Peter Baker

The Washington Post, October 3, 2006

RENO, Nev., Oct. 2 -- President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections.

Bush plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said at his first stop, a fundraiser here for House candidate Dean Heller. "That's not the way it's going to be under my administration."

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The fact that Bush had to go to the aid of Heller, the secretary of state, was another indication of Republican trouble. The 2nd Congressional District, which covers all of Nevada but Las Vegas and its suburbs, has not elected a Democrat since being created in 1982.

But in the bruising August primary to replace Rep. Jim Gibbons, who is running for governor, Heller emerged financially tapped out. He won by just 421 votes, a victory that the runner-up briefly sought to overturn in court.

The latest public poll, commissioned by the Las Vegas Review-Journal, found Heller leading Democrat Jill Derby by just 45 percent to 42 percent in a district where Republicans outnumber Democrats by a margin of nearly 3 to 2.

Bush's approval rating in the state stands at 41 percent, roughly comparable to his national standing, but he has the ability to bring in the big dollars Heller needs. His visit to a hangar at the Reno airport raised $360,000 from a few hundred people.

Few Will See Bush's Quick Visit Today (SACBEE)

By Tony Bizjak

The Sacramento Bee, October 3, 2006

When President Bush drops in today for a visit to El Dorado County, locals may be lucky to catch even a glimpse.

The good news: no highways clogged by presidential motorcades.

Instead, the president is expected to arrive via helicopter, "helo-ing in" as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then "helo-ing" out two-plus hours later.

The lunch is a $2,000-per-person fundraiser for Rep. John Doolittle with about 300 in attendance at Serrano Country Club.

Bush will be arriving from a fundraiser breakfast in Stockton and is expected to land at Rolling Hills Middle School, sheriff's officials said, then proceed a short distance to the clubhouse.

Officials are closing about a half-mile of Serrano Parkway to traffic between Terracina Drive and Torino Way at the request of the Secret Service.

El Dorado Sheriff's Lt. Kevin House warned, however, that presidential travel itineraries are subject to last-minute changes.

While no one without a lunch ticket is sure to see the president, the excitement of the Bush visit is palpable on the hillside.

That starts with Doolittle, the veteran Republican congressman from Roseville who finds himself in what may be his toughest re-election campaign. He is being challenged by Democrat Charlie Brown.

"For the first time in his career, (Doolittle) is going to have the opportunity to introduce the president to his constituents, and he is tremendously excited about that," Doolittle spokesman Richard Robinson said.

Among those constituents will be a contingent of Sweeneys. El Dorado County Board of Supervisors Chairman Jack Sweeney is coming with a friend, all four of his children, three of his children's spouses and a grandson.

"A big day for the Sweeney family," the patriarch said. "I've always wanted to be at a function with the president of the United States. I'm 68 and I decided I didn't want my kids to have to wait until they are my age to be able to do that."

Debbie Manning, president of the El Dorado Hills Chamber of Commerce, said people have been calling her office asking about where to get a view of the president. Unfortunately, she said, she doesn't know.

"The good news is, with El Dorado Hills, there aren't many ways in and out," Manning said.

Serrano Parkway will remain open to pedestrians, sheriff's officials said, although people will not be allowed to stand on the north side of the road near the gated country club entrance.

A group opposing Doolittle and protesting the president's policies, especially regarding Iraq, will be roadside, a spokesman said. El Dorado Hills may be conservative, "but we still have people concerned about the mess in Iraq," said Don Nicodemus of the Sierra Foothills Democratic Club.

Bush, Fund-Raiser In Chief, Hits The Trail In Earnest (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, October 3, 2006

STOCKTON, Calif., Oct. 2 — President Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq.

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But Mr. Bush is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House.

Mr. Bush intends to concentrate first and foremost on raising money. His strength on that front is undiminished by his political problems and is vital to giving his party an advantage in outspending the Democrats on advertising down the homestretch.

To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle.

But after a period in which most of his political appearances have been behind closed doors — he did five fund-raisers in the past week that were closed to the press — he will also step out more publicly.

While not yet conducting full-scale campaign rallies, Mr. Bush will be appearing more frequently with candidates, often in heavily Republican areas where Democrats are nonetheless competitive this year. And he will give speeches driving home the twin themes of national security and tax cuts while trying to rally a dispirited Republican base.

White House and party officials said there was never any internal debate about putting Mr. Bush out into the public eye, for all the risks that might entail. With a new burst of bad news for the party — including repercussions from the forced resignation of Representative Mark Foley of Florida over sexually explicit e-mail and instant messages sent to teenage pages — the officials said that employing Mr. Bush's power to use the White House platform to emphasize the Republican campaign message was more necessary than ever.

Mr. Bush will avoid districts and states where party officials determine his appearance may be particularly damaging for Republicans. But his aides, discussing the White House strategy for the president, said they had concluded for the most part that putting Mr. Bush out in public would do his party and its candidates more good than harm, a position that is clearly a big gamble for Republicans and a test of how much political clout he has left after two years of setbacks and missteps.

In the first three days of this week alone, he will make five public fund-raising appearances with Republican candidates, and his schedule suggests that the White House strategy is to try to close off the possibility of Democratic gains not in the most hotly contested and visible races, but in a second tier that could decide whether the House remains in Republican hands.

Two of those appearances will be on behalf of Republican House members in California, John T. Doolittle and Richard W. Pombo, who is to join Mr. Bush for an open fund-raiser here in central California on Tuesday. Both Mr. Pombo and Mr. Doolittle are viewed as potentially vulnerable because they have been touched by the fallout from the corruption scandals in Washington. In both cases, the White House believes Mr. Bush's ability to turn out Republican base voters will help to keep the seats safe.

Similarly, he went to Reno, Nev., on Monday to raise money for Dean Heller, the Republican candidate for a House seat in a district that should be safely Republican but that analysts say could be in play.

"You'll be seeing more public speeches in the weeks ahead," said Karl Rove, Mr. Bush's senior political strategist. "The president is enormously important with a significant part of the electorate that they need to win."

Mr. Bush alluded to this in an interview with conservative columnists in the Oval Office last month, saying he could set the stage for the Republican message. "There are a lot of people out there that hopefully I'll be able to inspire to turn out," he said.

But some of what Mr. Bush is doing will largely remain out of public sight. He plans to record messages for automated calls to voters in crucial districts, taking advantage of the sophisticated Republican operation to identify likely supporters and the issues that motivate them.

Mr. Bush, who has always relished campaigning, was described by associates as hungry to return to the road and is enjoying spending time with candidates and offering them advice.

The advice, it seems, goes to matters large and small. Michele Bachmann, a Republican running for an open House seat in Minnesota, said Mr. Bush needled her for wearing scalloped pink gloves for a recent presidential visit to her state. "What are those for?" Mr. Bush said, pointing to the gloves, according to Ms. Bachmann. "When you campaign, take off the gloves."

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The White House sought, sometimes in awkward ways, to balance Mr. Bush's strengths and liabilities. He was the star attraction last week at an event that raised money for Republicans in three states, including Iowa — a closed-door fund-raiser in an Embassy Row mansion 10 minutes from the White House and 1,000 miles from Iowa, where it escaped mention the next day in the influential Des Moines Register.

And last Thursday, he was at a closed-door fund-raiser for Representative Deborah Pryce, an embattled Republican in Ohio — who used the money to finance a campaign that has included advertisements disputing Mr. Bush's position on stem-cell research.

Senator Charles E. Schumer of New York, leading the Democrats' effort to win the Senate, said his main concern as he surveyed an otherwise favorable political environment was that Mr. Bush's fund-raising power would overcome any drag he might have on his party. "That's the No. 1 question that will determine the election," Mr. Schumer said. "And I don't know the answer."

Democrats said Mr. Bush's presence on the campaign trail would only help them as they tried to turn the election into a referendum on the president. And their professed delight was echoed by signs of apprehension in states where Republicans are facing their toughest battles.

In Rhode Island, Ian Lang, the campaign manager for Senator Lincoln Chafee, a Republican who is in a tough re-election battle, said a visit by Mr. Bush "is not something we're looking for or asking for."

John Brabender, a strategist for Senator Rick Santorum of Pennsylvania, who is facing a stiff Democratic challenge, said of Mr. Bush: "He would be a distraction right now. It's very important that we turn this race into Bob Casey versus Rick Santorum."

Sara Taylor, the White House political director, said Mr. Bush could prove pivotal with party faithful who have been less than enthused this year.

"He is loved by his base," she said, "and they support him."

Cheney Slams Dems In Wyo. Stump Speech (USAT)

USA Today, October 3, 2006

Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin.

Cheney said Republicans must keep their majority in Congress to maintain the fight against terrorism. "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past," Cheney, who held the state's lone seat from 1978 to 1989, said at the Casper Events Center. He said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner.

Kean should quit race, anti-war group says

A group of anti-war activists with relatives serving in Iraq called on New Jersey Republican Tom Kean Jr. to quit the U.S. Senate race, saying he lacks a strategy for withdrawing troops or ensuring soldiers get needed aid once they return. The flap started in August when Kean and his Democratic opponent, Sen. Robert Menendez, met with the group Military Families Speak Out and were given a series of war-related questions. Menendez answered them; Kean answered some and promised written responses to the rest, said Paula Rogovin, the group's spokeswoman. Rogovin says Kean reneged. A spokeswoman for Kean, Jill Hazelbaker, said Kean has answered the group and "has stated repeatedly the egregious mistakes he feels have been made, and he's asked the president to level with the American people and acknowledge those mistakes."

Voter-registration group accused of fraud

A group that registered more than a million voters two years ago is facing allegations of voter fraud and sloppy work just weeks before midterm elections. ACORN — the Association of Community Organizations for Reform Now — is running voter-registration drives in 17 states this year. The group dispatches workers and volunteers to poor neighborhoods, gas stations, courthouses and other places to sign up new voters. Among the problems:

•Philadelphia's municipal voter-registration office has rejected about 3,000 cards submitted by ACORN because of missing information or invalid addresses.

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• Denver County election officials forwarded about 200 cards to the secretary of State's office after finding similar handwriting on signatures.

• In Ohio, ACORN is accused of submitting cards with non-existent addresses, forged signatures and, in one case, for someone who died seven years ago.

"ACORN does not commit voter fraud," national president Maude Hurd said. We work hard to bring new people into the democratic process and work to maintain good quality control."

Nevada family 'like the Kennedys, but …'

A Nevada family would be a political dynasty except only one of them has ever won a statewide election. For three generations, members of the Hansen family have run for political offices ranging from governor and U.S. senator to Elko County sheriff. Only David Hansen has ever won a statewide or major county race, being elected twice to the state school board more than 20 years ago. Said Joshua Hansen, 26, an Independent American Party candidate in the 3rd Congressional District: "We're like the Kennedys, but without the money."

Poll Shows Allen Leading Webb By Six Points (WT)

By Christina Bellantoni

The Washington Times, October 3, 2006

Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows.

If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday.

The data also show 5 percent are undecided and 3 percent would choose some other candidate in the contest.

Election Day is Nov. 7.

The race could hold national implications as well -- Democrats need to win six seats to recapture a Senate majority.

Mr. Allen has held a steady lead in the Rasmussen poll for more than a year, but his once double-digit advantage over any challenger was eroded after a summer of campaign blunders.

In an attempt to regain the momentum from Mr. Webb, who is catching up in the fundraising race, Mr. Allen last night spoke to voters in a two-minute statewide televised address.

He also has been battling recent assertions that he used racial epithets to describe blacks when he was in college.

The Rasmussen poll showed Mr. Webb leading Mr. Allen by 39 points among black voters.

Mr. Webb is facing criticism, too, with Mr. Allen running an attack ad using the Democrat's 1979 article "Women Can't Fight" in which he criticizes female midshipmen at the U.S. Naval Academy.

Still, 47 percent of women surveyed in the poll said they prefer Mr. Webb to Mr. Allen. Meanwhile, 57 percent of men said they prefer Mr. Allen.

The poll showed that 49 percent of those surveyed were not familiar with Mr. Webb's article, saying they had followed news reports on the article either "not very closely" or "not at all."

By contrast, 81 percent of potential voters said they were following the racial accusations against Mr. Allen either "very closely" or "somewhat closely."

The poll also showed 11 percent of Republicans would choose Mr. Webb if the election were held today, while 13 percent of Democrats said they would pick Mr. Allen.

Mr. Allen has a 54 percent favorable rating and a 43 percent unfavorable rating, while Mr. Webb had a 48 percent popularity rating.

Most voters told Rasmussen that national security would be the most important issue when deciding the Senate race, followed by the Iraq war and the economy.

The poll also showed President Bush, who has held a fundraiser for Mr. Allen, has a 48 percent approval rating and a 50 percent disapproval rating.

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Mr. Webb is running a television ad linking Mr. Allen with Mr. Bush, saying their "stay the course" idea for the Iraq war is not right for Virginia or the nation.

The Rasmussen Senate results matched a SurveyUSA poll, released over the weekend, showing Mr. Allen with a six-point lead. A Mason-Dixon Polling and Research poll conducted last week for MSNBC/McClatchy showed the race tied at 43 percent for each candidate.

Allen Banks On 2-minute Statewide Ad To Reverse Tailspin (AP)

By Bob Lewis

AP, October 2, 2006

Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday — a valedictory aimed at saving his political career.

The embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent "macaca," a type of monkey, through claims last week that he used a common racial slur against black people.

The ad was expected to summarize the high points of a tenure in elected office dating from his term as governor in the mid-90s and, more importantly, try to refocus the race on subjects more favorable to him.

Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points.

"The Allen campaign knows that the direction this campaign has been going the last month has been very damaging for them," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University. "They're very anxious about the direction of his numbers."

Also on Monday, Webb began his biggest ad purchase yet, a 30-second spot that features two retired military women rebutting claims in an Allen ad aired last week.

"Jim Webb is committed to creating opportunities for women," Clara Adams-Ender, a retired U.S. Army brigadier general, says in the ad.

The ad will match ads Allen began airing statewide last week at a total cost of about $650,000 weekly, said Webb spokeswoman Kristian Denny Todd. Allen's ads featured female U.S. Naval Academy graduates who said they suffered hostility and humiliation at Annapolis because of a 1979 magazine article Webb wrote that said women could not lead men in combat and decried their admission to the academy.

Allen's newest ad, however, is unique in Virginia political history. The only comparable use of one-time, statewide advertising was in 1987 when Republican Sen. Paul Trible announced he would not seek re-election.

Allen will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting.

Allen wanted to do the ad live, but the costs and logistical arrangements would have been prohibitive, campaign advisers said. It was taped over the weekend.

Merle Black, a political scientist at Emory University in Atlanta, said Allen's tourniquet strategy makes sense considering the unfavorable coverage of unflattering and bizarre developments in the campaign.

"This would be an opportunity for him to redefine the issues of the campaign and give voters his side of the story unfiltered by the media," Black said.

Black said Allen's unusual address-to-the-people ad is comparable to Richard Nixon's famed "Checkers" speech in 1952 in which Nixon denied allegations of improper campaign financing and kept his spot as Dwight Eisenhower's running mate on the GOP presidential ticket that year.

"This is an example of political damage control, but it's also a candidate trying to revive his career — his political life — by framing the issues in a way as favorable to him as possible," Black said.

Outside Groups Shoveling Cash Into Tight Races (WP)

DOJ_NMG_0074062

By Jeffrey H. Birnbaum And Zachary A. Goldfarb

The Washington Post, October 3, 2006

As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves.

In Ohio, Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them.

They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country.

Politically active groups on both the left and the right are shelling out dollars faster than in any previous midterm election and focusing them intensely on the races that are up for grabs. Even with five weeks to go in the campaign, the $34 million in "independent expenditures" so far is nearly double the amount spent in the entire 2002 midterm election, according to PoliticalMoneyLine.com.

This year's figure includes spending by the parties' House and Senate campaign committees, which unlike in 2002 are no longer allowed to coordinate directly with candidates for major ad buys, and by the "527" groups that emerged after an overhaul of funding laws that year.

Independent spending by political organizations -- such as the George Soros-funded liberal group America Coming Together and the group Swift Boat Veterans for Truth, which took aim at Democratic nominee John F. Kerry's Vietnam War record -- was a defining force in the 2004 presidential campaign. What's notable this time, with control of Congress and many governorships at stake, is how such spending has migrated to elections for lesser offices.

During the 2004 election, Democrats seemed to benefit most from independent spending. Now the balance appears to be tilting rightward: America Coming Together and its companion group, the Media Fund, are largely shuttered. Meanwhile, a leading backer of the Swift Boat group, Texas developer Bob J. Perry, has donated $5 million focusing on top GOP target races.

But in Maryland, as in some other places, Democrats are still benefiting. The Maryland Fund, a 527 led by several national Democratic operatives with ties to the state, started airing television and radio ads last week critical of Gov. Robert L. Ehrlich Jr. (R), who is being challenged by Baltimore Mayor Martin O'Malley (D). The ads seek to link Ehrlich to President Bush, whose approval ratings lag behind the governor's in the state.

Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute, predicted that "in some key races, this outsider spending will be decisive."

Expenditures by outside interest groups have ballooned largely in reaction to the 2002 law banning "soft money," the uncapped contributions that previously filled the coffers of both political parties. Once those unlimited donations were outlawed for the parties, lobby groups started handing out the big money.

In Hawaii, for example, the National Association of Realtors spent more than $600,000 in support of Rep. Ed Case, who lost the recent Democratic primary for the Senate to the incumbent, Daniel K. Akaka. The Realtors' eye-popping gift -- the group's largest ever in a primary -- nearly matched the entire amount raised by Case. "Mr. Case has a really strong record supporting issues important to Realtors," a spokeswoman for the group explained. "We decided to go all out."

MoveOn.org has also spared little expense. The liberal group's political action committee has laid out $3.5 million on commercials attacking GOP candidates in six congressional districts. It spent $465,000 against veteran Rep. Nancy L. Johnson (R-Conn.) in late spring and summer, while her Democratic opponent, Chris Murphy, doled out $181,000. MoveOn.org also expended $245,000 against Rep. Chris Chocola (R-Ind.) during the same period, while Joe Donnelly, his opponent, spent roughly half that amount.

Organizations, sometimes with mysterious origins, are cropping up everywhere and spending massively in the toughest races. A group called Softer Voices is boosting Sen. Rick Santorum (R-Pa.) with an expenditure of nearly $700,000. A group called Campaign Money Watch is attacking Pryce and Sen. Conrad Burns (R-Mont.) with $200,000.

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Labor unions are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls.

One of the Democrats' leading architects of the independent-spending movement, former White House aide Harold Ickes, recently started what he calls the September Fund. Erik Smith, the fund's president, said, "There was a belief by those of us who organized this that one side of the argument -- the Bush administration and its allies -- would have a lot more resources than the other." But he added: "We're not going to make up the shortfall."

To help Democratic candidates, the September Fund intends to raise at least $10 million and buy ads that criticize Bush. But several Republican-leaning groups have already purchased millions of dollars of airtime supporting Bush's policies and, by inference, GOP candidates. They also have money available to buy even more commercials, and they plan to do so.

These groups include Progress for America, a major player in 2004 that has been on the air this year in Ohio and Missouri, states in which incumbent Republican senators Mike DeWine and James M. Talent, respectively, are in tough fights to keep their jobs. Another, the California-based Economic Freedom Fund, has spent more than $700,000 opposing Democratic Reps. Leonard L. Boswell (Iowa), Alan B. Mollohan (W.Va.) and Jim Marshall (Ga.), three members of a small circle of Democrats at any risk of losing their seats this fall. The fund was boosted by a $5 million gift from Perry.

The intervention of outside groups, especially at high levels, can be a mixed blessing. Maureen O'Brien Donovan, spokeswoman for Rep. John E. Sweeney (R-N.Y.), asserted that MoveOn.org's commercials against her boss have backfired. "Its intervention and its volunteers aren't from here, and that's well known to the general public," she said. "People who have lived here all their lives find those types of things suspect."

At the same time, candidates cannot control the groups' messages or their delivery, which sometimes causes voter confusion. "Nobody knows who these guys are, and voters have no way of judging their interests or their donors," said George Rasley, Pryce's spokesman.

In addition, the independent efforts are sometimes heavy-handed and irritate the voters they are supposed to attract. The Chocola campaign, for instance, received complaints from voters who were annoyed by automated phone calls they had received from an outside group that was supporting his reelection.

The number of independent organizations, some of them anonymous, has multiplied. On the left, a patchwork of innocuous-sounding organizations has sprouted, including Majority Action, which wants to unseat 10 to 15 Republican congressmen, and America Votes, which is trying to prevent Democratic-leaning groups from duplicating one another's work. Large sums are flowing from these and more established groups. Emily's List, which helps female, pro-abortion-rights Democrats, expects to spend about $10 million this year, and the American Federation of State, County and Municipal Employees, a labor union, anticipates spending $22 million.

On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut.

The generally pro-Republican Business Industry Political Action Committee has a more elaborate scheme. By using companies' electronic communications systems, it has delivered 40 million messages to employees urging them to cast their ballots for pro-business candidates. It has also helped a million citizens register to vote and another million apply for early voting forms.

All of these efforts are sure to make a difference. "When you have the ability to spend one to three million dollars down the stretch in a particular House or Senate race, that kind of spending can really drive the election," said Michael E. Toner, chairman of the Federal Election Commission. "That can decide who wins or loses on Election Day."

New Suburbs Could Be New Political Battlegrounds (USAT)

By Jill Lawrence

USA Today, October 3, 2006

DOJ_NMG_0074064

New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration.

The new "it" counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington.

In recent elections, Democrats have dominated cities and close-in "mature" suburbs, while Republicans sweep newer, outer suburbs and rural America. "The further out you go, the redder things are," says William Frey, a sociologist at the University of Michigan and the Brookings Institution.

Frey and others say future elections will be won and lost in fast-growing suburbs that didn't exist 10 or 20 years ago. "The emerging suburbs are in transition. They're contested," says Lang, director of the Metropolitan Institute at Virginia Tech.

Some of these areas are increasingly ethnic and Democratic, while others are growing more Republican. Some give big margins to GOP presidential candidates but split more evenly in other races. Their housing runs the gamut from mini-mansions to trailer parks. All have enough voters to make them worth fighting for.

Among the counties that could determine whether Republicans keep their House majority:

•Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel.

•Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican.

•Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican.

Democrats lost growing suburbs badly in the 2004 presidential election. Last year Virginia Gov. Tim Kaine broke tradition by carrying Loudoun and Prince William counties, outer suburbs of Washington, D.C. His campaign centered on transportation and education.

Joel Kotkin, an urban historian associated with centrist Democrats, says outer suburbia is terra incognita to many Democrats "yet there's no reason they can't be competitive. These people care about schools and infrastructure. They want economic growth. They have some of the same concerns on foreign policy."

Ruy Teixera, a Democratic analyst, calls the counties "an important part of a winning strategy" even if Democrats can't win them outright. That's because shrinking GOP victory margins in the new suburbs would improve Democrats' chances to carry statewide races for president and state offices.

Matthew Dowd, who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. His research shows most voters in such areas are not ideological; rather, they look for candidates who share their concerns about practical matters such as schools. "They're a force that you can't take for granted," he says.

Lieberman Says He Has Been Promised Seniority (HILL)

By Alexander Bolton

The Hill, October 3, 2006

Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress.

Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision.

But the strongest response is likely to come from Sen. Frank Lautenberg (D-N.J.) who views Lieberman's independent status as an opportunity to press Democratic leaders to restore seniority he lost four years ago.

If Lautenberg retrieves seniority accrued during 18 years of Senate service before retiring in 2000, he could leapfrog Lieberman to lead the Homeland Security and Governmental Affairs Committee or the Environment and Public Works Committee.

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Lieberman has served 18 years in the upper chamber. Lautenberg has served a total of 22 years, but he has only four years of recognized seniority because he retired from Congress for two years in 2000.

While even Lautenberg's allies admit the chances of jumping over as many as five lawmakers on either committee are small, the senator thinks he has a strong case.

Reid, the Senate Democratic leader, does not want to wrestle with these questions in public before the Nov. 7 election.

"The caucus won't make any decisions until after the elections in November," said Reid's spokesman, Jim Manley.

While that response implies that Lieberman's status is to be decided by the entire caucus, senior Democratic aides say questions of seniority are largely decided by Reid.

Lieberman said he would keep his senior position in the caucus, even though he lost Connecticut's Democratic primary, and is running against Democratic nominee Ned Lamont, whom the Senate Democratic leadership has endorsed.

"That's what I've been told," said Lieberman in an interview Friday, before Congress recessed for the election. "Caucuses like to keep as many members as they can, not discourage membership," implying that leaders risk his defection to the GOP if they strip him of seniority.

Lieberman said he assumed that would mean he would continue to serve as the top Democrat on the governmental affairs panel. It would also allow him to become the most senior Democrat on the Environment and Public Works Committee. But Lieberman said his desire is to stay atop Homeland Security and Governmental Affairs.

It looks more and more likely that Lieberman will win reelection. A poll released last week by Quinnipiac University showed Lieberman holding a 49-39 percent lead over Lamont among likely voters.

That could create big problems with Democrats in Congress and around the country if their party takes over the Senate. The governmental affairs panel is primarily responsible for oversight and investigations of the executive branch.

If Democrats take over either the Senate or the House, it is expected they will pour much time and effort into investigating the Bush administration. And many Democrats think Lieberman, who lost the primary race because of his perceived closeness to the Bush administration, is not the right person for that job.

Tom Matzzie, the Washington director of MoveOn.org, a liberal advocacy group that supports Lamont, said Lieberman may be spreading false information to make himself a more attractive candidate.

"This is a Lieberman campaign tactic," he said. "Democratic leaders are supporting Ned Lamont."

Bill Grad, who sits on the Democratic Town Council of Greenwich, Conn., Lamont's home town, said Lieberman has very actively distanced himself from the Democratic Party, and that it was wrong of leaders to promise anything.

"Why should Reid tell the guy in advance that he'll have his seniority. If it comes to that, that's fine. But it's disappointing, it's greatly disappointing that he would be given assurances."

"He's not running as a Democrat," said Grad, who is also a volunteer for Democratic candidate Diane Farrell. "He couldn't be more clear about that. He's not supporting any Democrats running for Congress."

Lamont's campaign did not respond to a request for comment.

Lautenberg does not have anything critical to say about Lieberman, but he calls himself a "dyed-in-the-wool" Democrat and says he wants to see Lamont win.

He also said that as the election approaches, now is the time for him to make the case to colleagues and leaders that he should regain his seniority.

"I will make the case, I will make the case," said Lautenberg emphatically. "The closer to the election, the better the reminder has to be."

"I saved a Democratic seat," he said of his 2002 election. "I financed the race myself at the beginning."

Lautenberg declared his 2002 candidacy about a month before Election Day after former Sen. Bob Torricelli (D-N.J.) suddenly resigned his seat soon after the Senate Ethics Committee rebuked him for accepting improper gifts. Lautenberg won the seat, which Republicans had a good chance of capturing because of Torricelli's ethical troubles.

Lautenberg also spent nearly $1.5 million of his own money on the race.

Sen. Paul Sarbanes (D-Md.), a thirty-year Senate veteran who is retiring at the end of this Congress, said he is sympathetic to Lautenberg.

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"It looks like he has a case to make but I don't know what rule he's working off," he said.

But Senate history is not reassuring for Lautenberg. When Minnesota Sen. Hubert Humphrey (D) returned to the Senate after serving as vice-president under President Lyndon Johnson, he lost all the seniority he accrued before leaving for the White House, said Senate Historian Richard Baker.

Poor New Hampshire? Don't Bet Against The Granite State (RC)

By Stuart Rothenberg

Roll Call, October 3, 2006

Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar.

Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date?

Don't bet on it.

Democratic presidential candidates, as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held.

The DNC has added Nevada between Iowa and the Granite State and scheduled South Carolina for the Tuesday after New Hampshire. Both of the new contests are caucuses, so New Hampshire's status as the first primary state isn't compromised. Still, the Granite State's secretary of state may take action to ensure that the state isn't leapfrogged by Nevada.

If New Hampshire moves up its date, the DNC has promised to punish it by refusing to recognize the state's delegates. In theory, that should encourage Democratic presidential hopefuls to bypass the state rather than expend time and resources in a state with no delegates at the national convention. It won't. All the early potential candidates have indicated they will campaign in New Hampshire, whenever the primary is held.

"There will be an election. People will vote. Reporters will cover it. And the results will influence results in subsequent states. There's nothing meaningful the DNC can do about it," said one veteran Democratic strategist with presidential campaign experience.

New Hampshire really isn't about delegates, although campaigns obviously hope to win some in the primary. Rather, the primary is all about momentum. That means candidates and journalists will show up even if delegates are not at stake.

"It's preposterous to think that we wouldn't cover New Hampshire in the same way we always have," a network political director said to me recently.

Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

But what if New Hampshire keeps the same date? Won't Nevada eclipse it? Again, don't bet on it.

While the South Carolina primary is likely to get plenty of attention from candidates and the national media in 2008, it's unlikely that Nevada caucuses will get anything close to Iowa and New Hampshire in terms of attention.

First, like the well-established Iowa event, Nevada is another caucus, not a primary. Journalists are likely to flock to one event where campaign organization and base voters are important, but are they really going to do it a second time, after all of the hullabaloo around Iowa? Probably not.

And for the campaigns of presidential hopefuls, Iowa's caucuses are a known commodity. Political operatives know who is going to participate and how the caucuses will work. They don't have a clue about how Nevada's caucuses will work, and that means they'll invest far less time and effort in that state, even if it is early in the process.

True, Nevada is a state with a considerable Hispanic population, and that guarantees candidates and some media will be there. But New Hampshire, not Nevada, is likely to be seen as the second big test of the presidential nominating process.

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Cost certainly will be an issue for the TV networks. They will devote considerable resources to the first caucuses and the first primary, but they are less likely to treat Nevada like a major league happening, especially since it is likely to be a Democrats-only event.

"Nevada will be semi-big," insisted a veteran Democratic operative who has played in the Democratic presidential sandbox. "It won't be as big as New Hampshire, even if New Hampshire comes after it. It may not even be as important as South Carolina."

South Carolina is likely to get more coverage than Nevada because it is on the East Coast, because both parties will have primaries the same day and, once again, because reporters and candidates already have come to regard the Palmetto State as an early test. Moreover, the state's considerable African-American population makes it both an interesting story for journalists and a test of candidates' appeal.

I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November.

And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer.

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Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

But what if New Hampshire keeps the same date? Won't Nevada eclipse it? Again, don't bet on it.

While the South Carolina primary is likely to get plenty of attention from candidates and the national media in 2008, it's unlikely that Nevada caucuses will get anything close to Iowa and New Hampshire in terms of attention.

First, like the well-established Iowa event, Nevada is another caucus, not a primary. Journalists are likely to flock to one event where campaign organization and base voters are important, but are they really going to do it a second time, after all of the hullabaloo around Iowa? Probably not.

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And for the campaigns of presidential hopefuls, Iowa's caucuses are a known commodity. Political operatives know who is going to participate and how the caucuses will work. They don't have a clue about how Nevada's caucuses will work, and that means they'll invest far less time and effort in that state, even if it is early in the process.

True, Nevada is a state with a considerable Hispanic population, and that guarantees candidates and some media will be there. But New Hampshire, not Nevada, is likely to be seen as the second big test of the presidential nominating process.

Cost certainly will be an issue for the TV networks. They will devote considerable resources to the first caucuses and the first primary, but they are less likely to treat Nevada like a major league happening, especially since it is likely to be a Democrats-only event.

"Nevada will be semi-big," insisted a veteran Democratic operative who has played in the Democratic presidential sandbox. "It won't be as big as New Hampshire, even if New Hampshire comes after it. It may not even be as important as South Carolina."

South Carolina is likely to get more coverage than Nevada because it is on the East Coast, because both parties will have primaries the same day and, once again, because reporters and candidates already have come to regard the Palmetto State as an early test. Moreover, the state's considerable African-American population makes it both an interesting story for journalists and a test of candidates' appeal.

I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November.

And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Veto In California On Electoral College (NYT)

By The New York Times

The New York Times, October 3, 2006

By The New York Times

SACRAMENTO, Oct. 2 — In the end, only one vote mattered.

Saying it ran "counter to the tradition of our great nation," Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote.

The bill, which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president — 270 — would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted.

Mr. Koza said the goal was to force presidential candidates to campaign nationwide, rather than concentrating on a small number of battleground states — like Ohio or Florida — that have a lot of electors. California, while having more electors and voters than any other state, is considered reliably Democratic, and thus not often a part of the presidential campaign.

Thomas J. Umberg, the bill's sponsor in the California Assembly, said that he was disappointed by the governor's decision "to maintain the status quo" and that he would consider taking the proposition to a ballot measure.

After Riding High With Fox News, Murdoch Aide Has Harder Slog (WSJ)

By Julia Angwin

The Wall Street Journal, October 3, 2006

Over the past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot.

Using a similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives. He has started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life

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amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing.

Mr. Ailes's independent streak contributed to the decision last year of Rupert Murdoch's son and heir apparent, Lachlan Murdoch, to quit the company. The younger Murdoch felt Mr. Ailes was undercutting his position, according to people close to the situation.

His style has even affected News Corp.'s relations with other media companies. Executives at CBS Corp., frustrated with the slow pace of negotiations between the two, didn't tell Mr. Ailes they planned to shutter CBS's UPN network, which ran on 10 News Corp. stations, until 10 minutes before the January news conference.

Mr. Ailes's adventures mark a change of pace for one of the world's largest media companies, which owns, in addition to the Fox television business, the 20th Century Fox film studio as well as newspapers and satellite-TV operations. In the past, the company was largely free of the infighting typical of the media business because of the single-minded control wielded by Chief Executive Mr. Murdoch.

But in recent years, Mr. Murdoch, 75 years old, has allowed Mr. Ailes to carve out a larger power base. In the process, that's sparked tensions within the executive suite.

Mr. Murdoch has long been a big supporter of Mr. Ailes, 66, whom he hired a decade ago. Last year, Mr. Murdoch renewed Mr. Ailes's employment contract for another five years. In a written statement, Mr. Murdoch says, "Roger has done a truly amazing job growing Fox News into the number-one news channel." He adds: "Roger has my full support and complete admiration."

Mr. Ailes says any intimation that he has sharp elbows is overblown. "There are lots of things that can be said about me -- but not playing for the full team is not one of them," he says. If the only way to win is to damage someone else, he adds, "you're no damn good."

He says Fox's stations have performed better than expected and that the new network will pick up. On the ratings declines at Fox News, "we're not unaware of a little bit of deterioration," he says, adding that "if you look at all the pressure on cable news, it's amazing that it's held up as well as it has."

A former Republican political consultant who began his career working for President Nixon, Mr. Ailes approaches business with a campaign-like competitiveness. In his political career, Mr. Ailes can claim credit for crafting the television ad that helped sink Michael Dukakis's presidential bid. The ad questioned the candidate's national-security credentials while picturing him riding a tank.

At News Corp., Mr. Ailes insisted on a lot of autonomy. Upon his hiring, he reported directly to Mr. Murdoch, unlike the heads of News Corp.'s other cable channels, who report to a News Corp. executive in Los Angeles. Mr. Ailes also oversees Fox News's ad sales and negotiations with cable operators. The other cable heads handed off those functions to a centralized group. Mr. Ailes says he insisted on those conditions to prevent "second-guessing" about programming.

Go-It-Alone Style

For 10 years, Mr. Ailes's go-it-alone style was successful. In 2002, Fox News toppled Time Warner Inc.'s CNN as the cable-news leader by recasting the medium with snappy on-air personalities, a graphics-heavy presentation and an evening line-up bristling with conservative commentary. CNN never regained the lead, and Mr. Ailes won't let them forget it: Last week, he held a Fox News 10-year anniversary party across the street from CNN's Atlanta headquarters.

News Corp. doesn't report financial results for the Fox News Channel, but says it is one of the biggest parts of the fast-growing cable-networks division. The division reported operating income of $864 million for the year ended June 30. News Corp. has been slow to launch a business-news cable channel that would be under Mr. Ailes's auspices. Mr. Ailes says he wants to wait until the channel has sealed distribution deals.

Mr. Ailes has chafed at interference from other divisions. Last year, when Mr. Murdoch decided to invest heavily in Internet businesses, FoxNews.com was folded into a centralized ad-sales unit. Almost immediately, Mr. Ailes battled to get his division back. He complained that the unit's profits were falling as the centralized division spent to hire more salespeople, even as ad sales rose.

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"We had some disagreements," Mr. Ailes says of his relations with the Internet division. Mr. Ailes says he and the head of the Internet division agreed to part ways during a meeting in December. Despite being associated with the leading cable-news network, FoxNews.com ranks as the 11th largest Internet news site, according to August figures from comScore Media Metrix.

Mr. Ailes had long been interested in the Fox local TV stations. But that was the province of Lachlan Murdoch, Rupert Murdoch's son, who was appointed News Corp.'s deputy chief operating officer in 2000. In 2004, Lachlan Murdoch appointed longtime Ailes lieutenant Jack Abernethy to head the stations. The close relationship between Messrs. Ailes and Abernethy sometimes left Lachlan Murdoch out of the loop, according to people close to the situation.

Lachlan Murdoch, for instance, wanted to postpone airing a new show by Fox News Channel correspondent Geraldo Rivera on local TV stations, according to people close to the situation. He wanted first to cancel "A Current Affair," a failing news program. Mr. Ailes went directly to Rupert Murdoch and won permission to ignore Lachlan's preference, these people say.

Mr. Ailes says he doesn't recall circumventing Lachlan Murdoch. "If that's what happened, I don't know it," he says. "I don't think that's what happened because Lachlan and I get along great." Lachlan Murdoch, who was upset with other decisions made by his father -- such as moving News Corp. headquarters to New York from Australia -- quit the company last summer.

Mr. Murdoch immediately tapped Mr. Ailes to take on the TV station portfolio. The Fox television station group is the largest in the U.S. and an important part of the News Corp. empire. The stations contributed about $1 billion of the company's $3.9 billion operating income in the year ended June 30, 2006.

After he added the station group to his portfolio, Mr. Ailes started introducing more news programming and a greater reliance on Fox News content. Such offerings can be more profitable for local stations, which can sell all the resulting ad time themselves. With many syndicated and network programming deals, local stations have to share the ad time with program makers.

The news operations of local TV stations have started to look like Fox News. Many have imported Fox News's flashy blue and red graphics and its spinning 3-D logo, and have trained local news anchors in Fox News's chatty on-air style. Some markets have also started using a variant of the Fox News tagline, "The most powerful name in news."

Mr. Ailes insists that the stations will remain editorially independent. "Fox News Channel will act as a support mechanism but those are real local stations," he says. "Editorially every news director has got to make his own decisions."

When the new logo rolled out in Los Angeles in April, morning-show host Jillian Barberie jokingly complained on air about the size of the logo, which covered up her shoes. Former New York Fox station anchor Chris Gailus says he wonders whether a cable image is right for local news. "My gut instinct is that people who watch local news may be a bit more traditional about the look," he says.

Mr. Ailes says the feedback from the station managers about the new look has been "ecstatic."

More recently, Mr. Ailes told CNN that News Corp.'s stations will no longer buy its news feeds, something for which he had long agitated. Some station heads had resisted the move, worried, among other issues, about the relatively scanty nature of Fox News's overseas coverage.

Mr. Ailes, who refers to CNN's international channel as the "Anti-American channel," says stations can rely on Fox News and its partners. "We don't think we need to be in the business of paying CNN," he adds.

Overall, Mr. Ailes's changes haven't translated into more viewers. The local stations' latest national ratings -- from May -- were mostly flat to down, according to Nielsen Media Research, which tracks the numbers. The entire industry is in a slump as TV stations across the U.S. struggle with increased competition from Internet and cable television.

In September, Geraldo Rivera's show, the one that Lachlan Murdoch wanted to postpone, drew about the same ratings as the weak program it replaced. "He's doing extremely well in some markets and we need to get a little better in some of the larger markets," Mr. Ailes says. "But he's doing better shows every day, I think."

Station revenues were also flat in the year ended June 30, 2006. Mr. Ailes says the stations did better than the shortfall the company had projected.

Unexpected Project

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One of Mr. Ailes's bigger projects came about unexpectedly. Ten of News Corp.'s 35 television stations used to carry the UPN network, which was owned by CBS. During the fall of 2005, CBS felt that Messrs. Ailes and Abernethy were dragging their feet about renewing the contract, which was set to expire in 2006, according to people familiar with the situation.

"We weren't in a hurry, but we weren't turning it down," Mr. Ailes recalls. Eventually, CBS decided to ditch the network. Mr. Ailes says he got a call from CBS Chief Executive Leslie Moonves 10 minutes before the announcement was made. "Les called me on his way into the press conference," Mr. Ailes says. "Had they signaled any kind of urgency or intensity we would certainly have met with them." He says he met with CBS executives once.

At the news conference, on Jan. 24, CBS announced it would merge the UPN network with Time Warner's WB network to make a new network called CW. CBS said the CW network would air on stations owned by Tribune Co., leaving Fox without a network for its 10 UPN stations.

The announcement left News Corp. scrambling to come up with programming before its annual presentations to advertisers in May. Messrs. Ailes and Abernethy decided to revive an idea that had been kicking around News Corp: translating Spanish-language telenovelas into English. News Corp. produces the episodes on a shoestring budget of $200,000 to $500,000 for each hour-long segment. Traditional network dramas can cost $2 million to $3 million an episode.

MyNetworkTV launched as a new broadcast network in the fall with two debut telenovelas "Desire" and "Fashion House" running back-to-back hour-long episodes every night of the week during prime time. It signed up stations reaching 96% of U.S. households.

In the weeks prior to the launch, News Corp.'s Fox-affiliated television stations promoted MyNetworkTV heavily, even when it competed with the stations' own programming. Some at the Fox broadcast network thought the Fox promotions were suffering as a result, according to people familiar with the situation.

Peter Chernin, News Corp.'s president, expressed concern to executives that there was a "lack of communication" between the stations and the network, says a person familiar with his thinking. Finally, Messrs. Chernin and Abernethy agreed to cut back on MyNetworkTV promotions for the two weeks leading up to Labor Day and then to promote the MyNetworkTV shows within the Fox premieres.

Still, viewers and advertisers have not flocked to the new network. Ratings for the shows have been low. A person close to the situation says the network is losing a million dollars a week.

Mr. Ailes says test audiences liked the shows and that the network's success is a matter of getting the word out. "I probably undermarketed it," he says.

In His New Role, Roger Ailes Has Rankled Colleagues; Slow Start At MyNetworkTV (WSJ)

By William Spain

The Wall Street Journal, October 3, 2006

SAUGET, Ill. -- When construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities.

But across the border in Illinois, the village of Sauget rolled out the welcome mat. "This kind of industry has to go someplace," says the village's president, Richard A. Sauget Jr. "We are very comfortable with it here."

That "Yes, in my backyard" ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads.

Sauget, named for its most prominent family, might offer some lessons for other Midwestern towns desperately seeking economic rejuvenation. Sauget has no downtown to dress up, no chamber of commerce. It has done nothing to try to attract new housing or a Wal-Mart.

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Instead, Sauget has embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois.

"The town allows us to operate as a business, not making moral judgments, but expecting us to obey the law," says Michael Ocello, president of VCG Holdings of Denver, owner of the strip clubs that locals have nicknamed "Ballet du Sauget."

What the village lacks are schools, churches and supermarkets. There is now a village maintenance shed where a school once stood. While Mr. Sauget's three children attend Catholic school, the village pays into the district in nearby Cahokia for kids who go to public schools.

Many of the residents are police officers, firefighters and other village employees. Given the population's relatively static nature, housing turnover is rare. "I have never sold a house in Sauget," says Linda Frierdich, owner of Advantage Real Estate in nearby Columbia, Ill. "I don't think anyone has. Nobody wants to move there."

Yvonne McDaniel, 58, has lived in Sauget for 55 years and raised four children here with her husband, a retired Sauget police officer. "It might not be the most beautiful place in the world but there are more important things than beauty," she says.

Sauget's per capita income of about $19,000 is just $1,000 less than Chicago's. And with annual property and other tax revenues of $7 million -- which works out to a remarkable $28,000 per person -- residents of Sauget (pronounced so-ZHAY) enjoy free sewer service and trash pickup, and a force of 16 police officers and 16 firefighters -- one of each for every 15 locals.

Sauget's location -- just a five-minute drive from downtown St. Louis -- makes it easy for thousands of weekend visitors to sample its nightlife.

But perhaps nothing is more vital to Sauget's success than the unabashedly pro-business leanings of its leading family, the Saugets.

Mr. Sauget, 33 years old, is a former minor-league ballplayer who has been attending village meetings since he was 13 and is known around town as "mayor." He is the third Sauget to be elected village president since the town's founding as "Monsanto," after the chemical giant, in 1926. Members of his family control the Gateway Grizzlies, a local minor-league baseball team, several nightclubs, and a portion of its four square miles, including about 20 of its roughly 100 homes. His father, Richard Sauget Sr., lives in a mansion in Sauget complete with a tennis court and meticulously trimmed lawn and hedges.

Tooling around town in his black GMC Yukon Denali SUV, the younger Mr. Sauget proudly points out the many industrial landmarks. "There's Stellar Manufacturing," he says, adding, "They make the 'hockey pucks,' " the deodorizing cakes used in many public toilets.

Kathy Andria, president of the American Bottom Conservancy, a local environmental group, occasionally gives "toxic tours" of East St. Louis and other poor industrial towns just east of St. Louis. She says Sauget is a must-see because it's a "magnet" for industries that deal with pollutants. "They think of the companies as their constituents."

The village was created to offer Monsanto a tax- and regulation-free dumping location at a time when environmental rules existed mainly at the local level.

"We were basically incorporated to be a sewer," Mr. Sauget says.

The town thrived under the oversight of its first president, Leo Sauget, Richard's great-grandfather, who was once described by the St. Louis Post-Dispatch as "a gentleman farmer who ... would shock blue bloods by showing up at board meetings in overalls." The town also got a reputation for its smell, memorialized in the 1992 song "Sauget Wind" by rock band Uncle Tupelo, which includes the verse, "They're poisoning the air / For personal wealth..."

In the late 1960s, polychlorinated biphenyl (PCB) contamination of land, ground water, rivers and the food chain began to cause concern -- and the Monsanto plant in Sauget was the nation's largest producer of PCBs. Production of PCBs was banned in 1977, but they remain part of a noxious chemical stew at an Environmental Protection Agency Superfund site along Dead Creek in Sauget.

"Sauget is one of the most polluted communities in the region," says Richard Karl, director of the EPA's Superfund Division, Region 5. "It's basically a soup of different chemicals," including PCBs, benzene, toluene, and dioxin and organic solvents. Heavy-metal pollutants include cadmium, silver, selenium and zinc. So far, the agency has spent tens of millions of dollars to clean up the area. "We have eliminated a lot of the direct contact threats but we won't be leaving anytime soon," says Mr. Karl.

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Around the time of the PCB imbroglio, the town changed its name from Monsanto to Sauget, after Leo Sauget, who had just stepped down as village president. Today, the plant is owned by Solutia Inc., which was spun off from Monsanto Co. in 1997, and makes products including oil additives and agricultural chemicals.

Over the years, the town has occasionally sided with local companies in court against regulators and groups worried about pollution. Paul Sauget, Leo's son and successor as village president, once handed a complaining EPA official a gas mask at a public meeting.

A trucking company recently built a terminal and a new dialysis clinic opened next to the ballpark. In August, a new $100 million ethanol plant broke ground. "The heavy industry is not as strong as it used to be, but all the infrastructure is still [here]," Mr. Sauget says. "We have the access, we have the roads. And we will talk to anybody."

All In The Family (WSJ)

By ARTHUR C. BROOKS

The Wall Street Journal, October 3, 2006

Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty.

In one popular book about campus politics, the author writes, "We all know that left-wing radicals from the 1960s have hung around academia and hired people like themselves. . . . [T]hey spew violent anti-Americanism, preach anti-Semitism, and cheer on the killing of American soldiers and civilians -- all the while collecting tax dollars and tuition fees to indoctrinate our children." If the author is right, then the fears about the minds of our children might seem like a lot more than just right-wing paranoia.

Most studies of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one. Imagine a student with God-fearing Republican parents exposed to the depredations of an English professor aiming to use his class as a Bolshevik training camp. Will the professor succeed in turning the kid into a Red? The evidence says, probably not: When it comes to politics, people from conservative families follow their parents, not their professors.

The most recent evidence on this subject comes from the mid-1990s, in the University of Michigan's National Election Studies. These survey data uncover two facts. First, people who go to college are more likely to vote Republican than those who don't go to college. Adults 25 and under from Republican homes are, for example, 11 percentage points more likely to vote Republican if they attended college than if they didn't. And young adults from Democratic households are 11 percentage points less likely to vote Democrat if they've gone to college than if not.

Second, nearly everybody grows more likely to vote Republican as they age -- but especially college graduates. It is no shock that the vast majority of people of all educational backgrounds from Republican homes vote Republican by age 40. It may come as more of a surprise that 40-year-olds with Democrat parents are far less likely to vote Democrat if they've gone to college than if they haven't. In fact, while three-quarters of the uneducated group still vote Democrat, the odds are only about 50-50 that the college graduates vote this way. And they've not all become skeptical political independents: Fully a third are registered Republicans.

Obviously, some kids turn left in college -- but this appears to be the exception, not the rule. Does all this mean that our colleges and universities are actually breeding grounds for conservatism? Hardly. What the statistics really show is that higher education by itself doesn't affect political views very much. Rather, in addition to the strong influence of parents, it is higher incomes -- which typically reward a college education in America -- that push people to the right politically. In Republican families, the income effect reinforces parents' influence on their kids. In Democratic families, the two effects work against each other.

To fearful Republican parents, then: Sleep tight. When it comes to politics, your kids are in good hands -- yours.

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Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming in November from Basic Books.

The Chair Out From Under Them (NYT)

The New York Times, October 3, 2006

Wal-Mart is famous for trimming, squeezing, and slashing costs relentlessly. While the company would like the world to focus on the benefits derived from its low prices, we cannot ignore how the nation's largest private employer often grinds up its hourly workers in the same machine.

There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain. For instance, Steven Greenhouse and Michael Barbaro reported yesterday in The Times that employees at several Florida stores say that managers are barring older employees with back and leg problems from using stools they had sat on for years.

Other employees are complaining of sudden scheduling changes they say are skewed to chase out long-term employees, and wage caps that act as a disincentive for those longer-tenured workers. In a stunning deployment of corporate doublespeak, a memo to store managers describes the wage caps as a way to maintain "internally equitable pay levels." It is true that if everyone is making the same everyday low wages, a perverse form of equality is established among them.

The company says it is not trying to encourage long-term employees to leave, and that the caps encourage them to move up if they want higher pay. Other retailers impose wage caps, the company argues. It is true that Wal-Mart falls under particular scrutiny, but it is in no small measure because it the largest private employer in the country. And, as that internal document last year noted, poorly compensated part-time workers lacking benefits will turn to government programs for the needy instead, a form of backdoor taxpayer subsidy.

But Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice.

As a business, Wal-Mart minimizes costs and maximizes profits. Society says what is fair, sets the rules of the game through government, and imposes minimum standards. Congress must act to raise the minimum wage, which has sat at a paltry $5.15 an hour since 1997, and reform the teetering health-insurance system. Right now, it's sending the wrong message to companies like Wal-Mart.

Richmond's Obstructionists (WP)

The Washington Post, October 3, 2006

LAST WEEK'S stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure.

Step back and consider the events of this year that led to the impasse. Gov. Timothy M. Kaine (D) took office in January promising a major push on transportation funding -- $1 billion a year in new revenue. That number itself seemed an absolute minimum given that the state has produced no new transportation funding source in 20 years, even as population and congestion boomed. Mr. Kaine, along with the Republican-led Senate, made headway in devising a proposal based largely on a palatable menu of higher taxes and fees. But after a months-long standoff they were blocked by Republicans in the House of Delegates, led by Speaker William J. Howell (Stafford).

The assembly reconvened last week in Richmond, ostensibly to try again. But rather than deal with Virginia's most critical problem, Mr. Howell and his acolytes promptly squashed the only serious plan on the table -- one backed by moderate Republicans that would have yielded more than $400 million annually for Northern Virginia. Instead, the speaker and his allies offered up a slapped-together scheme wrapped in a news release claiming that it would produce $2.4 billion for transportation.

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In fact, the $2.4 billion plan combined a large dose of smoke and mirrors with a hefty dollop of fiscal irresponsibility. More than half of it -- $1.5 billion -- would be borrowed and spent, starting in 2008, over just five years. And after that? Zilch. Moreover, Virginia taxpayers would be paying the loan back for 20 years, to the tune of something like $75 million a year in interest. And where would that money come from? Education, public safety, and health and human services. The House GOP leaders weren't talking about that.

They also weren't talking very specifically about how much money their plan would produce for the regions that need it most. And no wonder. Because excluding Metro, which would get $50 million a year, the rest of Northern Virginia's roads, rails and transit would receive just $54 million a year on average over the next decade. That's scarcely enough to build an intersection or a few miles of highway. Compare that with the $700 million annually that the Northern Virginia Transportation Authority says is needed between now and 2030 if the region's tangled roads are to be improved.

No new initiatives for transportation are likely next year, when state lawmakers are up for reelection. But the elections themselves provide an opportunity for fed-up commuters to throw out the Republican hard-liners who are undermining and threatening the future of the state's most dynamic region.

Bush Backs Turkey's Entry To E.U. (WP)

By Michael A. Fletcher

The Washington Post, October 3, 2006

President Bush voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq.

The meeting between the two leaders lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States.

"Our desire is . . . to help people who care about a peaceful future to reject radicalism and extremism," Bush said after the Oval Office meeting. "I made it very clear to the prime minister I think it's in the United States' interests that Turkey join the European Union."

Speaking through an interpreter, Erdogan thanked Bush for the endorsement, adding that "the United States is a strategic partner, a very important strategic partner for Turkey."

Last fall, the E.U. began talks with Turkey with the aim of having the country join the 25-member bloc. But those talks have gotten off to a rocky start, as the E.U. has pressured Turkey to cooperate in reaching a comprehensive settlement for the reunification of Cyprus and on rights for Turkey's Kurdish minority as conditions of membership.

Many European countries are experiencing a surge of anti-immigration sentiment, causing some anxiety around the prospect of admitting a 99 percent Muslim nation that has more than 70 million citizens, many of whom are poor by European standards. Membership in the E.U. can come with relaxed immigration rules.

Meanwhile, support for E.U. membership is beginning to wane among Turkish citizens, although a sizable majority still favor joining.

In an interview, Erdogan said the majority of Turks still view E.U. membership as something that would produce economic benefits and improve their quality of life. At the same time, he said, the European position on the Cyprus issue is causing a backlash against the idea of joining.

"At times, the statements made by the E.U. have a negative impact on Turkish public opinion," Erdogan said.

Cyprus, divided into ethnic Greek and Turkish zones since a 1974 invasion by Turkish troops, was admitted to the E.U. in 2004. Turkey refuses to deal with the Greek zone, which is administered by the island's internationally recognized government. Meanwhile, the Turkish zone, recognized only by Turkey, has been subjected to a widespread diplomatic and economic boycott.

When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades. Fighters for the Kurdistan Workers' Party often cross into Turkey from northern Iraq to launch terrorist attacks, causing Turkey to complain that the United States should do more to clamp down on the group.

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The United States has pledged its support in cracking down on the rebel group, but officials worry that a military offensive would alienate Iraqi Kurds, the group most supportive of the U.S. presence in Iraq. The United States and Turkey have designated envoys to work on a plan to resolve the situation, and in the interview, Erdogan said he is willing to let that process play itself out.

In his statements after his meeting with Bush and in the interview, Erdogan said he is committed to battling terrorism. But he scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam.

"The coinage of such terms as 'Islamic terrorism' or 'Islamo-fascism,' these have injured the Muslim people in the world, and it is best to avoid such characterizations," Erdogan said.

Asked whether he planned to communicate that to Bush, who frequently invokes such phrases in speeches, he said he has in the past. "In the same way as we consider anti-Semitism a crime against humanity," he said, "Islamo-phobia is also a crime against humanity."

Bush Backs Turkey's Bid To Join EU (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 3, 2006

President Bush on Monday endorsed Turkey's drive to join the European Union, commending the nation's leader for overseeing economic reforms.

Bush and Turkey's Prime Minister Recep Tayyip Erdogan said their countries share an agenda of stability in the Middle East.

"Our desire is to help people who care about a peaceful future to reject radicalism and extremism," Bush said with Erdogan at his side in the Oval Office, after their private meeting. The two discussed Iraq, Iran and a series of issues related to combatting terrorism.

Erdogan, speaking through an interpreter, said: "It was important to hear the president say that support for Turkey's membership in the European Union will continue."

A day earlier, in remarks at Georgetown University, Erdogan made a pitch for Turkey's membership, saying that "despite all the uncertainty surrounding us, we have become a country ... that is exporting security and stability to the region."

Including Turkey in the EU, he said, would add "strategic depth" to the organization, moving it from a regional actor to a global power.

In the speech, he also said a deep cultural misunderstanding between Western and Muslim societies is fueling radical groups around the world. Erdogan said overcoming differences between the West and Muslims "requires global cooperation."

"We will either all win, or we will all lose," he said.

Turkey's battle with the autonomy-seeking Kurdistan Workers Party, or PKK, was expected to be a focus of Erdogan's meeting with Bush. Turkish news media quoted Erdogan as saying he would ask Bush to fight the Kurdish rebels based in northern Iraq.

Bush and Erdogan made no mention of the issue after their meeting and took no questions.

Some in Turkey complain about what they see as a lack of U.S. cooperation in the fight against the militants, who frequently launch deadly attacks on Turkish targets.

The United States has pledged its support in cracking down on the rebel group. But Washington has also warned Turkey against pursuing the rebels into northern Iraq, fearing an incursion would alienate Iraqi Kurds.

After Erdogan's meeting with Bush, the prime minister planned to fly to London for talks Tuesday with British Prime Minister Tony Blair.

Kurdish Rebels Said To Fuel Anti-U.S. Views (WT)

By David R. Sands

The Washington Times, October 3, 2006

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Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with President Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country.

Mr. Erdogan, briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization.

Attacks inside Turkey blamed on the PKK have surged again after a long lull, with nearly 100 Turkish security officers killed in clashes with rebels in the first nine months of this year. The revelation that many of the PKK guerrillas use American-made arms has heightened anti-U.S. feeling in Turkey, Mr. Erdogan said.

"Terrorist organizations based in Iraq have been infiltrating into Turkey, as well as their arms," Mr. Erdogan said, speaking through an interpreter. "When the Turkish people learned that some of these arms were American-made, sentiment against America has been created."

Mr. Erdogan said Mr. Bush in their meeting "underlined he would do what he could to attack this problem." He added, "I came out of the meeting more hopeful."

The meeting between the two leaders went nearly twice as long as scheduled, but Mr. Bush did not mention the PKK and discussed terrorism only in general terms when the two leaders met later with reporters at the White House.

Ankara has pressed for the closing of PKK offices in Iraq and for tighter border controls. The U.S. government has warned Turkey against retaliatory attacks across the border in Iraq, fearing it could worsen the already tenuous security situation in Iraq.

Mr. Bush praised Turkey's economic reforms under Mr. Erdogan's moderate Islamist party's leadership, and repeated the long-standing U.S. support for Turkey's membership in the European Union.

Relations between the two NATO allies were badly strained by Turkey's 2003 refusal to allow U.S. and coalition forces to use its territory as part of the staging area for the war that ousted Iraqi dictator Saddam Hussein. Iraq's Kurds, who dominate the northern area of the country on Turkey's borders, have forged close ties with the United States while winning a large degree of autonomy from the central government in Baghdad.

Mr. Erdogan, who faces parliamentary elections within the year, said before his trip to Washington that he would push for "concrete steps" by the United States to curb Kurdish guerrilla activity in northern Iraq. Under U.S. pressure, an Iraqi-based PKK leader declared a "cease-fire" Saturday.

Mr. Erdogan said he also raised the question of the status of Kirkuk, an oil-rich city in Kurdish Iraq that also includes large numbers of Arabs and ethnic Turkmen, who have close ties to Turkey. He said he pressed Mr. Bush to consider a "special status" for Kirkuk, which Iraqi Kurds see as a potential capital, if Iraq should break up politically.

•Joseph Curl contributed to this report.

Bush Says U.N. Force Should Go To Darfur (USAT)

USA Today, October 3, 2006

President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay. The Sudanese government has resisted international pressure to accept a U.N. peacekeeping force, but Bush said the U.N. should deploy such a force anyway.

He dispatched special envoy Andrew Natsios to the region. Natsios said he has been visiting Sudan for 17 years. “I know leaders in all regions of the country, and I'm going to use those contacts and that history to move this process along,” he said. More than 200,000 people have been killed and more than 2.5 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Georgia frees Russians accused of spying

Georgia released four Russian officers whose arrest on spying charges prompted Moscow to announce sweeping travel and communications sanctions. Hoping to defuse tension, Georgian President Mikhail Saakashvili said he had decided to hand over the Russians to visiting Belgian Foreign Minister Karel De Gucht, chairman of the Organization for Security and Cooperation

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in Europe. “It's a very solid case of espionage, subversion and trying to destabilize my country,” Saakashvili said. The arrests last week infuriated Russia, which has put its troops in Georgia on high alert, recalled its ambassador and evacuated its diplomats.

Prime minister: Calm returning to Gaza

Hamas militiamen pulled back from Gaza's streets, and Palestinian Prime Minister Ismail Haniyeh said calm was returning to the area after a deadly explosion of violence between his Hamas group and its Fatah rivals. Fatah militants enforced a general strike in many West Bank towns Monday as a show of strength against Hamas, while the Hamas-led government ordered all ministries closed to protest Fatah attacks on government buildings. The fighting in Gaza erupted Sunday when the government's 3,500-man militia confronted members of the Fatah-dominated security forces who were protesting the government's inability to pay their wages. Fatah militants responded by torching the Cabinet building.

South Korean favored to be U.N. chief

South Korea's foreign minister cemented his position as the front-runner to succeed U.N. Secretary-General Kofi Annan, the only one of six candidates to escape a veto in an informal U.N. Security Council ballot. The Security Council scheduled a formal vote for Oct. 9, making Ban Ki Moon's appointment likely. “It is quite clear that from (Monday's) straw poll that Minister Ban Ki Moon is the candidate that the Security Council will recommend to the General Assembly,” China's U.N. Ambassador Wang Guangya said.

Bush Says U.N. Should Not Wait On Darfur (AP-Y)

AP, October 3, 2006

President Bush said Monday the United Nations should send a peacekeeping force to the troubled Darfur region of Sudan as soon as possible without further delay.

"The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation," Bush said as he dispatched special envoy Andrew Natsios to the region. "In my view, the United Nations should not wait any longer ... ."

The Sudanese government has thus far resisted mounting international pressure to accept a U.N. peacekeeping force in Darfur. Bush contends the U.N. should deploy such a force anyway.

Natsios said he had been going to Sudan for 17 years and "I know leaders in all regions of the country and I'm going to use those contacts and that history to move this process along."

"I think what our objective is, is not just to have a temporary fix for two months, but to try to deal with the root causes of this so we don't have another fourth war in five years, should we end this one successfully," Natsios said in an Oval Office session with Bush and reporters.

Bush Waiver Restores Military Training (AP-Y)

By George Gedda, Associated Press Writer

AP, October 3, 2006

Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House.

All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court.

The administration has taken a tough line against the ICC since its creation in 2002 out of concern that Americans overseas, including military personnel, diplomats and ordinary citizens, could be subject to politically motivated ICC prosecutions.

The following countries are affected by the waiver: Barbados, Bolivia, Brazil, Costa Rica, Croatia, Ecuador, Kenya, Mali, Malta, Mexico, Namibia, Niger, Paraguay, Peru, Samoa, Serbia, South Africa, St. Vincent and the Grenadines, Tanzania, Trinidad and Uruguay.

There was no waiver for programs that finance the purchase of U.S. military equipment by these countries or for their eligibility to purchase excess U.S. defense items.

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The ICC, a United Nations creation, was set up in an attempt to ensure that perpetrators of genocide or crimes against humanity are brought to justice.

Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States.

Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries.

Gen. Bantz Craddock, who oversees U.S. military operations in Latin America, said in Senate testimony last March that military members of all ranks in the region are receiving training in China. In addition, he said, more and more Chinese non-lethal military equipment is showing up in the region.

Craddock testified that in 2003, a year before the law took effect, the United States trained 771 military personnel from countries that are now sanctioned.

U.S. Wins A United Front On Iran (WT)

By Nicholas Kralev

The Washington Times, October 3, 2006

The United States is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week, a senior U.S. official said yesterday.

R. Nicholas Burns, undersecretary of state for political affairs, also said the U.N. Security Council will insist on a clear answer to its demand that Iran suspend its enrichment activity. A "maybe" will be considered a "no," he said.

"For four months now, we've been waiting for an answer," Mr. Burns told editors and reporters at a luncheon at The Washington Times. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

The five permanent council members -- the United States, Britain, France, Russia and China -- along with Germany on June 1 offered Iran a package of economic and political incentives if it suspends enrichment and asked for an answer by the end of July.

When there was no answer, the council passed a resolution threatening sanctions under Article 41 of Chapter 7 of the U.N. Charter and gave Tehran another deadline, Aug. 31. But Iran began negotiating "seriously" with the Europeans only in mid-September, Mr. Burns said, and the Bush administration decided to wait a little longer.

At a dinner in New York on Sept. 18, Secretary of State Condoleezza Rice and her five counterparts agreed that the first week of October would be the absolute deadline for Iran "to say yes or no," Mr. Burns said.

"She agreed with the Russians, Chinese and Europeans," he said of Miss Rice, "that, if Iran said no, we would all go to sanctions together at the Security Council."

He said a scheduled meeting this week between Javier Solana, the European Union's foreign policy chief, and Ali Larijani, Iran's top nuclear negotiator, should bring "clarity."

"If [Iran's answer] is maybe, it's a no," Mr. Burns said. "If it's 'We'd like to negotiate this further,' it has been negotiated for four months. At some point, you have to draw the line. So I think you'll have the answer by the end of the week."

Iranian President Mahmoud Ahmadinejad repeatedly has rejected the calls for suspending enrichment but denies that his country is pursuing a nuclear weapon.

Mr. Burns rejected a suggestion by Kazakh President Nursultan Nazarbayev, made in an interview with The Times last week, that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s. The country received a U.S. promise at that time that it would not be invaded.

But Mr. Burns said the Bush administration has refused to offer security guarantees to Iran because of other concerns, most recently its support for the terrorist group Hezbollah during its war with Israel in southern Lebanon.

"We saw the war this summer not to be just a border war," he said. "We saw this as a new element in the Middle East -- the Iranian and Syrian involvement.

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"We are also very concerned about this nexus of terrorism -- Iran, Syria, Hezbollah, Hamas, [Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine.] We think they are coordinating their actions, and we are trying to push back on that."

Mr. Burns said the Iranian issue would be Miss Rice's primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council.

He also said the Bush administration was waiting to see the results of a cease-fire agreement between Pakistan's government and tribal leaders in North and South Waziristan, an area of Pakistan that many intelligence analysts think is being used as a base for Taliban and al Qaeda attacks on Afghanistan.

"We've told the Pakistanis that, while we understand what they are trying to do in dealing with an extraordinarily difficult situation, we have some questions and concerns about it, and we are going to watch and see how it works," Mr. Burns said.

"Our view is -- and it has been amply and clearly expressed to the Pakistani government -- that they have an obligation to go after the foreign terrorist groups that are our enemies and theirs, and a big problem in Afghanistan."

'Good Progress' In Drawing Up Iran Sanctions: US Official (AFP)

AFP, October 3, 2006

US diplomats have made "good progress" in gaining allies' approval for a list of sanctions to be imposed on Iran if it fails to freeze its uranium enrichment activities, a senior US official said.

US Under Secretary of State Nicholas Burns has been negotiating with his counterparts from the five permanent UN Security Council members plus Germany on what sanctions to include in a UN resolution if Iran pursues its nuclear program.

Those talks have run in parallel with negotiations led by European Union foreign policy chief Javier Solana aimed at convincing Iran to freeze uranium enrichment in return for a package of economic and diplomatic rewards.

Burns "has made pretty good progress in terms of lining up the elements of a resolution with his political director counterparts," said the senior State Department official on condition of anonymity.

"I don't think it would be particularly difficult, given the progress they've made, to pull all this together" into a resolution, he said.

A timetable for pushing ahead with a sanctions resolution could come out of a possible meeting later this week in Europe of foreign ministers from the six nations dealing with the issue -- Britain, China, France, Russia, the US and Germany, he said.

Iran ignored an August 31 deadline set by the UN Security Council for halting enrichment, which can be used to make fuel for nuclear power stations or to provide the core of atomic weapons.

The United States has pressed its Security Council allies to use sanctions to increase the pressure on Tehran, but has met stiff resistance, notably from Russia and China.

At a meeting last month in New York, US Secretary of State Condoleezza Rice agreed to give Solana until this week to negotiate a resolution of the standoff with Iran's top nuclear envoy, Ali Larijani, but so far those talks have yielded no results.

Rice, who began a trip to the Middle East on Monday to discuss the Iranian issue among other things, said she could meet with her counterparts from the so-called P5-plus-1 countries later this week to take stock of the negotiations.

The senior State Department official said that meeting could take place in Europe on Friday.

US President George W. Bush and Russian President Vladimir Putin also discussed the Iranian nuclear issue by telephone on Monday and agreed to stick to "a united position" on the matter, the White House said.

The United States is backing the use of progressive sanctions to force Iran's hand, beginning with restrictions on sales of dual-use equipment and technology which could help Tehran's nuclear program, according to US and European officials.

Other possible punitive measures include assets freezes and travel bans targeting Iranians involved in the nuclear sector.

The senior US official said that while "very good progress" had been made in lining up "the basics" of a first round of sanctions, it could take time to agree on the exact wording of a new UN resolution actually imposing the measures.

"As we know from past practice on this, getting 90 percent there is great, getting the last ten percent sometimes takes longer than you wish," he said.

While Washington has no specific timetable for trying to get a sanctions resolution adopted by the Security Council, he said, time is running out.

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"The last few grains of sand in this hour glass seem to be running through," he said.

EU Official Pushes Iran On Nuclear Plans (AP)

By Paul Ames, Associated Press Writer

AP, October 3, 2006

The EU foreign policy chief said he was resuming talks with Iran's top nuclear negotiator and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited.

But Javier Solana denied he was running out of patience.

"We don't have an infinite length of time in front of us," he told reporters. "I'm not tired and I'm patient because I think that what we have at stake is very important."

Speaking to reporters on the sidelines of a EU defense ministers meeting, he said he would talk by telephone with Iranian negotiator Ali Larijani later Monday.

Solana has been leading negotiations with Larijani on behalf of Britain, France, Germany, China, the United States and Russia, which are seeking to persuade Iran to suspend work on processing uranium in return for a package of incentives.

"We have made progress on some elements but still what is fundamental for us, which is the matter of suspension, has not been finally agreed," Solana said.

Iran's hardline president said Sunday his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel. He denied Iran was seeking to build nuclear weapons and said the program was for generating electricity.

On Friday, the Bush administration repeated threats to seek U.N. sanctions unless the negotiations end successfully. However, Russia and China, which have veto rights at the Security Council, are wary of sanctions.

Igor Ivanov, the secretary of Russia's presidential Security Council, was scheduled to travel to Iran for talks with Larijani on Tuesday, Russian news agencies said Monday.

The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Iran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

Rice Meets With Saudi King On Trip To Rally Arab Allies (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 3, 2006

In Wake of Lebanon War, Secretary of State Looks to Stabilize Middle East, Counter Momentum of Militant Movements

JIDDAH, Saudi Arabia, Oct. 2 -- Secretary of State Condoleezza Rice held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region.

The Bush administration is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the 33-day war in Lebanon between Hezbollah and Israel.

America's top diplomat described that conflict as a clarifying moment in defining the political forces in the world's most volatile region. Many analysts believe the sixth Middle East war at least temporarily boosted the standing of Hezbollah as well as its patron Iran and allies such as the radical Palestinian group Hamas.

Rice is hoping to explore ways of reviving the moribund peace process between Israel and the Palestinians as well as bolster support for the fragile governments in Iraq and Lebanon. U.S. officials privately concede that their expectations for any major movement are low.

To emphasize the growing gap between moderates and militants, Rice may hold talks on Iran on Friday with the foreign ministers of the five permanent members of the U.N. Security Council plus Germany. The subject will be what actions to take

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against Tehran for failing to comply with a U.N. resolution to stop uranium enrichment for an energy program that could be used to develop nuclear weapons.

Rice held a conference call with her counterparts over the weekend to discuss Iran, which missed a formal Aug. 31 deadline. A second, informal deadline passes this week.

"I think it's fair to say that we have not yet heard anything that suggests that the Iranians are going to suspend," Rice told reporters traveling with her, pointing out that Iranian President Mahmoud Ahmadinejad has repeatedly rejected suspending enrichment.

The Bush administration is pressing for punitive sanctions against Iran if it does not agree to suspend enrichment and come to the negotiating table.

Rice said European Union foreign policy chief Javier Solana is likely to "check his sources one more time to see if there is anything more there." Solana has been heading up talks with Iran's top nuclear negotiator, Ali Larijani.

"We did have a discussion of the importance of remaining firm on Resolution 1696, which means that if the Iranians don't suspend, then we will go to the Security Council for sanctions," Rice said.

The U.S. effort to generate new momentum in the Middle East comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released.

An attempt last month between Palestinian President Mahmoud Abbas and Hamas to form a national unity government collapsed, particularly over the issue of recognizing Israel. New clashes in Gaza among Palestinians on Sunday killed six and injured more than 100.

In Jiddah, Rice said she is also hoping to win Saudi political and financial help in Iraq. Guardian of Islam's holy places and ruled by a staunchly Sunni government, the kingdom has particular leverage with Iraq's Sunni tribes.

"Saudi Arabia has a lot of standing with a number of the forces in Iraq" and was "very helpful in trying to get Sunnis involved in the election," Rice told reporters traveling with her. "So I think it would be very helpful if they were supportive of, and working toward," helping Iraqi Prime Minister Nouri al-Maliki's national reconciliation plan.

Rice's trip is a follow-up to President Bush's pledge at the United Nations last month to galvanize moderate voices in the region. Rice is also scheduled to visit Egypt for a meeting with eight foreign ministers and then Israel and the West Bank to discuss peace efforts.

Rice Faces Calls For Progress In Mideast (FT)

By Roula Khalaf, Guy Dinmore And William Wallis

Financial Times, October 3, 2006

Condoleezza Rice, US secretary of state, faces urgent calls for a comprehensive peace between Israel and the Palestinians when she meets eight Arab foreign ministers in Cairo today.

Her first trip to the region since the end of Israel's Lebanon offensive comes as Middle East leaders consider seeking a collective summit with US President George W. Bush after the US mid-term elections, according to senior officials in the region.

Ms Rice's regional tour, which started in Saudi Arabia on Monday, is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos.

But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives.

Pro-western Arab states have emerged weakened from the 34 days of fighting between Israel and Lebanon's Shia Hizbollah guerrillas, their Sunni leaderships all the more alarmed by the growing influence of Shia Iran, backer of Hizbollah, in the Middle East.

The unusual criticism from Saudi Arabia, Jordan and Egypt of the Tehran- and Damascus-backed Hizbollah, whose capture of two Israeli soldiers on July 12 sparked the war, has exposed them to mounting attacks at home. Arab public opinion was outraged by Israel's massive offensive and the US's refusal to call for an early ceasefire.

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Governments are telling the US that it should now seek an "endgame" to the Palestinian-Israeli conflict, not another long, drawn-out peace process based on small, incremental steps. They argue that addressing the region's most emotive issue would help undermine more radical forces that claim to be better champions of Palestinian rights.

"This is not an anti-Iran gathering, but the Gulf states are worried about security issues. Part of it is Iran and the spillover from Iraq. Part of it is the increase of radicalism throughout the region," said a senior Arab diplomat. "To many of these threats the answer is to have a programme to move forward the Middle East peace process."

Ms Rice has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November.

Philip Zelikow, special counsellor to Ms Rice, laid out the State Department's thinking about the region in a keynote speech last month, stressing the importance of a coalition of the US, Europe, Israel and "moderate" Arab states in dealing with the multiple threats to stability in the Middle East, namely Sunni and Shia extremism. What would bind this "coalition of the builders", he said, was a "sense that the Arab-Israeli issues are being addressed".

Clayton Swisher, analyst with the Middle East Institute in Washington, however, said the administration was divided on how to proceed. Arab officials, meanwhile, acknowledge that the political landscape is not conducive to progress.

Nouri al-Maliki, Iraqi prime minister, on Monday announced an initiative aimed at calming sectarian violence which would establish neighbourhood commissions to oversee the work of the security forces, AP adds from Baghdad.

Mr Maliki announced his plan after meeting Sunni and Shia leaders in his national unity government, which is coming under increasing criticism for failure to rein in militias and insurgents. The plan would set up local committees with representatives from political parties in each district of Baghdad, which would report to a central body.

Rice Revisiting Mideast Peace Issue (WT/AP)

By Salah Nasrawi

The Washington Times, October 3, 2006

AIRO -- Eight U.S.-allied Arab countries are banding together to meet with Secretary of State Condoleezza Rice on her trip here, with the hope of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues.

During their meeting today with Miss Rice, the foreign ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan are expected to coordinate efforts to buttress the stature of a moderate Palestinian leader and stem Iran's growing influence.

Miss Rice's visit comes as Arab countries have in recent weeks halted dealings with the Palestinian militant group Hamas. They want it to join a unity government that supports a 2002 Arab League plan that would offer peace to Israel in exchange for land, and they have even started funneling aid through Palestinian Authority President Mahmoud Abbas, Arab diplomats said.

The goal of Miss Rice's tour is to promote democracy and discuss threats to stability, such as Iran, Hamas and Hezbollah, Miss Rice's spokesman said. But the Arab ministers' priority is restarting peace talks.

On Sunday, Egypt's President Hosni Mubarak and Jordan's King Abdullah II called for Palestinian-Israeli talks to be resumed "as soon as possible." Their meeting came as the worst internal Palestinian violence since Hamas took power in March shook the Gaza Strip.

Egypt, a longtime mediator among Palestinian factions and between Israel and the Palestinians, appears to be losing patience with Hamas.

Last week, Egypt's chief of intelligence, Omar Suleiman, demanded the immediate release of Israeli Cpl. Gilad Shalit. Militants close to Hamas captured the soldier in June, triggering Israeli military retaliation. Mr. Suleiman has been working on a prisoner swap.

Mr. Suleiman also told the Syrian-based Hamas leader Khaled Mashaal that the militant group should cooperate fully with Mr. Abbas to form a unity government, a step that has been stalled by Hamas' refusal to join a Cabinet that recognizes Israel.

Jordan, Saudi Arabia and some Gulf states expressed similar concerns. The Gulf Cooperation Council comprises Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

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On Saturday, the Arab press reported that the intelligence chiefs of Egypt, Jordan and some Gulf nations met last week in Aqaba, Jordan, with their Israeli counterpart. Israeli newspapers reported the meeting was held "to discuss the confrontation with the extreme Middle Eastern states and how to handle the threat of terror."

Meanwhile, Hamas' isolation from the Arab fold deepens.

"They are virtually boycotting them. No Arab government talks to them, not even the Arab League," an official from the regional organization said on the condition of anonymity because of the sensitivity of the issue.

Israelis Reach Out To Arab Nations That Share Fear Of Ascendant Iran (WSJ)

By Karby Leggett and Marcus Brauchli

The Wall Street Journal, October 3, 2006

JERUSALEM -- Israel's summer war against Iranian-backed Hezbollah militants has redoubled its concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region.

Leaders across the political spectrum here now agree that Israel must find ways to work with other Middle Eastern states, even if that means dealing with governments that have been hostile to Israel in the past. Asked in an interview last week if Saudi Arabia, a longtime backer of groups that have fought Israel, would be considered a moderate Arab nation Israel could potentially work with, Foreign Minister Tzipi Livni replied bluntly: "Yes."

More keenly debated is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play. This week, U.S. Secretary of State Condoleezza Rice is visiting the region, and she will focus on both Iran, which the U.S. worries is trying to develop a nuclear weapon, and the Palestinian question.

The increased alarm here about Iran has arisen in large measure because of Israel's critical self-assessment of a war that ended indecisively in August, with Hezbollah -- and others in the region -- calling it a defeat for Israel's vaunted military. That left many Israeli leaders worried about an emboldened Iran.

"The main threat in this region is fundamentalism, radicalism and unconventional weapons -- everything under the title of Iran," said Ami Ayalon, a leader of Israel's Labor party.

The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both.

The Nuclear Question

The concern about Iran comes as the international community tries to persuade Tehran to suspend a nuclear program the U.S. believes is aimed at building a weapon. Iran says the program is purely peaceful. Tehran defied one United Nations resolution that had called on it to suspend by the end of August any activities that could produce a nuclear weapon, and the U.S. and Europe are weighing further steps. Israel's worries about Iran are compounded by comments from Iranian leaders, including President Mahmoud Ahmadinejad, suggesting a desire to see Israel eliminated as a state. "History has taught us to listen to this kind of talk," said the foreign minister, Ms. Livni, alluding to the Holocaust.

The more immediate lesson Israeli leaders are taking from the 34-day war in Lebanon is that Iran is building an organized military threat capable of taking on Israel and extending its influence in the region. The Lebanon war began July 12, when Hezbollah militants attacked inside Israel, killing three soldiers and kidnapping two others. Israel responded with a devastating air and ground campaign that killed more than 1,000 Lebanese -- almost all civilians -- and devastated the nation's infrastructure. Hundreds of Hezbollah fighters were killed, according to Israel, along with more than 150 Israelis, mostly soldiers.

Israeli officials and politicians across the political spectrum are convinced Iran represents an existential threat. Withdrawing from territory in the absence of a negotiated deal, as Israel did in Gaza last year and Lebanon in 2000 -- and was contemplating doing in the West Bank before the war -- is increasingly seen as futile. "We had withdrawn from every inch of their territory" in Lebanon, said Benjamin Netanyahu, former Israeli prime minister and current leader of the opposition Likud party, referring to Israel's 2000 pullout from Lebanon. Hezbollah and the Lebanese government contend the withdrawal was

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incomplete because Israel retained control of a parcel of land called Shebaa Farms, and complain of regular violations of Lebanese territory.

Mr. Netanyahu and other leaders believe Iran is a regional threat, pointing out that its influence is growing in Iraq following the model Tehran used to establish Hezbollah in Lebanon. One senior security official said Tehran is funneling increasing sums of money and arms to organizations it supports in Lebanon and now Iraq. "Iran is building an enormous force in Iraq," he said, adding that the goal is to exert influence in the run-up to and aftermath of American and other troops' inevitable exit.

The assessment that Iran is a regional threat and could one day be a nuclear rival unnerves other countries in the region, Israeli officials and politicians say. That has led them to decide they should attempt a new embrace not only of Egypt and Jordan -- which already have formal relations with Israel -- but also Arab countries with which it has had few to no dealings.

"We have to do everything to lead Iran to collapse from internal reasons... the way to do that is to isolate them even in the Arab world," said Ran Cohen, a member of the Knesset, or Parliament, from the liberal Mertz-Yahad Party.

Israel's outreach to moderate Arab states gained some momentum last month when, during a United Nations meeting in New York, Israeli officials held some private meetings with officials from Persian Gulf countries regarding Iran, officials here said. Israeli officials declined to name which countries' representatives they met with, saying the matter is too politically sensitive. Beyond Egypt, Jordan and Mauritania, Israel has no official relations with any Arab League countries.

This process could gain further momentum this week, when Ms. Rice arrives in the Middle East for a new round of diplomacy. In Egypt, where she is scheduled to arrive today, Ms. Rice plans to meet with foreign ministers from the six-nation Gulf Cooperation Council, which includes Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates. Discussions are expected to focus on the Israeli-Palestinian issue and how to possibly restart talks for a political settlement, though the question of Iran and its nuclear program also is likely to be addressed. Like Israel, the U.S. is interested in building a broad regional coalition against Iran.

Palestinian Pressures

Still, Israel could have difficulty winning cooperation from Arab countries if it isn't willing to address their longstanding complaints about its occupation of Palestinian and Syrian territory. Officials in Egypt and Jordan, as well as Gulf states such as Saudi Arabia -- all majority Sunni Muslim states -- do little to hide their anger over Israel's often-harsh treatment of the Palestinians. They are particularly concerned with Israel's bid to unilaterally set its border with the West Bank, a plan that would leave Jerusalem inside Israel.

Radical Islamist groups in the region, including Hamas, cite Israel's control of Jerusalem as justification for its attacks. Al Qaeda, meanwhile, says the U.S. is a legitimate target because of its support for Israel. Saudi Arabia, in what was considered a dramatic move several years ago, offered to get much of the Arab world to recognize Israel in exchange for a withdrawal from all territory Israel occupied during the 1967 war. Israel rejected the idea. Saudi Arabia's peace proposal also reflected its own concern that Islamic radicals are using the Palestinian conflict to build support for their movements.

While there has been some discussion in Israeli circles of whether to open talks with Syria, an Iranian ally but also a key player in any effort to secure peace in the region, few Israeli officials said their country is contemplating the idea in earnest. U.S. officials remain adamantly against it, saying Damascus must be isolated for its role in abetting terrorism in the region.

Specter of an Arms Race

Despite these territorial issues, many Arab states make little effort to hide their concern of a militarily powerful and potentially nuclear-armed Iran. At the start of the Lebanon war, for example, Sunni leaders in the region were openly critical of Hezbollah, a Shiite Muslim organization that has deep ideological ties to Iran. Perhaps the biggest concern, within the U.S. and Israel but also among weaker states such as Kuwait and Jordan, is that a nuclear Iran could spark a regional arms race. Egypt has fed those fears with a recent announcement that it is restarting its own nuclear-power program.

Another major complication is the growing political tension among Palestinian factions, particularly between Hamas, which now runs the Palestinian Authority government, and Fatah, the former ruling Palestinian party. These strains have been worsened by a months-long financial blockade of the Hamas-run government by Western countries, including the U.S.

In recent weeks, Palestinian President Mahmoud Abbas has held discussions with Hamas leaders on the formation of a national unity government that could allow Western countries to end the financial boycott, but the effort has stumbled on Hamas's

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refusal to recognize Israel's right to exist. Officials in Egypt, Jordan and Saudi Arabia also have begun applying political and financial pressure on Hamas to recognize the Jewish state, which Israeli officials say is the bare minimum needed to formally restart peace talks.

Without a breakthrough on this front, progress on the Israeli-Palestinian dialogue is virtually impossible. Meanwhile, violence in Gaza is ticking higher daily, fueling anger and making any solution to the conflict even less likely.

Analysts Warm To Lebanon Results (WT)

By Joshua Mitnick

The Washington Times, October 3, 2006

TEL AVIV -- After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact.

When Hezbollah guerrillas succeeded in capturing two Israeli soldiers in northern Israel just three weeks after Hamas took an Israeli corporal captive in the Gaza Strip, Israelis lamented that their country had lost its ability to intimidate enemies.

And when Israel agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable.

But many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement.

The war destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public.

"We really must shake ourselves out of this mood of pessimism and negative thinking," wrote Daniel Gavron on the English language Web site of the Ha'aretz newspaper.

"There is no reason to assume that a new round of hostilities is about to break out. We are planning to rehabilitate the north; Lebanese are reconstructing their country; the international force is being established.

"Neither side wants to renew the conflict that cost us both so much. The latest reports suggest that even [Hezbollah leader] Hassan Nasrallah, for all his posturing, is behaving himself, and reining in Hezbollah in southern Lebanon."

After the Sunday pullout of the Israel Defense Forces, both Israeli and Hezbollah officials were quoted warning of a new outbreak.

An anonymous Israeli military officer was quoted on the Web site of the Israeli newspaper Yediot Ahronot as saying that the army expects that within two months Hezbollah could begin testing the reaction of Israeli troops along the border with small provocations.

A Hezbollah spokesman reportedly threatened to renew attacks on Israel if its military encroached on Lebanon's land, sea and airspace.

But analysts counter that the Shi'ite militia has suffered too much damage for a quick renewal of the war. Military historian Michael Oren said that although he is pessimistic that the cease-fire brokered by the United Nations will hold, Israel has succeeded in re-establishing a measure of deterrence against Hezbollah.

"There are levels of deterrence. We destroyed Hezbollah's ministate, and Nasrallah is still in hiding," he said. "On the other hand, Hezbollah fired 4,000 missiles into our territory and survived the war. So it's not black and white."

A spokeswoman for Prime Minister Ehud Olmert was cautiously upbeat when asked about the pullout.

"We hope that this new force will bring about a new era of stability along the Israel-Lebanese border," Miri Eisen said, referring to a U.N. force deploying there. "There's always a difference between what you plan for and what happens in the real world. We'll see what happens."

When the Israel-Hezbollah cease-fire first went into effect Aug. 14, analysts and officials described the truce as rickety and delicate. But with the fighting ending, many think Hezbollah is too immersed in rebuilding the south and fending off accusations from rival politicians about the damage of the war.

"I don't think there's going to be a confrontation between Israel and Hezbollah for a while," said Hirsch Goodman, a fellow at Tel Aviv University's Institute for National Security Studies.

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"Hezbollah is going to be focused on its relations with the Lebanese government and the international force -- that is where the real dynamic has developed. The main interaction right now is a dynamic between Lebanon and Hezbollah, and whether it will remain an independent militia in a democratic country."

2 Killed As Palestinian Factions Clash For 2nd Day (NYT)

By Greg Myre

The New York Times, October 3, 2006

JERUSALEM, Oct. 2 — Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting.

"We reiterate to our people to be responsible, not to spread the circle of disagreements and conflict," Mr. Haniya told his cabinet.

However, in the southern Gaza town of Rafah, Fatah supporters held a large demonstration on Monday evening and clashed with members of the Executive Force, a security body established earlier this year by the Hamas government. A policeman and a demonstrator were killed, and more than a dozen people were wounded. In an effort to reduce tensions, the Executive Force pulled back from the main streets in Gaza City, where on Sunday it battled other security units and gunmen aligned with Fatah. In both Gaza and the West Bank, many shops, schools and government offices were closed.

Sunday's fighting, which left seven people dead and dozens wounded in Gaza, came at a time when Hamas, a militant Islamic group, and Fatah, a secular nationalist movement, were struggling to form a national unity government. After the clashes, the effort appears to have become even more complicated.

The Palestinians have a history of fierce but brief internal battles, often followed by relative calm. While Mr. Abbas and Mr. Haniya called for a halt to the bloodshed, officials on each side blamed the other for starting the violence.

The Hamas government "moves from failure to failure and from crisis to crisis," Ahmed Abdel Rahman, a senior Fatah official, said Monday in the West Bank city of Ramallah. "The Hamas government is now endangering the Palestinian people."

Ahmed Yousef, a top adviser to Mr. Haniya, said that recent Fatah-led street protests were part of a broader effort to undermine the government. "We realized there was a plan by Fatah to occupy all government institutions, and we had to send a message," he said, but added that Hamas was prepared to restart talks on the unity government.

In other fighting Monday, Fatah and Hamas gunmen briefly traded fire at Gaza City's main hospital, Shifa, when a family came to retrieve the body of one of those killed Sunday. The shooting caused panic inside the hospital, but no serious injuries were reported.

Also in Gaza, militants set fire to the Agricultural Ministry, causing damage, although no one was hurt. In the West Bank city of Nablus, Fatah gunmen shot and wounded two bodyguards of Nasser al-Shaer, the deputy prime minister, who was not present. In Jericho, a shopkeeper who refused to take part in a general strike called by Fatah militants was shot and seriously wounded, Palestinians said.

In a speech Sunday night on Palestinian television, Mr. Abbas said, "These confrontations have crossed the red line, which we have avoided crossing for four decades."

Mr. Abbas also called for renewed negotiations on a unity government, though there was no immediate sign that more talks were planned. The discussions have been going on for months, and Mr. Abbas and Mr. Haniya announced an agreement in principle on Sept. 11. But since then, the talks have stalled.

A Palestinian fisherman was killed Monday just off Gaza's Mediterranean coast, in what Palestinian officials said was a shooting by an Israeli gunboat. The Israeli military said that naval vessels fired in the air several times to drive fishing boats back toward the shore, but that it was not aware that anyone had been hit.

Israel has imposed tight restrictions on Palestinian boats in recent months, accusing Palestinians of smuggling in weapons by sea.

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The internal Palestinian fighting erupted Sunday when the Executive Force clashed with Fatah supporters in Gaza City and Khan Yunis, a town in southern Gaza.

Tensions have been building in recent weeks, as many government workers staged demonstrations to protest unpaid salaries. Many protesters are linked to Fatah, which controlled the Palestinian Authority government for more than a decade, until Hamas won parliamentary elections in January.

The Hamas government has been unable to pay salaries or govern effectively because the United States and the European Union, regarding Hamas as a terrorist group, have taken steps to cut off aid funds, and Israel has refused to turn over customs and other fees that it collects for the Palestinians.

Secretary of State Condoleezza Rice, on a Middle Eastern trip, plans to meet with Palestinian and Israeli leaders on Wednesday and Thursday, though her agenda appears relatively modest, diplomats in the region said.

Ms. Rice, who will visit Saudi Arabia and Egypt first, will seek to find ways to ease the travel restrictions Israel has imposed on Palestinians and their goods, particularly in Gaza, the diplomats said. She brokered an agreement on Palestinian movements last November, but it quickly broke down.

Russians Raise The Stakes In Georgia Row (FT)

By Neil Buckley

Financial Times, October 3, 2006

Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges.

Moscow's transport ministry ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended.

Neither ministry made reference to the detained officers. Instead, they alleged violations of transport agreements by Georgia and declined to say how long the suspensions would last.

The quarrel sparked by last Wednesday's detention of the men, whom Moscow insists are innocent, has caused the biggest rift in years between the two former Soviet republics and threatens to erupt into conflict.

Vladimir Putin, the Russian president, discussed the situation in a phone call with George W. Bush at the US president's request, the Kremlin said. Mr Putin was said to have told him that any action by a third country that could be interpreted by Georgia as encouraging its "destructive" policy was "dangerous and unacceptable".

Russia recalled its ambassador from Tbilisi, the Georgian capital, last week and evacuated dozens of its diplomats.

At the weekend Mr Putin described the detentions as "state terrorism with hostage taking", likening them to the actions of Lavrenty Beria, the Georgian who was chief of Stalin's secret police.

Russia's moves drew a swift international response, with the Organisation for Security and Co-operation in Europe, which was attempting to act as mediator, calling on Russia to restore transport links immediately.

Erkki Tuomioja – the foreign minister of Finland, current holder of the EU presidency – urged both sides to "hold back from steps that could be seen as provocation". Georgia's gesture of returning the men came after Mikheil Saakashvili, the Georgian president met Karel De Gucht, Belgium's foreign minister and OSCE chairman in office, and appeared to be aimed at defusing the dispute.

The men were handed over in Tbilisi to OSCE representatives and a Russian embassy official at about 5.30pm Moscow time and flew back to Moscow last night.

However, Moscow announced its transport blockade, agreed earlier by Mr Putin and senior security staff, soon after Tbilisi said it would return the officers.

The blockade could hit the Caucasus republic hard. More than 300,000 Georgians work in Russia, many of them sending money home to relatives.

Boris Gryzlov, the speaker of Russia's lower house of parliament, said it was planning to pass legislative amendments that would allow the government to ban banking transactions with certain countries. Relations between Moscow and Tbilisi have

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soured since Mr Saakashvili came to power in the Rose Revolution of November 2003 and moved Georgia out of Moscow's orbit, pursuing EU and Nato membership.

Moscow has called last week's arrests a deliberate provocation.

Russian political analysts said they were a stunt designed to bolster the Georgian president's flagging image as his party faces nationwide municipal electionson Thursday.

Georgia Frees Russian Officers, But Moscow Moves To Retaliate (WSJ)

By Marc Champion

The Wall Street Journal, October 3, 2006

Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries. But Moscow retaliated for the arrests by cutting off transport and postal links, suggesting a tense period ahead.

Georgian officials handed the four Russians to representatives of the Organization for Security and Cooperation in Europe, or OSCE, to be flown back to Russia. Another two officers Georgian police had sought on the same spying charges joined the four on the plane home, according to Russian officials.

The decision to release the men was a recognition by Georgia's government of the high risk attached to its arrest of the officers last week, made partly in a bid to draw international attention to the country's dispute with Moscow over two separatist territories.

OSCE Chairman Karel De Gucht, who flew to Tbilisi to mediate the dispute, said in a news conference with Georgian President Mikhail Saakashvili that the OSCE was committed to preserving Georgia's territorial integrity, a reference to the two territories, Abkhazia and South Ossetia. The territories are under protection of troops led by Russia, which has suggested that it may support their independence.

Over the weekend, Russian President Vladimir Putin accused Georgia of "state terrorism." Reflecting the significance of the dispute to Russia, Mr. Putin yesterday told President Bush, in a phone call in which he also discussed Iran, that any action by a third country seen as encouraging Georgia's actions would be "unacceptable," according to a Kremlin statement. The U.S. has been a strong backer of Georgia's government.

Earlier yesterday, Russia said it was cutting off all transport and postal links to Georgia. Those measures would further cut curtailed trade between the two countries. More than a million Georgians live and work in Russia, and many flights out of Georgia route through Moscow.

Russian parliamentary speaker Boris Gryzlov said the legislature planned to pass amendments enabling the government to ban banking operations with certain countries, according to the Interfax news agency. If applied to Georgia, that could be a devastating move that Georgian officials have long said they feared. Many Georgians rely heavily on the money their family members send home from Russia.

Relations between the two countries have been tense for more than a decade, partly because of the role Russian troops and volunteer fighters played in helping ethnic Abkhaz and South Ossetians to split Abkhazia and South Ossetia from Georgia in the early 1990s. The construction of a U.S.-backed oil pipeline running from the Caspian Sea to the Turkish Mediterranean coast via Georgia, which began operation this year, and the election of the Westward-looking Mr. Saakashvili in 2004 have sharpened the dispute.

This year, Mr. Saakashvili accused Russia of responsibility for bombings just across the Russian border that interrupted the Russian gas pipeline to Georgia during a midwinter dispute over natural-gas prices between Moscow and several increasingly independent former Soviet republics. Russia denied involvement and later banned imports of Georgian wine and mineral water, saying they were unsafe to drink.

Russia Severs Transport Links With Georgia (NYT)

By Steven Lee Myers

The New York Times, October 3, 2006

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MOSCOW, Oct. 2 — Russia announced Monday that it was suspending air, rail, sea and road links to its small southern neighbor, Georgia, taking its first significant retaliatory steps after last week's arrests by Georgia of four Russian military officers on accusations of espionage.

Several hours after Russia suspended travel, as well as postal service, between the countries, Georgia released the four officers into the custody of the Organization for Security and Cooperation in Europe, an international body to which both countries belong that had helped negotiate the release.

The officers and two others in Georgia who were accused, but not arrested, returned to Russia on a flight from Georgia on Monday night.

Their release, however, did not lead Russia to reconsider its actions. A Kremlin spokesman, Dmitri S. Peskov, said the moves were intended to punish the Georgian authorities for what he called a pattern of hostile and provocative acts toward Russia that extended beyond the latest arrests.

"It's a matter of changing their attitude totally," he said in a telephone interview.

"Instead of making steps toward improving relations with Russia," he added, "they are taking steps toward conflict."

Georgia's president, Mikheil Saakashvili, called the release a gesture of good will. But speaking to reporters in the country's capital, Tbilisi, he reiterated his government's accusations that the officers had been spying and vowed to counter Russian efforts to undermine a neighboring country seeking an independent foreign policy. "We cannot be treated as a second-rate backyard of some kind of emerging empire," he said.

Relations between Russia and Georgia — both former republics of the Soviet Union, though hardly equal ones — have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's.

Those conflicts remain at the heart of the country's many clashes with Russia, which maintains peacekeeping forces in both separatist regions, as well as other bases in Georgia that it is moving to close — slowly, according to the Georgians.

Russia's view of Georgia has also deteriorated sharply since the 2004 election of Mr. Saakashvili, who has tried to steer the country on a more westerly course. Last month, Georgia agreed on a plan for negotiations that could lead to membership in NATO, an anathema to Russia.

Georgian officials accused the Russian officers of recruiting agents and plotting attacks inside Georgia, showing what they asserted was videotaped evidence. The reaction in Russia has at times sounded warlike, with some lawmakers and commentators saying Russia should retaliate by force, if necessary, or halt the withdrawal of Russian forces there.

International mediators intervened over the weekend in an effort to calm the situation. The chairman of the O.S.C.E., Foreign Minister Karel De Gucht of Belgium, flew to Georgia's capital on Monday to preside over the release of the officers.

He said their release came after negotiations over the weekend involving Georgian, Russian, European and American officials, including Secretary of State Condoleezza Rice.

The Kremlin also reported that President Vladimir V. Putin and President Bush discussed Georgia in a telephone conversation on Monday. Mr. Peskov, the spokesman, said Mr. Putin stressed that "no third country should make steps" that encouraged Georgia's intransigence, though he said that did not mean the United States.

On Sunday, the Kremlin denounced the arrests as "state terrorism" in a statement, though Mr. Putin's published remarks were more tempered. He accused the Georgians of "creating ever new crisis situations" to divert attention from the country's problems.

The impact of a suspension in travel between the countries — and how long it might last — remained unclear. A spokeswoman for Aeroflot, the Russian state-controlled airline, said that Monday night's flight to Tbilisi had been canceled. The chief of Russia's railroads said it would cancel an order for spare parts from Georgia.

Russia has already severely dented Georgia's economy by imposing a ban, ostensibly for health concerns, on wine and mineral water — two of Georgia's most significant exports.

In his appearance with reporters on Monday, Mr. Saakashvili repeatedly referred to what he called "freedom wine," vowing that Georgia would be undeterred by Russian economic or diplomatic pressure.

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Russian 'Spies' Freed, But Moscow Vengeful Georgia Faces Sanctions For Arrests (WT/AP)

By Misha Dzhindzhikhashvili

The Washington Times, October 3, 2006

TBILISI, Georgia -- Georgia released four Russian officers whose arrest on spying charges angered its giant northern neighbor, but a vengeful Russia pushed ahead yesterday with punitive sanctions aimed at dealing a painful blow to the economically struggling Caucasus nation.

Georgia's agreement to release the men -- even as it reaffirmed the spying accusations against them -- appeared to be a capitulation that underscored its vulnerability.

The tension reflected Moscow's difficult relations with Georgia, which has defied President Vladimir Putin with a pro-Western stance, hosts unwanted Russian troops on its soil and is facing two Russian-backed separatist movements that could flare up in renewed violence.

Infuriated by Wednesday's arrests, Russia put its troops in Georgia on high alert, recalled its ambassador and evacuated its citizens. And even though Georgian officials announced early yesterday that the officers would be handed over to the Organization for Security and Cooperation in Europe and sent home, Russia's transport and communications ministries declared that all air, road, rail, sea and postal links with Georgia would be suspended starting today.

In a potentially even more crippling blow, Russian lawmakers scheduled debate this week on a bill that could bar Georgians living in Russia from cabling money home. Russian officials say about 300,000 Georgians live in Russia; some estimates put the number far higher -- at about 1 million. Georgia's population is 4.7 million.

Russia's lower house speaker, Boris Gryzlov, said yesterday that Georgians living in Russia send home an estimated $1 billion a year. In June, Mr. Putin put the amount at $1.5 billion to $2 billion annually -- an amount comparable to Georgia's state budget.

Yesterday's sanctions follow a government session at which Mr. Putin denounced the arrests as "state terrorism involving hostage-taking" and ordered top Cabinet members to draw up retaliatory measures. "These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Mr. Putin questioned ominously.

Russia's chilly relations with Georgia have worsened steadily since President Mikhail Saakashvili came to power after Georgia's 2003 "Rose Revolution," vowing to take the country out of Russia's orbit, bring breakaway provinces back into fold and join NATO in 2008.

The Kremlin said Mr. Putin discussed the situations in both Georgia and Iran with President Bush in a phone conversation yesterday.

Mr. Putin underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy," the Kremlin said in an apparent reference to U.S. support for Mr. Saakashvili's government.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked -- adding to Russian suspicions that it was behind the latest tensions.

Enough Bullying (WP)

The Washington Post, October 3, 2006

RUSSIAN PRESIDENT Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called "the greatest catastrophe of the 20th century." Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. One particular target is the small Caucasian state of Georgia, which has infuriated Mr. Putin by embracing liberal democracy and turning toward the West.

A Russian attempt to strangle Georgia has been slowly escalating. Moscow banned Georgia's principal exports in March and has been encouraging two separatist regions, protecting their rebel regimes with troops and granting Russian citizenship to

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many of their residents. Last winter Georgia's natural gas supplies, which come from Russia, were disrupted for weeks by sabotage of pipelines.

Now comes a new escalation: Last week the Georgian government announced that it caught a number of Russian army officers based in Georgia engaging in blatant espionage activities. When it arrested four of them, Mr. Putin seized the occasion to withdraw his ambassador and many other diplomats. He also closed air, sea and land links between the two countries and suspended the issuance of visas. His rubber-stamp parliament is taking steps to block remittances by the hundreds of thousands of Georgian workers in Russia.

Yesterday, pressed by the Bush administration, Georgia allowed the Russian officers to return home. But Russia continued its bellicose acts, while improbably claiming that it -- and not the poor nation of 5 million it is besieging -- is the victim of aggression. In a telephone conversation, Mr. Putin told President Bush that "it was unacceptable for other countries to take steps that Georgia could interpret as support," according to the Russian news agency RIA Novosti.

Mr. Bush ought to reject that imperious warning. U.S. diplomats in fact have spent the past several days urging compromise and caution on the part of Georgia's sometimes impulsive president, Mikheil Saakashvili. But the United States has not only the right but also the duty to support Georgia's independence and Mr. Saakashvili's aspirations to consolidate liberal democracy and steer his country toward membership in NATO. As the Georgian president rightly said yesterday, "The message to Russia is: 'Enough is enough.' "

S. Korean Strongly Backed To Lead U.N. (WP)

By Colum Lynch

The Washington Post, October 3, 2006

UNITED NATIONS, Oct. 2 -- The U.N. Security Council's five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat.

The Korean diplomat secured 14 votes in favor of his candidacy, including from all of the council's five veto-wielding powers -- the United States, China, Russia, France and Britain. Only one non-permanent council member, voting anonymously, expressed no opinion.

Key senior council members said it is all but certain that Ban will become the eighth secretary general, replacing Kofi Annan of Ghana when he steps down at the end of December.

But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee.

"It is quite clear from today's vote that Minister Ban Ki Moon is the candidate the Security Council will recommend" to the General Assembly, China's U.N. ambassador, Wang Guangya, told reporters.

Ban would take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world, including a peacekeeping army of more than 70,000 "Blue Helmets."

Ban's selection would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted by political divisions over the U.S.-led war in Iraq, U.N. mismanagement of the oil-for-food program and a series of sexual-misconduct scandals in U.N. peacekeeping operations.

During his campaign, the Korean diplomat has pledged to play a role in smoothing differences between the developing world and the United States and other Western powers, which have clashed over U.N. reform priorities.

He vowed to pursue some key objectives of the United States, a close military and political ally of South Korea, saying reform of the United Nations' management and financial practices would be his "job number one." He also intends to play a more active role than Annan in urging North Korea to scrap its nuclear weapons program.

"We are very pleased with the outcome here, very pleased," said John R. Bolton, the U.S. ambassador to the United Nations, after the vote. Bolton said he could not "rule out the possibility" that a new candidate might enter the race to mount a final challenge to Ban. But, he added: "I don't think there's much doubt what the outcome is at this point."

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Some of Ban's rivals had privately complained that the South Korean government ran a costly political campaign, involving trade deals and pledges of aid for Security Council members, to secure Ban's victory.

But some of Ban's competitors rallied behind the Korean diplomat.

Shashi Tharoor of India, who placed second in today's ballot, conceded defeat after the vote, saying that he had written Ban to congratulate him on his victory. "It is clear that he will be our next secretary general."

"It is a great honor and a huge responsibility to be secretary general, and I wish Mr. Ban every success in that task," Tharoor said. "The U.N., and the world, has a stake in his success."

The emergence of Ban as the likely new U.N. leader ended a rare public campaign for a post that has been traditionally selected in secrecy by the world's major powers. But the campaign followed past practices of limiting the field of viable candidates to a single region, in this case Asia.

Although one candidate hailed from outside the region, Latvian President Vaira Vike-Freiberga, China made it clear that it would block any non-Asian candidate from reaching the top job.

China's U.N. envoy said his government is confident in Ban. "I think that he is experienced. He's low-key but very firm, and he's decisive," Wang said.

Council Backs South Korean For U.N. Secretary General (NYT)

By Warren Hoge

The New York Times, October 3, 2006

UNITED NATIONS, Oct. 2 — Ban Ki-moon, the foreign minister of South Korea, on Monday virtually assured his selection as the next secretary general of the United Nations, winning overwhelming support in a final informal poll of the Security Council.

The Council scheduled a formal vote for next Monday to make its verdict official, which should lead to Mr. Ban's being elevated to the position of the world's most important international civil servant on Jan. 1.

Secretary General Kofi Annan is to step down Dec. 31 after two five-year terms, and under United Nations procedures, the 15-member Council selects one name and sends it to the 192-member General Assembly for appointment.

Mr. Ban nailed down his selection by winning his fourth straight informal poll, this one with a different colored ballot for the five veto-bearing members — Britain, China, France, Russia and the United States — to show whether any of them were opposed.

In a contest in which the ambassadors had the options of voting "encourage," "discourage" or "no opinion," Mr. Ban won 14 positive votes, no negatives and one "no opinion," from one of the 10 rotating members.

There were objections from permanent members — signaling potential vetoes — against all five of the other active candidates. (One had withdrawn.)

Mr. Ban will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts.

He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures. At the same time, it is a moment when the United Nations finds itself back at the center of many of the world's most intractable problems in places like Lebanon, Sudan, Iran, Kosovo and North Korea.

Mr. Ban has said he will devote particular attention to efforts to broker a settlement in the Middle East.

Mr. Ban, 62, is a soft-spoken man who in six months of campaigning around the world has had to learn the Western art of self-promotion after early audiences complained they found his laid-back presentation underwhelming. He still frequently cites his own "humility" in exercising responsibility, but argues that it is an asset that should not be confused with indecisiveness.

In response to concerns about whether he has the strength and presence to be secretary general, he has pointed to his leadership in the weighty and delicate talks aimed at ending the nuclear standoff with North Korea.

Mr. Ban is familiar with the United Nations, where he served as first secretary at the South Korean mission from 1974 to 1978 and was chief assistant to Han Seung-soo, president of the General Assembly in 2001. He has also served as director of the United Nations division at the South Korean Foreign Ministry.

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His selection will carry great resonance in South Korea, a country created by the United Nations in 1948 and defended by United Nations-authorized troops in the Korean War.

In his lifetime, South Korea has been a model for development, transformed from a war-torn impoverished country into one of the world's wealthiest.

As a foreign service officer for three decades, Mr. Ban has been a top official in the Korean Embassy in New Delhi and ambassador to Austria. He became foreign minister in January 2004.

He says he first dreamed of becoming a diplomat when, as an 18-year-old student visiting Washington in 1962, he met President Kennedy at the White House.

Mr. Ban has had extensive contact with the United States and is considered politically close to Washington. John R. Bolton, the American ambassador, said after the vote, "The United States is very pleased with the outcome."

Six of the seven candidates were Asian in a year seen as Asia's turn at the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

As in the previous three votes, the second finisher on Monday was an Indian, Shashi Tharoor, 50, the under secretary general for public information. He received 10 positives, 3 negatives and 2 "no opinion" votes.

The next four, who trailed far behind, were Vaira Vike-Freiberga, 68, the president of Latvia, the only woman and non-Asian in the race; Ashraf Ghani, 57, a former finance minister of Afghanistan and current chancellor of Kabul University; Surakiart Sathirathai, 47, the deputy to Thaksin Shinawatra, the prime minister of Thailand who was deposed in a military coup last month; and Prince Zeid al-Hussein, 42, Jordan's ambassador to the United Nations.

Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, withdrew Friday after drawing only three positive votes in the third balloting.

South Korea's Ban Wins Support From Major Powers To Head U.N. (WSJ)

By Evan Ramstad, South Korea And Neil King Jr.

The Wall Street Journal, October 3, 2006

South Korean Foreign Minister Ban Ki Moon won the decisive support of the U.S. and other major powers to head the United Nations during a time of mounting challenges and upheaval within the world body.

The straw-poll vote yesterday effectively seals Mr. Ban's bid to succeed the departing Kofi Annan, of Ghana, who became U.N. secretary-general in 1997. The five veto-wielding Security Council members -- the U.S., France, Britain, China and Russia -- all voted to support Mr. Ban's candidacy, which the South Korean government actively promoted, over rivals from India, Jordan, Thailand, Latvia and Afghanistan. An official vote, followed by General Assembly approval, is expected later this month.

Mr. Ban, 62 years old, will face an array of challenges, from the need to gut and remodel the U.N.'s 38-story New York headquarters to efforts to get a U.N. peacekeeping force into the Darfur region of Sudan. The U.N. has become a forum for tackling many of the world's most-pressing crises, including efforts to mediate in Lebanon and to corral the nuclear ambitions of North Korea and Iran.

The U.N. also has drawn criticism: The developing world is seeking more influence within the Security Council, while many lawmakers in Washington see the organization as toothless and indecisive.

U.S. officials said they hope the soft-spoken Mr. Ban will push a range of internal U.N. reforms begun by Mr. Annan while eschewing the high-profile role of world diplomat that he pursued. South Korea is traditionally an ally of the U.S., though Seoul has recently leaned toward China amid booming economic ties and shared views on some issues. Having Mr. Ban at the U.N. could improve Washington's ties with Seoul while helping the U.S. in at least some of its overhaul goals for the U.N.

After the balloting, the U.S. ambassador to the U.N., John Bolton, said "the United States is very pleased with the outcome of the vote."

Mr. Ban's views on North Korea may be at odds with the U.S. government's desire for a tough response to Pyongyang's nuclear-weapons ambitions. Mr. Ban, who became foreign minister in 2004, supports Seoul's view that talking to North Korean leaders and offering economic incentives to encourage change is preferable to threats and sanctions.

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Last year, he often represented South Korea in the six-nation discussions over North Korea's nuclear-weapons program. Those talks produced a tentative agreement for North Korea to suspend further development in return for economic aid. But Pyongyang later balked at the deal. North Korea's decision to test-fire seven missiles in July prompted the U.N. Security Council to adopt a resolution sanctioning Pyongyang.

Mr. Ban hasn't detailed publicly his thoughts about how to run the U.N., but he has expressed support for change at the international body. In a May speech, he described the U.N. as "overstretched and fatigued" and argued that it should focus more on "delivering results in the hundreds of pressing items already on its agenda" and not "identifying new frontiers to conquer."

ISSUE BRIEFING

• South Korea's Ban leads1 the pack for U.N. secretary-general, but the race isn't over.

Mr. Ban has said he believes the U.N. is facing a critical test to keep multilateralism relevant. A sluggish bureaucracy and scandals over contracting have hurt the organization's reputation. Mr. Ban said he may apply lessons learned while heading South Korea's foreign ministry, where he implemented performance-based criteria for jobs and promotions to replace a tenure-based system.

Mr. Ban is a longtime diplomat whose background reflects a deep belief in the U.N.'s mission. In the early 1950s, dozens of countries, led by the U.S., fought under the U.N. umbrella alongside South Korea against the communist North in the Korean War. After the war, the U.N. and U.S. coordinated the rebuilding of the country.

South Korean President Roh Moo Hyun urged Mr. Ban to run for the post, and many prominent South Koreans threw their support behind his bid.

South Korean Set To Succeed Annan At UN (FT)

By Mark Turner In New York

Financial Times, October 3, 2006

Ban Ki-moon, the South Korean foreign minister, emerged as almost certain to become the United Nations' next secretary general after winning close to unanimous support in the Security Council.

In what is now expected to be the Council's last straw poll, which for the first time differentiated between the five veto-wielding powers and the 10 elected members, Mr Ban won 14 'encouragements', and one 'no opinion', with all permanent members in favour.

His closest competitor, India's Shashi Tharoor, won 10 votes of encouragement and three votes against, including one veto, and on Monday evening conceded his race was over. The remaining candidates trailed far behind.

"It is clear he [Mr Ban] will be our next secretary general," said Mr Tharoor after the vote. "The United Nations and the world has a stake in his success."

He said he would return to his post as the UN's information chief, although adding that he considered "all options" open for his future.

Security Council ambassadors said they expected to hold a formal vote on Monday, and while it was theoretically conceivable that another candidate could still step forward, they said that was highly unlikely at this late stage.

John Bolton, the US ambassador to the UN, declared he was "very pleased with the outcome", and thought there was not "much doubt" as to the final result. Kenzo Oshima, the Japanese ambassador, said there was a sense that "on the basis of today's [Monday's] ballot, the council is now ready."

"On Monday we will be in a position to make a recommendation," said Emyr Jones Parry, the British ambassador, referring to the formal process whereby the UN General Assembly is asked to rubber-stamp the outcome.

Some countries not on the Security Council, including Canada, had championed greater input from the assembly, including the possibility that it be given more than one candidate to choose from, but their proposals were rejected.

Mr Ban's campaign, which began eight months ago, is likely to be studied closely by future aspirants for the post. His speeches focused on the need for UN reform, but studiously avoided any controversy – winning him few admirers in the media, or even amongst diplomats.

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Until around a month ago, there had been a sense that another candidate would emerge and win, but Mr Ban surprised everyone by garnering widespread support in two undifferentiated straw polls.

When asked if the Korean represented a lowest common denominator outcome, Wang Guangya, China's ambassador to the UN, called him "low key but very firm. He's decisive. Sometimes Asians show their quality in a different way."

Ban Ki-Moon Cements Hold On U.N. Post (AP)

By Nick Wadhams, Associated Press Writer

AP, October 3, 2006

South Korea's foreign minister cemented his position as the near-certain successor to U.N. Secretary-General Kofi Annan on Monday, the only one of six candidates to escape a veto in an informal Security Council ballot.

The Security Council was expected to hold a formal vote to pick the eighth secretary-general in the United Nations' 60-year history on Oct. 9, making Ban Ki-Moon's appointment almost assured. The 192-nation General Assembly must approve the council's recommendation, and traditionally does so without protest.

"It is quite clear that from today's straw poll that Minister Ban Ki-Moon is the candidate that the Security Council will recommend to the General Assembly," China's U.N. Ambassador Wang Guangya said.

While the informal poll is nonbinding and the results could change, diplomats and candidates left little doubt that Ban would win. Soon after the results became known, India's Shashi Tharoor, the U.N. undersecretary-general for public information, announced he was leaving the race even though he placed second to Ban in all four of the informal polls.

"It is clear that he will be our next secretary-general," Tharoor said.

If Ban does indeed win the race, his selection will have been marked by unprecedented speed, consensus and calm. In the past, U.N. chiefs have often been elected as time runs out, after heated negotiations and numerous rounds of voting.

Annan himself was a compromise candidate in 1996 who emerged late and only after the United States blocked Boutros Boutros-Ghali's bid for a second term. Annan's example also shows how unpredictable the process can be: during informal polling at the time, France consistently vetoed him before changing its vote at the last minute.

In Monday's poll, the 15 council nations checked one of three boxes for each candidate in the secret ballot: "Encourage," "discourage," and "no opinion." For the first time, the five permanent members of the council — Britain, China, France, Russia and the United States — were given blue ballots to show the candidates if they could escape a veto.

According to the results, Ban received 14 votes in favor and a white "no opinion" ballot cast by one of the 10 rotating members of the council. Every other candidate received at least one no vote from a veto-wielding member.

Tharoor received 10 favorable votes and three against. One of those negative votes was a veto. Latvia's President Vaira Vike-Freiberga was next with five in favor, six against — including two vetoes — and four undecided votes.

Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, and former Afghan Finance Minister Ashraf Ghani each received four votes in favor. But Ghani had 11 votes against him including three vetoes, and Surakiart had seven no-votes, among them two vetoes.

The last candidate, Jordan's U.N. Ambassador Prince Zeid al Hussein, had only two votes in favor and eight against, with one veto.

Bolton said the council would meet on Oct. 9 to hold its formal vote, while Japan's U.N. Ambassador Kenzo Oshima, president of the Security Council for October, said that was the likely date.

Bolton said he'd wanted the vote by the end of the week, but agreed to delay so candidates could decide to drop out and new ones could come forward.

But the council wants the process finished by the end of October, and Bolton suggested there wasn't enough time.

"New candidates still have the option of coming forward, but we've been waiting for new candidates and I don't know of any, there's no speculation of any," Bolton said. "I'd be surprised if new candidates came forward."

Associated Press reporter Paul Burkhardt contributed to this story.

Korean Wins A Final Poll For U.N. Chief (WT)

By Betsy Pisik

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The Washington Times, October 3, 2006

NEW YORK -- The Security Council is poised to select South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general as soon as Monday, after his fourth consecutive strong showing in a straw poll yesterday.

Fourteen council members yesterday endorsed his candidacy in principle, while one unnamed nation offered "no opinion."

The vote is likely to take place Monday, council diplomats said yesterday.

"We have a lot of respect for Foreign Minister Ban," said U.S. Ambassador John R. Bolton after yesterday afternoon's poll. "We know him well from his service in Washington and think very highly of him professionally and personally."

"I can say the United States is very pleased with the outcome of the vote," Mr. Bolton added.

The poll yesterday was the fifth in the council and the first to reveal which of the five permanent members cast "discourage" votes -- a situation that could turn into a veto.

After the poll, U.N. communications chief Shashi Tharoor, who placed second, dropped out of the race.

"It is clear that he will be our next secretary-general," Mr. Tharoor told reporters. "It is a great honor, and I wish Mr. Ban every success in that task."

Mr. Tharoor received 10 "encourage" votes yesterday, but one of the three negative votes was cast by a permanent member.

Latvian President Vaira Vike-Freiberga placed third with five encouragements, but two of the six negative votes were cast by permanent members -- most probably China and Russia.

Former Thai Deputy Foreign Minister Surakiart Sathirathai and former Afghan Finance Minister Ashraf Ghani won four "encourage" votes each.

The first and last candidates to declare their intentions were opposed by permanent members. Jordanian newcomer Prince Zeid Ra'ad Zeid al Hussein won two favorable votes yesterday. Sri Lankan diplomat Jayantha Dhanapala withdrew over the weekend.

While ambassadors were inside with their paper ballots -- white for elected members, blue for permanent -- reporters and envoys gathered in the corridor outside, talking and making informal wagers.

When diplomats emerged from the chambers, they were gently besieged as the news of the tally filtered out.

"I believe among the five-six Asian candidates, each had advantages," said Chinese Ambassador Wang Guangya. But Mr. Ban, he said, has experience.

"He is low-key but firm, and he is decisive," Mr. Wang told reporters. "Sometimes the Asians show their qualities in a different way. I do hope he will be a good candidate for the job of the secretary-general."

Mr. Ban, who is in Seoul this week, was informed of the results by Japanese Ambassador Kenzo Oshima, president of the council for October.

South Korea's minister of foreign affairs and trade since 2004, Mr. Ban, 62, appears to be more of a consensus candidate than a passionate first choice. He speaks French and English as well as Korean, and is well-known to most of the key foreign ministries on the council and in the United Nations.

In a recent interview with reporters and editors of The Washington Times, Mr. Ban vowed that reforming the almost 61-year-old organization would be one of his priorities.

"The U.N. needs to be changed, to be more effective in taking on these challenges and agendas," he said.

"The U.N. Secretariat must be changed and reformed. It needs to be reborn, so that it is more effective, more efficient and more relevant. It must regain the trust of the major stakeholders," he added.

"Unfortunately, the U.N. has been somewhat discredited by scandals and the nonprofessional performance of its peacekeepers and other employees. The highest priority is to change the culture under which the Secretariat staff has been operating. The staff must be made more professional and more accountable," Mr. Ban said.

•David Sands contributed to this report from Washington

S. Korean Poised To Succeed Annan (LAT)

By Maggie Farley

The Los Angeles Times, October 3, 2006

UNITED NATIONS — South Korean Foreign Minister Ban Ki-moon is one step away from being named the U.N.'s next secretary-general, after winning the support of all five permanent Security Council members in an informal poll Monday.

Ban, 62, won the support of 14 of the Security Council's 15 members in a closed-door poll, with one nonpermanent member expressing "no opinion." The balloting was secret, but permanent members marked blue ballots to distinguish their votes. A rejection by a veto-holding nation — Britain, China, France, Russia or the United States — can be enough to end a candidacy.

"To the U.S. government, he is well known and highly respected," U.S. Ambassador John R. Bolton said after the Ban poll. "He has had extensive experience in bilateral and multilateral diplomacy and as foreign minister and an ally of the U.S."

The council will hold a formal ballot next Monday, and then the General Assembly must vote.

Secretary-General Kofi Annan, from Ghana, steps down Dec. 31 after two five-year terms. Annan has called the post "the world's most difficult job" and joked that "S.G." stands not just for secretary-general, but also for "scapegoat."

Ban would inherit a sprawling bureaucracy of 9,000 workers and a $5-billion budget, with aid agencies and 18 peacekeeping operations spanning the globe.

He said in an interview last week that he wanted "to make the U.N. relevant again," aware that its image had been damaged by scandals and management failures. He argued that the Security Council's role at the center of peace talks in the Middle East and negotiations in Iran, North Korea and Sudan demonstrated the U.N.'s crucial role in world affairs.

Ban, a career diplomat, has been posted to India, Washington and Austria. In 2001, he served as chief of staff to the U.N. General Assembly president. As South Korea's foreign minister, he has been involved in six-nation talks about North Korea's nuclear program, an issue he says he would like to be personally involved in if he becomes secretary-general.

A low-key, steady civil servant, he is a self-described "consensus-builder" and is aware that some people say he lacks charisma. But he believes that working quietly behind the scenes is the best way to craft an agreement.

Chinese Ambassador Wang Guangya agrees.

"I think that he is an experienced one — he is low-key but very firm. He is decisive," Wang said Monday.

Ban, who has been careful not to alienate Security Council members, has taken up the call for reform of the United Nations, a popular stance.

"The organization suffers from a chronic weakness: its inability to set priorities and make choices," he said last week at a forum in New York. "The U.N. needs to promise less and deliver more."

The selection of the secretary-general has been criticized as secretive and unfair, with the Security Council's five permanent members largely responsible for selecting the world's top diplomat. The ideal candidate, said Brian Urquhart, a former undersecretary-general, is someone strong enough to clean up the organization but not challenge the permanent members.

This year's process was more public than usual, with candidates scattering across the globe in informal campaigning. But it also invited more scrutiny than most candidates are comfortable with. Ban, with clear discomfort, had to justify generous aid grants he dispensed to a few Security Council member countries that he visited as Seoul's minister of foreign affairs and trade.

Ban was the only candidate who did not receive any "discouragements," the equivalent of a veto in the informal poll.

Undersecretary-General Shashi Tharoor, 50, of India finished second and withdrew from the race.

"It is clear he will be the next secretary-general," Tharoor said in his concession speech, referring to Ban.

The rest of the candidates received support from less than half of the Security Council. They were Latvian President Vaira Vike-Freiberga; Thai Deputy Prime Minister Surakiart Sathirathai; Prince Zeid Raad Hussein, Jordan's ambassador to the U.N.; and Afghanistan's former Finance Minister Ashraf Ghani.

Jayantha Dhanapala, a U.N. expert on nonproliferation from Sri Lanka, withdrew from the race Friday.

The Quiet Diplomat Who May Lead The UN (CSM)

By Donald Kirk

The Christian Science Monitor, October 3, 2006

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SEOUL

The diplomat in the lead to head the UN for the next decade is skilled in compromise - exhibiting a deliberately bland style that was expected to stand him in good stead during a UN Security Council poll Monday over a successor to Secretary-General Kofi Annan.

The candidacy of South Korean Foreign Minister Ban Ki-Moon hinges on the five permanent members: the US, Britain, France, China, and Russia. While the outcome is still uncertain, the soft-spoken career diplomat is the only one of the current candidates who has the minimum of nine positive votes.

Mr. Ban has the support of the US, which wants the process wrapped up this month, and China is expected to give Ban the nod. Indeed, Ban's most saleable quality is his ability to get along with all sides, building consensus in the process. Ban's evenhanded approach, analysts say, may be what's needed to bring a semblance of harmony and cohesion among UN members.

"He's extremely nonpolitical," says Moon Jong In, professor of international relations at Yonsei University in Seoul. "He's willing to listen to anybody. He doesn't have charismatic leadership - he has consensual leadership."

Conservatives, while highly critical of the left-leaning government of President Roh Moo Hyun, agree. "At least he hasn't done any harm as foreign minister," says a retired business consultant here. "Conservatives like him. It would be a great thing if he became secretary-general."

In his 36-year career, Ban has proven the ultimate diplomat while treading gingerly as foreign minister for the past 32 months through the minefield of US-South Korean relations and North Korea's refusal to return to nuclear talks for nearly a year.

In fact, Han Song Ryol, North Korea's deputy permanent representative to the UN, told the leftist newspaper Hangyoreh that acceptance of Ban as Mr. Annan's successor would be "good for the Korean people" and that "nonaligned nations have a good feeling about him."

In a poll last week, Ban got 13 votes of "encouragement" against only one of "discouragement" and one giving "no opinion." Since the five permanent members have the power of veto, the "no opinion" vote," if cast by one of them, would knock him out of the race even before the General Assembly of all 192 members casts a binding vote on the Security Council's choice.

Ban has said with characteristic sangfroid that he's "reasonably confident" the five permanent members are on his side. That coolly stated view masks the intensity of a carefully modulated campaign in which he has often appeared to be emulating Annan's style.

Hosting Annan last May, Ban took turns with the secretary-general in pressing for North Korea to give up its nuclear weapons. But they quietly made plain that they did not agree with the US emphasis on the North's human rights or counterfeiting efforts, saying that nuclear weapons took top "priority."

The real issue may be whether Ban will be able to take a strong stand when countries and causes are at severe odds, as in the Middle East, and whether he will have the stamina to promote long-overdue reforms in the UN's bureaucracy. "I'm worried he might be too willing to compromise, says Park Nei Hei, a consultant to the Boston Consulting Group here. "His character may not be very effective."

Nonetheless, Ban endorsed the UN Security Council Resolution, adopted after North Korea test-fired seven missiles in early July, banning member nations from any trade or financial dealings that might support North Korea's missile program. But he opposed US pressure for widening existing sanctions.

Still, he then persuaded South Korea's President Roh to sublimate his distaste for the "tough" US policy and join President Bush last month in Washington in a call for a "broad comprehensive" approach to bring North Korea back to talks.

Ban avoids the North's human rights record, saying that severe criticism would only make matters worse. Still, in an address before the UN General Assembly on Sept. 24, he stated that his government supported "global action to strength the values of human rights and democracy."

Given his career path, Ban probably knows more about dealing with the UN than most of his competitors.

After graduating from top-ranked Seoul National University in 1970, he joined the foreign ministry's UN division, followed by a tour in the ministry's UN mission, and then the post of director of the UN mission. He also served in the Korean Embassy in Washington and, in 1985, picked up a master's degree from Harvard's Kennedy School of Government.

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Ban rose to ambassador when he was posted to Vienna, where he served in 1999 as chairman of the preparatory commission for the Comprehensive Nuclear Test Ban Treaty Organization. His experience broadened when he was named Korea's chief envoy to the UN in September 2001.

Ban rests his candidacy in part on his response in that challenging period. The ministry credits him with a "facilitating role in the prompt adoption by the membership of the first resolution of the session condemning the terrorist attacks," all "pivotal in turning a year that started out in crisis and confusion into one of the most productive and reform-oriented for the General Assembly."

For Koreans, the post of UN secretary-general is the ultimate status symbol. With the image factor clearly in mind, Ban has pulled out all the stops, courting Security Council members far and wide. And while Ban is sensitive to the need to get along with the US, he is striving, diplomatically, not to appear too close to Washington.

The US positions on peaceful resolution of the North's nuclear issue and denuclearization of the Korean peninsula were "very good ones, leaving room for future negotiations," he said, in the language of gentle diplomacy that's been his hallmark.

'If The U.N. Cannot Be Trusted With Money . . .' (WSJ)

By Bret Stephens

The Wall Street Journal, October 3, 2006

Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job.

Instead, Kofi Annan's successor as secretary-general is likely to be South Korea's colorless foreign minister Ban Ki-Moon, who has the backing of the Bush administration and continues to run well ahead of other candidates in several Security Council straw polls. An Asian peer of Mr. Ban recently quipped that he'll be "more secretary than general"; his one recommendation is that he's probably less bad than runner-up Shashi Tharoor of India, a self-promoting U.N. bureaucrat who was among the most outspoken apologists of the Oil for Food program.

Still, it's worth considering Mr. Ghani's candidacy, partly because of what its probable failure says about the U.N., and partly because his prescriptions for the organization are worth heeding whoever wins the job. "The U.N. has not been managed," he says in a recent interview in New York. "If the U.N. cannot be trusted with money, it cannot be trusted with mandates."

Mr. Ghani -- 57, slight, balding, fluent in English, Dari and Pashtun and conversant in Urdu, Arabic and French -- knows whereof he speaks: He spent a decade at the World Bank helping old industrial behemoths in Russia become transparent, efficient and competitive, and another 30 months in Afghanistan building a finance ministry nearly from scratch. On his watch, Afghanistan enjoyed double-digit rates of economic growth; in 2003, Emerging Markets named him Asia's best finance minister. He's a believer in the power of audits and thinks the first priority of a secretary-general is to read and act on them. "Once the management issues are resolved you are free to focus on issues of peace and security. But the first task of diplomacy is to create trust."

Now there's an idea. Mr. Annan often speaks of the U.N.'s "unique legitimacy" as if it were the organization's birthright, which it enjoys by virtue of its nature as a global institution. Mr. Ghani seems to think the U.N.'s legitimacy is ultimately a function of its credibility -- of whether it can competently perform the tasks expected of it. But U.N. competence has not been much in evidence in recent years, or decades, which leads him to a second thought: "The U.N. is doing too many things," he says. "Its limits need to be clearly recognized."

What, for instance, is the point of UNCTAD -- the U.N. Conference on Trade and Development -- when there is already a World Trade Organization? What's the point of UNDESA -- the Department of Economic and Social Affairs -- when there are already the World Bank and International Monetary Fund? And just what value-added is being provided by the U.N.'s various development agencies? "Technical assistance has become the scandal of our times," says Mr. Ghani. "It has not resulted in the creation of local capabilities."

The argument here isn't exactly original (see William Easterly's "The White Man's Burden"), but it would be revolutionary coming from a U.N. secretary-general. For years, Mr. Annan and his deputies have scolded the Bush administration for not devoting enough of the U.S. budget to foreign aid. Along comes Mr. Ghani to say: Don't bother, the additional money would

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probably be squandered. Instead, his focus is on what developing countries can and should do for themselves, using the example of one of his Afghan employees who created a single treasury account for the entire government. "She did a job that hundreds of consultants wouldn't have been able to do," he says. "We created a reporting system that consistently allowed us to track income and expenditure." (By way of comparison, he points out that the Indonesian government maintains 60,000 separate accounts.)

Mr. Ghani also dwells on two other causes rarely championed by Mr. Annan: prosperity and the rule of law. "Where the rule of law is weak," the Afghan says, "investors don't trust their money." Why should this matter to a U.N. secretary-general? "Participation in the global economy is an important avenue to solving conflicts," he answers. "The majority of people in the Middle East are under 20. How do we make them stakeholders in a globalizing world?"

Now compare this to something Mr. Annan said in 2002: "Economic growth, by itself, is not enough to respond to the problems of a world plagued by hunger, pollution and other ills." This is a cliché, of course, as, in its way, is Mr. Ghani's emphasis on better management, broader prosperity, and so on.

Yet not all clichés are created equal, and in a largely symbolic job it makes no small difference which ones are uttered. Is the U.N.'s meta-message charity or self-help? Diversity or merit? Stability or freedom? The catchphrases needn't be mutually exclusive, but they connote vastly different attitudes and priorities. A secretary-general who made self-help, merit and freedom the bywords of his decade would, even if he accomplished nothing else, change the image of the U.N. for the better.

Needless to say, that isn't going to happen. In yesterday's Security Council straw poll, Mr. Ghani took only four "encouragement" votes, almost certainly knocking him out of contention, while Mr. Ban got 14. The Times of London reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council.

The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the U.N. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir.

U.S. General Says Chávez Worries Region (NYT)

By Robert Pear

The New York Times, October 3, 2006

MANAGUA, Nicaragua, Oct. 2 — The commander of United States military activities in Latin America said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern.

The commander, Gen. Bantz J. Craddock of the Army, said, “What I have heard in the last few months is more concern by more countries” about an increase in Venezuela’s purchase of weapons, especially small arms.

United States officials said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries. “There’s a factor here that is destabilizing,” General Craddock said.

Defense Secretary Donald H. Rumsfeld and General Craddock were in Managua for a meeting of defense ministers from more than 30 countries in the hemisphere.

In recent months, Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain.

General Craddock said he did not know the reason for the purchases. “I don’t have much military-to-military contact with Venezuela,” he said.

Asked about Venezuela’s recent call to form a military coalition in opposition to the United States, General Craddock said, “I don’t see any traction” for the proposal.

Delegates from Brazil and other countries said they “did not see a rationale or need” for such a coalition, General Craddock said.

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On Sunday, President Chávez said he had received warnings that the United States might be plotting to assassinate him. General Craddock responded: "That's mindless. That's far out. It's way over the top."

One reason for United States concern about Mr. Chávez is that he is supporting Washington's old cold war nemesis, Daniel Ortega, who is running for president of Nicaragua. Public opinion polls suggest that Mr. Ortega could return to power after the election on Nov. 5.

The commander in chief of the Nicaraguan Army, Gen. Omar Halleslevens, said Monday that the army would remain apolitical, regardless of who won the election.

General Halleslevens told American officials and journalists that the Nicaraguan Army was determined to stay out of politics. "We have a professional army that follows the Constitution and the law and will not be used for political or partisan purposes," he said.

General Craddock said he believed the assurances from the Nicaraguan commander.

In 1989, Nicaragua's army had more than 73,000 men. "That was an army that was created for war," General Halleslevens said, noting that the army now has 11,000 men.

The president of Nicaragua, Enrique Bolaños, said that his nation has had extensive experience removing land mines left from its civil war and that it was eager to share its expertise with other countries, like Afghanistan and Iraq.

General Craddock welcomed the offer, saying, "That's a distinct possibility."

Early Results Of Bosnia Vote Reinforce Ethnic Split (NYT)

By Nicholas Wood

The New York Times, October 3, 2006

SARAJEVO, Bosnia and Herzegovina, Oct. 2 — Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country.

After a campaign dominated by nationalist grandstanding, parties led by Haris Silajdzic, the Bosnian Muslim who was prime minister during the war fought from 1992 to 1995, and Milorad Dodik, the most prominent Bosnian Serb politician, were expected to dominate the country's main institutions. Complete results in the voting for the country's complex governing system were not expected until the end of the week.

During the election campaign, both men were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future.

Each man advocates a tough version of the policies generally supported by his ethnic group. Bosnian Muslims, the country's largest group, with some support from their Roman Catholic Croat allies, seek a more unified country. They want to carry out political and economic changes that will enable Bosnia to join the European Union.

But many Serbs still want the half of the country that they dominate to become independent.

Voters on Sunday were selecting members of Bosnia's three-member presidency, which includes one member from each of the three main ethnic groups, as well as members of a national Parliament and those of two substates — the Muslim-Croat federation and the Bosnian Serb Republic.

Representatives were also being selected for the federation's 10 cantons, which provide local health, education and police services. The complex layers of government were devised under the Dayton peace agreement, which helped bring an end to the war.

Mr. Silajdzic, of the Party for Bosnia and Herzegovina, won the Muslim presidency. Nebojsa Radmanovic, a member of Mr. Dodik's Alliance of Independent Social Democrats, won the Bosnian Serb seat. The competition between the main Bosnian Croat candidates was too close to call, with just 50 percent of votes counted by Monday afternoon. Mr. Silajdzic's and Mr. Dodik's parties were likely to hold the largest number of seats in the national Parliament.

International officials here worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians.

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During the campaign, Mr. Silajdzic advocated the replacement of Bosnia's ethnically divided structures with a single centralized state. Mr. Dodik countered by saying any attempt to carry out such a plan would lead the Bosnian Serbs to hold a referendum on independence. Diplomats fear that such a development would ignite violence.

More than a decade after the end of the war that claimed about 100,000 lives from all sides, international officials still have a significant influence over the country's government.

Bosnia's most senior international official, the high representative — currently Christian Schwarz-Schilling of Germany — has the right to dismiss politicians and impose laws. In February, the mainly Western governments that oversee the high representative's office will review whether it should be closed by mid-2007 or extended. The European Union still has 6,000 peacekeepers in the country.

Mr. Silajdzic said Monday that he was determined to start work on creating a new Bosnia, in which institutions and politics were no longer based on ethnicity. "We have to transfer ourselves from a country based on ethnic rights to citizens' rights," he said in an interview. "What we have now is the result of genocide and a war of aggression, and it should be changed."

Mr. Dodik said the support for his party confirmed that Bosnian Serbs favor the federal structure, and he repeated warnings that "in the case that demands for abolishing the Serb Republic are repeated, demands for referendum will be raised again."

The European Union has told Bosnia that, in order to move toward possible membership, it must reform its Constitution to simplify its political structures and create a single national police force. Talks among Bosnia's political parties on both topics became deadlocked earlier this year.

Party's Scandals Catch Up To Brazil's President (WSJ)

By Matt Moffett And Geraldo Samor

The Wall Street Journal, October 3, 2006

RIO DE JANEIRO -- The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash.

The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin.

Mr. da Silva, who had for months kept his own image unsullied by widespread fund-raising and payoff scandals in his Workers Party, in the end found himself dragged down by their cumulative weight even though he isn't facing charges. "The voters just got sick and tired of Lula saying he didn't know what was going on," says David Fleischer, who writes a political newsletter from Brasilia. "They saw the pictures of the money themselves."

Mr. da Silva outpolled Mr. Alckmin 48.6% to 41.6%. But the challenger has upward momentum and the remaining 10% of voters could go either way, likely setting the stage for a tight Oct. 29 runoff.

Mr. Alckmin, a former governor of wealthy São Paulo state, trailed Mr. da Silva in the polls by 17 points about two weeks ago. But he picked up ground quickly after the arrest of the Workers Party officials, who have been charged with planning to use $770,000 in cash to buy a dossier linking politicians in Mr. Alckmin's party to a kickback scam involving the procurement of ambulances.

In the first round, Mr. da Silva, a former union leader who is Brazil's first working-class president, tried to stay above the fray. He spurned debates with other candidates and campaigned mostly within his base of low-income voters, who rallied to the government's social programs and Mr. da Silva's common touch.

But Mr. da Silva won't have the luxury of playing it safe in the runoff. "Lula has suffered a shock and he's now facing a highly motivated candidate in what will be an intense race," says Cristiano Noronha, a political consultant.

The electorate is divided in its priorities. In a survey, consultant Antonio Lavareda found that 40% of respondents thought the government's focus should be on social programs, Mr. da Silva's hallmark. But 39% said they thought the government should emphasize anti-corruption measures, Mr. Alckmin's strong suit.

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Brazilian financial markets surged yesterday following Mr. Alckmin's unexpectedly strong performance. While the leftist Mr. da Silva has shown himself to be a fiscally responsible overseer of the economy, Mr. Alckmin is seen by investors as having a clearer agenda to shrink the state and stimulate growth.

Some analysts are viewing the election as a watershed, signaling a new determination on the part of Brazilians to hold their leaders accountable for corruption. Historically, Brazilians have tolerated graft as long as some services or public works were trickling down. The attitude was encapsulated in a famous slogan once used by a shady Brazilian politician: "Rouba, mas faz." He steals, but he gets things done.

But the rebuke to Mr. da Silva shows Brazilians' tolerance for corruption "is coming to an end," says Roberto da Matta, an anthropologist who is a professor emeritus at the University of Notre Dame in Indiana. "Lula, who was a political Robocop, has turned into a human. And Alckmin, who didn't have any charisma, now has a human face."

The disillusionment with Mr. da Silva was particularly marked among wealthier and middle-class voters in Brazil's more economically advanced south. In Rio de Janeiro's trendy Ipanema neighborhood on Sunday, some people walked around with black T-shirts reading: "Lula No. Down With Corruption."

To be sure, the anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day. Brazilians re-elected several congressmen who are under federal indictment for receiving payoffs from an alleged Workers Party slush fund. And the top vote-getter among São Paulo congressional candidates was Paulo Maluf, who is accused by federal prosecutors of racketeering, money laundering and corruption.

But in some other local races, voters made candidates pay for their sins. Only five of 50 Congress members involved in the ambulance scam won re-election. And former House Speaker Severino Cavalcanti, who resigned last year after being charged with taking kickbacks from a Congressional restaurateur, also lost his comeback bid.

A Message For Lula (LAT)

The Los Angeles Times, October 3, 2006

FINANCIAL MARKETS CHEERED the failure of Brazilian President Luiz Inacio Lula da Silva to win a majority of the vote in Sunday's election, and the U.S. State Department made some positive noises to the effect that the results demonstrated "the strength of democracy in the hemisphere." But Lula's sudden and surprising fall from grace isn't necessarily good news.

Though polls had long predicted Lula as the clear winner, he instead attracted only 48.6% of the vote, forcing an Oct. 29 runoff with rival Geraldo Alckmin, the former governor of Sao Paulo. Brazilian stock traders were pleased because Alckmin is more business-friendly than Lula and promises to lower the country's crushing tax burden, though he hasn't given many specifics on how to go about it. The benchmark Ibovespa index rose 2% Monday.

Lula's collapse can be traced to a scandal that emerged Sept. 15, when two men tied to his Workers' Party were arrested in what appeared to be a dirty-tricks campaign against political rivals. This followed years of vote-buying scandals, kickbacks and other corrupt dealings by party members and their associates. And though Lula has never been directly tied to any of them, he has also failed to clean house. He didn't help his own case by refusing to participate in a final televised debate among the presidential candidates.

Despite the setback, Lula is heavily favored to win the runoff, not least because Alckmin is nearly devoid of charisma; in a country fond of single names and nicknames, Alckmin is often called "xuxu," which is a flavorless Latin American squash. Yet with his political capital at an all-time low and with the number of friendly seats declining in Congress, Lula may find it very difficult to get much done in his second term.

Some might call that a bonus. Lula's embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate. Latin America's most populous nation suffers from a bloated state that gets in the way of private enterprise. Perhaps a chastened second-term Lula might be more amenable to working with the opposition to improve business conditions in the country.

On the global stage, Lula has been an authoritative voice for social justice, though at times he has been too quick to defer leadership of the Latin American left — oddly, given Brazil's size — to the buffoonish Venezuelan president, Hugo Chavez.

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Judging from Sunday's results, that deference may have diminished Lula's standing at home as well as abroad.

Riots Spread As Incumbent Widens Lead In Zambia Vote (NYT)

By Michael Wines

The New York Times, October 3, 2006

JOHANNESBURG, Oct. 2 — President Levy Mwanawasa of Zambia took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day.

Mr. Sata urged his followers to end the violence, but also accused Mr. Mwanawasa of stealing the election and promised "a big battle" against Mr. Mwanawasa's faction in Parliament. Mr. Sata said he would not contest the election results in court, but at the same time refused to formally concede the race. "How can I concede when I am complaining of votes being stolen?" he said.

With votes tallied in all but 15 of Zambia's 150 constituencies, Mr. Mwanawasa had captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate.

The final total was delayed because impassable roads slowed the delivery of ballots from some rural provinces.

Mr. Sata complained that 400,000 votes in his strongholds, in urban areas like the copper-mining regions, were unaccounted for, and the national election commission said it was investigating the charge. European observers and local political analysts have said, however, that the election seemed relatively free of corruption. The largest independent newspaper, The Zambia Post, has reported that the results largely tracked its own surveys of voters leaving the polls.

Some analysts have said that Mr. Sata, 69, a former cabinet minister who promised to improve the lives of Zambia's poor, won over supporters in the capital, Lusaka, and other major cities, but that he did not campaign in rural areas where Mr. Mwanawasa was strong.

Near the end of the campaign, one opinion poll indicated that Mr. Sata was backed by 52 percent of Zambians, but political experts in Lusaka said that that result was clouded by the difficulty of taking accurate samples in a largely rural and poorly educated nation.

Mr. Sata's supporters began rioting in some Lusaka slums on Sunday when ballots from rural areas were counted and his early lead over Mr. Mwanawasa vanished. Mr. Mwanawasa accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers, but the disorder continued Monday in Lusaka and spread to Kitwe, an industrial city in the copper-mining region in Zambia's north.

Mr. Sata appealed Monday for calm. "We are not going to do anything that will destroy Zambia," he said.

Japan's Abe Seeks Talks With China, South Korea (WP)

By Anthony Faiola

The Washington Post, October 3, 2006

TOKYO, Oct. 2 -- Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea.

Officials here said specific dates were still under discussion and cautioned that negotiations with one or both nations might yet break down. But widespread Japanese media reports indicated that Abe was hoping to hold talks with Chinese President Hu Jintao on Sunday and to see South Korean President Roh Moo Hyun the next day.

Scoring such summits so early in his tenure would mark a symbolic breakthrough for Abe, 52, who succeeded Junichiro Koizumi as prime minister on Sept. 26. China and South Korea have boycotted top-level meetings with Japan since last year, citing Koizumi's annual visits to Tokyo's Yasukuni Shrine, which honors Japan's military dead, including convicted World War II criminals.

Japan's relations with both nations have also sharply deteriorated over territorial disputes. Tensions between China and Japan center on drilling rights in the East China Sea, an issue that has increasingly concerned the United States. Japan's schism

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with South Korea over disputed islets, meanwhile, has helped plunge relations between Washington's two most important allies in the region to their lowest point since the end of World War II.

"I plan to develop forward-looking relations with our important neighbors, China and South Korea, by building mutual understanding through dialogue and cooperation in every possible level and area," Abe told reporters in Tokyo on Monday.

Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's.

Abe underscored his position on at least one issue Monday, telling parliament that he wished to continue to pray for Japan's war dead and revere their memories. He said he would refuse all comment on whether he intends to do that by visiting Yasukuni annually, as Koizumi did.

Abe is believed to have already made his own visit there last April, although he never publicly confirmed it. Regardless, analysts predict Abe will hold off on visiting the highly symbolic shrine until at least after Japan's key legislative elections in July, when his ruling Liberal Democratic Party must hold on to power for him to continue his premiership.

"For Abe, to have the summit meetings now and illustrate friendship between the countries, then win the July elections and visit Yasukuni later next year would be an ideal scenario," said Minoru Morita, a Tokyo-based political analyst. But China and South Korea "will face major embarrassment at home if that happens."

If Abe manages to meet with Hu and Roh, he'd have much to talk about. Among the issues for discussion might be Abe's support for new Japanese history textbooks, which have been denounced by Beijing and Seoul as whitewashing Japan's past aggression. His push to strengthen patriotism in Japanese classrooms and to rewrite Japan's pacifist constitution to allow for a greater role for the military have also made China and South Korea uneasy.

In April, South Korea dispatched a flotilla of warships to prevent a Japanese survey vessel from entering waters claimed by both nations. Japan and China have become bogged down in negotiations aimed at resolving an increasingly serious dispute over lucrative energy rights near islands called Senkaku in Japanese and Diaoyutai in Chinese. The Chinese have constructed drilling platforms that could tap resources claimed by the Japanese.

Snail Mail As Economy Zooms, India's Postmen Struggle To Adapt (WSJ)

By Eric Bellman

The Wall Street Journal, October 3, 2006

MUMBAI, India -- When Mumbai Region Postmaster General A.P. Srivastava joined the postal system 27 years ago, mailmen routinely hired extra laborers to help carry bulging gunnysacks of letters they took all day to deliver.

Today, private-sector couriers such as FedEx Corp. and United Parcel Service Inc. have grabbed more than half the delivery business nationwide. That means this city's thousands of postmen finish their rounds before lunch. Mr. Srivastava, who can't fire excess staffers, spends much of his time cooking up new schemes to keep his workers busy. He's ruled out selling onions at Mumbai post offices: too perishable. Instead, he's considering marketing hair oil and shampoo.

"We have to find new ways to generate revenues and use excess space and staff," sighs the 52-year-old Mr. Srivastava, sipping tea at his desk piled high with files waiting for his approval. "Laying people off isn't an option."

India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals.

But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?

Once the pride of India's civil service, India Post and its predecessor, the British East India Co., controlled most mail delivery for centuries. But since a reform-minded government started allowing more competition in the 1990s, more-efficient private couriers have eaten deeply into India Post's business.

Likewise, state-owned phone company Mahanagar Telephone Nigam Ltd. used to have a monopoly on much of the phone service in India. Today it is battling with an onslaught of internationally financed competitors that have driven the quality of service up and rates down on everything from local to long-distance to cellular service to Internet connections.

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State-run airlines Air India and Indian Airlines have been under attack for more than a decade and the industry has just become more competitive with six new carriers starting operations in the past two years. The banking sector is still dominated by the giant State Bank of India but the country's growing middle class is taking most of its business to the high-tech private banks, such as HDFC Bank Ltd. and ICICI Bank Ltd. leaving the state banks with the least-profitable businesses and worst borrowers.

Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace.

But the shift toward the private sector has been a gradual process, made necessary by the political reality faced by a succession of unstable coalition governments. Today's Congress Party-led coalition depends on the support of communist parties, which oppose layoffs and privatizations. When the coalition first came to power in 2004 one of the first things it did was close the Disinvestment Ministry which oversaw privatizations.

In contrast, in the U.K., Margaret Thatcher -- one of the earliest promoters of privatization in her country -- was able to use her Conservative Party's strong control of Parliament to push though privatization. She closed down unprofitable organizations and auctioned off many of the U.K.'s largest state-owned companies in the 1980s despite violent strikes and opposition from the left.

In India, Mr. Srivastava's struggle to modernize Mumbai's post offices shows how efforts to reform state-run entities can be tripped up by a convoluted bureaucracy and populist politics. India Post is forced to maintain its 550,000 employees with full benefits and run a vast network of post offices, most of them unprofitable. What's more, politicians keep India Post from raising postal rates, so it loses money on almost every postcard and package it handles.

While India Post runs the largest postal network in the world with more than 155,000 branches, it's also one of the most inefficient. Each of the U.S. Postal Service's 700,000 employees handles more than 15 times as many pieces of mail a year on average as India Post workers. The U.S. service also makes money, reporting an operating profit of more than $1.5 billion last year, while India Post lost $300 million.

The British East India Co. established the first postal stations in Mumbai, the city formerly known as Bombay, in 1688 and in Calcutta (now known as Kolkata) in 1727. About 50 years later, it started regular service between the two cities using runners who carried spears with bells attached to ward off tigers.

Mr. Srivastava fondly recalls the days when the local post office was the only place people could mail a letter or package, or even make a phone call. He joined the postal system in 1979 partly because of its prestige and importance in Indian communities. In his first posting, as head of a post office in the northern state of Uttar Pradesh, Mr. Srivastava was given membership in the best clubs, invited to join a local education committee and was regularly paid visits by local politicians and business leaders: high status for a 27-year-old.

During the annual rush of mail during Diwali -- the festival of lights during which India's 800 million Hindus exchange cards and gifts -- Mr. Srivastava remembers having to use every inch of floor space to sort mail, "even in my office." There was then virtually no competition. When Mr. Srivastava once discovered that a clandestine private courier was transporting mail, he called the police and had the operation shut down.

Today, there are more than 2,000 private companies delivering documents and packages in India, ranging from tiny operations with a handful of men who make around $2 a day to big international players like FedEx. The industry generates $850 million a year in sales, according to estimates by the Express Industry Council of India, which represents private couriers. The market is so promising that in 2004 DHL Corp. decided to take over one of the leading domestic courier services for $160 million.

"The role of the post office was much more important in the lives of the people back" in the old days, says Mr. Srivastava wistfully. "Now, there are so many other opportunities that our service is not given the same respect."

Under pressure from the central government to pay its way, India Post has been forced to try an assortment of new businesses. The agency now sells the outsides of envelopes and mail boxes as advertising space. For the hundreds of millions of Indians without access to computers, the postal service will receive, print and deliver email to its destination by hand. And for the first time in India Post's long history, its local postmen have to pick up mail directly from homes.

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The post office is even outsourcing its postmen to phone and credit-card companies, who use them to confirm the home addresses of new customers. Mahanagar Telephone Nigam, one of India Post's clients, pays 30 rupees (about 64 cents) per confirmation. Other companies, including the Indian arms of Western Union Financial Services Inc. and General Electric Co., now pay India Post commissions to sell their loans and money-transfer services. Mr. Srivastava is even renting out the century-old domed General Post Office at night for movie shoots.

In a dusty corner of the cavernous Mumbai General Post Office, at the former domestic-parcels counter, Shyam Sundar Dhini was peddling cashews, herbal medicines and aloe vera gel. A "Happy New Year" sign hung on the wall above his makeshift shop despite its being September. "I have become a salesman instead of a postman," said Mr. Dhini, a 23-year postal veteran who isn't quite sure what aloe vera gel is used for. "I know everything about letters and stamps, but nothing about sales. No one wanted this job because this is not what postmen do."

Some postmen, who are now under pressure to learn new skills ranging from using a computer to how to accept mutual-fund applications, have been reluctant to adapt. "There is resistance from the staff, especially the older set," who have grumbled about the new chores, concedes Mr. Srivastava. "But if they do not do these other activities they will not have a job to do."

Still, the postal union has repeatedly threatened to strike to block plans to reduce the post office's losses by redeploying its staffers on nonpostal jobs. "We will work hard, but we don't want more work," declares Arvind Y. Salvi secretary for the National Union of Postal Employees in Mumbai. Since the neighborhood postman is the government employee closest to the average citizen, Mr. Salvi says any government that causes them to strike risks losing votes. Few politicians are willing to take that risk.

Postal workers also grouse that they haven't been properly trained to do the new jobs being foisted upon them or given the facilities needed to carry out nonpostal assignments. Mr. Salvi's post office at a busy Mumbai intersection illustrates the problem. Like most such offices in India, it's cramped and dirty and hasn't changed much for decades. Next to his desk is a huge old safe with a skeleton key. Nearby is a roaring gas stove, which is used to melt the plastic to seal registered letters. Following a colonial-era procedure, each registered letter is tied by hand with brown twine, which is then glued to the envelopes with six blobs of plastic, each stamped with the official postal seal.

Two computers, delivered a year ago from the regional headquarters, sit next to the stove, but have never been deployed because no one knows how to use them. "They called employees in one Sunday and taught us for five hours saying 'This is a computer, push this key, push that key' but that's not enough," says Mr. Salvi. "The postmen don't even know what email is."

Motivating demoralized postal workers is tough. A mid-level manager at India Post, for example, makes about $500 a month, roughly one-third the salary of a manager at an international courier in India. Rigid bureaucratic wage scales dictate salaries and restrict bonuses, making it almost impossible for the post office to offer incentives. Mr. Srivastava says the only reward he can give hardworking postmen who have excelled in promoting new products is a thermos bottle or a lunch box.

Meanwhile, to fend off competition from private couriers, India Post is trying a tactic left over from India's socialist days: outlawing the competition. The agency's political backers are pushing for an amendment to postal laws that would make it illegal for private carriers to deliver parcels or documents that weigh less than 300 grams. It would also make couriers pay 10% of their revenues to underwrite India Post's expansion into rural areas and force 100%-owned foreign companies, such as FedEx, to reduce their shareholding in local units to 49%. Legislators will be debating the bill later this year.

"Customers are looking for short transit times and a high level of service and technology but these are not elements that the postal service provides," so any restrictions on couriers will hurt Indian companies says Jacques Creeten, the Mumbai-based managing director for FedEx. "India is not isolated in the world -- it is competing with China, Vietnam and Bangladesh and exporters need the express industry to stay competitive."

Mr. Srivastava says he doesn't need a monopoly, but argues that he can't be expected to compete with couriers that don't have to carry India Post's high administrative costs and political baggage. "We didn't realize this was really going to hit us," he says, as he signs document after document required by India's layers of bureaucratic protocol to run his domain of more than 10,000 workers.

"Some people have still not realized."

--Binny Sabharwal contributed to this article.

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Optimism And Africa (NYT)

By Nicholas D. Kristof

The New York Times, October 3, 2006

MALABO, Equatorial Guinea

The founding president of this country was a witch doctor who murdered tens of thousands, put enemies' heads on pikes, denounced education and spread land mines on the road out of his country to prevent people from fleeing. This was then so vile a place that an American diplomat stabbed another to death here in 1971 and claimed in his trial that he had been driven insane partly by the screams of all the people being tortured.

When the president was finally ousted in 1979, he ran off into the bush with $60 million packed in suitcases. But he was pursued, and in a shootout, the nation's entire foreign exchange reserves burned up.

This little country of Equatorial Guinea was, therefore, a useful place to visit with Casey Parks, the student journalist who won a contest to accompany me on this trip — because it underscores one of the biggest challenges facing Africa today.

That is the need for better governance, meaning both less corruption and better economic policies. The single greatest need to fight poverty and injustice isn't more aid, although that is needed. What matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule.

Equatorial Guinea traditionally has been Africa's poster boy for bad governance. Even after the old witch doctor was ousted, the kleptocracy continued under Teodoro Obiang, the current president. A new book about the country, "The Wonga Coup," notes that in 2004 President Obiang bought a Boeing 737, one of six personal planes, for $55 million, and outfitted it with a king-sized bed and gold-plated fittings in the extra-large bathroom.

Schools and clinics are needy, but Forbes lists President Obiang as the world's eighth richest ruler, with a net worth of $600 million. Just last year, "The Wonga Coup" says, the president's son spent the equivalent of a third of his country's entire education budget on a vacation home in South Africa and three cars — two Bentleys and a Lamborghini.

That is grotesque, but it is changing. Here in Equatorial Guinea, torture has diminished, and two opposition members of Parliament provide token public criticism. The government is participating in Tony Blair's anticorruption initiative (a terrific program to help poor countries), and Prime Minister Ricardo Mangue told me that his government would begin publishing budgets to try to ensure more transparency.

We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform. An excellent new U.S. aid program, the Millennium Challenge Accounts, rewards good governance, and we can do even more. For example, as Joseph Stiglitz notes in his new book, "Making Globalization Work," the West can modify bank secrecy rules so that it is harder for dictators to pillage their lands.

The time is right, because all across Africa, countries are increasing efforts to fight corruption and improve the investment climate. The World Bank's latest "Doing Business" report shows that some African countries, particularly Tanzania, Ghana, Rwanda and Nigeria, are among the world leaders in reforming their economies.

And where African countries have had sustained good governance, economies have boomed. Examples include Botswana, Mozambique, Rwanda and Mauritius, which in turn are becoming models for neighbors.

Partly as a result, Africa is enjoying an overall economic growth rate this year of 5 to 6 percent, twice that of the U.S. And Africa now has a huge opportunity to move up the ladder into low-wage manufacturing, because Chinese labor costs are rising and some labor-intensive production is being shipped to lower-wage countries. Chinese traders are now everywhere in Africa, although they haven't set up many factories so far.

Senegal has snared a share of the French-language call-center industry, and a few countries, like Mauritius, Lesotho and Namibia, make garments, but manufacturers have generally shunned Africa because of concerns about infrastructure, political instability, corruption and ability to scale up production. If Africa plays its cards right, that could change.

So, yes, Africa is still afflicted by AIDS, misery and the tyranny of "big men" whose sons squander national treasure on Lamborghinis. But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Tenet Recalled Warning Rice (WP)

By Dan Eggen And Robin Wright

The Washington Post, October 3, 2006

Former CIA director George Tenet told the 9/11 Commission that he had warned of an imminent threat from al-Qaeda in a July 2001 meeting with Condoleezza Rice, adding that he believed Rice took the warning seriously, according to a transcript of the interview and the recollection of a commissioner who was there.

Tenet's statements to the commission in January 2004 confirm the outlines of an event in a new book by Washington Post Assistant Managing Editor Bob Woodward that has been disputed by some Bush administration officials. But the testimony also is at odds with Woodward's depiction of Tenet and former CIA counterterrorism chief J. Cofer Black as being frustrated that "they were not getting through to Rice" after the July 10, 2001, meeting.

Rice angrily rejected those assertions yesterday, saying that it was "incomprehensible" that she would have ignored such explicit intelligence from senior CIA officials and that she received no warning at the meeting of an attack within the United States.

Rice acknowledged that the White House was receiving a "steady stream of quite alarmist reports of potential attacks" during that period, but said the targets were assumed to be in the Middle East, including Saudi Arabia, Yemen, Israel and Jordan.

"What I am quite certain of, however, is that I would remember if I was told -- as this account apparently says -- that there was about to be an attack in the United States," Rice said. "The idea that I would somehow have ignored that I find incomprehensible."

The meeting has become the focus of a fierce and often confusing round of finger-pointing involving Rice, the White House and the 9/11 Commission, all of whom dispatched staffers to the National Archives and other locations yesterday in attempts to sort out what had occurred.

Members of the commission -- an independent, bipartisan panel created by Congress to investigate the Sept. 11, 2001, terror attacks -- have said for days that they were not told about the July 10 meeting and were angry at being left out. As recently as yesterday afternoon, both commission chairman Thomas H. Kean and vice chairman Lee Hamilton said they believed the panel had not been told about the July 10 meeting.

But it turns out that the panel was, in fact, told about the meeting, according to the interview transcript and Democratic commission member Richard Ben-Veniste, who sat in on the interview with Tenet. The meeting was not identified by the July 10 date in the commission's best-selling report.

Rice added to the confusion yesterday by strongly suggesting that the meeting may never have occurred at all -- even though administration officials had conceded for several days that it had. A State Department spokesman said later that while the meeting definitely happened, Rice and Tenet disputed Woodward's characterization of her response.

"The briefing was a summary of the threat reporting from the previous weeks," State Department spokesman Sean McCormack told reporters traveling with Rice in Jiddah, Saudi Arabia. "There was nothing new."

Despite this, McCormack said, Rice asked that Tenet provide the same briefing to Defense Secretary Donald H. Rumsfeld and then-U.S. Attorney General John D. Ashcroft. The two men received it by July 17, he said. McCormack was unable to explain why Rice felt the briefing should be repeated if it did not include new material.

Ashcroft said in an interview yesterday that he was never briefed by Tenet or Black about an imminent domestic threat.

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"I didn't get called on by Black or Tenet if they were going around doing such briefings," Ashcroft said. "If in fact they were making visits to emphasize the severity of the domestic threat, I'm a little disappointed they didn't bring that information to my attention."

Neither Black nor Tenet has made any public comments about the assertions in Woodward's book. Woodward declined yesterday to comment in detail, saying only that he stood by his reporting.

Tenet gave testimony about the July 2001 meeting with Rice at his Langley headquarters office on Jan. 28, 2004, occasionally referring to charts and slides. Philip Zelikow, who at the time was the commission's executive director and now works for Rice, was present along with other commission staff members, according to Ben-Veniste and to a portion of the transcript, which was read to The Washington Post by an official with access to it.

At one point in the lengthy session, Tenet recalled a briefing he was given on July 10 by Black and his staff, according to the transcript. He said the information was so important that he quickly called for a car and telephoned Rice to arrange for a White House meeting to share what he had just learned, according to the transcript and Ben-Veniste.

According to the transcript, Tenet told Rice there were signs that there could be an al-Qaeda attack in weeks or perhaps months, that there would be multiple, simultaneous attacks causing major human casualties, and that the focus would be U.S. targets, facilities or interests. But the intelligence reporting focused almost entirely on the attacks occurring overseas, Tenet told the commission.

It was at this session that Tenet said "the system was blinking red," which became a chapter title in the commission report, according to the official who saw the transcript.

According to three people present at the session, including Ben-Veniste, Tenet believed that Rice responded seriously to what she had been told. "We particularly questioned him about whether he had the sense that Dr. Rice and the others on the White House side understood the gravity of what he was telling them," said Ben-Veniste, a former Watergate prosecutor. "He said that they believed that they did. . . . We asked him further whether Dr. Rice just shrugged this off, and he said he did not have such an impression."

Ben-Veniste's comments seem to contradict his own remarks over the weekend to the New York Times, in which he said that "the meeting was never mentioned to us." Ben-Veniste said yesterday that there was confusion between two different meetings and that the meeting described by Tenet is different in character from the one portrayed by Woodward.

Zelikow, who now works as one of Rice's closest aides as a State Department counselor, did not respond to a request for comment yesterday. He told the New York Times that none of the commission's witnesses had drawn attention to a July 10 meeting or had outlined the type of confrontation with Rice described by Woodward.

In comments to reporters, Rice also denied that she had endorsed ousting Rumsfeld at the end of Bush's first term, although she said she did tell President Bush that he might want to consider changing his entire foreign policy team.

"I did tell the president at one point that I thought maybe all of us should go, because we had fought two wars and had the largest terrorist attack in American history," Rice said. "When he asked me to be secretary of state, I said I think maybe you need new people. I don't know if that was somehow interpreted, but what I was actually talking about was me."

Wright reported from Shannon, Ireland, and Jiddah, Saudi Arabia. Staff writer Walter Pincus contributed to this report.

C.I.A. Chief Warned Rice On Al Qaeda (NYT)

By Philip Shenon And Mark Mazzetti

The New York Times, October 3, 2006

JIDDA, Saudi Arabia, Oct. 2 — A review of White House records has determined that George J. Tenet, then the director of central intelligence, did brief Condoleezza Rice and other top officials on July 10, 2001, about the looming threat from Al Qaeda, a State Department spokesman said Monday.

The account by the spokesman, Sean McCormack, came hours after Ms. Rice, the secretary of state, told reporters aboard her airplane that she did not recall the specific meeting on July 10, noting that she had met repeatedly with Mr. Tenet that summer about terrorist threats. Ms. Rice, the national security adviser at the time, said it was “incomprehensible” to suggest she had ignored dire terrorist threats two months before the Sept. 11 attacks.

Mr. McCormack also said records showed that the Sept. 11 commission had been informed about the meeting, a fact that former intelligence officials and members of the commission confirmed on Monday.

When details of the meeting emerged last week in a new book by Bob Woodward of The Washington Post, Bush administration officials questioned Mr. Woodward’s reporting.

Now, after several days, both current and former Bush administration officials have confirmed parts of Mr. Woodward’s account.

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Officials now agree that on July 10, 2001, Mr. Tenet and his counterterrorism deputy, J. Cofer Black, were so alarmed about intelligence pointing to an impending attack by Al Qaeda that they demanded an emergency meeting at the White House with Ms. Rice and her National Security Council staff.

According to two former intelligence officials, Mr. Tenet told those assembled at the White House about the growing body of intelligence the C.I.A. had collected suggesting an attack was in the works. But both current and former officials, including allies of Mr. Tenet, took issue with Mr. Woodward's account that he and his aides had left the meeting feeling that Ms. Rice had ignored them.

Earlier this week, some members of the Sept. 11 commission said they could not recall being told about a meeting like the one described by Mr. Woodward.

On Monday, officials said Mr. Tenet had told members of the commission about the July 10 meeting when they interviewed him in early 2004, but committee members said he never indicated he had left the White House with the impression that he had been ignored.

"Tenet never told us that he was brushed off," said Richard Ben-Veniste, a Democratic member of the commission. "We certainly would have followed that up."

Mr. McCormack said the records showed that far from ignoring Mr. Tenet's warnings, Ms. Rice acted on the intelligence and requested that Mr. Tenet make the same presentation to Defense Secretary Donald H. Rumsfeld and John Ashcroft, then the attorney general.

But Mr. Ashcroft said by telephone on Monday evening that he never received a briefing that summer from Mr. Tenet.

"Frankly, I'm disappointed that I didn't get that kind of briefing," he said. "I'm surprised he didn't think it was important enough to come by and tell me."

Government investigations have shown that Mr. Ashcroft was briefed by other C.I.A. officials in the weeks before the Sept. 11 attacks.

The dispute that has played out in recent days gives further evidence of an escalating battle between the White House and Mr. Tenet over who should take the blame for the failure to stop the Sept. 11 attacks and assertions by Bush administration officials that Saddam Hussein was stockpiling chemical and biological weapons and cultivating ties to Al Qaeda.

Mr. Tenet resigned as director of central intelligence in the summer of 2004 and was honored that December with a Presidential Medal of Freedom at a White House ceremony. Since leaving the C.I.A., Mr. Tenet has stayed out of the public eye, largely declining to defend his record even after several government investigations assailed the faulty intelligence that helped build the case for the Iraq war.

Mr. Tenet is now completing work on a memoir that is scheduled to be published early next year. It is unclear how much he will use the book to settle old scores, although recent books have portrayed him both as dubious about the need to invade Iraq and angry that the White House has made the C.I.A. the primary scapegoat for the war.

In his book "The One Percent Doctrine," the journalist and author Ron Suskind quotes Mr. Tenet's former deputy at the C.I.A., John McLaughlin, as saying Mr. Tenet "wishes he could give that damn medal back."

In his own book, Mr. Woodward wrote that over time Mr. Tenet developed a particular dislike for Ms. Rice, and that the former C.I.A. director was furious when she publicly blamed the agency for allowing President Bush to make the false claim in the 2003 State of the Union address that Mr. Hussein was pursuing nuclear materials in Niger.

"If the C.I.A., the director of central intelligence, had said, 'Take this out of the speech,' it would have been gone, without question," Ms. Rice told reporters in July 2003.

In fact, the C.I.A. had told the White House months before that the intelligence about Niger was dubious, and had managed to keep the claim out of an October 2002 speech that Mr. Bush gave in Cincinnati.

More recently, Mr. Tenet has told friends he was particularly angry when, appearing recently on Sunday talk shows, both Ms. Rice and Vice President Dick Cheney cited Mr. Tenet as the reason that Bush administration officials asserted that Mr. Hussein had stockpiles of banned weapons and ties to Al Qaeda.

Mr. Cheney recalled in an appearance on "Meet the Press" on Sept. 10: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk,' "

Rice Denies Book's Assertion She Brushed Off CIA Terror Warning (LAT)

By Paul Richter

The Los Angeles Times, October 3, 2006

State Department officials acknowledged late Monday that Secretary of State Condoleezza Rice was at a 2001 meeting where she was reportedly warned of the need to act on an impending terrorist threat to the United States.

They said she met with then-CIA Director George J. Tenet on or around July 10. A new book by Bob Woodward says she brushed off Tenet's warning at that session.

Earlier on Monday, Rice rejected the book's suggestion as "incomprehensible."

Speaking to reporters on her plane en route to the Middle East, Rice insisted she did not recall. Tenet and his counterterrorism chief seeking a special meeting with her to try to mobilize more vigorous anti-terror action, as Woodward writes in "State of Denial."

"The idea that I would have ignored that, I find incomprehensible," Rice told reporters late Sunday during the flight. "I am quite certain that it was not a meeting in which I was told that there was an impending attack, and refused to respond."

The State Department said Monday that a meeting around the time described by Woodward had in fact taken place, based on government records, but that no new information was given to Rice, who then was President Bush's national security advisor.

In his book, Woodward writes that Tenet and J. Cofer Black, then director of the CIA's counterterrorism center, decided on July 10, 2001, that they had to request a dramatic, "out-of-cycle" meeting with Rice to describe their anxiety over the chance of an attack against American interests, possibly within the United States.

Rice agreed to see them and acknowledged their warnings, but Tenet and Black felt she did not appreciate the gravity of the situation, which Woodward writes was the "starkest warning" yet given to the White House. "She was polite, but they felt the brush-off," Woodward writes.

Rice's reaction to the description of the meeting underscores administration attempts to counter claims, in Woodward's book and elsewhere, that question whether officials heeded internal warnings and reports on terrorism and the Iraq war.

Rice did not deny that any meeting took place, noting she met frequently with Tenet and other intelligence officials and counterterrorism experts during 2001, when she said the administration was developing a comprehensive strategy. But she said the idea of an emergency meeting designed to "shock" her did not make sense.

On Monday, two State Department officials delving into records at Rice's request found that a meeting took place "on or around July 10," as the book reports, said Curtis Cooper, a State Department spokesman. But the officials said that the meeting did not reveal any new threats, and that records about the meeting had been turned over to the national commission that investigated the Sept. 11 attacks, Cooper said. Woodward's book indicates that the Sept. 11 commission had access to the records of the meeting, but did not probe deeply into it.

Cooper said Tenet was asked by Sept. 11 commission members about the meeting. Cooper could not say whether the discussion took place in the commission's public sessions or in private. In public, no commissioner referred to a meeting on July 10. One commission member, Timothy J. Roemer, a former Democratic House member from Indiana, said over the weekend that commissioners had not been told about the meeting.

One of the officials probing meeting records at Rice's request was Philip D. Zelikow, the former Sept. 11 commission executive director whom Rice appointed State Department counselor last year.

Zelikow and State Department legal advisor John Bellinger reported that the information Tenet presented consisted of "threat reporting" from several weeks leading up to the meeting. "The information presented at this meeting was not new," Cooper said.

Rice told reporters that she was meeting regularly during the period with Tenet and Black, and they were getting a "steady stream" of intelligence reports warning of potential strikes. "I was talking to George about them all the time," she said.

Rice also denied that she had complained to Bush that Defense Secretary Donald H. Rumsfeld was not returning her calls, as Woodward writes.

"Secretary Rumsfeld has never refused to return my phone calls — this is ludicrous," she said.

She denied that she tried to convince Bush to dump Rumsfeld, as the book says, though she said at one point she told Bush "that maybe all of us should go" after the demands of two wars, the aftermath of Sept. 11 and other world developments.

Rice said her five-day Mideast trip is aimed at trying to persuade moderate Arab states to do more to help democratic leaders in the region. She said she may meet Friday in London with ministers of the other world powers trying to convince Iran to suspend its uranium program.

Rice Says She Did Not Ignore Urgent Pre-Sept. 11 Warning (USAT)

By Barbara Slavin

USA Today, October 3, 2006

JEDDAH, Saudi Arabia — Secretary of State Condoleezza Rice said Monday that it was “incomprehensible” that she would have ignored an urgent warning from the CIA director two months before Sept. 11, 2001, that al-Qaeda was planning to attack the United States, as a new book reports.

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"I don't remember a so-called emergency meeting," Rice said in addressing several claims in State of Denial by Bob Woodward of The Washington Post. Woodward based his account on interviews with unnamed officials.

Rice discussed the book with reporters who accompanied her on a trip to the Middle East.

Rice dined Monday with Saudi King Abdullah at the start of a week-long tour aimed at bolstering moderate forces in the region in the wake of a 34-day war between Israel and Hezbollah in Lebanon. The radical Shiite Muslim militia, which has been branded a terrorist group by the United States, gained stature in the Middle East for holding its ground against Israel.

Rice flies today to Cairo and then heads to Israel and the Palestinian territories.

In his book, Woodward writes that George Tenet, then director of the CIA, and a senior aide, Cofer Black, held an unscheduled meeting with Rice on July 10, 2001. According to Woodward, Tenet sought the meeting because he wanted to press the new Bush administration to take action immediately against al-Qaeda leader Osama bin Laden to disrupt a possible attack in the USA.

Rice said she recalled "a steady stream of quite alarmist reports of potential attacks" during that period, but they involved targets abroad in Saudi Arabia, Yemen, Israel and possibly Jordan. "There was nothing that related to an attack in the United States," she said.

In her testimony to the 9/11 Commission, which investigated events leading up to the attacks, Rice said it was not until the following month that she recalled hearing about possible terrorist plots in the U.S. homeland. An Aug. 6, 2001, presidential daily report by the CIA was entitled "Bin Ladin Determined To Strike in US." Rice did not tell the commission about any earlier warning.

Rice also challenged a claim in Woodward's book that she had difficulty getting her phone calls returned by Defense Secretary Donald Rumsfeld and that she advised President Bush to fire Rumsfeld at the end of Bush's first term because of Rumsfeld's policy mistakes in managing the war in Iraq.

"Secretary Rumsfeld has never refused to return my phone calls. This is ludicrous," Rice said.

As for Woodward's report that she wanted Rumsfeld to leave the administration, Rice said, "I did tell the president at one point that maybe all of us should go" so Bush could appoint a fresh national security team for his second term.

In the end, Bush asked only one top national security adviser to leave: Rice's predecessor as secretary of State, Colin Powell, according to a second new book. Soldier, a biography of Powell by Washington Post reporter Karen DeYoung, portrays the former Cabinet member as receiving shabby treatment from others in the Bush administration.

The book alleges Vice President Cheney's aides added unverified intelligence about Iraqi development of weapons of mass destruction to a presentation Powell made before the United Nations Security Council in the lead-up to the U.S. invasion of Iraq in 2003. It said Powell tried to verify the information but much of what he said before the Security Council has turned out to be inaccurate. Last year, Powell called his speech a "blot" on his record of public service.

The book also says Powell was forced out of the administration even though he was willing to stay in a second term.

Asked about the portrait of Powell, Rice said: "I know the president had an open door for Colin Powell. …. He was treated not only with respect but with admiration."

Rice: No Memory Of CIA Warning Of Attack (AP-Y)

By Anne Gearan, Ap Diplomatic Writer

AP, October 3, 2006

Secretary of State Condoleezza Rice said she cannot recall then-CIA chief George Tenet warning her of an impending al-Qaida attack in the United States, as a new book claims he did two months before the attacks on Sept. 11, 2001.

"What I am quite certain of is that I would remember if I was told, as this account apparently says, that there was about to be an attack in the United States, and the idea that I would somehow have ignored that I find incomprehensible," Rice said.

Rice was President Bush's national security adviser in 2001, when Bob Woodward's book "State of Denial" outlines a July 10 meeting among Rice, Tenet and the CIA's top counterterror officer.

"I don't know that this meeting took place, but what I really don't know, what I'm quite certain of, is that it was not a meeting in which I was told there was an impending attack and I refused to respond," Rice said.

Speaking to reporters en route to Saudi Arabia and other stops in the Middle East, Rice said she met with Tenet daily at that point, and has no memory of the wake-up call from Tenet described in the book.

"It kind of doesn't ring true that you have to shock me into something I was very involved in," Rice said.

There was near constant discussion of possible attacks overseas, and high alarm, Rice said.

Meanwhile, former Attorney General John Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," Ashcroft said in an interview with The Associated Press.

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"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Cofer Black of the CIA should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

"There was no covert action to kill him and we needed one," Ashcroft said.

The meeting between Tenet, Rice and Black was not mentioned in the reports from several investigations of the Sept. 11 attacks, but Woodward wrote that it stood out in the minds of Tenet and Black as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

Tenet asked for the meeting after receiving a disturbing briefing from Black, according to the book.

But though Tenet and Black warned Rice in the starkest terms of the prospects for attack, she brushed them off, Woodward reiterated Monday. He told NBC's "Today" show that Black told him the two men were so emphatic, it amounted to "holding a gun to her head" and doing everything except pulling the trigger.

Black reportedly laid out secret intercepts and other data "showing the increasing likelihood that al-Qaida would soon attack the United States." Tenet was so worried that he called Rice from his car and asked to see her right away, the book said.

"Tenet and Black felt they were not getting through to Rice," Woodward wrote of the session. "She was polite, but they felt the brush-off."

Rice referred to the session as "the supposed meeting" and noted that it is not part of the independent Sept. 11 Commission's report.

"I remember that George was very worried and he expressed that," Rice told reporters. "We were all very worried because the threat reporting was quite intense. The problem was that it was also quite nebulous."

Rice, who was promoted to secretary of state in Bush's second term, also said she never argued that Secretary of Defense Donald Rumsfeld should be fired. The book's suggestion that Rumsfeld would not take her calls is "ludicrous," Rice said.

Rumsfeld and Rice are not close, and he is often considered her rival in administration decision making. Woodward wrote that then-White House Chief of Staff Andrew Card twice tried to get Bush to sack Rumsfeld and replace him with Bush family counselor James A. Baker III, and that both then-Secretary of State Colin Powell and Rice backed the plan.

Woodward interviewed Rice for his new book.

Rice's latest Middle East trip is focused on strengthening support for Palestinian President Mahmoud Abbas and other moderate Arab leaders after a series of setbacks for democratic and moderate forces in the region.

Her trip includes visits to allies Saudi Arabia and Egypt and a meeting of other friendly nations that ring the Persian Gulf, before visits to Israel and the West Bank.

Rice is looking for new ways to improve Abbas' standing in his standoff with Hamas radicals trounced Abbas' secular Fatah Party in Palestinian elections in January. Abbas was elected separately and retains his position, but he has been hamstrung by the divided government and a cutoff of Western aid.

The Bush administration and Israel are increasingly convinced Hamas will crumble, and look to Abbas to capitalize. Rice may ask other countries to do more to bolster Abbas' security forces, and she hopes to breathe life into stalled agreements and talks that would help Palestinians move more freely across their borders with Israel.

Iran's nuclear ambitions will also be part of Rice's discussions, as an unofficial deadline passes this week for Iran to heed a U.N. Security Council demand to shelve disputed nuclear activities.

Rice said Sunday she may close her trip Friday with a meeting of world powers in Europe to look at what to do next. The United States wants to press for U.N. Security Council sanctions, but it is not clear she has full support from other permanent members of the council.

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On the Net:

State Department: http://www.state.gov

The Leaders We Have (WP)

By George F. Will

The Washington Post, October 3, 2006

While leading the hunt for weapons of mass destruction in Iraq in the summer of 2003, David Kay received a phone call from "Scooter" Libby, Dick Cheney's chief of staff, who wanted a particular place searched: "The vice president wants to know if you've looked at this area. We have indications -- and here are the geocoordinates -- that something's buried there." Kay and his experts located the area on the map. It was in the middle of Lebanon.

This story from Bob Woodward's "State of Denial" would be hilarious were it not about war. The vignette is dismaying because it seems symptomatic of a blinkering monomania that may have prevented obsessed persons from facing facts.

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Some will regard "State of Denial" as Katrina between hard covers, a snapshot of dysfunctional government. But it is largely just a glimpse of government , disheartening as that fact may be to those who regard government as a glistening scalpel for administering social transformation.

Once, when President William Howard Taft was listening to an aide talk about "the machinery of government," Taft murmured, "The young man really thinks it's a machine." Actually, government is people, and not a random slice of the population. Those at government's pinnacle generally are strong-willed, ambitious, competitive, opinionated and have agendas about which they care deeply. That is why they are there. And why almost any administration, carefully scrutinized, looks much like a teaspoon of pond water viewed under a microscope -- a teeming, disorderly maelstrom of sometimes rival life forms. That is especially true of an administration staffed with such canny Washington survivors as Cheney, Donald Rumsfeld and Colin Powell. A government of rookies or shrinking violets would be more harmonious. So, how much of a virtue is harmony?

"State of Denial" will take a toll on government collegiality and the candor of its deliberations. It is based on astonishing indiscretions -- current and past officials making private memos and conversations public for motives that cannot be pure.

The book is hardly a revelation about supposed hidden chaos in Washington that produced the obvious chaos in Iraq. It does demonstrate that President Bush and others were shockingly slow to recognize Iraq's complexities and downward spiral. But we already knew that.

The book does not demonstrate that the president is in a state of denial. His almost exclusive and increasingly grating reliance on the rhetoric of unwavering resolve may be mistaken. It certainly has undermined his reputation as a realist. But he believes a president must be "the calcium in the backbone" of the nation, so the resolute face that he thinks he must show the nation does not preclude private anguish.

The book's central figure, however, is not Bush, whose lack of inquisitiveness is a defect, but Rumsfeld, whose abrasive inquisitiveness is supposedly a defect. The prologue begins with Rumsfeld's selection as defense secretary. The 45th and final chapter contains much about Bush but revolves around an interview with Rumsfeld.

The book actually includes one heartening story that should enhance Rumsfeld's reputation. On Veterans Day 2005, the president traveled to a Pennsylvania Army depot to deliver a speech announcing the new military policy for Iraq, the policy of "clear, hold and build." Woodward says Rumsfeld, having read the speech, called Andy Card, the White House chief of staff, a half-hour before Bush was to deliver it, and said, "Take that out." Card replied that the three words were the centerpiece of the speech, not to mention the war strategy. Rumsfeld replied, "Clear, we're doing. It's up to the Iraqis to hold. And the State Department's got to work with somebody on the build."

At last, a division of labor that uses the U.S. military only for properly military purposes and assigns responsibilities in a way that will force Iraq's government to grow up. In the name of counterinsurgency, there has been too much of what today's military argot calls "full-spectrum operations" -- operations that go beyond killing insurgents to building schools, connecting sewers and other civil projects that keep the training wheels on the Iraqi government's bicycle and keep the United States chasing the chimera of "nation-building."

"Where's the leader?" Bush, according to Woodward, has exclaimed in dismay about the Iraqi government's dithering. "Where's George Washington? Where's Thomas Jefferson? Where's John Adams, for crying out loud?" For a president to ask that question about Iraq, that tribal stew, is enough to cause one to ask it about the United States.

Can Bush Save Bush? (WP)

By Richard Cohen

The Washington Post, October 3, 2006

Not too long after Franklin D. Roosevelt died, Republicans insisted on what was to become the 22nd Amendment to the Constitution. It was meant to ensure that never again would a president serve more than two terms. Now is the time for yet another amendment. This one would ensure that no child of a president could become president. This would avert another George W. Bush.

The reasons for this amendment can be amply found in Bob Woodward's new book, "State of Denial." If ever a title was apt, this is the one. As if to prove that Woodward had it right, Bush reacted to the book's revelations about Don Rumsfeld -- intransigent, incompetent and intellectually intolerant -- by reaffirming his confidence in him. To Bush, and indeed to the rest of us as well, Rumsfeld has come to personify the conduct of the Iraq war. His leaving, especially his firing, would be an admission of the obvious: failure.

My proposed amendment comes to mind because from time to time Woodward would quote someone on why Bush ran for president in the first place and what determines his executive style: his father. He wanted to best his father but also even the score for him. This score was a twofold thing. George W. Bush wanted, in effect, to win the second term that George H.W. Bush

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had lost (to Bill Clinton), and he also wanted to finish the job his father had started with Saddam Hussein. If there is a better explanation for why Bush -- not necessarily the neocons around him -- so fervently wanted war, I cannot come up with it.

This descent into the fog of Freudian politics is, I know, just the sort of thing Washington eschews. Such musings lack position papers or paper trails -- paper of any kind, actually -- and rely instead on elastic language sometimes known as psychobabble. Yet those of us who are both fathers and sons know the truth of these matters. There is no more complicated relationship on the face of the earth. It is fraught with competition, a kind of canine sniffing that is suffused with both an edgy rivalry and an immense love that does not quit even with the grave. If I say that George W. Bush was out to both vanquish and redeem his father, many a man will know what I mean.

But I don't have to say it. Brent Scowcroft, the elder Bush's close friend and his former national security adviser, says it for me. This is what Woodward writes about Scowcroft: "In his younger years, Scowcroft thought, George W. couldn't decide whether he was going to rebel against his father or try to beat him at his own game. Now, he had tried at the game, and it was a disaster."

It was not only Scowcroft, though, who thought -- or feared -- that Bush had approached the challenge of Saddam Hussein the wrong way. There are suggestions in the book that both of Bush's parents felt that way. Woodward quotes a conversation Barbara Bush had with former senator David Boren, an old family friend, in which she says that she and her husband are "worried" about Iraq -- with the former president "losing sleep over it." Boren asks why the father did not talk to the son.

"He doesn't think he should unless he's asked," Barbara Bush said.

I go on about this matter because in Woodward's book, as with everything else I've read about the 43rd president, it's apparent that Bush had no reason to run for the office other than to satisfy some psychological compulsion -- and had no accomplishment to his name that did not stem from primogeniture. Especially in foreign policy, he was an ignoramus who smugly thought that his instincts trumped experience and knowledge. What's even more appalling is that over and over in Woodward's book, Bush sticks to his losing hand, refusing to challenge his own assumptions -- or, it seems, his steadfast belief that his is a divine mission.

The conventional script in Washington for ending the Iraq war is for Bush to approach key Democrats and seek bipartisan cover for a methodical American withdrawal. Maybe that will happen or maybe it will be Republicans such as James Baker, Bush senior's secretary of state, who will do the approaching. But given the nature of the problem, maybe it would be best if the father shed his reluctance and offered his son some sharp advice. After all, it is now clear that the finest service one president can provide another -- not to mention his country -- is to reassert a parental role. The kid's in way over his head.

Iranian Woman Indicted In Brooklyn In Terrorism Case (NYT)

By William K. Rashbaum

The New York Times, October 3, 2006

A frail 51-year-old Iranian woman was indicted last week in Brooklyn on a charge of supporting a terrorist group based in Iraq that seeks the violent overthrow of the Iranian government, federal authorities said yesterday.

The woman, Zeinab Taleb-Jedi, is free on a $500,000 bond and living in an East Side women's shelter. A law enforcement official said she did not pose a direct threat to the United States.

Prosecutors said Ms. Taleb-Jedi, who was arrested in late March when she flew to Kennedy Airport from Amman, Jordan, was a member of the leadership council of the Iranian resistance group People's Mujahedeen, which both the United States and the European Union describe as a terrorist organization.

She was indicted on Friday in Federal District Court in Brooklyn on a single count of providing material support to the group. The case against her was based on an investigation by the F.B.I. and federal prosecutors in California, but she will be tried in New York.

Ms. Taleb-Jedi, who became an American citizen in 1996, has been free on a personal recognizance bond signed by her son, a recent college graduate, since shortly after her arrest, according to court records. After that she lived for a short while with him on West 128th Street and then at the Lenox Hill Neighborhood House Park Avenue Women's Shelter, according to court papers.

Shelter officials said it housed older women with mental health disorders. The woman and her son could not be located for comment last night. At the time of her arraignment, on April 1, her court-appointed lawyer, Justine Harris, said Ms. Taleb-Jedi, who then weighed just 95 pounds, came to the United States to seek medical care for severe digestive problems.

The People's Mujahedeen was first designated as a foreign terrorist organization in 1997, according to an affidavit filed in the case by F.B.I. Special Agent Mark Broihier, who said he had been investigating the group for five years.

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Two informers cited in the affidavit said Ms. Taleb-Jedi was a member of the group's leadership council. One said the council was "responsible for making leadership decisions for the organizations, including approving specific acts of terrorism" against Iran, the affidavit said.

When American forces invaded Iraq in April 2003, they disarmed the military arm of the group and ordered its members to assemble at a base about 40 miles north of Baghdad, where they turned over a range of heavy weapons, from tanks and artillery, along with lighter weapons, according to the affidavit.

F.B.I. agents went to the base and interviewed about 200 people associated with the group, including Ms. Taleb-Jedi, the affidavit said. They found firing ranges and bomb shelters and shrines to the group's "martyrs," along with bunkers that had been used to store a range of ordnance, including 420,000 pounds of plastic explosives.

In her interview at the Iraqi base, Ms. Taleb-Jedi said she had began her college education in Iran but came to the United States in 1978 to work on her master's degree in political science in Atlanta, according to the affidavit.

She eventually moved to Queens, where she continued her activities for the group, and then to northern Virginia, according to the affidavit. In 1995 and 1996, she registered, under the Foreign Agents Registration Act, as a press officer for the People's Mujahedeen of Iran.

U.S. Says Woman In Shelter Terror Chief (AP)

By Tom Hays, ASSOCIATED PRESS WRITER

AP, October 3, 2006

NEW YORK -- An Iranian widow who became a naturalized U.S. citizen 10 years ago was a top official for a heavily armed, Iraq-based terrorist organization dedicated to the violent overthrow of Iran's government, the U.S. government alleges in court documents.

The documents, obtained from Brooklyn court files on Monday, say two confidential informants in Iraq identified Zeinab Taleb-Jedi, 51, as a leader of the Mujahedeen Khalq. The group was identified in court papers as Mujahedin-e Khalq.

One of the informants told the FBI that Taleb-Jedi was on a council "responsible for making leadership decisions for the organization, including approving specific acts of terrorism" against Iran, the papers said.

Taleb-Jedi was arrested in March after flying from Jordan to Kennedy International Airport. A judge agreed to release her on $500,000 (euro394,166) bond. The court papers said she has been living at a women's shelter in Manhattan.

Taleb-Jedi was among 200 Muhjahedeen Khalq members detained and questioned by the FBI in 2004 after U.S. military forces took over parts of Iraq once controlled by the group, the documents said. U.S. soldiers seized tanks, anti-aircraft weapons, rocket-propelled grenade launchers and more than 420,000 pounds of plastic explosives.

At the time, Taleb-Jedi allegedly told agents she "wholeheartedly supports the Mujahedin," the papers said.

Federal prosecutors in Los Angeles, who have been investigating the group, announced last week that a grand jury in Brooklyn had indicted Taleb-Jedi on charges of providing support to a terrorist organization. If convicted, she faces up to 15 years in prison.

The group, also known as the People's Mujahedeen Organization of Iran, and its affiliates were deemed foreign terrorist organizations by the U.S. State Department in 1997. The designations bar anyone in the United States from providing material support.

The defendant, who was born in Iran, came to the United States on a student visa in 1978 to pursue a master's degree in political science in Georgia, court papers said. She later moved to Queens before settling in Virginia, where she became a naturalized U.S. citizen.

In her FBI interview, Taleb-Jedi told agents her husband joined the Mujahedeen and went to Iraq in 1986. In 1999, after learning her husband was killed in a bombing, she "left her job, sold all her belongings and traveled" the group's Ashraf Base in Iraq, 40 miles (64 kilometers) north of Baghdad, documents said.

A call to her attorney on Monday was not immediately returned.

Arguing for her release at an arraignment, defense attorney Justine Harris said her client had returned to the United States to see her adult son and to seek medical treatment for a severe digestive ailment that had pushed her weight down to 95 pounds.

"This a middle-age woman with absolutely no record," the lawyer said.

The group was founded in Iran in the 1960s and moved to Iraq in the early 1980s to base its activities against Iran's government. It sided with Iraq in its 1980-88 war against Iran.

The State Department says the groups were funded by Saddam Hussein, supported the seizure of the U.S. Embassy in Tehran in 1979 and are responsible for the deaths of Americans in the 1970s.

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Testimony Ends In Aref And Hossain Trial (CAPN9)

By By: Steve Ference

Capital News 9, October 3, 2006

It's been more than three weeks and soon both defendants Mohammed Hossain and Yassin Aref will find out if the jury believes them to be innocent or guilty of supporting terrorism through money laundering when they got caught up in a 2004 FBI-sting operation.

Defense attorneys for Yassin Aref continued to try to dispel the prosecution's accusation that Aref knew what an FBI informant was talking about when he mentioned the word "missile." In order to show Aref, whose native language is Kurdish, knew what missile meant, they read an article from a pamphlet called "Rally for Jihad."

Prosecutors read an excerpt:

"How wonderful it is, oh Muslims, when you see the enemy shot down by your bullets and their body parts ripped by your missiles."

It's been years since news of an FBI sting surprised the Capital Region. And led to the arrest of two men for allegedly laundering money to support terrorism. Soon the case will be in the hands of the jury, now that both sides have rested. Our Steve Ference has more on the last day of testimony.

Defense attorneys argued just because the word missile was found in one of hundreds of books and papers owned by Aref means little.

But prosecutors again showed the jury a page written by Aref where he translated English words to better understand them. He wrote "rocket equals missile." Again defense attorneys argued it didn't mean much, because Aref had also written the word “wet” equaled the Arabic word for dry.

His attorneys also argued the codeword used by the FBI informant for missile - Chaudhry - wasn't clear. At one point, the informant referred to it by saying, "one of my family members is married in Dr. Chaudhry's, uh family, my niece is married to one of the family members."

So what did either defendant understand was going on then? A friend of Yassin Aref, May Saffar, said other witnesses brought in by the government mistranslated words, and she's afraid it might confuse the jury.

Saffar said “To bring in an Urdu translator to the jury and have her mistranslate an Arabic word - how does this help him?”

She says at first she denounced both defendants, but now isn't convinced they did anything wrong. But either way, she says at least Aref believes his future is up to God.

“It doesn't matter what the outcome is, fair or not” Saffar said. "I will just have to accept it."

We'll see closing arguments Tuesday, and then the jury will get instructions on how to handle the case that will then be in their hands.

Judges' juror instructions:

Another intriguing part of the case the judge instructed jurors not to concern themselves with why the FBI became interested in Aref as part of their sting operation. Defense attorneys have maintained that their client was unfairly targeted - and was simply a witness to a loan transaction. But the judge told jurors that the FBI had "certain valid suspicions." Prosecutors also presented evidence in court that Aref's name and address was found in a address books at three separate terror camps in Iraq in 2003.

Wait Ends For Father And Son Exiled By F.B.I. Terror Inquiry (NYT)

By Randal C. Archibold

The New York Times, October 2, 2006

LOS ANGELES, Oct. 1 — Two American citizens of Pakistani descent returned to the United States on Sunday, five months after they were denied permission to fly home to California unless they submitted to an interrogation by F.B.I. terrorism investigators.

The men, Muhammad Ismail, 45, and his son, Jaber, 19, of the Northern California farming town of Lodi, returned from Pakistan on a flight that landed at Kennedy Airport in New York around 3:30 p.m. Eastern time. They were scheduled to arrive in California on Sunday night or early Monday on a connecting flight, their lawyer said Sunday.

The Ismails are an uncle and cousin of Hamid Hayat, a Lodi man who was convicted in April in federal court of providing material support to terrorists. Mr. Hayat told investigators he had attended a terrorism training camp during a long stay in Pakistan and intended to carry out unspecified attacks in the United States. Mr. Hayat’s father, Umer, was convicted on a lesser charge of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

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The Ismails were not charged in the case. They attributed their predicament to being related to the Hayats, the only people to have been charged in what federal prosecutors have described as an investigation into possible terrorism links in Lodi.

Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing the Ismails, said the pair had no terrorism connections. In a complaint in August to the Department of Homeland Security, she urged the authorities to explain any accusations against them and why they had been denied permission to fly home.

Legal experts said the matter raised questions about balancing terrorism investigations against American citizens' right to travel freely without having been charged with a crime or detained as a suspect.

On Sept. 6, nearly a month after Ms. Mass's complaint, the Homeland Security Department notified her in a letter and telephone call that unspecified records had been modified "to address any delay or denial boarding" the pair had encountered. Ms. Mass said she took that to mean they were cleared to fly, and the Ismails arranged financing and bought tickets home.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not charged with a crime," Jaber Ismail said in a statement released through the A.C.L.U.

Hamid Hayat had told investigators he believed that Jaber, who was born in Lodi, attended a terrorism camp, but he lacked details. Mr. Hayat's lawyers attacked the investigators' questioning of Mr. Hayat as vague and coerced. Muhammad Ismail, a naturalized citizen who was born in Pakistan, said in the statement that they had traveled to Pakistan so Jaber Ismail could pursue religious study there.

On April 21, as juries were weighing the Hayats' cases, the Ismails were not permitted to board a connecting flight to San Francisco from Hong Kong and returned to Pakistan, where Jaber Ismail was questioned by F.B.I. agents at the American embassy in Islamabad. The agents, Ms. Mass said, requested further interviews with him and his father and a polygraph, which the Ismails refused.

The United States attorney's office in Sacramento, which prosecuted the Hayats, has declined to comment on the investigation other than to acknowledge that agents wished to speak with the Ismails. A Homeland Security spokesman said he had no information about the case.

Terror Supporter's Kin Return To U.S. (AP)

AP, October 3, 2006

SAN FRANCISCO - Two American citizens related to a California man who was convicted of supporting terrorists flew home from Pakistan, five months after they were barred from returning to the United States for refusing an FBI interrogation, their attorney said.

Muhammad Ismail, 45, and his son, Jaber, 19, arrived at Kennedy Airport on Sunday afternoon, according to Julia Harumi Mass, an attorney with the American Civil Liberties Union of Northern California. They were scheduled to take a connecting flight to San Francisco yesterday, she said.

The Ismails are an uncle and cousin of Hamid Hayat, 23, of Lodi, who was convicted in April of one count of providing material support to terrorists and three counts of lying about it to FBI agents.

His father, Umer Hayat, was convicted of lying to investigators about the amount of cash he carried to Pakistan on a 2003 trip, but a jury deadlocked on terrorism charges.

In April, the Ismails were barred from boarding a connecting flight to San Francisco from Hong Kong and returned to Pakistan.

There, Jaber Ismail was questioned by FBI agents, but the two refused further interviews and a polygraph.

After complaining to the federal government, Mass received a letter last month from the Department of Homeland Security suggesting that the two were cleared to fly.

"I never imagined that the country I was born in would stop me from coming home for five months and separate me from my family, especially when I was not even charged with a crime," Jaber Ismail said. "I went to Pakistan for religious studies, but I knew that I always wanted to return home to California."

Lawyers For Detainees Challenge Bush Plan (WP/AP)

By Matt Apuzzo, Associated Press

The Washington Post, October 3, 2006

Attorneys for 25 men being held in Afghanistan have launched the first legal challenge of President Bush's plan for prosecuting and interrogating terrorism suspects.

Documents filed yesterday in federal district court here demand that the men be released or be charged and allowed to meet with attorneys. Such a filing, known as a habeas corpus petition, is prohibited under the legislation approved by Congress last week.

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That bill says the military may detain enemy combatants indefinitely and, if officials choose to bring charges, the cases will be heard before a military commission, not a civilian judge.

Bush has not signed the bill but expects to do so soon. Supporters say it is a necessary tool in the war on terrorism.

Yesterday's filing initiates what is likely to be a drawn-out legal fight similar to the one over detainees at a U.S. military prison in Guantanamo Bay, Cuba. Detainees there have dozens of petitions pending.

In civilian courts, the government is required to tell people why they are being held and allow them access to attorneys. People accused of crimes are then afforded speedy trials before juries of their peers.

"With the move that Congress made, the capitulation it made to the president, those rights are in danger of being curtailed," said Vincent Warren, executive director for the Center for Constitutional Rights, which filed the petition.

The new law protects detainees from blatant abuses such as torture but does not require that they be granted legal counsel. It also allows prosecutors to use evidence, such as hearsay, that wouldn't be allowed in civilian courts.

Though the petition was filed before the bill was signed, the law was written retroactively, so a judge would have to strike down at least some of the law in order for the detainees represented by the center to prevail.

The case was assigned to U.S. District Judge Richard J. Leon, who, in a Guantanamo Bay case last year, ruled that Congress had authorized the president to order the detention of "enemy combatants" for the duration of the war on terror. Leon did not set a hearing date for the new case.

The detainees named in the case are being held at Bagram air base north of Kabul, according to court papers.

Accused Tamil Tiger Supporter On Bail (TORSTAR)

By San Grewal, STAFF REPORTER

Toronto Star, October 3, 2006

A 29-year-old Mississauga man facing extradition to the United States on charges that he provided support to a Tamil terrorist group was released on $680,000 bail yesterday in a Brampton courtroom.

Ramanan Mylvaganam will be reunited with his mother and five siblings after spending more than a month in custody, but under the terms of his release will not be allowed to live with them.

Mylvaganam was arrested Aug. 22 after a joint RCMP-FBI investigation.

The fourth-year computer-engineering student at the University of Waterloo is one of 11 men accused of conspiring to help the Tamil Tigers, an organization listed as a terrorist group in both Canada and the U.S. All 11 were arrested since late August, some in Canada and others south of the border.

U.S. authorities are holding three Canadians in custody.

Judge John Belleghem read out the conditions of Mylvaganam's release, which stipulate that he must live with one of the named sureties, must be in the presence of one of them or his mother at all times, and may not communicate with the co-accused.

In addition, he will be required to surrender his passport and report in every Monday. He is banned from using the Internet, a cellphone or any other electronic communication device.

A publication ban on the court proceedings is in effect.

About a dozen relatives in the courtroom broke into smiles and congratulated one another when the decision came down.

Mylvaganam's lawyer, Jeffry House, said the decision, which came after the Crown recommended his client's release, was the right one.

"There's certainly nothing linking my client to the Tamil Tigers," said House, who pointed out the family responsibility his client shoulders. "He brought his mother and five siblings from Sri Lanka, including his disabled sister. Essentially, he's the head of the family; he's the main breadwinner."

Mylvaganam had been working for Microsoft in Seattle in a co-op program before returning to Ontario in May.

Merger With Al Qaeda Deepens Threat From Algerian Radicals (CSM)

By Aron Lund, Contributor To The Christian Science Monitor

The Christian Science Monitor, October 3, 2006

Italian police said Monday they broke up a cell with ties to Algeria's Salafist Group for Preaching and Combat.

ALGIERS, ALGERIA

It was a quiet Ramadan evening, the sunset casting a red glow on the white colonial facades along the city's seafront. With the call of the muezzin, the Muslim prayer crier, Algerians had returned home to break the fast with friends and family, leaving the city nearly deserted.

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During this holy month of Ramadan, the quiet has become reassuring. Many here are anxious; the Islamist radicals of the Salafist Group for Preaching and Combat, better known by the French acronym GSPC, have threatened attacks in the capital during Ramadan.

Already, officials blame the group for violence outside of Algiers. Overnight Friday, in separate incidents, two security officers were killed near a mosque and a bomb derailed a train, according to the Associated Press.

Authorities have amassed some 3,000 police around the city. While the radical Salafist group has been active for years, officials have new cause to take greater precaution to its threats.

In a videotape released by Al Qaeda Sept. 11, 2006, Osama bin Laden's second-in-command Ayman al-Zawahiri announced that "the Salafist Group for Preaching and Combat has joined the Al Qaeda organization ... may this be a bone in the throat of American and French crusaders, and their allies, and sow fear in the hearts of French traitors and sons of apostates."

Born out of Algeria's civil war, which began in 1992 when the army overturned an Islamist electoral victory, the GSPC has long expressed a willingness to join Mr. bin Laden. But not until now has Al Qaeda officially acknowledged a merger. Indeed, this alliance underlines the regional, rather than Algerian, focus of GSPC.

It also underscores concerns spelled out in the National Intelligence Estimate, parts of which were recently declassified, that said "several North African groups, unless countered, are likely to expand their reach and become more capable of multiple and/or mass-casualty attacks outside their traditional areas of operation."

For years, the GSPC has been moving units into the areas of the Sahara, away from the military pressure brought to bear in Algeria's north. A GSPC faction was involved in the desert kidnapping of 32 European tourists in 2003, and in 2005 the group overran a Mauritanian military base. GSPC activity has also been reported in Mali and Niger, and support cells have popped up in surrounding Muslim countries and Europe.

According to the French newspaper Le Figaro, the French Antiterrorist Coordination Unit (UCLAT) estimates that tens of indigenous Islamist cells have contacts with the GSPC, and, adding to their concern, Zawahiri exhorted the Algerians to strike at France in his Sept. 11 tape.

Monday, Italian police reported that they had broken up an Algerian cell that "financed and gave logistical support to Islamic terrorism responsible for massacres in Algeria," [a news agency] reported.

This internationalization, and the GSPC's attempts to rally militants in surrounding countries, has long worried the US. In 2002, the Pentagon announced the Pan-Sahel Initiative, assigning US military advisers to train and equip the militaries of Mauritania, Mali, Niger, and Chad. Also involved are Algeria and Morocco, though both governments deny reports of US forces stationed within their countries.

Some, however, take a less alarmist view of events. University of Virginia professor and Algeria analyst William Quandt, responding to questions via e-mail, describes it as "a pretty small, marginal group that is just struggling to survive," and says that "whatever links it may have to Al Qaeda must be quite tenuous." He estimates the group to have no more than a few hundred members.

But even if real contacts are scarce, official Al Qaeda status could still bolster the GSPC's standing. By linking their struggle to the Iraqi jihad, the organization is able to tap into popular anger at American foreign policy, and the widespread support for Iraq's armed groups that this has generated.

HOMELAND RESPONSE:

Terrorism Insurance Still Holds Uncertainties (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- Federal officials said the market for terrorism insurance has improved since the Sept. 11, 2001 attacks but further development is uncertain because of the unpredictability of potential damage from a terrorist strike and inadequate demand from policyholders.

An interagency working group headed by Treasury Secretary Henry Paulson, in a report released yesterday, found that the private market hasn't adapted to provide thorough property and casualty coverage for terrorism risks. But it makes no recommendation on whether Congress should make a temporary post-9/11 insurance program permanent.

The findings were consistent with a study by the Government Accountability Office, a congressional watchdog agency, that private insurance and reinsurance markets are reluctant to provide coverage for chemical, nuclear, biological and radiological weapon strikes. But for other forms of coverage, such as group life insurance, policies covering terrorism risks have generally remained available.

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Congress has until the end of next year to study the issue before having to decide whether to extend the current backstop insurance program. The White House has opposed making the program permanent.

UK And US To Meet Over Passenger Data (FT)

By Doug Cameron

Financial Times, October 3, 2006

The UK transport secretary is due to meet with his US counterpart and the country's head of homeland security on Wednesday in a move that could help break impasses over the sharing of airline passenger information and efforts to liberalise the transatlantic aviation market.

Douglas Alexander will meet Michael Chertoff, the US homeland security chief, as well as Mary Peters, who was last week confirmed to succeed Norman Mineta as US transportation secretary.

Mr Alexander's visit comes amid continuing efforts by the US and the European Union to forge a new deal on the provision and sharing of sensitive passenger information.

The US authorities regard the extension of a 2004 pact, which expired on September 30, as a key weapon in its fight against terrorism. While officials on both sides point to "broad agreement" over a new deal, European negotiators have had to wrestle with potential legal challenges over privacy and civil liberties resulting from any expanded agreement.

Mr Alexander is also due to address the International Aviation Club in Washington during his brief US visit, providing the first public platform to express lingering unease among EU governments over progress in long-running efforts to reach a new transatlantic aviation agreement covering route access, as well as competition and security matters.

The UK remains a key player in the negotiations because of the pivotal role of access to London's congested Heathrow airport. Critics of the preliminary pact agreed last year maintain that access to the airport will not be improved by the proposed deal, which is being closely watched by others countries as a potential template for multilateral air transport negotiations.

Heathrow access for US airlines is still viewed as a key element in negotiations with the EU, which, together with the UK, is seeking, expanded investment opportunities in the US industry despite fierce opposition to such moves in the US Congress.

The UK role is heightened by the efforts of Sir Richard Branson, the British entrepreneur, to launch a domestic US carrier, Virgin America, which has held up by widespread domestic opposition.

Mr Alexander's planned meeting with Mr Chertoff reflects widespread industry concern about the need to reach a new deal on the sharing of passenger information.

EU-based airlines have continued to operate flights normally and provide the data to the US authorities through a series of temporary deals and de facto amnesties from legal action by some member states while negotiations continue.

Mr Chertoff backed a proposed deal at the weekend, but EU negotiators returned from Washington to seek clearance for a new pact. Airline officials said the proposal mirrored the existing arrangements, but extended the length of time, which US authorities could keep the information beyond the eight years outlined in the expired deal.

Mr Chertoff has also made it clear in recent speeches that his department would look to share information with intelligence agencies in the US and elsewhere, despite concerns from civil liberties groups on both sides of the Atlantic.

Carriers have to provide the DHS with two sets of information, with passport data sent electronically to the department before take-off under the Advance Passenger Information programme. The current talks centre around the use of details contained in a Passenger Name Reference (PNR), which also include name, contact and payment details which the US authorities said was maintain are invaluable in tackling terrorism and organised crime.

Trial OK'd On One Jewell Claim Against AJC (AJC)

By Gayle White, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 3, 2006

Olympic park security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can go to trial on one of 22 claims, a Fulton County judge ruled Monday.

State Court Judge John R. Mather dismissed most claims against the newspaper in a suit that has been pending since shortly after the 1996 Olympics.

The judge said the newspaper reported truthfully that Jewell was the focus of a federal investigation, that he fit the profile of a lone bomber and most other points surrounding the investigation.

But Mather said a jury would need to decide whether the newspaper was wrong to report that investigators believed Jewell placed a 9-1-1 call warning law enforcement that a bomb would go off in the park.

DOJ_NMG_0074127

The judge acknowledged that Jewell may have initially been suspected of making the call. But, Mather wrote, it ultimately became clear that the call was made just three minutes after Jewell reported finding a suspicious knapsack in the park. The call came from a telephone booth several blocks away, possibly a five to eight minute walk.

Jewell's lawyer, Lin Wood, said Monday, "It is a significant victory for Richard Jewell to get his case before a jury."

Wood indicated he doesn't plan to appeal and is eager to proceed to a trial.

The newspaper's reports regarding the telephone call were "absolutely, undisputably false," Wood said.

The newspaper's lawyer, Tom Clyde, said the reporting accurately reflected the information that was available in the days following the bombing.

"At the time of our reporting, the timing sequence of when the bomb went off and when the phone call was made remained very much in question," he said.

As the timing became clearer, the newspaper "led the way" in reporting the evidence that exonerated Jewell, Clyde said.

John Mellott, publisher of The Atlanta Journal-Constitution, said he is pleased with the court's decision.

He said the newspaper will seek permission to appeal the ruling on the 9-11-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Jewell was initially lauded as a hero after a bomb went off at the July 27, 1996, Olympic celebration. He called attention to the suspicious knapsack that held a bomb and helped evacuate the area. But he was later identified by the Journal-Constitution and other media as a suspect.

Jewell was later cleared. In April, 2005, Eric Rudolph pleaded guilty to setting the bomb and three others.

The Olympic Park bomb killed Alice Hawthorne of Albany and injured more than 100 other people.

In August, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County, Ga.

Judge: Jewell Libel Suit Against Newspaper Can Proceed (CLE)

The Columbus Ledger-Enquirer, October 3, 2006

ATLANTA - A judge ruled Monday that former Olympic security guard Richard Jewell's libel suit against The Atlanta Journal-Constitution can proceed, although he dismissed most of Jewell's claims that the newspaper had defamed him in its reports on the 1996 bombing at Centennial Olympic Park.

State Court Judge John R. Mather said a jury would decide whether the newspaper was wrong to report that investigators believed Jewell placed a 911 call warning that a bomb would go off in the park.

The July 27, 1996 bombing killed one person and wounded more than 100. Jewell was praised as a hero for finding the backpack that contained the bomb and helping to clear park visitors from the scene. But he soon fell under a cloud of suspicion after it was reported that the FBI was investigating him for possible involvement.

Jewell was later cleared, and some news organizations settled legal claims that he had been defamed. The Journal-Constitution defended its reporting of the investigation.

In April, 2005 Eric Rudolph pleaded guilty to setting the Olympic park bomb and three others, including a fatal explosion at a Birmingham, Ala., abortion clinic.

This year, Gov. Sonny Perdue marked the 10th anniversary of the bombing by commending Jewell, who is now a deputy sheriff in Meriwether County.

Mather ruled that the Journal-Constitution reported truthfully that Jewell was the focus of investigation, that investigators believed he fit the profile of a lone bomber and most other points surrounding the probe.

However, the judge acknowledged that although Jewell may have been suspected initially of making the 911 call, it became clear that the call was made three minutes after Jewell found the suspicious backpack - from a telephone booth several blocks away.

Jewell's lawyer, Lin Wood, said the newspaper's reports on the telephone call were "absolutely" false.

"It is a significant victory for Richard Jewell to get his case before a jury," Wood said.

Tom Clyde, the newspaper's lawyer, said that when the stories were published, "the timing sequence of when the bomb went off and when the phone call was made remained very much in question."

Clyde said the Journal-Constitution later "led the way" in reporting evidence that exonerated Jewell.

The newspaper's publisher, John Mellott, said it will seek permission to appeal the ruling on the 911-call claim "and looks forward to the opportunity to show the accuracy of our reporting on that issue to the Court of Appeals."

Nagin Wants Minorities In On Katrina Recovery (USAT/AP)

USA Today, October 3, 2006

DOJ_NMG_0074128

NEW ORLEANS — New Orleans Mayor Ray Nagin signed an order Monday requiring that large businesses use as many local and minority-owned firms as possible when they seek millions of dollars in tax incentives and grants for Hurricane Katrina recovery.

Nagin's executive order requires applicants for the incentives to involve at least 50% local businesses and 35% women- or minority-controlled businesses whenever possible.

A similar requirement has been in place for government contracts, but the mayor's order expands it to businesses applying for assistance promised by federally funded recovery programs that are administered by the city and the state.

"We just want to make sure we don't go back to a city of haves and have-nots," Nagin said. "This is imperative, not only for us but for our kids and grandkids."

In the immediate aftermath of the August 2005 storm, many local firms complained that the main beneficiaries of large government contracts for emergency cleanup and recovery were out-of-state businesses and workers.

Nagin said his order should help ensure that local firms enjoy the benefits of the enormous federal rebuilding investment and help them secure small-business loans and other financing.

He said his order should not slow the rebuilding or send more businesses to adjacent parishes that don't have similar requirements. "This is such a big pie. We just want to make sure this pie expands," Nagin said at a news conference.

City workers will examine projects seeking incentives or tax breaks and determine reasonable goals for local and women- or minority-controlled companies, said Judith Williams, co-chair of the mayor's 100-day commission, established at the start of Nagin's second term.

"We're not looking to make it impossible for folks to do business here," she said.

In addition to the executive order on local and disadvantaged businesses, Nagin announced the signing of two other executive orders Monday.

One requires city agencies to develop a list of pending projects so small businesses are aware of potential contracts, and another requires businesses planning developments to account for historic and natural resource effects.

WAR NEWS:

Iraqi Premier Offers Plan To Stop Violence (WP/AP)

By Lee Keath

The Washington Post, October 3, 2006

BAGHDAD, Oct. 2 -- Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood-by-neighborhood basis.

Local committees will be formed in each Baghdad district -- made up of representatives of every party, religious and tribal leaders and security officials -- to consult on security efforts. A Sunni representative, for example, could raise a complaint if he thinks police are not pursuing a Shiite militia after an attack. A central committee, also comprising all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki said. "We have vowed before almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who leads one of the most powerful Shiite militias, Moqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman said.

Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday at a frozen-meat factory were found dumped in southern Baghdad.

Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that Maliki must make progress within the next two months to avert a crisis.

But Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

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When Maliki took office in May, he announced a 24-point reconciliation plan that laid out ways to tackle violence -- including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias -- some of which are linked to parties in the government. Sunnis have accused Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces Friday and accused of plotting al-Qaeda bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

Iraqi Leader Unveils New Security Plan Amid Rising Violence (NYT)

By Richard A. Oppel Jr. And Qais Mizher

The New York Times, October 3, 2006

BAGHDAD, Oct. 2 — Faced with unrelenting sectarian killings and growing anger from Sunni Arab leaders, Prime Minister Nuri Kamal al-Maliki announced a new security plan on Monday that calls for committees of neighborhood leaders to try to defuse sectarian crises in their own areas and also for new supervision of the news media.

But the details of the plan were vague, and it was not clear how effective it would be in the face of recent unsuccessful attempts, through both political and military initiatives, to quell the sectarian violence and growing militia dominance that have pushed the country to the verge of civil war.

News of the plan came amid brazen sectarian abductions and killings in the past two days that have enraged Sunni legislators, some of whom accused Shiite lawmakers of focusing their efforts against Sunni militants while ignoring — and even empowering — Shiite militiamen.

In addition, the past few days have been one of the deadliest stretches for coalition forces in months, as the military reported the deaths of 10 more American and British servicemen since Saturday. At least 13 troops have been killed in the past three days.

The 10 newly reported deaths included five marines killed in Anbar Province, three of them in enemy attacks, one in a vehicle accident Sunday and one in an attack Saturday. Three soldiers were killed in Baghdad on Monday by small-arms fire, and another died Sunday after his vehicle was struck by a roadside bomb. A British soldier was also reportedly killed in Basra on Sunday.

In Baghdad, increasingly bold abductions have continued to underscore the degree to which many areas of the capital are not under the government's control.

Shortly after noon on Monday, men wearing police uniforms and riding in eight pickup trucks resembling those used by Interior Ministry forces blocked off a street near a technical college in eastern Baghdad and abducted 14 men working at an electronics store, according to the Iraqi police. The kidnappers' trucks did not have license plates, but otherwise the men appeared to possess all of the gear and dress of official security forces, the police said.

The abductions followed the kidnapping on Sunday of 26 food-processing workers in the western Baghdad neighborhood of Amel — and the discovery of the dead bodies of at least 10 of them shortly afterward, an Interior Ministry official said Monday.

The bodies were found in a southern Baghdad neighborhood, some with clear signs of torture, and most shot in the head, the official said. Four of the food workers escaped or were released, but the fate of the other 12 is unknown, he said.

The kidnappings prompted the country's most influential Sunni party, the Iraqi Islamic Party, to demand to know how victims from Amel could be transported so far without being discovered at Iraqi police and army checkpoints.

"We are sure that this work was done by terrorist militias working hard to kill Iraqis in the daylight, without anything to fear" from the Iraqi police or troops, the party said in a statement.

In Parliament, what normally would have been a perfunctory exercise to extend by a month the country's state of emergency led some Sunnis to denounce the government's inability to stop militias that have infiltrated Iraqi security forces. Continuing to give the security forces expanded powers makes it easier for militiamen to literally get away with murder, some charged.

"The state of emergency gives power to these bad guys in the security forces," said Salim Abdullah, a Sunni member of Parliament. "We give them power, but they are not accountable."

Some Shiite politicians, meanwhile, have accused Sunni lawmakers of having close ties to insurgents.

In the past week, Mr. Maliki's four-month-old government has faced growing criticism from some American military officials as well as Sunni lawmakers for its inability so far to rein in militiamen who operate with impunity, sometimes with the protection of Iraqi security forces.

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In an effort to make some strides against militias, Mr. Maliki's security plan would create local committees of political leaders, tribal sheiks, clerics and members of the security forces that would monitor security in every Baghdad neighborhood.

"We are doing this to end sectarianism in Iraq forever," said Mr. Maliki, a Shiite, as he announced the plan on television flanked by Sunni lawmakers.

The committees would have no control over the security forces and would instead function as arbitrators of local sectarian disputes, intelligence gatherers for security forces, and as a bridge between civilians and the police and army, according to lawmakers involved in drafting the plan.

"These commissions will never have any authority to lead or command security forces," said Jalaladin al-Sagheir, a Shiite member of Parliament. "It will just let the people know that they are a part of their district's protection."

The local committees will report to a "central commission for peace and security," which will work with Iraqi armed forces. There will also be a new commission for monitoring the news media, but no other details were available. The plan will be reviewed by lawmakers every month.

Iraq PM Announces Plan To Unite Parties (AP-Y)

By Lee Keath, Associated Press Writer

AP, October 3, 2006

Iraq's prime minister announced a new plan Monday aimed at ending the deepening crisis between Shiite and Sunni parties in his government and uniting them behind the drive to stop sectarian killings that have bloodied the country for months.

The four-point plan, which emerged after talks between both sides, aims to resolve disputes by giving every party a voice in how security forces operate against violence on a neighborhood by neighborhood level.

Local committees will be formed in each Baghdad district — made up of representatives of every party, religious and tribal leaders and security officials — to consult on security efforts. A Sunni representative, for example, could raise a complaint if he feels police are not pursuing a Shiite militia after an attack. A central committee, also made up of all the parties, will coordinate with the armed forces.

"We have taken the decision to end sectarian hatred once and for all," Prime Minister Nouri al-Maliki told reporters. "We have vowed before Almighty God to stop the bloodshed."

In a possible boost to the effort to rein in the violence, a radical cleric who heads one of the most powerful Shiite militias, Muqtada al-Sadr, has ordered his followers to put aside their weapons temporarily, a Sadr spokesman told The Associated Press.

Al-Maliki announced his plan hours after gunmen abducted 14 computer shop employees in a bold, midday attack in downtown Baghdad, the second mass kidnapping in as many days.

The bodies of seven of the 24 captives seized Sunday were found dumped in southern Baghdad. Sunni politicians blamed Shiite militias for both mass kidnappings and demanded the government take action.

Al-Maliki is under increasing pressure to stop the violence, which has killed thousands since February. U.S. Ambassador Zalmay Khalilzad warned this week that al-Maliki must make progress within the next two months to avert a crisis.

But al-Maliki's administration has been plagued by growing mistrust between its Shiite and Sunni members, who each accuse the other of fueling the bloodshed.

Al-Maliki announced a 24-point reconciliation plan when he took office in May, which laid down ways to tackle violence — including an amnesty for militants who put down their weapons as well as security crackdowns. So far, the plan has done little to stem the daily killings.

Sunnis accuse the Shiite-led security forces of turning a blind eye to killing of Sunnis by Shiite militias — some of which are linked to parties in the government. Sunnis have accused al-Maliki, a Shiite, of being hesitant to crack down on the militias.

Shiites, meanwhile, accused Sunni parties of links to terrorists after a bodyguard of a Sunni party leader, Adnan al-Dulaimi, was arrested by U.S. forces on Friday and accused of plotting al-Qaida bombings. Some Shiite politicians demanded a government reshuffle to push out Sunni parties.

The local committees aim to resolve these disputes.

"We will spare no efforts to succeed in this great initiative which we agreed on today to stop the violence and killings in Baghdad and in all Iraq," al-Dulaimi said at a news conference with al-Maliki. The two men signed an agreement with other Sunni and Shiite politicians on the four-point plan.

In addition to the local and central committees, the plan calls for establishment of a media committee and a monthly review of progress, al-Maliki said.

However, the new plan does not directly tackle the issue of cracking down on Shiite militias, a step Sunnis demand but many Shiites oppose.

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In theory, the committees would give Sunnis a venue to press security forces to take action against militias. But Shiites on the committee would have an equal chance to try to prevent action.

The top parties are to meet Tuesday to work out the details of how the committees will work, but already divisions were showing — even over wording. Shiite parties want the new plan to be focused on "terrorism," which would suggest insurgents, while Sunnis want it to address "violence," which would include Shiite militias.

The most well-known of these militias is the Mahdi Army led by al-Sadr, who on Friday ordered his fighters to put aside their weapons temporarily. He told supporters "the resistance (should) be political. ... He does not want to see a single drop of (Iraqi) blood shed," said Sadr spokesman Amir al-Husseini.

The Mahdi Army has been blamed for many attacks on Sunnis since the bombing of a Shiite shrine north of Baghdad in February sparked the wave of sectarian violence. But U.S. commanders have suggested that since then some militants have split from al-Sadr, saying he is not radical enough and carrying out attacks on their own.

Violence has not slowed in the wake of al-Sadr's orders. A curfew slapped on Baghdad on Saturday after the arrest of al-Dulaimi's bodyguard brought a day of calm. But as soon as it was lifted, violence explode.

More than 50 bodies — most bound and many of them showing signs of torture — were found in Baghdad alone on Sunday, apparent victims of sectarian killings, police said.

Midday Monday, gunmen wearing military-style uniforms pulled up to a group of computer stores at the Technical University in downtown Baghdad and pulled out 14 employees, forcing them into SUVs and driving off, police said.

On Sunday, gunmen stormed into a frozen meat factory in Baghdad and forced 24 workers into a refrigerator truck, shooting two others who refused to get in.

Hours later, seven bodies were found in a Sunni district of the Baghdad neighborhood of Dora and were identified as workers from the factory. The fate of the other abducted workers was not known. In similar mass kidnappings in the past, the attackers have sorted out Shiites and Sunnis and killed those of the rival sect.

Lawmakers from the Iraqi Islamic Party, a Sunni political group, said the kidnapped workers were all Sunnis and called on the government to act.

"It is the time the government takes serious and urgent steps to disband these criminal organizations and to save the people from their harm," they said in a statement.

At least 20 other people were killed in attacks around Iraq, including a bomb blast in Baghdad's downtown Al-Nasir Square that killed four people and wounded 13, and mortar barrages against two Sunni neighborhoods that killed two people and wounded dozens.

The U.S command said three U.S. Marines died in Anbar province Saturday — two in combat and the third in a vehicle accident. A British soldier was killed and another wounded in a mortar attack in the southern city of Basra. One shell hit a nearby house, killing two children.

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AP correspondent Qassim Abdul-Zahra in Baghdad contributed to this report.

Iraqis Plan A Team Effort To End Violence (LAT)

By Solomon Moore

The Los Angeles Times, October 3, 2006

BAGHDAD — Leaders of Iraq's major political blocs announced a plan Monday to create local committees of clerics, tribal leaders and military officers to help quell violence in the capital.

The committees would have no police powers but would work with Iraqi authorities to set up checkpoints and identify dangers in the community, and advise police officers on other security issues.

The government also announced that a central committee for peace and security would monitor police performance in Baghdad's neighborhoods and report abuses.

The plan, unveiled by Prime Minister Nouri Maliki in a televised news conference, appeared to gain broad support among Iraq's major Sunni and Shiite political blocs Monday night.

Sunni Arab insurgent groups and Shiite Muslim militias, some tied to Iraq's leading political parties, are blamed for most of the slayings in the capital, which has been a sectarian battleground for more than a year.

"The agreement between the leaders of the political blocs is going to be activated tonight, and our brothers will work hard to stop the bloodshed," said Maliki, flanked by political party leaders in Baghdad's fortified Green Zone.

Although the plan appears to conflict with a Shiite proposal to create bands of armed volunteers to guard neighborhoods, Shiite politicians and clerics endorsed Maliki's announcement.

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"Despite the bloodshed taking place every day, there is a strong intention by the political blocs," said Hadi Amri, a parliament member and leader of the Badr Brigade, one of the nation's largest Shiite paramilitary groups. "During the last two days, we sensed a universal desire to stop the violence, which is harming all the political blocs and, most importantly, the Iraqi people."

Shiite cleric and legislator Sheik Jalaluddin Saghir urged Iraqis to work with the plan.

"I hope that people from all sects will take this message presented today from the political blocs and understand that the politicians have agreed, and not weaken in their fight against terror," he said.

Ammar Wajeeh, a prominent Sunni Arab politician, was more cautious. "We will see whether this agreement will be effective or not," he said. "The purpose of this initiative is to strengthen national reconciliation and to end the influence of militias."

The announcement came less than a week after senior U.S. military officials in Iraq told reporters that Maliki, a Shiite, was not doing enough to stop sectarian violence in Baghdad, and that he was impeding planned offensives against Shiite paramilitary fighters.

Army Gen. George W. Casey Jr., the commander of ground forces in Iraq, disavowed that criticism last week. On Monday, he issued a joint statement with U.S. Ambassador Zalmay Khalilzad, saying the plan was the result of "two days of frank and intense discussions and negotiation."

"This is a significant step in the right direction and shows that the Iraqi leaders want their country to succeed and are responding to the wishes of their people for security," the statement said.

As the politicians announced their security plan, Al Sharqiya, an Iraqi satellite television channel, reported that the number of violent deaths in Baghdad had reached a high of 1,980 in September.

The figure could not be independently confirmed, but if correct it would undercut assertions by U.S. officials that an offensive in the capital was making headway against sectarian violence.

The announcement also came on a day when Baghdad police found at least 40 bodies, many of them handcuffed and bearing gunshot and torture wounds. Ten of the victims were identified as Sunni Arabs who had been among a group of 22 people kidnapped from a food processing plant Sunday.

At least 20 people were killed throughout Iraq on Monday, including two U.S. soldiers shot to death in Baghdad.

The U.S. military also announced that a Marine was killed in combat and another died in an accident Saturday. Both occurred in Al Anbar province.

In Baghdad, a large force of gunmen dressed in police uniforms and driving seven identical sport utility vehicles commonly used by Iraqi security forces abducted 14 employees from an electronics market.

Interior Ministry officials denied any connection to the incident.

A group of armed men hijacked a minibus, fatally shot the driver and kidnapped four female Finance Ministry employees. Police fought off the attackers and rescued the women.

Gunmen also shot at an Education Ministry security convoy, killing one guard and injuring another.

Mortar attacks on a Sunni Arab neighborhood in southwest Baghdad killed four people and injured 20, and four bomb attacks elsewhere in the capital killed at least seven people and wounded at least 29 others.

North of Hawija, in the Kirkuk oil region, insurgents shot and killed one policeman and injured another.

In the southern port city of Basra, a British convoy was attacked by gunmen. A soldier was reportedly killed.

In Babil province, a car with four occupants exploded at an Iraqi army checkpoint, killing the motorists.

U.S. forces turned over Forward Operating Base Duke, a military base in the southern province of Najaf, to Iraqi border patrol forces.

Iraq's Interior Ministry assumed control of a wide swath of desert extending from the Saudi Arabian border to Al Anbar province.

Iraq War Draws Foreign Jihadists, But Not In Droves (CSM)

By Peter Grier

The Christian Science Monitor, October 3, 2006

WASHINGTON

It may be true that Iraq is shaping a new generation of terrorist leaders, and that the US presence there is a "cause célèbre" for jihadists, as a recently declassified US intelligence assessment holds.

But that doesn't mean the Iraqi insurgency is a wholly owned Al Qaeda subsidiary. Foreign fighters make up a relatively small slice of the forces targeting the US military in Iraq. Most insurgents are native Iraqi Sunni Islamists or former members of the old Baath party regime.

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Thus, to Osama bin Laden, Iraq might be more important as a symbol than a physical battlefield or training ground. Fighting there may not produce as many hardened mujahideen eager to export jihad as did the struggle against the Soviet occupation of Afghanistan.

"It is not obvious now how many Iraqi jihadists will support the global jihad of bin Laden and how many will focus their efforts on Iraq's fledgling state," says a recent analysis of the evolving terrorist threat by the Center for Strategic and International Studies.

The leak of a National Intelligence Estimate on terrorism trends to The New York Times, and President Bush's subsequent move to declassify the NIE's key judgments, has focused new attention on the relationship between the war in Iraq and global jihad.

One NIE conclusion is that US involvement in Iraq has served as a recruiting sergeant for Islamist terrorism. "Perceived jihadist success there would inspire more fighters to continue the struggle elsewhere.... Should jihadists leaving Iraq perceive themselves ... to have failed, we judge fewer fighters will be inspired to carry on the fight," says the NIE.

But the NIE - or at least the portions declassified so far - does not estimate how many of these jihadists are fighting in Iraq today, and how many may be members of terrorist cells elsewhere, looking to Iraq for inspiration. Foreigners a small share of Iraqi opposition

Abu Musab al-Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq killed by a US airstrike in June, was undoubtedly a key insurgent leader, able to rally native Iraqi Sunni Islamists to his cause. Evidence suggests, however, that foreign fighters such as he are a small minority of the overall insurgent force.

Between 50 and 70 foreign fighters sneak over the border into Iraq every month, Maj. Gen. William Caldwell, chief US military spokesman in Iraq, said last week. Most come from Saudi Arabia, Sudan, Egypt, or Syria.

Between January and mid-September, US or Iraqi government forces captured some 630 foreign fighters, according to General Caldwell. Of these, 370 remain in detention in Iraq. The rest have been processed through Iraqi courts and sentenced, or released. Some may have been taken to undisclosed locations elsewhere.

The total number of foreign fighters in Iraq is between 800 and 2,000, according to estimates by the Brookings Institution, a think tank in Washington. In contrast, the total strength of the insurgency is more than 20,000 people, according to Brookings. That means the vast majority of its fighters come from Iraq itself.

"In proportion to the whole insurgency, [the percentage of foreign fighters] is very small," says Aidan Kirby, a terrorism expert at the Center for Strategic and International Studies (CSIS).

On the one hand, this makes Iraq's effect on the global jihad of Mr. bin Laden unpredictable. The Afghan war against Soviet invaders in the 1980s created substantial numbers of battle-hardened Islamist fighters. It's unclear whether Iraq will have an effect of the same magnitude.

Some native Iraqi insurgents may become part of the larger Al Qaeda network. But many more are likely to be uninterested in uprooting themselves to take the fight to other countries. 'It only takes a few'

On the other hand, numbers are not the sole indicator of the scale of the danger. Already there are anecdotal reports of foreign fighters traveling back to Europe from Iraq, prepared to spread jihad, says Ms. Kirby of CSIS.

"It really only takes a few people," she says. "They're acting as a force multiplier."

Jordan, Kuwait, Syria, Qatar, and Saudi Arabia have seen some spillover of violence from Iraq inside their borders, notes a CSIS analysis of Al Qaeda. And terrorists appear to have won a sanctuary in Iraq's overwhelmingly Sunni Anbar Province. "The likelihood is that this sanctuary will be there for years," says the report.

Moreover, the death of Mr. Zarqawi may affect Al Qaeda's targeting. A charismatic leader with his own agenda, he was focused on attacking "the near enemy," according to Brian Fishman, a scholar at the US Army's Combating Terrorism Center. And Zarqawi's near enemy appeared to be apostate Arabs in the Middle East.

Bin Laden, on the other hand, emphasizes the "far enemy" - the US and the West. "Zarqawi's death may actually strengthen the negotiating position of jihadists dedicated to attacking the US homeland," writes Mr. Fishman in an article in the current issue of The Washington Quarterly.

Torture Site May Be Linked To Security Forces (USAT)

By Rick Jervis

USA Today, October 3, 2006

BAGHDAD — U.S. and Iraqi troops conducting a raid in Baghdad found a blood-soaked torture chamber that may have been operated by a Shiite Muslim militia with ties to the government.

Soldiers found Interior Ministry badges in the compound, and U.S. forces saw an Iraqi policeman on the roof of the compound before Sunday's raid, said Lt. Col. Avanulas Smiley, 40, a battalion commander who led U.S. troops in the raid.

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"If there's linkage to Iraqi security forces, then obviously we have a problem and it needs to be addressed," Smiley said.

One room of the complex contained a long wooden bench stained with a large pool of blood and urine, which could indicate victims were tortured there.

In another room, posters of radical Shiite cleric Muqtada al-Sadr and his white-bearded father, the late Grand Ayatollah Mohammed Sadiq al-Sadr, were plastered on the walls. On the floor were stained mattresses strewn among baseball bats, bayonets and electric drills.

The compound was empty when it was raided, Smiley said. Troops found a hole at the back of the complex, through which its occupants may have escaped, he said.

The compound belongs to a social organization named for al-Sadr's father, who was killed by Saddam Hussein's regime in 1999, said Lt. Col. Jonathan Withington, a 4th Infantry Division spokesman.

On Monday, Brig. Gen. David Halverson, deputy commander of U.S. troops in Baghdad, toured the one-story office complex as investigators looked over evidence.

Members of a special U.S. task force that investigates death squads collected blood samples and placed pieces of evidence in plastic bags. The investigators, who work with Iraqi counterparts, will try to determine whether the site was tied to Muqtada al-Sadr's organization, Smiley said.

U.S. and Iraqi forces launched an offensive in June aimed at securing Baghdad, a city of 6 million. As part of the offensive, an additional 10,000 U.S. and Iraqi troops were moved into the capital to reinforce the roughly 52,000 already here.

The biggest challenge for U.S. and Iraqi forces now is tackling religious violence that has pitted Sunnis against Shiites, particularly in the capital. "Violence carried out by Sunni and Shiite factions appeared to be carving Baghdad, and the country as a whole, into sectarian zones, protected by various armed groups," said a report last week by Anthony Cordesman of the Center for Strategic and International Studies.

There have been signs that some of the militias may have ties to the Shiite-dominated government security forces, particularly paramilitary forces in the Interior Ministry.

U.S. and Iraqi officers have pledged to crack down on any illegal militias, regardless of their affiliation or connections. "Whoever's doing the killing, we don't really care what political party they belong to," Halverson said. "If they're breaking the rule of law, we're going to bring them to justice."

U.S. and Iraqi officers have expressed concerns, however, that the Shiite-dominated government may prevent the military from aggressively going after Shiite militias. "The government should announce clearly to the public that all militias should be dissolved," Maj. Gen. Bashar Mahmoud Ayoub said in August.

"There should be a militia policy that is supported by (Iraq's parliament) to enhance the security in Iraq," Halverson said.

Muqtada al-Sadr's militia, the Mahdi Army, battled U.S. forces in 2004. Today, however, al-Sadr's organization has 30 seats in the parliament and controls five Cabinet posts. Prime Minister Nouri al-Maliki, a Shiite, relies on al-Sadr's organization for political support.

Sunday's raid was conducted after Iraqi officers developed the intelligence and planned the operation. The Iraqis then invited their U.S. advisers along, Smiley said.

Smiley said he is impressed with the progress of the Iraqi army and national police troops with whom he has worked. But he said he remains distrustful of some local Iraqi police, who often act on tribal or political loyalties.

"I wouldn't say I find it often, but I suspect it often," Smiley said. "You can't always prove it. And that can cause some frustration on the street with soldiers."

More Troops, Please (WSJ)

By Pete Hegseth

The Wall Street Journal, October 3, 2006

I've heard President Bush repeatedly state he will send more troops to Iraq if the commanders on the ground ask for them. I think, having returned home from Iraq two months ago, that there must be a breakdown in communication somewhere along the line. Maybe units on the ground are painting too rosy a picture for the generals. Perhaps the generals aren't asking because it goes against the "can do" ethos of the Army. Possibly the military is being squeezed by the Pentagon to do more with less. Or maybe the White House doesn't want to admit more troops are needed. In any case, while I do not have the answers nor do I seek to place blame, it is painfully obvious there's a disconnect.

I volunteered to serve in Iraq because I believe in our mission there. I share the president's conviction about the Iraq war -- we can and must win, for the Iraqi people, for the future of our country and for peace-loving people everywhere. But I'm frustrated. America is fighting with a hand tied behind its back. Soldiers have all the equipment we need -- armored humvees,

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body armor for every body part, superior technology, etc. -- but we simply do not have enough troops in Iraq, and we need them now. * * *

After witnessing two national elections during three months in Baghdad, my Army unit moved north to Samarra, where we spent eight months sowing the seeds of progress. While we had success in uprooting the insurgency and building the local government, it wasn't enough. We had just enough troops to control Samarra and secure ourselves, but not enough to bring lasting stability or security. "Not enough" became the story of my year in Iraq.

The future of Samarra and Iraq as a whole, ultimately lies in the hands of her people -- their sympathies are the ultimate prize in this war. No matter how many insurgents we kill, city leaders we meet or policemen we enlist, it is all for naught if we cannot provide security and stability. Tribal sheikhs told us that even within Samarra -- deep in the Sunni triangle -- a vast majority of people just want peace and order and will side with whoever can provide it. Right now Samarrans rightfully question who that will be.

The end goal in Samarra is for Iraqis to do everything for themselves. But their government and security forces are not ready. Insurgents use death threats and murder to assert power over anyone working with the City Council or joining the police force. This atmosphere forces moderate Samarrans to keep their mouths shut, and their silence abets the insurgents who live and fight in Samarra. Despite killing scores of insurgents, we are unable to provide lasting security, and so the Samarran street slips away.

Two things are to blame for our predicament, one a corollary of the other. The first reason is that we did not have enough troops in Samarra. The skill and courage of 150 American soldiers prevented chaos, but was never enough to fully secure a city of 120,000 people or maintain the rule of law. The soldiers in the city were preoccupied with defending themselves and conducting night raids, and were therefore largely unable to regularly patrol during the day -- thus giving insurgents reign to move freely and intimidate the local population. A visitor in Samarra on an average day would be hard-pressed to point out a single American humvee traversing local neighborhoods. The same is true for Baghdad.

Our four-vehicle civil affairs patrol was often the only American presence deep inside the city and we were frequently greeted by locals with the question, "Where have you been?" Americans can't of course be omnipresent; but we should at least be there when it matters. When Americans are there, either the insurgents are not or they are on the losing side of a firefight.

Second, because of a lack of troops, American military leaders are forced to make a choice between mission objectives and self-preservation. Many of our leaders are opting to guard supply routes and coagulate on sprawling military bases, rather than consistently moving into dangerous areas and fighting the insurgency. In our case, we had 500 soldiers stationed outside Samarra who made infrequent trips into the city center. There is little reason why most of these troops were not stationed inside Samarra, canvassing every neighborhood with platoon-sized patrol bases and suffocating insurgent operations. Rather than take the risks necessary -- like small patrol bases and frequent foot patrols -- our unit opted to secure itself and its supply routes rather than commit resources inside the city. And while this approach is safer in the short run, it only prolongs mission accomplishment, ultimately endangering more troops. We often speculated our unit would be back next year, driving the same streets with even fewer guys.

In due time, the Iraqi Security Forces will take over Samarra, but they are not ready yet. If the Americans left today, the Iraqis would be co-opted by the insurgents -- who are utterly ruthless, willing to kill family members of policemen or decapitate Iraqi soldiers to preserve disorder. It will take time. Both the Iraqi Army and Samarra Police need to get bloodied a bit and bounce back, proving their strength to the people. They will eventually be ready, but until then, security belongs to us.

I also understand calling for more troops is contrary to conventional thinking inside government and the military. Supporters of the current approach argue sending more troops would further inflame anti-American sentiment, incite more violence and retard independent progress. My experience suggests otherwise. American troops are tolerated, even welcomed when they effectively provide security; but their presence is cursed when it does not accompany progress. Violence persists not because American troops are present, but because our presence is futile. Many local leaders asked us, "How come the most powerful country in the world cannot defeat local criminals and thugs?" They suggested our failure was part of a larger conspiracy to keep the Iraqi people suffering.

I have not lost the optimism that sent me to Iraq. We did make gains. Our 10-man civil affairs team established good relationships with brave Iraqi leaders and sat across from them as equals. I watched city leaders battle insurgents, not only with guns but with newspapers and economic development. By the time we left, the City Council was meeting on its own accord and with increasing legitimacy, forming committees to oversee fuel allocation, new construction and security. Increased home construction was evident and local markets were open.

Even the security situation inside the city improved. Previous summers in Samarra had been extremely violent, but the summer of 2006 was different. Days passed without a significant attack inside the city. Less than 150 Americans, along with Iraqi counterparts, controlled a town of over 120,000 Sunni Arabs through targeted raids and sniper operations. One local insurgent

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even begged city leaders for amnesty in exchange for good conduct. Our unit killed or captured hundreds of insurgents, knocking the wind out of the local insurgency -- but never crushing it.

I believe, as the president noted, that "the safety of America depends on the outcome of the battle in the streets of Baghdad." Why then do we have just enough troops in Iraq not to lose? Most of the people I've spoken with since coming home -- those both for and against the war -- believe we must finish the job in Iraq. Americans understand a defeat in Iraq would have horrible consequences for America and its allies for decades to come. America has the capacity to win and the will to support a winning strategy.

Why then are we pursuing a bare minimum approach?

First Lt. Hegseth served as an infantry platoon leader and civil-military operations officer in Iraq with the 101st Airborne Division.

Death Never 'in Vain' (USAT)

By Kathy Roth-douquet

USA Today, October 3, 2006

Died in vain?

President Bush wants to stay the course in Iraq so that those who have died there will not have died "in vain." Anti-war activist Cindy Sheehan urges us to pull out immediately to prevent more Americans from dying in vain.

Bush and Sheehan have both got it wrong.

Too many partisans in the battle for Iraq policy have used soldiers' deaths as a football in a bid to score points. It's cruel (imagine being a family member and being told the death of your loved one was in vain), but even more, it's just wrong. Those who argue that a soldier's death has meaning only if the politics are "right" misunderstand military service in America.

"We think of Kristian (Menchaca) as a hero," says Sylvia Grice of her cousin, 23, one of the soldiers kidnapped, tortured and killed by insurgents last June in Iraq. "He didn't have to do this. He believed in what he was doing." The terrible death's meaning, in other words, came from the soldier's commitment. It is his commitment that gives his life meaning, and even his country's possible errors — staying in too long, leaving too early — can't take that meaning from him.

The phrase "died in vain" comes to us from our great moralist president, Abraham Lincoln. In Gettysburg's graveyard, Lincoln urged the gathered to fight on for the survival of the United States so that those interred in that ground would not have died in vain. He did not argue that a soldier who loses his battle or his war has died in vain. Instead, he noted that America itself — its ideas and ideals — is what gives the soldier's life meaning.

So where does the meaning of military sacrifice come from?

Military service in America flows from our Constitution as a covenant among free people. The parties to this sacred contract are, on one hand, a group of citizens who assent to bear arms for their country for a time, and on the other, the rest of us, the civilians whose task it is to decide whether to send our compatriots into peril. Those bearing arms promise to bring their loyalty, skill and honor to the task; the civilians, for their part, promise to weigh the fate of those soldiers with seriousness and care, and provide the support necessary to those who go.

The meaning in the lives of those who bear arms resides in their loyalty to the democracy that sends them, and the skill and honor they bring to their task. If the civilians who send them falter in their decision-making, it dishonors those who steer and not those who serve.

So let's apply this to the war in Iraq. What if the war is a mistake, or we pull out too early? Are the deaths then for naught?

From the standpoint of a soldier or Marine, or in my case, a Marine's wife, the answer to these questions must be no. Why? Because despite any partisan's passion for the rightness of a position, none of us will know how right or wrong we really are until long after the last shot is fired. So we make decisions the way one does in a self-governing society of 300 million cantankerous souls: imperfectly, inelegantly, with unnecessary suffering.

Whether we are led by Democratic presidents or Republican ones — great men such as Franklin D. Roosevelt or middling men such as Warren G. Harding — there will be mistakes, judged differently at different times in history and perhaps never resolved utterly in consensus. Even in the "good war," there were bad engagements, bad decisions, unnecessary, sad, tragic deaths.

Service, then, is even more ennobling because it represents an act of faith in an unwieldy system — a representative democracy of human beings. The weakness of our system lends poignancy to the decision to serve: Those who go into harm's way recognize that our society is in many ways deeply flawed, but to paraphrase Winston Churchill, it's the best one available yet.

Philosopher Nancy Sherman says the military resolves this tension by adopting a version of the ancient Stoic philosophy, which holds that one may be judged only by the rightness or wrongness of one's own acts, not by the acts of others. A soldier

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who does his portion morally and well cannot be tarred by the brush of a leader's bad policy. This does not mean that some individuals' willingness to serve translates into a blank check for irresponsible policy — if anything it requires us to constantly scrutinize our policy and commit to do better.

In complicated times like these, it's important to remember that self-government is perishable — it can be killed not only by enemies outside the gate, but also by indifference and alienation within. The decision to serve is a decision to be part of our country and, ideally, to make the part one touches the best possible. This is what has value, so that even in the tragic cases of friendly fire, or accidental deaths or deaths in battles later lost, those who die did not die in vain. They died in service to an ideal — Lincoln's ideal that the government of the people, by the people and for the people shall not perish from the face of this earth.

There is nothing vain about that.

Kathy Roth-Douquet is the co-author, with Frank Schaeffer, of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country. She lives on a military base in North Carolina.

Frist: Taliban Should Be In Afghan Gov't (AP)

By Jim Krane, Associated Press Writer

AP, October 3, 2006

U.S. Senate Majority Leader Bill Frist said Monday that the Afghan war against Taliban guerrillas can never be won militarily and urged support for efforts to bring "people who call themselves Taliban" and their allies into the government.

The Tennessee Republican said he learned from briefings that Taliban fighters were too numerous and had too much popular support to be defeated on the battlefield.

"You need to bring them into a more transparent type of government," Frist said during a brief visit to a U.S. and Romanian military base in the southern Taliban stronghold of Qalat. "And if that's accomplished, we'll be successful."

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

According to an Associated Press count, based on reports from U.S., NATO and Afghan officials, at least 2,800 people have been killed nationwide so far this year. The count, which includes militants and civilians, is about 1,300 more than the toll for all of 2005.

The top U.S. military commander in Afghanistan, Lt. Gen. Karl Eikenberry, told Pentagon reporters last month that while the Taliban enemy in Afghanistan is not extremely strong, their numbers and influence have grown in some southern sections of the country.

President Bush has been criticized for his handling of the war and is trying to contain the damage ahead of midterm elections this fall. On Friday, Bush acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist said asking the Taliban to join the government was a decision to be made by Afghan President Hamid Karzai. Karzai's spokesmen were not immediately able to be reached for comment.

Sen. Mel Martinez, a Republican from Florida accompanying Frist on his trip, said negotiating with the Taliban was not "out of the question" but that fighters who refused to join the political process would have to be defeated.

"A political solution is how it's all going to be solved," he said.

Frist said he had hoped the U.S. would be able to withdraw its forces from Afghanistan soon. But he said the 20,000 U.S. troops in the country are still needed to support the NATO alliance, which will assume direct control over most military operations here.

"We're going to need to stay here a long time," Frist said.

The senator said he was warned to expect attacks to increase. There appears to be an "unlimited flow" of Afghans and foreigners "willing to pick up arms and integrate themselves with the Taliban," he said.

He said the only way to win in places like the volatile southern part of the country is to "assimilate people who call themselves Taliban into a larger, more representative government."

"Approaching counterinsurgency by winning hearts and minds will ultimately be the answer," Frist said. "Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

Frist and Martinez flew to this dust-blown mountain city 220 miles south of Kabul during a one-day stop in Afghanistan on a regional tour that includes stops in Pakistan and Iraq.

The pair had intended to visit a new $6.5 million hospital built by the United Arab Emirates, but a group of wounded Taliban fighters were recuperating there, including a midlevel commander, and U.S. commander Lt. Col. Kevin McGlaughlin canceled the visit because of security concerns.

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In violence Monday, a suicide bomber blew himself up next to a NATO convoy in the capital Kabul, wounding three foreign soldiers and three civilians, while a roadside bomb in the eastern Paktia province killed three Afghan soldiers and wounded three others, officials said.

Maj. Luke Knittig, a military spokesman, said he could not disclose the nationalities of the NATO soldiers who were wounded. The attack came two days after another suicide bomber killed 12 people and wounded more than 40 outside Afghanistan's Interior Ministry.

In the southern province of Helmand, five civilians were killed when their vehicle hit a mine on a road usually used by NATO and Afghan forces, said Ghulam Muhiddin, the governor's spokesman.

Suspected Taliban on a motorbike, meanwhile, killed two policemen and wounded two others in Gereshk district, he said. NATO-led troops killed three militants in Nawzad district.

After Afghan Battle, A Harder Fight For Peace (NYT)

By Carlotta Gall

The New York Times, October 3, 2006

PASHMUL, Afghanistan — NATO forces scored one of their biggest victories here in ferocious fighting in September, flushing out an area of southern Afghanistan that had been swarming with Taliban insurgents. But almost immediately a new and more difficult battle began — for support of the local people.

Villagers trickling back to their homes broke into an argument over who was to blame for the heavy destruction, NATO or the Taliban.

"My house was bombarded and my grape store destroyed," said Hajji Bilal Jan, 48, a farmer from the upper part of Pashmul. "The coalition forces are cruel, without reason. There were no Taliban in our house. Why did they bombard the house?"

Another man, Neamatullah, 45, who like many Afghans uses only one name, stopped to listen and then countered: "Why did you let the Taliban come to your village? You brought them to your village."

The battle here, the biggest for the American-led forces in the country since March 2002, was a long-awaited success for NATO forces in a year in which the Taliban have revived with surprising strength.

But it also showed that fighting the insurgency was not just about winning the battle, but securing the peace. Pushing out the Taliban is one thing, NATO and Afghan commanders emphasize, and keeping them out another.

NATO officials estimate that the Taliban lost 500 fighters over all and say 136 have been captured, mostly as they tried to escape. Five Canadian soldiers died in the operation. But just afterward, four more were killed in a suicide bombing.

To help enlist the support of local villagers, military commanders and the governor of Kandahar Province have started handing out half a million dollars in humanitarian aid and have promised families more help with repairing the war's damage.

"If the people cooperate with us, the Taliban can do nothing," said Capt. Majid Khan, commander of a unit of the Afghan Army that took part in the fighting and is now based in Pashmul.

Most villagers here, who grow grapes and pomegranates in the rich soil along the Arghandab River valley, said they opposed the Taliban but had been powerless to stop the groups of armed men who moved into the area over recent months.

But among them were those who fed and sheltered the Taliban and possibly fought alongside them. The villagers said the leader of the Taliban group in this area, Abdul Khaleeq, was from Pashmul, and he had fighters from surrounding villages as well as outsiders.

"Most of the people are with the government," Mr. Neamatullah said. "Just a few people get special benefits from the Taliban."

"He knows everything about the Taliban," he added, pointing out the man he had argued with, Mr. Jan.

"It was very good, the bombing," Mr. Neamatullah said. "I am happy, because the Taliban must be finished off."

The Taliban first moved into two densely populated farming districts in this area, Panjwai and Zhare, west of Kandahar, in May just as NATO forces, led by Brig. Gen. David Fraser of Canada, were taking over command from United States forces in the southern region of the country.

"The whole place was full of Taliban," said Faizullah, 26, a farmer who was later wounded in the bombing of the nearby village of Zehdanan. "They did not stay more than two nights in one place. They were telling people to leave."

In July and August the Taliban began building up their forces there in a clear bid to set up an area of control and threaten the city of Kandahar, the provincial capital, General Fraser said in an interview in his headquarters at the Kandahar air base.

"They put a lot of resources into this area, a lot of intellectual capital and psychological commitment," he said. "This was a fight unlike the fight I've had with the Taliban for the last eight months."

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One of the Taliban leaders, Hajji Mullah Abdul Rauf, a former provincial governor, taunted the American military in an interview with Al Jazeera television in the Panjwai area in late August. “Where has the American power gone?” he said. “Why could they not capture the Taliban and mujahedeen in their caves?”

“It is Afghans who are helping us,” he said. “They give food, they give help and they have come out against this government. They do not want this government.”

But Mr. Neamatullah said he had challenged some of the Taliban fighters he came across. He met a group sitting under a mulberry tree, not far from his village, Char Kutsa, also near Pashmul, where women were washing clothes in a stream.

He said he had asked the men: “Why do you come here? Do you want the women to get bombed?” He said he did the same with another group the next day in the mosque of a neighboring village. “The Taliban’s special answer was always that ‘somebody ordered us to come here’ to this village,” he said.

Villagers said the Taliban were mostly Afghans, but from neighboring provinces and districts, as well as from Pakistan. The Taliban were well equipped with radios, satellite telephones and weapons, they said.

NATO and Afghan forces finally mounted a carefully planned operation, beginning on Sept. 2, after warning civilians to leave the area and dropping leaflets promising the Taliban safe passage out if they gave up their weapons.

The Taliban concentrated their fighters in several pockets on either side of the river — at Sperwan, Pashmul and Siah Jui — and NATO deployed forces from the south, north and east in a pincers movement.

More forces guarded the western and southern flanks to cut supply and escape routes. Canadian forces hit a mine on their first attempt to breach the river stronghold from the south into Pashmul and then suffered multiple casualties in an airstrike from an American A-10 attack jet.

The commander of United States forces in southern Afghanistan, Col. R. Stephen Williams, 46, from Anchorage, joined the battle four days later. He gathered Canadian, American and Afghan forces for an attack on Pashmul on Sept. 12.

After wearing the Taliban down for six days with rock music blaring across the river valley, and artillery fire and airstrikes wherever they spotted a concentration of fighters, they found a weak spot in the Taliban’s defenses.

Playing his favorite song, AC/DC’s “Back in Black,” to hide the sound of the armored vehicles, Colonel Williams took the Taliban by surprise, crossing the river and driving through the cornfields from the northeast.

The fighting was intense for a day and a half. The Taliban were dug in under ideal cover in vineyards, with deep irrigation channels and high mud-wall barns for drying grapes. “It was Normandy invasion tactics with bunker systems and trenches,” Colonel Williams said as he walked journalists through a battlefield tour.

“We found a lot of bunkers, with metal roofs and air holes with metal pipes running up for ventilation,” the colonel said, standing over one bunker that had been destroyed by his forces “They used the canals as trenches and then would pull back to the bunker.”

The village school, a cluster of white painted classrooms built with American aid money in the last four years, was destroyed by repeated air and artillery strikes. “The Taliban used this as a weapons cache and their command and control place,” the colonel said. “For some reason they kept coming back in here every time we bombed the place.”

In small mud buildings, his soldiers found a makeshift field hospital. “We found tons of bloodied rags, bandages, IV bags and needles,” he said. “We took away five to six garbage bags for examination.”

The Taliban pulled out in groups during the attack, leaving small numbers of men to delay the NATO advance. Colonel Williams calculated from battlefield reports that his force alone had killed 150 to 200 insurgents in 10 days of fighting, and only had four men wounded on their side. Seven to eight Taliban commanders were lost in the fighting, he said.

Although NATO and Taliban forces told villagers to leave before the fighting, some civilians were killed and wounded in the conflict. United Nations officials have gathered reports of at least 40 civilians killed. A government commission sent by President Hamid Karzai to investigate the fighting said that 53 civilians had been killed in the fighting and that it had caused an estimated $750,000 in damage.

Kandahar’s main hospital took in 24 wounded people from the Panjwai and Zhare districts from Sept. 3 to 18, as well as two girls wounded in the suicide bombing, which happened on Sept. 18.

Rahmatullah, 33, a farm laborer, lay in bed with two broken legs. He lost two nephews, ages 3 and 1, when their house in Zangabad was bombed. As family members were trying to save the children’s mother from the rubble, a NATO plane struck a second time, wounding more women and children, he said.

Despite their injuries and losses, there was little sympathy for the Taliban among the patients or other villagers interviewed. In Pashmul, a 19-year-old high school student, also named Neamatullah, and his brother Habibullah, 17, climbed the broken wall where the gate to their house was destroyed.

They gestured with shock at the devastation before them. A bomb had gouged out a 25-foot-deep crater in their yard, smashing the well and the main building of the house.

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Asked whom he blamed for the damage, Neamatullah said the Taliban. “Before they came, there was no bombing,” he said.

Afghan Politics - One Chicken Dinner At A Time (CSM)

By Scott Peterson

The Christian Science Monitor, October 3, 2006

NARAY, EASTERN AFGHANISTAN

Bold, full of hope, and with a healthy fear for their speck-on-a-map villages, the Afghan elders arrived at this US firebase recently for a change-of-guard ceremony.

Expected to be a gracious host - but with little suitable food and after being caught off-guard by the elders who had arrived one day in advance - US Army Capt. Dennis Sugrue invited the handful of weathered men to join him for lunch on cushions on the floor.

The air was thick with concerned expectation. The US officers hoped to win these elders as allies against a growing insurgency with promises of development projects and friendship. And there has been some progress: a growing number of project requests, and even help finding insurgent locations.

But would there be enough food, when the lids were removed, to honor the Afghan guests? Or would the two Army captains find themselves embarrassed by a meager offering?

After the lids were swept from two large platters, the assembled party caught its collective breath. Two small grilled chickens would be enough meat to forge closer bonds between these Afghan elders and their American hosts. Business could commence.

"The American help is very important," says elder Haji Hamidullah, who ticks off four US-funded projects in his village of Mandagal, including water pipes and a collection basin, and a microhydro power setup. "Now there is now clean water, but there will be. At night, we stay in the dark. If we have light, it will be very good."

Mr. Hamidullah's village is one of more than a dozen in the poor Kamdesh district of Nuristan along Afghanistan's porous border with Pakistan. US Army units of the 3rd Squadron, 71st Cavalry moved in over the summer to pay attention, with projects and money, to a region that ranks near the bottom of Afghanistan's development index.

"If some [insurgents] come down to the village, we will fight them," vows Hamidullah, who is here to accept the first installment - more than $6,000 worth of freshly printed red 1,000 Afghani notes, in three bundles - for the $25,000 water-pipe scheme. The day before, US officers had doled out $75,000 for approved projects.

Trust was so high in Mandagal that the Americans would pay, that elders had already hired an engineer and paid with their own money to complete much of the work.

"There are a lot of hills and trees in Nuristan. In the day, the enemies hide in the trees; at night, they plant IEDs [improvised explosive device] and leave night letters," says Hamidullah.

"We're not afraid of these people," boasts Hamidullah. "People are sometimes scared, but they see the government is powerful and fighting them," he says, gilding the lily a bit. But he acknowledges that "without the Americans" there would be "big problems."

A firm stance like Hamidullah's is not easy to maintain, as pressure grows from the Taliban and other insurgents. In the past month, one prominent elder was tortured and killed, and a senior border policeman assassinated. Threats are common, and come in the form of "night letters," which appear overnight from insurgents, warning people that they will die if they cooperate with US or Afghan forces.

"Whenever construction is going on, [militants] come down from the hills to stop it," says Captain Sugrue, a civil engineer from Watertown, N.Y., who launched the first 15 or so projects with discretionary funds available for such work to US commanders. He says the rugged terrain makes Nuristan a "natural refuge" for militants looking for training bases.

"The insurgents can't compete with the money we are going to pour into reconstruction," adds Sugrue. "People who are likely targets are scared. If you are a shura [local council] leader, you are a target."

The learning curve for the Americans has been steep. The first time they set foot in Kamdesh, US troops were fired upon. Later, at a US-sponsored gathering of district elders, a moderate mullah from Mirdish, named Abdullah, explained the need to develop local relationships.

" 'If you had come to me first, you would not have been shot at,' " Sugrue recalls Mr. Abdullah telling him. "What he was saying is that there is a right way to do things."

Local know-how is a requirement to successfully balance the needs of the villages while navigating among the local contractors and spreading wealth. But it's an uncommon trait among US military officers in Iraq and Afghanistan, whose tours are often too short - and whose mandates are too uncertain - to gain such a detailed knowledge of an area.

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Sugrue's first big project taught another important lesson. Engineers had chosen the worst 14 sections of the 20-mile road from Naray to Kamdesh village for improvement. To do the job, Sugrue tapped a well-established contractor from Jalalabad - some 70 miles away.

But when it became clear to locals from the Naray region that the road project was proceeding with an outside firm, they began to have second thoughts about initially cold-shouldering the effort. One group of out-of-town road workers was beaten up. While the project is nearly complete, Sugrue says "I have a guy with no vested interest in a doing a good job with the road; he's just trying to get away with his life."

Contracts are now made in conjunction with village leaders "to make sure the right people do the work, and have a stake in it." The trade-off is that, while there is a community approval for the work, there are local limits to technical expertise. Sugrue and his colleagues are now plotting the best way to do another road project that goes through 10 villages, and has become more of a political problem than an engineering one.

Of the 15 or so US-funded projects in Kamdesh so far, half of the biggest ones are now being handed over to the Provincial Reconstruction Teams (PRT), which are purpose-built US military units that are being deployed across eastern Afghanistan in areas controlled by US forces. Each PRT includes two civilian engineers and civil affairs officers to handle big-ticket projects like roads and bridges.

Small, high-visibility projects will still be run by individual squadrons, at least here with the 3-71 Cav., so that US patrols have a reason to keep visiting villages to assess progress and make their presence felt.

"We are improving our methods, though there are still shortfalls," says Sugrue. Elders understand the long-term importance of such projects for the community, he says, though many villagers are illiterate and see the projects solely as a "job for three months swinging a hammer."

But there are larger issues at stake for some. At the same lunch, Mir Mohamed Khan, an elder from nearby Nangal village - where Army money will help to complete a previous drinking water project started by a European-funded agency called Afghan Aid - breaks off a piece of grilled chicken and wraps it in bread.

He says that recent US shelling from this base at insurgents who had attacked with rockets overshot the target. "They fired from the first village, and you almost hit the third village," says Mr. Khan. "If you come to our village, everyone will let you know where they fired from."

Outside, Khan pointed to the configuration of hills, where he said shepherds had seen insurgents in action. They had been trained by Pakistani intelligence, he claimed, and in religious schools."

"They call it a religious way, but it is not a religious way," says Khan. "They are enemies of both of us....The enemies are trying to stop reconstruction, but they will never do it."

DOJ:

Ohio Prosecutor Named Interim U.S. Attorney (TENN)

By BONNA De La CRUZ, Staff Writer

Nashville Tennessean, October 3, 2006

A federal prosecutor from Ohio will serve as interim U.S. Attorney in Nashville, the U.S. Justice Department said in a statement today.

Craig S. Morford will serve as interim as Jim Vines leaves the job as the top federal prosecutor for the Middle District of Tennessee. Vines' last day was Oct. 1, the statement said. He is returning to private practice with the King and Spalding firm.

Morford has served as the first assistant in the U.S. Attorney's office in the Northern District of Ohio since November, 2003. He has a law degree from Valparaiso University School of Law and a bachelor's degree from Hope College, the statement said.

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CORPORATE SCANDALS:

Feeling 'Slap In The Face' After Fastow's Sentence (WP)

By Carrie Johnson

The Washington Post, October 3, 2006

DOJ_NMG_0074142

When a federal judge took four years off the prison sentence of former Enron Corp. finance chief Andrew S. Fastow last week, he surprised legal analysts, angered onetime employees and sparked anew a debate about just punishment for white-collar criminals.

In a much-heralded 2004 plea deal, Fastow admitted to a pair of conspiracy charges that carried a maximum penalty of 10 years. He also agreed not to seek a reduction in his prison term. But one week ago, U.S. District Judge Kenneth M. Hoyt granted some mercy to the architect of the era's biggest accounting fraud and sent him to prison for just six years.

That means Fastow, who improperly took more than $45 million from the coffers of the Houston energy-trading company, could spend closer to 3 1/2 years in prison if he gets credit for completing a drug-treatment program and for good behavior.

The reduction, former Enron worker Rod Jordan said yesterday, "was a slap in the face to employees."

No former employees appeared at last week's sentencing, with most preferring to wait until former chief executive Jeffrey K. Skilling is sentenced on fraud charges Oct. 23. "A lot of them decided to skip Fastow because they thought it was a done deal," Jordan said, referring to the 10-year term.

Fastow served as one of the government's most important witnesses in the trial of Skilling and Enron founder Kenneth L. Lay, who were convicted in May. Prosecutors in that case told the jury that Fastow had "locked in" a 10-year prison sentence as part of a plea bargain with the Justice Department's Enron Task Force.

But Fastow's lawyer, John W. Keker, implored the judge last week to send Fastow away for five years because of his repentance, his cooperation with prosecutors and shareholders, and the toll on his family. Keker pointed out that Fastow's wife, Lea, spent nearly a year in prison after pleading guilty to underreporting the couple's income.

At the hearing, prosecutors did not object to the proposed reduced sentence. But they had previously filed a document agreeing with a probation department report that would have exposed Fastow to a sentence longer than 10 years.

Daniel M. Petrocelli, a lawyer for Skilling, called Fastow's reduced sentence "disturbing" in an e-mail. During the trial, Petrocelli regularly attacked government witnesses for misrepresenting the sentence reductions they would receive for cooperating with prosecutors. Legal analysts said yesterday that the contention could become a ground for Skilling's expected appeal.

"What is disturbing is that in the trial against Mr. Skilling, Fastow and the prosecutors represented to the jury that Fastow would serve a minimum of 10 years," Petrocelli wrote. "Now, with the trial over, they come into court and argue for a substantially lesser sentence."

Legal analysts said the proceeding, and the debate it provoked, underscore the power that federal judges enjoy. Since Fastow's plea deal was struck in 2004, a U.S. Supreme Court decision made sentencing guidelines advisory, rather than mandatory, for judges. That gave the judge more leeway to give Fastow less time.

However, judicial discretion can cut both ways. A few former Enron workers who agreed to help prosecutors have been sentenced to a wide range of prison terms: from probation to six years behind bars. The Fastow case is drawing the most heated commentary because a week earlier, the same judge who sentenced Fastow was far more stern with former Enron executive David W. Delainey.

Delainey, a Canadian citizen who voluntarily agreed to travel to the United States several times, pleaded guilty to a single insider-trading charge and began cooperating with prosecutors even before his October 2003 deal. Delainey's lawyers had asked for probation, but instead Hoyt reduced his possible sentence by only three months, ordered him to serve 2 1/2 years in prison and warned that he could have faced far more serious charges for his conduct at Enron. The disparity in treatment fueled anger from John Dowd, a Washington lawyer who defended Delainey.

"The message from the court was clear," Dowd said. "If you square your account with the law early, accept the consequences, fully cooperate for three years and receive the enthusiastic support of the government at sentencing: Tough luck; you get a cut of three months. If you fight the truth and get others involved in crime, and receive no support from the government, then you receive the mercy of the court and get a cut of four years off what you agreed to."

Within the next few weeks, former Enron investor relations official Paula H. Rieker, who pleaded guilty to a single insider-trading charge, and former accounting chief Richard A. Causey, who pleaded guilty to securities fraud, will be sentenced by other federal judges in Houston. Causey, who did not reap the same personal gains from Enron that Fastow did, faces the possibility of a longer sentence.

Philip Hilder, a Houston defense lawyer who represented several witnesses in the Enron investigation, said he was "surprised" by the leniency toward Fastow. But, Hilder added, Hoyt appeared to have considered Fastow's circumstances.

"He really has transformed himself from somebody who was vilified to someone who seemed almost sympathetic on the stand and who genuinely accepted responsibility for his actions," Hilder said. "I wish more judges would view defendants as individuals."

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Memo Suggests When Hurd Knew Of Phone Data (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 3, 2006

Despite hours of testimony before a House subcommittee last week, Hewlett-Packard Co. still hasn't answered a key question about its leak-investigation scandal: When did Mark Hurd, H-P's chief executive officer, learn that private phone records were being examined as part of the probe?

A memo from H-P's outside law firm suggests that Mr. Hurd may have learned about the use of phone records as early as July 2005 -- a few months after the leak probe began -- though it doesn't indicate he knew that they were obtained through means that may have been illegal.

The memo, from the firm of Wilson Sonsini Goodrich & Rosati, says Mr. Hurd recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web." Mr. Hurd "remembered thinking" there must be a Web site with such information, according to the memo, which was prepared by Wilson Sonsini lawyers who were asked to investigate H-P's tactics in investigating the leak probe.

Investigators for H-P obtained the phone records of board members, reporters and H-P employees using a technique called pretexting, which involves obtaining records through impersonating a phone customer. Disclosure of H-P's tactics have prompted several government investigations and the resignations of three H-P executives and Chairman Patricia Dunn, who helped lead the leak investigation and recently yielded her title to Mr. Hurd.

TRACKING THE SCANDAL

See a graphical timeline1 and key documents in the H-P scandal. Plus, read profiles2 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. · Complete coverage3

The Wilson Sonsini memo, which was based on a telephone interview by the lawyers with Mr. Hurd on Aug. 25, 2006, is the first evidence to emerge that Mr. Hurd may have known about the use of phone records during the investigation. In his House testimony and other statements, Mr. Hurd has said he didn't recall discussion of the methodology of the leak investigation in the July meeting, focusing instead on the results of the investigation so far.

Michael Moeller, an H-P spokesman, yesterday wouldn't go into details of the Wilson Sonsini memo. But he added: "We believe the documents, Mark's witness interview, the memo, and his testimony provide a complete and accurate picture of his knowledge of the investigation."

During a hearing Thursday before a subcommittee of the House Energy and Commerce Committee, Ms. Dunn testified that she learned early in the investigation that phone records were being sought by Ronald DeLia, the Boston-based private investigator that was handling the matter for H-P. But she said she believed that the information was being gathered in a legal way, and that she didn't understand what pretexting meant until much later.

"It was my understanding that these records were available through permitted mechanisms and that it was the common practice within Hewlett-Packard to use phone records to perform investigations," she testified.

But those assumptions were challenged by House members during the hearing. "You honestly believed that it was that simple, that your phone records, that anybody in the world can just call up and get them?" asked Rep. Greg Walden (R, Ore.).

Mr. Hurd has apologized profusely for the affair, and has said he should have done more to learn about the details of the investigation. He has previously disclosed his attendance at the July 2005 meeting, as well as another in March 2006, at which findings of a second phase of the investigation were discussed.

In the Wilson Sonsini memo, the lawyers wrote that Mr. Hurd said he wasn't aware that pretexting was being used to obtain phone records. Mr. Hurd told the lawyers he had only heard the term for the first time recently.

But Mr. Hurd's recollection about the July 22, 2005, meeting, as reported in the lawyers' memo, contains inconsistencies. On the second page of the three-page document, the lawyers wrote that Mr. Hurd confirmed that he attended about 45 minutes of a scheduled, hour-long briefing on the leak probe by H-P's investigators.

Mr. Hurd recalled learning then that the results of the investigation, at that point, were inconclusive, the memo states. He added that he didn't recall what, if any, investigative techniques were discussed at the meeting, or if anyone mentioned phone carriers. On the third page of the memo, however, the lawyers cite his recollection about the possibility that phone records had been obtained off of a Web site.

According to other Wilson Sonsini memos, several other participants at the July 2005 meeting told the lawyers that phone records were discussed, and possibly the use of pretexting as well. H-P investigators Kevin Huska and Tony Gentilucci, who both attended the meeting with Mr. Hurd, told Wilson Sonsini that phone records were discussed, but neither could recall if pretexting was also raised.

Mr. DeLia told the lawyers that any results discussed at the meeting "would have had to include the results of the telephone research." Mr. DeLia also told the lawyers that he explained how pretexting was used at the July 2005 meeting, though he told them he wasn't sure if Mr. Hurd was in the room during the discussion of phone records.

The Wilson Sonsini memo also describes Mr. Hurd's recollection of the March 2006 meeting, which was held in Los Angeles and coincided with H-P's shareholder meeting. Mr. Hurd told the lawyers that Kevin Hunsaker -- an H-P vice president who helped lead the leak probe, and has subsequently resigned -- "explained that they had information regarding phone calls," the memo states.

But questions about the legality of obtaining such records weren't raised, because of Mr. Hurd's previous statements to Ann Baskins, H-P's general counsel, who has also resigned.

"Because Hurd had previously told Baskins that the investigation must be legal, he did not feel the need to question Hunsaker on this point," the memo states, referring to Mr. Hurd.

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Cingular Wireless Files Suit Against Investigator Over Hewlett-Packard Pretexting (LAW)

By Joe Crea, Legal Times

Legal Times, October 3, 2006

Cingular Wireless filed a lawsuit Friday against Charles Kelly, one of five private investigators who allegedly impersonated Hewlett-Packard Co. board members in an effort to obtain customer calling information.

The case, filed in the U.S. District Court for the Northern District of Georgia, is seeking to get Kelly and his firm, Georgia-based CAS Agency Inc., along with any of its agents, to return confidential caller information and any profits made from the obtained data. The suit asks for an injunction from the court to prevent Kelly and his firm from obtaining any further customer information. It also claims punitive damages.

Kelly, along with other private investigators, was subcontracted through Security Outsourcing Solutions Inc., the company HP hired to determine who on the computer giant's board was leaking sensitive information to the press. Last Thursday, Kelly was subpoenaed to appear before a subcommittee of the U.S. House Energy and Commerce Committee investigating the HP scandal. Kelly and the others took the Fifth Amendment against self-incrimination and were immediately dismissed.

Kelly could not be reached for comment.

Cingular is represented by David Balser and Nathan Garroway of McKenna Long & Aldridge in Atlanta. The suit claims that Kelly and his firm did not obtain authorization from Cingular, its customers or law enforcement agencies to acquire personal customer information, in violation of federal law.

Lawmakers grilled current and former HP executives on Thursday over the scandal, in which hired private investigators for the Palo Alto, Calif.-based company impersonated HP board members, employees, and journalists. The hired guns rifled through people's trash, planted spies in newsrooms, obtained phone records through a practice known as "pretexting," and spied on targeted individuals and their relatives.

On the day of the hearing, Verizon Wireless filed a similar lawsuit in a Trenton, N.J., federal court in response to the HP pretexting scandal.

"Ours is a John Doe lawsuit," says Jeffrey Nelson, executive director of corporate communications for Verizon Wireless. "We don't name any particular individuals [in our suit], but we believe it involved one member of HP's board and potentially a family member of that board member."

Sonsini Received Questionable Novell Options (LAW)

By Justin Scheck, The Recorder

California Recorder, October 3, 2006

As a director and lawyer for several companies suspected of illegally backdating stock options, Larry Sonsini has been under scrutiny the last six months for any role he may have played in option deals for employees.

But a Recorder review of SEC documents suggests Sonsini's involvement with suspiciously dated options wasn't limited to those he approved for other people.

Indeed, records filed by software maker Novell Inc. -- which recently announced it has hired outside counsel to review past option grant practices -- show that in 1999, Sonsini and the rest of the company's board deviated from their normal compensation plan by awarding themselves 50,000 options apiece.

That grant came on Oct. 26, when the stock was priced at a 17-month low. Over the next two months the share price would more than double, making the award worth more than $1 million on paper.

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The timing of the Novell grant raises the question of whether the options were actually doled out the day the company said they were, according to corporate governance experts.

But that's not the only issue raised by these options. Less than a month after the grant, Novell announced exceedingly rosy financial figures from the previous fiscal year. From a nadir of $16.69 on the grant date, the stock eventually hit $39.94 by the end of December.

Ultimately, the options would become worthless before vesting due to the tech market crash.

Nevertheless, the series of events makes experts wonder whether the grants were also "spring-loaded" -- that is, intentionally issued just before positive disclosures that the board knew would impact share prices. The SEC does not seem to view spring-loading with nearly the same severity as it does backdating, but the practice still troubles many experts, especially in this case.

"It doesn't smell good," said Boalt Hall School of Law professor Jesse Fried, an expert in corporate governance and insider trading. "This was at the annual low and was an off-cycle grant, and it's highly likely that this was spring-loaded."

Neither Sonsini -- who left the Novell board in 2002 -- nor a spokeswoman from the firm he chairs, Wilson Sonsini Goodrich & Rosati, would comment for this story.

On Aug. 29, though, Novell announced it was reviewing its option grant practices, and that the audit could lead to a restatement of past earnings under SEC rules governing executive pay.

"It's a comprehensive review," said Novell spokesman Bruce Lowry. He wouldn't comment on the ongoing work being done by lawyers at Morgan, Lewis & Bockius. Linda Griggs, a partner at the firm who is working on the probe, said Friday she was too busy to comment.

However, Lowry did confirm that grants to board members would be included in the examination. "It is all grants that are being reviewed," he said.

ABNORMAL PRACTICES

Novell's disclosure came at the tail end of a long train of admissions by companies that their option grants raised suspicion.

Since The Wall Street Journal first reported early this year on the apparently widespread practice of changing dates on stock options, more than 100 companies have come under scrutiny.

At least six companies gave out suspiciously dated options at times when Sonsini sat on their boards. Two of them -- Pixar and Novell -- have publicly announced internal probes of past grants. Another, Brocade, has seen former executives indicted for past options practices. And three others, LSI Logic, Lattice Semiconductor Corp. and Echelon Corp, were identified by The Recorder in August as having suspiciously timed grants to top executives.

Speaking privately because they are involved in stock option probes, several attorneys said questions about director grants have come up at a handful of companies being investigated by the SEC. But, they said, such cases are rare. At the majority of companies, board members only received options once a year at a pre-determined date outlined in a director compensation plan.

Novell had just such a system to keep directors out of the awkward position of awarding options to themselves. Every spring, on the day of Novell's annual shareholder meeting, each director would receive 15,000 options at the share price on the day of the meeting, in accordance with guidelines ratified by shareholders in 1996.

"No person shall have any discretion to select which outside directors shall be granted options, or to determine the number of shares to be covered by options granted to outside directors," the plan said.

But Novell's directors deviated from that policy three times between 1996 and 2001, granting themselves options at dates other than the annual meetings. On those occasions, the board cited a 1991 stock plan for the authority to make such grants.

The fact that Novell had guidelines for option grants -- and that directors strayed from them -- is particularly disturbing, said lawyers and academics.

"It should be an issue of shareholder concern whenever a board changes its own compensation," said Kirk Hanson, the director of the Markkula Center for Applied Ethics at Santa Clara University and a former Stanford University business professor.

While directors are generally permitted to award themselves whatever they want as long as it is publicly disclosed, Hanson said basic principles of corporate governance hold that they should avoid giving themselves pieces of the company just because they can.

It's not entirely clear from documents filed with the SEC how Novell's board decided to make the out-of-cycle grants in 1997, 1999 and again in 2001. Besides Sonsini, two other ex-board members -- former FCC Chairman Reed Hundt and Jack Messman, who was ousted as Novell CEO earlier this year -- declined to explain.

At the time of the 1999 grant, Hundt served on the company's compensation committee, while Messman sat on both the compensation and corporate governance committees.

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"I think it is inappropriate for me to comment," Messman said, especially given the terms of his severance agreement. "I'm in a contract that prevents me from talking."

Hundt, who is also a former Latham & Watkins partner, said he didn't recall discussions about options grants in 1999, and that they wouldn't have been of any importance to him because he didn't exercise Novell options.

MEASURING THE FALLOUT

When the company's 1999 fiscal year ended Oct. 31, the stock options ostensibly awarded a week earlier already looked promising. The company had had a successful fourth quarter, capping off a good year. After sliding by nearly 50 percent over the previous three months, the company's stock had begun climbing again.

On Nov. 10 Messman and Hundt reported their options to the SEC. On Nov. 23 Novell announced that its 1999 financial results were extremely positive. Sonsini reported his options a few weeks later.

"The options were awarded before good news was released, when they probably knew good news would be released," said Fried, the Boalt professor, basing his opinion on a description of the events at Novell. As far as the dates on the grants go, "we don't know if there was backdating, but if options were granted on a low like that, the probability the options would be granted on a low is very low."

None of the other out-of-cycle grants to Novell directors came at annual lows; the 2001 grant, for example, was awarded on Sept. 10 that year -- hardly a good time to receive any stock. Ironically, that grant now is much more valuable than the questionable 1999 award. The 2001 option to buy 50,000 shares came at a strike price of $3.92. With Novell now trading at just over $6 a share, that grant was worth just over $110,000 as of last week. It is unclear whether Sonsini has ever exercised any of those options.

It's also unclear what -- if any -- consequences Novell's directors could face if they're found to have improperly handled options. First, the company will need to disclose the results of its internal investigation. And even if the Morgan Lewis lawyers find wrongdoing, it may not be serious enough to warrant a significant financial restatement, or government interest.

While spring-loading remains troubling to business ethicists, the SEC's chief accountant, Conrad Hewitt, issued a letter Sept. 19 indicating that the SEC won't consider the practice to have significant accounting ramifications.

As far as criminal or civil liability goes, that's less certain: Federal prosecutors and SEC enforcement agents haven't said whether they'll consider the behavior problematic, though white collar defense lawyers say they don't expect it to be a major issue.

"Some may see it as unseemly or distasteful," said one attorney speaking on condition of anonymity because he is conducting probes of several companies where spring-loading questions have come up. "However, if someone felt there was an ironclad theory of prosecution, you would have heard of it by now."

But that doesn't make Fried feel any better.

"The problem is with disclosure. They were giving themselves in-the-money options," he said. "They were formally at-the-money, but they were really in the money."

And while the SEC might say it's legal, "from a corporate governance perspective, they're doing something improper, or they appear to have done it," Fried said.

Mills Chief Retires But Must Repay Costs For Jet Travel (WP)

By Terence O'hara

The Washington Post, October 3, 2006

Laurence C. Siegel, who ran one of the most successful mall empires in America before a series of operational and accounting blunders cost his investors billions of dollars, retired as Mills Corp. chief executive Friday and is being asked to repay more than $360,000 in personal travel on a company-chartered jet.

Mills, which has lost nearly $2.2 billion of its market value in the past 12 months, will pay Siegel $2.5 million in severance pay and $10.5 million if the company is sold by the end of next year, a likely event because Mills is actively trying to find a buyer for a 42-mall portfolio that includes Potomac Mills in Virginia and Arundel Mills in Maryland.

The Chevy Chase company described the departure of Siegel, 53, as a retirement and said its timing was not related to the personal travel expenses he is being asked to repay or to a soon-to-be completed investigation by the company's independent directors into Mills management and accounting failures.

"They're unrelated," said Mark S. Ordan, a veteran retail real estate executive who was appointed chief operating officer of Mills earlier this year and then was named to succeed Siegel as president and chief executive. "He felt this was a good time to leave, a natural time to leave, given everything that is going on with the company. It had nothing to do" with the travel expenses.

Siegel did not respond to requests for comment. Both he and the company signed agreements not to disparage each other.

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Siegel, who became chief executive of Mills in 1996, expanded the concept of the regional mega-mall to spectacular size and ostentation, and shoppers flocked to the company's properties in the 1990s. Mills, fueled by a bull market in real estate stocks and billions in investment from the German real estate fund company Kan Am, planned, built and bought dozens of malls in the last decade to become a rival to such mall companies as Indianapolis-based Simon Property Group Inc., Australia's Westfield Group and New York's Vornado Realty Trust.

The rapid growth masked underlying problems in Mills' operations, which surfaced in a series of accounting errors. As the nature and extent of the problems became clear over the past nine months, Siegel rapidly lost credibility with the investors that had provided Mills with capital to keep its costly developments afloat.

The company's biggest construction project, a $2 billion retail and entertainment complex called Xanadu in northern New Jersey, became emblematic of Siegel's ambitions. Plans include an indoor ski slope and a 30-story Ferris wheel tall enough to be seen in Manhattan, eight miles away. Siegel held a $2 million party at the site two years ago to celebrate the signing of a lease with New Jersey officials. The project is now over budget and under increasingly skeptical scrutiny from its lenders and financial backers, and Mills is negotiating to sell its interest.

Ordan defended the $10.5 million Siegel could receive if Mills is sold.

"Larry has been the CEO of this company for a very long time, and the portfolio of assets that we have were developed and bought under his guidance," Ordan said. "And most of the payments we're talking about are contractual obligations."

Nonetheless, two Wall Street analysts were critical.

"The award seems somewhat excessive given the company's fall from grace," RBC Capital Markets analyst Rich Moore told investors in a research note yesterday.

Bank of America analyst Ross Nussbaum said the $10.5 million in cash Siegel will be paid if the company is sold presents a conflict because Siegel will remain on Mills' board of directors and would vote on any deal. Nussbaum said the sales-related bonus gives Siegel an incentive "to vote for a sale of the company at a lower price than if he were receiving a stock payment."

Siegel agreed to remain non-executive chairman of Mills. If Xanadu is sold, Mills said he might "join the new joint venture" that would acquire the mall and resign his chairmanship, while remaining on the board. Mills is currently in a protracted negotiation with Kan Am and Colony Capital, which would take over the project and agree to fund its remaining construction costs. The closing of the deal has been delayed twice, however, because of the complexities of the transaction, Ordan said. The deal is considered by Wall Street as a vital step in the ultimate sale of Mills. Further complicating matters: Kan Am has three of Mills' 14 board seats and is a large shareholder in Mills.

Siegel's personal use of the company aircraft was left largely unexplained by the company in a Securities and Exchange Commission filing yesterday. Ordan declined to comment on it. Personal use of jets by chief executives has been a controversial corporate governance issue for years. SEC and Internal Revenue Service rules regarding what makes a trip personal and not business, and whether it should be disclosed, have been toughened in the last two years.

Siegel would have had ample opportunity to use a jet, personally tending to business all over the country and in European capitals where Mills owned or was building malls. While the company did not own such a plane, it had access to several, including a Gulfstream G-III, from a chartering company.

In yesterday's SEC filing, Mills said Siegel must repay "any non-business related perquisites that may have been provided to (him), including $362,156 for personal use of the company chartered aircraft and personal flights paid by the company."

Siegel has two weeks to make the payment, documents said.

Mills has never before disclosed in SEC documents that Siegel or any other executive used corporate aircraft for any purpose. Siegel was paid more than $5 million in cash in 2004, the last year for which Mills reported executive compensation.

In Namibia Court, Arguments Over Bail For Options Fugitive (NYT)

By John Grobler

The New York Times, October 3, 2006

WINDHOEK, Namibia, Oct. 2 — After arriving here two months ago, Jacob Alexander, the former chief executive of Comverse Technology wanted in the United States on stock option fraud charges, transferred about $16 million to Namibia from Israel, bought a house and put his children into a local school, a Windhoek court was told on Monday.

During the hearing on his bail application, Mr. Alexander, 54, showed every sign that he would fight efforts to extradite him to the United States to face charges of conspiracy, securities fraud and money laundering involving a suspected scheme to backdate stock options at Comverse.

A 32-count indictment against Mr. Alexander was unsealed last week by federal prosecutors in Brooklyn.

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One of Mr. Alexander's lawyers here, Herman Oosthuizen, said his client would be willing to hand over his Israeli passport and post bail of about $1.36 million. Mr. Oosthuizen also told the court in Windhoek that Mr. Alexander had invested about $1.5 million in local low-cost housing and other start-up business ventures in Namibia and had been granted a two-year work permit.

Mr. Alexander and his wife bought a house in a gated community adjoining the government-owned Windhoek Country Club, according to an affidavit by Mr. Alexander.

An F.B.I. agent, Marilyn Williams, who works out of the United States Embassy in Pretoria, South Africa, urged the court to reject the bail application. She said Mr. Alexander failed to return to New York on July 20 from a vacation in Israel to face questions from federal prosecutors.

Mr. Alexander, she said, had also offered as much as $5 million — and then "a name-your-price offer" — to a colleague at Comverse to take the blame in the stock options case. She did not identify the employee, but said that the person had agreed to cooperate with the investigation.

The bail hearing will continue on Tuesday. Mr. Alexander remains incarcerated.

Ex-Comverse Chief Executive Says He Will Plead Not Guilty (AP)

By Celean Jacobson

AP, October 3, 2006

JOHANNESBURG, South Africa — The fugitive ex-CEO of Comverse Technology Inc., who is wanted in the United States for stock-options fraud, told a Namibian court Monday he intends to plead not guilty and claimed the warrant for his arrest was invalid.

Jacob "Kobi" Alexander, the former chief executive of the New York-based maker of voice mail software, said he entered the southern African nation openly and lawfully and had invested in businesses there before he was arrested after a two-month international manhunt.

Alexander was arrested Sept. 26 in the Namibian capital of Windhoek at the request of the FBI. He is accused of making about $6.4 million by illegally backdating stock options.

A bail hearing began Monday in a Namibian court and will continue Tuesday. The Namibian government said it opposed bail pending a formal extradition request from the United States, said Justice Ministry official Dennis Khama. Marlene Williams, an FBI agent based in South Africa, also opposed bail.

The U.S. has 30 days to lodge a formal extradition request. U.S. Attorney Roslynn Mauskopf said last week that she would seek Alexander's swift extradition to face charges in federal court in New York.

In an affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

"While in Namibia I have used my own name openly and publicly in all my encounters and ventures with government officials and private individuals alike," he said. "I entered Namibia openly and lawfully, and I have not in any manner tried to hide my whereabouts from anyone."

Alexander, who has a two-year permit to live and work in Namibia, stays in a $500,000 home he purchased on the Windhoek Country Club Estate. His children attend the city's international school.

According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

It is alleged that from 1991 through 2005, Alexander exercised options and sold stock worth approximately $150 million, making a $138 million profit. Of that, about $6.4 million was generated by backdating options.

Checks Already In Place (USAT)

By Dale Oesterle

USA Today, October 3, 2006

Two high profile hedge fund calamities in the past week will no doubt result in renewed calls for more "hedge fund regulation," whatever that is.

Amaranth Advisors lost a whopping $6 billion in trades of natural gas futures, and Pirate Capital is being investigated of failing to publicly disclose its stock sales. Pirate Capital has been one of the nation's most visible (and colorful) "activist" hedge funds, funds that purchase stock in a company to force through major changes.

The lessons of these events are the reverse of those offered by the hedge fund alarmists. Amaranth's investors quickly accessed the fund books and minimized their losses. There was no general market panic. A maverick trader caused the losses. In a moment of frenzy he simply lost it, exceeding the fund's risk authorization guidelines. There was no institutional intent to defraud anyone. Fund investors will withdraw what money remains, and the fund will whither and die. Pirate Capital has similarly

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suffered for its transgressions. The Securities and Exchange Commission is after the fund, and several of its top analysts have left.

In other words, the current system of penalties has plenty of bite for funds that misbehave. The plight of Amaranth and Pirate hardly supports a claim for more regulation.

On the other hand, consider the threat of the consequences of regulation too heavy handed. This is an industry of close to 10,000 funds estimated at holding close to $1.3 trillion dollars. It must have some attraction to investors. Overzealous regulation trying to control what cannot be controlled, the financial markets, will encourage more funds to locate offshore and encourage more investors to use foreign markets. Regulation could cost us control over hedge funds, not enhance it. The initial public offering market is already moving from New York to London because of the overly regulatory Sarbanes-Oxley Act of 2002. Our financial industry and its derivative professional communities are suffering as a result.

Hedge funds take huge risks, and inevitably some will fail. A hedge fund failure is not a national calamity, it is a natural and to be expected part of the industry.

Dale Oesterle is a law professor at Ohio State University.

CRIMINAL LAW:

Foley Enters Alcohol Rehab Center (LAT)

By Noam N. Levey And Chuck Neubauer

The Los Angeles Times, October 3, 2006

WASHINGTON — Former Rep. Mark Foley, the disgraced Florida lawmaker who quit last week after revelations about explicit messages he sent to a former teenage House page surfaced, has begun seeking treatment at a rehabilitation facility for alcoholism, his lawyer said today.

"I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley said in a statement released through his attorney, David Roth. The lawyer did not reveal where Foley was receiving treatment.

Pressure has been mounting on Republicans over their handling of the scandal involving Foley. The FBI said Sunday that it had begun a preliminary inquiry to determine whether the disgraced Florida lawmaker had violated federal law by sending sexually explicit instant messages to at least one teenager who had served as a congressional page.

House Speaker J. Dennis Hastert (R-Ill.), who had asked for a federal investigation, told reporters today that no party leaders had seen the messages until ABC News released them Friday.

"Congressman Foley duped a lot of people," Hastert said. "I have known him for all the years [12] he has served in this House, and he deceived me too."

Hastert expressed relief that Foley had resigned. "If he had not," Hastert said, "I would have demanded his expulsion."

Appearing with Hastert, Rep. John Shimkus (R-Ill.), chairman of the board that oversees Congress' page program, said the board in recent years had provided a new dormitory for pages with "state-of-the-art security measures." He said the board would provide a toll-free hotline for family members with concerns about safety.

Hastert and Shimkus refused to take questions from reporters, who wanted to know when they learned about Foley's messages to the teenage page.

Hastert — who has been battling accusations that House Republicans inadequately handled concerns that Foley had sent inappropriate though not overtly sexual e-mails last year to another former page — also asked Florida Gov. Jeb Bush to see whether state laws had been broken.

In response to these charges, Hastert said today, "Since I have been speaker, we have moved aggressively to ensure the safety of these kids."

But the Republicans' effort to distance the party from Foley may be complicated by his close ties with the party's campaign operation.

Foley's longtime chief of staff is now a senior aide to Rep. Thomas M. Reynolds (R-N.Y.), who as chairman of the National Republican Congressional Committee is leading the effort to maintain the GOP majority in the House. In addition, Foley's campaign committee gave $100,000 to the NRCC this summer, campaign finance records show.

Seizing on the campaign donation, which put Foley among the GOP committee's bigger donors, the Democratic National Committee stepped up its accusations that Reynolds and other Republican leaders were more interested in protecting Foley than investigating potential misconduct.

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"Why did Republican congressional leaders choose not to ask the critical questions about the nature and full extent of Congressman Foley's criminal actions involving minors at the time they first learned about it?" Democratic Party Communications Director Karen Finney said Sunday.

Foley, a six-term Republican who was co-chair of the Congressional Missing and Exploited Children's Caucus, resigned his seat Friday after ABC News questioned him about the sexually explicit instant messages he reportedly sent three years ago.

House Republican leaders have been under pressure since then to explain what they knew about Foley's behavior and when they knew it. They acknowledged Saturday that they had known for some time about Foley's "over-friendly" e-mails, sent to a 16-year-old Louisiana boy, but said they had not known about the sexually explicit earlier messages before last week.

In the fall of 2005, the 16-year-old, who had finished a term as a page that year sponsored by Rep. Rodney Alexander (R-La.), complained to a staffer in Alexander's office after receiving a series of e-mails from Foley. In them, the congressman asked for a photo and talked to the teenager about another boy being "in great shape."

After hearing from the teen and his parents, Alexander's staffers discussed their concerns with their counterparts in Hastert's office. As a result, the House clerk and the congressman in charge of the House Page Board met with Foley, who told them that his relationship with the boy was that of a mentor. They instructed him to cease his contacts with the boy.

Earlier this year, Alexander also discussed the matter with Reynolds and with House Majority Leader John A. Boehner (R-Ohio). Reynolds has said that he discussed it with Hastert, though the House speaker has said he has no recollection of the conversation but has no reason to doubt Reynolds.

In his letter to Gonzales, released several hours after Senate Minority Leader Harry Reid (D-Nev.) had demanded a Justice Department investigation, Hastert said the House clerk and the head of the Page Board had believed their private meeting with Foley "resolved the situation."

But the revelation of the sexually explicit instant messages — sent, Hastert said, to "another former page or pages" — warranted criminal referral for two reasons: to determine whether Foley had violated federal laws on interstate communications, and to discover whether "there are persons who knew or had possession of these messages but did not report them to the appropriate authorities."

Given that the instant messages were sent in 2003, Hastert said, "I request that the scope of your investigation include any and all individuals who may have been aware of this matter — be they members of Congress, employees of the House of Representatives, or anyone outside the Congress."

Hastert's efforts did not quell the political storm gathering around the GOP, however.

House Minority Leader Nancy Pelosi (D-San Francisco) on Sunday called on GOP House leaders to explain their actions under oath before the House Ethics Committee.

The Democratic National Committee noted Sunday that Foley's contribution, which the NRCC reported receiving on Aug. 7, came after Reynolds had acknowledged having learned about the Louisiana page's complaint.

NRCC spokesman Carl Forti said the campaign donation had no impact on how Reynolds handled the matter, explaining that Reynolds told Hastert about the problem as soon as he learned about the e-mails.

"This is nothing more than pure politics at its worst," Forti said, dismissing the Democratic charge that Reynolds should have done more.

"Even to insinuate that is ridiculous."

Forti said Reynolds had not known about the explicit instant messages, in which Foley discussed sexual matters with at least one other former page.

But Reynolds did work closely with someone who knew Foley well.

Kirk Fordham, a veteran Republican legislative staffer who has worked on Capitol Hill for much of the last 17 years, served as Foley's chief of staff from 1995 to 2004. Fordham also managed Foley's first campaign for Congress, in 1994.

In 2005, Fordham went to work for DCI Group, a leading GOP political strategy group. The same year, he became Reynolds' chief of staff.

Fordham could not be reached for comment Sunday.

Forti said Sunday he did not know whether Reynolds and Fordham had discussed Foley after Reynolds was told of the page's complaint.

Pressure Grows For G.O.P. Over Foley Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 3, 2006

DOJ_NMG_0074151

WASHINGTON, Oct. 2 — Speaker J. Dennis Hastert faced intensifying questions on Monday about why Republicans had not reacted more assertively to Representative Mark Foley's messages to a teenage page, as members of his party, fearing a political debacle, demanded a strong response.

Straining to hold the party together five weeks from Election Day amid unfolding revelations about the case, Mr. Hastert and his leadership team held a conference call with House Republicans on Monday night and heard blunt advice and criticism from participants who pressed for further action to reassure voters.

"This is a political problem, and we need to step up and do something dramatic," Representative Ray LaHood of Illinois said afterward, adding that he had proposed abolishing the Congressional page program.

Mr. Foley, 52, who resigned Friday after being confronted with sexually explicit instant messages he had sent to pages, released a statement saying he had entered a rehabilitation clinic for treatment of "alcoholism and related behavioral problems."

At a news conference in West Palm Beach, Fla., late Monday, Mr. Foley's lawyer, David Roth, said that Mr. Foley had sent the inappropriate e-mail messages while under the influence of alcohol and that he had kept his drinking problem secret.

A former aide and other associates said in interviews that they did not believe Mr. Foley had a drinking problem.

ABC News, which first reported the sexually explicit messages on Friday, said Monday that additional messages suggested that Mr. Foley had met in person with a teenage page outside Capitol Hill and had sought a relationship.

"I miss you lots since San Diego," Mr. Foley wrote, using his screen name, Maf54, according to a transcript obtained and released by ABC.

"Ya I cant wait til dc," the page replied.

Federal law enforcement officials said the F.B.I. in recent months had been given e-mail messages between Mr. Foley and a page but had found insufficient grounds to open a criminal investigation. A group called Citizens for Responsibility and Ethics in Washington said Monday that it had forwarded the messages to the Federal Bureau of Investigation on July 21 and requested an investigation. The group would not say where it had obtained the messages; it made them public after the ABC report.

Federal agents on Monday began contacting men who were in the Congressional page program in recent years, said government officials briefed on the matter, who asked not to be named because they were not authorized to discuss the inquiry. The officials said the agents were trying to find any former or current pages who had had contact with Mr. Foley and to authenticate e-mail and instant messages attributed to the former lawmaker that had circulated on the Internet in recent days.

The officials said that several pages who had received electronic messages from Mr. Foley had already been located.

At the White House, Tony Snow, President Bush's press secretary, initially characterized the scandal as "naughty e-mails," drawing a blistering response from Democrats who said his words suggested that Republicans did not understand the gravity of the situation.

Mr. Hastert, who returned to the Capitol to deal with the escalating scandal, was pressed by reporters to explain why the first communication between Mr. Foley and a page, which was brought to the attention of Republican leaders last year, had not led to more assertive efforts to determine if it was an isolated case.

Mr. Hastert defended the Republicans' handling of a parent's complaint last year about communication from Mr. Foley to the parent's teenage son. But he acknowledged that the e-mail inquiring about the boy's well being and requesting a photo was potentially troubling.

"I think that raised a red flag, raised a red flag with the kid, raised a red flag with the parents," said Mr. Hastert, who repeated that he could not recall learning of the messages before news of them broke last week. But the speaker said he and others had been "duped" by Mr. Foley, who when questioned about the e-mail said it was an innocent effort to make sure that the young man, who was from Louisiana, had made it through Hurricane Katrina.

Representative John Shimkus, Republican of Illinois, and the House clerk, Jeff Trandahl, instructed Mr. Foley to break off any contact with the former page. At the time, Republicans did not purse the matter further, considering the case closed.

"Would have, could have, should have," Mr. Hastert said, responding to questions about whether Republicans should have done more.

In Florida, Republicans met on Monday and chose Joe Negron, a conservative state representative, as a replacement candidate for the 16th Congressional District seat held by Mr. Foley. The ballots, however, have already been printed, and Mr. Foley's name will remain. If he wins, the votes will go to Mr. Negron.

The House majority leader, John A. Boehner of Ohio, dismissed that possibility. "To vote for this candidate, you have to vote for Mark Foley," Mr. Boehner said on a conservative radio program hosted by Sean Hannity. "How many people are going to hold their nose to do that?"

The case has led to varying accounts from two members of the leadership. Representative Thomas M. Reynolds of New York, who runs the House Republican campaign effort and is in a close race, has acknowledged learning generally about Mr.

Foley's initial e-mail messages this past spring. Mr. Reynolds has said he raised the matter with Mr. Hastert, who said he did not recall the exchange but did not dispute that it happened.

"I did what most of us would have done in the workplace," Mr. Reynolds told reporters in Amherst, N.Y., on Monday night. "I heard something, I took it to my supervisor."

Across the country, in competitive and noncompetitive races, Democrats seized on an issue that they said was resonating with voters. In an effort coordinated in Washington by the Democratic Congressional Campaign Committee, the party's candidates urged their Republican opponents to call for the resignation of Mr. Hastert and other leaders.

In Indiana, Baron Hill, a Democratic candidate for a House seat, asked the incumbent, Representative Mike Sodrel, a first-term Republican, to reject any financial contributions from the national party. In North Carolina, where Representative Robin Hayes, a Republican, is engaged in a tough campaign fight, the state Democratic Party issued a statement asking, "Who does Robin Hayes stand up for — Mark Foley and the Republican House leadership or under-age children?"

As Congressional Republicans campaigned Monday in their districts, they responded to the Democratic criticism and distanced themselves from Mr. Foley's behavior.

"We need to admit that this was done on our watch," Mr. LaHood said. He added that when he arrived home after Congress adjourned early Saturday, the page program was what constituents asked about.

"The first three questions I was asked when I arrived in Peoria," he said, "were not about immigration, the war or taxes. It was, 'What are you going to do about the page program?' "

The Foley case also drew criticism from conservative groups. "It's one of the worst Congressional scandals ever," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote Sunday in an editorial circulated by Gopusa.com, a Republican Web site. "A top House Republican who denounced sex predators as 'animals' stands accused of acting like one."

At the news conference Monday night, Mr. Roth, Mr. Foley's lawyer, denied that Mr. Foley had ever had inappropriate physical contact with minors. "Mark Foley has never, ever had inappropriate sexual contact with a minor in his life," Mr. Roth said. "He is absolutely, positively not a pedophile."

On Political Track For Decades, Foley's Career Derails In Days (USAT)

By Susan Page

USA Today, October 3, 2006

WASHINGTON — It may well have been the proudest moment of Mark Foley's career in Congress: standing in the front row of lawmakers in the Rose Garden as President Bush signed a sweeping bill the Florida Republican had helped draft and pass.

The Adam Walsh Child Protection and Safety Act, toughening laws designed to shield children from exploitation, represented "a huge step forward," Foley told USA TODAY in an interview just before the ceremony in July. The Internet had given sexual predators new ways to reach kids, and the laws needed to respond, he said: "We track library books better than we do sex offenders."

Foley's worst moment was, presumably, nine weeks later, when he resigned in the wake of allegations that he had sent improper e-mails and instant messages, some of which were sexually explicit, to teenage boys who had worked as congressional pages.

As the FBI looked into whether federal laws were broken, Foley announced in a statement that he accepted "full responsibility" and was checking himself into a rehabilitation facility for alcoholism treatment.

It was an abrupt end to the political ambitions that began when Foley was 6 and watched admiring constituents flock around his congressman. He has been running for a succession of offices since he was 23. Just three years ago, he was a leading contender for a U.S. Senate seat.

Now, at 52, he has joined the rogues' gallery of members of Congress who resigned in disgrace.

"He was very well-liked, very outgoing, very likable," says Florida state Sen. Dave Aronberg, a Democrat who often ran into Foley at community gatherings. "He was at every event. He used to say, 'I'd go to the opening of an envelope.' "

Foley was the most accessible member of Congress from the area, Aronberg says, adding, "I hope he gets help."

In an interview last year with The Hill, a newspaper for members of Congress and their staffs, Foley recalled riding his bike to the Lantana Shopping Center in South Florida at age 6. Rep. Paul Rogers, who was shaking hands, gave Foley $5 to hand out campaign brochures. "For whatever reason, it stuck," Foley said. "That was my dream."

He was a local boy — born in Newton, Mass., but a resident of Lake Worth since his family moved there when he was 3. He attended Palm Beach Junior College for a year, then opened a restaurant, the Lettuce Patch. At 23, he was appointed to the Lake Worth City Council. He was a Democrat at first but switched to the GOP before he began a slow climb through political offices: vice-mayor of Lake Worth, a member of the Florida House of Representatives, then a Florida state senator at age 38.

Lois Frankel, a onetime Democratic leader of the state House, remembers Foley as a "master" of politics. "No matter what side of the aisle you were on, you had to admire his ability to work a room, to deliver a message," says Frankel, who is now mayor of West Palm Beach.

When state House district lines were redrawn and Foley found himself in a predominantly Democratic district, he ran for a state Senate seat instead. "He kept picking himself up and moving on," Frankel says.

When the local member of Congress decided to retire in 1994, Foley won a three-way Republican primary and trounced his Democratic opponent by 16 percentage points. He has never gotten less than 60% of the vote for re-election.

Once in Congress, Foley generally voted as a conservative Republican but showed an independent streak on social issues. For one thing, he supported abortion rights. He voted in favor of the Defense of Marriage Act, which defined marriage as between a man and a woman, but against amending the Constitution to ban gay marriage.

He sometimes broke with the Bush administration on trade, opposing the Central American Free Trade Agreement last year because, he said, it could hurt Florida's sugar industry.

Foley earned a reputation in Washington as a hard worker, a prodigious fundraiser and a reliable person for Capitol Hill reporters to go to for a quote. "If he said he would do something, he did it," says former Florida senator Bob Graham, a Democrat.

Joe Scarborough, a former Florida congressman first elected with Foley in 1994, says Foley reached out to him. "Mark knew I had never been an elected official before," says Scarborough, now the host of a program on MSNBC. "He said if there was anything he could do to help me out, he'd be glad to do it."

In 2002, Foley was the Republican speaker — freshman New York Sen. Hillary Rodham Clinton was the Democratic one — delivering humorous remarks to the annual dinner sponsored by the Washington Press Club Foundation.

He delivered a David Letterman-style "Top 10" list of "suspicious activities in Washington."

No. 4 was "Defense Secretary Donald Rumsfeld addressing reporters as adults." No. 3 was "former vice president Al Gore saying: 'Pie? No thanks. I'm on a diet.' "

"And the No. 1 most suspicious activity in Washington," Foley concluded to laughter, "is Mark Foley telling a reporter 'no comment.' "

Foley had hopes of moving up one more step — to the U.S. Senate when Graham retired in 2004. The congressman began campaigning across the state. After several publications in Florida and Washington ran stories saying he was gay, Foley called a news conference in May 2003 to address the swirling rumors.

"Everyone's talking about it," he acknowledged, but he called it nobody's business. "My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public." He said the speculation was "revolting and unforgivable."

Four months later, he withdrew from the Senate race, saying he wanted to spend more time with his ailing 82-year-old father.

Rumors about Foley's sexual orientation didn't cause much of a stir in Washington and didn't imperil his re-election to the House. In 2004, he was unopposed in the Republican primary and won the general election with 68% of the vote.

Allegations in recent days of his behavior toward congressional pages, however, have cost him dearly. Some of his colleagues express bafflement at what was apparently a double life. "There were two Mark Foleys," says Rep. Clay Shaw, a fellow Florida Republican. "One was a nice guy and the other is a child predator."

Some of those who worked with him on children's issues — he was co-chairman of the House Caucus on Missing and Exploited Children — are dumbfounded. Patty Wetterling, a children's advocate in Minnesota who is running for Congress as a Democrat, says she feels "a very big sadness and betrayal."

Singer-turned-politician Sonny Bono and his wife, Mary, worked with Foley on a task force designed to boost ties between Republicans and Hollywood. When Sonny Bono died in a skiing accident, Mary Bono sold his 1994 Jeep Wrangler to Foley.

On Monday, Mary Bono, now a Republican House member from California, issued a statement calling Foley's conduct "unacceptable and abhorrent." If he has violated the law, she said, "he should be prosecuted."

Little-known Job Caught In Spotlight (USAT)

By Brad Heath

USA Today, October 3, 2006

Like many former congressional pages, Ben Cavataro said he was drawn to the page program by an interest in politics and the opportunity to see the workings of government up-close.

Cavataro, a 17-year-old high school senior from Palm Beach Gardens, Fla., said Rep. Mark Foley, a Republican representing his district, nominated him to be a page last summer.

On Friday, Foley abruptly quit the House of Representatives after ABC News reported he had sent sexually explicit messages to a former page. House leaders subsequently asked the FBI to investigate.

In the wake of Foley's resignation, the role — and relative security — of these high school students is facing new scrutiny. Rep. John Shimkus, R-Ill., the chairman of the board that oversees the program, said the House will set up a hotline for pages and their parents to report concerns.

The allegations against Foley surprised Cavataro, who only briefly met Foley during his three-week stint as a page last summer.

"There was no indication of anything improper with Foley or anybody else," Cavataro said. "We talked for like two minutes and shook hands."

His experience mirrored those of many of the scores of other pages who ferry messages between members of Congress on Capitol Hill each year. Theirs is typically one of Washington's least-noticed jobs. No longer.

"I hope it doesn't make the page program into a joke like the White House internship program was after (Monica) Lewinsky," said Dave Aronberg, a Democratic state senator in Florida and former House page who was referring to the intern who had oral sex in the Oval Office with President Clinton. "It's given a lot of kids a lot of great opportunities."

The House and Senate each select a group of pages annually to shuttle messages from office to office and to and from the floor of the Capitol. Typically, the job spans a semester of a school year or a few weeks during the summer.

The House takes about 60-70 pages during each period; the Senate takes about half as many. During the school year, the pages attend morning classes at schools that are part of the program.

House and Senate pages must be at least 16 years old when they're nominated. The programs are meant to be strictly supervised. House pages live in a brick dormitory near the Capitol, under a 10 p.m. weeknight curfew.

Rush Seale, who was a Senate page in 1999 and a House page in 2000, said few pages have one-on-one access to members of Congress. "It would have been kind of unusual," Seale said.

In 1983 the House censured two representatives for sexual encounters with 17-year-old pages. As a result, pages were required to live in the program's dorm.

Rick Gagliano, who was a page in 1976, said the scandals shouldn't overshadow the program. "Yes there have been some terrible situations in the page program history, but like the institution of the House of Representatives itself, the positive experiences and good work the page program does far outweigh the negatives," he said.

Addictions Are Often Disclosed Amid Scandals (USAT)

By Emily Bazar

USA Today, October 3, 2006

Former congressman Mark Foley's statement that he's an alcoholic, coming after reports that he sent sexually explicit e-mails to congressional pages, makes him the latest public figure to enter rehab in the face of scandal.

Reps. Patrick Kennedy, D-R.I., and Bob Ney, R-Ohio, and actor/director Mel Gibson have sought treatment in recent months for alcohol or drug addiction during trying circumstances.

Doing so removes them from the public eye and may win sympathy, says Gary Jacobson, a political science professor at the University of California, San Diego. It's also a way to shift some of the blame from the person to the addiction, he says.

"This seems to have become standard operating procedure," Jacobson says. "It's a way of both taking responsibility and denying it at the same time."

Kennedy checked into treatment in May, a day after he crashed his car near the Capitol. Kennedy, who has a history of drug and alcohol problems, said he was battling an addiction to prescribed painkillers.

Gibson entered an alcohol treatment program this summer after pleading no contest to drunken driving. Gibson made anti-Semitic remarks to arresting officers when he was stopped in Malibu.

Ney announced last month that he was seeking treatment for alcoholism the same day he agreed to plead guilty to corruption charges related to the Jack Abramoff influence-peddling scandal.

Foley's announcement Monday surprised Sarah Chamberlain, executive director of the Republican Main Street Partnership. Foley emceed the group's annual dinner Wednesday.

"At the dinners, he was always working, so usually he didn't have anything to drink," she says.

Foley has not acknowledged or denied that he sent the e-mails.

Alcoholism may exacerbate other disorders, says Fred Berlin, founder of Johns Hopkins University's Sexual Disorders Clinic. "It can impair a person's judgment and can lead them to become disinhibited with respect to their impulses," he says. "It's like throwing gasoline on the fire."

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Berlin says alcoholism has reached a level of acceptance that sexual disorders have not. “It's much less socially stigmatizing to admit to alcoholism than it may be to admit to some other problem,” he says.

Foley Joins List Of Sex Scandals On Capitol Hill (WT)

By Eric Pfeiffer

The Washington Times, October 3, 2006

The resignation of former Rep. Mark Foley has shocked Washington, but it is not the first accusation of impropriety with underage congressional pages to make headlines. The investigation of Mr. Foley's misconduct adds to a long history of Capitol Hill sex scandals.

One congressional historian said House members have proven more prone to such scandals.

"With the exception of Bob Packwood, it's mostly been on the House side," said Donald A. Ritchie, associate historian in the Senate's Historical Office. "That doesn't mean there weren't things going on, but it wasn't something that ruined their careers."

Mr. Packwood, Oregon Republican, was forced to resign from the Senate in 1995 in the wake of accusations that he had sexually harassed women.

In 1983, Rep. Gerry Studds, Massachusetts Democrat, was censured by the House for sexual involvement during the previous decade with a 17-year-old male page. Mr. Studds turned his back on members of the House as the charges were read against him. Afterward, Mr. Studds held a press conference with the former page, acknowledging their relationship.

Unlike Mr. Foley, Mr. Studds did not resign from Congress. In fact, he became the first openly homosexual member of Congress and won re-election six more times before retiring in 1996.

Also in 1983, former Rep. Daniel Crane, Illinois Republican, admitted to having an affair with a 17-year-old female page. Mr. Crane apologized for his actions on the House floor, saying, "I only hope my wife and children will forgive me."

He was voted out of office in 1984.

Why have some members of Congress survived sex scandals while others have not?

"What makes [the Foley scandal] different is that it was off the grid of social acceptability," said Eric Dezenhall, a crisis-management consultant. "You can't spin it. Americans are much more offended by hypocrisy than they are by dishonesty."

Mr. Foley had been co-chairman of the House Caucus on Missing and Exploited Children.

In an interview with CNN yesterday, House Speaker J. Dennis Hastert said he was not aware of Mr. Foley's reported misconduct until the Florida congressman resigned.

"First I was really aware of this was last Friday when it happened," Mr. Hastert said. "And all of a sudden, the press came out and said that there were these e-mails that were from 2003."

Mr. Hastert, Illinois Republican, spent much of the day yesterday meeting privately with the clerk of the House and the Republican chairman of the House page board, CNN reported.

Sex scandals on the Hill have not been limited to those involving congressional pages.

In 1990, Rep. Barney Frank, Massachusetts Democrat, was reprimanded by the House after it was revealed that Mr. Frank's former associate, Steve Gobie, was running a male prostitution ring out of Mr. Frank's apartment. Mr. Frank refused to resign from Congress and has been subsequently re-elected.

In 1989, former Sen. John Tower, Texas Republican, was nominated by President George Bush for secretary of defense. However, Mr. Tower failed to win Senate confirmation after being accused of alcoholism and having affairs with multiple women.

In 1976, Rep. Wayne Hays, Ohio Democrat, resigned after his former secretary, Elizabeth Ray, told reporters that the congressman had hired her and given her raises under the condition that she act as his mistress.

"I can't type. I can't file. I can't even answer the phone," Ms. Ray said at the time.

In 1974, Rep. Wilbur D. Mills, a powerful Arkansas Democrat who was chairman of the House Ways and Means Committee, was a passenger in a car pulled over at 2 a.m. by U.S. Park Police. Mr. Mills was drunk and was accompanied by an Argentine stripper known by the stage name Fanne Foxe, but the ensuing scandal did not prevent him from being re-elected that year.

Later, however, when Mr. Mills was spotted in a nightclub where Miss Foxe was performing, he was stripped of his committee chairmanship and did not seek re-election in 1976.

Foley 'drank In Secret,' Seeking Help, Lawyer Says (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), October 3, 2006

DOJ_NMG_0074156

WEST PALM BEACH — Mark Foley is not a pedophile and "never ever" had sexual contact with minors, his attorney said Monday.

Instead, David Roth, a prominent criminal defense attorney with offices in West Palm Beach, portrayed Foley as a troubled alcoholic who has suffered from mental illness much of his adult life.

"Mark is an alcoholic. He drank in secret. He did not drink in public," Roth said. "He had two lives with regard to his alcohol consumption. In public, and in public service, he was sober. When he was alone, he was not sober. He is an acknowledged alcoholic."

Foley is now in treatment for alcoholism and mental illness at an undisclosed center, where he is expected to remain for at least 30 days, Roth said.

Roth said he was contacted by Foley on Friday, minutes after the Fort Pierce Republican resigned from Congress after being confronted with sexually explicit Internet messages he exchanged with a teenage boy.

Asked if Foley, 52, had physical contact with any of the boys with whom he was communicating, Roth said, "Based on all the information that I have, Mark Foley has never ever had an inappropriate sexual contact with a minor in his life."

Asked if Foley is a pedophile, Roth said, "He is absolutely, positively not a pedophile."

He described Foley as "contrite, remorseful and devastated by the harm that his actions have caused.... He blames no one but himself."

But even as Foley tried to make the case that his problems stemmed from alcohol and mental illness, the FBI and the Florida Department of Law Enforcement were beginning preliminary investigations to determine whether he broke any laws.

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., and other leaders were moving quickly and vigorously to distance themselves from Foley.

Hastert said Monday that House Republican leaders were unaware of the "vile and repulsive" sexually explicit messages Foley had sent to a former page.

"Congressman Foley duped a lot of people," Hastert said at a news conference. "He deceived the good men and women in organizations around this country with whom he worked to strengthen our child predator laws. I have known him for all the years he served in this House. He deceived me, too."

Foley's name was removed from the wall outside his office early Monday. Later in the morning, a congressional employee posted a new sign reading, "Office of the 16th Congressional District of Florida."

His staff now works for the House clerk's office, which also took over his congressional Web site. The staff was warned early Monday not to talk to the media, one staffer said.

And now, what had been considered a safe congressional seat for Republicans is up for grabs. At a hastily called meeting of Republican leaders at the Orlando airport, state Rep. Joe Negron of Stuart was chosen as the nominee.

But Foley's name will remain on the ballot, increasing the odds that turned-off voters will pick Democrat Tim Mahoney, a political newcomer.

House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity that Negron is virtually doomed because "to vote for this candidate, you have to vote for Mark Foley. How many people are going to hold their nose to do that?"

Although Hastert said GOP leaders didn't know of the instant messages Foley sent to at least one former page, he conceded earlier that they were aware of other personal but less explicit e-mails Foley had sent to another 16-year-old former page.

In addition to Hastert's office, those informed about the e-mails included Boehner; Rep. John Shimkus, R-Ill., who heads the board overseeing the House page program; and Rep. Thomas Reynolds, R-N.Y., chairman of the National Republican Congressional Committee.

Reynolds said he discussed the e-mails with Hastert. The speaker said he did not dispute Reynolds' account but did not recall the conversation.

Boehner told the Dayton Daily News he was "99 percent" sure he talked to Hastert about the matter, but also said he did not recall their conversation.

Last year, Shimkus said he spoke to Foley about the e-mails, insisting that they cease immediately. But the matter was not made public, taken to the House ethics committee or revealed to Democratic members of the page board.

The GOP leaders' handling of the matter prompted criticism even from some Republicans who said they should have acted more forcefully.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, R-Conn.

Republican leaders also are concerned that the fallout from Foley's exit could hurt other GOP candidates in November. Tony Perkins, president of the Family Research Council, said there is "a real chance" the episode could threaten the GOP's majority status.

"I think the next 48 hours are critical in how this is handled," he said. "When a party holds itself out as the guardian of values, this is not helpful."

Meanwhile, the political firestorm was getting worse in Washington. Democrats were quick to accuse Republicans of not doing enough to protect the congressional pages who live in dorms near the Capitol.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

Even the White House was brought into the fray. Spokesman Tony Snow attempted to deflect the political repercussions.

"The House has to clean up the mess, to the extent there is a mess," he said. "This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party."

Leaders from dozens of socially conservative groups held a conference call late Monday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like that to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

A watchdog group, Citizens for Responsibility and Ethics in Washington, said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately turned them over to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes.

On Monday, the group asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Sloan said that though the 2005 e-mails were not sexually explicit — asking about the boy's birthday and progress in school, and requesting a photo — "they set off alarm bells for me."

"These are strategies pedophiles often use" to draw in their targets, Sloan said in a conference call with reporters.

Asked about the preliminary inquiry under way at the FBI, Attorney General Alberto Gonzales said Monday: "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI was "conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The Washington Post reported that a former chief of staff for Foley made one last effort to keep the most damaging messages from going public.

According to media reporter Howard Kurtz, the unnamed chief of staff contacted ABC's Brian Ross, offering to give the network an exclusive about Foley's resignation if Ross agreed "not to publish the raw, sexually explicit messages." Foley resigned after ABC confronted him with those messages.

"I said we're not making any deals," Ross said.

Foley's longtime former chief of staff, Kirk Fordham, did not return a call seeking comment. Fordham is now chief of staff for Reynolds, one of the congressmen who notified Hastert of the complaint from a former page.

Foley Saga No Shock To Some (LAT)

By Noam N. Levey, Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, October 3, 2006

WASHINGTON — Years before sexually explicit electronic messages sent by Rep. Mark Foley to teenage House pages became public last week, some on Capitol Hill say, the Florida Republican was known to have a special interest in younger men.

In interviews with the Los Angeles Times, several current and former congressional employees and others said they recalled Foley approaching young male pages, aides and interns at parties and other venues.

"Almost the first day I got there I was warned," said Mark Beck-Heyman, a San Diego native who served as a page in the House of Representatives in the summer of 1995. "It was no secret that Foley had a special interest in male pages," said Beck-Heyman, adding that Foley, who is now 52, on several occasions asked him out for ice cream.

Another former congressional staff member said he too had been the object of Foley's advances. "It was so well known around the House. Pages passed it along from class to class," said the former aide, adding that when he was 18 a few years ago and working as an intern, Foley approached him at a bar near the Capitol and asked for his e-mail address.

Like most of those willing to discuss Foley, the young man asked not to be named because of concern that speaking openly could harm his career.

Foley resigned from office Friday. His attorney said Monday that Foley had checked himself into an alcohol rehabilitation center. In a statement, Foley said: "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

News reports about the messages Foley sent sparked a furor that continues to build. Much of the controversy centers on whether Republican congressional leaders responded aggressively enough when they learned late last year about less salacious e-mails Foley had sent to another page. In those e-mails, Foley asked the page to send a photo of himself and asked how old he was.

The GOP leaders said Monday, as they have since Foley resigned, that the matter had been appropriately handled last year, when the House clerk and congressman in charge of the page program told Foley to cease contact with the page. They also have said they knew nothing about more explicit instant messages — in which Foley graphically discussed sex — and had no reason to be suspicious about Foley's behavior.

House Speaker J. Dennis Hastert (R-Ill.), in public comments Monday, called the explicit messages "vile and repulsive, both to myself and to my colleagues." He added: "No one in the Republican leadership saw those messages until last Friday, when ABC News released them to the public."

ABC reported Monday that in another set of instant messages, Foley tried to arrange a rendezvous with another young teenage page.

Hastert also held a rare off-camera question-and-answer session with reporters Monday, during which he said that Foley's inappropriate contacts with pages appeared to have occurred after the teenagers had left Washington and returned home.

"I understand that these are pages that have all left the program," Hastert said. "This was after the fact. And you know — woulda, coulda, shoulda."

At least one Republican lawmaker, however, has said that GOP lawmakers should have dug deeper into Foley's behavior months ago.

West Virginia Rep. Shelley Moore Capito, who sits on the board overseeing the page program but who has said she was not told of any of the e-mails, told the Charleston Gazette over the weekend that even the less-explicit ones should have been viewed as suspicious

"I don't think it would pass the sniff test," she told the newspaper. "Even asking those questions — that is not normal between a 52-year-old adult and a 16-year-old…. It's not like they're family friends or anything. I think it would raise some serious questions."

The current and former congressional staffers interviewed by The Times, who are from both parties, said it was well known within the Capitol's gay community that Foley was interested in young men.

"Among the gay political community, there was a pretty wide understanding that he had an eye for the interns and the younger staff," said one former congressional staffer.

The staffers said Foley — who was elected to the House in 1994 and is not openly gay — would seek out the young men in bars, restaurants and even around the Capitol.

The former intern said he was approached by Foley at Bullfeathers, a popular restaurant and bar a few blocks from the Capitol. "He asked for e-mail, which I gave him," said the young man. "I was 18. To have a congressman take an interest in you seemed pretty cool."

But he said he quickly regretted it. Foley began sending him e-mails, asking for more information about him. "It was a patented act," he said. He stopped responding to Foley soon afterward.

Beck-Heyman, the former page, said several other male pages in his class also had been approached by Foley. "Mark Foley knew he could get away with this type of behavior with male pages because he was a congressman," he said.

Another former staffer said it was an oft-repeated story around Capitol Hill that Foley's former chief of staff, Kirk Fordham, would sometimes accompany the congressman to keep him out of trouble.

Fordham represents a link between Foley and House GOP leaders. Shortly after leaving Foley's office last year, he became chief of staff to Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee.

Reynolds has said he was told this spring about the e-mails that sparked the initial complaint about Foley.

Fordham has not responded to repeated requests for comment from The Times.

Democratic congressional leaders continued Monday to attack the Republican handling of the Foley case.

"This is about a member of Congress who used his position to prey on young children, and a Republican leadership team who set out to cover it up," said Senate Minority Leader Harry Reid (D-Nev.).

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As criticism of GOP leaders mounted, the FBI — which reported Sunday that it had launched a preliminary investigation of Foley's behavior — came under fire Monday for not acting more quickly.

The advocacy group Citizens for Responsibility and Ethics in Washington said it sent the FBI the less explicit Foley e-mails in July. The group's officials now have asked the Department of Justice to investigate why the bureau didn't begin its investigation sooner.

FBI officials declined to comment on the complaint.

But a law enforcement official said investigators are trying to determine the scale and scope of potential crimes, and have been reviewing the messages that have become public.

The official, who requested anonymity because of the investigation's sensitivity, said that the bureau hoped to speak with some pages and their families soon to determine whether they would be willing to cooperate with the investigation.

Federal law makes it a crime to use the Internet to solicit sex from anyone under 18 years of age. Offenders can be fined and imprisoned for up to 30 years with a minimum sentence of five years in prison.

As of late Monday, the FBI had not requested access to the computers in Foley's former congressional office.

The office has continued to operate, handling constituent requests and other routine chores, but under the auspices of the clerk of the House.

Follow The Money (RC)

By Mary Ann Akers

Roll Call, October 3, 2006

How fitting that of all the politicians disgraced former Rep. Mark Foley (R-Fla.) chose to give money to this campaign cycle, the only two Members of Congress to whom he donated were Rep. Bob Ney (R-Ohio) and Sen. George Allen (R-Va.).

Foley's campaign committee made a total of three donations: $100,000 to the National Republican Congressional Committee; $2,000 to Friends of George Allen; and $1,000 to Bob Ney for Congress.

What, did Foley have some sixth sense that they'd all implode in the same year? Could he have predicted that he and Ney both would wind up in the tank, out of a job?

Ney, the only Member of Congress to be criminally nailed in the Jack Abramoff lobbying scandal, is scheduled to officially plead guilty in federal court on Oct. 13. Allen, the only Member of Congress ever known to use the word "macaca," is pleading his case to the people of Virginia (forget about the people of America, that dream is over) 24-7 until Election Day; and Foley, well, he's looking like the straw that broke the camel's back on the GOP scandal front.

Worst Pretty Boy in the World. Obviously, Keith Olbermann, host of MSNBC's "Countdown," doesn't know how narcissistic Congressional Chief of Staff Jason Roe is. When Olbermann gave Roe his nightly "Worst Person in the World" award Friday night, Roe wasn't upset in the slightest, he just hoped he looked hot if the show aired a photo of him.

Roe, chief of staff to Rep. Tom Feeney (R-Fla.), has taken a leave of absence to work on GOP candidate Peter Roskam's House campaign in the Illinois 6th district against Democrat Tammy Duckworth, a combat veteran who lost both her legs in Iraq. Olbermann derided Roskam for saying that Duckworth wanted to "cut and run" from Iraq "even though," Olbermann pointed out, "she lost both her legs there while serving as a helicopter pilot."

The reason Roe got the award is because he called "Countdown" to complain that Roskam was misquoted, charging the show with "intellectual dishonesty."

Well, that just did it. With a big photo of Roe and Roskam up on the screen behind him, Olbermann looked into the camera, addressing Roe, and said, "Hey, pal, this is about campaigning against a woman who has no legs because they were CUT OFF while she served in Iraq. ...You leave the intellectual to us, we'll leave the dishonesty to you."

He thus declared Roskam and Roe "Worst Persons in the World."

A friend of Roe who saw the segment called to tell him about it, saying, "Dude, you're not going to like this. They just named you 'Worst Person in the World.'" Well, he shoulda known. His pal Roe's first reaction: "Did they put my picture up?"

The tanned, toothy and handsome Roe, who never has a wrinkle in his designer clothes or a hair out of place, wrote the producers of "Countdown" an e-mail saying, "Thanks for using a good picture of me. The only disappointment is that since no one watches Olberman [sic], none of my friends will ever get to see my award. Try to get some viewership."

Roe's wife, Patty Roe, chief of staff to Rep. Rick Renzi (R-Ariz.), is a head-turning blonde who, nevertheless, said she's a slob compared to her prissy husband. She told us, "He wakes up looking that beautiful. With all the products not even a pillow can mess up his hair!"

Foley Memories. Boy oh boy (no pun intended) are the Foley "victims" crawling out of the woodwork! One of them, a boyish looking former reporter turned big-shot lawyer living in California, had until Friday tried to suppress the memory of repeatedly being "asked out" by Foley in the mid- to late '90s when the former scribe was in his 20s but looked about 18.

He said the ex-Congressman used to occasionally ask him out for “a beer.” Though nothing ever happened, the all-grown-up-now former scribe is wigged out thinking about it.

After Foley resigned over the Pagegate scandal Friday, our source, whom we hesitate to call Deep Throat on the Left Coast, recalled something that happened about 10 years ago — he thinks it was early 1997 — one night at Café Deluxe.

“Last night I remembered another weird Foley incident,” DT on the LC told us.

He was out to dinner with a gal pal when he suddenly heard someone yelling his name from across the restaurant. DT on the LC was mortified when he saw Foley, who he said “was drunk,” approaching their table and quickly asked his friend to say she was his girlfriend.

Foley, who checked himself into an alcohol rehab clinic over the weekend, came over, exchanged pleasantries with the reporter and his friend and asked if the two were dating.

“Yes,” our source recalled his pal saying. Foley, according to our source replied, “Well, I’ve been asking [name redacted] out for years, and he always says no. What’s your secret?”

The former reporter froze. “I swear to God,” he said. “We were both so stunned we didn't know what to say. Luckily, the food came at his table and he left right after that.”

At some point during Foley’s attempted courtship (or beership) of the young reporter, our source went to a party at Foley’s house one night with another young male journalist. “I remember very vividly leaving his house and thinking, ‘That guy drinks way too much and is going to get himself in big trouble.’”

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

Ex-Rep. Foley Checks Into Alcohol Rehab (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, October 3, 2006

WASHINGTON (AP) - Former Rep. Mark Foley, under FBI investigation for salacious e-mail exchanges with teenage congressional pages, has checked himself into rehabilitation facility for alcoholism treatment and accepts responsibility for his actions, his attorney said Monday.

The attorney, David Roth, would not identify the facility, but told the Associated Press in West Palm Beach, Fla., that Foley had checked in over the weekend.

``I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems," Foley, a Republican, said in a statement, Roth told the AP.

In scorching language, House Republican leaders on Monday condemned Foley's actions as they tried to contain the damage to the party five weeks before midterm elections.

``Congressman Foley duped a lot of people ... He deceived the good men and women in organizations around the country with whom he worked to strengthen child predator laws," Speaker Dennis Hastert told reporters. ``I have known him all the years he served in the House and he deceived me too."

The Bush administration, meanwhile, sought to distance itself from the scandal and the increasing questions about when members of the House Republican leadership knew of the e-mail exchanges and what did they know of Foley's actions. Coming five weeks before the election, the scandal involving the Republican congressman could cost the GOP control of the House.

``The House has to clean up the mess, to the extent there is a mess," White House spokesman Tony Snow told reporters at a briefing.

Foley abruptly quit Congress on Friday after reports surfaced that he'd sent sexually charged electronic messages to boys working as pages. In the statement, Foley said the ``events that led to my resignation have crystalized recognition of my long-standing and significant alcoholism and emotional difficulties."

``I deeply regret and accept full responsibility for the harm I have caused," Foley said. He also expressed ``gratitude for the prayers and words of encouragement that have been conveyed to me."

The FBI, meanwhile, ``is conducting an assessment to see if there's been a violation of federal law," according to FBI spokesman Richard Kolko.

The Florida Department of Law Enforcement said Monday it was also investigating whether the e-mail communications violated state law. Spokesman Tom Berlinger called the state probe ``a precursor to a possible criminal investigation."

Florida Republicans picked state Rep. Joe Negron to replace Foley as its candidate in the West Palm Beach district, which is largely Republican.

House Republicans went into damage control mode amid charges by Democrats that some House leaders may have known for months about Foley's inappropriate overtures toward the young pages.

Hastert met with his staff, the House clerk and Rep. John Shimkus, R-Ill., the congressman who oversees the page program, to review the procedures on protecting the teenage pages while they are working at the Capitol and after they finish their assignments.

Hastert in a letter sent Sunday to Attorney General Alberto Gonzales, asked the Justice Department to ``conduct an investigation of Mr. Foley's conduct with current and former House pages,'' including ``any sexually explicit communications between Mr. Foley and any former or current House pages and what actions such individuals took, if any, to provide them to law enforcement.''

Democrats demanded that investigators determine whether Republican leaders tried to cover up Foley's actions for political reasons.

``The attorney general should open a full-scale investigation immediately,'' Senate Democratic leader Harry Reid of Nevada said in a statement, including whether GOP leaders ``knew there was a problem and ignored it to preserve a congressional seat this election year.''

FBI cyber sleuths are looking into the text of some of the Foley messages, checking to see how many e-mails and instant electronic messages were sent and how many computers were used, according to a law enforcement official, who spoke on condition of anonymity because of the ongoing investigation.

The FBI also was trying to determine if any of the teenagers who received messages are willing to cooperate with the investigation, the official said.

Ironically, Foley, who is 52 and single, could be found to have violated a law that he helped to write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

Rep. Thomas Reynolds of New York, head of the House Republican election effort, said he told Hastert months ago about the allegations involving a 16-year-old boy from Louisiana.

Hastert acknowledged that his staff had been made aware of concerns about what they termed ``over-friendly'' e-mails Foley had sent to the teenager - including one requesting his picture - in the fall of 2005, and that they referred the matter to the House clerk.

But Hastert said those e-mails were not viewed as ``sexual in nature'' and that he was not aware of ``a different set of communications which were sexually explicit ... which Mr. Foley reportedly sent another former page or pages.''

AP reporter Brian Skoloff contributed to this story from West Palm Beach, Fla.; AP reporter John Heilprin contributed from Washington

Foley Checks Into Rehab As Republicans Seek Cover (MCT)

By Margaret Talev And Marisa Taylor

McClatchy, October 3, 2006

WASHINGTON - Republicans sought cover Monday from the FBI probe of former Rep. Mark Foley's sexual communications with underage male congressional pages, as the scandal's aftershocks spread across the political world and conservative activists began talking about a possible shakeup of the House Republican leadership.

As Foley, a Florida Republican, entered an alcohol and behavioral rehabilitation program, legal experts said criminal prosecution isn't a foregone conclusion. In some states, 16 is the age of sexual consent.

Yet in an ironic twist, federal laws championed by Foley himself make it a crime in some circumstances to use the Internet to persuade, induce or entice someone under 18 to engage in sexual activity.

While it hasn't been proved that Foley engaged in sexual acts with anyone under 18, ABC News on Monday reported sexually charged instant-message exchanges in which Foley urged a former page to meet him and referred to a prior meeting between them in California.

House Speaker Dennis Hastert, R-Ill., called a news conference on Capitol Hill to state unequivocally that no one in the party leadership knew until late last week of Foley's "vile and repulsive" instant messages, which ABC published online and which included explicit dialogue about masturbation. He said he wanted to find out who did know.

Hastert asked the Justice Department on Sunday to investigate not only Foley's actions, but what anyone in Congress knew about them.

Hastert has been under fire since Foley's abrupt resignation Friday. Hastert then suggested he was just learning there was a problem. But Rep. Tom Reynolds, R-N.Y., chairman of the GOP's congressional campaign committee, has said he made Hastert aware of the situation months ago.

The head of the House Page Board, Rep. John Shimkus, R-Ill., acknowledged learning late last year, along with the House clerk, that Foley had sent a former page an e-mail that wasn't sexually explicit but that asked personal questions that made the

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young man uncomfortable. Shimkus told Foley to stop communicating with the young man, but didn't share the information with his fellow Page Board members.

None of the Republican leaders acknowledged knowing about the sexually explicit messages.

Democrats are accusing Republicans of an election-year cover-up.

Rep. Dale Kildee, D-Mich., a member of the House Page Board who said Shimkus didn't inform him about Foley's e-mail, accused Republicans of being "more concerned with finding political cover for themselves than with the safety and well-being of the House pages."

Shimkus said the young man's parents didn't want to pursue an investigation and that Foley was questioned, professed innocent motives and agreed not to contact the young man again.

Several conservative leaders voiced anger that House Republican leaders knew they had a potential predator in their ranks and didn't take it more seriously.

"After the elections, if the Republicans are still in power, this may signal a change in the leadership, if it appears they knew more than they have reported to us," said Mike Mears, executive director of Concerned Women for America's political action committee.

Richard A. Viguerie, a leader of the conservative movement for decades, suggested that Hastert's call for a Justice Department investigation "could be part of an effort to cover this up until after the election." He called for the immediate resignation of any House leader who knew of improper conduct and didn't act.

Tom Fitton, president of the conservative group Judicial Watch, said Hastert, Majority Leader John Boehner, Shimkus and Reynolds have "some serious explaining to do."

David Keene of the American Conservative Union said he doubts that Hastert had any idea of the extent of Foley's communications, but that Hastert nevertheless may pay a political price for not acting sooner.

Republican congressional candidates across the country feared the controversy's potential to depress conservative turnout at the polls in November or sway independent voters toward Democrats.

Republican Vern Buchanan, in a competitive Florida race to succeed Rep. Katherine Harris of Sarasota, gave to charity $2,000 that Foley's political action committee had contributed to his campaign. Buchanan's Democratic opponent, Christine Jennings, called it disconcerting to find Buchanan "in such a small group of recipients to benefit from Mark Foley's PAC."

Rep. Clay Shaw, a Fort Lauderdale Republican in a tight race, is donating $2,000 from Foley's campaign and political action committee to the Center for Missing and Exploited Children. Spokeswoman Gail Gitcho said, "No one is going to mistake Clay Shaw for Mark Foley," but acknowledged that the scandal "has completely eaten up the news cycle."

White House Press Secretary Tony Snow initially minimized the scandal in an interview with CNN.

"Look, I hate to tell you, but it's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails," he said.

But he backed away from that line later, telling White House reporters, "Look, this is an awful and disturbing story. ... I think people are trying to put us in a box, and say, you know what, unless you come out and you condemn Denny Hastert, you're saying that this behavior is acceptable. It's not."

Citizens for Responsibility and Ethics in Washington (CREW), a liberal watchdog group, said it asked the FBI to investigate non-explicit e-mails between Foley and a former page back in July, after a "third party" made the e-mails available to the group. CREW asked Monday for the Justice Department's inspector general to investigate why the FBI didn't act. An FBI spokesman wouldn't comment, except to confirm that an investigation had been launched.

John Pierce, a former federal prosecutor of 14 years now in private practice, said if a crime was committed, the Justice Department could investigate members of Congress for knowing about a "commission of a felony" and failing to report it. However, Pierce expressed doubts that Hastert would have called for such a probe if he believed there was a cover-up within his party's ranks.

Barry Coburn, a criminal defense attorney and former federal prosecutor, said the allegations didn't clearly present solicitation of a minor.

"It might have been clearly inappropriate, and it might yet conceivably turn out to be something short of criminal solicitation," he said.

McClatchy Newspapers correspondents Lesley Clark and Alan Bjerga contributed to this report.

Hastert Says He Wasn't Aware Of Explicit E-Mails (Update1) (BLOOM)

By William Roberts

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- House Speaker Dennis Hastert, under fire for his response to Florida Representative Mark Foley's e-mails to teenage congressional pages, said he was unaware of any sexually explicit e-mails until Foley resigned.

``Republican leaders of the House did not have them," Hastert said at the Capitol. ``Someone did have them. And the Ethics Committee, the Justice Department, the news media, and anyone who can should help us find out who."

Hastert's comments are part of an effort to rebut Democratic suggestions that House Republican leaders didn't act aggressively enough after they learned about what they called ``overly friendly" but not sexual message that Foley sent to a teenage former page in 2005. Some Democrats said Republican leaders may have wanted to protect Republican control of Foley's district.

Foley, 52, resigned Sept. 29 after ABC News asked him about explicit e-mails that were sent to teenagers in 2003.

Some Republican congressional candidates distanced themselves from the scandal, fearing it might deal a final blow to the party's bid to keep control of the House in November elections.

`Toleration'

``Toleration of inappropriate behavior is almost as bad as the behavior itself," said Representative Heather Wilson, a Republican from New Mexico who faces a difficult race in November.

Hastert met today with Representative John Shimkus, the Illinois Republican who is chairman of the board that oversees the congressional page program. After their meeting, Hastert and Shimkus read prepared statements in front of news cameras in the Capitol and declined to take questions.

``Congressman Foley duped a lot of people," Hastert said. ``I have known him for all the years he served in this House. He deceived me, too."

House Democratic Leader Nancy Pelosi said in a statement today that Hastert ``failed to answer the question that every mother and father in America is asking: how could Republican Leaders chose partisan politics over protecting children?"

Foley has checked himself into a rehabilitation center for treatment of alcoholism, Palm Beach, Florida, television station WPBF reported. Joe Negron, a Republican state representative, has been chosen to replace Foley as the party's nominee in the 16th District, which stretches from Jupiter Beach on Florida's east coast across Lake Okeechobee to Port Charlotte on the west coast, CNN reported.

A Letter

Hastert yesterday sent a letter to Attorney General Alberto Gonzales asking for a criminal investigation of Foley.

In his letter to the attorney general, Hastert defended his handling of the matter, noting that after learning of Foley's 2005 e-mails to a male former page, Shimkus and the House clerk confronted Foley, demanded he stop contacting the page and believed the issue had been resolved privately as the parents had requested.

The FBI has opened an initial assessment of the matter ``to determine if there has been a violation of federal law," said Stephen Kodak, a spokesman for the agency in Washington.

FBI

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said she received the non-sexual e-mails July 21 from an unnamed congressional aide and gave them to an FBI agent.

She called for an investigation into the FBI's failure to act on them until now, saying agents should have recognized them as more than ```overly friendly."

Cynthia Schnedar, counselor to the Justice Department's inspector general, Glenn Fine, said officials are reviewing Sloan's complaint.

Democrats said any Justice Department investigation of Foley should include how House Republican leaders responded after the first indications that Foley had sent inappropriate e-mails to teenage pages in 2005. House Democrats demanded that the chamber's ethics committee produce a preliminary report on the matter within 10 days.

``Central to the investigation is immediately questioning, under oath, the House Republican leadership," Pelosi wrote in a letter to lawmakers on the committee yesterday.

Quickly Enough

White House officials declined to say whether Republican leaders in Congress had reacted quickly enough to warnings about Foley.

``The House is responsible for enforcing its standards," White House spokesman Tony Snow said. ``That has always been the case."

He rejected the suggestion that the scandal would harm his party's prospects in the November elections.

``This does not affect every Republican," Snow said. ``If you try to paint with a broad brush, I think you run the risk of tarring respectable people."

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Democrats, advocacy groups and some Republicans demanded full disclosure by Republican leaders of how the episode unfolded. Representative Peter King, a New York Republican, said yesterday that House leaders ``have to get all the facts out as quickly as possible."

Representative Rob Simmons of Connecticut said yesterday that all lawmaker should be held accountable for their actions.

``If it is found that any member of Congress or staff willingly participated in a cover-up of Mr. Foley's actions, that individual should resign immediately," Simmons said.

To contact the reporter on this story: Laura Litvan in Washington at llitvan@bloomberg.net ; Jay Newton-Small in Washington at jnewtonsmall@bloomberg.net

FBI Knew In July About Foley E-Mails To Teen (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, October 3, 2006

The FBI acknowledged yesterday that it did not begin an investigation in late July after receiving copies of e-mails sent in 2005 by then-Rep. Mark Foley (R-Fla.) to a Louisiana teenager -- messages that troubled the boy's parents.

Key House Republicans learned of the e-mails in 2005 and chose to deal with Foley privately, warning him to cease contact with the 16-year-old former House page. Top aides to Speaker J. Dennis Hastert (R-Ill.) did not inform him about the incident, Hastert said yesterday, and he defended their actions in a Capitol Hill news conference.

But the GOP's handling of the Foley matter has rocked the party since it was revealed last week that Foley had sent far more sexually explicit electronic messages to teenage former pages in 2003 and 2004.

Many Democrats and some Republicans sharply criticized the decision by key House GOP members to handle the matter of the Louisiana e-mails so quietly that only one of the three lawmakers who oversee the page program knew anything about it. The other two -- one Democrat, one Republican -- expressed anger yesterday that they had been kept in the dark.

Also yesterday, ABC News posted on its Web site instant messages -- reportedly between Foley and another former House page -- in which the lawmaker repeatedly tried to set up a dinner date and indicated that the boy had spent time with him in San Diego. Previously disclosed messages had not indicated that Foley was trying to make personal contact with the boys, who had served as runners and helpers for a year in Washington.

Foley abruptly resigned Friday, and his attorney David Roth said yesterday that the six-term lawmaker is now at an alcohol-treatment center in Florida. In a statement faxed to news outlets Sunday night -- Foley's only public comments since his resignation -- he said: "I deeply regret and accept full responsibility for the harm I have caused."

Roth, interviewed last night on CNN, said that Foley is "absolutely, positively not a pedophile" and "has never, ever had an inappropriate sexual contact with a minor in his life." He said Foley wrote the e-mails "under the influence of alcohol" and was "suffering from mental illness."

Officials from the liberal-leaning group Citizens for Responsibility and Ethics in Washington said yesterday that they received copies of the Louisiana e-mails on July 21 and turned them over to the FBI the same day. Melanie Sloan, the group's executive director, said she spoke with a special agent in the Washington field office, and she questioned yesterday why the FBI did not investigate Foley weeks ago.

An FBI official, who spoke on the condition of anonymity because the investigation is ongoing, said the field office concluded that the e-mails "did not rise to the level of criminal activity." The bureau announced Sunday that it would begin a preliminary investigation into Foley's more explicit electronic exchanges with teenagers.

Some House Republicans said yesterday that the FBI and House leaders erred in not considering the e-mails -- and the concern they raised among the recipient's parents -- as justification for an inquiry.

"This thing should have been looked into months ago," said Rep. Walter B. Jones Jr. (R-N.C.), who said he is "disgusted" by his leaders' response. "That's abnormal for a 52-year-old man having those kinds of e-mails going to a 16-year-old child."

In a written statement, Rep. Christopher Shays (R-Conn.) said the Republican leadership needs to be shaken up. "If they knew or should have known the extent of this problem, they should not serve in leadership," he said.

Hastert, as the House's top officer and the man in line after the vice president to succeed the president, has been the main target of questions and barbs from both parties. He reiterated yesterday that he recalled hearing nothing about Foley's e-mails until last Friday, but he does not dispute the assertion of Rep. Thomas M. Reynolds (R-N.Y.) that he informed the speaker last spring.

"If Reynolds told me, it was in a line of things, and we were in the middle of another crisis this spring, so I just don't remember that," Hastert told reporters. He defended the decision by several top staffers to handle the Foley matter without telling him. "I see no reason to bump it up to me at that time," he said.

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Hastert noted that the 2005 e-mails to the Louisiana teenager were ambiguous. In one, Foley asked the boy to send a picture of himself, which reportedly alarmed the youth and his parents. Hastert agreed yesterday that an adult's request for a teenager's photo "would raise a red flag." But he said he would not second-guess his party's handling of the situation.

The boy's parents approached the office of Rep. Rodney Alexander (R-La.) in late 2005, asking that Foley stop contacting their son and that the matter be kept quiet, according to House accounts.

Reynolds, who chairs his party's House campaign committee, and Majority Leader John A. Boehner (Ohio) were among prominent Republicans who also knew of the parents' concerns earlier this year. But the matter was left to Rep. John M. Shimkus (R-Ill.), who chairs the House Page Board, and then-House clerk Jeff Trandahl, also a board member.

Shimkus has said that Foley assured them that the e-mails were innocent, and that they closed the discussion by telling him to respect pages and to cease contacting the Louisiana boy. Trandahl, now executive director of the National Fish and Wildlife Foundation, did not return phone calls yesterday.

Hastert said that he and other House leaders knew nothing of the instant messages between Foley and former pages in 2003 and 2004, which, ABC has reported, were much more graphic and discussed topics including masturbation.

ABC reported yesterday that Foley used the screen name "Maf54" and wrote a former page: "I miss you lots since san diego," to which the teenager responded, "ya I cant wait til dc." The youth asked, "did you pick a night for dinner." Maf54 replied, "not yet . . . but likely Friday."

In another exchange, Maf54 wrote, "I want to see you." The teenager replied, "Like I said not til feb . . . then we will go to dinner." Maf54: "and then what happens?" Teenager: "we eat . . . we drink . . . who knows . . . hang out . . . late into the night." When Maf54 pressed further, the teenager wrote, "hmmm, I have the feeling that you are fishing here . . . im not sure what I would be comfortable with . . . well see."

Rep. Shelley Moore Capito (W.Va.), Shimkus's fellow Republican on the Page Board, said she knew nothing of Foley's electronic exchanges until last week.

"As a member of the Page Board -- and, more importantly, as a mother -- I am appalled by Mark Foley's despicable conduct," she said. "I deeply regret not being made aware of this situation as a member of the Page Board."

White House spokesman Tony Snow contributed to the political firestorm yesterday when he told CNN the scandal involved "simply naughty e-mails." Democrats assailed the comment, and Snow later called the messages "disturbing," "appalling" and "reprehensible."

Hastert Defends Handling Of Page Scandal (AP-Y)

By Andrew Taylor, Associated Press Writer

AP, October 3, 2006

House Speaker Dennis Hastert on Monday defended his office's handling of questions raised about Rep. Mark Foley last year, saying the parents of a former male page were concerned about an e-mail Foley sent their son but didn't want the matter pursued.

Hastert said neither he nor other GOP leaders were aware until last Friday of far more lurid computer exchanges two years earlier between the Florida Republican and another page.

Hastert, R-Ill., acknowledged that Foley's 2005 e-mail to a Louisiana boy seeking a photograph raised a "red flag" with the Louisiana congressman who sponsored the page, but said his staff aides and Rep. John Shimkus, another Illinois Republican who chairs a board of House members who oversee the page program, did not know the contents.

Rep. Tom Reynolds, the House GOP campaign chairman, said he told Hastert in the spring of this year about the questionable e-mail. Hastert says he does not recall the conversation but does not dispute Reynolds' account.

Shimkus, appearing with Hastert on Monday, said new measures would be implemented to keep pages safe, including a toll-free hotline for pages, former pages and their families to confidentially report any incidents.

Democrats protested that those decisions should be made by the bipartisan page board.

"Once again, the House Republican leadership is following the same pattern of unilateral decision-making that caused this problem in the first place," said Rep. Dale Kildee of Michigan, longtime Democratic member of the board.

Hastert's media offensive came as the burgeoning scandal entered its fourth day, souring the outlook for Republicans in the November elections and raising questions about the judgment of senior House officials who handled the controversy. GOP leaders scheduled a late-afternoon conference call on the matter with rank-and-file Republicans.

Shimkus and the House clerk called Foley last fall and told him to cut off all communication with the former page. Only after ABC News reported the 2005 e-mail late last week did the more lurid material surface, as pages forwarded further messages to ABC.

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The network reported instant messages between Foley and a San Diego teenager, who suggested he was uncomfortable in an exchange discussing dinner plans for when the boy was to come to Washington.

"and then what happens," Foley messaged at one point.

"I have the feeling that you are fishing here ... im not sure what I would be comfortable with ... well see," the teen replied.

Democrats hammered at GOP leaders' handling of the Foley subject as an internal party matter instead of bringing it to the attention of the page board or the House Ethics Committee.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," said Minority Leader Nancy Pelosi, D-Calif. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

The FBI has begun an inquiry into Foley's computer contact with pages, and Hastert wrote a letter to Florida Gov. Jeb Bush asking for an investigation into whether state laws were broken.

Meanwhile, Florida newspapers — who were leaked copies of the e-mail with the Louisiana boy last year — defended their decision not to run stories. Both The St. Petersburg Times and The Miami Herald were given copies of the e-mail, as were other news organizations, including Fox News.

"Our decision at the time was ... that because the language was not sexually explicit and was subject to interpretation, from innocuous to 'sick,' as the page characterized it, to be cautious," said Tom Fiedler, executive editor of the Herald. "Given the potentially devastating impact that a false suggestion of pedophilia could have on anyone, not to mention a congressman known to be gay, and lacking any corroborating information, we chose not to do a story."

Hastert called on any person who was aware of the 2003 instant messages to speak to law enforcement authorities. He said no Republican leader in Congress was aware of those exchanges until Friday, when ABC News reported it had questioned Foley about them.

A watchdog group, Citizens for Responsibility and Ethics in Washington (CREW), said it had obtained copies of Foley's e-mails to the 16-year-old former page in late July and immediately gave them to the FBI.

"They (the e-mails) should have raised a red flag over at the FBI," said Melanie Sloan, the group's executive director and a former prosecutor specializing in sex crimes. The group on Monday asked the Justice Department's inspector general to investigate why Foley's e-mails were not pursued.

Asked about the preliminary inquiry under way at the FBI into Foley's actions, Attorney General Alberto Gonzales told reporters Monday afternoon, "We're just beginning to look at it right now. I haven't received a report."

The Justice Department sent Hastert a brief letter that said the FBI "is conducting a preliminary investigation into this matter and will work closely with the department's prosecutors to determine whether any violations of federal law have occurred."

The congressional page program has traditionally been a starting point for young people interested in making a career of politics.

There currently are 72 House pages, 48 selected by Republicans and 24 by Democrats, according to a recent report by the Congressional Research Service. The Senate breakdown is 30 pages, 18 chosen by Republicans and 12 by Democrats.

Leadership officials had been aware since last year of the 2005 e-mail exchange, which they said was "over friendly" but did not include overtly sexual references. They said they did not follow up other than to instruct Foley to not communicate with the Louisiana page.

But Sloan of the CREW watchdog group said that while the 2005 e-mail was not sexually explicit — asking about the boy's birthday and progress in school and requesting a photograph — "they set off alarm bells for me."

"These are strategies pedophiles often use to draw in their" targets, said Sloan in a conference call with reporters.

Foley, 52, checked into an alcohol rehabilitation center over the weekend, his attorney said Monday. In a statement, Foley said, "I strongly believe that I'm an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

Florida Republicans on Monday chose a member of the state Legislature, Rep. Joe Negron, to replace Foley as the party's candidate for the state's 16th congressional district, which covers an area north and west of Palm Beach.

Democrat Tim Mahoney said Monday that his campaign learned about the Foley e-mails through a reporter and wasn't sure what to believe until actually seeing them.

"There was information that obviously had been out and about. It had to be one of the biggest open secrets in Washington D.C."

White House spokesman Tony Snow attempted to deflect the political repercussions, saying, "The House has to clean up the mess, to the extent there is a mess."

"This does not affect every Republican in the United States of America, just as bad behavior on Democrats' part is not a reflection on the entire party," Snow said.

Pelosi Wants GOP Leaders' Testimony (RC)

By John Bresnahan

Roll Call, October 3, 2006

House GOP leaders and the FBI faced new questions on Monday over their handling of the sex scandal surrounding former Rep. Mark Foley (R-Fla.), with Democrats and a Congressional watchdog group suggesting Foley's activities were covered up or deliberately ignored for months to keep his seat under Republican control.

House Minority Leader Nancy Pelosi (D-Calif.) has asked for Speaker Dennis Hastert (R-Ill.) and other top Republicans to be questioned under oath by the ethics committee regarding their handling of the Foley scandal, including what they knew, and when, about a series of July 2005 e-mails from Foley to a 16-year-old former Congressional page and how they responded to the incident.

Hastert has said repeatedly that he was not personally aware of the initial batch of Foley e-mails since the scandal first broke last Thursday, although Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) have both stated publicly that they informed the Speaker of the messages in the spring or early summer of this year. Boehner now says he cannot remember whether he told Hastert, and Hastert himself does not "recall or remember" any conversation with Reynolds regarding Foley.

"Republican Leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," Pelosi said in a statement released by her office. "Republican Leaders must be investigated by the Ethics Committee and immediately questioned under oath."

Three of Hastert's top aides were made aware of the Foley e-mails in the fall of 2005 by Rep. Rodney Alexander (R-La.), according to a timeline released by the Speaker's office on Saturday. The teen lived in Alexander's district, and his parents sought Alexander's help in getting Foley to stop contacting their son.

The July 2005 e-mails do not include sexually explicit language but were disturbing enough that Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and Jeff Trandahl, the former Clerk of the House, interviewed Foley about them last year. Foley agreed to stop the e-mails, and Hastert's staff was then informed of his promise but took no further action, according to Hastert's office. Hastert told reporters on Monday that "there [was] no reason to bump it up to me at that time."

Since ABC News first reported on the July 2005 e-mails last Thursday, a series of electronic messages between Foley and other former pages have surfaced, a number of which include sexually graphic comments by the former lawmaker to teenage boys. Foley resigned from the House on Friday, and his Congressional office was taken over by the Clerk of the House. Foley has reportedly checked himself into alcohol rehabilitation in Florida, becoming the second GOP lawmaker to do so in the past month.

The House approved a resolution late Friday evening directing the ethics panel to look into the Foley scandal, although Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the committee, have not announced yet if or how they would conduct any investigation.

The ethics committee traditionally has deferred to the Justice Department or other law enforcement agencies in the handling of criminal matters, although in this case, sources close to the panel said the two lawmakers are anxious to have the panel weigh in on this matter as quickly as possible.

The ethics committee would need a quorum of at least six of its 10 members present to approve any investigation or appoint an investigative subcommittee to undertake a probe, and that has not occurred as of Monday night, according to House insiders. Members of the committee also would have to physically present to approve subpoenas to any lawmakers or current or former House staffers.

At this time, Pelosi has not called for a special or independent counsel to oversee the investigation, although some Democrats privately are suggesting their leadership should back that proposal. But the appointment of an outside counsel would almost certainly slow down any committee investigation, and Hastings and Berman are under intense pressure to show some results in the five weeks before the midterm elections.

Hastert asked for both Attorney General Alberto Gonzales and Florida authorities to begin a criminal investigation of Foley. FBI officials said the bureau now has begun a "preliminary review" of the Foley messages to determine their authenticity and whether any federal laws were violated by the Florida Republican.

Hastert also has vowed that the ethics committee and House officials will work in tandem with any federal probe. "Well, obviously, if federal investigators come in, we always cooperate with them," Hastert said.

But Melanie Sloan, head of the liberal watchdog group Citizens for Responsibility and Ethics in Washington, told reporters on Monday that she had turned over the July 2005 e-mails to an FBI special agent on July 21 of this year. Sloan questioned

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whether the FBI, at the behest of the White House or other Republican officials, covered up Foley's allegedly improper behavior to protect his House seat for the GOP.

Sloan has asked the Justice Department's Inspector General office to look into the FBI's handling of the Foley e-mails. The IG's office had no comment on Monday other than to say it had received Sloan's request.

"Since the FBI has known about Rep. Foley's e-mails since July, the question arises: Did the administration help to cover up Rep. Foley's conduct and leave a potential sexual predator on the loose? Was the administration more concerned with protecting a powerful ally in Congress than with protecting children?" Sloan said in a Monday conference call with the press.

Sloan, a former federal prosecutor and House Democratic staffer, said the initial batch of Foley e-mails, which included no explicitly sexual references, were disturbing enough that they warranted a criminal probe as soon as the FBI became aware of them. Sloan did not name the FBI special agent to whom she turned over the e-mails.

"There are the strategies that pedophiles use to draw in their victims," Sloan said of the initial Foley e-mails, which included Foley asking former pages some friendly questions, followed by a request for a photo of one teen.

Sloan said she "never heard back from the FBI" after turning the e-mails over to the special agent but was not alarmed by that since the bureau would not inform her of their actions in the case. When the Foley scandal broke last week, Sloan said she became concerned that GOP leaders or Bush administration officials blocked a probe of the former lawmaker.

"The American public deserves to know not just how and why members of Congress failed to take action to protect the youngsters entrusted to the care of the House of Representatives, but also why the FBI — an agency charged with protecting the public — failed to safeguard other youngsters from a potential sexual predator," Sloan said in her letter to the Justice IG's office.

A potentially thorny legal question facing House leaders is what to do with any documents or materials still in Foley's Cannon Building office or district offices.

Although he has resigned from Congress and the Clerk of the House is officially running his former office and has changed the locks on the office doors, Foley still personally owns any documents, materials or electronic records in those offices, and the House may not be at liberty to turn them over to criminal investigators short of a subpoena, which Foley could potentially contest in court on the grounds that some of the materials may be privileged, similar to the claim that has arisen in the corruption probe of Rep. William Jefferson (D-La.).

In addition, it is unclear what electronic or telephone records the House has in its possession at this time relating to Foley, and how such records could be turned over to investigators.

With Foley facing potential federal and state criminal investigations, legal experts also are divided as to whether he will be able to spend freely on his legal defense from his $2.8 million campaign account that is left over from his aborted re-election bid.

If forced to pay legal bills out of his own pocket, Foley will find it a difficult endeavor if any investigation is prolonged and requires a well-financed team of advisers.

According to a review of his financial disclosure statement for 2005, Foley is not among the most wealthy Members of Congress, with a net worth of at least $237,000.

In recent years, most Members of Congress caught up in federal investigations have been granted free reign by the Federal Election Commission to spend from their campaign accounts on their defenses, with the commission usually applying a standard that allows such expenses if the probes are clearly related to the Member's status as a federal candidate or actions taken as a Member of Congress.

Some defense lawyers believe the FEC would not place any limits on Foley and his ability to pay for his legal team with leftover campaign funds, citing the generally broad leeway other lawmakers have been given by the commission to pay legal bills.

Cleta Mitchell, a GOP campaign finance expert at the firm Foley & Lardner, said this investigation falls under the "but for" standard that the FEC applies — but for Foley being a Member of Congress, this investigation wouldn't have started.

"It is pretty broadly interpreted — and all the Members who've had to deal with allegations of criminal misconduct have been advised that their excess campaign contributions can in fact be used to defray legal expenses arising from their service as Members of Congress. Even if the costs are associated with defending allegations of a criminal nature," the GOP lawyer said.

But other lawyers say that standard may not apply to Foley, particularly if the FEC decides that these actions under scrutiny had no connection to his actual work as a Member of Congress.

"It's not a slam dunk," said Marc Elias, a Democratic attorney with Perkins Coie.

Elias noted a 2003 decision by the FEC that was a split verdict for James Treffinger, a GOP Senate candidate from New Jersey in 2000 and 2002 who came under a 19-count federal indictment for extorting contributions to his campaign from county contractors who were awarded local business. In that case, the FEC ruled that half of Treffinger's actions were not related in any fashion to the Senate campaign and were about local corruption, forbidding him from using the leftover funds to defray legal costs.

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In Foley's case, Elias said the FEC may rule that his actions with the teenagers was "purely personal conduct," particularly if the investigation were to lead to actions with other minors not connected to the House Page program.

Paul Kane contributed to this report.

Papers Knew Of Foley E-Mail But Did Not Publish Stories (NYT)

By Anne E. Kornblut And Katharine Q. Seelye

The New York Times, October 3, 2006

WASHINGTON, Oct. 2 — At least two news organizations were tipped off to e-mail messages sent by Representative Mark Foley long before the story of his sexually explicit remarks to teenage pages broke last week and forced him to resign.

The St. Petersburg Times and The Miami Herald received copies of an e-mail exchange between Mr. Foley, Republican of Florida, and a teenager, but neither paper gathered enough solid material to publish a story, according to statements by the papers' editors.

It was not until the exchanges were published online last week, first by an anonymous blogger, then on the ABC News Web site, that the story gained momentum and grew more damaging as other teenagers came forward.

The trickle of information about Mr. Foley's messages, first made known to the news media almost a year ago, has raised questions not only for Congressional officials but also for news organizations about how to handle anonymous sources making explosive accusations in an election year.

At the same time, the papers' decisions not to report the accusations are being cited by Republican leaders as justification for why they themselves did not step forward earlier to try to stop Mr. Foley.

"He deceived his in-state newspaper when they each questioned him," Speaker J. Dennis Hastert said Tuesday. "He deceived me, too."

The St. Petersburg Times said that last November, it received copies of an e-mail exchange between Mr. Foley and a former page from Louisiana. The newspaper said the boy, who was under age, did not want his name used, and the paper said it did not want to publish accusations based on unnamed sources. The Miami Herald apparently received the same information, although it is not clear when it received it.

Brian Ross of ABC News said he learned about the e-mail messages in August but was too busy with Hurricane Katrina and the anniversary of the Sept. 11 attacks to pursue them immediately. None of the organizations seemed to anticipate how big the story would become.

"I never thought it would lead to his resignation," Mr. Ross said.

When The St. Petersburg Times received its first tip on the e-mail messages in late 2005, the editors decided it was "friendly chit-chat," with nothing overtly sexual, but nonetheless assigned two reporters to find out more, according to an editor's note.

The reporters tracked down the teenager, but he refused to let them use his name in a story. They found a second page who had corresponded with Mr. Foley and was willing to let them use his name but said he did not have a problem with the messages, undercutting the premise.

When the newspaper asked Mr. Foley about the messages, he "insisted he was merely trying to be friendly," Scott Montgomery, the newspaper's government and politics editor, wrote Saturday in a note to readers.

The editor of The Herald, Tom Fiedler, said the initial messages did not seem to justify writing a story. "We determined after discussion among several senior editors, including myself, that the content of the messages was too ambiguous to lead to a news story," Mr. Fiedler was quoted in his paper as saying.

Then, in June, the reports resurfaced on Capitol Hill, where a neighborhood resident struck up a conversation in a bar with someone who had provided the e-mail messages. He said he passed them on to several news outlets. The resident, who said he was not affiliated with either party and was motivated by concern for the teenager, would talk only on condition of anonymity.

No one acted on the information until last week, and even then, it was a Web site that first posted the exchange. It is not clear who maintains the Weblog, stopsexpredators.blogspot.com, which appears to be largely devoted to the Foley scandal.

ABC News had its first account several days later on its Web site.

Mr. Ross said he was surprised by how quickly the congressman's office confirmed the authenticity of the e-mail messages, first when ABC reported them on Sept. 28, and again a day later when confronted with much more explicit exchanges.

Mr. Ross dismissed suggestions by some Republicans that the news was disseminated as part of a smear campaign against Mr. Foley.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Mr. Ross said, referring to Republicans.

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Your Page, M'Lord (NYT)

By John Tierney

The New York Times, October 3, 2006

Suppose Nike's founder, Phil Knight, asked taxpayers to subsidize a program for 16-year-olds to leave their homes to become "squires" running errands at Nike headquarters. Or suppose, before his death, Sam Walton had asked Congress to build a dormitory in Arkansas to house teenage "serfs" spending a semester away from their schools to work on a Wal-Mart loading dock.

These executives would become national jokes. They'd be denounced for trying to revive 19th-century child-labor practices and 12th-century feudalism. There would be no public money appropriated for Knight's Squires or Sam's Serfs.

Yet Congress sees nothing strange about dragging teenagers from their families and schools to become pages, one step below a squire in the feudal food chain. They're not being forced to wear Prince Valiant haircuts, but they have to do scut work that's probably even less useful than what they could learn at Nike or Wal-Mart.

Congressional pages spend much of their time hand-delivering documents, a job that's done electronically in most 21st-century institutions. When educators talk about preparing youth for jobs in the Information Age, they're not talking about training messengers.

The justification for the page program is that it gives teenagers an insider's glimpse of how Congress works. But why disillusion them at such a tender age? If they stayed in school, they could maintain their innocence by reading the old step-by-step textbook version of how a bill becomes law. By going to Capitol Hill, they see how the process has changed:

1. A bill is introduced to build highways.
2. A congressman receives a donation from a constituent who wants to open a go-kart track.
3. The congressman persuades his committee chairman to slip in a $350 million "earmark" for an "alternative sustainable transportation research facility" in his district.
4. The chairman quietly adds similar earmarks for all members of the committee.
5. The bill is passed unanimously.
6. The president complains about the "wasteful spending" but signs it into law anyway.
7. The congressman attends a fund-raiser at the new go-kart track.

What lesson has the page learned? That Congress is the closest thing in modern America to a medieval court: an enclave governed by arcane ancient rules of seniority, a gathering of nobles who spend their days accepting praise and dispensing favors to supplicants.

They're so secure in their jobs, and so used to being surrounded by groveling minions, that they assume the privileges of feudal lords when dealing with pages and other lieges. Which is why, on occasion, they try to exercise the droit du seigneur.

Unlike previous scandals, in which members were censured for having sex with pages, the current one so far doesn't involve physical contact. But it features lewd messages from Representative Mark Foley to a teenager asking about his sex life and requesting a picture. When you are chairman of the House Caucus on Missing and Exploited Children, as Foley was, this does not qualify as research for your job.

Even if you could somehow quell Congressional libidos, even if this scandal taught members of Congress not to hit on teenagers, the page program still wouldn't be worth paying for. It should be eliminated, as Representative Ray LaHood has proposed, for the sake of both Congress and the pages. They need to be spared not just from lustful congressmen but from the chief lesson taught by the program: that success is all about making the right connections.

To get into the program, you (or your parents or their well-connected friends) have to find a member of Congress to sponsor you. Once in, the supreme goal is to ingratiate yourself with someone powerful enough to help you move up the Washington hierarchy. As Rachel Swarns reported in The Times, Foley was a favorite of the pages because he offered them the gift of access.

"If a congressman was talking to you, it was the best thing in the world," said one former page, Patrick McDonald.

Spend enough time as a page, and you can easily believe it's not what you know, it's who you know — and whom you flatter. Granted, toadying can be a useful skill in most lines of work. But it's not a lesson teenagers need to study for a whole semester, especially when it's being taught in text messages from a lord on Capitol Hill.

Foley May Be 1st Member Prosecuted Under Strong Internet-crime Laws (HILL)

By Jackie Kucinich

The Hill, October 3, 2006

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Former Rep. Mark Foley (R-Fla.) is not the first member of Congress to face a firestorm of public outrage for engaging in inappropriate conduct with underage pages, but he could be the first to be prosecuted under strong Internet-crime laws.

Ex-House counsel Stanley Brand said that the difference between the current page incident and an incident two decades ago involving two other lawmakers is the passage of cyber crime laws in recent years and the presence of Internet communication.

"It's not just someone's word against another; there are e-mails," he said. "The difficulty of proving an illicit solicitation is not there. I'm sure that is what the FBI is looking into."

Foley resigned suddenly on Friday after ABC News reported about questionable e-mails and sexually explicit instant messages between a page and the six-term legislator Thursday and Friday. On Monday, Foley checked himself into an alcohol rehabilitation center for treatment.

House GOP leaders, Brand said, could also face consequences politically and legally if the FBI discovers that members of the leadership team knew about Foley's behavior before ABC News released the e-mails and instant messages.

In 1983, the House censured Reps. Daniel B. Crane (R-Ill.) and Gerry E. Studds (D-Mass.) after their inappropriate relations with House pages were discovered.

Crane lost his election shortly thereafter while Studds was reelected and remained in the House until retiring in 1997.

While Crane and Studds escaped prosecution, Foley likely will not. According to Orin Kerr, an associate professor at George Washington University, Foley could have broken the law under 18 U.S. Code 2422(b), which states that an individual "using the mail or any facility or means of interstate or foreign commerce … who knowingly persuades, induces, entices, or coerces" an individual who is under the age of 18 to "engage in prostitution or any sexual activity" can be charged with a criminal offense. If convicted, the individual can be imprisoned for five to 30 years.

As a result of Crane and Studds's misconduct, the House created the Page Board, a body of lawmakers and House officials, which oversee the activities and education of pages.

Three members of the House as well as House Sergeant at Arms Wilson Livingood, Clerk of the House Karen Haas and former clerk Donald Anderson make up the Page Board, according to House Administration Committee spokeswoman Sally Collins.

Reps. John Shimkus (R-Ill), Shelley Moore Capito (R-W.Va.) and Dale Kildee (D-Mich.) are the board's House members.

Speaker Dennis Hastert (R-Ill.) announced several changes to the page program yesterday at a joint press conference with Shimkus including the establishment of a hotline for "parents, grandparents, pages, former pages …"

"Anyone who has a concern about improper contact … can confidentially report improper contact," Hastert said.

Although many improvements have been made to the page program in order to provide more supervision of students, Hastert said House leaders should do more to ensure that pages are safe after they leave their positions in the House.

Shimkus added that he plans to meet with the Page Board in the coming weeks to construct further programs to protect pages.

One member of the board said he was left out of the discussions entirely.

"I am now equally outraged to learn that Republican House Speaker Dennis Hastert announced today that there will be changes in the policies of the House page program," said Kildee. "Once again, I was not informed of the meeting today, nor was I consulted in any way about any proposed changes."

"Speaker Hastert's announcement this afternoon is yet another example of the House Republican leaders being more concerned with finding political cover for themselves than with the safety and well being of the House pages," he added.

Capito, for her part, directed all of her outrage towards Foley.

"As a member of the Page Board — and more importantly as a mother — I am appalled by Mark Foley's despicable conduct and hope that his actions be held accountable by the full weight of our justice system," she said in a release.

The board typically meets two times a year to discuss the agenda for the pages, plan activities, arrange seminars and discuss enrollment, according to Collins.

There are 63 pages admitted to the program each year; Republican members choose 45 of them and Democrats choose 18.

In order to be admitted to the competitive program, applicants must be at least 16 years old, a junior in high school and have a grade point average of 3.0 or above during the academic year.

Members of Congress sponsor page applicants and then page program staffers interview them. The Clerk's office manages the page program.

Once accepted, pages live in an on-campus dormitory and attend classes in addition to their service in the House.

The program is highly regimented. Pages attend classes in the Jefferson Building of the Library of Congress at 6:45 a.m. and are taught a range of topics including mathematics, social studies and foreign languages.

When they are not in class, their duties are mainly to deliver correspondence and legislative material between members, answer phones in party cloakrooms and prepare the House Floor for sessions. They have a 10 p.m. curfew on weeknights, which extends to midnight on weekends.

They are paid an annual rate of $17,540, with a monthly gross salary of $1,461.67, according to informational materials provided on several members' websites. They are required to pay a residence hall fee of $400 a month, which includes meals and is automatically deducted from their paychecks.

At all times during the workday they are to remain in uniform: blue blazers, a white shirt and gray slacks or skirts.

The page program has had its share of problems traditionally associated with teenagers. In 2002, 11 pages were dismissed for marijuana use. In 1996, five pages were suspended from the program for alcohol use.

Matthew Loraditch, a 21-year-old former page, told the Chicago Tribune Sunday that he had known about the "creepy" e-mails for years. Loraditch runs the House Page Alumni Association's Internet messaging board. That website was shut down Monday.

"Because of the current situation. I am shutting down the board until I can provide a proper statement about my part in what has been going on. I appreciate your patience," the site said. The site was taken down entirely yesterday afternoon.

Loraditch is listed as the website's licensee at the bottom of the home page.

Man Shoots 11, Killing 4 Girls, In Amish School (NYT)

By David Kocieniewski And Gary Gately

The New York Times, October 3, 2006

NICKEL MINES, Pa., Oct. 2 — A dairy truck driver, apparently nursing a 20-year-old grudge, walked into a one-room Amish schoolhouse here Monday morning and systematically tried to execute the girls there, killing four and wounding seven before killing himself, the police said.

The heavily armed gunman first ordered the 15 boys in the room to leave, along with several adults, and demanded that the 11 girls line up facing the blackboard. As the gunman lashed the students' legs together with wire and plastic ties, the teacher dashed from the room and called the police around 10:35 a.m.

The gunman, identified as Charles C. Roberts, 32, killed himself as the police stormed the West Nickel Mines Amish School, which is set back in a cornfield on a street of stone houses, barns and silos in Lancaster County, about 50 miles west of Philadelphia. Several of the wounded were in critical condition in area hospitals.

"He wanted to find female victims," said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police. "This was a target of opportunity."

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. But notes he left at his home — where he lived with his wife, Marie, and their three children — said he was distraught about a slight that had occurred more than 20 years ago.

The police would not describe the incident that had upset him. But Colonel Miller said Mr. Roberts, who lived near the school but was not Amish, did not appear to have been motivated by religious bias. The police said they were looking into a report that the couple lost an infant daughter in 1997.

When Mr. Roberts arrived at the school shortly before 10:30 a.m., he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

When the state police arrived around 10:45, Mr. Roberts had barricaded the doors with bolts and lumber he had brought in his pickup truck, Colonel Miller said.

After a brief cellphone exchange with his wife and then with the state police, Mr. Roberts began shooting, aiming the handgun and a shotgun at the children as they stood lined in front of the room. As the police began charging the building around 11, Mr. Roberts fired a shot into his head, Colonel Miller said.

"He was angry with life; he was angry at God," Colonel Miller said. "It appears he chose this school because it was close to his home, it had the female victims he was looking for, and it probably seemed easier to get into than some bigger school."

The rampage was the third fatal shooting at a United States school in the past week but seemed nearly incomprehensible to many residents of the Amish community, where crime rates are so low that many homeowners do not lock their doors and many towns have no police force.

The Amish community in Pennsylvania, which numbers about 55,000, lives an agrarian lifestyle, shunning technological advances like electricity and automobiles. And many say their insular lifestyle gives them a sense that they are protected from the violence of American society. But as residents gathered near the school, some wearing traditional garb and arriving in horse-drawn buggies, they said that sense of safety had been shattered.

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"If someone snaps and wants to do something stupid, there's no distance that's going to stop them," said Jake King, 56, an Amish lantern maker who knew several families whose children had been shot.

Mr. Roberts's relatives said they, too, were stunned by his violent outburst and had had no indication that he had been planning any attack. His wife issued a written statement offering sympathy to the families of his victims and said she could not reconcile the day's events with the man she had loved.

Her statement was read by a family friend, Dwight Lefever, and described Mr. Roberts as a devoted father who had always taken the time to play with his three children, ferry them to soccer practice and birthday parties, and had "never once refused to help change a diaper."

"The man that did this thing is not the Charles I was married to for nearly 10 years," Mrs. Roberts said in the statement.

The police did not release the names of the victims but said all had been girls from 6 to 13.

Once the police entered the building, they found a cache of weapons and supplies that indicated Mr. Roberts had prepared for a long siege. He had a 9-millimeter semiautomatic pistol, two shotguns, a stun gun, two knives, two cans of gunpowder and 600 rounds of ammunition.

In a toolbox near his body, the police discovered bolts he had used to barricade the school doors with two-by-fours, pliers and wires he had used to bind the girls' legs. Another five-gallon bucket he brought into the building contained earplugs, bathroom tissue and a clean change of clothing, the police said.

Mr. Roberts lived just over a mile from the school in the town of Bart, in a modular home that had a trampoline and sandbox in the yard and was already decorated for Halloween. Neighbors said he was jovial and generally well liked, and they were struggling to understand what had driven him to violence.

"I am dying to know what kind of insult from a girl 20 years ago could have led to this," said Mary Miller, who lived on his street.

The police said, however, that Mr. Roberts's co-workers had noticed changes in his behavior over the past several months. While he had long been known as an upbeat and outgoing person, this year he began to appear sullen, his co-workers told the police. Then, late last week, Mr. Roberts once again appeared upbeat at work, Colonel Miller said.

"We think that's when he decided to do what he did," Colonel Miller said. "It's like his worries and burdens were lifted from him."

The police said most of Mr. Roberts's weapons appeared to be legal. He bought the 9-millimeter semiautomatic, which he fired at least 13 times during his rampage, from a store five miles from the schoolhouse in 2004. The shotguns and ammunition also appeared to be legal, the police said, although it was not clear whether his possession of a stun gun violated any law.

The police said Mr. Roberts had bought the ammunition and other supplies from area stores over the past several months, so there was no glaring sign that might have alerted store owners that he was about to burst out in violence.

The police said Mr. Roberts called his wife from a cellphone while he was inside the school just moments before the shooting. During the call, Colonel Miller said, Mr. Roberts made a reference to the grievance that he blamed for his despair, then told her: "The police are here. I'm not coming home."

Colonel Miller said that once the gunfire began troopers charged the building and broke in through several windows in the school. By the time they arrived, however, the children lay dead or wounded in the front of the classroom and Mr. Roberts's body was a few feet away. One child died in the arms of a trooper as he rushed her out of the building to get medical help, Colonel Miller said.

Lancaster County school officials held an emergency meeting last night to try to ease the concerns of school administrators and parents unnerved by the shooting. County officials said that despite the bloodshed, residents should be confident that most of the schools were safe.

That reassurance gave little comfort, however, to people like Dwylin Bieler, 42, whose 8-year-old daughter played with one shooting victim.

"You think something like this will never happen, especially in a place like this," said Mr. Bieler, who is Mennonite, and says the Amish community makes him and others feel welcome. "You pray that it won't happen. But you just never know. You can't know. And that's hard to accept."

Four Girls Killed At Pa. Amish School (WP)

By Raymond Mccaffrey And Paul Duggan

The Washington Post, October 3, 2006

BART TOWNSHIP, Pa., Oct. 2 -- A truck driver armed with three guns, two knives and 600 rounds of ammunition burst into a one-room schoolhouse in this Amish community Monday, lined at least 11 girls against a blackboard and shot them "execution style," fatally wounding four before taking his life, police said.

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The fourth girl died late last night at a hospital, a spokeswoman for the Pennsylvania State Police said. Of the seven other girls who were shot, as many as six were critically wounded. Their conditions were "very, very dire," said Col. Jeffery B. Miller, commissioner of the state police.

Miller called it "a horrendous crime scene" and said the victims, at least one as young as 6, were shot at close range in the back of the head. The condition of one girl, a 13-year- old, was upgraded last night to serious, a hospital official said.

The shootings in this Lancaster County farming community occurred as police outside the schoolhouse were trying to make contact with the assailant, Charles Carl Roberts IV, 32, who drove a milk tank truck and lived in the area, Miller said.

"It was over within a matter of seconds," he said last night.

Miller said Roberts -- armed with a semiautomatic handgun, a rifle, a shotgun and a stun gun -- apparently was motivated by rage over a long-ago incident unconnected to the school or the Amish.

"Apparently there was some sort of an issue in his past that he, for some reason, wanted to exact revenge against female victims," Miller said. "It's obvious to us that this was a premeditated hostage scenario where, I believe, based on what the investigators have so far, he intended not to walk out of there alive. But he also intended to kill innocent victims."

Three young students and a teacher's aide who was believed to be about 15 or 16 were fatally wounded in the rampage, police said.

Miller said that 15 rounds were fired from the handgun and three from the shotgun. One shotgun blast was directed toward police outside the building, the police official said.

Roberts left notes for his wife and three children "along the lines of suicide notes," Miller said.

The school had 26 students in attendance yesterday, 15 boys and 11 girls, authorities said. The attack shocked the quiet people of this community, whose religion and traditions require them to remain separate from the outside world and shun the trappings of modern life, including electricity and motor vehicles. Roberts was not Amish, and Miller said he had no known criminal history.

The shootings here were the third at a U.S. school in five days.

On Wednesday, a 53-year-old drifter took six girls hostage in Platte Canyon High School in Bailey, Colo., sexually assaulted them and fatally shot a 16-year-old girl before killing himself. Two days later, a 15-year-old former student allegedly shot and killed a principal in Cazenovia, Wis.

Elsewhere, three teenagers were charged in Green Bay, Wis., on Thursday in an alleged plot to bomb and burn a high school and shoot students as they emerged. And on Monday, officials in Las Vegas said they locked down four schools after a student was spotted entering a high school carrying a gun.

Bart Township, about 60 miles west of Philadelphia, has about 3,000 people and a landscape of grain silos, dairy farms and tobacco fields. Its country roads host the horse-drawn buggies of the Amish.

According to Miller, Roberts's wife, Marie Roberts, told police that her husband worked until 3 a.m. Monday delivering unprocessed milk from Amish farms to a dairy and then went home. He took his children to a bus stop about 8:45 a.m. before driving to the Amish school on White Oak Road.

Roberts apparently was prepared for a long siege, Miller said. In addition to the weapons and rounds of ammunition, he had two cans of smokeless gunpowder, rolls of tape, tools and a change of clothes.

Marie Roberts later found several suicide notes and tried to call her husband, Miller said. About 11 a.m., Roberts called his wife from the schoolhouse and "told her he wasn't coming home," Miller said. Roberts told her that "he couldn't go on anymore" and that "he was getting revenge for something that happened 20 years ago," Miller said.

Miller also said that "there may have been a loss of a child some time in his life."

From the notes to his family and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Miller said. Co-workers at the dairy said Roberts, once given to joking, had seemed to grow despondent not long ago, according to Miller.

But in the past two or three days, Miller said, Roberts changed again. Miller said police were told that Roberts appeared more at ease, which might suggest that he had come to a decision about what he would do.

Miller said he did not believe that Roberts was influenced by the recent school shootings but instead settled on his course independently.

"The man who did this today is not the Charlie that I've been married to for almost 10 years," Marie Roberts said in a statement released to the news media.

Quoting a teacher who escaped, Miller said that when Roberts entered the school, he showed students the handgun and spoke to them in a "rambling discourse," Miller said.

In a news conference, Miller said Roberts arrived at the school in the morning in a borrowed pickup. He said Roberts separated the boys, ages 6 to 13, from the girls at the school.

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Roberts then told the girls to line up against a blackboard and bound their feet with wire ties and plastic handcuffs, Miller said, his voice choked with emotion. Roberts allowed the boys to leave, along with a pregnant woman and three women with infants.

As the women, who apparently are teacher's aides, were leaving, a teacher was able to flee, and she called police from a nearby farm at 10:36 a.m., Miller said.

As officers arrived at the school and a hostage negotiator tried to contact Roberts, he called a police dispatcher and warned that he would start shooting in 10 seconds if police did not withdraw, Miller said. Seconds later, shots rang out, and state troopers carrying ballistic shields rushed the building. Miller said Roberts had barred the doors with lumber that he had brought for that purpose and with desks from the classroom.

Roberts spoke to his wife by cellphone moments before he opened fire, Miller said. In addition to shooting at the girls, he fired out a window at approaching state troopers but did not hit them. Miller said troopers did not fire. One was injured slightly by broken glass while going in a window.

Police found Roberts face down on the floor, with the weapons beside him, Miller said, adding that "one of the girls died in the arms of one of my troopers."

Television news footage showed ambulances and police vehicles on the road outside the schoolhouse, which is surrounded by a white fence. A blue pickup with a white cap over the bed was backed up to the front of the schoolhouse. At one point, firefighters and Amish men walked abreast through nearby fields, looking for students who might have fled and were not accounted for.

The wounded were taken to several hospitals, in locations that included Hershey, Pa., Philadelphia and Delaware.

At the Penn State Milton S. Hershey Medical Center in Hershey, a 6-year-old girl and an 8-year-old girl remained in critical condition last night in the pediatric intensive care unit, a hospital spokesman said.

He said the girl who was upgraded to serious had undergone about five hours of surgery and was able to communicate with family members by blinking her eyes and giving hand signals.

The death of the fourth girl, about 12 hours after the shooting, was reported by Trooper Linette Quinn, a state police spokeswoman. It was not clear at what hospital she died.

The first Amish settlers arrived in Lancaster County in the early 18th century, according to the Pennsylvania Dutch Country Web site.

Donald Kraybill, a leading national scholar of Amish communities, said violence is rare at Amish schoolhouses, which he said are characterized by an emphasis on order, but where pranks and giggles are not uncommon. About 150 small Amish schoolhouses dot Lancaster County.

Monday, Amish people gathered on a farm near the school, bearded men in black pants, suspenders and broad-brimmed straw hats and women in long dresses and bonnets.

Irene Moyer, who is Amish, said she was contacted by the parents of one of the children at the school. "One of the Amish neighbors knocked at the door and said: 'Can you take care of my children? There's a gunman at the school.' "

A family spokesman, Dwight LeFever, read a statement from Roberts's wife, saying: "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please, pray for the families who lost children and, please, pray, too, for our family and children."

Staff writers Daniel de Vise, Tamara Jones, Kari Lydersen, Dan Morse, Clarence Williams and William Branigin, researcher Meg Smith and the Associated Press contributed to this report.

Gunman Slays 4 Amish Schoolgirls (WT/AP)

By Mark Scolforo

The Washington Times, October 3, 2006

NICKEL MINES, Pa. -- A milk-truck driver carrying three guns and a grudge stormed a one-room Amish schoolhouse yesterday, sent the boys and adults outside, barricaded the doors with two-by-fours, and then opened fire on a dozen girls, killing four of them before committing suicide.

It was the nation's third deadly school shooting in less than a week, and it sent shock waves through Lancaster County's bucolic Amish country, a picturesque landscape of horse-drawn buggies, green pastures and neat-as-a-pin farms, where violent crime is virtually nonexistent.

Most had been shot, execution-style, after being lined up along the chalkboard, their feet bound with wire and plastic ties, authorities said. The names and ages of the dead were not released.

"This is a horrendous, horrific incident for the Amish community. They're solid citizens in the community. They're good people. They don't deserve ... no one deserves this," State Police Commissioner Jeffrey B. Miller said.

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Two young students were killed, along with a female teacher's aide, Col. Miller said. Authorities said the aide was about 15. Late last night, Philadelphia's Fox affiliate WTXF and CNN said a fourth student had died.

At least six other victims were critically wounded, state police said.

The gunman, Charles Carl Roberts IV, a 32-year-old truck driver from the nearby town of Bart, was bent on killing young girls as a way of "acting out in revenge for something that happened 20 years ago," Col. Miller said, though he gave no details on what the grudge was.

Roberts was not Amish and apparently had nothing against the religious community, Col. Miller said. Instead, Col. Miller said, he apparently picked the school because it was close by, there were girls there and it had little or no security.

Col. Miller said Roberts was apparently preparing for a long siege, arming himself with a 9 mm semiautomatic pistol, a 12-gauge shotgun and a rifle, along with a bag with about 600 rounds of ammunition, two cans of smokeless powder, two knives and a stun gun on his belt. He also had rolls of tape, various tools and a change of clothes.

Roberts had left several rambling notes to his wife and three children that Col. Miller said were "along the lines of suicide notes." The gunman also called his wife during the siege by cell phone to tell her that he was getting even for some long-ago offense, Col. Miller said.

The shooting took place at the one-room West Nickel Mines Amish School, a neat white building set amid green fields about 55 miles west of Philadelphia, with a square white horse fence around the schoolyard. The school had about 25 to 30 students, ages 6 to 13.

From the suicide notes and telephone calls, it was clear Roberts was "angry at life, he was angry at God," Col. Miller said. And it was clear from interviews with his co-workers at the dairy that his mood had darkened in recent days and that he had stopped chatting and joking around with fellow employees and customers, the officer said.

Col. Miller said Roberts had been scheduled to take a random drug test yesterday. But the officer said it was not clear whether that played a role in the attack. The colonel also said investigators were looking into whether the attack was related to the death of one of Roberts' own children. According to an obituary, Roberts and his wife, Marie, lost a daughter shortly after she was born in 1997.

Reporters were kept away from the school after the shooting, and the Amish were reluctant to speak with the press, as is their custom. The victims were members of the Old Order Amish. Lancaster County is home to some 20,000 Old Order Amish, who eschew automobiles, electricity, computers, fancy clothes and most other modern conveniences, live among their own people, and typically speak a German dialect known as Pennsylvania Dutch.

Bob Allen, a clerk at a bookstore in the Amish country tourist town of Intercourse, said residents see the area as being safe and the Amish as peaceful people.

"It just goes to show there's no safe place. There's really no such thing," he said.

After entering the building, Roberts released about 15 boys, a pregnant woman and three women with babies, Col. Miller said.

"Very, very traumatic situation. Some of my troopers, actually one of the girls died in the arms of one of our troopers," Col. Miller said.

A Roberts family spokesman, Dwight Lefever, read a short statement from Mrs. Roberts that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

Seclusion Shattered By School Slayings (USAT)

By Thomas Frank And Alan Levin

USA Today, October 3, 2006

BART TOWNSHIP, Pa. — They shun electricity, telephones and the court system to try to stay disconnected from a world they consider polluted by modern convention and comfort.

But the rural seclusion the Amish have here in central Pennsylvania's rolling hills was shattered Monday by the execution-style shooting of three Amish girls in a one-room schoolhouse.

“You read about it, you hear about it. But you don't expect it to happen this close to home,” said John Fisher, 33, an Amish man who lives a half-mile from the school.

The killings — the girls were bound together and had to be cut apart by rescue workers according to the Pennsylvania State Police — devastated the ordinarily composed Amish. Many were “crying and weeping and hugging, and the Amish people don't usually show too much emotion,” said Annie Beiler, 66, whose farm abuts the school property. “They are quiet, private people.”

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Lancaster County District Attorney Don Totaro said, “It's beyond comprehension that anyone would slaughter children in this manner.”

“It's like a dream. It's something you hear of in a city,” said Naomi Fisher, whose runs an auction house nearby. “You read it in the paper. But not in a quiet little country school.”

David Bernard, 66, of Parkesburg works as a driver for some Amish neighbors and accompanied them to the school Monday night. Bernard said the Amish viewed the violence as a demonstration of the problems posed by the modern world.

“This is a place of blood,” he said of the school. “People died here, so they'll probably tear it down.”

The violence seemed unlikely to change the tight religious sect that is rooted in non-violence and resistance to change.

“I don't see it as having a large effect on their lifestyle,” said David Weaver-Zercher, a professor at Messiah College in Pennsylvania. “In a certain way, it confirms a general orientation about the world not being a very good place.”

Since the Amish emerged as a small Protestant sect in late-17th-century Switzerland, its adherents have strived to maintain religious purity. Nonviolence — or “non-resistance” — was an early tenet that arose from a literal reading of the New Testament.

“They take the words of Jesus seriously: to love your enemies and not to do evil to fellow people,” said Donald Kraybill, an Amish expert at Elizabethtown College in Pennsylvania. “There is very little violence in the Amish community.”

Crime by the Amish is so rare that only one adherent is thought to have been convicted of murder: an Amish man from western Pennsylvania who killed his wife in 1993 saying he wanted to excise the devil.

The gunman Monday, Charles Carl Roberts IV, was not Amish and was not targeting the Amish but apparently picked the school because it was near his home and had little security, said Col. Jeffrey Miller of the Pennsylvania State Police. Roberts killed himself in the school building.

Amish schools — typically one-room schoolhouses with 25-30 students and a young, female teacher — reflect the community's efforts to protect itself against the dangers of worldliness. The Amish went to the U.S. Supreme Court in 1972 to preserve their right to end classroom education after eighth grade.

They won a decision in 1972 that said the Amish weren't against education itself but oppose “conventional formal education” in high school years “because it comes at the child's crucial adolescent period of religious development.”

“The Amish view is that they should provide the basic education for children to live productively in the Amish community,” said Herman Bontrager of the National Committee for Amish Religious Freedom, which brought the Supreme Court case. “Additional things really aren't necessary for living productively in their community. They distract and maybe lead you into another world.”

The Amish have negotiated a tricky path between accepting and rejecting convention since the rise of technology in the mid-19th century. They number about 200,000. The largest communities are in Ohio, Pennsylvania and Indiana.

Many have moved away from farming, particularly in Lancaster County, Pa., the site of Monday's shooting and the setting for the acclaimed 1985 film Witness, in which Harrison Ford plays a Philadelphia police officer who takes refuge on an Amish farm.

About 60% of Lancaster's Amish run businesses such as greenhouses, woodworking shops and farmer's markets, said Kraybill.

That has challenged the Amish's effort to “separate from the world,” said Weaver-Zercher, the Messiah College professor. “They look at various technology and how that would connect them.”

The Amish eschew electricity that would literally connect them to society through power lines, but they use self-contained power sources such as batteries and gas to run refrigerators and stoves.

They pay federal income taxes and local property taxes, but they won an act of Congress to exempt them from paying and receiving Social Security benefits. “They feel the church should provide support for its own members,” Kraybill said.

Amish avoid phones in their homes, where they would enable intrusions that interrupt family life. Phones are in some Amish businesses and at roadside booths where families share them.

After the gunman took students hostage in the school, a teacher ran to a farmhouse where someone called 911.

Although Amish enjoy police protection, many of them are reluctant to cooperate with criminal investigations, viewing prosecution as a form of force.

Steven Nolt, a historian at Goshen College in Indiana who's written several books about the Amish, recalled cases in which Amish people were murdered but relatives refused to help win convictions “because they weren't going to engage in that kind of retributive violence.”

Weaver-Zercher of Messiah College said he expects the Amish to “reach out” to the gunman's widow.

“They'll try to express their forgiveness,” he said, “and sense that in some ways, this woman is a victim.”

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Gunman At Amish School Kills 4 Girls, Wounds 7 (PPG)

By Tom Barnes And Tracie Mauriello, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 3, 2006

Lancaster County milk truck driver kills himself after slaughter

NICKEL MINES -- It was a bloodbath, made even more horrible by its location and its innocent victims, who became targets of a lone gunman apparently because they simply lived near his home.

Charles Carl Roberts IV, 32, a rural milk truck driver and father of three, walked into West Nickel Mines School, the tiny schoolhouse less than 2 miles from his home that housed children in grades one through eight.

Armed with three guns and 600 rounds of ammunition, he ordered all but the girls to leave, then barricaded the doors with lumber, bound the children's legs and lined them up against the chalkboard.

He called his wife to say he was "angry at life, angry at God" then shot each girl, most of them in the back of the head and all at close range.

Police had arrived on the scene before the shots were fired and tried to hail Mr. Roberts using loudspeakers.

Mr. Roberts used a cell phone to call a 911 center and tell them he would begin shooting if state police did not leave. When police at the scene tried to call Mr. Roberts back, that's when they heard the sound of gunfire.

By the time police managed to break into the school, they found Mr. Roberts dead.

Mr. Roberts, apparently seeking revenge for a mysterious incident 20 years ago when he was a boy, had planned the slaughter for days, based on the weapons, tools and other equipment police recovered inside the school.

"It's clear to us he did a great deal of planning in this," said state police Commissioner Jeffrey Miller. "It was clear he intended to be prepared for a lengthy siege. It was not a spur of the moment thing. He intended to harm these kids and himself."

Two young girls and Mr. Roberts died inside the schoolhouse, a third female, a 15-year-old teacher's aide, died later at Lancaster General Hospital. Another girl died later last night, and seven others were fighting for their lives at hospitals in Philadelphia, Hershey and Wilmington, Del.

It was the nation's third deadly school shooting in the last week, and it prompted the Bush administration to call for a national conference next week on school violence.

"It would be a miracle if we were able to somehow not have any further loss of life," Col. Miller said. Police did not release the names of the victims.

Two had such severe head wounds they could not be identified for hours. State police showed photographs of the wounded children to families of the victims so they then could be taken to the correct hospital to see their daughters.

"They were killed at close range, execution style," Col. Miller said. "I have never seen anything like this. This was a horrendous tragedy."

The incident did not appear to be related to the Amish. Mr. Roberts is not Amish.

Col. Miller would say little else about a motive except that something might have happened 20 years ago, when Mr. Roberts was 12. Col Miller refused to elaborate.

"It seems as though he wanted to attack young, female victims," Col. Miller said.

He also said the death of Mr. Roberts' infant daughter in 1997 may have played a part in yesterday's tragedy.

"How these pieces fit together we don't know. We may never know," he said. "We believe he was going through some sort of personal strife, something from 20 years ago."

Neighbors and distant relatives said they did not know about any incident from 20 years ago.

"I completely don't know anything about anything like that," said Ken Scott, who used to work with Mr. Roberts.

"It appears this location was probably picked because it was close by. It was a target of opportunity," Col. Miller said. "He was able to locate individuals in the age group he was looking for."

Police say Mr. Roberts, who lived in the town of Bart, dropped off his children at a school bus stop, then drove a borrowed pickup truck to the school at about 9:45 a.m. Brandishing a semiautomatic pistol, he also carried a range bag containing a shotgun, a rifle, two knives, a stun gun, two cans of smokeless gunpowder, a change of clothes, a hammer, a hacksaw, tape and lumber, which he used to secure the doors and to prevent police from storming inside.

Before securing the building, Mr. Roberts allowed 15 boys, a pregnant woman and three women with infants to leave the building, then lined up 11 girls, age 6 to 15, against a chalkboard, their feet bound with wire ties and flexible plastic ties, Col. Miller said.

It was about that time that the teacher and another adult at the school fled to a nearby farmhouse, and someone there called 911 around 10:30 a.m. to report a gunman holding students hostage.

Most of the victims were shot in the back of the head, although some were hit in other parts of their bodies.

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It was over in seconds.

Police could not easily enter the schoolhouse because Mr. Roberts "had taken extreme measures to fortify this location. He took two-by-sixes and two-by-fours and nailed them to the doors and then used flex-ties so there was practically no way we could get in quickly."

Police believe Mr. Roberts held the hostages for about 45 minutes before the teacher got away and reached a telephone to call for help.

About the same time, police received another call from Mr. Roberts' distraught wife, Marie, who had returned home to find suicide notes left by her husband for her and their children.

Most of the injured were badly hurt.

Two girls -- ages 8 and 6 -- remained in critical condition last night at the Penn State Children's Hospital in Hershey, while a 13-year-old girl was upgraded to serious condition after surgery, spokeswoman Amy Buehler Stranges said.

Three girls, ages 8, 10 and 12, were flown to Children's Hospital of Philadelphia, where they were still in surgery last night, spokeswoman Peggy Flynn said. The youngest girl was being treated for gunshot wounds of her neck and arm. The 10-year-old was suffering from head injuries. The oldest girl was being treated for arm and leg injuries.

One victim was transported by helicopter to Christiana Hospital in Delaware, spokesman Spiros Mantzavinos said. He declined to give the person's age or release information about the condition or type of injuries, citing confidentiality laws.

The incident left the peaceful Amish farming community of about 300 looking for answers.

"Our children are defenseless. He picked an easy target. It takes a real target to do that," said John Fisher, 33, one of several dozen Amish men clustered at an informal state police command post, about 300 yards from the school.

"This is a sad day, something I never expected in this community," said another Amish man, Jacob King, a 31-year-old stonemason and lifelong resident.

Many of the Amish neighbors spent a lot of time being interviewed by reporters, although some objected to television interviews because they didn't want their pictures taken.

Some Amish and non-Amish residents speculated the incidents might affect relations between the cultures.

Daniel Beiler, 30, who is Amish, said it could make the Amish even further reject the outside world. But Mr. Fisher wasn't so sure.

"We have a very good relationship with the non-Amish. We get along very well," he said.

Longtime residents of the area were equally shocked.

"I can't believe anybody could do this to children," said Shirley Woerth, who has lived here for 53 years.

Mr. Roberts had no criminal history and no active warrants out against him. He grew up in the area, and his and his wife's families still live in the area.

State police were examining his milk truck, which was found parked several hundred yards from the shooting scene.

A family spokesman, Dwight LeFever, read a short statement from Mr. Roberts' wife that said, in part, "Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today. Above all, please pray for the families who lost children and please pray too for our family and children."

The Amish live among their own people and maintain a lifestyle that eschews modern conveniences, such as television and radio. They typically speak a German dialect known as Pennsylvania Dutch.

Land O'Lakes, based in Arden Hills, Minn., issued a statement confirming that Mr. Roberts was employed as a truck driver and assigned to Northwest Food Products, a wholly owned Land O'Lakes subsidiary.

The shootings were disturbingly similar to an attack last week at Platte Canyon High School in Bailey, Colo., where a man took several girls hostage in a school classroom and then killed one of them and himself. Authorities said the man in Colorado sexually molested the girls.

"If this is some kind of a copycat, it's horrible and of concern to everybody, all law enforcement," said Monte Gore, undersheriff of Park County, Colo.

Col. Miller, though, said he believed the Pennsylvania attack was not a copycat crime: "I really believe this was about this individual and what was going on inside his head."

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

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The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Milk-Truck Driver Kills 3 Girls, Critically Wounds 8 (LAT)

By Ellen Barry And Stephanie Simon, Times Staff Writers

DOJ_NMG_0074181

The Los Angeles Times, October 3, 2006

NICKEL MINES, Pa. -- Calling on their faith for guidance, the Amish community here coupled sorrow with forgiveness Monday after a milk-truck driver armed with a small arsenal burst into a one-room schoolhouse, killing three girls and critically wounding eight before committing suicide.

The attack was methodical, gruesome and baffling. Charles Carl Roberts IV, a 32-year-old father of three with no criminal record, entered the schoolhouse with a gun in his hand about 10 a.m., State Police Commissioner Jeffrey B. Miller said. Roberts, who was not Amish and had no known connection to the school, ordered the 15 male students, the teacher and several aides with infants to leave. Then he set about preparing for a siege.

According to Miller, Roberts lined up 10 female students, ages 6 to 13, and a young teacher's aide against the chalkboard. He wrapped wire and plastic ties around their ankles, binding their feet together -- or to one another. He barricaded the door with wooden boards and piled-up desks.

Outside, the teacher and the boys raced for help, cutting through fields to the nearest farmhouse. The Amish eschew most modern technology, so none of them had a cell phone. Many homes here -- like the schoolhouse -- do not have phones, although Amish farmers often have a line running to the barn or corn crib.

At 10:36 a.m., the teacher reached a phone and dialed 911.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, a stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire. At some point, Roberts called his wife on his cell phone. He talked of a grudge from long ago, said he was getting even. He kept the girls silent as he talked. On the other end of the line, his wife heard nothing but his voice.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond. Instead, he called 911 and demanded they leave. If they did not back off within 10 seconds, he said, he'd start shooting.

Seconds later, gunfire erupted.

Roberts shot the girls in the head -- one after another, in quick order -- with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they stormed the school but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said.

One girl died instantly. A second passed away moments later, in a trooper's arms. A third was pronounced dead when she arrived at the hospital. Eight other children were in critical condition Monday night; Miller said "it would be a miracle" if they all recovered.

"He executed those children," Miller said.

Authorities said Roberts apparently was looking to take revenge on young girls, and found the school a convenient target -- "a location of opportunity," as Miller put it.

Employed by Land O'Lakes and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual, quick-to-joke self, but had been more relaxed in the past few days.

When he finished his milk route about 3 a.m. Monday, Roberts parked the truck on a hill outside the school, as was his custom. He slept a few hours at his nearby home, but was up by 8:45 a.m. to take his children to the bus stop. His wife, Marie, noticed nothing wrong; the day was unremarkable, routine. "His family had no inkling," Miller said.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more. ... Our hearts are broken our lives are shattered, and we grieve for the innocence and lives that were lost today."

Before driving to the school in a borrowed pick-up truck, Roberts left notes for each of his young children. His suicide letters, like his final call to his wife, alluded to resentment over a past grievance. Miller speculated that it could have something to do with a child that Roberts and his wife lost years ago. Mostly, Miller said, the notes expressed rage: "He was angry with life. Angry with God."

But Roberts' brutality evoked very little anger among the community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims -- though this is a close-knit community, where few are strangers -- Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about an hour's drive west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing. Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl and then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas, Nev., spotted a former student on campus with a gun; he fled before firing any shots.

Here in Lancaster County, violence also is not completely unknown: Just this past spring, a young man confessed to killing six of his relatives, aged 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Barry reported from Nickel Mines and Simon from Denver.

Gun Reported At North Las Vegas School (AP)

By Ken Ritter, Associated Press Writer

AP, October 3, 2006

LAS VEGAS, Nev. — Four public school campuses were locked down Monday while police searched for a teenager who was spotted at a high school with a gun, authorities said.

No shots were fired, and police said they had no indication the teen _ a former student who had been banned from Mojave High School _ had threatened anyone.

Police gave up their search of a residential area in suburban North Las Vegas after more than three hours.

"We know who he is," North Las Vegas police spokesman Tim Bedwell said. "He will be found eventually."

Bedwell would not disclose the teen's name or age, but said he believed the youth had been expelled or transferred from the high school for academic or disciplinary reasons.

The teen ran from the Mojave High campus when school police recognized him and confronted him about 7 a.m., authorities said. School police reported finding a .25-caliber handgun behind a nearby church.

About 2,300 students at the high school and 2,900 youngsters at two nearby elementary schools and a middle school were locked down during the police search of a square-mile residential area. The security measure meant students were kept in rooms while instruction continued, said David Sheehan, a school district spokesman.

The Clark County School District, with about 300,000 students and 325 schools, is the fifth-largest district in the nation.

Bedwell said the teen could face charges including trespassing, possession of a handgun by a minor and possession of a weapon on school property, a felony.

School districts across the country have been especially sensitive to threats after deadly shootings last week at schools in Wisconsin and Colorado, and then another on Monday in Pennsylvania's Amish country.

On Friday, a school principal was gunned down in Cazenovia, Wis., and a 15-year-old student was charged with murder. Just two days earlier, an adult gunman held six girls hostage in a school at Bailey, Colo., before killing a 16-year-old girl and then himself.

Expelled Boy Shows Up At School Armed, Then Flees (NYT)

By Cathy Scott

The New York Times, October 3, 2006

DOJ_NMG_0074183

NORTH LAS VEGAS, Nev., Oct. 2 — A 15-year-old boy who had been expelled from his high school returned to the grounds there Monday morning with an automatic pistol and an AK-47 assault rifle, but fled when he was recognized and remained at large, the police said.

The youth, whose name was not released, did not fire the weapons and apparently did not threaten anyone, the police said, but four public schools were locked down throughout the morning as the neighborhood around the high school was searched.

The youth was expelled from the school, Mojave High, in the last academic year, though it is not clear why. The authorities were waiting for him there Monday morning, having received a tip from a student, said Sgt. Phil Gervasi of the Clark County school district police.

When the youth recognized the officers, Sergeant Gervasi said, he dropped the loaded .25-caliber pistol and fled. After three hours, the search in the neighborhood was called off, he said.

"They're still looking for an AK-47 he stole from his parents' house," Sergeant Gervasi said.

A growing number of guns in schools has been a pressing issue in Clark County, which, with 300,000 students enrolled at 325 schools, has the fifth-largest school district in the country. Last Thursday 50 members of the school police protested at a school board meeting, seeking the hiring of more officers.

Bail In School Attack Is $750,000; Safety Cited (MJS)

By Journal Sentinel Staff And The Associated Press

Milwaukee Journal Sentinel, October 3, 2006

A Sauk County prosecutor told a judge Monday that 15-year-old Eric Hainstock may have had other targets in mind when he entered his high school and killed his principal Friday.

Advertisement

District Attorney Patricia Barrett disclosed the potential of other targets in successfully arguing for a bail amount of $750,000 for the teen, who remains in the Sauk County Law Enforcement Center.

Hainstock appeared in court with his attorneys through a video feed from jail. When Circuit Judge Patrick Taggart asked him if he understood he could face life in prison, Hainstock replied calmly and firmly, "I do."

In following Barrett's bail recommendation, the judge said, "It goes without saying the public does need protection in this matter."

Barrett told the judge there were other "persons of interest" for Hainstock when he went to Weston Schools Friday morning and shot Principal John Klang.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail.

He has been charged with one count of first-degree intentional homicide in Klang's death. Taggart set a pretrial conference for Hainstock for Oct. 13.

According to the criminal complaint, Hainstock carried a shotgun and a .22-caliber revolver to the school on Friday morning. A custodian tugged the shotgun away from the youth, who then ran down a hallway while pulling the revolver from a pocket.

Klang, the 49-year-old school principal, confronted the boy and struggled with him in the hallway. He was shot three times while wrestling Hainstock to the floor, the complaint says.

Judge Sets Bail At $750,000 In Weston Schools Shooting (AP)

By Todd Richmond, Associated Press Writer

AP, October 3, 2006

BARABOO, Wis. -- A judge set bail at $750,000 Monday for a 15-year-old boy accused of killing his high school principal after prosecutors said the teen may have been looking for others to attack as well.

Sauk County District Attorney Pat Barrett told the judge there were other "persons of interest" for Eric Hainstock when he went to Weston Schools in Cazenovia Friday morning and shot Principal John Klang. She told reporters after the five-minute hearing that Hainstock may have had additional targets picked out.

"There were potentially other people that he had a beef with at the time," she said, but did not elaborate.

Hainstock's attorneys asked for $10,000 bail, saying the teen has lived in the Sauk County area his whole life and has no convictions.

But Circuit Judge Patrick Taggart agreed with Barrett.

"It goes without saying the public does need protection in this matter," he said.

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If Hainstock were to post the $750,000 cash bond, he would have to submit to electronic monitoring, the judge said. He also would be barred from leaving Sauk County or having contact with anyone at the schools or the Klang family.

A handful of students attended the hearing.

Hainstock and his attorneys appeared in court through a video feed from jail. He sat with his chin in his hand. When Taggart asked him if he understood he faces life in prison, Hainstock replied calmly and firmly, "I do."

He has been charged with first-degree intentional homicide. Wisconsin does not have the death penalty.

Taggart set a pretrial conference for Hainstock for Oct. 13.

Search warrants show deputies found a note at Hainstock's house from him to his father, along with boxes of ammunition, discipline reports from Weston Schools and a photo of a girl with her eyes poked out. Klang gave Hainstock a disciplinary notice for having tobacco in the school Thursday, the day before the shooting, according to the criminal complaint.

Investigators had been to the Hainstock home before. Court records show Hainstock's 35-year-old father, Shawn Hainstock, was charged in 2001 with felony child abuse.

Shawn Hainstock kicked his son several times in the hip for not giving water to some pets, put hot sauce or hot peppers in the boy's mouth for lying or using foul language, and spanked the child with a wooden paddle marked "the board of education," the complaint in that case said.

The elder Hainstock pleaded no contest to misdemeanor battery in 2002 as part of a deferred prosecution agreement, which allows people facing criminal charges to have them dismissed if they fulfill certain conditions. The charge against Shawn Hainstock was dismissed in 2003.

Court records also say Eric Hainstock had a medical condition that affected his behavior but he was not receiving treatment because the family could no longer afford drugs or counseling.

The pain from Friday's violence was still apparent Monday in Cazenovia, a tiny farming community of 300 people about 70 miles northwest of Madison.

"Forever changed. 9-29-06," read billboards outside of the town's only gas station and its municipal building, referring to the date of Klang's death.

Flags at the school complex were at half-staff. Some students and staff met with counselors, while others walked the halls, talking and holding each other.

About a half dozen Sauk County investigators also were in the school reviewing the shooting, but Superintendent Terry Milfred said things were starting to get back to normal. Volleyball practice went on Monday morning, and Friday's football game was still scheduled, he said.

"The spectrum varies from grief ... all the way to seeing a group that is absolutely normal," he said. "That's especially noticeable with students, who are live and vibrant even though they are grieving."

A funeral Mass for Klang will be celebrated at 11 a.m. Wednesday at the Weston High School gymnasium.

National School Violence Conference Set (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, October 3, 2006

The Bush administration will host a conference next week to discuss the recent string of school violence across the country, the White House said Monday.

Presidential spokeswoman Dana Perino said the conference will bring together education and law enforcement officials to talk about the nature of the problem and federal action that can help communities prevent violence and deal with its aftermath.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and three others Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

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Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Perino said the president plans to use his fundraising spree through Nevada, California, Arizona and Colorado to draw a clear line between Democrats and Republicans, particularly on the war on terror, as the campaign begins its final month.

Bush began Monday evening at an airport hangar in Reno, Nev., where a few hundred people who donated a combined $360,000 gathered to support Secretary of State Dean Heller's congressional campaign. Heller is up against Democrat Jill Derby for the seat being vacated by Rep. Jim Gibbons, who is running for governor.

"I want you all to remember when you go to the polls here in Nevada, what political party supported the president to make sure we have the tools necessary to protect the American people and which political party didn't," Bush said.

Bush criticized some Democrats for voting against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said. "That's not the way it's going to be under my administration."

The donors paid $500 to attend the reception, held on a cement-floored hangar decorated with blue curtains, or $2,100 to also be photographed with the president.

Republicans have held the seat since it was created 25 years ago to represent more than 100,000 square miles — nearly the entire state except for Las Vegas. Republicans hold an edge of more than 47,000 registered, mostly rural voters, but polls make it a close race.

About 100 protesters rallied near the fundraiser, chanting, "Vote for change."

"I think it's an indication of how desperate the Republicans have gotten to try to hang onto a seat that just a year ago was considered a slam dunk for the Republicans," said Pam duPre, executive director of the Washoe County Democratic Party.

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Associated Press Writer Scott Sonner contributed to this report.

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On the Net:

http://www.whitehouse.gov

Three Killed, 8 Hurt In Pennsylvania School Attack (Update8) (BLOOM)

By Todd Zeranski And Chris Dolmetsch

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- Three people were killed and eight were critically wounded by a gunman at a one-room Amish school in rural Lancaster County, Pennsylvania, authorities said.

The gunman, Charles Carl Roberts, 32, a milk truck driver who lived in the area, also killed himself, state police Commander Jeffrey Miller said in a televised press conference. Roberts left a suicide note saying he was seeking revenge for something that happened 20 years ago, Miller said.

``He split them up, males and females," Miller said. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards he used to barricade the classroom after letting some of the people go, said Miller, who added that Roberts had no previous criminal record.

The attack took place at Georgetown Amish School in Bart Township, a farming area with about 3,000 people, 60 miles (97 kilometers) west of Philadelphia. The Amish are a Christian sect that stress separation from the modern world. Many drive horses and buggies rather than cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

`Don't Fight Back'

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The contents of Roberts's suicide note, which was left at home for his wife and three children, weren't immediately disclosed, nor what drove Roberts to seek revenge.

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The killings were the third attack at an American school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing one girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President George W. Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

``The president is deeply saddened by the recent school shootings," deputy White House press secretary Dana Perino told reporters today traveling aboard Air Force One to a political rally for Representative Dean Heller in Reno, Nevada.

Emergency Call

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant adult and three women with infants, Miller said. A teacher who escaped called the police.

None Unharmed

``I don't believe, based on the numbers we had, that there was a female student or teacher's aide that got out of the building alive or not hit by a bullet," Commander Miller said.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, aged 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire.

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive officer of New Holland, Pennsylvania- based Goodwill Mutual Casualty Co., located about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ; Chris Dolmetsch in New York at cdolmetsch@bloomberg.net .

Bush 'Troubled' By School Shooting (AFP-Y)

AFP, October 3, 2006

US President George W. Bush was "deeply saddened and troubled" by a shooting at a Pennsylvania schoolhouse that left at least three girls dead, the White House said.

Bush ordered cabinet officials to find ways for the government to help in the aftermath of recent school shootings, said Dana Perino, a White House spokeswoman.

Bush is "deeply saddened and troubled by the recent school violence," Perino told reporters on a presidential trip to Reno, Nevada.

"It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and gunned down," Perino said.

Attorney General Alberto Gonzales and US Education Secretary Margaret Spellings will convene a conference next week with education and law enforcement groups to discuss school violence, she said.

Gonzales and Spellings met Monday with Bush's domestic policy adviser, Zinsmeister, to discuss the issue, Perino said.

A truck driver burst into an Amish schoolhouse in rural Pennsylvania Monday and killed at least three girls "execution style" after lining them up in a classroom, police said.

It was the third fatal killing in a US school in the past week.

Last week a 16-year-old schoolgirl was killed when a gunman took six hostages at a Colorado school before opening fire and turning the gun on himself as police stormed a classroom.

On Friday, the principal of a Wisconsin high school was killed after being shot by a student.

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‘A Horrendous Crime Scene' (USAT)

By Alan Levin And Laura Parker

USA Today, October 3, 2006

NICKEL MINES, Pa. - A milk-truck driver claiming to have a 20-year-old grudge barricaded himself inside a one-room Amish schoolhouse Monday and shot 12 girls, killing three of them, before he committed suicide in the latest shocking attack at a U.S. school.

At least eight girls were in critical condition at area hospitals, said Col. Jeffrey Miller, commissioner of the Pennsylvania State Police. Most were shot in the head, he said.

“It's a horrendous crime scene,” Miller said. “One of the children died in the arms of one of our troopers.”

The shootings stunned this quiet, insular community in the rolling cornfields and pastures of Amish country, about 60 miles west of Philadelphia. It was the third fatal school shooting in the USA in six days. The attack was similar to one in Bailey, Colo., last week. There, a gunman took several girls hostage at a high school and killed one of them.

In Washington, meanwhile, the White House said President Bush will convene a conference on school violence next week.

The Pennsylvania gunman was identified as Charles Carl Roberts IV, 32, who lived near the school. Miller said Roberts backed a pickup to the front door of the yellow schoolhouse around 10:35 a.m., then began boarding up the doors with lumber that he had brought in the truck. He had a handgun, a rifle and a shotgun, Miller said.

Roberts took over the classroom, but quickly allowed several people to leave, including about 15 boys ages 6-13, Miller said.

He also released four adult women, including the teacher, a pregnant woman, and other women who had infants. He lined the girls up in front of the blackboard, where he bound their feet with “flex-cuffs,” disposable handcuffs, Miller said.

The teacher and adults ran to a nearby farm to call police. The school has no electricity or phone service.

After Pennsylvania State Police officers arrived at the scene, Roberts contacted the Lancaster County sheriff's office and warned the state police to back off “within 10 seconds” or he would start shooting, Miller said.

He began shooting moments later “in rapid succession,” Miller said. The dead girls included two students and a student aide about 15 years old, Miller said.

Roberts left “rambling” suicide notes at his home Monday morning for his three children, Miller said. He was not Amish. Police believe that he chose the school because it was an easy target, Miller said. After seeing the notes, Roberts' wife called her husband's cellphone about 11 a.m., Miller said. Roberts told her he was “seeking revenge” for something that happened 20 years ago, Miller said.

Miller declined to elaborate about what drove Roberts to attack the girls, but he said investigators were looking into the possibility that Roberts had been affected by the death of a child. He would not say whether the child was Roberts' or someone else's.

Roberts also told his wife that “the police were here and that ‘I'm not coming home.' He told her he loved her and that was it,” Miller said.

Roberts apparently planned for a long siege, Miller said. He had brought a change of clothes, a bucket and toilet paper. With the three guns, he brought 600 rounds of ammunition. He shot the students with a 9mm handgun and reloaded, Miller said.

Miller said co-workers described Roberts as friendly and talkative — but said he had become less so recently. In the past few days, a calm came over him, they told police. Miller said he believed that was an indication that Roberts had decided to attack the school.

“He was angry at life. He was angry at God,” Miller said.

Most Amish live in rural communities and are seldom exposed to crime. In nearby Strasburg, the FBI recorded just two violent crimes in 2005: a robbery and an assault.

“They just don't take provisions for or expect outsiders to come walking in,” said Steven Nolt, a historian at Goshen College in Indiana who's written books about the Amish.

Experts: Events Might Weigh Heavily On Kids (USAT)

By Robert Davis, Usa Today

USA Today, October 3, 2006

School safety experts say that the first order of business in classrooms across the nation today should be to take the psychological pulse of children.

The slayings at a Pennsylvania schoolhouse Monday most likely sent shivers of fear through students, teachers and parents everywhere, they say.

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"This has been one of the most gruesome weeks I've ever encountered in 20 years of dealing with school safety," says Ronald Stephens, executive director of the National School Safety Center, which helps schools prepare for and respond to crisis. "It's hit an entirely new low. Parents are going to be wondering if their children are safe returning to school."

He and others hope that counselors are available today in the nation's schools. "Students are going to have a number of feelings they need to express," Stephens says. "It's going to be very difficult for a whole lot of learning to take place until some of these emotional issues have been given some attention."

Experts such as Stephens say children can be upset even if they're not directly involved with a tragedy. They say disturbing events can stir up the memory of trauma from a child's past. Signs of emotional distress include lethargy or withdrawal and changes in personality, appetite or sleep.

Security has become more visible since the shootings at Colorado's Columbine High School in 1999. About 15,000 schools now have their own police officer, says William Lassiter of the Center for Prevention of School Violence. But schools remain easy targets.

"You have this unease about who can we trust and who is safe," says George Greger-Holt, a school counselor who focuses on safety in Chatham County, N.C.

Three School Shootings (NYT)

The New York Times, October 3, 2006

No one will rise up to defend a man who walks into an Amish school, lines young girls up against a blackboard, ties up their feet, and then kills them before killing himself. But a surprising number of people will inevitably rise up to defend his guns, to call the man guilty but his weapons innocent.

When Charles Roberts snapped, the tools lay ready to hand. It is not clear what led him to seek out a quiet country school in Lancaster County, Pa., but it is possible he chose it because he knew that it belonged to a trusting, insular community, where there would be no one to stop him from entering with a shotgun, a rifle and an automatic pistol.

This is the third school shooting in a week. What will stick in almost everyone's minds is the gross disparity between Mr. Roberts's murderous intentions and the bucolic peacefulness of an Amish school in early October. But this killing is no different from the ones that took place in Wisconsin and Colorado recently.

The weapons were the same, and so was the conflict between the hideous assault of a damaged mind and the atmosphere of openness and trust that makes education possible. There are no simple solutions to this conflict. It is neither possible nor tolerable to secure every school or guard every child. Nor is it possible or politically tolerable to keep tabs on every gun. But in these killings we see an open society threatened by the ubiquity of its weapons, in which one kind of freedom is allowed to trump all others. Most gun owners are respectable, law-abiding citizens. But that is no reason to acquit the guns.

Common Tragedy And Culprits (WP)

The Washington Post, October 3, 2006

A SCHOOL shooting is, by definition, obscene, yet there is a special horror to the tragedy in Nickel Mines, Pa. Perhaps it is because the setting, a picturesque community in Lancaster County, was so peaceful. Or that the target was a one-room Amish school amid fields of green. Or that the victims were young girls. Yes, there are unique features that make yesterday's attack a singular tragedy. There is, however, one aspect that makes it shamefully commonplace -- guns.

The 32-year-old man who walked into the Georgetown Amish School in a rural area about 60 miles west of Philadelphia had, authorities said, armed himself with a shotgun, a rifle and a semiautomatic handgun. After releasing all the boys and some women, the gunman barricaded the doors with boards and, having bound the feet of his victims, shot to death three girls before killing himself. Eight others were critically wounded; one of the wounded later died. "This is the last place on Earth that something like this would happen," Raymond Bial, author of books on the Amish, told Bloomberg News, as if being pacifist guarantees protection from the world.

Yesterday marked the third time in less than a week that a school was the site of a fatal shooting. In Colorado, on Sept. 27, a man armed with two handguns sexually assaulted some of the six girls he held hostage before killing one of them and himself. In Wisconsin, just two days later, a 15-year-old student fatally shot a principal. Like yesterday's shootings, each incident was tragic and certainly each had unique circumstances, but all -- including near-tragedies in Florida, North Carolina and Nevada that barely made headlines -- shared the fact of the far-too-easy availability of guns.

At this early stage, it is not known what drove Charles Carl Roberts IV to yesterday's rampage or whether it could have been prevented. Indeed, there are those who will argue that nothing -- least of all laws controlling guns -- can stop a madman. That doesn't mean, though, that we shouldn't try. Sadly, rather than making it harder for the wrong people to get guns, some in

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Congress are seeking to make it easier. Witness the recent vote by the House of Representatives to make it more difficult for authorities to crack down on bad gun shops. Thankfully, the Senate didn't have time to take up that measure.

Our sympathies go to the people of Nickel Mines. We hope that the singular calamity that befell this community will wake up the nation to do something about the madness it can control.

Online Gambling Set For Takeover Wave (FT)

By Roger Blitz, Leisure Industries Correspondent

Financial Times, October 3, 2006

Internet gambling companies face a wave of consolidation in the wake of the US clampdown on online gaming, which could see American casinos and gambling businesses swooping for bargains in the sector, the heads of two of the biggest online gambling sites said on Monday.

Mitch Garber, chief executive of PartyGaming, and Gigi Levy, who takes over as chief of 888 Holdings this year, made their predictions as the sector felt the impact of the bill passed in the Senate on Friday making it illegal for banks and credit card companies to process online gaming payments from the US.

Investors wiped $7bn (£3.7bn) off the market value of what at the start of trading was an industry worth $12bn, as heavyweight internet gambling companies said they would suspend indefinitely their US operations.

PartyGaming, the biggest company in the sector, lost 57.94 per cent after announcing it would suspend all money gaming business with the US indefinitely when President George W. Bush signs the bill into law.

Across the sector, internet gambling stocks went into freefall. Sportingbet lost 64 per cent of its value, falling to 66p.

888 Holdings, which has also indefinitely suspended US operations and expects to take a charge, dropped 26 per cent.

Mr Garber told the Financial Times that he expected the pace of consolidation to quicken, with MGM and Harrah's, which built their gaming empires around the fully regulated Las Vegas casino industry, likely to step in. However, Harrah's had other matters on its mind yesterday with news that it had received a $15bn takeover offer from private equity companies Apollo Management and Texas Pacific.

Now that listed internet gambling companies are expected to quit the US en masse, the remains of their businesses will be free from the spectre of illegality that in the past might have put off investors and prospective buyers.

Mr Garber said: "I wouldn't be surprised if they [MGM and Harrah's] didn't have an interest in winning non US-facing companies as a means of tipping their toes in the internet world."

Mr Garber said he expected PartyGaming to be involved in buying up companies likely to suffer heavily from the impact of the new US legislation. "We are very focused on mergers and acquisitions. I see our liquidity as being very attractive to smaller players who may not be able to survive on their own."

A banking adviser in the sector said: "This is going to create a round of consolidation but what format and nature and how broad is a different matter."

Mr Levy said consolidation would happen first between online operators in order to restore the high margins lost by the US debacle followed by takeovers by big onshore operators coming from both the US and the UK.

U.K. Online Gambling Sites Mull Exiting U.S. Market (WSJ/AP)

Associated Press

The Wall Street Journal, October 3, 2006

LONDON -- Several British online gambling companies may cease doing business in the U.S. as a result of Congress passing legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming PLC, the world's biggest online gambling company, said it would pull out of the U.S. if President Bush signs the legislation into law. Meanwhile, 888 Holdings PLC said it's suspending online betting operations in the U.S. and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday. It is expected to be signed by President George W. Bush

Shares of all three companies tumbled in trading on the London Stock Exchange Monday.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars, and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank commented that it was difficult to assess the value of online betting companies with heavy exposure in the U.S. because the allocation of costs is unclear.

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Sportingbet, which does more than 60% of its business in the U.S., said the impact of the legislation was unclear. However, the company called off talks about a potential bid for World Gaming.

"The precise effect of the legislation is unclear," 888 Holdings said in a statement. "However, this legislation indicates Congressional intent to treat Internet gaming, whether sports-related or not, as illegal."

The legislation, if enacted, "will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," PartyGaming said. "If the president signs the act into law, the company will suspend all real money gaming business with U.S. residents."

Austrian-based Bwin.com Interactive Entertainment AG, which gets 22% of its revenue from the U.S., said it was reviewing its options. "It's a difficult situation right now, and we need to have our lawyers take a close look, review the situation and what it could mean to us," Bwin spokeswoman Karin Klein said in Vienna.

William Hill PLC, one of Britain's biggest bookmakers, announced on Sept. 27 that it would cease accepting casino and poker business from clients with a U.S. address or a credit card issued in the U.S.

Paddy Power, the Irish bookmaker, gets about half its revenue from online betting but "we have made every effort to block U.S. play," said spokesman Breon Corcoran. "We would be excited about bringing an Irish brand to the States, but given the climate there, it's unlikely to happen," Mr. Corcoran said.

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Online Gaming Shares Plummet In Bill's Wake (WP/AP)

By Robert Barr

The Washington Post, October 3, 2006

LONDON, Oct. 2 -- Shares in British online gambling companies dived Monday after Congress passed legislation prohibiting the use of credit cards, checks and electronic fund transfers for online gaming.

PartyGaming, the world's biggest online gambling company, said it would pull out of the United States if President Bush signs the legislation into law.

The company 888 Holdings PLC said it is suspending online betting operations in the United States as a result, and Sportingbet PLC said it called off takeover talks with World Gaming PLC.

The legislation was part of a port securities bill passed by the House and Senate on Saturday.

Shares in PartyGaming plunged 58 percent yesterday to end at 84 cents, shares in 888 sank 26.1 percent to finish at $2.03, while Sportingbet shares dropped 64.5 percent to close at $1.24.

The companies hit hardest by the ruling are those that offer betting markets denominated in U.S. dollars and usually operate from bases in the Caribbean or Central America. Most of the big British and Irish sites, by contrast, keep their operations in Europe and take deposits only off credit cards denominated in pounds and euros.

Investec Private Bank said it was difficult to assess the value of online betting companies with heavy U.S. exposure because the allocation of costs is unclear.

Sportingbet, which does more than 60 percent of its business in the United States, said the impact of the legislation was unclear. However, the company called off talks about a potential bid for World Gaming.

"The precise effect of the legislation is unclear," 888 Holdings said in a statement. "However, this legislation indicates congressional intent to treat Internet gaming, whether sports-related or not, as illegal."

The legislation, if enacted, "will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," PartyGaming said. "If the president signs the act into law, the company will suspend all real money gaming business with U.S. residents."

William Hill PLC, one of Britain's biggest bookmakers, announced on Sept. 27 that it would cease accepting casino and poker business from clients with a U.S. address or a credit card issued in the United States.

Bad Luck For Online Gaming (LAT)

By Michael A. Hiltzik

The Los Angeles Times, October 3, 2006

Online gambling companies were grappling with a new crisis Monday after the Senate quietly passed a bill forbidding American banks and credit card companies from processing payments to them.

Shares of publicly traded Internet gaming operators plummeted on the London Stock Exchange after the measure was attached as a rider to a bill designed to enhance U.S. port security and passed late Friday.

The House passed a similar bill this year, and the legislation is expected to be signed by President Bush. It prohibits banks and credit card companies from making payments to online gaming websites that appear on a list to be drafted within nine months by the Justice Department and the Federal Reserve.

Online websites also would be prohibited from accepting U.S. payments, but because most are based overseas, the ability of U.S. authorities to prosecute them is uncertain.

Also unclear is what sort of gambling falls under the prohibition. Although Internet sports betting is plainly outlawed by the federal Wire Act, there is some doubt whether online poker or other games fall under the same prohibition.

"That's a major weakness" of the new measure, said I. Nelson Rose, an expert in gambling law at Whittier Law School.

"It left out expanding the reach of the Wire Act, so poker sites can say, 'We're not covered by that.' "

The gambling provision's late-night passage took many in the gaming world by surprise. Many thought the Senate bill was dead in the current session, meaning that both houses of Congress would have to start from scratch next year.

U.S. casinos were neutral on the bill. Although they don't like the offshore competition, domestic gambling companies might someday want to open their own online casinos.

Online gaming companies headquartered in Britain were among those taking the biggest hit from the measure. Although most have been trying in recent months to wean themselves from the U.S. market as the threat of congressional regulation has risen, American customers still account for the greatest share of their business.

"This development is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, chief executive of PartyGaming Ltd., the operator of the PartyPoker website, in a statement.

Shares of PartyGaming, based in Gibraltar, lost 58% in Monday's trading in London.

Shares of Neteller, a British payment processing company based on the Isle of Man, fell more than 60%. Such companies have sprung up in recent years after American payment processors, such as the PayPal subsidiary of EBay Inc., voluntarily ceased accepting payments to online gambling sites.

In a statement issued after the Senate vote, Neteller said, "It is currently unclear how Neteller, a European company, with no assets, presence or employees in the U.S., would be affected by this bill." The company said it would have a "clearer view" after U.S. authorities issued the regulations.

U.S. banks and credit card companies have generally ceased transferring funds for internet gambling over concerns that they could be charged with aiding and abetting illegal activities. But they have opposed legislation that makes them criminally liable for such transfers, arguing that in many cases they don't have the ability to determine whether a recipient is a gambling website.

Representatives of industry groups said Monday that they were satisfied that the new bill took that difficulty into account.

"We wanted to be sure that there was some protection if we act in good faith," said Floyd Stoner, executive director for congressional relations at the American Bankers Assn.

The Senate's action followed a string of other legal attacks in the U.S. on the online gaming industry. In July, David Carruthers, CEO of London-listed firm BetOnSports, was arrested while making an international air connection in Dallas. Charges against him include racketeering and mail fraud.

Last month Peter Dicks, then chairman of Sportingbet, a British online company, was arrested at New York's Kennedy Airport on a warrant alleging that he violated a Louisiana law barring online gambling. Dicks was released and returned to Britain on Friday.

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New Legislation May Pull The Plug On Online Gambling (USAT)

By Michael Mccarthy And Jon Swartz, Usa Today

USA Today, October 3, 2006

The $12 billion online gambling industry could turn into a house of cards now that the Congress has passed a law banning the use of credit cards, checks and electronic fund transfers for Internet gaming, industry experts warn.

President Bush is expected to sign the Unlawful Internet Gambling Enforcement Act, which makes it illegal for banks, credit card companies and online payment systems to process payment to online gambling companies.

Senate Republican leader Bill Frist of Tennessee tacked the bill on to the popular Safe Port Act bill on Saturday, before Congress went into recess for November's elections.

The surprise passage of the law threw the online gambling industry into a tailspin Monday. Shares of publicly traded companies PartyGaming, Sportingbet and 888 Holdings tumbled in heavy trading on the London Stock Exchange, wiping out nearly $8 billion in market value. PartyGaming, the world's largest online-gambling company, said it will stop taking bets from

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920,000 active U.S. customers as soon as Bush signs the proposed law. Sportingbet said it is calling off its bid for World Gaming.

Shares in the publicly traded PartyGaming plunged 60% to 81 cents on the British market and 888 Holdings said it is suspending online betting operations in the USA. Its shares tanked 48% to $1.42 on the British market.

Sportingbet, which gleans more than half its business in the USA, said the bill's impact is unclear. Sportingbet shares slumped 67% to $1.12 on the British market.

"This develop is a significant setback for our company, our shareholders, our players and our industry," said Mitch Garber, PartyGaming's CEO.

The federal government has been cracking down on Internet betting on sports, poker and other casino games that it considers illegal under the 1961 Wire Act. Considering that American bettors generate 50%-60% of industrywide revenue, many operators will be forced to either cash in their chips and go out of business or sell or merge with another provider, experts say.

Roughly half the estimated 500 companies operating 2,300 gambling websites across the Caribbean, Central America and Europe could be wiped out, predicts Sue Schneider, publisher of Interactive Gaming News. The survivors will have to make do on sharply reduced revenue, while seeking ways around the U.S. ban and building up their business in Asia.

After the bill is signed, U.S. Attorney General Alberto Gonzales will have 270 days to determine how the law will be enforced.

Most credit card companies already ban customers from paying gaming sites as the result of a settlement between New York Attorney General Eliot Spitzer and several major credit card issuers a few years ago.

PartyGaming generated 80% of its $1 billion in 2005 revenue from the U.S. market. During the first half of 2006, American bettors accounted for 78% of $662 million in revenue, says John Shepherd, a spokesman for the Gibraltar-based company.

"If you lop off 80% of somebody's revenues, it's going to hurt," Schneider says. "A lot of them have been trying to build up their non-U.S. business."

Unfortunately for players, the companies eliminated in the shakeout are more likely to be publicly traded operators that answer to regulators in Britain than privately held firms more likely disappear into the ether of the Web, warns Linda Goldstein, a partner with Manatt, Phelps & Phillips.

"The upshot is the legislation will drive away larger, more reputable gaming operators, leaving consumers with less reliable options," says Ken Dreifach, an Internet lawyer who once worked for Spitzer. That could expose consumers to more fraudulent operators, he says.

A stock listing is no guarantee, however. Many U.S.-based customers of BetOnSports have been waiting to cash out the money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud.

"We're telling folks 30-90 days," says BetOnSports spokesman Kevin Smith, who declined to comment on how many players are owed how much money.

Michael Bolcerek, president of the Poker Players Alliance, says he'll seek congressional support for a legislative exception for online poker, similar to the carve-outs for fantasy sports, horse racing and state lotteries in the proposed law. Bolcerek argues poker is a uniquely American sport, enjoyed by 23 million Americans.

"We believe poker is a skill game that should be separated from other forms of gambling," he says.

Attorney General Creates Domestic Violence Unit (AP)

AP, October 3, 2006

JACKSON, Miss. - A new domestic violence unit is being established by the Mississippi attorney general's office and funded by a $1.5 million grant.

The unit will act as a resource for law enforcement, prosecutors, judges and all other individuals or entities having legal duties related to domestic violence victims or providing services to victims.

"What this division does is bring a cohesiveness to the state's efforts to fight domestic violence," said Attorney General Jim Hood. "Our state ranks second highest in the nation for domestic violence. That dubious distinction alone is enough to say we have to improve our efforts and that's what we are dedicated to doing."

Hood's office said the unit will partner with the Administrative Office of Courts, the Judicial College, the Mississippi Department of Public Safety Planning and the Mississippi Coalition Against Domestic Violence.

"When a group of dedicated individuals and organizations make a commitment to act as one, the possibilities to create positive change are endless," Michele Carroll, executive director of the Mississippi Coalition Against Domestic Violence, said in a statement. "With the award of this grant and the development of this program we have a truly unique opportunity to work collaboratively to end the violence."

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The two-year grant was awarded by the U.S. Justice Department's Office on Violence Against Women.

Philadelphia Police Dispatchers Charged With Selling Information (AP)

AP, October 3, 2006

PHILADELPHIA (AP) — Two police department radio dispatchers are facing federal extortion charges after investigators said they provided names and addresses connected to auto license tags to someone they thought was going to rob the homes.

Patricia Bradley, 35, and Tamara Mitchell, 38, both civilian dispatchers employed by the Philadelphia Police Department, have been charged with extortion and aiding and abetting, U.S. Attorney Patrick Meehan said Monday.

The women ran license tags on the police department's computer system and gave the names and addresses connected to those tags to a man they believed was going to rob the residences, according to investigators with the FBI and the city police department's internal affairs division.

Investigators said Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers. Authorities said they made deals to share in the proceeds of the planned robberies with the man — identified in court documents only as "I.B." — to whom they provided the privileged information.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," Meehan said.

Bradley worked as a dispatcher from March 2003 until she was fired in February. Mitchell, who has worked as a dispatcher from 2001 until the present, also will be fired, Meehan said.

A police department spokeswoman said she was not aware of the case and had no immediate comment.

If convicted, Bradley faces a maximum sentence of 80 years in prison and a $1 million fine; Mitchell faces a maximum of 40 years in prison and a $500,000 fine, authorities said.

Neither of the women had listed phone numbers and it was not immediately clear whether they had attorneys.

Court documents did not state whether any of the planned robberies occurred. U.S. Attorney's spokesman Rich Manieri said he could not immediately elaborate on details of the case not included in the documents released Monday.

2 Police Dispatchers Charged In Scheme (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 3, 2006

Federal prosecutors yesterday charged two Philadelphia police dispatchers with extortion for allegedly selling information from the Police Department's computer system.

The two civilian dispatchers, Patricia Bradley and Tamara Mitchell, were charged with extortion by way of criminal information, a process that indicates they intend to plead guilty.

The two women used license tags listed in the Police Department's computer system to get names and addresses that they then sold to a man who said he intended to commit robberies at the addresses, according to the charges.

The alleged extortion occurred from August 2003 until May 2006.

The two dispatchers believed that the names and addresses they sold were those of drug dealers, according to the charges.

Unfortunately for Bradley, 35, and Mitchell, 38, the man to whom they peddled the names and addresses turned out to be a government informant, identified only as "I.B." in the court filing.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," said U.S. Attorney Patrick Meehan.

The feds said the informant had given money to the defendants in exchange for names and addresses related to the tags.

The amount of money handed over by the informant typically ranged from $50 to $100 per name and address, said a person familiar with the investigation.

A police spokesman said yesterday that Bradley no longer works for the department and that proceedings to dismiss Mitchell should begin shortly.

The FBI and the Police Department's Internal Affairs Division investigated the case.

2 Police Radio Dispatchers Face Jail Time (PHI)

By Stephanie L. Arnold

The Philadelphia Inquirer, October 3, 2006

DOJ_NMG_0074194

Two Philadelphia police radio dispatchers face a combined 120 years in federal prison and more than $1 million in fines if convicted on charges of using police computer equipment to obtain and distribute personal information about cars and homes to a man they believed was robbing the victims.

"These defendants deliberately undermined the work of the very officers they were supposed to be supporting," U.S. Attorney Patrick Meehan said in a statement yesterday.

Charged were Patricia Bradley, 35, of the 1300 block of Lippincott Street, and Tamara Mitchell, 38, of the 600 block of Chew Street. They are accused of running license tags and giving the names and addresses associated with those tags to a man who used the information to commit crimes at those addresses.

According to court documents, Bradley and Mitchell believed that the vehicles, two registered in Pennsylvania and two in New Jersey, belonged to drug dealers.

They thought they were setting up the dealers to be robbed.

Bradley worked as a dispatcher for the Police Department from March 2003 until she was fired in February 2006. Mitchell, who still works for the department, has worked as a dispatcher since 2001. The U.S. Attorney's Office said Mitchell would be fired upon the filing of the charges.

The department hires civilian dispatchers whose responsibilities include providing information and support to police officers via police radio. A computer database is used to obtain identifying information about civilians and vehicles as requested by police officers. This database, authorities said, is prohibited from being used for personal purposes.

Newark: Bank Robber Sentenced (NYT)

By The New York Times

The New York Times, October 3, 2006

A man who once served as an F.B.I. informant was sentenced in Federal District Court yesterday to 90 years in prison for a series of bank robberies, prosecutors said. The man, Michael Giubilo, 61, of Belleville, was convicted on Feb. 10 of robbing banks in West Caldwell and Millburn in 2003 and 2004, said Christopher J. Christie, the United States attorney for New Jersey. Mr. Giubilo was arrested by federal agents as he was about to enter the Bank of New York in Millburn, Mr. Christie said. At trial, he said, Mr. Giubilo claimed that he had been set up by the F.B.I. In 1997, a federal judge ordered that Mr. Giubilo stop working as an informant because of his continued criminal activity, including weapons possession and eluding the police, Mr. Christie said.

Jemal Defense Team Questions Deal For Prosecution's Witness (WP)

By Carol D. Leonnig

The Washington Post, October 3, 2006

No witness is more crucial or more awaited in the bribery trial of downtown developer Douglas Jemal than the D.C. government refugee expected to testify today: Jemal's former drinking buddy and disgraced former city official Michael A. Lorusso.

Since the days in 2001 and 2002 when he and Jemal were standing shoulder-to-shoulder chomping on cigars at the Capitol Grille, much has changed for Lorusso. He's no longer flying high as a flashy D.C. government dealmaker; instead, he was forced out of his job and began cooperating with federal prosecutors. Lorusso, 40, pleaded guilty in 2004 to taking cash bribes and gifts from Jemal and his development company's officers in exchange for crafting sweetheart deals that would give Jemal's company millions of city taxpayer dollars it didn't earn.

But in newly filed court papers, Jemal's defense attorneys say jurors should not believe Lorusso and that the former deputy director of the D.C. Office of Property Management got a sweet deal himself by tantalizing prosecutors with tales of bribes from a big local fish. Jemal has maintained that anything he gave Lorusso was a gift to a friend, without any strings attached -- just as when the developer picks up the Friday night tab for his pals at the Capitol Grille.

Jemal's attorneys argue that prosecutors appear willing to overlook Lorusso's other shady dealings in District government and in his hometown of Boston so they can go after the more famous Jemal, his son and another company officer. That includes evidence that Lorusso helped bilk city taxpayers of millions of dollars through phony invoices for work renovating One Judiciary Square, a municipal building, soon after joining city government in November 2000 -- a project involving another company, they wrote. Also, they said, in 1998 and 1999, Lorusso persuaded people to invest hundreds of thousands of dollars in two illegal Ponzi schemes in Massachusetts that led to the indictment of one associate.

"In return for his stories about cash (bribes), Lorusso received full absolution," Jemal's defense attorneys wrote. "In return for testifying against his prominent former friends, Lorusso has capped (his future prison sentence)."

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As part of his deal, Lorusso pleaded guilty to two counts of accepting bribes. He now faces a maximum of 57 to 71 months in prison but would likely get less due to his cooperation when he is sentenced after Jemal's trial.

Yesterday, Thomas Mason, Lorusso's attorney, declined to comment on his client's deal. Also yesterday, U.S. District Judge Ricardo M. Urbina denied a defense request that the government be forced to turn over more material to them about how they reached this deal.

The fate of Jemal, his son Norman Jemal and leasing agent Blake Esherick hangs to a great degree on whether jurors believe Lorusso's explanation of why he crafted city leasing and purchase deals that were so favorable to Jemal's Douglas Development Corp. and so lousy for city taxpayers.

Lorusso is expected to testify that he took cash, trips and gifts, including a Rolex watch and pricey cowboy boots, in exchange for personally arranging exorbitantly priced leases and fraudulent invoices. Jemal denies wrongdoing.

In 2001, Lorusso proposed that the city pay Jemal $12.5 million for a Prince George's County parcel the city could use as a new vehicle-impoundment lot, records show. Lorusso presented his bosses with an appraisal saying that amount was a fair market price, but he didn't mention that he had given the appraiser inaccurate information about the site that drastically inflated the appraisal. What raised eyebrows on the D.C. City Council was that Jemal had paid $1.5 million for the land just four years earlier; the $12.5 million deal did not go through.

All told, Lorusso negotiated deals that helped Jemal and his company generate $14 million a year in income on city leases.

Yesterday, the government responded to the defense's contentions about Lorusso's credibility and favorable plea deal with the written equivalent of a smirk. Prosecutors wrote in court papers that the Jemal defense team's arguments "deserve little in the way of comment" except to note one irony.

"(T)he defendants maintain that Mr. Lorusso had corrupt relationships with nearly every person and entity with which he was involved -- with the sole exception of the defendants," prosecutors wrote.

Jemal and Lorusso may have never uttered the word "bribe," prosecutors wrote, but Lorusso will tell jurors that he "understood and believed that the defendants were in essence taking care of him in exchange for his taking care of the defendants."

D.C. Council member Jim Graham (D-Ward 1) led a council investigation into Lorusso's deals with Jemal and other city contractors, turning up revelations that helped federal investigators. Yesterday, Graham said Lorusso was surely pressured to cooperate because of the evidence against him, but that doesn't mean he's lying.

"I mean, is Lorusso a choir boy? Forget it," Graham said in an interview. "But we found a lot of shenanigans going on. And of course now he's going to do everything he can to cooperate and reduce his exposure."

Miss. Resident Sentenced For Making False Claims To FEMA (AP)

AP, October 3, 2006

JACKSON, Miss. - A Vicksburg man convicted of making false claims to the Federal Emergency Management Agency for Hurricane Katrina relief funds has been sentenced to two years in prison.

U.S. Attorney Dunn Lampton announced in a news release on Monday that Bryan Michael Beets also will be under three years' probation after he serves his sentence.

U.S. District Judge David C. Bramlette ordered Beets to pay $3,854 in restitution, which is payable to FEMA and the American Red Cross.

Beets was accused of falsely claiming to live in a Long Beach dwelling that was damaged by Katrina, when he actually was living and working in Vicksburg. Beets was convicted in federal court in June.

"The prosecution and sentence today show the continuing commitment of the Katrina Fraud Task Force to uphold the U.S. Attorney General's mandate of zero tolerance of Katrina fraud," Lampton said in the release.

BR Woman Gets Prison In Disaster Fraud (AP)

AP, October 3, 2006

A 27-year-old Baton Rouge woman was sentenced to 18 months in prison on Monday for making a false claim to get disaster aid after Hurricane Katrina, a U.S. attorney said.

Tarsha Johnson pleaded guilty May 8 to making a false claim. U.S. District Judge Frank J. Polozola sentenced her to prison with three years of supervised release, said U.S. Attorney David Dugas.

Polozola also ordered her to perform 50 hours of community service and to pay $2,000 in restitution.

FBI Joins Expressway Inquiries (SPT)

By Michael Van Sickler, Times Staff Writer

St. Petersburg Times, October 3, 2006

The state Auditor General's Office started an audit. Now a member of the authority confirms FBI and U.S. DOT inquiries.

TAMPA — The FBI and the U.S. Department of Transportation are conducting a criminal investigation into the Tampa-Hillsborough Expressway Authority, an agency board member confirmed Monday.

Hillsborough County Commissioner Tom Scott, who sits on the seven-member board, said he spoke with investigators from the two federal agencies last week for more than 90 minutes.

"I was invited to meet with them and they are looking at the (Expressway Authority)," Scott said. "But I can't disclose the content of their questions in order not to hinder their investigation."

Neither the FBI nor the DOT's Office of Inspector General would confirm the investigation.

The inspector general's office frequently conducts criminal investigations with the FBI in cases of alleged waste, fraud or abuse in transportation agencies and projects, said spokesman David Burnes.

State lawmakers created the Expressway Authority in 1964 to build toll roads in Hillsborough.

A once obscure agency, the Expressway Authority came under greater scrutiny in 2004 when its key project, the elevated lanes of the Lee Roy Selmon Crosstown, encountered serious construction problems.

The criminal inquiry is the third investigation into the agency since late August, when details emerged about possible conflicts of interest, violations of ethics and public record laws, and questionable billings by lobbyists.

An investigation in early September by Gov. Jeb Bush's general counsel found no laws were broken, but it concluded that enough questions were raised to warrant a state audit of what the agency pays in legal and lobbying fees.

The state Auditor General's Office began an audit last week that will review Expressway Authority finances.

Rhea Law, the agency's interim legal counsel, said those investigators have requested billing records dating as far back as 2001.

Law would not say whether the FBI and the U.S. DOT are conducting a third inquiry.

Later, after Scott confirmed he had spoken with FBI and DOT officials, followup questions to Law were referred to Expressway Authority spokesman Mathias Bergendahl. He e-mailed a response from Law late Monday that did not acknowledge the investigation.

"(We) do not want to create any speculation about the Expressway Authority or the results of any review," Law wrote.

"As results are forthcoming, they will be shared with … the public."

This isn't the first time federal officials have looked into the Expressway Authority.

In June 2004, Santos Ramirez, a special agent with the DOT's Inspector General's Office, asked the Expressway Authority for information about a possible conflict of interest involving Bob Clark, a board member who owns Tampa Steel Erecting Co.

At issue was whether Clark could vote on materials to be used in projects that could benefit his company.

Steven Anderson, the Expressway Authority's legal counsel at the time, wrote an opinion urging Clark to abstain from votes that determine which materials will be used in road projects.

In an interview Monday, Anderson said Ramirez called him in 2004 and asked for the opinion about Clark. He said Ramirez asked other questions about Clark but Anderson would not disclose what they were.

The U.S. Department of Transportation wouldn't confirm that Ramirez is working this case. A call to his downtown Tampa office was not returned.

It was another opinion that Anderson wrote about a possible conflict involving Clark that ignited the current round of investigations.

The governor appointed Clark to the board in 2003. At the time, the Expressway Authority was completing a purchase of $366,000 from Clark's steel company.

Anderson flagged that purchase as questionable. More than three years later, on Aug. 28, Clark and four other board members, all appointed by Bush or one of his employees, voted to fire Anderson without a public discussion.

Board members Gwen Miller and Scott voted to retain Anderson.

When the law firm of Gray Robinson, which has strong ties to Bush, won the contract replacing Anderson, Scott claimed it was political payback.

A possible criminal inquiry could look into allegations that Expressway officials unlawfully steered the legal services contract to Gray Robinson.

It also might look into the billing practices of lobbyist John Beck, who met with Gray Robinson attorneys before the vote.

Beck's partner, Cynthia Henderson, a former top official in Bush's administration, double-billed the Expressway Authority last year for about $1,000.

On Monday, Beck's firm reimbursed the agency another $5,731 after it acknowledged it had overbilled again this year.

Other board members said they had not heard about the FBI investigation.

"I haven't heard anything. Let me know when you hear something," Clark said.

"I don't have any comment on an FBI investigation," said former state Sen. James Hargrett, D-Tampa. "I have not been contacted."

Miller, who said revelations about Beck's double billings should result in his termination from the authority, said she didn't know about the FBI inquiry, either.

"Nobody has called me or anything," she said. "I wasn't aware the FBI was involved until today when you told me."

Times staff writers Rebecca Catalanello and Janet Zink and researcher John Martin contributed to this report. Michael Van Sickler can be reached at mvansickler@sptimes.com or (813) 226-3402.

Rell, Blumenthal Announce Reviews Of Troubled Highway Project (AP)

AP, October 3, 2006

WATERBURY, Conn. -- Gov. M. Jodi Rell ordered an independent audit Monday into contracts, work performance and the Department of Transportation in connection with construction defects plaguing a $52 million improvement project of Interstate 84.

Also Monday, state Attorney General Richard Blumenthal said his office is investigating the project, which involves a 31/2-mile stretch of the highway between Waterbury and Cheshire.

The governor and attorney general's announcements came a day after The Hartford Courant reported that federal investigators are looking into why hundreds of storm drains are defective in the project.

Fixing the problems could cost the state millions of dollars and require newly paved parts of the highway to be torn up, the newspaper reported, citing state documents and people familiar with the project.

"Connecticut citizens deserve every assurance that their tax dollars are being spent and invested wisely," Rell said in a prepared statement. "They also deserve to know that multimillion dollar road projects are being performed in a complete and competent fashion."

Rell is asking an independent auditing firm to review all contracts awarded to L.G. DeFelice Inc. of North Haven, a now-defunct company that had the $52 million contract to rebuild the highway, and to New Britain-based Maguire Group Inc., which had a $6 million contract to inspect work on the project.

DeFelice, which went out of business last year and reformed as Hallberg Contracting Corp., was fired for failure to perform, the governor said. Maguire Group was fired by the DOT, at Rell's direction, last month.

The auditing firm will also review the DOT's internal oversight processes, Rell said.

Blumenthal said his investigation began several months ago "as a result of apparent failures in quality and timeliness of work done by various contractors. It is an active and intensive inquiry that will support claims for monetary recovery and other remedies as appropriate," he said in a written statement.

Authorities with the FBI and other federal agencies are investigating the problems, which could also add months to a project that was supposed to be completed a year ago.

Many of the drains lead nowhere, some are clogged with debris and others were apparently connected with substandard, cracked and leaking pipes, the newspaper reported.

In a memo written two weeks ago, a top DOT engineer blamed the defective drains on a "complete breakdown" in the inspection process.

"The numerous types of deficiencies, the particular as well as the general defects and omissions in the work, were and are stunning," Arthur W. Gruhn, chief engineer at the DOT's bureau of engineering and highway operations, wrote in the memo.

Gruhn said last week that it remains a mystery why the work is shoddy and why the inspection process failed.

"We may never know what was in somebody's mind as they were doing this," Gruhn said. "It just is so far beyond the norm that appropriate action had to be taken."

The drains, also known as catch basins, and related underground piping are designed to remove water from the roadway. Gruhn said improper drainage can create a hazard for motorists and damage roads through erosion and other forces.

The highway project includes about 300 catch basins. Inspectors have taken another look at about 280 of them, and all but 10 need additional work, Gruhn said. As many as 100 of the drains will require major reconstruction, Gruhn said, including some that are below new pavement.

Gruhn said there was no estimate yet on how much it will cost to fix the problems, but he said it could cost more than the liability insurance coverage provided by the contractors.

No one has stepped forward to accept responsibility for the problems. Nothing has been found to suggest DOT workers were partly to blame, Gruhn said.

A former vice president at DeFelice who ran the now-defunct company's cost department said he was not aware of the drainage problems.

"As far as I know, the work was installed correctly and it was inspected," said Stephen Hallberg.

The Maguire Group is not conceding it was responsible, but a lawyer for the company said it intends to help the state correct any problems.

"Obviously we are in the process of reviewing the findings of the Department of Transportation," attorney Richard R. Brown said. "We absolutely want to cooperate in terms of correcting the situation at no expense to the state of Connecticut."

The DOT has clashed with The Maguire Group in the past. In 1992, then-DOT Commissioner Emil H. Frankel cited Maguire's "serious disregard for standards of professional ethics" in suspending the company for two years from doing work for the Transportation Department.

'Inappropriate' Expenditures Found At Getty (LAT)

By Jason Felch And Ralph Frammolino

The Los Angeles Times, October 3, 2006

A yearlong investigation by the California attorney general's office has concluded that the J. Paul Getty Trust's former chief executive Barry Munitz and the organization's board of trustees made several "inappropriate" expenditures, but will not be the subject of legal action because the money has been returned.

The misuse of the Getty's tax-exempt money included excessive travel expenses by Munitz and his wife, Munitz's extensive use of his staff for personal errands, his payment of consulting fees to a former Getty intern, and gifts of artwork to retiring trustees, according to the report released today by the attorney general's office.

For the first time in its history, Atty. Gen. Bill Lockyer has appointed an independent monitor, former state Atty. Gen. John K. Van de Kamp, to ensure the Getty carries through with its promised reforms over the next two years.

The attorney general will take no legal action against the trust, Munitz or board members, the report said.

Lockyer concluded that Munitz, whom he describes as a close friend, had compensated the trust for the inappropriate expenditure by agreeing to repay the Getty $250,000 and forgo more than $2 million in benefits when he was ousted in February.

The report also found that several other transactions were appropriate under California law, which allows the Getty to settle potential claims and spend money as long at it furthers its broad charitable purpose, the "diffusion of artistic and general knowledge."

Among them: the $3-million severance payment to former museum director Deborah Gribbon was appropriate because she had valid legal claims against the Getty; questioned grants went to nonprofit organizations and furthered the Getty's mission; and the Getty received fair market value when it sold property to Munitz's friend, philanthropist Eli Broad.

The attorney general's probe was launched in July after a Los Angeles Times investigation revealed that Munitz had used the Getty's resources for personal benefit amid controversies over his management and leadership of the trust. Further reports over the last two years showed that board members did not review Munitz's expenses and had benefited personally from the trust's vast resources.

Since those reports, much of the Getty's senior management and several members of its board of directors have left, including Chairman John Biggs, who retired early in August. The Getty is in the process of implementing a series of reforms it says are intended to correct problems highlighted in the Times reports.

The troubles of the Getty Trust, one of the country's richest private foundations, came amid a national debate about oversight of the nonprofit sector in which the art institution became a symbol of the need for reforms. Federal legislation passed this year has increased the penalties for violations of the federal tax code, which prohibits using public funds for personal benefit.

Van de Kamp will review progress reports made under oath by the Getty every six months, gather additional information if necessary and advise the attorney general's office about the organization's progress.

Aside from the appointment of the independent monitor, the report offers no specific consequences for the violations by Munitz and the board that it identifies, and gives no recommendations for reform or improved governance.

The investigation was carried out by the attorney general's charitable trust division, which regulates all nonprofits doing business in California and can impose civil penalties, remove trustees or recommend the revocation of an organization's tax-exempt status if it discovers gross mismanagement or fraud.

Lockyer approved the report before it was released. The Times reported in July that Lockyer, who is running for state treasurer in the November election, met privately with Munitz in the midst of the probe. Lockyer said Munitz disclosed he was leaving the Getty during the meeting, which the attorney general described as "therapy with a friend." In the past, Lockyer said he had sought Munitz's advise on political issues.

The report shows that the attorney general's probe focused narrowly on issues identified in the Times articles — investigators identified no new issues in their 13-page report, which provided little detail about the expenditures it criticized.

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The report stated in two places that the probe found no evidence that Munitz or trustees committed any crimes. "The payments to Dr. Munitz from the trust were authorized, and there was no indication that he obtained such authorization by making false statements, submitting false billings or through some other form of deceit."

In its June 2005 investigation of Munitz, The Times reported that on his frequent travels, he regularly flew first class, stayed in luxury hotels and ate dinner with friends at expensive restaurants, all at Getty expense. Many of the trips had a questionable tie to Getty objectives.

In one case, Munitz billed the Getty more than $35,000 for a trip with his wife and friends to Tuscany, where they rented a 15th century villa and toured the countryside visiting Getty-sponsored projects.

The Getty trustees had specifically approved Munitz's first class travel and the participation of his wife on his trips in his employment contract. The board was responsible for reviewing his expense accounts regularly, but delegated the task to one of Munitz's deputies.

The attorney general's report concluded that trustees had acted inappropriately in allowing the reimbursement of Munitz's wife's travel expenses. It concluded that Munitz's justification that his wife's participation was expected of his high office was "unpersuasive," and said the implication that an unmarried official could not perform adequately "an absurd proposition."

The report also said some of Munitz's travel expenses were "inappropriate or clearly unreasonable," though no clear rule prohibited them.

The investigation also characterized as "an improper private benefit" the more than $20,000 worth of artwork given to four retiring trustees. The Times reported that Munitz's office had ignored warnings from the trust's attorneys that such gifts violated Getty's will, which prohibits compensation for board members.

It was also critical of Munitz's frequent use of Getty staff to run personal errands for him and his wife. The Times reported he regularly sent his driver from Brentwood to Long Beach to pick up taped episodes of his favorite television programs, and on one occasion asked a secretary to track down blood orange juice for his wife, who had enjoyed it on a recent trip to Europe.

A Times article last month reported that among several "senior advisors" that Munitz hired to advise him was Iris Mickein, a young woman who had previously been an intern at the Getty. Munitz later had the Getty pay the Museum of Modern Art in New York to employ Mickein and flew her around the country to meet his friends at Getty expense.

The attorney general's report concluded that Mickein's MOMA job was appropriate because the Getty's mission includes the training of art students, but took issue with her consulting fees, for which she did "insufficient work."

The investigation concluded that there was nothing improper about Munitz steering a $200,000 Getty grant to a Russian museum at the request of a female Russian researcher with whom Munitz went to a movie, a concert and met with on several business trips.

While acknowledging that Munitz had socialized with the researcher, the attorney general found that the grant was legitimate because "it served the charitable purpose of the trust, specifically art education."

The Russian grant was one of several identified in The Times stories that the attorney general found were appropriate because they went to organizations "engaged in the diffusion of artistic and general knowledge."

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Monitor Named To Oversee Reforms At Getty Trust (NYT)

By Edward Wyatt And Randy Kennedy
The New York Times, October 3, 2006

LOS ANGELES, Oct. 2 — Ending a 14-month investigation, the California attorney general appointed an independent monitor on Monday to oversee reforms at the J. Paul Getty Trust, one of the world's richest cultural organizations. The inquiry determined that the trust's former president, with the approval of the Getty board, misspent trust money on his wife's travel, used employees for personal errands and made improper payments to a graduate student.

Although the attorney general, Bill Lockyer, found that the former president and the board violated their legal duties, he declined to take civil or criminal action against them. The report stated that the misuse of funds did not result from fraud and that the value of a settlement between the former president, Barry Munitz, and the trust exceeded the value of the losses from any improper payments.

The Getty, which has adopted several reforms since Mr. Munitz resigned under pressure in February, expressed satisfaction with the results of the inquiry.

Louise H. Bryson, who took over as chairwoman of the Getty board of trustees in August, said she was "pleased the attorney general acknowledged the work done by the board to change the policies and procedures" that resulted in the violations.

After reports of questionable expenses and suspect grants by Mr. Munitz and gifts to retiring board members began appearing in 2005 in The Los Angeles Times, the Getty board changed its policies to restrict travel expenses, prohibit the use of employees for personal ends and forbid gifts from the Getty to its trustees.

In February, the board reached a settlement with Mr. Munitz in which the former president resigned while repaying $250,000 in cash for improper expenditures and forfeited more than $2 million in expected benefits.

Notably, the attorney general found that a number of actions by Mr. Munitz that were approved by the board were consistent with the trust's charitable purposes. These included sending a staff member to Israel to observe an academy for chess, a game that is one of Mr. Munitz's favorite hobbies; furnishing the office of a former Getty Trust executive at another Los Angeles County arts institution; and sponsoring a luncheon at which Mr. Munitz was given an award.

The attorney general also found that the sale in 2002 of a piece of property in the Los Angeles suburb of Brentwood to Eli Broad, the billionaire philanthropist and a friend of Mr. Munitz's, for $2 million was reasonable. An assessment by an independent appraiser hired by the attorney general's office found that the property had a fair market value of $1.8 million at the time.

The report also found that there were no improprieties in a $3 million severance payment to Deborah Gribbon, the former director of the J. Paul Getty Museum, who resigned in 2004 after months of disagreements with Mr. Munitz. The attorney general's report said that the trust, in paying the money, reasonably based it on damages that Ms. Gribbon might have received in a wrongful termination lawsuit.

"Indeed, those damages might well have greatly exceeded the amount of the approved separation payment," the report found.

Through his lawyer, Mr. Munitz said yesterday: "I'm relieved that this is behind me and the Getty." Mr. Munitz stressed the findings in the report that all payments to him had been authorized by the trust, and that there was no indication that he obtained any money by making false statements or submitting false bills.

John Van de Kamp, a former state attorney general, is to serve as the independent monitor of the Getty Trust for two fiscal years, reporting to the attorney general's office on whether the trust's planned reforms are being followed.

The procedure calls for the trust to make reports to the attorney general's office every six months; those reports will be reviewed by the monitor, who can then ask for additional information from the trust. Tom Dresslar, a spokesman for the attorney general's office, said the Getty had agreed to provide further information or documentation should the monitor request it.

In a statement, Mr. Lockyer said that because charitable trusts are subsidized by taxpayers, "board members and executives have a legal duty" to make sure that spending is lawful and used to further the trust's charitable purpose. "With some expenditures and gifts, Mr. Munitz violated his duty and Getty's trustees failed to do their governance job," Mr. Lockyer said.

Mr. Lockyer and Mr. Munitz are known to be personal friends, and the attorney general has acknowledged that they met privately while the inquiry was under way.

Asked about that relationship, Mr. Dresslar said the investigation was conducted by the attorney general's charitable trusts division and that it was not influenced by the friendship.

The report's conclusions and recommendations were essentially unedited by Mr. Lockyer before he approved them, Mr. Dresslar added.

It is the first time that the California attorney general has imposed an independent overseer in an enforcement action against a charitable trust, although the procedure has been used in consumer settlements, including one this year with Ameriquest Mortgage Company after an investigation into allegations of predatory lending practices.

Jack B. Siegel, a Chicago lawyer who is an expert on nonprofit law, said he was somewhat surprised that the attorney general's findings were not more critical of the Getty. "The focus seems to be on — I don't want to say trivial things — but on very specific things like travel reimbursement," Mr. Siegel said. "They don't really seem in this to be addressing fundamental governance issues, about the overall way things are run."

DNA Test Result Casts Doubt On Two Convictions In 1987 Murder (WP)

By Ernesto Londoã±o

The Washington Post, October 3, 2006

Two of Colleen Williar's neighbors were convicted of murder after the 24-year-old woman was raped, strangled with a sock and repeatedly stabbed in her Baltimore home nearly two decades ago.

Now, a vaginal swab from the autopsy that was recently compared with DNA samples from the men might win new trials for James L. Owens, 41, and James Thompson, 47.

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The men were convicted in 1988 during separate trials in which relatively weak physical evidence was supported by a last-minute confession by Thompson. He later recanted, and both men now say they were innocent bystanders who came under suspicion after telling a series of lies that began as an attempt to cash in on police reward money.

Defense lawyers said the case could mark the first time in Maryland history that a post-conviction DNA test clears co-defendants convicted of murder.

DNA tests, which became commonplace in criminal investigations in the mid-1990s, have led to the exoneration of dozens of convicts in recent years, including a handful in Maryland.

Stephen Mercer, Owens's attorney, said the DNA test yielded a profile of a man who is neither Owens nor Thompson -- a finding at odds with the state's theory in the case.

"Someone's gotten away with murder for 20 years," said Mercer, who this year persuaded a Baltimore City Circuit Court judge to allow him to have the swab tested.

Baltimore prosecutors say they are ready to meet their burden of proof again if the case goes back to court, a prospect Williar's relatives find disturbing.

"In my heart of hearts, I believe they did it," said William C. Winkler, Williar's stepfather, who raised her. "There's not a day that goes by that I don't have to take a deep breath to get through a thought."

Mercer, a Rockville lawyer who teamed up with attorneys from the Innocence Project division of the Maryland Office of the Public Defender, said they intend to file motions seeking new trials based on the new evidence.

The Baltimore City State's Attorney's Office opposed the motion to test the swab, arguing that the convictions were supported by physical evidence and Thompson's confession.

"There was a lot of compelling evidence that was presented," said Margaret Burns, a spokeswoman for the office. Jurors "found that there was proof beyond a reasonable doubt. Not only did the jury find that, the appeals process confirmed that several times."

She said prosecutors will examine the methodology used to test the sample as well as its chain of custody over the years. Winkler said semen residue collected from the body could have been from an earlier, consensual sexual encounter, although a state witness testified that Williar had broken up with her boyfriend months before she died, and was not seeing anyone at the time.

Prosecutors argued that the semen was evidence of the rape.

Staff researcher Madonna Lebling contributed to this report.

Judge Keeps Karr Pornography Case Sealed (HC/AP)

By Marcus Wohlsen, Associated Press Writer

Houston Chronicle, October 3, 2006

SANTA ROSA, Calif. — A judge refused to unseal police documents in the child pornography case against former JonBenet Ramsey slaying suspect John Mark Karr, whose attorneys are fighting to have the misdemeanor charges tossed out.

The Press Democrat of Santa Rosa had sought to view the documents in the case against the high-profile suspect, but Sonoma County Judge Cerena Wong agreed with prosecutors who argued it could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr's trial was originally scheduled to start Monday, but was postponed for further hearings Tuesday on defense motions to dismiss the case or throw out newly revealed computer data.

Investigators said they think they have other computer equipment linked to Karr that could contain more than 1,000 other images.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

Sonoma County Deputy County Counsel Anne Keck told the judge the FBI was comparing images of teenagers found on Karr's computer equipment with a national database of child porn victims.

She said the digital images were not related to child pornography charges against Karr.

But FBI spokesman Joe Schadler later said the bureau's role in the Karr investigation had ended, and was limited to providing expert testimony and forensic analysis of five pictures discovered on Karr's computer in 2001.

"We're not doing any further forensic work," he said.

Keck did not immediately return phone messages to The Associated Press seeking comment.

Karr, 41, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Police Investigate '03 Death After Charge Against Nurse (NYT)

By Steve Friess

The New York Times, October 3, 2006

LAS VEGAS, Oct. 2 — One day before his apparently healthy wife stopped breathing and collapsed, Chaz Higgs, a critical care nurse, is said to have engaged in what seemed at the time to be idle chatter with a co-worker about the best way to kill a spouse, according to an indictment returned last week charging Mr. Higgs with his wife's murder.

The way to do it and get away with it, Mr. Higgs is said to have told another nurse, is with an injection of the paralytic drug succinylcholine because it frequently goes undetected in autopsies.

That alleged conversation — and a laboratory test that turned up suc- cinylcholine in the body of Mr. Higgs's wife, Kathy Augustine — formed the basis of the indictment. Now, the investigation into the death of Ms. Augustine has prompted the authorities to look into another death three years ago, that of her first husband, Charles Augustine, 63, who died in a Las Vegas hospital where he was being cared for by Mr. Higgs.

David Roger, the district attorney for Clark County, announced Monday that investigators would exhume Mr. Augustine's body to check for traces of the same drug that officials say killed Ms. Augustine.

Mr. Higgs, who was arrested on Friday in Hampton, Va., where he was staying with relatives, waived extradition on Monday and will be returned to Nevada. He has not made any public remarks since an impassioned denial of wrongdoing in an interview with The Las Vegas Review-Journal on July 13, in which he insisted he loved his wife and called suspicion of his involvement "just crazy."

The day after those remarks, Mr. Higgs was found with his wrists slit in the Las Vegas home he and Ms. Augustine had shared. He was treated at a local hospital and released but did not attend his wife's funeral on July 15.

The death of Ms. Augustine, 50, who was the Nevada state controller, and the case's potboiler-style twists have captivated Nevadans.

According to police reports, Mr. Higgs called the police the morning of July 8 and said he had found his wife unresponsive and not breathing at their second home in Reno. He suggested to paramedics that she might have had a complication from a heart condition.

Ms. Augustine died three days later, and an autopsy by the Reno coroner found no evidence of heart disease or heart attack.

With no visible explanation for the death, Ms. Augustine's blood samples were sent to the F.B.I. laboratory in Quantico, Va. Last week, the lab reported the presence of succinylcholine, and Ms. Augustine's death was ruled a homicide. On Friday, Mr. Higgs, 42, was arrested on one count of first-degree murder.

"It's a major punch in the gut to the family," Greg Augustine, 36, son of Charles Augustine and stepson of Kathy Augustine, said Saturday. "We were holding out hope that there wasn't any foul play. Now we know she was killed."

Now that Mr. Higgs has been accused in this death, questions have arisen about the death of Charles Augustine.

"My dad was getting better, and they were moving him to a rehab area," Greg Augustine said in July, "but very soon after that, he had massive organ failure."

No criminal investigation was conducted at the time of Mr. Augustine's death.

Mr. Higgs and Ms. Augustine were married three weeks after the death of Mr. Augustine in 2003, and the newlyweds received $1 million from his life insurance policy.

Greg Augustine said his father and stepmother were in the midst of a divorce after 17 years of marriage when the elder Mr. Augustine was hospitalized. Greg Augustine said he had had little contact with his stepmother after his father's death but does not suspect she was involved in his father's death.

The indictment against Mr. Higgs says he injected succinylcholine into Ms. Augustine's buttocks on July 8 before calling the police. Succinylcholine is a muscle relaxant used by anesthesiologists to briefly paralyze patients in order to install breathing tubes, but it has also been used as a murder weapon. Efren Saldivar, a respiratory therapist, confessed in 2001 that he injected it into some of his more than 50 victims in California. The indictment against Mr. Higgs said he had mentioned his marital discord

as well as the use of succinylcholine to a fellow nurse at the Reno-area hospital on July 7. The two were discussing a high-profile arrest of a man charged with gunning down his wife, and Mr. Higgs reportedly remarked that such a means of killing someone was "stupid." The nurse, not named in the indictment, informed the police of the conversation as Ms. Augustine lay comatose before her death three days after her collapse.

Ms. Augustine's only biological child — a daughter, Dallas Augustine, 26 — could not be reached for comment, but her spokesman said the recent developments had devastated her. "Everyone knows that your parents are probably going to precede you in death, but the idea that somebody stole half of her life is an entirely different story," said the representative, Mark Fierro. "This is 10 times, 1,000 times harder than the original situation."

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 3, 2006

Critical care nurse William Charles Higgs told co-workers he knew how to commit the perfect murder just before his wife, Nevada State Controller Kathy Augustine, died of what initially was called a heart attack.

Yesterday, during a court hearing in Hampton, Va., the man who met his wife while caring for her dying husband in 2003 waived extradition to face first-degree murder charges in Nevada.

Arrested Friday by FBI agents in Hampton, where he had been staying with relatives, Mr. Higgs is suspected of killing Mrs. Augustine with an injection of a powerful muscle relaxant. Handcuffed and wearing an orange jail jumpsuit, Mr. Higgs said nothing during the brief hearing.

Police reports said Mrs. Augustine, 50, was found unconscious on July 8 and was rushed to a hospital, but died three days later. She never regained consciousness.

Mr. Higgs, 42, a nurse at Carson-Tahoe Regional Medical Center, told authorities he found his wife unconscious in bed at their home in Reno and called police, saying she had suffered a heart attack. He told police she was suffering from extreme stress from an ongoing campaign for state treasurer, where she faced fundraising problems and opposition from her own party.

But Reno Police Deputy Chief Jim Johns later confirmed that a preliminary autopsy found no evidence of heart disease that would trigger an attack and a complete autopsy was ordered. Police think Mrs. Augustine was injected with succinylcholine, a muscle relaxant often used in hospitals to temporarily paralyze a patient so a breathing tube can be inserted into the windpipe.

According to a police report, medical examiners found a needle mark on Mrs. Augustine's buttocks that could not be explained.

The report also said Mr. Higgs told co-workers he was having marital problems and was planning on ending his marriage. Investigators said Mr. Higgs also told co-workers just before his wife's death that if he intended to kill someone he would use a paralyzing drug such as succinylcholine because it could not be detected after death.

Mr. Higgs, known to his family and friends as "Chaz," attempted to kill himself at the couple's Las Vegas home by slashing his wrists three days after his wife died. He was treated and later released from a Las Vegas hospital. He did not attend his wife's funeral, held a day after his release from the hospital.

After the FBI laboratory in Quantico, Va., confirmed finding succinylcholine in Mrs. Augustine's urine, Reno police obtained an arrest warrant. FBI agents staked out the Hampton house where Mr. Higgs had been visiting relatives and arrested him Friday as he pulled into the driveway.

Mr. Higgs met Mrs. Augustine when he was caring for her first husband of 17 years, Charles Francis Augustine, 63, who died in 2003. They married six months after the funeral. Investigators yesterday said they will exhume Mr. Augustine's body to look for traces of the same drug that authorities said killed Mrs. Augustine.

Mrs. Augustine served in the Nevada Assembly and Senate until her 1998 election as the state's first female controller. In September 2004, she admitted violating state ethics laws during her 2002 re-election campaign and was fined $15,000 by the state Ethics Commission. She was impeached by the state Assembly and convicted and censured at a state Senate trial, but she was allowed to resume her office.

She announced her candidacy for state treasurer in January. Despite her death in July, her name remained on the ballot in the August primary, where she received 18 percent of the vote.

Manuscript Used To Convict Molester (WT)

By Cheryl Wetzstein

The Washington Times, October 3, 2006

A man thought to be one of the nation's most prolific child molesters has been convicted in a California court based on testimony from eight of his victims and a manuscript he was writing about his 35 years as a pedophile.

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Dean Arthur Schwartzmiller, 64, of San Jose, Calif., faces up to 153 years in prison when he is sentenced Oct. 16 on 12 charges of child molestation, taking obscene pictures of a minor and possession of child pornography.

Law-enforcement officials said the case is unique because of the memoir manuscript and seven spiral notebooks, written in code, that contained more than 36,000 entries about Schwartzmiller's sexual activities with children.

"When we found the notebooks and the manuscript, we realized we had come across a serial child molester and essentially a sociopath," said Steve Fein, deputy district attorney in Santa Clara County, who prosecuted the case.

"I haven't seen too many people keep code or that detailed a log on their sexual contacts with children," said Detective Robert Dillon, who works in the San Jose Police Department's child exploitation unit and testified at the trial in Santa Clara County Superior Court.

Mr. Dillon said that based on the notebooks' 1,500 pages, Schwartzmiller abused between 250 and 300 children -- predominantly boys in early adolescence. Boys were listed in categories such as hair color ("Blonde boys"), behavior ("Boys who say no") and explicit sex acts.

Schwartzmiller also had been writing a memoir about his life and his political views. Most chillingly, the manuscript had "paragraph summaries" of more than 100 boys, including "their names, specific characteristics about them and what he had done with them," Mr. Dillon said. "I've heard of other [pedophiles] with 10, 15, 20 victims but nobody as extensive as this."

Schwartzmiller came to the attention of California authorities after he fled the scene of a traffic accident. Police visited his home and met his roommate, Fred Everts, a convicted child molester. Police arrested Everts after discovering he had violated his parole.

Schwartzmiller learned of Everts' arrest and fled to Washington state, but called one of the boys he was later convicted of molesting and asked him to go to his home and destroy certain materials. The boy told his mother and she went to police with the pornographic materials they found including photos of her own semi-naked son, press reports said. Schwartzmiller was soon arrested.

The boy and his cousin, now 13, testified against Schwartzmiller. Schwartzmiller defended himself, and accused the cousins, who are in California illegally, of striking a deal with prosecutors to gain legal residency in exchange for lying about him. Schwartzmiller further argued that consensual sex with boys shouldn't be a crime if the boys have reached puberty.

Jurors found Schwartzmiller guilty Sept. 18 after four hours of deliberation.

Mr. Fein described Schwartzmiller as having "no remorse. He has no feelings that anything he has done is wrong. He's essentially proud of how he's led his life and what he's done."

As prolific as Schwartzmiller is thought to be, the nation's most notorious child molester may still be Rex King, described as "Mr. X" in Alfred Kinsey's research.

King, a forestry official who traveled for work, is estimated to have molested 800 children, including infants, according to his meticulous records. Kinsey included King's sex acts in his 1948 book on male sexual behavior.

Husband Faces Charges In Nevada Official's Death (WT)

By Jerry Seper

The Washington Times, October 3, 2006

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CIVIL RIGHTS:

FAYETTE LOCKUP IS TARGET OF RIGHTS VIOLATIONS INQUIRY (LEXHL)

By Beth Musgrave, Michelle Ku And Linda Blackford, HERALD-LEADER STAFF WRITERS

Lexington Herald-Leader (KY), October 3, 2006

Jail officer says he alerted FBI

John Vest said he has been working with the FBI for an "undisclosed" time.

An officer at the Fayette County jail who is running for jailer in Jessamine County says he alerted the FBI to allegations of excessive force at Lexington's jail.

John Vest, a corporal who has worked at the Fayette jail since 2003, said at a press conference yesterday that he has been working with the FBI in its investigation of alleged unnecessary force and civil rights violations against prisoners for "an undisclosed period of time."

Vest said he was not authorized to talk about the FBI investigation or his involvement.

David Beyer, an FBI spokesman, said he could neither confirm or deny that Vest has been working with federal officials on the case. The FBI typically does not comment on ongoing cases or who its informants are.

After Vest's announcement, jail officials questioned Vest's credibility, saying he has been involved in three use-of-force incidents during the three years he's been at the jail.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

On Thursday, the FBI announced that the Civil Rights Division of the Department of Justice, the U.S. attorney for the Eastern District of Kentucky and the FBI were conducting an investigation into possible civil rights violations involving excessive force at the 1,000-bed facility.

On Tuesday, FBI agents served a sealed search warrant at the jail on Old Frankfort Pike. Federal authorities have said that they cannot go into specifics about the investigation until the search warrant is unsealed.

The Fayette County jail has not been without problems over the past several years. Since August 2005, five inmates have died at the facility. It's unclear whether the current investigation has anything to do with those deaths.

Bishop said yesterday that Vest has been investigated four times in the last year. Two of those investigations involved use of force. One investigation was for improper documentation involving use of force. The second case involving alleged excessive use of force remains open, he said.

Vest has also been investigated for insubordination and for improperly filling out his time card, Bishop said.

Bishop said Vest was suspended this year for 16 hours for the insubordination incident. He received written reprimands for the other two closed cases: the time-card incident and the use of force.

DOJ_NMG_0074206

Vest has worked in the jail's intake area on the third shift, from midnight to 8 a.m., for the last year, Bishop said. Vest makes $27,110 a year, according to city records.

"I'm disappointed that Director Bishop is attempting to intimidate a federal witness," Vest said after learning that Bishop had disclosed his personnel records.

Vest said that he had no written reprimands before he was transferred in November 2005 to intake, where the FBI could be focusing its investigation. According to several people who witnessed the FBI search last week, agents spent hours going through documents in the intake area, where inmates are processed before being booked.

Vest said he has been told by his supervisors that the case that remains open has been resolved and the use of force was determined to be appropriate. But Vest said he expected to receive a written reprimand because his supervisors said he had not included everything in his report that was required.

In another incident, Vest was investigated in December 2003 after an altercation with an inmate. Vest allegedly pepper-sprayed an inmate who refused to follow an order. The inmate allegedly hit Vest with a mop handle before Vest subdued him. Both men were treated at a hospital.

Vest said the pepper spray incident was reviewed by the jail staff and was deemed an appropriate use of force. He received no reprimands.

The inmate involved was charged with assault third degree. He eventually pleaded guilty, court records show.

Jail spokesman Lt. Darin Kelly said he did not know whether Vest was disciplined in the pepper spray incident because the FBI took those records.

Vest is still employed at the Fayette jail but is requesting administrative leave with pay. He also is requesting protection under the federal Whistle-blower Protection Act, aimed at preventing workplace retribution. Bishop said he was unaware that Vest had requested leave.

Vest's spokesman, David Adams, said neither he nor Vest could discuss whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest, 42, the Republican candidate, was born in Winchester, in Clark County, Adams said.

Adams said Vest has already been personally attacked for his actions and he expected attacks against Vest to accelerate now that he has gone public. Adams said he could not elaborate on who has attacked Vest.

"Soon, retribution will begin for those who have perpetrated crimes in the name of government entities and those who helped the perpetrators hide their crimes," Adams said, reading from a prepared statement.

Cecil Moss, Vest's Democratic opponent in the Nov. 7 race for Jessamine jailer, had little to say about Vest's announcement.

"That's Fayette County, and I really don't know what they're doing up there," Moss said. "I don't know Mr. Vest very well."

Frank Hubbard, the current jailer, did not seek re-election.

Herald-Leader reporter Greg Kocher contributed to this story.

Fayette Jail Employee Says He Assisted FBI Investigation (AP)

AP, October 3, 2006

LEXINGTON, Ky. - A Fayette County jail employee who has asked for whistleblower protection said Monday he had been working with the FBI in its investigation of unnecessary force and civil rights violations against inmates at the facility.

John Vest has worked at the jail since 2003 and is running for jailer in Jessamine County. He is still employed at the Fayette jail but has asked for administrative leave with pay, the Lexington Herald-Leader reported on its Web site Monday.

The newspaper said Vest is requesting protection under the federal Whistleblower Protection Act, aimed at preventing workplace retribution.

The FBI announced Thursday that the Department of Justice Civil Rights Division, the U.S. attorney for the Eastern District of Kentucky and the FBI were investigating possible civil rights violations involving excessive force at the 1,000-bed facility. FBI agents served a sealed search warrant Tuesday at the jail.

Vest said at a news conference Monday he had been working with the FBI in the investigation for "an undisclosed period of time."

Vest has been involved in at least three use of force incidents in the three years he's been at the jail, the Herald-Leader reported. He received written reprimands in two cases, and one remains open, the newspaper said.

Ron Bishop, director of the Fayette County Detention Center, said he wasn't surprised that Vest had been talking to federal investigators.

Vest has worked in the jail's intake area on the third shift for the last year, Bishop said.

"It makes a lot more sense now, when you look at the timing and his running for office," Bishop said.

Vest declined to comment on the disciplinary actions against him, saying it was part of the FBI investigation.

"I really wish that I could, but it violates the integrity of the case," Vest said. "The people that have been victimized will be cheated if I violate the integrity of this case."

Vest's spokesman, David Adams, said neither he nor Vest could comment on whether Vest's work with the FBI came before or after he decided to run for office.

"Unfortunately, the timing of Corporal Vest's involvement is part of the investigation, so I can't answer that," Adams said. "John is sincerely interested in holding people accountable in the Jessamine County jail, and that's his reason for running for office in his home county of Jessamine."

Vest was born in Winchester, in Clark County, Adams said.

FBI officials could not be reached for comment.

Jail Informant Goes Public (WTVQ-TV)

By Greg Stotelmyer, Action News 36

WTVQ-TV, October 3, 2006

John Vest has been an employee at the jail in Fayette County since June of 2003. He won't say how long, but he confirms he's a federal whistleblower working with the FBI on its probe into the use of unnecessary force at the jail. Vest made that revelation Monday morning, six days after the detention center was searched by the FBI. Vest refused to answer questions about his roll as an inside informant, repeatedly telling Action News 36 "I'm not authorized to talk about it." Vest is a corporal, working third shift in the jail's intake area, which is where inmates are booked. Vest has requested administrative leave with pay claiming he would be working "in a hostile work environment."

The detention center's director, Ron Bishop says he's not surprised Vest is the whistleblower, but he did not know who the informant was before Vest went public. Bishop says the FBI search bothers him. He claims the jail has handled the use of force and allegations of excessive force properly. He says Vest never approached him about problems. "We always follow up and we always take appropriate action," Bishop said about reports of force.

Bishop also questions Vest's motives because Vest is the Republican candidate for jailer in next month's election in Jessamine County. "Let me say that I am a little suspicious of the timing and given his track record here, it is a little suspect," said Bishop. Vest says his informant roll and a run for office are "two separate things".

Vest says being "deep inside" the jail as a whistleblower made him concerned. "I was scared to death," Vest told Action News 36 in a follow up phone interview. Bishop says Vest has four disciplinary actions against him in the three plus years he's worked at the detention center. Bishop says there's an open investigation on Vest for possible use of excessive force. Vest has been reprimanded for failing to report a use of force incident and suspended for insubordination. Vest claims he has been told he's been cleared of excessive use of force.

FBI spokesman David Beyer would "neither confirm nor deny" that Vest is an informant. The search warrant allowing the FBI to raid the jail last Tuesday remains under court seal.

Bishop says the FBI carted away personnel files, incident reports and shift logs. It also took video and DVD's of events taped that involved the use of force. Bishop says he "rests easy at night" despite the federal probe.

Vest says before the FBI used him they "checked me out, my credibility, my integrity." Vest says he's done a good job as an inside informant. "I did a lot and what I did, I did good," said Vest. "John Vest knows right from wrong, John Vest has integrity."

EEOC Rules In Favor Of Chesapeake Deputies Who Were Fired (VAPILOT)

By Cindy Clayton, The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

CHESAPEAKE - The Equal Employment Opportunity Commission has ruled in favor of two sheriff's deputies who said they were fired in retaliation for a discrimination lawsuit that alleged a hostile, racist work environment.

The agency sent a letter to Tony Ellis notifying him of the ruling and suggesting an agreement that would require Sheriff John R. Newhart's office to reinstate Ellis, who was fired Dec. 30. The suggested agreement also requires Newhart to give Ellis back pay and benefits, punitive and compensatory damages, and attorneys' fees and to conduct on-site EEOC training for all supervisors and expunge all references to Ellis' dismissal in his personnel file.

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David Cahoon, who was set to testify in Ellis' case last year, also was fired and received the same ruling last week from the EEOC.

Ellis said EEOC officials told him that if the Sheriff's Department doesn't respond within 10 days, the case will be sent to the U.S. Justice Department.

Col. David Newby, undersheriff, said the department doesn't plan to respond.

"We don't mediate these things," Newby said. "We tell them that if they wish to do so, we'll try it in court and not before. That's been our practice for 15 or 20 years."

Ellis was demoted from the rank of lieutenant in May 2004 because he didn't file a report about the use of force on a jail inmate on time. He filed a discrimination complaint with the EEOC and was given a right-to-sue letter, he said.

Ellis filed suit in U.S. District Court against the sheriff and the department in November 2004 alleging he was demoted because he is black and that racial disparities in the department led to inmate mistreatment, violence among employees and other incidents.

A federal judge dismissed the suit in November 2005. A month later, on Dec. 30, Cahoon and Ellis were fired. Ellis had worked for the department for 20 years; Cahoon for 21 years.

Earlier this year, Newby said the two men were not reappointed after Newhart's re-election in November. State law allows sheriffs to reappoint employees at will.

Ellis said he was told he was being fired because he didn't speak when the sheriff greeted him inside the booking section of the jail.

Cahoon said he was told he was let go because he kept a journal of his experiences at the department. Included in Ellis' lawsuit was an affidavit written by Cahoon about incidents and experiences he had while working for Newhart. Cahoon said he had told the department's attorney during an interview that he kept a journal during his years with the department.

Cahoon and Ellis said they were taught during law enforcement training to keep a log of their actions and experiences.

Ellis' lawsuit alleged several incidents that involved white employees with rank who were charged with crimes in other cities, had threatened black employees or had failed to follow orders but were not demoted.

In one instance, a sergeant threatened a deputy and a "physical confrontation," ensued, according to the suit. The sergeant retrieved a weapon from his locker and threatened the deputy. The sergeant was not demoted, according to the suit.

Another allegation, labeled the "Thunder Dome Incident," involved inmates being put into a "dangerous cell block" where another inmate had been beaten the previous week, the suit stated. The lieutenant in charge wasn't demoted.

At a Christmas party at the sheriff's home, a white employee got into an argument with a black employee and a fight followed, the suit stated. The white employee is said to have used several racial slurs.

"There is a hostile work environment created by the lack of discipline required by Sheriff John R. Newhart," the lawsuit stated, "and due to the racial climate in the department."

Bible-Reading Student Gets Lesson In Litigation (WP)

By Eric Rich

The Washington Post, October 3, 2006

Amber Mangum was a frequent reader during lunch breaks at her Prince George's County middle school, silently soaking up the adventures of Harry Potter and other tales in the spare minutes before afternoon classes. The habit was never viewed as a problem -- not, a lawsuit alleges, until the book she was reading was the Bible.

A vice principal at Dwight D. Eisenhower Middle School in Laurel last month ordered Amber, then 12, to stop reading the Bible or face punishment, according to a lawsuit filed Friday by Amber's mother. The lawsuit, filed in U.S. District Court in Greenbelt, alleges that the vice principal's actions violated the girl's civil rights.

"Amber's a new Christian, and she's trying to learn all she can," said Maryann Mangum, the girl's mother. "She reads her Bible and she goes to Sunday school. . . . It really upset me when she was not allowed to read it on her own time."

John White, a spokesman for the school system, said administrators learned of the lawsuit Friday and were not prepared to comment on its claims. "We're just beginning to look into it," he said.

Mangum said her daughter was reading her Bible on Sept. 14 when Vice Principal Jeanetta Rainey approached. According to Mangum and the lawsuit, Rainey told Amber that reading the Bible violated school policy and that she would face discipline if she continued to do so.

Later that day, Amber recounted the episode to Mangum, who is her adoptive mother and also her biological grandmother. James Baker, a family friend, sent a note to the school asking that the principal identify any policy barring students from reading the Bible during their free time.

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The note quoted a section of the school system's administrative procedures, saying that students "may read their Bibles or other scriptures, say grace before meals, and pray before tests to the same extent they may engage in comparable, non-disruptive activities."

The principal, Charoscar Coleman, did not respond, the lawsuit says. A friend at Mangum's church suggested that Mangum contact the Rutherford Institute, a nonprofit legal organization specializing in cases that involve issues of religious and civil liberties.

The institute's president, John W. Whitehead, said yesterday that the law is clear and that Amber's rights were violated. He said the lawsuit does not specifically seek monetary damages but rather that a judge declare that students cannot be barred from reading the Bible during free time at school.

"This is a seventh-grader who's probably overwhelmed by what's going on around her," Whitehead said. "This is a chance for her to get some comfort during the day. . . . What would you rather have a kid doing, throwing spit wads or sitting there silently reading a few passages from the Bible?"

Euclid OKs Election Plan Hoping To End U.S. Lawsuit (CLPD)

By Leila Atassi, Plain Dealer Reporter

The Cleveland Plain Dealer, October 3, 2006

Redistricting aims to add black representation

Euclid -- City Council unanimously approved a redistricting plan to help settle a federal lawsuit that contends the city's election system prevents black candidates from winning council seats.

Under the new system, which will take effect in time for the 2007 election, Ward 4's black population would decrease from 54 percent to about 51 percent, and the percentage of black residents in Ward 3 would increase from about 39 percent to 45 percent.

About 13 percent of residents would be assigned a new ward, and the city's five at-large seats would remain.

City officials hope the plan will satisfy the Justice Department, which filed suit in July after a three-year investigation concluded that broadly drawn districts and a system for electing at-large council members have diluted minority voting strength.

Leading into council's vote Monday night, city officials did their best to ease the worries of residents who stepped to the lectern and said that although they believe the Justice Department's accusations are out of line, adopting the proposal seems to be an admission of guilt.

"This administration and City Council are united in our belief that this community has done nothing wrong," Mayor Bill Cervenik told residents. "Be proud of Euclid. Don't be ashamed of these accusations, because none of them are true."

In June, the Justice Department proposed that the city shore up minority voting power by breaking four wards into eight -- two of which would be predominantly black -- and eliminating all at-large seats but the council president's.

Attorney Hilary Taylor, who is representing the city in the case, said that in drafting its proposal, the Justice Department relied on inadequate census data that does not accurately reflect the demographics of the city.

The city's counterproposal was created with help from Cleveland State University researchers using new demographic data compiled by GeoLytics, a New Jersey-based company.

EUCLIDB5

ANTITRUST:

Justice Department, State Settle Suit With Dairy Industry (AP)

AP, October 3, 2006

LONDON, Ky. - A Kentucky dairy company will be sold to a competitor under a settlement between the U.S. Department of Justice, the state of Kentucky and the Dairy Farmers of America.

Prairie Farms Dairy Inc., of Carlinville, Ill., will buy Southern Belle Dairy Co., of Somerset, from the Dairy Farmers of America to settle an antitrust suit filed by the federal government.

The Allen Family Limited Partnership will also have to sell its interest in Southern Belle as part of the deal. The settlement was filed Monday in U.S. District Court in London.

Thomas O. Barnett, assistant U.S. Attorney General over the department's Antitrust Division, said the deal will mean better prices and quality of service in Kentucky and Tennessee.

The Justice Department and Kentucky filed suit in 2003 challenging the Dairy Farmers' Association's purchase of the Southern Belle dairy.

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The lawsuit said the association's acquisition of Southern Belle and the nearby Flav-O-Rich dairy in London hurt competition since both competed for school milk contracts in Kentucky and Tennessee.

Dairy Co-op In KC Settles With U.S. (KCS)

The Kansas City Star, October 3, 2006

Dairy Farmers of America, the country's biggest dairy cooperative, agreed to divest its interest in a Kentucky milk processor after a three-year battle with the federal government.

The Department of Justice said Monday that its settlement with the Kansas City-based cooperative would restore competition in the bidding for school-milk contracts in eastern Kentucky and Tennessee.

Dairy Farmers of America will sell its interest in Southern Belle Dairy Co. to Prairie Farms Dairy Inc. under the Justice Department's approval. Also selling its interest in Southern Belle to Prairie Farms is Dairy Farmers of America's partner, the Allen Family Limited Partnership.

A spokeswoman for Dairy Farmers of America indicated that the cooperative would have a statement, but had not provided it by late Monday.

The dispute began in 2003 when the federal government sued Dairy Farmers of America over its 2002 acquisition of a 50 percent interest in Southern Belle in Somerset, Ky. That purchase followed Dairy Farmers of America's earlier acquisition of a 50 percent interest in National Dairy Holdings, which owns Flav-O-Rich Dairy of London, Ky.

The government alleged that Dairy Farmers of America's acquisitions gave the cooperative ownership interest in the two dairies that competed against each other to supply milk to 45 school districts in eastern Kentucky. The purchases also reduced the number of bidders from three to two for 55 other school districts in eastern Kentucky and Tennessee, according to the federal government's suit.

FCC OKs Alltel Buy Of Midwest Wireless (AP-YBIZ)

AP, October 3, 2006

FCC OKs Alltel Buy of Midwest Wireless Holdings With Conditions

WASHINGTON (AP) -- The Federal Communications Commission on Monday approved Alltel Corp.'s $1.1 billion purchase of Midwest Wireless Holdings LLC on the condition that it sell some of its assets.

The companies must sell cell-phone businesses in Minnesota regions covering Chippewa, Lac qui Parle, Pipestone, and Le Sueur, the FCC said. The approval came more than three weeks after the Justice Department approved the transaction, with similar conditions.

The FCC voted 5-0 to approve the acquisition.

Little Rock, Ark.-based Alltel share closed Monday at $55.31 on the New York Stock Exchange, down 19 cents. Privately held Midwest Wireless is based in Mankato, Minn.

McAfee, Others Criticize Vista Security Policies (MERCN)

By Sarah Jane Tribble

The San Jose Mercury News, October 3, 2006

Computer security provider McAfee joined a chorus of complaints Monday and accused software programming giant Microsoft of abusing its monopoly by controlling what security products can run on its new operating system.

The Santa Clara company ran a full-page advertisement in the Financial Times saying that Microsoft, which started selling its own security products this summer, was trying to ``hamstring'' competitors.

``Microsoft seems to envision a world in which one giant company not only controls the systems that drive most computers around the world but also the security that protects those computers from viruses and other online threats,'' the advertisement states. ``... when it fails, it fails for 97 percent of the world's desktops.''

Microsoft's Vista, which is expected to be released to business customers next month, was designed in cooperation with the security firms and with the goal of providing customers as many security options as possible, said Stephen Toulouse, senior product manager in the security technology unit of Microsoft.

``Customers have asked us to make a more secure operating system and that's been our goal,'' Toulouse said. ``We just want to protect the customers and we know we can't do it alone.''

To be sure, the $3.6 billion security market was largely created because of Microsoft's weak operating systems, said Andrew Jaquith, senior analyst with the Yankee Group.

``Windows has for years been a monumentally insecure platform and there are a number of companies like Symantec and McAfee that have made their reputation and money on security of this platform,'' Jaquith said.

DOJ_NMG_0074211

Now that Microsoft is trying to address those security concerns, the companies that have long benefited from operating system weaknesses have much to lose, he said.

In a joint phone interview Monday afternoon, McAfee chairman and chief executive George Samenuk along with the company's chief security architect John Viega said that if Microsoft's intention was truly to protect customers, than it ``would allow legitimate security."

McAfee's sentiment echoes San Jose-based Symantec, which announced its opposition to Vista limitations two weeks ago.

At issue are two main points:

First, the security companies say they fear consumers will be confused when Microsoft's new security center pops up along with their own but relays different information. Microsoft argues its own dashboard relays very basic information that should be compatible with the information provided by security firms.

Second, the firms allege that Microsoft has blocked their ability to review the operating system's kernel, or core. Microsoft's Toulouse said Monday that the company never wanted that code to be open for the public.

Microsoft, instead, has been offering a ``relatively unprecedented level access" to the security firms, he said. McAfee and Symantec have both had office space and lab space on the Microsoft campus, he said.

Both Symantec and McAfee said they have not taken any formal action yet, but there are many options, including filing lawsuits and waging antitrust complaints.

Security firms aren't the only ones in Silicon Valley crying foul over Microsoft's new operating system.

This summer, San Jose-based Adobe Systems took the software behemoth to task for plans to let users save documents as a PDF, an Adobe file format. Microsoft dropped the plan after reports Adobe threatend legal action.

Supreme Court Denies Northwest Airlines Appeal In Key Antitrust Case (AP)

The Associated Press

AP, October 3, 2006

The Supreme Court Monday refused to consider a significant antitrust case involving Northwest Airlines and a low-cost competitor that could have set some rules for competition between large airlines and smaller, no-frills rivals.

The case, Northwest Airlines Corp. v. Spirit Airlines Inc., stems from a six-year-old Spirit Airlines suit in which Spirit charged that Northwest engaged in predatory pricing to force Spirit to drop two flights from Detroit, one to Boston, the other to Philadelphia. The case raises key antitrust issues, such as the type of evidence needed to prove that a company engaged in below-cost pricing to drive a competitor out of business.

A district court sided with Northwest, but the 6th U.S. Circuit Court of Appeals overturned the ruling and found for Spirit Airlines. But the Supreme Court Monday refused to hear the case due to procedural issues related to the timing of an appeal filed by Northwest. The airline filed a petition July 17 but the petition was removed from the court's docket because it was filed five days late.

Northwest asked the court to consider the case despite the late filing, but the court refused, issuing an order denying the "out-of-time" petition.

JUSTICES REFUSE TO HEAR GLORIA ALLRED CASE

The Supreme Court on Monday refused to step into a First Amendment issue involving Gloria Allred, a prominent California lawyer who was the subject of a judge's gag order in a high-profile murder case that is now over.

Allred, an outspoken television personality, represented a teenage girl who testified at the trial of Scott Dyleski, now 17. Dyleski was sentenced last week to life in prison without parole for the killing of Pamela Vitale, the wife of television legal analyst Daniel Horowitz.

Allred's client, Jena Reddy, is Dyleski's ex-girlfriend. She told the jury that while Dyleski never admitted or denied killing his neighbor, he told her he would take the blame to protect her and his best friend. Reddy also testified that hours after Vitale was slain, Dyleski told friends it would take at least three dozen blows to bludgeon someone and it would likely be a slow, painful death.

Late last year, amid intense media attention, a Superior Court judge in Contra Costa County, Calif., issued a gag order aimed at attorneys for witnesses in the case, as well as police, prosecutors and defense lawyers.

Allred's lawyers, including constitutional lawyer Erwin Chemerinsky, say judges increasingly are engaging in prior restraint of free speech rights in important cases.

The Supreme Court has never articulated a legal standard for when, if at all, gag orders on lawyers, parties and witnesses are permissible, said Allred's lawyers. They said that in the absence of guidance from the Supreme Court, judges have developed "quite different standards" on whether and when to gag the speech of attorneys, parties and witnesses.

Horowitz found his wife, who had been beaten to death, in the mobile home of a hilltop estate where the couple were building a California dream home, up the road from where Dyleski lived.

Allred also represented Amber Frey, the former lover and star witness against Scott Peterson, who is on death row for murdering his pregnant wife, Laci, in 2003.

The First Amendment case is Gloria Allred and Allred, Maroko & Goldberg v. Superior Court of the State of California, 05-1505.

HIGH COURT SIDES WITH FIRED NEWSPAPER WORKERS

The Supreme Court sided Monday with Detroit newspaper unions and employees who were fired for their actions during an 18-month strike in the mid-1990s.

Justices declined to hear the newspapers' appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for The Detroit News and Detroit Free Press to reinstate fired employees.

The workers lost their job after the newspapers said they blocked entrances at a distribution facility and the Detroit News Building in violation of court orders during the strike that ran from July 1995 to February 1997.

The labor relations board determined that the employees had not engaged in misconduct, but were instead exercising their right to strike. It ordered the employees reinstated with backpay.

The U.S. Court of Appeals for the D.C. Circuit upheld the board's ruling. Solicitor General Paul Clement, representing the labor relations board, urged justices not to take the appeal from the Detroit Newspaper Agency.

The Detroit News was owned by Gannett Co. during the strike, while the Detroit Free Press was owned by Knight-Ridder Newspapers Inc. The Free Press now belongs to Gannett and the News is owned by MediaNews Group Inc.

The case is Detroit Newspaper Agency v. National Labor Relations Board, 05-1427.

Supreme Court Rejects UnitedHealth Ohio Doctor Rate Appeal (MRKTWTCH)

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court Monday rejected an appeal from UnitedHealth Group Inc.'s (UNH) Ohio unit on whether doctors can go to court with antitrust challenges on reimbursement rates despite existing arbitration pacts.

UnitedHealth contends the Cincinnati area doctors are bound by arbitration clauses in the insurance agreements. Ohio state courts, however, have ruled the doctors can pursue their claims in court.

The doctors and two medical societies allege UnitedHealth and other insurance companies violated antitrust laws by conspiring to set unreasonably low insurance reimbursements to health-care providers. At issue in the case is whether the antitrust claims fall outside the contract requiring that disputes be handled through arbitration.

The case is UnitedHealth Care of Ohio v. Academy of Medicine of Cincinnati, 05-1465.

-Contact: 201-938-5400

Supreme Court Won't Hear Calif. Competition Case Against AT&T (MRKTWTCH)

By Mark H. Anderson

Market Watch, October 3, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday said it won't decide whether a California company can use state laws to sue AT&T Inc. (T) for alleged anticompetitive conduct in other states.

RLH Industries Inc., a surge-protection technology company in Orange, Calif., sued the telecommunications giant in a California court over restrictions in several states that prevented it from selling high voltage protection equipment to local phone companies in markets served by subsidiaries of AT&T.

The lawsuit remains pending in a California state trial court after a state appeals court allowed the case to continue. AT&T has argued constitutional limits on state interference with interstate commerce bar the lawsuit from proceeding.

"A state is and should be flatly forbidden from attempting to govern commerce occurring wholly outside that state," AT&T said in a court petition. "Under the decision below, California's antitrust and unfair competition laws would control markets throughout the country."

RLH Industries maintains that California state courts have jurisdiction to review anticompetitive practices by companies that impact it, even if those practices are taking place in other states. According to the RLH brief, lower courts are still considering some of the issues raised in the AT&T petition to the Supreme Court, making high court review premature.

The case is AT&T v. RLH Industries, 05-1493.

-Contact: 201-938-5400

DOJ_NMG_0074213

Broadcom Seeks To Bar Qualcomm Chips In Patent Fight (Update4) (BLOOM)

By Peter J. Brennan And Susan Decker

Bloomberg, October 3, 2006

Oct. 2 (Bloomberg) -- The global patent battle between Qualcomm Inc. and Broadcom Corp. for supremacy in a fast-growing segment of the wireless-telephone industry may be decided in an obscure corner of the Washington bureaucracy.

Broadcom, of Irvine, California, is asking an International Trade Commission official to decide next week to bar imports of handsets that use technology from San Diego-based Qualcomm. Broadcom says the Qualcomm technology, which provides high-speed Internet access and lets users view high-quality videos, violates patents on its chips.

The outcome of the fight may determine control of the U.S. market for so-called 3G, or third-generation, wireless phones, a market that topped $1 billion last year. The stakes are so high for both companies that some experts say they would be foolish not to reach a settlement, rather than risk an adverse decision.

``I can guarantee you that their customers are calling them every day and pushing them to settle," says Lyle Vander Schaaf, a patent lawyer with Bryan Cave in Washington who isn't involved in the dispute. Vander Schaaf is a former lawyer with the trade commission.

Charles Bullock, an administrative law judge at the commission, is due to decide on Oct. 10 whether the government should bar the Qualcomm-powered phones. Bullock's decision will be reviewed by the six-member commission, which is made up of three Republicans and three Democrats. After that, it may be challenged in a federal appeals court in Washington.

Stealth Agency

The commission, which is charged with protecting domestic markets from unfair trade practices and patent infringement, is ``sort of a stealth agency," says patent lawyer Charles F. Schill of Steptoe & Johnson in Washington, who handles cases before the agency. It ``can completely shut down your source of supply and just put you out of the market," he says.

In the past, the commission has blocked imports of knockoff Sharpie pens and some disposable cameras. In 2001, it persuaded President George W. Bush to impose tariffs of up to 40 percent to protect the U.S. steel industry.

The commission is just the latest front in the two-year-old patent fight between the two companies that began when Broadcom announced it was going to start competing with Qualcomm after the companies had worked together on a project. Broadcom and Qualcomm, the world's second-largest maker of chips for mobile phones, are battling in courtrooms and administrative agencies in Europe, South Korea and California.

A Stable of Supporters

Each combatant has enlisted a stable of big companies to support its cause.

In Qualcomm's corner are customers that use its chips in their phones, such as Seoul, South Korea-based LG Electronics Inc., and service providers such as Verizon Wireless -- a joint venture of Verizon Communications Inc. and Vodafone Plc -- and Sprint Nextel Corp. that distribute the phones to their customers. They say their products should be permitted in the U.S. even if the trade commission decides Qualcomm chips infringe Broadcom's patents.

Broadcom has the backing of Dallas-based Texas Instruments Inc., the world's biggest maker of cell-phone chips, and Espoo, Finland-based Nokia Oyj, the world's biggest maker of wireless phones.

Broadcom and its allies filed complaints with the European Commission claiming Qualcomm used its patents to create a dominant position for the advanced phones. Texas Instruments and Broadcom also have filed a complaint with the South Korean Fair Trade Commission. Broadcom also claimed that Qualcomm was using its patents to shut it out of the market. A judge threw out that antitrust suit in New Jersey, although Broadcom can seek to refile the complaint.

A Coordinated Assault?

The various cases have prompted Qualcomm to accuse its competitors of coordinating lawsuits and government investigations around the world, a charge Broadcom denies.

Qualcomm also is seeking an order today from U.S. District Judge Rudi Brewster in San Diego to prevent Broadcom from using trade secrets Qualcomm alleges were stolen. David Rosmann, a Broadcom spokesman, calls those charges ``false and incredible."

Broadcom got its start by selling chips for cable television set-top boxes and has expanded into such devices as computer switches, headsets and modems. The company's effort to expand into cellular phones has met with limited success, in devices such as Palm Inc.'s Treo 650 and with small Chinese makers such as Konka Group.

While Qualcomm's profit from royalties on all of its chips tripled -- to $1.66 billion -- between 2000 and 2005, its shares are down 13 percent this year on concern that it won't successfully renegotiate its license with Nokia, which sells one out of every three mobile phones in the world.

Options Irregularities

Broadcom shares have fallen 1.9 percent this year as it restates results to reflect $1.5 billion in costs related to options irregularities.

The stock rose 51 cents to $30.85 at 4 p.m. New York time in Nasdaq Stock Market composite trading. Qualcomm shares fell $1.69, or 4.7 percent, to $34.66 in Nasdaq composite trading and have declined 20 percent this year.

The outcome in the ITC is anybody's guess. Qualcomm investors are betting against a commission decision to bar imports of the disputed phones: ``An injunction to not allow Qualcomm's chipsets inside the U.S. is pretty drastic," says John Krause, an analyst at Minneapolis-based Thrivent Financial for Lutherans, which manages $63 billion in assets including shares of Qualcomm.

On the other hand, Broadcom says it has an edge in the fight because commission staff attorneys have backed its patent-infringement claims -- and administrative law judges often follow the position taken by the staff attorneys.

If the two sides want to reach an accommodation, they'll have plenty of opportunities -- and not a little pressure -- to do so before the Oct. 10 ruling.

`In Earnest'

U.S. Magistrate Anthony Battaglia, hearing a related matter, has ordered the billionaire chairmen of the two companies -- Qualcomm's Irwin Jacobs, 72, and Broadcom's Henry Samueli, 52 -- to ``discuss a global resolution in earnest." The two are due to appear before Battaglia in San Diego on Oct. 4 to report on their progress.

While Qualcomm Chief Executive Paul Jacobs, Irwin Jacobs's son, said in a Sept. 27 interview that his company has offered to settle on terms that are ``extremely favorable" to Broadcom, there's still no deal.

Even with the commission decision looming, Broadcom and Qualcomm still have time to reach a settlement that would resolve their differences, says Ehud Gelblum, an analyst with JPMorgan Chase & Co. in New York. In a Sept. 28 note to clients, he said the companies have ``one last chance to kiss and make up."

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Harrah's Gets $15B Private Equity Bid (USAT)

By Roger Yu And Matt Krantz

USA Today, October 3, 2006

Harrah's Entertainment, the world's largest casino operator, was considering Monday an unsolicited $15 billion joint takeover bid from private equity firms Apollo Management and Texas Pacific Group.

The bid is the latest in a string of large deals sought by private equity firms, which combine debt, investors' money and their own funds to buy undervalued companies and resell them for profit.

If completed, it would be the third-largest private buyout this year of a U.S. company, says deal tracker Dealogic. Bigger takeovers this year: hospital operator HCA and tech company Freescale Semiconductor.

In a statement, Las Vegas-based Harrah's said it has formed a committee of board members to review the proposal to buy the company for $81 a share in cash, a 22% premium over Harrah's Friday close. “There is no assurance that Harrah's will enter into this or any other transaction,” the statement said.

Apollo couldn't be reached. Texas Pacific Group declined comment. In Monday trading, investors bid up Harrah's shares by 14%. They closed at $75.68.

In acquiring Harrah's, the private equity firms could get an undervalued company in a fast-growing industry. Harrah's operates about 40 casinos in Las Vegas, Atlantic City and other cities. Holdings include Caesars Palace in Las Vegas, Harrah's Las Vegas and Bally's, Horseshoe, Showboat and other brands.

“They traded at a relative discount compared to its peer group,” says Rod Petrick, an analyst at broker Stifel Nicolaus.

The gaming industry also has been active this year with mergers and acquisitions — 58 deals, Dealogic says.

But private equity firms have stayed away from gaming companies, says Peter Fitzpatrick of law firm Bryan Cave. Making them attractive now: They're flush with cash and can generate predictable returns.

The annual gaming revenue for U.S. commercial casinos rose to $30.3 billion last year, nearly doubling in 10 years. Harrah's has added to its appeal by buying Caesars Entertainment in 2004, which broadened its reach into more upscale customers. It also runs one of the industry's best guest-loyalty programs, Petrick says.

Its shares have fallen in recent months partly because it has been unsuccessful in penetrating Asia, the hottest emerging market for gaming, says Jake Balzer, an analyst at Guzman & Co. Harrah's has no presence in Macau, the largest Asian market, and lost a bid for a gaming license issued by Singapore earlier this year.

Balzer says, “The deal doesn't make a whole lot of sense” for the company because it would stifle Harrah's growth.

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Licenses Are The Biggest Hurdle To A Deal For Harrah's (WSJ)

By Peter Sanders

The Wall Street Journal, October 3, 2006

While Harrah's Entertainment Inc. considers a roughly $15.1 billion offer from private-equity firms Apollo Management and Texas Pacific Group, the biggest hurdle to a deal may be the long and arduous process of obtaining casino licenses in the many jurisdictions where Harrah's operates.

The companies yesterday confirmed the $81-a-share offer for Harrah's, the world's largest gambling operator by revenue. The offer represented a 22% premium over the company's closing price of $66.43 a share Friday. Also, Harrah's has about $10.8 billion in debt.

Harrah's, Las Vegas, said it had formed a special committee of nonmanagement directors to review the proposal. The company said, "The special committee has not determined that a transaction is in the best interests of Harrah's and its stockholders. ... Accordingly, there is no assurance that Harrah's will enter into this or any other transaction."

WALL STREET JOURNAL VIDEO

Reporter Peter Sanders discusses1 the complexities of the deal and why it may not be in shareholders' best interest.

It is unclear whether other suitors will emerge. But for potential buyers, the attraction of Harrah's may not lie only in its existing casinos -- which comprise Caesars Palace and other properties -- but also in its real-estate holdings in Las Vegas and elsewhere. The company owns more than 350 acres around the Las Vegas Strip alone, said Charles Atwood, Harrah's vice chairman.

Harrah's intends for some of that land to be part of a major redevelopment on the Strip that would include new hotels, retail and entertainment venues as well as casinos. Harrah's has for months been consolidating its land holdings for that project, a process that continued yesterday when it announced a land swap with Boyd Gaming Corp. that gives it the Barbary Coast casino site in exchange for 24 acres near Boyd's Stardust casino. With land on the Strip recently going for more than $23 million an acre, the real estate is attractive.

Beyond Las Vegas, Harrah's has a trove of casino properties in a dozen states. It is possible that an acquisition of Harrah's could lead to a breakup of the company that would see Harrah's casinos sold piecemeal.

But the biggest wrinkle could involve licensing for any new owners and the time it could take. Neither Apollo nor Texas Pacific executives hold gambling licenses. Individual states issue licenses to casino owners and operators, subjecting applicants to detailed investigations. Officials from Nevada, New Jersey and Missouri -- all states where Harrah's operates casinos -- estimate the licensing process could take as long as two years. Such licensing investigations usually delve deeply into financial and criminal backgrounds of the applicants.

But Apollo and Texas Pacific have already begun exploring the options with various state regulators. On Sept. 15, officials in Missouri received a detailed request from Las Vegas attorney Frank Schreck outlining a potential acquisition of an unnamed public company by three private firms.

In an interview, Mr. Schreck said he was hired by Apollo, Texas Pacific and a third firm to explore the regulatory options in various states. Mr. Schreck said he received a waiver from Harrah's, which is also a client, to work with the private-equity firms. He declined to name the third firm, although he confirmed the third entity was based in Great Britain but has dropped out.

The rules that dictate who holds casino licenses vary by state. In Nevada, for instance, officers, directors, controlling shareholders and anyone with more than a 10% stake must apply for a casino license. At closely held concerns, the state requires every shareholder to hold a casino license, said Dennis Neilander, chairman of the Nevada Gaming Control Board.

The private firms seeking to buy Harrah's could be helped by waivers often granted to institutional investors that exempt them from the licensing process, according to state regulators and Mr. Schreck.

Traditionally, private equity has shied away from major casino investments because of the heavy regulatory scrutiny. But in recent years, private equity has begun to seek out deeper investment in the sector. The first was Colony Capital of Los Angeles, which isn't involved in the current deal. It was granted a casino license in 1999 when it bought the Harveys Casino Resorts chain. In that case, Nevada awarded casino licenses to Colony's Thomas Barrack and Kelvin Davis, who were then deemed the casino's "beneficial owners," Mr. Neilander said. Nonvoting shareholders who were "basically passive investors concerned only with the assets' income" weren't required to be licensed.

Mr. Davis has since left Colony and is now a partner at Texas Pacific. He would have to reapply for a casino license if his firm acquires Harrah's.

Despite the difficulty and complexity of any take-out by private equity, investors sent the stock soaring on the news. Harrah's shares were up $9.25, or 14%, to $75.68 apiece in 4 p.m. New York Stock Exchange composite trading. Analysts said a potential deal could be a good option for the gambling company.

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"We believe that Harrah's board of directors is hard-pressed to come up with an alternative equity value creating plan to rival this proposal," Joe Greff, a casino analyst at Bear Stearns in New York, wrote in a research note. "We suspect the board of directors will just seek a higher price, citing its global development pipeline and Las Vegas land bank as a reason that the current proposal is inadequate."

--Randall Smith contributed to this article.

Write to Peter Sanders at peter.sanders@wsj.com2

Not Our Bag, Coach Says In A Lawsuit Alleging Target Sold Counterfeit Purse (WSJ)

By Vanessa O'Connell, Kris Hudson

The Wall Street Journal, October 3, 2006

Target Corp. has thrived by selling stylish apparel and accessories on the cheap. But handbag maker Coach Inc. is accusing the big-box retailer of crossing the line by marketing a fake Coach bag.

In a lawsuit filed in federal court in Manhattan Friday, Coach alleged that Target was a counterfeiter by selling a Coach-style purse, complete with a hang tag that says "Coach," according to Coach Chief Financial Officer Mike Devine. The allegedly fake bag has Coach's signature C-pattern and a touch of snakeskin-like fabric in the center of the bag, according to a photo of it included in the lawsuit. The bag, purchased from a Target store in Largo, Fla., is an "exact replica of a genuine Coach handbag" bearing at least one Coach trademark, the suit says.

Target, which isn't a licensed distributor of Coach products, said the bag in question is an authentic version and therefore the suit is without merit.

"Target has procedures in place to ensure that we do not sell counterfeit products to our guests," Target said in a statement. "We have been assured that the Coach product showcased in our store is authentic therefore we believe the lawsuit is without merit."

A subsequent message to The Wall Street Journal said "we are not providing any more information than what is in the statement."

Coach said the bag was sold at Target for about $200 -- less than the original Coach bag, but far more than Target bags usually sell for. The original bag was called the Python Signature Striped Demi. It was offered by Coach about a year ago, but is no longer in the product offering.

The Coach suit is seeking at least $1 million as well as information about where the bag was made. "This is a counterfeit," Mr. Devine says. "We have gone into stores in Florida and purchased this ourselves. It isn't ours."

The suit illustrates a new aggressiveness on the part of luxury-goods companies to hold retailers responsible for suspected instances of counterfeiting of their high-end products. Mr. Devine says this is the first time Coach has sued a major U.S. retailer over counterfeits. Last month, French luxury-goods brands Louis Vuitton and Dior Couture filed a complaint in a French court against eBay Inc., alleging the online auctioneer isn't doing enough to keep people from selling counterfeit goods through its site. That suit, which seeks an estimated $47 million in damages, alleges that nine out of every 10 Louis Vuitton brand items for sale on eBay are counterfeit. (Louis Vuitton is owned by LVMH Moet Hennessy Louis Vuitton SA. Christian Dior SA, the holding company of luxury-goods mogul Bernard Arnault, controls LVMH and owns Dior Couture.)

Designers and manufacturers are getting more assertive about protecting their brands and designs, in part because of a bill that would protect fashion trademarks from uses that blur their distinctiveness or tarnish their reputations. The bill was recently passed by the Senate and is headed to President Bush's desk.

Fashion designers also are pushing for separate federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Peter Raymond, partner at the New York office of the law firm Reed Smith LLP says the legislative push has "given some confidence to a number of manufacturers" to take new measures to fight infringements of their design.

Putting a well-known trademark like Coach on a bag isn't considered copying but counterfeiting and would be illegal under current laws, Mr. Raymond says. He says the bag might have wound up at Target through the "gray goods" market, in which genuine brand-name products get beyond their usual chain of distribution and make their way to store shelves.

Though Coach has encountered other instances of stores selling Coach counterfeit goods, those stores were "usually small mom-and-pops" against which Coach sought criminal actions, working with police, Mr. Devine says. "What we don't see is reputable retailers selling counterfeits, which is what is so surprising about the Target situation," he said.

The Coach lawsuit against Target is the latest in a string of designer brands suing large retailers for alleged trademark infringement. Coach itself sued department-store chain Kohl's Corp. earlier this year, accusing Kohl's of infringing on its trademarks for its Sonoma handbags, among other goods. LVMH's Fendi brand sued Wal-Mart Stores Inc. in June for allegedly selling counterfeit Fendi handbags at its Sam's Club warehouses.

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Sometimes, the manufacturers win. In 1999, Wal-Mart agreed to pay Tommy Hilfiger Corp. $6.4 million to settle a lawsuit alleging it sold fake Hilfiger apparel.

In its suit against Target, Coach cited more than 20 trademarks that it registered from the years 1963 to 2005, including the signature Coach hang tag to distinctive patterns of open-ended ovals on its fabrics.

Sales of the allegedly fake Coach bag aren't the only issue Coach has with Target. Mr. Devine says Coach in the past had discovered Target knocking off its bags. "We had in the past been able to reach an agreement with them to stop selling the bags," he says.

As recently as Sept. 21, Mr. Devine says, Coach sent Target a letter regarding an Isaac Mizrahi tote bag that was sold under the Isaac brand but allegedly infringed on one of Coach's existing styles. Then, in the past week to 10 days, Coach learned of another item under Target's Cherokee label that was using Coach's so-called Optic C design and retails for $11.89 compared with $170 and up for Coach bags.

Coach has a signature "C" fabrication, with interlocking Cs, as well as a more abstract version called Optic C, Mr. Devine says, and it has trademark protection on both. Neither the Isaac Mizrahi nor the Cherokee purse is mentioned in the suit, however.

"Success frequently breeds imitation and counterfeiting, so naturally we're seeing more activity" in the realm of knockoffs, says Mr. Devine.

Gilead Agrees To Buy Myogen For $2.5 Billion (WSJ)

By Angela Moore, Bob Sechler

The Wall Street Journal, October 3, 2006

Biopharmaceuticals company Gilead Sciences Inc. agreed to acquire Myogen Inc. for about $2.5 billion, a move aimed at gaining ownership of the biotechnology company's lead product candidate, a potential treatment for pulmonary arterial hypertension.

The $52.50-a-share offer is a 50% premium over Myogen's share price of $35.08 on Friday. The Westminster, Colo., company's shares rose 47%, or $16.36, to $51.44, while Gilead shares were off $4.49, or 6.5%, at $64.28, both as of 4 p.m. in Nasdaq Stock Market composite trading.

With the transaction, the Foster City, Calif., company would acquire Myogen's main drug candidate, Ambrisentan, a treatment for pulmonary arterial hypertension that is in late-stage clinical trials. Pulmonary hypertension involves a narrowing of blood vessels in the lung, making it difficult for the heart to pump blood through the lungs and causing shortness of breath even when resting.

Myogen expects to file a new-drug application for Ambrisentan with the Food and Drug Administration as early as the fourth quarter, Gilead said. British drug maker GlaxoSmithKline PLC holds rights to the product outside the U.S.

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Executives from Gilead said that the "scarcity value" of a drug in late-stage testing that addresses an unmet medical need justified the premium price offered for Myogen.

"We felt that the premium was a fair value for what we were doing here, and that this was in fact a product that we could build a franchise around," Gilead Chief Financial Officer John Milligan said.

Datamonitor, a business-information provider based in London, estimated in March that the market for pulmonary hypertension treatments could grow to around $2 billion by 2014 from $636 million in 2004, driven by new treatments. Ambrisentan is expected to lead that market with sales topping $500 million by 2014, Datamonitor said.

The current market leader for treatment of pulmonary hypertension is Tracleer from Swiss pharmaceuticals company Actelion Ltd.

Gilead Chief Executive John Martin said Tracleer had $339 million in sales during the first half of 2006.

"We believe we have a product with a stronger profile" that can take market share as well as grow with overall demand, he said.

About 88,000 people in the U.S. have pulmonary arterial hypertension, according to Gilead, but only 30% are diagnosed and even fewer are receiving treatment. About 5,000 new patients are diagnosed each year.

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Gilead Plans To Acquire Myogen In $2.5B Deal (USAT/AP)

USA Today, October 3, 2006

DOJ_NMG_0074218

DENVER — Gilead Sciences, a leading producer of HIV drugs, said Monday that it plans to acquire biotech Myogen for about $2.5 billion in cash, signaling an expansion into treatments for pulmonary diseases.

Gilead agreed to pay Myogen shareholders $52.50 per share, a premium of 50% over the stock's closing price Friday of $35.08 a share. Myogen's stock hit a 52-week high, while Gilead's shares closed down 6.5% Monday.

The news caught many off guard, not only for the acquisition price but because it represented a shift for Gilead out of its area of expertise in infectious diseases.

Sanford C. Bernstein analyst Geoff Porges said the offer indicates a possible bidding war for Myogen and also reflects the scarcity of late-stage drugs in the pulmonary disease category. “It's a very generous offer,” he said.

During a conference call with analysts, Gilead President and Chief Executive Officer John Martin said the acquisition will help Gilead build on its $365 million buyout of privately held Corus Pharma in August.

“Our planned acquisition of Myogen represents both a scientific and strategic step,” Martin said.

Gilead, a Foster City, Calif.-based biopharmaceutical company with a market value of $29.2 billion, is known for its HIV drugs. It manufactures two of the three drugs in a once-a-day pill called Atripla that was approved last summer for HIV and AIDS treatment. The company also makes the Tamiflu flu treatment.

Gilead posted second-quarter net income of $265 million, or 56 cents per share, up 34% from $196 million, or 41 cents per share, in the previous second quarter. The company credited the jump to strong sales of its HIV treatments.

Myogen, a 10-year-old biopharm based in the Denver suburb of Westminster, had a market value of about $2.2 billion as of Monday. It posted a net loss of $18.5 million, or 44 cents a share, in the second quarter compared with a net loss of $21.7 million, or 61 cents a share, in the second quarter of 2005.

Myogen is developing a drug called Ambrisentan to treat pulmonary arterial hypertension. It believes information developed from two studies will support a new drug application that it expects to file with the Food and Drug Administration by year's end.

It also has a drug for treatment of primary pulmonary hypertension and a late-stage study for a drug that could treat resistant hypertension.

Argus Research analyst David Coleman, who follows Myogen, said Gilead likely will be able to capitalize on the drug better than Myogen.

“I do believe it is a very good deal for Myogen shareholders,” he said.

In a research note to clients, Piper Jaffray analyst Thomas Wei said Gilead will be able to draw on its marketing expertise to build buyers for Ambrisentan.

The deal is structured in two phases, with Myogen slated to become a wholly owned subsidiary of Gilead. Myogen's board approved the deal, which is expected to close by the end of the year, pending regulatory and other standard approvals.

Gilead said the deal will boost earnings in 2007 and 2008. It does not expect Myogen to add to 2009 profit.

Myogen stock rose $16.36, or 47%, to close at $51.44 a share in Nasdaq trading. It has traded between $17.96 a share and $42.27 a share in the past year.

Shares of Gilead fell $4.49 or 6.5%, to close at $64.28 in trading on the Nasdaq. In the past year, it has traded between $44.73 a share and $68.77 a share.

You've Got It Backward: Intel Is Bullying AMD (WSJ)

By Thomas M. McCoy

Wall Street Journal, October 3, 2006

In his Sept. 23 Rule of Law column "Tigers by the Tail," Ron Cass asserts that Advanced Micro Devices is attempting to "restrain a dominant competitor through the courts than beat it in the market." This brief for Intel is wrong. AMD is an innovation leader working as hard as it can to win in the market; the only thing missing is a competitive market free from monopoly abuse. AMD is the company leading consumer choice and value, not vice versa.

It is not competition when Intel pays a computer maker millions of dollars to cancel a new product containing AMD CPUs or when Intel threatens them with retaliation if they publicly support new AMD products. And the list of Intel tricks goes on. That's why computer makers tell us, "We think that you have great products and we wish that we could buy more of them but Intel prevents us from doing so."

The Japan Fair Trade Commission has already found that Intel violated its antitrust laws by imposing illegal, exclusive contracts on computer manufacturers. The Korean FTC is investigating and last year the European Commission gathered evidence via dawn raids about Intel's behavior. Most recently, the Financial Times Deutschland revealed the existence of an illegal and secret deal between Intel and Germany's largest retailer, Media Markt, to exclude AMD from the consumer segment.

DOJ_NMG_0074219

Despite its technology leadership, AMD has reached only 18% revenue share of the microprocessor market and, not surprisingly, most of its recent gain came after the ruling in Japan, AMD's lawsuit in the U.S. and the European Commission's dawn raids.

Thomas M. McCoy
Executive Vice President, Legal Affairs, and Chief Administrative Officer
AMD (Advanced Micro Devices)
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Competition And Antitrust Law Can Protect The Internet (HILL)

By Robert W. Hahn And Robert E. Litan
The Hill, October 3, 2006

If you doubt the effectiveness of simple slogans, the current debate over net neutrality should change your mind. As the heat of the rhetoric rises, the quality of the information has declined.

The "net neutrality" controversy centers on whether firms providing higher-speed broadband should be allowed to charge both the content providers and consumers for faster, more reliable service — pitting Silicon Valley firms like Google and eBay against the telecommunications and cable industries (which rarely find themselves on the same side, this being a notable exception).

On examination, however, one truth is clear – while both sides are prone to hyperbole and exaggeration, net neutrality enthusiasts are also just plain wrong. And the error is dangerous. If the net neutrality proponents prevail, it is less likely that phone and cable companies that operate most of the Internet pipes will have sufficient economic incentives to build needed new capacity.

Net neutrality enthusiasts believe that if Internet service providers are allowed to charge content providers like CNN.com, they will block websites for their own private gain—thus crippling the Internet. Those opposing net neutrality assert the opposite—that pricing freedom is the key to Internet innovation and the deployment of the expanded networks needed to handle rapidly growing Internet traffic.

The fact is, pricing freedom is a key to the success of the Internet. And, existing government oversight, including antitrust authority, is sufficient to rein in any potential anticompetitive behavior in those unlikely circumstances where market forces fail.

Lost in the incredibly contentious net neutrality debate in Congress and the media is the role that competition and antitrust law should play in assuring that consumers continue to have access to their preferred websites. Although net neutrality proponents have loudly complained about the danger that an Internet service provider would block access to websites they compete with or whose views they don't like, there are to date no real life examples that this has occurred (except where governments, like the one in China, block certain traffic). The reason is competition.

Network providers know that if they block access to a favored web site, their customers' swift and sure response will be to take their business elsewhere. And, in the unlikely event that a provider risks alienating its customers, the Department of Justice, the Federal Communications Commission and the Federal Trade Commission have ample legal authority under existing laws to stop the offending practice.

That is why Congress created these agencies, and already has instructed them to ensure that communications (and other) firms play fair. The FCC has already used that authority to slap down one local North Carolina Internet Service Provider, Madison River, for blocking Internet-based phone service offered by Vonage. And there remains the ability of private parties to enforce the antitrust laws – encouraged by the prospect of treble damages. Indeed, Google has recently warned that it may bring antitrust actions against Internet service providers that abuse their market power. What better evidence can there be that current law is sufficient?

Why not add even more legislative language to require regulators to issue even more rules to ensure that all Internet providers treat all websites equally? Because of another "law" – the law of unintended consequences. Net neutrality regulations could very well interfere with the carriers' abilities to enhance the capacity of their broadband networks by limiting their ability to get an adequate return on investment. This, in turn, could chill innovations ranging from telemedicine to those we could only predict with hindsight, such as eBay or Google.

Rather than heavy-handed government mandates that presume to know the best way for the Internet to evolve, we should continue to keep the "hands-off" policy that has enabled the Internet to become the powerful engine of innovation we enjoy today. The genius of competition, backed by long-standing and proven laws that block the abuse of corporate power, has worked in the past. It should be allowed to work in the future.

Hahn and Litan are directors of the AEI-Brookings Joint Center for Regulatory Studies.

DOJ_NMG_0074220

ENVIRONMENT:

Supreme Court To Take On Con Ed Case (AP)

AP, October 3, 2006

WASHINGTON — The Supreme Court indicated Monday that it is likely to consider a case involving New York City-based utility Consolidated Edison Inc. and its efforts to require UGI Utilities, a subsidiary of UGI Corp., to help pay for the environmental cleanup of several gas power plants.

The court requested an opinion on the matter from the Justice Department's Solicitor General, which usually indicates that the court will consider the matter during its current term.

The case addresses the issue of whether Con Ed can sue UGI Utilities in order to recover a share of the cleanup costs related to several gas power plants currently owned by Con Ed. The company argued that UGI formerly owned and operated the plants. UGI has countered that under the federal "Superfund" law, Con Ed cannot seek to recover costs from UGI, because Con Ed has not resolved its liability for the cleanup with the state.

The case is UGI Utilities v. Consolidated Edison Co. of New York, Inc. (05-1323).

Shares of Con Ed rose 24 cents to $46.44 in midday trading on the New York Stock Exchange. Shares of UGI jumped 12 cents to $24.57 on the NYSE.

U.S. To Delay Buying Strategic-Reserve Oil (WSJ)

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Department of Energy will delay purchasing oil to fill the nation's Strategic Petroleum Reserve until after the winter-heating season, a spokesman said yesterday.

President Bush had ordered the department to halt filling the emergency crude stockpile ahead of the summer-driving season, when gasoline prices edged up to nominal highs.

Last year, the U.S. sold crude from the reserve -- a federal oil depository of 727 million barrels designed to cushion the country against supply disruptions and subsequent petroleum price rises -- to meet emergency demand in the wake of a destructive hurricane season. In June, the reserve held almost 688 million barrels of oil.

Spokesman Craig Stevens said the department had agreed to hold off collecting 1.7 million barrels owed to it from oil companies until the second quarter of 2007. Given that the department is "satisfied with the [reserve's] current level," and that it was wary of affecting the market ahead of the high-demand winter-heating season, "we have no plans currently to use the $600 million [from last year's oil sale] to fill the reserve."

He said if the department decides to start buying crude, it would be done during a period of months to minimize the impact on the market.

FBI/DEA/ATF/USMS:

Court Upholds Polygraph Tests For FBI, Secret Service Applicants (AP)

By Matt Apuzzo

AP, October 3, 2006

WASHINGTON - The FBI and Secret Service may keep using lie-detector tests to screen potential employees, a federal judge ruled Monday.

U.S. District Judge Emmet G. Sullivan's ruling ends a six-year lawsuit brought by six applicants who failed polygraph tests and were denied jobs. They said the policy violated their rights to privacy and due process.

The Secret Service has required polygraph tests for potential agents since 1985. All FBI employees have been tested since 1994.

Applicants are asked questions about their medical histories, finances, sex lives, drug use and mental health. Secret Service applicants are asked whether they have committed adultery or other sex crimes.

While those questions are personal, Sullivan said, they're not an unconstitutional invasion of privacy. Because the applicants sought positions of public trust, the agencies have the right to inquire about the backgrounds of their agents, he said.

"With regard to the Secret Service's specific questions, the agency has made a reasonable determination that there is a danger if its employees in sensitive positions could be blackmailed for some reason," Sullivan wrote. "The court will not second-guess that conclusion."

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Four of the six applicants who brought the case probably were turned down based on their answers to drug-related questions, according to court documents. All denied using drugs.

"Three people know you're lying: me, you and God," a Secret Service polygraph agent said to one applicant, according to court documents.

"No, God and I know I'm telling the truth," the applicant, Eileen Moynahan replied.

A fifth applicant was denied because she had lied about marijuana use on a Baltimore police application, prosecutors said. The sixth applicant was accused of holding his breath to try to beat the polygraph.

The lawsuit claimed the tests are unreliable, yet there is no way for applicants to clear their name. They said the stigma attached to failing the test would prevent them from getting other law enforcement jobs.

Sullivan denied that claim, noting that some of the applicants who brought the lawsuit now work in federal law enforcement jobs.

"Ultimately this will be an issue for the Supreme Court or Congress to take care of," attorney Mark Zaid said.

Ex-FBI Agent Gets 6 Years In Stock Case (WSJ)

The Wall Street Journal, October 3, 2006

NEW YORK -- Former Federal Bureau of Investigation special agent Jeffrey Royer was sentenced to a six-year imprisonment for his role in a stock-manipulation case involving a handful of penny-stock companies.

Mr. Royer also was sentenced to three years of supervised release.

He was found guilty of racketeering conspiracy and securities fraud in 2005 along with short-seller Anthony Elgindy. The government accused the two men of using confidential FBI information to depress the shares of companies that Mr. Elgindy and members of his online investment group sold short -- or bet against using borrowed shares.

"Elgindy was the master manipulator," said Judge Raymond Dearie of U.S. District Court in Brooklyn. But "without this chap and the information he sold, we would have no conspiracy."

Mr. Elgindy was sentenced to more than 11 years in prison and ordered to forfeit $1.5 million in June.

6-Year Sentence In Trading Case (NYT)

By Bloomberg News

The New York Times, October 3, 2006

By Bloomberg News

A federal judge in Brooklyn sentenced a former F.B.I. agent yesterday to six years in prison for racketeering and securities fraud related to the inside-trading prosecution of a former stock picker, Anthony Elgindy.

The former agent, Jeffrey A. Royer, 39, who was convicted after a trial with Mr. Elgindy, will be allowed to surrender to federal prison authorities by Nov. 6, said Robert Nardoza, a spokesman for the United States attorney for Brooklyn, Roslynn R. Mauskopf.

Mr. Royer was an F.B.I. agent from 1996 to December 2001, when he left to work for Mr. Elgindy, prosecutors said.

In June, Mr. Elgindy was sentenced to 11 years and 3 months in prison and ordered to forfeit $1.5 million for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. According to witnesses at the trial, Mr. Elgindy used information supplied by Mr. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site, AnthonyPacific.com.

Prosecutors say Mr. Royer also supplied Mr. Elgindy with information about investigations of companies by the F.B.I. and the Securities and Exchange Commission.

Mr. Royer's lawyer, Lawrence D. Gerzog, did not return a call made to his office after business hours seeking comment.

Short sellers seek to profit by correctly predicting a decline in a stock's price. They sell borrowed shares, planning to buy them later at a lower price and return them to holders. Mr. Elgindy's gains from trading shares of 32 companies using illegally leaked information totaled $3.02 million, the government said.

Ex-agent Gets 6 Years In Fraud (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 3, 2006

Calling it a tragic case of a public official gone wrong, a federal judge in Brooklyn sentenced a former FBI agent to 6 years in prison yesterday for tipping off a Web-based stock market adviser with inside law enforcement information.

DOJ_NMG_0074222

The former agent, Jeffrey Royer, betrayed no emotion as Judge Raymond Dearie sentenced him for his January 2005 conviction.

Dearie gave Royer, who remains free on bail, until Nov. 6 to surrender to a designated federal prison.

"We must ask more of our public officials, we must," said Dearie as he sentenced Royer, 43, for conspiracy, securities fraud, racketeering, witness tampering and other crimes.

Royer was convicted with stock trader Amr Elgindy for plotting to use information about FBI investigations of companies in order to profit on the stock market.

Prosecutors charged that Elgindy, who ran a subscription-based Web site, used information leaked to him by Royer to shake down companies that were the object of negative reports by his Web service.

Elgindy, of southern California was sentenced to 13 years in prison earlier this year. Dearie said that Elgindy orchestrated the scheme, dangling the prospect of a job and other benefits to entice Royer.

Dearie noted that, without Royer's involvement, the stock schemes and extortion wouldn't have happened, although he said Royer shouldn't be held responsible for Elgindy's shakedown attempts.

Early in the case, investigators speculated that Elgindy, of Egyptian ancestry, might have had advance warning about the Sept. 11 terror attacks because of the timing of his trades, but that never was substantiated.

Just before sentencing, Royer said he leaked the information because he thought he was helping to put shady companies out of business.

The former agent apologized to his family and also to his ex-girlfriend, Lynn Wingate. Prosecutors said she was another FBI agent whom Royer persuaded to continue to leak him confidential information after he left the FBI in 2001 to work for Elgindy.

"She trusted and loved me," Royer said about Wingate, who pleaded guilty to obstruction of justice charges and received 3 years' probation in July.

City Briefs (NYDN)

New York Daily News, October 3, 2006

A man walking on the upper East Side was struck and killed yesterday by an SUV that sent him flying 30 feet, witnesses said.

"I saw something flying through the air, and I didn't know what it was. Then I thought, 'My God, that's a dude!'" said Hank Ley, 33, a doorman near the scene at 90th St. and York Ave.

The driver stayed at thescene, witnesses said. The 56-year-old victim, Yao Huang of W. 24th St., was taken to New York-Presbyterian Hospital Weill Cornell, where he was pronounced dead, officials said.

Christina Boyle and Michael White

Crane accident violations

The Tishman Construction Corp. and others involved in a near-fatal crane accident last week were socked with violations yesterday for "unsafe operation of a crane."

An 8,000-pound chunk of a tower crane that was being disassembled fell from the 21st floor of an apartment building under construction at 108 Third Ave. at 13th St. on Friday.

"Tishman Construction will do anything in its power to provide any and all information required or asked for by the Department of Buildings and the Office of Emergency Management," said Tishman spokesman Bud Perrone.

Frank Lombardi

B'klyn deliveryman shot

A man delivering merchandise to a Brooklyn 99-cent store was shot in the chest yesterday by a thug who accosted him near his truck and demanded his wallet, police said.

The unidentified 27-year-old victim was in stable condition after the 11:15 a.m. shooting in Flatbush. Police said he was trying to hand over his wallet when the gunman shot him.

Noah Fowle and Ernie Naspretto

G-man gets 6 for scam

An ex-FBI agent was sentenced yesterday to six years in prison for passing confidential information to rogue insider trader Amr (Anthony Pacific) Elgindy.

Jeffrey Royer, who quit the FBI in 2001, furnished Elgindy with criminal histories and ongoing investigations of executives that Elgindy posted on his Web site to force stock prices of companies down.

John Marzulli

DOJ_NMG_0074223

Inaccuracies Have To Do With Names In Times Report (ESPN)

ESPN.com, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday that a newspaper report indicating that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

The inaccuracies have to do with the names as they appear in the report, a spokesman for San Francisco U.S. Attorney Kevin Ryan said. The spokesman did not elaborate.

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and was quickly seized on by print and broadcast media outlets.

Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for the Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher later was released by the Arizona Diamondbacks.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky said Grimsley had identified the other players as drug users. Those names were blacked out when the document was originally released.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Grimsley played with Clemens and Pettitte on the New York Yankees, and is now out of baseball. The reliever has admitted using a variety of banned substances and was suspended for 50 games by Major League Baseball.

Information from The Associated Press was used in this report.

GRIMSLEY AND HGH

Former Diamondbacks pitcher Jason Grimsley told federal investigators in June he used illegal performance-enhancing drugs. A day after they searched his house, Grimsley asked for and was granted his release from the team.

Doubt Cast On Report That Named Players (NYT)

By Jack Curry

The New York Times, October 3, 2006

Two days after it was reported that Roger Clemens was among the six major league players who investigators said had been identified as having used performance-enhancing substances, a federal prosecutor said the news media coverage contained “significant inaccuracies.”

The Los Angeles Times reported late Saturday that Clemens, a seven-time Cy Young Award winner; Andy Pettitte, Clemens’s teammate and workout partner with the Houston Astros; Miguel Tejada of the Baltimore Orioles; and three other current or former Orioles were reportedly named by Jason Grimsley, a former pitcher, as players who had used the drugs. The names were blacked out in a federal affidavit that was made public in June.

But Kevin V. Ryan, the United States attorney for the Northern District of California who is investigating steroids in baseball, issued a brief statement that cast some doubt on what was in The Times’s article.

“In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government’s search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies,” Ryan said.

The prosecutor’s office declined to elaborate. A message left for a Times spokesman was not immediately returned.

Grimsley’s agent, Joe Bick, said Grimsley, who was released by the Arizona Diamondbacks after he acknowledged using steroids and other drugs and who subsequently retired, is not responsible for the naming of any players in the affidavit.

“In terms of how those names got in the document, Jason disputes the fact that he put them there,” Bick said. “Jason’s attorney made that statement a while ago, and he still feels that way.”

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Edward F. Novak, Grimsley's lawyer, did not return a telephone message yesterday. But Novak told The Arizona Republic in June that Grimsley did not volunteer any names of current or former players and merely answered questions when the investigators quizzed him about specific players.

Clemens and Pettitte, two former Yankees, both denied the accusations that were reported in The Times, as did Tejada, Brian Roberts and Jay Gibbons. David Segui, the sixth player, had previously said that he used human growth hormone.

"I'm here talking to you guys about something that is pretty much hearsay," Clemens said on Sunday. "It's ridiculous."

Pettitte said, "This has no weight behind this, as far as I'm concerned."

Randy Hendricks, who represents Clemens, noted that Clemens was on the United States team in the World Baseball Classic last March. He was subject to Olympic-style drug testing, which is stricter than baseball's testing policy. Clemens and Pettitte were teammates with Grimsley on the Yankees in 1999 and 2000.

Prosecutor: Steroids Story 'Inaccurate' (AP)

By David Kravets, The Associated Press

AP, October 3, 2006

SAN FRANCISCO -- The federal prosecutor overseeing an investigation of steroids in baseball said Monday a newspaper report that five players, including Roger Clemens, had used illegal performance-enhancing drugs contained "significant inaccuracies."

Citing sealed court filings, the Los Angeles Times reported that former pitcher Jason Grimsley had named Clemens, his Houston Astros teammate Andy Pettitte, and Baltimore Orioles Miguel Tejada, Brian Roberts and Jay Gibbons. The story first appeared on the Times' Web site on Saturday and quickly was seized on by print and broadcast media outlets.

San Francisco U.S. Attorney Kevin Ryan issued a statement Monday, saying: "In view of the recent news reports purporting to identify certain athletes whose names had been redacted from the government's search warrant filings in the Grimsley matter, and in the interests of justice, please be advised that these reports contain significant inaccuracies."

A spokesman for Ryan declined to elaborate.

A spokesman for the Los Angeles Times had no immediate comment. The newspaper reported that an unidentified source with access to the document allowed the newspaper to view it, and a second source provided additional details about the document.

All five players immediately denounced the story, with Clemens calling it "dangerous and malicious and reckless."

Federal agents raided Grimsley's Arizona home in June after the pitcher admitted using human growth hormone, steroids and amphetamines. The pitcher, who played with Clemens and Pettitte on the New York Yankees, later was released by the Arizona Diamondbacks and suspended for 50 games.

In a search warrant affidavit, IRS Special Agent Jeff Novitzky, the lead investigator in the Bay Area Laboratory Co-Operative steroids probe, said Grimsley had identified other players as drug users, the Times reported. Those names were blacked out when the document was released.

"As I have said all along, and as Andy and Roger said quite clearly yesterday, they have never used performance-enhancing drugs," Randy Hendricks, the agent for Pettitte and Clemens, said Monday.

He added that Clemens "signed up to play for his country in the World Baseball Classic this year and submitted to Olympic standard testing, including blood work, and then went out and had another good year for the Astros."

Pete Rose Admits Taking Amphetamines (AP)

AP, October 3, 2006

NEW YORK (AP) -- Pete Rose says he took "greenies" in his playing days, if only to lose a few pounds. Oh, and he doesn't bet on baseball anymore, but if he did, he'd pick the Twins and the Padres.

In an appearance on the "Late Show" taped Monday, Rose was asked by host David Letterman whether he ever used any performance-enhancing drugs as a player. Rose said he never did, but when prodded about "greenies," explained that he used them -- though they were nothing more than "diet pills."

"Well, I don't think greenies would ever help you do anything," he said. "You know, I took greenies before in spring training only because I tried to lose some weight, see."

Letterman then asked whether the pills ever helped him ward off fatigue.

"No, not like steroids," Rose replied. "If I took steroids, I'd have gotten 5,000 damn hits."

Neither Letterman nor Rose used the word "amphetamines," which were commonly nicknamed "greenies" at the height of their supposed popularity in baseball. The sport added amphetamines to its list of banned substances last year.

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Rose said he still enjoys watching baseball -- as many as three games a day -- and still holds out hope that he'll be reinstated. Letterman asked Rose who he likes in this year's playoffs.

"You sound like you're betting on baseball," Rose said, drawing laughter and applause. "You know, baseball's going to hate me -- the two teams I like are San Diego and Minnesota. And I liked the Yankees until they lost Randy Johnson, I liked the Mets, who've had a fantastic year, until they lost (Pedro) Martinez. St. Louis is going into the playoffs playing as bad as you could play. Detroit, I don't think they have the experience."

He added that he can't bet on baseball anymore "because I know too damn much about it."

"It wouldn't be fair," he said.

Rose, the career hits leader banned from baseball for betting on games as a manager, also explained the story behind the balls he signed with the words "I'm sorry I bet on baseball" that hit the market last month.

He said he signed the balls in 2005 for a friend who planned to keep them for 10 or 15 years. But the friend passed them on to a partner, and they wound up in the hands of a collector who put them up for auction -- prompting Rose to sign and market his own apology balls.

Drug Ring Suspect Pleads Guilty (ETPA)

By Tom Quigley, The Express-times

Easton Express-Times, October 3, 2006

one of 23 residents nabbed in sting. One charge dismissed in deal, but man still faces prison.

TRENTON | A Phillipsburg man has pleaded guilty in connection with Operation Stateline, a sweeping undercover drug sting that shut down a network operating in the Phillipsburg-Easton area.

Ray Edward Carter, 48, of the first block of Sitgreaves Street, faces a federal prison sentence of between 10 years to life under the terms of the agreement reached Thursday with the U.S. Attorney Christopher Christie's office.

Princeton, N.J., attorney Kim A. Otis was assigned to represent Carter, the first to plea to the federal charges.

"His nickname is Pops," the attorney said. "He's actually a very decent and straightforward honest man."

Otis said his client has a problem with drugs.

"Unfortunately he has an addiction," Otis said. "I'm hoping to do the best for him that I can."

Carter pleaded guilty Thursday before U.S. District Judge Joel A. Pisano to a single count of conspiracy to distribute and possession with intent to distribute more than 50 grams of crack. A remaining charge of conspiring to distribute the drug will be dismissed, according to the plea bargain.

Carter must also serve five years on supervised release. If he violates the conditions of the program, he faces up to five years of additional prison time, records show.

The six-month investigation conducted by the federal Drug Enforcement Agency and local authorities ended last month. The sting resulted in state narcotics charges against 23 area residents.

Phillipsburg residents Keisha Fredericks, 29, of the 300 block of Washington Street, and Edward "Sugar Ray" Rayshawn Carter, 31, of the first block of Sitgreaves Street, are considered the ringleaders of the alleged $17,000-a-week cocaine ring, a DEA spokesman said.

Investigators dubbed the investigation Operation Stateline because the dealers in the Phillipsburg-based organization often sold drugs in the Easton area, authorities allege. Federal investigators monitored cell phones, employed confidential informants, videotaped drug transactions and made undercover drug buys as they infiltrated the alleged drug network, court records show.

Investigators seized about 3 pounds of cocaine and $17,000 in cash. The cash was seized from Tim "Big Daddy" Hartwell as he tried to elude capture, authorities allege.

Hartwell, 33, of the 2200 block of Rogers Street, Bethlehem, is one of those facing federal charges along with Fredericks and Edward Rayshawn Carter.

Also facing federal drug charges are James "Unc" Armstrong, 30, of the 500 block of Green Street, Phillipsburg, Pasqual "Paco" Colon, 27, of the 600 block of Berwick Street, Easton, and Daniel "Groove" Groover, 45, of the 100 block of Washington Avenue, Phillipsburg.

All seven people facing federal charges remain in federal custody, records show. All face possible life sentences.

Court records show attorneys for Hartwell, Groover and Edward Rayshawn Carter have requested extensions from the court for further plea negotiations with the government.

Supreme Court Denies Oakmont Doc's Appeal (PTR)

Pittsburgh Tribune-Review, October 2, 2006

DOJ_NMG_0074226

The U.S. Supreme Court today declined to hear an appeal filed by a doctor convicted of trading prescription painkillers for sex at his Oakmont office.

Dr. Bernard Rottschaefer, 63, of Plum, was convicted in 2003 of 153 counts of illegally prescribing powerful painkillers, such as OxyContin, to drug-addicted female patients. He denies trading drugs for sex and has remained out of prison pending the outcome of his appeal.

Rottschaefer's lawyers filed a second appeal for a new trial last month. They claim to have found new evidence that could clear the doctor.

The five patient-witnesses who testified against Rottschaefer at trial have since sued him for malpractice. They testified during his criminal trial that they were drug addicts and that Rottschaefer prescribed the drugs to them for no medical reason, with four of the women saying they provided oral sex for prescriptions.

The women now say in sworn statements in the civil cases that the drugs were prescribed to treat chronic pain, Rottschaefer's lawyers say.

They also accuse prosecutors of allowing two witnesses to lie on the stand during trial, claiming that they were not receiving leniency from the government in other criminal cases in exchange for their testimony against Rottschaefer.

U.S. District Judge Gary Lancaster dismissed the second appeal, because the first was still pending. Rottschaefer's lawyers now can re-file the second appeal.

Doctor Again Challenges Drugs-for-sex Conviction (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 2, 2006

An Oakmont doctor who was convicted more than two years ago of 153 counts of illegally doling out OxyContin in exchange for sexual favors will take one more shot at beating the charges.

That chance will not come from the U.S. Supreme Court, which yesterday denied a petition from Dr. Bernard Rottschaefer asking the court to hear his case on appeal.

Instead, Dr. Rottschaefer's lawyers have filed a third motion for a new trial in U.S. District Court -- the last was rejected back in January 2005 -- claiming that they again have newly discovered evidence that could have changed the outcome of his trial.

This time, the evidence is testimony in a civil malpractice case against Dr. Rottschaefer in which the women he allegedly victimized all said they had various ailments that the OxyContin helped to treat.

That contradicts the prosecution's theory in the criminal case, in which it claimed that Dr. Rottschaefer prescribed the powerful pain medication to those women with "no legitimate medical purpose," said defense attorney Eli Stutsman.

In hundreds of pages of depositions given by the five women, they admit that parts of their testimony against Dr. Rottschaefer in his criminal trial were falsified.

Mr. Stutsman called the fact that all of the women changed their stories "extraordinary."

He hopes to use the new information in the depositions, as well as letters that were written by one of the women to her boyfriend while she was incarcerated, to prove "a comprehensive scheme to tell a lie to get a better deal" in their own criminal cases.

U.S. Attorney Mary Beth Buchanan declined to comment.

Dr. Rottschaefer was convicted in March 2004 of 153 counts -- though he was acquitted of 55 more -- and was sentenced in September of that year to 61/2 years in prison. He has yet to serve any time, though, while his case continues in appeals.

Four of the five women testified at Dr. Rottschaefer's trial that they were drug addicts and had no medical need for the prescriptions they were given. But now, Mr. Stutsman said, that story has changed.

"Every complaining witness lied under oath in Dr. Rottschaefer's prosecution," he wrote. "The false testimony went to the heart of the case: whether the prescriptions were issued for medical treatment or as drug dealing."

In their depositions, the women listed ailments that were treated by the OxyContin, including migraines and a fractured tailbone.

Adolescence: When Young People Use, Parents Seldom Know (NYT)

By Nicholas Bakalar

The New York Times, October 3, 2006

Parents consistently and substantially underestimate their children's use of alcohol and other drugs, a new study has found.

DOJ_NMG_0074227

Researchers interviewed 591 adolescents ages 12 to 17 about their drug and alcohol use and then questioned at least one parent of each about what he or she thought the children were using. The analysis appears in the October issue of Alcoholism: Clinical and Experimental Research.

Parents consistently said they believed that their children were using substances less frequently than the children reported. Alcohol use was most common, with 54.4 percent of the teenagers reporting having consumed at least one drink in their lifetimes, and 23.6 percent saying they had been intoxicated. But only 30.5 percent of parents believed that their children had ever had a drink, and only 8.1 percent said their children had ever been drunk.

While 44 percent of the adolescents reported smoking cigarettes, only 27 percent of their parents knew they smoked.

Almost 23 percent of the adolescents admitted to using marijuana, while only 13.2 percent of their parents were aware of it.

With drugs other than marijuana, the results were similar: 8.5 percent of teenagers said they had used other drugs, while 3.1 percent of parents knew it.

"Parents of 12- and 13-year-olds had the lowest rates of knowledge," said Dr. Laura J. Bierut, the senior author of the study and an associate professor of psychiatry at Washington University in St. Louis. "That's worrisome, because there is good evidence that the younger you start to use substances, the more likely you are to develop addiction."

"Children are not telling you about their drug use," Dr. Bierut added. "You have to ask. Kids have access to drugs, they use them, and most parents are clueless."

New Evidence Surfaces In Bombing Case (FWST)

By Max B. Baker

The Fort Worth Star-Telegram, October 3, 2006

Six years ago, Texas Death Row inmate Michael Toney made headlines when he tried to sell seats to his execution over the Internet.

But now Toney, convicted of blowing up three people in Lake Worth on Thanksgiving Day in 1985, may create another stir as he tries to avoid the death chamber for one of North Texas' most notorious crimes.

The Texas Court of Criminal Appeals recently ruled that new evidence — including reports from the federal bureau of Alcohol, Tobacco, Firearms and Explosives discrediting the prosecution's key witnesses — is sufficient to support Toney's innocence claim and warrants another review by state District Judge Everett Young.

The Tarrant County district attorney's office says that some of the claims have been made in previous appeals. But a defense attorney representing Toney says he is convinced that Toney is innocent.

"It's one of the most egregious cases I've seen," said Jared Tyler, an attorney with the Texas Innocence Network. "For me, there is not a shred of evidence that he did it."

Toney, 40, was sentenced to death in 1999 for the briefcase bombing that killed Angela Blount, 15; her father, Joe Blount, 44; and her cousin Michael Columbus, 18.

The case had gone unsolved for a decade until Toney, who was in jail for another offense, told another inmate that he was hired to put the briefcase bomb at the mobile home. Investigators later presented evidence showing that Toney — who they said was to be paid $5,000 for the bombing — put it at the wrong trailer.

Toney always proclaimed his innocence and his efforts in 2000 to sell seats to his future execution to the highest bidder was part of a publicity stunt to attract attention to his case. The state forbade him to sell the seats.

Nicknamed "Cowboy," Toney is a prolific e-mail correspondent, writing regularly not only to reporters but also to members of the jury that convicted him. He also has a Web site on which he proclaims his innocence.

"Lies got me sentenced to death for a crime I did not commit," Toney writes on his Web site. "Since the charade of a Texas trial people have came forward and told me who killed the Blounts and why they did it."

Tarrant County Assistant District Attorney Debra Windsor, who will defend her office in court, says the way the case is being presented by the defense attorneys involves more than questions about Toney's innocence.

"It is actually an attack on this office," she said. A troubling case

Tyler and David Dow, attorneys for the Innocence Network at the University of Houston Law Center, accuse Tarrant County District Attorney Tim Curry's office of offenses including withholding reports from the Texas Department of Public Safety and the ATF that attack the credibility of the state's key witnesses, Chris Meeks and Michael Toney's ex-wife, Kimberly Toney.

Released to the defense this year for the first time, the reports suggest that Meeks and Toney may have been manipulated and intimidated into giving statements fitting investigators' preconceived notions of how and why the crime occurred.

Defense attorneys point out that by the time Michael Toney was indicted in 1997, the crime was 12 years old. The Lake Worth incident was the longest-running unsolved bombing investigation in the country, court papers state. Defense attorneys

DOJ_NMG_0074228

suggest that there was a renewed interest in this case by a federal agency trying to rebuild its image after the Oklahoma City bombing.

Prosecutors were led to Toney when he allegedly confessed to committing the crime to Charles Ferris, a fellow inmate in the Parker County Jail. Already serving time in prison on a burglary charge, Toney had been transferred to the Weatherford jail on an unresolved burglary charge. Toney reportedly told Ferris that he had put the explosive briefcase on the front porch of the mobile home.

After that, investigators began looking into Toney's possible involvement in the case, which led them to Meeks and Kimberly Toney. Neither one had ever talked to authorities about Toney's role in the bombing.

Kimberly Toney testified during the trial that she, Meeks and Michael Toney went out together the day of the bombing and that they drove to a business near the mobile home park where the Blounts lived. She said Michael Toney, who was then her boyfriend, got out of their pickup, grabbed a briefcase and disappeared behind the business. He came back later without the briefcase.

Meek told basically the same story during the trial.

Defense attorneys contend that recently released reports from the DPS and the ATF show that investigators used what they call "cognitive interviewing techniques" to plant false memories into Meeks' and Kimberly Toney's minds. Those reports should have been released to Michael Toney's attorneys at the time of the trial, to show that they had not always given the same account of the crime.

Both witnesses' testimony was crucial to the state's case against Toney.

Kimberly Toney's memories in particular were "unscrupulously recovered, reshaped, and reformed, by aggressive investigators desperately trying to close" the case, court papers said.

The defense also contends that Kimberly Toney's testimony is questionable because of recently uncovered evidence that she may have suffered memory loss from chemicals she was exposed to in 1991 during the Persian Gulf War.

"At the time the investigation into the Blount bombing was reopened, it was the longest-running unsolved bombing investigation in the country. The bombing of the Alfred P. Murrah Federal Building in Oklahoma City had just occurred, and the ATF was determined to solve this crime, one way or another," court papers state. Testimony recanted

A memorandum from Tarrant County Assistant District Attorney Mike Parrish and two ATF reports that cast doubts on the testimony of Tucker Finis Blankenship were also not provided to defense attorneys at the time of the trial. Blankenship met Toney while they were in jail together, according to court documents.

Blankenship said Toney said that another man was going to pay him $5,000 for making and delivering the bomb, but that he had put it by the wrong mobile home. Since then, Blankenship has recanted those statements, and court papers indicate that Blankenship believed the cases against him would be dropped in return for his testimony.

Information was also uncovered that pointed to another man who had built a pipe bomb similar to one used in the Blount bombing and that the man's family told authorities that components used in the briefcase bomb were missing from their home. The man had also told more than one other person that he was responsible for the three deaths, court papers state.

"The fact of the matter is that the Blount bombing remains unsolved to this day, even as Mr. Toney remains on death row," court papers state.

But during the trial, Toney also admitted that he lied frequently. During the trial he acknowledged telling some people that his father is dead, others that his mother is dead, and others that he had a master's degree in chemistry.

He has also said since his conviction that he unwisely told Ferris that he could tell authorities he was involved in the Blount bombing if it would help him get out of jail by getting his charges reduced or dismissed. Ferris has since recanted that testimony, too.

Parrish has no doubts that he convicted the right person. The district attorney's office has until early next year to file its initial response to Toney's request for a review of the evidence and possibly a new trial.

"All that's been raised on state appeal," Parrish said. "There must be some new, slightly different kitchen sink they are throwing in here." <body.end> Max B. Baker, 817-390-7714

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http://www.dfw.com

Man Wanted In Shooting At Ohio Football Game Arrested In Wash. (AP)

AP, October 3, 2006

BREMERTON, Wash. - Authorities on Monday arrested a man accused of killing a man during a youth football game in Youngstown, Ohio, standing over the wounded victim on the field and shooting him several more times.

Anthony M. Caulton, 25, also known as Anthony Pfeifer, was arrested at a home in Bremerton, across Puget Sound from Seattle, after investigators developed leads that he might be hiding in Washington state, the U.S. Marshals Service said.

Caulton was wanted for investigation of a shooting at a Volney Rogers Youth Football League game on Aug. 19 at the former South High School stadium.

As many as 800 people were at the game when Caulton shot Larry D. Jones, 31, in the grandstand, police said. Jones then fled onto the field, and when he collapsed the shooter shot him several more times.

Among the witnesses were cheerleaders as young as 4.

Caulton was booked into the Kitsap County Jail pending his return to Ohio, where he has been charged with the killing in Youngstown Municipal Court.

Youngstown police said several initial requests for information about the killing got no response, and some people said they were afraid for their safety to get involved. But within days, detectives collected information that led to an arrest warrant against Caulton.

Police said the two had argued near the stadium before the shooting. The nature of the argument wasn't disclosed.

IMMIGRATION:

Supreme Court Rejects Appeal Of Nazi Concentration Camp Guard (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, October 3, 2006

(AP) - WASHINGTON-A former Nazi concentration camp guard lost a Supreme Court appeal on Monday over the government's decision to revoke his U.S. citizenship.

Justices declined to review the case of John Hansl, a member of the SS Death's Head battalion that guarded concentration camps at Sachsenhausen near Berlin in 1943 and Natzweiler in France in 1944.

Hansl, who lives in Des Moines, Iowa, sought to distinguish his case from other former Nazi camp guards by arguing he did not hide his wartime past when he asked for a visa to enter the United States in the mid-1950s or personally assist in persecution.

An appeals court, however, agreed with a lower court ruling that Hansl's work as an armed guard with orders to shoot escaping prisoners was sufficient evidence that he "personally assisted in persecution."

In one instance, Hansl helped search for an escaped prisoner who was later shot to death, although Hansl did not pull the trigger, court records show.

The Justice Department has said that more than 70 people who assisted in Nazi persecution have been stripped of U.S. citizenship since the Office of Special Investigations began operations in 1979. The office pursues war criminals.

The Supreme Court's action means the government could begin proceedings to have Hansl deported. He was born in Croatia to parents of German descent and conscripted into the SS after Germany invaded Yugoslavia in 1941.

Hansl's attorney, James Benzoni, had told justices that U.S. immigration policy after World War II allowed visas to be issued to former concentration camp guards unless they were directly involved in committing atrocities.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Border Fence Called Impractical (WP)

The Washington Post, October 3, 2006

Building a fence in an attempt to secure the U.S. border with Mexico is impractical and would simply lead illegal immigrants to cross elsewhere, according to former U.S. Customs and Border Protection agents and other experts.

And the Mexican government agreed in a diplomatic note sent yesterday to the U.S. government, warning that the fence would damage relations between the two countries.

The Senate voted Friday to build about 700 miles of double-layered fence with access roads, lighting, cameras and sensors, to try to block five heavily used crossing points along the 2,000-mile border.

The plan, which awaits President Bush's signature, includes a sweep of fencing along most of the Arizona border, where about half of the almost 1.2 million people arrested crossing from Mexico last year were caught.

The fence would also stretch through parts of California, New Mexico and Texas.

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Former U.S. customs agents who have hunted drug traffickers in the mountains and deserts near the Arizona border said the new barrier would be defeated by the rugged terrain.

"You can't build a wall across the mountains of southern Arizona, as much of the terrain is inaccessible even on foot," veteran agent Lee Morgan said as he stood along the proposed route of the fence, east of Douglas.

The barrier would have to traverse the rugged Huachuca Mountains and other craggy ranges west of Nogales, Ariz., which are marked by bluffs and ravines that make them inaccessible to vehicle traffic, Morgan noted.

Another former customs special agent said the fencing would also struggle to bridge hundreds of creek beds spanning the Arizona-Sonora border, which are prone to flash floods from May to October.

Republican backers of the proposal contend it is necessary to prevent entry to the United States by illegal immigrants and extremists, and to prevent smuggling of weapons and drugs.

Mexican President Vicente Fox, who leaves office Dec. 1, has called the barrier "shameful" and compared it to the Berlin Wall. His spokesman yesterday urged Bush to veto the bill.

"This decision hurts bilateral relations, goes against the spirit of cooperation needed to guarantee security on the common border, creates a climate of tension in border communities," Ruben Aguilar told reporters.

Crackdown On Immigrants Empties A Town And Hardens Views (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 3, 2006

STILLMORE, GA.

As Department of Homeland Security agents in black SUVs tooled up and down the dirt avenues of Stillmore, Ga., hundreds of undocumented people scattered into the woods like "flushed quail," one witness said.

Many of those who weren't arrested fled, some to Kentucky. One family hid for two nights in a tree. As night sets now, a sprinkling of solitary lights glow from once-crowded trailer parks. Since the Labor Day raid, Stillmore, where the wishful sign at the city limit reads "A town that is still growing," has shrunk by at least a third after more than 120 people were arrested and perhaps as many as 300 others disappeared.

"It's a ghost town," says resident Bennett Byrd.

As federal, state, and local officials crack down on illegal immigrants across the country, attitudes continue to harden among those who want them to stay and those who want them to go. In places like Stillmore, Ga., Arkadelphia, Ark., and Charlotte, N.C., raids and crackdowns have uncorked a phenomenon for those left behind: a sense of moral confusion about mass roundups and midnight raids.

"There's a tension between working alongside these people, understanding their impact on the economy, and then some of the issues of a community being able or not able to sustain this kind of immigration," says Allan Burns, an anthropologist at the University of Florida in Gainesville. "People are divided."

In Stillmore, the Crider plant does everything from poultry processing to packing M&Ms for the military to grilling the ribs for restaurant franchises, employees say. In a town of about 1,000 people, more than half of them were working there. The plant's success was driven by a hardworking labor supply that began arriving about four years ago.

Workers had "very good" fake documentation that fooled managers, a Crider plant spokesperson says.

In the town, few complained about the immigration status of the workers as Stillmore, once a thriving train depot, again became a destination. "People got along. The town was growing," says Don Hadden, a local carpenter.

Then, earlier this year, an investigation began by Immigration and Customs Enforcement (ICE) agents in the Department of Homeland Security (DHS). ICE agents arrested a Stillmore man in the spring, accusing him of supplying counterfeit documents to workers. The man's records were then used to identify other workers. For 10 weeks, ICE trained company managers to spot forgeries and check Social Security numbers. About 30 people who had not been weeded out by the company were arrested at the plant in an orderly fashion over Labor Day weekend, according to a plant spokesperson.

ICE agents also raided several homes in town. Witnesses say agents popped up through floor boards and broke windows.

"Everything we did [in this investigation] was in accordance with the immigration laws of this country," says Marc Raimondi, DHS spokesman.

But some, including the Southern Poverty Law Center, have voiced concerns about the searches.

"Hispanics came to Stillmore and opened up stores that had been closed for years, and now there's a sadness in how they were treated," says Father Vic Subb, who worked for a Catholic ministry in town for six years.

Proponents of immigration law enforcement say the government has a right to get tough on illegal immigrants and those who employ them. Led by Gov. Sonny Perdue, Georgia lawmakers say they will go after people who have broken immigration laws. Georgia has the fastest growing population of illegal immigrants, estimated at 470,000.

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"I firmly believe that we [as a nation] are taking in more immigrants than we have the capacity to feed, educate or employ," says D.A. King, president of Dustin Inman Society in Marietta, Ga., which opposes illegal migration of workers across the border.

This year, ICE has rounded up 2,100 people in workplace raids nationwide compared with 1,145 in 2005.

Meanwhile, more communities are signing agreements to work with ICE to undertake deportation proceedings for scofflaws and prisoners. In Charlotte, more than 600 people have been deported through hearings initiated by local officials.

It's a debate that's galvanized Congress. Sen. Mark Pryor (D) of Arkansas said immigration reform should consider the community impact of enforcement, noting a 2005 raid in Arkadelphia that detained 119 people and left 30 children behind. But last week, Rep. Russell Pearce (R) of Arizona argued for reviving Operation Wetback, the controversial 1950s-era deportation program. To deal with illegal immigration, Congress has so far approved a border fence project.

The law-and-order tack is heightening tensions, experts say.

"Because of [stepped-up raids], you're going to see more pro-immigrant activity, and anti-immigrant folks are going to want even more enforcement," says Bill Hing, an immigration law professor at the University of California, Davis.

In Stillmore, the raids forced Americans to confront their own beliefs. Residents such as Larry Hadden saw friendly and "clean" people invigorating the town's economy. To see them chased "like rabbits" through the underbrush troubled him, as did watching as women and children were left behind without resources.

Others, including resident Carolyn Byrd, see the ICE roundup as justified. Her son, Bennett, was a manager of the Crider plant for years. He said that Hispanics worked harder than anyone else. But they also took jobs, including his.

Now the plant is paying a dollar more an hour than before the raid, to draw new workers from neighboring counties. "With the illegals gone, Americans have a chance to make more money," says Mr. Byrd.

Still, there's a feeling among some that, as the undocumented go, so does the town of Stillmore. "It was very good here, but now I am too sad I can't find a good job," says Samuel Villalobos, an undocumented worker who hid out with his family in his trailer during the raid. "The trailer parks are empty, people leave very, very worried, no income, no money. It's too hard over here. Stillmore is too quiet."

Immigration Resolution Passes Early Test (CHIT)

By Josh Noel

Chicago Tribune, October 3, 2006

Despite a dissenting vote from Tony Peraica, the Republican candidate for Cook County Board president, a resolution passed a subcommittee Monday that could make the county a sanctuary for undocumented immigrants.

Modeled on legislation adopted by several large cities, including Chicago, the resolution will go before the full board after passing 3-2. It would forbid county agencies from asking about immigration status when providing services.

The co-sponsor of the resolution, Commissioner Roberto Maldonado (D-Chicago), said the measure offers symbolic support for undocumented immigrants as well as protection from real abuses.

During a brief hearing of the Law Enforcement and Corrections Committee, Maldonado cited two examples of such abuse. One was an allegation made last month that a Stroger Hospital police officer roughed up Agustin Sotomayor, 77, during an arrest and asked whether the man was in the United States legally.

The other, he said, came from the owner of Los Dos Compadres restaurant in unincorporated Franklin Park, who reported that a Cook County sheriff's police officer checked identification of would-be patrons late last month and turned away anyone without proof of being in the United States legally.

"We are sending a moral message through our government to the undocumented that we are in support of their struggle to achieve social justice," Maldonado said. "As we await comprehensive immigration reform, we stand with them."

Cook County sheriff's office spokesperson Sally Daly said the agency was unaware of the allegation against its officer until Monday. Neither Maldonado nor any citizen made a complaint, she said.

"Certainly it is concerning, but why Commissioner Maldonado would wait this long to mention it is unclear to us," Daly said. "If it's true, we take it seriously, and we will conduct an investigation."

Joining Maldonado in support of the resolution were Commissioners Joseph Mario Moreno (D-Chicago), a co-sponsor, and Mike Quigley (D-Chicago).

In a long preface to his dissent, Peraica criticized the resolution as a "feel-good piece of legislation" that violated the Constitution because county government cannot make immigration law.

"The proper channel for this is the United States Congress and the United States Senate," he said. "We would be setting a dangerous precedent if we embarked down that road."

Peraica had previously said that Sotomayor's arrest was a reflection of the poor training of county employees, but he said on Monday that the officer's behavior, if true, can't be legislated away.

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"What happened to Mr. Sotomayor is absolutely wrong and was done as the result of an ill-trained employee acting in an ignorant manner," he said. "No resolution can change that."

He called for more training for county law-enforcement officials to make clear the limits of their power regarding immigration.

Commissioner Jerry Butler (D-Chicago) joined the dissent, saying that anyone seeking services at a county health facility should be required to answer basic questions about where they live or have lived.

Maldonado said the issue will go before the full board sometime after Wednesday's scheduled meeting.

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Bridging A Racial Rift That Isn't Black And White (NYT)

By Rachel L. Swarns

The New York Times, October 3, 2006

WILLACOOCHEE, Ga. — The ministers close their eyes and raise their voices to the heavens and, for a moment, they are colorless. Two men who grew up desperately poor, who picked tobacco in the fields and hauled boxes at Wal-Mart and whose life journeys ultimately led them to the Lord and to each other.

"It's like praying with a brother," said the Rev. Harvey Williams Jr., 54, who is black.

"He looks out for me and I look out for him," said the Rev. Atanacio Gaona, 45, who is a Mexican immigrant. "In the eyes of the Lord, there are no colors."

In this immigrant boomtown in Atkinson County, about 45 miles north of the Florida border, the ministers have forged a rare friendship that transcends the deep divide between blacks and Hispanics here.

For centuries, the South has been defined by the color line and the struggle for accommodation between blacks and whites. But the arrival of hundreds of thousands of Hispanic immigrants over the past decade is quietly changing the dynamics of race relations in many Southern towns.

The two pastors find that the fault lines that separate their communities sometimes test their friendship and challenge their efforts to bring blacks and Hispanics closer together.

Blacks here, who had settled into a familiar, if sometimes uneasy, relationship with whites, are now outnumbered by Hispanics. The two groups, who often live and work side by side, compete fiercely for working-class jobs and government resources. By several measures, blacks are already losing ground.

The jobless rate for black men in Georgia is nearly triple that of Hispanic men, labor statistics show. More blacks than Hispanics fail to meet minimum standards in Atkinson County public schools. And many blacks express anguish at being supplanted by immigrants who know little of their history and sometimes treat them with disdain as they fill factory jobs, buy property, open small businesses and scale the economic ladder.

"If you have 10 factory openings, I would say Hispanics would get the majority of the jobs now," said Joyce Taylor, the Atkinson County clerk, who is black. "And if you look at the little grocery stores, there are more Hispanic businesses than black businesses."

"It's kind of scary," said Ms. Taylor, 44, whose daughter was laid off from a factory here. "My children, looking forward, it may be harder for them."

Some Hispanics say African-Americans treat them with hostility and disparage them with slurs, even though blacks know the sting of racism all too well. They say many blacks are jealous of their progress and resent the fact that whites, who dominate the business sector, look increasingly to Hispanics to fill work forces. Blacks say employers favor immigrants because they work for less money.

An Area of Intense Feelings

The killing of six Mexican farm workers in a robbery last year in Tifton, about 30 miles away — and the arrest of four black men in the case — has heightened the friction. Nothing so violent has occurred here, but some Hispanics say black criminals focus on immigrants in this town, too.

Speaking of blacks, Benito González, 51, a Mexican who has worked alongside them at a poultry plant, said: "They don't like to work, and they're always in jail. If there's hard work to be done, the blacks, they leave and they don't come back. That's why the bosses prefer Mexicans and why there are so many Mexicans working in the factories here."

Such images stoke the debate over how to overcome tensions, which flared nationally this year when some African-Americans expressed anger and unease as immigrant groups hailed efforts to legalize illegal immigrants as a new civil rights movement. Although the push in Congress to create a guest-worker program has stalled, concerns about competition between black and immigrant low-wage workers remain.

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Those feelings resonate with particular intensity in the South, home to the nation's largest share of African-Americans and its fastest-growing population of immigrants, according to an analysis of census data by William H. Frey, a demographer at the Brookings Institution.

The two Pentecostal ministers who pray together are men of faith who say they believe that blacks and Hispanics should be allies in the struggle to overcome discrimination and economic adversity, even though they acknowledge that interethnic unity is often hard to come by.

Mr. Williams, a thoughtful man who studied psychology in community college, ruminates in a weekly newspaper column on topics like spirituality, ethnic relations and his recovery from cocaine addiction 20 years ago.

Mr. Gaona, whose boyish looks belie his intensity, left school after second grade to help his father work the fields in Mexico. He entered the United States illegally and started picking tobacco here when he was 24. Over the past decade, he has received his citizenship and built his church from the ground up.

The two men met working on a Wal-Mart warehouse floor in neighboring Coffee County around 1993 when Mr. Gaona was starting to deepen his faith and Mr. Williams, already a pastor, was looking for a ride to work.

Neither expected much from the acquaintanceship.

Mr. Gaona, who said his perceptions of black Americans were shaped in Mexico by news reports of crime and violence in poor urban areas, recalled, "I was thinking: 'He's black. Who knows what he wants from me?' I was just trying to keep my distance."

Mr. Williams said he never envisioned a friendship because he had never known blacks and Hispanics to be friends.

"I think I probably saw him as being a Hispanic,' he said, "and I was only going to get so close."

Over the next five years, in their hourlong weekday commuting trip in Mr. Gaona's 1988 Oldsmobile and later in Mr. Williams's 1982 Ford station wagon, they discovered common ground. Both are divorced fathers. Mr. Williams has two sons and two daughters. Mr. Gaona has five boys.

Both grew up poor, working in the fields. And both were trying to advance at Wal-Mart and searching for pathways to God. It was Mr. Williams who helped persuade Mr. Gaona to quit Wal-Mart to open the first Spanish-language church in this town.

Today, the men are remarried, full-time ministers who chat by telephone and disregard the diners at local restaurants who still gawk at the sight of a black man and a Hispanic man eating together.

But they also remain painfully aware of the fear and prejudice that remain in their communities.

Mr. Williams, who leads a working- and middle-class congregation of teachers, Civil Service workers and factory workers at the Union Holiness House of Deliverance, shakes his head as he describes the jokes about Mexicans with poor hygiene that circulate among some black people he knows.

"It was not so long ago that we were the object of jokes," Mr. Williams said. "I'm constantly having to remind people."

Mr. Gaona, whose flock at the Iglesia Alfa y Omega is dominated by factory and farm workers, says his members often describe American blacks as moyos, a derogatory Spanish term that sometimes refers to a black insect. He used the term, too, he admits, before he found God and his friend Mr. Williams.

"Every now and then, I remind them that we need to respect people, no matter how they look or their color," Mr. Gaona said. "But mostly, we don't know them, and they don't know us. There's no real communication going on."

Gaps and Similarities

The tension simmers just below the surface in the quiet communities of bungalows and trailers where the two churches are situated. Five years ago, these neighborhoods were overwhelmingly black. Today, Hispanics and blacks account for 21 percent and 19 percent of the county population of about 8,000, respectively.

Lyrical Spanish chatter competes with the sweet Georgia drawl as blacks and Hispanics share streets, assembly lines, classrooms — and hardships — that could prove to be the basis of community and political alliances. The two groups appear more likely to be poor than whites. About 36 percent of Hispanics and 31 percent of blacks live in poverty in Atkinson County, census data shows; 17 percent of whites are poor.

The two ethnic groups report experiencing some discrimination from non-Hispanic whites, who account for 60 percent of the population, and they view the blue-collar jobs in the factories that manufacture industrial fabrics and mobile homes as steppingstones to prosperity.

School administrators and sociologists suggest that the gap between blacks and Hispanics in employment and education may stem in part from immigrant parents who push their children harder to succeed in schools and the immigrant zeal to find work, regardless of how much it pays.

Many black adults, who typically have more formal education than new immigrants, seethe at the disparities. In a town where neighborliness is entrenched, blacks and Hispanics often treat one another warily.

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It is hard to envision such tension in the ministers' friendship, particularly as they laugh amid the wooden pews in Mr. Williams's church. But in many ways, they, too, keep their distance.

Despite more than 10 years' friendship, the two have never dined in each other's home. Their wives and children have never met, nor have their congregations.

Mr. Gaona does not know the black families who live near him. And he has never addressed Mr. Williams's congregation, even though his friend has invited him several times. The minister says he feels uncomfortable preaching in English.

Mr. Williams, who has spoken at his friend's church twice, says there is more to it. (Mr. Gaona's English, after all, is quite good.)

"There's still a barrier there," Mr. Williams said.

He said the worshippers in Mr. Gaona's church seemed reluctant to mingle with him after his guest sermons there several years ago.

"They are like standing on the side, you know, with their heads down as if waiting for me to leave," he recounted. "They're uncomfortable. And that's one reason for not visiting him any more than I do.

"It's one of my goals in life, to break down these nationality walls. But people are pretty divided. I just don't know if that's going to change."

Mr. Williams concedes that he, too, strives to do better. He does not know the name of the Hispanic family that lives near him. For a time, he refused to wave to Hispanic drivers on the road because they often hurt his feelings by ignoring him and the Southern tradition of greeting strangers. He has since decided to wave — no matter what.

His wife, who did not grow up around immigrants, still feels a bit uncomfortable socializing with Hispanics, despite his long friendship with the Hispanic pastor.

A Shoulder to Lean On

Mr. Gaona said he was recently taken aback when his 5-year-old came home from school and described his black classmates as moyos, the aspersion.

" 'Why you need to call them like that?' " Mr. Gaona said he asked his son. "I'm trying to share with him that's not right. But that's what he hears."

Still, on most days the two men put aside such awkwardness and focus on supporting each other.

When Mr. Gaona's computer became infected with a virus, he called Mr. Williams, who stopped by to help repair it. When state officials refused to renew his brother's driving license because his immigration papers were not in order, Mr. Gaona called Mr. Williams in frustration.

Mr. Williams relies on Mr. Gaona to interview Hispanic immigrants who ask to rent his church's social hall for parties. And it was his respect for the Hispanic pastor that helped persuade him to use his newspaper column to chastise Americans who disparaged the newcomers.

"I believe that rather than be angry or envy those who have came to America and found success, we ought to be learning from them," Mr. Williams wrote.

As the ministers meandered through their changing neighborhoods one afternoon, they considered taking their friendship to another level by preaching a joint service for their congregations. Though they knew it might never happen, they envisioned Spanish speakers and English speakers, newcomers and long timers' holding hands and praying beneath the oak trees.

On that sultry summer afternoon, it felt good to dream about the possibility. Somehow, it felt like it just might be the start of something.

"We'll get together one day soon and do one out in the open," Mr. Gaona said.

Mr. Williams replied: "That sounds good. That sounds good. We'll do that."

TAX:

Amherst Man Sentenced For Hiding Funds (BIZBUFF)

Business First of Buffalo, October 3, 2006

Amherst resident John Fortune has been sentenced to 27 months incarceration, following a guilty plea for structuring financial transactions to avoid IRS reporting requirements, according to the U.S. Attorney's office.

Assistant U.S. Attorney Gretchen Wylegala said Fortune, 62, admitted he became aware in 2001 that the banks had a duty to report to the IRS cash transactions in amounts of $10,000 or more. During a six-month-period, he acted purposefully to avoid those reports, orchestrating his cash transactions to be under that limit, typically taking amounts of $9,000 or $9,500. During that 6 month period, Fortune took nearly $150,000 in cash in 40 separate transactions, according to Wylegala.

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The conviction in June was the culmination of an investigation on the part of the FBI.

An Honest Democrat (WSJ)

The Wall Street Journal, October 3, 2006

Democrats are campaigning on "a new direction for America," but they've been deliberately abstemious with any details of what that means. New York Senator Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda "gives Republicans a target." So much for the courage of one's convictions.

Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first term tax cuts were worth preserving and he answered that he "cannot think of one." Then last week, Mr. Rangel was asked by Congress Daily whether he'd consider tax increases across the income spectrum. "No question about it," he said. "Everything has to be on the table."

"Everything" would mean repealing the 10% low-income tax bracket, the child tax credit and marriage penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be-chairman points for honesty.

Mr. Rangel has also been clear in saying he wants to "stop this war" in Iraq, and last week he was asked by The Hill newspaper how he might accomplish that. He responded: "You've got to be able to pay for the war, don't you?" That sounds like a vow to cut off funding for the war, a la 1975 in Vietnam, a point that California Democrat Lynn Woolsey reinforced by telling the same paper, "Personally, I wouldn't spend another dime [on the war]."

Republicans have jumped all over Mr. Rangel's tax comments in particular, but at least in one sense the New Yorker should be congratulated: Unlike his fellow Democrats, he isn't hiding what he believes. He's merely being candid about what he'd like to do at Ways and Means, and as a long-time Member he may feel he'll have a better chance of achieving his tax-hike goals if he talks about them more openly during the campaign. Voters won't be able to say they weren't warned.

Counting Capital Gains (WSJ)

The Wall Street Journal, October 3, 2006

Republicans haven't had any luck making the Bush tax cuts of 2003 permanent, and next year's prospects don't look promising. So now is a good time to consider some alternative tax-cutting strategies that might be more achievable.

One useful idea comes courtesy of House Republicans Mike Pence and Eric Cantor, who recently introduced a bill to index capital gains for inflation. Income tax brackets have been adjusted for the cost of living ever since the Reagan tax cuts of 1981 -- a historic pro-growth victory. But capital gains continue to suffer from an inflation tax, which yields a windfall profit for the government but reduces the value of holding long-term capital assets.

This situation stretches back to 1913, when the Treasury Department decided to define the word "cost" in the tax code as meaning historical dollars, rather than current dollars. Capital gains taxes are due whenever an asset yields a nominal gain, even if the investment is a loser in real terms. So an investor who purchased a stock for $10 in 1956, and sold it for $20 today, would still pay a 15% capital gains tax on the transaction, even though adjusted for 50 years of inflation he'd be a net loser.

From 1979 to 1994, roughly 33% of the increase in shareholder wealth, or some $1.5 trillion, was due to inflation. This means Americans are paying far higher capital gains tax rates than advertised. A 1993 study by then Federal Reserve Board Governor Wayne Angell calculated that the average real tax rate on investments from 1972 to 1992 in Nasdaq stocks was 68%. It was 101% in the S&P 500, 123% in the NYSE, and 233% in the Dow Jones Industrials. On three of the four major indexes, the average taxes were higher than the actual return.

Granted, this problem is less severe now than during the hyper-inflation of the 1970s. The capital gains bite is also less severe because Congress has cut the rate to 15% from as high as 28% as recently as 1996. This capital gains differential from the top income-tax rate of 35% is intended in part to offset the fact that capital losses are deductible against overall income only up to $3,000 a year.

But inflation remains a hidden thief that transfers gains unfairly to the government from taxpayers. The Pence-Cantor bill would protect against this by allowing any taxpayer holding an asset for more than three years to have a gain or loss determined by a cost basis adjusted for inflation. The proposal would immediately raise the after-tax return on capital investment, thus providing an incentive for more of it.

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The Bush Administration should consider getting behind the bill, but it might also be able to achieve the same result without legislation -- that is, via executive order. The tax code says only that taxes must be paid on gains as measured by the increase from the "basis" a taxpayer has in the property. The code then defines that basis as "the cost of such property," but without declaring whether that cost is real (after inflation) or nominal. If Treasury had the authority to define "cost" in one manner in 1913, it surely has the authority to redefine "cost" today.

President George H. W. Bush flinched from making this change in 1992 on the advice of government lawyers who argued that the definition of "cost" had been around so long that only Congress could now change it. But that legal interpretation is open to argument, all the more so given that inflation is once again making a comeback, albeit far more modestly than in the 1970s. Nonetheless, an inflation rate of 3% over a decade devalues the dollar value of a financial asset by about 35%. Academics have also argued that a President could redefine cost to allow, for instance, the indexing of depreciation schedules -- another bow to fairness and a boost for investment.

The Bush tax cuts expire in 2010, so taxes are sure to be a major policy battleground leading up to the 2008 Presidential race. New Treasury Secretary Hank Paulson will also be looking for ways to make his mark in the final two years of this Presidency, and removing inflated capital gains from taxation is one way to do that and help the economy.

CONGRESS-ADMINISTRATION:

Book And E-mails Hit Republican Nerves (FT)

By Caroline Daniel And Guy Dinmore In Washington

Financial Times, October 3, 2006

US Republicans are facing challenges to their credibility this week on two of their strongest themes – family values and national security – with questions on whether the leadership had covered up a scandal involving a congressman sending ex-plicit e-mails to teenage boys, and whether the White House has covered up rising problems in Iraq.

The FBI said it would look into e-mails sent to under-age congressional pages by Mark Foley, a 52-year-old Republican congressman from Florida who resigned on Friday and on Monday said he would enter rehab to deal with his alcoholism.

The real political damage could arise from concern that the Republican leadership, including Dennis Hastert, the House speaker, had been slow to investigate the allegations fully and had failed to remove Mr Foley as chairman of the House caucus on missing and exploited children.

Mr Hastert said on Monday: “Congressman Foley duped a lot of people. I’ve known him for all the years he has worked in this House and he deceived me, too.”

In an effort to contain the fallout, and with Democratic critics asking, “Why did GOP leaders sit on Foley e-mails?” Mr Hastert called for an internal review and a Justice Department inquiry into who had seen the messages that Mr Foley had sent. An initial review by the leadership – which did not include the most explicit e-mails disclosed last week – had concluded that his messages were simply “over-friendly”.

“Initially I just thought that this would cost them a seat and the public would just chalk it up to yet another sleazebag politician,” said Charlie Cook, publisher of the Cook Political Report. “As articles turned toward cover-up/ inaction, it’s just one more nail in the coffin for this majority.”

Republicans had hoped to make national security the dominant election issue and had been poised to exploit last week’s victory on Capitol Hill – approval of new rules on interrogations and military tribunals – to paint Democrats as weak on national security.

That plan for this week has been thrown off course by the publication of Bob Woodward’s book State of Denial, which revealed an administration divided and disorganised over Iraq, and a new biography of Colin Powell, which says the former secretary of state warned the president of the growing insurgency.

One of the most damaging allegations from Mr Woodward is that Condoleezza Rice, the present secretary of state, brushed off warnings of a possible al-Qaeda attack on the US delivered by George Tenet, then chief of the CIA, and Cofer Black, head of counter-terrorism, at an emergency meeting on July 10 2001.

On her way to the Middle East, Ms Rice said that she could not specifically recall a meeting, and flatly denied being warned by Mr Tenet of an attack on the US. “What I am quite certain of, however, is that I would remember if I was told – as this account apparently says – that there was about to be an attack in the United States. The idea that I would somehow have ignored that I find incomprehensible.”

Ms Rice said that Philip Zelikow, her senior policy adviser on the region and the former executive director of the 9/11 commission, had stayed in Washington “to help reconstruct from the commission side what happened”.

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Mr Zelikow was quoted by the New York Times as saying no witness before the 9/11 commission had drawn attention to such a meeting as described by Mr Woodward.

Mr Cook said the events of the last few days marked an inflection point. “The spotlight is shifting away from terrorism, 9/11, national security and falling gasoline prices back on to Iraq, how we got there and mistakes made by the Bush administration on how we have waged the war.”

Party's Handling Of Foley Riles Up Voters Frustrated By Immigration, Spending (WSJ)

By Jackie Calmes

The Wall Street Journal, October 3, 2006

WASHINGTON -- As the scandal over former Rep. Mark Foley has expanded to entwine Republican leaders who knew of his emails to underage male House pages but took little action, the party has new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Long before the disclosure of the unduly personal Foley emails and separate, sexually explicit instant messages last week, and the six-term Florida Republican's sudden resignation, his colleagues were fretful that many conservatives would stay home on Election Day, turned off by high federal spending, illegal immigration and inaction on a number of social issues. Moderate suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for medical research using embryonic stem cells, which President Bush vetoed in July.

Speaker of the House Dennis Hastert (R., Ill.) and John Shimkus (R., Ill.) say2 no Republican leaders were aware of inappropriate emails by Mark Foley until ABC News broke the story last Friday.

Greg Valliere, chief political strategist for Stanford Washington Research, says3 that the Foley sex scandal and its cover-up puts Republican chances in upcoming mid-term elections "in real jeopardy."

REPRESENTATIVE RACES

4 · Look at local issues5 facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Now the Foley fallout has united both Republican voter groups in anger, just five weeks before midterm elections that will determine whether the party holds its House and Senate majorities.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com. His headline reflected an ire that went beyond Mr. Foley to envelop other House Republicans who acknowledge they had heard complaints about Mr. Foley's questionable contacts with a former page. "Who Protected the Perverted Congressman?" it read.

"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Many of the Republicans' most vulnerable House districts are in a swath from the moderate Northeast westward through the Ohio River valley, and in suburban districts in Arizona, Florida, Washington state and elsewhere where Republicans already were on the defensive. Democratic pollster Peter Hart, noting that Republicans already have lost the support of most independent voters, says, "Voters in general want change, and this just puts another nail in the Republicans' coffin."

"At the end of the day," the Republican Mr. Fabrizio says, "we need moderate voters to save people like Chris Shays," a Connecticut Republican who is among the most endangered incumbents.

"The Republican Party holds itself out, rightly or wrongly, as the guardian of values, and for something like this to occur does not bode well for the party," said Tony Perkins, head of the conservative Family Research Council and a frequent ally of Republican leaders. As for Christian conservative voters, "there's clearly a lack of enthusiasm as compared to" the 2004 election.

Yesterday, House Speaker Dennis Hastert and Rep. John Shimkus, chairman of the House Page Board, again sought to contain the damage with a statement to reporters reiterating their disgust with Mr. Foley and their determination to help state and federal authorities pursue the matter. The two Illinois Republicans left without answering questions.

Later Mr. Hastert spoke to a smaller group of reporters, providing his most complete account to date. The speaker said a portion of a Foley email to a former page from Louisiana asking for a photo of the teenager was "a red flag." But he said his staff didn't need to "bump it up to me at that time."

Democrats charged that the failure of Republicans to take the initial 2005 complaint, from the parents of a then-16-year-old boy, to the bipartisan six-member board that oversees the page program was evidence of Republicans' desire to shield Mr. Foley

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-- and the party's House majority. The board's top Democrat, Michigan Rep. Dale Kildee, has said that Mr. Shimkus, the board's Republican chairman, never told him of the issue.

Yet Rep. Tom Reynolds of New York, who heads the House Republicans' campaign committee, was informed of the questionable Foley emails. Mr. Reynolds says he raised the Foley matter with Mr. Hastert last spring, though the Speaker reiterated yesterday that he doesn't recall such a conversation.

The matter further imperils Mr. Reynolds. Though the House and Senate campaign chiefs of both parties typically get those jobs because they are safe at home, Mr. Reynolds already had reason to worry about his hold on his moderate-to-conservative upstate New York district. Wealthy local businessman Jack Davis, his Democratic foe, has vowed to spend $2 million. Tomorrow, first lady Laura Bush will campaign for Mr. Reynolds in his suburban Buffalo district, and then separately participate in a local radio program about youth issues.

House Majority Leader John Boehner, an Ohio Republican, conceded in a television interview late yesterday that he expected Republicans to lose Mr. Foley's seat, a seat that he had been expected to win. His comment came as Florida Republicans tapped state Rep. Joe Negron to run instead, though Mr. Foley's name must remain on the ballot. Democrats have their sights on four other Florida districts as well.

The fallout also could give impetus to Democratic candidates who previously were making an issue of online sexual predators. Among them are Ed Perlmutter, a former state senator favored to seize an open Republican-held seat in Colorado, and Phil Kellam, who is threatening freshman Republican Rep. Thelma Drake in Virginia.

Action against sexual predators on the Internet has been a popular theme for politicians of both parties. Its resonance with the public, especially parents, is reflected in the popularity since 2004 of the Dateline NBC series "To Catch a Predator," which films sting operations against suspected sexual abusers of children. Last August at the Democratic National Committee's summer meeting, Karin Johanson, the executive director of the House Democrats' campaign committee, predicted to members that Republicans would run attack ads in the fall depicting Democrats as soft on sexual predators. In anticipation, Democrats developed an Internet-safety proposal.

With Democrats now the ones on the offensive, they called on Republicans to return funds from Mr. Foley, who had been a prodigious party fund-raiser and donor. In North Carolina, the Democratic Party released a statement asking of the incumbent Republican, "Who does Robin Hayes stand up for? Mark Foley and the Republican House leadership or underage children?"

In Virginia, Dick Wadhams, the campaign manager for embattled Republican Sen. George Allen, said the campaign would donate its $5,000 from Mr. Foley to the charity Enough is Enough, a nonprofit group based in Great Falls, Va., that works against Internet-based pornography.

Leaders Face Foley Fallout (RC)

By Susan Davis

Roll Call, October 3, 2006

Facing a firestorm of criticism in the unfolding House page scandal surrounding former Rep. Mark Foley (R-Fla.), House Republican leaders held a tense Members-only conference call Monday evening to attempt to assuage lawmakers' anger about a controversy that some Republicans fear has put the majority increasingly in peril.

Sources familiar with the call described Members as "angry" and "furious," and said many lawmakers raised safety concerns about the teenagers currently enrolled in the page program.

"It's big, it's devastating, it's goes back to the idea that Washington, [D.C.,] is an immoral city," said one source familiar with the call.

Rep. Ray LaHood (R-Ill.), the sources said, went so far as to call for scrapping the House page program, which has been in place for more than 150 years. Rep. Phil Gingrey (R-Ga.) also called for the House to hold hearings on the matter, but that suggestion was not widely supported.

Unconfirmed rumors continue to swirl around Foley, who has checked into a rehabilitation facility for alcohol abuse.

House Majority Leader John Boehner (R-Ohio), mindful of press leaks, warned Members on the call not to discuss unconfirmed allegations on the conference call, but rather to contact leadership offices directly with those concerns.

The conference call came as Speaker Dennis Hastert (R-Ill.) and his aides wrestled with pressure that is perhaps unprecedented in his tenure, as divisions revealed themselves in leadership over the weekend.

National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) stated publicly that he discussed the series of non-sexual e-mail exchanges in 2005 between Foley and a 16-year-old male former page from Louisiana with the Speaker earlier this year.

Hastert does not deny the conversation took place but maintains he does not recall it, and the different accounts from the two leaders was widely noted.

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"The atmosphere was foul over the weekend," said a GOP strategist close to the leadership. "People were pissed. I think the Speaker heard that and came back pretty quickly to the Capitol. The problem is that the rumor was the leadership was at each other's throats. ... The biggest problem was that they didn't all get their stories straight. Now they're all getting their stories straight, which is important."

Reynolds was not on the conference call Monday with the rest of the leadership team, though he was scheduled to have a press conference Monday night in Buffalo, N.Y., to reiterate the statement he made over the weekend about his knowledge of the Foley affair.

Leaders are furiously working to separate themselves from a series of sexually explicit online communications between Foley and an unknown number of former House pages, which were first publicly revealed last week.

Sources on Monday's conference call said Members supported the leaders' position that there was no prior knowledge of any inappropriate contact between Foley and minors.

Senior members of Hastert's staff, Rep. John Shimkus (R-Ill.), a co-chair of the House Page Board, and then-Clerk of the House Jeff Trandahl led a quiet inquiry into a 2005 e-mail exchange between Foley and the Louisiana page that was dubbed only as "over-friendly" but did result in Foley being advised to end communication with the boy at the request of his parents.

Hastert sought to separate himself from Foley, telling reporters Monday that he recalls little communication between himself and Foley, who was first elected in 1994.

"I've never had a [personal] conversation with him," Hastert said, "Other than his vote on a tariff matter at one time or another, I think."

Hastert returned to Capitol Hill on Monday to reiterate his commitment to a thorough investigation into Foley's activities and a review of the House page program.

The normally media-averse Speaker spent much of Monday interacting with the press to continue pushing his position that no member of Republican leadership was aware of sexually explicit online communications Foley had with an unknown number of former House pages.

"The instant messages, reportedly between Congressman Foley and a former page sent in 2003, are vile and repulsive to me, and to my colleagues," Hastert said, "No one in the Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public."

Hastert also has committed the House to full cooperation with any and all investigations.

The events of the past week have capped what has been a rocky 109th Congress for Hastert.

While he appears to maintain broad support in the Conference, he and his senior aides increasingly have become the target of behind-the-scenes criticism from rank-and-file Members and aides.

At the kickoff of the 109th Congress, Hastert's staff counsel Ted Van Der Meid was the chief architect of a series of partisan rules changes imposed on the House ethics committee following the admonishments of then-Majority Leader Tom DeLay (R-Texas).

The new rules deadlocked the panel for several months prompting fierce partisan gridlock on the panel until Hastert relented and the House reverted to the old rules.

Hastert was also criticized by DeLay's detractors for not having the foresight to urge DeLay to remove himself from leadership as his ethical troubles worsened and overwhelmed the House majority late last year.

When DeLay stepped down as Majority Leader on Sept. 28, 2005, Hastert was also caught off-guard when his intention to install House Rules Chairman David Dreier (R-Calif.) as temporary Majority Leader was thwarted by the Conference and resulted in a clumsy scenario under which Majority Whip Roy Blunt (R-Mo.) was given the title and Dreier was given a greater role in leadership decisions.

Hastert also was forceful in January 2006 in committing the House to passing a comprehensive lobbying and ethics reform bill in the wake of DeLay's retirement announcement and the expanding scandal surrounding disgraced former lobbyist Jack Abramoff.

The bill never became law despite repeated commitments from leaders, and the House succeeded only in passing smaller rules changes to ban former Members who are lobbyists from the House floor, and to require greater disclosure of earmarks in conference reports.

Hastert also came under fire in May when he and other Congressional leaders took on the Justice Department for what they then described as an unconstitutional raid of Rep. William Jefferson's (D-La.) Congressional office. Jefferson is the target of a federal criminal probe.

While there was bipartisan agreement that the raid raised constitutional issues regarding constitutional Speech or Debate Clause protections provided to Members of Congress, Hastert and his senior aides were criticized for their handling of the matter and for creating the appearance that they sought to protect a Member of Congress from an investigation.

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Congressional leaders filed a brief in support of Jefferson's request to have the materials returned to his office on the grounds they were obtained unconstitutionally — the appeal was struck down in court.

While Hastert has said publicly he will stand for re-election for Speaker next year, he has not similarly committed to serving for the full length of the Congress if elected.

In recent weeks, House Republicans have suggested that doubt has increased as to whether Hastert, who has diabetes and has been hospitalized several times for treatment of kidney stones and other health issues, will serve out the full Congress.

If Republicans lose the majority, Hastert is widely expected to leave the House, although he has never said so publicly.

The full repercussions of the Foley scandal have yet to play out, as well as the extent to which it could damage Hastert's standing in the House. While other Congressional leaders are elected only by their party colleagues, the Speaker must be elected by the full chamber.

If Republicans maintain the majority by similar or smaller margins, it would only take the opposition of a handful of Members against Hastert to potentially threaten his hold on the Speakership.

Leadership elections are scheduled for Nov. 15. The Speaker formally will be elected by the full House on the first day of the new session in January.

Statutory Implications Of E-Mails Are Murky (WP)

By Mary Beth Sheridan

The Washington Post, October 3, 2006

House Speaker J. Dennis Hastert has asked the Justice Department to cast a wide net in its investigation of lewd e-mails sent by a Republican legislator to young pages, even looking into whether other lawmakers learned of them and failed to notify authorities. But legal experts said yesterday that it was unlikely any such third parties would face prosecution.

"As a general proposition, mere knowledge of the fact somebody has committed a crime . . . doesn't expose you to criminal liability," said David Schertler, a former assistant U.S. attorney for the District who is now in private practice.

Hastert's office has acknowledged that his aides learned last year about inappropriate e-mails sent by then-Rep. Mark Foley (R-Fla.) to a 16-year-old page. At the time, Foley was ordered to cut off contact with the boy.

Foley resigned Friday after the revelation of much more sexually explicit messages sent to other pages in 2003.

Stephen Saltzburg, a professor at George Washington University's law school, said it was not clear whether members of Congress or their staffs actually saw any of the e-mails before the current scandal, or had only heard about them.

"That can make a big difference," he said. "But even if they had seen them, they may not have been aware of any criminality associated with that. They may have thought it was improper."

In fact, it is still not certain whether Foley broke the law by sending the messages, Saltzburg noted.

Hastert (R-Ill.) said yesterday that no Republican House leaders had seen the "vile" messages sent in 2003 until Friday. Republican officials have said the 2005 e-mails were "over-friendly" but not sexually explicit.

Legal experts said federal law and some states have an offense called "misprision of a felony," aimed at people who know of a crime and do not report it.

But Schertler said that law is generally interpreted as involving someone who participates in a coverup or has a legal responsibility to report illegal conduct.

"Ethically and morally, it raises a lot of questions" if legislators learned of a possible offense and did not report it, Schertler said. But it probably would not rise to the level of a crime, he said.

E-mails Send House GOP Scrambling (HILL)

By Patrick O'connor

The Hill, October 3, 2006

House Speaker Dennis Hastert (R-Ill.) launched a media offensive yesterday amid mounting criticism of his handling of ex-Rep. Mark Foley's (R-Fla.) e-mail to a 16-year -old page.

The Speaker, who seldom grants interviews to news outlets, held several yesterday with print and television reporters to answer questions about why Republican leaders failed to fully investigate improper e-mail sent by Foley. Hastert's staff acknowledged last weekend that they were told about e-mail between Foley and a former page from Louisiana in the fall of 2005.

Hastert has not disputed that the he was told about the e-mails by Rep. Tom Reynolds (R-N.Y.) earlier this year.

The Speaker's judgment in this case has left some within his own conference questioning his leadership capabilities. At press time, House leadership was holding a conference call with House Republican members.

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Hastert publicly maintained yesterday that his staff did everything it could have after Rep. Rodney Alexander (R-La.), whose office sponsored the page, first brought the e-mailto their attention because the page's parents did not want the incident publicized.

"In 2005, we did exactly what we thought the parents wanted us to do," Hastert told a small group of reporters about his staff's review of the e-mail from Foley to the page.

Hastert said he was not notified of that investigation until his chief of staff, Scott Palmer, and outside counsel, Randy Evans, conducted an internal investigation last weekend to solidify the timeline.

The initial investigation was conducted in coordination with Rep. John Shimkus (R-Ill.), who heads the six-member House Page Board, and former Clerk of the House Jeff Trandahl. The other members of the Page Board were not notified about the investigation.

During an earlier statement in the Capitol yesterday, Hastert tried to make a clear distinction between the language in Foley's email to the Louisiana page and the more salacious instant messages that were released later by news outlets.

"No one in Republican leadership, nor Congressman Shimkus, saw those messages until last Friday when ABC News released them to the public," Hastert said.

Despite that statement, the Speaker later said the e-mail in question did "raise red flags."

Hastert's outreach comes after a prominent member of his own leadership team disputed the his initial account about when he first heard about the e-mail in question.

Reynolds, who chairs the National Republican Congressional Committee (NRCC), released a statement on Saturday saying he first told Hastert about the initial set of e-mail last spring after the Speaker said last week that he first heard about the correspondence when news broke.

In addition to his press outreach, Hastert requested the Clerk of the House to establish a hotline for pages, former pages, their families and anyone else with pertinent information about improper contact between the pages and members or staff.

The FBI confirmed on Sunday that it is investigating Foley's activities.

The news comes just over a month before voters head to the polls to decide the fate of congressional Republicans in the next Congress. Hastert yesterday downplayed the political implications of this episode.

"This is a different issue [than] about whether we have the majority or not," Hastert said.

At press time, two conservative leaders called on Hastert and other GOP leaders to resign.

David Bossie, president of conservative advocacy group Citizens United, said, "This inaction demonstrates a lack of leadership on Speaker Hastert's part, and calls into question both his judgment and character."

Bossie told The Hill, "This is an issue of right and wrong. This is a question of honesty and integrity in government.

Michael Reagan, nationally syndicated radio show host and affiliated with Citizens United, also called for leadership resignations.

Numerous Democratic candidates have criticized Republican leaders for covering up Foley's behavior, and Minority Leader Nancy Pelosi (D-Calif.) called for leaders to be questioned by federal investigators about what they knew and when they knew it.

Many Republicans in the House are upset that they were not notified about the initial investigation and criticized their leaders' handling of the scandal.

A House conservative lawmaker said "he was very disgusted with the leadership," claiming the leaders "should have handed this over to the ethics committee immediately."

The member also questioned Hastert's memory lapse regarding his conversation with Reynolds last spring about Foley.

"I don't think I would have forgotten that conversation," the member said.

"The Speaker should have asked, 'What the hell is going on?'"

Instead of resolving this issue months ago, the matter is playing out weeks before the election, the member said.

Rep. Ray LaHood (R-Ill.), a close Hastert ally and chief of staff to former Minority Leader Bob Michel (R-Ill.), said he emailed Palmer on Sunday telling him to abolish the entire page program until these problems are sorted out.

"This whole thing is going to go a lot deeper than we all realize," LaHood said, falling short of calling for Hastert to dismiss any of his staff.

Foley's lawyer released a statement yesterday announcing that the congressman has checked himself into alcohol rehabilitation facility.

Meanwhile, the Florida Republican Party named former state Rep. Joe Negron as its candidate to replace Foley. Negron has 35 days to campaign before theelection, and his name will not appear on the ballot. He will receive all the votes cast for Foley. Democrats are now favored to capture that seat.

House Majority Leader John Boehner (R-Ohio) said yesterday on Sean Hannity's radio show that he expects Democrats to win Foley's seat in November.

Leaders over the weekend questioned the exact timeline of events about when members of the leadership knew about the questions involving Foley.

Reynolds statement on Saturday directly contradicted Hastert's initial response to Foley's resignation. NRCC spokesman Carl Forti said the campaign chief released his statement Saturday afternoon "to clarify the timeline."

Foley's office first notified NRCC staff on Wednesday night that ABC had asked them about the initial e-mail, Forti said yesterday.

An ABC News reporter then surprised some Republicans outside a rally at the Capitol Hill Club for GOP-friendly lobbyists, but the questions were about disgraced former lobbyist Jack Abramoff.

Foley's office again contacted the NRCC on Friday morning when they became aware of other instant messages that were more sexually suggestive in nature, Forti said. Upon learning of that second batch of messages, "intermediaries" approached Foley on Reynolds' behalf and told the six-term congressman that he would have to resign, the NRCC spokesman said yesterday.

Hastert yesterday dismissed the suggestion that his staff should have raised the issue with him.

"It was resolved when this thing came out, so I didn't see any reason to bump it up to me," Hastert said yesterday about his staff's review of the e-mail from Foley to a page. "There was no there there."

Boehner and Rep. Marsha Blackburn (R-Tenn.) were scheduled to make media appearances last night to make the case that there is a clear distinction between the initial e-mail and the later instant messages.

Hastert Says He Didn't Know Of Explicit Contact (USAT)

By Kathy Kiely

USA Today, October 3, 2006

WASHINGTON — House Speaker Dennis Hastert defended himself and other Republican leaders Monday against charges they did not move aggressively to investigate Rep. Mark Foley's contacts with teenage boys.

Hastert reiterated that House leaders had no knowledge of sexually explicit instant messages the Florida Republican allegedly sent to several congressional pages until ABC News reported about them Friday.

Foley resigned after ABC questioned him about them.

Speaking to reporters for the first time since the scandal broke, Hastert said House officials had no reason to press further when Foley explained a chatty e-mail to a 16-year-old boy in which the representative requested the former House page's photograph. That e-mail caused the boy's parents to complain, but it contained nothing sexually explicit.

"Would have, could have, should have," Hastert said. "We did what we thought … was prudent at the time."

Hastert's comments came as law enforcement officials in Washington and Florida outlined plans to investigate whether Foley's communications violated state or federal law prohibiting sexual solicitation of minors.

In Florida, Republicans named state Rep. Joe Negron to run in Foley's place Nov. 7. Foley's name will stay on the ballot.

"I'm going to make sure everyone knows that Mark Foley has withdrawn. He's no longer an issue," Negron said.

House Majority Leader John Boehner, R-Ohio, said it would be hard to hold onto the seat.

"In order to vote for this candidate, you have to vote for Mark Foley," Boehner said on The Sean Hannity Show on ABC Radio. "How many people are going to hold their nose to do that?"

Democrats continued to criticize Republicans for not pushing harder when Rep. Rodney Alexander, R-La., told Hastert aides last fall about the e-mail to the 16-year-old. That message was investigated by Hastert's staff and Rep. John Shimkus, R-Ill., head of the three-member House page board.

Republicans "failed to protect the children under their trust," House Minority Leader Nancy Pelosi, D-Calif., said.

Hastert refused to comment directly on the charges.

"This is not an issue of whether we have the majority or not," he said. "This is about how we protect those kids."

John Walsh, host of the television show America's Most Wanted, said he could not believe the double life that Foley led. Walsh's show profiles cases of fugitives, many of whom are accused molesters. "I feel incredibly deceived," Walsh said. "I'm absolutely appalled."

Sen. George Allen, R-Va., and Rep. Clay Shaw, R-Fla., said they will donate campaign contributions from Foley to charities. Allen is giving $5,000 to Enough is Enough, a group that advocates protection of children from Internet pornography. Shaw is giving $2,000 to the Center for Missing and Exploited Children.

On Capitol Hill, Foley's office remained locked. Hastert, who protested the FBI's unannounced raid this year on the office of Rep. William Jefferson, D-La., said he wants federal agents to have free rein. "I expect everybody to cooperate with them," he said.

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David Roth, Foley's attorney, said his client entered an alcohol rehabilitation program. Even if he is charged and convicted, Foley will receive an annual congressional pension of about $32,000 once he reaches 62, according to Pete Sepp of the National Taxpayers Union, a watchdog group.

Resign, Mr. Speaker (WT)

The Washington Times, October 3, 2006

The facts of the disgrace of Mark Foley, who was a Republican member of the House from a Florida district until he resigned last week, constitute a disgrace for every Republican member of Congress. Red flags emerged in late 2005, perhaps even earlier, in suggestive and wholly inappropriate e-mail messages to underage congressional pages. His aberrant, predatory -- and possibly criminal -- behavior was an open secret among the pages who were his prey. The evidence was strong enough long enough ago that the speaker should have relieved Mr. Foley of his committee responsibilities contingent on a full investigation to learn what had taken place, whether any laws had been violated and what action, up to and including prosecution, were warranted by the facts. This never happened.

Rep. John Shimkus of Illinois, the Republican chairman of the House Page Board, said he learned about the Foley e-mail messages "in late 2005." Rep. John Boehner of Ohio, the leader of the Republican majority, said he was informed of the e-mail messages earlier this year. On Friday, Mr. Hastert dissembled, to put it charitably, before conceding that he, too, learned about the e-mail messages sometime earlier this year. Late yesterday afternoon, Mr. Hastert insisted that he learned of the most flagrant instant-message exchange from 2003 only last Friday, when it was reported by ABC News. This is irrelevant. The original e-mail messages were warning enough that a predator -- and, incredibly, the co-chairman of the House Caucus on Missing and Exploited Children -- could be prowling the halls of Congress. The matter wasn't pursued aggressively. It was barely pursued at all. Moreover, all available evidence suggests that the Republican leadership did not share anything related to this matter with any Democrat.

Now the scandal must unfold on the front pages of the newspapers and on the television screens, as transcripts of lewd messages emerge and doubts are rightly raised about the forthrightness of the Republican stewards of the 109th Congress. Some Democrats are attempting to make this "a Republican scandal," and they shouldn't; Democrats have contributed more than their share of characters in the tawdry history of congressional sexual scandals. Sexual predators come in all shapes, sizes and partisan hues, in institutions within and without government. When predators are found they must be dealt with, forcefully and swiftly. This time the offender is a Republican, and Republicans can't simply "get ahead" of the scandal by competing to make the most noise in calls for a full investigation. The time for that is long past.

House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once. Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations -- or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. He gave phony answers Friday to the old and ever-relevant questions of what did he know and when did he know it? Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance.

A special, one-day congressional session should elect a successor. We nominate Rep. Henry Hyde, also of Illinois, the chairman of the House International Relations Committee whose approaching retirement ensures that he has no dog in this fight. He has a long and principled career, and is respected on both sides of the aisle. Mr. Hyde would preside over the remaining three months of the 109th Congress in a manner best suited for a full and exhaustive investigation until a new speaker for the 110th Congress is elected in January, who can assume responsibility for the investigation.

After Foley, New Fears For The GOP (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 3, 2006

Republican strategists said yesterday that public revulsion over the sexually graphic online conversations between Rep. Mark Foley (R-Fla.) and former House pages could compound the party's problems enough to tip the House to the Democrats in November -- and could jeopardize the party's hold on the Senate as well.

As House GOP leaders defended their role in handling revelations that forced Foley on Friday to give up his House seat, party strategists said the scandal threatens to depress turnout among Christian conservatives and could hamper efforts to convince undecided and swing voters that Republicans deserve to remain in the majority.

There was intense anger among social conservative activists in Washington yesterday, and some called for House Speaker J. Dennis Hastert (R-Ill.) to resign.

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Republican operatives closely following the battle for the House and Senate said that they are virtually ready to concede nearly a third of the 15 seats the Democrats need to recapture control of the House, and that they will spend the next five weeks trying to shelter other vulnerable incumbents from the fallout of the Foley scandal in hopes of salvaging a slender majority.

Districts in which Republicans have effectively walked off the field include Foley's own in South Florida. House Majority Leader John A. Boehner (R-Ohio) said in a radio interview with conservative commentator Sean Hannity that the party's replacement candidate is all but doomed. Because of ballot procedures in Florida, "to vote for this candidate, you have to vote for Mark Foley," Boehner said. "How many people are going to hold their nose to do that?"

Others warned that the impact could be much greater. Tony Perkins, president of the Family Research Council and an important social conservative leader, said "there's a real chance" that the episode could dethrone the Republican majority. "I think the next 48 hours are critical in how this is handled," he said, adding that "when a party holds itself out as the guardian of values, this is not helpful."

Foley's sudden resignation came at the end of a week that had delivered a series of blows to Republican hopes in November. A National Intelligence Estimate asserted that the war in Iraq is fueling new threats from Islamic jihadists faster than the United States and allies can contain them, then a new book by Bob Woodward of The Washington Post said the administration's private assessments of Iraq are far worse than officials are telling the public. Taken together, GOP strategists said, the events of the past 10 days reversed what some Republicans had seen as a modest rebound in September after the worst days of the summer.

By yesterday, a number of GOP strategists reported widespread gloom about the party's prospects, combined with intense anger at the House leadership.

Joe Gaylord, who was the top adviser to Newt Gingrich (Ga.) when Republicans seized control of the House in 1994, was pessimistic about the party's midterm prospects. He said the fallout from Foley's resignation comes "very close" to ensuring a Democratic victory in November.

"The part that causes the greatest fallout is the obvious kind of pall that an incident like this would put on our hardest-core voters, who are evangelical Christians," he said. "The thing I have said almost since this cycle began is the real worry you have is that [Republicans] just won't turn out. This is one more nail in that coffin."

Depressed turnout would not only hurt vulnerable House incumbents but also make it more difficult for Republicans to hold the most competitive Senate seats -- many of those races are now virtually even, according to recent polling.

Hastert faces a spreading revolt among some conservatives over the way he and other GOP leaders handled the matter when first alerted to the contact between Foley and one former House page. Hastert said again yesterday that no House Republican leader knew about the most graphic communications until they surfaced on Friday, but that did little to satisfy some conservative activists.

David Bossie, who runs a group called Citizens United, called yesterday for Hastert's resignation and said other conservative leaders are likely to follow suit. Bossie said the initial e-mails alone, which included Foley's request of a minor's picture, should have prompted an immediate inquiry. "That was a cry for an investigation," Bossie said. "Why couldn't the speaker of the House muster the will to stop this?"

Leaders from about six dozen socially conservative groups held a conference call late yesterday afternoon, and participants were described as livid with House GOP leaders.

"They are outraged by how Hastert handled this," said Paul M. Weyrich, a conservative activist who participated in the call. "They feel let down, left aside. How can they allow a guy like [Foley] to remain chairman of the committee on missing and exploited children when there is any question about e-mails?"

Vin Weber, a GOP lobbyist close to the White House and to congressional leaders, said many Republicans outside of Washington are echoing Bossie.

"From what I hear, it is resonating badly and our candidates are on the defensive about this," Weber said. "The maddening thing about this is if they had done the right thing" by informing Democrats early on and investigating it fully, "there would be no political fallout," he said.

Top GOP strategists said party leaders will concentrate on trying to keep the focus of the unfolding story on Foley, rather than on how House leaders responded when informed about his contacts with former pages.

"I don't know of any race ever where the action of one member has impacted the race of another," said Carl Forti, spokesman for the National Republican Congressional Committee.

Republicans are bracing for ads that link previous scandals with the Foley case and ask, "Had enough?" Several strategists said this could be devastating in tight races. The most optimistic scenario offered by GOP strategists is that no new information surfaces and the controversy ends in the next five weeks.

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Republicans have designated state Rep. Joe Negron as the substitute candidate in Florida's 16th District, even as Boehner and others denigrate his prospects.

Republicans say they are in grave danger of losing the seat of former House majority leader Tom DeLay (Tex.), as well as those held by Rep. Robert W. Ney (Ohio) -- who agreed to plead guilty to corruption charges in the investigation into the activities of convicted former lobbyist Jack Abramoff -- and Rep. Don Sherwood (Pa.), who has been embroiled in a scandal over an affair.

In addition, Republicans have largely given up on holding the seat of retiring Rep. Jim Kolbe (Ariz.), and strategists are pessimistic about retaining open seats in Colorado and Iowa and the seat now held by Rep. John N. Hostettler (Ind.).

Some Republicans also said Rep. Thomas M. Reynolds (N.Y.), the NRCC's chairman and one of the GOP leaders who knew about a non-graphic communication between Foley and a former page, could face an even tougher challenge for his Buffalo area seat. Reynolds and Hastert sniped at each other over the weekend about who knew what and when.

Hastert Denies GOP Saw Foley's 'Vile' Messages (WT)

By Charles Hurt

The Washington Times, October 3, 2006

House Speaker J. Dennis Hastert said yesterday that Republican leaders had not previously seen the more lurid Internet "instant messages" sent by disgraced ex-Rep. Mark Foley as influential conservatives began calling for party leadership resignations over the handling of the matter.

"The instant messages reportedly between Congressman Foley and a former page, sent in 2003, were vile and repulsive," Mr. Hastert said yesterday. "No one in the Republican leadership ... saw those messages until last Friday when ABC News released them to the public."

Had Mr. Foley not resigned immediately, he added, "I would have demanded his expulsion."

Still, several well-known conservatives called for Republican resignations because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"Speaker Hastert had knowledge of Congressman Foley's inappropriate behavior and chose to protect a potential pedophile and powerful colleague over a congressional page," David Bossie, president of the conservative group Citizens United, said yesterday.

"This inaction demonstrates a lack of leadership on Speaker Hastert's part and calls into question both his judgment and character," Mr. Bossie said. "If Speaker Hastert was willing to sacrifice a child to protect Representative Foley's seat and his own leadership position, then he surely does not share our American and conservative values."

Richard A. Viguerie, a founder of the conservative movement, called for the "immediate resignation of any House GOP leaders who had knowledge of former Congressman Mark Foley's improper contact with underage pages -- but who took no action."

Mr. Hastert told reporters yesterday that he had been unaware of sexually explicit messages sent by Mr. Foley but had been told about previous, less sordid, messages in which the congressman asked a teen boy what he wanted for his birthday and whether he could provide a photograph of himself.

"There was nothing explicit in this e-mail that I understood," Mr. Hastert told reporters yesterday. "His parents were protective of this thing and what they wanted was Mr. Foley ... to stop contacting their son."

The explanation did not convince Mr. Viguerie.

"When you have a 50-year-old man -- who is a known homosexual -- who wants a picture of a 16-year-old boy, that should send out some alarm bells," he said. "This is almost like a Clinton-type response."

Mr. Foley has refused to answer questions about his sexuality.

Nor did it convince conservative activist Bay Buchanan.

"That e-mail they call an 'overly friendly' e-mail -- that had predator stamped all over it. There's just no one in this country that can suggest otherwise," said Mrs. Buchanan, the president of American Cause.

Such rebukes by conservative supporters yesterday erased any hopes by Republican leaders that they might curtail the political fallout from the scandal, which broke last week just as lawmakers were heading home for November elections that could end their near-continuous 12-year grip on Congress.

"Most Republicans are sticking together," said Hastert spokesman Ron Bonjean. "Most Republicans understand that 30 days before Election Day, we need to stand together and find out what happened and continue fighting the war on terror and cutting taxes."

Conservative outrage echoed that of Democratic leaders.

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"Speaker Hastert again failed to answer the question that every mother and father in America is asking: How could Republican leaders choose partisan politics over protecting children?" Minority Leader Nancy Pelosi said after Mr. Hastert held a press conference yesterday with Rep. John Shimkus, Illinois Republican and leader of the Congressional Page Board.

"Republican leaders admitted to knowing about Mr. Foley's abhorrent behavior for six months to a year and failed to protect the children in their trust," she said. "Republican leaders must be investigated by the ethics committee and immediately questioned under oath."

In Florida, meanwhile, Republican leaders tapped state Rep. Joe Negron to run in Mr. Foley's place against Democrat Tim Mahoney, whose campaign had been viewed as a long shot before last week's developments. Though Mr. Foley's name remains on the November ballot, Mr. Negron will be awarded any votes cast for the six-term congressman, according to Florida election law, as well as any write-ins that are cast for him.

"Obviously I'd rather have my name on the ballot, but Mark Foley, that name is a place-holder -- that's it," Mr. Negron told reporters in Orlando yesterday. "He's withdrawn -- not in Congress, not a congressman anymore. This is going to be a race between Joe Negron and Tim Mahoney."

Former Florida Republican Party Chairman Tom Slade said chances are slim that Republicans can hold the seat.

"I think it's a death sentence ... mission impossible," he said. "The only way you win is [voters] have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

On Sunday night, two days after his resignation, Mr. Foley checked himself into a clinic for treatment of alcoholism, for at least 30 days. He also has issued a statement assuming responsibility for his actions.

Last night, his attorney David Roth told CNN that Mr. Foley is "absolutely, positively not a pedophile" and "has never ever had an inappropriate sexual contact with a minor in his life."

Republicans on Capitol Hill say they feel betrayed by their longtime colleague and offered no words of comfort for him.

"Congressman Foley duped a lot of people," Mr. Hastert said. "He lied to Mr. Shimkus, and he deceived his in-state paper when they each questioned him. He deceived the good men and women in organizations around the country with whom he worked to strengthen our child-predator law. I have known him for all the years he served in this House, and he deceived me, too."

Whatever the cause, Mr. Viguerie said, it's more evidence that Republicans have lost their way.

"This isn't an isolated situation," he said. "It is only the most recent example of Republican House leaders doing whatever it takes to hold onto power. If it means spending billions of taxpayers' dollars on questionable projects, they'll do it. If it means covering up the most despicable actions of a colleague, they'll do it. They've lost their moral rudder."

·This article is based in part on wire service reports.

Analysis: Foley Shadows GOP Election (SFC/AP)

San Francisco Chronicle, October 2, 2006

(10-02) 16:44 PDT WASHINGTON, (AP) --

In a twist on the old Watergate question, the Republican Party is struggling to answer: What did GOP leaders know of a congressman's salacious exchanges with underage male pages and when did they know it?

The truth could determine not only their own political futures but also whether the party can recover from the scandal surrounding former Republican Rep. Mark Foley — and manage to remain in power after Nov. 7.

"I don't think this is so much about Foley as it is about the handling of this," Rick Davis, a Republican strategist, said Monday as the drama rocked the House GOP five weeks before midterm elections, much to Democrats' delight.

"The question becomes who's getting thrown overboard besides Foley to get this to go away," said Tony Fabrizio, another GOP consultant.

The six-term Florida congressman resigned abruptly on Friday after the disclosure that he sent suggestive electronic messages to teenage boys working as House pages. The tawdry turn of events set off finger-pointing among House Republicans and overshadowed what the GOP had hoped would be a triumphant final work week highlighting the party's national security credentials before the campaign's homestretch.

Now, the Republican Party — already facing an unfriendly political environment and the fallout from a new book critical of President Bush's handling of the Iraq war — finds itself knocked even further off message and working to contain the political damage.

Punting on Monday, White House spokesman Tony Snow told reporters: "The House has to clean up the mess, to the extent there is a mess."

On Capitol Hill, House Speaker Dennis Hastert, R-Ill., denounced sexually explicit instant messages Foley sent in 2003 to pages as "vile and repulsive" and denied that House leaders had access to them.

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However, Hastert's staff and Republicans in leadership, including Majority Leader John Boehner, R-Ohio, and Rep. Tom Reynolds, R-N.Y., the chairman of the House campaign effort, for months had been aware of a questionable 2005 e-mail exchange between Foley and a Louisiana teen. Reynolds said he also told Hastert, but the speaker said he doesn't recall the conversation.

GOP leaders are facing questions of a cover-up while Democrats across the country seize on the scandal, demanding an independent investigation and calling for some Republicans to resign their leadership posts.

Republican candidates, meanwhile, are distancing themselves from Foley and seeking inquiries. Some Republicans also are calling for accountability from GOP leaders who knew about some of Foley's behavior and failed to take action.

"If they knew or should have known the extent of this problem, they should not serve in leadership," said Rep. Christopher Shays, a Republican in a competitive re-election fight in Connecticut.

Like other Democrats, his opponent Diane Farrell called the scandal indicative of House Republicans run amok, saying: "This leadership, which has been so terribly wrong on so many policies, now seems willing to cover up events to protect its members."

Privately, some Republicans concede that the party now is in even more danger of losing control of the House and a few fear the scandal could spill over to the Senate as well. Democrats need to win 15 GOP-held House seats and six in the Senate for control after a dozen years of Republican rule.

The fear is that voters already angry with Congress and inclined to favor Democrats will view the scandal as an indictment against the GOP in general and buy into the Democratic argument that change is needed.

In light of the scandal, at least one Republican-held House seat considered safe for Republicans now may be in jeopardy — Foley's seat in Florida. His name must remain on the ballot even though Republicans chose a replacement candidate, state Rep. Joe Negron.

Seeing an opportunity, Democrats rushed to the aid of challenger Tim Mahoney, and the candidate himself wasted no time, launching a fresh round of television ads featuring former Democratic Sen. Bob Graham calling Mahoney someone who "believes in faith, family and personal responsibility."

Carl Forti, a spokesman for the House Republican campaign effort, said that's the only seat that could be affected. "I don't know of any member of Congress who's ever lost because of something a member did or didn't do," he said.

"If Democrats want to play politics with this, they're going to be bitten too," Forti said.

Still, the fallout from Foley's behavior also could complicate Reynolds' re-election bid.

The New York Republican's race against Jack Davis, a millionaire maverick Democrat, has been close for months, and Reynolds' disclosure that he had been told months ago of Foley's inappropriate e-mails plays into one of Davis' central arguments — that Reynolds, as a GOP leadership member, cares more about political dealmaking than his district.

Other Republicans in close re-election fights also are feeling heat.

In Ohio, Rep. Deborah Pryce, a House leadership member, is facing questions about what she knew, and she joined other Republicans — including Reps. Nancy Johnson of Connecticut, Clay Shaw of Florida and Heather Wilson of New Mexico — in saying they plan to donate to charities or return the contributions they received from Foley. Sen. George Allen of Virginia says he'll do the same.

For Hastert, Boehner and others in leadership but not in close races, the ramifications could spread beyond November and into House leadership elections should Republicans hold the House — now a big "if" some Republicans say.

Three decades ago, Republican Richard M. Nixon was dogged by the question of what did the president know about the break-in of Democratic headquarters at the Watergate and when did he know it.

In November 1974, Democrats capitalized on the scandal, seizing scores of congressional seats as the Watergate class swept to office.

Ripple Effect May Shake Reynolds (HILL)

By Jonathan Allen And Aaron Blake

The Hill, October 3, 2006

The political fallout from former Rep. Mark Foley's (R-Fla.) inappropriate electronic communications with underage congressional pages could spread to Rep. Thomas Reynolds' (R-N.Y.) district, according to some political experts.

As Republican leaders scramble to limit the damage to their party, Democrats are drawing a bead on the National Republican Congressional Committee (NRCC) chairman, who has admitted to knowing for months about e-mail contact Foley had with a page.

Sean Kelly, a political science professor at Niagara University in Lewiston, N.Y., said there is reason for Republicans to be worried about Reynolds' seat.

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"The story seems to have some legs, and the current explanation doesn't seem to be cutting it to a lot of people — that he knew and that he passed on the information and the parents didn't want to pursue it," Kelly said. "My perception is that a lot of people are looking at that and saying, 'So what if the parents didn't want to pursue it? It should be pursued.'"

Last week a Survey USA poll found that Reynolds is only leading his opponent by two points. Reynolds and other Republican leaders insist they knew nothing about the most salacious Internet chats, the contents of which have been posted on ABC's website.

"His insistence that he told the Speaker about this some time ago highlights … his own political vulnerability," said Thomas E. Mann, a senior fellow at the Brookings Institution.

Reynolds won a fourth term in 2004 by his slimmest margin to date, 56 percent to 44 percent. Democrat Jack Davis is making a second bid for the seat and said he will pump $2 million of his own money into the campaign.

But Republicans say the Foley story has not made them more concerned about Reynolds's prospects for reelection.

"Not at all," NRCC spokesman Carl Forti said.

Two past NRCC chairmen, Rep. John Linder (R-Ga.) and former Rep. Bill Paxon (R-N.Y.), said Reynolds will be unaffected.

"I don't think last week will have any impact at all," Linder said.

Republican leaders have been working to distinguish between less-suggestive e-mails that they say they were aware of and extremely explicit Instant Messenger conversations that they say they knew nothing about until they were reported by ABC last week.

Paxon suggested that the distinction is important in explaining why Reynolds did not pressure Foley to resign months ago.

"If you're Tom Reynolds and if you thought for a nanosecond that there was a potential scandal there, you would have taken immediate action to get Foley out of the race," Paxon said.

But Democrats say Reynolds kept the e-mail quiet for political purposes.

"When Washington and Republicans in Congress needed a moral compass, Tom Reynolds, as a member of the leadership, swept the facts under the rug and put politics ahead of protecting children," said Jen Psaki, spokeswoman for the Democratic Congressional Campaign Committee (DCCC).

Jim Campbell, a political science professor at the University at Buffalo, said the Foley scandal does not help Reynolds but it probably will not cost him his seat.

"My sense is that this is probably going to be a two-day story. As long as Congressman Reynolds indicates he followed the reasonable procedure in sending along the information about this up through the channels, I wouldn't think it would hurt him much," Campbell said.

Campbell and Kelly said Davis has focused almost entirely on economic issues and they do not anticipate a message shift in the five weeks before the election.

"I'd be surprised if Davis changes tact," Campbell said.

Local Democrats are upset that Davis has been reluctant to attack Reynolds on issues other than the economy, Kelly said.

"I think there are a lot of people in Erie County who are probably pulling their hair out," he said.

But the Davis camp launched a salvo at Reynolds late Monday afternoon.

"Like all of us, Tom Reynolds has a moral obligation to protect our children. He did not care, period," said Davis campaign spokesman Curtis Ellis. "Reynolds should have been demanding accountability from Mark Foley. Instead, he was demanding a $100,000 campaign contribution and took it."

DCCC Chairman Rahm Emanuel (D-Ill.) has targeted Reynolds's seat throughout the 2005-2006 cycle.

Kerry: Foley Scandal Part Of GOP 'culture Of Corruption' (DMR)

By Lisa Ros

Des Moines Register, October 3, 2006

Massachusetts Sen. John Kerry denounced former Rep. Mark Foley during an appearance in Ames today, shaming him for his explicit communications with a teenage congressional page that emerged last week.

He said he and his wife, Teresa Heinz Kerry, "are just appalled and astonished and angered by the double standard of values."

"I'm really angry those in a position of responsibility care more about

power and politics than protection of children," he added.

ABC News has printed excerpts of an explicit instant message exchange between Foley and a male page, where the Florida Republican asks the teen about his masturbation habits and the size of his genitalia. Foley, a Florida Republican, resigned Friday.

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Kerry, the Democrats' 2004 presidential nominee and a potential candidate for the nomination in 2008, spoke today before participating in a kickoff event for Political Action Week at Iowa State University.

Kerry wouldn't predict whether the scandal regarding Foley would directly affect mid-term elections in November, but said it adds to the "Republican culture of corruption," linking it to what he said were failures responding to Katrina, the war in Iraq and the Sept. 11 terrorist attacks.

The Redder They Are, The Harder They Fall (WP)

By Paul Farhi

The Washington Post, October 3, 2006

Sex scandals involving politicians are as old as Thomas Jefferson, but the outcome seems to depend on which party you represent. In recent years, for the most part, Democrats have been able to survive their sordid escapades while Republicans have paid with their political lives.

The latest example: Mark Foley, a Republican congressman from Florida, who abruptly became an ex-congressman from Florida last week amid revelations that he had sent sexually explicit e-mails to teenage boys who were serving as House pages.

Foley's creepy behavior might have done him in even if he'd been the most liberal of Democrats. But that's not assured. With a Republican at the center of the seamy scandal, however, it was almost a slam-dunk that Foley would have to quit.

That's how it usually turns out for members of the conservative, traditional-family-values party. Just ask Bob Livingston, Jack Ryan, Bob Packwood, Dan Crane or others in the GOP who've watched their careers go pffft! with salacious disclosures. Or ask Bill Clinton, Gerry Studds, Barney Frank and other Democrats who've withstood embarrassing revelations to govern another day. Consider, for example:

Â· Packwood, from Oregon, resigned his Senate seat in 1995 amid repeated allegations that he had sexually harassed women. A few years earlier, Rep. Jim Bates, a Democrat from the San Diego area, faced similar allegations by two female staffers. Bates refused to resign and won reelection (he eventually lost his seat to Randy "Duke" Cunningham, who ran into his own ethics problems last year, and resigned after being convicted of bribery).

Â· In 1998, Livingston won the Republican Party's blessing to succeed Newt Gingrich as speaker of the House. But Livingston, of Louisiana, never served a day in the job. He was sunk by revelations that he'd had an extramarital affair, a disclosure that carried the additional baggage of hypocrisy since, at the time, Livingston was leading the Republican impeachment of President Clinton for his affair with Monica Lewinsky. Clinton, of course, ultimately survived impeachment.

Â· Rep. Thomas Evans (R-Del.) was voted out of office in 1982 after he publicly regretted his "association" with a lobbyist named Paula Parkinson, who later posed for Playboy; Evans and two other Republican House members (including one named Dan Quayle) had shared a Florida cottage with Parkinson on a junket. Contrast this to the reaction to allegations of an affair between Sen. Chuck Robb (D-Va.) and Tai Collins, a former Miss Virginia. Robb claimed that Collins had only given him a back rub in a hotel room. Robb won reelection three years later.

Â· The clearest illustration may be in the divergent outcomes of the cases against Crane (R) and Studds (D) in 1983. Both men were censured by the House for having sex with underage congressional pages -- Crane with a 17-year-old girl in 1980, Studds with a 17-year-old boy in 1973. Crane, of Illinois, apologized for his actions, while Studds, who declared he was gay, refused. Crane lost his reelection bid the next year; Studds, of Massachusetts, kept winning his seat until he retired in 1996.

A double standard? And if so, by whom?

"The reality is that Democrats seem to get away with more," says Chuck Todd, editor in chief of the Hotline, a daily political journal. "They can have an affair and bail [themselves] out. There's a lower threshold for Republicans. I guess it's more of a hypocrisy thing," he adds, because such scandals put Republicans at odds with the party's socially conservative image.

Todd thinks he knows who's to blame for this: "It's the media, to be honest. What is the standard 'gotcha' story in the media? It's hypocrisy. If we can prove hypocrisy, we have a story. . . . So in a sex scandal, the bar for Republicans is lower."

He cites the case of Jack Ryan, the Illinois Republican whose bid for the Senate was derailed in 2004 when his wife, actress Jeri Ryan, alleged in divorce papers that he had taken her to sex clubs and had asked her to engage in sexual activity in front of other patrons. "What's amazing is that his candidacy hit the wall not because he had sex, but because he was thinking about having sex," says Todd.

But it's tough to blame the media when it's the electorate that determines who stays and who goes.

In Studds's case, he happened to represent a liberal (and apparently quite forgiving) district, while Crane came from a conservative rural district. Ditto with Barney Frank, who was reelected in his liberal Massachusetts district after it was revealed that he hired a male prostitute in 1985 to work in his District apartment, and the young man used the apartment to run a prostitution service. Clinton, meanwhile, was elected president twice, which may have had something to do with his ability to survive the storm over alleged extramarital affairs.

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"A scandal's a scandal and the media will jump on it, no matter what party," notes Michael Farquhar, author of "A Treasury of Great American Scandals." On the other hand, notes Farquhar, a reporter who is on leave from The Post, "there's probably that extra twinge of delight [in the media] when, say, a gay-bashing Republican gets caught soliciting sex in a men's room, or a pious espouser of family values sleeps with his secretary."

There are exceptions, of course. A few Democrats have lost their jobs as a result of scandals. Wayne Hays, a Democrat from Ohio, resigned his House seat in 1976 after the disclosure of his affair with Elizabeth Ray, the curvaceous blonde who "worked" in Hays's office despite no evident secretarial skills. Gary Hart, who famously dared reporters to follow him around to prove he was squeaky clean, blew up as a Democratic presidential candidate in 1984 after reporters found him leaving a Capitol Hill townhouse after spending the night with a woman not his wife. And Gary Condit, a conservative Democrat from Modesto, Calif., lost his seat in 2002 following saturation coverage of his relationship with murdered intern Chandra Levy.

It's also true that Wilbur Mills, the powerful Democratic chairman of the House Ways and Means Committee in the 1970s, lost his chairmanship after cavorting in the Tidal Basin with Fanne Foxe, "the Argentine Firecracker."

What's forgotten, however, is that Mills won reelection after his Tidal Basin romp; he was stripped of his chairmanship only after he appeared on a stage in Boston with Foxe, apparently drunk. House Democrats demanded his resignation, and got it.

Paging Mr. Hastert (WSJ)

The Wall Street Journal, October 3, 2006

Florida Republican Mark Foley's sexually explicit emails to a Congressional page certainly warranted his resignation from the House, and they may well merit prosecution. But this being five weeks from an election, the GOP House leadership is also being assailed for not having come down more strongly on a gay Congressman for showing a more than friendly interest in underage boys. That's a different issue altogether.

At least this seems to be the essence of the Democratic and media charge against Speaker Dennis Hastert, who admits his office was told months ago about a friendly, non-explicit 2005 email exchange between Mr. Foley and another page. In that exchange, Mr. Foley had asked the teenager "how old are you now" and requested "an email pic."

In our admittedly traditional view, this was odd and suspect behavior, especially because Mr. Foley was well known as a homosexual even if he declined to publicly acknowledge it. And Mr. Hastert was informed that fellow Illinois Republican John Shimkus -- who oversees the page program as part of a six-member board -- spoke privately with Mr. Foley, who explained that the email was innocent.

What next was Mr. Hastert supposed to do with an elected Congressman? Assume that Mr. Foley was a potential sexual predator and bar him from having any private communication with pages? Refer him to the Ethics Committee? In retrospect, barring contact with pages would have been wise.

But in today's politically correct culture, it's easy to understand how senior Republicans might well have decided they had no grounds to doubt Mr. Foley merely because he was gay and a little too friendly in emails. Some of those liberals now shouting the loudest for Mr. Hastert's head are the same voices who tell us that the larger society must be tolerant of private lifestyle choices, and certainly must never leap to conclusions about gay men and young boys. Are these Democratic critics of Mr. Hastert saying that they now have more sympathy for the Boy Scouts' decision to ban gay scoutmasters? Where's Minority Leader Nancy Pelosi on that one?

Mr. Foley's explicit emails -- which were sent to a former page who had returned home -- clearly crossed the line into "vile and repulsive," as Mr. Hastert put it yesterday. And the Floridian has now resigned in disgrace and is being criminally investigated. This is harsher treatment than was meted out in the past to some Members of Congress who crossed another line and actually had sexual relations with underage pages. Democrat Gerry Studds of Massachusetts was censured in 1983 for seducing a male teenage page, but remained in the House for another 13 years and retired, according to the Boston Globe, with a rich pension.

Mr. Foley lied to many people over the years, most notably to himself. It's one of those human mysteries that someone so prominent, and so active as a spokesman against sexual predators, would send emails that he knew would destroy his career if they became public. That kind of psychoanalysis is above our pay grade.

Yes, Mr. Hastert and his staff should have done more to quarantine Mr. Foley from male pages after the first email came to light. But if that's the standard, we should all admit we are returning to a rule of conduct that our cultural elite long ago abandoned as intolerant.

The Foley Matter (NYT)

The New York Times, October 3, 2006

DOJ_NMG_0074251

History suggests that once a political party achieves sweeping power, it will only be a matter of time before the power becomes the entire point. Policy, ideology, ethics all gradually fall away, replaced by a political machine that exists to win elections and dispense the goodies that come as a result. The only surprise in Washington now is that the Congressional Republicans managed to reach that point of decayed purpose so thoroughly, so fast.

That House leaders knew Representative Mark Foley had been sending inappropriate e-mail to Capitol pages and did little about it is terrible. It is also the latest in a long, depressing pattern: When there is a choice between the right thing to do and the easiest route to perpetuation of power, top Republicans always pick wrong.

The news about Mr. Foley should have set off alarm bells instantly, even if the messages the leaders saw were of the "inappropriate" variety rather than the flat-out salacious versions that surfaced last week. But there was certainly no sense of urgency in their response, which seemed directed at sweeping the matter under the rug rather than finding out precisely what was going on.

The obvious first step — notifying the bipartisan committee that oversees the page program — was never taken, presumably because that would have meant bringing a Democrat into the discussions. After Mr. Foley assured everyone that he was simply engaged in mentoring, whatever leadership inquiry there was ended with telling him to stop e-mailing the youth who got the inappropriate letter.

It's astonishing behavior for a party that sold itself as the champion of conservative social values. But then so was the fact that a party that prides itself on fiscal conservatism managed to roll up record-breaking deficits, featuring large amounts of wasteful pork earmarked to the districts of powerful legislators or the profit sheets of generous campaign contributors. So was the speed with which the party that billed itself as the voice of grass-roots exurban and suburban America turned itself into the partner of every special-interest lobbyist with a checkbook.

The good news is that American democracy, so flawed in many ways, is often fairly efficient at punishing parties that become addicted to self-perpetuation. This November may not force Congress to come up with a plan for Iraq, or even immigration. But if it reminds elected officials that there's a punishment waiting for those who fall in love with their own sense of entitlement, it will have done its job.

Adult Supervision (RC)

Roll Call, October 3, 2006

The burgeoning scandal surrounding resigned Rep. Mark Foley's (R-Fla.) interaction with pages raises a raft of difficult issues. But for GOP leaders, the most troubling must be the question of why they reacted so feebly after first being informed of at least some of Foley's behavior more than 10 months ago.

With the midterm elections now roughly a month away, the public's perception of Congress is in the cellar. And while a variety of foreign and domestic issues have contributed to that unpopularity, the preponderance of scandals over the past two years — the Jack Abramoff affair, the bribery case against jailed ex-Rep. Duke Cunningham (R-Calif.), the fall of Rep. Bob Ney (R-Ohio) and the mounting evidence of impropriety by Rep. William Jefferson (D-La.) among them — has played a large role in fueling the public's disdain. In the opinion of many voters, Members of Congress write laws but view themselves as subject to none.

In each of those previously mentioned instances, offending actions by lawmakers and aides were brought to light by journalists, Justice Department investigations or both, not by the House's self-appointed watchdog — the Committee on Standards of Official Conduct, known as the ethics committee — or by lawmakers scrutinizing each other's behavior.

In the Foley case, Congress once again has shown itself completely incapable of policing its own Members. And in this instance, unlike in other recent scandals, the victims weren't bamboozled taxpayers or defrauded lobbying clients. They were teenagers whose parents entrusted them to the House page program.

Now the FBI is assessing whether Foley broke any laws, as well it should. But the FBI won't reach any conclusions about which Republican leaders, lawmakers and aides knew about Foley's behavior. The agency won't determine how or why the decision was made by the GOP leadership not to launch a wider investigation, refer the matter to the ethics committee or inform any of the chamber's Democrats of the situation. Nor is federal law enforcement empowered to determine whether any of those Members and aides brought discredit to the House as an institution.

That will be the job of the ethics committee, or at least it should be. But in this case, we do not believe the ethics panel can do the job on its own. The potential for conflicts of interest is simply too great, as all five Republican members of the ethics panel were appointed to it by Speaker Dennis Hastert (R-Ill.). And one of the staffers who likely is to come under particular scrutiny, Hastert counsel Ted Van Der Meid, is a former ethics committee counsel who serves as the Speaker's point man on ethics as well as on issues related to the House Clerk's office.

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The last time a Speaker of the House was under investigation, a deadlocked ethics panel named an outside counsel in 1995 to probe the use of charities and fundraising groups by then-Speaker Newt Gingrich (R-Ga.). That is the controlling precedent as the ethics panel tries to move forward on the Foley case, and we encourage the committee to name an outside investigator as soon as possible. It may be too late to fix the damage wrought by Foley, but it is not too late for Congress, for once in this sorry affair, to do the right thing.

Foley's Red Lights (LAT)

The Los Angeles Times, October 3, 2006

THE SCANDAL SURROUNDING disgraced Rep. Mark Foley (R-Fla.) is following the familiar Washington pattern, with one side (Democrats, in this case) alleging a coverup and the other (Republicans) railing about a setup. Even the affair itself has a familiar ring: It isn't the first sex scandal involving a congressman and teenage subordinates. What should not be missed amid the partisan sniping is the failure of those involved to see the red flags. The episode should serve as a cautionary tale for all employers, particularly ones who bring youths into the workplace.

Foley resigned Friday after the ABC News website reported salacious instant messages that Foley had sent in 2003 to a male teenager who had been a House page. ABC's revelation, however, came about a year after members of the House leadership were made aware of the allegations about Foley, a deputy Republican whip and chairman — it would be impossible to make this stuff up — of the House Caucus on Missing and Exploited Children.

That's when the office of Rep. Rodney Alexander (D-La.) received copies of four e-mails that Foley had sent to a 16-year-old from Louisiana who had recently completed his term as a House page. The teenager had sent the e-mails to several congressional staffers, telling one that he was "freaked out" by them.

He was right to be. Anyone trained to recognize the techniques of sexual predators would be disturbed by them.

For starters, Foley used a personal e-mail account instead of the House-issued one, suggesting that he wanted an extra layer of concealment. Out of the blue, Foley asked for a picture and offered a birthday gift. He praised another page's physique and said he "acts much older than his age."

According to House Speaker J. Dennis Hastert (R-Ill.), Alexander's office consulted with Hastert's aides; the clerk of the House; Rep. John Shimkus (R-Ill.), the chairman of the committee that supervised the page program; and, some time later, Rep. Thomas M. Reynolds (R-N.Y.), chairman of the House GOP campaign committee. All of them violated one of the prime rules for protecting against sexual predators: When confronted with something unsettling, don't judge the matter yourself, consult an expert.

Nor did anyone ask other pages about their contacts with Foley. Only after ABC News publicized the e-mails did other former pages come out of the woodwork with more alarming information.

Foley's lawyer announced that the congressman had checked himself into a rehab program for alcoholics, as if drinking too much could somehow explain his attempt to seduce boys one-third his age. A different kind of rehab may be in order for the inattentive lawmakers and staff who oversee the pages.

To paraphrase a former Republican president, when it comes to allegations like these, don't trust — verify.

GOP Leaders Deserve Nothing Less Than To Lose Their Jobs (RC)

By Donna Brazile

Roll Call, October 3, 2006

When the Bush administration fabricated and exploited pre-war intelligence that led us to invade Iraq, there was no outrage. When administration officials deceived us about secret detention facilities operating in foreign countries, there was no outrage. We accepted it when they lied about outing a CIA operative to get back at her whistle-blowing husband, and we accepted it when they lied about receiving potentially illegal contributions and gifts from disgraced lobbyist Jack Abramoff.

And now, we have the Mark Foley scandal.

I don't know about the rest of America, but I have had enough of lies, deceit and distortions of the truth by a majority party seeking to retain political advantage and hold on to power.

The news that Foley, a former Republican House Member from Florida who preyed upon minors, was somehow allowed to remain in office and hold a key leadership position while the House Republican leadership knew about it is both reprehensible and appalling. Sir Edmund Burke once said, "The only thing necessary for the triumph of evil is for good men to do nothing." But what "good men" would turn a blind eye to child exploitation for fear of compromising their majority status?

Never could we have imagined that the culture of corruption would extend to child abuse. It is beyond disgraceful that Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Rep. John Shimkus (R-Ill.) or National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) would allow electoral concerns to take precedence over protecting the

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most vulnerable in our society. Good men (and women, too) never should play politics with the safety of our children. For this reason, I would hope the investigation of this matter leads not only to some institutional reforms, but also to the resignation of the leaders who sought to keep this matter under wraps and not expose a sexual predator in their midst.

Let's start with the facts. Soon after Rep. Rodney Alexander (R-La.), a father of three and grandfather of four, learned of the sexually explicit instant messages from Foley to an underage male, he chose to inform Reynolds, who heads House Republicans' campaign arm and is a father of four. Reynolds told Hastert, a father of two, about Foley's indecency months ago, and the Speaker referred the matter to Shimkus, a father of three. None of them reported it to the police. None of them opened an official investigation. None acted like the fathers they are. What if it had been their sons? What would they have done then?

Unflinchingly, my father once faced down a man wielding a knife when he thought I was in danger. I'm sure those Congressmen would have reacted similarly, without fear or hesitation, if it had been their sons, because that is what parents do. But the pages are their sons too, because they are the leaders of the institution to which these children are entrusted. And because we as civilized human beings should have — must have — a collective responsibility for our children.

If these elected leaders can't be entrusted with this most fundamental responsibility, with what can we entrust them?

Hastert should immediately step down as Speaker and take full responsibility for condoning, by his inaction, child exploitation.

With regard to Shimkus and others who are saying they didn't know about the extent of the vile and reprehensible electronic messages, the truth is that they didn't know because they chose not to ask.

We cannot expect our leaders to be perfect. They are human and they are flawed, but they don't need to be perfect to respond with the requisite moral outrage when a grown man in a position of power preys upon minors. And now, they should all ask themselves: What family value is more important than protecting our children?

We should never allow politics to trump principles, elections to trump ethics or the pursuit of power to trump common decency.

With the media on full alert to this growing scandal, the Republicans are doing what has come normal in their pursuit of power at any cost: They are trying to spin outrage from the public, the media and others as being orchestrated as a Democratic witch hunt.

Sorry, guys, this is the majority party's mess, and if Republicans didn't run Congress as if it belonged to only them and those who stand by them, they probably would have made the right decision about what to do with Foley months (if not years) ago.

If any of us is silent about this horror, we are just as culpable as the individuals responsible for this act and its subsequent cover-up. This is not about partisanship. This is about the total failure of the Republican House leadership to protect children from a predator because they were more interested in protecting themselves.

If you aren't outraged, you aren't paying attention.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

No Spinning Past This Scandal (WP)

By Eugene Robinson

The Washington Post, October 3, 2006

Even when damage control seems a lost cause, I suppose you have to follow the playbook. So Mark Foley resigns his House seat in a nanosecond, then explains those creepy electronic messages to young congressional pages by declaring himself an alcoholic, effectively blaming it all on demon rum. House Speaker Dennis Hastert promptly calls for a really thorough -- meaning really slow -- investigation. The rest of the Republican leadership declares itself shocked and/or saddened, but agrees that the time has come to move on, folks, nothing to see here.

These practiced responses have long served politicians, but you don't get the sense that anyone thinks they'll work this time. There's really no effective spin you can put on the Foley scandal, no way that even the Republican Party's image-making geniuses can make people feel good about a 52-year-old man discussing masturbatory techniques with a male teenager via instant message.

About all the party leadership can do is hope the whole affair is so unsavory that some voters will be too grossed out to pay much attention. Then maybe it wouldn't sink in that House leaders were told in November 2005 -- that's almost a year ago, for anyone who's counting -- about an inappropriate e-mail that Foley had sent to a House page. The situation was handled with nothing more than a quiet warning.

The leadership didn't launch an investigation, which probably would have unearthed the much more explicit instant-message exchange between the Florida Republican and another young male page that surfaced last week. House leaders even

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let Foley continue to serve as co-chair of the Congressional Missing and Exploited Children's Caucus, an irony too sad and unforgivable to properly enjoy.

Hastert doesn't remember ever being told of any problem with Foley, but others remember telling him about the e-mail incident. That's one of the questions -- What did I know, and when did I know it? -- that Hastert wants investigators to get to the bottom of. Eventually. Certainly after the November elections.

Former speaker Newt Gingrich suggested over the weekend that House leaders may have worried last year that if they pursued the Foley matter, they'd be "accused of gay-bashing." Clearly, in terms of his spinning skills, Gingrich has lost a step. The issue was whether a congressman was having improper communications with a child, not whether the congressman was gay; it would have been just as troubling if the e-mail had been sent to a female page. And anyway, it's a little late for the Republicans to denounce gay-bashing after raising it to an art form.

I don't know whether the Republicans will lose control of the House this fall, but I know that they deserve to. That judgment has nothing to do with party politics; there have been times when the Democrats were in control and allowed Congress to sink to a similar level of corruption. But that's surely where we are now, and since the Republicans are the ones in charge, they're the ones who deserve the blame.

We've had the Jack Abramoff scandal. We've had the Randy "Duke" Cunningham scandal. Congress -- especially the House -- has made immigrants into scapegoats. House Republicans didn't even clear their throats in objection when the White House demanded, and eventually won, the right to decide what is and isn't torture. For years now the House has legislated primarily to shovel pork, pork and more pork to the folks back home.

And now, however it happened -- either because of a deliberate political decision or because the institution is so degraded that it couldn't stir itself to action, like an overstuffed aristocrat crippled by gout -- we learn that the House has countenanced a congressman's sick advances toward teenagers.

Congressional pages tend to be idealistic, patriotic young people who wholeheartedly believe in America. Many are contemplating a career in politics, and they are thrilled to have the chance to come to the U.S. Capitol and witness the workings of our great democracy.

Those who came in contact with Mark Foley certainly got a lesson, didn't they?

Famous quotations are the last refuge of newspaper columnists and other scoundrels, so I try to avoid them, but at the moment I can't help thinking of what Oliver Cromwell said to the so-called Rump Parliament in 1653. Voters would do well to send the same message to the House of Representatives next month:

"You have sat too long here for any good you have been doing. Depart, I say, and let us have done with you. In the name of God, go!"

DHS Loses Court Battle Over Collective Bargaining (FEDTIMES)

By Tim Kauffman

Federal Times, October 3, 2006

The Bush administration's decision not to appeal a June court decision striking down key parts of the Homeland Security Department's new personnel system gives unions a clear advantage in negotiating new changes, observers say.

Collective bargaining had been severely curtailed under proposed reforms, which were struck down by federal judges. Managers, for instance, no longer would need to bargain with unions before changing an employee's work assignment, detailing an employee to another location or introducing new technologies.

Now those matters are back on the table, along with changes to the pay and performance appraisal system for union employees that have been on hold pending the court case. Unions now appear likely to have significant say in what reforms are made and how they're carried out.

"It certainly appears that the unions have a whole lot more leverage in the final outcome of this than you would have thought three years ago," said Washington attorney William Bransford, who represents senior executives and other employees and previously handled labor disputes for the IRS.

Meanwhile, the department has proceeded with changes to the pay and performance management systems for nonbargaining unit employees. About 4,000 supervisors and nonbargaining unit employees currently are covered under the new personnel system, and another 6,700 managers and supervisors were scheduled to convert on Oct. 1, department spokesman Larry Orluskie said.

The department's lost court battle also may bode ill for the Pentagon, which is fending off its own court challenge by unions of its planned labor-management and employee appeals rules.

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Those Defense Department rule changes — which are similar to those struck down at Homeland Security — were ruled illegal in February by a judge with the U.S. District Court for the District of Columbia. Defense has appealed that court ruling, and court arguments are scheduled for later this fall.

Joyce Frank, spokeswoman for the National Security Personnel System, said department officials remain hopeful for a favorable ruling. In the meantime, the department is continuing to roll out personnel changes that are not affected by the court ruling to nonbargaining unit employees.

In the case of Homeland Security, the government had until midnight Sept. 25 to appeal the June 27 decision by the U.S. Court of Appeals for the District of Columbia Circuit that invalidated the department's proposed changes to Title 5 rules. Those rules govern collective bargaining, labor management procedures, and employee appeals of disciplinary actions. On Sept. 26, Homeland Security announced that the Justice Department would not pursue an appeal before the Supreme Court, ending the court battle.

Now Homeland Security officials are weighing their options: Either propose a new set of labor-management rules that would survive a court challenge, or resort to existing rules, embodied in Title 5, that govern labor-management relations at most agencies.

Colleen Kelley, national president of the National Treasury Employees Union, which led the union coalition that won the court case, sent a letter to Homeland Security Secretary Michael Chertoff on Sept. 28 asking him to abide by existing contracts and work with the unions on any changes the department would like to make.

"I hope they will be more realistic about addressing valid issues that they need to address and rules they need to change, rather than this far-reaching approach," she said in an interview. "They were trying to make change just because they could, not because it was anything that would improve the department."

Administration officials could still push for substantial changes to existing labor-management rules, but there's a danger of drawing yet another lawsuit from the unions if it doesn't allow for collective bargaining. The judicial rulings held that the initial changes did not meet Congress' requirement that collective bargaining rights be preserved.

Another lawsuit would eat into the short time that's left to make changes; officials have until January 2009 to make any reforms under the 2002 law authorizing the changes.

"They're running out of time," said Mark Roth, general counsel for the American Federation of Government Employees, which was a member of the union coalition that brought the lawsuit. "Certainly anything other than going into this with an open mind and sincere good faith really makes no sense for them."

Roth said AFGE has a number of ideas for improving the existing collective bargaining process, such as imposing time limits on bargaining, allowing managers to make workplace changes in some instances before bargaining occurs, and allowing for more discussion of what's open to negotiation.

Still, he surmises that between 70 percent and 80 percent of the changes Homeland Security wanted to make under the initial reforms would be subject to collective bargaining under existing Title 5 rules.

"How you do pay pools, [compensation] surveys, how you move through a pay band and appealing decisions are going to be subject to negotiations ultimately," Roth said. "I don't believe the issue of whether we're going to have pay bands is bargainable. But so many of the details are bargainable."

For now, existing collective bargaining agreements remain in effect until the department proposes any new rules and discusses them with union leaders.

The department's willingness to sit down and negotiate with the unions remains uncertain. Managers have not been abiding by the terms of existing union contracts, NTEU's Kelley said. Violations range from making unilateral changes to work shifts and assignments without employee input to not including the union in award decisions, she said.

"We see an across-the-board intent to not abide by negotiated agreements and force the union into enforcement mode rather than a problem-solving mode," Kelley said.

As Term Begins, Justices Reject 1,900 Appeals (WP)

The Washington Post, October 3, 2006

As the Supreme Court began a new term yesterday in which it will rule on landmark social issues, it rejected about 1,900 appeals that piled up during the summer recess.

Among the cases the justices declined to hear were a challenge to a Texas law that bans the sale of sex toys, objections by parents in California to a mandatory class on Islam, and an appeal of lower-court rulings that the managers of Detroit newspapers acted improperly when they fired striking workers.

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The nation's highest court reconvened, as required, on the first Monday in October. But because this year that day fell on Yom Kippur, the holiest day of the Jewish calendar, the session was brief -- about 10 minutes -- and the justices did not hear oral arguments. The court's two Jewish members, Justices Ruth Bader Ginsburg and Stephen G. Breyer, were absent.

During its new term, the Supreme Court has agreed to rule on potential landmark cases on abortion rights, the environment and racial diversity in schools -- some of the country's most contentious social issues. It will be the second full term for Chief Justice John G. Roberts Jr., who succeeded the late William H. Rehnquist, and the first full term for Justice Samuel A. Alito Jr., who replaced the more moderate Sandra Day O'Connor. President Bush appointed the two conservative justices.

In the Texas case, an employee of an adult bookstore in El Paso was arrested in 2003 for selling a sex toy to undercover police officers. He was charged under the Texas law that bans the sale of an "obscene device" designed primarily "for the stimulation of human genital organs."

His attorney said the law was unconstitutional because it violated the right to sexual privacy without government interference. The court, which last year rejected a challenge to a similar Alabama law, denied the appeal without any comment.

The justices rejected an appeal brought by Jonas and Tiffany Eklund, who contended that the Byron Union School District, east of San Francisco, violated constitutional guarantees separating church and state when it required students in a world history class to read pages from the opening chapter of the Koran and study Islam's Five Pillars of Faith in a unit on Muslim culture.

"Parents entrust public schools with educating their children, not indoctrinating them in religion," the Eklunds' attorneys stated in a brief asking the Supreme Court to take the case. "The public school here had children become Muslims for three weeks."

The U.S. Court of Appeals for the 9th Circuit ruled that the activities were not overt religious exercises and therefore did not raise constitutional concerns.

The justices also declined to hear an appeal of a National Labor Relations Board ruling ordering the partnership that prints, distributes and sells advertising for the Detroit News and Detroit Free Press to reinstate employees who were fired during an 18-month newspaper strike in the mid-1990s.

The workers lost their jobs after the newspapers said they blocked entrances at a distribution facility and the Detroit News building, in violation of court orders, during the strike. It ran from July 1995 to February 1997.

The NLRB determined that the employees had not engaged in misconduct but were rather exercising their right to strike. It ordered the employees reinstated with back pay.

High Court Rejects Appeal Of Trade-Case Decision (WSJ)

By Mark Anderson

The Wall Street Journal, October 3, 2006

WASHINGTON -- The Supreme Court declined to take up a U.S.-China trade issue, rejecting an appeal on whether courts can review presidential decisions on import-restriction recommendations by the U.S. International Trade Commission.

The denial came as the high court cleared the decks for its new session with rejection of more than 1,900 appeals that piled up over the summer. The justices met in an abbreviated session yesterday because of the Yom Kippur holiday and will begin hearing oral arguments today.

The legal challenge to President Bush was brought by Motion Systems Corp., an Eatontown, N.J., maker of pedestal parts for motorized wheelchairs. The company filed a complaint with the ITC in 2002 arguing Chinese imports of similar products threatened its business.

Motion Systems cited a trade provision that was added to U.S. legislation in 2000 approving China's membership in the World Trade Organization, designed to police the effect of Chinese imports on U.S. businesses. A handful of companies have used the law to seek quotas against Chinese products, but met resistance from the Bush administration.

The ITC recommended the U.S. impose quotas on the Chinese imports for three years. The U.S. Trade Representative reviewed the ITC decision and submitted a recommendation to the White House. President Bush in January 2003 rejected restricted trade in the electric-scooter devices, saying "the import relief would have an adverse impact on the U.S. economy clearly greater than the benefits of such action."

The company appealed the decision to the Federal U.S. Circuit Court of Appeals in Washington, which handles patent and certain trade appeals. In February 2006, the Federal Circuit ruled Congress didn't give it authority to review the president's decision.

(Motion Systems v. Bush)

In other business cases, the justices declined to block legal efforts by California to seek as much as $5 billion in financial restitution from PG&E Corp. for consumers harmed by the state's 2000 energy crisis; declined to consider whether national bank laws prevent bank officers from using state age-discrimination laws to fight their termination; and declined to intervene in whether

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former shareholders in Peregrine Systems Inc. can use California insider-trading laws to sue former board members of the company, which went bankrupt in 2003 after an accounting scandal.

(PG&E Corp. v. California, U.S. National Bank Association v. Kroske and Moores v. Friese)

When Ideologies Clash, Justice May Tip Supreme Court's Balance (WSJ)

By Jess Bravin

The Wall Street Journal, October 3, 2006

WASHINGTON -- Ever since Justice Sandra Day O'Connor retired in January, the High Court has been dubbed the Kennedy Court. Between a bloc of four conservatives facing off against four liberal-leaning members, Justice Anthony Kennedy, with his own occasionally idiosyncratic jurisprudence, may tip the balance on hot-button cases.

Seeing Justice Kennedy as the new swing vote, attorneys readying for the Supreme Court's annual term that begins this week have been plumbing nearly two decades of Kennedy opinions, searching for arguments that could persuade the justice that they have the law right.

The trick for advocates is finding how to do that.

"It is hard to think of a surefire way to reach Kennedy, because his jurisprudence does not have a coherent and consistent methodology, like Scalia's originalism or Breyer's pragmatic consequentialism," says Northwestern University law professor John McGinnis. Justice Antonin Scalia says his legal thinking is yoked to the original meaning of legal text; Justice Stephen Breyer asks how a particular outcome will affect what he regards as the broader constitutional or statutory goal.

Prof. McGinnis suggests that "the best way to appeal to Kennedy is to quote his own opinions back to him." That isn't just an appeal to the justice's "vanity, but also to their sense of continuity," he says. "The second-best is to show through amicus [friend-of-the-court] briefs or otherwise that the great and good favor the position, because Kennedy seems influenced by the establishment's views."

Mark Levy, director of appellate advocacy for Kilpatrick Stockton LLP in Washington, agrees. Justice Kennedy "is a person of broad sweep. He has an interest in the court as an institution, he has an interest in history, he's a justice who looks to foreign law when it's helpful to him," Mr. Levy says. "You'd bring in history not so much the way you would with Justice Scalia and saying, 'It's settled,' but rather, 'This is how it's developed and this is how the court will be viewed 10 or 50 or 100 years from now.' "

Several cases on the court's docket may touch conflicting strains in Justice Kennedy's jurisprudence, lawyers say. On Nov. 8, for instance, the justices are slated to hear arguments over the federal Partial-Birth Abortion Ban Act, which Congress passed in 2003 after a 5-4 Supreme Court struck down a similar state law in Nebraska. Lower federal courts have invalidated the 2003 law as contrary to the court's earlier opinion.

"Both sides have to be cognizant of the fact that [Justice Kennedy] wrote a strong dissent" from the 2000 decision invalidating the Nebraska law, says Duke University law professor Erwin Chemerinsky. "On the other hand, this is a federal statute to overturn a Supreme Court decision, and he has been very hostile to that" practice, Mr. Chemerinsky says. The government would be wise to raise the Kennedy dissent from the 2000 case, he suggests, while abortion-rights advocates should appeal to stare decisis, the principle of adhering to settled precedent, by citing Justice Kennedy's 1997 majority opinion striking down a federal law adopted to overturn one of the court's religion rulings.

In another test of Justice Kennedy's views, the court will decide whether public-school systems can consider a pupil's race in making school assignments, to promote classroom diversity.

In 2003, Justice Kennedy voted to strike down undergraduate- and law-school admissions systems at the University of Michigan for giving improper advantages to minority applicants. (Justice O'Connor cast the deciding vote then, joining different blocs to uphold the law school's system, but invalidating the undergraduate-admissions system.)

But in his dissent, Justice Kennedy wrote that under different circumstances, it could be acceptable to consider race to promote an ethnically diverse student body.

The Bush administration, opposing the diversity plans, cited Justice Kennedy by name 13 times in its friend-of-the-court briefs, zeroing in on his Michigan dissent. The briefs cite only one other sitting justice by name: Clarence Thomas, twice.

On the other side, Tom Goldstein, who represents the National Association of School Boards in defending the admissions systems, says he will aim to show they fit within the narrow opening Justice Kennedy left for racial classification.

Mr. Goldstein, who heads the Supreme Court practice at Akin Gump Straus Hauer & Feld LLP in Washington, points to a lower-court concurrence by conservative U.S. Circuit Judge Alex Kozinski that upheld one of the challenged plans.

"We have his protégé on the Ninth Circuit with a concurring opinion that was almost directed at Justice Kennedy," Mr. Goldstein says. Judge Kozinski wrote that the challenged program was unlike affirmative-action systems previously considered

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by the Supreme Court, and rather was "a plan that gives the American melting pot a healthy stir without benefiting or burdening any particular group."

Justice Kennedy, appointed in 1988, was President Reagan's third choice to succeed Justice Lewis Powell. The first, Judge Robert Bork, was rejected by the Democratic-controlled Senate as too ideologically extreme, while a second nominee, also a strict conservative, withdrew after damaging personal revelations. Justice Kennedy, then a federal appeals judge in California, was selected as a less-controversial conservative who could win confirmation in an election year.

Since then, Justice Kennedy has lived up to expectations, usually conservative on law-and-order cases but occasionally disappointing the right, particularly in social issues such as gay rights and abortion. More broadly, he has seen a bigger role for courts in applying the law than many conservatives would prefer and looked to international law and opinion in making ethical judgments.

"He's a judicial supremacist," says Prof. Michael Dorf of Columbia Law School, a former Kennedy clerk. According to a study of court decisions from 1994 to 2005 by University of Kentucky law professor Lori Ringhand, Justice Kennedy voted to invalidate more state and federal laws than any other justice.

In the most recent term, Justice Kennedy voted more often with the conservative bloc of Chief Justice John Roberts and Justices Scalia, Thomas and Samuel Alito than the liberal wing of Justices Breyer, John Paul Stevens, David Souter and Ruth Bader Ginsburg. But he also frustrated conservatives, for instance joining a majority that struck down President Bush's plan to create military tribunals for suspected terrorists without congressional approval.

Of course, focusing exclusively on trying to sway Justice Kennedy has its risks. "If you rely on international law and make a fairly blatant play to get Kennedy, you might have taken Justices Scalia or Thomas out of the loop," says Carter Phillips, a Sidley Austin partner with two cases on this year's high-court docket. "It's hard to write a brief to pick up a single vote, because at the end of the day, that might be all you get."

Justice For Immigrants (NYT)

The New York Times, October 3, 2006

The Supreme Court starts off its term today with arguments in a pair of immigration cases that turn on a technical issue but could have a considerable impact on the real world. If the court gives the words “illicit trafficking” the wrong interpretation, as some lower courts have, a significant number of legal immigrants could be unjustly uprooted and deported, or given unduly harsh criminal sentences.

Federal immigration law, quite reasonably, imposes special conditions on legal immigrants who are convicted of “aggravated felonies.” The law says that “illicit trafficking” in drugs is an aggravated felony, and today’s cases pose the question of what that means. The plain meaning of “trafficking” in drugs is engaging in commercial activity. But some courts have ignored this plain meaning and held that simple possession of drugs can count, and therefore can be an aggravated felony.

That is the situation of the defendants in today’s cases. Reymundo Toledo-Flores was convicted of possession of cocaine, and Jose Antonio Lopez was convicted of aiding and abetting possession of cocaine. The courts that heard their cases ruled that their convictions qualified as trafficking, and therefore as aggravated felonies. This legal exaggeration has serious consequences. Noncitizens convicted of aggravated felonies can more easily be deported and can be barred from becoming American citizens. They can also receive substantially longer prison sentences if they commit future crimes.

The legal climate is not particularly hospitable to immigrants right now, and Mr. Toledo-Flores and Mr. Lopez have the additional disadvantage of coming to court having been convicted of crimes. But their crimes were minor ones that cannot properly be described as aggravated felonies. As the American Bar Association notes in a friend-of-the-court brief, treating the two men as if they had committed worse crimes than they did “leads not only to individual injustices” but also harms “the integrity and fair and regular operation of the criminal justice system.”

Senate Confirms Director Of National Parks (NYT/AP)

By The Associated Press

The New York Times, October 3, 2006

A British native and career Interior Department employee has been confirmed by the Senate as director of the National Park Service. The new director, Mary A. Bomar, left, was one of four Interior Department officials confirmed by the Senate at 2 a.m. on Saturday as lawmakers rushed to finish work before recessing. Ms. Bomar succeeds Fran P. Mainella, who announced her resignation in July.

Pentagon Gets New Office (HILL)

By Roxana Tiron

DOJ_NMG_0074259

The Hill, October 3, 2006

After weeks of intense discussions, congressional defense authorizers approved the Pentagon's request for a 10th assistant secretary of defense — a pivotal position in a big reorganization planned to take place over the next year.

But the nod for an assistant secretary for global security affairs comes with strings attached. And as the Pentagon planned to start implementing its preliminary phase of reorganization yesterday, it also had to start preparing a report to answer several congressional concerns by February 1.

Conferees on the 2007 defense authorization bill said they agree with adjusting roles and responsibilities within the office of the undersecretary of defense for policy, headed by Eric Edelman, but that they had serious concerns about the plan as it stands.

The details have been very closely held within the Pentagon, according to a House source familiar with the discussions during the bill's conference.

But defense authorizers are "trying to keep an open mind and giving them [the policy shop] a chance to explain," the source said.

The policy shop shake-up required legislation to add a 10th assistant secretary. The new secretary will have to be confirmed by the Senate, but that is not expected until January.

The reorganization is meant to bring a key Pentagon office into line with the U.S. military's need to respond to a widening array of transnational threats, to manage international military coalitions, and to equip partner nations to fight terrorists.

But among other concerns, the current overhaul plan touches on one of Congress's soft spots: the U.S. military's counter-narcotics mission.

House Speaker Dennis Hastert (R-Ill.) has cast doubt on the reorganization because he fears it will hurt congressional oversight and the military's counter-drug mission.

Staff from the House Government Reform panel, the International Relations panel, the Armed Services committee, and several Senate staff members have also grilled Pentagon officials about the plan.

The Pentagon wants the deputy assistant secretary of defense for counter-narcotics to report to the new assistant secretary of defense for global security affairs.

At present, counter-drug missions are overseen by the civilian Special Operations and Low Intensity Conflict Office (SO/LIC), which is also part of the policy shop.

Under the new arrangement, SO/LIC would lose counter-narcotics and be renamed as SO/LIC and Interdependent Capabilities.

This sparks congressional fear that the counter-narcotics office would lose direct access to money slated for counter-drug operations in a central transfer account.

This allows the office to move quickly and avoid a lengthy approval process if money is needed urgently. It also allows Congress to know exactly what the money is spent on.

Under the Pentagon's plan, the counter-narcotics office would also oversee counter-proliferation missions and other global threats, including avian flu.

Initially the Pentagon intended to move money from the central transfer account for counter-drug operations to a subordinate agency, raising fears that counter-narcotics would lose financial flexibility, with money trapped in bureaucracy.

But according to a Senate source, the Pentagon gave way to congressional pressure and agreed during conference talks to keep the money within the policy shop.

The expanded counter-narcotics office will have oversight of the money and call the shots on program execution, according to the House source.

Conferees expressed concern that the counter-drug office's enlarged portfolio and reorganization would dissipate its focus.

"The large number of significant issues that would reside in this organization could mean that insufficient personnel and resources are devoted to the critical and diverse issues assigned to this assistant secretary of defense," including critical missions of counter-proliferation and combating weapons of mass destruction, according to the conference report.

Lawmakers also warned that management of counter-narcotics policy must remain consistent with congressional intent and the effective use of the central transfer account. "Separating [counter-narcotics] oversight from the administration of the central transfer account would likely reduce the effectiveness and responsiveness" of the office, conferees wrote.

The Pentagon will probably face pressure from Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee and one of the brains behind the Nunn-Lugar program designed to eliminate the proliferation of nuclear, chemical and biological weapons.

In a letter to Edelman last month, Lugar called the merger of counter-narcotics and counter-proliferation missions "a mistake," adding, "these jobs are too big and too important for any one person."

It will be the deputy assistant secretary who will have to split the attention for the two large missions, he said.

The Pentagon planned to start its major reorganization yesterday, mostly reshuffling regional policy offices.

Abramoff Report Reveals Ties To GOP, Democratic Members (HILL)

By Elana Schor

The Hill, October 3, 2006

The House Government Reform Committee report released late last week on the 400-plus communications between Bush administration officials and disgraced lobbyist Jack Abramoff and his colleagues also provides new evidence of the extensive reach "Team Abramoff" maintained among lawmakers and aides from both parties.

Abramoff and lobbyists formerly working under him at Greenberg Traurig claimed meeting with 24 senators, 19 House members and more than 100 aides — at least 20 of them Democratic — on behalf of the Saginaw Chippewa tribe of Michigan, according to a summary released as part of supplementary evidence to the Government Reform report. Lawmakers' names were all redacted by committee staff, but aides' names were released and represent Democratic as well as Republican members.

The Government Reform panel conducted its inquiry as part of its executive-branch oversight duties, and the bulk of its 93-page report focuses on attempts by Abramoff and his lobbying team to leverage their White House contacts, including Deputy Chief of Staff Karl Rove and now-GOP national chairman Ken Mehlman, for a variety of favors.

But in the Saginaw Chippewa work summary, provided to the committee by the lobbying firm, Abramoff and his colleagues touted their skills at securing federal appropriations for roads, a school and a crime-prevention center for the Chippewas, who took in a significant income from their Soaring Eagle casino.

The lobbyists also played up their thwarting of neighboring tribes' efforts to open casinos that "not only threaten the Tribe's market share, but challenge the long-respected procedures for putting land into trust and establishing a casino operation on tribal lands."

Among the victories Abramoff's team claimed was securing an objection by now-Senate Minority Leader Harry Reid (D-Nev.) to a bill by Sen. Debbie Stabenow (D-Mich.) that would have allowed another Michigan tribe to open a casino potentially harmful to the Chippewas' gambling operation. When Stabenow moved to pass her bill by unanimous consent, the summary states, "we were successful in obtaining an objection … and thereby were able to defeat the proposal for the year."

Reid has consistently opposed expansion of casinos off existing Indian reservations, and he registered his objection on Nov. 19, 2002, on those grounds. "The land claim is simply – and everyone knows this – an excuse to take land into trust for off-reservation gaming," Reid said then on the floor.

"[Reid's] opposition to the Bay Mills casino was based on this longstanding policy position [against off-reservation casinos], not on the views of lobbyists," spokesman Jim Manley said in an e-mail. "It is now well-known that Abramoff and his associates exaggerated their influence."

Stabenow spokeswoman Angela Benander said that any actions taken on behalf of the Bay Mills tribe or Chippewas were done to support the senator's constituents and with the support of other Michigan lawmakers.

The majority of the aides with whom Abramoff and his colleagues met were Republican, including several from the GOP's two campaign committees. Abramoff achieved "Pioneer" status in 2004 for raising at least $100,000 to aid President Bush's reelection.

The Democratic aides taking meetings with Abramoff's team, according to the work summary, represented Reid, Stabenow, Sen. Carl Levin (D-Mich.), retired Sen. Ben Nighthorse Campbell (D-Colo.), former Senate Minority Leader Tom Daschle (D-S.D.) and Rep. John Dingell (D-Mich.), among others.

The lobbyists also reported meeting with Debbie Dingell, wife of the House Energy and Commerce Committee ranking member and an influential lobbyist in her own right, as well as representatives for the centrist New Democratic Network and the Democratic Senatorial Campaign Committee.

Both Government Reform Chairman Tom Davis (R-Va.) and Waxman, in their public comments following the report's release, noted that they based their inquiry on potentially exaggerated information the Abramoff lobbyists provided to their employer.

"The documents we are releasing are authentic, but that does not mean that Mr. Abramoff or his associates are telling the truth," Waxman said Thursday, calling for further investigation into the executive-branch lobbying in the report.

Some on Capitol Hill have speculated that the Government Reform report, though overshadowed during the weekend by reports of the unfolding scandal surrounding former Rep. Mark Foley (R-Fla.), could add new potency to Democratic charges that the GOP has fallen victim to a "culture of corruption" that has its roots in the Bush White House.

But since Abramoff registered his guilty plea in January, incumbent Republican ties to his crimes have become a central campaign issue for only a handful of Democratic challengers, including Montana state Sen. Jon Tester (D), who opened a seven-

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point lead over Sen. Conrad Burns (R-Mont.) in a poll released this week. Burns had come under fire for helping the Chippewas win some appropriations.

Abramoff's largesse to Democrats, underscored by the work summary, remains a potent counterargument for Republicans. When Rep. Sherrod Brown (D-Ohio), running a close race against incumbent Sen. Mike DeWine (R-Ohio), sought to link DeWine to Abramoff and other ethically challenged Republicans during their debate on "Meet the Press" on Sunday, host Tim Russert pointed out that about one-third of Abramoff clients' political donations went to Democrats.

"Maybe it did, but it didn't go to me," Brown replied, pivoting to criticism of DeWine's vote in favor of the Medicare prescription drug benefit.

Congress Sets Military Pay Raise, Punts On Civil Service (WP)

By Stephen Barr

The Washington Post, October 3, 2006

Hours before wrapping up for its campaign break, Congress nailed down a 2.2 percent pay raise for the armed forces but left resolution of the federal employee raise to a lame-duck session next month.

The pay raise was approved late last week by the House and Senate as part of the fiscal 2007 defense authorization bill, which sets out policy and personnel goals for the Defense Department. The across-the-board raise will take effect in January, and additional raises for senior enlisted personnel and warrant officers will begin in April.

The House version of the bill had called for a 2.7 percent across-the-board military raise, but House and Senate negotiators chose to go with the Senate's proposed 2.2 percent increase, which matched the adjustment approved by Congress in an appropriations bill.

Veterans and employee groups decried the pay decision as meager.

"We're extremely disappointed, to put it mildly, that Congress couldn't see its way clear to provide more than a 2.2 percent pay raise for the troops who are putting their lives on the line every day for the rest of America," said Steve Strobridge , director of government relations for the Military Officers Association of America.

"That's the smallest military raise in 13 years," he noted.

Colleen M. Kelley , president of the National Treasury Employees Union, called the 2.2 percent raise "a shameful decision during a time of war."

In his 2007 budget request, President Bush recommended a 2.2 percent raise for the military and the civil service.

The House, however, approved a 2.7 percent raise for federal employees, and a Senate bill, which did not reach the floor, also has proposed a 2.7 percent civil service raise.

Congress, in most recent years, has followed a "pay parity" approach to raises, ensuring equal average salary increases for the military and the civil service. Given that history, Congress may scale back the federal employee raise when it returns in mid-November to take up unfinished spending bills. Congress also may be reluctant to give government civilians a larger raise than the troops because of their sacrifices in Iraq and Afghanistan.

In a statement, Sen. John W. Warner (R-Va.), chairman of the Senate Armed Services Committee, said that the defense authorization bill had won bipartisan support and predicted that it would improve the quality of life for members of the armed forces and their families.

The legislation provides for more than 20 types of bonuses and special payments aimed at encouraging enlistment and re-enlistment, the committee said.

It also expanded eligibility for Tricare, the military health insurance program, to allow members of the Selected Reserve -- those who train regularly -- to buy into the program when they are not on active duty. The legislation also prohibits any increase in Tricare enrollment premiums and in pharmacy co-payments in fiscal 2007.

As part of the legislation, Congress ordered the Pentagon to prepare a strategic plan to improve Defense's senior management and technical workforce, including scientists and engineers "in light of recent trends and projected changes in the mission."

Congressional aides are interested in learning how the department makes use of its senior-level civilians. Like other departments, Defense has a graying workforce, with substantial numbers of retirements expected in the next few years, and could have difficulty offsetting the loss of experienced hands, especially in science and engineering.

House-Senate negotiators dropped a provision that would have expanded protections to federal employees who blow the whistle on waste, fraud and abuse. The White House opposed the provision, which was in the Senate's version of the bill.Keeping Track of Homeland Security

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Congress has asked the Department of Homeland Security to submit a spending plan for the troubled overhaul of its personnel system. In an unusual move, Congress directed the department to include a list of its contract obligations for the new system.

House-Senate negotiators on the fiscal 2007 appropriations bill for Homeland Security provided $25 million for the new system, MaxHR. The president's budget had sought about $42 million, but congressional aides said delays caused by court litigation mean the department can get along with less funding for the short term.

The spending bill will add 1,500 new Border Patrol officers, bringing that workforce to 14,800.

Congress Leaves Big Question Mark On Pay Raises (WT)

By Mike Causey

The Washington Times, October 3, 2006

There is good news and bad news on the federal employee and military pay front.

The good news is that Congress finally has passed legislation that would guarantee a pay raise effective in January.

The not-so-good news: The raise, part of the defense authorization bill, is only for uniformed military personnel -- not federal workers -- and is only 2.2 percent.

Confused? Welcome to the club. Here is what's happening in the annual pay battle between Congress and the White House.

President Bush originally proposed a 2.2 percent raise, effective in January, for both federal and military personnel.

Congress followed the same script it has used for the past dozen years and said that's not enough. Instead, it included funds for a 2.7 percent raise, for both civilian and military personnel, in the Treasury appropriations bill. That's the typical vehicle Congress uses to boost raises and ensure that civilian and military groups get the same percentage raise.

The problem is that Congress has been slow to approve appropriations bills. The money package with the higher 2.7 percent raise was left unfinished as Congress recessed for the pre-election period.

When lawmakers return Nov. 13, it will be to a lame duck Congress. Some of the incumbents will have lost their elections on Nov. 7. Control of the House, Senate or both may have shifted from the Republicans to the Democrats. In any case, Congress may or may not get around to approving the appropriations bill that includes the 2.7 percent raise.

Insiders expect President Bush to go along with a higher figure if Congress approves it, but he may not.

Bottom line: Nobody, including members of the House and Senate, know what will happen on the federal/military pay raise.

When the final figure is announced, it will be up to the president to designate, or not, how much of that total increase will be used to fund locality pay raises. The White House typically earmarks about one percentage point of the raise for city-by-city adjustments. In the past, the Baltimore-Washington area has qualified for raises slightly higher than the amount approved for the general increase.

But so much is up in the air that it is hard to explain and digest the possibilities -- much less predict the final figure.

Don't let money slip away

If your agency offered you a tax-deferred 4 percent pay raise, would you take it? That's a no-brainer, correct?

The vast majority of feds hired since the mid-1980s have taken such an offer by signing up for the Thrift Savings Plan (TSP), the government's in-house 401(k) program for civilian and military personnel.

Workers under the newer Federal Employees Retirement System get an automatic 1 percent contribution to their TSP accounts. But in order to qualify for an additional 4 percent tax-deferred match from their agency, they must sign up for the TSP.

More than 265,000 feds qualify, but many thousands haven't signed up. In effect, they are leaving a tax-deferred pay raise on the table. The solution: If you are in the FERS system, sign up now.

Mike Causey, senior editor at Federal News Radio AM 1050, can be reached at 202/895-5132 or mcausey@federalnewsradio.com.

Top Civil Servants Honored (WP)

By Laura Blumenfeld

The Washington Post, October 3, 2006

The winners -- shimmering in silk and tuxedos -- thanked their mothers, blinked back tears and posed for the cameras, just as they do at the Oscars. But the awards were called the Sammies, or the Service to America Medals, and the stars of the program were civil servants who typically perform backstage.

"Your good work reflects the best of our country," President Bush said in a letter read aloud at the fifth annual gala, held Wednesday at the Andrew W. Mellon Auditorium.

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The Sammies were created by the Partnership for Public Service and the Atlantic Media Company. A committee selected nine winners from more than 500 nominees and 30 finalists. Nancy Cox, a scientist at the Centers for Disease Control and Prevention, won the top award, Federal Employee of the Year, for "leading the world's efforts to prepare for a catastrophic flu pandemic."

The event's emcee, Gwen Ifill, host of PBS's "Washington Week," joked in her opening: "Before I begin my remarks, are there any Transportation Department officials in the room? I just drove into D.C. from Northern Virginia, and there are some things I'd like to discuss during the first break."

At the end of the evening, after hearing tributes to the honorees, Ifill expressed admiration for the federal bureaucrats who filled the ballroom:

The next time our government does something that frustrates you . . .

Think about Nancy Cox and Nancy Powell protecting us from the threat of an avian flu pandemic.

Think about Tom Casadevall and Mark Ward helping thousands of people survive some of the worst natural disasters in history.

Think about Martin Harrell standing up to injustice and fighting threats to our environment.

Think about Norden Huang and Bill Phillips conducting cutting-edge research to improve the quality of our lives.

Think about Ron McNeal supporting the troops who support us all.

Think about Christina Sanford putting her safety at risk so that others may enjoy the taste of freedom and democracy.

And think about the nearly 2 million other Americans like them, who go to work every day to serve a cause larger than themselves.

Calif. Man Charged With Threatening Bush, Cheney (AP)

AP, October 2, 2006

(AP) SACRAMENTO An engineer at a nuclear power plant near Sacramento has been charged with sending threatening letters containing a powdery substance to the same Sierra foothills country club where President Bush will appear Tuesday for a Republican campaign event.

Michael Lee Braun, 51, appeared Monday in U.S. District Court in Sacramento on two federal charges of sending threats through the mail. The FBI said he also is a suspect in mailing dozens of similar threats since shortly after the 2001 terrorist attacks.

The charges relate to two letters prosecutors said Braun mailed on Thursday to the Serrano Country Club and Serrano Visitors Center in El Dorado Hills, a tony community in the foothills east of Sacramento. The letters contained threats to President Bush, Vice President Dick Cheney and U.S. Rep. John Doolittle, R-Rocklin, according to a statement from the FBI.

Bush is scheduled to appear at the country club Tuesday afternoon in a campaign event for Doolittle, who represents a heavily Republican district near Sacramento.

A federal affidavit filed with the case further alleges that Braun had sent 51 such letters, including the two most recent ones, since 2001. The letters threatened the lives of the president, Cheney, First Lady Laura Bush and Defense Secretary Donald Rumsfeld.

"Each of the letters contained a written threat, usually death by some kind of WMD agent (anthrax, toxic chemical poison, radioactive dust or improvised explosives) and some unknown, white, powdery substance, or items simulating a possible letter/package improvised explosive device," according to the affidavit by Special Agent Timothy Lester.

The white substance usually turned out to be baking soda, the affidavit said.

The two charges against Braun carry maximum penalties of five years in prison and $250,000 fines, but U.S. Magistrate Judge Kimberly Mueller told Braun he could face additional charges once prosecutors review the FBI's investigation.

Braun appeared disheveled in federal court, his hair in disarray as he sat in chains through a brief court appearance Monday afternoon. Monday's initial court appearance was postponed until Thursday, and Braun will be detained until then.

His attorney, Philip Cozens, said he had just taken the case and could not comment.

FBI spokeswoman Karen Ernst said the Braun case was "not believed to be related to the ongoing investigation where the real anthrax was sent."

The first letters from the Sacramento area were sent in November 2001, about the same time real anthrax was sent to East Coast government and media officials, killing five people.

Braun, who works at the now-closed Rancho Seco nuclear power plant south of Sacramento, was a suspect since the first letters were mailed from Sacramento to the U.S. Drug Enforcement Agency and a Sacramento dental office, the affidavit said.

Letters also were mailed to members of Congress, a U.S. senator, Sacramento-area radio stations and newspapers, local government officials and churches affiliated with the Church of Jesus Christ of Latter-day Saints, according to the affidavit.

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The letters to the White House were sent in May 2005 but were intercepted by the Secret Service before delivery.

"Anytime somebody's out there threatening offices and public servants, it's unnerving to say the least," Doolittle spokeswoman Laura Blackann said.

Spokesmen for the Secret Service declined comment.

FBI agents had Braun under surveillance last Thursday and watched as he dropped two letters into a mailbox at an Elk Grove strip mall, said Drew Parenti, special agent in charge of the FBI office in Sacramento. They sealed off the mailbox and found the letters to the Serrano visitors center and country club.

That gave investigators enough evidence to obtain a search warrant for Braun's home in Elk Grove, a suburb south of Sacramento, and at the decommissioned power plant, which is owned by the Sacramento Municipal Utility District. He was arrested at his home about 9:30 p.m. Friday after agents found more evidence there, Parenti said.

Employees at the Serrano visitors center and country club said they were unaware of any threat.

The FBI's affidavit states that Braun has a master's degree in radiological physics and a law degree. He has worked as a nuclear engineer at Rancho Seco since 1984 while practicing law part-time.

President To Be On Hand For Christening Of Carrier Named After His Father (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, October 3, 2006

President Bush will join his parents at Saturday's christening of the nation's newest aircraft carrier, named for his father, at shipbuilder Northrop Grumman Newport News.

The carrier, CVN-77, is called the George H.W. Bush, after the country's 41st president.

President Bush will participate in the ceremony, said Blair Jones, a White House spokesman.

"This is a tremendous honor for the president's father, and he's looking forward to the christening," Jones said Monday.

The elder Bush's daughter, Doro Bush Koch, the ship's sponsor, will break the traditional bottle of sparkling wine on the flattop's bow.

Northrop Grumman's Newport News sector began construction of the approximately $6 billion nuclear-powered ship in 2001 and plans to deliver it to the Navy in late 2008.

It is the last of 10 Nimitz-class carriers and includes technology and improved features that will serve as a bridge to the Navy's next-generation carrier, the CVN-21, now under design and planning at Newport News.

OTHER NEWS:

Manufacturing Decelerates While Commercial Construction Soars (USAT/AP)

By Madlen Read

USA Today, October 3, 2006

NEW YORK — A pair of economic reports offered a mixed picture of the economy Monday as growth slowed among U.S. manufacturers while commercial construction showed surprising resilience.

Hurt by weaker auto sales and a slumping housing market, the manufacturing sector grew in September at the slowest pace in more than a year, a trade group said.

A big gain in commercial construction spending, however, was enough to offset a decline in home building in August, the Commerce Department said. Construction spending edged up 0.3% to a seasonally adjusted annual rate of $1.2 trillion, the best showing in five months.

The Institute for Supply Management, based in Tempe, Ariz., said its manufacturing index registered 52.9 in September, below August's reading of 54.5 and the lowest reading since May 2005, when the index hit 51.4. Analysts had predicted a reading of 53.5. A reading of 50 or more indicates expansion, while below 50 shows contraction.

The September figure represented the 40th-consecutive month of growth.

But Mark Zandi, chief economist at Moody's Economy.com, says it's only a matter of months before manufacturers start reporting a contraction.

“The good news is there is still growth, and pricing pressures are easing,” Zandi says. “The bad news is growth is slowing, it will slow more and it's leading to cuts in jobs.”

The reason is threefold, he says: decreasing home construction, slashed auto production and less need to build up inventories.

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The ISM's employment index dropped to 49.4 in September from 54.0 in August. The prices paid index fell to 61.0 in September from 73.0 as commodity prices took a tumble. The new orders index stayed the same at 54.2, but the backlog of orders index fell to 46.5 in September from 51.5.

Meanwhile, the housing market has been leveling off.

The Commerce Department's report Monday said spending on private home construction dropped 1.5% in August to a seasonally adjusted rate of $617 billion. The August decline followed an even bigger 2.1% July decrease and marked the fifth-consecutive month that home building has fallen.

Data On Factories Indicate Economy Is Losing Speed (WSJ)

By Christopher Conkey

The Wall Street Journal, October 3, 2006

Manufacturing activity expanded in September, but the nation's factories appear to be losing some steam as economic growth moderates.

The Institute for Supply Management, a private group of corporate purchasing managers, said its manufacturing index fell to 52.9 last month from 54.5 in August. Readings over 50 indicate expansion, but the September measure suggests that factories experienced slightly weaker growth as the third quarter progressed. Recent data on industrial production and factory orders have also pointed to slower growth.

"It's apparent that manufacturing is losing momentum and feeling the effects of higher interest rates and a weaker housing market," said Norbert Ore, who oversees the ISM survey and also serves as Georgia-Pacific Corp.'s procurement director.

Slower economic growth is likely to damp inflationary pressures, and makes it more probable that the Federal Reserve will leave interest rates unchanged, or eventually begin to lower them.

ISM said one wood-products company that participated in its survey of procurement managers at 400 medium-size to large companies reported seeing a "serious downturn in customer orders related to the housing-market" slump.

Other data released Monday offered signs that the residential real-estate market may be stabilizing after a slowdown in sales over the past year. The National Association of Realtors said its index of pending home sales rose 4.3% in August from July but remains 14% below the year-earlier pace. A recent Commerce Department report showed that the rate of new-home sales picked up in August.

David Lereah, NAR's chief economist, said the August figures suggest that the housing market has hit bottom. Others disagreed.

John Lonski, chief economist at Moody's Investors Service, said it was "premature" to view the unexpected rise in sales in August as "indicating the nearness of a bottom for home sales." Daniel Oppenheim, an analyst with Bank of America Securities, said a high inventory of unsold homes would depress prices and that surveys of real-estate agents point to slower sales in coming months.

The ISM's readings on employment, tracking hiring in the manufacturing sector, and on prices, reflecting what manufacturers pay for materials, both declined last month. The group's reading on new orders for goods was unchanged.

Despite the slower growth rate, September was the 40th consecutive month of expansion in the manufacturing sector. That marked the longest uninterrupted growth streak since the 1970s.

Overall, economists said they expect slow to moderate growth for the rest of the year. "We see the economy continuing its forward momentum, but at a below-trend pace over the next six months," said John Silvia, chief economist at Wachovia Corp., in a research note. He predicted that the economy would expand at an inflation-adjusted annual rate of 2.5% in the second half of the year. Mr. Silvia said that will keep the Federal Reserve from raising or lowering interest rates for the rest of the year.

Separately, the Commerce Department said construction spending rose 0.3% in August from July as residential construction declined but commercial building picked up.

Another Session Leaves The Dow Chasing Record (WSJ)

By E.s. Browning

The Wall Street Journal, October 3, 2006

The Dow Jones Industrial Average took another run at a record but came up short once again.

Pushing several times past the January 2000 record close of 11722.98, the Dow industrials got as high as 11726.94 yesterday before sagging at midday. The blue chips finished little changed, down 8.72 points, or 0.07%, at 11670.35, still up 8.9% this year.

It was the third consecutive session in which the Dow industrials briefly surpassed the record but couldn't hold on.

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Stocks often have trouble breaking through milestone numbers, as investors take profits and stand back to consider the future.

"I am kind of disappointed that we didn't respond more favorably to the $2 drop in crude oil," said Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco. "That probably means that we are going to spend some time consolidating below that elusive Dow record."

Crude-oil futures for November delivery fell $1.88, or 3%, to $61.03 a barrel, amid signs of strong inventories and expectations that slower economic growth would limit oil demand.

Historically, September has been the Dow's weakest month on average, and October normally is better. But this September saw the Dow industrials spurt ahead 2.6%, and some investors said the industrial average now is overdue for a pullback.

The day's economic news wasn't startling and didn't appear to drive markets. A monthly gauge of manufacturing activity came in a bit weaker than expected for September. August construction spending and an index of pending home sales both were stronger than expected, but stocks made their moves well after that news was announced.

The volatile Nasdaq Composite Index fell 0.92%, or 20.83 points, to 2237.60, still up 1.5% in 2006. The Standard & Poor's 500-stock index declined 0.34%, or 4.53 points, to 1331.32, ahead 6.7% this year.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 1,486 stocks rose and 1,802 fell.

Bond prices gained.1 The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 4.614%. The 30-year bond was up 6/32 to yield 4.756%.

The dollar weakened.2 Late in New York, it traded at 117.67 yen, down from 118.12, while the euro rose against the dollar to $1.2741 from $1.2681.

Write to E.S. Browning at jim.browning@wsj.com3

Dow On Verge Of Closing At An All-time High (WT)

By Patrice Hill

The Washington Times, October 3, 2006

The Dow Jones Industrial Average is flirting with an all-time high after spending 6 1/2 years in the wilderness recovering from a bubble in technology stocks, a recession, terrorist attacks, a wave of corporate scandals, sharply higher energy costs and interest rates, and recently, worries about a housing bust.

The Dow has struggled to top the 11,723 level it reached in January 2000, with its recent treadmill action of advance and retreat typical of the solid but unglamorous gains it has been eking out for investors since the bubble burst in early 2000.

Yesterday's market action was in line with the trend. The Dow briefly topped its high, then pulled back to end 9 points lower at 11,670 on worries about a steep slowdown in manufacturing. The blue-chip Standard & Poor's 500 index also has soared to 5½-year highs, but the technology-driven Nasdaq Composite Index stands at less than half the record high it hit in March 2000.

The last time the Dow visited these heights, few analysts questioned that the market would continue its swift upward march. But the long, tortuous path it has followed since then has fed chronic questions about the sustainability of market gains and produced a plethora of opinions about where the Dow is headed from here.

"The best is yet to come," said Jeffrey N. Kleintop, chief investment strategist at PNC Financial Services Group, predicting that the S&P 500 index will gain at least 14 percent in the next year as energy prices continue to recede, uncertainty about corporate earnings and control of Congress is resolved, and the Federal Reserve reverses its anti-inflation campaign and cuts interest rates.

Last month, the market got a "head start" on the "fourth-quarter fireworks" that Mr. Kleintop said he is expecting, in line with the usually robust market performance in the second year of a president's term.

"The stock market is entering what has historically been the best 12-month period for its performance during the four-year presidential election cycle," he said, citing many similarities to the midcycle years 1966 and 1986, during which the market experienced explosive gains.

Mike Ryan, head of UBS Wealth Management Research, said the dramatic drop in oil and gas prices since Labor Day -- which should boost economic growth and help tame inflation -- is largely responsible for the turnaround in the market and investor sentiment.

"Investors seem to believe the U.S. economy is headed towards a so-called soft landing," he said.

But Alexander P. Paris, stock strategist at Barrington Research Associates Inc., said the market is due for a "rest" because investors have exaggerated the benefits of a "surprise collapse in oil prices" while overlooking pitfalls.

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Among other things, Mr. Paris questioned whether investors have braced themselves for the fallout from a possible Republican loss of Congress in next month's elections.

"Despite considerable confusion, worry and uncertainty about the Fed, inflation, a housing bust and the economy, the market has put together a lengthy rally from the July lows," he said. "Despite the recent celebration, the market may have a difficult time extending its rally in the months ahead."

Mutual fund managers helped lift the market by engaging in some "window dressing" at the end of last month, buying winning stocks so they can include them in their annual reports to investors. But now they are likely to "sit on their hands" for a while and wait to see whether earnings hold up and the economy rebounds from a soft third quarter, he said.

Daniel C. Chung, chief investment officer at Fred Alger Management Inc., said the market should continue to expand, if not "take off," not so much because the economy is doing well but because corporate profits are at extraordinarily high levels and are likely to remain so.

Earnings growth for the S&P 500 companies averaged 18 percent in the first quarter, much better than Wall Street analysts had expected, and even managed 15 percent excluding record energy profits, he said.

"For nearly four years, the S&P 500 has registered more than 10 percent earnings growth, and we believe that the run is not over," Mr. Chung said, because corporations continue to benefit from cost-cutting due to the globalization of production at the same time their workers have little leverage to push for a greater share of corporate income that would cut into profits.

"This is a recipe for all sorts of social discontent," he said, and may explain why voters are so disenchanted with an otherwise healthy economy, but it should be welcome news for the stock market, where price gains have been trailing earnings growth.

Lawrence Kudlow of Kudlow & Co. LLC said the Dow's plodding rise toward record highs has important political implications.

"This powerful combination of rising stocks, falling gasoline prices and the Goldilocks economy are powerful pluses for election-year Republicans," he said. "The Dems aren't even talking about the economy anymore."

Strike 4: Dow Fails To Set Record High (USAT)

By Matt Krantz

USA Today, October 3, 2006

Stocks kicked the fourth quarter off with a small loss and disappointed investors further when the Dow missed setting a new high, the fourth-consecutive failed run.

The Dow Jones industrial average briefly rose above its closing high of 11,722.98 but retreated to close down 8.72 points to 11,670.35 Monday. That doesn't take away from what's been a powerful 8.9% rally this year, though.

Hurt by losses of stocks in the Internet retail, home entertainment software and oil and gas industries, the Standard & Poor's 500 index fell 4.53 points to 1331.32. That's leaves the S&P up 6.7% for the year. And the Nasdaq composite shed 20.83 points to 2237.60, whittling its 2006 gain to 1.5%.

Traders, such as Todd Leone of SG Cowen, said investors shouldn't overreact to the fact the Dow missed setting a new closing high again. “The headlines make more out of it,” he says. “I don't think it's that big of a deal.”

After the big move the market made last week and last quarter, investors should not be surprised to see stocks do “a little breath catching,” says Michael Farr, president of Farr Miller & Washington. Farr thinks the market is waiting for a new reason to move higher, which could likely be what he expects to be a healthy third-quarter earnings reporting season. If interest rates remain steady, investors will focus on corporate earnings. “The expectations are for a fairly stable environment,” he says.

Highlights:

Harrah's Entertainment, operator of large casinos, jumped $9.25 to $75.68 after receiving a $15.1 billion, or $81 a share, offer from several private equity firms. (Story 1B.)

·First Republic Bank tumbled $3.95. The commercial bank, based in San Francisco, warned it would earn 56 cents to 58 cents a share, missing forecasts by 4 cents a share.

·Myogen, a biotech firm, gained $16.36 to $51.44 after rival Gilead Sciences said it was buying the company for $52.50 a share. Gilead shares lost $4.49 to $64.28. (Story, 3B.)

·Optimal Group, a provider of payment services to the online gaming industry, fell $2.95 to $8.81. The stock was hurt by a regulation passed by Congress on Saturday that places restrictions on online gambling. (Story 1B.)

·Apple Computer fell $2.12 to $74.86. Citigroup lowered the stock to a “hold” from “buy” because it says the company is unlikely to release an upgraded video iPod by the holidays.

Most Blacks, Hispanics In Area Own Homes (WP)

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By Lyndsey Layton And Dan Keating

The Washington Post, October 3, 2006

A majority of black and Hispanic households in metropolitan Washington now own their houses instead of renting, according to new data released today by the U.S. Census Bureau.

The new numbers, reflecting changes from 2000 to 2005, underscore the Washington region's affluence and strong economy. During the half-decade of soaring housing prices, whites, blacks, Asians and Hispanics were all more likely to own their homes in the region than nationally.

Some of the most dramatic shifts are taking place in the District, where African Americans are no longer a majority among homeowners.

In 2000, 54 percent of D.C. homeowners were black, and 41 percent were white. But a decline of 6,000 black homeowners since then, and a surge of 7,000 additional white homeowners, brought the two groups to virtual parity in the 2005 survey. The decline in black homeowners in the District was offset by growth in the suburbs.

The continuing loss of black, middle-class homeowners in the city is bound to have reverberations, said Peter A. Tatian, a housing expert at the Urban Institute.

"It's a real issue in those [heavily African American neighborhoods]; there's not a solid base of people who have ownership in the community, an investment that they want to fight to protect. It tends to be harder to bring about positive changes," said Tatian, who directs NeighborhoodInfo DC, a grass-roots group working to improve quality of life.

The data mark "a symbolic passing," he said. "In this city, those kinds of issues always seem to have political ramifications."

Regionwide, more than 260,000 African Americans owned homes in 2005. The growth was much more rapid in the 1990s but continued this decade, increasing from 49 percent of black households to 51 percent. Prince George's County, where more than three in five African Americans own their homes, gained 15,000 black homeowners this decade and now has 45 percent of the black homeowners in the region.

Homeownership among immigrants also shows significant growth. About 63 percent of local immigrants own their homes, higher than the national rate of 55 percent, census figures show.

The immigrant housing data reflect the highly mobile, growing local market. A homeowner in Montgomery County is as likely to have been born abroad as to be a Maryland native. Same thing in Arlington and Fairfax counties. Overall, the number of immigrants and state native homeowners is dwarfed by the number of homeowners who moved from other states.

Particularly striking was the growing number of Hispanics who bought homes in the Washington area from 2000 to 2005, many of them settling in expensive suburbs such as Fairfax and Montgomery. Across the region, Hispanics surpassed blacks in homeownership rates last year.

"It says a lot about the upward mobility of Hispanics," said William H. Frey, a demographer at the Brookings Institution. "Washington is not only an example of a metropolitan area with melting pot suburbs, but it has melting pot suburbs where immigrants are achieving the American dream."

More than 80,000 Hispanics owned their home in the region last year, the census says, the first time a majority of Hispanics have owned rather than rented. Fairfax and Montgomery each gained about 5,000 Hispanic homeowners, and the number grew by more than 7,000 each in Prince William and Prince George's counties.

"This is not an accident," said Tom Perez (D-Silver Spring), a Montgomery County Council member and former head of CASA of Maryland, which helps Hispanics with housing, employment training and other services. "Government and nonprofits and the banking community as well have spent a lot of time and effort to prepare and assist people in saving money, building credit, paying bills on time, getting themselves in a position to qualify for a loan.

"In Latino communities, a lot of effort has been made to stress homeownership as one of the keys to self-sufficiency," Perez said. "The most common way to accumulate wealth in America is to own a home. That is a basic fact of American life, and Latinos have clearly gotten the message."

For many Hispanics, homeownership is security, said Carlos Devis, a Colombian immigrant who bought a house with his wife in Potomac in 2003. "For Latinos, we don't have 401(k)s," he said, referring to the employer-sponsored retirement fund. "The house is the 401(k)."

Evelyn Andrade, a Salvadoran American hairdresser, bought a three-bedroom house in Rockville in 2001 after years of renting an apartment. "The rents are so high, it doesn't make sense," said Andrade, 29, who is married and has three children. "I always thought it was better to own."

Almost 100,000 Asians own houses, condominiums and townhouses locally, triple the number in 1990. Homeownership among Asians increased about 71 percent regionwide between 2000 and 2005. Asians posted particularly high rates in Loudoun County, where about 96 percent owned their homes last year. That's far above Asians' national rate of 59 percent.

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Farhan Syed, a real estate broker in Loudoun, knows this phenomenon well. "Most Asians happen to be dual-income families, well-educated, able to afford a home," he said. "Everyone wants the American dream."

When the real estate market began to heat up in the Washington region in 2000, buying a home seemed like a financially savvy move, Syed said. "There was the perception that real estate could be a money-making scheme, and a lot of people got in the market."

Tannaz Haddadi and her husband, Darius Powerz, are typical. They were both born in Iran and immigrated as children with their families to Fairfax. Haddadi, 29, and Powerz, 34, first bought a townhouse in Loudoun and traded up for a single-family home in Fairfax two years ago. "There are a lot of working professionals like us, first- or second-generation citizens who want to get in early and work our way up," said Haddadi, who, like her husband, works for the federal government.

The population figures released by the U.S. Census Bureau today are based on the American Community Survey, which gathered demographic data from those living in the United States last year.

The figures for the Washington region do not reflect changes to the population numbers for the District that the Census Bureau approved in July, after the city challenged earlier data and said the census had undercounted the city's population by more than 31,000 people.

Some embassy officials and advocacy groups say the population figures for minority groups could be even higher because the census undercounts those groups.

Across Nation, Housing Costs Rise As Burden (NYT)

By Janny Scott And Randal C. Archibold

The New York Times, October 3, 2006

The burden of housing costs in nearly every part of the country grew sharply from 2000 to 2005, according to new Census Bureau data being made public today. The numbers vividly illustrate the impact, often distributed unevenly, of the crushing combination of escalating real estate prices and largely stagnant incomes.

While many of the highest home values were on the coasts, in places like Southern California and Manhattan, many of the biggest jumps in the percentage of people paying a burdensome amount of their income for housing occurred in the Midwest and in suburbs nationwide, making it clear that the housing squeeze has reached deep into the middle class.

In New York City, more than half of all renters now spend at least 30 percent of their gross income on housing, a percentage figure commonly seen as a limit of affordability. In Staten Island, the percentage paying at least 30 percent of income rose to nearly 60 percent, up from 40.

Among suburban homeowners, there were big increases in the percentage of people with mortgages spending at least 30 percent in places like Loudon County, Va.; Morgan County, Ind.; Nassau County, on Long Island; and Bastrop County, Tex.

“Housing prices have gone up much more than incomes have,” said Christopher Jones, vice president for research at the Regional Plan Association in New York City. “Clearly, you can’t sustain that sort of imbalance over the long run. There’s only so long that housing prices can go up without sustained increases in income to support them.”

The data, from the American Community Survey, was collected throughout 2005, some of it before the real estate market began softening over the past year.

While the escalation in house prices that began in the mid-1990’s has slowed down in most places, and while prices are even dropping in some markets, rents are currently rising.

Historically, it is not unprecedented for housing prices to rise faster than household incomes, since housing prices fluctuate more than median incomes. In recent decades, median incomes have not risen at the rate that they did in the booming 1950’s and 1960’s, yet real estate prices in many parts of the country have escalated sharply in recent years.

“People want to hang on and stay in the market,” said William H. Frey, a demographer at the Brookings Institution in Washington, “and they are willing to stretch themselves to find or to rent a house that is suitable.”

The places with the highest overall percentages of people carrying a heavy housing burden were in fast-growing areas of California, Colorado and Texas.

In Southern California, Temecula and Hemet had the highest percentages of renters paying at least 30 percent, with 74 and 73 percent of renters at that level.

Boulder, Colo., and College Station, Tex., held the record for renters spending at least 50 percent, with 47 and 46 percent.

The biggest jump in the percentages of people paying at least 30 percent of their income on rent, as well as those spending at least 50 percent, occurred in Olathe, Kan., a booming suburb of 114,000 southwest of Kansas City.

S. Lawrence Yun, an economist with the National Association of Realtors, said renters in desirable cities might be spending more of their income on housing in hopes of getting a toehold in places with good schools, better homes and a good quality of

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life. He said, “There is certainly a concern that people are devoting a large portion of their income to housing, and one of the reasons is due to the more limited housing supply.”

In the New York region, a very high percentage of renters in urban counties spent a big share of income on housing. In the Bronx, Brooklyn and Queens, close to a third of all renters pay at least 30 percent.

But many of the biggest increases in housing burdens occurred outside the city.

Among homeowners, there were big increases in the percentage of people spending at least 30 percent on housing in counties like Nassau, Dutchess, Orange and Putnam. The percentage of households spending at least 50 percent of income also rose in those counties.

In Clifton, N.J., the percentage of mortgage holders spending at least 50 percent of their income on housing rose to 27 percent in 2005 from 12 percent in 2000, a 134 percent rise. In New Britain, Conn., the group paying at least 30 percent more than doubled, rising to 57 percent of people with mortgages, up from 27 percent.

Nationally, the biggest increase in homeowners spending more than 30 percent of their income on housing occurred in an unincorporated area southeast of Los Angeles called Florence-Graham, where more than a third of residents live in poverty. There, the figure climbed to 43 percent from 17 percent. Other places with big jumps included Wyoming, Mich.; Round Rock, Tex.; and Plymouth, Minn.

In general, the places with the highest overall percentages of homeowners spending that level of income were poorer cities. El Monte, Calif., a Los Angeles suburb, had the highest percentage of mortgage holders, 73 percent, spending more than 30 percent of their income on housing. In Newark, the figure was 72 percent; in El Cajon, Calif., east of San Diego, 69 percent; and in South Gate, Calif., 69 percent.

Jack Kyser, senior economist with the Los Angeles County Economic Development Corporation, said such cities are often the only places that people on the lowest rungs of the economic ladder can afford and they tend to stretch their resources to get in. He said El Monte and South Gate both are growing, largely because Latinos have been moving in.

“These communities are well located to employment opportunities and they can drive and it is not a horrendous drive,” he said. “They are also close to public transportation and use it.”

The numbers, which were analyzed for The New York Times by Andrew A. Beveridge, a demographer at Queens College, provided a glimpse of how hot — and how unhot — some areas had become.

Two Southern California coastal cities, Santa Barbara and Newport Beach, had the highest median house values, at $1 million.

Youngstown, Ohio, a city long hurting economically, had the lowest, at $48,000.

In New York State, the median value of owner-occupied homes actually declined slightly in a few upstate counties, including Oswego, Steuben and Madison. The median house value dropped 9 percent in Buffalo, to $60,800.

Housing values rose only barely in some upstate counties, including Cattaraugus, Cayuga, Chautauqua and Chemung.

Because of a change in census procedures, it was not possible yesterday to reliably gauge the increase in cost burden among homeowners in places with large numbers of condominium or cooperative apartments.

In 2000, the bureau did not count owner-occupied apartments in multifamily buildings; in 2005, it did. So the 2000 and 2005 figures could not be satisfactorily compared for places like Manhattan and San Diego.

In Manhattan, where the median value of all owner-occupied homes hit $718,000, the increase in median gross rents from 2000 to 2005 was 14 percent, well below the 20 percent jump in Suffolk County on Long Island, the 23 percent rise in the city of Passaic, N.J., and the 24 percent jump in Ulster County, N.Y.

The increase in the percentage of Manhattan renters paying at least 50 percent of their income on housing was 13 percent — well below the 50 percent rise in Rockland County.

The data also showed that, among couples living together in Manhattan, about 17 percent were unmarried in 2005, compared with 10 percent nationwide.

Manhattan appeared to have the second highest number of male couples living together, following Los Angeles.

A Backlash Against Bickering (WP)

By E. J. Dionne Jr.

The Washington Post, October 3, 2006

CONCORD, N.H. -- Republicans have been scratching their heads in frustration. Why has a relatively good economy not been helping either President Bush's approval ratings or their party's electoral cause?

One answer is that economic growth is helping people at the top far more than anyone else. Another explanation can be discovered here and in other well-functioning states around the country: To the extent that voters are expressing gratitude this year, they are saying thanks to their governors. That does not stop them from yelling irately at Washington, D.C.

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Consider the latest WMUR Granite State Poll by the University of New Hampshire's Survey Center. Asked the classic question about whether "things in New Hampshire" were going in "the right direction" or were "seriously off on the wrong track," an astonishing 79 percent saw their state moving the right way; only 14 percent saw it on the wrong track.

But when asked exactly the same question about how their country was doing, according to findings released yesterday, only 34 percent of New Hampshire residents said "the right direction"; 56 percent said "the wrong track."

That is good news for Gov. John Lynch, a Democrat who leads his Republican opponent, Jim Coburn, by a margin of 69 to 14 percent in the latest survey. It is bad news for Bush, whose approval rating in New Hampshire is 36 percent.

Lynch is among a cadre of moderate Democratic governors around the country who find themselves in commanding positions -- even outside Democratic-trending New England. Among them: Kathleen Sebelius in Kansas, Dave Freudenthal in Wyoming, Janet Napolitano in Arizona and Brad Henry in Oklahoma.

For his part, Lynch can hardly utter a sentence without including the word "bipartisan." He prides himself on having worked well with a Republican legislature and speaks with amazement at how Washington has become a place of "ongoing partisan bickering."

It may be no accident that Lynch's ratings are high while Bush's are low. Nick Clemons, the executive director of the New Hampshire Democratic Party, sees voters here consciously contrasting the peaceable political kingdom their state has become with what's happening several hundred miles to the south. "Washington," he says, "is the foil for New Hampshire."

The success of Democratic governors such as Lynch (and, for that matter, of that rescripted and now-moderate Republican Arnold Schwarzenegger in California) also reflects a default by national Republicans on domestic issues.

The president's relentless focus on terrorism, combined with growing disenchantment with his Iraq policies, pushes voters to seek leadership from state and local politicians on issues such as education and health care.

Tom Rath, one of the state's most experienced Republican power brokers, loyally insists that Bush is still "personally" liked here. But Rath sees Iraq taking a huge toll on the president, partly because so many in New Hampshire's National Guard have served there and "the repetitious call-ups are disruptive to people's lives."

Rath recently announced his support for Gov. Mitt Romney of Massachusetts for the 2008 Republican presidential nomination. His rationale is surprisingly similar to the explanations that Democrats give for the popularity of governors such as Lynch or Sebelius: Voters are in a mood for less "doctrinaire" politicians who can fix things.

Of the federal government, Rath said: "There's a feeling that this great big thing doesn't work very well." He said Republicans need to win back voters who feel they gave "the keys to the car" to their party only to have it driven "into the back of the garage." Rath sees Romney as the GOP's repairman.

If New Hampshire offers a model for a new wave of moderate Democrats, it is also a test case for how badly Bush -- and, now, the scandal surrounding former representative Mark Foley -- will wound incumbent Republican House members.

Politicians in both parties here see Rep. Jeb Bradley as having a substantial advantage over Carol Shea-Porter, an underfunded antiwar Democrat, and Rep. Charles Bass, to whom the words "nice guy" cling like a second title, leading his Democratic foe, Paul Hodes.

But Hodes, an indefatigable campaigner, has advertised heavily in an effort to demonstrate Bass's support for Bush's Iraq policies. The fact that Bass is stressing his "independence" and responded immediately with advertising of his own attacking Hodes on Iraq suggests that Republicans know how vulnerable the incumbent could become if Hodes succeeds in yoking Bass to Bush. In principle, Bradley could face the same problem.

The irony is that Bush has fostered a backlash against himself, against ideology and against partisanship that, as a former governor, he should have seen coming.

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Those Attacked Online Are Filing Libel Lawsuits (USAT)

By Laura Parker

USA Today, October 3, 2006

Rafe Banks, a lawyer in Georgia, got involved in a nasty dispute with a client over how to defend him on a drunken-driving charge. The client, David Milum, fired Banks and demanded that the lawyer refund a $3,000 fee. Banks refused.

Milum eventually was acquitted. Ordinarily, that might have been the last Banks ever heard about his former client. But then Milum started a blog.

In May 2004, Banks was stunned to learn that Milum's blog was accusing the lawyer of bribing judges on behalf of drug dealers. At the end of one posting, Milum wrote, “Rafe, don't you wish you had given back my $3,000 retainer?”

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Banks, saying the postings were false, sued Milum. And last January, Milum became the first blogger in the USA to lose a libel suit, according to the Media Law Resource Center in New York, which tracks litigation involving bloggers. Milum was ordered to pay Banks $50,000.

The case reflected how blogs — short for Web logs, the burgeoning, freewheeling Internet forums that give people the power to instantly disseminate messages worldwide — increasingly are being targeted by those who feel harmed by blog attacks. In the past two years, more than 50 lawsuits stemming from postings on blogs and website message boards have been filed across the nation. The suits have spawned a debate over how the "blogosphere" and its revolutionary impact on speech and publishing might change libel law.

Legal analysts say the lawsuits are challenging a mind-set that has long surrounded blogging: that most bloggers essentially are "judgment-proof" because they — unlike traditional media such as newspapers, magazines and television outlets — often are ordinary citizens who don't have a lot of money. Recent lawsuits by Banks and others who say they have had their reputations harmed or their privacy violated have been aimed not just at cash awards but also at silencing their critics.

"Bloggers didn't think they could be subject to libel," says Eric Robinson, a Media Law Resource Center attorney. "You take what is on your mind, type it and post it."

The legal battles over blogging and message board postings are unfolding on several fronts:

·In Washington, D.C., former U.S. Senate aide Jessica Cutler was sued for invasion of privacy by Robert Steinbuch, also a former Senate aide, after Cutler posted a blog in 2004 describing their sexual escapades. The blog, titled Washingtonienne, was viewed widely after it was cited by a Washington gossip website called Wonkette. In July, Steinbuch added Wonkette to the lawsuit.

·Todd Hollis, a criminal defense lawyer in Pittsburgh, has filed a libel suit against a website called DontDateHimGirl.com, which includes message boards in which women gossip about men they supposedly dated. One posting on the site accused Hollis of having herpes. Another said he had infected a woman he once dated with a sexually transmitted disease. Yet another said he was gay. Hollis, 38, who says the accusations are false, is suing the site's operator, Tasha Joseph, and the posters of the messages.

·Anna Draker, a high school assistant principal in San Antonio, filed a defamation and negligence lawsuit against two students and their parents after a hoax page bearing her name, photo and several lewd comments and graphics appeared on MySpace.com, the popular social networking website.

The suit alleges that the students — one of whom had been disciplined by Draker — created the page to get revenge, and that it was designed to "injure Ms. Draker's reputation, expose her to public hatred … and cause her harm." The suit also alleges that the youths' parents were grossly negligent in supervising them.

·Ligonier Ministries, a religious broadcaster and publisher in Lake Mary, Fla., has taken the unusual step of asking a judge to pre-emptively silence a blogger to try to prevent him from criticizing the ministries. Judges historically have refused to place such limits on traditional publishers.

The lawsuit cites postings on a blog by Frank Vance that described Ligonier president Timothy Dick as "a shark" and as coming from a "family of nincompoops." The suit says the entries are false and have damaged Dick's reputation.

Robert Cox, founder and president of the Media Bloggers Association, which has 1,000 members, says the recent wave of lawsuits means that bloggers should bone up on libel law. "It hasn't happened yet, but soon, there will be a blogger who is successfully sued and who loses his home," he says. "That will be the shot heard round the blogosphere."

At its best, the blogosphere represents the ultimate in free speech by giving voice to millions. It is the Internet's version of Speaker's Corner in London's Hyde Park, a global coffeehouse where ideas are debated and exchanged.

The blogosphere also is the Internet's Wild West, a rapidly expanding frontier town with no sheriff. It's a place where both truth and "truthiness" thrive, to use the satirical word coined by comedian Stephen Colbert as a jab at politicians for whom facts don't matter.

Nearly two blogs are created every second, according to Technorati, a San Francisco firm that tracks more than 53 million blogs. Besides forming online communities in which people share ideas, news and gossip and debate issues of the day, blogs empower character assassins and mischief makers.

Small disputes now can lead to huge embarrassment, thanks to websites such as bitterwaitress.com, which purports to identify restaurant patrons who leave miserly tips. DontDateHimGirl.com includes postings that have identified men as pedophiles, rapists and diseased, without verification the postings are true.

"People take advantage of the anonymity to say things in public they would never say to anyone face-to-face," Cox says. "That's where you get these horrible comments. This is standard operating procedure."

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Even so, Cox thinks the chief danger in legal disputes over what's said on the Internet is the potential chilling effect it could have on free speech. Many lawsuits against bloggers, he says, are filed merely to silence critics. In those cases, he encourages bloggers to fight back.

Last April, Cox orchestrated an effective counterattack on behalf of a blogger in Maine who was sued by a New York ad agency for $1 million. Lance Dutson, a website designer, had been blogging for two years when he posted several essays accusing Maine's Department of Tourism of wasting taxpayers' money. Among other things, he posted a draft of a tourism ad that mistakenly had contained a toll-free number to a phone-sex line.

Warren Kremer Paino Advertising, which produced the tourism campaign, said in its suit that Dutson made defamatory statements "designed to blacken WKPA's reputation (and) expose WKPA to public contempt and ridicule."

Dutson's criticisms paled to those directed at WKPA after word of the lawsuit spread through the blogosphere. Bloggers rushed to defend Dutson, and several lawyers volunteered to represent him. The media picked up the story and cast it as David vs. Goliath. Eight days after filing the suit, WKPA dropped it without comment.

"We're not here to play nice with somebody who is trying to suppress the speech of one of my members," Cox says.

A key principle that courts use in determining whether someone has been libeled is what damage the offending article did to that person's reputation in his or her community.

Susan Crawford, a professor at Cardozo Law School in New York who specializes in media and Internet issues, says the ease with which false postings can be corrected instantly, among other things, will force judges to reconsider how to measure the damage that is done to a plaintiff's reputation.

"Libel law depends on having a reputation in a particular town that's damaged," she says. "Do you have an online reputation? What's your community that hears about the damage to your online reputation? Who should be sued? The original poster? Or someone like the Wonkette, for making something really famous? The causes of action won't go away. But judges will be skeptical that a single, four-line (posting in a) blog has actually damaged anyone."

Greg Herbert, an Orlando lawyer who represented Dutson, disagrees. The principles of libel law aren't going to change, he says. However, some judges "might not think a blogger is entitled to the same sort of free speech protection others are. A lot of judges still don't know what a blog is, and they think the Internet is a dark and nefarious place where all kinds of evil deeds occur."

Judges have indicated that they will give wide latitude to the type of speech being posted on the Internet. They usually have cited the 1996 Communications Decency Act, which protects website owners from being held liable for postings by others. On the other hand, under that statute, individuals who post messages are responsible for their content and can be sued for libel. That applies whether they are posting on their own website or on others' message boards.

In May, a federal judge in Philadelphia cited the act in dismissing a lawsuit stemming from a series of postings on a website operated by Tucker Max, a Duke Law School graduate whose site features tales of his boozing and womanizing.

Posters on a message board on tucker max.com had ridiculed Anthony DiMeo III, the heir to a New Jersey blueberry farm fortune, accusing him of inflating his credentials as a publicist, event planner and actor. DiMeo sued Max last March, claiming in court papers that his manhood had been questioned, his professional skills lampooned and his social connections mocked. DiMeo said Max, through the website, had libeled and threatened him, noting that one poster had written: "I can't believe no one has killed (DiMeo) yet."

In dismissing the suit, U.S. District Judge Steward Dalzell noted that Max "could be a poster child for the vulgarity" on the Internet, but that he nevertheless was entitled to protection under the Communications Decency Act. After the decision, DiMeo ridiculers on tuckermax.com piled on. Max says more than 200,000 people have viewed various threads on his message board about DiMeo.

DiMeo has asked an appeals court to consider not only the original messages about him but also those posted since his suit was filed.

Alan Nochumson, DiMeo's attorney, says the criticism has amounted to an Internet gang attack, led by Max, that has significantly damaged DiMeo's business. Nochumson says when Internet users use Google to search for DiMeo's name, many of the first Web links that pop up direct readers to postings on Max's website that criticize DiMeo.

Max says the claim is absurd. "The Internet isn't some giant ant colony," he says. "Different people from all over the country do things. I don't control them."

Hollis' lawsuit against DontDateHimGirl .com could reveal how far courts are willing to go to protect website owners from third-party comments. His suit claims the site is not the equivalent of an Internet provider such as AOL or Yahoo, and that because Joseph edits the site, she should be liable for its contents.

Hollis has sued Joseph, a Miami publicist and former Miami Herald columnist, as well as seven women who posted the messages about him. Three are named in the suit; four are anonymous.

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Joseph's attorney, Lida Rodriguez-Taseff, says Joseph does not edit postings, except to remove information such as Social Security numbers and addresses.

"If a court were to find that the Communications Decency Act doesn't apply to Tasha, no website would be safe," Rodriguez-Taseff says, adding that if courts start to hold website owners liable for the content of third-party postings, "the only people who would be able to provide forums (would be) wealthy people. … It would be like making the coffee shop owner responsible for what people say in his coffee shop. What this case would say is that providers of forums in the Internet would have an obligation to determine truth or falsity of posts."

A hearing is scheduled Oct. 19.

"The Internet has a great number of valuable tools with which people can do great things," Hollis says.

But he says he's disturbed by how such false personal information can spread so freely across the Web. "Even if I had herpes, which I don't, even if I was gay, which I'm not, would I want to have a conversation about those things with an anonymous individual over a global platform? It's utterly ridiculous."

Even if he wins in court, Hollis says, he loses.

"Those postings are going to be out there forever," he says. "Whenever anybody Googles my name, up comes a billion sites. I will forever have to explain to someone that I do not have herpes."

In Cumming, Ga., about 40 miles northeast of Atlanta, David Milum, 58, is still blogging. He is appealing the $50,000 judgment against him.

Milum says he considers himself a muckraker and exposer of corruption in local officials. In the recent libel trial, his attorney, Jeff Butler, described his client as a "rabble-rouser" whose inspiration was "public service."

Milum lost in court because he could not meet the basic defense for libel claims: He could not prove that his allegations that Banks was involved in bribery and corruption were true.

Now Milum is facing another libel suit — this one seeking $2 million — over his claims about the alleged misdeeds of a local government employee.

"I have a very wonderful wife," Milum says. "And you can imagine how wonderful she has to be to put up with this."

PodestaMattoon Sues Client For Unpaid Fees (RC)

By Kate Ackley

Roll Call, October 3, 2006

The lobbying firm PodestaMattoon has taken the unusual step of suing a former client for breach of contract and unpaid fees, including bonuses, totaling more than $300,000.

The case, filed in D.C. Superior Court, offers a glimpse into the often mysterious client-lobbyist arrangements involving contracts and performance fees for securing money from the Defense Department's budget.

PodestaMattoon and its attorneys from Dickstein Shapiro allege Falex Corp. of Sugar Grove, Ill., and its nonprofit entity, the Center for Tribology and Coatings, owe the firm $307,460.83, plus interest, for unpaid fees and out-of-pocket expenses.

PodestaMattoon, which is owned by Republican Daniel Mattoon and Democrat Tony Podesta, publicly reported income of $520,000 from Falex between January 2004 and March 10, 2006, when the client was terminated.

In the court filings, PodestaMattoon claims that in January 2004, Falex agreed to pay "a $150,000 performance fee if PodestaMattoon reached certain strategic and legislative goals."

While the lawsuit does not specify those legislative goals, lobbying disclosure reports filed with the Secretary of the Senate show that the firm was working for Falex on Defense appropriations matters. Steve Ellis, vice president of Taxpayers for Common Sense, and Keith Ashdown, research director of Citizens for Responsibility and Ethics in Washington, said their data showed that for fiscal 2005, the tribology center received a $1.5 million Defense earmark that was requested by a Member of the House. (Tribology is the study of effects of friction on moving parts and methods of lubricating them.)

The CTC and Falex are located in Speaker Dennis Hastert's (R-Ill.) district, but a spokeswoman in his office did not confirm whether he had made the request.

PodestaMattoon's court filing states that "during the remainder of 2004 PodestaMattoon performed its obligation under the 2004 Agreement" and, as a result, "Falex became obligated to pay" the $150,000 performance fee. According to the filing, Falex paid only $50,000 of that sum and did not pay expenses worth more than $27,000.

The contract between Falex and PodestaMattoon gets murkier later in 2004, when, the court filings claim, Falex asked the firm to enter into an arrangement directly with the CTC, which is a 501(c)(3) nonprofit.

The lawsuit alleges that Falex agreed to pay the lobbying bills for the nonprofit center, which operates as a partnership between Falex and Northern Illinois University's college of engineering and engineering technology.

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Lobbying ethics lawyer Kenneth Gross, a partner at Skadden, Arps, Slate, Meagher & Flom, said such an arrangement, while not routine, does not raise any legal concerns, especially since the CTC and Falex are part of a joint venture.

"There are limitations on the amount that (c)(3) [organizations] can spend on lobbying, but this arrangement doesn't necessarily set off any bells," Gross said.

The court documents state that PodestaMattoon sent a letter to the CTC confirming its work and that Falex agreed to pay the firm a $200,000 performance fee. Once again, PodestaMattoon maintains that it was successful in its work for Falex/CTC.

Missi Tessier, a spokeswoman for PodestaMattoon, said she could not discuss the firm's work for the client or the status of the lawsuit.

"The only thing that I can say is that it is a simple fee-collection issue," said Tessier, who added that she did not know of any similar suits brought by the firm against other clients. "We're working with our attorney."

Ashdown and Ellis, both of whom track earmarks, said the center received a Defense earmark for $1.8 million in the fiscal 2006 bill.

"As a result of PodestaMattoon's performance of its obligations under 2005 Agreement, CTC became obligated to pay PodestaMattoon $200,000 in a performance fee, which PodestaMattoon later discounted to $175,000," the court documents state.

Gross said such performance or success fees typically are permitted in lobbying contracts.

Current laws, he said, "make it impermissible for a government contractor to hire a lobbyist or firm to secure a government contract" on a contingency basis, but "that same prohibition does not apply when you are securing a benefit with the legislative branch."

Gross added that the current law prohibits lobbying firms from receiving payment directly from appropriated funds.

PodestaMattoon's attorneys of record, Peter Kadzik and Andres Colon, did not return calls for comment. Andrew Faville, CEO of Falex, did not respond to several messages seeking comment. And lawyers Seth Goldberg and Eduardo Crosa of Steptoe & Johnson, which represents the defendants, also did not respond to inquires.

Mean Seniors Face Fresh Round Of Decisions As 2007 Sign-Up Nears (WSJ)

By Vanessa Fuhrmans, Jane Zhang

The Wall Street Journal, October 3, 2006

Here we go again.

After spending months sorting through a multitude of Medicare drug-benefit options for 2006, seniors have the chance to undergo the dizzying experience all over again. That is because this week insurers begin marketing their 2007 drug plans before the six-week enrollment season kicks off Nov. 15.

The good news is that most seniors who are satisfied with the plan they are enrolled in don't have to do anything. Some analysts had predicted a shakeout after dozens of providers rushed into the new drug-benefit market last year, but few companies are actually canceling plans.

Still, the drug-benefit landscape is changing enough that even enrollees who are content may want to review how their plan stacks up against new offerings. Beneficiaries in most states will have 50 to 60 offerings to choose from, at least 10 more than in 2006. Some plans are adding benefits -- including eliminating co-payments for generic drugs. But at least one, Humana Inc., is rolling back one of the richest benefits on the market: coverage for brand-name drugs during a phase known as the "doughnut hole" that requires many beneficiaries to pay the full cost of drugs after reaching a certain cost threshold.

For the most basic plans, prices are converging, though there are still some big differences. Last year companies announced drug-benefit premiums without knowing how the competitive landscape would shape up. Consequently, prices ranged widely, from as little as $1.87 a month to more than $35 for a basic plan. Now for 2007, Humana still sells the cheapest plan in 38 states, but premiums for its basic option have climbed to between $10.20 and $18.20. Meanwhile, Cigna Corp. and Aetna Inc., whose prices were some of the highest, have lowered theirs by as much as 30%. (Cigna's basic option ranges from $17 to $31; Aetna's costs $24.80 to $30.80.)

To compare the 2007 plan offering, seniors can also tap a number of new or enhanced online tools. Later this month, Medicare's Plan Finder at www.medicare.gov1 and www.mymedicare.gov2 will let beneficiaries compare out-of-pocket costs and benefits for the 2007 plans in their area. Seniors can see what plans are available in each state at www.medicare.gov/medicarereform/local-plans-2007.asp3. A new Web site, www.partdoptimizer.com4, is run by DestinationRx, which provided software for Medicare's comparison tools. It provides tips on avoiding the doughnut hole and compares how much seniors would save by switching to alternative medicines within their current plan. The site currently has data for 2006 plans but will be able to crunch 2007 information after the enrollment period has ended Dec. 31.

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Who should consider switching? Prime candidates are those who picked plans for this year that provided coverage of the so-called doughnut hole, or who fell into that gap and now want coverage for it. The doughnut hole refers to a portion of drug spending that the government-subsidized plans don't have to cover. Seniors get coverage for up to $2,400 in spending in 2007. The federal subsidies then stop until the patient reaches $3,850 in out-of-pocket expenses. After that, the coverage kicks in again and covers 95% of drug purchases for the rest of the year. For a higher premium, some plans offer to cover drug expenses through the gap.

Filling the Gap

It is these higher-end plans that are seeing some of the biggest changes in 2007. For starters, there are many more available. Just 15% of plans this year provided coverage of the doughnut hole, according to Avalere Health LLC, a health-care consulting firm in Washington, D.C. Next year 29% of them will.

This year in New Jersey, for instance, Humana sold one of these more-comprehensive plans for a $48.50 monthly premium, while Cigna's cost a bit more -- $51.36. In 2007, the Humana premium will jump 46% to $71.20. Cigna, though, which signed up fewer beneficiaries than it had hoped for 2006, has dropped its price, to $38.20.

What's more, Humana is joining the majority of its rivals in providing coverage for only generics during the doughnut hole. This year, it was the only major insurer to provide coverage of many brand-name drugs through the gap. But as a result, it says it attracted more than its share of sicker enrollees with higher-than-average medication costs -- and lost money on the higher-end plan. "We'd assumed that other national plans would offer brand coverage through the gap, but none did," says Scott Latimer, Humana's market president for central and northern Florida.

Of Humana's 3.5 million drug-plan enrollees, about 12%, or 420,000 people, are currently in its most-comprehensive plan and will no longer have their brand-name drugs covered through the doughnut hole, Humana says.

On the whole, though, 5% of all plans will offer both brand-name and generic drug coverage through the gap, an increase from this year, according to Avalere. In Michigan, Coventry Health Care Inc. is one of just a few companies that is raising the price of its most comprehensive plan, from $42.40 to $48. In doing so, it is adding generics and brand-name drugs to its gap coverage. But seniors should check if such benefit improvements apply to their drugs. Coventry says only some preferred brand drugs in its first tier of coverage are included alongside the generics.

"You have to read the fine print," says John Gorman, president and chief executive of Gorman Health Group, a Washington health-care consulting company.

In another shift, many plans are making changes that will reduce the chances that consumers will even reach the $2,400 level where the coverage gap starts. By eliminating co-pays for generic drugs in some plans, for instance, insurers are making such treatments essentially free to patients (at least until they reach the coverage gap). Aetna is dropping co-pays for generics in many of its plans, while Cigna says it is eliminating generic co-pays in all of its most basic drug plans.

Peter Ashkenaz, a spokesman for the federal Centers for Medicare and Medicaid Services, says every beneficiary will be notified if there is any change in their plan.

Even if beneficiaries want to stay in their current plan, they should still check that the drugs they take are remaining on their plan's formulary and on the same co-pay "tier" as before. A move from the lowest to a higher tier of co-payments for a drug can translate into a rise in co-pay to $40 a month from $5.

New Shoppers

There may be a huge market of potential shoppers. Only 20% of 3,400 beneficiaries surveyed last month by J.D. Power & Associates said they would definitely stay with the plan they had. About two million Americans will turn 65 in 2007 and also will be eligible. At least another four million, including three million low-income beneficiaries not subject to penalties for missing the deadline earlier this year, have yet to enroll.

Still, unless another plan has the potential to save a beneficiary substantial money each month, some Medicare watchers say that many may decide to stay put. Few predict that any player will break the lock that the country's three biggest plans -- UnitedHealth Group Inc., Humana and WellPoint Inc. -- have on the majority of the market.

"People went through so much trauma picking a plan the first year," says Robert Laszewski, a Washington-based health-care consultant. "They're not going to open this up all over again just to save a few bucks."

Many Obstacles Face Negron In Fla. 16, Especially Foley's Name (CQ)

By Rachel Kapochunas

CQPolitics, October 2, 2006

The Florida Republican Party announced Monday that its executive committee has chosen Republican state Rep. Joe Negron to face Democratic businessman Tim Mahoney this fall for the 16th District seat suddenly vacated Friday by scandal-plagued Republican Rep. Mark Foley.

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The GOP was forced to name a replacement candidate for Foley after the six-term incumbent resigned, following revelations about inappropriate e-mails and other Internet communications — some of which were sexually explicit — from Foley to underage, male congressional pages. Foley has since announced he is seeking in-patient treatment for alcoholism.

Although the state Republicans wasted no time in rallying around Negron as a stand-in for an election that will be held just five weeks from Tuesday, it will be very hard for them to put the Foley scandal behind them. A quirk in the Florida election law requires that Foley's name remain on the Republican line on the Nov. 7 ballot, as he had already been certified as the winner of the Sept. 5 primary.

Any votes cast for Foley will be credited to Negron as the replacement candidate. But it will be Foley's name, not Negron's, that residents of the south-central Florida district will see when they cast their votes. And it is possible, if not likely, that many will be uncomfortable punching Foley's name, given the circumstances surrounding his hasty departure from the race and his House seat.

So Negron — a lawyer who currently represents a state House constituency that overlaps the 16th District in parts of Martin, St. Lucie and Palm Beach counties —has just five weeks to raise money, inform voters of the strange ballot situation and introduce himself to the many district voters who are not familiar with him.

Local Democrats continue to portray the race as a matchup not between Negron and Mahoney, but between Foley and Mahoney.

"It's still a race against the 'Foley' name," Martin County Democratic Chairman David Dew told CQPolitics.com shortly after Negron was chosen. "If I'm a Republican, I'm having a real hard time punching that name that says 'Foley' knowing that he's an accused predator."

Negron, in a phone interview with CQPolitics.com after the party announcement, concedes he faces a problem, but can overcome it. "I think it's an education effort, but I believe that voters are very smart and sophisticated," said Negron, who added that he just needs to "get the word out that the name 'Mark Foley' is only a placeholder," in order to be successful.

"I'm very grateful for this opportunity to keep District 16 a Republican seat," Negron. "It's a seat that went for President Bush [in 2004 with] 55 percent and voted for Gov. [Jeb] Bush [with] 60 percent."

But Negron and the Republican party bear the burden of explaining the ballot process to voters in the face of a rapidly strengthening bid by Democratic businessman Mahoney, who had appeared a distinct underdog to the long-popular Foley but raised an eye-opening $1.1 million as of Aug. 16.

Mahoney showed no hesitation about weighing in on the Foley scandal. Mahoney, at a press conference Saturday in West Palm Beach, echoed Democratic charges that Republican officials had failed to address earlier allegations that Foley had made inappropriate remarks to pages and had put election concerns ahead of their obligation to protect the youngsters.

"They had to make a choice," said Mahoney. "They had to do what is right for the children . . . or they could try to hold onto a seat. And they decided to try to hold onto a seat."

Negron's truncated congressional campaign is actually his second bid for higher office this year. He launched a Republican primary campaign for Florida attorney general, but yielded to the strong advantage held by former U.S. Rep. Bill McCollum and withdrew from that race this summer.

Negron, though, has had his eye on the 16th District seat for several years. He expressed his interest in replacing Foley when the congressman weighed a bid for the Senate in 2004. But Foley announced in September 2003 that he would no longer campaign for the seat, left open by retiring Democratic Sen. Bob Graham, that eventually went to Republican Mel Martinez.

Sen. Martinez was one of the first GOP officials to endorse Negron after he was chosen as the new nominee. "I am pleased with the party's choice of Representative Negron to run in the 16th District," Martinez said in a statement released by the party. "I fully endorse his campaign. Representative Negron is a man of integrity and he will represent Floridians with honor."

Negron said he has $1 million carried over from his campaign for attorney general. Federal election law does not permit Negron to transfer those funds directly to a congressional campaign committee. Negron said Monday he is already preparing to "turn over" $600,000 of his funds by returning the checks to individual donors and asking them to donate to his federal account.

Negron now has until 5 p.m. Oct. 11 to submit the $9,726 filing fee and a "Federal Office Loyalty Oath" form to the Division of Elections, small requirements to appear on the November ballot which pale in comparison to Negron's challenges ahead.

CQ rates the race as No Clear Favorite. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

Fla. GOP Picks Foley Replacement (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, October 3, 2006

DOJ_NMG_0074278

Disgraced former Rep. Mark Foley sought treatment for alcoholism and "other behavioral problems" as Republicans on Monday picked a new candidate to salvage the seat that Foley abandoned after exchanging lurid online messages with teenage boys.

State party leaders chose state Rep. Joe Negron to replace Foley in next month's election. Negron will receive votes cast for Foley, although Foley's name will remain on the ballot in the West Palm Beach district, which is largely Republican.

"My job beginning immediately is to get word out to all these absentee voters and to everyone else in this race that you are not voting for Mark Foley, you are voting for the Republican nominee, and I'm not Mark Foley," Negron said. "I think it's something that can be done."

Foley resigned Friday after reports surfaced that he sent sexually explicit e-mails and instant messages to male teenage pages. He quickly went into seclusion and released a statement that he was seeking treatment.

"Painfully, the events that led to my resignation have crystalized recognition of my long-standing significant alcohol and emotional difficulties," he said. "I strongly believe that I am an alcoholic and have accepted the need for immediate treatment for alcoholism and other behavioral problems."

He added: "I deeply regret and accept full responsibility for the harm I have caused."

Foley's attorney, David Roth, acknowledged Monday that his client checked into a treatment center over the weekend, but would not identify the facility.

The FBI is investigating Foley's e-mails, as is the Florida Department of Law Enforcement. Foley, who is 52 and single, could be found to have violated a law that he helped write as co-chairman of the Congressional Missing and Exploited Children's Caucus.

House Speaker Dennis Hastert said Monday that GOP leaders did not see Foley's Internet exchanges and that he would have demanded Foley's expulsion if he had known about them. "As a parent and speaker of the House, I am disgusted," Hastert, R-Ill., told reporters in Washington.

The scandal suddenly put Foley's seat up for grabs as Democrats seek a net gain of 15 Republican seats to retake power in the House. Foley, who had represented the district for 12 years, was regarded as a shoo-in for re-election before his resignation. His name was to remain on the Nov. 7 ballot because the deadline had passed for changing ballots.

At least one prominent Florida Republican expressed pessimism about holding onto the seat.

"It's a death sentence ... mission impossible," said former state Republican Party Chairman Tom Slade. "The only way you win is they (voters) have got to vote for Mark Foley. That doesn't appear to me to be very attractive."

But state party spokesman Jeff Sadosky said the seat is too important to surrender. "It's not going to be about yesterday's news no matter how tragic and horrifying," he said.

Negron, standing beside a 10th grade son and 8th grade daughter, became choked up when talking about what Foley did.

"I've had pages work in my office for years, I've seen pages go to Washington, I've seen the incredible opportunity that is," Negron said, his voice trailing off. He then put his hand over his face and struggled to continue talking. "It was very disturbing because I work with these young people."

The Democratic nominee is Tim Mahoney, a former Republican and financial adviser. He said Monday that his campaign would largely remain unchanged.

"When people meet me and people know me, whether they're Democrats or Republicans, they get on board," he said. "They know that when I'm in Washington D.C., I'll be no nonsense and it's all going to be about results."

Negron, an attorney who turns 45 next week, joined in the call to investigate who knew about the e-mails and when. Democrats have suggested House leaders tried to cover them up for political reasons.

"We ought to investigate if people knew about inappropriate, criminal e-mails and didn't take appropriate action," he said. "If that happened, they need to be punished."

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Associated Press writers Brent Kallestad in Tallahassee and Brian Skoloff in West Palm Beach contributed to this report.

Foley Debacle Tests District Loyalties (LAT)

By Jenny Jarvie And Miguel Bustillo

The Los Angeles Times, October 3, 2006

JUPITER, Fla. — Mark Child voted for Rep Mark Foley two years ago, and expected to vote for him again in November. But after the disclosure that the politician had been sending sexually suggestive Internet messages to teenage boys working as congressional pages, Child is not sure what he will do.

"I'm a Republican, but I don't always vote Republican," the 48-year-old carpenter said as he dined at the Tabica Grill here. "I feel betrayed."

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His wife, Sandra, shuddered at the idea of seeing Foley's name on the ballot.

"We have children," said the 47-year-old nurse. "You put a person in Congress and you expect them to do their job. He did a good job, but he was overcome by his demons."

Foley's sexually charged Internet exchanges with minors prompted widespread reactions of disbelief and disgust in his home district, suggesting that the party may face an uphill challenge in convincing voters that the seat, once considered a Republican lock, should remain in the party's hands.

"I'm very disappointed, particularly that Republican leaders in Washington knew about it," said Paul Levine, a 64-year-old retiree. "It's absolutely inexcusable, it's criminal they didn't expose that. They covered it up."

Florida Republican officials, meanwhile, tried to recover from the shock of Foley's resignation and began working to elect another candidate to the seat. That will require Florida Republicans to persuade voters to cast ballots for the disgraced incumbent, even though he has resigned.

Under Florida law, Foley's name will remain on the ballot, which has already been printed. But the replacement candidate Republicans selected Monday, state Rep. Joe Negron, will receive any votes cast for Foley.

"I don't know that it's going to be possible, but our job is to get voters to look beyond the name," said Bill Lents, chairman of the St. Lucie County Republican Party. "One idea being kicked around is 'wrong name, right party.' That's a message we have to get across, and it's not going to be easy, but that's our job."

Not everyone in Jupiter, a small coastal town of 46,000 at the mouth of the Loxahatchee River in Palm Beach County, had heard of the scandal — and some who had said they remained loyal to the GOP.

"I'm a Republican — this isn't going to change that," said Richard Engstrom, a 58-year-old accountant, as he crossed the parking lot of a Wal-Mart here. "Some people are easily swayed. But I don't think this means the Democrats will get in."

The precedent for the decision to keep Foley's name on the ballot but count his votes toward someone else happened in 2004, when Florida Democrat Jim Stork withdrew from a race against incumbent Republican Rep. E. Clay Shaw Jr., citing health reasons.

After state elections officials ruled that it was too late to remove Stork's name from the ballot, Florida Democrats won an injunction allowing them to name congressional aide Robin Rorapaugh as the party's candidate, and have votes for Stork count for him.

Barring a legal challenge, the same outcome is expected in the Nov. 7 election for Foley's old seat, requiring Republicans to remind voters of Foley at the same time the party seeks to distance itself from him.

"That's going to cause confusion with voters who will have assumed we had got rid of this guy," said Darryl Paulson, a political science professor at the University of South Florida in St. Petersburg. The district "was widely seen as a safe Republican seat — until three days ago," he added.

The jigsaw piece of a political district Foley represented stretches across the heart of south central Florida, and includes urban and rural, as well as rich and poor, areas. It goes from Port Charlotte on the Gulf of Mexico, up and over the west and north shore of Lake Okeechobee, east through Port St. Lucie and Stuart on the Atlantic Coast, then south and slightly inland to Royal Palm Beach and Wellington.

The district, which had 202,500 registered Republicans and 170,369 registered Democrats as of Aug. 7, according to Florida's election division, once had more GOP voters. But some were sheared off in 2002 and added to a neighboring district held by Shaw, who had nearly lost a close reelection battle.

Some Republican officials admitted they were still reeling from the news about Foley, a popular moderate who had won reelection two years ago with 68% of the vote. But they said it was time to press on.

"This is someone I was a close political friend of, and it was a punch right to the gut," said Sid Dinerstein, chairman of the Palm Beach County Republican Party.

Before learning Monday that Foley had checked himself into an alcoholism treatment center, Dinerstein said, "We worried whether he was alive, frankly. No one had heard from him.

"But this is politics. We have to go forward. It helps that the Democrat was out here with John Kerry last week. That gets the Republican base fired up."

The Democratic challenger, Tim Mahoney, continued to remind voters of Foley's messages to congressional pages, while at the same time pledging to run an issues-oriented campaign that focused on such topics as the war in Iraq, energy prices and the cost of hurricane insurance in Florida.

"I hope my opponent will join me in calling for a full investigation of the tragic events that led to the resignation of congressman Foley so that the mothers and fathers who entrust their children to the United States Congress' page program can be assured that their children are not put at risk," Mahoney said in a statement.

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As a light rain swept across the sprawling town of highways, strip malls and gated communities, which is home to a large number of affluent retirees from the North, the shockwaves continued to spread Monday evening.

"Oh my God, that's awful," said Mary Russell, 48, an assistant manager at a Payless Shoe Source, who had just closed up for the day. "I had no idea."

"Wow," said Denise Vogel, a computer consultant who had voted for Foley in previous elections, when she head about the scandal as she browsed a video store. "I'm going Democrat."

Bush Heads West To Stump For Republicans (WP)

By Peter Baker

The Washington Post, October 3, 2006

RENO, Nev., Oct. 2 -- President Bush on Monday kicked off a three-day Western campaign fundraising trip that will take him to Nevada, California, Arizona and Colorado as he steps up his efforts to preserve Republican control of Congress five weeks before too-close-to-call midterm elections.

Bush plans to use the campaign swing to launch an aggressive attack on Democrats for voting last week against bills that limited the courtroom rights of terrorism suspects and authorized the president's warrantless wiretapping program.

"It sounds like they think the best way to protect the American people is to wait until we're attacked again," Bush said at his first stop, a fundraiser here for House candidate Dean Heller. "That's not the way it's going to be under my administration."

The fact that Bush had to go to the aid of Heller, the secretary of state, was another indication of Republican trouble. The 2nd Congressional District, which covers all of Nevada but Las Vegas and its suburbs, has not elected a Democrat since being created in 1982.

But in the bruising August primary to replace Rep. Jim Gibbons, who is running for governor, Heller emerged financially tapped out. He won by just 421 votes, a victory that the runner-up briefly sought to overturn in court.

The latest public poll, commissioned by the Las Vegas Review-Journal, found Heller leading Democrat Jill Derby by just 45 percent to 42 percent in a district where Republicans outnumber Democrats by a margin of nearly 3 to 2.

Bush's approval rating in the state stands at 41 percent, roughly comparable to his national standing, but he has the ability to bring in the big dollars Heller needs. His visit to a hangar at the Reno airport raised $360,000 from a few hundred people.

Few Will See Bush's Quick Visit Today (SACBEE)

By Tony Bizjak

The Sacramento Bee, October 3, 2006

When President Bush drops in today for a visit to El Dorado County, locals may be lucky to catch even a glimpse.

The good news: no highways clogged by presidential motorcades.

Instead, the president is expected to arrive via helicopter, "helo-ing in" as the White House calls it, for lunch on a hilltop overlooking Folsom Lake, then "helo-ing" out two-plus hours later.

The lunch is a $2,000-per-person fundraiser for Rep. John Doolittle with about 300 in attendance at Serrano Country Club.

Bush will be arriving from a fundraiser breakfast in Stockton and is expected to land at Rolling Hills Middle School, sheriff's officials said, then proceed a short distance to the clubhouse.

Officials are closing about a half-mile of Serrano Parkway to traffic between Terracina Drive and Torino Way at the request of the Secret Service.

El Dorado Sheriff's Lt. Kevin House warned, however, that presidential travel itineraries are subject to last-minute changes.

While no one without a lunch ticket is sure to see the president, the excitement of the Bush visit is palpable on the hillside.

That starts with Doolittle, the veteran Republican congressman from Roseville who finds himself in what may be his toughest re-election campaign. He is being challenged by Democrat Charlie Brown.

"For the first time in his career, (Doolittle) is going to have the opportunity to introduce the president to his constituents, and he is tremendously excited about that," Doolittle spokesman Richard Robinson said.

Among those constituents will be a contingent of Sweeneys. El Dorado County Board of Supervisors Chairman Jack Sweeney is coming with a friend, all four of his children, three of his children's spouses and a grandson.

"A big day for the Sweeney family," the patriarch said. "I've always wanted to be at a function with the president of the United States. I'm 68 and I decided I didn't want my kids to have to wait until they are my age to be able to do that."

Debbie Manning, president of the El Dorado Hills Chamber of Commerce, said people have been calling her office asking about where to get a view of the president. Unfortunately, she said, she doesn't know.

"The good news is, with El Dorado Hills, there aren't many ways in and out," Manning said.

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Serrano Parkway will remain open to pedestrians, sheriff's officials said, although people will not be allowed to stand on the north side of the road near the gated country club entrance.

A group opposing Doolittle and protesting the president's policies, especially regarding Iraq, will be roadside, a spokesman said. El Dorado Hills may be conservative, "but we still have people concerned about the mess in Iraq," said Don Nicodemus of the Sierra Foothills Democratic Club.

Bush, Fund-Raiser In Chief, Hits The Trail In Earnest (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, October 3, 2006

STOCKTON, Calif., Oct. 2 — President Bush's job approval ratings are sagging, nervous members of his own party are running advertisements highlighting their differences with him, and the White House is besieged with new questions about the war in Iraq.

But Mr. Bush is hardly going to be sitting out the final stage of this year's campaign. Even if many Republicans in tough races across the country do not want to be seen with him, Mr. Bush and his aides have developed a comprehensive plan to get him on the road for much of the next 40 days and put the power of the presidency into a midterm election that could shape his final two years in the White House.

Mr. Bush intends to concentrate first and foremost on raising money. His strength on that front is undiminished by his political problems and is vital to giving his party an advantage in outspending the Democrats on advertising down the homestretch.

To date, at a series of mostly private events, Mr. Bush has raised $180 million for his party and individual candidates, according to the Republican National Committee, outpacing the record Mr. Bush set in 2002, when it was easier to raise money because of less restrictive campaign finance laws. Together with Laura Bush, the first lady, and Vice President Dick Cheney, the White House has raised nearly $250 million for the election cycle.

But after a period in which most of his political appearances have been behind closed doors — he did five fund-raisers in the past week that were closed to the press — he will also step out more publicly.

While not yet conducting full-scale campaign rallies, Mr. Bush will be appearing more frequently with candidates, often in heavily Republican areas where Democrats are nonetheless competitive this year. And he will give speeches driving home the twin themes of national security and tax cuts while trying to rally a dispirited Republican base.

White House and party officials said there was never any internal debate about putting Mr. Bush out into the public eye, for all the risks that might entail. With a new burst of bad news for the party — including repercussions from the forced resignation of Representative Mark Foley of Florida over sexually explicit e-mail and instant messages sent to teenage pages — the officials said that employing Mr. Bush's power to use the White House platform to emphasize the Republican campaign message was more necessary than ever.

Mr. Bush will avoid districts and states where party officials determine his appearance may be particularly damaging for Republicans. But his aides, discussing the White House strategy for the president, said they had concluded for the most part that putting Mr. Bush out in public would do his party and its candidates more good than harm, a position that is clearly a big gamble for Republicans and a test of how much political clout he has left after two years of setbacks and missteps.

In the first three days of this week alone, he will make five public fund-raising appearances with Republican candidates, and his schedule suggests that the White House strategy is to try to close off the possibility of Democratic gains not in the most hotly contested and visible races, but in a second tier that could decide whether the House remains in Republican hands.

Two of those appearances will be on behalf of Republican House members in California, John T. Doolittle and Richard W. Pombo, who is to join Mr. Bush for an open fund-raiser here in central California on Tuesday. Both Mr. Pombo and Mr. Doolittle are viewed as potentially vulnerable because they have been touched by the fallout from the corruption scandals in Washington. In both cases, the White House believes Mr. Bush's ability to turn out Republican base voters will help to keep the seats safe.

Similarly, he went to Reno, Nev., on Monday to raise money for Dean Heller, the Republican candidate for a House seat in a district that should be safely Republican but that analysts say could be in play.

"You'll be seeing more public speeches in the weeks ahead," said Karl Rove, Mr. Bush's senior political strategist. "The president is enormously important with a significant part of the electorate that they need to win."

Mr. Bush alluded to this in an interview with conservative columnists in the Oval Office last month, saying he could set the stage for the Republican message. "There are a lot of people out there that hopefully I'll be able to inspire to turn out," he said.

But some of what Mr. Bush is doing will largely remain out of public sight. He plans to record messages for automated calls to voters in crucial districts, taking advantage of the sophisticated Republican operation to identify likely supporters and the issues that motivate them.

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Mr. Bush, who has always relished campaigning, was described by associates as hungry to return to the road and is enjoying spending time with candidates and offering them advice.

The advice, it seems, goes to matters large and small. Michele Bachmann, a Republican running for an open House seat in Minnesota, said Mr. Bush needled her for wearing scalloped pink gloves for a recent presidential visit to her state. "What are those for?" Mr. Bush said, pointing to the gloves, according to Ms. Bachmann. "When you campaign, take off the gloves."

The White House sought, sometimes in awkward ways, to balance Mr. Bush's strengths and liabilities. He was the star attraction last week at an event that raised money for Republicans in three states, including Iowa — a closed-door fund-raiser in an Embassy Row mansion 10 minutes from the White House and 1,000 miles from Iowa, where it escaped mention the next day in the influential Des Moines Register.

And last Thursday, he was at a closed-door fund-raiser for Representative Deborah Pryce, an embattled Republican in Ohio — who used the money to finance a campaign that has included advertisements disputing Mr. Bush's position on stem-cell research.

Senator Charles E. Schumer of New York, leading the Democrats' effort to win the Senate, said his main concern as he surveyed an otherwise favorable political environment was that Mr. Bush's fund-raising power would overcome any drag he might have on his party. "That's the No. 1 question that will determine the election," Mr. Schumer said. "And I don't know the answer."

Democrats said Mr. Bush's presence on the campaign trail would only help them as they tried to turn the election into a referendum on the president. And their professed delight was echoed by signs of apprehension in states where Republicans are facing their toughest battles.

In Rhode Island, Ian Lang, the campaign manager for Senator Lincoln Chafee, a Republican who is in a tough re-election battle, said a visit by Mr. Bush "is not something we're looking for or asking for."

John Brabender, a strategist for Senator Rick Santorum of Pennsylvania, who is facing a stiff Democratic challenge, said of Mr. Bush: "He would be a distraction right now. It's very important that we turn this race into Bob Casey versus Rick Santorum."

Sara Taylor, the White House political director, said Mr. Bush could prove pivotal with party faithful who have been less than enthused this year.

"He is loved by his base," she said, "and they support him."

Cheney Slams Dems In Wyo. Stump Speech (USAT)

USA Today, October 3, 2006

Vice President Cheney returned Monday to the Wyoming congressional district he once served, campaigning for the re-election of GOP Rep. Barbara Cubin.

Cheney said Republicans must keep their majority in Congress to maintain the fight against terrorism. "What the Democrats are pushing now is the very kind of retreat that has been tried and failed in the past," Cheney, who held the state's lone seat from 1978 to 1989, said at the Casper Events Center. He said he didn't have to remind the crowd what sort of legislation would come forward in Congress if Democrats gained the majority, invoking the idea of Sen. Edward Kennedy and Rep. Barney Frank, both Massachusetts Democrats, becoming committee chairs. Cubin faces what the Casper Star-Tribune called a "strong challenge" from businessman Gary Trauner.

Kean should quit race, anti-war group says

A group of anti-war activists with relatives serving in Iraq called on New Jersey Republican Tom Kean Jr. to quit the U.S. Senate race, saying he lacks a strategy for withdrawing troops or ensuring soldiers get needed aid once they return. The flap started in August when Kean and his Democratic opponent, Sen. Robert Menendez, met with the group Military Families Speak Out and were given a series of war-related questions. Menendez answered them; Kean answered some and promised written responses to the rest, said Paula Rogovin, the group's spokeswoman. Rogovin says Kean reneged. A spokeswoman for Kean, Jill Hazelbaker, said Kean has answered the group and "has stated repeatedly the egregious mistakes he feels have been made, and he's asked the president to level with the American people and acknowledge those mistakes."

Voter-registration group accused of fraud

A group that registered more than a million voters two years ago is facing allegations of voter fraud and sloppy work just weeks before midterm elections. ACORN — the Association of Community Organizations for Reform Now — is running voter-registration drives in 17 states this year. The group dispatches workers and volunteers to poor neighborhoods, gas stations, courthouses and other places to sign up new voters. Among the problems:

·Philadelphia's municipal voter-registration office has rejected about 3,000 cards submitted by ACORN because of missing information or invalid addresses.

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· Denver County election officials forwarded about 200 cards to the secretary of State's office after finding similar handwriting on signatures.

· In Ohio, ACORN is accused of submitting cards with non-existent addresses, forged signatures and, in one case, for someone who died seven years ago.

"ACORN does not commit voter fraud," national president Maude Hurd said. We work hard to bring new people into the democratic process and work to maintain good quality control."

Nevada family 'like the Kennedys, but …'

A Nevada family would be a political dynasty except only one of them has ever won a statewide election. For three generations, members of the Hansen family have run for political offices ranging from governor and U.S. senator to Elko County sheriff. Only David Hansen has ever won a statewide or major county race, being elected twice to the state school board more than 20 years ago. Said Joshua Hansen, 26, an Independent American Party candidate in the 3rd Congressional District: "We're like the Kennedys, but without the money."

Poll Shows Allen Leading Webb By Six Points (WT)

By Christina Bellantoni

The Washington Times, October 3, 2006

Virginia Sen. George Allen holds a six-point lead over his Democratic challenger, James H. Webb Jr., a new statewide poll released yesterday shows.

If the election were held today, Mr. Allen, a Republican, would capture 49 percent of the vote, while Mr. Webb would receive 43 percent, according to a telephone survey of 750 likely voters conducted by Rasmussen Reports from Thursday through Sunday.

The data also show 5 percent are undecided and 3 percent would choose some other candidate in the contest.

Election Day is Nov. 7.

The race could hold national implications as well -- Democrats need to win six seats to recapture a Senate majority.

Mr. Allen has held a steady lead in the Rasmussen poll for more than a year, but his once double-digit advantage over any challenger was eroded after a summer of campaign blunders.

In an attempt to regain the momentum from Mr. Webb, who is catching up in the fundraising race, Mr. Allen last night spoke to voters in a two-minute statewide televised address.

He also has been battling recent assertions that he used racial epithets to describe blacks when he was in college.

The Rasmussen poll showed Mr. Webb leading Mr. Allen by 39 points among black voters.

Mr. Webb is facing criticism, too, with Mr. Allen running an attack ad using the Democrat's 1979 article "Women Can't Fight" in which he criticizes female midshipmen at the U.S. Naval Academy.

Still, 47 percent of women surveyed in the poll said they prefer Mr. Webb to Mr. Allen. Meanwhile, 57 percent of men said they prefer Mr. Allen.

The poll showed that 49 percent of those surveyed were not familiar with Mr. Webb's article, saying they had followed news reports on the article either "not very closely" or "not at all."

By contrast, 81 percent of potential voters said they were following the racial accusations against Mr. Allen either "very closely" or "somewhat closely."

The poll also showed 11 percent of Republicans would choose Mr. Webb if the election were held today, while 13 percent of Democrats said they would pick Mr. Allen.

Mr. Allen has a 54 percent favorable rating and a 43 percent unfavorable rating, while Mr. Webb had a 48 percent popularity rating.

Most voters told Rasmussen that national security would be the most important issue when deciding the Senate race, followed by the Iraq war and the economy.

The poll also showed President Bush, who has held a fundraiser for Mr. Allen, has a 48 percent approval rating and a 50 percent disapproval rating.

Mr. Webb is running a television ad linking Mr. Allen with Mr. Bush, saying their "stay the course" idea for the Iraq war is not right for Virginia or the nation.

The Rasmussen Senate results matched a SurveyUSA poll, released over the weekend, showing Mr. Allen with a six-point lead. A Mason-Dixon Polling and Research poll conducted last week for MSNBC/McClatchy showed the race tied at 43 percent for each candidate.

Allen Banks On 2-minute Statewide Ad To Reverse Tailspin (AP)

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By Bob Lewis
AP, October 2, 2006

Desperate to rescue his re-election campaign from a six-week tailspin, Sen. George Allen aired a two-minute ad across Virginia just before prime time Monday — a valedictory aimed at saving his political career.

The embattled Republican bought air time in every television market hoping to shift attention from a string of damaging developments beginning Aug. 11, when he called a man of Indian descent "macaca," a type of monkey, through claims last week that he used a common racial slur against black people.

The ad was expected to summarize the high points of a tenure in elected office dating from his term as governor in the mid-90s and, more importantly, try to refocus the race on subjects more favorable to him.

Strategists for the former governor decided to take the dramatic step Saturday, a day after a statewide poll showed Allen and Democrat Jim Webb deadlocked at 43 percent each. As late as July, Webb trailed Allen by 16 percentage points.

"The Allen campaign knows that the direction this campaign has been going the last month has been very damaging for them," said Robert D. Holsworth, a political science professor at Virginia Commonwealth University. "They're very anxious about the direction of his numbers."

Also on Monday, Webb began his biggest ad purchase yet, a 30-second spot that features two retired military women rebutting claims in an Allen ad aired last week.

"Jim Webb is committed to creating opportunities for women," Clara Adams-Ender, a retired U.S. Army brigadier general, says in the ad.

The ad will match ads Allen began airing statewide last week at a total cost of about $650,000 weekly, said Webb spokeswoman Kristian Denny Todd. Allen's ads featured female U.S. Naval Academy graduates who said they suffered hostility and humiliation at Annapolis because of a 1979 magazine article Webb wrote that said women could not lead men in combat and decried their admission to the academy.

Allen's newest ad, however, is unique in Virginia political history. The only comparable use of one-time, statewide advertising was in 1987 when Republican Sen. Paul Trible announced he would not seek re-election.

Allen will pay about $43,000 to simulcast the ad once, from 7:58 p.m. to 8 p.m., on one television station each in the Norfolk, Richmond, Roanoke and Washington, D.C., markets. About $30,000 of that is for the time on WRC in Washington, which broadcasts to the populous northern Virginia suburbs both candidates are targeting.

Allen wanted to do the ad live, but the costs and logistical arrangements would have been prohibitive, campaign advisers said. It was taped over the weekend.

Merle Black, a political scientist at Emory University in Atlanta, said Allen's tourniquet strategy makes sense considering the unfavorable coverage of unflattering and bizarre developments in the campaign.

"This would be an opportunity for him to redefine the issues of the campaign and give voters his side of the story unfiltered by the media," Black said.

Black said Allen's unusual address-to-the-people ad is comparable to Richard Nixon's famed "Checkers" speech in 1952 in which Nixon denied allegations of improper campaign financing and kept his spot as Dwight Eisenhower's running mate on the GOP presidential ticket that year.

"This is an example of political damage control, but it's also a candidate trying to revive his career — his political life — by framing the issues in a way as favorable to him as possible," Black said.

Outside Groups Shoveling Cash Into Tight Races (WP)

By Jeffrey H. Birnbaum And Zachary A. Goldfarb
The Washington Post, October 3, 2006

As the race for control of Congress turns toward its final sprint to Election Day, independent organizations with ideological or commercial stakes in the outcome are pouring record amounts of money into the closest contests -- in some cases eclipsing the spending of the candidates themselves.

In Ohio, Rep. Deborah Pryce, the fourth-ranking Republican in the House, was attacked by nearly $1 million in negative commercials this summer. But her Democratic opponent, Franklin County Commissioner Mary Jo Kilroy, did not pay for any of them.

They were bankrolled instead by trial lawyers, labor unions and the liberal group MoveOn.org. In fact, outside groups appear to have spent more in that period than Pryce and Kilroy combined, a pattern that is being duplicated in some of the most competitive campaigns across the country.

Politically active groups on both the left and the right are shelling out dollars faster than in any previous midterm election and focusing them intensely on the races that are up for grabs. Even with five weeks to go in the campaign, the $34 million in

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"independent expenditures" so far is nearly double the amount spent in the entire 2002 midterm election, according to PoliticalMoneyLine.com.

This year's figure includes spending by the parties' House and Senate campaign committees, which unlike in 2002 are no longer allowed to coordinate directly with candidates for major ad buys, and by the "527" groups that emerged after an overhaul of funding laws that year.

Independent spending by political organizations -- such as the George Soros-funded liberal group America Coming Together and the group Swift Boat Veterans for Truth, which took aim at Democratic nominee John F. Kerry's Vietnam War record -- was a defining force in the 2004 presidential campaign. What's notable this time, with control of Congress and many governorships at stake, is how such spending has migrated to elections for lesser offices.

During the 2004 election, Democrats seemed to benefit most from independent spending. Now the balance appears to be tilting rightward: America Coming Together and its companion group, the Media Fund, are largely shuttered. Meanwhile, a leading backer of the Swift Boat group, Texas developer Bob J. Perry, has donated $5 million focusing on top GOP target races.

But in Maryland, as in some other places, Democrats are still benefiting. The Maryland Fund, a 527 led by several national Democratic operatives with ties to the state, started airing television and radio ads last week critical of Gov. Robert L. Ehrlich Jr. (R), who is being challenged by Baltimore Mayor Martin O'Malley (D). The ads seek to link Ehrlich to President Bush, whose approval ratings lag behind the governor's in the state.

Stephen R. Weissman, associate director for policy at the nonpartisan Campaign Finance Institute, predicted that "in some key races, this outsider spending will be decisive."

Expenditures by outside interest groups have ballooned largely in reaction to the 2002 law banning "soft money," the uncapped contributions that previously filled the coffers of both political parties. Once those unlimited donations were outlawed for the parties, lobby groups started handing out the big money.

In Hawaii, for example, the National Association of Realtors spent more than $600,000 in support of Rep. Ed Case, who lost the recent Democratic primary for the Senate to the incumbent, Daniel K. Akaka. The Realtors' eye-popping gift -- the group's largest ever in a primary -- nearly matched the entire amount raised by Case. "Mr. Case has a really strong record supporting issues important to Realtors," a spokeswoman for the group explained. "We decided to go all out."

MoveOn.org has also spared little expense. The liberal group's political action committee has laid out $3.5 million on commercials attacking GOP candidates in six congressional districts. It spent $465,000 against veteran Rep. Nancy L. Johnson (R-Conn.) in late spring and summer, while her Democratic opponent, Chris Murphy, doled out $181,000. MoveOn.org also expended $245,000 against Rep. Chris Chocola (R-Ind.) during the same period, while Joe Donnelly, his opponent, spent roughly half that amount.

Organizations, sometimes with mysterious origins, are cropping up everywhere and spending massively in the toughest races. A group called Softer Voices is boosting Sen. Rick Santorum (R-Pa.) with an expenditure of nearly $700,000. A group called Campaign Money Watch is attacking Pryce and Sen. Conrad Burns (R-Mont.) with $200,000.

Labor unions are betting especially big. The AFL-CIO alone is helping Democratic candidates with a $40 million get-out-the-vote effort, its largest ever during an off-year election. Labor's nemesis, the U.S. Chamber of Commerce, is devoting an equal sum to elections this autumn and is concentrating on efforts to bring voters to the polls.

One of the Democrats' leading architects of the independent-spending movement, former White House aide Harold Ickes, recently started what he calls the September Fund. Erik Smith, the fund's president, said, "There was a belief by those of us who organized this that one side of the argument -- the Bush administration and its allies -- would have a lot more resources than the other." But he added: "We're not going to make up the shortfall."

To help Democratic candidates, the September Fund intends to raise at least $10 million and buy ads that criticize Bush. But several Republican-leaning groups have already purchased millions of dollars of airtime supporting Bush's policies and, by inference, GOP candidates. They also have money available to buy even more commercials, and they plan to do so.

These groups include Progress for America, a major player in 2004 that has been on the air this year in Ohio and Missouri, states in which incumbent Republican senators Mike DeWine and James M. Talent, respectively, are in tough fights to keep their jobs. Another, the California-based Economic Freedom Fund, has spent more than $700,000 opposing Democratic Reps. Leonard L. Boswell (Iowa), Alan B. Mollohan (W.Va.) and Jim Marshall (Ga.), three members of a small circle of Democrats at any risk of losing their seats this fall. The fund was boosted by a $5 million gift from Perry.

The intervention of outside groups, especially at high levels, can be a mixed blessing. Maureen O'Brien Donovan, spokeswoman for Rep. John E. Sweeney (R-N.Y.), asserted that MoveOn.org's commercials against her boss have backfired. "Its intervention and its volunteers aren't from here, and that's well known to the general public," she said. "People who have lived here all their lives find those types of things suspect."

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At the same time, candidates cannot control the groups' messages or their delivery, which sometimes causes voter confusion. "Nobody knows who these guys are, and voters have no way of judging their interests or their donors," said George Rasley, Pryce's spokesman.

In addition, the independent efforts are sometimes heavy-handed and irritate the voters they are supposed to attract. The Chocola campaign, for instance, received complaints from voters who were annoyed by automated phone calls they had received from an outside group that was supporting his reelection.

The number of independent organizations, some of them anonymous, has multiplied. On the left, a patchwork of innocuous-sounding organizations has sprouted, including Majority Action, which wants to unseat 10 to 15 Republican congressmen, and America Votes, which is trying to prevent Democratic-leaning groups from duplicating one another's work. Large sums are flowing from these and more established groups. Emily's List, which helps female, pro-abortion-rights Democrats, expects to spend about $10 million this year, and the American Federation of State, County and Municipal Employees, a labor union, anticipates spending $22 million.

On the right, the U.S. Chamber of Commerce plans to allocate $20 million to help federal candidates and another $20 million for state and local races. The American Medical Association is also a serious player. It recently reported $307,125 spent in support of GOP Rep. Johnson in Connecticut.

The generally pro-Republican Business Industry Political Action Committee has a more elaborate scheme. By using companies' electronic communications systems, it has delivered 40 million messages to employees urging them to cast their ballots for pro-business candidates. It has also helped a million citizens register to vote and another million apply for early voting forms.

All of these efforts are sure to make a difference. "When you have the ability to spend one to three million dollars down the stretch in a particular House or Senate race, that kind of spending can really drive the election," said Michael E. Toner, chairman of the Federal Election Commission. "That can decide who wins or loses on Election Day."

New Suburbs Could Be New Political Battlegrounds (USAT)

By Jill Lawrence

USA Today, October 3, 2006

New suburbs spreading across once-rural counties are among the hottest battlegrounds in fall elections that will determine whether Democrats or Republicans control Congress for the rest of the Bush administration.

The new “it” counties, as sociologist Robert Lang calls them, are in play in top races for governor, Senate and House in at least a dozen states: Florida, Kentucky, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Virginia and Washington.

In recent elections, Democrats have dominated cities and close-in “mature” suburbs, while Republicans sweep newer, outer suburbs and rural America. “The further out you go, the redder things are,” says William Frey, a sociologist at the University of Michigan and the Brookings Institution.

Frey and others say future elections will be won and lost in fast-growing suburbs that didn't exist 10 or 20 years ago. “The emerging suburbs are in transition. They're contested,” says Lang, director of the Metropolitan Institute at Virginia Tech.

Some of these areas are increasingly ethnic and Democratic, while others are growing more Republican. Some give big margins to GOP presidential candidates but split more evenly in other races. Their housing runs the gamut from mini-mansions to trailer parks. All have enough voters to make them worth fighting for.

Among the counties that could determine whether Republicans keep their House majority:

·Clark County, Indiana. Former representative Baron Hill, a Democrat, is in a rematch with Republican Rep. Mike Sodrel.

·Pasco County, Florida, north of Tampa. Republican state Rep. Gus Bilirakis and former Hillsborough County commissioner Phyllis Busansky, a Democrat, are vying to succeed his father, Rep. Michael Bilirakis, also a Republican.

·Sherburne and Wright counties, Minnesota, northwest of Minneapolis-St. Paul. Democrat Patty Wetterling is competing with state Sen. Michele Bachmann for the seat now held by Senate candidate Mark Kennedy, a Republican.

Democrats lost growing suburbs badly in the 2004 presidential election. Last year Virginia Gov. Tim Kaine broke tradition by carrying Loudoun and Prince William counties, outer suburbs of Washington, D.C. His campaign centered on transportation and education.

Joel Kotkin, an urban historian associated with centrist Democrats, says outer suburbia is terra incognita to many Democrats “yet there's no reason they can't be competitive. These people care about schools and infrastructure. They want economic growth. They have some of the same concerns on foreign policy.”

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Ruy Teixera, a Democratic analyst, calls the counties "an important part of a winning strategy" even if Democrats can't win them outright. That's because shrinking GOP victory margins in the new suburbs would improve Democrats' chances to carry statewide races for president and state offices.

Matthew Dowd, who was President Bush's pollster, says some rapidly growing outer suburbs are heavily GOP. However, he says Republicans were wrong to assume after 2004 that they have a grip on them. His research shows most voters in such areas are not ideological; rather, they look for candidates who share their concerns about practical matters such as schools. "They're a force that you can't take for granted," he says.

Lieberman Says He Has Been Promised Seniority (HILL)

By Alexander Bolton

The Hill, October 3, 2006

Sen. Joe Lieberman, the longtime Democratic senator from Connecticut running for re-election as an independent, says the party leadership has assured him he would keep his seniority if he returns to Congress.

Local Democrats are responding with irritation, political opponents voice disbelief, and Senate Minority Leader Harry Reid (D-Nev.) denies making a decision.

But the strongest response is likely to come from Sen. Frank Lautenberg (D-N.J.) who views Lieberman's independent status as an opportunity to press Democratic leaders to restore seniority he lost four years ago.

If Lautenberg retrieves seniority accrued during 18 years of Senate service before retiring in 2000, he could leapfrog Lieberman to lead the Homeland Security and Governmental Affairs Committee or the Environment and Public Works Committee.

Lieberman has served 18 years in the upper chamber. Lautenberg has served a total of 22 years, but he has only four years of recognized seniority because he retired from Congress for two years in 2000.

While even Lautenberg's allies admit the chances of jumping over as many as five lawmakers on either committee are small, the senator thinks he has a strong case.

Reid, the Senate Democratic leader, does not want to wrestle with these questions in public before the Nov. 7 election.

"The caucus won't make any decisions until after the elections in November," said Reid's spokesman, Jim Manley.

While that response implies that Lieberman's status is to be decided by the entire caucus, senior Democratic aides say questions of seniority are largely decided by Reid.

Lieberman said he would keep his senior position in the caucus, even though he lost Connecticut's Democratic primary, and is running against Democratic nominee Ned Lamont, whom the Senate Democratic leadership has endorsed.

"That's what I've been told," said Lieberman in an interview Friday, before Congress recessed for the election. "Caucuses like to keep as many members as they can, not discourage membership," implying that leaders risk his defection to the GOP if they strip him of seniority.

Lieberman said he assumed that would mean he would continue to serve as the top Democrat on the governmental affairs panel. It would also allow him to become the most senior Democrat on the Environment and Public Works Committee. But Lieberman said his desire is to stay atop Homeland Security and Governmental Affairs.

It looks more and more likely that Lieberman will win reelection. A poll released last week by Quinnipiac University showed Lieberman holding a 49-39 percent lead over Lamont among likely voters.

That could create big problems with Democrats in Congress and around the country if their party takes over the Senate. The governmental affairs panel is primarily responsible for oversight and investigations of the executive branch.

If Democrats take over either the Senate or the House, it is expected they will pour much time and effort into investigating the Bush administration. And many Democrats think Lieberman, who lost the primary race because of his perceived closeness to the Bush administration, is not the right person for that job.

Tom Matzzie, the Washington director of MoveOn.org, a liberal advocacy group that supports Lamont, said Lieberman may be spreading false information to make himself a more attractive candidate.

"This is a Lieberman campaign tactic," he said. "Democratic leaders are supporting Ned Lamont."

Bill Grad, who sits on the Democratic Town Council of Greenwich, Conn., Lamont's home town, said Lieberman has very actively distanced himself from the Democratic Party, and that it was wrong of leaders to promise anything.

"Why should Reid tell the guy in advance that he'll have his seniority. If it comes to that, that's fine. But it's disappointing, it's greatly disappointing that he would be given assurances."

"He's not running as a Democrat," said Grad, who is also a volunteer for Democratic candidate Diane Farrell. "He couldn't be more clear about that. He's not supporting any Democrats running for Congress."

Lamont's campaign did not respond to a request for comment.

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Lautenberg does not have anything critical to say about Lieberman, but he calls himself a "dyed-in-the-wool" Democrat and says he wants to see Lamont win.

He also said that as the election approaches, now is the time for him to make the case to colleagues and leaders that he should regain his seniority.

"I will make the case, I will make the case," said Lautenberg emphatically. "The closer to the election, the better the reminder has to be."

"I saved a Democratic seat," he said of his 2002 election. "I financed the race myself at the beginning."

Lautenberg declared his 2002 candidacy about a month before Election Day after former Sen. Bob Torricelli (D-N.J.) suddenly resigned his seat soon after the Senate Ethics Committee rebuked him for accepting improper gifts. Lautenberg won the seat, which Republicans had a good chance of capturing because of Torricelli's ethical troubles.

Lautenberg also spent nearly $1.5 million of his own money on the race.

Sen. Paul Sarbanes (D-Md.), a thirty-year Senate veteran who is retiring at the end of this Congress, said he is sympathetic to Lautenberg.

"It looks like he has a case to make but I don't know what rule he's working off," he said.

But Senate history is not reassuring for Lautenberg. When Minnesota Sen. Hubert Humphrey (D) returned to the Senate after serving as vice-president under President Lyndon Johnson, he lost all the seniority he accrued before leaving for the White House, said Senate Historian Richard Baker.

Poor New Hampshire? Don't Bet Against The Granite State (RC)

By Stuart Rothenberg

Roll Call, October 3, 2006

Seeking to add states with large minority populations into the Democratic presidential primary mix, the Democratic National Committee has added Nevada and South Carolina to the party's early calendar.

Does this mean the demise of the New Hampshire primary and the dilution of the state's influence in the nomination process — especially if the state defies the DNC and moves its primary to an earlier date?

Don't bet on it.

Democratic presidential candidates, as well as political operatives and journalists I've talked with, leave little doubt that New Hampshire once again will be a battleground for the party's nomination, whenever the primary is held.

The DNC has added Nevada between Iowa and the Granite State and scheduled South Carolina for the Tuesday after New Hampshire. Both of the new contests are caucuses, so New Hampshire's status as the first primary state isn't compromised. Still, the Granite State's secretary of state may take action to ensure that the state isn't leapfrogged by Nevada.

If New Hampshire moves up its date, the DNC has promised to punish it by refusing to recognize the state's delegates. In theory, that should encourage Democratic presidential hopefuls to bypass the state rather than expend time and resources in a state with no delegates at the national convention. It won't. All the early potential candidates have indicated they will campaign in New Hampshire, whenever the primary is held.

"There will be an election. People will vote. Reporters will cover it. And the results will influence results in subsequent states. There's nothing meaningful the DNC can do about it," said one veteran Democratic strategist with presidential campaign experience.

New Hampshire really isn't about delegates, although campaigns obviously hope to win some in the primary. Rather, the primary is all about momentum. That means candidates and journalists will show up even if delegates are not at stake.

"It's preposterous to think that we wouldn't cover New Hampshire in the same way we always have," a network political director said to me recently.

Journalists have spent more than 30 years learning how to cover the New Hampshire primary, and that's a strong incentive for them to continue to cover the primary as if it is a premier political event. Reporters have sources in the state and loads of history in the back of their minds, enabling them to compare what's happening in 2007 and 2008 with what happened in 1976 and 1992.

But what if New Hampshire keeps the same date? Won't Nevada eclipse it? Again, don't bet on it.

While the South Carolina primary is likely to get plenty of attention from candidates and the national media in 2008, it's unlikely that Nevada caucuses will get anything close to Iowa and New Hampshire in terms of attention.

First, like the well-established Iowa event, Nevada is another caucus, not a primary. Journalists are likely to flock to one event where campaign organization and base voters are important, but are they really going to do it a second time, after all of the hullabaloo around Iowa? Probably not.

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And for the campaigns of presidential hopefuls, Iowa's caucuses are a known commodity. Political operatives know who is going to participate and how the caucuses will work. They don't have a clue about how Nevada's caucuses will work, and that means they'll invest far less time and effort in that state, even if it is early in the process.

True, Nevada is a state with a considerable Hispanic population, and that guarantees candidates and some media will be there. But New Hampshire, not Nevada, is likely to be seen as the second big test of the presidential nominating process.

Cost certainly will be an issue for the TV networks. They will devote considerable resources to the first caucuses and the first primary, but they are less likely to treat Nevada like a major league happening, especially since it is likely to be a Democrats-only event.

"Nevada will be semi-big," insisted a veteran Democratic operative who has played in the Democratic presidential sandbox. "It won't be as big as New Hampshire, even if New Hampshire comes after it. It may not even be as important as South Carolina."

South Carolina is likely to get more coverage than Nevada because it is on the East Coast, because both parties will have primaries the same day and, once again, because reporters and candidates already have come to regard the Palmetto State as an early test. Moreover, the state's considerable African-American population makes it both an interesting story for journalists and a test of candidates' appeal.

I don't know if New Hampshire will challenge the DNC by moving its primary earlier than the DNC allows, but it might. A number of smart people I talked to firmly believe it will. Some even think the Granite State will have no choice but to move up to December or even November.

And if that happens, the irony is that the DNC will have succeeded in forcing Democrats to choose a nominee earlier, rather than changing the states that have the most impact in selecting the party's standard-bearer.

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Stuart Rothenberg is editor of the Rothenberg Political Report.

Veto In California On Electoral College (NYT)

By The New York Times

The New York Times, October 3, 2006

By The New York Times

SACRAMENTO, Oct. 2 — In the end, only one vote mattered.

Saying it ran "counter to the tradition of our great nation," Gov. Arnold Schwarzenegger vetoed a bill on Saturday that would have automatically allocated all the state's 55 electoral votes to whichever presidential candidate received the national popular vote.

The bill, which passed the state's Legislature this summer, was devised by John R. Koza, a computer scientist who envisioned a system in which a series of states holding the number of electoral votes needed to elect a president — 270 — would commit their electors to casting ballots for the winner of the popular vote, regardless of how their individual electorates voted.

Mr. Koza said the goal was to force presidential candidates to campaign nationwide, rather than concentrating on a small number of battleground states — like Ohio or Florida — that have a lot of electors. California, while having more electors and voters than any other state, is considered reliably Democratic, and thus not often a part of the presidential campaign.

Thomas J. Umberg, the bill's sponsor in the California Assembly, said that he was disappointed by the governor's decision "to maintain the status quo" and that he would consider taking the proposition to a ballot measure.

After Riding High With Fox News, Murdoch Aide Has Harder Slog (WSJ)

By Julia Angwin

The Wall Street Journal, October 3, 2006

Over the past 10 years, Roger Ailes transformed the cable-news business using glitzy graphics, brash marketing and a take-no-prisoners approach. His playbook vaulted News Corp.'s Fox News Channel into the industry's No. 1 spot.

Using a similar approach, he has since taken on a more prominent role at News Corp. -- including running the company's local television stations -- but the results aren't as impressive. Accustomed to operating his own fiefdom, Mr. Ailes has ruffled feathers among other executives. He has started a new TV network, called MyNetworkTV, but it hasn't shown much sign of life amid a broader slump in the local-TV business. Meanwhile, ratings at Fox News are declining faster than those of its competitors and its advertising-sales growth is slowing.

Mr. Ailes's independent streak contributed to the decision last year of Rupert Murdoch's son and heir apparent, Lachlan Murdoch, to quit the company. The younger Murdoch felt Mr. Ailes was undercutting his position, according to people close to the situation.

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His style has even affected News Corp.'s relations with other media companies. Executives at CBS Corp., frustrated with the slow pace of negotiations between the two, didn't tell Mr. Ailes they planned to shutter CBS's UPN network, which ran on 10 News Corp. stations, until 10 minutes before the January news conference.

Mr. Ailes's adventures mark a change of pace for one of the world's largest media companies, which owns, in addition to the Fox television business, the 20th Century Fox film studio as well as newspapers and satellite-TV operations. In the past, the company was largely free of the infighting typical of the media business because of the single-minded control wielded by Chief Executive Mr. Murdoch.

But in recent years, Mr. Murdoch, 75 years old, has allowed Mr. Ailes to carve out a larger power base. In the process, that's sparked tensions within the executive suite.

Mr. Murdoch has long been a big supporter of Mr. Ailes, 66, whom he hired a decade ago. Last year, Mr. Murdoch renewed Mr. Ailes's employment contract for another five years. In a written statement, Mr. Murdoch says, "Roger has done a truly amazing job growing Fox News into the number-one news channel." He adds: "Roger has my full support and complete admiration."

Mr. Ailes says any intimation that he has sharp elbows is overblown. "There are lots of things that can be said about me -- but not playing for the full team is not one of them," he says. If the only way to win is to damage someone else, he adds, "you're no damn good."

He says Fox's stations have performed better than expected and that the new network will pick up. On the ratings declines at Fox News, "we're not unaware of a little bit of deterioration," he says, adding that "if you look at all the pressure on cable news, it's amazing that it's held up as well as it has."

A former Republican political consultant who began his career working for President Nixon, Mr. Ailes approaches business with a campaign-like competitiveness. In his political career, Mr. Ailes can claim credit for crafting the television ad that helped sink Michael Dukakis's presidential bid. The ad questioned the candidate's national-security credentials while picturing him riding a tank.

At News Corp., Mr. Ailes insisted on a lot of autonomy. Upon his hiring, he reported directly to Mr. Murdoch, unlike the heads of News Corp.'s other cable channels, who report to a News Corp. executive in Los Angeles. Mr. Ailes also oversees Fox News's ad sales and negotiations with cable operators. The other cable heads handed off those functions to a centralized group. Mr. Ailes says he insisted on those conditions to prevent "second-guessing" about programming.

Go-It-Alone Style

For 10 years, Mr. Ailes's go-it-alone style was successful. In 2002, Fox News toppled Time Warner Inc.'s CNN as the cable-news leader by recasting the medium with snappy on-air personalities, a graphics-heavy presentation and an evening line-up bristling with conservative commentary. CNN never regained the lead, and Mr. Ailes won't let them forget it: Last week, he held a Fox News 10-year anniversary party across the street from CNN's Atlanta headquarters.

News Corp. doesn't report financial results for the Fox News Channel, but says it is one of the biggest parts of the fast-growing cable-networks division. The division reported operating income of $864 million for the year ended June 30. News Corp. has been slow to launch a business-news cable channel that would be under Mr. Ailes's auspices. Mr. Ailes says he wants to wait until the channel has sealed distribution deals.

Mr. Ailes has chafed at interference from other divisions. Last year, when Mr. Murdoch decided to invest heavily in Internet businesses, FoxNews.com was folded into a centralized ad-sales unit. Almost immediately, Mr. Ailes battled to get his division back. He complained that the unit's profits were falling as the centralized division spent to hire more salespeople, even as ad sales rose.

"We had some disagreements," Mr. Ailes says of his relations with the Internet division. Mr. Ailes says he and the head of the Internet division agreed to part ways during a meeting in December. Despite being associated with the leading cable-news network, FoxNews.com ranks as the 11th largest Internet news site, according to August figures from comScore Media Metrix.

Mr. Ailes had long been interested in the Fox local TV stations. But that was the province of Lachlan Murdoch, Rupert Murdoch's son, who was appointed News Corp.'s deputy chief operating officer in 2000. In 2004, Lachlan Murdoch appointed longtime Ailes lieutenant Jack Abernethy to head the stations. The close relationship between Messrs. Ailes and Abernethy sometimes left Lachlan Murdoch out of the loop, according to people close to the situation.

Lachlan Murdoch, for instance, wanted to postpone airing a new show by Fox News Channel correspondent Geraldo Rivera on local TV stations, according to people close to the situation. He wanted first to cancel "A Current Affair," a failing news program. Mr. Ailes went directly to Rupert Murdoch and won permission to ignore Lachlan's preference, these people say.

Mr. Ailes says he doesn't recall circumventing Lachlan Murdoch. "If that's what happened, I don't know it," he says. "I don't think that's what happened because Lachlan and I get along great." Lachlan Murdoch, who was upset with other decisions made by his father -- such as moving News Corp. headquarters to New York from Australia -- quit the company last summer.

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Mr. Murdoch immediately tapped Mr. Ailes to take on the TV station portfolio. The Fox television station group is the largest in the U.S. and an important part of the News Corp. empire. The stations contributed about $1 billion of the company's $3.9 billion operating income in the year ended June 30, 2006.

After he added the station group to his portfolio, Mr. Ailes started introducing more news programming and a greater reliance on Fox News content. Such offerings can be more profitable for local stations, which can sell all the resulting ad time themselves. With many syndicated and network programming deals, local stations have to share the ad time with program makers.

The news operations of local TV stations have started to look like Fox News. Many have imported Fox News's flashy blue and red graphics and its spinning 3-D logo, and have trained local news anchors in Fox News's chatty on-air style. Some markets have also started using a variant of the Fox News tagline, "The most powerful name in news."

Mr. Ailes insists that the stations will remain editorially independent. "Fox News Channel will act as a support mechanism but those are real local stations," he says. "Editorially every news director has got to make his own decisions."

When the new logo rolled out in Los Angeles in April, morning-show host Jillian Barberie jokingly complained on air about the size of the logo, which covered up her shoes. Former New York Fox station anchor Chris Gailus says he wonders whether a cable image is right for local news. "My gut instinct is that people who watch local news may be a bit more traditional about the look," he says.

Mr. Ailes says the feedback from the station managers about the new look has been "ecstatic."

More recently, Mr. Ailes told CNN that News Corp.'s stations will no longer buy its news feeds, something for which he had long agitated. Some station heads had resisted the move, worried, among other issues, about the relatively scanty nature of Fox News's overseas coverage.

Mr. Ailes, who refers to CNN's international channel as the "Anti-American channel," says stations can rely on Fox News and its partners. "We don't think we need to be in the business of paying CNN," he adds.

Overall, Mr. Ailes's changes haven't translated into more viewers. The local stations' latest national ratings -- from May -- were mostly flat to down, according to Nielsen Media Research, which tracks the numbers. The entire industry is in a slump as TV stations across the U.S. struggle with increased competition from Internet and cable television.

In September, Geraldo Rivera's show, the one that Lachlan Murdoch wanted to postpone, drew about the same ratings as the weak program it replaced. "He's doing extremely well in some markets and we need to get a little better in some of the larger markets," Mr. Ailes says. "But he's doing better shows every day, I think."

Station revenues were also flat in the year ended June 30, 2006. Mr. Ailes says the stations did better than the shortfall the company had projected.

Unexpected Project

One of Mr. Ailes's bigger projects came about unexpectedly. Ten of News Corp.'s 35 television stations used to carry the UPN network, which was owned by CBS. During the fall of 2005, CBS felt that Messrs. Ailes and Abernethy were dragging their feet about renewing the contract, which was set to expire in 2006, according to people familiar with the situation.

"We weren't in a hurry, but we weren't turning it down," Mr. Ailes recalls. Eventually, CBS decided to ditch the network. Mr. Ailes says he got a call from CBS Chief Executive Leslie Moonves 10 minutes before the announcement was made. "Les called me on his way into the press conference," Mr. Ailes says. "Had they signaled any kind of urgency or intensity we would certainly have met with them." He says he met with CBS executives once.

At the news conference, on Jan. 24, CBS announced it would merge the UPN network with Time Warner's WB network to make a new network called CW. CBS said the CW network would air on stations owned by Tribune Co., leaving Fox without a network for its 10 UPN stations.

The announcement left News Corp. scrambling to come up with programming before its annual presentations to advertisers in May. Messrs. Ailes and Abernethy decided to revive an idea that had been kicking around News Corp: translating Spanish-language telenovelas into English. News Corp. produces the episodes on a shoestring budget of $200,000 to $500,000 for each hour-long segment. Traditional network dramas can cost $2 million to $3 million an episode.

MyNetworkTV launched as a new broadcast network in the fall with two debut telenovelas "Desire" and "Fashion House" running back-to-back hour-long episodes every night of the week during prime time. It signed up stations reaching 96% of U.S. households.

In the weeks prior to the launch, News Corp.'s Fox-affiliated television stations promoted MyNetworkTV heavily, even when it competed with the stations' own programming. Some at the Fox broadcast network thought the Fox promotions were suffering as a result, according to people familiar with the situation.

Peter Chernin, News Corp.'s president, expressed concern to executives that there was a "lack of communication" between the stations and the network, says a person familiar with his thinking. Finally, Messrs. Chernin and Abernethy agreed to

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cut back on MyNetworkTV promotions for the two weeks leading up to Labor Day and then to promote the MyNetworkTV shows within the Fox premieres.

Still, viewers and advertisers have not flocked to the new network. Ratings for the shows have been low. A person close to the situation says the network is losing a million dollars a week.

Mr. Ailes says test audiences liked the shows and that the network's success is a matter of getting the word out. "I probably undermarketed it," he says.

In His New Role, Roger Ailes Has Rankled Colleagues; Slow Start At MyNetworkTV (WSJ)

By William Spain

The Wall Street Journal, October 3, 2006

SAUGET, Ill. -- When construction and waste-management firm Fred Weber Inc. sought to build a trash-transfer station in the St. Louis area, it was shooed away by activists and residents opposed to having thousands of tons of other people's garbage being trundled through their communities.

But across the border in Illinois, the village of Sauget rolled out the welcome mat. "This kind of industry has to go someplace," says the village's president, Richard A. Sauget Jr. "We are very comfortable with it here."

That "Yes, in my backyard" ethic has made Sauget, population 250, a peculiar island of prosperity in the sea of urban economic blight across the Mississippi River from St. Louis. While the little towns around it are marked by crime, shuttered factories, burned-out buildings and trash-strewn streets, Sauget boasts clean parks, neat homes and beautifully maintained roads.

Sauget, named for its most prominent family, might offer some lessons for other Midwestern towns desperately seeking economic rejuvenation. Sauget has no downtown to dress up, no chamber of commerce. It has done nothing to try to attract new housing or a Wal-Mart.

Instead, Sauget has embraced some of the less-popular remnants of the industrial Midwest as well as the seamier side of the U.S. service economy. Along with companies that smelt zinc, treat sewage and incinerate toxic waste are a brace of strip clubs, two nightclubs and a 24-hour liquor store that doubles as an off-track betting parlor and the largest lottery outlet in Illinois.

"The town allows us to operate as a business, not making moral judgments, but expecting us to obey the law," says Michael Ocello, president of VCG Holdings of Denver, owner of the strip clubs that locals have nicknamed "Ballet du Sauget."

What the village lacks are schools, churches and supermarkets. There is now a village maintenance shed where a school once stood. While Mr. Sauget's three children attend Catholic school, the village pays into the district in nearby Cahokia for kids who go to public schools.

Many of the residents are police officers, firefighters and other village employees. Given the population's relatively static nature, housing turnover is rare. "I have never sold a house in Sauget," says Linda Frierdich, owner of Advantage Real Estate in nearby Columbia, Ill. "I don't think anyone has. Nobody wants to move there."

Yvonne McDaniel, 58, has lived in Sauget for 55 years and raised four children here with her husband, a retired Sauget police officer. "It might not be the most beautiful place in the world but there are more important things than beauty," she says.

Sauget's per capita income of about $19,000 is just $1,000 less than Chicago's. And with annual property and other tax revenues of $7 million -- which works out to a remarkable $28,000 per person -- residents of Sauget (pronounced so-ZHAY) enjoy free sewer service and trash pickup, and a force of 16 police officers and 16 firefighters -- one of each for every 15 locals.

Sauget's location -- just a five-minute drive from downtown St. Louis -- makes it easy for thousands of weekend visitors to sample its nightlife.

But perhaps nothing is more vital to Sauget's success than the unabashedly pro-business leanings of its leading family, the Saugets.

Mr. Sauget, 33 years old, is a former minor-league ballplayer who has been attending village meetings since he was 13 and is known around town as "mayor." He is the third Sauget to be elected village president since the town's founding as "Monsanto," after the chemical giant, in 1926. Members of his family control the Gateway Grizzlies, a local minor-league baseball team, several nightclubs, and a portion of its four square miles, including about 20 of its roughly 100 homes. His father, Richard Sauget Sr., lives in a mansion in Sauget complete with a tennis court and meticulously trimmed lawn and hedges.

Tooling around town in his black GMC Yukon Denali SUV, the younger Mr. Sauget proudly points out the many industrial landmarks. "There's Stellar Manufacturing," he says, adding, "They make the 'hockey pucks,' " the deodorizing cakes used in many public toilets.

Kathy Andria, president of the American Bottom Conservancy, a local environmental group, occasionally gives "toxic tours" of East St. Louis and other poor industrial towns just east of St. Louis. She says Sauget is a must-see because it's a "magnet" for industries that deal with pollutants. "They think of the companies as their constituents."

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The village was created to offer Monsanto a tax- and regulation-free dumping location at a time when environmental rules existed mainly at the local level.

"We were basically incorporated to be a sewer," Mr. Sauget says.

The town thrived under the oversight of its first president, Leo Sauget, Richard's great-grandfather, who was once described by the St. Louis Post-Dispatch as "a gentleman farmer who ... would shock blue bloods by showing up at board meetings in overalls." The town also got a reputation for its smell, memorialized in the 1992 song "Sauget Wind" by rock band Uncle Tupelo, which includes the verse, "They're poisoning the air / For personal wealth..."

In the late 1960s, polychlorinated biphenyl (PCB) contamination of land, ground water, rivers and the food chain began to cause concern -- and the Monsanto plant in Sauget was the nation's largest producer of PCBs. Production of PCBs was banned in 1977, but they remain part of a noxious chemical stew at an Environmental Protection Agency Superfund site along Dead Creek in Sauget.

"Sauget is one of the most polluted communities in the region," says Richard Karl, director of the EPA's Superfund Division, Region 5. "It's basically a soup of different chemicals," including PCBs, benzene, toluene, and dioxin and organic solvents. Heavy-metal pollutants include cadmium, silver, selenium and zinc. So far, the agency has spent tens of millions of dollars to clean up the area. "We have eliminated a lot of the direct contact threats but we won't be leaving anytime soon," says Mr. Karl.

Around the time of the PCB imbroglio, the town changed its name from Monsanto to Sauget, after Leo Sauget, who had just stepped down as village president. Today, the plant is owned by Solutia Inc., which was spun off from Monsanto Co. in 1997, and makes products including oil additives and agricultural chemicals.

Over the years, the town has occasionally sided with local companies in court against regulators and groups worried about pollution. Paul Sauget, Leo's son and successor as village president, once handed a complaining EPA official a gas mask at a public meeting.

A trucking company recently built a terminal and a new dialysis clinic opened next to the ballpark. In August, a new $100 million ethanol plant broke ground. "The heavy industry is not as strong as it used to be, but all the infrastructure is still [here]," Mr. Sauget says. "We have the access, we have the roads. And we will talk to anybody."

All In The Family (WSJ)

By ARTHUR C. BROOKS

The Wall Street Journal, October 3, 2006

Parents have just sent their kids off to college, full of hope that the knowledge and enlightenment they acquire will prepare them for the rigors of the modern economy. But a worrying possibility is keeping some of these parents -- especially the conservative ones -- up at night: the prospect that their children will be hopelessly corrupted by the faculty.

In one popular book about campus politics, the author writes, "We all know that left-wing radicals from the 1960s have hung around academia and hired people like themselves. . . . [T]hey spew violent anti-Americanism, preach anti-Semitism, and cheer on the killing of American soldiers and civilians -- all the while collecting tax dollars and tuition fees to indoctrinate our children." If the author is right, then the fears about the minds of our children might seem like a lot more than just right-wing paranoia.

Most studies of the subject have indicated that, indeed, upward of 90% of college professors at many universities hold liberal political views. In some schools and departments, faculties are virtually 100% left-wing. It is one thing to lament this ideological lopsidedness in the academy. But it is quite another to assume that professors actually bend the little minds in their care toward a liberal point of view, or even a radical one. Imagine a student with God-fearing Republican parents exposed to the depredations of an English professor aiming to use his class as a Bolshevik training camp. Will the professor succeed in turning the kid into a Red? The evidence says, probably not: When it comes to politics, people from conservative families follow their parents, not their professors.

The most recent evidence on this subject comes from the mid-1990s, in the University of Michigan's National Election Studies. These survey data uncover two facts. First, people who go to college are more likely to vote Republican than those who don't go to college. Adults 25 and under from Republican homes are, for example, 11 percentage points more likely to vote Republican if they attended college than if they didn't. And young adults from Democratic households are 11 percentage points less likely to vote Democrat if they've gone to college than if not.

Second, nearly everybody grows more likely to vote Republican as they age -- but especially college graduates. It is no shock that the vast majority of people of all educational backgrounds from Republican homes vote Republican by age 40. It may come as more of a surprise that 40-year-olds with Democrat parents are far less likely to vote Democrat if they've gone to college than if they haven't. In fact, while three-quarters of the uneducated group still vote Democrat, the odds are only about 50-50 that

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the college graduates vote this way. And they've not all become skeptical political independents: Fully a third are registered Republicans.

Obviously, some kids turn left in college -- but this appears to be the exception, not the rule. Does all this mean that our colleges and universities are actually breeding grounds for conservatism? Hardly. What the statistics really show is that higher education by itself doesn't affect political views very much. Rather, in addition to the strong influence of parents, it is higher incomes -- which typically reward a college education in America -- that push people to the right politically. In Republican families, the income effect reinforces parents' influence on their kids. In Democratic families, the two effects work against each other.

To fearful Republican parents, then: Sleep tight. When it comes to politics, your kids are in good hands -- yours.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming in November from Basic Books.

The Chair Out From Under Them (NYT)

The New York Times, October 3, 2006

Wal-Mart is famous for trimming, squeezing, and slashing costs relentlessly. While the company would like the world to focus on the benefits derived from its low prices, we cannot ignore how the nation's largest private employer often grinds up its hourly workers in the same machine.

There are distressing signs that Wal-Mart may be acting on many of the ideas outlined in an internal document — leaked last year — to rid its payroll of full-time and less-healthy employees who are more expensive for the company to retain. For instance, Steven Greenhouse and Michael Barbaro reported yesterday in The Times that employees at several Florida stores say that managers are barring older employees with back and leg problems from using stools they had sat on for years.

Other employees are complaining of sudden scheduling changes they say are skewed to chase out long-term employees, and wage caps that act as a disincentive for those longer-tenured workers. In a stunning deployment of corporate doublespeak, a memo to store managers describes the wage caps as a way to maintain "internally equitable pay levels." It is true that if everyone is making the same everyday low wages, a perverse form of equality is established among them.

The company says it is not trying to encourage long-term employees to leave, and that the caps encourage them to move up if they want higher pay. Other retailers impose wage caps, the company argues. It is true that Wal-Mart falls under particular scrutiny, but it is in no small measure because it the largest private employer in the country. And, as that internal document last year noted, poorly compensated part-time workers lacking benefits will turn to government programs for the needy instead, a form of backdoor taxpayer subsidy.

But Costco has shown that better wages for workers don't preclude low prices for customers. If Wal-Mart wants to avoid increasingly onerous legislation, regulation and scrutiny, company executives are going to have to learn that human beings are not machines that can be turned on and off, that parents can't always reshuffle their lives on short notice.

As a business, Wal-Mart minimizes costs and maximizes profits. Society says what is fair, sets the rules of the game through government, and imposes minimum standards. Congress must act to raise the minimum wage, which has sat at a paltry $5.15 an hour since 1997, and reform the teetering health- insurance system. Right now, it's sending the wrong message to companies like Wal-Mart.

Richmond's Obstructionists (WP)

The Washington Post, October 3, 2006

LAST WEEK'S stunning failure by Virginia lawmakers to address the state's urgent transportation needs will have lasting consequences. Led by a band of Republican obstructionists in Richmond -- ideologues and anti-tax fundamentalists -- the General Assembly has decided to let Northern Virginia commuters stew in their own juices for a couple of years. Make no mistake about the result: There will be no serious, sustainable funding for new roads, intersections and other improvements for at least the next two years -- after which today's stop-and-go trips may seem like a happy memory. Northern Virginia, the state's economic engine, is to be starved of any progress on basic infrastructure.

Step back and consider the events of this year that led to the impasse. Gov. Timothy M. Kaine (D) took office in January promising a major push on transportation funding -- $1 billion a year in new revenue. That number itself seemed an absolute minimum given that the state has produced no new transportation funding source in 20 years, even as population and congestion boomed. Mr. Kaine, along with the Republican-led Senate, made headway in devising a proposal based largely on a palatable menu of higher taxes and fees. But after a months-long standoff they were blocked by Republicans in the House of Delegates, led by Speaker William J. Howell (Stafford).

The assembly reconvened last week in Richmond, ostensibly to try again. But rather than deal with Virginia's most critical problem, Mr. Howell and his acolytes promptly squashed the only serious plan on the table -- one backed by moderate

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Republicans that would have yielded more than $400 million annually for Northern Virginia. Instead, the speaker and his allies offered up a slapped-together scheme wrapped in a news release claiming that it would produce $2.4 billion for transportation.

In fact, the $2.4 billion plan combined a large dose of smoke and mirrors with a hefty dollop of fiscal irresponsibility. More than half of it -- $1.5 billion -- would be borrowed and spent, starting in 2008, over just five years. And after that? Zilch. Moreover, Virginia taxpayers would be paying the loan back for 20 years, to the tune of something like $75 million a year in interest. And where would that money come from? Education, public safety, and health and human services. The House GOP leaders weren't talking about that.

They also weren't talking very specifically about how much money their plan would produce for the regions that need it most. And no wonder. Because excluding Metro, which would get $50 million a year, the rest of Northern Virginia's roads, rails and transit would receive just $54 million a year on average over the next decade. That's scarcely enough to build an intersection or a few miles of highway. Compare that with the $700 million annually that the Northern Virginia Transportation Authority says is needed between now and 2030 if the region's tangled roads are to be improved.

No new initiatives for transportation are likely next year, when state lawmakers are up for reelection. But the elections themselves provide an opportunity for fed-up commuters to throw out the Republican hard-liners who are undermining and threatening the future of the state's most dynamic region.

Bush Backs Turkey's Entry To E.U. (WP)

By Michael A. Fletcher

The Washington Post, October 3, 2006

President Bush voiced support for Turkey's entry to the European Union yesterday after meeting with Turkish Prime Minister Recep Tayyip Erdogan in a long session that also focused on ways to counter extremism, instability in the Middle East and the continued violence in Iraq.

The meeting between the two leaders lasted nearly two hours -- almost an hour longer than scheduled -- and White House aides called this a reflection of Turkey's critical relationship with the United States.

"Our desire is . . . to help people who care about a peaceful future to reject radicalism and extremism," Bush said after the Oval Office meeting. "I made it very clear to the prime minister I think it's in the United States' interests that Turkey join the European Union."

Speaking through an interpreter, Erdogan thanked Bush for the endorsement, adding that "the United States is a strategic partner, a very important strategic partner for Turkey."

Last fall, the E.U. began talks with Turkey with the aim of having the country join the 25-member bloc. But those talks have gotten off to a rocky start, as the E.U. has pressured Turkey to cooperate in reaching a comprehensive settlement for the reunification of Cyprus and on rights for Turkey's Kurdish minority as conditions of membership.

Many European countries are experiencing a surge of anti-immigration sentiment, causing some anxiety around the prospect of admitting a 99 percent Muslim nation that has more than 70 million citizens, many of whom are poor by European standards. Membership in the E.U. can come with relaxed immigration rules.

Meanwhile, support for E.U. membership is beginning to wane among Turkish citizens, although a sizable majority still favor joining.

In an interview, Erdogan said the majority of Turks still view E.U. membership as something that would produce economic benefits and improve their quality of life. At the same time, he said, the European position on the Cyprus issue is causing a backlash against the idea of joining.

"At times, the statements made by the E.U. have a negative impact on Turkish public opinion," Erdogan said.

Cyprus, divided into ethnic Greek and Turkish zones since a 1974 invasion by Turkish troops, was admitted to the E.U. in 2004. Turkey refuses to deal with the Greek zone, which is administered by the island's internationally recognized government. Meanwhile, the Turkish zone, recognized only by Turkey, has been subjected to a widespread diplomatic and economic boycott.

When it came to terrorism, Bush and Erdogan did not explicitly mention the simmering tension caused by a paramilitary group that has been battling to establish an autonomous Kurdish region near the intersection of Turkey, Iraq and Iran for more than two decades. Fighters for the Kurdistan Workers' Party often cross into Turkey from northern Iraq to launch terrorist attacks, causing Turkey to complain that the United States should do more to clamp down on the group.

The United States has pledged its support in cracking down on the rebel group, but officials worry that a military offensive would alienate Iraqi Kurds, the group most supportive of the U.S. presence in Iraq. The United States and Turkey have designated envoys to work on a plan to resolve the situation, and in the interview, Erdogan said he is willing to let that process play itself out.

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In his statements after his meeting with Bush and in the interview, Erdogan said he is committed to battling terrorism. But he scolded those who link the Muslim religion to the terrorism of al-Qaeda and other extremists who perpetrate violence in the name of Islam.

"The coinage of such terms as 'Islamic terrorism' or 'Islamo-fascism,' these have injured the Muslim people in the world, and it is best to avoid such characterizations," Erdogan said.

Asked whether he planned to communicate that to Bush, who frequently invokes such phrases in speeches, he said he has in the past. "In the same way as we consider anti-Semitism a crime against humanity," he said, "Islamo-phobia is also a crime against humanity."

Bush Backs Turkey's Bid To Join EU (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 3, 2006

President Bush on Monday endorsed Turkey's drive to join the European Union, commending the nation's leader for overseeing economic reforms.

Bush and Turkey's Prime Minister Recep Tayyip Erdogan said their countries share an agenda of stability in the Middle East.

"Our desire is to help people who care about a peaceful future to reject radicalism and extremism," Bush said with Erdogan at his side in the Oval Office, after their private meeting. The two discussed Iraq, Iran and a series of issues related to combatting terrorism.

Erdogan, speaking through an interpreter, said: "It was important to hear the president say that support for Turkey's membership in the European Union will continue."

A day earlier, in remarks at Georgetown University, Erdogan made a pitch for Turkey's membership, saying that "despite all the uncertainty surrounding us, we have become a country ... that is exporting security and stability to the region."

Including Turkey in the EU, he said, would add "strategic depth" to the organization, moving it from a regional actor to a global power.

In the speech, he also said a deep cultural misunderstanding between Western and Muslim societies is fueling radical groups around the world. Erdogan said overcoming differences between the West and Muslims "requires global cooperation."

"We will either all win, or we will all lose," he said.

Turkey's battle with the autonomy-seeking Kurdistan Workers Party, or PKK, was expected to be a focus of Erdogan's meeting with Bush. Turkish news media quoted Erdogan as saying he would ask Bush to fight the Kurdish rebels based in northern Iraq.

Bush and Erdogan made no mention of the issue after their meeting and took no questions.

Some in Turkey complain about what they see as a lack of U.S. cooperation in the fight against the militants, who frequently launch deadly attacks on Turkish targets.

The United States has pledged its support in cracking down on the rebel group. But Washington has also warned Turkey against pursuing the rebels into northern Iraq, fearing an incursion would alienate Iraqi Kurds.

After Erdogan's meeting with Bush, the prime minister planned to fly to London for talks Tuesday with British Prime Minister Tony Blair.

Kurdish Rebels Said To Fuel Anti-U.S. Views (WT)

By David R. Sands

The Washington Times, October 3, 2006

Turkish Prime Minister Recep Tayyip Erdogan, emerging from a lengthy Oval Office meeting with President Bush, warned yesterday that a surge of attacks by separatist Kurdish guerrillas based in neighboring Iraq have fueled anti-American sentiment in his country.

Mr. Erdogan, briefing reporters after the meeting, said he was reassured by Mr. Bush's pledge to work with Turkish and Iraqi leaders to curb attacks by the Kurdistan Workers Party, known by the Turkish acronym PKK, the militant Kurdish separatist group that the United States has designated a terrorist organization.

Attacks inside Turkey blamed on the PKK have surged again after a long lull, with nearly 100 Turkish security officers killed in clashes with rebels in the first nine months of this year. The revelation that many of the PKK guerrillas use American-made arms has heightened anti-U.S. feeling in Turkey, Mr. Erdogan said.

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"Terrorist organizations based in Iraq have been infiltrating into Turkey, as well as their arms," Mr. Erdogan said, speaking through an interpreter. "When the Turkish people learned that some of these arms were American-made, sentiment against America has been created."

Mr. Erdogan said Mr. Bush in their meeting "underlined he would do what he could to attack this problem." He added, "I came out of the meeting more hopeful."

The meeting between the two leaders went nearly twice as long as scheduled, but Mr. Bush did not mention the PKK and discussed terrorism only in general terms when the two leaders met later with reporters at the White House.

Ankara has pressed for the closing of PKK offices in Iraq and for tighter border controls. The U.S. government has warned Turkey against retaliatory attacks across the border in Iraq, fearing it could worsen the already tenuous security situation in Iraq.

Mr. Bush praised Turkey's economic reforms under Mr. Erdogan's moderate Islamist party's leadership, and repeated the long-standing U.S. support for Turkey's membership in the European Union.

Relations between the two NATO allies were badly strained by Turkey's 2003 refusal to allow U.S. and coalition forces to use its territory as part of the staging area for the war that ousted Iraqi dictator Saddam Hussein. Iraq's Kurds, who dominate the northern area of the country on Turkey's borders, have forged close ties with the United States while winning a large degree of autonomy from the central government in Baghdad.

Mr. Erdogan, who faces parliamentary elections within the year, said before his trip to Washington that he would push for "concrete steps" by the United States to curb Kurdish guerrilla activity in northern Iraq. Under U.S. pressure, an Iraqi-based PKK leader declared a "cease-fire" Saturday.

Mr. Erdogan said he also raised the question of the status of Kirkuk, an oil-rich city in Kurdish Iraq that also includes large numbers of Arabs and ethnic Turkmen, who have close ties to Turkey. He said he pressed Mr. Bush to consider a "special status" for Kirkuk, which Iraqi Kurds see as a potential capital, if Iraq should break up politically.

·Joseph Curl contributed to this report.

Bush Says U.N. Force Should Go To Darfur (USAT)

USA Today, October 3, 2006

President Bush said Monday that the United Nations should send a peacekeeping force to the Darfur region of Sudan without further delay. The Sudanese government has resisted international pressure to accept a U.N. peacekeeping force, but Bush said the U.N. should deploy such a force anyway.

He dispatched special envoy Andrew Natsios to the region. Natsios said he has been visiting Sudan for 17 years. “I know leaders in all regions of the country, and I'm going to use those contacts and that history to move this process along,” he said. More than 200,000 people have been killed and more than 2.5 million have fled since 2003, when ethnic tribes revolted against the government. A U.N. commission accused the government and its militia allies last year of human rights violations in suppressing the uprising.

Georgia frees Russians accused of spying

Georgia released four Russian officers whose arrest on spying charges prompted Moscow to announce sweeping travel and communications sanctions. Hoping to defuse tension, Georgian President Mikhail Saakashvili said he had decided to hand over the Russians to visiting Belgian Foreign Minister Karel De Gucht, chairman of the Organization for Security and Cooperation in Europe. “It's a very solid case of espionage, subversion and trying to destabilize my country,” Saakashvili said. The arrests last week infuriated Russia, which has put its troops in Georgia on high alert, recalled its ambassador and evacuated its diplomats.

Prime minister: Calm returning to Gaza

Hamas militiamen pulled back from Gaza's streets, and Palestinian Prime Minister Ismail Haniyeh said calm was returning to the area after a deadly explosion of violence between his Hamas group and its Fatah rivals. Fatah militants enforced a general strike in many West Bank towns Monday as a show of strength against Hamas, while the Hamas-led government ordered all ministries closed to protest Fatah attacks on government buildings. The fighting in Gaza erupted Sunday when the government's 3,500-man militia confronted members of the Fatah-dominated security forces who were protesting the government's inability to pay their wages. Fatah militants responded by torching the Cabinet building.

South Korean favored to be U.N. chief

South Korea's foreign minister cemented his position as the front-runner to succeed U.N. Secretary-General Kofi Annan, the only one of six candidates to escape a veto in an informal U.N. Security Council ballot. The Security Council scheduled a formal vote for Oct. 9, making Ban Ki Moon's appointment likely. “It is quite clear that from (Monday's) straw poll that Minister Ban Ki Moon is the candidate that the Security Council will recommend to the General Assembly,” China's U.N. Ambassador Wang Guangya said.

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Bush Says U.N. Should Not Wait On Darfur (AP-Y)

AP, October 3, 2006

President Bush said Monday the United Nations should send a peacekeeping force to the troubled Darfur region of Sudan as soon as possible without further delay.

"The United Nations can play an important role in helping us achieve our objective, which is to end human suffering and deprivation," Bush said as he dispatched special envoy Andrew Natsios to the region. "In my view, the United Nations should not wait any longer ... ."

The Sudanese government has thus far resisted mounting international pressure to accept a U.N. peacekeeping force in Darfur. Bush contends the U.N. should deploy such a force anyway.

Natsios said he had been going to Sudan for 17 years and "I know leaders in all regions of the country and I'm going to use those contacts and that history to move this process along."

"I think what our objective is, is not just to have a temporary fix for two months, but to try to deal with the root causes of this so we don't have another fourth war in five years, should we end this one successfully," Natsios said in an Oval Office session with Bush and reporters.

Bush Waiver Restores Military Training (AP-Y)

By George Gedda, Associated Press Writer

AP, October 3, 2006

Twenty-one countries that had been denied participation in U.S. military training programs are now eligible to take part again under a presidential waiver announced Monday by the White House.

All 21 had run afoul of the Bush administration and U.S. law by refusing to sign an agreement with the United States that would exempt Americans from prosecution by the International Criminal Court.

The administration has taken a tough line against the ICC since its creation in 2002 out of concern that Americans overseas, including military personnel, diplomats and ordinary citizens, could be subject to politically motivated ICC prosecutions.

The following countries are affected by the waiver: Barbados, Bolivia, Brazil, Costa Rica, Croatia, Ecuador, Kenya, Mali, Malta, Mexico, Namibia, Niger, Paraguay, Peru, Samoa, Serbia, South Africa, St. Vincent and the Grenadines, Tanzania, Trinidad and Uruguay.

There was no waiver for programs that finance the purchase of U.S. military equipment by these countries or for their eligibility to purchase excess U.S. defense items.

The ICC, a United Nations creation, was set up in an attempt to ensure that perpetrators of genocide or crimes against humanity are brought to justice.

Scores of countries have gone along with U.S. requests to exempt Americans from ICC prosecutions. Others, however, refused to bend to U.S. pressure, and the result in many countries has been a sharp decline in their military ties with the United States.

Pentagon officials have told Congress that China has been filling the vacuum created by the suspension of training programs in 12 Latin American and Caribbean countries.

Gen. Bantz Craddock, who oversees U.S. military operations in Latin America, said in Senate testimony last March that military members of all ranks in the region are receiving training in China. In addition, he said, more and more Chinese non-lethal military equipment is showing up in the region.

Craddock testified that in 2003, a year before the law took effect, the United States trained 771 military personnel from countries that are now sanctioned.

U.S. Wins A United Front On Iran (WT)

By Nicholas Kralev

The Washington Times, October 3, 2006

The United States is confident that Russia and China will join it in pushing for U.N. sanctions against Iran if it does not agree to suspend enriching uranium this week, a senior U.S. official said yesterday.

R. Nicholas Burns, undersecretary of state for political affairs, also said the U.N. Security Council will insist on a clear answer to its demand that Iran suspend its enrichment activity. A "maybe" will be considered a "no," he said.

"For four months now, we've been waiting for an answer," Mr. Burns told editors and reporters at a luncheon at The Washington Times. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

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The five permanent council members -- the United States, Britain, France, Russia and China -- along with Germany on June 1 offered Iran a package of economic and political incentives if it suspends enrichment and asked for an answer by the end of July.

When there was no answer, the council passed a resolution threatening sanctions under Article 41 of Chapter 7 of the U.N. Charter and gave Tehran another deadline, Aug. 31. But Iran began negotiating "seriously" with the Europeans only in mid-September, Mr. Burns said, and the Bush administration decided to wait a little longer.

At a dinner in New York on Sept. 18, Secretary of State Condoleezza Rice and her five counterparts agreed that the first week of October would be the absolute deadline for Iran "to say yes or no," Mr. Burns said.

"She agreed with the Russians, Chinese and Europeans," he said of Miss Rice, "that, if Iran said no, we would all go to sanctions together at the Security Council."

He said a scheduled meeting this week between Javier Solana, the European Union's foreign policy chief, and Ali Larijani, Iran's top nuclear negotiator, should bring "clarity."

"If [Iran's answer] is maybe, it's a no," Mr. Burns said. "If it's 'We'd like to negotiate this further,' it has been negotiated for four months. At some point, you have to draw the line. So I think you'll have the answer by the end of the week."

Iranian President Mahmoud Ahmadinejad repeatedly has rejected the calls for suspending enrichment but denies that his country is pursuing a nuclear weapon.

Mr. Burns rejected a suggestion by Kazakh President Nursultan Nazarbayev, made in an interview with The Times last week, that Iran be offered a deal similar to the one Kazakhstan made when it gave up its nuclear arsenal in the 1990s. The country received a U.S. promise at that time that it would not be invaded.

But Mr. Burns said the Bush administration has refused to offer security guarantees to Iran because of other concerns, most recently its support for the terrorist group Hezbollah during its war with Israel in southern Lebanon.

"We saw the war this summer not to be just a border war," he said. "We saw this as a new element in the Middle East -- the Iranian and Syrian involvement.

"We are also very concerned about this nexus of terrorism -- Iran, Syria, Hezbollah, Hamas, [Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine.] We think they are coordinating their actions, and we are trying to push back on that."

Mr. Burns said the Iranian issue would be Miss Rice's primary concern when she meets today in Cairo with the foreign ministers of Egypt, Jordan and the six members of the Gulf Cooperation Council.

He also said the Bush administration was waiting to see the results of a cease-fire agreement between Pakistan's government and tribal leaders in North and South Waziristan, an area of Pakistan that many intelligence analysts think is being used as a base for Taliban and al Qaeda attacks on Afghanistan.

"We've told the Pakistanis that, while we understand what they are trying to do in dealing with an extraordinarily difficult situation, we have some questions and concerns about it, and we are going to watch and see how it works," Mr. Burns said.

"Our view is -- and it has been amply and clearly expressed to the Pakistani government -- that they have an obligation to go after the foreign terrorist groups that are our enemies and theirs, and a big problem in Afghanistan."

'Good Progress' In Drawing Up Iran Sanctions: US Official (AFP)

AFP, October 3, 2006

US diplomats have made "good progress" in gaining allies' approval for a list of sanctions to be imposed on Iran if it fails to freeze its uranium enrichment activities, a senior US official said.

US Under Secretary of State Nicholas Burns has been negotiating with his counterparts from the five permanent UN Security Council members plus Germany on what sanctions to include in a UN resolution if Iran pursues its nuclear program.

Those talks have run in parallel with negotiations led by European Union foreign policy chief Javier Solana aimed at convincing Iran to freeze uranium enrichment in return for a package of economic and diplomatic rewards.

Burns "has made pretty good progress in terms of lining up the elements of a resolution with his political director counterparts," said the senior State Department official on condition of anonymity.

"I don't think it would be particularly difficult, given the progress they've made, to pull all this together" into a resolution, he said.

A timetable for pushing ahead with a sanctions resolution could come out of a possible meeting later this week in Europe of foreign ministers from the six nations dealing with the issue -- Britain, China, France, Russia, the US and Germany, he said.

Iran ignored an August 31 deadline set by the UN Security Council for halting enrichment, which can be used to make fuel for nuclear power stations or to provide the core of atomic weapons.

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The United States has pressed its Security Council allies to use sanctions to increase the pressure on Tehran, but has met stiff resistance, notably from Russia and China.

At a meeting last month in New York, US Secretary of State Condoleezza Rice agreed to give Solana until this week to negotiate a resolution of the standoff with Iran's top nuclear envoy, Ali Larijani, but so far those talks have yielded no results.

Rice, who began a trip to the Middle East on Monday to discuss the Iranian issue among other things, said she could meet with her counterparts from the so-called P5-plus-1 countries later this week to take stock of the negotiations.

The senior State Department official said that meeting could take place in Europe on Friday.

US President George W. Bush and Russian President Vladimir Putin also discussed the Iranian nuclear issue by telephone on Monday and agreed to stick to "a united position" on the matter, the White House said.

The United States is backing the use of progressive sanctions to force Iran's hand, beginning with restrictions on sales of dual-use equipment and technology which could help Tehran's nuclear program, according to US and European officials.

Other possible punitive measures include assets freezes and travel bans targeting Iranians involved in the nuclear sector.

The senior US official said that while "very good progress" had been made in lining up "the basics" of a first round of sanctions, it could take time to agree on the exact wording of a new UN resolution actually imposing the measures.

"As we know from past practice on this, getting 90 percent there is great, getting the last ten percent sometimes takes longer than you wish," he said.

While Washington has no specific timetable for trying to get a sanctions resolution adopted by the Security Council, he said, time is running out.

"The last few grains of sand in this hour glass seem to be running through," he said.

EU Official Pushes Iran On Nuclear Plans (AP)

By Paul Ames, Associated Press Writer

AP, October 3, 2006

The EU foreign policy chief said he was resuming talks with Iran's top nuclear negotiator and warned Monday that the time for continuing negotiations on Tehran's atomic program was limited.

But Javier Solana denied he was running out of patience.

"We don't have an infinite length of time in front of us," he told reporters. "I'm not tired and I'm patient because I think that what we have at stake is very important."

Speaking to reporters on the sidelines of a EU defense ministers meeting, he said he would talk by telephone with Iranian negotiator Ali Larijani later Monday.

Solana has been leading negotiations with Larijani on behalf of Britain, France, Germany, China, the United States and Russia, which are seeking to persuade Iran to suspend work on processing uranium in return for a package of incentives.

"We have made progress on some elements but still what is fundamental for us, which is the matter of suspension, has not been finally agreed," Solana said.

Iran's hardline president said Sunday his country was determined to expand its uranium enrichment program, announcing a plan to produce more nuclear fuel. He denied Iran was seeking to build nuclear weapons and said the program was for generating electricity.

On Friday, the Bush administration repeated threats to seek U.N. sanctions unless the negotiations end successfully. However, Russia and China, which have veto rights at the Security Council, are wary of sanctions.

Igor Ivanov, the secretary of Russia's presidential Security Council, was scheduled to travel to Iran for talks with Larijani on Tuesday, Russian news agencies said Monday.

The process of uranium enrichment can be used to produce electricity or build nuclear weapons depending on the level of enrichment. The U.S. alleges Iran is seeking to build nuclear weapons, but Iran contends that its program is for peaceful purposes.

Iran defied a U.N. Security Council deadline calling on it to suspend enrichment by Aug. 31 or face possible international sanctions.

Rice Meets With Saudi King On Trip To Rally Arab Allies (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 3, 2006

In Wake of Lebanon War, Secretary of State Looks to Stabilize Middle East, Counter Momentum of Militant Movements

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JIDDAH, Saudi Arabia, Oct. 2 -- Secretary of State Condoleezza Rice held midnight talks with Saudi Arabia's King Abdullah on Monday on the first leg of a five-day swing through the Middle East to rally Arab allies against the growing momentum of militant movements in the region.

The Bush administration is trying to line up support among an informal new bloc -- including the six Persian Gulf states, Egypt and Jordan -- to help stabilize the region after the 33-day war in Lebanon between Hezbollah and Israel.

America's top diplomat described that conflict as a clarifying moment in defining the political forces in the world's most volatile region. Many analysts believe the sixth Middle East war at least temporarily boosted the standing of Hezbollah as well as its patron Iran and allies such as the radical Palestinian group Hamas.

Rice is hoping to explore ways of reviving the moribund peace process between Israel and the Palestinians as well as bolster support for the fragile governments in Iraq and Lebanon. U.S. officials privately concede that their expectations for any major movement are low.

To emphasize the growing gap between moderates and militants, Rice may hold talks on Iran on Friday with the foreign ministers of the five permanent members of the U.N. Security Council plus Germany. The subject will be what actions to take against Tehran for failing to comply with a U.N. resolution to stop uranium enrichment for an energy program that could be used to develop nuclear weapons.

Rice held a conference call with her counterparts over the weekend to discuss Iran, which missed a formal Aug. 31 deadline. A second, informal deadline passes this week.

"I think it's fair to say that we have not yet heard anything that suggests that the Iranians are going to suspend," Rice told reporters traveling with her, pointing out that Iranian President Mahmoud Ahmadinejad has repeatedly rejected suspending enrichment.

The Bush administration is pressing for punitive sanctions against Iran if it does not agree to suspend enrichment and come to the negotiating table.

Rice said European Union foreign policy chief Javier Solana is likely to "check his sources one more time to see if there is anything more there." Solana has been heading up talks with Iran's top nuclear negotiator, Ali Larijani.

"We did have a discussion of the importance of remaining firm on Resolution 1696, which means that if the Iranians don't suspend, then we will go to the Security Council for sanctions," Rice said.

The U.S. effort to generate new momentum in the Middle East comes at an all-time low in the region for the Bush presidency, with Iraq's insurgency intensifying, the Palestinians enmeshed in a political and economic quagmire, Hezbollah still armed in Lebanon, Iran's new president increasingly defiant, and three Israeli soldiers captured by Palestinian and Lebanese fighters over the summer yet to be released.

An attempt last month between Palestinian President Mahmoud Abbas and Hamas to form a national unity government collapsed, particularly over the issue of recognizing Israel. New clashes in Gaza among Palestinians on Sunday killed six and injured more than 100.

In Jiddah, Rice said she is also hoping to win Saudi political and financial help in Iraq. Guardian of Islam's holy places and ruled by a staunchly Sunni government, the kingdom has particular leverage with Iraq's Sunni tribes.

"Saudi Arabia has a lot of standing with a number of the forces in Iraq" and was "very helpful in trying to get Sunnis involved in the election," Rice told reporters traveling with her. "So I think it would be very helpful if they were supportive of, and working toward," helping Iraqi Prime Minister Nouri al-Maliki's national reconciliation plan.

Rice's trip is a follow-up to President Bush's pledge at the United Nations last month to galvanize moderate voices in the region. Rice is also scheduled to visit Egypt for a meeting with eight foreign ministers and then Israel and the West Bank to discuss peace efforts.

Rice Faces Calls For Progress In Mideast (FT)

By Roula Khalaf, Guy Dinmore And William Wallis

Financial Times, October 3, 2006

Condoleezza Rice, US secretary of state, faces urgent calls for a comprehensive peace between Israel and the Palestinians when she meets eight Arab foreign ministers in Cairo today.

Her first trip to the region since the end of Israel's Lebanon offensive comes as Middle East leaders consider seeking a collective summit with US President George W. Bush after the US mid-term elections, according to senior officials in the region.

Ms Rice's regional tour, which started in Saudi Arabia on Monday, is partly intended to shore up moderate Arab allies while dealing with the shared perception of the extremist threat from Iran, Lebanon's Hizbollah and Iraq's sectarian chaos.

But because of severe ideological differences within the Bush administration, Ms Rice is not expected to unveil big initiatives.

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Pro-western Arab states have emerged weakened from the 34 days of fighting between Israel and Lebanon's Shia Hizbollah guerrillas, their Sunni leaderships all the more alarmed by the growing influence of Shia Iran, backer of Hizbollah, in the Middle East.

The unusual criticism from Saudi Arabia, Jordan and Egypt of the Tehran- and Damascus-backed Hizbollah, whose capture of two Israeli soldiers on July 12 sparked the war, has exposed them to mounting attacks at home. Arab public opinion was outraged by Israel's massive offensive and the US's refusal to call for an early ceasefire.

Governments are telling the US that it should now seek an "endgame" to the Palestinian-Israeli conflict, not another long, drawn-out peace process based on small, incremental steps. They argue that addressing the region's most emotive issue would help undermine more radical forces that claim to be better champions of Palestinian rights.

"This is not an anti-Iran gathering, but the Gulf states are worried about security issues. Part of it is Iran and the spillover from Iraq. Part of it is the increase of radicalism throughout the region," said a senior Arab diplomat. "To many of these threats the answer is to have a programme to move forward the Middle East peace process."

Ms Rice has apparently scored some success by persuading hardliners in the Bush administration that the US has to engage on the Palestinian-Israeli front. But Arab diplomats say the administration has indicated a peace initiative would only be unveiled after the US midterm elections in November.

Philip Zelikow, special counsellor to Ms Rice, laid out the State Department's thinking about the region in a keynote speech last month, stressing the importance of a coalition of the US, Europe, Israel and "moderate" Arab states in dealing with the multiple threats to stability in the Middle East, namely Sunni and Shia extremism. What would bind this "coalition of the builders", he said, was a "sense that the Arab-Israeli issues are being addressed".

Clayton Swisher, analyst with the Middle East Institute in Washington, however, said the administration was divided on how to proceed. Arab officials, meanwhile, acknowledge that the political landscape is not conducive to progress.

Nouri al-Maliki, Iraqi prime minister, on Monday announced an initiative aimed at calming sectarian violence which would establish neighbourhood commissions to oversee the work of the security forces, AP adds from Baghdad.

Mr Maliki announced his plan after meeting Sunni and Shia leaders in his national unity government, which is coming under increasing criticism for failure to rein in militias and insurgents. The plan would set up local committees with representatives from political parties in each district of Baghdad, which would report to a central body.

Rice Revisiting Mideast Peace Issue (WT/AP)

By Salah Nasrawi

The Washington Times, October 3, 2006

AIRO -- Eight U.S.-allied Arab countries are banding together to meet with Secretary of State Condoleezza Rice on her trip here, with the hope of reviving the deadlocked Arab-Israeli peace process and making headway on other regional issues.

During their meeting today with Miss Rice, the foreign ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan are expected to coordinate efforts to buttress the stature of a moderate Palestinian leader and stem Iran's growing influence.

Miss Rice's visit comes as Arab countries have in recent weeks halted dealings with the Palestinian militant group Hamas. They want it to join a unity government that supports a 2002 Arab League plan that would offer peace to Israel in exchange for land, and they have even started funneling aid through Palestinian Authority President Mahmoud Abbas, Arab diplomats said.

The goal of Miss Rice's tour is to promote democracy and discuss threats to stability, such as Iran, Hamas and Hezbollah, Miss Rice's spokesman said. But the Arab ministers' priority is restarting peace talks.

On Sunday, Egypt's President Hosni Mubarak and Jordan's King Abdullah II called for Palestinian-Israeli talks to be resumed "as soon as possible." Their meeting came as the worst internal Palestinian violence since Hamas took power in March shook the Gaza Strip.

Egypt, a longtime mediator among Palestinian factions and between Israel and the Palestinians, appears to be losing patience with Hamas.

Last week, Egypt's chief of intelligence, Omar Suleiman, demanded the immediate release of Israeli Cpl. Gilad Shalit. Militants close to Hamas captured the soldier in June, triggering Israeli military retaliation. Mr. Suleiman has been working on a prisoner swap.

Mr. Suleiman also told the Syrian-based Hamas leader Khaled Mashaal that the militant group should cooperate fully with Mr. Abbas to form a unity government, a step that has been stalled by Hamas' refusal to join a Cabinet that recognizes Israel.

Jordan, Saudi Arabia and some Gulf states expressed similar concerns. The Gulf Cooperation Council comprises Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

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On Saturday, the Arab press reported that the intelligence chiefs of Egypt, Jordan and some Gulf nations met last week in Aqaba, Jordan, with their Israeli counterpart. Israeli newspapers reported the meeting was held "to discuss the confrontation with the extreme Middle Eastern states and how to handle the threat of terror."

Meanwhile, Hamas' isolation from the Arab fold deepens.

"They are virtually boycotting them. No Arab government talks to them, not even the Arab League," an official from the regional organization said on the condition of anonymity because of the sensitivity of the issue.

Israelis Reach Out To Arab Nations That Share Fear Of Ascendant Iran (WSJ)

By Karby Leggett and Marcus Brauchli

The Wall Street Journal, October 3, 2006

JERUSALEM -- Israel's summer war against Iranian-backed Hezbollah militants has redoubled its concerns about the threat from Iran, leading Israeli officials to reach out to Arab governments that share their concern about Tehran's growing influence in the region.

Leaders across the political spectrum here now agree that Israel must find ways to work with other Middle Eastern states, even if that means dealing with governments that have been hostile to Israel in the past. Asked in an interview last week if Saudi Arabia, a longtime backer of groups that have fought Israel, would be considered a moderate Arab nation Israel could potentially work with, Foreign Minister Tzipi Livni replied bluntly: "Yes."

More keenly debated is how far Israel should go to broaden such ties -- particularly because its territorial dispute with the Palestinians is likely to come into diplomatic play. This week, U.S. Secretary of State Condoleezza Rice is visiting the region, and she will focus on both Iran, which the U.S. worries is trying to develop a nuclear weapon, and the Palestinian question.

The increased alarm here about Iran has arisen in large measure because of Israel's critical self-assessment of a war that ended indecisively in August, with Hezbollah -- and others in the region -- calling it a defeat for Israel's vaunted military. That left many Israeli leaders worried about an emboldened Iran.

"The main threat in this region is fundamentalism, radicalism and unconventional weapons -- everything under the title of Iran," said Ami Ayalon, a leader of Israel's Labor party.

The ascent of violent Islamism is another area where Israel's interests are converging with those of its Arab neighbors. An array of Sunni Muslim networks such as al Qaeda, though ideologically at odds with Shiite Muslim Iran, consider Israel a mortal enemy while deriding many Arab governments as corrupt and illegitimate -- and have targeted both.

The Nuclear Question

The concern about Iran comes as the international community tries to persuade Tehran to suspend a nuclear program the U.S. believes is aimed at building a weapon. Iran says the program is purely peaceful. Tehran defied one United Nations resolution that had called on it to suspend by the end of August any activities that could produce a nuclear weapon, and the U.S. and Europe are weighing further steps. Israel's worries about Iran are compounded by comments from Iranian leaders, including President Mahmoud Ahmadinejad, suggesting a desire to see Israel eliminated as a state. "History has taught us to listen to this kind of talk," said the foreign minister, Ms. Livni, alluding to the Holocaust.

The more immediate lesson Israeli leaders are taking from the 34-day war in Lebanon is that Iran is building an organized military threat capable of taking on Israel and extending its influence in the region. The Lebanon war began July 12, when Hezbollah militants attacked inside Israel, killing three soldiers and kidnapping two others. Israel responded with a devastating air and ground campaign that killed more than 1,000 Lebanese -- almost all civilians -- and devastated the nation's infrastructure. Hundreds of Hezbollah fighters were killed, according to Israel, along with more than 150 Israelis, mostly soldiers.

Israeli officials and politicians across the political spectrum are convinced Iran represents an existential threat. Withdrawing from territory in the absence of a negotiated deal, as Israel did in Gaza last year and Lebanon in 2000 -- and was contemplating doing in the West Bank before the war -- is increasingly seen as futile. "We had withdrawn from every inch of their territory" in Lebanon, said Benjamin Netanyahu, former Israeli prime minister and current leader of the opposition Likud party, referring to Israel's 2000 pullout from Lebanon. Hezbollah and the Lebanese government contend the withdrawal was incomplete because Israel retained control of a parcel of land called Shebaa Farms, and complain of regular violations of Lebanese territory.

Mr. Netanyahu and other leaders believe Iran is a regional threat, pointing out that its influence is growing in Iraq following the model Tehran used to establish Hezbollah in Lebanon. One senior security official said Tehran is funneling increasing sums of money and arms to organizations it supports in Lebanon and now Iraq. "Iran is building an enormous force in Iraq," he said, adding that the goal is to exert influence in the run-up to and aftermath of American and other troops' inevitable exit.

The assessment that Iran is a regional threat and could one day be a nuclear rival unnerves other countries in the region, Israeli officials and politicians say. That has led them to decide they should attempt a new embrace not only of Egypt and Jordan -- which already have formal relations with Israel -- but also Arab countries with which it has had few to no dealings.

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"We have to do everything to lead Iran to collapse from internal reasons... the way to do that is to isolate them even in the Arab world," said Ran Cohen, a member of the Knesset, or Parliament, from the liberal Mertz-Yahad Party.

Israel's outreach to moderate Arab states gained some momentum last month when, during a United Nations meeting in New York, Israeli officials held some private meetings with officials from Persian Gulf countries regarding Iran, officials here said. Israeli officials declined to name which countries' representatives they met with, saying the matter is too politically sensitive. Beyond Egypt, Jordan and Mauritania, Israel has no official relations with any Arab League countries.

This process could gain further momentum this week, when Ms. Rice arrives in the Middle East for a new round of diplomacy. In Egypt, where she is scheduled to arrive today, Ms. Rice plans to meet with foreign ministers from the six-nation Gulf Cooperation Council, which includes Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates. Discussions are expected to focus on the Israeli-Palestinian issue and how to possibly restart talks for a political settlement, though the question of Iran and its nuclear program also is likely to be addressed. Like Israel, the U.S. is interested in building a broad regional coalition against Iran.

Palestinian Pressures

Still, Israel could have difficulty winning cooperation from Arab countries if it isn't willing to address their longstanding complaints about its occupation of Palestinian and Syrian territory. Officials in Egypt and Jordan, as well as Gulf states such as Saudi Arabia -- all majority Sunni Muslim states -- do little to hide their anger over Israel's often-harsh treatment of the Palestinians. They are particularly concerned with Israel's bid to unilaterally set its border with the West Bank, a plan that would leave Jerusalem inside Israel.

Radical Islamist groups in the region, including Hamas, cite Israel's control of Jerusalem as justification for its attacks. Al Qaeda, meanwhile, says the U.S. is a legitimate target because of its support for Israel. Saudi Arabia, in what was considered a dramatic move several years ago, offered to get much of the Arab world to recognize Israel in exchange for a withdrawal from all territory Israel occupied during the 1967 war. Israel rejected the idea. Saudi Arabia's peace proposal also reflected its own concern that Islamic radicals are using the Palestinian conflict to build support for their movements.

While there has been some discussion in Israeli circles of whether to open talks with Syria, an Iranian ally but also a key player in any effort to secure peace in the region, few Israeli officials said their country is contemplating the idea in earnest. U.S. officials remain adamantly against it, saying Damascus must be isolated for its role in abetting terrorism in the region.

Specter of an Arms Race

Despite these territorial issues, many Arab states make little effort to hide their concern of a militarily powerful and potentially nuclear-armed Iran. At the start of the Lebanon war, for example, Sunni leaders in the region were openly critical of Hezbollah, a Shiite Muslim organization that has deep ideological ties to Iran. Perhaps the biggest concern, within the U.S. and Israel but also among weaker states such as Kuwait and Jordan, is that a nuclear Iran could spark a regional arms race. Egypt has fed those fears with a recent announcement that it is restarting its own nuclear-power program.

Another major complication is the growing political tension among Palestinian factions, particularly between Hamas, which now runs the Palestinian Authority government, and Fatah, the former ruling Palestinian party. These strains have been worsened by a months-long financial blockade of the Hamas-run government by Western countries, including the U.S.

In recent weeks, Palestinian President Mahmoud Abbas has held discussions with Hamas leaders on the formation of a national unity government that could allow Western countries to end the financial boycott, but the effort has stumbled on Hamas's refusal to recognize Israel's right to exist. Officials in Egypt, Jordan and Saudi Arabia also have begun applying political and financial pressure on Hamas to recognize the Jewish state, which Israeli officials say is the bare minimum needed to formally restart peace talks.

Without a breakthrough on this front, progress on the Israeli-Palestinian dialogue is virtually impossible. Meanwhile, violence in Gaza is ticking higher daily, fueling anger and making any solution to the conflict even less likely.

Analysts Warm To Lebanon Results (WT)

By Joshua Mitnick

The Washington Times, October 3, 2006

TEL AVIV -- After weeks of handwringing over the inconclusive result of Israel's border war with Hezbollah, some Israelis are coming around to the idea that Hezbollah has indeed been weakened and that Israel's deterrent power is still intact.

When Hezbollah guerrillas succeeded in capturing two Israeli soldiers in northern Israel just three weeks after Hamas took an Israeli corporal captive in the Gaza Strip, Israelis lamented that their country had lost its ability to intimidate enemies.

And when Israel agreed to a cease-fire with Hezbollah in August without having scored a knockout blow in the monthlong war, it was widely predicted that a new round of fighting with the Iranian-backed Shi'ite militia was inevitable.

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But many analysts have since concluded that Hezbollah -- despite its bombastic rhetoric -- has suffered serious damage and will not be anxious for a return engagement.

The war destroyed the group's positions in southern Lebanon, wiped out a good deal of its rocket arsenal, left hundreds of Lebanese civilians dead and wrecked the country's infrastructure, angering the general public.

"We really must shake ourselves out of this mood of pessimism and negative thinking," wrote Daniel Gavron on the English language Web site of the Ha'aretz newspaper.

"There is no reason to assume that a new round of hostilities is about to break out. We are planning to rehabilitate the north; Lebanese are reconstructing their country; the international force is being established.

"Neither side wants to renew the conflict that cost us both so much. The latest reports suggest that even [Hezbollah leader] Hassan Nasrallah, for all his posturing, is behaving himself, and reining in Hezbollah in southern Lebanon."

After the Sunday pullout of the Israel Defense Forces, both Israeli and Hezbollah officials were quoted warning of a new outbreak.

An anonymous Israeli military officer was quoted on the Web site of the Israeli newspaper Yediot Ahronot as saying that the army expects that within two months Hezbollah could begin testing the reaction of Israeli troops along the border with small provocations.

A Hezbollah spokesman reportedly threatened to renew attacks on Israel if its military encroached on Lebanon's land, sea and airspace.

But analysts counter that the Shi'ite militia has suffered too much damage for a quick renewal of the war. Military historian Michael Oren said that although he is pessimistic that the cease-fire brokered by the United Nations will hold, Israel has succeeded in re-establishing a measure of deterrence against Hezbollah.

"There are levels of deterrence. We destroyed Hezbollah's ministate, and Nasrallah is still in hiding," he said. "On the other hand, Hezbollah fired 4,000 missiles into our territory and survived the war. So it's not black and white."

A spokeswoman for Prime Minister Ehud Olmert was cautiously upbeat when asked about the pullout.

"We hope that this new force will bring about a new era of stability along the Israel-Lebanese border," Miri Eisen said, referring to a U.N. force deploying there. "There's always a difference between what you plan for and what happens in the real world. We'll see what happens."

When the Israel-Hezbollah cease-fire first went into effect Aug. 14, analysts and officials described the truce as rickety and delicate. But with the fighting ending, many think Hezbollah is too immersed in rebuilding the south and fending off accusations from rival politicians about the damage of the war.

"I don't think there's going to be a confrontation between Israel and Hezbollah for a while," said Hirsch Goodman, a fellow at Tel Aviv University's Institute for National Security Studies.

"Hezbollah is going to be focused on its relations with the Lebanese government and the international force -- that is where the real dynamic has developed. The main interaction right now is a dynamic between Lebanon and Hezbollah, and whether it will remain an independent militia in a democratic country."

2 Killed As Palestinian Factions Clash For 2nd Day (NYT)

By Greg Myre

The New York Times, October 3, 2006

JERUSALEM, Oct. 2 — Hamas and Fatah, the two main Palestinian factions, on Monday traded gunfire and recriminations for a second day in the West Bank and the Gaza Strip, leaving 2 people dead and about 20 wounded.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas, appealed for calm, and the clashes were not as intense or as widespread as on Sunday. Still, several shootouts erupted as Palestinian officials struggled to end the internal fighting.

“We reiterate to our people to be responsible, not to spread the circle of disagreements and conflict,” Mr. Haniya told his cabinet.

However, in the southern Gaza town of Rafah, Fatah supporters held a large demonstration on Monday evening and clashed with members of the Executive Force, a security body established earlier this year by the Hamas government. A policeman and a demonstrator were killed, and more than a dozen people were wounded. In an effort to reduce tensions, the Executive Force pulled back from the main streets in Gaza City, where on Sunday it battled other security units and gunmen aligned with Fatah. In both Gaza and the West Bank, many shops, schools and government offices were closed.

Sunday’s fighting, which left seven people dead and dozens wounded in Gaza, came at a time when Hamas, a militant Islamic group, and Fatah, a secular nationalist movement, were struggling to form a national unity government. After the clashes, the effort appears to have become even more complicated.

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The Palestinians have a history of fierce but brief internal battles, often followed by relative calm. While Mr. Abbas and Mr. Haniya called for a halt to the bloodshed, officials on each side blamed the other for starting the violence.

The Hamas government "moves from failure to failure and from crisis to crisis," Ahmed Abdel Rahman, a senior Fatah official, said Monday in the West Bank city of Ramallah. "The Hamas government is now endangering the Palestinian people."

Ahmed Yousef, a top adviser to Mr. Haniya, said that recent Fatah-led street protests were part of a broader effort to undermine the government. "We realized there was a plan by Fatah to occupy all government institutions, and we had to send a message," he said, but added that Hamas was prepared to restart talks on the unity government.

In other fighting Monday, Fatah and Hamas gunmen briefly traded fire at Gaza City's main hospital, Shifa, when a family came to retrieve the body of one of those killed Sunday. The shooting caused panic inside the hospital, but no serious injuries were reported.

Also in Gaza, militants set fire to the Agricultural Ministry, causing damage, although no one was hurt. In the West Bank city of Nablus, Fatah gunmen shot and wounded two bodyguards of Nasser al-Shaer, the deputy prime minister, who was not present. In Jericho, a shopkeeper who refused to take part in a general strike called by Fatah militants was shot and seriously wounded, Palestinians said.

In a speech Sunday night on Palestinian television, Mr. Abbas said, "These confrontations have crossed the red line, which we have avoided crossing for four decades."

Mr. Abbas also called for renewed negotiations on a unity government, though there was no immediate sign that more talks were planned. The discussions have been going on for months, and Mr. Abbas and Mr. Haniya announced an agreement in principle on Sept. 11. But since then, the talks have stalled.

A Palestinian fisherman was killed Monday just off Gaza's Mediterranean coast, in what Palestinian officials said was a shooting by an Israeli gunboat. The Israeli military said that naval vessels fired in the air several times to drive fishing boats back toward the shore, but that it was not aware that anyone had been hit.

Israel has imposed tight restrictions on Palestinian boats in recent months, accusing Palestinians of smuggling in weapons by sea.

The internal Palestinian fighting erupted Sunday when the Executive Force clashed with Fatah supporters in Gaza City and Khan Yunis, a town in southern Gaza.

Tensions have been building in recent weeks, as many government workers staged demonstrations to protest unpaid salaries. Many protesters are linked to Fatah, which controlled the Palestinian Authority government for more than a decade, until Hamas won parliamentary elections in January.

The Hamas government has been unable to pay salaries or govern effectively because the United States and the European Union, regarding Hamas as a terrorist group, have taken steps to cut off aid funds, and Israel has refused to turn over customs and other fees that it collects for the Palestinians.

Secretary of State Condoleezza Rice, on a Middle Eastern trip, plans to meet with Palestinian and Israeli leaders on Wednesday and Thursday, though her agenda appears relatively modest, diplomats in the region said.

Ms. Rice, who will visit Saudi Arabia and Egypt first, will seek to find ways to ease the travel restrictions Israel has imposed on Palestinians and their goods, particularly in Gaza, the diplomats said. She brokered an agreement on Palestinian movements last November, but it quickly broke down.

Russians Raise The Stakes In Georgia Row (FT)

By Neil Buckley

Financial Times, October 3, 2006

Russia sharply escalated its dispute with Georgia on Monday, saying it would suspend transport and postal links with its southern neighbour – even as Georgia returned four soldiers arrested last week on spying charges.

Moscow's transport ministry ordered air, road, rail and sea links to be closed from midnight Monday night. The communications ministry said mail services would be suspended.

Neither ministry made reference to the detained officers. Instead, they alleged violations of transport agreements by Georgia and declined to say how long the suspensions would last.

The quarrel sparked by last Wednesday's detention of the men, whom Moscow insists are innocent, has caused the biggest rift in years between the two former Soviet republics and threatens to erupt into conflict.

Vladimir Putin, the Russian president, discussed the situation in a phone call with George W. Bush at the US president's request, the Kremlin said. Mr Putin was said to have told him that any action by a third country that could be interpreted by Georgia as encouraging its "destructive" policy was "dangerous and unacceptable".

Russia recalled its ambassador from Tbilisi, the Georgian capital, last week and evacuated dozens of its diplomats.

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At the weekend Mr Putin described the detentions as “state terrorism with hostage taking”, likening them to the actions of Lavrenty Beria, the Georgian who was chief of Stalin’s secret police.

Russia’s moves drew a swift international response, with the Organisation for Security and Co-operation in Europe, which was attempting to act as mediator, calling on Russia to restore transport links immediately.

Erkki Tuomioja – the foreign minister of Finland, current holder of the EU presidency – urged both sides to “hold back from steps that could be seen as provocation”. Georgia’s gesture of returning the men came after Mikheil Saakashvili, the Georgian president met Karel De Gucht, Belgium’s foreign minister and OSCE chairman in office, and appeared to be aimed at defusing the dispute.

The men were handed over in Tbilisi to OSCE representatives and a Russian embassy official at about 5.30pm Moscow time and flew back to Moscow last night.

However, Moscow announced its transport blockade, agreed earlier by Mr Putin and senior security staff, soon after Tbilisi said it would return the officers.

The blockade could hit the Caucasus republic hard. More than 300,000 Georgians work in Russia, many of them sending money home to relatives.

Boris Gryzlov, the speaker of Russia’s lower house of parliament, said it was planning to pass legislative amendments that would allow the government to ban banking transactions with certain countries. Relations between Moscow and Tbilisi have soured since Mr Saakashvili came to power in the Rose Revolution of November 2003 and moved Georgia out of Moscow’s orbit, pursuing EU and Nato membership.

Moscow has called last week’s arrests a deliberate provocation.

Russian political analysts said they were a stunt designed to bolster the Georgian president’s flagging image as his party faces nationwide municipal electionson Thursday.

Georgia Frees Russian Officers, But Moscow Moves To Retaliate (WSJ)

By Marc Champion

The Wall Street Journal, October 3, 2006

Georgia released four Russian military officers it had arrested on charges of spying, in an effort to defuse an escalating crisis between the two countries. But Moscow retaliated for the arrests by cutting off transport and postal links, suggesting a tense period ahead.

Georgian officials handed the four Russians to representatives of the Organization for Security and Cooperation in Europe, or OSCE, to be flown back to Russia. Another two officers Georgian police had sought on the same spying charges joined the four on the plane home, according to Russian officials.

The decision to release the men was a recognition by Georgia's government of the high risk attached to its arrest of the officers last week, made partly in a bid to draw international attention to the country's dispute with Moscow over two separatist territories.

OSCE Chairman Karel De Gucht, who flew to Tbilisi to mediate the dispute, said in a news conference with Georgian President Mikhail Saakashvili that the OSCE was committed to preserving Georgia's territorial integrity, a reference to the two territories, Abkhazia and South Ossetia. The territories are under protection of troops led by Russia, which has suggested that it may support their independence.

Over the weekend, Russian President Vladimir Putin accused Georgia of "state terrorism." Reflecting the significance of the dispute to Russia, Mr. Putin yesterday told President Bush, in a phone call in which he also discussed Iran, that any action by a third country seen as encouraging Georgia's actions would be "unacceptable," according to a Kremlin statement. The U.S. has been a strong backer of Georgia's government.

Earlier yesterday, Russia said it was cutting off all transport and postal links to Georgia. Those measures would further cut curtailed trade between the two countries. More than a million Georgians live and work in Russia, and many flights out of Georgia route through Moscow.

Russian parliamentary speaker Boris Gryzlov said the legislature planned to pass amendments enabling the government to ban banking operations with certain countries, according to the Interfax news agency. If applied to Georgia, that could be a devastating move that Georgian officials have long said they feared. Many Georgians rely heavily on the money their family members send home from Russia.

Relations between the two countries have been tense for more than a decade, partly because of the role Russian troops and volunteer fighters played in helping ethnic Abkhaz and South Ossetians to split Abkhazia and South Ossetia from Georgia in the early 1990s. The construction of a U.S.-backed oil pipeline running from the Caspian Sea to the Turkish Mediterranean coast

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via Georgia, which began operation this year, and the election of the Westward-looking Mr. Saakashvili in 2004 have sharpened the dispute.

This year, Mr. Saakashvili accused Russia of responsibility for bombings just across the Russian border that interrupted the Russian gas pipeline to Georgia during a midwinter dispute over natural-gas prices between Moscow and several increasingly independent former Soviet republics. Russia denied involvement and later banned imports of Georgian wine and mineral water, saying they were unsafe to drink.

Russia Severs Transport Links With Georgia (NYT)

By Steven Lee Myers

The New York Times, October 3, 2006

MOSCOW, Oct. 2 — Russia announced Monday that it was suspending air, rail, sea and road links to its small southern neighbor, Georgia, taking its first significant retaliatory steps after last week's arrests by Georgia of four Russian military officers on accusations of espionage.

Several hours after Russia suspended travel, as well as postal service, between the countries, Georgia released the four officers into the custody of the Organization for Security and Cooperation in Europe, an international body to which both countries belong that had helped negotiate the release.

The officers and two others in Georgia who were accused, but not arrested, returned to Russia on a flight from Georgia on Monday night.

Their release, however, did not lead Russia to reconsider its actions. A Kremlin spokesman, Dmitri S. Peskov, said the moves were intended to punish the Georgian authorities for what he called a pattern of hostile and provocative acts toward Russia that extended beyond the latest arrests.

"It's a matter of changing their attitude totally," he said in a telephone interview.

"Instead of making steps toward improving relations with Russia," he added, "they are taking steps toward conflict."

Georgia's president, Mikheil Saakashvili, called the release a gesture of good will. But speaking to reporters in the country's capital, Tbilisi, he reiterated his government's accusations that the officers had been spying and vowed to counter Russian efforts to undermine a neighboring country seeking an independent foreign policy. "We cannot be treated as a second-rate backyard of some kind of emerging empire," he said.

Relations between Russia and Georgia — both former republics of the Soviet Union, though hardly equal ones — have been turbulent since the Soviet collapse in 1991. The latest tensions, though, have been among the worst since Russian fighters joined two separatist conflicts in Abkhazia and South Ossetia, both in Georgian territory, during the early 1990's.

Those conflicts remain at the heart of the country's many clashes with Russia, which maintains peacekeeping forces in both separatist regions, as well as other bases in Georgia that it is moving to close — slowly, according to the Georgians.

Russia's view of Georgia has also deteriorated sharply since the 2004 election of Mr. Saakashvili, who has tried to steer the country on a more westerly course. Last month, Georgia agreed on a plan for negotiations that could lead to membership in NATO, an anathema to Russia.

Georgian officials accused the Russian officers of recruiting agents and plotting attacks inside Georgia, showing what they asserted was videotaped evidence. The reaction in Russia has at times sounded warlike, with some lawmakers and commentators saying Russia should retaliate by force, if necessary, or halt the withdrawal of Russian forces there.

International mediators intervened over the weekend in an effort to calm the situation. The chairman of the O.S.C.E., Foreign Minister Karel De Gucht of Belgium, flew to Georgia's capital on Monday to preside over the release of the officers.

He said their release came after negotiations over the weekend involving Georgian, Russian, European and American officials, including Secretary of State Condoleezza Rice.

The Kremlin also reported that President Vladimir V. Putin and President Bush discussed Georgia in a telephone conversation on Monday. Mr. Peskov, the spokesman, said Mr. Putin stressed that "no third country should make steps" that encouraged Georgia's intransigence, though he said that did not mean the United States.

On Sunday, the Kremlin denounced the arrests as "state terrorism" in a statement, though Mr. Putin's published remarks were more tempered. He accused the Georgians of "creating ever new crisis situations" to divert attention from the country's problems.

The impact of a suspension in travel between the countries — and how long it might last — remained unclear. A spokeswoman for Aeroflot, the Russian state-controlled airline, said that Monday night's flight to Tbilisi had been canceled. The chief of Russia's railroads said it would cancel an order for spare parts from Georgia.

Russia has already severely dented Georgia's economy by imposing a ban, ostensibly for health concerns, on wine and mineral water — two of Georgia's most significant exports.

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In his appearance with reporters on Monday, Mr. Saakashvili repeatedly referred to what he called “freedom wine,” vowing that Georgia would be undeterred by Russian economic or diplomatic pressure.

Russian 'Spies' Freed, But Moscow Vengeful Georgia Faces Sanctions For Arrests (WT/AP)

By Misha Dzhindzhikhashvili

The Washington Times, October 3, 2006

TBILISI, Georgia -- Georgia released four Russian officers whose arrest on spying charges angered its giant northern neighbor, but a vengeful Russia pushed ahead yesterday with punitive sanctions aimed at dealing a painful blow to the economically struggling Caucasus nation.

Georgia's agreement to release the men -- even as it reaffirmed the spying accusations against them -- appeared to be a capitulation that underscored its vulnerability.

The tension reflected Moscow's difficult relations with Georgia, which has defied President Vladimir Putin with a pro-Western stance, hosts unwanted Russian troops on its soil and is facing two Russian-backed separatist movements that could flare up in renewed violence.

Infuriated by Wednesday's arrests, Russia put its troops in Georgia on high alert, recalled its ambassador and evacuated its citizens. And even though Georgian officials announced early yesterday that the officers would be handed over to the Organization for Security and Cooperation in Europe and sent home, Russia's transport and communications ministries declared that all air, road, rail, sea and postal links with Georgia would be suspended starting today.

In a potentially even more crippling blow, Russian lawmakers scheduled debate this week on a bill that could bar Georgians living in Russia from cabling money home. Russian officials say about 300,000 Georgians live in Russia; some estimates put the number far higher -- at about 1 million. Georgia's population is 4.7 million.

Russia's lower house speaker, Boris Gryzlov, said yesterday that Georgians living in Russia send home an estimated $1 billion a year. In June, Mr. Putin put the amount at $1.5 billion to $2 billion annually -- an amount comparable to Georgia's state budget.

Yesterday's sanctions follow a government session at which Mr. Putin denounced the arrests as "state terrorism involving hostage-taking" and ordered top Cabinet members to draw up retaliatory measures. "These people think that under the roof of their foreign sponsors they can feel comfortable and secure. Is it really so?" Mr. Putin questioned ominously.

Russia's chilly relations with Georgia have worsened steadily since President Mikhail Saakashvili came to power after Georgia's 2003 "Rose Revolution," vowing to take the country out of Russia's orbit, bring breakaway provinces back into fold and join NATO in 2008.

The Kremlin said Mr. Putin discussed the situations in both Georgia and Iran with President Bush in a phone conversation yesterday.

Mr. Putin underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy," the Kremlin said in an apparent reference to U.S. support for Mr. Saakashvili's government.

Russia last week tried to exert international pressure on Georgia by proposing a U.N. Security Council statement expressing grave concern at Tbilisi's actions. But the United States balked -- adding to Russian suspicions that it was behind the latest tensions.

Enough Bullying (WP)

The Washington Post, October 3, 2006

RUSSIAN PRESIDENT Vladimir Putin has never fully accepted the breakup of the Soviet Union, which he once called "the greatest catastrophe of the 20th century." Having consolidated power in Moscow by dismantling his country's nascent democracy, he has devoted himself in recent years to reestablishing the Kremlin's political and economic dominion over former Soviet republics that became independent in 1991. One particular target is the small Caucasian state of Georgia, which has infuriated Mr. Putin by embracing liberal democracy and turning toward the West.

A Russian attempt to strangle Georgia has been slowly escalating. Moscow banned Georgia's principal exports in March and has been encouraging two separatist regions, protecting their rebel regimes with troops and granting Russian citizenship to many of their residents. Last winter Georgia's natural gas supplies, which come from Russia, were disrupted for weeks by sabotage of pipelines.

Now comes a new escalation: Last week the Georgian government announced that it caught a number of Russian army officers based in Georgia engaging in blatant espionage activities. When it arrested four of them, Mr. Putin seized the occasion to withdraw his ambassador and many other diplomats. He also closed air, sea and land links between the two countries and

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suspended the issuance of visas. His rubber-stamp parliament is taking steps to block remittances by the hundreds of thousands of Georgian workers in Russia.

Yesterday, pressed by the Bush administration, Georgia allowed the Russian officers to return home. But Russia continued its bellicose acts, while improbably claiming that it -- and not the poor nation of 5 million it is besieging -- is the victim of aggression. In a telephone conversation, Mr. Putin told President Bush that "it was unacceptable for other countries to take steps that Georgia could interpret as support," according to the Russian news agency RIA Novosti.

Mr. Bush ought to reject that imperious warning. U.S. diplomats in fact have spent the past several days urging compromise and caution on the part of Georgia's sometimes impulsive president, Mikheil Saakashvili. But the United States has not only the right but also the duty to support Georgia's independence and Mr. Saakashvili's aspirations to consolidate liberal democracy and steer his country toward membership in NATO. As the Georgian president rightly said yesterday, "The message to Russia is: 'Enough is enough.' "

S. Korean Strongly Backed To Lead U.N. (WP)

By Colum Lynch

The Washington Post, October 3, 2006

UNITED NATIONS, Oct. 2 -- The U.N. Security Council's five permanent members on Monday unanimously backed South Korean Foreign Minister Ban Ki Moon's bid to become the United Nations' next secretary general, making it likely he will be endorsed next week by the 15-nation council as the world's top diplomat.

The Korean diplomat secured 14 votes in favor of his candidacy, including from all of the council's five veto-wielding powers -- the United States, China, Russia, France and Britain. Only one non-permanent council member, voting anonymously, expressed no opinion.

Key senior council members said it is all but certain that Ban will become the eighth secretary general, replacing Kofi Annan of Ghana when he steps down at the end of December.

But the council decided to wait until Oct. 9 to formally recommend Ban's candidacy to the 192-member General Assembly so that his competitors can withdraw from the race. The General Assembly has never rejected the council's nominee.

"It is quite clear from today's vote that Minister Ban Ki Moon is the candidate the Security Council will recommend" to the General Assembly, China's U.N. ambassador, Wang Guangya, told reporters.

Ban would take charge of an organization with a budget of more than $5 billion a year and operations in virtually every corner of the world, including a peacekeeping army of more than 70,000 "Blue Helmets."

Ban's selection would place a seasoned, cautious diplomat in the job of restoring public confidence in an organization that has been buffeted by political divisions over the U.S.-led war in Iraq, U.N. mismanagement of the oil-for-food program and a series of sexual-misconduct scandals in U.N. peacekeeping operations.

During his campaign, the Korean diplomat has pledged to play a role in smoothing differences between the developing world and the United States and other Western powers, which have clashed over U.N. reform priorities.

He vowed to pursue some key objectives of the United States, a close military and political ally of South Korea, saying reform of the United Nations' management and financial practices would be his "job number one." He also intends to play a more active role than Annan in urging North Korea to scrap its nuclear weapons program.

"We are very pleased with the outcome here, very pleased," said John R. Bolton, the U.S. ambassador to the United Nations, after the vote. Bolton said he could not "rule out the possibility" that a new candidate might enter the race to mount a final challenge to Ban. But, he added: "I don't think there's much doubt what the outcome is at this point."

Some of Ban's rivals had privately complained that the South Korean government ran a costly political campaign, involving trade deals and pledges of aid for Security Council members, to secure Ban's victory.

But some of Ban's competitors rallied behind the Korean diplomat.

Shashi Tharoor of India, who placed second in today's ballot, conceded defeat after the vote, saying that he had written Ban to congratulate him on his victory. "It is clear that he will be our next secretary general."

"It is a great honor and a huge responsibility to be secretary general, and I wish Mr. Ban every success in that task," Tharoor said. "The U.N., and the world, has a stake in his success."

The emergence of Ban as the likely new U.N. leader ended a rare public campaign for a post that has been traditionally selected in secrecy by the world's major powers. But the campaign followed past practices of limiting the field of viable candidates to a single region, in this case Asia.

Although one candidate hailed from outside the region, Latvian President Vaira Vike-Freiberga, China made it clear that it would block any non-Asian candidate from reaching the top job.

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China's U.N. envoy said his government is confident in Ban. "I think that he is experienced. He's low-key but very firm, and he's decisive," Wang said.

Council Backs South Korean For U.N. Secretary General (NYT)

By Warren Hoge

The New York Times, October 3, 2006

UNITED NATIONS, Oct. 2 — Ban Ki-moon, the foreign minister of South Korea, on Monday virtually assured his selection as the next secretary general of the United Nations, winning overwhelming support in a final informal poll of the Security Council.

The Council scheduled a formal vote for next Monday to make its verdict official, which should lead to Mr. Ban's being elevated to the position of the world's most important international civil servant on Jan. 1.

Secretary General Kofi Annan is to step down Dec. 31 after two five-year terms, and under United Nations procedures, the 15-member Council selects one name and sends it to the 192-member General Assembly for appointment.

Mr. Ban nailed down his selection by winning his fourth straight informal poll, this one with a different colored ballot for the five veto-bearing members — Britain, China, France, Russia and the United States — to show whether any of them were opposed.

In a contest in which the ambassadors had the options of voting "encourage," "discourage" or "no opinion," Mr. Ban won 14 positive votes, no negatives and one "no opinion," from one of the 10 rotating members.

There were objections from permanent members — signaling potential vetoes — against all five of the other active candidates. (One had withdrawn.)

Mr. Ban will inherit the leadership of a global organization with 9,000 workers, a $5 billion annual budget and tasks ranging from education, health care and emergency assistance to areas hit by natural disaster, to peacekeeping in nations emerging from conflicts.

He will also take over at a moment when the United Nations has been shaken by management lapses and scandals, and faces continuing demands to overhaul its procedures. At the same time, it is a moment when the United Nations finds itself back at the center of many of the world's most intractable problems in places like Lebanon, Sudan, Iran, Kosovo and North Korea.

Mr. Ban has said he will devote particular attention to efforts to broker a settlement in the Middle East.

Mr. Ban, 62, is a soft-spoken man who in six months of campaigning around the world has had to learn the Western art of self-promotion after early audiences complained they found his laid-back presentation underwhelming. He still frequently cites his own "humility" in exercising responsibility, but argues that it is an asset that should not be confused with indecisiveness.

In response to concerns about whether he has the strength and presence to be secretary general, he has pointed to his leadership in the weighty and delicate talks aimed at ending the nuclear standoff with North Korea.

Mr. Ban is familiar with the United Nations, where he served as first secretary at the South Korean mission from 1974 to 1978 and was chief assistant to Han Seung-soo, president of the General Assembly in 2001. He has also served as director of the United Nations division at the South Korean Foreign Ministry.

His selection will carry great resonance in South Korea, a country created by the United Nations in 1948 and defended by United Nations-authorized troops in the Korean War.

In his lifetime, South Korea has been a model for development, transformed from a war-torn impoverished country into one of the world's wealthiest.

As a foreign service officer for three decades, Mr. Ban has been a top official in the Korean Embassy in New Delhi and ambassador to Austria. He became foreign minister in January 2004.

He says he first dreamed of becoming a diplomat when, as an 18-year-old student visiting Washington in 1962, he met President Kennedy at the White House.

Mr. Ban has had extensive contact with the United States and is considered politically close to Washington. John R. Bolton, the American ambassador, said after the vote, "The United States is very pleased with the outcome."

Six of the seven candidates were Asian in a year seen as Asia's turn at the top job. The last Asian secretary general was U Thant of Burma, who left office in 1971.

As in the previous three votes, the second finisher on Monday was an Indian, Shashi Tharoor, 50, the under secretary general for public information. He received 10 positives, 3 negatives and 2 "no opinion" votes.

The next four, who trailed far behind, were Vaira Vike-Freiberga, 68, the president of Latvia, the only woman and non-Asian in the race; Ashraf Ghani, 57, a former finance minister of Afghanistan and current chancellor of Kabul University; Surakiart Sathirathai, 47, the deputy to Thaksin Shinawatra, the prime minister of Thailand who was deposed in a military coup last month; and Prince Zeid al-Hussein, 42, Jordan's ambassador to the United Nations.

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Jayantha Dhanapala, 67, of Sri Lanka, a former under secretary general for disarmament, withdrew Friday after drawing only three positive votes in the third balloting.

South Korea's Ban Wins Support From Major Powers To Head U.N. (WSJ)

By Evan Ramstad, South Korea And Neil King Jr.

The Wall Street Journal, October 3, 2006

South Korean Foreign Minister Ban Ki Moon won the decisive support of the U.S. and other major powers to head the United Nations during a time of mounting challenges and upheaval within the world body.

The straw-poll vote yesterday effectively seals Mr. Ban's bid to succeed the departing Kofi Annan, of Ghana, who became U.N. secretary-general in 1997. The five veto-wielding Security Council members -- the U.S., France, Britain, China and Russia -- all voted to support Mr. Ban's candidacy, which the South Korean government actively promoted, over rivals from India, Jordan, Thailand, Latvia and Afghanistan. An official vote, followed by General Assembly approval, is expected later this month.

Mr. Ban, 62 years old, will face an array of challenges, from the need to gut and remodel the U.N.'s 38-story New York headquarters to efforts to get a U.N. peacekeeping force into the Darfur region of Sudan. The U.N. has become a forum for tackling many of the world's most-pressing crises, including efforts to mediate in Lebanon and to corral the nuclear ambitions of North Korea and Iran.

The U.N. also has drawn criticism: The developing world is seeking more influence within the Security Council, while many lawmakers in Washington see the organization as toothless and indecisive.

U.S. officials said they hope the soft-spoken Mr. Ban will push a range of internal U.N. reforms begun by Mr. Annan while eschewing the high-profile role of world diplomat that he pursued. South Korea is traditionally an ally of the U.S., though Seoul has recently leaned toward China amid booming economic ties and shared views on some issues. Having Mr. Ban at the U.N. could improve Washington's ties with Seoul while helping the U.S. in at least some of its overhaul goals for the U.N.

After the balloting, the U.S. ambassador to the U.N., John Bolton, said "the United States is very pleased with the outcome of the vote."

Mr. Ban's views on North Korea may be at odds with the U.S. government's desire for a tough response to Pyongyang's nuclear-weapons ambitions. Mr. Ban, who became foreign minister in 2004, supports Seoul's view that talking to North Korean leaders and offering economic incentives to encourage change is preferable to threats and sanctions.

Last year, he often represented South Korea in the six-nation discussions over North Korea's nuclear-weapons program. Those talks produced a tentative agreement for North Korea to suspend further development in return for economic aid. But Pyongyang later balked at the deal. North Korea's decision to test-fire seven missiles in July prompted the U.N. Security Council to adopt a resolution sanctioning Pyongyang.

Mr. Ban hasn't detailed publicly his thoughts about how to run the U.N., but he has expressed support for change at the international body. In a May speech, he described the U.N. as "overstretched and fatigued" and argued that it should focus more on "delivering results in the hundreds of pressing items already on its agenda" and not "identifying new frontiers to conquer."

ISSUE BRIEFING

· South Korea's Ban leads1 the pack for U.N. secretary-general, but the race isn't over.

Mr. Ban has said he believes the U.N. is facing a critical test to keep multilateralism relevant. A sluggish bureaucracy and scandals over contracting have hurt the organization's reputation. Mr. Ban said he may apply lessons learned while heading South Korea's foreign ministry, where he implemented performance-based criteria for jobs and promotions to replace a tenure-based system.

Mr. Ban is a longtime diplomat whose background reflects a deep belief in the U.N.'s mission. In the early 1950s, dozens of countries, led by the U.S., fought under the U.N. umbrella alongside South Korea against the communist North in the Korean War. After the war, the U.N. and U.S. coordinated the rebuilding of the country.

South Korean President Roh Moo Hyun urged Mr. Ban to run for the post, and many prominent South Koreans threw their support behind his bid.

South Korean Set To Succeed Annan At UN (FT)

By Mark Turner In New York

Financial Times, October 3, 2006

Ban Ki-moon, the South Korean foreign minister, emerged as almost certain to become the United Nations' next secretary general after winning close to unanimous support in the Security Council.

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In what is now expected to be the Council's last straw poll, which for the first time differentiated between the five veto-wielding powers and the 10 elected members, Mr Ban won 14 'encouragements', and one 'no opinion', with all permanent members in favour.

His closest competitor, India's Shashi Tharoor, won 10 votes of encouragement and three votes against, including one veto, and on Monday evening conceded his race was over. The remaining candidates trailed far behind.

"It is clear he [Mr Ban] will be our next secretary general," said Mr Tharoor after the vote. "The United Nations and the world has a stake in his success."

He said he would return to his post as the UN's information chief, although adding that he considered "all options" open for his future.

Security Council ambassadors said they expected to hold a formal vote on Monday, and while it was theoretically conceivable that another candidate could still step forward, they said that was highly unlikely at this late stage.

John Bolton, the US ambassador to the UN, declared he was "very pleased with the outcome", and thought there was not "much doubt" as to the final result. Kenzo Oshima, the Japanese ambassador, said there was a sense that "on the basis of today's [Monday's] ballot, the council is now ready."

"On Monday we will be in a position to make a recommendation," said Emyr Jones Parry, the British ambassador, referring to the formal process whereby the UN General Assembly is asked to rubber-stamp the outcome.

Some countries not on the Security Council, including Canada, had championed greater input from the assembly, including the possibility that it be given more than one candidate to choose from, but their proposals were rejected.

Mr Ban's campaign, which began eight months ago, is likely to be studied closely by future aspirants for the post. His speeches focused on the need for UN reform, but studiously avoided any controversy – winning him few admirers in the media, or even amongst diplomats.

Until around a month ago, there had been a sense that another candidate would emerge and win, but Mr Ban surprised everyone by garnering widespread support in two undifferentiated straw polls.

When asked if the Korean represented a lowest common denominator outcome, Wang Guangya, China's ambassador to the UN, called him "low key but very firm. He's decisive. Sometimes Asians show their quality in a different way."

Ban Ki-Moon Cements Hold On U.N. Post (AP)

By Nick Wadhams, Associated Press Writer

AP, October 3, 2006

South Korea's foreign minister cemented his position as the near-certain successor to U.N. Secretary-General Kofi Annan on Monday, the only one of six candidates to escape a veto in an informal Security Council ballot.

The Security Council was expected to hold a formal vote to pick the eighth secretary-general in the United Nations' 60-year history on Oct. 9, making Ban Ki-Moon's appointment almost assured. The 192-nation General Assembly must approve the council's recommendation, and traditionally does so without protest.

"It is quite clear that from today's straw poll that Minister Ban Ki-Moon is the candidate that the Security Council will recommend to the General Assembly," China's U.N. Ambassador Wang Guangya said.

While the informal poll is nonbinding and the results could change, diplomats and candidates left little doubt that Ban would win. Soon after the results became known, India's Shashi Tharoor, the U.N. undersecretary-general for public information, announced he was leaving the race even though he placed second to Ban in all four of the informal polls.

"It is clear that he will be our next secretary-general," Tharoor said.

If Ban does indeed win the race, his selection will have been marked by unprecedented speed, consensus and calm. In the past, U.N. chiefs have often been elected as time runs out, after heated negotiations and numerous rounds of voting.

Annan himself was a compromise candidate in 1996 who emerged late and only after the United States blocked Boutros Boutros-Ghali's bid for a second term. Annan's example also shows how unpredictable the process can be: during informal polling at the time, France consistently vetoed him before changing its vote at the last minute.

In Monday's poll, the 15 council nations checked one of three boxes for each candidate in the secret ballot: "Encourage," "discourage," and "no opinion." For the first time, the five permanent members of the council — Britain, China, France, Russia and the United States — were given blue ballots to show the candidates if they could escape a veto.

According to the results, Ban received 14 votes in favor and a white "no opinion" ballot cast by one of the 10 rotating members of the council. Every other candidate received at least one no vote from a veto-wielding member.

Tharoor received 10 favorable votes and three against. One of those negative votes was a veto. Latvia's President Vaira Vike-Freiberga was next with five in favor, six against — including two vetoes — and four undecided votes.

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Thailand's Deputy Prime Minister Surakiart Sathirathai, who was the first to announce his candidacy last year, and former Afghan Finance Minister Ashraf Ghani each received four votes in favor. But Ghani had 11 votes against him including three vetoes, and Surakiart had seven no-votes, among them two vetoes.

The last candidate, Jordan's U.N. Ambassador Prince Zeid al Hussein, had only two votes in favor and eight against, with one veto.

Bolton said the council would meet on Oct. 9 to hold its formal vote, while Japan's U.N. Ambassador Kenzo Oshima, president of the Security Council for October, said that was the likely date.

Bolton said he'd wanted the vote by the end of the week, but agreed to delay so candidates could decide to drop out and new ones could come forward.

But the council wants the process finished by the end of October, and Bolton suggested there wasn't enough time.

"New candidates still have the option of coming forward, but we've been waiting for new candidates and I don't know of any, there's no speculation of any," Bolton said. "I'd be surprised if new candidates came forward."

Associated Press reporter Paul Burkhardt contributed to this story.

Korean Wins A Final Poll For U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 3, 2006

NEW YORK -- The Security Council is poised to select South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general as soon as Monday, after his fourth consecutive strong showing in a straw poll yesterday.

Fourteen council members yesterday endorsed his candidacy in principle, while one unnamed nation offered "no opinion."

The vote is likely to take place Monday, council diplomats said yesterday.

"We have a lot of respect for Foreign Minister Ban," said U.S. Ambassador John R. Bolton after yesterday afternoon's poll. "We know him well from his service in Washington and think very highly of him professionally and personally."

"I can say the United States is very pleased with the outcome of the vote," Mr. Bolton added.

The poll yesterday was the fifth in the council and the first to reveal which of the five permanent members cast "discourage" votes -- a situation that could turn into a veto.

After the poll, U.N. communications chief Shashi Tharoor, who placed second, dropped out of the race.

"It is clear that he will be our next secretary-general," Mr. Tharoor told reporters. "It is a great honor, and I wish Mr. Ban every success in that task."

Mr. Tharoor received 10 "encourage" votes yesterday, but one of the three negative votes was cast by a permanent member.

Latvian President Vaira Vike-Freiberga placed third with five encouragements, but two of the six negative votes were cast by permanent members -- most probably China and Russia.

Former Thai Deputy Foreign Minister Surakiart Sathirathai and former Afghan Finance Minister Ashraf Ghani won four "encourage" votes each.

The first and last candidates to declare their intentions were opposed by permanent members. Jordanian newcomer Prince Zeid Ra'ad Zeid al Hussein won two favorable votes yesterday. Sri Lankan diplomat Jayantha Dhanapala withdrew over the weekend.

While ambassadors were inside with their paper ballots -- white for elected members, blue for permanent -- reporters and envoys gathered in the corridor outside, talking and making informal wagers.

When diplomats emerged from the chambers, they were gently besieged as the news of the tally filtered out.

"I believe among the five-six Asian candidates, each had advantages," said Chinese Ambassador Wang Guangya. But Mr. Ban, he said, has experience.

"He is low-key but firm, and he is decisive," Mr. Wang told reporters. "Sometimes the Asians show their qualities in a different way. I do hope he will be a good candidate for the job of the secretary-general."

Mr. Ban, who is in Seoul this week, was informed of the results by Japanese Ambassador Kenzo Oshima, president of the council for October.

South Korea's minister of foreign affairs and trade since 2004, Mr. Ban, 62, appears to be more of a consensus candidate than a passionate first choice. He speaks French and English as well as Korean, and is well-known to most of the key foreign ministries on the council and in the United Nations.

In a recent interview with reporters and editors of The Washington Times, Mr. Ban vowed that reforming the almost 61-year-old organization would be one of his priorities.

"The U.N. needs to be changed, to be more effective in taking on these challenges and agendas," he said.

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"The U.N. Secretariat must be changed and reformed. It needs to be reborn, so that it is more effective, more efficient and more relevant. It must regain the trust of the major stakeholders," he added.

"Unfortunately, the U.N. has been somewhat discredited by scandals and the nonprofessional performance of its peacekeepers and other employees. The highest priority is to change the culture under which the Secretariat staff has been operating. The staff must be made more professional and more accountable," Mr. Ban said.

·David Sands contributed to this report from Washington

S. Korean Poised To Succeed Annan (LAT)

By Maggie Farley

The Los Angeles Times, October 3, 2006

UNITED NATIONS — South Korean Foreign Minister Ban Ki-moon is one step away from being named the U.N.'s next secretary-general, after winning the support of all five permanent Security Council members in an informal poll Monday.

Ban, 62, won the support of 14 of the Security Council's 15 members in a closed-door poll, with one nonpermanent member expressing "no opinion." The balloting was secret, but permanent members marked blue ballots to distinguish their votes. A rejection by a veto-holding nation — Britain, China, France, Russia or the United States — can be enough to end a candidacy.

"To the U.S. government, he is well known and highly respected," U.S. Ambassador John R. Bolton said after the Ban poll. "He has had extensive experience in bilateral and multilateral diplomacy and as foreign minister and an ally of the U.S."

The council will hold a formal ballot next Monday, and then the General Assembly must vote.

Secretary-General Kofi Annan, from Ghana, steps down Dec. 31 after two five-year terms. Annan has called the post "the world's most difficult job" and joked that "S.G." stands not just for secretary-general, but also for "scapegoat."

Ban would inherit a sprawling bureaucracy of 9,000 workers and a $5-billion budget, with aid agencies and 18 peacekeeping operations spanning the globe.

He said in an interview last week that he wanted "to make the U.N. relevant again," aware that its image had been damaged by scandals and management failures. He argued that the Security Council's role at the center of peace talks in the Middle East and negotiations in Iran, North Korea and Sudan demonstrated the U.N.'s crucial role in world affairs.

Ban, a career diplomat, has been posted to India, Washington and Austria. In 2001, he served as chief of staff to the U.N. General Assembly president. As South Korea's foreign minister, he has been involved in six-nation talks about North Korea's nuclear program, an issue he says he would like to be personally involved in if he becomes secretary-general.

A low-key, steady civil servant, he is a self-described "consensus-builder" and is aware that some people say he lacks charisma. But he believes that working quietly behind the scenes is the best way to craft an agreement.

Chinese Ambassador Wang Guangya agrees.

"I think that he is an experienced one — he is low-key but very firm. He is decisive," Wang said Monday.

Ban, who has been careful not to alienate Security Council members, has taken up the call for reform of the United Nations, a popular stance.

"The organization suffers from a chronic weakness: its inability to set priorities and make choices," he said last week at a forum in New York. "The U.N. needs to promise less and deliver more."

The selection of the secretary-general has been criticized as secretive and unfair, with the Security Council's five permanent members largely responsible for selecting the world's top diplomat. The ideal candidate, said Brian Urquhart, a former undersecretary-general, is someone strong enough to clean up the organization but not challenge the permanent members.

This year's process was more public than usual, with candidates scattering across the globe in informal campaigning. But it also invited more scrutiny than most candidates are comfortable with. Ban, with clear discomfort, had to justify generous aid grants he dispensed to a few Security Council member countries that he visited as Seoul's minister of foreign affairs and trade.

Ban was the only candidate who did not receive any "discouragements," the equivalent of a veto in the informal poll.

Undersecretary-General Shashi Tharoor, 50, of India finished second and withdrew from the race.

"It is clear he will be the next secretary-general," Tharoor said in his concession speech, referring to Ban.

The rest of the candidates received support from less than half of the Security Council. They were Latvian President Vaira Vike-Freiberga; Thai Deputy Prime Minister Surakiart Sathirathai; Prince Zeid Raad Hussein, Jordan's ambassador to the U.N.; and Afghanistan's former Finance Minister Ashraf Ghani.

Jayantha Dhanapala, a U.N. expert on nonproliferation from Sri Lanka, withdrew from the race Friday.

The Quiet Diplomat Who May Lead The UN (CSM)

By Donald Kirk

DOJ_NMG_0074317

The Christian Science Monitor, October 3, 2006

SEOUL

The diplomat in the lead to head the UN for the next decade is skilled in compromise - exhibiting a deliberately bland style that was expected to stand him in good stead during a UN Security Council poll Monday over a successor to Secretary-General Kofi Annan.

The candidacy of South Korean Foreign Minister Ban Ki-Moon hinges on the five permanent members: the US, Britain, France, China, and Russia. While the outcome is still uncertain, the soft-spoken career diplomat is the only one of the current candidates who has the minimum of nine positive votes.

Mr. Ban has the support of the US, which wants the process wrapped up this month, and China is expected to give Ban the nod. Indeed, Ban's most saleable quality is his ability to get along with all sides, building consensus in the process. Ban's evenhanded approach, analysts say, may be what's needed to bring a semblance of harmony and cohesion among UN members.

"He's extremely nonpolitical," says Moon Jong In, professor of international relations at Yonsei University in Seoul. "He's willing to listen to anybody. He doesn't have charismatic leadership - he has consensual leadership."

Conservatives, while highly critical of the left-leaning government of President Roh Moo Hyun, agree. "At least he hasn't done any harm as foreign minister," says a retired business consultant here. "Conservatives like him. It would be a great thing if he became secretary-general."

In his 36-year career, Ban has proven the ultimate diplomat while treading gingerly as foreign minister for the past 32 months through the minefield of US-South Korean relations and North Korea's refusal to return to nuclear talks for nearly a year.

In fact, Han Song Ryol, North Korea's deputy permanent representative to the UN, told the leftist newspaper Hangyoreh that acceptance of Ban as Mr. Annan's successor would be "good for the Korean people" and that "nonaligned nations have a good feeling about him."

In a poll last week, Ban got 13 votes of "encouragement" against only one of "discouragement" and one giving "no opinion." Since the five permanent members have the power of veto, the "no opinion" vote," if cast by one of them, would knock him out of the race even before the General Assembly of all 192 members casts a binding vote on the Security Council's choice.

Ban has said with characteristic sangfroid that he's "reasonably confident" the five permanent members are on his side. That coolly stated view masks the intensity of a carefully modulated campaign in which he has often appeared to be emulating Annan's style.

Hosting Annan last May, Ban took turns with the secretary-general in pressing for North Korea to give up its nuclear weapons. But they quietly made plain that they did not agree with the US emphasis on the North's human rights or counterfeiting efforts, saying that nuclear weapons took top "priority."

The real issue may be whether Ban will be able to take a strong stand when countries and causes are at severe odds, as in the Middle East, and whether he will have the stamina to promote long-overdue reforms in the UN's bureaucracy. "I'm worried he might be too willing to compromise, says Park Nei Hei, a consultant to the Boston Consulting Group here. "His character may not be very effective."

Nonetheless, Ban endorsed the UN Security Council Resolution, adopted after North Korea test-fired seven missiles in early July, banning member nations from any trade or financial dealings that might support North Korea's missile program. But he opposed US pressure for widening existing sanctions.

Still, he then persuaded South Korea's President Roh to sublimate his distaste for the "tough" US policy and join President Bush last month in Washington in a call for a "broad comprehensive" approach to bring North Korea back to talks.

Ban avoids the North's human rights record, saying that severe criticism would only make matters worse. Still, in an address before the UN General Assembly on Sept. 24, he stated that his government supported "global action to strength the values of human rights and democracy."

Given his career path, Ban probably knows more about dealing with the UN than most of his competitors.

After graduating from top-ranked Seoul National University in 1970, he joined the foreign ministry's UN division, followed by a tour in the ministry's UN mission, and then the post of director of the UN mission. He also served in the Korean Embassy in Washington and, in 1985, picked up a master's degree from Harvard's Kennedy School of Government.

Ban rose to ambassador when he was posted to Vienna, where he served in 1999 as chairman of the preparatory commission for the Comprehensive Nuclear Test Ban Treaty Organization. His experience broadened when he was named Korea's chief envoy to the UN in September 2001.

Ban rests his candidacy in part on his response in that challenging period. The ministry credits him with a "facilitating role in the prompt adoption by the membership of the first resolution of the session condemning the terrorist attacks," all "pivotal in

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turning a year that started out in crisis and confusion into one of the most productive and reform-oriented for the General Assembly."

For Koreans, the post of UN secretary-general is the ultimate status symbol. With the image factor clearly in mind, Ban has pulled out all the stops, courting Security Council members far and wide. And while Ban is sensitive to the need to get along with the US, he is striving, diplomatically, not to appear too close to Washington.

The US positions on peaceful resolution of the North's nuclear issue and denuclearization of the Korean peninsula were "very good ones, leaving room for future negotiations," he said, in the language of gentle diplomacy that's been his hallmark.

'If The U.N. Cannot Be Trusted With Money . . .' (WSJ)

By Bret Stephens

The Wall Street Journal, October 3, 2006

Few people are better qualified to run the United Nations than Ashraf Ghani. So it goes without saying that the former Afghan finance minister and current chancellor of Kabul University stands almost no chance of getting the job.

Instead, Kofi Annan's successor as secretary-general is likely to be South Korea's colorless foreign minister Ban Ki-Moon, who has the backing of the Bush administration and continues to run well ahead of other candidates in several Security Council straw polls. An Asian peer of Mr. Ban recently quipped that he'll be "more secretary than general"; his one recommendation is that he's probably less bad than runner-up Shashi Tharoor of India, a self-promoting U.N. bureaucrat who was among the most outspoken apologists of the Oil for Food program.

Still, it's worth considering Mr. Ghani's candidacy, partly because of what its probable failure says about the U.N., and partly because his prescriptions for the organization are worth heeding whoever wins the job. "The U.N. has not been managed," he says in a recent interview in New York. "If the U.N. cannot be trusted with money, it cannot be trusted with mandates."

Mr. Ghani -- 57, slight, balding, fluent in English, Dari and Pashtun and conversant in Urdu, Arabic and French -- knows whereof he speaks: He spent a decade at the World Bank helping old industrial behemoths in Russia become transparent, efficient and competitive, and another 30 months in Afghanistan building a finance ministry nearly from scratch. On his watch, Afghanistan enjoyed double-digit rates of economic growth; in 2003, Emerging Markets named him Asia's best finance minister. He's a believer in the power of audits and thinks the first priority of a secretary-general is to read and act on them. "Once the management issues are resolved you are free to focus on issues of peace and security. But the first task of diplomacy is to create trust."

Now there's an idea. Mr. Annan often speaks of the U.N.'s "unique legitimacy" as if it were the organization's birthright, which it enjoys by virtue of its nature as a global institution. Mr. Ghani seems to think the U.N.'s legitimacy is ultimately a function of its credibility -- of whether it can competently perform the tasks expected of it. But U.N. competence has not been much in evidence in recent years, or decades, which leads him to a second thought: "The U.N. is doing too many things," he says. "Its limits need to be clearly recognized."

What, for instance, is the point of UNCTAD -- the U.N. Conference on Trade and Development -- when there is already a World Trade Organization? What's the point of UNDESA -- the Department of Economic and Social Affairs -- when there are already the World Bank and International Monetary Fund? And just what value-added is being provided by the U.N.'s various development agencies? "Technical assistance has become the scandal of our times," says Mr. Ghani. "It has not resulted in the creation of local capabilities."

The argument here isn't exactly original (see William Easterly's "The White Man's Burden"), but it would be revolutionary coming from a U.N. secretary-general. For years, Mr. Annan and his deputies have scolded the Bush administration for not devoting enough of the U.S. budget to foreign aid. Along comes Mr. Ghani to say: Don't bother, the additional money would probably be squandered. Instead, his focus is on what developing countries can and should do for themselves, using the example of one of his Afghan employees who created a single treasury account for the entire government. "She did a job that hundreds of consultants wouldn't have been able to do," he says. "We created a reporting system that consistently allowed us to track income and expenditure." (By way of comparison, he points out that the Indonesian government maintains 60,000 separate accounts.)

Mr. Ghani also dwells on two other causes rarely championed by Mr. Annan: prosperity and the rule of law. "Where the rule of law is weak," the Afghan says, "investors don't trust their money." Why should this matter to a U.N. secretary-general? "Participation in the global economy is an important avenue to solving conflicts," he answers. "The majority of people in the Middle East are under 20. How do we make them stakeholders in a globalizing world?"

Now compare this to something Mr. Annan said in 2002: "Economic growth, by itself, is not enough to respond to the problems of a world plagued by hunger, pollution and other ills." This is a cliché, of course, as, in its way, is Mr. Ghani's emphasis on better management, broader prosperity, and so on.

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Yet not all clichés are created equal, and in a largely symbolic job it makes no small difference which ones are uttered. Is the U.N.'s meta-message charity or self-help? Diversity or merit? Stability or freedom? The catchphrases needn't be mutually exclusive, but they connote vastly different attitudes and priorities. A secretary-general who made self-help, merit and freedom the bywords of his decade would, even if he accomplished nothing else, change the image of the U.N. for the better.

Needless to say, that isn't going to happen. In yesterday's Security Council straw poll, Mr. Ghani took only four "encouragement" votes, almost certainly knocking him out of contention, while Mr. Ban got 14. The Times of London reports that this year Mr. Ban has pledged $18 million in aid to Tanzania -- currently a member of the Security Council -- and led a business delegation to Greece -- another current member -- and donated a grand piano to an Inca cultural center in Peru -- a third member -- and opened a Korean cultural center in Buenos Aires. Argentina, in case you hadn't guessed, is also on the Council.

The Korean government denies that it is trying to buy votes, which is possible. Then again, maybe Mr. Ban understands only too well what it takes to get ahead at the U.N. In that sense, and that sense alone, he demonstrates why he, and not Mr. Ghani, is Kofi Annan's fitting heir.

U.S. General Says Chávez Worries Region (NYT)

By Robert Pear

The New York Times, October 3, 2006

MANAGUA, Nicaragua, Oct. 2 — The commander of United States military activities in Latin America said Monday that Venezuela under President Hugo Chávez had become a destabilizing force, and that other countries in the Western hemisphere shared that concern.

The commander, Gen. Bantz J. Craddock of the Army, said, “What I have heard in the last few months is more concern by more countries” about an increase in Venezuela’s purchase of weapons, especially small arms.

United States officials said Venezuela had used its oil wealth to undermine democratic forces in other Latin American countries. “There’s a factor here that is destabilizing,” General Craddock said.

Defense Secretary Donald H. Rumsfeld and General Craddock were in Managua for a meeting of defense ministers from more than 30 countries in the hemisphere.

In recent months, Venezuela has bought AK-47 assault rifles and military helicopters from Russia and patrol boats from Spain.

General Craddock said he did not know the reason for the purchases. “I don’t have much military-to-military contact with Venezuela,” he said.

Asked about Venezuela’s recent call to form a military coalition in opposition to the United States, General Craddock said, “I don’t see any traction” for the proposal.

Delegates from Brazil and other countries said they “did not see a rationale or need” for such a coalition, General Craddock said.

On Sunday, President Chávez said he had received warnings that the United States might be plotting to assassinate him. General Craddock responded: “That’s mindless. That’s far out. It’s way over the top.”

One reason for United States concern about Mr. Chávez is that he is supporting Washington’s old cold war nemesis, Daniel Ortega, who is running for president of Nicaragua. Public opinion polls suggest that Mr. Ortega could return to power after the election on Nov. 5.

The commander in chief of the Nicaraguan Army, Gen. Omar Halleslevens, said Monday that the army would remain apolitical, regardless of who won the election.

General Halleslevens told American officials and journalists that the Nicaraguan Army was determined to stay out of politics. “We have a professional army that follows the Constitution and the law and will not be used for political or partisan purposes,” he said.

General Craddock said he believed the assurances from the Nicaraguan commander.

In 1989, Nicaragua’s army had more than 73,000 men. “That was an army that was created for war,” General Halleslevens said, noting that the army now has 11,000 men.

The president of Nicaragua, Enrique Bolaños, said that his nation has had extensive experience removing land mines left from its civil war and that it was eager to share its expertise with other countries, like Afghanistan and Iraq.

General Craddock welcomed the offer, saying, “That’s a distinct possibility.”

Early Results Of Bosnia Vote Reinforce Ethnic Split (NYT)

By Nicholas Wood

The New York Times, October 3, 2006

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SARAJEVO, Bosnia and Herzegovina, Oct. 2 — Bosnia's ethnic divisions seem most likely to become even more firmly entrenched, as partial results of national elections on Monday showed two parties with diametrically opposing views in the lead. The results could delay a move by the international authorities to end their oversight of the country.

After a campaign dominated by nationalist grandstanding, parties led by Haris Silajdzic, the Bosnian Muslim who was prime minister during the war fought from 1992 to 1995, and Milorad Dodik, the most prominent Bosnian Serb politician, were expected to dominate the country's main institutions. Complete results in the voting for the country's complex governing system were not expected until the end of the week.

During the election campaign, both men were criticized for increasing ethnic tensions as they outlined conflicting views of Bosnia's future.

Each man advocates a tough version of the policies generally supported by his ethnic group. Bosnian Muslims, the country's largest group, with some support from their Roman Catholic Croat allies, seek a more unified country. They want to carry out political and economic changes that will enable Bosnia to join the European Union.

But many Serbs still want the half of the country that they dominate to become independent.

Voters on Sunday were selecting members of Bosnia's three-member presidency, which includes one member from each of the three main ethnic groups, as well as members of a national Parliament and those of two substates — the Muslim-Croat federation and the Bosnian Serb Republic.

Representatives were also being selected for the federation's 10 cantons, which provide local health, education and police services. The complex layers of government were devised under the Dayton peace agreement, which helped bring an end to the war.

Mr. Silajdzic, of the Party for Bosnia and Herzegovina, won the Muslim presidency. Nebojsa Radmanovic, a member of Mr. Dodik's Alliance of Independent Social Democrats, won the Bosnian Serb seat. The competition between the main Bosnian Croat candidates was too close to call, with just 50 percent of votes counted by Monday afternoon. Mr. Silajdzic's and Mr. Dodik's parties were likely to hold the largest number of seats in the national Parliament.

International officials here worry that the strongly differing stances will set back progress on political changes to ease a transfer of power from foreign officials to local politicians.

During the campaign, Mr. Silajdzic advocated the replacement of Bosnia's ethnically divided structures with a single centralized state. Mr. Dodik countered by saying any attempt to carry out such a plan would lead the Bosnian Serbs to hold a referendum on independence. Diplomats fear that such a development would ignite violence.

More than a decade after the end of the war that claimed about 100,000 lives from all sides, international officials still have a significant influence over the country's government.

Bosnia's most senior international official, the high representative — currently Christian Schwarz-Schilling of Germany — has the right to dismiss politicians and impose laws. In February, the mainly Western governments that oversee the high representative's office will review whether it should be closed by mid-2007 or extended. The European Union still has 6,000 peacekeepers in the country.

Mr. Silajdzic said Monday that he was determined to start work on creating a new Bosnia, in which institutions and politics were no longer based on ethnicity. "We have to transfer ourselves from a country based on ethnic rights to citizens' rights," he said in an interview. "What we have now is the result of genocide and a war of aggression, and it should be changed."

Mr. Dodik said the support for his party confirmed that Bosnian Serbs favor the federal structure, and he repeated warnings that "in the case that demands for abolishing the Serb Republic are repeated, demands for referendum will be raised again."

The European Union has told Bosnia that, in order to move toward possible membership, it must reform its Constitution to simplify its political structures and create a single national police force. Talks among Bosnia's political parties on both topics became deadlocked earlier this year.

Party's Scandals Catch Up To Brazil's President (WSJ)

By Matt Moffett And Geraldo Samor

The Wall Street Journal, October 3, 2006

RIO DE JANEIRO -- The last straw for Brazilian voters may have been the photos in Saturday's newspapers showing stacks of cash.

The police seizure of the money from operatives of the governing party capped a series of scandals in President Luiz Inácio Lula da Silva's administration that frustrated the president's chance to win re-election outright in Sunday's first round of balloting and set up a runoff for later this month against centrist Geraldo Alckmin.

Mr. da Silva, who had for months kept his own image unsullied by widespread fund-raising and payoff scandals in his Workers Party, in the end found himself dragged down by their cumulative weight even though he isn't facing charges. "The

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voters just got sick and tired of Lula saying he didn't know what was going on," says David Fleischer, who writes a political newsletter from Brasilia. "They saw the pictures of the money themselves."

Mr. da Silva outpolled Mr. Alckmin 48.6% to 41.6%. But the challenger has upward momentum and the remaining 10% of voters could go either way, likely setting the stage for a tight Oct. 29 runoff.

Mr. Alckmin, a former governor of wealthy São Paulo state, trailed Mr. da Silva in the polls by 17 points about two weeks ago. But he picked up ground quickly after the arrest of the Workers Party officials, who have been charged with planning to use $770,000 in cash to buy a dossier linking politicians in Mr. Alckmin's party to a kickback scam involving the procurement of ambulances.

In the first round, Mr. da Silva, a former union leader who is Brazil's first working-class president, tried to stay above the fray. He spurned debates with other candidates and campaigned mostly within his base of low-income voters, who rallied to the government's social programs and Mr. da Silva's common touch.

But Mr. da Silva won't have the luxury of playing it safe in the runoff. "Lula has suffered a shock and he's now facing a highly motivated candidate in what will be an intense race," says Cristiano Noronha, a political consultant.

The electorate is divided in its priorities. In a survey, consultant Antonio Lavareda found that 40% of respondents thought the government's focus should be on social programs, Mr. da Silva's hallmark. But 39% said they thought the government should emphasize anti-corruption measures, Mr. Alckmin's strong suit.

Brazilian financial markets surged yesterday following Mr. Alckmin's unexpectedly strong performance. While the leftist Mr. da Silva has shown himself to be a fiscally responsible overseer of the economy, Mr. Alckmin is seen by investors as having a clearer agenda to shrink the state and stimulate growth.

Some analysts are viewing the election as a watershed, signaling a new determination on the part of Brazilians to hold their leaders accountable for corruption. Historically, Brazilians have tolerated graft as long as some services or public works were trickling down. The attitude was encapsulated in a famous slogan once used by a shady Brazilian politician: "Rouba, mas faz." He steals, but he gets things done.

But the rebuke to Mr. da Silva shows Brazilians' tolerance for corruption "is coming to an end," says Roberto da Matta, an anthropologist who is a professor emeritus at the University of Notre Dame in Indiana. "Lula, who was a political Robocop, has turned into a human. And Alckmin, who didn't have any charisma, now has a human face."

The disillusionment with Mr. da Silva was particularly marked among wealthier and middle-class voters in Brazil's more economically advanced south. In Rio de Janeiro's trendy Ipanema neighborhood on Sunday, some people walked around with black T-shirts reading: "Lula No. Down With Corruption."

To be sure, the anticorruption trend was less clear-cut in local congressional elections, where patronage politics is often the order of the day. Brazilians re-elected several congressmen who are under federal indictment for receiving payoffs from an alleged Workers Party slush fund. And the top vote-getter among São Paulo congressional candidates was Paulo Maluf, who is accused by federal prosecutors of racketeering, money laundering and corruption.

But in some other local races, voters made candidates pay for their sins. Only five of 50 Congress members involved in the ambulance scam won re-election. And former House Speaker Severino Cavalcanti, who resigned last year after being charged with taking kickbacks from a Congressional restaurateur, also lost his comeback bid.

A Message For Lula (LAT)

The Los Angeles Times, October 3, 2006

FINANCIAL MARKETS CHEERED the failure of Brazilian President Luiz Inacio Lula da Silva to win a majority of the vote in Sunday's election, and the U.S. State Department made some positive noises to the effect that the results demonstrated "the strength of democracy in the hemisphere." But Lula's sudden and surprising fall from grace isn't necessarily good news.

Though polls had long predicted Lula as the clear winner, he instead attracted only 48.6% of the vote, forcing an Oct. 29 runoff with rival Geraldo Alckmin, the former governor of Sao Paulo. Brazilian stock traders were pleased because Alckmin is more business-friendly than Lula and promises to lower the country's crushing tax burden, though he hasn't given many specifics on how to go about it. The benchmark Ibovespa index rose 2% Monday.

Lula's collapse can be traced to a scandal that emerged Sept. 15, when two men tied to his Workers' Party were arrested in what appeared to be a dirty-tricks campaign against political rivals. This followed years of vote-buying scandals, kickbacks and other corrupt dealings by party members and their associates. And though Lula has never been directly tied to any of them, he has also failed to clean house. He didn't help his own case by refusing to participate in a final televised debate among the presidential candidates.

Despite the setback, Lula is heavily favored to win the runoff, not least because Alckmin is nearly devoid of charisma; in a country fond of single names and nicknames, Alckmin is often called "xuxu," which is a flavorless Latin American squash. Yet

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with his political capital at an all-time low and with the number of friendly seats declining in Congress, Lula may find it very difficult to get much done in his second term.

Some might call that a bonus. Lula's embrace of orthodox economic policies has come as a relief to many investors in Brazil and beyond, but there's little evidence that he ever had any appetite for the reforms Brazil needs if it is to boost its relatively anemic 3% annual growth rate. Latin America's most populous nation suffers from a bloated state that gets in the way of private enterprise. Perhaps a chastened second-term Lula might be more amenable to working with the opposition to improve business conditions in the country.

On the global stage, Lula has been an authoritative voice for social justice, though at times he has been too quick to defer leadership of the Latin American left — oddly, given Brazil's size — to the buffoonish Venezuelan president, Hugo Chavez.

Judging from Sunday's results, that deference may have diminished Lula's standing at home as well as abroad.

Riots Spread As Incumbent Widens Lead In Zambia Vote (NYT)

By Michael Wines

The New York Times, October 3, 2006

JOHANNESBURG, Oct. 2 — President Levy Mwanawasa of Zambia took an unexpectedly large lead Monday as vote-counting neared an end in the nation's presidential election and some supporters of his populist rival, Michael Sata, rioted for a second day.

Mr. Sata urged his followers to end the violence, but also accused Mr. Mwanawasa of stealing the election and promised "a big battle" against Mr. Mwanawasa's faction in Parliament. Mr. Sata said he would not contest the election results in court, but at the same time refused to formally concede the race. "How can I concede when I am complaining of votes being stolen?" he said.

With votes tallied in all but 15 of Zambia's 150 constituencies, Mr. Mwanawasa had captured 43 percent of the 2.52 million ballots counted, compared with 27 percent for Mr. Sata and 26 percent for Hakainde Hichilema, a businessman, the third major candidate.

The final total was delayed because impassable roads slowed the delivery of ballots from some rural provinces.

Mr. Sata complained that 400,000 votes in his strongholds, in urban areas like the copper-mining regions, were unaccounted for, and the national election commission said it was investigating the charge. European observers and local political analysts have said, however, that the election seemed relatively free of corruption. The largest independent newspaper, The Zambia Post, has reported that the results largely tracked its own surveys of voters leaving the polls.

Some analysts have said that Mr. Sata, 69, a former cabinet minister who promised to improve the lives of Zambia's poor, won over supporters in the capital, Lusaka, and other major cities, but that he did not campaign in rural areas where Mr. Mwanawasa was strong.

Near the end of the campaign, one opinion poll indicated that Mr. Sata was backed by 52 percent of Zambians, but political experts in Lusaka said that that result was clouded by the difficulty of taking accurate samples in a largely rural and poorly educated nation.

Mr. Sata's supporters began rioting in some Lusaka slums on Sunday when ballots from rural areas were counted and his early lead over Mr. Mwanawasa vanished. Mr. Mwanawasa accused his rivals in a national address on Sunday of resorting to violence in the face of defeat and promised a crackdown on lawbreakers, but the disorder continued Monday in Lusaka and spread to Kitwe, an industrial city in the copper-mining region in Zambia's north.

Mr. Sata appealed Monday for calm. "We are not going to do anything that will destroy Zambia," he said.

Japan's Abe Seeks Talks With China, South Korea (WP)

By Anthony Faiola

The Washington Post, October 3, 2006

TOKYO, Oct. 2 -- Seeking to mend Japan's deteriorating relations with its neighbors, Japanese officials on Monday said they were moving quickly to arrange summit meetings between freshly inaugurated Prime Minister Shinzo Abe and his counterparts in China and South Korea.

Officials here said specific dates were still under discussion and cautioned that negotiations with one or both nations might yet break down. But widespread Japanese media reports indicated that Abe was hoping to hold talks with Chinese President Hu Jintao on Sunday and to see South Korean President Roh Moo Hyun the next day.

Scoring such summits so early in his tenure would mark a symbolic breakthrough for Abe, 52, who succeeded Junichiro Koizumi as prime minister on Sept. 26. China and South Korea have boycotted top-level meetings with Japan since last year, citing Koizumi's annual visits to Tokyo's Yasukuni Shrine, which honors Japan's military dead, including convicted World War II criminals.

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Japan's relations with both nations have also sharply deteriorated over territorial disputes. Tensions between China and Japan center on drilling rights in the East China Sea, an issue that has increasingly concerned the United States. Japan's schism with South Korea over disputed islets, meanwhile, has helped plunge relations between Washington's two most important allies in the region to their lowest point since the end of World War II.

"I plan to develop forward-looking relations with our important neighbors, China and South Korea, by building mutual understanding through dialogue and cooperation in every possible level and area," Abe told reporters in Tokyo on Monday.

Analysts were quick to lower expectations for a long-term easing of tensions in the region -- largely because Abe's positions on the issues dividing Japan from its neighbors are at least as hard-line as Koizumi's.

Abe underscored his position on at least one issue Monday, telling parliament that he wished to continue to pray for Japan's war dead and revere their memories. He said he would refuse all comment on whether he intends to do that by visiting Yasukuni annually, as Koizumi did.

Abe is believed to have already made his own visit there last April, although he never publicly confirmed it. Regardless, analysts predict Abe will hold off on visiting the highly symbolic shrine until at least after Japan's key legislative elections in July, when his ruling Liberal Democratic Party must hold on to power for him to continue his premiership.

"For Abe, to have the summit meetings now and illustrate friendship between the countries, then win the July elections and visit Yasukuni later next year would be an ideal scenario," said Minoru Morita, a Tokyo-based political analyst. But China and South Korea "will face major embarrassment at home if that happens."

If Abe manages to meet with Hu and Roh, he'd have much to talk about. Among the issues for discussion might be Abe's support for new Japanese history textbooks, which have been denounced by Beijing and Seoul as whitewashing Japan's past aggression. His push to strengthen patriotism in Japanese classrooms and to rewrite Japan's pacifist constitution to allow for a greater role for the military have also made China and South Korea uneasy.

In April, South Korea dispatched a flotilla of warships to prevent a Japanese survey vessel from entering waters claimed by both nations. Japan and China have become bogged down in negotiations aimed at resolving an increasingly serious dispute over lucrative energy rights near islands called Senkaku in Japanese and Diaoyutai in Chinese. The Chinese have constructed drilling platforms that could tap resources claimed by the Japanese.

Snail Mail As Economy Zooms, India's Postmen Struggle To Adapt (WSJ)

By Eric Bellman

The Wall Street Journal, October 3, 2006

MUMBAI, India -- When Mumbai Region Postmaster General A.P. Srivastava joined the postal system 27 years ago, mailmen routinely hired extra laborers to help carry bulging gunnysacks of letters they took all day to deliver.

Today, private-sector couriers such as FedEx Corp. and United Parcel Service Inc. have grabbed more than half the delivery business nationwide. That means this city's thousands of postmen finish their rounds before lunch. Mr. Srivastava, who can't fire excess staffers, spends much of his time cooking up new schemes to keep his workers busy. He's ruled out selling onions at Mumbai post offices: too perishable. Instead, he's considering marketing hair oil and shampoo.

"We have to find new ways to generate revenues and use excess space and staff," sighs the 52-year-old Mr. Srivastava, sipping tea at his desk piled high with files waiting for his approval. "Laying people off isn't an option."

India's vast postal service, the world's largest, highlights a little-understood feature of this nation's economic transformation. While India often draws criticism for its failure to sell its vast network of state-owned companies, the government has quietly been opening many of its agencies to blistering competition from private-sector rivals.

But as India lets its public sector get squeezed, it faces a big dilemma: What to do with these often huge and politically connected organizations during the painful transition period where they have to become competitive and profitable or extinct?

Once the pride of India's civil service, India Post and its predecessor, the British East India Co., controlled most mail delivery for centuries. But since a reform-minded government started allowing more competition in the 1990s, more-efficient private couriers have eaten deeply into India Post's business.

Likewise, state-owned phone company Mahanagar Telephone Nigam Ltd. used to have a monopoly on much of the phone service in India. Today it is battling with an onslaught of internationally financed competitors that have driven the quality of service up and rates down on everything from local to long-distance to cellular service to Internet connections.

State-run airlines Air India and Indian Airlines have been under attack for more than a decade and the industry has just become more competitive with six new carriers starting operations in the past two years. The banking sector is still dominated by the giant State Bank of India but the country's growing middle class is taking most of its business to the high-tech private banks, such as HDFC Bank Ltd. and ICICI Bank Ltd. leaving the state banks with the least-profitable businesses and worst borrowers.

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Such competition from private business is helping to change the face of the Indian economy. The country is becoming a growing force in the global economy as reforms have unleashed the power of its one billion consumers. India's economy grew at a faster-than-expected 8.9% in the second quarter, nearly matching China's torrid pace.

But the shift toward the private sector has been a gradual process, made necessary by the political reality faced by a succession of unstable coalition governments. Today's Congress Party-led coalition depends on the support of communist parties, which oppose layoffs and privatizations. When the coalition first came to power in 2004 one of the first things it did was close the Disinvestment Ministry which oversaw privatizations.

In contrast, in the U.K., Margaret Thatcher -- one of the earliest promoters of privatization in her country -- was able to use her Conservative Party's strong control of Parliament to push though privatization. She closed down unprofitable organizations and auctioned off many of the U.K.'s largest state-owned companies in the 1980s despite violent strikes and opposition from the left.

In India, Mr. Srivastava's struggle to modernize Mumbai's post offices shows how efforts to reform state-run entities can be tripped up by a convoluted bureaucracy and populist politics. India Post is forced to maintain its 550,000 employees with full benefits and run a vast network of post offices, most of them unprofitable. What's more, politicians keep India Post from raising postal rates, so it loses money on almost every postcard and package it handles.

While India Post runs the largest postal network in the world with more than 155,000 branches, it's also one of the most inefficient. Each of the U.S. Postal Service's 700,000 employees handles more than 15 times as many pieces of mail a year on average as India Post workers. The U.S. service also makes money, reporting an operating profit of more than $1.5 billion last year, while India Post lost $300 million.

The British East India Co. established the first postal stations in Mumbai, the city formerly known as Bombay, in 1688 and in Calcutta (now known as Kolkata) in 1727. About 50 years later, it started regular service between the two cities using runners who carried spears with bells attached to ward off tigers.

Mr. Srivastava fondly recalls the days when the local post office was the only place people could mail a letter or package, or even make a phone call. He joined the postal system in 1979 partly because of its prestige and importance in Indian communities. In his first posting, as head of a post office in the northern state of Uttar Pradesh, Mr. Srivastava was given membership in the best clubs, invited to join a local education committee and was regularly paid visits by local politicians and business leaders: high status for a 27-year-old.

During the annual rush of mail during Diwali -- the festival of lights during which India's 800 million Hindus exchange cards and gifts -- Mr. Srivastava remembers having to use every inch of floor space to sort mail, "even in my office." There was then virtually no competition. When Mr. Srivastava once discovered that a clandestine private courier was transporting mail, he called the police and had the operation shut down.

Today, there are more than 2,000 private companies delivering documents and packages in India, ranging from tiny operations with a handful of men who make around $2 a day to big international players like FedEx. The industry generates $850 million a year in sales, according to estimates by the Express Industry Council of India, which represents private couriers. The market is so promising that in 2004 DHL Corp. decided to take over one of the leading domestic courier services for $160 million.

"The role of the post office was much more important in the lives of the people back" in the old days, says Mr. Srivastava wistfully. "Now, there are so many other opportunities that our service is not given the same respect."

Under pressure from the central government to pay its way, India Post has been forced to try an assortment of new businesses. The agency now sells the outsides of envelopes and mail boxes as advertising space. For the hundreds of millions of Indians without access to computers, the postal service will receive, print and deliver email to its destination by hand. And for the first time in India Post's long history, its local postmen have to pick up mail directly from homes.

The post office is even outsourcing its postmen to phone and credit-card companies, who use them to confirm the home addresses of new customers. Mahanagar Telephone Nigam, one of India Post's clients, pays 30 rupees (about 64 cents) per confirmation. Other companies, including the Indian arms of Western Union Financial Services Inc. and General Electric Co., now pay India Post commissions to sell their loans and money-transfer services. Mr. Srivastava is even renting out the century-old domed General Post Office at night for movie shoots.

In a dusty corner of the cavernous Mumbai General Post Office, at the former domestic-parcels counter, Shyam Sundar Dhini was peddling cashews, herbal medicines and aloe vera gel. A "Happy New Year" sign hung on the wall above his makeshift shop despite its being September. "I have become a salesman instead of a postman," said Mr. Dhini, a 23-year postal veteran who isn't quite sure what aloe vera gel is used for. "I know everything about letters and stamps, but nothing about sales. No one wanted this job because this is not what postmen do."

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Some postmen, who are now under pressure to learn new skills ranging from using a computer to how to accept mutual-fund applications, have been reluctant to adapt. "There is resistance from the staff, especially the older set," who have grumbled about the new chores, concedes Mr. Srivastava. "But if they do not do these other activities they will not have a job to do."

Still, the postal union has repeatedly threatened to strike to block plans to reduce the post office's losses by redeploying its staffers on nonpostal jobs. "We will work hard, but we don't want more work," declares Arvind Y. Salvi secretary for the National Union of Postal Employees in Mumbai. Since the neighborhood postman is the government employee closest to the average citizen, Mr. Salvi says any government that causes them to strike risks losing votes. Few politicians are willing to take that risk.

Postal workers also grouse that they haven't been properly trained to do the new jobs being foisted upon them or given the facilities needed to carry out nonpostal assignments. Mr. Salvi's post office at a busy Mumbai intersection illustrates the problem. Like most such offices in India, it's cramped and dirty and hasn't changed much for decades. Next to his desk is a huge old safe with a skeleton key. Nearby is a roaring gas stove, which is used to melt the plastic to seal registered letters. Following a colonial-era procedure, each registered letter is tied by hand with brown twine, which is then glued to the envelopes with six blobs of plastic, each stamped with the official postal seal.

Two computers, delivered a year ago from the regional headquarters, sit next to the stove, but have never been deployed because no one knows how to use them. "They called employees in one Sunday and taught us for five hours saying 'This is a computer, push this key, push that key' but that's not enough," says Mr. Salvi. "The postmen don't even know what email is."

Motivating demoralized postal workers is tough. A mid-level manager at India Post, for example, makes about $500 a month, roughly one-third the salary of a manager at an international courier in India. Rigid bureaucratic wage scales dictate salaries and restrict bonuses, making it almost impossible for the post office to offer incentives. Mr. Srivastava says the only reward he can give hardworking postmen who have excelled in promoting new products is a thermos bottle or a lunch box.

Meanwhile, to fend off competition from private couriers, India Post is trying a tactic left over from India's socialist days: outlawing the competition. The agency's political backers are pushing for an amendment to postal laws that would make it illegal for private carriers to deliver parcels or documents that weigh less than 300 grams. It would also make couriers pay 10% of their revenues to underwrite India Post's expansion into rural areas and force 100%-owned foreign companies, such as FedEx, to reduce their shareholding in local units to 49%. Legislators will be debating the bill later this year.

"Customers are looking for short transit times and a high level of service and technology but these are not elements that the postal service provides," so any restrictions on couriers will hurt Indian companies says Jacques Creeten, the Mumbai-based managing director for FedEx. "India is not isolated in the world -- it is competing with China, Vietnam and Bangladesh and exporters need the express industry to stay competitive."

Mr. Srivastava says he doesn't need a monopoly, but argues that he can't be expected to compete with couriers that don't have to carry India Post's high administrative costs and political baggage. "We didn't realize this was really going to hit us," he says, as he signs document after document required by India's layers of bureaucratic protocol to run his domain of more than 10,000 workers.

"Some people have still not realized."

--Binny Sabharwal contributed to this article.

Optimism And Africa (NYT)

By Nicholas D. Kristof

The New York Times, October 3, 2006

MALABO, Equatorial Guinea

The founding president of this country was a witch doctor who murdered tens of thousands, put enemies' heads on pikes, denounced education and spread land mines on the road out of his country to prevent people from fleeing. This was then so vile a place that an American diplomat stabbed another to death here in 1971 and claimed in his trial that he had been driven insane partly by the screams of all the people being tortured.

When the president was finally ousted in 1979, he ran off into the bush with $60 million packed in suitcases. But he was pursued, and in a shootout, the nation's entire foreign exchange reserves burned up.

This little country of Equatorial Guinea was, therefore, a useful place to visit with Casey Parks, the student journalist who won a contest to accompany me on this trip — because it underscores one of the biggest challenges facing Africa today.

That is the need for better governance, meaning both less corruption and better economic policies. The single greatest need to fight poverty and injustice isn't more aid, although that is needed. What matters most is the local decision makers. The single biggest reason Africa is so poor is that it has had unusually bad leadership — a reflection, in turn, of colonial misrule.

Equatorial Guinea traditionally has been Africa's poster boy for bad governance. Even after the old witch doctor was ousted, the kleptocracy continued under Teodoro Obiang, the current president. A new book about the country, "The Wonga

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Coup," notes that in 2004 President Obiang bought a Boeing 737, one of six personal planes, for $55 million, and outfitted it with a king-sized bed and gold-plated fittings in the extra-large bathroom.

Schools and clinics are needy, but Forbes lists President Obiang as the world's eighth richest ruler, with a net worth of $600 million. Just last year, "The Wonga Coup" says, the president's son spent the equivalent of a third of his country's entire education budget on a vacation home in South Africa and three cars — two Bentleys and a Lamborghini.

That is grotesque, but it is changing. Here in Equatorial Guinea, torture has diminished, and two opposition members of Parliament provide token public criticism. The government is participating in Tony Blair's anticorruption initiative (a terrific program to help poor countries), and Prime Minister Ricardo Mangue told me that his government would begin publishing budgets to try to ensure more transparency.

We should help developing countries broadly, not just by writing checks but also by holding their feet to the fire on corruption and economic reform. An excellent new U.S. aid program, the Millennium Challenge Accounts, rewards good governance, and we can do even more. For example, as Joseph Stiglitz notes in his new book, "Making Globalization Work," the West can modify bank secrecy rules so that it is harder for dictators to pillage their lands.

The time is right, because all across Africa, countries are increasing efforts to fight corruption and improve the investment climate. The World Bank's latest "Doing Business" report shows that some African countries, particularly Tanzania, Ghana, Rwanda and Nigeria, are among the world leaders in reforming their economies.

And where African countries have had sustained good governance, economies have boomed. Examples include Botswana, Mozambique, Rwanda and Mauritius, which in turn are becoming models for neighbors.

Partly as a result, Africa is enjoying an overall economic growth rate this year of 5 to 6 percent, twice that of the U.S. And Africa now has a huge opportunity to move up the ladder into low-wage manufacturing, because Chinese labor costs are rising and some labor-intensive production is being shipped to lower-wage countries. Chinese traders are now everywhere in Africa, although they haven't set up many factories so far.

Senegal has snared a share of the French-language call-center industry, and a few countries, like Mauritius, Lesotho and Namibia, make garments, but manufacturers have generally shunned Africa because of concerns about infrastructure, political instability, corruption and ability to scale up production. If Africa plays its cards right, that could change.

So, yes, Africa is still afflicted by AIDS, misery and the tyranny of "big men" whose sons squander national treasure on Lamborghinis. But leadership is improving, opportunities are appearing, and there's something new in the air: reform, and hope.

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Rowley, Raymond G.

From: Rowley, Raymond G.

Sent: Tuesday, October 3, 2006 2:00 PM

To: Todd, Gordon (SMO); McAtamney, James A; Vasaio, Tony; Scolinos, Tasia; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Hart, Rosemary; Wulf, David M.; Cagigas, Jaime (DHS); Kim.Tilton@ic.fbi.gov; G.Jones@ic.fbi.gov; Schmitz, Fran (CTS); Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Scavo, Tara; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; omar.vargas@usdoj.gov; Augustine, Donald P.; James.Burch@usdoj.gov; Sheryl.Maddux@usda.gov; Kim_Thorsen@ios.doi.gov; kim_thorsen@ios.doi.gov; Daniel_Bauer@ios.doi.gov; Kelly.Wolsayer@do.treas.gov; larry_parkinson@ios.doi.gov; monica.mapel@dhs.gov; Robert.Hutchinson@dhs.gov; Paul.Durette@dhs.gov; Richard.Cline@dhs.gov; Ron.Libbly@dhs.gov; Elaine.Heinein@usss.dhs.gov; Jenny.Randall@dhs.gov; John.Novak@dhs.gov; ge@DOC.gov; Martin, Mark D.; mark_harvey@ios.doi.gov; Lowrey, Stuart L.; blakep@oig.treas.gov; kevin.d.greba@secureskies.net; Ron.Libby@dhs.gov; jeffrey.bedford@ic.fbi.gov; Larry_Parkinson@ios.doi.gov; william.e.benner@secureskies.net; gregory.john@epa.gov; keith.frost@va.gov; lormandy@bop.gov; cstringer@usmint.treas.gov; Anna_M.Farias@hud.gov; Richard.Cline@dhs.gov; sbaker@who.eop.gov; John_Kmetz@ios.doi.gov; kevin.doyle@va.gov; proctos@amtrak.com; joseph.jenkins1@dhs.gov; prrendina@uspis.gov; twohlrab@usmint.treas.gov; greg_lawler@nps.gov; jzilkowski@comdt.uscg.mil

Subject: FW:

Attachments: PSMA-PSOW-ESFLG Brief .ppt; MA Brief New RLG Format 1 (3).ppt

Attached are the Mission Assignment documents that were presented during last Friday's meeting. I am sending them in the event some did not receive copies.

If you are receiving this message and are no longer involved with ESF-13 please let me know and I will delete your name.

Thanks,

Ray

From: Privett, Daniel J.
Sent: Friday, September 29, 2006 3:28 PM
To: Rowley, Raymond G.
Subject:

MISSION ASSIGNMENT BRIEFING

What is A Mission Assignment?

- **Work order issued by FEMA to a Federal agency directing completion of a specific task, and citing funding, other managerial controls, and guidance**
- **Given in anticipation of, or response to a Presidential declaration of a major disaster or emergency**

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Types of Mission Assignments (MAs)

Federal Operations Support (FOS):

- Any type of support to Federal responders
- 100% Federally funded
- Before or after declaration

FEDERAL EMERGENCY MANAGEMENT AGENCY **MISSION ASSIGNMENT (MA)**	See Reverse for Paperwork Burden Disclosure Notice	**O.M.B. NO. 3067-0278** **Expires February 28, 2004**

I. TRACKING INFORMATION (FEMA Use Only)

State: | Action Request #:
Program Code/Event #: | Date/Time Rec'd:

II. ASSISTANCE REQUESTED ❑ See Attached

Assistance Requested:

Quantity: | Date/Time Required: | Internal Control #:
Delivery Location:
Initiator/Requestor Name: | 24-hour Ph #s: | 24-hour Fax #s: | Date:
POC Name: | 24-hour Ph #s: | 24-hour Fax #s: | Date:
* State Approving Official (Required for DFA and TA): | Date:

III. INITIAL FEDERAL COORDINATION (Operations Section)

Action to: ❑ ESF #: ❑ Other: | Date/Time: | Priority: ❑ 1 Lifesaving ❑ 2 Life sustaining ❑ 3 High ❑ 4 Medium ❑ 5 Normal

IV. DESCRIPTION (Assigned Agency Action Officer) ❑ See Attached

Mission Statement:

Your agency is responsible for submitting a Mission Assignment Monthly Progress Report to FEMA to include cost data when Mission Assignments take more than 60 days to complete, including billing. The Mission Assignment Monthly Progress Report can be accessed and submitted on-line at www.fema.gov/ofm/ofed_agencies.shtm.

Assigned Agency: | Projected Start Date: | Projected End Date:
❑ New or ❑ Amendment to MA #: | Total Cost Estimate: $
Assigned Agency POC Name: | Phone and fax #s:

V. COORDINATION (FEMA Use Only)

Type of MA: ❑ Direct Federal Assistance State Cost Share (0%, 10%, 25%) ❑ Technical Assistance State Cost Share (0%) ❑ Federal Operations Support State Cost Share (0%)

State Cost Share Percent: % | State Cost Share Amount: $
Fund Citation: 20__-05-_ _ _ _ _ _ _ - _ _ _ _ XXXX - 250 _ - D | Appropriation code: 58X0104
Mission Assignment Coordinator (Preparer): | Date:
** FEMA Project Officer/Branch Chief (Program Approval): | Date:
** Comptroller/Funds Control (Funds Review): | Date:

VI. APPROVAL

* State Approving Official (required for DFA and TA): | Date:
** Federal Approving Official (required for all): | Date:

VII. OBLIGATION (FEMA Use Only)

Mission Assignment #: | Amt. This Action: $ | Date/Time Obligated:
Amendment #: | Cumulative Amt. $ | Initials:

* Signature required for Direct Federal Assistance and Technical Assistance MAs.
** Signature required for all MAs.
FEMA Form 90-129, Oct 02

DOJ_NMG_0074331

Types of Mission Assignments (MAs)

Technical Assistance (TA):

- TA for expertise advice
- 100 % Federally funded
- Eligible after declaration

"Brain Power = Clean Hands"

Direct Federal Assistance (DFA):

- For goods and services beyond the State's ability to provide
- Functions normally under State/local purview
- Requested by the State; subject to cost-share
- Eligible only <u>after</u> declaration

"Dirty Hands and We do the Work"

Common Terms

- Action Request Form (ARF)
- MA Form
- MA Tasking Form
- Emergency Support Function (ESF)
- Federal Approving Official (FAO)
- State Approving Official (SAO)
- Operations Section Chief
- Action Tracker

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Common Terms (cont.)

- Mission Assignment Coordinator (MAC)
- Project Officer (PO) -*FEMA*
- Action Officer (AO) -*OFA*
- Comptroller
- Finance Specialist
- Disaster Finance Center (DFC)
- Prescripted Mission Assignment (PSMA)
- National Emergency Management Information System (NEMIS)
- Enterprise Coordination Processing System (eCAPS)

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Mission Assignment Phases (3)

Incident **Declaration**

REQUEST Process

MISSION ASSIGNMENT Process

Phase 1: MA ISSUANCE

Phase 2: MA EXECUTION TRACKING & MONITORING, STAND-DOWN & DEACTIVATION

Phase 3: MA BILLING & REIMBURSEMENT/CLOSEOUT & STATE COST SHARE

Set-Up Activities

- **Notification and ESF activation**
- **Budget established**
- **NEMIS Rights**
- **Delegations of authority**
- **Presidential declaration *(specifies cost share and waivers)***
- **FEMA-State agreement *(assurances from State)***

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Request Process – Identifying Needs through the State

A variety of sources can identify needs for Federal assistance:

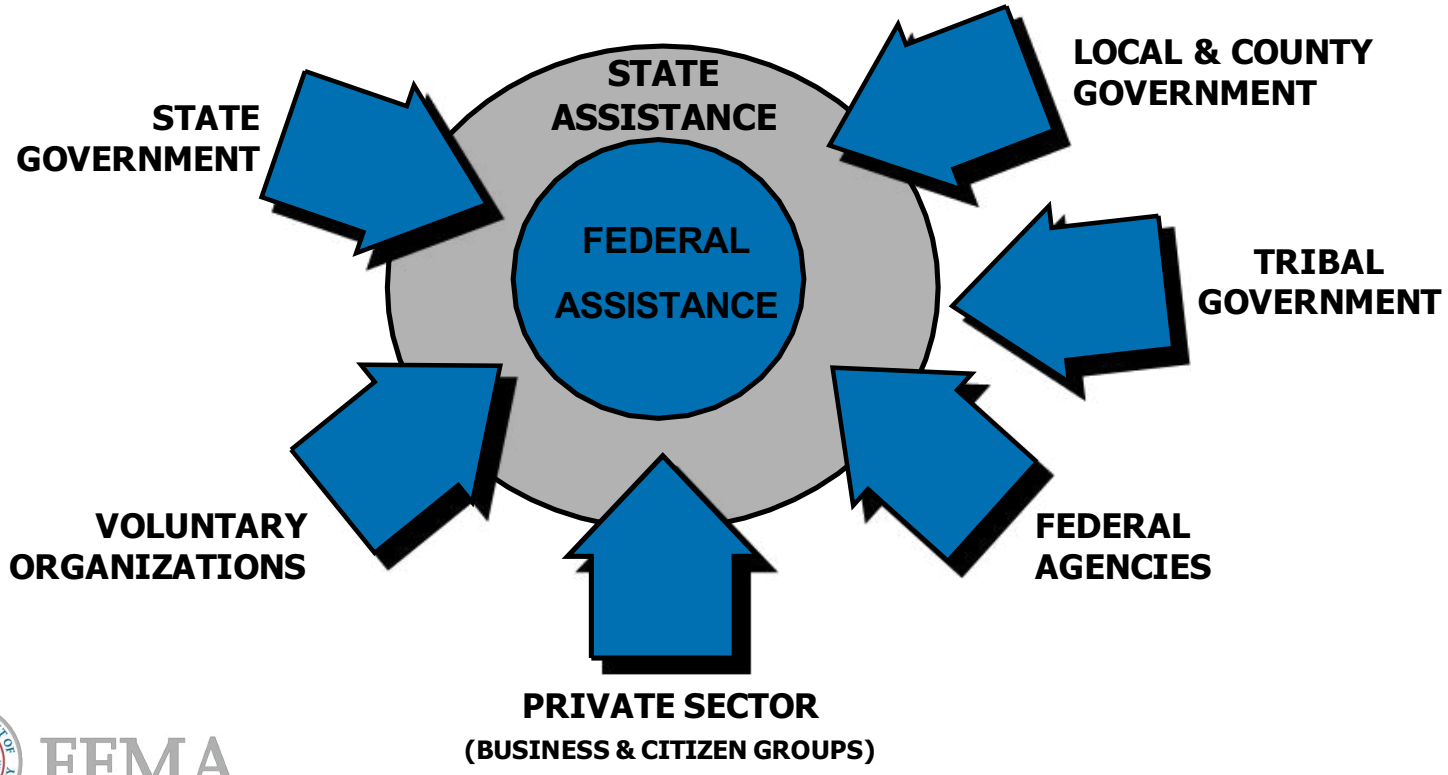

FEMA

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Request Process – ARF

- NOTE!! All official requests should be made to FEMA via the Action Request Form (ARF)
  - **Verbals *(follow up in writing!)***
- *ARF is logged in the "Tracking Log"*
  - ***(by Action Tracker)***

ACTION REQUEST FORM (Interim draft as of 1/03)

I. Who is Requesting Assistance? (Completed by Requestor)

Requestor Name/Title/State: Temporary Phone/Fax #:

Permanent Phone: FAX #:

Requestor Organization: E-mail:

II. Requested Assistance (Completed by Requestor) ☐ See Attached

Description of Assistance Requested:

Quantity: Priority: ☐ 1 Lifesaving ☐ 2 Life sustaining ☐ 3 High ☐ 4 Failure ☐ 5 Normal Date/Time Needed:

Delivery Site Location:

Site POC: 24 Hour Phone: FAX #

State Approving Official signature: Date:

III. Sourcing the Request - Review/Coordination (Operations Section Only)

☐ OPS Review by: ☐ Log Review by: ☐ Other Coordination by: ☐ Other Coordination by: ☐ Other Coordination by:

☐ Donations ☐ Other (mutual) ☐ Dispositions ☐ Procurement ☐ Interagency Agreement ☐ Mission Assignment

Immediate Action Required: ☐ Yes ☐ No

Action request assigned to: ☐ ESF #: ☐ Other:

Date/Time Accepted:

IV. Statement of Work (Operations Section Only)

GPA Action Officer: 24 hour Phone: FAX#

FEMA Project Officer: 24 hour Phone: FAX#

Justification / Statement of Work:

Estimated Completion Date: Cost Estimate:

V. Action Taken (Operations Section Only)

☐ Assisted ☐ Rejected

Disposition:

☐ Accountable Property Coordinated with APO

TRACKING INFORMATION (FEMA USE ONLY)

NEMIS Task ID:

Action Request #: Received by (Name and Organization):

Program Code/Event #: State: Date/Time Submitted: ☐ Originated as verbal

Request Process

Operations Section Chief – Reviews ARF

- Eligible under Stafford Act?
- Beyond State and local capabilities?
- Permanent restorative work?
- Existing other Federal agency authority?

Operations Section Chief - Coordinates with Logistics

- Can request can be met through FEMA?

  (Internal FEMA Supply or Purchase or Contract)

If not, ARF is routed to appropriate Branch Chief to work with OFA to prepare SOW, $$ and completion date.

THEN Request = MISSION ASSIGNMENT

FEMA

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Phase 1: MA Issuance

- **MA reviewed OPS Section Chief for content**
- **MA is signed (*in NEMIS/eCAPS*) by:**
  - MAC
  - PO
  - State Approving Official (SAO) –(*TA or DFA)*
  - FAO (*i.e., FCO, Dep. FCO or Ops Chief)*
- **Comptroller -**
  - Certifies and obligates funds
  - Forwards obligated MA to the DFC and copy to the MAC
- **MAC provides a copy to the OFA**

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Phase 2: MA Execution

Tasked Lead Agency –

- Begins task
  - *May subtask support agencies or contract with vendors*
- Agency's Action Officer (AO) tracks progress and documents all expenditures
- AO coordinates with FEMA's Project Officer (PO)
- AO submits two reports to PO:
  - Work progress report –
  - Financial status report – www.fema.gov/ofm/ofed_agencies.shtm

FEMA

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Phase 2: Monitoring & Tracking

- FEMA PO and tasked agency AO coordinate and monitor MA <u>from issuance to close out</u>
- MAC reviews MA with PO and amends MA as necessary
- Comptroller tracks MA financial status

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Stand Down and/or Release

Stand Down

- FCO, Operations Chief, and ESFs coordinate to "stand down" for possible release.

Deactivate

- Establish long-term OFA Points of Contact (POC).
  - Include BOTH finance and program POCs
  - Obtain name, telephone number, fax number, and e-mail.

Conduct exit interview with ESFs.

Phase 3: Billing/Reimbursement & Close-out

- Support agency bills reviewed by lead agency & paid by FEMA from lead agency's obligation
- Lead and other agencies with direct MAs bill FEMA
- FEMA DFC reviews bills and pays agency
- MAC/PO/FAO reviews work, approves payment
- OFA submits final bill
- Remaining funds deobligated, MA file closed
- State billed for cost share

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Reimbursable Costs

ELIGIBLE COSTS

- Permanent Federal agency personnel: Overtime, travel, per diem
- Temporary personnel: Wages, travel, per diem
- Costs paid from trusts, revolving funds, etc.
- Costs of contracts and materials, equipment from agency's regular stock

Non-Reimbursable Costs

NON-ELIGIBLE COSTS

- Work performed by an agency under their own authority
- Repairs to OFA facilities
- Litigation costs
- PFT regular salaries, benefits, and indirect costs (i.e., sick time, cash awards)

Pre-scripted Mission Assignments

- Developed to facilitate rapid response and standardize mission assignments.
- Mission statement and dollar amount $$ serve as a general guideline or template
  - **IF NEEDED -*Revise PSMA to fit the request!!!!***
- Encourage “thinking ahead”
- Purpose is not to “recreate the wheel”
- Operations Chief has discretion to change

DOJ_NMG_0074347

QUESTIONS & DISCUSSIONS

MISSION ASSIGNMENTS

Why a Formal Pre-Scripted Mission Assignment Process?

- In response to Senate investigations and Congressional inquiries, the Response Division is working diligently to enhance business practices and better **document decision-making processes**.
- Recently, the term **"Pre-Scripted Mission Assignment"** has been **misinterpreted** which has led to some misunderstandings with our partners in the emergency management community.
- In order to reduce future miscommunication, we are adopting the following definitions and will employ them in the **PSMA Approval Process**.

FEMA

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What is a Proposed Statement of Work?

- **Proposed Statement of Work (PSOW)**
- A ***preliminary*** statement of work prepared by the Primary Department / Agency (D/A), of an Emergency Support Function, prior to an event (e.g., major disaster, emergency).
- The key components of a PSOW are the **scope of work** (e.g., specific tasks to be performed, requirements or criteria to be followed) and a **projected cost estimate**.
- Preparation of the PSOW is the **first step** in the development of a Pre-Scripted Mission Assignment.

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What is a Pre-Scripted Mission Assignment?

- **Pre-Scripted Mission Assignment (PSMA)**
- A **statement of work and projected cost estimate written prior** to an event (e.g., major disaster, emergency) by the Primary Department / Agency (D/A) of an Emergency Support Function that has been **evaluated and mutually agreed** upon by FEMA and the Primary D/A designated in a mission assignment. *(In the case of DOD, PSMAs are coordinated vs. approved)*.
- The **PSMA serves as a baseline for developing taskings** to Federal D/As to meet operational requirements. It is similar to the Preliminary Statement of Work (PSOW) in that the key components of a PSMA are the scope of work (e.g., specific tasks to be performed, requirements or criteria to be followed) and a projected cost estimate.
- ***Essentially, the PSMA is a PSOW that has undergone program, legal and financial reviews and been accepted by both FEMA and the Primary D/A.***

FEMA

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Pre-Scripted Mission Assignments

- Developed to **facilitate** rapid response and **standardize** mission assignments.
- **US Army Corps of Engineers established precedent**
- Mission statement and cost estimate serve as a **general guideline or template**
- Encourage **"thinking ahead"**
- Purpose is **not** to **"recreate the wheel"** each time
- ***Operations Chief has discretion to change or expand or deny per incident requirements***

FEMA

DOJ_NMG_0074353

PSMA Approval Process

- **Primary Department/Agency develops Proposed Statement of Work (PSOW)**
- Primary Department/Agency receives **check list** of requirements to document supporting the PSOW and upon completion returns all documentation to FEMA Operations Branch
- **Operations Branch**, and as appropriate, **Logistics Branch** complete **initial review** of PSOW

FEMA

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PSMA Approval Process

- PSOW provided to **Recovery Division, Public Assistance/Individual Assistance**, as appropriate, for review
- PSOW provided to **Office of Chief Counsel** to ensure the proposed work is **within FEMA's authority under the Stafford Act**
- PSOW provided to **Office of Chief Financial Officer** for review of associated cost estimate
- Once internal review completed, FEMA Operations Branch and Primary Department/Agency will complete **final review** and **approval/denial of PSOW** and **create an official PSMA**

DOJ_NMG_0074355

DOD Pre-Scripted Mission Assignments

- Establish **common language**; understood in FEMA/DHS and NORTHCOM/DOD communities
- **Define DOD missions** in support of disaster operations
- Requirement must be validated by the DCO / JFO
- **SecDef approval remains a requirement (PSMAs - Approved pending authorization of SecDef)**
- Estimated cost range included; assumption based
- **16 DOD Pre-Scripted Mission Assignment**
  - Categorized by supported function

FEMA

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Proposed Statements of Work

- **Working with the ESFs and Supporting D/As, we have Proposed Statements of Work from the following D/As:**
  - DOT (ESF-1)
  - NCS (ESF 2)
  - USFS (ESF-4)
  - HHS (ESF-8)
  - EPA & USCG(ESF-10)
  - USDA (ESF-11)
  - DOE (ESF-12)
  - FPS (ESF-13)
  - DOJ (ESF-13)
  - OSHA
  - NOAA
  - NGA
  - TSA
  - ARC
  - DOI
  - TVA

FEMA

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QUESTIONS & DISCUSSION

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, October 4, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, October 04, 2006
Attachments:	agnb061004.pdf; agnb061004.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 4, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

State Department Confirms July 10, 2001 Rice, CIA Meeting. The AP (10/4, Gearan) reports Secretary of State Condoleezza Rice "did receive a CIA briefing about terror threats just about two months before the Sept. 11 attacks, but the information was not new, her chief spokesman said." Spokesman Sean McCormack "confirmed a meeting — on July 10, 2001 — that his boss had said repeatedly she could not specifically recall. She had said earlier that there were virtually daily meetings at the time." McCormack said, "The information presented in this meeting was not new, rather it was a good summary from the threat reporting from the previous several weeks."

CBS Evening News (10/3, story 4, 0:45, Couric, 7.66M) reported, "Our National Security correspondent David Martin has learned that" CIA Director George Tenet 'gave a slide presentation warning that a spectacular terror attack was immanent. In his new book, Bob Woodward says Rice brushed aside that warning, but a former aide to Tenet admits there was no indication the attacks would be inside the US."

House Democrats Want Info From Rice On July 10 Meeting. The Hill (10/4, Schor) reports that "in the wake" of Bob Woodward's new book, State of Denial, "11 House Democrats wrote to Secretary of State Condoleezza Rice yesterday with questions about a controversial meeting she held with two senior intelligence officials in July 2001." The Democrats who "signed the letter, including Rep. Rahm Emanuel (Ill.), Homeland Security Committee ranking member Bennie Thompson (Miss.) and Government Reform Committee ranking member Henry Waxman (Calif.), wrote that Rice's 2004 testimony to the 9-11 Commission 'does not appear to match your statement this weekend, and we would appreciate a more specific detailing of the level of information received by your office.'"

Administration Continues Challenging Portions Of Woodward Book. Fox News' Special Report (10/3, Hume) reported, "For the second day in a row, White House officials challenged portions of Bob Woodward's latest book State of Denial. Woodward writes that George Tenet briefed Condi Rice just months before 9/11, warning of an impending attack. Woodward says Rice was not receptive to Tenet, but the Administration is strenuously denying that."

DOJ Alleges Prisons Not Effectively Monitoring Terrorists' Mail. The AP (10/4, Jordan) reports a Justice Department review found "mail for convicted terrorists and other dangerous federal inmates isn't being fully read by prison authorities, and that is a risk to national security." The US Bureau of Prisons "is supposed to translate and screen all mail to and from the highest-risk inmates — including terrorists, gang members and spies — for evidence of criminal activity. But that target was not being met consistently at 10 federal prisons and detention centers surveyed by the Justice Department's inspector general." In the report, Inspector General Glenn A. Fine says, "The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated." The document "urged the Bureau of Prisons to correct quickly the security gap, including putting tracking systems in place to ensure all high-risk inmate mail is read and analyzed."

USA Today (10/4, Johnson, 2.27M) reports the Justice Department "issued a damning account of the federal prison system's failure to monitor potentially criminal communications of convicted terrorists and other inmates at some of the nation's most secure government facilities." The report shows the federal Bureau of Prisons (BOP) fails to adequately monitor prisoners' mail, telephone calls, visitor communications and cell-block conversations that could be part of criminal enterprises. The bureau also lacks the staffing and expertise to translate communications conducted in foreign languages or to assess possible threats, the report found." Fine "launched the investigation following news reports last year that three terrorists convicted in the 1993 World Trade Center bombing and imprisoned at the government's most secure facility in Florence, Colo., wrote more than 90 letters to Islamic extremists outside the prison."

The Washington Post (10/4, A16, Eggen, 748K) reports the Justice Department also "said that the proportion of mail monitored has decreased in recent months amid tightening budgets and staff reductions, despite incidents in recent years when incarcerated terrorists were able to communicate with sympathizers overseas. One of the letters was eventually used as a recruiting tool for suicide bombers in Spain, officials said." The prison bureau 'said in a statement issued yesterday that it agrees with Fine's recommendations for

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changes but that implementing improvements 'will require significant additional resources, primarily staff.'"

Long Island Newsday (10/4, Eisenberg) reports, "The review by the inspector general comes amid growing concern about prisons incubating terrorism after last year's foiled plot to blow up synagogues and National Guard facilities in California, in a plan devised in a Sacramento prison. … Moreover, media reports last year revealed that three men convicted in the 1993 World Trade Center bombing and incarcerated in a federal prison in Florence, Colo., wrote more than 90 letters to Islamic extremists from their prison cells -- including more than a dozen to men linked to the March 11, 2004, attacks on Madrid commuter trains. The Madrid attacks killed 191 people and wounded more than 1,700."

Pennsylvania Man Charged With Offering To Help Al Qaeda Attack Refineries. In a widely-distributed story, the AP (10/4, Todt) reports, "A federal grand jury Tuesday indicted a man on charges of offering to help al-Qaida blow up fuel facilities in at least three states. The six-count indictment charges Michael Curtis Reynolds, a transient who lived with his elderly mother in Wilkes-Barre, with providing material support for a terrorist organization and seeking to destroy property used in interstate or foreign commerce. The FBI arrested Reynolds in December after authorities said he tried to meet a purported al-Qaida contact about 25 miles from a motel in Pocatello, Idaho, where he had been staying. … The purported contact turned out to be a Montana judge who was working for the FBI."

The Philadelphia Inquirer (10/4, Shiffman, 399K) notes, "The terror charges brought against…Reynolds are rare, but a Justice Department spokesman in Washington said statistics were not kept on the number of native-born U.S. citizens who have been charged since 2001 with providing material assistance to terrorists. 'We have what appears to be a lone wolf who aspired to be an al-Qaeda sympathizer,' said Brian W. Lynch, the FBI assistant special agent-in-charge for terrorism in Philadelphia. 'He was doing things that gave us pause and we had to take him seriously.'" US Attorney Thomas A. Marino "issued a news release in which he praised the FBI for stopping Reynolds 'from following through' with alleged terror acts."

Judge Orders DOJ To Discuss NSA Surveillance In 9/11 Detainee Lawsuit. The New York Law Journal (10/4, Perrotta) reports, "Citing a 'cardinal rule' of litigation, a federal judge in Brooklyn yesterday ordered government attorneys to tell him how much they know about the possible monitoring of conversations between eight former terrorism suspects and their lawyers. The eight men, all illegal aliens, were men arrested after" 9/11 "and later deported. They are suing the government for abuses while they were detained at the Metropolitan Detention Center in Brooklyn. Now that they are no longer in the United States, the men suspect that their conversations with their attorneys have been monitored under" the NSA surveillance program. "In May, a federal magistrate judge, Steven Gold, ordered the Justice Department attorneys defending the abuse claims to state whether they, potential witnesses or the defendants, who include former Attorney General John Ashcroft and FBI Director Robert Muller, were privy to any such monitoring. … Judge Gleeson affirmed that ruling yesterday in Turkmen v. Ashcroft, 02-CV-2307, with one modification: The government attorneys will now submit the information to Judge Gleeson, ex parte, and he will examine it and report back to the plaintiffs' attorneys."

The New York Sun (10/4, Goldstein) also notes that Ashcroft and Mueller "are among those who must answer the judge," whose "order requires the Justice Department to make the disclosures within two weeks. The Justice Department will submit its answer under seal, though Judge Gleeson indicated he could choose to make the answers public." The Sun adds, "The order does not require the government to disclose whether the NSA has intercepted such attorney-client conversations. But the Justice Department will have to answer whether the government's lawyers, witnesses, or defendants in the case — including Messrs. Ashcroft and Mueller — have been informed of the content of any such intercepted conversations."

Closing Arguments Completed At Albany Terror Trial. The AP (10/4, Hill) reports, "Lawyers for two Muslim men arrested in a money-laundering sting argued Tuesday that the terrorism-related case is based on deceptive evidence presented in a post-Sept. 11 climate of fear. 'This country made some mistakes in the aftermath of 9-11, and this case is one of them,' Terence Kindlon, lawyer for Yassin Aref, said in his closing arguments." However, "Assistant U.S. Attorney William Pericek told the jury in his closing argument that though their motives were different," Aref and Mohammed Hossain "both understood what the

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informant was proposing." The AP notes, "The case against the two men is largely built on tapes of them speaking with the confidential informant. Pericek played back segments Tuesday to demonstrate the informant was explicit about the alleged plot to the men. … Defense lawyers countered that prosecutors were 'cherry picking' selected minutes from some 50 hours of tape," and "Kindlon described the informant, who cooperated with FBI in hopes of reducing his sentence for helping immigrants fraudulently obtain state drivers' licenses, as 'a low-life creep.'"

The New York Law Journal (10/4, Caher) reports Pericak "urged the jurors to focus on what the defendants believed and what their intentions were in dealing with a man they had reason to believe was an illegal arms dealer with terrorist sympathies. Both defendants had earlier been approached by an FBI agent and urged to report any suspicious encounters or observations in their Muslim community. Although both had the agent's business card in their wallet when they were arrested, neither contacted the FBI." After Kindlon's summation, Hossain attorney Kevin Luibrand "repeatedly accused the government of taking comments wildly out of context," noting as an example that "early in the prosecution the informant brought back to his FBI handler a tape in which he is shown meeting with Mr. Hossain and speaking in Urdu. Mr. Hossain appears to rant and rave, and evidence showed that the informant told authorities that he was railing against America. It was several months before officials had the tape transcribed and learned that Mr. Hossain was actually espousing his respect for the United States and the American way of life and criticizing the terrorists who had attacked what he described as his country, the United States."

Pentagon Says No Plans Ready For Military Tribunals. The AP (10/4, Jelinek) reports the Pentagon "said Tuesday that it will take some time to set up military trials for terror suspects, approved by Congress last week." Defense Department spokesman Bryan Whitman said "no such trials are imminent," and he "declined to say when he thought they might begin." The AP adds Australian Attorney General Philip Ruddock "says he was told by U.S. officials that the only Australian held at Guantanamo — Taliban fighter David Hicks — will be one of the first terror suspects to be tried by the overhauled military commission system. Speaking Sunday, Ruddock said he expected it to be within months."

German Probe Of CIA Rendition Making Little Progress. The Washington Post (10/4, A18, Whitlock, 748K) reports, "More than two years after a German citizen reported being kidnapped in the Balkans by the CIA, several lawmakers here are criticizing prosecutors for not conducting a more aggressive investigation into the bungled counterterrorism operation." In September, prosecutors in Munich "disclosed that they had obtained a list of about 20 CIA operatives suspected in the abduction of Khaled al-Masri, a German citizen of Lebanese descent who was forcibly taken to Afghanistan in early 2004 and interrogated for four months in a covert prison." Despite the "apparent break in the probe, prosecutors said they were not close to issuing arrest warrants or indictments. They complained of a lack of cooperation from the U.S. government." Although "many of the names appear to be aliases, a German television network identified and tracked down three people allegedly involved in the case, prompting legislators and other critics of U.S. counterterrorism tactics in Europe to question whether German prosecutors are reluctant to dig too deeply into a case involving American spies."

PATRIOT ACT:

Judge Rules ACLU Challenge To Patriot Act May Proceed. The AP (10/4, Irwin) reports, "Nearly three years after hearing arguments in the case, a federal judge has ruled that an American Civil Liberties Union challenge to the constitutionality of the USA Patriot Act may proceed." The AP continues, "The ACLU's clients, including Muslim charities, social services organizations and advocacy groups, have shown they have been harmed by the anti-terrorism law adopted after the Sept. 11, 2001, terrorist attacks, U.S. District Judge Denise Page Hood said in a 15-page ruling issued Friday. … The lawsuit was filed in July 2003 on behalf of the Muslim Community Association of Ann Arbor and five other nonprofit groups. The ACLU said its clients had been hurt by the Patriot Act because fear of the law has kept many people from attending religious services and making charitable donations. … It was the first legal challenge to the part of the Patriot Act that let agents obtain such things as library lists and medical information."

The Detroit Free Press (10/4, Ashenfelter) reports, "Hood said in a 15-page decision that the ACLU's clients - Muslim charities, social services organizations and advocacy

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groups - established that they have been harmed Section 215 of the law. … Hood said the ACLU's clients can proceed with their lawsuit and gave them 30 days to amend their initial complaint in light of amendments adopted by Congress in March. … The government had argued that this year's amendments had corrected any constitutional deficiencies in the act. The ACLU disagreed." The Free Press adds, "Michigan ACLU Executive Director Kary Moss said she was pleased with the decision. … 'She confirmed what we've said all along, that our clients are suffering concrete harm as a result of the Patriot Act,' Moss said Tuesday. 'Even though we think the act fails to comply with the Constitution, we believe our legal challenge and advocacy in Congress has fixed some of the worst problems.'"

The Detroit News (10/4, Egan) reports, "The 2003 lawsuit brought on behalf of Muslim and Arab groups alleges the anti-terrorist law passed following the September 11 terror attacks is unconstitutional because it allows searches without due process and removes First Amendment rights, among other reasons. … The government argues amendments enacted over the last three years have cured any deficiencies in the Patriot Act, but the ACLU disagrees."

Local Television. At least one local television newscast reported that a Detroit federal judge has ruled that a challenge by the ACLU to the constitutionality of the Patriot Act may proceed. WWMT-TV Grand Rapids, MI, (9/3, 11:16 p.m.) reported, "Long awaited decision finally came in on the U.S. Patriot Act. A federal judge in Detroit gave the O.K. for a lawsuit to continue against the law. The issue has been in the air since 2003. That's when the ACLU sued the government on behalf of several organizations saying the patriot act violates the constitution and should be thrown out. Today the Detroit judge did not agree with government claims that new amendments to the act fall within the constitution."

HOMELAND RESPONSE:

Official Criticized Over DHS Grant Distribution Leaving Agency. The New York Times (10/4, Lipton, 1.21M) reports, "Tracy Henke, the Department of Homeland Security official who helped supervise the distribution of antiterrorism grants, is resigning in the wake of criticism from members of Congress that the grant process was irrational or at least inexplicable. The criticism surged after big cuts were made in annual anti-terrorism grants to major cities including Washington and New York while a report showed that the department's list of possible terrorism targets included an Indiana popcorn farm and an Alabama petting zoo."

Experts Urge Congress To Regulate Fertilizer. USA Today (10/4, Hall, 2.27M) reports, "Counterterrorism experts and lawmakers from both parties are demanding that Congress pass a law to restrict the sale of a popular fertilizer that was the key component in the Oklahoma City bombing." Rep. Curt Weldon said, "Time is of the essence. This has been a material of choice in terrorist acts." USA adds Richard Falkenrath, "counterterrorism chief for the New York Police Department and a former senior homeland security adviser to President Bush, chastised lawmakers and administration officials last month for not passing a proposed law that would regulate the production, storage and sale of the material." New York "and at least five other states — California, Nevada, South Carolina, Michigan and Oklahoma — have passed laws regulating the sale of the material."

Relaxed Liquid Ban Came As A Result Of Extensive Testing. Leading with a list of tests conducted in the wake of August's London-based terror plot, including the detonation of "beaker after beaker of liquid explosives" in a canyon in New Mexico, the New York Times (10/4, Lipton, Wald, 1.21M) reports that since the plot was thwarted seven weeks ago, "aviation security officials in the United States have pushed to assess how serious that threat was and what safeguards should be taken. The revised checkpoint rules announced last week by American, Canadian and European authorities were the result of that frenzied effort, Transportation Security Administration officials said." TSA Chief Kip Hawley and Deputy Homeland Security Secretary Michael Jackson "provided new details about the analysis of the London scheme in a joint interview last week, in part because they were aware of the skepticism over the new checkpoint rules."

Hunt Continues For Anthrax Mailer On Fifth Anniversary Of Case. The Washington Times/AP (10/4, Schmid, Sniffen) reports more than "1,000 biological detectors are sniffing mail across the country for dangerous contamination as the hunt goes on for whoever put anthrax in letters and killed five people just after the Sept. 11 attacks." An anthrax case in Florida, "reported five years ago

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Wednesday, brought the first hint of what turned out to be contamination of mail that reached Washington, New York, Connecticut and New Jersey and raised fears nationwide." Last month, FBI Director Robert Mueller "said agents are still working on the aging anthrax case, and he declared it 'will be solved and the person or persons responsible will be brought to justice.'" A "small number of people in the U.S. and abroad are being looked at by investigators because they fit some criterion, such as access to anthrax, said one official who declined to be identified because authorities are reluctant to discuss the details of ongoing investigations." Neither that official "nor any others involved with the case would discuss the status of Steven Hatfill, the former Army scientist once described by then-Attorney General John Ashcroft as a 'person of interest' in the case." Currently there "are 17 FBI agents and 10 postal inspectors assigned to the case. Investigators have conducted more than 9,100 interviews, issued more than 6,000 grand jury subpoenas and completed 67 searches."

WAR NEWS:

Woodward Accuses Bush Of Refusing To Deal With Bad News On Iraq. Bob Woodward, on Fox News The O'Reilly Factor (10/3, O'Reilly), said that President Bush "needs to be optimistic and positive, but for dozens, dozens of occasions, very specific that I point out in the book, there are secret intelligence reports where somebody comes in and says for instance there's an insurgency, and the President's response is 'I don't want to read about that in "The New York Times,"' rather than dealing with the evidence. That's all." Later Woodward adds that after 9/11, Bush "was the voice of realism. He was the one after 9/11, as you may recall, who said it's going to be tough and it's going to be hard. We're probably going to be attacked again. Now, when there's secret reports saying the insurgency is going to get worse in 2007, he goes public and gives speeches and says the terrorists are in retreat. I know soldiers on the ground or soldiers who have returned from Iraq who tell me they know how bad it is. The violence is going up. I had somebody who just returned from Iraq call me and said it's like a Mad Max movie."

Woodward, also on Fox News The O'Reilly Factor (10/3, O'Reilly) said, "I think it's important and somebody suggested this to me who was involved, that the President could come out and give a speech and say we invaded Iraq. It was the right thing to do. It has turned out to be a monumental task that we did not anticipate. It has been much, much more difficult, and we need to continue with this task. But you need to know that things have been really much more difficult than I told you and his approval ratings would soar. Just like Jack Kennedy with the Bay of Pigs invasion when he came out and said it rests with me, it's my decision."

Hadley Says Bush Not Misleading Country About Iraq. In a USA Today op-ed (10/4), National Security Adviser Stephen J. Hadley says President Bush is "fully engaged in leading this long war. He is well aware of both the good news and the bad. He reviews intelligence reports. He reads stories in the news media. He meets with families of the fallen. Our strategy is far from 'stay the course.' The president continually challenges all of us to learn from experience, adapt to change and improve our performance. In Iraq, we have modified our approach to training the Iraqi army so Iraqi soldiers can be more effective in defeating terrorists and insurgents." Hadley concludes, "The president will continue to speak directly and candidly to the American people — about this war, about the enemy we face, and about why we can and must see this war through to victory."

USA Today Says Woodward Book Shows How Administration "Bungled" Iraq. USA Today (10/4, 2.27M) editorializes, "If there's a lesson from Bob Woodward's latest book, State of Denial, it's that the calamity that has unfolded over the past three years in Iraq was born of a ruinous mix of arrogance and naiveté from President Bush and his key deputies." The book "provides fresh details about the myriad ways administration officials, particularly Defense Secretary Donald Rumsfeld, bungled the Iraq war." The book faults Rumsfeld for "unrealistic plans," such as ignoring recommendations for 450,000 troops and "a State Department blueprint that could have tamped down the looting, including of arms depots by future insurgents." He also displayed "pettiness" by cutting "others out of Iraq decisions and planning" and failed to heed Jay Garner's advice to reverse three policies: "banning Baath Party members from any new government; disbanding the Iraqi army; and rebuffing an interim leadership that could have put an Iraqi face on the nation's new government."

WPost Says Bush "Unable To Come To Terms" With Iraq. The Washington Post (10/4, A24, 748K) editorializes, "From the failure to produce a coherent postwar plan to the disastrous performance by the occupation authority that was belatedly installed, the Bush team turned a

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difficult mission into a near-impossible one. President Bush and his most senior aides meanwhile stubbornly refused to listen to advisers who warned of the consequences of their policies." Bush "refused to take one of the essential steps needed to remedy the resulting mess -- replacing Mr. Rumsfeld -- despite repeatedly being advised to do so by his own chief of staff, among others. The result, as Mr. Woodward describes it, is a defense secretary who has lost the confidence of the military he directs. Even more disturbing is the portrait of a president who, with two years left in his term, seems unable to come to terms with the damaging and dangerous situation he has helped to create -- much less imagine a way out of it."

Friedman Hopes Republicans Lose Congress By Thinnest Possible Margin. In his New York Times column (10/4), Thomas Friedman says, "For the sake of the country, I really hope the Republicans lose the House and the Senate to the Democrats — by one seat in each chamber. It is so important that the Republicans lose, because if the Bush-Cheney-Rumsfeld-Rice team can get away with the grotesque incompetence they have exhibited in Iraq — a war that was not preordained to fail, but was never given a proper chance to succeed — it makes this country look like a banana republic." If "we have any chance of salvaging Iraq and solving some of our real problems at home, it will only be as a result of some electoral shock treatment delivered to a Republican Party that has failed to demand even the most minimal competence and planning from its leaders." But Friedman adds, "The reason I want the Democrats to win by only one seat in both the House and the Senate is because I want them to have such a slim margin that they will have to govern from the center — to look for bipartisan fixes to the country's major issues, which is the only way they can be addressed."

Dowd Criticizes Bush For Consulting Kissinger. In her New York Times column (10/4), Maureen Dowd says, "As Bob Woodward reveals in 'State of Denial'"…Henry Kissinger "has been one of the few trusted outside advisers that W. has listened to on Iraq. The administration has shaped its policy to hew to the 83-year-old Unwise Man's belief that the only way to beat an insurgency is to stick it out, no matter how many American kids and foreign civilians die. Especially if elections are coming up. As the historian Robert Dallek, who is writing a book on Nixon and Kissinger, notes, 'Kissinger was complicit in using foreign policy to try to save Nixon during Watergate.'"

Eight GIs Killed In Single Day In Baghdad.

The New York Times (10/4, Luo, 1.21M) reports, "Eight United States soldiers were killed Monday in Baghdad, the United States military said, the most in the capital in a day since July 2005. Four of the soldiers died in a roadside bomb attack; the four others were killed by small-arms fire in separate incidents." The deaths "represented one of the highest nationwide death tolls for American troops in the past year. In late August, nine soldiers and a marine were killed in a day. But before that, the last time eight or more soldiers were killed in hostile action was last November."

In other news, "On orders from Jawad Bolani, the interior minister, a high-ranking police commander was suspended Tuesday and taken into custody pending an investigation into a brazen kidnapping of 26 food-processing workers on Sunday in Amel, in western Baghdad." Also, "A government organization responsible for overseeing Shiite mosques issued a report on Tuesday that offered another window into the sectarian violence that has plagued Iraq since the destruction of a Shiite shrine in Samarra in February. In the two and a half years before then, going back to August 2003, there were only 80 attacks on Shiite mosques, the report said. In the eight months since the Samarra bombing, there have been 69."

ABC World News (10/3, story 8, 0:15, Gibson, 8.78M) reported, "In Iraq, the month of October is off to a very deadly start for US forces. 14 US troops have been killed in the first two days of the month. Most of them in and around Baghdad, including four soldiers who were killed in a roadside bombing."

CBS Evening News (10/3, story 5,0:15, Couric, 7.66M) reported, "October is off to a violent start in Iraq. Fifteen US soldiers and Marines have died since Sunday. That follows 74 US deaths in September, the second deadliest month this year. Seventy-six Americans were killed in April."

51 Killed In Iraq In Continuing Sectarian Violence. The AP (10/4, Keath) reports, "A suicide bomber unleashed a blast in a Baghdad fish market Tuesday and two Shiite families were found slain north of the capital as violence across Iraq claimed at least 51 lives. The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines in what has been a deadly period for American forces in Iraq. The announcement brought to at least 15 the number of servicemembers killed in fighting since Saturday." Meanwhile, Prime Minister Maliki's "four-point plan calls for creating neighborhood Shiite-Sunni committees to monitor

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efforts against sectarian violence. The aim is to overcome the deep mistrust between Sunnis and Shiites. Many Sunnis remain skeptical that Shiite leaders will allow security forces to crack down more strongly on Shiite militias blamed for killing Sunnis — including some linked to parties in the government." The AP reports, as did the New York Times, the Interior Ministry's announcement that "the police commander for the Amil district had been discharged and arrested for investigation in the kidnapping [of food workers]— a possible response to Sunni complaints that Shiite-led security forces allow militias to operate freely."

Bill Sets End Date For Special Inspector General For Iraq Reconstruction. The Washington Times (10/4, Scarborough, 88K) reports, "Congress has set a 2007 termination date for the special inspector general for Iraq reconstruction [SIGIR] at the behest of the Bush administration, removing the source of a series of audit reports that have emboldened critics of the president's war polices." The bill "ends SIGIR, as the post is called, on Oct. 1, 2007. The bill, which has yet to be signed by President Bush, calls for the work to be transferred to inspectors general for the Pentagon, the U.S. Agency for International Development and the State Department. State runs reconstruction in Iraq." The SIGIR's critical findings "generally pleased Democrats, whose 2006 campaign theme is that the White House has mismanaged all aspects of the Iraq war. But the audits rankle some in the military and at State, who say they glossed over progress made in the face of daily threats of violence."

GOP Appropriates Funds In Defense Bill To Celebrate "Victory" In Afghanistan, Iraq. The New York Times (10/4, Shanker, 1.21M) reports in a sarcastic article, "Even as the Bush administration urges Americans to stay the course in Iraq, Republicans in Congress have put down a quiet marker in the apparent hope that V-I Day might be only months away. Tucked away in fine print in the military spending bill for this past year was a lump sum of $20 million to pay for a celebration in the nation's capital 'for commemoration of success' in Iraq and Afghanistan. Not surprisingly, the money was not spent. Now Congressional Republicans are saying, in effect, maybe next year. A paragraph written into spending legislation and approved by the Senate and House allows the $20 million to be rolled over into 2007." Democrats "called attention to the measure, an act that Republicans are likely to portray as an effort to embarrass them five weeks before the midterm election."

Judges Postpone Saddam Verdict. The AP (10/4, Abdul-Zahra) reports, "Judges postponed their verdict in Saddam Hussein's trial Tuesday, a long-awaited decision that once held out the hope of healing Iraq's wounds but now threatens to spark even more sectarian violence. The verdict had been expected on Oct. 16 but was delayed until at least the end of the month while judges take extra time to review the evidence and make sure their case is airtight." The verdict "could worsen violence that is already claiming dozens of lives daily. A death sentence for the former leader could enrage his Sunni Muslim supporters, while anything less is sure to infuriate Shiites who were oppressed under Saddam's regime." The uncertainty of the verdict "is a far cry from the hopes of many U.S. and Iraqi officials when the war crimes trial began nearly a year ago. They touted the tribunal as a way to help heal Iraq's divisions by exposing atrocities during Saddam's regime, establishing justice and opening the door for reconciliation." The USA Today/AP (10/4) runs a shorter version of this article.

WSJournal Weighs In On AWB, Oil-For-Food Probe. The Wall Street Journal (10/4, 2.03M) editorializes on the oil-for-food scandal, "AWB's largesse made it one of the single-largest contributors to Mr. Hussein's purse, and so Prime Minister John Howard commissioned Mr. Cole to investigate. ... We're looking forward to Mr. Cole's final report, due November 24. Like Mr. Volcker's enlightening tome, it should demonstrate how Saddam's regime systematically bled money out of willing patrons, and all under the unwatchful sponsorship of the U.N. Secretary General."

Frist Comments On Taliban Draw Criticism. The Washington Post/AP (10/4, A16) reports, "Democrats criticized Senate Majority Leader Bill Frist (R-Tenn.) yesterday for saying that the Afghan war against Taliban guerrillas can never be won militarily and for favoring bringing 'people who call themselves Taliban' into the government." The AP reports, "Democrats accused Frist of trying to 'cut and run' in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq."

Another AP (10/4, Zuckerbrod) article reports that he weathered criticism from House Minority Leader Nancy Pelosi, Senate Minority Leader Harry Reid, and Democratic Senatorial Campaign Committee spokesman Phil Singer. Frist spokeswoman Amy Call claimed that Frist meant tribes,

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not actual insurgents: "Sen. Frist does not believe Taliban fighters — often foreign fighters who come to Afghanistan to further conflict — should be brought into the reconciliation process." However, media professor Stephen Hess said, "It is so far out of keeping with what Republicans are saying, and will need so much massaging by his press operatives, that it really casts in a new light the seriousness of him as a future Republican nominee for president."

The Washington Times (10/4, Behn, 88K) reports that "regional analysts and local Afghans said that for any deal to work the Taliban would have to be given a role in the government -- a chancy proposal given their ruthless devotion to Shariah, the Islamic law. ... 'I think a future attempt to include the Taliban is probably going to have to go further than an amnesty,' said Christopher Langton, the head of defense analysis at the London-based International Institute for Strategic Studies."

Software Will Monitor Press To Assess Opinions Of US. The New York Times (10/4, Lipton, 1.21M) reports, "A consortium of major universities, using Homeland Security Department money, is developing software that would let the government monitor negative opinions of the United States or its leaders in newspapers and other publications overseas." Though news sources have long been used by US officials "to track events and opinions here and abroad," the software under development "would allow much more rapid and comprehensive monitoring of the global news media, as the Homeland Security Department and, perhaps, intelligence agencies look 'to identify common patterns from numerous sources of information which might be indicative of potential threats to the nation,' a statement by the department said." The Times adds that the "research has raised concern among journalism advocates and privacy groups," and quotes Lucy Dalglish, a lawyer and former editor who is executive director of the Reporters Committee for Freedom of the Press, who called it "creepy and Orwellian."

DOJ:

Caliber Wins $45 Million DOJ Contract. The Washington Business Journal (10/4) reports, "Caliber, a research and consulting company that is part of ICF International, has been awarded a five-year contract worth $45 million to provide training and technical support for offices within the Department of Justice." The Journal continues, "Fairfax-based Caliber will support the Office for Victims of Crime, Training and Technical Assistance Center and the Office of Juvenile Justice and Delinquency Prevention, National Training and Technical Assistance Center.. … Caliber will support a range of Justice Department tasks, including needs assessments, evaluations and education, marketing, and outreach to professionals working in related fields to assist the department in responding to emerging justice system issues."

CORPORATE SCANDALS:

HP Security Expert Sought Phone Record Deletions. The AP (10/4, Robertson) reports, "A Hewlett-Packard Co. security expert instructed an investigator to make 'absolutely sure' he deleted private phone records of non-HP employees obtained in the company's ill-fated effort to root out the source of boardroom leaks, a series of internal e-mails show." The AP continues, "Fred Adler, a former FBI agent working in HP's IT security investigations department, vowed in the Feb. 9 e-mail to investigator Arthur Molineaux that he would also delete records that were not the property of the computer and printer maker, according to congressional documents provided Monday to the Associated Press and other news outlets. … 'As for the non-HP owned records you obtained and sent to me in an unsolicited, good faith attempt, please make absolutely sure you delete them as you stated you would,' wrote Adler, who has previously been praised with another member of the security detail for sounding the alarms that HP's tactics might land it in legal trouble. 'I will do the same.'" The AP adds, "The e-mail was included in hundreds of pages of documents provided to the media by the congressional panel investigating HP's possibly criminal probe that has prompted the departure of three board members and three top employees. … To unmask the person who leaked private boardroom discussions to the media, HP investigators and third-party detectives combed through detailed phone logs of directors, journalists and former and current HP employees, and rummaged through trash, trailed targets when they went out of town. … Federal and state authorities are investigating whether HP insiders or contractors violated the law by obtaining the phone records through a shady practice known as "pretexting," in which the investigators impersonated their targets to trick the phone companies into coughing up private records."

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Ousted HP Chair To Begin Chemotherapy. The AP (10/4, Robertson) reports, "Ousted Hewlett-Packard Co. Chairwoman Patricia Dunn, who survived breast cancer and melanoma, was told by her doctors Tuesday she would need to begin chemotherapy treatments for advanced ovarian cancer, according to a person close to Dunn." The AP continues, "Dunn, 53, is scheduled to start her treatments Friday at the University of California at San Francisco for the recurrent cancer, the person, who asked to remain anonymous because a formal announcement wasn't planned, said late Tuesday." The AP adds, "Dunn, who orchestrated the HP boardroom spying probe that spawned criminal and congressional investigations, was diagnosed with the ovarian cancer in 2004, and had surgery in August on a metastasized tumor, family members have said. … She stepped down from the HP board last month amid an uproar over the spying campaign on directors and reporters that prompted the resignation of two other board members and the departure of three top HP employees."

Shaw Group Reviews Options Awards. The AP (10/4) reports, "Engineering and construction company The Shaw Group Inc. said Tuesday it's started a review of stock-option awards for its 2000 fiscal year to make sure they comply with federal guidelines issued after a scandal involving options grants." The AP continues, "Shaw Group, which has become a major contractor in post-Hurricane Katrina reconstruction efforts on the Gulf Coast, said its audit committee and management concluded Aug. 16 that neither the company nor any employees had engaged in illegal "backdating" activity dealing with past-option grants. … But the additional review began after the Securities and Exchange Commission provided more guidance on the measurement date for option grants, the company said." The AP adds, "The SEC and the Justice Department launched more than 80 investigations into companies nationwide over the possible manipulation and illegal reporting of stock option grants."

Namibian Judge Grants Bail To Former Comverse CEO. The AP (10/4, Jacobson) reports, "The fugitive former CEO of software company Comverse Technology Inc. was granted bail by a Namibian court Tuesday while he awaits extradition to the United States to face charges for allegedly manipulating stock options." The AP continues, "Jacob 'Kobi' Alexander was granted bail of about $1.3 million, his lawyer Richard Metcalfe said, on condition that he hands in his passport, is not allowed to leave the district of Namibia's capital Windhoek and has to report twice a week to an Interpol inspector. … 'We are extremely pleased,' Metcalfe said." The AP adds, "Alexander was arrested Sept. 26 in Windhoek at the request of the FBI after a two-month manhunt. … The Namibian government opposed bail at the request of the United States, arguing he could flee the country before a U.S. extradition request reached Namibian authorities. … However, Metcalfe said: 'Magistrate Uatjo Uanivi found that the evidence presented for denying him bail were not convincing at all. … There was no reason to believe he would not be willing to stay in Namibia pending extradition.'" The AP notes, "The U.S. has 30 days to lodge an extradition request from the date of Alexander's arrest. Only then will a formal hearing be held. U.S. Attorney Roslynn Mauskopf said last week she would seek Alexander's swift extradition to face charges in federal court in the Brooklyn borough of New York."

Kozlowski, Swartz Lawyers Seek Reversal Of Convictions. The Wall Street Journal (10/4, Bray) reports, "Former Tyco International Ltd. executives L. Dennis Kozlowski and Mark H. Swartz asked a New York state appellate court to throw out their convictions almost 16 months after they were found guilty of charges that they systematically looted the Bermuda conglomerate. In a brief filed with New York State Supreme Court's Appellate Division," lawyers Kozlowski and Swartz "said their convictions should be reversed and the indictment dismissed, arguing in part that neither man took anything to which they weren't entitled under the company's executive-compensation plan. They also argued that their sentences were excessive."

Companies, CEOs Rarely Split Up Over Pay. The New York Times (10/4, Leonhardt) reports that it is difficult "to come up with a single example of a company and its chief executive splitting up over pay. Chief executives retire and are fired. But as long as they remain on the job, they evidently don't end up disagreeing with their boards about how valuable they are. The negotiation over a chief executive's pay is one that never seems to fail, which, of course, means that it isn't much of a negotiation at all. It's more like a friendly conversation. … When directors at a big company think they have found the right person for the job, they persuade themselves that no one else on earth could do

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it as well. They basically fall in love. Once that happens, almost no price seems too high."

CRIMINAL LAW:

Bush Plans Conference On School Violence.

President Bush said yesterday that he is "saddened and deeply concerned" about the recent wave of school violence including the killing of five girls at an Amish schoolhouse in Pennsylvania. ABC World News (10/3, story 2, 2:50, Gibson) reported, "The President said he was deeply concerned about the recent surge in school violence. And said Americans have a responsibility to protect their children." President Bush: "Our schoolchildren should never fear their safety when they come into a classroom."

The AP (10/4) reports that the President said "Americans have a responsibility to protect their children." The AP adds, "The Bush Administration plans to bring education and law enforcement experts together for a conference on coming to grips with the problem and discuss federal action that can help communities prevent violence and deal with its aftermath, White House spokeswoman Dana Perino told reporters. … Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

FNC's Hannity And Colmes (9/3, 9:30 p.m.) reported, "The president said school children should never fear for their safety when they go into a classroom. After three shootings in the past week - most recently in Pennsylvania, but also in Colorado and Wisconsin. The president wants to know if the federal government can do more." President Bush said, "Yesterday, I instructed attorney general Gonzales and secretary of education Margaret Spellings to convene a meeting next Tuesday. A meeting of leading experts and stake holders to determine how best the federal government can help states and local governments improve school safety." Fox's Molly, "The white House says representatives from the F.B.I., teachers unions, and the national parent teacher association will be attending. For now, Secretary Spellings says concerned parents should ask questions about how their local schools are reacting to the shootings."

At least eight local TV newscasts reported that President Bush instructed attorney general Alberto Gonzales and education secretary Margaret Spellings to convene a special meeting next Tuesday to tackle school shootings. Some examples: JBF-TV Augusta, GA, (9/3, 5:30 p.m.) reported, "In the wake of the recent rash of school violence, President Bush is taking action. He has asked attorney general Alberto Gonzales to get involved. The president says he is saddened by the recent school shootings and that he and the first lady 'share the concerns' of parents, who worry about the safety of their children in schools."

KIII-TV Corpus Christi, TX, (9/3, 4:59 p.m.) reported, "President Bush has asked attorney general Alberto Gonzales to convene a special meeting next Tuesday on school violence. He is calling for a meeting of leading experts to discuss how the federal government can help state and local governments improve school safety."

KSAT-TV San Antonio, (9/3, 5:03 p.m.) reported, "President Bush to call for a special meeting on school violence. He has asked attorney general Alberto Gonzales to bring education and law enforcement experts together to discuss how federal government could help communities prevent violence and deal with its aftermath."

KFSN-TV Fresno, CA, (9/3, 6:01 p.m.) reported, "Bush says he has asked attorney general Alberto Gonzales to hold a special meeting next week on school violence. 'Our school children should never fear for safety when they enter a classroom.'"

WCIA-TV Champaign, IL, (9/3, 12:03 p.m.) reported, "White House spokeswoman Dana Perino says the President has asked attorney general Alberto Gonzales and education secretary Margaret Spellings to come up with suggestions. Topics will include ways to prevent the violence."

Experts Say There Is No Way To Safeguard Everyone. The AP (10/3, Eller) reported that school violence experts say there are solutions to the recent school violence problems "just none that safeguard everyone. 'We'll probably never be in a place where we can assure everybody, without exception, that nothing will happen in our schools,' said Bill Modzeleski, who oversees federal school safety for the Education Department. 'Our schools are a reflection of our communities.'" The AP adds, "Kenneth Trump, a safety consultant, said schools have learned lessons since Columbine. But some still have a lax atmosphere about safety. They don't prepare for what could happen. Until that changes, he said, 'We're never going to get closer to solving this problem.'" The AP also reports, "Overall, schools remain safe places. … Yet as long as schools have kids, they will be targets."

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Schools Review Security Plans In Wake Of Pennsylvania Shootings. The Washington Times (10/4, Cella) reports that in the wake of the Pennsylvania school shootings Monday, schools have begun reviewing their emergency plans. The school systems' "review of security measures is proceeding after three school shootings nationwide in the past week."

CBS Evening News (10/3, story 2, 3:05, Couric) reported, "With one school shooting after another, over this past week, parents all over America are wondering whether their children are safe." CBS (Cobiella) added, "In tiny towns like Ladonia, Texas, a locked door is about as rare as stranger's even at the local school. But after two small-town school shoot negligence a week, principal Greg carpenter wonders whether he's doing enough to keep his 200 kids safe." Gregory Carpenter: "It really does make us as principals think, okay, you know if that situations with us, what you know, are we ready? Am I prepared? Can I handle it?" Cobiella: "Especially considering that 15 of the last 20 school shootings have been in communities of fewer than 25,000. But like here, many small schools barely have the budget to get by, let alone to invest in cameras, metal detectors, and security guards. So carpenter is left to do what the state mandates -- practice lockdown drills, and know that calling 911 would bring a sheriffs deputy in 15 minutes. The extent of your security is eyes, ears, and a phone call. I mean, that's got to be a little nerve-racking."

ABC News (10/4, Harris) reports, "As students and administrators across the country react to the recent rash of school shootings, including this week's violence in an Amish schoolhouse in Pennsylvania, students at Passaic High School in New Jersey said they were nervous." ABC News continues, "Education officials in Texas and Atlanta sent principals e-mail and text message reminders to be 'particularly vigilant' right now. .. . The Texas note warned of copycat acts, saying, 'As the similarities between the incidents in Bailey, Colo., and Paradise, Pa., demonstrate, acts of violence such as these have the potential to induce others to commit similar acts. We must never let our guard down when it comes to the safety of our students, and we must be particularly vigilant during the times surrounding such incidents, when the potential for copycat acts is at its highest.'" ABC News adds, "After the Columbine massacre, schools across the country drafted emergency response plans. But now, experts said, many schools devote limited time and resources to improving standardized test scores, which are often how schools are measured. .. . School violence experts also said government funding for surveillance cameras and emergency drills have been cut. … In 2002, the Justice Department's cops-in-schools program had a budget of $180 million. It's now at zero. Even schools where safety is a high priority said there's only so much they can or should do."

The Wilmington (DE) News Journal (10/4, Kenney, Brooks) reports, "Pencader Charter High School Principal Dave Jones asked the school's security company to check all the locks Tuesday. … With the spate of school shootings -- including Monday's massacre at an Amish school in Lancaster County, Pa. -- Jones wanted to make sure intruders wouldn't be able to get into the school near New Castle, which was once an office building." The Journal continues, "Side doors feature magnetic locks that can be opened only with staff security cards, and visitors have to be buzzed inside. … 'It's just a frightening commentary on American society when you have these kinds of things happening at schools,' Jones said." The Journal adds, "The gravity of the situation -- the nation's third school shooting in a week -- reached the Oval Office, with President Bush calling for a national conference on school violence. … But Sen. Joe Biden, D-Del., says the administration has undercut programs to protect students -- programs like COPS, which came from the crime-prevention bill Biden sponsored in 1994. … The program provided millions to communities to hire extra police, including 6,424 officers to work in schools. Delaware hired 13 officers through the program. … The budget for the COPS in Schools program has been eliminated for the past two years, Biden said. Another $10 million to help law enforcement improve its emergency communications also has been eliminated."

Doctor Notes Majority Of Rampage Shootings Were Girls. The Christian Science Monitor (10/4, Chaddock, Clayton) notes an "unusual and disturbing feature" of Monday's Amish school shootings and the one five days earlier in Bailey, Colorado: "girls as targets. 'The predominant pattern in school shootings of the past three decades is that girls are the victims,' says Katherine Newman, a Princeton University sociologist whose recent book examines the roots of 'rampage' shootings in rural schools. Dr. Newman has researched 21 school shootings since the 1970s. Though it's impossible to know whether girls were randomly victimized in those cases, she says, 'in every case in the US since the early 1970s we do note this pattern' of girls

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being the majority of victims." The Monitor adds, "The apparent similarities between the Bailey and Nickel Mines shootings - and their close proximity in time - raise experts' concerns about 'copycat' attacks."

Pennsylvania Shooter Was Consumed With Sorrow, Anger, Self Hatred. USA Today (10/4, Hall, Hampson) reports that Charles Carl Roberts IV, the shooter in Monday's Amish school killings was consumed with "sorrow over the death of a newborn; anger at God for allowing it; self-hatred for supposedly molesting young relatives long ago; compulsion, which invaded his dreams, to molest again." Roberts "hid it all behind a seemingly solid veneer of fatherhood, a stable marriage to a religious woman, and a respectable job as a milk truck driver. But finally, he erupted, turning a one-room Amish schoolhouse into a slaughterhouse." USA adds, "No one appears to have seen the latest explosion coming. … Only a few claimed to have glimpsed anything amiss."

ABC World News (10/3, lead story, 3:15, Gibson) reported, "Today, authorities released a suicide note he left behind, that hinted at acts of molestation he committed 20 years ago. It also described a hatred of himself and of God. We also learned the names of the five, young girls whose lives he took." ABC (Muir) added, "And investigators try to answer that one question. Why did Charles Roberts do this? And today, investigators reveal revealed the secret that Roberts only revealed to his wife in the final moments before he shot the girls and himself in the schoolhouse. The first piece of the puzzle was revealed in the final phone call to his wife, from within the schoolhouse, his victims bound. He told his wife he molested two, young girls in his own family 20 years ago. That phone call helped make clear the rambling suicide note Roberts had left behind for his wife. In the note, Roberts said he had dreams about what he did 20 years ago. And in those dreams, he wanted to do those things again. Authorities' say they don't believe he sexually molested any of his victims in the schoolhouse before shooting them. But he may have intended to when police pulled up."

A front page story in the Washington Post (10/4, A1, Jones, Partlow) reports that Roberts left behind five suicide notes describing "his anguish over the loss of a premature baby nine years ago, police said, and a checklist found in his milk truck offered a sordid blueprint for the mayhem." The Post adds, "There is 'no evidence' that the girls held hostage Monday were sexually assaulted, [Pennsylvania State Police Col. Jeffrey] Miller said, but the boxes of evidence police carted away from the Nickel Mines school included sexual lubricant and restraint devices. 'It is very possible he intended to victimize these children in many ways prior to executing them,' said Miller, who added that Roberts 'planned to dig in for the long siege.'"

The Washington Times/AP (10/4, Scolforo) reports that investigators say Roberts "plotted his takeover of the school for nearly a week and that the items he brought -- including flexible plastic ties, eye bolts and sexual aids -- suggest he may have been planning to violate the Amish girls before police closed in." Roberts "had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Col. Miller said."

NBC Nightly News (10/3, lead story, 2:45, Ellis) reported, "Police now say this Amish schoolhouse was the final step in a well thought-out plan by Charles Roberts IV to commit murder." Jeffrey Miller, PA State Police Commissioner: "He had a mental script that he had already gone through in his mind and plans on what he was going to do until the police arrived."

The New York Times (10/4, Kocieniewski, Dewan) reports, "Speaking to his wife by cellphone after he had bound his hostages with wire and plastic ties, Mr. Roberts told her -- for the first time -- that he had molested two younger relatives, when he was 12 and had recently dreamed of sexually abusing young girls again, the police said. He also said his life had been warped by anger and grief since the death of their newborn daughter nine years ago. But he 'became confused' and started shooting when the police arrived, said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police, killing five girls, seriously injuring five others, then killing himself without carrying out any sexual assault."

The Los Angeles Times (10/4, Barry, Simon) reports that at an afternoon news conference, Miller "painted a grisly picture" of Roberts as "a methodical assailant who carefully planned for a siege and left suicide notes explaining possible motives for attacking the one-room schoolhouse Monday morning. The attack was 'organized, preplanned and had forethought,' Miller told reporters at a televised news conference. … Why Roberts acted the way he did may never be known, Miller said. But the notes left by Roberts for his family cite his fears about repeating sexual assaults and the loss of his child, who died about 20 minutes after birth."

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The AP (10/4, Scolforo) reports, "The crime bore some resemblance to an attack on a high school in Bailey, Colo., where a 53-year-old man took six girls hostage and sexually assaulted them before fatally shooting one girl and killing himself. That attack occurred last Wednesday, the day after Roberts began buying materials for his siege."

Bloomberg (10/4, Zeranski) reports, "President Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

Death Toll Rises To Five. CBS Evening News (10/3, lead story, 2:50, Couric) reported, "Two more of the young girls shot by Charles Roberts died today, bringing the death toll to five. Four others are in critical condition." CBS (Pitts) added, "As for the five girls who survived, four remain in critical condition. One has been upgraded to serious."

Strong Faith, Community Ties May help Amish Cope With School Shootings. The New York Times (10/4, Goodstein) reports that experts on the Amish community say their "strong faith and community ties "may prepare them unusually well to cope" with the trauma of Monday's shootings. The Times adds, "In their rural life, they are used to tragedy, said Tom Shachtman, a journalist who wrote 'Rumspringa: To Be or Not to Be Amish' (North Point Press, 2006). Barns burn down. Families riding in horse-drawn buggies are hit by trucks. Farmers are maimed in accidents. Many of the large families who Mr. Shachtman met had lost a child, some to suicide. They accept these tragedies as the will of God, an approach to life they call yieldedness, Mr. Shachtman said. He said this helped explain why the Amish interviewed after the shooting in Nickel Mines, Pa., sounded more resigned than angry. They are pacifists, and some spoke of the need to forgive the killer."

Attacks Show Schools Are Among Communities' Most Vulnerable Places. USA Today (10/4, Johnson, Toppo) reports, "Monday's fatal shootings at an Amish school in Pennsylvania and last week's attack in Bailey, Colo., that left one girl dead underscore how schools across the nation, long considered among the safest places in their communities, also can be the most vulnerable. Statistics consistently show that children are far safer on school grounds than nearly anywhere else. However, safety consultants say the recent attacks -- both by men who apparently were intent on molesting girls -- are vivid reminders of the challenges schools and police face in protecting campuses from the outside world."

Father Of Columbine Victim Blames School Shootings On Secularism. The Washington Post (10/4, C8, Kurtz) reports that during the "Free Speech" segment of the CBS Evening News, Brian Rohrbough, who lost his son in the 199 Columbine school massacre blamed violence like the murders of five Amish school girls "on abortion and 'expelling God from the school.'" The Post reports, "The decision to approach Rohrbough and air his views prompted a storm of criticism, some of it within the ranks of CBS News. Anchor Katie Couric responded on her network blog, saying: 'We knew when we decided to put on this segment that a lot of people would disagree with it. We also knew some might even find it repugnant. But that is the very essence of what we're try to do with the "Free Speech" segment. This is a platform for our viewers to hear from a wide range of people -- those who may share your views, and those who don't.'"

LATimes Shocked At Amish Community's Reaction To Shootings. The Los Angeles Times (10/4) editorializes, "If anything is more unimaginable than the execution-style killings of five Amish girls in their one-room schoolhouse, it is the Amish community's reaction to the tragedy. Mourning without anger. … Those few Amish who would talk to the media refused to vent anger toward Roberts or whatever demons propelled him to violence. The Amish generally said they could not see giving up their small country schoolhouses, or placing guards or other security in the buildings, even if that made them vulnerable. It would mean giving up their peaceful, pastoral way of life, with its insistence on keeping intrusions at bay." The Times adds, "On Tuesday, there was talk that although Amish schools were unlikely to employ guards or locks, there might be cellphones on hand, just in case. We all make our concessions -- to modernity or to tradition -- when we must."

Local Television. Reporting in the Pennsylvania television newscasts on the Amish school shooting centered around the note left by Charles Roberts. Roberts confessed to his wife that he molested family members 20 years ago, and police said he may have planned to do the same to his hostages. Some examples: WYOU-TV Wilkes Barre, (9/3, 5:00 p.m.) reported, "State police say suicide notes written by Charles Carl Roberts claim that he had molested young family members about 20 years ago. Investigators say the man responsible for yesterday's shooting at an Amish school also claimed he had a dream that he would molest again.

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Roberts also reportedly expressed hatred towards himself and God because he and his wife lost an infant child years ago."

WNPA-TV Pittsburgh, (9/3, 10:00 p.m.) reported, "This day has seen the emergence of horrific details in the Amish school shooting in Lancaster county. Police revealed clues as to why the gunman killed the girls. In a chilling suicide note, Charles Roberts said he molested family members 20 years ago and those same urges returned to him. It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself. Police say they think Roberts plotted to take over the school, maybe for a week."

WCAU-TV Philadelphia, (9/3, 4:29 p.m.) reported, "Roberts admitted he molested kids when he was a boy. He told his wife he was angry with God from the death of his infant daughter nine years ago. Earlier today two girls died from their wounds."

WFMZ-TV Philadelphia, (9/3, 5:07 p.m.) reported, "State police are shedding more light on Charles Carl Roberts and what may have led him to open fire inside that Amish school house yesterday. Much of what we're learning is coming from Roberts himself in the form of a long suicide note and a final phone call to his wife. For at least 6 days, police say Roberts planned out his heinous attacks of the young girls inside the Nickel Mines Amish school. And on Monday, at 10 in the morning, Roberts put that plan into action. As details of his plan unfold there are stories of molestation from 20 years ago. Police say it's possible Roberts planned to do it again."

WHYY-TV Philadelphia, (9/3, 5:33 p.m.) reported, "Police say just minutes before Roberts stormed the Amish school house, he told his wife he had molested young children the past and dreamed of molesting again. He states, 'I molested some minor family members. Family members that were three or four years old 20 years ago."

WTAE-TV Pittsburgh, (9/3, 12:00 p.m.) reported, "Authorities are still trying to understand. They are currently examining whether an infant daughter of Roberts and his wife, lost several years ago may, have been a factor."

Gonzales Says Foley Probe Still In Fact-Finding Stage. CNN's The Situation Room (10/3, King) reported, "Attorney General Alberto Gonzales says the probe still is in the fact-finding stage. He spoke to CNN earlier today at an event in New Orleans." Gonzales: "I find these reports regarding Congressman Foley deeply disturbing. We notified the Speaker yesterday. The Department, investigators at the FBI, prosecutors at the Department of Justice are in the process now of gathering of facts to see what laws may have been broken. The protection of our children from child predators has been a top priority of mine, and so, obviously, we consider these allegations very seriously. It's early in the process, and so please give us an opportunity to do our jobs to ensure that our children remain safe."

Scripps Howard (10/4, Hargrove, Parnes) reports, "FBI agents plan to 'authenticate' the widely distributed sexually explicit Internet transcripts between U.S. Rep. Mark Foley and former congressional pages, a Department of Justice official said Tuesday. … In addition, agents will interview the teenagers." Scripps Howard continues, "Justice officials said they also are considering whether federal or state laws apply in the case, the source said. … It was the first confirmation that federal authorities will conduct an extensive investigation into Foley's actions." Scripps Howard adds, "On Monday, federal officials said they were conducting a preliminary legal assessment into the matter. But authorities were much more certain that a significant investigation will take place following the disclosure of yet more sexually explicit transcripts Tuesday. … 'We don't know quite what we are dealing with here,' the official said. 'We don't know if those are the only e-mails. If there are other e-mails, are those e-mails authentic? We are trying to get all the facts and be clear what we are dealing with.'"

The AP (10/4) reports, "US Attorney General Alberto Gonzales says the FBI is gathering facts to decide whether any laws were broken in connection with a former Florida congressman's sexually explicit e-mails to a former congressional page." The AP continues, "Gonzales commented after giving the opening address at a three-day national conference of federal, state and local law enforcement and social service agencies on ways to combat human trafficking and to rescue its victims." The AP adds, "Gonzales said he notified the FBI after reading deeply disturbing news accounts of the e-mail activities of former U-S Representative Mark Foley a Florida Republican, who resigned in the wake of the scandal. … Gonzales, who said the Bush administration lists protection of children as one of its highest priorities, declined to elaborate on how far the e-mail investigation might go."

CNN's Live Today (9/3, 11:54 a.m." reported "We are also keeping an eye on all things developing with

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Congressman Foley. And we understand that Susan Roesgen is on the line with us right now. She's with us live. Good to see you, Susan. I understand that you had an opportunity to talk to Attorney General Alberto Gonzales a short time ago on this subject." Susan said, "That's true Tony. Alberto Gonzales is here in New Orleans for an entirely unrelated matter. He is here to address a national convention. But just a few minutes ago, the Attorney General did give his first on the record, on camera comments on the Foley situation. When I asked him about it, he said that they are only in the fact-finding phase right now, not yet a formal investigation." Alberto Gonzalez said, "Obviously, we consider these allegations very seriously. It's early in the process. So, please give us an opportunity to do our jobs to ensure that our children remain safe." Susan: "If Congressman Foley's colleagues might have been aware of the actions but didn't say anything, could they face some sort of federal charges?" Alberto Gonzales: "Listen. I'm not going to get into what ifs. We're in the process now. We are responding to the request to look into the facts here. That's what we're doing. Once we gather more information, we'll be in a better position to answer these questions." Susan added, "I also asked the attorney general about the reports that his own FBI field office in DC was aware of at least some of these e-mails back in July, Tony, and why they did not start an investigation right at that time. And He gave basically the same answer he gave to my previous question, which was listen, I don't want to get into it, we're in the fact finding and we'll sort it out later. So, some vague answers, but at least we got him on the record today, on this issue."

CNN's The Situation Room (9/3, 4:09 p.m.) reported, "Federal investigators have begun investigating Foley's trail of instant messages and e-mails. Attorney general Alberto Gonzales says the probe is still in the fact-finding stage. He spoke to CNN earlier today at an event in New Orleans." Alberto Gonzales said, "Reports regarding congressman Foley are deeply disturbing. We notified the speaker yesterday that the department, investigators at the FBI, prosecutors at the Department of Justice are in the process now of gathering up facts to see what laws may have been broken. The protection of our children from child predators has been a top priority of mine and so obviously, we consider these allegations very seriously and it's early in the process. So, please give us an opportunity to do our jobs to ensure that our children remain safe."

FBI Conducting "Widening Investigation." The Washington Post (10/4, A1, Babington, Balz, 748K) reports "federal agents were interviewing former House pages and trying to determine whether" former Rep. Mark Foley "crossed state lines to have sex with minors or enticed minors to travel across state lines for a sexual encounter, law enforcement officials said. The widening investigation comes amid reports of electronic messages in which Foley appeared to refer to past or future meetings with former pages, in Washington and other cities. The investigation is being run by the FBI's Washington Field Office, with close supervision from the Cyber Division and other senior officials at FBI headquarters, said an official speaking on background. Other FBI field offices…are involved in chasing specific leads and conducting local interviews, the official said."

Only a handful of local television newscasts reported that attorney general Alberto Gonzales said his department and the FBI are in the process of gathering up facts to see what laws former Congressman Foley may have broken. At least one coverage noted that Gonzales "is not revealing much yet." Some examples: NC8-TV Washington, DC, (9/3, 7:02 p.m.) reported, "Attorney general Alberto Gonzales says investigators with the FBI and the Department of Justice are in the process of gathering facts to see what laws may have been broken."

WAPT-TV Jackson, MS, (9/3, 5:20 p.m.) reported, "With control of Congress hanging in the balance. Attorney general Alberto Gonzales called the allegations against Foley 'deeply disturbing.' Tonight, both the FBI and the Justice Department are investigating the case."

WINK-TV Ft. Myers, (9/3, 5:01 p.m.) reported, "Alberto Gonzales: 'we notified the speaker yesterday that attorney general, investigators at the FBI, and prosecutors at the Department of Justice are in the process now of gathering up the facts.'"

WTVM-TV Columbus, (9/3, 5:35 p.m.) reported, "Meanwhile attorney general Alberto Gonzales says investigators with the FBI and the Department of Justice are in the process of gathering facts to see what laws may have been broken."

KRIS-TV Corpus Christi, TX, (9/3, 10:19 p.m.) reported, "U.S. attorney general Alberto Gonzales isn't revealing much yet about the Justice Department's investigation into former Congressman Mark Foley."

WJRT-TV Flint, MI, (9/3, 5:20 p.m.) reported, "Attorney general Alberto Gonzales says investigators with the FBI and

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the Department of Justice are in the process of gathering facts to see what laws may have been broken."

Former FBI Agent Says Foley Case Likely In Legal "Gray Area." The AP (10/4, Appuzo) reports that "Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say. … If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation. 'There are going to be some issues here in the gray area,' Lanning said. … 'Whether it's a violation of law will be based on a precise reading of the law.'" The AP notes, "One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official…said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken. FBI spokesman Richard Kolko said the agency is continuing its assessment."

Republicans Hope DOJ Probe Will Find Evidence Democrats Leaked Foley E-Mails. The White House Bulletin/US News (10/3) reported that Republican insider say a goal of House Speaker Dennis Hastert's demand for a Justice Department probe of the scandal surrounding Rep. Mark Foley "is to quickly find evidence that Democrats leaked lewd emails to the news media. Officials said that Democratic charges that the probe was meant to delay the release of more incriminating information until after the election are wrong." House GOP officials "expect Attorney General Alberto Gonzalez to move swiftly and reveal any details as investigators get them." Republicans "believe that Democrats are behind the leaks to the media and that uncovering that link would help to lessen the political impact on the GOP if voters saw the scandal as a political hatchet job."

Foley Says He Was Sexually Abused By Clergyman As A Teen. The St. Petersburg Times (10/4, Kumar) reports former Rep. Mark Foley "announced Tuesday that he was abused by a clergyman as a teenager, but he said he accepts responsibility for sending sexually explicit correspondence to boys. His attorney, David Roth, also acknowledged at a news conference on Foley's behalf that the former congressman is gay, a widely held belief in Washington but a topic that Foley previously had declined to discuss. … Foley was molested between ages 13 and 15 by a clergyman, Roth said. He would not identify the clergyman or the church. Foley is Roman Catholic."

ABC World News (10/3, story 3, 0:25, Gibson, 8.78M) reported Roth "also said Foley…never had sex with a minor." USA Today (10/4, Gomez, Heath, 2.27M) reports Roth "insisted Foley had no physical sexual contact with a page: 'Any suggestion that Mark Foley is a pedophile is false.'" The AP (10/4, Skoloff) reports Roth added that "Foley was under the influence of alcohol when he sent the e-mails and instant messages."

The New York Times (10/4, Goodnough, 1.21M) reports Roth "said Mr. Foley…had wanted to identify the person he said had molested him. … But his civil lawyers had advised him not to do so until he had completed treatment." CBS Evening News (10/3, story 3, 3:15, Couric, 7.66M) reported Roth "said specifically that [Foley] is not using it as an excuse. Rather, it's a way to explain Foley's behavior, but you can be sure lots of people are going to start calling it the 'abuse excuse.'" NBC Nightly News (10/3, story 4, 2:50, Reid, 9.87M) reported, "Foley's attorney says the new claim is not intended as an excuse for his client's behavior."

The Palm Beach Post (FL) (10/4) reports, "Foley's alleged childhood sexual abuse could have contributed to his own abusive behavior, according to a psychiatrist. … 'There's no question that being sexually abused as a child increases the risk of being a perpetrator,' says Dr. Jon Shaw, director of child and adolescent psychiatry at the University of Miami. … 'Sometimes the sexual victimization, while a horrifying experience, can often lead to sexual arousal at the same time. It's very confusing to the child. They later can identify with the aggressor, and do unto a child what was done unto them. They may pick a child roughly the same age they were when they were victimized. They become both the perpetrator and the victim.'"

Colleagues, Acquaintances Question Alcoholism Claim. The AP (10/4, Skoloff) reports that when Foley "announced he was entering rehab for treatment of alcoholism…some of those who have known him for years were shocked and suspicious. Some friends and acquaintances said they rarely saw him drink. A former colleague, Rep. Peter King, R-N.Y., said on Fox News Channel: 'I don't buy this at all. I think this is a phony defense. … Some longtime acquaintances said they cannot reconcile Foley's public and private lives, including the lurid communications and the claimed drinking problem. 'I have

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never seen Mark inebriated in public,' said Robin Bernstein, who has known Foley for 25 years."

Foley Engaged In "Internet Sex" During House Vote. ABCNews.com's blog "the Blotter" (10/3) reported Foley "interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page, according to new Internet instant messages provided to ABC News by former pages. … According to another message, Foley also invites the teen and a friend to come to his house near Capitol Hill so they can drink alcohol."

Foley's Former Chief Of Staff At Center Of Political Controversy. The Los Angeles Times (10/4, Wallsten, Levey, 918K) reports Foley's longtime chief of staff Kirk Fordham "is at the center of questions over whether Republican leaders should have known more about Foley's behavior before the revelation broke last week that Foley was sending sexually explicit messages to teenage boys." Fordham "is now chief of staff to…Rep. Thomas M. Reynolds, who as chairman of the National Republican Congressional Committee is in charge of helping the GOP retain its majority." The Times adds, "Fordham left Foley's office in 2004, but on Friday he joined in a conversation at the congressman's Capitol Hill town house advising Foley to resign. … Democrats charge that Fordham's involvement reflected the GOP's desire to minimize the political fallout by, at least initially, keeping the issue quiet." Reynolds yesterday told "reporters that Fordham acted without his knowledge." The Times notes Fordham "retained a lawyer on Tuesday and said that he intended to cooperate with the FBI's investigation of Foley's behavior."

Former Pages Reveal Details Of Foley's Behavior. Former page Tyson Vinyan, on Fox News' The O'Reilly Factor (10/3), described "what turned out to be almost surrealistic relationship with Congressman Foley through the instant messaging system online. It began shortly after I left the page program." The Washington Post (10/4, A1, Grimaldi, Eilperin, Weisman, 748K) reports, "In 1995, male House pages were warned to steer clear of [Foley] who was already learning the names of the teenagers, dashing off notes, letters and e-mails to them, and asking them to join him for ice cream, according to a former page. … More than a dozen…former House pages said in interviews and via e-mail that Rep. Mark Foley was known to be extraordinarily friendly in a way that made some of them uncomfortable."

Reforms To Page Program Suggested. In an op-ed for the New York Times (10/4, 1.21M) George Washington University's Jonathan Turley (10/4) writes, "Congress should create a Congressional Page Board composed of former pages. This board would have the ability to report infractions directly to the respective Ethics Committees for each house, which would be required to investigate and act upon any complaint submitted by the board." CBS Evening News (10/3, story 8, 2:35, Couric, 7.66M) ran a "Free Speech" segment featuring a former Congressional page praising the program.

Recent Scandals Highlight That IM Conversations Are Not Private. The Wall Street Journal (10/4, Sharma, Vascellaro) reports that office workers should apply caution to their use of instant messaging services on company computers. According to the Journal, the programs "are no haven for private chatter. Companies and government agencies can monitor and log IM conversations conducted on company-network computers. And though it seems that IM conversations disappear into a cyber-vacuum when a session is over, that isn't always true." The scandals involving Former Rep. Mark Foley and Hewlett-Packard Co.'s leak investigation "highlight the risks." The Journal adds, "Microsoft's Live Communications server allows companies' information-technology departments to log and search employees' IM conversations, including those conducted on other easily available consumer instant-messaging services like Yahoo and AOL. On top of that, some companies are also purchasing separate hardware that can trace and block IM conversations companywide or set rules for particular employees."

Revelations In Libby Case Could Hinder Prosecution. The Wall Street Journal (10/4, A4, McKinnon) reports, "Special Prosecutor Patrick Fitzgerald has taken a public-relations hit from the news that the White House aide he indicted in the CIA-leak investigation wasn't the original source. In coming months, his court case against Lewis 'Scooter' Libby could suffer as well." The Journal continues, "With pretrial settlement looking unlikely, Mr. Fitzgerald's prosecution of Vice President Cheney's former chief of staff is heading toward a January court date. But recent revelations may have dealt Mr. Libby's defense team some powerful cards. … They could undercut the prosecutor's allegation of Mr. Libby's motive: That he lied to investigators to conceal a White House effort to leak Central Intelligence Agency operative Valerie Plame's identity. The

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notion of such a White House campaign is now easier to attack, since it turns out that the initial information came from then-Deputy Secretary of State Richard Armitage, who wasn't viewed as a close White House political ally." The Journal adds, "The revelations also could bolster Mr. Libby's claim that he didn't intentionally cover up details of his conversations with reporters, but simply forgot -- an explanation Mr. Armitage gave for why he took so long to reveal one of his conversations on the subject. … At a news conference following Mr. Libby's indictment last October, Mr. Fitzgerald said Mr. Libby was the 'first official known to have told a reporter' about Ms. Plame's identity when he discussed it with then-New York Times reporter Judith Miller in late June 2003. … But it has become clear that Mr. Fitzgerald knew early on in his investigation that Mr. Armitage was the original source for Robert Novak -- the journalist who disclosed Ms. Plame's identity in a July 14, 2003, column. Yet for nearly two years, the prosecutor pursued reporters to reveal confidential sources, as the investigation focused more on the coverup than the original alleged crime. … The latest twist in the CIA-leak probe could lead to a further diminution of the independent-prosecutor system that allowed Mr. Fitzgerald, largely unsupervised, to pursue Mr. Libby. In light of the much-criticized investigation, top Justice Department officials should consider 'another layer of supervision' to review charges by special prosecutors, said Andrew McCarthy, a former federal prosecutor. Mr. McCarthy calls Mr. Fitzgerald 'as good a prosecutor as we've had,' but worries that independent prosecutors focus too much on bringing charges."

US To Seek Death Penalty In Washington Abduction Case. The AP (10/4, Geranios) reports, "Federal prosecutors said Tuesday that registered sex offender Joseph Edward Duncan III will face the death penalty for the abduction of two children, a move which may spark new efforts to settle Idaho state charges against the predator." The AP continues, "Jean McNeil, spokeswoman for U.S. Attorney Tom Moss in Boise, Idaho, said prosecutors there have received permission from the Department of Justice in Washington, D.C., to seek capital punishment against Duncan once he is charged in the abduction of Shasta Groene, 8, and the abduction and slaying of Dylan Groene, 9. … 'Federal charges and formal notice to seek the death penalty are expected to be filed at a later date,' McNeil said." The AP adds, "She declined to say exactly what federal charges Duncan would face, which she acknowledged made Tuesday's announcement unusual. … 'There has been so much publicity and so much speculation about what we would do, that we think it is appropriate to make the announcement now,' McNeil said. … Duncan, 43, a Tacoma native, already faces the death penalty if he is convicted in an Idaho court on three counts of murder for allegedly using a hammer to kill the children's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005 at the family's home east of Coeur d'Alene, Idaho. … Court documents allege Duncan, who spent most of his adult life in Washington prisons for sexual crimes against children, committed the slayings so he could kidnap the two children for sex. … The federal decision could have implications for the state case as Shasta's father, Steve Groene, would prefer that the case be settled so his daughter would not have to testify against Duncan in court."

FBI Probe Of Alaska Lawmakers Expands. The Seattle Times (10/4, Bernton) reports, "FBI agents investigating Alaska legislators have expanded their interests from oil to fish, looking at the relationship between state Senate President Ben Stevens and the North Pacific seafood industry, which has deep roots in Puget Sound." The Times continues, "In late August, the FBI searched the offices of Stevens and at least five other Alaska legislators and gathered documents relating to Veco, a major oil-field services company that had been heavily involved in lobbying the Legislature on oil-tax policies and other energy issues. FBI agents returned to Stevens' office for a second search Sept. 18. … This time, their take included two letters that Stevens wrote to the federal Commerce Department about the Alaska Fisheries Marketing Board, according to a letter outlining the searches that Stevens provided to the Anchorage Daily News." The Times adds, "Stevens has not disclosed what was in those fisheries letters or any of the other documents taken in the searches. … Stevens chaired the Alaska Fisheries Marketing Board until earlier this year. It was created in 2003 with federal legislation sponsored by his father, U.S. Sen. Ted Stevens. … The board has awarded more than $12 million in federally-funded grants to salmon-processing companies, most of them based in Puget Sound. … The FBI investigation has involved agents from around the country who assisted in the searches, said Eric Gonzalez, a FBI spokesman in Alaska. … U.S. Justice Department attorneys based in Washington, D.C., with the Public Integrity

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Section, which handles political corruption, also have joined the case, along with two U.S. assistant attorneys in the Alaska office, said Bryan Sierra, a Justice Department spokesman."

Connecticut Federal Court Clerk Gets Probation For Corruption Probe Leak. The AP (10/4) reports, "A former federal court clerk was spared from prison Tuesday for leaking the existence of a public corruption investigation in 2004 into then-state Sen. Ernest Newton before documents in the case were unsealed." Cassandra Warren "was sentenced to three years' probation and fined $1,000 by Senior U.S. District Judge Alfred V. Covello in Hartford." Warren told "her husband about sealed documents regarding Newton that she saw in the federal court clerk's office," in an effort "to persuade him not to get involved with Newton and his associates. The information eventually got back to Newton." The AP notes that Newton "was caught on an FBI wiretap talking to the head of a Bridgeport jobs training agency, who paid the lawmaker $5,000 for help getting a state grant. Prosecutors have said that Warren did not intend to obstruct the Newton investigation."

Missouri Couple Charged With Second Rape-Murder. In a widely-distributed story, the AP (10/4) reports that the Missouri "couple already facing charges in a gruesome videotaped sex killing of a woman and the sexual assault of a 5-year-old girl were indicted Tuesday in the death of another woman. Prosecutors said they will pursue the death penalty. A grand jury issued first-degree murder charges against Richard D. Davis, 41, and Dena D. Riley, 39, in the strangling and suffocation death of Michelle Ricci. … Authorities said Davis and Riley raped and tortured Ricci for several days before killing her, afraid they she knew where they lived and would go to police." The AP notes, "Davis and Riley were the FBI's most-wanted couple after they were linked to the Spicer killing. After their arrest, they allegedly directed police to Ricci's body."

Online Gaming Law Could Hurt Casino Giants. The Las Vegas Sun (10/4, Benston) reports, "Fallout from the Unlawful Internet Gambling Enforcement Act of 2006 may land hard on two of Las Vegas' biggest gaming companies, Harrah's Entertainment and MGM Mirage. Each has tapped poker fans who love Internet play and then turn to Vegas for the real action." The Sun continues, "When those gamblers try to log onto their PartyPoker.com account, they'll soon discover they can no longer place a bet. And that will chill tournament play on the Strip. … For nearly a decade, the campaign by conservative members of Congress to outlaw online gambling remained on the fringes in Washington. … But with Republican lawmakers nervous about the Nov. 7 elections and eager to find issues that will please conservative religious groups, Senate Majority Leader Bill Frist and other Republican leaders saw an opportunity to adopt the ban. They attached it to an unrelated port security bill, which was approved by Congress on Saturday." The Sun adds, "Once a small, tight-knit group of hard-core sports bettors, Internet gamblers, attracted by celebrity players and incessant television coverage of poker tournaments, have grown into a largely mainstream group of amateur bettors. But in the eyes of the U.S, they have joined the ranks of people who transport illegal drugs or sell unregistered firearms … Online operators had largely ignored the Justice Department's opinion that all forms of online gambling are illegal. It was a weak legal position, they said, that was unsupported by federal law and largely unenforceable because online betting operators are based outside of the United States. … With the bill , a 'gray area' of gambling just got a lot clearer by making it a felony to process Internet bets generated by Americans."

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The AP (10/4) reports, "A Picayune woman has pleaded guilty to making false claims to obtain Hurricane Katrina relief funds, U.S. Attorney Dunn Lampton said Tuesday. Dianne M. Dean pleaded guilty to making a false claim and a false statement to the Federal Emergency Management Agency and to the Department of Agriculture's Rural Development Agency, Lampton said." She admitted that "she submitted an application for disaster assistance with FEMA using a false address in Picayune, Lampton said. She received $2,000."

Pennsylvania Real Estate Agent Gets Decade In Prison For Money Laundering. The Philadelphia Daily News (10/4, Caparella, 109K) reports on the sentencing of Mount Airy real estate agent Melvin Stein, 61, "who laundered hundreds of thousands of dollars of drug dealers' money for more than 10 years." The Daily News notes, "Instead of taking the advice of his first attorney to cooperate with a government investigation into violent drug

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trafficking, Stein replaced her with a lawyer who convinced him that the government was out to get him. … Yesterday, despite 80 people showing up at a federal sentencing hearing to attest to his many good deeds, Stein paid the price: 10 years in prison, an $800,000 forfeiture and $200,000 fine, and two years of supervised release. The fine and forfeiture must be paid in 30 days." The Daily News adds that after the sentence was announced, Stein "apologized to FBI case agent Kevin Lewis and his partner, Thomas Zielinski, a Philadelphia detective deputized as a federal agent: 'You were honest with me, telling me that the government could not make any guarantees in court. I'm sorry I did not trust what you were telling me.'"

Rhode Island Mobster's Cocaine Use Blamed For Poor Health. The Providence Journal (10/4, Malinowski) reports, "Anthony M. 'The Saint' St. Laurent, a longtime capo regime in the Patriarca crime family, is a physical wreck whose health has been in a freefall for the past 20 years. … At a sentencing hearing Friday in U.S. District Court, Assistant U.S. Attorney James H. Leavey suggested that a '$500- to $600-' a-day cocaine habit was a key factor in leaving the mobster in such poor medical condition." The Journal continues, "Leavey dropped the bomb about St. Laurent's drug use after Dr. Marc S. Weinberg testified about a series of medical ailments that St. Laurent suffers from, including hypertension, kidney failure, intestinal cancer and chronic bowel problems. … 'In all honesty, unequivocally, [St. Laurent] is absolutely the sickest guy I have ever seen,' said Weinberg, who has treated him for 20 years. 'I have no one else like him.'" The Journal adds, "Friday's hearing was scheduled to sentence St. Laurent, 65, of 2 Rotary Drive, Johnston, to prison for conspiring several months ago to extort $100,000 from two Massachusetts men. … Judge William E. Smith continued the hearing to give the government more time to find a suitable prison to treat St. Laurent for his various ailments. A new date has yet to be set for the sentencing." The Journal notes, "At a plea hearing in July, Assistant U.S. Attorney Peter F. Neronha said the government had evidence that St. Laurent directed two men to collect the money and, if the two victims did not pay at least $50,000, to 'bash' the victims. … FBI agents and detectives from the Rhode Island State Police and Providence police arrested St. Laurent the next day."

US Argues Galante Should Not Reclaim Trash Hauling Business. The AP (10/4) reports, "Federal prosecutors claim that the owner of a Danbury (CT) trash hauling business plundered it, using it as a personal ATM to pay for his hobbies and bankroll no-show jobs for friends." The AP continues, "The claims are contained in legal briefs made available Monday and filed in the case of James Galante, a central figure in an investigation of organized crime and its alleged role in the trash hauling business." The AP adds, "Galante, who owns Automated Waste Disposal and other trash companies, has been fighting the government for control of his businesses, which federal marshals took over when he was indicted in June in the racketeering case. … Galante and his lawyers argued their side of the story in U.S. District Court in August and in a 16-page brief filed last week." The AP notes, "The prosecution briefs argue that Galante used the trash company to pay for his hobbies such as his hockey and racing teams and he was constantly bouncing checks. … Under Galante's direction, the prosecutors argued that the evidence shows that the companies had been 'regularly bouncing checks' on their commercial bank accounts for years and that the overdrafts became so 'endemic by late 2004' that the companies' bank shut the accounts and ended its relationship with AWD. … Galante's legal team alleges that before the court-ordered monitoring in June, Galante's companies were well run and profitable, but when Leonard Briskman, head of the U.S. Marshal Service team, took over, he and others hired by the government to run the trash businesses began running them into the ground."

FBI Reviewing Karr's Computer Files In Child Pornography Probe. The AP (10/4, Wohlsen) reports, "The FBI is reviewing images of teenagers found on computer equipment seized from former JonBenet Ramsey slaying suspect John Mark Karr's home to compare the images with a national database of child porn victims, a Sonoma County prosecutor said." The AP continues, "The digital images were not related to child pornography charges against Karr, said Deputy County Counsel Anne Keck. It was not immediately clear which files the FBI was reviewing." The AP adds, "The disclosure came at a hearing in which Judge Cerena Wong refused to unseal police documents in the child pornography case against Karr. Prosecutors argued they could harm the investigation and prejudice potential jurors. … Authorities said they found five images of child porn

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on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently. .. .Defense lawyers did not comment on the FBI involvement, but renewed efforts to get the charges dismissed and filed a motion to exclude newly discovered computer evidence from his case."

Karr Lawyers Alleges Prosecutors Withheld Evidence. In a widely-distributed story, the AP (10/4, Wohlsen) reports, "Prosecutors withheld evidence that might have led to the dismissal of child pornography possession charges against former JonBenet Ramsey slaying suspect John Mark Karr, defense lawyers told a judge Tuesday." They "said prosecutors deliberately withheld a September interview with his ex-wife, Lara Knutson, in which she told them the computer from where they found the five allegedly illegal images did not work at the time of his arrest."

US Attorney Warns Parents About Cyber Predators. The Midland (TX) Reporter-Telegram (10/4, Campbell) reports, "Many parents are handicapped in trying to protect their children from Internet sexual predators because their kids know more about computers, U. S. Attorney Johnny Sutton of San Antonio said Tuesday. … Parents must therefore educate themselves and take measures to keep their offspring from being victimized, he said." The R-T continues, "Addressing a U.S. Attorney's Office seminar for law enforcement officials Monday and Tuesday, Sutton said putting the computer 'in a room where the whole family can walk by and see it' is a good safeguard. … 'The Internet is an incredible tool that is opening up worlds for lots of people,' he said. 'It brings freedom and information to people who normally wouldn't be able to get it, but with that there are real dangers because it is so wide open. … A child might think she is talking to another 14-year-old girl when in reality she is talking to a 45-year-old man. We estimate that at any given time in the U.S., there are 50,000 predators talking to children in chat rooms. … Punishments on the federal side for people who solicit children or possess or trade child pornography are extremely harsh -- five to 15 years for a first offense. It's a big hammer we have to hit these guys with. … U.S. Attorney General Alberto Gonzales believes we have no more precious resource than our children. Unfortunately in modern America, lots of children spend a lot time by themselves or in situations where they are not as well protected as they should be.'"

Civic Activist Faces Death Penalty For Role In DC Street Gang. The Washington Times (10/4, McElhatton) reports, "Antwuan Ball is caught between two worlds. One has him being praised by social workers for his civic activism; the other has him facing a rare death-penalty prosecution in the District on murder and racketeering charges. Mr. Ball is accused of leading a violent street gang that sold hundreds of kilograms of crack cocaine in Southeast for more than a decade. But he also has worked as a youth counselor, has helped oversee security at a troubled housing development and is even quoted in a national social services newsletter. … Last month, the U.S. attorney's office filed a notice of intent to seek the death penalty for Mr. Ball and David Wilson, accused of being leaders of the Congress Park Crew -- a gang that resorted to assault and homicide to protect its drug trade in Southeast."

Los Angeles Police Release Photos To Identify Killer's Victims. The Los Angeles Times (10/4, Muskal) reports, "The Los Angeles County Sheriff's Department today released about 30 more photographs taken by William Richard Bradford, seeking to find out if any of the people were victims of the convicted killer. Officials in July released photos of 54 women who were photographed two decades ago by Bradford. One of those women was discovered strangled and dumped in the High Desert. About two dozen women in that first round of photographs have come forward. Bradford is on death row at San Quentin. He was convicted in 1988 in the murders of Shari Miller and Tracy Campbell." The photographs "were seized at Bradford's residence when he was arrested in 1984. The original group of 54 photographs sat untouched for years until a cold case detective decided to take a second look."

CIVIL LAW:

Judge Denies Tobacco Companies' Request To Continue Marketing "Light" Cigarettes. The New York Times/AP (10/4) reports, "A federal judge has denied a request by tobacco companies to continue marketing so-called light and low-tar cigarettes until an appeal is settled in the case." In rejecting the request last week, Judge Gladys Kessler wrote, "Loss of market share, if it results from imposing an appropriate remedy to prevent and

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restrain past violations of the law, may well be the price defendants have to pay."

US Stops Seizing Drugs Imported From Canada. The Wall Street Journal (10/4, A3, Carreyrou, 2.03M) reports, "Under pressure from Congress, U.S. Customs and Border Protection officials scrapped their 11-month-old policy of seizing prescription drugs imported through the mail from Canada." The practice "had come under fire from lawmakers for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by U.S. pharmaceutical companies." Lynn Hollinger, a Customs spokeswoman, "said the seizures would stop Oct. 9 but declined to explain the policy reversal."

The Los Angeles Times (10/4, Girion, 918K) reports, "The move reverses a policy that began last November around the time enrollment began for the Medicare drug plan. U.S. officials said the Canadian shipments had been confiscated out of concerns about the drugs' safety, but consumer advocates and others contended that the crackdown was an effort to limit competition in the pharmaceutical market and force seniors to sign up for new Medicare plans and pay higher prices for drugs from U.S. pharmacies." The change "comes as millions of seniors on Medicare drug plans were expected to hit the 'doughnut hole.'"

Ceremony Commemorates Wiccan Soldier's Life, Touches On Symbol Dispute. The Reno (NV) Gazette Journal (10/3, Aleck) reports, "Roberta Stewart of Fernley has spent a year battling with the U.S. Department of Veterans Affairs (DOVA) to have the Wiccan pentacle placed on her husband's memorial plaque at the local veterans cemetery. On Sept. 13, the Nevada Office of Veterans Services announced that with help from the Attorney General's Office and Governor Kenny Guinn, a Wiccan emblem will be placed on the plaque and on the Memorial Wall at the NNVMC. The DOVA does not recognize the Wiccan religion and that agency only allows approved emblems to be placed on DOVA issued headstones and markers, including the Christian cross, Buddhist wheel and an atheist symbol." The article recounts the memorial Sept. 25 memorial service, A the ceremony Rev. Selena Fox of the Circle Sanctuary of the Wiccan Church, and the Rev. William Chrystal, a military chaplain, delivered remarks, touching on religious issues. Fox "said that Wiccans continue to strive for equal rights. She said there are Wiccan families of other soldiers who were killed in Iraq, as well as in Korea and Vietnam, that are also fighting to have the Wiccan emblem placed on grave markers."

AFP Notes Wiccans' Suit Against VA. In an article carried in at least five papers in Australia, Agence France-Press (10/4) reports, "Neo-Pagan Wiccans in the United States have gone to court to force the US military to accept their five-pointed star-in-a-circle symbol on tombstones in military cemeteries, a civil liberties group said today." The article adds, "The US military recognises Wicca, inspired by Europe's ancient pre-Christian pagan practices but also sometimes associated with witchcraft, as an official religion, which gives it certain tax privileges. But the National Cemetery Administration of the US Department of Veterans Affairs has refused to permit the Wiccan symbol to be used in its cemeteries."

CIVIL RIGHTS:

Gonzales Pledges More Resources To Help Curb Human Trafficking. The AP (10/4, Bohrer) reports, "The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, Attorney General Alberto Gonzales said Tuesday. … Gonzales announced that Louisiana will get about $450,000 to fight the problem." The AP continues, "Nearly $8 million is being used to set up 10 new task forces - partnerships between law enforcement agencies and social service groups - to investigate and prosecute trafficking cases and to help victims. … Besides Louisiana, other states set to receive task force funds include Texas, Utah and Missouri. … 'Freedom is guaranteed only with vigilance,' Gonzales told law enforcement officials at a conference on human trafficking. 'And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom.'" The AP adds, "Each year, up to 17,500 people - mostly women and children - are brought into the United States by traffickers to be prostitutes, work in sweat shops or work in domestic servitude, he said. … Already, 32 task forces are established around the country and in territories, according to the Justice Department."

AFP (10/4) reports, "Speaking at the government-sponsored National Conference on Human Trafficking in immigrant-heavy New Orleans, Gonzales said the

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government will increase funding for prosecuting commercial slave traders by eight million dollars and increase the number of task forces on the issue to 42 from 32." AFP continues, "Some of the money will be used to 'put a stop to the exploitation and abuse of laborers' brought into the New Orleans area by traffickers to work in rebuilding efforts in the wake of devastating Hurricane Katrina last year. … 'Human trafficking is a violation of the human body, mind and spirit,' Gonzales told some 600 law enforcement officials and victims' advocates at the conference. … 'For the vile practice to be taking place in a country the world looks to as a beacon of freedom is a terrible irony and an utter tragedy.'" AFP notes, "Gonzales acknowledged that educating the public is a critical part of prosecuting the more cynical trafficking in sex slaves and forced labor. … 'Most Americans think that our country resolved the question of slavery with the Civil War,' Gonzales said. … During this year the Justice Department has broken up two sex slavery rings involving South Korean women smuggled into the country and then held in brothels. … A federal prosecutor in Florida, which hosted the government's first human trafficking conference in 2004, said he has 11 slavery investigations underway in his state."

KUTV-TV, Salt Lake City (10/4) reports, "The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, U.S. Attorney General Alberto Gonzales said Tuesday. … 'The thirst for freedom and opportunity is part of the human spirit and is very strong in this world,' he told law enforcement agents and others at a conference on human trafficking. 'To offer it as a lure, for purposes of a crime, in unconscionable.'" KUTV continues, "Nearly $8 million is being used to set up 10 partnerships between law enforcement agencies and social service groups to investigate and prosecute trafficking cases and to help victims. … Police and community groups in the Salt Lake City area will share $900,000, said Melodie Rydalch, spokeswoman for Utah U.S. Attorney Brett Tolman. … 'I don't think anyone is suggesting Utah is a hub of human trafficking. ... We have not prosecuted a case,' Rydalch said. … 'But through training and partnerships, we'll raise the awareness to put people in position to identify these kinds of cases,' she said." KUTV adds, "Jim Letten, the New Orleans-based U.S. attorney, said the opportunity for exploitation in his state, and particularly hard-hit New Orleans, is ripe. … Estimates put thousands of migrant or unskilled workers in the area to work, he said. And with I-10 traditionally seen as a pipeline for moving drugs, the opportunity for using the route to traffic people – perhaps through the state to other parts of the country – is highly likely, Letten said."

The Salt Lake Tribune (10/4, Bergreen) reports, "Nearly half a million dollars in federal funding was awarded to Salt Lake City on Tuesday to help train law enforcement in arresting and prosecuting human traffickers and providing support to victims." The Tribune continues, "U.S. Attorney General Alberto Gonzales announced the nearly $8 million funding to be distributed to 10 U.S. cities, including Salt Lake City, at the 2006 National Conference on Human Trafficking in New Orleans. … Salt Lake City will receive $450,000." The Tribune adds, "Though human trafficking involving sexual, economic or labor exploitation has not been identified in Utah, the project is a 'proactive' step to educate the community, said program proponent and Salt Lake City Attorney Sim Gill. … The program is a collaboration among the U.S. Attorney's Office, Salt Lake City, the FBI, other law enforcement agencies and nongovernmental organizations, such as Utah Health and Human Rights Project, the Latino Communication and Information Center and Holy Cross Ministries. … This is 'an effort to educate every portion of the state,' said Dustin Pead of the U.S. Attorney's Office. 'We want them to understand what trafficking is.' … The forcible transportation of someone from another country or even another state for labor, services, sex or debt-bondage constitutes human trafficking, Gill said."

The New Orleans Times-Picayune (10/4, Finch) reports, "A $450,000 federal grant coming to Louisiana will help catch criminals who bring migrant workers to do hurricane damage repairs and then use violence and threats to turn them into slave laborers, the nation's top law enforcement officer said here Tuesday. … Attorney General Alberto Gonzales said the grant is part of nearly $8 million the Justice Department is spending this fiscal year to add 10 new task forces to the 32 already at work trying to stop exploitation and abuse of migrant workers." The Times-Picayune continues, "The Louisiana task force, like the others, will be a partnership between law enforcement agencies charged with catching and prosecuting human traffickers and social service organizations whose job it will be to try to rescue trafficking victims and get them help to return to their normal lives. … The $450,000 grant will go to the Louisiana Commission on Law Enforcement, which will coordinate the task force enforcement work." The Times-Picayune notes, "Jim Letten, U.S. attorney for the New Orleans-based federal

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Eastern District of Louisiana, declined to say Tuesday whether the government has any human trafficking investigations under way. … But in remarks before Gonzales spoke Tuesday, a Letten counterpart from another state was more forthcoming: 'In my district, there are 11 slavery investigations going on right now,' said Paul Perez, U.S. attorney for the Middle District of Florida."

The St Petersburg (FL) Times (10/4, Fries) reports that the Clearwater, FL, Police Department "on Tuesday won a $450,000 federal grant to create a local task force devoted to rescuing victims of human trafficking and arresting their smugglers." The Times continues, "Part of the money will pay for two full-time detectives to investigate such cases over the next three years. Clearwater was one of 10 police agencies nationwide to receive the grant this year, and the only one in Florida. … 'Without this money, we would never be able to do this right,' said Dewey Williams, the deputy police chief. 'These are not your typical, mainstream criminal investigations. It's not like robberies or rapes, where victims report the crimes. Victims of human trafficking have to be sought out. We have to go out and find them.'" The Times adds, "Attorney General Alberto Gonzales announced the Justice Department grants Tuesday at a national conference on human trafficking in New Orleans. … In addition to Clearwater police, the task force will include representatives of the U.S. Attorney's Office, the Pinellas-Pasco State Attorney's Office, the Pinellas County Sheriff's Office and the Regional Community Policing Institute.

Local Television. At least two local television newscasts reported that attorney general Alberto Gonzales said that I-10 corridor has become a magnet of human trafficking. The reporting also noted that nearly USD8 million will be invested to investigate and prosecute trafficking cases and to help victims. KENS-TV San Antonio, (9/3, 6:11 p.m.) reported, "Texas is one of several states that will be getting more money to fight human trafficking. Attorney general Alberto Gonzales says the I-10 corridor has become a magnet for human traffickers. Nearly 8 million dollars will be used to set up new task forces to investigate and prosecute cases. Plans to make it more difficult to get across the U.S.-Mexico border are once again drawing criticism."

KDBC-TV El Paso, (9/3, 5:01 p.m.) reported, "Law enforcement officials will be getting eight million dollars to combat human trafficking. Attorney general Alberto Gonzalez says interstate-10 has become a magnet for human traffickers. Gonzalez says about 17,000 people are brought to the United States by traffickers each year. The money will be used to set up new task forces to investigate cases and to help victims."

42 Indicted In Indiana On Federal Drug Trafficking Charges. The AP (9/29) reported, "A federal grand jury has indicted 42 people on charges of transporting and selling cocaine, methamphetamine and marijuana in southwest Indiana as part of a multistate drug operation. Those arrested were members of three drug rings, each of which was primarily responsible for distributing one of the drugs, said Susan Brooks, the U.S. attorney for southern Indiana. … Most of those taken into custody were being held Thursday at the Henderson County Jail in Kentucky, Brooks said. The raids resulted in the seizure of $69,000 in cash and 15 firearms, including an AK-47 semiautomatic rifle and a sawed-off shotgun, she said." WIFE-TV Evansville (9/28) noted, "More than 200 law enforcement officials conducted raids…mostly in Evansville but some in Princeton. But the story spans across the nation. Brooks says, 'People have to realize the problem doesn't start here. This is a national problem, and we work with our federal partners all around the country.' Defendants were named in Dallas, Los Angeles and even Nashville." The Muncie Star Press (9/30, Werner) also reported on the indictments, focusing on a local father and son who were charged.

Jury Selection In Texas Smuggling Deaths Retrial Begins. The AP (10/4, Lozano) reports from Houston, "Jury selection could take up to two weeks in the retrial of a truck driver who prosecutors say failed to help the illegal immigrants packed into his tractor-trailer in what became America's deadliest human smuggling attempt." The AP continues, "If convicted for his role, Tyrone Williams could face the death penalty. Prosecutors said he was part of a smuggling ring that tried to transport more than 70 illegal immigrants from Mexico, Central America and the Dominican Republic in his airtight tractor-trailer from South Texas to Houston in May 2003." The AP adds, "Nineteen immigrants died after succumbing to the heat inside, which authorities estimate climbed to 173 degrees Fahrenheit. Williams abandoned the trailer at a truck stop near Victoria, about 100 miles southwest of Houston." The AP notes, "Jury selection began Tuesday with an initial jury pool of about 250 people. Potential jurors will be questioned individually due to the possible death sentence. The retrial could take up to four

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weeks. … A jury convicted Williams last year on 38 transporting counts in the deaths. He avoided a death sentence because the jury could not agree on what role Williams played in the crime. The jury deadlocked on 20 other counts. … But the 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict did not count because the jury failed to specify his role in the deadly smuggling attempt."

DOJ Charges Texas Prison Official In Sex Case. The Houston Chronicle (10/4) reports, "A prison official had sexual contact with female inmates at the Bryan Federal Prison Camp and lied about it to investigators, according to criminal information made public Tuesday." The Chronicle continues, "The information filed in federal court by the Civil Rights Division of the U.S. Justice Department accuses former Inmate Systems Manager Ricky L. Bernard, 45, of College Station, of sexual contact with the women in 2003 and 2004. … He is charged with two counts of sexual abuse of a ward, two counts of abusive sexual contact with a ward and one count of making a false statement to a federal agent."

Man Sues Secret Service Over Arrest After Encounter With Cheney. The New York Times (10/4, Johnson, 1.21M) reports Steven Howards of Colorado, who "was arrested in June on harassment charges after he approached Vice President Dick Cheney to denounce the war in Iraq," has "filed a federal lawsuit on Tuesday accusing a Secret Service agent of civil rights violations." Howards "says he stepped up to the vice president to speak his mind in a public place and found himself in handcuffs — in violation, the suit says, of the Constitution's language about free speech and illegal search and seizure." The suit "seeks no specific damages, and names only one agent, Virgil D. Reichle Jr., who is assigned to the Denver office of the Secret Service. But Mr. Howards's lawyer, David A. Lane, said Mr. Cheney might be called as a witness, along with the district attorney in Eagle County who threw out the criminal case against Mr. Howards. If a chain of command within the Secret Service is found that suggests Mr. Reichle was acting on orders, Mr. Lane said, more defendants could be named."

Vandals Damage Jewish Group's Buses. The Washington Post (10/4, B3, Londoano) reports, "Vandals damaged a parked bus that belongs to the Jewish Council for the Aging of Greater Washington in Rockville over the Yom Kippur holiday, marking the second time the organization's fleet has been smashed up this year. Drivers who reported to work Sunday afternoon found that the rear window of a new, $71,000 bus customized to transport senior citizens had been smashed with a rock, said Jeanne Zepp, a spokeswoman for the organization. … Seven of the group's buses were targeted in a similar act of vandalism in January at a commercial lot the council leases in the 4900 block of Wyaconda Road. One, which was damaged beyond repair, was replaced by the bus vandalized over the weekend. The group has spent $221,000 fixing the damaged buses and beefing up security in the buses and around the lot."

Los Angeles County Supervisors Approve Plan To Save King/Drew Medical Center. The Los Angeles Times (10/4, Hymon, Rosenblatt) reports, "The Los Angeles County Board of Supervisors this afternoon approved the outlines of a plan to save Martin Luther King Jr./Drew Medical Center by greatly reducing the size of the facility and handing over its management to another county hospital. The five supervisors unanimously asked the county health chief to return in two weeks with more details on a plan that would shrink services provided at King/Drew, relocate most of King/Drew's staff to other county facilities and put King/Drew under the day-to-day control of Harbor-UCLA Medical Center, located 10 miles away near Torrance. The plan would preserve emergency room services at King/Drew in Willowbrook, south of Watts."

The Washington Post (10/4, A11, Geis) reports, "Martin Luther King Jr./Charles R. Drew Medical Center administrators learned Sept. 22 that they had failed an inspection by the Centers for Medicare and Medicaid Services in nine of 23 areas. As a result, the hospital will lose $200 million of its $380 million annual budget at the end of the year. Failed inspections, mismanagement and well-publicized lapses in patient care have gradually built to a crescendo in the past 20 years. King/Drew has been out of compliance with Medicare standards since January 2004 and lost its national accreditation in early 2005."

High Court Refuses To Hear Sidley-Austin Bias Case. The New York Law Journal (10/4, Lin) reports, "The U.S. Supreme Court has denied Sidley Austin's petition for writ of certiorari in the age discrimination suit being brought against the firm by the Equal Employment Opportunity Commission." The Journal continues, "The firm,

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which is facing allegations it demoted 31 partners in 1999 on the basis of age, had argued for the suit's dismissal on the grounds the EEOC had no authority to seek monetary damages. But that motion was denied by both the Chicago district court hearing the case and the 7th U.S. Circuit Court of Appeals based on the Supreme Court's 2002 ruling in EEOC v. Waffle House, 534 US 279, which said the agency had a statutory right to seek damages separate from any individual's right." The Journal adds, "The agency must still show that federal age discrimination law applies to law firm partners who have traditionally been considered employers exempt from such laws. The agency has argued that Sidley's centralized management structure rendered most of its partners employees."

ANTITRUST:

Judge Denies NAR's Motion To Dismiss DOJ Suit.

Inman News (10/4) reports, "A U.S. District Court judge has denied a motion by the National Association of Realtors trade group to dismiss an antitrust lawsuit filed last year by the U.S. Department of Justice." Inman continues, "Justice Department officials charge in the lawsuit that the Realtor group has adopted overly restrictive policies for the online display and sharing of property listings information. The trade group had sought in a December court filing to dismiss the federal government's case, disputing several aspects of the lawsuit. .. .Mark Filip, a U.S. District Court judge for the Northern District of Illinois, wrote in a Sept. 28 court notice that a status conference will be held Oct. 30, and a detailed opinion about the court's denial of the motion to dismiss the lawsuit will be distributed to both parties on or before that day." Inman adds, "Laurie Janik, general counsel for the National Association of Realtors, said of the judge's decision, 'We're not surprised but we're disappointed.' Janik today said the association has not yet received the full opinion of the judge in denying the lawsuit's dismissal. 'We're looking forward to the written opinion so that we can learn from that.'" Inman notes, "Gina Talamona, a Justice Department spokeswoman, said, 'We're pleased the court denied NAR's motion to dismiss the case and we're looking forward to moving ahead with our case.' .. . According to a July 11 court document, the Justice Department will "disclose in writing the MLS (multiple listing service) areas from which it intends to draw evidence to prove anticompetitive effects" in the lawsuit by Oct. 16. Earlier this year, Janik announced that at least 14 MLSs had received subpoenas from the Justice Department relating to the agency's lawsuit against the trade group. The MLS of Northern Illinois, one of the largest Realtor-operated MLSs in the country, was among those MLSs that received a subpoena."

FTC OKs Lockheed-Boeing Rocket Venture.

The AP (10/4, Manning) reports, "The Federal Trade Commission said Tuesday it has approved the joint venture between defense contractors Lockheed Martin Corp. and Boeing Co. to launch government satellites, lifting a final barrier to the long-delayed proposal." The AP continues, "While the commission concluded that the $1.06 billion partnership between the nation's two biggest defense firms could unfairly muscle out competitors, it said that concern was outweighed by the national security demands for a reliable and cheaper way to send military and other satellites into space." The AP adds, "The so-called United Launch Alliance, or ULA, was proposed in May 2005 to resolve a long-standing dispute between Lockheed and Boeing, then the two major suppliers of rockets for government launches. … It also came after Boeing was stripped of $1 billion in launch contracts and suspended for 20 months from launches by the Air Force after accusations that it used thousands of sensitive documents stolen from Lockheed to gain an edge in the bitter rivalry. Boeing later agreed to pay $615 million to end a Justice Department probe of the case."

Market Watch (10/4, Mandaro) reports, "The two largest U.S. defense contractors had announced their $1.06 billion venture about 17 months ago, touting the $150 million in annual cost savings the partnership would bring to the U.S. government. … But the anti-trust agency's concerns that Lockheed and Boeing would dominate the market for medium-to-heavy government rocket launches stalled formation of the venture, named the United Launch Alliance." MarketWatch continues, "On Tuesday, the FTC said that it had voted to approve the ULA by a 5-0 vote after discussions with the Department of Defense, which concluded that the benefits to national security by providing reliable launch services outweighed concerns about less competition. … 'The Commission's proposed consent order does not attempt to remedy the loss of direct competition,' said the FTC, because the Defense Department concluded the joint venture 'would improve national security and that the unique national security benefits from the joint venture would exceed any anticompetitive harm,' the FTC said in a statement. … To

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settle the FTC's charges, the agency stipulated that the ULA not give an unfair advantage to the space vehicle businesses of its parent companies during the Defense Department's space vehicle procurement process. And Boeing's and Lockheed's space vehicle businesses must provide equal consideration to all launch service providers when bidding for contracts to put satellites in orbit, it said."

Critics Raise Antitrust Concerns About Smithfield Merger. The Deal (10/4, Lindell) reports, "Smithfield Foods Inc.'s effort to digest a rival pork producer has become a food fight, as a coalition of consumer and farming organizations are begging the Department of Justice to scrutinize the deal for antitrust concerns." The Deal continues, "Regulators in Washington have historically had problems when dealing with large agricultural mergers, and they seem to have a full plate with this one, since legislators on Capitol Hill have already announced a desire to hold hearings on the deal." The Deal adds, "Smithfield, the nation's largest producer of pork, agreed to pay some $810 million for Premium Standard Farms Inc., the nation's second-largest pork producer and sixth-largest pork processor. … The coalition, which includes the National Farmers Union and the Consumer Federation of America, says the deal will further consolidate the market for pork, making it more difficult for small family farms to sell their hogs." The Deal notes, "In their press release announcing the deal Sept. 18, the companies said that after the merger Smithfield will honor all existing contracts and is 'committed to purchasing significant numbers of hogs on the open market.' … But that promise doesn't provide much solace to the deal's opponents. In their letter to Attorney General Alberto Gonzales, they wrote, 'Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive and consumers lose.'"

Texas Mayors Hope For Quick Signing Of Wright Bill. The Dallas Morning News (10/4, Ramshaw) reports, "The mayors of Dallas and Fort Worth joined key North Texas lawmakers Tuesday to celebrate Congress' repeal of the Wright amendment, calling it nothing short of a miracle." The News continues, "They vowed to move forward quickly with the terms of the agreement – brokered in June after months of negotiations between the two cities, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. – as soon as President Bush signs the measure. … 'For too long, we've tussled over that problem,' Mayor Laura Miller said of the Dallas Love Field flight restrictions, speaking at a news conference in the D terminal at D/FW Airport. 'It's nice to heal old wounds.'" The News adds, "Congress approved legislation to phase out the long-debated flight restrictions at Love late last week, just hours before lawmakers' pre-election recess. … The measure is 'sitting on the president's desk,' Sen. Kay Bailey Hutchison said at the news conference, and could be signed in as few as 10 days. … City officials said that once the bill is signed, they'll get down to business again: with major renovations at Love Field and with eminent domain proceedings to seize the former Legend Airlines terminal gates slated for demolition. .. .Under the agreement, gates at the inner-city airport would be reduced from 32 to 20. The agreement would allow immediate through-ticketing from Love with a stop in the nine-state Wright perimeter – and full repeal in 2014."

Court Stays Injunction On US Sales Of EchoStar DVRs. The Wall Street Journal (10/4) reports, "A federal appeals court stayed a permanent injunction that prevented EchoStar Communications Corp. from selling its digital-video-recorder models in the US The stay blocks the injunction, pending appeal of a patent-litigation dispute between EchoStar and TiVo Inc. The companies' DVR technology records television programs digitally. In April, a Texas jury found that EchoStar had infringed upon a TiVo patent in making its own set-top box with DVR capabilities.

EU Investigators To Pursue Antitrust Charges Against Intel. The Wall Street Journal (10/4, Jacoby, Cohen, Clark) reports that EU investigators "believe they have enough evidence to pursue formal antitrust charges against Intel Corp., a critical step in their five-year probe of the computer-chip maker, according to two people with knowledge of the case." Investigators "have prepared a written draft of charges against Intel and are gearing up to defend their conclusions before an internal 'devil's advocate' panel of legal experts, the people with knowledge of the probe said."

The New York Times (10/4, Meller) reports, "The devil's advocate panel includes the chief economist of the commission's competition departments, Damien Neven,

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along with colleagues in the department who are not involved in the Intel case. If the panel supports the draft case against Intel, the investigating team will propose that Ms. Kroes issue a statement of objections to the company for the first time in the five years it has spent investigating Intel."

US Patent Office To Review Wisconsin Stem Cell Patents. The Wall Street Journal/AP (10/4) reports, "The US Patent and Trademark Office will re-examine patents covering embryonic stem-cell discoveries made by University of Wisconsin researchers. The decision means the office could revoke, modify or leave intact patents that cover all embryonic stem-cell research in the US But any such action could be months to several years away." The AP adds, "The patents cover research by University of Wisconsin-Madison scientist James Thomson and his colleagues, who were the first to grow and isolate human embryonic stem cells in 1998."

FCC Begins Field Hearings On Media Ownership Caps. The Wall Street Journal (10/4, Schatz) reports that the FCC held the first in a series of field hearings aimed at updating the nation's media ownership caps. The Journal reports that "community activists, lawyers, students and hundreds of others turned out to oppose what they see as growing media concentration in the US." The Journal adds, "It has been three years since the FCC last tried to rewrite the nation's ownership rules, which raised the national cap on how many television stations a single company could own, loosened radio ownership limits and allowed more cross-ownership of newspapers and broadcast stations."

Security Software Makers Concerned With Windows Vista. The New York Times (10/4, Lohr) reports, "Leading security software companies, including Symantec and McAfee, are publicly pressing their concerns that Microsoft's new Windows Vista operating system hinders them and steers users to Microsoft's security offerings." The Times continues, "The security software makers have not made any antitrust complaints, but they have talked to authorities at the European Commission and to the technical committee that oversees Microsoft's antitrust settlement with the Justice Department, executives at the companies said yesterday." The Times adds, "In Europe, F-Secure, a Finnish security software company, has joined American companies in criticizing the design of Windows Vista, which is scheduled to be available to business customers in November and to consumers in January. … The issues raised by the companies, in interviews yesterday, touch on broad themes of consumer choice and innovations that surfaced in previous antitrust suits against Microsoft." The Times notes, "Microsoft says that it has made changes in Vista from previous versions of Windows, such as not allowing anyone to fiddle with the core, or kernel, of the operating system. Such changes, Microsoft insists, were made to cope with the proliferation of Internet-borne viruses and other malicious software. Most software vandals aim at Microsoft's desktop products, especially Windows, which runs on more than 90 percent of the world's personal computers."

ENVIRONMENT:

Interior IG Uncovers Inappropriate Use Of Government Computers. The Washington Post's "In the Loop" column (10/4, Kamen) reports the Interior Department's inspector general "has uncovered an impressive amount of time spent by department employees surfing porn, game, gambling and shopping Web sites. 'Our review of one week of computer use logs revealed over 4,732 log entries relating to sexually explicit and gambling websites' by department computers, said IG Earl E. Devaney's report -- titled 'Excessive Indulgences. More alarming…was our finding regarding access to on-line game and auction websites: we discovered over 1 million log entries where 7,763 department computer users spent over 2,004 hours accessing game and auction sites during that same week.'"

Long Beach Closes Beaches Due To High Bacteria Levels. The Los Angeles Times (10/4, Wride) reports that high bacteria levels, likely from human waste, have forced Long Beach, California to close three connected waterfront areas to swimming. City health officials said yesterday "that the contamination will keep ocean water off-limits at least through today." The Times adds, "Marine Stadium and Mother's Beach — both popular sites for boaters and picnicking families, the latter featuring a waterfront playground — were closed Friday after routine testing revealed unsafe levels of E. coli at Mother's, said Dr. Darryl Sexton, the city's health officer. Colorado Lagoon has been closed for the same reason since Sept. 14, said Sexton,

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adding that the health risk at all three sites is limited to contact with the water."

Official Cites Progress Rebuilding Pacific Northwest Salmon Populations. In a letter to the Wall Street Journal (10/4) Bob Lohn, Northwest Regional Director of NOAA Fisheries, writes about the "enormously complex task we have in rebuilding" Pacific Northwest salmon populations. Lohn adds, "From the perspective of the federal agencies with key roles in achieving recovery of these fish, the region has made very positive strides and steady progress over the past 25 years. Between 2001 and 2004, we have seen substantial increases in 11 of 13 Columbia Basin salmon and steelhead listed as threatened or endangered. In addition, the past five years have seen the highest returns of spring, summer and fall chinook salmon since we began record-keeping more than 60 years ago. … Our job isn't done, but tremendous progress has been made."

Bald Eagle Euthanized Following Injury. The Washington Post (10/4, B3, Somashekhar) reports, "Martha the bald eagle, whose struggle to recover from an attack by a rival and return to longtime mate George generated national headlines, was euthanized yesterday afternoon at a bird rehabilitation center in Delaware. She was at least 13 years old." The bird "was found Friday with a dislocated elbow in her right wing, a serious injury because of the strength and flexibility required to fly, specialists said. They speculate that she flew into a tree branch or power line during a recent storm."

Bush's Support For Deep Sea Fishing Ban Hailed By Environmentalists. The Wall Street Journal Online's "Washington Wire" column reports President Bush "was sounding environmentally friendly themes today as he ordered U.S. diplomats to push for a global ban on deep sea trawling and signed the Partners for Fish and Wildlife Act. The practice of deep-sea trawling, a bottom-scraping fishing technique, is destroying coral reefs, sponges and other habitat for many species of fish and other sea life. In a statement, the White House said it supports preparations for a United Nations ban on fishing, which may come before the General Assembly next month. The move was hailed by scientists and conservation groups. 'This could be the single most important action in protecting marine habitat in history,' said Josh Reichert, environmental director for the Pew Charitable Trust, which has been one of the leading groups calling for a ban on the high seas."

Actress Weaver Urges Ban On High Seas Bottom Trawling. The AP (10/4) reports, "Sigourney Weaver urged U.N. members on Tuesday to impose a moratorium on a destructive fishing practice called high-seas bottom trawling, warning that the world's oceans are at risk." The AP continues, "Weaver, appearing with several environmental activists and U.N. ambassadors, said that new technology has brought remote and fragile ecosystems within the reach of bottom-trawlers, which rake giant nets equipped with wheels, chains and metal doors across the sea floor to scoop up fish. … 'The high seas belong to no single country and they most certainly do not belong to the owners of these large industrial fishing corporations,' Weaver said. 'They belong to all of us and it is time for us to take them back.'" The AP adds, "Starting Wednesday, the 192-member U.N. General Assembly will meet to discuss whether to impose a moratorium on bottom-trawling. Environmental groups say the practice is killing little-known coral ecosystems and the species that dwell in them, and must be suspended so the remote areas can be studied. .. .In 2004, the General Assembly passed a nonbinding resolution urging nations to consider temporary bans on bottom trawling. Japan, Iceland, Spain and other nations whose fishing fleets do much of the world's bottom trawling opposed a larger moratorium."

NYTimes Touts Diesel Engines, Stricter Emissions And Mileage Regulations. In an editorial, the New York Times (10/4, 1.21M) writes that "in the next few years, as the rules on air quality tighten, Americans need a diesel engine that can meet the stricter standards." The Times says, "Diesel engines offer more torque and greater fuel efficiency than gasoline engines, and they emit less carbon dioxide." The Times says the answer to the problems of auto emissions and fuel efficiency "is going to lie in a mix of vehicles — hybrid cars, more efficient gasoline engines, and highly improved diesels. The answer is also going to come from recognizing that strict limits on emissions and mileage penalize only those companies that are too sluggish to compete."

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FBI/DEA/ATF/USMS:

Fifteen Arrested In California Marijuana Club Raids. The San Francisco Chronicle (10/4) reports federal agents "went after a major Bay Area marijuana club Tuesday, raiding eight locations in San Francisco and Oakland, arresting 15 people including the group's leader and seizing nearly 13,000 plants. The target of the raids, which prompted swift criticism from some medical marijuana advocates, was New Remedies Cooperative and its 36-year-old leader, Sparky Rose." Javier Peña, who heads the DEA's San Francisco office, said, "Make no mistake, the defendants were in the business of dealing dope. … They were using the pot clubs as facades to make millions of dollars. We're trying to show the public these aren't for the sick or ill. (The goal) is to pocket drug proceeds."

Bay City News (10/3) reports drug enforcement agents and federal police "seized 12,743 plants, more than $125,000 in cash, cars, computers and manicured marijuana from at least eight locations."

In a separate story, Bay City News (10/3) also reported federal police and drug enforcement agents "loaded into a van computers, printers, and boxes labeled 'MJ & Hash'"

The AP (10/4) reports the raids "took place at buildings in San Francisco and Oakland belonging to New Remedies Cooperative LLC, formerly known as Compassionate Caregivers, and its temporary employment agency for pot growers, Potent Employment Solutions. … Medical marijuana advocates who witnessed some of the raids said agents targeted New Remedies' growing facility, administrative offices and the pot club itself located in San Francisco's Mission District." The San Jose Mercury News used the AP story.

On its Web site, KPIX-TV, San Francisco (10/3) reports U.S. Attorney Kevin Ryan "maintained Rose ran a 'large-scale trafficking' operation and said he was the target of a long-term investigation by the DEA. At least 20 protestors and members of the community marched with colorful signs and chanted 'DEA, go away!' and 'Patients rights!' on the street outside Mission Caregivers as San Francisco police officers stood at the entrance to create a 'safety zone' for the federal agents." KCBS Radio San Francisco (10/3) reports a similar story on its Web site.

Marijuana Seizures Rise In California. KPIX-TV, San Francisco (10/3) also reports on its Web site that more marijuana "has been seized in raids around the state so far this year than all of last year combined. And it's not over yet. … Most of the pot grown for sale in the US comes from the southeast and west, with California, alone, accounting for about a third of it. … But new indoor farms are on the rise. Drug agents say a San Francisco-based Asian crime syndicate is responsible for dozens of growing operations discovered in Sacramento area homes this summer."

Local TV Coverage. KGO-TV, San Francisco-Oakland-San Jose (10/3, 5:00 p.m.) reported, "The federal drug enforcement agency is going after marijuana distributors and pot clubs for money laundering. Federal agents arrested 15 people as they raided eight locations in San Francisco and Oakland. The DEA says confiscated 5,000 pot plants and $125,000 in cash. … Some supporters gathered at a San Francisco Mission Street pot club to protest the crack down as the raid was still going on."

KNTV-TV, San Francisco-Oakland-San Jose (10/3, 6:00 p.m.) reported, "One of the [raided] locations was a medical marijuana club in San Francisco's Mission District where protesters demonstrated after learning of the raid."

San Diego Chargers Safety Pleads Not Guilty In Cough Syrup Case. On its Web site, KGTV-TV, San Diego (10/3) reports a Chargers player "accused of shipping codeine-based cough syrup by FedEx to his home state of Texas pleaded not guilty Tuesday to five felony drug charges. Terrence Kiel…faces a maximum of seven years and four months in state prison if convicted of all the charges, said Deputy District Attorney James Fontaine." Kiel "admitted knowing that it was a controlled substance he was sending by FedEx, according to the Drug Enforcement Administration."

The San Diego Union-Tribune (10/3, Schrotenboer) reports the bottles of codeine in question "'contain numbers which indicated they came from a medical care facility and all indications are they were stolen or otherwise misappropriated,' according to an affidavit signed by Dean Henderson," a special agent with the DEA.

In a separate story, the San Diego Union-Tribune (10/3, Schrotenboer) reported DEA spokesman Dan Simmons and prosecutor Damon Mosler "said the investigation involved only Kiel. 'I have not heard at all that it goes beyond Terrence Kiel,' Simmons said."

The AP (10/3) reports DEA officials "said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas via FedEx. … A boarding pass found inside [a] box led

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DEA agents to an address Kiel used to register a car. Three bottles of Prometh were seized last week at that address." Media outlets that used the AP story include the San Francisco Chronicle, Houston Chronicle, San Jose Mercury News, and CBS SportsLine.

Local TV Coverage. KFMB-TV, San Diego (10/3, 5:00 p.m.) reported, "Kiel could get up to 7 years in state prison if convicted in this case. He was very subdued late this afternoon when he went into court for his arraignment. Kiel had little to say as he worked his way past TV news crews into a downtown superior court room. He entered not guilty pleas, with the possession and selling of codeine-based cough syrup he's charged with possession for sale. … Drug Enforcement Administration agents retrieved two FedEx packages containing 18 bottles of the drug."

KGTV-TV, San Diego (10/3, 5:00 p.m.) reported, "Kiel was arrested last week, and the DEA [searched] his locker and car after they intercepted two packages shipped by Federal Express to Texas. … Kiel walked into the arraignment court with his attorney by his side and a smile on his face at times. He has a casual demeanor as he enters a not guilty plea to counts of possession and distribution of a cough syrup."

Trainer Wants To Withdraw Plea In BALCO Case. In San Francisco, the AP (10/4) reports Barry Bonds' personal trainer "wants to withdraw his guilty plea because prosecutors based their steroid distribution case on an illegal recording," according to his lawyer. Greg Anderson, who "is jailed for refusing to testify before a grand jury probing whether Bonds committed perjury, already served a three-month prison sentence after pleading guilty to the steroid charge. But attorney Mark Geragos said Tuesday that an illegal tape recording of Anderson was the basis for the federal case against him in the Bay Area Laboratory Co-Operative scandal. A federal prosecutor acknowledged having a tape of Anderson discussing Bonds and undetectable performance-enhancing drugs at least a month before the trainer's guilty plea last year, but said Geragos' claims were 'ludicrous and speculative.'"

Rumsfeld Says Cooperation Is Vital To "Drug War" In Latin America. The AP (10/4, Watson) reports Latin American defense ministers "debated forming a regional peacekeeping force Tuesday, while the top U.S. defense official urged nations at a hemispheric conference to work together to combat drug trafficking and terrorism." Donald Rumsfeld said coordinating efforts "is vital to the drug war in Latin America, where smugglers migrate to other nations once there is a crackdown. In the past few years, drug violence has spiraled throughout the region as gangs battle for routes left open following the arrests of top cartel leaders."

IMMIGRATION:

High Court Considers Laws Governing Automatic Deportations. The Washington Post (10/4, A4, Lane, 748K) reports, "The Bush administration urged the Supreme Court to declare that legal immigrants can be deported for drug offenses that are felonies in some states but only misdemeanors under federal law, as the court heard its first oral arguments of the new term yesterday." At issue are "provisions of the 1996 immigration law that require any noncitizen guilty of an "aggravated felony" to be sent back to his country of origin, with no chance to ask for leniency." Federal appeals courts "have differed as to that language's precise meaning. Some have upheld deportations based on state felonies, such as simple drug possession, that would not be felonies under federal law."

The New York Times (10/4, Greenhouse, 1.21M) reports, "The intersection of federal criminal law and immigration law is a perilous place for the millions of legal residents of the United States who are not citizens: one slip, one criminal conviction, can mean deportation." The justices of the Supreme Court "struggled, during the first argument of their new term on Tuesday, to understand exactly how the two statutory frameworks intersect."

USA Today (10/4, Biskupic, 2.27M) reports on the "spirited session that focused on whether foreigners who are in this country legally should be deported automatically if they are convicted of drug possession." All of the justices "except the typically silent Clarence Thomas jumped into the discussion, which revealed some of the ideological divisions on the nine-member court." Deputy US Solicitor General Edwin Kneedler "argued that Congress intended 'any felony' to trigger the automatic deportation provision, whether under state or federal law. He said Congress sought to cover large categories of state criminal conduct. The court's more liberal justices appeared most skeptical of that argument."

Scalia's "Tequila" Remark Raises Eyebrows During SCOTUS Immigration Argument. CNN.com (10/4,

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Mears) reports, "Justice Antonin Scalia opened the Supreme Court's new term Tuesday by questioning whether a man deported to Mexico after a drug conviction would be 'abstaining from tequila' for fear of violating his U.S. parole terms." CNN continues, "The remark came as justices heard an immigration case involving a Texas man, Reymundo Toledo-Flores, who was deported in April after being convicted of illegally entering the United States. … At the time, Toledo-Flores was under supervised release, a form of parole, for a 2002 cocaine possession conviction. He served seven months in a Texas prison on that charge and was deported after serving his time." CNN adds, "Attorney Timothy Crooks argued to the justices that his client's supervised-release terms left him under U.S. jurisdiction even while on Mexican soil, technically leaving him vulnerable to deportation back to the United States if he violated his parole. … Scalia responded with incredulity. … 'No one thinks your client is abstaining from tequila for fear of being deported,' he said. Supervision 'is impossible once he leaves the country,' he added. 'This is an ingenious exercise of the conceivable.' … Neither Crooks nor the other justices reacted visibly to Scalia's remarks, and there was no immediate reaction from immigrant rights activists, many of whom were in the courtroom."

The Legal Times (10/4, Mauro) reports, "The comment raised eyebrows in the audience and offended some who were told about the remark afterward on the grounds that it perpetuates stereotypes about Mexicans. Lawyers directly involved in the case could not be reached or declined to comment publicly." The Times continues, "The question before the Court is whether the law covers those who are convicted of crimes that are felonies under state law but only misdemeanors under federal law. The case could affect thousands of immigrants with relatively minor drug offenses on their records. … One issue is whether one of the cases is moot -- Reymundo Toledo-Flores has already been deported back to Mexico because of his conviction in Texas for possession of 0.16 grams (about 0.005 ounces) of cocaine. … His lawyer, Assistant Federal Public Defender Timothy Crooks, told the Court that the case is not moot because even though his client is in Mexico, he is still subject to the U.S. District Court's jurisdiction and could face adverse consequences if he commits further offenses in Mexico or tries to return to the United States to visit his children, who are U.S. citizens." The Times notes, "Carlos Ortiz, former president of the Hispanic National Bar Association, was not in the audience but reacted strongly when told of (Scalia's) comment. 'Justice Scalia is supposed to be very smart, but anyone who is supposed to be so smart would not and should not say something that insensitive. It is a really terrible comment, and he should be called on it.'"

Agriculture Sector Hard Hit By Shortage Of Immigrant Workers. The Washington Post (10/4, A6, Geis, 748K) reports farmers "of all types of specialty crops, from almonds to roses, have seen the immigrant labor supply they depend on dry up over the past year. Increased border security and competition from other industries are driving migrant laborers out of the fields, farmers say." Earlier this year, "many farmers were optimistic about finding a solution in the Agricultural Job Opportunity, Benefits and Security Act, or AgJobs. The bill, proposed by Sens. Larry E. Craig (R-Idaho) and Edward M. Kennedy (D-Mass.), would allow undocumented agricultural workers already in the United States to become legal permanent residents and would streamline the current guest-worker program. In March and September, hundreds of growers traveled to the Capitol to lobby for the bill." But "deep divisions within the Republican Party have stalled immigration reform. Although legislation to build a 700-mile fence along the border passed the House and Senate, the AgJobs proposal has languished." The problem "is now reaching crisis proportions, food growers say. As much as 30 percent of the year's pear crop was lost in Northern California, growers estimate. More than one-third of Florida's Valencia orange crop went unharvested, Regelbrugge said. In New York, apples are rotting on the trees, because workers who once picked the fruit have fled frequent raids by Immigration and Customs Enforcement agents, said Maureen Marshall, an apple grower in Elba."

CONGRESS-ADMINISTRATION:

Hastert, GOP Under Fire Over Handling Of Foley Scandal. Media coverage of the Foley scandal continues to depict an increasingly beleaguered GOP leadership, struggling to stay ahead of a story that analysts say could cost Republicans their majority. In fact, a number of stories last night and this morning suggested the controversy gives Democrats a very strong chance of capturing the House this November. On ABC World News (10/3, story 5, 2:20, 8.78M), George Stephanopoulos said, "I talked to strategists in both parties who say the scandal may have cost"

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Republicans "10 to 12 seats. It only takes 15 for the Democrats to get control." AFP (10/4, Raab) says "the shocking revelations that the veteran Republican lawmaker sexually harassed underage congressional aides before resigning in disgrace last week could leave many conservatives feeling like they might not want to go to the polls," and "could be the tipping point that returns control of Congress to opposition." Dick Morris, writing in The Hill (10/4), titles his column "Foley Scandal Is The Nail In The GOP Coffin," while the Chicago Tribune (10/4, Tackett, 623K) reports, "The intensity of the focus on Foley has served to blunt one of the few positive periods that the Republicans have enjoyed in this election season," which was the President's "aggressive post-Labor Day push on fighting terrorism, coupled with the sharp drop in gasoline prices." The Foley controversy now "dramatically and negatively reshapes the race for Republicans, leaving them with diminishing hopes of maintaining control of the House."

On NBC Nightly News (10/3, story 5, 2:00, 9.87M), Tim Russert discussed a "brand new NBC News/Wall Street Journal poll" which was "already in the works" when the scandal broke. Said Russert, "Rank and file Republican members back home in their districts are in a high state of anxiety. One said to me, 'We came in as the guardians of family values. Unless our leaders fix this and fix it quickly, a lot of us could get taken down five weeks from today.'" In the poll, the President "has backed down in the 30% approval rating. It is a 39%, 56% disapprove. You see one month ago it was 42%-53%. Look at this: We asked people, based on what you've been hearing and seeing these last few weeks, which party do you believe more favorably disposed to controlling Congress? 34% say [more favorable to the] Democrats, 23% say less favorable to the Democrats. 18% say more favorable to the Republicans, 41% say less favorable based on what people have been hearing the last few weeks." Also reporting on the poll, the Wall Street Journal (10/4, Rogers, Harwood, 2.03M) says this morning, "Party leaders had hoped to run the final weeks of the campaign with the spotlight on what they consider their strength: battling terrorists. Instead, they are playing defense on everything from the sex scandal to dispiriting reports about Iraq." Meanwhile, the Los Angeles Times (10/4, Hook, Brownstein, 918K), in an analysis piece, says "for Democrats, the scandal has provided an unexpected new opening to revive a campaign theme that seemed to have fallen flat earlier this year: Their claim that Republicans have brought a culture of corruption to Washington."

The AP (10/4, Riechmann) reports President Bush said yesterday "he was 'dismayed and shocked' at disgraced lawmaker Mark Foley's behavior and supports House Speaker Dennis Hastert's call for a full investigation." Said Bush, "This investigation should be thorough and any violation of the law should be prosecuted." Bush also "expressed confidence in the speaker's ability to resolve the matter, calling him a 'father, teacher, coach.' 'I know Denny Hastert. I meet with him a lot. He is a father, teacher, coach who cares about the children of this country,' Bush said. 'I know that he wants all the facts to come out.'" Bush "took no questions. And as he stepped toward his motorcade, the president ignored a shouted question directly asking whether Hastert should resign."

The New York Times (10/4, Hulse, Zeleny, 1.21M), under the headline "Hastert Fights To Save His Job In Page Scandal," reports, "Though Mr. Bush stopped short of saying explicitly that he wanted Mr. Hastert to keep his job, White House officials said the president wanted to return the loyalty Mr. Hastert had shown the administration." But "they said the White House was resigned to more political damage as the Foley case played out no matter what Mr. Bush and the House leadership might do or say." The Times adds, "Republican lawmakers said privately that Mr. Hastert's fate would ride on developments in the coming days."

Bush's comment that he was "disgusted by the revelations" was also featured in stories on the Financial Times (10/4, Daniel) and Washington Times (10/4, Hurt, Dinan, 88K), among other media outlets. In fact, all three networks reported extensively on the controversy, noting Bush's defense of Hastert. Other matters mentioned in all three broadcasts include the conservative Washington Times' Tuesday editorial calling for the Speaker's resignation. All three newscasts also showed clips of conservative activists criticizing the GOP leaders. NBC Nightly News (10/3, story 4, 2:50, Reid, 9.87M) reported, "For the first time President Bush today weighed in on the Foley scandal, condemning the former congressman." Bush was shown saying, "I was disgusted by the revelations and disappointed." But Bush also defended Hastert, "who says he first became aware of the Foley scandal Friday, even though two senior House Republicans say they told him about it months ago. Today some conservatives called for Hastert's head. 'The Washington Times,' in an editorial writing either

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he was grossly negligent or he was deliberately looking the other way in hopes that a brewing scandal would simply blow away. Leading conservative Richard Viguerie said the entire Republican leadership should step down," and "even some top House Republicans were pointing the finger at Hastert today, including Majority Leader John Boehner who said it was Hastert who should have been dealing with the scandal, not him."

CBS Evening News (10/3, story 3, 3:15, Borger, 7.66M) reported, "Mark Foley's congressional career ended last Friday. The one in jeopardy today belongs to House Speaker Dennis Hastert. He spent the day insisting he won't resign, admitting to some mistakes." Bush was shown saying of Hastert, "I know that he wants all the facts to come out, and he wants to ensure that these children up there on Capitol Hill are children." CBS added "Hastert's top lieutenant, John Boehner, jumped ship." Boehner said, "In my position, it's in his corner, it's his responsibility, the Clerk of the House who runs the page program, the page board all report to the Speaker, and I believed that had it had been dealt with." CBS also reported, "Sources tell CBS News that members were equally blunt with Hastert on a conference call last night in which some called for an end to the page program. … One senior House Republican tells CBS that there's a lot of anger at what he describes as a network of gay staffers and gay members who protect each other and did the Speaker a disservice."

ABC World News (10/3, story 4, 2:40, Tapper, 8.78M) reported, "On 'The Rush Limbaugh Show' today, House Speaker Dennis Hastert painted this uproar as a liberal conspiracy to win back the House of Representatives." ABC noted the Washington Times editorial and Boehner's comments. It also showed Rep. Tom Reynolds, NRCC chairman, who is also under fire for not acting when the story first came to his attention, saying, "I did what most people would do in a work place. I heard something. I took it to my supervisor. Took it to the Speaker of the House." ABC also showed a clip by Rush Limbaugh blaming Democrats for the scandal, as well as comments by Family Research Council President Tony Perkins, and David Bossie, president of Citizens United, criticizing the GOP leadership.

CNN's The Situation Room (10/3, King) reported Boehner's comments "suggest a possible split within the GOP leadership." In addition to his remarks about Hastert, Boehner "said he believes Foley is on his way to jail." CNN's The Situation Room (10/3, Koppel) noted "the number three Republican in the House, Roy Blunt today expressed very strong support for the Speaker, saying that he has led the Congress through dangerous and important times." Another Republican, Rep. Ray LaHood, criticized Hastert's staff, saying on CNN's The Situation Room (10/3) that "they should have brought this to his attention. I think the idea that someone spoke to him about this and he doesn't remember it is pretty logical when you consider the kind of schedule the speaker keeps, the number of people that he talks to, including a number of members. And I really don't know how it was presented by Mr. Reynolds, but I don't fault the Speaker for not remembering it. And I believe him when he says he doesn't remember it. And I hope other people will too."

USA Today (10/4, Kiely, Jackson, 2.27M) reports that GOP Rep. John Shadegg "sent a letter to his colleagues saying calls for Hastert's resignation are 'unwarranted and fundamentally unfair.'" Shadegg "said Hastert 'deserves to be treated fairly, not railroaded out of office.'" GOP Rep. Marsha Blackburn, on MSNBC's Hardball (10/3), said, "I think the House needs to investigate, the FBI needs to investigate. What we're talking about is the integrity of the House. We're talking about protecting children. We're talking about protecting the page boys."

The AP (10/4) reports former House Speaker Newt Gingrich "said Tuesday that his successor…appropriately handled the aftermath of a scandal involving a Florida congressman and salacious, explicit instant messages to underage male pages." Gingrich "dismissed a call for Hastert's resignation by The Washington Times, a conservative newspaper whose editorial page editor is Gingrich's former press secretary, Tony Blankley." The Washington Times (10/4, Price, 88K) also notes Gingrich's comments. The Washington Post (10/4, A15, Weisman, 748K) says a "public show of support for the speaker by many House members masks fears that Hastert's hands-off management style since 1999, when he ascended almost accidentally to one of the highest offices in the land, may finally end his career." Dana Milbank, meanwhile, surveys Hastert's interviews yesterday, and says in his Washington Post (10/4, A2, 748K) column that the Speaker "woke up yesterday morning to find his Republican conservatives in mid-mutiny."

MSNBC's Hardball (10/3, Shuster) said that "even the President's condemnation of Congressman Foley may not be able to hide the fear of infighting and finger pointing among Republicans on Capitol Hill." MSNBC added that "nobody in

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the House Republican leadership right now is taking responsibility, and that's another reason why some conservatives want the House Speaker to resign. Five weeks before the election and right now, said one conservative, the GOP is allowing this ugly episode to fester."

The Hill (10/4, Hearn) reports, "House Democrats largely held their fire Tuesday as the sex scandal…escalated into a seriously damaging liability for beleaguered House Republicans just weeks away from a pivotal election." House Minority Leader Nancy Pelosi "did not join calls from some conservatives for…Hastert…to step down." But Democratic Rep. Debbie Wasserman Schultz, appearing on MSNBC's Hardball (10/3), said, "I do think that Denny Hastert should resign, if all of the allegations that he swept this under the rug and ignored what was totally inappropriate communication, that any parent in America would find inappropriate, then yes, he should resign."

Boehner Says Foley's Seat Is Lost. The Hill (10/4, Kaplan) reports, "State Rep. Joe Negron (R-Fla.) started the first day of his congressional campaign to succeed Rep. Mark Foley (R-Fla.) as an alternative juror in a two-week-old murder trial. The trial ended yesterday when the jury convicted the defendant and the sentencing phase of the trial began. But that appears to be the least of Negron's concerns after winning the party's nod last weekend." Majority Leader John Boehner "told conservative radio host Sean Hannity on Monday that Republicans losing the seat in November was already a foregone conclusion. 'To vote for this candidate, you have to vote for Mark Foley,' Boehner said, referring to ballot procedures that require Foley's name to remain on the ballot. 'How many people are going to hold their nose to do that?'" Negron "disputed Boehner's characterization that Tim Mahoney, the Democratic candidate, would win the seat."

Reynolds Faces Media, District Scrutiny. The Washington Post (10/4, A15, Powell, 748K) leads with a suburban Buffalo resident and longtime GOP supporter of Rep. Thomas Reynolds who questions whether he covered up the page scandal involving Rep. Foley, a "nightmare" scenario for local Republicans up for reelection. While Reynolds is known locally as "Mr. Clout," such questions about the chairman of the National Republican Congressional Campaign Committee have shifted his reelection from a "political stroll" to a "campaign sprint." Democratic opponent and millionaire Jack Davis said, "When Reynolds heard about the problems with the pages, he should have shown due diligence and investigated. This is all about power and all about money, and it stinks." Reynolds' says he told Speaker of the House Dennis Hastert of the initial e-mail in the spring, but Davis and others are now pointing to Reynolds' chief of staff, Kirk Fordham, "who used to serve as chief of staff to Foley. In the days leading up to Foley's resignation, Reynolds allowed Fordham to advise the Florida congressman." Although polls have the 26th Congressional District race "too close to call," the paper says Reynolds is "no easy target," representing a district "tailored for Republicans." Also, voters in the district appreciate Reynolds' "acumen," particularly regarding his focus on the economy and jobs. The paper describes a news conference where Reynolds faced a number of questions about an alleged cover up by House leadership. As "sweat beaded on his forehead," Reynolds "cut off questions." When asked whether Hastert did enough, Reynolds "shrugged," adding, "Look, I don't know. You'll have to ask him."

Reynolds Aide's Role In Advising Foley Probed. In its headline, the AP (10/3) says Reynolds "deflected" questions about his role in the Rep. Foley "storm." The report focuses primarily on Reynolds who denied knowing what his chief of staff Kirk Fordham advised Rep. Foley as the scandal unfolded. Reynolds "said he called for Foley's resignation, an effort in which his chief of staff was involved. That's in stark contrast with Reynolds' claims today that he knew nothing about his top aide's actions before Foley's resignation." WIVB-TV (10/3) interviews Reynolds who said he and Fordham worked "immediately" on the Rep. Foley resignation after the "sexually explicit" e-mails and instant messages surfaced last Friday, which Reynolds says he was unaware of until media reports.

ABC's Ross Denies Campaign Politics Played Role In Timing Of Leaks. The Wall Street Journal (10/4, A13, Lueck, 2.03M) reports, "Former congressional pages themselves supplied some of the most damning emails in the scandal that forced the resignation of Rep. Mark Foley. … Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the 'tamer' emails that the network posted on its Web site 'The Blotter.' Within hours of that posting, 'numerous' former House pages emailed ABC with additional allegations about Mr. Foley, Mr. Ross said. … Mr. Ross's account sheds new light on a question that has vexed Washington insiders for days: Why did the story, which had circulated months before to several news outlets, break just five weeks before the election?" Ross "said that, in his opinion, ABC's path to the story was too convoluted to be part

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of a broader partisan conspiracy. 'The chain of events that just doesn't hold up...in terms of being from a political party,' Mr. Ross said. 'I know how that works. This was not it.'"

More Criticism Of GOP Leadership. The New York Times (10/4, 1.21M) editorializes, "The more the House Republican leaders try to defend themselves on the Congressional page scandal, the worse it looks. They still do not seem to appreciate how serious this is, especially for a party that poses as the arbiter of morality. And they appear to be trying harder to deflect blame from themselves than to get to the bottom of what actually happened." Hastert "is responsible for the page program, and for seeing that the recent improprieties are properly investigated. His performance has been disturbing." The GOP leaders are "up for re-election next month. Voters should go into the booth with full information about how they all handled this challenge to their leadership."

In an editorial, the Washington Post (10/4, A24, 748K) says, "The House must name a trustworthy outside investigator to examine the conduct of its leaders and officials" in the Foley matter, and "the sooner Republican leaders recognize that this is the only responsible -- not to mention politically acceptable -- approach to the scandal, the better off they, and the country, will be. So far, though…Hastert…and his finger-pointing colleagues have been resolutely resisting this obvious move."

Joseph A. Califano Jr., president of the National Center on Addiction and Substance Abuse at Columbia University, writes in today's Washington Post (10/4, A25, 748K), "The most troubling aspect of the Mark Foley scandal is not his conduct, disgusting as it was, but what the response of the leadership reveals about the rancid state of partisanship and the consequent decline of the House of Representatives." Hastert "presides over a legislative body so infested with mistrust that it doesn't even have a functioning ethics committee. Since the House is incapable of washing its own dirty laundry and policing itself, the speaker has to turn over that responsibility to the attorney general and the executive branch of government."

Harold Meyerson writes in the Washington Post (10/4, A25, 748K) that "should House Republicans toss Hastert overboard, then both their leaders in this session will have left the leadership in disgrace. Tom DeLay, after all, is soon to stand trial in Texas for abuses he is alleged to have committed in his drive to secure the House Republican majority by forcing through a mid-decade redistricting in his home state." And "dissimilar as Hastert's inaction in the Foley case and DeLay's action in the Texas reapportionment may be, their motives were indisputably identical: elevating the retention of the Republican congressional majority over any concerns about the other consequences -- some legal, some moral -- of their acts." Meyerson concludes saying, "So -- dump the pages? Come now. Let's just dump the Republicans."

Alito Warns Of Threats To Judicial Independence. The New York Law Journal (10/4, Scholl) reports, "As he was gearing up for this week's start of the new term, the U.S. Supreme Court's newest member took time to stress the importance of judicial independence for a group of Nassau County, N.Y., judges and attorneys. … 'I probably don't need to convince the people in this room how important it is for us to preserve our federal and state court systems, which have played such an important part in the government of our country, in the freedoms that we enjoy and in the prosperity that we enjoy,' Justice Samuel A. Alito Jr. said during a speech Thursday evening at the Mineola, N.Y., headquarters of the Nassau County Bar Association. … 'I think this is one of the times in our history when there are some real threats to the federal and state judiciary, and I don't think I'm being too much of an alarmist to say that we could be not too far from the tipping point when an accumulation of things does real damage to these vital institutions,' Alito added. 'I hope that we can all work to prevent that from happening.'" The Journal adds, "The day before Justice Alito appeared, former Justice Sandra Day O'Connor published a column in The Wall Street Journal decrying attempts by lawmakers and others to intimidate the judiciary. … Among the threats to judicial independence that Alito cited in his half-hour speech is the use of unfounded ethical charges to impugn the integrity of judges and judicial nominees. … The judge acknowledged that people who commit genuine ethical violations should be exposed and disciplined. But he added that 'to use unfounded ethical charges, which a member of the judiciary is in a poor position to answer, as a weapon to defeat a nominee or to denigrate a sitting judge, is a tactic that ought to be condemned.' … Alito said a second threat to judicial independence comes from some members of the news media who undermine public confidence in the judiciary by criticizing judges without just cause."

Pryor Hails Judiciary's Continued Independence. In a Wall Street Journal op-ed (10/4), Judge William H. Pryor,

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a member of the US Court of Appeals for the Eleventh Circuit, says, "Recently some leaders of the bench and bar -- including, on this page last week, retired Justice Sandra Day O'Connor -- have decried what they describe as unprecedented threats to the independence of the judiciary. I respectfully disagree. Although the fringes of American politics offer a few disturbing examples of ignorance of the judicial function, I agree with Justice Clarence Thomas, who observed in 1999, 'What is truly surprising about today's judiciary is how strong it really is.'" The "contemporary criticisms of the judiciary are relatively mild." Many "contemporary criticisms of judicial decisions by politicians are no more heated than the criticisms written by jurists in dissenting opinions." There "have been recent and reprehensible incidents of violence and threats against judges, but we should not forget that those kinds of terrible crimes have occurred before."

Seniors Urged To Re-Examine Medicare Drug Plans. USA Today (10/4, Wolf, 2.27M) reports, "The rollout of Medicare prescription drug plans for 2007 last week was heralded by federal officials as a trifecta of good news: low premiums, more choices and better coverage, particularly in the feared 'coverage gap.'" Health care analysts and consumer advocates "have a different view: The lowest premiums, sought by healthy seniors who join the program to avoid future penalties, will rise exponentially. Additional choices mean that beneficiaries in all but two states will have to choose from more than 50 plans. And most of the 'gap coverage' will be for generic drugs only." For these and other reasons, "millions of seniors and people with disabilities are being urged to re-examine the plan they chose for this year and compare plans again."

Rx-Benefit Outreach Effort Scaled Back. The Hill (10/4, Young) reports, "With the next sign-up period for the Medicare Part D prescription-drug benefit just weeks away, beneficiaries will not see an outreach campaign of the same scale as the effort employed by the Bush administration and the private sector during the program's inaugural year." Rather "than introducing a brand-new benefit to Medicare's 43 million beneficiaries, the administration, healthcare groups and senior-citizens' groups such as the AARP will be applying more focused strategies, particularly targeting low-income beneficiaries who haven't signed up."

WSJournal Praises Market Competition In Drug Benefit. In an editorial, the Wall Street Journal (10/4, A14, 2.03M) writes, "If you're looking for some good news from Washington, consider this semi-miracle: The Medicare prescription drug benefit is so far costing less than anticipated, while seniors are getting more insurance options at lower prices. Lesson: Maybe private competition works. This doesn't mean we're changing our minds that the new drug entitlement was a policy mistake at an estimated long-term cost of $8 trillion, give or take a trillion. But now that the program exists, it matters whether it turns into another price-controlled, one-size-fits-all federal entitlement, or whether the seeds of market competition planted in the bill are allowed to grow."

Report Finds $278 Million In Student Loan Subsidies Improperly Awarded. The New York Times (10/4, Glater, 1.21M) reports, "The federal Department of Education will have to decide whether to seek to recover" $278 million "in student loan subsidy payments to" student loan company Nelnet "that the department's inspector general has found were improper." The payments "were made under a program that guarantees a 9.5 percent interest rate on some loans regardless of prevailing market rates." The report found that "through a series of financing moves, Nelnet increased the size of its portfolio of loans eligible for the guaranteed interest rate to nearly $3.7 billion in June 2004, from $551 million in March 2003." It also found that the department "might improperly pay $882 million more to Nelnet unless the department took action." Nelnet "challenged the report's findings."

Democrats Pledge To Block Pay Raise Until Minimum Wage Increased. The Hill (10/4, Schor) reports Democrats are "renewing their vow to impede the annual congressional pay raise until the minimum wage is increased, but their options for a successful block during the lame-duck session likely depend on the outcome of the Nov. 7 midterm election." Senate Minority Whip Dick Durbin (D-Ill.) "was the latest senior Democrat to reiterate his party's intention to oppose the cost-of-living increase lawmakers have received automatically for more than a decade until the minimum wage is raised for the first time since 1997." At a "press conference last Thursday sponsored by the AFL-CIO and ACORN (Association of Community Organizations for Reform Now)," Durbin "was joined by Sens. Hillary Rodham Clinton (D-N.Y.) and Edward Kennedy (D-Mass.), whose bill to tie future minimum-wage increases to congressional pay

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raises has attracted increasing Democratic focus since its spring introduction."

Grassley, Baucus Call For Probe Of Pension Agency. The AP (10/4, Aversa) reports, "Two senators are asking Congress to find out whether the federal agency that insures private pension plans for millions of Americans has enough money and the right approach to do its job." Finance Committee Chairman Chuck Grassley "and the panel's top-ranking Democrat, Max Baucus, D-Mont., said Tuesday they want the Government Accountability Office to report back by early next year with preliminary information on the Pension Benefit Guaranty Corp., which insures traditional, defined benefit pension plans." The AP adds, "Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the growing demands placed on the agency and its swollen debt." At the end of 2005, "the agency recorded a deficit of $22.8 billion." In their letter to the GAO, "the senators said that 80 percent of all claims against the PBGC have come since 2000."

Ruling By National Labor Relations Board To Affect Union Exemption. The Wall Street Journal (10/4, Maher, 2.03M) reports, "In three widely anticipated decisions, the National Labor Relations Board opened the door for some employers to classify more workers as supervisors and exclude them from union representation. The decisions outraged unions, but didn't go as far as business groups had hoped." In the main decision, by a 3-2 vote, "the five-member board said nurses who independently assigned staff based on such things as patient conditions, and were involved in such decision-making more than 15% of their time regularly, should be considered supervisors and exempt from collective-bargaining protections." The Journal adds, "Labor experts said the decisions were likely to result in more nurses and other workers being classified as supervisors." But "its application to other industries is difficult to predict, in part because the responsibilities of workers can vary widely across industries and even workplaces, said John Raudabaugh, a partner at Baker & McKenzie LLP in Chicago, who served as a board member from 1990 to 1993."

The New York Times (10/4, Greenhouse, 1.21M) says the decision was "condemned by unions but praised by business," and "some labor experts predicted that the ruling could affect more than eight million workers who might also be deemed supervisors, including teachers who oversee aides." However, "in two related cases, the board ruled that workers with limited supervisory duties were not supervisors." Labor unions "have long feared such a decision, so much so that, in an unusual move, they held demonstrations at the labor board's offices in July to urge it not to issue an expansive ruling that would exempt many workers from union coverage." The Washington Post (10/4, D1, Russakoff, 748K), Los Angeles Times (10/4, Selvin, 918K) and Washington Times (10/4, Lengell, 88K) also report on the rulings.

Fate Of Postal Service Overhaul Bill Uncertain. The Washington Post (10/4, D4, Barr, 748K) reports in its "Federal Diary" column that the collapse of a bill that would overhaul the US Postal Service "spawned differing opinions on whether it can be salvaged next month in a lame-duck session. Rep. Thomas M. Davis III (R-Va.) is optimistic that the House and Senate will approve a postal bill. … But Sen. Susan M. Collins (R-Maine), a chief sponsor who will broker any compromise, is not as confident as Davis." The Post adds that "some administration officials and some lobbyists think the postal overhaul could be dead, not only for this year but for two or three years, if control of Congress shifts in next month's congressional elections. They also doubt that Collins and the White House will give in to the NALC."

OMB Seeks Bloggers' Advice On Reform Initiatives. The Washington Post (10/4, A23, Williamson, 748K) reports the Office of Management and Budget "is turning to bloggers for help in pushing the OMB's government reform plans after last week's success of its pet project, the Federal Funding Accountability and Transparency Act, also known as the Coburn-Obama bill." The legislation "envisions an online, searchable list of all federal government contracts and grants of more than $25,000. Such a window onto pork distribution would, said President Bush when he signed it, 'increase accountability and reduce incentives for wasteful spending.'" Despite its "bipartisan support, the bill earlier hit a wall when an unknown senator," later unmasked by bloggers as Sen. Ted Stevens, "put a secret hold on it." Bush "signed the bill last week, flanked by the bloggers who had led the charge, including those from Porkbusters.org, Townhall.com, Instapundit.com and Human Events Online's Right Angle blog. Soon afterward, OMB Deputy Director Clay Johnson III spent an hour with the bloggers." Right "after that, OMB

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Director Rob Portman and Johnson appeared at a luncheon to talk about OMB's government performance push. Portman also talked about the blogger fest, saying, 'Clay asked them, 'Gee, since you're so good at this, can you help us on some of our other initiatives?" When Johnson took the floor, he invoked the bloggers several times as weapons in his fight for government performance and accountability reforms."

NYTimes Says Bayer-FDA Incident Highlights Safety Flaws. In an editorial, the New York Times (10/4, 1.21M) writes, "Bayer A.G.'s limp excuse for withholding data suggesting that a heart-surgery drug is dangerous won't wash. The failure by" Bayer "to inform" the FDA "of the disquieting results of a large observational study cannot be sloughed off as a mere 'mistake on the company's part.'" This incident "underscores the importance of requiring drug companies to publicly register all safety studies so that they can't be suppressed later should their results displease the sponsor."

OTHER NEWS:

Dow Jones Reaches All-Time Record High. Media coverage of the new Dow Jones record generally downplays the significance of the new market high. CBS Evening News (10/3, story 7, 2:45, Mason, 7.66M) reported, "It took nearly seven years the closing bell to ring in a new high for the Dow, but Wall Street was hardly going wild." Arthur Cashin, UBS Financial Services: "The high is important, but to just reach it is kind of like a tie in a ballgame -- you've got to really exceed is to say something dramatic to main street from Wall Street."

ABC World News (10/3, story 9, 2:35, Gibson, 8.78M) reported, "The Dow ended the day at 11,727, breaking the old record by 5 points. And it has been a long climb back from the heady days of the last Dow high." ABC (Stark) added, "It took more than six years for the Dow to make its way back into record territory. And for investors to absorb the shocks of 9/11, war in Iraq, the bursting of the dotcom bubble and an epidemic of corporate scandals that sent investors fleeing from stocks."

NBC Nightly News (10/3, story 6, 1:50, Williams, 9.87M) showed CNBC's Maria Bartiromo saying, "Once again, the story of the rallying stock market had so much to do with the pullback in the price of oil. Crude oil broke $60 a barrel. It finished below $59. When you consider the fact that oil was way up close to $80 a barrel just a couple of months ago and gasoline was above $3 a gallon a few months ago, you can see why people are feeling better about the economy. Going into the final three months of the year, people will be able to spend money. They don't have that pressure of high oil prices, high heating oil costs and gasoline on their backs. People are feeling good about the economy right now."

USA Today (10/4, Shell, 2.27M) headlines its story "Dow Climbs From Depths; But slide still felt; S& P, Nasdaq lag," while the Los Angeles Times (10/4, Petrune, 918K) titles its report "Dow's New Height Not as Giddy as the Last One." In a similar story, the Financial Times (10/4, Mackenzie) says "the broader stock-market remained well below their peaks of the high-technology boom." The S&P 500 "remained 12.6 per cent below its record close of 1,527, while the technology-heavy Nasdaq remained 55.6 per cent below its all time close of 5,048 reached at the peak of the internet boom in 2000."

The New York Times (10/4, Bajaj, 1.21M) reports, "In 2000 and the years leading up to it, the rally was fueled by demand for computers and telecommunications and a belief that the Internet would transform business. The rally over the last few months has had more modest roots: signs that the economy is moderating and inflation is tame."

The Wall Street Journal (10/4, Browning, 2.03M) says, "Throughout the market, the mood was more skeptical than during those heady days more than six years ago."

The Washington Post (10/4, A1, Masters, 748K) reports "the Dow's record is not quite as impressive as it seems. If inflation is taken into account, the Dow has to rise another 2,150 points before it will set an all-time high." But "there have been major positive changes. The current stock market rise is much more broadly based than the one that fueled the record in 2000, and most market analysts think share prices are more firmly grounded in reality."

More Commentary. The Wall Street Journal (10/4, 2.03M) editorializes, "At the start of every bear market, there are always voices saying we will never see the top again. But the smartest investors always turn out to be those who see new lows as a buying opportunity. … The stock market's strength is an especially good omen given that we are at a point in this expansion when many economists doubt its staying power. Investors seem to be betting that rising rates, the housing slump and a possible change of power in Congress won't stop the economy's growth." They "may well be wrong in the short term. But the lesson of yesterday's new

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stock market high is that in the long term optimism always pays."

Oil Prices Tumble 4% To Lowest Level Since February. USA Today (10/4, Hagenbaugh, 2.27M) reports, "Oil prices plunged at the fastest rate in more than a year Tuesday and fell below $60 a barrel for the first time in nearly eight months as high inventories and expectations for reduced demand weighed on prices." A number of analysts "say prices will likely head lower in the days and weeks ahead, absent a major change in the oil landscape. The price of a barrel of crude oil trading for future delivery fell $2.35, or 3.9%, to $58.68. That was the lowest price since mid-February and marked the steepest one-day percentage decline in prices since August 2005."

The Wall Street Journal (10/4, Chambers, 2.03M) says, "crude futures closed in on their lowest price for the year as traders become more convinced there are no big OPEC production cuts in the pipeline." The Journal reports, "Traders are ignoring comments from some members of [OPEC] suggesting they are cutting output to buoy prices, instead waiting for input from Saudi Arabia... . Based on comments at last month's OPEC meeting, some traders had been expecting OPEC to try to defend oil prices at $60 a barrel."

Bush Says Democratic Victory Would Weaken War On Terrorism. Fox News' Special Report (10/3, Hume) reported, "President Bush, on a campaign swing out west today, blasted his critics, bluntly declaring that if Democrats take control of Congress next month, the nation's stance against terrorism will soften." Fox added, "In what White House officials now describe as the beginning of a cross country campaign blitz over the next month before the midterm elections, President Bush stumping for House candidates in California said the choice this election should be over which party can protect America better."

Bush's campaign swing received rather sparse coverage in major newspapers, and was ignored by the networks entirely. The print outlets that covered Bush's trip suggested he has been ratcheting up his rhetoric against Democrats. The Bush statement that garnered the most attention, appearing in full in the Los Angeles Times and the Washington Post, was "If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats. If you want your government to continue listening in when Al Qaeda planners are making phone calls into the United States, then you vote Republican"

The Washington Post (10/4, A4, Baker, 748K) reports Bush "ratcheted up his campaign offensive against Democrats on Tuesday with perhaps his bluntest rhetoric yet as he accused them of being 'softer' on terrorists and willing to allow attacks on Americans rather than interrogate or spy on the nation's enemies." According to the Post, Bush "has escalated the intensity of his attacks with each passing day, culminating with what aides called a 'very aggressive' series of speeches Tuesday." Bush is quoted as saying, "Time and time again, the Democrats want to have it both ways. … They talk tough on terror, but when the votes are counted, their softer side comes out." The Post goes on to report, "While saying he does not question their patriotism, Bush paints Democrats as a 'cut-and-run' party that enables terrorists." The AP (10/4, Pickler) reports, in very nearly the same terms as the Post, that Bush "ratcheted up his charges against Democrats…flatly accusing his political opponents of being soft on terror." The AP adds, "Bush criticized Democrats who voted against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects by CIA agents. 'If they feel we are safer without this program, the Democrats in the United States Senate need to explain to the American people which of the attacks that the CIA program stopped would they have been willing to let go forward,' Bush said."

USA Today (10/4, 2.27M) reports Bush "tried to focus voters on the fight against terrorism Tuesday as his Western campaign swing swept into California. Bush accused his political opponents of being soft on terrorism at three events in the state designed to raise $2.3 million. He told cheering Republicans at a $400,000 breakfast fundraiser in Stockton that Democrats would raise their taxes and 'cut and run' in Iraq."

Bush Quotes Prominent Democrats In Stump Speeches. The Washington Times (10/4, Dinan, 88K) reports, "In his most bruising campaign speech to date, the president called out Democratic leaders, comparing Senate Minority Leader Harry Reid's boast of having 'killed the Patriot Act' to Sen. John Kerry's iconic 'I actually did vote for the $87 billion before I voted against it' statement on Iraq war funding in the 2004 election. Mr. Bush also said House Minority Leader Nancy Pelosi doesn't understand the war on terrorism because she said this year's elections shouldn't be fought on

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national security issues." The Times notes, "Bush never mentioned Mrs. Pelosi or Mr. Reid by name, but identified them and several others by position or quote."

Bush Boosts Republicans Dogged By Abramoff Scandal. The Los Angeles Times (10/4, Hennessy-Fiske, Tempest, 918K) reports Bush "painted the midterm election as a referendum on national security at fundraising events in California on Tuesday, saying congressional Democrats failed to provide the tools he needs to fight the war on terror." The Times notes Bush attended events for Reps. Richard Pombo and John Doolittle. According to the Times, "Pombo and Doolittle, tarnished by their ties to disgraced lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas), have been campaigning hard in their solidly Republican districts. … Tuesday's events raised about $400,000 for Pombo, $600,000 for Doolittle and $1.2 million for the Republican National Committee. More than 300 people paid $2,000 each to attend the Doolittle fundraiser at Serrano Country Club in El Dorado Hills." The Times adds Doolittle "acknowledged Tuesday that his wife's consulting firm stood to make $90,000 for her role in organizing the event. He defended the arrangement with Julie Doolittle's political consulting company, Sierra Dominion Financial Solutions Inc., under which she makes 15% of all money the company raises for her husband. 'I hired her. She is a very good fundraiser, and she works very hard,' Doolittle said."

Many House Races Targeted By Democrats Are In High-Cost Media Markets. USA Today (10/4, Lawrence, 2.27M) reports Democrats will "have to overcome the high cost of TV advertising to win pivotal races in their bid to control Congress. They're trying to pick up 11 House and Senate seats held by Republicans in expensive media markets. Republicans are attempting only four takeovers in top markets, a USA TODAY analysis shows." The contrast "underscores one of the chief difficulties Democrats face in their drive to win congressional majorities: raising enough money to make it happen." In Philadelphia — "where Democrats are going after House seats held by Republicans Jim Gerlach, Curt Weldon and Michael Fitzpatrick — a typical 30-second ad during a local newscast on a network affiliate costs about $2,100, according to the non-partisan Campaign Media Analysis Group." In Waco, Texas, "where Republican Van Taylor is trying to oust Democratic Rep. Chet Edwards, a similar ad costs about $250." FEC reports "show some Democratic challengers keeping up with incumbents, such as Lois Murphy and Joe Sestak in their races against Gerlach and Weldon. And the Democrats' Senate and House campaign committees had as much or more money as Republicans did on Aug. 31." But the "Democratic National Committee, which has invested heavily in a long-term program to build up party infrastructure in all 50 states, has far less money than its Republican counterpart going into the final weeks before Nov. 7 elections."

NM1 Race Seen As "Microcosm" Of Battle For The House. The Christian Science Monitor (10/4, Kass, 58K) reports that in the New Mexico 1st CD race, where Republican Rep. Heather Wilson faces Democrat Patricia Madrid, is "a microcosm of dueling strategies other Democrats and Republicans are using in their campaigns this fall. Ms. Madrid is trying to tie Ms. Wilson to an unpopular president, a troublesome war in Iraq, and a culture of corruption in Washington. The Wilson campaign is trying to focus on local issues, and saddle Madrid with a state corruption scandal." An Albuquerque Journal poll "released Oct. 1. showed Wilson and Mardrid dead even with each taking 44 percent of the vote."

Schumer's Wall Street Fundraising Prowess Noted. The Financial Times (10/4, Kirchgaessner) reports "this election cycle has proved" that Democratic Senatorial Campaign Committee Chairman Charles Schumer's "sharp tongue and insatiable appetite for media attention are not nearly as dangerous as his lethal ties to Wall Street." Schumer's "fundraising efforts…and improving prospects in a handful of Senate races, have some Democrats believing that a narrow Senate victory is in reach." The support "of Democratic donors from New York, particularly Wall Street, has been key to Mr Schumer's success. Of the $81.3m (€64m, £43.3m) he has helped raise - $12m more than Senator Elizabeth Dole, his Republican counterpart - roughly 18 per cent has been donated by New Yorkers, making it the most lucrative donor base. That compares with 9 per cent in 2002, during the last midterm election cycle, when Washington DC held the top spot."

Lobbyists' Attention To Democrats Expected To Increase. The Hill (10/4, Snyder) reports there have been "hotter tickets on K Street than the informal breakfasts sponsored by a group of centrist House

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Democrats. Off and on for the past two years, the New Democrat Coalition (NDC), a 'pro-growth' group that bills itself as a link between Democrats and the business community, have held regular meetings with a few friends and financial backers on K Street." But "even if Democrats fall short of the majority this midterm, New Democrats and like-minded lobbyists say they may need to hold their meetings in a bigger room. In a more evenly divided House, groups like the New Democrats and the Blue Dogs, a group of centrist-to-conservative Democrats, will likely hold greater sway over the legislative agenda, and therefore will be more sought after among K Streeters."

Steele, Cardin Clash In First Debate. The AP (10/4, Wyatt) reports that in "their first debate of the general campaign, Maryland's candidates for an open Senate seat repeated familiar themes in laying out a case for votes." Democratic Rep. Ben Cardin "emphasized his opposition to the war in Iraq and a call for universal health insurance." Republican Lt. Gov. Michael Steele "called for more investment in minority businesses and said he'd be a careful listener for voters." Independent Kevin Zeese "mostly lobbed criticisms at the main parties and called for immediate abandonment of the war effort in Iraq." The debate, "held at the Baltimore Urban League, was the first - and so far only - forum for all three candidates." Race and "the war were dominant themes at the two-hour forum. Cardin, who spoke first, immediately launched into the Iraq situation, reminding voters that he voted against the war while in the House." Steele "made only oblique references to the war in his opening statements, not saying how the nation should proceed. Asked about his position later, Steele said he opposed a withdrawal plan for the troops and said the war should be fought differently, perhaps, but not ended."

The Washington Post (10/4, A1, Mosk, Marimow, 748K) reports in a front page story that Steele and Cardin "stripped away the niceties and exchanged sharp words Tuesday night in their first debate in the race for the U.S. Senate." Steele "at one point told the Baltimore congressman to 'shut up and listen' to the citizens of the state. Cardin unloaded on Steele for failing to address a series of issues while campaigning -- most pointedly, the war in Iraq." The "physical differences between the two, standing on stage in a Gothic 19th-century church building in downtown Baltimore, were impossible to miss -- Steele, 47, 6-foot-4 and looking polished in a designer suit; Cardin, 62, short and a bit portly in standard dark pinstripe, looking every bit the bookish legislative technician." For Cardin, "a chief goal of the debate was to turn the focus away from style and onto substance, where there are also sharp differences between the two that put him more in line with the views of Maryland's large population of Democratic voters." Steele "tried to turn Cardin's 20 years in Congress and 40 years in elected office against him."

The Washington Times (10/4, Miller, 88K) reports the candidates "clashed over racial issues last night in their first debate of the campaign." Cardin said, "There are too many divisions in America along racial lines and along economic lines. … Voters in the African-American community want change, and if they vote for me, they will get change. I voted against [President] Bush's budget because Bush's budget is leading America in the wrong direction, and the people in the African-American community know that." The Times adds Steele, "a Republican and the first black elected to statewide office in Maryland, responded: 'I appreciate your message of change, but it is an outdated message.'"

Hillary Clinton Endorses Webb. The Washington Post (10/4, A1, Shear, Craig, 748K) reports in a front page story that Sen. Hillary Rodham Clinton "endorsed Democratic Senate candidate James Webb yesterday as he and Republican Sen. George Allen intensified their efforts to woo female voters in the Virginia campaign's closing month." Clinton's "high profile appearance" at "a fundraising lunch in Old Town Alexandria provided a needed boost to Webb, whom Allen has criticized for his past attitude toward women in the military." While the "former first lady was announcing her support for Webb, Allen was attending a similar function in Fredericksburg held by his wife, Susan, and Cecelia Howell, the wife of House of Delegates Speaker William J. Howell (R-Stafford)."

The Washington Times (10/4, McLaughlin, 88K) reports Sen. Clinton "also downplayed a television advertisement paid for by Mr. Allen that hammers Mr. Webb for the view he held about a woman's role in combat 27 years ago," saying Congress "needs someone with Mr. Webb's military expertise and demonstrated leadership who can stand up to President Bush and the Republican majority." When asked "about Mr. Webb's 1979 'Women Can't Fight' article that questioned whether women were fit for military combat and apparently led to women facing harassment at the Naval Academy, Mrs. Clinton said, 'Times have changed.'" The Times ads, "Meanwhile, Mr. Allen kicked off

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an 'Issues, Ideas, Proven Record Tour' in Fredericksburg, Va., yesterday, as he tries to refocus his campaign on his record as state legislator, congressman, governor and U.S. Senator."

Allen's Promise To Focus On Issues, Achievements Pleases Conservatives. The Washington Times (10/4, Bellantoni, 88K) reports Virginia conservatives, "frustrated with Sen. George Allen's re-election campaign, were hopeful yesterday that the Republican's address televised statewide Monday evening will reverse his slip in the polls." Supporters "say Mr. Allen needs to refocus on the issues if he wants to win re-election. That was what Mr. Allen promised in the rare two-minute ad, saying that until the Nov. 7 election he will talk about his record, both as a senator and as governor in the 1990s." The "taped spot, which ran on five stations just before 8 p.m., was a smart move but might not be enough, said state Sen. Jay O'Brien, Fairfax County Republican."

Motives Of Prominent Black Allen Supporter Questioned. In his Washington Post column (10/4, B1), Courtland Milloy says Virginia state Sen. Benjamin J. Lambert III "hears the question all the time: Why would such an influential black Democrat come to the rescue of George Allen, a white Republican U.S. senator who was being tarred and feathered by his own racist past?" The "political hemorrhaging has eased somewhat since Allen found a powerful new best black friend to help burnish his image." Lambert said, "I look at it from the point of view that people are capable of change, of learning from their mistakes. George has apologized. He said he understands the plight of African Americans and their sensitivities regarding the Confederate flag. He said he was going to do much better. I say, 'Let's give him a chance.'" The Post adds it is "no coincidence that Lambert's endorsement came after a pledge by Allen to secure nearly a half-billion dollars in federal funding for financially troubled historically black colleges. Moreover, at Lambert's urging, Allen, along with Sen. John W. Warner (R-Va.), announced their sponsorship Monday of a bill that would honor the late U.S. District Judges Spottswood W. Robinson III, who was black, and Robert R. Merhige Jr., who was white, by having a new federal courts building in Richmond named after them 'for their historic roles in the nation's civil rights struggle.'"

Lamont's Contributions To His Own Campaign Total $6.75 Million. The Washington Times' "Inside Politics" column (10/4, Pierce) reports, "Democrat Ned Lamont, seeking to erase Connecticut Sen. Joe Lieberman's double-digit lead, is turning to his campaign's biggest financial backer for another infusion of cash: himself. The multimillionaire businessman, who trailed by 10 percent in a recent poll, wrote a $500,000 check to his campaign this week, an aide said yesterday. Just last week, Mr. Lamont had tapped his personal wealth for $750,000 to help fund the race. He has spent $6,751,500 of his own money to unseat the 18-year incumbent."

Corruption Seen As Key Issue In New Jersey Senate Race. In her Washington Post column (10/4, A25), Ruth Marcus says the New Jersey Senate race between Democratic Sen. Robert Menendez and Republican Tom Kean Jr. "in broad strokes, comes down to Bush fatigue vs. corruption fatigue. Menendez is doing his best to lash Kean to the president and his policies. Kean hardly mentions Bush or his party, though he's been happy to accept fundraising help from Laura Bush and Karl Rove. Instead, much as Menendez seeks to link Kean to Bush, Kean paints Menendez as 'an individual who personifies the system that has hurt New Jersey for so long.'" In "hammering on corruption, Kean may have lucked out -- in his timing and opponent. Even in a state where tales of corrupt officials are as common as turnpike traffic, this has been a busy season." Menendez, "who got his start in the notoriously corrupt politics of North Jersey's Hudson County, has offered Kean ample ammunition. Some of the attacks on him have been decidedly below the belt, others overstated even by the loose rules of political license, but some involve the kind of back-scratching coziness that looks even worse in the unforgiving light of a 30-second attack ad." Menendez, "for his part, seems offended by having to run against the unseasoned Kean in what he describes as 'probably the most vile campaign I have ever participated in.'"

LATimes Endorses Republican For California Insurance Commissioner. The Los Angeles Times (10/4, 918K) endorses Republican Steve Poizner in the race for California insurance commissioner. Although outgoing Commissioner John Garamendi "is backing Democratic Lt. Gov. Cruz Bustamante over Republican tycoon Steve Poizner," the "twist is that the best choice for consumers, hands down, is Poizner." Poizner is "credible, and his history shows he's a man of integrity. He thinks before he acts, a trait exemplified by his careful study of

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a liberal Democratic Bay Area Assembly district that he almost won, and his equally studious approach to and backing for Gov. Arnold Schwarzenegger's redistricting reform, a measure that, while unsuccessful, was worthy."

Efficient Cars' Potential For Assisting GM Recovery Derided. The Wall Street Journal (10/4, 2.03M) columnist Holman W. Jenkins, Jr., writes that fuel economy has "steadily improved relative to the growing weight of the average vehicle. People want fuel-efficient cars so they can afford to drive bigger cars and drive them more miles." Noting GM's touting of fuel cells and cars that run on E85, Jenkins writes, "Fuel cells are destined to remain a negligible, if not nonexistent, part of the market over the relevant time horizon, which could easily witness GM's bankruptcy. As for E85, it's a regulatory hoax." Jenkins says, "It won't be with fuel cells and E85 that GM puts itself back into the game. Nor will it be with teensy eurocars."

Study Finds Mixed Indicators On Civic Health. In a Washington Times op-ed (10/4), John M. Bridgeland, CEO of Civic Enterprises, and Peter Levine of the Center for Information and Research on Civic Learning and Engagement at the University of Maryland, say, "The National Conference on Citizenship, a non-profit created by Congress to strengthen our civic ties, recently released its new Civic Health Index, which charts our nation's civic progress over the last 30 years. While there are signs of civic recovery in areas of national focus, our civic health shows steep declines in most of 40 measures."

Arab Allies Press Rice On Palestinian Issue. The Washington Post (10/4, A20, Wright, 748K) reports "several close U.S. allies" in the Arab world are "bluntly telling" Secretary Rice that they "do not want to be pitted against other Arab governments and movements, according to senior Arab officials. The solution, the allies told Rice, lies with stronger U.S. leadership in solving the Arab-Israeli conflict." During talks in Egypt and Saudi Arabia Tuesday, Rice "was confronted by friendly but firm pressure" from eight Arab governments to "follow up on promises by President Bush to help achieve a two-state solution in the dispute between Israel and the Palestinians. They also questioned whether the administration still has the energy or full commitment to pull off a solution to the Palestinian issue before Bush leaves office, officials said." The Los Angeles Times (10/4, Richter, 918K) said Rice found herself "on the defensive about the Bush administration's search for partnerships and its efforts for democratic reform."

The AP (10/3, Gearan) reports Rice said the Hamas government "cannot govern in the Palestinian territories and she urged the Islamic militants to moderate and cooperate" with Fatah President Mahmoud Abbas. She also "said the world's credibility is on the line in the nuclear standoff with Iran as U.N. diplomats declared last-ditch talks with Tehran a likely failure. She said the nations that could impose sanctions are unified, despite Russia's public misgivings Tuesday." The AP said Rice "got a polite hearing from the United States' two most powerful friends in the Arab world," but "also got a lecture. Saudi Arabia and Egypt both told Rice on Tuesday that the Middle East's many volatile conflicts are hinged to Israel's long conflict with the Palestinians."

The Financial Times (10/4, Morris) reports diplomats said international observers "could be deployed at the main cargo crossing point between Israel and the Gaza Strip as part of expected proposals" by Secretary Rice to "loosen the economic siege of the Palestinian territory, diplomats said." US officials "played down the prospect that she would bring any new initiative to restart the peace process. But western diplomats said she was expected to try to revive a moribund agreement on easing the movement of Palestinian goods and people."

Civil War Looming In Palestinian Authority. The New York Times (10/4, Shenon, 1.21M) reports "at least 10 Palestinians were killed and more than 100 were wounded in some of the worst fighting in recent years between Hamas and Fatah" on Sunday and Monday as Rice called "for an end to the new wave of bloodshed." The Washington Times (10/4, Mitnick, 88K) reports Abbas aide Nabil Amr said "armed Palestinian factions are just 'centimeters' away from civil war." But AFP (10/3, El Oun) reports Palestinian PM Ismail Haniya "has vowed that his Hamas-led government would not let Palestinians slide into civil war following the deadliest bout of internecine fighting since he took office."

The AP (10/3, Barzak) says gunmen linked to Fatah "threatened Tuesday to assassinate leaders of the rival Hamas group." Meanwhile, the AP (10/3) reports, a Jerusalem Media and Communications Center poll finds Fatah tied with Hamas in voter support, "undercutting hopes by Palestinian moderates that Fatah could oust Hamas if new elections were held."

Ignatius Says Rice Should Meet With Middle East Foes As Well. In his Washington Post (10/4, A25, 748K)

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column, David Ignatius writes, "Talking to your allies is always a good idea, but consider the parties Rice isn't engaging on this trip: Syria, Hamas, Hezbollah and Iran -- the sources of the trouble. The idea of traveling to a Middle East in crisis and talking only to your friends is, I'm sorry to say, the equivalent of meeting Iraqi leaders in the protected Green Zone and imagining that you are thereby stopping the brutal killing out in the 'Red Zone,' which is the term U.S. officials in Baghdad have been using to refer to the real world. … To escape a traveling Green Zone mentality in the Middle East, Rice needs to create a process for engaging America's friends and adversaries. This is not a time for holding back, for testing the waters, for 'staying the course' of current diplomacy. If we keep doing what we have been doing, we will keep getting what we've got -- which is a mess."

Rice Says World Community "Running Out Of Time" On Iran Nuclear Issue. The Financial Times (10/4, Khalaf) reports, "Renewed tensions over Iran's nuclear programme emerged on Tuesday as the US and Britain warned that world powers would return to the United Nations Security Council to consider targeted sanctions against Tehran." Speaking in Cairo, Secretary of State Condoleezza Rice "said she feared Iran's latest proposals on enriching uranium abroad were a stalling technique. 'I hope there is still room to resolve this,' she said, 'but the international community is running out of time, because soon its credibility will be in question.'"

The Washington Times (10/4, Kralev, 88K) reports Rice "expressed skepticism about a new Iranian idea about French investment in its nuclear activities, saying it may be a stalling tactic to delay possible U.N. sanctions, which Washington is prepared to push for as early as next week." Under the headline "Iran's Proposal To End Nuclear Standoff Is Rejected By The West," the New York Times (10/4, Sciolino, 1.21M) reports that a "senior French official on Tuesday said: 'This is totally excluded. There is nothing substantive behind it. his is not the first time the Iranians have tried to divide the international community,'" while "another senior European official…said that proposal 'seemed to have the intention of distracting.'"

The Christian Science Monitor (10/4, Murphy, 58K) focuses its report on Secretary Rice's Middle East trip on Iran, saying she is in the region "seeking to build a network of support for what she calls 'emerging moderate forces'…against 'extremist' ones that are opposed to US interests. The No. 1 extremist Ms. Rice intends to counter, say analysts, is Iranian President Mahmoud Ahmadinejad." Rice "is seeking to tap a deep, historical concern among Sunni Arab countries wary of Shiite Iran, with the aim of building a counterweight to Iran's influence."

Bolton Says Sanctions Could Be Sought Soon. The AP (10/4, Jahn) reports UN Ambassador John Bolton "told The Associated Press: 'It's only a very short time before we'll be seeking sanctions,' unless Iran complies with international demands to suspend enrichment. And, he added, 'there is not a single sign that they're prepared to give up' the activity, which can be used to make fissile material to arm nuclear warheads."

More Commentary On Iran. In a USA Today (10/4, 2.27M) op-ed, Iranian Nobel Peace Prize laureate Shirin Ebadi writes, "While the current standoff between the United States and Iran over that country's uranium enrichment program is often portrayed as a clash of cultures -- the West against Islam -- the truth is much more complex. That depiction mistakes politics for culture, rhetoric for reality. A more accurate picture requires looking at the relations between the two countries through different lenses: one, the political relations between the two governments; the second, the more personal attitudes of the people toward each other. The former, with the threats of sanctions and even war, receives the most attention; the latter could hold the most promise for a possible resolution." The US "must listen to those who are more enlightened with regard to Iran's issues and the complexity of U.S.-Iran relations. It is only then that it can reach informed, realistic and sustainable decisions regarding its differences with Iran."

In a Wall Street Journal (10/4, A14, 2.03M) op-ed entitled "The Six-Million Person Question," Atlantic Monthly correspondent Mark Bowden examines Iranian President Mahmoud Ahmadinejad's public comments on the Holocaust, and concludes, "What the Holocaust demonstrates is the danger of a one-party state. It shows what can happen when a group of true believers, convinced of the superiority of their own ideas, have unchecked power. They are then free to rewrite history to suit their political ends, and crush those who disagree or protest…or who worship God in a different way. Like, say, the mullahs in Iran."

Rice Says North Korea Nuclear Test Would Be "Very Provocative Act." ABC World News (10/3, story 7, 0:15, Gibson, 8.78M) reported, "Overseas, an

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ominous threat by North Korea. An announcement it will conduct its first nuclear test, a major step in making atomic bombs. North Korea blamed what it called, and I quote, 'the US extreme threat of a nuclear war and sanctions,' for moving ahead with testing." Secretary Rice "said a nuclear test would be a provocative act. But she did not say how the US might respond." CBS Evening News (10/3, story 6, 0:15, Couric, 7.66M) reported, "North Korea threatened again today to conduct a nuclear test. The White House condemned the plan. The UN Security Council will take up the issue tomorrow."

The AP (10/3, Gearan) reports Secretary Rice said a North Korean nuclear test "would be 'a very provocative act,' and she prodded Asian nations to rethink their relationships with the North Koreans." In Cairo, she said, "It would be a very provocative act by the North Koreans. They have not yet done it, but it would be a very provocative act." Her warning "reflected widespread concern within the Bush administration. She stressed, however, that a North Korean test was an issue 'for the entire neighborhood' and not just for the United States."

CNN's The Situation Room (10/3, Verjee) reported, "The US has a warning for North Korea. The Bush administration says that Pyongyang's planned nuclear test would pose an unacceptable threat to world peace and stability. The UN Security Council discussed the issue today and plans more talks tomorrow. Earlier today North Korea announced it would carry out the test to counter what it calls an extreme threat of nuclear war from the US."

The New York Times (10/4, Sanger, 1.21M) reports North Korea's Tuesday announcement that it would conduct its first nuclear test led to "warnings from Tokyo to Washington that an underground explosion would lead to a sharp response and could undermine the security balance in Asia." Pyongyang "did not say when it would try to test a weapon, and experts inside and outside the Bush administration said the announcement itself was a negotiating ploy, intended to force the White House into lifting economic sanctions and holding one-on-one talks with North Korea." USA Today (10/4, Slavin, 2.27M) reports North Korea "gave no date for a test and said it was committed to 'the denuclearization of the peninsula.'" The AP (10/3, Lim, Torchia) says North Korea "triggered global alarm" with the announcement.

The Washington Post (10/4, A1, Faiola, Linzer, 748K) says that while North Korea "has previously said it possesses nuclear bombs -- U.S. intelligence officials have estimated it could have as many as 11 -- a test detonation would dramatically change the region's power dynamics," with analysts saying the US, China, Japan, South Korea, and other Asian states "would be forced to deal far more harshly with the North Koreans." The Wall Street Journal (10/4, A4, Ramstad, Korea, Moffett, Fairclough, 2.03M) said Pyongyang succeeded in "antagonizing its neighbors and the U.S. and deepening the international standoff over the country's weapons program" with its announcement. The Los Angeles Times (10/4, Wallace, Barnes, 918K) also says "showcasing a nuclear capability would almost certainly deepen North Korea's diplomatic and economic isolation, and could escalate the military buildup in northeast Asia, where grievances run deep and suspicions between capitals are high."

Inside the A section, the Washington Post (10/4, A20, Kessler, 748K) says the announcement "came just as" the US and South Korea were "launching a new effort to persuade the government in Pyongyang to return to long-stalled disarmament talks. Top aides" to Secretary Rice have been "shaping the new approach, which began after a summit meeting last month between President Bush and South Korean President Roh Moo Hyun. Rice has described the next six-week period as crucial, saying she hopes to make a trip to Northeast Asia soon to test her ideas." But US officials said Pyongyang "appears to have concluded that there is no benefit in reaching a deal."

Bolton Calls Test Threat A "Provocative Act" By North Korea. Ambassador Bolton said on CNN's Lou Dobbs Tonight (10/3), "I think what the North Koreans have in mind here is to show that they're fully prepared to go ahead and test the weapon to show that they have it and that they can transfer it to somebody else. Some people interpret this kind of behavior by North Korea as kind of an attention-getting device. But I think it's more serious than that. That's why we take it as such as provocative act."

Rice Makes "Passionate Plea" For Darfur.

The AP (10/4) reports Secretary Rice "made a passionate plea to the international community on Tuesday to persuade the government of Sudan to reverse itself and open the bloodied Darfur region to U.N. peacekeepers. Dispensing with traditional diplomatic understatement, Rice cited U.N. reports that tens of thousands of people, or even hundreds of thousands, perhaps, cannot be reached with food and water."

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She said "women who go out for firewood are regularly raped," and that "villages are attacked by militias, by rebels and by government forces." Rice said, "The international community does have a responsibility to protect the most vulnerable. What is going on in Darfur now cannot be tolerated."

Ban Pledges To Oversee Reforms At UN. The USA Today/AP (10/4) reports South Korean foreign minister Ban Ki Moon, "the favorite to be the next U.N. secretary-general, promised Tuesday that if chosen for the job, he will work to reform the world body and to find a peaceful resolution to the international standoff over North Korea's nuclear program. … The 192-nation General Assembly will hold a formal vote on a new secretary-general next week, probably Monday." The AP notes that if Ban "prevails, his selection will have been marked by unprecedented speed, consensus and calm. In years past, the choice of a U.N. chief has often involved rancorous negotiations, numerous ballots and handshake deals."

The Los Angeles Times (10/4, 918K) editorializes, "There are few nations where the United Nations is as widely respected, or has played as fundamental a role, as South Korea. Which is why it is fitting that a South Korean should lead the organization during what may well be another turning point."

Annan Will Not Release His Financial Disclosure Documents. The Washington Times (10/4, Pisik, 88K) reports, "U.N. officials said yesterday that they will not publicly release a financial disclosure form filed by Secretary-General Kofi Annan last month -- 10 months after he ordered all senior U.N. officials to file the forms. A spokesman said Mr. Annan submitted the questionnaire -- under a policy implemented in response to international outrage over U.N. involvement in the Iraq oil-for-food scandal -- on Sept. 22. … Mr. Annan was cleared of personal involvement in the scandal, but questions were raised about the conduct of son Kojo, who worked for a company that won a major oil-for-food contract."

Rumsfeld Questions Purpose Of Venezuelan Arms Build-Up. The AP (10/4, Baldor) reports Defense Secretary Donald Rumsfeld "criticized Venezuela's hostile politics and longtime adversary Cuba during a three-day stay in Central American, but avoided any talk about another old antagonist. Asked repeatedly about the Sandinista leader Daniel Ortega, who is leading in the presidential polls here, Rumsfeld stayed mum. … Rumsfeld made a passing reference to Cuba in his formal remarks to the ministers, and on Tuesday he said the island nation would be welcome in the conference when it becomes a 'free and democratic country.' And he was blunt about the concerns being raised by Latin American leaders about Venezuela President Hugo Chavez' billion-dollar weapons buildup. 'I don't know of anyone threatening Venezuela, anyone in this hemisphere,' Rumsfeld said when asked if he believed the Venezuelans' contention that the arms purchases were strictly for defense."

Turk Hijacks Jet, Frees Passengers In Italy. The Washington Post/AP (10/4, A19, Frigione) reports, "A Turkish man hijacked a jetliner carrying 113 people on an Albania-to-Turkey flight Tuesday and forced it to land in southern Italy, where he surrendered and released all the passengers unharmed, officials said. Two senior Turkish officials said the hijacker was seeking political asylum. An Italian security official said the man had a message for Pope Benedict XVI, but he said he did not know what it was."

Russia Will Not Lift Georgia Blockade Despite International Pressure. The Washington Post (10/4, A21, Finn, 748K) reports Russia "signaled Tuesday that it would not lift a transportation blockade on Georgia despite the release of four Russian officers detained on espionage charges and calls from the European Union and the United States for the two countries to find ways to ease tensions." Russian Foreign Minister Sergei Lavrov "said Tuesday that his country had 'no plans for the time being' to restore postal and transportation links, including commercial flights and train service, that were severed Monday as the four military officers were about to be released. … In Tbilisi, the Georgian capital, Foreign Minister Erkki Tuomioja of Finland, which holds the rotating E.U. presidency, said Moscow's sanctions seemed disproportionate and warned against 'more acute measures.' On Monday, the U.S. State Department also called on Russia and Georgia to take steps to 'de-escalate tensions in the days and weeks ahead.'"

Russian Ban Devastates Georgian Wine Industry. The Washington Post (10/4, A21, Finn, 748K) reports, "Earlier this year, Russian health officials banned the import and sale of all wine from Georgia, citing impurities. It was a body blow to Georgia's second-largest export industry, which sold nearly 80 percent of its wine to Russia."

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PRC Anticorruption Probe Reportedly The Most Extensive In Decades. The New York Times (10/4, Kahn, 1.21M) reports, "When Shanghai's party boss was detained in an anticorruption probe last week, Chinese were rattled by news of the first purge of a high-ranking Communist Party leader since 1995. But the investigation's scope and its ultimate goals are wider, as the party's two most powerful officials aim to shake up the leadership and wipe out resistance to their policy agenda, party officials and analysts say. The investigation, the largest of its kind since China first pursued market-style changes to its economy more than a quarter-century ago, was planned and supervised by Zeng Qinghong, China's vice president and the day-to-day manager of Communist Party affairs, people informed about the operation said. … Aside from frightening officials who have grown accustomed to increasingly conspicuous corruption in recent years, the crackdown could give Mr. Hu greater leeway to carry out his agenda for broader welfare benefits and stronger pollution controls, which may prove popular in China today."

Israelis Find Investment Opportunities In Romania. The Wall Street Journal (10/4, Millman, 2.03M) reports, "Israeli expatriates have started local businesses in agriculture, retailing, real estate and heavy construction. Branch offices of firms based in Tel Aviv and Haifa handle everything from hotel management to insurance to car leasing. Many of the office parks and shopping malls rising in Bucharest's suburbs are being financed by Israeli hedge funds, while Israeli engineering firms are managing European Union road and water projects in the countryside."

NYTimes Calls For International Regulation Of Hazardous Waste Disposal. The New York Times (10/4, 1.21M), in an editorial, writes, "Globalization brings wealth and opportunity to many people around the world. But to poor slum dwellers in the failing state of Ivory Coast, it has brought horrible sickness and death after hazardous waste, shipped nearly halfway around the world, was stealthily dumped in backyards around Abidjan. This need not and should not have happened. … The details and legal responsibilities are still being sorted out. But the lesson is plain. Without strict, and strictly enforced, international rules on waste disposal, dangerous cargos will find the course of least resistance, least cost, and least regulation, scarring the lives of some of the world's poorest, worst governed and most defenseless people."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Stark Beauty, Solitude, Squalor And Sulfur -- Trona Has It All."
"Foley Case Shakes GOP."
"A Countdown To 300 Million."
"Dow's New Height Not As Giddy As the Last One."
"N. Korea Plans A Nuclear Test."
"LAPD Arrests Skid Row Campers."
"U.S. Ruling Could Eliminate Union Eligibility For Millions."

USA Today:

"Foley Was Molested As Child, Lawyer Says."
"Toxic Mix Of Emotions Boiled Within Devoted Dad, Husband."
"Dow Climbs From Depths."

New York Times:

"Hastert Fights To Save His Job In Page Scandal."
"Dow Jones Index Hits A New High, Retracing Losses."
"Police Describe Gunman's Plan In School Siege."
"In Graft Inquiry, Chinese See A Shake-Up Coming."
"Bloomberg Set To Lead 9/11 Memorial Group."
"In Bill's Fine Print, Millions To Celebrate Victory."
"North Koreans Say They Plan A Nuclear Test."

Washington Post:

"North Korea Vows To Conduct Nuclear Test."
"Foley Attorney Cites Alcohol, Abuse."
"Fenty Offers Tweaks On D.C. Crime Bill."
"Dow Hits New High After A Long Recovery."
"Some Say They Felt Uneasy About Representative's Attention."
"Death Toll In Attack At Amish School Rises to 5."
"Steele, Cardin Draw Distinctions."
"Sen. Clinton Supports Webb In Va. Campaign."

Washington Times:

"Bush Backs Hastert Keeping Job."
"N. Korea To Test Nuclear Device."
"Annan's Financial Form To Be Secret."
"Steele, Cardin Wrangle Over Race In Debate."
"Palestinian Rivals On Brink Of Civil War, Abbas Aide Says."

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"Civic Activist Faces Federal Death-Penalty Trail In D.C."

Detroit Free Press:

"Amish Shaken, But Not Likely To Change Lifestyle."
"DeVos Defends Stake In Company."
"Flat Sales Gains Calm Carmakers."
"On Your Street Or Wall Street, Stock Rally A Reason To Smile."

Atlanta Journal-Constitution:

"Benning Growth Will Change Army, Region."
"Killer Told Wife He Was A Molester."
"Dow Hits Record High."
"Conflict Of Interest?"

Story Lineup From Last Night's Network News:

ABC: Amish School Shooting; School Safety; Foley Investigation; Hastert Under Fire; Foley Aftermath Analysis; Amish Faith; North Korea Threat; Iraq-Sectarian Violence; Stock Market.
CBS: Amish School Shooting; School Safety; Foley Investigation; Woodward's Book; Iraq-Sectarian Violence; North Korea; Stock Market; Richy Frolicsteen-Opinion; World War II Film.
NBC: Amish School Shooting; Amish Reaction; School Safety; Hastert Under Fire; Campaign 2006; Stock Market; Amish Shooting Aftermath Analysis; Women On Front Lines.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Foley Scandal; North Korea-Missile Test Plan; Iraq-US KIA; Wall Street.
CBS: Foley Scandal; PA-Amish School Shooting; Wall Street.
NPR: North Korea-Missile Test Plan; Nobel Prize For Physics Awarded; Rice-Middle East Trip; Foley Scandal; Iran-Nuclear Program; Afghanistan-Insurgent Attack.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends a Rick Renzi for Congress reception, Camelback Inn, Scottsdale, Ariz.; signs H.R. 5441 - Homeland Security Appropriations Act, Camelback Inn, Scottsdale, Ariz.; attends a Beauprez for Governor reception, Inverness Hotel and Conference Center, Englewood, Colo.

VICE PRESIDENT CHENEY — Speaks at a rally for troops, Fort Hood; speaks at a luncheon for congressional candidate Shelley Sekula-Gibbs. Hyatt Regency Houston.

LAURA BUSH — Speaks at a Curt Weldon for Congress breakfast. Springfield, Pa.; speaks at a Tom Reynolds for Congress luncheon. Amherst, N.Y.; visits CRUCIAL Human Services Center and participates in a radio interview. Buffalo, N.Y.; visits Youth Court and observes mock trial. Latham, N.Y.; speaks at a John Sweeney for Congress reception. Saratoga Springs, N.Y.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AGRICULTURE EDUCATION _ The National Academy of Sciences holds a summit on agriculture education for undergraduates. Highlights: 8:30 a.m. Agriculture Secretary Johanns. Location: NAS Auditorium, 2100 C St. NW.

INTELLIGENCE OPERATIONS _ The National Military Intelligence Association holds a 2-day symposium, ``Joint Intelligence Operations Centers: Concepts and Realities," to describe the common and varied approaches taken by the Department of Defense and the Combatant Commanders in implementing the Execution Order establishing Joint Intelligence Operations Centers. Location: DIA offices.

MUSLIM WORLD _ 9:30 a.m. - 4 p.m. The United States Institute o Peace hosts ``Looking Ahead at the Muslim World After 9/11," a day-long conference on the challenges facing the United States in the Muslim world five years after 9/11. Highlights: 10 a.m. Panel I: Countering Extremism and Terrorism. Moderator: Theodore Feifer Deputy Director, Professional Training Program. Rethinking the War on Terrorism, with Paul Stares, Vice President, Center for Conflict Analysis and Prevention. Recruiting Terrorists: Myths, Facts, and Unknowns, with C. Christine Fair, Senior Research Associate, Center for Conflict Analysis and Prevention. 11 a.m. Panel II: Reforming the Muslim World. Moderator: Abdeslam Maghraoui, Director, Muslim World Initiative. Islamists: Between Radicalism and Moderation, with Judy Barsalou, Vice President, Grants and Fellowship Program. Engaging with Moderate Islamists: Why and How?, with Mona Yacoubian, Special Advisor Muslim World Initiative. Building Effective Democratic Opposition in the Arab World, with Daniel Brumberg, Special Advisor Muslim World Initiative. 1:15 p.m. Panel III: Bridging the Divide. Religion and Peacemaking, with David Smock, Center for Mediation and Conflict Resolution Associate Vice President, Religion and

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Peacemaking Program. Can Muslim-Americans Bridge the U.S.-Muslim World Divide?, with Qamar-ul Huda, Senior Program Officer Religion and Peacemaking Program. Teaching Peace and Tolerance through Education, with Jeff Helsing, Deputy Director Education Program. Lessons Learned from the Philippines, with Eugene Martin, Executive Director Philippine Facilitation Project. 2:30 p.m. - 3:45 p.m. IV: Pivotal Conflicts. Moderator: Daniel Serwer, Vice President Center for Post-Conflict Peace and Stability Operations, Centers of Innovation. Prospects for Peace and the Threat of Violence in Sudan, with Dorina Bekoe, Senior Research Associate Center for Conflict Analysis and Prevention. Iran: Regional Ambitions for a Domestic Agenda?, with Daniel Brumberg, Special Advisor Muslim World Initiative. What Can Be Done to Save Iraq?, with A. Heather Coyne, Senior Program Officer Center for Mediation and Conflict Resolution. Emerging Uncertainties in Afghanistan, with J Alexander Thier, Senior Rule of Law Advisor Rule of Law Program. Beyond Lebanon: Vision for a Comprehensive Peace in the Middle East, with Scott Lasensky, Senior Research Associate Center for Conflict Analysis and Prevention. 3:45 p.m. - 4 p.m. Concluding remarks by Abdeslam Maghraoui, director, Muslim World Initiative. Location: United States Institute of Peace, 1200 17th St. NW.

RYAN WHITE-LATINOS _ 9:30 a.m. Congressional and Latino leaders hold a news conference on the implications of Ryan White reauthorization on the Latino community. Location: News conference at 9:30 at Room 121, Cannon, followed by HIV testing at 10 a.m. in room 122, Cannon.

SAUDI-US _ 10 a.m. - 11:30 a.m. Prince Turki al-Faisal, Saudi ambassador to the US, speaks on ``Saudi-US Relations and the Way Ahead." Location: CSIS, 1800 K St. NW, Conference Level B1.

SRI LANKA _ 11 a.m. Members of the Washington area Sri Lankan community hold a rally to condemn terrorism in Sri Lanka and to express support for the U.S. global war on terror. Location: Lafayette Park.

EMERGING MARKET ECONOMIES _ 12 p.m. Timothy F. Geithner, president and chief executive officer of the Federal Reserve Bank of New York, will give the next speech of the W. P. Carey Global Leader Lecture Series at the Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS). Topic: ``Progress Toward Financial Stability in Emerging Market Economies." Location: Kenney Auditorium, first floor, Nitze Building, 1740 Massachusetts Ave NW.

NATO-AGHANISTAN _ 12 p.m. Gen. James L. Jones, Supreme Allied Commander, Europe, speaks on ``NATO's Role in Afghanistan" Location: The Washington Club, 15 Dupont Circle NW.

VOTING ADMINISTRATION _ 12 p.m. The American Constitution Society for Law and Policy holds a discussion of voting administration issues, with Penda hair of the Advancement Project, Elliot Mincberg of People for the American Way, Wendy Weiser of NYU School of Law, others. Location: Room 188, Russell.

LEBANON CONFLICT _ 12:15 p.m. - 2 p.m. The Carnegie Endowment for International Peace and the Friedrich Ebert Foundation co-host a discussion, ``After a Bloody Summer: Whats New in the Middle East? Experts Marina Ottaway, Volker Perthes, and Amr Hamzawy will give brief presentations on the crisis and its consequences, followed by audience Q&A. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

ENERGY EFFICIENCY _ 12:30 p.m. EPA Administrator Steven Johnson holds an event demonstrating energy efficiency, as part of the Energy Star Change a Light, Change the World campaign. Location: National Press Club.

REHR-BROADCASTERS _ 12:30 p.m. David Rehr, president and CEO, National Association of Broadcasters, addresses a National Press Club luncheon. Location: National Press Club.

BERNANKE _ 12:45 p.m. Federal Reserve Board Chairman Ben S. Bernanke addresses the Economics Club of Washington. Subject: Savings. Location: Oriental Ballroom, Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

ENERGY-ELECTIONS _ 12:45 p.m. - 2 p.m. Resources for the Future hosts a panel on how energy and the environment are shaping the campaigns, and how the outcome of the vote might shape future policy decisions on these issues. The panel also will consider what issues might be gaining interest at the local level, and take a look ahead at what might be in store on these topics in the 110th Congress and in the 2008 presidential election. Moderator: Janet Hodur, Public Affairs Manager, Resources for the Future. Panelists: Juliet Eilperin, Environment Correspondent, Washington Post, and author of ``Fight Club Politics: How Partisanship Is Poisoning the U.S. House of Representatives;" Elizabeth Shogren, Environment Reporter, National Public Radio; and Jon A. Krosnick, Frederic O. Glover Professor in Humanities and Social Sciences, Stanford University, and

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RFF University Fellow. Location: Resources for the Future, 1616 P St. NW, First Floor Conference Center.

TROOPS-POLL _ 1 p.m. VoteVets.org holds a news conference to release a poll of troops who have returned from Iraq and Afghanistan. Location: National Press Club.

BANKRUPTCY LAW _ 1:30 p.m. The National Association of Consumer Bankruptcy Attorneys marks the anniversary of the new bankruptcy law by releasing a survey that looks at how the new law has failed to work as intended. Contacts: Ailis Aaron Wolf, 703-276-3265. Notes: Callin number: 800-860-2442; ask for bankruptcy law anniversary event.

SOMALIA _ 2 p.m. The American Enterprise Institute holds a panel discussion on the impact of the June 2006 takeover of Mogadishu by Islamic fundamentalists, with Eunice Reddick of the State Department, others. Location: 12th floor, AEI, 1150 17th St. NW.

SOUTH ASIA-PEACE _ 2 p.m. - 3:30 p.m. The Kasmiri American Council hosts an open forum with Mirwaz Umar Farooq, chairman, All Parties Hurriyet Conference. Topic: ``Prospect of Peace Process in South Asia: Post Havana Summit." Location: Suite 420, 1111 16th St. NW.

US-KOREA _ 4:30 p.m. Johns Hopkins School of International Studies inaugurates the U.S.-Korea Institute, featuring remarks by Assistant Secretary of State Christopher Hill; South Korean Ambassador Lee Tae-Sik; and former U.S. Ambassadors to Korea. will host the inaugural event of the U.S.-Korea Institute at SAIS on Wednesday, October 4 at 4:30 p.m. Christopher R. Hill, assistant secretary of State for East Asian and Pacific Affairs, and Lee Tae-Sik, ambassador of the Republic of Korea to the United States, will give remarks. Location: Kenney Auditorium, Nitze Building, 1740 Massachusetts Ave. NW.

DOMESTIC VIOLENCE _ 6:30 p.m. The National Domestic Violence Hotline holds a dinner gala with speakers actress Salma Hayek, Sen. Mike Crapo, others. Location: Union Station.

SCHWAB-TRADE _ 7 p.m. US Trade Representative Susan Schwab deliver keynote address at Coalition of Service Industries annual dinner. Location: Capital Hilton, 16th and K Streets NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 4, 2006 7:45 AM EDT

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TERRORISM NEWS:

State Department Confirms July 10, 2001 Rice, CIA Meeting. The AP (10/4, Gearan) reports Secretary of State Condoleezza Rice "did receive a CIA briefing about terror threats just about two months before the Sept. 11 attacks, but the information was not new, her chief spokesman said." Spokesman Sean McCormack "confirmed a meeting — on July 10, 2001 — that his boss had said repeatedly she could not specifically recall. She had said earlier that there were virtually daily meetings at the time." McCormack said, "The information presented in this meeting was not new, rather it was a good summary from the threat reporting from the previous several weeks."

CBS Evening News (10/3, story 4, 0:45, Couric, 7.66M) reported, "Our National Security correspondent David Martin has learned that" CIA Director George Tenet 'gave a slide presentation warning that a spectacular terror attack was immanent. In his new book, Bob Woodward says Rice brushed aside that warning, but a former aide to Tenet admits there was no indication the attacks would be inside the US."

House Democrats Want Info From Rice On July 10 Meeting. The Hill (10/4, Schor) reports that "in the wake" of Bob Woodward's new book, State of Denial, "11 House Democrats wrote to Secretary of State Condoleezza Rice yesterday with questions about a controversial meeting she held with two senior intelligence officials in July 2001." The Democrats who "signed the letter, including Rep. Rahm Emanuel (Ill.), Homeland Security Committee ranking member Bennie Thompson (Miss.) and Government Reform Committee ranking member Henry Waxman (Calif.), wrote that Rice's 2004 testimony to the 9-11 Commission 'does not appear to match your statement this weekend, and we would appreciate a more specific detailing of the level of information received by your office.'"

Administration Continues Challenging Portions Of Woodward Book. Fox News' Special Report (10/3, Hume) reported, "For the second day in a row, White House officials challenged portions of Bob Woodward's latest book State of Denial. Woodward writes that George Tenet briefed Condi Rice just months before 9/11, warning of an impending attack. Woodward says Rice was not receptive to Tenet, but the Administration is strenuously denying that."

DOJ Alleges Prisons Not Effectively Monitoring Terrorists' Mail. The AP (10/4, Jordan) reports a Justice Department review found "mail for convicted terrorists and other dangerous federal inmates isn't being fully read by prison authorities, and that is a risk to national security." The US Bureau of Prisons "is supposed to translate and screen all mail to and from the highest-risk inmates — including terrorists, gang members and spies — for evidence of criminal activity. But that target was not being met consistently at 10 federal prisons and detention centers surveyed by the Justice Department's inspector general." In the report, Inspector General Glenn A. Fine says, "The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated." The document "urged the Bureau of Prisons to correct quickly the security gap, including putting tracking systems in place to ensure all high-risk inmate mail is read and analyzed."

USA Today (10/4, Johnson, 2.27M) reports the Justice Department "issued a damning account of the federal prison system's failure to monitor potentially criminal communications of convicted terrorists and other inmates at some of the nation's most secure government facilities." The report shows the federal Bureau of Prisons (BOP) fails to adequately monitor prisoners' mail, telephone calls, visitor communications and cell-block conversations that could be part of criminal enterprises. The bureau also lacks the staffing and expertise to translate communications conducted in foreign languages or to assess possible threats, the report found." Fine "launched the investigation following news reports last year that three terrorists convicted in the 1993 World Trade Center bombing and imprisoned at the government's most secure facility in Florence, Colo., wrote more than 90 letters to Islamic extremists outside the prison."

The Washington Post (10/4, A16, Eggen, 748K) reports the Justice Department also "said that the proportion of mail monitored has decreased in recent months amid tightening budgets and staff reductions, despite incidents in recent years when incarcerated terrorists were able to communicate with sympathizers overseas. One of the letters was eventually used as a recruiting tool for suicide bombers in Spain, officials said." The prison bureau 'said in a statement issued yesterday that it agrees with Fine's recommendations for changes but that implementing improvements 'will require significant additional resources, primarily staff.'"

Long Island Newsday (10/4, Eisenberg) reports, "The review by the inspector general comes amid growing concern about prisons incubating terrorism after last year's foiled plot to blow up synagogues and National Guard facilities in California, in a plan devised in a Sacramento prison. … Moreover, media reports last year revealed that three men convicted in the 1993 World Trade Center bombing and incarcerated in a federal prison in Florence, Colo., wrote more than 90 letters to Islamic extremists from their prison cells -- including more than a dozen to men linked to the March 11, 2004, attacks on Madrid commuter trains. The

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Madrid attacks killed 191 people and wounded more than 1,700."

Pennsylvania Man Charged With Offering To Help Al Qaeda Attack Refineries. In a widely-distributed story, the AP (10/4, Todt) reports, "A federal grand jury Tuesday indicted a man on charges of offering to help al-Qaida blow up fuel facilities in at least three states. The six-count indictment charges Michael Curtis Reynolds, a transient who lived with his elderly mother in Wilkes-Barre, with providing material support for a terrorist organization and seeking to destroy property used in interstate or foreign commerce. The FBI arrested Reynolds in December after authorities said he tried to meet a purported al-Qaida contact about 25 miles from a motel in Pocatello, Idaho, where he had been staying. … The purported contact turned out to be a Montana judge who was working for the FBI."

The Philadelphia Inquirer (10/4, Shiffman, 399K) notes, "The terror charges brought against…Reynolds are rare, but a Justice Department spokesman in Washington said statistics were not kept on the number of native-born U.S. citizens who have been charged since 2001 with providing material assistance to terrorists. 'We have what appears to be a lone wolf who aspired to be an al-Qaeda sympathizer,' said Brian W. Lynch, the FBI assistant special agent-in-charge for terrorism in Philadelphia. 'He was doing things that gave us pause and we had to take him seriously.'" US Attorney Thomas A. Marino "issued a news release in which he praised the FBI for stopping Reynolds 'from following through' with alleged terror acts."

Judge Orders DOJ To Discuss NSA Surveillance In 9/11 Detainee Lawsuit. The New York Law Journal (10/4, Perrotta) reports, "Citing a 'cardinal rule' of litigation, a federal judge in Brooklyn yesterday ordered government attorneys to tell him how much they know about the possible monitoring of conversations between eight former terrorism suspects and their lawyers. The eight men, all illegal aliens, were men arrested after" 9/11 "and later deported. They are suing the government for abuses while they were detained at the Metropolitan Detention Center in Brooklyn. Now that they are no longer in the United States, the men suspect that their conversations with their attorneys have been monitored under" the NSA surveillance program. "In May, a federal magistrate judge, Steven Gold, ordered the Justice Department attorneys defending the abuse claims to state whether they, potential witnesses or the defendants, who include former Attorney General John Ashcroft and FBI Director Robert Muller, were privy to any such monitoring. … Judge Gleeson affirmed that ruling yesterday in Turkmen v. Ashcroft, 02-CV-2307, with one modification: The government attorneys will now submit the information to Judge Gleeson, ex parte, and he will examine it and report back to the plaintiffs' attorneys."

The New York Sun (10/4, Goldstein) also notes that Ashcroft and Mueller "are among those who must answer the judge," whose "order requires the Justice Department to make the disclosures within two weeks. The Justice Department will submit its answer under seal, though Judge Gleeson indicated he could choose to make the answers public." The Sun adds, "The order does not require the government to disclose whether the NSA has intercepted such attorney-client conversations. But the Justice Department will have to answer whether the government's lawyers, witnesses, or defendants in the case — including Messrs. Ashcroft and Mueller — have been informed of the content of any such intercepted conversations."

Closing Arguments Completed At Albany Terror Trial. The AP (10/4, Hill) reports, "Lawyers for two Muslim men arrested in a money-laundering sting argued Tuesday that the terrorism-related case is based on deceptive evidence presented in a post-Sept. 11 climate of fear. 'This country made some mistakes in the aftermath of 9-11, and this case is one of them,' Terence Kindlon, lawyer for Yassin Aref, said in his closing arguments." However, "Assistant U.S. Attorney William Pericek told the jury in his closing argument that though their motives were different," Aref and Mohammed Hossain "both understood what the informant was proposing." The AP notes, "The case against the two men is largely built on tapes of them speaking with the confidential informant. Pericek played back segments Tuesday to demonstrate the informant was explicit about the alleged plot to the men. … Defense lawyers countered that prosecutors were 'cherry picking' selected minutes from some 50 hours of tape," and "Kindlon described the informant, who cooperated with FBI in hopes of reducing his sentence for helping immigrants fraudulently obtain state drivers' licenses, as 'a low-life creep.'"

The New York Law Journal (10/4, Caher) reports Pericak "urged the jurors to focus on what the defendants believed and what their intentions were in dealing with a man they had reason to believe was an illegal arms dealer with terrorist sympathies. Both defendants had earlier been approached by an FBI agent and urged to report any suspicious encounters or observations in their Muslim community. Although both had the agent's business card in their wallet when they were arrested, neither contacted the FBI." After Kindlon's summation, Hossain attorney Kevin Luibrand "repeatedly accused the government of taking comments wildly out of context," noting as an example that "early in the prosecution the informant brought back to his FBI handler a tape in which he is shown meeting with Mr. Hossain and speaking in Urdu. Mr. Hossain appears to rant

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and rave, and evidence showed that the informant told authorities that he was railing against America. It was several months before officials had the tape transcribed and learned that Mr. Hossain was actually espousing his respect for the United States and the American way of life and criticizing the terrorists who had attacked what he described as his country, the United States."

Pentagon Says No Plans Ready For Military Tribunals. The AP (10/4, Jelinek) reports the Pentagon "said Tuesday that it will take some time to set up military trials for terror suspects, approved by Congress last week." Defense Department spokesman Bryan Whitman said "no such trials are imminent," and he "declined to say when he thought they might begin." The AP adds Australian Attorney General Philip Ruddock "says he was told by U.S. officials that the only Australian held at Guantanamo — Taliban fighter David Hicks — will be one of the first terror suspects to be tried by the overhauled military commission system. Speaking Sunday, Ruddock said he expected it to be within months."

German Probe Of CIA Rendition Making Little Progress. The Washington Post (10/4, A18, Whitlock, 748K) reports, "More than two years after a German citizen reported being kidnapped in the Balkans by the CIA, several lawmakers here are criticizing prosecutors for not conducting a more aggressive investigation into the bungled counterterrorism operation." In September, prosecutors in Munich "disclosed that they had obtained a list of about 20 CIA operatives suspected in the abduction of Khaled al-Masri, a German citizen of Lebanese descent who was forcibly taken to Afghanistan in early 2004 and interrogated for four months in a covert prison." Despite the "apparent break in the probe, prosecutors said they were not close to issuing arrest warrants or indictments. They complained of a lack of cooperation from the U.S. government." Although "many of the names appear to be aliases, a German television network identified and tracked down three people allegedly involved in the case, prompting legislators and other critics of U.S. counterterrorism tactics in Europe to question whether German prosecutors are reluctant to dig too deeply into a case involving American spies."

PATRIOT ACT:

Judge Rules ACLU Challenge To Patriot Act May Proceed. The AP (10/4, Irwin) reports, "Nearly three years after hearing arguments in the case, a federal judge has ruled that an American Civil Liberties Union challenge to the constitutionality of the USA Patriot Act may proceed." The AP continues, "The ACLU's clients, including Muslim charities, social services organizations and advocacy groups, have shown they have been harmed by the anti-terrorism law adopted after the Sept. 11, 2001, terrorist attacks, U.S. District Judge Denise Page Hood said in a 15-page ruling issued Friday. … The lawsuit was filed in July 2003 on behalf of the Muslim Community Association of Ann Arbor and five other nonprofit groups. The ACLU said its clients had been hurt by the Patriot Act because fear of the law has kept many people from attending religious services and making charitable donations. … It was the first legal challenge to the part of the Patriot Act that let agents obtain such things as library lists and medical information."

The Detroit Free Press (10/4, Ashenfelter) reports, "Hood said in a 15-page decision that the ACLU's clients - Muslim charities, social services organizations and advocacy groups - established that they have been harmed Section 215 of the law. … Hood said the ACLU's clients can proceed with their lawsuit and gave them 30 days to amend their initial complaint in light of amendments adopted by Congress in March. … The government had argued that this year's amendments had corrected any constitutional deficiencies in the act. The ACLU disagreed." The Free Press adds, "Michigan ACLU Executive Director Kary Moss said she was pleased with the decision. … 'She confirmed what we've said all along, that our clients are suffering concrete harm as a result of the Patriot Act,' Moss said Tuesday. 'Even though we think the act fails to comply with the Constitution, we believe our legal challenge and advocacy in Congress has fixed some of the worst problems.'"

The Detroit News (10/4, Egan) reports, "The 2003 lawsuit brought on behalf of Muslim and Arab groups alleges the anti-terrorist law passed following the September 11 terror attacks is unconstitutional because it allows searches without due process and removes First Amendment rights, among other reasons. … The government argues amendments enacted over the last three years have cured any deficiencies in the Patriot Act, but the ACLU disagrees."

Local Television. At least one local television newscast reported that a Detroit federal judge has ruled that a challenge by the ACLU to the constitutionality of the Patriot Act may proceed. WWMT-TV Grand Rapids, MI, (9/3, 11:16 p.m.) reported, "Long awaited decision finally came in on the U.S. Patriot Act. A federal judge in Detroit gave the O.K. for a lawsuit to continue against the law. The issue has been in the air since 2003. That's when the ACLU sued the government on behalf of several organizations saying the patriot act violates the constitution and should be thrown out. Today the Detroit judge did not agree with government claims that new amendments to the act fall within the constitution."

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HOMELAND RESPONSE:

Official Criticized Over DHS Grant Distribution Leaving Agency. The New York Times (10/4, Lipton, 1.21M) reports, "Tracy Henke, the Department of Homeland Security official who helped supervise the distribution of antiterrorism grants, is resigning in the wake of criticism from members of Congress that the grant process was irrational or at least inexplicable. The criticism surged after big cuts were made in annual anti-terrorism grants to major cities including Washington and New York while a report showed that the department's list of possible terrorism targets included an Indiana popcorn farm and an Alabama petting zoo."

Experts Urge Congress To Regulate Fertilizer. USA Today (10/4, Hall, 2.27M) reports, "Counterterrorism experts and lawmakers from both parties are demanding that Congress pass a law to restrict the sale of a popular fertilizer that was the key component in the Oklahoma City bombing." Rep. Curt Weldon said, "Time is of the essence. This has been a material of choice in terrorist acts." USA adds Richard Falkenrath, "counterterrorism chief for the New York Police Department and a former senior homeland security adviser to President Bush, chastised lawmakers and administration officials last month for not passing a proposed law that would regulate the production, storage and sale of the material." New York "and at least five other states — California, Nevada, South Carolina, Michigan and Oklahoma — have passed laws regulating the sale of the material."

Relaxed Liquid Ban Came As A Result Of Extensive Testing. Leading with a list of tests conducted in the wake of August's London-based terror plot, including the detonation of "beaker after beaker of liquid explosives" in a canyon in New Mexico, the New York Times (10/4, Lipton, Wald, 1.21M) reports that since the plot was thwarted seven weeks ago, "aviation security officials in the United States have pushed to assess how serious that threat was and what safeguards should be taken. The revised checkpoint rules announced last week by American, Canadian and European authorities were the result of that frenzied effort, Transportation Security Administration officials said." TSA Chief Kip Hawley and Deputy Homeland Security Secretary Michael Jackson "provided new details about the analysis of the London scheme in a joint interview last week, in part because they were aware of the skepticism over the new checkpoint rules."

Hunt Continues For Anthrax Mailer On Fifth Anniversary Of Case. The Washington Times/AP (10/4, Schmid, Sniffen) reports more than "1,000 biological detectors are sniffing mail across the country for dangerous contamination as the hunt goes on for whoever put anthrax in letters and killed five people just after the Sept. 11 attacks." An anthrax case in Florida, "reported five years ago Wednesday, brought the first hint of what turned out to be contamination of mail that reached Washington, New York, Connecticut and New Jersey and raised fears nationwide." Last month, FBI Director Robert Mueller "said agents are still working on the aging anthrax case, and he declared it 'will be solved and the person or persons responsible will be brought to justice.'" A "small number of people in the U.S. and abroad are being looked at by investigators because they fit some criterion, such as access to anthrax, said one official who declined to be identified because authorities are reluctant to discuss the details of ongoing investigations." Neither that official "nor any others involved with the case would discuss the status of Steven Hatfill, the former Army scientist once described by then-Attorney General John Ashcroft as a 'person of interest' in the case." Currently there "are 17 FBI agents and 10 postal inspectors assigned to the case. Investigators have conducted more than 9,100 interviews, issued more than 6,000 grand jury subpoenas and completed 67 searches."

WAR NEWS:

Woodward Accuses Bush Of Refusing To Deal With Bad News On Iraq. Bob Woodward, on Fox News The O'Reilly Factor (10/3, O'Reilly), said that President Bush "needs to be optimistic and positive, but for dozens, dozens of occasions, very specific that I point out in the book, there are secret intelligence reports where somebody comes in and says for instance there's an insurgency, and the President's response is 'I don't want to read about that in "The New York Times,"' rather than dealing with the evidence. That's all." Later Woodward adds that after 9/11, Bush "was the voice of realism. He was the one after 9/11, as you may recall, who said it's going to be tough and it's going to be hard. We're probably going to be attacked again. Now, when there's secret reports saying the insurgency is going to get worse in 2007, he goes public and gives speeches and says the terrorists are in retreat. I know soldiers on the ground or soldiers who have returned from Iraq who tell me they know how bad it is. The violence is going up. I had somebody who just returned from Iraq call me and said it's like a Mad Max movie."

Woodward, also on Fox News The O'Reilly Factor (10/3, O'Reilly) said, "I think it's important and somebody suggested this to me who was involved, that the President could come out and give a speech and say we invaded Iraq. It was the right thing to do. It has turned out to be a monumental task that we did not anticipate. It has been

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much, much more difficult, and we need to continue with this task. But you need to know that things have been really much more difficult than I told you and his approval ratings would soar. Just like Jack Kennedy with the Bay of Pigs invasion when he came out and said it rests with me, it's my decision."

Hadley Says Bush Not Misleading Country About Iraq. In a USA Today op-ed (10/4), National Security Adviser Stephen J. Hadley says President Bush is "fully engaged in leading this long war. He is well aware of both the good news and the bad. He reviews intelligence reports. He reads stories in the news media. He meets with families of the fallen. Our strategy is far from 'stay the course.' The president continually challenges all of us to learn from experience, adapt to change and improve our performance. In Iraq, we have modified our approach to training the Iraqi army so Iraqi soldiers can be more effective in defeating terrorists and insurgents." Hadley concludes, "The president will continue to speak directly and candidly to the American people — about this war, about the enemy we face, and about why we can and must see this war through to victory."

USA Today Says Woodward Book Shows How Administration "Bungled" Iraq. USA Today (10/4, 2.27M) editorializes, "If there's a lesson from Bob Woodward's latest book, State of Denial, it's that the calamity that has unfolded over the past three years in Iraq was born of a ruinous mix of arrogance and naiveté from President Bush and his key deputies." The book "provides fresh details about the myriad ways administration officials, particularly Defense Secretary Donald Rumsfeld, bungled the Iraq war." The book faults Rumsfeld for "unrealistic plans," such as ignoring recommendations for 450,000 troops and "a State Department blueprint that could have tamped down the looting, including of arms depots by future insurgents." He also displayed "pettiness" by cutting "others out of Iraq decisions and planning" and failed to heed Jay Garner's advice to reverse three policies: "banning Baath Party members from any new government; disbanding the Iraqi army; and rebuffing an interim leadership that could have put an Iraqi face on the nation's new government."

WPost Says Bush "Unable To Come To Terms" With Iraq. The Washington Post (10/4, A24, 748K) editorializes, "From the failure to produce a coherent postwar plan to the disastrous performance by the occupation authority that was belatedly installed, the Bush team turned a difficult mission into a near-impossible one. President Bush and his most senior aides meanwhile stubbornly refused to listen to advisers who warned of the consequences of their policies." Bush "refused to take one of the essential steps needed to remedy the resulting mess -- replacing Mr. Rumsfeld -- despite repeatedly being advised to do so by his own chief of staff, among others. The result, as Mr. Woodward describes it, is a defense secretary who has lost the confidence of the military he directs. Even more disturbing is the portrait of a president who, with two years left in his term, seems unable to come to terms with the damaging and dangerous situation he has helped to create -- much less imagine a way out of it."

Friedman Hopes Republicans Lose Congress By Thinnest Possible Margin. In his New York Times column (10/4), Thomas Friedman says, "For the sake of the country, I really hope the Republicans lose the House and the Senate to the Democrats — by one seat in each chamber. It is so important that the Republicans lose, because if the Bush-Cheney-Rumsfeld-Rice team can get away with the grotesque incompetence they have exhibited in Iraq — a war that was not preordained to fail, but was never given a proper chance to succeed — it makes this country look like a banana republic." If "we have any chance of salvaging Iraq and solving some of our real problems at home, it will only be as a result of some electoral shock treatment delivered to a Republican Party that has failed to demand even the most minimal competence and planning from its leaders." But Friedman adds, "The reason I want the Democrats to win by only one seat in both the House and the Senate is because I want them to have such a slim margin that they will have to govern from the center — to look for bipartisan fixes to the country's major issues, which is the only way they can be addressed."

Dowd Criticizes Bush For Consulting Kissinger. In her New York Times column (10/4), Maureen Dowd says, "As Bob Woodward reveals in 'State of Denial'"…Henry Kissinger "has been one of the few trusted outside advisers that W. has listened to on Iraq. The administration has shaped its policy to hew to the 83-year-old Unwise Man's belief that the only way to beat an insurgency is to stick it out, no matter how many American kids and foreign civilians die. Especially if elections are coming up. As the historian Robert Dallek, who is writing a book on Nixon and Kissinger, notes, 'Kissinger was complicit in using foreign policy to try to save Nixon during Watergate.'"

Eight GIs Killed In Single Day In Baghdad. The New York Times (10/4, Luo, 1.21M) reports, "Eight United States soldiers were killed Monday in Baghdad, the United States military said, the most in the capital in a day since July 2005. Four of the soldiers died in a roadside bomb attack; the four others were killed by small-arms fire in separate incidents." The deaths "represented one of the highest nationwide death tolls for American troops in the past year. In late August, nine soldiers and a marine were killed in a day. But before that, the last time eight or more soldiers were killed in hostile action was last November."

In other news, "On orders from Jawad Bolani, the interior minister, a high-ranking police commander was suspended Tuesday and taken into custody pending an

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investigation into a brazen kidnapping of 26 food-processing workers on Sunday in Amel, in western Baghdad." Also, "A government organization responsible for overseeing Shiite mosques issued a report on Tuesday that offered another window into the sectarian violence that has plagued Iraq since the destruction of a Shiite shrine in Samarra in February. In the two and a half years before then, going back to August 2003, there were only 80 attacks on Shiite mosques, the report said. In the eight months since the Samarra bombing, there have been 69."

ABC World News (10/3, story 8, 0:15, Gibson, 8.78M) reported, "In Iraq, the month of October is off to a very deadly start for US forces. 14 US troops have been killed in the first two days of the month. Most of them in and around Baghdad, including four soldiers who were killed in a roadside bombing."

CBS Evening News (10/3, story 5,0:15, Couric, 7.66M) reported, "October is off to a violent start in Iraq. Fifteen US soldiers and Marines have died since Sunday. That follows 74 US deaths in September, the second deadliest month this year. Seventy-six Americans were killed in April."

51 Killed In Iraq In Continuing Sectarian Violence. The AP (10/4, Keath) reports, "A suicide bomber unleashed a blast in a Baghdad fish market Tuesday and two Shiite families were found slain north of the capital as violence across Iraq claimed at least 51 lives. The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines in what has been a deadly period for American forces in Iraq. The announcement brought to at least 15 the number of servicemembers killed in fighting since Saturday." Meanwhile, Prime Minister Maliki's "four-point plan calls for creating neighborhood Shiite-Sunni committees to monitor efforts against sectarian violence. The aim is to overcome the deep mistrust between Sunnis and Shiites. Many Sunnis remain skeptical that Shiite leaders will allow security forces to crack down more strongly on Shiite militias blamed for killing Sunnis — including some linked to parties in the government." The AP reports, as did the New York Times, the Interior Ministry's announcement that "the police commander for the Amil district had been discharged and arrested for investigation in the kidnapping [of food workers]— a possible response to Sunni complaints that Shiite-led security forces allow militias to operate freely."

Bill Sets End Date For Special Inspector General For Iraq Reconstruction. The Washington Times (10/4, Scarborough, 88K) reports, "Congress has set a 2007 termination date for the special inspector general for Iraq reconstruction [SIGIR] at the behest of the Bush administration, removing the source of a series of audit reports that have emboldened critics of the president's war polices." The bill "ends SIGIR, as the post is called, on Oct. 1, 2007. The bill, which has yet to be signed by President Bush, calls for the work to be transferred to inspectors general for the Pentagon, the U.S. Agency for International Development and the State Department. State runs reconstruction in Iraq." The SIGIR's critical findings "generally pleased Democrats, whose 2006 campaign theme is that the White House has mismanaged all aspects of the Iraq war. But the audits rankle some in the military and at State, who say they glossed over progress made in the face of daily threats of violence."

GOP Appropriates Funds In Defense Bill To Celebrate "Victory" In Afghanistan, Iraq. The New York Times (10/4, Shanker, 1.21M) reports in a sarcastic article, "Even as the Bush administration urges Americans to stay the course in Iraq, Republicans in Congress have put down a quiet marker in the apparent hope that V-I Day might be only months away. Tucked away in fine print in the military spending bill for this past year was a lump sum of $20 million to pay for a celebration in the nation's capital 'for commemoration of success' in Iraq and Afghanistan. Not surprisingly, the money was not spent. Now Congressional Republicans are saying, in effect, maybe next year. A paragraph written into spending legislation and approved by the Senate and House allows the $20 million to be rolled over into 2007." Democrats "called attention to the measure, an act that Republicans are likely to portray as an effort to embarrass them five weeks before the midterm election."

Judges Postpone Saddam Verdict. The AP (10/4, Abdul-Zahra) reports, "Judges postponed their verdict in Saddam Hussein's trial Tuesday, a long-awaited decision that once held out the hope of healing Iraq's wounds but now threatens to spark even more sectarian violence. The verdict had been expected on Oct. 16 but was delayed until at least the end of the month while judges take extra time to review the evidence and make sure their case is airtight." The verdict "could worsen violence that is already claiming dozens of lives daily. A death sentence for the former leader could enrage his Sunni Muslim supporters, while anything less is sure to infuriate Shiites who were oppressed under Saddam's regime." The uncertainty of the verdict "is a far cry from the hopes of many U.S. and Iraqi officials when the war crimes trial began nearly a year ago. They touted the tribunal as a way to help heal Iraq's divisions by exposing atrocities during Saddam's regime, establishing justice and opening the door for reconciliation." The USA Today/AP (10/4) runs a shorter version of this article.

WSJournal Weighs In On AWB, Oil-For-Food Probe. The Wall Street Journal (10/4, 2.03M) editorializes on the oil-for-food scandal, "AWB's largesse made it one of the single-largest contributors to Mr. Hussein's purse, and so Prime Minister John Howard commissioned Mr. Cole to investigate.

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... We're looking forward to Mr. Cole's final report, due November 24. Like Mr. Volcker's enlightening tome, it should demonstrate how Saddam's regime systematically bled money out of willing patrons, and all under the unwatchful sponsorship of the U.N. Secretary General."

Frist Comments On Taliban Draw Criticism. The Washington Post/AP (10/4, A16) reports, "Democrats criticized Senate Majority Leader Bill Frist (R-Tenn.) yesterday for saying that the Afghan war against Taliban guerrillas can never be won militarily and for favoring bringing 'people who call themselves Taliban' into the government." The AP reports, "Democrats accused Frist of trying to 'cut and run' in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq."

Another AP (10/4, Zuckerbrod) article reports that he weathered criticism from House Minority Leader Nancy Pelosi, Senate Minority Leader Harry Reid, and Democratic Senatorial Campaign Committee spokesman Phil Singer. Frist spokeswoman Amy Call claimed that Frist meant tribes, not actual insurgents: "Sen. Frist does not believe Taliban fighters — often foreign fighters who come to Afghanistan to further conflict — should be brought into the reconciliation process." However, media professor Stephen Hess said, "It is so far out of keeping with what Republicans are saying, and will need so much massaging by his press operatives, that it really casts in a new light the seriousness of him as a future Republican nominee for president."

The Washington Times (10/4, Behn, 88K) reports that "regional analysts and local Afghans said that for any deal to work the Taliban would have to be given a role in the government -- a chancy proposal given their ruthless devotion to Shariah, the Islamic law. ... 'I think a future attempt to include the Taliban is probably going to have to go further than an amnesty,' said Christopher Langton, the head of defense analysis at the London-based International Institute for Strategic Studies."

Software Will Monitor Press To Assess Opinions Of US. The New York Times (10/4, Lipton, 1.21M) reports, "A consortium of major universities, using Homeland Security Department money, is developing software that would let the government monitor negative opinions of the United States or its leaders in newspapers and other publications overseas." Though news sources have long been used by US officials "to track events and opinions here and abroad," the software under development "would allow much more rapid and comprehensive monitoring of the global news media, as the Homeland Security Department and, perhaps, intelligence agencies look 'to identify common patterns from numerous sources of information which might be indicative of potential threats to the nation,' a statement by the department said." The Times adds that the "research has raised concern among journalism advocates and privacy groups," and quotes Lucy Dalglish, a lawyer and former editor who is executive director of the Reporters Committee for Freedom of the Press, who called it "creepy and Orwellian."

DOJ:

Caliber Wins $45 Million DOJ Contract. The Washington Business Journal (10/4) reports, "Caliber, a research and consulting company that is part of ICF International, has been awarded a five-year contract worth $45 million to provide training and technical support for offices within the Department of Justice." The Journal continues, "Fairfax-based Caliber will support the Office for Victims of Crime, Training and Technical Assistance Center and the Office of Juvenile Justice and Delinquency Prevention, National Training and Technical Assistance Center.. … Caliber will support a range of Justice Department tasks, including needs assessments, evaluations and education, marketing, and outreach to professionals working in related fields to assist the department in responding to emerging justice system issues."

CORPORATE SCANDALS:

HP Security Expert Sought Phone Record Deletions. The AP (10/4, Robertson) reports, "A Hewlett-Packard Co. security expert instructed an investigator to make 'absolutely sure' he deleted private phone records of non-HP employees obtained in the company's ill-fated effort to root out the source of boardroom leaks, a series of internal e-mails show." The AP continues, "Fred Adler, a former FBI agent working in HP's IT security investigations department, vowed in the Feb. 9 e-mail to investigator Arthur Molineaux that he would also delete records that were not the property of the computer and printer maker, according to congressional documents provided Monday to the Associated Press and other news outlets. … 'As for the non-HP owned records you obtained and sent to me in an unsolicited, good faith attempt, please make absolutely sure you delete them as you stated you would,' wrote Adler, who has previously been praised with another member of the security detail for sounding the alarms that HP's tactics might land it in legal trouble. 'I will do the same.'" The AP adds, "The e-mail was included in hundreds of pages of documents provided to the media by the congressional panel investigating HP's possibly criminal probe that has prompted the departure of three board members and three top employees. … To unmask the person who leaked private boardroom discussions to the media, HP investigators and third-party detectives combed through

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detailed phone logs of directors, journalists and former and current HP employees, and rummaged through trash, trailed targets when they went out of town. … Federal and state authorities are investigating whether HP insiders or contractors violated the law by obtaining the phone records through a shady practice known as "pretexting," in which the investigators impersonated their targets to trick the phone companies into coughing up private records."

Ousted HP Chair To Begin Chemotherapy. The AP (10/4, Robertson) reports, "Ousted Hewlett-Packard Co. Chairwoman Patricia Dunn, who survived breast cancer and melanoma, was told by her doctors Tuesday she would need to begin chemotherapy treatments for advanced ovarian cancer, according to a person close to Dunn." The AP continues, "Dunn, 53, is scheduled to start her treatments Friday at the University of California at San Francisco for the recurrent cancer, the person, who asked to remain anonymous because a formal announcement wasn't planned, said late Tuesday." The AP adds, "Dunn, who orchestrated the HP boardroom spying probe that spawned criminal and congressional investigations, was diagnosed with the ovarian cancer in 2004, and had surgery in August on a metastasized tumor, family members have said. … She stepped down from the HP board last month amid an uproar over the spying campaign on directors and reporters that prompted the resignation of two other board members and the departure of three top HP employees."

Shaw Group Reviews Options Awards. The AP (10/4) reports, "Engineering and construction company The Shaw Group Inc. said Tuesday it's started a review of stock-option awards for its 2000 fiscal year to make sure they comply with federal guidelines issued after a scandal involving options grants." The AP continues, "Shaw Group, which has become a major contractor in post-Hurricane Katrina reconstruction efforts on the Gulf Coast, said its audit committee and management concluded Aug. 16 that neither the company nor any employees had engaged in illegal "backdating" activity dealing with past-option grants. … But the additional review began after the Securities and Exchange Commission provided more guidance on the measurement date for option grants, the company said." The AP adds, "The SEC and the Justice Department launched more than 80 investigations into companies nationwide over the possible manipulation and illegal reporting of stock option grants."

Namibian Judge Grants Bail To Former Comverse CEO. The AP (10/4, Jacobson) reports, "The fugitive former CEO of software company Comverse Technology Inc. was granted bail by a Namibian court Tuesday while he awaits extradition to the United States to face charges for allegedly manipulating stock options." The AP continues, "Jacob 'Kobi' Alexander was granted bail of about $1.3 million, his lawyer Richard Metcalfe said, on condition that he hands in his passport, is not allowed to leave the district of Namibia's capital Windhoek and has to report twice a week to an Interpol inspector. … 'We are extremely pleased,' Metcalfe said." The AP adds, "Alexander was arrested Sept. 26 in Windhoek at the request of the FBI after a two-month manhunt. … The Namibian government opposed bail at the request of the United States, arguing he could flee the country before a U.S. extradition request reached Namibian authorities. … However, Metcalfe said: 'Magistrate Uatjo Uanivi found that the evidence presented for denying him bail were not convincing at all. … There was no reason to believe he would not be willing to stay in Namibia pending extradition.'" The AP notes, "The U.S. has 30 days to lodge an extradition request from the date of Alexander's arrest. Only then will a formal hearing be held. U.S. Attorney Roslynn Mauskopf said last week she would seek Alexander's swift extradition to face charges in federal court in the Brooklyn borough of New York."

Kozlowski, Swartz Lawyers Seek Reversal Of Convictions. The Wall Street Journal (10/4, Bray) reports, "Former Tyco International Ltd. executives L. Dennis Kozlowski and Mark H. Swartz asked a New York state appellate court to throw out their convictions almost 16 months after they were found guilty of charges that they systematically looted the Bermuda conglomerate. In a brief filed with New York State Supreme Court's Appellate Division," lawyers Kozlowski and Swartz "said their convictions should be reversed and the indictment dismissed, arguing in part that neither man took anything to which they weren't entitled under the company's executive-compensation plan. They also argued that their sentences were excessive."

Companies, CEOs Rarely Split Up Over Pay. The New York Times (10/4, Leonhardt) reports that it is difficult "to come up with a single example of a company and its chief executive splitting up over pay. Chief executives retire and are fired. But as long as they remain on the job, they evidently don't end up disagreeing with their boards about how valuable they are. The negotiation over a chief executive's pay is one that never seems to fail, which, of course, means that it isn't much of a negotiation at all. It's more like a friendly conversation. … When directors at a big company think they have found the right person for the job, they persuade themselves that no one else on earth could do it as well. They basically fall in love. Once that happens, almost no price seems too high."

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CRIMINAL LAW:

Bush Plans Conference On School Violence. President Bush said yesterday that he is "saddened and deeply concerned" about the recent wave of school violence including the killing of five girls at an Amish schoolhouse in Pennsylvania. ABC World News (10/3, story 2, 2:50, Gibson) reported, "The President said he was deeply concerned about the recent surge in school violence. And said Americans have a responsibility to protect their children." President Bush: "Our schoolchildren should never fear their safety when they come into a classroom."

The AP (10/4) reports that the President said "Americans have a responsibility to protect their children." The AP adds, "The Bush Administration plans to bring education and law enforcement experts together for a conference on coming to grips with the problem and discuss federal action that can help communities prevent violence and deal with its aftermath, White House spokeswoman Dana Perino told reporters. … Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend."

FNC's Hannity And Colmes (9/3, 9:30 p.m.) reported, "The president said school children should never fear for their safety when they go into a classroom. After three shootings in the past week - most recently in Pennsylvania, but also in Colorado and Wisconsin. The president wants to know if the federal government can do more." President Bush said, "Yesterday, I instructed attorney general Gonzales and secretary of education Margaret Spellings to convene a meeting next Tuesday. A meeting of leading experts and stake holders to determine how best the federal government can help states and local governments improve school safety." Fox's Molly, "The white House says representatives from the F.B.I., teachers unions, and the national parent teacher association will be attending. For now, Secretary Spellings says concerned parents should ask questions about how their local schools are reacting to the shootings."

At least eight local TV newscasts reported that President Bush instructed attorney general Alberto Gonzales and education secretary Margaret Spellings to convene a special meeting next Tuesday to tackle school shootings. Some examples: JBF-TV Augusta, GA, (9/3, 5:30 p.m.) reported, "In the wake of the recent rash of school violence, President Bush is taking action. He has asked attorney general Alberto Gonzales to get involved. The president says he is saddened by the recent school shootings and that he and the first lady 'share the concerns' of parents, who worry about the safety of their children in schools."

KIII-TV Corpus Christi, TX, (9/3, 4:59 p.m.) reported, "President Bush has asked attorney general Alberto Gonzales to convene a special meeting next Tuesday on school violence. He is calling for a meeting of leading experts to discuss how the federal government can help state and local governments improve school safety."

KSAT-TV San Antonio, (9/3, 5:03 p.m.) reported, "President Bush to call for a special meeting on school violence. He has asked attorney general Alberto Gonzales to bring education and law enforcement experts together to discuss how federal government could help communities prevent violence and deal with its aftermath."

KFSN-TV Fresno, CA, (9/3, 6:01 p.m.) reported, "Bush says he has asked attorney general Alberto Gonzales to hold a special meeting next week on school violence. 'Our school children should never fear for safety when they enter a classroom.'"

WCIA-TV Champaign, IL, (9/3, 12:03 p.m.) reported, "White House spokeswoman Dana Perino says the President has asked attorney general Alberto Gonzales and education secretary Margaret Spellings to come up with suggestions. Topics will include ways to prevent the violence."

Experts Say There Is No Way To Safeguard Everyone. The AP (10/3, Eller) reported that school violence experts say there are solutions to the recent school violence problems "just none that safeguard everyone. 'We'll probably never be in a place where we can assure everybody, without exception, that nothing will happen in our schools,' said Bill Modzeleski, who oversees federal school safety for the Education Department. 'Our schools are a reflection of our communities.'" The AP adds, "Kenneth Trump, a safety consultant, said schools have learned lessons since Columbine. But some still have a lax atmosphere about safety. They don't prepare for what could happen. Until that changes, he said, 'We're never going to get closer to solving this problem.'" The AP also reports, "Overall, schools remain safe places. … Yet as long as schools have kids, they will be targets."

Schools Review Security Plans In Wake Of Pennsylvania Shootings. The Washington Times (10/4, Cella) reports that in the wake of the Pennsylvania school shootings Monday, schools have begun reviewing their emergency plans. The school systems' "review of security measures is proceeding after three school shootings nationwide in the past week."

CBS Evening News (10/3, story 2, 3:05, Couric) reported, "With one school shooting after another, over this past week, parents all over America are wondering whether their children are safe." CBS (Cobiella) added, "In tiny towns like Ladonia, Texas, a locked door is about as rare as stranger's even at the local school. But after two small-town school shoot negligence a week, principal Greg carpenter wonders whether he's doing enough to keep his 200 kids

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safe." Gregory Carpenter: "It really does make us as principals think, okay, you know if that situations with us, what you know, are we ready? Am I prepared? Can I handle it?" Cobiella: "Especially considering that 15 of the last 20 school shootings have been in communities of fewer than 25,000. But like here, many small schools barely have the budget to get by, let alone to invest in cameras, metal detectors, and security guards. So carpenter is left to do what the state mandates -- practice lockdown drills, and know that calling 911 would bring a sheriffs deputy in 15 minutes. The extent of your security is eyes, ears, and a phone call. I mean, that's got to be a little nerve-racking."

ABC News (10/4, Harris) reports, "As students and administrators across the country react to the recent rash of school shootings, including this week's violence in an Amish schoolhouse in Pennsylvania, students at Passaic High School in New Jersey said they were nervous." ABC News continues, "Education officials in Texas and Atlanta sent principals e-mail and text message reminders to be 'particularly vigilant' right now. .. . The Texas note warned of copycat acts, saying, 'As the similarities between the incidents in Bailey, Colo., and Paradise, Pa., demonstrate, acts of violence such as these have the potential to induce others to commit similar acts. We must never let our guard down when it comes to the safety of our students, and we must be particularly vigilant during the times surrounding such incidents, when the potential for copycat acts is at its highest.'" ABC News adds, "After the Columbine massacre, schools across the country drafted emergency response plans. But now, experts said, many schools devote limited time and resources to improving standardized test scores, which are often how schools are measured. .. . School violence experts also said government funding for surveillance cameras and emergency drills have been cut. … In 2002, the Justice Department's cops-in-schools program had a budget of $180 million. It's now at zero. Even schools where safety is a high priority said there's only so much they can or should do."

The Wilmington (DE) News Journal (10/4, Kenney, Brooks) reports, "Pencader Charter High School Principal Dave Jones asked the school's security company to check all the locks Tuesday. … With the spate of school shootings -- including Monday's massacre at an Amish school in Lancaster County, Pa. -- Jones wanted to make sure intruders wouldn't be able to get into the school near New Castle, which was once an office building." The Journal continues, "Side doors feature magnetic locks that can be opened only with staff security cards, and visitors have to be buzzed inside. … 'It's just a frightening commentary on American society when you have these kinds of things happening at schools,' Jones said." The Journal adds, "The gravity of the situation -- the nation's third school shooting in a week -- reached the Oval Office, with President Bush calling for a national conference on school violence. … But Sen. Joe Biden, D-Del., says the administration has undercut programs to protect students -- programs like COPS, which came from the crime-prevention bill Biden sponsored in 1994. … The program provided millions to communities to hire extra police, including 6,424 officers to work in schools. Delaware hired 13 officers through the program. … The budget for the COPS in Schools program has been eliminated for the past two years, Biden said. Another $10 million to help law enforcement improve its emergency communications also has been eliminated."

Doctor Notes Majority Of Rampage Shootings Were Girls. The Christian Science Monitor (10/4, Chaddock, Clayton) notes an "unusual and disturbing feature" of Monday's Amish school shootings and the one five days earlier in Bailey, Colorado: "girls as targets. 'The predominant pattern in school shootings of the past three decades is that girls are the victims,' says Katherine Newman, a Princeton University sociologist whose recent book examines the roots of 'rampage' shootings in rural schools. Dr. Newman has researched 21 school shootings since the 1970s. Though it's impossible to know whether girls were randomly victimized in those cases, she says, 'in every case in the US since the early 1970s we do note this pattern' of girls being the majority of victims." The Monitor adds, "The apparent similarities between the Bailey and Nickel Mines shootings - and their close proximity in time - raise experts' concerns about 'copycat' attacks."

Pennsylvania Shooter Was Consumed With Sorrow, Anger, Self Hatred. USA Today (10/4, Hall, Hampson) reports that Charles Carl Roberts IV, the shooter in Monday's Amish school killings was consumed with "sorrow over the death of a newborn; anger at God for allowing it; self-hatred for supposedly molesting young relatives long ago; compulsion, which invaded his dreams, to molest again." Roberts "hid it all behind a seemingly solid veneer of fatherhood, a stable marriage to a religious woman, and a respectable job as a milk truck driver. But finally, he erupted, turning a one-room Amish schoolhouse into a slaughterhouse." USA adds, "No one appears to have seen the latest explosion coming. … Only a few claimed to have glimpsed anything amiss."

ABC World News (10/3, lead story, 3:15, Gibson) reported, "Today, authorities released a suicide note he left behind, that hinted at acts of molestation he committed 20 years ago. It also described a hatred of himself and of God. We also learned the names of the five, young girls whose lives he took." ABC (Muir) added, "And investigators try to answer that one question. Why did Charles Roberts do this? And today, investigators reveal revealed the secret that Roberts only revealed to his wife in the final moments before

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he shot the girls and himself in the schoolhouse. The first piece of the puzzle was revealed in the final phone call to his wife, from within the schoolhouse, his victims bound. He told his wife he molested two, young girls in his own family 20 years ago. That phone call helped make clear the rambling suicide note Roberts had left behind for his wife. In the note, Roberts said he had dreams about what he did 20 years ago. And in those dreams, he wanted to do those things again. Authorities' say they don't believe he sexually molested any of his victims in the schoolhouse before shooting them. But he may have intended to when police pulled up."

A front page story in the Washington Post (10/4, A1, Jones, Partlow) reports that Roberts left behind five suicide notes describing "his anguish over the loss of a premature baby nine years ago, police said, and a checklist found in his milk truck offered a sordid blueprint for the mayhem." The Post adds, "There is 'no evidence' that the girls held hostage Monday were sexually assaulted, [Pennsylvania State Police Col. Jeffrey] Miller said, but the boxes of evidence police carted away from the Nickel Mines school included sexual lubricant and restraint devices. 'It is very possible he intended to victimize these children in many ways prior to executing them,' said Miller, who added that Roberts 'planned to dig in for the long siege.'"

The Washington Times/AP (10/4, Scolforo) reports that investigators say Roberts "plotted his takeover of the school for nearly a week and that the items he brought -- including flexible plastic ties, eye bolts and sexual aids -- suggest he may have been planning to violate the Amish girls before police closed in." Roberts "had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Col. Miller said."

NBC Nightly News (10/3, lead story, 2:45, Ellis) reported, "Police now say this Amish schoolhouse was the final step in a well thought-out plan by Charles Roberts IV to commit murder." Jeffrey Miller, PA State Police Commissioner: "He had a mental script that he had already gone through in his mind and plans on what he was going to do until the police arrived."

The New York Times (10/4, Kocieniewski, Dewan) reports, "Speaking to his wife by cellphone after he had bound his hostages with wire and plastic ties, Mr. Roberts told her -- for the first time -- that he had molested two younger relatives, when he was 12 and had recently dreamed of sexually abusing young girls again, the police said. He also said his life had been warped by anger and grief since the death of their newborn daughter nine years ago. But he 'became confused' and started shooting when the police arrived, said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police, killing five girls, seriously injuring five others, then killing himself without carrying out any sexual assault."

The Los Angeles Times (10/4, Barry, Simon) reports that at an afternoon news conference, Miller "painted a grisly picture" of Roberts as "a methodical assailant who carefully planned for a siege and left suicide notes explaining possible motives for attacking the one-room schoolhouse Monday morning. The attack was 'organized, preplanned and had forethought,' Miller told reporters at a televised news conference. … Why Roberts acted the way he did may never be known, Miller said. But the notes left by Roberts for his family cite his fears about repeating sexual assaults and the loss of his child, who died about 20 minutes after birth."

The AP (10/4, Scolforo) reports, "The crime bore some resemblance to an attack on a high school in Bailey, Colo., where a 53-year-old man took six girls hostage and sexually assaulted them before fatally shooting one girl and killing himself. That attack occurred last Wednesday, the day after Roberts began buying materials for his siege."

Bloomberg (10/4, Zeranski) reports, "President Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence."

Death Toll Rises To Five. CBS Evening News (10/3, lead story, 2:50, Couric) reported, "Two more of the young girls shot by Charles Roberts died today, bringing the death toll to five. Four others are in critical condition." CBS (Pitts) added, "As for the five girls who survived, four remain in critical condition. One has been upgraded to serious."

Strong Faith, Community Ties May help Amish Cope With School Shootings. The New York Times (10/4, Goodstein) reports that experts on the Amish community say their "strong faith and community ties "may prepare them unusually well to cope" with the trauma of Monday's shootings. The Times adds, "In their rural life, they are used to tragedy, said Tom Shachtman, a journalist who wrote 'Rumspringa: To Be or Not to Be Amish' (North Point Press, 2006). Barns burn down. Families riding in horse-drawn buggies are hit by trucks. Farmers are maimed in accidents. Many of the large families who Mr. Shachtman met had lost a child, some to suicide. They accept these tragedies as the will of God, an approach to life they call yieldedness, Mr. Shachtman said. He said this helped explain why the Amish interviewed after the shooting in Nickel Mines, Pa., sounded more resigned than angry. They are pacifists, and some spoke of the need to forgive the killer."

Attacks Show Schools Are Among Communities' Most Vulnerable Places. USA Today (10/4, Johnson, Toppo) reports, "Monday's fatal shootings at an Amish school in Pennsylvania and last week's attack in Bailey, Colo., that left one girl dead underscore how schools across the nation, long considered among the safest places in their communities, also can be the most vulnerable. Statistics

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consistently show that children are far safer on school grounds than nearly anywhere else. However, safety consultants say the recent attacks -- both by men who apparently were intent on molesting girls -- are vivid reminders of the challenges schools and police face in protecting campuses from the outside world."

Father Of Columbine Victim Blames School Shootings On Secularism. The Washington Post (10/4, C8, Kurtz) reports that during the "Free Speech" segment of the CBS Evening News, Brian Rohrbough, who lost his son in the 199 Columbine school massacre blamed violence like the murders of five Amish school girls "on abortion and 'expelling God from the school.'" The Post reports, "The decision to approach Rohrbough and air his views prompted a storm of criticism, some of it within the ranks of CBS News. Anchor Katie Couric responded on her network blog, saying: 'We knew when we decided to put on this segment that a lot of people would disagree with it. We also knew some might even find it repugnant. But that is the very essence of what we're try to do with the "Free Speech" segment. This is a platform for our viewers to hear from a wide range of people -- those who may share your views, and those who don't.'"

LATimes Shocked At Amish Community's Reaction To Shootings. The Los Angeles Times (10/4) editorializes, "If anything is more unimaginable than the execution-style killings of five Amish girls in their one-room schoolhouse, it is the Amish community's reaction to the tragedy. Mourning without anger. … Those few Amish who would talk to the media refused to vent anger toward Roberts or whatever demons propelled him to violence. The Amish generally said they could not see giving up their small country schoolhouses, or placing guards or other security in the buildings, even if that made them vulnerable. It would mean giving up their peaceful, pastoral way of life, with its insistence on keeping intrusions at bay." The Times adds, "On Tuesday, there was talk that although Amish schools were unlikely to employ guards or locks, there might be cellphones on hand, just in case. We all make our concessions -- to modernity or to tradition -- when we must."

Local Television. Reporting in the Pennsylvania television newscasts on the Amish school shooting centered around the note left by Charles Roberts. Roberts confessed to his wife that he molested family members 20 years ago, and police said he may have planned to do the same to his hostages. Some examples: WYOU-TV Wilkes Barre, (9/3, 5:00 p.m.) reported, "State police say suicide notes written by Charles Carl Roberts claim that he had molested young family members about 20 years ago. Investigators say the man responsible for yesterday's shooting at an Amish school also claimed he had a dream that he would molest again. Roberts also reportedly expressed hatred towards himself and God because he and his wife lost an infant child years ago."

WNPA-TV Pittsburgh, (9/3, 10:00 p.m.) reported, "This day has seen the emergence of horrific details in the Amish school shooting in Lancaster county. Police revealed clues as to why the gunman killed the girls. In a chilling suicide note, Charles Roberts said he molested family members 20 years ago and those same urges returned to him. It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself. Police say they think Roberts plotted to take over the school, maybe for a week."

WCAU-TV Philadelphia, (9/3, 4:29 p.m.) reported, "Roberts admitted he molested kids when he was a boy. He told his wife he was angry with God from the death of his infant daughter nine years ago. Earlier today two girls died from their wounds."

WFMZ-TV Philadelphia, (9/3, 5:07 p.m.) reported, "State police are shedding more light on Charles Carl Roberts and what may have led him to open fire inside that Amish school house yesterday. Much of what we're learning is coming from Roberts himself in the form of a long suicide note and a final phone call to his wife. For at least 6 days, police say Roberts planned out his heinous attacks of the young girls inside the Nickel Mines Amish school. And on Monday, at 10 in the morning, Roberts put that plan into action. As details of his plan unfold there are stories of molestation from 20 years ago. Police say it's possible Roberts planned to do it again."

WHYY-TV Philadelphia, (9/3, 5:33 p.m.) reported, "Police say just minutes before Roberts stormed the Amish school house, he told his wife he had molested young children the past and dreamed of molesting again. He states, 'I molested some minor family members. Family members that were three or four years old 20 years ago."

WTAE-TV Pittsburgh, (9/3, 12:00 p.m.) reported, "Authorities are still trying to understand. They are currently examining whether an infant daughter of Roberts and his wife, lost several years ago may, have been a factor."

Gonzales Says Foley Probe Still In Fact-Finding Stage. CNN's The Situation Room (10/3, King) reported, "Attorney General Alberto Gonzales says the probe still is in the fact-finding stage. He spoke to CNN earlier today at an event in New Orleans." Gonzales: "I find these reports regarding Congressman Foley deeply disturbing. We notified the Speaker yesterday. The Department, investigators at the FBI, prosecutors at the Department of Justice are in the process now of gathering of facts to see what laws may have been broken. The protection of our children from child predators has been a top priority of mine, and so, obviously, we consider these allegations very seriously. It's early in the process, and so please give us an opportunity to do our jobs to ensure that our children remain safe."

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Scripps Howard (10/4, Hargrove, Parnes) reports, "FBI agents plan to 'authenticate' the widely distributed sexually explicit Internet transcripts between U.S. Rep. Mark Foley and former congressional pages, a Department of Justice official said Tuesday. … In addition, agents will interview the teenagers." Scripps Howard continues, "Justice officials said they also are considering whether federal or state laws apply in the case, the source said. … It was the first confirmation that federal authorities will conduct an extensive investigation into Foley's actions." Scripps Howard adds, "On Monday, federal officials said they were conducting a preliminary legal assessment into the matter. But authorities were much more certain that a significant investigation will take place following the disclosure of yet more sexually explicit transcripts Tuesday. … 'We don't know quite what we are dealing with here,' the official said. 'We don't know if those are the only e-mails. If there are other e-mails, are those e-mails authentic? We are trying to get all the facts and be clear what we are dealing with.'"

The AP (10/4) reports, "US Attorney General Alberto Gonzales says the FBI is gathering facts to decide whether any laws were broken in connection with a former Florida congressman's sexually explicit e-mails to a former congressional page." The AP continues, "Gonzales commented after giving the opening address at a three-day national conference of federal, state and local law enforcement and social service agencies on ways to combat human trafficking and to rescue its victims." The AP adds, "Gonzales said he notified the FBI after reading deeply disturbing news accounts of the e-mail activities of former U-S Representative Mark Foley a Florida Republican, who resigned in the wake of the scandal. … Gonzales, who said the Bush administration lists protection of children as one of its highest priorities, declined to elaborate on how far the e-mail investigation might go."

CNN's Live Today (9/3, 11:54 a.m." reported "We are also keeping an eye on all things developing with Congressman Foley. And we understand that Susan Roesgen is on the line with us right now. She's with us live. Good to see you, Susan. I understand that you had an opportunity to talk to Attorney General Alberto Gonzales a short time ago on this subject." Susan said, "That's true Tony. Alberto Gonzales is here in New Orleans for an entirely unrelated matter. He is here to address a national convention. But just a few minutes ago, the Attorney General did give his first on the record, on camera comments on the Foley situation. When I asked him about it, he said that they are only in the fact-finding phase right now, not yet a formal investigation." Alberto Gonzalez said, "Obviously, we consider these allegations very seriously. It's early in the process. So, please give us an opportunity to do our jobs to ensure that our children remain safe." Susan: "If Congressman Foley's colleagues might have been aware of the actions but didn't say anything, could they face some sort of federal charges?" Alberto Gonzales: "Listen. I'm not going to get into what ifs. We're in the process now. We are responding to the request to look into the facts here. That's what we're doing. Once we gather more information, we'll be in a better position to answer these questions." Susan added, "I also asked the attorney general about the reports that his own FBI field office in DC was aware of at least some of these e-mails back in July, Tony, and why they did not start an investigation right at that time. And He gave basically the same answer he gave to my previous question, which was listen, I don't want to get into it, we're in the fact finding and we'll sort it out later. So, some vague answers, but at least we got him on the record today, on this issue."

CNN's The Situation Room (9/3, 4:09 p.m.) reported, "Federal investigators have begun investigating Foley's trail of instant messages and e-mails. Attorney general Alberto Gonzales says the probe is still in the fact-finding stage. He spoke to CNN earlier today at an event in New Orleans." Alberto Gonzales said, "Reports regarding congressman Foley are deeply disturbing. We notified the speaker yesterday that the department, investigators at the FBI, prosecutors at the Department of Justice are in the process now of gathering up facts to see what laws may have been broken. The protection of our children from child predators has been a top priority of mine and so obviously, we consider these allegations very seriously and it's early in the process. So, please give us an opportunity to do our jobs to ensure that our children remain safe."

FBI Conducting "Widening Investigation." The Washington Post (10/4, A1, Babington, Balz, 748K) reports "federal agents were interviewing former House pages and trying to determine whether" former Rep. Mark Foley "crossed state lines to have sex with minors or enticed minors to travel across state lines for a sexual encounter, law enforcement officials said. The widening investigation comes amid reports of electronic messages in which Foley appeared to refer to past or future meetings with former pages, in Washington and other cities. The investigation is being run by the FBI's Washington Field Office, with close supervision from the Cyber Division and other senior officials at FBI headquarters, said an official speaking on background. Other FBI field offices…are involved in chasing specific leads and conducting local interviews, the official said."

Only a handful of local television newscasts reported that attorney general Alberto Gonzales said his department and the FBI are in the process of gathering up facts to see what laws former Congressman Foley may have broken. At least one coverage noted that Gonzales "is not revealing much yet." Some examples: NC8-TV Washington, DC, (9/3, 7:02 p.m.) reported, "Attorney general Alberto Gonzales says investigators with the FBI and the Department of Justice are

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in the process of gathering facts to see what laws may have been broken."

WAPT-TV Jackson, MS, (9/3, 5:20 p.m.) reported, "With control of Congress hanging in the balance. Attorney general Alberto Gonzales called the allegations against Foley 'deeply disturbing.' Tonight, both the FBI and the Justice Department are investigating the case."

WINK-TV Ft. Myers, (9/3, 5:01 p.m.) reported, "Alberto Gonzales: 'we notified the speaker yesterday that attorney general, investigators at the FBI, and prosecutors at the Department of Justice are in the process now of gathering up the facts.'"

WTVM-TV Columbus, (9/3, 5:35 p.m.) reported, "Meanwhile attorney general Alberto Gonzales says investigators with the FBI and the Department of Justice are in the process of gathering facts to see what laws may have been broken."

KRIS-TV Corpus Christi, TX, (9/3, 10:19 p.m.) reported, "U.S. attorney general Alberto Gonzales isn't revealing much yet about the Justice Department's investigation into former Congressman Mark Foley."

WJRT-TV Flint, MI, (9/3, 5:20 p.m.) reported, "Attorney general Alberto Gonzales says investigators with the FBI and the Department of Justice are in the process of gathering facts to see what laws may have been broken."

Former FBI Agent Says Foley Case Likely In Legal "Gray Area." The AP (10/4, Appuzo) reports that "Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say. … If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation. 'There are going to be some issues here in the gray area,' Lanning said. … 'Whether it's a violation of law will be based on a precise reading of the law.'" The AP notes, "One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official…said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken. FBI spokesman Richard Kolko said the agency is continuing its assessment."

Republicans Hope DOJ Probe Will Find Evidence Democrats Leaked Foley E-Mails. The White House Bulletin/US News (10/3) reported that Republican insider say a goal of House Speaker Dennis Hastert's demand for a Justice Department probe of the scandal surrounding Rep. Mark Foley "is to quickly find evidence that Democrats leaked lewd emails to the news media. Officials said that Democratic charges that the probe was meant to delay the release of more incriminating information until after the election are wrong." House GOP officials "expect Attorney General Alberto Gonzalez to move swiftly and reveal any details as investigators get them." Republicans "believe that Democrats are behind the leaks to the media and that uncovering that link would help to lessen the political impact on the GOP if voters saw the scandal as a political hatchet job."

Foley Says He Was Sexually Abused By Clergyman As A Teen. The St. Petersburg Times (10/4, Kumar) reports former Rep. Mark Foley "announced Tuesday that he was abused by a clergyman as a teenager, but he said he accepts responsibility for sending sexually explicit correspondence to boys. His attorney, David Roth, also acknowledged at a news conference on Foley's behalf that the former congressman is gay, a widely held belief in Washington but a topic that Foley previously had declined to discuss. … Foley was molested between ages 13 and 15 by a clergyman, Roth said. He would not identify the clergyman or the church. Foley is Roman Catholic."

ABC World News (10/3, story 3, 0:25, Gibson, 8.78M) reported Roth "also said Foley…never had sex with a minor." USA Today (10/4, Gomez, Heath, 2.27M) reports Roth "insisted Foley had no physical sexual contact with a page: 'Any suggestion that Mark Foley is a pedophile is false.'" The AP (10/4, Skoloff) reports Roth added that "Foley was under the influence of alcohol when he sent the e-mails and instant messages."

The New York Times (10/4, Goodnough, 1.21M) reports Roth "said Mr. Foley…had wanted to identify the person he said had molested him. … But his civil lawyers had advised him not to do so until he had completed treatment." CBS Evening News (10/3, story 3, 3:15, Couric, 7.66M) reported Roth "said specifically that [Foley] is not using it as an excuse. Rather, it's a way to explain Foley's behavior, but you can be sure lots of people are going to start calling it the 'abuse excuse.'" NBC Nightly News (10/3, story 4, 2:50, Reid, 9.87M) reported, "Foley's attorney says the new claim is not intended as an excuse for his client's behavior."

The Palm Beach Post (FL) (10/4) reports, "Foley's alleged childhood sexual abuse could have contributed to his own abusive behavior, according to a psychiatrist. … 'There's no question that being sexually abused as a child increases the risk of being a perpetrator,' says Dr. Jon Shaw, director of child and adolescent psychiatry at the University of Miami. … 'Sometimes the sexual victimization, while a horrifying experience, can often lead to sexual arousal at the same time. It's very confusing to the child. They later can identify with the aggressor, and do unto a child what was done unto them. They may pick a child roughly the same age they were when they were victimized. They become both the perpetrator and the victim.'"

Colleagues, Acquaintances Question Alcoholism Claim. The AP (10/4, Skoloff) reports that when Foley "announced he was entering rehab for treatment of alcoholism…some of those who have known him for years

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were shocked and suspicious. Some friends and acquaintances said they rarely saw him drink. A former colleague, Rep. Peter King, R-N.Y., said on Fox News Channel: 'I don't buy this at all. I think this is a phony defense. … Some longtime acquaintances said they cannot reconcile Foley's public and private lives, including the lurid communications and the claimed drinking problem. 'I have never seen Mark inebriated in public,' said Robin Bernstein, who has known Foley for 25 years."

Foley Engaged In "Internet Sex" During House Vote. ABCNews.com's blog "the Blotter" (10/3) reported Foley "interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page, according to new Internet instant messages provided to ABC News by former pages. … According to another message, Foley also invites the teen and a friend to come to his house near Capitol Hill so they can drink alcohol."

Foley's Former Chief Of Staff At Center Of Political Controversy. The Los Angeles Times (10/4, Wallsten, Levey, 918K) reports Foley's longtime chief of staff Kirk Fordham "is at the center of questions over whether Republican leaders should have known more about Foley's behavior before the revelation broke last week that Foley was sending sexually explicit messages to teenage boys." Fordham "is now chief of staff to…Rep. Thomas M. Reynolds, who as chairman of the National Republican Congressional Committee is in charge of helping the GOP retain its majority." The Times adds, "Fordham left Foley's office in 2004, but on Friday he joined in a conversation at the congressman's Capitol Hill town house advising Foley to resign. … Democrats charge that Fordham's involvement reflected the GOP's desire to minimize the political fallout by, at least initially, keeping the issue quiet." Reynolds yesterday told "reporters that Fordham acted without his knowledge." The Times notes Fordham "retained a lawyer on Tuesday and said that he intended to cooperate with the FBI's investigation of Foley's behavior."

Former Pages Reveal Details Of Foley's Behavior. Former page Tyson Vinyan, on Fox News' The O'Reilly Factor (10/3), described "what turned out to be almost surrealistic relationship with Congressman Foley through the instant messaging system online. It began shortly after I left the page program." The Washington Post (10/4, A1, Grimaldi, Eilperin, Weisman, 748K) reports, "In 1995, male House pages were warned to steer clear of [Foley] who was already learning the names of the teenagers, dashing off notes, letters and e-mails to them, and asking them to join him for ice cream, according to a former page. … More than a dozen…former House pages said in interviews and via e-mail that Rep. Mark Foley was known to be extraordinarily friendly in a way that made some of them uncomfortable."

Reforms To Page Program Suggested. In an op-ed for the New York Times (10/4, 1.21M) George Washington University's Jonathan Turley (10/4) writes, "Congress should create a Congressional Page Board composed of former pages. This board would have the ability to report infractions directly to the respective Ethics Committees for each house, which would be required to investigate and act upon any complaint submitted by the board." CBS Evening News (10/3, story 8, 2:35, Couric, 7.66M) ran a "Free Speech" segment featuring a former Congressional page praising the program.

Recent Scandals Highlight That IM Conversations Are Not Private. The Wall Street Journal (10/4, Sharma, Vascellaro) reports that office workers should apply caution to their use of instant messaging services on company computers. According to the Journal, the programs "are no haven for private chatter. Companies and government agencies can monitor and log IM conversations conducted on company-network computers. And though it seems that IM conversations disappear into a cyber-vacuum when a session is over, that isn't always true." The scandals involving Former Rep. Mark Foley and Hewlett-Packard Co.'s leak investigation "highlight the risks." The Journal adds, "Microsoft's Live Communications server allows companies' information-technology departments to log and search employees' IM conversations, including those conducted on other easily available consumer instant-messaging services like Yahoo and AOL. On top of that, some companies are also purchasing separate hardware that can trace and block IM conversations companywide or set rules for particular employees."

Revelations In Libby Case Could Hinder Prosecution. The Wall Street Journal (10/4, A4, McKinnon) reports, "Special Prosecutor Patrick Fitzgerald has taken a public-relations hit from the news that the White House aide he indicted in the CIA-leak investigation wasn't the original source. In coming months, his court case against Lewis 'Scooter' Libby could suffer as well." The Journal continues, "With pretrial settlement looking unlikely, Mr. Fitzgerald's prosecution of Vice President Cheney's former chief of staff is heading toward a January court date. But recent revelations may have dealt Mr. Libby's defense team some powerful cards. … They could undercut the prosecutor's allegation of Mr. Libby's motive: That he lied to investigators to conceal a White House effort to leak Central Intelligence Agency operative Valerie Plame's identity. The notion of such a White House campaign is now easier to attack, since it turns out that the initial information came from then-Deputy Secretary of State Richard Armitage, who wasn't viewed as a close White House political ally." The Journal adds, "The revelations also could bolster Mr. Libby's claim

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that he didn't intentionally cover up details of his conversations with reporters, but simply forgot -- an explanation Mr. Armitage gave for why he took so long to reveal one of his conversations on the subject. … At a news conference following Mr. Libby's indictment last October, Mr. Fitzgerald said Mr. Libby was the 'first official known to have told a reporter' about Ms. Plame's identity when he discussed it with then-New York Times reporter Judith Miller in late June 2003. … But it has become clear that Mr. Fitzgerald knew early on in his investigation that Mr. Armitage was the original source for Robert Novak -- the journalist who disclosed Ms. Plame's identity in a July 14, 2003, column. Yet for nearly two years, the prosecutor pursued reporters to reveal confidential sources, as the investigation focused more on the coverup than the original alleged crime. … The latest twist in the CIA-leak probe could lead to a further diminution of the independent-prosecutor system that allowed Mr. Fitzgerald, largely unsupervised, to pursue Mr. Libby. In light of the much-criticized investigation, top Justice Department officials should consider 'another layer of supervision' to review charges by special prosecutors, said Andrew McCarthy, a former federal prosecutor. Mr. McCarthy calls Mr. Fitzgerald 'as good a prosecutor as we've had,' but worries that independent prosecutors focus too much on bringing charges."

US To Seek Death Penalty In Washington Abduction Case. The AP (10/4, Geranios) reports, "Federal prosecutors said Tuesday that registered sex offender Joseph Edward Duncan III will face the death penalty for the abduction of two children, a move which may spark new efforts to settle Idaho state charges against the predator." The AP continues, "Jean McNeil, spokeswoman for U.S. Attorney Tom Moss in Boise, Idaho, said prosecutors there have received permission from the Department of Justice in Washington, D.C., to seek capital punishment against Duncan once he is charged in the abduction of Shasta Groene, 8, and the abduction and slaying of Dylan Groene, 9. … 'Federal charges and formal notice to seek the death penalty are expected to be filed at a later date,' McNeil said." The AP adds, "She declined to say exactly what federal charges Duncan would face, which she acknowledged made Tuesday's announcement unusual. … 'There has been so much publicity and so much speculation about what we would do, that we think it is appropriate to make the announcement now,' McNeil said. … Duncan, 43, a Tacoma native, already faces the death penalty if he is convicted in an Idaho court on three counts of murder for allegedly using a hammer to kill the children's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005 at the family's home east of Coeur d'Alene, Idaho. … Court documents allege Duncan, who spent most of his adult life in Washington prisons for sexual crimes against children, committed the slayings so he could kidnap the two children for sex. … The federal decision could have implications for the state case as Shasta's father, Steve Groene, would prefer that the case be settled so his daughter would not have to testify against Duncan in court."

FBI Probe Of Alaska Lawmakers Expands. The Seattle Times (10/4, Bernton) reports, "FBI agents investigating Alaska legislators have expanded their interests from oil to fish, looking at the relationship between state Senate President Ben Stevens and the North Pacific seafood industry, which has deep roots in Puget Sound." The Times continues, "In late August, the FBI searched the offices of Stevens and at least five other Alaska legislators and gathered documents relating to Veco, a major oil-field services company that had been heavily involved in lobbying the Legislature on oil-tax policies and other energy issues. FBI agents returned to Stevens' office for a second search Sept. 18. … This time, their take included two letters that Stevens wrote to the federal Commerce Department about the Alaska Fisheries Marketing Board, according to a letter outlining the searches that Stevens provided to the Anchorage Daily News." The Times adds, "Stevens has not disclosed what was in those fisheries letters or any of the other documents taken in the searches. … Stevens chaired the Alaska Fisheries Marketing Board until earlier this year. It was created in 2003 with federal legislation sponsored by his father, U.S. Sen. Ted Stevens. … The board has awarded more than $12 million in federally-funded grants to salmon-processing companies, most of them based in Puget Sound. … The FBI investigation has involved agents from around the country who assisted in the searches, said Eric Gonzalez, a FBI spokesman in Alaska. … U.S. Justice Department attorneys based in Washington, D.C., with the Public Integrity Section, which handles political corruption, also have joined the case, along with two U.S. assistant attorneys in the Alaska office, said Bryan Sierra, a Justice Department spokesman."

Connecticut Federal Court Clerk Gets Probation For Corruption Probe Leak. The AP (10/4) reports, "A former federal court clerk was spared from prison Tuesday for leaking the existence of a public corruption investigation in 2004 into then-state Sen. Ernest Newton before documents in the case were unsealed." Cassandra Warren "was sentenced to three years' probation and fined $1,000 by Senior U.S. District Judge Alfred V. Covello in Hartford." Warren told "her husband about sealed documents regarding Newton that she saw in the federal court clerk's office," in an effort "to persuade him not to get involved with Newton and his associates. The information eventually got back to Newton." The AP notes that Newton

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"was caught on an FBI wiretap talking to the head of a Bridgeport jobs training agency, who paid the lawmaker $5,000 for help getting a state grant. Prosecutors have said that Warren did not intend to obstruct the Newton investigation."

Missouri Couple Charged With Second Rape-Murder. In a widely-distributed story, the AP (10/4) reports that the Missouri "couple already facing charges in a gruesome videotaped sex killing of a woman and the sexual assault of a 5-year-old girl were indicted Tuesday in the death of another woman. Prosecutors said they will pursue the death penalty. A grand jury issued first-degree murder charges against Richard D. Davis, 41, and Dena D. Riley, 39, in the strangling and suffocation death of Michelle Ricci. … Authorities said Davis and Riley raped and tortured Ricci for several days before killing her, afraid they she knew where they lived and would go to police." The AP notes, "Davis and Riley were the FBI's most-wanted couple after they were linked to the Spicer killing. After their arrest, they allegedly directed police to Ricci's body."

Online Gaming Law Could Hurt Casino Giants. The Las Vegas Sun (10/4, Benston) reports, "Fallout from the Unlawful Internet Gambling Enforcement Act of 2006 may land hard on two of Las Vegas' biggest gaming companies, Harrah's Entertainment and MGM Mirage. Each has tapped poker fans who love Internet play and then turn to Vegas for the real action." The Sun continues, "When those gamblers try to log onto their PartyPoker.com account, they'll soon discover they can no longer place a bet. And that will chill tournament play on the Strip. … For nearly a decade, the campaign by conservative members of Congress to outlaw online gambling remained on the fringes in Washington. … But with Republican lawmakers nervous about the Nov. 7 elections and eager to find issues that will please conservative religious groups, Senate Majority Leader Bill Frist and other Republican leaders saw an opportunity to adopt the ban. They attached it to an unrelated port security bill, which was approved by Congress on Saturday." The Sun adds, "Once a small, tight-knit group of hard-core sports bettors, Internet gamblers, attracted by celebrity players and incessant television coverage of poker tournaments, have grown into a largely mainstream group of amateur bettors. But in the eyes of the U.S, they have joined the ranks of people who transport illegal drugs or sell unregistered firearms … Online operators had largely ignored the Justice Department's opinion that all forms of online gambling are illegal. It was a weak legal position, they said, that was unsupported by federal law and largely unenforceable because online betting operators are based outside of the United States. … With the bill , a 'gray area' of gambling just got a lot clearer by making it a felony to process Internet bets generated by Americans."

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The AP (10/4) reports, "A Picayune woman has pleaded guilty to making false claims to obtain Hurricane Katrina relief funds, U.S. Attorney Dunn Lampton said Tuesday. Dianne M. Dean pleaded guilty to making a false claim and a false statement to the Federal Emergency Management Agency and to the Department of Agriculture's Rural Development Agency, Lampton said." She admitted that "she submitted an application for disaster assistance with FEMA using a false address in Picayune, Lampton said. She received $2,000."

Pennsylvania Real Estate Agent Gets Decade In Prison For Money Laundering. The Philadelphia Daily News (10/4, Caparella, 109K) reports on the sentencing of Mount Airy real estate agent Melvin Stein, 61, "who laundered hundreds of thousands of dollars of drug dealers' money for more than 10 years." The Daily News notes, "Instead of taking the advice of his first attorney to cooperate with a government investigation into violent drug trafficking, Stein replaced her with a lawyer who convinced him that the government was out to get him. … Yesterday, despite 80 people showing up at a federal sentencing hearing to attest to his many good deeds, Stein paid the price: 10 years in prison, an $800,000 forfeiture and $200,000 fine, and two years of supervised release. The fine and forfeiture must be paid in 30 days." The Daily News adds that after the sentence was announced, Stein "apologized to FBI case agent Kevin Lewis and his partner, Thomas Zielinski, a Philadelphia detective deputized as a federal agent: 'You were honest with me, telling me that the government could not make any guarantees in court. I'm sorry I did not trust what you were telling me.'"

Rhode Island Mobster's Cocaine Use Blamed For Poor Health. The Providence Journal (10/4, Malinowski) reports, "Anthony M. 'The Saint' St. Laurent, a longtime capo regime in the Patriarca crime family, is a physical wreck whose health has been in a freefall for the past 20 years. … At a sentencing hearing Friday in U.S. District Court, Assistant U.S. Attorney James H. Leavey suggested that a '$500- to $600-' a-day cocaine habit was a key factor in leaving the mobster in such poor medical condition." The Journal continues, "Leavey dropped the bomb about St. Laurent's drug use after Dr. Marc S. Weinberg testified about a series of medical ailments that St. Laurent suffers from, including hypertension, kidney failure, intestinal cancer and chronic bowel problems. … 'In all honesty, unequivocally, [St. Laurent] is absolutely the sickest guy I

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have ever seen,' said Weinberg, who has treated him for 20 years. 'I have no one else like him.'" The Journal adds, "Friday's hearing was scheduled to sentence St. Laurent, 65, of 2 Rotary Drive, Johnston, to prison for conspiring several months ago to extort $100,000 from two Massachusetts men. … Judge William E. Smith continued the hearing to give the government more time to find a suitable prison to treat St. Laurent for his various ailments. A new date has yet to be set for the sentencing." The Journal notes, "At a plea hearing in July, Assistant U.S. Attorney Peter F. Neronha said the government had evidence that St. Laurent directed two men to collect the money and, if the two victims did not pay at least $50,000, to 'bash' the victims. … FBI agents and detectives from the Rhode Island State Police and Providence police arrested St. Laurent the next day."

US Argues Galante Should Not Reclaim Trash Hauling Business. The AP (10/4) reports, "Federal prosecutors claim that the owner of a Danbury (CT) trash hauling business plundered it, using it as a personal ATM to pay for his hobbies and bankroll no-show jobs for friends." The AP continues, "The claims are contained in legal briefs made available Monday and filed in the case of James Galante, a central figure in an investigation of organized crime and its alleged role in the trash hauling business." The AP adds, "Galante, who owns Automated Waste Disposal and other trash companies, has been fighting the government for control of his businesses, which federal marshals took over when he was indicted in June in the racketeering case. … Galante and his lawyers argued their side of the story in U.S. District Court in August and in a 16-page brief filed last week." The AP notes, "The prosecution briefs argue that Galante used the trash company to pay for his hobbies such as his hockey and racing teams and he was constantly bouncing checks. … Under Galante's direction, the prosecutors argued that the evidence shows that the companies had been 'regularly bouncing checks' on their commercial bank accounts for years and that the overdrafts became so 'endemic by late 2004' that the companies' bank shut the accounts and ended its relationship with AWD. … Galante's legal team alleges that before the court-ordered monitoring in June, Galante's companies were well run and profitable, but when Leonard Briskman, head of the U.S. Marshal Service team, took over, he and others hired by the government to run the trash businesses began running them into the ground."

FBI Reviewing Karr's Computer Files In Child Pornography Probe. The AP (10/4, Wohlsen) reports, "The FBI is reviewing images of teenagers found on computer equipment seized from former JonBenet Ramsey slaying suspect John Mark Karr's home to compare the images with a national database of child porn victims, a Sonoma County prosecutor said." The AP continues, "The digital images were not related to child pornography charges against Karr, said Deputy County Counsel Anne Keck. It was not immediately clear which files the FBI was reviewing." The AP adds, "The disclosure came at a hearing in which Judge Cerena Wong refused to unseal police documents in the child pornography case against Karr. Prosecutors argued they could harm the investigation and prejudice potential jurors. … Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently. .. .Defense lawyers did not comment on the FBI involvement, but renewed efforts to get the charges dismissed and filed a motion to exclude newly discovered computer evidence from his case."

Karr Lawyers Alleges Prosecutors Withheld Evidence. In a widely-distributed story, the AP (10/4, Wohlsen) reports, "Prosecutors withheld evidence that might have led to the dismissal of child pornography possession charges against former JonBenet Ramsey slaying suspect John Mark Karr, defense lawyers told a judge Tuesday." They "said prosecutors deliberately withheld a September interview with his ex-wife, Lara Knutson, in which she told them the computer from where they found the five allegedly illegal images did not work at the time of his arrest."

US Attorney Warns Parents About Cyber Predators. The Midland (TX) Reporter-Telegram (10/4, Campbell) reports, "Many parents are handicapped in trying to protect their children from Internet sexual predators because their kids know more about computers, U. S. Attorney Johnny Sutton of San Antonio said Tuesday. … Parents must therefore educate themselves and take measures to keep their offspring from being victimized, he said." The R-T continues, "Addressing a U.S. Attorney's Office seminar for law enforcement officials Monday and Tuesday, Sutton said putting the computer 'in a room where the whole family can walk by and see it' is a good safeguard. … 'The Internet is an incredible tool that is opening up worlds for lots of people,' he said. 'It brings freedom and information to people who normally wouldn't be able to get it, but with that there are real dangers because it is so wide open. … A child might think she is talking to another 14-year-old girl when in reality she is talking to a 45-year-old man. We estimate that at any given time in the U.S., there are 50,000 predators talking to children in chat rooms. … Punishments on the federal side for people who solicit children or possess or trade child pornography are extremely harsh -- five to 15 years for a first offense. It's a big hammer we have to hit these guys with. … U.S. Attorney General Alberto Gonzales

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believes we have no more precious resource than our children. Unfortunately in modern America, lots of children spend a lot time by themselves or in situations where they are not as well protected as they should be.'"

Civic Activist Faces Death Penalty For Role In DC Street Gang. The Washington Times (10/4, McElhatton) reports, "Antwuan Ball is caught between two worlds. One has him being praised by social workers for his civic activism; the other has him facing a rare death-penalty prosecution in the District on murder and racketeering charges. Mr. Ball is accused of leading a violent street gang that sold hundreds of kilograms of crack cocaine in Southeast for more than a decade. But he also has worked as a youth counselor, has helped oversee security at a troubled housing development and is even quoted in a national social services newsletter. … Last month, the U.S. attorney's office filed a notice of intent to seek the death penalty for Mr. Ball and David Wilson, accused of being leaders of the Congress Park Crew -- a gang that resorted to assault and homicide to protect its drug trade in Southeast."

Los Angeles Police Release Photos To Identify Killer's Victims. The Los Angeles Times (10/4, Muskal) reports, "The Los Angeles County Sheriff's Department today released about 30 more photographs taken by William Richard Bradford, seeking to find out if any of the people were victims of the convicted killer. Officials in July released photos of 54 women who were photographed two decades ago by Bradford. One of those women was discovered strangled and dumped in the High Desert. About two dozen women in that first round of photographs have come forward. Bradford is on death row at San Quentin. He was convicted in 1988 in the murders of Shari Miller and Tracy Campbell." The photographs "were seized at Bradford's residence when he was arrested in 1984. The original group of 54 photographs sat untouched for years until a cold case detective decided to take a second look."

CIVIL LAW:

Judge Denies Tobacco Companies' Request To Continue Marketing "Light" Cigarettes. The New York Times/AP (10/4) reports, "A federal judge has denied a request by tobacco companies to continue marketing so-called light and low-tar cigarettes until an appeal is settled in the case." In rejecting the request last week, Judge Gladys Kessler wrote, "Loss of market share, if it results from imposing an appropriate remedy to prevent and restrain past violations of the law, may well be the price defendants have to pay."

US Stops Seizing Drugs Imported From Canada. The Wall Street Journal (10/4, A3, Carreyrou, 2.03M) reports, "Under pressure from Congress, U.S. Customs and Border Protection officials scrapped their 11-month-old policy of seizing prescription drugs imported through the mail from Canada." The practice "had come under fire from lawmakers for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by U.S. pharmaceutical companies." Lynn Hollinger, a Customs spokeswoman, "said the seizures would stop Oct. 9 but declined to explain the policy reversal."

The Los Angeles Times (10/4, Girion, 918K) reports, "The move reverses a policy that began last November around the time enrollment began for the Medicare drug plan. U.S. officials said the Canadian shipments had been confiscated out of concerns about the drugs' safety, but consumer advocates and others contended that the crackdown was an effort to limit competition in the pharmaceutical market and force seniors to sign up for new Medicare plans and pay higher prices for drugs from U.S. pharmacies." The change "comes as millions of seniors on Medicare drug plans were expected to hit the 'doughnut hole.'"

Ceremony Commemorates Wiccan Soldier's Life, Touches On Symbol Dispute. The Reno (NV) Gazette Journal (10/3, Aleck) reports, "Roberta Stewart of Fernley has spent a year battling with the U.S. Department of Veterans Affairs (DOVA) to have the Wiccan pentacle placed on her husband's memorial plaque at the local veterans cemetery. On Sept. 13, the Nevada Office of Veterans Services announced that with help from the Attorney General's Office and Governor Kenny Guinn, a Wiccan emblem will be placed on the plaque and on the Memorial Wall at the NNVMC. The DOVA does not recognize the Wiccan religion and that agency only allows approved emblems to be placed on DOVA issued headstones and markers, including the Christian cross, Buddhist wheel and an atheist symbol." The article recounts the memorial Sept. 25 memorial service, A the ceremony Rev. Selena Fox of the Circle Sanctuary of the Wiccan Church, and the Rev. William Chrystal, a military chaplain, delivered remarks, touching on religious issues. Fox "said that Wiccans continue to strive for equal rights. She said there are Wiccan families of other soldiers who were killed in Iraq, as well as in Korea and Vietnam, that are also fighting to have the Wiccan emblem placed on grave markers."

AFP Notes Wiccans' Suit Against VA. In an article carried in at least five papers in Australia, Agence France-Press (10/4) reports, "Neo-Pagan Wiccans in the United States have gone to court to force the US military to accept their five-pointed star-in-a-circle symbol on tombstones in

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military cemeteries, a civil liberties group said today." The article adds, "The US military recognises Wicca, inspired by Europe's ancient pre-Christian pagan practices but also sometimes associated with witchcraft, as an official religion, which gives it certain tax privileges. But the National Cemetery Administration of the US Department of Veterans Affairs has refused to permit the Wiccan symbol to be used in its cemeteries."

CIVIL RIGHTS:

Gonzales Pledges More Resources To Help Curb Human Trafficking. The AP (10/4, Bohrer) reports, "The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, Attorney General Alberto Gonzales said Tuesday. … Gonzales announced that Louisiana will get about $450,000 to fight the problem." The AP continues, "Nearly $8 million is being used to set up 10 new task forces - partnerships between law enforcement agencies and social service groups - to investigate and prosecute trafficking cases and to help victims. … Besides Louisiana, other states set to receive task force funds include Texas, Utah and Missouri. … 'Freedom is guaranteed only with vigilance,' Gonzales told law enforcement officials at a conference on human trafficking. 'And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom.'" The AP adds, "Each year, up to 17,500 people - mostly women and children - are brought into the United States by traffickers to be prostitutes, work in sweat shops or work in domestic servitude, he said. … Already, 32 task forces are established around the country and in territories, according to the Justice Department."

AFP (10/4) reports, "Speaking at the government-sponsored National Conference on Human Trafficking in immigrant-heavy New Orleans, Gonzales said the government will increase funding for prosecuting commercial slave traders by eight million dollars and increase the number of task forces on the issue to 42 from 32." AFP continues, "Some of the money will be used to 'put a stop to the exploitation and abuse of laborers' brought into the New Orleans area by traffickers to work in rebuilding efforts in the wake of devastating Hurricane Katrina last year. … 'Human trafficking is a violation of the human body, mind and spirit,' Gonzales told some 600 law enforcement officials and victims' advocates at the conference. … 'For the vile practice to be taking place in a country the world looks to as a beacon of freedom is a terrible irony and an utter tragedy.'" AFP notes, "Gonzales acknowledged that educating the public is a critical part of prosecuting the more cynical trafficking in sex slaves and forced labor. … 'Most Americans think that our country resolved the question of slavery with the Civil War,' Gonzales said. … During this year the Justice Department has broken up two sex slavery rings involving South Korean women smuggled into the country and then held in brothels. … A federal prosecutor in Florida, which hosted the government's first human trafficking conference in 2004, said he has 11 slavery investigations underway in his state."

KUTV-TV, Salt Lake City (10/4) reports, "The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, U.S. Attorney General Alberto Gonzales said Tuesday. … 'The thirst for freedom and opportunity is part of the human spirit and is very strong in this world,' he told law enforcement agents and others at a conference on human trafficking. 'To offer it as a lure, for purposes of a crime, in unconscionable.'" KUTV continues, "Nearly $8 million is being used to set up 10 partnerships between law enforcement agencies and social service groups to investigate and prosecute trafficking cases and to help victims. … Police and community groups in the Salt Lake City area will share $900,000, said Melodie Rydalch, spokeswoman for Utah U.S. Attorney Brett Tolman. … 'I don't think anyone is suggesting Utah is a hub of human trafficking. ... We have not prosecuted a case,' Rydalch said. … 'But through training and partnerships, we'll raise the awareness to put people in position to identify these kinds of cases,' she said." KUTV adds, "Jim Letten, the New Orleans-based U.S. attorney, said the opportunity for exploitation in his state, and particularly hard-hit New Orleans, is ripe. … Estimates put thousands of migrant or unskilled workers in the area to work, he said. And with I-10 traditionally seen as a pipeline for moving drugs, the opportunity for using the route to traffic people – perhaps through the state to other parts of the country – is highly likely, Letten said."

The Salt Lake Tribune (10/4, Bergreen) reports, "Nearly half a million dollars in federal funding was awarded to Salt Lake City on Tuesday to help train law enforcement in arresting and prosecuting human traffickers and providing support to victims." The Tribune continues, "U.S. Attorney General Alberto Gonzales announced the nearly $8 million funding to be distributed to 10 U.S. cities, including Salt Lake City, at the 2006 National Conference on Human Trafficking in New Orleans. … Salt Lake City will receive $450,000." The Tribune adds, "Though human trafficking involving sexual, economic or labor exploitation has not been identified in Utah, the project is a 'proactive' step to educate the community, said program proponent and Salt Lake City Attorney Sim Gill. … The program is a collaboration among the U.S. Attorney's Office, Salt Lake City, the FBI, other law enforcement agencies and nongovernmental organizations, such as Utah Health and Human Rights Project, the Latino Communication and Information Center and Holy Cross Ministries. … This is 'an effort to educate every portion of the

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state,' said Dustin Pead of the U.S. Attorney's Office. 'We want them to understand what trafficking is.' … The forcible transportation of someone from another country or even another state for labor, services, sex or debt-bondage constitutes human trafficking, Gill said."

The New Orleans Times-Picayune (10/4, Finch) reports, "A $450,000 federal grant coming to Louisiana will help catch criminals who bring migrant workers to do hurricane damage repairs and then use violence and threats to turn them into slave laborers, the nation's top law enforcement officer said here Tuesday. … Attorney General Alberto Gonzales said the grant is part of nearly $8 million the Justice Department is spending this fiscal year to add 10 new task forces to the 32 already at work trying to stop exploitation and abuse of migrant workers." The Times-Picayune continues, "The Louisiana task force, like the others, will be a partnership between law enforcement agencies charged with catching and prosecuting human traffickers and social service organizations whose job it will be to try to rescue trafficking victims and get them help to return to their normal lives. … The $450,000 grant will go to the Louisiana Commission on Law Enforcement, which will coordinate the task force enforcement work." The Times-Picayune notes, "Jim Letten, U.S. attorney for the New Orleans-based federal Eastern District of Louisiana, declined to say Tuesday whether the government has any human trafficking investigations under way. … But in remarks before Gonzales spoke Tuesday, a Letten counterpart from another state was more forthcoming: 'In my district, there are 11 slavery investigations going on right now,' said Paul Perez, U.S. attorney for the Middle District of Florida."

The St Petersburg (FL) Times (10/4, Fries) reports that the Clearwater, FL, Police Department "on Tuesday won a $450,000 federal grant to create a local task force devoted to rescuing victims of human trafficking and arresting their smugglers." The Times continues, "Part of the money will pay for two full-time detectives to investigate such cases over the next three years. Clearwater was one of 10 police agencies nationwide to receive the grant this year, and the only one in Florida. … 'Without this money, we would never be able to do this right,' said Dewey Williams, the deputy police chief. 'These are not your typical, mainstream criminal investigations. It's not like robberies or rapes, where victims report the crimes. Victims of human trafficking have to be sought out. We have to go out and find them.'" The Times adds, "Attorney General Alberto Gonzales announced the Justice Department grants Tuesday at a national conference on human trafficking in New Orleans. … In addition to Clearwater police, the task force will include representatives of the U.S. Attorney's Office, the Pinellas-Pasco State Attorney's Office, the Pinellas County Sheriff's Office and the Regional Community Policing Institute.

Local Television. At least two local television newscasts reported that attorney general Alberto Gonzales said that I-10 corridor has become a magnet of human trafficking. The reporting also noted that nearly USD8 million will be invested to investigate and prosecute trafficking cases and to help victims. KENS-TV San Antonio, (9/3, 6:11 p.m.) reported, "Texas is one of several states that will be getting more money to fight human trafficking. Attorney general Alberto Gonzales says the I-10 corridor has become a magnet for human traffickers. Nearly 8 million dollars will be used to set up new task forces to investigate and prosecute cases. Plans to make it more difficult to get across the U.S.-Mexico border are once again drawing criticism."

KDBC-TV El Paso, (9/3, 5:01 p.m.) reported, "Law enforcement officials will be getting eight million dollars to combat human trafficking. Attorney general Alberto Gonzalez says interstate-10 has become a magnet for human traffickers. Gonzalez says about 17,000 people are brought to the United States by traffickers each year. The money will be used to set up new task forces to investigate cases and to help victims."

42 Indicted In Indiana On Federal Drug Trafficking Charges. The AP (9/29) reported, "A federal grand jury has indicted 42 people on charges of transporting and selling cocaine, methamphetamine and marijuana in southwest Indiana as part of a multistate drug operation. Those arrested were members of three drug rings, each of which was primarily responsible for distributing one of the drugs, said Susan Brooks, the U.S. attorney for southern Indiana. … Most of those taken into custody were being held Thursday at the Henderson County Jail in Kentucky, Brooks said. The raids resulted in the seizure of $69,000 in cash and 15 firearms, including an AK-47 semiautomatic rifle and a sawed-off shotgun, she said." WIFE-TV Evansville (9/28) noted, "More than 200 law enforcement officials conducted raids…mostly in Evansville but some in Princeton. But the story spans across the nation. Brooks says, 'People have to realize the problem doesn't start here. This is a national problem, and we work with our federal partners all around the country.' Defendants were named in Dallas, Los Angeles and even Nashville." The Muncie Star Press (9/30, Werner) also reported on the indictments, focusing on a local father and son who were charged.

Jury Selection In Texas Smuggling Deaths Retrial Begins. The AP (10/4, Lozano) reports from Houston, "Jury selection could take up to two weeks in the retrial of a truck driver who prosecutors say failed to help the illegal immigrants packed into his tractor-trailer in what became America's deadliest human smuggling attempt." The AP continues, "If convicted for his role, Tyrone Williams could

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face the death penalty. Prosecutors said he was part of a smuggling ring that tried to transport more than 70 illegal immigrants from Mexico, Central America and the Dominican Republic in his airtight tractor-trailer from South Texas to Houston in May 2003." The AP adds, "Nineteen immigrants died after succumbing to the heat inside, which authorities estimate climbed to 173 degrees Fahrenheit. Williams abandoned the trailer at a truck stop near Victoria, about 100 miles southwest of Houston." The AP notes, "Jury selection began Tuesday with an initial jury pool of about 250 people. Potential jurors will be questioned individually due to the possible death sentence. The retrial could take up to four weeks. … A jury convicted Williams last year on 38 transporting counts in the deaths. He avoided a death sentence because the jury could not agree on what role Williams played in the crime. The jury deadlocked on 20 other counts. … But the 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict did not count because the jury failed to specify his role in the deadly smuggling attempt."

DOJ Charges Texas Prison Official In Sex Case. The Houston Chronicle (10/4) reports, "A prison official had sexual contact with female inmates at the Bryan Federal Prison Camp and lied about it to investigators, according to criminal information made public Tuesday." The Chronicle continues, "The information filed in federal court by the Civil Rights Division of the U.S. Justice Department accuses former Inmate Systems Manager Ricky L. Bernard, 45, of College Station, of sexual contact with the women in 2003 and 2004. … He is charged with two counts of sexual abuse of a ward, two counts of abusive sexual contact with a ward and one count of making a false statement to a federal agent."

Man Sues Secret Service Over Arrest After Encounter With Cheney. The New York Times (10/4, Johnson, 1.21M) reports Steven Howards of Colorado, who "was arrested in June on harassment charges after he approached Vice President Dick Cheney to denounce the war in Iraq," has "filed a federal lawsuit on Tuesday accusing a Secret Service agent of civil rights violations." Howards "says he stepped up to the vice president to speak his mind in a public place and found himself in handcuffs — in violation, the suit says, of the Constitution's language about free speech and illegal search and seizure." The suit "seeks no specific damages, and names only one agent, Virgil D. Reichle Jr., who is assigned to the Denver office of the Secret Service. But Mr. Howards's lawyer, David A. Lane, said Mr. Cheney might be called as a witness, along with the district attorney in Eagle County who threw out the criminal case against Mr. Howards. If a chain of command within the Secret Service is found that suggests Mr. Reichle was acting on orders, Mr. Lane said, more defendants could be named."

Vandals Damage Jewish Group's Buses. The Washington Post (10/4, B3, Londoano) reports, "Vandals damaged a parked bus that belongs to the Jewish Council for the Aging of Greater Washington in Rockville over the Yom Kippur holiday, marking the second time the organization's fleet has been smashed up this year. Drivers who reported to work Sunday afternoon found that the rear window of a new, $71,000 bus customized to transport senior citizens had been smashed with a rock, said Jeanne Zepp, a spokeswoman for the organization. … Seven of the group's buses were targeted in a similar act of vandalism in January at a commercial lot the council leases in the 4900 block of Wyaconda Road. One, which was damaged beyond repair, was replaced by the bus vandalized over the weekend. The group has spent $221,000 fixing the damaged buses and beefing up security in the buses and around the lot."

Los Angeles County Supervisors Approve Plan To Save King/Drew Medical Center. The Los Angeles Times (10/4, Hymon, Rosenblatt) reports, "The Los Angeles County Board of Supervisors this afternoon approved the outlines of a plan to save Martin Luther King Jr./Drew Medical Center by greatly reducing the size of the facility and handing over its management to another county hospital. The five supervisors unanimously asked the county health chief to return in two weeks with more details on a plan that would shrink services provided at King/Drew, relocate most of King/Drew's staff to other county facilities and put King/Drew under the day-to-day control of Harbor-UCLA Medical Center, located 10 miles away near Torrance. The plan would preserve emergency room services at King/Drew in Willowbrook, south of Watts."

The Washington Post (10/4, A11, Geis) reports, "Martin Luther King Jr./Charles R. Drew Medical Center administrators learned Sept. 22 that they had failed an inspection by the Centers for Medicare and Medicaid Services in nine of 23 areas. As a result, the hospital will lose $200 million of its $380 million annual budget at the end of the year. Failed inspections, mismanagement and well-publicized lapses in patient care have gradually built to a crescendo in the past 20 years. King/Drew has been out of compliance with Medicare standards since January 2004 and lost its national accreditation in early 2005."

High Court Refuses To Hear Sidley-Austin Bias Case. The New York Law Journal (10/4, Lin) reports, "The U.S. Supreme Court has denied Sidley Austin's petition for writ of certiorari in the age discrimination suit being brought against the firm by the Equal Employment Opportunity Commission." The Journal continues, "The firm, which is facing allegations it demoted 31 partners in 1999 on the basis of age, had argued for the suit's dismissal on the grounds the

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EEOC had no authority to seek monetary damages. But that motion was denied by both the Chicago district court hearing the case and the 7th U.S. Circuit Court of Appeals based on the Supreme Court's 2002 ruling in EEOC v. Waffle House, 534 US 279, which said the agency had a statutory right to seek damages separate from any individual's right." The Journal adds, "The agency must still show that federal age discrimination law applies to law firm partners who have traditionally been considered employers exempt from such laws. The agency has argued that Sidley's centralized management structure rendered most of its partners employees."

ANTITRUST:

Judge Denies NAR's Motion To Dismiss DOJ Suit. Inman News (10/4) reports, "A U.S. District Court judge has denied a motion by the National Association of Realtors trade group to dismiss an antitrust lawsuit filed last year by the U.S. Department of Justice." Inman continues, "Justice Department officials charge in the lawsuit that the Realtor group has adopted overly restrictive policies for the online display and sharing of property listings information. The trade group had sought in a December court filing to dismiss the federal government's case, disputing several aspects of the lawsuit. .. .Mark Filip, a U.S. District Court judge for the Northern District of Illinois, wrote in a Sept. 28 court notice that a status conference will be held Oct. 30, and a detailed opinion about the court's denial of the motion to dismiss the lawsuit will be distributed to both parties on or before that day." Inman adds, "Laurie Janik, general counsel for the National Association of Realtors, said of the judge's decision, 'We're not surprised but we're disappointed.' Janik today said the association has not yet received the full opinion of the judge in denying the lawsuit's dismissal. 'We're looking forward to the written opinion so that we can learn from that.'" Inman notes, "Gina Talamona, a Justice Department spokeswoman, said, 'We're pleased the court denied NAR's motion to dismiss the case and we're looking forward to moving ahead with our case.' .. . According to a July 11 court document, the Justice Department will "disclose in writing the MLS (multiple listing service) areas from which it intends to draw evidence to prove anticompetitive effects" in the lawsuit by Oct. 16. Earlier this year, Janik announced that at least 14 MLSs had received subpoenas from the Justice Department relating to the agency's lawsuit against the trade group. The MLS of Northern Illinois, one of the largest Realtor-operated MLSs in the country, was among those MLSs that received a subpoena."

FTC OKs Lockheed-Boeing Rocket Venture. The AP (10/4, Manning) reports, "The Federal Trade Commission said Tuesday it has approved the joint venture between defense contractors Lockheed Martin Corp. and Boeing Co. to launch government satellites, lifting a final barrier to the long-delayed proposal." The AP continues, "While the commission concluded that the $1.06 billion partnership between the nation's two biggest defense firms could unfairly muscle out competitors, it said that concern was outweighed by the national security demands for a reliable and cheaper way to send military and other satellites into space." The AP adds, "The so-called United Launch Alliance, or ULA, was proposed in May 2005 to resolve a long-standing dispute between Lockheed and Boeing, then the two major suppliers of rockets for government launches. … It also came after Boeing was stripped of $1 billion in launch contracts and suspended for 20 months from launches by the Air Force after accusations that it used thousands of sensitive documents stolen from Lockheed to gain an edge in the bitter rivalry. Boeing later agreed to pay $615 million to end a Justice Department probe of the case."

Market Watch (10/4, Mandaro) reports, "The two largest U.S. defense contractors had announced their $1.06 billion venture about 17 months ago, touting the $150 million in annual cost savings the partnership would bring to the U.S. government. … But the anti-trust agency's concerns that Lockheed and Boeing would dominate the market for medium-to-heavy government rocket launches stalled formation of the venture, named the United Launch Alliance." MarketWatch continues, "On Tuesday, the FTC said that it had voted to approve the ULA by a 5-0 vote after discussions with the Department of Defense, which concluded that the benefits to national security by providing reliable launch services outweighed concerns about less competition. … 'The Commission's proposed consent order does not attempt to remedy the loss of direct competition,' said the FTC, because the Defense Department concluded the joint venture 'would improve national security and that the unique national security benefits from the joint venture would exceed any anticompetitive harm,' the FTC said in a statement. … To settle the FTC's charges, the agency stipulated that the ULA not give an unfair advantage to the space vehicle businesses of its parent companies during the Defense Department's space vehicle procurement process. And Boeing's and Lockheed's space vehicle businesses must provide equal consideration to all launch service providers when bidding for contracts to put satellites in orbit, it said."

Critics Raise Antitrust Concerns About Smithfield Merger. The Deal (10/4, Lindell) reports, "Smithfield Foods Inc.'s effort to digest a rival pork producer has become a food fight, as a coalition of consumer and farming organizations are begging the Department of Justice to scrutinize the deal for antitrust concerns." The Deal

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continues, "Regulators in Washington have historically had problems when dealing with large agricultural mergers, and they seem to have a full plate with this one, since legislators on Capitol Hill have already announced a desire to hold hearings on the deal." The Deal adds, "Smithfield, the nation's largest producer of pork, agreed to pay some $810 million for Premium Standard Farms Inc., the nation's second-largest pork producer and sixth-largest pork processor. … The coalition, which includes the National Farmers Union and the Consumer Federation of America, says the deal will further consolidate the market for pork, making it more difficult for small family farms to sell their hogs." The Deal notes, "In their press release announcing the deal Sept. 18, the companies said that after the merger Smithfield will honor all existing contracts and is 'committed to purchasing significant numbers of hogs on the open market.' … But that promise doesn't provide much solace to the deal's opponents. In their letter to Attorney General Alberto Gonzales, they wrote, 'Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive and consumers lose.'"

Texas Mayors Hope For Quick Signing Of Wright Bill. The Dallas Morning News (10/4, Ramshaw) reports, "The mayors of Dallas and Fort Worth joined key North Texas lawmakers Tuesday to celebrate Congress' repeal of the Wright amendment, calling it nothing short of a miracle." The News continues, "They vowed to move forward quickly with the terms of the agreement – brokered in June after months of negotiations between the two cities, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. – as soon as President Bush signs the measure. … 'For too long, we've tussled over that problem,' Mayor Laura Miller said of the Dallas Love Field flight restrictions, speaking at a news conference in the D terminal at D/FW Airport. 'It's nice to heal old wounds.'" The News adds, "Congress approved legislation to phase out the long-debated flight restrictions at Love late last week, just hours before lawmakers' pre-election recess. … The measure is 'sitting on the president's desk,' Sen. Kay Bailey Hutchison said at the news conference, and could be signed in as few as 10 days. … City officials said that once the bill is signed, they'll get down to business again: with major renovations at Love Field and with eminent domain proceedings to seize the former Legend Airlines terminal gates slated for demolition. .. .Under the agreement, gates at the inner-city airport would be reduced from 32 to 20. The agreement would allow immediate through-ticketing from Love with a stop in the nine-state Wright perimeter – and full repeal in 2014."

Court Stays Injunction On US Sales Of EchoStar DVRs. The Wall Street Journal (10/4) reports, "A federal appeals court stayed a permanent injunction that prevented EchoStar Communications Corp. from selling its digital-video-recorder models in the US The stay blocks the injunction, pending appeal of a patent-litigation dispute between EchoStar and TiVo Inc. The companies' DVR technology records television programs digitally. In April, a Texas jury found that EchoStar had infringed upon a TiVo patent in making its own set-top box with DVR capabilities.

EU Investigators To Pursue Antitrust Charges Against Intel. The Wall Street Journal (10/4, Jacoby, Cohen, Clark) reports that EU investigators "believe they have enough evidence to pursue formal antitrust charges against Intel Corp., a critical step in their five-year probe of the computer-chip maker, according to two people with knowledge of the case." Investigators "have prepared a written draft of charges against Intel and are gearing up to defend their conclusions before an internal 'devil's advocate' panel of legal experts, the people with knowledge of the probe said."

The New York Times (10/4, Meller) reports, "The devil's advocate panel includes the chief economist of the commission's competition departments, Damien Neven, along with colleagues in the department who are not involved in the Intel case. If the panel supports the draft case against Intel, the investigating team will propose that Ms. Kroes issue a statement of objections to the company for the first time in the five years it has spent investigating Intel."

US Patent Office To Review Wisconsin Stem Cell Patents. The Wall Street Journal/AP (10/4) reports, "The US Patent and Trademark Office will re-examine patents covering embryonic stem-cell discoveries made by University of Wisconsin researchers. The decision means the office could revoke, modify or leave intact patents that cover all embryonic stem-cell research in the US But any such action could be months to several years away." The AP adds, "The patents cover research by University of Wisconsin-Madison scientist James Thomson and his colleagues, who were the first to grow and isolate human embryonic stem cells in 1998."

FCC Begins Field Hearings On Media Ownership Caps. The Wall Street Journal (10/4, Schatz) reports that the FCC held the first in a series of field hearings aimed at updating the nation's media ownership caps. The Journal reports that "community activists, lawyers, students and hundreds of others turned out to oppose what they see as growing media concentration in the US." The Journal adds, "It has been three years since the FCC last

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tried to rewrite the nation's ownership rules, which raised the national cap on how many television stations a single company could own, loosened radio ownership limits and allowed more cross-ownership of newspapers and broadcast stations."

Security Software Makers Concerned With Windows Vista. The New York Times (10/4, Lohr) reports, "Leading security software companies, including Symantec and McAfee, are publicly pressing their concerns that Microsoft's new Windows Vista operating system hinders them and steers users to Microsoft's security offerings." The Times continues, "The security software makers have not made any antitrust complaints, but they have talked to authorities at the European Commission and to the technical committee that oversees Microsoft's antitrust settlement with the Justice Department, executives at the companies said yesterday." The Times adds, "In Europe, F-Secure, a Finnish security software company, has joined American companies in criticizing the design of Windows Vista, which is scheduled to be available to business customers in November and to consumers in January. … The issues raised by the companies, in interviews yesterday, touch on broad themes of consumer choice and innovations that surfaced in previous antitrust suits against Microsoft." The Times notes, "Microsoft says that it has made changes in Vista from previous versions of Windows, such as not allowing anyone to fiddle with the core, or kernel, of the operating system. Such changes, Microsoft insists, were made to cope with the proliferation of Internet-borne viruses and other malicious software. Most software vandals aim at Microsoft's desktop products, especially Windows, which runs on more than 90 percent of the world's personal computers."

ENVIRONMENT:

Interior IG Uncovers Inappropriate Use Of Government Computers. The Washington Post's "In the Loop" column (10/4, Kamen) reports the Interior Department's inspector general "has uncovered an impressive amount of time spent by department employees surfing porn, game, gambling and shopping Web sites. 'Our review of one week of computer use logs revealed over 4,732 log entries relating to sexually explicit and gambling websites' by department computers, said IG Earl E. Devaney 's report -- titled 'Excessive Indulgences. More alarming…was our finding regarding access to on-line game and auction websites: we discovered over 1 million log entries where 7,763 department computer users spent over 2,004 hours accessing game and auction sites during that same week.'"

Long Beach Closes Beaches Due To High Bacteria Levels. The Los Angeles Times (10/4, Wride) reports that high bacteria levels, likely from human waste, have forced Long Beach, California to close three connected waterfront areas to swimming. City health officials said yesterday "that the contamination will keep ocean water off-limits at least through today." The Times adds, "Marine Stadium and Mother's Beach — both popular sites for boaters and picnicking families, the latter featuring a waterfront playground — were closed Friday after routine testing revealed unsafe levels of E. coli at Mother's, said Dr. Darryl Sexton, the city's health officer. Colorado Lagoon has been closed for the same reason since Sept. 14, said Sexton, adding that the health risk at all three sites is limited to contact with the water."

Official Cites Progress Rebuilding Pacific Northwest Salmon Populations. In a letter to the Wall Street Journal (10/4) Bob Lohn, Northwest Regional Director of NOAA Fisheries, writes about the "enormously complex task we have in rebuilding" Pacific Northwest salmon populations. Lohn adds, "From the perspective of the federal agencies with key roles in achieving recovery of these fish, the region has made very positive strides and steady progress over the past 25 years. Between 2001 and 2004, we have seen substantial increases in 11 of 13 Columbia Basin salmon and steelhead listed as threatened or endangered. In addition, the past five years have seen the highest returns of spring, summer and fall chinook salmon since we began record-keeping more than 60 years ago. … Our job isn't done, but tremendous progress has been made."

Bald Eagle Euthanized Following Injury. The Washington Post (10/4, B3, Somashekhar) reports, "Martha the bald eagle, whose struggle to recover from an attack by a rival and return to longtime mate George generated national headlines, was euthanized yesterday afternoon at a bird rehabilitation center in Delaware. She was at least 13 years old." The bird "was found Friday with a dislocated elbow in her right wing, a serious injury because of the strength and flexibility required to fly, specialists said. They speculate that she flew into a tree branch or power line during a recent storm."

Bush's Support For Deep Sea Fishing Ban Hailed By Environmentalists. The Wall Street Journal Online's "Washington Wire" column reports President Bush "was sounding environmentally friendly themes today as he ordered U.S. diplomats to push for a global ban on deep sea trawling and signed the Partners for Fish and Wildlife Act. The practice of deep-sea trawling, a bottom-scraping fishing technique, is destroying coral reefs, sponges

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and other habitat for many species of fish and other sea life. In a statement, the White House said it supports preparations for a United Nations ban on fishing, which may come before the General Assembly next month. The move was hailed by scientists and conservation groups. 'This could be the single most important action in protecting marine habitat in history,' said Josh Reichert, environmental director for the Pew Charitable Trust, which has been one of the leading groups calling for a ban on the high seas."

Actress Weaver Urges Ban On High Seas Bottom Trawling. The AP (10/4) reports, "Sigourney Weaver urged U.N. members on Tuesday to impose a moratorium on a destructive fishing practice called high-seas bottom trawling, warning that the world's oceans are at risk." The AP continues, "Weaver, appearing with several environmental activists and U.N. ambassadors, said that new technology has brought remote and fragile ecosystems within the reach of bottom-trawlers, which rake giant nets equipped with wheels, chains and metal doors across the sea floor to scoop up fish. … 'The high seas belong to no single country and they most certainly do not belong to the owners of these large industrial fishing corporations,' Weaver said. 'They belong to all of us and it is time for us to take them back.'" The AP adds, "Starting Wednesday, the 192-member U.N. General Assembly will meet to discuss whether to impose a moratorium on bottom-trawling. Environmental groups say the practice is killing little-known coral ecosystems and the species that dwell in them, and must be suspended so the remote areas can be studied. .. .In 2004, the General Assembly passed a nonbinding resolution urging nations to consider temporary bans on bottom trawling. Japan, Iceland, Spain and other nations whose fishing fleets do much of the world's bottom trawling opposed a larger moratorium."

NYTimes Touts Diesel Engines, Stricter Emissions And Mileage Regulations. In an editorial, the New York Times (10/4, 1.21M) writes that "in the next few years, as the rules on air quality tighten, Americans need a diesel engine that can meet the stricter standards." The Times says, "Diesel engines offer more torque and greater fuel efficiency than gasoline engines, and they emit less carbon dioxide." The Times says the answer to the problems of auto emissions and fuel efficiency "is going to lie in a mix of vehicles — hybrid cars, more efficient gasoline engines, and highly improved diesels. The answer is also going to come from recognizing that strict limits on emissions and mileage penalize only those companies that are too sluggish to compete."

FBI/DEA/ATF/USMS:

Fifteen Arrested In California Marijuana Club Raids. The San Francisco Chronicle (10/4) reports federal agents "went after a major Bay Area marijuana club Tuesday, raiding eight locations in San Francisco and Oakland, arresting 15 people including the group's leader and seizing nearly 13,000 plants. The target of the raids, which prompted swift criticism from some medical marijuana advocates, was New Remedies Cooperative and its 36-year-old leader, Sparky Rose." Javier Peña, who heads the DEA's San Francisco office, said, "Make no mistake, the defendants were in the business of dealing dope. … They were using the pot clubs as facades to make millions of dollars. We're trying to show the public these aren't for the sick or ill. (The goal) is to pocket drug proceeds."

Bay City News (10/3) reports drug enforcement agents and federal police "seized 12,743 plants, more than $125,000 in cash, cars, computers and manicured marijuana from at least eight locations."

In a separate story, Bay City News (10/3) also reported federal police and drug enforcement agents "loaded into a van computers, printers, and boxes labeled 'MJ & Hash'"

The AP (10/4) reports the raids "took place at buildings in San Francisco and Oakland belonging to New Remedies Cooperative LLC, formerly known as Compassionate Caregivers, and its temporary employment agency for pot growers, Potent Employment Solutions. … Medical marijuana advocates who witnessed some of the raids said agents targeted New Remedies' growing facility, administrative offices and the pot club itself located in San Francisco's Mission District." The San Jose Mercury News used the AP story.

On its Web site, KPIX-TV, San Francisco (10/3) reports U.S. Attorney Kevin Ryan "maintained Rose ran a 'large-scale trafficking' operation and said he was the target of a long-term investigation by the DEA. At least 20 protestors and members of the community marched with colorful signs and chanted 'DEA, go away!' and 'Patients rights!' on the street outside Mission Caregivers as San Francisco police officers stood at the entrance to create a 'safety zone' for the federal agents." KCBS Radio San Francisco (10/3) reports a similar story on its Web site.

Marijuana Seizures Rise In California. KPIX-TV, San Francisco (10/3) also reports on its Web site that more marijuana "has been seized in raids around the state so far this year than all of last year combined. And it's not over yet. … Most of the pot grown for sale in the US comes from the southeast and west, with California, alone, accounting for about a third of it. … But new indoor farms are on the rise. Drug agents say a San Francisco-based Asian crime

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syndicate is responsible for dozens of growing operations discovered in Sacramento area homes this summer."

Local TV Coverage. KGO-TV, San Francisco-Oakland-San Jose (10/3, 5:00 p.m.) reported, "The federal drug enforcement agency is going after marijuana distributors and pot clubs for money laundering. Federal agents arrested 15 people as they raided eight locations in San Francisco and Oakland. The DEA says confiscated 5,000 pot plants and $125,000 in cash. … Some supporters gathered at a San Francisco Mission Street pot club to protest the crack down as the raid was still going on."

KNTV-TV, San Francisco-Oakland-San Jose (10/3, 6:00 p.m.) reported, "One of the [raided] locations was a medical marijuana club in San Francisco's Mission District where protesters demonstrated after learning of the raid."

San Diego Chargers Safety Pleads Not Guilty In Cough Syrup Case. On its Web site, KGTV-TV, San Diego (10/3) reports a Chargers player "accused of shipping codeine-based cough syrup by FedEx to his home state of Texas pleaded not guilty Tuesday to five felony drug charges. Terrence Kiel…faces a maximum of seven years and four months in state prison if convicted of all the charges, said Deputy District Attorney James Fontaine." Kiel "admitted knowing that it was a controlled substance he was sending by FedEx, according to the Drug Enforcement Administration."

The San Diego Union-Tribune (10/3, Schrotenboer) reports the bottles of codeine in question "'contain numbers which indicated they came from a medical care facility and all indications are they were stolen or otherwise misappropriated,' according to an affidavit signed by Dean Henderson," a special agent with the DEA.

In a separate story, the San Diego Union-Tribune (10/3, Schrotenboer) reported DEA spokesman Dan Simmons and prosecutor Damon Mosler "said the investigation involved only Kiel. 'I have not heard at all that it goes beyond Terrence Kiel,' Simmons said."

The AP (10/3) reports DEA officials "said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas via FedEx. … A boarding pass found inside [a] box led DEA agents to an address Kiel used to register a car. Three bottles of Prometh were seized last week at that address." Media outlets that used the AP story include the San Francisco Chronicle, Houston Chronicle, San Jose Mercury News, and CBS SportsLine.

Local TV Coverage. KFMB-TV, San Diego (10/3, 5:00 p.m.) reported, "Kiel could get up to 7 years in state prison if convicted in this case. He was very subdued late this afternoon when he went into court for his arraignment. Kiel had little to say as he worked his way past TV news crews into a downtown superior court room. He entered not guilty pleas, with the possession and selling of codeine-based cough syrup he's charged with possession for sale. … Drug Enforcement Administration agents retrieved two FedEx packages containing 18 bottles of the drug."

KGTV-TV, San Diego (10/3, 5:00 p.m.) reported, "Kiel was arrested last week, and the DEA [searched] his locker and car after they intercepted two packages shipped by Federal Express to Texas. … Kiel walked into the arraignment court with his attorney by his side and a smile on his face at times. He has a casual demeanor as he enters a not guilty plea to counts of possession and distribution of a cough syrup."

Trainer Wants To Withdraw Plea In BALCO Case. In San Francisco, the AP (10/4) reports Barry Bonds' personal trainer "wants to withdraw his guilty plea because prosecutors based their steroid distribution case on an illegal recording," according to his lawyer. Greg Anderson, who "is jailed for refusing to testify before a grand jury probing whether Bonds committed perjury, already served a three-month prison sentence after pleading guilty to the steroid charge. But attorney Mark Geragos said Tuesday that an illegal tape recording of Anderson was the basis for the federal case against him in the Bay Area Laboratory Co-Operative scandal. A federal prosecutor acknowledged having a tape of Anderson discussing Bonds and undetectable performance-enhancing drugs at least a month before the trainer's guilty plea last year, but said Geragos' claims were 'ludicrous and speculative.'"

Rumsfeld Says Cooperation Is Vital To "Drug War" In Latin America. The AP (10/4, Watson) reports Latin American defense ministers "debated forming a regional peacekeeping force Tuesday, while the top U.S. defense official urged nations at a hemispheric conference to work together to combat drug trafficking and terrorism." Donald Rumsfeld said coordinating efforts "is vital to the drug war in Latin America, where smugglers migrate to other nations once there is a crackdown. In the past few years, drug violence has spiraled throughout the region as gangs battle for routes left open following the arrests of top cartel leaders."

IMMIGRATION:

High Court Considers Laws Governing Automatic Deportations. The Washington Post (10/4, A4, Lane, 748K) reports, "The Bush administration urged the Supreme Court to declare that legal immigrants can be deported for drug offenses that are felonies in some states but only misdemeanors under federal law, as the court heard its first oral arguments of the new term yesterday." At issue are "provisions of the 1996 immigration law that require any

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noncitizen guilty of an "aggravated felony" to be sent back to his country of origin, with no chance to ask for leniency." Federal appeals courts "have differed as to that language's precise meaning. Some have upheld deportations based on state felonies, such as simple drug possession, that would not be felonies under federal law."

The New York Times (10/4, Greenhouse, 1.21M) reports, "The intersection of federal criminal law and immigration law is a perilous place for the millions of legal residents of the United States who are not citizens: one slip, one criminal conviction, can mean deportation." The justices of the Supreme Court "struggled, during the first argument of their new term on Tuesday, to understand exactly how the two statutory frameworks intersect."

USA Today (10/4, Biskupic, 2.27M) reports on the "spirited session that focused on whether foreigners who are in this country legally should be deported automatically if they are convicted of drug possession." All of the justices "except the typically silent Clarence Thomas jumped into the discussion, which revealed some of the ideological divisions on the nine-member court." Deputy US Solicitor General Edwin Kneedler "argued that Congress intended 'any felony' to trigger the automatic deportation provision, whether under state or federal law. He said Congress sought to cover large categories of state criminal conduct. The court's more liberal justices appeared most skeptical of that argument."

Scalia's "Tequila" Remark Raises Eyebrows During SCOTUS Immigration Argument. CNN.com (10/4, Mears) reports, "Justice Antonin Scalia opened the Supreme Court's new term Tuesday by questioning whether a man deported to Mexico after a drug conviction would be 'abstaining from tequila' for fear of violating his U.S. parole terms." CNN continues, "The remark came as justices heard an immigration case involving a Texas man, Reymundo Toledo-Flores, who was deported in April after being convicted of illegally entering the United States. … At the time, Toledo-Flores was under supervised release, a form of parole, for a 2002 cocaine possession conviction. He served seven months in a Texas prison on that charge and was deported after serving his time." CNN adds, "Attorney Timothy Crooks argued to the justices that his client's supervised-release terms left him under U.S. jurisdiction even while on Mexican soil, technically leaving him vulnerable to deportation back to the United States if he violated his parole. … Scalia responded with incredulity. … 'No one thinks your client is abstaining from tequila for fear of being deported,' he said. Supervision 'is impossible once he leaves the country,' he added. 'This is an ingenious exercise of the conceivable.' … Neither Crooks nor the other justices reacted visibly to Scalia's remarks, and there was no immediate reaction from immigrant rights activists, many of whom were in the courtroom."

The Legal Times (10/4, Mauro) reports, "The comment raised eyebrows in the audience and offended some who were told about the remark afterward on the grounds that it perpetuates stereotypes about Mexicans. Lawyers directly involved in the case could not be reached or declined to comment publicly." The Times continues, "The question before the Court is whether the law covers those who are convicted of crimes that are felonies under state law but only misdemeanors under federal law. The case could affect thousands of immigrants with relatively minor drug offenses on their records. … One issue is whether one of the cases is moot -- Reymundo Toledo-Flores has already been deported back to Mexico because of his conviction in Texas for possession of 0.16 grams (about 0.005 ounces) of cocaine. … His lawyer, Assistant Federal Public Defender Timothy Crooks, told the Court that the case is not moot because even though his client is in Mexico, he is still subject to the U.S. District Court's jurisdiction and could face adverse consequences if he commits further offenses in Mexico or tries to return to the United States to visit his children, who are U.S. citizens." The Times notes, "Carlos Ortiz, former president of the Hispanic National Bar Association, was not in the audience but reacted strongly when told of (Scalia's) comment. 'Justice Scalia is supposed to be very smart, but anyone who is supposed to be so smart would not and should not say something that insensitive. It is a really terrible comment, and he should be called on it.'"

Agriculture Sector Hard Hit By Shortage Of Immigrant Workers. The Washington Post (10/4, A6, Geis, 748K) reports farmers "of all types of specialty crops, from almonds to roses, have seen the immigrant labor supply they depend on dry up over the past year. Increased border security and competition from other industries are driving migrant laborers out of the fields, farmers say." Earlier this year, "many farmers were optimistic about finding a solution in the Agricultural Job Opportunity, Benefits and Security Act, or AgJobs. The bill, proposed by Sens. Larry E. Craig (R-Idaho) and Edward M. Kennedy (D-Mass.), would allow undocumented agricultural workers already in the United States to become legal permanent residents and would streamline the current guest-worker program. In March and September, hundreds of growers traveled to the Capitol to lobby for the bill." But "deep divisions within the Republican Party have stalled immigration reform. Although legislation to build a 700-mile fence along the border passed the House and Senate, the AgJobs proposal has languished." The problem "is now reaching crisis proportions, food growers say. As much as 30 percent of the year's pear crop was lost in Northern California, growers estimate. More than one-third of Florida's Valencia orange crop went unharvested, Regelbrugge said. In New York, apples are rotting on the

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trees, because workers who once picked the fruit have fled frequent raids by Immigration and Customs Enforcement agents, said Maureen Marshall, an apple grower in Elba."

CONGRESS-ADMINISTRATION:

Hastert, GOP Under Fire Over Handling Of Foley Scandal. Media coverage of the Foley scandal continues to depict an increasingly beleaguered GOP leadership, struggling to stay ahead of a story that analysts say could cost Republicans their majority. In fact, a number of stories last night and this morning suggested the controversy gives Democrats a very strong chance of capturing the House this November. On ABC World News (10/3, story 5, 2:20, 8.78M), George Stephanopoulos said, "I talked to strategists in both parties who say the scandal may have cost" Republicans "10 to 12 seats. It only takes 15 for the Democrats to get control." AFP (10/4, Raab) says "the shocking revelations that the veteran Republican lawmaker sexually harassed underage congressional aides before resigning in disgrace last week could leave many conservatives feeling like they might not want to go to the polls," and "could be the tipping point that returns control of Congress to opposition." Dick Morris, writing in The Hill (10/4), titles his column "Foley Scandal Is The Nail In The GOP Coffin," while the Chicago Tribune (10/4, Tackett, 623K) reports, "The intensity of the focus on Foley has served to blunt one of the few positive periods that the Republicans have enjoyed in this election season," which was the President's "aggressive post-Labor Day push on fighting terrorism, coupled with the sharp drop in gasoline prices." The Foley controversy now "dramatically and negatively reshapes the race for Republicans, leaving them with diminishing hopes of maintaining control of the House."

On NBC Nightly News (10/3, story 5, 2:00, 9.87M), Tim Russert discussed a "brand new NBC News/Wall Street Journal poll" which was "already in the works" when the scandal broke. Said Russert, "Rank and file Republican members back home in their districts are in a high state of anxiety. One said to me, 'We came in as the guardians of family values. Unless our leaders fix this and fix it quickly, a lot of us could get taken down five weeks from today.'" In the poll, the President "has backed down in the 30% approval rating. It is a 39%, 56% disapprove. You see one month ago it was 42%-53%. Look at this: We asked people, based on what you've been hearing and seeing these last few weeks, which party do you believe more favorably disposed to controlling Congress? 34% say [more favorable to the] Democrats, 23% say less favorable to the Democrats. 18% say more favorable to the Republicans, 41% say less favorable based on what people have been hearing the last few weeks." Also reporting on the poll, the Wall Street Journal (10/4, Rogers, Harwood, 2.03M) says this morning, "Party leaders had hoped to run the final weeks of the campaign with the spotlight on what they consider their strength: battling terrorists. Instead, they are playing defense on everything from the sex scandal to dispiriting reports about Iraq." Meanwhile, the Los Angeles Times (10/4, Hook, Brownstein, 918K), in an analysis piece, says "for Democrats, the scandal has provided an unexpected new opening to revive a campaign theme that seemed to have fallen flat earlier this year: Their claim that Republicans have brought a culture of corruption to Washington."

The AP (10/4, Riechmann) reports President Bush said yesterday "he was 'dismayed and shocked' at disgraced lawmaker Mark Foley's behavior and supports House Speaker Dennis Hastert's call for a full investigation." Said Bush, "This investigation should be thorough and any violation of the law should be prosecuted." Bush also "expressed confidence in the speaker's ability to resolve the matter, calling him a 'father, teacher, coach.' 'I know Denny Hastert. I meet with him a lot. He is a father, teacher, coach who cares about the children of this country,' Bush said. 'I know that he wants all the facts to come out.'" Bush "took no questions. And as he stepped toward his motorcade, the president ignored a shouted question directly asking whether Hastert should resign."

The New York Times (10/4, Hulse, Zeleny, 1.21M), under the headline "Hastert Fights To Save His Job In Page Scandal," reports, "Though Mr. Bush stopped short of saying explicitly that he wanted Mr. Hastert to keep his job, White House officials said the president wanted to return the loyalty Mr. Hastert had shown the administration." But "they said the White House was resigned to more political damage as the Foley case played out no matter what Mr. Bush and the House leadership might do or say." The Times adds, "Republican lawmakers said privately that Mr. Hastert's fate would ride on developments in the coming days."

Bush's comment that he was "disgusted by the revelations" was also featured in stories on the Financial Times (10/4, Daniel) and Washington Times (10/4, Hurt, Dinan, 88K), among other media outlets. In fact, all three networks reported extensively on the controversy, noting Bush's defense of Hastert. Other matters mentioned in all three broadcasts include the conservative Washington Times' Tuesday editorial calling for the Speaker's resignation. All three newscasts also showed clips of conservative activists criticizing the GOP leaders. NBC Nightly News (10/3, story 4, 2:50, Reid, 9.87M) reported, "For the first time President Bush today weighed in on the Foley scandal, condemning the former congressman." Bush was shown saying, "I was disgusted by the revelations and disappointed." But Bush also defended Hastert, "who says he first became aware of the Foley scandal Friday, even though two senior House Republicans say they told him about it months ago. Today

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some conservatives called for Hastert's head. 'The Washington Times,' in an editorial writing either he was grossly negligent or he was deliberately looking the other way in hopes that a brewing scandal would simply blow away. Leading conservative Richard Viguerie said the entire Republican leadership should step down," and "even some top House Republicans were pointing the finger at Hastert today, including Majority Leader John Boehner who said it was Hastert who should have been dealing with the scandal, not him."

CBS Evening News (10/3, story 3, 3:15, Borger, 7.66M) reported, "Mark Foley's congressional career ended last Friday. The one in jeopardy today belongs to House Speaker Dennis Hastert. He spent the day insisting he won't resign, admitting to some mistakes." Bush was shown saying of Hastert, "I know that he wants all the facts to come out, and he wants to ensure that these children up there on Capitol Hill are children." CBS added "Hastert's top lieutenant, John Boehner, jumped ship." Boehner said, "In my position, it's in his corner, it's his responsibility, the Clerk of the House who runs the page program, the page board all report to the Speaker, and I believed that had it had been dealt with." CBS also reported, "Sources tell CBS News that members were equally blunt with Hastert on a conference call last night in which some called for an end to the page program. … One senior House Republican tells CBS that there's a lot of anger at what he describes as a network of gay staffers and gay members who protect each other and did the Speaker a disservice."

ABC World News (10/3, story 4, 2:40, Tapper, 8.78M) reported, "On 'The Rush Limbaugh Show' today, House Speaker Dennis Hastert painted this uproar as a liberal conspiracy to win back the House of Representatives." ABC noted the Washington Times editorial and Boehner's comments. It also showed Rep. Tom Reynolds, NRCC chairman, who is also under fire for not acting when the story first came to his attention, saying, "I did what most people would do in a work place. I heard something. I took it to my supervisor. Took it to the Speaker of the House." ABC also showed a clip by Rush Limbaugh blaming Democrats for the scandal, as well as comments by Family Research Council President Tony Perkins, and David Bossie, president of Citizens United, criticizing the GOP leadership.

CNN's The Situation Room (10/3, King) reported Boehner's comments "suggest a possible split within the GOP leadership." In addition to his remarks about Hastert, Boehner "said he believes Foley is on his way to jail." CNN's The Situation Room (10/3, Koppel) noted "the number three Republican in the House, Roy Blunt today expressed very strong support for the Speaker, saying that he has led the Congress through dangerous and important times." Another Republican, Rep. Ray LaHood, criticized Hastert's staff, saying on CNN's The Situation Room (10/3) that "they should have brought this to his attention. I think the idea that someone spoke to him about this and he doesn't remember it is pretty logical when you consider the kind of schedule the speaker keeps, the number of people that he talks to, including a number of members. And I really don't know how it was presented by Mr. Reynolds, but I don't fault the Speaker for not remembering it. And I believe him when he says he doesn't remember it. And I hope other people will too."

USA Today (10/4, Kiely, Jackson, 2.27M) reports that GOP Rep. John Shadegg "sent a letter to his colleagues saying calls for Hastert's resignation are 'unwarranted and fundamentally unfair.'" Shadegg "said Hastert 'deserves to be treated fairly, not railroaded out of office.'" GOP Rep. Marsha Blackburn, on MSNBC's Hardball (10/3), said, "I think the House needs to investigate, the FBI needs to investigate. What we're talking about is the integrity of the House. We're talking about protecting children. We're talking about protecting the page boys."

The AP (10/4) reports former House Speaker Newt Gingrich "said Tuesday that his successor…appropriately handled the aftermath of a scandal involving a Florida congressman and salacious, explicit instant messages to underage male pages." Gingrich "dismissed a call for Hastert's resignation by The Washington Times, a conservative newspaper whose editorial page editor is Gingrich's former press secretary, Tony Blankley." The Washington Times (10/4, Price, 88K) also notes Gingrich's comments. The Washington Post (10/4, A15, Weisman, 748K) says a "public show of support for the speaker by many House members masks fears that Hastert's hands-off management style since 1999, when he ascended almost accidentally to one of the highest offices in the land, may finally end his career." Dana Milbank, meanwhile, surveys Hastert's interviews yesterday, and says in his Washington Post (10/4, A2, 748K) column that the Speaker "woke up yesterday morning to find his Republican conservatives in mid-mutiny."

MSNBC's Hardball (10/3, Shuster) said that "even the President's condemnation of Congressman Foley may not be able to hide the fear of infighting and finger pointing among Republicans on Capitol Hill." MSNBC added that "nobody in the House Republican leadership right now is taking responsibility, and that's another reason why some conservatives want the House Speaker to resign. Five weeks before the election and right now, said one conservative, the GOP is allowing this ugly episode to fester."

The Hill (10/4, Hearn) reports, "House Democrats largely held their fire Tuesday as the sex scandal…escalated into a seriously damaging liability for beleaguered House Republicans just weeks away from a pivotal election." House Minority Leader Nancy Pelosi "did not join calls from some conservatives for…Hastert…to step down." But Democratic

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Rep. Debbie Wasserman Schultz, appearing on MSNBC's Hardball (10/3), said, "I do think that Denny Hastert should resign, if all of the allegations that he swept this under the rug and ignored what was totally inappropriate communication, that any parent in America would find inappropriate, then yes, he should resign."

Boehner Says Foley's Seat Is Lost. The Hill (10/4, Kaplan) reports, "State Rep. Joe Negron (R-Fla.) started the first day of his congressional campaign to succeed Rep. Mark Foley (R-Fla.) as an alternative juror in a two-week-old murder trial. The trial ended yesterday when the jury convicted the defendant and the sentencing phase of the trial began. But that appears to be the least of Negron's concerns after winning the party's nod last weekend." Majority Leader John Boehner "told conservative radio host Sean Hannity on Monday that Republicans losing the seat in November was already a foregone conclusion. 'To vote for this candidate, you have to vote for Mark Foley,' Boehner said, referring to ballot procedures that require Foley's name to remain on the ballot. 'How many people are going to hold their nose to do that?'" Negron "disputed Boehner's characterization that Tim Mahoney, the Democratic candidate, would win the seat."

Reynolds Faces Media, District Scrutiny. The Washington Post (10/4, A15, Powell, 748K) leads with a suburban Buffalo resident and longtime GOP supporter of Rep. Thomas Reynolds who questions whether he covered up the page scandal involving Rep. Foley, a "nightmare" scenario for local Republicans up for reelection. While Reynolds is known locally as "Mr. Clout," such questions about the chairman of the National Republican Congressional Campaign Committee have shifted his reelection from a "political stroll" to a "campaign sprint." Democratic opponent and millionaire Jack Davis said, "When Reynolds heard about the problems with the pages, he should have shown due diligence and investigated. This is all about power and all about money, and it stinks." Reynolds' says he told Speaker of the House Dennis Hastert of the initial e-mail in the spring, but Davis and others are now pointing to Reynolds' chief of staff, Kirk Fordham, "who used to serve as chief of staff to Foley. In the days leading up to Foley's resignation, Reynolds allowed Fordham to advise the Florida congressman." Although polls have the 26th Congressional District race "too close to call," the paper says Reynolds is "no easy target," representing a district "tailored for Republicans." Also, voters in the district appreciate Reynolds' "acumen," particularly regarding his focus on the economy and jobs. The paper describes a news conference where Reynolds faced a number of questions about an alleged cover up by House leadership. As "sweat beaded on his forehead," Reynolds "cut off questions." When asked whether Hastert did enough, Reynolds "shrugged," adding, "Look, I don't know. You'll have to ask him."

Reynolds Aide's Role In Advising Foley Probed. In its headline, the AP (10/3) says Reynolds "deflected" questions about his role in the Rep. Foley "storm." The report focuses primarily on Reynolds who denied knowing what his chief of staff Kirk Fordham advised Rep. Foley as the scandal unfolded. Reynolds "said he called for Foley's resignation, an effort in which his chief of staff was involved. That's in stark contrast with Reynolds' claims today that he knew nothing about his top aide's actions before Foley's resignation." WIVB-TV (10/3) interviews Reynolds who said he and Fordham worked "immediately" on the Rep. Foley resignation after the "sexually explicit" e-mails and instant messages surfaced last Friday, which Reynolds says he was unaware of until media reports.

ABC's Ross Denies Campaign Politics Played Role In Timing Of Leaks. The Wall Street Journal (10/4, A13, Lueck, 2.03M) reports, "Former congressional pages themselves supplied some of the most damning emails in the scandal that forced the resignation of Rep. Mark Foley. … Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the 'tamer' emails that the network posted on its Web site 'The Blotter.' Within hours of that posting, 'numerous' former House pages emailed ABC with additional allegations about Mr. Foley, Mr. Ross said. … Mr. Ross's account sheds new light on a question that has vexed Washington insiders for days: Why did the story, which had circulated months before to several news outlets, break just five weeks before the election?" Ross "said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. 'The chain of events that just doesn't hold up...in terms of being from a political party,' Mr. Ross said. 'I know how that works. This was not it.'"

More Criticism Of GOP Leadership. The New York Times (10/4, 1.21M) editorializes, "The more the House Republican leaders try to defend themselves on the Congressional page scandal, the worse it looks. They still do not seem to appreciate how serious this is, especially for a party that poses as the arbiter of morality. And they appear to be trying harder to deflect blame from themselves than to get to the bottom of what actually happened." Hastert "is responsible for the page program, and for seeing that the recent improprieties are properly investigated. His performance has been disturbing." The GOP leaders are "up for re-election next month. Voters should go into the booth with full information about how they all handled this challenge to their leadership."

In an editorial, the Washington Post (10/4, A24, 748K) says, "The House must name a trustworthy outside investigator to examine the conduct of its leaders and officials" in the Foley matter, and "the sooner Republican leaders recognize that this is the only responsible -- not to mention politically acceptable -- approach to the scandal, the better off they, and the country, will be. So far,

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though…Hastert…and his finger-pointing colleagues have been resolutely resisting this obvious move."

Joseph A. Califano Jr., president of the National Center on Addiction and Substance Abuse at Columbia University, writes in today's Washington Post (10/4, A25, 748K), "The most troubling aspect of the Mark Foley scandal is not his conduct, disgusting as it was, but what the response of the leadership reveals about the rancid state of partisanship and the consequent decline of the House of Representatives." Hastert "presides over a legislative body so infested with mistrust that it doesn't even have a functioning ethics committee. Since the House is incapable of washing its own dirty laundry and policing itself, the speaker has to turn over that responsibility to the attorney general and the executive branch of government."

Harold Meyerson writes in the Washington Post (10/4, A25, 748K) that "should House Republicans toss Hastert overboard, then both their leaders in this session will have left the leadership in disgrace. Tom DeLay, after all, is soon to stand trial in Texas for abuses he is alleged to have committed in his drive to secure the House Republican majority by forcing through a mid-decade redistricting in his home state." And "dissimilar as Hastert's inaction in the Foley case and DeLay's action in the Texas reapportionment may be, their motives were indisputably identical: elevating the retention of the Republican congressional majority over any concerns about the other consequences -- some legal, some moral -- of their acts." Meyerson concludes saying, "So -- dump the pages? Come now. Let's just dump the Republicans."

Alito Warns Of Threats To Judicial Independence. The New York Law Journal (10/4, Scholl) reports, "As he was gearing up for this week's start of the new term, the U.S. Supreme Court's newest member took time to stress the importance of judicial independence for a group of Nassau County, N.Y., judges and attorneys. … 'I probably don't need to convince the people in this room how important it is for us to preserve our federal and state court systems, which have played such an important part in the government of our country, in the freedoms that we enjoy and in the prosperity that we enjoy,' Justice Samuel A. Alito Jr. said during a speech Thursday evening at the Mineola, N.Y., headquarters of the Nassau County Bar Association. … 'I think this is one of the times in our history when there are some real threats to the federal and state judiciary, and I don't think I'm being too much of an alarmist to say that we could be not too far from the tipping point when an accumulation of things does real damage to these vital institutions,' Alito added. 'I hope that we can all work to prevent that from happening.'" The Journal adds, "The day before Justice Alito appeared, former Justice Sandra Day O'Connor published a column in The Wall Street Journal decrying attempts by lawmakers and others to intimidate the judiciary. … Among the threats to judicial independence that Alito cited in his half-hour speech is the use of unfounded ethical charges to impugn the integrity of judges and judicial nominees. … The judge acknowledged that people who commit genuine ethical violations should be exposed and disciplined. But he added that 'to use unfounded ethical charges, which a member of the judiciary is in a poor position to answer, as a weapon to defeat a nominee or to denigrate a sitting judge, is a tactic that ought to be condemned.' … Alito said a second threat to judicial independence comes from some members of the news media who undermine public confidence in the judiciary by criticizing judges without just cause."

Pryor Hails Judiciary's Continued Independence. In a Wall Street Journal op-ed (10/4), Judge William H. Pryor, a member of the US Court of Appeals for the Eleventh Circuit, says, "Recently some leaders of the bench and bar -- including, on this page last week, retired Justice Sandra Day O'Connor -- have decried what they describe as unprecedented threats to the independence of the judiciary. I respectfully disagree. Although the fringes of American politics offer a few disturbing examples of ignorance of the judicial function, I agree with Justice Clarence Thomas, who observed in 1999, 'What is truly surprising about today's judiciary is how strong it really is.'" The "contemporary criticisms of the judiciary are relatively mild." Many "contemporary criticisms of judicial decisions by politicians are no more heated than the criticisms written by jurists in dissenting opinions." There "have been recent and reprehensible incidents of violence and threats against judges, but we should not forget that those kinds of terrible crimes have occurred before."

Seniors Urged To Re-Examine Medicare Drug Plans. USA Today (10/4, Wolf, 2.27M) reports, "The rollout of Medicare prescription drug plans for 2007 last week was heralded by federal officials as a trifecta of good news: low premiums, more choices and better coverage, particularly in the feared 'coverage gap.'" Health care analysts and consumer advocates "have a different view: The lowest premiums, sought by healthy seniors who join the program to avoid future penalties, will rise exponentially. Additional choices mean that beneficiaries in all but two states will have to choose from more than 50 plans. And most of the 'gap coverage' will be for generic drugs only." For these and other reasons, "millions of seniors and people with disabilities are being urged to re-examine the plan they chose for this year and compare plans again."

Rx-Benefit Outreach Effort Scaled Back. The Hill (10/4, Young) reports, "With the next sign-up period for the Medicare Part D prescription-drug benefit just weeks away,

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beneficiaries will not see an outreach campaign of the same scale as the effort employed by the Bush administration and the private sector during the program's inaugural year." Rather "than introducing a brand-new benefit to Medicare's 43 million beneficiaries, the administration, healthcare groups and senior-citizens' groups such as the AARP will be applying more focused strategies, particularly targeting low-income beneficiaries who haven't signed up."

WSJournal Praises Market Competition In Drug Benefit. In an editorial, the Wall Street Journal (10/4, A14, 2.03M) writes, "If you're looking for some good news from Washington, consider this semi-miracle: The Medicare prescription drug benefit is so far costing less than anticipated, while seniors are getting more insurance options at lower prices. Lesson: Maybe private competition works. This doesn't mean we're changing our minds that the new drug entitlement was a policy mistake at an estimated long-term cost of $8 trillion, give or take a trillion. But now that the program exists, it matters whether it turns into another price-controlled, one-size-fits-all federal entitlement, or whether the seeds of market competition planted in the bill are allowed to grow."

Report Finds $278 Million In Student Loan Subsidies Improperly Awarded. The New York Times (10/4, Glater, 1.21M) reports, "The federal Department of Education will have to decide whether to seek to recover" $278 million "in student loan subsidy payments to" student loan company Nelnet "that the department's inspector general has found were improper." The payments "were made under a program that guarantees a 9.5 percent interest rate on some loans regardless of prevailing market rates." The report found that "through a series of financing moves, Nelnet increased the size of its portfolio of loans eligible for the guaranteed interest rate to nearly $3.7 billion in June 2004, from $551 million in March 2003." It also found that the department "might improperly pay $882 million more to Nelnet unless the department took action." Nelnet "challenged the report's findings."

Democrats Pledge To Block Pay Raise Until Minimum Wage Increased. The Hill (10/4, Schor) reports Democrats are "renewing their vow to impede the annual congressional pay raise until the minimum wage is increased, but their options for a successful block during the lame-duck session likely depend on the outcome of the Nov. 7 midterm election." Senate Minority Whip Dick Durbin (D-Ill.) "was the latest senior Democrat to reiterate his party's intention to oppose the cost-of-living increase lawmakers have received automatically for more than a decade until the minimum wage is raised for the first time since 1997." At a "press conference last Thursday sponsored by the AFL-CIO and ACORN (Association of Community Organizations for Reform Now)," Durbin "was joined by Sens. Hillary Rodham Clinton (D-N.Y.) and Edward Kennedy (D-Mass.), whose bill to tie future minimum-wage increases to congressional pay raises has attracted increasing Democratic focus since its spring introduction."

Grassley, Baucus Call For Probe Of Pension Agency. The AP (10/4, Aversa) reports, "Two senators are asking Congress to find out whether the federal agency that insures private pension plans for millions of Americans has enough money and the right approach to do its job." Finance Committee Chairman Chuck Grassley "and the panel's top-ranking Democrat, Max Baucus, D-Mont., said Tuesday they want the Government Accountability Office to report back by early next year with preliminary information on the Pension Benefit Guaranty Corp., which insures traditional, defined benefit pension plans." The AP adds, "Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the growing demands placed on the agency and its swollen debt." At the end of 2005, "the agency recorded a deficit of $22.8 billion." In their letter to the GAO, "the senators said that 80 percent of all claims against the PBGC have come since 2000."

Ruling By National Labor Relations Board To Affect Union Exemption. The Wall Street Journal (10/4, Maher, 2.03M) reports, "In three widely anticipated decisions, the National Labor Relations Board opened the door for some employers to classify more workers as supervisors and exclude them from union representation. The decisions outraged unions, but didn't go as far as business groups had hoped." In the main decision, by a 3-2 vote, "the five-member board said nurses who independently assigned staff based on such things as patient conditions, and were involved in such decision-making more than 15% of their time regularly, should be considered supervisors and exempt from collective-bargaining protections." The Journal adds, "Labor experts said the decisions were likely to result in more nurses and other workers being classified as supervisors." But "its application to other industries is difficult to predict, in part because the responsibilities of workers can vary widely across industries and even workplaces, said John Raudabaugh, a partner at Baker & McKenzie LLP in Chicago, who served as a board member from 1990 to 1993."

The New York Times (10/4, Greenhouse, 1.21M) says the decision was "condemned by unions but praised by business," and "some labor experts predicted that the ruling could affect more than eight million workers who might also be deemed supervisors, including teachers who oversee aides." However, "in two related cases, the board ruled that

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workers with limited supervisory duties were not supervisors." Labor unions "have long feared such a decision, so much so that, in an unusual move, they held demonstrations at the labor board's offices in July to urge it not to issue an expansive ruling that would exempt many workers from union coverage." The Washington Post (10/4, D1, Russakoff, 748K), Los Angeles Times (10/4, Selvin, 918K) and Washington Times (10/4, Lengell, 88K) also report on the rulings.

Fate Of Postal Service Overhaul Bill Uncertain. The Washington Post (10/4, D4, Barr, 748K) reports in its "Federal Diary" column that the collapse of a bill that would overhaul the US Postal Service "spawned differing opinions on whether it can be salvaged next month in a lame-duck session. Rep. Thomas M. Davis III (R-Va.) is optimistic that the House and Senate will approve a postal bill. … But Sen. Susan M. Collins (R-Maine), a chief sponsor who will broker any compromise, is not as confident as Davis." The Post adds that "some administration officials and some lobbyists think the postal overhaul could be dead, not only for this year but for two or three years, if control of Congress shifts in next month's congressional elections. They also doubt that Collins and the White House will give in to the NALC."

OMB Seeks Bloggers' Advice On Reform Initiatives. The Washington Post (10/4, A23, Williamson, 748K) reports the Office of Management and Budget "is turning to bloggers for help in pushing the OMB's government reform plans after last week's success of its pet project, the Federal Funding Accountability and Transparency Act, also known as the Coburn-Obama bill." The legislation "envisions an online, searchable list of all federal government contracts and grants of more than $25,000. Such a window onto pork distribution would, said President Bush when he signed it, 'increase accountability and reduce incentives for wasteful spending.'" Despite its "bipartisan support, the bill earlier hit a wall when an unknown senator," later unmasked by bloggers as Sen. Ted Stevens, "put a secret hold on it." Bush "signed the bill last week, flanked by the bloggers who had led the charge, including those from Porkbusters.org, Townhall.com, Instapundit.com and Human Events Online's Right Angle blog. Soon afterward, OMB Deputy Director Clay Johnson III spent an hour with the bloggers." Right "after that, OMB Director Rob Portman and Johnson appeared at a luncheon to talk about OMB's government performance push. Portman also talked about the blogger fest, saying, 'Clay asked them, 'Gee, since you're so good at this, can you help us on some of our other initiatives?'' When Johnson took the floor, he invoked the bloggers several times as weapons in his fight for government performance and accountability reforms."

NYTimes Says Bayer-FDA Incident Highlights Safety Flaws. In an editorial, the New York Times (10/4, 1.21M) writes, "Bayer A.G.'s limp excuse for withholding data suggesting that a heart-surgery drug is dangerous won't wash. The failure by" Bayer "to inform" the FDA "of the disquieting results of a large observational study cannot be sloughed off as a mere 'mistake on the company's part.'" This incident "underscores the importance of requiring drug companies to publicly register all safety studies so that they can't be suppressed later should their results displease the sponsor."

OTHER NEWS:

Dow Jones Reaches All-Time Record High. Media coverage of the new Dow Jones record generally downplays the significance of the new market high. CBS Evening News (10/3, story 7, 2:45, Mason, 7.66M) reported, "It took nearly seven years the closing bell to ring in a new high for the Dow, but Wall Street was hardly going wild." Arthur Cashin, UBS Financial Services: "The high is important, but to just reach it is kind of like a tie in a ballgame -- you've got to really exceed is to say something dramatic to main street from Wall Street."

ABC World News (10/3, story 9, 2:35, Gibson, 8.78M) reported, "The Dow ended the day at 11,727, breaking the old record by 5 points. And it has been a long climb back from the heady days of the last Dow high." ABC (Stark) added, "It took more than six years for the Dow to make its way back into record territory. And for investors to absorb the shocks of 9/11, war in Iraq, the bursting of the dotcom bubble and an epidemic of corporate scandals that sent investors fleeing from stocks."

NBC Nightly News (10/3, story 6, 1:50, Williams, 9.87M) showed CNBC's Maria Bartiromo saying, "Once again, the story of the rallying stock market had so much to do with the pullback in the price of oil. Crude oil broke $60 a barrel. It finished below $59. When you consider the fact that oil was way up close to $80 a barrel just a couple of months ago and gasoline was above $3 a gallon a few months ago, you can see why people are feeling better about the economy. Going into the final three months of the year, people will be able to spend money. They don't have that pressure of high oil prices, high heating oil costs and gasoline on their backs. People are feeling good about the economy right now."

USA Today (10/4, Shell, 2.27M) headlines its story "Dow Climbs From Depths; But slide still felt; S& P, Nasdaq lag," while the Los Angeles Times (10/4, Petrune, 918K) titles its report "Dow's New Height Not as Giddy as the Last One." In a similar story, the Financial Times (10/4, Mackenzie) says

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"the broader stock-market remained well below their peaks of the high-technology boom." The S&P 500 "remained 12.6 per cent below its record close of 1,527, while the technology-heavy Nasdaq remained 55.6 per cent below its all time close of 5,048 reached at the peak of the internet boom in 2000."

The New York Times (10/4, Bajaj, 1.21M) reports, "In 2000 and the years leading up to it, the rally was fueled by demand for computers and telecommunications and a belief that the Internet would transform business. The rally over the last few months has had more modest roots: signs that the economy is moderating and inflation is tame."

The Wall Street Journal (10/4, Browning, 2.03M) says, "Throughout the market, the mood was more skeptical than during those heady days more than six years ago."

The Washington Post (10/4, A1, Masters, 748K) reports "the Dow's record is not quite as impressive as it seems. If inflation is taken into account, the Dow has to rise another 2,150 points before it will set an all-time high." But "there have been major positive changes. The current stock market rise is much more broadly based than the one that fueled the record in 2000, and most market analysts think share prices are more firmly grounded in reality."

More Commentary. The Wall Street Journal (10/4, 2.03M) editorializes, "At the start of every bear market, there are always voices saying we will never see the top again. But the smartest investors always turn out to be those who see new lows as a buying opportunity. … The stock market's strength is an especially good omen given that we are at a point in this expansion when many economists doubt its staying power. Investors seem to be betting that rising rates, the housing slump and a possible change of power in Congress won't stop the economy's growth." They "may well be wrong in the short term. But the lesson of yesterday's new stock market high is that in the long term optimism always pays."

Oil Prices Tumble 4% To Lowest Level Since February. USA Today (10/4, Hagenbaugh, 2.27M) reports, "Oil prices plunged at the fastest rate in more than a year Tuesday and fell below $60 a barrel for the first time in nearly eight months as high inventories and expectations for reduced demand weighed on prices." A number of analysts "say prices will likely head lower in the days and weeks ahead, absent a major change in the oil landscape. The price of a barrel of crude oil trading for future delivery fell $2.35, or 3.9%, to $58.68. That was the lowest price since mid-February and marked the steepest one-day percentage decline in prices since August 2005."

The Wall Street Journal (10/4, Chambers, 2.03M) says, "crude futures closed in on their lowest price for the year as traders become more convinced there are no big OPEC production cuts in the pipeline." The Journal reports, "Traders are ignoring comments from some members of [OPEC] suggesting they are cutting output to buoy prices, instead waiting for input from Saudi Arabia... . Based on comments at last month's OPEC meeting, some traders had been expecting OPEC to try to defend oil prices at $60 a barrel."

Bush Says Democratic Victory Would Weaken War On Terrorism. Fox News' Special Report (10/3, Hume) reported, "President Bush, on a campaign swing out west today, blasted his critics, bluntly declaring that if Democrats take control of Congress next month, the nation's stance against terrorism will soften." Fox added, "In what White House officials now describe as the beginning of a cross country campaign blitz over the next month before the midterm elections, President Bush stumping for House candidates in California said the choice this election should be over which party can protect America better."

Bush's campaign swing received rather sparse coverage in major newspapers, and was ignored by the networks entirely. The print outlets that covered Bush's trip suggested he has been ratcheting up his rhetoric against Democrats. The Bush statement that garnered the most attention, appearing in full in the Los Angeles Times and the Washington Post, was "If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats. If you want your government to continue listening in when Al Qaeda planners are making phone calls into the United States, then you vote Republican"

The Washington Post (10/4, A4, Baker, 748K) reports Bush "ratcheted up his campaign offensive against Democrats on Tuesday with perhaps his bluntest rhetoric yet as he accused them of being 'softer' on terrorists and willing to allow attacks on Americans rather than interrogate or spy on the nation's enemies." According to the Post, Bush "has escalated the intensity of his attacks with each passing day, culminating with what aides called a 'very aggressive' series of speeches Tuesday." Bush is quoted as saying, "Time and time again, the Democrats want to have it both ways. … They talk tough on terror, but when the votes are counted, their softer side comes out." The Post goes on to report, "While saying he does not question their patriotism, Bush paints Democrats as a 'cut-and-run' party that enables terrorists." The AP (10/4, Pickler) reports, in very nearly the same terms as the Post, that Bush "ratcheted up his charges against Democrats…flatly accusing his political opponents of being soft on terror." The AP adds, "Bush criticized Democrats who voted against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects by CIA agents. 'If they feel we are safer without this program, the Democrats in the United States Senate need to explain to the American people which

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of the attacks that the CIA program stopped would they have been willing to let go forward,' Bush said."

USA Today (10/4, 2.27M) reports Bush "tried to focus voters on the fight against terrorism Tuesday as his Western campaign swing swept into California. Bush accused his political opponents of being soft on terrorism at three events in the state designed to raise $2.3 million. He told cheering Republicans at a $400,000 breakfast fundraiser in Stockton that Democrats would raise their taxes and 'cut and run' in Iraq."

Bush Quotes Prominent Democrats In Stump Speeches. The Washington Times (10/4, Dinan, 88K) reports, "In his most bruising campaign speech to date, the president called out Democratic leaders, comparing Senate Minority Leader Harry Reid's boast of having 'killed the Patriot Act' to Sen. John Kerry's iconic 'I actually did vote for the $87 billion before I voted against it' statement on Iraq war funding in the 2004 election. Mr. Bush also said House Minority Leader Nancy Pelosi doesn't understand the war on terrorism because she said this year's elections shouldn't be fought on national security issues." The Times notes, "Bush never mentioned Mrs. Pelosi or Mr. Reid by name, but identified them and several others by position or quote."

Bush Boosts Republicans Dogged By Abramoff Scandal. The Los Angeles Times (10/4, Hennessy-Fiske, Tempest, 918K) reports Bush "painted the midterm election as a referendum on national security at fundraising events in California on Tuesday, saying congressional Democrats failed to provide the tools he needs to fight the war on terror." The Times notes Bush attended events for Reps. Richard Pombo and John Doolittle. According to the Times, "Pombo and Doolittle, tarnished by their ties to disgraced lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas), have been campaigning hard in their solidly Republican districts. … Tuesday's events raised about $400,000 for Pombo, $600,000 for Doolittle and $1.2 million for the Republican National Committee. More than 300 people paid $2,000 each to attend the Doolittle fundraiser at Serrano Country Club in El Dorado Hills." The Times adds Doolittle "acknowledged Tuesday that his wife's consulting firm stood to make $90,000 for her role in organizing the event. He defended the arrangement with Julie Doolittle's political consulting company, Sierra Dominion Financial Solutions Inc., under which she makes 15% of all money the company raises for her husband. 'I hired her. She is a very good fundraiser, and she works very hard,' Doolittle said."

Many House Races Targeted By Democrats Are In High-Cost Media Markets. USA Today (10/4, Lawrence, 2.27M) reports Democrats will "have to overcome the high cost of TV advertising to win pivotal races in their bid to control Congress. They're trying to pick up 11 House and Senate seats held by Republicans in expensive media markets. Republicans are attempting only four takeovers in top markets, a USA TODAY analysis shows." The contrast "underscores one of the chief difficulties Democrats face in their drive to win congressional majorities: raising enough money to make it happen." In Philadelphia — "where Democrats are going after House seats held by Republicans Jim Gerlach, Curt Weldon and Michael Fitzpatrick — a typical 30-second ad during a local newscast on a network affiliate costs about $2,100, according to the non-partisan Campaign Media Analysis Group." In Waco, Texas, "where Republican Van Taylor is trying to oust Democratic Rep. Chet Edwards, a similar ad costs about $250." FEC reports "show some Democratic challengers keeping up with incumbents, such as Lois Murphy and Joe Sestak in their races against Gerlach and Weldon. And the Democrats' Senate and House campaign committees had as much or more money as Republicans did on Aug. 31." But the "Democratic National Committee, which has invested heavily in a long-term program to build up party infrastructure in all 50 states, has far less money than its Republican counterpart going into the final weeks before Nov. 7 elections."

NM1 Race Seen As "Microcosm" Of Battle For The House. The Christian Science Monitor (10/4, Kass, 58K) reports that in the New Mexico 1st CD race, where Republican Rep. Heather Wilson faces Democrat Patricia Madrid, is "a microcosm of dueling strategies other Democrats and Republicans are using in their campaigns this fall. Ms. Madrid is trying to tie Ms. Wilson to an unpopular president, a troublesome war in Iraq, and a culture of corruption in Washington. The Wilson campaign is trying to focus on local issues, and saddle Madrid with a state corruption scandal." An Albuquerque Journal poll "released Oct. 1. showed Wilson and Mardrid dead even with each taking 44 percent of the vote."

Schumer's Wall Street Fundraising Prowess Noted. The Financial Times (10/4, Kirchgaessner) reports "this election cycle has proved" that Democratic Senatorial Campaign Committee Chairman Charles Schumer's "sharp tongue and insatiable appetite for media attention are not nearly as dangerous as his lethal ties to Wall Street." Schumer's "fundraising efforts…and improving prospects in a handful of Senate races, have some Democrats believing that a narrow Senate victory is in reach." The support "of Democratic donors from New York, particularly Wall Street, has been key to Mr Schumer's success. Of the $81.3m (€64m, £43.3m) he has helped raise - $12m more than Senator Elizabeth Dole, his Republican counterpart - roughly 18 per cent has been donated by New Yorkers, making it the most lucrative donor base. That compares with 9 per cent in

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2002, during the last midterm election cycle, when Washington DC held the top spot."

Lobbyists' Attention To Democrats Expected To Increase. The Hill (10/4, Snyder) reports there have been "hotter tickets on K Street than the informal breakfasts sponsored by a group of centrist House Democrats. Off and on for the past two years, the New Democrat Coalition (NDC), a 'pro-growth' group that bills itself as a link between Democrats and the business community, have held regular meetings with a few friends and financial backers on K Street." But "even if Democrats fall short of the majority this midterm, New Democrats and like-minded lobbyists say they may need to hold their meetings in a bigger room. In a more evenly divided House, groups like the New Democrats and the Blue Dogs, a group of centrist-to-conservative Democrats, will likely hold greater sway over the legislative agenda, and therefore will be more sought after among K Streeters."

Steele, Cardin Clash In First Debate. The AP (10/4, Wyatt) reports that in "their first debate of the general campaign, Maryland's candidates for an open Senate seat repeated familiar themes in laying out a case for votes." Democratic Rep. Ben Cardin "emphasized his opposition to the war in Iraq and a call for universal health insurance." Republican Lt. Gov. Michael Steele "called for more investment in minority businesses and said he'd be a careful listener for voters." Independent Kevin Zeese "mostly lobbed criticisms at the main parties and called for immediate abandonment of the war effort in Iraq." The debate, "held at the Baltimore Urban League, was the first - and so far only - forum for all three candidates." Race and "the war were dominant themes at the two-hour forum. Cardin, who spoke first, immediately launched into the Iraq situation, reminding voters that he voted against the war while in the House." Steele "made only oblique references to the war in his opening statements, not saying how the nation should proceed. Asked about his position later, Steele said he opposed a withdrawal plan for the troops and said the war should be fought differently, perhaps, but not ended."

The Washington Post (10/4, A1, Mosk, Marimow, 748K) reports in a front page story that Steele and Cardin "stripped away the niceties and exchanged sharp words Tuesday night in their first debate in the race for the U.S. Senate." Steele "at one point told the Baltimore congressman to 'shut up and listen' to the citizens of the state. Cardin unloaded on Steele for failing to address a series of issues while campaigning -- most pointedly, the war in Iraq." The "physical differences between the two, standing on stage in a Gothic 19th-century church building in downtown Baltimore, were impossible to miss -- Steele, 47, 6-foot-4 and looking polished in a designer suit; Cardin, 62, short and a bit portly in standard dark pinstripe, looking every bit the bookish legislative technician." For Cardin, "a chief goal of the debate was to turn the focus away from style and onto substance, where there are also sharp differences between the two that put him more in line with the views of Maryland's large population of Democratic voters." Steele "tried to turn Cardin's 20 years in Congress and 40 years in elected office against him."

The Washington Times (10/4, Miller, 88K) reports the candidates "clashed over racial issues last night in their first debate of the campaign." Cardin said, "There are too many divisions in America along racial lines and along economic lines. … Voters in the African-American community want change, and if they vote for me, they will get change. I voted against [President] Bush's budget because Bush's budget is leading America in the wrong direction, and the people in the African-American community know that." The Times adds Steele, "a Republican and the first black elected to statewide office in Maryland, responded: 'I appreciate your message of change, but it is an outdated message.'"

Hillary Clinton Endorses Webb. The Washington Post (10/4, A1, Shear, Craig, 748K) reports in a front page story that Sen. Hillary Rodham Clinton "endorsed Democratic Senate candidate James Webb yesterday as he and Republican Sen. George Allen intensified their efforts to woo female voters in the Virginia campaign's closing month." Clinton's "high profile appearance" at "a fundraising lunch in Old Town Alexandria provided a needed boost to Webb, whom Allen has criticized for his past attitude toward women in the military." While the "former first lady was announcing her support for Webb, Allen was attending a similar function in Fredericksburg held by his wife, Susan, and Cecelia Howell, the wife of House of Delegates Speaker William J. Howell (R-Stafford)."

The Washington Times (10/4, McLaughlin, 88K) reports Sen. Clinton "also downplayed a television advertisement paid for by Mr. Allen that hammers Mr. Webb for the view he held about a woman's role in combat 27 years ago," saying Congress "needs someone with Mr. Webb's military expertise and demonstrated leadership who can stand up to President Bush and the Republican majority." When asked "about Mr. Webb's 1979 'Women Can't Fight' article that questioned whether women were fit for military combat and apparently led to women facing harassment at the Naval Academy, Mrs. Clinton said, 'Times have changed.'" The Times ads, "Meanwhile, Mr. Allen kicked off an 'Issues, Ideas, Proven Record Tour' in Fredericksburg, Va., yesterday, as he tries to refocus his campaign on his record as state legislator, congressman, governor and U.S. Senator."

Allen's Promise To Focus On Issues, Achievements Pleases Conservatives. The Washington Times (10/4, Bellantoni, 88K) reports Virginia conservatives, "frustrated with Sen. George Allen's re-election campaign, were hopeful yesterday that the Republican's address televised statewide

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Monday evening will reverse his slip in the polls." Supporters "say Mr. Allen needs to refocus on the issues if he wants to win re-election. That was what Mr. Allen promised in the rare two-minute ad, saying that until the Nov. 7 election he will talk about his record, both as a senator and as governor in the 1990s." The "taped spot, which ran on five stations just before 8 p.m., was a smart move but might not be enough, said state Sen. Jay O'Brien, Fairfax County Republican."

Motives Of Prominent Black Allen Supporter Questioned. In his Washington Post column (10/4, B1), Courtland Milloy says Virginia state Sen. Benjamin J. Lambert III "hears the question all the time: Why would such an influential black Democrat come to the rescue of George Allen, a white Republican U.S. senator who was being tarred and feathered by his own racist past?" The "political hemorrhaging has eased somewhat since Allen found a powerful new best black friend to help burnish his image." Lambert said, "I look at it from the point of view that people are capable of change, of learning from their mistakes. George has apologized. He said he understands the plight of African Americans and their sensitivities regarding the Confederate flag. He said he was going to do much better. I say, 'Let's give him a chance.'" The Post adds it is "no coincidence that Lambert's endorsement came after a pledge by Allen to secure nearly a half-billion dollars in federal funding for financially troubled historically black colleges. Moreover, at Lambert's urging, Allen, along with Sen. John W. Warner (R-Va.), announced their sponsorship Monday of a bill that would honor the late U.S. District Judges Spottswood W. Robinson III, who was black, and Robert R. Merhige Jr., who was white, by having a new federal courts building in Richmond named after them 'for their historic roles in the nation's civil rights struggle.'"

Lamont's Contributions To His Own Campaign Total $6.75 Million. The Washington Times' "Inside Politics" column (10/4, Pierce) reports, "Democrat Ned Lamont, seeking to erase Connecticut Sen. Joe Lieberman's double-digit lead, is turning to his campaign's biggest financial backer for another infusion of cash: himself. The multimillionaire businessman, who trailed by 10 percent in a recent poll, wrote a $500,000 check to his campaign this week, an aide said yesterday. Just last week, Mr. Lamont had tapped his personal wealth for $750,000 to help fund the race. He has spent $6,751,500 of his own money to unseat the 18-year incumbent."

Corruption Seen As Key Issue In New Jersey Senate Race. In her Washington Post column (10/4, A25), Ruth Marcus says the New Jersey Senate race between Democratic Sen. Robert Menendez and Republican Tom Kean Jr. "in broad strokes, comes down to Bush fatigue vs. corruption fatigue. Menendez is doing his best to lash Kean to the president and his policies. Kean hardly mentions Bush or his party, though he's been happy to accept fundraising help from Laura Bush and Karl Rove. Instead, much as Menendez seeks to link Kean to Bush, Kean paints Menendez as 'an individual who personifies the system that has hurt New Jersey for so long.'" In "hammering on corruption, Kean may have lucked out -- in his timing and opponent. Even in a state where tales of corrupt officials are as common as turnpike traffic, this has been a busy season." Menendez, "who got his start in the notoriously corrupt politics of North Jersey's Hudson County, has offered Kean ample ammunition. Some of the attacks on him have been decidedly below the belt, others overstated even by the loose rules of political license, but some involve the kind of back-scratching coziness that looks even worse in the unforgiving light of a 30-second attack ad." Menendez, "for his part, seems offended by having to run against the unseasoned Kean in what he describes as 'probably the most vile campaign I have ever participated in.'"

LATimes Endorses Republican For California Insurance Commissioner. The Los Angeles Times (10/4, 918K) endorses Republican Steve Poizner in the race for California insurance commissioner. Although outgoing Commissioner John Garamendi "is backing Democratic Lt. Gov. Cruz Bustamante over Republican tycoon Steve Poizner," the "twist is that the best choice for consumers, hands down, is Poizner." Poizner is "credible, and his history shows he's a man of integrity. He thinks before he acts, a trait exemplified by his careful study of a liberal Democratic Bay Area Assembly district that he almost won, and his equally studious approach to and backing for Gov. Arnold Schwarzenegger's redistricting reform, a measure that, while unsuccessful, was worthy."

Efficient Cars' Potential For Assisting GM Recovery Derided. The Wall Street Journal (10/4, 2.03M) columnist Holman W. Jenkins, Jr., writes that fuel economy has "steadily improved relative to the growing weight of the average vehicle. People want fuel-efficient cars so they can afford to drive bigger cars and drive them more miles." Noting GM's touting of fuel cells and cars that run on E85, Jenkins writes, "Fuel cells are destined to remain a negligible, if not nonexistent, part of the market over the relevant time horizon, which could easily witness GM's bankruptcy. As for E85, it's a regulatory hoax." Jenkins says, "It won't be with fuel cells and E85 that GM puts itself back into the game. Nor will it be with teensy eurocars."

Study Finds Mixed Indicators On Civic Health. In a Washington Times op-ed (10/4), John M. Bridgeland, CEO of Civic Enterprises, and Peter Levine of the Center for

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Information and Research on Civic Learning and Engagement at the University of Maryland, say, "The National Conference on Citizenship, a non-profit created by Congress to strengthen our civic ties, recently released its new Civic Health Index, which charts our nation's civic progress over the last 30 years. While there are signs of civic recovery in areas of national focus, our civic health shows steep declines in most of 40 measures."

Arab Allies Press Rice On Palestinian Issue. The Washington Post (10/4, A20, Wright, 748K) reports "several close U.S. allies" in the Arab world are "bluntly telling" Secretary Rice that they "do not want to be pitted against other Arab governments and movements, according to senior Arab officials. The solution, the allies told Rice, lies with stronger U.S. leadership in solving the Arab-Israeli conflict." During talks in Egypt and Saudi Arabia Tuesday, Rice "was confronted by friendly but firm pressure" from eight Arab governments to "follow up on promises by President Bush to help achieve a two-state solution in the dispute between Israel and the Palestinians. They also questioned whether the administration still has the energy or full commitment to pull off a solution to the Palestinian issue before Bush leaves office, officials said." The Los Angeles Times (10/4, Richter, 918K) said Rice found herself "on the defensive about the Bush administration's search for partnerships and its efforts for democratic reform."

The AP (10/3, Gearan) reports Rice said the Hamas government "cannot govern in the Palestinian territories and she urged the Islamic militants to moderate and cooperate" with Fatah President Mahmoud Abbas. She also "said the world's credibility is on the line in the nuclear standoff with Iran as U.N. diplomats declared last-ditch talks with Tehran a likely failure. She said the nations that could impose sanctions are unified, despite Russia's public misgivings Tuesday." The AP said Rice "got a polite hearing from the United States' two most powerful friends in the Arab world," but "also got a lecture. Saudi Arabia and Egypt both told Rice on Tuesday that the Middle East's many volatile conflicts are hinged to Israel's long conflict with the Palestinians."

The Financial Times (10/4, Morris) reports diplomats said international observers "could be deployed at the main cargo crossing point between Israel and the Gaza Strip as part of expected proposals" by Secretary Rice to "loosen the economic siege of the Palestinian territory, diplomats said." US officials "played down the prospect that she would bring any new initiative to restart the peace process. But western diplomats said she was expected to try to revive a moribund agreement on easing the movement of Palestinian goods and people."

Civil War Looming In Palestinian Authority. The New York Times (10/4, Shenon, 1.21M) reports "at least 10 Palestinians were killed and more than 100 were wounded in some of the worst fighting in recent years between Hamas and Fatah" on Sunday and Monday as Rice called "for an end to the new wave of bloodshed." The Washington Times (10/4, Mitnick, 88K) reports Abbas aide Nabil Amr said "armed Palestinian factions are just 'centimeters' away from civil war." But AFP (10/3, El Oun) reports Palestinian PM Ismail Haniya "has vowed that his Hamas-led government would not let Palestinians slide into civil war following the deadliest bout of internecine fighting since he took office."

The AP (10/3, Barzak) says gunmen linked to Fatah "threatened Tuesday to assassinate leaders of the rival Hamas group." Meanwhile, the AP (10/3) reports, a Jerusalem Media and Communications Center poll finds Fatah tied with Hamas in voter support, "undercutting hopes by Palestinian moderates that Fatah could oust Hamas if new elections were held."

Ignatius Says Rice Should Meet With Middle East Foes As Well. In his Washington Post (10/4, A25, 748K) column, David Ignatius writes, "Talking to your allies is always a good idea, but consider the parties Rice isn't engaging on this trip: Syria, Hamas, Hezbollah and Iran -- the sources of the trouble. The idea of traveling to a Middle East in crisis and talking only to your friends is, I'm sorry to say, the equivalent of meeting Iraqi leaders in the protected Green Zone and imagining that you are thereby stopping the brutal killing out in the 'Red Zone,' which is the term U.S. officials in Baghdad have been using to refer to the real world. … To escape a traveling Green Zone mentality in the Middle East, Rice needs to create a process for engaging America's friends and adversaries. This is not a time for holding back, for testing the waters, for 'staying the course' of current diplomacy. If we keep doing what we have been doing, we will keep getting what we've got -- which is a mess."

Rice Says World Community "Running Out Of Time" On Iran Nuclear Issue. The Financial Times (10/4, Khalaf) reports, "Renewed tensions over Iran's nuclear programme emerged on Tuesday as the US and Britain warned that world powers would return to the United Nations Security Council to consider targeted sanctions against Tehran." Speaking in Cairo, Secretary of State Condoleezza Rice "said she feared Iran's latest proposals on enriching uranium abroad were a stalling technique. 'I hope there is still room to resolve this,' she said, 'but the international community is running out of time, because soon its credibility will be in question.'"

The Washington Times (10/4, Kralev, 88K) reports Rice "expressed skepticism about a new Iranian idea about French investment in its nuclear activities, saying it may be a stalling tactic to delay possible U.N. sanctions, which Washington is prepared to push for as early as next week." Under the headline "Iran's Proposal To End Nuclear Standoff Is

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Rejected By The West," the New York Times (10/4, Sciolino, 1.21M) reports that a "senior French official on Tuesday said: 'This is totally excluded. There is nothing substantive behind it. his is not the first time the Iranians have tried to divide the international community,'" while "another senior European official…said that proposal 'seemed to have the intention of distracting.'"

The Christian Science Monitor (10/4, Murphy, 58K) focuses its report on Secretary Rice's Middle East trip on Iran, saying she is in the region "seeking to build a network of support for what she calls 'emerging moderate forces'…against 'extremist' ones that are opposed to US interests. The No. 1 extremist Ms. Rice intends to counter, say analysts, is Iranian President Mahmoud Ahmadinejad." Rice "is seeking to tap a deep, historical concern among Sunni Arab countries wary of Shiite Iran, with the aim of building a counterweight to Iran's influence."

Bolton Says Sanctions Could Be Sought Soon. The AP (10/4, Jahn) reports UN Ambassador John Bolton "told The Associated Press: 'It's only a very short time before we'll be seeking sanctions,' unless Iran complies with international demands to suspend enrichment. And, he added, 'there is not a single sign that they're prepared to give up' the activity, which can be used to make fissile material to arm nuclear warheads."

More Commentary On Iran. In a USA Today (10/4, 2.27M) op-ed, Iranian Nobel Peace Prize laureate Shirin Ebadi writes, "While the current standoff between the United States and Iran over that country's uranium enrichment program is often portrayed as a clash of cultures -- the West against Islam -- the truth is much more complex. That depiction mistakes politics for culture, rhetoric for reality. A more accurate picture requires looking at the relations between the two countries through different lenses: one, the political relations between the two governments; the second, the more personal attitudes of the people toward each other. The former, with the threats of sanctions and even war, receives the most attention; the latter could hold the most promise for a possible resolution." The US "must listen to those who are more enlightened with regard to Iran's issues and the complexity of U.S.-Iran relations. It is only then that it can reach informed, realistic and sustainable decisions regarding its differences with Iran."

In a Wall Street Journal (10/4, A14, 2.03M) op-ed entitled "The Six-Million Person Question," Atlantic Monthly correspondent Mark Bowden examines Iranian President Mahmoud Ahmadinejad's public comments on the Holocaust, and concludes, "What the Holocaust demonstrates is the danger of a one-party state. It shows what can happen when a group of true believers, convinced of the superiority of their own ideas, have unchecked power. They are then free to rewrite history to suit their political ends, and crush those who disagree or protest…or who worship God in a different way. Like, say, the mullahs in Iran."

Rice Says North Korea Nuclear Test Would Be "Very Provocative Act." ABC World News (10/3, story 7, 0:15, Gibson, 8.78M) reported, "Overseas, an ominous threat by North Korea. An announcement it will conduct its first nuclear test, a major step in making atomic bombs. North Korea blamed what it called, and I quote, 'the US extreme threat of a nuclear war and sanctions,' for moving ahead with testing." Secretary Rice "said a nuclear test would be a provocative act. But she did not say how the US might respond." CBS Evening News (10/3, story 6, 0:15, Couric, 7.66M) reported, "North Korea threatened again today to conduct a nuclear test. The White House condemned the plan. The UN Security Council will take up the issue tomorrow."

The AP (10/3, Gearan) reports Secretary Rice said a North Korean nuclear test "would be 'a very provocative act,' and she prodded Asian nations to rethink their relationships with the North Koreans." In Cairo, she said, "It would be a very provocative act by the North Koreans. They have not yet done it, but it would be a very provocative act." Her warning "reflected widespread concern within the Bush administration. She stressed, however, that a North Korean test was an issue 'for the entire neighborhood' and not just for the United States."

CNN's The Situation Room (10/3, Verjee) reported, "The US has a warning for North Korea. The Bush administration says that Pyongyang's planned nuclear test would pose an unacceptable threat to world peace and stability. The UN Security Council discussed the issue today and plans more talks tomorrow. Earlier today North Korea announced it would carry out the test to counter what it calls an extreme threat of nuclear war from the US."

The New York Times (10/4, Sanger, 1.21M) reports North Korea's Tuesday announcement that it would conduct its first nuclear test led to "warnings from Tokyo to Washington that an underground explosion would lead to a sharp response and could undermine the security balance in Asia." Pyongyang "did not say when it would try to test a weapon, and experts inside and outside the Bush administration said the announcement itself was a negotiating ploy, intended to force the White House into lifting economic sanctions and holding one-on-one talks with North Korea." USA Today (10/4, Slavin, 2.27M) reports North Korea "gave no date for a test and said it was committed to 'the denuclearization of the peninsula.'" The AP (10/3, Lim, Torchia) says North Korea "triggered global alarm" with the announcement.

The Washington Post (10/4, A1, Faiola, Linzer, 748K) says that while North Korea "has previously said it possesses

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nuclear bombs -- U.S. intelligence officials have estimated it could have as many as 11 -- a test detonation would dramatically change the region's power dynamics," with analysts saying the US, China, Japan, South Korea, and other Asian states "would be forced to deal far more harshly with the North Koreans." The Wall Street Journal (10/4, A4, Ramstad, Korea, Moffett, Fairclough, 2.03M) said Pyongyang succeeded in "antagonizing its neighbors and the U.S. and deepening the international standoff over the country's weapons program" with its announcement. The Los Angeles Times (10/4, Wallace, Barnes, 918K) also says "showcasing a nuclear capability would almost certainly deepen North Korea's diplomatic and economic isolation, and could escalate the military buildup in northeast Asia, where grievances run deep and suspicions between capitals are high."

Inside the A section, the Washington Post (10/4, A20, Kessler, 748K) says the announcement "came just as" the US and South Korea were "launching a new effort to persuade the government in Pyongyang to return to long-stalled disarmament talks. Top aides" to Secretary Rice have been "shaping the new approach, which began after a summit meeting last month between President Bush and South Korean President Roh Moo Hyun. Rice has described the next six-week period as crucial, saying she hopes to make a trip to Northeast Asia soon to test her ideas." But US officials said Pyongyang "appears to have concluded that there is no benefit in reaching a deal."

Bolton Calls Test Threat A "Provocative Act" By North Korea. Ambassador Bolton said on CNN's Lou Dobbs Tonight (10/3), "I think what the North Koreans have in mind here is to show that they're fully prepared to go ahead and test the weapon to show that they have it and that they can transfer it to somebody else. Some people interpret this kind of behavior by North Korea as kind of an attention-getting device. But I think it's more serious than that. That's why we take it as such as provocative act."

Rice Makes "Passionate Plea" For Darfur. The AP (10/4) reports Secretary Rice "made a passionate plea to the international community on Tuesday to persuade the government of Sudan to reverse itself and open the bloodied Darfur region to U.N. peacekeepers. Dispensing with traditional diplomatic understatement, Rice cited U.N. reports that tens of thousands of people, or even hundreds of thousands, perhaps, cannot be reached with food and water." She said "women who go out for firewood are regularly raped," and that "villages are attacked by militias, by rebels and by government forces." Rice said, "The international community does have a responsibility to protect the most vulnerable. What is going on in Darfur now cannot be tolerated."

Ban Pledges To Oversee Reforms At UN. The USA Today/AP (10/4) reports South Korean foreign minister Ban Ki Moon, "the favorite to be the next U.N. secretary-general, promised Tuesday that if chosen for the job, he will work to reform the world body and to find a peaceful resolution to the international standoff over North Korea's nuclear program. … The 192-nation General Assembly will hold a formal vote on a new secretary-general next week, probably Monday." The AP notes that if Ban "prevails, his selection will have been marked by unprecedented speed, consensus and calm. In years past, the choice of a U.N. chief has often involved rancorous negotiations, numerous ballots and handshake deals."

The Los Angeles Times (10/4, 918K) editorializes, "There are few nations where the United Nations is as widely respected, or has played as fundamental a role, as South Korea. Which is why it is fitting that a South Korean should lead the organization during what may well be another turning point."

Annan Will Not Release His Financial Disclosure Documents. The Washington Times (10/4, Pisik, 88K) reports, "U.N. officials said yesterday that they will not publicly release a financial disclosure form filed by Secretary-General Kofi Annan last month -- 10 months after he ordered all senior U.N. officials to file the forms. A spokesman said Mr. Annan submitted the questionnaire -- under a policy implemented in response to international outrage over U.N. involvement in the Iraq oil-for-food scandal -- on Sept. 22. … Mr. Annan was cleared of personal involvement in the scandal, but questions were raised about the conduct of son Kojo, who worked for a company that won a major oil-for-food contract."

Rumsfeld Questions Purpose Of Venezuelan Arms Build-Up. The AP (10/4, Baldor) reports Defense Secretary Donald Rumsfeld "criticized Venezuela's hostile politics and longtime adversary Cuba during a three-day stay in Central American, but avoided any talk about another old antagonist. Asked repeatedly about the Sandinista leader Daniel Ortega, who is leading in the presidential polls here, Rumsfeld stayed mum. … Rumsfeld made a passing reference to Cuba in his formal remarks to the ministers, and on Tuesday he said the island nation would be welcome in the conference when it becomes a 'free and democratic country.' And he was blunt about the concerns being raised by Latin American leaders about Venezuela President Hugo Chavez' billion-dollar weapons buildup. 'I don't know of anyone threatening Venezuela, anyone in this hemisphere,' Rumsfeld said when asked if he believed the Venezuelans' contention that the arms purchases were strictly for defense."

Turk Hijacks Jet, Frees Passengers In Italy. The Washington Post/AP (10/4, A19, Frigione) reports, "A Turkish

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man hijacked a jetliner carrying 113 people on an Albania-to-Turkey flight Tuesday and forced it to land in southern Italy, where he surrendered and released all the passengers unharmed, officials said. Two senior Turkish officials said the hijacker was seeking political asylum. An Italian security official said the man had a message for Pope Benedict XVI, but he said he did not know what it was."

Russia Will Not Lift Georgia Blockade Despite International Pressure. The Washington Post (10/4, A21, Finn, 748K) reports Russia "signaled Tuesday that it would not lift a transportation blockade on Georgia despite the release of four Russian officers detained on espionage charges and calls from the European Union and the United States for the two countries to find ways to ease tensions." Russian Foreign Minister Sergei Lavrov "said Tuesday that his country had 'no plans for the time being' to restore postal and transportation links, including commercial flights and train service, that were severed Monday as the four military officers were about to be released. … In Tbilisi, the Georgian capital, Foreign Minister Erkki Tuomioja of Finland, which holds the rotating E.U. presidency, said Moscow's sanctions seemed disproportionate and warned against 'more acute measures.' On Monday, the U.S. State Department also called on Russia and Georgia to take steps to 'de-escalate tensions in the days and weeks ahead.'"

Russian Ban Devastates Georgian Wine Industry. The Washington Post (10/4, A21, Finn, 748K) reports, "Earlier this year, Russian health officials banned the import and sale of all wine from Georgia, citing impurities. It was a body blow to Georgia's second-largest export industry, which sold nearly 80 percent of its wine to Russia."

PRC Anticorruption Probe Reportedly The Most Extensive In Decades. The New York Times (10/4, Kahn, 1.21M) reports, "When Shanghai's party boss was detained in an anticorruption probe last week, Chinese were rattled by news of the first purge of a high-ranking Communist Party leader since 1995. But the investigation's scope and its ultimate goals are wider, as the party's two most powerful officials aim to shake up the leadership and wipe out resistance to their policy agenda, party officials and analysts say. The investigation, the largest of its kind since China first pursued market-style changes to its economy more than a quarter-century ago, was planned and supervised by Zeng Qinghong, China's vice president and the day-to-day manager of Communist Party affairs, people informed about the operation said. … Aside from frightening officials who have grown accustomed to increasingly conspicuous corruption in recent years, the crackdown could give Mr. Hu greater leeway to carry out his agenda for broader welfare benefits and stronger pollution controls, which may prove popular in China today."

Israelis Find Investment Opportunities In Romania. The Wall Street Journal (10/4, Millman, 2.03M) reports, "Israeli expatriates have started local businesses in agriculture, retailing, real estate and heavy construction. Branch offices of firms based in Tel Aviv and Haifa handle everything from hotel management to insurance to car leasing. Many of the office parks and shopping malls rising in Bucharest's suburbs are being financed by Israeli hedge funds, while Israeli engineering firms are managing European Union road and water projects in the countryside."

NYTimes Calls For International Regulation Of Hazardous Waste Disposal. The New York Times (10/4, 1.21M), in an editorial, writes, "Globalization brings wealth and opportunity to many people around the world. But to poor slum dwellers in the failing state of Ivory Coast, it has brought horrible sickness and death after hazardous waste, shipped nearly halfway around the world, was stealthily dumped in backyards around Abidjan. This need not and should not have happened. … The details and legal responsibilities are still being sorted out. But the lesson is plain. Without strict, and strictly enforced, international rules on waste disposal, dangerous cargos will find the course of least resistance, least cost, and least regulation, scarring the lives of some of the world's poorest, worst governed and most defenseless people."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Stark Beauty, Solitude, Squalor And Sulfur -- Trona Has It All."
"Foley Case Shakes GOP."
"A Countdown To 300 Million."
"Dow's New Height Not As Giddy As the Last One."
"N. Korea Plans A Nuclear Test."
"LAPD Arrests Skid Row Campers."
"U.S. Ruling Could Eliminate Union Eligibility For Millions."

USA Today:
"Foley Was Molested As Child, Lawyer Says."
"Toxic Mix Of Emotions Boiled Within Devoted Dad, Husband."
"Dow Climbs From Depths."

New York Times:
"Hastert Fights To Save His Job In Page Scandal."
"Dow Jones Index Hits A New High, Retracing Losses."

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"Police Describe Gunman's Plan In School Siege."
"In Graft Inquiry, Chinese See A Shake-Up Coming."
"Bloomberg Set To Lead 9/11 Memorial Group."
"In Bill's Fine Print, Millions To Celebrate Victory."
"North Koreans Say They Plan A Nuclear Test."

Washington Post:
"North Korea Vows To Conduct Nuclear Test."
"Foley Attorney Cites Alcohol, Abuse."
"Fenty Offers Tweaks On D.C. Crime Bill."
"Dow Hits New High After A Long Recovery."
"Some Say They Felt Uneasy About Representative's Attention."
"Death Toll In Attack At Amish School Rises to 5."
"Steele, Cardin Draw Distinctions."
"Sen. Clinton Supports Webb In Va. Campaign."

Washington Times:
"Bush Backs Hastert Keeping Job."
"N. Korea To Test Nuclear Device."
"Annan's Financial Form To Be Secret."
"Steele, Cardin Wrangle Over Race In Debate."
"Palestinian Rivals On Brink Of Civil War, Abbas Aide Says."
"Civic Activist Faces Federal Death-Penalty Trail In D.C."

Detroit Free Press:
"Amish Shaken, But Not Likely To Change Lifestyle."
"DeVos Defends Stake In Company."
"Flat Sales Gains Calm Carmakers."
"On Your Street Or Wall Street, Stock Rally A Reason To Smile."

Atlanta Journal-Constitution:
"Benning Growth Will Change Army, Region."
"Killer Told Wife He Was A Molester."
"Dow Hits Record High."
"Conflict Of Interest?"

Story Lineup From Last Night's Network News:
ABC: Amish School Shooting; School Safety; Foley Investigation; Hastert Under Fire; Foley Aftermath Analysis; Amish Faith; North Korea Threat; Iraq-Sectarian Violence; Stock Market.
CBS: Amish School Shooting; School Safety; Foley Investigation; Woodward's Book; Iraq-Sectarian Violence; North Korea; Stock Market; Richy Frolicsteen-Opinion; World War II Film.
NBC: Amish School Shooting; Amish Reaction; School Safety; Hastert Under Fire; Campaign 2006; Stock Market; Amish Shooting Aftermath Analysis; Women On Front Lines.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Foley Scandal; North Korea-Missile Test Plan; Iraq-US KIA; Wall Street.
CBS: Foley Scandal; PA-Amish School Shooting; Wall Street.
NPR: North Korea-Missile Test Plan; Nobel Prize For Physics Awarded; Rice-Middle East Trip; Foley Scandal; Iran-Nuclear Program; Afghanistan-Insurgent Attack.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends a Rick Renzi for Congress reception, Camelback Inn, Scottsdale, Ariz.; signs H.R. 5441 - Homeland Security Appropriations Act, Camelback Inn, Scottsdale, Ariz.; attends a Beauprez for Governor reception, Inverness Hotel and Conference Center, Englewood, Colo.

VICE PRESIDENT CHENEY — Speaks at a rally for troops, Fort Hood; speaks at a luncheon for congressional candidate Shelley Sekula-Gibbs. Hyatt Regency Houston.

LAURA BUSH — Speaks at a Curt Weldon for Congress breakfast. Springfield, Pa.; speaks at a Tom Reynolds for Congress luncheon. Amherst, N.Y.; visits CRUCIAL Human Services Center and participates in a radio interview. Buffalo, N.Y.; visits Youth Court and observes mock trial. Latham, N.Y.; speaks at a John Sweeney for Congress reception. Saratoga Springs, N.Y.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AGRICULTURE EDUCATION _ The National Academy of Sciences holds a summit on agriculture education for undergraduates. Highlights: 8:30 a.m. Agriculture Secretary Johanns. Location: NAS Auditorium, 2100 C St. NW.

INTELLIGENCE OPERATIONS _ The National Military Intelligence Association holds a 2-day symposium, ``Joint Intelligence Operations Centers: Concepts and Realities," to describe the common and varied approaches taken by the Department of Defense and the Combatant Commanders in implementing the Execution Order establishing Joint Intelligence Operations Centers. Location: DIA offices.

MUSLIM WORLD _ 9:30 a.m. - 4 p.m. The United States Institute o Peace hosts ``Looking Ahead at the Muslim World After 9/11," a day-long conference on the challenges facing the United States in the Muslim world five years after 9/11. Highlights: 10 a.m. Panel I: Countering Extremism and Terrorism. Moderator: Theodore Feifer Deputy Director, Professional Training Program. Rethinking the War on Terrorism, with Paul Stares, Vice President, Center for Conflict Analysis and Prevention. Recruiting Terrorists: Myths, Facts, and Unknowns, with C. Christine Fair, Senior Research Associate, Center for Conflict Analysis and Prevention. 11 a.m. Panel II: Reforming the Muslim World. Moderator: Abdeslam Maghraoui, Director, Muslim World

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Initiative. Islamists: Between Radicalism and Moderation, with Judy Barsalou, Vice President, Grants and Fellowship Program. Engaging with Moderate Islamists: Why and How?, with Mona Yacoubian, Special Advisor Muslim World Initiative. Building Effective Democratic Opposition in the Arab World, with Daniel Brumberg, Special Advisor Muslim World Initiative. 1:15 p.m. Panel III: Bridging the Divide. Religion and Peacemaking, with David Smock, Center for Mediation and Conflict Resolution Associate Vice President, Religion and Peacemaking Program. Can Muslim-Americans Bridge the U.S.-Muslim World Divide?, with Qamar-ul Huda, Senior Program Officer Religion and Peacemaking Program. Teaching Peace and Tolerance through Education, with Jeff Helsing, Deputy Director Education Program. Lessons Learned from the Philippines, with Eugene Martin, Executive Director Philippine Facilitation Project. 2:30 p.m. - 3:45 p.m. IV: Pivotal Conflicts. Moderator: Daniel Serwer, Vice President Center for Post-Conflict Peace and Stability Operations, Centers of Innovation. Prospects for Peace and the Threat of Violence in Sudan, with Dorina Bekoe, Senior Research Associate Center for Conflict Analysis and Prevention. Iran: Regional Ambitions for a Domestic Agenda?, with Daniel Brumberg, Special Advisor Muslim World Initiative. What Can Be Done to Save Iraq?, with A. Heather Coyne, Senior Program Officer Center for Mediation and Conflict Resolution. Emerging Uncertainties in Afghanistan, with J Alexander Thier, Senior Rule of Law Advisor Rule of Law Program. Beyond Lebanon: Vision for a Comprehensive Peace in the Middle East, with Scott Lasensky, Senior Research Associate Center for Conflict Analysis and Prevention. 3:45 p.m. - 4 p.m. Concluding remarks by Abdeslam Maghraoui, director, Muslim World Initiative. Location: United States Institute of Peace, 1200 17th St. NW.

RYAN WHITE-LATINOS _ 9:30 a.m. Congressional and Latino leaders hold a news conference on the implications of Ryan White reauthorization on the Latino community. Location: News conference at 9:30 at Room 121, Cannon, followed by HIV testing at 10 a.m. in room 122, Cannon.

SAUDI-US _ 10 a.m. - 11:30 a.m. Prince Turki al-Faisal, Saudi ambassador to the US, speaks on ``Saudi-US Relations and the Way Ahead." Location: CSIS, 1800 K St. NW, Conference Level B1.

SRI LANKA _ 11 a.m. Members of the Washington area Sri Lankan community hold a rally to condemn terrorism in Sri Lanka and to express support for the U.S. global war on terror. Location: Lafayette Park.

EMERGING MARKET ECONOMIES _ 12 p.m. Timothy F. Geithner, president and chief executive officer of the Federal Reserve Bank of New York, will give the next speech of the W. P. Carey Global Leader Lecture Series at the Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS). Topic: ``Progress Toward Financial Stability in Emerging Market Economies." Location: Kenney Auditorium, first floor, Nitze Building, 1740 Massachusetts Ave NW.

NATO-AGHANISTAN _ 12 p.m. Gen. James L. Jones, Supreme Allied Commander, Europe, speaks on ``NATO's Role in Afghanistan" Location: The Washington Club, 15 Dupont Circle NW.

VOTING ADMINISTRATION _ 12 p.m. The American Constitution Society for Law and Policy holds a discussion of voting administration issues, with Penda hair of the Advancement Project, Elliot Mincberg of People for the American Way, Wendy Weiser of NYU School of Law, others. Location: Room 188, Russell.

LEBANON CONFLICT _ 12:15 p.m. - 2 p.m. The Carnegie Endowment for International Peace and the Friedrich Ebert Foundation co-host a discussion, ``After a Bloody Summer: Whats New in the Middle East? Experts Marina Ottaway, Volker Perthes, and Amr Hamzawy will give brief presentations on the crisis and its consequences, followed by audience Q&A. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

ENERGY EFFICIENCY _ 12:30 p.m. EPA Administrator Steven Johnson holds an event demonstrating energy efficiency, as part of the Energy Star Change a Light, Change the World campaign. Location: National Press Club.

REHR-BROADCASTERS _ 12:30 p.m. David Rehr, president and CEO, National Association of Broadcasters, addresses a National Press Club luncheon. Location: National Press Club.

BERNANKE _ 12:45 p.m. Federal Reserve Board Chairman Ben S. Bernanke addresses the Economics Club of Washington. Subject: Savings. Location: Oriental Ballroom, Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

ENERGY-ELECTIONS _ 12:45 p.m. - 2 p.m. Resources for the Future hosts a panel on how energy and the environment are shaping the campaigns, and how the outcome of the vote might shape future policy decisions on these issues. The panel also will consider what issues might be gaining interest at the local level, and take a look ahead at what might be in store on these topics in the 110th Congress and in the 2008 presidential election. Moderator: Janet Hodur, Public Affairs Manager, Resources for the Future. Panelists: Juliet Eilperin, Environment Correspondent, Washington Post, and author of ``Fight Club Politics: How Partisanship Is Poisoning the U.S. House of Representatives;" Elizabeth Shogren, Environment Reporter, National Public Radio; and Jon A. Krosnick, Frederic O. Glover Professor in Humanities and Social Sciences, Stanford University, and RFF University Fellow. Location: Resources for the Future, 1616 P St. NW, First Floor Conference Center.

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TROOPS-POLL _ 1 p.m. VoteVets.org holds a news conference to release a poll of troops who have returned from Iraq and Afghanistan. Location: National Press Club.

BANKRUPTCY LAW _ 1:30 p.m. The National Association of Consumer Bankruptcy Attorneys marks the anniversary of the new bankruptcy law by releasing a survey that looks at how the new law has failed to work as intended. Contacts: Ailis Aaron Wolf, 703-276-3265. Notes: Callin number: 800-860-2442; ask for bankruptcy law anniversary event.

SOMALIA _ 2 p.m. The American Enterprise Institute holds a panel discussion on the impact of the June 2006 takeover of Mogadishu by Islamic fundamentalists, with Eunice Reddick of the State Department, others. Location: 12th floor, AEI, 1150 17th St. NW.

SOUTH ASIA-PEACE _ 2 p.m. - 3:30 p.m. The Kasmiri American Council hosts an open forum with Mirwaz Umar Farooq, chairman, All Parties Hurriyet Conference. Topic: ``Prospect of Peace Process in South Asia: Post Havana Summit." Location: Suite 420, 1111 16th St. NW.

US-KOREA _ 4:30 p.m. Johns Hopkins School of International Studies inaugurates the U.S.-Korea Institute, featuring remarks by Assistant Secretary of State Christopher Hill; South Korean Ambassador Lee Tae-Sik; and former U.S. Ambassadors to Korea. will host the inaugural event of the U.S.-Korea Institute at SAIS on Wednesday, October 4 at 4:30 p.m. Christopher R. Hill, assistant secretary of State for East Asian and Pacific Affairs, and Lee Tae-Sik, ambassador of the Republic of Korea to the United States, will give remarks. Location: Kenney Auditorium, Nitze Building, 1740 Massachusetts Ave. NW.

DOMESTIC VIOLENCE _ 6:30 p.m. The National Domestic Violence Hotline holds a dinner gala with speakers actress Salma Hayek, Sen. Mike Crapo, others. Location: Union Station.

SCHWAB-TRADE _ 7 p.m. US Trade Representative Susan Schwab deliver keynote address at Coalition of Service Industries annual dinner. Location: Capital Hilton, 16th and K Streets NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 4, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

State Dept. Confirms Rice-Tenet Meeting (AP-Y)

By Anne Gearan

AP, October 3, 2006

Secretary of State Condoleezza Rice did receive a CIA briefing about terror threats just about two months before the Sept. 11 attacks, but the information was not new, her chief spokesman said.

In doing so, Sean McCormack confirmed a meeting — on July 10, 2001 — that his boss had said repeatedly she could not specifically recall. She had said earlier that there were virtually daily meetings at the time.

A new book by reporter Bob Woodward of Watergate fame describes the White House meeting as an emergency wakeup call that Rice had brushed off. Rice was President Bush's national security adviser at the time and was promoted to the top diplomatic job last year.

Although spokesmen for the State Department and the National Security Council indicated Sunday that such a meeting had taken place, Rice was still saying Monday that she was not sure about it. She said she would have remembered the sort of forceful warning the book claims was conveyed there.

"We can confirm that a meeting took place on or around July 10, 2001," McCormack said late Monday.

"The information presented in this meeting was not new, rather it was a good summary from the threat reporting from the previous several weeks," he added.

Woodward's book "State of Denial" recounts the meeting among then-CIA Director George Tenet, Rice and the CIA's top counterterror officer. The book said the session stood out in the minds of the CIA officials as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

McCormack said that after the meting, Rice had asked that the same material be given to Secretary of Defense Donald H. Rumsfeld and then-Attorney General John Ashcroft.

Materials from this meeting were made available to the independent Sept. 11 Commission, and Tenet was asked about the session when interviewed by the commission, McCormack said.

The meeting is not part of the commission report, but was referred to obliquely in a report by the commission's predecessor, a joint congressional panel that investigated the 9/11 attacks. That report said that "senior U.S. government officials were advised by the intelligence community on June 28 and July 10, 2001, that the attacks were expected, among other things, to 'have dramatic consequences on governments or cause major casualties' and that 'attack preparations have been made. Attack will occur with little or no warning.'"

Meanwhile, Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," he said in an interview with The Associated Press.

"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Black should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

According to the Sept. 11 Commission, Ashcroft was briefed on July 5, 2001, "warning that a significant terrorist attack was imminent." The report noted that the briefing addressed only threats outside the United States.

Dems Write Letter Questioning Rice (HILL)

By Elana Schor

The Hill, October 4, 2006

DOJ_NMG_0074467

In the wake of Washington Post reporter Bob Woodward's new book on the White House's handling of the war in Iraq, 11 House Democrats wrote to Secretary of State Condoleezza Rice yesterday with questions about a controversial meeting she held with two senior intelligence officials in July 2001.

Woodward's book, "State of Denial," reports that then-CIA leader George Tenet and CIA counterterrorism chief Cofer Black met with Rice on July 10, 2001, to warn her in strong terms that al Qaeda was planning an attack on U.S. facilities. Rice has since strongly denied being warned of any possible strike within the U.S.

The Democrats who signed the letter, including Rep. Rahm Emanuel (Ill.), Homeland Security Committee ranking member Bennie Thompson (Miss.) and Government Reform Committee ranking member Henry Waxman (Calif.), wrote that Rice's 2004 testimony to the 9-11 Commission "does not appear to match your statement this weekend, and we would appreciate a more specific detailing of the level of information received by your office."

Terror Inmates' Mail Still Goes Unread (AP-Y)

By Lara Jakes Jordan

AP, October 3, 2006

Mail for convicted terrorists and other dangerous federal inmates isn't being fully read by prison authorities, and that is a risk to national security, a Justice Department review concluded Tuesday.

The U.S. Bureau of Prisons is supposed to translate and screen all mail to and from the highest-risk inmates — including terrorists, gang members and spies — for evidence of criminal activity. But that target was not being met consistently at 10 federal prisons and detention centers surveyed by the Justice Department's inspector general.

"The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated," concluded the report by Inspector General Glenn A. Fine. It urged the Bureau of Prisons to correct quickly the security gap, including putting tracking systems in place to ensure all high-risk inmate mail is read and analyzed.

A Bureau of Prisons spokesman said the agency agrees with the review's recommendations in whole or in part. But it is largely too cash-strapped to afford enough staff to sort through the thousands of letters and other pieces of mail federal prisons receive each week — what Bureau of Prisons Director Harley G. Lappin described to inspectors as searching for "a needle in a haystack."

Experts fear that a new generation of homegrown terrorists is being bred in prison and, after release, they will seek guidance from Islamic extremists still behind bars.

The Justice Department's mail investigation was spurred, in part, after three convicted terrorists at a federal maximum-security prison in Florence, Colo., were found to have written an estimated 90 letters between 2002 and 2004 to Islamic extremists — some with links to the March 11, 2004, attacks on commuter trains in Madrid. Some of the letters later surfaced in the hands of a terror suspect who used them to recruit suicide operatives.

The Madrid attacks killed 191 people and wounded more than 1,700.

Following that discovery, the Bureau of Prisons took steps to limit high-risk inmates' mail and telephone calls, the inspector general found. It also hired more Arabic translators and sought to better analyze mail.

Limited funding, in the face of a growing inmate population, has hindered those efforts, the inspector general's report concluded. About 10 percent of an estimated 191,000 federal inmates, as of July, are considered high risk. The number of high-risk inmates has grown by 60 percent over the last decade; by contrast, federal prisons' staff increased by 14 percent, from an estimated 30,200 to 34,600.

Sen. Charles E. Schumer, D-N.Y., called the findings "inexcusable."

The Bureau of Prisons "continues to be incompetent when it comes to detecting possible terrorist activity in federal prisons," said Schumer, a member of the Senate Judiciary Committee that oversees the agency.

Courts have largely deferred to prison officials seeking to limit inmates' communications or other rights, said David L. Hudson Jr., an attorney with the First Amendment Center in Nashville, Tenn.

"Unfortunately, they essentially have no First Amendment rights — or very few," Hudson said.

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The review examined mail monitoring systems at 10 federal prisons and detention centers: in Brooklyn and Manhattan, N.Y., and Sheridan, Ore.; two each in Florence, Colo., and Beaumont, Texas; and three in Allenwood, Pa.

The maximum-security prison in Florence, for example, houses about 400 of the most dangerous and violent inmates in the federal system. Among them are the 1993 World Trade Center bombers, convicted Unabomber Ted Kaczynski, convicted spy Robert Hanssen, and leaders of violent street gangs.

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On the Net:

Justice Department's Office of Inspector General: http://www.usdoj.gov/oig/index.html

Justice Review Of Prisons Calls For Closer Look At Inmate Communications (USAT)

By Kevin Johnson

USA Today, October 4, 2006

WASHINGTON — The Justice Department issued a damning account of the federal prison system's failure to monitor potentially criminal communications of convicted terrorists and other inmates at some of the nation's most secure government facilities.

In a 100-page report released Tuesday, Justice Department Inspector General Glenn Fine found that the federal Bureau of Prisons (BOP) fails to adequately monitor prisoners' mail, telephone calls, visitor communications and cell-block conversations that could be part of criminal enterprises.

The bureau also lacks the staffing and expertise to translate communications conducted in foreign languages or to assess possible threats, the report found.

"The BOP incarcerates international terrorist inmates who require sophisticated monitoring and analyses of their communications and activities," the report concluded. "The BOP's monitoring procedures, intelligence analysis and foreign language capabilities have not evolved to that level."

Fine launched the investigation following news reports last year that three terrorists convicted in the 1993 World Trade Center bombing and imprisoned at the government's most secure facility in Florence, Colo., wrote more than 90 letters to Islamic extremists outside the prison.

Justice investigators based their conclusions on reviews of 10 high-security institutions where many of the system's 146 convicted international terrorists are jailed and hundreds of the estimated 19,720 high-risk inmates are detained.

More than 190,000 inmates are held in the federal prison system.

The report also found that the number of high-risk inmates — including gang leaders and international and domestic terrorists — has increased by an estimated 60% in the past 10 years. During that same time period, BOP staff increased by 14%.

BOP spokesman Michael Truman described the Justice assessment as a "very candid report" and that the bureau would deal with its findings.

"The most dangerous and sophisticated inmates are housed in the most restrictive conditions allowed in order to ensure that they cannot influence others or use other inmates to send or receive messages," Truman said. "We are continually reviewing our procedures to ensure that not only are high-risk individuals housed safely and securely but that other inmates, our staff and the public are protected from them."

Screening Of Mail At Federal Prisons Lags (WP)

By Dan Eggen

The Washington Post, October 4, 2006

Three terrorists imprisoned in the 1993 World Trade Center bombing were able to send more than 90 letters to alleged terrorists overseas because U.S. prison officials do not screen all correspondence from the most dangerous inmates as required, according to a report released yesterday.

An investigation by Justice Department Inspector General Glenn A. Fine found that the U.S. Bureau of Prisons does not have enough translators or intelligence analysts to properly screen incoming and outgoing communications, including mail and telephone calls.

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The report also said that the proportion of mail monitored has decreased in recent months amid tightening budgets and staff reductions, despite incidents in recent years when incarcerated terrorists were able to communicate with sympathizers overseas. One of the letters was eventually used as a recruiting tool for suicide bombers in Spain, officials said.

"We found that the BOP has not effectively monitored the mail of terrorist and other high-risk inmates," the report said. ". . . Consequently, the threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated."

The prison bureau said in a statement issued yesterday that it agrees with Fine's recommendations for changes but that implementing improvements "will require significant additional resources, primarily staff."

"The most dangerous and sophisticated inmates are housed in the most restrictive conditions allowed in order to ensure that they cannot influence others or use other inmates to send or receive messages," the statement said.

Fine's investigation was requested by Attorney General Alberto R. Gonzales in early 2005, after NBC News reported that scores of letters had been sent overseas by three men convicted in the World Trade Center bombing and housed at the Administrative Maximum U.S. Penitentiary, or Admax, in Florence, Colo. The facility is home to some of the most violent and dangerous prisoners in the federal system, including terrorists, drug lords, gang leaders and others.

Fine's report said more than 90 such letters were sent by inmates Mohammed Salameh, Mahmud Abouhalima and Nidal A. Ayyad between 2002 and 2004. The recipients included Mohamed Achraf, alleged leader of a plot to blow up the National Justice Building in Madrid, and others with links to terrorists suspected in the March 11, 2004, attacks on commuter trains there.

At least 14 letters were exchanged between the Colorado inmates and the Spanish terrorist cell, the report said, and one suspect arrested in Spain used the letters in recruitment efforts. In one letter published by an Arabic newspaper, Salameh wrote: "Osama bin Laden is my hero of this generation."

Fine's investigators found that the prisons bureau "does not have enough proficient translators to translate inmate mail written in foreign languages" and lacks sufficient staff trained to analyze communications for suspicious content. For example, the report said, staff members in Florence failed to notify the FBI about the letters to extremists in Spain because they did not understand the possible ramifications of the correspondence.

The inspector general also found that the problem has worsened: Prison officials read a smaller percentage of mail now than they did a year ago at seven out of 10 facilities surveyed by investigators. During one week in November 2005, the report said, two mailroom staffers at Florence were able to read only 1.8 percent of 2,464 pieces of incoming mail.

The BOP statement said that the bureau had already implemented many of Fine's recommendations.

In response to the report, Sen. Charles E. Schumer (D-N.Y.) blasted prison officials yesterday as "incompetent when it comes to detecting possible terrorist activity in federal prisons."

"Given past evidence of terrorists communicating with live terror cells from inside prison walls, it is inexcusable that the BOP is not monitoring high risk prisoners more closely," Schumer said in a statement.

Report: Security Gaps In Prison (NSDY)

By Carol Eisenberg

Newsday, October 4, 2006

WASHINGTON -- A terror suspect may be secretly wiretapped by the U.S. government. But once convicted and sent to prison, he has much less to worry about from Big Brother, according to a new Justice Department report.

Federal prison officials do not read all the letters to and from convicted terrorists -- creating a security gap with potentially lethal implications, the report by the Justice Department inspector general found. Nor do officials adequately monitor telephone conversations, cellblock talks or prison visits by family and friends, the report concluded.

"The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated," it said.

Metropolitan Detention Center in Brooklyn was rated the worst of 10 federal prisons when it came to random monitoring of inmates' mail -- reading 0.3 percent of all mail in one given week last year.

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The review by the inspector general comes amid growing concern about prisons incubating terrorism after last year's foiled plot to blow up synagogues and National Guard facilities in California, in a plan devised in a Sacramento prison.

Moreover, media reports last year revealed that three men convicted in the 1993 World Trade Center bombing and incarcerated in a federal prison in Florence, Colo., wrote more than 90 letters to Islamic extremists from their prison cells -- including more than a dozen to men linked to the March 11, 2004, attacks on Madrid commuter trains. The Madrid attacks killed 191 people and wounded more than 1,700.

"Today's report confirms our worst fears: The Bureau of Prisons continues to be incompetent when it comes to detecting possible terrorist activity in federal prisons," said Sen. Charles Schumer (D-N.Y.), who had asked for the investigation.

"Given past evidence of terrorists communicating with active terror cells from inside prison walls, it is inexcusable that the Bureau of Prisons is not monitoring high-risk prisoners more closely. ... Starting immediately, we need to see much more aggressive ... efforts."

Following reports of the inmates' correspondence with members of the Madrid terror cell, the report said the Bureau of Prisons did take steps to better screen mail and telephone calls, including hiring more Arabic translators.

But funding and manpower shortages hobbled their efforts. In seven out of 10 prisons visited, prison staff described their workload as "overwhelming," and told investigators their monitoring had decreased in the past year as a result of staff reorganizations and downsizing.

At the Metropolitan Correction Center in Manhattan, they also cited inadequate information-sharing, saying that in one case, they discovered from the media that an inmate was a high-ranking member of al-Qaida.

Pa. Man Charged With Trying To Help Al-Qaida Blow Up Refineries (NSDY/AP)

By Ron Todt, Associated Press Writer

Long Island Newsday, October 4, 2006

PHILADELPHIA -- A federal grand jury Tuesday indicted a man on charges of offering to help al-Qaida blow up fuel facilities in at least three states.

The six-count indictment charges Michael Curtis Reynolds, a transient who lived with his elderly mother in Wilkes-Barre, with providing material support for a terrorist organization and seeking to destroy property used in interstate or foreign commerce.

The FBI arrested Reynolds in December after authorities said he tried to meet a purported al-Qaida contact about 25 miles from a motel in Pocatello, Idaho, where he had been staying. Authorities said he expected to receive $40,000 to finance an alleged plot to blow up pipelines and refineries. The purported contact turned out to be a Montana judge who was working for the FBI.

Reynolds wanted to help al-Qaida units attack fuel facilities "to reduce energy reserves, create environmental hazards, increase anxiety, and require substantial expenditure of funds and government personnel, including the military, to protect those locations," the indictment alleges.

Reynolds has been held without bail in the Lackawanna County jail since his arrest on charges of illegally possessing hand grenades, charges that are included in the new indictment filed in U.S. District Court in Scranton.

Defense attorney Joseph O'Brien declined comment on the indictment Tuesday, saying he had just received it and had not been able to discuss it with his client. Reynolds had been scheduled for trial on the explosives charges in November, O'Brien said.

At a December detention hearing, Assistant U.S. Attorney John C. Gurganus Jr. said Reynolds had tried to work with al-Qaida to target the Williams natural gas refinery in Opal, Wyo.; the Transcontinental Pipeline, a natural-gas pipeline that runs from the Gulf Coast through Pennsylvania to New York and New Jersey; and a Standard Oil refinery in Perth Amboy, N.J., that no longer exists.

Gurganus said the defendant had told authorities that he was trying to expose terrorist cells, but they did not believe him because he sought a fraudulent passport to leave the country following the attacks in order to avoid possible capture and the death penalty for treason.

Gurganus did not immediately return a telephone message left Tuesday seeking comment.

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Reynolds was convicted of arson in 1978 in connection with an attempt to blow up his parents' house in New York state.

Wilkes-Barre Man Indicted In Terror Plot (PHI)

By John Shiffman

The Philadelphia Inquirer, October 4, 2006

A federal grand jury charged a Wilkes-Barre man yesterday with offering to help al-Qaeda blow up oil pipelines and refineries, a plot he allegedly hatched in a Yahoo chat room bearing Osama Bin Laden's initials.

The terror charges brought against Michael Curtis Reynolds are rare, but a Justice Department spokesman in Washington said statistics were not kept on the number of native-born U.S. citizens who have been charged since 2001 with providing material assistance to terrorists.

"We have what appears to be a lone wolf who aspired to be an al-Qaeda sympathizer," said Brian W. Lynch, the FBI assistant special agent-in-charge for terrorism in Philadelphia. "He was doing things that gave us pause and we had to take him seriously."

Reynolds, 48, was arrested Dec. 5 after he tried to retrieve $40,000 "that he believed constituted payments from al-Qaeda in exchange for his services," the indictment says. He was detained at a rest stop on an interstate highway in southern Idaho.

Since then, he has been held in the Lackawanna County jail on unrelated weapons charges. He was not immediately charged with terrorism because such cases must be reviewed in Washington.

But the terrorism accusations became public in February, when The Inquirer published excerpts of a transcript from a court hearing in which a prosecutor told a judge that Reynolds planned to blow up oil refineries.

Reynolds has denied that he is a terrorist. His lawyer, Joseph A. O'Brien, declined to comment.

Authorities say Reynolds entered a Yahoo chat room called "OBLcrew" last fall, met someone he believed to be an al-Qaeda member, then exchanged e-mail with that person privately.

Four postings from a "Michael Reynolds" were still on the Yahoo OBLcrew public chat room last night.

A message from Oct. 25 said: "It is true America has overstepped its bounds in invading Iraq. Those serious enough to do something about it should e-mail... . Contact soon... . We both want something, let's talk."

The next day, the same person wrote: "Still awaiting someone serious about contact. Would be a pity to lose this idea."

On Nov. 3, someone responded, offering to talk. Further details weren't posted in the chat room, which is available to anyone who registers with Yahoo.

Although Reynolds believed that he had been communicating online with an al-Qaeda operative, he was, in fact, chatting with Shannen Rossmiller, a 36-year-old municipal judge who lives in Conrad, Mont., and who regularly monitors extremist Muslim Web sites, assisting the FBI. In 2004, she helped win a conviction against a National Guardsman in Tacoma, Wash.

Rossmiller declined to comment yesterday.

Thomas A. Marino, the U.S. attorney for the Middle District of Pennsylvania, declined to comment, a spokeswoman said. Marino issued a news release in which he praised the FBI for stopping Reynolds "from following through" with alleged terror acts.

In private e-mails, Reynolds identified himself as "Fritz Mueller," officials said.

The indictment alleges that Reynolds "offered to assist al-Qaeda in engaging in acts of terrorism within the United States by... identifying targets, planning terrorist attacks, describing bomb-making methods, among other services."

Reynolds sought to enlist "al-Qaeda members to carry out violent attacks against pipeline systems and energy facilities in an effort to reduce energy reserves, create environmental hazards, increase anxiety, and require" federal officials to spend money to protect them, the indictment said.

In addition to being charged with providing material support to al-Qaeda, Reynolds was charged with soliciting explosives to use to destroy natural gas pipeline facilities.

Reynolds also was charged with knowingly distributing, through the Internet, information about the construction and use of explosives, and with possession of hand grenades. One grenade charge is related to an April 23, 2005, case in which police were called to his mother's home in Wilkes-Barre after a relative discovered the hand grenadeDuring a pretrial hearing last year, Assistant U.S. Attorney John C. Gurganus Jr. said that Reynolds planned attacks against oil refineries "as a plan to disrupt

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governmental function, to change the government's actions in foreign countries, and to impact on the national debate about the war."

At the time, Gurganus said said Reynolds' letters, computer drawings and e-mails spelled out his plot to detonate trucks filled with propane along the Alaska pipeline. He also allegedly planned to blow up sections of a transcontinental natural-gas pipeline that runs from the Gulf Coast through Pennsylvania to New Jersey and New York City.

Shortly before his arrest, Reynolds was fired from his job at a semiconductor firm in southern Idaho. He had been living at the Thunderbird Inn in Pocatello, Idaho.

Reynolds, a self-professed computer expert, has filed repeated motions to the court, demanding a trial.

U.S. Told To Show If Lawyers' Talks With Suspects Tracked (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, October 4, 2006

Citing a "cardinal rule" of litigation, a federal judge in Brooklyn yesterday ordered government attorneys to tell him how much they know about the possible monitoring of conversations between eight former terrorism suspects and their lawyers.

The eight men, all illegal aliens, were men arrested after the Sept. 11, 2001, terrorist attacks and later deported. They are suing the government for abuses while they were detained at the Metropolitan Detention Center in Brooklyn.

Now that they are no longer in the United States, the men suspect that their conversations with their attorneys have been monitored under a National Security Agency program authorized by President George W. Bush after 9/11.

In May, a federal magistrate judge, Steven Gold, ordered the Justice Department attorneys defending the abuse claims to state whether they, potential witnesses or the defendants, who include former Attorney General John Ashcroft and FBI Director Robert Muller, were privy to any such monitoring.

The magistrate judge also wanted to know whether any information obtained from monitoring would be used to defend the case.

Judge Gleeson affirmed that ruling yesterday in Turkmen v. Ashcroft, 02-CV-2307, with one modification: The government attorneys will now submit the information to Judge Gleeson, ex parte, and he will examine it and report back to the plaintiffs' attorneys.

The decision will be published Tuesday.

"As Judge Gold recognized, it is a cardinal rule of litigation that one side may not eavesdrop on the other's privileged attorney-client communications," Judge Gleeson wrote. "Litigation involving officials of the executive branch of government is no exception."

Judge Gleeson rejected arguments that to confirm or deny whether the plaintiffs' communications were monitored would shed light on the capabilities of the NSA program and disclose valuable intelligence.

"It would not reveal classified information to say that the Department of Justice has been scrupulous in walling off the government officials who are involved in this litigation from exposure to . . . surveillance or knowledge derived from such surveillance," the judge said. "The Department has rightfully espoused that procedure as its policy, and the plaintiffs are entitled to the government's representation that it has made good on it."

One of the government's attorneys, Stephen E. Handler of the Justice Department, previously told Magistrate Judge Gold that he had not been informed that any member of his trial team was aware of intercepted communications. He also agreed to prepare a written response at the behest of the magistrate judge.

But in a subsequent letter to the magistrate judge, Mr. Handler said that the Justice Department, after further examining the issue, could not "confirm or deny whether any communications were intercepted by classified means."

He asked Magistrate Judge Gold to reconsider his decision to ask the government to reveal the information.

Magistrate Judge Gold then issued his May ruling.

Rachel A. Meeropol of the Center for Constitutional Rights, which represents the plaintiffs, said the ruling "recognizes the importance of judicial scrutiny."

The Department of Justice did not respond to a request for comment.

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In a previous ruling in the Turkmen case, Judge Gleeson held that the government did not violate the law when, in response to 9/11 attacks, it arrested aliens of Middle Eastern descent and held them for long periods to investigate possible ties to terrorism (NYLJ June 15, 2006).

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Justice Department Ordered To Discuss Eavesdropping On Muslims (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, October 4, 2006

A federal judge has ordered senior Justice Department officials to tell him what they know about any secret government eavesdropping on several Muslim men who were deported after the September 11, 2001, terrorist attacks.

A former attorney general, John Ashcroft, and the FBI director, Robert Mueller III, are among those who must answer the judge, John Gleeson of U.S. District Court in Brooklyn.His order requires the Justice Department to make the disclosures within two weeks. The Justice Department will submit its answer under seal, though Judge Gleeson indicated he could choose to make the answers public.

The order, released yesterday, applies to two lawsuits brought by less than a dozen Muslims and a Hindu who were rounded up after September 11 and jailed in conditions they claim were brutal. They have since been deported.

Their attorneys, largely from the Manhattan-based civil rights group the Center for Constitutional Rights, have expressed concern that the National Security Agency is listening in on their conversations with their clients.

The order does not require the government to disclose whether the NSA has intercepted such attorney-client conversations. But the Justice Department will have to answer whether the government's lawyers, witnesses, or defendants in the case — including Messrs. Ashcroft and Mueller — have been informed of the content of any such intercepted conversations.

The order replaces an earlier one that had demanded more disclosure from the government. In March, the magistrate-judge handling the case, Steven Gold, told the government to provide answer to a similar question, but did not indicate the government could file those answers under seal.

"In matters this important and sensitive, it seems to me prudent to take small steps," Judge Gleeson wrote.

A spokesman for the Justice Department, Andrew Ames, said the department was reviewing the ruling.

"From our view this is a reasonable way to balance the concerns the judge has expressed," an attorney, Alexander Reinert, who represents one of the plaintiffs, said.

The 2nd U.S. Circuit Court of Appeals will hear arguments today in an appeal to an earlier ruling brought by one of the men suing the government. Javaid Iqbal.

Closing Arguments In Trial Of 2 Mosque Members (NSDY/AP)

By Michael Hill, Associated Press Writer

Long Island Newsday, October 4, 2006

ALBANY, N.Y. -- Lawyers for two Muslim men arrested in a money-laundering sting argued Tuesday that the terrorism-related case is based on deceptive evidence presented in a post-Sept. 11 climate of fear.

"This country made some mistakes in the aftermath of 9-11, and this case is one of them," Terence Kindlon, lawyer for Yassin Aref, said in his closing arguments .

Aref, imam at a city mosque, and Mohammed Hossain, a pizzeria owner and mosque member, were arrested in 2004 in an FBI sting built around a fictitious assassination plot. An FBI informant told them he was an arms dealer and asked Hossain to launder money from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City, according to the federal complaint. They are accused in a 30-count indictment of supporting terrorism.

Assistant U.S. Attorney William Pericek told the jury in his closing argument that though their motives were different _ Hossain was interested in money, Aref ideology _ they both understood what the informant was proposing. Pericek told the jury the pair decided to go ahead with the scheme even after the informant said his money came from the sale of ammunition, even after he showed off a surface-to-air missile.

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The case against the two men is largely built on tapes of them speaking with the confidential informant. Pericek played back segments Tuesday to demonstrate the informant was explicit about the alleged plot to the men. In one segment Hossain says money could be made from a missile.

Aref, a spiritual leader in the Muslim community, took the stand last week and gave benign explanations for his words and actions. But Pericek said the tapes prove the case.

"What you have here is Mr. Aref saying, 'What are you going to believe, me or your own eyes and ears?'" Pericek said.

Defense lawyers countered that prosecutors were "cherry picking" selected minutes from some 50 hours of tape to make the two men look guilty. Hossain's lawyer, Kevin Luibrand, highlighted different segments of the government's tapes, such as Hossain saying the Sept. 11 attacks on the World Trade Center were "bad" and that there is no need for Muslims to kill.

"What they're presenting to you was manipulated and deceptive," Luibrand said of the government case.

Aref merely thought he was acting as a witness to financial transactions according to Muslim custom, Kindlon said. Luibrand said the informant, Shahed Hussain, essentially persuaded his client to take part in the scheme.

Kindlon described the informant, who cooperated with FBI in hopes of reducing his sentence for helping immigrants fraudulently obtain state drivers' licenses, as "a low-life creep."

Aref was characterized by Kindlon as a poet, family man and spiritual leader who grew up in northern Iraq under the tyranny of Saddam Hussein. Luibrand said Hossain was a hardworking business owner who was leading an innocent life until the informant started working on him. Kindlon compared this prosecution to the conviction of a black man for rape in "To Kill a Mockingbird."

"The government went out and decided to snag a couple of Middle Easterners," he said.

Lawyers on both side urged the jury to look over the entire record when they begin deliberating Wednesday.

Trial Of Suspects Caught In Terror Sting Goes To Jury (LAW)

By John Caher, New York Law Journal

New York Law Journal, October 4, 2006

ALBANY - Terrorist sympathizer or victim of an overzealous government? Money launderer or victim of government entrapment?

Those are seemingly the bedrock questions today as a federal jury in Albany begins deliberations in the long and controversial case of U.S. v. Aref/U.S. v. Hossain, 04-CR-402.

The case, which at one point generated national attention, centers on two Albany Muslims caught in a government sting more than two years ago.

According to the government, Mohammed Mosharref Hossain, a U.S. citizen who ran a pizza shop, was approached by an informant claiming to be a wealthy importer. The informant, a Pakistani immigrant and con artist looking for leniency, eventually led the suspects to believe that he was an arms dealer. At one point, he displayed to Mr. Hossain a rocket launcher that he said would be used to carry out a terrorist mission in New York City.

The informant asked Mr. Hossain to run $50,000 in cash through his pizza parlor, and return all but $5,000 of it in checks from the business. Mr. Hossain accepted various sums, often returning much of it immediately with checks.

Yassin Muhiddin Aref, an imam, entered the picture in his religious role and was asked to witness and document the transactions, which the defendants describe as a loan, as required under Islamic law. Mr. Aref created a paper trail with multiple copies of those dealings. Officials agree he did not personally profit.

Mr. Aref, a refugee from northern Iraq, is also accused of lying to authorities about his alleged links to Middle Eastern political organizations and individuals the government claims are linked to terrorism.

The case has meandered through Senior U.S. District Judge Thomas J. McAvoy's courtroom in Albany for more than two years, raising myriad issues over defense access to classified documents as well as issues regarding allegedly illegal wiretaps. Yesterday, after two weeks of trial, jurors heard closing arguments.

Assistant U.S. Attorney William C. Pericak, the lead prosecutor, delivered a 90-minute, workman-like summation in which he relied heavily on secretly recorded and incriminating conversations between the informant and the defendants. Mr. Pericak

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urged the jurors to focus on what the defendants believed and what their intentions were in dealing with a man they had reason to believe was an illegal arms dealer with terrorist sympathies. Both defendants had earlier been approached by an FBI agent and urged to report any suspicious encounters or observations in their Muslim community. Although both had the agent's business card in their wallet when they were arrested, neither contacted the FBI.

"[Mr. Hossain's] motive was money," Mr. Pericak told the jury. "Aref was driven by ideology. Two motives came together to make this work."

Mr. Pericak replayed for the jury several segments of the more than 50 hours of tapes in which the informant records many of his meetings with the defendants. Those segments left the impression that Mr. Hossain was well aware that he was laundering money, and that Mr. Aref was equally aware and also sympathetic to the causes of terrorists.

"You can turn a light on and it is not a crime," Mr. Pericak said. "But if you know that if you turn on the light something will blow up, it is a crime. It comes down to belief and intent."

In the recorded segments played during the prosecution's summation, the jurors were reminded that Mr. Hossain had expressed concern over the legality of the financial relationship and warned the informant to be careful. The jurors also heard Mr. Aref speak of the need to "legal[ize]" the impostor's money, and to warn the informant that if the transactions were discovered he could be accused of supporting terrorism.

Sting Called a 'Mistake'

Terence L. Kindlon, counsel for Mr. Aref, followed the prosecution with a dramatic and impassioned closing where he seemingly took issue with the government's conduct not only in this case, but in many cases apparently inspired by the 9/11 terror attacks.

Mr. Kindlon, of Kindlon & Shanks in Albany, portrayed the prosecution as an over-reaction to 9/11, coupled with the government's unfair use of a professional con artist to ensnare unwitting defendants.

"What happened was 9/11," Mr. Kindlon told the jury. "The world changed for all of us, and it really changed for people from the Middle East, and Yassin [Aref] was one of them. We did a lot of things right and a lot of things wrong. Our government made a lot of mistakes, and one of the mistakes was this sting operation."

Mr. Kindlon described his client as a refugee from Iraq and Saddam Hussein's tyranny, a scholar and cleric who came to this country in pursuit of the American dream, only to fall into the trap of a misguided prosecution generated by a "low-life creep," referring to the informant.

The attorney compared his case to "To Kill a Mockingbird," Harper Lee's masterpiece on the prosecution/persecution of an innocent black man accused and convicted of raping a white girl the Depression-era south.

"He [Tom Robinson] was convicted not because of what he did, but because of prejudice and fear," Mr. Kindlon said. "Don't let that happen here."

Focus on Comments

Mr. Hossain's attorney, Kevin A. Luibrand of Tobin & Dempf in Albany, followed with a systematic and methodical dissection of the government's case, focusing largely on the secret recordings.

Mr. Luibrand repeatedly accused the government of taking comments wildly out of context, neglecting to show the jury entire discussions - especially when the entire conversation was exculpatory - and of being duped by its own witness.

For instance, early in the prosecution the informant brought back to his FBI handler a tape in which he is shown meeting with Mr. Hossain and speaking in Urdu. Mr. Hossain appears to rant and rave, and evidence showed that the informant told authorities that he was railing against America.

It was several months before officials had the tape transcribed and learned that Mr. Hossain was actually espousing his respect for the United States and the American way of life and criticizing the terrorists who had attacked what he described as his country, the United States.

Additionally, the transcripts, which Mr. Luibrand highlighted for the jury, indicate that in addition to somewhat vague comments by the informant about arms dealing there were specific references to a legitimate business and business income. It is not clear from those segments if Mr. Hossain thought he was handling illicit or legal funds - but it is clear that the government's informant assured the target that there was nothing illegal about their dealings.

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"The government goes into the life of an innocent man . . . tells him something is legal and then arrests him for doing it," Mr. Luibrand said. "They just can't do that."

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Pentagon: No Terror Trials Imminent (AP-Y)

By Pauline Jelinek

AP, October 3, 2006

The Pentagon said Tuesday that it will take some time to set up military trials for terror suspects, approved by Congress last week.

No such trials are imminent, said Defense Department spokesman Bryan Whitman, who declined to say when he thought they might begin.

President Bush is expected to sign into law legislation passed Friday on prisoner interrogations and military trials. The Defense Department has to rewrite rules and redraft charges that were filed against defendants under an old trial system, struck down by the Supreme Court, Whitman said.

"And then there's all the mechanics" of assigning people like judges, lawyers and court reporters — "things that are very mundane but very important," Whitman said. "And that's just to give you a flavor of the many things that we would have to do."

Ten detainees at the military prison at Guantanamo Bay, Cuba, had already been selected for trial under a system set up after the Sept. 11 attacks when the Supreme Court ruled the system unconstitutional.

Since then, Bush also has sent to Guantanamo 14 high-level suspects that the CIA had been interrogating and hiding for years in secret prisons around the world.

The group includes Khalid Sheik Mohammed, the suspected mastermind of the Sept. 11, 2001, attacks.

Asked whether officials might decide to try those new arrivals first, Whitman said it would be up to prosecutors, though more work has been done on the cases of others.

Australian Attorney General Philip Ruddock says he was told by U.S. officials that the only Australian held at Guantanamo — Taliban fighter David Hicks — will be one of the first terror suspects to be tried by the overhauled military commission system. Speaking Sunday, Ruddock said he expected it to be within months.

The bill passed Friday authorizes the Pentagon to set up military commissions, or juries, to hear a defendant's case and establishes rules for prosecution. The bill requires at least five members in each commission and a unanimous vote by at least 12 members if the death penalty is sought. It also requires the military judge follow certain trial procedures, such as requiring each defendant have access to any evidence given to the jury.

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On the Net:

U.S. Military Commissions at http://www.defenselink.mil/news/commissions.html

German Lawmakers Fault Abduction Probe (WP)

By Craig Whitlock

The Washington Post, October 4, 2006

BERLIN -- More than two years after a German citizen reported being kidnapped in the Balkans by the CIA, several lawmakers here are criticizing prosecutors for not conducting a more aggressive investigation into the bungled counterterrorism operation.

Last month, prosecutors in Munich disclosed that they had obtained a list of about 20 CIA operatives suspected in the abduction of Khaled al-Masri, a German citizen of Lebanese descent who was forcibly taken to Afghanistan in early 2004 and interrogated for four months in a covert prison.

Despite the apparent break in the probe, prosecutors said they were not close to issuing arrest warrants or indictments. They complained of a lack of cooperation from the U.S. government.

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Although many of the names appear to be aliases, a German television network identified and tracked down three people allegedly involved in the case, prompting legislators and other critics of U.S. counterterrorism tactics in Europe to question whether German prosecutors are reluctant to dig too deeply into a case involving American spies.

"If the suspects came from other countries, everything would proceed much quicker," said Hans-Christian Stroebele, a member of a German parliamentary committee that is conducting a separate inquiry into what role the German government may have played in the abduction. Prosecutors, he added, should "clear up this case forcefully and with all means." He said an investigation "has to use official channels but follow unconventional ways as well."

The German criminal investigation into the alleged CIA operation stands in contrast to a similar case in Milan, where prosecutors have issued international arrest warrants for 26 American agents charged with kidnapping a radical Islamic cleric and taking him to Cairo in early 2003.

Authorities in both Italy and Germany acknowledged that it was implausible that the U.S. government would ever hand over CIA operatives for trial or that arrests were likely. But Italian prosecutors have pushed ahead regardless, preparing to try the defendants in absentia.

August Stern, a chief public prosecutor in Munich whose office is leading the Masri investigation, said his staff has been hampered by a lack of cooperation from both the U.S. and German governments. The U.S. government has dodged official legal queries, he said, while the German government has kept other material under the protective seal of classification. "We are doing everything in our power," he said.

Stern said his office recently received the list of about 20 CIA operatives from Spanish judicial authorities, who assembled it from the flight manifest of an airplane that investigators believe was used in the kidnapping.

Aviation records show that the plane, a Boeing 737 registered to a suspected CIA front company, left the Spanish island of Mallorca on Jan. 23, 2004, and arrived a few hours later in Skopje, Macedonia, where Masri said he had been held for a few weeks by Macedonian and U.S. agents. The next morning, the plane left for Kabul, Afghanistan, with a brief stopover in Baghdad, according to the records.

The passengers on board are believed to have used fake passports. But Spanish investigators obtained photographs of several who checked into hotels in Mallorca before they left Spain.

Some of the spies were sloppy in other ways in concealing their trails. According to the German television network ARD, one pilot used his hotel phone to call his father in the United States; others used false last names but kept their real first ones and barely altered their birthdates on their passports. The CIA declined to comment for this report.

German prosecutors acknowledged that Masri's attorney gave them a copy of the flight manifest last December. But they waited four months before they sent a letter to Spanish authorities asking for official confirmation and assistance, according to German media reports.

"I don't want to put pressure on the justice system, but it surprises me that it is moving so slowly and that they are taking so much time to come up with the information," said Cem Ozdemir, a German delegate to the European Parliament and member of another panel that is scrutinizing CIA counterterrorism activity in Europe. "I think they're thinking twice before taking any action."

Many layers of mystery still surround Masri's disappearance. He has testified that he left his home in Ulm, Germany, on Dec. 31, 2003, after a squabble with his wife and decided on a whim to travel to Skopje, where he was detained at the border by Macedonian authorities.

According to his account, he was handed over to the CIA and taken to Kabul, where he spent four months in a dank cell before being flown back to the Balkans and set free on a hillside in Albania, with little explanation and no apology.

The German government has denied any involvement and said U.S. authorities informed it of the abduction only after Masri's release in May 2004.

A German federal police investigator testified last month in Berlin, however, that Masri had been under surveillance for months before his disappearance because of suspicions he had links to a radical Islamic group based in Lebanon. The investigator testified that details of the monitoring may have been passed to U.S. intelligence agencies.

Masri has testified that he was interrogated in Kabul by a German-speaking agent named "Sam," who he assumed was working for the German government. Investigators said they have been unable to confirm that Sam was a German operative. But

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they are still trying to determine exactly when the German government became aware that Masri had been kidnapped and whether it could have intervened earlier on his behalf.

"It is our task to find out: When did the former German government learn about the abduction?" said Siegfried Kauder, chairman of the parliamentary committee examining the case. "What did the German government know, and when did it find out?"

PATRIOT ACT:

Judge: Patriot Act Challenge Can Proceed (AP)

By Jim Irwin, Associated Press Writer

AP, October 4, 2006

DETROIT (AP) -- Nearly three years after hearing arguments in the case, a federal judge has ruled that an American Civil Liberties Union challenge to the constitutionality of the USA Patriot Act may proceed.

The ACLU's clients, including Muslim charities, social services organizations and advocacy groups, have shown they have been harmed by the anti-terrorism law adopted after the Sept. 11, 2001, terrorist attacks, U.S. District Judge Denise Page Hood said in a 15-page ruling issued Friday.

The lawsuit was filed in July 2003 on behalf of the Muslim Community Association of Ann Arbor and five other nonprofit groups. The ACLU said its clients had been hurt by the Patriot Act because fear of the law has kept many people from attending religious services and making charitable donations.

It was the first legal challenge to the part of the Patriot Act that let agents obtain such things as library lists and medical information.

The ACLU contended Section 215 of the Patriot Act, which allows the FBI access to any "tangible things" such as books and documents through an order from a secret court, does not require investigators to show probable cause.

The group wants the judge to declare Section 215 unconstitutional, and block the Justice Department from using that part of the Patriot Act.

Hood's ruling had been awaited since a Dec. 3, 2003, hearing at which the government argued the lawsuit should be dismissed. Federal officials later argued that amendments approved by Congress in March 2006 had corrected any constitutional flaws in the Patriot Act. Hood's ruling gave the plaintiffs 30 days to amend their initial complaint in light of those amendments.

Kary Moss, Michigan director of the ACLU, told the Detroit Free Press she would consult with her clients before deciding whether to proceed with the lawsuit.

The government had argued the law does not violate the Fourth Amendment because the protections against unreasonable search and seizure do not apply to information or items that have been given to third parties, even if there is an understanding of confidentiality.

Messages seeking comment were left after business hours Tuesday with the Justice Department in Washington and the U.S. attorney's office in Detroit.

Hood acknowledged it took "an extraordinary amount of time" to issue her ruling, adding, "the issues raised on the complaint and in the government's papers are important to us all."

Detroit Judge Says Patriot Act Suit Can Proceed (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

A federal judge in Detroit has rejected the government's request to dismiss an ACLU lawsuit challenging the constitutionally of the controversial USA Patriot Act, an anti-terrorism measure Congress enacted after the 9/11 attacks.

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U.S. District Judge Denise Hood issued the decision without fanfare on Friday, nearly three years after promising a speedy decision in the case. Congress has amended the law at least once since the government's request was argued before Hood in December 2003.

Hood said in a 15-page decision that the ACLU's clients - Muslim charities, social services organizations and advocacy groups - established that they have been harmed Section 215 of the law.

Hood said the ACLU's clients can proceed with their lawsuit and gave them 30 days to amend their initial complaint in light of amendments adopted by Congress in March.

The government had argued that this year's amendments had corrected any constitutional deficiencies in the act. The ACLU disagreed.

Michigan ACLU Executive Director Kary Moss said she was pleased with the decision.

"She confirmed what we've said all along, that our clients are suffering concrete harm as a result of the Patriot Act," Moss said Tuesday. "Even though we think the act fails to comply with the Constitution, we believe our legal challenge and advocacy in Congress has fixed some of the worst problems."

She said the law now gives any business receiving a request for records of customers an employees the right to consult with a lawyer before turning over records to the government.

Moss said the law still prohibits anyone who receives a records request from divulging it for at least one year, but allows them to challenge the order after the year has run.

She also said the ability of the government to obtain a warrant to seize records without probable cause from the secret Foreign Intelligence Surveillance Court in Washington, D.C, still poses a problem.

There was no immediate comment from the Justice Department.

Detroit Judge Allows Patriot Act Lawsuit To Go Forward (DEN)

By Paul Egan

Detroit News, October 4, 2006

A federal judge in Detroit has ruled that a lawsuit by the Michigan ACLU aimed at striking down the U.S. Patriot Act may proceed.

The 2003 lawsuit brought on behalf of Muslim and Arab groups alleges the anti-terrorist law passed following the September 11 terror attacks is unconstitutional because it allows searches without due process and removes First Amendment rights, among other reasons.

The government argues amendments enacted over the last three years have cured any deficiencies in the Patriot Act, but the ACLU disagrees.

U.S. District Judge Denise Page Hood said in an order Friday that the plaintiffs in the case, which include the American Arab Anti-Discrimination Committee and the Council on American-Islamic Relations, have shown sufficient evidence of harm to allow the lawsuit to proceed.

"Plaintiffs have alleged that their members are afraid to attend mosque, practice their religion, and express their opinions on religion and political views," Hood said in her order.

She gave the ACLU 30 days to amend its complaint in light of amendments to the act.

The ACLU and government had been awaiting a ruling since a hearing on Dec. 3, 2003 at which the government argued the lawsuit should be dismissed.

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HOMELAND RESPONSE:

Homeland Security Official Resigning (NYT)

By Eric Lipton

The New York Times, October 4, 2006

DOJ_NMG_0074480

Tracy Henke, the Department of Homeland Security official who helped supervise the distribution of antiterrorism grants, is resigning in the wake of criticism from members of Congress that the grant process was irrational or at least inexplicable. The criticism surged after big cuts were made in annual anti-terrorism grants to major cities including Washington and New York while a report showed that the department's list of possible terrorism targets included an Indiana popcorn farm and an Alabama petting zoo.

Law Sought On Explosive Fertilizer (USAT)

By Mimi Hall

USA Today, October 4, 2006

WASHINGTON — Counterterrorism experts and lawmakers from both parties are demanding that Congress pass a law to restrict the sale of a popular fertilizer that was the key component in the Oklahoma City bombing.

"Time is of the essence," says Rep. Curt Weldon, R-Pa., a member of the House Homeland Security Committee. "This has been a material of choice in terrorist acts."

Timothy McVeigh killed 168 people in 1995 when he blew up Oklahoma City's federal building with a 2.4-ton truck bomb made with ammonium nitrate fertilizer. Four months ago, Canadian authorities arrested 17 terrorism suspects accused of trying to get 3 tons of the compound, used by farmers across the USA and around the world.

Richard Falkenrath, counterterrorism chief for the New York Police Department and a former senior homeland security adviser to President Bush, chastised lawmakers and administration officials last month for not passing a proposed law that would regulate the production, storage and sale of the material.

He told the Senate's homeland security committee that New York City counterterrorism detectives were able to buy 2,450 pounds of ammonium nitrate in Pennsylvania and Upstate New York in 2004, enough to build a 1.3-ton truck bomb. Because no safeguards have been put in place, "it is today … as easy for a terrorist to build a truck bomb as it was for McVeigh and (accomplice Terry) Nichols to do so more than 10 years ago," he said.

New York and at least five other states — California, Nevada, South Carolina, Michigan and Oklahoma — have passed laws regulating the sale of the material.

In New York, where anyone buying ammonium nitrate has to show identification, the law worked in 2004. After the detectives, posing as apple orchard owners, bought the ammonium nitrate and showed ID with city addresses, the seller notified the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. Pennsylvania, where the detectives also bought fertilizer, has no such law. Counterterrorism officials say that's why there needs to be a federal law.

Weldon's bill, co-sponsored by Rep. Bennie Thompson of Mississippi, the top Democrat on the House Homeland Security Committee, would:

•Require producers and sellers of ammonium nitrate to register with the Homeland Security Department or a state agency, keep sales records for three years and report any unexplained loss or theft within 24 hours.

•Make buyers provide name, address and phone number and show ID.

•Allow sellers to refuse to sell ammonium nitrate to anyone who behaves suspiciously.

The Farm Bureau, which has 6 million members, has opposed legislation that would require people buying ammonium nitrate to undergo background checks, but it takes no position on the current proposal, spokeswoman Tracy Taylor Grondine says.

Homeland Security Department spokesman Russ Knocke said he would not comment on any specific bill in Congress, but he said, "We do have to be sensible and balanced in our security."

Extensive Tests Led To New Carry-On Rules, Officials Say (NYT)

By Eric Lipton And Matthew L. Wald

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — In a canyon in New Mexico, technicians detonated beaker after beaker of liquid explosives. In laboratories in Florida and New Jersey, scientists concocted dangerous brews. In drugstores and supermarkets in the Washington area, government officials shopped for tiny containers of shaving cream, shampoo and toothpaste.

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Since a London-based plot to bomb airliners was broken up seven weeks ago, aviation security officials in the United States have pushed to assess how serious that threat was and what safeguards should be taken. The revised checkpoint rules announced last week by American, Canadian and European authorities were the result of that frenzied effort, Transportation Security Administration officials said.

The new rules — which ease a ban on liquids by allowing travelers to carry three-ounce containers of toiletries in a one-quart, zip-top plastic bag — have been largely met with approval by passengers and relief by airlines overburdened with a crush of checked bags. But the changes also provoked some skepticism by the public about the reasoning behind the decision.

Aviation security officials said they were confident they had settled on a sound course. "We looked at it from the chemistry point of view, the physics point of view — which kind of operational tactics one might use, with different scenarios," said Kip Hawley, the assistant secretary for the transportation agency. "The arrangement we came up with does have a good margin of error."

The testing, Mr. Hawley said, confirmed that the risks posed by the London plot were real. "This was a serious, serious, serious threat — chilling is the word," he said in an interview last week. But extensive work by government and university scientists showed that the threat could be largely counteracted by limits on the size of containers, he said.

Mr. Hawley and the deputy homeland security secretary, Michael Jackson, provided new details about the analysis of the London scheme in a joint interview last week, in part because they were aware of the skepticism over the new checkpoint rules. Officials from the F.B.I., the T.S.A., the White House domestic security office and aviation security agencies overseas concurred in the decision, Homeland Security officials said.

There was "remarkable interagency consensus," said Russ Knocke, a Homeland Security spokesman.

Some aviation security and explosive detection experts said the new rules demonstrated that the initial ban on liquids was overkill.

"I think they overreacted," said Penrose Albright, a former assistant secretary at the Science and Technology division of the Department of Homeland Security. "Where they are at now is where they should have been from the beginning."

But others worry that lifting the ban might be premature. Stephen J. McHale, a former deputy T.S.A. administrator, said some security experts in Washington were concerned that with some suspects perhaps still at large, government scientists could not reliably counter unknown formulas terrorists might be developing.

Homeland Security officials said the effort to assess the threat began soon after the arrests of plot suspects by British authorities on Aug. 9. Laboratories lined up by Homeland Security and the Federal Bureau of Investigation immediately began replicating the bomb the British plotters were experimenting with. And scientists tried to build every alternative they could imagine.

Scientists tested the ingredients linked to the London plot in the Rio Grande Valley south of Albuquerque, where the canyons and mountains form a perfect explosives testing range. Based on the materials found in Britain, investigators developed a specific theory of the bomb plot, two officials who have been briefed on the inquiry said.

With the seal on a sports drink called Lucozade intact, the plotters apparently intended to remove the drink with a hypodermic needle and replace it with highly concentrated hydrogen peroxide, a syrupy liquid once used as rocket fuel. Another bottle would be filled with a common household substance, which The New York Times agreed not to disclose at the request of Homeland Security officials. After the two were mixed, a detonator hidden in a hollowed-out AA battery would be used to set off the bomb, according to this theory.

The work did not involve blowing up an airplane. Instead, ingredients were mixed in the beakers and, with the help of a robotic device, detonated while technicians were in a nearby bunker, security officials said. High-speed cameras recorded the explosions, while devices took readings so technicians could calculate the power and duration of the blasts and predict their effect on a plane.

Neither Van D. Romero, vice president for research at New Mexico Tech, which operates the explosives testing center, nor security officials would describe in detail the strength of the explosions or the quantities of liquids tested. But Mr. Romero said the blasts were of considerable force. "There are liquids that will detonate and can cause a significant amount of damage," he said.

The critical next question was how much liquid represented a threat. Aviation security officials said there was no way to eliminate risk. Trying to identify and intercept any object that might present a threat, no matter how modest, would cause major

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checkpoint bottlenecks. The intent, they said, was to prevent anything that could cause catastrophic damage from getting aboard planes.

Taking into account the possibility that terrorists might act as a team and pool ingredients, officials arrived at the limit of one quart-size plastic bag per passenger. That amount of liquid explosives could still cause damage or harm passengers, but it would be unlikely to destroy a plane, officials said.

"It is well within the comfort zone of what we need to protect the public," Mr. Hawley said.

To decide what could go inside the bag, the transportation agency identified the smallest containers of basic toiletries travelers might need.

"They sent men out to grocery stores and pharmacies, they sent women out, they sent people with kids to look at what kids bring," Mr. Jackson said.

Mr. Hawley acknowledged that airlines and airport retailers were pressing to ease the liquids ban, but he said the decision to modify it was based purely on a safety analysis.

The airlines were overwhelmed with a 20 to 25 percent increase in checked bags, pushing out profitable cargo and complicating the effort to load planes on time. They were also concerned that business travelers might avoid flying, said John M. Meenan, senior vice president of the Air Transport Association, the trade association of the major airlines.

The transportation agency plans to keep the limit on liquids in place indefinitely, officials said, because equipment is not reliable or efficient enough to detect liquid explosives.

Mr. McHale, the former T.S.A. deputy administrator, said he thought the agency had made a reasonable decision.

"You have to act on the info you know, not fears of what you don't know," he said. "People who aren't faced with the pressures of keeping the aviation system running might prefer to just shut the system down or have everybody fly naked. But obviously, you can't do that."

Detectors Hunt Anthrax 5 Years After Deadly Attack (WT/AP)

By Randolph E. Schmid And Michael J. Sniffen, Associated Press

The Washington Times, October 4, 2006

More than 1,000 biological detectors are sniffing mail across the country for dangerous contamination as the hunt goes on for whoever put anthrax in letters and killed five persons just after the September 11 attacks.

An anthrax case in Florida, reported five years ago today, brought the first hint of what turned out to be contamination of mail that reached the District, New York, Connecticut and New Jersey and raised fears nationwide.

Last month, FBI Director Robert S. Mueller III said that agents are still working on the aging anthrax case, and he declared it "will be solved and the person or persons responsible will be brought to justice."

"From the outset, we have been open to any and all theories, and the investigation continues on any and all theories," Mr. Mueller said.

The U.S. Postal Service has taken action to prevent a repeat.

"We have fully deployed the fleet of bio-detection systems" on canceling machines at 271 mail-processing locations, Postal Vice President Tom Day said.

A modified version for larger, flat mail items will be put into service next year, he said.

Installation of the current system cost $800 million, provided by Congress, and the post office is spending about $70 million to operate it. That annual cost is expected to climb to $120 million.

The detectors check for anthrax and two other biological hazards, which Mr. Day declined to identify.

Among those killed in 2001 were two postal workers at the District's Brentwood mail processing facility.

Mr. Day said that workers now are trained to look for suspicious packages and call in postal inspectors if they detect something unusual.

Last week, the FBI denied it had overestimated the potency of the anthrax spores used in the killings.

Shortly after the attacks, reports said the spores contained additives and had been subjected to sophisticated milling -- both techniques used in anthrax-based weapons -- to make them more lethal.

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But bureau officials now say that the early reports of weapons-grade anthrax were misconceptions.

If the anthrax used was less sophisticated than originally thought, that opens a wider field of potential suspects.

Investigators are looking at a small number of people in the United States and abroad because they fit some criterion, such as access to anthrax, said one official who declined to be identified because authorities are reluctant to discuss the details of ongoing investigations.

Neither that official nor any others involved with the case would discuss the status of Steven Hatfill, the former Army scientist once described by then-Attorney General John Ashcroft as a "person of interest" in the case.

Mr. Hatfill has sued the government, saying that leaked statements about him damaged his career.

There are 17 FBI agents and 10 postal inspectors assigned to the case. Investigators have conducted more than 9,100 interviews, issued more than 6,000 grand jury subpoenas and completed 67 searches.

Despite the installation of the detectors, many postal workers contend not enough has been done, said William Burrus, president of the American Postal Workers Union.

The units that have been installed are effective, Mr. Burrus said, but not all mail is processed in postal facilities. He said some is prepared by large business mailers and dropped off for delivery.

The detectors have conducted more than 3 million tests, screening about 60 billion pieces of mail with no false alarms. Postal contractors and the Defense Department worked together to devise the system.

WAR NEWS:

He Didn't Take The Easy Way (USAT)

By Stephen J. Hadley

USA Today, October 4, 2006

After our nation was attacked on 9/11, President Bush made clear that America had a choice — to root out the terrorists, or wait to be attacked again. He decided that to protect the American people, our nation must go on the offense and destroy the terror networks.

The president has chosen a difficult path, and he has been honest with the American people about the challenges. He has said the enemy we face is determined and ruthless. He has been blunt about intelligence failures and stains on our national honor such as the Abu Ghraib facility in Iraq. He has highlighted the courage of our men and women in uniform who have served — and sacrificed — for freedom. He has called this war a long struggle, and a generational conflict.

The president is fully engaged in leading this long war. He is well aware of both the good news and the bad. He reviews intelligence reports. He reads stories in the news media. He meets with families of the fallen.

Our strategy is far from “stay the course.” The president continually challenges all of us to learn from experience, adapt to change and improve our performance. In Iraq, we have modified our approach to training the Iraqi army so Iraqi soldiers can be more effective in defeating terrorists and insurgents. We have redoubled our efforts to train Iraqi police so that they can earn the confidence of all the Iraqi people. We have sought new approaches to reconstruction and economic development.

Yet our objective has not changed. We will fight alongside the Iraqi people to win this war. We will refuse to surrender to the terrorists who view Iraq as the central front in their war against their fellow Muslims and the entire free world. We are determined to deny them a platform from which to launch attacks on America and our allies.

The president has said this war will not be dictated by domestic politics. A drawdown of our troops in Iraq right before U.S. elections in November would be the politically expedient thing to do. But our military commanders believe it would be the wrong thing to do. Based on their advice, we have actually increased our troops in Iraq.

The president will continue to speak directly and candidly to the American people — about this war, about the enemy we face, and about why we can and must see this war through to victory.

Stephen J. Hadley is the National Security adviser.

Denial, Arrogance Led U.S. Into Iraq Trap (USAT)

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USA Today, October 4, 2006

If there's a lesson from Bob Woodward's latest book, State of Denial, it's that the calamity that has unfolded over the past three years in Iraq was born of a ruinous mix of arrogance and naiveté from President Bush and his key deputies. Convinced that the war would be a walkover, they simply closed their ears to the many voices who warned of the impending dangers.

Although others have detailed the Bush administration's incompetence and head-in-the-sand attitude as the Iraqi insurgency took root, State of Denial provides fresh details about the myriad ways administration officials, particularly Defense Secretary Donald Rumsfeld, bungled the Iraq war:

•Unrealistic plans. Rumsfeld's Pentagon accomplished the initial military campaign but botched the aftermath. It rejected recommendations that it would take about 450,000 troops to secure Iraq and sent one-third that number. It ignored a State Department blueprint that could have tamped down the looting, including of arms depots by future insurgents. Woodward relates disturbing anecdotes about administration pettiness on a level with high school. Rumsfeld cut others out of Iraq decisions and planning; for a time, he would not return the phone calls of then-National Security adviser Condoleezza Rice until ordered to do so.

•Refusing to shift course. Expert advice that could have made a difference was ignored. Woodward cites the first Iraq administrator, Jay Garner, telling Rumsfeld that three terrible — but reversible — mistakes had been made: banning Baath Party members from any new government; disbanding the Iraqi army; and rebuffing an interim leadership that could have put an Iraqi face on the nation's new government. None of those decisions was reversed, leaving thousands of well-armed fighters with little option other than rebellion. Woodward also recounts that former secretary of State Henry Kissinger privately criticized Bush for rarely even considering alternative courses of action.

•Misleading the public. Woodward's book is packed with details about the gulf between the information the administration had and the picture it presented in public. In May 2005, for example, Vice President Cheney told Larry King on CNN that the insurgency was in "the last throes" when Bush knew it was, in fact, worsening.

Hovering in the background is the role of father-son psychology. Woodward touches lightly on it: He relays how Bush saw his pick for Defense secretary as a chance to prove his father wrong about Rumsfeld, whom the first President Bush believed to be arrogant and Machiavellian. And the current president once blurted out that a reason for removing Saddam Hussein was that Saddam had tried to kill his father.

Though Freudian analysis is fraught and ultimately unprovable territory, this much is for sure: The senior President Bush understood the potential pitfalls in Iraq. In a 1998 book he co-authored, he wrote of his decision after the 1991 Gulf War not to invade Iraq after repelling it from Kuwait. "Trying to eliminate Saddam … would have incurred incalculable human and political costs. … We would have been forced to occupy Baghdad and, in effect, rule Iraq … there was no viable 'exit strategy' we could see."

When they elected George W. Bush in 2000, many voters assumed he would carry on his father's pragmatic foreign policy. Instead, he embraced the neoconservatives' risky strategy to reorder the Middle East. As the present quagmire shows, when it came to Iraq, father knew best. Bush presumably knows that by now, but it may be too late.

How To Lose A War (WP)

The Washington Post, October 4, 2006

IT MAY BE that much of the trouble the United States now faces in Iraq was the inevitable result of the decision to crack open a complex society that had been repressed and brutalized for three decades by Saddam Hussein. The fierce unwillingness of many Sunnis to accept minority status; the uncompromising drive of Shiites and Kurds for power so long denied them; the relative absence of competent or inspiring leaders: All this and more meant that the reconstruction of Iraq could not have been simple, short or entirely peaceful.

It nevertheless seems clear that U.S. chances for success would have been far better than they are today were it not for the overwhelming and shocking incompetence with which the administration has managed the war. From the failure to produce a coherent postwar plan to the disastrous performance by the occupation authority that was belatedly installed, the Bush team

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turned a difficult mission into a near-impossible one. President Bush and his most senior aides meanwhile stubbornly refused to listen to advisers who warned of the consequences of their policies.

In-depth accounts by journalists are beginning to provide a detailed picture of what has gone wrong in Iraq and why. Most recently, The Post's Bob Woodward reports in the book "State of Denial" how Defense Secretary Donald H. Rumsfeld monopolized administration planning for Iraq, repeatedly misjudged the tactics and resources needed for success, and ignored reports from his own top aides about how the war was going wrong.

In "Fiasco," The Post's Thomas E. Ricks recounts how Mr. Rumsfeld's Pentagon excluded the State Department from reconstruction planning, then failed to produce any plan of its own. When L. Paul Bremer was abruptly handed a mandate to rebuild the country from the ground up, still more fateful mistakes were made. As former Post Baghdad bureau chief Rajiv Chandrasekaran details in the book "Imperial Life in the Emerald City," staff members for Mr. Bremer's authority too often were picked on the basis of Republican political affiliation, rather than experience or competence -- with the result that people in their twenties were handed control over matters such as the Iraqi government budget.

Mistakes are inevitable in any war. But the common theme of these accounts is the triumph of ideology and arrogance over the pragmatism that is needed to recover from errors or adjust to changing conditions. Having dispatched too few troops to Iraq at the beginning of the war, Mr. Rumsfeld has perpetuated this signal failing for 3 1/2 years. Having ignored reconstruction in prewar planning, the administration then excluded the professionals who might have made the occupation authority successful.

Mr. Bush himself refused to take one of the essential steps needed to remedy the resulting mess -- replacing Mr. Rumsfeld -- despite repeatedly being advised to do so by his own chief of staff, among others. The result, as Mr. Woodward describes it, is a defense secretary who has lost the confidence of the military he directs. Even more disturbing is the portrait of a president who, with two years left in his term, seems unable to come to terms with the damaging and dangerous situation he has helped to create -- much less imagine a way out of it.

We continue to agree with Mr. Bush that it would be wrong and dangerous for U.S. troops simply to withdraw. But it is also dangerous when leaders such as Mr. Bush, Vice President Cheney and Mr. Rumsfeld continue to resist reality.

If I Had One Wish (NYT)

By Thomas L. Friedman

The New York Times, October 4, 2006

There are now so many books out on the Bush policy in Iraq with variations of the word “fiasco” in the title or the text that bookstores are surely going to have to be redesigned to create shelf space for this war: “Welcome to Barnes & Noble: We have fiction and nonfiction on the main floor, poetry and mystery in the corner, children’s books upstairs and the ‘Bush Fiasco’ section across the entire basement.”

And the war isn’t even over yet.

If there is a theme common to all these books it is the word “incompetence.” Reading Bob Woodward’s “State of Denial,” about the completely dysfunctional manner in which the Bush national security team has conducted the Iraq war — the president reportedly had to order Don Rumsfeld to return Condi Rice’s phone calls — leaves you disgusted.

Which brings me to this November’s elections. New York Times columnists are not allowed to endorse candidates, but I checked the rulebook the other day, and there’s no rule against rooting for a general outcome. So here is my fervent wish: For the sake of the country, I really hope the Republicans lose the House and the Senate to the Democrats — by one seat in each chamber.

It is so important that the Republicans lose, because if the Bush-Cheney-Rumsfeld-Rice team can get away with the grotesque incompetence they have exhibited in Iraq — a war that was not preordained to fail, but was never given a proper chance to succeed — it makes this country look like a banana republic.

If on the morning after the election these people come out smirking that their efforts to scare the public into voting again for their candidates worked, and therefore they can just stay the present course in Iraq — which is not working — it will send a terrible message about our democracy. It will tell us that the country is so divided, and so many districts gerrymandered in favor of

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Republicans, that performance does not matter any longer. Unless you are caught sending e-mail to a Congressional page soliciting sex, your seat is safe.

If we have any chance of salvaging Iraq and solving some of our real problems at home, it will only be as a result of some electoral shock treatment delivered to a Republican Party that has failed to demand even the most minimal competence and planning from its leaders.

But the reason I want the Democrats to win by only one seat in both the House and the Senate is because I want them to have such a slim margin that they will have to govern from the center — to look for bipartisan fixes to the country's major issues, which is the only way they can be addressed.

"We're not just in a 'state of denial' about Iraq," remarked Michael Mandelbaum, the author of "The Case for Goliath." We're also in a state of denial about the deficit, health care, energy and Social Security."

Maybe the deficit can wait. But there is something immoral about kicking Iraq down the road for someone else to deal with it. Because the burden of Iraq falls — unfairly and harshly — on one small segment of our population: U.S. military troops and their families.

Yes, Mr. Bush's original vision of a unified democratic Iraq was compelling and important. But it's not happening. It's become the "second choice" of too many Iraqis. Too many Kurds just want their own state; too many Shiites just want their own pro-Iranian zone in the south; too many Sunnis want the old order. Real democracy is too many Iraqis' second choice. If that doesn't change, we can't go on having our first-choice kids dying for Iraqis' second choice. Our top military people know things aren't working. But they also know the Bush team won't order a Plan B, because it would be construed as an admission of failure and used in domestic politics. So we are staying a failing course.

You know how they say that after a while people start to look like their pets? Well, we're starting to look like Iraq — a bunch of warring political tribes incapable of acting in common for the greater good.

So here's hoping the Republicans lose the House and the Senate and realize that if they don't start acting responsibly they'll suffer an even worse defeat in '08. And here's hoping the Democrats win by just enough to love being back in power, but by such a slim margin they know that if they don't produce something by '08, they'll get defeated again.

Without restoring a legislative center that can tackle hard issues and demand sacrifices, we're just going to keep kicking problems down the road — from Iraq to Social Security — until the road reaches a cliff and we plunge over the side.

Don't Pass The Salted Peanuts, Henry (NYT)

By Maureen Dowd

The New York Times, October 4, 2006

Tom Lehrer said that political satire was rendered obsolete when Henry Kissinger won a Nobel Peace Prize for prolonging the Vietnam War.

But even the inventive Lehrer could never have imagined that Dr. Strangelove would get a second chance to contribute to misleading the public about a military catastrophe in a misunderstood land — a do-over in scarring the American psyche and reputation in profound ways.

Yet, as Bob Woodward reveals in "State of Denial," the sequel to "Bush is a Genius," Mr. Kissinger has been one of the few trusted outside advisers that W. has listened to on Iraq. The administration has shaped its policy to hew to the 83-year-old Unwise Man's belief that the only way to beat an insurgency is to stick it out, no matter how many American kids and foreign civilians die.

Especially if elections are coming up. As the historian Robert Dallek, who is writing a book on Nixon and Kissinger, notes, "Kissinger was complicit in using foreign policy to try to save Nixon during Watergate."

Bob Haldeman wrote in his diary on Dec. 15, 1970, using "K" for Kissinger and "P" for President Nixon: "K came in and the discussion covered some of the general thinking about Vietnam and the P's big peace plan for next year, which K later told me he does not favor. He thinks that any pullout next year would be a serious mistake because the adverse reaction to it could set in well before the '72 elections. He favors, instead, a continued winding down and then a pullout right at the fall of '72 so that if any bad results follow they will be too late to affect the election. It seems to make sense."

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Thirty-five years later, Mr. Kissinger, the consummate fawner, was once more able to sway a president with faux deference. Dr. K encouraged W. to play the tough guy on the war, even though he'd never gone to war himself.

In September 2005, Mr. Woodward writes, W.'s head speechwriter, Mike Gerson, visited Mr. Kissinger and received a lecture declaring that the only exit strategy for Iraq was victory and a copy of the diplomat's "salted peanut memo" from 1969, warning against resisting pressure to withdraw troops from Vietnam: "Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded."

It's the kind of logic that makes Dr. K such a valuable counselor to a president who has already declared privately that his midterm election strategy is to tar the Democrats this way: "Surrender and taxes."

The shrink-wrapped president did not consult his own father before going to war against the same dictator. And, moving from Dr. Strangelove to Dr. Freud, two of W.'s top war counselors — Rummy and Henry the K — are men who did not bother to conceal their contempt for Bush senior as a naïve lightweight.

As Mr. Woodward notes, part of Rummy's allure for W. was the fact that Poppy Bush considered him an arrogant, Machiavellian sort who could get you in deep doo-doo. "It was a chance," Mr. Woodward says, "to prove his father wrong." Or right.

It's been clear for years that Dick Cheney and Rummy have been using the Bush presidency like an elaborate vanity production to replay Watergate and Vietnam, and to try to reverse things that bothered them during prior stints in the Nixon and Ford administrations.

As Mr. Cheney told his pal Rummy when W. gave him a second crack — a quarter-century later — at the defense chief job: "Get it right this time."

The vice president has been diabolically successful in exploiting 9/11 to restore the Imperial Presidency to where it was before Congress and the public became such Nosy Parkers after Watergate. Mr. Cheney and Rummy have been less successful in their attempt to exorcise the post-Vietnam American skittishness about using force; their abysmal misadventure in Iraq has only reinforced it.

Mr. Kissinger's reasoning for favoring war in Iraq had none of the idealistic gloss about democracy that the president came up with later. Like Mr. Cheney, he thought it was a good idea to invade Iraq not because it was strong, but because it was weak. "We need to humiliate" radical Islam, he told Mr. Gerson, and send the message that "we're not going to live in this world that they want for us."

Half a century of foreign affairs experience, and he still doesn't understand that humiliating young Arab men — and occupying Muslim land — just radicalizes them? We're expanding terror at a cost of about $6 billion a month.

8 G.I.'s Die In Baghdad, Most In A Day Since '05 (NYT)

By Michael Luo

The New York Times, October 4, 2006

BAGHDAD, Oct. 3 — Eight United States soldiers were killed Monday in Baghdad, the United States military said, the most in the capital in a day since July 2005.

Four of the soldiers died in a roadside bomb attack; the four others were killed by small-arms fire in separate incidents.

Monday's loss also represented one of the highest nationwide death tolls for American troops in the past year. In late August, nine soldiers and a marine were killed in a day. But before that, the last time eight or more soldiers were killed in hostile action was last November.

"Obviously this was a tragic day, with eight killed in 24 hours," said Lt. Col. Barry Johnson, a military spokesman.

The deadly day set back efforts by American and Iraqi troops to tame the sectarian violence that continues to besiege the capital. Since August, the military has made securing Baghdad a priority, pouring in additional troops and conducting neighborhood sweeps.

But the violence has continued, spiking over the last week with the start of the holy month of Ramadan. Military officials said last week that suicide bombings in Baghdad were at a record. At least 17 soldiers and marines have been killed since Saturday, most in Baghdad or Anbar Province, where fierce fighting continues between marines and Sunni insurgents.

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According to the Iraq Coalition Casualty Count, an independent group that compiles figures based on information from the American military, 74 soldiers and marines were killed in Iraq in September, the highest number since April, when 76 died.

The violence also claimed 51 civilians across the country on Tuesday, The Associated Press reported.

In the capital, an explosion at a fish market in Saidiya, in the southwest, just before 7 a.m. killed two people and wounded 10, an Interior Ministry official said. Just 15 minutes later, a mortar attack in Dora, a neighborhood in southern Baghdad that American and Iraqi troops have been trying to secure, killed two civilians and wounded five others, the official said.

Later in the day, four Iraqis were kidnapped as they left the Green Zone, which is home to the Iraqi government and American officials and workers. They were seized by gunmen who then sped off in three Toyota Land Cruisers, the official said.

On orders from Jawad Bolani, the interior minister, a high-ranking police commander was suspended Tuesday and taken into custody pending an investigation into a brazen kidnapping of 26 food-processing workers on Sunday in Amel, in western Baghdad. The bodies of at least 10 of them were found shortly afterward.

The commander, who was not identified, is being investigated because of what Brig. Abdul Kareem Khalaf, a ministry spokesman, described as the colonel's slow response to the kidnapping.

"The regiment's commander had enough force to interfere, but the ministry is investigating why he didn't do it," he said.

A spokesman for the Iraqi High Tribunal said Tuesday that it would reconvene on Oct. 16 for Saddam Hussein's trial but that it would not issue a verdict, as had been expected. Mr. Hussein and seven other former officials are accused of crimes against humanity for their roles in the killing of Shiites in Dujail in 1982, after an assassination attempt against Mr. Hussein, a Sunni.

A radical Sunni group, Ansar al-Sunnah, claimed responsibility on Tuesday for the shooting death of a cousin of the radical Shiite cleric, Moktada al-Sadr. The cousin, Dr. Namat al-Yassin, was shot to death last week near her home in Al Jamiah, in western Baghdad, said Fuad al-Turfi, an aide to Mr. Sadr. The claim of responsibility, posted on a militant Islamic Web site, could not be immediately verified.

A government organization responsible for overseeing Shiite mosques issued a report on Tuesday that offered another window into the sectarian violence that has plagued Iraq since the destruction of a Shiite shrine in Samarra in February.

In the two and a half years before then, going back to August 2003, there were only 80 attacks on Shiite mosques, the report said. In the eight months since the Samarra bombing, there have been 69. More than 1,700 people have been killed in such attacks since 2003.

Violence In Iraq Leaves At Least 51 Dead (AP-Y)

By Lee Keath

AP, October 3, 2006

A suicide bomber unleashed a blast in a Baghdad fish market Tuesday and two Shiite families were found slain north of the capital as violence across Iraq claimed at least 51 lives.

The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines in what has been a deadly period for American forces in Iraq. The announcement brought to at least 15 the number of servicemembers killed in fighting since Saturday.

Sunni politicians expressed worries over a new government plan to stop sectarian violence. The plan, announced a day earlier by Prime Minister Nouri al-Maliki, won some praise in parliament Tuesday, but Shiite and Sunni leaders delayed potentially contentious talks to work out its details.

The four-point plan calls for creating neighborhood Shiite-Sunni committees to monitor efforts against sectarian violence. The aim is to overcome the deep mistrust between Sunnis and Shiites.

Many Sunnis remain skeptical that Shiite leaders will allow security forces to crack down more strongly on Shiite militias blamed for killing Sunnis — including some linked to parties in the government.

"I haven't seen any real desire in the other side. There are militias supported by the government," said Sunni lawmaker Khalaf al-Alayan.

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U.S. Ambassador Zalmay Khalilzad said that under the plan, parties that have militias have agreed to take "responsibility for what their groups or people under them are doing, ... committing themselves to ending the sectarian violence."

Still, "there are forces that are not under their control," Khalilzad said in an interview with National Public Radio. "But if they implement what they've agreed to, there should be a significant decrease in the level of violence in Baghdad."

Another lawmaker, Izzat Shabandar, from the secular Iraqi Bloc, cautioned "we have to be realistic."

"Those who signed this blessed agreement have to confess, at least to themselves, they are the basis of the problem and they are part of it," he said.

Al-Maliki's government has been under intense pressure to put an end to Shiite-Sunni violence that has killed thousands of people this year and raised fears of civil war. This week, gunmen carried out two mass kidnappings in as many days, abducting 38 people from workplaces in Baghdad — attacks that Sunnis said were carried out by Shiite militias.

Some 400 Sunnis marched Tuesday at the site of one of the kidnappings — a frozen meat factory in Baghdad's Amil district — demanding the government put a stop to the violence. Some carried banners reading "get police troops out of our area" — reflecting the widespread suspicion that Shiite-led security forces have been infiltrated by militias.

Gunmen took 24 workers from the factory on Sunday and the bodies of seven were later found dumped in the capital. The fate of the others is not known.

The Interior Ministry said the police commander for the Amil district had been discharged and arrested for investigation in the kidnapping — a possible response to Sunni complaints that Shiite-led security forces allow militias to operate freely.

Earlier Tuesday, a suicide bomber detonated a belt rigged with explosives in an outdoor fish market in the primarily Sunni area of Sadiyah in southwestern Baghdad, killing three people and wounding 19, police said.

Hours later, four mortars hit homes in another Sunni district, killing seven people and wounding 25.

The mixed city of Baqouba, 35 miles northeast of Baghdad, saw a string of deadly attacks. Gunmen opened fire on a Shiite family trying to flee the city, killing five of them. Later, the bodies of a woman and two men lay on the street near the family truck, billowing smoke.

In addition, eight people were killed in another shooting in Baqouba, and two others died in a roadside bombing.

Attacks elsewhere in Baghdad and around the country killed 16 other people.

Ten more bodies also were found, the apparent victims of sectarian slayings. They included seven bodies in an area north of Baqouba, identified as a father, three sons and three other relatives from a Shiite family.

In the mainly Shiite south, the bodies of two women — one beheaded, the other burned — were found in Kut, while a former army officer was discovered dead and handcuffed in Amarah.

Talks on creating joint security committees to end the violence must tackle a range of issues — including how many members will be on the panels, the proportion of Shiites and Sunnis and which areas of Baghdad they will cover.

The intent is that each committee will oversee the effort against violence in its district — with a central body overseeing them and working with security forces. But it still must be decided what powers the committees will have and how decisions will be reached. Every month, the parties will meet to review progress.

Sunnis hope the committees will give them a voice to ensure that security forces go after Shiite militias. But it remains unclear whether the new system will lead to tougher action. Shiite leaders insist the main problem is attacks by Sunni insurgents.

Al-Alayan, the Sunni lawmaker, said the two sides made progress in talks over the weekend and agreed on banning weapons and militias. But when a representative of Muqtada al-Sadr, a radical Shiite cleric who holds a place in the government and heads a powerful militia, joined talks Monday, "everything was overturned" and the ban was put aside.

Still, al-Sadr's party signed onto the new security plan.

Termination Set For Iraq Monitor (WT)

By Rowan Scarborough

The Washington Times, October 4, 2006

Congress has set a 2007 termination date for the special inspector general for Iraq reconstruction at the behest of the Bush administration, removing the source of a series of audit reports that have emboldened critics of the president's war polices.

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The just-completed Pentagon authorization bill ends SIGIR, as the post is called, on Oct. 1, 2007. The bill, which has yet to be signed by President Bush, calls for the work to be transferred to inspectors general for the Pentagon, the U.S. Agency for International Development and the State Department. State runs reconstruction in Iraq.

Stuart W. Bowen Jr., a former Bush aide whom the president appointed as special inspector general in January 2004, has issued a series of reports and audits on a reconstruction effort dogged by incessant insurgent attacks and mismanagement.

His critical reports generally pleased Democrats, whose 2006 campaign theme is that the White House has mismanaged all aspects of the Iraq war. But the audits rankle some in the military and at State, who say they glossed over progress made in the face of daily threats of violence.

Mr. Bowen's tenure became a hot topic in the Senate-House conference this summer to reconcile the authorization bill's two versions. Senate Democrats backed an amendment that gave Mr. Bowen authority over about $6 billion in new funds for Iraq. That language would keep SIGIR in operation past next fall, perhaps for several years.

House conferees agreed to the new authority, but then won approval of language shutting down SIGIR next Oct. 1. An administration source said the date was added at the behest of the State Department.

Mr. Bowen's basic mission is to monitor about $21 billion in special money called the Iraq Relief and Reconstruction Fund.

A State Department official, who asked not to be named, said yesterday that the department always has supported SIGIR's work and endorsed the Senate proposal to expand its authority to new funds.

But, the official said, the department thinks that "at a certain point, when you are no longer spending special money, it is important to return to normal IG supervision, as has always been the case in the past and as is already ongoing in many parts of Iraq now. We are strong supporters of SIGIR, but when the special funds for Iraq have been expended, it is appropriate the office would close, as was originally envisioned."

The original legislation creating SIGIR set up a formula under which it would go out of existence when the vast majority of all special funds were spent, likely sometime next year.

James P. Mitchell, Mr. Bowen's spokesman, said, "Of course, whatever Congress wants us to do we will do."

There is a loophole. The authorization bill states that if the U.S. obligates "a major new commitment of U.S. funds," Congress may revisit the issue and extend the termination date. Another factor: If Democrats retake control of Congress, SIGIR's supporters would be in a better position to extend its life.

In his last report to Congress in July, Mr. Bowen said his office had initiated 236 investigations and issued 65 reports that produced savings of more than $10 million. He warned of growing corruption in Iraq that threatened to sap rebuilding efforts at the rate of $4 billion a year in Iraqi funds.

In Bill's Fine Print, Millions To Celebrate Victory (NYT)

By Thom Shanker

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — Even as the Bush administration urges Americans to stay the course in Iraq, Republicans in Congress have put down a quiet marker in the apparent hope that V-I Day might be only months away.

Tucked away in fine print in the military spending bill for this past year was a lump sum of $20 million to pay for a celebration in the nation's capital "for commemoration of success" in Iraq and Afghanistan.

Not surprisingly, the money was not spent.

Now Congressional Republicans are saying, in effect, maybe next year. A paragraph written into spending legislation and approved by the Senate and House allows the $20 million to be rolled over into 2007.

The original legislation empowered the president to designate "a day of celebration" to commemorate the success of the armed forces in Afghanistan and Iraq, and to "issue a proclamation calling on the people of the United States to observe that day with appropriate ceremonies and activities."

The celebration would honor the soldiers, sailors, air crews and marines who served in Iraq and Afghanistan, and it would be held in Washington, with the $20 million to cover the costs of military participation.

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Democrats called attention to the measure, an act that Republicans are likely to portray as an effort to embarrass them five weeks before the midterm election. The Democrats said both the original language and the extension were pushed by Senate Republicans. A spokesman for the Republican-controlled Senate Armed Services Committee said it was protocol not to identify sponsors of such specific legislation.

The overall legislation was approved in the Senate by unanimous consent and overwhelmingly in the House after a short debate.

Democrats nevertheless said they were not pleased.

"If the Bush administration had spent more time planning for the postwar occupation of Iraq, and less time planning 'mission accomplished' victory celebrations, America would be closer to finishing the job in Iraq," said Rebecca M. Kirszner, communications director for Senator Harry Reid of Nevada, the Democratic leader.

Lt. Col. Brian Maka, a Pentagon spokesman, said late Tuesday that the event was envisioned as an opportunity for "honoring returning U.S. forces at the conclusion" of operations in Afghanistan and Iraq. "As the funds were not used in F.Y. 2006," the official said, using the initials for fiscal year, "the authorization was rolled over into F.Y. 2007."

Judges Postpone Verdict In Saddam Trial (AP)

By Qassim Abdul-Zahra

AP, October 3, 2006

Judges postponed their verdict in Saddam Hussein's trial Tuesday, a long-awaited decision that once held out the hope of healing Iraq's wounds but now threatens to spark even more sectarian violence.

The verdict had been expected on Oct. 16 but was delayed until at least the end of the month while judges take extra time to review the evidence and make sure their case is airtight.

But no matter how well crafted, the verdict could worsen violence that is already claiming dozens of lives daily. A death sentence for the former leader could enrage his Sunni Muslim supporters, while anything less is sure to infuriate Shiites who were oppressed under Saddam's regime.

That dilemma is a far cry from the hopes of many U.S. and Iraqi officials when the war crimes trial began nearly a year ago. They touted the tribunal as a way to help heal Iraq's divisions by exposing atrocities during Saddam's regime, establishing justice and opening the door for reconciliation.

"I think it would be a positive, not a negative," Defense Secretary Donald H. Rumsfeld said Monday when asked about the prospect of a verdict, which had been expected on Oct. 16. "It would just bring closure to a chapter that was an unhappy and unpleasant and particularly vicious regime."

In the past year, however, Shiite-Sunni divisions have grown, with thousands killed by Sunni insurgents and death squads from both Islamic sects.

After nine months of often stormy court sessions, many Sunnis — who are a minority in Iraq but were dominant under Saddam — still see the tribunal as a show trial by the new Shiite leadership to take revenge on the ousted president.

"There is sympathy with Saddam, especially because what we see now makes many nostalgic for him," said Khalaf al-Alayan, a Sunni parliament member, referring to the violence in Iraq since Saddam's ouster by U.S.-led forces in April 2003. "So there could be a reaction if there is a death sentence."

Meanwhile, Shiites have made clear they will only accept execution for the leader whose regime persecuted their majority community and the Kurds.

"Anything less than a death sentence will be a neglect of justice," Hassan al-Suneid, a Shiite lawmaker. "I think it could be a disaster."

Saddam and seven co-defendants face possible execution by hanging if found guilty on charges of crimes against humanity over a crackdown on Shiites in the town of Dujail launched in 1982. A five-judge panel will decide the ruling by a majority vote.

The judges adjourned July 27 to consider their ruling, and had been expected to announce it Oct. 16.

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Court spokesman Raid Juhi told the Associated Press a session will be held Oct. 16, but it "will not be for the verdict. It's for the judges' review of the evidence." He did not say when the verdict would be issued.

A court official, speaking on condition of anonymity because he was not allowed to release the information, said the verdict could be put off until late October or early November.

Juhi did not link the delay to worries over tensions in Iraq. He said the judges have been reviewing the evidence and testimony from the trial to determine "whether it is complete or is lacking." He said the judges will decide whether they need more information.

The intense review of the evidence aimed to ensure that the verdict — which will be accompanied by a report explaining the court's reasoning — is airtight and can be fully justified in the face of criticism from either side, the court official said.

A guilty verdict for Saddam is widely expected — but the official suggested there were differences over what sentence to impose and that the judges were aware that violence was possible either way.

"The verdict mustn't be weakly supported, it has to be accepted and not raise doubts," al-Suneid said.

The Dujail trial, which began Oct. 19, is the first for Saddam. A second trial of the former Iraqi leader and six other co-defendants began Aug. 21 on genocide charges for their alleged roles in a 1987-1988 crackdown against Kurdish rebels.

The genocide trial was adjourned last week until Monday after a stormy session during which the chief judge expelled all the defendants amid a boycott of the trial by the defense lawyers.

Saddam and his co-defendants can appeal any verdict, but if a sentence is upheld Iraqi law says it must be carried out within 30 days after appeals are finished.

The Dujail trial heard extensive testimony from Shiite survivors of the crackdown, recounting torture while in prison and the deaths of loved ones. The crackdown was sparked by a 1982 assassination attempt on Saddam.

Hundreds of Dujail residents were arrested, some tortured to death, and 148 Shiites were sentenced to death for involvement in the attempt to kill Saddam. The prosecution argued they were executed after a fake trial and that the crackdown aimed to punish the entire town.

The key evidence against Saddam was a series of documents signed by him — the order for the 148 to be put on trial, the approval of their death sentences and an approval of rewards for several intelligence officers.

The defense argued the crackdown was justified in response to the assassination attempt, a feeling shared by many Sunnis.

"If a police car passes and gets shot at, what does it do? Doesn't it shoot back? So how can a president respond when there's an attempt to kill him?" Sunni lawmaker al-Alayan said.

Saddam's defenders also maintain the documents don't constitute a crime against humanity since he was performing his constitutional role in ordering suspects put on trial, then signing off on the verdict.

Simone Monasebian, a former prosecutor in the U.N. war crimes tribunal for Rwanda, said the judges may hope for a change in the law to enable a stay of execution on the first verdict until the second trial's verdict is delivered.

"Politically, (the judges) are not ready (to rule) because of their fear of the insurgency. Procedurally they are not ready because they might have to execute him before the next trial is completed," said Monasebian, an international law professor at New Jersey's Seton Hall University. "And thirdly they are not ready (because) they haven't reviewed the evidence."

Judges Postpone Saddam Verdict To Review Evidence (USAT/AP)

By The Associated Press

USA Today, October 4, 2006

BAGHDAD — Judges have postponed the verdict in the first war crimes trial of former Iraqi leader Saddam Hussein to review the evidence, the court said Tuesday.

The delay came amid concern that any ruling will further inflame Iraq's Sunni-Shiite tensions.

“There is sympathy with Saddam, especially because what we see now makes many nostalgic for him,” said Khalaf al-Alayan, a Sunni parliament member. “So there could be a reaction if there is a death sentence.”

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Sunni Arabs were favored under Saddam's regime. Many Shiites have made clear they will accept only execution for the former dictator, whose regime persecuted their majority community and the Kurds.

"Anything less than a death sentence will be a neglect of justice," said Hassan al-Suneid, a lawmaker from the Shiite Dawa Party. "I think it could be a disaster."

Saddam and seven co-defendants face possible execution by hanging if found guilty on charges of crimes against humanity stemming from a crackdown on Shiites in the town of Dujail in the 1980s.

The five-judge panel had been expected to announce its verdict Oct. 16, when it reconvenes for the first time since adjourning July 27. Court spokesman Raid Juhi said the Oct. 16 session will be held but "will not be for the verdict. It's for the judges' review of the evidence." He did not say when the verdict would be issued.

A second trial of the former Iraqi leader and six co-defendants began Aug. 21 on genocide charges for their alleged roles in a bloody 1987-88 crackdown against Kurdish rebels. It was adjourned last week until Oct. 9.

U.S. and Iraqi officials say the tribunals are part of a healing process between Iraq's divided communities that has exposed the truth about atrocities by Saddam's regime, established justice and opened the door for reconciliation.

"I think it would be a positive, not a negative," Defense Secretary Donald Rumsfeld said Monday about a verdict. "It would just bring closure to a chapter that was an unhappy and unpleasant and particularly vicious regime."

In the year since the tribunal began, however, violence between Shiites and Sunnis has increased.

On Tuesday, a suicide bomber detonated a belt rigged with explosives in a fish market in the primarily Sunni area of Sadiyah in southwestern Baghdad. Police Lt. Maitham Abdul Razzaq said three people were killed and 19 were wounded. In Baqouba, 22 people were killed, police said. At least 27 other people were killed across Iraq.

The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines, bringing to at least 15 the number of servicemembers killed since Saturday.

Sunni politicians expressed worries over a new government plan to stop sectarian violence. The plan, announced a day earlier by Prime Minister Nouri al-Maliki, won some praise in parliament Tuesday, but Shiite and Sunni leaders delayed potentially contentious talks to work out its details.

In an interview with National Public Radio, U.S. Ambassador to Iraq Zalmay Khalilzad said that under the plan, parties that have militias have agreed to take "responsibility for what their groups or people under them are doing."

'Disguise The Fee' (WSJ)

The Wall Street Journal, October 4, 2006

Most of the world would like to forget about the United Nations Oil for Food swindle -- who remembers Saddam Hussein anyway? -- so it's worth cheering that at least someone is still on the case. In eight months of hearings, lead Australian investigator Terence Cole has been busy unveiling how this corruption worked.

For readers who haven't followed the proceedings, the Cole Commission followed the scent left by Paul Volcker. Last year, the former Fed Chairman's Oil for Food probe fingered AWB Ltd., formerly the Australian Wheat Board, for funneling $221.7 million in foreign currency to Iraq through third-party payoffs disguised as shipping fees.

AWB was Iraq's largest supplier of wheat. Its contract with Iraq's grain board required the shipment of wheat only to the Iraqi border. But in 1999, Baghdad demanded that AWB transport the grain into Iraq. That would have violated U.N. sanctions unless payment went through a U.N. escrow account. So AWB paid a Jordan-based shipping company, Alia Transportation, among others, to do the work. Alia -- surprise, surprise -- was partially owned by Saddam's Ministry of Transportation.

AWB's largesse made it one of the single-largest contributors to Mr. Hussein's purse, and so Prime Minister John Howard commissioned Mr. Cole to investigate. The retired judge and his staff trawled through documents and emails, cross-examined AWB's management, its shipping and transportation partners, and assorted Australian ministers. All this was done in the public eye.

Much of the media attention has focused on the political figures, but no clear link surfaced between Canberra and the goings-on at AWB. The far more interesting story rested with AWB's management -- especially managing director Andrew Lindberg, who had told the Volcker Commission he knew nothing about the illegal payments.

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Yet AWB sued to have documents withheld from the inquiry, and its executives claimed they didn't remember hearing about illegal payments. It wasn't until a few days before the hearings closed last week that volumes of documents suddenly turned up. And on Thursday, the Cole Commission read a remarkable email sent from AWB's internal sales manager, Mark Emons, to British-based shipping firm Ronly Holdings on March 7, 2000. Mr. Emons outlined how AWB could circumvent U.N. sanctions.

After explaining that under U.N. and Australian policy, "no payment can be made directly to Iraq," Mr. Emons discusses why AWB might want to pay its kickbacks through Ronly: "It would be ideal from our point of view if we have a third party that handles the freight and trucking as an item. This not only saves us time but does disguise the fee."

In another email, AWB executive Darryl Borlase indicated that he believed the Iraqis planned to use the foreign currency to pay for hiding the bodies of dead Kurds: "The bunkers will have cement walls and floors so they are actually designed for burying the Kurds -- under the cement?" Asked about the email on cross-examination, Mr. Lindberg, the managing director, said, "I hope that wasn't said in a serious way." AWB executives have cause for worry. Under a 2002 Australian law, a person who "provides or collects funds" for terrorists, or "is reckless as to whether the funds will be used to facilitate or engage in a terrorist act," can get up to life in prison.

We're looking forward to Mr. Cole's final report, due November 24. Like Mr. Volcker's enlightening tome, it should demonstrate how Saddam's regime systematically bled money out of willing patrons, and all under the unwatchful sponsorship of the U.N. Secretary General.

Frist Draws Criticism For Comments On Taliban (WP/AP)

By Associated Press

The Washington Post, October 4, 2006

Democrats criticized Senate Majority Leader Bill Frist (R-Tenn.) yesterday for saying that the Afghan war against Taliban guerrillas can never be won militarily and for favoring bringing "people who call themselves Taliban" into the government.

Frist, who was traveling in Afghanistan, said Monday that Taliban fighters are too numerous and too popular to be defeated. "You need to bring them into a more transparent type of government," he said. "And if that's accomplished, we'll be successful."

Democrats accused Frist of trying to "cut and run" in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq.

"Senator Frist now suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened," House Minority Leader Nancy Pelosi (D-Calif.) said yesterday in a statement.

Democrats Assail Frist's Afghan Comments (AP)

By Nancy Zuckerbrod

The Associated Press, October 3, 2006

Democrats accused Senate Majority Leader Bill Frist of waving a white flag of surrender for saying the Afghan war against Taliban guerrillas can never be won militarily and favoring bringing "people who call themselves Taliban" into the government.

Frist, who was traveling in Afghanistan, said Monday that Taliban fighters were too numerous and too popular to be defeated. "You need to bring them into a more transparent type of government," he said. "And if that's accomplished, we'll be successful."

The comments from the Tennessee Republican, a potential 2008 presidential candidate, come as President Bush and Vice President Dick Cheney have accused Democrats of being weak on national security and adhering to a policy of retreat.

House Minority Leader Nancy Pelosi, D-Calif., said after the Sept. 11 terrorist attacks, the United States went to war in Afghanistan to defeat the Taliban for its role with al-Qaida.

"Senator Frist now suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened," Pelosi said Tuesday in a statement.

Senate Minority Leader Harry Reid, D-Nev., in responding to Bush's criticism of Democrats, said: "His Republican leader in the Senate thinks America should empower the Taliban terrorists who aided and abetted Osama bin Laden."

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Phil Singer, spokesman for the Democratic Senatorial Campaign Committee, said, "Doctors are supposed to wear the white coat, not wave the white flag. Dr. Frist's proposal to surrender to the Taliban ignores the fact that they enabled the 9/11 hijackers, give safe haven to al-Qaida and remain hell-bent on destroying Western civilization."

Frist is a heart surgeon.

In Afghanistan, Frist also said: "Approaching counterinsurgency by winning hearts and minds will ultimately be the answer. Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

Amy Call, a spokeswoman for the senator, on Tuesday sought to clarify Frist's comments.

"While touring Afghanistan, Senator Frist made the observation that Afghan tribesman should be brought into the government or risk losing them to the Taliban," she said in a statement. "Giving the native tribes, often targeted by Taliban recruitment, a voice in the government will promote peace and prosperity in the region. Sen. Frist does not believe Taliban fighters — often foreign fighters who come to Afghanistan to further conflict — should be brought into the reconciliation process."

Democrats said that amounted to backpedaling and accused Frist of trying to "cut-and-run" in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq.

Stephen Hess, a George Washington University professor of media and public affairs, said Frist's comments could hurt Republicans in the upcoming midterm elections and would hurt Frist's own presidential ambitions.

"It is so far out of keeping with what Republicans are saying, and will need so much massaging by his press operatives, that it really casts in a new light the seriousness of him as a future Republican nominee for president," Hess said.

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

Bush recently acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist Aims To Steer Farmers Away From Taliban (WT)

By Sharon Behn

The Washington Times, October 4, 2006

Senate Majority Leader Bill Frist said yesterday after visiting Afghanistan that the war there cannot be won without a political solution that draws in farmers who are being recruited by the Taliban.

But regional analysts and local Afghans said that for any deal to work the Taliban would have to be given a role in the government -- a chancy proposal given their ruthless devotion to Shariah, the Islamic law.

"We have to do a better job -- the Afghan government, the United States and the world community -- in capturing the hearts and minds of the Afghan people," Mr. Frist, Tennessee Republican, told CNN from Iraq after his daylong visit to Afghanistan.

Mr. Frist and Sen. Mel Martinez, Florida Republican, visited Kabul and Qalat, where they met with President Hamid Karzai, greeted U.S. troops and received briefings from military personnel.

Mr. Frist said the Taliban was actively recruiting in the rural areas of southern Afghanistan and more had to be done to bring Afghan tribesmen into the government.

"By day they are farmers, and by night they take up arms and are Taliban," he said. "If we reach out to them, and we are doing that aggressively, they won't be Taliban, but assimilated in the society there."

A statement released by Mr. Frist's office said the majority leader did not think Taliban fighters should be brought into the reconciliation process.

Shortly after the senators left, two gunbattles erupted in eastern Afghanistan, killing four Afghans and two U.S. troops, the Associated Press reported. A suicide bomber on a motorbike attacked a Canadian convoy in the southern city of Kandahar, but no troops were injured, a NATO spokesman said.

Afghanistan analysts say it will take more than persuading rural workers to defeat the Taliban insurgency.

"I think a future attempt to include the Taliban is probably going to have to go further than an amnesty," said Christopher Langton, the head of defense analysis at the London-based International Institute for Strategic Studies.

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"It might have to involve parties as far afield as Pakistan, and there is going to have to be a considerable measure of benefit to the Taliban," he said.

Although the Afghan government and its international allies understand the need for a political solution, it is not clear how it would work or whether the Taliban would be allowed to practice Shariah on a limited or regional basis.

"They have to gauge very carefully what the message is if they make the offer," Mr. Langton said.

One young Afghan businesswoman visiting Washington said many people still feared and resented the Taliban after their 1996-2001 rule, and warned that promoting the ethnic Pashtun Taliban could create dangerous ethnic divides.

A federal solution now is not the right path for Afghanistan, said the businesswoman, who asked that her name not be used out of fear of retribution in Kabul.

"We are not strong enough for a federal solution," she said.

If the Pashtuns have more powers to govern their own areas, Afghanistan's neighbors could take advantage of it, she said.

"We are not strong enough [to resist] the influence of our neighbors Pakistan and Iran."

Software Being Developed To Monitor Opinions Of U.S. (NYT)

By Eric Lipton

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — A consortium of major universities, using Homeland Security Department money, is developing software that would let the government monitor negative opinions of the United States or its leaders in newspapers and other publications overseas.

Such a "sentiment analysis" is intended to identify potential threats to the nation, security officials said.

Researchers at institutions including Cornell, the University of Pittsburgh and the University of Utah intend to test the system on hundreds of articles published in 2001 and 2002 on topics like President Bush's use of the term "axis of evil," the handling of detainees at Guantánamo Bay, the debate over global warming and the coup attempt against President Hugo Chávez of Venezuela.

A $2.4 million grant will finance the research over three years.

American officials have long relied on newspapers and other news sources to track events and opinions here and abroad, a goal that has included the routine translation of articles from many foreign publications and news services.

The new software would allow much more rapid and comprehensive monitoring of the global news media, as the Homeland Security Department and, perhaps, intelligence agencies look "to identify common patterns from numerous sources of information which might be indicative of potential threats to the nation," a statement by the department said.

It could take several years for such a monitoring system to be in place, said Joe Kielman, coordinator of the research effort. The monitoring would not extend to United States news, Mr. Kielman said.

"We want to understand the rhetoric that is being published and how intense it is, such as the difference between dislike and excoriate," he said.

Even the basic research has raised concern among journalism advocates and privacy groups, as well as representatives of the foreign news media.

"It is just creepy and Orwellian," said Lucy Dalglish, a lawyer and former editor who is executive director of the Reporters Committee for Freedom of the Press.

Andrei Sitov, Washington bureau chief of the Itar-Tass news agency of Russia, said he hoped that the objective did not go beyond simply identifying threats to efforts to stifle criticism about an American president or administration.

"This is what makes your country great, the open society where people can criticize their own government," Mr. Sitov said.

The researchers, using an grant provided by a research group once affiliated with the Central Intelligence Agency, have complied a database of hundreds of articles that it is being used to train a computer to recognize, rank and interpret statements.

The software would need to be able to distinguish between statements like "this spaghetti is good" and "this spaghetti is not very good — it's excellent," said Claire T. Cardie, a professor of computer science at Cornell.

Professor Cardie ranked the second statement as a more intense positive opinion than the first.

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The articles in the database include work from many American newspapers and news wire services, including The Miami Herald and The New York Times, as well as foreign sources like Agence France-Presse and The Dawn, a newspaper in Pakistan.

One article discusses how a rabid fox bit a grazing cow in Romania, hardly a threat to the United States. Another item, an editorial in response to Mr. Bush's use in 2002 of "axis of evil" to describe Iraq, Iran and North Korea, said: "The U.S. is the first nation to have developed nuclear weapons. Moreover, the U.S. is the first and only nation ever to deploy such weapons."

The approach, called natural language processing, has been under development for decades. It is widely used to summarize basic facts in a text or to create abridged versions of articles.

But interpreting and rating expressions of opinion, without making too many errors, has been much more challenging, said Professor Cardie and Janyce M. Wiebe, an associate professor of computer science at the University of Pittsburgh. Their system would include a confidence rating for each "opinion" that it evaluates and would allow an official to refer quickly to the actual text that the computer indicates contains an intense anti-American statement.

Ultimately, the government could in a semiautomated way track a statement by specific individuals abroad or track reports by particular foreign news outlets or journalists, rating comments about American policies or officials.

Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, said the effort recalled the aborted 2002 push by a Defense Department agency to develop a tracking system called Total Information Awareness that was intended to detect terrorists by analyzing troves of information.

"That is really chilling," Mr. Rotenberg said. "And it seems far afield from the mission of homeland security."

Federal law prohibits the Homeland Security Department or other intelligence agencies from building such a database on American citizens, and no effort would be made to do that, a spokesman for the department, Christopher Kelly, said. But there would be no such restrictions on using foreign news media, Mr. Kelly said.

Mr. Kielman, the project coordinator, said questions on using the software were premature because the department was just now financing the basic research necessary to set up an operating system.

Professors Cardie and Wiebe said they understood that there were legitimate questions about the ultimate use of their software.

"There has to be guidelines and restrictions on the use of this kind of technology by the government," Professor Wiebe said. "But it doesn't mean it is not useful. It can just as easily help the government understand what is going on in places around the world."

DOJ:

ICF's Caliber Wins $45M Department Of Justice Contract (WASHBIZ)

Washington Business Journal, October 4, 2006

Caliber, a research and consulting company that is part of ICF International, has been awarded a five-year contract worth $45 million to provide training and technical support for offices within the Department of Justice.

Fairfax-based Caliber will support the Office for Victims of Crime, Training and Technical Assistance Center and the Office of Juvenile Justice and Delinquency Prevention, National Training and Technical Assistance Center.

Caliber will support a range of Justice Department tasks, including needs assessments, evaluations and education, marketing, and outreach to professionals working in related fields to assist the department in responding to emerging justice system issues.

Caliber was acquired by a year ago by Fairfax-based ICF, which recently raised $56 million in its IPO.

ICF (NASDAQ: ICFI) has more than 1,800 employees working from the company's headquarters and a handful of regional offices throughout the United States and abroad. The company was founded in 1969.

CORPORATE SCANDALS:

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HP Security Pro Vowed To Delete Records (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 4, 2006

(AP) - SAN JOSE, Calif.-A Hewlett-Packard Co. security expert instructed an investigator to make "make absolutely sure" he deleted private phone records of non-HP employees obtained in the company's ill-fated effort to root out the source of boardroom leaks, a series of internal e-mails show.

Fred Adler, a former FBI agent working in HP's IT security investigations department, vowed in the Feb. 9 e-mail to investigator Arthur Molineaux that he would also delete records that were not the property of the computer and printer maker, according to congressional documents provided Monday to the Associated Press and other news outlets.

"As for the non-HP owned records you obtained and sent to me in an unsolicited, good faith attempt, please make absolutely sure you delete them as you stated you would," wrote Adler, who has previously been praised with another member of the security detail for sounding the alarms that HP's tactics might land it in legal trouble. "I will do the same."

An HP spokesman reached late Monday night declined to comment on the e-mail.

The e-mail was included in hundreds of pages of documents provided to the media by the congressional panel investigating HP's possibly criminal probe that has prompted the departure of three board members and three top employees.

To unmask the person who leaked private boardroom discussions to the media, HP investigators and third-party detectives combed through detailed phone logs of directors, journalists and former and current HP employees, and rummaged through trash, trailed targets when they went out of town.

Federal and state authorities are investigating whether HP insiders or contractors violated the law by obtaining the phone records through a shady practice known as "pretexting," in which the investigators impersonated their targets to trick the phone companies into coughing up private records.

In other revelations from the congressional documents, a private investigator hired by HP apparently contracted with a former reporter to develop a strategy for duping journalist Dawn Kawamoto of CNET's News.com into revealing her secret company source who divulged details of private boardroom discussions.

Kawamoto wrote a story based on an anonymous source, later identified as then-board member George Keyworth II, that detailed a private board retreat at a posh resort and prompted HP to renew a previously unsuccessful probe into boardroom leaks.

In an e-mail dated Feb. 6, Ronald DeLia of Security Outsourcing Solutions wrote to the HP team spearheading the probe, including then-ethics chief Kevin Hunsaker, Adler and others, that a former reporter named "Diane" suggested to him several strategies for tricking Kawamoto.

One recommended tactic to build trust was to send Kawamoto a tip with a piece of unannounced news set to break in the following days.

However, the investigators, who were planning to plant tracking software on the e-mail attachment to identify anyone it was forwarded to, were instructed to send the document at least 2 days before it is made public instead of just one, because "information obtained 2 days prior to its release has more of an 'insider feel,'" DeLia wrote.

"The reporter has to feel comfortable or have a sense the source is someone who has accurate information and is in a position to know," he wrote.

Also, HP investigators apparently coordinated with the company's media relations department to bait that e-mail with a juicy bit of unannounced real news in an attempt to "gain some major credibility" with Kawamoto, according to one e-mail from Hunsaker.

The investigators tried to lure the reporter with a piece of upcoming news concerning the appointment of a new leader for HP's handheld business unit, a plan that was cleared by then-Chairwoman Patricia Dunn, then-General Counsel Ann Baskins and Chief Executive Mark Hurd.

In e-mails between HP security team members on Feb. 8 and 9, the investigators detail plans for Bob Sherbin, HP's head of public relations, to send the press release to Hunsaker at least two days before the public announcement.

The security squad would then install the tracer technology and send the message to Kawamoto.

Reached late Monday, Sherbin said he didn't know about the tracer technology and believed the press release would be used properly.

"I was acting under instruction from senior management, and I had every reason to believe that the material would be used properly," Sherbin said.

But the investigators first needed approval from Dunn and Hurd, which came in a Feb. 9 e-mail from Dunn to Hunsaker and Baskins: "I spoke with Mark and he is on board with the plan to use the info on new handheld leader," Dunn wrote.

Hurd later testified that he approved the plan but said he didn't recall authorizing the use of the tracer technology, which is not generally considered illegal.

The rigged e-mail was launched later that day, and one member of the security detail, Anthony Gentilucci had trouble containing his excitement.

"This is like waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon," said Gentilucci, who has since resigned from HP.

The company said later that the tracer trick was unsuccessful, possibly because the software failed or Kawamoto didn't open the attachment.

Four days later, on Feb. 13, HP officially announced the news contained in the message that it was making its handheld business a separate unit within its Personal Systems Group division, and that former Sun Microsystems executive Dave Rothschild would lead the unit.

Ousted HP Chairwoman To Begin Chemotherapy For Ovarian Cancer (AP)

By Jordan Robertson, AP Business Writer

AP, October 4, 2006

SAN FRANCISCO -- Ousted Hewlett-Packard Co. Chairwoman Patricia Dunn, who survived breast cancer and melanoma, was told by her doctors Tuesday she would need to begin chemotherapy treatments for advanced ovarian cancer, according to a person close to Dunn.

Dunn, 53, is scheduled to start her treatments Friday at the University of California at San Francisco for the recurrent cancer, the person, who asked to remain anonymous because a formal announcement wasn't planned, said late Tuesday.

Dunn, who orchestrated the HP boardroom spying probe that spawned criminal and congressional investigations, was diagnosed with the ovarian cancer in 2004, and had surgery in August on a metastasized tumor, family members have said.

She stepped down from the HP board last month amid an uproar over the spying campaign on directors and reporters that prompted the resignation of two other board members and the departure of three top HP employees.

California Attorney General Bill Lockyer has said he has enough evidence to charge people in the probe, and the FBI and a congressional panel are also investigating.

Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Dunn had beaten cancer twice before, stepping down in 2002 as CEO of fund management giant Barclays Global Investors to battle breast cancer and melanoma.

Shaw Group Reviews Stock-Option Awards (AP-YBIZ)

AP, October 4, 2006

Stock-Option Awards Being Reviewed by Shaw Group After SEC Guidance on Measurement Date

BATON ROUGE, La. (AP) -- Engineering and construction company The Shaw Group Inc. said Tuesday it's started a review of stock-option awards for its 2000 fiscal year to make sure they comply with federal guidelines issued after a scandal involving options grants.

Shaw Group, which has become a major contractor in post-Hurricane Katrina reconstruction efforts on the Gulf Coast, said its audit committee and management concluded Aug. 16 that neither the company nor any employees had engaged in illegal "backdating" activity dealing with past-option grants.

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But the additional review began after the Securities and Exchange Commission provided more guidance on the measurement date for option grants, the company said.

The SEC and the Justice Department launched more than 80 investigations into companies nationwide over the possible manipulation and illegal reporting of stock option grants.

Many of those companies have revealed that they backdated grants, a practice in which options are issued retroactively to coincide with low points in a company's share price. The maneuver increases the potential windfall for the award recipient and could exaggerate a company's profit if not properly disclosed and recorded.

Options allow employees to buy shares of their company's stock in the future at a set "strike price" -- typically the price on the day the option is issued. If that exercise price is equal to the price on the grant date, the options have no initial value. By backdating the grant, the exercise price can be set at the lower level, giving the options instant value.

Shaw said the awards under review totaled about 1 million shares at a strike price of $42 per share or $21 per share split-adjusted and were in connection with the company's acquisition of Stone & Webster Inc.

The SEC has suggested the proper date for the awards may be the date upon which the list of recipients was finalized, rather than the date a company's board approved the award, Shaw said.

Depending upon the outcome of the review, Shaw said, it could recognize additional compensation expenses for 2001 through 2004. Should an additional non-cash expense have to be recorded, Shaw said it would determine whether the cost is material and whether earnings restatements would be required.

Shaw Group planned a conference call Wednesday morning to discuss its full year earnings guidance and other business matters.

Ex-Comverse CEO Granted Bail In Namibia (FINDLAW/AP)

By Celean Jacobson, Associated Press Writer

AP, October 4, 2006

(AP) - JOHANNESBURG, South Africa-The fugitive former CEO of software company Comverse Technology Inc. was granted bail by a Namibian court Tuesday while he awaits extradition to the United States to face charges for allegedly manipulating stock options.

Jacob "Kobi" Alexander was granted bail of about $1.3 million, his lawyer Richard Metcalfe said, on condition that he hands in his passport, is not allowed to leave the district of Namibia's capital Windhoek and has to report twice a week to an Interpol inspector.

"We are extremely pleased," Metcalfe said.

Alexander was arrested Sept. 26 in Windhoek at the request of the FBI after a two-month manhunt.

The Namibian government opposed bail at the request of the United States, arguing he could flee the country before a U.S. extradition request reached Namibian authorities.

However, Metcalfe said: "Magistrate Uatjo Uanivi found that the evidence presented for denying him bail were not convincing at all.

"There was no reason to believe he would not be willing to stay in Namibia pending extradition."

The U.S. has 30 days to lodge an extradition request from the date of Alexander's arrest. Only then will a formal hearing be held. U.S. Attorney Roslynn Mauskopf said last week she would seek Alexander's swift extradition to face charges in federal court in the Brooklyn borough of New York.

Alexander only briefly referred to "the highly technical charges" against him during the first day of his bail hearing Monday and said he intends to plead not guilty.

In his affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

He said he entered the country legally, used his own name and did not try to hide his whereabouts from anyone.

Alexander, who has a two-year permit to live and work in Namibia, purchased a $500,000 house on the Windhoek Country Club Estate. His children attend the city's international school.

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According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

Authorities began hunting for Alexander in late July shortly before a criminal complaint was unsealed accusing him and two other former top executives of fraud.

Before he disappeared, Alexander allegedly transferred $57 million to Israel.

It is alleged that from 1991 through 2005, Alexander earned about $6.4 million by backdating stock options.

Two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered in August and were released on $1 million bond each.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

Prosecutors allege Kreinberg and Sorin earned about $1 million each on backdated options.

Several companies are under scrutiny by the Securities and Exchange Commission or the Department of Justice for possibly backdating stock option grants. Many other companies have launched internal probes of their stock option accounting practices.

Comverse also allegedly awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for "phantom," court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without approval from Comverse's board of directors, the papers added.

Comverse Technology is headquartered in Woodbury, New York, giving Brooklyn prosecutors jurisdiction over the case.

Convicted Tyco Executives Seek Reversals From Appellate Court (WSJ)

By Chad Bray

The Wall Street Journal, October 4, 2006

Former Tyco International Ltd. executives L. Dennis Kozlowski and Mark H. Swartz asked a New York state appellate court to throw out their convictions almost 16 months after they were found guilty of charges that they systematically looted the Bermuda conglomerate.

In a brief filed with New York State Supreme Court's Appellate Division, lawyers for Mr. Kozlowski, Tyco's former chief executive, and Mr. Swartz, Tyco's former chief financial officer, said their convictions should be reversed and the indictment dismissed, arguing in part that neither man took anything to which they weren't entitled under the company's executive-compensation plan. They also argued that their sentences were excessive.

"In the post-Enron era in which this case was tried it was disappointing but, perhaps, not surprising, that a jury would not look kindly on corporate executives who received enormous compensation and extraordinary perks," Mr. Kozlowski's lawyers said in their brief. "We urge this court to disregard the tenor of the times and to focus on the overarching question raised on this appeal: Did Dennis Kozlowski take money from Tyco that he knew he was not entitled to receive and did he deliberately falsify Tyco's records? A careful review of the record provides the answer: No."

As they did at trial, Mr. Swartz's lawyers also argued that prosecutors provided "scant" evidence that he intended to commit a crime.

"The people failed to introduce legally sufficient evidence to meet their burden of proving that the bonuses were actually stolen," Mr. Swartz's lawyers argued in their brief. Lawyers for Messrs. Swartz and Kozlowski declined to comment further on the briefs.

In June 2005, a jury convicted Mr. Kozlowski, 59 years old, and Mr. Swartz, 46, of 22 of 23 counts each, including grand larceny, conspiracy and securities fraud, in connection with giant bonuses and other improper compensation they received while working as Tyco's top executives. They were each acquitted of one charge of falsifying documents. Their convictions followed a mistrial in the case in 2004.

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In September 2005, each man was sentenced to 8 1/3 years to 25 years in prison, and they were ordered to pay a total of $240 million in fines and restitution.

In a 182-page brief, lawyers for Mr. Kozlowski argued in part that he was entitled to bonuses, a number paid as loan forgiveness, under the company's executive compensation plan, calling it "a classic case of crime by hindsight."

Why C.E.O.'s Aren't Sitting In The Dugout (NYT)

By David Leonhardt

The New York Times, October 4, 2006

Just over a year ago, the man who held the purse strings at a private company outside San Francisco began negotiating a new employment contract with the executive who ran the day-to-day operations.

The company had recently turned around, thanks in part to the executive, and the company, understandably, wanted to keep him. It offered him a salary of almost $1 million a year, which it considered in line with the market.

The executive asked for almost $1.4 million. But the company wouldn't budge. Its message was simple: We like you and we want you to stay, but that doesn't mean you can name your salary.

"Anytime you're running a business, you have to set a value on employees relative to your business," the part-owner in charge of the negotiations told me a couple of weeks ago. "And before any negotiation starts, you have to consider your alternatives."

So the executive and the company parted ways. It started interviewing other candidates, and he began interviewing for similar jobs elsewhere. Until the situation took an unexpected turn — and more on that later — an otherwise good relationship looked as if it was going to be ruined by money.

We know these details because the company in question was not an ordinary private company. It was the Oakland A's. The part-owner was Billy Beane, perhaps the best-known general manager in baseball. The executive was the team's on-field manager, Ken Macha.

One of the many baseball fans following this story last October was a retired banker named Robert L. Joss, who had become the dean of Stanford Business School after having been a vice chairman of Wells Fargo and the chief executive of an Australian bank. As he read the local newspaper accounts of the breakup between Mr. Beane and Mr. Macha, Mr. Joss was struck by a thought:

You'd never see this in corporate America.

It's difficult, in fact, to come up with a single example of a company and its chief executive splitting up over pay. Chief executives retire and are fired. But as long as they remain on the job, they evidently don't end up disagreeing with their boards about how valuable they are. The negotiation over a chief executive's pay is one that never seems to fail, which, of course, means that it isn't much of a negotiation at all. It's more like a friendly conversation.

There are all kinds of structural reasons for this lack of market discipline. Under the current voting rules for public companies, shareholders have scant power over executive pay. And board members are often chief executives themselves, with pay packages that are influenced by the going rate for other executives.

But the Ken Macha story is a wonderful allegory because it highlights a more subtly human problem with pay. When directors at a big company think they have found the right person for the job, they persuade themselves that no one else on earth could do it as well. They basically fall in love. Once that happens, almost no price seems too high.

The Oakland A's, however, can't afford to fall in love. Their modest budget allowed them to spend just $62 million on players this season, compared with the Yankees' $200 million payroll. As Michael Lewis explained in the 2003 best seller "Moneyball" — which made Mr. Beane semifamous — the A's need to exploit inefficiencies in baseball's talent market, finding undervalued players, to have any hope of winning.

The contrast between this hard-headed approach and corporate America's cult of personality was especially clear to Lewis Wolff, the A's 70-year-old managing partner who was both Mr. Beane's and Mr. Macha's boss. Before buying the A's last year, Mr. Wolff ran 20th Century Fox's real estate division for a time, and he now sits on the boards of two New York Stock Exchange companies.

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"At my advanced age," Mr. Wolff said, laughing, "I'm learning from Billy."

Billy — as Mr. Beane is almost universally known — understood that Mr. Macha had real value as a manager. He helped the A's overcome a dreadful start in 2005 and go on a late-summer run that nearly won them another division title. But Mr. Beane also understood that the additional $400,000 a year his manager wanted was $400,000 the team wouldn't be able to spend on a player who could make the difference between second place and first.

So the team held firm, and one year ago this week, after the 2005 regular season ended, Mr. Macha returned home to the Pittsburgh suburb of Export, where he began looking for a manager's job with another team. On the plus side, the teams with openings generally gave their manager more of a say than Mr. Beane's carefully proscribed system did. But these other teams also weren't very good, and there was no guarantee that Mr. Macha would get one of the jobs anyway.

A week later, Mr. Macha received a handwritten note from Mr. Wolff. "You'll be successful at anything you do," it said, according to Mr. Macha. "Thanks for a great season."

The letter caused Mr. Macha to reconsider. That night, he called Mr. Beane, and they had a conciliatory conversation that ended with Mr. Beane saying, "What can I do to help you?" Within a few days, they signed a deal very similar to the one the A's had originally offered.

This season, despite a rash of injuries, the team built by Mr. Beane and run by Mr. Macha won its division again. While the Boston Red Sox (payroll: $120 million), Los Angeles Angels ($103 million) and San Francisco Giants ($91 million) have all been eliminated, the A's beat the Minnesota Twins, 3-2, in the first game of the American League playoffs yesterday. The two teams play again this afternoon.

As Mr. Joss, the Stanford dean, sees it, there is more than one lesson to the story. Certainly, board members should realize that no employee is irreplaceable. But they should also remember that they have great leverage in pay negotiations, because being a chief executive — like being a big-league manager — is an enormously appealing job.

"Not only is it good economically, but it's meaningful work: The executive is doing something he loves, and he is part of something," Mr. Joss said. "You wonder how many C.E.O.'s would really leave these jobs."

Here's one guess: very, very few.

CRIMINAL LAW:

Bush Organizing School Violence Summit (AP-Y)

AP, October 3, 2006

President Bush said Tuesday he was "saddened and deeply concerned" about the recent string of violence in schools, including the deadly shooting in an Amish schoolhouse that killed five girls.

He said Americans have a responsibility to protect their children.

"Our school children should never fear their safety when they enter into a classroom," Bush said.

"Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools," Bush said.

The president spoke in a courtyard of the George W. Bush Elementary School. Inside, he visited young children practicing their reading in the school library named after his wife, Laura. The school has 858 students in grades kindergarten through seventh grade.

The Bush administration plans to bring education and law enforcement experts together for a conference on coming to grips with the problem and discuss federal action that can help communities prevent violence and deal with its aftermath, White House spokeswoman Dana Perino told reporters.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

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"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Ed. Dept.: School Shootings Defy Answers (AP-Y)

By Ben Feller

AP, October 3, 2006

This is not what parents want to hear: Another school shooting is likely. There is no guarantee it won't happen in your town. And there's no sure way to stop it.

With the three deadly shootings in a week and the nation again searching for answers, school violence experts say there are solutions — just none that safeguard everyone.

"We'll probably never be in a place where we can assure everybody, without exception, that nothing will happen in our schools," said Bill Modzeleski, who oversees federal school safety for the Education Department. "Our schools are a reflection of our communities."

That's reality, experts say, in a nation of 50 million students and 100,000 schools. Yet from the Columbine massacre to an Amish schoolhouse, people ask: Why does it keep happening?

"I've been asked that question 1,000 times, and I have no answer," said Bill Bond, a former principal who counsels schools on coping with violence. "I don't think about anything else, and I still have no answer. When you have a shooting, it seems to breed others."

Schools have already been ramping up safety measures. Requiring visitors to sign in, hiring security guards, locking entrances, installing metal detectors — all are on the rise.

Yet there has been little evidence to prove those things work. Some research suggests they may even hurt by alienating students without boosting protection. In the shooting at Red Lake High School in Minnesota last year, the shooter blasted right past a metal detector.

What does work, experts say, is changing the school culture. It's harder than it sounds.

It means building trust among children and adults, so that students are willing to pass on their concerns and adults are sensitive to signs of trouble. It also means having an emergency plan for different crises, one that people take seriously and practice.

"Students don't feel like they can turn to this system to protect them," said Judith Browne-Dianis, co-director of Advancement Project, a civil rights group. "They think the adults who are around them are there to crack down on them, instead of to help them."

The matter has become a presidential concern. President Bush has ordered a conference of education and law enforcement officials next week to help prevent shootings at schools. "Our schoolchildren should never fear their safety," Bush said in a visit Tuesday to a school named after him in Stockton, Calif.

Yet this is not new ground. In 2002 the Secret Service and the Education Department studied school shootings and found clear patterns.

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School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance. Schools should take those leaks seriously, no matter how veiled or goofy, said Mary Ellen O'Toole, an FBI agent who specializes in behavior analysis.

"In the past, schools and parents have been more inclined to let it just kind of blow off," she said.

Also, there is no accurate profile of students who engage in school violence — underscoring that incidents can happen seemingly at random. The same appears true for adults.

On Monday in Pennsylvania, a gunman took a girls hostage in an Amish schoolhouse, killing five, including two who died the next day. The shooter killed himself. He had apparently been motivated by a grudge unrelated to the school, and his wife called him a loving father.

Last week at Platte Canyon High School in Bailey, Colo., a man singled out several girls as hostages in a school classroom and then killed one of them and himself.

On Friday, a school principal was shot to death in Cazenovia, Wis., and a 15-year-old student was charged with murder.

Kenneth Trump, a safety consultant, said schools have learned lessons since Columbine. But some still have a lax atmosphere about safety. They don't prepare for what could happen.

Until that changes, he said, "We're never going to get closer to solving this problem."

The deadly shootings in Colorado, Wisconsin and Pennsylvania may prompt more spending on metal detectors, said James Alan Fox, a professor of criminal justice at Northeastern University. But the money would be better spent on teachers and counselors who can watch for warning signs, he said.

Overall, schools remain safe places.

Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

Yet as long as schools have kids, they will be targets.

Bond was the principal at Heath High School in Kentucky when a student shot eight students, killing three. He has since visited nine other schools recovering from shootings.

"I always think this is the last one I'll ever go to," he said, "but it just keeps happening."

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On The Net:

Office of Safe and Drug-Free Schools:

http://www.ed.gov/about/offices/list/osdfs/index.html?srcoc

Advancement Project:

http://www.advancementproject.org/

Slayings Spur Review Of Security At Schools (WT)

By Matthew Cella

The Washington Times, October 4, 2006

Local school system officials say they have begun reviewing their emergency plans since a gunman killed five girls in a one-room schoolhouse in Pennsylvania's Amish country and then killed himself Monday.

"Whenever an event occurs like this, our people always take a look at it and see if there's anything that can be learned from it," said Paul Regnier, a spokesman for Fairfax County public schools, which has more than 160,000 students.

Mr. Regnier said that the school system has a widely disseminated security plan and that each school has its own plan that is reviewed annually by security officials.

"We also are asking schools to review their own individual security plans," he said.

The school systems' review of security measures is proceeding after three school shootings nationwide in the past week.

Authorities in Pennsylvania said that Charles Carl Roberts IV, 32, a milk-truck driver and father of three who lived in Lancaster County where the schoolhouse was located, stormed the building Monday morning and gunned down 10 girls.

Five girls remained hospitalized, four in critical condition.

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Police said that Roberts had told his wife he had molested young children decades ago and left a note saying he had "dreams of molesting again."

On Friday, a teenage student at a school in Cazenovia, Wis., fatally shot his principal, authorities said. Eric Hainstock, 15, had been warned by the principal a day earlier about having tobacco on school grounds, police said.

Last Wednesday, a gunman took six girls hostage at Platte Canyon High School in Bailey, Colo. Duane Morrison, 53, sexually assaulted the girls and held them as human shields for hours before fatally shooting one girl and then himself.

Officials for Montgomery County public schools, which has more than 135,000 students, said they would study the incidents, which they said appear to be isolated and do not indicate that officials need to make immediate changes.

"We have a comprehensive security plan in place," schools spokesman Brian Edwards said. "We practice Code Red and Code Blue drills all the time."

The school system publishes a brochure to familiarize parents with the different alert levels, the responses associated with them and the procedures for reuniting parents with children.

John White, a spokesman for Prince George's County public schools, said that every principal in the school system receives crisis training annually. That training includes ensuring that school officials know best how to cooperate with first responders.

"Part of our training is teaching principals what they can do to allow police to respond even faster," said Mr. White, whose school system has more than 130,000 students. "The faster police can respond to an incident like that, the faster emergency personnel can treat any victims."

Schools Increase Vigilance As They React To Recent Shootings (ABC)

By Dan Harris

ABC News, October 4, 2006

Wraught Nerves and Lost Sleep Beset Students and School Administrators

Before class this morning at the Bromwell Elementary School in Denver, Colo., principal Jonathan Wolfer conducted his safety checks with extra vigilance.

"I have lost sleep in the last few days unfortunately, just thinking about what could happen," Wolfer said.

As students and administrators across the country react to the recent rash of school shootings, including this week's violence in an Amish schoolhouse in Pennsylvania, students at Passaic High School in New Jersey said they were nervous.

"Wow, imagine if that happens here? Imagine if that happens to me," said Luis Del Toro, a student at Passaic High School.

Education officials in Texas and Atlanta sent principals e-mail and text message reminders to be "particularly vigilant" right now.

The Texas note warned of copycat acts, saying, "As the similarities between the incidents in Bailey, Colo., and Paradise, Pa., demonstrate, acts of violence such as these have the potential to induce others to commit similar acts. We must never let our guard down when it comes to the safety of our students, and we must be particularly vigilant during the times surrounding such incidents, when the potential for copycat acts is at its highest."

Has Security Slipped?

At Passaic High School, principal Carlist Creech also passed that message along to his students and staff, reminding them to be on-guard. Experts on school violence worry that today's heightened alert will die down as the recent attacks fade into memory.

After the Columbine massacre, schools across the country drafted emergency response plans. But now, experts said, many schools devote limited time and resources to improving standardized test scores, which are often how schools are measured.

"That has become the No. 1 priority, and I'm afraid that school security has slipped," said Del Elliot at the University of Colorado at Boulder.

School violence experts also said government funding for surveillance cameras and emergency drills have been cut.

In 2002, the Justice Department's cops-in-schools program had a budget of $180 million. It's now at zero. Even schools where safety is a high priority said there's only so much they can or should do.

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"I want to create a safe learning environment, and I don't know if a safe environment includes barbed wires and metal detectors," said Wolfer.

Del. Revisits Security After School Incidents (WlmngtnNJ DE)

By EDWARD L. KENNEY And JENNIFER BROOKS, The News Journal

Wilmington News Journal (DE), October 4, 2006

Despite precautions, schools cannot be made immune to violence

Pencader Charter High School Principal Dave Jones asked the school's security company to check all the locks Tuesday.

With the spate of school shootings -- including Monday's massacre at an Amish school in Lancaster County, Pa. -- Jones wanted to make sure intruders wouldn't be able to get into the school near New Castle, which was once an office building.

Side doors feature magnetic locks that can be opened only with staff security cards, and visitors have to be buzzed inside.

"It's just a frightening commentary on American society when you have these kinds of things happening at schools," Jones said.

The gravity of the situation -- the nation's third school shooting in a week -- reached the Oval Office, with President Bush calling for a national conference on school violence.

"Our schoolchildren should never fear [for] their safety when they enter into a classroom," Bush said during a visit to the George W. Bush Elementary School in Stockton, Calif. "Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools."

The president instructed Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to call a meeting to talk about how to prevent school violence and help communities deal with the aftermath.

The conference will be held next Tuesday.

But Sen. Joe Biden, D-Del., says the administration has undercut programs to protect students -- programs like COPS, which came from the crime-prevention bill Biden sponsored in 1994.

The program provided millions to communities to hire extra police, including 6,424 officers to work in schools. Delaware hired 13 officers through the program.

The budget for the COPS in Schools program has been eliminated for the past two years, Biden said. Another $10 million to help law enforcement improve its emergency communications also has been eliminated.

If he were in the room during next week's summit, Biden said, he would push for restored funding for school police and new funds to help local law enforcement prepare for the unthinkable.

But some Delaware parents said only so much can be done to keep schools safe.

"There are strange people everywhere, and you can run into them wherever you may be," said Pam Tompkins, whose child is a senior at Charter School of Wilmington. "It can happen in a store and it can happen in an office. You can't let fear run your life. It doesn't mean you don't go shopping or don't go to work."

Pat Heffernan is co-president of the Brandywine Special Needs PTA, and he has two children in Brandywine schools and one at a private school.

"If you try to be rational about it, it's not very likely," he said of the chances of a shooting. "You're more likely to be killed driving to the airport, and you're more likely to get killed driving to school than you are at the school.

"In the grand scheme of things, it's still pretty safe," he said. "It's these headline-grabbing things that people start to notice. Everyone's concerned, and everyone who drops their kid off at school wants them to be safe. I'm not one to say we should be doing less than we're doing. But we can't have armed guards outside of every class."

Lora Fulton's daughters attend schools in the Red Clay Consolidated School District.

"If a community like the Amish community has that kind of thing going on to the kids, then the city is that much more unsafe, in my opinion," she said. "Schools have open doors. You can walk in and walk out at any time."

While one daughter attends Stanton Middle School, Fulton said she feels better about safety at Baltz Elementary in Christiana Hundred, where school uniforms are required. "If anybody comes in without a uniform, they're stopped," she said.

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At Newark's McVey Elementary School, teacher Paul Sedacca "heard at the staff meeting that one woman kept her kid home," because of the Lancaster shooting.

But several school principals contacted Tuesday said no parents had called to discuss safety concerns.

"No calls at all," said Ted Boyer, principal at A.I. du Pont Middle School near Greenville.

Middletown High Principal Donna Mitchell hasn't had any, either. But her school continues to take precautions.

"We've instituted the ID badges for students this school year, and they have to wear them at all times," she said. "We created a lobby in order to funnel all the public through so they can't get to the students. It's a computerized system."

The staff has talked about the violence, though.

"Anytime something happens, it increases the awareness," Mitchell said. "Teachers are absolutely aware of it, and we have a heightened sense of who's where and why."

The school psychologist, five counselors, two nurses and other staff members are among members of the school's safety team. Mitchell said they have been instructed to pay "acute attention to students' reactions, fears, anxiety, depression ... because events such as these trigger all kinds of emotions."

Like other schools, Middletown High holds lockdown drills, mimicking what would happen if an intruder got inside the school. The most recent drill was only a week and a half ago.

Jones also hasn't fielded any calls of concern from parents.

But he said he has had "very serious and frank discussions" with school board members about security. "We're investigating the possibility of metal detectors at the front door," he said. Contact Edward L. Kenney at 324-2891 or ekenney@delawareonline.com. Contact Jennifer Brooks at (202) 906-8117 or jabrooks@gns.gannett.com

SOME FATAL SHOOTINGS THAT TOOK PLACE AT U.S. SCHOOLS IN RECENT YEARS

Some fatal shootings at U.S. schools in recent years:

2006

• Oct. 2: A gunman took a group of girls hostage at a one-room Amish schoolhouse in Pennsylvania's Lancaster County, killing five, including two who died the next day. The shooter, Charles Carl Roberts IV, 32, killed himself.

• Sept. 29: Fifteen-year-old Eric Hainstock brought two guns to a school in rural Cazenovia, Wis., and fatally shot the principal, a day after the principal gave him a disciplinary warning for having tobacco on school grounds, police said.

• Sept. 27: Duane Morrison, 53, took six girls hostage at Platte Canyon High School in Bailey, Colo. Morrison sexually assaulted them and used them as human shields for hours before fatally shooting one girl and killing himself.

• Aug. 24: Christopher Williams, 27, went to an elementary school in Essex, Vt., looking for his ex-girlfriend, a teacher. He couldn't find her and fatally shot one teacher and wounded another, police said. Williams also killed his ex-girlfriend's mother, according to authorities. He shot himself twice in the head after the rampage and was arrested.

2005

• March 21: Sixteen-year-old Jeff Weise shot and killed five schoolmates, a teacher and an unarmed guard at a high school on the Red Lake Indian Reservation in Minnesota before taking his own life. Weise had earlier killed his grandfather and his grandfather's companion.

2004

• Nov. 22: Sixteen-year-old Desmond Keels is accused of fatally shooting one student and wounding three others outside Strawberry Mansion High in Philadelphia. The attack apparently was over a $50 debt in a rap contest. Keels faces a murder trial this month.

2003

• April 24: Fourteen-year-old James Sheets shot and killed the principal in the crowded cafeteria of a junior high school in the south-central Pennsylvania town of Red Lion, before killing himself.

2000

• May 26: Thirteen-year-old Nathaniel Brazill killed his English teacher on the last day of classes in Lake Worth, Fla., after the teacher refused to let him talk with two girls in his classroom. He was convicted of second-degree murder and is serving a 28-year sentence.

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1999

• April 20: Students Eric Harris, 18, and Dylan Klebold, 17, killed 12 students and a teacher and wounded 23 before killing themselves at Columbine High School in Littleton, Colo.

1998

• May 21: Two teenagers were killed and more than 20 people hurt when a teenage boy opened fire at a high school in Springfield, Ore., after killing his parents. Kip Kinkel, 17, was sentenced to nearly 112 years in prison.

• May 19: Three days before his graduation, an honor student opened fire at a high school in Fayetteville, Tenn., killing a classmate who was dating his ex-girlfriend. Jacob Davis, 18, was sentenced to life in prison.

• March 24: Two boys, ages 11 and 13, fired on their Jonesboro, Ark., middle school from nearby woods, killing four girls and a teacher and wounding 10 others. Both boys were later convicted of murder and can be held until age 21.

1997

• Dec. 1: Three students were killed and five wounded at a high school in West Paducah, Ky. Michael Carneal, then 14, later pleaded guilty but mentally ill to murder and is serving life in prison.

• Oct. 1: Sixteen-year-old Luke Woodham of Pearl, Miss., fatally shot two students and wounded seven others after stabbing his mother to death. He was sentenced the following year to three life sentences.

-- Associated Press

A Pattern In Rural School Shootings: Girls As Targets (CSM)

By Gail Russell Chaddock And Mark Clayton

The Christian Science Monitor, October 4, 2006

NICKEL MINES, PA., AND BOSTON

The scene Monday at the buff-colored, one-room schoolhouse in the gentle heart of Amish country was wrenching, but also distressingly familiar.

One of four fatal school shootings to beset rural America in just over a month, the rampage that killed five young girls raises anew a host of old concerns - about campus security in countryside settings, access to guns by unstable individuals, and "copycat" violence advanced by media attention.

They are startling incidents against the backdrop of declining numbers of school fatalities. But this premeditated attack, like another one five days earlier in which a drifter corraled teenage girls, killing one, at the high school in Bailey, Colo., have an unusual and disturbing feature: girls as targets.

"The predominant pattern in school shootings of the past three decades is that girls are the victims," says Katherine Newman, a Princeton University sociologist whose recent book examines the roots of "rampage" shootings in rural schools.

Dr. Newman has researched 21 school shootings since the 1970s. Though it's impossible to know whether girls were randomly victimized in those cases, she says, "in every case in the US since the early 1970s we do note this pattern" of girls being the majority of victims.

The two cases are reminiscent of a 1989 shooting in Canada, when a jobless hospital worker killed 14 female engineering students at the University of Montreal, accusing them of stealing jobs from men, says Martin Schwartz, an Ohio University sociologist and an expert on violence against women. He sees such incidents as related to a culture of violence against women, "a mutation - something beyond."

In Bailey, an armed drifter walked into Platte Canyon High School last Wednesday, ordering men out and sexually assaulting some of the six girls he held hostage, shooting one before killing himself. In this week's tragedy in Pennsylvania's bucolic Lancaster County, the gunman ordered boys and adults to leave, bound the 10 girls, and shot them, then himself. Small towns are no safeguard

Another similarity between the Pennsylvania and Colorado cases - as well as two other recent school shootings in Vermont and Wisconsin - is their rural settings. It is rare for mass school shootings to occur in cities, Newman says. Despite their safe image, rural communities can be an especially fertile breeding ground for revenge, she and others agree.

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"People think small towns are safer, but in a small community grievances can fester," says Cheryl Meyer, a professor of psychology at Wright State University in Dayton, Ohio, who has researched similarities of school shootings in rural and small towns. "It's so often about revenge. Even if something happened 20 years ago, it doesn't mean it is gone. People talk about it and everybody remembers. It just trails after you."

Such a motive may have factored into Monday's shootings in the tiny hamlet of Nickel Mines, Pa., police say.

Flanked by corn fields and a few white oaks, the Amish schoolhouse could have been lifted out of the 19th century. With no guards, chain-link fence, or "drug-free zone" signs - or even a telephone - it seemed a world apart.

The gunman, Charles Carl Roberts, lived just down the road with his family in a double-wide trailer. He hauled milk from Amish farms at night, usually before the next day's milking began about 4 a.m. A co-worker says he might never have met the farmers he serviced. Then, he would take his children to school.

On Monday, however, he left suicide notes for his family, then drove his pickup truck to a school he no doubt passed many times on late-night milk routes. He brought to the school a semi-automatic pistol, hundreds of rounds of ammunition, a 12-gauge shotgun, and a rifle - along with restraints, lumber to block the doors, and a change of clothing.

In a scene that seemed to echo the Bailey shooting, the gunman ordered boys and school aides out, then bound 10 girls ages 6 to 13. He called his wife on his cellphone.

Police arrived after a teacher ran for help to a nearby farm. They called him on his cellphone, but no answer. Then the gunman opened fire, and police stormed the barricaded building, breaking through windows.

Five of the girls died at the scene or at hospitals. At press time, officials said five remained in critical condition.

Law-enforcement officials, working to unearth Roberts's motive, said Tuesday that sexual assault seemed the most likely one. In a suicide note, they said, Roberts recalled an incident 20 years ago when he, a pre-teen at the time, molested younger children. The note indicated he had been haunted by dreams about molesting young girls, police said.

"I don't think it was an attack on the Amish community, but a target of opportunity," Col. Jeffrey Miller, commissioner of the Pennsylvania State Police, said Monday. "It was almost impenetrable," he said of the barricaded school. "His goal was to be in there for an extended period of time. He was hunkering down for a hostage-related siege." 'Copycat' concerns

The apparent similarities between the Bailey and Nickel Mines shootings - and their close proximity in time - raise experts' concerns about "copycat" attacks.

News media bear some responsibility for this phenomenon, says James Fox, a criminologist at Northeastern University in Boston. This is especially the case when attackers' personalities and grudges are exposed to high-profile public analysis - as when two teenage attackers in the Columbine attack were featured on the cover of a news magazine, he says.

"We've seen with school shootings and postal shootings that the shooters can become role models for others," Dr. Fox says. "While most sympathize with the victims, others empathize with the shooters. It's the publicity they get that turns the shooter into a celebrity that spawns more of them."

Some see in the latest school shootings echoes of the 1980s, when there was a spate of carefully planned attacks on students by adults from outside the schools.

Between 1988 to 1989, there were nine premeditated attacks by adults targeting schoolchildren, says Fox. In those cases, however, there was no pattern of girls being targets - a new wrinkle. To him, that year stands out for its "contagion of adults who got even with society by killing its most beloved members - schoolchildren."

While national crime statistics show a steady drop in the murder rate, including violent school fatalities, there seems to be fewer incidents but "more spectacular stuff going on," Dr. Schwartz says. "Splashy violence is what's going up, even though crime as a whole going down. The only thing not going down is fear engendered by these types of high-profile events." A community banding together

In Nickel Mines, the news media showed up almost as promptly as police - within minutes jamming the narrow streets and nearby fields with satellite trucks, television crews, and crane-high lights.

For grieving Amish families, driving past the crime scene late into the night or talking quietly in small groups nearby, the fierce media glare came as a shock to a community that resolutely avoids the spotlight.

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"I was irate when I first heard about the school, then the hurt started," says an Amish fireman, who helped maintain a security perimeter around the school late Monday night. He says local firemen and policemen had expected a crush of news media, because of the intense public interest in school shootings. But, he adds, "we never expected to have to deal with it here."

"It's unbelievable. We never expected that anything like this would happen," says Ruth, a Mennonite neighbor who wanted to give only her first name.

"I don't understand it, but it's not from God," says Fannie Beiler, another Mennonite. "He wants us to love one another."

There are scores of such schools in the quiet farming communities around Lancaster County, a center for the Old Order Amish in the United States. An estimated 28,000 Amish live in the area - of about 200,000 nationwide.

Amish families live simply - no cars, electricity, cellphones, or iPods - and grieve quietly. A keystone of their faith is pacifism. When a young Amish boy in the next town of Bart was killed on his way to help a neighbor with the milking by a hit-and-run driver two weeks ago, there was no talk of lawsuits. Nor did Amish families join their "English" neighbors in calling for a new sign cautioning drivers to slow down.

In Bart, Paula Flinn set up a hand-painted sign on her front lawn for their Amish neighbors, who drove past the house in closed, black buggies at a rate of 50 an hour, some late into the night, after the shooting. Her sign reads: "Our prayers and thoughts are with you."

Toxic Mix Of Emotions Boiled Within Devoted Dad, Husband (USAT)

By Mimi Hall And Rick Hampson

USA Today, October 4, 2006

BART TOWNSHIP, Pa. — Under his placid surface smoldered a volcano of emotion: sorrow over the death of a newborn; anger at God for allowing it; self-hatred for supposedly molesting young relatives long ago; compulsion, which invaded his dreams, to molest again.

Charles Carl Roberts IV hid it all behind a seemingly solid veneer of fatherhood, a stable marriage to a religious woman, and a respectable job as a milk truck driver. But finally, he erupted, turning a one-room Amish schoolhouse into a slaughterhouse.

Working from a checklist, he prepared for six days to assemble the tools of siege and sexual assault. He loaded them into his pickup Monday and backed up to the schoolhouse next to a cornfield. Inside, he bound and shot 10 girls, five fatally. Then he killed himself.

Two of the five girls died of their wounds early Tuesday, a day on which state police revealed that Roberts:

•Told his wife in a final telephone call from the school that he had sexually molested relatives aged 3 and 5 about 20 years ago, and that he recently had dreams of doing the same again. Police, however, say they have found no evidence he molested anyone, and family members said they knew nothing about the claim. None of the Amish children was sexually assaulted.

•Went to the school with two tubes of K-Y Brand Jelly, a personal lubricant that Roberts may have planned to use as "potential sexual-assault aid," according to state police Commissioner Jeffrey Miller. He also brought materials to tie his victims to the wall.

•Wrote in a suicide note that the death of the Robertses' infant daughter Elise in 1997, just 20 minutes after birth, "changed my life forever" and left him "filled with so much hate" toward himself and God.

The shootings — the third fatal attack on a U.S. school in six days — prompted President Bush to call for an immediate conference on possible federal action to prevent and cope with violence at schools.

No one appears to have seen the latest explosion coming.

Not Roberts' wife Marie, who in a statement called her husband "loving, supportive and thoughtful … an exceptional father (who) took the kids to soccer practice and games, played ball in the backyard and took our 7-year-old daughter shopping. He never said no when I asked him to change a diaper."

Not his Bart Township neighbor Mary Miller, who saw a dutiful father who trooped around with his kids every Halloween for trick or treat.

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Not his neighbor Betty March, who said, “You'd see him put his kids on the (school) bus and pick them up … It's shocking. They were like the all-American family.”

Not his mother, Teresa, who told the Lancaster, Pa., Intelligencer Journal that he was “an excellent family man. I had no idea anything like this was going to happen.”

Only a few claimed to have glimpsed anything amiss.

“He didn't look you in the eye,” complained Morgan Erb, a girl who babysat for Roberts' children.

And co-workers told police that in recent weeks Roberts had become tense and withdrawn, only to suddenly turn jovial the weekend before the attack.

“He may have made a decision to do this within the last few days, and seemed to be relieved of some of the pressures that he was exhibiting,” said Miller, the state police commissioner.

The ranks of those who thought well of Roberts probably included his victims, who neighbors said almost certainly knew him as a milk tank truck driver — a person who is one of the dairy-farming Amish's main contacts to wider society, and who, under normal circumstances, might even have helped spread Monday's bad news.

Steve Sipos, who lives across the street from the Roberts family, said Charles' route ran through the school's neighborhood. He said Amish kids love it when the trucks come to pick up their milk.

“The drivers always joke around with the kids. They bring them lollipops,” Sipos said. “I'm sure he knew the girls.”

Roberts, 32, was a cop's son, home schooled, who lived in a modular home with his wife of nine years and the three children on whom he seemingly doted. He was not Amish and did not appear to have anything against the Amish, Miller said. He said Roberts was bent on killing girls and apparently chose the Amish schoolhouse simply for convenience.

On Monday, while his wife was at church attending a prayer group, Roberts drove to the school, which had about 25 students and none of the trappings of modern security — no metal detectors or locked doors, not even a phone.

He brought with him the following: three guns, a stun gun, two knives, a pile of wood (for barricading the doors), a bag with 600 rounds of ammunition, flexible plastic ties and eyebolts. He also had a change of clothing and toilet paper, indicating plans for a long siege, police said. At the bottom of a box, he had the two tubes of lubricant.

Roberts had left a note for his wife, the first page of which was released by the police:

“I don't know how you put up with me all those years. I am not worthy of you, you are the perfect wife you deserve so much better. We had so many good memories together as well as the tragedy with Elise. It changed my life forever. I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger.”

Roberts also left three other notes at home, one for each of his children, who range in age from 1 to 7.

The school's 20-year-old Amish teacher, Emma Mae Zook, told the Lancaster New Era on Tuesday that Roberts walked into the school carrying “a piece of iron” that she did not immediately recognize as a gun. He asked if any of the children had ever seen anything like it. None had.

One student, Aaron Esh, 13, told the Intelligencer Journal that Roberts didn't seem that frightening.

“He said, ‘No one's gonna get hurt.' He sounded very calm. He didn't sound all that mean.”

But Zook says that when she realized what was happening, she panicked. When Roberts looked the other way, “I saw this was my chance to run, so I ran for help.” She called for help from a nearby farm.

Roberts released about 15 boys and several adult women before barring the doors with desks and wood secured with nails and bolts. One girl whom he had wanted to stay slipped out with her brother and escaped, police said.

Then he bound the girls together in a line at the blackboard.

A two-by-four piece of lumber found in the school had 10 large eyebolts spaced about 10 inches apart, suggesting that Roberts may have planned to truss up the girls and sexually assault them, Miller said: “It's important to note that we had 10 victims at that time that were in the school.”

The girls were shot at close range shortly after police arrived outside the school. “We're quite certain, based on what we know, that he had no intention of coming out of there alive,” Miller said.

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"It's very possible that he intended to victimize these children in many ways prior to executing them and killing him self," he said.

But Roberts "became disorganized when we arrived," and shot himself in the head.

The dead were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Three other girls were in critical condition Tuesday, and two were in serious condition. They range in age from 6 to 13.

The shootings shocked Lancaster County's bucolic Pennsylvania Dutch country, where the Old Order Amish live a peaceful, 18th-century existence and restrict their exposure to "the English," which is what they call other Americans. They make do without automobiles, motorized farming equipment and electrical appliances. Laundry flaps on the line; horse-drawn carriages clip-clop along major thoroughfares.

What turned a milkman in this paradise into a monster remained unclear. But behavioral experts said that the picture that emerged was not of a guilt-ridden mind, but a twisted one.

Fred Berlin, associate professor of psychiatry at Johns Hopkins University, said Roberts could have focused his anger with himself on his victims.

"It's possible in a twisted way he's blaming young girls for the attraction he's feeling," he said.

Naftali Berrill, director of the New York Center for Neuropsychology and Forensic Behavioral Science in New York City, said the shootings could be linked to Roberts' loss of his daughter.

"Maybe in his twisted mind, the death of his child is some sort of retribution or payback for him having molested," he said.

"He's been sitting on a whole bunch of confusing ideas about how to make things right with the world and how to address his own impulse to touch children."

Berrill also said the Amish lifestyle and beliefs might have further enraged Roberts.

"The religiousness, … simplicity and devoutness. Maybe that's part of this as well. All this displaced rage against people who maybe made him feel ashamed himself."

Georgetown Methodist Church is just up the street from the Robertses' home here. On Tuesday a sign outside read, "Open for Prayer." Inside, a dozen pale pink roses tied with a pale pink bow sat on the altar, along with a note from Melissa and George Lopez: "We want to pay our respects to all the families who had to endure this tragedy."

Outside, in back of the church cemetery, was a heart-shaped gravestone. It bore this inscription:

Elise Victoria
Pledged to God
daughter of
Charles & Marie
Born & died
Nov. 14, 1997

Death Toll In Attack At Amish School Rises To 5 (WP)

By Tamara Jones And Joshua Partlow

The Washington Post, October 4, 2006

BART TOWNSHIP, Pa., Oct. 3 -- Haunted by an ugly secret he claimed to have kept since childhood and recurring dreams of molesting young girls, Charles C. Roberts IV clearly "planned to dig in for the long siege" and torment his young victims in an Amish schoolhouse before executing them and killing himself, investigators said Tuesday.

Five suicide notes the 32-year-old gunman left behind also describe his anguish over the loss of a premature baby nine years ago, police said, and a checklist found in his milk truck offered a sordid blueprint for the mayhem that left five girl s dead and five more fighting for life after Roberts stormed into their classroom Monday morning.

Neighbors watched tearfully Tuesday as horse-drawn buggies filled with Amish mourners began to converge on the houses where simple funerals were expected to be held in the coming days for the girls killed in a barrage of bullets that le ft the county coroner too shaken to keep counting the wounds.

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Roberts called his wife, Marie, after barricading himself inside the school with the terrified children, and said that he had molested two young, female relatives when he was 12 and that he had been dreaming about doing it again, Pennsylvania State Police Col. Jeffrey Miller said at a news conference.

Miller said that police were still interviewing members of Roberts's extended family and that they had not been able to determine what happened 20 years ago or to find the alleged victims, who would have been preschoolers at the time.

There is "no evidence" that the girls held hostage Monday were sexually assaulted, Miller said, but the boxes of evidence police carted away from the Nickel Mines school included sexual lubricant and restraint devices.

"It is very possible he intended to victimize these children in many ways prior to executing them," said Miller, who added that Roberts "planned to dig in for the long siege."

Miller identified the victims as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lina Miller, 7. Four of the other victims, including a younger Stoltzfus sister, remained in critical condition; the oldest victim, a 13-year-old, was reported in serious condition but conscious and able to communicate by blinking her eyes.

Although the Amish restrict the use of modern technology, hospital spokesmen said no religious restrictions interfered with treatment of the children.

Police and coroner accounts of the children's wounds differed dramatically. Miller said Roberts shot his victims in the head at close range, with 17 or 18 shots fired in all, including the one he used to take his own life as police stormed into the school through the windows. But Janice Ballenger, deputy coroner in Lancaster County, Pa., told The Washington Post in an interview that she counted at least two dozen bullet wounds in one child alone before asking a colleague to continue for her.

Inside the school, Ballenger said, "there was not one desk, not one chair, in the whole schoolroom that was not splattered with either blood or glass. There were bullet holes everywhere, everywhere."

A state police spokeswoman said Tuesday night that she could not immediately explain the discrepancy.

Discussing the tragedy at the local post office with another neighbor, their voices falling silent when an elderly Amish woman walked in, Marie Pelliccio described her conversation with a young survivor. He was among the 15 boys Roberts ordered out of the school after lining up the girls in white bonnets and long pinafores against the chalkboard and binding their feet with plastic ties.

Pelliccio said the teenage boy is a neighbor who works as a hired hand at her horse farm. When she stopped by to check on the family Tuesday afternoon, Pelliccio said, the boy told her the gunman had burst into the school and yelled at everyone to line up, then pointed to the boys: "You, you and you and you, get out of here!"

When the teacher fled as well, the boy told his neighbor, the gunman ordered another boy to chase after her, warning, "You go get her, or I'll start shooting!"

Pelliccio's eyes welled as she recalled the boy's quiet account of the horror: "I saw him tying my sister up," he told her.

The 8-year-old girl was shot in the jaw and shoulder and remained hospitalized in critical condition.

Several of the families whose children were shot were on Roberts's milk run, Pelliccio said. "He knew them."

Police found Roberts's truck where he customarily parked it after his shift ended at 3 a.m.: in a lot across from the intersection the Amish children crossed each day on their way to school.

"We believe this had nothing to do with the Amish," Miller said. "The school was a target of opportunity. It was close by his home. He felt comfortable."

After finishing his milk run, police said, Roberts went home and helped his two older children get ready for school, dropping them off at their bus stop about 8:45 a.m.

Marie Roberts told police she had "absolutely no" clue that anything was troubling her husband when she left at 9 a.m. for the prayer group she leads at a nearby church. The first emergency call about a hostage situation at the school came about 10:36 a.m., from the teacher who had escaped.

Charles Roberts had carried boxes of tools, hardware and lumber with him, Miller said, and he barricaded the front door with a piece of wood, bolted it and piled desks in front of it. A side door was barricaded with a foosball table, a 2-by-4 piece of wood and plastic ties.

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At 10:50 a.m., Miller told reporters, Roberts called his wife from a cellphone to say, "I am not coming home. Police are here." He said Roberts then claimed to have molested two family members 20 years ago, when the girls were "3 or 4."

Roberts told his wife where the suicide notes were in their home, one for her and each of their three small children. She began reading them, then called her mother and 911, Miller said.

Miller said Roberts didn't answer when police negotiators attempted to contact him.

His letters describe how he was filled with "hatred for God and hatred for" himself. They refer to an unrelenting grief over the loss of his firstborn child, a daughter named Elise, who lived for just 20 minutes before dying nine years ago.

"He said he had been having dreams about doing what he did 20 years ago and wants to do it again," Miller said. The dreams of molesting girls had been tormenting Roberts for two or three years, according to the suicide notes.

In addition to another suicide note found in his truck, police discovered a checklist of 16 items that "matches evidence" seized at the crime scene, Miller said. Among the items Roberts had listed: bullets, gun, binoculars, candle, earplugs, wrenches, nails, eye bolts and KY Jelly. Two tubes of the sexual lubricant were recovered at the school, Miller added, along with items that made up "a restraint system or kit."

Roberts had planned the attack meticulously, Miller said, and was "extremely organized." He began purchasing items on his checklist at a local Amish-run hardware store six days earlier, then spent a "normal, relaxed weekend with his family, playing with his kids."

The supplies he took into the school included a change of clothes, toilet paper and a bucket, additional indicators that he possibly planned to hold his victims hostage for "a number of hours" but then panicked and became "disorganized" when police arrived, Miller said.

Fred S. Berlin, a Johns Hopkins University psychiatrist and expert on sexual disorders, said it would be a mistake to accept Roberts's statement about molesting children years ago as an explanation for what happened Monday. At most, Berlin said, the molestation, if it occurred, is just one piece of a complicated psychiatric puzzle.

"People can develop a major depression and, in the midst of that, begin to feel very guilty and troubled about perceived bad acts in a way that had not been a problem for them in the absence of depression," Berlin said. "I'm speculating here, but it's possible he became depressed and then began to be preoccupied and ruminative and guilt-ridden about these events that occurred so many years ago."

If Roberts did molest two young relatives 20 years ago, when he was 12, it would not necessarily mean he was bound to repeat the behavior as an adult, Berlin said.

Although many adult pedophiles begin their misconduct as young people, "there's good evidence that a majority of adolescent sexual offenders -- if indeed he was that -- do not go on to be adult offenders," Berlin said. "People assume otherwise, but there's some pretty compelling data suggesting that there are lots of kids who do things of a sexual nature during childhood that they ought not do, and they don't do it again."

If Roberts was suffering from depression and became fixated on his long-ago sexual misconduct, fearing that he would repeat the behavior, that could explain suicide, Berlin said.

"That still leaves a tremendous gap in our understanding of how he got from being troubled and guilty about doing that years ago to, in the end, murdering a number of innocent children," Berlin said. "I mean, there's a tremendous leap there that we would need to transcend in order to have a better understanding of why he did what he did."

School Gunman Revealed Torment (WT/AP)

By Mark Scolforo, Associated Press

The Washington Times, October 4, 2006

QUARRYVILLE, Pa. -- The gunman who killed five girls in an Amish schoolroom confided to his wife during the siege that he molested two relatives 20 years ago when he was boy and was tormented by dreams of doing it again, authorities said yesterday.

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Investigators also said that Charles Carl Roberts IV, 32, plotted his takeover of the school for nearly a week and that the items he brought -- including flexible plastic ties, eye bolts and sexual aids -- suggest he may have been planning to violate the Amish girls before police closed in.

"It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself," said Col. Jeffrey B. Miller, the state police commissioner. But Roberts "became disorganized when we arrived," and shot himself in the head.

Holding up a copy of the gunman's suicide note at a packed press conference, Col. Miller also suggested that Roberts was haunted by the death of his prematurely born daughter in 1997. The baby, Elise, died 20 minutes after being delivered, Col. Miller said.

Elise's death "changed my life forever," the milk truck driver and father of three wrote to his wife. "I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger."

The state police commissioner identified the demons in Roberts' head a day after the shooting rampage shattered the sense of calm in Lancaster County's bucolic Pennsylvania Dutch Country, where the Amish live a peaceful, turn-the-other-cheek existence in an 18th-century world with no automobiles and no electrical appliances.

"He certainly was very troubled psychologically deep down and was dealing with things that nobody else knew he was dealing with," Col. Miller said.

The death toll rose to six -- including the gunman -- when two more girls died of their wounds in a hospital, authorities said yesterday.

The victims were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Anna Mae's sister was among the wounded.

Four other girls were in critical condition, and one was in serious condition. They ranged in age from 6 to 13.

During the standoff, Roberts called his wife on his cell phone from the one-room schoolhouse and told her that he molested two female relatives when they were 3 to 5 years old, Col. Miller said. Roberts would have been about 11 or 12 at the time. In a suicide note left for his family, he said he "had dreams about doing what he did 20 years ago again," Col. Miller said.

Police could not confirm Roberts' claim that he molested two relatives. Family members knew nothing of molestation in his past, Col. Miller said. Police located the two relatives and were hoping to interview them.

Roberts had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Col. Miller said. The girls left in the room were shot at close range shortly after police arrived, he said.

"We're quite certain, based on what we know, that he had no intention of coming out of there alive," Col. Miller said.

At the time Roberts' wife received the phone call, she was attending a meeting of a prayer group she led. The group prayed for the community's schoolchildren.

Church members visited with the victims' families yesterday, preparing meals and doing household chores, while Amish elders planned the funerals. An Amish woman who helped comfort family members said they were being sustained by prayer.

"It's a tragedy we've never seen before," said the woman, whose father was a church bishop. Like many Amish, she declined to give her name. "They said it was a happy school. The children were happy; the teachers were happy."

Police Describe Gunman's Plan In School Siege (NYT)

By David Kocieniewski And Shaila Dewan

The New York Times, October 4, 2006

NICKEL MINES, Pa., Oct. 3 — As the Amish in this rural farm community turned inward to cope with the magnitude of the deadly school shooting on Monday, police investigators pieced together the gunman's elaborate preparations for an extended siege that, they said, was intended to include the sexual assault of his young hostages.

DOJ_NMG_0074517

When the gunman, Charles C. Roberts IV, 32, arrived at West Nickel Mines Amish School, he brought an assortment of weapons, hardware and lubricant that indicated he may have been planning to torture and molest the female students, the police said.

Speaking to his wife by cellphone after he had bound his hostages with wire and plastic ties, Mr. Roberts told her — for the first time — that he had molested two younger relatives, when he was 12 and had recently dreamed of sexually abusing young girls again, the police said. He also said his life had been warped by anger and grief since the death of their newborn daughter nine years ago.

But he "became confused" and started shooting when the police arrived, said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police, killing five girls, seriously injuring five others, then killing himself without carrying out any sexual assault.

As the details were disclosed and the death count rose to five, police officers, firefighters and residents in horse-drawn buggies gathered outside the homes of the some of the slain girls' relatives to fend off news reporters and satellite trucks. At least 150 members of the Amish community met at a home prayer meeting about 200 yards from the schoolhouse. And community members also started a charity fund to help the victims' families and Mr. Roberts's widow and three young children.

With their traditional garb and religious dictum that forbids the use of technological advances like electricity and motor vehicles, the Amish try to insulate their lives from the bedlam and violence of modern life.

But the bloody attack by Mr. Roberts, who was raised in the area but was not Amish, had breached that insularity, leaving residents of a community known for its stoicism angry, saddened and shaken.

Emma Mae Zook, the young teacher who called the police after fleeing the school as Mr. Roberts barricaded its doors, spent part of the day trying to offer solace to families of her students, according to relatives.

"She's trying to comfort the families even as she struggles herself," said Ms. Zook's second cousin, a woman in her 50's who did not want her name used.

The police on Tuesday released the names of the children who died. They are Naomi Rose Ebersole, 7; Anna Mae Stolzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Gov. Edward G. Rendell said flags would fly at half staff in the capital, Harrisburg, and in Lancaster County until after the funerals for the children.

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. Although he was scheduled to take a random drug test at his job, there was no indication that he had a substance abuse problem or was worried about the screening, Colonel Miller said.

The police were also investigating Mr. Roberts's assertion that he had molested relatives when he was 12, but had been unable to corroborate it. Moments before he opened fire, Mr. Roberts told his wife, Marie, who was leading a prayer meeting at a church, of the sexual assaults. He then told her that he had left four suicide notes at home, Colonel Miller said, one of which described the lingering wounds he had felt since the death of their daughter Elise, who was born prematurely in 1997 and lived only 20 minutes.

"It changed my life forever, I haven't been the same since," he wrote in a note the police released on Tuesday. "It affected me in a way I never felt possible. I am filled with so much hate, hate towards myself, hate towards God and unimaginable emptiness. It seems like every time we do something fun, I think abut how Elise wasn't here to share it with us and I got right back to anger."

Relatives and neighbors said there was no sign of that anguish in the hours before his rampage began.

But Paula Derby, 31, said that it was unusual to see him drop off his children at the bus stop on Monday morning. Ms. Derby, who is also a parent, said that as Mr. Roberts's two oldest children began to board the bus, Marie Roberts said to them: "Hey kids, come back here, Dad wants to give you a hug."

Mr. Roberts then hugged and kissed his children, saying, "Remember, Daddy loves you."

After telling his wife that he was heading to his drug test, Mr. Roberts instead went to a hardware store, where he made a purchase at 9:14 a.m. and another at 9:16 a.m., the authorities said.

When Mr. Roberts arrived at the school just over an hour later, he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

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Once in the classroom, Mr. Roberts ordered all 15 boys to leave, along with four adult women who were visiting, three of whom had young children with them.

Mr. Roberts ordered the 10 remaining girls to line up facing the blackboard and remain silent as he lashed their ankles with wire and plastic ties. As he spoke with his wife, Mr. Roberts warned that he would begin shooting within 10 seconds if the police did not leave. But he did not wait, Colonel Miller said.

The authorities said that the collection of chains, clamps and K-Y Jelly found in the schoolhouse appeared to indicate that Mr. Roberts had planned a sexual assault.

"The K-Y Jelly has no exact reason, other than the potential for a sexual assault aid," Colonel Miller said.

As the details of the ordeal began to sink in, relatives said the youngsters who escaped began to agonize over whether they had missed an opportunity to prevent the attack on their classmates.

"I pity the children in the school" who got out, said Jacob Fisher Jr., 23, a farmer who lives across the street from Mr. Roberts's home. "It's going to be be a scar on their own lives."

Molestation Possible Motive In Amish Shooting (LAT)

By Ellen Barry And Stephanie Simon

The Los Angeles Times, October 4, 2006

NICKEL MINES, Pa. — The man who killed at least five girls at an Amish school said he had molested young family members 20 years ago and had dreams of doing so again, authorities said today.

At an afternoon news conference, State Police Commissioner Col. Jeffrey B. Miller painted a grisly picture of Charles Carl Roberts IV, a methodical assailant who carefully planned for a siege and left suicide notes explaining possible motives for attacking the one-room schoolhouse Monday morning.

The attack was "organized, preplanned and had forethought," Miller told reporters at a televised news conference.

Miller said Roberts stated that he had molested two family members 20 years ago, but there was no independent confirmation of those attacks. In the notes he left behind, Roberts also said he was angry over the death of his child, Elise, about nine years ago.

The number of casualties in the shooting rose overnight.

Miller said five girls are now dead, ranging from 7 to 13 years old. Three died at the scene and two during the night. Roberts killed himself as state police rushed the building to rescue the children.

Five other females, 7 to 13 years old, were in two hospitals in grave condition, Miller said.

A day after the attack, officials struggled to explain why Roberts, a 32-year-old father of three with no criminal record and no record of mental instability, entered the schoolhouse in the sheltered Amish community with a small arsenal, including an illegal stun gun and several apparently legal weapons.

Why Roberts acted the way he did may never be known, Miller said. But the notes left by Roberts for his family cite his fears about repeating sexual assaults and the loss of his child, who died about 20 minutes after birth.

The death of the child made him angry with himself and with God, Miller said.

"The note that he left for his wife talks about the good memories together, the tragedy with Elise, it focuses on his life being changed forever ... over the loss of Elise, his hatred toward himself, his hatred toward God as a result of that event, and he alludes to this other reason for this anger but he can't discuss it with her and it happened 20 years ago," Miller said.

On Monday, officials mentioned acts that took place 20 years ago as one of the reasons Roberts gave for his attack. Today's news conference was the first time officials gave details.

According to Miller, Roberts claimed to have molested two family members 20 years ago. At the time, Roberts was a child himself. The victims would have been 3 to 5 years old.

There was no independent confirmation of the molestations, Miller said. Relatives have been interviewed and had no recollection of the incidents.

We have "no details or if anything occurred," Miller said. "We were not able to confirm a report was ever made."

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In his note, Roberts said he was having dreams of molesting again. "He states in his suicide note that he had dreams about doing what he did 20 years ago again," Miller said.

Miller also gave this chronology of the events on Monday:

Roberts returned from his milk truck job about 3 a.m. By 7:30, Roberts and his wife were getting their children ready for school and by 8:45 a.m., Roberts walked his children to the bus stop.

About 9 a.m., Marie Roberts left to go to a prayer session at a local Presbyterian church, where she stayed until 10:30. She dropped off a friend and came home around 10:50 a.m., when Roberts called her.

At that point, Roberts was already at the school, Miller said. He had barricaded himself inside and had separated the girls from the boys.

Receipts and material recovered from the scene showed that Roberts was prepared for a siege after having brought bolts, nails, wood, ammunition, batteries and a bucket.

He also brought plastic ties to restrain his victims' hands and at least two tubes of K-Y Jelly, a lubricant that officials said could be used in any sexual assault. None of the girls were assaulted before police stormed the school around 11 a.m.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, the stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help from a teacher who escaped. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond to them.

Roberts shot the girls in the head — one after another, in quick order — with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they approached, but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said on Monday.

Authorities said Roberts found the school a convenient target — "a location of opportunity," as Miller put it.

Employed by Land O'Lakes Inc. dairy co-op and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual quick-to-joke self, but had been more relaxed in the last few days.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today."

Roberts' brutality evoked very little anger among the Amish community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims — though this is a close-knit community, where few are strangers — Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about 60 miles west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing.

Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

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Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl, then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas spotted a former student on campus with a gun; he fled without firing any shots.

Here in Lancaster County, violence is not completely unknown: Just this spring, a young man confessed to killing six of his relatives, ages 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

However, the community is known as a peaceful retreat of grape arbors and orchards. Children in straw hats drive teams of horses through green valleys — and the two-lane highway is speckled with manure. Clotheslines hang beside many of the farmhouses, pinned with whole families of dresses in dark blue and green, each a size smaller than the next.

Suburbs are creeping closer and closer, but the Amish "just go about their way," said Myron Stoltzfus, 48, a local butcher.

Stoltzfus was raised by Amish parents; he is now a Mennonite, but understands the Amish ways and anticipates that, even as the loss sinks in, few here will call for security guards at the schoolhouse — or even a cellphone in the teacher's desk. "The Amish see death as a part of life," he said. "They will grieve but they have more resignation. They will take this as something God ordained."

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Police: Gunman At Amish School Told Wife He Molested 2 Little Girls Years 20 Years Ago (FINDLAW/AP)

By Mark Scolforo, Associated Press Writer

AP, October 4, 2006

(AP) - QUARRYVILLE, Pennsylvania-The gunman who killed five girls in an Amish schoolroom confided to his wife during the siege that he molested two relatives 20 years ago when he was boy and was tormented by dreams of doing it again, authorities said Tuesday.

Investigators also said that Charles Carl Roberts IV, 32, plotted his takeover of the school for nearly a week and that the items he brought - including flexible plastic ties often used as handcuffs, bolts that serve as hooks and lubricating jelly - suggest he may have been planning to sexually assault the Amish girls before police closed in.

"It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself," State Police Commissioner Jeffrey B. Miller said. But Roberts "became disorganized when we arrived," and shot himself in the head.

Holding up a copy of the gunman's suicide note at a packed news conference, Miller also suggested that Roberts was haunted by the death of his prematurely born daughter in 1997. The baby, Elise, died 20 minutes after being delivered, Miller said.

Elise's death "changed my life forever," the milk truck driver and father of three wrote to his wife. "I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger."

Miller identified the demons in Roberts' head a day after the shooting rampage shattered the sense of calm in Lancaster County's bucolic Pennsylvania Dutch Country, where the Amish live a peaceful, turn-the-other-cheek existence in an 18th-century world with no automobiles and no electrical appliances.

"He certainly was very troubled psychologically deep down and was dealing with things that nobody else knew he was dealing with," Miller said.

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The death toll rose to six Tuesday - including the gunman - when two girls died of their wounds.

During the standoff, Roberts told his wife in a cell phone call from the one-room schoolhouse that he molested two female relatives when they were 3 to 5 years old, Miller said. Roberts would have been around 11 or 12 at the time. Also, in a suicide note left for his family, he said he "had dreams about doing what he did 20 years ago again," Miller said.

Police could not immediately confirm Roberts' claim that he molested two relatives. Family members knew nothing of molestation in his past, Miller said. Police located the two relatives and were hoping to interview them.

Roberts had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Miller said.

The crime bore some resemblance to an attack on a high school in Bailey, Colo., where a 53-year-old man took six girls hostage and sexually assaulted them before fatally shooting one girl and killing himself. That attack occurred last Wednesday, the day after Roberts began buying materials for his siege.

Using a checklist that was later found in his pickup truck, Roberts brought to the school three guns, a stun gun, two knives, a pile of wood for barricading the doors, and a bag with 600 rounds of ammunition, police said. He also had a change of clothing, indicating he had planned a long siege, police said.

He sent the boys and several adults away and bound the girls together in a line at the blackboard. Miller on Tuesday revealed that one of the girls was able to escape with the boys.

A long piece of lumber found in the school had 10 large eyebolts - bolts with metal rings attached at their end - spaced about 10 inches (25.4 centimeters) apart, suggesting that Roberts may have planned to truss up the girls and sexually assault them, Miller said. "It's important to note that we had 10 victims at that time that were in the school," he said.

The girls left in the room were shot at close range shortly after police arrived, Miller said.

"We're quite certain, based on what we know, that he had no intention of coming out of there alive," Miller said.

At the time Roberts' wife received the phone call, she was attending a meeting of a prayer group she led that prayed for the community's schoolchildren.

The victims were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Stoltzfus' sister was among the wounded.

Three other girls were in critical condition and two were in serious condition. They ranged in age from 6 to 13.

Church members visited with the victims' families Tuesday, preparing meals and doing household chores, while Amish elders planned the funerals. An Amish woman who helped comfort family members said they were being sustained by prayer.

"It's a tragedy we've never seen before," said the woman, whose father was a church bishop. Like many Amish, she declined to give her name. "They said it was a happy school," she said. "The children were happy, the teachers were happy."

Roberts, a father from the nearby town of Bart, was not Amish and did not appear to have anything against the Amish, Miller said. He said Roberts was bent on killing girls and apparently figured he could succeed at the serene schoolhouse.

Dwight Lefever, a Roberts family spokesman, spoke at a community prayer service Tuesday evening and said he was at the home of Roberts' father when an Amish neighbor came to comfort the family.

"He stood there for an hour, and he held that man in his arms, and he said, 'We will forgive you,'" Lefever said. "He extended the hope of forgiveness that we all need these days."

Sam Stoltzfus, 63, an Amish woodworker who lives a few miles away from the shooting scene, said his grandchildren were full of questions when they came home from another Amish school.

"They were terrified," said Stoltzfus, whose son took the grandchildren to school Tuesday morning so they wouldn't have to walk by themselves. "They wanted to know: What was wrong with him? Why was he doing that?"

Stoltzfus said the victims' families will be sustained by their faith.

"We think it was God's plan and we're going to have to pick up the pieces and keep going," he said. "A funeral to us is a much more important thing than the day of birth because we believe in the hereafter. The children are better off than their survivors."

AP reporter Michael Rubinkam contributed to this report.

DOJ_NMG_0074522

Fifth Amish School Girl Dies; Killer Hints At Motive (Update3) (BLOOM)

By Todd Zeranski

Bloomberg, October 4, 2006

Oct. 3 (Bloomberg) -- A fifth victim of yesterday's attack on a one-room Amish school in Pennsylvania died this morning, and authorities revealed that the killer told his wife he molested relatives years ago and dreamt of molesting again.

The girl, whose identity and age weren't disclosed, died early this morning, Spiros Mantzavinos, a spokesman for Christiana Care Health System in Newark, Delaware, where the girl had been treated, said in a telephone interview. Five other victims are being treated in Philadelphia, Hershey and Reading, Pennsylvania.

All of the victims are females between the ages of 6 and 13, state police Commissioner Jeffrey Miller said in a televised press conference today. Police yesterday said 11 girls were held hostage, though today they said one 9-year-old escaped with her brother.

The gunman, Charles Carl Roberts, 32, a milk-truck driver who lived near the school in Lancaster, Pennsylvania, killed himself. He left a suicide note saying he was seeking revenge for something that happened 20 years ago, police said. Today, Miller said Roberts called his wife during the attack and said he molested two young relatives 20 years ago and had dreams of molesting again.

``He split them up, males and females," Miller said yesterday. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Handgun, Shotgun, Stun Gun

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards used to barricade the classroom after letting some of the people go, said Miller. He said Roberts had no previous criminal record, and there's no evidence the victims were sexually assaulted.

``He did not intend to come out alive. But we're also concerned he may have had an extended plan to be in there for a very long time," perhaps to sexually assault the young girls before killing them and himself, Miller said. The quick reaction of the police caused Roberts to panic, he said.

The attack took place at Georgetown Amish School in Bart Township, a farming area of about 3,000 people, 60 miles (100 kilometers) west of Philadelphia. The Amish are a Christian sect that stresses separation from the modern world. Many ride horse- drawn buggies rather than drive cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The killings were the third attack at a U.S. school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing a girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President `Saddened'

``Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado, and Wisconsin," President George W. Bush said in California. `` Our schoolchildren should never fear their safety when they enter into a classroom."

President Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

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Fifteen boys were freed, as well as one pregnant woman and three women with infants, Miller said. A teacher who escaped called the police.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, ages 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia, are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire yesterday.

Killer Wasn't Amish

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive of New Holland, Pennsylvania-based Goodwill Mutual Casualty Co., about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

Many people in the community have already started donating meals, transportation and other services to Amish families affected by the tragedy, said Bontrager, who grew up in an Amish family in Indiana and serves as the secretary-treasurer of the National Committee for Amish Freedom.

Ten families had children attending the school and the children of seven families were victims of the attack, police said.

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ;

Strong Faith And Community May Help Amish Cope With Loss (NYT)

By Laurie Goodstein

The New York Times, October 4, 2006

The Amish whose children were executed by a milk deliveryman in their rural Pennsylvania schoolhouse had, until Monday, lived in a world where they were largely insulated from violence and singularly unprepared to respond to it.

But their strong faith and community ties may prepare them unusually well to cope with it, experts on the Amish say.

In their one-room schoolhouses in Lancaster County, the Amish have no need for security officers or metal detectors. Their classmates are their siblings and neighbors, their teacher usually a young woman not much older than the students, who graduate after eighth grade. There are no phones to call for help. There is no electricity, perhaps just a battery-operated clock. A wood-burning stove keeps the room warm.

“Violence in an Amish school is just unthinkable,” said Donald B. Kraybill, senior fellow at the Young Center for Anabaptist and Pietist Studies at Elizabethtown College in Elizabethtown, Pa., who has studied the Amish for 20 years.

“These are really safe schools, in rural settings, out of the way,” Mr. Kraybill said. “These children have never watched television, never seen a movie, never seen a video game. They don’t in their minds have any images of violence, and there wouldn’t be any protocol in the school for what to do in an emergency like this.”

About 28,000 Amish live in Lancaster County, and 200,000 in 27 states nationwide, Mr. Kraybill said. Far from dwindling, the Amish population in the United States has doubled about every 20 years because they tend to have many children. As young adults, they must decide whether to be baptized and stay in the community; 90 percent of them decide to remain, experts say.

The Amish are the descendants of Swiss and German immigrants who came to the United States in the 18th century, many to escape persecution. They are Anabaptists, and believe in adult baptism. They worship in homes rather than churches.

In their rural life, they are used to tragedy, said Tom Shachtman, a journalist who wrote “Rumspringa: To Be or Not to Be Amish” (North Point Press, 2006). Barns burn down. Families riding in horse-drawn buggies are hit by trucks. Farmers are maimed in accidents. Many of the large families who Mr. Shachtman met had lost a child, some to suicide.

They accept these tragedies as the will of God, an approach to life they call yieldedness, Mr. Shachtman said. He said this helped explain why the Amish interviewed after the shooting in Nickel Mines, Pa., sounded more resigned than angry. They are pacifists, and some spoke of the need to forgive the killer.

DOJ_NMG_0074524

In one sign of their approach to tragedy, Amish residents started a charity fund yesterday not only to help the victims' families but also to help the gunman's widow.

"This is imitation of Christ at its most naked," Mr. Shachtman said. "If anybody is going to turn the other cheek in our society, it's going to be the Amish."

He continued, "I don't want to denigrate anybody else who says they're imitating Christ, but the Amish walk the walk as much as they talk the talk."

The Amish surmount hardship through mutual aid. When a barn burns, they do not call the insurance company. They have a barn raising, said Kimberly D. Schmidt, associate professor of history at Eastern Mennonite University, in Harrisonburg, Va., who has studied Amish women.

"For the families who lost children, there will be a tremendous community outpouring of love and support," Ms. Schmidt said. "They will not suffer alone in their grief at all. People will bring in meals for weeks. As devastating as this is, there's so much strength they can draw from their community."

Attacks Show 'threats … Can Come From Anywhere' (USAT)

By Kevin Johnson And Greg Toppo

USA Today, October 4, 2006

Monday's fatal shootings at an Amish school in Pennsylvania and last week's attack in Bailey, Colo., that left one girl dead underscore how schools across the nation, long considered among the safest places in their communities, also can be the most vulnerable.

Statistics consistently show that children are far safer on school grounds than nearly anywhere else. However, safety consultants say the recent attacks — both by men who apparently were intent on molesting girls — are vivid reminders of the challenges schools and police face in protecting campuses from the outside world.

"It's not school violence — it's community violence that takes place in schools," says Stephen Sroka, a school safety consultant who teaches at Case Western Reserve University in Cleveland.

Seven years ago, the massacre at Columbine High School in Colorado — which left 14 students dead, including the two assailants — launched a new era in school security.

Shocked by how easily Columbine students Eric Harris and Dylan Klebold had been able to walk into the school heavily armed and gun down classmates, schools and police agencies across the country made metal detectors and cameras standard equipment at many schools.

Since then, several school shootings by disgruntled or disturbed teenagers have heightened awareness among teachers, students, counselors and parents to be on the lookout for troubled students. Now, the shootings in Bailey and in Nickel Mines, Pa., by adults from the surrounding communities have again changed the paradigm of school security.

"What these attacks represent is that threats to school safety can come from anywhere — from inside and outside the schools," says Kenneth Trump, president of a national school security consulting firm that tracks school-related attacks.

The attack at the one-room schoolhouse in Nickel Mines prompted President Bush to call for a meeting next week to address school safety across the USA. Bush said Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will lead the conference Tuesday.

Mary Ellen O'Toole, a supervisory special agent at the FBI's behavioral analysis unit in Quantico, Va., says that in discussing school safety it is important to distinguish school shooters with ties to a campus from adults "who use schools as a crime scene."

"There may not be a single thing that can be done to prevent a mission-oriented person from committing an act of violence," O'Toole says, referring to the emerging profile of Charles Carl Roberts IV, the Pennsylvania gunman.

Jefferson County, Colo., which includes Columbine High, could be among the most advanced U.S. jurisdictions in preparing for school violence. After the massacre, the Jefferson County Sheriff's Department boosted its training to include a new strategy for officers when confronted with "active shooters," or situations in which people appear to be in imminent danger, department spokeswoman Jacki Kelley says.

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In the Nickel Mines incident Monday, officers rushed the schoolhouse after hearing gunfire. Last week in Bailey, authorities initially tried to negotiate with the gunman, Duane Morrison. Park County Sheriff Fred Wegener later told reporters that threats from Morrison and reports from freed hostages that the gunman was molesting young female captives left authorities with little choice but to raid the second-floor classroom where he was holed up.

When officers forced their way into the classroom, Morrison opened fire, fatally shooting one of the two remaining hostages and then killing himself.

Kelley said the case — including the law enforcement officers' response — remains under investigation. The SWAT unit will "never consider this event an absolute success because a life was lost," Kelley says.

In Riverton, Kan., authorities said in April that they foiled a plot for a Columbine-style attack on Riverton High. Cherokee County Sheriff Steve Norman says the episode jolted the rural community into action.

The sheriff's department set up an office near the school. Deputies began patrolling the 500-student campus during the school day and at after-school activities. Still pending are plans to install metal detectors at Riverton and other schools.

The recent shootings mean authorities likely will "go back to the drawing board" and make sure their school security plan protects students from a possible attack by an adult from off campus, Norman says. "A whole new demographic has been introduced here. We're going to have to deal with that. It's a sad state of affairs."

On CBS, Columbine Dad Blames Violence On Secularism (WP)

By Howard Kurtz, Washington Post Staff Writer

The Washington Post, October 4, 2006

The emotions surrounding the murder of five girls at an Amish school in Pennsylvania were still raw Monday when the "CBS Evening News" put on a commentator who blamed such violence on abortion and "expelling God from the school."

Brian Rohrbough, who lost his son in the 1999 Columbine school massacre in Colorado, made the remarks on the "Free Speech" segment, which for the past month has provided a 90-second platform for pundits, politicians and ordinary people to sound off.

The decision to approach Rohrbough and air his views prompted a storm of criticism, some of it within the ranks of CBS News. Anchor Katie Couric responded on her network blog, saying: "We knew when we decided to put on this segment that a lot of people would disagree with it. We also knew some might even find it repugnant.

"But that is the very essence of what we're try to do with the 'Free Speech' segment. This is a platform for our viewers to hear from a wide range of people -- those who may share your views, and those who don't."

Rohrbough, who addressed the Colorado Right to Life march in January, has blamed the Columbine attack on abortion in a number of local interviews. He filed a lawsuit alleging that a Denver police officer shot his 15-year-old son in the confusion of the Columbine attack. Rohrbough apologized to the officer in a Rocky Mountain News interview after an independent investigation concluded the officer had not yet arrived at the school when Rohrbough's son was shot.

Rohrbough also sued the school district over its refusal to allow him to include religious references in two four-inch tiles that are part of a Columbine memorial.

In his CBS commentary, Rohrbough said: "This country is in a moral free fall. For over two generations, the public school system has taught in a moral vacuum, expelling God from the school and from the government, replacing him with evolution, where the strong kill the weak, without moral consequences and life has no inherent value. We teach there are no absolutes, no right or wrong. And I assure you the murder of innocent children is always wrong, including by abortion. Abortion has diminished the value of children."

Rome Hartman, the newscast's executive director, said he was "surprised" by Rohrbough's remarks and "of course I knew that his remarks would be controversial, perhaps even offensive to some. I also knew that some people in our audience would agree with him. I also thought to myself, 'This is "Free Speech." We don't tell people what to say or what to think.' . . . I decided to run the segment."

Some online critics denounced CBS. A blogger at Dymaxion World wrote: "Grief makes people do, and say, stupid . . . things. But CBS is not grieving for anyone. What made them put this man on national television?"

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Many detractors wrote to CBS's Web site. One called Rohrbough's remarks "the biggest load of hogwash I have ever witnessed. How could you use an unspeakable tragedy to give a rightwing flat earth nut job a podium?"

But a mother of three wrote to praise CBS's "courage," saying: "I'm sure that you will receive many e-mails denouncing your segment, but I appreciate hearing a 'conservative' view in what can be a very liberal media."

When Evil Disrupts Tradition (LAT)

The Los Angeles Times, October 4, 2006

School shooting challenges Amish way of life in a familiar way.

IF ANYTHING IS MORE UNIMAGINABLE than the execution-style killings of five Amish girls in their one-room schoolhouse, it is the Amish community's reaction to the tragedy. Mourning without anger. Lack of interest in the news media — and a lack of resentment of them too. And an unwillingness, at least so far, to allow this brush with one of modern society's worst horrors to force it into defensiveness.

Charles Carl Roberts IV held no special animosity toward the Amish, investigators say. They believe that he attacked the Amish school simply because it was a vulnerable target — small, secluded, unguarded and, in accordance with the practice of most Amish, without phones.

Those few Amish who would talk to the media refused to vent anger toward Roberts or whatever demons propelled him to violence. The Amish generally said they could not see giving up their small country schoolhouses, or placing guards or other security in the buildings, even if that made them vulnerable. It would mean giving up their peaceful, pastoral way of life, with its insistence on keeping intrusions at bay.

And yet the most horrific of modern intrusions came. Monday's shootings show that even the Amish, for all their insular unworldliness, face the same 21st century predicament as the rest of us: How much to retain the old ways — the cherished, unfettered rituals of daily life — and how much to adapt to new realities and adopt new habits? Americans consider this dilemma every time they board an airplane, check out a library book or use a cellphone. To the Amish, many of whom eschew even electricity, these issues are utterly foreign. Most do not even drive, much less fly. Many of us dream about how wonderful it would be to live a simpler life, free from the tyranny of our BlackBerrys. The Amish live that life.

Yet even before Monday's tragedy, it was clear that the Amish, too, must balance the pressures (and benefits) of modernity against the comforts (and drawbacks) of tradition. Many Amish have set up shared phone booths outside their homes in case of emergency. On Tuesday, there was talk that although Amish schools were unlikely to employ guards or locks, there might be cellphones on hand, just in case. We all make our concessions — to modernity or to tradition — when we must.

FBI Planning To Widen Its Investigation (SCRIPPS)

By THOMAS HARGROVE And AMIE PARNES

Scripps Howard, October 4, 2006

WASHINGTON — FBI agents plan to "authenticate" the widely distributed sexually explicit Internet transcripts between U.S. Rep. Mark Foley and former congressional pages, a Department of Justice official said Tuesday.

In addition, agents will interview the teenagers.

Advertisement

Justice officials said they also are considering whether federal or state laws apply in the case, the source said.

It was the first confirmation that federal authorities will conduct an extensive investigation into Foley's actions.

On Monday, federal officials said they were conducting a preliminary legal assessment into the matter. But authorities were much more certain that a significant investigation will take place following the disclosure of yet more sexually explicit transcripts Tuesday.

"We don't know quite what we are dealing with here," the official said. "We don't know if those are the only e-mails. If there are other e-mails, are those e-mails authentic? We are trying to get all the facts and be clear what we are dealing with."

Foley, who served in the U.S. House for 12 years, resigned Friday after reports surfaced that he exchanged sexually explicit online messages with a congressional page who was still in high school.

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The justice source, who requested anonymity because of the sensitivity of the investigation, said officials will first try to determine if the online messages are real.

"The first thing they are trying to do — there is a lot of information in the public domain — is they have to determine the validity and authenticity of this," the source said.

The investigation comes as new reports surfaced that claimed Foley had Internet sex with a high school student in between House votes.

Gonzales: FBI Delving Into Foley's 'deeply Disturbing' E-mails (AP)

AP, October 4, 2006

NEW ORLEANS U-S Attorney General Alberto Gonzales says the F-B-I is gathering facts to decide whether any laws were broken in connection with a former Florida congressman's sexually explicit e-mails to a former congressional page.Gonzales commented after giving the opening address at a three-day national conference of federal, state and local law enforcement and social service agencies on ways to combat human trafficking and to rescue its victims.Gonzales said he notified the F-B-I after reading deeply disturbing news accounts of the e-mail activities of former U-S Representative Mark Foley a Florida Republican, who resigned in the wake of the scandal.Gonzales, who said the Bush administration lists protection of children as one of its highest priorities, declined to elaborate on how far the e-mail investigation might go.

Foley Lawyer Cites Alcohol, Childhood Abuse (WP)

By Charles Babington And Dan Balz

The Washington Post, October 4, 2006

Disgraced former lawmaker Mark Foley's behavior was affected by alcoholism and childhood molestation but he "never attempted to have sexual contact with a minor," his attorney said yesterday in the first extensive defense of the Florida Republican's actions, which have rocked Congress and the GOP.

The comments came as embattled House Speaker J. Dennis Hastert (R-Ill.) turned to conservative radio hosts to defend his handling of the Foley matter, and rank-and-file House Republicans took a wait-and-see approach on their leader's fate. President Bush praised Hastert, but the House's second-ranking Republican challenged the speaker's account of how the scandal unfolded.

Lawyer David Roth told reporters in Florida that Foley was intoxicated when he sent lewd electronic messages to former House pages but was always sober when conducting official business during his 12 years in Congress. Roth said he could not explain new reports of an exchange in which Foley appeared to be having Internet sex with a youth while participating in a House roll-call vote.

Roth also said that Foley is gay, and that when Foley was 13 to 15 years old he was abused by a clergyman. Foley, who is single and Roman Catholic, will fully cooperate with law enforcement officers and will preserve all records, e-mails and other items they might want to review, Roth said. "Nothing will be altered," he said.

Foley, 52, abruptly resigned his seat Friday and checked into an alcohol-treatment facility in Florida.

While Roth was speaking to reporters, federal agents were interviewing former House pages and trying to determine whether Foley crossed state lines to have sex with minors or enticed minors to travel across state lines for a sexual encounter, law enforcement officials said. The widening investigation comes amid reports of electronic messages in which Foley appeared to refer to past or future meetings with former pages, in Washington and other cities.

The investigation is being run by the FBI's Washington Field Office, with close supervision from the Cyber Division and other senior officials at FBI headquarters, said an official speaking on background. Other FBI field offices -- including the one in Miami that covers Foley's home district -- are involved in chasing specific leads and conducting local interviews, the official said.

While federal authorities began their investigation, the debate over the GOP's handling of the Foley matter raged on. The Washington Times's conservative editorial page called on Hastert to resign the speakership. It joined other critics in saying that Hastert and a few lieutenants tried to smother a 2005 complaint about Foley instead of opening inquiries that might have uncovered raunchier exchanges in 2003 with teenagers who had spent a semester on Capitol Hill.

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Hastert turned to half a dozen friendly talk-radio hosts to repeat his argument that the early warnings did not justify punishing Foley or launching an internal investigation of his conduct. They involved e-mails in 2005 from Foley asking a Louisiana boy for his birthday wishes and a photograph, which alarmed the youth and his parents. Moreover, Hastert told Rush Limbaugh, "We did not know what the text of that message was because the parents held it and they didn't want it revealed."

Few Republican House members -- who control Hastert's fate -- made comments for or against the speaker. Majority Leader John A. Boehner (Ohio) told a Cincinnati radio station that he spoke to Hastert this spring of the early concerns about Foley, one of two such reported conversations that Hastert says he does not recall. "My position is it's in his corner, it's his responsibility," Boehner said.

Later, Boehner issued a letter saying that Hastert should not resign. Reps. Henry A. Hyde (R-Ill.) and John Shadegg (R-Ariz.) also wrote letters supporting Hastert, but they were not co-signed by colleagues, as such letters often are.

Bush, in his first comments about the scandal, condemned Foley's behavior and praised Hastert but refused to take questions about whether he agrees with conservatives who have called on the speaker to resign his post. "I was disgusted by the revelations and disappointed that he [Foley] would violate the trust of the citizens who placed him in office," Bush said at an elementary school during a campaign swing in California.

The president, endorsing the investigations by the FBI and Congress, called Hastert "a father, teacher, coach who cares about the children of this country," who wants "all the facts to come out" while protecting the young people in the page program.

Republican National Committee Chairman Ken Mehlman offered an endorsement and rejected calls for Hastert to resign. "I support the speaker," he said in a telephone interview from California. "He's a good man. He's taken a very serious situation incredibly seriously and I think we need to figure out everything about this, including whether prosecution is warranted."

Republican strategists, worried about how the scandal will affect GOP candidates in the Nov. 7 midterm elections, said they hope Bush's public comments will help quell anger among conservatives about how the leadership has handled the matter.

"A loss has already taken place, and I don't think you can get that back," said one strategist, who asked not to be identified in order to speak candidly about the party's problems. "It's damage control and picking up the pieces from here. The president doing this today can be helpful."

A source close to Hastert said he thinks the speaker and the party at large are pulling past the worst of the damage. "The speaker is hearing from [GOP] members that we're all in this together," said the source, who would discuss the conversations only on background.

ABC News, which first reported the graphic instant messages, posted a new electronic exchange yesterday in which Foley allegedly had simulated sex with a former page during a 15-minute House vote in 2003.

Debates raged on the Web and elsewhere over the degree to which closeted and open gays in Washington knew of Foley's interest in teenage boys, and whether such knowledge extended to wider circles. Former Capitol Police chief Terrance W. Gainer said: "During my four years [as chief], I was totally unaware of any such allegation. And had I been, I would have opened a case."

One congressional source, meanwhile, said the FBI inquiry could put legislators in an awkward position if tips prompt agents to seek computer records or other items from lawmakers' offices. Five months ago, many House members protested an FBI raid on the office of Rep. William J. Jefferson (D-La.) as part of a public corruption investigation.

In his late-afternoon news conference, Roth said Foley "does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails and IMs," or instant messages. "He continues to offer no excuse whatsoever for his conduct."

He said Foley "kept his shame to himself for almost 40 years. Specifically, Mark has asked that you be told that between the ages of 13 and 15 he was molested by a clergyman." Roth declined to name the clergyman's religion.

A coalition of conservative, pro-family groups issued a statement expressing concern that House leaders had not moved aggressively when first informed about the e-mail between Foley and the Louisiana youth.

The groups' leaders said they are concerned that the "integrity of the conservative majority has given way to political correctness, trading the virtues of decency and respect for that of tolerance and diversity." The statement stopped short of joining in the calls for Hastert to step aside and did not mention anyone from either party by name.

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FBI's Foley Case Eyes Legal 'Gray Area' (NSDY/AP)

By Matt Apuzzo, Associated Press Writer

Long Island Newsday, October 4, 2006

WASHINGTON -- Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Foley Tells Of Being Abused (SPTIMES)

By Anita Kumar

DOJ_NMG_0074530

St. Petersburg Times, October 3, 2006

WASHINGTON — Former U.S. Rep. Mark Foley announced Tuesday that he was abused by a clergyman as a teenager, but he said he accepts responsibility for sending sexually explicit correspondence to boys.

His attorney, David Roth, also acknowledged at a news conference on Foley's behalf that the former congressman is gay, a widely held belief in Washington but a topic that Foley previously had declined to discuss.

"Mark Foley wants you to know he is a gay man," said Roth, speaking from West Palm Beach.

Roth said the disclosures were part of Foley's recovery for alcoholism and behavioral problems.

Foley was molested between ages 13 and 15 by a clergyman, Roth said. He would not identify the clergyman or the church. Foley is Roman Catholic.

Foley, 52, entered an in-patient rehabilitation facility at an undisclosed location about midnight Sunday. It came two days after he abruptly resigned following the public disclosure of e-mails and instant messages between him and former congressional pages that went back at least three years.

New Internet exchanges released Tuesday by ABC News indicate that Foley, using the screen name Maf54, may have met with teenage boys.

In one message, Foley appears to leave the House floor during votes to engage in Internet sex with a high school student.

The exchange, in which Foley and the former page appear to describe having sexual orgasms, occurred on the night in 2003 that the House voted to provide more money for the war in Iraq.

Roth repeatedly said Tuesday that Foley never had inappropriate sexual contact with a minor and that he was under the influence of alcohol when he sent many of the messages. He said Foley drank at night, alone, but never at the Capitol.

The FBI and the Florida Department of Law Enforcement said this weekend they are investigating the correspondence. Both agencies are using agents from their cyber child protection units.

FDLE Commissioner Gerald Bailey said the FBI has begun the process of seizing computers from Foley's homes and offices. He referred other questions to the FBI.

The FBI and U.S. Department of Justice did not return calls.

While in California on Tuesday, President Bush made his first remarks about the Foley scandal.

"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush said. "I was disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office.''

The scandal comes just weeks before midterm elections in which some observers have said Democrats have their best chance in a dozen years to take control of the House.

It has left House Republican leaders fending off allegations that they knew about Foley's behavior for months but failed to adequately respond to it.

On Tuesday, the Democratic National Committee focused on Foley's former chief of staff, who now works for Rep. Tom Reynolds, leader of a group that helps Republicans get elected to the House.

Reynolds was one of several House leaders who knew of some "overly friendly" e-mails between Foley and one boy months ago.

The DNC said Reynolds "failed to ask the tough questions, choosing instead to cover up the facts."

Kirk Fordham, Reynolds chief of staff, said he never spoke to Reynolds about Foley's contacts with pages before the details of the e-mails became public last Thursday.

Fordham said that he provided advice to Foley last week and that when he learned the graphic sexual content of some of the instant messages, he confronted Foley.

"I said: 'Are these authentic?' and he said 'probably,' and he confirmed that they were likely his instant messages," Fordham said.

Fordham said the immediate reaction of his current boss, Reynolds, was to urge Foley to leave Congress.

"He told me (Foley) needed to resign," said Fordham, adding that the National Republican Congressional Committee wrote the first draft of Foley's resignation letter before it was rewritten on Foley's official letterhead.

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Foley Was Molested As Child, Lawyer Says (USAT)

By Alan Gomez And Brad Heath

USA Today, October 4, 2006

The lawyer for former Florida congressman Mark Foley said Tuesday that Foley had been molested as a child by a clergyman and did not have inappropriate sexual contact with congressional pages.

Lawyer David Roth said Foley, a Republican who represented parts of Palm Beach County in Congress for nearly 12 years, was under the influence of alcohol when he sent overtly sexual messages to teenage male pages. He also divulged that Foley is gay and said the disclosure was part of his client's "recovery."

Foley "does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails" and instant messages, Roth said. "He continues to offer no excuse whatsoever for his conduct."

Foley resigned Friday after his e-mails and messages were made public. He is now in an alcohol rehabilitation program.

Roth insisted Foley had no physical sexual contact with a page: "Any suggestion that Mark Foley is a pedophile is false."

Roth would not identify the clergyman. He said only that Foley, a Roman Catholic, had been molested when he was 13 to 15 years old, a time in which he was living in Palm Beach County.

Mary Ross Agosta, a spokeswoman for the Catholic Archdiocese of Miami, said Foley never filed a report of abuse, but she encouraged him to do so.

Roth's news conference came as ABC News released more lurid instant messages it said were between Foley and a page. ABC said Foley sent salacious messages while in the House voting on a supplemental defense budget in 2003. None of the messages have been independently authenticated.

In an interview with USA TODAY, a former page said he was always surprised that Foley would pay so much attention to the pages, especially the males. Tim Ford, a freshman at Stanford University who worked as a page in 2004-05, said Foley would routinely pat them on the back or place his hand on their legs. "I would always give him the benefit of the doubt because you just like it when a member of Congress notices your work," Ford said.

Meanwhile, Foley's former chief of staff said that he asked ABC News to edit out of its reports Foley's most sexually explicit messages.

Kirk Fordham told reporters he was trying to spare Foley's sister, Donna, and his ailing parents from the "lurid" details. He called "absurd" assertions that he was trying to cover up the incident.

"Perhaps a bit naively, I was thinking of Mark's family, primarily his parents," said Fordham, who is now chief of staff for Rep. Thomas Reynolds of New York, who is chairman of the House GOP campaign committee. "It was never, ever my intention to suppress this information."

Fordham said Foley was with him when he heard details of the messages.

"I hung up the phone and I turned to (Foley) and I asked him, 'Are these authentic?' And he said, 'Probably.' "

Fordham said he then went to his boss, who said Foley must resign. Fordham then went to Foley's home with a resignation letter, which Foley signed.

Foley Says He Was Abused By A Clergyman (AP-Y)

By Brian Skoloff

AP, October 3, 2006

Disgraced former Rep. Mark Foley said through his lawyer Tuesday that he was sexually abused by a clergyman as a teenager, but accepts full responsibility for sending salacious computer messages to teenage male pages.

Attorney David Roth said Foley was molested between ages 13 and 15 by a clergyman. He declined to identify the clergyman or the church, but Foley is Roman Catholic.

He also acknowledged for the first time that the former congressman is gay, saying the disclosure was part of his client's "recovery."

"Mark Foley wants you to know he is a gay man," Roth told reporters in Florida as Republicans struggled to avoid election-year fallout from the congressman's behavior and sudden resignation.

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Foley represented parts of Palm Beach County for 12 years until he abruptly resigned Friday after being accused of sending lurid Internet messages to teenage boys who served as pages on Capitol Hill. The FBI and Florida law enforcement officials are investigating whether he violated any laws.

The lawyer said Foley, who is now in treatment for alcohol abuse, never had any inappropriate sexual contact with a minor. He said Foley was under the influence of alcohol when he sent the e-mails and instant messages.

Asked why he didn't disclose this information sooner, Roth said, "Shame, shame."

"As is so often the case with victims of abuse, Mark advises that he kept his shame to himself for almost 40 years," Roth said.

Foley announced in a statement Sunday that he had checked into a facility to be treated for "alcoholism and other behavioral problems."

Roth said Foley never had any sexual contact with minors.

"There was absolutely no inappropriate sexual contact with any minor ... and any suggestion that Mark Foley is a pedophile is false," he said, adding that Foley never even attempted to have sexual relations with the teens.

Asked whether Foley was suicidal, Roth said, "I am not concerned about that at all."

"I was advised by his doctor that despite obvious pressure and the trauma of what he has gone through as a result of the revelations that he has determined to be completely inappropriate and inexcusable that he is not in danger of hurting himself," Roth said.

Foley Was Sexually Abused As A Youth, His Lawyer Says (NYT)

By Abby Goodnough

The New York Times, October 4, 2006

WEST PALM BEACH, Fla., Oct. 3 — In another day of revelations about former Representative Mark Foley, his lawyer said Tuesday that as a teenager, Mr. Foley had been molested by a clergyman and had “kept the shame to himself” until now. The lawyer also issued the congressman’s first public acknowledgment that he is gay.

The lawyer, David Roth, who said Mr. Foley had enlisted him immediately after resigning from the House of Representatives on Friday, told reporters, “Mark Foley wants you to know that he is a gay man.”

The announcement came hours after ABC News released a new series of inappropriate messages that Mr. Foley is said to have sent to a teenager while waiting to cast a House vote in April 2003. The youth was a Congressional page, ABC News said on its Web site, but it was not clear if he had left Washington at the time Mr. Foley sent the messages.

Mr. Foley, 52, had been expected to win a seventh term in Congress easily until accusations surfaced last week that he had sent sexually graphic e-mail messages to young Congressional pages. His sudden fall has thrown Congress into turmoil just a month before Election Day, and several of Mr. Foley’s associates said Tuesday evening that his claim of childhood sexual abuse did not help matters.

“It doesn’t change anything,” said Sid Dinerstein, chairman of the Palm Beach County Republican Party. “In a way it makes it worse. A person who knows they have a problem and spends all those years covering it up, who leads a double life and allows themselves to be a leader of a community when their life is completely hypocritical, is worse.”

Mr. Roth, who said he had known Mr. Foley for 35 years, called a news conference on Monday to announce that his client had checked into a treatment center for alcohol and mental health problems. On Tuesday, he said Mr. Foley had decided to disclose his abuse by a clergyman he would not identify as part of his recovery.

“Based upon the experts that I’ve spoken to,” Mr. Roth said, “the combination of alcohol, mental illness can result in inappropriate conduct, which Mark Foley has fully accepted responsibility for.”

In Tallahassee, Commissioner Gerald M. Bailey of the Florida Department of Law Enforcement said his agency was working with the F.B.I. to investigate whether Mr. Foley had engaged in criminal behavior and was “trying to determine, as we speak, what the Florida nexus is.”

Mr. Roth said that he had not heard from any law enforcement agency and that Mr. Foley had not been asked to turn over any computers or electronic files.

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"Mark has absolutely agreed on his own and with our counsel not to do anything with any computer," he said. "Not to delete any messages."

He also repeated what he said Monday: that Mr. Foley had never had sexual contact with minors.

"Any suggestion that Mark Foley is a pedophile is false," Mr. Roth said. "Categorically false."

Battered with questions about the messages released Tuesday by ABC News, Mr. Roth said he had not seen them and could not comment without consulting with his client.

He said Mr. Foley, who was raised a Roman Catholic and attended Catholic schools in Lake Worth, had wanted to identify the person he said had molested him from ages 13 to 15. But his civil lawyers had advised him not to do so until he had completed treatment, Mr. Roth said. He even refused to identify the man's religious affiliation.

"I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi," he said.

"Mark does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails," Mr. Roth said. He added, "He continues to offer no excuse whatsoever for his conduct."

Gov. Jeb Bush and other Republican leaders here continued rallying around the substitute candidate for Mr. Foley's seat, State Representative Joe Negron of Stuart.

Governor Bush said he would campaign with Mr. Negron to help surmount the challenge of Mr. Foley's name remaining on the ballot in the sprawling 16th District.

With their party under attack because of the scandal, Governor Bush and other Republicans suggested that Democrats were hypocrites for taking them to task. In particular, Democratic leaders have attacked Representative J. Dennis Hastert of Illinois, the House speaker, who is said to have learned about some communications between Mr. Foley and a 16-year-old page months ago.

Mr. Dinerstein said he and other Republicans intended to trumpet the story of Mel Reynolds, the former Democratic congressman from Chicago who was imprisoned for corruption and for having sex with an under-age campaign worker. Former President Bill Clinton pardoned Mr. Reynolds before he left office.

"If the Democrats want to fight on the issue of who's protecting the public and the children and all that," Mr. Dinerstein said, "God bless them, because two weeks from now Mel Reynolds will be a household name."

Attorney: Foley Was Molested As Teen By Clergyman (PALMBEACHP)

Palm Beach Post (FL), October 4, 2006

WEST PALM BEACH — Former Congressman Mark Foley was molested by a clergyman from the time he was 13 until he was 15, his attorney said today.

Foley, who resigned from Congress Friday after he was confronted with inappropriate e-mails that he exchanged with a 16-year-old former page, also directed lawyer David Roth to announce publicly for the first time that he is gay.

"Finally Mark Foley wants you to know that he is a gay man," Roth said in the 6 p.m. press conference at Centennial Park in West Palm Beach.

Roth said Foley, who is in treatment for alcoholism, directed him to make the statements as part of Foley's recovery.

"This was a life decision, not a tactical one made by others."

Roth said Foley wanted to announce the name of the individual and the denomination of the church, but upon counseling decided to wait until after his treatment to release those details.

Foley is Catholic and was an altar boy at Sacred Heart Church in Lake Worth.

Foley's alleged childhood sexual abuse could have contributed to his own abusive behavior, according to a psychiatrist.

"There's no question that being sexually abused as a child increases the risk of being a perpetrator," says Dr. Jon Shaw, director of child and adolescent psychiatry at the University of Miami.

"Sometimes the sexual victimization, while a horrifying experience, can often lead to sexual arousal at the same time. It's very confusing to the child. They later can identify with the aggressor, and do unto a child what was done unto them. They may pick a child roughly the same age they were when they were victimized. They become both the perpetrator and the victim."

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Shaw said he didn't think that being abused by an authority figure, like a priest or a teacher, increases the tendency to be sexually abusive as an adult.

"A child gets victimized, experiences arousal along with pain, powerlessness, there may become an imbedded deviant pathway for sexual gratification and a readiness to repeat the pattern."

Not every child who is abused becomes an abuser, and only a small percentage actually do, he said.

There are no good studies on cause and effect.

"We don't quite know why, how a child goes from victim to victimizer, but clearly in many instances there is a connection."

Roth's announcement came hours after ABC News reported that it obtained new instant messages between Foley and unnamed teenager while Foley waited to cast his vote in April 2003 on HR 1559, Emergency War Time supplemental appropriations.

ABC is reporting that it has received "52 separate instant message exchanges which former pages say were sent by Foley, using the screen name Maf54, to two different boys under the age of 18."

While waiting to vote at 7 p.m. Foley, according to ABC , engaged "in Internet sex with a high school student who had served as a congressional page."

ABC did not provide the more lurid aspects of the exchange. It simply said. "Foley and the teen both appear to describe having sexual orgasms."

Then the exchange continues:

Maf54: ok..i better go vote. . .did you know you would have this effect on me

Teen: lol I guessed

Teen: ya go vote -- I don't want to keep you from doing our job

Maf54: can I have a good kiss goodnight

Teen: :-*

Teen: (kiss)

Later, Foley invite the teen to come to Foley's Washington home where they can drink in private.

Teen: shhh...

Maf54: ok

Teen: that's not what my ID says

Teen: lol

Maf54: ok

Teen: I probably shouldn't be telling you that huh

Maf54: we may need to drink at my house so we don't get busted.

Foley Acquaintances Question Alcoholism (AP-Y)

By Brian Skoloff

AP, October 3, 2006

When disgraced former Rep. Mark Foley announced he was entering rehab for treatment of alcoholism and "other behavioral problems," some of those who have known him for years were shocked and suspicious.

Some friends and acquaintances said they rarely saw him drink.

A former colleague, Rep. Peter King, R-N.Y., said on Fox News Channel: "I don't buy this at all. I think this is a phony defense. The fact is, I think he's responsible for what he did here and I think it's a gimmick."

Foley abruptly resigned from Congress after being accused of sending lurid Internet messages to teenage boys who served as pages on Capitol Hill. The FBI and Florida law enforcement officials are investigating whether the Florida Republican violated any laws.

"Mark acknowledges that he is an alcoholic and as many alcoholics does not publicly display his consumption," Foley's attorney and longtime friend David Roth said.

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Some longtime acquaintances said they cannot reconcile Foley's public and private lives, including the lurid communications and the claimed drinking problem.

"I have never seen Mark inebriated in public," said Robin Bernstein, who has known Foley for 25 years. "I mean, he was a social drinker like most of us at cocktail parties with a glass of wine, but Mark was always ... the consummate gentleman."

"The best thing he can do now is get help for the problem he hid from many of us. The man I knew was certainly an honorable man," Bernstein said.

Longtime friend and Palm Beach socialite Petra Levin said she knew Foley had a drinking problem. "You know, a lot of people who have drinking problems, you mainly do not see them in public, and that's why it becomes a problem," she said.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, said many alcoholics hide their drinking, especially when they are in positions of power.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

It is certainly not new for public figures to blame alcoholism or addiction for misdeeds. Mel Gibson blamed alcohol for his anti-Semitic tirade during a drunken driving arrest in California.

Rep. Patrick Kennedy, D-R.I., checked himself into the Mayo Clinic for addiction to prescription pain drugs after a nighttime car crash near the Capitol that he claimed not to remember. Rep. Bob Ney, R-Ohio, began treatment for alcohol dependency after admitting he improperly accepted tens of thousands of dollars worth of trips, meals and sports tickets in the Jack Abramoff lobbying scandal.

While Foley's attorney said the congressman never had "inappropriate sexual contact with a minor," that may not matter, said Kendall Coffey, a former U.S. attorney in Florida.

He said Foley could face criminal charges under state or federal laws for "grooming" minors for sexual contact.

"There are going to be experts who look at these e-mails and say those are the unmistakable fingerprints of a predator, but others will call them fantasies. It's a question of intent," the former prosecutor said.

New Foley Instant Messages; Had Internet Sex While Awaiting House Vote (ABC)

By Brian Ross And Maddy Sauer

ABC.com, October 3, 2006

Former Congressman Mark Foley (R-FL) interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page, according to new Internet instant messages provided to ABC News by former pages.

ABC News now has obtained 52 separate instant message exchanges, which former pages say were sent by Foley, using the screen name Maf54, to two different boys under the age of 18.

This message was dated April 2003, at approximately 7 p.m., according to the message time stamp.

Maf54: I miss you

Teen: ya me too

Maf54: we are still voting

Maf54: you miss me too

The exchange continues in which Foley and the teen both appear to describe having sexual orgasms.

Maf54: ok..i better go vote..did you know you would have this effect on me

Teen: lol I guessed

Teen: ya go vote…I don't want to keep you from doing our job

Maf54: can I have a good kiss goodnight

Teen: :-*

Teen:

The House voted that evening on HR 1559, Emergency War Time supplemental appropriations.

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According to another message, Foley also invites the teen and a friend to come to his house near Capitol Hill so they can drink alcohol.

Teen: are you going to be in town over the veterans day weekend

Maf54: I may be now that your coming

Teen: haha good stuff

Teen: umm no one really

Maf54: we will be adjourned ny then

Teen: oh good

Maf54: by

Maf54: then we can have a few drinks

Teen: shhh…

Maf54: ok

Teen: that's not what my ID says

Teen: lol

Maf54: ok

Teen: I probably shouldn't be telling you that huh

Maf54: we may need to drink at my house so we don't get busted

Aide At Center Of The Controversy (LAT)

By Peter Wallsten And Noam N. Levey, Times Staff Writers

The Los Angeles Times, October 4, 2006

Questions arise over whether GOP leaders should have known earlier about the behavior of Kirk Fordham's former boss.

WASHINGTON — As the world collapsed around former Rep. Mark Foley, he looked for advice from a friend who knew him better than anyone else in the Capitol: his longtime chief of staff Kirk Fordham.

The upstate New York native had run Foley's first campaign for Congress in 1994. He remained loyal three years ago as Foley abandoned his ambitions of winning a Senate seat amid reports that he was gay. And Fordham looked out for Foley as the congressman led an active social life around Capitol Hill, trying to make sure his boss' activities did not lead to politically harmful speculation.

But today, Fordham is at the center of questions over whether Republican leaders should have known more about Foley's behavior before the revelation broke last week that Foley was sending sexually explicit messages to teenage boys.

Fordham, 39, is now chief of staff to one of the most powerful Republicans in the House, Rep. Thomas M. Reynolds, who as chairman of the National Republican Congressional Committee is in charge of helping the GOP retain its majority — a goal that has been placed further in jeopardy by the Foley scandal.

Fordham left Foley's office in 2004, but on Friday he joined in a conversation at the congressman's Capitol Hill town house advising Foley to resign.

Fordham counseled his former boss as the story began breaking last week — first with a report of an e-mail in which the congressman had asked a former House page for his picture and then with the more explicit instant messages that followed. He asked an ABC News reporter to not publish the messages, a protective role Fordham had performed for years as he sought to prevent mainstream media reports about his ambitious boss' sexual orientation.

Democrats charge that Fordham's involvement reflected the GOP's desire to minimize the political fallout by, at least initially, keeping the issue quiet.

Reynolds, who is locked in a tight reelection battle for his own upstate New York seat, was forced to address his aide's role on Tuesday, telling reporters that Fordham acted without his knowledge. He said he didn't discuss the Foley matter with Fordham until Friday.

"I didn't give him permission to have any conversations that he's had at any time with Mark Foley, either as his friend or as his former employer," said Reynolds, adding that Fordham was interacting with Foley on his own time.

Reynolds has said that he first alerted House Speaker J. Dennis Hastert last spring to an "overly friendly" e-mail that had been sent by Foley to a teenager. But he did not know about the more explicit instant messages until they were reported last week, he said.

Fordham, who worked on the 2004 campaign of Sen. Mel Martinez (R-Fla.) before working as a private consultant and then joining Reynolds' office, retained a lawyer on Tuesday and said that he intended to cooperate with the FBI's investigation of Foley's behavior.

Speaking on the advice of his lawyer only to the Associated Press and to an upstate New York newspaper, Fordham said Tuesday that he confronted Foley on Friday about the sexually explicit messages.

"I said, 'Are these authentic?' and he said, 'Probably,' and he confirmed that they were likely his instant messages," Fordham told AP.

Fordham said that Reynolds instructed him to tell Foley that he needed to resign.

The NRCC wrote Foley's resignation letter, which was transferred to Foley's stationery and signed by the congressman during a gathering at his house that included Fordham and Foley's sister, who has been his closest friend and political advisor.

"I was still pretty shellshocked myself," Fordham told AP. "This was someone I had worked for for 10 years. I had no inkling that this kind of blatantly reckless — just obscene — behavior was going on behind our backs."

Fordham added that, until last week, he had never spoken with Reynolds about any potential problems involving Foley and that Reynolds did not ask him about the Foley e-mail last spring.

Fordham's lawyer, former federal prosecutor Tim Heaphy, said Tuesday that Fordham would be forthcoming when investigators interviewed him about Foley.

The aide's attempt to ask ABC not to publish or air the instant messages was not an effort to withhold the information from law enforcement, Heaphy said.

"It was never an attempt to obstruct justice," Heaphy said. "It was an attempt to shield his boss from the political storm."

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Times staff writer Deborah Schoch in Los Angeles contributed to this report.

Some Say They Felt Uneasy About Representative's Attention (WP)

By James V. Grimaldi, Juliet Eilperin And Jonathan Weisman

The Washington Post, October 4, 2006

In 1995, male House pages were warned to steer clear of a freshman Republican from Florida, who was already learning the names of the teenagers, dashing off notes, letters and e-mails to them, and asking them to join him for ice cream, according to a former page.

Mark Beck-Heyman, now a graduate student in clinical psychology at George Washington University, and more than a dozen other former House pages said in interviews and via e-mail that Rep. Mark Foley was known to be extraordinarily friendly in a way that made some of them uncomfortable.

Beck-Heyman, who was a Republican page and is now a Democrat, said the attention was "weird," and he provided a handwritten letter that Foley sent him after the page left Washington to return home to California. The note suggested that they get together during the Republican National Convention in San Diego in 1996.

The e-mail exchanges that have become public in recent days are between Foley and male former pages. None of those interviewed said they had received a sexual or suggestive overture from him during their time on Capitol Hill. Yet many of them said they were uneasy about Foley's actions and felt awkward complaining to anyone about them.

"Mark Foley knew that he could get away with this type of behavior with male pages because he was a congressman," said Beck-Heyman, who later worked in the Clinton White House and on Sen. John F. Kerry's presidential campaign. "But many

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people on Capitol Hill," including many Republican staffers, "have known for over 11 years about what was going on and chose to do nothing," he said.

The six-term lawmaker resigned Friday after ABC News questioned him about sexually explicit electronic messages he had sent to a former page.

Yesterday, his attorney said Foley has never had sexual contact with a minor.

Also yesterday, ABC reported that Foley had a sexual conversation via instant message with a former page during a House vote in 2003.

Foley was popular with many of the pages. The teenagers come from all over the nation to serve at the Capitol, taking school classes and living in dormitories.

Their schedules are tightly controlled. They travel with adult chaperones and their computers are monitored. They attend social functions and sometimes spend time alone with House members. So when they do receive extra one-on-one attention, it is a big deal.

The pages did, however, receive a lot of attention from Foley. He attended one of their parties in a tuxedo. He donated to the fundraiser that helps pay for their prom and spoke admiringly about them in floor speeches. He learned their names and asked them about themselves. For many, it was welcome attention.

"He was consistently kind," said Bryce Chitwood, president of the 2002 page class. "He was just a very friendly man and was always willing to befriend a page. It was something we appreciated. You find yourself very low on the totem pole of the congressional power scale. For a congressman to act like he was interested in a person and cared about us was something pretty special and pretty important."

Foley spoke about his attachment to the program occasionally as part of the farewell address lawmakers delivered to House pages each summer. In 2002, he discussed how he was tempted "to put some money" in a card he gave to one page who had sent him a graduation notice.

"Then I realized he would tell all of you, and then I would get hundreds of graduation announcements," Foley said, according to the Congressional Record. "So I chose not to."

Another page had won a lunch with the congressman that year at the annual page auction. When he asked to go to Morton's steakhouse, Foley said on the House floor that the two of them "proceeded to cruise down in my BMW to Morton's. And all of this story is meant to make you all feel jealous that you were not the high bidders."

In a separate floor speech two years later, Foley praised the teenagers for their maturity. "Now, I know you have one more year of high school to conclude and that probably is some degree of relief or maybe, to those you feel like you are probably well equipped to enter your first year of college," he said. "Some of you, I think, in conversing with you, some are actually mature enough to enter college right away."

Rep. Thomas M. Davis III (R-Va.), who served as a Senate page between 1963 and 1967, said Foley's attempts to socialize with pages went beyond the ordinary. Davis and other lawmakers may have taken their own pages to lunch at the Members' Dining Room at the end of the year, Davis said, but anything else was considered inappropriate.

As a page, Davis recalled, "if a member of Congress, a House member or a senator, took the time to talk to you, that was a big deal."

Anna Fry, a former House page who said she had never heard about Foley's advances, said some of her classmates may have been tempted to correspond with the congressman after they left because they were eager to land jobs on Capitol Hill.

"After we graduated, everyone wanted to come back. Everyone was looking for an opportunity to stay in Washington," Fry said. "I can see how a 16-year-old would be vulnerable to that."

Matt Schmitz, a former page whose younger brother also was a page, said: "I certainly warned my little brother, who was a page last year. A few of the members are a little friendlier to the pages."

Beck-Heyman, who contacted The Washington Post and the Los Angeles Times, joined the page program in the summer of 1995. He said a departing page told him to be "very careful" of Foley. Within weeks, Beck-Heyman said, Foley had learned his name and asked at least once to take him to get ice cream. He declined. After one all-night work session, Beck-Heyman's

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girlfriend -- another page -- offered to bring him breakfast. Foley asked if she was his girlfriend. "It was an odd conversation," Beck-Heyman said.

After he completed the page program, Beck-Heyman wrote thank-you notes to 10 House members. He received a reply from Foley almost immediately, suggesting that the two meet up during the Republican convention in San Diego.

Get Congress Out Of The Page Business (NYT)

By Jonathan Turley

The New York Times, October 4, 2006

WASHINGTON

MEMBERS of Congress have been falling over themselves this week to assign blame to other people in the aftermath of the resignation of their colleague Mark Foley, the Florida Republican who has acknowledged sending improper e-mail messages to a former House page. The fact is, however, that they are all to blame to different degrees for this latest page scandal.

I served as a House leadership page in 1977 and 1978 under the sponsorship of Sidney Yates, an Illinois Democrat. This was during the dark ages when male pages were simply given a salary and told to find their own housing. (Female pages were housed at the Y.W.C.A.) It goes without saying that pages grew up fast and had to learn self-discipline and survival skills.

During my tenure, I was taken by other pages to the home of a man who lived on Capitol Hill — not a member of Congress — and who would give male pages alcohol and drugs. He was clearly a pedophile. On weekends, he brought boys into the woods to drink, shoot guns and pose for semi-nude pictures for his "collection." I knew enough to leave, but, given the extent of his "collection," some clearly did not.

It later became obvious, however, that some of the greatest dangers lurked inside, not outside, the halls of Congress. In 1983, two members were censured for having had sexual relationships with House pages. Dan Crane of Illinois was defeated after he said he had sex with a 17-year-old female page in 1980. Gerry Studds of Massachusetts refused to apologize for a 1973 relationship with a 17-year-old male page, saying that the page was above the age of consent. Mr. Studds was elected five more times.

Like the rest of society, Congress has always had sexual deviants and sexual predators who cultivated images of themselves as churchgoers with family values. Mr. Foley was a co-chairman of the House Caucus of Missing and Exploited Children and an author of various bills about abuse of children. For a member with dark predilections, the presence of trusting and vulnerable pages can be an irresistible temptation.

There are aspects of the representative-page relationship that can unfortunately provide ample opportunities for sexual predators. Pedophiles often assume fatherly roles, reassuring pages living far from their parents. The subordinate position of pages also fulfills power fantasies for some pedophiles.

What is at risk is something truly unique. Since the 1820's, pages have been an official part of Congress, but there were probably pages even in the first Congress, in the 1790's. For these young men and women, being a page is an experience that will resonate with them for the rest of their lives. (It is therefore particularly galling that, as in 1983, the misconduct of members often leads to calls to abolish the page service — removing the temptations rather than deterring the abuses.)

As a 16-year-old page, I served such iconic figures as Barbara Jordan and heard addresses from leaders like Hubert Humphrey. I still remember the first time I had to hoist the flag on top of the House of Representatives, walking over a narrow plank of rotted wood that was probably 200 years old. I stood on top of the windy Capitol holding that flag and having my own "Titanic" moment: I felt as if there was no limit to this country or its promise. When I sat to catch my breath I noticed a spot near the door where pages had recorded their names for over a century. You could feel a connection that ran for generations, as if pages were part of the Capitol itself.

Pages also serve as reminders to members of Congress of the idealism that first drove them to choose public service. In the hallways of the Capitol they seem like antidotes to the Abramoffs, the Cunninghams and the general stifling cynicism that has taken over government. That is why many of us are so angry with the failure, yet again, to protect our pages.

The 1980's scandals led to some important reforms on housing and schooling (including the creation of a page dormitory). These reforms, however, fell short of the needed changes.

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The most glaring problem is that the House Page Board, which supervises the pages, is made up mostly of members of Congress (the Senate Page Board is composed of only two Senate officials, with no members). The representatives on the board have built-in conflicts of interests in moving against members accused of harassment. Political and social alliances complicate the process and many members would prefer to remain in blissful ignorance when rumors arise. Indeed, some (including the House speaker, Dennis Hastert) are accused of having known about Mr. Foley's inappropriate messages months ago but allowing the matter to be addressed only informally and without serious action.

The solution is simple: the alumni of the page program need to protect their own ranks. Some of Washington's most powerful figures in politics, media, business and the law are former pages. They are neither intimidated by members of Congress nor hesitant to drag a member to account. They are protective of pages and have the clout to match their concern.

Congress should create a Congressional Page Board composed of former pages. This board would have the ability to report infractions directly to the respective Ethics Committees for each house, which would be required to investigate and act upon any complaint submitted by the board.

One of the benefits of such a board is that former pages are likely to have a greater connection and rapport with current pages. Indeed, what is unusual about this case is that the page actually came forward — reports suggest that other pages had known of Mr. Foley's conduct for years. They were wrong in not coming forward with the information. But that's a difficult thing to do. It might have been easier if the voice on the other end of a telephone line was a former page.

If members are truly outraged, they will help us protect pages from predators in their own ranks. Power and pedophilia are by no means inevitable allies, but it is ridiculous and reckless to ignore their historical relationship. As former pages, we are happy to leave the Foleys, Cranes and Studdses to Congress. But Congress should leave the welfare of the pages to us.

Those IMs Aren't As Private As You Think (WSJ)

By Amol Sharma And Jessica E. Vascellaro

The Wall Street Journal, October 4, 2006

It's already a workplace maxim that employees should be careful what they say in their emails from company computers. But fewer office workers know to apply caution to their use of instant-messaging services.

These immensely popular computer programs, which let users exchange short text messages with online buddies in real time, are no haven for private chatter. Companies and government agencies can monitor and log IM conversations conducted on company-network computers. And though it seems that IM conversations disappear into a cyber-vacuum when a session is over, that isn't always true.

Two scandals currently dominating the headlines highlight the risks. In the past week, instant messaging came back to haunt former Republican congressman Mark Foley of Florida. He resigned abruptly when he was confronted with his emails to a young Capitol Hill page, which showed a member of Congress taking an unusual -- and perhaps disturbingly close -- interest in a subordinate. But the most damning revelations came from his sexually explicit IM sessions with several pages.

Mr. Foley sent emails to pages from an AOL email account with the screen name "Maf54," and he used the same ID for chats on AOL's AIM instant-messaging service, says a person familiar with the matter. The pages were most likely AIM users as well, though it is possible on AIM to write to users of Apple Inc.'s iChat software. It's unclear how those IMs were saved. If they were using AIM, congressional pages could have saved sessions on their computers or copied and pasted them into separate files that could be printed or emailed.

And Hewlett-Packard Co.'s leak-investigation scandal, though it has centered on the use of "pretexting" to obtain phone records of journalists and board directors, also involves IMs. H-P tracked the instant-message communications between a company spokesman and a Wall Street Journal reporter.

Most companies are just beginning to wake up to the popularity of IM in the workplace. While more than a third of employees use instant-messaging services at work, only 31% of organizations have policies in place that specifically restrict the use of IM, according to a survey on workplace monitoring by the American Management Association and the ePolicy Institute. But the issue has caught the attention of leading industries. The National Association of Securities Dealers requires member firms to

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"supervise" the use of instant messaging the same way they do written and electronic communications and to retain electronic copies of instant messages for at least three years.

The survey found that only 13% of companies have started logging IM records, but the crackdown is starting to take effect: About 2% of employers have fired employees for something they said over IM. By comparison, the study said, 26% of companies have terminated employees for misuse of email.

There are several ways users can save IM sessions. Google Inc.'s Google Talk instant-messaging service automatically saves the chat sessions of users that have signed in with Gmail email accounts. Users of Google Talk can disable the setting or choose to go "off the record" during a particular session if they want to avoid having it saved. Other instant-messaging services, such as AOL's AIM, Yahoo Inc.'s Yahoo Messenger, and Microsoft Corp.'s Windows Live Messenger, don't store conversations on their servers automatically. But they do offer various tools for companies and individuals to log conversations. Users can save an IM session by using a built-in save feature or by copying it into another file.

Some of the instant-messaging services are trying to expand their current offerings to give businesses more tools for tracking their employees. AIM Pro, a new free version of AIM for businesses and individual at-work users, is, by default, set to archive conversations on a local hard drive for 14 days, although the feature can be extended and turned off. A more robust fee-based version, WebEx AIM Pro Business Edition, will store all of a company's IM conversations on servers hosted at WebEx and can block messages that contain certain keywords from being sent at all.

Microsoft's Live Communications server allows companies' information-technology departments to log and search employees' IM conversations, including those conducted on other easily available consumer instant-messaging services like Yahoo and AOL.

On top of that, some companies are also purchasing separate hardware that can trace and block IM conversations companywide or set rules for particular employees. One appliance, offered by San Diego-based Akonix Systems Inc., tracks the traffic that goes through a company's firewall, scans it and logs it for compliance and liability issues at a starting cost of around $5,000 plus $20 to $70 per employee. Companies also could read employees' IMs by using key-tracking software and programs that capture what appears on employees' screens at a given moment.

World-wide, the corporate-messaging-software market hit $2.5 billion in 2005 and will climb to $3.3 billion by 2009, according to the Radicati Group Inc., a Palo Alto technology market-research firm.

Gregg Lemley, a labor and employment attorney with Bryan Cave LLP, said instant-messaging sessions are joining email and other company records as an important element in cases dealing with everything from sexual and racial harassment to violations of noncompete agreements. "Most employers now have a firm-wide policy that says what you do on your computer and in your internal emails isn't subject to a privacy right," Mr. Lemley said.

Still, he said, employers would be smart to expand their internal communications policies to make specific reference to instant messaging, explaining what it can and can't be used for, to insulate them from privacy lawsuits.

As for whether the government can subpoena instant-messaging records, as it does with emails, Marc Rotenberg, executive director of the Electronic Privacy Information Center, said the law isn't so clear, because emails are often stored on the servers of Internet service providers, while instant-messaging sessions aren't. "It's a new issue from the legal perspective how privacy rules might apply," he said.

Revelations That Cheney's Ex-Aide Wasn't Original Source Of Leak May Hinder Prosecution (WSJ)

By John D. McKinnon

The Wall Street Journal, October 4, 2006

WASHINGTON -- Special Prosecutor Patrick Fitzgerald has taken a public-relations hit from the news that the White House aide he indicted in the CIA-leak investigation wasn't the original source. In coming months, his court case against Lewis "Scooter" Libby could suffer as well.

With pretrial settlement looking unlikely, Mr. Fitzgerald's prosecution of Vice President Cheney's former chief of staff is heading toward a January court date. But recent revelations may have dealt Mr. Libby's defense team some powerful cards.

They could undercut the prosecutor's allegation of Mr. Libby's motive: That he lied to investigators to conceal a White House effort to leak Central Intelligence Agency operative Valerie Plame's identity. The notion of such a White House campaign is now easier to attack, since it turns out that the initial information came from then-Deputy Secretary of State Richard Armitage, who wasn't viewed as a close White House political ally.

The revelations also could bolster Mr. Libby's claim that he didn't intentionally cover up details of his conversations with reporters, but simply forgot -- an explanation Mr. Armitage gave for why he took so long to reveal one of his conversations on the subject.

At a news conference following Mr. Libby's indictment last October, Mr. Fitzgerald said Mr. Libby was the "first official known to have told a reporter" about Ms. Plame's identity when he discussed it with then-New York Times reporter Judith Miller in late June 2003.

But it has become clear that Mr. Fitzgerald knew early on in his investigation that Mr. Armitage was the original source for Robert Novak -- the journalist who disclosed Ms. Plame's identity in a July 14, 2003, column. Yet for nearly two years, the prosecutor pursued reporters to reveal confidential sources, as the investigation focused more on the coverup than the original alleged crime.

In addition, in late August, Mr. Armitage confirmed that when interviewed in mid-June 2003 by Washington Post reporter and author Bob Woodward, he identified Ms. Plame, who also is known by her married name, Valerie Wilson. That means Mr. Armitage, not Mr. Libby, likely was the first official to tell a reporter. Mr. Armitage says he forgot to inform prosecutors about that conversation until Mr. Libby's indictment late last year.

Still, Mr. Libby's lawyers may face an uphill fight in getting the new revelations before a jury, and in making them seem relevant to the case. Part of the defense team's challenge lies in the narrowness of the case against Mr. Libby. While it started as a leak investigation, the charges against Mr. Libby focus on his alleged false statements to investigators -- not the leaks.

"In some ways it [the Armitage disclosure] undercuts the government's case as a whole," said Dan Richman, a former federal prosecutor and colleague of Mr. Fitzgerald who is now a Fordham University law professor. But, he added, "if the focus of the trial is properly kept on what Libby was doing and what was in Libby's mind, the Armitage disclosures are irrelevant," and therefore inadmissible.

The latest twist in the CIA-leak probe could lead to a further diminution of the independent-prosecutor system that allowed Mr. Fitzgerald, largely unsupervised, to pursue Mr. Libby. In light of the much-criticized investigation, top Justice Department officials should consider "another layer of supervision" to review charges by special prosecutors, said Andrew McCarthy, a former federal prosecutor. Mr. McCarthy calls Mr. Fitzgerald "as good a prosecutor as we've had," but worries that independent prosecutors focus too much on bringing charges.

Because Congress allowed the old independent-counsel law to lapse, the Justice Department tapped Mr. Fitzgerald, the U.S. attorney for the Chicago area, to take on the case in 2003. Under his direction, a grand jury in Washington indicted Mr. Libby in October 2005. For more than two years, a cloud also hung over Karl Rove, Mr. Bush's chief political adviser, but he ultimately was cleared.

Prosecutors have suggested in court pleadings that Mr. Libby lied to investigators to conceal a White House effort to leak Ms. Plame's identity. At the time, prosecutors say, Mr. Cheney was "upset that his personal credibility had been attacked" by Ms. Plame's husband, former diplomat Joseph Wilson, then an emerging critic of the war in Iraq. The vice president was urging Mr. Libby to "get out 'all' the facts," including spreading the story that a CIA fact-finding trip Mr. Wilson made was in fact a junket arranged by his wife, according to prosecution filings in the case.

After the federal probe began, Mr. Armitage quickly informed federal investigators of his role, but failed to disclose the conversation with Mr. Woodward. Mr. Fitzgerald's erroneous statement at the news conference that Mr. Libby was the first leaker led Mr. Armitage to reveal to prosecutors that he had had the earlier conversation with Mr. Woodward. For nearly three years, Mr. Armitage withheld information about his role from the public, at the request of Mr. Fitzgerald. Mr. Armitage said publicly he was Mr. Novak's original source after publication last month of "Hubris," a book by Michael Isikoff and David Corn about how the administration made its case for the war in Iraq.

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So far, neither Mr. Libby nor his defense team has spoken publicly about the news. Lawyers following the case say it is likely that the defense team would try to introduce the Armitage-Woodward conversation at trial by calling Mr. Woodward as a witness. It also is possible they would try to call Mr. Novak, who also spoke with Mr. Armitage about the Wilsons. They could even try to call Mr. Armitage.

U.S. District Judge Reggie Walton's preliminary rulings on discovery requests suggest that he might not allow Mr. Armitage to testify. "The only question the jury will be asked to resolve in this matter will be whether the defendant intentionally lied...about statements he purportedly made to the three news reporters," Judge Walton wrote in a June order that largely rejected a broad defense request for documents, including documents relating to Mr. Armitage. But some lawyers say given the new Armitage revelations, the judge might soften his stand.

Another possible result of the Armitage revelations might be to pave the way for a presidential pardon of Mr. Libby, if he is convicted, some lawyers said. The Bush White House "might easily say that 'we've all learned this is much ado about nothing, so it's easier to pardon him,'" said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, who is representing the Wilsons in a civil case.

Feds Will Seek Death In Abduction Case (AP)

By NICHOLAS K. GERANIOS

AP, October 4, 2006

SPOKANE, Wash. - Federal prosecutors said Tuesday that registered sex offender Joseph Edward Duncan III will face the death penalty for the abduction of two children, a move which may spark new efforts to settle Idaho state charges against the predator.

Jean McNeil, spokeswoman for U.S. Attorney Tom Moss in Boise, Idaho, said prosecutors there have received permission from the Department of Justice in Washington, D.C., to seek capital punishment against Duncan once he is charged in the abduction of Shasta Groene, 8, and the abduction and slaying of Dylan Groene, 9.

"Federal charges and formal notice to seek the death penalty are expected to be filed at a later date," McNeil said.

She declined to say exactly what federal charges Duncan would face, which she acknowledged made Tuesday's announcement unusual.

"There has been so much publicity and so much speculation about what we would do, that we think it is appropriate to make the announcement now," McNeil said.

Duncan, 43, a Tacoma native, already faces the death penalty if he is convicted in an Idaho court on three counts of murder for allegedly using a hammer to kill the children's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005 at the family's home east of Coeur d'Alene, Idaho.

Court documents allege Duncan, who spent most of his adult life in Washington prisons for sexual crimes against children, committed the slayings so he could kidnap the two children for sex.

The federal decision could have implications for the state case as Shasta's father, Steve Groene, would prefer that the case be settled so his daughter would not have to testify against Duncan in court. Steve Groene was recovering from cancer surgery in Seattle on Tuesday and not available for comment.

Duncan's public defender, John Adams, has said he would be open to a plea bargain if the state agreed not to seek the death penalty. Otherwise, he has warned, Shasta Groene may have to face Duncan in court through 20 years of appeals.

Adams was out of his office Tuesday and not available for comment.

Kootenai County Prosecutor Bill Douglas and the families of some of the murder victims have been adamant that capital punishment remain an option.

Shasta Groene, now 9, is the only survivor of the attack on her family's home, and of the subsequent ordeal in which the children were held for seven weeks and abused at a remote Montana campsite. Court documents indicate she has provided a wealth of details to investigators and her eyewitness testimony is likely to be devastating to Duncan's defense during the trial that begins on Oct. 16 in Coeur d'Alene.

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Roger Peven, Duncan's federal public defender, said the decision by the U.S. attorney was not a surprise. Peven traveled to Washington, D.C., in late September to discuss the case with the Justice Department's capital case unit.

Peven said he hoped the federal decision might push Douglas to seek a settlement in the state case.

"What this does offer is not avoidance of a trial, but avoidance of appeals, which can take a decade or two," Peven said of the state case. "If the case is settled in state court, there would be no appeals."

Kootenai County Commissioner Katie Brodie told a newspaper on Monday that settling the state case is likely to save the county at least $1 million in trial costs.

"If we're able to plead it to life without parole and let the federal system do their thing, I think the benefits to Kootenai County are great," Brodie told The Spokesman-Review of Spokane.

Lee McKenzie Wood, mother of victim Mark McKenzie, told the newspaper that she still supports seeking the death penalty in Kootenai County.

"We've got to be sure he's getting the death sentence," she said Monday.

Duncan was arrested July 2, 2005, at a Denny's restaurant in Coeur d'Alene while eating with Shasta. Dylan's remains were later found at the remote campsite near St. Regis, Mont.

Alaska Probe Turns From Oil To Fish (SEATIMES)

By Hal Bernton, Seattle Times staff reporter

The Seattle Times, October 4, 2006

FBI agents investigating Alaska legislators have expanded their interests from oil to fish, looking at the relationship between state Senate President Ben Stevens and the North Pacific seafood industry, which has deep roots in Puget Sound.

In late August, the FBI searched the offices of Stevens and at least five other Alaska legislators and gathered documents relating to Veco, a major oil-field services company that had been heavily involved in lobbying the Legislature on oil-tax policies and other energy issues. FBI agents returned to Stevens' office for a second search Sept. 18.

This time, their take included two letters that Stevens wrote to the federal Commerce Department about the Alaska Fisheries Marketing Board, according to a letter outlining the searches that Stevens provided to the Anchorage Daily News.

Stevens has not disclosed what was in those fisheries letters or any of the other documents taken in the searches.

Stevens chaired the Alaska Fisheries Marketing Board until earlier this year. It was created in 2003 with federal legislation sponsored by his father, U.S. Sen. Ted Stevens.

The board has awarded more than $12 million in federally-funded grants to salmon-processing companies, most of them based in Puget Sound.

Some of those companies who received marketing-board funds — either directly or through related companies or industry groups — also paid the younger Stevens consulting fees. Those payments included more than $250,000 in the years Ben Stevens served on the board, according to disclosure documents filed with the Alaska Public Offices Commission.

During the Sept. 18 search, FBI agents also obtained an affidavit written to the commission by a Friday Harbor salmon fisherman, Victor Smith, who has been a sharp critic of Ben Stevens.

Smith has alleged in fishing-industry articles and affidavits that Ben Stevens took money from a seiners association to lobby his father and did not disclose that income as required by state disclosure reports.

During the visit, the FBI also took "unknown" documents of Ted Stevens' and one document faxed from Ben Stevens to his father, according to Ben Stevens' letter in the Anchorage Daily News.

The FBI investigation has involved agents from around the country who assisted in the searches, said Eric Gonzalez, a FBI spokesman in Alaska.

U.S. Justice Department attorneys based in Washington, D.C., with the Public Integrity Section, which handles political corruption, also have joined the case, along with two U.S. assistant attorneys in the Alaska office, said Bryan Sierra, a Justice Department spokesman.

Both Ben and Ted Stevens on Friday declined to comment on the FBI investigation.

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"We don't believe it's appropriate to comment on factual questions that may be related in any way to a possible investigation of the subject matter," said John Wolfe, a Seattle attorney representing Ben Stevens.

Ted Stevens, in an e-mail to The Seattle Times, said, "I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben."

Ties to fishing industry

Both son and father have long associations with the North Pacific fishing industry, which is the nation's largest and involves many Puget Sound processors and fishermen.

Ted Stevens has spent more than three decades in the U.S. Senate, where he has been influential in shaping fisheries policies and funding.

Ben Stevens is a former Bering Sea crab skipper who was a federal lobbyist in the late 1990s before returning to Alaska to launch a consulting practice that included numerous seafood-industry clients.

In annual state disclosure filings, Ben Stevens wrote that his clients hired him for business services. He has not listed any lobbying fees.

The younger Stevens has served in the state Senate since 2001 but is not running for re-election.

In 2003, when the Alaska salmon industry pleaded for help to face growing competition from commercial fish farmers, both son and father lent a hand.

Ted Stevens crafted federal legislation to form the Alaska Fisheries Marketing Board. The board gives grants, raised from a federal tax on seafood imports, to help companies develop and market their products.

Ben Stevens became the board's first chairman, a volunteer position that he held until earlier this year. As chairman, he helped approve grants that in fiscal years 2004 and 2005 totaled more than $12 million and were awarded to dozens of seafood companies.

Some of the biggest grants went to major Puget Sound-based seafood companies, including Icicle Seafoods, which received more than $1.5 million; Peter Pan Seafoods, which received more than $1.55 million; Trident Seafoods, which received more than $1.3 million, and Yardarm Knot Fisheries, which received more than $227,000. Some of that money was awarded on the basis of how much salmon was processed, and some resulted from grant applications submitted to the board.

These companies also paid Ben Stevens as a consultant either directly, through related companies or through industry groups such as the North Pacific Crab Association.

Officials for all five of the seafood companies and the executive director of the marketing board declined to comment or did not return phone calls.

Ben Stevens disclosed all his payments from the processing companies on disclosure forms filed with the Alaska Public Offices Commission. But he did not disclose his chairmanship of the fisheries board to that commission, as required by state law, until after a complaint was filed, according to the commission staff.

Ben Stevens has not reported receiving any income for consulting or lobbying work on behalf of the Southeast Alaska Seiners Association, a group that in 2004 sought help from Ted Stevens for legislation that would finance a buyout of some of the fleet. The legislation was approved by Congress, but the buyout has yet to occur.

Smith, the Friday Harbor salmon fisherman, said in an affidavit filed with the state commission that a contract paying Ben Stevens $5,000 a month to consult and lobby on behalf of that bill was openly discussed at a 2004 fishermen's meeting in Lynnwood. Others have said the money was paid to a partnership that included Ben Stevens.

The Alaska commission staff is now investigating whether he received money and should have reported it on state disclosure forms.

Seattle Times reporter Steve Miletich and researcher David Turim contributed to this report.

Former Court Clerk Gets Probation For Leak In Newton Case (NSDY)

Long Island Newsday, October 4, 2006

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HARTFORD, Conn. -- A former federal court clerk was spared from prison Tuesday for leaking the existence of a public corruption investigation in 2004 into then-state Sen. Ernest Newton before documents in the case were unsealed.

Cassandra Warren, 46, was sentenced to three years' probation and fined $1,000 by Senior U.S. District Judge Alfred V. Covello in Hartford. She had faced up to six months in federal prison under her plea bargain.

Warren, a former Bridgeport resident who now lives in Baltimore, pleaded guilty in May to one count of contempt for telling her husband about sealed documents regarding Newton that she saw in the federal court clerk's office in Bridgeport.

Her lawyer, Thomas Murphy, has said that Warren told her husband about the case to persuade him not to get involved with Newton and his associates. The information eventually got back to Newton.

Newton, a Bridgeport Democrat, resigned amid the corruption investigation and began serving a five-year prison sentence in April for bribery and other charges. He was caught on an FBI wiretap talking to the head of a Bridgeport jobs training agency, who paid the lawmaker $5,000 for help getting a state grant.

Prosecutors have said that Warren did not intend to obstruct the Newton investigation. She resigned last year after being interviewed by the FBI.

"Disclosure of sealed information rips the fabric and threatens the integrity of our judicial system," U.S. Attorney Kevin O'Connor said. "This prosecution shows that those who violate court orders will be prosecuted."

Mo. Couple Charged With Another Murder (BVND)

The Belleville News Democrat, October 4, 2006

KANSAS CITY, Mo. - A couple already facing charges in a gruesome videotaped sex killing of a woman and the sexual assault of a 5-year-old girl were indicted Tuesday in the death of another woman. Prosecutors said they will pursue the death penalty.

A grand jury issued first-degree murder charges against Richard D. Davis, 41, and Dena D. Riley, 39, in the strangling and suffocation death of Michelle Ricci.

Davis and Riley are already charged with murder, kidnapping, sodomy, rape and assault in the death of Marsha Spicer, which happened several weeks after Ricci's death.

Authorities said Davis and Riley raped and tortured Ricci for several days before killing her, afraid they she knew where they lived and would go to police.

In June, investigators searching the couple's apartment found videotapes of Spicer in violent sex scenes, including a two-hour tape showing Spicer being beaten, raped and strangled during sex with the couple.

They also allegedly found another tape that authorities claim shows the couple raping and torturing another woman, later identified as Ricci.

Davis and Riley were the FBI's most-wanted couple after they were linked to the Spicer killing. After their arrest, they allegedly directed police to Ricci's body.

The two also are facing federal charges for allegedly kidnapping and sexually assaulting a 5-year-old Kansas girl after they told the girl's parents they were taking her to a restaurant.

Clay County Prosecutor Daniel White said the criminal histories of Davis and Riley played into his decision to pursue the death penalty. "The most vile and criminal act should be subject to the ultimate punishment," he said.

Congress Deals Poker Fans A Hand They Can't Bet (LVS)

By Liz Benston, Las Vegas Sun

Las Vegas Sun, October 4, 2006

Casino giants could take a hit as act tightens ban on wagering online

Fallout from the Unlawful Internet Gambling Enforcement Act of 2006 may land hard on two of Las Vegas' biggest gaming companies, Harrah's Entertainment and MGM Mirage. Each has tapped poker fans who love Internet play and then turn to Vegas for the real action.

When those gamblers try to log onto their PartyPoker.com account, they'll soon discover they can no longer place a bet. And that will chill tournament play on the Strip.

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For nearly a decade, the campaign by conservative members of Congress to outlaw online gambling remained on the fringes in Washington.

But with Republican lawmakers nervous about the Nov. 7 elections and eager to find issues that will please conservative religious groups, Senate Majority Leader Bill Frist and other Republican leaders saw an opportunity to adopt the ban. They attached it to an unrelated port security bill, which was approved by Congress on Saturday.

Once a small, tight-knit group of hard-core sports bettors, Internet gamblers, attracted by celebrity players and incessant television coverage of poker tournaments, have grown into a largely mainstream group of amateur bettors. But in the eyes of the U.S, they have joined the ranks of people who transport illegal drugs or sell unregistered firearms .

Online operators had largely ignored the Justice Department's opinion that all forms of online gambling are illegal. It was a weak legal position, they said, that was unsupported by federal law and largely unenforceable because online betting operators are based outside of the United States.

With the bill , a "gray area" of gambling just got a lot clearer by making it a felony to process Internet bets generated by Americans.

British operator Partygaming, which owns PartyPoker.com, said it would cease operations in the United States by blocking American bets. Other companies publicly traded in Europe, trying to salvage shares that have already tanked by more than 50 percent, could follow suit.

That means American players could soon be gambling on black market Web sites and reverting to a time when no-name sites operated in an online Wild West of sorts.

A more likely outcome will be an increasingly creative cat-and-mouse game between the remaining Internet gambling sites and regulators who now have the authority to shut down Web sites and go after third parties. Those include Internet service providers that link to gambling sites and a growing number of affiliate sites that make money from referring business to Internet casinos.

Nevada interests have been ineffective in fighting the legislation. State regulators don't want to run afoul of the feds. The state's most powerful legislator, Sen. Harry Reid, opposes Internet gambling on the basis that it can't be adequately regulated. Even Nevada casinos, which have reaped the benefits when online gamblers are teased to real poker rooms, weren't willing to go to the mat on a prohibition bill.

The American Gaming Association, which represents the largest land-based casinos, says the bill's passage won't mean much for its members, which aren't in the business of online gambling.

That may be true for most members that aren't profiting much on poker. They may rather fill those rooms with more profitable slot machines.

But that's probably not the case for the association's two biggest members, MGM Mirage and Harrah's Entertainment. Both companies host the world's largest poker tournaments and have lobbied for regulating and taxing Internet gambling.

As many as half of the entrants in Harrah's latest World Series of Poker qualified for their $10,000 buy in to the final event by playing satellite tournaments hosted by online gambling sites. Similarly, MGM Mirage hosts some events for the World Poker Tour, a global poker tourney that attracts big money from online bettors who qualified for the events online.

Both tournaments will likely now attract fewer entrants.

The ban will have further implications in Las Vegas, the de facto hub for online bettors and support industries such as magazines, Internet portals and other businesses that made money catering to the online poker and betting industry.

"It's like a death," said Jan Fisher, a poker writer, tournament announcer and partner in a company that produces a cruise ship tourney for online operator PartyPoker. "This didn't just stop people from playing online. This touched literally everyone I know. I'm afraid for the industry." Liz Benston can be reached at 259-4077 or at benston@lasvegassun.com.

Picayune Woman Pleads Guilty To Fraudulent Katrina Claims (AP)

AP, October 4, 2006

JACKSON, Miss. - A Picayune woman has pleaded guilty to making false claims to obtain Hurricane Katrina relief funds, U.S. Attorney Dunn Lampton said Tuesday.

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Dianne M. Dean pleaded guilty to making a false claim and a false statement to the Federal Emergency Management Agency and to the Department of Agriculture's Rural Development Agency, Lampton said.

Dean admitted in her guilty plea that on Sept. 11, 2005, she submitted an application for disaster assistance with FEMA using a false address in Picayune, Lampton said. She received $2,000.

Her sentencing hearing is set Jan. 16. She faces a maximum sentence of 20 years in prison and a $1 million fine, plus restitution to both FEMA and the Department of Agriculture.

Money-launderer Gets 10 Years In Prison (PHDN)

By Kitty Caparella

Philadelphia Daily News, October 4, 2006

Mount Airy real-estate agent Melvin Stein must have had a pretty high anxiety level to throw away seven months of government cooperation and a potentially low prison sentence - all because he wanted his attorney to hold his hand.

But Stein, 61, who laundered hundreds of thousands of dollars of drug dealers' money for more than 10 years, did just that, his attorneys said.

Instead of taking the advice of his first attorney to cooperate with a government investigation into violent drug trafficking, Stein replaced her with a lawyer who convinced him that the government was out to get him.

Stein was "very much in fear, needed comfort and reassurance," said one of his attorneys Jodeen M. Hobbs, and Stein hired another lawyer who put an end to his cooperation.

Stein had fired his first attorney Elizabeth Ainslie and replaced her with attorney Gregory Magarity, who he said convinced him to stop cooperating with the government.

Yesterday, despite 80 people showing up at a federal sentencing hearing to attest to his many good deeds, Stein paid the price: 10 years in prison, an $800,000 forfeiture and $200,000 fine, and two years of supervised release. The fine and forfeiture must be paid in 30 days.

U.S. District Judge Mary McLaughlin took a prosecutor's advice and refused to give the millionaire a "Get Out of Jail Free" card, as his third defense team, Hobbs and Gino J. Benedetti, had urged.

The sentence reflects "a very serious crime, a significant problem in the city and significant punishment, and no defendant is beyond that," said Gregory C. Lisa, a U.S. Department of Justice attorney. He had replaced prosecutor Mark J. Ehlers, who left the U.S. Attorney's Office in August.

Neither Stein's attorneys nor family members would comment.

Before being sentenced, Stein apologized to the court, government, and his family and friends, many of whom were in tears.

"If I had fully understood, I would never have stopped cooperating," he said.

Stein then apologized to FBI case agent Kevin Lewis and his partner, Thomas Zielinski, a Philadelphia detective deputized as a federal agent:

"You were honest with me, telling me that the government could not make any guarantees in court. I'm sorry I did not trust what you were telling me."

Stein asked the judge to give him a second chance so he could continue to help people via a nonprofit committee providing safe homes for the homeless - as he had done as a realtor, according to witnesses who spoke on his behalf.

Stein did not agree to cooperate until his home and office were raided by the FBI on July 21, 2003. Stein's first attorney, Elizabeth Ainslie, advised him that he was considered a target in a federal probe of violent drug trafficking and urged him to cooperate.

The judge found that Ainslie had given the defendant "excellent advice, then he fired her," after she was unable to respond to Stein's calls several times a day.

As the defense heaped blame on Magarity's "ineffective counsel," Lisa rejected the allegation, saying "Magarity didn't tell him to sell the house to Paul Daniels [a drug dealer]. He didn't tell him to sell the Nissan Maxima to Craig Oliver [another drug dealer], or to mislead law enforcement."

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Nevertheless, the defense team urged the judge to consider Stein's cooperation.

"You can't roll back time," Lisa responded. Stein's information was "completely useless," after he aborted his agreement.

Lisa also pointed out that Stein failed to admit his own crimes when he agreed to cooperate, and then warned other drug dealers they were under investigation.

He lied to an FBI agent, who was posing as a Salem County, N.J., detective, who asked Stein if he knew Oliver, a drug dealer to whom Stein was then leasing four properties. Stein claimed not to know him, Lisa said

When Stein was compared to cooperators, such as Daniels, Lisa defended Daniels, saying he turned his life around, urged others to cooperate, and admitted giving Stein $50,000 in drug proceeds in return for a check - even as drug trafficker Kaboni Savage threatened to kill Daniels' son.

Tried with Savage and three others, Stein was convicted of conspiracy and laundering at least $416,000 in drug money last Dec. 16 after a seven-week trial.

Stein will remain under house arrest - except to meet with doctors, attorneys and to go to synagogue - until Nov. 3, when he must surrender to authorities.

Mobster's Chronic Use Of Cocaine Blamed For Illnesses (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, October 4, 2006

PROVIDENCE — Anthony M. "The Saint" St. Laurent, a longtime capo regime in the Patriarca crime family, is a physical wreck whose health has been in a freefall for the past 20 years.

At a sentencing hearing Friday in U.S. District Court, Assistant U.S. Attorney James H. Leavey suggested that a "$500- to $600-" a-day cocaine habit was a key factor in leaving the mobster in such poor medical condition.

Leavey dropped the bomb about St. Laurent's drug use after Dr. Marc S. Weinberg testified about a series of medical ailments that St. Laurent suffers from, including hypertension, kidney failure, intestinal cancer and chronic bowel problems.

"In all honesty, unequivocally, [St. Laurent] is absolutely the sickest guy I have ever seen," said Weinberg, who has treated him for 20 years. "I have no one else like him."

Friday's hearing was scheduled to sentence St. Laurent, 65, of 2 Rotary Drive, Johnston, to prison for conspiring several months ago to extort $100,000 from two Massachusetts men.

Judge William E. Smith continued the hearing to give the government more time to find a suitable prison to treat St. Laurent for his various ailments. A new date has yet to be set for the sentencing.

At a plea hearing in July, Assistant U.S. Attorney Peter F. Neronha said the government had evidence that St. Laurent directed two men to collect the money and, if the two victims did not pay at least $50,000, to "bash" the victims.

FBI agents and detectives from the Rhode Island State Police and Providence police arrested St. Laurent the next day.

Friday, U.S. Marshals pushed St. Laurent, who wore a neck brace, in a wheelchair into the courtroom on the third floor of the federal courthouse. He wore prison-issued khakis and gingerly climbed out of the wheelchair and into his seat at the defense table.

In the spectators section behind him sat several state, local and federal investigators. Also in attendance were St. Laurent's wife, and their son and daughter.

The son, also named Anthony St. Laurent, has spent time in federal prison.

Leavey, the prosecutor, recommended that St. Laurent be sentenced to 46 months in prison, the low end of the federal sentencing guidelines, for taking responsibility for his crimes and for avoiding a trial. Under the guidelines, St. Laurent faced up to 57 months in prison.

Leavey also asked the judge to sentence St. Laurent to an additional year in prison for violating the terms of his supervised release from a past federal conviction.

John F. Cicilline, St. Laurent's lawyer, had Weinberg take the stand to tell the court about the mobster's medical problems. Cicilline was seeking a lighter sentence or the possibility of having St. Laurent serve his time in a prison medical facility instead of a traditional prison.

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Weinberg, who is on the faculty at Brown University Medical School, spent about 30 minutes detailing a myriad of illnesses that afflict St. Laurent. The mobster, who once took as many as 40 enemas a day, suffers from a chronic bowel disease that has taken him to medical specialists in Boston, Baltimore, Chicago and London.

Weinberg testified that St. Laurent needs "close, tedious laboratory and clinical monitoring."

Leavey suggested that St. Laurent's cocaine addiction and the fact that he has been a heavy smoker caused many of the mobster's problems. "Isn't it fair to say that he doesn't really take care of himself?" he said.

Leavey also asked Weinberg whether St. Laurent would be better off in a structured environment — prison — where he would get three meals a day, could not smoke or snort cocaine and would have a medical staff readily available.

"I don't know about the quality of care in the Bureau of Prisons," Weinberg said.

Smith also directed a series of questions at Weinberg, who maintained that he was "not trying to manipulate the court."

Weinberg also said that he never talks to St. Laurent, or other patients, about their chosen profession.

"I never ask him what he did, that's our rule," Weinberg said. "I don't want to know anything about his private life that made him end up here. But I don't think they should take his health care and hang it out to dry. I feel bad when people laugh at him and the media calls him things like "Public Enema.'"

St. Laurent has spent most of the past decade in prison on gambling and extortion charges. During one of his federal prison stays, he was arrested for directing a gambling ring in Rhode Island from his prison cell in Kentucky.

Prosecutors Argue Against Galante Return To His Businesses (AP)

AP, October 4, 2006

NEW HAVEN, Conn. (AP)_ Federal prosecutors claim that the owner of a Danbury trash hauling business plundered it, using it as a personal ATM to pay for his hobbies and bankroll no-show jobs for friends.

The claims are contained in legal briefs made available Monday and filed in the case of James Galante, a central figure in an investigation of organized crime and its alleged role in the trash hauling business.

Galante, who owns Automated Waste Disposal and other trash companies, has been fighting the government for control of his businesses, which federal marshals took over when he was indicted in June in the racketeering case.

Galante and his lawyers argued their side of the story in U.S. District Court in August and in a 16-page brief filed last week.

The prosecution briefs argue that Galante used the trash company to pay for his hobbies such as his hockey and racing teams and he was constantly bouncing checks.

Under Galante's direction, the prosecutors argued that the evidence shows that the companies had been "regularly bouncing checks" on their commercial bank accounts for years and that the overdrafts became so "endemic by late 2004" that the companies' bank shut the accounts and ended its relationship with AWD.

Galante's legal team alleges that before the court-ordered monitoring in June, Galante's companies were well run and profitable, but when Leonard Briskman, head of the U.S. Marshal Service team, took over, he and others hired by the government to run the trash businesses began running them into the ground.

Galante was arrested in June on racketeering charges for allegedly conspiring with organized crime bosses to prevent competition in the garbage business.

Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, has been charged with racketeering, extortion and witness tampering.

Karr Computer Files Reviewed By FBI (FINDLAW/AP)

By Marcus Wohlsen, Associated Press Writer

AP, October 4, 2006

(AP) - SANTA ROSA, Calif.-The FBI is reviewing images of teenagers found on computer equipment seized from former JonBenet Ramsey slaying suspect John Mark Karr's home to compare the images with a national database of child porn victims, a Sonoma County prosecutor said.

The digital images were not related to child pornography charges against Karr, said Deputy County Counsel Anne Keck. It was not immediately clear which files the FBI was reviewing.

The disclosure came at a hearing in which Judge Cerena Wong refused to unseal police documents in the child pornography case against Karr. Prosecutors argued they could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Defense lawyers did not comment on the FBI involvement, but renewed efforts to get the charges dismissed and filed a motion to exclude newly discovered computer evidence from his case.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

A hearing was scheduled Tuesday to decide whether the case should be dismissed or evidence should be excluded if it goes to trial.

Karr, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Defense: Evidence Withheld In Karr Case (STPPP)

By Marcus Wohlsen

The St. Paul Pioneer-Press, October 4, 2006

SANTA ROSA, Calif. - Prosecutors withheld evidence that might have led to the dismissal of child pornography possession charges against former JonBenet Ramsey slaying suspect John Mark Karr, defense lawyers told a judge Tuesday.

Karr's attorneys said prosecutors deliberately withheld a September interview with his ex-wife, Lara Knutson, in which she told them the computer from where they found the five allegedly illegal images did not work at the time of his arrest.

Karr's attorneys are seeking to have the charges against him dismissed. Arguments in the case were delayed Tuesday while his lawyers asked a judge to order prosecutors to turn over more evidence. They are expected to resume Wednesday.

Karr, 41, is accused of having five images of child porn on his computer when he was arrested in 2001. If convicted of the misdemeanor offenses, it is unlikely Karr would face jail time, as he already served time when first arrested five years ago, prosecutors have said.

Knutson's lawyer, Michael Rains, who has read a transcript of his client's interview, said it's not as clear-cut as defense lawyers claim. He said the couple was estranged at the time and sleeping in different rooms, and not intimately aware of each other's lives.

"The way I read this transcript is she's simply not certain," he said. "She's clearly wrestling with memory issues."

Chief Deputy District Attorney Joan Risse said that the computer from Karr's house must have been working, since a Sonoma County detective was able to find the five illicit images on its hard drive.

Karr's defense team also is seeking to invalidate the search warrant that led to the seizure of the computer, claiming a detective failed to disclose that his confidential informant suffered from bipolar disorder, depression and post-traumatic stress disorder.

The computer has been a recurring issue in the case. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr, a former teacher, fled before his trial in 2001. He was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. But Colorado officials dropped him as a suspect after DNA failed to connect him to the crime, and he was extradited to California last month to face the five-year-old child porn possession charges.

DOJ_NMG_0074552

US Attorney: Parents Need Computer Savvy To Protect Kids From Perverts (MRT)

By Bob Campbell, Staff Writer

Midland (TX) Reporter-Telegram, October 4, 2006

Many parents are handicapped in trying to protect their children from Internet sexual predators because their kids know more about computers, U.S. Attorney Johnny Sutton of San Antonio said Tuesday.

Parents must therefore educate themselves and take measures to keep their offspring from being victimized, he said.

Addressing a U.S. Attorney's Office seminar for law enforcement officials Monday and Tuesday, Sutton said putting the computer "in a room where the whole family can walk by and see it" is a good safeguard.

"The Internet is an incredible tool that is opening up worlds for lots of people," he said. "It brings freedom and information to people who normally wouldn't be able to get it, but with that there are real dangers because it is so wide open.

"A child might think she is talking to another 14-year-old girl when in reality she is talking to a 45-year-old man. We estimate that at any given time in the U.S., there are 50,000 predators talking to children in chat rooms.

"Punishments on the federal side for people who solicit children or possess or trade child pornography are extremely harsh -- five to 15 years for a first offense. It's a big hammer we have to hit these guys with.

"U.S. Attorney General Alberto Gonzales believes we have no more precious resource than our children. Unfortunately in modern America, lots of children spend a lot time by themselves or in situations where they are not as well protected as they should be."

Sutton said parents should investigate his agency's "Project Safe Childhood" Web site to educate themselves and become more vigilant. "We have seen some sad cases where young people start looking at images of child porn," he said.

"You don't have to scare your children, but the dangers are serious enough that you need to have that discussion with them."

Wrapping up the seminar at noon Tuesday, Assistant Texas Attorney General Grant Sparks of Austin reviewed new developments for 15-20 representatives of the FBI, U.S. Immigration & Customs Enforcement, Midland and Ector County District Attorney's Offices, Midland and Odessa Police Departments and other agencies.

Sparks said perverts have been going to the MySpace Web site where millions of teenagers and pre-teenagers registered to network with other young people around the nation and world. He said MySpace has become so well known many youths are using the newer Facebook and Xanga sites, where predators go through photos and biographies to find new targets.

An ICE agent asked if enforcement has extended to egregiously offending nations like Russia and Assistant U.S. Attorney John Klassen of Midland said there have been more crackdowns in the Russian Federation and Scandinavian nations in the past three or four years. "There is big money in this business," Klassen said.

"But there are good people and good cops in all the countries involved."

While the scope is daunting, Sparks said, combined agencies have cut the number of American children solicited by perverts each year from one in five to one in seven.

"Like we want the new and different baseball card, they want the new and different child molestation image," said Sparks. He explained many exploited children are compelled to perform by parents who are paid by pornographers.

Civic Activist Faces Federal Death-penalty Trial In D.C. (WT)

By Jim McElhatton

The Washington Times, October 4, 2006

Antwuan Ball is caught between two worlds.

One has him being praised by social workers for his civic activism; the other has him facing a rare death-penalty prosecution in the District on murder and racketeering charges.

Mr. Ball is accused of leading a violent street gang that sold hundreds of kilograms of crack cocaine in Southeast for more than a decade.

But he also has worked as a youth counselor, has helped oversee security at a troubled housing development and is even quoted in a national social services newsletter.

DOJ_NMG_0074553

What's more, a former White House official said she held him in such high regard as a civic activist that she regularly sought out his views.

Edgar S. Cahn, a professor at the David A. Clarke School of Law at the University of the District of Columbia, said, "I just don't recognize the Antwuan Ball in the indictment."

Mr. Cahn met Mr. Ball in 2001 while doing volunteer work at the Capital Area Food Bank and said Mr. Ball delivered food to the elderly and renovated a computer lab for local children.

"I came to know him well enough, and I just felt this was a remarkably gutsy human being," Mr. Cahn said.

Last month, the U.S. attorney's office filed a notice of intent to seek the death penalty for Mr. Ball and David Wilson, accused of being leaders of the Congress Park Crew -- a gang that resorted to assault and homicide to protect its drug trade in Southeast.

Only two death-penalty cases have proceeded to trial in the District since the death penalty was reinstated in 1976. Capital punishment is banned in the District, except in federal crimes.

Michael Kimsey, executive director of the Kimsey Foundation, a nonprofit social services group based in the District, said he met Mr. Ball five years ago and worked with him on ventures in Southeast.

He helped Mr. Ball with startup plans for a consulting business called MANN Inc., an acronym for Making a Neighborhood Network, and a nonprofit called Changing Neighborhoods into Communities, he said.

"We saw it as taking a guy who had some troubles in the past who obviously was intelligent and who wanted to do something positive for the community," Mr. Kimsey said. "We were trying to help him think of his future."

Janie L. Jeffers met Mr. Ball when she was the executive deputy director of the federal D.C. Interagency Task Force in the Clinton administration in the late 1990s.

Miss Jeffers, now a professor at Howard University, said Mr. Ball attended monthly meetings at the White House conference center to discuss initiatives to improve Southeast neighborhoods.

"I'm still waiting to see the proof," she said of the charges against Mr. Ball. "They want to make him out to be this charismatic 'Scarface' type of figure, saying all he did was all an act. But I saw no evidence of that."

Mr. Cahn and Miss Jeffers said they met Mr. Ball through Harv Oostdyk, who was involved with a Texas-based nonprofit called the Step Foundation.

Mr. Oostdyk could not be reached for comment.

A 2002 article in the Roundtable on Religion and Social Welfare Policy newsletter profiled Mr. Oostdyk's work in the Congress Park Public Housing Complex in Southeast and said he spent 40 years building up troubled neighborhoods in Harlem and Dallas. The roundtable is a nonpartisan public policy group based in New York that studies government partnerships with faith-based groups.

"Harv gave us a way out," Mr. Ball is quoted as saying in the article. "But I don't need him to open up any more doors. He gave me the know-how I needed to make it on my own. I have a family. I have a bank account."

The Step Foundation was hired to provide security services in the Congress Park complex. Organizers hired local residents for security details, including Mr. Ball, Mr. Wilson and several other gang members, prosecutors said.

The foundation has since merged with another ministry based in Dallas, said Lalla Shackelford, a former executive director who said she did not know Mr. Ball.

Miss Shackelford said the foundation's general mission was to improve troubled communities by giving jobs to ex-convicts attempting to turn around their lives.

A spokesman for Edgewood Management Corp., which has run the Congress Park complex for much of the past decade, said Mr. Ball attended several community gatherings that involved the Step Foundation.

Federal prosecutors said Mr. Ball used his security position at the foundation to strengthen the Congress Park Crew's hold on the drug trade.

"Mr. Ball and his co-conspirators used that organization ... took over security of that complex in order to keep rival drug dealers from being able to distribute in Congress Park," Assistant U.S. Attorney M. Jeffrey Beatrice told a judge at Mr. Ball's bail hearing last year. "So they turned what may have been a well-intentioned organization into a means to further a conspiracy."

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A superseding indictment against Mr. Ball and more than a dozen other reputed Congress Park Crew members filed in May states that Mr. Ball "personally committed murders and assaults to further the purposes of the organization."

Mr. Ball fatally shot Troy Lewis on Jan. 23, 1996, prosecutors said. Mr. Ball and Mr. Wilson also are accused of conspiring to kill members of a rival gang, the 10th Place/Trenton Place Crew.

In addition, prosecutors said, Mr. Ball used "intimidation and physical force" to keep witnesses to slayings silent.

Mr. Ball got his start in drug dealing in the 1980s as a lieutenant in the 1-5 Mob, authorities said.

His mother, Violet, was a cooperating witness in the prosecution of the 1-5 Mob, whose leader, Tommy Edelin, received life in prison without parole, though prosecutors had sought the death penalty.

Mr. Kimsey said Mr. Ball never talked in depth about his past.

"We never talked specifically about it," he said. "He didn't talk about anything illegal, but he pretty much admitted he had a troubled past."

Killer's Archive Yields More Photos (LAT)

By Michael Muskal

The Los Angeles Times, October 4, 2006

The Los Angeles County Sheriff's Department today released about 30 more photographs taken by William Richard Bradford, seeking to find out if any of the people were victims of the convicted killer.

Officials in July released photos of 54 women who were photographed two decades ago by Bradford. One of those women was discovered strangled and dumped in the High Desert. About two dozen women in that first round of photographs have come forward.

Bradford is on death row at San Quentin. He was convicted in 1988 in the murders of Shari Miller and Tracy Campbell.

"From 1966 to 1984, Bradford posed as a freelance photographer, seeking to lure potential victims. Bradford photographed his victims in sexually explicit positions, committed sexual assaults, strangled them and disposed of their bodies in public places," according to the wanted posters listed at lacountymurders.com/wanted/LADIES1.html.

The photographs were seized at Bradford's residence when he was arrested in 1984. The original group of 54 photographs sat untouched for years until a cold case detective decided to take a second look.

Anyone with information about the women is being asked to call the sheriff's homicide bureau or e-mail LACountyMurders@lasd.org

CIVIL LAW:

Tobacco Companies' Request Denied (NYT/AP)

By The Associated Press

The New York Times, October 4, 2006

A federal judge has denied a request by tobacco companies to continue marketing so-called light and low-tar cigarettes until an appeal is settled in the case. The judge, Gladys Kessler, ruled in August that the cigarette makers had violated racketeering laws and misled the public about the health consequences of smoking. In rejecting the request last week, Judge Kessler wrote, "Loss of market share, if it results from imposing an appropriate remedy to prevent and restrain past violations of the law, may well be the price defendants have to pay."

U.S. To Stop Seizing Canadian Medicine (WSJ)

By John Carreyrou

The Wall Street Journal, October 4, 2006

Under pressure from Congress, U.S. Customs and Border Protection officials scrapped their 11-month-old policy of seizing prescription drugs imported through the mail from Canada.

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The practice, implemented last November, had come under fire from lawmakers for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by U.S. pharmaceutical companies.

Lynn Hollinger, a Customs spokeswoman, said the seizures would stop Oct. 9 but declined to explain the policy reversal. "We're going back to operating procedures prior to November 2005," she said.

Although most prescription-drug importations are illegal under U.S. law, Customs had long turned a blind eye to small mail orders coming across the border from Canada, before launching the new policy of seizures late last year.

Prescription drugs are significantly cheaper in Canada because its national health-care system negotiates lower prices for its citizens. The U.S., by contrast, is one of the only markets in the world where the government doesn't exercise control over drug prices.

As a result, pharmaceutical companies earn the bulk of their profits in the U.S. market. Imports from Canada, which have surged in the past six years with the rise of online pharmacies, have been a sore point with drug makers. The Pharmaceutical Research and Manufacturers of America has argued that drugs imported from Canada are unsafe because they haven't been vetted by the Food and Drug Administration.

Upon learning that Customs would stop the seizures, Ken Johnson, senior vice president of the industry trade group, said he was disappointed with the policy reversal. "We're adamantly opposed to any importation schemes. Fake drugs are a very serious problem that is real and growing."

As of mid-July, Customs had seized more than 37,000 prescription-drug packages from Canada. The agency declined to say how many more packages its agents have seized since then.

Congressional pressure had been building against the seizures. At the behest of Sen. Bill Nelson, a Florida Democrat, the Senate Committee on Homeland Security and Government Affairs was investigating the new Customs policy.

"This is a huge victory," Mr. Nelson said. "For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices. Now it looks like the government is getting out of the business of harassing these consumers."

Last week, Congress sent President Bush a Homeland Security appropriations bill that includes an amendment barring Customs agents from preventing persons from re-entering the U.S. from Canada with a 90-day supply of medicine. The amendment excluded packages sent by mail, but it represented a significant breach in the tight alliance between Republicans and the drug industry, which remains a major source of financial support for House and Senate campaigns.

Dan McLaughlin, a spokesman for Mr. Nelson, said the senator believes the seizures were politically motivated to bolster enrollments in Medicare Part D, the new drug benefit for seniors that took effect last January, and wants the Senate investigation to be completed.

U.S. Drops Program To Halt Discount Drugs From Canada (LAT)

By Lisa Girion

The Los Angeles Times, October 4, 2006

The federal government plans to halt a controversial crackdown on discount drugs mailed from Canadian pharmacies to U.S. customers, removing a significant hurdle to Americans buying cheaper medications from abroad.

Earlier this week, Customs officials sent an e-mail to some members of Congress that it would abandon the seizure policy next Monday.

Instead of the broad effort, the e-mail said the agency would sample and test mail-order medications for counterfeits and ineffective ingredients on "randomly generated days throughout the fiscal year."

The reversal by the Department of Homeland Security, which operates U.S. Customs and Border Protection, could eliminate much of the fears from senior citizens and other consumers that drugs purchased from Canadian mail-order houses would be confiscated.

Those drugs, including the popular medications Lipitor and Fosamax, can be 30 percent to 80 percent cheaper from Canada and other countries, surveys have shown. But the U.S. government was confiscating as much as 20 percent of them earlier this year at the height of the crackdown.

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The move reverses a policy that began last November around the time enrollment opened for the Medicare drug plan. The Canadian shipments had been confiscated out of concerns about safety, but consumer advocates and others argued that the crackdown was an effort to limit competition in the pharmaceutical market and force seniors on fixed incomes to sign up for new Medicare plans and pay higher prices for drugs from U.S. pharmacies.

The change comes as millions of seniors on Medicare drug plans were expected to hit the "doughnut hole," the gap in coverage created by Medicare law that requires enrollees to pay the full cost of medicines after their total annual drug spending exceeds $2,250. Coverage kicks in again only if annual drug expenses hit $5,100.

As a result, many low-income seniors were considering going without needed medications through the end of the year, advocates said.

Although it is illegal for individuals to import pharmaceuticals to take advantage of price differences, the Food and Drug Administration historically had turned a blind eye to personal purchases of non-narcotic prescription drugs from Canada and Mexico in shipments of as much as three months' worth.

That changed Nov. 17 when Customs got involved and began a quiet crackdown on foreign mail-order drugs. By some estimates, more than 40,000 packages were interdicted. Canadian mail-order pharmacies said seizures jumped from between 3 percent and 5 percent of their U.S. shipments to a peak earlier this year of more than 20 percent. They said seizures declined after the crackdown was disclosed in media reports.

Seniors complained that they were failing to receive needed medications, and members of Congress who favor the importation of inexpensive drugs for senior constituents criticized Customs for failing to adequately warn people of the crackdown.

A spokeswoman for Homeland Security would not discuss the change in policy, but she issued a statement saying, "While we are reversing this policy, CBP (Customs) remains committed, in cooperation with the FDA, to protecting the American public from unsafe and ineffective medications. We will be focusing our resources to best protect the American public."

A spokeswoman for the FDA said it had no comment because it had not been officially informed of the change.

Sen. Bill Nelson, D-Fla., called the change a "huge victory."

"For nearly a year the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," he said. "Now it looks like the government is getting out of the business of harassing these consumers."

In Congress, political momentum in favor of allowing personal importation of prescription medications is building. House and Senate Republicans recently reached an agreement that would allow Americans to bring a 90-day supply of drugs across the border from Canada. But, in negotiations over the language of the Homeland Security spending bill, the conferees stopped short of doing the same for medications purchased via the Internet.

Memorial Focuses On Religious Freedom (RGJ)

By Betty Aleck

Reno Gazette Journal, October 4, 2006

FERNLEY — At the end of the 22-minute ceremony, a bell was rung 22 times in tribute of Mustang 22, the call number for a Chinook helicopter that was shot down by enemy fire and crashed in Afghanistan on Sept. 25, 2005.

Last Monday (Sept. 25), a Lights of Liberty Candlelight Vigil was held at the Northern Nevada Veterans Memorial Cemetery to pay tribute to Sgt. Patrick Stewart and four other soldiers of Mustang 22, who died a year ago that day.

The celebration honored the soldiers' service and sacrifices and it also underscored American constitutional freedom of religious.

Roberta Stewart of Fernley has spent a year battling with the U.S. Department of Veterans Affairs (DOVA) to have the Wiccan pentacle placed on her husband's memorial plaque at the local veterans cemetery.

On Sept. 13, the Nevada Office of Veterans Services announced that with help from the Attorney General's Office and Governor Kenny Guinn, a Wiccan emblem will be placed on the plaque and on the Memorial Wall at the NNVMC.

The DOVA does not recognize the Wiccan religion and that agency only allows approved emblems to be placed on DOVA issued headstones and markers, including the Christian cross, Buddhist wheel and an atheist symbol.

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According to Tim Tetz, executive director of the Nevada Office of Veterans Services (NOVS), the decision to place the plaque with the Wiccan emblem was made after it was determined through the AG's office that the NOVS has sole discretion over state veterans cemeteries.

He said via a press release, "I promised his widow (Stewart) and many others that we would diligently pursue every option to make certain Sgt. Stewart received recognition for his contribution as an Army soldier, a Nevadan and an American hero."

At last Monday's ceremony, Stewart said, "We are here to honor my husband and the sacrifices he made." She then went on to thank the "State of Nevada, Governor Kenny Guinn, Congressman Jim Gibbons, Congresswoman Shelly Berkley, Tetz, who had compassion and understanding to fight for religious freedom and grant it to me on Sept. 13."

She added that throughout the process she and her family were placed in the media spotlight and their "pain and suffering" was revealed, but through it all they stayed together.

"We stayed together as a family and we stayed strong," she said.

Reverend Selena Fox, senior minister of Circle Sanctuary of the Wiccan Church, based in Barneveld, WI, said while standing at the Memorial Wall that candles would be lit for "those who passed on and the freedom and liberty that this country embodies" and for the five soldiers that died in Operation Enduring Freedom.

She then lit the candle of remembrance for soldiers Sgt. Stewart, Chief Warrant Officer John Flynn of Sparks, Sgt., Kenneth Ross Peoria, Arizona, Sgt. Tate Baum of Pendleton, Ore., and Warrant Officer Adrain Stump, Pendleton, Ore.

Rev. William Chrystal, military chaplain, recalled when Patrick Stewart came home from Desert Storm and joined the Nevada Army National Guard. "He loved being in northern Nevada and seeing the horses, as they would fly low to see the mustangs."

He also recalled Flynn, who came home from flight school and was starting his family with his wife Crystal.

Throughout his prayers, the reverend reminded people of American's religious freedoms. He said, "Oh Creator, Great Spirit, Heavenly Father, we call you by an endless variety of names."

Chrystal continued, ""Freedom isn't something we can take for granted. Freedoms for which Pat and John and others died are freedoms which can be snatched from us at any moment."

"We are here to remember them and the freedoms for which they fought, especially to worship you in one's own way and to express it as he or she feels is appropriate," he said.

Fox said that Wiccans continue to strive for equal rights. She said there are Wiccan families of other soldiers who were killed in Iraq, as well as in Korea and Vietnam, that are also fighting to have the Wiccan emblem placed on grave markers.

She also said other vigils were held around the country not only by Wiccans but Christians, Buddhist, Jews and other faiths.

Fox said, "Let us focus on the importance of American tradition of freedom and religious liberty for all. Let each of us pray… that all of our American freedoms are upheld."

Stewart is hoping her husband's plaque will be placed on the Memorial Wall by Oct. 21, Patrick's birthday.

Wiccans Seek Place In Military Graveyards (ADA)

Advertiser Adelaide, October 4, 2006

NEO-PAGAN Wiccans in the United States have gone to court to force the US military to accept their five-pointed star-in-a-circle symbol on tombstones in military cemeteries, a civil liberties group said today.

The American Civil Liberties Union said the Wiccans want to have their symbol recognised for use in the official veterans' graveyards in the same way that Christian crosses, the Jewish Star of David and symbols for Muslims, Sikhs and adherents of other religions - 38 in all - are used.

The US military recognises Wicca, inspired by Europe's ancient pre-Christian pagan practices but also sometimes associated with witchcraft, as an official religion, which gives it certain tax privileges.

But the National Cemetery Administration of the US Department of Veterans Affairs has refused to permit the Wiccan symbol to be used in its cemeteries.

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Use of the symbol has been sought recently by a retired military follower of Wicca and relatives of two former soldiers who have passed away - one a World War II veteran buried in the prestigious Arlington National Cemetery near Washington, and the second a soldier killed in Iraq.

"The Federal Government's discriminatory delay in approving these applications must end. There is no good reason to deny grieving families the solace and comfort available to military families of other religions," said Daniel Mach, an ACLU lawyer.

CIVIL RIGHTS:

Gonzales: More Money Going To Fight Human Trafficking (AP)

By Becky Bohrer, Associated Press Writer

AP, October 4, 2006

NEW ORLEANS (AP) -- The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, Attorney General Alberto Gonzales said Tuesday.

Gonzales announced that Louisiana will get about $450,000 to fight the problem.

Nearly $8 million is being used to set up 10 new task forces - partnerships between law enforcement agencies and social service groups - to investigate and prosecute trafficking cases and to help victims.

Besides Louisiana, other states set to receive task force funds include Texas, Utah and Missouri.

"Freedom is guaranteed only with vigilance," Gonzales told law enforcement officials at a conference on human trafficking. "And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom."

Each year, up to 17,500 people - mostly women and children - are brought into the United States by traffickers to be prostitutes, work in sweat shops or work in domestic servitude, he said.

Already, 32 task forces are established around the country and in territories, according to the Justice Department.

US Boosts Efforts Against Human Trafficking (AFP-Y)

AFP, October 4, 2006

Attorney General Alberto Gonzales announced an expansion of US efforts to fight what he called the "vile practice" of human trafficking.

Speaking at the government-sponsored National Conference on Human Trafficking in immigrant-heavy New Orleans, Gonzales said the government will increase funding for prosecuting commercial slave traders by eight million dollars and increase the number of task forces on the issue to 42 from 32.

Some of the money will be used to "put a stop to the exploitation and abuse of laborers" brought into the New Orleans area by traffickers to work in rebuilding efforts in the wake of devastating Hurricane Katrina last year.

"Human trafficking is a violation of the human body, mind and spirit," Gonzales told some 600 law enforcement officials and victims' advocates at the conference.

"For the vile practice to be taking place in a country the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

The US government estimates as many as 17,500 people in the US each year, mostly women and children, are enslaved for the commercial sex trade or other industries. Worldwide, an estimate 600,000 to 800,000 people fall victim annually to human traffickers.

Human smuggling, where traffickers move illegal migrants across borders for money without holding them against their will afterwards, is a more prolific problem in the United States.

Gonzales acknowledged that educating the public is a critical part of prosecuting the more cynical trafficking in sex slaves and forced labor.

"Most Americans think that our country resolved the question of slavery with the Civil War," Gonzales said.

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During this year the Justice Department has broken up two sex slavery rings involving South Korean women smuggled into the country and then held in brothels.

A federal prosecutor in Florida, which hosted the government's first human trafficking conference in 2004, said he has 11 slavery investigations underway in his state.

Gonzales said the new funding includes money to stop the enslavement of migrants seeking to help rebuild New Orleans after Hurricane Katrina.

He said Interstate 10, a coast-to-coast highway that runs from Southern California through Texas and New Orleans to Florida, has become a "magnet for human trafficking."

Advocates for post-Katrina migrant laborers have cited poor pay and hazardous working conditions as more common problems for the itinerant workers, whose numbers are estimated between 45,000 to 60,000.

But Gonzales suggested the government's focus on New Orleans is a preemptive strike that reflects its strategy for attacking human trafficking everywhere.

"We have an aggressive approach to human trafficking and it is working," he said.

Utah Getting Money To Fight Forced Labor (KUTV)

KUTV-TV, Salt Lake City, October 4, 2006

SALT LAKE CITY The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, U.S. Attorney General Alberto Gonzales said Tuesday.

“The thirst for freedom and opportunity is part of the human spirit and is very strong in this world,” he told law enforcement agents and others at a conference on human trafficking. “To offer it as a lure, for purposes of a crime, in unconscionable.”

Nearly $8 million is being used to set up 10 partnerships between law enforcement agencies and social service groups to investigate and prosecute trafficking cases and to help victims.

Police and community groups in the Salt Lake City area will share $900,000, said Melodie Rydalch, spokeswoman for Utah U.S. Attorney Brett Tolman.

“I don’t think anyone is suggesting Utah is a hub of human trafficking. ... We have not prosecuted a case,” Rydalch said.

“But through training and partnerships, we’ll raise the awareness to put people in position to identify these kinds of cases,” she said.

Jim Letten, the New Orleans-based U.S. attorney, said the opportunity for exploitation in his state, and particularly hard-hit New Orleans, is ripe.

Estimates put thousands of migrant or unskilled workers in the area to work, he said. And with I-10 traditionally seen as a pipeline for moving drugs, the opportunity for using the route to traffic people – perhaps through the state to other parts of the country – is highly likely, Letten said.

“New Orleans is a frontier town now,” he said in an interview.

In addition to Utah and Louisiana, other states set to receive funds for new task forces are Florida, Missouri, Nevada, New York and Texas as well as the commonwealth of Northern Marianas. Already, 32 task forces are established around the country – in some of the same states getting new groups – and in U.S. territories, according to the Justice Department.

“Freedom is guaranteed only with vigilance,” Gonzales said. “And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom.”

Each year, traffickers bring up to 17,500 people – mostly women and children – into the United States to be prostitutes, work in sweat shops or otherwise work in forced labor situations, he said, acknowledging, though, that getting a handle on the extent of the problem is difficult.

The number of human trafficking cases brought by prosecutors has risen in recent years, according to the Justice Department. Between fiscal years 2001 and 2005, 91 such federal cases were filed_ up 405 percent from fiscal years 1996-2000. The agency said 140 defendants were convicted, the Justice Department said.

In fiscal year 2006, the government charged 111 people in 32 cases and got 79 convictions, the department said.

Gonzales credited the rise in cases to an increased focus on the issue and partnerships between agencies.

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SLC Awarded Crime Funding (SLT)

By Jason Bergreen, The Salt Lake Tribune

Salt Lake Tribune, October 4, 2006

Human trafficking battle: The $450,000 will help train officers to spot sexual or economic exploitation of victims

Nearly half a million dollars in federal funding was awarded to Salt Lake City on Tuesday to help train law enforcement in arresting and prosecuting human traffickers and providing support to victims.

U.S. Attorney General Alberto Gonzales announced the nearly $8 million funding to be distributed to 10 U.S. cities, including Salt Lake City, at the 2006 National Conference on Human Trafficking in New Orleans.

Salt Lake City will receive $450,000.

Though human trafficking involving sexual, economic or labor exploitation has not been identified in Utah, the project is a "proactive" step to educate the community, said program proponent and Salt Lake City Attorney Sim Gill.

The program is a collaboration among the U.S. Attorney's Office, Salt Lake City, the FBI, other law enforcement agencies and nongovernmental organizations, such as Utah Health and Human Rights Project, the Latino Communication and Information Center and Holy Cross Ministries.

This is "an effort to educate every portion of the state," said Dustin Pead of the U.S. Attorney's Office. "We want them to understand what trafficking is."

The forcible transportation of someone from another country or even another state for labor, services, sex or debt-bondage constitutes human trafficking, Gill said.

"We're an agricultural state," he said. "You can see how labor may be exploited."

Utah has never prosecuted a case of human trafficking, said Melodie Rydalch, spokeswoman for the U.S. Attorney's Office in Utah. She said that if law enforcement agencies ask "one or two more questions, they might find . . . signs and symptoms of human trafficking."

"I'm not suggesting this is a hotbed of trafficking, but we need to be aware of it and look for it," Rydalch said.

However, there are a handful of ongoing human trafficking investigations in the state, Pead said.

Gill said the funding was expected to be split evenly between law enforcement agencies and support services.

"Human trafficking is very complex and relies a lot on the mental state of the victim," Rydalch said.

This funding is the first of its kind Utah has received for this issue, Gill said.

La. Gets Grant To Halt Migrant Abuse (NOTP)

By Susan Finch, Staff Writer

New Orleans Times-Picayune, October 4, 2006

Workers turned into virtual slave laborers

A $450,000 federal grant coming to Louisiana will help catch criminals who bring migrant workers to do hurricane damage repairs and then use violence and threats to turn them into slave laborers, the nation's top law enforcement officer said here Tuesday.

Attorney General Alberto Gonzales said the grant is part of nearly $8 million the Justice Department is spending this fiscal year to add 10 new task forces to the 32 already at work trying to stop exploitation and abuse of migrant workers.

The Louisiana task force, like the others, will be a partnership between law enforcement agencies charged with catching and prosecuting human traffickers and social service organizations whose job it will be to try to rescue trafficking victims and get them help to return to their normal lives.

The $450,000 grant will go to the Louisiana Commission on Law Enforcement, which will coordinate the task force enforcement work.

A similar amount out of the $8 million total, has been earmarked for the social services agency that will serve trafficking victims, the commission's policy planning administrator, Robert Mehrtens said.

Speaking for Michael Ranatza, the commission's executive director, Mehrtens said the work of the task force will start with training on how to spot and address human trafficking.

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He said the Calcasieu Parish Sheriff's Office will head the initial task force effort, including developing sources.

"What we think is happening is that they (traffickers) are not only bringing in laborers, taking their documents from them, not paying them, but also bringing in prostitution to service the workers," Mehrtens said.

Another byproduct of human trafficking is an increase in sale of illegal drugs to migrant workers, he said.

Gonzales, whose family came to the United States from Mexico, said that most Americans "think we resolved the question of slavery with the Civil War, but freedom is assured by vigilance."

But Gonzales said, people from other countries are being betrayed by their fellow countrymen who take advantage of their dream for a better life in America but bring them here only to keep them penned up working as prostitutes, sweat-shop laborers or domestic workers.

Jim Letten, U.S. attorney for the New Orleans-based federal Eastern District of Louisiana, declined to say Tuesday whether the government has any human trafficking investigations under way.

But in remarks before Gonzales spoke Tuesday, a Letten counterpart from another state was more forthcoming: "In my district, there are 11 slavery investigations going on right now," said Paul Perez, U.S. attorney for the Middle District of Florida.

City Wins Grant On Human Trafficking (SPT)

By JACOB H. FRIES

St Petersburg (FL) Times, October 4, 2006

The $450,000 federal outlay, the only one awarded in Florida, will set up a task force to fight exploitation for the sex industry and slavery.

CLEARWATER - The city Police Department on Tuesday won a $450,000 federal grant to create a local task force devoted to rescuing victims of human trafficking and arresting their smugglers.

Part of the money will pay for two full-time detectives to investigate such cases over the next three years. Clearwater was one of 10 police agencies nationwide to receive the grant this year, and the only one in Florida.

"Without this money, we would never be able to do this right," said Dewey Williams, the deputy police chief. "These are not your typical, mainstream criminal investigations. It's not like robberies or rapes, where victims report the crimes. Victims of human trafficking have to be sought out. We have to go out and find them."

Attorney General Alberto Gonzales announced the Justice Department grants Tuesday at a national conference on human trafficking in New Orleans.

In addition to Clearwater police, the task force will include representatives of the U.S. Attorney's Office, the Pinellas-Pasco State Attorney's Office, the Pinellas County Sheriff's Office and the Regional Community Policing Institute.

World Relief, a Christian aid organization with a local office at 6219 U.S. 19 in New Port Richey, will receive an additional $450,000 to help rescued victims, who often need temporary visas, housing and other support as the cases wind through the court system.

"When you rescue these victims, they have nothing," said Williams, who was attending the conference in New Orleans.

Trafficking in people is not the same as smuggling them. Human smugglers are typically paid to take people illegally across international borders, leaving them alone once they do so.

Traffickers, meanwhile, may transport people across borders, but they generate their profits through exploitation, coercing their victims into slavery, involuntary servitude or the commercial sex industry.

After drug dealing, human trafficking is tied with illegal arms sales as the second-largest criminal industry in the world, according to the Health and Human Services Department.

Florida ranks as the No. 2 destination for trafficking victims, behind California, with both states being home to large immigrant populations, says the Florida Coalition Against Human Trafficking.

The scope of human trafficking in Clearwater and the Tampa Bay area is unclear, but it's definitely "alive and well," Williams has said.

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In May, when police raided a brothel on Camellia Drive, just north of Gulf-to-Bay Boulevard, they found signs of human trafficking, officials have said. A woman found at the house was not held against her will, but evidence and testimony from a doorman suggested that other prostitutes brought there had been lured from Mexico and forced into the sex industry, police say.

It was not the first time city police officials thought they had encountered a tentacle of human trafficking. In 2003, they shut down a prostitution operation at an apartment near Drew Street and U.S. 19 - similar to the one on Camellia Drive - but investigators couldn't tie it to a trafficking network.

In Clearwater's grant application, the department noted the success of its Hispanic Outreach Center, which opened in 2001. However, workers at the center had encountered several suspected cases of human trafficking, but because of a lack of resources, police were unable to effectively investigate, the application said.

That's going to change, Williams said.

"Beginning next week, the task force is going to be under way," he said. [

Grand Jury Indicts 42 In Multistate Drug Network (FWCOM/AP)

By Associated Press

FortWayne.com, October 4, 2006

INDIANAPOLIS – A federal grand jury has indicted 42 people on charges of transporting and selling cocaine, methamphetamine and marijuana in southwest Indiana as part of a multistate drug operation.

Those arrested were members of three drug rings, each of which was primarily responsible for distributing one of the drugs, said Susan Brooks, the U.S. attorney for southern Indiana.

Federal and local police began making arrests at a series of raids at 18 sites Wednesday.

Most of those taken into custody were being held Thursday at the Henderson County Jail in Kentucky, Brooks said.

The raids resulted in the seizure of $69,000 in cash and 15 firearms, including an AK-47 semiautomatic rifle and a sawed-off shotgun, she said.

“It’s a very good day for the citizens of Evansville and Princeton,” Brooks said of the cities where five of 18 raids were conducted. “Today, the good guys won.”

The indictments followed a six-month investigation headed by the Drug Enforcement Administration and charged two Texas men, Jose A. Cabrera, 27, of Dallas and Rickey Boyd, 36, of Spring with being among the ringleaders of a conspiracy to bring methamphetamine to the Evansville area.

Others were charged with bringing cocaine from Los Angeles and Nashville, Tenn.

Drug dealers “see communities like Evansville and Princeton as places to do business and make money where they won’t get caught,” Brooks said.

Feds Indict 42, Arrest 38 - Many Locally (WIFE-TV)

WIFE-TV, October 4, 2006

The U.S. Attorney's Office announced the indictments of 42 individuals; 38 have been arrested. A larger number, 24 people, were in Evansville, allegedly moving crystal meth, cocaine and marijuana.

U.S. Attorney Susan W. Brooks exclaims, "This is a very good day for the citizens of Evansville and the citizens of Princeton. Today [Wednesday], the good guys won, and we have a victory in these communities because of these indictments."

Three different drug trafficking rings, dismantled after three indictments, were unsealed in federal court from a six month investigation. A total of 42 people are indicted for different organizations - one for crystal meth, another for cocaine and the third for marijuana.

Dennis Wichern, with the DEA, explains, "Not one organization but three. The reason: The men and women standing right behind me."

More than 200 law enforcement officials conducted raids Wednesday morning, mostly in Evansville but some in Princeton. But the story spans across the nation.

Brooks says, "People have to realize the problem doesn't start here. This is a national problem, and we work with our federal partners all around the country."

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Defendants were named in Dallas, Los Angeles and even Nashville. It's unknown how long these three separate drug rings have been in operation, but officials say they did help move large amounts to the area.

"The cocaine and crack organization moved kilogram quantities of cocaine from Los Angeles, CA," says Brooks.

Even though these authorities call Wednesday a victory in the war against drugs, they know there are still many more out there.

Vanderburgh County Sheriff Brad Ellsworth warns, "And to the people that continue this behavior, as you see this group, we'll not falter to take you off the streets."

Authorities also confiscated more than $69,000 in cash and 15 firearms from Wendesday's raids.

Four individuals have not been arrested; three are from the Tri-State. They are 31-year-old Amir Morgan and 32-year-old Ramon Clayton of Evansville and 24-year-old Myron Berry of Princeton.

All of these defendants, including the ones from out of state, are expected to be in court sometime next week.

Feds Allege Father Helped Son In Marijuana Dealings (MUNCSP)

By Nick Werner

Muncie Star Press, October 4, 2006

MUNCIE -- Delaware County resident Aaron Drumm sold marijuana by the pound to two men and a woman in southern Indiana who then redistributed the drug to other dealers, according to a grand jury indictment provided to The Star Press on Friday.

Twenty-five-year-old Aaron Drumm's father, Jeffrey Drumm, 46, helped with the transportation of some of the marijuana in motor vehicles, the indictment alleges.

The document details one specific drug deal in which the younger Drumm on July 4 agreed to sell 50 pounds of marijuana at between $600 and $700 a pound to a Princeton man.

Two days later, Jeffrey Drumm allegedly delivered the package to Princeton.

The Drumms were arrested Wednesday morning as part of a multi-state drug probe involving the federal Drug Enforcement Administration.

The six-month investigation focused on suspected cocaine, marijuana and methamphetamine dealers in the Princeton and Evansville areas and their suppliers.

The Drumms face a charge of conspiracy to distribute 100 kilograms or more of marijuana.

One-hundred kilograms is about 220 pounds.

Forty-two people in Indiana, Texas and California were indicted in the investigation.

In an interview Wednesday, Patricia Drumm said her husband and son were innocent.

Delaware County Sheriff George Sheridan said he did not believe the Drumms were supplying local dealers.

Contact news reporter Nick Werner at 213-5832.

Jury Selection Begins In Retrial In Smuggling Deaths Case (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, October 4, 2006

(AP) - HOUSTON-Jury selection could take up to two weeks in the retrial of a truck driver who prosecutors say failed to help the illegal immigrants packed into his tractor-trailer in what became America's deadliest human smuggling attempt.

If convicted for his role, Tyrone Williams could face the death penalty. Prosecutors said he was part of a smuggling ring that tried to transport more than 70 illegal immigrants from Mexico, Central America and the Dominican Republic in his airtight tractor-trailer from South Texas to Houston in May 2003.

Nineteen immigrants died after succumbing to the heat inside, which authorities estimate climbed to 173 degrees Fahrenheit (78 degrees Celsius). Williams abandoned the trailer at a truck stop near Victoria, about 100 miles (160 kilometers) southwest of Houston.

Jury selection began Tuesday with an initial jury pool of about 250 people. Potential jurors will be questioned individually due to the possible death sentence. The retrial could take up to four weeks.

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A jury convicted Williams last year on 38 transporting counts in the deaths. He avoided a death sentence because the jury could not agree on what role Williams played in the crime. The jury deadlocked on 20 other counts.

But the 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict did not count because the jury failed to specify his role in the deadly smuggling attempt.

The trial will be overseen by a new judge, Lee Rosenthal.

The appeals court removed U.S. District Judge Vanessa Gilmore from the trial because of the case's "extraordinary history" and her busy docket. Prosecutors and Gilmore had a contentious relationship throughout the case.

Williams is the only one of 14 people charged in the case who is facing the death penalty. He was indicted on 58 transporting, harboring and conspiracy counts, 20 of which are eligible for the death penalty.

Williams' lead defense attorney, Craig Washington, said the federal government is only retrying his client because it failed to get a death sentence during the first trial.

"There is no proof he was aware of their suffering. The (first) jury didn't believe (he was aware). If they had, they would have found him guilty of a death penalty eligible count," Washington said. "They found him guilty of what he did do, which was transport those unfortunate people."

Prosecutors declined to comment before the start of the retrial. But Assistant U.S. Attorney Daniel Rodriguez said at a recent hearing that Williams, 35, a Jamaican citizen who lived in Schenectady, New York, could have opened the doors of the tractor-trailer and freed the immigrants but he chose not to do that.

So far, seven people have been sentenced to prison in the case. Sentencings for three others are pending. Charges against two were dismissed and one man remains a fugitive.

Prison Official Accused In Sex Case (HC)

Houston Chronicle, October 4, 2006

A prison official had sexual contact with female inmates at the Bryan Federal Prison Camp and lied about it to investigators, according to criminal information made public Tuesday.

The information filed in federal court by the Civil Rights Division of the U.S. Justice Department accuses former Inmate Systems Manager Ricky L. Bernard, 45, of College Station, of sexual contact with the women in 2003 and 2004.

He is charged with two counts of sexual abuse of a ward, two counts of abusive sexual contact with a ward and one count of making a false statement to a federal agent.

Man Sues Secret Service Agent Over Arrest After Approaching Cheney And Denouncing War (NYT)

By Kirk Johnson

The New York Times, October 4, 2006

DENVER, Oct. 3 — A Colorado man who was arrested in June on harassment charges after he approached Vice President Dick Cheney to denounce the war in Iraq filed a federal lawsuit on Tuesday accusing a Secret Service agent of civil rights violations.

In his suit, filed in Federal District Court in Denver, the man, Steven Howards, an environmental consultant who lives in Golden, Colo., says he stepped up to the vice president to speak his mind in a public place and found himself in handcuffs — in violation, the suit says, of the Constitution's language about free speech and illegal search and seizure.

The suit seeks no specific damages, and names only one agent, Virgil D. Reichle Jr., who is assigned to the Denver office of the Secret Service. But Mr. Howards's lawyer, David A. Lane, said Mr. Cheney might be called as a witness, along with the district attorney in Eagle County who threw out the criminal case against Mr. Howards. If a chain of command within the Secret Service is found that suggests Mr. Reichle was acting on orders, Mr. Lane said, more defendants could be named.

A call to Agent Reichle was not returned. A spokeswoman for Mr. Cheney referred questions on the matter to the Secret Service. The agent in charge of the Denver office, Lon Garner, declined to comment.

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Mr. Howards, 54, said at a news conference here that he was taking his 8-year-old son to a piano lesson on June 16 at the Beaver Creek Resort about two hours west of Denver when he saw Mr. Cheney at an outdoor mall. Mr. Howards said he approached within two feet of Mr. Cheney and said in a calm voice, "I think your policies in Iraq are reprehensible," or as the lawsuit itself describes the encounter, "words to that effect."

Mr. Howards said he then went on his way. About 10 minutes later, he said, he was walking back through the area when Agent Reichle handcuffed him and said he would be charged with assaulting the vice president. Local police officers, acting on information from the Secret Service, according to the suit, ultimately filed misdemeanor harassment charges that could have resulted in up to a year in jail.

A June 16 article in The Vail Daily quoted a spokesman for the Secret Service, Eric Zahren, as saying that Mr. Howards "wasn't acting like other folks in the area," and that he became "argumentative and combative" when agents tried to question him. Mr. Howards said Tuesday that he was never threatening and did not become upset until his arrest.

"This was not about anything I did — this is about what I said," he said.

Mr. Zahren declined to comment on the suit or on his original description of the event.

Mr. Howards said he was released on $500 bond after about three hours in jail. A state judge dismissed the charge about three weeks later at the request of the Eagle County district attorney, Mark Hurlbert.

"It was our understanding that the vice president did not want to prosecute," Mr. Hurlbert said in a telephone interview. "The original indication was that he had pushed the vice president. Later it looked to be that he had just spoken to him."

Mr. Hurlbert said the initial information on the incident came from the Secret Service agents at Beaver Creek. A later communication from Mr. Cheney's office or the Secret Service — Mr. Hurlbert said he did not remember which — said the government wanted to drop the matter.

The suit joins two others — in West Virginia and another in Denver — charging that Secret Service agents or White House staff members violated the law in keeping people with opposing political views away from President Bush or Mr. Cheney.

In the other Colorado suit, two people said they were ejected from a taxpayer-financed appearance by Mr. Bush in Denver in March 2005 because of an antiwar bumper sticker. The case is awaiting a ruling from the judge on a motion by the government to dismiss the case.

In the West Virginia case, the American Civil Liberties Union filed a lawsuit on behalf of Jeff and Nicole Rank, who said they were arrested on July 4, 2004, at an appearance by Mr. Bush in Charleston. The Ranks had proper tickets but were wearing anti-Bush T-shirts, the suit says. The government has an Oct. 10 deadline to respond to the suit, said Chris Hansen, a senior staff counsel at the A.C.L.U. in New York.

Mr. Howards said that he had had no intent to test the limits of free speech when he approached Mr. Cheney, but that the government's actions in the aftermath only deepened his convictions and opposition.

"This administration has a history of intimidating folks," he said.

Another Of Jewish Group's Buses Vandalized (WP)

By Ernesto Londoño

The Washington Post, October 4, 2006

Vandals damaged a parked bus that belongs to the Jewish Council for the Aging of Greater Washington in Rockville over the Yom Kippur holiday, marking the second time the organization's fleet has been smashed up this year.

Drivers who reported to work Sunday afternoon found that the rear window of a new, $71,000 bus customized to transport senior citizens had been smashed with a rock, said Jeanne Zepp, a spokeswoman for the organization.

"The timing of this is very troubling," Zepp said, referring to the holiest day of the Jewish calendar, which this year lasted from sundown Sunday to sundown Monday. "We're perplexed by this."

Zepp said the vandals have left no explicit anti-Semitic signs. The name of the organization is marked on the outside of the buses.

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Seven of the group's buses were targeted in a similar act of vandalism in January at a commercial lot the council leases in the 4900 block of Wyaconda Road. One, which was damaged beyond repair, was replaced by the bus vandalized over the weekend. The group has spent $221,000 fixing the damaged buses and beefing up security in the buses and around the lot.

The center announced yesterday a $5,000 reward for information leading to an arrest and asked the police to do more.

"We're more than a little disappointed with the reaction we've gotten from the Montgomery County police," said Zepp, adding that officials at the nonprofit group haven't heard from detectives since they reported the January incident to police.

Police spokeswoman Melanie Hadley said she didn't know whether the January incident -- which was not classified as a hate crime -- is related to the one reported this weekend.

"Every incident of this nature we take very seriously," she said. "We are diligently looking into this. We want to find the perpetrators."

Hadley said she did not know whether the latest act of vandalism would be classified as a hate crime.

The center provides services to seniors of all religious denominations in the Washington area and depends on the wheelchair-accessible buses to transport clients to activities, appointments and programs.

"It saddens me that a nonprofit devoted to serving frail elderly of all faiths must use our funds in any way other than direct-service programs for seniors," Richard Dine, the group's president, said in a statement.

Plan Outlined To Save King/Drew (LAT)

By Steve Hymon And Susannah Rosenblatt

The Los Angeles Times, October 4, 2006

The Los Angeles County Board of Supervisors this afternoon approved the outlines of a plan to save Martin Luther King Jr./Drew Medical Center by greatly reducing the size of the facility and handing over its management to another county hospital.

The five supervisors unanimously asked the county health chief to return in two weeks with more details on a plan that would shrink services provided at King/Drew, relocate most of King/Drew's staff to other county facilities and put King/Drew under the day-to-day control of Harbor-UCLA Medical Center, located 10 miles away near Torrance.

The plan would preserve emergency room services at King/Drew in Willowbrook, south of Watts.

Dr. Bruce Chernof, chief of the county's Department of Health Services, told supervisors that the plan could take as much as a year to implement and left open the possibility that King/Drew may have to close for an unspecified amount of time while being put under the oversight of Harbor-UCLA.

Chernof also confirmed that the plan would sever longtime ties between King/Drew and the neighboring Charles R. Drew University of Medicine and Science, which trains residents at the hospital.

Susan Kelly, the university's president, told supervisors that the plan could threaten the university's future. "Our major fear is that we will be collateral or road kill" in such a plan, Kelly said, adding that the school will likely have to cut back some of its training programs.

"Frankly, the implications of this are deeper than we imagined," Kelly added.

The county was informed last month that the embattled King/Drew hospital failed its most recent inspection by the Centers for Medicare and Medicaid Services. As a result, the agency has told the county that it intends to cut about $200 million in funding for King/Drew by year's end.

Faced with losing roughly half of King/Drew's budget, the Board of Supervisors had a choice of either funding the hospital on its own — a steep price for county coffers — or finding ways to appease federal inspectors.

The new plan aspires to straighten out chronic patient care issues at King/Drew by handing oversight of the facility to Harbor-UCLA, a hospital that is viewed within the county system as a much more stable and well-run institution.

According to two doctors quoted in The Times this morning, Harbor-UCLA's well-regarded chief executive officer, Tecla A. Mickoseff, reportedly threatened to resign over the plan.

"She's not available for comment, but she has told me that she is not intending to resign," said Julie Rees, spokeswoman for Harbor-UCLA. "I don't know anything about who the doctors were or why they may have said something like that."

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Rees said that Mickoseff was unavailable for an interview, citing ongoing meetings about the King/Drew plan. Doctors at the hospital Monday issued a statement questioning whether Harbor-UCLA had the resources to assume oversight of King/Drew while not threatening the care it provides to its patients.

Mickoseff's name was not spoken during the meeting. "I understand when some people at Harbor have some reticence," said Supervisor Zev Yaroslavsky. "This is not a time to resist, this is a time to step up."

Chernof said that the most critical step now is to ensure that the Centers for Medicare and Medicaid Services will continue the funding while the county continues drawing up a plan. He acknowledged that he does not know if the plan will pass muster with the agency.

Federal inspectors could not be reached for comment early this afternoon as to whether the plan was acceptable.

"I hope that when we come back in two weeks we have a letter of some sort that clearly defines that we are going in the appropriate direction," said Supervisor Gloria Molina.

Rep. Maxine Waters (D-Los Angeles) told supervisors that she and other members of Congress who represent the area served by King/Drew are generally supportive of the plan. Waters said that congressional leaders would urge the Centers for Medicare and Medicaid Services to extend the cutoff of funding beyond the end of the year.

"This is not a time for division, this is not a time for finger-pointing. This is a time for us to work together," Waters said. "I would like to piggyback on what Supervisor Molina said. As we go through describing what the hospital will be in the transition, we must keep in mind that the community does have a vision that someday it will get back to or get to where it has never been -- a complete acute care hospital."

South-Central L.A. Hospital In Critical Condition (WP)

By Sonya Geis

The Washington Post, October 4, 2006

LOS ANGELES -- Activists who fought hard to bring a hospital to south-central Los Angeles after the 1965 Watts riots are in mourning since the announcement that their beloved but deeply troubled hospital failed a crucial federal inspection and will lose more than half its funding.

While the Los Angeles County Board of Supervisors weighs a proposal to slash services and turn most of King/Drew Medical Center's management over to a nearby county facility, African American community members met for a combination pep rally and wake.

"I don't want to talk about closing this hospital," Mollie Bell, a resident of nearby Compton, said at the emotional assembly Monday night. More than 300 gathered for the meeting, organized by Rep. Maxine Waters (D) and including Jesse Jackson and a who's who of local African American politicians and clergy members.

Bell held a "Save King Drew" sign as she said that Harbor-UCLA Medical Center in Torrance -- the facility that probably will take over operations and offer services to be cut at King/Drew -- is too far from south-central Los Angeles.

"The people that come here are on Medicaid. They're on fixed incomes. How are they going to get to Torrance? They don't have transportation," she said.

Martin Luther King Jr./Charles R. Drew Medical Center administrators learned Sept. 22 that they had failed an inspection by the Centers for Medicare and Medicaid Services in nine of 23 areas. As a result, the hospital will lose $200 million of its $380 million annual budget at the end of the year.

Failed inspections, mismanagement and well-publicized lapses in patient care have gradually built to a crescendo in the past 20 years. King/Drew has been out of compliance with Medicare standards since January 2004 and lost its national accreditation in early 2005.

Its trauma center was closed in 2004, dealing a blow to community pride and further diminishing emergency care in Los Angeles County, where nine emergency rooms and trauma centers have closed in the past five years.

County Supervisor Yvonne B. Burke, whose district includes King/Drew, said at a Board of Supervisors meeting Tuesday that she is disappointed the hospital will lose funding but hopes a plan to provide different specialty services at each of the county's five hospitals will bring stability to the health-care system.

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"We're the safety net, and as much as I wish this hadn't come about in this way, I believe we're moving forward," Burke said.

For the activists who met in Watts the night before, though, losing services and control of the hospital looked more like a move backward.

"We fought real hard to get this in 1965. I remember the Watts riots," Bell said. "I hope we don't have to do that again."

Despite the protests, the Board of Supervisors voted unanimously to approved the outlines of a plan to hand over management of the hospital to Harbor-UCLA Medical Center and drastically reduce services at King/Drew.

The board directed Bruce A. Chernof, the Department of Health Services chief, to return in two weeks with a more detailed plan.

Although the hospital's most vocal supporters and management have always been African American, the Watts neighborhood has transformed since King/Drew opened. Today, 70 percent of the hospital's patients are Latinos.

Arturo Ybarra, director of the Watts/Century Latino Organization, a local group that assists immigrants and fosters ties with the black community, attended Monday's meeting and said afterward he was frustrated that prominent Latino politicians have not rallied around King/Drew the way black politicians have.

"In general, the Latino community in this area is deeply concerned over what is going on at King/Drew Medical Center," he said.

"This is not a matter of ethnic groups. This is not a matter of who is involved or not involved in political activism. It is a matter of essential need."

Supreme Court Refuses To Hear Sidley Austin Case (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, October 4, 2006

The U.S. Supreme Court has denied Sidley Austin's petition for writ of certiorari in the age discrimination suit being brought against the firm by the Equal Employment Opportunity Commission.

The firm, which is facing allegations it demoted 31 partners in 1999 on the basis of age, had argued for the suit's dismissal on the grounds the EEOC had no authority to seek monetary damages. But that motion was denied by both the Chicago district court hearing the case and the 7th U.S. Circuit Court of Appeals based on the Supreme Court's 2002 ruling in EEOC v. Waffle House, 534 US 279, which said the agency had a statutory right to seek damages separate from any individual's right.

The agency must still show that federal age discrimination law applies to law firm partners who have traditionally been considered employers exempt from such laws. The agency has argued that Sidley's centralized management structure rendered most of its partners employees.

ANTITRUST:

Judge Denies Motion To Dismiss DOJ Lawsuit Against NAR (INMAN)

Inman News, October 4, 2006

A U.S. District Court judge has denied a motion by the National Association of Realtors trade group to dismiss an antitrust lawsuit filed last year by the U.S. Department of Justice.

Justice Department officials charge in the lawsuit that the Realtor group has adopted overly restrictive policies for the online display and sharing of property listings information. The trade group had sought in a December court filing to dismiss the federal government's case, disputing several aspects of the lawsuit.

Mark Filip, a U.S. District Court judge for the Northern District of Illinois, wrote in a Sept. 28 court notice that a status conference will be held Oct. 30, and a detailed opinion about the court's denial of the motion to dismiss the lawsuit will be distributed to both parties on or before that day.

Laurie Janik, general counsel for the National Association of Realtors, said of the judge's decision, "We're not surprised but we're disappointed." Janik today said the association has not yet received the full opinion of the judge in denying the lawsuit's dismissal. "We're looking forward to the written opinion so that we can learn from that."

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Gina Talamona, a Justice Department spokeswoman, said, "We're pleased the court denied NAR's motion to dismiss the case and we're looking forward to moving ahead with our case."

According to a July 11 court document, the Justice Department will "disclose in writing the MLS (multiple listing service) areas from which it intends to draw evidence to prove anticompetitive effects" in the lawsuit by Oct. 16. Earlier this year, Janik announced that at least 14 MLSs had received subpoenas from the Justice Department relating to the agency's lawsuit against the trade group. The MLS of Northern Illinois, one of the largest Realtor-operated MLSs in the country, was among those MLSs that received a subpoena.

The National Association of Realtors will disclose its "pro-competitive justifications" for its challenged Internet policies "along with a list of the MLS areas for which it intends to present evidence" by April 15, according to the court document, and the evidence-gathering period for these items will close June 15, according to the document.

While representatives for the Justice Department and National Association of Realtors met in a settlement conference on March 22, a court document on April 20 states that the parties reported "several key impediments to settlement."

After filing an initial antitrust complaint against the Realtor association in September 2005, the Justice Department submitted an amended complaint the following month. The initial complaint charged that a Virtual Office Web site (VOW) policy adopted by the Realtor group contained anticompetitive provisions. In its request to dismiss the lawsuit, the association stated that it had withdrawn that VOW policy prior to the filing of the original complaint and put in place a new Internet Listings Display policy.

But the Justice Department, which had conducted a two-year probe of the association's VOW rules, charged in its amended complaint that the modified policy also is anticompetitive. After the amended complaint, the Realtor association advised Realtor-operated MLSs not to implement the ILD policy and advised MLSs not to enforce the disputed aspects of the VOW policy.

The association stated in its motion to dismiss the lawsuit that its VOW and ILD policies "impose no restraints whatsoever on any of NAR's members who would be subject to the policies if they were being enforced. They do not encourage NAR members to refuse to allow listings to be displayed on other brokers' Web sites."

While the policies did contain provisions that would allow MLS members to opt out from displaying listings on other MLS members' Web sites, "any decision to opt out is made unilaterally by listing brokers exercising their independent judgment," the association stated in court filings.

In a Feb. 6 court filing responding to the association's motion, the Justice Department stated that the trade group's arguments "all miss the mark," and "NAR's VOW policies constitute restraints of trade, despite NAR's protestations to the contrary, because they restrain competition in real estate markets, generally, and the behavior of multiple listing services and virtual office Web site operators, in particular."

FTC Approves Lockheed-Boeing Rocket Deal (AP)

By Stephen Manning, ASSOCIATED PRESS WRITER

AP, October 4, 2006

WASHINGTON -- The Federal Trade Commission said Tuesday it has approved the joint venture between defense contractors Lockheed Martin Corp. and Boeing Co. to launch government satellites, lifting a final barrier to the long-delayed proposal.

While the commission concluded that the $1.06 billion partnership between the nation's two biggest defense firms could unfairly muscle out competitors, it said that concern was outweighed by the national security demands for a reliable and cheaper way to send military and other satellites into space.

The so-called United Launch Alliance, or ULA, was proposed in May 2005 to resolve a long-standing dispute between Lockheed and Boeing, then the two major suppliers of rockets for government launches.

It also came after Boeing was stripped of $1 billion in launch contracts and suspended for 20 months from launches by the Air Force after accusations that it used thousands of sensitive documents stolen from Lockheed to gain an edge in the bitter rivalry. Boeing later agreed to pay $615 million to end a Justice Department probe of the case.

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The FTC decision "brings the ULA closer to the goal of meeting the government's need for reliable, lower-cost launch services for national security, civil and scientific payloads," Boeing spokesman Dan Beck said.

Lockheed spokesman Tom Jurkowsky, calling the decision good news, said the two companies still needed to complete reams of legal documents before the deal closes.

ULA will be a 50-50 venture between the two companies, each providing a $530.7 million stake. It is planned for Denver and would combine launch services for Boeing's Delta and Lockheed's Atlas rockets, known as expendable launch vehicles. The venture is expected to save about $150 million annually.

The government already had few contractors to choose from. Maryland-based Lockheed and Chicago-based Boeing are the only domestic suppliers of medium to heavy rockets. California-based Northrop Grumman is the only other major competitor in the domestic space launch vehicle business, according to the FTC.

The FTC set conditions on the deal such as requiring ULA to not favor Lockheed and Boeing on issues such as who makes the satellites that are launched and other contracting issues. It also requires ULA to guard trade secrets closely.

Northrop said in a statement that it was still reviewing the FTC decision. The California rocket company SpaceX, which had sued to try to stop ULA, said the FTC appeared to only protect large companies like Northrop.

"It appears to do very little to ensure free and fair competition in the launch vehicle market," said Elon Musk, SpaceX CEO.

The commission voted 5-0 to approve the venture, which will now be open for public comment for 30 days before it becomes permanent.

The FTC appeared to be swayed by arguments from the Defense Department that the single launch provider was needed even though it would cut competition. In an August letter to the commission, Undersecretary of Defense for Acquisitions Kenneth Krieg said ULA would launch satellites for tasks such as guiding missiles to targets. He said two types of rockets were needed in case one failed.

"The national security advantages of ULA are paramount to the Department's support of this transaction," Krieg wrote.

But a month earlier, Michael Moiseyev, the assistant director of the FTC's bureau of competition, wrote in a letter to the Pentagon that "a consolidation of the only two market participants would create a durable monopoly." He also challenged whether the government would actually benefit from the $150 million the companies claim ULA will save.

In a separate statement released Tuesday with the FTC decision, Commissioner Pamela Jones Harbour deferred to the Pentagon while expressing concern about the anticompetitive nature of the deal.

Associated Press writer Matthew Daly contributed to this report.

FTC Approves Lockheed-Boeing Rocket Launch Venture (MRKTWTCH)

By Laura Mandaro

Market Watch, October 4, 2006

SAN FRANCISCO (MarketWatch) -- Staunch rivals Lockheed Martin Corp. and Boeing Co. said on Tuesday that the Federal Trade Commission signed off on a venture to jointly launch government satellites, the final step in a lengthy approval process.

The two largest U.S. defense contractors had announced their $1.06 billion venture about 17 months ago, touting the $150 million in annual cost savings the partnership would bring to the U.S. government.

But the anti-trust agency's concerns that Lockheed (LMT: news, board) and Boeing (BA: news, board) would dominate the market for medium-to-heavy government rocket launches stalled formation of the venture, named the United Launch Alliance.

On Tuesday, the FTC said that it had voted to approve the ULA by a 5-0 vote after discussions with the Department of Defense, which concluded that the benefits to national security by providing reliable launch services outweighed concerns about less competition.

"The Commission's proposed consent order does not attempt to remedy the loss of direct competition," said the FTC, because the Defense Department concluded the joint venture "would improve national security and that the unique national security benefits from the joint venture would exceed any anticompetitive harm," the FTC said in a statement.

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To settle the FTC's charges, the agency stipulated that the ULA not give an unfair advantage to the space vehicle businesses of its parent companies during the Defense Department's space vehicle procurement process. And Boeing's and Lockheed's space vehicle businesses must provide equal consideration to all launch service providers when bidding for contracts to put satellites in orbit, it said.

The order will be subject to public comment until Oct. 31, at which point FTC will decide whether to make it final.

Lockheed said the FTC's action will allow it to finalize closing documents and work toward setting a closing date.

The two companies have also agreed to dismiss civil litigation against each other related to previous competition for launches, Lockheed said.

They'll headquarter the ULA in Denver, with most engineering and administrative activities consolidated at Lockheed's facilities and major assembly operations based at Boeing's plant in Decatur, Alabama. They will use facilities at Cape Canaveral Air Force Station in Florida and Vandenberg Air Force Base in California to launch the Boeing Delta and Lockheed Martin Atlas rockets.

Michael Gass, vice president and general manager of Lockheed Martin Space Transportation, will become ULA president and CEO. Dan Collins, vice president of Boeing Expendable Launch Systems, will serve as chief operating officer.

Lockheed shares fell 0.17% to $86.80 on Tuesday. Boeing gained 2.3% to $81.78.

Laura Mandaro is a reporter for MarketWatch in San Francisco.

Critics Say Smithfield Merger Would Unfairly Fatten Pork Producer (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, October 4, 2006

Smithfield Foods Inc.'s effort to digest a rival pork producer has become a food fight, as a coalition of consumer and farming organizations are begging the Department of Justice to scrutinize the deal for antitrust concerns.

Regulators in Washington have historically had problems when dealing with large agricultural mergers, and they seem to have a full plate with this one, since legislators on Capitol Hill have already announced a desire to hold hearings on the deal.

Smithfield, the nation's largest producer of pork, agreed to pay some $810 million for Premium Standard Farms Inc., the nation's second-largest pork producer and sixth-largest pork processor.

The coalition, which includes the National Farmers Union and the Consumer Federation of America, says the deal will further consolidate the market for pork, making it more difficult for small family farms to sell their hogs.

In their press release announcing the deal Sept. 18, the companies said that after the merger Smithfield will honor all existing contracts and is "committed to purchasing significant numbers of hogs on the open market."

But that promise doesn't provide much solace to the deal's opponents. In their letter to Attorney General Alberto Gonzales, they wrote, "Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive and consumers lose."

Moreover, they said pork is not the only issue for regulators to consider. Cattle, too, will be affected. "Last year, a Conti Group [Cos.] subsidiary, ContiBeef, merged with MF Cattle Feeding Inc. -- a subsidiary of Smithfield Foods Inc., to form a joint alliance in the cattle feeding business," the letter stated. "We believe the proposed Smithfield-Premium Standard Farms hog acquisition will have a direct impact on the issue of concentration in the cattle industry."

In addition to that deal, Smithfield also recently agreed to pay $575 million for ConAgra Foods Inc.'s branded meats business, which includes, Armour, Margherita and a handful of other brands. That deal, expected to close "during its fiscal second quarter which ends October 29, 2006," according to a filing with the Securities and Exchange Commission, will give an even bigger boost to the company.

The acquisitions, when final, would put all phases of the beef and pork industry under Smithfield's control, from production of live cattle and hogs, through processing and into American supermarkets under the well-known ConAgra brands.

Sen. Mike DeWine, R-Ohio, chairman of the Senate committee with antitrust oversight, last week said he plans to hold hearings on the proposed merger between Smithfield and Premium Standard Farms. He, too, warned of the problems the nation

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faces if family farms are hurt by consolidating meat processing concerns. "Consumers will certainly be affected by the deal. We will need to scrutinize this deal very carefully," DeWine said.

The uproar is reminiscent of protests from Sen. Chuck Grassley, R-Iowa, and others on Capitol Hill in 2003 when the Justice Department permitted Smithfield and Cargill Inc., another agricultural conglomerate, to participate in a bankruptcy auction for Farmland Industries Inc. Smithfield ultimately acquired Farmland's pork division for $457 million.

Wright Bill May Take Effect Quickly (DMN)

By Emily Ramshaw, The Dallas Morning News

The Dallas Morning News, October 4, 2006

Dallas, Fort Worth mayors are waiting for Bush to sign measure

The mayors of Dallas and Fort Worth joined key North Texas lawmakers Tuesday to celebrate Congress' repeal of the Wright amendment, calling it nothing short of a miracle.

They vowed to move forward quickly with the terms of the agreement – brokered in June after months of negotiations between the two cities, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. – as soon as President Bush signs the measure.

LOUIS DeLUCA/DMN Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief spoke Tuesday at D/FW Airport. Not everyone is pleased about the Wright bill. Dallas is facing lawsuits over it.

"For too long, we've tussled over that problem," Mayor Laura Miller said of the Dallas Love Field flight restrictions, speaking at a news conference in the D terminal at D/FW Airport. "It's nice to heal old wounds."

Congress approved legislation to phase out the long-debated flight restrictions at Love late last week, just hours before lawmakers' pre-election recess.

The measure is "sitting on the president's desk," Sen. Kay Bailey Hutchison said at the news conference, and could be signed in as few as 10 days.

"It took all weekend for me to come back to earth," Ms. Hutchison said, recalling her glee Friday night as she watched the vote board "light up with all those green lights."

"This was truly Team North Texas," she said.

City officials said that once the bill is signed, they'll get down to business again: with major renovations at Love Field and with eminent domain proceedings to seize the former Legend Airlines terminal gates slated for demolition.

Under the agreement, gates at the inner-city airport would be reduced from 32 to 20. The agreement would allow immediate through-ticketing from Love with a stop in the nine-state Wright perimeter – and full repeal in 2014.

But Dallas faces an uphill legal battle, one that appears to grow by the week.

Love Terminal Partners, which holds the lease at the vacant Legend terminal, has filed three lawsuits against the city, alleging anti-trust and open meetings law violations. The group's attorneys say they'll fight to block the city if it begins condemnation proceedings before a court ruling.

"I think it's a bad bill, and I'm proud of my clients for hanging in there," said Bill Brewer, a Dallas lawyer representing Love Terminal Partners. "It's good for the consumers, and it's good for us if we maintain the facility."

Ms. Hutchison, who asked the mayors of Dallas and Fort Worth to craft a local solution to the Wright amendment early this year, said such lawsuits are to be expected.

"I feel sure there will be lawsuits," she said.

Dallas officials, meanwhile, call the suits frivolous.

Ms. Miller said Tuesday that eminent domain proceedings at the Legend terminal will begin "very, very soon" and that she had already spoken with the city manager and city attorney about it.

She also said that plans for Love Field renovations are already in the works and that city officials will sit down with Southwest "the minute the bill gets signed." No architect or designer has been chosen for the project, which, under the agreement, must be complete within eight years.

"Where we are is a very good place," Ms. Miller said.

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Court Blocks Injunction On U.S. Sales Of EchoStar DVRs (WSJ)

By Wall Street Journal Staff Reporter

The Wall Street Journal, October 4, 2006

A federal appeals court stayed a permanent injunction that prevented EchoStar Communications Corp. from selling its digital-video-recorder models in the U.S. The stay blocks the injunction, pending appeal of a patent-litigation dispute between EchoStar and TiVo Inc.

The companies' DVR technology records television programs digitally. In April, a Texas jury found that EchoStar had infringed upon a TiVo patent in making its own set-top box with DVR capabilities.

A judge subsequently ordered EchoStar to pay $89.6 million in damages and ordered EchoStar to stop selling and turn off about four million of its DVRs. The stay blocks that order.

Intel Could Face EU Antitrust Case (WSJ)

By Mary Jacoby, Adam Cohen And Don Clark

The Wall Street Journal, October 4, 2006

European Union investigators believe they have enough evidence to pursue formal antitrust charges against Intel Corp., a critical step in their five-year probe of the computer-chip maker, according to two people with knowledge of the case.

Investigators for the European Commission in Brussels have prepared a written draft of charges against Intel and are gearing up to defend their conclusions before an internal "devil's advocate" panel of legal experts, the people with knowledge of the probe said. Such panels are convened in high-profile antitrust cases to explore possible weaknesses in investigators' arguments and to offer advice.

After that process, a report will be sent to European antitrust chief Neelie Kroes, who will make a final decision, likely before the end of the year, on whether to issue formal charges against the Santa Clara, Calif., chip maker. If Ms. Kroes decides to proceed, her staff would send Intel a formal "statement of objections" describing how the EU believes Intel broke its antitrust laws.

Intel would then get two months to issue a written response. The company also would have the right to argue its case before a closed-door hearing of regulators in Brussels. If Ms. Kroes decides that Intel broke EU antitrust laws, she could fine the company and order it to change its business practices.

Intel competitor Advanced Micro Devices Inc. of the U.S. has told regulators that its bigger rival has unfairly abused its position as the world's dominant supplier of computer chips to muscle AMD out of new markets. In July 2005, the EU searched Intel offices in Europe, seizing documents that investigators are now using to bolster their case against Intel.

Investigators have been examining a variety of Intel's practices, including giving rebates to computer makers and retailers that stock products made with Intel chips. "Our view is that the allegations from AMD are wrong. Our business practices are both fair and lawful," said Intel spokesman Chuck Mulloy.

AMD counters that it has struggled to get computer makers to switch to its chips due to Intel's practices. Thomas McCoy, the chip maker's executive vice president for legal affairs, said in a recent interview that Intel uses "false rebates schemes and the threat of price increases" to persuade computer makers like Hewlett-Packard Corp. and Dell Inc. to use its chips.

A spokeswoman for H-P declined to comment, and Dell couldn't be reached to comment.

Mr. McCoy said that in the past, when AMD's market share has risen above 20%, Intel has retaliated by demanding that computer makers ratchet up the share of its chips in their products or lose hefty rebates.

A spokesman for the EU, Jonathan Todd, declined to comment.

South Korea is also probing Intel for possible antitrust violations. U.S. regulators, however, haven't pursued antitrust action against Intel since the 1990s.

The more adversarial legal culture in the U.S. enables companies to pursue grievances in court that are more often left to governments abroad. AMD, for example, filed an antitrust lawsuit against Intel in federal court in Delaware last year.

That lawsuit is pending, although a judge recently dismissed portions of the case that dealt with Intel's conduct outside the U.S., ruling that a federal court didn't have such jurisdiction. AMD is asking the judge to reconsider that ruling.

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Europe Is Said To Be Close To Pressing Intel Case (NYT)

By Paul Meller

The New York Times, October 4, 2006

BRUSSELS, Oct. 3 — European officials investigating the chip maker Intel have presented what they say they believe is a watertight argument for pursuing antitrust charges to an internal panel of so-called devil's advocates, a person briefed on the investigation said late Tuesday.

The move by antitrust officials is seen as an indication that the case is strong enough to proceed.

The panel was recently introduced into the review process to prevent poorly prepared antitrust cases from becoming formal legal proceedings.

The European Commission has been investigating Intel for five years.

With about an 80 percent share of the global computer chip market, Intel dwarfs its nearest rival, Advanced Micro Devices, which accounts for most of the remaining chip sales.

Officials from Intel and the European Commission were not immediately available to comment.

A.M.D.'s executive vice president for legal affairs, Thomas M. McCoy, said recently in an interview that he was confident the European Commission would move to stop Intel from abusing its dominance in the market.

"The Intel investigation is coming to a close," he said, adding that he was confident it would result in Neelie Kroes, the European competition commissioner, issuing a charge sheet, known as a statement of objections, to the company.

Mr. McCoy said he was optimistic that Ms. Kroes would move ahead with a lawsuit "because she is independent from political pressure; both Intel and A.M.D. are big employers in Europe; and because, unlike other antitrust cases, there are no complicated intellectual property issues at stake in this case."

Last year, the European Commission made surprise visits to Intel offices in Europe, confiscating documents in an effort to find evidence of illegal behavior.

Last month, the European Commission took over a separate investigation by German antitrust officials into claims that Intel was forcing Europe's biggest computer retailer, Media Markt, to stock only computers fitted with Intel chips.

Consumer groups have told regulators that computer buyers are getting fewer choices as a result of Intel's tactics, which reportedly include granting rebates in return for loyalty from PC makers.

The devil's advocate panel includes the chief economist of the commission's competition departments, Damien Neven, along with colleagues in the department who are not involved in the Intel case.

If the panel supports the draft case against Intel, the investigating team will propose that Ms. Kroes issue a statement of objections to the company for the first time in the five years it has spent investigating Intel.

Wisconsin Stem-Cell Patents To Be Reviewed (WSJ/AP)

By Associated Press

The Wall Street Journal, October 4, 2006

MADISON, Wis. -- The U.S. Patent and Trademark Office will re-examine patents covering embryonic stem-cell discoveries made by University of Wisconsin researchers.

The decision means the office could revoke, modify or leave intact patents that cover all embryonic stem-cell research in the U.S. But any such action could be months to several years away.

Critics say the patents are too restrictive and have been impeding the field. The patent office is acting in response to challenges brought by two groups who contend the patents should never have been issued because other researchers paved the way for the breakthroughs.

The patents cover research by University of Wisconsin-Madison scientist James Thomson and his colleagues, who were the first to grow and isolate human embryonic stem cells in 1998. The federal agency issued the patents to the Wisconsin Alumni Research Foundation, the university's patenting arm, in 1998, 2001 and 2006. If allowed to stand, the patents are expected to eventually create a windfall of royalties for the school.

"This decision does not come as a surprise," said Beth Donley, special counsel to the research foundation.

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Media Ownership Rules Reviewed, And Tense Fight Is Likely Brewing (WSJ)

By Amy Schatz

The Wall Street Journal, October 4, 2006

LOS ANGELES -- Community activists, lawyers, students and hundreds of others turned out to oppose what they see as growing media concentration in the U.S., the first in a series of Federal Communications Commission field hearings aimed at updating the nation's media ownership caps.

If the four-hour session held in a packed conference room in a university basement here is any indication of future hearings, it is promising to once again be a contentious process.

In some ways, it was almost more notable for who didn't show up than who did. Not a single top executive from any of the major media companies testified at the hearing to lift the ownership caps, while opponents including Hollywood unions and the Rev. Jesse Jackson appeared to testify or give their opinion in five-minutes or less.

FCC Chairman Kevin Martin has made little secret of his desire to loosen the restrictions, particularly to dump cross-ownership limits barring media companies from owning newspapers and television stations in most markets. He argues they aren't needed now because of the media diversity offered by the Internet and the explosion of cable and satellite television or radio programming.

"We need to develop a rule for cross-ownership that reflects current market characteristics, including the struggling nature of today's newspaper industry," Mr. Martin said. "We must also recognize ... that some of our rules have not been updated for years and may no longer reflect the current marketplace."

It has been three years since the FCC last tried to rewrite the nation's ownership rules, which raised the national cap on how many television stations a single company could own, loosened radio ownership limits and allowed more cross-ownership of newspapers and broadcast stations.

Amid a public outcry, Congress stepped in to slightly increase the national television ownership limit, but the FCC's other rules were essentially tossed out by a federal court, which argued the commission didn't justify its changes and told it to try again. Three years later, the FCC is beginning that effort, though the media market has changed significantly.

This time, major media companies haven't been pushing as actively for the FCC to ease the rules that would allow them to expand and buy more newspapers or broadcast stations in the smae markets. Indeed, a growing number of companies -- notably Tribune Co. -- appear to be heading in the opposite direction.

Media activists, however, appear to have picked up where they left off a few years ago, bombarding the FCC with emails and packing public hearings like the one held yesterday at the University of Southern California campus.

"Is American radio better today than it was 10 years ago?" asked Mike Mills, the bass player for the band R.E.M., urging the FCC to tighten -- not loosen -- national radio ownership limits.

"No!" yelled the crowd.

Complaints about job cuts in newsrooms and less local programming on radio and broadcast television stations dominated yesterday's hearing, as the audience clamored for more local ownership. "People feel proprietary about their airwaves and they don't like the way they're being used," said Michael Copps, a Democratic FCC commissioner.

Indeed, some media activists were expressing cautious hope yesterday that if Congress changes hands in November, Democratic lawmakers might be able to put pressure on the Republican-controlled FCC to actually tighten some rules, instead of loosening them. The president appoints FCC members, although the FCC listens closely to what congress says.

Academy Award-winning director Taylor Hackford, for example, was among the union leaders asking the FCC to impose new rules on media companies, specifically to require television networks to use independently produced programs for 25% of their prime-time lineups.

Security Software Makers Upset Over Windows Vista (NYT)

By Steve Lohr

The New York Times, October 4, 2006

DOJ_NMG_0074576

Leading security software companies, including Symantec and McAfee, are publicly pressing their concerns that Microsoft's new Windows Vista operating system hinders them and steers users to Microsoft's security offerings.

The security software makers have not made any antitrust complaints, but they have talked to authorities at the European Commission and to the technical committee that oversees Microsoft's antitrust settlement with the Justice Department, executives at the companies said yesterday.

In Europe, F-Secure, a Finnish security software company, has joined American companies in criticizing the design of Windows Vista, which is scheduled to be available to business customers in November and to consumers in January.

The issues raised by the companies, in interviews yesterday, touch on broad themes of consumer choice and innovations that surfaced in previous antitrust suits against Microsoft.

"We're trying to make sure that consumers have choice in security software and that future innovation is not prohibited in a Microsoft world," said Enrique T. Salem, group president for consumer products and services at Symantec.

Microsoft says that it has made changes in Vista from previous versions of Windows, such as not allowing anyone to fiddle with the core, or kernel, of the operating system. Such changes, Microsoft insists, were made to cope with the proliferation of Internet-borne viruses and other malicious software. Most software vandals aim at Microsoft's desktop products, especially Windows, which runs on more than 90 percent of the world's personal computers.

With Vista, Microsoft will be entering the $4.4 billion-a-year market for desktop security software — and compete for the first time with companies like Symantec and McAfee. Microsoft insists there will be plenty of opportunity for the security specialists, but the company is taking responsibility for a basic level of security software that is included in Windows.

The shift, said Ben Fathi, Microsoft's corporate vice president for security, is not an anticompetitive step but merely a response to customers' pleas "to provide them a more secure, stable and reliable computing experience on Windows."

"It's our way of improving the health of the machine," Mr. Fathi said.

Symantec and McAfee, Mr. Fathi said, are the largest of 150 security software companies that Microsoft deals with. They are the most vocal, he said, because they have the largest vested interest in "the old way of doing things," which is inherently less secure.

"They need to continue to innovate as well," he said.

The dispute between the security software companies and Microsoft has been brewing for more than a year, and negotiations are at an impasse. The security companies' talks with regulators in Europe and the court-appointed technical committee in the United States go back months.

But now, with Vista shipping soon, the companies are emphatically making their complaints public. On Monday, McAfee took a full-page advertisement in The Financial Times in the form of a letter to "computer users around the world" under the headline, "Microsoft Increasing Security Risk with Vista."

In an interview yesterday, George Samenuk, chief executive of McAfee, pointed to two design features in Vista that he said undermined rivals and led users to Microsoft's security software.

First, Mr. Samenuk said, denying outside software companies access to the Windows kernel — access permitted in earlier versions of Windows and other operating systems — would make it more difficult to develop innovative security products.

Second, he said Vista would direct users to a Microsoft security console — an on-screen dashboard called Windows Security Center — that could not easily be shut off and replaced with security consoles from other suppliers. "These are two major steps backward for security and for customers," Mr. Samenuk said.

The security companies say they want an easier way for users to switch off Microsoft's security console, and a way to provide security software companies authenticated access to the Vista kernel while keeping software vandals out. The kernel lockdown applies only to the more powerful 64-bit versions of Vista, which will gradually take over from today's 32-bit standard.

Microsoft, industry analysts say, seems to have adopted a draconian approach.

"They are removing choice in the name of security," said Neil MacDonald, an analyst at Gartner, a technology research firm. "There ought to be a mechanism for introducing trusted code into the kernel. It should be doable."

Even security companies that are working closely with Microsoft — and not publicly criticizing the company — have their doubts about Microsoft's decision to prevent all outsiders from dipping deep into the Vista operating system.

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Trend Micro, a security software maker, collaborates with Microsoft, including supplying the virus-scanning software for Hotmail, Microsoft's Web-based e-mail.

Lane Bess, general manager for consumer products and services for Trend Micro, said he shared some of the concerns expressed by Symantec and McAfee.

"But we try to work through any issues we have with Microsoft," Mr. Bess said, "not by taking a shot across the company's bow and suggesting that there might be antitrust action later."

Trend Micro's concern, he said, is the possibility that limiting access to the Vista kernel could limit the diversity of security-protection tools to fight malicious software.

"I'm not sure that a company that has had as much trouble securing its users from malware as Microsoft should be going it alone," he said.

ENVIRONMENT:

Hastert Way Ahead Of The Story (WP)

By Al Kamen

The Washington Post, October 4, 2006

Some lawmakers pay a lot of attention to their Web sites. Others less so. Up until just the other day -- sources say Monday -- House Speaker J. Dennis Hastert 's site was highlighting an Aug. 29 news release about how "Hastert Drives Effort to 'Keep Kids Safe in Cyberspace.' "

Seems Hastert had put together a meeting at a high school in his Illinois district featuring law enforcement officials, Internet experts and parents "to share information and insights on protecting children from Online predators."

"Recent news stories remind us that there are predators using the Internet to target children," Hastert is quoted as saying. "And just as we warn our children about 'stranger danger' when they are at the park or answering the door or telephone, we need to be aware of potential dangers in Cyberspace." And of even greater dangers in the House of Representatives.

But the lead news item on Hastert's home page now is about an effort by the Potawatomi tribe to run a bingo operation in Shabbona, Ill. The headline: "Hastert: Gaming in Shabbona a Long Way From Reality," in part because the tribe hasn't even gotten recognition from the federal government that the proposed site is a reservation.At Interior, Surfin' USA

Speaking of sex -- the topic du jour in Washington -- the Interior Department's inspector general has uncovered an impressive amount of time spent by department employees surfing porn, game, gambling and shopping Web sites.

"Our review of one week of computer use logs revealed over 4,732 log entries relating to sexually explicit and gambling websites" by department computers, said IG Earl E. Devaney 's report -- titled "Excessive Indulgences."

"More alarming," the report said, "was our finding regarding access to on-line game and auction websites: we discovered over 1 million log entries where 7,763 department computer users spent over 2,004 hours accessing game and auction sites during that same week." In a year, "these veritable shopping and gaming binges could account for 104,221 hours of lost productivity," equaling the amount of yearly work time put in by 50 employees.

But it's likely worse, the report continued. "We believe that our estimates of inappropriate use activity are conservative, particularly the amount of time spent at pornographic and/or sexually explicit websites."

No doubt. And auction and shopping "binges" are nothing in August, when Devaney did his review, compared with what they'd be during the Christmas shopping season.

This Internet use costs taxpayers more than $2 million in lost wages, the report said. (Officials yesterday were not sure how the 80,000-employee department compared with other agencies.)

Department filters "provide some level of protection" but don't fully block the prohibited sites," the report said. In a "spot check" in August, "we were able to access sexually explicit photographs at several agencies in the department," including the National Park Service and other agencies that don't even have blocking software.

Devaney urged the department to plug the gaps in enforcement and improve blocking software. He also said a better job needs to be done to ensure violators are "held accountable for their actions."

DOJ_NMG_0074578

Accountable? In Washington?Predictions?

Foleygate could be a problem for Republican candidates on Nov. 7, possibly costing them seats. Loop Fans may want to take that into account when they submit their entries to the In the Loop Congressional Election Contest! Send your prediction of the number of R's and D's in the Senate and the House to intheloop@washpost.com . You must include your home, work or cellphone number. Entries must be submitted by midnight Oct. 10. The 10 participants closest to the results will receive a mention in the column and highly coveted "In the Loop" T-shirts.

Long Beach Closes Beaches (LAT)

By Nancy Wride, Times Staff Writer

The Los Angeles Times, October 4, 2006

Swimming is banned after bacteria levels surge. Health officials say the source may have been sewage from an RV or a passing boat.

Long Beach has closed three connected waterfront areas to swimming because of high bacteria levels, probably from human waste, and city health officials said Tuesday that the contamination will keep ocean water off-limits at least through today.

Marine Stadium and Mother's Beach — both popular sites for boaters and picnicking families, the latter featuring a waterfront playground — were closed Friday after routine testing revealed unsafe levels of E. coli at Mother's, said Dr. Darryl Sexton, the city's health officer.

Colorado Lagoon has been closed for the same reason since Sept. 14, said Sexton, adding that the health risk at all three sites is limited to contact with the water.

The lagoon is the farthest inland and connected by a culvert to Marine Stadium, which is adjacent to Mother's Beach.

Having all three closed at once, said Sexton, "really is unusual."

By midday Tuesday, he said, investigations showed no sign of a spill or break in the storm drain systems of the city or of Los Angeles County. The storm drains can overflow into channels feeding into the sea, contaminating nearby beaches, but that usually happens during heavy rains.

Sexton said the original bacteria test at the lagoon indicated animal waste as the likely source of contamination. But testing at all three locations Friday indicated human waste as the source — most likely from the holding tank of a boat or recreational vehicle driven into a beach parking lot, he said.

Because it does not receive adequate tidal flushing to churn out accumulated bacteria, the lagoon has had chronically high bacteria counts, although not always forcing closure. The lagoon also has a waterfront playground and picnic sites.

Officials in Los Angeles and Long Beach say preliminary investigations show no sign of a sewage system breakdown. The affected waterways are sheltered from the open ocean, and Sexton ruled out any large-scale dumping by a passing ship.

Along Long Beach's seven miles of beach Tuesday, the affected areas were marked with warning signs, alerting the public to the health risk. When a beach fails to meet state standards for bacteria levels, ocean water contact should be avoided for at least 50 feet on either side of a sign, according to the city's website, http://www.longbeach.gov .

The beach itself is not unsafe when such signs are posted, and the sand can be used for sunbathing or playing, health officials said. It is swimming or other contact with the bacteria-bearing ocean water that poses potential risk.

Ocean water is tested weekly year-round at beaches where swimming and other recreation are common, and monthly in other locations such as marinas. Once bacteria is found, water testing continues daily until safe levels of bacteria are restored for two full days.

*

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Letters (WSJ)

Wall Street Journal, October 4, 2006

Upstream Battle to Save the Salmon

Your recent article "Inside the Failure of $8 Billion Effort to Save Prized Fish" (page one, Sept. 19), describing efforts to recover threatened and endangered Pacific Northwest salmon, makes clear what an enormously complex task we have in

DOJ_NMG_0074579

rebuilding fish populations. From the perspective of the federal agencies with key roles in achieving recovery of these fish, the region has made very positive strides and steady progress over the past 25 years. Between 2001 and 2004, we have seen substantial increases in 11 of 13 Columbia Basin salmon and steelhead listed as threatened or endangered. In addition, the past five years have seen the highest returns of spring, summer and fall chinook salmon since we began record-keeping more than 60 years ago.

While ocean conditions have a tremendous influence on salmon populations, a great deal of credit also goes to improvements that provide safer and quicker salmon passage at Columbia and Snake River dams, improvements in spawning and rearing habitat, predator control and improved hatchery and harvest management. These programs are designed and carried out by a multitude of federal agencies, states, local governments and tribes throughout the Pacific Northwest.

Today, adult salmon and steelhead passing upriver through the eight-dam Columbia and Snake River hydro system survive at levels equivalent to pre-dam conditions. And juvenile salmon passing downriver through the dams are moving more quickly and safely because of new fish passage devices we've installed at two lower Snake River dams and one dam on the Columbia River. More dams are scheduled to receive similar devices. Our job isn't done, but tremendous progress has been made.

Bob Lohn
Northwest Regional Director
NOAA Fisheries
Seattle

(The letter is also signed by Karen Durham-Aguilera, director of Programs, Northwestern Division, U.S. Army Corps of Engineers, and Steve Wright, administrator, Bonneville Power Administration, Portland, Ore.)

Your article is right about the failure of the Bonneville Power Administration to restore Northwest salmon, but it's misleading about the causes for the decline and the reasons Bonneville has failed. Rather than make the difficult decisions that scientists say have the greatest likelihood of success, Bonneville has instead relied on half-hearted, over-engineered fixes that never get to the root of the problem, which is that the salmon no longer have a living river to traverse in their journeys to and from the Pacific Ocean. For Snake River salmon, eight dams, including four dams on the lower Snake River, and eight slack-water reservoirs stand between their spawning grounds in Idaho and the ocean. On top of that, almost 80% of the juvenile salmon begin their lives in hatcheries and prepare for their epic journey by swimming endless circles in concrete raceways.

If there is a model for restoring salmon, it is the last remaining free-flowing undammed stretch of the Columbia River that flows past the Hanford Nuclear Reservation. Above four dams, it nevertheless supports a strong run of wild chinook salmon that are caught in significant numbers by fishermen from Alaska to the Columbia River itself. Scientists overwhelmingly tell us that breaching the four lower Snake River dams and focusing on wild salmon instead of inferior hatchery fish are the answers to restoring the once great salmon runs. Unfortunately, lack of vision and political courage continue to result in billions more wasted on ever more complex engineering fixes and hi-tech fish tracking gizmos, which sadly serve mainly to chronicle the slow decline of these magnificent fish toward extinction.

Jeff Curtis
Pacific Salmon Director
Trout Unlimited
Portland, Ore.

Martha Euthanized After Injury (WP)

By Sandhya Somashekhar
The Washington Post, October 4, 2006

Martha the bald eagle, whose struggle to recover from an attack by a rival and return to longtime mate George generated national headlines, was euthanized yesterday afternoon at a bird rehabilitation center in Delaware. She was at least 13 years old.

The beloved bird of prey was found Friday with a dislocated elbow in her right wing, a serious injury because of the strength and flexibility required to fly, specialists said. They speculate that she flew into a tree branch or power line during a recent storm.

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Veterinarians who examined her determined that her injuries were so severe and had been left untended for so long that she would never fly again and that as a wild creature who spent her life in the trees, she could not flourish in captivity.

"George and Martha were mascots, if you will, of the Wilson Bridge Project, so it is a really sad day for the project," said John Undeland, a spokesman for the Woodrow Wilson Bridge expansion.

George and Martha, who were named by bridge workers, had lived on Rosalie Island on the Maryland side of the bridge since the 1990s. Together, they produced 16 eaglets that helped bolster the region's eagle population.

George has recently been spotted in the area, and it is believed that the two were still "bonded" when Martha's accident occurred.

Bridge workers had become accustomed to the birds' presence, watching in awe as they fished, soared and raised their young.

"Big tough crane operators, concrete guys, everybody just looked for the eagles," said Jim Nichols, a tugboat operator for one of the project's contractors.

The pair's story captured national attention in April, when Martha was attacked by a rival female whom some workers have labeled "Charlotte the harlot."

While George protected the eggs, Martha engaged in a midair battle that left her broken and bloodied. Bridge workers shooed away the intruder and whisked the injured bird to Tri-State Bird Rescue and Research in Delaware, where she recovered in a few weeks.

A short while after she was released into the wild in Delaware, the nation cheered to learn that she had made her way back to the nest and to George.

On Friday, workers at the nearby National Harbor project noticed an eagle flapping and hopping around in a field. It was Martha, who was quickly returned to the Delaware center.

Veterinarians considered sending Martha to Minnesota for an operation. But surgeons would have had to break the bones and fuse them, rendering her unable to fly, bridge officials said.

Martha's remains will be sent to a U.S. Fish and Wildlife Service facility in Colorado, where they will be given to researchers, American Indians or others who hold permits to possess eagle remains.

Washington Wire (WSJ)

Wall Street Journal, October 2, 2006

October 3, 2006, 8:04 pm

Hastert Says Resignation Wouldn't Help Party

Hastert

Amid new signs that Republicans' political woes are deepening, House Speaker Dennis Hastert rejected conservative calls for his resignation over the Mark Foley-congressional page scandal. But for the first time, there appears to be a real chance the Illinois Republican could opt to step down after next month's election even if his party retains power.

In an interview late Tuesday, House Speaker Dennis Hastert said he would be willing to resign if he thought it would help the party but isn't convinced this is the case. "If I thought it would help the party, I would consider it, but I think just the opposite," he said.

Any abrupt departure could disrupt the rest of the leadership in the final weeks of the campaign. And one of the Republicans' weaknesses now is they have no clear transition figure. If the party were to lose power, Hastert is already expected to step out of the leadership. He said Tuesday that if the party retains power, it is still his intention to run for speaker in the next Congress but "you have to count the votes." Read the full article. – David Rogers

Earlier in WashWire: WSJ/NBC News Poll Shows Slip Among Voters for Bush, Republicans

WSJ.com Question of the Day: Should Dennis Hastert resign as House Speaker because of his handling of the Foley scandal?

Read more: Global, Congress

Permalink | Comments | Trackbacks October 3, 2006, 6:38 pm

What to Do With Foley's $2.8 Million

A new report from the Center for Responsive Politics shows that former Rep. Mark Foley has nearly $2.8 million in his campaign committee. The nonpartisan center, which tracks campaign contributions, also said that Foley's campaign and political action committee have contributed about $190,000 to more than 100 other Republicans since 1995, and has donated $550,000 to House Republicans' campaign committee.

Races facing voters in Foley's district in Florida

The center points out that Foley, whose sexually explicit computer messages to teenage congressional pages prompted his resignation Friday and left Republican leaders trying to contain the fallout, has a number of options when it comes to disbursing the $2.8 million. He could donate it to political party committees on the local, state or national levels, or to candidates, within federal limits. Or it could be returned to the donors or given to charity. Yet another option, according to the center: "Foley could argue to the Federal Election Commission that his remaining cash should go toward his legal bills, which could be substantial as the FBI investigates whether his behavior violates any of the child exploitation laws that Foley championed in Congress."

While lawmakers can use campaign funds to cover the expenses of holding office, "the connection between Foley's official duties and his behavior with former pages is tenuous. The FEC has allowed candidates to defend themselves from legal issues that could affect their campaigns, but Foley's political career is almost certainly over."

Graphic: A look at the issues and matchups in nine congressional districts from Las Vegas to Seattle — to Foley's district in Florida.

Read more: Global, Congress, Campaign Journal

Permalink | Comments | Trackbacks October 3, 2006, 6:30 pm

WSJ/NBC Poll: Iraq, Scandal Hit Bush, Republicans

President Bush and his party have lost the political initiative at a critical point in the midterm election campaign, according to a new Wall Street Journal/NBC News poll. The survey — taken as Americans focused on the House sex scandal and the war in Iraq — shows voters less favorable toward continued Republican control of Congress. It also shows a decline in President Bush's job approval rating to 39% from 42% earlier this month. Read more on the poll.

Graphic: Bush's approval ratings across multiple polls

Read more: Global, Campaign 2006

Permalink | Comments (3) | Trackbacks October 3, 2006, 6:30 pm

Blame Canada (Drugs) No More

Under pressure from Congress, U.S. Customs and Border Protection scrapped its 11-month-old policy of seizing prescription drugs imported through the mail from Canada. The practice, implemented last November, had come under fire from congressmen from both parties for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by pharmaceutical companies in the U.S. At the behest of Sen. Bill Nelson, a Florida Democrat, the Senate Committee on Homeland Security and Government Affairs was investigating the new Customs policy. Read the full article. – John Carreyrou

Read more: Global, Domestic Policy, Business

Permalink | Comments (1) | Trackbacks October 3, 2006, 6:09 pm

Foley's Lawyer Cites Past Abuse – of Foley

Rep. Mark Foley's attorney, David Roth, said the disgraced congressman "never any inappropriate sexual contact with a minor" and blamed his behavior, including the sexually explicit computer messages that led to his resignation Friday, on Foley's abuse as a teenager.

Foley

Roth said that between the ages of 13 and 15, Foley was molested by a clergyman, something Foley kept to himself though he had sought treatment in the past. This time, Foley will remain in treatment this time for at least 30 days, beginning last Sunday when he checked into a rehab clinic. The attorney refused to name the clergyman or his religious affiliation. "Finally," Roth said, wrapping up his prepared statement before taking questions, "Mark Foley wants you to know he is a gay man."

Read more: Global, Congress

DOJ_NMG_0074582

Permalink | Comments (13) | Trackbacks October 3, 2006, 4:01 pm

Bush Visits George W. Bush Elementary

The White House was worried enough about the scandal involving Rep. Mark Foley to schedule a surprise stop for President Bush at a school, and not just any school – but one named for him, the George W. Bush Elementary School in Stockton, Calif. It's believed to be the first public school named for a sitting president.

"Frankly I was a little emotional when I pulled in" and saw his name outside the door, Bush said at a brief appearance. Of the library, named for Laura Bush, he added, "It's just a blessing to be there." (Read Bush's full remarks.)

Bush, in town for a fund-raiser for Rep. Richard Pombo, went on to say he was "dismayed and shocked to learn about Congressman Foley's unacceptable behavior" in sending sexually explicit computer messages to teenage male congressional pages. Bush added that he was "disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office." At the same time, he offered a vote of confidence for embattled House Speaker Dennis Hastert.

The president also noted that he had instructed federal officials to search for a response to the recent spate of school violence, capped by the shootings at a one-room schoolhouse in Amish country near Lancaster, Pa. Coincidentally, Stockton was the scene of a 1989 school shooting in which a mentally ill man with a semi-automatic rifle opened fire on a playground killing five children and wounding 29 others and a teacher. – John D. McKinnon

Read more: Global, Domestic Policy

Permalink | Comments (1) | Trackbacks October 3, 2006, 2:56 pm

North Korea Musical Draws Stellar Audience, Concerns

A host of senior Bush administration officials have confirmed their attendance at Wednesday's Washington opening of "Yoduk Story," a musical set in North Korea's notorious prison camp. But Christopher Hill, the U.S.'s current point man on nuclear talks with Pyongyang, isn't among them, according to event planners.

South Korean officials have voiced their concerns in recent months that the nearly three-hour play, which graphically depicts rape and torture inside North Korea's gulag, could only further exacerbate tensions with Pyongyang's leadership. North Korea announced today that it was preparing to conduct its first nuclear test in response to what it says is Washington's "threat of a nuclear war and sanctions."

Among those who'll be in attendance, according to event planners, are Jay Lefkowitz, President Bush's special envoy on North Korean human rights; Sandy Vershbow, U.S. ambassador to South Korea; Richard Lawless, deputy undersecretary of defense for Asia-Pacific affairs; and Barry Lowenkron, assistant secretary of State for democracy, human rights and labor. –Jay Solomon

Recent Article: New Script on North Korea? (09/30/06)

Read more: Global, Foreign Policy

Permalink | Comments | Trackbacks October 3, 2006, 11:58 am

Fishing for Support

President Bush was sounding environmentally friendly themes today as he ordered U.S. diplomats to push for a global ban on deep sea trawling and signed the Partners for Fish and Wildlife Act.

The practice of deep-sea trawling, a bottom-scraping fishing technique, is destroying coral reefs, sponges and other habitat for many species of fish and other sea life. In a statement, the White House said it supports preparations for a United Nations ban on fishing, which may come before the General Assembly next month.

The move was hailed by scientists and conservation groups. "This could be the single most important action in protecting marine habitat in history," said Josh Reichert, environmental director for the Pew Charitable Trust, which has been one of the leading groups calling for a ban on the high seas, an unregulated area that covers about 67% of the world's oceans. Spain, Russian and Japan are the leaders in deep sea trawling, which uses heavy steel-reinforced nets to drag the ocean bottom. One of the main targets of the fishing boats is orange roughy, a commercial fish that sometimes schools on undersea mountain tops that are raked by the nets.

The White House announcement came as Bush, in California for a series of political fund-raisers, signed the fish and wildlife bill, which helps landowners rehab and manage habitats on their property. It was sponsored by House Resources

DOJ_NMG_0074583

Chairman Richard Pombo, who often opposes environmental measures. Pombo hosted Bush at a fund-raising breakfast expected to collect $400,000. – John J. Fialka

Read more: Global, White House, Business

Permalink | Comments | Trackbacks October 3, 2006, 10:59 am

Republican Leaders Fight Back in Foley Case

After a blunt call from the conservative Washington Times to step down as House speaker, Rep. Dennis Hastert and Majority Leader John Boehner are going on conservative radio shows to get out their message that they weren't aware of the sexually explicit instant messages involving former Florida Republican Rep. Mark Foley and male congressional pages.

Foley

Hastert, meantime, rejected this morning's Washington Times editorial, that "House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once." The Times went on to say that "Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations — or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. …Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance."

Hastert spokesman Ron Bonjean responded that Hastert "has and will lead the Republican conference to another majority in the 110th Congress," according to the AP. On Sean Hannity's radio show yesterday, Boehner suggested the investigation should focus on who knew about the explicit instant messages. "That is the real issue here," he said. On WLW in Cincinnati this morning, Boehner pointed his finger at Hastert: "It's in his corner, it's his responsibility," he said.

The FBI has begun its investigation, interviewing former pages. Foley resigned on Friday and checked into an alcoholic rehab program over the weekend.

Update: President Bush, in California on a political fund-raising swing, praised Hastert as a "father, teacher, coach," and said he is confident Hastert "will provide whatever leadership he can to law enforcement in this investigation." Bush spoke in the courtyard of the George W. Bush Elementary School in Stockton.

Read more: Global, Campaign 2006, Congress

Permalink | Comments (15) | Trackbacks October 3, 2006, 8:25 am

Scandal May Alienate GOP Blocs

The Foley page scandal means Republicans have new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Conservatives are already turned off by high federal spending, illegal immigration and inaction on a number of social issues. Suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for stem-cell research. Now the Foley fallout has united both Republican voter groups in anger.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com.

"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Read the full article. – Jackie Calmes

Interactive Graphic: Look at local issues facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Sigourney Weaver Seeks Ban To Destructive Fishing Practice (FINDLAW/AP)

AP, October 4, 2006

DOJ_NMG_0074584

(AP) - UNITED NATIONS-Sigourney Weaver urged U.N. members on Tuesday to impose a moratorium on a destructive fishing practice called high-seas bottom trawling, warning that the world's oceans are at risk.

Weaver, appearing with several environmental activists and U.N. ambassadors, said that new technology has brought remote and fragile ecosystems within the reach of bottom-trawlers, which rake giant nets equipped with wheels, chains and metal doors across the sea floor to scoop up fish.

"The high seas belong to no single country and they most certainly do not belong to the owners of these large industrial fishing corporations," Weaver said. "They belong to all of us and it is time for us to take them back."

Starting Wednesday, the 192-member U.N. General Assembly will meet to discuss whether to impose a moratorium on bottom-trawling. Environmental groups say the practice is killing little-known coral ecosystems and the species that dwell in them, and must be suspended so the remote areas can be studied.

In 2004, the General Assembly passed a nonbinding resolution urging nations to consider temporary bans on bottom trawling. Japan, Iceland, Spain and other nations whose fishing fleets do much of the world's bottom trawling opposed a larger moratorium.

Weaver, an animal-rights and endangered species activist, said people should not assume that the U.N. is doing something to protect deep-sea ecosystems or that the world's oceans will be safe.

She appealed to ambassadors to "stop this uncontrolled clear-cutting of ancient corals."

"Do the right thing for the seas and for future generations both human and aquatic who will thrive on the bounty of the oceans if given half a chance," Weaver said.

Weaver's screen credits include the "Alien" movies, "Gorillas in the Mist" and "The Ice Storm."

A Better Diesel (NYT)

The New York Times, October 4, 2006

When Europeans think of diesel, they think of the very cars — small and smart — that half of them are driving now. When Americans think of diesel, they think of semis and buses and pickups and, perhaps, one of the lumbering Oldsmobiles that did so much in the 1980's to poison the promise of diesel technology here. Europeans and Americans differ in almost nothing more than they differ in diesel, including different emissions standards and different fuel quality. But in the next few years, as the rules on air quality tighten, Americans need a diesel engine that can meet the stricter standards.

Diesel engines offer more torque and greater fuel efficiency than gasoline engines, and they emit less carbon dioxide, a greenhouse gas. The drawback is that they also emit more particulate matter and nitrogen oxide, which contributes to smog. Honda recently unveiled a new engine that solves that problem, using a special catalytic converter that turns harmful nitrogen oxide into simple nitrogen. Honda plans to introduce this engine in the United States in 2009, which just might give us time to improve the poor quality fuel that keeps diesels here from being as clean and as popular as they could be.

It's always tempting to hope for a futuristic solution — like the new fuel-cell car Honda also demonstrated the other day — for the very immediate problems of auto emissions and fuel efficiency. But the answer is going to lie in a mix of vehicles — hybrid cars, more efficient gasoline engines, and highly improved diesels. The answer is also going to come from recognizing that strict limits on emissions and mileage penalize only those companies that are too sluggish to compete.

FBI/DEA/ATF/USMS:

Drug Agents Arrest 15 In Raids On Major Marijuana Club (SFC)

San Francisco Chronicle, October 4, 2006

Federal agents went after a major Bay Area marijuana club Tuesday, raiding eight locations in San Francisco and Oakland, arresting 15 people including the group's leader and seizing nearly 13,000 plants.

The target of the raids, which prompted swift criticism from some medical marijuana advocates, was New Remedies Cooperative and its 36-year-old leader, Sparky Rose. The San Francisco resident is well-known in medical-marijuana circles and has been under investigation for several months.

DOJ_NMG_0074585

The group, formerly known as Compassionate Caregivers, ran a dispensary in the Mission District, a pair of cultivation warehouses on Polk and Tennessee streets, and a temporary-employment agency for pot growers called Potent Employment Solutions, said Javier Peña, who heads the Drug Enforcement Administration's San Francisco office.

Rose, whose convertible Porsche Carrera was one of four cars seized by federal agents, was arrested at his home on suspicion of conspiring to distribute marijuana and laundering proceeds, Pena said. In addition to the plants, federal agents seized $125,000 in cash Tuesday.

"Make no mistake, the defendants were in the business of dealing dope," Peña said in an interview. "They were using the pot clubs as facades to make millions of dollars. We're trying to show the public these aren't for the sick or ill. (The goal) is to pocket drug proceeds."

The raids prompted a group of protesters to gather outside the New Remedies club on Mission Street near 14th Street, where federal agents used sledge hammers to break up ATM machines inside the business. Authorities said marijuana was being grown inside the dispensary, one of an estimated 30 to 40 medical-marijuana clubs in San Francisco.

Representatives of the New Remedies Cooperative and Rose were unavailable for comment. But other advocates of the medicinal use of marijuana said the raids were uncalled for.

"This is an outrageous waste of resources," said Shona Gochenaur of Axis of Love San Francisco, a medical marijuana advocacy group.

San Francisco Supervisor Chris Daly said he was concerned about a raft of recent federal raids on pot clubs in Northern California.

"Generally speaking," Daly said, "swooping in is not helpful in terms of the safe distribution of medical cannabis to those who need it."

Under Proposition 215, passed by state voters in 1996, it is legal in California to use medicinal marijuana with the recommendation of a doctor. Federal anti-drug laws, however, contain no such exemption for cannabis. Drug Enforcement Administration spokeswoman Casey McHenry said Tuesday that "everyone that sells marijuana or cultivates marijuana is at risk."

New Remedies continued to operate even though the government moved in November to seize $1.5 million in assets, records show. The company, which has operated more than a half-dozen storefronts around the state as a nonprofit enterprise, bought marijuana from growers and distributed it from Oakland by courier vans, the government alleged in that civil action.

Prosecutors said the club's patients were given the names of doctors willing to prescribe medical marijuana and would then receive a prescription without being given a physical examination. One doctor saw 49 patients in one day, at $150 each, prosecutors said.

Besides Rose, those arrested Tuesday were James Daley, 56, and Sean Anderson, 22, of San Francisco; Johnny Seto, 32, Mark Miller, 53, and Tracy Smith, 32, of Alameda; Kevin Ellis, 28, and Jason Matthewson, 29, of Pinole; Alfaro Munoz-Bebullida, 33, and Steven Navarro, 35, of Richmond; Mistalee Chiame Wang, 25, and Jaime Perreira, 26, of San Leandro; Ben Blair, 31, of San Pablo; Irene Matsuoka, 27, of Crockett; and Amber Froiness, 26, of Berkeley.

Feds Launch Crackdown Against Area Pot Dispensaries (BCNS)

Bay City News Service, October 3, 2006

SAN FRANCISCO -- Federal authorities raided eight different Bay Area locations Tuesday associated with growing, prescribing and dispensing medical marijuana, according to the U.S. attorney's office.

Drug enforcement agents and federal police seized 12,743 plants, more than $125,000 in cash, cars, computers and manicured marijuana from at least eight locations, five in San Francisco and three in Oakland, all associated with New Remedies Cooperative and Potent Employment Solutions.

Sparky Rose, the executive director of the organizations, was one of 15 people arrested. All are expected to be arraigned Wednesday in federal court.

The raids were a collaborated effort by at least three different federal agencies. The sheriff's offices of both Mendocino and Santa Clara counties also helped in the investigation, which culminated in the raid of dispensaries, grow sites, at least one personal residence, administrative offices and a storage area.

At 1760 Mission St., federal police and drug enforcement agents boxed up marijuana and hashish inside a medical-marijuana dispensary that also served as a grow site.

The raid started at noon and went on for an hour as federal agents used a sledgehammer to pound open two automated teller machines inside the front office.

U.S. Attorney Kevin Ryan was at the scene but left around 12:30 p.m. DEA Special Agent in Charge Javier Pena said at the time that the raid was part of a "large-scale trafficking" operation and part of an ongoing investigation.

Outside, at least 20 protesters marched with colorful signs and chanted, "DEA, go away" and "patients rights."

Shona Gochenaur, executive director of Axis of Love San Francisco, said several of the people arrested were patients.

"This is despicable and atrocious," Gochenaur said. "I saw them take out an elderly man who was shaking."

Three San Francisco police officers and a sergeant were at the scene of the Mission Street raid to provide a "safety zone" for the federal agents.

Several blocks away in the Potrero Hill neighborhood, another operation was also underway at 790 Tennessee St. Federal agents were inside the warehouse until at least 2 p.m.

Also in Oakland at least two people were taken away in handcuffs from an administrative office located at 1710 Franklin, According to Dolphin, who also said all three locations were affiliated with New Remedies, which was formerly known as Compassionate Caregivers.

DEA spokeswoman Casey McEnry said she did not know of any patients under arrest. She also said the search warrants are sealed and she could not release any more information on specific locations targeted.

Javier Pena, who directed the raid, said the people arrested Tuesday are nothing but drug dealers, in the business to make money.

"Federal drug laws prohibit the cultivation and sale of marijuana." Pena said in a statement. "Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they're criminal."

Computers, Boxes Labeled `MJ' Seized In S.F. Pot Clinic Raid (BCNS)

Bay City News Service, October 3, 2006

Federal police and drug enforcement agents loaded into a van computers, printers and boxes labeled ``MJ & Hash" around 1 p.m. today after raiding a medical cannabis dispensary in San Francisco's Mission District.

According to a federal agent who did not give his name, but who drove away with U.S. Attorney Kevin Ryan, the raid was part of a ``large-scale trafficking" operation and also part of an ongoing investigation.

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary and who was at the raid, said that several patients were lined up and taken away in handcuffs.

``At least half of the dispensaries in San Francisco are closing down because of (this) raid," he said.

At least 20 protesters and members of the community stood outside and chanted ``DEA, go away!" and ``Patients rights!" outside the Mission Street facility.

San Francisco police officers stood outside the door to the dispensary to create a ``safety zone" for the federal agents.

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15 Arrested In Bay Area Pot Club Raids (AP)

AP, October 3, 2006

SAN FRANCISCO - Federal drug agents raided eight Bay Area locations connected to a medical marijuana club Tuesday and arrested 15 people, including the club's operator, authorities said.

The raids took place at buildings in San Francisco and Oakland belonging to New Remedies Cooperative LLC, formerly known as Compassionate Caregivers, and its temporary employment agency for pot growers, Potent Employment Solutions.

Drug Enforcement Administration agents confiscated 12,743 marijuana plants, computers, four vehicles and a total of $125,000 in cash and three bank accounts belonging to operator Sparky Rose, 36, and the two businesses, authorities said.

Medical marijuana advocates who witnessed some of the raids said agents targeted New Remedies' growing facility, administrative offices and the pot club itself located in San Francisco's Mission District.

"Obviously, the DEA is on a little bit of a rampage this week," said advocate William Dolphin, citing other pot club crackdowns in Granada Hills, San Fernando Valley and Modesto.

Rose and the 14 others arrested were scheduled to appear in court Wednesday.

Medical marijuana has been legal in California since voters approved Proposition 215 in 1996, but the drug remains illegal under federal law.

"Federal drug laws prohibit the cultivation and sale of marijuana. Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they're criminal," DEA Special Agent in Charge Javier F. Pena said in a statement Tuesday.

There are currently an estimated 30 to 40 clubs in San Francisco, according to city officials.

Feds Raid Med Pot Club In S.F. Mission, Elsewhere (KPIX-TV)

KPIX-TV/BCN, October 4, 2006

(CBS 5 / BCN) SAN FRANCISCO Federal Drug Enforcement Agents said they raided a medical cannabis dispensary in San Francisco's Mission District Tuesday afternoon along with grow sites, homes, offices and storage areas in San Francisco and Oakland -- seizing thousands of marijuana plants, several cars, computers and large sums of cash.

Fifteen arrests also stemmed from the eight raids, five in San Francisco and three in Oakland, that took place around the noon hour -- the most notable of which occured at Mission Caregivers at 1756-1760 Mission Street in San Francisco.

Shona Gochenaur, executive director of Axis of Love San Francisco, said several patients were among those arrested and taken away in handcuffs.

"This is despicable and atrocious," Gochenaur said. "I saw them take out an elderly man who was shaking."

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary and who was also at the Mission Caregivers site, claimed he too witnessed patients being arrested.

However, DEA spokeswoman Casey McEnry said she did not know of any patients placed under arrest.

Agents said among those arrested was Sparky Rose, 36, of San Francisco. Authorities said Rose owned and operated the Mission Caregivers dispensary, which also served as a grow site.

The dispensary raid lasted for about an hour as federal agents used a sledgehammer to pound open two automated teller machines inside the front office. The building was then padlocked by agents after they boxed up marijuana and hashish found inside.

Rose operated his medial cannabis business under the names New Remedies Cooperative LLC, Compassionate Caregivers and Potent Employment Solutions, according to federal authorities.

U.S. Attorney Kevin Ryan maintained Rose ran a "large-scale trafficking" operation and said he was the target of a long-term investigation by the DEA.

At least 20 protestors and members of the community marched with colorful signs and chanted "DEA, go away!" and "Patients rights!" on the street outside Mission Caregivers as San Francisco police officers stood at the entrance to create a "safety zone" for the federal agents.

According Gochenaur, city supervisors Ross Mirkarimi and Chris Daly were among those who voiced support for the protestors.

Several blocks away in the Potrero Hill neighborhood, federal agents spent a couple hours inside a warehouse at 790 Tennessee Street that was said to belong to Rose.

"At least half of the dispensaries in San Francisco are closing down because of (this) raid," Reed said.

In Oakland, at least two people were observed being taken away in handcuffs from an administrative office at 1710 Franklin that agents said was connected to Rose's operations.

Despite California and San Francisco laws which allow for medical marijuana, the DEA defended the raids.

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"Federal drug laws prohibit the cultivation and sale of marijuana. Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they're criminal," said DEA Special Agent in Charge Javier F. Peña. "Make no mistake – these defendants were in the business of dealing drugs, and DEA is in the business of arresting drug dealers."

In all, authorities said they confiscated 12,743 marijuana plants, 4 vehicles including a Porsche Carrera convertible and a total of $125,000 in cash.

In addition to Rose, the others arrested on Tuesday included:

· Alfaro Munoz-Bebullida, 33, of Richmond
· Steven Navarro, 35, of Richmond
· Johnny Seto, 32, of Alameda
· Mark Miller, 53, of Alameda
· Tracy Smith, 32, of Alameda
· Mistalee Chiame Wang, 25, of San Leandro
· Amber Froiness, 26, of Berkeley
· Jaime Perreira, 26, of San Leandro

All those arrested faced Wednesday appearances in federal court on charges related to the illegal distribution of marijuana, authorities said.

Feds Raid Medical Cannabis Dispensary In SF (KCBS)

KCBS, October 3, 2006

San Francisco, CA (KCBS) -- Federal police and drug enforcement agents raided a medical cannabis dispensary in San Francisco's Mission District Tuesday.

The raid took place at the New Remedies Cooperative. The U.S. Drug Enforcement Administration loaded into a van computers, printers and boxes around one p.m.

Showna Gochenaur, executive director of the medical marijuana advocacy group Axis of Love San Francisco was at the scene. She told KCBS' Henry Mulak, "almost every car that pulled up, there were more DEA agents."

"They've been here for over three hours," she said. "We saw them take out what looked to be an elderly patient in handcuffs."

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary, was at the raid. He said several patients were lined up, cuffed, and taken away.

"At least half of the dispensaries in San Francisco are closing down because of (this) raid," he said.

According to a federal agent who did not give his name, but who drove away with U.S. Attorney Kevin Ryan, the raid was part of a "large-scale trafficking" operation and also part of an ongoing investigation.

At least twenty protestors and members of the community stood outside and chanted "DEA, go away!" and "Patients rights!" on the street outside Mission Caregivers, at 1756 Mission St.

San Francisco police officers stood outside the door to the dispensary to create a "safety zone" for the federal agents.

Reason Behind Record Pot Seizures A Mystery (KPIX)

KPIX-TV, October 3, 2006

(CBS 5) More marijuana has been seized in raids around the state so far this year than all of last year combined. And it's not over yet.

"We're expecting to be looking for growers and eradicating them all the way through November and possibly into December," said Serg Palanov of the Santa Clara County Sheriff's Office.

Most of the pot grown for sale in the US comes from the southeast and west, with California, alone, accounting for about a third of it. And within the state, national forest and county park lands see the greatest number of large scale outdoor farms.

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But new indoor farms are on the rise. Drug agents say a San Francisco-based Asian crime syndicate is responsible for dozens of growing operations discovered in Sacramento area homes this summer. The DEA says Asian gangs are moving into the wholesale marijuana business in a big way.

A pound of domestic marijuana costs as little as $500 in Sacramento and as much as $6,000 dollars in San Jose, with the average price around $2,500 dollars. Mexican-grown pot prices average about a $1,000 a pound, but range from a low of $100 in Bakersfield to $1,400 in San Francisco.

Drug agents believe the big increase in seizures has reduced the supply on the street, but there is evidence a little pot is going a much longer way. Marijuana potency levels have nearly tripled over the past twenty years as cultivation techniques improved, rising from less than 3 percent of the active agent THC in 1985, to about 8 percent today.

Intense cultivation can bring the THC level to more than 20 percent, but big commercial growers find the effort to achieve that potency to be not cost effective.

Drug agents can only speculate why pot seizures have doubled in some counties this year. Better helicopter surviellence is one possibility. More tips is another.

"Our team has educated the public along with hunters and hikers on what to look for if they do see anything," Palanov said.

Chargers' Kiel Pleads Not Guilty To Felony Drug Charges (KGTV)

KGTV, October 4, 2006

SAN DIEGO -- A Chargers player accused of shipping Codeine-based cough syrup by FedEx to his home state of Texas pleaded not guilty Tuesday to five felony drug charges.

Terrence Kiel, a 25-year-old safety for the San Diego team, faces a maximum of seven years and four months in state prison if convicted of all the charges, said Deputy District Attorney James Fontaine.

Kiel, who is free on $160,000 bail, is charged with three counts of possession for sale of a controlled substance and two counts of transporting a controlled substance.

The defendant -- dressed in a brown dress shirt and blue jeans – answered "yes" when Judge David Szumowski asked him if he waived his speedy trial rights so his preliminary hearing could be scheduled for Dec. 5.

A readiness conference was set for Nov. 14.

Defense attorney Bob Grimes said Kiel -- who did not suit up for the Chargers' loss at Baltimore last weekend -- is practicing with the team as it prepares for a game at Qualcomm Stadium on Sunday against the Pittsburgh Steelers.

A second-round draft pick out of Texas A&M in 2003, Kiel's official status with the team was not known.

He was arrested last Tuesday, after federal agents showed up at team practice and searched his car and locker.

On June 2, management at FedEx conducted an audit of a parcel that contained 15 vials of Prometh with Codeine, considered a controlled substance, according to a search warrant affidavit.

FedEx employees know Kiel because he makes shipments regularly using his FedEx account, according to the affidavit.

Although they gave DEA Special Agent Dean Henderson a general description of the shipper of the parcel, they couldn't positively identify him because it had been a month since the package had been sent.

On Sept. 21, the manager of a FedEx office called Henderson when Kiel shipped a parcel similar to the one shipped on June 2, this one containing three pints of Codeine, according to the affidavit.

The return address on the parcels showed an address on Santo Road, not Kiel's real address, and the return name on the shipping label was not the athlete's, the affidavit states.

Kiel paid cash to ship the parcel, even though he has an account with FedEx, according to the document.

Henderson said it is common for drug smugglers to use a different name than their own to avoid detection by law enforcement.

Bottles of Codeine-based cough syrup sell for up to $325 on the street in Texas, where people are known to mix the drug with soft drinks and refer to it as "lean," according to the DEA.

Both the June and September parcels were being shipped to Texas, where Kiel was previously arrested for aggravated assault on a public servant, theft and evading arrest, according to the affidavit.

Employees at FedEx copied the license plate of the vehicle Kiel was driving, and a DMV record check showed it was registered to the football player at a residence on Juneberry Court in San Diego, according to the affidavit.

Kiel admitted knowing that it was a controlled substance he was sending by FedEx, according to the Drug Enforcement Administration.

According to another search warrant affidavit, Henderson said he spoke with DEA drug diversion investigators who told him the bottles of Codeine in question contained numbers which indicated they came from a medical care facility and all indications were they were stolen or otherwise misappropriated.

The investigators told Henderson the Codeine in the bottles can only be legally distributed by prescription and a licensed provider would rarely prescribe a pint of the liquid but rather, it would be dispensed to patients in smaller prescription bottles, the affidavit states.

Fontaine said outside court that the amount of cough syrup with Codeine that Kiel allegedly shipped was not "personal-use quantities."

Kiel's case was the second headline-grabbing, off-the-field incident involving a Chargers player last month.

Linebacker Steve Foley was shot three times outside his Poway home Sept. 3 during a confrontation with an off-duty Coronado police officer. He will miss the entire season.

Kiel Pleads Not Guilty To Drug Charges (SDUT)

By By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, October 3, 2006

Chargers safety Terrence Kiel pleaded not guilty in San Diego Superior court Tuesday to five felony charges involving the shipment and possession for sale of codeine-based cough syrup.

At Kiel's arraignment Tuesday, his trial readiness date was set for Nov. 14 and his preliminary hearing was set for Dec. 5.

Kiel, who is free on a $160,000 bond, was arrested last week after being accused of shipping the cough syrup, a controlled substance, to his native Texas.

The bottles of codeine in question “contain numbers which indicated they came from a medical care facility and all indications are they were stolen or otherwise misappropriated,” according to an affidavit signed by Dean Henderson, a special agent with the Drug Enforcement Administration.

Kiel Back With Team; Drug Hearing Today (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, October 3, 2006

Chargers safety Terrence Kiel will plead not guilty today to five felony charges filed yesterday involving the shipment and possession of codeine-based cough syrup, his attorney said yesterday.

The San Diego County District Attorney yesterday filed two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance against Kiel, who was arrested last week and is free on $160,000 bond.

Kiel's attorney, Bob Grimes, declined to comment on the merits or facts of the case except to say the bail was set at $160,000 only because a judge didn't yet have the opportunity to review which controlled substance was involved.

If a judge had been able to review that the case involved cough syrup and not cocaine, for example, “I think the bail would have been a lot lower,” Grimes said.

If convicted, Kiel, 25, could face five years in state prison. At his arraignment today in Superior Court, he will make his plea and court dates will be set. After starting the Chargers' first two games, Kiel did not play in Sunday's 16-13 loss at Baltimore.

Kiel returned to work with the team yesterday and is expected to resume practicing when the Chargers begin preparations tomorrow for Sunday's game against Pittsburgh. Kiel was paid for last week and will face no penalties from the team, according to General Manager A.J. Smith.

It is expected the league will refer Kiel to evaluation and possible counseling as part of its drug program.

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Drug Enforcement Administration agents intercepted two FedEx packages containing 18 pint bottles full of the drug, plus more bottles in Kiel's Serra Mesa condo. The two packages each drew a charge of transporting a controlled substance and possession for sale. The bottles in his condo also drew a possession-for-sale charge.

Agents said a bottle of the cough syrup sells for up to $325 on the street in Texas, where the bottles were being shipped, and where it is popular to mix with soda to make a drink called "purple drank" or "lean."

Kiel, who grew up in Lufkin, Texas, and played at Texas A&M, has faced financial difficulties in the past year, including a Sept. 7 notice of default seeking payment of $16,610 from a $591,634 mortgage.

Kiel is making $460,000 this season, his fourth in San Diego.

DEA spokesman Dan Simmons and prosecutor Damon Mosler said the investigation involved only Kiel.

"I have not heard at all that it goes beyond Terrence Kiel," Simmons said.

One of the packages was addressed to a "Rick Jones" in Tyler, Texas, but it is not known whether that is the intended recipient's real name.

Chargers Safety Terrence Kiel Pleads Not Guilty To Drug Charges (AP)

AP, October 3, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel pleaded not guilty on Tuesday to charges he shipped bottles of codeine-based cough syrup to Texas.

Kiel, 25, a starter with the Chargers, faces a maximum of seven years and four months in state prison if convicted of all five felony drug counts against him, according to Deputy District Attorney James Fontaine.

Kiel was arrested Sept. 26 in the locker room after authorities turned up at Chargers headquarters. Drug Enforcement Administration officials said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas via FedEx.

The agency has found widespread abuse in Texas of codeine-based cough syrup mixed with soft drinks or drugs and referred to as "lean."

Fontaine said the district attorney's office is still investigating where Kiel got the cough syrup.

Kiel's lawyer, Robert Grimes, said his client was cooperating with the investigation.

According to an affidavit for a search warrant, FedEx managers searched a package Kiel mailed with his FedEx account in June and found 15 bottles of Prometh prescription cough syrup in the box. A boarding pass found inside the box led DEA agents to an address Kiel used to register a car. Three bottles of Prometh were seized last week at that address.

Kiel paid cash to send a second package to Texas in September, prompting a FedEx manager to contact the DEA, according to the affidavit.

Kiel, free on $160,000 US bail, didn't accompany the team to its game in Baltimore last Sunday. His status for this Sunday's game against Pittsburgh hasn't been determined.

Kiel is making $500,000 this season, his fourth with the Chargers.

Bonds' Trainer Wants To Withdraw Plea (AP)

AP, October 5, 2006

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer wants to withdraw his guilty plea because prosecutors based their steroid distribution case on an illegal recording, his lawyer said Tuesday in a court hearing.

Greg Anderson, who is jailed for refusing to testify before a grand jury probing whether Bonds committed perjury, already served a three-month prison sentence after pleading guilty to the steroid charge.

But attorney Mark Geragos said Tuesday that an illegal tape recording of Anderson was the basis for the federal case against him in the Bay Area Laboratory Co-Operative scandal. A federal prosecutor acknowledged having a tape of Anderson discussing Bonds and undetectable performance-enhancing drugs at least a month before the trainer's guilty plea last year, but said Geragos' claims were "ludicrous and speculative."

"That's speculation by Mr. Geragos. He's wrong," said Assistant U.S. Attorney Jeff Nedrow.

The claim was the latest effort by Geragos to get a federal judge to free Anderson, who is being held for refusing to testify before a grand jury investigating whether Bonds lied when he told a grand jury in 2003 that he never knowingly used steroids.

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Anderson served three months in prison and three months of home confinement after pleading guilty to distributing steroids and laundering money in the BALCO case. He served 15 days in prison in July for refusing to testify to a grand jury about Bonds, and was jailed again Aug. 28 for refusing to testify before a new grand jury.

Authorities have refused to release the tape to Anderson. Nedrow maintained Tuesday that the recording was legal and said he first learned of it in 2004 from the San Francisco Chronicle.

Nedrow said prosecutors didn't get access to the tape until a month before Anderson's plea deal. But Geragos suspects investigators had it all along and used the tape as an illegal roadmap to build a case against Anderson.

It has not been publicly revealed who made the recording. The government said the recording was made of a face-to-face conversation, while Anderson suspects it was made of a telephone call.

On the tape, according to the Chronicle, Anderson said: "The whole thing is, everything I've been doing, it's all undetectable. The stuff I have, we created it. You can't buy it anywhere else, you can't get it anywhere else."

Four other men also have pleaded guilty in the BALCO scandal for participating in the distribution or manufacturing of undetectable steroids to elite athletes.

Geragos said authorities only recently revealed the tape so they could build a perjury case against Bonds.

"The strategy is a perjury trap, obviously," Geragos said.

Geragos did not say when he would seek to withdraw Anderson's plea.

U.S. District Judge William Alsup, who jailed Anderson a month ago for refusing to cooperate, said the tape is "as worthless a piece of evidence as I've ever seen."

An unshaven Anderson, who was in court wearing brown jail garb, contends he should be released and should not have to testify in front of the Bonds grand jury for the same reasons he should be allowed to withdraw his plea in the BALCO case.

Anderson could remain at the Federal Correctional Institution in Dublin, near San Francisco, for more than a year if he continues his refusal to testify.

Latinos Debate Forming Regional Force (AP)

By Julie Watson, The Associated Press

AP, October 3, 2006

MANAGUA, Nicaragua -- Latin American defense ministers debated forming a regional peacekeeping force Tuesday, while the top U.S. defense official urged nations at a hemispheric conference to work together to combat drug trafficking and terrorism.

Guatemalan Defense Minister Gen. Francisco Bermudez said the ministers discussed forming a regional force for international peacekeeping missions and disaster relief.

Venezuelan President Hugo Chavez has proposed members of the Mercosur trade bloc _ Brazil, Argentina, Uruguay and Paraguay _ link their militaries to guarantee the region's security.

Chavez has been lobbying for allies to counterbalance what he says is U.S. domination in the region.

Bermudez said the force would be to help the United Nations in peacekeeping and in "no moment have we talked about creating another force for other means."

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Bermudez said. Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

The debate came during a gathering of defense ministers from more than 30 Latin American and Caribbean nations at the seventh Western Hemisphere's Defense Ministers Conference, which ends Wednesday.

U.S. Defense Secretary Donald H. Rumsfeld stressed the importance of regional cooperation at a news conference.

"Almost every problem we face is a problem that cannot be solved by a single nation. Whether it's counternarcotics or gangs or hostage taking or counterterrorism, all of those problems require very close cooperation among nations, many nations," said Rumsfeld.

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Coordinating efforts, Rumsfeld said, is vital to the drug war in Latin America, where smugglers migrate to other nations once there is a crackdown.

In the past few years, drug violence has spiraled throughout the region as gangs battle for routes left open following the arrests of top cartel leaders. Smugglers have turned more vicious in Mexico, where in Acapulco a half dozen police and rival smugglers have been beheaded. One head washed up near the tourist resort's popular beaches.

In Managua, Central American ministers said they asked Rumsfeld for more U.S. aid in their fight against Colombian and Mexican drug traffickers using their impoverished nations as a funnel for U.S.-bound shipments of cocaine and marijuana. A day before the ministers arrived for the conference Sunday, Nicaraguan officials seized 6,600 pounds of cocaine after a shootout on the Pacific coast, the country's largest drug seizure to date.

Bermudez said the region is trying to consolidate its efforts under a plan known as the Meso-American Strategy to combat organized crime.

IMMIGRATION:

Justices Hear Case On Immigrant Drug Offenders (WP)

By Charles Lane

The Washington Post, October 4, 2006

The Bush administration urged the Supreme Court to declare that legal immigrants can be deported for drug offenses that are felonies in some states but only misdemeanors under federal law, as the court heard its first oral arguments of the new term yesterday.

At issue are provisions of the 1996 immigration law that require any noncitizen guilty of an "aggravated felony" to be sent back to his country of origin, with no chance to ask for leniency. The law defines "aggravated felony" to include any drug-trafficking offense that is a "felony punishable under" federal drug laws.

Federal appeals courts, however, have differed as to that language's precise meaning. Some have upheld deportations based on state felonies, such as simple drug possession, that would not be felonies under federal law.

The seemingly technical dispute could have real-world consequences for thousands of green-card holders. In 2005, the United States deported about 77,000 immigrants with criminal records, of whom about 9.5 percent had arrests for drug possession, according to the Justice Department.

A Justice Department lawyer, Edwin S. Kneedler, said the court should read the statute to require deportation for felony state drug-possession convictions.

"Because the petitioner's underlying conduct here was punishable under [federal law], and was a felony under state law, they were properly found to have committed aggravated felonies," he told the justices, according to a transcript of the argument released yesterday by the court.

It was the first time the court has released same-day transcripts of oral argument on its Web site, http://www.supremecourtus.gov, under a policy announced last month.

But several justices asked Kneedler whether that was a strained reading of the statute.

"[I]t must give you pause that your analysis is of a term, 'drug-trafficking crime' or 'illicit trafficking,' and your theory leads to the conclusion that simple possession equates with drug trafficking," Chief Justice John G. Roberts Jr. said.

Kneedler replied that "a lot of state statutes dealing with drugs do not, are not patterned directly after the federal statute, and there is no reason why Congress would have insisted that they do so in order for this statute to operate sensibly."

The case is an appeal by Jose Antonio Lopez, a Mexico native who entered the United States illegally 20 years ago to pick tomatoes. He became a legal resident in 1990 and later opened two small businesses in South Dakota.

In 1997, state prosecutors there indicted him on charges of cocaine distribution and of aiding and abetting cocaine possession. He pleaded guilty to the possession charge and served 15 months of a five-year sentence. Since his release from prison, federal authorities have been trying to deport him under the aggravated-felony law.

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Lopez, who has a wife and two U.S.-citizen children, voluntarily left for Mexico earlier this year. But his case is not moot, because if he wins, he would be permitted to seek a cancellation of his deportation order and return legally to the United States.

Lopez's attorney, Robert A. Long Jr., told the court that the administration's position would undermine the uniformity of national immigration rules, because "what it is arguing is that states can banish noncitizens and can do so by enacting drug laws deciding to make a simple possession offense a felony."

Justices Ponder Conditions For Automatic Deportation (NYT)

By Linda Greenhouse

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — The intersection of federal criminal law and immigration law is a perilous place for the millions of legal residents of the United States who are not citizens: one slip, one criminal conviction, can mean deportation.

The justices of the Supreme Court struggled, during the first argument of their new term on Tuesday, to understand exactly how the two statutory frameworks intersect.

The question, posed by two separate cases that were consolidated for a single argument, was whether immigration officials can treat an immigrant's state-court conviction for possession of a small quantity of illegal drugs as an "aggravated felony" as long as the crime is considered a felony under the state law, even if federal law treats the same conduct as only a misdemeanor.

Conviction of an "aggravated felony" has dire consequences for a noncitizen, including automatic deportation without the usual rights of appeal and a permanent bar against returning to the United States.

Congress added the category of aggravated felony to federal immigration law in 1988, and it includes a number of specific offenses. Among them is a "drug trafficking crime" that in turn is defined as "any felony punishable under the Controlled Substances Act," the basic federal drug law. Does a particular drug crime that is a felony under the law of a state become a "felony punishable under the Controlled Substances Act," even if federal law would treat it only as a misdemeanor?

Although the government's position has shifted over time, its current view is that the answer is yes. The law of the "jurisdiction of conviction," Deputy Solicitor General Edwin S. Kneedler told the court, is what determines whether the crime is an aggravated felony.

Lawyers for two lawful permanent residents caught up in this statutory maze argued the opposite. "State felonies are not themselves punishable under the Controlled Substances Act," Robert A. Long Jr., representing José Antonio López, told the court. "It is not a federal crime to violate state law," he added.

Mr. López, a native of Mexico who became a permanent legal resident in 1990, pleaded guilty in a South Dakota court in 1997 to "aiding and abetting possession of cocaine," a felony under South Dakota law for which he served 15 months in prison. Under federal law, a first offense of possessing cocaine is a misdemeanor.

At the time, the Board of Immigration Appeals took the position that a drug crime that was not a federal felony could not be considered an "aggravated felony." While the non-aggravated-drug conviction made Mr. López deportable, it left officials with the discretion to treat him leniently, including granting him a "cancellation of removal."

But while his case was pending before an immigration judge, the Board of Immigration Appeals changed its position and ruled that a state-law drug felony was an aggravated felony. Mr. López lost his final appeal last year before the United States Court of Appeals for the Eighth Circuit, in St. Louis. He was deported to Mexico in January. His Supreme Court appeal is López v. Gonzales, No. 05-547.

The other case before the court, Toledo-Flores v. United States, No. 05-7664, was brought by another Mexican, Reymundo Toledo-Flores. He was convicted in Texas of possession of 0.16 grams of cocaine, less than six one-thousandths of an ounce, a felony under Texas law. He lost an appeal before the United States Court of Appeals for the Fifth Circuit, in New Orleans, and was deported in April.

As is often the case with questions of statutory interpretation, the argument on Tuesday was dense, dry and technical. But the human dilemmas created by the government's current interpretation have drawn considerable attention to the case.

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Dozens of civil rights and criminal defense groups signed briefs on the immigrants' behalf, as did the American Bar Association and three men who served as general counsels of the Immigration and Naturalization Service under Presidents Bill Clinton and George W. Bush.

The former officials' brief said that "because the 'aggravated felony' categorization has such sweeping consequences and essentially eliminates the capacity of the immigration enforcement system to differentiate among individual circumstances," it should apply only when Congress has been completely clear.

Several justices found the language less than clear. Referring to the phrase "any felony punishable under the Controlled Substances Act," Justice Stephen G. Breyer said to Mr. Kneedler, the government's lawyer, "I could look at those words a thousand times and not have a clue" whether the law covers state felonies that are only federal misdemeanors.

Justice Ruth Bader Ginsburg observed that "it seems to me unseemly" that "because of the happenstance of the states in which they were convicted," one immigrant could be "barred from ever coming back" while another who committed the identical offense would not be.

Mr. Long, the lawyer for Mr. López, agreed with the observation. He said the government's interpretation would permit individual states to "banish" immigrants by labeling minor offenses as felonies.

Part of the argument was spent debating whether, for technical reasons, Mr. Toledo-Flores's appeal was moot, as the government argued. His lawyer, Timothy Crooks, said the case was not moot because under the conditions of his "supervised release" in Mexico, Mr. Toledo-Flores must observe certain rules, including abstention from alcohol.

Justice Antonin Scalia replied that this was not a burden with sufficient real consequences to keep the case alive.

"Nobody thinks your client is really, you know, abstaining from tequila down in Mexico," Justice Scalia said.

Justices Open Term, Hear Case About Drugs, Deportation (USAT)

By Joan Biskupic

USA Today, October 4, 2006

WASHINGTON — The Supreme Court heard its first arguments of the 2006-07 term on Tuesday in a spirited session that focused on whether foreigners who are in this country legally should be deported automatically if they are convicted of drug possession.

All of the justices except the typically silent Clarence Thomas jumped into the discussion, which revealed some of the ideological divisions on the nine-member court.

The case tests provisions of anti-drug and immigration laws and could have significant consequences for legal permanent residents, or "green card" holders, who are found guilty of relatively low-level crimes. If the justices rule that drug possession could amount to an "aggravated felony," it would cause many convicted immigrants to be routinely deported, and prevent them from appealing to an immigration judge.

Tuesday's dispute involves legal immigrants, but it arises against a backdrop of concern over policies related to border security and illegal immigration.

The question for the justices is whether a drug-possession offense that is a felony under state law but would be a misdemeanor under federal law rises to the level of illicit trafficking, making it an "aggravated felony" and requiring mandatory banishment for a legal immigrant who is not a U.S. citizen.

Jose Antonio Lopez, a Mexican national, was convicted in South Dakota of aiding and abetting possession of cocaine. Reymundo Toledo-Flores, also from Mexico, was convicted in Texas of possessing cocaine. Federal appeals courts ruled that their offenses could be considered aggravated felonies for deportation purposes, based on the respective states' laws. Other appeals courts, however, have ruled the opposite, saying that an offense qualifies as an "aggravated felony" only if it would be punishable as a felony under the federal Controlled Substances Act. Drug possession is a misdemeanor under the act.

Attorneys for Lopez and Toledo-Flores argued that Congress did not want possession of a drug to be regarded as an aggravated felony for deportation purposes. They stressed the importance of uniform standards tied to federal law, rather than to state codes that would cause some legal immigrants who had committed the same offenses to be automatically deported in some states, but not in others.

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Deputy U.S. Solicitor General Edwin Kneedler argued that Congress intended “any felony” to trigger the automatic deportation provision, whether under state or federal law. He said Congress sought to cover large categories of state criminal conduct.

The court's more liberal justices appeared most skeptical of that argument.

“It seems to me unseemly in the immigration context,” Justice Ruth Bader Ginsburg said, “to say that two people who have committed the identical act” can be treated differently “because of the happenstance of the states in which they were convicted.”

Justice David Souter questioned whether Congress would have written laws that classified drug possession as a misdemeanor, but then allowed it to be termed an “aggravated felony” for deportations. “The problem here is that state and federal laws are at odds on determining the gravity of the offense,” he said.

The court's newest conservative justices, Chief Justice John Roberts and Samuel Alito, joined Justice Antonin Scalia in appearing most sympathetic to the government's position.

Roberts suggested by his questions that the automatic deportation provision could be triggered by state or federal felonies. Alito, beginning his first full term on the bench, said Congress could have wanted the term “illicit trafficking” broadly interpreted “so that it can include mere possession offenses.”

Scalia's Tequila Remark Launches New Term (CNN)

By Bill Mears, CNN Washington Bureau

CNN.com, October 4, 2006

WASHINGTON (CNN) -- Justice Antonin Scalia opened the Supreme Court's new term Tuesday by questioning whether a man deported to Mexico after a drug conviction would be "abstaining from tequila" for fear of violating his U.S. parole terms.

The remark came as justices heard an immigration case involving a Texas man, Reymundo Toledo-Flores, who was deported in April after being convicted of illegally entering the United States.

At the time, Toledo-Flores was under supervised release, a form of parole, for a 2002 cocaine possession conviction. He served seven months in a Texas prison on that charge and was deported after serving his time.

Attorney Timothy Crooks argued to the justices that his client's supervised-release terms left him under U.S. jurisdiction even while on Mexican soil, technically leaving him vulnerable to deportation back to the United States if he violated his parole.

Scalia responded with incredulity.

"No one thinks your client is abstaining from tequila for fear of being deported," he said. Supervision "is impossible once he leaves the country," he added. "This is an ingenious exercise of the conceivable."

Neither Crooks nor the other justices reacted visibly to Scalia's remarks, and there was no immediate reaction from immigrant rights activists, many of whom were in the courtroom.Other justices skeptical

Several colleagues, including Chief Justice John Roberts and Justice David Souter, were equally skeptical of Crook's arguments. Souter noted that Toledo-Flores "would have to violate the law by reentering the U.S." to face any penalty.

Scalia's remarks and actions have provoked controversy in the past.

In March, he made an Italian hand gesture when confronted by a reporter outside a Boston church. Some interpreted him as using his middle finger, which he did not, but both gestures are considered vulgar in some quarters.

The 70-year-old jurist refused to recuse himself from a case involving Vice President Dick Cheney, despite going duck hunting with the vice president in 2003 when the court was considering an appeal involving Cheney's energy task force.

And he told a 1996 audience that many Christians in the United States attract the "scorn of the sophisticated world" for believing in religious miracles.

Scalia had a man who was heckling him removed during a 2004 speech in Washington. That same year, a U.S. marshal guarding the justice confiscated a reporter's tape recorder and erased comments made at a Mississippi school. The Justice Department found the marshal had violated the law, and Scalia apologized, but denied ordering seizure of the device.

Tuesday's arguments came in appeals by Toledo-Flores and another man, Jose Lopez, who is facing deportation after a 1997 conviction for aiding and abetting the possession of cocaine in South Dakota. State, federal conflict

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Their cases highlight a conflict between state and federal laws over the seriousness of drug crimes involving immigrants. (Case summary)

Lopez entered the United States illegally in 1985 and later gained permanent residency. He and his wife, a legal resident, have two children, both U.S. citizens. He was ordered deported in 1998, but that order was stayed pending the high court's ruling.

Under federal law, the charges against both men are misdemeanors. But the federal Board of Immigration Appeals concluded they committed "aggravated felonies" and were eligible for deportation.

Arguments by the government's lawyer met with skepticism from justices as well.

Deputy Solicitor General Edwin Kneedler countered that the court should look to various state laws, where the majority of criminal cases are prosecuted, not some "supposed" uniform standard of federal statutes. Souter called the Bush administration's position "very strange."

"The problem is that state law and federal law are at odds over the gravity of the offense," he said.

The high court's new term officially began Monday, but no arguments were held because of the Yom Kippur holiday.

Scalia's 'Tequila' Remark Raises Eyebrows During Immigrants' Rights Argument (LAW)

By Tony Mauro, Legal Times

Legal Times, October 4, 2006

During oral arguments Tuesday in an immigrants' rights case, Supreme Court Justice Antonin Scalia made a reference to one of the parties, a Mexican man who has been deported back to his country, as someone unlikely to keep from drinking tequila on the chance he could return to the United States.

The comment raised eyebrows in the audience and offended some who were told about the remark afterward on the grounds that it perpetuates stereotypes about Mexicans. Lawyers directly involved in the case could not be reached or declined to comment publicly.

The comment came during arguments in Lopez v. Gonzales and Toledo-Flores v. United States, challenges to the government's interpretation of the federal law that allows deportation of immigrants who commit aggravated felonies.

The question before the Court is whether the law covers those who are convicted of crimes that are felonies under state law but only misdemeanors under federal law. The case could affect thousands of immigrants with relatively minor drug offenses on their records.

One issue is whether one of the cases is moot -- Reymundo Toledo-Flores has already been deported back to Mexico because of his conviction in Texas for possession of 0.16 grams (about 0.005 ounces) of cocaine.

His lawyer, Assistant Federal Public Defender Timothy Crooks, told the Court that the case is not moot because even though his client is in Mexico, he is still subject to the U.S. District Court's jurisdiction and could face adverse consequences if he commits further offenses in Mexico or tries to return to the United States to visit his children, who are U.S. citizens.

Scalia dismissed that argument as "an exercise in the conceivable" and added, "Nobody thinks your client is really, you know, abstaining from tequila down in Mexico because he is on supervised release in the United States."

Carlos Ortiz, former president of the Hispanic National Bar Association, was not in the audience but reacted strongly when told of the comment. "Justice Scalia is supposed to be very smart, but anyone who is supposed to be so smart would not and should not say something that insensitive. It is a really terrible comment, and he should be called on it."

Ortiz, who has long lobbied for the appointment of a Hispanic justice and more Hispanic law clerks to the high court, added, "This is the kind of incident that makes it so clear that the Court needs more diversity."

Scalia declined to comment on his remark.

One lawyer who was in the audience, Benita Jain of the Immigrant Defense Project of the New York State Defenders Association, said the reference was unfortunate because most of the immigrants who could be affected by the case are "lawful residents who have been here since they were young." She said those who face deportation if immigrants lose in the cases before the Court have been U.S. residents for an average of 14 years.

Jain, who was part of a team that filed an amicus brief on behalf of the immigrants in the case, declined to comment further on Scalia's remark except to say guardedly that he is "known for being colorful. It's Scalia."

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Border Security, Job Market Leave Farms Short Of Workers (WP)

By Sonya Geis

The Washington Post, October 4, 2006

CLOVIS, Calif. -- Bins of Granny Smith apples towered over two conveyor belts at P-R Farms' packing plant. But only one belt moved. P-R Farms, like farms up and down California and across the nation, does not have enough workers to process its fruit.

"We're short by 50 to 75 people," said Pat Ricchiuti, 59, the third-generation owner of P-R Farms. "For the last three weeks, we're running at 50 percent capacity. We saw this coming a couple years ago, but last year and this year has really been terrible."

Farmers of all types of specialty crops, from almonds to roses, have seen the immigrant labor supply they depend on dry up over the past year. Increased border security and competition from other industries are driving migrant laborers out of the fields, farmers say.

Earlier this year, many farmers were optimistic about finding a solution in the Agricultural Job Opportunity, Benefits and Security Act, or AgJobs. The bill, proposed by Sens. Larry E. Craig (R-Idaho) and Edward M. Kennedy (D-Mass.), would allow undocumented agricultural workers already in the United States to become legal permanent residents and would streamline the current guest-worker program. In March and September, hundreds of growers traveled to the Capitol to lobby for the bill.

But deep divisions within the Republican Party have stalled immigration reform. Although legislation to build a 700-mile fence along the border passed the House and Senate, the AgJobs proposal has languished.

As the border tightens, Mexican workers who once spent part of each year in American fields without a work permit fear that if they go back to Mexico, they will be trapped behind the border, farmers say. Instead, they stay in the United States, taking year-round jobs that pay more and are less backbreaking than farm work, such as cleaning hotels or working in construction in cities on the Gulf Coast devastated by last year's hurricanes.

"Frequently you hear, especially from California, complaints about construction companies actually recruiting workers from the sides of the fields," said Craig Regelbrugge, co-chair of the Agriculture Coalition for Immigration Reform. Other industries that depend on immigrant labor, such as landscaping and construction, "are also concerned about the overall availability of labor given demographic trends," he said, adding: "But agriculture is the warning sign, if you will, of structural changes in the economy."

The problem is now reaching crisis proportions, food growers say. As much as 30 percent of the year's pear crop was lost in Northern California, growers estimate. More than one-third of Florida's Valencia orange crop went unharvested, Regelbrugge said. In New York, apples are rotting on the trees, because workers who once picked the fruit have fled frequent raids by Immigration and Customs Enforcement agents, said Maureen Marshall, an apple grower in Elba.

Michael Keegan, a spokesman for the federal agency, said he could not confirm any specific targets for raids. But he said it now takes a more proactive approach to work-site enforcement, seeking to build criminal cases against employers instead of issuing fines. The agency focuses work-site raids on "critical infrastructure," he said, such as airports and chemical plants, including food processing facilities.

Critics say increased wages would keep workers in the fields. Growers contend that their wages, often minimum wage plus a piece rate, are as high as they can pay and still remain profitable. Ricchiuti echoed many growers when he said local people "don't want to do the work at any price."

Farmers also contend that an existing guest-worker program is not usable. Although some industries, such as Maryland crab pickers, rely on the H-2B program to provide foreign labor, farmers argue that the equivalent program for agriculture, known as H-2A, is too complex and has onerous requirements, such as providing housing for workers. Nationwide, only 2 percent of agricultural workers use H-2A visas, Regelbrugge said.

"We explored [H-2A], and it was so cumbersome, it just would not meet our needs," said Ricchiuti of P-R Farms, who grows apples, nectarines, nuts and grapes in California's fertile San Joaquin Valley. "It's so specific; you agree to hire so many people at this time. What if the season is two weeks late? I have to have work for them. Or pay them to do nothing."

Some farmers said they have invested in machines to take the place of workers, though some tasks, such as picking soft fruit, cannot be mechanized.

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Others are worrying about credit. In August, Tom Brown, president and chief executive of Fresno Madera Farm Credit bank in California, testified at an immigration forum hosted by Rep. George Radanovich (R-Calif.) that he was worried about the impact of the labor shortage on farmers' ability to repay loans.

Some food growers, who as a group tend to vote Republican, now find themselves fighting hardest against leaders in their own party.

"So many of the farmers here are conservative, but they're finding themselves kind of at odds, not so much with Republicans in this area but with Republicans on the East Coast who have no idea what's going on in the San Joaquin Valley and California," said Daniel Jackson, a California fruit grower. "Something could happen in Washington, D.C., tomorrow, and all the farmers in the San Joaquin Valley would be out of work."

Ricchiuti has a framed photo of President Bush and first lady Laura Bush on his office wall and a pile of "Re-Elect Arnold" signs supporting Gov. Arnold Schwarzenegger (R-Calif.) at his processing plant. But he grew agitated when he talked about the GOP's handling of immigration.

"What's wrong with the Republican leadership?" he demanded. "They control the House and the Senate. I would have thought it would be a slam-dunk.

"Certain Republicans are very closed-minded," he continued. "They're prejudiced, and they're concerned about people taking their jobs. Well, you know what? You won't do those jobs. You might stick your head up the grapevine once or twice, but you won't do it a third time."

Hopes for the AgJobs bill are now on hold until after the midterm elections, said Barry Bedwell, president of the California Grape and Tree Fruit League. Bedwell has made four trips already this year to Washington to lobby for immigration reform.

"Even from our best friends and allies in the San Joaquin Valley on the Republican side, they were saying, yes, they understand. But they were trying to explain the political reality of an election year," he said. "Boy, I will be happy to get by the election, where we can start talking reason."

CONGRESS-ADMINISTRATION:

Disaffected Republicans May Sit Out Vote Following Foley Scandal (AFP-Y)

By Charlotte Raab

AFP, October 3, 2006

A roiling sex scandal that led to the resignation of a prominent Republican lawmaker has left the party fearing conservative voters may sit out next month's crucial midterm elections, as President George W. Bush said he was "disgusted" by the affair.

Bush said he supported House Speaker Dennis Hastert's call for a law enforcement probe into the e-mails and text messages sent by US Representative Mark Foley to young, male congressional pages.

"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush said during a visit at an elementary school in Stockton, California.

The shocking revelations that the veteran Republican lawmaker sexually harassed underage congressional aides before resigning in disgrace last week could leave many conservatives feeling like they might not want to go to the polls, and could be the tipping point that returns control of Congress to opposition.

Conservative voters, who often are moved to turn out in force at the polls to vote on "values issues" such as abortion and banning gay marriage, reportedly are disgusted by the news.

Joe Negron, chosen by Florida's Republican leaders to replace Foley on the ballot, conceded that it might be an uphill fight to hold onto voters in his district, although he is holding out hope that he can convince voters to stick with his party.

"Everyone in this district is shocked and angered by what happened," Negron said.

"The system needs to work: let the chips fall where they may. If people knew about this in Congress and didn't take appropriate steps, they need to be held accountable," he told Fox television.

"I'm asking voters to give me a chance."

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The conservative Washington Times newspaper on Tuesday said Dennis Hastert, the speaker of the House of Representatives should follow Foley's lead and relinquish his post for not being more proactive in preventing and punishing the lawmaker's misbehavior.

"Resign, Mr Speaker," blared The Times, saying Hastert "dissembled, to put it charitably," before acknowledging that he had known for months that Foley had sent inappropriate e-mails to underage male aides.

"Either he was grossly negligent ... or he deliberately looked the other way," the daily charged.

Foley, a Republican who represents parts of tony Palm Beach county in Florida, abruptly resigned his seat Friday amid questions surrounding his sexually explicit e-mails to a former male page.

His resignation further jeopardizes an already endangered Republican majority in Congress, with Democrats favored to win the lion's share of House seats in November's midterm election according to many polls.

Foley had been favored to win reelection against Democratic challenger Tim Mahoney in the November 7 legislative contest.

He was known in Congress as a tireless champion of children's rights, especially against abuse and sexual predators. He co-chaired the House Caucus on Missing and Exploited Children and recently introduced legislation to crack down on Internet child pornography sites.

Mahoney, who now is expected to coast to victory, also has expressed moral outrage since the allegations were made known.

"I think that his admission disqualifies him from public office," he told US television Tuesday.

Democratic leaders in Washington were also quick to jump on the scandal as a symbol of moral and ethical shortcomings in the Republican leadership.

"Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican Leaders choose partisan politics over protecting children?

Meanwhile, several top Republicans were running for cover.

House majority leader John Boehner suggested that his hands were clean, since oversight of the page program fell to Hastert.

"My position is it's in his corner, it's his responsibility," he told an Ohio television station.

But conservative US senator John Cornyn said it would be unjust if Republicans paid a price for Foley's misbehavior.

"No one has ever suggested with any of the scandals in the past that they somehow should be made a political football and blame an entire political party for the acts of an individual person," he said Tuesday.

"I think what's an overreach is to somehow try to blame Republicans in general or to blame those who did not know about the content of these e-mails for somehow knowingly allowing this to happen."

Foley Scandal Is The Nail In The GOP Coffin (HILL)

By Dick Morris

The Hill, October 4, 2006

In a curious way, the former Rep. Mark Foley (R-Fla.) scandal will be to the Republican congressional leadership what the Monica Lewinsky imbroglio was to the Clinton presidency.

After all the boring scandals — Whitewater, Hillary's investments, Paula Jones, Travelgate, the FBI files, the Rose Law Firm's billing records — the Lewinsky scandal seared into everyone's consciousness. Those who failed to read the many volumes of Whitewater documents published by The Wall Street Journal or who despaired of following the paper trail that led to the Travel Office firings could easily grasp the simple facts of Clinton's dalliance with Monica. Nothing complicated. Nothing subtle. Easy to understand. And so the Clintonian penchant for scandal became universally known and has been an enduring part of his legacy.

Now, after the lobbyist travel scandal and the Abramoff favors for legislators and the growth of earmarking and the financial scandals that have faced Reps. Randy "Duke" Cunningham (R-Calif.), Alan Mollohan (D-W.Va.), Jerry Lewis (R-Calif.), Bob Ney

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(R-Ohio) and a host of others, there is finally a simple sex scandal for everyone to focus upon. Nothing complicated about this one either.

It is not that the voters believe that all congressmen are child molesters, nor is it the details of what Speaker Dennis Hastert (R-Ill.) knew, and when he knew it, that makes this scandal so important. Its centrality stems from the sheer arrogance and hypocrisy it demonstrates both on the part of Foley himself and his colleagues who hushed up the affair until it burst onto the public stage.

One more pious member of the Moral Majority, one more legislator who makes a career out of fighting for "values" and crusading to protect children turns out to be a hypocrite and an abuser himself!

One more congressman, a sponsor of legislation to help children, a member of the caucus on abused and exploited children, has abused and exploited them himself. The gap between what Foley professes and what Foley did is so huge that you can sink the entire Republican majority in both houses into the gap.

And once again, the arrogant leaders of the Congress circled the wagons and looked the other way to avoid investigating or even recognizing the child abuser in their midst.

The details don't matter much. Who really cares if Hastert only knew that Foley had asked a kid for his photograph or if he knew more about the e-mails that were flying around. And who cares if the Democrats had their own part in the scandal by taking no action and protecting a colleague until right before the election?

None of that really matters.

What is important is that all of the venality and hypocrisy, so evident when congressmen hire their wives or freeload on trips paid for by lobbyists or cram the budget with unjustified earmarks or encourage their sons and daughters to become highly paid lobbyists cashing in on their special access — all of those misdeeds, have suddenly acquired a poster boy: Rep. Foley!

Rep.Tom Delay's (R-Texas) misdeeds are far too boring, in the same way that Whitewater was boring. The paper trail is hard to follow and the accusations murky.

But there is nothing murky about what Foley did and the voters will find the story interesting and easy to follow. Despite this, however, it is not Foley who is sinking his party. Its own misdeeds have already sunk it.

Bill and Monica. Foley and the pages. What we are watching now is the vindication of Karl Marx' comment that history repeats itself — the first time as tragedy, the second time as farce.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

GOP Faces 'Inconvenient Truth' (CHIT)

By Michael Tackett

Chicago Tribune, October 4, 2006

WASHINGTON -- Republicans consolidated power in the George W. Bush era by building a foundation based largely on the pillars of moral clarity and accountability.

Now comes what Al Gore might call an "inconvenient truth." The scandal over alleged sexually predatory behavior that triggered the resignation of Rep. Mark Foley (R-Fla.) undermines those core GOP strengths, and with the approaching midterm elections, at the worst possible time, even prompting some calls from prominent conservatives Tuesday for the resignation of House Speaker Dennis Hastert (R-Ill.) for his handling of the matter.

Republicans in power find themselves in a vise, squeezed of course by newly energized Democrats, but perhaps more important by their most fervent supporters on the right, the very voters who cast their ballot based on social issues.

It was those voters—stoked brilliantly by Karl Rove's surgical support for amendments to ban gay marriage in swing states, among other strategies—who provided Bush with the bare majority he needed for a second term, and that Republicans needed to maintain control of the House and Senate. Whether the GOP can count on those voters to show up in November is now in some doubt.

Economic conservatives had sounded their own complaints about the Republican regime earlier, angered by record congressional spending. Some foreign policy conservatives oppose the war in Iraq as an unwise—and un-conservative—attempt

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to remake the world. So in several significant ways, the coalition that had once seemed so solid in fact had been cracking for the last several years.

And Washington now seems to again be engaging in its tribal ritual of assigning blame. On the plank for the moment is Hastert, who is being accused of inattention at best for his reaction to the Foley mess, and trying to cover up a scandal at worst. The Washington Times, whose editorial page was an intellectual midwife to the Republican revolution of 1994, called Tuesday for Hastert to resign. Also facing scrutiny are House Majority Leader John Boehner (R-Ohio), who was aware of the Foley emails months ago, and Rep. John Shimkus (R-Ill.), one of the House members in charge of the page program.

The intensity of the focus on Foley has served to blunt one of the few positive periods that the Republicans have enjoyed in this election season. The president's aggressive post-Labor Day push on fighting terrorism, coupled with the sharp drop in gasoline prices, had seemed to halt a long slow slide. The Foley controversy now dramatically and negatively reshapes the race for Republicans, leaving them with diminishing hopes of maintaining control of the House chamber that they so famously wrested from Democrats in the midterm elections of 1994.

Hastert moved quickly over the weekend to call for a Justice Department investigation, which had the benefit of high-mindedness but also raised the prospect that the probe would not be finished by Election Day and would leave troubling questions hanging.

Bush offered his support for the Speaker during an appearance in California on Tuesday, reminding Americans of Hastert's prior life as a teacher and coach as measures of Hastert's concern for the well-being of children. The speaker clearly needed to hear the strong backing of the president in the face of mounting calls for his ouster.

Even that backing might not be enough. "There will be dramatic change," said one Republican consultant with ties to some of the House leadership. "It will either be imposed by a new set of leaders in the party or it will be imposed by the voters.

"The political environment today is such that Republicans feel defeated, all of America feels defeated and under siege at this point," he added. "You don't feel in control of your life. I think Republicans have felt the burden especially heavily because this is their president and their Congress. There hasn't been a lot of good news."

Indeed, there is an increasingly gallows view among Republicans about what November will bring. As several noted, things were not going well even before the news of Foley's salacious electronic messages. Congress essentially closed up shop for the term without major accomplishments on issues that voters said they cared deeply about, such as immigration.

The energy that brought the Republicans to power in 1994 seems to have given way to near exhaustion. And now, one of the central issues that solidified their power—a perception of holding the moral high ground—has been turned inside out.

"There is just a general disgust across the board," said one Republican lobbyist who is also heavily involved in campaign fundraising. "We hold huge amounts of fundraisers for members of Congress, and they all come by and tell us how they will maintain control of the House. But not one person in the last four or five or six months has said we are going to win because we have better ideas than the Democrats. I just think they have lost their way."

Hastert Faces Intense Pressure As Foley Mess Roils Republicans (WSJ)

By David Rogers And John Harwood

The Wall Street Journal, October 4, 2006

With Republicans' woes deepening, House Speaker Dennis Hastert is holding fast against calls for him to resign over the congressional-page scandal. But there appears to be a real chance that the Illinois Republican could step down after next month's election even if his party retains power.

A new poll shows voter support for the party slipping, and Mr. Hastert and his divided leadership face immense pressure to respond more emphatically to the stream of revelations about former Rep. Mark Foley's sexually explicit cyber-communications with teenage former pages.

"We have to do something different, more dramatic," said Rep. Ray LaHood (R., Ill.). "This is a political mess and what we've done so far is not working. Somebody has to take responsibility for this. It is on our watch."

At a news conference yesterday evening in West Palm Beach, Fla., Mr. Foley's attorney announced that the former lawmaker is gay and said Mr. Foley, a Catholic who attended Catholic schools, had been molested between the ages of 13 and

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15 by a clergyman. But the lawyer, David Roth, said his client had never engaged in physical sexual relations with a minor despite the nature of his online contacts.

The pattern followed by Mr. Foley, a Florida Republican who resigned abruptly on Friday, was to pursue pages after they had ended their tenure at the Capitol. ABC News, for example, posted new communications yesterday in which Mr. Foley appears to have interrupted a vote on the House floor in 2003 to engage in Internet sex with a teenager who was still in high school but no longer a page.

The Foley news is just the latest in a hailstorm of unfavorable publicity that has hit the Republicans and President Bush in recent weeks, costing the party the initiative at a critical point in the midterm-election campaign. Party leaders had hoped to run the final weeks of the campaign with the spotlight on what they consider their strength: battling terrorists. Instead, they are playing defense on everything from the sex scandal to dispiriting reports about Iraq.

The damage was evident in a new Wall Street Journal/NBC News poll, showing that, by 41% to 18%, Americans say that news they "have seen and heard over the past few weeks" has made them less favorable toward continued Republican control of Congress. By 34%-23% they called themselves more favorably inclined toward Democratic control. The survey, conducted last weekend, also shows a decline in Mr. Bush's job-approval rating to 39% from 42% earlier this month.

With the elections just over a month away, on Nov. 7, there is mounting pressure on Republican House leaders to try to limit fallout from the Foley scandal. In an interview late yesterday, Mr. Hastert said he would be willing to resign if he thought it would help the party but isn't convinced this is the case. "If I thought it would help the party, I would consider it, but I think just the opposite," he said.

For Mr. Hastert and other House leaders, it is a Hobson's choice. Do they risk allowing the scandal to fester without a top-level official taking responsibility, or do they appease critics with a high-profile resignation that could invite "chaos," as Mr. Hastert put it. Any abrupt departure could also disrupt the rest of the leadership in the final weeks of the campaign. And one of the Republicans' weaknesses is that they have no clear transition figure.

Mr. Hastert and other leaders don't have as much control over their party as when former Majority Leader Tom DeLay (R., Texas) helped keep the troops in line. Conservative social activists are openly upset by Mr. Foley's actions -- and the leadership's response. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," activist Richard A. Viguerie said on Fox News yesterday, in calling for Mr. Hastert to step down.

Meanwhile, a new crop of conservatives could seize the moment to push the party to do more to cut government spending, for example. Among this group, Rep. John Shadegg (R., Ariz.) last night defended Mr. Hastert, saying he should not be "railroaded out of office." Another, Rep. Mike Pence (R., Ind.) has been quieter.

If the party were to lose control of the House, it is expected that Mr. Hastert would step out of the leadership. He said yesterday that if Republicans retain power, it is still his intention to run for speaker in the next Congress but "you have to count the votes." Close associates of Mr. Hastert don't rule out that, weary of the fray, he could opt to step down after Nov. 7 even if his party keeps its House majority.

The damage from the scandal complicates the picture because the office of the speaker is elected by the full House. If Republicans lose seats, any small block of conservatives unhappy with the party's leadership would gain more say in deciding who is speaker.

Mr. Bush came to the speaker's defense yesterday: "I know Denny Hastert... I know that he wants all the facts to come out," the president said. And stung by a "Resign, Mr. Speaker" editorial in the conservative Washington Times, which described his performance as "inept," Mr. Hastert spent the day on radio talks shows trying to tamp down the anger against him.

Mr. Hastert's aides trumpeted a letter last night from Pat Robertson's Christian Coalition supporting their boss. And appearing with conservative radio-show host Rush Limbaugh, Mr. Hastert sought to shift blame to Democrats, saying the opposition is orchestrating the leaks of explicit instant messages between Mr. Foley and former pages.

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense," Mr. Hastert said.

But the ABC News reporter who broke the original story yesterday said some of the pages themselves stepped forward with some of the most damaging emails. (See related article9).

The page program offers teenagers academic and work experience in Congress. The pages, who stay one or two semesters and live in a dorm, run errands and help deliver documents, among other things. Republicans have discussed ending the program entirely or appointing a high-profile attorney to review the situation.

"We have to act quickly," said House Rules Committee Chairman Davie Dreier (R., Calif.), a Hastert confidant. And the speaker said he wants to create a blue-ribbon panel to assess the situation and what more could be done to better protect those in the program both during their participation and after they leave Washington.

"When they leave Washington we don't have much control over it," Mr. Hastert said. "We're trying to put something together that would help."

The Federal Bureau of Investigation has said it is investigating the Foley case, but it isn't clear what kind of legal threat he might face, if any. An FBI official familiar with the Foley investigation said three separate cyber-crime units looked at emails in July and found no evidence of broken laws. "They were vanilla," the official said. Agents are looking to see if new emails that have surfaced explicitly suggested meetings with the juveniles crossing state lines for sex. Other potential laws include exchanging of pornographic material with minors. "Right now, we still don't know what, if any, federal statutes have been broken," the official said.

Still, the graphic nature of the instant messages adds to their impact on voters. "This isn't a lobbyist moving money around for favors. This is pretty easy to understand what's going on here," said one Republican leadership aide. And Mr. Hastert says he has felt blind-sided by the recent revelations, saying that the sexual content goes far beyond the "red flag" Foley e-mail his office became aware of last fall, which requested a page's photo but included no overt sexual advances.

Nonetheless, the speaker suffered from the fact that he went home to his farm in Illinois on Friday night as the scandal was breaking. It wasn't until Saturday night that the leadership produced a united statement on the crisis, and associates worry the press-shy speaker will be typecast as a Washington version of Cardinal Bernard Law, who was faulted for not doing more to address child abuse by priests in the Boston Archdiocese.

As speaker, Mr. Hastert is most responsible for the page program, and when parents of a Louisiana teenager were upset by an August 2005 Foley e-mail to their son, a former page, the complaint was taken to Mr. Hastert's staff last fall. But Mr. Hastert says he wasn't fully informed by his aides until recently, and even now he often mistakenly speaks of the issue being handled by the House Page Board, when in fact most of the six member panel were excluded from knowing of the complaint.

Instead, Rep. John Shimkus (R., Ill.), the board's chairman and a Hastert ally, chose to deal with the issue without informing Democrats and simply going to Mr. Foley directly and warning him to stop. Mr. Foley, whose political committees have contributed more than $700,000 to fellow Republicans in the past five elections, had some modest clout in the House. But the expedited, discreet handling of the affair most illustrates fears that if the complaint became public, it could hurt Mr. Foley and the party by reawakening public speculation about his being gay. Mr. Foley and party leaders were concerned such a revelation could cost him the support of voters.

"It was commonly known that Mark was gay," said Rep. LaHood. And Rep, Barney Frank, an openly gay Democrat from Massachusetts, said the whole handling of the initial complaint appeared driven by Mr. Foley's political situation. "Knowing as they did that Mark was gay -- and was conflicted about how to handle it -- made this more sensitive politically," Mr. Frank said.

Beyond the Foley scandal, the latest Journal/NBC poll suggests even more problems for Republicans' campaign positions, showing the signs of momentum that the party had enjoyed in early September -- from the president's political offensive calling voters' attention to the broader war on terrorism -- have halted.

The poll was conducted over the weekend amid a double-barreled dose of bad news for Mr. Bush's party, from disclosures about Mr. Foley to questions about progress in Iraq. The survey didn't ask specifically about the sex scandal or recent assessments of the war.

A 46% plurality of Americans now say the war in Iraq is hurting the nation's ability to win the fight against terrorism. That is up from 32% earlier this month when Americans were nearly evenly split on whether the war is helping, hurting or not making a difference in fighting terrorism.

"No incumbent party wants to run an election on these sorts of issues," says Bill McInturff, a Republican pollster who helps conduct the Journal/NBC survey. Mr. McInturff predicted a renewed Republican effort to focus on terrorism. But Democratic

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counterpart Peter Hart calls it "a moment of crystallization" in the battle to determine whether the Republicans keep the House and Senate for the last two years of Mr. Bush's term. The survey of 805 registered voters, conducted Sept. 30-Oct. 2, has a margin for error of 3.5 percentage points.

The survey shows Democrats -- who need a net gain of 15 House seats and six Senate seats to recapture control of Capitol Hill -- holding a nine-percentage-point edge, 48%-39%, on the question of which party voters want to control Congress after the election. That is unchanged from early this month.

The Foley matter comes as voters have already been souring on incumbents in general, and the Republican-led Congress in particular. In the poll, voters, by 45%-38%, said it is time to give a new person a chance rather than re-elect their incumbent member of Congress; in early September, voters split on that question.

By 57%-37%, voters say America's safety from terrorism doesn't depend on success in Iraq, which has been a central assertion of Mr. Bush and Republican congressional candidates. And by 61%-29%, voters say Iraq is now in a state of civil war -- a conclusion the White House has tried to forestall in the belief it would further erode support for Mr. Bush's policy there. Even Republicans, by 47%-39%, share that assessment.

The poll also contains signs that the congressional Republican strategy of "localizing" elections to take the spotlight off a politically weakened Mr. Bush isn't working. Fully two-thirds of voters now say their decision for Congress will be a signal for the Bush administration-with 39% signaling opposition and 28% signaling support. In April, only about half of Americans called their vote a signal for the administration.

The poll's best news for Republicans is what Mr. McInturff calls a "lessening of economic tension and pressure" as gasoline prices have fallen and the stock market has flourished. Voters now split, at 22% apiece, on whether the economy will get better or worse over the next year. In June a 40% plurality of voters predicted the economy would get worse.

Foley Case Shakes GOP (LAT)

By Janet Hook And Ronald Brownstein

The Los Angeles Times, October 4, 2006

WASHINGTON — The unfolding Capitol Hill sex scandal has upended the political world only five weeks before the midterm elections, escalating GOP worries that the party will lose control of one or both chambers of Congress.

Most immediately, Republicans have been plunged into a wrenching debate about whether heads need to roll in order to persuade voters that they are taking the case of former Rep. Mark Foley (R-Fla.) — who sent explicit messages to male congressional pages — seriously.

Republicans fear that the case could demoralize conservative supporters and undercut the party's claim to be a defender of morality.

As events continued to unfold Tuesday, Foley's lawyer said in a news conference that the lawmaker, who resigned Friday, had been molested by a clergyman when he was a boy. The lawyer also said that Foley was gay but denied that Foley ever had "inappropriate sexual contact with any minor."

President Bush — campaigning for Republicans in California — said he was "disgusted" and "dismayed" by the Foley case, which already seemed to be having an effect on voters.

A Wall Street Journal survey released Tuesday found that two issues — the House sex scandal and the war in Iraq — had made Americans less favorable toward continued GOP control of Congress. It also showed a decline in Bush's job approval rating to 39% from 42% earlier this month.

Some conservatives are calling for J. Dennis Hastert (R-Ill.) to resign as speaker of the House, charging that he failed late last year to adequately investigate a complaint about Foley that at the time might have brought his behavior to light.

But other Republicans rallied behind Hastert on Tuesday, and warned that a leadership upheaval would make matters worse.

Hastert, who was elevated to his post during the turmoil caused by the sex scandal involving President Clinton, on Tuesday shrugged off calls to quit. "I'm not going to do that," he said during an appearance on conservative commentator Rush Limbaugh's radio show.

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Bush did not answer reporters' questions about whether Hastert should resign. But he said, "I'm confident he will provide whatever leadership he can to law enforcement" looking into whether Foley committed any crimes.

The question of how the GOP should respond to the revelations is particularly vexing for religious conservative leaders who are straddling their roles as crucial electoral allies of the party and representatives of a constituency undoubtedly outraged by the revelations.

"You have to keep in mind that the leaders of the Christian conservative groups … have folks back home who are going to be asking some tough questions," said Jim Guth, a political scientist at Furman University in South Carolina who specializes in religion and politics. "And if they don't take action, they are going to suffer some consequences in their own constituency."

For Democrats, the scandal has provided an opening to revive a campaign theme that seemed to have fallen flat earlier this year: their claim that the GOP has brought a culture of corruption to Washington.

Still, political strategists warn that Democrats have to be careful not to overplay their hand — especially since their party has had its own scandals, such as a bribery investigation of Rep. William J. Jefferson of Louisiana.

"I'm not convinced that Democrats are going to be able to paint [the corruption-in-Washington theme] as a Republican problem," GOP pollster Whit Ayres said.

The Foley case and questions about how House GOP leaders handled it compounded problems that were already bedeviling Republicans as they struggled to keep control of the House and Senate. Democrats need to pick up a net 15 seats to gain control of the House, and six seats to win a Senate majority.

"This is very hurtful for Republicans; there is no other way to put it," said Rep. Ray LaHood (R-Ill.).

Noting that the GOP's fortunes had seemed on the upswing as Bush spent much of September focusing on the threat of global terrorism, LaHood added, "This decimates all the things we've been doing."

Across the country in recent days, especially in competitive House races, Democratic candidates have lambasted GOP incumbents for their ties to Foley — and Republicans have tried to distance themselves from the scandal.

In Pennsylvania, Republican Rep. Jim Gerlach canceled a Monday fundraiser with Majority Leader John A. Boehner of Ohio, one of the GOP leaders who has been criticized for his response to early warnings of Foley's misconduct. Gerlach also returned donations from Foley.

Rep. Heather A. Wilson (R-N.M.) did the same. But her Democratic challenger, state Atty. Gen. Patricia Madrid, sought to keep the spotlight on the story, calling on Wilson to join those pushing for Hastert's resignation.

A heated debate over Hastert's status continued among conservative activists, who were divided over whether it would help or hurt the GOP for him to step down.

Richard A. Viguerie, a pioneer in direct-mail fundraising for conservative causes, was among those calling for Hastert to resign. He charged that the speaker and others were not aggressive enough last year in pursuing a complaint about the e-mails Foley sent to a former page, which the leaders recently characterized as "overly friendly."

The e-mails were not sexually suggestive, but Viguerie said the leadership's decision to simply warn Foley to cease communication with the page was "only the most recent example of Republican House leaders doing whatever it takes to hold onto power."

The Washington Times, a leading conservative newspaper, gained wide attention in Washington on Tuesday with an editorial urging Hastert to quit as speaker.

Paul M. Weyrich, a conservative strategist who helped to found the Moral Majority, also was sharply critical of Hastert and said he believed the speaker and other GOP leaders should give up their posts because of their handling of the Foley case.

Weyrich said that although he believed Hastert's explanation that he was unaware of the sexually explicit messages Foley sent to pages that have surfaced in the last week, he still wondered why the speaker had not dug deeper when he dealt with the initial complaint late last year.

"That's the real question, and that's what has the movement people very angry," he said.

But there was no consensus among conservative leaders that Hastert or other House GOP leaders should step down.

Limbaugh, during his show Tuesday, charged that much of the furor over Hastert was fueled by Democrats who wanted "to suppress conservative turnout" in November.

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Other prominent conservative voices, including Focus on the Family and the Wall Street Journal editorial page, rejected the idea that any GOP leader should resign.

The Arlington Group, a coalition of leading social conservative groups, backed away Tuesday from issuing a tough statement urging changes in the leadership.

Weyrich said that after a conference call among him and other members of the group's executive committee Monday, he produced a draft statement that called for the resignation "of anyone involved" in handling the Foley case, including Hastert and Boehner.

But after the draft was reviewed by the seven-member executive committee, the final statement did not directly criticize the response of any House leader or call for any to quit.

The statement asserted that House Republicans may have failed to sufficiently investigate Foley because they feared "a backlash from the radical gay rights movement."

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Chronology

Sometime in 2003 — Former Rep. Mark Foley (R-Fla.) has a sexual conversation with a former House page via a computer instant-messaging program.

May 8, 2003 — The New Times of Broward-Palm Beach writes that Foley, favored to win the GOP nomination to succeed retiring Sen. Bob Graham in Florida, is gay.

May 22, 2003 — Foley tells several reporters in a conference call that speculation that he is gay is "revolting" and "unforgivable," and he begs for privacy.

Sept. 5, 2003 — Foley drops out of the race, citing his father's cancer.

Aug. 30, 2005 — A different page contacts the office of Rep. Rodney Alexander (R-La.) with texts of e-mail exchanges with Foley. In one, Foley asks the former page for a photo of himself.

Shortly thereafter, Alexander's chief of staff contacts the office of House Speaker J. Dennis Hastert (R-Ill.) and asks for guidance to prevent contact between Foley and the ex-page. Hastert's staff contacts the then-House clerk, Jeff Trandahl, whose office runs the page program. Alexander's chief of staff declines to show Trandahl the e-mail, saying the boy's parents wish to keep the matter private. Trandahl is told the message is "overly friendly" but not sexual.

Trandahl and Rep. John Shimkus (R-Ill.), chair of the board that oversees the page program, tell Foley to have no further contact with the former page. Foley denies any impropriety.

November 2005 — Reporters from the St. Petersburg Times and the Miami Herald obtain copies of the e-mail exchange that led Shimkus and Trandahl to caution Foley, but do not write stories because the former page and his family refuse to go public.

Spring 2006 — After hearing about the 2005 e-mails, prominent Rep. Thomas M. Reynolds (R-N.Y.) expresses concern to Hastert. Hastert says later that he does not recall the conversation, but does not deny it took place.

Sept. 24, 2006 — The blog http://www.stopsexpredators.blogspot.com posts four of Foley's 2005 e-mails.

Sept. 28, 2006 — ABC News posts a story about the 2005 e-mail messages on its website.

Sept. 29, 2006 — ABC News obtains the sexually explicit instant-message exchange from 2003 and asks Foley to comment. Within hours, he resigns.

Oct. 2, 2006 — In a statement, Foley says he has been admitted into a program for alcoholism and other problems. ABC News releases a new message exchange in which Foley appears to be setting up a rendezvous with a former page.

Oct. 3, 2006 — Some conservatives and the editorial page of the Washington Times call for Hastert to step down; other conservatives, President Bush and Republican members of Congress rally behind him.

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In a statement issued by his lawyer, Foley says that he is gay and that he was molested by a clergyman as a teen, and denies having engaged in inappropriate activities with a minor.

— Maura Reynolds

Los Angeles Times

Bush In Favor Of Foley Investigation (AP-Y)

By Deb Riechmann

AP, October 3, 2006

President Bush said Tuesday he was "dismayed and shocked" at disgraced lawmaker Mark Foley's behavior and supports House Speaker Dennis Hastert's call for a full investigation.

"This investigation should be thorough and any violation of the law should be prosecuted," Bush said while campaigning for Republican lawmakers in California.

Some, including a Washington newspaper, have called for Hastert to resign, but Bush expressed confidence in the speaker's ability to resolve the matter, calling him a "father, teacher, coach."

"I know Denny Hastert. I meet with him a lot. He is a father, teacher, coach who cares about the children of this country," Bush said. "I know that he wants all the facts to come out."

Bush took no questions. And as he stepped toward his motorcade, the president ignored a shouted question directly asking whether Hastert should resign.

The president spoke after Hastert brushed aside any suggestion of resignation Tuesday as House Republican leaders struggled to contain the fallout from an election-year scandal involving sexually explicit messages from the disgraced former Florida Republican lawmaker to underage male pages.

"I know that he wants all the facts to come out and he wants to ensure that these children up there on Capitol Hill are protected," the president said. "I'm confident he will provide whatever leadership he can to law enforcement in this investigation."

"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush told reporters.

"I was disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office," Bush said. "Families have every right to expect that when they send their children to be a congressional page in Washington that those children will be safe."

The president spoke in a courtyard of the George W. Bush Elementary School. Inside, the president visited young children practicing their reading in the school library named after his wife, Laura. The school has 858 students in grades kindergarten through seventh grade.

Bush's comments on the Foley scandal came as he also addressed a string of deadly attacks in schools in the past week. He said Americans have a responsibility to protect their children.

"Our school children should never fear their safety when they enter into a classroom," the president said.

"Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools," Bush said.

On Monday night, the White House announced a conference of education and law enforcement experts on how the federal government might help communities prevent violence and deal with its aftermath. No date has been set and it was unclear whether Bush would attend.

Hastert Fights To Save His Job In Page Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — Backed by measured words of support from President Bush, Speaker J. Dennis Hastert opened an intense drive on Tuesday to hold on to his post, but behind the scenes senior Republicans weighed whether he could survive the scandal surrounding former Representative Mark Foley.

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Among the options being considered by senior Republicans is for Mr. Hastert to announce that he will stay on as speaker through this year but not seek re-election to the post assuming Republicans retain control of the House, said people on and off Capitol Hill who were involved in the discussions. They said the advantage of such a step would be to postpone a disruptive leadership fight until after Election Day.

Mr. Hastert, who stayed on as speaker after 2004 at the urging of Mr. Bush, has been involved in some of the discussions about how to proceed, but it was not clear how seriously he was considering not seeking the speakership next year, said the Republicans, who asked not to be named because they were discussing internal deliberations. Mr. Hastert returned home to Illinois on Tuesday.

In a round of interviews with right-leaning radio shows after the conservative editorial page of The Washington Times called Tuesday for his resignation, Mr. Hastert vowed he would not quit. He accused political opponents of stoking the furor over Mr. Foley, Republican of Florida, in an effort to influence the coming elections and strip Republicans of Congressional control.

"If they get to me, it looks like they could affect our election as well," Mr. Hastert said in an interview on Rush Limbaugh's radio show.

But across Washington, Republicans debated whether the party could begin putting the matter behind it without some gesture to acknowledge the political uproar and demands for accountability, including changes to the House leadership.

At a news conference in West Palm Beach, Fla., Mr. Foley's lawyer, David Roth, acknowledged publicly for the first time that Mr. Foley is gay. Mr. Roth also said that the congressman, who resigned Friday after being confronted with sexually explicit messages he had sent to teenage Congressional pages, had been molested from ages 13 to 15 by a clergyman. Mr. Roth said Mr. Foley had not had any sexual contact with minors. [Page A26.]

Mr. Bush, in his first public comments on the matter, spoke outside a school in California, supporting Mr. Hastert's call for a full investigation and saying he was confident that Mr. Hastert would "provide whatever leadership he can to law enforcement in this investigation."

"He is a father, teacher, coach, who cares about the children of this country," Mr. Bush said of Mr. Hastert, a former high school teacher and wrestling coach from Illinois. "I know that he wants all the facts to come out, and he wants to ensure that these children up there on Capitol Hill are protected."

Though Mr. Bush stopped short of saying explicitly that he wanted Mr. Hastert to keep his job, White House officials said the president wanted to return the loyalty Mr. Hastert had shown the administration. But they said the White House was resigned to more political damage as the Foley case played out no matter what Mr. Bush and the House leadership might do or say.

Republican lawmakers said privately that Mr. Hastert's fate would ride on developments in the coming days. There appeared to be no organized effort now to push for the speaker's ouster, and in public many backed Mr. Hastert, saying the full facts of the case were not yet known.

"I think it is a rush to judgment to say that he should step down," said Representative Peter T. King, Republican of New York.

But even as Mr. Hastert pushed back against criticism that he had failed to act assertively enough to deal with Mr. Foley after an initial report of an e-mail exchange between Mr. Foley and a page, there were signs of continued tension within the House leadership team.

Representative John A. Boehner of Ohio, the majority leader, said in a radio interview on Tuesday that he discussed Mr. Foley's communication with a page with Mr. Hastert last spring, joining Representative Thomas M. Reynolds of New York in insisting they had raised the matter directly with Mr. Hastert. Mr. Hastert has said he had no recollection of the Foley matter before it exploded last week.

Mr. Boehner, who said earlier that he was not sure he had discussed Mr. Foley with the speaker, said resolving the matter was Mr. Hastert's responsibility.

"I believe I told the speaker and he told me it has been taken care of," Mr. Boehner told a Cincinnati radio station. "In my position, it is in his corner, it is his responsibility."

Later Tuesday, Mr. Boehner sent a letter in support of Mr. Hastert to The Washington Times, and aides to Mr. Boehner said the majority leader was not trying to undercut the speaker. But his comments fed an impression that House leaders were trying to make certain they were not blamed for the consequences of the Foley case.

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Federal investigators who have interviewed several former pages have unearthed instances of conduct by Mr. Foley that will almost certainly lead to a full criminal investigation, including grand jury testimony, to determine whether the former lawmaker violated federal sex crime laws, government officials briefed on the matter said Tuesday. They spoke on the condition that they not be named because they were discussing details of an investigation.

Prosecutors have yet to issue subpoenas or search warrants but have discussed ways to safeguard evidence in the case, the officials said, possibly issuing what are known as preservation letters, directing government agencies or private entities, like Internet providers, not to destroy any electronic data that might be relevant.

On Tuesday, ABC News disclosed a text-message conversation from April 2003 in which Mr. Foley and a page exchanged sexually explicit messages as the lawmaker waited to vote; in another exchange, Mr. Foley seemed to invite a teenage page to drink alcohol with him at his home in Washington.

Mr. Hastert's allies sought to rally rank-and-file lawmakers behind the speaker, and a letter of support was being circulated by Representative John Shadegg, Republican of Arizona, who was trying to round up signatures. The speaker's office was also trying to tamp down outrage from the right and released a letter of support from the Christian Coalition.

But other Christian conservative groups, a pivotal variable in Republican turnout for the midterm elections, condemned the lack of earlier action by Republican leaders.

"It is clear someone knew," said a statement from the Arlington Group, a coalition of major Christian conservative organizations including Focus on the Family, Concerned Women for America and the American Family Association. "We are very concerned that the whole truth concerning this episode be reported, including when House leadership or other members from either party knew of this situation."

Phil Burress, president of the Cincinnati group Citizens for Community Values, said that among Christian conservative voters, the Foley scandal "just sows more contempt for Congress as it becomes nothing more than a playground for sexual perverts."

Republicans said they were increasingly concerned that the matter would dominate the final weeks of the midterm elections. One lawmaker in a difficult race in Pennsylvania, Representative Jim Gerlach, canceled a fund-raiser with Mr. Boehner.

"The reaction's been fairly slow on this," said Vin Weber, a former Republican congressman from Minnesota who served as chairman of the president's Plains States Campaign Committee in 2004. "I have not detected a clear Republican strategy for dealing with this, which is not adequate."

In regard to calls for Mr. Hastert's resignation, Mr. Weber said, "The president is not going to toss overboard a guy who has been a good, faithful ally of his."

The first television advertisement to refer directly to the page scandal was broadcast Tuesday in Minnesota, where a Democratic Congressional candidate, Patty Wetterling, is running for an open seat against a Republican state senator, Michele Bachmann. "Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," the commercial declared.

Bush Backs Hastert's Handling Of Sex Scandal (FT)

By Caroline Daniel

Financial Times, October 4, 2006

President George W. Bush sought to end Republican disarray on Tuesday over the handling of the sex scandal involving congressman Mark Foley, defending House Speaker Dennis Hastert against calls for his resignation.

At a campaign event in California, Mr Bush said he was "disgusted by the revelations" about Mr Foley, a Florida Republican who resigned from his seat on Friday after the publication of explicit electronic correspondence with under-age male pages who worked on Capitol Hill.

Mr Hastert has come under fire for failing to investigate fully less lurid e-mails from Mr Foley that had come to his attention earlier this year. On Friday he had initially said he did not "explicitly recall the conversation" and made conflicting statements on when he had known of the concern. On Monday he said he had been "duped" by Mr Foley.

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An editorial on Tuesday in the Washington Times, a conservative newspaper, called for Mr Hastert to resign, arguing he was either "grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations, or he deliberately looked the other way".

Mr Hastert said he would not resign, while senior Republicans appeared to try to distance themselves from him. On Friday Tom Reynolds, the head of the House Republican congressional committee, said he had told Mr Hastert about the earlier e-mails this spring. John Boehner, the House majority leader, said in an interview quoted by AP: "I believed I talked to the speaker and he told me it had been taken care of." A few hours later, however, he sent a letter to the Wash-ington Times criticising its editorial.

In his first expression of support, Mr Bush called Mr Hastert, "a father, teacher, coach, who cares about the children of this country".

Social conservatives have been horrified at the damage to the credibility of a party that prides itself on family values. The Arlington Group of leading pro-family groups called for the resignation of any member who had acted "improperly in this matter" and called for the leadership to investigate aggressively any further rumours of misconduct.

James Thurber, the director of the centre for congressional and presidential studies at American University, said the Republican leadership's failures were part of a wider pattern of not addressing a series of ethics scandals. "They just don't get it. They try to shut things down and forget about them. Look at the leadership of the ethics committee. They have not had a single hearing on any of these lobbying issues, such as with Tom Delay [former House majority leader] or Bob Ney [a former congressman]."

Bush Backs Hastert To Keep Job (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, October 4, 2006

President Bush and other Republicans defended House Speaker J. Dennis Hastert yesterday against Democrats and conservatives who have called for his resignation over the handling of sexually explicit Internet messages former Rep. Mark Foley wrote a teenage boy who had worked as a congressional page.

"I know Denny Hastert, I meet with him a lot," Mr. Bush said yesterday. "He is a father, teacher, coach, who cares about the children of this country."

Mr. Bush said he was "disgusted" by Mr. Foley's behavior and said he supports Mr. Hastert's call for a full investigation. "I'm confident he will provide whatever leadership he can to law enforcement in this investigation," he said.

Earlier this week, several conservatives called for Mr. Hastert's resignation because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"[N]o one in the leadership, including Speaker Hastert, had any knowledge of the warped and sexually explicit instant messages that were revealed by ABC News last Friday," Majority Leader John A. Boehner wrote yesterday in a letter to The Washington Times, whose editorial board called on Mr. Hastert to step down.

"Had Speaker Hastert or anyone else in our leadership known about Mr. Foley's despicable conduct, I'm confident the speaker would have moved to expel Mr. Foley immediately and turn him over to the appropriate authorities," the Ohio Republican said.

Bush spokeswoman Dana Perino said the president has not personally spoken to Mr. Hastert in "the last few days," although the White House and the speaker's office are in "regular contact."

Asked what the president thought about the calls for Mr. Hastert's resignation, she replied that Mr. Bush wants to know all the facts.

"The speaker called for the investigation, the president supports that, and one is under way. And so let's let that play out," Mrs. Perino said.

As House Republicans worked to show unified support for Mr. Hastert, new "instant messages" between Mr. Foley and a former page surfaced.

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"Former Congressman Mark Foley (R-FL) interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page," ABC reported on its Web site yesterday. The network did not include the exact exchange, for reasons of taste, but said it occurred during the April 2003 House vote to provide $78.5 billion in emergency spending for military operations in Afghanistan and Iraq.

Those messages were among 52 new ones obtained by the network between a teenage boy and Mr. Foley, who used the handle "Maf54" -- Mr. Foley's initials followed by the year of his birth.

In another instant message, Mr. Foley invites the boy to his house near the Capitol for alcohol. "We may need to drink at my house so we don't get busted," he writes in one.

In Florida, meanwhile, Mr. Foley's attorney, David Roth, held a press conference last night to announce that Mr. Foley had been molested by clergy in his early teens. The lawyer did not specify what religion the clergyman was, but Mr. Foley is Roman Catholic. The lawyer also made the first public acknowledgment that Mr. Foley is a homosexual.

Mr. Foley is "recovering" in a clinic for alcoholism, though friends and staffers have told reporters that they were unaware that the six-term congressman had a drinking problem.

The former congressman is a "closet drinker," Mr. Roth said. "This is part of his recovery."

In Washington, Democrats and some conservatives continued their assault on Republican leaders for the scandal and many lower-ranking House Republicans did all they could to distance themselves from leadership and the whole sordid mess.

"Mark Foley is a pedophile who should be prosecuted to the fullest extent of the law," Rep. Jim Gerlach, Pennsylvania Republican, said emphatically yesterday. "Additionally, there needs to be a full and complete FBI investigation into this matter immediately. If it is found that any member of leadership, Republican or Democrat, or any member of Congress knew of the inappropriate conduct and did nothing to stop it, they should immediately resign from Congress."

Mr. Gerlach, who faces a tough re-election campaign, also postponed a scheduled fundraiser with Mr. Boehner "because he felt it was inappropriate to move ahead with it as planned." The Republican also donated $1,000 in campaign contributions from Mr. Foley to a local crime victims group.

Hastert Says He's Not Going To Quit (USAT)

By Kathy Kiely And David Jackson

USA Today, October 4, 2006

WASHINGTON — House Speaker Dennis Hastert rebuffed calls Tuesday for him to resign over his handling of the Mark Foley scandal. His fellow Republicans tried to contain damage to the party a month before elections.

At issue is whether Hastert and other House Republican leaders were aggressive enough in their investigation of alleged sexually explicit instant messages and e-mails between Florida congressman Foley and House pages.

One newspaper and some conservatives called for Hastert to step down. He told radio host Rush Limbaugh he has no intentions of quitting. “I'm not going to do that,” said Hastert, who has been speaker since 1998. “We took care of Mr. Foley.”

Hastert got a nod of support from President Bush hours after The Washington Times, a newspaper influential among conservatives, called on Hastert to “resign his speakership at once.”

Bush told reporters traveling with him in Stockton, Calif., “I know Denny Hastert, I meet with him a lot. He is a father, teacher, coach, who cares about the children of this country.” Bush, making his first comments about the scandal, said he was “disgusted by the revelations” of Foley's “unacceptable behavior.”

The Internet communications were first reported last week by ABC News. The network reported Tuesday on instant messages that allegedly show Foley having Internet sex with a page during a House roll call vote. None of the communications has been independently verified by USA TODAY. Foley resigned Friday.

Rep. John Shadegg, R-Ariz., sent a letter to his colleagues saying calls for Hastert's resignation are “unwarranted and fundamentally unfair.” Shadegg said Hastert “deserves to be treated fairly, not railroaded out of office.”

Hastert has said he does not remember being told about a complaint from the parents of a 16-year-old Louisiana boy, a former page, who alerted Rep. Rodney Alexander, R-La., about Foley's e-mails to their son. Two top Republicans, Majority

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Leader John Boehner of Ohio and campaign chairman Rep. Thomas Reynolds of New York, have said they discussed the issue with Hastert months ago.

The e-mails to the Louisiana boy were not sexually explicit. The liberal-leaning group Citizens for Responsibility and Ethics in Washington said it turned over those e-mails to the FBI in July. It also said the bureau did not pursue an investigation.

Conservative leaders had mixed reactions to the actions by Hastert and the GOP leadership. Hastert got support from the Christian Coalition and Republican strategist Grover Norquist, who dismissed calls for the speaker's resignation as “a handful of conservatives desperate to get attention and press.” Tony Perkins, head of the Family Research Council, and Wendy Wright, president of Concerned Women for America, said such calls were “premature.”

Richard Viguerie, a conservative strategist, called for the resignation of the entire House leadership team.

Perkins warned the scandal would cut election turnout Nov. 7 of conservative “values voters” who tend to support Republicans. Rep. Patrick McHenry, R-N.C., who supports Hastert, agreed. “It doesn't help our chance to retain the House,” McHenry said. “That's for sure.”

Gingrich Says Hastert Shouldn't Resign Over Handling Of Page Scandal (AP)

By Jeffrey McMurray

AP, October 3, 2006

LEXINGTON, Ky. - Former House Speaker Newt Gingrich said Tuesday that his successor, Dennis Hastert, appropriately handled the aftermath of a scandal involving a Florida congressman and salacious, explicit instant messages to underage male pages.

Gingrich on Tuesday dismissed a call for Hastert's resignation by The Washington Times, a conservative newspaper whose editorial page editor is Gingrich's former press secretary, Tony Blankley.

"I do not agree with that, and I think it's very premature and very inappropriate," said Gingrich, who was in Lexington to give a speech to the University of Kentucky's Sanders-Brown Center on Aging Foundation.

Rep. Mark Foley, R-Fla., abruptly resigned Friday after news reports surfaced that he sent inappropriate instant messages to teenage boys who once worked as House pages.

On Tuesday, House Majority Leader John Boehner, R-Ohio, said Hastert told him last spring that a Louisiana page's complaint about Foley had "been taken care of."

Gingrich, a Republican who represented a district in Georgia, said it appeared Hastert did all he could by sending another congressman to confront Foley about the charges. Beyond that, Gingrich said, the information he had at the time wasn't "actionable."

"You look him in the eye," Gingrich said. "You say, 'This is dangerous. It's inappropriate. You can't do it.' And, in this case, we now know that U.S. Rep. Foley lied. Now, when you catch him in the lie, you then take stronger action. But until you catch him, you can't presumptively do that."

Gingrich suggested there is a double standard that Republican scandals reflect badly on all Republicans while Democratic scandals, such as Bill Clinton's relationship with Monica Lewinsky, don't affect other Democrats. He also questioned the timing of the release of the information, just a few weeks before the midterm elections.

Even if there was suspicion about Foley, Gingrich said, there is little that could have been done legally.

"You just had the Democrats vote against wiretapping for the purpose of getting terrorists, but it's OK to wiretap for the purpose of getting Republicans?" he said. "I don't understand the double standard."

As a freshman member of Congress in 1983, Gingrich took a hard line approach against two congressmen who were accused of having sexual relationships with congressional pages. Gingrich tried to get the congressmen forced out of office, but the House voted to censure them instead.

He said treatment of the Foley situation is a testament to how far the country has come in child protection cases.

"The mood was that it was almost a joke," Gingrich said. "I'm glad the House, in fact, is taking this much more seriously. I think it's a healthy sign for the country that we realize that these kinds of behaviors are dangerous and that we are prepared to protect young people."

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Hastert Rival Sees Surge In Support (WT)

By Joyce Howard Price

The Washington Times, October 4, 2006

House Speaker J. Dennis Hastert's Democratic rival to represent the 14th District of Illinois says he got into the lopsided race because he opposes the war in Iraq, but now sees people supporting his candidacy because of what they see as Mr. Hastert's slow response to the "Foleygate" scandal.

"I hope people elect me for the qualifications I have for [charting] a new direction in Iraq, not because the speaker covered up for a dirty old man in Congress," John Laesch, 32, said yesterday, referring to accusations that former Florida Rep. Mark Foley, Florida Republican, sent sexual computer messages to teenage boys serving as congressional pages.

No one is predicting Mr. Laesch, a political newcomer, will defeat Mr. Hastert in the overwhelmingly Republican district west of Chicago, where the top House Republican got 69 percent of the vote in 2004.

Ed Patru, spokesman for the National Republican Congressional Committee laughed yesterday when asked if the Foley scandal might adversely affect Mr. Hastert in the Nov. 7 election.

"This is a two-day story," Mr. Patru said. "It will have no effect at all."

Illinois Republican leader Dennis Wiggins agreed.

"The speaker is very well-respected in this district, and he is trusted, as he is in Congress," said Mr. Wiggins, chairman of both the Kane County Republican Central Committee and the 14th District Republican Central Committee. "The calls I'm getting say he should hang in there and stay steadfast. There are two investigations going on [in the Foley scandal], and it behooves everyone to sit back and wait for the results."

Mr. Laesch describes Mr. Hastert as "the most powerful guy up for re-election in 2006." But the Democratic challenger says his campaign has been "energized" by inconsistences between what Mr. Hastert and others have said about when he first learned of inappropriate e-mail messages Mr. Foley sent to male pages.

Fallout from the Foley scandal "has had a huge impact on my campaign," Mr. Laesch said in a telephone interview yesterday. "Since Friday, we've raised $25,000 without lifting a finger." That's on top of $100,000 he had already raised.

"I realize Dennis Hastert can raise millions of dollars at the drop of a hat," Mr. Laesch said.

In addition, he said, between 30 and 40 people showed up at his campaign office Monday afternoon, asking for yard signs or to volunteer their help. "These people came to express their concern about having a silent speaker, who did absolutely nothing" to protect teenage males from a sexual predator, said Mr. Laesch.

"Even though I am a 32-year-old underdog, I have put a dent in" Mr. Hastert's campaign, the challenger said. He said his assets "include strong organizational skills" and he predicted conservatives will like the fact that his parents were missionaries in West Africa.

A Hastert spokesman said Mr. Laesch is "making reckless accusations" against the 10-term incumbent.

Mr. Hastert "was born and raised here, raised a family here, taught high school here and coached teams here," said Brad Hahn, a spokesman in Mr. Hastert's district office in Batavia, Ill.

"Denny Hastert is a lifetime part of this community, and he represents the values of this district," said Mr. Hahn.

Hastert Rejects Calls To Give Up Leadership (WP)

By Jonathan Weisman

The Washington Post, October 4, 2006

House Speaker J. Dennis Hastert (R-Ill.) yesterday rebuffed calls to resign his leadership role, which have come from conservatives and liberals alike, but public ruptures in the ranks of the House Republican leadership continued to surface in the wake of a page scandal.

Hastert and fellow House Republicans stressed that they will contain the fallout from revelations that senior GOP leaders had known for months about the inappropriate communications between former representative Mark Foley (R-Fla.) and at least two teenage male pages. But several conservative organizations, including the editorial board of the Washington Times, have

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now called on Hastert to step down, charging that he was derelict in not investigating the "over-friendly" e-mails that his staff had been aware of since late 2005.

A public show of support for the speaker by many House members masks fears that Hastert's hands-off management style since 1999, when he ascended almost accidentally to one of the highest offices in the land, may finally end his career. Just five weeks before midterm elections, most House members said Hastert will almost certainly not step down before voters go to the polls. But a GOP political disaster in the wake of the Foley revelations could usher him out of the post and House Minority Leader Nancy Pelosi (D-Calif.) into the speakership.

"I think Speaker Hastert's done a pretty good job under trying circumstances regarding our members. He has stepped up," said Rep. Ray LaHood (R-Ill.), a close ally of Hastert's. But he added that the ultimate responsibility rests with Hastert. "The truth is, if you want to be a page, you have to be appointed by the speaker. This is the speaker's program."

Hastert's critics say the Foley episode is the latest in a long line of Republican leadership failures. Hastert largely stood on the sidelines last year as legal peril mounted for his top lieutenant, then-House Majority Leader Tom DeLay (R-Tex.). Then he intervened to try to save DeLay, first by trying to change House rules to allow an indicted member to maintain his leadership post, then by helping to purge the House ethics committee of members and staffers who had challenged DeLay's bare-knuckled tactics. Neither effort worked.

It took months for Hastert to respond to the influence-peddling scandal triggered by convicted lobbyist Jack Abramoff, and, even then, his personal pledge to tighten the rules governing congressional lobbying did not produce significant legislation. House GOP leaders seemed to have been blindsided when Rep. Randy "Duke" Cunningham (R-Calif.) pleaded guilty to accepting millions of dollars in bribes. And after pleading guilty to corruption charges, Rep. Robert W. Ney (R-Ohio) remains in the House.

Hastert continues to say that his staff's failure to thoroughly investigate the initial e-mails from Foley to a 16-year-old Louisiana boy was understandable, given the vague, friendly nature of the exchange. But others see a pattern. "I think what has been revealed about the way in which the Republican leadership, and Hastert in particular, has handled this matter is fully consistent with his prior behavior as speaker," said Thomas E. Mann, a scholar on Congress at the Brookings Institution and author of a critical new book on the decline of Congress's role in governance." This is a man who has never taken seriously his institutional roll as a constitutional officer of the United States and the head of the whole House, not just the head of the Republican Party."

In a round of interviews with conservative talk show hosts, Hastert said he intends to lead a Republican majority in the next Congress. Fellow House Republicans fell in line. "For a normal political leader, it would be difficult to withstand this, but Hastert is seen as a grandfatherly figure in the House. He's seen as having our best interests at heart," said Rep. Patrick T. McHenry (R-N.C.).

"We've been through far worse," said Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference. "This is not a problem. This is not anything that's going to tear up the leadership."

Still, such tears are growing increasingly evident. Last week, House Majority Leader John A. Boehner (R-Ohio) said in an interview with The Washington Post that he told Hastert about Foley's inappropriate behavior last spring and was told that the issue was being dealt with. Boehner then sought to deny that he had said it. Yesterday, he returned to his original contention, emphasizing Hastert's responsibility for the page program.

"I believe I talked to the speaker, and he told me it had been taken care of," Boehner told a Cincinnati radio host. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the page board -- all report to the speaker. And I believe it had been dealt with."

At issue, say some former Republican leadership aides, may be Hastert's leadership style. Affable and approachable, Hastert emerged seemingly from nowhere to become speaker in 1999. Newt Gingrich (R-Ga.) had been drummed out of Congress after a disastrous election season, and his heir apparent, Rep. Bob Livingston (R-La.), resigned amid allegations of an extramarital affair. DeLay, who was then majority whip, engineered Hastert's rise from chief deputy whip to speaker.

From the start, Hastert, 64, took on the role of father confessor, a shoulder to cry on as DeLay knocked heads and kept the House moving. But two former House leadership aides, who spoke on the condition of anonymity for fear of hurting their

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relationship with the speaker, said DeLay's undoing may have been Hastert's -- and, in retrospect, may have allowed Foley's alleged behavior to go unchecked.

Under indictment and out of the leadership, DeLay was fighting for his political career when Rep. Rodney Alexander (R-La.) brought Foley's suspicious e-mails to the leadership in November 2005. That same month, Cunningham pleaded guilty to accepting $2.4 million in bribes.

With DeLay gone and Rep. Roy Blunt (Mo.) serving as both majority whip and majority leader, the House leadership simply lacked the bodies to forcefully take on the Foley issue, the former aides said. The page program was the speaker's domain, but the speaker, already disposed toward delegating responsibility, was getting tired of all the scandals.

"The speaker has been preoccupied and distracted for more than a year," one former leadership aide said.

"Frankly," said the second, "he was tired."

Hastert spokesman Ron Bonjean disputed that assertion. Hastert was unaware, until last week, of the sexually explicit instant messages that set off the firestorm, Bonjean said, and when they surfaced, the speaker immediately condemned the behavior, called for a criminal investigation and set up a hot line for pages and former pages. As for the previous scandals, Bonjean said: "People want to go into hindsight, to armchair-quarterback, but the fact of the matter is, the speaker has successfully navigated members through a very, very difficult Congress."

A Few Conservative Voices Still Speak For The Speaker (WP)

By Dana Milbank

The Washington Post, October 4, 2006

House Speaker Dennis Hastert woke up yesterday morning to find his Republican conservatives in mid-mutiny.

"Resign, Mr. Speaker," advised the Washington Times at the top of its editorial page. In the Mark Foley scandal, the conservative paper posited, Hastert either (a) "was grossly negligent" or (b) "deliberately looked the other way."

Hastert's loyal deputy, Majority Leader John Boehner (Ohio), told a hometown radio station that the blame was all Hastert's. "I believe I talked to the speaker and he told me it had been taken care of," Boehner said. "And my position is it's in his corner, it's his responsibility."

Rep. Tom Reynolds (N.Y.), the man leading House Republicans' campaign efforts, was also blaming "supervisor" Hastert for failing to act earlier to protect boys in the congressional page program from Foley's overtures. "I heard something; I took it to my supervisor," Reynolds said.

Before long, the august National Review had found Hastert and his team guilty of "serious sins of omission," while the magazine's Larry Kudlow joined the mutiny and called Hastert "an ineffective leader."

In the last few days, Hastert, a genial former wrestling coach from Illinois, is proving the axiom devised by former senator/philosopher Alan Simpson (R-Wyo.): "One day you're the toast of the town, the next day you're toast."

Four months ago, Hastert was feted as the longest-serving Republican speaker, earning tributes from all segments of the party. "He's done a great job, and he's been a great partner to me and a great mentor to me," Boehner said then.

And now, he's a great fall guy, too. "The clerk of the House, who runs the page program, the Page Board -- all report to the speaker," Boehner declared yesterday.

It was time for Hastert to take action to put down the mutiny. So he called Rush Limbaugh. And Sean Hannity. And Hugh Hewitt. And Lars Larson. And Roger Hedgecock. Even Neal Boortz, who said Hastert should find a "better excuse" for his inaction on Foley. "We're going to do them all," said Hastert aide Ron Bonjean.

Limbaugh, taking Hastert's call early in the afternoon, got right down to business. "The Washington Times' admittedly conservative editorial page has asked for you to step down," he pointed out.

"Well, yeah, I'm not going to do that," Hastert said casually, as if the Washington Times had suggested he order grapefruit for breakfast.

Limbaugh set about making the case for Hastert. Democrats and the media, he said, are making the speaker look more "interested in holding the House rather than protecting children."

"Yeah" was the entirety of Hastert's reply.

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"I like what you said yesterday," Limbaugh continued, when Hastert "asked for an investigation into who knew what when."

"I don't think you could ask anybody better than the FBI," Hastert concurred. Limbaugh encouraged Hastert to change the subject to the economy and national security. Hastert dutifully responded with a few remarks about the economy and national security.

Eventually, Limbaugh closed with the warning that Democrats and the media would press the issue "even though you've dealt with it, even though he's gone, even though the mistake has been corrected."

Hastert again agreed. "They're trying to put us on defense," he said.

If that was the goal, it seems to have worked. Even nudists were gloating about the Foley scandal, telling the St. Petersburg Times that the lawmaker had been "very hypocritical" in attacking their skinny-dipping. Rep. Chris Cannon (R-Utah), according to the Deseret News, was driven to declare some of Foley's mannerisms "irritating," adding: "You don't need 'gaydar' to understand he has certain dispositions."

Even as Hastert was on the air with Limbaugh, ABC News was publishing more instant messages Foley had sent to former pages. Clearly, Hastert needed more help. Bush, traveling in California, told the cameras that Hastert "is a father, teacher, coach who cares about the children of this country."

When even that proved insufficient, Hastert turned at 5 p.m. to Hannity's radio show, "the last beacon of truth in a troubled time."

Hannity had spent two hours accusing the Democrats of "dirty tricks" and "hypocrisy" and taking issue with the Washington Times' call for Hastert's head.

"I was shocked at the Washington Times today," he told Hastert, then got down to the questioning. "As you said, this is all brand new to you as of Friday?"

"Right," Hastert agreed.

Hannity asked if Hastert's foes had the Foley messages but "sat on them for political reasons."

"I just think it's awful strange," the speaker agreed.

Hannity, invoking Democratic sex scandals involving then-Massachusetts Rep. Gerry Studds (1983), Massachusetts Rep. Barney Frank (1990) and President Bill Clinton (1998), asked: "Do you think there's a double standard?"

"Yes, it appears there's a double standard," the speaker agreed.

Hannity was not finished. "In all seriousness, how would you be responsible for what another congressman does on an instant message? How could you possibly know this kind of thing was going on?"

"We don't know," the speaker agreed.

Milbank is writing a book. Washington Sketch will appear on a reduced schedule until early next year.

Dems Sit Back And Watch The Republican Meltdown (HILL)

By Josephine Hearn

The Hill, October 4, 2006

House Democrats largely held their fire Tuesday as the sex scandal surrounding former Rep. Mark Foley (R-Fla.) escalated into a seriously damaging liability for beleaguered House Republicans just weeks away from a pivotal election.

House Minority Leader Nancy Pelosi (D-Calif.) did not join calls from some conservatives for House Speaker Dennis Hastert (R-Ill.) to step down for failing to take more action to protect pages last year when he reportedly was informed that Foley sent inappropriate e-mails to a former page.

A spokeswoman said Pelosi instead was focused on ensuring that the ethics committee moves forward with its investigation.

“We’re keeping pressure on the Republican leadership to find out what happened, what they knew and when they knew it,” the spokeswoman said.

The House voted Friday to direct the ethics committee “to immediately appoint” an investigative subcommittee to handle the matter and to present a “preliminary report” within 10 days, according to a resolution offered by Pelosi.

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That 10-day time period is up on Monday. At press time, two sources said the ethics committee will convene tomorrow morning.

From a political perspective, the timeline allows Democrats to keep the scandal on the front page even if political pressure on Republican leadership wanes, said Democratic sources. If the investigation moves slowly, Democrats can charge that the Republicans are fearful of revealing details of a potential cover-up. If the probe moves quickly, the results will offer a new opportunity to showcase the Republican leadership's alleged missteps.

The expected FBI investigation will likely take much longer, stretching beyond the Nov. 7 elections.

House Democratic lawmakers and candidates largely followed Pelosi's lead yesterday, perhaps wary of overplaying their hand by calling for Hastert's head too early. Instead, they issued statements demanding that their opponents return Foley's campaign donations or linking Foley to a Republican "culture of corruption."

Patsy Madrid, however, who is challenging Rep. Heather Wilson (R-N.M.), did demand Hastert's resignation.

"It is time for a change," she said in a statement. "Speaker Hastert needs to resign and the Republicans need to take responsibility for this scandal and for their attempted cover-up."

But the vast majority of House Democrats said nothing at all.

"I suspect that the Democrats don't really feel a need to say anything — the story speaks for itself," said a House Democratic aide. "The whole thing is absolutely outrageous. I have never seen my boss so angry and disgusted."

Encountered in a Capitol hallway yesterday, Rep. Adam Schiff (D-Calif.) said he was not ready to ask Hastert to step aside.

"I think anyone who knew about this and did nothing should step down, [but] we'll have to see all the facts," Schiff said. "The fact that [Foley] remained as chair of the Missing and Exploited Children's Caucus, I think is terrible."

A Democratic strategist argued that staying out of a Republican scandal was the best political move Democrats could make right now.

"Don't get in the way when the other side is doing a fine job hanging themselves," the strategist said.

On the Democrats' campaign website, a listing of Foley news clips was topped with an unequivocal heading: "We. Are. Winning."

In an e-mail yesterday to potential donors, the Democratic Congressional Campaign Committee called the Foley scandal "a betrayal of trust" and said Democrats are in the best position in over a decade to win a Democratic majority in Congress.

Still, signs emerged yesterday that Republicans were beginning to go on the offensive, implying that Democrats were behind the leak of the original set of messages between Foley and a page.

"We also need to know why these messages surfaced only last week, on the final day of legislative business before the November elections," wrote House Majority Leader John Boehner (R-Ohio) in a letter to the editor of the Washington Times, which called yesterday for Hastert to resign.

The House Republicans' usual attack dog, Rep. Patrick McHenry (R-N.C.) was back in the saddle yesterday.

"Who would turn over the instant messages to ABC News rather than the police?" McHenry said in a statement. "In my mind, this person, group or political organization is as sick as Foley himself."

A watchdog group run by former Democratic aides, Citizens for Responsibility and Ethics in Washington (CREW), had a copy of Foley's original messages as early as July. The group forwarded the messages to the FBI, but did not pass them on to any other entities, said spokeswoman Naomi Seligman Steiner.

The messages appeared earlier in September on the website stopsexpredators.blogspot.com and ABC News picked them up on Thursday.

"We weren't the source. ABC did not the get the emails from us," Steiner said.

Unlucky GOP Candidate Depends On Votes For Foley (HILL)

By Jonathan E. Kaplan

The Hill, October 4, 2006

State Rep. Joe Negron (R-Fla.) started the first day of his congressional campaign to succeed Rep. Mark Foley (R-Fla.) as an alternative juror in a two-week-old murder trial.

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The trial ended yesterday when the jury convicted the defendant and the sentencing phase of the trial began. But that appears to be the least of Negron's concerns after winning the party's nod last weekend.

Majority Leader John Boehner (R-Ohio) told conservative radio host Sean Hannity on Monday that Republicans losing the seat in November was already a foregone conclusion.

"To vote for this candidate, you have to vote for Mark Foley," Boehner said, referring to ballot procedures that require Foley's name to remain on the ballot. "How many people are going to hold their nose to do that?"

Negron disputed Boehner's characterization that Tim Mahoney, the Democratic candidate, would win the seat.

"I certainly respect [Boehner's] opinion, but I strongly disagree and so does Gov. Jeb Bush (R-Fla.) who carried this district by 60 percent," Negron said in a call from the courthouse. "Just because Mark Foley has engaged in reprehensible conduct does not mean there will be a coronation for the Democratic candidate."

Unlike Boehner, as of Monday, the National Republican Congressional Committee was at least paying lip service to the idea that Negron had a real chance to keep the seat in GOP hands, sending out a memo arguing that the race would be competitive.

Negron said he would run his campaign on keeping taxes lower and federal spending down and supporting President Bush in his efforts to fight terrorism. But he quickly attacked his opponent, calling him a "John Kerry Democrat."

Foley won 58 percent of the vote in 1994 and never received less than 60 percent after his first term. President Bush won 54 percent of the vote in the 2004 presidential election. But political handicappers, including Chris Cillizza at WashingtonPost.com, have said the seat is more likely to switch hands in November.

Negron said he would have less of a challenge building a campaign infrastructure because he has served for three terms in the Florida legislature. He plans to transfer $600,000 of his own money — which he set aside for his failed bid to become Florida's attorney general — to jump-start his congressional campaign. He has two staffers working for him and yesterday was expecting a potential campaign manager with D.C.-ties to fly-in for an interview. He said he didn't even know the job seeker's name.

Negron also noted that members of Florida's congressional delegation have offered him support, including Sen. Mel Martinez (R-Fla.) and Rep. Tom Feeney (R-Fla.). He said he has not talked to Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee or anyone else at the party committee directly, but added that there have been "staff-level contacts."

"I can't imagine that the national party would walk away from a strong Republican district," Negron said.

Jeb Bush told reporters yesterday that, "I've never felt you should underestimate voters," but added that Negron faces an "an extraordinary challenge."

Meanwhile, Democrats are excited by the possibility of being able to put a seat in the win column that they weren't expecting. The Democratic Congressional Campaign Committee (DCCC) put Mahoney on their "Red to Blue" list, which could give him a fundraising advantage in reaction to the scandal. The Florida Democratic Party also began running a vote-by-mail program in the district prior to Foley's resignation.

Mahoney's press secretary said his boss, a wealthy businessman and former Republican, did not want to discuss the Foley matter and stressed that any questions directed to him right now would have to focus on issues.

But during the interview, when pressed on hot topics in Florida such as healthcare, Mahoney said he did not want to get into specifics such as whether he would support an employer mandate to provide health insurance. Breaking his own press secretary's rules, he readily answered questions about Foley and managed to take a few digs at Foley and House GOP leaders.

"[Speaker] Dennis Hastert [R-Ill.] needs to take on this problem from the perspective as a parent and not as a politician," he said. "He needs to go out there and find out who did what."

Mahoney was scheduled appeared on MSNBC's "Hardball" with Chris Matthews Monday night and was scheduled to appear on "Larry King Live" last night. Rep. Artur Davis (D-Ala.), who helped recruit Mahoney into the race, was considering flying to Florida to offer advice and assistance, said two Democratic aides.

Mahoney has $343,000 in cash-on-hand and he is airing a television ad that shows him alongside former Sen. Bob Graham (D-Fla.).

Former Gov. Mark Warner (D-Va.) will raise money for Mahoney and state Sen. Ron Klein (D-Fla.), who is running against Rep. Clay Shaw Jr. (R-Fla.) at a breakfast tomorrow, said Ellen Qualls, a spokesman for Warner's PAC.

Page Scandal Complicates Race For 'Mr. Clout' (WP)

By Michael Powell

The Washington Post, October 4, 2006

AMHERST, N.Y., Oct. 3 -- Possessed of a pleasant smile and a sweet demeanor, 60-year-old Eleanore Klepser represents something of a nightmare for local Republicans.

She is a registered Republican and she has always -- always -- voted for her local congressman, Thomas M. Reynolds, a Republican. But she is following this scandal about the congressional pages, and she suspects Reynolds just might have covered up the actions of a fellow Republican congressman who sent suggestive e-mails to a teenager who had worked in the House.

"Why didn't he do more? That's what I wonder," Klepser said as she walked down a street in her well-heeled suburb northeast of Buffalo. "Was he paying close enough attention? Was he covering something up?

"These aren't great questions to ask a month before an election."

Reynolds supporters would not argue with that. What appeared to be a political stroll for the Republican known locally as "Mr. Clout" has become a campaign sprint. And Reynolds's biggest headache is the role he played in the unfolding controversy around the teenage congressional pages. This spring, Reynolds, who is among the Republican leadership in the House, learned that Rep. Mark Foley (R-Fla.) had sent an inappropriate e-mail to a 16-year-old former page that troubled the teenager's parents.

When word of the that and other e-mails broke last week -- along with news of far more explicit online instant messages -- Speaker J. Dennis Hastert (R-Ill.) at first denied knowing anything about the scandal. But Reynolds told the media that he had told Hastert of the initial e-mail this spring; Hastert has said he does not recall this conversation, but he also has not denied that it might have taken place.

Now many, including Reynolds's Democratic challenger, are asking why Reynolds did not follow up on the complaint. They are also raising questions about the role of Reynolds's chief of staff, Kirk Fordham, who used to serve as chief of staff to Foley. In the days leading up to Foley's resignation, Reynolds allowed Fordham to advise the Florida congressman. A recent local poll reports that the race in New York's 26th Congressional District -- which reaches from suburban Buffalo across farm country and into Rochester -- is too close to call.

Reynolds's Democratic challenger, Jack Davis, is a millionaire and former Republican who says he fell out with the GOP when Vice President Cheney's staffers tried to prevent him from talking with the media in 2003 during a fundraiser in Buffalo. Now he is tossing bales of his own money into the campaign furnaces in hopes of overtaking Reynolds. Davis, 72, has the outspoken cockiness that comes with not working for anyone else. Most days he talks about free trade, which he loathes, and illegal immigrants, all of whom he would deport, and the nation's steady loss of high-paying working-class jobs to "Communist China."

But on Tuesday, he made an exception.

"I want to beat Reynolds on my issues, but of course it's nice to have him screw up," Davis said as he paced the office in his factory in Akron, N.Y. "When Reynolds heard about the problems with the pages, he should have shown due diligence and investigated. This is all about power and all about money, and it stinks."

Reynolds remains no easy mark. He occupies a district tailored for Republicans, and he has directed tens of millions of dollars into the region, recently gaining a reprieve for an air base slated for closing. When he held a news conference Monday evening at Daemen College, reporters passed the Thomas Reynolds Center for Special Education, funded with $1.9 million from the politician.

He directs the National Republican Congressional Committee with a practiced hand and is mentioned as a possible future speaker of the House.

A lot of voters appreciate Reynolds's acumen, especially in this economically battered corner of New York. "We're losing a lot of jobs and industry, and we need someone who knows how to fight," said Sam Mairorana, a retired salesman in Williamsville. "A lot of folks I know are thinking about voting against Reynolds. I'm not sure we can afford it."

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Reynolds returned to Buffalo on Monday and walked into a news conference affecting a jaunty air. He slapped a supporter's back, smiled at the 25 children whom his campaign aides had arranged around him, then turned to face the media and charges that he had helped cover up misconduct.

"I did what most employees do," he said. "I heard something, and I took it to my supervisor, the speaker of the House."

He could not remember when this conversation had taken place, however, nor what the speaker's reaction had been. As the questions kept coming, sweat beaded on his forehead, and he cut off questions. "I don't know what more I could have done," he said. Asked whether Hastert had done enough, Reynolds shrugged. "Look, I don't know. . . . You'll have to ask him."

Reynolds Deflects Questions About Top Aide's Role In Foley Storm (AP)

AP, October 3, 2006

AMHERST, N.Y. Congressman Thomas Reynolds today denied knowing what his top aide might have done on behalf of a disgraced lawmaker in the days before he resigned following revelations of sexually explicit messages sent to underage male pages.Reynolds' chief of staff, Kirk Fordham, a past chief of staff for former G-O-P Representative Mark Foley of Florida, advised his former boss as the scandal unfolded.After learning the sexually explicit nature of some of the exchanges, Reynolds has said he called for Foley's resignation, an effort in which his chief of staff was involved.That's in stark contrast with Reynolds' claims today that he knew nothing about his top aide's actions before Foley's resignation.Fordham did not respond to an e-mail request seeking comment and could not be reached by telephone.Reynolds, a four-term congressman, is involved in a heated re-election race against Democrat Jack Davis.

Congressman Reynolds Facing Tough Questions On Foley (WIVB-TV)

WIVB-TV, October 3, 2006

(October 3, 2006) - - House Speaker Dennis Hastert is resisting calls for his resignation in the wake of questionable e-mails sent to a Capitol Hill page by the now-resigned Congressman Mark Foley. And Clarence Congressman Tom Reynolds faced more questions from News 4 Investigative Reporter Luke Moretti and others Tuesday in Amherst.

Rep. Thomas Reynolds, Republican of Clarence, said, "I took that information to the Speaker."

Tom Reynolds says he first heard about overly-friendly e-mails sent by Mark Foley from a colleague, and then notified House Speaker Dennis Hastert.

Moretti: When and how did you tell the Speaker? Was it on the phone? Was it in person?

Reynolds: Well, first of all, it's a privileged conversation between two members, but I regularly meet with the Speaker, particularly as chair of the campaign committee, and I probably had a list of things.

Hastert doesn't deny talking to Reynolds, but says he doesn't remember it.

Hastert, Republican of Illinois, said, "I don't recall Reynolds talking to me about that. If he did, he brought it in with a whole stack of things."

It turns out the House reviewed the Foley e-mail controversy in November 2005, months before Reynolds learned of it.

Then, a second set of e-mails and instant messages surfaced on Friday, described as sexually-explicit.

Reynolds says he found about those from media reports.

Reynolds said, "I immediately began to work for his resignation."

According to a Florida newspaper, Foley's former chief of staff, Kirk Fordham, who now heads Reynolds' Washington office, had been advising Foley in recent days.

Reynolds said, "We moved and worked to get Foley's resignation, and that was certainly obtained within hours. And Mr. Fordham was helpful in getting that resignation."

But when asked if his chief of staff should have been advising Foley in the first place, Reynolds responded this way:

Reynolds: I don't know what he counseled him on; you'll have to ask him.

Moretti: Will you make him available to us?

Reynolds: That's up to him.

We made that request with Reynolds' office Tuesday, and we were denied the interview.

You can see the entire Reynolds news conference by clicking the link in the left-hand column under "News 4 On Demand".

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Wednesday, Tom Reynolds looks to get a campaign boost from the White House. First Lady Laura Bush will attend a luncheon for reynolds in Amherst.

Ex-Pages Brought Explicit Messages To Light (WSJ)

By Sarah Lueck

The Wall Street Journal, October 4, 2006

WASHINGTON -- Former congressional pages themselves supplied some of the most damning emails in the scandal that forced the resignation of Rep. Mark Foley, stepping forward only after tamer messages were posted by ABC News on its Web site Thursday.

Several media organizations, along with law-enforcement and congressional officials, had seen the Florida Republican's tamer messages to male teenage pages months ago, but the messages didn't set off alarm bells, even at ABC, which didn't consider them worthy of its broadcast TV news, a reconstruction of events shows.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Mr. Foley, Mr. Ross said.

Two former pages -- one who had been sponsored by a Republican member of Congress and one by a Democrat -- offered ABC texts of sexually explicit instant messages purportedly sent by Mr. Foley. Mr. Ross said the network then tracked down the original recipients of those messages, using a page yearbook, and got firsthand confirmation of their authenticity. Mr. Ross said he thinks one of the original recipients was a Democrat and the other a Republican.

Mr. Ross declined to identify any of the sources by name. He described the first tipster as a "Capitol Hill source" -- though not an aide or congressional official -- who was "aware of the pages' complaints" and "concerned about kids and pedophiles." This person, Mr. Ross said, is "involved in public-policy issues" but isn't affiliated with either political party.

Mr. Ross's account sheds new light on a question that has vexed Washington insiders for days: Why did the story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Mr. Foley's congressional district -- has led some Republicans to question whether the sources had partisan political motives.

Appearing with conservative radio show host Rush Limbaugh, House Speaker Dennis Hastert said the opposition was orchestrating the leaks of explicit instant messages between Mr. Foley and former pages dating from 2003. "We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense," Mr. Hastert said.

Mr. Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up...in terms of being from a political party," Mr. Ross said. "I know how that works. This was not it."

The pages who provided information to ABC insisted on anonymity, in some cases because they were worried about the impact on their current or future political careers, Mr. Ross said. One of the former pages "is now involved in politics," he added. If his name surfaced "it would be extremely detrimental to him and to his candidate, who is a Republican."

ABC first heard about the tamer emails in August, but Mr. Ross said the network was focused on stories about the anniversaries of Hurricane Katrina and Sept. 11, 2001, and didn't immediately turn to it. He said he wasn't familiar with the Stop Sex Predators blog, which was launched in July. On Sept. 24, 2006, four days before ABC's posting, that blog posted emails from Mr. Foley to a former page that asked how the young man was weathering the hurricane and what he wanted for his birthday.

By that point, several other entities had been tipped to the emails, including the watchdog group Citizens for Responsibility and Ethics in Washington, which shared the information with the Federal Bureau of Investigation.

Mr. Ross said CREW wasn't his initial source for the emails and that he wasn't aware that the group had them. Naomi Seligman Steiner, deputy director of CREW, said her group passed the emails on to the FBI and no one else after receiving them in July. She declined to identify the source of the emails, which the group posted on its Web site after ABC broke the story. The unidentified owner of the Stop Sex Predators blog didn't respond to a request for comment.

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Like the other news outlets who had the emails -- and, for that matter, the Republican leaders and aides who were aware of them -- ABC didn't see them as a major story, Mr. Ross said. "It wasn't smoking-gun material," he said.

But posting them on the Internet allowed the network to tap what Mr. Ross described a "general outrage" among former pages about Mr. Foley. "We only got it because we ran the first kind of denial...For him to say he was overfriendly...that somehow aggravated them," Mr. Ross said. Yesterday, ABC, citing instant messages provided by former House pages, reported that in 2003 Mr. Foley interrupted a vote on the House floor to engage in Internet sex with a former page.

Woulda. Coulda. Shoulda? (NYT)

The New York Times, October 4, 2006

The more the House Republican leaders try to defend themselves on the Congressional page scandal, the worse it looks. They still do not seem to appreciate how serious this is, especially for a party that poses as the arbiter of morality. And they appear to be trying harder to deflect blame from themselves than to get to the bottom of what actually happened. The F.B.I. has begun investigating, but that will be a prolonged process, and the voters have to render a verdict in five weeks. There is evidence emerging that they should consider.

Dennis Hastert, the House speaker, is responsible for the page program, and for seeing that the recent improprieties are properly investigated. His performance has been disturbing. As late as Monday, he was still minimizing the scandal. He said he understood that the improper contacts between pages and Mark Foley, the Florida Republican who resigned last week, occurred after the pages left the program. “This was after the fact,” Mr. Hastert said, “and you know — would have, could have, should have.”

First, it’s not at all clear that events transpired after the pages left the program. And, in any case, why is that relevant? Surely preying on ordinary young Americans is just as vile as preying on pages.

Mr. Hastert hardly sounds like an effective leader who intends to investigate the allegations thoroughly, particularly now that the focus is shifting from Mr. Foley’s conduct to whether House leaders covered it up. His remarks struck the same dismissive tone as the White House spokesman Tony Snow’s references to “naughty e-mails.”

It is disturbingly difficult to straighten out the basics of who said and did what when. John Boehner, the majority leader, was saying late last week that he did not recall informing Mr. Hastert that there was a problem with Mr. Foley. Now he is insisting he did and trying to dump the mess in the speaker’s lap. Thomas Reynolds, the New York Republican who heads the National Republican Congressional Committee, insists he told Mr. Hastert this spring of his concerns about Mr. Foley. But Mr. Hastert says he does not recall being told.

There are more unanswered questions. When John Shimkus, the Illinois Republican who is chairman of the House Page Board, learned of the Foley problem, he informed the House clerk, but not the Democrat on the committee, or anyone in the Democratic leadership. It is unclear why he withheld the information. The pages’ well-being should have been his primary concern, not partisan politics.

Mr. Reynolds, who was one of the few members of Congress to know about the Foley problem early on, insists he did all he had to when he “took it to my supervisor,” Mr. Hastert. But Mr. Reynolds is a key member of the House leadership, and his constituents need to know whether he knew enough to have done more than he did. We’d also like to know why, in the months when Mr. Reynolds was one of the few people to know of Mr. Foley’s misconduct, Mr. Foley contributed $100,000 to Mr. Reynolds’s Congressional campaign committee.

Every one of these political leaders is up for re-election next month. Voters should go into the booth with full information about how they all handled this challenge to their leadership.

Accountability In The House (WP)

The Washington Post, October 4, 2006

THE HOUSE must name a trustworthy outside investigator to examine the conduct of its leaders and officials in the matter of former representative Mark Foley (R-Fla.). The sooner Republican leaders recognize that this is the only responsible -- not to mention politically acceptable -- approach to the scandal, the better off they, and the country, will be. So far, though, House Speaker J. Dennis Hastert (R-Ill.) and his finger-pointing colleagues have been resolutely resisting this obvious move.

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First they called for the notoriously somnolent and dysfunctional House ethics committee to look into the matter. Then they sought to enlist the Justice Department. "This investigation should be thorough, and any violation of the law should be prosecuted," President Bush chimed in yesterday. Fine, but a criminal investigation can deal only with violations of criminal law. The indifferent response of House leaders to Mr. Foley's behavior may be criminal in a moral sense but not, most likely, in a legal one.

Other proposals smell more of a desperate desire to take action than of a considered response. Abolishing the page program doesn't seem advisable, and in any event it would not obviate the need for a reliable investigation. Nor would Mr. Hastert's resignation, particularly if the primary motivation is to have someone take the fall.

Instead, the speaker should instruct the ethics panel to appoint, with bipartisan agreement, an outside investigator to handle the matter -- a former federal judge or a figure with similar independent credibility. This person would need the power to compel testimony and subpoena records. In the interim, the speaker and other members of the leadership -- if they wish to retain any moral claim to remaining House leaders -- must provide a more detailed explanation of their conduct. Mr. Hastert's conflicting statements about whether he was informed about Mr. Foley's "overly friendly" e-mails, and his stated failure to remember any warning about the lawmaker's conduct, are neither convincing nor reassuring. If a colleague told you about such a problem with someone in your office, would you forget it? "I know that he wants all the facts to come out," the president said of Mr. Hastert. Not based on the evidence so far.

The irony here is that, were it not for their reflexive instinct for one-party governance, the Republicans could have spared themselves this scandal, or at least ensured that it was a bipartisan one. But their initial response to reports of a potential problem was to keep it inside the family -- not to inform, for example, the Democratic member responsible for overseeing the page program, Rep. Dale E. Kildee (Mich.). And it's telling that Rep. Rodney Alexander (R-La.) took the problem to the head of the GOP's campaign arm, Rep. Thomas M. Reynolds (N.Y.), whose role is to get Republicans reelected. Was that the priority all along?

When The House Could Clean Itself (WP)

By Joseph A. Califano Jr.

The Washington Post, October 4, 2006

The most troubling aspect of the Mark Foley scandal is not his conduct, disgusting as it was, but what the response of the leadership reveals about the rancid state of partisanship and the consequent decline of the House of Representatives. Speaker Dennis Hastert presides over a legislative body so infested with mistrust that it doesn't even have a functioning ethics committee. Since the House is incapable of washing its own dirty laundry and policing itself, the speaker has to turn over that responsibility to the attorney general and the executive branch of government.

Compare the current situation with the way Speaker Tip O'Neill and the House handled the last scandal involving sexual misconduct with pages, in the summer of 1982.

On "The CBS Evening News With Dan Rather" that June, two former pages, their teenage faces silhouetted to hide their identity, claimed they were victims of sexual abuse by members of Congress. One described homosexual advances by members; the other shocked the nation when he said he had engaged in homosexual relations with three members and procured prostitutes for others. The CBS broadcast sparked a wildfire of reports and rumors about sexual abuse of pages and drug use by members and pages.

Within a week the House had authorized its ethics committee to conduct a full investigation of allegations of "sexual misconduct, illicit drug distribution and use, and offers of preferential treatment in exchange for sexual favors or drugs by Members, officers or employees of the House." House Speaker O'Neill and Minority Leader Robert Michel asked me to be special counsel to the ethics committee, co-chaired by Ohio Democrat Lou Stokes and South Carolina Republican Floyd Spence. I was allowed to select my own staff and given a commitment that I could follow the evidence wherever it led, because, as O'Neill and Michel said, "The integrity of the House is at stake."

Assistant Deputy Attorney General Rudolph Giuliani was the point man for the Justice Department and its grand jury investigation of the charges. We agreed to exchange all relevant information and that there would be no leaks. Allegations of

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sexual misconduct and drug use were raw meat for a voracious, scandal-hungry Washington press corps, and Giuliani and I came across rumors and fragments of information about many members of Congress. We shared them all with each other, and there were no leaks from him or me.

The big surprise came when the two pages whom CBS had put on its evening news show recanted. They testified under oath that they had lied and that CBS reporter John Ferrugia had put words in their mouths. But uncovering the lies of the pages and the reckless reporting of CBS didn't end our investigation. We had received a host of allegations of sexual misconduct and drug use and sale by other pages and House members. We interviewed, under oath, some 2,000 past and present pages, adults who had supervised and taught them, congressional staffers, and House members. We issued scores of subpoenas.

We found no evidence of widespread sexual misconduct. We did find that Rep. Daniel Crane (R-Ill.) had had a sexual relationship with a 17-year-old female page and that Rep. Gerry Studds (D-Mass.) had sexual relations with a 17-year-old male page and had made advances to other teenage male pages.

When I reported our findings to O'Neill and Michel, the dishonor that these members had brought on the House infuriated the two leaders. "Get it out," they said, "and let the committee recommend disciplinary action," which its four Democratic and four Republican members did, unanimously, in July 1983. Crane and Studds were censured by the House. Crane resigned his seat. Studds chose to stay on and was retained in office by his constituents for 13 more years.

But the ethics committee had done its job well, we believed. Our investigation found other misdeeds: House members -- two Democrats and a Republican -- had used drugs. And between 1978 and 1982 a number of House and Senate employees were involved in illicit use and distribution of drugs. All were named (Barry Goldwater Jr., who retired from the House; Fred Richmond, who admitted buying and using drugs and later pleaded guilty to tax evasion; and John Burton, who entered rehab and became a recovering addict with a productive career in the California state legislature). The employees were fired and prosecuted. The House adopted all the changes we recommended to provide far more attentive supervision of pages.

The course the House took in that scandal, and its reaction to the current one, show the difference between a leadership that saw a threat to the integrity of the House of Representatives and one that sees a threat to its continuing control of the institution. It's useful today to remember that there was a time when partisanship took second place to trust and the House leadership had the strength to wash its own dirty laundry.

The writer is president of the National Center on Addiction and Substance Abuse at Columbia University. He was President Lyndon Johnson's assistant for domestic affairs and secretary of health, education and welfare in the Carter administration.

Dumping Denny Won't Do It (WP)

By Harold Meyerson

The Washington Post, October 4, 2006

It is a mark of the sheer panic sweeping the ranks of Republican congressmen that one of their most levelheaded members, Ray LaHood of Illinois, has suggested that Congress abolish its page program altogether in the wake of the Mark Foley scandal.

What conclusion are we supposed to draw from LaHood's proposal? That members of Congress cannot be trusted in the company of adolescents? If so, why punish the adolescents? Whatever happened in the Foley case surely wasn't the fault of the pages to whom Foley came on electronically, much less every teenager who has worked, or would like to work, as a page.

If LaHood believes that pages pose an irresistible temptation to his peers, there are surely solutions straight out of the Republican playbook that wouldn't punish the victims. How about building a 700-foot fence around all Republican members of Congress?

One thing is certain: Just dumping Denny Hastert as speaker, as many conservatives are demanding, won't clean up the Republican act. House Majority Leader John Boehner -- No. 2 in the House GOP hierarchy to Hastert's No. 1 -- now says that the failure to do anything about Foley since his e-mails first became known to the Republican leadership is Hastert's responsibility.

But we also know that Boehner and colleagues Tom Reynolds of New York, who heads the National Republican Congressional Committee; John Shimkus of Illinois, who heads the panel that oversees the page program; and Rodney

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Alexander of Louisiana, who received the first complaints about Foley, had the same information Hastert had, and presumably they noticed that Mark Foley still walked among them as a member of Congress.

We know that Shimkus neglected to bring up the Foley issue with Michigan's Dale Kildee, the one Democrat on the committee that oversees the page program. We know that all of them put their concern for avoiding a scandal that might damage their party's prospects over whatever fears they may (and should) have entertained about Foley's interactions with the Capitol's cadre of teenagers.

And should House Republicans toss Hastert overboard, then both their leaders in this session will have left the leadership in disgrace. Tom DeLay, after all, is soon to stand trial in Texas for abuses he is alleged to have committed in his drive to secure the House Republican majority by forcing through a mid-decade redistricting in his home state. And dissimilar as Hastert's inaction in the Foley case and DeLay's action in the Texas reapportionment may be, their motives were indisputably identical: elevating the retention of the Republican congressional majority over any concerns about the other consequences -- some legal, some moral -- of their acts.

There were, of course, other ways to ensure that majority short of such desperate expedients. Congressional Republicans might have bethought themselves to exercise some oversight on our war in Iraq, at least forcing the administration to articulate exactly what our strategy is.

They might have crafted a Medicare prescription program less to the drug companies' liking that didn't leave seniors having to fork over thousands of dollars for medications once the program's coverage ran out, as it has for many, at mid-year. They might have raised the minimum wage, something that, by the evidence of every recent poll, a vast majority of Republican rank-and-filers support. They might have raised revenue to cover the cost of the war and all the other programs they support. They might, in short, have made an effort to address the nation's needs.

Instead, the larger purpose of the Republican Congress has been to enrich the rich and to cling to power by all means necessary -- with the financial assistance of the grateful rich. Purging Hastert, like dumping DeLay, does not signal any shift in these priorities. Democratic candidates challenging Republican incumbents are well within their rights to note that their opponent voted to give control of the House to Hastert and DeLay in January of 2005 and to ask why anyone would think he or she would make a better choice next time. What would be different? After all, in not sharing what he knew about Foley with Kildee, Shimkus was merely following the Republicans' practice of cutting the other party out of all legislative deliberations and running the House of, by and emphatically for themselves.

And who are the Republican members of Congress who've opposed this? Who has voted for rules that allow Democrats to offer amendments to key bills from the floor of the House? Who among them would consider not just defenestrating Denny but also changing the way the Republican Congress does business? Nobody springs to mind.

So -- dump the pages? Come now. Let's just dump the Republicans.

Alito: Threat To Judicial Independence At Historic High (LAW)

By Michael Scholl, New York Law Journal

New York Law Journal, October 4, 2006

As he was gearing up for this week's start of the new term, the U.S. Supreme Court's newest member took time to stress the importance of judicial independence for a group of Nassau County, N.Y., judges and attorneys.

"I probably don't need to convince the people in this room how important it is for us to preserve our federal and state court systems, which have played such an important part in the government of our country, in the freedoms that we enjoy and in the prosperity that we enjoy," Justice Samuel A. Alito Jr. said during a speech Thursday evening at the Mineola, N.Y., headquarters of the Nassau County Bar Association.

"I think this is one of the times in our history when there are some real threats to the federal and state judiciary, and I don't think I'm being too much of an alarmist to say that we could be not too far from the tipping point when an accumulation of things does real damage to these vital institutions," Alito added. "I hope that we can all work to prevent that from happening."

The day before Justice Alito appeared, former Justice Sandra Day O'Connor published a column in The Wall Street Journal decrying attempts by lawmakers and others to intimidate the judiciary.

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"While scorn for certain judges is not an altogether new phenomenon, the breadth and intensity of rage currently being leveled at the judiciary may be unmatched in American history," O'Connor wrote. "The ubiquitous 'activist judges' who 'legislate from the bench' have become central villains on today's domestic political landscape. Elected officials routinely score cheap points by railing against the 'elitist judges' ... . Several jeremiads are published every year warning of the dangers of judicial supremacy and judicial tyranny. Though these attacks generally emit more heat than light, using judges as punching bags presents a grave threat to the independent judiciary."

Among the threats to judicial independence that Alito cited in his half-hour speech is the use of unfounded ethical charges to impugn the integrity of judges and judicial nominees.

"This is extremely damaging," Alito said. "People who go into public service, people who go into a judicial career, cherish their reputations as ethical people."

The judge acknowledged that people who commit genuine ethical violations should be exposed and disciplined. But he added that "to use unfounded ethical charges, which a member of the judiciary is in a poor position to answer, as a weapon to defeat a nominee or to denigrate a sitting judge, is a tactic that ought to be condemned."

Alito said a second threat to judicial independence comes from some members of the news media who undermine public confidence in the judiciary by criticizing judges without just cause.

"The media should be held responsible for the way in which they criticize judges" he said.

Alito said members of the media who air and publish stories critical of decisions often do so without fully grasping the complexity of the rulings.

"To criticize a judicial decision or the conduct of a judge based on sound bites is irresponsible," he said, "and I think there is a danger of that happening and really damaging the institution."

Although he was highly critical of the press, Alito offered no solutions as to how media coverage of the judiciary can be improved. And he emphasized he believes in freedom of the press and that nothing should be done to limit that freedom.

"The First Amendment, I think, is the jewel of our Constitution," he said.

Alito's views were shaped in part by his own experiences with the Supreme Court confirmation process. He noted that, after he was nominated to succeed O'Connor last October, he was subjected to intense media scrutiny.

He said he was initially surprised last fall to find that he would be greeted by a pack of photographers and TV camera crews each time he went to Capitol Hill for pre-confirmation hearing meetings with individual senators last November.

"Eventually it occurred to me that they were waiting for the golden moment when I would fall down the steps," Alito in a comment that brought laughter from his 100-plus-member audience at the annual dinner for the Theodore Roosevelt American Inn of Court, a group of Nassau County judges and attorneys who meet regularly to participate in programs aimed at improving their skills, professionalism and ethics.

Alito said he became the subject of an unfounded ethics charge during his confirmation process when Internet bloggers accused him of lying about his father being born in Italy. Mainstream media outlets quickly began investigating the accusation, which turned out to be untrue.

"The Boston Globe thought this was very important and they hired a professional genealogist to investigate the history of my family, to see where my father was born, and they discovered that in fact he had been born in Italy," Alito said. "This is just an example of some of the things that go on in the media today with nominees, not just for the Supreme Court, but for other positions."

'Neither Force Nor Will, But Merely Judgment' (WSJ)

By William H. Pryor Jr.

The Wall Street Journal, October 4, 2006

Recently some leaders of the bench and bar -- including, on this page last week, retired Justice Sandra Day O'Connor -- have decried what they describe as unprecedented threats to the independence of the judiciary. I respectfully disagree. Although the fringes of American politics offer a few disturbing examples of ignorance of the judicial function, I agree with Justice Clarence

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Thomas, who observed in 1999, "What is truly surprising about today's judiciary is how strong it really is." My disagreement with those who say that the independence of the judiciary is under siege is three-fold:

Contemporary criticisms of the judiciary are relatively mild. To charge that the current disappointment regarding judges is unprecedented is to diminish the sacrifices that earlier giants of the judiciary endured. During the civil rights struggle, the ostracism and abuses suffered by federal judges in the Deep South -- including Frank Johnson, John Minor Wisdom and Skelly Wright -- were far worse than the current criticisms of judicial activism. Other historical moments also provide provocative counterexamples. As Justice Stephen Breyer stated several years ago, "We run no risk of returning to the days when a president (responding to [the Supreme] Court's efforts to protect the Cherokee Indians) might have said, 'John Marshall has made his decision; now let him enforce it!'"

Many contemporary criticisms of judicial decisions by politicians are no more heated than the criticisms written by jurists in dissenting opinions. In Roper v. Simmons, Justice O'Connor protested that "the Court [had] preempt[ed] the democratic debate through which genuine consensus might develop." Justice Breyer warned, in what he called the "highly politicized matter" of Bush v. Gore, that "the appearance of a split decision runs the risk of undermining the public's confidence in the Court itself." Consider also the harsh words of Justice William Brennan in Oregon v. Elstad: "the Court mischaracterizes our precedents, obfuscates the central issues, and altogether ignores the practical realities . . . that have led nearly every lower court to reject its simplistic reasoning."

Some who complain about the current climate of criticism point to the bizarre example of Justice Tom Parker of the Alabama Supreme Court, who recently castigated his colleagues for following the ruling of the Supreme Court in Roper, which prohibited use of the death penalty for 16- and 17-year-old murderers, but there is a good ending to this story from my home state. Not only did the other members of the Alabama court faithfully apply Roper, with which many of them disagreed, but Justice Parker's political gambit failed miserably. He ran for chief justice of Alabama, aligned with his mentor, former Chief Justice Roy Moore, who ran for governor; both were trounced in the Republican primary. Their twisted ideas of opposing activist decisions by defying judicial decrees went nowhere, even in a state with a shameful history of defiance of federal authority. The Alabama justices who did their duty all prevailed in their primary contests. Alabama has come a long way since the days of Governor Wallace standing in the schoolhouse door.

There have been recent and reprehensible incidents of violence and threats against judges, but we should not forget that those kinds of terrible crimes have occurred before. I work, for example, in the former chambers of the late Judge Robert Vance, who was murdered by a mail bomber in 1989. These offenses typically involve disgruntled litigants or dangerous criminals, not harsh critics of the judiciary as a whole. I am grateful that Congress reacted swiftly to these recent threats by providing home security systems for federal judges, which suggests that the public still appreciates the need for an independent judiciary.

The judiciary has rendered some unjust decisions that deserved harsh rebuke. The judiciary is not perfect. The twin evils of slavery and segregation were, to say the least, exacerbated by two decisions of the Supreme Court. Justice John Marshall Harlan's dissent in Plessy v. Ferguson was prophetic: "In my opinion, the judgment this day rendered will, in time, prove to be quite as pernicious as the decision made by this tribunal in the Dred Scott Case." The judgment of history has been equally unkind to the decision in Korematsu v. United States.

Many who complain about criticisms of the judiciary concede that some criticism of judicial decisions is fair. That assessment is too mild. Occasionally criticism of judicial decisions is essential to the progress of our constitutional republic. That was true when Lincoln opposed Dred Scott, and it was true when Thurgood Marshall, as an attorney, urged the court to depart from Plessy.

Many Americans today believe that more recent decisions of the court are also terribly wrong. Some decry the flaws of criminal sentencing systems and the propensity to incarcerate low-risk offenders, while others lambaste sentences that appear to be lenient. On these fronts, citizens are more, not less, likely to respect the rule of law when they know that the law can be criticized and changed by ordinary political processes. Readers of this publication need no reminder about the potential for judicial abuse. Time and again, the business community has turned to Congress and state legislatures to reform tort laws, class actions and securities litigation, to name a few. These efforts are a healthy part of our democratic process and a recognition of the fallibility of the judiciary.

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Judges must do more than respond to criticisms; we must exercise restraint. Judges have a unique responsibility to safeguard our independence. It is not too much for us to look in the mirror and ask whether some criticisms are fair. As Justice Harlan explained in Plessy, "[T]he courts best discharge their duty by executing the will of the lawmaking power, constitutionally expressed, leaving the results of legislation to be dealt with by the people through their representatives." Perhaps, even today, we sometimes fail in that limited duty.

Alexander Hamilton explained in Federalist No. 78 that judges exercise "neither FORCE nor WILL, but merely judgment." Hamilton's point was that we must depend upon the persuasiveness of our written opinions to command the respect of our fellow citizens. In that way, we have the foremost responsibility of safeguarding our independence.

Mr. Pryor is a member of the U.S. Court of Appeals for the Eleventh Circuit. In 2003, while serving as attorney general of Alabama, he prosecuted and removed Roy Moore from his state judicial office based on his misconduct in defying a federal injunction.

In Wake Of Changes, Seniors Urged To Revisit Medicare Drug Plans (USAT)

By Richard Wolf

USA Today, October 4, 2006

WASHINGTON — The rollout of Medicare prescription drug plans for 2007 last week was heralded by federal officials as a trifecta of good news: low premiums, more choices and better coverage, particularly in the feared "coverage gap."

Health care analysts and consumer advocates have a different view: The lowest premiums, sought by healthy seniors who join the program to avoid future penalties, will rise exponentially. Additional choices mean that beneficiaries in all but two states will have to choose from more than 50 plans. And most of the "gap coverage" will be for generic drugs only. Currently, 94% of beneficiaries in the program face a gap from the time they have paid about $750 until they've paid $3,600.

For these and other reasons, millions of seniors and people with disabilities are being urged to re-examine the plan they chose for this year and compare plans again.

"The right plan for someone in 2006 might not be the right plan in 2007," says Tricia Neuman of the Kaiser Family Foundation, a health research organization. "The concern is that products are changing, but seniors won't."

Medicare officials unveiled details about the program's second year last week, including the number of plans to be offered, premiums, deductibles and types of coverage. They emphasized that average monthly premiums will stay below $24, far less than the $37 originally projected. At the same time, they said, companies are adding new forms of coverage.

"Competition is working," said Mark McClellan, administrator of the Centers for Medicare and Medicaid Services. "They are adding plans that people want."

Companies began marketing those plans Sunday. Further details, including the drugs covered and the co-payments, will emerge later this month. Enrollment begins Nov. 15 for the year beginning Jan. 1.

"There could be a lot of changes, and every Medicare beneficiary is going to have to go back and recalculate what is best for them," says Dan Mendelson, president of Avalere Health, a consulting firm.

Among the changes that beneficiaries will need to watch out for:

•The lowest monthly premium is rising to $9.50 in New York, up from $1.87 in seven Midwestern states in 2006. (Puerto Rico will have a $1.90 plan.) Some states' lowest price will be close to $20.

•The number of plans will rise by 30%. Beneficiaries in most states will have between 50 and 60 to choose from. New York, Ohio, Pennsylvania and West Virginia will have more than 60. Only Alaska and Hawaii will have fewer than 50.

•Far more plans will cover some drugs in the coverage gap — about 15 such plans per state. Only 2% of plans, however, will offer complete coverage in the gap for all brand-name drugs, and the cost is going up. This year, monthly premiums for such coverage averaged $61. Next year, the average will be $100, with a high of $136.

And unlike this year, when such plans were offered in 46 states, only 37 will have them next year.

Karen Ignagni, president of the American Association of Health Plans, says seniors should "take a very close look at all of their choices."

Officials Scale Back Rx-benefit Outreach (HILL)

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By Jeffrey Young

The Hill, October 4, 2006

With the next sign-up period for the Medicare Part D prescription-drug benefit just weeks away, beneficiaries will not see an outreach campaign of the same scale as the effort employed by the Bush administration and the private sector during the program's inaugural year.

The onslaught of paid advertising, national news coverage and public events featuring President Bush and senior administration officials is not going to be repeated during this go around, according to federal Medicare representatives.

In addition, the broad coalition that bolstered the government's efforts to promote Part D does not plan to spend nearly as much on advertising and public relations this year.

Rather than introducing a brand-new benefit to Medicare's 43 million beneficiaries, the administration, healthcare groups and senior-citizens' groups such as the AARP will be applying more focused strategies, particularly targeting low-income beneficiaries who haven't signed up.

The poorest beneficiaries are eligible for comprehensive and practically free drug coverage but proved the hardest to sign up for 2006.

Administration officials insist that they have learned the right lessons from the first year. Yet critics caution that glitches might resurface.

The Centers for Medicare and Medicaid Services (CMS) says it has enhanced the information that will be available to beneficiaries online and through its toll-free hotline.

The federal government's outreach program "will be very broad and very deep," said Kathleen Harrington, the director of CMS's Office of External Affairs. Springboarding off of last year's major campaign "will certainly give us an opportunity" to use a more targeted approach, she said.

The enrollment period begins Nov. 15 and lasts six weeks, compared to the six months Medicare beneficiaries had to sign up for the first year of the program. Those who want to keep the plans they already have do not have to take any action.

The administration says that it will utilize the infrastructure that it established last year, which combined the government's resources with those of state authorities, senior-citizens' groups, pharmacists, physicians and others who regularly interact with older people.

CMS's budget for Part D outreach is about one-sixth of what it had to spend for the 2006 sign-up period, Harrington said. The agency does not plan to air any ads on national television, though it will buy print ads and will use radio spots to reach Hispanic and African-American audiences.

Like CMS, the Medicare Rx Education Network also plans to scale back its activities, spokespeople said. The group is a diverse coalition backed by the drug industry, physicians, disease-advocacy groups and organizations like the AARP.

"Our effort is clearly not as large as it was previously," said John Jonas, the senior partner at Patton Boggs who heads the firm's healthcare group and represents the network. Because the program has been in existence for a year already, outreach for 2007 "doesn't require the same effort," he said. Moreover, he said, there was "a lot of dollars last year [that are] not available now."

"It's less of 'Medicare Part D 101,'" observed Eugenia Edwards, a senior public policy specialist at Patton Boggs.

Jonas and Edwards emphasized that the network would concentrate its resources on the low-income population. "It's really important to find these people," Edwards said.

The AARP says it is poised to make an aggressive push to reach out to low-income beneficiaries. "We're redoubling our efforts to reach those who need this the most," said Mark Kitchens, AARP's director of media relations.

The group does not currently plan to run national television ads but will buy space in community newspapers in cities with high numbers of low-income Medicare beneficiaries, such as Miami, Houston and Chicago. The AARP also will publicize the enrollment period in its own magazine, which the group boasts has the highest circulation of any publication in the world.

AARP state offices will assist people in their communities, and the group has a telephone hotline, Kitchens added.

One organization that has consistently criticized the structure of the drug benefit and the administration's handling of its implementation believes that beneficiaries are still going to need a lot of help, a spokeswoman said.

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Although the administration has a year of experience under its belt, the problems that surfaced last year should make beneficiaries cautious as they approach the program, said Maria Freese, director of government relations and policy at the National Committee to Preserve Social Security and Medicare.

Freese said that the biggest cause for concern is that CMS had difficulties last year providing accurate information about the drug plan options.

The "Medicare & You" handbook sent out last year contained errors, the CMS website used to compare drug plans was not always accurate, and the Government Accountability Office faulted CMS for the performance of its call center. The administration said at the time that all of those problems had been addressed.

Seniors need the best possible information to determine whether they are already in the most appropriate plan or to choose a plan for the first time. Last year's glitches "undermine[d] confidence in the system," Freese said. As for this year, she added, "You won't know until you get part way through the year and find out" whether the right choices were made.

Markets And Medicare (WSJ)

The Wall Street Journal, October 4, 2006

If you're looking for some good news from Washington, consider this semi-miracle: The Medicare prescription drug benefit is so far costing less than anticipated, while seniors are getting more insurance options at lower prices. Lesson: Maybe private competition works.

This doesn't mean we're changing our minds that the new drug entitlement was a policy mistake at an estimated long-term cost of $8 trillion, give or take a trillion. But now that the program exists, it matters whether it turns into another price-controlled, one-size-fits-all federal entitlement, or whether the seeds of market competition planted in the bill are allowed to grow.

The early returns are encouraging, on both price and choice. Over the weekend insurers began marketing their 2007 Medicare drug plans, and all states except Hawaii and Alaska have more than 50 private options available -- up from an average of about 40 in 2006. Seventeen insurers are selling nationwide plans, up from nine this year. That compares with the one or two that critics of including private plans predicted would be available in many markets.

The average monthly premium that seniors pay is again $24, far lower than the $37 originally estimated by government actuaries. And while Democrats have hammered away at the idea that having seniors choose among competing drug plans is too "confusing," recent polls show satisfaction with the benefit in the 80% range.

All of this would also seem to rebut the current Democratic campaign theme that having drug prices "negotiated" -- i.e., dictated -- by government is an urgent priority. Democrats point to the drug coverage provided by the Veteran's Administration as a model. But the VA usually keeps costs down by refusing to pay for newer, more effective medicines. The VA drug formulary includes only 19% of the medicines approved by the FDA since 2000.

One of our fears about the drug program is that it will devolve into price controls, thus destroying incentives for research and development as European governments have done. It would be a cruel irony if the Medicare drug benefit were to have the effect of delaying the cure for, say, Alzheimer's. Yet this is where Democrats seem to want to go.

Which brings us to the private delivery of Medicare as a whole. For the moment, the bulk of such Medicare services as doctor and hospital visits are covered by a price-fixing bureaucracy no more efficient than any other system of socialized medicine. At some $600 billion, the Medicare budget is larger than the GDP of all but a few nations.

The better option is a so-called premium support model, in which the government would simply help seniors buy private insurance. Our main disappointment with the 2003 bill was the Republican failure to use the drug benefit carrot to reform Medicare along these lines. But at least the law did strengthen the existing private options in Medicare.

The old Medicare Plus Choice program has been renamed Medicare Advantage and is growing impressively. As of July about 17% of Medicare beneficiaries were choosing a comprehensive private insurance program under Medicare Advantage (rather than pay the hodgepodge of premiums for Parts A, B and D) -- up from about 14% late last year. Medicare Advantage also isn't merely an HMO program anymore; a growing number of plans offer see-any-doctor, out-of-network benefits.

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Ideally, a future Medicare program would offer premium support so retirees can take the private insurance they have during their working years into retirement and through old age. A successful Medicare Advantage program will do a lot to help people understand why that's an attractive option.

However, this is also the reason that many Democrats hate Medicare Advantage. Minority Leader Nancy Pelosi accuses it, inaccurately, of "catering to the HMOs," and the Clinton Administration tried to strangle its private predecessor in the crib by squeezing government payments. The government already pays for about half the health care delivered in the U.S., and those who favor European-style health care have been counting on the demographics of an aging population and an unreformed Medicare program to move America further toward that goal.

Mark McClellan, the Bush appointee who has done so well in supervising the Medicare drug launch, is about to step down, so the choice of his successor will be crucial to keeping this market momentum. All the more so if Democrats take the House or Senate, where Henry Waxman, Pete Stark and others wait to do whatever it takes to show that the free market can't work in health care.

We'd have thought Republicans would be trumpeting the success of market competition in producing more choices and lower prices in Medicare, but instead most of them are merely advertising the new entitlement. Even they seem not to understand the stakes in making competition in Medicare work.

Education Dept. Urged To Recoup $278 Million In Loan Subsidies (NYT)

By Jonathan D. Glater

The New York Times, October 4, 2006

The federal Department of Education will have to decide whether to seek to recover hundreds of millions of dollars in student loan subsidy payments to a loan company that the department's inspector general has found were improper.

In a report released late last week, the inspector general recommended that the department recover $278 million paid to Nelnet, a student lender based in Lincoln, Neb. The payments were made under a program that guarantees a 9.5 percent interest rate on some loans regardless of prevailing market rates.

The subsidies were offered in the 1980's to support the federal student loan program at a time when market interest rates were higher. But as interest rates fell to historic lows in recent years, the subsidy program offered a way for lenders to earn higher-than-market returns.

Since some payments continue under the program, which has been criticized by lawmakers and student advocates, the report warned that the government might improperly pay $882 million more to Nelnet unless the department took action. The inspector general gave Nelnet 30 days to respond to the report.

Nelnet challenged the report's findings. Mike Dunlap, chairman and co-chief executive of the company, said, "We will continue to seek a resolution of this matter with the department and will also examine all other available remedies that prove the merits of our position."

Katherine McLane, press secretary for the Education Department, said it was "reviewing the report and will consider Nelnet's response before issuing a decision."

An audit by the inspector general's office found that through a series of financing moves, Nelnet increased the size of its portfolio of loans eligible for the guaranteed interest rate to nearly $3.7 billion in June 2004, from $551 million in March 2003. The report found that the increased amount of loans "was ineligible to be billed under the 9.5 percent floor." Representative George Miller of California, the senior Democrat on the House education committee, said the department should recover the payments.

"We must be vigilant about ensuring that available tax dollars are used to provide affordable college loans to families, not to provide excessive subsidies to banks," he said.

Michael Dannenberg, director of education policy at the New America Foundation, a nonpartisan public policy research institute in Washington, said, "When a student loan company like Nelnet rips off taxpayers on college loans, students and families end up with less" financial aid.

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Congress tried to eliminate the 9.5 percent guarantee in the early 1990's, but some lenders were allowed to keep collecting the higher interest rates.

"This is a typical story of a complicated program hidden from the scrutiny of taxpayers who are getting ripped off," said Luke Swarthout, higher education advocate at U.S. Public Interest Research Group in Washington. "To really solve this problem requires the Department of Education to stop payment on these illicit 9.5 percent loans and to demand repayment for subsidies that were wrongly charged."

Democrats Renew Efforts To Block Lawmakers' Pay Raise (HILL)

By Elana Schor

The Hill, October 4, 2006

Democrats are renewing their vow to impede the annual congressional pay raise until the minimum wage is increased, but their options for a successful block during the lame-duck session likely depend on the outcome of the Nov. 7 midterm election.

Senate Minority Whip Dick Durbin (D-Ill.) was the latest senior Democrat to reiterate his party's intention to oppose the cost-of-living increase lawmakers have received automatically for more than a decade until the minimum wage is raised for the first time since 1997.

"It's not a threat, it's a promise. Until minimum-wage workers get an increase in pay, Congress is not going to get an increase in pay," Durbin said at a press conference last Thursday sponsored by the AFL-CIO and ACORN (Association of Community Organizations for Reform Now).

Durbin was joined by Sens. Hillary Rodham Clinton (D-N.Y.) and Edward Kennedy (D-Mass.), whose bill to tie future minimum-wage increases to congressional pay raises has attracted increasing Democratic focus since its spring introduction. Durbin declined to offer details of how Democrats plan to stave off members' 2 percent hike. Traditionally, it is thwarted only with an amendment to an appropriations bill.

Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.), said in an e-mail that Democrats have not abandoned their pledge to fight members' raises despite the lack of progress on a minimum-wage vote before the election.

"Hard work still deserves fair pay, and Democrats still think Congress shouldn't get a raise unless the American people get one first," Manley said. "We will continue to pursue all our options in the lame duck."

The Democratic effort to tie member pay to the minimum wage even after the election signals to core allies in labor and community groups that Democratic leaders believe the issue transcends politics — that "it is in concrete how important this is to" them, in the words of Chuck Loveless, legislative director for the American Federation of State, County and Municipal Employees (AFSCME).

Yet political considerations are likely to determine how far Democrats can take their quest to impede the pay raise, or if the issue gets addressed at all, appropriations experts and supporters of the effort said.

"If you know you're in the minority and you're going to remain in the minority, you've got few options for winning on the minimum wage," said Scott Lilly, a longtime Democratic staff director on the House Appropriations Committee and now a senior fellow at the Center for American Progress. "Tying this pay increase to it is more of a strategy you would be focused on if you thought you couldn't proceed for a straight increase in the minimum wage."

Conversely, Lilly added, a Democratic takeover of one or both houses likely would curtail the lame-duck session as Republicans turn their attention to new leadership elections. "If Republicans lose the House, they will probably be here in November for about a half-hour," he said.

James Dyer, a former GOP House Appropriations staff director turned Clark & Weinstock lobbyist, concurred with that prediction.

"I think the bottom line is, they're going to wait and see how the elections go," Dyer said. "If Democrats took one or more houses, the process [of raising the minimum wage] could be booted to January."

Dyer recalled that senior Democrats and Republicans hailed the 1989 passage of the Ethics in Government Act that made lawmakers' cost-of-living increases automatic. Members gave up their limited ability to earn outside income as part of that

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agreement, he said, making any permanent changes to the pay raise process – such as the Clinton-Kennedy bill — a potentially dicey proposition on both sides of the aisle.

"This is a painful issue. It's not as black-and-white as whether you're going to provide folks with an increase in the minimum wage," Dyer said.

The House has considered an amendment from Rep. Jim Matheson (D-Utah) to block the annual member raise, though a vote on Matheson's actual language was procedurally prevented. More Republicans sided with Matheson than did members of his own party, with 92 GOP members and 74 Democrats voting no in June.

The Senate has yet to address any challenges to the members' raise, historically done in the Treasury Department appropriations bill. One Senate Democratic aide said leaders are reluctant to tip their hand because they want to preserve their parliamentary options, not because they want to unleash a surprise strategy.

The aide mentioned the Senate's rarely invoked Rule 14, which allows any member to bring a bill straight onto the Senate's legislative calendar. The Clinton-Kennedy minimum wage bill remains under committee jurisdiction, but another bill calling for a straight minimum-wage increase has been on the Senate calendar since last year.

Sen. Russ Feingold (D-Wis.), who only agrees to accept pay raises after he is newly reelected, is proceeding with his plans to force a vote on the issue. "As I have done in the past, I will look for every opportunity to make senators vote on raising their own pay, and I will support any other efforts that will accomplish the same thing," Feingold said through a spokesman.

Feingold's bid to hold down member salaries saw surprising success last year, when senators agreed to forfeit their raises as a symbolic gesture after Hurricane Katrina, but the pay-raise block was stripped during conference talks.

House Democrats, meanwhile, continue to call on the 48 Republicans who pushed their leadership earlier this year for a vote on the minimum-wage increase to sign a discharge petition to force a vote on Rep. George Miller's (D-Calif.) wage hike bill. The only two GOP members on the petition, Reps. Christopher Shays (Conn.) and Jim Leach (Iowa), attached their names in July.

House GOP leaders still must address the minimum-wage increase attached to its Labor, Health and Human Services appropriations bill. Dyer offered a solution to that roadblock: "What Republicans could do, if they wanted to play hardball, is ask the Appropriations Committee to produce an omnibus that didn't have [the minimum wage] on it."

That move, in turn, could force Senate Democrats to filibuster an omnibus appropriations bill as part of any drive to block this year's member pay raise. AFL-CIO legislative director Bill Samuel recalled the narrow defeat of an early 2004 omnibus filibuster over new rules for overtime pay, another key labor concern.

"The question is if [the minimum wage and pay raise debate] comes down to filibustering an omnibus appropriations bill. It's difficult; we tried it," Samuel said. "But I think there will be a lot of energy behind [this year's fight]."

Senators Ask For Pension Agency Probe (AP-Y)

By Jeannine Aversa

AP, October 3, 2006

Two senators are asking Congress to find out whether the federal agency that insures private pension plans for millions of Americans has enough money and the right approach to do its job.

Finance Committee Chairman Chuck Grassley, R-Iowa, and the panel's top-ranking Democrat, Max Baucus, D-Mont., said Tuesday they want the Government Accountability Office to report back by early next year with preliminary information on the Pension Benefit Guaranty Corp., which insures traditional, defined benefit pension plans.

Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the growing demands placed on the agency and its swollen debt.

At the end of 2005, the agency recorded a deficit of $22.8 billion.

In their letter to the GAO, the senators said that 80 percent of all claims against the PBGC have come since 2000.

In 2000, the agency paid benefits of $900 million to 243,000 people. Five years later, PBGC was paying $3.7 billion in benefits to 698,000 people, the senators wrote.

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"This rapid increase in participants, benefit payments and investments would be a challenge to any organization," the senators wrote. "We are particularly concerned in how PBGC is handling this challenge and whether legislative changes are needed in PBGC's structure, appropriations or law."

President Bush in August signed a bill to help the nation's troubled pension system by shoring up funding for traditional pensions. Supporters hope the changes will prevent a costly taxpayer bailout of the PBGC.

PBGC's operations are financed by insurance premiums paid by companies that sponsor traditional pension plans. It also earns money from investments and receives funds from pension plans it takes over. The agency is not funded through tax revenues.

The fear, however, has been that a taxpayer-funded bailout could happen at some point if the private pension system wasn't overhauled by Congress.

Separately, PBGC said Tuesday that it has taken responsibility for a pension plan covering more than 1,600 workers and retirees of Levitz Home Furnishing Inc. of Woodbury, N.Y. The agency said that the takeover of the plan will have no material effect on its balance sheet.

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On the Net:

PBGC: http://www.pbgc.gov/

Labor Board Eases Supervisor Rule (WSJ)

By Kris Maher

The Wall Street Journal, October 4, 2006

In three widely anticipated decisions, the National Labor Relations Board opened the door for some employers to classify more workers as supervisors and exclude them from union representation. The decisions outraged unions, but didn't go as far as business groups had hoped.

In the main decision, by a 3-2 vote, the five-member board said nurses who independently assigned staff based on such things as patient conditions, and were involved in such decision-making more than 15% of their time regularly, should be considered supervisors and exempt from collective-bargaining protections.

At issue in the cases, which stemmed from union organizing attempts, were U.S. labor-law provisions that state workers who use "independent judgment" in a "nonroutine" manner to assign or direct other employees, should be considered supervisors, even if they don't have employees who report directly to them. Supervisors aren't guaranteed collective-bargaining rights under the law. A broader interpretation could exclude more workers.

Labor experts said the decisions were likely to result in more nurses and other workers being classified as supervisors. But its application to other industries is difficult to predict, in part because the responsibilities of workers can vary widely across industries and even workplaces, said John Raudabaugh, a partner at Baker & McKenzie LLP in Chicago, who served as a board member from 1990 to 1993.

In other professions, such as movie production, certain factors not considered in the rulings, such as collaborative decision making, could be central to deciding who is a supervisor, he said. "I think it has great weight in health care, but it remains to be seen how it is applied in other industrial settings," he said.

The decisions, which were expected to favor employers at a board controlled by Bush administration appointees, could at a minimum hinder labor's chances of organizing workers in the fast-growing health-care sector. Business groups generally applauded the decision in the lead case, concerning nurses at Oakwood Healthcare Inc. in Taylor, Mich., saying the board clarified the standard it uses to determine such issues as what it means to use independent judgment when assigning work for other employees.

But in two cases, the board disagreed with employer arguments and found that nurses at a nursing home and lead workers at a manufacturer weren't supervisors because they either didn't have the authority to assign other workers or followed company policies in a routine manner when they directed other workers and didn't have the ability to discipline workers who performed

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poorly. "I'm pleased with the standard but disappointed in the result" of the other two cases, said Steve Bokat, executive vice president of the litigation center at the U.S. Chamber of Commerce.

In one case, the board found that nurses at Golden Crest Healthcare Center in Hibbing, Minn., didn't have the authority to assign other nurses. Similarly, in the third case, lead workers including load supervisors who work in the shipping department loading trucks at Croft Metals Inc., based in McComb, Miss., didn't use judgment deemed independent enough to qualify as supervisory, the board found.

Economists said it was hard to predict how the decisions might affect factors such as labor costs. If employers tried to make certain workers qualify as supervisors by creating new responsibilities for them, they would risk incurring other costs as a result of lost productivity should workers turn down such work, said Lonnie Golden, an associate professor of economics and labor studies at Penn State-Abington.

The AFL-CIO and other labor groups blasted the board, saying the decisions opened the door for millions of workers to lose the right to join a union and imperiled the status of other workers who are already union members. Under labor law, the decisions can't be directly appealed, but the labor federation said it will litigate the same issues in other cases pending before the board and push for a legislative fix to the law.

Rose Ann DeMoro, executive director of the California Nurses Association, called the decisions "horrendous," and said it would cause nurses to turn down work as charge nurses and trigger protests by nurses across the country. "Ultimately what this has done is redefine a 'registered nurse,'" she said.

Board Redefines Rules For Union Exemption (NYT)

By Steven Greenhouse

The New York Times, October 4, 2006

In a decision condemned by unions but praised by business, the National Labor Relations Board issued a ruling yesterday that will exempt registered nurses — and many other workers — from union membership if they have certain kinds of supervisory duties.

Some labor experts predicted that the ruling could affect more than eight million workers who might also be deemed supervisors, including teachers who oversee aides. The board's 3-to-2 decision involved nurses overseeing shifts at a Michigan hospital.

But in two related cases, the board ruled that workers with limited supervisory duties were not supervisors.

Labor unions have long feared such a decision, so much so that, in an unusual move, they held demonstrations at the labor board's offices in July to urge it not to issue an expansive ruling that would exempt many workers from union coverage.

In the majority decision, the three Republicans on the board adopted a broad definition of supervisor, saying it included workers who assigned others to a location, shift or significant tasks, like a nurse overseeing a shift who might assign another nurse to a particular patient.

The majority ruled that workers should generally be deemed supervisors, exempt from union membership, if they oversaw another employee and could be held accountable if that subordinate performed poorly. The majority also ruled that workers could be deemed supervisors if they were assigned supervisory duties just 10 percent to 15 percent of their total work time.

In a stinging dissent, the two Democrats on the board, Wilma B. Liebman and Dennis P. Walsh, wrote, "Today's decision threatens to create a new class of workers under federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

The dissenters asserted that most of the nation's more than 20 million professional workers could fall into that category because many professionals, like a doctor overseeing nurses or a lawyer overseeing a secretary, could be deemed supervisors under the board's new guidelines.

The case focused on workers who did not perform functions like hiring, promoting or laying off workers, but rather assigning and directing other employees — functions in which the supervisory role was more ambiguous. The board's majority emphasized that to be considered a supervisor, workers had to exercise independent judgment, although it adopted a more expansive view of such judgment than previous labor boards had.

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The majority comprised the chairman, Robert J. Battista; Peter C. Schaumber; and Peter N. Kirsanow.

Steve Bokat, general counsel for the United States Chamber of Commerce, said the decision did not go as far as business had wanted, adding that estimates that millions of workers would be exempted from union coverage were "outrageous numbers."

"I think it's a good test that the majority has laid out," Mr. Bokat said, "a reasonable test, one that employers and their counsel can apply."

John J. Sweeney, the president of the A.F.L.-C.I.O., said the ruling "welcomes employers to strip millions of workers of their right to have a union by reclassifying them as supervisors, in name only."

Organized labor said the ruling continued a trend in which President Bush and the labor board had exempted groups of workers from union coverage, including graduate teaching assistants, disabled workers and many Defense Department employees.

The board's ruling interprets a 2001 Supreme Court decision in which Justice Antonin Scalia, writing for a 5-to-4 majority, asserted that the labor board, then dominated by appointees of President Clinton, had adopted too strict a test in deciding when workers were supervisors.

Yesterday's decision could exclude many retail workers, like department heads in supermarkets or discount stores, from joining unions. The majority wrote, "The assignment of an employee to a certain department (e.g., housewares) or to a certain shift (e.g., night) or to certain significant overall tasks (e.g., restocking shelves) would generally qualify" as having the supervisory responsibility of assigning.

The decision also stated, "If a person on the shop floor has 'men under him,' and if that person decides 'what job shall be undertaken next or who shall do it,' that person is a supervisor, provided that the direction is both 'responsible' " and "carried out with independent judgment."

William B. Gould IV, who was board chairman under Mr. Clinton, said the decision's "shift in statutory interpretation is a seismic one." Mr. Gould said that with the board setting forth rules on what employers must do to prove that employees are supervisors, "the potential for manipulation is substantial."

The board's main decision yesterday involved Oakwood Heritage Hospital, an acute care facility in Taylor, Mich., with 257 beds and 181 registered nurses. The decision focused on a dozen nurses who worked in intensive care, medical/surgical and other units, and oversaw several other nurses, nurses' aides and technicians.

The union that sought to represent them, the United Automobile Workers, asserted that they should not be deemed supervisors on the ground that their supervisory duties were minor and routine, and required so little independent judgment. But the hospital argued that they should be considered supervisors on the ground that they assigned nurses and nurses' aides to particular patients and directed them by giving them specific responsibilities, all while using independent judgment.

Another board decision released yesterday involved some 30 "lead persons" working for Croft Metals, a door and window factory in McComb, Miss. The board ruled that the company had not established that these workers exercised independent judgment in directing their crews. The board suggested that their judgment was simply routine.

A third decision involved the Golden Crest Healthcare Center, a nursing home in Hibbing, Minn. The board ruled that the employer had not established that the nurses in charge had met the definition of assigning or directing other workers. It found that the nursing home had failed to show that those nurses were held accountable when their subordinates failed to perform properly.

Pamela Thompson, chief executive of the American Organization of Nurse Executives, an industry organization, said, "Since hospital staffing can vary, not only hospital to hospital but hour by hour, this decision will play out differently hospital by hospital."

Some Workers Change Collars (WP)

By Dale Russakoff

The Washington Post, October 4, 2006

The National Labor Relations Board ruled yesterday that nurses with full-time responsibility for assigning fellow hospital workers to particular tasks are supervisors under federal labor law and thus not eligible to be represented by unions.

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The 3-to-2 decision, long awaited by unions and businesses, sets a new standard for determining who is a supervisor in the modern economy, and could have significant implications for efforts by labor unions to organize nurses in the fast-growing health-care sector. Under federal law, supervisors do not have the right to belong to unions.

Labor leaders decried the ruling, with AFL-CIO President John Sweeney saying it "welcomes employers to strip millions of workers of their right to have a union by reclassifying them as 'supervisors' in name only." The labor-backed Economic Policy Institute said the new definition could affect 8 million workers who give direction to fellow workers in fields ranging from construction to accounting.

Business organizations applauded the decision, arguing that it will not have sweeping effects. "The business community thinks the standard is reasonable, but this is not a sea change," said Steve Bokat of the U.S. Chamber of Commerce.

The dispute, involving Oakwood Healthcare Inc., is one of many cases in a contentious area of labor law that have awaited a ruling since 2001, when the Supreme Court took issue with the NLRB's interpretation under the Clinton administration of what constitutes a supervisor. Since then, control of the NLRB has shifted to Republicans, who hold three of the five positions.

The case concerns Oakwood Heritage Hospital in suburban Detroit, where the United Auto Workers is trying to organize 181 registered nurses. The hospital had argued that 127 of the nurses -- two-thirds of the potential bargaining unit -- should be deemed supervisors and thus ineligible for union representation.

The NLRB disqualified only 12 of the nurses from belonging to the bargaining unit -- all full-time "charge nurses" whom the board deemed to be supervisors because of their responsibility for assigning and directing other workers on their shifts. But AFL-CIO associate general counsel Craig Becker argued that the decision was broader than it appeared, leaving room for nurses who rotate only temporarily through the job of charge nurse to be disqualified as well. And Barbara Medvec, senior vice president of Oakwood Healthcare, said the hospital will likely ask the NLRB to rule that another 115 nurses are supervisors for that reason.

The ruling defines workers as supervisors if they give assignments to other workers, if they are held responsible for the performance of those assignments and if they exercise independent judgment rather than follow an employer's detailed instructions. NLRB members Wilma B. Liebman and Dennis P. Walsh, the only Democrats on the board, argued in dissent that the definition was so broad it "threatens to create a new class of workers under Federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

Bokat likened the unions' warnings to "Chicken Little saying 'the sky is going to fall.' " He pointed out that the NLRB, in applying the new definition to two other pending cases, found in both that the workers in question were not supervisors. Those two cases concerned charge nurses at Golden Crest Healthcare Center, a long-term care facility in Minnesota, and team leaders at Croft Metals Inc., a window manufacturer in Mississippi. "The result speaks for itself," Bokat said. "We were kind of disappointed."

Nurses who work only occasionally as charge nurses could be disqualified from joining unions under the decision, according to the AFL-CIO's Becker. He noted that the ruling defines a supervisor as an employee who spends "a regular and substantial portion of his/her work time performing supervisory functions." But the decision defines "regular" as meaning "according to a pattern or schedule" and "substantial" as "at least 10-15 percent of their total work time."

"If the next employer comes forward with evidence that someone is a charge nurse in one of every three shifts or one out of every four weeks, that would meet the definition of a pattern or schedule," he said.

University of Tennessee labor law professor Jeff Hirsch said the decision is important because the lines between workers and supervisors are blurring throughout the economy.

"You have far more workers who have a lot more responsibility than they did when the National Labor Relations Act was passed almost 60 years ago," he said. "It's not just a production factory floor with people punching out widgets. It's a much more skilled economy."

U.S. Ruling Could Eliminate Union Eligibility For Millions (LAT)

By Molly Selvin

The Los Angeles Times, October 4, 2006

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A federal labor agency Tuesday broadened its definition of who is a supervisor, in a ruling that could keep millions of skilled employees from joining unions and accelerate a decades-long decline in union membership.

In a long-awaited decision, the Republican-controlled National Labor Relations Board held that nurses could be classified as supervisors if they directed and oversaw other nurses.

Under federal law, employees defined as supervisors aren't entitled to legal protections ensuring their right to join unions.

The labor board's definition could be applied to other kinds of workers, particularly in the fast-growing service sector, where unions have made some gains in recent years even as overall union membership has declined nationally, labor experts said.

Even before the ruling, many employers had classified more of their workers as supervisors, in part to avoid paying them overtime. For example, many employees of restaurants, retailers and other businesses have been classified as "shift supervisors" even though most of their duties — such as waiting on tables or cashiering — are indistinguishable from those they supervise.

In recent years, several large retailers, including Home Depot Inc., Abercrombie & Fitch Co. and Staples Inc., have been targets of lawsuits by nonunion employees claiming they were denied overtime pay because they were classified as supervisors, even though only a small fraction of their responsibilities involved supervision.

Harley Shaiken, a UC Berkeley professor who studies labor issues, said as many as 135 cases pending before the labor board, many in the service sector and high-tech fields, could be affected by Tuesday's ruling.

"The notion of supervision in an Internet age is a lot blurrier than when we're talking about an assembly line or a stamping plant," he said.

The ruling was applauded by business organizations but denounced by labor groups, which called it part of a Bush administration strategy to destroy unions.

"It's an outrageous decision," said Rose Ann DeMoro, executive director of the 70,000-member California Nurses Assn., which threatened to strike against hospitals that tried to enforce the new rule.

AFL-CIO President John Sweeney said the board's decision would immediately deny as many as 8 million workers "their basic right to have a voice on the job."

Business groups said unions were overstating the ruling's effect.

The decision will probably affect primarily work sites where union organizing is going on, said Stephen A. Bokat, general counsel at the U.S. Chamber of Commerce. "Where there are established collective bargaining relationships," he said, "these issues with regard to supervisors are very well established and I doubt most employers will totally upset their workplaces to meet that definition."

Kaiser Permanente, one of the state's largest employers of nurses, with 24,000 in California represented by two unions, said it would not take nurses out of their bargaining units who under the new ruling could be classified as supervisors.

Federal law defines supervisors as those whose jobs may require them to use "independent judgment" in the course of their duties, or have continuing responsibilities to "assign" or "responsibly direct" the activities of other employees. An employee can be considered a supervisor by performing any one of those duties — or by having the power to hire or fire.

In Tuesday's ruling, the labor board determined that the term "assign" could include dispatching an employee to a workstation, appointing an employee to a specific shift or to work overtime, or directing a nurse to care for a particular patient.

The five-member labor board issued rulings in three related cases. In the first, it voted 3 to 2 that permanent "charge" nurses at a Michigan acute care facility, who oversee staff, were supervisors. However, the board rejected the supervisor designation for charge nurses who rotate in and out of that job. The board's three Republicans voted in favor of the decision, with the two Democrats opposing it.

In the two other cases, the board found that employers did not provide enough evidence to determine whether charge nurses at a Minnesota nursing home or so-called lead workers at a Mississippi manufacturing plant should also be classified as supervisors.

The rulings were triggered by a 2001 U.S. Supreme Court decision directing the board to refine its definition of a supervisor. The court ruled that nurses and other healthcare workers were not entitled to join unions if their duties included supervising others.

It is unclear whether the board's action can be appealed.

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Nationwide, an estimated 400,000 nurses are represented by collective bargaining agreements, said Jennifer Coate, spokeswoman for the Nurse Alliance of the Service Employees International Union. It is unclear how many nurses will be affected by the board's decision.

DeMoro of the California Nurses Assn. said the ruling "opens the door to redefining every nurse as someone who uses professional judgment and is therefore ineligible for collective bargaining."

She said, "We intend to mount a full strike against any hospital that attempts to take rights away from registered nurses."

Workers classified as supervisors by their employers have been winning some legal battles in their bid to get overtime pay in nonunion settings. Abercrombie agreed in January to pay as much as $2 million to settle a suit filed on behalf of 250 California store managers, Longs Drug Stores Corp. paid $11 million to end two suits brought by 1,000 managers, and Countrywide Financial Corp. agreed last year to a $30-million settlement involving 400 employees. Several other cases are pending.

AFL-CIO President Sweeney said as many as 34 million workers and professionals, accounting for 23% of the labor force, would eventually fall within the scope of Tuesday's decision.

Union membership has fallen steadily in recent decades. In 2005, 15.7 million workers, or 12.5% of the labor force, were union members, according to government figures. That was down from 1983, when 1 in 5 workers — nearly 18 million — carried union cards.

Sweeney said the decision would accelerate that decline by creating a category of workers with neither the legal rights of employees nor "the prerogatives of management."

Richard Simmons, a Los Angeles lawyer who represents employers, said the decisions set forth "a more realistic standard and a more developed standard" than the board had previously adopted.

Employers will have to "look at what someone does," he said. "It doesn't mean that simply by ascribing the title of charge nurse to someone that they become a supervisor."

The latest decision follows other federal actions making it harder for unions to organize workers. In 2003, for example, the administration denied collective bargaining rights to newly federalized airport security screeners. In 2004, the labor board ruled that graduate assistants were students, not employees, and therefore not entitled to the protection of federal labor law.

NLRB Decision Angers Unions (WT)

By Sean Lengell

The Washington Times, October 4, 2006

The federal government yesterday established new guidelines for considering a worker a supervisor, a decision organized labor says will exclude millions of Americans from joining unions.

In a long-awaited health care case involving a group of "charge nurses" at a Michigan hospital, the National Labor Relations Board (NLRB) ruled the nurses should be considered supervisory staff and thus not covered by a federal law allowing them to join a union.

Charge nurses serve as a head shift nurse for a unit or ward and assign duties to other nurses. But they typically don't have the authority to hire and fire or perform evaluations on other employees, which union groups say is a vital benchmark for classifying an employee as a supervisor.

The decision was one of three related rulings grouped as the "Kentucky River" cases because they were intended to clarify the supervisor question from a case several years ago involving Kentucky River Community Care Inc. in Hazard, Ky.

Union leaders denounced the 3-2 decision, saying it would have broad implications for workers in many fields. The vote was split down party lines.

The AFL-CIO labor federation said the new ruling would strip at least 8 million workers of their right to have a union by reclassifying them as supervisors in name only.

"Today's decision is the latest in the Bush-appointed NLRB's legal maneuvering to deny as many workers as possible their basic right to have a voice on the job and improve their living standards through their union," AFL-CIO President John Sweeney said. "The NLRB should protect workers' rights -- not eliminate them."

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Mr. Sweeney added the ruling "threatens to create a new class of workers under federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

The decision was not a surprise since Republicans have the majority on the five-member board, said Roland Zullo of the Institute of Labor and Industrial Relations at the University of Michigan.

"This is what happens when you have a political party in power that is just not friendly to labor -- you get decisions like this," Mr. Zullo. "Labor had more favorable decisions during the [President] Clinton administration."

Workers considered supervisors under the new definition can unionize, but management will be under no legal obligation to bargain with them, Mr. Zullo said.

Business praised the board's decision.

"The board has given a clear, reasonable and fair standard employers can apply in determining who is and who is not a supervisor," said Steve Bokat, general counsel for the U.S. Chamber of Commerce.

Some accused labor activists of exaggerating the number of workers that will be affected by the ruling.

"The NLRB articulated a clear test of supervisory authority that is totally consistent with 70 years of statutory and decisional history," said Martin Payson, a New York lawyer with the Jackson Lewis law firm, which represents management in labor cases. "Relatively few people will be impacted," he said.

Labor groups also say the ruling gives employers another tool for fighting organizing efforts by threatening litigation.

"Every case now where an employer wants to drag it out for three years in the courts will be able to do so," said Jon Hiatt, general counsel for the AFL-CIO. "It's an invitation for employers to manipulate job duties."

Business also disputed the union's prediction the decision will lead to widespread litigation.

"The real lesson is that every individual whose job duties put their legal position in question should have their authority and responsibility spelled out in advance, by the employer, so as to avoid uncertainty," Mr. Payson said. "This will avoid what was predicted by the unions -- another decade of litigation."

The decision is expected to be appealed in the federal courts and could reach the Supreme Court, Mr. Payson said.

The question of which employees are considered supervisors has been the topic of debate between unions and employers for decades. The Supreme Court twice has overturned NLRB rulings on the matter.

"This has been a contested area that has see-sawed back and forth," Mr. Zullo said. "But board decisions do change, and if the politics shift, [the decision] could shift right back."

Fate Of Post Office Overhaul Is Up For Debate (WP)

By Stephen Barr

The Washington Post, October 4, 2006

Sometimes it is small provisions that trip up big bills.

That was the case last week with compromise legislation that would overhaul the U.S. Postal Service. The bill's collapse also spawned differing opinions on whether it can be salvaged next month in a lame-duck session.

Rep. Thomas M. Davis III (R-Va.) is optimistic that the House and Senate will approve a postal bill. "We are going to get it done," Davis said yesterday, adding, "We are conceptually 99.9 percent of the way there."

But Sen. Susan M. Collins (R-Maine), a chief sponsor who will broker any compromise, is not as confident as Davis. "Unfortunately, at the eleventh hour, various parties raised objections to some of the bill's long-standing provisions, and these objections caused certain members of Congress to block passage of the legislation," Collins said in an e-mail yesterday from her home state.

"While I remain committed to the goal of passing the bill in the lame-duck session, I do not know if that will be possible," she wrote.

Efforts to overhaul operations of the Postal Service have been underway in Congress for a decade as big mailers have pleaded for a new rate structure that makes it easier for them to predict postage increases. The financial health of the Postal Service also has become a concern, as Americans expand their use of the Internet, e-mail and cellphones and send fewer first-class letters, an important source of revenue for the post office.

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Finding a legislative solution has been a complex effort. President Bush set up a postal commission to study possible changes, and business groups and outside experts floated their ideas. Enthusiasm for an overhaul has waxed and waned at postal headquarters.

Some of the proposed changes involve multibillion-dollar budget issues, such as how to handle costs for pensions and retiree health care. The White House gave in on one of its requests -- that the Postal Service pick up the tab for military pensions earned by postal workers. Under the compromise, the military portion of postal worker pensions will be paid out of the Treasury, as happens with other agencies. The Postal Service will use the savings to fund future retiree health-care benefits.

But the bill stalled on a relatively modest provision that would require a three-day waiting period before injured postal workers could begin accruing workers' compensation benefits. Employees would be expected to use vacation or sick leave for the first three days they were out of work and would be reimbursed for that time if they were unable to return after 14 days, congressional aides said.

The president of the National Association of Letter Carriers, William H. Young , unexpectedly announced that he would not accept the bill because no one had explained to him why the change was necessary.

Union spokesman Drew Von Bergen said the proposed workers' compensation change "would put postal employees in a different classification than other federal employees."

Under current law, injured federal employees receive "continuation of pay" for up to 45 days, and if their disability continues for more than that, they can receive additional compensation for lost wages after three days in a non-paid status.

Young wrote NALC members, "for the Bush administration, it is always easier to pick on those who are less fortunate than others." He wrote, "The nation's injured letter carriers and other postal employees were an easy mark."

Collins was dismayed by Young's action, congressional aides said. The NALC had not brought up the issue in three years of negotiations on the bill and had promised to support an overhaul of postal operations, the aides said.

Collins and the White House had backed off another workers' compensation provision opposed by the union, and Collins had negotiated solutions to issues raised by large mailers and postal competitors, such as UPS.

One troublesome area -- how to regulate postage rates for certain types of mail under a cap linked to the consumer price index and also provide an escape clause for exceptional circumstances -- was resolved to the satisfaction of big mailers and unions, lobbyists said.

"We were within a quarter-inch of getting it done Friday night," Davis said at a breakfast forum sponsored by the nonprofit Council for Excellence in Government and The Washington Post.

But some administration officials and some lobbyists think the postal overhaul could be dead, not only for this year but for two or three years, if control of Congress shifts in next month's congressional elections. They also doubt that Collins and the White House will give in to the NALC.

Still, one administration official, who spoke on condition of anonymity because he participated in the discussions, noted that the bill has survived delays and attempts to kill it. "This has more lives than nine dead cats," he said.

OMB Welcomes Help From Anti-Pork Bloggers (WP)

By Elizabeth Williamson

The Washington Post, October 4, 2006

Call it the Office of Management and Blog-it.

The Office of Management and Budget is turning to bloggers for help in pushing the OMB's government reform plans after last week's success of its pet project, the Federal Funding Accountability and Transparency Act, also known as the Coburn-Obama bill.

The legislation envisions an online, searchable list of all federal government contracts and grants of more than $25,000. Such a window onto pork distribution would, said President Bush when he signed it, "increase accountability and reduce incentives for wasteful spending."

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Despite its bipartisan support, the bill earlier hit a wall when an unknown senator put a secret hold on it. Open-government bloggers leapt off the computer and onto the phone, calling all 100 senators -- minus Tom Coburn (R-Okla.) and Barack Obama (D-Ill.), of course -- to unmask the culprit.

Heady stuff, reading rapid-fire postings as the mostly conservative blogmeisters narrowed the list in real time, flushing out the faceless holder: Sen. Ted Stevens (R-Alaska).

Stevens's explanation -- mostly, that he wanted a cost-benefit analysis -- was lost in a hail of online gotchas, and he lifted his hold. To some Hill-watchers, outing the Senate's per capita pork champ was a "duh" moment. But to the OMB, bill sponsors and their blogger backers, it was sweet victory.

Bush signed the bill last week, flanked by the bloggers who had led the charge, including those from Porkbusters.org, Townhall.com, Instapundit.com and Human Events Online's Right Angle blog. Soon afterward, OMB Deputy Director Clay Johnson III spent an hour with the bloggers.

Right after that, OMB Director Rob Portman and Johnson appeared at a luncheon to talk about OMB's government performance push.

Portman also talked about the blogger fest, saying, "Clay asked them, 'Gee, since you're so good at this, can you help us on some of our other initiatives?' " When Johnson took the floor, he invoked the bloggers several times as weapons in his fight for government performance and accountability reforms.

"Senator Voinovich tried . . . to get a co-sponsor this year for a bill that called for that kind of performance evaluation, and Voinovich added that an employee had to be minimally successful to get a raise," Johnson said at one point, referring to George V. Voinovich (R-Ohio). "This is a no-brainer, right? He could not get a co-sponsor. . . . It might just make its way to the blog community."

But the blogosphere remains an unstable realm: At the height of the search for Stevens, a cry rose to abolish secret holds, which are often used for innocuous reasons, and at least one blogger demanded that the entire Senate be shut down until the holder was found.

OMB official Robert J. Shea seems to grasp that better than his bosses. Using bloggers as advocates, he mused, "could backfire."

Bayer's Duplicity On Drug Safety (NYT)

The New York Times, October 4, 2006

Bayer A.G.'s limp excuse for withholding data suggesting that a heart-surgery drug is dangerous won't wash. The failure by the German pharmaceutical giant to inform the Food and Drug Administration of the disquieting results of a large observational study cannot be sloughed off as a mere "mistake on the company's part."

Rather, the circumstances suggest that Bayer sought to hide the results of a contractor's study until some way could be found to discount them. It came clean only when forced to by a whistleblower.

The drug is Trasylol, which has long been used in heart surgery to reduce blood loss and the need for transfusions. Although extensive data seemed to document the drug's effectiveness and safety, two studies published this year found that it increased the risk of kidney failure, heart attack and stroke.

Even so, an F.D.A. advisory committee, after reviewing extensive data at a public meeting on Sept. 21, overwhelmingly concluded that Trasylol was still acceptably safe and effective for certain patients. The committee had not been told — because Bayer representatives who participated in the meeting kept mum — about the most recent large study the company had sponsored, which raised even more questions about the drug's safety.

After the fact, a whistleblower, possibly an outside researcher, reportedly called both the F.D.A. and Bayer to force full disclosure. Preliminary results of the suppressed study showed that Trasylol may increase the chance for death, serious kidney disease, congestive heart failure and strokes.

The company says it did not initially disclose this retrospective study of some 67,000 patients because it deemed the results preliminary and had significant questions about the methodology and populations of patients. That may be. But that

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cannot be an excuse for hiding the very existence of this study from an expert advisory panel convened to review the latest safety evidence.

This incident underscores the importance of requiring drug companies to publicly register all safety studies so that they can't be suppressed later should their results displease the sponsor.

OTHER NEWS:

Dow Climbs From Depths (USAT)

By Adam Shell

USA Today, October 4, 2006

NEW YORK — The Dow Jones industrial average made history Tuesday, notching a record closing high that erases some, but not all, of the pain suffered by investors when stocks came crashing down after peaking in early 2000.

It took more than 61/2 years, but the Dow's comeback is complete.

The Dow, a Wall Street icon that dates to 1896, rallied 56.99 points Tuesday to close at 11,727.34, surpassing its prior record close of 11,722.98 hit on Jan. 14, 2000.

"The record's biggest significance is psychological," says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust. "It arouses a lot of bullish sentiment."

The Dow record caps a 4,437-point comeback that began in October 2002 at the low point of the worst stock market decline since the Great Depression.

The record-setting session Tuesday for the USA's oldest stock barometer erased the nearly 38% loss the blue-chip average suffered in the three-year bear market that began in early 2000 after the technology stock bubble burst, wiping out $8.5 trillion of investor wealth.

Sparking the Dow's final sprint to a new peak is a bet by investors that the Federal Reserve will succeed in slowing the economy and keeping inflation at bay without causing a recession.

Also boosting stocks has been a nearly 25% drop in the price of crude oil since mid-July, including a $2.35 decline Tuesday to $58.68 a barrel, a nearly eight-month low.

The Dow, which also notched an intra-day record of 11,758.95 Tuesday, is up 9.4% in 2006.

The best performer for the Dow since its Jan. 14, 2000, peak is Altria Group, parent of tobacco giant Philip Morris, which gained 212%, says Ned Davis Research. Biggest laggard: computer-chip maker Intel, off 60%.

A fresh recovery high for the Dow, which tracks 30 big companies representative of U.S. business, does not erase all the losses suffered by investors during the market's 2000-02 swoon.

During the 1990s stock market boom, most people invested in either mutual funds that tracked the Standard & Poor's 500-stock index or highflying tech stocks, most of which traded on the Nasdaq. The S&P 500 remains 12.7% below its high. The Nasdaq is down 55.6%.

Dow's New Height Not As Giddy As The Last One (LAT)

By Tom Petruno

The Los Angeles Times, October 4, 2006

In less than seven years, the value of the typical U.S. home has risen 64%. The price of gold has doubled. The Russian stock market has rocketed nearly 800%.

And the Dow Jones industrial average just broke even.

The world's best-known stock index rose 56.99 points Tuesday to end at 11,727.34, finally topping the previous peak of 11,722.98 reached Jan. 14, 2000.

The day's advance, aided by another drop in oil prices, capped the Dow's long slog back from its 2000-2002 plunge, the worst in three decades.

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Stock market bulls say the index's comeback is a sign of optimism about the nation's economy, given that the Dow's giants — blue-chip names such as Boeing Co., McDonald's Corp. and Walt Disney Co. — account for a colossal chunk of business activity.

"You have everything in place for a continuing bull market," said Neil Hennessy, whose Marin County investment firm manages about $2 billion. He cites strong corporate earnings, steady interest rates, relatively low unemployment and falling energy prices.

Other Wall Street veterans see less to cheer in the Dow's revival. They read it as the final chapter in the market's recovery from the last recession, signaling that another downturn looms.

Blue chip stocks, they say, are winning by default because investors are running out of other viable moneymaking alternatives.

In the short term, however, the Dow's new high may add to the stock market's momentum.

"It's a ringing of the bell for Main Street. People think, 'Maybe I should get out of my money market fund. Maybe real estate isn't the only way to go with my bonus check this year,' " said Art Hogan, chief market analyst at brokerage Jefferies & Co. in Boston.

But no one is predicting a return to the heady days of early 2000, when stocks ruled the investment landscape.

Although volatile technology issues led the mania of the late 1990s, the Dow was no slouch. The 30-stock index rose at an astounding rate of 25% a year from 1995 through 1999 on average, and the sky seemed the limit as the economy boomed.

Financial authors outdid one another in breathlessly forecasting how high the index might soar. The books "Dow 36,000," "Dow 40,000" and, finally, "Dow 100,000" appeared on store shelves within the span of several months in 1999.

"It was the biggest [financial] mania in the history of the world," said Bill Fleckenstein, a Seattle money manager known for his dour outlook on the stock market.

And like all such manias, it finally exhausted itself. The downturn that began in 2000 was led by technology stocks, but the rest of the market tumbled as well. The situation worsened with the recession of 2001 and a plunge in corporate earnings.

In 2002, a wave of scandals involving Enron Corp., WorldCom Inc. and other major companies was the final blow. The Dow sank 17% that year. When it hit bottom in October, the index had plummeted 38% from its peak — its worst loss since the early 1970s.

Amid the downturn, many once-eager blue-chip investors found better things to do with their money. They fled to real estate, commodities, foreign stocks and shares of small U.S. companies.

"A lot of investors got out of blue chips. Other things competed for dollars," said Dan Pemberton, a 66-year-old retiree in Thousand Oaks.

Like millions of other small investors, Pemberton in recent years was drawn to foreign stocks. The rise of emerging economies such as China and Russia lured capital and stoked excitement about the growth potential abroad.

Huge pools of investment capital such as the California Public Employees' Retirement System also gravitated to more exotic investments, including hedge funds, which are known for fast paced trading and chasing opportunities in obscure markets.

CalPERS had 46.4% of its assets in U.S. stocks, mostly blue chips, at the end of 1999. Now that proportion is just 40%.

Meanwhile, foreign stocks have risen from 18.8% of the fund's assets in 1999 to 22.8%; real estate investments have jumped from 4.7% to 7.4%.

For individual investors, little could compete with residential real estate after 2000. Home prices soared across the nation as mortgage rates plunged to generational lows.

And after losing untold billions of dollars in the collapse of technology shares after 2000, many Americans saw real estate as much more of a sure thing than stocks.

Now, however, the housing market has cooled. Nationwide, the median price of a previously owned single-family house declined in August from a year earlier, the first such dip in 11 years.

A sharp drop in many foreign stock markets in the spring, and similar slides in oil and other commodity prices in recent months, have intensified doubts about the wisdom of risking cash in those areas.

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"All of those other markets are beginning to lose their luster," said Robert Morris, director of stock investments at money manager Lord, Abbett & Co. in Jersey City, N.J.

The best argument in favor of the Dow stocks and other big-name issues is that they're inexpensive, said Michael Holland, head of investment firm Holland & Co. in New York.

Even though blue chip companies' earnings have risen sharply since 2002 amid the U.S. economic expansion, "people haven't been willing to pay up for the stocks," Holland said.

One classic measure of stock market value — the price-to-earnings ratio, or stock price divided by annual earnings per share — now averages about 16 for blue-chip issues, the lowest since the mid-1990s, according to Standard & Poor's in New York.

At the height of the last bull market, that ratio reached 28.

Holland, who has his clients in such Dow shares as Microsoft Corp., Johnson & Johnson, General Electric Co. and Pfizer Inc., contends that the stocks are too cheap to ignore.

"These are the world's greatest companies," he said.

But there's another key factor in the resurgence of the 110-year-old index, experts say: fear that the economy, already slowing, is headed for a recession.

Although big-name stocks probably would slide if the economy slumped, their losses might be mild compared with what could befall other investments that have risen much more dramatically in recent years. Home prices could tank. Small companies without deep pockets could be wiped out.

Fleckenstein has been warning clients that the economic expansion of the last five years "has all been done with borrowed money." He cites the explosion of federal debt and the hundreds of billions of dollars that homeowners have pulled out of their properties via mortgage refinancings and credit lines.

"When this unwinds, it will be a disaster, period," he said.

Scott Rutherford, a 49-year-old Pacific Palisades investor who has about $2 million in the market, said he had been turning back to blue chips in part because he's concerned about the economy.

The Dow stocks "represent a safe haven against possible recession, if the housing market truly implodes," he said.

Many investors don't buy the recession talk. They believe the Federal Reserve's interest rate hikes have succeeded in slowing the economy to a pace that will keep inflation subdued. Under the "soft landing" scenario, the economy will emerge healthier and poised for another round of significant growth in 2007.

David Elias, a retired Amherst, N.Y., money manager who wrote "Dow 40,000" in 1999, concedes that he was probably too optimistic in predicting that the Dow would reach that lofty level by 2016.

Nonetheless, "I still strongly believe we will hit 40,000 in my lifetime" as blue-chip companies benefit from the spread of capitalism around the world, said Elias, 61.

"We have all of the ingredients for good, solid growth in the world over the next 10 to 15 years."

Dow Soars To Record As Oil Price Slides (FT)

By Michael Mackenzie

Financial Times, October 4, 2006

The Dow Jones Industrial Average closed at a record high on Tuesday as oil prices fell sharply, but the broader stock-market remained well below their peaks of the high-technology boom.

Having flirted with a record several times in recent days, the blue-chip stock index finally broke above the previous high set more than six years ago to close at 11,727.34. Oil prices fell below $59 a barrel, the lowest level since February, reducing worries about inflation.

While the 30-stock Dow rallied into new territory, the S&P 500, remained 12.6 per cent below its record close of 1,527, while the technology-heavy Nasdaq remained 55.6 per cent below its all time close of 5,048 reached at the peak of the internet boom in 2000.

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Other indicators also indicated that the US equity markets have yet to recover from the late 1990s, when holding stock, particularly in US technology companies, was seen a superior investment choice over other major asset classes. Since 2001, bonds, commodities, real estate and various international equities have significantly outperformed the US stock market.

"It's not just sentiment that has been poor. It's activity," said Tobias Levkovich, chief US equity strategist at Citigroup.

The bank said that "since the start of 2005, individual investors have poured $207.65bn into international stock funds, compared with only $46.49bn for domestic equity funds, representing 81.7 per cent of total flows."

For the year ending August 31, "a staggering 86.8 per cent of the $118.56bn in total equity flows has headed overseas", the bank said. During the past four months, Citigroup said, "domestic stock funds have witnessed cumulative outflows of $23.72bn, which marks the worst four-month span since October 2002."

Mr Lekovich said breaking the Dow record "doesn't change the underlying dynamic, but it's psychologically good for investors."

The Dow also set a new intra-day high of 11,758.95 on Tuesday, breaking the previous mark of 11,750.28 established on January 14, 2000, when the index set the old closing record of 11,722.98.

Still, there are nagging concerns that the economy faces a tough road in 2007, a view reflected by Treasury yields sitting well below the present Fed funds rate of 5.25 per cent.

"The stock market is neither a bull or a bear, but a turtle, carrying a weight upon its back," said Alfred Goldman, chief market strategist at AG Edwards. "The thinking that the Fed pulls off a soft landing for the economy is not a guarantee," he added.

Dow Jones Index Hits A New High, Retracing Losses (NYT)

By Vikas Bajaj

The New York Times, October 4, 2006

The best-known measure of the stock market, the Dow Jones industrial average of 30 major stocks, rose 0.49 percent yesterday to squeak past a closing high that was set in January 2000 amid a technology-driven market boom.

In contrast to those heady days, though, investors and market professionals are greeting the current rally with more relief than euphoria, noting that the broader stock market has yet to find its way back to previous highs.

"I am happy that it has now happened so that we can move onto something else," said Liz Ann Sonders, chief investment strategist at Charles Schwab.

Stocks have been climbing without fanfare since late in July, bolstered by a decline in energy prices and by mounting signs that the Federal Reserve will not raise interest rates again this year.

The spark for yesterday's gains was a 4 percent drop in oil prices that pushed the next-month futures price of crude oil below $60 a barrel for the first time since March.

In 2000 and the years leading up to it, the rally was fueled by demand for computers and telecommunications and a belief that the Internet would transform business. The rally over the last few months has had more modest roots: signs that the economy is moderating and inflation is tame. Investors have been encouraged that falling crude oil and gasoline prices, while a sign of slowing demand, will restrain inflation and spur consumer spending. And investors have been heartened by what they hope is a gradual and orderly end of a five-year boom in home sales and construction.

Indeed, many on Wall Street argue that the housing pullback and the decline in energy prices has put the economy in a sweet spot: not growing fast enough to accelerate inflation, but not so slowly that it risks falling into recession.

"There is and will continue to be a building sense of a Goldilocks" market, said James W. Paulsen, chief investment strategist at Wells Capital Management.

Charles P. Mayer of Pioneer Investments, a mutual fund company, added that corporate profits were still growing at robust rates, further supporting stock prices.

Still, a significant number of skeptics say that this view does not fully take into account the risks that falling home prices and sales could crimp consumer spending and cause an economic slump next year. These people note that the Dow's new high is hollow, given that broader gauges of the market have still not returned to their high-water marks.

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There is also the reality that the Dow is a measure by dollar value of only 30 blue-chip companies, and so is not representative of the great majority of traded stocks.

Jane L. Caron, chief economic strategy at Dwight Asset Management, a Vermont specialist in bond investing, took a measured view. "There is a lot of concern that the housing market softening will spill over to the rest of the economy," she said. "But if you look at the stock markets, they seem to think that everything is O.K."

"Somebody is wrong," she added.

The Dow industrials closed up 56.99 points yesterday, at 11,727.34, surpassing the record of 11,722.98 set on Jan. 14, 2000 — a day when stocks were buoyed by a strong profit report from Intel and by comments from Alan Greenspan, then the Federal Reserve chairman, that interest rates would rise only slightly.

Most other market measures were also higher yesterday. The broad-based Standard & Poor's 500-stock index rose 0.21 percent, and the technology-focused Nasdaq composite index rose 0.27 percent. The Russell 2000 index of smaller-capitalization companies was fractionally lower.

Unlike the Dow, the S.& P. 500 index is still about 12 percent away from its record high in March 2000. The majority of those stocks have returned to their 2000 levels, but a large minority — including technology stars like Cisco Systems, Sun Microsystems and JDS Uniphase — are trading at a fraction of their prices six years ago. The Nasdaq composite index is still down about 55 percent from its March 2000 peak.

Seen another way, the stock market has spent the last six years exorcising the effects of the technology bubble, Howard Silverblatt, Standard & Poor's senior index analyst, said. He noted that without the technology sector, the S.& P. 500 would be up 17 percent today. Though not a spectacular return for six years, it would be a far better outcome for investors than a 12 percent decline.

And by some measures, the Dow still has some way to go before it can be said to have reclaimed its previous heights. On an inflation-adjusted basis, the average would have to reach a level of 14,104.97 for it to match its January 2000 peak.

Only 10 of the 30 stocks in the Dow today are at or above their levels when the index last reached its high. Most of the highfliers from the late 1990's and early 2000, including Microsoft, I.B.M. and Intel, are a long way from the lofty levels they were trading at then. Even companies like Home Depot, Alcoa and Merck are down more than 30 percent.

"This has been a really rotten five-year period," said James K. Glassman, a fellow at the conservative-leaning American Enterprise Institute and an author of the 1999 book "Dow 36,000."

"It really has, there is no doubt about it," said Mr. Glassman, who maintains that his book was mischaracterized at the time as a forecast for the market. He argues that the fear of terrorism has held down stock prices.

Still, the Dow components that have led the charge back have done exceedingly well. The price of Altria, parent company of Philip Morris, fell to a five-year low early in 2000 because of its multibillion-dollar legal liabilities, but it has more than tripled since. The shares of Caterpillar, United Technologies and Boeing have soared because of strong global demand for their heavy industrial products. Exxon Mobil, the world's largest publicly traded oil company, is up almost 60 percent on the rise in energy prices.

The last time the Dow inched close to the record, early in May, stocks tumbled from India to New York as investors worried that the Federal Reserve, in its eagerness to curb inflation, would raise rates so much that it would push the American economy into recession and precipitate the end of an era of relatively cheap financing worldwide. The Dow industrials fell more than 8 percent and the Nasdaq composite by 11 percent at the start of the summer.

A few months have made a lot of difference. The Fed left its benchmark short-term rate unchanged at 5.25 percent in its last two meetings, on the rationale that a slowing economy and its two-year campaign to raise rates might be enough to lower prices. Indeed, inflation has slowed and data for September is widely expected to show a further drop because of the recent fall in energy prices. Nationally, average retail gasoline prices are at $2.36 a gallon this week, compared with just over $3 at the start of August.

Declining home sales and construction activity has helped slow the economy without causing any major retrenchment, at least so far. The economy grew at a 2.6 percent annual pace in the second quarter after a 5.6 percent increase in the first three months of the year.

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Bond investors remain somewhat more skeptical than stock buyers. The yields on long-term Treasury bonds, for instance, indicate that investors are assuming that the Fed will have to reverse course soon and cut interest rates to resuscitate the economy.

The yield on the benchmark 10-year Treasury note, which moves in the opposite direction from the price, has fallen to 4.61 percent, from 5.25 percent late in June. Investors demand higher yields when they are worried that inflation will eat deeper into the value of their holdings, and they push yields down when they think that interest rates are headed lower or when they are seeking shelter from tougher times.

Market historians have noted that stocks can take a long time to recover from periods of great excess. The Dow and the S.&. P., for instance, did not return to their 1929 pre-crash peaks until 1954, long after the Depression and World War II ended.

All this does not mean that investors have stood still in the last six years. Many foreign stock markets, especially those in developing countries, have outperformed American markets, as have commodities like oil, gold and copper. In the United States, the stocks of smaller companies have outrun larger ones, though that trend appears to have reversed this summer.

Data on investment fund flows show that Americans have invested more in those faster-growing areas. They have also spent increasingly more on home purchases and improvements, as evidenced by the large run-up in housing sales and prices and the sharp increases in mortgage and home equity lending.

Will the Dow's new record prompt skeptical investors to reconsider stocks, perhaps giving them a psychological boost? Momentum can help propel stock markets, but investors could also conclude that the Dow's return to its early 2000 level means that the index has merely been treading water for six years.

"You're telling me that I have gone six and a half years and gone even," Mr. Silverblatt of S.& P. said. "What about the 19 percent inflation? Well, it's better than being down, but it's not as positive as you think."

Dow Industrials Close At A Record (WSJ)

By E.S. Browning

The Wall Street Journal, October 4, 2006

When the Dow Jones Industrial Average last closed at a record, on Jan. 14, 2000, it was a time of exultation. A lot has changed since then.

After flirting with the record for days, the Dow Industrials finally topped it yesterday, pushed higher by the hope that falling oil prices will support consumers and the housing market. The average rose 56.99 points to squeak past the old record close of 11722.98 with a finish of 11727.34. Throughout the market, the mood was more skeptical than during those heady days more than six years ago.

"We're in a vastly different world and a vastly different market," said Stephen Porpora, an independent broker on the floor of the New York Stock Exchange. When the Dow registered its previous record, "we were at the tail end of a bull market and everyone was somewhat drunk on the euphoria."

At the Big Board yesterday, as the Dow moved through its old high, jacket-clad traders continued shuffling across the exchange floor checking prices and shouting their orders. When the market closed, they barely reacted. There was no applause. Some traders said they were more worried about news that was trickling out of layoffs at a couple of floor-trading firms.

There's good reason to be more cautious this time. Between the two records came one of the worst bear markets in financial history. From its 2000 high to its 2002 low, the Dow fell 37.85%. The Nasdaq Composite Index, containing many volatile technology stocks, plunged 77.93%. To push the Dow to a new high, investors have had to overcome serious doubts about inflation and the sustainability of economic growth.

"A lot of people who were bearish are throwing in the towel and turning more positive," said David Briggs, head of stock trading at Federated Investors, a Pittsburgh mutual-fund group. "A lot of people have been sitting out this dance, and before we top out, I think we are going to get them in."

In that sense, today's skepticism could prove healthier for stocks than the excitement of January 2000. Stocks are benefiting from a slow but steady flow of money from investors overcoming their fears, rather than from a rush of irrationally exuberant buyers, as then-Federal Reserve Chairman Alan Greenspan suggested just over three years before that bull market topped out.

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The Dow almost finished at a record in May, only to succumb to the doubters. This time, it rode a surge that began in mid-July and took the blue-chip average up 9.2% in less than three months.

The gains had a simple catalyst: the Federal Reserve. Beginning in July, investors began to believe that the Fed, at its August meeting, might end its two-year campaign of interest-rate increases. Fed decision makers did stop raising rates in August, and kept the "pause" going at their September meeting, although they left the door open to increases later.

Hopes spread that the Fed's interest-rate management would foster a "Goldilocks" economy, with rates high enough to blunt inflation but not so high as to torpedo corporate profits. Many investors see that kind of balanced scenario as a formula for steady stock gains, and the optimism became so strong that the gains continued even during September, historically the year's weakest month for stocks.

Now talk is spreading that the Fed might actually start cutting short-term interest rates sometime next year, to give the economy a boost. The prospect of lower interest rates has been pushing down the yields on Treasury bonds since late June, pulling many mortgage rates down with them. The prospect of more-moderate economic growth has been pulling oil and gasoline prices down. Consumers are growing more optimistic.

As a result, the stocks leading the latest rally have been those linked to consumer spending, such as McDonald's, Microsoft, General Motors and Pfizer -- some of them rebounding from earlier slumps. Industrial stocks such as Caterpillar and Alcoa, which led until this year, have fallen back, as the pace of economic growth appears to moderate.

The market looks much different from that of January 2000, a time when some believed stocks had entered a new era in which "New Economy" stocks would rise for years. Technology stocks, which had taken on an aura of invincibility, are viewed by many today as battered objects of suspicion.

Even fanciful market forecasts have taken a haircut. In 1999, two scholars at the American Enterprise Institute startled Wall Street with a book named "Dow 36,000," a title that later drew ridicule. Shortly before this latest record, one news release touted a little-known money manager's radical forecast: Dow 16000.

Skeptics worry that the new level reached yesterday might not hold for long. Their concern is that the bull market is aging and that it could be too late now to pile into stocks.

The current upswing, which began in October 2002, has run for almost four years and is the fourth longest since 1900, according to Ned Davis Research in Venice, Fla. But it hasn't been particularly strong, a reflection of investor reservations following the excesses of the 1990s and the bust of 2000-02. The Dow's 61% gain from the closing low of 7286.27 on Oct. 9, 2002, remains below the 85% average total gain for bull markets since 1900. (Generally speaking, a bull market is a 20% rise from a bear-market low; a bear market is the opposite.)

The more volatile Nasdaq composite index has doubled since its own 2002 low, and the Standard & Poor's 500-stock index is up 72%. But because the Nasdaq fell so far during the bear market, it would have to more than double again to return to its March 2000 record of 5048.62. It finished yesterday at 2243.65.

The S&P 500, which also holds more tech stocks than does the Dow and also fell harder during the bear market, finished at 1334.11. It would have to rise 14.5% to get back to its record of 1527.46, also reached in March 2000.

The new record for the Dow Industrials means they have recaptured their losses, but it also means they have made virtually no progress in more than six years. Of the 30 stocks in the Dow average, only 10 have surpassed their levels of January 2000.

In general, the biggest losers since then are the big winners from the late 1990s. Microsoft, for all its gains this past summer, remains down 46% since Jan. 14, 2000. Intel is off 60%. General Motors -- not one of the '90s big winners -- has fallen 59%.

And taking inflation into account, the Dow still is 20% from its old record.

The biggest Dow gainers are Altria, maker of Marlboro cigarettes and Kraft cheese, up 214%; equipment-maker Caterpillar, 151% higher; industrial conglomerate United Technologies, with a 103% gain; and Boeing, up 86%.

In January 2000, the world's biggest stock as measured by stock-market value was Microsoft. Today, it is Exxon Mobil, whose stock is up 56% since then.

Another sign of the bull market's age: The Nasdaq stocks, the rabbits of the current bull market, posted some of the largest gains early on but now are slowing down. This year, despite the summer gains, the Nasdaq composite is barely in positive

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territory, up 1.7%. The Dow industrials are up 9.4% year-to-date, and the S&P 500, 6.9%. Other big gainers during much of the current bull market, such as energy stocks, also have begun to slip.

Some stock indexes that led the way for much of the past four years, such as those measuring small stocks and transportation stocks, hit records earlier this year, but then fell so hard they still aren't back to record territory. These are indexes of stocks that benefit from a strong economy. Their recent weakness reflects continuing expectations that economic growth will slow.

Typically, toward the end of a bull market, larger, safer stocks start performing better than those of smaller, less-established companies, and that is what has been happening this year.

Prudence and diversification are in again. "Having all your eggs in one basket seems like a great idea...until the basket falls," said Tim Swanson, who manages money for Cleveland's National City Corp., in a recent note to clients. "As others brag about the extraordinary returns that their concentrated bets are delivering, just remember that it takes a lot of eye-popping returns to make up for a couple of weeks where you lose two-thirds of your money." He pointed to the approximately $6 billion loss suffered by hedge fund Amaranth Advisors in natural-gas trading.

For all the doubts, the bull market has shown surprising staying power. It has blossomed in the shadow of terrorism, Middle East conflict, high energy prices and growing U.S. political discord. The latest gains have come despite jitters about the sagging housing market, an engine of economic growth for several years. Some investors seem almost inured to the risk.

But the stock market's strength may be masking the fact that many investors today are demanding higher rewards for risking money in a changed world. "The terror issue is hanging over the market," said Mr. Porpora, the stock-exchange floor broker. "We're at war and we all feel vulnerable." One measure of that: Investors today aren't willing to pay as much for a dollar of profits as they were in 2000.

Back then, the S&P 500 traded at more than 30 times its member companies' earnings for the previous 12 months -- more than double the historic price-earnings ratio of about 15. Since then, stocks haven't risen as fast as corporate profits. So today, the S&P 500 trades at a less expensive 17 times earnings.

"When the Dow hit its peak in 2000, there was a fairly wide gap between the stock price of mega-cap companies and the underlying value of the business," said Bruce Veaco, co-founder of Focused Investors LLC, a money-management firm in Beverly Hills, Calif. Today, he said, stock prices seem better related to profits. "We see a lot of opportunity in names like Wal-Mart, PepsiCo, American Express and Coca-Cola. They're all holdings of ours," he said.

The pace of stock gains has slowed since the late 1990s, a frothy time when a year wasn't considered good unless major indexes rose 20%. After surging 25% in 2003, the Dow was up 3% in 2004, and fell 0.6% last year. Increased investor caution also may help explain the unexpected strength of the bond market, which many investors view as safer than the stock market.

"The analysts have definitely got religion," and there are a lot fewer outrageous stock forecasts, added Mr. Briggs of Federated Investors. "Analysts are more conservative, investors are more conservative, and I would be willing to bet that chief executives are more conservative. The good news is that that has helped prevent us from going back into a bear market. But the bad news is that it probably has served to limit the gains."

Mr. Briggs added that in his view, "you've got to give Bush and Greenspan credit for keeping us in the game." But he noted that "a hurricane, a refinery fire or one event in the Middle East" could send oil-futures prices upward again, creating problems for consumers and possibly having a negative ripple effect on stocks.

A lot of other things have changed since 2000. Then, stocks were practically the only game in town. Many regarded investing in bonds, real estate and precious metals as a waste of time. Stocks like Cisco Systems and Qualcomm drove the average tech-oriented mutual fund to a more than 100% gain in 1999, while shares of small companies and non-tech, "Old Economy" companies languished. In recent years, for many people, U.S. stocks have ceased to be the investment of choice. They have turned things like Florida condos, gold coins, developing-country stocks and junk bonds. Worries have spread about bubbles in those areas.

And yet, similarities to the old days remain. When investors start feeling bullish, they often turn, almost reflexively, to tech companies, which they expect will provide the fastest stock gains. Just that has been happening since mid-July.

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The Dow's New Top (WSJ)

The Wall Street Journal, October 4, 2006

It took nearly seven years. But the Dow Jones Industrial Average finally closed at a new record of 11727.34 yesterday, topping the previous high recorded at the peak of the dot-com bubble on January 14, 2000. Adjusted for inflation, the Dow still has some ways to go to catch that earlier peak. And the Nasdaq, loaded as it is with tech stocks, closed with a slight gain yesterday at 2243.65, well below its 5048.62 peak on March 10, 2000.

Yesterday's new Dow Jones high is nonetheless worth celebrating as a sign of America's economic resilience. At the start of every bear market, there are always voices saying we will never see the top again. But the smartest investors always turn out to be those who see new lows as a buying opportunity.

In the current mini-bull market, stocks have been driven by a record 13 straight quarters of double-digit gains in corporate earnings. With more of the same expected this year and next, many stocks have price earnings ratios that make them good targets for "value" investors.

The stock market's strength is an especially good omen given that we are at a point in this expansion when many economists doubt its staying power. Investors seem to be betting that rising rates, the housing slump and a possible change of power in Congress won't stop the economy's growth. They may well be wrong in the short term. But the lesson of yesterday's new stock market high is that in the long term optimism always pays.

Oil Prices Slip Almost 4%, Go Below $60 A Barrel (USAT)

By Barbara Hagenbaugh

USA Today, October 4, 2006

WASHINGTON — Oil prices plunged at the fastest rate in more than a year Tuesday and fell below $60 a barrel for the first time in nearly eight months as high inventories and expectations for reduced demand weighed on prices.

A number of energy analysts, such as those at Wachovia, First Enercast Financial and BNP Paribas Commodity Futures, say prices will likely head lower in the days and weeks ahead, absent a major change in the oil landscape.

The price of a barrel of crude oil trading for future delivery fell $2.35, or 3.9%, to $58.68. That was the lowest price since mid-February and marked the steepest one-day percentage decline in prices since August 2005.

Oil prices have fallen 24% since peaking at $77.03 in July. Prices are poised to fall further, Wachovia economist Jason Schenker says.

“The market is under pressure from both the supply and demand side,” he says.

What's happening:

•Supply. U.S. oil inventories are up more than 6% from this time a year ago and are far above the historical average for this time of year, according to the Energy Department's Energy Information Administration. Such large supplies are the main reason for the oil price decline, BNP Paribas Commodity Futures senior energy analyst Thomas Bentz says.

“Right now, it looks like we're going to continue to slide,” he says.

•Demand. Demand normally declines in the fall after the end of the busy summer driving season and before the winter, when heating oil demand rises. But expectations are growing that demand will soften more than usual in the months ahead, in large part because of a broad decline in economic activity around the globe.

•Weather. Forecasts are suggesting this may be a mild winter, pointing to reduced demand for heating oil and for oil to power electricity to heat homes, says Ben Smith, president of First Enercast Financial, an energy consulting firm that focuses on weather. Such expectations are also reducing expectations for oil demand this winter.

Crude Oil's Drop Is The Largest In More Than A Year (WSJ)

By Matt Chambers

The Wall Street Journal, October 4, 2006

How much lower can crude-oil futures go?

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Yesterday, crude futures closed in on their lowest price for the year as traders become more convinced there are no big OPEC production cuts in the pipeline.

The nearly 4% drop in crude on the New York Mercantile Exchange, coming after a 3% fall Monday, was the biggest percentage drop since Aug. 17, 2005.

The front-month November light, sweet crude contract fell $2.35 to $58.68 a barrel, its lowest close since Feb. 16. The front month contract is slightly more than $1 off its lowest settlement for 2006 of $57.65 a barrel on Feb. 15.

"The question being asked is what price OPEC is going to defend and I think you can make a pretty good case it's going to be a lot lower than this," said Bill O'Grady, an analyst at A.G. Edwards Inc. in St. Louis. Mr. O'Grady said the downgrading of Colorado State University's hurricane forecast and its assessment that El Nino conditions took hold quicker than expected also weighed on prices.

Traders are ignoring comments from some members of the Organization of Petroleum Exporting Countries suggesting they are cutting output to buoy prices, instead waiting for input from Saudi Arabia, the group's biggest oil exporter and its key powerbroker. Based on comments at last month's OPEC meeting, some traders had been expecting OPEC to try to defend oil prices at $60 a barrel.

Calls from OPEC President Edmund Daukoru for other group members to follow his country of Nigeria in cutting production were dismissed by traders. Iraq also weighed in to the mix of conflicting talk from the producer-group. Cutting oil output is "impractical" before the northern hemisphere winter, when demand normally rises, a senior Iraqi oil official said.

Traders have shrugged off reports that Nigeria and Venezuela intend to cut production this month to support prices, amid OPEC denials that a deal on crimping output has been reached.

"We're going to need strong words from the Saudis," to cause supply concerns over OPEC cuts, said Aaron Kildow, a broker at Prudential Financial Inc. in New York. Mr. Kildow said funds and independent traders were the main sellers of crude. Colorado State's forecasters said developing El Nino conditions in the Pacific Ocean led them to predict there will be no more intense hurricanes for the rest of the Atlantic hurricane season.

In other commodity markets:

GOLD: Futures on the Comex division of the New York Mercantile Exchange fell, dragged lower as a drop in crude oil prices sparked profit taking. Gold prices fell near a three-week low. Most-active December gold fell $21.80 at $581.50 an ounce and nearby October fell $21.40 to $576.30.

WHEAT: Prices on the Chicago Board of Trade tumbled, pressured by profit taking as rainy weather in dry wheat regions in Argentina pressured wheat futures yesterday. Argentina has experienced droughty conditions as its wheat crop develops, but rains Monday and yesterday are expected to alleviate some of the dryness. December wheat slid 6.50 cents to $4.395 a bushel.

Stepping Up Attacks, Bush Calls Democrats 'Softer' On Terrorists (WP)

By Peter Baker

The Washington Post, October 4, 2006

STOCKTON, Calif., Oct. 3 -- President Bush ratcheted up his campaign offensive against Democrats on Tuesday with perhaps his bluntest rhetoric yet as he accused them of being "softer" on terrorists and willing to allow attacks on Americans rather than interrogate or spy on the nation's enemies.

With his party in serious trouble five weeks before Election Day, Bush shifted into full campaign mode this week, kicking off a month of frenetic barnstorming aimed at drawing disgruntled Republicans back into the fold. As part of the effort, he has escalated the intensity of his attacks with each passing day, culminating with what aides called a "very aggressive" series of speeches Tuesday.

"Time and time again, the Democrats want to have it both ways," he told donors here. "They talk tough on terror, but when the votes are counted, their softer side comes out."

He added: "If you don't think we should be listening in on the terrorist, then you ought to vote for the Democrats. If you want your government to continue listening in when al-Qaeda planners are making phone calls into the United States, then you vote Republican."

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Bush's tough talk Tuesday came after he suggested at a Monday night fundraiser in Nevada that Democrats were content to sit back until terrorists strike again. "It sounds like they think the best way to protect the American people is wait until we're attacked again," he said.

The emphasis on terrorism and allegations of Democratic weakness replicate a strategy used to powerful effect in 2002 and 2004, but polls suggest the president may have a harder sell this year.

"That's not resonating anymore," California Democratic Party Chairman Art Torres said. "It's like the plaintive pleas of King Lear. People don't believe him anymore. You can cry wolf only so many times."

A poll by the Survey and Policy Research Institute at San Jose State University found that just 27 percent of Californians approve of Bush's performance, while 62 percent disapprove. Gov. Arnold Schwarzenegger (R) stayed away from his three California stops Tuesday rather than be photographed with the unpopular president.

The two House Republicans who were beneficiaries of Bush's fundraising hail from usually safe districts, but both face serious competition this year. Reps. Richard W. Pombo and John T. Doolittle both have ties to convicted lobbyist Jack Abramoff, and Democratic polling suggests both are running roughly even with Democratic challengers.

And the campaigning was interrupted by the mushrooming scandal regarding former representative Mark Foley (R-Fla.). During a tour of the George W. Bush Elementary School in Stockton, the first in the nation named after him, Bush broke a four-day silence on Foley to pronounce himself "disgusted by the revelations." But he stood by House Speaker J. Dennis Hastert (R-Ill.), who faces calls from conservatives to step down for not pursuing early warnings about Foley's contacts with former House pages. Hastert, Bush said, "cares about the children of this country."

Bush opened his three-day swing through the West in Reno, Nev., on Monday, followed by stops Tuesday in Stockton, El Dorado Hills and Los Angeles, and he will conclude Wednesday in Arizona and Colorado. He raised $2.3 million in three events Tuesday, bringing his total to nearly $185 million at 75 events in the two-year election cycle, eclipsing the record he set in 2002.

Along the way, he has sharpened his tone. While saying he does not question their patriotism, Bush paints Democrats as a "cut-and-run" party that enables terrorists.

His indictment centers on three pieces of legislation: the USA Patriot Act expanding law enforcement powers; a measure authorizing warrantless surveillance of telephone calls and e-mail into and out of the United States when one person is suspected of ties to terrorists; and legislation creating military tribunals that restricts the rights of terror suspects and permits harsh interrogation to extract information. Noting that Democrats supported the Patriot Act in 2001 before filibustering its renewal last winter, Bush said, "They voted for it before they voted against it."

Bush's language, though, characterizes Democratic positions through his own prism. Critics of the surveillance program have not argued against listening to terrorist phone calls but say the government should get warrants from a secret intelligence court. Likewise, many critics of the tribunal measure did not oppose interrogating prisoners generally, as Bush said, but specific provisions of the bill, such as denying the right of habeas corpus or giving the president freedom to authorize what they consider torture.

"The sad truth is this White House and this Republican-controlled Congress have put our national security at risk," said Senate Minority Leader Harry M. Reid (D-Nev.). "It's time for a change. The American people expect more than tough talk from their leaders. They expect tough and smart action. Democrats are fighting to take this country in a new direction."

A couple of hundred protesters gathered outside the Stockton Memorial Civic Auditorium for the Pombo event, holding up signs such as "Lie, Deny, Occupy" and "State of Denial," and shouting, "Shame on you," at those entering the building. While Schwarzenegger stayed away, another actor showed up: Richard Kiel, the actor who played the villain Jaws in James Bond films.

Bush again remarked that it seems "like an eternity" since December elections in Iraq but predicted that "when this chapter of history will be written . . . it's going to be a comma -- the Iraqis voted, comma, and the United States of America understood that Iraq was a central front in the war on terror and helped this young democracy flourish." Democrats have complained that the comment dismisses thousands of American deaths as "a comma."

Bush Campaigning Amid GOP Woes (AP-Y)

By Nedra Pickler

DOJ_NMG_0074655

AP, October 3, 2006

President Bush tried to focus voters on the fight against terror Tuesday and away from the ethics questions that are making the Republican election campaign difficult this year.

Bush ratcheted up his charges against Democrats during a fundraising tour of California, flatly accusing his political opponents of being soft on terror, but could not avoid the scandals that are dogging the GOP. He was campaigning for two incumbents who were benefactors of corrupt lobbyist Jack Abramoff and was drawn into defending the House speaker from calls for his resignation over a sex scandal on Capitol Hill.

But even if Bush can't erase his party's problems, he provided plenty of cash to fuel their cause in November's elections. His fundraising told for three events Tuesday was $2.3 million.

He told cheering Republicans at a $400,000 breakfast fundraiser for Rep. Richard Pombo that Democrats would raise their taxes and "cut and run" in Iraq.

"They talk tough on terror, but when the votes are counted, their softer side comes out," Bush said. He made the same charges later in the Sacramento suburb of El Dorado, where he raised $600,000 for Rep. John Doolittle.

Bush criticized Democrats who voted against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects by CIA agents.

"If they feel we are safer without this program, the Democrats in the United States Senate need to explain to the American people which of the attacks that the CIA program stopped would they have been willing to let go forward," Bush said.

Senate Democratic Leader Harry Reid of Nevada responded that Republicans have put national security at risk by bungling Iraq and ignoring warnings of the Sept. 11 attacks five years ago.

"The American people expect more than tough talk from their leaders," Reid said in a written statement e-mailed to reporters. "They expect tough and smart action."

Bush didn't mention the two Republicans' link to Abramoff in his fundraising stops. Both easily survived primary challenges this year from opponents who criticized them for their Abramoff donations, and both were expected to win in their reliably Republican districts in November.

Pombo received thousands of dollars in questionable contributions from Abramoff or his clients while supporting the lobbyist's causes. After the disclosures, Pombo gave $7,000 to charity that he had received from Abramoff. The congressman had denied taking any positions because of the money.

Doolittle used Abramoff's luxury sports box for a fundraiser without initially reporting it. Doolittle's wife and one of his former aides also worked for Abramoff.

During a stop in Stockton's three-year-old George W. Bush Elementary School, Bush made his first comments on the revelations that Rep. Mark Foley, R-Fla., had sexually explicit Internet messages to teenage boys he met through the congressional page program. Foley resigned Friday when ABC News obtained copies, and House Speaker Dennis Hastert and other Republican leaders are facing questions about why they didn't pursue the matter earlier.

Bush said he was "dismayed and shocked to learn about Congressman Foley's unacceptable behavior." Some, including the conservative Washington Times newspaper, have called for Hastert to resign, but Bush expressed confidence in the speaker's ability to resolve the matter.

Meanwhile, the Republican National Committee said Bush would not return $2,000 that Foley's political action committee gave to the president's re-election campaign in June 2003. Some other Republicans were returning or donating money that Foley had donated to their campaigns, but RNC spokeswoman Tracey Schmitt said Bush's re-election campaign "has basically been shut down."

"That money is no longer available to return," she said.

As of June 30, the last date that the Bush-Cheney re-election campaign reported its finances, $315,000 was left. But campaign officials said that money has been committed for outstanding campaign expenses and charitable donations.

Bush's final fundraiser was scheduled for Tuesday evening at a mansion in Beverly Hills. The event, hosted by investor Elliott Broidy and his wife Robin, was expected to raise $1.3 million for the RNC and was closed to the media.

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The president was to wrap up the fundraising tour Wednesday with stops in Arizona and Colorado before returning to Washington.

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The House interrogation resolution is HR 6166. The Senate bill is S 3930.

The House warrantless wiretapping bill is H.R. 5825; the Senate bill is S. 3931.

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On the Net:

http://www.whitehouse.gov

Bush Tells Supporters Dems Soft On Terror (USAT)

By John Bacon And Sarah Elkins With Wire Reports

USA Today, October 4, 2006

President Bush tried to focus voters on the fight against terrorism Tuesday as his Western campaign swing swept into California. Bush accused his political opponents of being soft on terrorism at three events in the state designed to raise $2.3 million. He told cheering Republicans at a $400,000 breakfast fundraiser in Stockton that Democrats would raise their taxes and "cut and run" in Iraq. Senate Democratic leader Harry Reid of Nevada issued an e-mailed response that despite Bush's talk about being "tough," Republicans have put national security at risk by bungling Iraq and ignoring warnings of the 9/11 attacks five years ago.

Bush wraps up the fundraising tour today with stops in Arizona and Colorado.

Dems rip Frist for Afghanistan comment

Democrats accused Senate Majority Leader Bill Frist of waving a white flag for saying the Afghan war against Taliban guerrillas can't be won militarily and favoring bringing "people who call themselves Taliban" into the government. Frist, a potential 2008 presidential candidate, said Monday in Afghanistan that Taliban members were too numerous and popular to be defeated. "You need to bring them into a more transparent type of government," he said. "And if that's accomplished, we'll be successful." House Minority Leader Nancy Pelosi, D-Calif., citing Taliban links to al-Qaeda, said Frist "suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened." Frist spokeswoman Amy Call said he was referring to Afghan tribesmen targeted for recruitment by the Taliban, not Taliban fighters.

Family goes against Mass. candidate

The siblings of Massachusetts gubernatorial hopeful Christy Mihos have donated to the independent candidate's competitor, GOP Lt. Gov. Kerry Healey.

James Mihos and his wife, Linda, donated $500 to Healey's campaign, while Mihos' sister, Marlene Mihos-Bucavalas, donated $100. James Mihos said that his brother's campaign attack ads have embarrassed the family and that he hopes his donation can "mitigate Christy's despicable behavior." The Boston Globe has reported that Christy Mihos said in the spring, "Hey, look, families stay together, move apart … everyone sort of goes their separate way."

Bush Blasts Democrats' 'Softer Side' (WT)

By Stephen Dinan

The Washington Times, October 4, 2006

STOCKTON, Calif. -- President Bush yesterday accused Democrats of being "softer" on terrorists and charged that they compared CIA officers with the Taliban.

"If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats," Mr. Bush said at a fundraiser here for Rep. Richard W. Pombo, part of a three-day fundraising blitz through the West in the run-up to next month's congressional elections.

In his most bruising campaign speech to date, the president called out Democratic leaders, comparing Senate Minority Leader Harry Reid's boast of having "killed the Patriot Act" to Sen. John Kerry's iconic "I actually did vote for the $87 billion before I voted against it" statement on Iraq war funding in the 2004 election.

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Mr. Bush also said House Minority Leader Nancy Pelosi doesn't understand the war on terrorism because she said this year's elections shouldn't be fought on national security issues.

Last month, Mr. Bush challenged Congress to send him legislation enshrining the tools he says are needed to fight the war on terrorism, including wiretapping authority for the National Security Agency and interrogation authority for the CIA.

This week, Mr. Bush has become the official scorekeeper, tallying up those who opposed him: 160 House Democrats and 32 Senate Democrats on the interrogation bill, and 177 House Democrats on the wiretap authority.

"The Democrats want to have it both ways," Mr. Bush said. "They talk tough on terror, but when the votes are counted, their softer side comes out."

But Democrats said Mr. Bush has lost the credibility to level these charges.

"Given that this administration has misled the American people on so many issues like weapons of mass destruction, and what our intelligence agencies really said, it is pretty cheeky for the president to talk about trust," said Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Mr. Reid fired back by saying the administration is ignoring warnings about how badly the war in Iraq is going and failed to heed earlier warnings about al Qaeda in the run-up to the September 11 attacks.

"President Bush is no longer credible with the American people, no matter how many campaign speeches he gives in the next month," the Nevada Democrat said.

Mr. Bush never mentioned Mrs. Pelosi or Mr. Reid by name, but identified them and several others by position or quote: both California Sens. Barbara Boxer and Dianne Feinstein; Sen. Edward M. Kennedy, Massachusetts Democrat; and Sen. Patrick J. Leahy of Vermont, the top Democrat on the Judiciary Committee.

Mr. Bush blasted Mr. Leahy for opposing the interrogation program and said that on the Senate floor, Mr. Leahy compared CIA officers to the Taliban and deposed Iraqi strongman Saddam Hussein.

"This exposes a dangerous mind-set on the part of Democrats in Congress," Mr. Bush said. "You can't defend America if you cannot tell the difference between the CIA officers who protect their fellow citizens and brutal dictators who kill their fellow citizens."

Mr. Leahy's spokesman, David Carle, called Mr. Bush's charge a "fabrication."

During a Senate debate, Mr. Leahy was calling for habeas corpus protections and laid out a hypothetical detention without those legal protections. He then compared the hypothetical to "something that would have happened under the Taliban, something that Saddam Hussein would have ordered or something out of Kafka."

The administration has said the CIA program helped foil a number of terrorist plots, and the president yesterday said Democrats must "explain to the American people which of the attacks that the CIA program stopped would they have been willing to let go forward."

U.S. Security At Stake In Upcoming Vote, Bush Says In Stockton (LAT)

By Molly Hennessy-Fiske And Rone Tempest

The Los Angeles Times, October 4, 2006

STOCKTON — President Bush painted the midterm election as a referendum on national security at fundraising events in California on Tuesday, saying congressional Democrats failed to provide the tools he needs to fight the war on terror.

"They talk tough on terror, but when the votes are counted, their softer side comes out," he told a crowd of about 650 at Stockton Memorial Civic Auditorium, flanked by Rep. Richard W. Pombo (R-Tracy).

Bush also helped raise money for Rep. John T. Doolittle (R-Roseville) at an event near Sacramento on Tuesday afternoon on his way to a third fundraiser in Bel Air.

Pombo and Doolittle, tarnished by their ties to disgraced lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas), have been campaigning hard in their solidly Republican districts.

Bush called Pombo, chairman of the House Resources Committee, a man who "stands on principle" and supports the programs necessary to protect the country, including legislation protecting the CIA's program for detaining and interrogating suspected terrorists and the National Security Agency's communications surveillance program.

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"The stakes in this election couldn't be more clear," Bush said. "If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats. If you want your government to continue listening in when Al Qaeda planners are making phone calls into the United States, then you vote Republican."

Democratic National Committee Chairman Howard Dean issued a statement in response to Bush: "What's softer than giving up the hunt for Osama bin Laden and ignoring the 16 intelligence agencies who told him that the war in Iraq is making us less safe at home and around the world?"

Shawn and Wiley Chandler, grocery store owners from Stockton, are Pombo supporters who brought their three daughters to Tuesday's event. They said they were not upset that the congressman had accepted campaign donations from Abramoff, but they did worry about terrorism, and saw voting for Pombo as a way to protect themselves.

"I think he's on a mission, and we support what he's doing to keep hard-working families' taxes down, to help small businesses and to keep us safe," said Wiley Chandler, 42.

Peter Petroski, 58, a registered Republican from Danville, stood across the street from the auditorium Tuesday with several hundred protesters, hoisting a sign for Pombo's Democratic opponent, scientist Jerry McNerny.

Petroski said he voted for Pombo in 2004 and Bush in 2000, but found Pombo's ties to Abramoff and DeLay "embarrassing." He said he was troubled by Bush's speech, and by the NSA program, which he said violates basic civil liberties.

Both Doolittle, 55, an eight-term incumbent and Pombo, 45, now in his seventh term, waged expensive primary campaigns to fend off attacks from MoveOn.org, the Defenders of Wildlife Action Fund, the Sierra Club and other groups.

Pombo accepted campaign money from Abramoff and his clients and helped an Indian tribe Abramoff represented. The congressman later donated the Abramoff money to charity.

Doolittle also accepted campaign money from Abramoff and used the lobbyist's luxury skybox at a Washington sports arena for a fundraiser without reporting it. He has not returned the campaign money, instead defending Abramoff as a friend.

Years ago, Pombo and Doolittle also joined with DeLay, the former House majority leader who resigned amid money-laundering charges, to stop a federal investigation of a Texas businessman who donated to their campaigns.

Both McNerny and Doolittle's opponent, Charlie Brown, have been spotlighted by the Democratic Congressional Campaign Committee as among the top 15 competitive "emerging races" nationally.

Tuesday's events raised about $400,000 for Pombo, $600,000 for Doolittle and $1.2 million for the Republican National Committee.

More than 300 people paid $2,000 each to attend the Doolittle fundraiser at Serrano Country Club in El Dorado Hills.

Doolittle acknowledged Tuesday that his wife's consulting firm stood to make $90,000 for her role in organizing the event. He defended the arrangement with Julie Doolittle's political consulting company, Sierra Dominion Financial Solutions Inc., under which she makes 15% of all money the company raises for her husband.

"I hired her. She is a very good fundraiser, and she works very hard," Doolittle said.

Brown has repeatedly attacked Doolittle for his relationship with Abramoff, Julie Doolittle's fundraising commission and other purported ethical lapses.

Bush spoke for 30 minutes, focusing on national security issues. Afterward, he flew south for a reception at the Bel Air mansion of Robin Broidy, a former 20th Century Fox executive, and Elliott Broidy, chairman and CEO of Broidy Capital Management Co.

Absent from the day's events: Gov. Arnold Schwarzenegger. His staff said he agreed months ago to campaign Tuesday for a handful of ballot measures to authorize $37 billion in bonds for levees, hospitals, schools and other public works.

Expensive Ad Markets Hike Campaign Costs (USAT)

By Jill Lawrence

USA Today, October 4, 2006

WASHINGTON — Democrats will have to overcome the high cost of TV advertising to win pivotal races in their bid to control Congress.

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They're trying to pick up 11 House and Senate seats held by Republicans in expensive media markets. Republicans are attempting only four takeovers in top markets, a USA TODAY analysis shows.

The contrast underscores one of the chief difficulties Democrats face in their drive to win congressional majorities: raising enough money to make it happen.

In Philadelphia — where Democrats are going after House seats held by Republicans Jim Gerlach, Curt Weldon and Michael Fitzpatrick — a typical 30-second ad during a local newscast on a network affiliate costs about $2,100, according to the non-partisan Campaign Media Analysis Group.

In Waco, Texas, where Republican Van Taylor is trying to oust Democratic Rep. Chet Edwards, a similar ad costs about $250.

"It's like comparing Mercedeses to Hyundais," says Evan Tracey, founder of the group.

Federal reports show some Democratic challengers keeping up with incumbents, such as Lois Murphy and Joe Sestak in their races against Gerlach and Weldon. And the Democrats' Senate and House campaign committees had as much or more money as Republicans did on Aug. 31.

However, the Democratic National Committee, which has invested heavily in a long-term program to build up party infrastructure in all 50 states, has far less money than its Republican counterpart going into the final weeks before Nov. 7 elections.

High advertising costs can translate into shorter media campaigns or more reliance on outlets that reach fewer voters, such as cable.

"There are lots of these (competitive) seats in very expensive areas," GOP pollster Bill McInturff says. "It gives incumbents one more modest edge because it's so much harder for challengers to build name ID."

Thomas "Doc" Sweitzer, a Philadelphia-based Democrat who is handling Sestak's ads, says vulnerable incumbents also must spend money this year: "They may have name recognition, but they don't have the job ratings … to ignore those markets."

Democrats are trying to win GOP-held Senate seats in Pennsylvania, Virginia, Missouri and Ohio, which means running ads in the top-20 markets of Philadelphia, Washington, St. Louis and Cleveland. Democrats are also making strong plays for seven GOP House seats near Philadelphia, Houston, Tampa, Chicago and Minneapolis.

Republicans are gunning for Democratic Senate seats in New Jersey and Maryland, which means buying ads in Philadelphia, New York City, Baltimore and Washington. While they're also vying for Democratic House seats near Chicago and Cleveland, many of the Republicans' top House takeover targets are in districts with smaller cities such as Waco; Rock Hill, S.C.; Burlington, Vt.; Wheeling, W.Va.; and Des Moines.

In New Mexico, One Of The Nation's Hottest Races (CSM)

By Jeff Kass

The Christian Science Monitor, October 4, 2006

ALBUQUERQUE, N.M.

The fault line in one of the country's tightest congressional races runs between Iraq, New Mexico, and who gets to march first in the state fair parade.

Republican incumbent Heather Wilson, seeking her fifth full term, faces the state's Democratic attorney general, Patricia Madrid, in a race that polls have shown as very close.

The race is a microcosm of dueling strategies other Democrats and Republicans are using in their campaigns this fall. Ms. Madrid is trying to tie Ms. Wilson to an unpopular president, a troublesome war in Iraq, and a culture of corruption in Washington. The Wilson campaign is trying to focus on local issues, and saddle Madrid with a state corruption scandal.

One issue that has not cropped up, despite New Mexico's status as a border state, is immigration. One that has been resolved - via coin toss - was that Madrid got to march ahead of Wilson in the parade. What remains is a tight contest.

An Albuquerque Journal poll released Oct. 1. showed Wilson and Mardrid dead even with each taking 44 percent of the vote. Seven percent of registered likely voters were undecided, and 5 percent said that they wouldn't vote for either one.

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"Madrid's campaign is definitely a must-win race for Democrats' battle to regain control of the House," says Ramona Oliver, spokeswoman for EMILY's List, a political action committee for pro-choice Democratic women, which has funneled $220,000 to Madrid, according to the campaign. Money flows into both campaigns

Madrid has raised approximately $1.8 million total so far, while the Democratic Congressional Campaign Committee (DCCC) has reserved $1.9 million for television ads in the district.

Wilson has raised some $2.8 million, and the National Republican Campaign Committee has spent $550,000 on the race, according to spokesman Alex Burgos.

Voter registration in New Mexico's first congressional district is 46 percent Democratic and 35 percent Republican, although both Wilson and Democratic presidential candidate John Kerry won the district in 2004. Republicans are counting on that split to continue working for Wilson.

"New Mexico One voters are very independent-minded," says Mr. Burgos. "They elect independent representatives." The incumbent

Wilson's campaign website notes that she is "independent, honest, effective," and adds that she has "a clear independent streak."

Yet Wilson has been tied to Washington in some uncomfortable ways. Over the weekend, she said she would give $8,000 to charity that she had received from former Rep. Mark Foley, the Florida Republican who resigned Friday after news broke indicating that he had sent inappropriate e-mails to at least one male page.

And in line with other representatives, Wilson has returned other monies, such as $10,000 from former House Majority Leader and Republican Rep. Tom Delay of Texas.

An Air Force veteran who holds a PhD in international relations from Oxford University in England, Wilson sits on the Permanent Select Committee on Intelligence.

She also serves on the House's Energy and Commerce Committee. In 2004, while serving on that committee, she excoriated CBS executives after Janet Jackson's breast-baring incident at the Super Bowl halftime show. Wilson has backed legislation for increased penalties for broadcast indecency.

Her campaign manager, Enrique Knell, did not return numerous phone calls over several weeks requesting an interview with Wilson. But he did e-mail a number of news articles about corruption allegations in the New Mexico state treasurer's office.

"As you can see," Mr. Knell wrote, "corruption in Santa Fe [the state capital] and Patricia Madrid's failure to root it out is the biggest issue in this race." The challenger

Yet one of Madrid's talking points has been her tough stance as a prosecutor. Sitting in a conference room at her husband's Albuquerque law firm, she touts her office's criminal prosecutions and pursuit of corporate wrongdoing against companies such as Enron. Those are also among the reasons the DCCC says it recruited Madrid into the race.

Madrid dressed in a black pantsuit, says Wilson is attempting to divert attention from a key issue on voters' minds: the war in Iraq.

"This race is going to be a referendum on this administration's conduct of the war and its unwillingness to give us a responsible exit plan," Madrid says. "Stay the course is not a plan. Stay the course is paralysis." New Mexico's demographics

New Mexico is 43.6 percent Latino, according to the 2005 American Community Survey from the US Census Bureau.

Madrid would be the first Latina elected to the House from New Mexico if she wins.

But the otherwise hot-button issue of immigration has not surfaced in the race. One possible reason is that the state's poor economy has failed to draw large numbers of outside workers, says F. Chris Garcia, professor emeritus of political science at the University of New Mexico. The large Latino population may also mean that Latino immigrants blend in more easily, he adds.

In these parts, Historic Route 66 becomes Central Avenue as it runs through Albuquerque, and is dotted with trendy restaurants, boutique shops, and tattoo parlors. Locals weigh in on the race

Ryan and Lisabeth Harwood, both 24 and brandishing a few tattoos, were outside the Sachs Body Modifications tattoo and piercing parlor one recent afternoon. Both plan to vote in the upcoming election, but the couple has been turned off by the negative commercials on TV.

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Mr. Harwood, who works in an automotive shop, said his voter registration is unaffiliated. He voted for Wilson in the last election after meeting her at an art show - she answered his questions, and appeared competent. But he also voted for Kerry in 2004 because he agreed with the candidate on abortion and birth control issues.

Ms. Harwood, a body piercer at Sachs, did not live in the district during the last election, and has a mixed views of the candidates. "It seems that Patricia Madrid has more points that I would agree with, but the whole state treasurer fiasco has me kind of doubting her, and Heather Wilson seems more conservative and a George Bush lackey, so that has me more turned off towards her."

Ms. Harwood says of her vote in November, "I have no idea which way I'll go at this point."

First District facts

• Pop. in 2005: 640,640
• Pop. in 2000: 606,400
• Nonhispanic white: 48.5 percent
• Black: 2.3 percent
• Hispanic: 42.6 percent
• Median income: $38,413
• Poverty status: 14 percent
• Military veterans: 15.2 percent
• The International Balloon Fiesta is held in Albuquerque every October
• In 1975, Bill Gates founded Microsoft in Albuquerque
• The town of Rio Rancho is home to an Intel plant, and Sprint PCS facilities

Sources: The 2006 Almanac of American Politics and 2005 American Community Survey

Schumer Sweats His Wall Street Ties To Fill War Chest (FT)

By Stephanie Kirchgaessner

Financial Times, October 4, 2006

It is often said in Washington that the most dangerous place to stand is between Senator Chuck Schumer and a microphone. But it is an adage that does not seem to ring true these days.

In fact, for Republicans battling to hold on to their majority in the Congress, this election cycle has proved that the New York Democrat's sharp tongue and insatiable appetite for media attention are not nearly as dangerous as his lethal ties to Wall Street.

Most Democrats have set their hopes on wresting back control of the House of Representatives this November. But Mr Schumer's fundraising efforts as chairman of the Democratic Senatorial Campaign Commission (DSCC), and improving prospects in a handful of Senate races, have some Democrats believing that a narrow Senate victory is in reach.

The support of Democratic donors from New York, particularly Wall Street, has been key to Mr Schumer's success. Of the $81.3m (€64m, £43.3m) he has helped raise - $12m more than Senator Elizabeth Dole, his Republican counterpart - roughly 18 per cent has been donated by New Yorkers, making it the most lucrative donor base. That compares with 9 per cent in 2002, during the last midterm election cycle, when Washington DC held the top spot.

"We have had a lot of DSCC chairs over the years - some have been better than others. Chuck is certainly among the best: the energy and drive and leveraging of his relationships is quite extraordinary - all you have to do is look at the numbers," says Steven Rattner, a Democratic donor and principal of Quadrangle Group, the private equity firm.

It is difficult to compare current and previous election cycle fundraising statistics because of changes in campaign finance laws enacted in 2002. However, figures compiled by the Center for Responsive Politics show a significant increase in the amount individuals from some Wall Street banks have donated to the DSCC under Mr Schumer's watch. Some examples include Goldman Sachs, where individuals have donated $512,000 to the DSCC in this cycle compared with $125,832 during the last midterm election in 2002; Citibank employees have individually given eight times more to the DSCC over the past two years than they did in 2002, or about $228,701.

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"I know a lot of people who are giving the maximum, or people who haven't given before. In NY, it helps that it's him - people know him and like him, and it's harder to say no when he makes an appeal," said one Wall Street donor.

Heather Podesta, a lobbyist and Democratic fundraiser, says Mr Schumer has differentiated himself by showing "tough love" to candidates, avoiding long-shots and personal favourites and narrowing in on races that Democrats believe are winnable: Virginia, Missouri, Ohio, Rhode Island, Montana and Pennsylvania.

"If we pick up four seats, Chuck Schumer is a hero. If we pick up six, he has God-like status," she says, hinting, too, at Mr Schumer's more ruthless side. "He is grateful but he pushes. He pushes donors, he pushes fundraisers, he does it only as a New Yorker can. It is matter-of-fact, it is to the point. And it gets done."

Mr Schumer's ties to the business community go beyond his home address: the veteran lawmaker sits on the banking and finance committees - a point not lost on some who analyse his fundraising prowess.

"In terms of the financial institutions, [donating to the DSCC] is a twofer [bonus]. Schumer is a noted fundraiser in his own right; if you can be responsive to a solicitation, you are really getting an extra bang for your buck," says Kenneth Gross, an attorney at Skadden Arps who advises on campaign finance issues. While supporters of the senator say he is liked by the business community because he is responsive to Wall Street, they also acknowledge he is not always on the "right" side of business.

Earlier this year Mr Schumer played a key role in orchestrating the backlash against the sale of US port terminals to Dubai Ports World. Although his campaign scored Democrats significant political points by portraying the White House as weak on national security and, some critics say, exploiting anti-Arab sentiment, business groups were aghast - and rattled - by the politicisation of the deal.

Even Democrats who disagree with Mr Schumer on the ports issue, as well as his stance on trade, however, recognise that for the New York senator, some political opportunities outweigh risks to the business community.

"Frankly, how can you argue with the politics of it?" says one Democratic donor. "If we do well in November, he deserves more than his share of credit. He is certainly pulling his weight, and more."

Dems, Lobbyists May Expand Partnership (HILL)

By Jim Snyder

The Hill, October 4, 2006

There have been hotter tickets on K Street than the informal breakfasts sponsored by a group of centrist House Democrats.

Off and on for the past two years, the New Democrat Coalition (NDC), a “pro-growth” group that bills itself as a link between Democrats and the business community, have held regular meetings with a few friends and financial backers on K Street.

Over coffee and a modest breakfast, the handful of lobbyists who regularly attended swapped ideas with members and helped them develop a list of priorities, as they all dreamed of the day when Democrats regained control of the House so that they could actually implement the agenda.

But even if Democrats fall short of the majority this midterm, New Democrats and like-minded lobbyists say they may need to hold their meetings in a bigger room.

In a more evenly divided House, groups like the New Democrats and the Blue Dogs, a group of centrist-to-conservative Democrats, will likely hold greater sway over the legislative agenda, and therefore will be more sought after among K Streeters.

“On every issue, no matter the outcome in November, the slim majority will result in enormous influence for the NDC and other moderate blocs,” said Rep. Adam Smith (D-Wash.), who directs the NDC political action committee.

Moreover, Smith added, the Democrats who take over Republican seats will most likely represent swing areas that favor centrist candidates, adding to the New Dem numbers and influence on Capitol Hill.

“The closer we get [to the majority], the more relevant the New Dems are,” said Coalition Chairwoman Ellen Tauscher of California.

Lobbyists who have attended the regular meetings say that they were among the few on K Street who bothered with House Democrats, who were up against a majority that put a premium on party discipline.

“Any number of lobbyists on K Street thought the best play was the Senate because they could have a greater impact,” says attendee said.

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With a solid majority and firm grip on the Rules Committee, which decides which amendments can be introduced on the floor, House Republican leaders could pretty much determine the legislative agenda on their own, the lobbyist said. It was up to Democrats in the Senate, where the margin was closer, to block policies the party opposed.

But in recent months both New Dems and Blue Dogs have both done a "great job of presenting themselves as key to control the next Congress," said another Democratic lobbyist.

That success can be seen in the money both groups have raised in the run-up to the election.

The New Democrat Coalition PAC has raised nearly $500,000, distributing funds to more than 30 candidates. That number includes 21 challengers who would add to the ranks of the 43-member group if elected.

The Blue Dogs have done an even better job raising money. The group for the first time has raised over $1 million for candidates it supports.

Other caucuses, too, will be competing for the hearts and minds of party leadership. There are 64 members of the Congressional Progressive Caucus and 43 members of the Congressional Black Caucus, whose ranks include several members in line to take over key committees should Democrats win back the majority.

New Dems, with members from urban or suburban areas, and Blue Dogs, with a more rural base, are likely to be in conflict at times, too, particularly over social issues.

On those occasions Blue Dogs could be tough to beat. Lobbyists who support both groups say Blue Dogs have been more unified, focusing on budget issues, and attracted more support downtown. The group also sponsors weekly meetings with lobbyists.

But while New Dems have lost members in recent years, lobbyists said the result has been a more cohesive group that could rival the Blue Dogs in business community backing. Members are now required to regularly attend coalition meetings to demonstrate their commitment.

One thing that hasn't changed is the New Dems closeness to the high-tech community. Many of its members hail from districts with a large number of high-tech jobs.

Members are strong supporters of the "innovation agenda" developed by House Minority Leader Nancy Pelosi (D-Calif.) that seeks more money to support math and science education, permanent extension of the popular research and development tax credit, and a goal for universal broadband Internet access within the next five years.

In August, Smith, Tauscher and fellow New Dems Joseph Crowley and Carolyn McCarthy, both of New York, met executives from Sun, Oracle, Google, Yahoo!, Cisco, and several financial services groups in a series of meetings in Silicon Valley.

That followed a retreat last spring at the Hyatt Regency Resort at Chesapeake Bay. Lobbyists who attended had to have contributed $5,000 to the PAC. Twelve New Dem members and more than 100 congressional staff members and K Street lobbyists attended the retreat.

And the breakfast meetings, once held once a month, have been "amped up," in the words of one congressional aide, to once a week. Regularly attendees include: Dan Tate, of Capitol Solutions, Cory Alexander of Fannie Mae, Matt Tanielian of Cisco, Josh Ackil of the Information Technology Industry Council, Bruce Andrews of Quinn Gillespie, Scott Parven at Clark Consulting, and Melissa Schulman of the Bockorny Group.

Lobbyists said their clients could be expected to take an even greater interest in New Dems after the election.

"For a long time there were entire sections of the business community that haven't looked at these groups," Tate said. "But there is a natural fit there."

That doesn't mean, though, that business groups can expect to be as welcome in Democratic offices as they are in Republican ones.

"We represent swing districts," Tauscher said. "But we are damn good Democrats."

Senate Candidates Sound Familiar Themes In First Debate (AP)

By Kristen Wyatt

AP, October 3, 2006

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BALTIMORE - In their first debate of the general campaign, Maryland's candidates for an open Senate seat repeated familiar themes in laying out a case for votes.

The Democrat, U.S. Rep. Ben Cardin, emphasized his opposition to the war in Iraq and a call for universal health insurance.

The Republican, Lt. Gov. Michael Steele, called for more investment in minority businesses and said he'd be a careful listener for voters.

The independent, Kevin Zeese, mostly lobbed criticisms at the main parties and called for immediate abandonment of the war effort in Iraq.

The debate, held at the Baltimore Urban League, was the first - and so far only - forum for all three candidates before the election Nov. 7 to replace retiring Democratic Sen. Paul Sarbanes. Most of the 200 or so people in the audience were there in support of a candidate.

Race and the war were dominant themes at the two-hour forum. Cardin, who spoke first, immediately launched into the Iraq situation, reminding voters that he voted against the war while in the House.

"We may be in fact encouraging more terror than we've solved with the war in Iraq," he said.

Steele made only oblique references to the war in his opening statements, not saying how the nation should proceed. Asked about his position later, Steele said he opposed a withdrawal plan for the troops and said the war should be fought differently, perhaps, but not ended.

"We need to make sure we finish the job," he said. "This is not the time to step back."

Zeese, whose opposition to the war is paramount to his outsider campaign, was happy to deride both Democrats and Republicans for allowing and funding the war. "The sensible thing to do," he said, "is to get out."

Race was another theme in the forum. Steele is the only African-American elected statewide, running against a white Democrat. Steele brought up race early, opening his remarks with a story about his sharecropping ancestors and working-poor mother. He said he was proud to be a Republican.

"The real Michael Steele is someone who was raised to think for himself," he said. He later said that his status as a rare black Republican "empowered me to look across party lines."

Cardin said he'd be the best candidate for black voters because, even though he is white, he would challenge Republicans and President Bush.

"The voters in the African-American community want change," he said, describing himself as the best candidate to change the nation's direction.

But Steele and Zeese laid claim to that role as well. Steele plainly told voters not to choose him if they don't want a major shake-up in Washington, and Zeese argued that no one from a major party would be the agent to change the federal government.

The debate was the only one scheduled so far in the general campaign to include all three candidates on Maryland ballots. Steele and Cardin have agreed to a televised debate on NBC's "Meet the Press" late this month, but no other debates have been set.

Steele, Cardin Draw Distinctions (WP)

By Matthew Mosk And Ann E. Marimow

The Washington Post, October 4, 2006

BALTIMORE, Oct. 3 -- Maryland Lt. Gov. Michael S. Steele and U.S. Rep. Benjamin Cardin stripped away the niceties and exchanged sharp words Tuesday night in their first debate in the race for the U.S. Senate.

Steele, the Republican, at one point told the Baltimore congressman to "shut up and listen" to the citizens of the state. Cardin unloaded on Steele for failing to address a series of issues while campaigning -- most pointedly, the war in Iraq.

The debate offered the first chance to see the striking contrasts between the two major party candidates vying for the seat being vacated by retiring Sen. Paul S. Sarbanes (D).

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The physical differences between the two, standing on stage in a Gothic 19th-century church building in downtown Baltimore, were impossible to miss -- Steele, 47, 6-foot-4 and looking polished in a designer suit; Cardin, 62, short and a bit portly in standard dark pinstripe, looking every bit the bookish legislative technician.

For Cardin, a chief goal of the debate was to turn the focus away from style and onto substance, where there are also sharp differences between the two that put him more in line with the views of Maryland's large population of Democratic voters.

"It's not about how nice we appear or how we deal with friendliness or how well we listen, because I'm a pretty good listener," Cardin said. "It's about how you are going to represent the interests of the people of Maryland."

In the first remarks of the night, before 300 people, Cardin checked off a long list of positions he has taken: opposing the Iraq war, supporting a minimum wage increase, backing embryonic stem cell research. He urged Steele to address each one, and concluded that his experience on Capitol Hill would put him in the position to "get things done."

"I have been effective when the Democrats controlled Congress and when Republicans have controlled Congress," he said. "As a result, I've changed Washington."

When Steele took his first turn to speak, he tried to turn Cardin's 20 years in Congress and 40 years in elected office against him. The man who took his first elected job in 2002 repeatedly described himself as an agent of change and his opponent as someone who has been on Capitol Hill too long.

"I do not want to go to Washington to retire," Steele said. "I want to go get something done."

The lieutenant governor, seizing the offensive, chided Cardin for not acknowledging the presence of independent candidate Kevin Zeese.

"What you just watched was the problem of Washington," Steele said, stepping out from the podium to face Cardin. "They run their mouths, but they do not listen. After 40 years of service, honorable service, he still has not learned to look around the room and shut up and listen. That was a lesson my mother taught me a long time ago."

Zeese, who has the backing of the Green, Libertarian and Populist parties, spoke next.

"I don't think we've been more off track than we are now," Zeese said of the nation. He derided the war and the efforts by special interests to control Washington. "We all know that the elephant in the room is that this country is being sold to the highest bidder."

Cardin succeeded only somewhat at his primary aim: pinning down Steele on issues that the lieutenant governor has avoided discussing: the Iraq war, health-care policy, Social Security.

The starkest differences between the candidates emerged during a question about the Iraq war. Cardin called for an immediate redeployment of troops without a specific timetable for withdrawal. Zeese called for an immediate withdrawal. Steele said that troops should stay but that the United States should "shift our tactics."

"This is not the time to step back," Steele said.

The moderator pressed Steele: "Tell me Mr. Steele, are things going badly?"

"In what respect?" Steele replied, prompting derisive laughter from the crowd. Pressed again, Steele conceded: "It's not going well, no."

The stylistic distinctions were ever-present on stage. On several occasions, Cardin slipped into using acronyms and impenetrable government-speak, while Steele fell back on his compelling personal story.

Steele presented himself as an independent voice, and he challenged Cardin's assertion that he would "change the direction of this nation" in the Senate.

"I appreciate your definition of change, but, frankly, it's an outdated definition," Steele responded. "How can you be a change agent when you vote 95 percent of the time with your party?"

Cardin disagreed, saying after the debate that his long record shows that "I call it as I see it."

Steele came armed with numbers for one of the most consistent lines of attack against Cardin: his campaign contributions from political action committees tied to large drug and energy companies.

In commercials and in person, Steele has suggested that Cardin is beholden to special interests in Washington. In reality, both of them have raised hundreds of thousands of dollars from PACs. Steele has enlisted a group of lobbyists -- known as Team Steele -- to solicit PAC contributions for him.

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Both campaigns view debates as critical in the hotly contested race, although it remains unclear how many there will be. Among Cardin's advisers, the debates are viewed as a chance to humanize a candidate who has spent the past 40 years in public life, and to turn the race into a clash of policy ideas.

For Steele, the debates are a chance to present himself as a serious alternative to Cardin, even for Democrats who might normally shy away from a former chairman of the Maryland Republican Party.

Steele, Cardin Wrangle Over Race In Debate (WT)

By S.A. Miller

The Washington Times, October 4, 2006

BALTIMORE -- Maryland's U.S. Senate candidates Lt. Gov. Michael S. Steele and Rep. Benjamin L. Cardin clashed over racial issues last night in their first debate of the campaign.

"There are too many divisions in America along racial lines and along economic lines," Mr. Cardin, a Democrat, said during the two-hour debate at the Greater Baltimore Urban League, which is based in a church that once served as a refuge for escaped slaves on the famed Underground Railroad.

"Voters in the African-American community want change, and if they vote for me, they will get change," Mr. Cardin said. "I voted against [President] Bush's budget because Bush's budget is leading America in the wrong direction, and the people in the African-American community know that."

Mr. Steele, a Republican and the first black elected to statewide office in Maryland, responded: "I appreciate your message of change, but it is an outdated message."

"My opponent, Mr. Cardin, says he wants to be a change agent," Mr. Steele told the boisterous crowd that filled the old church hall. "How can you be a change agent if you vote with your party 95 percent of the time?"

The candidates also clashed over the Iraq war, health care and education.

Mr. Cardin said his Republican opponent was allied with the president in support of the Iraq war and against raising the minimum wage and universal health care coverage.

"I've stood up to the presidents of both parties when it was in the interest of the citizens of Maryland," said Mr. Cardin, who has been running on his experience as a 10-term congressman from Baltimore and former speaker of the state House of Delegates.

Mr. Steele criticized Mr. Cardin, 62, for spending 20 years in Congress and showing little change to the quality of life in his district.

"At what point, Mr. Cardin, will you begin looking at what is going on in your own back yard?" he said.

Earlier, Mr. Steele, 47, chided Mr. Cardin for opening remarks that focused almost exclusively on the lieutenant governor's association with Mr. Bush.

"What you have just witnessed is the trouble with Washington," Mr. Steele said. "They run their mouths, but they don't listen. ... After 40 years of humble public service, he still has not learned to look around the room, shut up and listen."

The remark drew competing cheers and jeers from the crowd.

Mr. Steele said Mr. Cardin had ignored the other candidate in the debate, Kevin Zeese, 51, an anti-war activist running under the banners of the Green, Libertarian and Populist parties.

Mr. Cardin and Mr. Steele are expected to meet at least one more time before the Nov. 7 election, including an appearance Oct. 29 on NBC's "Meet the Press."

Mr. Cardin and Mr. Steele have similar stances on key issues, such as advocating an expedited exit strategy for troops in Iraq. But they confront each other from opposite ends of the political spectrum.

Mr. Cardin is a liberal who last year received a 95 percent rating from the liberal Americans for Democratic Action.

Mr. Steele is a conservative, but with an independent streak that at times could put him at odds with his party.

The starkest contrast is on abortion. Mr. Steele is pro-life; Mr. Cardin is pro-choice.

However, racial politics remain the focus of the contest.

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Black voters account for much of the Democrat's 2-to-1 advantage in voter registration. Maryland has nearly 900,000 registered Republicans and about 1.7 million registered Democrats, of which an estimated 700,000 are black.

Mr. Steele's ability to forge inroads to black communities has made the race one of the most closely watched in the country and one of the most hard-fought campaigns between the national parties.

Mr. Cardin has scrambled to connect with black voters since his narrow win in the Democratic primary over Kweisi Mfume, former president of the National Association for the Advancement of Colored People, 43.8 percent to 40.4 percent, despite outspending Mr. Mfume by about $3 million on television ads.

Mr. Mfume won by large margins in Baltimore and Prince George's County, two of the state's most populous and heavily Democratic jurisdictions that also are more than 65 percent black.

Mr. Cardin last week wooed black voters at a campaign rally in Prince George's County with Mr. Mfume and Sen. Barack Obama, Illinois Democrat and the country's only black senator.

However, the rally was tempered by Mr. Mfume's public criticism that the state Democratic Party still lacks black candidates at the top of the ticket.

"The Democratic ticket of four nominees for statewide office ... still looks like the Democratic ticket for state office in 1956," he said.

The sting of racism keeps infecting the campaign.

Mr. Steele has criticized Mr. Cardin for stirring anti-Republican sentiment in black communities by repeatedly invoking Mr. Bush and the Hurricane Katrina disaster, which for some has come to symbolize the Bush administration's supposed neglect of poor black people.

The references to Katrina and Mr. Bush follow the Democratic National Committee's strategy of convincing voters that Mr. Steele is a "typical Republican" as opposed to a black candidate.

Mr. Cardin, who last year pledged not to use racial attacks against Mr. Steele, said he is not race-baiting by talking about the government's response to the hurricane because it is an issue in the Senate race.

"It is about the failure of government to protect its most vulnerable citizens," he said.

Mr. Zeese railed against the Democrats and Republicans, saying they are "status quo parties" that are beholden to corporate special interests. He advocated free college tuition, an end to the United States' global military presence and development of clean energy technologies.

"We've got to say no more corporate control," Mr. Zeese said. "We need a government of the people. That's what I'm running for."

The forum was Maryland's first debate for statewide office to include a third-party candidate.

Sen. Clinton Supports Webb In Va. Campaign (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 4, 2006

Sen. Hillary Rodham Clinton endorsed Democratic Senate candidate James Webb yesterday as he and Republican Sen. George Allen intensified their efforts to woo female voters in the Virginia campaign's closing month.

The high profile appearance by Clinton (D-N.Y.) at a fundraising lunch in Old Town Alexandria provided a needed boost to Webb, whom Allen has criticized for his past attitude toward women in the military.

While the former first lady was announcing her support for Webb, Allen was attending a similar function in Fredericksburg held by his wife, Susan, and Cecelia Howell, the wife of House of Delegates Speaker William J. Howell (R-Stafford).

The Senate candidates' views toward women have become a central character issue of the campaign. Allen, who has had problems with questions about his racial sensitivity, has sought to shift attention to Webb's opposition 27 years ago to women in combat.

Allen is running an expensive statewide television advertising campaign featuring three female graduates of the U.S. Naval Academy complaining about remarks Webb wrote in a 1979 magazine article, "Women Can't Fight." Webb, a former Marine and secretary of the Navy, began airing an ad yesterday with a female academy graduate rebutting the allegations.

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Echoing the theme of Webb's ad, Clinton told reporters: "I've watched and analyzed what Jim Webb has done when he was in the Pentagon, opening up positions -- thousands of them -- to women when previously they had not been available. We have women serving with valor and distinction because the battlefield has changed."

A day after paying for a two-minute TV commercial calling for the campaign to focus on political issues instead of character issues, Allen said at the Fredericksburg luncheon that his Webb commercials are about "respect for women." His campaign vowed to continue attacking what they say is the Democrat's biggest vulnerability.

"That article from 1979 gives an insight into the core of James Webb that is not going to go away and is going to cut deeply," Allen campaign manager Dick Wadhams said. He said the Democrats have "gone into a defensive posture, trying to blunt the criticism about Webb's disrespect of women."

Webb has said he was not wrong for participating in a national debate in the late 1970s about whether women should serve in the military. He has said he is "fully comfortable with the roles of women in the military today."

The most recent polls show the Allen-Webb race tied. Advisers for both camps said the winner Nov. 7 could be the candidate with an advantage among women, who account for 3.7 million, or slightly more than half, of Virginia's population.

Female voters helped Timothy M. Kaine (D) beat former attorney general Jerry W. Kilgore (R) last year in the governor's race after Kaine offered messages about preschool, traffic and faith that were tailored specifically for church-going women in the suburbs.

Nationally, both parties have spent millions courting "soccer moms" and "security moms," mothers worried about terrorism and security issues.

"It's the same group. It's moderate to conservative women who are perhaps not so consumed with the political process because they have lives to live," said Democratic pollster Pete Brodnitz, who worked for Kaine last year and is now on Webb's team. "They are making their decision a bit later. There's a lot of effort expended on both sides to talk to women."

Allen aides said they will continue to seek advantage among that group by hammering Webb for his past views, which included highly-charged language to describe women at the Naval Academy. Wadhams said they will also continue to showcase Allen's wife, who was a popular first lady when Allen was governor.

"We have a very strong opportunity to appeal to women voters, and I think that's a significant part of the debate," Wadhams said.

Webb campaign manager Steve Jarding dismissed Allen's appeal to women, noting that the senator opposes abortion rights and embryonic stem cell research -- two issues that Jarding said put Allen at odds with most women in Virginia.

"This is not a champion of women's issues," Jarding said of the senator. "The Allen campaign knows that." One of the Naval Academy graduates who initially joined Allen in criticizing Webb has now accepted his apology and endorsed the Democrat.

Clinton, who raised about $75,000 for Webb, praised him as a decisive leader who would stand up to the Bush administration. She said it was important to "replace subservient Republicans who are unwilling to ask the hard questions with Democrats like Jim Webb, who will."

Webb once called President Bill Clinton's administration the most "corrupt" in history. He has said his animosity was fueled by Clinton's attempts to get out of serving in Vietnam, where Webb was wounded and received several medals and commendations.

As for his support of women, Webb said yesterday that "probably the most important thing I can say about that entire issue is that there's a term in law, res ipsa loquitur , the thing speaks for itself"; he then introduced his top campaign staff members, five of whom are women.

Allen spoke yesterday to about 50 women in Howell's backyard in Fredericksburg. Several of the women there wore buttons proclaiming "Vote for Susan Allen's Husband."

The senator said he has been a leader in efforts to get more women interested in pursuing careers in math and science. Allen also talked about keeping taxes low and winning the war in Iraq.

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When Susan Allen was asked whether she agreed with her husband's opposition to abortion rights, she said: "Labels are not necessarily a good thing. I believe George's record looking at that particular issue is excellent. He's represented Virginia values."

Hillary Headlines Webb Event (WT)

By Seth McLaughlin

The Washington Times, October 4, 2006

Sen. Hillary Rodham Clinton endorsed Democrat James H. Webb Jr. in the U.S. Senate race in Virginia at a fundraiser yesterday, while incumbent Sen. George Allen tried to refocus his stumbling campaign on his political accomplishments.

The former first lady also downplayed a television advertisement paid for by Mr. Allen that hammers Mr. Webb for the view he held about a woman's role in combat 27 years ago.

Mrs. Clinton, who headlined the "Women for Webb" luncheon in Alexandria, said Congress needs someone with Mr. Webb's military expertise and demonstrated leadership who can stand up to President Bush and the Republican majority.

"We need to elect Democrats," Mrs. Clinton, New York Democrat, said. "We're never going to have the right kind of debate about what needs to be done in Iraq or Afghanistan until we have some leverage in the Congress and frankly replace some of the subservient Republicans who are unwilling to ask the hard questions, and Democrats like Jim Webb will."

Mr. Allen has backed Mr. Bush 96 percent of the time, making the senator the third biggest supporter of the president in the U.S. Senate.

When asked about Mr. Webb's 1979 "Women Can't Fight" article that questioned whether women were fit for military combat and apparently led to women facing harassment at the Naval Academy, Mrs. Clinton said, "Times have changed."

"That was about 30 years ago, and I've watched and analyzed what Jim Webb has done when he was in the Pentagon -- opening up positions, thousands of them to women where previously they had not been available," Mrs. Clinton said.

Mr. Webb has apologized for the "tone" of the article and stressed that as secretary of the Navy under President Reagan he opened more military billets to women than any secretary in history had.

Meanwhile, Mr. Allen kicked off an "Issues, Ideas, Proven Record Tour" in Fredericksburg, Va., yesterday, as he tries to refocus his campaign on his record as state legislator, congressman, governor and U.S. Senator.

Mrs. Clinton's appearance at Mr. Webb's fundraiser came the morning after Mr. Allen aired a rare two-minute statewide TV address Monday evening to turn around a floundering campaign. Mr. Allen's campaign spent $50,000 on the ad.

Mr. Allen's campaign has been bogged down in character questions concerning his "macaca" remark, his reaction to a reporter's question about his Jewish heritage and accusations that he often used the "n-word" in the 1970s. Mr. Allen referred to a Webb aide as a macaca -- considered a racial slur in some cultures -- while campaigning in August.

"The negative personal attacks and baseless allegations have also pulled us away from what you expect and deserve," Mr. Allen told viewers in the ad.

The prerecorded address ran a few minutes after one of Mr. Allen's spots attacking Mr. Webb for his positions in the "Women Can't Fight" article had aired.

Mr. Webb's campaign yesterday responded to Mr. Allen's negative attacks with a 30-second TV ad featuring retired military women praising Mr. Webb's record as Navy secretary.

"He created more operational positions for women than anybody in the history of the Navy," retired Coast Guard Petty Officer 1st Class Nancy McPherson says in the ad.

"It's easy to just take shots at people, it's harder to actually change things, and that's what I did as Navy secretary," Mr. Webb says in the ad.

The new spot comes toward the end of a three-month period in which Mr. Webb has benefited from Mr. Allen's missteps and raised an estimated $3 million.

Kristian Denny Todd, a spokeswoman for Mr. Webb, said the campaign will use the money to air additional TV ads that will highlight differences between the candidates.

Allen Adlifts Hopes Of Backers (WT)

DOJ_NMG_0074670

By Christina Bellantoni

The Washington Times, October 4, 2006

Virginia conservatives, frustrated with Sen. George Allen's re-election campaign, were hopeful yesterday that the Republican's address televised statewide Monday evening will reverse his slip in the polls.

The senator now is almost tied with or slightly favored over his Democratic challenger, James H. Webb Jr. Supporters say Mr. Allen needs to refocus on the issues if he wants to win re-election.

That was what Mr. Allen promised in the rare two-minute ad, saying that until the Nov. 7 election he will talk about his record, both as a senator and as governor in the 1990s.

"Good enough, but hardly enough to change the course of the race," wrote Norman Leahy, an Allen supporter who runs the One Man's Trash blog. "Will this spot change any votes? No."

The taped spot, which ran on five stations just before 8 p.m., was a smart move but might not be enough, said state Sen. Jay O'Brien, Fairfax County Republican.

"It was the right thing to do to say, 'Let's get off this other junk and talk about the issues,'" he said.

Mr. O'Brien said he was shocked at Mr. Allen's defensive stance to accusations that he used racial slurs as a college football player and to the fallout from the widely televised moment when he called an Indian-American Webb volunteer "macaca." The word is considered an ethnic slur in some cultures.

David B. Botkins, a former press aide to Mr. Allen, said the ad charts a positive course.

"It changes the calculus" and re-energizes Mr. Allen's conservative base, he said.

Delegate David B. Albo, Fairfax County Republican, said energetic conservatives will be key for Mr. Allen on Election Day.

"All we need to win the Senate seat for George Allen is to have the Republicans in Northern Virginia show up," he said. "If they stay home, we have problems."

Some Republicans put Mr. Allen at fault for steering the campaign off course, particularly with the "macaca" remark.

Mr. Allen acknowledged in the ad: "Some of this I've brought on myself."

"This whole campaign has degenerated into macaca and all the other racial allegations, and no one knows that he's probably going to go down in history as one of the best governors of Virginia, putting him on the same level as Patrick Henry and Thomas Jefferson," Mr. Albo said.

One Republican expressed regret last week that Jay Timmons, a longtime Allen adviser, was not on board.

"He was a control freak, but there was control," the Republican said.

Mr. Timmons left to join the private sector in 2004, but Hotline on Call reported Monday that he has returned to Mr. Allen's staff as a senior adviser.

The Allen campaign said the Monday night ad cost $50,000. The senator is following up with a statewide tour with the theme "Issues, Ideas, Proven Record."

Shaun Kenney, a conservative Republican who ran unsuccessfully for a Spotsylvania seat in the House of Delegates last year, called the ad a "huge" step forward for Mr. Allen.

"Take note, Webb supporters. When the opposition is getting dogpiled by the press, go positive," he said.

Critics said Mr. Allen's wife, Susan, seemed "awkward" and "plastic" standing next to her husband in the ad.

Others praised the placement of a photograph of Mr. Allen's late father, George H. Allen, near a helmet of the Washington Redskins, the team he coached.

Understanding George Allen's Best Black Friend (WP)

By Courtland Milloy

The Washington Post, October 4, 2006

Benjamin J. Lambert III, who serves in the Virginia Senate, hears the question all the time: Why would such an influential black Democrat come to the rescue of George Allen, a white Republican U.S. senator who was being tarred and feathered by his own racist past?

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Allen's once seemingly sure-shot bid for reelection remains in jeopardy because of accusations that he used a racial slur and the fact that he had an affinity for racist symbols such as nooses and the Confederate flag. But the political hemorrhaging has eased somewhat since Allen found a powerful new best black friend to help burnish his image.

"I look at it from the point of view that people are capable of change, of learning from their mistakes," said Lambert, a 28-year veteran of Virginia electoral politics and former campaign manager for L. Douglas Wilder (D) during his run to become the first African American governor since Reconstruction. "George has apologized. He said he understands the plight of African Americans and their sensitivities regarding the Confederate flag. He said he was going to do much better. I say, 'Let's give him a chance.' "

It is no coincidence that Lambert's endorsement came after a pledge by Allen to secure nearly a half-billion dollars in federal funding for financially troubled historically black colleges. Moreover, at Lambert's urging, Allen, along with Sen. John W. Warner (R-Va.), announced their sponsorship Monday of a bill that would honor the late U.S. District Judges Spottswood W. Robinson III, who was black, and Robert R. Merhige Jr., who was white, by having a new federal courts building in Richmond named after them "for their historic roles in the nation's civil rights struggle."

No small order in the capital of the Confederacy.

Asked if Allen's financial commitments had influenced his decision to endorse, Lambert demurred: "Let's just say I have a strategy."

But not everybody is convinced that a half-billion dollars is adequate reparation for Allen's alleged insults, which some see as evidence that the racist underpinnings of Virginia's virulent history of slavery live on.

One blog, Skeptical Brotha, offered a reaction to Lambert's endorsement that is no doubt shared by many African Americans: "George Allen's confederate bandwagon of confused colored folks has grown by another this week," the blogger wrote last month.

Other blacks who support Allen include William R. Harvey, president of historically black Hampton University, and Charley Taylor and Roy Jefferson, both retired professional football players who were coached by Allen's late father on the Washington Redskins. "For these manifestly fraudulent endorsements, these contemptable black sycophants have earned themselves Skeptical Brotha's '2006 House Negroes of the Year Award,' " the blogger wrote.

But Lambert is undaunted. To hear him tell it, there is always more to racial politics in Virginia than meets the eye. Sometimes a whole lot more -- as in, say, the legendary affair between Thomas Jefferson and Sally Hemings.

"I was born in 1937 and went to segregated schools in Henrico County," Lambert told me. "But I had white friends. Somehow, we all got along. I found that people could be different up close than they appeared to be from afar."

To Lambert, Allen looks better up close. He is more than someone who referred to a person of color as "macaca," which is a genus of monkey. "I'm not going to hold a person's words against them, especially after they stand up and apologize," Lambert said. "I'm most interested in education for African Americans, making sure historically black colleges stay in existence, and I'm going to work with anyone who can help keep them alive. George and I share that goal."

As for people who call him a sellout, Lambert said, "What have they done to keep a school open?"

And yet, the appearance of Allen buying his way out of a racially explosive predicament discounts the black struggle against racism -- which continues despite the insistence of some whites that race no longer matters. During a speech in February about the need for a U.S. Slavery Museum, former governor Wilder, now mayor of Richmond, noted that slavery and racism were not ancient history. "The legacy of slavery is as much a part of our present and, if left alone, will tragically remain a part of our future."

Wilder has publicly expressed bewilderment at his former campaign manager's decision to support Allen. But in private talks with Lambert, Wilder does not come off as confused at all. "He asked me to talk to George about getting money for the slave museum," Lambert recalled.

Race relations are not always what they seem. And in a state fraught with racial contradictions, macaca may turn out to be a gift to African Americans that keeps on giving. At least if Lambert has his way.

Inside Politics (WT)

By Greg Pierce

DOJ_NMG_0074672

The Washington Times, October 4, 2006

A real achievement

"The 109th Congress limped out of town at a particularly ugly moment. But it had some achievements worth noting. Well, one achievement, anyway," syndicated columnist James P. Pinkerton writes.

"It might be the case that this November the scandal surrounding former Rep. Mark Foley ... will be foremost in the voters' minds. If that's the situation, Republicans will have a bad Election Day, exactly five weeks from now," Mr. Pinkerton said yesterday.

"And if so, then the biggest accomplishment of this Congress, the authorization for construction of a wall across much of the U.S.-Mexican border, is likely to be downplayed by the media. Yet, fortunately, the wall-building issue is firmly planted in voters' minds, not only for this election, but for the future. And while the partisans on both sides of the debate are fired up by the wall-troversy, it's obvious that immigration hawks far outnumber immigration doves."

Cash infusion

Democrat Ned Lamont, seeking to erase Connecticut Sen. Joe Lieberman's double-digit lead, is turning to his campaign's biggest financial backer for another infusion of cash: himself.

The multimillionaire businessman, who trailed by 10 percent in a recent poll, wrote a $500,000 check to his campaign this week, an aide said yesterday. Just last week, Mr. Lamont had tapped his personal wealth for $750,000 to help fund the race. He has spent $6,751,500 of his own money to unseat the 18-year incumbent.

The Lamont camp said it needs the money to blunt Mr. Lieberman's aggressive television ad campaign. Both sides are spending heavily on commercials. Mr. Lieberman has run ads recently suggesting that political newcomer Mr. Lamont lacks the experience to be an effective senator.

"Ned is not going to let Senator Lieberman's negative allegations go unanswered," said Lamont spokeswoman Liz Dupont-Diehl. "We've said all along we're not going to take this lying down."

The Lieberman campaign scoffed at Mr. Lamont's move to bolster his campaign, the Associated Press reports.

"We fully expect Ned Lamont to keep drawing on millions of his own money to continue funding his negative campaign," said Lieberman spokeswoman Tammy Sun.

Meanwhile, in another good sign for the Lieberman campaign, the Hill newspaper reports that Mr. Lieberman says the chamber's Democratic leadership has assured him he would keep his seniority if he returns to Congress as an independent.

But Jim Manley, spokesman for Senate Minority Leader Harry Reid of Nevada, said his boss "won't make any decisions until after the elections in November."

A taxing agenda

"Democrats are campaigning on 'a new direction for America,' but they've been deliberately abstemious with any details of what that means," the Wall Street Journal says in an editorial.

"New York Sen. Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda 'gives Republicans a target.' So much for the courage of one's convictions," the newspaper said.

"Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

"In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first-term tax cuts were worth preserving, and he answered that he 'cannot think of one.' Then last week, Mr. Rangel was asked by Congress Daily whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'

"'Everything' would mean repealing the 10 percent low-income bracket, the child tax credit and marriage-penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle-income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be chairman points for honesty."

Back in the race

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Rep. John P. Murtha is back in the race for House majority leader, should the Democrats come out on top in November, Roll Call reports.

"We're back campaigning again," Mr. Murtha said Friday in an interview taped for C-SPAN's "Newsmakers."

The Pennsylvania lawmaker had suspended his bid in June just days after announcing his intentions, faced with criticism from fellow Democrats who feared a divisive leadership campaign could distract the party heading into the November elections.

Name game

A divided Ohio Supreme Court yesterday threw out a lawsuit attempting to force the release of the names of donors backing a group that ran ads critical of the Democratic candidate for governor.

Democrats want to know who donated $1.5 million that a group called Common Sense Ohio gave to Common Sense 2006, which used the money for ads criticizing Democratic Rep. Ted Strickland. The two groups say the contributors' identities are protected by their nonprofit status.

The court ruled 4-3 that it didn't have jurisdiction to rule on the lawsuit, filed by the Ohio Democratic Party on behalf of Mr. Strickland. The court said state law gives that authority solely to the Ohio Elections Commission.

10-point lead

Washington Sen. Maria Cantwell, a Democrat, has a 10-point lead over Republican challenger Mike McGavick five weeks before the election, according to a new McClatchy-MSNBC poll.

Miss Cantwell was at 50 percent, and Mr. McGavick, a former insurance company executive, at 40 percent, with 9 percent undecided. Nearly half of those polled had a favorable opinion of Miss Cantwell. She is seeking a second term six years after she was elected by 2,229 votes in what was then one of the closest races in state history.

Mr. McGavick's approval rating stood at 30 percent, but even after months of nonstop campaigning, 45 percent of those surveyed had no opinion about him or didn't recognize him.

Back in Ohio

Returning to the state that dashed his presidential hopes in 2004, Sen. John Kerry urged college students: "Take back Ohio; take back our country."

"All of the things that make a difference in the real quality of life are going in the wrong direction," the Massachusetts Democrat told about 300 supporters in the rally at Ohio State University.

Mr. Kerry, who conceded the 2004 election after he lost Ohio's 20 electoral votes, defended the Democrats against charges that they have no ideas, citing plans by Democrats for health care, education, jobs, trade and global warming, the Associated Press reports.

Democrats' Jersey Barrier (WP)

By Ruth Marcus

The Washington Post, October 4, 2006

JERSEY CITY -- It's 1 in the morning, and Bob Menendez, a red bindi dot on his forehead, is at his third Navratri festival of the night. "Namaste," says the Democratic senator, pressing his palms together and looking out over a street thronged with Indian Americans who've taken a break from the exuberant dancing at the traditional Hindu festival.

On this day, Menendez's pitch to keep his Senate seat has taken him on a marathon spin through the ethnic kaleidoscope of New Jersey politics. He dropped by the city's Irish Festival, a backyard barbecue with the Latino community, a meeting with African American leaders and a Korean celebration -- before boarding a bus full of Indian American supporters for this late-night blitz.

"I always drive myself hard," he says, but this fall the 52-year-old Menendez has especially good reason to push. In a year when Democrats across the country are doing better than expected, his race could be a glaring counterexample -- and a potentially costly one, given Democrats' outside chance of retaking the Senate.

Gov. Jon S. Corzine tapped Menendez, then the House's third-ranking Democrat, to fill his unexpired Senate term. Winning election on his own should have been the easy part -- this reliably blue state hasn't elected a Republican senator for 34 years, and President Bush's popularity is low. But Menendez now finds himself in a too-close-to-call race against Republican Tom

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Kean Jr., the 38-year-old son of the popular former governor. The scion of a patrician family, Kean is waging a decidedly ungentlemanly campaign against Menendez, the son of poor Cuban immigrants.

The race, in broad strokes, comes down to Bush fatigue vs. corruption fatigue. Menendez is doing his best to lash Kean to the president and his policies. Kean hardly mentions Bush or his party, though he's been happy to accept fundraising help from Laura Bush and Karl Rove. Instead, much as Menendez seeks to link Kean to Bush, Kean paints Menendez as "an individual who personifies the system that has hurt New Jersey for so long."

In hammering on corruption, Kean may have lucked out -- in his timing and opponent. Even in a state where tales of corrupt officials are as common as turnpike traffic, this has been a busy season. One powerful Democratic state senator was implicated in arranging a no-show state job for himself. The former state Senate president pleaded guilty to taking bribes. The attorney general, a Menendez protege, had to quit after intervening in a traffic stop of her boyfriend. Former governor Jim McGreevey, who resigned after admitting he put his gay lover on the state payroll, has just published a book.

And Menendez, who got his start in the notoriously corrupt politics of North Jersey's Hudson County, has offered Kean ample ammunition. Some of the attacks on him have been decidedly below the belt, others overstated even by the loose rules of political license, but some involve the kind of back-scratching coziness that looks even worse in the unforgiving light of a 30-second attack ad.

Kean accused Menendez of being "part of a massive kickback scheme" in Union City 25 years ago, citing his 12 appearances before a federal grand jury that culminated in the racketeering conviction of Menendez's political mentor, Mayor William V. Musto. In fact, four former federal prosecutors in the case contradicted Kean's assessment. "[I]t was certainly an act of courage for him to testify against the entire city government," one told the New York Times.

Similarly, Kean assails Menendez for "putting $350,000 of federal taxpayer money in his own pocket" -- accusations that arise from Menendez renting a house he owned to a nonprofit agency he helped to get federal funds, even as agency employees donated to his campaigns. Reports from the time indicate that the rental was at market rates; Menendez says the ethics panel approved the arrangement. Still, federal prosecutors have subpoenaed records, and Menendez himself says he wouldn't do it again.

Adding to Menendez's woes, last week he had to sever ties with his childhood friend and closest political adviser, Donald Scarinci, after a tape surfaced in which Scarinci urges a Hudson County contractor to make a particular hire. "That would be a favor to the congressman," Scarinci says, adding that "it makes sense for you because it gives you protection."

Kean tries to bring home the corruption issue, linking it, not entirely convincingly, to the state's "unaffordability," especially high property taxes -- never mind that local taxes aren't something a U.S. senator can do much about. "That type of personal profiting from public office is what raises people's taxes and makes this state more unaffordable," he says.

Politically, Kean is no Lincoln Chafee moderate -- or even a Tom Kean Sr. moderate. He is pro-choice and supports federally funded embryonic stem cell research, but he backs the Bush tax cuts, would have voted for his Supreme Court nominees and the war in Iraq, and denounces Bush's immigration plan as unacceptable "amnesty."

Menendez, for his part, seems offended by having to run against the unseasoned Kean in what he describes as "probably the most vile campaign I have ever participated in."

Dismissing the closeness of the polls, he says, "New Jersey is a late-deciding state." The open question is what, 34 days from now, its voters will decide they're most fed up with.

Steve Poizner For Insurance Commissioner (LAT)

The Los Angeles Times, October 4, 2006

CALIFORNIA HAS ONLY HAD TWO elected insurance commissioners. First there was Democrat John Garamendi, who was seen as a champion of consumers, and then Republican Chuck Quackenbush, who resigned in disgrace amid allegations he allowed insurance companies to underpay their 1994 Northridge earthquake claims. Prosecutors never filed charges, but after two appointees filled out the term, voters returned Garamendi to the job in 2003.

Now Garamendi is leaving again, and the fight is renewed between consumer advocates — who say the industry is out to cheat customers — and insurance companies, which say regulators don't understand the market. Garamendi is backing

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Democratic Lt. Gov. Cruz Bustamante over Republican tycoon Steve Poizner. The twist is that the best choice for consumers, hands down, is Poizner.

The Silicon Valley entrepreneur has solid market credentials, having built a billion-dollar company from a global positioning device that locates cellphone users for emergency operators. He has made reducing insurance fraud a priority, which would protect the industry but also would allow companies to offer lower prices to consumers. He acknowledges that "insurance companies want to own this position" — and he vows not to let them. He has said he'll defend Garamendi's auto insurance rate regulations, which put a person's driving record ahead of where the driver lives. He vows to defend Proposition 103.

He's credible, and his history shows he's a man of integrity. He thinks before he acts, a trait exemplified by his careful study of a liberal Democratic Bay Area Assembly district that he almost won, and his equally studious approach to and backing for Gov. Arnold Schwarzenegger's redistricting reform, a measure that, while unsuccessful, was worthy. The insurance commissioner's job, he notes, "requires analytical horsepower." Poizner has it.

Bustamante, as a legislator, often backed bills that insurance companies sought to help them avoid complying with Proposition 103. For example, he advocated the repeal of the initiative's good-driver discount. When he ran for governor in the campaign to recall Gray Davis, he misused donations from Indian tribes and was heavily fined. As a candidate for insurance commissioner, he accepted insurer contributions, then returned them when it became a campaign issue. It was not a proud day for Democrats when it became clear that he would be their nominee. His election would be a step backward for consumers.

Poizner is no Garamendi; with his market orientation, Poizner is open to permitting lower-premium health policies and other types of coverage with very high deductibles, along with other moves that may not prove popular with consumers. But he is dedicated to making sure insurers are competitive and, where the market falls short, he will be an effective consumer watchdog.

The Real Market For Fuel Efficiency (WSJ)

By Holman W. Jenkins Jr.

The Wall Street Journal, October 4, 2006

Detroit is talking up small cars again, but Americans haven't gotten any smaller since the 1970s.

You've heard the statistics: Nearly two-thirds of adults are overweight, and 31% are obese. In the late 1990s, the so-called Civilian American and European Surface Anthropometry Resource began cataloging body shapes and sizes, and auto makers discovered that a substantial chunk of the car-buying public couldn't fit its tummies behind the wheel while still reaching the pedals. They also found that demand for pickups and SUVs was partly related to taller cabs -- no bending over and scrunching down was required to get aboard. Some child safety seats now are designed to accommodate a 100-pound toddler.

To wit, growing vehicle size over the past two decades is a function of more than just the price of gasoline. Add the fact that commutes have been getting longer as Americans choose to live farther from town. They spend more time in their cars. And their cars also must hold more stuff: DVD players, airbags, and if Washington has it way, mandatory stability control by 2012.

The thing to notice about fuel economy is that it steadily improved relative to the growing weight of the average vehicle. People want fuel-efficient cars so they can afford to drive bigger cars and drive them more miles.

Therein lies the beginning of wisdom in understanding the market for fuel economy, which has recently thwacked Detroit across the nose with the near collapse of SUV and truck sales amid higher gas prices the past two years.

It should be delicately pointed out that Detroit as an industry has long put up with unusually close public and political attention and has developed PR habits that amount to a comprehensive smokescreen around its decision making and internal motives. Re-enacting this history amid the latest challenge is GM Vice Chairman Bob Lutz, a licensed "car guy," who was put forward to introduce a new fuel-cell prototype vehicle developed by GM. He also sang GM's praises for rolling out millions of cars that can run on E85, a gasoline-substitute consisting of 85% ethanol.

Uh huh. Fuel cells are destined to remain a negligible, if not nonexistent, part of the market over the relevant time horizon, which could easily witness GM's bankruptcy. As for E85, it's a regulatory hoax. Mr. Lutz, to the cognoscenti of the Detroit Free Press, gave a more likely explanation of the alternative fuels medicine show. "We need a moon shot to get out from the notion that Toyota is miraculous and GM is run by a bunch of aging stumblebums who wouldn't know technology if it hit 'em in the face."

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GM's management is in a fight for its life right now, trying to hold out against superinvestor Kirk Kerkorian's plan to force it into an alliance with Renault and Nissan. The stakes only get more urgent as GM begins to figure out how to deploy billions in cash flow liberated by its labor cuts to begin developing products competitive with the best of its foreign-born rivals.

It won't be with fuel cells and E85 that GM puts itself back into the game. Nor will it be with teensy eurocars. Mr. Lutz, in passing, noted that GM can now make money on small cars, having unloaded some of its fixed labor overhead by trimming UAW health benefits and paying thousands of workers to leave the company. He implies an undisclosed accounting judgment about how to allocate costs to various vehicle categories, but never mind: Ford and Chrysler still can't make money on small cars and are willing to admit as much.

Yet to equate small cars with fuel efficiency may be a serious mistake if that informs the industry's investment strategy. University of Michigan's Walter McManus, in a new paper, argues that the one vehicle attribute that Detroit can leverage most profitably in the coming years is continued progress on fuel efficiency. Or if you prefer, cost of ownership as impacted by fuel consumption. But this applies up and down their model line. GM earlier this year acknowledged as much when it offered to guarantee SUV buyers a year's worth of gas at $1.99 a gallon.

GM, with its structural labor cuts, has freed up capital to invest in new product, but how? The authors argue that at any gas price between $2.00 and $3.10 per gallon, GM (as well as Ford and Chrysler) can produce more profit by investing a buck in fuel efficiency than by any other approach. The technologies are already available -- better lubricants, lighter materials, variable valves, six-speed transmissions, mechanisms to shut down spark and fuel to unneeded cylinders.

Mr. McManus, a former GM staff economist, uses game theory and estimates of how consumers discount their future gas expenditures to produce a guesstimate ($578) of how much an additional mile-per-gallon of fuel efficiency is worth to the average car buyer. Whatever the merits of his conclusion, his method is refreshing because it recognizes that fuel efficiency is not a virtue independent of economics -- the chief selling proposition behind hybrids, which expect you to pay extra for the privilege of saving gas.

It also points to the decision that faces GM, now that survival is in sight, on how to use its capital to upgrade its auto lineup. Foreign alliances are not an answer to this quandary -- that idea is geared mainly to cost cutting, and over a longer period than GM should be worrying about right now. GM has already shown (see Cadillac) that it has the vehicle design savvy. Its cars have lagged for lack of investment and the company's low tolerance for financial risk taking -- exactly the problems GM has increasingly put itself in a position to solve.

Civic Priorities (WT)

By John M. Bridgeland And Peter Levine

The Washington Times, October 4, 2006

Five years after September 11, we can begin to assess whether tragedy also bred civic transformation. The National Conference on Citizenship, a non-profit created by Congress to strengthen our civic ties, recently released its new Civic Health Index, which charts our nation's civic progress over the last 30 years. While there are signs of civic recovery in areas of national focus, our civic health shows steep declines in most of 40 measures.

Youth volunteering is a bright spot. Over the past decade, young people age 16 to 24 have narrowed the gap with adults in volunteering. Levels of volunteering have been so high for youth compared to their Baby Boomer parents that some talk of a "9/11 Generation." By some measures, about half of today's youth volunteer, up 10-15 percentage points from the 1970s. Although we cannot be sure why youth volunteering has burgeoned, or whether resume-building played a role, we note growing efforts to combine classroom learning with community service, increases in national and international service opportunities, and calls to service issued from presidents.

But youth and adults alike are not participating in community projects or attending club meetings: the everyday, face-to-face settings of democracy. And those who still participate tend to be privileged. College graduates now dominate community life, while high-school dropouts are almost completely missing. Half of Americans who work on community projects and attend meetings are college graduates, while only 3 percent of these active citizens are high school dropouts. College graduates are more than four times as likely to volunteer and twice as likely to vote as their peers who never finish high school.

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Our political participation, while spiraling downward from 1975 to 1998, has risen lately in activities such as voting in federal elections, attending political meetings, and making political donations. During the 2004 presidential election, more than 122 million Americans voted — the highest turnout since 1968 and largest uptick since 1952. Nearly 4.3 million more 18-29-year-olds voted in 2004 than in 2000, a significant upsurge given steep declines in prior years.

While political activities are rising, trust in one another and in key institutions has steadily declined. As many Americans suspect, our politics are both more engaging and more divisive, drawing more people to the polls but making it more difficult to solve public problems.

Across the vast majority of our 40 indicators of civic health, we see declines in most — belonging to civic and religious groups, attending meetings, connecting to family and friends and staying informed on public affairs. Even in areas where there is progress, we still under-perform as a nation, with only 29 percent of the population volunteering and 58 percent of the population voting. Of 172 countries ranked for voter turnout in elections since 1945, the United States ranked 139th.

History tells us we can make civic gains. The Greatest Generation, born prior to 1930, ushered in robust civic health in the mid-part of the last century. During that time, there also was more equal opportunity, a smaller gap between rich and poor, and greater cooperation across party lines to address our nation's challenges.

So what's to be done? Schools need to foster civic learning and skills, teach the core ideas from American history, offer students opportunities for participation, and increase the numbers of students who graduate from high school with the skills for college and the experience of community service.

Community and national service programs, such as AmeriCorps, Peace Corps and the new Citizen Corps for homeland security, should enlist more Americans into full-time and part-time service. Workplaces should conduct civic audits to ensure their policies regularly enlist employees to serve in their communities. Houses of worship of different faiths should mobilize youth to serve in communities together, promoting both problem-solving and peace.

We must make congressional and other elections more competitive, by giving redistricting authority to neutral commissions and finding ways to increase citizen voices and decrease the influence of money.

These policy debates should occur with better data. The new Civic Health Index is a start in having good feedback measures with localized information. Given the challenges we now face, it is time to make civic health a greater national priority. For when that health is vibrant, opportunities for social mobility are higher, our communities and country are stronger, and our own lives are enriched.

John M. Bridgeland is CEO of Civic Enterprises and on the advisory board of the National Conference on Citizenship. Peter Levine is director of the Center for Information and Research on Civic Learning and Engagement at the University of Maryland. Both participated in the the National Conference on Citizenship's study, Broken Engagement: America's Civic Health Index.

Arabs Pressure Rice On U.S. Peace Efforts (WP)

By Robin Wright

The Washington Post, October 4, 2006

CAIRO, Oct. 3 -- The Bush administration's effort to foster a bloc of moderate Arab states to stand against growing militancy in the Middle East has come up against a brick wall, with several close U.S. allies bluntly telling Secretary of State Condoleezza Rice on Tuesday that they do not want to be pitted against other Arab governments and movements, according to senior Arab officials. The solution, the allies told Rice, lies with stronger U.S. leadership in solving the Arab-Israeli conflict.

During talks Tuesday in both Saudi Arabia and Egypt, Rice was confronted by friendly but firm pressure from eight Arab governments -- Egypt, Jordan, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain -- to follow up on promises by President Bush to help achieve a two-state solution in the dispute between Israel and the Palestinians. They also questioned whether the administration still has the energy or full commitment to pull off a solution to the Palestinian issue before Bush leaves office, officials said.

Arab officials also expressed frustration that the United States seems far more focused on the issue of Iran's nuclear program. Although Arab states share concern about Iran's nuclear potential, Rice and her Arab interlocutors sometimes seemed

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to be talking at cross-purposes, according to Arab officials involved in the talks in Cairo. One senior Arab official described the talks as warm but unproductive.

The new Arab pressure came on the same day as a global appeal by 135 former presidents, prime ministers and Nobel Peace Prize winners from the United States, Europe, Africa, the Middle East and Asia for a concerted international effort to solve the Arab-Israeli conflict. The U.S. signatories to the document, released by the Brussels-based International Crisis Group, included former president Jimmy Carter, ex-defense secretary Frank Carlucci, 9/11 Commission vice chairman Lee Hamilton and retired Gen. Wesley Clark.

After talks with Rice in Jiddah on Tuesday, the Saudi foreign minister, Prince Saud al-Faisal, called on the Bush administration to "restart" the peace process, warning that the issue had become like a disease that weakened the body's ability to deal with all other diseases.

"There is a very short step from extremism to terrorism. And ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized. . . . Therefore we think it's a core problem [that], if settled, would have beneficiaries on all the other core problems of the region," Faisal told reporters at a joint news conference with Rice.

After afternoon meetings in Cairo, Egyptian Foreign Minister Ahmed Aboul Gheit said foreign ministers from the eight Arab countries told Rice of the urgent need to push the peace process forward "as envisioned by President Bush. . . . After all this suffering, we must achieve it," he said at a joint news conference.

Rice is scheduled to fly to Israel on Wednesday for talks with the Palestinian Authority president, Mahmoud Abbas, and Israeli Prime Minister Ehud Olmert.

Rice appealed to the Palestinians on Tuesday to immediately end internal fighting that has killed a dozen people recently and threatened to unravel the troubled Palestinian Authority.

"Innocent Palestinians are caught in this violence and in this crossfire, and we call on all parties to stop. . . . The Palestinian people deserve calm," she told reporters at the news conference with Faisal.

Rice also called on the Palestinians' ruling party, Hamas, to accept negotiations with Israel as the only route to a political solution that will ensure peace. Hamas, which won an upset in January parliamentary elections, continues to balk at any political arrangement that involves recognizing Israel's right to exist.

At the news conference with Aboul Gheit in Cairo, Rice said she was pleased to hear ideas from Arab allies about how the United States might further support Abbas. But Arab officials said they are increasingly concerned that, since the cutoff of tax revenue by Israel and aid by foreign governments since Hamas formed a government, an already serious humanitarian problem has deepened.

Arab foreign ministers also made clear to Rice that they do not want a group of Arab states that she assembled last month at the U.N. General Assembly to be considered a formal bloc, Arab officials said. The group, referred to as the "GCC plus two," comprises the six oil-rich sheikdoms in the Arabian Peninsula, plus Egypt and Jordan.

On Iran, Aboul Gheit said the Arabs listened to Rice but did not agree to any statement or action.

Rice warned Tuesday that after weeks of diplomatic delays and Iranian stalling, time has run out for talks. The issue, she added, is no longer just Iran, but the United Nations' ability to deal effectively with global crises. "I hope that there is still room to resolve this, but the international community is running out of time because soon its own credibility . . . will be a matter of question," Rice said.

Rice is tentatively planning to meet with her European counterparts, possibly in London, at the end of her Middle East tour this week to agree on sanctions to impose on Iran; Security Council action could follow as early as next week.

The United States has not formally specified which sanctions it supports, although they are widely reported to include a travel ban on Iranian officials involved in the nuclear energy program and a ban on the sale of any technology and hardware that could be used for production of deadly weapons. U.S. officials have said the first actions would be mild but would be followed by tougher measures if Iran failed to comply.

Rice, In Mideast, Meets Skeptics (LAT)

By Paul Richter

DOJ_NMG_0074679

The Los Angeles Times, October 4, 2006

CAIRO — Secretary of State Condoleezza Rice, touring the Middle East in an attempt to build support for U.S. goals and allies, found herself Tuesday on the defensive about the Bush administration's search for partnerships and its efforts for democratic reform.

Meeting in Cairo with ministers of eight moderate Arab regimes, Rice was questioned on whether her desire to work with the countries masked an American desire to line up allies against the growing power of Iran.

The Egyptian foreign minister and dubious local media asked whether President Bush's campaign of democratic reform was nothing short of meddling by a country that doesn't accept election results it doesn't like.

Bush dispatched Rice to the Middle East at a time when, in the wake of the war in Lebanon, European and Arab countries, among others, are clamoring again for progress in the ArabIsraeli dispute. But as Rice arrived in Cairo on the second day of a weeklong trip, it was apparent that many in the region feared the effort was a veiled attempt to build a new "coalition of the willing" to stand up to Iran, like that employed in the U.S.-led invasion of Iraq in 2003.

Administration officials have faced tough questions in the region for some time. Still, the tone Tuesday was another sign that Washington confronts a stiffer challenge rebuilding ties in the aftermath of the war in Lebanon, which many here contend the American government was unwilling to stop.

Rice, in a meeting with the local media, insisted that "this is not a meeting or a coalition against anyone."

Ahmed Aboul Gheit, the Egyptian foreign minister, made clear his government's view that although Cairo had been a key target of U.S. efforts for democratic reform, it was capable of advancing at its own speed.

Aboul Gheit challenged Rice to stay in Egypt a month to witness for herself the country's eagerness for development.

"Not everything is done in haste … and not everything is done in one day," he said. "But we will move … we will be there."

Rice was asked at the evening news conference about widespread reports that the United States was secretly supporting the choice of Gamal Mubarak to succeed his father, longtime President Hosni Mubarak.

She insisted that the United States was not involved in the decision.

"It is absolutely going to be up to the people who is going to be the president of Egypt," Rice said.

The secretary of State said the administration's goal in funding nongovernmental programs for building democratic institutions was "not to interfere in choices Egyptians make, but to help civil society develop the capability to give Egyptians choices."

"The United States is going to stand for certain values," she said.

"We always have and we always will — and it is not a matter of interference in Egypt's internal affairs. How Egypt conducts its internal affairs will, of course, be up to Egyptians."

Reporters questioned whether U.S. aid to nongovernmental organizations wasn't actually interference.

Rice was also asked whether the United States did, indeed, favor democratic outcomes, considering that it had worked to halt aid to the Hamas-led Palestinian Authority government elected this year.

In response to another question, Rice made a slight change in the administration's vocabulary. She said she preferred "the future Middle East" to the phrase "the new Middle East," which has become controversial because it suggests U.S.-engineered change.

Bringing back an important word from Bush's 2000 election campaign, she said the United States intended to be "humble" in the way it encouraged countries to change.

During Rice's visit to Cairo and a stop Monday evening in Jidda, Saudi Arabia, it was clear that American allies in the region had greater ambitions for a renewed Israeli-Palestinian peace effort than the administration did.

U.S. officials have said that the most they hope for now is limited progress. Bush said last week that the United States did not intend to impose a settlement on the Palestinians and Israelis.

But Aboul Gheit and Saudi Foreign Minister Saud al Faisal made it clear that they wanted major steps to be taken swiftly to move the parties toward an eventual two-state solution.

"Ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized," Saud said.

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"Like a disease on the body, it calls for other diseases to attack that weakened body. And, therefore, we think it's a core problem."

Rice Calls For Hamas To Work With Abbas (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Tuesday the Hamas government cannot govern in the Palestinian territories and she urged the Islamic militants to moderate and cooperate with the secular president.

Rice also said the world's credibility is on the line in the nuclear standoff with Iran as U.N. diplomats declared last-ditch talks with Tehran a likely failure. She said the nations that could impose sanctions are unified, despite Russia's public misgivings Tuesday.

"The international community is running out of time because soon its own credibility in terms of enforcing its own resolutions will be a matter of question," Rice said midway through a Middle East tour.

Although she got a polite hearing from the United States' two most powerful friends in the Arab world, Rice also got a lecture. Saudi Arabia and Egypt both told Rice on Tuesday that the Middle East's many volatile conflicts are hinged to Israel's long conflict with the Palestinians.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. They argue that the festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

"The issue is how to make peace, and in order to make peace you have to identify the problem," Egyptian Foreign Minister Ahmed Aboul Gheit said during a sometimes strained news conference with Rice.

"We think and we claim and we keep telling everybody that it is the Palestinian problem, and the lack of a settlement for the Palestinians. The Palestinian problem is the scourge of this region," Gheit said.

Saudi Foreign Minister Saud al-Faisal likened the nearly 60-year-old conflict to a disease that weakens the body and invites further infection.

"Whenever there is an answer to question in justice and the rights of people are not responded to, it's a breeding ground for extremism," Saud said with Rice by his side in Jedda, Saudi Arabia. "There is a very short step from extremism to terrorism. And ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized."

Rice is in the Middle East this week seeking ways to strengthen Palestinian President Mahmoud Abbas in his standoff with Hamas radicals who control part of the Palestinian government. Rice was to meet with Abbas on Wednesday.

Rice's talks in Ramallah will be the administration's third meeting in less than three weeks with Abbas, whom President Bush called a "man of courage" for trying to revive Mideast peace talks.

Rice wants Saudi Arabia and Egypt to put greater diplomatic muscle behind the secular Palestinian president in his standoff with Hamas militants, and to bolster moderate secular governments in Lebanon and Iraq.

Rice met in Cairo with diplomats from Egypt and seven other Arab allies in hopes of reviving the moribund Arab-Israeli peace process and making headway on other regional issues. During that session the ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan gave broad support to Abbas, Rice said.

Her first appointment in Egypt was with the country's intelligence chief, seen as key to ongoing efforts to release an Israeli soldier captured in June by militants close to Hamas.

The top aide to Egyptian President Hosni Mubarak last week demanded that Hamas release the soldier, Cpl. Gilad Shalit, immediately.

Egypt is a longtime mediator among Palestinian factions and between Israel and the Palestinians, and its exasperation with Hamas may signal a turning point.

Israel wants to reopen dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

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Abbas retains his position as president but is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the U.S. and Israel are leery of the plan.

"Clearly, they cannot govern in a circumstance in which they cannot represent a responsible government before the international system," Rice said in Saudi Arabia. "I would hope that they would take up what I understand to have been many overtures" by Abbas.

The Bush administration and Israel are increasingly convinced Hamas eventually will crumble, and they look to Abbas to capitalize.

Blockade Of Gaza Could Be Eased By Rice Plans (FT)

By Harvey Morris

Financial Times, October 4, 2006

International observers could be deployed at the main cargo crossing point between Israel and the Gaza Strip as part of expected proposals by Condoleezza Rice, US secretary of state, to loosen the economic siege of the Palestinian territory, diplomats said.

Ms Rice was due in Jerusalem on Wednesday for separate talks with an Israeli government politically weakened by the war in Lebanon, and with officials of a Palestinian administration that risks disintegrating in an upsurge of factional violence.

In the face of political stagnation on both sides of the Israeli-Palestinian divide, US officials played down the prospect that she would bring any new initiative to restart the peace process. But western diplomats said she was expected to try to revive a moribund agreement on easing the movement of Palestinian goods and people. Ms Rice brokered the agreement last November, eventually overcoming Israeli objections in an extended round of frequently abrasive talks. But 11 months on, most elements of the deal have yet to be implemented.

In the intervening period, and particularly since Hamas won Palestinian elections in January, movement to and from the Gaza Strip has actually been more restricted than before Israel withdrew from the territory more than a year ago.

The Israeli authorities have frequently cited security concerns when ordering closure of crossing points, an argument that was reinforced by the kidnapping of an Israeli soldier on June 26 by Palestinian militants who tunnelled out from Gaza.

The negative impact of closures on Palestinian exports has exacerbated the economic decline brought on by Israeli and international financial measures against the Hamas government.

The only element of Ms Rice's November deal that was implemented was the deployment of unarmed European observers to monitor traffic at the Rafah crossing between Gaza and Egypt. Since the June kidnapping, however, Israel has forced the closure of Rafah for all but a few days.

Among the proposals Ms Rice was expected to bring with her this time was a plan to deploy international observers at the main Karni cargo crossing point between Gaza and Israel. It has also been closed for about a third of the time since the November agreement was an-nounced. Palestinian officials say the frequent closures of Karni cost Gazan farmers $400,000 a day during the 2005 harvest season. The measures have also hit Gaza's lucrative textile export trade.

Diplomats said that the US was unlikely to offer to supply its own forces and might appeal again to EU states that are already playing a central role in the expanded international presence in south Lebanon.

Foreign observers might also be deployed along the Egypt-Gaza border where Israeli officials say arms smuggling is out of control.

"After Lebanon, people are more interested in internationalising security in the region," said one diplomat.

There is growing concern in Arab capitals about the disintegrating social and political conditions in the Palestinian territories and the ammunition this is providing for extremists throughout the region. Egyptian officials argue that only when there is a more comprehensive framework for negotiations on substantive issues between the Israelis and Palestinians will it be possible to make progress on details.

Foreign ministers from eight US-allied Arab countries who met Ms Rice in Cairo on Tuesday had hoped to impress this on her but are themselves increasingly frustrated by the inflexibility of Hamas, with months of efforts by Cairo to negotiate the release

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of the kidnapped Israeli soldiers in return for the release of Palestinian prisoners so far achieving little. The meeting in Cairo appeared to break little new ground.

"The Palestinians need a government that can represent the interests of the Palestinians and can engage with the international community in accordance with the broad consensus for a two-state solution," Ms Rice said in a press conference with Ahmed Aboul Gheit, Egypt's foreign minister.

Rice Urges 2 Palestinian Groups To Halt Violence (NYT)

By Philip Shenon

The New York Times, October 4, 2006

CAIRO, Oct. 3 — Secretary of State Condoleezza Rice called Tuesday for an end to the new wave of bloodshed between Palestinian factions as she prepared to travel to the West Bank to support the Palestinian president, Mahmoud Abbas.

"Innocent Palestinians are caught in this violence, and we call on all parties to stop," Ms. Rice said. "The Palestinian people deserve calm."

In fighting on Sunday and Monday, at least 10 Palestinians were killed and more than 100 were wounded in some of the worst fighting in recent years between Hamas and Fatah, the two main Palestinian factions.

Gunmen linked to Mr. Abbas's secular Fatah movement suggested Tuesday that there would be more violence and threatened to kill three senior leaders of Hamas, the militant Islamic group that won the Palestinian elections in January.

The gunmen, Al Aksa Martyrs Brigades, accused Hamas leaders of "sedition" and said they would be killed so "these filthy people can be made an example."

Only scattered incidents of violence were reported Tuesday, and no casualties as of nightfall.

The week's violence appeared to complicate Secretary Rice's campaign this week to drum up support among Arab nations for Mr. Abbas in his struggle to form a unity government with Hamas that could be recognized by the United States.

The Bush administration has said that it would resume financial aid to the Palestinian Authority only if a Hamas-run government agreed to recognize the right of Israel to exist and to forswear violence.

Hamas rejects the conditions.

The Palestinian prime minister, Ismail Haniya of Hamas, called Tuesday for Arab nations not to support American policy in the Middle East, telling reporters in the Gaza Strip, "It looks like Ms. Rice is adopting the old law — divide and conquer."

Secretary Rice began her latest Middle East trip with a stop on Monday in Jidda, Saudi Arabia, to meet with King Abdullah, before traveling to Cairo for a gathering of Arab counterparts. She is to leave Wednesday to see Mr. Abbas on the West Bank and to meet in Israel with Prime Minister Ehud Olmert.

She has discussed an array of issues with Arab leaders, including the violence in Iraq and mounting concerns over Iran's refusal to curtail its nuclear program. But she suggested at a news conference in Jidda that the trip would be centered on efforts to end the political and financial turmoil in the Palestinian territories, in large part by pressing Hamas to moderate its views toward Israel and to renounce violence.

"Clearly, Hamas cannot govern in a circumstance in which they cannot represent a responsible government before the international system," Ms. Rice said, adding that she hoped the group's leaders "would take up what I understand to have been many overtures" by Mr. Abbas.

She described the Palestinian Authority president as a "man who is committed to the agreements that the Palestinians have signed over the last decade or so."

In Cairo, Ms. Rice's first appointment was with officials of the Egyptian intelligence services who have been involved in negotiations for release of an Israeli soldier who was captured in June by militants linked to Hamas. The Egyptian government has called for the soldier, Corp. Gilad Shalit, to be freed.

State Department officials traveling with Secretary Rice said she was looking for modest if concrete methods of easing financial pressures on Mr. Abbas's government, which found itself cut off from American and other Western aid after the Hamas victory in January.

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Secretary Rice said in Jidda that she hoped the Israelis would lift some travel restrictions now placed on Palestinians "because the economic situation in the territories is, of course, made very much worse if there is not the ability to move through some of the crossings."

Palestinian Rivals On Brink Of Civil War, Abbas Aide Says (WT)

By Joshua Mitnick

The Washington Times, October 4, 2006

RAMALLAH, West Bank -- Armed Palestinian factions are just "centimeters" away from civil war, a top aide to President Mahmoud Abbas said yesterday after two days of deadly factional fighting.

The violence, the worst since the West Bank and Gaza Strip won autonomy 12 years ago, has raged as Mr. Abbas' Fatah party and the militant Hamas movement, which controls the Palestinian government, have struggled to agree on a unity government that can end a crippling international aid freeze.

"If we don't reach a political solution, we are headed toward a civil war," Nabil Amr, a communications adviser to Mr. Abbas, said in an interview. "It could happen at any time."

Each side blames the other for the fighting that has left 12 Palestinians dead and more than 100 wounded since Sunday. No new injuries were reported yesterday, but the Al Aqsa Martyrs Brigade, a Fatah militia, threatened to kill Hamas Interior Minister Saeed Seyam and Damascus-based Hamas political leader Khaled Meshal.

Secretary of State Condoleezza Rice, meeting with Arab leaders in Cairo, appealed for an end to the fighting. "Innocent Palestinians are caught in the crossfire and we call on all parties to stop," she said. "The Palestinians deserve calm."

The violence has filled a vacuum left by government paralysis and the failure of the parties to agree on a government program that would meet international conditions for the restoration of aid -- recognition of Israel, a renunciation of violence and agreement to honor past agreements with Israel.

Mr. Amr said he opposed a unity government because of the differences between Hamas and Fatah over whether to recognize Israel and conduct peace talks. He proposed alternative solutions to the crisis, such as new elections or the formation of a Cabinet made up of political independents and technocrats.

"Yesterday a red line was crossed, but they retreated," Mr. Amr said of Monday's fighting. "I am afraid that without a political solution, more groups will cross the red line. Gaza isn't just chaos. It's a big storehouse of weapons. Each family has its own militia and its own organization."

Fatah leaders accused Mr. Seyam, the interior minister, of ordering Hamas gunmen to fire on a group of protesters in the Gaza community of Khan Younis. The Gaza clashes spread to the West Bank, where Hamas-controlled government offices were torched and the bodyguards of the deputy parliament speaker was fired upon.

Since Hamas took over the government after elections in January, gunmen from its military wing have sparred with Fatah security services. The atmosphere deteriorated further because of the economic boycott, which left the Palestinian Authority unable to pay the salaries of policemen and other public servants.

Sheik Yazeeb Khader, editor of the Hamas newspaper Mumbar el-Islah, said he and other editors had kept a low profile in recent days for fear of new clashes. As he crunched across the shards of glass that littered the floor of a Hamas political office in Ramallah, he claimed the windows had been smashed over the weekend by vandals acting with the approval of the Fatah-controlled security services.

Ultimately, he said, Mr. Abbas should be held responsible.

"This took place under the eyes of the security agencies," he said as he flipped through pictures taken by a Palestinian journalist showing a policeman standing alongside Fatah militants as they burned government buildings.

"The government didn't fail. The government was made to fail and the presidency participated" in the failure, he said.

Even so, Mr. Khader said, Hamas prefers a unity government with Fatah. But he insisted that Hamas would prevail over Fatah in any new election.

A recent poll by the Jerusalem Media and Communications Center showed a statistical dead heat between the parties. The same survey indicated that Prime Minister Ismail Haniyeh of Hamas was perceived as more trustworthy than Mr. Abbas.

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The Ha'aretz newspaper reported yesterday that mediators from Qatar had suggested that the parties form a unity government that would be headed by an independent prime minister.

Hamas PM Vows To Prevent Civil War (AFP)

By Sakher Abu El Oun

AFP, October 4, 2006

Prime minister Ismail Haniya has vowed that his Hamas-led government would not let Palestinians slide into civil war following the deadliest bout of internecine fighting since he took office.

Ten Palestinians were killed and more than 100 wounded in two days of clashes between supporters of Haniya's ruling Islamist movement and the rival Fatah party, concentrated in the Gaza Strip and the flashpoint West Bank.

Compounding the tension, an armed group affiliated to Fatah threatened to kill Hamas leaders, blaming the hardline faction for violence unprecedented since the Islamists took power after a landslide election win in January.

"We are against internal clashes," Haniya told a cabinet meeting in Gaza City Tuesday. "We cannot allow a civil war to erupt, but this question is the responsibility of everyone."

The embattled premier was speaking just hours after a radical group linked to Palestinian president Mahmud Abbas's Fatah issued a vitriolic statement, threatening to kill leaders in his Hamas party.

The Al-Aqsa Martyrs' Brigades pointed the finger at Hamas's powerful exiled political supremo in Damascus, Khaled Meshaal, Gaza-based interior minister Said Siam and chief of the group's paramilitary force in Gaza, Yussef al-Zahar.

"In this statement, the Al-Aqsa Martyrs' Brigades declare loud and clear the decision of the people and the revolution to condemn to death the head of the discord Khaled Meshaal, as well as Said Siam and Yussef al-Zahar," it said.

"We will charge ourselves with executing this sentence so that these scoundrels serve as an example to all those who dare spill Palestinian blood."

Hamas reacted immediately, accusing Fatah of sowing discord and poisoning the atmosphere.

"We are speaking about a seditious current in the heart of Fatah that searches to sow discord and poison the atmosphere in order to realize personal aims," said MP Mushir al-Masri.

On Tuesday, some 100 security forces loyal to Fatah blocked the Gaza Strip's main highway with vehicles and burning tyres, but a paramilitary controlled by the Hamas government did not intervene.

The two days of violence erupted on Sunday, when the Hamas paramilitary force tried to stop the mainstream security forces from blocking roads in Gaza as part of their demonstrations against non-payment of salaries.

Hamas has been unable to pay any full public service salaries since taking power in March owing to an international aid boycott stemming from its refusal to recognise Israel, renounce violence and abide by past agreements.

In the northern village of Azzun, in the occupied West Bank, a car belonging to a Hamas member was set alight and gunmen opened fire on a house belonging to another official of the party.

Further north in Nablus, suspected Fatah loyalists burnt two buses operated for a Hamas-run school and opened fire on the car of a university lecturer close to the ruling party.

On the eve of a visit to Israel and the West Bank by US Secretary of State Condoleezza Rice, Haniya lashed out at her regional tour.

"It is clear that Condoleezza Rice is resorting to the old policy of divide and rule," he told the cabinet.

"We urge all the brother Arab countries not to bow to the American plans and aspirations of the American administration to carve up the region," he added.

In Saudi Arabia, Rice called for "moderate forces" to be helped at the expense of "extremist forces", called for a halt to the Palestinian violence and for the creation of a unity government that would abide by Western demands.

Political talks between Fatah and Hamas on forming such a government have stalled over Hamas's hardline stance despite an initial agreement last month between Abbas and Haniya on a political platform.

The fighting brought a plea from the Arab League for an end to what an official called the "Palestinian madness."

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Mohammed Subeih, assistant secretary general for Palestinian affairs, said in Cairo: "Let us leave the killing, aggression and destruction to Israel, because that is enough for the Palestinian people."

He urged an end to the fighting, otherwise the Arab League would not be able to "speak to the world on behalf of the Palestinians."

Fatah Militia Threatens Hamas Leaders (AP)

By Ibrahim Barzak

AP, October 4, 2006

Gunmen linked to Palestinian President Mahmoud Abbas' Fatah movement threatened Tuesday to assassinate leaders of the rival Hamas group — heightening tensions from three days of fighting that has killed 10 Palestinians.

The violence, the worst since Hamas took office in March, heightened fears of a full-scale civil war. The fighting came after efforts broke down last week to bring Fatah into the government.

Abbas, who had hoped a broader and more moderate coalition would end an international boycott of the Hamas government, is running out of options to end the crisis created by the aid cutoff.

Abbas had considered calling early elections, but polls indicate Fatah would tie with Hamas. Also, a poll published Tuesday showed voters consider Abbas less trustworthy than Prime Minister Ismail Haniyeh of Hamas.

The U.S. and moderate Arab states were making a new push to revive Israeli-Palestinian peace talks. U.S. Secretary of State Condoleezza Rice and the foreign minister of Bahrain, Shaikh Khalid Bin Ahmed Al-Khalifa, were to hold separate talks with Abbas on Wednesday.

The threat to kill Hamas leaders came in a statement by the Al Aqsa Martyrs' Brigades, a violent Fatah offshoot. A caller reading from the statement told The Associated Press that Al Aqsa would try to assassinate Interior Minister Said Siyam, Hamas militia chief Youssef Zahar and the group's supreme leader in exile, Khaled Mashaal.

"We are going to implement the rule of the people and the revolution by executing the heads of this seditious group," the caller said. Al-Aqsa confirmed the authenticity of the statement when contacted by the AP.

The latest round of fighting began Sunday, when Hamas militiamen used beatings and gunfire to put down protests by civil servants and members of the security forces who demanded payment of salaries.

The confrontations triggered armed clashes over the weekend between the 3,500-strong Hamas militia and the Fatah-dominated security forces. In all, 10 people were killed and more than 100 wounded.

The violence also spread to the West Bank, where Fatah militants torched the Cabinet building in Ramallah and trashed Hamas offices.

On Monday, Fatah militants shot at bodyguards of Deputy Prime Minister Nasser Shaer of Hamas as they rode in a government car, injuring two of them. Shaer was not present during the attack. Hospital officials said a Fatah militant also was injured.

The Palestinian Authority's 165,000 government employees have largely gone unpaid for seven months because of the international aid freeze. Many of the civil servants have been on strike for the past month, though compliance in schools has been spotty, particularly in Gaza.

On Tuesday, Fatah gunmen closed several schools in central Gaza by force. The gunmen also blocked a major intersection, shouting "Down, down with Hamas!" burning tires and garbage and shooting in the air.

Ghazi Hamad, a spokesman for the Hamas government, called for a new effort to establish a national unity government with Fatah, but also condemned the civil servants' strike.

"I know there is suffering and there is a big problem," Hamad told Israel Radio, speaking in Hebrew. "When there is a strike you don't go to work but you don't cause problems and riots all the time. This is not acceptable to us."

Palestinian Poll Shows Fatah-Hamas Close (AP)

AP, October 4, 2006

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The Fatah movement of Palestinian President Mahmoud Abbas is tied with the Islamic militant Hamas in voter support, according to a poll published Tuesday, undercutting hopes by Palestinian moderates that Fatah could oust Hamas if new elections were held.

As one of several options, Abbas is considering calling early elections, both for president and parliament, but Tuesday's poll and other recent surveys indicate there is no guarantee voters would return Fatah to power.

Also, previous polls have understated support for Hamas. Before Hamas won a January parliamentary election by a wide margin, polls showed Fatah leading, and even exit polls on election day forecast a Fatah victory.

Abbas' party controlled Palestinian politics for four decades and was forced out in January amid growing anger over official corruption and mismanagement. Support for Hamas remains steady, even though many Palestinians have been plunged deeper into poverty because of an international aid boycott of the Hamas government.

The face-to-face poll among 1,200 Palestinians also indicated that Palestinians consider Prime Minister Ismail Haniyeh of Hamas more trustworthy than Abbas, by 19 percent to 14 percent.

The survey was conducted by the Jerusalem Media and Communications Center Sept. 19-22, before a new round of deadly internal violence erupted this weekend. At the time of the survey, Hamas and Fatah were negotiating the formation of a national unity government, but the talks have since broken down.

In the survey, 56 percent said a national unity government was the best way out of the current crisis. If an election were held today, Fatah would get 32 percent of the vote, compared with 30 percent for Hamas.

The poll has an error margin of 3 percentage points.

More than half said they oppose attacks on Israel and 47 percent said they support a two-state solution to the Israeli-Palestinian conflict.

Reach Out To The Red Zone (WP)

By David Ignatius

The Washington Post, October 4, 2006

Secretary of State Condoleezza Rice is in the Middle East this week, trying to bolster America's allies to confront an enemies list that includes Iran, Syria, Hezbollah, Hamas and the all-party anarchy in Iraq. My worry is that Rice is becoming a traveling version of Baghdad's Green Zone, talking about hopeful strategies that are disconnected from events on the ground.

The focus of Rice's trip is to talk with moderate Arab governments -- Egypt, Jordan, Saudi Arabia and other Persian Gulf states -- about how to form a united front against Iranian-backed extremism. This mission of containing Iran has become increasingly urgent because of growing signs that Iran is resisting a diplomatic compromise over its nuclear program. In recent weeks, European diplomats have offered various formulas to finesse the West's demand that Iran suspend uranium enrichment as a precondition for talks, but so far the mullahs in Tehran haven't budged.

Talking to your allies is always a good idea, but consider the parties Rice isn't engaging on this trip: Syria, Hamas, Hezbollah and Iran -- the sources of the trouble. The idea of traveling to a Middle East in crisis and talking only to your friends is, I'm sorry to say, the equivalent of meeting Iraqi leaders in the protected Green Zone and imagining that you are thereby stopping the brutal killing out in the "Red Zone," which is the term U.S. officials in Baghdad have been using to refer to the real world.

U.S. officials talk hopefully about how the recent war in Lebanon "clarified the fissures" in the region and encouraged the moderate Arab states to finally take decisive action to curb Iran and its allies. They hope the squeeze on the Hamas government will embolden Palestinians to embrace the moderate leadership of President Mahmoud Abbas and resume negotiations with Israel. To which a cynic would respond: Are you kidding? This is the Middle East.

The lesson for Rice should have been clear after the war in Lebanon: Left to themselves, our moderate Arab allies will make the deals that are necessary for their survival. They will quietly cheer for America in Iraq and Israel against Hezbollah -- until it's clear that the extremists are winning. Then, for self-protection, they will lean in the other direction. I'm told that Sunni women from Bedouin tribes in Jordan were carrying amulets of the Shiite militia leader Hasan Nasrallah at a wedding in Amman last week. That's a small sign of which way the wind is blowing.

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America needs to break out of its diplomatic Green Zone, or it will become a prisoner of events beyond its control. What's needed is aggressive, innovative policy that, to use a favorite Israeli term, "creates new facts on the ground." To me, that means a process of engagement -- especially now, when the mullahs in Tehran and their allies in Damascus and Beirut seem so afraid of it.

We should send an ambassador back to Damascus, tomorrow. We should encourage the widest possible contacts with Iran, leading to an eventual resumption of diplomatic ties. We should treat reconstruction of postwar Lebanon with the urgency we should have applied to postwar Iraq. We should deepen our contacts with a Lebanese government that includes two Hezbollah ministers. We should designate a special presidential envoy for the Middle East -- the obvious choices would be former secretary of state James A. Baker III or former president Bill Clinton.

Absent more aggressive action, the situation will keep slipping away from the United States, day by day. Iraq shows the price of the Green Zone mentality. Prime Minister Nouri al-Maliki says all the right things about a "government of national unity," but every night dozens more bodies are dumped in the streets. Tragically, Maliki can't connect his upbeat unity talk with reality. A good example of the disconnect is the fundamental economic issue of oil: Maliki's central government has been stalled working out the details for sharing Iraq's potentially massive oil revenue. Meanwhile, the regional government in Kurdistan is about to sign new oil drilling agreements with three companies, including one in the United States, with more deals pending. The Kurds' argument is simple: The Green Zone government is a fiction. It's time to move on our own.

To escape a traveling Green Zone mentality in the Middle East, Rice needs to create a process for engaging America's friends and adversaries. This is not a time for holding back, for testing the waters, for "staying the course" of current diplomacy. If we keep doing what we have been doing, we will keep getting what we've got -- which is a mess.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues at www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

US And UK Warn Of Fresh Iran Sanctions Drive (FT)

By Roula Khalaf

Financial Times, October 4, 2006

Renewed tensions over Iran's nuclear programme emerged on Tuesday as the US and Britain warned that world powers would return to the United Nations Security Council to consider targeted sanctions against Tehran.

Speaking in Cairo after meeting foreign ministers from eight Arab states, Condoleezza Rice, US secretary of state, said she feared Iran's latest proposals on enriching uranium abroad were a stalling technique.

"I hope there is still room to resolve this," she said, "but the international community is running out of time, because soon its credibility will be in question."

A senior British official said preparations for a new UN resolution had intensified after Iran informed Javier Solana, European Union foreign policy chief, that it would not abide by UN demands for a suspension of uranium enrichment, the most sensitive part of the nuclear programme. But talks at the UN are likely to be difficult, given the reluctance of Russia and China to take a confrontational approach.

To maintain an international consensus, the British official said the strategy at the UN would be incremental, with the first sanctions targeting Iran's procurement of materials for the country's nuclear and ballistic missiles programmes – a measure limited in scope.

The Security Council had set an August 31 deadline for Tehran to suspend uranium enrichment or face sanctions.

The five permanent council members plus Germany had also offered Iran a set of economic and political incentives if it agreed to the suspension.

Mr Solana had been holding talks with Ali Larijani, Iran's top security official, on a temporary suspension that would pave the way for formal negotiations on the six-nation package. These meetings had lowered tensions and helped ease pressure on oil markets.

But Mr Solana told world powers at the weekend Iran was not prepared to suspend uranium enrichment, according to the British official.

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On Tuesday, after speaking to Mr Larijani, Mr Solana referred to his discussion as constructive but without yielding a breakthrough.

Attempts to talk Iran into a uranium suspension will not be broken off. Igor Ivanov, secretary of the Russian president's security council, held meetings in Tehran on Tuesday. But the US and European powers will now put more emphasis into UN action.

Ms Rice said failing to win Iranian agreement on suspension left the international community with sanctions as the only choice.

Iran's regime appears confident it can weather the impact of sanctions and often hints it can retaliate against the west.

U.S. May Back Iran On Nuke Alliance (WT)

By Nicholas Kralev

The Washington Times, October 4, 2006

CAIRO -- The United States is willing to consider setting up an international consortium to help Iran's nuclear program, but Tehran must suspend enriching uranium before any discussions can take place, Secretary of State Condoleezza Rice said yesterday.

Miss Rice expressed skepticism about a new Iranian idea about French investment in its nuclear activities, saying it may be a stalling tactic to delay possible U.N. sanctions, which Washington is prepared to push for as early as next week.

"There is a consortium idea that the United States supports, which is the joint venture that Russia has proposed," she said, adding that there cannot be enrichment and reprocessing activity on Iranian soil.

"The issue here is that Iran should not be in a position to acquire the technical expertise to enrich and reprocess, which is the most important step to knowing how to develop a nuclear weapon," the secretary told reporters during a visit to Egypt.

The idea Iran floated yesterday would allow it to enrich uranium in its territory. Tehran faces sanctions if it does not agree to suspend such activity by the end of the week.

"To be able to arrive at a solution, we have just had an idea. We propose that France create a consortium for the production in Iran of enriched uranium," Mohammad Saeedi, deputy chief of Iran's Atomic Energy Organization, told France Info radio.

"That way France, through the companies Eurodif and Areva, could control in a tangible way our enrichment activities," he said, referring to a branch of a French state-controlled nuclear manufacturer created in part with Iranian backing in the 1970s.

Miss Rice, who is trying to build an anti-Iran coalition in the Middle East, raised the nuclear issue with foreign ministers of Egypt, Jordan and six Persian Gulf countries last night. Diplomats said the Arab participants in the meeting chose only to listen to her and say nothing.

"If the Iranians have ideas about how to come to [an] agreement about what they may be able to do in a civil nuclear program, the way to propose this is to suspend enrichment and reprocessing ... and then to come to the table with their ideas," the secretary said.

"But I fear that this may instead ... be a stalling technique because [they] don't want to get to the basic issue, which is that Iran has to suspend its enrichment and reprocessing in order to begin negotiations," she said.

French officials were skeptical about Tehran's consortium proposal. Foreign Ministry spokesman Jean-Baptiste Mattei said in Paris that he was surprised by the idea, which he called "totally new for us."

Javier Solana, the European Union's foreign policy chief, said the idea of a consortium has long been discussed in his talks with Iran's top nuclear negotiator, Ali Larijani.

"It's an interesting thing, but it's difficult to put it in place," Mr. Solana said during a meeting of EU defense ministers in Finland.

R. Nicholas Burns, undersecretary of state for political affairs, told The Washington Times on Monday that the Bush administration is confident that Russia and China will join it in pushing for sanctions against Iran if it does not agree to suspend enriching uranium this week.

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"For four months now, we've been waiting for an answer," Mr. Burns said. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

Iran's Proposal To End Nuclear Standoff Is Rejected By The West (NYT)

By Elaine Sciolino

The New York Times, October 4, 2006

PARIS, Oct. 3 — Iran has proposed that France organize and monitor the production of enriched uranium inside Iran, complicating negotiations over the fate of its nuclear program.

The United States, France and Britain rejected the proposal on Tuesday, saying it was a stalling tactic and fell far short of the United Nations Security Council's demand that Iran freeze all uranium enrichment and reprocessing activities.

The proposal, made by Mohammad Saeidi, the deputy director of the Atomic Energy Organization of Iran, was presented as a sign of flexibility in negotiations between Iran and six world powers represented by the European Union.

"In order to reach a solution, we've just had an idea: we propose that France create a consortium for the production in Iran of enriched uranium," Mr. Saeidi said in an interview in Tehran with France Info radio that was broadcast Tuesday.

A senior French official on Tuesday said: "This is totally excluded. There is nothing substantive behind it. This is not the first time the Iranians have tried to divide the international community."

Another senior European official — who, like the first, spoke on condition of anonymity under diplomatic rules — said that proposal "seemed to have the intention of distracting."

The United States, meanwhile, is giving Iran until the end of the week to declare whether it will agree to fully stop making enriched uranium or face sanctions. Enriched uranium can be used to make energy or to fuel weapons, and Washington has consistently taken the position that any uranium enrichment on Iranian soil is out of the question because it could give Iran the ability to master the nuclear fuel cycle.

Secretary of State Condoleezza Rice and the foreign ministers of the other five governments involved in the negotiations with Iran — Britain, France, Russia, China and Germany — have discussed the possibility of meeting in London on Friday to plot a strategy for the next steps, officials said.

While at a meeting of Arab foreign ministers in Cairo on Tuesday, Ms. Rice told reporters that there was nothing new in the Iranian proposal, and that it continued to fall far short of international demands.

"The Iranians have floated it before," she said, suggesting that the United States would reject any proposal that allowed Iran to enrich and reprocess uranium on its own soil. "This may be a stalling technique."

The Iranian proposal, which has been rejected by Iran's negotiating partners in the past, comes as Iran has hardened its position in negotiations between Ali Larijani, its chief nuclear negotiator, and Javier Solana, the European Union foreign policy chief.

Mr. Solana reported to the six governments in recent days that Mr. Larijani rejected the calls to halt key nuclear activities even though Iran could face sanctions by the Security Council, three senior European officials said.

Instead, in meetings in Berlin with Mr. Solana last week, Mr. Larijani floated the idea of the creation of an international consortium to administer Iran's production of enriched uranium. He did not mention France as the central player, the officials said.

In what was widely perceived as a stalling tactic, Mr. Larijani also spent much of his time in recent conversations with Mr. Solana, airing Iran's historical grievances against the rest of the world.

Specifically, Mr. Larijani told Mr. Solana that Iran's current enrichment activities would have to continue, and that Iran would consider only a temporary halt to the expansion of its uranium enrichment program, the officials added.

The six powers, through Mr. Solana, had been trying to persuade the Iranians to accept a three-month halt on all uranium enrichment activities at their vast plant at Natanz and on construction at the plutonium plant at Arak, the European officials said. Uranium conversion, an earlier stage of processing, would have been allowed to continue at the Isfahan plant.

These officials also spoke on condition of anonymity under normal rules of diplomacy.

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There is also increasing frustration among European governments with Mr. Solana for presenting the results of his talks in too positive a light, several European officials said.

Mr. Solana has acknowledged the lack of progress on substantive issues, telling reporters in Finland on Monday, “The fundamental matter of suspension has not been agreed.” But he has repeatedly pointed to “progress” on peripheral issues, like where and when further negotiations with the six governments would take place.

On Tuesday, Mr. Solana appeared to keep the door open to Iran’s new proposal, describing it as “interesting,” and adding, “This is something we have to analyze in greater detail.”

In the radio interview, Mr. Saeidi proposed that Iran’s uranium enrichment activities would be monitored “in a tangible way” by Eurodif, a multinational enrichment consortium based in France, and by Areva, the France-based nuclear energy giant and majority shareholder in Eurodif.

Eighty-seven percent of Areva is held by French governmental institutions, and the company has vast interests in the United States ($1.8 billion in earnings in America in 2005) that it may not want to jeopardize by seeming to negotiate with Iran.

Can Rice Rally Mideast Against Iran? (CSM)

By Dan Murphy

The Christian Science Monitor, October 4, 2006

CAIRO

Secretary of State Condoleezza Rice is in the Middle East this week seeking to build a network of support for what she calls "emerging moderate forces" (i.e. Iraq, the Palestinian Fatah Party, Saudi Arabia, and Egypt) against "extremist" ones that are opposed to US interests.

The No. 1 extremist Ms. Rice intends to to counter, say analysts, is Iranian President Mahmoud Ahmadinejad. This trip comes at a time when an oil-flush, potentially nuclear Iran has growing clout in the region, particularly among armed Shiite groups in Lebanon and Iraq.

Ms. Rice is seeking to tap a deep, historical concern among Sunni Arab countries wary of Shiite Iran, with the aim of building a counterweight to Iran's influence.

"The US sees Iran now as the source of destabilization in the Middle East and because there are fears among the Arab countries that Iran also possess a threat this gives the US a chance to form a coalition against Iran and against all its allies, like Syria, like Hizbullah, like Hamas," says Hassan Nafai, chair of the political science department at Cairo University.

Rice's public statements so far have given more time to shoring up the secular Lebanese and Palestinian leaders, ending Iraq's insurgency, and disarming Hizbullah in Lebanon than to Iran. But the confrontation with the Shiite state seems to be at the top of the agenda, and in many ways sits at the center of America's concerns in the region.

Hizbullah is seen by the US as an Iranian proxy that could harass Israel if the nuclear dispute with Iran moves to open conflict; disorder in Iraq is seen as serving Iranian interests by tying up US forces and creating the possibility that the country's Shiites could rise up against US forces in support of their coreligionists; and Hamas, too, is seen by America as a threat to speed attacks against Israel in the event of war.

But Washington's conviction that Iran is seeking nuclear weapons (Iran insists its nuclear program is for peaceful purposes only) trumps all other concerns.

Rice said in Saudi Arabia Tuesday that Germany and the five permanent members of the UN Security Council would meet soon on Iran, and indicated the US will press for sanctions if Iran doesn't suspend its uranium-enrichment program. Enriched uranium can be used for either nuclear power plants or bombs.

Rice is meeting foreign officials from eight Sunni Arab nations on the trip, before meeting with Israeli and Palestinian officials later in the week, who all fear the implications of an Iranian nuclear bomb but are also worried about the consequences of an armed confrontation over the issue, since it is likely to inflame popular public sentiments against their own regimes.

Tuesday, Rice flew from Saudi Arabia to Egypt, where she met privately with Egyptian intelligence chief Omar Suleiman, who has been working on reconciling Palestine's warring factions.

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"Expectations have to be kind of low on this trip. There are not going to be any major policy breakthroughs, either on the peace process or on Iran," says Josh Stacher, a lecturer at the British University in Cairo. "For Rice this is mostly a bit of a listening trip, finding out what allies want in the lead-up to building a coalition to go after Iran, be that sanctions, or military strikes, or further diplomacy."

Mr. Stacher says that while all eight of the Arab governments are eager to limit the possibilities Iran could go nuclear - particularly Saudi Arabia, which has feared Shiite expansionism since Iran's Islamic revolution - they will be urging the US against military action because of potential blow-back against their own regimes, none of which are democratic and six of which are monarchies.

Mr. Nafai agrees, and says that while the US might get fairly tepid support for sanctions against Iran, he doesn't see an eventual Arab coalition backing military action, largely because of the unresolved conflict over the Palestinian territories. "As long as the US continues to support unconditionally Israel's policies in the region and is not trying to seriously help find a settlement it will be almost impossible to form a strong coalition."

The recent confrontation between the Shiite Hizbullah and Israel boosted the regional popularity of Mr. Ahmadinejad, who supports Hizbullah, and hurt the standings of regimes like Egypt and Saudi Arabia because they were seen by their people as insufficiently condemning Israel's strikes inside Lebanon.

Rice has also adopted a new rhetorical approach on this trip, in which America's allies in the region are cast as moderates, and its enemies as extremists, something she said was demonstrated by the war in Lebanon.

"When Lebanon happened ... [we] got in very stark relief a clear indication that there are extremist forces and moderate forces" in the region, she told reporters. "The countries that we are meeting ... is a group that you would expect to support the emerging moderate forces in Lebanon, in Iraq, and in the Palestinian territories."

"The President isn't going to stop pressing for democracy because he believes that ultimately it's the force that will stabilize the Middle East most," Rice said. "But it does not mean that even if states ... are not yet transformed to democracy that we're not going to have relations with them and that we're not going to work together to resist extremist forces in the region."

Stacher says her comments at the start of her trip make the current administration policy on the region look similar to those of past administrations, when the stability and support of allies was more important than promoting change. "The Bush administration has redesigned policy toward the region. Nondemocratic states that are friendly are being painted as moderates and unfriendly undemocratic states are being branded as extremists. The rhetoric is about to reflect reality"

None of the Arab countries Rice is talking to on this trip - Egypt, Jordan, Saudi Arabia, Qatar, Bahrain, the United Arab Emirates, Kuwait, and Oman - are democracies, and most severely limit free speech and political organization.

For many Arabs, says Nafai, ongoing US support for these "despotic" regimes means the promises of President Bush to promote democracy aren't believed, and residents of these countries end up more inclined to support US enemies.

Diplomats: Iran Nuke Stance Hurts Talks (AP)

By George Jahn

AP, October 3, 2006

Iran's refusal to freeze uranium enrichment has sabotaged talks meant to defuse the standoff over its nuclear program, opening the way for the U.N. Security Council to start considering sanctions next week, senior U.N. diplomats said Tuesday.

The diplomats spoke on condition of anonymity, citing agreement not to publicly pronounce the talks dead before a final attempt by European Union envoy Javier Solana and Ali Larijani, Tehran's chief nuclear negotiator, to bridge differences in a phone call scheduled for Wednesday.

But with both sides standing firm, "the talks are considered a failure," even in key European capitals that had favored negotiations over U.N. sanctions, said one of the diplomats, adding the Larijani-Solana phone call could focus on nothing more than how to publicly acknowledge that the discussions had failed.

John Bolton, the U.S. ambassador to the United Nations, told The Associated Press: "It's only a very short time before we'll be seeking sanctions," unless Iran complies with international demands to suspend enrichment. And, he added, "there is not a single sign that they're prepared to give up" the activity, which can be used to make fissile material to arm nuclear warheads.

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Beginning Sept. 9, the EU-Iran talks had been billed as a final attempt to head off a confrontation between Tehran and the Security Council, after Iran ignored an Aug. 31 deadline to suspend enrichment or face punishment. Two diplomats familiar with several rounds of negotiations between EU envoy and Larijani told the AP that the prospect of an up to three-month enrichment freeze was floated, and both men until recently spoke of progress in resolving the impasse.

But on Tuesday, another diplomat said Larijani — considered a moderate — told Solana he had been unable to sell the concept of even a limited enrichment freeze to the more hard-line leadership in Tehran. Iranian President Mahmoud Ahmadinejad had said as much during the weekend, telling professors at Tehran University that Iran would not suspend enrichment for a single day.

Wednesday's planned Larijani-Solana phone call is to be followed by a meeting Friday in London by the foreign ministers of the five Security Council nations and Germany or their senior representatives.

Those countries spearheaded the latest effort to persuade Tehran to renounce enrichment by offering it a package of economic and political rewards if it cooperated — and dangling the prospect of punitive action by the Security Council if it did not.

Then, the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran turn course. One of the diplomats said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first step, to be followed by others, including travel bans on Iranian officials and the freezing of their assets.

While relatively mild, such punishments are meant to maintain council unity in the face of opposition to any sanctions from Russia and China, the other two permanent Security Council members.

The diplomats offered conflicting opinions on how Russia would respond, but both agreed China remained skeptical about using such punishment to rein in Iran.

Moscow and Beijing are Tehran's economic partners and have been traditionally opposed to sanctions, fearing they could ultimately lead to the council's most potent weapon — the threat of military action.

In refusing to give up enrichment, the oil-rich nation says it has a right to nuclear technology as an alternate means of generating power. But Bolton on Tuesday dismissed that argument.

"They've been throwing sand into the eyes of the people concerned about their weapons program for three years now" — he said, alluding to the more than three-year investigation by the International Atomic Energy Agency into suspicious nuclear activities. While the agency says it has found no direct proof that Iran has a secret weapons program, its worrying findings — including revelations of secret plutonium experiments by Tehran and its possession of a diagram showing how to mold weapons-grade uranium into the shape of nuclear warheads, has increased suspicions.

In an attempt to ease the pressure, a top Iranian official on Tuesday revived a proposal of foreign oversight on its enrichment activities. Mohammad Saeedi, deputy chief of Iran's Atomic Energy Organization, suggested that France create a consortium to enrich uranium in Iran.

Georges Le Guelte, a nuclear expert at France's Institute for International and Strategic Research, called Saeedi's announcement "a diversion tactic."

He said the international community was unlikely to agree to such a deal because the enrichment would take place in Iran.

"This is something that would be almost as dangerous as leaving the Iranians to do it alone," he said.

People Hold Promise For Peace (USAT)

By Shirin Ebadi

USA Today, October 4, 2006

While the current standoff between the United States and Iran over that country's uranium enrichment program is often portrayed as a clash of cultures — the West against Islam — the truth is much more complex. That depiction mistakes politics for culture, rhetoric for reality.

A more accurate picture requires looking at the relations between the two countries through different lenses: one, the political relations between the two governments; the second, the more personal attitudes of the people toward each other. The

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former, with the threats of sanctions and even war, receives the most attention; the latter could hold the most promise for a possible resolution.

There was a time when relations between the United States and the Iranian government were mutually beneficial. That honeymoon period began in 1953 when Mohammed Reza Pahlavi, the shah of Iran, was in power. A good friend of the United States, the shah purchased U.S. weapons and signed important oil contracts with American companies. He also became a close ally of Israel in the Middle East.

But in 1979, the shah was overthrown and the Islamic Revolution marked the beginning of a new chapter of political relations. Later that year, hostages were taken at the U.S Embassy in Tehran, an event that led to the complete rupture of political relations between the two countries and to U.S.-imposed economic sanctions against Iran that continue to this day.

Relations between the American and Iranian people today are markedly different from their governments'. Hundreds of thousands of Iranians live in the USA. These people are decent U.S. citizens; most of them are educated, and many have prosperous businesses. Many young Iranians wish to visit or emigrate to the USA, seeking out its first-rate universities, its social, civic and creative freedoms as well as its economic opportunities. The people of America have always been welcoming to Iranian immigrants. American visitors to Iran, in turn, are warmly welcomed by the Iranian people.

This is not true, however, across all of the Middle East. That is because the United States has protected and defended the actions of the rulers of non-democratic, Islamic governments in the Middle East and has forgotten the people who must live under those regimes. As a result, many people of the Middle East distrust the U.S. government, for there is a proverb that says, "My enemy's friend is my enemy as well."

In Iran, however, the feelings of the people for America are the opposite because the U.S. government has never supported nor defended the government of the Islamic Republic of Iran. Therefore, its people are not sensitive to the rhetoric of the U.S. government.

Many Iranians clearly understand that the cultures and people of the two countries are separate and distinct from their respective governments. This is the reason that Iranian President Mahmoud Ahmadinejad is more popular among the young Arabs than among the young Iranians.

The U.S. government must realize that the positive feelings of the Iranian people will continue only if it does not initiate a military attack against Iran. The Iranian people are exceedingly proud of their 2,500-year history and culture. Iran as a country is larger and greater than its rulers and exists apart from any government in power at any particular time.

If America attacks, however, Iranians will unite, forgetting their differences with their government, and they will fiercely and tenaciously defend their country.

That is why misguided commentaries from even supposed experts such as Princeton Middle East scholar and author Bernard Lewis are irresponsible. Lewis recently wrote that an atomic Iran would most probably use atomic weapons against Israel and America. Lewis even outrageously predicted that Aug. 22, a date that corresponded on the Islamic calendar with the date in which Muslims commemorate the night of prophet Mohammed's prophetic mission — could be a possible time for an Iranian attack on Israel.

The government of the United States must listen to those who are more enlightened with regard to Iran's issues and the complexity of U.S.-Iran relations. It is only then that it can reach informed, realistic and sustainable decisions regarding its differences with Iran.

The differences between the governments of Iran and the United States must end one day, and the sooner this takes place, the better.

The American government must accept the fact that Iran is the most important country in the Middle East because of its strategic location, population, wealth, natural resources, army and scientific achievements. It cannot be talked down to or treated as if it's a powerless Third World country.

And the Iranian government must also accept the fact that after the downfall of the Soviet Union, the United States is the one and only superpower — a reality that should preclude pejorative political remarks. Only through recognition of these facts can a solution for resolving the conflicts be reached.

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The conflict must be resolved through direct negotiations. Negotiations must be explicit, overt and to the benefit of the people, not to the governments, of these two countries. These negotiations must be engaged at three levels in both countries: the executive, the legislative and among their respective citizens through non-governmental organizations.

With a realistic viewpoint, any difference can be resolved. Let us gaze into the future instead of dwelling on the past.

Shirin Ebadi, a lawyer in Iran, won the Nobel Peace Prize in 2003 for her efforts on behalf of human rights and for democracy, which she continues today. She also is author of the book Iran Awakening: A Memoir of Revolution and Hope.

The Six-Million Person Question (WSJ)

By Mark Bowden

The Wall Street Journal, October 4, 2006

"As to the Holocaust, I just raised a few questions. And I didn't receive any answers to my questions."

-- Iranian President Mahmoud Ahmadinejad, interviewed in Time magazine in September 2006.

When Mr. Ahmadinejad visited the U.S. last month, he backed off slightly from his earlier position that the Holocaust was a myth. The systematic extermination of six million Jews by Nazi Germany in the 1930s and 1940s, an atrocious historical fact that is as thoroughly documented as a fact can be, remains a living memory for thousands of survivors. My guess is that someone in Mr. Ahmadinejad's circle has pointed this out to him since he publicly doubted it last December.

The president of Iran is a man for whom facts are mere fodder for political purposes, but there is little political advantage in making a fool of yourself on a world stage. So he has now retreated to the last refuge of all intellectual scoundrels, calling for "more research." And he has adopted a slightly different critical tack, which he repeated in numerous forums during his recent trip to New York. In Time it went like this: "I said that during World War II, around 60 million were killed. All were human beings and had their own dignities. Why only six million?"

Here, if I understand it correctly, he is asking: Why, in a war where 60 million were killed, has the West made such a big deal out of the deaths of six million Jews? Were the other deaths not equally terrible? Was the world not equally impoverished by each of these losses?

This seems a fair question, and I can think of a good answer. I'm sure others can think of even better ones than mine. But since Mr. Ahmadinejad has complained about not receiving any, for what it's worth, I'm happy to offer this one:

It is a tricky business, rating the moral depredations of the human species, because just when you have settled on the worst, somebody somewhere achieves a new low. In the 20th century alone, communism and its variants in the Soviet Union, China and Cambodia have been responsible for the slow and rapid execution of millions. Millions more perished in the saturation bombing campaigns and the atom bomb blasts of World War II. Conflict and murderously misguided idealism were big players in the atrocity game, and accounted for the deaths of many times more innocents than Adolf Hitler and his Final Solution.

The Holocaust haunts us more than these others for a good reason. The Final Solution was the deliberate act of a government to exterminate a portion of its own people. It employed the resources of the state -- its policy makers, planners, intellectuals, legal system, police and military, industry, transportation system and to a large extent its people -- to single out a particular group of citizens, systematically demonize and isolate them, and then count them, label them, strip them of everything, round them up, ship them to concentration camps, kill them and incinerate them. It attempted to squeeze some last value out of the most fit among those doomed, by employing them as slave labor or subjecting them to medical experimentation before killing them, and even then looked for ways to make saleable products out of their remains.

This horror began in peacetime, so the nation was not lashing out in self-defense, nor was it being threatened in any concrete way. In the early 1930s, when the state-driven process of isolating and demonizing Jews began, Germany had rebuilt itself after its defeat in World War I, and was the most powerful nation on the European continent. Indeed, it would soon sweep across its borders and conquer every country within its reach. Its science, medical and technological prowess were the envy of the world.

The Holocaust disturbs us so deeply because it demonstrates that none of the things we associate with the advancement of civilization -- peace, prosperity, industrialization, education, technological achievement -- free us from the dark side of the

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human soul. Just as there is evil in the heart of every man, there is evil at the heart of even the most "civilized" human society. It is a humbling recognition. Man and society are both capable of the most appallingly depraved behavior. Only in the case of society, it occurs on an industrial scale.

The lives lost in the firebombing of Dresden or the nuclear flash over Hiroshima are no less significant, and the military choices that brought about those deaths remain profoundly disturbing, but they at least took place in the context of war. Whole societies were caught up in a life-or-death struggle.

What the Holocaust demonstrates is the danger of a one-party state. It shows what can happen when a group of true believers, convinced of the superiority of their own ideas, have unchecked power. They are then free to rewrite history to suit their political ends, and crush those who disagree or protest . . . or who worship God in a different way.

Like, say, the mullahs in Iran.

Mr. Bowden, a national correspondent for the Atlantic Monthly, is the author of "Guests of the Ayatollah" (Atlantic Monthly Press, 2006).

Rice: Nuclear Test A 'Provocative Act' (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, October 4, 2006

Secretary of State Condoleezza Rice said Tuesday a North Korean nuclear test would be "a very provocative act," and she prodded Asian nations to rethink their relationships with the North Koreans.

The top U.S. diplomat said the United States would have to assess its options should such a test be carried out, but she did not elaborate.

"It would be a very provocative act by the North Koreans," Rice said during a press conference in Cairo, second stop on a Middle East tour. "They have not yet done it, but it would be a very provocative act."

Rice's warning reflected widespread concern within the Bush administration. She stressed, however, that a North Korean test was an issue "for the entire neighborhood" and not just for the United States.

"A North Korean nuclear test ... would create a qualitatively different situation on the Korean peninsula," Rice said. "I think that you would see that a number of states in the region would need to reassess where they are now with North Korea."

The remarks appeared directed primarily at China and South Korea.

White House spokesman Dana Perino complained about North Korea's "provocative announcement" and said other countries should join in pressing Pyongyang to avoid testing.

A test "would be directly contrary to the interests of all of North Korea's neighbors and to peace and security in the Asia-Pacific region," Perino said in a written statement.

The United States has long urged China, Pyongyang's only ally, to exert more pressure on North Korea to return to stalled diplomatic talks.

South Korea, divided from its northern neighbor for more than 50 years, has sought better relations and eventual reunification. Seoul is a key U.S. ally but often tries to smooth over rhetorical and other disputes between Washington and Pyongyang.

Pyongyang has said it has nuclear weapons, but it has not conducted any test known to outsiders to prove its claim. South Korea's spy agency has said the North could test a nuclear bomb at any time.

North Korea announced Tuesday that it would conduct a nuclear test in the face of what it claimed was "the U.S. extreme threat of a nuclear war." The statement from Pyongyang gave no precise date when a test might occur.

The North regularly uses the United States as a foil, and has used similar language in the past. The latest threat may carry more weight, however, because it follows the test-firing of seven missiles in July, including one believed to be capable of reaching the United States.

Although the long-range missile failed during flight, tests of both a nuclear device and a missile theoretically able to deliver it to U.S. shores would give the North considerable bargaining power.

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The U.S. and its allies have been trying to lure the North back to stalled international efforts to persuade Pyongyang to scrap its nuclear weapons program.

The North has pushed for direct talks with the United States, something Washington says it will not do outside the framework of the stalled six-nation talks. The North has refused to return to the disarmament talks because of U.S. financial restrictions imposed for its alleged illegal activity, including money laundering and counterfeiting.

Many experts believe the North has enough radioactive material to build at least a half-dozen or more nuclear weapons.

"They are an active proliferator," said Defense Secretary Donald H. Rumsfeld. "And were they to test and were they then to proliferate those technologies we'd be living with a proliferator and obviously we'd be living in a somewhat different world."

Rumsfeld, in Managua, Nicaragua, for meetings with Central and South American foreign ministers, declined to say whether Pyongyang's announcement had triggered any changes in the U.S. alert status.

The U.S. ambassador to the United Nations, John Bolton, told The Associated Press on Tuesday that the U.S. would bring up North Korea's statement for discussion in a regular meeting of the U.N. Security Council. The Council is expected to talk about it on Wednesday.

Bolton said the Council should embark on "preventive diplomacy" and not just a "knee-jerk reaction" to the North Korean threat.

State Department spokesman Sean McCormack said a North Korean nuclear test would be an "unacceptable threat to peace and stability" and further isolate North Korea from the rest of the world.

The U.S. and other countries have imposed financial sanctions on Pyongyang.

Vice Adm. John Morgan, the Navy's chief of strategy and plans, told reporters that a possible test is "something we're very concerned about. We think there needs to be a diplomatic solution to this. We think the international community is working hard to achieve that."

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Associated Press writers Foster Klug, Barry Schweid, Robert Burns and Peter Spielmann contributed to this report.

North Koreans Say They Plan A Nuclear Test (NYT)

By David E. Sanger

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — North Korea announced Tuesday that it intended to conduct its first nuclear test, prompting warnings from Tokyo to Washington that an underground explosion would lead to a sharp response and could undermine the security balance in Asia.

North Korea did not say when it would try to test a weapon, and experts inside and outside the Bush administration said the announcement itself was a negotiating ploy, intended to force the White House into lifting economic sanctions and holding one-on-one talks with North Korea.

American intelligence officials said they saw no signs that a test was imminent. But they cautioned that two weeks ago, American officials who had reviewed recent intelligence reports said American spy satellites had picked up evidence of indeterminate activity around what is thought to be North Korea's main test site. It was unclear to them whether the activity was part of plans for a test, or perhaps a feint related to last month's visit to Washington by President Roh Moo-hyun of South Korea.

At that meeting, Mr. Bush and Mr. Roh discussed the possibility of a test, and Mr. Roh said the event would "change the nature" of South Korea's policy of economic engagement with the North, Mr. Roh told Americans he met afterward.

But the two leaders did not appear to have a coordinated strategy, and a senior Asian diplomat in Washington said Tuesday that "no one is quite sure how to respond" if the North conducted a test in the near future.

In public, the Bush administration's response was muted and left the American response as unclear as the North Korean threat.

North Korea has long possessed plutonium fuel to manufacture nuclear weapons, and American intelligence agencies say they believe the country expanded its fuel stockpile in recent years so that it could now make roughly six to eight weapons, and

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perhaps more. That inventory was increased, North Korea says, after the eviction of international inspectors in early 2003, just as the Bush administration was focused on the invasion of Iraq.

North Korea claimed more than a year ago that it possessed a "nuclear deterrent," but the absence of a test has created a diplomatic ambiguity, allowing China to raise doubts about how far the country had progressed, and giving Washington room after President Bush's declaration in his first term that he would never "tolerate" a nuclear-armed North Korea.

It is unclear whether the North Koreans have determined that ambiguity is no longer in their interests. In a statement issued Tuesday, North Korea's Foreign Ministry said that "the U.S. extreme threat of a nuclear war and sanctions and pressure compel the D.P.R.K. to conduct a nuclear test, an essential process for bolstering nuclear deterrent, as a self-defense measure in response." North Korea's official name is the Democratic People's Republic of Korea.

But earlier this month a North Korean general, Ri Chan-bok, told a visiting American expert, Selig S. Harrison, that no test was necessary.

Mr. Harrison quoted General Ri as saying last week: "If we have an underground test it could have radioactive leakage. These rumors are spread by U.S. agencies to smear us. I have never heard indications of a nuclear test in our government or armed forces."

In a statement, Frederick Jones, the National Security Council spokesman, said a test would "severely undermine our confidence in North Korea's commitment to denuclearization" and "pose a threat to peace and security in Asia and the world."

"A provocative action of this nature would only further isolate the North Korean regime and deny the people of the North the benefits offered to them" in six-nation talks that have not reconvened in more than a year, the statement said.

But behind closed doors the announcement touched off a flurry of meetings, as officials wrestled with uncertain intelligence, questions about whether China or South Korea could prevent a test and the possibility that a test could take place before the Congressional elections.

The American statement did not draw the lines in the sand that marked the nuclear standoffs of the 1990's, when the Clinton administration began reinforcing American forces on the Korean Peninsula in response to a threat by the North to convert its supply of spent nuclear reactor fuel into bombs. President Clinton's advisers recommended at the time that if the North began to move that supply to a plant where it could be fashioned into bomb fuel, the president should order an airstrike to destroy the plant. Mr. Clinton never had to face that choice.

But American officials, who declined to be named because they were not authorized to speak about North Korean policy, have recently said the administration assumes that sooner or later, North Korea will conduct a test. "You could argue that it wouldn't be an all-bad thing," one administration hawk said, "because it would finally unify the Chinese, and the Russians and the South Koreans," all of whom have been reluctant to pressure North Korea.

Michael Green, who handled North Korea issues for the National Security Council until he left the White House last year, said, "I think that the evidence has grown, especially with the missile launch, that North Korea has its own escalation ladder, and they would agree to postpone a test only for the right price."

Mr. Green said he thought it was unlikely that North Korea's price would be met, and he said he thought the North had "calculated that they can take the heat from China and Japan, and they are not losing much from South Korea anyway."

In Tokyo, North Korea's sudden announcement was the first international test for Japan's new prime minister, Shinzo Abe, a nationalist who has vowed to make security a top priority. Mr. Abe warned North Korea against the test in stern terms rarely heard in the cautious language of Japanese diplomacy.

"Japan and the world absolutely will not tolerate a nuclear test," he told reporters, in a statement worded more sharply than the Bush administration's. "The international community would respond harshly."

Secretary of State Condoleezza Rice told reporters in Cairo, where she met with several Arab counterparts on regional issues, including Iran's nuclear program, that the announcement was disturbing and that a nuclear test would be "a very provocative act by the North Koreans."

For First Time, N. Korea Announces Plans For Nuke Test (USAT)

By Barbara Slavin

DOJ_NMG_0074698

USA Today, October 4, 2006

CAIRO — North Korea announced Tuesday that it will conduct a nuclear test, the first such declaration from the nation.

The prospect that North Korea could take a major step forward in its nuclear weapons development sparked condemnation and concern in foreign capitals.

Secretary of State Condoleezza Rice, in Cairo for a meeting with Arab foreign ministers, said a North Korean test would be "a very provocative act." The Bush administration has said it wants a diplomatic solution to the dispute with North Korea.

Rice said the Bush administration "would have to assess what options we have" but did not detail them. The United States has already imposed economic sanctions on North Korea for its refusal to return to six-nation talks about its nuclear program.

North Korea gave no date for a test and said it was committed to "the denuclearization of the peninsula."

The country has warned in the past that it might test a nuclear weapon. The statement Tuesday was the first time it announced its intent to do so.

North Korea blamed U.S. threats "and sanctions and pressure" for its decision to conduct a nuclear test, a key step in the manufacture of atomic bombs. North Korea said the test was a "self-defense measure." The communist government said it wanted to "settle hostile relations" between North Korea and the United States.

Japanese Prime Minister Shinzo Abe said today that Japan "could not accept if North Korea were to conduct a nuclear test." South Korean President Roh Moo Hyun, meanwhile, called for a "cool-headed and stern" response, his office said.

North Korea is believed to have enough plutonium for as many as a dozen bombs, according to the Carnegie Endowment for International Peace. Most of the material has been created since 2003, when North Korea withdrew from the Nuclear Non-Proliferation Treaty and resumed activity at its Yongbyon nuclear facility that had been suspended since 1994.

Rice stressed that the current dispute was not just between the United States and North Korea, but between North Korea and its "neighborhood."

John Bolton, the U.S. ambassador to the United Nations, raised the issue during a Security Council meeting.

The council, which condemned North Korea this year for conducting a series of missile tests, agreed to hold further discussions today.

Multilateral talks on North Korea's nuclear program have been stalled for almost a year. The nation has boycotted the six-nation talks in protest over U.S. financial restrictions imposed for its alleged illegal activity, including counterfeiting.

David Straub, a former State Department official, said he believes the North Koreans "will go through with it."

A nuclear test "would pose an unacceptable threat to peace and stability in Asia and the world," State Department spokesman Sean McCormack said in a statement.

North Korea To Conduct Nuclear Test (AP-Y)

By Bo-Mi Lim And Christopher Torchia

AP, October 3, 2006

North Korea triggered global alarm on Tuesday by saying it will conduct a nuclear test, a key step in the manufacture of atomic bombs that it views as a deterrent against any U.S. attack. But the North also said it was committed to nuclear disarmament, suggesting a willingness to negotiate.

The contradictory statement fits a North Korean pattern of ratcheting up tension on the Korean Peninsula, a Cold War-era flashpoint, in an attempt to win concessions such as economic aid. The strategy has had mixed results in recent years as the totalitarian regime sinks deeper into isolation and poverty, with China serving as its lifeline for food and fuel.

Secretary of State Condoleezza Rice called North Korea's announcement "a very provocative act." It came as the standoff deepened over Iran's nuclear program, with senior U.N. diplomats saying six world powers would begin negotiations Friday in London on possibly imposing sanctions against Tehran for refusing to suspend uranium enrichment.

It was the first time the North had publicly announced its intent to conduct a nuclear test. Previously, it had warned that it might conduct a test, depending on U.S. actions.

"The U.S. extreme threat of a nuclear war and sanctions and pressure compel the DPRK to conduct a nuclear test, an essential process for bolstering nuclear deterrent, as a self-defense measure in response," said a statement by the North's

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Foreign Ministry and carried by the North's official Korean Central News Agency. DPRK stands for Democratic People's Republic of Korea, the North's official name.

Yet it said it wanted to "settle hostile relations" between the North and the United States, and that it "will do its utmost to realize the denuclearization of the peninsula."

Many North Korea watchers believe the country's dictator, Kim Jong Il, knows that all-out confrontation with the United States would lead to his destruction. Even if Kim seeks negotiations, though, the risk of a miscalculation that spirals out of control cannot be ruled out.

The North Korean statement did not say when a nuclear test might occur, but the prospect drew rebukes from Japan, South Korea and the United States. The allies, along with China and Russia, had participated in the stalled six-party talks aimed at getting the North to give up its nuclear ambitions.

The announcement was not a big surprise to many observers of North Korea because U.S. intelligence reports previously had indicated that Pyongyang might be preparing a nuclear test. Many experts believe the North has enough radioactive material to build at least a half-dozen or more nuclear weapons.

In Cairo, Egypt, Rice said the United States would have to assess its options if the North carries out the test, without detailing what those options were. She stressed, however, that a North Korean test was an issue "for the neighborhood" and not just for the United States.

"It would be a very provocative act," Rice said. Still, she said, "they have not yet done it."

The White House, which has denied it has any intention of attacking the communist nation, also denounced the threat.

"A provocative action of this nature would only further isolate the North Korean regime and deny the people of the North the benefits offered to them in the six-party talks that they so rightly deserve," said Frederick Jones, a spokesman for the National Security Council.

In Finland, European Union foreign policy chief Javier Solana said such a test "is always bad news."

Japan's foreign minister, Taro Aso, called the North's nuclear test plans "totally unforgivable," and said Japan would react "sternly" if the North conducted the tests, according to Kyodo News agency.

The presidential office said South Korea had raised its "security level" and that security officials planned to hold an emergency meeting Wednesday. The United States keeps about 29,500 troops in South Korea, a legacy of the 1950-53 Korean War.

China, North Korea's ally and chief benefactor, had no immediate comment. North Korea counters U.S. influence in the region, but China is believed to be increasingly frustrated with North Korea's go-it-alone belligerence.

In a worst-case scenario, a North Korean nuclear test could prompt Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

A test could also strain the alliance between the United States and South Korea, which has sought to engage its neighbor.

The United States is likely to seek a military solution to the North Korean problem only as a last resort, partly because of the burden of conflict in Iraq and Afghanistan.

U.S. Ambassador John Bolton raised the issue before a regularly scheduled meeting of the U.N. Security Council on Tuesday. He said he urged members "to come up not just with a knee-jerk reaction ... but to develop a coherent strategy to convince them that it's not in their interest to engage in nuclear testing."

But France's U.N. Ambassador Jean-Marc de La Sabliere said he wants a swift council statement, and China's U.N. Ambassador Wang Guangya said the best place to deal with the threat is in the six-party talks. Wang urged stepped up efforts to get the North to return to the stalled talks.

After a brief discussion, members decided to meet Wednesday morning to address the issue.

North Korea has sometimes made a splash with statements or military actions on important anniversaries at home, or political events such as elections in South Korea and the United States.

The test declaration came ahead of congressional elections in the United States in November and shortly before the expected election of South Korea's foreign minister, Ban Ki-Moon, as secretary-general of the United Nations.

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North Korea staged a series of missile tests to coincide with July 4, needling the United States on its Independence Day. But no talks or concessions were forthcoming.

Six-party talks on North Korea's nuclear activity have been stalled for almost a year. Pyongyang skipped the talks in protest over U.S. financial restrictions imposed for alleged illegal activity, including money laundering and counterfeiting.

"If they feel they are not getting interaction with us, they tend to do things to get our attention," said Charles Kartman, a U.S. nuclear negotiator with North Korea under the Clinton administration. "The tools that they have are all bad ones. They don't really have anything else going."

Top diplomats from the five permament members of the U.N. Security Council and Germany will attend Friday's meeting in London to discuss what to do about Iran's nuclear program, the U.N. diplomats said. The six nations have offered Tehran a package of economic and political rewards if it agrees to renounce uranium enrichment; sanctions are possible if is doesn't.

The officials spoke on condition of anonymity, citing an agreement not to pronounce the end of talks before European Union envoy Javier Solana and chief Iranian negotiator Ali Larijani speak on Wednesday.

The officials said, however, that the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran turn course.

N. Korea Pledges Nuclear Test (WP)

By Anthony Faiola And Dafna Linzer

The Washington Post, October 4, 2006

Need Cited to Deter Threat From U.S., But No Date Is Set

TOKYO, Oct. 3 -- North Korea declared Tuesday that it would conduct a nuclear test to bolster its defenses against the United States, raising tensions in the region and marking the communist government's first unambiguous pledge to prove it has become a nuclear power.

Though North Korea has previously said it possesses nuclear bombs -- U.S. intelligence officials have estimated it could have as many as 11 -- a test detonation would dramatically change the region's power dynamics. Analysts have said the United States and area neighbors including China, Japan and South Korea would be forced to deal far more harshly with the North Koreans.

A test would be a "very provocative act," Secretary of State Condoleezza Rice said during a visit to Cairo. It would create a "qualitatively different situation on the Korean Peninsula" that would spill over into the entire region, she said. Rice declined to predict what the U.S. response might be.

In a statement issued through the official KCNA news service, North Korea's Foreign Ministry said the government would "conduct a nuclear test under conditions where safety is firmly guaranteed." The statement did not say when the test might occur, but added that the North's "nuclear weapons will serve as reliable war deterrent for protecting the supreme interests of the state and the security of the Korean nation from the U.S. threat of aggression."

The declaration follows reports in recent months, based on intelligence agency findings, that the secretive communist state might be preparing a test site in its barren northeast. Observers greeted the reports with some skepticism, partly because North Korea is widely known for brinkmanship.

High-level officials from the United States, Japan, South Korea and China immediately began exchanging calls Tuesday to discuss a response, according to Asian diplomatic sources. These countries have been part of six-party talks attempting to persuade North Korea to give up its nuclear program. Large numbers of intelligence analysts and policymakers who usually split their time among a host of issues, including Iran, were devoted Tuesday exclusively to the North Korean statement.

The reaction was particularly sharp in Japan, which sees itself as a primary target of North Korean aggression. "If they conduct a nuclear test, it will not be forgiven," Japan's new prime minister, Shinzo Abe, told reporters Tuesday night. "The international community will deal with the situation firmly."

Before his election last week, Abe suggested that Tokyo should study whether Japan's constitution would allow a preemptive strike on North Korean missile bases.

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Several analysts and diplomats said a test would in effect mean that North Korea's absolute ruler, Kim Jong Il, had played his last card in the standoff over the country's nuclear program. Observers suggested that the threat might be an attempt to force an easing of the economic pressure against the North that has risen dramatically in recent months.

Analysts said the threat might also reflect attempts by Kim to appease the North Korean military, which is still smarting from a failed test of its new intercontinental Taepodong-2 missile in July.

"North Korea's final goal is survival, and a test is their final option," said Ahn Yinhay, professor of international relations at Korea University in Seoul. "Given the current situation -- the enormous pressure from the U.S.'s hard-line policy -- the North Koreans may think they have no other means to try to get out of this deadlock. They may think they have nothing else to lose."

Many observers say there would be a great deal to lose. A nuclear test would make it far more difficult for Pyongyang's chief benefactors -- China and South Korea -- to continue to provide billions of dollars worth of economic aid and trade, money that has helped Kim prop up his government.

Rumors of a nuclear test have surfaced almost every year since 2002, when North Korea began an escalating series of actions regarding its nuclear program -- including kicking out U.N. weapons inspectors and reprocessing spent fuel rods.

A sense of new urgency has been building in diplomatic circles in recent months. Last week, Christopher R. Hill, the Bush administration's special envoy to the stalled six-country talks, publicly warned that a test would be viewed by world powers as a "very serious" escalation.

The last country to conduct a nuclear test was Pakistan, in 1998, when it detonated five bombs underground in response to tests two weeks earlier by India.

Some scientists question whether North Korea has the technology to conduct a test safely -- leaking radiation is a major concern.

Lee Sang Deuk, vice speaker of the South Korean National Assembly, said in an interview in Washington last month that in late August intelligence agencies had detected unusual movements of troops and equipment around a complex of caves believed to contain a nuclear test site. Cables were laid and tents erected. A U.S. official confirmed that there had been signs of an impending test other than Tuesday's statement.

North Korea has frequently provided the world with early warnings of dramatic moves and has often chosen symbolic dates for them. A series of missile tests took place during the July 4 weekend, and Tuesday's statement came as South Korea was marking its national day.

"A decision to test is a political calculation, not a technical one," said one intelligence officer. The officer said analysts believed that the Pyongyang government issued the statement in part to gauge international reaction before making a final decision. "It doesn't mean they won't test, but it gives them a chance to roll back, or be coaxed back if they want to," said the officer, who agreed to discuss some of the classified analysis on condition of anonymity.

A U.S. government official said the North Koreans might also be trying to refocus international attention on their issues at a time when Iran is becoming the administration's main concern.

A major concern among U.S. officials is the potential reaction by Japan. U.S. nuclear analysts have worried for years that a North Korean nuclear test might lead Japan to break with decades of nonproliferation commitments and speed toward its own weapons capability. Japan's nuclear industry is highly advanced, giving the country the ability to make nuclear weapons within months if it chose to do so.

Frederick Jones, spokesman for President Bush's National Security Council, shared White House concerns in prepared comments that said a test "would severely undermine our confidence in North Korea's commitment to denuclearization and to the Six Party Talks and would pose a threat to peace and security in Asia and the world."

North Korea's nuclear capabilities have grown significantly during Bush's tenure. When Bush came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. Those sources now put the number as high as 11.

State Department spokesman Sean McCormack called North Korea's announcement an "unacceptable threat" to peace and stability in Asia and in the wider world. The Bush administration will continue to work with its allies in the six-party talks to discourage "such a reckless action," the statement said.

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Linzer reported from New York. Staff writer Robin Wright, traveling with Rice, contributed to this report.

North Korea Deepens Weapons Rift With Plans For Nuclear-Bomb Test (WSJ)

By Evan Ramstad, Sebastian Moffett, Gordon Fairclough And Neil King Jr.

The Wall Street Journal, October 4, 2006

North Korea said it will test a nuclear bomb, antagonizing its neighbors and the U.S. and deepening the international standoff over the country's weapons program.

A test by North Korea would dramatically alter the balance of power in East Asia, where China is the only confirmed nuclear power. It would also strain relations between the U.S. and China, who view the North Korean threat in very different terms.

The Bush administration argues a nuclear test would increase the threat of attack on Japan and the U.S. "Were they to test and were they to proliferate this technology, we'd be living...in a somewhat different world," U.S. Defense Secretary Donald Rumsfeld said. Mr. Rumsfeld declined to speculate on any U.S. military preparations in response to a potential nuclear test.

North Korea's foreign ministry, announcing its plans yesterday in a statement distributed by the country's official news agency, didn't set a date for the test. It said it would be conducted "in a condition where safety is firmly guaranteed." U.S. intelligence sources said in mid-August that they detected activity suggestive of bomb-test preparations at a mountain in northeast North Korea.

For several years, North Korea has said it has nuclear bombs. Amid some doubts as to its true weapons capabilities, a nuclear test would provide the first confirmation. In July, it test-fired seven missiles, including a long-range missile designed to cross the Pacific Ocean that misfired. The launch led the United Nations Security Council to issue sanctions against North Korea.

Pyongyang said in its statement that the threat of nuclear war and sanctions from the U.S. force it to undertake a test. It said that its goal is "to settle hostile relations" between it and the U.S.

Following the announcement, Secretary of State Condoleezza Rice called the threat of a test "a very provocative act." The White House said in a statement that a test "would pose a threat to peace and security in Asia and the world."

The U.S. ambassador to the U.N., John Bolton, said the U.S. would bring up North Korea's actions within the Security Council this morning after rebuffing a push by other countries to issue a sharp press statement on the test threat. Mr. Bolton declined to speculate on what action the U.N. might take but said the emphasis was "to develop a coherent strategy to convince" the North Koreans "that it's not in their interest to engage in nuclear testing." The Security Council could move ahead on some sort of measure, but it is unlikely China or Russia would agree to a sharply worded resolution.

The U.S. and its allies have few clear alternatives to U.N. diplomatic action. The U.S. has repeatedly shied away from suggestions it might strike North Korea militarily, a move China and South Korea would strongly oppose. There also are lingering divisions within the Security Council over whether to seek stiffer sanctions on North Korea.

Japan was quick to react to Pyongyang's bomb-test statement. "Japan and the world would definitely not tolerate a nuclear test" by North Korea, Prime Minister Shinzo Abe said in Tokyo. "If the test is carried out, I believe the international community would respond harshly."

In Seoul, high-level South Korean officials met yesterday to refine a plan they had developed in recent weeks specifically in response to a possible nuclear test. President Roh Moo Hyun said last month that "if North Korea goes ahead with a nuclear testing, the situation will become a totally different one from what it has been."

There was no immediate response from China, which is Pyongyang's closest ally. But it is likely a North Korean nuclear test would anger Beijing. Chinese leaders worry a successful test by North Korea would lead Japan to build up its military capabilities and perhaps consider developing its own nuclear weapons -- something experts say Tokyo could probably do in less than a year, given its large plutonium stockpiles.

"The security mood in Japan would be affected by a test, and the Chinese understand that," said a senior U.S. official. It is unclear what pressure China might bring to bear on North Korea not to conduct its test or how it might punish leader Kim Jong Il if it does. China remains most concerned about potential chaos in North Korea if the Kim regime should collapse.

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North Korea has pushed to meet with the U.S. in two-way talks. But amid past broken agreements with Pyongyang, the U.S. insists on meeting North Korea's leadership in broader arenas such as the U.N. or six-nation talks that include the two Koreas, China, Japan and Russia.

N. Korea Plans A Nuclear Test (LAT)

By Bruce Wallace And Julian E. Barnes

The Los Angeles Times, October 4, 2006

TOKYO — World leaders lashed out at North Korea's vow Tuesday to test a nuclear bomb sometime "in the future," but offered no clear plan for dealing with aggravated tensions over the dictatorship's nuclear weapons ambitions.

U.S. intelligence officials said they had been monitoring recent movement of people and vehicles around at least one suspected test site. But because North Korea has never conducted a nuclear test, it is difficult for intelligence agencies to determine how close the regime may be to setting off a bomb.

The North Koreans did not elaborate on when a test would occur or whether it would be conducted below ground, which experts say is most likely, or in the atmosphere.

Showcasing a nuclear capability would almost certainly deepen North Korea's diplomatic and economic isolation, and could escalate the military buildup in northeast Asia, where grievances run deep and suspicions between capitals are high.

North Korea's Foreign Ministry said Tuesday that a test of the nation's nuclear capability was a necessary response to Washington's financial squeeze on the country, which it described as a "de facto declaration of war." In recent months, Washington has accused Kim Jong Il's regime of counterfeiting U.S. currency and using foreign banks to launder drug money, and has increased pressure on banks around the world not to handle transactions with Pyongyang's military and political elite.

"The U.S. extreme threat of nuclear war and sanctions and pressure compel [North Korea] to conduct a nuclear test, an essential process for bolstering [our] nuclear deterrent, as a corresponding measure for defense," the North Korean statement said.

Secretary of State Condoleezza Rice, traveling in Egypt, said a test would be "a very provocative act."

In Japan, a country within North Korean missile range and where hostility to Kim's regime is a hallmark of its new hard-line government, Prime Minister Shinzo Abe warned that "Japan and the world would definitely not tolerate a nuclear test."

And the South Korean government, which has been reluctant to take a hard line against its volatile neighbor, expressed concern over the announcement and said President Roh Moo-hyun would visit Beijing on Oct. 13 to discuss it.

But there was no immediate consensus on what measures should be employed to defuse the latest threat.

China, North Korea's neighbor and key economic partner, urged calm and restraint.

In New York, the United Nations Security Council declined to issue a formal admonition, noting that it had passed a tough resolution in July demanding that North Korea end all provocative acts and return to six-party talks aimed at dismantling its nuclear weapons program in return for security guarantees and economic incentives.

That resolution followed North Korea's July test firing of a long-range Taepodong 2 missile and a surprising burst of shorter-range missiles, in defiance of similar warnings.

U.S. Ambassador to the U.N. John R. Bolton said the Security Council would meet today on finding a more effective way to discourage Pyongyang from conducting a nuclear test.

The North Korean move adds complexity to nuclear diplomacy as the Security Council seeks ways to dissuade Iran from continuing its nuclear enrichment activities. Pyongyang's defiance underscores the limited power economic sanctions exert over authoritarian governments prepared to let their civilian populations suffer in order to acquire a nuclear capability.

Kurt Campbell, a former deputy assistant secretary of Defense for Asia and the Pacific, called the Korean peninsula "the land of lousy options" and said the U.S. was limited in what it could do to diplomatically or forcibly prevent a test.

"It is a profound and deep failure for the United States and China if North Korea tests a nuclear weapon," he said.

Defense Secretary Donald H. Rumsfeld, traveling in Nicaragua, suggested that a test by North Korea could lead to the further spread of nuclear technology.

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"They are an active proliferator," Rumsfeld said. "And were they to test and were they then to proliferate those technologies, we'd be living with a proliferator and obviously we'd be living in a somewhat different world."

While the Defense secretary expressed concern that a test would increase the possibility of a bomb falling into rogue hands, others warned that a proven North Korean capability could encourage other countries in the region, such as Japan, to push for a nuclear arsenal of their own.

North Korea is estimated to have sufficient plutonium for as many as 13 weapons. By 2008, Pyongyang could have the capability to develop as many a 17 nuclear weapons, according to the Institute for Science and International Security, a nonpartisan Washington group headed by David Albright, who has worked with the International Atomic Energy Agency on nuclear inspections.

The United States, which has about 30,000 troops stationed in South Korea, is using imagery and heat sensors in trying to track North Korean activity at suspected test sites.

Pentagon officials said they were concerned about the possibility of a nuclear test, and they emphasized that the United States was trying to find diplomatic means of preventing the North Koreans from carrying one out.

"We think there needs to be a diplomatic solution to this," Vice Adm. John Morgan, the Navy's chief of strategy and plans, told reporters Tuesday. "We think the international community is working hard to achieve that."

Although North Korean government rhetoric and activity around the test sites have heated up, intelligence officials do not believe a test is imminent.

"No one can say with certainty whether it will happen — no one, that is, but Kim Jong Il," said a U.S. intelligence official, speaking on condition of anonymity when discussing intelligence data. "It could happen with little or no warning. We don't have a wonderful timetable that says they have to do 14 things to prepare for a test and they have done seven of them. There is no precedent for assessing how North Korea does its test preparations."

U.S. officials could not say what type of test the North Koreans might conduct. They believe an underground test is more likely but have not ruled out the possibility that Kim would order an aboveground test, which could produce a large mushroom cloud and spread radioactive dust.

Some observers say North Korea may be bluffing and that the talk of a test is to counter the Bush administration's pursuit of economic sanctions.

Washington says it cannot tolerate what it describes as criminal activities among the Pyongyang regime and foreign banks, and says its global campaign against those transactions is separate from the nuclear weapons issue.

The administration recently sent diplomatic feelers to Pyongyang about restarting the six-party talks. But those overtures have floundered over North Korea's insistence that the U.S. first stop what Pyongyang sees as an attempt to break the regime through an expanding campaign of financial sanctions.

Donald Gregg, president of the Korea Society and a former U.S. ambassador to South Korea, said he thought that Pyongyang's threat was serious, but that a test would be a strategic error.

"They have been working for this for a long time, they have threatened it, and they have said flatly that they have nuclear weapons," he said. "But it will heighten their isolation."

N. Korean Move Comes Amid Bid For Talks (WP)

By Glenn Kessler

The Washington Post, October 4, 2006

North Korea's announcement yesterday that it will conduct a nuclear test came just as the United States, along with South Korea, was launching a new effort to persuade the government in Pyongyang to return to long-stalled disarmament talks.

Top aides to Secretary of State Condoleezza Rice have been shaping the new approach, which began after a summit meeting last month between President Bush and South Korean President Roh Moo Hyun. Rice has described the next six-week period as crucial, saying she hopes to make a trip to Northeast Asia soon to test her ideas.

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But U.S. officials said yesterday that the government in Pyongyang, which closely monitors U.S. statements, appears to have concluded that there is no benefit in reaching a deal. Some analysts suggested that North Korea is bluffing to force the United States to begin bilateral negotiations, something the Bush administration has rejected as being a reward for bad behavior.

Instead, Pyongyang's gambit could embolden hawks in the administration who advocate confronting North Korea with a stepped-up campaign of isolation and sanctions, perhaps even a naval blockade. Some officials have privately argued that a nuclear test by North Korea would be a clarifying event that would make the problem apparent to the rest of the world.

This is the second time in recent months that Pyongyang has abruptly dismissed peace feelers from the United States. In July, Rice had also been prepared to fly to Asia to launch a new effort to restart the six-nation talks aimed at ending the impasse over North Korea's nuclear weapons.

A senior Chinese official delivered a message to the North Korean government that, if it did not conduct a ballistic-missile test, Rice was prepared to put a lot on the table, including formally ending the Korean War that erupted five decades ago and discussing the military structure on the Korean Peninsula, U.S. officials said.

The initiative was developed after months of debate among Bush's top advisers. It would have sought ways to encourage North Korea to open up its economy -- much as China did in the 1970s under the leadership of Deng Xiaoping -- and would have indicated a U.S. acceptance of Kim Jong Il's rule.

On July 4, Pyongyang gave its answer: It tested a missile. Rice then scrubbed her trip because of the sudden outbreak of war in Lebanon. The U.N. Security Council -- with the surprising support of China, North Korea's main benefactor -- passed a tough resolution condemning the missile test. U.S. officials began preparing to reimpose some sanctions that had been lifted when North Korea agreed to freeze its nuclear program in 1990s -- but held off an announcement at the request of South Korea.

"The North Koreans hate being ignored, and they are tempted to do things to get attention," one senior administration official said recently, speaking on the condition of anonymity because of the sensitive diplomacy. "We have wondered whether we should try to give the North Koreans another chance, but the North Koreans are not doing anything to show that such a move would meet a promising reply."

Yesterday's North Korean Foreign Ministry statement, issued through the official KCNA news service, put the onus on the United States for the failure of diplomacy. "Nuclear weapons will serve as reliable war deterrent for protecting the supreme interests of the state and the security of the Korean nation from the U.S. threat of aggression," the statement said.

The proximate cause of North Korea's refusal to return to the talks is a Treasury Department action against a bank in Macao called Banco Delta Asia, which the agency had identified as the main conduit for bringing North Korean counterfeit dollar bills into the international system. The Treasury had determined that senior officials at the Macao bank accepted large deposits of cash and agreed to place the bogus money into circulation. Treasury officials also believed that the bank accepted multimillion-dollar wire transfers from North Korean front companies that were deeply involved in criminal activities.

The bank is reputed to hold the private accounts of Kim. the North Korean leader, and his family.

Last year, four days before North Korea reached an agreement with the United States, China, Russia, Japan and South Korea on a "statement of principles" to guide the nuclear negotiations, the Treasury formally designated the bank as a "primary money-laundering concern." Banco Delta Asia quickly teetered on the edge of collapse, and banks around the world began to curtail their dealings with North Korea for fear of being similarly tainted.

After the impact of the Treasury action became clear, North Korea refused to return to the six-party talks.

Before North Korea's announcement yesterday, U.S. and South Korean officials had said they were looking at ways to wrap up the Treasury's investigation of the Macao bank as a way to remove that impediment to the negotiations. Assistant Secretary of State Christopher R. Hill noted last month that the Treasury action concerned only 40 accounts holding about $24 million.

But, now, Pyongyang has dramatically raised the stakes. U.S. officials immediately moved to put North Korea on the agenda of the U.N. Security Council, saying that, for the moment, the time for positive gestures has passed.

Rice Tries To Persuade Sudan On Darfur (AP)

AP, October 4, 2006

DOJ_NMG_0074706

Secretary of State Condoleezza Rice made a passionate plea to the international community on Tuesday to persuade the government of Sudan to reverse itself and open the bloodied Darfur region to U.N. peacekeepers.

Dispensing with traditional diplomatic understatement, Rice cited U.N. reports that tens of thousands of people, or even hundreds of thousands, perhaps, cannot be reached with food and water.

Women who go out for firewood are regularly raped, she said. Villages are attacked by militia. by rebels and by government forces.

"The international community does have a responsibility to protect the most vulnerable," Rice said at a news conference amid Mideast peacemaking efforts. "What is going on in Darfur now cannot be tolerated."

In fact, the situation in Darfur took up a large part of the discussion Rice had in the Egyptian capital with foreign ministers and other officials from eight Arab countries, Egyptian Foreign Minister Ahmed Aboul Gheit said.

Rice's plea followed one on Monday by President Bush, who sent a message this summer to President Omar al-Bashir urging entry of a U.N. peacekeeping force. Bush was rebuffed.

In August, the U.N. passed a resolution that would give the United Nations authority over peacekeepers in the Western Sudanese province of Darfur. The resolution is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe there.

Rice said a U.N. force could be drawn principally from Muslim African countries and from North Africa and possibly Asia.

"We need to work urgently to have the government of Khartoum accept what is now a U.N. Security Council resolution," she said.

At least 200,000 people have died and some 2 million have been displaced since rebels from Darfur's ethnic African population revolted in 2003. The next year, after a long internal debate, the Bush administration accused the government of genocide.

The Arab-dominated Khartoum government is alleged to have unleashed Arab militias, known as the janjaweed, against the ethnic African villagers.

"This is not a challenge to the sovereignty of Sudan," Rice said of the proposed dispatch of U.N. peacekeepers. "This is certainly respected. But we need to deal with the terrible humanitarian situation there."

U.N. Front-runner Vows To Push Reforms (USAT/AP)

By The Associated Press

USA Today, October 4, 2006

SEOUL — South Korea's foreign minister, the favorite to be the next U.N. secretary-general, promised Tuesday that if chosen for the job, he will work to reform the world body and to find a peaceful resolution to the international standoff over North Korea's nuclear program.

Ban Ki Moon, 62, cemented his position as Kofi Annan's likely successor after an informal poll Monday of the 15 members of the U.N. Security Council. Fourteen nations, including the five veto-wielding members, voted in favor of Ban. He received one vote of “no opinion.”

Each of the five other candidates received at least one “no” vote from the five permanent members of the council: Britain, China, France, Russia and the United States.

The 192-nation General Assembly will hold a formal vote on a new secretary-general next week, probably Monday. The assembly traditionally follows the Security Council's recommendation.

If Ban prevails, his selection will have been marked by unprecedented speed, consensus and calm. In years past, the choice of a U.N. chief has often involved rancorous negotiations, numerous ballots and handshake deals. Annan, who steps down Dec. 31, was himself a compromise candidate in 1996. He emerged late in the process after the United States blocked Boutros Boutros-Ghali's bid for a second five-year term.

Ban would be the eighth secretary-general in the United Nations' 60-year history. The secretary-general oversees an organization with 92,000 peacekeepers around the world and a $5 billion annual budget. Among programs that fall under the U.N. leader's purview: fighting hunger, assisting refugees and slowing the spread of HIV/AIDS.

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In Seoul, Ban said that if elected, he will push for critical reforms.

"There have been many changes around the world during the past 60 years … various threats that we have not experienced in the past," Ban said. "So it is true that there have been doubts and criticism over whether the U.N. has responded appropriately and effectively."

He pledged to help resolve the dispute over North Korea's nuclear program by applying his expertise in dealing with the communist nation.

Ban said he would focus on his role as the world's top diplomat and leave day-to-day operations to a deputy.

U.S. Ambassador John Bolton said he had "a lot of respect" for Ban, though he later told reporters he was disappointed there weren't more contenders for the position. Earlier, Bolton had dropped his opposition to the custom of rotating the secretary-general's job among regions, which put Asia at the front of the line. The last Asian secretary-general was U Thant of Burma, who served 1961-71.

The other candidates were U.N. Undersecretary-General Shashi Tharoor of India; Latvian President Vaira Vike-Freiberga; Surakiart Sathirathai of Thailand, who was deputy prime minister until a military coup last month; former Afghan finance minister Ashraf Ghani; and Jordan's U.N. ambassador, Prince Zeid al-Hussein. Jayantha Dhanapala of Sri Lanka, a former U.N. disarmament chief, withdrew from consideration last week.

South Korean Homecoming At The U.N. (LAT)

The Los Angeles Times, October 4, 2006

BAN KI-MOON WAS BORN in the city of Chungju on June 13, 1944, while Korea was still suffering under occupation by Japan. A year later, the victors of World War II split the land of his birth in half, with the Soviet Union administering the part north of the 38th Parallel and the United States taking control of the southern part, including Chungju. Two weeks after Ban's sixth birthday, a massive North Korean army under communist leader Kim Il Sung invaded the South, providing the United Nations with its first and most trying test as a force in world affairs.

Today, Ban is poised to become secretary-general of the organization that, with U.S. leadership, pushed the North's armies back into their territory and then oversaw reconstruction of the shattered South. There are few nations where the United Nations is as widely respected, or has played as fundamental a role, as South Korea. Which is why it is fitting that a South Korean should lead the organization during what may well be another turning point.

Ban's selection isn't yet official, but after winning a straw-poll vote by the Security Council on Monday, he is almost certain to get the formal nod from the group next week, after which his approval by the full General Assembly should be little more than a formality. The process has been highly unusual both for its speed and lack of rancor — which is either a positive sign or a signal of the U.N.'s approaching demise, depending on one's outlook.

Ban is a soft-spoken, low-profile career diplomat who last year represented South Korea in the six-nation nuclear talks with North Korea and who was probably chosen because he made the fewest waves among the candidates. Being the unanimous pick of countries as divergent as the U.S., China, France and Russia requires an astonishing degree of either diplomatic skill or utter blandness. U.N.-bashers are already accusing Ban of buying votes and of being too bureaucratic to push through the reforms the organization so badly needs. Yet being a consensus-builder, a good listener and a committed multilateralist with an optimistic view of the U.N. aren't bad qualities in a secretary-general. The firebrand approach so favored by the U.N.'s sharpest critics might sound attractive on Op-Ed pages, but it almost never accomplishes anything useful in an international forum.

The U.N. secretary-general, in the words of outgoing officeholder Kofi Annan, is "the world's most impossible job." Ban will have to oversee the herculean task of reforming a body that has been nearly paralyzed by corruption scandals, hard-to-resolve conflicts in such places as Darfur and Lebanon and a growing rift between rich and poor nations. Ban is no Bill Clinton — this page's pick for the job, who was somehow overlooked by the Security Council — but he has the skills and experience to be a success.

Annan's Financial Form To Be Secret (WT)

By Betsy Pisik

The Washington Times, October 4, 2006

DOJ_NMG_0074708

NEW YORK -- U.N. officials said yesterday that they will not publicly release a financial disclosure form filed by Secretary-General Kofi Annan last month -- 10 months after he ordered all senior U.N. officials to file the forms.

A spokesman said Mr. Annan submitted the questionnaire -- under a policy implemented in response to international outrage over U.N. involvement in the Iraq oil-for-food scandal -- on Sept. 22.

"The secretary-general has filed the forms," Stephane Dujarric confirmed yesterday. But, he said, "We will not be making it public."

John R. Bolton, the U.S. ambassador to the United Nations, did not return a call asking about that decision, but other critics of the world body argued that the disclosure form should be made public.

"Kofi Annan has not gone far enough. He should make the financial disclosure publicly available for outside scrutiny," said Nile Gardiner, director of the Margaret Thatcher Center for Freedom at the Heritage Foundation. "The culture of secrecy remains intact in the upper echelon of the United Nations."

Mr. Annan implemented the disclosure-form policy as one of several moves to reform the institution in the wake of the oil-for-food scandal. Massive fraud was uncovered in a $64 billion program run by the United Nations that allowed Saddam Hussein's Iraq to sell a limited amount of oil.

Mr. Annan was cleared of personal involvement in the scandal, but questions were raised about the conduct of son Kojo, who worked for a company that won a major oil-for-food contract.

Among other reforms, Mr. Annan ordered the creation of an ethics office and established a policy to protect whistleblowers who expose corruption within the organization. The General Assembly agreed to the changes during the 2005 World Summit.

Until this year, U.N. undersecretaries-general were required to submit disclosure forms and declare gifts of $10,000 or more. Mr. Annan then declared that assistant secretaries-general and authorities in the U.N. procurement office also should file the forms, and reduced the gift limit to $250.

Mr. Dujarric told reporters in January that Mr. Annan would be among the first to file the disclosure form.

Asked whether he had filed his form at a press conference last month, Mr. Annan carefully answered: "I honor all my obligations to the U.N., and I think that is as I have always done." But the secretary-general is not technically an employee of the United Nations and, therefore, not legally obliged to do so.

Many Annan advisers were urging him to make good on his promise, but the chief U.N. legal counsel, Nicolas Michel, instructed the secretary-general not to, said a Secretariat official.

"Michel told him he didn't have to do it, that it would set a precedent that future secretaries-general would have to follow," said the official, who spoke on the condition of not being identified. "I don't know why anyone thinks that would be a bad thing."

During the probe into the oil-for-food program, Mr. Annan met with investigators from the Independent Inquiry Committee, led by former Federal Reserve Chairman Paul Volcker, and provided documents from six banks and three credit-card companies from 1998 to 2004.

"He lives within his means and has accumulated a retirement fund through savings," said the committee's report, which noted that his income was based on his U.N. salary and a rental property.

"The secretary-general contributes heavily to charity and to the support of his extended family. ... The records produced do not raise concerns about the secretary-general's financial stability nor do they reveal any payments or transactions that appear suspicious or improper."

The U.N. secretary-general receives $259,097 a year, after taxes. He also lives rent-free in a four-story mansion on Sutton Place, with a grassy back yard that slopes down to the East River. The house, which does not belong to him or to the United Nations, is on loan from a charitable foundation.

In addition, the secretary-general receives an allowance of about $25,000 a year for business entertaining, and he can keep the frequent flier miles he accrues when traveling on commercial airlines.

Rumsfeld Stays Mum On Nicaragua Politics (AP-Y)

By Lolita C. Baldor

AP, October 3, 2006

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Defense Secretary Donald H. Rumsfeld criticized Venezuela's hostile politics and longtime adversary Cuba during a three-day stay in Central American, but avoided any talk about another old antagonist.

Asked repeatedly about the Sandinista leader Daniel Ortega, who is leading in the presidential polls here, Rumsfeld stayed mum.

"I don't get involved in politics in the United States," Rumsfeld said more than once when questioned by reporters during a gathering of defense ministers from the Western hemisphere. "So you can be certain I don't get involved in politics in Nicaragua."

U.S. officials, however, are watching Nicaragua's upcoming elections very closely, mindful that a win by Ortega could be another destabilizing force in a region where democracy has slowly taken hold.

Ortega, whose socialist government was a major adversary of the United States in the 1980s, led the overthrow of dictator Anastasio Somoza in 1979 and fought the U.S.-backed Contra rebels as Nicaragua's president from 1985-1990.

Rumsfeld made a passing reference to Cuba in his formal remarks to the ministers, and on Tuesday he said the island nation would be welcome in the conference when it becomes a "free and democratic country."

And he was blunt about the concerns being raised by Latin American leaders about Venezuela President Hugo Chavez' billion-dollar weapons buildup.

"I don't know of anyone threatening Venezuela, anyone in this hemisphere," Rumsfeld said when asked if he believed the Venezuelans' contention that the arms purchases were strictly for defense.

Chavez grabbed headlines recently when he called Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

U.S. officials have long considered Chavez a destabilizing force. And they have suggested that Venezuela would make the Security Council unworkable if the nation were to win its bid against U.S.-backed Guatemala for a rotating council seat.

Rumsfeld met with Central American defense ministers on Tuesday, and later with Nicaraguan President Enrique Bolanos.

He said it is important for the Central American countries to continue to work together on counterterrorism, counter-narcotics, natural disasters and other threats. But he agreed that as one country cracks down on drug trafficking, the problem may migrate to another country.

After his meeting with Bolanos, Rumsfeld said he was pleased with the progress the Nicaraguans have made in their effort to destroy a cache of about 1,000 Soviet-era surface-to-air missiles. However, he noted that the job is not yet complete. U.S. officials have considered the missiles a potential threat to civil aviation.

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On the Net:

Defense Department: http://www.defenselink.mil

Hijacker Surrenders After Forcing Turkish Airliner To Southern Italy (WP/AP)

By Max Frigione, Associated Press

The Washington Post, October 4, 2006

BRINDISI, Italy, Oct. 3 -- A Turkish man hijacked a jetliner carrying 113 people on an Albania-to-Turkey flight Tuesday and forced it to land in southern Italy, where he surrendered and released all the passengers unharmed, officials said.

Two senior Turkish officials said the hijacker was seeking political asylum. An Italian security official said the man had a message for Pope Benedict XVI, but he said he did not know what it was.

Earlier accounts from the plane's operator, Turkish Airlines, said that the Boeing 737-400 had been hijacked by two Turks and that they were protesting the pope's planned visit to Turkey next month.

Turkish Transport Minister Binali Yildirim said the hijacker was seeking to evade military service in his native Turkey. "It has nothing to do with the pope's visit; it was a simple attempt of seeking political asylum under the influence of psychological problems," Yildirim said.

The passengers got off the plane about two hours after it landed in Brindisi, a town on southern Italy's Adriatic coast. The jet was on a darkened tarmac, with a firetruck carrying the airport's chief of security parked nearby.

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The passengers were being questioned one by one by Italian authorities to confirm their identities and rule out any possibility that the hijacker had an accomplice.

The plane was making a routine flight from the Albanian capital, Tirana, to Istanbul when it was seized. A man burst into the cockpit and said, "There's two of us," leading authorities to believe that the man was not acting alone, according to an Italian security official in Brindisi. The official spoke on condition of anonymity because he was not authorized to speak to the news media.

The captain issued an alert that the plane had been hijacked. The plane's crew later contacted Italian air traffic controllers and asked to land in Brindisi. The plane was escorted to the ground by two Italian military jets, according to the Italian air traffic agency ENAV.

The hijacker was identified as Hakan Ekinci. He had converted to Christianity and was an army deserter and anti-militarist who fled to Albania this year, according to the private Dogan News Agency and NTV television in Turkey.

Ekinci, 28, sent a letter to Benedict on Aug. 30 asking for help to avoid returning to military service in Turkey, Dogan reported.

"I am Hakan Ekinci, I am a Christian and I never want to serve in a Muslim army," he said in the letter, according to Dogan, which said it had obtained the letter from a blog on the Internet. "I am begging you for help as the spiritual leader of us, Christians' world."

Unswayed By West, Russia Continues Georgia Blockade (WP)

By Peter Finn

The Washington Post, October 4, 2006

MOSCOW Oct. 3 -- Russia signaled Tuesday that it would not lift a transportation blockade on Georgia despite the release of four Russian officers detained on espionage charges and calls from the European Union and the United States for the two countries to find ways to ease tensions.

Russian Foreign Minister Sergei Lavrov said Tuesday that his country had "no plans for the time being" to restore postal and transportation links, including commercial flights and train service, that were severed Monday as the four military officers were about to be released.

"One must not feed off Russia and insult it," Lavrov said at a media briefing Tuesday that was marked by harsh language. "The Georgian leadership must understand this."

Relations between the two countries have worsened since Georgian President Mikheil Saakashvili came to power in early 2004 on the promise of taking his country into the NATO military alliance and out of Russia's sphere of influence. Tensions are also heightened by two breakaway regions in Georgia -- South Ossetia and Abkhazia -- that receive support from Moscow.

Saakashvili has said he is determined to reassert Georgian sovereignty over the two areas, which are patrolled by Russian peacekeepers.

In Tbilisi, the Georgian capital, Foreign Minister Erkki Tuomioja of Finland, which holds the rotating E.U. presidency, said Moscow's sanctions seemed disproportionate and warned against "more acute measures." On Monday, the U.S. State Department also called on Russia and Georgia to take steps to "de-escalate tensions in the days and weeks ahead."

"We think that hot rhetoric on either side or sanctions is not a good idea," Daniel Fried, assistant secretary of state for European and Eurasian affairs, said in a telephone interview. "This is a time for reflection and for both sides to work together. . . . It's too bad Russia is not taking the opportunity to de-escalate."

But Lavrov was not in a charitable mood. "There are attempts by some figures to say that the Russian officers have been released, the situation has calmed down and let's do things as before," he said. "We don't want to do things as before."

The Russian foreign minister accused Georgia of illegally acquiring Soviet- or Russian- made arms in Europe, and he said the sellers, whom he did not identify, were violating a ban on transferring those weapons to third parties.

He said Russia was "seriously worried by total militarization in Georgia," noting a call-up of reservists by the government.

"The Georgian budget is not very big," Lavrov said. "Money is coming via different channels, including illegally from Russia, where this money is largely made by criminal methods. These channels will be blocked, too."

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Lavrov provided no details, but the statement appeared to be a reference to remittances sent back to Georgia by some of the estimated 300,000 Georgian immigrants here; some estimates put the number of Georgians in Russia, many of them here illegally, closer to 1 million. The population of Georgia is 4.6 million.

Russian lawmakers scheduled a debate on a bill that would bar Georgians from transferring money home.

"These measures will not give the desired results and in the end will hurt Russia itself," Georgia's Foreign Ministry said in a statement Tuesday.

Lavrov also noted that Georgia had arrested the Russians after Saakashvili had visited Washington and NATO had agreed to an intensive dialogue with the country on membership.

"We certainly make note of the assurances of our U.S. colleagues that they have constantly tried to keep the Georgian leadership from abrupt moves," Lavrov said. "But the chronology was the way I have just explained -- a visit to Washington, NATO's decision, hostage-taking -- and the charges were laughable and groundless."

Georgian Vineyards Hit By Russian Frost (WP)

By Peter Finn

The Washington Post, October 4, 2006

TELAVI, Georgia -- In the shadow of the Caucasus Mountains, the grapes are heavy on the vines and ripe for harvesting. Zurab Ramazashvili, owner of the Telavi Wine Cellar, cradles a bunch in his hand, plucks a single grape and savors its bursting juices.

"I'm very optimistic about our wine this year," he said, adding with a rueful smile, "But where to sell it?"

People have been making wine in this rugged and poor corner of eastern Georgia for millennia, a tradition that survived nationalization in the Soviet Union and the disarray of communism's collapse. But another storm has blown over the mountains from Russia and into Kakheti, Georgia's storied winemaking district.

Earlier this year, Russian health officials banned the import and sale of all wine from Georgia, citing impurities. It was a body blow to Georgia's second-largest export industry, which sold nearly 80 percent of its wine to Russia.

Georgians read the ban as political retribution for the country's increasingly strained relations with the Kremlin, which reached a new pitch of animosity following the detention of four Russian military officers, who were stationed in Georgia, on spying charges. The two countries have been at odds since Georgian President Mikheil Saakashvili came to power in early 2004 and immediately adopted pro-Western policies that included a desire to join the NATO military alliance.

"This year the front line in the economic war is here in the vineyards of Kakheti," Saakashvili said in a meeting with ministers in early September.

The impact of the wine ban was immediate -- from the fields where the vines burrow deep into the parched earth to wineries that have invested millions of dollars in new equipment in recent years. Georgia's annual production has plummeted from nearly 50 million bottles in 2005 to a projected 20 million bottles this year, according to Georgian vintners, wiping out jobs and investments.

In 2005, for instance, the Telavi Wine Cellar sold nearly 2.5 million bottles of wine in Russia, about 70 percent of the winery's entire output. This year, with the Russian market lost, Ramazashvili projects that he will sell only 1.7 million bottles. "It hurts," said Ramazashvili, "and breaking into new markets is a time-consuming and costly process."

"You can't get a decent price for the grapes now," said Keto Boglotsishrili, 70, as she and her family harvested Rkatsiteli, a Georgian variety whose seeds were discovered here in clay jugs dating to 3000 B.C. Prices for the white grapes have fallen about 30 percent since last year.

"It's almost not worth being out here," said Boglotsishrili's husband, Shota, as he bent to cut bunches of grapes on a warm fall afternoon.

But the Russian ban could also help diversify an industry that had become too reliant on one market and paid too little attention to the quality of the wine it was producing.

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"It will take a certain amount of time to recover from this slump, maybe some years, but this can be a blessing in disguise," said Zurab Chkhaidze, co-owner of the Askaneli Brothers winery. "We will have to find new markets and make new and better products."

Officials in Moscow said they acted because Georgian wine, as well as wine from Moldova, was laced with pesticides and other impurities. Russia also banned Georgian mineral water and agricultural produce and this week cut off all transportation links between the two countries.

More than 600,000 gallons of wine already in the country were destroyed, and vintners such as Chkhaidze, who had 40,000 bottles inside Russia at the time of the ban, lost hundreds of thousands of dollars.

The Georgian restaurants that dot Moscow were suddenly forced to serve wine from Western Europe and the Americas. "It's not a substitute at all," said Gocha Markelia, manager of Alaverdy restaurant in Moscow. "We grew up -- and I mean both Russians and Georgians -- drinking Georgian wine, and Chilean or French wines are very alien to us. Our clients don't like those wines and don't want them, but there's nothing we can do."

Vintners here agree that some of the wine sold as "Georgian" in Russia was impure. But they stress that it wasn't actually Georgian and that most of it was counterfeited in Russia.

Last year, 150 million bottles of "Georgian" wine, much of it plonk, was sold on the Russian market, although Georgia produced only 50 million bottles in 2005. Cheap Moldovan, Romanian, Hungarian and Bulgarian wine was relabeled as Georgian and sold in Russia, where Georgia's wines, particularly semisweet and semi-dry varieties, have been beloved since the armies of the czar swept in here in the 18th century.

"The Russian market was very easy -- too easy. You could sell anything," said George Margvelashvili, the president of Tbilvino, a winery based on the edge of Tbilisi, the Georgian capital, that produces some of the country's finer vintages. "This crisis is forcing new ideas into the industry -- how to produce better and better wine and how to market it."

Margvelashvili's company and other vintners are now attempting to break into new markets from China to the United States, where he is currently negotiating with wine brokers. But he said it will be at least three more years before his factory is back to 2005 levels of production. Last year, he sold 1.5 million bottles, with 650,000 going to Russia.

"This year we'll be very, very lucky if we sell 800,000 bottles," said Margvelashvili, who has had to lay off 40 of the 125 people who worked at the winery. "Last year we bought 2,600 tons of grapes at harvest time. This year nothing, because we have enough stock to carry us."

To absorb this year's harvest, grapes are being diverted into the manufacture of juices and pure spirit, and Georgian companies have been buying some of the harvest, describing their purchases as a public service. The army is also buying grapes to feed its soldiers.

The Georgian government is also enforcing a quality-control system to root out the persistent problem of counterfeiting. Saakashvili complained at his meeting with ministers that he recently ordered a glass of Mukuzani at a Georgian restaurant in Krakow, Poland, but it bore no relation to the dry, deep red made from grapes grown in Kakheti.

"I tried the wine and it would have been better if I hadn't," said Saakashvili. "It was water with alcohol and dye."

The government has also begun advertising Georgian wine in countries such as Ukraine, where sales are soaring, and officials acknowledge that the standoff with Russia has drawn worldwide attention to the vineyards here.

"Russia has provided us with a lot of free publicity because of its actions," said Mikheil Svimonishvili, the Georgian agriculture minister, who is spending the harvest season from mid-September to mid-October in Kakheti. "We're coping, and I believe this is going to have a positive impact."

In Graft Inquiry, Chinese See A Shake-Up Coming (NYT)

By Joseph Kahn

The New York Times, October 4, 2006

BEIJING, Oct. 3 — When Shanghai's party boss was detained in an anticorruption probe last week, Chinese were rattled by news of the first purge of a high-ranking Communist Party leader since 1995. But the investigation's scope and its ultimate goals

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are wider, as the party's two most powerful officials aim to shake up the leadership and wipe out resistance to their policy agenda, party officials and analysts say.

The investigation, the largest of its kind since China first pursued market-style changes to its economy more than a quarter-century ago, was planned and supervised by Zeng Qinghong, China's vice president and the day-to-day manager of Communist Party affairs, people informed about the operation said.

They said Mr. Zeng had used the investigation to force provincial leaders to heed Beijing's economic directives, sideline officials loyal to the former top leader, Jiang Zemin, and strengthen Mr. Zeng's own hand as well as that of his current master, President Hu Jintao.

Aside from frightening officials who have grown accustomed to increasingly conspicuous corruption in recent years, the crackdown could give Mr. Hu greater leeway to carry out his agenda for broader welfare benefits and stronger pollution controls, which may prove popular in China today.

Some critics fear that it may also consolidate greater power in the hands of a leader who has consistently sought to restrict the news media, censor the Web and punish peaceful political dissent.

The high-level purge began on Sept. 25, when Chen Liangyu, the Shanghai party leader and a Politburo member, was removed from his office on corruption charges. Party security forces had already detained high-ranking officials in Shanghai, Beijing, Tianjin, Fujian and Hunan. Mr. Chen is the most powerful person removed from office since 1995, when the Beijing party leader was purged, also on corruption charges, during a power struggle.

Several party officials and well-informed political observers said they believed that the investigation had not yet reached its climax. They say Mr. Zeng hopes to dismiss two fellow members of the Politburo Standing Committee, Jia Qinglin and Huang Ju, who are under pressure to take "political responsibility" for corruption that has occurred in Beijing and Shanghai, their respective areas of influence.

If he succeeds in removing officials who serve on the nine-member Standing Committee, the party's top leadership, the purge will amount to the biggest political shake-up since 1989, when Deng Xiaoping ousted Zhao Ziyang, then the party's general secretary, after the crackdown on democracy protests in Beijing.

It would also be likely to seal Mr. Zeng's reputation as China's political mastermind, who mixes personal ambition with a nearly legendary ability to deliver results for his superiors. Officially ranked No. 5 in the party hierarchy, he is widely seen as exercising more authority within the party than anyone except Mr. Hu.

Chinese politicking takes place under a heavy veil of secrecy, and speculation about what happens in Zhongnanhai, the Chinese leadership compound, has been intense since Mr. Chen's detention last week.

It is rarely possible to get authoritative confirmation of political maneuvers in China. The people who discussed the situation with a foreign reporter did so on condition of anonymity, citing fears of retribution.

The course of the anticorruption campaign may shift if central leaders face a strong backlash at the party's annual Central Committee meeting, which will be held Oct. 8-11. One well-placed political observer said he doubted that Mr. Huang or Mr. Jia would be forced from office before their expected retirement next year.

Even so, the weakened position of the two men and their patron, Mr. Jiang, whom Mr. Hu and Mr. Zeng pushed from his last post in 2004, could have a significant impact on Chinese policy and leadership decisions.

Mr. Jiang's old loyalists, often referred to as the Shanghai faction, tended to favor fast economic growth, a relatively high degree of provincial autonomy in economic affairs, loose controls on investment and bank lending and close ties between the party and the country's rising class of private businessmen.

Mr. Hu, 63, and Mr. Zeng, 67, have at least for now forged an alliance that dominates party leadership, party officials say. They advocate slower and more stable growth, greater attention to social inequality and pollution, and an expansion of state support for education, medical care and social security.

Most of the officials singled out so far in the anticorruption sweep are seen as closer to Mr. Jiang and as having ignored central directives to tamp down state-led investment. That, party officials say, shows that the continuing legal investigation serves as a cover for a political campaign to change the party's policy direction.

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Mr. Zeng plans to use the Central Committee meeting to elevate Mr. Hu's political slogan, "harmonious society," into an official "theory."

The catch phrase covers a range of policies intended to restore a balance between the country's thriving market economy and its neglected socialist ideology, primarily by paying greater attention to peasants and migrant workers who have benefited much less than the white-collar elite in China's long economic boom.

At the meeting, party leaders will discuss "the theory of building a harmonious socialist society," party officials said. In effect, Mr. Zeng is promoting Mr. Hu's concept into doctrine, to be taught alongside the theories of Mao, Deng and Mr. Jiang.

People informed about Mr. Zeng's planning described that step and others as part of a carefully calculated series of political moves that began last spring.

They said Mr. Zeng had instructed the inspectors responsible for enforcing party discipline to investigate activities in the political strongholds of Beijing, Shanghai and Tianjin, where he suspected that senior party officials were allowing rampant profiteering by relatives and friends, and where the leaders owed their positions mainly to Mr. Jiang.

Those urban enclaves, whose leaders enjoy considerable autonomy, had also defied repeated efforts by Mr. Hu and Wen Jiabao, the prime minister, to rein in bank lending in overheated sectors like real estate.

Anticipating that Mr. Jiang might seek to protect his allies, Mr. Zeng first moved to mollify him by rolling out a tribute: the publication of his collected works. Party units nationwide were instructed to purchase and study the three-volume collection of speeches and essays, a financial and political windfall.

The crackdown initially focused on lower-level officials in the big cities. When investigators gathered evidence to implicate Mr. Chen, the Shanghai party boss, Mr. Zeng summoned him to Beijing, presented him with the pending indictment and pressed him to resign, these people said. He was said to have refused.

Faced with the prospect of a hostile purge, the first of its kind affecting a Politburo member since 1995, Mr. Zeng and Mr. Hu sent Mr. Chen's file to Mr. Jiang, asking for his advice, a person close to Mr. Zeng's office said.

Confronted with evidence of high-level corruption in Shanghai, Mr. Jiang approved removing Mr. Chen, the people said.

Armed with that victory, Mr. Zeng has pushed to create a new standard of "political responsibility," modeled after a code seen by him to prevail in American politics, which holds senior leaders responsible if their underlings disgrace the party, people informed about his thinking said.

That new standard could be used against Mr. Huang, a former Shanghai party boss and a Jiang loyalist, and Mr. Jia, who supervised Beijing.

"The old standard for senior party members was legal guilt," said one person who spoke about Mr. Zeng's thinking. "Under the new standard you could lose your post for mismanagement even if they can't prove you put one cent in your own pocket."

Others raised doubts that the purge would reach people that high up the hierarchy. The ruling party risks undermining its own authority if it acknowledges that corruption extends into the most elite ruling circle, they said.

More generally, Mr. Zeng's prominent role has raised questions about his influence relative to Mr. Hu's, party officials said.

Mr. Hu holds the posts of party general secretary, head of the military and president of China, the country's three most important. Mr. Zeng, though he runs the party's main coordinating office, is outranked in its official hierarchy not only by Mr. Hu but also by three other Standing Committee members.

Moreover, until Mr. Hu and Mr. Zeng unexpectedly joined forces in 2004 to push Mr. Jiang into full retirement, Mr. Zeng was seen as close to Mr. Jiang. The two worked side by side since they served in Shanghai together in the 1980's.

But Mr. Zeng's campaign to remove some Jiang loyalists may end up strengthening his own hand as well as Mr. Hu's, some party officials suggested. The reason is that Mr. Zeng has become the standard-bearer for a wide array of political interests.

The son of one of Mao's first security chiefs, Mr. Zeng maintains close ties to the sons and daughters of Communist China's founding fathers and has relatives in the military. He has supporters among those who favor deeper capitalist-style changes to the economy and financial system.

Some Chinese intellectuals say he has signaled an openness to political change. Mr. Hu, in contrast, is viewed as cautious and doctrinaire.

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Mr. Hu has sought to promote officials he trusts from his days as a provincial official in western China and as the head of the national Communist Youth League in the 1980's. Though he now has broad authority, his traditional base is considered narrower and less influential than that of Mr. Zeng.

The political dance between the men underlines uncertainties about the political succession scheduled to take place in 2007. At that time the party will hold a congress, as it does every five years, to approve a new lineup of officials for the Politburo as well as other top party, government and provincial positions.

Party officials say that while Mr. Hu and Mr. Zeng have worked together to consolidate their own power, they have not agreed on choices for the Standing Committee or some top provincial posts. That suggests that their alliance possibly temporary and that the country's politics could remain volatile.

"I think that at this point neither of them has the power to dictate the future," one party official said. "They need each other, but that does not mean they trust each other."

Lucrative Return Israeli Investors Find Opportunity In Romanian Roots (WSJ)

By Joel Millman

The Wall Street Journal, October 4, 2006

BUCHAREST -- In 1993, Moshe Arbel returned to Romania, 45 years after he arrived in Israel with thousands of other children orphaned by the Holocaust. He found his mother's grave, hired caretakers to maintain it for $12 a month, and spotted something else -- opportunity.

Romania was a country stirring to life economically after the fall of communism, he told his employer, Givat Haim, a kibbutz that makes Prigat-brand fruit juice. "I said, 'Back me and I'll make money in Romania.' They said, 'Romania? There's more money in Netanya [a nearby town] than in all of Romania.' Meshuga -- crazy -- they called me," Mr. Arbel recalls.

With a $175,000 loan from the kibbutz, the 63-year-old marketing specialist began bottling Prigat fruit juices in Romania, turning the brand into the country's top seller. This summer, he sold the Romanian unit for about $7 million to PepsiAmericas, a Minneapolis-based bottler.

In a historical twist, the children of the Romanian Holocaust are playing a leading role in modernizing the land of their parents' tragedy. Israeli expatriates have started local businesses in agriculture, retailing, real estate and heavy construction. Branch offices of firms based in Tel Aviv and Haifa handle everything from hotel management to insurance to car leasing. Many of the office parks and shopping malls rising in Bucharest's suburbs are being financed by Israeli hedge funds, while Israeli engineering firms are managing European Union road and water projects in the countryside.

The Israeli presence is so large that Bucharest hotel lobbies and restaurants buzz with Hebrew speakers. On Thursday nights, the two-hour flights between Bucharest and Tel Aviv are packed with Israeli business commuters heading home for family weekends -- and Israeli gamblers bound for Bucharest's casinos, four of which are operated by Israeli entrepreneurs. Israeli licensees in Romania market Kodak film, Pepsi and Cadbury Schweppes soft drinks and Tuborg beer.

Businessmen here estimate that Israelis have invested as much as $2 billion in Romania over the past 15 years, a huge sum given Israel's population of six million. Much of the investment has been routed through third countries, mainly in Western Europe, to take advantage of tax deals. Counting such indirect investment, Romania ranks with the U.S., China, India and Western Europe as a top destination for Israeli capital, says the nation's commercial attaché in Bucharest.

For Israel, whose trade with its Arab neighbors is limited, Romania represents a growth market. Apart from catering to a Romanian market of 22 million, Israeli firms located here can take advantage of regional trade pacts to export duty-free throughout Europe. Starting Jan. 1, when Romania joins the EU, the estimated 30,000 Israelis who also have Romanian citizenship will gain EU citizenship and ultimately be able to work, study and travel freely across Europe.

As a result, thousands more Israelis are queueing up for joint citizenship. "We call them 'born-again Romanians,' " jokes Michael Faint, an animal-feed merchant from the United Kingdom based in Bucharest.

Romania benefits, too, from the Israeli connection. Israelis provide money and technical expertise to a nation that must build its economy to EU standards. Israeli agricultural companies play an especially large role in revamping Romania's farm sector, which was set back by Communist-era mismanagement. "Israeli companies are helping to make a modern Romania,"

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says Jose Iacobescu of the Chamber of Commerce and Industry of Romania, who says that Israeli firms employ between 150,000 and 200,000 Romanians.

Tangled History

Israel and Romania have a tangled history. During World War II, Romania was ruled for two years by the fascist Iron Guard, but was one of the few Axis supporters never occupied by German troops. Due to shifting borders, 200,000 Romanian Jews were living in Soviet territory when Hitler's forces invaded, and many died.

Yet 350,000 Romanian Jews survived. Most migrated to Israel, where they so dominated their new society that much of what is considered traditionally Israeli has Romanian origins, including Israel's national folk dance, the hora. Under the Communist regime of Nicolae Ceausescu, Romania was the one Soviet-bloc nation that never broke ties with Israel. The two states even collaborated on intelligence matters.

However, lingering anti-Semitism still makes Romania a tricky place for Jews to do business. Last December, an ultranationalist group, Dacia Nemuritoare ("Immortal Dacia," Romania's Bronze Age name), listed the country's top Jewish entrepreneurs and the law firms and banks they work with. A weekly publication of a right-wing minority party, Greater Romania, published a column last year that claimed that Jews with dual citizenship were planning a stealth "depopulation" of the country by dismantling the public-health system and forcing natives to emigrate for work.

Worried about being targets of prejudice, some religious Israelis doff their yarmulkes upon arrival in Bucharest. Many companies register offshore, which obscures their Israeli roots. Strauss International Ltd., a well-known Israeli chocolate maker, sells Romania's leading brand of roasted coffee, called Elite. Its Romanian operation is part of its Amsterdam-registered subsidiary. "Romanians are completely unaware of the Jewish origin" of these brands, says Stefan Liute, a Romanian who works for Grapefruit, a Bucharest brand consultant.

Indeed, Prigat researchers discovered that many Romanians think the brand name, which means "fruit of the wine press" in Hebrew, dates to Romania's pre-Communist era. But Mr. Arbel, the company's head, says account representatives faced resistance from some Lebanese and Syrian restaurateurs who have flocked to Bucharest.

Romanian-born Israelis began returning in great numbers around 1990. The post-Communist government published lists of about 9,000 properties, including hundreds of factories and hotels, that were seized either by Nazi sympathizers after 1940 or by Communists after 1948. Israelis filed claims for lost holdings, as did ethnic Hungarians, Germans and other groups. So far, more than 200,000 claims have been made, and about 80,000 have been adjudicated. Romania doesn't categorize them by ethnicity.

Successful claimants often flipped Bucharest properties to Israeli developers, who spruced them up for sale to Austrian, German, Greek and Italian businessmen entering the country. Israelis with dual citizenship were also buyers, benefiting from a government policy that encouraged sales to Romanians living abroad, says Jacob Fonea, a dentist from Haifa who today heads the Romanian-Israeli Chamber of Commerce.

Dr. Fonea, who was born in Iasí near the Soviet border, was unable to regain factories once owned by his family. But he remained in Romania and founded the AIE Group, which bought a former state-owned woolens weaver and a bankrupt tableware company, among other firms, and now exports a variety of goods to Europe. He says AIE has annual sales of around $100 million and employs some 7,000 Romanians.

Israelis of Romanian descent created a web of businesses. When Prigat needed a juice bottler, it turned to Amraz Ltd., Israel's largest producer of plastic containers, which set up a local factory. Now Amraz is exporting plastic bottles into Croatia and France.

Similarly, Israeli architects work for Israeli developers who hire Israeli construction firms across the country. Israeli hedge funds are buying farmland to be managed by Israeli agronomists who tap Israeli kibbutz members to run farms. Romanian authorities say there are about 3,500 companies registered in Israel that do business here. There are another 2,000 Romanian businesses owned by Israelis but registered in third countries, according to diplomats and businessmen.

These close commercial ties date back to the collapse of the Ceausescu regime. Israeli contractors reconditioned Soviet-supplied MiG fighters for Romania's air force and later, with U.S. permission, sold surplus U.S. F-16s to Romania.

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At the same time, many Romanians headed to Israel for jobs when their country plummeted into recession during the 1990s, and Palestinian unrest prompted Israel to rely less on Arab laborers and recruit guest workers abroad. Eventually about 200,000 Romanians joined Thais, Chinese and Filipinos working in Israel. Bucharest now bustles with Hebrew-speaking cab drivers who bought their vehicles with cash earned in Israel. Hebrew-speaking Romanians became a ready work force for returning Jews.

With Romania's economy growing at 5.6% a year over the past five years -- twice as fast as Israel's -- the country has become a magnet for ambitious young Israelis who feel stifled at home. "Our country is saturated," complains Moran Morgenshtern, a 32-year-old veterinarian who worked this summer breeding heifers in Romania. "If I ever want to run my own farm, I'll probably do it here."

Ms. Morgenshtern's employer, Tnuva Central Cooperative for the Marketing of Agricultural Produce in Israel Ltd., is Israel's largest food concern. Founded as a dairy cooperative in 1926, Tnuva today has a 70% share of the Israeli market and now looks abroad to expand. Romania has a special lure: Once it joins the EU, it will get immediate access to the huge European dairy market, which Israel has had little luck in cracking, so long as Romanian producers can meet EU sanitary and food-safety standards.

Tnuva says it can meet those standards and help Romanian farms do the same. It also cautions Romanian farmers that if they can't boost their agricultural productivity, they will be swamped with cheaper agricultural imports from more efficient farms in Western Europe. "I warn the Romanian people, 'Follow me or else you will end up slaves of the West,' " says Yoram Israeli, a 55-year-old, former kibbutz member who runs Tnuva Romania, and who is jokingly called "Moses" around his Bucharest office.

Two-Stage Strategy

Mr. Israeli has a two-stage strategy. First, Tnuva is building a yogurt-processing plant in Romania to make and sell Yoplait yogurt with milk produced locally. (Tnuva already licenses and sells Yoplait, a French brand, in Israel.) Afterward, Tnuva hopes to sell Romanian dairy products throughout Europe.

This year, Tnuva bought its first Romanian farm, a former Communist collective near the village of Adunatti Copăceni, and imported a herd of 1,200 dairy cows from Germany. A few weeks before the first cows arrived, workers, many Romanian gypsies, restored concrete barns that had been stripped of metal fixtures, including roofs, by local scavengers. Israelis cleaned the site thoroughly after inspectors discovered leucosis bacteria in pools of stagnant water. That could have infected dairy cows and disqualified their milk for sale.

The Israelis sought local dairymen who can meet EU standards. Next, Tnuva hopes to persuade co-op members to advise local farmers, invest in Romanian dairies and share technical know-how. "It's like playing matchmaker," says Rafi Shaul, the Tnuva executive in charge of hunting for local partners.

Mr. Shaul, a chain-smoker with a thinning gray ponytail, works with Costel Caras, a 48-year-old Bucharest native who began farming in 1994. Mr. Caras turns to Mr. Shaul for advice on everything from how to mix feed to how to qualify for EU farm aid.

Tramping through an overgrown pasture in July, Mr. Shaul praised Mr. Caras's placement of a concrete corral and the cleanliness of his herd's stalls. He winced at the sight of Mr. Caras's creaking water pump. "Some of these farms," Mr. Shaul muttered, "look like Israel 50 years ago."

Later, over a lunch of Romanian cheese and eggplant snacks, Mr. Caras complained that a wholesaler twice neglected to make pickups at his farm, forcing him to dump his product. If that keeps happening, he'll go broke.

Tnuva competes here from France's Groupe Danone SA and the Netherlands' Friesland Foods. Mr. Shaul said he suspects brokers may be punishing Mr. Caras for working with Tnuva. Mr. Shaul advised the farmer to be careful.

"Don't worry about me. I am a free man," the Romanian said. "We need Tnuva. We don't want just one buyer here."

An African Dumping Ground (NYT)

The New York Times, October 4, 2006

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Globalization brings wealth and opportunity to many people around the world. But to poor slum dwellers in the failing state of Ivory Coast, it has brought horrible sickness and death after hazardous waste, shipped nearly halfway around the world, was stealthily dumped in backyards around Abidjan. This need not and should not have happened.

As reported in Monday's Times by Lydia Polgreen and Marlise Simons, the waste — a fuming mix of petrochemicals and caustic soda — that started out in the Mediterranean and ended up in Africa could have been safely disposed of earlier in its journey. But Trafigura, the Swiss trading company that leased the tanker, balked at paying European prices. Instead, 85,000 people ended up seeking medical treatment, and at least eight have died.

The details and legal responsibilities are still being sorted out. But the lesson is plain. Without strict, and strictly enforced, international rules on waste disposal, dangerous cargos will find the course of least resistance, least cost, and least regulation, scarring the lives of some of the world's poorest, worst governed and most defenseless people.

This story began in July, when a Greek-owned Panamanian-flagged tanker, leased by Trafigura, stopped in Amsterdam and attempted to unload its waste. That fell through when a Dutch company that had contracted to do the job for $15,000 found far more noxious material in the ship's hold than it had been led to believe. Completing safe disposal there would instead cost $300,000, plus perhaps as much again in delays.

That sent Trafigura looking for cheaper alternatives. But for a company that had revenues of $28 billion last year, it was not a prohibitive price — especially considering what happened. The ship moved on to several more ports, ending up in Abidjan, where Trafigura hired a local disposal company that did the nocturnal backyard dumping.

Trafigura says the Ivoirian authorities told it that the local company could do the job safely. If that is true, those officials were recklessly incompetent. In any case, a stronger system of international regulations — backed up by a threat of fines or other penalties — might have forced Trafigura to think twice about whom it was hiring.

Unless such regulations are tightened and reliably enforced, the sick and the dead in Ivory Coast will have suffered for nothing. And the whole story will soon be repeated in some other country where costs are low, rules are slack, and, as an inevitable result, human life is cheap.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

State Dept. Confirms Rice-Tenet Meeting (AP-Y)

By Anne Gearan

AP, October 3, 2006

Secretary of State Condoleezza Rice did receive a CIA briefing about terror threats just about two months before the Sept. 11 attacks, but the information was not new, her chief spokesman said.

In doing so, Sean McCormack confirmed a meeting — on July 10, 2001 — that his boss had said repeatedly she could not specifically recall. She had said earlier that there were virtually daily meetings at the time.

A new book by reporter Bob Woodward of Watergate fame describes the White House meeting as an emergency wakeup call that Rice had brushed off. Rice was President Bush's national security adviser at the time and was promoted to the top diplomatic job last year.

Although spokesmen for the State Department and the National Security Council indicated Sunday that such a meeting had taken place, Rice was still saying Monday that she was not sure about it. She said she would have remembered the sort of forceful warning the book claims was conveyed there.

"We can confirm that a meeting took place on or around July 10, 2001," McCormack said late Monday.

"The information presented in this meeting was not new, rather it was a good summary from the threat reporting from the previous several weeks," he added.

Woodward's book "State of Denial" recounts the meeting among then-CIA Director George Tenet, Rice and the CIA's top counterterror officer. The book said the session stood out in the minds of the CIA officials as the "starkest warning they had given the White House" on al-Qaida leader Osama bin Laden and his network.

McCormack said that after the meting, Rice had asked that the same material be given to Secretary of Defense Donald H. Rumsfeld and then-Attorney General John Ashcroft.

Materials from this meeting were made available to the independent Sept. 11 Commission, and Tenet was asked about the session when interviewed by the commission, McCormack said.

The meeting is not part of the commission report, but was referred to obliquely in a report by the commission's predecessor, a joint congressional panel that investigated the 9/11 attacks. That report said that "senior U.S. government officials were advised by the intelligence community on June 28 and July 10, 2001, that the attacks were expected, among other things, to 'have dramatic consequences on governments or cause major casualties' and that 'attack preparations have been made. Attack will occur with little or no warning.'"

Meanwhile, Ashcroft said Monday that he should have been notified of any such report dealing with a pending attack on the United States. "It just occurred to me how disappointing it was that they didn't come to me with this type of information," he said in an interview with The Associated Press.

"The FBI is responsible for domestic terrorism," Ashcroft said. He said both Tenet and Black should have been aware that he had pressed for a more aggressive policy in going after bin Laden and his followers in the United States and should have briefed him as well. Rice knew of this advocacy, he suggested.

According to the Sept. 11 Commission, Ashcroft was briefed on July 5, 2001, "warning that a significant terrorist attack was imminent." The report noted that the briefing addressed only threats outside the United States.

Dems Write Letter Questioning Rice (HILL)

By Elana Schor

The Hill, October 4, 2006

In the wake of Washington Post reporter Bob Woodward's new book on the White House's handling of the war in Iraq, 11 House Democrats wrote to Secretary of State Condoleezza Rice yesterday with questions about a controversial meeting she held with two senior intelligence officials in July 2001.

Woodward's book, "State of Denial," reports that then-CIA leader George Tenet and CIA counterterrorism chief Cofer Black met with Rice on July 10, 2001, to warn her in strong terms that al Qaeda was planning an attack on U.S. facilities. Rice has since strongly denied being warned of any possible strike within the U.S.

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The Democrats who signed the letter, including Rep. Rahm Emanuel (Ill.), Homeland Security Committee ranking member Bennie Thompson (Miss.) and Government Reform Committee ranking member Henry Waxman (Calif.), wrote that Rice's 2004 testimony to the 9-11 Commission "does not appear to match your statement this weekend, and we would appreciate a more specific detailing of the level of information received by your office."

Terror Inmates' Mail Still Goes Unread (AP-Y)

By Lara Jakes Jordan

AP, October 3, 2006

Mail for convicted terrorists and other dangerous federal inmates isn't being fully read by prison authorities, and that is a risk to national security, a Justice Department review concluded Tuesday.

The U.S. Bureau of Prisons is supposed to translate and screen all mail to and from the highest-risk inmates — including terrorists, gang members and spies — for evidence of criminal activity. But that target was not being met consistently at 10 federal prisons and detention centers surveyed by the Justice Department's inspector general.

"The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated," concluded the report by Inspector General Glenn A. Fine. It urged the Bureau of Prisons to correct quickly the security gap, including putting tracking systems in place to ensure all high-risk inmate mail is read and analyzed.

A Bureau of Prisons spokesman said the agency agrees with the review's recommendations in whole or in part. But it is largely too cash-strapped to afford enough staff to sort through the thousands of letters and other pieces of mail federal prisons receive each week — what Bureau of Prisons Director Harley G. Lappin described to inspectors as searching for "a needle in a haystack."

Experts fear that a new generation of homegrown terrorists is being bred in prison and, after release, they will seek guidance from Islamic extremists still behind bars.

The Justice Department's mail investigation was spurred, in part, after three convicted terrorists at a federal maximum-security prison in Florence, Colo., were found to have written an estimated 90 letters between 2002 and 2004 to Islamic extremists — some with links to the March 11, 2004, attacks on commuter trains in Madrid. Some of the letters later surfaced in the hands of a terror suspect who used them to recruit suicide operatives.

The Madrid attacks killed 191 people and wounded more than 1,700.

Following that discovery, the Bureau of Prisons took steps to limit high-risk inmates' mail and telephone calls, the inspector general found. It also hired more Arabic translators and sought to better analyze mail.

Limited funding, in the face of a growing inmate population, has hindered those efforts, the inspector general's report concluded. About 10 percent of an estimated 191,000 federal inmates, as of July, are considered high risk. The number of high-risk inmates has grown by 60 percent over the last decade; by contrast, federal prisons' staff increased by 14 percent, from an estimated 30,200 to 34,600.

Sen. Charles E. Schumer, D-N.Y., called the findings "inexcusable."

The Bureau of Prisons "continues to be incompetent when it comes to detecting possible terrorist activity in federal prisons," said Schumer, a member of the Senate Judiciary Committee that oversees the agency.

Courts have largely deferred to prison officials seeking to limit inmates' communications or other rights, said David L. Hudson Jr., an attorney with the First Amendment Center in Nashville, Tenn.

"Unfortunately, they essentially have no First Amendment rights — or very few," Hudson said.

The review examined mail monitoring systems at 10 federal prisons and detention centers: in Brooklyn and Manhattan, N.Y., and Sheridan, Ore.; two each in Florence, Colo., and Beaumont, Texas; and three in Allenwood, Pa.

The maximum-security prison in Florence, for example, houses about 400 of the most dangerous and violent inmates in the federal system. Among them are the 1993 World Trade Center bombers, convicted Unabomber Ted Kaczynski, convicted spy Robert Hanssen, and leaders of violent street gangs.

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On the Net:

Justice Department's Office of Inspector General: http://www.usdoj.gov/oig/index.html

Justice Review Of Prisons Calls For Closer Look At Inmate Communications (USAT)

By Kevin Johnson

USA Today, October 4, 2006

DOJ_NMG_0074725

WASHINGTON — The Justice Department issued a damning account of the federal prison system's failure to monitor potentially criminal communications of convicted terrorists and other inmates at some of the nation's most secure government facilities.

In a 100-page report released Tuesday, Justice Department Inspector General Glenn Fine found that the federal Bureau of Prisons (BOP) fails to adequately monitor prisoners' mail, telephone calls, visitor communications and cell-block conversations that could be part of criminal enterprises.

The bureau also lacks the staffing and expertise to translate communications conducted in foreign languages or to assess possible threats, the report found.

"The BOP incarcerates international terrorist inmates who require sophisticated monitoring and analyses of their communications and activities," the report concluded. "The BOP's monitoring procedures, intelligence analysis and foreign language capabilities have not evolved to that level."

Fine launched the investigation following news reports last year that three terrorists convicted in the 1993 World Trade Center bombing and imprisoned at the government's most secure facility in Florence, Colo., wrote more than 90 letters to Islamic extremists outside the prison.

Justice investigators based their conclusions on reviews of 10 high-security institutions where many of the system's 146 convicted international terrorists are jailed and hundreds of the estimated 19,720 high-risk inmates are detained.

More than 190,000 inmates are held in the federal prison system.

The report also found that the number of high-risk inmates — including gang leaders and international and domestic terrorists — has increased by an estimated 60% in the past 10 years. During that same time period, BOP staff increased by 14%.

BOP spokesman Michael Truman described the Justice assessment as a "very candid report" and that the bureau would deal with its findings.

"The most dangerous and sophisticated inmates are housed in the most restrictive conditions allowed in order to ensure that they cannot influence others or use other inmates to send or receive messages," Truman said. "We are continually reviewing our procedures to ensure that not only are high-risk individuals housed safely and securely but that other inmates, our staff and the public are protected from them."

Screening Of Mail At Federal Prisons Lags (WP)

By Dan Eggen

The Washington Post, October 4, 2006

Three terrorists imprisoned in the 1993 World Trade Center bombing were able to send more than 90 letters to alleged terrorists overseas because U.S. prison officials do not screen all correspondence from the most dangerous inmates as required, according to a report released yesterday.

An investigation by Justice Department Inspector General Glenn A. Fine found that the U.S. Bureau of Prisons does not have enough translators or intelligence analysts to properly screen incoming and outgoing communications, including mail and telephone calls.

The report also said that the proportion of mail monitored has decreased in recent months amid tightening budgets and staff reductions, despite incidents in recent years when incarcerated terrorists were able to communicate with sympathizers overseas. One of the letters was eventually used as a recruiting tool for suicide bombers in Spain, officials said.

"We found that the BOP has not effectively monitored the mail of terrorist and other high-risk inmates," the report said. ". . . Consequently, the threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated."

The prison bureau said in a statement issued yesterday that it agrees with Fine's recommendations for changes but that implementing improvements "will require significant additional resources, primarily staff."

"The most dangerous and sophisticated inmates are housed in the most restrictive conditions allowed in order to ensure that they cannot influence others or use other inmates to send or receive messages," the statement said.

Fine's investigation was requested by Attorney General Alberto R. Gonzales in early 2005, after NBC News reported that scores of letters had been sent overseas by three men convicted in the World Trade Center bombing and housed at the Administrative Maximum U.S. Penitentiary, or Admax, in Florence, Colo. The facility is home to some of the most violent and dangerous prisoners in the federal system, including terrorists, drug lords, gang leaders and others.

Fine's report said more than 90 such letters were sent by inmates Mohammed Salameh, Mahmud Abouhalima and Nidal A. Ayyad between 2002 and 2004. The recipients included Mohamed Achraf, alleged leader of a plot to blow up the National Justice Building in Madrid, and others with links to terrorists suspected in the March 11, 2004, attacks on commuter trains there.

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At least 14 letters were exchanged between the Colorado inmates and the Spanish terrorist cell, the report said, and one suspect arrested in Spain used the letters in recruitment efforts. In one letter published by an Arabic newspaper, Salameh wrote: "Osama bin Laden is my hero of this generation."

Fine's investigators found that the prisons bureau "does not have enough proficient translators to translate inmate mail written in foreign languages" and lacks sufficient staff trained to analyze communications for suspicious content. For example, the report said, staff members in Florence failed to notify the FBI about the letters to extremists in Spain because they did not understand the possible ramifications of the correspondence.

The inspector general also found that the problem has worsened: Prison officials read a smaller percentage of mail now than they did a year ago at seven out of 10 facilities surveyed by investigators. During one week in November 2005, the report said, two mailroom staffers at Florence were able to read only 1.8 percent of 2,464 pieces of incoming mail.

The BOP statement said that the bureau had already implemented many of Fine's recommendations.

In response to the report, Sen. Charles E. Schumer (D-N.Y.) blasted prison officials yesterday as "incompetent when it comes to detecting possible terrorist activity in federal prisons."

"Given past evidence of terrorists communicating with live terror cells from inside prison walls, it is inexcusable that the BOP is not monitoring high risk prisoners more closely," Schumer said in a statement.

Report: Security Gaps In Prison (NSDY)

By Carol Eisenberg

Newsday, October 4, 2006

WASHINGTON -- A terror suspect may be secretly wiretapped by the U.S. government. But once convicted and sent to prison, he has much less to worry about from Big Brother, according to a new Justice Department report.

Federal prison officials do not read all the letters to and from convicted terrorists -- creating a security gap with potentially lethal implications, the report by the Justice Department inspector general found. Nor do officials adequately monitor telephone conversations, cellblock talks or prison visits by family and friends, the report concluded.

"The threat remains that terrorist and other high-risk inmates can use mail and verbal communications to conduct terrorist or criminal activities while incarcerated," it said.

Metropolitan Detention Center in Brooklyn was rated the worst of 10 federal prisons when it came to random monitoring of inmates' mail -- reading 0.3 percent of all mail in one given week last year.

The review by the inspector general comes amid growing concern about prisons incubating terrorism after last year's foiled plot to blow up synagogues and National Guard facilities in California, in a plan devised in a Sacramento prison.

Moreover, media reports last year revealed that three men convicted in the 1993 World Trade Center bombing and incarcerated in a federal prison in Florence, Colo., wrote more than 90 letters to Islamic extremists from their prison cells -- including more than a dozen to men linked to the March 11, 2004, attacks on Madrid commuter trains. The Madrid attacks killed 191 people and wounded more than 1,700.

"Today's report confirms our worst fears: The Bureau of Prisons continues to be incompetent when it comes to detecting possible terrorist activity in federal prisons," said Sen. Charles Schumer (D-N.Y.), who had asked for the investigation.

"Given past evidence of terrorists communicating with active terror cells from inside prison walls, it is inexcusable that the Bureau of Prisons is not monitoring high-risk prisoners more closely. ... Starting immediately, we need to see much more aggressive ... efforts."

Following reports of the inmates' correspondence with members of the Madrid terror cell, the report said the Bureau of Prisons did take steps to better screen mail and telephone calls, including hiring more Arabic translators.

But funding and manpower shortages hobbled their efforts. In seven out of 10 prisons visited, prison staff described their workload as "overwhelming," and told investigators their monitoring had decreased in the past year as a result of staff reorganizations and downsizing.

At the Metropolitan Correction Center in Manhattan, they also cited inadequate information-sharing, saying that in one case, they discovered from the media that an inmate was a high-ranking member of al-Qaida.

Pa. Man Charged With Trying To Help Al-Qaida Blow Up Refineries (NSDY/AP)

By Ron Todt, Associated Press Writer

Long Island Newsday, October 4, 2006

PHILADELPHIA -- A federal grand jury Tuesday indicted a man on charges of offering to help al-Qaida blow up fuel facilities in at least three states.

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The six-count indictment charges Michael Curtis Reynolds, a transient who lived with his elderly mother in Wilkes-Barre, with providing material support for a terrorist organization and seeking to destroy property used in interstate or foreign commerce.

The FBI arrested Reynolds in December after authorities said he tried to meet a purported al-Qaida contact about 25 miles from a motel in Pocatello, Idaho, where he had been staying. Authorities said he expected to receive $40,000 to finance an alleged plot to blow up pipelines and refineries. The purported contact turned out to be a Montana judge who was working for the FBI.

Reynolds wanted to help al-Qaida units attack fuel facilities "to reduce energy reserves, create environmental hazards, increase anxiety, and require substantial expenditure of funds and government personnel, including the military, to protect those locations," the indictment alleges.

Reynolds has been held without bail in the Lackawanna County jail since his arrest on charges of illegally possessing hand grenades, charges that are included in the new indictment filed in U.S. District Court in Scranton.

Defense attorney Joseph O'Brien declined comment on the indictment Tuesday, saying he had just received it and had not been able to discuss it with his client. Reynolds had been scheduled for trial on the explosives charges in November, O'Brien said.

At a December detention hearing, Assistant U.S. Attorney John C. Gurganus Jr. said Reynolds had tried to work with al-Qaida to target the Williams natural gas refinery in Opal, Wyo.; the Transcontinental Pipeline, a natural-gas pipeline that runs from the Gulf Coast through Pennsylvania to New York and New Jersey; and a Standard Oil refinery in Perth Amboy, N.J., that no longer exists.

Gurganus said the defendant had told authorities that he was trying to expose terrorist cells, but they did not believe him because he sought a fraudulent passport to leave the country following the attacks in order to avoid possible capture and the death penalty for treason.

Gurganus did not immediately return a telephone message left Tuesday seeking comment.

Reynolds was convicted of arson in 1978 in connection with an attempt to blow up his parents' house in New York state.

Wilkes-Barre Man Indicted In Terror Plot (PHI)

By John Shiffman

The Philadelphia Inquirer, October 4, 2006

A federal grand jury charged a Wilkes-Barre man yesterday with offering to help al-Qaeda blow up oil pipelines and refineries, a plot he allegedly hatched in a Yahoo chat room bearing Osama Bin Laden's initials.

The terror charges brought against Michael Curtis Reynolds are rare, but a Justice Department spokesman in Washington said statistics were not kept on the number of native-born U.S. citizens who have been charged since 2001 with providing material assistance to terrorists.

"We have what appears to be a lone wolf who aspired to be an al-Qaeda sympathizer," said Brian W. Lynch, the FBI assistant special agent-in-charge for terrorism in Philadelphia. "He was doing things that gave us pause and we had to take him seriously."

Reynolds, 48, was arrested Dec. 5 after he tried to retrieve $40,000 "that he believed constituted payments from al-Qaeda in exchange for his services," the indictment says. He was detained at a rest stop on an interstate highway in southern Idaho.

Since then, he has been held in the Lackawanna County jail on unrelated weapons charges. He was not immediately charged with terrorism because such cases must be reviewed in Washington.

But the terrorism accusations became public in February, when The Inquirer published excerpts of a transcript from a court hearing in which a prosecutor told a judge that Reynolds planned to blow up oil refineries.

Reynolds has denied that he is a terrorist. His lawyer, Joseph A. O'Brien, declined to comment.

Authorities say Reynolds entered a Yahoo chat room called "OBLcrew" last fall, met someone he believed to be an al-Qaeda member, then exchanged e-mail with that person privately.

Four postings from a "Michael Reynolds" were still on the Yahoo OBLcrew public chat room last night.

A message from Oct. 25 said: "It is true America has overstepped its bounds in invading Iraq. Those serious enough to do something about it should e-mail... . Contact soon... . We both want something, let's talk."

The next day, the same person wrote: "Still awaiting someone serious about contact. Would be a pity to lose this idea."

On Nov. 3, someone responded, offering to talk. Further details weren't posted in the chat room, which is available to anyone who registers with Yahoo.

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Although Reynolds believed that he had been communicating online with an al-Qaeda operative, he was, in fact, chatting with Shannen Rossmiller, a 36-year-old municipal judge who lives in Conrad, Mont., and who regularly monitors extremist Muslim Web sites, assisting the FBI. In 2004, she helped win a conviction against a National Guardsman in Tacoma, Wash.

Rossmiller declined to comment yesterday.

Thomas A. Marino, the U.S. attorney for the Middle District of Pennsylvania, declined to comment, a spokeswoman said. Marino issued a news release in which he praised the FBI for stopping Reynolds "from following through" with alleged terror acts.

In private e-mails, Reynolds identified himself as "Fritz Mueller," officials said.

The indictment alleges that Reynolds "offered to assist al-Qaeda in engaging in acts of terrorism within the United States by... identifying targets, planning terrorist attacks, describing bomb-making methods, among other services."

Reynolds sought to enlist "al-Qaeda members to carry out violent attacks against pipeline systems and energy facilities in an effort to reduce energy reserves, create environmental hazards, increase anxiety, and require" federal officials to spend money to protect them, the indictment said.

In addition to being charged with providing material support to al-Qaeda, Reynolds was charged with soliciting explosives to use to destroy natural gas pipeline facilities.

Reynolds also was charged with knowingly distributing, through the Internet, information about the construction and use of explosives, and with possession of hand grenades. One grenade charge is related to an April 23, 2005, case in which police were called to his mother's home in Wilkes-Barre after a relative discovered the hand grenadeDuring a pretrial hearing last year, Assistant U.S. Attorney John C. Gurganus Jr. said that Reynolds planned attacks against oil refineries "as a plan to disrupt governmental function, to change the government's actions in foreign countries, and to impact on the national debate about the war."

At the time, Gurganus said said Reynolds' letters, computer drawings and e-mails spelled out his plot to detonate trucks filled with propane along the Alaska pipeline. He also allegedly planned to blow up sections of a transcontinental natural-gas pipeline that runs from the Gulf Coast through Pennsylvania to New Jersey and New York City.

Shortly before his arrest, Reynolds was fired from his job at a semiconductor firm in southern Idaho. He had been living at the Thunderbird Inn in Pocatello, Idaho.

Reynolds, a self-professed computer expert, has filed repeated motions to the court, demanding a trial.

U.S. Told To Show If Lawyers' Talks With Suspects Tracked (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, October 4, 2006

Citing a "cardinal rule" of litigation, a federal judge in Brooklyn yesterday ordered government attorneys to tell him how much they know about the possible monitoring of conversations between eight former terrorism suspects and their lawyers.

The eight men, all illegal aliens, were men arrested after the Sept. 11, 2001, terrorist attacks and later deported. They are suing the government for abuses while they were detained at the Metropolitan Detention Center in Brooklyn.

Now that they are no longer in the United States, the men suspect that their conversations with their attorneys have been monitored under a National Security Agency program authorized by President George W. Bush after 9/11.

In May, a federal magistrate judge, Steven Gold, ordered the Justice Department attorneys defending the abuse claims to state whether they, potential witnesses or the defendants, who include former Attorney General John Ashcroft and FBI Director Robert Muller, were privy to any such monitoring.

The magistrate judge also wanted to know whether any information obtained from monitoring would be used to defend the case.

Judge Gleeson affirmed that ruling yesterday in Turkmen v. Ashcroft, 02-CV-2307, with one modification: The government attorneys will now submit the information to Judge Gleeson, ex parte, and he will examine it and report back to the plaintiffs' attorneys.

The decision will be published Tuesday.

"As Judge Gold recognized, it is a cardinal rule of litigation that one side may not eavesdrop on the other's privileged attorney-client communications," Judge Gleeson wrote. "Litigation involving officials of the executive branch of government is no exception."

Judge Gleeson rejected arguments that to confirm or deny whether the plaintiffs' communications were monitored would shed light on the capabilities of the NSA program and disclose valuable intelligence.

"It would not reveal classified information to say that the Department of Justice has been scrupulous in walling off the government officials who are involved in this litigation from exposure to . . . surveillance or knowledge derived from such

surveillance," the judge said. "The Department has rightfully espoused that procedure as its policy, and the plaintiffs are entitled to the government's representation that it has made good on it."

One of the government's attorneys, Stephen E. Handler of the Justice Department, previously told Magistrate Judge Gold that he had not been informed that any member of his trial team was aware of intercepted communications. He also agreed to prepare a written response at the behest of the magistrate judge.

But in a subsequent letter to the magistrate judge, Mr. Handler said that the Justice Department, after further examining the issue, could not "confirm or deny whether any communications were intercepted by classified means."

He asked Magistrate Judge Gold to reconsider his decision to ask the government to reveal the information.

Magistrate Judge Gold then issued his May ruling.

Rachel A. Meeropol of the Center for Constitutional Rights, which represents the plaintiffs, said the ruling "recognizes the importance of judicial scrutiny."

The Department of Justice did not respond to a request for comment.

In a previous ruling in the Turkmen case, Judge Gleeson held that the government did not violate the law when, in response to 9/11 attacks, it arrested aliens of Middle Eastern descent and held them for long periods to investigate possible ties to terrorism (NYLJ June 15, 2006).

- Tom Perrotta can be reached at tperrotta@alm.com.

Justice Department Ordered To Discuss Eavesdropping On Muslims (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, October 4, 2006

A federal judge has ordered senior Justice Department officials to tell him what they know about any secret government eavesdropping on several Muslim men who were deported after the September 11, 2001, terrorist attacks.

A former attorney general, John Ashcroft, and the FBI director, Robert Mueller III, are among those who must answer the judge, John Gleeson of U.S. District Court in Brooklyn.His order requires the Justice Department to make the disclosures within two weeks. The Justice Department will submit its answer under seal, though Judge Gleeson indicated he could choose to make the answers public.

The order, released yesterday, applies to two lawsuits brought by less than a dozen Muslims and a Hindu who were rounded up after September 11 and jailed in conditions they claim were brutal. They have since been deported.

Their attorneys, largely from the Manhattan-based civil rights group the Center for Constitutional Rights, have expressed concern that the National Security Agency is listening in on their conversations with their clients.

The order does not require the government to disclose whether the NSA has intercepted such attorney-client conversations. But the Justice Department will have to answer whether the government's lawyers, witnesses, or defendants in the case — including Messrs. Ashcroft and Mueller — have been informed of the content of any such intercepted conversations.

The order replaces an earlier one that had demanded more disclosure from the government. In March, the magistrate-judge handling the case, Steven Gold, told the government to provide answer to a similar question, but did not indicate the government could file those answers under seal.

"In matters this important and sensitive, it seems to me prudent to take small steps," Judge Gleeson wrote.

A spokesman for the Justice Department, Andrew Ames, said the department was reviewing the ruling.

"From our view this is a reasonable way to balance the concerns the judge has expressed," an attorney, Alexander Reinert, who represents one of the plaintiffs, said.

The 2nd U.S. Circuit Court of Appeals will hear arguments today in an appeal to an earlier ruling brought by one of the men suing the government. Javaid Iqbal.

Closing Arguments In Trial Of 2 Mosque Members (NSDY/AP)

By Michael Hill, Associated Press Writer

Long Island Newsday, October 4, 2006

ALBANY, N.Y. -- Lawyers for two Muslim men arrested in a money-laundering sting argued Tuesday that the terrorism-related case is based on deceptive evidence presented in a post-Sept. 11 climate of fear.

"This country made some mistakes in the aftermath of 9-11, and this case is one of them," Terence Kindlon, lawyer for Yassin Aref, said in his closing arguments .

Aref, imam at a city mosque, and Mohammed Hossain, a pizzeria owner and mosque member, were arrested in 2004 in an FBI sting built around a fictitious assassination plot. An FBI informant told them he was an arms dealer and asked Hossain to

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launder money from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City, according to the federal complaint. They are accused in a 30-count indictment of supporting terrorism.

Assistant U.S. Attorney William Pericek told the jury in his closing argument that though their motives were different _ Hossain was interested in money, Aref ideology _ they both understood what the informant was proposing. Pericek told the jury the pair decided to go ahead with the scheme even after the informant said his money came from the sale of ammunition, even after he showed off a surface-to-air missile.

The case against the two men is largely built on tapes of them speaking with the confidential informant. Pericek played back segments Tuesday to demonstrate the informant was explicit about the alleged plot to the men. In one segment Hossain says money could be made from a missile.

Aref, a spiritual leader in the Muslim community, took the stand last week and gave benign explanations for his words and actions. But Pericek said the tapes prove the case.

"What you have here is Mr. Aref saying, 'What are you going to believe, me or your own eyes and ears?'" Pericek said.

Defense lawyers countered that prosecutors were "cherry picking" selected minutes from some 50 hours of tape to make the two men look guilty. Hossain's lawyer, Kevin Luibrand, highlighted different segments of the government's tapes, such as Hossain saying the Sept. 11 attacks on the World Trade Center were "bad" and that there is no need for Muslims to kill.

"What they're presenting to you was manipulated and deceptive," Luibrand said of the government case.

Aref merely thought he was acting as a witness to financial transactions according to Muslim custom, Kindlon said. Luibrand said the informant, Shahed Hussain, essentially persuaded his client to take part in the scheme.

Kindlon described the informant, who cooperated with FBI in hopes of reducing his sentence for helping immigrants fraudulently obtain state drivers' licenses, as "a low-life creep."

Aref was characterized by Kindlon as a poet, family man and spiritual leader who grew up in northern Iraq under the tyranny of Saddam Hussein. Luibrand said Hossain was a hardworking business owner who was leading an innocent life until the informant started working on him. Kindlon compared this prosecution to the conviction of a black man for rape in "To Kill a Mockingbird."

"The government went out and decided to snag a couple of Middle Easterners," he said.

Lawyers on both side urged the jury to look over the entire record when they begin deliberating Wednesday.

Trial Of Suspects Caught In Terror Sting Goes To Jury (LAW)

By John Caher, New York Law Journal

New York Law Journal, October 4, 2006

ALBANY - Terrorist sympathizer or victim of an overzealous government? Money launderer or victim of government entrapment?

Those are seemingly the bedrock questions today as a federal jury in Albany begins deliberations in the long and controversial case of U.S. v. Aref/U.S. v. Hossain, 04-CR-402.

The case, which at one point generated national attention, centers on two Albany Muslims caught in a government sting more than two years ago.

According to the government, Mohammed Mosharref Hossain, a U.S. citizen who ran a pizza shop, was approached by an informant claiming to be a wealthy importer. The informant, a Pakistani immigrant and con artist looking for leniency, eventually led the suspects to believe that he was an arms dealer. At one point, he displayed to Mr. Hossain a rocket launcher that he said would be used to carry out a terrorist mission in New York City.

The informant asked Mr. Hossain to run $50,000 in cash through his pizza parlor, and return all but $5,000 of it in checks from the business. Mr. Hossain accepted various sums, often returning much of it immediately with checks.

Yassin Muhiddin Aref, an imam, entered the picture in his religious role and was asked to witness and document the transactions, which the defendants describe as a loan, as required under Islamic law. Mr. Aref created a paper trail with multiple copies of those dealings. Officials agree he did not personally profit.

Mr. Aref, a refugee from northern Iraq, is also accused of lying to authorities about his alleged links to Middle Eastern political organizations and individuals the government claims are linked to terrorism.

The case has meandered through Senior U.S. District Judge Thomas J. McAvoy's courtroom in Albany for more than two years, raising myriad issues over defense access to classified documents as well as issues regarding allegedly illegal wiretaps. Yesterday, after two weeks of trial, jurors heard closing arguments.

Assistant U.S. Attorney William C. Pericak, the lead prosecutor, delivered a 90-minute, workman-like summation in which he relied heavily on secretly recorded and incriminating conversations between the informant and the defendants. Mr. Pericak urged the jurors to focus on what the defendants believed and what their intentions were in dealing with a man they had reason

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to believe was an illegal arms dealer with terrorist sympathies. Both defendants had earlier been approached by an FBI agent and urged to report any suspicious encounters or observations in their Muslim community. Although both had the agent's business card in their wallet when they were arrested, neither contacted the FBI.

"[Mr. Hossain's] motive was money," Mr. Pericak told the jury. "Aref was driven by ideology. Two motives came together to make this work."

Mr. Pericak replayed for the jury several segments of the more than 50 hours of tapes in which the informant records many of his meetings with the defendants. Those segments left the impression that Mr. Hossain was well aware that he was laundering money, and that Mr. Aref was equally aware and also sympathetic to the causes of terrorists.

"You can turn a light on and it is not a crime," Mr. Pericak said. "But if you know that if you turn on the light something will blow up, it is a crime. It comes down to belief and intent."

In the recorded segments played during the prosecution's summation, the jurors were reminded that Mr. Hossain had expressed concern over the legality of the financial relationship and warned the informant to be careful. The jurors also heard Mr. Aref speak of the need to "legal[ize]" the impostor's money, and to warn the informant that if the transactions were discovered he could be accused of supporting terrorism.

Sting Called a 'Mistake'

Terence L. Kindlon, counsel for Mr. Aref, followed the prosecution with a dramatic and impassioned closing where he seemingly took issue with the government's conduct not only in this case, but in many cases apparently inspired by the 9/11 terror attacks.

Mr. Kindlon, of Kindlon & Shanks in Albany, portrayed the prosecution as an over-reaction to 9/11, coupled with the government's unfair use of a professional con artist to ensnare unwitting defendants.

"What happened was 9/11," Mr. Kindlon told the jury. "The world changed for all of us, and it really changed for people from the Middle East, and Yassin [Aref] was one of them. We did a lot of things right and a lot of things wrong. Our government made a lot of mistakes, and one of the mistakes was this sting operation."

Mr. Kindlon described his client as a refugee from Iraq and Saddam Hussein's tyranny, a scholar and cleric who came to this country in pursuit of the American dream, only to fall into the trap of a misguided prosecution generated by a "low-life creep," referring to the informant.

The attorney compared his case to "To Kill a Mockingbird," Harper Lee's masterpiece on the prosecution/persecution of an innocent black man accused and convicted of raping a white girl the Depression-era south.

"He [Tom Robinson] was convicted not because of what he did, but because of prejudice and fear," Mr. Kindlon said. "Don't let that happen here."

Focus on Comments

Mr. Hossain's attorney, Kevin A. Luibrand of Tobin & Dempf in Albany, followed with a systematic and methodical dissection of the government's case, focusing largely on the secret recordings.

Mr. Luibrand repeatedly accused the government of taking comments wildly out of context, neglecting to show the jury entire discussions - especially when the entire conversation was exculpatory - and of being duped by its own witness.

For instance, early in the prosecution the informant brought back to his FBI handler a tape in which he is shown meeting with Mr. Hossain and speaking in Urdu. Mr. Hossain appears to rant and rave, and evidence showed that the informant told authorities that he was railing against America.

It was several months before officials had the tape transcribed and learned that Mr. Hossain was actually espousing his respect for the United States and the American way of life and criticizing the terrorists who had attacked what he described as his country, the United States.

Additionally, the transcripts, which Mr. Luibrand highlighted for the jury, indicate that in addition to somewhat vague comments by the informant about arms dealing there were specific references to a legitimate business and business income. It is not clear from those segments if Mr. Hossain thought he was handling illicit or legal funds - but it is clear that the government's informant assured the target that there was nothing illegal about their dealings.

"The government goes into the life of an innocent man . . . tells him something is legal and then arrests him for doing it," Mr. Luibrand said. "They just can't do that."

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Pentagon: No Terror Trials Imminent (AP-Y)

By Pauline Jelinek

AP, October 3, 2006

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The Pentagon said Tuesday that it will take some time to set up military trials for terror suspects, approved by Congress last week.

No such trials are imminent, said Defense Department spokesman Bryan Whitman, who declined to say when he thought they might begin.

President Bush is expected to sign into law legislation passed Friday on prisoner interrogations and military trials. The Defense Department has to rewrite rules and redraft charges that were filed against defendants under an old trial system, struck down by the Supreme Court, Whitman said.

"And then there's all the mechanics" of assigning people like judges, lawyers and court reporters — "things that are very mundane but very important," Whitman said. "And that's just to give you a flavor of the many things that we would have to do."

Ten detainees at the military prison at Guantanamo Bay, Cuba, had already been selected for trial under a system set up after the Sept. 11 attacks when the Supreme Court ruled the system unconstitutional.

Since then, Bush also has sent to Guantanamo 14 high-level suspects that the CIA had been interrogating and hiding for years in secret prisons around the world.

The group includes Khalid Sheik Mohammed, the suspected mastermind of the Sept. 11, 2001, attacks.

Asked whether officials might decide to try those new arrivals first, Whitman said it would be up to prosecutors, though more work has been done on the cases of others.

Australian Attorney General Philip Ruddock says he was told by U.S. officials that the only Australian held at Guantanamo — Taliban fighter David Hicks — will be one of the first terror suspects to be tried by the overhauled military commission system. Speaking Sunday, Ruddock said he expected it to be within months.

The bill passed Friday authorizes the Pentagon to set up military commissions, or juries, to hear a defendant's case and establishes rules for prosecution. The bill requires at least five members in each commission and a unanimous vote by at least 12 members if the death penalty is sought. It also requires the military judge follow certain trial procedures, such as requiring each defendant have access to any evidence given to the jury.

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On the Net:

U.S. Military Commissions at http://www.defenselink.mil/news/commissions.html

German Lawmakers Fault Abduction Probe (WP)

By Craig Whitlock

The Washington Post, October 4, 2006

BERLIN -- More than two years after a German citizen reported being kidnapped in the Balkans by the CIA, several lawmakers here are criticizing prosecutors for not conducting a more aggressive investigation into the bungled counterterrorism operation.

Last month, prosecutors in Munich disclosed that they had obtained a list of about 20 CIA operatives suspected in the abduction of Khaled al-Masri, a German citizen of Lebanese descent who was forcibly taken to Afghanistan in early 2004 and interrogated for four months in a covert prison.

Despite the apparent break in the probe, prosecutors said they were not close to issuing arrest warrants or indictments. They complained of a lack of cooperation from the U.S. government.

Although many of the names appear to be aliases, a German television network identified and tracked down three people allegedly involved in the case, prompting legislators and other critics of U.S. counterterrorism tactics in Europe to question whether German prosecutors are reluctant to dig too deeply into a case involving American spies.

"If the suspects came from other countries, everything would proceed much quicker," said Hans-Christian Stroebele, a member of a German parliamentary committee that is conducting a separate inquiry into what role the German government may have played in the abduction. Prosecutors, he added, should "clear up this case forcefully and with all means." He said an investigation "has to use official channels but follow unconventional ways as well."

The German criminal investigation into the alleged CIA operation stands in contrast to a similar case in Milan, where prosecutors have issued international arrest warrants for 26 American agents charged with kidnapping a radical Islamic cleric and taking him to Cairo in early 2003.

Authorities in both Italy and Germany acknowledged that it was implausible that the U.S. government would ever hand over CIA operatives for trial or that arrests were likely. But Italian prosecutors have pushed ahead regardless, preparing to try the defendants in absentia.

August Stern, a chief public prosecutor in Munich whose office is leading the Masri investigation, said his staff has been hampered by a lack of cooperation from both the U.S. and German governments. The U.S. government has dodged official legal

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queries, he said, while the German government has kept other material under the protective seal of classification. "We are doing everything in our power," he said.

Stern said his office recently received the list of about 20 CIA operatives from Spanish judicial authorities, who assembled it from the flight manifest of an airplane that investigators believe was used in the kidnapping.

Aviation records show that the plane, a Boeing 737 registered to a suspected CIA front company, left the Spanish island of Mallorca on Jan. 23, 2004, and arrived a few hours later in Skopje, Macedonia, where Masri said he had been held for a few weeks by Macedonian and U.S. agents. The next morning, the plane left for Kabul, Afghanistan, with a brief stopover in Baghdad, according to the records.

The passengers on board are believed to have used fake passports. But Spanish investigators obtained photographs of several who checked into hotels in Mallorca before they left Spain.

Some of the spies were sloppy in other ways in concealing their trails. According to the German television network ARD, one pilot used his hotel phone to call his father in the United States; others used false last names but kept their real first ones and barely altered their birthdates on their passports. The CIA declined to comment for this report.

German prosecutors acknowledged that Masri's attorney gave them a copy of the flight manifest last December. But they waited four months before they sent a letter to Spanish authorities asking for official confirmation and assistance, according to German media reports.

"I don't want to put pressure on the justice system, but it surprises me that it is moving so slowly and that they are taking so much time to come up with the information," said Cem Ozdemir, a German delegate to the European Parliament and member of another panel that is scrutinizing CIA counterterrorism activity in Europe. "I think they're thinking twice before taking any action."

Many layers of mystery still surround Masri's disappearance. He has testified that he left his home in Ulm, Germany, on Dec. 31, 2003, after a squabble with his wife and decided on a whim to travel to Skopje, where he was detained at the border by Macedonian authorities.

According to his account, he was handed over to the CIA and taken to Kabul, where he spent four months in a dank cell before being flown back to the Balkans and set free on a hillside in Albania, with little explanation and no apology.

The German government has denied any involvement and said U.S. authorities informed it of the abduction only after Masri's release in May 2004.

A German federal police investigator testified last month in Berlin, however, that Masri had been under surveillance for months before his disappearance because of suspicions he had links to a radical Islamic group based in Lebanon. The investigator testified that details of the monitoring may have been passed to U.S. intelligence agencies.

Masri has testified that he was interrogated in Kabul by a German-speaking agent named "Sam," who he assumed was working for the German government. Investigators said they have been unable to confirm that Sam was a German operative. But they are still trying to determine exactly when the German government became aware that Masri had been kidnapped and whether it could have intervened earlier on his behalf.

"It is our task to find out: When did the former German government learn about the abduction?" said Siegfried Kauder, chairman of the parliamentary committee examining the case. "What did the German government know, and when did it find out?"

PATRIOT ACT:

Judge: Patriot Act Challenge Can Proceed (AP)

By Jim Irwin, Associated Press Writer

AP, October 4, 2006

DETROIT (AP) -- Nearly three years after hearing arguments in the case, a federal judge has ruled that an American Civil Liberties Union challenge to the constitutionality of the USA Patriot Act may proceed.

The ACLU's clients, including Muslim charities, social services organizations and advocacy groups, have shown they have been harmed by the anti-terrorism law adopted after the Sept. 11, 2001, terrorist attacks, U.S. District Judge Denise Page Hood said in a 15-page ruling issued Friday.

The lawsuit was filed in July 2003 on behalf of the Muslim Community Association of Ann Arbor and five other nonprofit groups. The ACLU said its clients had been hurt by the Patriot Act because fear of the law has kept many people from attending religious services and making charitable donations.

It was the first legal challenge to the part of the Patriot Act that let agents obtain such things as library lists and medical information.

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The ACLU contended Section 215 of the Patriot Act, which allows the FBI access to any "tangible things" such as books and documents through an order from a secret court, does not require investigators to show probable cause.

The group wants the judge to declare Section 215 unconstitutional, and block the Justice Department from using that part of the Patriot Act.

Hood's ruling had been awaited since a Dec. 3, 2003, hearing at which the government argued the lawsuit should be dismissed. Federal officials later argued that amendments approved by Congress in March 2006 had corrected any constitutional flaws in the Patriot Act. Hood's ruling gave the plaintiffs 30 days to amend their initial complaint in light of those amendments.

Kary Moss, Michigan director of the ACLU, told the Detroit Free Press she would consult with her clients before deciding whether to proceed with the lawsuit.

The government had argued the law does not violate the Fourth Amendment because the protections against unreasonable search and seizure do not apply to information or items that have been given to third parties, even if there is an understanding of confidentiality.

Messages seeking comment were left after business hours Tuesday with the Justice Department in Washington and the U.S. attorney's office in Detroit.

Hood acknowledged it took "an extraordinary amount of time" to issue her ruling, adding, "the issues raised on the complaint and in the government's papers are important to us all."

Detroit Judge Says Patriot Act Suit Can Proceed (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

A federal judge in Detroit has rejected the government's request to dismiss an ACLU lawsuit challenging the constitutionally of the controversial USA Patriot Act, an anti-terrorism measure Congress enacted after the 9/11 attacks.

U.S. District Judge Denise Hood issued the decision without fanfare on Friday, nearly three years after promising a speedy decision in the case. Congress has amended the law at least once since the government's request was argued before Hood in December 2003.

Hood said in a 15-page decision that the ACLU's clients - Muslim charities, social services organizations and advocacy groups - established that they have been harmed Section 215 of the law.

Hood said the ACLU's clients can proceed with their lawsuit and gave them 30 days to amend their initial complaint in light of amendments adopted by Congress in March.

The government had argued that this year's amendments had corrected any constitutional deficiencies in the act. The ACLU disagreed.

Michigan ACLU Executive Director Kary Moss said she was pleased with the decision.

“She confirmed what we've said all along, that our clients are suffering concrete harm as a result of the Patriot Act,” Moss said Tuesday. “Even though we think the act fails to comply with the Constitution, we believe our legal challenge and advocacy in Congress has fixed some of the worst problems.”

She said the law now gives any business receiving a request for records of customers an employees the right to consult with a lawyer before turning over records to the government.

Moss said the law still prohibits anyone who receives a records request from divulging it for at least one year, but allows them to challenge the order after the year has run.

She also said the ability of the government to obtain a warrant to seize records without probable cause from the secret Foreign Intelligence Surveillance Court in Washington, D.C, still poses a problem.

There was no immediate comment from the Justice Department.

Detroit Judge Allows Patriot Act Lawsuit To Go Forward (DEN)

By Paul Egan

Detroit News, October 4, 2006

A federal judge in Detroit has ruled that a lawsuit by the Michigan ACLU aimed at striking down the U.S. Patriot Act may proceed.

The 2003 lawsuit brought on behalf of Muslim and Arab groups alleges the anti-terrorist law passed following the September 11 terror attacks is unconstitutional because it allows searches without due process and removes First Amendment rights, among other reasons.

The government argues amendments enacted over the last three years have cured any deficiencies in the Patriot Act, but the ACLU disagrees.

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U.S. District Judge Denise Page Hood said in an order Friday that the plaintiffs in the case, which include the American Arab Anti-Discrimination Committee and the Council on American-Islamic Relations, have shown sufficient evidence of harm to allow the lawsuit to proceed.

"Plaintiffs have alleged that their members are afraid to attend mosque, practice their religion, and express their opinions on religion and political views," Hood said in her order.

She gave the ACLU 30 days to amend its complaint in light of amendments to the act.

The ACLU and government had been awaiting a ruling since a hearing on Dec. 3, 2003 at which the government argued the lawsuit should be dismissed.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

HOMELAND RESPONSE:

Homeland Security Official Resigning (NYT)

By Eric Lipton

The New York Times, October 4, 2006

Tracy Henke, the Department of Homeland Security official who helped supervise the distribution of antiterrorism grants, is resigning in the wake of criticism from members of Congress that the grant process was irrational or at least inexplicable. The criticism surged after big cuts were made in annual anti-terrorism grants to major cities including Washington and New York while a report showed that the department's list of possible terrorism targets included an Indiana popcorn farm and an Alabama petting zoo.

Law Sought On Explosive Fertilizer (USAT)

By Mimi Hall

USA Today, October 4, 2006

WASHINGTON — Counterterrorism experts and lawmakers from both parties are demanding that Congress pass a law to restrict the sale of a popular fertilizer that was the key component in the Oklahoma City bombing.

"Time is of the essence," says Rep. Curt Weldon, R-Pa., a member of the House Homeland Security Committee. "This has been a material of choice in terrorist acts."

Timothy McVeigh killed 168 people in 1995 when he blew up Oklahoma City's federal building with a 2.4-ton truck bomb made with ammonium nitrate fertilizer. Four months ago, Canadian authorities arrested 17 terrorism suspects accused of trying to get 3 tons of the compound, used by farmers across the USA and around the world.

Richard Falkenrath, counterterrorism chief for the New York Police Department and a former senior homeland security adviser to President Bush, chastised lawmakers and administration officials last month for not passing a proposed law that would regulate the production, storage and sale of the material.

He told the Senate's homeland security committee that New York City counterterrorism detectives were able to buy 2,450 pounds of ammonium nitrate in Pennsylvania and Upstate New York in 2004, enough to build a 1.3-ton truck bomb. Because no safeguards have been put in place, "it is today … as easy for a terrorist to build a truck bomb as it was for McVeigh and (accomplice Terry) Nichols to do so more than 10 years ago," he said.

New York and at least five other states — California, Nevada, South Carolina, Michigan and Oklahoma — have passed laws regulating the sale of the material.

In New York, where anyone buying ammonium nitrate has to show identification, the law worked in 2004. After the detectives, posing as apple orchard owners, bought the ammonium nitrate and showed ID with city addresses, the seller notified the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. Pennsylvania, where the detectives also bought fertilizer, has no such law. Counterterrorism officials say that's why there needs to be a federal law.

Weldon's bill, co-sponsored by Rep. Bennie Thompson of Mississippi, the top Democrat on the House Homeland Security Committee, would:

·Require producers and sellers of ammonium nitrate to register with the Homeland Security Department or a state agency, keep sales records for three years and report any unexplained loss or theft within 24 hours.

·Make buyers provide name, address and phone number and show ID.

·Allow sellers to refuse to sell ammonium nitrate to anyone who behaves suspiciously.

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The Farm Bureau, which has 6 million members, has opposed legislation that would require people buying ammonium nitrate to undergo background checks, but it takes no position on the current proposal, spokeswoman Tracy Taylor Grondine says.

Homeland Security Department spokesman Russ Knocke said he would not comment on any specific bill in Congress, but he said, "We do have to be sensible and balanced in our security."

Extensive Tests Led To New Carry-On Rules, Officials Say (NYT)

By Eric Lipton And Matthew L. Wald

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — In a canyon in New Mexico, technicians detonated beaker after beaker of liquid explosives. In laboratories in Florida and New Jersey, scientists concocted dangerous brews. In drugstores and supermarkets in the Washington area, government officials shopped for tiny containers of shaving cream, shampoo and toothpaste.

Since a London-based plot to bomb airliners was broken up seven weeks ago, aviation security officials in the United States have pushed to assess how serious that threat was and what safeguards should be taken. The revised checkpoint rules announced last week by American, Canadian and European authorities were the result of that frenzied effort, Transportation Security Administration officials said.

The new rules — which ease a ban on liquids by allowing travelers to carry three-ounce containers of toiletries in a one-quart, zip-top plastic bag — have been largely met with approval by passengers and relief by airlines overburdened with a crush of checked bags. But the changes also provoked some skepticism by the public about the reasoning behind the decision.

Aviation security officials said they were confident they had settled on a sound course. "We looked at it from the chemistry point of view, the physics point of view — which kind of operational tactics one might use, with different scenarios," said Kip Hawley, the assistant secretary for the transportation agency. "The arrangement we came up with does have a good margin of error."

The testing, Mr. Hawley said, confirmed that the risks posed by the London plot were real. "This was a serious, serious, serious threat — chilling is the word," he said in an interview last week. But extensive work by government and university scientists showed that the threat could be largely counteracted by limits on the size of containers, he said.

Mr. Hawley and the deputy homeland security secretary, Michael Jackson, provided new details about the analysis of the London scheme in a joint interview last week, in part because they were aware of the skepticism over the new checkpoint rules. Officials from the F.B.I., the T.S.A., the White House domestic security office and aviation security agencies overseas concurred in the decision, Homeland Security officials said.

There was "remarkable interagency consensus," said Russ Knocke, a Homeland Security spokesman.

Some aviation security and explosive detection experts said the new rules demonstrated that the initial ban on liquids was overkill.

"I think they overreacted," said Penrose Albright, a former assistant secretary at the Science and Technology division of the Department of Homeland Security. "Where they are at now is where they should have been from the beginning."

But others worry that lifting the ban might be premature. Stephen J. McHale, a former deputy T.S.A. administrator, said some security experts in Washington were concerned that with some suspects perhaps still at large, government scientists could not reliably counter unknown formulas terrorists might be developing.

Homeland Security officials said the effort to assess the threat began soon after the arrests of plot suspects by British authorities on Aug. 9. Laboratories lined up by Homeland Security and the Federal Bureau of Investigation immediately began replicating the bomb the British plotters were experimenting with. And scientists tried to build every alternative they could imagine.

Scientists tested the ingredients linked to the London plot in the Rio Grande Valley south of Albuquerque, where the canyons and mountains form a perfect explosives testing range. Based on the materials found in Britain, investigators developed a specific theory of the bomb plot, two officials who have been briefed on the inquiry said.

With the seal on a sports drink called Lucozade intact, the plotters apparently intended to remove the drink with a hypodermic needle and replace it with highly concentrated hydrogen peroxide, a syrupy liquid once used as rocket fuel. Another bottle would be filled with a common household substance, which The New York Times agreed not to disclose at the request of Homeland Security officials. After the two were mixed, a detonator hidden in a hollowed-out AA battery would be used to set off the bomb, according to this theory.

The work did not involve blowing up an airplane. Instead, ingredients were mixed in the beakers and, with the help of a robotic device, detonated while technicians were in a nearby bunker, security officials said. High-speed cameras recorded the

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explosions, while devices took readings so technicians could calculate the power and duration of the blasts and predict their effect on a plane.

Neither Van D. Romero, vice president for research at New Mexico Tech, which operates the explosives testing center, nor security officials would describe in detail the strength of the explosions or the quantities of liquids tested. But Mr. Romero said the blasts were of considerable force. “There are liquids that will detonate and can cause a significant amount of damage,” he said.

The critical next question was how much liquid represented a threat. Aviation security officials said there was no way to eliminate risk. Trying to identify and intercept any object that might present a threat, no matter how modest, would cause major checkpoint bottlenecks. The intent, they said, was to prevent anything that could cause catastrophic damage from getting aboard planes.

Taking into account the possibility that terrorists might act as a team and pool ingredients, officials arrived at the limit of one quart-size plastic bag per passenger. That amount of liquid explosives could still cause damage or harm passengers, but it would be unlikely to destroy a plane, officials said.

“It is well within the comfort zone of what we need to protect the public,” Mr. Hawley said.

To decide what could go inside the bag, the transportation agency identified the smallest containers of basic toiletries travelers might need.

“They sent men out to grocery stores and pharmacies, they sent women out, they sent people with kids to look at what kids bring,” Mr. Jackson said.

Mr. Hawley acknowledged that airlines and airport retailers were pressing to ease the liquids ban, but he said the decision to modify it was based purely on a safety analysis.

The airlines were overwhelmed with a 20 to 25 percent increase in checked bags, pushing out profitable cargo and complicating the effort to load planes on time. They were also concerned that business travelers might avoid flying, said John M. Meenan, senior vice president of the Air Transport Association, the trade association of the major airlines.

The transportation agency plans to keep the limit on liquids in place indefinitely, officials said, because equipment is not reliable or efficient enough to detect liquid explosives.

Mr. McHale, the former T.S.A. deputy administrator, said he thought the agency had made a reasonable decision.

“You have to act on the info you know, not fears of what you don’t know,” he said. “People who aren’t faced with the pressures of keeping the aviation system running might prefer to just shut the system down or have everybody fly naked. But obviously, you can’t do that.”

Detectors Hunt Anthrax 5 Years After Deadly Attack (WT/AP)

By Randolph E. Schmid And Michael J. Sniffen, Associated Press

The Washington Times, October 4, 2006

More than 1,000 biological detectors are sniffing mail across the country for dangerous contamination as the hunt goes on for whoever put anthrax in letters and killed five persons just after the September 11 attacks.

An anthrax case in Florida, reported five years ago today, brought the first hint of what turned out to be contamination of mail that reached the District, New York, Connecticut and New Jersey and raised fears nationwide.

Last month, FBI Director Robert S. Mueller III said that agents are still working on the aging anthrax case, and he declared it "will be solved and the person or persons responsible will be brought to justice."

"From the outset, we have been open to any and all theories, and the investigation continues on any and all theories," Mr. Mueller said.

The U.S. Postal Service has taken action to prevent a repeat.

"We have fully deployed the fleet of bio-detection systems" on canceling machines at 271 mail-processing locations, Postal Vice President Tom Day said.

A modified version for larger, flat mail items will be put into service next year, he said.

Installation of the current system cost $800 million, provided by Congress, and the post office is spending about $70 million to operate it. That annual cost is expected to climb to $120 million.

The detectors check for anthrax and two other biological hazards, which Mr. Day declined to identify.

Among those killed in 2001 were two postal workers at the District's Brentwood mail processing facility.

Mr. Day said that workers now are trained to look for suspicious packages and call in postal inspectors if they detect something unusual.

Last week, the FBI denied it had overestimated the potency of the anthrax spores used in the killings.

Shortly after the attacks, reports said the spores contained additives and had been subjected to sophisticated milling -- both techniques used in anthrax-based weapons -- to make them more lethal.

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But bureau officials now say that the early reports of weapons-grade anthrax were misconceptions.

If the anthrax used was less sophisticated than originally thought, that opens a wider field of potential suspects.

Investigators are looking at a small number of people in the United States and abroad because they fit some criterion, such as access to anthrax, said one official who declined to be identified because authorities are reluctant to discuss the details of ongoing investigations.

Neither that official nor any others involved with the case would discuss the status of Steven Hatfill, the former Army scientist once described by then-Attorney General John Ashcroft as a "person of interest" in the case.

Mr. Hatfill has sued the government, saying that leaked statements about him damaged his career.

There are 17 FBI agents and 10 postal inspectors assigned to the case. Investigators have conducted more than 9,100 interviews, issued more than 6,000 grand jury subpoenas and completed 67 searches.

Despite the installation of the detectors, many postal workers contend not enough has been done, said William Burrus, president of the American Postal Workers Union.

The units that have been installed are effective, Mr. Burrus said, but not all mail is processed in postal facilities. He said some is prepared by large business mailers and dropped off for delivery.

The detectors have conducted more than 3 million tests, screening about 60 billion pieces of mail with no false alarms. Postal contractors and the Defense Department worked together to devise the system.

WAR NEWS:

He Didn't Take The Easy Way (USAT)

By Stephen J. Hadley

USA Today, October 4, 2006

After our nation was attacked on 9/11, President Bush made clear that America had a choice — to root out the terrorists, or wait to be attacked again. He decided that to protect the American people, our nation must go on the offense and destroy the terror networks.

The president has chosen a difficult path, and he has been honest with the American people about the challenges. He has said the enemy we face is determined and ruthless. He has been blunt about intelligence failures and stains on our national honor such as the Abu Ghraib facility in Iraq. He has highlighted the courage of our men and women in uniform who have served — and sacrificed — for freedom. He has called this war a long struggle, and a generational conflict.

The president is fully engaged in leading this long war. He is well aware of both the good news and the bad. He reviews intelligence reports. He reads stories in the news media. He meets with families of the fallen.

Our strategy is far from “stay the course.” The president continually challenges all of us to learn from experience, adapt to change and improve our performance. In Iraq, we have modified our approach to training the Iraqi army so Iraqi soldiers can be more effective in defeating terrorists and insurgents. We have redoubled our efforts to train Iraqi police so that they can earn the confidence of all the Iraqi people. We have sought new approaches to reconstruction and economic development.

Yet our objective has not changed. We will fight alongside the Iraqi people to win this war. We will refuse to surrender to the terrorists who view Iraq as the central front in their war against their fellow Muslims and the entire free world. We are determined to deny them a platform from which to launch attacks on America and our allies.

The president has said this war will not be dictated by domestic politics. A drawdown of our troops in Iraq right before U.S. elections in November would be the politically expedient thing to do. But our military commanders believe it would be the wrong thing to do. Based on their advice, we have actually increased our troops in Iraq.

The president will continue to speak directly and candidly to the American people — about this war, about the enemy we face, and about why we can and must see this war through to victory.

Stephen J. Hadley is the National Security adviser.

Denial, Arrogance Led U.S. Into Iraq Trap (USAT)

USA Today, October 4, 2006

If there's a lesson from Bob Woodward's latest book, State of Denial, it's that the calamity that has unfolded over the past three years in Iraq was born of a ruinous mix of arrogance and naiveté from President Bush and his key deputies. Convinced that the war would be a walkover, they simply closed their ears to the many voices who warned of the impending dangers.

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Although others have detailed the Bush administration's incompetence and head-in-the-sand attitude as the Iraqi insurgency took root, State of Denial provides fresh details about the myriad ways administration officials, particularly Defense Secretary Donald Rumsfeld, bungled the Iraq war:

·Unrealistic plans. Rumsfeld's Pentagon accomplished the initial military campaign but botched the aftermath. It rejected recommendations that it would take about 450,000 troops to secure Iraq and sent one-third that number. It ignored a State Department blueprint that could have tamped down the looting, including of arms depots by future insurgents. Woodward relates disturbing anecdotes about administration pettiness on a level with high school. Rumsfeld cut others out of Iraq decisions and planning; for a time, he would not return the phone calls of then-National Security adviser Condoleezza Rice until ordered to do so.

·Refusing to shift course. Expert advice that could have made a difference was ignored. Woodward cites the first Iraq administrator, Jay Garner, telling Rumsfeld that three terrible — but reversible — mistakes had been made: banning Baath Party members from any new government; disbanding the Iraqi army; and rebuffing an interim leadership that could have put an Iraqi face on the nation's new government. None of those decisions was reversed, leaving thousands of well-armed fighters with little option other than rebellion. Woodward also recounts that former secretary of State Henry Kissinger privately criticized Bush for rarely even considering alternative courses of action.

·Misleading the public. Woodward's book is packed with details about the gulf between the information the administration had and the picture it presented in public. In May 2005, for example, Vice President Cheney told Larry King on CNN that the insurgency was in “the last throes” when Bush knew it was, in fact, worsening.

Hovering in the background is the role of father-son psychology. Woodward touches lightly on it: He relays how Bush saw his pick for Defense secretary as a chance to prove his father wrong about Rumsfeld, whom the first President Bush believed to be arrogant and Machiavellian. And the current president once blurted out that a reason for removing Saddam Hussein was that Saddam had tried to kill his father.

Though Freudian analysis is fraught and ultimately unprovable territory, this much is for sure: The senior President Bush understood the potential pitfalls in Iraq. In a 1998 book he co-authored, he wrote of his decision after the 1991 Gulf War not to invade Iraq after repelling it from Kuwait. “Trying to eliminate Saddam … would have incurred incalculable human and political costs. … We would have been forced to occupy Baghdad and, in effect, rule Iraq … there was no viable ‘exit strategy' we could see.”

When they elected George W. Bush in 2000, many voters assumed he would carry on his father's pragmatic foreign policy. Instead, he embraced the neoconservatives' risky strategy to reorder the Middle East. As the present quagmire shows, when it came to Iraq, father knew best. Bush presumably knows that by now, but it may be too late.

How To Lose A War (WP)

The Washington Post, October 4, 2006

IT MAY BE that much of the trouble the United States now faces in Iraq was the inevitable result of the decision to crack open a complex society that had been repressed and brutalized for three decades by Saddam Hussein. The fierce unwillingness of many Sunnis to accept minority status; the uncompromising drive of Shiites and Kurds for power so long denied them; the relative absence of competent or inspiring leaders: All this and more meant that the reconstruction of Iraq could not have been simple, short or entirely peaceful.

It nevertheless seems clear that U.S. chances for success would have been far better than they are today were it not for the overwhelming and shocking incompetence with which the administration has managed the war. From the failure to produce a coherent postwar plan to the disastrous performance by the occupation authority that was belatedly installed, the Bush team turned a difficult mission into a near-impossible one. President Bush and his most senior aides meanwhile stubbornly refused to listen to advisers who warned of the consequences of their policies.

In-depth accounts by journalists are beginning to provide a detailed picture of what has gone wrong in Iraq and why. Most recently, The Post's Bob Woodward reports in the book "State of Denial" how Defense Secretary Donald H. Rumsfeld monopolized administration planning for Iraq, repeatedly misjudged the tactics and resources needed for success, and ignored reports from his own top aides about how the war was going wrong.

In "Fiasco," The Post's Thomas E. Ricks recounts how Mr. Rumsfeld's Pentagon excluded the State Department from reconstruction planning, then failed to produce any plan of its own. When L. Paul Bremer was abruptly handed a mandate to rebuild the country from the ground up, still more fateful mistakes were made. As former Post Baghdad bureau chief Rajiv Chandrasekaran details in the book "Imperial Life in the Emerald City," staff members for Mr. Bremer's authority too often were picked on the basis of Republican political affiliation, rather than experience or competence -- with the result that people in their twenties were handed control over matters such as the Iraqi government budget.

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Mistakes are inevitable in any war. But the common theme of these accounts is the triumph of ideology and arrogance over the pragmatism that is needed to recover from errors or adjust to changing conditions. Having dispatched too few troops to Iraq at the beginning of the war, Mr. Rumsfeld has perpetuated this signal failing for 3 1/2 years. Having ignored reconstruction in prewar planning, the administration then excluded the professionals who might have made the occupation authority successful.

Mr. Bush himself refused to take one of the essential steps needed to remedy the resulting mess -- replacing Mr. Rumsfeld -- despite repeatedly being advised to do so by his own chief of staff, among others. The result, as Mr. Woodward describes it, is a defense secretary who has lost the confidence of the military he directs. Even more disturbing is the portrait of a president who, with two years left in his term, seems unable to come to terms with the damaging and dangerous situation he has helped to create -- much less imagine a way out of it.

We continue to agree with Mr. Bush that it would be wrong and dangerous for U.S. troops simply to withdraw. But it is also dangerous when leaders such as Mr. Bush, Vice President Cheney and Mr. Rumsfeld continue to resist reality.

If I Had One Wish (NYT)

By Thomas L. Friedman

The New York Times, October 4, 2006

There are now so many books out on the Bush policy in Iraq with variations of the word "fiasco" in the title or the text that bookstores are surely going to have to be redesigned to create shelf space for this war: "Welcome to Barnes & Noble: We have fiction and nonfiction on the main floor, poetry and mystery in the corner, children's books upstairs and the 'Bush Fiasco' section across the entire basement."

And the war isn't even over yet.

If there is a theme common to all these books it is the word "incompetence." Reading Bob Woodward's "State of Denial," about the completely dysfunctional manner in which the Bush national security team has conducted the Iraq war — the president reportedly had to order Don Rumsfeld to return Condi Rice's phone calls — leaves you disgusted.

Which brings me to this November's elections. New York Times columnists are not allowed to endorse candidates, but I checked the rulebook the other day, and there's no rule against rooting for a general outcome. So here is my fervent wish: For the sake of the country, I really hope the Republicans lose the House and the Senate to the Democrats — by one seat in each chamber.

It is so important that the Republicans lose, because if the Bush-Cheney-Rumsfeld-Rice team can get away with the grotesque incompetence they have exhibited in Iraq — a war that was not preordained to fail, but was never given a proper chance to succeed — it makes this country look like a banana republic.

If on the morning after the election these people come out smirking that their efforts to scare the public into voting again for their candidates worked, and therefore they can just stay the present course in Iraq — which is not working — it will send a terrible message about our democracy. It will tell us that the country is so divided, and so many districts gerrymandered in favor of Republicans, that performance does not matter any longer. Unless you are caught sending e-mail to a Congressional page soliciting sex, your seat is safe.

If we have any chance of salvaging Iraq and solving some of our real problems at home, it will only be as a result of some electoral shock treatment delivered to a Republican Party that has failed to demand even the most minimal competence and planning from its leaders.

But the reason I want the Democrats to win by only one seat in both the House and the Senate is because I want them to have such a slim margin that they will have to govern from the center — to look for bipartisan fixes to the country's major issues, which is the only way they can be addressed.

"We're not just in a 'state of denial' about Iraq," remarked Michael Mandelbaum, the author of "The Case for Goliath." We're also in a state of denial about the deficit, health care, energy and Social Security."

Maybe the deficit can wait. But there is something immoral about kicking Iraq down the road for someone else to deal with it. Because the burden of Iraq falls — unfairly and harshly — on one small segment of our population: U.S. military troops and their families.

Yes, Mr. Bush's original vision of a unified democratic Iraq was compelling and important. But it's not happening. It's become the "second choice" of too many Iraqis. Too many Kurds just want their own state; too many Shiites just want their own pro-Iranian zone in the south; too many Sunnis want the old order. Real democracy is too many Iraqis' second choice. If that doesn't change, we can't go on having our first-choice kids dying for Iraqis' second choice. Our top military people know things aren't working. But they also know the Bush team won't order a Plan B, because it would be construed as an admission of failure and used in domestic politics. So we are staying a failing course.

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You know how they say that after a while people start to look like their pets? Well, we're starting to look like Iraq — a bunch of warring political tribes incapable of acting in common for the greater good.

So here's hoping the Republicans lose the House and the Senate and realize that if they don't start acting responsibly they'll suffer an even worse defeat in '08. And here's hoping the Democrats win by just enough to love being back in power, but by such a slim margin they know that if they don't produce something by '08, they'll get defeated again.

Without restoring a legislative center that can tackle hard issues and demand sacrifices, we're just going to keep kicking problems down the road — from Iraq to Social Security — until the road reaches a cliff and we plunge over the side.

Don't Pass The Salted Peanuts, Henry (NYT)

By Maureen Dowd

The New York Times, October 4, 2006

Tom Lehrer said that political satire was rendered obsolete when Henry Kissinger won a Nobel Peace Prize for prolonging the Vietnam War.

But even the inventive Lehrer could never have imagined that Dr. Strangelove would get a second chance to contribute to misleading the public about a military catastrophe in a misunderstood land — a do-over in scarring the American psyche and reputation in profound ways.

Yet, as Bob Woodward reveals in "State of Denial," the sequel to "Bush is a Genius," Mr. Kissinger has been one of the few trusted outside advisers that W. has listened to on Iraq. The administration has shaped its policy to hew to the 83-year-old Unwise Man's belief that the only way to beat an insurgency is to stick it out, no matter how many American kids and foreign civilians die.

Especially if elections are coming up. As the historian Robert Dallek, who is writing a book on Nixon and Kissinger, notes, "Kissinger was complicit in using foreign policy to try to save Nixon during Watergate."

Bob Haldeman wrote in his diary on Dec. 15, 1970, using "K" for Kissinger and "P" for President Nixon: "K came in and the discussion covered some of the general thinking about Vietnam and the P's big peace plan for next year, which K later told me he does not favor. He thinks that any pullout next year would be a serious mistake because the adverse reaction to it could set in well before the '72 elections. He favors, instead, a continued winding down and then a pullout right at the fall of '72 so that if any bad results follow they will be too late to affect the election. It seems to make sense."

Thirty-five years later, Mr. Kissinger, the consummate fawner, was once more able to sway a president with faux deference. Dr. K encouraged W. to play the tough guy on the war, even though he'd never gone to war himself.

In September 2005, Mr. Woodward writes, W.'s head speechwriter, Mike Gerson, visited Mr. Kissinger and received a lecture declaring that the only exit strategy for Iraq was victory and a copy of the diplomat's "salted peanut memo" from 1969, warning against resisting pressure to withdraw troops from Vietnam: "Withdrawal of U.S. troops will become like salted peanuts to the American public; the more U.S. troops come home, the more will be demanded."

It's the kind of logic that makes Dr. K such a valuable counselor to a president who has already declared privately that his midterm election strategy is to tar the Democrats this way: "Surrender and taxes."

The shrink-wrapped president did not consult his own father before going to war against the same dictator. And, moving from Dr. Strangelove to Dr. Freud, two of W.'s top war counselors — Rummy and Henry the K — are men who did not bother to conceal their contempt for Bush senior as a naïve lightweight.

As Mr. Woodward notes, part of Rummy's allure for W. was the fact that Poppy Bush considered him an arrogant, Machiavellian sort who could get you in deep doo-doo. "It was a chance," Mr. Woodward says, "to prove his father wrong." Or right.

It's been clear for years that Dick Cheney and Rummy have been using the Bush presidency like an elaborate vanity production to replay Watergate and Vietnam, and to try to reverse things that bothered them during prior stints in the Nixon and Ford administrations.

As Mr. Cheney told his pal Rummy when W. gave him a second crack — a quarter-century later — at the defense chief job: "Get it right this time."

The vice president has been diabolically successful in exploiting 9/11 to restore the Imperial Presidency to where it was before Congress and the public became such Nosy Parkers after Watergate. Mr. Cheney and Rummy have been less successful in their attempt to exorcise the post-Vietnam American skittishness about using force; their abysmal misadventure in Iraq has only reinforced it.

Mr. Kissinger's reasoning for favoring war in Iraq had none of the idealistic gloss about democracy that the president came up with later. Like Mr. Cheney, he thought it was a good idea to invade Iraq not because it was strong, but because it was weak.

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"We need to humiliate" radical Islam, he told Mr. Gerson, and send the message that "we're not going to live in this world that they want for us."

Half a century of foreign affairs experience, and he still doesn't understand that humiliating young Arab men — and occupying Muslim land — just radicalizes them? We're expanding terror at a cost of about $6 billion a month.

8 G.I.'s Die In Baghdad, Most In A Day Since '05 (NYT)

By Michael Luo

The New York Times, October 4, 2006

BAGHDAD, Oct. 3 — Eight United States soldiers were killed Monday in Baghdad, the United States military said, the most in the capital in a day since July 2005.

Four of the soldiers died in a roadside bomb attack; the four others were killed by small-arms fire in separate incidents.

Monday's loss also represented one of the highest nationwide death tolls for American troops in the past year. In late August, nine soldiers and a marine were killed in a day. But before that, the last time eight or more soldiers were killed in hostile action was last November.

"Obviously this was a tragic day, with eight killed in 24 hours," said Lt. Col. Barry Johnson, a military spokesman.

The deadly day set back efforts by American and Iraqi troops to tame the sectarian violence that continues to besiege the capital. Since August, the military has made securing Baghdad a priority, pouring in additional troops and conducting neighborhood sweeps.

But the violence has continued, spiking over the last week with the start of the holy month of Ramadan. Military officials said last week that suicide bombings in Baghdad were at a record. At least 17 soldiers and marines have been killed since Saturday, most in Baghdad or Anbar Province, where fierce fighting continues between marines and Sunni insurgents.

According to the Iraq Coalition Casualty Count, an independent group that compiles figures based on information from the American military, 74 soldiers and marines were killed in Iraq in September, the highest number since April, when 76 died.

The violence also claimed 51 civilians across the country on Tuesday, The Associated Press reported.

In the capital, an explosion at a fish market in Saidiya, in the southwest, just before 7 a.m. killed two people and wounded 10, an Interior Ministry official said. Just 15 minutes later, a mortar attack in Dora, a neighborhood in southern Baghdad that American and Iraqi troops have been trying to secure, killed two civilians and wounded five others, the official said.

Later in the day, four Iraqis were kidnapped as they left the Green Zone, which is home to the Iraqi government and American officials and workers. They were seized by gunmen who then sped off in three Toyota Land Cruisers, the official said.

On orders from Jawad Bolani, the interior minister, a high-ranking police commander was suspended Tuesday and taken into custody pending an investigation into a brazen kidnapping of 26 food-processing workers on Sunday in Amel, in western Baghdad. The bodies of at least 10 of them were found shortly afterward.

The commander, who was not identified, is being investigated because of what Brig. Abdul Kareem Khalaf, a ministry spokesman, described as the colonel's slow response to the kidnapping.

"The regiment's commander had enough force to interfere, but the ministry is investigating why he didn't do it," he said.

A spokesman for the Iraqi High Tribunal said Tuesday that it would reconvene on Oct. 16 for Saddam Hussein's trial but that it would not issue a verdict, as had been expected. Mr. Hussein and seven other former officials are accused of crimes against humanity for their roles in the killing of Shiites in Dujail in 1982, after an assassination attempt against Mr. Hussein, a Sunni.

A radical Sunni group, Ansar al-Sunnah, claimed responsibility on Tuesday for the shooting death of a cousin of the radical Shiite cleric, Moktada al-Sadr. The cousin, Dr. Namat al-Yassin, was shot to death last week near her home in Al Jamiah, in western Baghdad, said Fuad al-Turfi, an aide to Mr. Sadr. The claim of responsibility, posted on a militant Islamic Web site, could not be immediately verified.

A government organization responsible for overseeing Shiite mosques issued a report on Tuesday that offered another window into the sectarian violence that has plagued Iraq since the destruction of a Shiite shrine in Samarra in February.

In the two and a half years before then, going back to August 2003, there were only 80 attacks on Shiite mosques, the report said. In the eight months since the Samarra bombing, there have been 69. More than 1,700 people have been killed in such attacks since 2003.

Violence In Iraq Leaves At Least 51 Dead (AP-Y)

By Lee Keath

AP, October 3, 2006

DOJ_NMG_0074743

A suicide bomber unleashed a blast in a Baghdad fish market Tuesday and two Shiite families were found slain north of the capital as violence across Iraq claimed at least 51 lives.

The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines in what has been a deadly period for American forces in Iraq. The announcement brought to at least 15 the number of servicemembers killed in fighting since Saturday.

Sunni politicians expressed worries over a new government plan to stop sectarian violence. The plan, announced a day earlier by Prime Minister Nouri al-Maliki, won some praise in parliament Tuesday, but Shiite and Sunni leaders delayed potentially contentious talks to work out its details.

The four-point plan calls for creating neighborhood Shiite-Sunni committees to monitor efforts against sectarian violence. The aim is to overcome the deep mistrust between Sunnis and Shiites.

Many Sunnis remain skeptical that Shiite leaders will allow security forces to crack down more strongly on Shiite militias blamed for killing Sunnis — including some linked to parties in the government.

"I haven't seen any real desire in the other side. There are militias supported by the government," said Sunni lawmaker Khalaf al-Alayan.

U.S. Ambassador Zalmay Khalilzad said that under the plan, parties that have militias have agreed to take "responsibility for what their groups or people under them are doing, ... committing themselves to ending the sectarian violence."

Still, "there are forces that are not under their control," Khalilzad said in an interview with National Public Radio. "But if they implement what they've agreed to, there should be a significant decrease in the level of violence in Baghdad."

Another lawmaker, Izzat Shabandar, from the secular Iraqi Bloc, cautioned "we have to be realistic."

"Those who signed this blessed agreement have to confess, at least to themselves, they are the basis of the problem and they are part of it," he said.

Al-Maliki's government has been under intense pressure to put an end to Shiite-Sunni violence that has killed thousands of people this year and raised fears of civil war. This week, gunmen carried out two mass kidnappings in as many days, abducting 38 people from workplaces in Baghdad — attacks that Sunnis said were carried out by Shiite militias.

Some 400 Sunnis marched Tuesday at the site of one of the kidnappings — a frozen meat factory in Baghdad's Amil district — demanding the government put a stop to the violence. Some carried banners reading "get police troops out of our area" — reflecting the widespread suspicion that Shiite-led security forces have been infiltrated by militias.

Gunmen took 24 workers from the factory on Sunday and the bodies of seven were later found dumped in the capital. The fate of the others is not known.

The Interior Ministry said the police commander for the Amil district had been discharged and arrested for investigation in the kidnapping — a possible response to Sunni complaints that Shiite-led security forces allow militias to operate freely.

Earlier Tuesday, a suicide bomber detonated a belt rigged with explosives in an outdoor fish market in the primarily Sunni area of Sadiyah in southwestern Baghdad, killing three people and wounding 19, police said.

Hours later, four mortars hit homes in another Sunni district, killing seven people and wounding 25.

The mixed city of Baqouba, 35 miles northeast of Baghdad, saw a string of deadly attacks. Gunmen opened fire on a Shiite family trying to flee the city, killing five of them. Later, the bodies of a woman and two men lay on the street near the family truck, billowing smoke.

In addition, eight people were killed in another shooting in Baqouba, and two others died in a roadside bombing.

Attacks elsewhere in Baghdad and around the country killed 16 other people.

Ten more bodies also were found, the apparent victims of sectarian slayings. They included seven bodies in an area north of Baqouba, identified as a father, three sons and three other relatives from a Shiite family.

In the mainly Shiite south, the bodies of two women — one beheaded, the other burned — were found in Kut, while a former army officer was discovered dead and handcuffed in Amarah.

Talks on creating joint security committees to end the violence must tackle a range of issues — including how many members will be on the panels, the proportion of Shiites and Sunnis and which areas of Baghdad they will cover.

The intent is that each committee will oversee the effort against violence in its district — with a central body overseeing them and working with security forces. But it still must be decided what powers the committees will have and how decisions will be reached. Every month, the parties will meet to review progress.

Sunnis hope the committees will give them a voice to ensure that security forces go after Shiite militias. But it remains unclear whether the new system will lead to tougher action. Shiite leaders insist the main problem is attacks by Sunni insurgents.

Al-Alayan, the Sunni lawmaker, said the two sides made progress in talks over the weekend and agreed on banning weapons and militias. But when a representative of Muqtada al-Sadr, a radical Shiite cleric who holds a place in the government and heads a powerful militia, joined talks Monday, "everything was overturned" and the ban was put aside.

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Still, al-Sadr's party signed onto the new security plan.

Termination Set For Iraq Monitor (WT)

By Rowan Scarborough

The Washington Times, October 4, 2006

Congress has set a 2007 termination date for the special inspector general for Iraq reconstruction at the behest of the Bush administration, removing the source of a series of audit reports that have emboldened critics of the president's war polices.

The just-completed Pentagon authorization bill ends SIGIR, as the post is called, on Oct. 1, 2007. The bill, which has yet to be signed by President Bush, calls for the work to be transferred to inspectors general for the Pentagon, the U.S. Agency for International Development and the State Department. State runs reconstruction in Iraq.

Stuart W. Bowen Jr., a former Bush aide whom the president appointed as special inspector general in January 2004, has issued a series of reports and audits on a reconstruction effort dogged by incessant insurgent attacks and mismanagement.

His critical reports generally pleased Democrats, whose 2006 campaign theme is that the White House has mismanaged all aspects of the Iraq war. But the audits rankle some in the military and at State, who say they glossed over progress made in the face of daily threats of violence.

Mr. Bowen's tenure became a hot topic in the Senate-House conference this summer to reconcile the authorization bill's two versions. Senate Democrats backed an amendment that gave Mr. Bowen authority over about $6 billion in new funds for Iraq. That language would keep SIGIR in operation past next fall, perhaps for several years.

House conferees agreed to the new authority, but then won approval of language shutting down SIGIR next Oct. 1. An administration source said the date was added at the behest of the State Department.

Mr. Bowen's basic mission is to monitor about $21 billion in special money called the Iraq Relief and Reconstruction Fund.

A State Department official, who asked not to be named, said yesterday that the department always has supported SIGIR's work and endorsed the Senate proposal to expand its authority to new funds.

But, the official said, the department thinks that "at a certain point, when you are no longer spending special money, it is important to return to normal IG supervision, as has always been the case in the past and as is already ongoing in many parts of Iraq now. We are strong supporters of SIGIR, but when the special funds for Iraq have been expended, it is appropriate the office would close, as was originally envisioned."

The original legislation creating SIGIR set up a formula under which it would go out of existence when the vast majority of all special funds were spent, likely sometime next year.

James P. Mitchell, Mr. Bowen's spokesman, said, "Of course, whatever Congress wants us to do we will do."

There is a loophole. The authorization bill states that if the U.S. obligates "a major new commitment of U.S. funds," Congress may revisit the issue and extend the termination date. Another factor: If Democrats retake control of Congress, SIGIR's supporters would be in a better position to extend its life.

In his last report to Congress in July, Mr. Bowen said his office had initiated 236 investigations and issued 65 reports that produced savings of more than $10 million. He warned of growing corruption in Iraq that threatened to sap rebuilding efforts at the rate of $4 billion a year in Iraqi funds.

In Bill's Fine Print, Millions To Celebrate Victory (NYT)

By Thom Shanker

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — Even as the Bush administration urges Americans to stay the course in Iraq, Republicans in Congress have put down a quiet marker in the apparent hope that V-I Day might be only months away.

Tucked away in fine print in the military spending bill for this past year was a lump sum of $20 million to pay for a celebration in the nation's capital "for commemoration of success" in Iraq and Afghanistan.

Not surprisingly, the money was not spent.

Now Congressional Republicans are saying, in effect, maybe next year. A paragraph written into spending legislation and approved by the Senate and House allows the $20 million to be rolled over into 2007.

The original legislation empowered the president to designate "a day of celebration" to commemorate the success of the armed forces in Afghanistan and Iraq, and to "issue a proclamation calling on the people of the United States to observe that day with appropriate ceremonies and activities."

The celebration would honor the soldiers, sailors, air crews and marines who served in Iraq and Afghanistan, and it would be held in Washington, with the $20 million to cover the costs of military participation.

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Democrats called attention to the measure, an act that Republicans are likely to portray as an effort to embarrass them five weeks before the midterm election. The Democrats said both the original language and the extension were pushed by Senate Republicans. A spokesman for the Republican-controlled Senate Armed Services Committee said it was protocol not to identify sponsors of such specific legislation.

The overall legislation was approved in the Senate by unanimous consent and overwhelmingly in the House after a short debate.

Democrats nevertheless said they were not pleased.

"If the Bush administration had spent more time planning for the postwar occupation of Iraq, and less time planning 'mission accomplished' victory celebrations, America would be closer to finishing the job in Iraq," said Rebecca M. Kirszner, communications director for Senator Harry Reid of Nevada, the Democratic leader.

Lt. Col. Brian Maka, a Pentagon spokesman, said late Tuesday that the event was envisioned as an opportunity for "honoring returning U.S. forces at the conclusion" of operations in Afghanistan and Iraq. "As the funds were not used in F.Y. 2006," the official said, using the initials for fiscal year, "the authorization was rolled over into F.Y. 2007."

Judges Postpone Verdict In Saddam Trial (AP)

By Qassim Abdul-Zahra

AP, October 3, 2006

Judges postponed their verdict in Saddam Hussein's trial Tuesday, a long-awaited decision that once held out the hope of healing Iraq's wounds but now threatens to spark even more sectarian violence.

The verdict had been expected on Oct. 16 but was delayed until at least the end of the month while judges take extra time to review the evidence and make sure their case is airtight.

But no matter how well crafted, the verdict could worsen violence that is already claiming dozens of lives daily. A death sentence for the former leader could enrage his Sunni Muslim supporters, while anything less is sure to infuriate Shiites who were oppressed under Saddam's regime.

That dilemma is a far cry from the hopes of many U.S. and Iraqi officials when the war crimes trial began nearly a year ago. They touted the tribunal as a way to help heal Iraq's divisions by exposing atrocities during Saddam's regime, establishing justice and opening the door for reconciliation.

"I think it would be a positive, not a negative," Defense Secretary Donald H. Rumsfeld said Monday when asked about the prospect of a verdict, which had been expected on Oct. 16. "It would just bring closure to a chapter that was an unhappy and unpleasant and particularly vicious regime."

In the past year, however, Shiite-Sunni divisions have grown, with thousands killed by Sunni insurgents and death squads from both Islamic sects.

After nine months of often stormy court sessions, many Sunnis — who are a minority in Iraq but were dominant under Saddam — still see the tribunal as a show trial by the new Shiite leadership to take revenge on the ousted president.

"There is sympathy with Saddam, especially because what we see now makes many nostalgic for him," said Khalaf al-Alayan, a Sunni parliament member, referring to the violence in Iraq since Saddam's ouster by U.S.-led forces in April 2003. "So there could be a reaction if there is a death sentence."

Meanwhile, Shiites have made clear they will only accept execution for the leader whose regime persecuted their majority community and the Kurds.

"Anything less than a death sentence will be a neglect of justice," Hassan al-Suneid, a Shiite lawmaker. "I think it could be a disaster."

Saddam and seven co-defendants face possible execution by hanging if found guilty on charges of crimes against humanity over a crackdown on Shiites in the town of Dujail launched in 1982. A five-judge panel will decide the ruling by a majority vote.

The judges adjourned July 27 to consider their ruling, and had been expected to announce it Oct. 16.

Court spokesman Raid Juhi told the Associated Press a session will be held Oct. 16, but it "will not be for the verdict. It's for the judges' review of the evidence." He did not say when the verdict would be issued.

A court official, speaking on condition of anonymity because he was not allowed to release the information, said the verdict could be put off until late October or early November.

Juhi did not link the delay to worries over tensions in Iraq. He said the judges have been reviewing the evidence and testimony from the trial to determine "whether it is complete or is lacking." He said the judges will decide whether they need more information.

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The intense review of the evidence aimed to ensure that the verdict — which will be accompanied by a report explaining the court's reasoning — is airtight and can be fully justified in the face of criticism from either side, the court official said.

A guilty verdict for Saddam is widely expected — but the official suggested there were differences over what sentence to impose and that the judges were aware that violence was possible either way.

"The verdict mustn't be weakly supported, it has to be accepted and not raise doubts," al-Suneid said.

The Dujail trial, which began Oct. 19, is the first for Saddam. A second trial of the former Iraqi leader and six other co-defendants began Aug. 21 on genocide charges for their alleged roles in a 1987-1988 crackdown against Kurdish rebels.

The genocide trial was adjourned last week until Monday after a stormy session during which the chief judge expelled all the defendants amid a boycott of the trial by the defense lawyers.

Saddam and his co-defendants can appeal any verdict, but if a sentence is upheld Iraqi law says it must be carried out within 30 days after appeals are finished.

The Dujail trial heard extensive testimony from Shiite survivors of the crackdown, recounting torture while in prison and the deaths of loved ones. The crackdown was sparked by a 1982 assassination attempt on Saddam.

Hundreds of Dujail residents were arrested, some tortured to death, and 148 Shiites were sentenced to death for involvement in the attempt to kill Saddam. The prosecution argued they were executed after a fake trial and that the crackdown aimed to punish the entire town.

The key evidence against Saddam was a series of documents signed by him — the order for the 148 to be put on trial, the approval of their death sentences and an approval of rewards for several intelligence officers.

The defense argued the crackdown was justified in response to the assassination attempt, a feeling shared by many Sunnis.

"If a police car passes and gets shot at, what does it do? Doesn't it shoot back? So how can a president respond when there's an attempt to kill him?" Sunni lawmaker al-Alayan said.

Saddam's defenders also maintain the documents don't constitute a crime against humanity since he was performing his constitutional role in ordering suspects put on trial, then signing off on the verdict.

Simone Monasebian, a former prosecutor in the U.N. war crimes tribunal for Rwanda, said the judges may hope for a change in the law to enable a stay of execution on the first verdict until the second trial's verdict is delivered.

"Politically, (the judges) are not ready (to rule) because of their fear of the insurgency. Procedurally they are not ready because they might have to execute him before the next trial is completed," said Monasebian, an international law professor at New Jersey's Seton Hall University. "And thirdly they are not ready (because) they haven't reviewed the evidence."

Judges Postpone Saddam Verdict To Review Evidence (USAT/AP)

By The Associated Press

USA Today, October 4, 2006

BAGHDAD — Judges have postponed the verdict in the first war crimes trial of former Iraqi leader Saddam Hussein to review the evidence, the court said Tuesday.

The delay came amid concern that any ruling will further inflame Iraq's Sunni-Shiite tensions.

“There is sympathy with Saddam, especially because what we see now makes many nostalgic for him,” said Khalaf al-Alayan, a Sunni parliament member. “So there could be a reaction if there is a death sentence.”

Sunni Arabs were favored under Saddam's regime. Many Shiites have made clear they will accept only execution for the former dictator, whose regime persecuted their majority community and the Kurds.

“Anything less than a death sentence will be a neglect of justice,” said Hassan al-Suneid, a lawmaker from the Shiite Dawa Party. “I think it could be a disaster.”

Saddam and seven co-defendants face possible execution by hanging if found guilty on charges of crimes against humanity stemming from a crackdown on Shiites in the town of Dujail in the 1980s.

The five-judge panel had been expected to announce its verdict Oct. 16, when it reconvenes for the first time since adjourning July 27. Court spokesman Raid Juhi said the Oct. 16 session will be held but “will not be for the verdict. It's for the judges' review of the evidence.” He did not say when the verdict would be issued.

A second trial of the former Iraqi leader and six co-defendants began Aug. 21 on genocide charges for their alleged roles in a bloody 1987-88 crackdown against Kurdish rebels. It was adjourned last week until Oct. 9.

U.S. and Iraqi officials say the tribunals are part of a healing process between Iraq's divided communities that has exposed the truth about atrocities by Saddam's regime, established justice and opened the door for reconciliation.

“I think it would be a positive, not a negative,” Defense Secretary Donald Rumsfeld said Monday about a verdict. “It would just bring closure to a chapter that was an unhappy and unpleasant and particularly vicious regime.”

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In the year since the tribunal began, however, violence between Shiites and Sunnis has increased.

On Tuesday, a suicide bomber detonated a belt rigged with explosives in a fish market in the primarily Sunni area of Sadiyah in southwestern Baghdad. Police Lt. Maitham Abdul Razzaq said three people were killed and 19 were wounded. In Baqouba, 22 people were killed, police said. At least 27 other people were killed across Iraq.

The U.S. military, meanwhile, announced the deaths of nine soldiers and two Marines, bringing to at least 15 the number of servicemembers killed since Saturday.

Sunni politicians expressed worries over a new government plan to stop sectarian violence. The plan, announced a day earlier by Prime Minister Nouri al-Maliki, won some praise in parliament Tuesday, but Shiite and Sunni leaders delayed potentially contentious talks to work out its details.

In an interview with National Public Radio, U.S. Ambassador to Iraq Zalmay Khalilzad said that under the plan, parties that have militias have agreed to take "responsibility for what their groups or people under them are doing."

'Disguise The Fee' (WSJ)

The Wall Street Journal, October 4, 2006

Most of the world would like to forget about the United Nations Oil for Food swindle -- who remembers Saddam Hussein anyway? -- so it's worth cheering that at least someone is still on the case. In eight months of hearings, lead Australian investigator Terence Cole has been busy unveiling how this corruption worked.

For readers who haven't followed the proceedings, the Cole Commission followed the scent left by Paul Volcker. Last year, the former Fed Chairman's Oil for Food probe fingered AWB Ltd., formerly the Australian Wheat Board, for funneling $221.7 million in foreign currency to Iraq through third-party payoffs disguised as shipping fees.

AWB was Iraq's largest supplier of wheat. Its contract with Iraq's grain board required the shipment of wheat only to the Iraqi border. But in 1999, Baghdad demanded that AWB transport the grain into Iraq. That would have violated U.N. sanctions unless payment went through a U.N. escrow account. So AWB paid a Jordan-based shipping company, Alia Transportation, among others, to do the work. Alia -- surprise, surprise -- was partially owned by Saddam's Ministry of Transportation.

AWB's largesse made it one of the single-largest contributors to Mr. Hussein's purse, and so Prime Minister John Howard commissioned Mr. Cole to investigate. The retired judge and his staff trawled through documents and emails, cross-examined AWB's management, its shipping and transportation partners, and assorted Australian ministers. All this was done in the public eye.

Much of the media attention has focused on the political figures, but no clear link surfaced between Canberra and the goings-on at AWB. The far more interesting story rested with AWB's management -- especially managing director Andrew Lindberg, who had told the Volcker Commission he knew nothing about the illegal payments.

Yet AWB sued to have documents withheld from the inquiry, and its executives claimed they didn't remember hearing about illegal payments. It wasn't until a few days before the hearings closed last week that volumes of documents suddenly turned up. And on Thursday, the Cole Commission read a remarkable email sent from AWB's internal sales manager, Mark Emons, to British-based shipping firm Ronly Holdings on March 7, 2000. Mr. Emons outlined how AWB could circumvent U.N. sanctions.

After explaining that under U.N. and Australian policy, "no payment can be made directly to Iraq," Mr. Emons discusses why AWB might want to pay its kickbacks through Ronly: "It would be ideal from our point of view if we have a third party that handles the freight and trucking as an item. This not only saves us time but does disguise the fee."

In another email, AWB executive Darryl Borlase indicated that he believed the Iraqis planned to use the foreign currency to pay for hiding the bodies of dead Kurds: "The bunkers will have cement walls and floors so they are actually designed for burying the Kurds -- under the cement?" Asked about the email on cross-examination, Mr. Lindberg, the managing director, said, "I hope that wasn't said in a serious way." AWB executives have cause for worry. Under a 2002 Australian law, a person who "provides or collects funds" for terrorists, or "is reckless as to whether the funds will be used to facilitate or engage in a terrorist act," can get up to life in prison.

We're looking forward to Mr. Cole's final report, due November 24. Like Mr. Volcker's enlightening tome, it should demonstrate how Saddam's regime systematically bled money out of willing patrons, and all under the unwatchful sponsorship of the U.N. Secretary General.

Frist Draws Criticism For Comments On Taliban (WP/AP)

By Associated Press

The Washington Post, October 4, 2006

DOJ_NMG_0074748

Democrats criticized Senate Majority Leader Bill Frist (R-Tenn.) yesterday for saying that the Afghan war against Taliban guerrillas can never be won militarily and for favoring bringing "people who call themselves Taliban" into the government.

Frist, who was traveling in Afghanistan, said Monday that Taliban fighters are too numerous and too popular to be defeated. "You need to bring them into a more transparent type of government," he said. "And if that's accomplished, we'll be successful."

Democrats accused Frist of trying to "cut and run" in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq.

"Senator Frist now suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened," House Minority Leader Nancy Pelosi (D-Calif.) said yesterday in a statement.

Democrats Assail Frist's Afghan Comments (AP)

By Nancy Zuckerbrod

The Associated Press, October 3, 2006

Democrats accused Senate Majority Leader Bill Frist of waving a white flag of surrender for saying the Afghan war against Taliban guerrillas can never be won militarily and favoring bringing "people who call themselves Taliban" into the government.

Frist, who was traveling in Afghanistan, said Monday that Taliban fighters were too numerous and too popular to be defeated. "You need to bring them into a more transparent type of government," he said. "And if that's accomplished, we'll be successful."

The comments from the Tennessee Republican, a potential 2008 presidential candidate, come as President Bush and Vice President Dick Cheney have accused Democrats of being weak on national security and adhering to a policy of retreat.

House Minority Leader Nancy Pelosi, D-Calif., said after the Sept. 11 terrorist attacks, the United States went to war in Afghanistan to defeat the Taliban for its role with al-Qaida.

"Senator Frist now suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened," Pelosi said Tuesday in a statement.

Senate Minority Leader Harry Reid, D-Nev., in responding to Bush's criticism of Democrats, said: "His Republican leader in the Senate thinks America should empower the Taliban terrorists who aided and abetted Osama bin Laden."

Phil Singer, spokesman for the Democratic Senatorial Campaign Committee, said, "Doctors are supposed to wear the white coat, not wave the white flag. Dr. Frist's proposal to surrender to the Taliban ignores the fact that they enabled the 9/11 hijackers, give safe haven to al-Qaida and remain hell-bent on destroying Western civilization."

Frist is a heart surgeon.

In Afghanistan, Frist also said: "Approaching counterinsurgency by winning hearts and minds will ultimately be the answer. Military versus insurgency one-to-one doesn't sound like it can be won. It sounds to me ... that the Taliban is everywhere."

Amy Call, a spokeswoman for the senator, on Tuesday sought to clarify Frist's comments.

"While touring Afghanistan, Senator Frist made the observation that Afghan tribesman should be brought into the government or risk losing them to the Taliban," she said in a statement. "Giving the native tribes, often targeted by Taliban recruitment, a voice in the government will promote peace and prosperity in the region. Sen. Frist does not believe Taliban fighters — often foreign fighters who come to Afghanistan to further conflict — should be brought into the reconciliation process."

Democrats said that amounted to backpedaling and accused Frist of trying to "cut-and-run" in Afghanistan, something Republicans have been accusing Democrats of seeking to do in Iraq.

Stephen Hess, a George Washington University professor of media and public affairs, said Frist's comments could hurt Republicans in the upcoming midterm elections and would hurt Frist's own presidential ambitions.

"It is so far out of keeping with what Republicans are saying, and will need so much massaging by his press operatives, that it really casts in a new light the seriousness of him as a future Republican nominee for president," Hess said.

Afghanistan is suffering its heaviest insurgent attacks since a U.S.-led military force toppled the Taliban in late 2001 for harboring al-Qaida leader Osama bin Laden.

Bush recently acknowledged setbacks in the training of Afghan police to fight against the Taliban resurgence but predicted eventual victory.

Frist Aims To Steer Farmers Away From Taliban (WT)

By Sharon Behn

The Washington Times, October 4, 2006

DOJ_NMG_0074749

Senate Majority Leader Bill Frist said yesterday after visiting Afghanistan that the war there cannot be won without a political solution that draws in farmers who are being recruited by the Taliban.

But regional analysts and local Afghans said that for any deal to work the Taliban would have to be given a role in the government -- a chancy proposal given their ruthless devotion to Shariah, the Islamic law.

"We have to do a better job -- the Afghan government, the United States and the world community -- in capturing the hearts and minds of the Afghan people," Mr. Frist, Tennessee Republican, told CNN from Iraq after his daylong visit to Afghanistan.

Mr. Frist and Sen. Mel Martinez, Florida Republican, visited Kabul and Qalat, where they met with President Hamid Karzai, greeted U.S. troops and received briefings from military personnel.

Mr. Frist said the Taliban was actively recruiting in the rural areas of southern Afghanistan and more had to be done to bring Afghan tribesmen into the government.

"By day they are farmers, and by night they take up arms and are Taliban," he said. "If we reach out to them, and we are doing that aggressively, they won't be Taliban, but assimilated in the society there."

A statement released by Mr. Frist's office said the majority leader did not think Taliban fighters should be brought into the reconciliation process.

Shortly after the senators left, two gunbattles erupted in eastern Afghanistan, killing four Afghans and two U.S. troops, the Associated Press reported. A suicide bomber on a motorbike attacked a Canadian convoy in the southern city of Kandahar, but no troops were injured, a NATO spokesman said.

Afghanistan analysts say it will take more than persuading rural workers to defeat the Taliban insurgency.

"I think a future attempt to include the Taliban is probably going to have to go further than an amnesty," said Christopher Langton, the head of defense analysis at the London-based International Institute for Strategic Studies.

"It might have to involve parties as far afield as Pakistan, and there is going to have to be a considerable measure of benefit to the Taliban," he said.

Although the Afghan government and its international allies understand the need for a political solution, it is not clear how it would work or whether the Taliban would be allowed to practice Shariah on a limited or regional basis.

"They have to gauge very carefully what the message is if they make the offer," Mr. Langton said.

One young Afghan businesswoman visiting Washington said many people still feared and resented the Taliban after their 1996-2001 rule, and warned that promoting the ethnic Pashtun Taliban could create dangerous ethnic divides.

A federal solution now is not the right path for Afghanistan, said the businesswoman, who asked that her name not be used out of fear of retribution in Kabul.

"We are not strong enough for a federal solution," she said.

If the Pashtuns have more powers to govern their own areas, Afghanistan's neighbors could take advantage of it, she said.

"We are not strong enough [to resist] the influence of our neighbors Pakistan and Iran."

Software Being Developed To Monitor Opinions Of U.S. (NYT)

By Eric Lipton

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — A consortium of major universities, using Homeland Security Department money, is developing software that would let the government monitor negative opinions of the United States or its leaders in newspapers and other publications overseas.

Such a “sentiment analysis” is intended to identify potential threats to the nation, security officials said.

Researchers at institutions including Cornell, the University of Pittsburgh and the University of Utah intend to test the system on hundreds of articles published in 2001 and 2002 on topics like President Bush’s use of the term “axis of evil,” the handling of detainees at Guantánamo Bay, the debate over global warming and the coup attempt against President Hugo Chávez of Venezuela.

A $2.4 million grant will finance the research over three years.

American officials have long relied on newspapers and other news sources to track events and opinions here and abroad, a goal that has included the routine translation of articles from many foreign publications and news services.

The new software would allow much more rapid and comprehensive monitoring of the global news media, as the Homeland Security Department and, perhaps, intelligence agencies look “to identify common patterns from numerous sources of information which might be indicative of potential threats to the nation,” a statement by the department said.

It could take several years for such a monitoring system to be in place, said Joe Kielman, coordinator of the research effort. The monitoring would not extend to United States news, Mr. Kielman said.

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"We want to understand the rhetoric that is being published and how intense it is, such as the difference between dislike and excoriate," he said.

Even the basic research has raised concern among journalism advocates and privacy groups, as well as representatives of the foreign news media.

"It is just creepy and Orwellian," said Lucy Dalglish, a lawyer and former editor who is executive director of the Reporters Committee for Freedom of the Press.

Andrei Sitov, Washington bureau chief of the Itar-Tass news agency of Russia, said he hoped that the objective did not go beyond simply identifying threats to efforts to stifle criticism about an American president or administration.

"This is what makes your country great, the open society where people can criticize their own government," Mr. Sitov said.

The researchers, using an grant provided by a research group once affiliated with the Central Intelligence Agency, have complied a database of hundreds of articles that it is being used to train a computer to recognize, rank and interpret statements.

The software would need to be able to distinguish between statements like "this spaghetti is good" and "this spaghetti is not very good — it's excellent," said Claire T. Cardie, a professor of computer science at Cornell.

Professor Cardie ranked the second statement as a more intense positive opinion than the first.

The articles in the database include work from many American newspapers and news wire services, including The Miami Herald and The New York Times, as well as foreign sources like Agence France-Presse and The Dawn, a newspaper in Pakistan.

One article discusses how a rabid fox bit a grazing cow in Romania, hardly a threat to the United States. Another item, an editorial in response to Mr. Bush's use in 2002 of "axis of evil" to describe Iraq, Iran and North Korea, said: "The U.S. is the first nation to have developed nuclear weapons. Moreover, the U.S. is the first and only nation ever to deploy such weapons."

The approach, called natural language processing, has been under development for decades. It is widely used to summarize basic facts in a text or to create abridged versions of articles.

But interpreting and rating expressions of opinion, without making too many errors, has been much more challenging, said Professor Cardie and Janyce M. Wiebe, an associate professor of computer science at the University of Pittsburgh. Their system would include a confidence rating for each "opinion" that it evaluates and would allow an official to refer quickly to the actual text that the computer indicates contains an intense anti-American statement.

Ultimately, the government could in a semiautomated way track a statement by specific individuals abroad or track reports by particular foreign news outlets or journalists, rating comments about American policies or officials.

Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, said the effort recalled the aborted 2002 push by a Defense Department agency to develop a tracking system called Total Information Awareness that was intended to detect terrorists by analyzing troves of information.

"That is really chilling," Mr. Rotenberg said. "And it seems far afield from the mission of homeland security."

Federal law prohibits the Homeland Security Department or other intelligence agencies from building such a database on American citizens, and no effort would be made to do that, a spokesman for the department, Christopher Kelly, said. But there would be no such restrictions on using foreign news media, Mr. Kelly said.

Mr. Kielman, the project coordinator, said questions on using the software were premature because the department was just now financing the basic research necessary to set up an operating system.

Professors Cardie and Wiebe said they understood that there were legitimate questions about the ultimate use of their software.

"There has to be guidelines and restrictions on the use of this kind of technology by the government," Professor Wiebe said. "But it doesn't mean it is not useful. It can just as easily help the government understand what is going on in places around the world."

DOJ:

ICF's Caliber Wins $45M Department Of Justice Contract (WASHBIZ)

Washington Business Journal, October 4, 2006

Caliber, a research and consulting company that is part of ICF International, has been awarded a five-year contract worth $45 million to provide training and technical support for offices within the Department of Justice.

Fairfax-based Caliber will support the Office for Victims of Crime, Training and Technical Assistance Center and the Office of Juvenile Justice and Delinquency Prevention, National Training and Technical Assistance Center.

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Caliber will support a range of Justice Department tasks, including needs assessments, evaluations and education, marketing, and outreach to professionals working in related fields to assist the department in responding to emerging justice system issues.

Caliber was acquired by a year ago by Fairfax-based ICF, which recently raised $56 million in its IPO.

ICF (NASDAQ: ICFI) has more than 1,800 employees working from the company's headquarters and a handful of regional offices throughout the United States and abroad. The company was founded in 1969.

CORPORATE SCANDALS:

HP Security Pro Vowed To Delete Records (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 4, 2006

(AP) - SAN JOSE, Calif.-A Hewlett-Packard Co. security expert instructed an investigator to make "make absolutely sure" he deleted private phone records of non-HP employees obtained in the company's ill-fated effort to root out the source of boardroom leaks, a series of internal e-mails show.

Fred Adler, a former FBI agent working in HP's IT security investigations department, vowed in the Feb. 9 e-mail to investigator Arthur Molineaux that he would also delete records that were not the property of the computer and printer maker, according to congressional documents provided Monday to the Associated Press and other news outlets.

"As for the non-HP owned records you obtained and sent to me in an unsolicited, good faith attempt, please make absolutely sure you delete them as you stated you would," wrote Adler, who has previously been praised with another member of the security detail for sounding the alarms that HP's tactics might land it in legal trouble. "I will do the same."

An HP spokesman reached late Monday night declined to comment on the e-mail.

The e-mail was included in hundreds of pages of documents provided to the media by the congressional panel investigating HP's possibly criminal probe that has prompted the departure of three board members and three top employees.

To unmask the person who leaked private boardroom discussions to the media, HP investigators and third-party detectives combed through detailed phone logs of directors, journalists and former and current HP employees, and rummaged through trash, trailed targets when they went out of town.

Federal and state authorities are investigating whether HP insiders or contractors violated the law by obtaining the phone records through a shady practice known as "pretexting," in which the investigators impersonated their targets to trick the phone companies into coughing up private records.

In other revelations from the congressional documents, a private investigator hired by HP apparently contracted with a former reporter to develop a strategy for duping journalist Dawn Kawamoto of CNET's News.com into revealing her secret company source who divulged details of private boardroom discussions.

Kawamoto wrote a story based on an anonymous source, later identified as then-board member George Keyworth II, that detailed a private board retreat at a posh resort and prompted HP to renew a previously unsuccessful probe into boardroom leaks.

In an e-mail dated Feb. 6, Ronald DeLia of Security Outsourcing Solutions wrote to the HP team spearheading the probe, including then-ethics chief Kevin Hunsaker, Adler and others, that a former reporter named "Diane" suggested to him several strategies for tricking Kawamoto.

One recommended tactic to build trust was to send Kawamoto a tip with a piece of unannounced news set to break in the following days.

However, the investigators, who were planning to plant tracking software on the e-mail attachment to identify anyone it was forwarded to, were instructed to send the document at least 2 days before it is made public instead of just one, because "information obtained 2 days prior to its release has more of an 'insider feel,'" DeLia wrote.

"The reporter has to feel comfortable or have a sense the source is someone who has accurate information and is in a position to know," he wrote.

Also, HP investigators apparently coordinated with the company's media relations department to bait that e-mail with a juicy bit of unannounced real news in an attempt to "gain some major credibility" with Kawamoto, according to one e-mail from Hunsaker.

The investigators tried to lure the reporter with a piece of upcoming news concerning the appointment of a new leader for HP's handheld business unit, a plan that was cleared by then-Chairwoman Patricia Dunn, then-General Counsel Ann Baskins and Chief Executive Mark Hurd.

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In e-mails between HP security team members on Feb. 8 and 9, the investigators detail plans for Bob Sherbin, HP's head of public relations, to send the press release to Hunsaker at least two days before the public announcement.

The security squad would then install the tracer technology and send the message to Kawamoto.

Reached late Monday, Sherbin said he didn't know about the tracer technology and believed the press release would be used properly.

"I was acting under instruction from senior management, and I had every reason to believe that the material would be used properly," Sherbin said.

But the investigators first needed approval from Dunn and Hurd, which came in a Feb. 9 e-mail from Dunn to Hunsaker and Baskins: "I spoke with Mark and he is on board with the plan to use the info on new handheld leader," Dunn wrote.

Hurd later testified that he approved the plan but said he didn't recall authorizing the use of the tracer technology, which is not generally considered illegal.

The rigged e-mail was launched later that day, and one member of the security detail, Anthony Gentilucci had trouble containing his excitement.

"This is like waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon," said Gentilucci, who has since resigned from HP.

The company said later that the tracer trick was unsuccessful, possibly because the software failed or Kawamoto didn't open the attachment.

Four days later, on Feb. 13, HP officially announced the news contained in the message that it was making its handheld business a separate unit within its Personal Systems Group division, and that former Sun Microsystems executive Dave Rothschild would lead the unit.

Ousted HP Chairwoman To Begin Chemotherapy For Ovarian Cancer (AP)

By Jordan Robertson, AP Business Writer

AP, October 4, 2006

SAN FRANCISCO -- Ousted Hewlett-Packard Co. Chairwoman Patricia Dunn, who survived breast cancer and melanoma, was told by her doctors Tuesday she would need to begin chemotherapy treatments for advanced ovarian cancer, according to a person close to Dunn.

Dunn, 53, is scheduled to start her treatments Friday at the University of California at San Francisco for the recurrent cancer, the person, who asked to remain anonymous because a formal announcement wasn't planned, said late Tuesday.

Dunn, who orchestrated the HP boardroom spying probe that spawned criminal and congressional investigations, was diagnosed with the ovarian cancer in 2004, and had surgery in August on a metastasized tumor, family members have said.

She stepped down from the HP board last month amid an uproar over the spying campaign on directors and reporters that prompted the resignation of two other board members and the departure of three top HP employees.

California Attorney General Bill Lockyer has said he has enough evidence to charge people in the probe, and the FBI and a congressional panel are also investigating.

Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Dunn had beaten cancer twice before, stepping down in 2002 as CEO of fund management giant Barclays Global Investors to battle breast cancer and melanoma.

Shaw Group Reviews Stock-Option Awards (AP-YBIZ)

AP, October 4, 2006

Stock-Option Awards Being Reviewed by Shaw Group After SEC Guidance on Measurement Date

BATON ROUGE, La. (AP) -- Engineering and construction company The Shaw Group Inc. said Tuesday it's started a review of stock-option awards for its 2000 fiscal year to make sure they comply with federal guidelines issued after a scandal involving options grants.

Shaw Group, which has become a major contractor in post-Hurricane Katrina reconstruction efforts on the Gulf Coast, said its audit committee and management concluded Aug. 16 that neither the company nor any employees had engaged in illegal "backdating" activity dealing with past-option grants.

But the additional review began after the Securities and Exchange Commission provided more guidance on the measurement date for option grants, the company said.

The SEC and the Justice Department launched more than 80 investigations into companies nationwide over the possible manipulation and illegal reporting of stock option grants.

Many of those companies have revealed that they backdated grants, a practice in which options are issued retroactively to coincide with low points in a company's share price. The maneuver increases the potential windfall for the award recipient and could exaggerate a company's profit if not properly disclosed and recorded.

Options allow employees to buy shares of their company's stock in the future at a set "strike price" -- typically the price on the day the option is issued. If that exercise price is equal to the price on the grant date, the options have no initial value. By backdating the grant, the exercise price can be set at the lower level, giving the options instant value.

Shaw said the awards under review totaled about 1 million shares at a strike price of $42 per share or $21 per share split-adjusted and were in connection with the company's acquisition of Stone & Webster Inc.

The SEC has suggested the proper date for the awards may be the date upon which the list of recipients was finalized, rather than the date a company's board approved the award, Shaw said.

Depending upon the outcome of the review, Shaw said, it could recognize additional compensation expenses for 2001 through 2004. Should an additional non-cash expense have to be recorded, Shaw said it would determine whether the cost is material and whether earnings restatements would be required.

Shaw Group planned a conference call Wednesday morning to discuss its full year earnings guidance and other business matters.

Ex-Comverse CEO Granted Bail In Namibia (FINDLAW/AP)

By Celean Jacobson, Associated Press Writer

AP, October 4, 2006

(AP) - JOHANNESBURG, South Africa-The fugitive former CEO of software company Comverse Technology Inc. was granted bail by a Namibian court Tuesday while he awaits extradition to the United States to face charges for allegedly manipulating stock options.

Jacob "Kobi" Alexander was granted bail of about $1.3 million, his lawyer Richard Metcalfe said, on condition that he hands in his passport, is not allowed to leave the district of Namibia's capital Windhoek and has to report twice a week to an Interpol inspector.

"We are extremely pleased," Metcalfe said.

Alexander was arrested Sept. 26 in Windhoek at the request of the FBI after a two-month manhunt.

The Namibian government opposed bail at the request of the United States, arguing he could flee the country before a U.S. extradition request reached Namibian authorities.

However, Metcalfe said: "Magistrate Uatjo Uanivi found that the evidence presented for denying him bail were not convincing at all.

"There was no reason to believe he would not be willing to stay in Namibia pending extradition."

The U.S. has 30 days to lodge an extradition request from the date of Alexander's arrest. Only then will a formal hearing be held. U.S. Attorney Roslynn Mauskopf said last week she would seek Alexander's swift extradition to face charges in federal court in the Brooklyn borough of New York.

Alexander only briefly referred to "the highly technical charges" against him during the first day of his bail hearing Monday and said he intends to plead not guilty.

In his affidavit filed with the court, Alexander, 54, an Israeli citizen, said he had been living in the desert country with his wife and three children since July and had transferred almost $16 million from Israel to Namibian commercial banks.

He said he entered the country legally, used his own name and did not try to hide his whereabouts from anyone.

Alexander, who has a two-year permit to live and work in Namibia, purchased a $500,000 house on the Windhoek Country Club Estate. His children attend the city's international school.

According to his statement, he has invested a further $1.5 million in various business ventures in Namibia with local partners.

Authorities began hunting for Alexander in late July shortly before a criminal complaint was unsealed accusing him and two other former top executives of fraud.

Before he disappeared, Alexander allegedly transferred $57 million to Israel.

It is alleged that from 1991 through 2005, Alexander earned about $6.4 million by backdating stock options.

Two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered in August and were released on $1 million bond each.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

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Prosecutors allege Kreinberg and Sorin earned about $1 million each on backdated options.

Several companies are under scrutiny by the Securities and Exchange Commission or the Department of Justice for possibly backdating stock option grants. Many other companies have launched internal probes of their stock option accounting practices.

Comverse also allegedly awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for "phantom," court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without approval from Comverse's board of directors, the papers added.

Comverse Technology is headquartered in Woodbury, New York, giving Brooklyn prosecutors jurisdiction over the case.

Convicted Tyco Executives Seek Reversals From Appellate Court (WSJ)

By Chad Bray

The Wall Street Journal, October 4, 2006

Former Tyco International Ltd. executives L. Dennis Kozlowski and Mark H. Swartz asked a New York state appellate court to throw out their convictions almost 16 months after they were found guilty of charges that they systematically looted the Bermuda conglomerate.

In a brief filed with New York State Supreme Court's Appellate Division, lawyers for Mr. Kozlowski, Tyco's former chief executive, and Mr. Swartz, Tyco's former chief financial officer, said their convictions should be reversed and the indictment dismissed, arguing in part that neither man took anything to which they weren't entitled under the company's executive-compensation plan. They also argued that their sentences were excessive.

"In the post-Enron era in which this case was tried it was disappointing but, perhaps, not surprising, that a jury would not look kindly on corporate executives who received enormous compensation and extraordinary perks," Mr. Kozlowski's lawyers said in their brief. "We urge this court to disregard the tenor of the times and to focus on the overarching question raised on this appeal: Did Dennis Kozlowski take money from Tyco that he knew he was not entitled to receive and did he deliberately falsify Tyco's records? A careful review of the record provides the answer: No."

As they did at trial, Mr. Swartz's lawyers also argued that prosecutors provided "scant" evidence that he intended to commit a crime.

"The people failed to introduce legally sufficient evidence to meet their burden of proving that the bonuses were actually stolen," Mr. Swartz's lawyers argued in their brief. Lawyers for Messrs. Swartz and Kozlowski declined to comment further on the briefs.

In June 2005, a jury convicted Mr. Kozlowski, 59 years old, and Mr. Swartz, 46, of 22 of 23 counts each, including grand larceny, conspiracy and securities fraud, in connection with giant bonuses and other improper compensation they received while working as Tyco's top executives. They were each acquitted of one charge of falsifying documents. Their convictions followed a mistrial in the case in 2004.

In September 2005, each man was sentenced to 8 1/3 years to 25 years in prison, and they were ordered to pay a total of $240 million in fines and restitution.

In a 182-page brief, lawyers for Mr. Kozlowski argued in part that he was entitled to bonuses, a number paid as loan forgiveness, under the company's executive compensation plan, calling it "a classic case of crime by hindsight."

Why C.E.O.'s Aren't Sitting In The Dugout (NYT)

By David Leonhardt

The New York Times, October 4, 2006

Just over a year ago, the man who held the purse strings at a private company outside San Francisco began negotiating a new employment contract with the executive who ran the day-to-day operations.

The company had recently turned around, thanks in part to the executive, and the company, understandably, wanted to keep him. It offered him a salary of almost $1 million a year, which it considered in line with the market.

The executive asked for almost $1.4 million. But the company wouldn’t budge. Its message was simple: We like you and we want you to stay, but that doesn’t mean you can name your salary.

“Anytime you’re running a business, you have to set a value on employees relative to your business,” the part-owner in charge of the negotiations told me a couple of weeks ago. “And before any negotiation starts, you have to consider your alternatives.”

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So the executive and the company parted ways. It started interviewing other candidates, and he began interviewing for similar jobs elsewhere. Until the situation took an unexpected turn — and more on that later — an otherwise good relationship looked as if it was going to be ruined by money.

We know these details because the company in question was not an ordinary private company. It was the Oakland A's. The part-owner was Billy Beane, perhaps the best-known general manager in baseball. The executive was the team's on-field manager, Ken Macha.

One of the many baseball fans following this story last October was a retired banker named Robert L. Joss, who had become the dean of Stanford Business School after having been a vice chairman of Wells Fargo and the chief executive of an Australian bank. As he read the local newspaper accounts of the breakup between Mr. Beane and Mr. Macha, Mr. Joss was struck by a thought:

You'd never see this in corporate America.

It's difficult, in fact, to come up with a single example of a company and its chief executive splitting up over pay. Chief executives retire and are fired. But as long as they remain on the job, they evidently don't end up disagreeing with their boards about how valuable they are. The negotiation over a chief executive's pay is one that never seems to fail, which, of course, means that it isn't much of a negotiation at all. It's more like a friendly conversation.

There are all kinds of structural reasons for this lack of market discipline. Under the current voting rules for public companies, shareholders have scant power over executive pay. And board members are often chief executives themselves, with pay packages that are influenced by the going rate for other executives.

But the Ken Macha story is a wonderful allegory because it highlights a more subtly human problem with pay. When directors at a big company think they have found the right person for the job, they persuade themselves that no one else on earth could do it as well. They basically fall in love. Once that happens, almost no price seems too high.

The Oakland A's, however, can't afford to fall in love. Their modest budget allowed them to spend just $62 million on players this season, compared with the Yankees' $200 million payroll. As Michael Lewis explained in the 2003 best seller "Moneyball" — which made Mr. Beane semifamous — the A's need to exploit inefficiencies in baseball's talent market, finding undervalued players, to have any hope of winning.

The contrast between this hard-headed approach and corporate America's cult of personality was especially clear to Lewis Wolff, the A's 70-year-old managing partner who was both Mr. Beane's and Mr. Macha's boss. Before buying the A's last year, Mr. Wolff ran 20th Century Fox's real estate division for a time, and he now sits on the boards of two New York Stock Exchange companies.

"At my advanced age," Mr. Wolff said, laughing, "I'm learning from Billy."

Billy — as Mr. Beane is almost universally known — understood that Mr. Macha had real value as a manager. He helped the A's overcome a dreadful start in 2005 and go on a late-summer run that nearly won them another division title. But Mr. Beane also understood that the additional $400,000 a year his manager wanted was $400,000 the team wouldn't be able to spend on a player who could make the difference between second place and first.

So the team held firm, and one year ago this week, after the 2005 regular season ended, Mr. Macha returned home to the Pittsburgh suburb of Export, where he began looking for a manager's job with another team. On the plus side, the teams with openings generally gave their manager more of a say than Mr. Beane's carefully proscribed system did. But these other teams also weren't very good, and there was no guarantee that Mr. Macha would get one of the jobs anyway.

A week later, Mr. Macha received a handwritten note from Mr. Wolff. "You'll be successful at anything you do," it said, according to Mr. Macha. "Thanks for a great season."

The letter caused Mr. Macha to reconsider. That night, he called Mr. Beane, and they had a conciliatory conversation that ended with Mr. Beane saying, "What can I do to help you?" Within a few days, they signed a deal very similar to the one the A's had originally offered.

This season, despite a rash of injuries, the team built by Mr. Beane and run by Mr. Macha won its division again. While the Boston Red Sox (payroll: $120 million), Los Angeles Angels ($103 million) and San Francisco Giants ($91 million) have all been eliminated, the A's beat the Minnesota Twins, 3-2, in the first game of the American League playoffs yesterday. The two teams play again this afternoon.

As Mr. Joss, the Stanford dean, sees it, there is more than one lesson to the story. Certainly, board members should realize that no employee is irreplaceable. But they should also remember that they have great leverage in pay negotiations, because being a chief executive — like being a big-league manager — is an enormously appealing job.

"Not only is it good economically, but it's meaningful work: The executive is doing something he loves, and he is part of something," Mr. Joss said. "You wonder how many C.E.O.'s would really leave these jobs."

Here's one guess: very, very few.

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CRIMINAL LAW:

Bush Organizing School Violence Summit (AP-Y)

AP, October 3, 2006

President Bush said Tuesday he was "saddened and deeply concerned" about the recent string of violence in schools, including the deadly shooting in an Amish schoolhouse that killed five girls.

He said Americans have a responsibility to protect their children.

"Our school children should never fear their safety when they enter into a classroom," Bush said.

"Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools," Bush said.

The president spoke in a courtyard of the George W. Bush Elementary School. Inside, he visited young children practicing their reading in the school library named after his wife, Laura. The school has 858 students in grades kindergarten through seventh grade.

The Bush administration plans to bring education and law enforcement experts together for a conference on coming to grips with the problem and discuss federal action that can help communities prevent violence and deal with its aftermath, White House spokeswoman Dana Perino told reporters.

Three schools have been hit by deadly attacks in the past week. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; on Friday a 15-year-old Wisconsin student shot and killed his principal; and last Wednesday a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

"The president is deeply saddened and troubled by the recent school violence and shootings that have taken place in different communities across America," Perino said. "It breaks America's collective heart when innocent children who are at school to learn are violently taken hostage and cut down in their own schools."

Perino said the conference was still in the planning stages, so a specific date, location and other details were not ready to be announced. It was not clear whether President Bush would attend.

Education Secretary Margaret Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. They met while the president was on a cross-country flight to begin a three-day fundraising trip for Republican candidates in the midterm election.

Perino said participants on the education side would include groups like the National Parent Teacher Association, school principals and teachers' unions. The Federal Bureau of Investigations would be among those representing law enforcement, she said.

Ed. Dept.: School Shootings Defy Answers (AP-Y)

By Ben Feller

AP, October 3, 2006

This is not what parents want to hear: Another school shooting is likely. There is no guarantee it won't happen in your town. And there's no sure way to stop it.

With the three deadly shootings in a week and the nation again searching for answers, school violence experts say there are solutions — just none that safeguard everyone.

"We'll probably never be in a place where we can assure everybody, without exception, that nothing will happen in our schools," said Bill Modzeleski, who oversees federal school safety for the Education Department. "Our schools are a reflection of our communities."

That's reality, experts say, in a nation of 50 million students and 100,000 schools. Yet from the Columbine massacre to an Amish schoolhouse, people ask: Why does it keep happening?

"I've been asked that question 1,000 times, and I have no answer," said Bill Bond, a former principal who counsels schools on coping with violence. "I don't think about anything else, and I still have no answer. When you have a shooting, it seems to breed others."

Schools have already been ramping up safety measures. Requiring visitors to sign in, hiring security guards, locking entrances, installing metal detectors — all are on the rise.

Yet there has been little evidence to prove those things work. Some research suggests they may even hurt by alienating students without boosting protection. In the shooting at Red Lake High School in Minnesota last year, the shooter blasted right past a metal detector.

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What does work, experts say, is changing the school culture. It's harder than it sounds.

It means building trust among children and adults, so that students are willing to pass on their concerns and adults are sensitive to signs of trouble. It also means having an emergency plan for different crises, one that people take seriously and practice.

"Students don't feel like they can turn to this system to protect them," said Judith Browne-Dianis, co-director of Advancement Project, a civil rights group. "They think the adults who are around them are there to crack down on them, instead of to help them."

The matter has become a presidential concern. President Bush has ordered a conference of education and law enforcement officials next week to help prevent shootings at schools. "Our schoolchildren should never fear their safety," Bush said in a visit Tuesday to a school named after him in Stockton, Calif.

Yet this is not new ground. In 2002 the Secret Service and the Education Department studied school shootings and found clear patterns.

School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance. Schools should take those leaks seriously, no matter how veiled or goofy, said Mary Ellen O'Toole, an FBI agent who specializes in behavior analysis.

"In the past, schools and parents have been more inclined to let it just kind of blow off," she said.

Also, there is no accurate profile of students who engage in school violence — underscoring that incidents can happen seemingly at random. The same appears true for adults.

On Monday in Pennsylvania, a gunman took a girls hostage in an Amish schoolhouse, killing five, including two who died the next day. The shooter killed himself. He had apparently been motivated by a grudge unrelated to the school, and his wife called him a loving father.

Last week at Platte Canyon High School in Bailey, Colo., a man singled out several girls as hostages in a school classroom and then killed one of them and himself.

On Friday, a school principal was shot to death in Cazenovia, Wis., and a 15-year-old student was charged with murder.

Kenneth Trump, a safety consultant, said schools have learned lessons since Columbine. But some still have a lax atmosphere about safety. They don't prepare for what could happen.

Until that changes, he said, "We're never going to get closer to solving this problem."

The deadly shootings in Colorado, Wisconsin and Pennsylvania may prompt more spending on metal detectors, said James Alan Fox, a professor of criminal justice at Northeastern University. But the money would be better spent on teachers and counselors who can watch for warning signs, he said.

Overall, schools remain safe places.

Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

Yet as long as schools have kids, they will be targets.

Bond was the principal at Heath High School in Kentucky when a student shot eight students, killing three. He has since visited nine other schools recovering from shootings.

"I always think this is the last one I'll ever go to," he said, "but it just keeps happening."

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On The Net:

Office of Safe and Drug-Free Schools:

http://www.ed.gov/about/offices/list/osdfs/index.html?srcoc

Advancement Project:

http://www.advancementproject.org/

Slayings Spur Review Of Security At Schools (WT)

By Matthew Cella

The Washington Times, October 4, 2006

Local school system officials say they have begun reviewing their emergency plans since a gunman killed five girls in a one-room schoolhouse in Pennsylvania's Amish country and then killed himself Monday.

"Whenever an event occurs like this, our people always take a look at it and see if there's anything that can be learned from it," said Paul Regnier, a spokesman for Fairfax County public schools, which has more than 160,000 students.

Mr. Regnier said that the school system has a widely disseminated security plan and that each school has its own plan that is reviewed annually by security officials.

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"We also are asking schools to review their own individual security plans," he said.

The school systems' review of security measures is proceeding after three school shootings nationwide in the past week.

Authorities in Pennsylvania said that Charles Carl Roberts IV, 32, a milk-truck driver and father of three who lived in Lancaster County where the schoolhouse was located, stormed the building Monday morning and gunned down 10 girls.

Five girls remained hospitalized, four in critical condition.

Police said that Roberts had told his wife he had molested young children decades ago and left a note saying he had "dreams of molesting again."

On Friday, a teenage student at a school in Cazenovia, Wis., fatally shot his principal, authorities said. Eric Hainstock, 15, had been warned by the principal a day earlier about having tobacco on school grounds, police said.

Last Wednesday, a gunman took six girls hostage at Platte Canyon High School in Bailey, Colo. Duane Morrison, 53, sexually assaulted the girls and held them as human shields for hours before fatally shooting one girl and then himself.

Officials for Montgomery County public schools, which has more than 135,000 students, said they would study the incidents, which they said appear to be isolated and do not indicate that officials need to make immediate changes.

"We have a comprehensive security plan in place," schools spokesman Brian Edwards said. "We practice Code Red and Code Blue drills all the time."

The school system publishes a brochure to familiarize parents with the different alert levels, the responses associated with them and the procedures for reuniting parents with children.

John White, a spokesman for Prince George's County public schools, said that every principal in the school system receives crisis training annually. That training includes ensuring that school officials know best how to cooperate with first responders.

"Part of our training is teaching principals what they can do to allow police to respond even faster," said Mr. White, whose school system has more than 130,000 students. "The faster police can respond to an incident like that, the faster emergency personnel can treat any victims."

Schools Increase Vigilance As They React To Recent Shootings (ABC)

By Dan Harris

ABC News, October 4, 2006

Wraught Nerves and Lost Sleep Beset Students and School Administrators

Before class this morning at the Bromwell Elementary School in Denver, Colo., principal Jonathan Wolfer conducted his safety checks with extra vigilance.

"I have lost sleep in the last few days unfortunately, just thinking about what could happen," Wolfer said.

As students and administrators across the country react to the recent rash of school shootings, including this week's violence in an Amish schoolhouse in Pennsylvania, students at Passaic High School in New Jersey said they were nervous.

"Wow, imagine if that happens here? Imagine if that happens to me," said Luis Del Toro, a student at Passaic High School.

Education officials in Texas and Atlanta sent principals e-mail and text message reminders to be "particularly vigilant" right now.

The Texas note warned of copycat acts, saying, "As the similarities between the incidents in Bailey, Colo., and Paradise, Pa., demonstrate, acts of violence such as these have the potential to induce others to commit similar acts. We must never let our guard down when it comes to the safety of our students, and we must be particularly vigilant during the times surrounding such incidents, when the potential for copycat acts is at its highest."

Has Security Slipped?

At Passaic High School, principal Carlist Creech also passed that message along to his students and staff, reminding them to be on-guard. Experts on school violence worry that today's heightened alert will die down as the recent attacks fade into memory.

After the Columbine massacre, schools across the country drafted emergency response plans. But now, experts said, many schools devote limited time and resources to improving standardized test scores, which are often how schools are measured.

"That has become the No. 1 priority, and I'm afraid that school security has slipped," said Del Elliot at the University of Colorado at Boulder.

School violence experts also said government funding for surveillance cameras and emergency drills have been cut.

In 2002, the Justice Department's cops-in-schools program had a budget of $180 million. It's now at zero. Even schools where safety is a high priority said there's only so much they can or should do.

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"I want to create a safe learning environment, and I don't know if a safe environment includes barbed wires and metal detectors," said Wolfer.

Del. Revisits Security After School Incidents (WlmngtnNJ DE)

By EDWARD L. KENNEY And JENNIFER BROOKS, The News Journal

Wilmington News Journal (DE), October 4, 2006

Despite precautions, schools cannot be made immune to violence

Pencader Charter High School Principal Dave Jones asked the school's security company to check all the locks Tuesday.

With the spate of school shootings -- including Monday's massacre at an Amish school in Lancaster County, Pa. -- Jones wanted to make sure intruders wouldn't be able to get into the school near New Castle, which was once an office building.

Side doors feature magnetic locks that can be opened only with staff security cards, and visitors have to be buzzed inside.

"It's just a frightening commentary on American society when you have these kinds of things happening at schools," Jones said.

The gravity of the situation -- the nation's third school shooting in a week -- reached the Oval Office, with President Bush calling for a national conference on school violence.

"Our schoolchildren should never fear [for] their safety when they enter into a classroom," Bush said during a visit to the George W. Bush Elementary School in Stockton, Calif. "Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools."

The president instructed Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to call a meeting to talk about how to prevent school violence and help communities deal with the aftermath.

The conference will be held next Tuesday.

But Sen. Joe Biden, D-Del., says the administration has undercut programs to protect students -- programs like COPS, which came from the crime-prevention bill Biden sponsored in 1994.

The program provided millions to communities to hire extra police, including 6,424 officers to work in schools. Delaware hired 13 officers through the program.

The budget for the COPS in Schools program has been eliminated for the past two years, Biden said. Another $10 million to help law enforcement improve its emergency communications also has been eliminated.

If he were in the room during next week's summit, Biden said, he would push for restored funding for school police and new funds to help local law enforcement prepare for the unthinkable.

But some Delaware parents said only so much can be done to keep schools safe.

"There are strange people everywhere, and you can run into them wherever you may be," said Pam Tompkins, whose child is a senior at Charter School of Wilmington. "It can happen in a store and it can happen in an office. You can't let fear run your life. It doesn't mean you don't go shopping or don't go to work."

Pat Heffernan is co-president of the Brandywine Special Needs PTA, and he has two children in Brandywine schools and one at a private school.

"If you try to be rational about it, it's not very likely," he said of the chances of a shooting. "You're more likely to be killed driving to the airport, and you're more likely to get killed driving to school than you are at the school.

"In the grand scheme of things, it's still pretty safe," he said. "It's these headline-grabbing things that people start to notice. Everyone's concerned, and everyone who drops their kid off at school wants them to be safe. I'm not one to say we should be doing less than we're doing. But we can't have armed guards outside of every class."

Lora Fulton's daughters attend schools in the Red Clay Consolidated School District.

"If a community like the Amish community has that kind of thing going on to the kids, then the city is that much more unsafe, in my opinion," she said. "Schools have open doors. You can walk in and walk out at any time."

While one daughter attends Stanton Middle School, Fulton said she feels better about safety at Baltz Elementary in Christiana Hundred, where school uniforms are required. "If anybody comes in without a uniform, they're stopped," she said.

At Newark's McVey Elementary School, teacher Paul Sedacca "heard at the staff meeting that one woman kept her kid home," because of the Lancaster shooting.

But several school principals contacted Tuesday said no parents had called to discuss safety concerns.

"No calls at all," said Ted Boyer, principal at A.I. du Pont Middle School near Greenville.

Middletown High Principal Donna Mitchell hasn't had any, either. But her school continues to take precautions.

"We've instituted the ID badges for students this school year, and they have to wear them at all times," she said. "We created a lobby in order to funnel all the public through so they can't get to the students. It's a computerized system."

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The staff has talked about the violence, though.

"Anytime something happens, it increases the awareness," Mitchell said. "Teachers are absolutely aware of it, and we have a heightened sense of who's where and why."

The school psychologist, five counselors, two nurses and other staff members are among members of the school's safety team. Mitchell said they have been instructed to pay "acute attention to students' reactions, fears, anxiety, depression ... because events such as these trigger all kinds of emotions."

Like other schools, Middletown High holds lockdown drills, mimicking what would happen if an intruder got inside the school. The most recent drill was only a week and a half ago.

Jones also hasn't fielded any calls of concern from parents.

But he said he has had "very serious and frank discussions" with school board members about security. "We're investigating the possibility of metal detectors at the front door," he said. Contact Edward L. Kenney at 324-2891 or ekenney@delawareonline.com. Contact Jennifer Brooks at (202) 906-8117 or jabrooks@gns.gannett.com

SOME FATAL SHOOTINGS THAT TOOK PLACE AT U.S. SCHOOLS IN RECENT YEARS

Some fatal shootings at U.S. schools in recent years:

2006

· Oct. 2: A gunman took a group of girls hostage at a one-room Amish schoolhouse in Pennsylvania's Lancaster County, killing five, including two who died the next day. The shooter, Charles Carl Roberts IV, 32, killed himself.

· Sept. 29: Fifteen-year-old Eric Hainstock brought two guns to a school in rural Cazenovia, Wis., and fatally shot the principal, a day after the principal gave him a disciplinary warning for having tobacco on school grounds, police said.

· Sept. 27: Duane Morrison, 53, took six girls hostage at Platte Canyon High School in Bailey, Colo. Morrison sexually assaulted them and used them as human shields for hours before fatally shooting one girl and killing himself.

· Aug. 24: Christopher Williams, 27, went to an elementary school in Essex, Vt., looking for his ex-girlfriend, a teacher. He couldn't find her and fatally shot one teacher and wounded another, police said. Williams also killed his ex-girlfriend's mother, according to authorities. He shot himself twice in the head after the rampage and was arrested.

2005

· March 21: Sixteen-year-old Jeff Weise shot and killed five schoolmates, a teacher and an unarmed guard at a high school on the Red Lake Indian Reservation in Minnesota before taking his own life. Weise had earlier killed his grandfather and his grandfather's companion.

2004

· Nov. 22: Sixteen-year-old Desmond Keels is accused of fatally shooting one student and wounding three others outside Strawberry Mansion High in Philadelphia. The attack apparently was over a $50 debt in a rap contest. Keels faces a murder trial this month.

2003

· April 24: Fourteen-year-old James Sheets shot and killed the principal in the crowded cafeteria of a junior high school in the south-central Pennsylvania town of Red Lion, before killing himself.

2000

· May 26: Thirteen-year-old Nathaniel Brazill killed his English teacher on the last day of classes in Lake Worth, Fla., after the teacher refused to let him talk with two girls in his classroom. He was convicted of second-degree murder and is serving a 28-year sentence.

1999

· April 20: Students Eric Harris, 18, and Dylan Klebold, 17, killed 12 students and a teacher and wounded 23 before killing themselves at Columbine High School in Littleton, Colo.

1998

· May 21: Two teenagers were killed and more than 20 people hurt when a teenage boy opened fire at a high school in Springfield, Ore., after killing his parents. Kip Kinkel, 17, was sentenced to nearly 112 years in prison.

· May 19: Three days before his graduation, an honor student opened fire at a high school in Fayetteville, Tenn., killing a classmate who was dating his ex-girlfriend. Jacob Davis, 18, was sentenced to life in prison.

· March 24: Two boys, ages 11 and 13, fired on their Jonesboro, Ark., middle school from nearby woods, killing four girls and a teacher and wounding 10 others. Both boys were later convicted of murder and can be held until age 21.

1997

· Dec. 1: Three students were killed and five wounded at a high school in West Paducah, Ky. Michael Carneal, then 14, later pleaded guilty but mentally ill to murder and is serving life in prison.

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· Oct. 1: Sixteen-year-old Luke Woodham of Pearl, Miss., fatally shot two students and wounded seven others after stabbing his mother to death. He was sentenced the following year to three life sentences.

-- Associated Press

A Pattern In Rural School Shootings: Girls As Targets (CSM)

By Gail Russell Chaddock And Mark Clayton

The Christian Science Monitor, October 4, 2006

NICKEL MINES, PA., AND BOSTON

The scene Monday at the buff-colored, one-room schoolhouse in the gentle heart of Amish country was wrenching, but also distressingly familiar.

One of four fatal school shootings to beset rural America in just over a month, the rampage that killed five young girls raises anew a host of old concerns - about campus security in countryside settings, access to guns by unstable individuals, and "copycat" violence advanced by media attention.

They are startling incidents against the backdrop of declining numbers of school fatalities. But this premeditated attack, like another one five days earlier in which a drifter corraled teenage girls, killing one, at the high school in Bailey, Colo., have an unusual and disturbing feature: girls as targets.

"The predominant pattern in school shootings of the past three decades is that girls are the victims," says Katherine Newman, a Princeton University sociologist whose recent book examines the roots of "rampage" shootings in rural schools.

Dr. Newman has researched 21 school shootings since the 1970s. Though it's impossible to know whether girls were randomly victimized in those cases, she says, "in every case in the US since the early 1970s we do note this pattern" of girls being the majority of victims.

The two cases are reminiscent of a 1989 shooting in Canada, when a jobless hospital worker killed 14 female engineering students at the University of Montreal, accusing them of stealing jobs from men, says Martin Schwartz, an Ohio University sociologist and an expert on violence against women. He sees such incidents as related to a culture of violence against women, "a mutation - something beyond."

In Bailey, an armed drifter walked into Platte Canyon High School last Wednesday, ordering men out and sexually assaulting some of the six girls he held hostage, shooting one before killing himself. In this week's tragedy in Pennsylvania's bucolic Lancaster County, the gunman ordered boys and adults to leave, bound the 10 girls, and shot them, then himself. Small towns are no safeguard

Another similarity between the Pennsylvania and Colorado cases - as well as two other recent school shootings in Vermont and Wisconsin - is their rural settings. It is rare for mass school shootings to occur in cities, Newman says. Despite their safe image, rural communities can be an especially fertile breeding ground for revenge, she and others agree.

"People think small towns are safer, but in a small community grievances can fester," says Cheryl Meyer, a professor of psychology at Wright State University in Dayton, Ohio, who has researched similarities of school shootings in rural and small towns. "It's so often about revenge. Even if something happened 20 years ago, it doesn't mean it is gone. People talk about it and everybody remembers. It just trails after you."

Such a motive may have factored into Monday's shootings in the tiny hamlet of Nickel Mines, Pa., police say.

Flanked by corn fields and a few white oaks, the Amish schoolhouse could have been lifted out of the 19th century. With no guards, chain-link fence, or "drug-free zone" signs - or even a telephone - it seemed a world apart.

The gunman, Charles Carl Roberts, lived just down the road with his family in a double-wide trailer. He hauled milk from Amish farms at night, usually before the next day's milking began about 4 a.m. A co-worker says he might never have met the farmers he serviced. Then, he would take his children to school.

On Monday, however, he left suicide notes for his family, then drove his pickup truck to a school he no doubt passed many times on late-night milk routes. He brought to the school a semi-automatic pistol, hundreds of rounds of ammunition, a 12-gauge shotgun, and a rifle - along with restraints, lumber to block the doors, and a change of clothing.

In a scene that seemed to echo the Bailey shooting, the gunman ordered boys and school aides out, then bound 10 girls ages 6 to 13. He called his wife on his cellphone.

Police arrived after a teacher ran for help to a nearby farm. They called him on his cellphone, but no answer. Then the gunman opened fire, and police stormed the barricaded building, breaking through windows.

Five of the girls died at the scene or at hospitals. At press time, officials said five remained in critical condition.

Law-enforcement officials, working to unearth Roberts's motive, said Tuesday that sexual assault seemed the most likely one. In a suicide note, they said, Roberts recalled an incident 20 years ago when he, a pre-teen at the time, molested younger children. The note indicated he had been haunted by dreams about molesting young girls, police said.

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"I don't think it was an attack on the Amish community, but a target of opportunity," Col. Jeffrey Miller, commissioner of the Pennsylvania State Police, said Monday. "It was almost impenetrable," he said of the barricaded school. "His goal was to be in there for an extended period of time. He was hunkering down for a hostage-related siege." 'Copycat' concerns

The apparent similarities between the Bailey and Nickel Mines shootings - and their close proximity in time - raise experts' concerns about "copycat" attacks.

News media bear some responsibility for this phenomenon, says James Fox, a criminologist at Northeastern University in Boston. This is especially the case when attackers' personalities and grudges are exposed to high-profile public analysis - as when two teenage attackers in the Columbine attack were featured on the cover of a news magazine, he says.

"We've seen with school shootings and postal shootings that the shooters can become role models for others," Dr. Fox says. "While most sympathize with the victims, others empathize with the shooters. It's the publicity they get that turns the shooter into a celebrity that spawns more of them."

Some see in the latest school shootings echoes of the 1980s, when there was a spate of carefully planned attacks on students by adults from outside the schools.

Between 1988 to 1989, there were nine premeditated attacks by adults targeting schoolchildren, says Fox. In those cases, however, there was no pattern of girls being targets - a new wrinkle. To him, that year stands out for its "contagion of adults who got even with society by killing its most beloved members - schoolchildren."

While national crime statistics show a steady drop in the murder rate, including violent school fatalities, there seems to be fewer incidents but "more spectacular stuff going on," Dr. Schwartz says. "Splashy violence is what's going up, even though crime as a whole going down. The only thing not going down is fear engendered by these types of high-profile events." A community banding together

In Nickel Mines, the news media showed up almost as promptly as police - within minutes jamming the narrow streets and nearby fields with satellite trucks, television crews, and crane-high lights.

For grieving Amish families, driving past the crime scene late into the night or talking quietly in small groups nearby, the fierce media glare came as a shock to a community that resolutely avoids the spotlight.

"I was irate when I first heard about the school, then the hurt started," says an Amish fireman, who helped maintain a security perimeter around the school late Monday night. He says local firemen and policemen had expected a crush of news media, because of the intense public interest in school shootings. But, he adds, "we never expected to have to deal with it here."

"It's unbelievable. We never expected that anything like this would happen," says Ruth, a Mennonite neighbor who wanted to give only her first name.

"I don't understand it, but it's not from God," says Fannie Beiler, another Mennonite. "He wants us to love one another."

There are scores of such schools in the quiet farming communities around Lancaster County, a center for the Old Order Amish in the United States. An estimated 28,000 Amish live in the area - of about 200,000 nationwide.

Amish families live simply - no cars, electricity, cellphones, or iPods - and grieve quietly. A keystone of their faith is pacifism. When a young Amish boy in the next town of Bart was killed on his way to help a neighbor with the milking by a hit-and-run driver two weeks ago, there was no talk of lawsuits. Nor did Amish families join their "English" neighbors in calling for a new sign cautioning drivers to slow down.

In Bart, Paula Flinn set up a hand-painted sign on her front lawn for their Amish neighbors, who drove past the house in closed, black buggies at a rate of 50 an hour, some late into the night, after the shooting. Her sign reads: "Our prayers and thoughts are with you."

Toxic Mix Of Emotions Boiled Within Devoted Dad, Husband (USAT)

By Mimi Hall And Rick Hampson

USA Today, October 4, 2006

BART TOWNSHIP, Pa. — Under his placid surface smoldered a volcano of emotion: sorrow over the death of a newborn; anger at God for allowing it; self-hatred for supposedly molesting young relatives long ago; compulsion, which invaded his dreams, to molest again.

Charles Carl Roberts IV hid it all behind a seemingly solid veneer of fatherhood, a stable marriage to a religious woman, and a respectable job as a milk truck driver. But finally, he erupted, turning a one-room Amish schoolhouse into a slaughterhouse.

Working from a checklist, he prepared for six days to assemble the tools of siege and sexual assault. He loaded them into his pickup Monday and backed up to the schoolhouse next to a cornfield. Inside, he bound and shot 10 girls, five fatally. Then he killed himself.

Two of the five girls died of their wounds early Tuesday, a day on which state police revealed that Roberts:

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·Told his wife in a final telephone call from the school that he had sexually molested relatives aged 3 and 5 about 20 years ago, and that he recently had dreams of doing the same again. Police, however, say they have found no evidence he molested anyone, and family members said they knew nothing about the claim. None of the Amish children was sexually assaulted.

·Went to the school with two tubes of K-Y Brand Jelly, a personal lubricant that Roberts may have planned to use as "potential sexual-assault aid," according to state police Commissioner Jeffrey Miller. He also brought materials to tie his victims to the wall.

·Wrote in a suicide note that the death of the Robertses' infant daughter Elise in 1997, just 20 minutes after birth, "changed my life forever" and left him "filled with so much hate" toward himself and God.

The shootings — the third fatal attack on a U.S. school in six days — prompted President Bush to call for an immediate conference on possible federal action to prevent and cope with violence at schools.

No one appears to have seen the latest explosion coming.

Not Roberts' wife Marie, who in a statement called her husband "loving, supportive and thoughtful … an exceptional father (who) took the kids to soccer practice and games, played ball in the backyard and took our 7-year-old daughter shopping. He never said no when I asked him to change a diaper."

Not his Bart Township neighbor Mary Miller, who saw a dutiful father who trooped around with his kids every Halloween for trick or treat.

Not his neighbor Betty March, who said, "You'd see him put his kids on the (school) bus and pick them up … It's shocking. They were like the all-American family."

Not his mother, Teresa, who told the Lancaster, Pa., Intelligencer Journal that he was "an excellent family man. I had no idea anything like this was going to happen."

Only a few claimed to have glimpsed anything amiss.

"He didn't look you in the eye," complained Morgan Erb, a girl who babysat for Roberts' children.

And co-workers told police that in recent weeks Roberts had become tense and withdrawn, only to suddenly turn jovial the weekend before the attack.

"He may have made a decision to do this within the last few days, and seemed to be relieved of some of the pressures that he was exhibiting," said Miller, the state police commissioner.

The ranks of those who thought well of Roberts probably included his victims, who neighbors said almost certainly knew him as a milk tank truck driver — a person who is one of the dairy-farming Amish's main contacts to wider society, and who, under normal circumstances, might even have helped spread Monday's bad news.

Steve Sipos, who lives across the street from the Roberts family, said Charles' route ran through the school's neighborhood. He said Amish kids love it when the trucks come to pick up their milk.

"The drivers always joke around with the kids. They bring them lollipops," Sipos said. "I'm sure he knew the girls."

Roberts, 32, was a cop's son, home schooled, who lived in a modular home with his wife of nine years and the three children on whom he seemingly doted. He was not Amish and did not appear to have anything against the Amish, Miller said. He said Roberts was bent on killing girls and apparently chose the Amish schoolhouse simply for convenience.

On Monday, while his wife was at church attending a prayer group, Roberts drove to the school, which had about 25 students and none of the trappings of modern security — no metal detectors or locked doors, not even a phone.

He brought with him the following: three guns, a stun gun, two knives, a pile of wood (for barricading the doors), a bag with 600 rounds of ammunition, flexible plastic ties and eyebolts. He also had a change of clothing and toilet paper, indicating plans for a long siege, police said. At the bottom of a box, he had the two tubes of lubricant.

Roberts had left a note for his wife, the first page of which was released by the police:

"I don't know how you put up with me all those years. I am not worthy of you, you are the perfect wife you deserve so much better. We had so many good memories together as well as the tragedy with Elise. It changed my life forever. I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger."

Roberts also left three other notes at home, one for each of his children, who range in age from 1 to 7.

The school's 20-year-old Amish teacher, Emma Mae Zook, told the Lancaster New Era on Tuesday that Roberts walked into the school carrying "a piece of iron" that she did not immediately recognize as a gun. He asked if any of the children had ever seen anything like it. None had.

One student, Aaron Esh, 13, told the Intelligencer Journal that Roberts didn't seem that frightening.

"He said, 'No one's gonna get hurt.' He sounded very calm. He didn't sound all that mean."

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But Zook says that when she realized what was happening, she panicked. When Roberts looked the other way, “I saw this was my chance to run, so I ran for help.” She called for help from a nearby farm.

Roberts released about 15 boys and several adult women before barring the doors with desks and wood secured with nails and bolts. One girl whom he had wanted to stay slipped out with her brother and escaped, police said.

Then he bound the girls together in a line at the blackboard.

A two-by-four piece of lumber found in the school had 10 large eyebolts spaced about 10 inches apart, suggesting that Roberts may have planned to truss up the girls and sexually assault them, Miller said: “It's important to note that we had 10 victims at that time that were in the school.”

The girls were shot at close range shortly after police arrived outside the school. “We're quite certain, based on what we know, that he had no intention of coming out of there alive,” Miller said.

“It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself,” he said.

But Roberts “became disorganized when we arrived,” and shot himself in the head.

The dead were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Three other girls were in critical condition Tuesday, and two were in serious condition. They range in age from 6 to 13.

The shootings shocked Lancaster County's bucolic Pennsylvania Dutch country, where the Old Order Amish live a peaceful, 18th-century existence and restrict their exposure to “the English,” which is what they call other Americans. They make do without automobiles, motorized farming equipment and electrical appliances. Laundry flaps on the line; horse-drawn carriages clip-clop along major thoroughfares.

What turned a milkman in this paradise into a monster remained unclear. But behavioral experts said that the picture that emerged was not of a guilt-ridden mind, but a twisted one.

Fred Berlin, associate professor of psychiatry at Johns Hopkins University, said Roberts could have focused his anger with himself on his victims.

“It's possible in a twisted way he's blaming young girls for the attraction he's feeling,” he said.

Naftali Berrill, director of the New York Center for Neuropsychology and Forensic Behavioral Science in New York City, said the shootings could be linked to Roberts' loss of his daughter.

“Maybe in his twisted mind, the death of his child is some sort of retribution or payback for him having molested,” he said.

“He's been sitting on a whole bunch of confusing ideas about how to make things right with the world and how to address his own impulse to touch children.”

Berrill also said the Amish lifestyle and beliefs might have further enraged Roberts.

“The religiousness, … simplicity and devoutness. Maybe that's part of this as well. All this displaced rage against people who maybe made him feel ashamed himself.”

Georgetown Methodist Church is just up the street from the Robertses' home here. On Tuesday a sign outside read, “Open for Prayer.” Inside, a dozen pale pink roses tied with a pale pink bow sat on the altar, along with a note from Melissa and George Lopez: “We want to pay our respects to all the families who had to endure this tragedy.”

Outside, in back of the church cemetery, was a heart-shaped gravestone. It bore this inscription:

Elise Victoria
Pledged to God
daughter of
Charles & Marie
Born & died
Nov. 14, 1997

Death Toll In Attack At Amish School Rises To 5 (WP)

By Tamara Jones And Joshua Partlow

The Washington Post, October 4, 2006

BART TOWNSHIP, Pa., Oct. 3 -- Haunted by an ugly secret he claimed to have kept since childhood and recurring dreams of molesting young girls, Charles C. Roberts IV clearly "planned to dig in for the long siege" and torment his young victims in an Amish schoolhouse before executing them and killing himself, investigators said Tuesday.

Five suicide notes the 32-year-old gunman left behind also describe his anguish over the loss of a premature baby nine years ago, police said, and a checklist found in his milk truck offered a sordid blueprint for the mayhem that left five girls dead and five more fighting for life after Roberts stormed into their classroom Monday morning.

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Neighbors watched tearfully Tuesday as horse-drawn buggies filled with Amish mourners began to converge on the houses where simple funerals were expected to be held in the coming days for the girls killed in a barrage of bullets that left the county coroner too shaken to keep counting the wounds.

Roberts called his wife, Marie, after barricading himself inside the school with the terrified children, and said that he had molested two young, female relatives when he was 12 and that he had been dreaming about doing it again, Pennsylvania State Police Col. Jeffrey Miller said at a news conference.

Miller said that police were still interviewing members of Roberts's extended family and that they had not been able to determine what happened 20 years ago or to find the alleged victims, who would have been preschoolers at the time.

There is "no evidence" that the girls held hostage Monday were sexually assaulted, Miller said, but the boxes of evidence police carted away from the Nickel Mines school included sexual lubricant and restraint devices.

"It is very possible he intended to victimize these children in many ways prior to executing them," said Miller, who added that Roberts "planned to dig in for the long siege."

Miller identified the victims as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lina Miller, 7. Four of the other victims, including a younger Stoltzfus sister, remained in critical condition; the oldest victim, a 13-year-old, was reported in serious condition but conscious and able to communicate by blinking her eyes.

Although the Amish restrict the use of modern technology, hospital spokesmen said no religious restrictions interfered with treatment of the children.

Police and coroner accounts of the children's wounds differed dramatically. Miller said Roberts shot his victims in the head at close range, with 17 or 18 shots fired in all, including the one he used to take his own life as police stormed into the school through the windows. But Janice Ballenger, deputy coroner in Lancaster County, Pa., told The Washington Post in an interview that she counted at least two dozen bullet wounds in one child alone before asking a colleague to continue for her.

Inside the school, Ballenger said, "there was not one desk, not one chair, in the whole schoolroom that was not splattered with either blood or glass. There were bullet holes everywhere, everywhere."

A state police spokeswoman said Tuesday night that she could not immediately explain the discrepancy.

Discussing the tragedy at the local post office with another neighbor, their voices falling silent when an elderly Amish woman walked in, Marie Pelliccio described her conversation with a young survivor. He was among the 15 boys Roberts ordered out of the school after lining up the girls in white bonnets and long pinafores against the chalkboard and binding their feet with plastic ties.

Pelliccio said the teenage boy is a neighbor who works as a hired hand at her horse farm. When she stopped by to check on the family Tuesday afternoon, Pelliccio said, the boy told her the gunman had burst into the school and yelled at everyone to line up, then pointed to the boys: "You, you and you and you, get out of here!"

When the teacher fled as well, the boy told his neighbor, the gunman ordered another boy to chase after her, warning, "You go get her, or I'll start shooting!"

Pelliccio's eyes welled as she recalled the boy's quiet account of the horror: "I saw him tying my sister up," he told her.

The 8-year-old girl was shot in the jaw and shoulder and remained hospitalized in critical condition.

Several of the families whose children were shot were on Roberts's milk run, Pelliccio said. "He knew them."

Police found Roberts's truck where he customarily parked it after his shift ended at 3 a.m.: in a lot across from the intersection the Amish children crossed each day on their way to school.

"We believe this had nothing to do with the Amish," Miller said. "The school was a target of opportunity. It was close by his home. He felt comfortable."

After finishing his milk run, police said, Roberts went home and helped his two older children get ready for school, dropping them off at their bus stop about 8:45 a.m.

Marie Roberts told police she had "absolutely no" clue that anything was troubling her husband when she left at 9 a.m. for the prayer group she leads at a nearby church. The first emergency call about a hostage situation at the school came about 10:36 a.m., from the teacher who had escaped.

Charles Roberts had carried boxes of tools, hardware and lumber with him, Miller said, and he barricaded the front door with a piece of wood, bolted it and piled desks in front of it. A side door was barricaded with a foosball table, a 2-by-4 piece of wood and plastic ties.

At 10:50 a.m., Miller told reporters, Roberts called his wife from a cellphone to say, "I am not coming home. Police are here." He said Roberts then claimed to have molested two family members 20 years ago, when the girls were "3 or 4."

Roberts told his wife where the suicide notes were in their home, one for her and each of their three small children. She began reading them, then called her mother and 911, Miller said.

Miller said Roberts didn't answer when police negotiators attempted to contact him.

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His letters describe how he was filled with "hatred for God and hatred for" himself. They refer to an unrelenting grief over the loss of his firstborn child, a daughter named Elise, who lived for just 20 minutes before dying nine years ago.

"He said he had been having dreams about doing what he did 20 years ago and wants to do it again," Miller said. The dreams of molesting girls had been tormenting Roberts for two or three years, according to the suicide notes.

In addition to another suicide note found in his truck, police discovered a checklist of 16 items that "matches evidence" seized at the crime scene, Miller said. Among the items Roberts had listed: bullets, gun, binoculars, candle, earplugs, wrenches, nails, eye bolts and KY Jelly. Two tubes of the sexual lubricant were recovered at the school, Miller added, along with items that made up "a restraint system or kit."

Roberts had planned the attack meticulously, Miller said, and was "extremely organized." He began purchasing items on his checklist at a local Amish-run hardware store six days earlier, then spent a "normal, relaxed weekend with his family, playing with his kids."

The supplies he took into the school included a change of clothes, toilet paper and a bucket, additional indicators that he possibly planned to hold his victims hostage for "a number of hours" but then panicked and became "disorganized" when police arrived, Miller said.

Fred S. Berlin, a Johns Hopkins University psychiatrist and expert on sexual disorders, said it would be a mistake to accept Roberts's statement about molesting children years ago as an explanation for what happened Monday. At most, Berlin said, the molestation, if it occurred, is just one piece of a complicated psychiatric puzzle.

"People can develop a major depression and, in the midst of that, begin to feel very guilty and troubled about perceived bad acts in a way that had not been a problem for them in the absence of depression," Berlin said. "I'm speculating here, but it's possible he became depressed and then began to be preoccupied and ruminative and guilt-ridden about these events that occurred so many years ago."

If Roberts did molest two young relatives 20 years ago, when he was 12, it would not necessarily mean he was bound to repeat the behavior as an adult, Berlin said.

Although many adult pedophiles begin their misconduct as young people, "there's good evidence that a majority of adolescent sexual offenders -- if indeed he was that -- do not go on to be adult offenders," Berlin said. "People assume otherwise, but there's some pretty compelling data suggesting that there are lots of kids who do things of a sexual nature during childhood that they ought not do, and they don't do it again."

If Roberts was suffering from depression and became fixated on his long-ago sexual misconduct, fearing that he would repeat the behavior, that could explain suicide, Berlin said.

"That still leaves a tremendous gap in our understanding of how he got from being troubled and guilty about doing that years ago to, in the end, murdering a number of innocent children," Berlin said. "I mean, there's a tremendous leap there that we would need to transcend in order to have a better understanding of why he did what he did."

School Gunman Revealed Torment (WT/AP)

By Mark Scolforo, Associated Press

The Washington Times, October 4, 2006

QUARRYVILLE, Pa. -- The gunman who killed five girls in an Amish schoolroom confided to his wife during the siege that he molested two relatives 20 years ago when he was boy and was tormented by dreams of doing it again, authorities said yesterday.

Investigators also said that Charles Carl Roberts IV, 32, plotted his takeover of the school for nearly a week and that the items he brought -- including flexible plastic ties, eye bolts and sexual aids -- suggest he may have been planning to violate the Amish girls before police closed in.

"It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself," said Col. Jeffrey B. Miller, the state police commissioner. But Roberts "became disorganized when we arrived," and shot himself in the head.

Holding up a copy of the gunman's suicide note at a packed press conference, Col. Miller also suggested that Roberts was haunted by the death of his prematurely born daughter in 1997. The baby, Elise, died 20 minutes after being delivered, Col. Miller said.

Elise's death "changed my life forever," the milk truck driver and father of three wrote to his wife. "I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger."

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The state police commissioner identified the demons in Roberts' head a day after the shooting rampage shattered the sense of calm in Lancaster County's bucolic Pennsylvania Dutch Country, where the Amish live a peaceful, turn-the-other-cheek existence in an 18th-century world with no automobiles and no electrical appliances.

"He certainly was very troubled psychologically deep down and was dealing with things that nobody else knew he was dealing with," Col. Miller said.

The death toll rose to six -- including the gunman -- when two more girls died of their wounds in a hospital, authorities said yesterday.

The victims were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Anna Mae's sister was among the wounded.

Four other girls were in critical condition, and one was in serious condition. They ranged in age from 6 to 13.

During the standoff, Roberts called his wife on his cell phone from the one-room schoolhouse and told her that he molested two female relatives when they were 3 to 5 years old, Col. Miller said. Roberts would have been about 11 or 12 at the time. In a suicide note left for his family, he said he "had dreams about doing what he did 20 years ago again," Col. Miller said.

Police could not confirm Roberts' claim that he molested two relatives. Family members knew nothing of molestation in his past, Col. Miller said. Police located the two relatives and were hoping to interview them.

Roberts had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Col. Miller said. The girls left in the room were shot at close range shortly after police arrived, he said.

"We're quite certain, based on what we know, that he had no intention of coming out of there alive," Col. Miller said.

At the time Roberts' wife received the phone call, she was attending a meeting of a prayer group she led. The group prayed for the community's schoolchildren.

Church members visited with the victims' families yesterday, preparing meals and doing household chores, while Amish elders planned the funerals. An Amish woman who helped comfort family members said they were being sustained by prayer.

"It's a tragedy we've never seen before," said the woman, whose father was a church bishop. Like many Amish, she declined to give her name. "They said it was a happy school. The children were happy; the teachers were happy."

Police Describe Gunman's Plan In School Siege (NYT)

By David Kocieniewski And Shaila Dewan

The New York Times, October 4, 2006

NICKEL MINES, Pa., Oct. 3 — As the Amish in this rural farm community turned inward to cope with the magnitude of the deadly school shooting on Monday, police investigators pieced together the gunman's elaborate preparations for an extended siege that, they said, was intended to include the sexual assault of his young hostages.

When the gunman, Charles C. Roberts IV, 32, arrived at West Nickel Mines Amish School, he brought an assortment of weapons, hardware and lubricant that indicated he may have been planning to torture and molest the female students, the police said.

Speaking to his wife by cellphone after he had bound his hostages with wire and plastic ties, Mr. Roberts told her — for the first time — that he had molested two younger relatives, when he was 12 and had recently dreamed of sexually abusing young girls again, the police said. He also said his life had been warped by anger and grief since the death of their newborn daughter nine years ago.

But he "became confused" and started shooting when the police arrived, said Col. Jeffrey B. Miller, commissioner of the Pennsylvania State Police, killing five girls, seriously injuring five others, then killing himself without carrying out any sexual assault.

As the details were disclosed and the death count rose to five, police officers, firefighters and residents in horse-drawn buggies gathered outside the homes of the some of the slain girls' relatives to fend off news reporters and satellite trucks. At least 150 members of the Amish community met at a home prayer meeting about 200 yards from the schoolhouse. And community members also started a charity fund to help the victims' families and Mr. Roberts's widow and three young children.

With their traditional garb and religious dictum that forbids the use of technological advances like electricity and motor vehicles, the Amish try to insulate their lives from the bedlam and violence of modern life.

But the bloody attack by Mr. Roberts, who was raised in the area but was not Amish, had breached that insularity, leaving residents of a community known for its stoicism angry, saddened and shaken.

Emma Mae Zook, the young teacher who called the police after fleeing the school as Mr. Roberts barricaded its doors, spent part of the day trying to offer solace to families of her students, according to relatives.

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"She's trying to comfort the families even as she struggles herself," said Ms. Zook's second cousin, a woman in her 50's who did not want her name used.

The police on Tuesday released the names of the children who died. They are Naomi Rose Ebersole, 7; Anna Mae Stolzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Gov. Edward G. Rendell said flags would fly at half staff in the capital, Harrisburg, and in Lancaster County until after the funerals for the children.

Mr. Roberts had no criminal record or history of psychiatric illness, the authorities said. Although he was scheduled to take a random drug test at his job, there was no indication that he had a substance abuse problem or was worried about the screening, Colonel Miller said.

The police were also investigating Mr. Roberts's assertion that he had molested relatives when he was 12, but had been unable to corroborate it. Moments before he opened fire, Mr. Roberts told his wife, Marie, who was leading a prayer meeting at a church, of the sexual assaults. He then told her that he had left four suicide notes at home, Colonel Miller said, one of which described the lingering wounds he had felt since the death of their daughter Elise, who was born prematurely in 1997 and lived only 20 minutes.

"It changed my life forever, I haven't been the same since," he wrote in a note the police released on Tuesday. "It affected me in a way I never felt possible. I am filled with so much hate, hate towards myself, hate towards God and unimaginable emptiness. It seems like every time we do something fun, I think abut how Elise wasn't here to share it with us and I got right back to anger."

Relatives and neighbors said there was no sign of that anguish in the hours before his rampage began.

But Paula Derby, 31, said that it was unusual to see him drop off his children at the bus stop on Monday morning. Ms. Derby, who is also a parent, said that as Mr. Roberts's two oldest children began to board the bus, Marie Roberts said to them: "Hey kids, come back here, Dad wants to give you a hug."

Mr. Roberts then hugged and kissed his children, saying, "Remember, Daddy loves you."

After telling his wife that he was heading to his drug test, Mr. Roberts instead went to a hardware store, where he made a purchase at 9:14 a.m. and another at 9:16 a.m., the authorities said.

When Mr. Roberts arrived at the school just over an hour later, he was carrying a 9-millimeter handgun, Colonel Miller said, and asked the teacher, "Have you seen anything like this?" referring to the weapon. "Can you help me find it?"

Once in the classroom, Mr. Roberts ordered all 15 boys to leave, along with four adult women who were visiting, three of whom had young children with them.

Mr. Roberts ordered the 10 remaining girls to line up facing the blackboard and remain silent as he lashed their ankles with wire and plastic ties. As he spoke with his wife, Mr. Roberts warned that he would begin shooting within 10 seconds if the police did not leave. But he did not wait, Colonel Miller said.

The authorities said that the collection of chains, clamps and K-Y Jelly found in the schoolhouse appeared to indicate that Mr. Roberts had planned a sexual assault.

"The K-Y Jelly has no exact reason, other than the potential for a sexual assault aid," Colonel Miller said.

As the details of the ordeal began to sink in, relatives said the youngsters who escaped began to agonize over whether they had missed an opportunity to prevent the attack on their classmates.

"I pity the children in the school" who got out, said Jacob Fisher Jr., 23, a farmer who lives across the street from Mr. Roberts's home. "It's going to be be a scar on their own lives."

Molestation Possible Motive In Amish Shooting (LAT)

By Ellen Barry And Stephanie Simon

The Los Angeles Times, October 4, 2006

NICKEL MINES, Pa. — The man who killed at least five girls at an Amish school said he had molested young family members 20 years ago and had dreams of doing so again, authorities said today.

At an afternoon news conference, State Police Commissioner Col. Jeffrey B. Miller painted a grisly picture of Charles Carl Roberts IV, a methodical assailant who carefully planned for a siege and left suicide notes explaining possible motives for attacking the one-room schoolhouse Monday morning.

The attack was "organized, preplanned and had forethought," Miller told reporters at a televised news conference.

Miller said Roberts stated that he had molested two family members 20 years ago, but there was no independent confirmation of those attacks. In the notes he left behind, Roberts also said he was angry over the death of his child, Elise, about nine years ago.

The number of casualties in the shooting rose overnight.

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Miller said five girls are now dead, ranging from 7 to 13 years old. Three died at the scene and two during the night. Roberts killed himself as state police rushed the building to rescue the children.

Five other females, 7 to 13 years old, were in two hospitals in grave condition, Miller said.

A day after the attack, officials struggled to explain why Roberts, a 32-year-old father of three with no criminal record and no record of mental instability, entered the schoolhouse in the sheltered Amish community with a small arsenal, including an illegal stun gun and several apparently legal weapons.

Why Roberts acted the way he did may never be known, Miller said. But the notes left by Roberts for his family cite his fears about repeating sexual assaults and the loss of his child, who died about 20 minutes after birth.

The death of the child made him angry with himself and with God, Miller said.

"The note that he left for his wife talks about the good memories together, the tragedy with Elise, it focuses on his life being changed forever ... over the loss of Elise, his hatred toward himself, his hatred toward God as a result of that event, and he alludes to this other reason for this anger but he can't discuss it with her and it happened 20 years ago," Miller said.

On Monday, officials mentioned acts that took place 20 years ago as one of the reasons Roberts gave for his attack. Today's news conference was the first time officials gave details.

According to Miller, Roberts claimed to have molested two family members 20 years ago. At the time, Roberts was a child himself. The victims would have been 3 to 5 years old.

There was no independent confirmation of the molestations, Miller said. Relatives have been interviewed and had no recollection of the incidents.

We have "no details or if anything occurred," Miller said. "We were not able to confirm a report was ever made."

In his note, Roberts said he was having dreams of molesting again. "He states in his suicide note that he had dreams about doing what he did 20 years ago again," Miller said.

Miller also gave this chronology of the events on Monday:

Roberts returned from his milk truck job about 3 a.m. By 7:30, Roberts and his wife were getting their children ready for school and by 8:45 a.m., Roberts walked his children to the bus stop.

About 9 a.m., Marie Roberts left to go to a prayer session at a local Presbyterian church, where she stayed until 10:30. She dropped off a friend and came home around 10:50 a.m., when Roberts called her.

At that point, Roberts was already at the school, Miller said. He had barricaded himself inside and had separated the girls from the boys.

Receipts and material recovered from the scene showed that Roberts was prepared for a siege after having brought bolts, nails, wood, ammunition, batteries and a bucket.

He also brought plastic ties to restrain his victims' hands and at least two tubes of K-Y Jelly, a lubricant that officials said could be used in any sexual assault. None of the girls were assaulted before police stormed the school around 11 a.m.

Inside the schoolhouse, Roberts waited. He had a shotgun, a semiautomatic pistol and a rifle, 600 rounds of ammunition, explosive powder, the stun gun, two knives, a change of clothes, and a bucket with pliers, a hacksaw and wire.

State police pulled up to the pale-yellow building at 10:45 a.m., nine minutes after the call for help from a teacher who escaped. They tried to contact the gunman using the public-address system on their squad cars. Roberts did not respond to them.

Roberts shot the girls in the head — one after another, in quick order — with his 9-millimeter automatic, stopping once to reload. He opened fire briefly on the troopers as they approached, but did not hit them. Then he turned the gun on himself; he fell face-down on the floor, dead.

"It was all over in a matter of seconds," Miller said on Monday.

Authorities said Roberts found the school a convenient target — "a location of opportunity," as Miller put it.

Employed by Land O'Lakes Inc. dairy co-op and assigned to deliver milk for a subsidiary called Northwest Food Products, Roberts was known around the community as outgoing and personable. Co-workers told authorities that Roberts had seemed tense of late, not his usual quick-to-joke self, but had been more relaxed in the last few days.

Marie Roberts released a statement Monday night to the media saying: "The man who did this today is not the Charlie that I've been married to for almost 10 years. My husband is loving, supportive, thoughtful, all the things you'd always want and more Our hearts are broken, our lives are shattered, and we grieve for the innocence and lives that were lost today."

Roberts' brutality evoked very little anger among the Amish community Monday. Men in broad-brimmed hats and suspenders and women in bonnets and long dark dresses expressed grief and shock, but in hushed, muted tones. "It's a sad day," Jacob King, a 31-year-old stonemason said. He could think of nothing else to add, just repeated that one word, "sad."

Rather than dwell on the victims — though this is a close-knit community, where few are strangers — Amish residents spoke of their concern for Roberts' family; their sorrow that a man could become so unhinged, so alienated from the Lord.

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"I wish someone could have helped him out, poor soul. It's obvious that something was troubling him," said Steve, a 54-year-old carpenter who, like many here, would not give his full name.

Of the tragedy, he would say only that it was "uncalled for," and unexpected.

An Amish woman who gave her name as Irene also expressed compassion for the gunman. "I am very thankful," she said, "that I was raised to believe you don't fight back. You should forgive."

About 20,000 Old Order Amish live among the dairy farms and cornfields in Lancaster County, about 60 miles west of Philadelphia. They shun modern conveniences such as computers and television; many do not have electricity, and some do not have indoor plumbing.

Their children usually walk the mile or two to the local schoolhouse, often a one-room building with a few dozen students from first grade through eighth. Most Amish children leave school after eighth grade to work on the family farm.

Communities do not typically have their own police force, but rely on the county sheriff or state troopers. "There's no need for police," said Aaron Meyer, 60, who owns a local business giving buggy rides to tourists.

Monday's attack in many ways echoed a fatal school shooting last week in rural Bailey, Colo. In that incident, a drifter named Duane Morrison, 53, entered a high school English class, ordered the teacher and male students to leave, and kept six girls as hostages. He sexually molested some of them during a four-hour standoff. When police swarmed the classroom, Morrison fatally shot one girl, then killed himself.

Also last week, a 15-year-old boy shot and killed his principal at a school in Cazenovia, Wis. And on Monday, school police in North Las Vegas spotted a former student on campus with a gun; he fled without firing any shots.

Here in Lancaster County, violence is not completely unknown: Just this spring, a young man confessed to killing six of his relatives, ages 5 to 64. A few months later, the county was hit with a string of robberies, including the knifepoint mugging of a buggy driver.

However, the community is known as a peaceful retreat of grape arbors and orchards. Children in straw hats drive teams of horses through green valleys — and the two-lane highway is speckled with manure. Clotheslines hang beside many of the farmhouses, pinned with whole families of dresses in dark blue and green, each a size smaller than the next.

Suburbs are creeping closer and closer, but the Amish "just go about their way," said Myron Stoltzfus, 48, a local butcher.

Stoltzfus was raised by Amish parents; he is now a Mennonite, but understands the Amish ways and anticipates that, even as the loss sinks in, few here will call for security guards at the schoolhouse — or even a cellphone in the teacher's desk. "The Amish see death as a part of life," he said. "They will grieve but they have more resignation. They will take this as something God ordained."

As night fell, the wooden schoolhouse remained cordoned off with crime-scene tape. A pumpkin sat out front; in the back, the doors to two outhouses were propped open. A few orange flags marked the places where evidence had been retrieved.

But for a cluster of TV trucks, the valley was still and dark.

Police: Gunman At Amish School Told Wife He Molested 2 Little Girls Years 20 Years Ago (FINDLAW/AP)

By Mark Scolforo, Associated Press Writer

AP, October 4, 2006

(AP) - QUARRYVILLE, Pennsylvania-The gunman who killed five girls in an Amish schoolroom confided to his wife during the siege that he molested two relatives 20 years ago when he was boy and was tormented by dreams of doing it again, authorities said Tuesday.

Investigators also said that Charles Carl Roberts IV, 32, plotted his takeover of the school for nearly a week and that the items he brought - including flexible plastic ties often used as handcuffs, bolts that serve as hooks and lubricating jelly - suggest he may have been planning to sexually assault the Amish girls before police closed in.

"It's very possible that he intended to victimize these children in many ways prior to executing them and killing himself," State Police Commissioner Jeffrey B. Miller said. But Roberts "became disorganized when we arrived," and shot himself in the head.

Holding up a copy of the gunman's suicide note at a packed news conference, Miller also suggested that Roberts was haunted by the death of his prematurely born daughter in 1997. The baby, Elise, died 20 minutes after being delivered, Miller said.

Elise's death "changed my life forever," the milk truck driver and father of three wrote to his wife. "I haven't been the same since it affected me in a way I never felt possible. I am filled with so much hate, hate toward myself hate towards God and

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unimaginable emptyness it seems like everytime we do something fun I think about how Elise wasn't here to share it with us and I go right back to anger."

Miller identified the demons in Roberts' head a day after the shooting rampage shattered the sense of calm in Lancaster County's bucolic Pennsylvania Dutch Country, where the Amish live a peaceful, turn-the-other-cheek existence in an 18th-century world with no automobiles and no electrical appliances.

"He certainly was very troubled psychologically deep down and was dealing with things that nobody else knew he was dealing with," Miller said.

The death toll rose to six Tuesday - including the gunman - when two girls died of their wounds.

During the standoff, Roberts told his wife in a cell phone call from the one-room schoolhouse that he molested two female relatives when they were 3 to 5 years old, Miller said. Roberts would have been around 11 or 12 at the time. Also, in a suicide note left for his family, he said he "had dreams about doing what he did 20 years ago again," Miller said.

Police could not immediately confirm Roberts' claim that he molested two relatives. Family members knew nothing of molestation in his past, Miller said. Police located the two relatives and were hoping to interview them.

Roberts had planned the attack for nearly a week, buying plastic ties from a hardware store on Sept. 26 and several other items less than an hour before entering the school, Miller said.

The crime bore some resemblance to an attack on a high school in Bailey, Colo., where a 53-year-old man took six girls hostage and sexually assaulted them before fatally shooting one girl and killing himself. That attack occurred last Wednesday, the day after Roberts began buying materials for his siege.

Using a checklist that was later found in his pickup truck, Roberts brought to the school three guns, a stun gun, two knives, a pile of wood for barricading the doors, and a bag with 600 rounds of ammunition, police said. He also had a change of clothing, indicating he had planned a long siege, police said.

He sent the boys and several adults away and bound the girls together in a line at the blackboard. Miller on Tuesday revealed that one of the girls was able to escape with the boys.

A long piece of lumber found in the school had 10 large eyebolts - bolts with metal rings attached at their end - spaced about 10 inches (25.4 centimeters) apart, suggesting that Roberts may have planned to truss up the girls and sexually assault them, Miller said. "It's important to note that we had 10 victims at that time that were in the school," he said.

The girls left in the room were shot at close range shortly after police arrived, Miller said.

"We're quite certain, based on what we know, that he had no intention of coming out of there alive," Miller said.

At the time Roberts' wife received the phone call, she was attending a meeting of a prayer group she led that prayed for the community's schoolchildren.

The victims were identified as Naomi Rose Ebersole, 7; Anna Mae Stoltzfus, 12; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7. Stoltzfus' sister was among the wounded.

Three other girls were in critical condition and two were in serious condition. They ranged in age from 6 to 13.

Church members visited with the victims' families Tuesday, preparing meals and doing household chores, while Amish elders planned the funerals. An Amish woman who helped comfort family members said they were being sustained by prayer.

"It's a tragedy we've never seen before," said the woman, whose father was a church bishop. Like many Amish, she declined to give her name. "They said it was a happy school," she said. "The children were happy, the teachers were happy."

Roberts, a father from the nearby town of Bart, was not Amish and did not appear to have anything against the Amish, Miller said. He said Roberts was bent on killing girls and apparently figured he could succeed at the serene schoolhouse.

Dwight Lefever, a Roberts family spokesman, spoke at a community prayer service Tuesday evening and said he was at the home of Roberts' father when an Amish neighbor came to comfort the family.

"He stood there for an hour, and he held that man in his arms, and he said, 'We will forgive you,'" Lefever said. "He extended the hope of forgiveness that we all need these days."

Sam Stoltzfus, 63, an Amish woodworker who lives a few miles away from the shooting scene, said his grandchildren were full of questions when they came home from another Amish school.

"They were terrified," said Stoltzfus, whose son took the grandchildren to school Tuesday morning so they wouldn't have to walk by themselves. "They wanted to know: What was wrong with him? Why was he doing that?"

Stoltzfus said the victims' families will be sustained by their faith.

"We think it was God's plan and we're going to have to pick up the pieces and keep going," he said. "A funeral to us is a much more important thing than the day of birth because we believe in the hereafter. The children are better off than their survivors."

AP reporter Michael Rubinkam contributed to this report.

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Fifth Amish School Girl Dies; Killer Hints At Motive (Update3) (BLOOM)

By Todd Zeranski

Bloomberg, October 4, 2006

Oct. 3 (Bloomberg) -- A fifth victim of yesterday's attack on a one-room Amish school in Pennsylvania died this morning, and authorities revealed that the killer told his wife he molested relatives years ago and dreamt of molesting again.

The girl, whose identity and age weren't disclosed, died early this morning, Spiros Mantzavinos, a spokesman for Christiana Care Health System in Newark, Delaware, where the girl had been treated, said in a telephone interview. Five other victims are being treated in Philadelphia, Hershey and Reading, Pennsylvania.

All of the victims are females between the ages of 6 and 13, state police Commissioner Jeffrey Miller said in a televised press conference today. Police yesterday said 11 girls were held hostage, though today they said one 9-year-old escaped with her brother.

The gunman, Charles Carl Roberts, 32, a milk-truck driver who lived near the school in Lancaster, Pennsylvania, killed himself. He left a suicide note saying he was seeking revenge for something that happened 20 years ago, police said. Today, Miller said Roberts called his wife during the attack and said he molested two young relatives 20 years ago and had dreams of molesting again.

``He split them up, males and females," Miller said yesterday. ``He let the males go, some of the adults go. He bound the females at the blackboard, and apparently executed them."

Handgun, Shotgun, Stun Gun

Roberts was armed with a semi-automatic handgun, a shotgun, a stun gun and several knives, in addition to tools such as a hammer, hacksaw and wooden boards used to barricade the classroom after letting some of the people go, said Miller. He said Roberts had no previous criminal record, and there's no evidence the victims were sexually assaulted.

``He did not intend to come out alive. But we're also concerned he may have had an extended plan to be in there for a very long time," perhaps to sexually assault the young girls before killing them and himself, Miller said. The quick reaction of the police caused Roberts to panic, he said.

The attack took place at Georgetown Amish School in Bart Township, a farming area of about 3,000 people, 60 miles (100 kilometers) west of Philadelphia. The Amish are a Christian sect that stresses separation from the modern world. Many ride horse- drawn buggies rather than drive cars and don't have electricity in their homes.

``This is the last place on earth that something like this would happen," said Raymond Bial, author of the books ``Amish Home" and ``Visit to Amish Country."

``The Amish are pacifists," he said in a phone interview. ``They don't believe in taking part in any conflict, and sometimes people take advantage of that because they don't fight back."

The killings were the third attack at a U.S. school in six days. A gunman took six students hostage at Platte Canyon High School in Bailey, Colorado, before killing a girl and himself on Sept. 27. A principal in Wisconsin was shot to death by a former student on Sept. 29.

President `Saddened'

``Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado, and Wisconsin," President George W. Bush said in California. `` Our schoolchildren should never fear their safety when they enter into a classroom."

President Bush instructed Attorney General Alberto Gonzales and Education Secretary Margaret Spellings to convene a meeting in Washington next week among educators and law enforcement officials to come up with ways to deal with school violence.

Police surrounded the Pennsylvania school after receiving an emergency telephone call at about 10:36 a.m., Miller said. When officers attempted to contact the attacker, multiple shots rang out inside the schoolhouse, Miller said.

Police stormed the school and broke windows to get inside, only to find the attacker and his victims dead, Miller said.

``This was a premeditated hostage scenario," Miller said. ``He intended not to walk out of there alive, but he also intended to kill innocent victims."

Fifteen boys were freed, as well as one pregnant woman and three women with infants, Miller said. A teacher who escaped called the police.

The critically injured children were flown to pediatric hospitals in Philadelphia, Hershey and Reading, Pennsylvania, and Delaware, Lancaster General Hospital spokesman John Lines said.

Three girls, ages 8, 10 and 12, who were taken to the Children's Hospital of Philadelphia, are out of surgery and no longer in critical condition, the hospital said in a statement sent by PR Newswire yesterday.

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Killer Wasn't Amish

Miller said he didn't think the attack was targeted against the Amish. Roberts wasn't Amish, he said.

Amish children attend schools until eighth grade, according to the Pennsylvania Dutch Convention & Visitors Bureau's Web page.

``I don't recall ever a story like this, going into a school and taking the most innocent of innocent," said Herman Bontrager, chief executive of New Holland, Pennsylvania-based Goodwill Mutual Casualty Co., about 10 miles from the site of the shooting. ``It has people in shock pretty much around here."

Many people in the community have already started donating meals, transportation and other services to Amish families affected by the tragedy, said Bontrager, who grew up in an Amish family in Indiana and serves as the secretary-treasurer of the National Committee for Amish Freedom.

Ten families had children attending the school and the children of seven families were victims of the attack, police said.

There are about 25,000 Amish in Lancaster County, the bureau said, citing Raber's 2004 Almanac.

To contact the reporters on this story: Todd Zeranski in New York at tzeranski@bloomberg.net ;

Strong Faith And Community May Help Amish Cope With Loss (NYT)

By Laurie Goodstein

The New York Times, October 4, 2006

The Amish whose children were executed by a milk deliveryman in their rural Pennsylvania schoolhouse had, until Monday, lived in a world where they were largely insulated from violence and singularly unprepared to respond to it.

But their strong faith and community ties may prepare them unusually well to cope with it, experts on the Amish say.

In their one-room schoolhouses in Lancaster County, the Amish have no need for security officers or metal detectors. Their classmates are their siblings and neighbors, their teacher usually a young woman not much older than the students, who graduate after eighth grade. There are no phones to call for help. There is no electricity, perhaps just a battery-operated clock. A wood-burning stove keeps the room warm.

“Violence in an Amish school is just unthinkable,” said Donald B. Kraybill, senior fellow at the Young Center for Anabaptist and Pietist Studies at Elizabethtown College in Elizabethtown, Pa., who has studied the Amish for 20 years.

“These are really safe schools, in rural settings, out of the way,” Mr. Kraybill said. “These children have never watched television, never seen a movie, never seen a video game. They don’t in their minds have any images of violence, and there wouldn’t be any protocol in the school for what to do in an emergency like this.”

About 28,000 Amish live in Lancaster County, and 200,000 in 27 states nationwide, Mr. Kraybill said. Far from dwindling, the Amish population in the United States has doubled about every 20 years because they tend to have many children. As young adults, they must decide whether to be baptized and stay in the community; 90 percent of them decide to remain, experts say.

The Amish are the descendants of Swiss and German immigrants who came to the United States in the 18th century, many to escape persecution. They are Anabaptists, and believe in adult baptism. They worship in homes rather than churches.

In their rural life, they are used to tragedy, said Tom Shachtman, a journalist who wrote “Rumspringa: To Be or Not to Be Amish” (North Point Press, 2006). Barns burn down. Families riding in horse-drawn buggies are hit by trucks. Farmers are maimed in accidents. Many of the large families who Mr. Shachtman met had lost a child, some to suicide.

They accept these tragedies as the will of God, an approach to life they call yieldedness, Mr. Shachtman said. He said this helped explain why the Amish interviewed after the shooting in Nickel Mines, Pa., sounded more resigned than angry. They are pacifists, and some spoke of the need to forgive the killer.

In one sign of their approach to tragedy, Amish residents started a charity fund yesterday not only to help the victims’ families but also to help the gunman’s widow.

“This is imitation of Christ at its most naked,” Mr. Shachtman said. “If anybody is going to turn the other cheek in our society, it’s going to be the Amish.”

He continued, “I don’t want to denigrate anybody else who says they’re imitating Christ, but the Amish walk the walk as much as they talk the talk.”

The Amish surmount hardship through mutual aid. When a barn burns, they do not call the insurance company. They have a barn raising, said Kimberly D. Schmidt, associate professor of history at Eastern Mennonite University, in Harrisonburg, Va., who has studied Amish women.

“For the families who lost children, there will be a tremendous community outpouring of love and support,” Ms. Schmidt said. “They will not suffer alone in their grief at all. People will bring in meals for weeks. As devastating as this is, there’s so much strength they can draw from their community.”

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Attacks Show 'threats … Can Come From Anywhere' (USAT)

By Kevin Johnson And Greg Toppo

USA Today, October 4, 2006

Monday's fatal shootings at an Amish school in Pennsylvania and last week's attack in Bailey, Colo., that left one girl dead underscore how schools across the nation, long considered among the safest places in their communities, also can be the most vulnerable.

Statistics consistently show that children are far safer on school grounds than nearly anywhere else. However, safety consultants say the recent attacks — both by men who apparently were intent on molesting girls — are vivid reminders of the challenges schools and police face in protecting campuses from the outside world.

"It's not school violence — it's community violence that takes place in schools," says Stephen Sroka, a school safety consultant who teaches at Case Western Reserve University in Cleveland.

Seven years ago, the massacre at Columbine High School in Colorado — which left 14 students dead, including the two assailants — launched a new era in school security.

Shocked by how easily Columbine students Eric Harris and Dylan Klebold had been able to walk into the school heavily armed and gun down classmates, schools and police agencies across the country made metal detectors and cameras standard equipment at many schools.

Since then, several school shootings by disgruntled or disturbed teenagers have heightened awareness among teachers, students, counselors and parents to be on the lookout for troubled students. Now, the shootings in Bailey and in Nickel Mines, Pa., by adults from the surrounding communities have again changed the paradigm of school security.

"What these attacks represent is that threats to school safety can come from anywhere — from inside and outside the schools," says Kenneth Trump, president of a national school security consulting firm that tracks school-related attacks.

The attack at the one-room schoolhouse in Nickel Mines prompted President Bush to call for a meeting next week to address school safety across the USA. Bush said Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will lead the conference Tuesday.

Mary Ellen O'Toole, a supervisory special agent at the FBI's behavioral analysis unit in Quantico, Va., says that in discussing school safety it is important to distinguish school shooters with ties to a campus from adults "who use schools as a crime scene."

"There may not be a single thing that can be done to prevent a mission-oriented person from committing an act of violence," O'Toole says, referring to the emerging profile of Charles Carl Roberts IV, the Pennsylvania gunman.

Jefferson County, Colo., which includes Columbine High, could be among the most advanced U.S. jurisdictions in preparing for school violence. After the massacre, the Jefferson County Sheriff's Department boosted its training to include a new strategy for officers when confronted with "active shooters," or situations in which people appear to be in imminent danger, department spokeswoman Jacki Kelley says.

In the Nickel Mines incident Monday, officers rushed the schoolhouse after hearing gunfire. Last week in Bailey, authorities initially tried to negotiate with the gunman, Duane Morrison. Park County Sheriff Fred Wegener later told reporters that threats from Morrison and reports from freed hostages that the gunman was molesting young female captives left authorities with little choice but to raid the second-floor classroom where he was holed up.

When officers forced their way into the classroom, Morrison opened fire, fatally shooting one of the two remaining hostages and then killing himself.

Kelley said the case — including the law enforcement officers' response — remains under investigation. The SWAT unit will "never consider this event an absolute success because a life was lost," Kelley says.

In Riverton, Kan., authorities said in April that they foiled a plot for a Columbine-style attack on Riverton High. Cherokee County Sheriff Steve Norman says the episode jolted the rural community into action.

The sheriff's department set up an office near the school. Deputies began patrolling the 500-student campus during the school day and at after-school activities. Still pending are plans to install metal detectors at Riverton and other schools.

The recent shootings mean authorities likely will "go back to the drawing board" and make sure their school security plan protects students from a possible attack by an adult from off campus, Norman says. "A whole new demographic has been introduced here. We're going to have to deal with that. It's a sad state of affairs."

On CBS, Columbine Dad Blames Violence On Secularism (WP)

By Howard Kurtz, Washington Post Staff Writer

The Washington Post, October 4, 2006

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The emotions surrounding the murder of five girls at an Amish school in Pennsylvania were still raw Monday when the "CBS Evening News" put on a commentator who blamed such violence on abortion and "expelling God from the school."

Brian Rohrbough, who lost his son in the 1999 Columbine school massacre in Colorado, made the remarks on the "Free Speech" segment, which for the past month has provided a 90-second platform for pundits, politicians and ordinary people to sound off.

The decision to approach Rohrbough and air his views prompted a storm of criticism, some of it within the ranks of CBS News. Anchor Katie Couric responded on her network blog, saying: "We knew when we decided to put on this segment that a lot of people would disagree with it. We also knew some might even find it repugnant.

"But that is the very essence of what we're try to do with the 'Free Speech' segment. This is a platform for our viewers to hear from a wide range of people -- those who may share your views, and those who don't."

Rohrbough, who addressed the Colorado Right to Life march in January, has blamed the Columbine attack on abortion in a number of local interviews. He filed a lawsuit alleging that a Denver police officer shot his 15-year-old son in the confusion of the Columbine attack. Rohrbough apologized to the officer in a Rocky Mountain News interview after an independent investigation concluded the officer had not yet arrived at the school when Rohrbough's son was shot.

Rohrbough also sued the school district over its refusal to allow him to include religious references in two four-inch tiles that are part of a Columbine memorial.

In his CBS commentary, Rohrbough said: "This country is in a moral free fall. For over two generations, the public school system has taught in a moral vacuum, expelling God from the school and from the government, replacing him with evolution, where the strong kill the weak, without moral consequences and life has no inherent value. We teach there are no absolutes, no right or wrong. And I assure you the murder of innocent children is always wrong, including by abortion. Abortion has diminished the value of children."

Rome Hartman, the newscast's executive director, said he was "surprised" by Rohrbough's remarks and "of course I knew that his remarks would be controversial, perhaps even offensive to some. I also knew that some people in our audience would agree with him. I also thought to myself, 'This is "Free Speech." We don't tell people what to say or what to think.' . . . I decided to run the segment."

Some online critics denounced CBS. A blogger at Dymaxion World wrote: "Grief makes people do, and say, stupid . . . things. But CBS is not grieving for anyone. What made them put this man on national television?"

Many detractors wrote to CBS's Web site. One called Rohrbough's remarks "the biggest load of hogwash I have ever witnessed. How could you use an unspeakable tragedy to give a rightwing flat earth nut job a podium?"

But a mother of three wrote to praise CBS's "courage," saying: "I'm sure that you will receive many e-mails denouncing your segment, but I appreciate hearing a 'conservative' view in what can be a very liberal media."

When Evil Disrupts Tradition (LAT)

The Los Angeles Times, October 4, 2006

School shooting challenges Amish way of life in a familiar way.

IF ANYTHING IS MORE UNIMAGINABLE than the execution-style killings of five Amish girls in their one-room schoolhouse, it is the Amish community's reaction to the tragedy. Mourning without anger. Lack of interest in the news media — and a lack of resentment of them too. And an unwillingness, at least so far, to allow this brush with one of modern society's worst horrors to force it into defensiveness.

Charles Carl Roberts IV held no special animosity toward the Amish, investigators say. They believe that he attacked the Amish school simply because it was a vulnerable target — small, secluded, unguarded and, in accordance with the practice of most Amish, without phones.

Those few Amish who would talk to the media refused to vent anger toward Roberts or whatever demons propelled him to violence. The Amish generally said they could not see giving up their small country schoolhouses, or placing guards or other security in the buildings, even if that made them vulnerable. It would mean giving up their peaceful, pastoral way of life, with its insistence on keeping intrusions at bay.

And yet the most horrific of modern intrusions came. Monday's shootings show that even the Amish, for all their insular unworldliness, face the same 21st century predicament as the rest of us: How much to retain the old ways — the cherished, unfettered rituals of daily life — and how much to adapt to new realities and adopt new habits? Americans consider this dilemma every time they board an airplane, check out a library book or use a cellphone. To the Amish, many of whom eschew even electricity, these issues are utterly foreign. Most do not even drive, much less fly. Many of us dream about how wonderful it would be to live a simpler life, free from the tyranny of our BlackBerrys. The Amish live that life.

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Yet even before Monday's tragedy, it was clear that the Amish, too, must balance the pressures (and benefits) of modernity against the comforts (and drawbacks) of tradition. Many Amish have set up shared phone booths outside their homes in case of emergency. On Tuesday, there was talk that although Amish schools were unlikely to employ guards or locks, there might be cellphones on hand, just in case. We all make our concessions — to modernity or to tradition — when we must.

FBI Planning To Widen Its Investigation (SCRIPPS)

By THOMAS HARGROVE And AMIE PARNES

Scripps Howard, October 4, 2006

WASHINGTON — FBI agents plan to "authenticate" the widely distributed sexually explicit Internet transcripts between U.S. Rep. Mark Foley and former congressional pages, a Department of Justice official said Tuesday.

In addition, agents will interview the teenagers.

Advertisement

Justice officials said they also are considering whether federal or state laws apply in the case, the source said.

It was the first confirmation that federal authorities will conduct an extensive investigation into Foley's actions.

On Monday, federal officials said they were conducting a preliminary legal assessment into the matter. But authorities were much more certain that a significant investigation will take place following the disclosure of yet more sexually explicit transcripts Tuesday.

"We don't know quite what we are dealing with here," the official said. "We don't know if those are the only e-mails. If there are other e-mails, are those e-mails authentic? We are trying to get all the facts and be clear what we are dealing with."

Foley, who served in the U.S. House for 12 years, resigned Friday after reports surfaced that he exchanged sexually explicit online messages with a congressional page who was still in high school.

The justice source, who requested anonymity because of the sensitivity of the investigation, said officials will first try to determine if the online messages are real.

"The first thing they are trying to do — there is a lot of information in the public domain — is they have to determine the validity and authenticity of this," the source said.

The investigation comes as new reports surfaced that claimed Foley had Internet sex with a high school student in between House votes.

Gonzales: FBI Delving Into Foley's 'deeply Disturbing' E-mails (AP)

AP, October 4, 2006

NEW ORLEANS U-S Attorney General Alberto Gonzales says the F-B-I is gathering facts to decide whether any laws were broken in connection with a former Florida congressman's sexually explicit e-mails to a former congressional page.Gonzales commented after giving the opening address at a three-day national conference of federal, state and local law enforcement and social service agencies on ways to combat human trafficking and to rescue its victims.Gonzales said he notified the F-B-I after reading deeply disturbing news accounts of the e-mail activities of former U-S Representative Mark Foley a Florida Republican, who resigned in the wake of the scandal.Gonzales, who said the Bush administration lists protection of children as one of its highest priorities, declined to elaborate on how far the e-mail investigation might go.

Foley Lawyer Cites Alcohol, Childhood Abuse (WP)

By Charles Babington And Dan Balz

The Washington Post, October 4, 2006

Disgraced former lawmaker Mark Foley's behavior was affected by alcoholism and childhood molestation but he "never attempted to have sexual contact with a minor," his attorney said yesterday in the first extensive defense of the Florida Republican's actions, which have rocked Congress and the GOP.

The comments came as embattled House Speaker J. Dennis Hastert (R-Ill.) turned to conservative radio hosts to defend his handling of the Foley matter, and rank-and-file House Republicans took a wait-and-see approach on their leader's fate. President Bush praised Hastert, but the House's second-ranking Republican challenged the speaker's account of how the scandal unfolded.

Lawyer David Roth told reporters in Florida that Foley was intoxicated when he sent lewd electronic messages to former House pages but was always sober when conducting official business during his 12 years in Congress. Roth said he could not explain new reports of an exchange in which Foley appeared to be having Internet sex with a youth while participating in a House roll-call vote.

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Roth also said that Foley is gay, and that when Foley was 13 to 15 years old he was abused by a clergyman. Foley, who is single and Roman Catholic, will fully cooperate with law enforcement officers and will preserve all records, e-mails and other items they might want to review, Roth said. "Nothing will be altered," he said.

Foley, 52, abruptly resigned his seat Friday and checked into an alcohol-treatment facility in Florida.

While Roth was speaking to reporters, federal agents were interviewing former House pages and trying to determine whether Foley crossed state lines to have sex with minors or enticed minors to travel across state lines for a sexual encounter, law enforcement officials said. The widening investigation comes amid reports of electronic messages in which Foley appeared to refer to past or future meetings with former pages, in Washington and other cities.

The investigation is being run by the FBI's Washington Field Office, with close supervision from the Cyber Division and other senior officials at FBI headquarters, said an official speaking on background. Other FBI field offices -- including the one in Miami that covers Foley's home district -- are involved in chasing specific leads and conducting local interviews, the official said.

While federal authorities began their investigation, the debate over the GOP's handling of the Foley matter raged on. The Washington Times's conservative editorial page called on Hastert to resign the speakership. It joined other critics in saying that Hastert and a few lieutenants tried to smother a 2005 complaint about Foley instead of opening inquiries that might have uncovered raunchier exchanges in 2003 with teenagers who had spent a semester on Capitol Hill.

Hastert turned to half a dozen friendly talk-radio hosts to repeat his argument that the early warnings did not justify punishing Foley or launching an internal investigation of his conduct. They involved e-mails in 2005 from Foley asking a Louisiana boy for his birthday wishes and a photograph, which alarmed the youth and his parents. Moreover, Hastert told Rush Limbaugh, "We did not know what the text of that message was because the parents held it and they didn't want it revealed."

Few Republican House members -- who control Hastert's fate -- made comments for or against the speaker. Majority Leader John A. Boehner (Ohio) told a Cincinnati radio station that he spoke to Hastert this spring of the early concerns about Foley, one of two such reported conversations that Hastert says he does not recall. "My position is it's in his corner, it's his responsibility," Boehner said.

Later, Boehner issued a letter saying that Hastert should not resign. Reps. Henry A. Hyde (R-Ill.) and John Shadegg (R-Ariz.) also wrote letters supporting Hastert, but they were not co-signed by colleagues, as such letters often are.

Bush, in his first comments about the scandal, condemned Foley's behavior and praised Hastert but refused to take questions about whether he agrees with conservatives who have called on the speaker to resign his post. "I was disgusted by the revelations and disappointed that he [Foley] would violate the trust of the citizens who placed him in office," Bush said at an elementary school during a campaign swing in California.

The president, endorsing the investigations by the FBI and Congress, called Hastert "a father, teacher, coach who cares about the children of this country," who wants "all the facts to come out" while protecting the young people in the page program.

Republican National Committee Chairman Ken Mehlman offered an endorsement and rejected calls for Hastert to resign. "I support the speaker," he said in a telephone interview from California. "He's a good man. He's taken a very serious situation incredibly seriously and I think we need to figure out everything about this, including whether prosecution is warranted."

Republican strategists, worried about how the scandal will affect GOP candidates in the Nov. 7 midterm elections, said they hope Bush's public comments will help quell anger among conservatives about how the leadership has handled the matter.

"A loss has already taken place, and I don't think you can get that back," said one strategist, who asked not to be identified in order to speak candidly about the party's problems. "It's damage control and picking up the pieces from here. The president doing this today can be helpful."

A source close to Hastert said he thinks the speaker and the party at large are pulling past the worst of the damage. "The speaker is hearing from [GOP] members that we're all in this together," said the source, who would discuss the conversations only on background.

ABC News, which first reported the graphic instant messages, posted a new electronic exchange yesterday in which Foley allegedly had simulated sex with a former page during a 15-minute House vote in 2003.

Debates raged on the Web and elsewhere over the degree to which closeted and open gays in Washington knew of Foley's interest in teenage boys, and whether such knowledge extended to wider circles. Former Capitol Police chief Terrance W. Gainer said: "During my four years [as chief], I was totally unaware of any such allegation. And had I been, I would have opened a case."

One congressional source, meanwhile, said the FBI inquiry could put legislators in an awkward position if tips prompt agents to seek computer records or other items from lawmakers' offices. Five months ago, many House members protested an FBI raid on the office of Rep. William J. Jefferson (D-La.) as part of a public corruption investigation.

In his late-afternoon news conference, Roth said Foley "does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails and IMs," or instant messages. "He continues to offer no excuse whatsoever for his conduct."

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He said Foley "kept his shame to himself for almost 40 years. Specifically, Mark has asked that you be told that between the ages of 13 and 15 he was molested by a clergyman." Roth declined to name the clergyman's religion.

A coalition of conservative, pro-family groups issued a statement expressing concern that House leaders had not moved aggressively when first informed about the e-mail between Foley and the Louisiana youth.

The groups' leaders said they are concerned that the "integrity of the conservative majority has given way to political correctness, trading the virtues of decency and respect for that of tolerance and diversity." The statement stopped short of joining in the calls for Hastert to step aside and did not mention anyone from either party by name.

FBI's Foley Case Eyes Legal 'Gray Area' (NSDY/AP)

By Matt Apuzzo, Associated Press Writer

Long Island Newsday, October 4, 2006

WASHINGTON -- Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

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Foley Tells Of Being Abused (SPTIMES)

By Anita Kumar

St. Petersburg Times, October 3, 2006

WASHINGTON — Former U.S. Rep. Mark Foley announced Tuesday that he was abused by a clergyman as a teenager, but he said he accepts responsibility for sending sexually explicit correspondence to boys.

His attorney, David Roth, also acknowledged at a news conference on Foley's behalf that the former congressman is gay, a widely held belief in Washington but a topic that Foley previously had declined to discuss.

"Mark Foley wants you to know he is a gay man," said Roth, speaking from West Palm Beach.

Roth said the disclosures were part of Foley's recovery for alcoholism and behavioral problems.

Foley was molested between ages 13 and 15 by a clergyman, Roth said. He would not identify the clergyman or the church. Foley is Roman Catholic.

Foley, 52, entered an in-patient rehabilitation facility at an undisclosed location about midnight Sunday. It came two days after he abruptly resigned following the public disclosure of e-mails and instant messages between him and former congressional pages that went back at least three years.

New Internet exchanges released Tuesday by ABC News indicate that Foley, using the screen name Maf54, may have met with teenage boys.

In one message, Foley appears to leave the House floor during votes to engage in Internet sex with a high school student.

The exchange, in which Foley and the former page appear to describe having sexual orgasms, occurred on the night in 2003 that the House voted to provide more money for the war in Iraq.

Roth repeatedly said Tuesday that Foley never had inappropriate sexual contact with a minor and that he was under the influence of alcohol when he sent many of the messages. He said Foley drank at night, alone, but never at the Capitol.

The FBI and the Florida Department of Law Enforcement said this weekend they are investigating the correspondence. Both agencies are using agents from their cyber child protection units.

FDLE Commissioner Gerald Bailey said the FBI has begun the process of seizing computers from Foley's homes and offices. He referred other questions to the FBI.

The FBI and U.S. Department of Justice did not return calls.

While in California on Tuesday, President Bush made his first remarks about the Foley scandal.

"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush said. "I was disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office.''

The scandal comes just weeks before midterm elections in which some observers have said Democrats have their best chance in a dozen years to take control of the House.

It has left House Republican leaders fending off allegations that they knew about Foley's behavior for months but failed to adequately respond to it.

On Tuesday, the Democratic National Committee focused on Foley's former chief of staff, who now works for Rep. Tom Reynolds, leader of a group that helps Republicans get elected to the House.

Reynolds was one of several House leaders who knew of some "overly friendly" e-mails between Foley and one boy months ago.

The DNC said Reynolds "failed to ask the tough questions, choosing instead to cover up the facts."

Kirk Fordham, Reynolds chief of staff, said he never spoke to Reynolds about Foley's contacts with pages before the details of the e-mails became public last Thursday.

Fordham said that he provided advice to Foley last week and that when he learned the graphic sexual content of some of the instant messages, he confronted Foley.

"I said: 'Are these authentic?' and he said 'probably,' and he confirmed that they were likely his instant messages," Fordham said.

Fordham said the immediate reaction of his current boss, Reynolds, was to urge Foley to leave Congress.

"He told me (Foley) needed to resign," said Fordham, adding that the National Republican Congressional Committee wrote the first draft of Foley's resignation letter before it was rewritten on Foley's official letterhead.

Foley Was Molested As Child, Lawyer Says (USAT)

By Alan Gomez And Brad Heath

USA Today, October 4, 2006

DOJ_NMG_0074780

The lawyer for former Florida congressman Mark Foley said Tuesday that Foley had been molested as a child by a clergyman and did not have inappropriate sexual contact with congressional pages.

Lawyer David Roth said Foley, a Republican who represented parts of Palm Beach County in Congress for nearly 12 years, was under the influence of alcohol when he sent overtly sexual messages to teenage male pages. He also divulged that Foley is gay and said the disclosure was part of his client's "recovery."

Foley "does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails" and instant messages, Roth said. "He continues to offer no excuse whatsoever for his conduct."

Foley resigned Friday after his e-mails and messages were made public. He is now in an alcohol rehabilitation program.

Roth insisted Foley had no physical sexual contact with a page: "Any suggestion that Mark Foley is a pedophile is false."

Roth would not identify the clergyman. He said only that Foley, a Roman Catholic, had been molested when he was 13 to 15 years old, a time in which he was living in Palm Beach County.

Mary Ross Agosta, a spokeswoman for the Catholic Archdiocese of Miami, said Foley never filed a report of abuse, but she encouraged him to do so.

Roth's news conference came as ABC News released more lurid instant messages it said were between Foley and a page. ABC said Foley sent salacious messages while in the House voting on a supplemental defense budget in 2003. None of the messages have been independently authenticated.

In an interview with USA TODAY, a former page said he was always surprised that Foley would pay so much attention to the pages, especially the males. Tim Ford, a freshman at Stanford University who worked as a page in 2004-05, said Foley would routinely pat them on the back or place his hand on their legs. "I would always give him the benefit of the doubt because you just like it when a member of Congress notices your work," Ford said.

Meanwhile, Foley's former chief of staff said that he asked ABC News to edit out of its reports Foley's most sexually explicit messages.

Kirk Fordham told reporters he was trying to spare Foley's sister, Donna, and his ailing parents from the "lurid" details. He called "absurd" assertions that he was trying to cover up the incident.

"Perhaps a bit naively, I was thinking of Mark's family, primarily his parents," said Fordham, who is now chief of staff for Rep. Thomas Reynolds of New York, who is chairman of the House GOP campaign committee. "It was never, ever my intention to suppress this information."

Fordham said Foley was with him when he heard details of the messages.

"I hung up the phone and I turned to (Foley) and I asked him, 'Are these authentic?' And he said, 'Probably.' "

Fordham said he then went to his boss, who said Foley must resign. Fordham then went to Foley's home with a resignation letter, which Foley signed.

Foley Says He Was Abused By A Clergyman (AP-Y)

By Brian Skoloff

AP, October 3, 2006

Disgraced former Rep. Mark Foley said through his lawyer Tuesday that he was sexually abused by a clergyman as a teenager, but accepts full responsibility for sending salacious computer messages to teenage male pages.

Attorney David Roth said Foley was molested between ages 13 and 15 by a clergyman. He declined to identify the clergyman or the church, but Foley is Roman Catholic.

He also acknowledged for the first time that the former congressman is gay, saying the disclosure was part of his client's "recovery."

"Mark Foley wants you to know he is a gay man," Roth told reporters in Florida as Republicans struggled to avoid election-year fallout from the congressman's behavior and sudden resignation.

Foley represented parts of Palm Beach County for 12 years until he abruptly resigned Friday after being accused of sending lurid Internet messages to teenage boys who served as pages on Capitol Hill. The FBI and Florida law enforcement officials are investigating whether he violated any laws.

The lawyer said Foley, who is now in treatment for alcohol abuse, never had any inappropriate sexual contact with a minor. He said Foley was under the influence of alcohol when he sent the e-mails and instant messages.

Asked why he didn't disclose this information sooner, Roth said, "Shame, shame."

"As is so often the case with victims of abuse, Mark advises that he kept his shame to himself for almost 40 years," Roth said.

Foley announced in a statement Sunday that he had checked into a facility to be treated for "alcoholism and other behavioral problems."

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Roth said Foley never had any sexual contact with minors.

"There was absolutely no inappropriate sexual contact with any minor ... and any suggestion that Mark Foley is a pedophile is false," he said, adding that Foley never even attempted to have sexual relations with the teens.

Asked whether Foley was suicidal, Roth said, "I am not concerned about that at all."

"I was advised by his doctor that despite obvious pressure and the trauma of what he has gone through as a result of the revelations that he has determined to be completely inappropriate and inexcusable that he is not in danger of hurting himself," Roth said.

Foley Was Sexually Abused As A Youth, His Lawyer Says (NYT)

By Abby Goodnough

The New York Times, October 4, 2006

WEST PALM BEACH, Fla., Oct. 3 — In another day of revelations about former Representative Mark Foley, his lawyer said Tuesday that as a teenager, Mr. Foley had been molested by a clergyman and had "kept the shame to himself" until now. The lawyer also issued the congressman's first public acknowledgment that he is gay.

The lawyer, David Roth, who said Mr. Foley had enlisted him immediately after resigning from the House of Representatives on Friday, told reporters, "Mark Foley wants you to know that he is a gay man."

The announcement came hours after ABC News released a new series of inappropriate messages that Mr. Foley is said to have sent to a teenager while waiting to cast a House vote in April 2003. The youth was a Congressional page, ABC News said on its Web site, but it was not clear if he had left Washington at the time Mr. Foley sent the messages.

Mr. Foley, 52, had been expected to win a seventh term in Congress easily until accusations surfaced last week that he had sent sexually graphic e-mail messages to young Congressional pages. His sudden fall has thrown Congress into turmoil just a month before Election Day, and several of Mr. Foley's associates said Tuesday evening that his claim of childhood sexual abuse did not help matters.

"It doesn't change anything," said Sid Dinerstein, chairman of the Palm Beach County Republican Party. "In a way it makes it worse. A person who knows they have a problem and spends all those years covering it up, who leads a double life and allows themselves to be a leader of a community when their life is completely hypocritical, is worse."

Mr. Roth, who said he had known Mr. Foley for 35 years, called a news conference on Monday to announce that his client had checked into a treatment center for alcohol and mental health problems. On Tuesday, he said Mr. Foley had decided to disclose his abuse by a clergyman he would not identify as part of his recovery.

"Based upon the experts that I've spoken to," Mr. Roth said, "the combination of alcohol, mental illness can result in inappropriate conduct, which Mark Foley has fully accepted responsibility for."

In Tallahassee, Commissioner Gerald M. Bailey of the Florida Department of Law Enforcement said his agency was working with the F.B.I. to investigate whether Mr. Foley had engaged in criminal behavior and was "trying to determine, as we speak, what the Florida nexus is."

Mr. Roth said that he had not heard from any law enforcement agency and that Mr. Foley had not been asked to turn over any computers or electronic files.

"Mark has absolutely agreed on his own and with our counsel not to do anything with any computer," he said. "Not to delete any messages."

He also repeated what he said Monday: that Mr. Foley had never had sexual contact with minors.

"Any suggestion that Mark Foley is a pedophile is false," Mr. Roth said. "Categorically false."

Battered with questions about the messages released Tuesday by ABC News, Mr. Roth said he had not seen them and could not comment without consulting with his client.

He said Mr. Foley, who was raised a Roman Catholic and attended Catholic schools in Lake Worth, had wanted to identify the person he said had molested him from ages 13 to 15. But his civil lawyers had advised him not to do so until he had completed treatment, Mr. Roth said. He even refused to identify the man's religious affiliation.

"I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi," he said.

"Mark does not blame the trauma he sustained as a young adolescent for his totally inappropriate e-mails," Mr. Roth said. He added, "He continues to offer no excuse whatsoever for his conduct."

Gov. Jeb Bush and other Republican leaders here continued rallying around the substitute candidate for Mr. Foley's seat, State Representative Joe Negron of Stuart.

Governor Bush said he would campaign with Mr. Negron to help surmount the challenge of Mr. Foley's name remaining on the ballot in the sprawling 16th District.

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With their party under attack because of the scandal, Governor Bush and other Republicans suggested that Democrats were hypocrites for taking them to task. In particular, Democratic leaders have attacked Representative J. Dennis Hastert of Illinois, the House speaker, who is said to have learned about some communications between Mr. Foley and a 16-year-old page months ago.

Mr. Dinerstein said he and other Republicans intended to trumpet the story of Mel Reynolds, the former Democratic congressman from Chicago who was imprisoned for corruption and for having sex with an under-age campaign worker. Former President Bill Clinton pardoned Mr. Reynolds before he left office.

"If the Democrats want to fight on the issue of who's protecting the public and the children and all that," Mr. Dinerstein said, "God bless them, because two weeks from now Mel Reynolds will be a household name."

Attorney: Foley Was Molested As Teen By Clergyman (PALMBEACHP)

Palm Beach Post (FL), October 4, 2006

WEST PALM BEACH — Former Congressman Mark Foley was molested by a clergyman from the time he was 13 until he was 15, his attorney said today.

Foley, who resigned from Congress Friday after he was confronted with inappropriate e-mails that he exchanged with a 16-year-old former page, also directed lawyer David Roth to announce publicly for the first time that he is gay.

"Finally Mark Foley wants you to know that he is a gay man," Roth said in the 6 p.m. press conference at Centennial Park in West Palm Beach.

Roth said Foley, who is in treatment for alcoholism, directed him to make the statements as part of Foley's recovery.

"This was a life decision, not a tactical one made by others."

Roth said Foley wanted to announce the name of the individual and the denomination of the church, but upon counseling decided to wait until after his treatment to release those details.

Foley is Catholic and was an altar boy at Sacred Heart Church in Lake Worth.

Foley's alleged childhood sexual abuse could have contributed to his own abusive behavior, according to a psychiatrist.

"There's no question that being sexually abused as a child increases the risk of being a perpetrator," says Dr. Jon Shaw, director of child and adolescent psychiatry at the University of Miami.

"Sometimes the sexual victimization, while a horrifying experience, can often lead to sexual arousal at the same time. It's very confusing to the child. They later can identify with the aggressor, and do unto a child what was done unto them. They may pick a child roughly the same age they were when they were victimized. They become both the perpetrator and the victim."

Shaw said he didn't think that being abused by an authority figure, like a priest or a teacher, increases the tendency to be sexually abusive as an adult.

"A child gets victimized, experiences arousal along with pain, powerlessness, there may become an imbedded deviant pathway for sexual gratification and a readiness to repeat the pattern."

Not every child who is abused becomes an abuser, and only a small percentage actually do, he said.

There are no good studies on cause and effect.

"We don't quite know why, how a child goes from victim to victimizer, but clearly in many instances there is a connection."

Roth's announcement came hours after ABC News reported that it obtained new instant messages between Foley and unnamed teenager while Foley waited to cast his vote in April 2003 on HR 1559, Emergency War Time supplemental appropriations.

ABC is reporting that it has received "52 separate instant message exchanges which former pages say were sent by Foley, using the screen name Maf54, to two different boys under the age of 18."

While waiting to vote at 7 p.m. Foley, according to ABC , engaged "in Internet sex with a high school student who had served as a congressional page."

ABC did not provide the more lurid aspects of the exchange. It simply said. "Foley and the teen both appear to describe having sexual orgasms."

Then the exchange continues:

Maf54: ok..i better go vote. . .did you know you would have this effect on me

Teen: lol I guessed

Teen: ya go vote -- I don't want to keep you from doing our job

Maf54: can I have a good kiss goodnight

Teen: :-*

Teen: (kiss)

Later, Foley invite the teen to come to Foley's Washington home where they can drink in private.

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Teen: shhh...
Maf54: ok
Teen: that's not what my ID says
Teen: lol
Maf54: ok
Teen: I probably shouldn't be telling you that huh
Maf54: we may need to drink at my house so we don't get busted.

Foley Acquaintances Question Alcoholism (AP-Y)

By Brian Skoloff
AP, October 3, 2006

When disgraced former Rep. Mark Foley announced he was entering rehab for treatment of alcoholism and "other behavioral problems," some of those who have known him for years were shocked and suspicious.

Some friends and acquaintances said they rarely saw him drink.

A former colleague, Rep. Peter King, R-N.Y., said on Fox News Channel: "I don't buy this at all. I think this is a phony defense. The fact is, I think he's responsible for what he did here and I think it's a gimmick."

Foley abruptly resigned from Congress after being accused of sending lurid Internet messages to teenage boys who served as pages on Capitol Hill. The FBI and Florida law enforcement officials are investigating whether the Florida Republican violated any laws.

"Mark acknowledges that he is an alcoholic and as many alcoholics does not publicly display his consumption," Foley's attorney and longtime friend David Roth said.

Some longtime acquaintances said they cannot reconcile Foley's public and private lives, including the lurid communications and the claimed drinking problem.

"I have never seen Mark inebriated in public," said Robin Bernstein, who has known Foley for 25 years. "I mean, he was a social drinker like most of us at cocktail parties with a glass of wine, but Mark was always ... the consummate gentleman."

"The best thing he can do now is get help for the problem he hid from many of us. The man I knew was certainly an honorable man," Bernstein said.

Longtime friend and Palm Beach socialite Petra Levin said she knew Foley had a drinking problem. "You know, a lot of people who have drinking problems, you mainly do not see them in public, and that's why it becomes a problem," she said.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, said many alcoholics hide their drinking, especially when they are in positions of power.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

It is certainly not new for public figures to blame alcoholism or addiction for misdeeds. Mel Gibson blamed alcohol for his anti-Semitic tirade during a drunken driving arrest in California.

Rep. Patrick Kennedy, D-R.I., checked himself into the Mayo Clinic for addiction to prescription pain drugs after a nighttime car crash near the Capitol that he claimed not to remember. Rep. Bob Ney, R-Ohio, began treatment for alcohol dependency after admitting he improperly accepted tens of thousands of dollars worth of trips, meals and sports tickets in the Jack Abramoff lobbying scandal.

While Foley's attorney said the congressman never had "inappropriate sexual contact with a minor," that may not matter, said Kendall Coffey, a former U.S. attorney in Florida.

He said Foley could face criminal charges under state or federal laws for "grooming" minors for sexual contact.

"There are going to be experts who look at these e-mails and say those are the unmistakable fingerprints of a predator, but others will call them fantasies. It's a question of intent," the former prosecutor said.

New Foley Instant Messages; Had Internet Sex While Awaiting House Vote (ABC)

By Brian Ross And Maddy Sauer
ABC.com, October 3, 2006

Former Congressman Mark Foley (R-FL) interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page, according to new Internet instant messages provided to ABC News by former pages.

ABC News now has obtained 52 separate instant message exchanges, which former pages say were sent by Foley, using the screen name Maf54, to two different boys under the age of 18.

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This message was dated April 2003, at approximately 7 p.m., according to the message time stamp.
Maf54: I miss you
Teen: ya me too
Maf54: we are still voting
Maf54: you miss me too
The exchange continues in which Foley and the teen both appear to describe having sexual orgasms.
Maf54: ok..i better go vote..did you know you would have this effect on me
Teen: lol I guessed
Teen: ya go vote…I don't want to keep you from doing our job
Maf54: can I have a good kiss goodnight
Teen: :-*
Teen:
The House voted that evening on HR 1559, Emergency War Time supplemental appropriations.
According to another message, Foley also invites the teen and a friend to come to his house near Capitol Hill so they can drink alcohol.
Teen: are you going to be in town over the veterans day weekend
Maf54: I may be now that your coming
Teen: haha good stuff
Teen: umm no one really
Maf54: we will be adjourned ny then
Teen: oh good
Maf54: by
Maf54: then we can have a few drinks
Teen: shhh…
Maf54: ok
Teen: that's not what my ID says
Teen: lol
Maf54: ok
Teen: I probably shouldn't be telling you that huh
Maf54: we may need to drink at my house so we don't get busted

Aide At Center Of The Controversy (LAT)

By Peter Wallsten And Noam N. Levey, Times Staff Writers
The Los Angeles Times, October 4, 2006
Questions arise over whether GOP leaders should have known earlier about the behavior of Kirk Fordham's former boss.
WASHINGTON — As the world collapsed around former Rep. Mark Foley, he looked for advice from a friend who knew him better than anyone else in the Capitol: his longtime chief of staff Kirk Fordham.
The upstate New York native had run Foley's first campaign for Congress in 1994. He remained loyal three years ago as Foley abandoned his ambitions of winning a Senate seat amid reports that he was gay. And Fordham looked out for Foley as the congressman led an active social life around Capitol Hill, trying to make sure his boss' activities did not lead to politically harmful speculation.
But today, Fordham is at the center of questions over whether Republican leaders should have known more about Foley's behavior before the revelation broke last week that Foley was sending sexually explicit messages to teenage boys.
Fordham, 39, is now chief of staff to one of the most powerful Republicans in the House, Rep. Thomas M. Reynolds, who as chairman of the National Republican Congressional Committee is in charge of helping the GOP retain its majority — a goal that has been placed further in jeopardy by the Foley scandal.
Fordham left Foley's office in 2004, but on Friday he joined in a conversation at the congressman's Capitol Hill town house advising Foley to resign.
Fordham counseled his former boss as the story began breaking last week — first with a report of an e-mail in which the congressman had asked a former House page for his picture and then with the more explicit instant messages that followed. He asked an ABC News reporter to not publish the messages, a protective role Fordham had performed for years as he sought to prevent mainstream media reports about his ambitious boss' sexual orientation.

Democrats charge that Fordham's involvement reflected the GOP's desire to minimize the political fallout by, at least initially, keeping the issue quiet.

Reynolds, who is locked in a tight reelection battle for his own upstate New York seat, was forced to address his aide's role on Tuesday, telling reporters that Fordham acted without his knowledge. He said he didn't discuss the Foley matter with Fordham until Friday.

"I didn't give him permission to have any conversations that he's had at any time with Mark Foley, either as his friend or as his former employer," said Reynolds, adding that Fordham was interacting with Foley on his own time.

Reynolds has said that he first alerted House Speaker J. Dennis Hastert last spring to an "overly friendly" e-mail that had been sent by Foley to a teenager. But he did not know about the more explicit instant messages until they were reported last week, he said.

Fordham, who worked on the 2004 campaign of Sen. Mel Martinez (R-Fla.) before working as a private consultant and then joining Reynolds' office, retained a lawyer on Tuesday and said that he intended to cooperate with the FBI's investigation of Foley's behavior.

Speaking on the advice of his lawyer only to the Associated Press and to an upstate New York newspaper, Fordham said Tuesday that he confronted Foley on Friday about the sexually explicit messages.

"I said, 'Are these authentic?' and he said, 'Probably,' and he confirmed that they were likely his instant messages," Fordham told AP.

Fordham said that Reynolds instructed him to tell Foley that he needed to resign.

The NRCC wrote Foley's resignation letter, which was transferred to Foley's stationery and signed by the congressman during a gathering at his house that included Fordham and Foley's sister, who has been his closest friend and political advisor.

"I was still pretty shellshocked myself," Fordham told AP. "This was someone I had worked for for 10 years. I had no inkling that this kind of blatantly reckless — just obscene — behavior was going on behind our backs."

Fordham added that, until last week, he had never spoken with Reynolds about any potential problems involving Foley and that Reynolds did not ask him about the Foley e-mail last spring.

Fordham's lawyer, former federal prosecutor Tim Heaphy, said Tuesday that Fordham would be forthcoming when investigators interviewed him about Foley.

The aide's attempt to ask ABC not to publish or air the instant messages was not an effort to withhold the information from law enforcement, Heaphy said.

"It was never an attempt to obstruct justice," Heaphy said. "It was an attempt to shield his boss from the political storm."

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Times staff writer Deborah Schoch in Los Angeles contributed to this report.

Some Say They Felt Uneasy About Representative's Attention (WP)

By James V. Grimaldi, Juliet Eilperin And Jonathan Weisman

The Washington Post, October 4, 2006

In 1995, male House pages were warned to steer clear of a freshman Republican from Florida, who was already learning the names of the teenagers, dashing off notes, letters and e-mails to them, and asking them to join him for ice cream, according to a former page.

Mark Beck-Heyman, now a graduate student in clinical psychology at George Washington University, and more than a dozen other former House pages said in interviews and via e-mail that Rep. Mark Foley was known to be extraordinarily friendly in a way that made some of them uncomfortable.

Beck-Heyman, who was a Republican page and is now a Democrat, said the attention was "weird," and he provided a handwritten letter that Foley sent him after the page left Washington to return home to California. The note suggested that they get together during the Republican National Convention in San Diego in 1996.

The e-mail exchanges that have become public in recent days are between Foley and male former pages. None of those interviewed said they had received a sexual or suggestive overture from him during their time on Capitol Hill. Yet many of them said they were uneasy about Foley's actions and felt awkward complaining to anyone about them.

"Mark Foley knew that he could get away with this type of behavior with male pages because he was a congressman," said Beck-Heyman, who later worked in the Clinton White House and on Sen. John F. Kerry's presidential campaign. "But many

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people on Capitol Hill," including many Republican staffers, "have known for over 11 years about what was going on and chose to do nothing," he said.

The six-term lawmaker resigned Friday after ABC News questioned him about sexually explicit electronic messages he had sent to a former page.

Yesterday, his attorney said Foley has never had sexual contact with a minor.

Also yesterday, ABC reported that Foley had a sexual conversation via instant message with a former page during a House vote in 2003.

Foley was popular with many of the pages. The teenagers come from all over the nation to serve at the Capitol, taking school classes and living in dormitories.

Their schedules are tightly controlled. They travel with adult chaperones and their computers are monitored. They attend social functions and sometimes spend time alone with House members. So when they do receive extra one-on-one attention, it is a big deal.

The pages did, however, receive a lot of attention from Foley. He attended one of their parties in a tuxedo. He donated to the fundraiser that helps pay for their prom and spoke admiringly about them in floor speeches. He learned their names and asked them about themselves. For many, it was welcome attention.

"He was consistently kind," said Bryce Chitwood, president of the 2002 page class. "He was just a very friendly man and was always willing to befriend a page. It was something we appreciated. You find yourself very low on the totem pole of the congressional power scale. For a congressman to act like he was interested in a person and cared about us was something pretty special and pretty important."

Foley spoke about his attachment to the program occasionally as part of the farewell address lawmakers delivered to House pages each summer. In 2002, he discussed how he was tempted "to put some money" in a card he gave to one page who had sent him a graduation notice.

"Then I realized he would tell all of you, and then I would get hundreds of graduation announcements," Foley said, according to the Congressional Record. "So I chose not to."

Another page had won a lunch with the congressman that year at the annual page auction. When he asked to go to Morton's steakhouse, Foley said on the House floor that the two of them "proceeded to cruise down in my BMW to Morton's. And all of this story is meant to make you all feel jealous that you were not the high bidders."

In a separate floor speech two years later, Foley praised the teenagers for their maturity. "Now, I know you have one more year of high school to conclude and that probably is some degree of relief or maybe, to those you feel like you are probably well equipped to enter your first year of college," he said. "Some of you, I think, in conversing with you, some are actually mature enough to enter college right away."

Rep. Thomas M. Davis III (R-Va.), who served as a Senate page between 1963 and 1967, said Foley's attempts to socialize with pages went beyond the ordinary. Davis and other lawmakers may have taken their own pages to lunch at the Members' Dining Room at the end of the year, Davis said, but anything else was considered inappropriate.

As a page, Davis recalled, "if a member of Congress, a House member or a senator, took the time to talk to you, that was a big deal."

Anna Fry, a former House page who said she had never heard about Foley's advances, said some of her classmates may have been tempted to correspond with the congressman after they left because they were eager to land jobs on Capitol Hill.

"After we graduated, everyone wanted to come back. Everyone was looking for an opportunity to stay in Washington," Fry said. "I can see how a 16-year-old would be vulnerable to that."

Matt Schmitz, a former page whose younger brother also was a page, said: "I certainly warned my little brother, who was a page last year. A few of the members are a little friendlier to the pages."

Beck-Heyman, who contacted The Washington Post and the Los Angeles Times, joined the page program in the summer of 1995. He said a departing page told him to be "very careful" of Foley. Within weeks, Beck-Heyman said, Foley had learned his name and asked at least once to take him to get ice cream. He declined. After one all-night work session, Beck-Heyman's girlfriend -- another page -- offered to bring him breakfast. Foley asked if she was his girlfriend. "It was an odd conversation," Beck-Heyman said.

After he completed the page program, Beck-Heyman wrote thank-you notes to 10 House members. He received a reply from Foley almost immediately, suggesting that the two meet up during the Republican convention in San Diego.

Get Congress Out Of The Page Business (NYT)

By Jonathan Turley

The New York Times, October 4, 2006

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WASHINGTON

MEMBERS of Congress have been falling over themselves this week to assign blame to other people in the aftermath of the resignation of their colleague Mark Foley, the Florida Republican who has acknowledged sending improper e-mail messages to a former House page. The fact is, however, that they are all to blame to different degrees for this latest page scandal.

I served as a House leadership page in 1977 and 1978 under the sponsorship of Sidney Yates, an Illinois Democrat. This was during the dark ages when male pages were simply given a salary and told to find their own housing. (Female pages were housed at the Y.W.C.A.) It goes without saying that pages grew up fast and had to learn self-discipline and survival skills.

During my tenure, I was taken by other pages to the home of a man who lived on Capitol Hill — not a member of Congress — and who would give male pages alcohol and drugs. He was clearly a pedophile. On weekends, he brought boys into the woods to drink, shoot guns and pose for semi-nude pictures for his "collection." I knew enough to leave, but, given the extent of his "collection," some clearly did not.

It later became obvious, however, that some of the greatest dangers lurked inside, not outside, the halls of Congress. In 1983, two members were censured for having had sexual relationships with House pages. Dan Crane of Illinois was defeated after he said he had sex with a 17-year-old female page in 1980. Gerry Studds of Massachusetts refused to apologize for a 1973 relationship with a 17-year-old male page, saying that the page was above the age of consent. Mr. Studds was elected five more times.

Like the rest of society, Congress has always had sexual deviants and sexual predators who cultivated images of themselves as churchgoers with family values. Mr. Foley was a co-chairman of the House Caucus of Missing and Exploited Children and an author of various bills about abuse of children. For a member with dark predilections, the presence of trusting and vulnerable pages can be an irresistible temptation.

There are aspects of the representative-page relationship that can unfortunately provide ample opportunities for sexual predators. Pedophiles often assume fatherly roles, reassuring pages living far from their parents. The subordinate position of pages also fulfills power fantasies for some pedophiles.

What is at risk is something truly unique. Since the 1820's, pages have been an official part of Congress, but there were probably pages even in the first Congress, in the 1790's. For these young men and women, being a page is an experience that will resonate with them for the rest of their lives. (It is therefore particularly galling that, as in 1983, the misconduct of members often leads to calls to abolish the page service — removing the temptations rather than deterring the abuses.)

As a 16-year-old page, I served such iconic figures as Barbara Jordan and heard addresses from leaders like Hubert Humphrey. I still remember the first time I had to hoist the flag on top of the House of Representatives, walking over a narrow plank of rotted wood that was probably 200 years old. I stood on top of the windy Capitol holding that flag and having my own "Titanic" moment: I felt as if there was no limit to this country or its promise. When I sat to catch my breath I noticed a spot near the door where pages had recorded their names for over a century. You could feel a connection that ran for generations, as if pages were part of the Capitol itself.

Pages also serve as reminders to members of Congress of the idealism that first drove them to choose public service. In the hallways of the Capitol they seem like antidotes to the Abramoffs, the Cunninghams and the general stifling cynicism that has taken over government. That is why many of us are so angry with the failure, yet again, to protect our pages.

The 1980's scandals led to some important reforms on housing and schooling (including the creation of a page dormitory). These reforms, however, fell short of the needed changes.

The most glaring problem is that the House Page Board, which supervises the pages, is made up mostly of members of Congress (the Senate Page Board is composed of only two Senate officials, with no members). The representatives on the board have built-in conflicts of interests in moving against members accused of harassment. Political and social alliances complicate the process and many members would prefer to remain in blissful ignorance when rumors arise. Indeed, some (including the House speaker, Dennis Hastert) are accused of having known about Mr. Foley's inappropriate messages months ago but allowing the matter to be addressed only informally and without serious action.

The solution is simple: the alumni of the page program need to protect their own ranks. Some of Washington's most powerful figures in politics, media, business and the law are former pages. They are neither intimidated by members of Congress nor hesitant to drag a member to account. They are protective of pages and have the clout to match their concern.

Congress should create a Congressional Page Board composed of former pages. This board would have the ability to report infractions directly to the respective Ethics Committees for each house, which would be required to investigate and act upon any complaint submitted by the board.

One of the benefits of such a board is that former pages are likely to have a greater connection and rapport with current pages. Indeed, what is unusual about this case is that the page actually came forward — reports suggest that other pages had

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known of Mr. Foley's conduct for years. They were wrong in not coming forward with the information. But that's a difficult thing to do. It might have been easier if the voice on the other end of a telephone line was a former page.

If members are truly outraged, they will help us protect pages from predators in their own ranks. Power and pedophilia are by no means inevitable allies, but it is ridiculous and reckless to ignore their historical relationship. As former pages, we are happy to leave the Foleys, Cranes and Studdses to Congress. But Congress should leave the welfare of the pages to us.

Those IMs Aren't As Private As You Think (WSJ)

By Amol Sharma And Jessica E. Vascellaro

The Wall Street Journal, October 4, 2006

It's already a workplace maxim that employees should be careful what they say in their emails from company computers. But fewer office workers know to apply caution to their use of instant-messaging services.

These immensely popular computer programs, which let users exchange short text messages with online buddies in real time, are no haven for private chatter. Companies and government agencies can monitor and log IM conversations conducted on company-network computers. And though it seems that IM conversations disappear into a cyber-vacuum when a session is over, that isn't always true.

Two scandals currently dominating the headlines highlight the risks. In the past week, instant messaging came back to haunt former Republican congressman Mark Foley of Florida. He resigned abruptly when he was confronted with his emails to a young Capitol Hill page, which showed a member of Congress taking an unusual -- and perhaps disturbingly close -- interest in a subordinate. But the most damning revelations came from his sexually explicit IM sessions with several pages.

Mr. Foley sent emails to pages from an AOL email account with the screen name "Maf54," and he used the same ID for chats on AOL's AIM instant-messaging service, says a person familiar with the matter. The pages were most likely AIM users as well, though it is possible on AIM to write to users of Apple Inc.'s iChat software. It's unclear how those IMs were saved. If they were using AIM, congressional pages could have saved sessions on their computers or copied and pasted them into separate files that could be printed or emailed.

And Hewlett-Packard Co.'s leak-investigation scandal, though it has centered on the use of "pretexting" to obtain phone records of journalists and board directors, also involves IMs. H-P tracked the instant-message communications between a company spokesman and a Wall Street Journal reporter.

Most companies are just beginning to wake up to the popularity of IM in the workplace. While more than a third of employees use instant-messaging services at work, only 31% of organizations have policies in place that specifically restrict the use of IM, according to a survey on workplace monitoring by the American Management Association and the ePolicy Institute. But the issue has caught the attention of leading industries. The National Association of Securities Dealers requires member firms to "supervise" the use of instant messaging the same way they do written and electronic communications and to retain electronic copies of instant messages for at least three years.

The survey found that only 13% of companies have started logging IM records, but the crackdown is starting to take effect: About 2% of employers have fired employees for something they said over IM. By comparison, the study said, 26% of companies have terminated employees for misuse of email.

There are several ways users can save IM sessions. Google Inc.'s Google Talk instant-messaging service automatically saves the chat sessions of users that have signed in with Gmail email accounts. Users of Google Talk can disable the setting or choose to go "off the record" during a particular session if they want to avoid having it saved. Other instant-messaging services, such as AOL's AIM, Yahoo Inc.'s Yahoo Messenger, and Microsoft Corp.'s Windows Live Messenger, don't store conversations on their servers automatically. But they do offer various tools for companies and individuals to log conversations. Users can save an IM session by using a built-in save feature or by copying it into another file.

Some of the instant-messaging services are trying to expand their current offerings to give businesses more tools for tracking their employees. AIM Pro, a new free version of AIM for businesses and individual at-work users, is, by default, set to archive conversations on a local hard drive for 14 days, although the feature can be extended and turned off. A more robust fee-based version, WebEx AIM Pro Business Edition, will store all of a company's IM conversations on servers hosted at WebEx and can block messages that contain certain keywords from being sent at all.

Microsoft's Live Communications server allows companies' information-technology departments to log and search employees' IM conversations, including those conducted on other easily available consumer instant-messaging services like Yahoo and AOL.

On top of that, some companies are also purchasing separate hardware that can trace and block IM conversations companywide or set rules for particular employees. One appliance, offered by San Diego-based Akonix Systems Inc., tracks the traffic that goes through a company's firewall, scans it and logs it for compliance and liability issues at a starting cost of around

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$5,000 plus $20 to $70 per employee. Companies also could read employees' IMs by using key-tracking software and programs that capture what appears on employees' screens at a given moment.

World-wide, the corporate-messaging-software market hit $2.5 billion in 2005 and will climb to $3.3 billion by 2009, according to the Radicati Group Inc., a Palo Alto technology market-research firm.

Gregg Lemley, a labor and employment attorney with Bryan Cave LLP, said instant-messaging sessions are joining email and other company records as an important element in cases dealing with everything from sexual and racial harassment to violations of noncompete agreements. "Most employers now have a firm-wide policy that says what you do on your computer and in your internal emails isn't subject to a privacy right," Mr. Lemley said.

Still, he said, employers would be smart to expand their internal communications policies to make specific reference to instant messaging, explaining what it can and can't be used for, to insulate them from privacy lawsuits.

As for whether the government can subpoena instant-messaging records, as it does with emails, Marc Rotenberg, executive director of the Electronic Privacy Information Center, said the law isn't so clear, because emails are often stored on the servers of Internet service providers, while instant-messaging sessions aren't. "It's a new issue from the legal perspective how privacy rules might apply," he said.

Revelations That Cheney's Ex-Aide Wasn't Original Source Of Leak May Hinder Prosecution (WSJ)

By John D. McKinnon

The Wall Street Journal, October 4, 2006

WASHINGTON -- Special Prosecutor Patrick Fitzgerald has taken a public-relations hit from the news that the White House aide he indicted in the CIA-leak investigation wasn't the original source. In coming months, his court case against Lewis "Scooter" Libby could suffer as well.

With pretrial settlement looking unlikely, Mr. Fitzgerald's prosecution of Vice President Cheney's former chief of staff is heading toward a January court date. But recent revelations may have dealt Mr. Libby's defense team some powerful cards.

They could undercut the prosecutor's allegation of Mr. Libby's motive: That he lied to investigators to conceal a White House effort to leak Central Intelligence Agency operative Valerie Plame's identity. The notion of such a White House campaign is now easier to attack, since it turns out that the initial information came from then-Deputy Secretary of State Richard Armitage, who wasn't viewed as a close White House political ally.

The revelations also could bolster Mr. Libby's claim that he didn't intentionally cover up details of his conversations with reporters, but simply forgot -- an explanation Mr. Armitage gave for why he took so long to reveal one of his conversations on the subject.

At a news conference following Mr. Libby's indictment last October, Mr. Fitzgerald said Mr. Libby was the "first official known to have told a reporter" about Ms. Plame's identity when he discussed it with then-New York Times reporter Judith Miller in late June 2003.

But it has become clear that Mr. Fitzgerald knew early on in his investigation that Mr. Armitage was the original source for Robert Novak -- the journalist who disclosed Ms. Plame's identity in a July 14, 2003, column. Yet for nearly two years, the prosecutor pursued reporters to reveal confidential sources, as the investigation focused more on the coverup than the original alleged crime.

In addition, in late August, Mr. Armitage confirmed that when interviewed in mid-June 2003 by Washington Post reporter and author Bob Woodward, he identified Ms. Plame, who also is known by her married name, Valerie Wilson. That means Mr. Armitage, not Mr. Libby, likely was the first official to tell a reporter. Mr. Armitage says he forgot to inform prosecutors about that conversation until Mr. Libby's indictment late last year.

Still, Mr. Libby's lawyers may face an uphill fight in getting the new revelations before a jury, and in making them seem relevant to the case. Part of the defense team's challenge lies in the narrowness of the case against Mr. Libby. While it started as a leak investigation, the charges against Mr. Libby focus on his alleged false statements to investigators -- not the leaks.

"In some ways it [the Armitage disclosure] undercuts the government's case as a whole," said Dan Richman, a former federal prosecutor and colleague of Mr. Fitzgerald who is now a Fordham University law professor. But, he added, "if the focus of the trial is properly kept on what Libby was doing and what was in Libby's mind, the Armitage disclosures are irrelevant," and therefore inadmissible.

The latest twist in the CIA-leak probe could lead to a further diminution of the independent-prosecutor system that allowed Mr. Fitzgerald, largely unsupervised, to pursue Mr. Libby. In light of the much-criticized investigation, top Justice Department officials should consider "another layer of supervision" to review charges by special prosecutors, said Andrew McCarthy, a former federal prosecutor. Mr. McCarthy calls Mr. Fitzgerald "as good a prosecutor as we've had," but worries that independent prosecutors focus too much on bringing charges.

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Because Congress allowed the old independent-counsel law to lapse, the Justice Department tapped Mr. Fitzgerald, the U.S. attorney for the Chicago area, to take on the case in 2003. Under his direction, a grand jury in Washington indicted Mr. Libby in October 2005. For more than two years, a cloud also hung over Karl Rove, Mr. Bush's chief political adviser, but he ultimately was cleared.

Prosecutors have suggested in court pleadings that Mr. Libby lied to investigators to conceal a White House effort to leak Ms. Plame's identity. At the time, prosecutors say, Mr. Cheney was "upset that his personal credibility had been attacked" by Ms. Plame's husband, former diplomat Joseph Wilson, then an emerging critic of the war in Iraq. The vice president was urging Mr. Libby to "get out 'all' the facts," including spreading the story that a CIA fact-finding trip Mr. Wilson made was in fact a junket arranged by his wife, according to prosecution filings in the case.

After the federal probe began, Mr. Armitage quickly informed federal investigators of his role, but failed to disclose the conversation with Mr. Woodward. Mr. Fitzgerald's erroneous statement at the news conference that Mr. Libby was the first leaker led Mr. Armitage to reveal to prosecutors that he had had the earlier conversation with Mr. Woodward. For nearly three years, Mr. Armitage withheld information about his role from the public, at the request of Mr. Fitzgerald. Mr. Armitage said publicly he was Mr. Novak's original source after publication last month of "Hubris," a book by Michael Isikoff and David Corn about how the administration made its case for the war in Iraq.

So far, neither Mr. Libby nor his defense team has spoken publicly about the news. Lawyers following the case say it is likely that the defense team would try to introduce the Armitage-Woodward conversation at trial by calling Mr. Woodward as a witness. It also is possible they would try to call Mr. Novak, who also spoke with Mr. Armitage about the Wilsons. They could even try to call Mr. Armitage.

U.S. District Judge Reggie Walton's preliminary rulings on discovery requests suggest that he might not allow Mr. Armitage to testify. "The only question the jury will be asked to resolve in this matter will be whether the defendant intentionally lied...about statements he purportedly made to the three news reporters," Judge Walton wrote in a June order that largely rejected a broad defense request for documents, including documents relating to Mr. Armitage. But some lawyers say given the new Armitage revelations, the judge might soften his stand.

Another possible result of the Armitage revelations might be to pave the way for a presidential pardon of Mr. Libby, if he is convicted, some lawyers said. The Bush White House "might easily say that 'we've all learned this is much ado about nothing, so it's easier to pardon him,'" said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, who is representing the Wilsons in a civil case.

Feds Will Seek Death In Abduction Case (AP)

By NICHOLAS K. GERANIOS

AP, October 4, 2006

SPOKANE, Wash. - Federal prosecutors said Tuesday that registered sex offender Joseph Edward Duncan III will face the death penalty for the abduction of two children, a move which may spark new efforts to settle Idaho state charges against the predator.

Jean McNeil, spokeswoman for U.S. Attorney Tom Moss in Boise, Idaho, said prosecutors there have received permission from the Department of Justice in Washington, D.C., to seek capital punishment against Duncan once he is charged in the abduction of Shasta Groene, 8, and the abduction and slaying of Dylan Groene, 9.

"Federal charges and formal notice to seek the death penalty are expected to be filed at a later date," McNeil said.

She declined to say exactly what federal charges Duncan would face, which she acknowledged made Tuesday's announcement unusual.

"There has been so much publicity and so much speculation about what we would do, that we think it is appropriate to make the announcement now," McNeil said.

Duncan, 43, a Tacoma native, already faces the death penalty if he is convicted in an Idaho court on three counts of murder for allegedly using a hammer to kill the children's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005 at the family's home east of Coeur d'Alene, Idaho.

Court documents allege Duncan, who spent most of his adult life in Washington prisons for sexual crimes against children, committed the slayings so he could kidnap the two children for sex.

The federal decision could have implications for the state case as Shasta's father, Steve Groene, would prefer that the case be settled so his daughter would not have to testify against Duncan in court. Steve Groene was recovering from cancer surgery in Seattle on Tuesday and not available for comment.

Duncan's public defender, John Adams, has said he would be open to a plea bargain if the state agreed not to seek the death penalty. Otherwise, he has warned, Shasta Groene may have to face Duncan in court through 20 years of appeals.

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Adams was out of his office Tuesday and not available for comment.

Kootenai County Prosecutor Bill Douglas and the families of some of the murder victims have been adamant that capital punishment remain an option.

Shasta Groene, now 9, is the only survivor of the attack on her family's home, and of the subsequent ordeal in which the children were held for seven weeks and abused at a remote Montana campsite. Court documents indicate she has provided a wealth of details to investigators and her eyewitness testimony is likely to be devastating to Duncan's defense during the trial that begins on Oct. 16 in Coeur d'Alene.

Roger Peven, Duncan's federal public defender, said the decision by the U.S. attorney was not a surprise. Peven traveled to Washington, D.C., in late September to discuss the case with the Justice Department's capital case unit.

Peven said he hoped the federal decision might push Douglas to seek a settlement in the state case.

"What this does offer is not avoidance of a trial, but avoidance of appeals, which can take a decade or two," Peven said of the state case. "If the case is settled in state court, there would be no appeals."

Kootenai County Commissioner Katie Brodie told a newspaper on Monday that settling the state case is likely to save the county at least $1 million in trial costs.

"If we're able to plead it to life without parole and let the federal system do their thing, I think the benefits to Kootenai County are great," Brodie told The Spokesman-Review of Spokane.

Lee McKenzie Wood, mother of victim Mark McKenzie, told the newspaper that she still supports seeking the death penalty in Kootenai County.

"We've got to be sure he's getting the death sentence," she said Monday.

Duncan was arrested July 2, 2005, at a Denny's restaurant in Coeur d'Alene while eating with Shasta. Dylan's remains were later found at the remote campsite near St. Regis, Mont.

Alaska Probe Turns From Oil To Fish (SEATIMES)

By Hal Bernton, Seattle Times staff reporter

The Seattle Times, October 4, 2006

FBI agents investigating Alaska legislators have expanded their interests from oil to fish, looking at the relationship between state Senate President Ben Stevens and the North Pacific seafood industry, which has deep roots in Puget Sound.

In late August, the FBI searched the offices of Stevens and at least five other Alaska legislators and gathered documents relating to Veco, a major oil-field services company that had been heavily involved in lobbying the Legislature on oil-tax policies and other energy issues. FBI agents returned to Stevens' office for a second search Sept. 18.

This time, their take included two letters that Stevens wrote to the federal Commerce Department about the Alaska Fisheries Marketing Board, according to a letter outlining the searches that Stevens provided to the Anchorage Daily News.

Stevens has not disclosed what was in those fisheries letters or any of the other documents taken in the searches.

Stevens chaired the Alaska Fisheries Marketing Board until earlier this year. It was created in 2003 with federal legislation sponsored by his father, U.S. Sen. Ted Stevens.

The board has awarded more than $12 million in federally-funded grants to salmon-processing companies, most of them based in Puget Sound.

Some of those companies who received marketing-board funds — either directly or through related companies or industry groups — also paid the younger Stevens consulting fees. Those payments included more than $250,000 in the years Ben Stevens served on the board, according to disclosure documents filed with the Alaska Public Offices Commission.

During the Sept. 18 search, FBI agents also obtained an affidavit written to the commission by a Friday Harbor salmon fisherman, Victor Smith, who has been a sharp critic of Ben Stevens.

Smith has alleged in fishing-industry articles and affidavits that Ben Stevens took money from a seiners association to lobby his father and did not disclose that income as required by state disclosure reports.

During the visit, the FBI also took "unknown" documents of Ted Stevens' and one document faxed from Ben Stevens to his father, according to Ben Stevens' letter in the Anchorage Daily News.

The FBI investigation has involved agents from around the country who assisted in the searches, said Eric Gonzalez, a FBI spokesman in Alaska.

U.S. Justice Department attorneys based in Washington, D.C., with the Public Integrity Section, which handles political corruption, also have joined the case, along with two U.S. assistant attorneys in the Alaska office, said Bryan Sierra, a Justice Department spokesman.

Both Ben and Ted Stevens on Friday declined to comment on the FBI investigation.

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"We don't believe it's appropriate to comment on factual questions that may be related in any way to a possible investigation of the subject matter," said John Wolfe, a Seattle attorney representing Ben Stevens.

Ted Stevens, in an e-mail to The Seattle Times, said, "I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben."

Ties to fishing industry

Both son and father have long associations with the North Pacific fishing industry, which is the nation's largest and involves many Puget Sound processors and fishermen.

Ted Stevens has spent more than three decades in the U.S. Senate, where he has been influential in shaping fisheries policies and funding.

Ben Stevens is a former Bering Sea crab skipper who was a federal lobbyist in the late 1990s before returning to Alaska to launch a consulting practice that included numerous seafood-industry clients.

In annual state disclosure filings, Ben Stevens wrote that his clients hired him for business services. He has not listed any lobbying fees.

The younger Stevens has served in the state Senate since 2001 but is not running for re-election.

In 2003, when the Alaska salmon industry pleaded for help to face growing competition from commercial fish farmers, both son and father lent a hand.

Ted Stevens crafted federal legislation to form the Alaska Fisheries Marketing Board. The board gives grants, raised from a federal tax on seafood imports, to help companies develop and market their products.

Ben Stevens became the board's first chairman, a volunteer position that he held until earlier this year. As chairman, he helped approve grants that in fiscal years 2004 and 2005 totaled more than $12 million and were awarded to dozens of seafood companies.

Some of the biggest grants went to major Puget Sound-based seafood companies, including Icicle Seafoods, which received more than $1.5 million; Peter Pan Seafoods, which received more than $1.55 million; Trident Seafoods, which received more than $1.3 million, and Yardarm Knot Fisheries, which received more than $227,000. Some of that money was awarded on the basis of how much salmon was processed, and some resulted from grant applications submitted to the board.

These companies also paid Ben Stevens as a consultant either directly, through related companies or through industry groups such as the North Pacific Crab Association.

Officials for all five of the seafood companies and the executive director of the marketing board declined to comment or did not return phone calls.

Ben Stevens disclosed all his payments from the processing companies on disclosure forms filed with the Alaska Public Offices Commission. But he did not disclose his chairmanship of the fisheries board to that commission, as required by state law, until after a complaint was filed, according to the commission staff.

Ben Stevens has not reported receiving any income for consulting or lobbying work on behalf of the Southeast Alaska Seiners Association, a group that in 2004 sought help from Ted Stevens for legislation that would finance a buyout of some of the fleet. The legislation was approved by Congress, but the buyout has yet to occur.

Smith, the Friday Harbor salmon fisherman, said in an affidavit filed with the state commission that a contract paying Ben Stevens $5,000 a month to consult and lobby on behalf of that bill was openly discussed at a 2004 fishermen's meeting in Lynnwood. Others have said the money was paid to a partnership that included Ben Stevens.

The Alaska commission staff is now investigating whether he received money and should have reported it on state disclosure forms.

Seattle Times reporter Steve Miletich and researcher David Turim contributed to this report.

Former Court Clerk Gets Probation For Leak In Newton Case (NSDY)

Long Island Newsday, October 4, 2006

HARTFORD, Conn. -- A former federal court clerk was spared from prison Tuesday for leaking the existence of a public corruption investigation in 2004 into then-state Sen. Ernest Newton before documents in the case were unsealed.

Cassandra Warren, 46, was sentenced to three years' probation and fined $1,000 by Senior U.S. District Judge Alfred V. Covello in Hartford. She had faced up to six months in federal prison under her plea bargain.

Warren, a former Bridgeport resident who now lives in Baltimore, pleaded guilty in May to one count of contempt for telling her husband about sealed documents regarding Newton that she saw in the federal court clerk's office in Bridgeport.

Her lawyer, Thomas Murphy, has said that Warren told her husband about the case to persuade him not to get involved with Newton and his associates. The information eventually got back to Newton.

Newton, a Bridgeport Democrat, resigned amid the corruption investigation and began serving a five-year prison sentence in April for bribery and other charges. He was caught on an FBI wiretap talking to the head of a Bridgeport jobs training agency, who paid the lawmaker $5,000 for help getting a state grant.

Prosecutors have said that Warren did not intend to obstruct the Newton investigation. She resigned last year after being interviewed by the FBI.

"Disclosure of sealed information rips the fabric and threatens the integrity of our judicial system," U.S. Attorney Kevin O'Connor said. "This prosecution shows that those who violate court orders will be prosecuted."

Mo. Couple Charged With Another Murder (BVND)

The Belleville News Democrat, October 4, 2006

KANSAS CITY, Mo. - A couple already facing charges in a gruesome videotaped sex killing of a woman and the sexual assault of a 5-year-old girl were indicted Tuesday in the death of another woman. Prosecutors said they will pursue the death penalty.

A grand jury issued first-degree murder charges against Richard D. Davis, 41, and Dena D. Riley, 39, in the strangling and suffocation death of Michelle Ricci.

Davis and Riley are already charged with murder, kidnapping, sodomy, rape and assault in the death of Marsha Spicer, which happened several weeks after Ricci's death.

Authorities said Davis and Riley raped and tortured Ricci for several days before killing her, afraid they she knew where they lived and would go to police.

In June, investigators searching the couple's apartment found videotapes of Spicer in violent sex scenes, including a two-hour tape showing Spicer being beaten, raped and strangled during sex with the couple.

They also allegedly found another tape that authorities claim shows the couple raping and torturing another woman, later identified as Ricci.

Davis and Riley were the FBI's most-wanted couple after they were linked to the Spicer killing. After their arrest, they allegedly directed police to Ricci's body.

The two also are facing federal charges for allegedly kidnapping and sexually assaulting a 5-year-old Kansas girl after they told the girl's parents they were taking her to a restaurant.

Clay County Prosecutor Daniel White said the criminal histories of Davis and Riley played into his decision to pursue the death penalty. "The most vile and criminal act should be subject to the ultimate punishment," he said.

Congress Deals Poker Fans A Hand They Can't Bet (LVS)

By Liz Benston, Las Vegas Sun

Las Vegas Sun, October 4, 2006

Casino giants could take a hit as act tightens ban on wagering online

Fallout from the Unlawful Internet Gambling Enforcement Act of 2006 may land hard on two of Las Vegas' biggest gaming companies, Harrah's Entertainment and MGM Mirage. Each has tapped poker fans who love Internet play and then turn to Vegas for the real action.

When those gamblers try to log onto their PartyPoker.com account, they'll soon discover they can no longer place a bet. And that will chill tournament play on the Strip.

For nearly a decade, the campaign by conservative members of Congress to outlaw online gambling remained on the fringes in Washington.

But with Republican lawmakers nervous about the Nov. 7 elections and eager to find issues that will please conservative religious groups, Senate Majority Leader Bill Frist and other Republican leaders saw an opportunity to adopt the ban. They attached it to an unrelated port security bill, which was approved by Congress on Saturday.

Once a small, tight-knit group of hard-core sports bettors, Internet gamblers, attracted by celebrity players and incessant television coverage of poker tournaments, have grown into a largely mainstream group of amateur bettors. But in the eyes of the U.S, they have joined the ranks of people who transport illegal drugs or sell unregistered firearms .

Online operators had largely ignored the Justice Department's opinion that all forms of online gambling are illegal. It was a weak legal position, they said, that was unsupported by federal law and largely unenforceable because online betting operators are based outside of the United States.

With the bill , a "gray area" of gambling just got a lot clearer by making it a felony to process Internet bets generated by Americans.

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British operator Partygaming, which owns PartyPoker.com, said it would cease operations in the United States by blocking American bets. Other companies publicly traded in Europe, trying to salvage shares that have already tanked by more than 50 percent, could follow suit.

That means American players could soon be gambling on black market Web sites and reverting to a time when no-name sites operated in an online Wild West of sorts.

A more likely outcome will be an increasingly creative cat-and-mouse game between the remaining Internet gambling sites and regulators who now have the authority to shut down Web sites and go after third parties. Those include Internet service providers that link to gambling sites and a growing number of affiliate sites that make money from referring business to Internet casinos.

Nevada interests have been ineffective in fighting the legislation. State regulators don't want to run afoul of the feds. The state's most powerful legislator, Sen. Harry Reid, opposes Internet gambling on the basis that it can't be adequately regulated. Even Nevada casinos, which have reaped the benefits when online gamblers are teased to real poker rooms, weren't willing to go to the mat on a prohibition bill.

The American Gaming Association, which represents the largest land-based casinos, says the bill's passage won't mean much for its members, which aren't in the business of online gambling.

That may be true for most members that aren't profiting much on poker. They may rather fill those rooms with more profitable slot machines.

But that's probably not the case for the association's two biggest members, MGM Mirage and Harrah's Entertainment. Both companies host the world's largest poker tournaments and have lobbied for regulating and taxing Internet gambling.

As many as half of the entrants in Harrah's latest World Series of Poker qualified for their $10,000 buy in to the final event by playing satellite tournaments hosted by online gambling sites. Similarly, MGM Mirage hosts some events for the World Poker Tour, a global poker tourney that attracts big money from online bettors who qualified for the events online.

Both tournaments will likely now attract fewer entrants.

The ban will have further implications in Las Vegas, the de facto hub for online bettors and support industries such as magazines, Internet portals and other businesses that made money catering to the online poker and betting industry.

"It's like a death," said Jan Fisher, a poker writer, tournament announcer and partner in a company that produces a cruise ship tourney for online operator PartyPoker. "This didn't just stop people from playing online. This touched literally everyone I know. I'm afraid for the industry." Liz Benston can be reached at 259-4077 or at benston@lasvegassun.com.

Picayune Woman Pleads Guilty To Fraudulent Katrina Claims (AP)

AP, October 4, 2006

JACKSON, Miss. - A Picayune woman has pleaded guilty to making false claims to obtain Hurricane Katrina relief funds, U.S. Attorney Dunn Lampton said Tuesday.

Dianne M. Dean pleaded guilty to making a false claim and a false statement to the Federal Emergency Management Agency and to the Department of Agriculture's Rural Development Agency, Lampton said.

Dean admitted in her guilty plea that on Sept. 11, 2005, she submitted an application for disaster assistance with FEMA using a false address in Picayune, Lampton said. She received $2,000.

Her sentencing hearing is set Jan. 16. She faces a maximum sentence of 20 years in prison and a $1 million fine, plus restitution to both FEMA and the Department of Agriculture.

Money-launderer Gets 10 Years In Prison (PHDN)

By Kitty Caparella

Philadelphia Daily News, October 4, 2006

Mount Airy real-estate agent Melvin Stein must have had a pretty high anxiety level to throw away seven months of government cooperation and a potentially low prison sentence - all because he wanted his attorney to hold his hand.

But Stein, 61, who laundered hundreds of thousands of dollars of drug dealers' money for more than 10 years, did just that, his attorneys said.

Instead of taking the advice of his first attorney to cooperate with a government investigation into violent drug trafficking, Stein replaced her with a lawyer who convinced him that the government was out to get him.

Stein was "very much in fear, needed comfort and reassurance," said one of his attorneys Jodeen M. Hobbs, and Stein hired another lawyer who put an end to his cooperation.

Stein had fired his first attorney Elizabeth Ainslie and replaced her with attorney Gregory Magarity, who he said convinced him to stop cooperating with the government.

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Yesterday, despite 80 people showing up at a federal sentencing hearing to attest to his many good deeds, Stein paid the price: 10 years in prison, an $800,000 forfeiture and $200,000 fine, and two years of supervised release. The fine and forfeiture must be paid in 30 days.

U.S. District Judge Mary McLaughlin took a prosecutor's advice and refused to give the millionaire a "Get Out of Jail Free" card, as his third defense team, Hobbs and Gino J. Benedetti, had urged.

The sentence reflects "a very serious crime, a significant problem in the city and significant punishment, and no defendant is beyond that," said Gregory C. Lisa, a U.S. Department of Justice attorney. He had replaced prosecutor Mark J. Ehlers, who left the U.S. Attorney's Office in August.

Neither Stein's attorneys nor family members would comment.

Before being sentenced, Stein apologized to the court, government, and his family and friends, many of whom were in tears.

"If I had fully understood, I would never have stopped cooperating," he said.

Stein then apologized to FBI case agent Kevin Lewis and his partner, Thomas Zielinski, a Philadelphia detective deputized as a federal agent:

"You were honest with me, telling me that the government could not make any guarantees in court. I'm sorry I did not trust what you were telling me."

Stein asked the judge to give him a second chance so he could continue to help people via a nonprofit committee providing safe homes for the homeless - as he had done as a realtor, according to witnesses who spoke on his behalf.

Stein did not agree to cooperate until his home and office were raided by the FBI on July 21, 2003. Stein's first attorney, Elizabeth Ainslie, advised him that he was considered a target in a federal probe of violent drug trafficking and urged him to cooperate.

The judge found that Ainslie had given the defendant "excellent advice, then he fired her," after she was unable to respond to Stein's calls several times a day.

As the defense heaped blame on Magarity's "ineffective counsel," Lisa rejected the allegation, saying "Magarity didn't tell him to sell the house to Paul Daniels [a drug dealer]. He didn't tell him to sell the Nissan Maxima to Craig Oliver [another drug dealer], or to mislead law enforcement."

Nevertheless, the defense team urged the judge to consider Stein's cooperation.

"You can't roll back time," Lisa responded. Stein's information was "completely useless," after he aborted his agreement.

Lisa also pointed out that Stein failed to admit his own crimes when he agreed to cooperate, and then warned other drug dealers they were under investigation.

He lied to an FBI agent, who was posing as a Salem County, N.J., detective, who asked Stein if he knew Oliver, a drug dealer to whom Stein was then leasing four properties. Stein claimed not to know him, Lisa said

When Stein was compared to cooperators, such as Daniels, Lisa defended Daniels, saying he turned his life around, urged others to cooperate, and admitted giving Stein $50,000 in drug proceeds in return for a check - even as drug trafficker Kaboni Savage threatened to kill Daniels' son.

Tried with Savage and three others, Stein was convicted of conspiracy and laundering at least $416,000 in drug money last Dec. 16 after a seven-week trial.

Stein will remain under house arrest - except to meet with doctors, attorneys and to go to synagogue - until Nov. 3, when he must surrender to authorities.

Mobster's Chronic Use Of Cocaine Blamed For Illnesses (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, October 4, 2006

PROVIDENCE — Anthony M. "The Saint" St. Laurent, a longtime capo regime in the Patriarca crime family, is a physical wreck whose health has been in a freefall for the past 20 years.

At a sentencing hearing Friday in U.S. District Court, Assistant U.S. Attorney James H. Leavey suggested that a "$500- to $600-" a-day cocaine habit was a key factor in leaving the mobster in such poor medical condition.

Leavey dropped the bomb about St. Laurent's drug use after Dr. Marc S. Weinberg testified about a series of medical ailments that St. Laurent suffers from, including hypertension, kidney failure, intestinal cancer and chronic bowel problems.

"In all honesty, unequivocally, [St. Laurent] is absolutely the sickest guy I have ever seen," said Weinberg, who has treated him for 20 years. "I have no one else like him."

Friday's hearing was scheduled to sentence St. Laurent, 65, of 2 Rotary Drive, Johnston, to prison for conspiring several months ago to extort $100,000 from two Massachusetts men.

Judge William E. Smith continued the hearing to give the government more time to find a suitable prison to treat St. Laurent for his various ailments. A new date has yet to be set for the sentencing.

At a plea hearing in July, Assistant U.S. Attorney Peter F. Neronha said the government had evidence that St. Laurent directed two men to collect the money and, if the two victims did not pay at least $50,000, to "bash" the victims.

FBI agents and detectives from the Rhode Island State Police and Providence police arrested St. Laurent the next day.

Friday, U.S. Marshals pushed St. Laurent, who wore a neck brace, in a wheelchair into the courtroom on the third floor of the federal courthouse. He wore prison-issued khakis and gingerly climbed out of the wheelchair and into his seat at the defense table.

In the spectators section behind him sat several state, local and federal investigators. Also in attendance were St. Laurent's wife, and their son and daughter.

The son, also named Anthony St. Laurent, has spent time in federal prison.

Leavey, the prosecutor, recommended that St. Laurent be sentenced to 46 months in prison, the low end of the federal sentencing guidelines, for taking responsibility for his crimes and for avoiding a trial. Under the guidelines, St. Laurent faced up to 57 months in prison.

Leavey also asked the judge to sentence St. Laurent to an additional year in prison for violating the terms of his supervised release from a past federal conviction.

John F. Cicilline, St. Laurent's lawyer, had Weinberg take the stand to tell the court about the mobster's medical problems. Cicilline was seeking a lighter sentence or the possibility of having St. Laurent serve his time in a prison medical facility instead of a traditional prison.

Weinberg, who is on the faculty at Brown University Medical School, spent about 30 minutes detailing a myriad of illnesses that afflict St. Laurent. The mobster, who once took as many as 40 enemas a day, suffers from a chronic bowel disease that has taken him to medical specialists in Boston, Baltimore, Chicago and London.

Weinberg testified that St. Laurent needs "close, tedious laboratory and clinical monitoring."

Leavey suggested that St. Laurent's cocaine addiction and the fact that he has been a heavy smoker caused many of the mobster's problems. "Isn't it fair to say that he doesn't really take care of himself?" he said.

Leavey also asked Weinberg whether St. Laurent would be better off in a structured environment — prison — where he would get three meals a day, could not smoke or snort cocaine and would have a medical staff readily available.

"I don't know about the quality of care in the Bureau of Prisons," Weinberg said.

Smith also directed a series of questions at Weinberg, who maintained that he was "not trying to manipulate the court."

Weinberg also said that he never talks to St. Laurent, or other patients, about their chosen profession.

"I never ask him what he did, that's our rule," Weinberg said. "I don't want to know anything about his private life that made him end up here. But I don't think they should take his health care and hang it out to dry. I feel bad when people laugh at him and the media calls him things like "Public Enema.'"

St. Laurent has spent most of the past decade in prison on gambling and extortion charges. During one of his federal prison stays, he was arrested for directing a gambling ring in Rhode Island from his prison cell in Kentucky.

Prosecutors Argue Against Galante Return To His Businesses (AP)

AP, October 4, 2006

NEW HAVEN, Conn. (AP)_ Federal prosecutors claim that the owner of a Danbury trash hauling business plundered it, using it as a personal ATM to pay for his hobbies and bankroll no-show jobs for friends.

The claims are contained in legal briefs made available Monday and filed in the case of James Galante, a central figure in an investigation of organized crime and its alleged role in the trash hauling business.

Galante, who owns Automated Waste Disposal and other trash companies, has been fighting the government for control of his businesses, which federal marshals took over when he was indicted in June in the racketeering case.

Galante and his lawyers argued their side of the story in U.S. District Court in August and in a 16-page brief filed last week.

The prosecution briefs argue that Galante used the trash company to pay for his hobbies such as his hockey and racing teams and he was constantly bouncing checks.

Under Galante's direction, the prosecutors argued that the evidence shows that the companies had been "regularly bouncing checks" on their commercial bank accounts for years and that the overdrafts became so "endemic by late 2004" that the companies' bank shut the accounts and ended its relationship with AWD.

Galante's legal team alleges that before the court-ordered monitoring in June, Galante's companies were well run and profitable, but when Leonard Briskman, head of the U.S. Marshal Service team, took over, he and others hired by the government to run the trash businesses began running them into the ground.

Galante was arrested in June on racketeering charges for allegedly conspiring with organized crime bosses to prevent competition in the garbage business.

Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, has been charged with racketeering, extortion and witness tampering.

Karr Computer Files Reviewed By FBI (FINDLAW/AP)

By Marcus Wohlsen, Associated Press Writer

AP, October 4, 2006

(AP) - SANTA ROSA, Calif.-The FBI is reviewing images of teenagers found on computer equipment seized from former JonBenet Ramsey slaying suspect John Mark Karr's home to compare the images with a national database of child porn victims, a Sonoma County prosecutor said.

The digital images were not related to child pornography charges against Karr, said Deputy County Counsel Anne Keck. It was not immediately clear which files the FBI was reviewing.

The disclosure came at a hearing in which Judge Cerena Wong refused to unseal police documents in the child pornography case against Karr. Prosecutors argued they could harm the investigation and prejudice potential jurors.

Authorities said they found five images of child porn on Karr's computer when he was arrested in April 2001. He fled before he went to trial. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Defense lawyers did not comment on the FBI involvement, but renewed efforts to get the charges dismissed and filed a motion to exclude newly discovered computer evidence from his case.

Prosecutors "don't know how the images got there," defense lawyer Robert Amparan said. "They don't know whether Mr. Karr knew they were there. They don't know when if ever they were viewed."

A hearing was scheduled Tuesday to decide whether the case should be dismissed or evidence should be excluded if it goes to trial.

Karr, who was extradited from Colorado last month to face the five-year-old charges, appeared briefly at the hearing, looking tired and worn.

Karr has rejected a plea deal that would have put him on probation. Prosecutors have conceded he probably won't serve more time if convicted because he already spent several months in jail awaiting trial five years ago. They said they want Karr to register as a sex offender.

The former teacher was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. The Ramsey case quickly collapsed after DNA failed to connect him to the crime.

Defense: Evidence Withheld In Karr Case (STPPP)

By Marcus Wohlsen

The St. Paul Pioneer-Press, October 4, 2006

SANTA ROSA, Calif. - Prosecutors withheld evidence that might have led to the dismissal of child pornography possession charges against former JonBenet Ramsey slaying suspect John Mark Karr, defense lawyers told a judge Tuesday.

Karr's attorneys said prosecutors deliberately withheld a September interview with his ex-wife, Lara Knutson, in which she told them the computer from where they found the five allegedly illegal images did not work at the time of his arrest.

Karr's attorneys are seeking to have the charges against him dismissed. Arguments in the case were delayed Tuesday while his lawyers asked a judge to order prosecutors to turn over more evidence. They are expected to resume Wednesday.

Karr, 41, is accused of having five images of child porn on his computer when he was arrested in 2001. If convicted of the misdemeanor offenses, it is unlikely Karr would face jail time, as he already served time when first arrested five years ago, prosecutors have said.

Knutson's lawyer, Michael Rains, who has read a transcript of his client's interview, said it's not as clear-cut as defense lawyers claim. He said the couple was estranged at the time and sleeping in different rooms, and not intimately aware of each other's lives.

"The way I read this transcript is she's simply not certain," he said. "She's clearly wrestling with memory issues."

Chief Deputy District Attorney Joan Risse said that the computer from Karr's house must have been working, since a Sonoma County detective was able to find the five illicit images on its hard drive.

Karr's defense team also is seeking to invalidate the search warrant that led to the seizure of the computer, claiming a detective failed to disclose that his confidential informant suffered from bipolar disorder, depression and post-traumatic stress disorder.

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The computer has been a recurring issue in the case. Investigators conceded they lost Karr's computer some time in the past five years, but claim to have found copies of the data recently.

Karr, a former teacher, fled before his trial in 2001. He was arrested in Thailand last month after suggesting he killed JonBenet, a 6-year-old beauty queen, in her Boulder, Colo., home in 1996. But Colorado officials dropped him as a suspect after DNA failed to connect him to the crime, and he was extradited to California last month to face the five-year-old child porn possession charges.

US Attorney: Parents Need Computer Savvy To Protect Kids From Perverts (MRT)

By Bob Campbell, Staff Writer

Midland (TX) Reporter-Telegram, October 4, 2006

Many parents are handicapped in trying to protect their children from Internet sexual predators because their kids know more about computers, U.S. Attorney Johnny Sutton of San Antonio said Tuesday.

Parents must therefore educate themselves and take measures to keep their offspring from being victimized, he said.

Addressing a U.S. Attorney's Office seminar for law enforcement officials Monday and Tuesday, Sutton said putting the computer "in a room where the whole family can walk by and see it" is a good safeguard.

"The Internet is an incredible tool that is opening up worlds for lots of people," he said. "It brings freedom and information to people who normally wouldn't be able to get it, but with that there are real dangers because it is so wide open.

"A child might think she is talking to another 14-year-old girl when in reality she is talking to a 45-year-old man. We estimate that at any given time in the U.S., there are 50,000 predators talking to children in chat rooms.

"Punishments on the federal side for people who solicit children or possess or trade child pornography are extremely harsh -- five to 15 years for a first offense. It's a big hammer we have to hit these guys with.

"U.S. Attorney General Alberto Gonzales believes we have no more precious resource than our children. Unfortunately in modern America, lots of children spend a lot time by themselves or in situations where they are not as well protected as they should be."

Sutton said parents should investigate his agency's "Project Safe Childhood" Web site to educate themselves and become more vigilant. "We have seen some sad cases where young people start looking at images of child porn," he said.

"You don't have to scare your children, but the dangers are serious enough that you need to have that discussion with them."

Wrapping up the seminar at noon Tuesday, Assistant Texas Attorney General Grant Sparks of Austin reviewed new developments for 15-20 representatives of the FBI, U.S. Immigration & Customs Enforcement, Midland and Ector County District Attorney's Offices, Midland and Odessa Police Departments and other agencies.

Sparks said perverts have been going to the MySpace Web site where millions of teenagers and pre-teenagers registered to network with other young people around the nation and world. He said MySpace has become so well known many youths are using the newer Facebook and Xanga sites, where predators go through photos and biographies to find new targets.

An ICE agent asked if enforcement has extended to egregiously offending nations like Russia and Assistant U.S. Attorney John Klassen of Midland said there have been more crackdowns in the Russian Federation and Scandinavian nations in the past three or four years. "There is big money in this business," Klassen said.

"But there are good people and good cops in all the countries involved."

While the scope is daunting, Sparks said, combined agencies have cut the number of American children solicited by perverts each year from one in five to one in seven.

"Like we want the new and different baseball card, they want the new and different child molestation image," said Sparks. He explained many exploited children are compelled to perform by parents who are paid by pornographers.

Civic Activist Faces Federal Death-penalty Trial In D.C. (WT)

By Jim McElhatton

The Washington Times, October 4, 2006

Antwuan Ball is caught between two worlds.

One has him being praised by social workers for his civic activism; the other has him facing a rare death-penalty prosecution in the District on murder and racketeering charges.

Mr. Ball is accused of leading a violent street gang that sold hundreds of kilograms of crack cocaine in Southeast for more than a decade.

But he also has worked as a youth counselor, has helped oversee security at a troubled housing development and is even quoted in a national social services newsletter.

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What's more, a former White House official said she held him in such high regard as a civic activist that she regularly sought out his views.

Edgar S. Cahn, a professor at the David A. Clarke School of Law at the University of the District of Columbia, said, "I just don't recognize the Antwuan Ball in the indictment."

Mr. Cahn met Mr. Ball in 2001 while doing volunteer work at the Capital Area Food Bank and said Mr. Ball delivered food to the elderly and renovated a computer lab for local children.

"I came to know him well enough, and I just felt this was a remarkably gutsy human being," Mr. Cahn said.

Last month, the U.S. attorney's office filed a notice of intent to seek the death penalty for Mr. Ball and David Wilson, accused of being leaders of the Congress Park Crew -- a gang that resorted to assault and homicide to protect its drug trade in Southeast.

Only two death-penalty cases have proceeded to trial in the District since the death penalty was reinstated in 1976. Capital punishment is banned in the District, except in federal crimes.

Michael Kimsey, executive director of the Kimsey Foundation, a nonprofit social services group based in the District, said he met Mr. Ball five years ago and worked with him on ventures in Southeast.

He helped Mr. Ball with startup plans for a consulting business called MANN Inc., an acronym for Making a Neighborhood Network, and a nonprofit called Changing Neighborhoods into Communities, he said.

"We saw it as taking a guy who had some troubles in the past who obviously was intelligent and who wanted to do something positive for the community," Mr. Kimsey said. "We were trying to help him think of his future."

Janie L. Jeffers met Mr. Ball when she was the executive deputy director of the federal D.C. Interagency Task Force in the Clinton administration in the late 1990s.

Miss Jeffers, now a professor at Howard University, said Mr. Ball attended monthly meetings at the White House conference center to discuss initiatives to improve Southeast neighborhoods.

"I'm still waiting to see the proof," she said of the charges against Mr. Ball. "They want to make him out to be this charismatic 'Scarface' type of figure, saying all he did was all an act. But I saw no evidence of that."

Mr. Cahn and Miss Jeffers said they met Mr. Ball through Harv Oostdyk, who was involved with a Texas-based nonprofit called the Step Foundation.

Mr. Oostdyk could not be reached for comment.

A 2002 article in the Roundtable on Religion and Social Welfare Policy newsletter profiled Mr. Oostdyk's work in the Congress Park Public Housing Complex in Southeast and said he spent 40 years building up troubled neighborhoods in Harlem and Dallas. The roundtable is a nonpartisan public policy group based in New York that studies government partnerships with faith-based groups.

"Harv gave us a way out," Mr. Ball is quoted as saying in the article. "But I don't need him to open up any more doors. He gave me the know-how I needed to make it on my own. I have a family. I have a bank account."

The Step Foundation was hired to provide security services in the Congress Park complex. Organizers hired local residents for security details, including Mr. Ball, Mr. Wilson and several other gang members, prosecutors said.

The foundation has since merged with another ministry based in Dallas, said Lalla Shackelford, a former executive director who said she did not know Mr. Ball.

Miss Shackelford said the foundation's general mission was to improve troubled communities by giving jobs to ex-convicts attempting to turn around their lives.

A spokesman for Edgewood Management Corp., which has run the Congress Park complex for much of the past decade, said Mr. Ball attended several community gatherings that involved the Step Foundation.

Federal prosecutors said Mr. Ball used his security position at the foundation to strengthen the Congress Park Crew's hold on the drug trade.

"Mr. Ball and his co-conspirators used that organization ... took over security of that complex in order to keep rival drug dealers from being able to distribute in Congress Park," Assistant U.S. Attorney M. Jeffrey Beatrice told a judge at Mr. Ball's bail hearing last year. "So they turned what may have been a well-intentioned organization into a means to further a conspiracy."

A superseding indictment against Mr. Ball and more than a dozen other reputed Congress Park Crew members filed in May states that Mr. Ball "personally committed murders and assaults to further the purposes of the organization."

Mr. Ball fatally shot Troy Lewis on Jan. 23, 1996, prosecutors said. Mr. Ball and Mr. Wilson also are accused of conspiring to kill members of a rival gang, the 10th Place/Trenton Place Crew.

In addition, prosecutors said, Mr. Ball used "intimidation and physical force" to keep witnesses to slayings silent.

Mr. Ball got his start in drug dealing in the 1980s as a lieutenant in the 1-5 Mob, authorities said.

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His mother, Violet, was a cooperating witness in the prosecution of the 1-5 Mob, whose leader, Tommy Edelin, received life in prison without parole, though prosecutors had sought the death penalty.

Mr. Kimsey said Mr. Ball never talked in depth about his past.

"We never talked specifically about it," he said. "He didn't talk about anything illegal, but he pretty much admitted he had a troubled past."

Killer's Archive Yields More Photos (LAT)

By Michael Muskal

The Los Angeles Times, October 4, 2006

The Los Angeles County Sheriff's Department today released about 30 more photographs taken by William Richard Bradford, seeking to find out if any of the people were victims of the convicted killer.

Officials in July released photos of 54 women who were photographed two decades ago by Bradford. One of those women was discovered strangled and dumped in the High Desert. About two dozen women in that first round of photographs have come forward.

Bradford is on death row at San Quentin. He was convicted in 1988 in the murders of Shari Miller and Tracy Campbell.

"From 1966 to 1984, Bradford posed as a freelance photographer, seeking to lure potential victims. Bradford photographed his victims in sexually explicit positions, committed sexual assaults, strangled them and disposed of their bodies in public places," according to the wanted posters listed at lacountymurders.com/wanted/LADIES1.html.

The photographs were seized at Bradford's residence when he was arrested in 1984. The original group of 54 photographs sat untouched for years until a cold case detective decided to take a second look.

Anyone with information about the women is being asked to call the sheriff's homicide bureau or e-mail LACountyMurders@lasd.org

CIVIL LAW:

Tobacco Companies' Request Denied (NYT/AP)

By The Associated Press

The New York Times, October 4, 2006

A federal judge has denied a request by tobacco companies to continue marketing so-called light and low-tar cigarettes until an appeal is settled in the case. The judge, Gladys Kessler, ruled in August that the cigarette makers had violated racketeering laws and misled the public about the health consequences of smoking. In rejecting the request last week, Judge Kessler wrote, "Loss of market share, if it results from imposing an appropriate remedy to prevent and restrain past violations of the law, may well be the price defendants have to pay."

U.S. To Stop Seizing Canadian Medicine (WSJ)

By John Carreyrou

The Wall Street Journal, October 4, 2006

Under pressure from Congress, U.S. Customs and Border Protection officials scrapped their 11-month-old policy of seizing prescription drugs imported through the mail from Canada.

The practice, implemented last November, had come under fire from lawmakers for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by U.S. pharmaceutical companies.

Lynn Hollinger, a Customs spokeswoman, said the seizures would stop Oct. 9 but declined to explain the policy reversal. "We're going back to operating procedures prior to November 2005," she said.

Although most prescription-drug importations are illegal under U.S. law, Customs had long turned a blind eye to small mail orders coming across the border from Canada, before launching the new policy of seizures late last year.

Prescription drugs are significantly cheaper in Canada because its national health-care system negotiates lower prices for its citizens. The U.S., by contrast, is one of the only markets in the world where the government doesn't exercise control over drug prices.

As a result, pharmaceutical companies earn the bulk of their profits in the U.S. market. Imports from Canada, which have surged in the past six years with the rise of online pharmacies, have been a sore point with drug makers. The Pharmaceutical Research and Manufacturers of America has argued that drugs imported from Canada are unsafe because they haven't been vetted by the Food and Drug Administration.

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Upon learning that Customs would stop the seizures, Ken Johnson, senior vice president of the industry trade group, said he was disappointed with the policy reversal. "We're adamantly opposed to any importation schemes. Fake drugs are a very serious problem that is real and growing."

As of mid-July, Customs had seized more than 37,000 prescription-drug packages from Canada. The agency declined to say how many more packages its agents have seized since then.

Congressional pressure had been building against the seizures. At the behest of Sen. Bill Nelson, a Florida Democrat, the Senate Committee on Homeland Security and Government Affairs was investigating the new Customs policy.

"This is a huge victory," Mr. Nelson said. "For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices. Now it looks like the government is getting out of the business of harassing these consumers."

Last week, Congress sent President Bush a Homeland Security appropriations bill that includes an amendment barring Customs agents from preventing persons from re-entering the U.S. from Canada with a 90-day supply of medicine. The amendment excluded packages sent by mail, but it represented a significant breach in the tight alliance between Republicans and the drug industry, which remains a major source of financial support for House and Senate campaigns.

Dan McLaughlin, a spokesman for Mr. Nelson, said the senator believes the seizures were politically motivated to bolster enrollments in Medicare Part D, the new drug benefit for seniors that took effect last January, and wants the Senate investigation to be completed.

U.S. Drops Program To Halt Discount Drugs From Canada (LAT)

By Lisa Girion

The Los Angeles Times, October 4, 2006

The federal government plans to halt a controversial crackdown on discount drugs mailed from Canadian pharmacies to U.S. customers, removing a significant hurdle to Americans buying cheaper medications from abroad.

Earlier this week, Customs officials sent an e-mail to some members of Congress that it would abandon the seizure policy next Monday.

Instead of the broad effort, the e-mail said the agency would sample and test mail-order medications for counterfeits and ineffective ingredients on "randomly generated days throughout the fiscal year."

The reversal by the Department of Homeland Security, which operates U.S. Customs and Border Protection, could eliminate much of the fears from senior citizens and other consumers that drugs purchased from Canadian mail-order houses would be confiscated.

Those drugs, including the popular medications Lipitor and Fosamax, can be 30 percent to 80 percent cheaper from Canada and other countries, surveys have shown. But the U.S. government was confiscating as much as 20 percent of them earlier this year at the height of the crackdown.

The move reverses a policy that began last November around the time enrollment opened for the Medicare drug plan. The Canadian shipments had been confiscated out of concerns about safety, but consumer advocates and others argued that the crackdown was an effort to limit competition in the pharmaceutical market and force seniors on fixed incomes to sign up for new Medicare plans and pay higher prices for drugs from U.S. pharmacies.

The change comes as millions of seniors on Medicare drug plans were expected to hit the "doughnut hole," the gap in coverage created by Medicare law that requires enrollees to pay the full cost of medicines after their total annual drug spending exceeds $2,250. Coverage kicks in again only if annual drug expenses hit $5,100.

As a result, many low-income seniors were considering going without needed medications through the end of the year, advocates said.

Although it is illegal for individuals to import pharmaceuticals to take advantage of price differences, the Food and Drug Administration historically had turned a blind eye to personal purchases of non-narcotic prescription drugs from Canada and Mexico in shipments of as much as three months' worth.

That changed Nov. 17 when Customs got involved and began a quiet crackdown on foreign mail-order drugs. By some estimates, more than 40,000 packages were interdicted. Canadian mail-order pharmacies said seizures jumped from between 3 percent and 5 percent of their U.S. shipments to a peak earlier this year of more than 20 percent. They said seizures declined after the crackdown was disclosed in media reports.

Seniors complained that they were failing to receive needed medications, and members of Congress who favor the importation of inexpensive drugs for senior constituents criticized Customs for failing to adequately warn people of the crackdown.

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A spokeswoman for Homeland Security would not discuss the change in policy, but she issued a statement saying, "While we are reversing this policy, CBP (Customs) remains committed, in cooperation with the FDA, to protecting the American public from unsafe and ineffective medications. We will be focusing our resources to best protect the American public."

A spokeswoman for the FDA said it had no comment because it had not been officially informed of the change.

Sen. Bill Nelson, D-Fla., called the change a "huge victory."

"For nearly a year the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," he said. "Now it looks like the government is getting out of the business of harassing these consumers."

In Congress, political momentum in favor of allowing personal importation of prescription medications is building. House and Senate Republicans recently reached an agreement that would allow Americans to bring a 90-day supply of drugs across the border from Canada. But, in negotiations over the language of the Homeland Security spending bill, the conferees stopped short of doing the same for medications purchased via the Internet.

Memorial Focuses On Religious Freedom (RGJ)

By Betty Aleck

Reno Gazette Journal, October 4, 2006

FERNLEY — At the end of the 22-minute ceremony, a bell was rung 22 times in tribute of Mustang 22, the call number for a Chinook helicopter that was shot down by enemy fire and crashed in Afghanistan on Sept. 25, 2005.

Last Monday (Sept. 25), a Lights of Liberty Candlelight Vigil was held at the Northern Nevada Veterans Memorial Cemetery to pay tribute to Sgt. Patrick Stewart and four other soldiers of Mustang 22, who died a year ago that day.

The celebration honored the soldiers' service and sacrifices and it also underscored American constitutional freedom of religious.

Roberta Stewart of Fernley has spent a year battling with the U.S. Department of Veterans Affairs (DOVA) to have the Wiccan pentacle placed on her husband's memorial plaque at the local veterans cemetery.

On Sept. 13, the Nevada Office of Veterans Services announced that with help from the Attorney General's Office and Governor Kenny Guinn, a Wiccan emblem will be placed on the plaque and on the Memorial Wall at the NNVMC.

The DOVA does not recognize the Wiccan religion and that agency only allows approved emblems to be placed on DOVA issued headstones and markers, including the Christian cross, Buddhist wheel and an atheist symbol.

According to Tim Tetz, executive director of the Nevada Office of Veterans Services (NOVS), the decision to place the plaque with the Wiccan emblem was made after it was determined through the AG's office that the NOVS has sole discretion over state veterans cemeteries.

He said via a press release, "I promised his widow (Stewart) and many others that we would diligently pursue every option to make certain Sgt. Stewart received recognition for his contribution as an Army soldier, a Nevadan and an American hero."

At last Monday's ceremony, Stewart said, "We are here to honor my husband and the sacrifices he made." She then went on to thank the "State of Nevada, Governor Kenny Guinn, Congressman Jim Gibbons, Congresswoman Shelly Berkley, Tetz, who had compassion and understanding to fight for religious freedom and grant it to me on Sept. 13."

She added that throughout the process she and her family were placed in the media spotlight and their "pain and suffering" was revealed, but through it all they stayed together.

"We stayed together as a family and we stayed strong," she said.

Reverend Selena Fox, senior minister of Circle Sanctuary of the Wiccan Church, based in Barneveld, WI, said while standing at the Memorial Wall that candles would be lit for "those who passed on and the freedom and liberty that this country embodies" and for the five soldiers that died in Operation Enduring Freedom.

She then lit the candle of remembrance for soldiers Sgt. Stewart, Chief Warrant Officer John Flynn of Sparks, Sgt., Kenneth Ross Peoria, Arizona, Sgt. Tate Baum of Pendleton, Ore., and Warrant Officer Adrain Stump, Pendleton, Ore.

Rev. William Chrystal, military chaplain, recalled when Patrick Stewart came home from Desert Storm and joined the Nevada Army National Guard. "He loved being in northern Nevada and seeing the horses, as they would fly low to see the mustangs."

He also recalled Flynn, who came home from flight school and was starting his family with his wife Crystal.

Throughout his prayers, the reverend reminded people of American's religious freedoms. He said, "Oh Creator, Great Spirit, Heavenly Father, we call you by an endless variety of names."

Chrystal continued, ""Freedom isn't something we can take for granted. Freedoms for which Pat and John and others died are freedoms which can be snatched from us at any moment."

"We are here to remember them and the freedoms for which they fought, especially to worship you in one's own way and to express it as he or she feels is appropriate," he said.

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Fox said that Wiccans continue to strive for equal rights. She said there are Wiccan families of other soldiers who were killed in Iraq, as well as in Korea and Vietnam, that are also fighting to have the Wiccan emblem placed on grave markers.

She also said other vigils were held around the country not only by Wiccans but Christians, Buddhist, Jews and other faiths.

Fox said, "Let us focus on the importance of American tradition of freedom and religious liberty for all. Let each of us pray… that all of our American freedoms are upheld."

Stewart is hoping her husband's plaque will be placed on the Memorial Wall by Oct. 21, Patrick's birthday.

Wiccans Seek Place In Military Graveyards (ADA)

Advertiser Adelaide, October 4, 2006

NEO-PAGAN Wiccans in the United States have gone to court to force the US military to accept their five-pointed star-in-a-circle symbol on tombstones in military cemeteries, a civil liberties group said today.

The American Civil Liberties Union said the Wiccans want to have their symbol recognised for use in the official veterans' graveyards in the same way that Christian crosses, the Jewish Star of David and symbols for Muslims, Sikhs and adherents of other religions - 38 in all - are used.

The US military recognises Wicca, inspired by Europe's ancient pre-Christian pagan practices but also sometimes associated with witchcraft, as an official religion, which gives it certain tax privileges.

But the National Cemetery Administration of the US Department of Veterans Affairs has refused to permit the Wiccan symbol to be used in its cemeteries.

Use of the symbol has been sought recently by a retired military follower of Wicca and relatives of two former soldiers who have passed away - one a World War II veteran buried in the prestigious Arlington National Cemetery near Washington, and the second a soldier killed in Iraq.

"The Federal Government's discriminatory delay in approving these applications must end. There is no good reason to deny grieving families the solace and comfort available to military families of other religions," said Daniel Mach, an ACLU lawyer.

CIVIL RIGHTS:

Gonzales: More Money Going To Fight Human Trafficking (AP)

By Becky Bohrer, Associated Press Writer

AP, October 4, 2006

NEW ORLEANS (AP) -- The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, Attorney General Alberto Gonzales said Tuesday.

Gonzales announced that Louisiana will get about $450,000 to fight the problem.

Nearly $8 million is being used to set up 10 new task forces - partnerships between law enforcement agencies and social service groups - to investigate and prosecute trafficking cases and to help victims.

Besides Louisiana, other states set to receive task force funds include Texas, Utah and Missouri.

"Freedom is guaranteed only with vigilance," Gonzales told law enforcement officials at a conference on human trafficking. "And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom."

Each year, up to 17,500 people - mostly women and children - are brought into the United States by traffickers to be prostitutes, work in sweat shops or work in domestic servitude, he said.

Already, 32 task forces are established around the country and in territories, according to the Justice Department.

US Boosts Efforts Against Human Trafficking (AFP-Y)

AFP, October 4, 2006

Attorney General Alberto Gonzales announced an expansion of US efforts to fight what he called the "vile practice" of human trafficking.

Speaking at the government-sponsored National Conference on Human Trafficking in immigrant-heavy New Orleans, Gonzales said the government will increase funding for prosecuting commercial slave traders by eight million dollars and increase the number of task forces on the issue to 42 from 32.

Some of the money will be used to "put a stop to the exploitation and abuse of laborers" brought into the New Orleans area by traffickers to work in rebuilding efforts in the wake of devastating Hurricane Katrina last year.

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"Human trafficking is a violation of the human body, mind and spirit," Gonzales told some 600 law enforcement officials and victims' advocates at the conference.

"For the vile practice to be taking place in a country the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

The US government estimates as many as 17,500 people in the US each year, mostly women and children, are enslaved for the commercial sex trade or other industries. Worldwide, an estimate 600,000 to 800,000 people fall victim annually to human traffickers.

Human smuggling, where traffickers move illegal migrants across borders for money without holding them against their will afterwards, is a more prolific problem in the United States.

Gonzales acknowledged that educating the public is a critical part of prosecuting the more cynical trafficking in sex slaves and forced labor.

"Most Americans think that our country resolved the question of slavery with the Civil War," Gonzales said.

During this year the Justice Department has broken up two sex slavery rings involving South Korean women smuggled into the country and then held in brothels.

A federal prosecutor in Florida, which hosted the government's first human trafficking conference in 2004, said he has 11 slavery investigations underway in his state.

Gonzales said the new funding includes money to stop the enslavement of migrants seeking to help rebuild New Orleans after Hurricane Katrina.

He said Interstate 10, a coast-to-coast highway that runs from Southern California through Texas and New Orleans to Florida, has become a "magnet for human trafficking."

Advocates for post-Katrina migrant laborers have cited poor pay and hazardous working conditions as more common problems for the itinerant workers, whose numbers are estimated between 45,000 to 60,000.

But Gonzales suggested the government's focus on New Orleans is a preemptive strike that reflects its strategy for attacking human trafficking everywhere.

"We have an aggressive approach to human trafficking and it is working," he said.

Utah Getting Money To Fight Forced Labor (KUTV)

KUTV-TV, Salt Lake City, October 4, 2006

SALT LAKE CITY The Interstate 10 corridor has become a magnet for human traffickers seeking to exploit labor needs on the hurricane-ravaged Gulf Coast, U.S. Attorney General Alberto Gonzales said Tuesday.

“The thirst for freedom and opportunity is part of the human spirit and is very strong in this world,” he told law enforcement agents and others at a conference on human trafficking. “To offer it as a lure, for purposes of a crime, in unconscionable.”

Nearly $8 million is being used to set up 10 partnerships between law enforcement agencies and social service groups to investigate and prosecute trafficking cases and to help victims.

Police and community groups in the Salt Lake City area will share $900,000, said Melodie Rydalch, spokeswoman for Utah U.S. Attorney Brett Tolman.

“I don’t think anyone is suggesting Utah is a hub of human trafficking. ... We have not prosecuted a case,” Rydalch said.

“But through training and partnerships, we’ll raise the awareness to put people in position to identify these kinds of cases,” she said.

Jim Letten, the New Orleans-based U.S. attorney, said the opportunity for exploitation in his state, and particularly hard-hit New Orleans, is ripe.

Estimates put thousands of migrant or unskilled workers in the area to work, he said. And with I-10 traditionally seen as a pipeline for moving drugs, the opportunity for using the route to traffic people – perhaps through the state to other parts of the country – is highly likely, Letten said.

“New Orleans is a frontier town now,” he said in an interview.

In addition to Utah and Louisiana, other states set to receive funds for new task forces are Florida, Missouri, Nevada, New York and Texas as well as the commonwealth of Northern Marianas. Already, 32 task forces are established around the country – in some of the same states getting new groups – and in U.S. territories, according to the Justice Department.

“Freedom is guaranteed only with vigilance,” Gonzales said. “And while ensuring freedom is a goal of our fight, that fight can never really be ended until we are sure that no one is denied freedom.”

Each year, traffickers bring up to 17,500 people – mostly women and children – into the United States to be prostitutes, work in sweat shops or otherwise work in forced labor situations, he said, acknowledging, though, that getting a handle on the extent of the problem is difficult.

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The number of human trafficking cases brought by prosecutors has risen in recent years, according to the Justice Department. Between fiscal years 2001 and 2005, 91 such federal cases were filed_ up 405 percent from fiscal years 1996-2000. The agency said 140 defendants were convicted, the Justice Department said.

In fiscal year 2006, the government charged 111 people in 32 cases and got 79 convictions, the department said.

Gonzales credited the rise in cases to an increased focus on the issue and partnerships between agencies.

SLC Awarded Crime Funding (SLT)

By Jason Bergreen, The Salt Lake Tribune

Salt Lake Tribune, October 4, 2006

Human trafficking battle: The $450,000 will help train officers to spot sexual or economic exploitation of victims

Nearly half a million dollars in federal funding was awarded to Salt Lake City on Tuesday to help train law enforcement in arresting and prosecuting human traffickers and providing support to victims.

U.S. Attorney General Alberto Gonzales announced the nearly $8 million funding to be distributed to 10 U.S. cities, including Salt Lake City, at the 2006 National Conference on Human Trafficking in New Orleans.

Salt Lake City will receive $450,000.

Though human trafficking involving sexual, economic or labor exploitation has not been identified in Utah, the project is a "proactive" step to educate the community, said program proponent and Salt Lake City Attorney Sim Gill.

The program is a collaboration among the U.S. Attorney's Office, Salt Lake City, the FBI, other law enforcement agencies and nongovernmental organizations, such as Utah Health and Human Rights Project, the Latino Communication and Information Center and Holy Cross Ministries.

This is "an effort to educate every portion of the state," said Dustin Pead of the U.S. Attorney's Office. "We want them to understand what trafficking is."

The forcible transportation of someone from another country or even another state for labor, services, sex or debt-bondage constitutes human trafficking, Gill said.

"We're an agricultural state," he said. "You can see how labor may be exploited."

Utah has never prosecuted a case of human trafficking, said Melodie Rydalch, spokeswoman for the U.S. Attorney's Office in Utah. She said that if law enforcement agencies ask "one or two more questions, they might find . . . signs and symptoms of human trafficking."

"I'm not suggesting this is a hotbed of trafficking, but we need to be aware of it and look for it," Rydalch said.

However, there are a handful of ongoing human trafficking investigations in the state, Pead said.

Gill said the funding was expected to be split evenly between law enforcement agencies and support services.

"Human trafficking is very complex and relies a lot on the mental state of the victim," Rydalch said.

This funding is the first of its kind Utah has received for this issue, Gill said.

La. Gets Grant To Halt Migrant Abuse (NOTP)

By Susan Finch, Staff Writer

New Orleans Times-Picayune, October 4, 2006

Workers turned into virtual slave laborers

A $450,000 federal grant coming to Louisiana will help catch criminals who bring migrant workers to do hurricane damage repairs and then use violence and threats to turn them into slave laborers, the nation's top law enforcement officer said here Tuesday.

Attorney General Alberto Gonzales said the grant is part of nearly $8 million the Justice Department is spending this fiscal year to add 10 new task forces to the 32 already at work trying to stop exploitation and abuse of migrant workers.

The Louisiana task force, like the others, will be a partnership between law enforcement agencies charged with catching and prosecuting human traffickers and social service organizations whose job it will be to try to rescue trafficking victims and get them help to return to their normal lives.

The $450,000 grant will go to the Louisiana Commission on Law Enforcement, which will coordinate the task force enforcement work.

A similar amount out of the $8 million total, has been earmarked for the social services agency that will serve trafficking victims, the commission's policy planning administrator, Robert Mehrtens said.

Speaking for Michael Ranatza, the commission's executive director, Mehrtens said the work of the task force will start with training on how to spot and address human trafficking.

He said the Calcasieu Parish Sheriff's Office will head the initial task force effort, including developing sources.

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"What we think is happening is that they (traffickers) are not only bringing in laborers, taking their documents from them, not paying them, but also bringing in prostitution to service the workers," Mehrtens said.

Another byproduct of human trafficking is an increase in sale of illegal drugs to migrant workers, he said.

Gonzales, whose family came to the United States from Mexico, said that most Americans "think we resolved the question of slavery with the Civil War, but freedom is assured by vigilance."

But Gonzales said, people from other countries are being betrayed by their fellow countrymen who take advantage of their dream for a better life in America but bring them here only to keep them penned up working as prostitutes, sweat-shop laborers or domestic workers.

Jim Letten, U.S. attorney for the New Orleans-based federal Eastern District of Louisiana, declined to say Tuesday whether the government has any human trafficking investigations under way.

But in remarks before Gonzales spoke Tuesday, a Letten counterpart from another state was more forthcoming: "In my district, there are 11 slavery investigations going on right now," said Paul Perez, U.S. attorney for the Middle District of Florida.

City Wins Grant On Human Trafficking (SPT)

By JACOB H. FRIES

St Petersburg (FL) Times, October 4, 2006

The $450,000 federal outlay, the only one awarded in Florida, will set up a task force to fight exploitation for the sex industry and slavery.

CLEARWATER - The city Police Department on Tuesday won a $450,000 federal grant to create a local task force devoted to rescuing victims of human trafficking and arresting their smugglers.

Part of the money will pay for two full-time detectives to investigate such cases over the next three years. Clearwater was one of 10 police agencies nationwide to receive the grant this year, and the only one in Florida.

"Without this money, we would never be able to do this right," said Dewey Williams, the deputy police chief. "These are not your typical, mainstream criminal investigations. It's not like robberies or rapes, where victims report the crimes. Victims of human trafficking have to be sought out. We have to go out and find them."

Attorney General Alberto Gonzales announced the Justice Department grants Tuesday at a national conference on human trafficking in New Orleans.

In addition to Clearwater police, the task force will include representatives of the U.S. Attorney's Office, the Pinellas-Pasco State Attorney's Office, the Pinellas County Sheriff's Office and the Regional Community Policing Institute.

World Relief, a Christian aid organization with a local office at 6219 U.S. 19 in New Port Richey, will receive an additional $450,000 to help rescued victims, who often need temporary visas, housing and other support as the cases wind through the court system.

"When you rescue these victims, they have nothing," said Williams, who was attending the conference in New Orleans.

Trafficking in people is not the same as smuggling them. Human smugglers are typically paid to take people illegally across international borders, leaving them alone once they do so.

Traffickers, meanwhile, may transport people across borders, but they generate their profits through exploitation, coercing their victims into slavery, involuntary servitude or the commercial sex industry.

After drug dealing, human trafficking is tied with illegal arms sales as the second-largest criminal industry in the world, according to the Health and Human Services Department.

Florida ranks as the No. 2 destination for trafficking victims, behind California, with both states being home to large immigrant populations, says the Florida Coalition Against Human Trafficking.

The scope of human trafficking in Clearwater and the Tampa Bay area is unclear, but it's definitely "alive and well," Williams has said.

In May, when police raided a brothel on Camellia Drive, just north of Gulf-to-Bay Boulevard, they found signs of human trafficking, officials have said. A woman found at the house was not held against her will, but evidence and testimony from a doorman suggested that other prostitutes brought there had been lured from Mexico and forced into the sex industry, police say.

It was not the first time city police officials thought they had encountered a tentacle of human trafficking. In 2003, they shut down a prostitution operation at an apartment near Drew Street and U.S. 19 - similar to the one on Camellia Drive - but investigators couldn't tie it to a trafficking network.

In Clearwater's grant application, the department noted the success of its Hispanic Outreach Center, which opened in 2001. However, workers at the center had encountered several suspected cases of human trafficking, but because of a lack of resources, police were unable to effectively investigate, the application said.

That's going to change, Williams said.

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"Beginning next week, the task force is going to be under way," he said. [

Grand Jury Indicts 42 In Multistate Drug Network (FWCOM/AP)

By Associated Press

FortWayne.com, October 4, 2006

INDIANAPOLIS – A federal grand jury has indicted 42 people on charges of transporting and selling cocaine, methamphetamine and marijuana in southwest Indiana as part of a multistate drug operation.

Those arrested were members of three drug rings, each of which was primarily responsible for distributing one of the drugs, said Susan Brooks, the U.S. attorney for southern Indiana.

Federal and local police began making arrests at a series of raids at 18 sites Wednesday.

Most of those taken into custody were being held Thursday at the Henderson County Jail in Kentucky, Brooks said.

The raids resulted in the seizure of $69,000 in cash and 15 firearms, including an AK-47 semiautomatic rifle and a sawed-off shotgun, she said.

"It's a very good day for the citizens of Evansville and Princeton," Brooks said of the cities where five of 18 raids were conducted. "Today, the good guys won."

The indictments followed a six-month investigation headed by the Drug Enforcement Administration and charged two Texas men, Jose A. Cabrera, 27, of Dallas and Rickey Boyd, 36, of Spring with being among the ringleaders of a conspiracy to bring methamphetamine to the Evansville area.

Others were charged with bringing cocaine from Los Angeles and Nashville, Tenn.

Drug dealers "see communities like Evansville and Princeton as places to do business and make money where they won't get caught," Brooks said.

Feds Indict 42, Arrest 38 - Many Locally (WIFE-TV)

WIFE-TV, October 4, 2006

The U.S. Attorney's Office announced the indictments of 42 individuals; 38 have been arrested. A larger number, 24 people, were in Evansville, allegedly moving crystal meth, cocaine and marijuana.

U.S. Attorney Susan W. Brooks exclaims, "This is a very good day for the citizens of Evansville and the citizens of Princeton. Today [Wednesday], the good guys won, and we have a victory in these communities because of these indictments."

Three different drug trafficking rings, dismantled after three indictments, were unsealed in federal court from a six month investigation. A total of 42 people are indicted for different organizations - one for crystal meth, another for cocaine and the third for marijuana.

Dennis Wichern, with the DEA, explains, "Not one organization but three. The reason: The men and women standing right behind me."

More than 200 law enforcement officials conducted raids Wednesday morning, mostly in Evansville but some in Princeton. But the story spans across the nation.

Brooks says, "People have to realize the problem doesn't start here. This is a national problem, and we work with our federal partners all around the country."

Defendants were named in Dallas, Los Angeles and even Nashville. It's unknown how long these three separate drug rings have been in operation, but officials say they did help move large amounts to the area.

"The cocaine and crack organization moved kilogram quantities of cocaine from Los Angeles, CA," says Brooks.

Even though these authorities call Wednesday a victory in the war against drugs, they know there are still many more out there.

Vanderburgh County Sheriff Brad Ellsworth warns, "And to the people that continue this behavior, as you see this group, we'll not falter to take you off the streets."

Authorities also confiscated more than $69,000 in cash and 15 firearms from Wendesday's raids.

Four individuals have not been arrested; three are from the Tri-State. They are 31-year-old Amir Morgan and 32-year-old Ramon Clayton of Evansville and 24-year-old Myron Berry of Princeton.

All of these defendants, including the ones from out of state, are expected to be in court sometime next week.

Feds Allege Father Helped Son In Marijuana Dealings (MUNCSP)

By Nick Werner

Muncie Star Press, October 4, 2006

DOJ_NMG_0074808

MUNCIE -- Delaware County resident Aaron Drumm sold marijuana by the pound to two men and a woman in southern Indiana who then redistributed the drug to other dealers, according to a grand jury indictment provided to The Star Press on Friday.

Twenty-five-year-old Aaron Drumm's father, Jeffrey Drumm, 46, helped with the transportation of some of the marijuana in motor vehicles, the indictment alleges.

The document details one specific drug deal in which the younger Drumm on July 4 agreed to sell 50 pounds of marijuana at between $600 and $700 a pound to a Princeton man.

Two days later, Jeffrey Drumm allegedly delivered the package to Princeton.

The Drumms were arrested Wednesday morning as part of a multi-state drug probe involving the federal Drug Enforcement Administration.

The six-month investigation focused on suspected cocaine, marijuana and methamphetamine dealers in the Princeton and Evansville areas and their suppliers.

The Drumms face a charge of conspiracy to distribute 100 kilograms or more of marijuana.

One-hundred kilograms is about 220 pounds.

Forty-two people in Indiana, Texas and California were indicted in the investigation.

In an interview Wednesday, Patricia Drumm said her husband and son were innocent.

Delaware County Sheriff George Sheridan said he did not believe the Drumms were supplying local dealers.

Contact news reporter Nick Werner at 213-5832.

Jury Selection Begins In Retrial In Smuggling Deaths Case (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, October 4, 2006

(AP) - HOUSTON-Jury selection could take up to two weeks in the retrial of a truck driver who prosecutors say failed to help the illegal immigrants packed into his tractor-trailer in what became America's deadliest human smuggling attempt.

If convicted for his role, Tyrone Williams could face the death penalty. Prosecutors said he was part of a smuggling ring that tried to transport more than 70 illegal immigrants from Mexico, Central America and the Dominican Republic in his airtight tractor-trailer from South Texas to Houston in May 2003.

Nineteen immigrants died after succumbing to the heat inside, which authorities estimate climbed to 173 degrees Fahrenheit (78 degrees Celsius). Williams abandoned the trailer at a truck stop near Victoria, about 100 miles (160 kilometers) southwest of Houston.

Jury selection began Tuesday with an initial jury pool of about 250 people. Potential jurors will be questioned individually due to the possible death sentence. The retrial could take up to four weeks.

A jury convicted Williams last year on 38 transporting counts in the deaths. He avoided a death sentence because the jury could not agree on what role Williams played in the crime. The jury deadlocked on 20 other counts.

But the 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict did not count because the jury failed to specify his role in the deadly smuggling attempt.

The trial will be overseen by a new judge, Lee Rosenthal.

The appeals court removed U.S. District Judge Vanessa Gilmore from the trial because of the case's "extraordinary history" and her busy docket. Prosecutors and Gilmore had a contentious relationship throughout the case.

Williams is the only one of 14 people charged in the case who is facing the death penalty. He was indicted on 58 transporting, harboring and conspiracy counts, 20 of which are eligible for the death penalty.

Williams' lead defense attorney, Craig Washington, said the federal government is only retrying his client because it failed to get a death sentence during the first trial.

"There is no proof he was aware of their suffering. The (first) jury didn't believe (he was aware). If they had, they would have found him guilty of a death penalty eligible count," Washington said. "They found him guilty of what he did do, which was transport those unfortunate people."

Prosecutors declined to comment before the start of the retrial. But Assistant U.S. Attorney Daniel Rodriguez said at a recent hearing that Williams, 35, a Jamaican citizen who lived in Schenectady, New York, could have opened the doors of the tractor-trailer and freed the immigrants but he chose not to do that.

So far, seven people have been sentenced to prison in the case. Sentencings for three others are pending. Charges against two were dismissed and one man remains a fugitive.

Prison Official Accused In Sex Case (HC)

DOJ_NMG_0074809

Houston Chronicle, October 4, 2006

A prison official had sexual contact with female inmates at the Bryan Federal Prison Camp and lied about it to investigators, according to criminal information made public Tuesday.

The information filed in federal court by the Civil Rights Division of the U.S. Justice Department accuses former Inmate Systems Manager Ricky L. Bernard, 45, of College Station, of sexual contact with the women in 2003 and 2004.

He is charged with two counts of sexual abuse of a ward, two counts of abusive sexual contact with a ward and one count of making a false statement to a federal agent.

Man Sues Secret Service Agent Over Arrest After Approaching Cheney And Denouncing War (NYT)

By Kirk Johnson

The New York Times, October 4, 2006

DENVER, Oct. 3 — A Colorado man who was arrested in June on harassment charges after he approached Vice President Dick Cheney to denounce the war in Iraq filed a federal lawsuit on Tuesday accusing a Secret Service agent of civil rights violations.

In his suit, filed in Federal District Court in Denver, the man, Steven Howards, an environmental consultant who lives in Golden, Colo., says he stepped up to the vice president to speak his mind in a public place and found himself in handcuffs — in violation, the suit says, of the Constitution's language about free speech and illegal search and seizure.

The suit seeks no specific damages, and names only one agent, Virgil D. Reichle Jr., who is assigned to the Denver office of the Secret Service. But Mr. Howards's lawyer, David A. Lane, said Mr. Cheney might be called as a witness, along with the district attorney in Eagle County who threw out the criminal case against Mr. Howards. If a chain of command within the Secret Service is found that suggests Mr. Reichle was acting on orders, Mr. Lane said, more defendants could be named.

A call to Agent Reichle was not returned. A spokeswoman for Mr. Cheney referred questions on the matter to the Secret Service. The agent in charge of the Denver office, Lon Garner, declined to comment.

Mr. Howards, 54, said at a news conference here that he was taking his 8-year-old son to a piano lesson on June 16 at the Beaver Creek Resort about two hours west of Denver when he saw Mr. Cheney at an outdoor mall. Mr. Howards said he approached within two feet of Mr. Cheney and said in a calm voice, "I think your policies in Iraq are reprehensible," or as the lawsuit itself describes the encounter, "words to that effect."

Mr. Howards said he then went on his way. About 10 minutes later, he said, he was walking back through the area when Agent Reichle handcuffed him and said he would be charged with assaulting the vice president. Local police officers, acting on information from the Secret Service, according to the suit, ultimately filed misdemeanor harassment charges that could have resulted in up to a year in jail.

A June 16 article in The Vail Daily quoted a spokesman for the Secret Service, Eric Zahren, as saying that Mr. Howards "wasn't acting like other folks in the area," and that he became "argumentative and combative" when agents tried to question him. Mr. Howards said Tuesday that he was never threatening and did not become upset until his arrest.

"This was not about anything I did — this is about what I said," he said.

Mr. Zahren declined to comment on the suit or on his original description of the event.

Mr. Howards said he was released on $500 bond after about three hours in jail. A state judge dismissed the charge about three weeks later at the request of the Eagle County district attorney, Mark Hurlbert.

"It was our understanding that the vice president did not want to prosecute," Mr. Hurlbert said in a telephone interview. "The original indication was that he had pushed the vice president. Later it looked to be that he had just spoken to him."

Mr. Hurlbert said the initial information on the incident came from the Secret Service agents at Beaver Creek. A later communication from Mr. Cheney's office or the Secret Service — Mr. Hurlbert said he did not remember which — said the government wanted to drop the matter.

The suit joins two others — in West Virginia and another in Denver — charging that Secret Service agents or White House staff members violated the law in keeping people with opposing political views away from President Bush or Mr. Cheney.

In the other Colorado suit, two people said they were ejected from a taxpayer-financed appearance by Mr. Bush in Denver in March 2005 because of an antiwar bumper sticker. The case is awaiting a ruling from the judge on a motion by the government to dismiss the case.

In the West Virginia case, the American Civil Liberties Union filed a lawsuit on behalf of Jeff and Nicole Rank, who said they were arrested on July 4, 2004, at an appearance by Mr. Bush in Charleston. The Ranks had proper tickets but were wearing anti-Bush T-shirts, the suit says. The government has an Oct. 10 deadline to respond to the suit, said Chris Hansen, a senior staff counsel at the A.C.L.U. in New York.

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Mr. Howards said that he had had no intent to test the limits of free speech when he approached Mr. Cheney, but that the government's actions in the aftermath only deepened his convictions and opposition.

"This administration has a history of intimidating folks," he said.

Another Of Jewish Group's Buses Vandalized (WP)

By Ernesto Londoño

The Washington Post, October 4, 2006

Vandals damaged a parked bus that belongs to the Jewish Council for the Aging of Greater Washington in Rockville over the Yom Kippur holiday, marking the second time the organization's fleet has been smashed up this year.

Drivers who reported to work Sunday afternoon found that the rear window of a new, $71,000 bus customized to transport senior citizens had been smashed with a rock, said Jeanne Zepp, a spokeswoman for the organization.

"The timing of this is very troubling," Zepp said, referring to the holiest day of the Jewish calendar, which this year lasted from sundown Sunday to sundown Monday. "We're perplexed by this."

Zepp said the vandals have left no explicit anti-Semitic signs. The name of the organization is marked on the outside of the buses.

Seven of the group's buses were targeted in a similar act of vandalism in January at a commercial lot the council leases in the 4900 block of Wyaconda Road. One, which was damaged beyond repair, was replaced by the bus vandalized over the weekend. The group has spent $221,000 fixing the damaged buses and beefing up security in the buses and around the lot.

The center announced yesterday a $5,000 reward for information leading to an arrest and asked the police to do more.

"We're more than a little disappointed with the reaction we've gotten from the Montgomery County police," said Zepp, adding that officials at the nonprofit group haven't heard from detectives since they reported the January incident to police.

Police spokeswoman Melanie Hadley said she didn't know whether the January incident -- which was not classified as a hate crime -- is related to the one reported this weekend.

"Every incident of this nature we take very seriously," she said. "We are diligently looking into this. We want to find the perpetrators."

Hadley said she did not know whether the latest act of vandalism would be classified as a hate crime.

The center provides services to seniors of all religious denominations in the Washington area and depends on the wheelchair-accessible buses to transport clients to activities, appointments and programs.

"It saddens me that a nonprofit devoted to serving frail elderly of all faiths must use our funds in any way other than direct-service programs for seniors," Richard Dine, the group's president, said in a statement.

Plan Outlined To Save King/Drew (LAT)

By Steve Hymon And Susannah Rosenblatt

The Los Angeles Times, October 4, 2006

The Los Angeles County Board of Supervisors this afternoon approved the outlines of a plan to save Martin Luther King Jr./Drew Medical Center by greatly reducing the size of the facility and handing over its management to another county hospital.

The five supervisors unanimously asked the county health chief to return in two weeks with more details on a plan that would shrink services provided at King/Drew, relocate most of King/Drew's staff to other county facilities and put King/Drew under the day-to-day control of Harbor-UCLA Medical Center, located 10 miles away near Torrance.

The plan would preserve emergency room services at King/Drew in Willowbrook, south of Watts.

Dr. Bruce Chernof, chief of the county's Department of Health Services, told supervisors that the plan could take as much as a year to implement and left open the possibility that King/Drew may have to close for an unspecified amount of time while being put under the oversight of Harbor-UCLA.

Chernof also confirmed that the plan would sever longtime ties between King/Drew and the neighboring Charles R. Drew University of Medicine and Science, which trains residents at the hospital.

Susan Kelly, the university's president, told supervisors that the plan could threaten the university's future. "Our major fear is that we will be collateral or road kill" in such a plan, Kelly said, adding that the school will likely have to cut back some of its training programs.

"Frankly, the implications of this are deeper than we imagined," Kelly added.

The county was informed last month that the embattled King/Drew hospital failed its most recent inspection by the Centers for Medicare and Medicaid Services. As a result, the agency has told the county that it intends to cut about $200 million in funding for King/Drew by year's end.

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Faced with losing roughly half of King/Drew's budget, the Board of Supervisors had a choice of either funding the hospital on its own — a steep price for county coffers — or finding ways to appease federal inspectors.

The new plan aspires to straighten out chronic patient care issues at King/Drew by handing oversight of the facility to Harbor-UCLA, a hospital that is viewed within the county system as a much more stable and well-run institution.

According to two doctors quoted in The Times this morning, Harbor-UCLA's well-regarded chief executive officer, Tecla A. Mickoseff, reportedly threatened to resign over the plan.

"She's not available for comment, but she has told me that she is not intending to resign," said Julie Rees, spokeswoman for Harbor-UCLA. "I don't know anything about who the doctors were or why they may have said something like that."

Rees said that Mickoseff was unavailable for an interview, citing ongoing meetings about the King/Drew plan. Doctors at the hospital Monday issued a statement questioning whether Harbor-UCLA had the resources to assume oversight of King/Drew while not threatening the care it provides to its patients.

Mickoseff's name was not spoken during the meeting. "I understand when some people at Harbor have some reticence," said Supervisor Zev Yaroslavsky. "This is not a time to resist, this is a time to step up."

Chernof said that the most critical step now is to ensure that the Centers for Medicare and Medicaid Services will continue the funding while the county continues drawing up a plan. He acknowledged that he does not know if the plan will pass muster with the agency.

Federal inspectors could not be reached for comment early this afternoon as to whether the plan was acceptable.

"I hope that when we come back in two weeks we have a letter of some sort that clearly defines that we are going in the appropriate direction," said Supervisor Gloria Molina.

Rep. Maxine Waters (D-Los Angeles) told supervisors that she and other members of Congress who represent the area served by King/Drew are generally supportive of the plan. Waters said that congressional leaders would urge the Centers for Medicare and Medicaid Services to extend the cutoff of funding beyond the end of the year.

"This is not a time for division, this is not a time for finger-pointing. This is a time for us to work together," Waters said. "I would like to piggyback on what Supervisor Molina said. As we go through describing what the hospital will be in the transition, we must keep in mind that the community does have a vision that someday it will get back to or get to where it has never been -- a complete acute care hospital."

South-Central L.A. Hospital In Critical Condition (WP)

By Sonya Geis

The Washington Post, October 4, 2006

LOS ANGELES -- Activists who fought hard to bring a hospital to south-central Los Angeles after the 1965 Watts riots are in mourning since the announcement that their beloved but deeply troubled hospital failed a crucial federal inspection and will lose more than half its funding.

While the Los Angeles County Board of Supervisors weighs a proposal to slash services and turn most of King/Drew Medical Center's management over to a nearby county facility, African American community members met for a combination pep rally and wake.

"I don't want to talk about closing this hospital," Mollie Bell, a resident of nearby Compton, said at the emotional assembly Monday night. More than 300 gathered for the meeting, organized by Rep. Maxine Waters (D) and including Jesse Jackson and a who's who of local African American politicians and clergy members.

Bell held a "Save King Drew" sign as she said that Harbor-UCLA Medical Center in Torrance -- the facility that probably will take over operations and offer services to be cut at King/Drew -- is too far from south-central Los Angeles.

"The people that come here are on Medicaid. They're on fixed incomes. How are they going to get to Torrance? They don't have transportation," she said.

Martin Luther King Jr./Charles R. Drew Medical Center administrators learned Sept. 22 that they had failed an inspection by the Centers for Medicare and Medicaid Services in nine of 23 areas. As a result, the hospital will lose $200 million of its $380 million annual budget at the end of the year.

Failed inspections, mismanagement and well-publicized lapses in patient care have gradually built to a crescendo in the past 20 years. King/Drew has been out of compliance with Medicare standards since January 2004 and lost its national accreditation in early 2005.

Its trauma center was closed in 2004, dealing a blow to community pride and further diminishing emergency care in Los Angeles County, where nine emergency rooms and trauma centers have closed in the past five years.

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County Supervisor Yvonne B. Burke, whose district includes King/Drew, said at a Board of Supervisors meeting Tuesday that she is disappointed the hospital will lose funding but hopes a plan to provide different specialty services at each of the county's five hospitals will bring stability to the health-care system.

"We're the safety net, and as much as I wish this hadn't come about in this way, I believe we're moving forward," Burke said.

For the activists who met in Watts the night before, though, losing services and control of the hospital looked more like a move backward.

"We fought real hard to get this in 1965. I remember the Watts riots," Bell said. "I hope we don't have to do that again."

Despite the protests, the Board of Supervisors voted unanimously to approved the outlines of a plan to hand over management of the hospital to Harbor-UCLA Medical Center and drastically reduce services at King/Drew.

The board directed Bruce A. Chernof, the Department of Health Services chief, to return in two weeks with a more detailed plan.

Although the hospital's most vocal supporters and management have always been African American, the Watts neighborhood has transformed since King/Drew opened. Today, 70 percent of the hospital's patients are Latinos.

Arturo Ybarra, director of the Watts/Century Latino Organization, a local group that assists immigrants and fosters ties with the black community, attended Monday's meeting and said afterward he was frustrated that prominent Latino politicians have not rallied around King/Drew the way black politicians have.

"In general, the Latino community in this area is deeply concerned over what is going on at King/Drew Medical Center," he said.

"This is not a matter of ethnic groups. This is not a matter of who is involved or not involved in political activism. It is a matter of essential need."

Supreme Court Refuses To Hear Sidley Austin Case (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, October 4, 2006

The U.S. Supreme Court has denied Sidley Austin's petition for writ of certiorari in the age discrimination suit being brought against the firm by the Equal Employment Opportunity Commission.

The firm, which is facing allegations it demoted 31 partners in 1999 on the basis of age, had argued for the suit's dismissal on the grounds the EEOC had no authority to seek monetary damages. But that motion was denied by both the Chicago district court hearing the case and the 7th U.S. Circuit Court of Appeals based on the Supreme Court's 2002 ruling in EEOC v. Waffle House, 534 US 279, which said the agency had a statutory right to seek damages separate from any individual's right.

The agency must still show that federal age discrimination law applies to law firm partners who have traditionally been considered employers exempt from such laws. The agency has argued that Sidley's centralized management structure rendered most of its partners employees.

ANTITRUST:

Judge Denies Motion To Dismiss DOJ Lawsuit Against NAR (INMAN)

Inman News, October 4, 2006

A U.S. District Court judge has denied a motion by the National Association of Realtors trade group to dismiss an antitrust lawsuit filed last year by the U.S. Department of Justice.

Justice Department officials charge in the lawsuit that the Realtor group has adopted overly restrictive policies for the online display and sharing of property listings information. The trade group had sought in a December court filing to dismiss the federal government's case, disputing several aspects of the lawsuit.

Mark Filip, a U.S. District Court judge for the Northern District of Illinois, wrote in a Sept. 28 court notice that a status conference will be held Oct. 30, and a detailed opinion about the court's denial of the motion to dismiss the lawsuit will be distributed to both parties on or before that day.

Laurie Janik, general counsel for the National Association of Realtors, said of the judge's decision, "We're not surprised but we're disappointed." Janik today said the association has not yet received the full opinion of the judge in denying the lawsuit's dismissal. "We're looking forward to the written opinion so that we can learn from that."

Gina Talamona, a Justice Department spokeswoman, said, "We're pleased the court denied NAR's motion to dismiss the case and we're looking forward to moving ahead with our case."

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According to a July 11 court document, the Justice Department will "disclose in writing the MLS (multiple listing service) areas from which it intends to draw evidence to prove anticompetitive effects" in the lawsuit by Oct. 16. Earlier this year, Janik announced that at least 14 MLSs had received subpoenas from the Justice Department relating to the agency's lawsuit against the trade group. The MLS of Northern Illinois, one of the largest Realtor-operated MLSs in the country, was among those MLSs that received a subpoena.

The National Association of Realtors will disclose its "pro-competitive justifications" for its challenged Internet policies "along with a list of the MLS areas for which it intends to present evidence" by April 15, according to the court document, and the evidence-gathering period for these items will close June 15, according to the document.

While representatives for the Justice Department and National Association of Realtors met in a settlement conference on March 22, a court document on April 20 states that the parties reported "several key impediments to settlement."

After filing an initial antitrust complaint against the Realtor association in September 2005, the Justice Department submitted an amended complaint the following month. The initial complaint charged that a Virtual Office Web site (VOW) policy adopted by the Realtor group contained anticompetitive provisions. In its request to dismiss the lawsuit, the association stated that it had withdrawn that VOW policy prior to the filing of the original complaint and put in place a new Internet Listings Display policy.

But the Justice Department, which had conducted a two-year probe of the association's VOW rules, charged in its amended complaint that the modified policy also is anticompetitive. After the amended complaint, the Realtor association advised Realtor-operated MLSs not to implement the ILD policy and advised MLSs not to enforce the disputed aspects of the VOW policy.

The association stated in its motion to dismiss the lawsuit that its VOW and ILD policies "impose no restraints whatsoever on any of NAR's members who would be subject to the policies if they were being enforced. They do not encourage NAR members to refuse to allow listings to be displayed on other brokers' Web sites."

While the policies did contain provisions that would allow MLS members to opt out from displaying listings on other MLS members' Web sites, "any decision to opt out is made unilaterally by listing brokers exercising their independent judgment," the association stated in court filings.

In a Feb. 6 court filing responding to the association's motion, the Justice Department stated that the trade group's arguments "all miss the mark," and "NAR's VOW policies constitute restraints of trade, despite NAR's protestations to the contrary, because they restrain competition in real estate markets, generally, and the behavior of multiple listing services and virtual office Web site operators, in particular."

FTC Approves Lockheed-Boeing Rocket Deal (AP)

By Stephen Manning, ASSOCIATED PRESS WRITER

AP, October 4, 2006

WASHINGTON -- The Federal Trade Commission said Tuesday it has approved the joint venture between defense contractors Lockheed Martin Corp. and Boeing Co. to launch government satellites, lifting a final barrier to the long-delayed proposal.

While the commission concluded that the $1.06 billion partnership between the nation's two biggest defense firms could unfairly muscle out competitors, it said that concern was outweighed by the national security demands for a reliable and cheaper way to send military and other satellites into space.

The so-called United Launch Alliance, or ULA, was proposed in May 2005 to resolve a long-standing dispute between Lockheed and Boeing, then the two major suppliers of rockets for government launches.

It also came after Boeing was stripped of $1 billion in launch contracts and suspended for 20 months from launches by the Air Force after accusations that it used thousands of sensitive documents stolen from Lockheed to gain an edge in the bitter rivalry. Boeing later agreed to pay $615 million to end a Justice Department probe of the case.

The FTC decision "brings the ULA closer to the goal of meeting the government's need for reliable, lower-cost launch services for national security, civil and scientific payloads," Boeing spokesman Dan Beck said.

Lockheed spokesman Tom Jurkowsky, calling the decision good news, said the two companies still needed to complete reams of legal documents before the deal closes.

ULA will be a 50-50 venture between the two companies, each providing a $530.7 million stake. It is planned for Denver and would combine launch services for Boeing's Delta and Lockheed's Atlas rockets, known as expendable launch vehicles. The venture is expected to save about $150 million annually.

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The government already had few contractors to choose from. Maryland-based Lockheed and Chicago-based Boeing are the only domestic suppliers of medium to heavy rockets. California-based Northrop Grumman is the only other major competitor in the domestic space launch vehicle business, according to the FTC.

The FTC set conditions on the deal such as requiring ULA to not favor Lockheed and Boeing on issues such as who makes the satellites that are launched and other contracting issues. It also requires ULA to guard trade secrets closely.

Northrop said in a statement that it was still reviewing the FTC decision. The California rocket company SpaceX, which had sued to try to stop ULA, said the FTC appeared to only protect large companies like Northrop.

"It appears to do very little to ensure free and fair competition in the launch vehicle market," said Elon Musk, SpaceX CEO.

The commission voted 5-0 to approve the venture, which will now be open for public comment for 30 days before it becomes permanent.

The FTC appeared to be swayed by arguments from the Defense Department that the single launch provider was needed even though it would cut competition. In an August letter to the commission, Undersecretary of Defense for Acquisitions Kenneth Krieg said ULA would launch satellites for tasks such as guiding missiles to targets. He said two types of rockets were needed in case one failed.

"The national security advantages of ULA are paramount to the Department's support of this transaction," Krieg wrote.

But a month earlier, Michael Moiseyev, the assistant director of the FTC's bureau of competition, wrote in a letter to the Pentagon that "a consolidation of the only two market participants would create a durable monopoly." He also challenged whether the government would actually benefit from the $150 million the companies claim ULA will save.

In a separate statement released Tuesday with the FTC decision, Commissioner Pamela Jones Harbour deferred to the Pentagon while expressing concern about the anticompetitive nature of the deal.

Associated Press writer Matthew Daly contributed to this report.

FTC Approves Lockheed-Boeing Rocket Launch Venture (MRKTWTCH)

By Laura Mandaro

Market Watch, October 4, 2006

SAN FRANCISCO (MarketWatch) -- Staunch rivals Lockheed Martin Corp. and Boeing Co. said on Tuesday that the Federal Trade Commission signed off on a venture to jointly launch government satellites, the final step in a lengthy approval process.

The two largest U.S. defense contractors had announced their $1.06 billion venture about 17 months ago, touting the $150 million in annual cost savings the partnership would bring to the U.S. government.

But the anti-trust agency's concerns that Lockheed (LMT: news, board) and Boeing (BA: news, board) would dominate the market for medium-to-heavy government rocket launches stalled formation of the venture, named the United Launch Alliance.

On Tuesday, the FTC said that it had voted to approve the ULA by a 5-0 vote after discussions with the Department of Defense, which concluded that the benefits to national security by providing reliable launch services outweighed concerns about less competition.

"The Commission's proposed consent order does not attempt to remedy the loss of direct competition," said the FTC, because the Defense Department concluded the joint venture "would improve national security and that the unique national security benefits from the joint venture would exceed any anticompetitive harm," the FTC said in a statement.

To settle the FTC's charges, the agency stipulated that the ULA not give an unfair advantage to the space vehicle businesses of its parent companies during the Defense Department's space vehicle procurement process. And Boeing's and Lockheed's space vehicle businesses must provide equal consideration to all launch service providers when bidding for contracts to put satellites in orbit, it said.

The order will be subject to public comment until Oct. 31, at which point FTC will decide whether to make it final.

Lockheed said the FTC's action will allow it to finalize closing documents and work toward setting a closing date.

The two companies have also agreed to dismiss civil litigation against each other related to previous competition for launches, Lockheed said.

They'll headquarter the ULA in Denver, with most engineering and administrative activities consolidated at Lockheed's facilities and major assembly operations based at Boeing's plant in Decatur, Alabama. They will use facilities at Cape Canaveral Air Force Station in Florida and Vandenberg Air Force Base in California to launch the Boeing Delta and Lockheed Martin Atlas rockets.

Michael Gass, vice president and general manager of Lockheed Martin Space Transportation, will become ULA president and CEO. Dan Collins, vice president of Boeing Expendable Launch Systems, will serve as chief operating officer.

Lockheed shares fell 0.17% to $86.80 on Tuesday. Boeing gained 2.3% to $81.78.

Laura Mandaro is a reporter for MarketWatch in San Francisco.

Critics Say Smithfield Merger Would Unfairly Fatten Pork Producer (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, October 4, 2006

Smithfield Foods Inc.'s effort to digest a rival pork producer has become a food fight, as a coalition of consumer and farming organizations are begging the Department of Justice to scrutinize the deal for antitrust concerns.

Regulators in Washington have historically had problems when dealing with large agricultural mergers, and they seem to have a full plate with this one, since legislators on Capitol Hill have already announced a desire to hold hearings on the deal.

Smithfield, the nation's largest producer of pork, agreed to pay some $810 million for Premium Standard Farms Inc., the nation's second-largest pork producer and sixth-largest pork processor.

The coalition, which includes the National Farmers Union and the Consumer Federation of America, says the deal will further consolidate the market for pork, making it more difficult for small family farms to sell their hogs.

In their press release announcing the deal Sept. 18, the companies said that after the merger Smithfield will honor all existing contracts and is "committed to purchasing significant numbers of hogs on the open market."

But that promise doesn't provide much solace to the deal's opponents. In their letter to Attorney General Alberto Gonzales, they wrote, "Ensuring that livestock markets operate in a free, fair and transparent manner is critical to our nation's agriculture economy. Without such open and competitive markets, independent producers cannot survive and consumers lose."

Moreover, they said pork is not the only issue for regulators to consider. Cattle, too, will be affected. "Last year, a ContiGroup [Cos.] subsidiary, ContiBeef, merged with MF Cattle Feeding Inc. -- a subsidiary of Smithfield Foods Inc., to form a joint alliance in the cattle feeding business," the letter stated. "We believe the proposed Smithfield-Premium Standard Farms hog acquisition will have a direct impact on the issue of concentration in the cattle industry."

In addition to that deal, Smithfield also recently agreed to pay $575 million for ConAgra Foods Inc.'s branded meats business, which includes, Armour, Margherita and a handful of other brands. That deal, expected to close "during its fiscal second quarter which ends October 29, 2006," according to a filing with the Securities and Exchange Commission, will give an even bigger boost to the company.

The acquisitions, when final, would put all phases of the beef and pork industry under Smithfield's control, from production of live cattle and hogs, through processing and into American supermarkets under the well-known ConAgra brands.

Sen. Mike DeWine, R-Ohio, chairman of the Senate committee with antitrust oversight, last week said he plans to hold hearings on the proposed merger between Smithfield and Premium Standard Farms. He, too, warned of the problems the nation faces if family farms are hurt by consolidating meat processing concerns. "Consumers will certainly be affected by the deal. We will need to scrutinize this deal very carefully," DeWine said.

The uproar is reminiscent of protests from Sen. Chuck Grassley, R-Iowa, and others on Capitol Hill in 2003 when the Justice Department permitted Smithfield and Cargill Inc., another agricultural conglomerate, to participate in a bankruptcy auction for Farmland Industries Inc. Smithfield ultimately acquired Farmland's pork division for $457 million.

Wright Bill May Take Effect Quickly (DMN)

By Emily Ramshaw, The Dallas Morning News

The Dallas Morning News, October 4, 2006

Dallas, Fort Worth mayors are waiting for Bush to sign measure

The mayors of Dallas and Fort Worth joined key North Texas lawmakers Tuesday to celebrate Congress' repeal of the Wright amendment, calling it nothing short of a miracle.

They vowed to move forward quickly with the terms of the agreement – brokered in June after months of negotiations between the two cities, Dallas/Fort Worth International Airport, American Airlines Inc. and Southwest Airlines Co. – as soon as President Bush signs the measure.

LOUIS DeLUCA/DMN Dallas Mayor Laura Miller and Fort Worth Mayor Mike Moncrief spoke Tuesday at D/FW Airport. Not everyone is pleased about the Wright bill. Dallas is facing lawsuits over it.

"For too long, we've tussled over that problem," Mayor Laura Miller said of the Dallas Love Field flight restrictions, speaking at a news conference in the D terminal at D/FW Airport. "It's nice to heal old wounds."

Congress approved legislation to phase out the long-debated flight restrictions at Love late last week, just hours before lawmakers' pre-election recess.

The measure is "sitting on the president's desk," Sen. Kay Bailey Hutchison said at the news conference, and could be signed in as few as 10 days.

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"It took all weekend for me to come back to earth," Ms. Hutchison said, recalling her glee Friday night as she watched the vote board "light up with all those green lights."

"This was truly Team North Texas," she said.

City officials said that once the bill is signed, they'll get down to business again: with major renovations at Love Field and with eminent domain proceedings to seize the former Legend Airlines terminal gates slated for demolition.

Under the agreement, gates at the inner-city airport would be reduced from 32 to 20. The agreement would allow immediate through-ticketing from Love with a stop in the nine-state Wright perimeter – and full repeal in 2014.

But Dallas faces an uphill legal battle, one that appears to grow by the week.

Love Terminal Partners, which holds the lease at the vacant Legend terminal, has filed three lawsuits against the city, alleging anti-trust and open meetings law violations. The group's attorneys say they'll fight to block the city if it begins condemnation proceedings before a court ruling.

"I think it's a bad bill, and I'm proud of my clients for hanging in there," said Bill Brewer, a Dallas lawyer representing Love Terminal Partners. "It's good for the consumers, and it's good for us if we maintain the facility."

Ms. Hutchison, who asked the mayors of Dallas and Fort Worth to craft a local solution to the Wright amendment early this year, said such lawsuits are to be expected.

"I feel sure there will be lawsuits," she said.

Dallas officials, meanwhile, call the suits frivolous.

Ms. Miller said Tuesday that eminent domain proceedings at the Legend terminal will begin "very, very soon" and that she had already spoken with the city manager and city attorney about it.

She also said that plans for Love Field renovations are already in the works and that city officials will sit down with Southwest "the minute the bill gets signed." No architect or designer has been chosen for the project, which, under the agreement, must be complete within eight years.

"Where we are is a very good place," Ms. Miller said.

Court Blocks Injunction On U.S. Sales Of EchoStar DVRs (WSJ)

By Wall Street Journal Staff Reporter

The Wall Street Journal, October 4, 2006

A federal appeals court stayed a permanent injunction that prevented EchoStar Communications Corp. from selling its digital-video-recorder models in the U.S. The stay blocks the injunction, pending appeal of a patent-litigation dispute between EchoStar and TiVo Inc.

The companies' DVR technology records television programs digitally. In April, a Texas jury found that EchoStar had infringed upon a TiVo patent in making its own set-top box with DVR capabilities.

A judge subsequently ordered EchoStar to pay $89.6 million in damages and ordered EchoStar to stop selling and turn off about four million of its DVRs. The stay blocks that order.

Intel Could Face EU Antitrust Case (WSJ)

By Mary Jacoby, Adam Cohen And Don Clark

The Wall Street Journal, October 4, 2006

European Union investigators believe they have enough evidence to pursue formal antitrust charges against Intel Corp., a critical step in their five-year probe of the computer-chip maker, according to two people with knowledge of the case.

Investigators for the European Commission in Brussels have prepared a written draft of charges against Intel and are gearing up to defend their conclusions before an internal "devil's advocate" panel of legal experts, the people with knowledge of the probe said. Such panels are convened in high-profile antitrust cases to explore possible weaknesses in investigators' arguments and to offer advice.

After that process, a report will be sent to European antitrust chief Neelie Kroes, who will make a final decision, likely before the end of the year, on whether to issue formal charges against the Santa Clara, Calif., chip maker. If Ms. Kroes decides to proceed, her staff would send Intel a formal "statement of objections" describing how the EU believes Intel broke its antitrust laws.

Intel would then get two months to issue a written response. The company also would have the right to argue its case before a closed-door hearing of regulators in Brussels. If Ms. Kroes decides that Intel broke EU antitrust laws, she could fine the company and order it to change its business practices.

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Intel competitor Advanced Micro Devices Inc. of the U.S. has told regulators that its bigger rival has unfairly abused its position as the world's dominant supplier of computer chips to muscle AMD out of new markets. In July 2005, the EU searched Intel offices in Europe, seizing documents that investigators are now using to bolster their case against Intel.

Investigators have been examining a variety of Intel's practices, including giving rebates to computer makers and retailers that stock products made with Intel chips. "Our view is that the allegations from AMD are wrong. Our business practices are both fair and lawful," said Intel spokesman Chuck Mulloy.

AMD counters that it has struggled to get computer makers to switch to its chips due to Intel's practices. Thomas McCoy, the chip maker's executive vice president for legal affairs, said in a recent interview that Intel uses "false rebates schemes and the threat of price increases" to persuade computer makers like Hewlett-Packard Corp. and Dell Inc. to use its chips.

A spokeswoman for H-P declined to comment, and Dell couldn't be reached to comment.

Mr. McCoy said that in the past, when AMD's market share has risen above 20%, Intel has retaliated by demanding that computer makers ratchet up the share of its chips in their products or lose hefty rebates.

A spokesman for the EU, Jonathan Todd, declined to comment.

South Korea is also probing Intel for possible antitrust violations. U.S. regulators, however, haven't pursued antitrust action against Intel since the 1990s.

The more adversarial legal culture in the U.S. enables companies to pursue grievances in court that are more often left to governments abroad. AMD, for example, filed an antitrust lawsuit against Intel in federal court in Delaware last year.

That lawsuit is pending, although a judge recently dismissed portions of the case that dealt with Intel's conduct outside the U.S., ruling that a federal court didn't have such jurisdiction. AMD is asking the judge to reconsider that ruling.

Europe Is Said To Be Close To Pressing Intel Case (NYT)

By Paul Meller

The New York Times, October 4, 2006

BRUSSELS, Oct. 3 — European officials investigating the chip maker Intel have presented what they say they believe is a watertight argument for pursuing antitrust charges to an internal panel of so-called devil's advocates, a person briefed on the investigation said late Tuesday.

The move by antitrust officials is seen as an indication that the case is strong enough to proceed.

The panel was recently introduced into the review process to prevent poorly prepared antitrust cases from becoming formal legal proceedings.

The European Commission has been investigating Intel for five years.

With about an 80 percent share of the global computer chip market, Intel dwarfs its nearest rival, Advanced Micro Devices, which accounts for most of the remaining chip sales.

Officials from Intel and the European Commission were not immediately available to comment.

A.M.D.'s executive vice president for legal affairs, Thomas M. McCoy, said recently in an interview that he was confident the European Commission would move to stop Intel from abusing its dominance in the market.

"The Intel investigation is coming to a close," he said, adding that he was confident it would result in Neelie Kroes, the European competition commissioner, issuing a charge sheet, known as a statement of objections, to the company.

Mr. McCoy said he was optimistic that Ms. Kroes would move ahead with a lawsuit "because she is independent from political pressure; both Intel and A.M.D. are big employers in Europe; and because, unlike other antitrust cases, there are no complicated intellectual property issues at stake in this case."

Last year, the European Commission made surprise visits to Intel offices in Europe, confiscating documents in an effort to find evidence of illegal behavior.

Last month, the European Commission took over a separate investigation by German antitrust officials into claims that Intel was forcing Europe's biggest computer retailer, Media Markt, to stock only computers fitted with Intel chips.

Consumer groups have told regulators that computer buyers are getting fewer choices as a result of Intel's tactics, which reportedly include granting rebates in return for loyalty from PC makers.

The devil's advocate panel includes the chief economist of the commission's competition departments, Damien Neven, along with colleagues in the department who are not involved in the Intel case.

If the panel supports the draft case against Intel, the investigating team will propose that Ms. Kroes issue a statement of objections to the company for the first time in the five years it has spent investigating Intel.

Wisconsin Stem-Cell Patents To Be Reviewed (WSJ/AP)

By Associated Press

DOJ_NMG_0074818

The Wall Street Journal, October 4, 2006

MADISON, Wis. -- The U.S. Patent and Trademark Office will re-examine patents covering embryonic stem-cell discoveries made by University of Wisconsin researchers.

The decision means the office could revoke, modify or leave intact patents that cover all embryonic stem-cell research in the U.S. But any such action could be months to several years away.

Critics say the patents are too restrictive and have been impeding the field. The patent office is acting in response to challenges brought by two groups who contend the patents should never have been issued because other researchers paved the way for the breakthroughs.

The patents cover research by University of Wisconsin-Madison scientist James Thomson and his colleagues, who were the first to grow and isolate human embryonic stem cells in 1998. The federal agency issued the patents to the Wisconsin Alumni Research Foundation, the university's patenting arm, in 1998, 2001 and 2006. If allowed to stand, the patents are expected to eventually create a windfall of royalties for the school.

"This decision does not come as a surprise," said Beth Donley, special counsel to the research foundation.

Media Ownership Rules Reviewed, And Tense Fight Is Likely Brewing (WSJ)

By Amy Schatz

The Wall Street Journal, October 4, 2006

LOS ANGELES -- Community activists, lawyers, students and hundreds of others turned out to oppose what they see as growing media concentration in the U.S., the first in a series of Federal Communications Commission field hearings aimed at updating the nation's media ownership caps.

If the four-hour session held in a packed conference room in a university basement here is any indication of future hearings, it is promising to once again be a contentious process.

In some ways, it was almost more notable for who didn't show up than who did. Not a single top executive from any of the major media companies testified at the hearing to lift the ownership caps, while opponents including Hollywood unions and the Rev. Jesse Jackson appeared to testify or give their opinion in five-minutes or less.

FCC Chairman Kevin Martin has made little secret of his desire to loosen the restrictions, particularly to dump cross-ownership limits barring media companies from owning newspapers and television stations in most markets. He argues they aren't needed now because of the media diversity offered by the Internet and the explosion of cable and satellite television or radio programming.

"We need to develop a rule for cross-ownership that reflects current market characteristics, including the struggling nature of today's newspaper industry," Mr. Martin said. "We must also recognize ... that some of our rules have not been updated for years and may no longer reflect the current marketplace."

It has been three years since the FCC last tried to rewrite the nation's ownership rules, which raised the national cap on how many television stations a single company could own, loosened radio ownership limits and allowed more cross-ownership of newspapers and broadcast stations.

Amid a public outcry, Congress stepped in to slightly increase the national television ownership limit, but the FCC's other rules were essentially tossed out by a federal court, which argued the commission didn't justify its changes and told it to try again. Three years later, the FCC is beginning that effort, though the media market has changed significantly.

This time, major media companies haven't been pushing as actively for the FCC to ease the rules that would allow them to expand and buy more newspapers or broadcast stations in the smae markets. Indeed, a growing number of companies -- notably Tribune Co. -- appear to be heading in the opposite direction.

Media activists, however, appear to have picked up where they left off a few years ago, bombarding the FCC with emails and packing public hearings like the one held yesterday at the University of Southern California campus.

"Is American radio better today than it was 10 years ago?" asked Mike Mills, the bass player for the band R.E.M., urging the FCC to tighten -- not loosen -- national radio ownership limits.

"No!" yelled the crowd.

Complaints about job cuts in newsrooms and less local programming on radio and broadcast television stations dominated yesterday's hearing, as the audience clamored for more local ownership. "People feel proprietary about their airwaves and they don't like the way they're being used," said Michael Copps, a Democratic FCC commissioner.

Indeed, some media activists were expressing cautious hope yesterday that if Congress changes hands in November, Democratic lawmakers might be able to put pressure on the Republican-controlled FCC to actually tighten some rules, instead of loosening them. The president appoints FCC members, although the FCC listens closely to what congress says.

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Academy Award-winning director Taylor Hackford, for example, was among the union leaders asking the FCC to impose new rules on media companies, specifically to require television networks to use independently produced programs for 25% of their prime-time lineups.

Security Software Makers Upset Over Windows Vista (NYT)

By Steve Lohr

The New York Times, October 4, 2006

Leading security software companies, including Symantec and McAfee, are publicly pressing their concerns that Microsoft's new Windows Vista operating system hinders them and steers users to Microsoft's security offerings.

The security software makers have not made any antitrust complaints, but they have talked to authorities at the European Commission and to the technical committee that oversees Microsoft's antitrust settlement with the Justice Department, executives at the companies said yesterday.

In Europe, F-Secure, a Finnish security software company, has joined American companies in criticizing the design of Windows Vista, which is scheduled to be available to business customers in November and to consumers in January.

The issues raised by the companies, in interviews yesterday, touch on broad themes of consumer choice and innovations that surfaced in previous antitrust suits against Microsoft.

"We're trying to make sure that consumers have choice in security software and that future innovation is not prohibited in a Microsoft world," said Enrique T. Salem, group president for consumer products and services at Symantec.

Microsoft says that it has made changes in Vista from previous versions of Windows, such as not allowing anyone to fiddle with the core, or kernel, of the operating system. Such changes, Microsoft insists, were made to cope with the proliferation of Internet-borne viruses and other malicious software. Most software vandals aim at Microsoft's desktop products, especially Windows, which runs on more than 90 percent of the world's personal computers.

With Vista, Microsoft will be entering the $4.4 billion-a-year market for desktop security software — and compete for the first time with companies like Symantec and McAfee. Microsoft insists there will be plenty of opportunity for the security specialists, but the company is taking responsibility for a basic level of security software that is included in Windows.

The shift, said Ben Fathi, Microsoft's corporate vice president for security, is not an anticompetitive step but merely a response to customers' pleas "to provide them a more secure, stable and reliable computing experience on Windows."

"It's our way of improving the health of the machine," Mr. Fathi said.

Symantec and McAfee, Mr. Fathi said, are the largest of 150 security software companies that Microsoft deals with. They are the most vocal, he said, because they have the largest vested interest in "the old way of doing things," which is inherently less secure.

"They need to continue to innovate as well," he said.

The dispute between the security software companies and Microsoft has been brewing for more than a year, and negotiations are at an impasse. The security companies' talks with regulators in Europe and the court-appointed technical committee in the United States go back months.

But now, with Vista shipping soon, the companies are emphatically making their complaints public. On Monday, McAfee took a full-page advertisement in The Financial Times in the form of a letter to "computer users around the world" under the headline, "Microsoft Increasing Security Risk with Vista."

In an interview yesterday, George Samenuk, chief executive of McAfee, pointed to two design features in Vista that he said undermined rivals and led users to Microsoft's security software.

First, Mr. Samenuk said, denying outside software companies access to the Windows kernel — access permitted in earlier versions of Windows and other operating systems — would make it more difficult to develop innovative security products.

Second, he said Vista would direct users to a Microsoft security console — an on-screen dashboard called Windows Security Center — that could not easily be shut off and replaced with security consoles from other suppliers. "These are two major steps backward for security and for customers," Mr. Samenuk said.

The security companies say they want an easier way for users to switch off Microsoft's security console, and a way to provide security software companies authenticated access to the Vista kernel while keeping software vandals out. The kernel lockdown applies only to the more powerful 64-bit versions of Vista, which will gradually take over from today's 32-bit standard.

Microsoft, industry analysts say, seems to have adopted a draconian approach.

"They are removing choice in the name of security," said Neil MacDonald, an analyst at Gartner, a technology research firm. "There ought to be a mechanism for introducing trusted code into the kernel. It should be doable."

Even security companies that are working closely with Microsoft — and not publicly criticizing the company — have their doubts about Microsoft's decision to prevent all outsiders from dipping deep into the Vista operating system.

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Trend Micro, a security software maker, collaborates with Microsoft, including supplying the virus-scanning software for Hotmail, Microsoft's Web-based e-mail.

Lane Bess, general manager for consumer products and services for Trend Micro, said he shared some of the concerns expressed by Symantec and McAfee.

"But we try to work through any issues we have with Microsoft," Mr. Bess said, "not by taking a shot across the company's bow and suggesting that there might be antitrust action later."

Trend Micro's concern, he said, is the possibility that limiting access to the Vista kernel could limit the diversity of security-protection tools to fight malicious software.

"I'm not sure that a company that has had as much trouble securing its users from malware as Microsoft should be going it alone," he said.

ENVIRONMENT:

Hastert Way Ahead Of The Story (WP)

By Al Kamen

The Washington Post, October 4, 2006

Some lawmakers pay a lot of attention to their Web sites. Others less so. Up until just the other day -- sources say Monday -- House Speaker J. Dennis Hastert 's site was highlighting an Aug. 29 news release about how "Hastert Drives Effort to 'Keep Kids Safe in Cyberspace.' "

Seems Hastert had put together a meeting at a high school in his Illinois district featuring law enforcement officials, Internet experts and parents "to share information and insights on protecting children from Online predators."

"Recent news stories remind us that there are predators using the Internet to target children," Hastert is quoted as saying. "And just as we warn our children about 'stranger danger' when they are at the park or answering the door or telephone, we need to be aware of potential dangers in Cyberspace." And of even greater dangers in the House of Representatives.

But the lead news item on Hastert's home page now is about an effort by the Potawatomi tribe to run a bingo operation in Shabbona, Ill. The headline: "Hastert: Gaming in Shabbona a Long Way From Reality," in part because the tribe hasn't even gotten recognition from the federal government that the proposed site is a reservation.At Interior, Surfin' USA

Speaking of sex -- the topic du jour in Washington -- the Interior Department's inspector general has uncovered an impressive amount of time spent by department employees surfing porn, game, gambling and shopping Web sites.

"Our review of one week of computer use logs revealed over 4,732 log entries relating to sexually explicit and gambling websites" by department computers, said IG Earl E. Devaney 's report -- titled "Excessive Indulgences."

"More alarming," the report said, "was our finding regarding access to on-line game and auction websites: we discovered over 1 million log entries where 7,763 department computer users spent over 2,004 hours accessing game and auction sites during that same week." In a year, "these veritable shopping and gaming binges could account for 104,221 hours of lost productivity," equaling the amount of yearly work time put in by 50 employees.

But it's likely worse, the report continued. "We believe that our estimates of inappropriate use activity are conservative, particularly the amount of time spent at pornographic and/or sexually explicit websites."

No doubt. And auction and shopping "binges" are nothing in August, when Devaney did his review, compared with what they'd be during the Christmas shopping season.

This Internet use costs taxpayers more than $2 million in lost wages, the report said. (Officials yesterday were not sure how the 80,000-employee department compared with other agencies.)

Department filters "provide some level of protection" but don't fully block the prohibited sites," the report said. In a "spot check" in August, "we were able to access sexually explicit photographs at several agencies in the department," including the National Park Service and other agencies that don't even have blocking software.

Devaney urged the department to plug the gaps in enforcement and improve blocking software. He also said a better job needs to be done to ensure violators are "held accountable for their actions."

Accountable? In Washington?Predictions?

Foleygate could be a problem for Republican candidates on Nov. 7, possibly costing them seats. Loop Fans may want to take that into account when they submit their entries to the In the Loop Congressional Election Contest! Send your prediction of the number of R's and D's in the Senate and the House to intheloop@washpost.com . You must include your home, work or cellphone number. Entries must be submitted by midnight Oct. 10. The 10 participants closest to the results will receive a mention in the column and highly coveted "In the Loop" T-shirts.

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Long Beach Closes Beaches (LAT)

By Nancy Wride, Times Staff Writer

The Los Angeles Times, October 4, 2006

Swimming is banned after bacteria levels surge. Health officials say the source may have been sewage from an RV or a passing boat.

Long Beach has closed three connected waterfront areas to swimming because of high bacteria levels, probably from human waste, and city health officials said Tuesday that the contamination will keep ocean water off-limits at least through today.

Marine Stadium and Mother's Beach — both popular sites for boaters and picnicking families, the latter featuring a waterfront playground — were closed Friday after routine testing revealed unsafe levels of E. coli at Mother's, said Dr. Darryl Sexton, the city's health officer.

Colorado Lagoon has been closed for the same reason since Sept. 14, said Sexton, adding that the health risk at all three sites is limited to contact with the water.

The lagoon is the farthest inland and connected by a culvert to Marine Stadium, which is adjacent to Mother's Beach.

Having all three closed at once, said Sexton, "really is unusual."

By midday Tuesday, he said, investigations showed no sign of a spill or break in the storm drain systems of the city or of Los Angeles County. The storm drains can overflow into channels feeding into the sea, contaminating nearby beaches, but that usually happens during heavy rains.

Sexton said the original bacteria test at the lagoon indicated animal waste as the likely source of contamination. But testing at all three locations Friday indicated human waste as the source — most likely from the holding tank of a boat or recreational vehicle driven into a beach parking lot, he said.

Because it does not receive adequate tidal flushing to churn out accumulated bacteria, the lagoon has had chronically high bacteria counts, although not always forcing closure. The lagoon also has a waterfront playground and picnic sites.

Officials in Los Angeles and Long Beach say preliminary investigations show no sign of a sewage system breakdown. The affected waterways are sheltered from the open ocean, and Sexton ruled out any large-scale dumping by a passing ship.

Along Long Beach's seven miles of beach Tuesday, the affected areas were marked with warning signs, alerting the public to the health risk. When a beach fails to meet state standards for bacteria levels, ocean water contact should be avoided for at least 50 feet on either side of a sign, according to the city's website, http://www.longbeach.gov .

The beach itself is not unsafe when such signs are posted, and the sand can be used for sunbathing or playing, health officials said. It is swimming or other contact with the bacteria-bearing ocean water that poses potential risk.

Ocean water is tested weekly year-round at beaches where swimming and other recreation are common, and monthly in other locations such as marinas. Once bacteria is found, water testing continues daily until safe levels of bacteria are restored for two full days.

*

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Letters (WSJ)

Wall Street Journal, October 4, 2006

Upstream Battle to Save the Salmon

Your recent article "Inside the Failure of $8 Billion Effort to Save Prized Fish" (page one, Sept. 19), describing efforts to recover threatened and endangered Pacific Northwest salmon, makes clear what an enormously complex task we have in rebuilding fish populations. From the perspective of the federal agencies with key roles in achieving recovery of these fish, the region has made very positive strides and steady progress over the past 25 years. Between 2001 and 2004, we have seen substantial increases in 11 of 13 Columbia Basin salmon and steelhead listed as threatened or endangered. In addition, the past five years have seen the highest returns of spring, summer and fall chinook salmon since we began record-keeping more than 60 years ago.

While ocean conditions have a tremendous influence on salmon populations, a great deal of credit also goes to improvements that provide safer and quicker salmon passage at Columbia and Snake River dams, improvements in spawning and rearing habitat, predator control and improved hatchery and harvest management. These programs are designed and carried out by a multitude of federal agencies, states, local governments and tribes throughout the Pacific Northwest.

Today, adult salmon and steelhead passing upriver through the eight-dam Columbia and Snake River hydro system survive at levels equivalent to pre-dam conditions. And juvenile salmon passing downriver through the dams are moving more quickly and safely because of new fish passage devices we've installed at two lower Snake River dams and one dam on the

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Columbia River. More dams are scheduled to receive similar devices. Our job isn't done, but tremendous progress has been made.

Bob Lohn
Northwest Regional Director
NOAA Fisheries
Seattle

(The letter is also signed by Karen Durham-Aguilera, director of Programs, Northwestern Division, U.S. Army Corps of Engineers, and Steve Wright, administrator, Bonneville Power Administration, Portland, Ore.)

Your article is right about the failure of the Bonneville Power Administration to restore Northwest salmon, but it's misleading about the causes for the decline and the reasons Bonneville has failed. Rather than make the difficult decisions that scientists say have the greatest likelihood of success, Bonneville has instead relied on half-hearted, over-engineered fixes that never get to the root of the problem, which is that the salmon no longer have a living river to traverse in their journeys to and from the Pacific Ocean. For Snake River salmon, eight dams, including four dams on the lower Snake River, and eight slack-water reservoirs stand between their spawning grounds in Idaho and the ocean. On top of that, almost 80% of the juvenile salmon begin their lives in hatcheries and prepare for their epic journey by swimming endless circles in concrete raceways.

If there is a model for restoring salmon, it is the last remaining free-flowing undammed stretch of the Columbia River that flows past the Hanford Nuclear Reservation. Above four dams, it nevertheless supports a strong run of wild chinook salmon that are caught in significant numbers by fishermen from Alaska to the Columbia River itself. Scientists overwhelmingly tell us that breaching the four lower Snake River dams and focusing on wild salmon instead of inferior hatchery fish are the answers to restoring the once great salmon runs. Unfortunately, lack of vision and political courage continue to result in billions more wasted on ever more complex engineering fixes and hi-tech fish tracking gizmos, which sadly serve mainly to chronicle the slow decline of these magnificent fish toward extinction.

Jeff Curtis
Pacific Salmon Director
Trout Unlimited
Portland, Ore.

Martha Euthanized After Injury (WP)

By Sandhya Somashekhar
The Washington Post, October 4, 2006

Martha the bald eagle, whose struggle to recover from an attack by a rival and return to longtime mate George generated national headlines, was euthanized yesterday afternoon at a bird rehabilitation center in Delaware. She was at least 13 years old.

The beloved bird of prey was found Friday with a dislocated elbow in her right wing, a serious injury because of the strength and flexibility required to fly, specialists said. They speculate that she flew into a tree branch or power line during a recent storm.

Veterinarians who examined her determined that her injuries were so severe and had been left untended for so long that she would never fly again and that as a wild creature who spent her life in the trees, she could not flourish in captivity.

"George and Martha were mascots, if you will, of the Wilson Bridge Project, so it is a really sad day for the project," said John Undeland, a spokesman for the Woodrow Wilson Bridge expansion.

George and Martha, who were named by bridge workers, had lived on Rosalie Island on the Maryland side of the bridge since the 1990s. Together, they produced 16 eaglets that helped bolster the region's eagle population.

George has recently been spotted in the area, and it is believed that the two were still "bonded" when Martha's accident occurred.

Bridge workers had become accustomed to the birds' presence, watching in awe as they fished, soared and raised their young.

"Big tough crane operators, concrete guys, everybody just looked for the eagles," said Jim Nichols, a tugboat operator for one of the project's contractors.

The pair's story captured national attention in April, when Martha was attacked by a rival female whom some workers have labeled "Charlotte the harlot."

While George protected the eggs, Martha engaged in a midair battle that left her broken and bloodied. Bridge workers shooed away the intruder and whisked the injured bird to Tri-State Bird Rescue and Research in Delaware, where she recovered in a few weeks.

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A short while after she was released into the wild in Delaware, the nation cheered to learn that she had made her way back to the nest and to George.

On Friday, workers at the nearby National Harbor project noticed an eagle flapping and hopping around in a field. It was Martha, who was quickly returned to the Delaware center.

Veterinarians considered sending Martha to Minnesota for an operation. But surgeons would have had to break the bones and fuse them, rendering her unable to fly, bridge officials said.

Martha's remains will be sent to a U.S. Fish and Wildlife Service facility in Colorado, where they will be given to researchers, American Indians or others who hold permits to possess eagle remains.

Washington Wire (WSJ)

Wall Street Journal, October 2, 2006

October 3, 2006, 8:04 pm

Hastert Says Resignation Wouldn't Help Party

Hastert

Amid new signs that Republicans' political woes are deepening, House Speaker Dennis Hastert rejected conservative calls for his resignation over the Mark Foley-congressional page scandal. But for the first time, there appears to be a real chance the Illinois Republican could opt to step down after next month's election even if his party retains power.

In an interview late Tuesday, House Speaker Dennis Hastert said he would be willing to resign if he thought it would help the party but isn't convinced this is the case. "If I thought it would help the party, I would consider it, but I think just the opposite," he said.

Any abrupt departure could disrupt the rest of the leadership in the final weeks of the campaign. And one of the Republicans' weaknesses now is they have no clear transition figure. If the party were to lose power, Hastert is already expected to step out of the leadership. He said Tuesday that if the party retains power, it is still his intention to run for speaker in the next Congress but "you have to count the votes." Read the full article. – David Rogers

Earlier in WashWire: WSJ/NBC News Poll Shows Slip Among Voters for Bush, Republicans

WSJ.com Question of the Day: Should Dennis Hastert resign as House Speaker because of his handling of the Foley scandal?

Read more: Global, Congress

Permalink | Comments | Trackbacks October 3, 2006, 6:38 pm

What to Do With Foley's $2.8 Million

A new report from the Center for Responsive Politics shows that former Rep. Mark Foley has nearly $2.8 million in his campaign committee. The nonpartisan center, which tracks campaign contributions, also said that Foley's campaign and political action committee have contributed about $190,000 to more than 100 other Republicans since 1995, and has donated $550,000 to House Republicans' campaign committee.

Races facing voters in Foley's district in Florida

The center points out that Foley, whose sexually explicit computer messages to teenage congressional pages prompted his resignation Friday and left Republican leaders trying to contain the fallout, has a number of options when it comes to disbursing the $2.8 million. He could donate it to political party committees on the local, state or national levels, or to candidates, within federal limits. Or it could be returned to the donors or given to charity. Yet another option, according to the center: "Foley could argue to the Federal Election Commission that his remaining cash should go toward his legal bills, which could be substantial as the FBI investigates whether his behavior violates any of the child exploitation laws that Foley championed in Congress."

While lawmakers can use campaign funds to cover the expenses of holding office, "the connection between Foley's official duties and his behavior with former pages is tenuous. The FEC has allowed candidates to defend themselves from legal issues that could affect their campaigns, but Foley's political career is almost certainly over."

Graphic: A look at the issues and matchups in nine congressional districts from Las Vegas to Seattle — to Foley's district in Florida.

Read more: Global, Congress, Campaign Journal

Permalink | Comments | Trackbacks October 3, 2006, 6:30 pm

WSJ/NBC Poll: Iraq, Scandal Hit Bush, Republicans

President Bush and his party have lost the political initiative at a critical point in the midterm election campaign, according to a new Wall Street Journal/NBC News poll. The survey — taken as Americans focused on the House sex scandal and the war

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in Iraq — shows voters less favorable toward continued Republican control of Congress. It also shows a decline in President Bush's job approval rating to 39% from 42% earlier this month. Read more on the poll.

Graphic: Bush's approval ratings across multiple polls

Read more: Global, Campaign 2006

Permalink | Comments (3) | Trackbacks October 3, 2006, 6:30 pm

Blame Canada (Drugs) No More

Under pressure from Congress, U.S. Customs and Border Protection scrapped its 11-month-old policy of seizing prescription drugs imported through the mail from Canada. The practice, implemented last November, had come under fire from congressmen from both parties for depriving tens of thousands of American seniors of their drugs and protecting the high prices charged by pharmaceutical companies in the U.S. At the behest of Sen. Bill Nelson, a Florida Democrat, the Senate Committee on Homeland Security and Government Affairs was investigating the new Customs policy. Read the full article. – John Carreyrou

Read more: Global, Domestic Policy, Business

Permalink | Comments (1) | Trackbacks October 3, 2006, 6:09 pm

Foley's Lawyer Cites Past Abuse – of Foley

Rep. Mark Foley's attorney, David Roth, said the disgraced congressman "never any inappropriate sexual contact with a minor" and blamed his behavior, including the sexually explicit computer messages that led to his resignation Friday, on Foley's abuse as a teenager.

Foley

Roth said that between the ages of 13 and 15, Foley was molested by a clergyman, something Foley kept to himself though he had sought treatment in the past. This time, Foley will remain in treatment this time for at least 30 days, beginning last Sunday when he checked into a rehab clinic. The attorney refused to name the clergyman or his religious affiliation. "Finally," Roth said, wrapping up his prepared statement before taking questions, "Mark Foley wants you to know he is a gay man."

Read more: Global, Congress

Permalink | Comments (13) | Trackbacks October 3, 2006, 4:01 pm

Bush Visits George W. Bush Elementary

The White House was worried enough about the scandal involving Rep. Mark Foley to schedule a surprise stop for President Bush at a school, and not just any school – but one named for him, the George W. Bush Elementary School in Stockton, Calif. It's believed to be the first public school named for a sitting president.

"Frankly I was a little emotional when I pulled in" and saw his name outside the door, Bush said at a brief appearance. Of the library, named for Laura Bush, he added, "It's just a blessing to be there." (Read Bush's full remarks.)

Bush, in town for a fund-raiser for Rep. Richard Pombo, went on to say he was "dismayed and shocked to learn about Congressman Foley's unacceptable behavior" in sending sexually explicit computer messages to teenage male congressional pages. Bush added that he was "disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office." At the same time, he offered a vote of confidence for embattled House Speaker Dennis Hastert.

The president also noted that he had instructed federal officials to search for a response to the recent spate of school violence, capped by the shootings at a one-room schoolhouse in Amish country near Lancaster, Pa. Coincidentally, Stockton was the scene of a 1989 school shooting in which a mentally ill man with a semi-automatic rifle opened fire on a playground killing five children and wounding 29 others and a teacher. – John D. McKinnon

Read more: Global, Domestic Policy

Permalink | Comments (1) | Trackbacks October 3, 2006, 2:56 pm

North Korea Musical Draws Stellar Audience, Concerns

A host of senior Bush administration officials have confirmed their attendance at Wednesday's Washington opening of "Yoduk Story," a musical set in North Korea's notorious prison camp. But Christopher Hill, the U.S.'s current point man on nuclear talks with Pyongyang, isn't among them, according to event planners.

South Korean officials have voiced their concerns in recent months that the nearly three-hour play, which graphically depicts rape and torture inside North Korea's gulag, could only further exacerbate tensions with Pyongyang's leadership. North Korea announced today that it was preparing to conduct its first nuclear test in response to what it says is Washington's "threat of a nuclear war and sanctions."

Among those who'll be in attendance, according to event planners, are Jay Lefkowitz, President Bush's special envoy on North Korean human rights; Sandy Vershbow, U.S. ambassador to South Korea; Richard Lawless, deputy undersecretary of defense for Asia-Pacific affairs; and Barry Lowenkron, assistant secretary of State for democracy, human rights and labor. –Jay Solomon

Recent Article: New Script on North Korea? (09/30/06)

DOJ_NMG_0074825

Read more: Global, Foreign Policy

Permalink | Comments | Trackbacks October 3, 2006, 11:58 am

Fishing for Support

President Bush was sounding environmentally friendly themes today as he ordered U.S. diplomats to push for a global ban on deep sea trawling and signed the Partners for Fish and Wildlife Act.

The practice of deep-sea trawling, a bottom-scraping fishing technique, is destroying coral reefs, sponges and other habitat for many species of fish and other sea life. In a statement, the White House said it supports preparations for a United Nations ban on fishing, which may come before the General Assembly next month.

The move was hailed by scientists and conservation groups. "This could be the single most important action in protecting marine habitat in history," said Josh Reichert, environmental director for the Pew Charitable Trust, which has been one of the leading groups calling for a ban on the high seas, an unregulated area that covers about 67% of the world's oceans. Spain, Russian and Japan are the leaders in deep sea trawling, which uses heavy steel-reinforced nets to drag the ocean bottom. One of the main targets of the fishing boats is orange roughy, a commercial fish that sometimes schools on undersea mountain tops that are raked by the nets.

The White House announcement came as Bush, in California for a series of political fund-raisers, signed the fish and wildlife bill, which helps landowners rehab and manage habitats on their property. It was sponsored by House Resources Chairman Richard Pombo, who often opposes environmental measures. Pombo hosted Bush at a fund-raising breakfast expected to collect $400,000. – John J. Fialka

Read more: Global, White House, Business

Permalink | Comments | Trackbacks October 3, 2006, 10:59 am

Republican Leaders Fight Back in Foley Case

After a blunt call from the conservative Washington Times to step down as House speaker, Rep. Dennis Hastert and Majority Leader John Boehner are going on conservative radio shows to get out their message that they weren't aware of the sexually explicit instant messages involving former Florida Republican Rep. Mark Foley and male congressional pages.

Foley

Hastert, meantime, rejected this morning's Washington Times editorial, that "House Speaker Dennis Hastert must do the only right thing, and resign his speakership at once." The Times went on to say that "Either he was grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations — or he deliberately looked the other way in hopes that a brewing scandal would simply blow away. …Mr. Hastert has forfeited the confidence of the public and his party, and he cannot preside over the necessary coming investigation, an investigation that must examine his own inept performance."

Hastert spokesman Ron Bonjean responded that Hastert "has and will lead the Republican conference to another majority in the 110th Congress," according to the AP. On Sean Hannity's radio show yesterday, Boehner suggested the investigation should focus on who knew about the explicit instant messages. "That is the real issue here," he said. On WLW in Cincinnati this morning, Boehner pointed his finger at Hastert: "It's in his corner, it's his responsibility," he said.

The FBI has begun its investigation, interviewing former pages. Foley resigned on Friday and checked into an alcoholic rehab program over the weekend.

Update: President Bush, in California on a political fund-raising swing, praised Hastert as a "father, teacher, coach," and said he is confident Hastert "will provide whatever leadership he can to law enforcement in this investigation." Bush spoke in the courtyard of the George W. Bush Elementary School in Stockton.

Read more: Global, Campaign 2006, Congress

Permalink | Comments (15) | Trackbacks October 3, 2006, 8:25 am

Scandal May Alienate GOP Blocs

The Foley page scandal means Republicans have new reason to worry about two key constituencies: Christian conservatives and suburban soccer moms.

Conservatives are already turned off by high federal spending, illegal immigration and inaction on a number of social issues. Suburbanites, meanwhile, complain of a party agenda that is too beholden to the conservatives on issues such as federal funding for stem-cell research. Now the Foley fallout has united both Republican voter groups in anger.

"It's one of the worst congressional scandals ever. A top House Republican who denounced sex predators as 'animals' stands accused of acting like one," Cliff Kincaid, editor of the conservative Accuracy in Media Report, wrote in an editorial circulated by the pro-Republican Web site GOPUSA.com.

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"I think there's more pain to come" for Republicans, says party pollster Tony Fabrizio. With clients among House, Senate and gubernatorial candidates in places such as suburban Philadelphia and swing-state Minnesota, he adds, "I'm very much watching how these things play out."

Democrats need a net gain of 15 seats to win a House majority and six seats in the Senate. Read the full article. – Jackie Calmes

Interactive Graphic: Look at local issues facing voters in nine congressional districts nationwide - from southern Connecticut to suburban Seattle to Mark Foley's Florida district.

Sigourney Weaver Seeks Ban To Destructive Fishing Practice (FINDLAW/AP)

AP, October 4, 2006

(AP) - UNITED NATIONS-Sigourney Weaver urged U.N. members on Tuesday to impose a moratorium on a destructive fishing practice called high-seas bottom trawling, warning that the world's oceans are at risk.

Weaver, appearing with several environmental activists and U.N. ambassadors, said that new technology has brought remote and fragile ecosystems within the reach of bottom-trawlers, which rake giant nets equipped with wheels, chains and metal doors across the sea floor to scoop up fish.

"The high seas belong to no single country and they most certainly do not belong to the owners of these large industrial fishing corporations," Weaver said. "They belong to all of us and it is time for us to take them back."

Starting Wednesday, the 192-member U.N. General Assembly will meet to discuss whether to impose a moratorium on bottom-trawling. Environmental groups say the practice is killing little-known coral ecosystems and the species that dwell in them, and must be suspended so the remote areas can be studied.

In 2004, the General Assembly passed a nonbinding resolution urging nations to consider temporary bans on bottom trawling. Japan, Iceland, Spain and other nations whose fishing fleets do much of the world's bottom trawling opposed a larger moratorium.

Weaver, an animal-rights and endangered species activist, said people should not assume that the U.N. is doing something to protect deep-sea ecosystems or that the world's oceans will be safe.

She appealed to ambassadors to "stop this uncontrolled clear-cutting of ancient corals."

"Do the right thing for the seas and for future generations both human and aquatic who will thrive on the bounty of the oceans if given half a chance," Weaver said.

Weaver's screen credits include the "Alien" movies, "Gorillas in the Mist" and "The Ice Storm."

A Better Diesel (NYT)

The New York Times, October 4, 2006

When Europeans think of diesel, they think of the very cars — small and smart — that half of them are driving now. When Americans think of diesel, they think of semis and buses and pickups and, perhaps, one of the lumbering Oldsmobiles that did so much in the 1980's to poison the promise of diesel technology here. Europeans and Americans differ in almost nothing more than they differ in diesel, including different emissions standards and different fuel quality. But in the next few years, as the rules on air quality tighten, Americans need a diesel engine that can meet the stricter standards.

Diesel engines offer more torque and greater fuel efficiency than gasoline engines, and they emit less carbon dioxide, a greenhouse gas. The drawback is that they also emit more particulate matter and nitrogen oxide, which contributes to smog. Honda recently unveiled a new engine that solves that problem, using a special catalytic converter that turns harmful nitrogen oxide into simple nitrogen. Honda plans to introduce this engine in the United States in 2009, which just might give us time to improve the poor quality fuel that keeps diesels here from being as clean and as popular as they could be.

It's always tempting to hope for a futuristic solution — like the new fuel-cell car Honda also demonstrated the other day — for the very immediate problems of auto emissions and fuel efficiency. But the answer is going to lie in a mix of vehicles — hybrid cars, more efficient gasoline engines, and highly improved diesels. The answer is also going to come from recognizing that strict limits on emissions and mileage penalize only those companies that are too sluggish to compete.

FBI/DEA/ATF/USMS:

Drug Agents Arrest 15 In Raids On Major Marijuana Club (SFC)

San Francisco Chronicle, October 4, 2006

DOJ_NMG_0074827

Federal agents went after a major Bay Area marijuana club Tuesday, raiding eight locations in San Francisco and Oakland, arresting 15 people including the group's leader and seizing nearly 13,000 plants.

The target of the raids, which prompted swift criticism from some medical marijuana advocates, was New Remedies Cooperative and its 36-year-old leader, Sparky Rose. The San Francisco resident is well-known in medical-marijuana circles and has been under investigation for several months.

The group, formerly known as Compassionate Caregivers, ran a dispensary in the Mission District, a pair of cultivation warehouses on Polk and Tennessee streets, and a temporary-employment agency for pot growers called Potent Employment Solutions, said Javier Peña, who heads the Drug Enforcement Administration's San Francisco office.

Rose, whose convertible Porsche Carrera was one of four cars seized by federal agents, was arrested at his home on suspicion of conspiring to distribute marijuana and laundering proceeds, Pena said. In addition to the plants, federal agents seized $125,000 in cash Tuesday.

"Make no mistake, the defendants were in the business of dealing dope," Peña said in an interview. "They were using the pot clubs as facades to make millions of dollars. We're trying to show the public these aren't for the sick or ill. (The goal) is to pocket drug proceeds."

The raids prompted a group of protesters to gather outside the New Remedies club on Mission Street near 14th Street, where federal agents used sledge hammers to break up ATM machines inside the business. Authorities said marijuana was being grown inside the dispensary, one of an estimated 30 to 40 medical-marijuana clubs in San Francisco.

Representatives of the New Remedies Cooperative and Rose were unavailable for comment. But other advocates of the medicinal use of marijuana said the raids were uncalled for.

"This is an outrageous waste of resources," said Shona Gochenaur of Axis of Love San Francisco, a medical marijuana advocacy group.

San Francisco Supervisor Chris Daly said he was concerned about a raft of recent federal raids on pot clubs in Northern California.

"Generally speaking," Daly said, "swooping in is not helpful in terms of the safe distribution of medical cannabis to those who need it."

Under Proposition 215, passed by state voters in 1996, it is legal in California to use medicinal marijuana with the recommendation of a doctor. Federal anti-drug laws, however, contain no such exemption for cannabis. Drug Enforcement Administration spokeswoman Casey McHenry said Tuesday that "everyone that sells marijuana or cultivates marijuana is at risk."

New Remedies continued to operate even though the government moved in November to seize $1.5 million in assets, records show. The company, which has operated more than a half-dozen storefronts around the state as a nonprofit enterprise, bought marijuana from growers and distributed it from Oakland by courier vans, the government alleged in that civil action.

Prosecutors said the club's patients were given the names of doctors willing to prescribe medical marijuana and would then receive a prescription without being given a physical examination. One doctor saw 49 patients in one day, at $150 each, prosecutors said.

Besides Rose, those arrested Tuesday were James Daley, 56, and Sean Anderson, 22, of San Francisco; Johnny Seto, 32, Mark Miller, 53, and Tracy Smith, 32, of Alameda; Kevin Ellis, 28, and Jason Matthewson, 29, of Pinole; Alfaro Munoz-Bebullida, 33, and Steven Navarro, 35, of Richmond; Mistalee Chiame Wang, 25, and Jaime Perreira, 26, of San Leandro; Ben Blair, 31, of San Pablo; Irene Matsuoka, 27, of Crockett; and Amber Froiness, 26, of Berkeley.

Feds Launch Crackdown Against Area Pot Dispensaries (BCNS)

Bay City News Service, October 3, 2006

SAN FRANCISCO -- Federal authorities raided eight different Bay Area locations Tuesday associated with growing, prescribing and dispensing medical marijuana, according to the U.S. attorney's office.

Drug enforcement agents and federal police seized 12,743 plants, more than $125,000 in cash, cars, computers and manicured marijuana from at least eight locations, five in San Francisco and three in Oakland, all associated with New Remedies Cooperative and Potent Employment Solutions.

Sparky Rose, the executive director of the organizations, was one of 15 people arrested. All are expected to be arraigned Wednesday in federal court.

The raids were a collaborated effort by at least three different federal agencies. The sheriff's offices of both Mendocino and Santa Clara counties also helped in the investigation, which culminated in the raid of dispensaries, grow sites, at least one personal residence, administrative offices and a storage area.

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At 1760 Mission St., federal police and drug enforcement agents boxed up marijuana and hashish inside a medical-marijuana dispensary that also served as a grow site.

The raid started at noon and went on for an hour as federal agents used a sledgehammer to pound open two automated teller machines inside the front office.

U.S. Attorney Kevin Ryan was at the scene but left around 12:30 p.m. DEA Special Agent in Charge Javier Pena said at the time that the raid was part of a "large-scale trafficking" operation and part of an ongoing investigation.

Outside, at least 20 protesters marched with colorful signs and chanted, "DEA, go away" and "patients rights."

Shona Gochenaur, executive director of Axis of Love San Francisco, said several of the people arrested were patients.

"This is despicable and atrocious," Gochenaur said. "I saw them take out an elderly man who was shaking."

Three San Francisco police officers and a sergeant were at the scene of the Mission Street raid to provide a "safety zone" for the federal agents.

Several blocks away in the Potrero Hill neighborhood, another operation was also underway at 790 Tennessee St. Federal agents were inside the warehouse until at least 2 p.m.

Also in Oakland at least two people were taken away in handcuffs from an administrative office located at 1710 Franklin, According to Dolphin, who also said all three locations were affiliated with New Remedies, which was formerly known as Compassionate Caregivers.

DEA spokeswoman Casey McEnry said she did not know of any patients under arrest. She also said the search warrants are sealed and she could not release any more information on specific locations targeted.

Javier Pena, who directed the raid, said the people arrested Tuesday are nothing but drug dealers, in the business to make money.

"Federal drug laws prohibit the cultivation and sale of marijuana." Pena said in a statement. "Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they're criminal."

Computers, Boxes Labeled `MJ' Seized In S.F. Pot Clinic Raid (BCNS)

Bay City News Service, October 3, 2006

Federal police and drug enforcement agents loaded into a van computers, printers and boxes labeled ``MJ & Hash'' around 1 p.m. today after raiding a medical cannabis dispensary in San Francisco's Mission District.

According to a federal agent who did not give his name, but who drove away with U.S. Attorney Kevin Ryan, the raid was part of a ``large-scale trafficking'' operation and also part of an ongoing investigation.

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary and who was at the raid, said that several patients were lined up and taken away in handcuffs.

``At least half of the dispensaries in San Francisco are closing down because of (this) raid,'' he said.

At least 20 protesters and members of the community stood outside and chanted ``DEA, go away!'' and ``Patients rights!'' outside the Mission Street facility.

San Francisco police officers stood outside the door to the dispensary to create a ``safety zone'' for the federal agents.

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15 Arrested In Bay Area Pot Club Raids (AP)

AP, October 3, 2006

SAN FRANCISCO - Federal drug agents raided eight Bay Area locations connected to a medical marijuana club Tuesday and arrested 15 people, including the club's operator, authorities said.

The raids took place at buildings in San Francisco and Oakland belonging to New Remedies Cooperative LLC, formerly known as Compassionate Caregivers, and its temporary employment agency for pot growers, Potent Employment Solutions.

Drug Enforcement Administration agents confiscated 12,743 marijuana plants, computers, four vehicles and a total of $125,000 in cash and three bank accounts belonging to operator Sparky Rose, 36, and the two businesses, authorities said.

Medical marijuana advocates who witnessed some of the raids said agents targeted New Remedies' growing facility, administrative offices and the pot club itself located in San Francisco's Mission District.

"Obviously, the DEA is on a little bit of a rampage this week," said advocate William Dolphin, citing other pot club crackdowns in Granada Hills, San Fernando Valley and Modesto.

Rose and the 14 others arrested were scheduled to appear in court Wednesday.

Medical marijuana has been legal in California since voters approved Proposition 215 in 1996, but the drug remains illegal under federal law.

"Federal drug laws prohibit the cultivation and sale of marijuana. Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they're criminal," DEA Special Agent in Charge Javier F. Pena said in a statement Tuesday.

There are currently an estimated 30 to 40 clubs in San Francisco, according to city officials.

Feds Raid Med Pot Club In S.F. Mission, Elsewhere (KPIX-TV)

KPIX-TV/BCN, October 4, 2006

(CBS 5 / BCN) SAN FRANCISCO Federal Drug Enforcement Agents said they raided a medical cannabis dispensary in San Francisco's Mission District Tuesday afternoon along with grow sites, homes, offices and storage areas in San Francisco and Oakland -- seizing thousands of marijuana plants, several cars, computers and large sums of cash.

Fifteen arrests also stemmed from the eight raids, five in San Francisco and three in Oakland, that took place around the noon hour -- the most notable of which occured at Mission Caregivers at 1756-1760 Mission Street in San Francisco.

Shona Gochenaur, executive director of Axis of Love San Francisco, said several patients were among those arrested and taken away in handcuffs.

"This is despicable and atrocious," Gochenaur said. "I saw them take out an elderly man who was shaking."

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary and who was also at the Mission Caregivers site, claimed he too witnessed patients being arrested.

However, DEA spokeswoman Casey McEnry said she did not know of any patients placed under arrest.

Agents said among those arrested was Sparky Rose, 36, of San Francisco. Authorities said Rose owned and operated the Mission Caregivers dispensary, which also served as a grow site.

The dispensary raid lasted for about an hour as federal agents used a sledgehammer to pound open two automated teller machines inside the front office. The building was then padlocked by agents after they boxed up marijuana and hashish found inside.

Rose operated his medial cannabis business under the names New Remedies Cooperative LLC, Compassionate Caregivers and Potent Employment Solutions, according to federal authorities.

U.S. Attorney Kevin Ryan maintained Rose ran a "large-scale trafficking" operation and said he was the target of a long-term investigation by the DEA.

At least 20 protestors and members of the community marched with colorful signs and chanted "DEA, go away!" and "Patients rights!" on the street outside Mission Caregivers as San Francisco police officers stood at the entrance to create a "safety zone" for the federal agents.

According Gochenaur, city supervisors Ross Mirkarimi and Chris Daly were among those who voiced support for the protestors.

Several blocks away in the Potrero Hill neighborhood, federal agents spent a couple hours inside a warehouse at 790 Tennessee Street that was said to belong to Rose.

"At least half of the dispensaries in San Francisco are closing down because of (this) raid," Reed said.

In Oakland, at least two people were observed being taken away in handcuffs from an administrative office at 1710 Franklin that agents said was connected to Rose's operations.

Despite California and San Francisco laws which allow for medical marijuana, the DEA defended the raids.

“Federal drug laws prohibit the cultivation and sale of marijuana. Anyone who breaks these laws to run a lucrative drug trade, buy fancy cars, boost their bank accounts, and exploit vulnerable citizens is not compassionate, they’re criminal,” said DEA Special Agent in Charge Javier F. Peña. “Make no mistake – these defendants were in the business of dealing drugs, and DEA is in the business of arresting drug dealers."

In all, authorities said they confiscated 12,743 marijuana plants, 4 vehicles including a Porsche Carrera convertible and a total of $125,000 in cash.

In addition to Rose, the others arrested on Tuesday included:

· Alfaro Munoz-Bebullida, 33, of Richmond
· Steven Navarro, 35, of Richmond
· Johnny Seto, 32, of Alameda
· Mark Miller, 53, of Alameda
· Tracy Smith, 32, of Alameda
· Mistalee Chiame Wang, 25, of San Leandro

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· Amber Froiness, 26, of Berkeley
· Jaime Perreira, 26, of San Leandro

All those arrested faced Wednesday appearances in federal court on charges related to the illegal distribution of marijuana, authorities said.

Feds Raid Medical Cannabis Dispensary In SF (KCBS)

KCBS, October 3, 2006

San Francisco, CA (KCBS) -- Federal police and drug enforcement agents raided a medical cannabis dispensary in San Francisco's Mission District Tuesday.

The raid took place at the New Remedies Cooperative. The U.S. Drug Enforcement Administration loaded into a van computers, printers and boxes around one p.m.

Showna Gochenaur, executive director of the medical marijuana advocacy group Axis of Love San Francisco was at the scene. She told KCBS' Henry Mulak, "almost every car that pulled up, there were more DEA agents."

"They've been here for over three hours," she said. "We saw them take out what looked to be an elderly patient in handcuffs."

Kevin Reed, the owner of the now-defunct Green Cross medical marijuana dispensary, was at the raid. He said several patients were lined up, cuffed, and taken away.

"At least half of the dispensaries in San Francisco are closing down because of (this) raid," he said.

According to a federal agent who did not give his name, but who drove away with U.S. Attorney Kevin Ryan, the raid was part of a "large-scale trafficking" operation and also part of an ongoing investigation.

At least twenty protestors and members of the community stood outside and chanted "DEA, go away!" and "Patients rights!" on the street outside Mission Caregivers, at 1756 Mission St.

San Francisco police officers stood outside the door to the dispensary to create a "safety zone" for the federal agents.

Reason Behind Record Pot Seizures A Mystery (KPIX)

KPIX-TV, October 3, 2006

(CBS 5) More marijuana has been seized in raids around the state so far this year than all of last year combined. And it's not over yet.

"We're expecting to be looking for growers and eradicating them all the way through November and possibly into December," said Serg Palanov of the Santa Clara County Sheriff's Office.

Most of the pot grown for sale in the US comes from the southeast and west, with California, alone, accounting for about a third of it. And within the state, national forest and county park lands see the greatest number of large scale outdoor farms.

But new indoor farms are on the rise. Drug agents say a San Francisco-based Asian crime syndicate is responsible for dozens of growing operations discovered in Sacramento area homes this summer. The DEA says Asian gangs are moving into the wholesale marijuana business in a big way.

A pound of domestic marijuana costs as little as $500 in Sacramento and as much as $6,000 dollars in San Jose, with the average price around $2,500 dollars. Mexican-grown pot prices average about a $1,000 a pound, but range from a low of $100 in Bakersfield to $1,400 in San Francisco.

Drug agents believe the big increase in seizures has reduced the supply on the street, but there is evidence a little pot is going a much longer way. Marijuana potency levels have nearly tripled over the past twenty years as cultivation techniques improved, rising from less than 3 percent of the active agent THC in 1985, to about 8 percent today.

Intense cultivation can bring the THC level to more than 20 percent, but big commercial growers find the effort to achieve that potency to be not cost effective.

Drug agents can only speculate why pot seizures have doubled in some counties this year. Better helicopter surviellence is one possibility. More tips is another.

"Our team has educated the public along with hunters and hikers on what to look for if they do see anything," Palanov said.

Chargers' Kiel Pleads Not Guilty To Felony Drug Charges (KGTV)

KGTV, October 4, 2006

SAN DIEGO -- A Chargers player accused of shipping Codeine-based cough syrup by FedEx to his home state of Texas pleaded not guilty Tuesday to five felony drug charges.

Terrence Kiel, a 25-year-old safety for the San Diego team, faces a maximum of seven years and four months in state prison if convicted of all the charges, said Deputy District Attorney James Fontaine.

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Kiel, who is free on $160,000 bail, is charged with three counts of possession for sale of a controlled substance and two counts of transporting a controlled substance.

The defendant -- dressed in a brown dress shirt and blue jeans – answered "yes" when Judge David Szumowski asked him if he waived his speedy trial rights so his preliminary hearing could be scheduled for Dec. 5.

A readiness conference was set for Nov. 14.

Defense attorney Bob Grimes said Kiel -- who did not suit up for the Chargers' loss at Baltimore last weekend -- is practicing with the team as it prepares for a game at Qualcomm Stadium on Sunday against the Pittsburgh Steelers.

A second-round draft pick out of Texas A&M in 2003, Kiel's official status with the team was not known.

He was arrested last Tuesday, after federal agents showed up at team practice and searched his car and locker.

On June 2, management at FedEx conducted an audit of a parcel that contained 15 vials of Prometh with Codeine, considered a controlled substance, according to a search warrant affidavit.

FedEx employees know Kiel because he makes shipments regularly using his FedEx account, according to the affidavit.

Although they gave DEA Special Agent Dean Henderson a general description of the shipper of the parcel, they couldn't positively identify him because it had been a month since the package had been sent.

On Sept. 21, the manager of a FedEx office called Henderson when Kiel shipped a parcel similar to the one shipped on June 2, this one containing three pints of Codeine, according to the affidavit.

The return address on the parcels showed an address on Santo Road, not Kiel's real address, and the return name on the shipping label was not the athlete's, the affidavit states.

Kiel paid cash to ship the parcel, even though he has an account with FedEx, according to the document.

Henderson said it is common for drug smugglers to use a different name than their own to avoid detection by law enforcement.

Bottles of Codeine-based cough syrup sell for up to $325 on the street in Texas, where people are known to mix the drug with soft drinks and refer to it as "lean," according to the DEA.

Both the June and September parcels were being shipped to Texas, where Kiel was previously arrested for aggravated assault on a public servant, theft and evading arrest, according to the affidavit.

Employees at FedEx copied the license plate of the vehicle Kiel was driving, and a DMV record check showed it was registered to the football player at a residence on Juneberry Court in San Diego, according to the affidavit.

Kiel admitted knowing that it was a controlled substance he was sending by FedEx, according to the Drug Enforcement Administration.

According to another search warrant affidavit, Henderson said he spoke with DEA drug diversion investigators who told him the bottles of Codeine in question contained numbers which indicated they came from a medical care facility and all indications were they were stolen or otherwise misappropriated.

The investigators told Henderson the Codeine in the bottles can only be legally distributed by prescription and a licensed provider would rarely prescribe a pint of the liquid but rather, it would be dispensed to patients in smaller prescription bottles, the affidavit states.

Fontaine said outside court that the amount of cough syrup with Codeine that Kiel allegedly shipped was not "personal-use quantities."

Kiel's case was the second headline-grabbing, off-the-field incident involving a Chargers player last month.

Linebacker Steve Foley was shot three times outside his Poway home Sept. 3 during a confrontation with an off-duty Coronado police officer. He will miss the entire season.

Kiel Pleads Not Guilty To Drug Charges (SDUT)

By By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, October 3, 2006

Chargers safety Terrence Kiel pleaded not guilty in San Diego Superior court Tuesday to five felony charges involving the shipment and possession for sale of codeine-based cough syrup.

At Kiel's arraignment Tuesday, his trial readiness date was set for Nov. 14 and his preliminary hearing was set for Dec. 5.

Kiel, who is free on a $160,000 bond, was arrested last week after being accused of shipping the cough syrup, a controlled substance, to his native Texas.

The bottles of codeine in question “contain numbers which indicated they came from a medical care facility and all indications are they were stolen or otherwise misappropriated,” according to an affidavit signed by Dean Henderson, a special agent with the Drug Enforcement Administration.

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Kiel Back With Team; Drug Hearing Today (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, October 3, 2006

Chargers safety Terrence Kiel will plead not guilty today to five felony charges filed yesterday involving the shipment and possession of codeine-based cough syrup, his attorney said yesterday.

The San Diego County District Attorney yesterday filed two charges of transporting a controlled substance and three charges of possession for sale of a controlled substance against Kiel, who was arrested last week and is free on $160,000 bond.

Kiel's attorney, Bob Grimes, declined to comment on the merits or facts of the case except to say the bail was set at $160,000 only because a judge didn't yet have the opportunity to review which controlled substance was involved.

If a judge had been able to review that the case involved cough syrup and not cocaine, for example, “I think the bail would have been a lot lower,” Grimes said.

If convicted, Kiel, 25, could face five years in state prison. At his arraignment today in Superior Court, he will make his plea and court dates will be set. After starting the Chargers' first two games, Kiel did not play in Sunday's 16-13 loss at Baltimore.

Kiel returned to work with the team yesterday and is expected to resume practicing when the Chargers begin preparations tomorrow for Sunday's game against Pittsburgh. Kiel was paid for last week and will face no penalties from the team, according to General Manager A.J. Smith.

It is expected the league will refer Kiel to evaluation and possible counseling as part of its drug program.

Drug Enforcement Administration agents intercepted two FedEx packages containing 18 pint bottles full of the drug, plus more bottles in Kiel's Serra Mesa condo. The two packages each drew a charge of transporting a controlled substance and possession for sale. The bottles in his condo also drew a possession-for-sale charge.

Agents said a bottle of the cough syrup sells for up to $325 on the street in Texas, where the bottles were being shipped, and where it is popular to mix with soda to make a drink called “purple drank” or “lean.”

Kiel, who grew up in Lufkin, Texas, and played at Texas A&M, has faced financial difficulties in the past year, including a Sept. 7 notice of default seeking payment of $16,610 from a $591,634 mortgage.

Kiel is making $460,000 this season, his fourth in San Diego.

DEA spokesman Dan Simmons and prosecutor Damon Mosler said the investigation involved only Kiel.

“I have not heard at all that it goes beyond Terrence Kiel,” Simmons said.

One of the packages was addressed to a “Rick Jones” in Tyler, Texas, but it is not known whether that is the intended recipient's real name.

Chargers Safety Terrence Kiel Pleads Not Guilty To Drug Charges (AP)

AP, October 3, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel pleaded not guilty on Tuesday to charges he shipped bottles of codeine-based cough syrup to Texas.

Kiel, 25, a starter with the Chargers, faces a maximum of seven years and four months in state prison if convicted of all five felony drug counts against him, according to Deputy District Attorney James Fontaine.

Kiel was arrested Sept. 26 in the locker room after authorities turned up at Chargers headquarters. Drug Enforcement Administration officials said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas via FedEx.

The agency has found widespread abuse in Texas of codeine-based cough syrup mixed with soft drinks or drugs and referred to as "lean."

Fontaine said the district attorney's office is still investigating where Kiel got the cough syrup.

Kiel's lawyer, Robert Grimes, said his client was cooperating with the investigation.

According to an affidavit for a search warrant, FedEx managers searched a package Kiel mailed with his FedEx account in June and found 15 bottles of Prometh prescription cough syrup in the box. A boarding pass found inside the box led DEA agents to an address Kiel used to register a car. Three bottles of Prometh were seized last week at that address.

Kiel paid cash to send a second package to Texas in September, prompting a FedEx manager to contact the DEA, according to the affidavit.

Kiel, free on $160,000 US bail, didn't accompany the team to its game in Baltimore last Sunday. His status for this Sunday's game against Pittsburgh hasn't been determined.

Kiel is making $500,000 this season, his fourth with the Chargers.

Bonds' Trainer Wants To Withdraw Plea (AP)

AP, October 5, 2006

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer wants to withdraw his guilty plea because prosecutors based their steroid distribution case on an illegal recording, his lawyer said Tuesday in a court hearing.

Greg Anderson, who is jailed for refusing to testify before a grand jury probing whether Bonds committed perjury, already served a three-month prison sentence after pleading guilty to the steroid charge.

But attorney Mark Geragos said Tuesday that an illegal tape recording of Anderson was the basis for the federal case against him in the Bay Area Laboratory Co-Operative scandal. A federal prosecutor acknowledged having a tape of Anderson discussing Bonds and undetectable performance-enhancing drugs at least a month before the trainer's guilty plea last year, but said Geragos' claims were "ludicrous and speculative."

"That's speculation by Mr. Geragos. He's wrong," said Assistant U.S. Attorney Jeff Nedrow.

The claim was the latest effort by Geragos to get a federal judge to free Anderson, who is being held for refusing to testify before a grand jury investigating whether Bonds lied when he told a grand jury in 2003 that he never knowingly used steroids.

Anderson served three months in prison and three months of home confinement after pleading guilty to distributing steroids and laundering money in the BALCO case. He served 15 days in prison in July for refusing to testify to a grand jury about Bonds, and was jailed again Aug. 28 for refusing to testify before a new grand jury.

Authorities have refused to release the tape to Anderson. Nedrow maintained Tuesday that the recording was legal and said he first learned of it in 2004 from the San Francisco Chronicle.

Nedrow said prosecutors didn't get access to the tape until a month before Anderson's plea deal. But Geragos suspects investigators had it all along and used the tape as an illegal roadmap to build a case against Anderson.

It has not been publicly revealed who made the recording. The government said the recording was made of a face-to-face conversation, while Anderson suspects it was made of a telephone call.

On the tape, according to the Chronicle, Anderson said: "The whole thing is, everything I've been doing, it's all undetectable. The stuff I have, we created it. You can't buy it anywhere else, you can't get it anywhere else."

Four other men also have pleaded guilty in the BALCO scandal for participating in the distribution or manufacturing of undetectable steroids to elite athletes.

Geragos said authorities only recently revealed the tape so they could build a perjury case against Bonds.

"The strategy is a perjury trap, obviously," Geragos said.

Geragos did not say when he would seek to withdraw Anderson's plea.

U.S. District Judge William Alsup, who jailed Anderson a month ago for refusing to cooperate, said the tape is "as worthless a piece of evidence as I've ever seen."

An unshaven Anderson, who was in court wearing brown jail garb, contends he should be released and should not have to testify in front of the Bonds grand jury for the same reasons he should be allowed to withdraw his plea in the BALCO case.

Anderson could remain at the Federal Correctional Institution in Dublin, near San Francisco, for more than a year if he continues his refusal to testify.

Latinos Debate Forming Regional Force (AP)

By Julie Watson, The Associated Press

AP, October 3, 2006

MANAGUA, Nicaragua -- Latin American defense ministers debated forming a regional peacekeeping force Tuesday, while the top U.S. defense official urged nations at a hemispheric conference to work together to combat drug trafficking and terrorism.

Guatemalan Defense Minister Gen. Francisco Bermudez said the ministers discussed forming a regional force for international peacekeeping missions and disaster relief.

Venezuelan President Hugo Chavez has proposed members of the Mercosur trade bloc _ Brazil, Argentina, Uruguay and Paraguay _ link their militaries to guarantee the region's security.

Chavez has been lobbying for allies to counterbalance what he says is U.S. domination in the region.

Bermudez said the force would be to help the United Nations in peacekeeping and in "no moment have we talked about creating another force for other means."

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Bermudez said. Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

The debate came during a gathering of defense ministers from more than 30 Latin American and Caribbean nations at the seventh Western Hemisphere's Defense Ministers Conference, which ends Wednesday.

U.S. Defense Secretary Donald H. Rumsfeld stressed the importance of regional cooperation at a news conference.

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"Almost every problem we face is a problem that cannot be solved by a single nation. Whether it's counternarcotics or gangs or hostage taking or counterterrorism, all of those problems require very close cooperation among nations, many nations," said Rumsfeld.

Coordinating efforts, Rumsfeld said, is vital to the drug war in Latin America, where smugglers migrate to other nations once there is a crackdown.

In the past few years, drug violence has spiraled throughout the region as gangs battle for routes left open following the arrests of top cartel leaders. Smugglers have turned more vicious in Mexico, where in Acapulco a half dozen police and rival smugglers have been beheaded. One head washed up near the tourist resort's popular beaches.

In Managua, Central American ministers said they asked Rumsfeld for more U.S. aid in their fight against Colombian and Mexican drug traffickers using their impoverished nations as a funnel for U.S.-bound shipments of cocaine and marijuana. A day before the ministers arrived for the conference Sunday, Nicaraguan officials seized 6,600 pounds of cocaine after a shootout on the Pacific coast, the country's largest drug seizure to date.

Bermudez said the region is trying to consolidate its efforts under a plan known as the Meso-American Strategy to combat organized crime.

IMMIGRATION:

Justices Hear Case On Immigrant Drug Offenders (WP)

By Charles Lane

The Washington Post, October 4, 2006

The Bush administration urged the Supreme Court to declare that legal immigrants can be deported for drug offenses that are felonies in some states but only misdemeanors under federal law, as the court heard its first oral arguments of the new term yesterday.

At issue are provisions of the 1996 immigration law that require any noncitizen guilty of an "aggravated felony" to be sent back to his country of origin, with no chance to ask for leniency. The law defines "aggravated felony" to include any drug-trafficking offense that is a "felony punishable under" federal drug laws.

Federal appeals courts, however, have differed as to that language's precise meaning. Some have upheld deportations based on state felonies, such as simple drug possession, that would not be felonies under federal law.

The seemingly technical dispute could have real-world consequences for thousands of green-card holders. In 2005, the United States deported about 77,000 immigrants with criminal records, of whom about 9.5 percent had arrests for drug possession, according to the Justice Department.

A Justice Department lawyer, Edwin S. Kneedler, said the court should read the statute to require deportation for felony state drug-possession convictions.

"Because the petitioner's underlying conduct here was punishable under [federal law], and was a felony under state law, they were properly found to have committed aggravated felonies," he told the justices, according to a transcript of the argument released yesterday by the court.

It was the first time the court has released same-day transcripts of oral argument on its Web site, http://www.supremecourtus.gov , under a policy announced last month.

But several justices asked Kneedler whether that was a strained reading of the statute.

"[I]t must give you pause that your analysis is of a term, 'drug-trafficking crime' or 'illicit trafficking,' and your theory leads to the conclusion that simple possession equates with drug trafficking," Chief Justice John G. Roberts Jr. said.

Kneedler replied that "a lot of state statutes dealing with drugs do not, are not patterned directly after the federal statute, and there is no reason why Congress would have insisted that they do so in order for this statute to operate sensibly."

The case is an appeal by Jose Antonio Lopez, a Mexico native who entered the United States illegally 20 years ago to pick tomatoes. He became a legal resident in 1990 and later opened two small businesses in South Dakota.

In 1997, state prosecutors there indicted him on charges of cocaine distribution and of aiding and abetting cocaine possession. He pleaded guilty to the possession charge and served 15 months of a five-year sentence. Since his release from prison, federal authorities have been trying to deport him under the aggravated-felony law.

Lopez, who has a wife and two U.S.-citizen children, voluntarily left for Mexico earlier this year. But his case is not moot, because if he wins, he would be permitted to seek a cancellation of his deportation order and return legally to the United States.

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Lopez's attorney, Robert A. Long Jr., told the court that the administration's position would undermine the uniformity of national immigration rules, because "what it is arguing is that states can banish noncitizens and can do so by enacting drug laws deciding to make a simple possession offense a felony."

Justices Ponder Conditions For Automatic Deportation (NYT)

By Linda Greenhouse

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — The intersection of federal criminal law and immigration law is a perilous place for the millions of legal residents of the United States who are not citizens: one slip, one criminal conviction, can mean deportation.

The justices of the Supreme Court struggled, during the first argument of their new term on Tuesday, to understand exactly how the two statutory frameworks intersect.

The question, posed by two separate cases that were consolidated for a single argument, was whether immigration officials can treat an immigrant's state-court conviction for possession of a small quantity of illegal drugs as an "aggravated felony" as long as the crime is considered a felony under the state law, even if federal law treats the same conduct as only a misdemeanor.

Conviction of an "aggravated felony" has dire consequences for a noncitizen, including automatic deportation without the usual rights of appeal and a permanent bar against returning to the United States.

Congress added the category of aggravated felony to federal immigration law in 1988, and it includes a number of specific offenses. Among them is a "drug trafficking crime" that in turn is defined as "any felony punishable under the Controlled Substances Act," the basic federal drug law. Does a particular drug crime that is a felony under the law of a state become a "felony punishable under the Controlled Substances Act," even if federal law would treat it only as a misdemeanor?

Although the government's position has shifted over time, its current view is that the answer is yes. The law of the "jurisdiction of conviction," Deputy Solicitor General Edwin S. Kneedler told the court, is what determines whether the crime is an aggravated felony.

Lawyers for two lawful permanent residents caught up in this statutory maze argued the opposite. "State felonies are not themselves punishable under the Controlled Substances Act," Robert A. Long Jr., representing José Antonio López, told the court. "It is not a federal crime to violate state law," he added.

Mr. López, a native of Mexico who became a permanent legal resident in 1990, pleaded guilty in a South Dakota court in 1997 to "aiding and abetting possession of cocaine," a felony under South Dakota law for which he served 15 months in prison. Under federal law, a first offense of possessing cocaine is a misdemeanor.

At the time, the Board of Immigration Appeals took the position that a drug crime that was not a federal felony could not be considered an "aggravated felony." While the non-aggravated-drug conviction made Mr. López deportable, it left officials with the discretion to treat him leniently, including granting him a "cancellation of removal."

But while his case was pending before an immigration judge, the Board of Immigration Appeals changed its position and ruled that a state-law drug felony was an aggravated felony. Mr. López lost his final appeal last year before the United States Court of Appeals for the Eighth Circuit, in St. Louis. He was deported to Mexico in January. His Supreme Court appeal is López v. Gonzales, No. 05-547.

The other case before the court, Toledo-Flores v. United States, No. 05-7664, was brought by another Mexican, Reymundo Toledo-Flores. He was convicted in Texas of possession of 0.16 grams of cocaine, less than six one-thousandths of an ounce, a felony under Texas law. He lost an appeal before the United States Court of Appeals for the Fifth Circuit, in New Orleans, and was deported in April.

As is often the case with questions of statutory interpretation, the argument on Tuesday was dense, dry and technical. But the human dilemmas created by the government's current interpretation have drawn considerable attention to the case.

Dozens of civil rights and criminal defense groups signed briefs on the immigrants' behalf, as did the American Bar Association and three men who served as general counsels of the Immigration and Naturalization Service under Presidents Bill Clinton and George W. Bush.

The former officials' brief said that "because the 'aggravated felony' categorization has such sweeping consequences and essentially eliminates the capacity of the immigration enforcement system to differentiate among individual circumstances," it should apply only when Congress has been completely clear.

Several justices found the language less than clear. Referring to the phrase "any felony punishable under the Controlled Substances Act," Justice Stephen G. Breyer said to Mr. Kneedler, the government's lawyer, "I could look at those words a thousand times and not have a clue" whether the law covers state felonies that are only federal misdemeanors.

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Justice Ruth Bader Ginsburg observed that "it seems to me unseemly" that "because of the happenstance of the states in which they were convicted," one immigrant could be "barred from ever coming back" while another who committed the identical offense would not be.

Mr. Long, the lawyer for Mr. López, agreed with the observation. He said the government's interpretation would permit individual states to "banish" immigrants by labeling minor offenses as felonies.

Part of the argument was spent debating whether, for technical reasons, Mr. Toledo-Flores's appeal was moot, as the government argued. His lawyer, Timothy Crooks, said the case was not moot because under the conditions of his "supervised release" in Mexico, Mr. Toledo-Flores must observe certain rules, including abstention from alcohol.

Justice Antonin Scalia replied that this was not a burden with sufficient real consequences to keep the case alive.

"Nobody thinks your client is really, you know, abstaining from tequila down in Mexico," Justice Scalia said.

Justices Open Term, Hear Case About Drugs, Deportation (USAT)

By Joan Biskupic

USA Today, October 4, 2006

WASHINGTON — The Supreme Court heard its first arguments of the 2006-07 term on Tuesday in a spirited session that focused on whether foreigners who are in this country legally should be deported automatically if they are convicted of drug possession.

All of the justices except the typically silent Clarence Thomas jumped into the discussion, which revealed some of the ideological divisions on the nine-member court.

The case tests provisions of anti-drug and immigration laws and could have significant consequences for legal permanent residents, or "green card" holders, who are found guilty of relatively low-level crimes. If the justices rule that drug possession could amount to an "aggravated felony," it would cause many convicted immigrants to be routinely deported, and prevent them from appealing to an immigration judge.

Tuesday's dispute involves legal immigrants, but it arises against a backdrop of concern over policies related to border security and illegal immigration.

The question for the justices is whether a drug-possession offense that is a felony under state law but would be a misdemeanor under federal law rises to the level of illicit trafficking, making it an "aggravated felony" and requiring mandatory banishment for a legal immigrant who is not a U.S. citizen.

Jose Antonio Lopez, a Mexican national, was convicted in South Dakota of aiding and abetting possession of cocaine. Reymundo Toledo-Flores, also from Mexico, was convicted in Texas of possessing cocaine. Federal appeals courts ruled that their offenses could be considered aggravated felonies for deportation purposes, based on the respective states' laws. Other appeals courts, however, have ruled the opposite, saying that an offense qualifies as an "aggravated felony" only if it would be punishable as a felony under the federal Controlled Substances Act. Drug possession is a misdemeanor under the act.

Attorneys for Lopez and Toledo-Flores argued that Congress did not want possession of a drug to be regarded as an aggravated felony for deportation purposes. They stressed the importance of uniform standards tied to federal law, rather than to state codes that would cause some legal immigrants who had committed the same offenses to be automatically deported in some states, but not in others.

Deputy U.S. Solicitor General Edwin Kneedler argued that Congress intended "any felony" to trigger the automatic deportation provision, whether under state or federal law. He said Congress sought to cover large categories of state criminal conduct.

The court's more liberal justices appeared most skeptical of that argument.

"It seems to me unseemly in the immigration context," Justice Ruth Bader Ginsburg said, "to say that two people who have committed the identical act" can be treated differently "because of the happenstance of the states in which they were convicted."

Justice David Souter questioned whether Congress would have written laws that classified drug possession as a misdemeanor, but then allowed it to be termed an "aggravated felony" for deportations. "The problem here is that state and federal laws are at odds on determining the gravity of the offense," he said.

The court's newest conservative justices, Chief Justice John Roberts and Samuel Alito, joined Justice Antonin Scalia in appearing most sympathetic to the government's position.

Roberts suggested by his questions that the automatic deportation provision could be triggered by state or federal felonies. Alito, beginning his first full term on the bench, said Congress could have wanted the term "illicit trafficking" broadly interpreted "so that it can include mere possession offenses."

Scalia's Tequila Remark Launches New Term (CNN)

DOJ_NMG_0074837

By Bill Mears, CNN Washington Bureau

CNN.com, October 4, 2006

WASHINGTON (CNN) -- Justice Antonin Scalia opened the Supreme Court's new term Tuesday by questioning whether a man deported to Mexico after a drug conviction would be "abstaining from tequila" for fear of violating his U.S. parole terms.

The remark came as justices heard an immigration case involving a Texas man, Reymundo Toledo-Flores, who was deported in April after being convicted of illegally entering the United States.

At the time, Toledo-Flores was under supervised release, a form of parole, for a 2002 cocaine possession conviction. He served seven months in a Texas prison on that charge and was deported after serving his time.

Attorney Timothy Crooks argued to the justices that his client's supervised-release terms left him under U.S. jurisdiction even while on Mexican soil, technically leaving him vulnerable to deportation back to the United States if he violated his parole.

Scalia responded with incredulity.

"No one thinks your client is abstaining from tequila for fear of being deported," he said. Supervision "is impossible once he leaves the country," he added. "This is an ingenious exercise of the conceivable."

Neither Crooks nor the other justices reacted visibly to Scalia's remarks, and there was no immediate reaction from immigrant rights activists, many of whom were in the courtroom.Other justices skeptical

Several colleagues, including Chief Justice John Roberts and Justice David Souter, were equally skeptical of Crook's arguments. Souter noted that Toledo-Flores "would have to violate the law by reentering the U.S." to face any penalty.

Scalia's remarks and actions have provoked controversy in the past.

In March, he made an Italian hand gesture when confronted by a reporter outside a Boston church. Some interpreted him as using his middle finger, which he did not, but both gestures are considered vulgar in some quarters.

The 70-year-old jurist refused to recuse himself from a case involving Vice President Dick Cheney, despite going duck hunting with the vice president in 2003 when the court was considering an appeal involving Cheney's energy task force.

And he told a 1996 audience that many Christians in the United States attract the "scorn of the sophisticated world" for believing in religious miracles.

Scalia had a man who was heckling him removed during a 2004 speech in Washington. That same year, a U.S. marshal guarding the justice confiscated a reporter's tape recorder and erased comments made at a Mississippi school. The Justice Department found the marshal had violated the law, and Scalia apologized, but denied ordering seizure of the device.

Tuesday's arguments came in appeals by Toledo-Flores and another man, Jose Lopez, who is facing deportation after a 1997 conviction for aiding and abetting the possession of cocaine in South Dakota. State, federal conflict

Their cases highlight a conflict between state and federal laws over the seriousness of drug crimes involving immigrants. (Case summary)

Lopez entered the United States illegally in 1985 and later gained permanent residency. He and his wife, a legal resident, have two children, both U.S. citizens. He was ordered deported in 1998, but that order was stayed pending the high court's ruling.

Under federal law, the charges against both men are misdemeanors. But the federal Board of Immigration Appeals concluded they committed "aggravated felonies" and were eligible for deportation.

Arguments by the government's lawyer met with skepticism from justices as well.

Deputy Solicitor General Edwin Kneedler countered that the court should look to various state laws, where the majority of criminal cases are prosecuted, not some "supposed" uniform standard of federal statutes. Souter called the Bush administration's position "very strange."

"The problem is that state law and federal law are at odds over the gravity of the offense," he said.

The high court's new term officially began Monday, but no arguments were held because of the Yom Kippur holiday.

Scalia's 'Tequila' Remark Raises Eyebrows During Immigrants' Rights Argument (LAW)

By Tony Mauro, Legal Times

Legal Times, October 4, 2006

During oral arguments Tuesday in an immigrants' rights case, Supreme Court Justice Antonin Scalia made a reference to one of the parties, a Mexican man who has been deported back to his country, as someone unlikely to keep from drinking tequila on the chance he could return to the United States.

The comment raised eyebrows in the audience and offended some who were told about the remark afterward on the grounds that it perpetuates stereotypes about Mexicans. Lawyers directly involved in the case could not be reached or declined to comment publicly.

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The comment came during arguments in Lopez v. Gonzales and Toledo-Flores v. United States, challenges to the government's interpretation of the federal law that allows deportation of immigrants who commit aggravated felonies.

The question before the Court is whether the law covers those who are convicted of crimes that are felonies under state law but only misdemeanors under federal law. The case could affect thousands of immigrants with relatively minor drug offenses on their records.

One issue is whether one of the cases is moot -- Reymundo Toledo-Flores has already been deported back to Mexico because of his conviction in Texas for possession of 0.16 grams (about 0.005 ounces) of cocaine.

His lawyer, Assistant Federal Public Defender Timothy Crooks, told the Court that the case is not moot because even though his client is in Mexico, he is still subject to the U.S. District Court's jurisdiction and could face adverse consequences if he commits further offenses in Mexico or tries to return to the United States to visit his children, who are U.S. citizens.

Scalia dismissed that argument as "an exercise in the conceivable" and added, "Nobody thinks your client is really, you know, abstaining from tequila down in Mexico because he is on supervised release in the United States."

Carlos Ortiz, former president of the Hispanic National Bar Association, was not in the audience but reacted strongly when told of the comment. "Justice Scalia is supposed to be very smart, but anyone who is supposed to be so smart would not and should not say something that insensitive. It is a really terrible comment, and he should be called on it."

Ortiz, who has long lobbied for the appointment of a Hispanic justice and more Hispanic law clerks to the high court, added, "This is the kind of incident that makes it so clear that the Court needs more diversity."

Scalia declined to comment on his remark.

One lawyer who was in the audience, Benita Jain of the Immigrant Defense Project of the New York State Defenders Association, said the reference was unfortunate because most of the immigrants who could be affected by the case are "lawful residents who have been here since they were young." She said those who face deportation if immigrants lose in the cases before the Court have been U.S. residents for an average of 14 years.

Jain, who was part of a team that filed an amicus brief on behalf of the immigrants in the case, declined to comment further on Scalia's remark except to say guardedly that he is "known for being colorful. It's Scalia."

Border Security, Job Market Leave Farms Short Of Workers (WP)

By Sonya Geis

The Washington Post, October 4, 2006

CLOVIS, Calif. -- Bins of Granny Smith apples towered over two conveyor belts at P-R Farms' packing plant. But only one belt moved. P-R Farms, like farms up and down California and across the nation, does not have enough workers to process its fruit.

"We're short by 50 to 75 people," said Pat Ricchiuti, 59, the third-generation owner of P-R Farms. "For the last three weeks, we're running at 50 percent capacity. We saw this coming a couple years ago, but last year and this year has really been terrible."

Farmers of all types of specialty crops, from almonds to roses, have seen the immigrant labor supply they depend on dry up over the past year. Increased border security and competition from other industries are driving migrant laborers out of the fields, farmers say.

Earlier this year, many farmers were optimistic about finding a solution in the Agricultural Job Opportunity, Benefits and Security Act, or AgJobs. The bill, proposed by Sens. Larry E. Craig (R-Idaho) and Edward M. Kennedy (D-Mass.), would allow undocumented agricultural workers already in the United States to become legal permanent residents and would streamline the current guest-worker program. In March and September, hundreds of growers traveled to the Capitol to lobby for the bill.

But deep divisions within the Republican Party have stalled immigration reform. Although legislation to build a 700-mile fence along the border passed the House and Senate, the AgJobs proposal has languished.

As the border tightens, Mexican workers who once spent part of each year in American fields without a work permit fear that if they go back to Mexico, they will be trapped behind the border, farmers say. Instead, they stay in the United States, taking year-round jobs that pay more and are less backbreaking than farm work, such as cleaning hotels or working in construction in cities on the Gulf Coast devastated by last year's hurricanes.

"Frequently you hear, especially from California, complaints about construction companies actually recruiting workers from the sides of the fields," said Craig Regelbrugge, co-chair of the Agriculture Coalition for Immigration Reform. Other industries that depend on immigrant labor, such as landscaping and construction, "are also concerned about the overall availability of labor given demographic trends," he said, adding: "But agriculture is the warning sign, if you will, of structural changes in the economy."

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The problem is now reaching crisis proportions, food growers say. As much as 30 percent of the year's pear crop was lost in Northern California, growers estimate. More than one-third of Florida's Valencia orange crop went unharvested, Regelbrugge said. In New York, apples are rotting on the trees, because workers who once picked the fruit have fled frequent raids by Immigration and Customs Enforcement agents, said Maureen Marshall, an apple grower in Elba.

Michael Keegan, a spokesman for the federal agency, said he could not confirm any specific targets for raids. But he said it now takes a more proactive approach to work-site enforcement, seeking to build criminal cases against employers instead of issuing fines. The agency focuses work-site raids on "critical infrastructure," he said, such as airports and chemical plants, including food processing facilities.

Critics say increased wages would keep workers in the fields. Growers contend that their wages, often minimum wage plus a piece rate, are as high as they can pay and still remain profitable. Ricchiuti echoed many growers when he said local people "don't want to do the work at any price."

Farmers also contend that an existing guest-worker program is not usable. Although some industries, such as Maryland crab pickers, rely on the H-2B program to provide foreign labor, farmers argue that the equivalent program for agriculture, known as H-2A, is too complex and has onerous requirements, such as providing housing for workers. Nationwide, only 2 percent of agricultural workers use H-2A visas, Regelbrugge said.

"We explored [H-2A], and it was so cumbersome, it just would not meet our needs," said Ricchiuti of P-R Farms, who grows apples, nectarines, nuts and grapes in California's fertile San Joaquin Valley. "It's so specific; you agree to hire so many people at this time. What if the season is two weeks late? I have to have work for them. Or pay them to do nothing."

Some farmers said they have invested in machines to take the place of workers, though some tasks, such as picking soft fruit, cannot be mechanized.

Others are worrying about credit. In August, Tom Brown, president and chief executive of Fresno Madera Farm Credit bank in California, testified at an immigration forum hosted by Rep. George Radanovich (R-Calif.) that he was worried about the impact of the labor shortage on farmers' ability to repay loans.

Some food growers, who as a group tend to vote Republican, now find themselves fighting hardest against leaders in their own party.

"So many of the farmers here are conservative, but they're finding themselves kind of at odds, not so much with Republicans in this area but with Republicans on the East Coast who have no idea what's going on in the San Joaquin Valley and California," said Daniel Jackson, a California fruit grower. "Something could happen in Washington, D.C., tomorrow, and all the farmers in the San Joaquin Valley would be out of work."

Ricchiuti has a framed photo of President Bush and first lady Laura Bush on his office wall and a pile of "Re-Elect Arnold" signs supporting Gov. Arnold Schwarzenegger (R-Calif.) at his processing plant. But he grew agitated when he talked about the GOP's handling of immigration.

"What's wrong with the Republican leadership?" he demanded. "They control the House and the Senate. I would have thought it would be a slam-dunk.

"Certain Republicans are very closed-minded," he continued. "They're prejudiced, and they're concerned about people taking their jobs. Well, you know what? You won't do those jobs. You might stick your head up the grapevine once or twice, but you won't do it a third time."

Hopes for the AgJobs bill are now on hold until after the midterm elections, said Barry Bedwell, president of the California Grape and Tree Fruit League. Bedwell has made four trips already this year to Washington to lobby for immigration reform.

"Even from our best friends and allies in the San Joaquin Valley on the Republican side, they were saying, yes, they understand. But they were trying to explain the political reality of an election year," he said. "Boy, I will be happy to get by the election, where we can start talking reason."

CONGRESS-ADMINISTRATION:

Disaffected Republicans May Sit Out Vote Following Foley Scandal (AFP-Y)

By Charlotte Raab

AFP, October 3, 2006

A roiling sex scandal that led to the resignation of a prominent Republican lawmaker has left the party fearing conservative voters may sit out next month's crucial midterm elections, as President George W. Bush said he was "disgusted" by the affair.

Bush said he supported House Speaker Dennis Hastert's call for a law enforcement probe into the e-mails and text messages sent by US Representative Mark Foley to young, male congressional pages.

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"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush said during a visit at an elementary school in Stockton, California.

The shocking revelations that the veteran Republican lawmaker sexually harassed underage congressional aides before resigning in disgrace last week could leave many conservatives feeling like they might not want to go to the polls, and could be the tipping point that returns control of Congress to opposition.

Conservative voters, who often are moved to turn out in force at the polls to vote on "values issues" such as abortion and banning gay marriage, reportedly are disgusted by the news.

Joe Negron, chosen by Florida's Republican leaders to replace Foley on the ballot, conceded that it might be an uphill fight to hold onto voters in his district, although he is holding out hope that he can convince voters to stick with his party.

"Everyone in this district is shocked and angered by what happened," Negron said.

"The system needs to work: let the chips fall where they may. If people knew about this in Congress and didn't take appropriate steps, they need to be held accountable," he told Fox television.

"I'm asking voters to give me a chance."

The conservative Washington Times newspaper on Tuesday said Dennis Hastert, the speaker of the House of Representatives should follow Foley's lead and relinquish his post for not being more proactive in preventing and punishing the lawmaker's misbehavior.

"Resign, Mr Speaker," blared The Times, saying Hastert "dissembled, to put it charitably," before acknowledging that he had known for months that Foley had sent inappropriate e-mails to underage male aides.

"Either he was grossly negligent ... or he deliberately looked the other way," the daily charged.

Foley, a Republican who represents parts of tony Palm Beach county in Florida, abruptly resigned his seat Friday amid questions surrounding his sexually explicit e-mails to a former male page.

His resignation further jeopardizes an already endangered Republican majority in Congress, with Democrats favored to win the lion's share of House seats in November's midterm election according to many polls.

Foley had been favored to win reelection against Democratic challenger Tim Mahoney in the November 7 legislative contest.

He was known in Congress as a tireless champion of children's rights, especially against abuse and sexual predators. He co-chaired the House Caucus on Missing and Exploited Children and recently introduced legislation to crack down on Internet child pornography sites.

Mahoney, who now is expected to coast to victory, also has expressed moral outrage since the allegations were made known.

"I think that his admission disqualifies him from public office," he told US television Tuesday.

Democratic leaders in Washington were also quick to jump on the scandal as a symbol of moral and ethical shortcomings in the Republican leadership.

"Speaker Hastert again failed to answer the question that every mother and father in America is asking: how could Republican Leaders choose partisan politics over protecting children?

Meanwhile, several top Republicans were running for cover.

House majority leader John Boehner suggested that his hands were clean, since oversight of the page program fell to Hastert.

"My position is it's in his corner, it's his responsibility," he told an Ohio television station.

But conservative US senator John Cornyn said it would be unjust if Republicans paid a price for Foley's misbehavior.

"No one has ever suggested with any of the scandals in the past that they somehow should be made a political football and blame an entire political party for the acts of an individual person," he said Tuesday.

"I think what's an overreach is to somehow try to blame Republicans in general or to blame those who did not know about the content of these e-mails for somehow knowingly allowing this to happen."

Foley Scandal Is The Nail In The GOP Coffin (HILL)

By Dick Morris

The Hill, October 4, 2006

In a curious way, the former Rep. Mark Foley (R-Fla.) scandal will be to the Republican congressional leadership what the Monica Lewinsky imbroglio was to the Clinton presidency.

After all the boring scandals — Whitewater, Hillary's investments, Paula Jones, Travelgate, the FBI files, the Rose Law Firm's billing records — the Lewinsky scandal seared into everyone's consciousness. Those who failed to read the many volumes of Whitewater documents published by The Wall Street Journal or who despaired of following the paper trail that led to

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the Travel Office firings could easily grasp the simple facts of Clinton's dalliance with Monica. Nothing complicated. Nothing subtle. Easy to understand. And so the Clintonian penchant for scandal became universally known and has been an enduring part of his legacy.

Now, after the lobbyist travel scandal and the Abramoff favors for legislators and the growth of earmarking and the financial scandals that have faced Reps. Randy "Duke" Cunningham (R-Calif.), Alan Mollohan (D-W.Va.), Jerry Lewis (R-Calif.), Bob Ney (R-Ohio) and a host of others, there is finally a simple sex scandal for everyone to focus upon. Nothing complicated about this one either.

It is not that the voters believe that all congressmen are child molesters, nor is it the details of what Speaker Dennis Hastert (R-Ill.) knew, and when he knew it, that makes this scandal so important. Its centrality stems from the sheer arrogance and hypocrisy it demonstrates both on the part of Foley himself and his colleagues who hushed up the affair until it burst onto the public stage.

One more pious member of the Moral Majority, one more legislator who makes a career out of fighting for "values" and crusading to protect children turns out to be a hypocrite and an abuser himself!

One more congressman, a sponsor of legislation to help children, a member of the caucus on abused and exploited children, has abused and exploited them himself. The gap between what Foley professes and what Foley did is so huge that you can sink the entire Republican majority in both houses into the gap.

And once again, the arrogant leaders of the Congress circled the wagons and looked the other way to avoid investigating or even recognizing the child abuser in their midst.

The details don't matter much. Who really cares if Hastert only knew that Foley had asked a kid for his photograph or if he knew more about the e-mails that were flying around. And who cares if the Democrats had their own part in the scandal by taking no action and protecting a colleague until right before the election?

None of that really matters.

What is important is that all of the venality and hypocrisy, so evident when congressmen hire their wives or freeload on trips paid for by lobbyists or cram the budget with unjustified earmarks or encourage their sons and daughters to become highly paid lobbyists cashing in on their special access — all of those misdeeds, have suddenly acquired a poster boy: Rep. Foley!

Rep.Tom Delay's (R-Texas) misdeeds are far too boring, in the same way that Whitewater was boring. The paper trail is hard to follow and the accusations murky.

But there is nothing murky about what Foley did and the voters will find the story interesting and easy to follow. Despite this, however, it is not Foley who is sinking his party. Its own misdeeds have already sunk it.

Bill and Monica. Foley and the pages. What we are watching now is the vindication of Karl Marx' comment that history repeats itself — the first time as tragedy, the second time as farce.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

GOP Faces 'Inconvenient Truth' (CHIT)

By Michael Tackett

Chicago Tribune, October 4, 2006

WASHINGTON -- Republicans consolidated power in the George W. Bush era by building a foundation based largely on the pillars of moral clarity and accountability.

Now comes what Al Gore might call an "inconvenient truth." The scandal over alleged sexually predatory behavior that triggered the resignation of Rep. Mark Foley (R-Fla.) undermines those core GOP strengths, and with the approaching midterm elections, at the worst possible time, even prompting some calls from prominent conservatives Tuesday for the resignation of House Speaker Dennis Hastert (R-Ill.) for his handling of the matter.

Republicans in power find themselves in a vise, squeezed of course by newly energized Democrats, but perhaps more important by their most fervent supporters on the right, the very voters who cast their ballot based on social issues.

It was those voters—stoked brilliantly by Karl Rove's surgical support for amendments to ban gay marriage in swing states, among other strategies—who provided Bush with the bare majority he needed for a second term, and that Republicans needed to maintain control of the House and Senate. Whether the GOP can count on those voters to show up in November is now in some doubt.

Economic conservatives had sounded their own complaints about the Republican regime earlier, angered by record congressional spending. Some foreign policy conservatives oppose the war in Iraq as an unwise—and un-conservative—attempt to remake the world. So in several significant ways, the coalition that had once seemed so solid in fact had been cracking for the last several years.

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And Washington now seems to again be engaging in its tribal ritual of assigning blame. On the plank for the moment is Hastert, who is being accused of inattention at best for his reaction to the Foley mess, and trying to cover up a scandal at worst. The Washington Times, whose editorial page was an intellectual midwife to the Republican revolution of 1994, called Tuesday for Hastert to resign. Also facing scrutiny are House Majority Leader John Boehner (R-Ohio), who was aware of the Foley emails months ago, and Rep. John Shimkus (R-Ill.), one of the House members in charge of the page program.

The intensity of the focus on Foley has served to blunt one of the few positive periods that the Republicans have enjoyed in this election season. The president's aggressive post-Labor Day push on fighting terrorism, coupled with the sharp drop in gasoline prices, had seemed to halt a long slow slide. The Foley controversy now dramatically and negatively reshapes the race for Republicans, leaving them with diminishing hopes of maintaining control of the House chamber that they so famously wrested from Democrats in the midterm elections of 1994.

Hastert moved quickly over the weekend to call for a Justice Department investigation, which had the benefit of high-mindedness but also raised the prospect that the probe would not be finished by Election Day and would leave troubling questions hanging.

Bush offered his support for the Speaker during an appearance in California on Tuesday, reminding Americans of Hastert's prior life as a teacher and coach as measures of Hastert's concern for the well-being of children. The speaker clearly needed to hear the strong backing of the president in the face of mounting calls for his ouster.

Even that backing might not be enough. "There will be dramatic change," said one Republican consultant with ties to some of the House leadership. "It will either be imposed by a new set of leaders in the party or it will be imposed by the voters.

"The political environment today is such that Republicans feel defeated, all of America feels defeated and under siege at this point," he added. "You don't feel in control of your life. I think Republicans have felt the burden especially heavily because this is their president and their Congress. There hasn't been a lot of good news."

Indeed, there is an increasingly gallows view among Republicans about what November will bring. As several noted, things were not going well even before the news of Foley's salacious electronic messages. Congress essentially closed up shop for the term without major accomplishments on issues that voters said they cared deeply about, such as immigration.

The energy that brought the Republicans to power in 1994 seems to have given way to near exhaustion. And now, one of the central issues that solidified their power—a perception of holding the moral high ground—has been turned inside out.

"There is just a general disgust across the board," said one Republican lobbyist who is also heavily involved in campaign fundraising. "We hold huge amounts of fundraisers for members of Congress, and they all come by and tell us how they will maintain control of the House. But not one person in the last four or five or six months has said we are going to win because we have better ideas than the Democrats. I just think they have lost their way."

Hastert Faces Intense Pressure As Foley Mess Roils Republicans (WSJ)

By David Rogers And John Harwood

The Wall Street Journal, October 4, 2006

With Republicans' woes deepening, House Speaker Dennis Hastert is holding fast against calls for him to resign over the congressional-page scandal. But there appears to be a real chance that the Illinois Republican could step down after next month's election even if his party retains power.

A new poll shows voter support for the party slipping, and Mr. Hastert and his divided leadership face immense pressure to respond more emphatically to the stream of revelations about former Rep. Mark Foley's sexually explicit cyber-communications with teenage former pages.

"We have to do something different, more dramatic," said Rep. Ray LaHood (R., Ill.). "This is a political mess and what we've done so far is not working. Somebody has to take responsibility for this. It is on our watch."

At a news conference yesterday evening in West Palm Beach, Fla., Mr. Foley's attorney announced that the former lawmaker is gay and said Mr. Foley, a Catholic who attended Catholic schools, had been molested between the ages of 13 and 15 by a clergyman. But the lawyer, David Roth, said his client had never engaged in physical sexual relations with a minor despite the nature of his online contacts.

The pattern followed by Mr. Foley, a Florida Republican who resigned abruptly on Friday, was to pursue pages after they had ended their tenure at the Capitol. ABC News, for example, posted new communications yesterday in which Mr. Foley appears to have interrupted a vote on the House floor in 2003 to engage in Internet sex with a teenager who was still in high school but no longer a page.

The Foley news is just the latest in a hailstorm of unfavorable publicity that has hit the Republicans and President Bush in recent weeks, costing the party the initiative at a critical point in the midterm-election campaign. Party leaders had hoped to run

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the final weeks of the campaign with the spotlight on what they consider their strength: battling terrorists. Instead, they are playing defense on everything from the sex scandal to dispiriting reports about Iraq.

The damage was evident in a new Wall Street Journal/NBC News poll, showing that, by 41% to 18%, Americans say that news they "have seen and heard over the past few weeks" has made them less favorable toward continued Republican control of Congress. By 34%-23% they called themselves more favorably inclined toward Democratic control. The survey, conducted last weekend, also shows a decline in Mr. Bush's job-approval rating to 39% from 42% earlier this month.

With the elections just over a month away, on Nov. 7, there is mounting pressure on Republican House leaders to try to limit fallout from the Foley scandal. In an interview late yesterday, Mr. Hastert said he would be willing to resign if he thought it would help the party but isn't convinced this is the case. "If I thought it would help the party, I would consider it, but I think just the opposite," he said.

For Mr. Hastert and other House leaders, it is a Hobson's choice. Do they risk allowing the scandal to fester without a top-level official taking responsibility, or do they appease critics with a high-profile resignation that could invite "chaos," as Mr. Hastert put it. Any abrupt departure could also disrupt the rest of the leadership in the final weeks of the campaign. And one of the Republicans' weaknesses is that they have no clear transition figure.

Mr. Hastert and other leaders don't have as much control over their party as when former Majority Leader Tom DeLay (R., Texas) helped keep the troops in line. Conservative social activists are openly upset by Mr. Foley's actions -- and the leadership's response. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," activist Richard A. Viguerie said on Fox News yesterday, in calling for Mr. Hastert to step down.

Meanwhile, a new crop of conservatives could seize the moment to push the party to do more to cut government spending, for example. Among this group, Rep. John Shadegg (R., Ariz.) last night defended Mr. Hastert, saying he should not be "railroaded out of office." Another, Rep. Mike Pence (R., Ind.) has been quieter.

If the party were to lose control of the House, it is expected that Mr. Hastert would step out of the leadership. He said yesterday that if Republicans retain power, it is still his intention to run for speaker in the next Congress but "you have to count the votes." Close associates of Mr. Hastert don't rule out that, weary of the fray, he could opt to step down after Nov. 7 even if his party keeps its House majority.

The damage from the scandal complicates the picture because the office of the speaker is elected by the full House. If Republicans lose seats, any small block of conservatives unhappy with the party's leadership would gain more say in deciding who is speaker.

Mr. Bush came to the speaker's defense yesterday: "I know Denny Hastert... I know that he wants all the facts to come out," the president said. And stung by a "Resign, Mr. Speaker" editorial in the conservative Washington Times, which described his performance as "inept," Mr. Hastert spent the day on radio talks shows trying to tamp down the anger against him.

Mr. Hastert's aides trumpeted a letter last night from Pat Robertson's Christian Coalition supporting their boss. And appearing with conservative radio-show host Rush Limbaugh, Mr. Hastert sought to shift blame to Democrats, saying the opposition is orchestrating the leaks of explicit instant messages between Mr. Foley and former pages.

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense," Mr. Hastert said.

But the ABC News reporter who broke the original story yesterday said some of the pages themselves stepped forward with some of the most damaging emails. (See related article9).

The page program offers teenagers academic and work experience in Congress. The pages, who stay one or two semesters and live in a dorm, run errands and help deliver documents, among other things. Republicans have discussed ending the program entirely or appointing a high-profile attorney to review the situation.

"We have to act quickly," said House Rules Committee Chairman Davie Dreier (R., Calif.), a Hastert confidant. And the speaker said he wants to create a blue-ribbon panel to assess the situation and what more could be done to better protect those in the program both during their participation and after they leave Washington.

"When they leave Washington we don't have much control over it," Mr. Hastert said. "We're trying to put something together that would help."

The Federal Bureau of Investigation has said it is investigating the Foley case, but it isn't clear what kind of legal threat he might face, if any. An FBI official familiar with the Foley investigation said three separate cyber-crime units looked at emails in July and found no evidence of broken laws. "They were vanilla," the official said. Agents are looking to see if new emails that have surfaced explicitly suggested meetings with the juveniles crossing state lines for sex. Other potential laws include exchanging of pornographic material with minors. "Right now, we still don't know what, if any, federal statutes have been broken," the official said.

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Still, the graphic nature of the instant messages adds to their impact on voters. "This isn't a lobbyist moving money around for favors. This is pretty easy to understand what's going on here," said one Republican leadership aide. And Mr. Hastert says he has felt blind-sided by the recent revelations, saying that the sexual content goes far beyond the "red flag" Foley e-mail his office became aware of last fall, which requested a page's photo but included no overt sexual advances.

Nonetheless, the speaker suffered from the fact that he went home to his farm in Illinois on Friday night as the scandal was breaking. It wasn't until Saturday night that the leadership produced a united statement on the crisis, and associates worry the press-shy speaker will be typecast as a Washington version of Cardinal Bernard Law, who was faulted for not doing more to address child abuse by priests in the Boston Archdiocese.

As speaker, Mr. Hastert is most responsible for the page program, and when parents of a Louisiana teenager were upset by an August 2005 Foley e-mail to their son, a former page, the complaint was taken to Mr. Hastert's staff last fall. But Mr. Hastert says he wasn't fully informed by his aides until recently, and even now he often mistakenly speaks of the issue being handled by the House Page Board, when in fact most of the six member panel were excluded from knowing of the complaint.

Instead, Rep. John Shimkus (R., Ill.), the board's chairman and a Hastert ally, chose to deal with the issue without informing Democrats and simply going to Mr. Foley directly and warning him to stop. Mr. Foley, whose political committees have contributed more than $700,000 to fellow Republicans in the past five elections, had some modest clout in the House. But the expedited, discreet handling of the affair most illustrates fears that if the complaint became public, it could hurt Mr. Foley and the party by reawakening public speculation about his being gay. Mr. Foley and party leaders were concerned such a revelation could cost him the support of voters.

"It was commonly known that Mark was gay," said Rep. LaHood. And Rep, Barney Frank, an openly gay Democrat from Massachusetts, said the whole handling of the initial complaint appeared driven by Mr. Foley's political situation. "Knowing as they did that Mark was gay -- and was conflicted about how to handle it -- made this more sensitive politically," Mr. Frank said.

Beyond the Foley scandal, the latest Journal/NBC poll suggests even more problems for Republicans' campaign positions, showing the signs of momentum that the party had enjoyed in early September -- from the president's political offensive calling voters' attention to the broader war on terrorism -- have halted.

The poll was conducted over the weekend amid a double-barreled dose of bad news for Mr. Bush's party, from disclosures about Mr. Foley to questions about progress in Iraq. The survey didn't ask specifically about the sex scandal or recent assessments of the war.

A 46% plurality of Americans now say the war in Iraq is hurting the nation's ability to win the fight against terrorism. That is up from 32% earlier this month when Americans were nearly evenly split on whether the war is helping, hurting or not making a difference in fighting terrorism.

"No incumbent party wants to run an election on these sorts of issues," says Bill McInturff, a Republican pollster who helps conduct the Journal/NBC survey. Mr. McInturff predicted a renewed Republican effort to focus on terrorism. But Democratic counterpart Peter Hart calls it "a moment of crystallization" in the battle to determine whether the Republicans keep the House and Senate for the last two years of Mr. Bush's term. The survey of 805 registered voters, conducted Sept. 30-Oct. 2, has a margin for error of 3.5 percentage points.

The survey shows Democrats -- who need a net gain of 15 House seats and six Senate seats to recapture control of Capitol Hill -- holding a nine-percentage-point edge, 48%-39%, on the question of which party voters want to control Congress after the election. That is unchanged from early this month.

The Foley matter comes as voters have already been souring on incumbents in general, and the Republican-led Congress in particular. In the poll, voters, by 45%-38%, said it is time to give a new person a chance rather than re-elect their incumbent member of Congress; in early September, voters split on that question.

By 57%-37%, voters say America's safety from terrorism doesn't depend on success in Iraq, which has been a central assertion of Mr. Bush and Republican congressional candidates. And by 61%-29%, voters say Iraq is now in a state of civil war -- a conclusion the White House has tried to forestall in the belief it would further erode support for Mr. Bush's policy there. Even Republicans, by 47%-39%, share that assessment.

The poll also contains signs that the congressional Republican strategy of "localizing" elections to take the spotlight off a politically weakened Mr. Bush isn't working. Fully two-thirds of voters now say their decision for Congress will be a signal for the Bush administration-with 39% signaling opposition and 28% signaling support. In April, only about half of Americans called their vote a signal for the administration.

The poll's best news for Republicans is what Mr. McInturff calls a "lessening of economic tension and pressure" as gasoline prices have fallen and the stock market has flourished. Voters now split, at 22% apiece, on whether the economy will get better or worse over the next year. In June a 40% plurality of voters predicted the economy would get worse.

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Foley Case Shakes GOP (LAT)

By Janet Hook And Ronald Brownstein

The Los Angeles Times, October 4, 2006

WASHINGTON — The unfolding Capitol Hill sex scandal has upended the political world only five weeks before the midterm elections, escalating GOP worries that the party will lose control of one or both chambers of Congress.

Most immediately, Republicans have been plunged into a wrenching debate about whether heads need to roll in order to persuade voters that they are taking the case of former Rep. Mark Foley (R-Fla.) — who sent explicit messages to male congressional pages — seriously.

Republicans fear that the case could demoralize conservative supporters and undercut the party's claim to be a defender of morality.

As events continued to unfold Tuesday, Foley's lawyer said in a news conference that the lawmaker, who resigned Friday, had been molested by a clergyman when he was a boy. The lawyer also said that Foley was gay but denied that Foley ever had "inappropriate sexual contact with any minor."

President Bush — campaigning for Republicans in California — said he was "disgusted" and "dismayed" by the Foley case, which already seemed to be having an effect on voters.

A Wall Street Journal survey released Tuesday found that two issues — the House sex scandal and the war in Iraq — had made Americans less favorable toward continued GOP control of Congress. It also showed a decline in Bush's job approval rating to 39% from 42% earlier this month.

Some conservatives are calling for J. Dennis Hastert (R-Ill.) to resign as speaker of the House, charging that he failed late last year to adequately investigate a complaint about Foley that at the time might have brought his behavior to light.

But other Republicans rallied behind Hastert on Tuesday, and warned that a leadership upheaval would make matters worse.

Hastert, who was elevated to his post during the turmoil caused by the sex scandal involving President Clinton, on Tuesday shrugged off calls to quit. "I'm not going to do that," he said during an appearance on conservative commentator Rush Limbaugh's radio show.

Bush did not answer reporters' questions about whether Hastert should resign. But he said, "I'm confident he will provide whatever leadership he can to law enforcement" looking into whether Foley committed any crimes.

The question of how the GOP should respond to the revelations is particularly vexing for religious conservative leaders who are straddling their roles as crucial electoral allies of the party and representatives of a constituency undoubtedly outraged by the revelations.

"You have to keep in mind that the leaders of the Christian conservative groups … have folks back home who are going to be asking some tough questions," said Jim Guth, a political scientist at Furman University in South Carolina who specializes in religion and politics. "And if they don't take action, they are going to suffer some consequences in their own constituency."

For Democrats, the scandal has provided an opening to revive a campaign theme that seemed to have fallen flat earlier this year: their claim that the GOP has brought a culture of corruption to Washington.

Still, political strategists warn that Democrats have to be careful not to overplay their hand — especially since their party has had its own scandals, such as a bribery investigation of Rep. William J. Jefferson of Louisiana.

"I'm not convinced that Democrats are going to be able to paint [the corruption-in-Washington theme] as a Republican problem," GOP pollster Whit Ayres said.

The Foley case and questions about how House GOP leaders handled it compounded problems that were already bedeviling Republicans as they struggled to keep control of the House and Senate. Democrats need to pick up a net 15 seats to gain control of the House, and six seats to win a Senate majority.

"This is very hurtful for Republicans; there is no other way to put it," said Rep. Ray LaHood (R-Ill.).

Noting that the GOP's fortunes had seemed on the upswing as Bush spent much of September focusing on the threat of global terrorism, LaHood added, "This decimates all the things we've been doing."

Across the country in recent days, especially in competitive House races, Democratic candidates have lambasted GOP incumbents for their ties to Foley — and Republicans have tried to distance themselves from the scandal.

In Pennsylvania, Republican Rep. Jim Gerlach canceled a Monday fundraiser with Majority Leader John A. Boehner of Ohio, one of the GOP leaders who has been criticized for his response to early warnings of Foley's misconduct. Gerlach also returned donations from Foley.

Rep. Heather A. Wilson (R-N.M.) did the same. But her Democratic challenger, state Atty. Gen. Patricia Madrid, sought to keep the spotlight on the story, calling on Wilson to join those pushing for Hastert's resignation.

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A heated debate over Hastert's status continued among conservative activists, who were divided over whether it would help or hurt the GOP for him to step down.

Richard A. Viguerie, a pioneer in direct-mail fundraising for conservative causes, was among those calling for Hastert to resign. He charged that the speaker and others were not aggressive enough last year in pursuing a complaint about the e-mails Foley sent to a former page, which the leaders recently characterized as "overly friendly."

The e-mails were not sexually suggestive, but Viguerie said the leadership's decision to simply warn Foley to cease communication with the page was "only the most recent example of Republican House leaders doing whatever it takes to hold onto power."

The Washington Times, a leading conservative newspaper, gained wide attention in Washington on Tuesday with an editorial urging Hastert to quit as speaker.

Paul M. Weyrich, a conservative strategist who helped to found the Moral Majority, also was sharply critical of Hastert and said he believed the speaker and other GOP leaders should give up their posts because of their handling of the Foley case.

Weyrich said that although he believed Hastert's explanation that he was unaware of the sexually explicit messages Foley sent to pages that have surfaced in the last week, he still wondered why the speaker had not dug deeper when he dealt with the initial complaint late last year.

"That's the real question, and that's what has the movement people very angry," he said.

But there was no consensus among conservative leaders that Hastert or other House GOP leaders should step down.

Limbaugh, during his show Tuesday, charged that much of the furor over Hastert was fueled by Democrats who wanted "to suppress conservative turnout" in November.

Other prominent conservative voices, including Focus on the Family and the Wall Street Journal editorial page, rejected the idea that any GOP leader should resign.

The Arlington Group, a coalition of leading social conservative groups, backed away Tuesday from issuing a tough statement urging changes in the leadership.

Weyrich said that after a conference call among him and other members of the group's executive committee Monday, he produced a draft statement that called for the resignation "of anyone involved" in handling the Foley case, including Hastert and Boehner.

But after the draft was reviewed by the seven-member executive committee, the final statement did not directly criticize the response of any House leader or call for any to quit.

The statement asserted that House Republicans may have failed to sufficiently investigate Foley because they feared "a backlash from the radical gay rights movement."

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Chronology

Sometime in 2003 — Former Rep. Mark Foley (R-Fla.) has a sexual conversation with a former House page via a computer instant-messaging program.

May 8, 2003 — The New Times of Broward-Palm Beach writes that Foley, favored to win the GOP nomination to succeed retiring Sen. Bob Graham in Florida, is gay.

May 22, 2003 — Foley tells several reporters in a conference call that speculation that he is gay is "revolting" and "unforgivable," and he begs for privacy.

Sept. 5, 2003 — Foley drops out of the race, citing his father's cancer.

Aug. 30, 2005 — A different page contacts the office of Rep. Rodney Alexander (R-La.) with texts of e-mail exchanges with Foley. In one, Foley asks the former page for a photo of himself.

Shortly thereafter, Alexander's chief of staff contacts the office of House Speaker J. Dennis Hastert (R-Ill.) and asks for guidance to prevent contact between Foley and the ex-page. Hastert's staff contacts the then-House clerk, Jeff Trandahl, whose office runs the page program. Alexander's chief of staff declines to show Trandahl the e-mail, saying the boy's parents wish to keep the matter private. Trandahl is told the message is "overly friendly" but not sexual.

Trandahl and Rep. John Shimkus (R-Ill.), chair of the board that oversees the page program, tell Foley to have no further contact with the former page. Foley denies any impropriety.

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November 2005 — Reporters from the St. Petersburg Times and the Miami Herald obtain copies of the e-mail exchange that led Shimkus and Trandahl to caution Foley, but do not write stories because the former page and his family refuse to go public.

Spring 2006 — After hearing about the 2005 e-mails, prominent Rep. Thomas M. Reynolds (R-N.Y.) expresses concern to Hastert. Hastert says later that he does not recall the conversation, but does not deny it took place.

Sept. 24, 2006 — The blog http://www.stopsexpredators.blogspot.com posts four of Foley's 2005 e-mails.

Sept. 28, 2006 — ABC News posts a story about the 2005 e-mail messages on its website.

Sept. 29, 2006 — ABC News obtains the sexually explicit instant-message exchange from 2003 and asks Foley to comment. Within hours, he resigns.

Oct. 2, 2006 — In a statement, Foley says he has been admitted into a program for alcoholism and other problems. ABC News releases a new message exchange in which Foley appears to be setting up a rendezvous with a former page.

Oct. 3, 2006 — Some conservatives and the editorial page of the Washington Times call for Hastert to step down; other conservatives, President Bush and Republican members of Congress rally behind him.

In a statement issued by his lawyer, Foley says that he is gay and that he was molested by a clergyman as a teen, and denies having engaged in inappropriate activities with a minor.

— Maura Reynolds
Los Angeles Times

Bush In Favor Of Foley Investigation (AP-Y)

By Deb Riechmann
AP, October 3, 2006

President Bush said Tuesday he was "dismayed and shocked" at disgraced lawmaker Mark Foley's behavior and supports House Speaker Dennis Hastert's call for a full investigation.

"This investigation should be thorough and any violation of the law should be prosecuted," Bush said while campaigning for Republican lawmakers in California.

Some, including a Washington newspaper, have called for Hastert to resign, but Bush expressed confidence in the speaker's ability to resolve the matter, calling him a "father, teacher, coach."

"I know Denny Hastert. I meet with him a lot. He is a father, teacher, coach who cares about the children of this country," Bush said. "I know that he wants all the facts to come out."

Bush took no questions. And as he stepped toward his motorcade, the president ignored a shouted question directly asking whether Hastert should resign.

The president spoke after Hastert brushed aside any suggestion of resignation Tuesday as House Republican leaders struggled to contain the fallout from an election-year scandal involving sexually explicit messages from the disgraced former Florida Republican lawmaker to underage male pages.

"I know that he wants all the facts to come out and he wants to ensure that these children up there on Capitol Hill are protected," the president said. "I'm confident he will provide whatever leadership he can to law enforcement in this investigation."

"I was dismayed and shocked to learn about Congressman Foley's unacceptable behavior," Bush told reporters.

"I was disgusted by the revelations and disappointed that he would violate the trust of the citizens who placed him in office," Bush said. "Families have every right to expect that when they send their children to be a congressional page in Washington that those children will be safe."

The president spoke in a courtyard of the George W. Bush Elementary School. Inside, the president visited young children practicing their reading in the school library named after his wife, Laura. The school has 858 students in grades kindergarten through seventh grade.

Bush's comments on the Foley scandal came as he also addressed a string of deadly attacks in schools in the past week. He said Americans have a responsibility to protect their children.

"Our school children should never fear their safety when they enter into a classroom," the president said.

"Laura and I were saddened and deeply concerned, like a lot of citizens around the country, about the school shootings that took place in Pennsylvania, Colorado and Wisconsin. We grieve with the parents and we share the concerns of those who worry about safety in schools," Bush said.

On Monday night, the White House announced a conference of education and law enforcement experts on how the federal government might help communities prevent violence and deal with its aftermath. No date has been set and it was unclear whether Bush would attend.

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Hastert Fights To Save His Job In Page Scandal (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — Backed by measured words of support from President Bush, Speaker J. Dennis Hastert opened an intense drive on Tuesday to hold on to his post, but behind the scenes senior Republicans weighed whether he could survive the scandal surrounding former Representative Mark Foley.

Among the options being considered by senior Republicans is for Mr. Hastert to announce that he will stay on as speaker through this year but not seek re-election to the post assuming Republicans retain control of the House, said people on and off Capitol Hill who were involved in the discussions. They said the advantage of such a step would be to postpone a disruptive leadership fight until after Election Day.

Mr. Hastert, who stayed on as speaker after 2004 at the urging of Mr. Bush, has been involved in some of the discussions about how to proceed, but it was not clear how seriously he was considering not seeking the speakership next year, said the Republicans, who asked not to be named because they were discussing internal deliberations. Mr. Hastert returned home to Illinois on Tuesday.

In a round of interviews with right-leaning radio shows after the conservative editorial page of The Washington Times called Tuesday for his resignation, Mr. Hastert vowed he would not quit. He accused political opponents of stoking the furor over Mr. Foley, Republican of Florida, in an effort to influence the coming elections and strip Republicans of Congressional control.

"If they get to me, it looks like they could affect our election as well," Mr. Hastert said in an interview on Rush Limbaugh's radio show.

But across Washington, Republicans debated whether the party could begin putting the matter behind it without some gesture to acknowledge the political uproar and demands for accountability, including changes to the House leadership.

At a news conference in West Palm Beach, Fla., Mr. Foley's lawyer, David Roth, acknowledged publicly for the first time that Mr. Foley is gay. Mr. Roth also said that the congressman, who resigned Friday after being confronted with sexually explicit messages he had sent to teenage Congressional pages, had been molested from ages 13 to 15 by a clergyman. Mr. Roth said Mr. Foley had not had any sexual contact with minors. [Page A26.]

Mr. Bush, in his first public comments on the matter, spoke outside a school in California, supporting Mr. Hastert's call for a full investigation and saying he was confident that Mr. Hastert would "provide whatever leadership he can to law enforcement in this investigation."

"He is a father, teacher, coach, who cares about the children of this country," Mr. Bush said of Mr. Hastert, a former high school teacher and wrestling coach from Illinois. "I know that he wants all the facts to come out, and he wants to ensure that these children up there on Capitol Hill are protected."

Though Mr. Bush stopped short of saying explicitly that he wanted Mr. Hastert to keep his job, White House officials said the president wanted to return the loyalty Mr. Hastert had shown the administration. But they said the White House was resigned to more political damage as the Foley case played out no matter what Mr. Bush and the House leadership might do or say.

Republican lawmakers said privately that Mr. Hastert's fate would ride on developments in the coming days. There appeared to be no organized effort now to push for the speaker's ouster, and in public many backed Mr. Hastert, saying the full facts of the case were not yet known.

"I think it is a rush to judgment to say that he should step down," said Representative Peter T. King, Republican of New York.

But even as Mr. Hastert pushed back against criticism that he had failed to act assertively enough to deal with Mr. Foley after an initial report of an e-mail exchange between Mr. Foley and a page, there were signs of continued tension within the House leadership team.

Representative John A. Boehner of Ohio, the majority leader, said in a radio interview on Tuesday that he discussed Mr. Foley's communication with a page with Mr. Hastert last spring, joining Representative Thomas M. Reynolds of New York in insisting they had raised the matter directly with Mr. Hastert. Mr. Hastert has said he had no recollection of the Foley matter before it exploded last week.

Mr. Boehner, who said earlier that he was not sure he had discussed Mr. Foley with the speaker, said resolving the matter was Mr. Hastert's responsibility.

"I believe I told the speaker and he told me it has been taken care of," Mr. Boehner told a Cincinnati radio station. "In my position, it is in his corner, it is his responsibility."

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Later Tuesday, Mr. Boehner sent a letter in support of Mr. Hastert to The Washington Times, and aides to Mr. Boehner said the majority leader was not trying to undercut the speaker. But his comments fed an impression that House leaders were trying to make certain they were not blamed for the consequences of the Foley case.

Federal investigators who have interviewed several former pages have unearthed instances of conduct by Mr. Foley that will almost certainly lead to a full criminal investigation, including grand jury testimony, to determine whether the former lawmaker violated federal sex crime laws, government officials briefed on the matter said Tuesday. They spoke on the condition that they not be named because they were discussing details of an investigation.

Prosecutors have yet to issue subpoenas or search warrants but have discussed ways to safeguard evidence in the case, the officials said, possibly issuing what are known as preservation letters, directing government agencies or private entities, like Internet providers, not to destroy any electronic data that might be relevant.

On Tuesday, ABC News disclosed a text-message conversation from April 2003 in which Mr. Foley and a page exchanged sexually explicit messages as the lawmaker waited to vote; in another exchange, Mr. Foley seemed to invite a teenage page to drink alcohol with him at his home in Washington.

Mr. Hastert's allies sought to rally rank-and-file lawmakers behind the speaker, and a letter of support was being circulated by Representative John Shadegg, Republican of Arizona, who was trying to round up signatures. The speaker's office was also trying to tamp down outrage from the right and released a letter of support from the Christian Coalition.

But other Christian conservative groups, a pivotal variable in Republican turnout for the midterm elections, condemned the lack of earlier action by Republican leaders.

"It is clear someone knew," said a statement from the Arlington Group, a coalition of major Christian conservative organizations including Focus on the Family, Concerned Women for America and the American Family Association. "We are very concerned that the whole truth concerning this episode be reported, including when House leadership or other members from either party knew of this situation."

Phil Burress, president of the Cincinnati group Citizens for Community Values, said that among Christian conservative voters, the Foley scandal "just sows more contempt for Congress as it becomes nothing more than a playground for sexual perverts."

Republicans said they were increasingly concerned that the matter would dominate the final weeks of the midterm elections. One lawmaker in a difficult race in Pennsylvania, Representative Jim Gerlach, canceled a fund-raiser with Mr. Boehner.

"The reaction's been fairly slow on this," said Vin Weber, a former Republican congressman from Minnesota who served as chairman of the president's Plains States Campaign Committee in 2004. "I have not detected a clear Republican strategy for dealing with this, which is not adequate."

In regard to calls for Mr. Hastert's resignation, Mr. Weber said, "The president is not going to toss overboard a guy who has been a good, faithful ally of his."

The first television advertisement to refer directly to the page scandal was broadcast Tuesday in Minnesota, where a Democratic Congressional candidate, Patty Wetterling, is running for an open seat against a Republican state senator, Michele Bachmann. "Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," the commercial declared.

Bush Backs Hastert's Handling Of Sex Scandal (FT)

By Caroline Daniel

Financial Times, October 4, 2006

President George W. Bush sought to end Republican disarray on Tuesday over the handling of the sex scandal involving congressman Mark Foley, defending House Speaker Dennis Hastert against calls for his resignation.

At a campaign event in California, Mr Bush said he was "disgusted by the revelations" about Mr Foley, a Florida Republican who resigned from his seat on Friday after the publication of explicit electronic correspondence with under-age male pages who worked on Capitol Hill.

Mr Hastert has come under fire for failing to investigate fully less lurid e-mails from Mr Foley that had come to his attention earlier this year. On Friday he had initially said he did not "explicitly recall the conversation" and made conflicting statements on when he had known of the concern. On Monday he said he had been "duped" by Mr Foley.

An editorial on Tuesday in the Washington Times, a conservative newspaper, called for Mr Hastert to resign, arguing he was either "grossly negligent for not taking the red flags fully into account and ordering a swift investigation, for not even remembering the order of events leading up to last week's revelations, or he deliberately looked the other way".

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Mr Hastert said he would not resign, while senior Republicans appeared to try to distance themselves from him. On Friday Tom Reynolds, the head of the House Republican congressional committee, said he had told Mr Hastert about the earlier e-mails this spring. John Boehner, the House majority leader, said in an interview quoted by AP: “I believed I talked to the speaker and he told me it had been taken care of.” A few hours later, however, he sent a letter to the Wash-ington Times criticising its editorial.

In his first expression of support, Mr Bush called Mr Hastert, “a father, teacher, coach, who cares about the children of this country”.

Social conservatives have been horrified at the damage to the credibility of a party that prides itself on family values. The Arlington Group of leading pro-family groups called for the resignation of any member who had acted “improperly in this matter” and called for the leadership to investigate aggressively any further rumours of misconduct.

James Thurber, the director of the centre for congressional and presidential studies at American University, said the Republican leadership’s failures were part of a wider pattern of not addressing a series of ethics scandals. “They just don’t get it. They try to shut things down and forget about them. Look at the leadership of the ethics committee. They have not had a single hearing on any of these lobbying issues, such as with Tom Delay [former House majority leader] or Bob Ney [a former congressman].”

Bush Backs Hastert To Keep Job (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, October 4, 2006

President Bush and other Republicans defended House Speaker J. Dennis Hastert yesterday against Democrats and conservatives who have called for his resignation over the handling of sexually explicit Internet messages former Rep. Mark Foley wrote a teenage boy who had worked as a congressional page.

"I know Denny Hastert, I meet with him a lot," Mr. Bush said yesterday. "He is a father, teacher, coach, who cares about the children of this country."

Mr. Bush said he was "disgusted" by Mr. Foley's behavior and said he supports Mr. Hastert's call for a full investigation. "I'm confident he will provide whatever leadership he can to law enforcement in this investigation," he said.

Earlier this week, several conservatives called for Mr. Hastert's resignation because, they said, Mr. Hastert and other leaders did not act aggressively enough when they first learned last year of a separate set of "overly friendly" e-mails that Mr. Foley had sent to another teenage former page.

"[N]o one in the leadership, including Speaker Hastert, had any knowledge of the warped and sexually explicit instant messages that were revealed by ABC News last Friday," Majority Leader John A. Boehner wrote yesterday in a letter to The Washington Times, whose editorial board called on Mr. Hastert to step down.

"Had Speaker Hastert or anyone else in our leadership known about Mr. Foley's despicable conduct, I'm confident the speaker would have moved to expel Mr. Foley immediately and turn him over to the appropriate authorities," the Ohio Republican said.

Bush spokeswoman Dana Perino said the president has not personally spoken to Mr. Hastert in "the last few days," although the White House and the speaker's office are in "regular contact."

Asked what the president thought about the calls for Mr. Hastert's resignation, she replied that Mr. Bush wants to know all the facts.

"The speaker called for the investigation, the president supports that, and one is under way. And so let's let that play out," Mrs. Perino said.

As House Republicans worked to show unified support for Mr. Hastert, new "instant messages" between Mr. Foley and a former page surfaced.

"Former Congressman Mark Foley (R-FL) interrupted a vote on the floor of the House in 2003 to engage in Internet sex with a high school student who had served as a congressional page," ABC reported on its Web site yesterday. The network did not include the exact exchange, for reasons of taste, but said it occurred during the April 2003 House vote to provide $78.5 billion in emergency spending for military operations in Afghanistan and Iraq.

Those messages were among 52 new ones obtained by the network between a teenage boy and Mr. Foley, who used the handle "Maf54" -- Mr. Foley's initials followed by the year of his birth.

In another instant message, Mr. Foley invites the boy to his house near the Capitol for alcohol. "We may need to drink at my house so we don't get busted," he writes in one.

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In Florida, meanwhile, Mr. Foley's attorney, David Roth, held a press conference last night to announce that Mr. Foley had been molested by clergy in his early teens. The lawyer did not specify what religion the clergyman was, but Mr. Foley is Roman Catholic. The lawyer also made the first public acknowledgment that Mr. Foley is a homosexual.

Mr. Foley is "recovering" in a clinic for alcoholism, though friends and staffers have told reporters that they were unaware that the six-term congressman had a drinking problem.

The former congressman is a "closet drinker," Mr. Roth said. "This is part of his recovery."

In Washington, Democrats and some conservatives continued their assault on Republican leaders for the scandal and many lower-ranking House Republicans did all they could to distance themselves from leadership and the whole sordid mess.

"Mark Foley is a pedophile who should be prosecuted to the fullest extent of the law," Rep. Jim Gerlach, Pennsylvania Republican, said emphatically yesterday. "Additionally, there needs to be a full and complete FBI investigation into this matter immediately. If it is found that any member of leadership, Republican or Democrat, or any member of Congress knew of the inappropriate conduct and did nothing to stop it, they should immediately resign from Congress."

Mr. Gerlach, who faces a tough re-election campaign, also postponed a scheduled fundraiser with Mr. Boehner "because he felt it was inappropriate to move ahead with it as planned." The Republican also donated $1,000 in campaign contributions from Mr. Foley to a local crime victims group.

Hastert Says He's Not Going To Quit (USAT)

By Kathy Kiely And David Jackson

USA Today, October 4, 2006

WASHINGTON — House Speaker Dennis Hastert rebuffed calls Tuesday for him to resign over his handling of the Mark Foley scandal. His fellow Republicans tried to contain damage to the party a month before elections.

At issue is whether Hastert and other House Republican leaders were aggressive enough in their investigation of alleged sexually explicit instant messages and e-mails between Florida congressman Foley and House pages.

One newspaper and some conservatives called for Hastert to step down. He told radio host Rush Limbaugh he has no intentions of quitting. “I'm not going to do that,” said Hastert, who has been speaker since 1998. “We took care of Mr. Foley.”

Hastert got a nod of support from President Bush hours after The Washington Times, a newspaper influential among conservatives, called on Hastert to “resign his speakership at once.”

Bush told reporters traveling with him in Stockton, Calif., “I know Denny Hastert, I meet with him a lot. He is a father, teacher, coach, who cares about the children of this country.” Bush, making his first comments about the scandal, said he was “disgusted by the revelations” of Foley's “unacceptable behavior.”

The Internet communications were first reported last week by ABC News. The network reported Tuesday on instant messages that allegedly show Foley having Internet sex with a page during a House roll call vote. None of the communications has been independently verified by USA TODAY. Foley resigned Friday.

Rep. John Shadegg, R-Ariz., sent a letter to his colleagues saying calls for Hastert's resignation are “unwarranted and fundamentally unfair.” Shadegg said Hastert “deserves to be treated fairly, not railroaded out of office.”

Hastert has said he does not remember being told about a complaint from the parents of a 16-year-old Louisiana boy, a former page, who alerted Rep. Rodney Alexander, R-La., about Foley's e-mails to their son. Two top Republicans, Majority Leader John Boehner of Ohio and campaign chairman Rep. Thomas Reynolds of New York, have said they discussed the issue with Hastert months ago.

The e-mails to the Louisiana boy were not sexually explicit. The liberal-leaning group Citizens for Responsibility and Ethics in Washington said it turned over those e-mails to the FBI in July. It also said the bureau did not pursue an investigation.

Conservative leaders had mixed reactions to the actions by Hastert and the GOP leadership. Hastert got support from the Christian Coalition and Republican strategist Grover Norquist, who dismissed calls for the speaker's resignation as “a handful of conservatives desperate to get attention and press.” Tony Perkins, head of the Family Research Council, and Wendy Wright, president of Concerned Women for America, said such calls were “premature.”

Richard Viguerie, a conservative strategist, called for the resignation of the entire House leadership team.

Perkins warned the scandal would cut election turnout Nov. 7 of conservative “values voters” who tend to support Republicans. Rep. Patrick McHenry, R-N.C., who supports Hastert, agreed. “It doesn't help our chance to retain the House,” McHenry said. “That's for sure.”

Gingrich Says Hastert Shouldn't Resign Over Handling Of Page Scandal (AP)

By Jeffrey McMurray

AP, October 3, 2006

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LEXINGTON, Ky. - Former House Speaker Newt Gingrich said Tuesday that his successor, Dennis Hastert, appropriately handled the aftermath of a scandal involving a Florida congressman and salacious, explicit instant messages to underage male pages.

Gingrich on Tuesday dismissed a call for Hastert's resignation by The Washington Times, a conservative newspaper whose editorial page editor is Gingrich's former press secretary, Tony Blankley.

"I do not agree with that, and I think it's very premature and very inappropriate," said Gingrich, who was in Lexington to give a speech to the University of Kentucky's Sanders-Brown Center on Aging Foundation.

Rep. Mark Foley, R-Fla., abruptly resigned Friday after news reports surfaced that he sent inappropriate instant messages to teenage boys who once worked as House pages.

On Tuesday, House Majority Leader John Boehner, R-Ohio, said Hastert told him last spring that a Louisiana page's complaint about Foley had "been taken care of."

Gingrich, a Republican who represented a district in Georgia, said it appeared Hastert did all he could by sending another congressman to confront Foley about the charges. Beyond that, Gingrich said, the information he had at the time wasn't "actionable."

"You look him in the eye," Gingrich said. "You say, 'This is dangerous. It's inappropriate. You can't do it.' And, in this case, we now know that U.S. Rep. Foley lied. Now, when you catch him in the lie, you then take stronger action. But until you catch him, you can't presumptively do that."

Gingrich suggested there is a double standard that Republican scandals reflect badly on all Republicans while Democratic scandals, such as Bill Clinton's relationship with Monica Lewinsky, don't affect other Democrats. He also questioned the timing of the release of the information, just a few weeks before the midterm elections.

Even if there was suspicion about Foley, Gingrich said, there is little that could have been done legally.

"You just had the Democrats vote against wiretapping for the purpose of getting terrorists, but it's OK to wiretap for the purpose of getting Republicans?" he said. "I don't understand the double standard."

As a freshman member of Congress in 1983, Gingrich took a hard line approach against two congressmen who were accused of having sexual relationships with congressional pages. Gingrich tried to get the congressmen forced out of office, but the House voted to censure them instead.

He said treatment of the Foley situation is a testament to how far the country has come in child protection cases.

"The mood was that it was almost a joke," Gingrich said. "I'm glad the House, in fact, is taking this much more seriously. I think it's a healthy sign for the country that we realize that these kinds of behaviors are dangerous and that we are prepared to protect young people."

Hastert Rival Sees Surge In Support (WT)

By Joyce Howard Price

The Washington Times, October 4, 2006

House Speaker J. Dennis Hastert's Democratic rival to represent the 14th District of Illinois says he got into the lopsided race because he opposes the war in Iraq, but now sees people supporting his candidacy because of what they see as Mr. Hastert's slow response to the "Foleygate" scandal.

"I hope people elect me for the qualifications I have for [charting] a new direction in Iraq, not because the speaker covered up for a dirty old man in Congress," John Laesch, 32, said yesterday, referring to accusations that former Florida Rep. Mark Foley, Florida Republican, sent sexual computer messages to teenage boys serving as congressional pages.

No one is predicting Mr. Laesch, a political newcomer, will defeat Mr. Hastert in the overwhelmingly Republican district west of Chicago, where the top House Republican got 69 percent of the vote in 2004.

Ed Patru, spokesman for the National Republican Congressional Committee laughed yesterday when asked if the Foley scandal might adversely affect Mr. Hastert in the Nov. 7 election.

"This is a two-day story," Mr. Patru said. "It will have no effect at all."

Illinois Republican leader Dennis Wiggins agreed.

"The speaker is very well-respected in this district, and he is trusted, as he is in Congress," said Mr. Wiggins, chairman of both the Kane County Republican Central Committee and the 14th District Republican Central Committee. "The calls I'm getting say he should hang in there and stay steadfast. There are two investigations going on [in the Foley scandal], and it behooves everyone to sit back and wait for the results."

Mr. Laesch describes Mr. Hastert as "the most powerful guy up for re-election in 2006." But the Democratic challenger says his campaign has been "energized" by inconsistences between what Mr. Hastert and others have said about when he first learned of inappropriate e-mail messages Mr. Foley sent to male pages.

Fallout from the Foley scandal "has had a huge impact on my campaign," Mr. Laesch said in a telephone interview yesterday. "Since Friday, we've raised $25,000 without lifting a finger." That's on top of $100,000 he had already raised.

"I realize Dennis Hastert can raise millions of dollars at the drop of a hat," Mr. Laesch said.

In addition, he said, between 30 and 40 people showed up at his campaign office Monday afternoon, asking for yard signs or to volunteer their help. "These people came to express their concern about having a silent speaker, who did absolutely nothing" to protect teenage males from a sexual predator, said Mr. Laesch.

"Even though I am a 32-year-old underdog, I have put a dent in" Mr. Hastert's campaign, the challenger said. He said his assets "include strong organizational skills" and he predicted conservatives will like the fact that his parents were missionaries in West Africa.

A Hastert spokesman said Mr. Laesch is "making reckless accusations" against the 10-term incumbent.

Mr. Hastert "was born and raised here, raised a family here, taught high school here and coached teams here," said Brad Hahn, a spokesman in Mr. Hastert's district office in Batavia, Ill.

"Denny Hastert is a lifetime part of this community, and he represents the values of this district," said Mr. Hahn.

Hastert Rejects Calls To Give Up Leadership (WP)

By Jonathan Weisman

The Washington Post, October 4, 2006

House Speaker J. Dennis Hastert (R-Ill.) yesterday rebuffed calls to resign his leadership role, which have come from conservatives and liberals alike, but public ruptures in the ranks of the House Republican leadership continued to surface in the wake of a page scandal.

Hastert and fellow House Republicans stressed that they will contain the fallout from revelations that senior GOP leaders had known for months about the inappropriate communications between former representative Mark Foley (R-Fla.) and at least two teenage male pages. But several conservative organizations, including the editorial board of the Washington Times, have now called on Hastert to step down, charging that he was derelict in not investigating the "over-friendly" e-mails that his staff had been aware of since late 2005.

A public show of support for the speaker by many House members masks fears that Hastert's hands-off management style since 1999, when he ascended almost accidentally to one of the highest offices in the land, may finally end his career. Just five weeks before midterm elections, most House members said Hastert will almost certainly not step down before voters go to the polls. But a GOP political disaster in the wake of the Foley revelations could usher him out of the post and House Minority Leader Nancy Pelosi (D-Calif.) into the speakership.

"I think Speaker Hastert's done a pretty good job under trying circumstances regarding our members. He has stepped up," said Rep. Ray LaHood (R-Ill.), a close ally of Hastert's. But he added that the ultimate responsibility rests with Hastert. "The truth is, if you want to be a page, you have to be appointed by the speaker. This is the speaker's program."

Hastert's critics say the Foley episode is the latest in a long line of Republican leadership failures. Hastert largely stood on the sidelines last year as legal peril mounted for his top lieutenant, then-House Majority Leader Tom DeLay (R-Tex.). Then he intervened to try to save DeLay, first by trying to change House rules to allow an indicted member to maintain his leadership post, then by helping to purge the House ethics committee of members and staffers who had challenged DeLay's bare-knuckled tactics. Neither effort worked.

It took months for Hastert to respond to the influence-peddling scandal triggered by convicted lobbyist Jack Abramoff, and, even then, his personal pledge to tighten the rules governing congressional lobbying did not produce significant legislation. House GOP leaders seemed to have been blindsided when Rep. Randy "Duke" Cunningham (R-Calif.) pleaded guilty to accepting millions of dollars in bribes. And after pleading guilty to corruption charges, Rep. Robert W. Ney (R-Ohio) remains in the House.

Hastert continues to say that his staff's failure to thoroughly investigate the initial e-mails from Foley to a 16-year-old Louisiana boy was understandable, given the vague, friendly nature of the exchange. But others see a pattern. "I think what has been revealed about the way in which the Republican leadership, and Hastert in particular, has handled this matter is fully consistent with his prior behavior as speaker," said Thomas E. Mann, a scholar on Congress at the Brookings Institution and author of a critical new book on the decline of Congress's role in governance." This is a man who has never taken seriously his institutional roll as a constitutional officer of the United States and the head of the whole House, not just the head of the Republican Party."

In a round of interviews with conservative talk show hosts, Hastert said he intends to lead a Republican majority in the next Congress. Fellow House Republicans fell in line. "For a normal political leader, it would be difficult to withstand this, but Hastert is

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seen as a grandfatherly figure in the House. He's seen as having our best interests at heart," said Rep. Patrick T. McHenry (R-N.C.).

"We've been through far worse," said Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference. "This is not a problem. This is not anything that's going to tear up the leadership."

Still, such tears are growing increasingly evident. Last week, House Majority Leader John A. Boehner (R-Ohio) said in an interview with The Washington Post that he told Hastert about Foley's inappropriate behavior last spring and was told that the issue was being dealt with. Boehner then sought to deny that he had said it. Yesterday, he returned to his original contention, emphasizing Hastert's responsibility for the page program.

"I believe I talked to the speaker, and he told me it had been taken care of," Boehner told a Cincinnati radio host. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the page board -- all report to the speaker. And I believe it had been dealt with."

At issue, say some former Republican leadership aides, may be Hastert's leadership style. Affable and approachable, Hastert emerged seemingly from nowhere to become speaker in 1999. Newt Gingrich (R-Ga.) had been drummed out of Congress after a disastrous election season, and his heir apparent, Rep. Bob Livingston (R-La.), resigned amid allegations of an extramarital affair. DeLay, who was then majority whip, engineered Hastert's rise from chief deputy whip to speaker.

From the start, Hastert, 64, took on the role of father confessor, a shoulder to cry on as DeLay knocked heads and kept the House moving. But two former House leadership aides, who spoke on the condition of anonymity for fear of hurting their relationship with the speaker, said DeLay's undoing may have been Hastert's -- and, in retrospect, may have allowed Foley's alleged behavior to go unchecked.

Under indictment and out of the leadership, DeLay was fighting for his political career when Rep. Rodney Alexander (R-La.) brought Foley's suspicious e-mails to the leadership in November 2005. That same month, Cunningham pleaded guilty to accepting $2.4 million in bribes.

With DeLay gone and Rep. Roy Blunt (Mo.) serving as both majority whip and majority leader, the House leadership simply lacked the bodies to forcefully take on the Foley issue, the former aides said. The page program was the speaker's domain, but the speaker, already disposed toward delegating responsibility, was getting tired of all the scandals.

"The speaker has been preoccupied and distracted for more than a year," one former leadership aide said.

"Frankly," said the second, "he was tired."

Hastert spokesman Ron Bonjean disputed that assertion. Hastert was unaware, until last week, of the sexually explicit instant messages that set off the firestorm, Bonjean said, and when they surfaced, the speaker immediately condemned the behavior, called for a criminal investigation and set up a hot line for pages and former pages. As for the previous scandals, Bonjean said: "People want to go into hindsight, to armchair-quarterback, but the fact of the matter is, the speaker has successfully navigated members through a very, very difficult Congress."

A Few Conservative Voices Still Speak For The Speaker (WP)

By Dana Milbank

The Washington Post, October 4, 2006

House Speaker Dennis Hastert woke up yesterday morning to find his Republican conservatives in mid-mutiny.

"Resign, Mr. Speaker," advised the Washington Times at the top of its editorial page. In the Mark Foley scandal, the conservative paper posited, Hastert either (a) "was grossly negligent" or (b) "deliberately looked the other way."

Hastert's loyal deputy, Majority Leader John Boehner (Ohio), told a hometown radio station that the blame was all Hastert's. "I believe I talked to the speaker and he told me it had been taken care of," Boehner said. "And my position is it's in his corner, it's his responsibility."

Rep. Tom Reynolds (N.Y.), the man leading House Republicans' campaign efforts, was also blaming "supervisor" Hastert for failing to act earlier to protect boys in the congressional page program from Foley's overtures. "I heard something; I took it to my supervisor," Reynolds said.

Before long, the august National Review had found Hastert and his team guilty of "serious sins of omission," while the magazine's Larry Kudlow joined the mutiny and called Hastert "an ineffective leader."

In the last few days, Hastert, a genial former wrestling coach from Illinois, is proving the axiom devised by former senator/philosopher Alan Simpson (R-Wyo.): "One day you're the toast of the town, the next day you're toast."

Four months ago, Hastert was feted as the longest-serving Republican speaker, earning tributes from all segments of the party. "He's done a great job, and he's been a great partner to me and a great mentor to me," Boehner said then.

And now, he's a great fall guy, too. "The clerk of the House, who runs the page program, the Page Board -- all report to the speaker," Boehner declared yesterday.

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It was time for Hastert to take action to put down the mutiny. So he called Rush Limbaugh. And Sean Hannity. And Hugh Hewitt. And Lars Larson. And Roger Hedgecock. Even Neal Boortz, who said Hastert should find a "better excuse" for his inaction on Foley. "We're going to do them all," said Hastert aide Ron Bonjean.

Limbaugh, taking Hastert's call early in the afternoon, got right down to business. "The Washington Times' admittedly conservative editorial page has asked for you to step down," he pointed out.

"Well, yeah, I'm not going to do that," Hastert said casually, as if the Washington Times had suggested he order grapefruit for breakfast.

Limbaugh set about making the case for Hastert. Democrats and the media, he said, are making the speaker look more "interested in holding the House rather than protecting children."

"Yeah" was the entirety of Hastert's reply.

"I like what you said yesterday," Limbaugh continued, when Hastert "asked for an investigation into who knew what when."

"I don't think you could ask anybody better than the FBI," Hastert concurred. Limbaugh encouraged Hastert to change the subject to the economy and national security. Hastert dutifully responded with a few remarks about the economy and national security.

Eventually, Limbaugh closed with the warning that Democrats and the media would press the issue "even though you've dealt with it, even though he's gone, even though the mistake has been corrected."

Hastert again agreed. "They're trying to put us on defense," he said.

If that was the goal, it seems to have worked. Even nudists were gloating about the Foley scandal, telling the St. Petersburg Times that the lawmaker had been "very hypocritical" in attacking their skinny-dipping. Rep. Chris Cannon (R-Utah), according to the Deseret News, was driven to declare some of Foley's mannerisms "irritating," adding: "You don't need 'gaydar' to understand he has certain dispositions."

Even as Hastert was on the air with Limbaugh, ABC News was publishing more instant messages Foley had sent to former pages. Clearly, Hastert needed more help. Bush, traveling in California, told the cameras that Hastert "is a father, teacher, coach who cares about the children of this country."

When even that proved insufficient, Hastert turned at 5 p.m. to Hannity's radio show, "the last beacon of truth in a troubled time."

Hannity had spent two hours accusing the Democrats of "dirty tricks" and "hypocrisy" and taking issue with the Washington Times' call for Hastert's head.

"I was shocked at the Washington Times today," he told Hastert, then got down to the questioning. "As you said, this is all brand new to you as of Friday?"

"Right," Hastert agreed.

Hannity asked if Hastert's foes had the Foley messages but "sat on them for political reasons."

"I just think it's awful strange," the speaker agreed.

Hannity, invoking Democratic sex scandals involving then-Massachusetts Rep. Gerry Studds (1983), Massachusetts Rep. Barney Frank (1990) and President Bill Clinton (1998), asked: "Do you think there's a double standard?"

"Yes, it appears there's a double standard," the speaker agreed.

Hannity was not finished. "In all seriousness, how would you be responsible for what another congressman does on an instant message? How could you possibly know this kind of thing was going on?"

"We don't know," the speaker agreed.

Milbank is writing a book. Washington Sketch will appear on a reduced schedule until early next year.

Dems Sit Back And Watch The Republican Meltdown (HILL)

By Josephine Hearn

The Hill, October 4, 2006

House Democrats largely held their fire Tuesday as the sex scandal surrounding former Rep. Mark Foley (R-Fla.) escalated into a seriously damaging liability for beleaguered House Republicans just weeks away from a pivotal election.

House Minority Leader Nancy Pelosi (D-Calif.) did not join calls from some conservatives for House Speaker Dennis Hastert (R-Ill.) to step down for failing to take more action to protect pages last year when he reportedly was informed that Foley sent inappropriate e-mails to a former page.

A spokeswoman said Pelosi instead was focused on ensuring that the ethics committee moves forward with its investigation.

“We’re keeping pressure on the Republican leadership to find out what happened, what they knew and when they knew it,” the spokeswoman said.

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The House voted Friday to direct the ethics committee "to immediately appoint" an investigative subcommittee to handle the matter and to present a "preliminary report" within 10 days, according to a resolution offered by Pelosi.

That 10-day time period is up on Monday. At press time, two sources said the ethics committee will convene tomorrow morning.

From a political perspective, the timeline allows Democrats to keep the scandal on the front page even if political pressure on Republican leadership wanes, said Democratic sources. If the investigation moves slowly, Democrats can charge that the Republicans are fearful of revealing details of a potential cover-up. If the probe moves quickly, the results will offer a new opportunity to showcase the Republican leadership's alleged missteps.

The expected FBI investigation will likely take much longer, stretching beyond the Nov. 7 elections.

House Democratic lawmakers and candidates largely followed Pelosi's lead yesterday, perhaps wary of overplaying their hand by calling for Hastert's head too early. Instead, they issued statements demanding that their opponents return Foley's campaign donations or linking Foley to a Republican "culture of corruption."

Patsy Madrid, however, who is challenging Rep. Heather Wilson (R-N.M.), did demand Hastert's resignation.

"It is time for a change," she said in a statement. "Speaker Hastert needs to resign and the Republicans need to take responsibility for this scandal and for their attempted cover-up."

But the vast majority of House Democrats said nothing at all.

"I suspect that the Democrats don't really feel a need to say anything — the story speaks for itself," said a House Democratic aide. "The whole thing is absolutely outrageous. I have never seen my boss so angry and disgusted."

Encountered in a Capitol hallway yesterday, Rep. Adam Schiff (D-Calif.) said he was not ready to ask Hastert to step aside.

"I think anyone who knew about this and did nothing should step down, [but] we'll have to see all the facts," Schiff said. "The fact that [Foley] remained as chair of the Missing and Exploited Children's Caucus, I think is terrible."

A Democratic strategist argued that staying out of a Republican scandal was the best political move Democrats could make right now.

"Don't get in the way when the other side is doing a fine job hanging themselves," the strategist said.

On the Democrats' campaign website, a listing of Foley news clips was topped with an unequivocal heading: "We. Are. Winning."

In an e-mail yesterday to potential donors, the Democratic Congressional Campaign Committee called the Foley scandal "a betrayal of trust" and said Democrats are in the best position in over a decade to win a Democratic majority in Congress.

Still, signs emerged yesterday that Republicans were beginning to go on the offensive, implying that Democrats were behind the leak of the original set of messages between Foley and a page.

"We also need to know why these messages surfaced only last week, on the final day of legislative business before the November elections," wrote House Majority Leader John Boehner (R-Ohio) in a letter to the editor of the Washington Times, which called yesterday for Hastert to resign.

The House Republicans' usual attack dog, Rep. Patrick McHenry (R-N.C.) was back in the saddle yesterday.

"Who would turn over the instant messages to ABC News rather than the police?" McHenry said in a statement. "In my mind, this person, group or political organization is as sick as Foley himself."

A watchdog group run by former Democratic aides, Citizens for Responsibility and Ethics in Washington (CREW), had a copy of Foley's original messages as early as July. The group forwarded the messages to the FBI, but did not pass them on to any other entities, said spokeswoman Naomi Seligman Steiner.

The messages appeared earlier in September on the website stopsexpredators.blogspot.com and ABC News picked them up on Thursday.

"We weren't the source. ABC did not the get the emails from us," Steiner said.

Unlucky GOP Candidate Depends On Votes For Foley (HILL)

By Jonathan E. Kaplan

The Hill, October 4, 2006

State Rep. Joe Negron (R-Fla.) started the first day of his congressional campaign to succeed Rep. Mark Foley (R-Fla.) as an alternative juror in a two-week-old murder trial.

The trial ended yesterday when the jury convicted the defendant and the sentencing phase of the trial began. But that appears to be the least of Negron's concerns after winning the party's nod last weekend.

Majority Leader John Boehner (R-Ohio) told conservative radio host Sean Hannity on Monday that Republicans losing the seat in November was already a foregone conclusion.

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"To vote for this candidate, you have to vote for Mark Foley," Boehner said, referring to ballot procedures that require Foley's name to remain on the ballot. "How many people are going to hold their nose to do that?"

Negron disputed Boehner's characterization that Tim Mahoney, the Democratic candidate, would win the seat.

"I certainly respect [Boehner's] opinion, but I strongly disagree and so does Gov. Jeb Bush (R-Fla.) who carried this district by 60 percent," Negron said in a call from the courthouse. "Just because Mark Foley has engaged in reprehensible conduct does not mean there will be a coronation for the Democratic candidate."

Unlike Boehner, as of Monday, the National Republican Congressional Committee was at least paying lip service to the idea that Negron had a real chance to keep the seat in GOP hands, sending out a memo arguing that the race would be competitive.

Negron said he would run his campaign on keeping taxes lower and federal spending down and supporting President Bush in his efforts to fight terrorism. But he quickly attacked his opponent, calling him a "John Kerry Democrat."

Foley won 58 percent of the vote in 1994 and never received less than 60 percent after his first term. President Bush won 54 percent of the vote in the 2004 presidential election. But political handicappers, including Chris Cillizza at WashingtonPost.com, have said the seat is more likely to switch hands in November.

Negron said he would have less of a challenge building a campaign infrastructure because he has served for three terms in the Florida legislature. He plans to transfer $600,000 of his own money — which he set aside for his failed bid to become Florida's attorney general — to jump-start his congressional campaign. He has two staffers working for him and yesterday was expecting a potential campaign manager with D.C.-ties to fly-in for an interview. He said he didn't even know the job seeker's name.

Negron also noted that members of Florida's congressional delegation have offered him support, including Sen. Mel Martinez (R-Fla.) and Rep. Tom Feeney (R-Fla.). He said he has not talked to Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee or anyone else at the party committee directly, but added that there have been "staff-level contacts."

"I can't imagine that the national party would walk away from a strong Republican district," Negron said.

Jeb Bush told reporters yesterday that, "I've never felt you should underestimate voters," but added that Negron faces an "an extraordinary challenge."

Meanwhile, Democrats are excited by the possibility of being able to put a seat in the win column that they weren't expecting. The Democratic Congressional Campaign Committee (DCCC) put Mahoney on their "Red to Blue" list, which could give him a fundraising advantage in reaction to the scandal. The Florida Democratic Party also began running a vote-by-mail program in the district prior to Foley's resignation.

Mahoney's press secretary said his boss, a wealthy businessman and former Republican, did not want to discuss the Foley matter and stressed that any questions directed to him right now would have to focus on issues.

But during the interview, when pressed on hot topics in Florida such as healthcare, Mahoney said he did not want to get into specifics such as whether he would support an employer mandate to provide health insurance. Breaking his own press secretary's rules, he readily answered questions about Foley and managed to take a few digs at Foley and House GOP leaders.

"[Speaker] Dennis Hastert [R-Ill.] needs to take on this problem from the perspective as a parent and not as a politician," he said. "He needs to go out there and find out who did what."

Mahoney was scheduled appeared on MSNBC's "Hardball" with Chris Matthews Monday night and was scheduled to appear on "Larry King Live" last night. Rep. Artur Davis (D-Ala.), who helped recruit Mahoney into the race, was considering flying to Florida to offer advice and assistance, said two Democratic aides.

Mahoney has $343,000 in cash-on-hand and he is airing a television ad that shows him alongside former Sen. Bob Graham (D-Fla.).

Former Gov. Mark Warner (D-Va.) will raise money for Mahoney and state Sen. Ron Klein (D-Fla.), who is running against Rep. Clay Shaw Jr. (R-Fla.) at a breakfast tomorrow, said Ellen Qualls, a spokesman for Warner's PAC.

Page Scandal Complicates Race For 'Mr. Clout' (WP)

By Michael Powell

The Washington Post, October 4, 2006

AMHERST, N.Y., Oct. 3 -- Possessed of a pleasant smile and a sweet demeanor, 60-year-old Eleanore Klepser represents something of a nightmare for local Republicans.

She is a registered Republican and she has always -- always -- voted for her local congressman, Thomas M. Reynolds, a Republican. But she is following this scandal about the congressional pages, and she suspects Reynolds just might have

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covered up the actions of a fellow Republican congressman who sent suggestive e-mails to a teenager who had worked in the House.

"Why didn't he do more? That's what I wonder," Klepser said as she walked down a street in her well-heeled suburb northeast of Buffalo. "Was he paying close enough attention? Was he covering something up?

"These aren't great questions to ask a month before an election."

Reynolds supporters would not argue with that. What appeared to be a political stroll for the Republican known locally as "Mr. Clout" has become a campaign sprint. And Reynolds's biggest headache is the role he played in the unfolding controversy around the teenage congressional pages. This spring, Reynolds, who is among the Republican leadership in the House, learned that Rep. Mark Foley (R-Fla.) had sent an inappropriate e-mail to a 16-year-old former page that troubled the teenager's parents.

When word of the that and other e-mails broke last week -- along with news of far more explicit online instant messages -- Speaker J. Dennis Hastert (R-Ill.) at first denied knowing anything about the scandal. But Reynolds told the media that he had told Hastert of the initial e-mail this spring; Hastert has said he does not recall this conversation, but he also has not denied that it might have taken place.

Now many, including Reynolds's Democratic challenger, are asking why Reynolds did not follow up on the complaint. They are also raising questions about the role of Reynolds's chief of staff, Kirk Fordham, who used to serve as chief of staff to Foley. In the days leading up to Foley's resignation, Reynolds allowed Fordham to advise the Florida congressman. A recent local poll reports that the race in New York's 26th Congressional District -- which reaches from suburban Buffalo across farm country and into Rochester -- is too close to call.

Reynolds's Democratic challenger, Jack Davis, is a millionaire and former Republican who says he fell out with the GOP when Vice President Cheney's staffers tried to prevent him from talking with the media in 2003 during a fundraiser in Buffalo. Now he is tossing bales of his own money into the campaign furnaces in hopes of overtaking Reynolds. Davis, 72, has the outspoken cockiness that comes with not working for anyone else. Most days he talks about free trade, which he loathes, and illegal immigrants, all of whom he would deport, and the nation's steady loss of high-paying working-class jobs to "Communist China."

But on Tuesday, he made an exception.

"I want to beat Reynolds on my issues, but of course it's nice to have him screw up," Davis said as he paced the office in his factory in Akron, N.Y. "When Reynolds heard about the problems with the pages, he should have shown due diligence and investigated. This is all about power and all about money, and it stinks."

Reynolds remains no easy mark. He occupies a district tailored for Republicans, and he has directed tens of millions of dollars into the region, recently gaining a reprieve for an air base slated for closing. When he held a news conference Monday evening at Daemen College, reporters passed the Thomas Reynolds Center for Special Education, funded with $1.9 million from the politician.

He directs the National Republican Congressional Committee with a practiced hand and is mentioned as a possible future speaker of the House.

A lot of voters appreciate Reynolds's acumen, especially in this economically battered corner of New York. "We're losing a lot of jobs and industry, and we need someone who knows how to fight," said Sam Mairorana, a retired salesman in Williamsville. "A lot of folks I know are thinking about voting against Reynolds. I'm not sure we can afford it."

Reynolds returned to Buffalo on Monday and walked into a news conference affecting a jaunty air. He slapped a supporter's back, smiled at the 25 children whom his campaign aides had arranged around him, then turned to face the media and charges that he had helped cover up misconduct.

"I did what most employees do," he said. "I heard something, and I took it to my supervisor, the speaker of the House."

He could not remember when this conversation had taken place, however, nor what the speaker's reaction had been. As the questions kept coming, sweat beaded on his forehead, and he cut off questions. "I don't know what more I could have done," he said. Asked whether Hastert had done enough, Reynolds shrugged. "Look, I don't know. . . . You'll have to ask him."

Reynolds Deflects Questions About Top Aide's Role In Foley Storm (AP)

AP, October 3, 2006

AMHERST, N.Y. Congressman Thomas Reynolds today denied knowing what his top aide might have done on behalf of a disgraced lawmaker in the days before he resigned following revelations of sexually explicit messages sent to underage male pages.Reynolds' chief of staff, Kirk Fordham, a past chief of staff for former G-O-P Representative Mark Foley of Florida, advised his former boss as the scandal unfolded.After learning the sexually explicit nature of some of the exchanges, Reynolds has said he called for Foley's resignation, an effort in which his chief of staff was involved.That's in stark contrast with Reynolds' claims today that he knew nothing about his top aide's actions before Foley's resignation.Fordham did not respond to an e-mail request

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seeking comment and could not be reached by telephone.Reynolds, a four-term congressman, is involved in a heated re-election race against Democrat Jack Davis.

Congressman Reynolds Facing Tough Questions On Foley (WIVB-TV)

WIVB-TV, October 3, 2006

(October 3, 2006) - - House Speaker Dennis Hastert is resisting calls for his resignation in the wake of questionable e-mails sent to a Capitol Hill page by the now-resigned Congressman Mark Foley. And Clarence Congressman Tom Reynolds faced more questions from News 4 Investigative Reporter Luke Moretti and others Tuesday in Amherst.

Rep. Thomas Reynolds, Republican of Clarence, said, "I took that information to the Speaker."

Tom Reynolds says he first heard about overly-friendly e-mails sent by Mark Foley from a colleague, and then notified House Speaker Dennis Hastert.

Moretti: When and how did you tell the Speaker? Was it on the phone? Was it in person?

Reynolds: Well, first of all, it's a privileged conversation between two members, but I regularly meet with the Speaker, particularly as chair of the campaign committee, and I probably had a list of things.

Hastert doesn't deny talking to Reynolds, but says he doesn't remember it.

Hastert, Republican of Illinois, said, "I don't recall Reynolds talking to me about that. If he did, he brought it in with a whole stack of things."

It turns out the House reviewed the Foley e-mail controversy in November 2005, months before Reynolds learned of it.

Then, a second set of e-mails and instant messages surfaced on Friday, described as sexually-explicit.

Reynolds says he found about those from media reports.

Reynolds said, "I immediately began to work for his resignation."

According to a Florida newspaper, Foley's former chief of staff, Kirk Fordham, who now heads Reynolds' Washington office, had been advising Foley in recent days.

Reynolds said, "We moved and worked to get Foley's resignation, and that was certainly obtained within hours. And Mr. Fordham was helpful in getting that resignation."

But when asked if his chief of staff should have been advising Foley in the first place, Reynolds responded this way:

Reynolds: I don't know what he counseled him on; you'll have to ask him.

Moretti: Will you make him available to us?

Reynolds: That's up to him.

We made that request with Reynolds' office Tuesday, and we were denied the interview.

You can see the entire Reynolds news conference by clicking the link in the left-hand column under "News 4 On Demand".

Wednesday, Tom Reynolds looks to get a campaign boost from the White House. First Lady Laura Bush will attend a luncheon for reynolds in Amherst.

Ex-Pages Brought Explicit Messages To Light (WSJ)

By Sarah Lueck

The Wall Street Journal, October 4, 2006

WASHINGTON -- Former congressional pages themselves supplied some of the most damning emails in the scandal that forced the resignation of Rep. Mark Foley, stepping forward only after tamer messages were posted by ABC News on its Web site Thursday.

Several media organizations, along with law-enforcement and congressional officials, had seen the Florida Republican's tamer messages to male teenage pages months ago, but the messages didn't set off alarm bells, even at ABC, which didn't consider them worthy of its broadcast TV news, a reconstruction of events shows.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Mr. Foley, Mr. Ross said.

Two former pages -- one who had been sponsored by a Republican member of Congress and one by a Democrat -- offered ABC texts of sexually explicit instant messages purportedly sent by Mr. Foley. Mr. Ross said the network then tracked down the original recipients of those messages, using a page yearbook, and got firsthand confirmation of their authenticity. Mr. Ross said he thinks one of the original recipients was a Democrat and the other a Republican.

Mr. Ross declined to identify any of the sources by name. He described the first tipster as a "Capitol Hill source" -- though not an aide or congressional official -- who was "aware of the pages' complaints" and "concerned about kids and pedophiles." This person, Mr. Ross said, is "involved in public-policy issues" but isn't affiliated with either political party.

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Mr. Ross's account sheds new light on a question that has vexed Washington insiders for days: Why did the story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Mr. Foley's congressional district -- has led some Republicans to question whether the sources had partisan political motives.

Appearing with conservative radio show host Rush Limbaugh, House Speaker Dennis Hastert said the opposition was orchestrating the leaks of explicit instant messages between Mr. Foley and former pages dating from 2003. "We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense," Mr. Hastert said.

Mr. Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up...in terms of being from a political party," Mr. Ross said. "I know how that works. This was not it."

The pages who provided information to ABC insisted on anonymity, in some cases because they were worried about the impact on their current or future political careers, Mr. Ross said. One of the former pages "is now involved in politics," he added. If his name surfaced "it would be extremely detrimental to him and to his candidate, who is a Republican."

ABC first heard about the tamer emails in August, but Mr. Ross said the network was focused on stories about the anniversaries of Hurricane Katrina and Sept. 11, 2001, and didn't immediately turn to it. He said he wasn't familiar with the Stop Sex Predators blog, which was launched in July. On Sept. 24, 2006, four days before ABC's posting, that blog posted emails from Mr. Foley to a former page that asked how the young man was weathering the hurricane and what he wanted for his birthday.

By that point, several other entities had been tipped to the emails, including the watchdog group Citizens for Responsibility and Ethics in Washington, which shared the information with the Federal Bureau of Investigation.

Mr. Ross said CREW wasn't his initial source for the emails and that he wasn't aware that the group had them. Naomi Seligman Steiner, deputy director of CREW, said her group passed the emails on to the FBI and no one else after receiving them in July. She declined to identify the source of the emails, which the group posted on its Web site after ABC broke the story. The unidentified owner of the Stop Sex Predators blog didn't respond to a request for comment.

Like the other news outlets who had the emails -- and, for that matter, the Republican leaders and aides who were aware of them -- ABC didn't see them as a major story, Mr. Ross said. "It wasn't smoking-gun material," he said.

But posting them on the Internet allowed the network to tap what Mr. Ross described a "general outrage" among former pages about Mr. Foley. "We only got it because we ran the first kind of denial...For him to say he was overfriendly...that somehow aggravated them," Mr. Ross said. Yesterday, ABC, citing instant messages provided by former House pages, reported that in 2003 Mr. Foley interrupted a vote on the House floor to engage in Internet sex with a former page.

Woulda. Coulda. Shoulda? (NYT)

The New York Times, October 4, 2006

The more the House Republican leaders try to defend themselves on the Congressional page scandal, the worse it looks. They still do not seem to appreciate how serious this is, especially for a party that poses as the arbiter of morality. And they appear to be trying harder to deflect blame from themselves than to get to the bottom of what actually happened. The F.B.I. has begun investigating, but that will be a prolonged process, and the voters have to render a verdict in five weeks. There is evidence emerging that they should consider.

Dennis Hastert, the House speaker, is responsible for the page program, and for seeing that the recent improprieties are properly investigated. His performance has been disturbing. As late as Monday, he was still minimizing the scandal. He said he understood that the improper contacts between pages and Mark Foley, the Florida Republican who resigned last week, occurred after the pages left the program. “This was after the fact,” Mr. Hastert said, “and you know — would have, could have, should have.”

First, it’s not at all clear that events transpired after the pages left the program. And, in any case, why is that relevant? Surely preying on ordinary young Americans is just as vile as preying on pages.

Mr. Hastert hardly sounds like an effective leader who intends to investigate the allegations thoroughly, particularly now that the focus is shifting from Mr. Foley’s conduct to whether House leaders covered it up. His remarks struck the same dismissive tone as the White House spokesman Tony Snow’s references to “naughty e-mails.”

It is disturbingly difficult to straighten out the basics of who said and did what when. John Boehner, the majority leader, was saying late last week that he did not recall informing Mr. Hastert that there was a problem with Mr. Foley. Now he is insisting he did and trying to dump the mess in the speaker’s lap. Thomas Reynolds, the New York Republican who heads the National

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Republican Congressional Committee, insists he told Mr. Hastert this spring of his concerns about Mr. Foley. But Mr. Hastert says he does not recall being told.

There are more unanswered questions. When John Shimkus, the Illinois Republican who is chairman of the House Page Board, learned of the Foley problem, he informed the House clerk, but not the Democrat on the committee, or anyone in the Democratic leadership. It is unclear why he withheld the information. The pages' well-being should have been his primary concern, not partisan politics.

Mr. Reynolds, who was one of the few members of Congress to know about the Foley problem early on, insists he did all he had to when he "took it to my supervisor," Mr. Hastert. But Mr. Reynolds is a key member of the House leadership, and his constituents need to know whether he knew enough to have done more than he did. We'd also like to know why, in the months when Mr. Reynolds was one of the few people to know of Mr. Foley's misconduct, Mr. Foley contributed $100,000 to Mr. Reynolds's Congressional campaign committee.

Every one of these political leaders is up for re-election next month. Voters should go into the booth with full information about how they all handled this challenge to their leadership.

Accountability In The House (WP)

The Washington Post, October 4, 2006

THE HOUSE must name a trustworthy outside investigator to examine the conduct of its leaders and officials in the matter of former representative Mark Foley (R-Fla.). The sooner Republican leaders recognize that this is the only responsible -- not to mention politically acceptable -- approach to the scandal, the better off they, and the country, will be. So far, though, House Speaker J. Dennis Hastert (R-Ill.) and his finger-pointing colleagues have been resolutely resisting this obvious move.

First they called for the notoriously somnolent and dysfunctional House ethics committee to look into the matter. Then they sought to enlist the Justice Department. "This investigation should be thorough, and any violation of the law should be prosecuted," President Bush chimed in yesterday. Fine, but a criminal investigation can deal only with violations of criminal law. The indifferent response of House leaders to Mr. Foley's behavior may be criminal in a moral sense but not, most likely, in a legal one.

Other proposals smell more of a desperate desire to take action than of a considered response. Abolishing the page program doesn't seem advisable, and in any event it would not obviate the need for a reliable investigation. Nor would Mr. Hastert's resignation, particularly if the primary motivation is to have someone take the fall.

Instead, the speaker should instruct the ethics panel to appoint, with bipartisan agreement, an outside investigator to handle the matter -- a former federal judge or a figure with similar independent credibility. This person would need the power to compel testimony and subpoena records. In the interim, the speaker and other members of the leadership -- if they wish to retain any moral claim to remaining House leaders -- must provide a more detailed explanation of their conduct. Mr. Hastert's conflicting statements about whether he was informed about Mr. Foley's "overly friendly" e-mails, and his stated failure to remember any warning about the lawmaker's conduct, are neither convincing nor reassuring. If a colleague told you about such a problem with someone in your office, would you forget it? "I know that he wants all the facts to come out," the president said of Mr. Hastert. Not based on the evidence so far.

The irony here is that, were it not for their reflexive instinct for one-party governance, the Republicans could have spared themselves this scandal, or at least ensured that it was a bipartisan one. But their initial response to reports of a potential problem was to keep it inside the family -- not to inform, for example, the Democratic member responsible for overseeing the page program, Rep. Dale E. Kildee (Mich.). And it's telling that Rep. Rodney Alexander (R-La.) took the problem to the head of the GOP's campaign arm, Rep. Thomas M. Reynolds (N.Y.), whose role is to get Republicans reelected. Was that the priority all along?

When The House Could Clean Itself (WP)

By Joseph A. Califano Jr.

The Washington Post, October 4, 2006

The most troubling aspect of the Mark Foley scandal is not his conduct, disgusting as it was, but what the response of the leadership reveals about the rancid state of partisanship and the consequent decline of the House of Representatives. Speaker Dennis Hastert presides over a legislative body so infested with mistrust that it doesn't even have a functioning ethics committee. Since the House is incapable of washing its own dirty laundry and policing itself, the speaker has to turn over that responsibility to the attorney general and the executive branch of government.

Compare the current situation with the way Speaker Tip O'Neill and the House handled the last scandal involving sexual misconduct with pages, in the summer of 1982.

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On "The CBS Evening News With Dan Rather" that June, two former pages, their teenage faces silhouetted to hide their identity, claimed they were victims of sexual abuse by members of Congress. One described homosexual advances by members; the other shocked the nation when he said he had engaged in homosexual relations with three members and procured prostitutes for others. The CBS broadcast sparked a wildfire of reports and rumors about sexual abuse of pages and drug use by members and pages.

Within a week the House had authorized its ethics committee to conduct a full investigation of allegations of "sexual misconduct, illicit drug distribution and use, and offers of preferential treatment in exchange for sexual favors or drugs by Members, officers or employees of the House." House Speaker O'Neill and Minority Leader Robert Michel asked me to be special counsel to the ethics committee, co-chaired by Ohio Democrat Lou Stokes and South Carolina Republican Floyd Spence. I was allowed to select my own staff and given a commitment that I could follow the evidence wherever it led, because, as O'Neill and Michel said, "The integrity of the House is at stake."

Assistant Deputy Attorney General Rudolph Giuliani was the point man for the Justice Department and its grand jury investigation of the charges. We agreed to exchange all relevant information and that there would be no leaks. Allegations of sexual misconduct and drug use were raw meat for a voracious, scandal-hungry Washington press corps, and Giuliani and I came across rumors and fragments of information about many members of Congress. We shared them all with each other, and there were no leaks from him or me.

The big surprise came when the two pages whom CBS had put on its evening news show recanted. They testified under oath that they had lied and that CBS reporter John Ferrugia had put words in their mouths. But uncovering the lies of the pages and the reckless reporting of CBS didn't end our investigation. We had received a host of allegations of sexual misconduct and drug use and sale by other pages and House members. We interviewed, under oath, some 2,000 past and present pages, adults who had supervised and taught them, congressional staffers, and House members. We issued scores of subpoenas.

We found no evidence of widespread sexual misconduct. We did find that Rep. Daniel Crane (R-Ill.) had had a sexual relationship with a 17-year-old female page and that Rep. Gerry Studds (D-Mass.) had sexual relations with a 17-year-old male page and had made advances to other teenage male pages.

When I reported our findings to O'Neill and Michel, the dishonor that these members had brought on the House infuriated the two leaders. "Get it out," they said, "and let the committee recommend disciplinary action," which its four Democratic and four Republican members did, unanimously, in July 1983. Crane and Studds were censured by the House. Crane resigned his seat. Studds chose to stay on and was retained in office by his constituents for 13 more years.

But the ethics committee had done its job well, we believed. Our investigation found other misdeeds: House members -- two Democrats and a Republican -- had used drugs. And between 1978 and 1982 a number of House and Senate employees were involved in illicit use and distribution of drugs. All were named (Barry Goldwater Jr., who retired from the House; Fred Richmond, who admitted buying and using drugs and later pleaded guilty to tax evasion; and John Burton, who entered rehab and became a recovering addict with a productive career in the California state legislature). The employees were fired and prosecuted. The House adopted all the changes we recommended to provide far more attentive supervision of pages.

The course the House took in that scandal, and its reaction to the current one, show the difference between a leadership that saw a threat to the integrity of the House of Representatives and one that sees a threat to its continuing control of the institution. It's useful today to remember that there was a time when partisanship took second place to trust and the House leadership had the strength to wash its own dirty laundry.

The writer is president of the National Center on Addiction and Substance Abuse at Columbia University. He was President Lyndon Johnson's assistant for domestic affairs and secretary of health, education and welfare in the Carter administration.

Dumping Denny Won't Do It (WP)

By Harold Meyerson

The Washington Post, October 4, 2006

It is a mark of the sheer panic sweeping the ranks of Republican congressmen that one of their most levelheaded members, Ray LaHood of Illinois, has suggested that Congress abolish its page program altogether in the wake of the Mark Foley scandal.

What conclusion are we supposed to draw from LaHood's proposal? That members of Congress cannot be trusted in the company of adolescents? If so, why punish the adolescents? Whatever happened in the Foley case surely wasn't the fault of the pages to whom Foley came on electronically, much less every teenager who has worked, or would like to work, as a page.

If LaHood believes that pages pose an irresistible temptation to his peers, there are surely solutions straight out of the Republican playbook that wouldn't punish the victims. How about building a 700-foot fence around all Republican members of Congress?

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One thing is certain: Just dumping Denny Hastert as speaker, as many conservatives are demanding, won't clean up the Republican act. House Majority Leader John Boehner -- No. 2 in the House GOP hierarchy to Hastert's No. 1 -- now says that the failure to do anything about Foley since his e-mails first became known to the Republican leadership is Hastert's responsibility.

But we also know that Boehner and colleagues Tom Reynolds of New York, who heads the National Republican Congressional Committee; John Shimkus of Illinois, who heads the panel that oversees the page program; and Rodney Alexander of Louisiana, who received the first complaints about Foley, had the same information Hastert had, and presumably they noticed that Mark Foley still walked among them as a member of Congress.

We know that Shimkus neglected to bring up the Foley issue with Michigan's Dale Kildee, the one Democrat on the committee that oversees the page program. We know that all of them put their concern for avoiding a scandal that might damage their party's prospects over whatever fears they may (and should) have entertained about Foley's interactions with the Capitol's cadre of teenagers.

And should House Republicans toss Hastert overboard, then both their leaders in this session will have left the leadership in disgrace. Tom DeLay, after all, is soon to stand trial in Texas for abuses he is alleged to have committed in his drive to secure the House Republican majority by forcing through a mid-decade redistricting in his home state. And dissimilar as Hastert's inaction in the Foley case and DeLay's action in the Texas reapportionment may be, their motives were indisputably identical: elevating the retention of the Republican congressional majority over any concerns about the other consequences -- some legal, some moral -- of their acts.

There were, of course, other ways to ensure that majority short of such desperate expedients. Congressional Republicans might have bethought themselves to exercise some oversight on our war in Iraq, at least forcing the administration to articulate exactly what our strategy is.

They might have crafted a Medicare prescription program less to the drug companies' liking that didn't leave seniors having to fork over thousands of dollars for medications once the program's coverage ran out, as it has for many, at mid-year. They might have raised the minimum wage, something that, by the evidence of every recent poll, a vast majority of Republican rank-and-filers support. They might have raised revenue to cover the cost of the war and all the other programs they support. They might, in short, have made an effort to address the nation's needs.

Instead, the larger purpose of the Republican Congress has been to enrich the rich and to cling to power by all means necessary -- with the financial assistance of the grateful rich. Purging Hastert, like dumping DeLay, does not signal any shift in these priorities. Democratic candidates challenging Republican incumbents are well within their rights to note that their opponent voted to give control of the House to Hastert and DeLay in January of 2005 and to ask why anyone would think he or she would make a better choice next time. What would be different? After all, in not sharing what he knew about Foley with Kildee, Shimkus was merely following the Republicans' practice of cutting the other party out of all legislative deliberations and running the House of, by and emphatically for themselves.

And who are the Republican members of Congress who've opposed this? Who has voted for rules that allow Democrats to offer amendments to key bills from the floor of the House? Who among them would consider not just defenestrating Denny but also changing the way the Republican Congress does business? Nobody springs to mind.

So -- dump the pages? Come now. Let's just dump the Republicans.

Alito: Threat To Judicial Independence At Historic High (LAW)

By Michael Scholl, New York Law Journal

New York Law Journal, October 4, 2006

As he was gearing up for this week's start of the new term, the U.S. Supreme Court's newest member took time to stress the importance of judicial independence for a group of Nassau County, N.Y., judges and attorneys.

"I probably don't need to convince the people in this room how important it is for us to preserve our federal and state court systems, which have played such an important part in the government of our country, in the freedoms that we enjoy and in the prosperity that we enjoy," Justice Samuel A. Alito Jr. said during a speech Thursday evening at the Mineola, N.Y., headquarters of the Nassau County Bar Association.

"I think this is one of the times in our history when there are some real threats to the federal and state judiciary, and I don't think I'm being too much of an alarmist to say that we could be not too far from the tipping point when an accumulation of things does real damage to these vital institutions," Alito added. "I hope that we can all work to prevent that from happening."

The day before Justice Alito appeared, former Justice Sandra Day O'Connor published a column in The Wall Street Journal decrying attempts by lawmakers and others to intimidate the judiciary.

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"While scorn for certain judges is not an altogether new phenomenon, the breadth and intensity of rage currently being leveled at the judiciary may be unmatched in American history," O'Connor wrote. "The ubiquitous 'activist judges' who 'legislate from the bench' have become central villains on today's domestic political landscape. Elected officials routinely score cheap points by railing against the 'elitist judges' ... . Several jeremiads are published every year warning of the dangers of judicial supremacy and judicial tyranny. Though these attacks generally emit more heat than light, using judges as punching bags presents a grave threat to the independent judiciary."

Among the threats to judicial independence that Alito cited in his half-hour speech is the use of unfounded ethical charges to impugn the integrity of judges and judicial nominees.

"This is extremely damaging," Alito said. "People who go into public service, people who go into a judicial career, cherish their reputations as ethical people."

The judge acknowledged that people who commit genuine ethical violations should be exposed and disciplined. But he added that "to use unfounded ethical charges, which a member of the judiciary is in a poor position to answer, as a weapon to defeat a nominee or to denigrate a sitting judge, is a tactic that ought to be condemned."

Alito said a second threat to judicial independence comes from some members of the news media who undermine public confidence in the judiciary by criticizing judges without just cause.

"The media should be held responsible for the way in which they criticize judges" he said.

Alito said members of the media who air and publish stories critical of decisions often do so without fully grasping the complexity of the rulings.

"To criticize a judicial decision or the conduct of a judge based on sound bites is irresponsible," he said, "and I think there is a danger of that happening and really damaging the institution."

Although he was highly critical of the press, Alito offered no solutions as to how media coverage of the judiciary can be improved. And he emphasized he believes in freedom of the press and that nothing should be done to limit that freedom.

"The First Amendment, I think, is the jewel of our Constitution," he said.

Alito's views were shaped in part by his own experiences with the Supreme Court confirmation process. He noted that, after he was nominated to succeed O'Connor last October, he was subjected to intense media scrutiny.

He said he was initially surprised last fall to find that he would be greeted by a pack of photographers and TV camera crews each time he went to Capitol Hill for pre-confirmation hearing meetings with individual senators last November.

"Eventually it occurred to me that they were waiting for the golden moment when I would fall down the steps," Alito in a comment that brought laughter from his 100-plus-member audience at the annual dinner for the Theodore Roosevelt American Inn of Court, a group of Nassau County judges and attorneys who meet regularly to participate in programs aimed at improving their skills, professionalism and ethics.

Alito said he became the subject of an unfounded ethics charge during his confirmation process when Internet bloggers accused him of lying about his father being born in Italy. Mainstream media outlets quickly began investigating the accusation, which turned out to be untrue.

"The Boston Globe thought this was very important and they hired a professional genealogist to investigate the history of my family, to see where my father was born, and they discovered that in fact he had been born in Italy," Alito said. "This is just an example of some of the things that go on in the media today with nominees, not just for the Supreme Court, but for other positions."

'Neither Force Nor Will, But Merely Judgment' (WSJ)

By William H. Pryor Jr.

The Wall Street Journal, October 4, 2006

Recently some leaders of the bench and bar -- including, on this page last week, retired Justice Sandra Day O'Connor -- have decried what they describe as unprecedented threats to the independence of the judiciary. I respectfully disagree. Although the fringes of American politics offer a few disturbing examples of ignorance of the judicial function, I agree with Justice Clarence Thomas, who observed in 1999, "What is truly surprising about today's judiciary is how strong it really is." My disagreement with those who say that the independence of the judiciary is under siege is three-fold:

Contemporary criticisms of the judiciary are relatively mild. To charge that the current disappointment regarding judges is unprecedented is to diminish the sacrifices that earlier giants of the judiciary endured. During the civil rights struggle, the ostracism and abuses suffered by federal judges in the Deep South -- including Frank Johnson, John Minor Wisdom and Skelly Wright -- were far worse than the current criticisms of judicial activism. Other historical moments also provide provocative counterexamples. As Justice Stephen Breyer stated several years ago, "We run no risk of returning to the days when a president

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(responding to [the Supreme] Court's efforts to protect the Cherokee Indians) might have said, 'John Marshall has made his decision; now let him enforce it!'"

Many contemporary criticisms of judicial decisions by politicians are no more heated than the criticisms written by jurists in dissenting opinions. In Roper v. Simmons, Justice O'Connor protested that "the Court [had] preempt[ed] the democratic debate through which genuine consensus might develop." Justice Breyer warned, in what he called the "highly politicized matter" of Bush v. Gore, that "the appearance of a split decision runs the risk of undermining the public's confidence in the Court itself." Consider also the harsh words of Justice William Brennan in Oregon v. Elstad: "the Court mischaracterizes our precedents, obfuscates the central issues, and altogether ignores the practical realities . . . that have led nearly every lower court to reject its simplistic reasoning."

Some who complain about the current climate of criticism point to the bizarre example of Justice Tom Parker of the Alabama Supreme Court, who recently castigated his colleagues for following the ruling of the Supreme Court in Roper, which prohibited use of the death penalty for 16- and 17-year-old murderers, but there is a good ending to this story from my home state. Not only did the other members of the Alabama court faithfully apply Roper, with which many of them disagreed, but Justice Parker's political gambit failed miserably. He ran for chief justice of Alabama, aligned with his mentor, former Chief Justice Roy Moore, who ran for governor; both were trounced in the Republican primary. Their twisted ideas of opposing activist decisions by defying judicial decrees went nowhere, even in a state with a shameful history of defiance of federal authority. The Alabama justices who did their duty all prevailed in their primary contests. Alabama has come a long way since the days of Governor Wallace standing in the schoolhouse door.

There have been recent and reprehensible incidents of violence and threats against judges, but we should not forget that those kinds of terrible crimes have occurred before. I work, for example, in the former chambers of the late Judge Robert Vance, who was murdered by a mail bomber in 1989. These offenses typically involve disgruntled litigants or dangerous criminals, not harsh critics of the judiciary as a whole. I am grateful that Congress reacted swiftly to these recent threats by providing home security systems for federal judges, which suggests that the public still appreciates the need for an independent judiciary.

The judiciary has rendered some unjust decisions that deserved harsh rebuke. The judiciary is not perfect. The twin evils of slavery and segregation were, to say the least, exacerbated by two decisions of the Supreme Court. Justice John Marshall Harlan's dissent in Plessy v. Ferguson was prophetic: "In my opinion, the judgment this day rendered will, in time, prove to be quite as pernicious as the decision made by this tribunal in the Dred Scott Case." The judgment of history has been equally unkind to the decision in Korematsu v. United States.

Many who complain about criticisms of the judiciary concede that some criticism of judicial decisions is fair. That assessment is too mild. Occasionally criticism of judicial decisions is essential to the progress of our constitutional republic. That was true when Lincoln opposed Dred Scott, and it was true when Thurgood Marshall, as an attorney, urged the court to depart from Plessy.

Many Americans today believe that more recent decisions of the court are also terribly wrong. Some decry the flaws of criminal sentencing systems and the propensity to incarcerate low-risk offenders, while others lambaste sentences that appear to be lenient. On these fronts, citizens are more, not less, likely to respect the rule of law when they know that the law can be criticized and changed by ordinary political processes. Readers of this publication need no reminder about the potential for judicial abuse. Time and again, the business community has turned to Congress and state legislatures to reform tort laws, class actions and securities litigation, to name a few. These efforts are a healthy part of our democratic process and a recognition of the fallibility of the judiciary.

Judges must do more than respond to criticisms; we must exercise restraint. Judges have a unique responsibility to safeguard our independence. It is not too much for us to look in the mirror and ask whether some criticisms are fair. As Justice Harlan explained in Plessy, "[T]he courts best discharge their duty by executing the will of the lawmaking power, constitutionally expressed, leaving the results of legislation to be dealt with by the people through their representatives." Perhaps, even today, we sometimes fail in that limited duty.

Alexander Hamilton explained in Federalist No. 78 that judges exercise "neither FORCE nor WILL, but merely judgment." Hamilton's point was that we must depend upon the persuasiveness of our written opinions to command the respect of our fellow citizens. In that way, we have the foremost responsibility of safeguarding our independence.

Mr. Pryor is a member of the U.S. Court of Appeals for the Eleventh Circuit. In 2003, while serving as attorney general of Alabama, he prosecuted and removed Roy Moore from his state judicial office based on his misconduct in defying a federal injunction.

In Wake Of Changes, Seniors Urged To Revisit Medicare Drug Plans (USAT)

By Richard Wolf

USA Today, October 4, 2006

WASHINGTON — The rollout of Medicare prescription drug plans for 2007 last week was heralded by federal officials as a trifecta of good news: low premiums, more choices and better coverage, particularly in the feared "coverage gap."

Health care analysts and consumer advocates have a different view: The lowest premiums, sought by healthy seniors who join the program to avoid future penalties, will rise exponentially. Additional choices mean that beneficiaries in all but two states will have to choose from more than 50 plans. And most of the "gap coverage" will be for generic drugs only. Currently, 94% of beneficiaries in the program face a gap from the time they have paid about $750 until they've paid $3,600.

For these and other reasons, millions of seniors and people with disabilities are being urged to re-examine the plan they chose for this year and compare plans again.

"The right plan for someone in 2006 might not be the right plan in 2007," says Tricia Neuman of the Kaiser Family Foundation, a health research organization. "The concern is that products are changing, but seniors won't."

Medicare officials unveiled details about the program's second year last week, including the number of plans to be offered, premiums, deductibles and types of coverage. They emphasized that average monthly premiums will stay below $24, far less than the $37 originally projected. At the same time, they said, companies are adding new forms of coverage.

"Competition is working," said Mark McClellan, administrator of the Centers for Medicare and Medicaid Services. "They are adding plans that people want."

Companies began marketing those plans Sunday. Further details, including the drugs covered and the co-payments, will emerge later this month. Enrollment begins Nov. 15 for the year beginning Jan. 1.

"There could be a lot of changes, and every Medicare beneficiary is going to have to go back and recalculate what is best for them," says Dan Mendelson, president of Avalere Health, a consulting firm.

Among the changes that beneficiaries will need to watch out for:

·The lowest monthly premium is rising to $9.50 in New York, up from $1.87 in seven Midwestern states in 2006. (Puerto Rico will have a $1.90 plan.) Some states' lowest price will be close to $20.

·The number of plans will rise by 30%. Beneficiaries in most states will have between 50 and 60 to choose from. New York, Ohio, Pennsylvania and West Virginia will have more than 60. Only Alaska and Hawaii will have fewer than 50.

·Far more plans will cover some drugs in the coverage gap — about 15 such plans per state. Only 2% of plans, however, will offer complete coverage in the gap for all brand-name drugs, and the cost is going up. This year, monthly premiums for such coverage averaged $61. Next year, the average will be $100, with a high of $136.

And unlike this year, when such plans were offered in 46 states, only 37 will have them next year.

Karen Ignagni, president of the American Association of Health Plans, says seniors should "take a very close look at all of their choices."

Officials Scale Back Rx-benefit Outreach (HILL)

By Jeffrey Young

The Hill, October 4, 2006

With the next sign-up period for the Medicare Part D prescription-drug benefit just weeks away, beneficiaries will not see an outreach campaign of the same scale as the effort employed by the Bush administration and the private sector during the program's inaugural year.

The onslaught of paid advertising, national news coverage and public events featuring President Bush and senior administration officials is not going to be repeated during this go around, according to federal Medicare representatives.

In addition, the broad coalition that bolstered the government's efforts to promote Part D does not plan to spend nearly as much on advertising and public relations this year.

Rather than introducing a brand-new benefit to Medicare's 43 million beneficiaries, the administration, healthcare groups and senior-citizens' groups such as the AARP will be applying more focused strategies, particularly targeting low-income beneficiaries who haven't signed up.

The poorest beneficiaries are eligible for comprehensive and practically free drug coverage but proved the hardest to sign up for 2006.

Administration officials insist that they have learned the right lessons from the first year. Yet critics caution that glitches might resurface.

The Centers for Medicare and Medicaid Services (CMS) says it has enhanced the information that will be available to beneficiaries online and through its toll-free hotline.

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The federal government's outreach program "will be very broad and very deep," said Kathleen Harrington, the director of CMS's Office of External Affairs. Springboarding off of last year's major campaign "will certainly give us an opportunity" to use a more targeted approach, she said.

The enrollment period begins Nov. 15 and lasts six weeks, compared to the six months Medicare beneficiaries had to sign up for the first year of the program. Those who want to keep the plans they already have do not have to take any action.

The administration says that it will utilize the infrastructure that it established last year, which combined the government's resources with those of state authorities, senior-citizens' groups, pharmacists, physicians and others who regularly interact with older people.

CMS's budget for Part D outreach is about one-sixth of what it had to spend for the 2006 sign-up period, Harrington said. The agency does not plan to air any ads on national television, though it will buy print ads and will use radio spots to reach Hispanic and African-American audiences.

Like CMS, the Medicare Rx Education Network also plans to scale back its activities, spokespeople said. The group is a diverse coalition backed by the drug industry, physicians, disease-advocacy groups and organizations like the AARP.

"Our effort is clearly not as large as it was previously," said John Jonas, the senior partner at Patton Boggs who heads the firm's healthcare group and represents the network. Because the program has been in existence for a year already, outreach for 2007 "doesn't require the same effort," he said. Moreover, he said, there was "a lot of dollars last year [that are] not available now."

"It's less of 'Medicare Part D 101,'" observed Eugenia Edwards, a senior public policy specialist at Patton Boggs.

Jonas and Edwards emphasized that the network would concentrate its resources on the low-income population. "It's really important to find these people," Edwards said.

The AARP says it is poised to make an aggressive push to reach out to low-income beneficiaries. "We're redoubling our efforts to reach those who need this the most," said Mark Kitchens, AARP's director of media relations.

The group does not currently plan to run national television ads but will buy space in community newspapers in cities with high numbers of low-income Medicare beneficiaries, such as Miami, Houston and Chicago. The AARP also will publicize the enrollment period in its own magazine, which the group boasts has the highest circulation of any publication in the world.

AARP state offices will assist people in their communities, and the group has a telephone hotline, Kitchens added.

One organization that has consistently criticized the structure of the drug benefit and the administration's handling of its implementation believes that beneficiaries are still going to need a lot of help, a spokeswoman said.

Although the administration has a year of experience under its belt, the problems that surfaced last year should make beneficiaries cautious as they approach the program, said Maria Freese, director of government relations and policy at the National Committee to Preserve Social Security and Medicare.

Freese said that the biggest cause for concern is that CMS had difficulties last year providing accurate information about the drug plan options.

The "Medicare & You" handbook sent out last year contained errors, the CMS website used to compare drug plans was not always accurate, and the Government Accountability Office faulted CMS for the performance of its call center. The administration said at the time that all of those problems had been addressed.

Seniors need the best possible information to determine whether they are already in the most appropriate plan or to choose a plan for the first time. Last year's glitches "undermine[d] confidence in the system," Freese said. As for this year, she added, "You won't know until you get part way through the year and find out" whether the right choices were made.

Markets And Medicare (WSJ)

The Wall Street Journal, October 4, 2006

If you're looking for some good news from Washington, consider this semi-miracle: The Medicare prescription drug benefit is so far costing less than anticipated, while seniors are getting more insurance options at lower prices. Lesson: Maybe private competition works.

This doesn't mean we're changing our minds that the new drug entitlement was a policy mistake at an estimated long-term cost of $8 trillion, give or take a trillion. But now that the program exists, it matters whether it turns into another price-controlled, one-size-fits-all federal entitlement, or whether the seeds of market competition planted in the bill are allowed to grow.

The early returns are encouraging, on both price and choice. Over the weekend insurers began marketing their 2007 Medicare drug plans, and all states except Hawaii and Alaska have more than 50 private options available -- up from an average of about 40 in 2006. Seventeen insurers are selling nationwide plans, up from nine this year. That compares with the one or two that critics of including private plans predicted would be available in many markets.

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The average monthly premium that seniors pay is again $24, far lower than the $37 originally estimated by government actuaries. And while Democrats have hammered away at the idea that having seniors choose among competing drug plans is too "confusing," recent polls show satisfaction with the benefit in the 80% range.

All of this would also seem to rebut the current Democratic campaign theme that having drug prices "negotiated" -- i.e., dictated -- by government is an urgent priority. Democrats point to the drug coverage provided by the Veteran's Administration as a model. But the VA usually keeps costs down by refusing to pay for newer, more effective medicines. The VA drug formulary includes only 19% of the medicines approved by the FDA since 2000.

One of our fears about the drug program is that it will devolve into price controls, thus destroying incentives for research and development as European governments have done. It would be a cruel irony if the Medicare drug benefit were to have the effect of delaying the cure for, say, Alzheimer's. Yet this is where Democrats seem to want to go.

Which brings us to the private delivery of Medicare as a whole. For the moment, the bulk of such Medicare services as doctor and hospital visits are covered by a price-fixing bureaucracy no more efficient than any other system of socialized medicine. At some $600 billion, the Medicare budget is larger than the GDP of all but a few nations.

The better option is a so-called premium support model, in which the government would simply help seniors buy private insurance. Our main disappointment with the 2003 bill was the Republican failure to use the drug benefit carrot to reform Medicare along these lines. But at least the law did strengthen the existing private options in Medicare.

The old Medicare Plus Choice program has been renamed Medicare Advantage and is growing impressively. As of July about 17% of Medicare beneficiaries were choosing a comprehensive private insurance program under Medicare Advantage (rather than pay the hodgepodge of premiums for Parts A, B and D) -- up from about 14% late last year. Medicare Advantage also isn't merely an HMO program anymore; a growing number of plans offer see-any-doctor, out-of-network benefits.

Ideally, a future Medicare program would offer premium support so retirees can take the private insurance they have during their working years into retirement and through old age. A successful Medicare Advantage program will do a lot to help people understand why that's an attractive option.

However, this is also the reason that many Democrats hate Medicare Advantage. Minority Leader Nancy Pelosi accuses it, inaccurately, of "catering to the HMOs," and the Clinton Administration tried to strangle its private predecessor in the crib by squeezing government payments. The government already pays for about half the health care delivered in the U.S., and those who favor European-style health care have been counting on the demographics of an aging population and an unreformed Medicare program to move America further toward that goal.

Mark McClellan, the Bush appointee who has done so well in supervising the Medicare drug launch, is about to step down, so the choice of his successor will be crucial to keeping this market momentum. All the more so if Democrats take the House or Senate, where Henry Waxman, Pete Stark and others wait to do whatever it takes to show that the free market can't work in health care.

We'd have thought Republicans would be trumpeting the success of market competition in producing more choices and lower prices in Medicare, but instead most of them are merely advertising the new entitlement. Even they seem not to understand the stakes in making competition in Medicare work.

Education Dept. Urged To Recoup $278 Million In Loan Subsidies (NYT)

By Jonathan D. Glater

The New York Times, October 4, 2006

The federal Department of Education will have to decide whether to seek to recover hundreds of millions of dollars in student loan subsidy payments to a loan company that the department's inspector general has found were improper.

In a report released late last week, the inspector general recommended that the department recover $278 million paid to Nelnet, a student lender based in Lincoln, Neb. The payments were made under a program that guarantees a 9.5 percent interest rate on some loans regardless of prevailing market rates.

The subsidies were offered in the 1980's to support the federal student loan program at a time when market interest rates were higher. But as interest rates fell to historic lows in recent years, the subsidy program offered a way for lenders to earn higher-than-market returns.

Since some payments continue under the program, which has been criticized by lawmakers and student advocates, the report warned that the government might improperly pay $882 million more to Nelnet unless the department took action. The inspector general gave Nelnet 30 days to respond to the report.

Nelnet challenged the report's findings. Mike Dunlap, chairman and co-chief executive of the company, said, "We will continue to seek a resolution of this matter with the department and will also examine all other available remedies that prove the merits of our position."

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Katherine McLane, press secretary for the Education Department, said it was "reviewing the report and will consider Nelnet's response before issuing a decision."

An audit by the inspector general's office found that through a series of financing moves, Nelnet increased the size of its portfolio of loans eligible for the guaranteed interest rate to nearly $3.7 billion in June 2004, from $551 million in March 2003. The report found that the increased amount of loans "was ineligible to be billed under the 9.5 percent floor." Representative George Miller of California, the senior Democrat on the House education committee, said the department should recover the payments.

"We must be vigilant about ensuring that available tax dollars are used to provide affordable college loans to families, not to provide excessive subsidies to banks," he said.

Michael Dannenberg, director of education policy at the New America Foundation, a nonpartisan public policy research institute in Washington, said, "When a student loan company like Nelnet rips off taxpayers on college loans, students and families end up with less" financial aid.

Congress tried to eliminate the 9.5 percent guarantee in the early 1990's, but some lenders were allowed to keep collecting the higher interest rates.

"This is a typical story of a complicated program hidden from the scrutiny of taxpayers who are getting ripped off," said Luke Swarthout, higher education advocate at U.S. Public Interest Research Group in Washington. "To really solve this problem requires the Department of Education to stop payment on these illicit 9.5 percent loans and to demand repayment for subsidies that were wrongly charged."

Democrats Renew Efforts To Block Lawmakers' Pay Raise (HILL)

By Elana Schor

The Hill, October 4, 2006

Democrats are renewing their vow to impede the annual congressional pay raise until the minimum wage is increased, but their options for a successful block during the lame-duck session likely depend on the outcome of the Nov. 7 midterm election.

Senate Minority Whip Dick Durbin (D-Ill.) was the latest senior Democrat to reiterate his party's intention to oppose the cost-of-living increase lawmakers have received automatically for more than a decade until the minimum wage is raised for the first time since 1997.

"It's not a threat, it's a promise. Until minimum-wage workers get an increase in pay, Congress is not going to get an increase in pay," Durbin said at a press conference last Thursday sponsored by the AFL-CIO and ACORN (Association of Community Organizations for Reform Now).

Durbin was joined by Sens. Hillary Rodham Clinton (D-N.Y.) and Edward Kennedy (D-Mass.), whose bill to tie future minimum-wage increases to congressional pay raises has attracted increasing Democratic focus since its spring introduction. Durbin declined to offer details of how Democrats plan to stave off members' 2 percent hike. Traditionally, it is thwarted only with an amendment to an appropriations bill.

Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.), said in an e-mail that Democrats have not abandoned their pledge to fight members' raises despite the lack of progress on a minimum-wage vote before the election.

"Hard work still deserves fair pay, and Democrats still think Congress shouldn't get a raise unless the American people get one first," Manley said. "We will continue to pursue all our options in the lame duck."

The Democratic effort to tie member pay to the minimum wage even after the election signals to core allies in labor and community groups that Democratic leaders believe the issue transcends politics — that "it is in concrete how important this is to" them, in the words of Chuck Loveless, legislative director for the American Federation of State, County and Municipal Employees (AFSCME).

Yet political considerations are likely to determine how far Democrats can take their quest to impede the pay raise, or if the issue gets addressed at all, appropriations experts and supporters of the effort said.

"If you know you're in the minority and you're going to remain in the minority, you've got few options for winning on the minimum wage," said Scott Lilly, a longtime Democratic staff director on the House Appropriations Committee and now a senior fellow at the Center for American Progress. "Tying this pay increase to it is more of a strategy you would be focused on if you thought you couldn't proceed for a straight increase in the minimum wage."

Conversely, Lilly added, a Democratic takeover of one or both houses likely would curtail the lame-duck session as Republicans turn their attention to new leadership elections. "If Republicans lose the House, they will probably be here in November for about a half-hour," he said.

James Dyer, a former GOP House Appropriations staff director turned Clark & Weinstock lobbyist, concurred with that prediction.

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"I think the bottom line is, they're going to wait and see how the elections go," Dyer said. "If Democrats took one or more houses, the process [of raising the minimum wage] could be booted to January."

Dyer recalled that senior Democrats and Republicans hailed the 1989 passage of the Ethics in Government Act that made lawmakers' cost-of-living increases automatic. Members gave up their limited ability to earn outside income as part of that agreement, he said, making any permanent changes to the pay raise process – such as the Clinton-Kennedy bill — a potentially dicey proposition on both sides of the aisle.

"This is a painful issue. It's not as black-and-white as whether you're going to provide folks with an increase in the minimum wage," Dyer said.

The House has considered an amendment from Rep. Jim Matheson (D-Utah) to block the annual member raise, though a vote on Matheson's actual language was procedurally prevented. More Republicans sided with Matheson than did members of his own party, with 92 GOP members and 74 Democrats voting no in June.

The Senate has yet to address any challenges to the members' raise, historically done in the Treasury Department appropriations bill. One Senate Democratic aide said leaders are reluctant to tip their hand because they want to preserve their parliamentary options, not because they want to unleash a surprise strategy.

The aide mentioned the Senate's rarely invoked Rule 14, which allows any member to bring a bill straight onto the Senate's legislative calendar. The Clinton-Kennedy minimum wage bill remains under committee jurisdiction, but another bill calling for a straight minimum-wage increase has been on the Senate calendar since last year.

Sen. Russ Feingold (D-Wis.), who only agrees to accept pay raises after he is newly reelected, is proceeding with his plans to force a vote on the issue. "As I have done in the past, I will look for every opportunity to make senators vote on raising their own pay, and I will support any other efforts that will accomplish the same thing," Feingold said through a spokesman.

Feingold's bid to hold down member salaries saw surprising success last year, when senators agreed to forfeit their raises as a symbolic gesture after Hurricane Katrina, but the pay-raise block was stripped during conference talks.

House Democrats, meanwhile, continue to call on the 48 Republicans who pushed their leadership earlier this year for a vote on the minimum-wage increase to sign a discharge petition to force a vote on Rep. George Miller's (D-Calif.) wage hike bill. The only two GOP members on the petition, Reps. Christopher Shays (Conn.) and Jim Leach (Iowa), attached their names in July.

House GOP leaders still must address the minimum-wage increase attached to its Labor, Health and Human Services appropriations bill. Dyer offered a solution to that roadblock: "What Republicans could do, if they wanted to play hardball, is ask the Appropriations Committee to produce an omnibus that didn't have [the minimum wage] on it."

That move, in turn, could force Senate Democrats to filibuster an omnibus appropriations bill as part of any drive to block this year's member pay raise. AFL-CIO legislative director Bill Samuel recalled the narrow defeat of an early 2004 omnibus filibuster over new rules for overtime pay, another key labor concern.

"The question is if [the minimum wage and pay raise debate] comes down to filibustering an omnibus appropriations bill. It's difficult; we tried it," Samuel said. "But I think there will be a lot of energy behind [this year's fight]."

Senators Ask For Pension Agency Probe (AP-Y)

By Jeannine Aversa

AP, October 3, 2006

Two senators are asking Congress to find out whether the federal agency that insures private pension plans for millions of Americans has enough money and the right approach to do its job.

Finance Committee Chairman Chuck Grassley, R-Iowa, and the panel's top-ranking Democrat, Max Baucus, D-Mont., said Tuesday they want the Government Accountability Office to report back by early next year with preliminary information on the Pension Benefit Guaranty Corp., which insures traditional, defined benefit pension plans.

Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the growing demands placed on the agency and its swollen debt.

At the end of 2005, the agency recorded a deficit of $22.8 billion.

In their letter to the GAO, the senators said that 80 percent of all claims against the PBGC have come since 2000.

In 2000, the agency paid benefits of $900 million to 243,000 people. Five years later, PBGC was paying $3.7 billion in benefits to 698,000 people, the senators wrote.

"This rapid increase in participants, benefit payments and investments would be a challenge to any organization," the senators wrote. "We are particularly concerned in how PBGC is handling this challenge and whether legislative changes are needed in PBGC's structure, appropriations or law."

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President Bush in August signed a bill to help the nation's troubled pension system by shoring up funding for traditional pensions. Supporters hope the changes will prevent a costly taxpayer bailout of the PBGC.

PBGC's operations are financed by insurance premiums paid by companies that sponsor traditional pension plans. It also earns money from investments and receives funds from pension plans it takes over. The agency is not funded through tax revenues.

The fear, however, has been that a taxpayer-funded bailout could happen at some point if the private pension system wasn't overhauled by Congress.

Separately, PBGC said Tuesday that it has taken responsibility for a pension plan covering more than 1,600 workers and retirees of Levitz Home Furnishing Inc. of Woodbury, N.Y. The agency said that the takeover of the plan will have no material effect on its balance sheet.

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On the Net:

PBGC: http://www.pbgc.gov/

Labor Board Eases Supervisor Rule (WSJ)

By Kris Maher

The Wall Street Journal, October 4, 2006

In three widely anticipated decisions, the National Labor Relations Board opened the door for some employers to classify more workers as supervisors and exclude them from union representation. The decisions outraged unions, but didn't go as far as business groups had hoped.

In the main decision, by a 3-2 vote, the five-member board said nurses who independently assigned staff based on such things as patient conditions, and were involved in such decision-making more than 15% of their time regularly, should be considered supervisors and exempt from collective-bargaining protections.

At issue in the cases, which stemmed from union organizing attempts, were U.S. labor-law provisions that state workers who use "independent judgment" in a "nonroutine" manner to assign or direct other employees, should be considered supervisors, even if they don't have employees who report directly to them. Supervisors aren't guaranteed collective-bargaining rights under the law. A broader interpretation could exclude more workers.

Labor experts said the decisions were likely to result in more nurses and other workers being classified as supervisors. But its application to other industries is difficult to predict, in part because the responsibilities of workers can vary widely across industries and even workplaces, said John Raudabaugh, a partner at Baker & McKenzie LLP in Chicago, who served as a board member from 1990 to 1993.

In other professions, such as movie production, certain factors not considered in the rulings, such as collaborative decision making, could be central to deciding who is a supervisor, he said. "I think it has great weight in health care, but it remains to be seen how it is applied in other industrial settings," he said.

The decisions, which were expected to favor employers at a board controlled by Bush administration appointees, could at a minimum hinder labor's chances of organizing workers in the fast-growing health-care sector. Business groups generally applauded the decision in the lead case, concerning nurses at Oakwood Healthcare Inc. in Taylor, Mich., saying the board clarified the standard it uses to determine such issues as what it means to use independent judgment when assigning work for other employees.

But in two cases, the board disagreed with employer arguments and found that nurses at a nursing home and lead workers at a manufacturer weren't supervisors because they either didn't have the authority to assign other workers or followed company policies in a routine manner when they directed other workers and didn't have the ability to discipline workers who performed poorly. "I'm pleased with the standard but disappointed in the result" of the other two cases, said Steve Bokat, executive vice president of the litigation center at the U.S. Chamber of Commerce.

In one case, the board found that nurses at Golden Crest Healthcare Center in Hibbing, Minn., didn't have the authority to assign other nurses. Similarly, in the third case, lead workers including load supervisors who work in the shipping department loading trucks at Croft Metals Inc., based in McComb, Miss., didn't use judgment deemed independent enough to qualify as supervisory, the board found.

Economists said it was hard to predict how the decisions might affect factors such as labor costs. If employers tried to make certain workers qualify as supervisors by creating new responsibilities for them, they would risk incurring other costs as a result of lost productivity should workers turn down such work, said Lonnie Golden, an associate professor of economics and labor studies at Penn State-Abington.

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The AFL-CIO and other labor groups blasted the board, saying the decisions opened the door for millions of workers to lose the right to join a union and imperiled the status of other workers who are already union members. Under labor law, the decisions can't be directly appealed, but the labor federation said it will litigate the same issues in other cases pending before the board and push for a legislative fix to the law.

Rose Ann DeMoro, executive director of the California Nurses Association, called the decisions "horrendous," and said it would cause nurses to turn down work as charge nurses and trigger protests by nurses across the country. "Ultimately what this has done is redefine a 'registered nurse,'" she said.

Board Redefines Rules For Union Exemption (NYT)

By Steven Greenhouse

The New York Times, October 4, 2006

In a decision condemned by unions but praised by business, the National Labor Relations Board issued a ruling yesterday that will exempt registered nurses — and many other workers — from union membership if they have certain kinds of supervisory duties.

Some labor experts predicted that the ruling could affect more than eight million workers who might also be deemed supervisors, including teachers who oversee aides. The board's 3-to-2 decision involved nurses overseeing shifts at a Michigan hospital.

But in two related cases, the board ruled that workers with limited supervisory duties were not supervisors.

Labor unions have long feared such a decision, so much so that, in an unusual move, they held demonstrations at the labor board's offices in July to urge it not to issue an expansive ruling that would exempt many workers from union coverage.

In the majority decision, the three Republicans on the board adopted a broad definition of supervisor, saying it included workers who assigned others to a location, shift or significant tasks, like a nurse overseeing a shift who might assign another nurse to a particular patient.

The majority ruled that workers should generally be deemed supervisors, exempt from union membership, if they oversaw another employee and could be held accountable if that subordinate performed poorly. The majority also ruled that workers could be deemed supervisors if they were assigned supervisory duties just 10 percent to 15 percent of their total work time.

In a stinging dissent, the two Democrats on the board, Wilma B. Liebman and Dennis P. Walsh, wrote, "Today's decision threatens to create a new class of workers under federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

The dissenters asserted that most of the nation's more than 20 million professional workers could fall into that category because many professionals, like a doctor overseeing nurses or a lawyer overseeing a secretary, could be deemed supervisors under the board's new guidelines.

The case focused on workers who did not perform functions like hiring, promoting or laying off workers, but rather assigning and directing other employees — functions in which the supervisory role was more ambiguous. The board's majority emphasized that to be considered a supervisor, workers had to exercise independent judgment, although it adopted a more expansive view of such judgment than previous labor boards had.

The majority comprised the chairman, Robert J. Battista; Peter C. Schaumber; and Peter N. Kirsanow.

Steve Bokat, general counsel for the United States Chamber of Commerce, said the decision did not go as far as business had wanted, adding that estimates that millions of workers would be exempted from union coverage were "outrageous numbers."

"I think it's a good test that the majority has laid out," Mr. Bokat said, "a reasonable test, one that employers and their counsel can apply."

John J. Sweeney, the president of the A.F.L.-C.I.O., said the ruling "welcomes employers to strip millions of workers of their right to have a union by reclassifying them as supervisors, in name only."

Organized labor said the ruling continued a trend in which President Bush and the labor board had exempted groups of workers from union coverage, including graduate teaching assistants, disabled workers and many Defense Department employees.

The board's ruling interprets a 2001 Supreme Court decision in which Justice Antonin Scalia, writing for a 5-to-4 majority, asserted that the labor board, then dominated by appointees of President Clinton, had adopted too strict a test in deciding when workers were supervisors.

Yesterday's decision could exclude many retail workers, like department heads in supermarkets or discount stores, from joining unions. The majority wrote, "The assignment of an employee to a certain department (e.g., housewares) or to a certain shift (e.g., night) or to certain significant overall tasks (e.g., restocking shelves) would generally qualify" as having the supervisory responsibility of assigning.

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The decision also stated, “If a person on the shop floor has ‘men under him,’ and if that person decides ‘what job shall be undertaken next or who shall do it,’ that person is a supervisor, provided that the direction is both ‘responsible’ ” and “carried out with independent judgment.”

William B. Gould IV, who was board chairman under Mr. Clinton, said the decision’s “shift in statutory interpretation is a seismic one.” Mr. Gould said that with the board setting forth rules on what employers must do to prove that employees are supervisors, “the potential for manipulation is substantial.”

The board’s main decision yesterday involved Oakwood Heritage Hospital, an acute care facility in Taylor, Mich., with 257 beds and 181 registered nurses. The decision focused on a dozen nurses who worked in intensive care, medical/surgical and other units, and oversaw several other nurses, nurses’ aides and technicians.

The union that sought to represent them, the United Automobile Workers, asserted that they should not be deemed supervisors on the ground that their supervisory duties were minor and routine, and required so little independent judgment. But the hospital argued that they should be considered supervisors on the ground that they assigned nurses and nurses’ aides to particular patients and directed them by giving them specific responsibilities, all while using independent judgment.

Another board decision released yesterday involved some 30 “lead persons” working for Croft Metals, a door and window factory in McComb, Miss. The board ruled that the company had not established that these workers exercised independent judgment in directing their crews. The board suggested that their judgment was simply routine.

A third decision involved the Golden Crest Healthcare Center, a nursing home in Hibbing, Minn. The board ruled that the employer had not established that the nurses in charge had met the definition of assigning or directing other workers. It found that the nursing home had failed to show that those nurses were held accountable when their subordinates failed to perform properly.

Pamela Thompson, chief executive of the American Organization of Nurse Executives, an industry organization, said, “Since hospital staffing can vary, not only hospital to hospital but hour by hour, this decision will play out differently hospital by hospital.”

Some Workers Change Collars (WP)

By Dale Russakoff

The Washington Post, October 4, 2006

The National Labor Relations Board ruled yesterday that nurses with full-time responsibility for assigning fellow hospital workers to particular tasks are supervisors under federal labor law and thus not eligible to be represented by unions.

The 3-to-2 decision, long awaited by unions and businesses, sets a new standard for determining who is a supervisor in the modern economy, and could have significant implications for efforts by labor unions to organize nurses in the fast-growing health-care sector. Under federal law, supervisors do not have the right to belong to unions.

Labor leaders decried the ruling, with AFL-CIO President John Sweeney saying it "welcomes employers to strip millions of workers of their right to have a union by reclassifying them as 'supervisors' in name only." The labor-backed Economic Policy Institute said the new definition could affect 8 million workers who give direction to fellow workers in fields ranging from construction to accounting.

Business organizations applauded the decision, arguing that it will not have sweeping effects. "The business community thinks the standard is reasonable, but this is not a sea change," said Steve Bokat of the U.S. Chamber of Commerce.

The dispute, involving Oakwood Healthcare Inc., is one of many cases in a contentious area of labor law that have awaited a ruling since 2001, when the Supreme Court took issue with the NLRB's interpretation under the Clinton administration of what constitutes a supervisor. Since then, control of the NLRB has shifted to Republicans, who hold three of the five positions.

The case concerns Oakwood Heritage Hospital in suburban Detroit, where the United Auto Workers is trying to organize 181 registered nurses. The hospital had argued that 127 of the nurses -- two-thirds of the potential bargaining unit -- should be deemed supervisors and thus ineligible for union representation.

The NLRB disqualified only 12 of the nurses from belonging to the bargaining unit -- all full-time "charge nurses" whom the board deemed to be supervisors because of their responsibility for assigning and directing other workers on their shifts. But AFL-CIO associate general counsel Craig Becker argued that the decision was broader than it appeared, leaving room for nurses who rotate only temporarily through the job of charge nurse to be disqualified as well. And Barbara Medvec, senior vice president of Oakwood Healthcare, said the hospital will likely ask the NLRB to rule that another 115 nurses are supervisors for that reason.

The ruling defines workers as supervisors if they give assignments to other workers, if they are held responsible for the performance of those assignments and if they exercise independent judgment rather than follow an employer's detailed instructions. NLRB members Wilma B. Liebman and Dennis P. Walsh, the only Democrats on the board, argued in dissent that

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the definition was so broad it "threatens to create a new class of workers under Federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

Bokat likened the unions' warnings to "Chicken Little saying 'the sky is going to fall.' " He pointed out that the NLRB, in applying the new definition to two other pending cases, found in both that the workers in question were not supervisors. Those two cases concerned charge nurses at Golden Crest Healthcare Center, a long-term care facility in Minnesota, and team leaders at Croft Metals Inc., a window manufacturer in Mississippi. "The result speaks for itself," Bokat said. "We were kind of disappointed."

Nurses who work only occasionally as charge nurses could be disqualified from joining unions under the decision, according to the AFL-CIO's Becker. He noted that the ruling defines a supervisor as an employee who spends "a regular and substantial portion of his/her work time performing supervisory functions." But the decision defines "regular" as meaning "according to a pattern or schedule" and "substantial" as "at least 10-15 percent of their total work time."

"If the next employer comes forward with evidence that someone is a charge nurse in one of every three shifts or one out of every four weeks, that would meet the definition of a pattern or schedule," he said.

University of Tennessee labor law professor Jeff Hirsch said the decision is important because the lines between workers and supervisors are blurring throughout the economy.

"You have far more workers who have a lot more responsibility than they did when the National Labor Relations Act was passed almost 60 years ago," he said. "It's not just a production factory floor with people punching out widgets. It's a much more skilled economy."

U.S. Ruling Could Eliminate Union Eligibility For Millions (LAT)

By Molly Selvin

The Los Angeles Times, October 4, 2006

A federal labor agency Tuesday broadened its definition of who is a supervisor, in a ruling that could keep millions of skilled employees from joining unions and accelerate a decades-long decline in union membership.

In a long-awaited decision, the Republican-controlled National Labor Relations Board held that nurses could be classified as supervisors if they directed and oversaw other nurses.

Under federal law, employees defined as supervisors aren't entitled to legal protections ensuring their right to join unions.

The labor board's definition could be applied to other kinds of workers, particularly in the fast-growing service sector, where unions have made some gains in recent years even as overall union membership has declined nationally, labor experts said.

Even before the ruling, many employers had classified more of their workers as supervisors, in part to avoid paying them overtime. For example, many employees of restaurants, retailers and other businesses have been classified as "shift supervisors" even though most of their duties — such as waiting on tables or cashiering — are indistinguishable from those they supervise.

In recent years, several large retailers, including Home Depot Inc., Abercrombie & Fitch Co. and Staples Inc., have been targets of lawsuits by nonunion employees claiming they were denied overtime pay because they were classified as supervisors, even though only a small fraction of their responsibilities involved supervision.

Harley Shaiken, a UC Berkeley professor who studies labor issues, said as many as 135 cases pending before the labor board, many in the service sector and high-tech fields, could be affected by Tuesday's ruling.

"The notion of supervision in an Internet age is a lot blurrier than when we're talking about an assembly line or a stamping plant," he said.

The ruling was applauded by business organizations but denounced by labor groups, which called it part of a Bush administration strategy to destroy unions.

"It's an outrageous decision," said Rose Ann DeMoro, executive director of the 70,000-member California Nurses Assn., which threatened to strike against hospitals that tried to enforce the new rule.

AFL-CIO President John Sweeney said the board's decision would immediately deny as many as 8 million workers "their basic right to have a voice on the job."

Business groups said unions were overstating the ruling's effect.

The decision will probably affect primarily work sites where union organizing is going on, said Stephen A. Bokat, general counsel at the U.S. Chamber of Commerce. "Where there are established collective bargaining relationships," he said, "these issues with regard to supervisors are very well established and I doubt most employers will totally upset their workplaces to meet that definition."

Kaiser Permanente, one of the state's largest employers of nurses, with 24,000 in California represented by two unions, said it would not take nurses out of their bargaining units who under the new ruling could be classified as supervisors.

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Federal law defines supervisors as those whose jobs may require them to use "independent judgment" in the course of their duties, or have continuing responsibilities to "assign" or "responsibly direct" the activities of other employees. An employee can be considered a supervisor by performing any one of those duties — or by having the power to hire or fire.

In Tuesday's ruling, the labor board determined that the term "assign" could include dispatching an employee to a workstation, appointing an employee to a specific shift or to work overtime, or directing a nurse to care for a particular patient.

The five-member labor board issued rulings in three related cases. In the first, it voted 3 to 2 that permanent "charge" nurses at a Michigan acute care facility, who oversee staff, were supervisors. However, the board rejected the supervisor designation for charge nurses who rotate in and out of that job. The board's three Republicans voted in favor of the decision, with the two Democrats opposing it.

In the two other cases, the board found that employers did not provide enough evidence to determine whether charge nurses at a Minnesota nursing home or so-called lead workers at a Mississippi manufacturing plant should also be classified as supervisors.

The rulings were triggered by a 2001 U.S. Supreme Court decision directing the board to refine its definition of a supervisor. The court ruled that nurses and other healthcare workers were not entitled to join unions if their duties included supervising others.

It is unclear whether the board's action can be appealed.

Nationwide, an estimated 400,000 nurses are represented by collective bargaining agreements, said Jennifer Coate, spokeswoman for the Nurse Alliance of the Service Employees International Union. It is unclear how many nurses will be affected by the board's decision.

DeMoro of the California Nurses Assn. said the ruling "opens the door to redefining every nurse as someone who uses professional judgment and is therefore ineligible for collective bargaining."

She said, "We intend to mount a full strike against any hospital that attempts to take rights away from registered nurses."

Workers classified as supervisors by their employers have been winning some legal battles in their bid to get overtime pay in nonunion settings. Abercrombie agreed in January to pay as much as $2 million to settle a suit filed on behalf of 250 California store managers, Longs Drug Stores Corp. paid $11 million to end two suits brought by 1,000 managers, and Countrywide Financial Corp. agreed last year to a $30-million settlement involving 400 employees. Several other cases are pending.

AFL-CIO President Sweeney said as many as 34 million workers and professionals, accounting for 23% of the labor force, would eventually fall within the scope of Tuesday's decision.

Union membership has fallen steadily in recent decades. In 2005, 15.7 million workers, or 12.5% of the labor force, were union members, according to government figures. That was down from 1983, when 1 in 5 workers — nearly 18 million — carried union cards.

Sweeney said the decision would accelerate that decline by creating a category of workers with neither the legal rights of employees nor "the prerogatives of management."

Richard Simmons, a Los Angeles lawyer who represents employers, said the decisions set forth "a more realistic standard and a more developed standard" than the board had previously adopted.

Employers will have to "look at what someone does," he said. "It doesn't mean that simply by ascribing the title of charge nurse to someone that they become a supervisor."

The latest decision follows other federal actions making it harder for unions to organize workers. In 2003, for example, the administration denied collective bargaining rights to newly federalized airport security screeners. In 2004, the labor board ruled that graduate assistants were students, not employees, and therefore not entitled to the protection of federal labor law.

NLRB Decision Angers Unions (WT)

By Sean Lengell

The Washington Times, October 4, 2006

The federal government yesterday established new guidelines for considering a worker a supervisor, a decision organized labor says will exclude millions of Americans from joining unions.

In a long-awaited health care case involving a group of "charge nurses" at a Michigan hospital, the National Labor Relations Board (NLRB) ruled the nurses should be considered supervisory staff and thus not covered by a federal law allowing them to join a union.

Charge nurses serve as a head shift nurse for a unit or ward and assign duties to other nurses. But they typically don't have the authority to hire and fire or perform evaluations on other employees, which union groups say is a vital benchmark for classifying an employee as a supervisor.

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The decision was one of three related rulings grouped as the "Kentucky River" cases because they were intended to clarify the supervisor question from a case several years ago involving Kentucky River Community Care Inc. in Hazard, Ky.

Union leaders denounced the 3-2 decision, saying it would have broad implications for workers in many fields. The vote was split down party lines.

The AFL-CIO labor federation said the new ruling would strip at least 8 million workers of their right to have a union by reclassifying them as supervisors in name only.

"Today's decision is the latest in the Bush-appointed NLRB's legal maneuvering to deny as many workers as possible their basic right to have a voice on the job and improve their living standards through their union," AFL-CIO President John Sweeney said. "The NLRB should protect workers' rights -- not eliminate them."

Mr. Sweeney added the ruling "threatens to create a new class of workers under federal labor law: workers who have neither the genuine prerogatives of management, nor the statutory rights of ordinary employees."

The decision was not a surprise since Republicans have the majority on the five-member board, said Roland Zullo of the Institute of Labor and Industrial Relations at the University of Michigan.

"This is what happens when you have a political party in power that is just not friendly to labor -- you get decisions like this," Mr. Zullo. "Labor had more favorable decisions during the [President] Clinton administration."

Workers considered supervisors under the new definition can unionize, but management will be under no legal obligation to bargain with them, Mr. Zullo said.

Business praised the board's decision.

"The board has given a clear, reasonable and fair standard employers can apply in determining who is and who is not a supervisor," said Steve Bokat, general counsel for the U.S. Chamber of Commerce.

Some accused labor activists of exaggerating the number of workers that will be affected by the ruling.

"The NLRB articulated a clear test of supervisory authority that is totally consistent with 70 years of statutory and decisional history," said Martin Payson, a New York lawyer with the Jackson Lewis law firm, which represents management in labor cases. "Relatively few people will be impacted," he said.

Labor groups also say the ruling gives employers another tool for fighting organizing efforts by threatening litigation.

"Every case now where an employer wants to drag it out for three years in the courts will be able to do so," said Jon Hiatt, general counsel for the AFL-CIO. "It's an invitation for employers to manipulate job duties."

Business also disputed the union's prediction the decision will lead to widespread litigation.

"The real lesson is that every individual whose job duties put their legal position in question should have their authority and responsibility spelled out in advance, by the employer, so as to avoid uncertainty," Mr. Payson said. "This will avoid what was predicted by the unions -- another decade of litigation."

The decision is expected to be appealed in the federal courts and could reach the Supreme Court, Mr. Payson said.

The question of which employees are considered supervisors has been the topic of debate between unions and employers for decades. The Supreme Court twice has overturned NLRB rulings on the matter.

"This has been a contested area that has see-sawed back and forth," Mr. Zullo said. "But board decisions do change, and if the politics shift, [the decision] could shift right back."

Fate Of Post Office Overhaul Is Up For Debate (WP)

By Stephen Barr

The Washington Post, October 4, 2006

Sometimes it is small provisions that trip up big bills.

That was the case last week with compromise legislation that would overhaul the U.S. Postal Service. The bill's collapse also spawned differing opinions on whether it can be salvaged next month in a lame-duck session.

Rep. Thomas M. Davis III (R-Va.) is optimistic that the House and Senate will approve a postal bill. "We are going to get it done," Davis said yesterday, adding, "We are conceptually 99.9 percent of the way there."

But Sen. Susan M. Collins (R-Maine), a chief sponsor who will broker any compromise, is not as confident as Davis. "Unfortunately, at the eleventh hour, various parties raised objections to some of the bill's long-standing provisions, and these objections caused certain members of Congress to block passage of the legislation," Collins said in an e-mail yesterday from her home state.

"While I remain committed to the goal of passing the bill in the lame-duck session, I do not know if that will be possible," she wrote.

Efforts to overhaul operations of the Postal Service have been underway in Congress for a decade as big mailers have pleaded for a new rate structure that makes it easier for them to predict postage increases. The financial health of the Postal

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Service also has become a concern, as Americans expand their use of the Internet, e-mail and cellphones and send fewer first-class letters, an important source of revenue for the post office.

Finding a legislative solution has been a complex effort. President Bush set up a postal commission to study possible changes, and business groups and outside experts floated their ideas. Enthusiasm for an overhaul has waxed and waned at postal headquarters.

Some of the proposed changes involve multibillion-dollar budget issues, such as how to handle costs for pensions and retiree health care. The White House gave in on one of its requests -- that the Postal Service pick up the tab for military pensions earned by postal workers. Under the compromise, the military portion of postal worker pensions will be paid out of the Treasury, as happens with other agencies. The Postal Service will use the savings to fund future retiree health-care benefits.

But the bill stalled on a relatively modest provision that would require a three-day waiting period before injured postal workers could begin accruing workers' compensation benefits. Employees would be expected to use vacation or sick leave for the first three days they were out of work and would be reimbursed for that time if they were unable to return after 14 days, congressional aides said.

The president of the National Association of Letter Carriers, William H. Young , unexpectedly announced that he would not accept the bill because no one had explained to him why the change was necessary.

Union spokesman Drew Von Bergen said the proposed workers' compensation change "would put postal employees in a different classification than other federal employees."

Under current law, injured federal employees receive "continuation of pay" for up to 45 days, and if their disability continues for more than that, they can receive additional compensation for lost wages after three days in a non-paid status.

Young wrote NALC members, "for the Bush administration, it is always easier to pick on those who are less fortunate than others." He wrote, "The nation's injured letter carriers and other postal employees were an easy mark."

Collins was dismayed by Young's action, congressional aides said. The NALC had not brought up the issue in three years of negotiations on the bill and had promised to support an overhaul of postal operations, the aides said.

Collins and the White House had backed off another workers' compensation provision opposed by the union, and Collins had negotiated solutions to issues raised by large mailers and postal competitors, such as UPS.

One troublesome area -- how to regulate postage rates for certain types of mail under a cap linked to the consumer price index and also provide an escape clause for exceptional circumstances -- was resolved to the satisfaction of big mailers and unions, lobbyists said.

"We were within a quarter-inch of getting it done Friday night," Davis said at a breakfast forum sponsored by the nonprofit Council for Excellence in Government and The Washington Post.

But some administration officials and some lobbyists think the postal overhaul could be dead, not only for this year but for two or three years, if control of Congress shifts in next month's congressional elections. They also doubt that Collins and the White House will give in to the NALC.

Still, one administration official, who spoke on condition of anonymity because he participated in the discussions, noted that the bill has survived delays and attempts to kill it. "This has more lives than nine dead cats," he said.

OMB Welcomes Help From Anti-Pork Bloggers (WP)

By Elizabeth Williamson

The Washington Post, October 4, 2006

Call it the Office of Management and Blog-it.

The Office of Management and Budget is turning to bloggers for help in pushing the OMB's government reform plans after last week's success of its pet project, the Federal Funding Accountability and Transparency Act, also known as the Coburn-Obama bill.

The legislation envisions an online, searchable list of all federal government contracts and grants of more than $25,000. Such a window onto pork distribution would, said President Bush when he signed it, "increase accountability and reduce incentives for wasteful spending."

Despite its bipartisan support, the bill earlier hit a wall when an unknown senator put a secret hold on it. Open-government bloggers leapt off the computer and onto the phone, calling all 100 senators -- minus Tom Coburn (R-Okla.) and Barack Obama (D-Ill.), of course -- to unmask the culprit.

Heady stuff, reading rapid-fire postings as the mostly conservative blogmeisters narrowed the list in real time, flushing out the faceless holder: Sen. Ted Stevens (R-Alaska).

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Stevens's explanation -- mostly, that he wanted a cost-benefit analysis -- was lost in a hail of online gotchas, and he lifted his hold. To some Hill-watchers, outing the Senate's per capita pork champ was a "duh" moment. But to the OMB, bill sponsors and their blogger backers, it was sweet victory.

Bush signed the bill last week, flanked by the bloggers who had led the charge, including those from Porkbusters.org, Townhall.com, Instapundit.com and Human Events Online's Right Angle blog. Soon afterward, OMB Deputy Director Clay Johnson III spent an hour with the bloggers.

Right after that, OMB Director Rob Portman and Johnson appeared at a luncheon to talk about OMB's government performance push.

Portman also talked about the blogger fest, saying, "Clay asked them, 'Gee, since you're so good at this, can you help us on some of our other initiatives?' " When Johnson took the floor, he invoked the bloggers several times as weapons in his fight for government performance and accountability reforms.

"Senator Voinovich tried . . . to get a co-sponsor this year for a bill that called for that kind of performance evaluation, and Voinovich added that an employee had to be minimally successful to get a raise," Johnson said at one point, referring to George V. Voinovich (R-Ohio). "This is a no-brainer, right? He could not get a co-sponsor. . . . It might just make its way to the blog community."

But the blogosphere remains an unstable realm: At the height of the search for Stevens, a cry rose to abolish secret holds, which are often used for innocuous reasons, and at least one blogger demanded that the entire Senate be shut down until the holder was found.

OMB official Robert J. Shea seems to grasp that better than his bosses. Using bloggers as advocates, he mused, "could backfire."

Bayer's Duplicity On Drug Safety (NYT)

The New York Times, October 4, 2006

Bayer A.G.'s limp excuse for withholding data suggesting that a heart-surgery drug is dangerous won't wash. The failure by the German pharmaceutical giant to inform the Food and Drug Administration of the disquieting results of a large observational study cannot be sloughed off as a mere "mistake on the company's part."

Rather, the circumstances suggest that Bayer sought to hide the results of a contractor's study until some way could be found to discount them. It came clean only when forced to by a whistleblower.

The drug is Trasylol, which has long been used in heart surgery to reduce blood loss and the need for transfusions. Although extensive data seemed to document the drug's effectiveness and safety, two studies published this year found that it increased the risk of kidney failure, heart attack and stroke.

Even so, an F.D.A. advisory committee, after reviewing extensive data at a public meeting on Sept. 21, overwhelmingly concluded that Trasylol was still acceptably safe and effective for certain patients. The committee had not been told — because Bayer representatives who participated in the meeting kept mum — about the most recent large study the company had sponsored, which raised even more questions about the drug's safety.

After the fact, a whistleblower, possibly an outside researcher, reportedly called both the F.D.A. and Bayer to force full disclosure. Preliminary results of the suppressed study showed that Trasylol may increase the chance for death, serious kidney disease, congestive heart failure and strokes.

The company says it did not initially disclose this retrospective study of some 67,000 patients because it deemed the results preliminary and had significant questions about the methodology and populations of patients. That may be. But that cannot be an excuse for hiding the very existence of this study from an expert advisory panel convened to review the latest safety evidence.

This incident underscores the importance of requiring drug companies to publicly register all safety studies so that they can't be suppressed later should their results displease the sponsor.

OTHER NEWS:

Dow Climbs From Depths (USAT)

By Adam Shell

USA Today, October 4, 2006

NEW YORK — The Dow Jones industrial average made history Tuesday, notching a record closing high that erases some, but not all, of the pain suffered by investors when stocks came crashing down after peaking in early 2000.

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It took more than 61/2 years, but the Dow's comeback is complete.

The Dow, a Wall Street icon that dates to 1896, rallied 56.99 points Tuesday to close at 11,727.34, surpassing its prior record close of 11,722.98 hit on Jan. 14, 2000.

“The record's biggest significance is psychological,” says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust. “It arouses a lot of bullish sentiment.”

The Dow record caps a 4,437-point comeback that began in October 2002 at the low point of the worst stock market decline since the Great Depression.

The record-setting session Tuesday for the USA's oldest stock barometer erased the nearly 38% loss the blue-chip average suffered in the three-year bear market that began in early 2000 after the technology stock bubble burst, wiping out $8.5 trillion of investor wealth.

Sparking the Dow's final sprint to a new peak is a bet by investors that the Federal Reserve will succeed in slowing the economy and keeping inflation at bay without causing a recession.

Also boosting stocks has been a nearly 25% drop in the price of crude oil since mid-July, including a $2.35 decline Tuesday to $58.68 a barrel, a nearly eight-month low.

The Dow, which also notched an intra-day record of 11,758.95 Tuesday, is up 9.4% in 2006.

The best performer for the Dow since its Jan. 14, 2000, peak is Altria Group, parent of tobacco giant Philip Morris, which gained 212%, says Ned Davis Research. Biggest laggard: computer-chip maker Intel, off 60%.

A fresh recovery high for the Dow, which tracks 30 big companies representative of U.S. business, does not erase all the losses suffered by investors during the market's 2000-02 swoon.

During the 1990s stock market boom, most people invested in either mutual funds that tracked the Standard & Poor's 500-stock index or highflying tech stocks, most of which traded on the Nasdaq. The S&P 500 remains 12.7% below its high. The Nasdaq is down 55.6%.

Dow's New Height Not As Giddy As The Last One (LAT)

By Tom Petruno

The Los Angeles Times, October 4, 2006

In less than seven years, the value of the typical U.S. home has risen 64%. The price of gold has doubled. The Russian stock market has rocketed nearly 800%.

And the Dow Jones industrial average just broke even.

The world's best-known stock index rose 56.99 points Tuesday to end at 11,727.34, finally topping the previous peak of 11,722.98 reached Jan. 14, 2000.

The day's advance, aided by another drop in oil prices, capped the Dow's long slog back from its 2000-2002 plunge, the worst in three decades.

Stock market bulls say the index's comeback is a sign of optimism about the nation's economy, given that the Dow's giants — blue-chip names such as Boeing Co., McDonald's Corp. and Walt Disney Co. — account for a colossal chunk of business activity.

"You have everything in place for a continuing bull market," said Neil Hennessy, whose Marin County investment firm manages about $2 billion. He cites strong corporate earnings, steady interest rates, relatively low unemployment and falling energy prices.

Other Wall Street veterans see less to cheer in the Dow's revival. They read it as the final chapter in the market's recovery from the last recession, signaling that another downturn looms.

Blue chip stocks, they say, are winning by default because investors are running out of other viable moneymaking alternatives.

In the short term, however, the Dow's new high may add to the stock market's momentum.

"It's a ringing of the bell for Main Street. People think, 'Maybe I should get out of my money market fund. Maybe real estate isn't the only way to go with my bonus check this year,' " said Art Hogan, chief market analyst at brokerage Jefferies & Co. in Boston.

But no one is predicting a return to the heady days of early 2000, when stocks ruled the investment landscape.

Although volatile technology issues led the mania of the late 1990s, the Dow was no slouch. The 30-stock index rose at an astounding rate of 25% a year from 1995 through 1999 on average, and the sky seemed the limit as the economy boomed.

Financial authors outdid one another in breathlessly forecasting how high the index might soar. The books "Dow 36,000," "Dow 40,000" and, finally, "Dow 100,000" appeared on store shelves within the span of several months in 1999.

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"It was the biggest [financial] mania in the history of the world," said Bill Fleckenstein, a Seattle money manager known for his dour outlook on the stock market.

And like all such manias, it finally exhausted itself. The downturn that began in 2000 was led by technology stocks, but the rest of the market tumbled as well. The situation worsened with the recession of 2001 and a plunge in corporate earnings.

In 2002, a wave of scandals involving Enron Corp., WorldCom Inc. and other major companies was the final blow. The Dow sank 17% that year. When it hit bottom in October, the index had plummeted 38% from its peak — its worst loss since the early 1970s.

Amid the downturn, many once-eager blue-chip investors found better things to do with their money. They fled to real estate, commodities, foreign stocks and shares of small U.S. companies.

"A lot of investors got out of blue chips. Other things competed for dollars," said Dan Pemberton, a 66-year-old retiree in Thousand Oaks.

Like millions of other small investors, Pemberton in recent years was drawn to foreign stocks. The rise of emerging economies such as China and Russia lured capital and stoked excitement about the growth potential abroad.

Huge pools of investment capital such as the California Public Employees' Retirement System also gravitated to more exotic investments, including hedge funds, which are known for fast paced trading and chasing opportunities in obscure markets.

CalPERS had 46.4% of its assets in U.S. stocks, mostly blue chips, at the end of 1999. Now that proportion is just 40%.

Meanwhile, foreign stocks have risen from 18.8% of the fund's assets in 1999 to 22.8%; real estate investments have jumped from 4.7% to 7.4%.

For individual investors, little could compete with residential real estate after 2000. Home prices soared across the nation as mortgage rates plunged to generational lows.

And after losing untold billions of dollars in the collapse of technology shares after 2000, many Americans saw real estate as much more of a sure thing than stocks.

Now, however, the housing market has cooled. Nationwide, the median price of a previously owned single-family house declined in August from a year earlier, the first such dip in 11 years.

A sharp drop in many foreign stock markets in the spring, and similar slides in oil and other commodity prices in recent months, have intensified doubts about the wisdom of risking cash in those areas.

"All of those other markets are beginning to lose their luster," said Robert Morris, director of stock investments at money manager Lord, Abbett & Co. in Jersey City, N.J.

The best argument in favor of the Dow stocks and other big-name issues is that they're inexpensive, said Michael Holland, head of investment firm Holland & Co. in New York.

Even though blue chip companies' earnings have risen sharply since 2002 amid the U.S. economic expansion, "people haven't been willing to pay up for the stocks," Holland said.

One classic measure of stock market value — the price-to-earnings ratio, or stock price divided by annual earnings per share — now averages about 16 for blue-chip issues, the lowest since the mid-1990s, according to Standard & Poor's in New York.

At the height of the last bull market, that ratio reached 28.

Holland, who has his clients in such Dow shares as Microsoft Corp., Johnson & Johnson, General Electric Co. and Pfizer Inc., contends that the stocks are too cheap to ignore.

"These are the world's greatest companies," he said.

But there's another key factor in the resurgence of the 110-year-old index, experts say: fear that the economy, already slowing, is headed for a recession.

Although big-name stocks probably would slide if the economy slumped, their losses might be mild compared with what could befall other investments that have risen much more dramatically in recent years. Home prices could tank. Small companies without deep pockets could be wiped out.

Fleckenstein has been warning clients that the economic expansion of the last five years "has all been done with borrowed money." He cites the explosion of federal debt and the hundreds of billions of dollars that homeowners have pulled out of their properties via mortgage refinancings and credit lines.

"When this unwinds, it will be a disaster, period," he said.

Scott Rutherford, a 49-year-old Pacific Palisades investor who has about $2 million in the market, said he had been turning back to blue chips in part because he's concerned about the economy.

The Dow stocks "represent a safe haven against possible recession, if the housing market truly implodes," he said.

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Many investors don't buy the recession talk. They believe the Federal Reserve's interest rate hikes have succeeded in slowing the economy to a pace that will keep inflation subdued. Under the "soft landing" scenario, the economy will emerge healthier and poised for another round of significant growth in 2007.

David Elias, a retired Amherst, N.Y., money manager who wrote "Dow 40,000" in 1999, concedes that he was probably too optimistic in predicting that the Dow would reach that lofty level by 2016.

Nonetheless, "I still strongly believe we will hit 40,000 in my lifetime" as blue-chip companies benefit from the spread of capitalism around the world, said Elias, 61.

"We have all of the ingredients for good, solid growth in the world over the next 10 to 15 years."

Dow Soars To Record As Oil Price Slides (FT)

By Michael Mackenzie

Financial Times, October 4, 2006

The Dow Jones Industrial Average closed at a record high on Tuesday as oil prices fell sharply, but the broader stock-market remained well below their peaks of the high-technology boom.

Having flirted with a record several times in recent days, the blue-chip stock index finally broke above the previous high set more than six years ago to close at 11,727.34. Oil prices fell below $59 a barrel, the lowest level since February, reducing worries about inflation.

While the 30-stock Dow rallied into new territory, the S&P 500, remained 12.6 per cent below its record close of 1,527, while the technology-heavy Nasdaq remained 55.6 per cent below its all time close of 5,048 reached at the peak of the internet boom in 2000.

Other indicators also indicated that the US equity markets have yet to recover from the late 1990s, when holding stock, particularly in US technology companies, was seen a superior investment choice over other major asset classes. Since 2001, bonds, commodities, real estate and various international equities have significantly outperformed the US stock market.

“It’s not just sentiment that has been poor. It’s activity,” said Tobias Levkovich, chief US equity strategist at Citigroup.

The bank said that “since the start of 2005, individual investors have poured $207.65bn into international stock funds, compared with only $46.49bn for domestic equity funds, representing 81.7 per cent of total flows.”

For the year ending August 31, “a staggering 86.8 per cent of the $118.56bn in total equity flows has headed overseas”, the bank said. During the past four months, Citigroup said, “domestic stock funds have witnessed cumulative outflows of $23.72bn, which marks the worst four-month span since October 2002.”

Mr Lekovich said breaking the Dow record “doesn’t change the underlying dynamic, but it’s psychologically good for investors.”

The Dow also set a new intra-day high of 11,758.95 on Tuesday, breaking the previous mark of 11,750.28 established on January 14, 2000, when the index set the old closing record of 11,722.98.

Still, there are nagging concerns that the economy faces a tough road in 2007, a view reflected by Treasury yields sitting well below the present Fed funds rate of 5.25 per cent.

“The stock market is neither a bull or a bear, but a turtle, carrying a weight upon its back,” said Alfred Goldman, chief market strategist at AG Edwards. “The thinking that the Fed pulls off a soft landing for the economy is not a guarantee,” he added.

Dow Jones Index Hits A New High, Retracing Losses (NYT)

By Vikas Bajaj

The New York Times, October 4, 2006

The best-known measure of the stock market, the Dow Jones industrial average of 30 major stocks, rose 0.49 percent yesterday to squeak past a closing high that was set in January 2000 amid a technology-driven market boom.

In contrast to those heady days, though, investors and market professionals are greeting the current rally with more relief than euphoria, noting that the broader stock market has yet to find its way back to previous highs.

“I am happy that it has now happened so that we can move onto something else,” said Liz Ann Sonders, chief investment strategist at Charles Schwab.

Stocks have been climbing without fanfare since late in July, bolstered by a decline in energy prices and by mounting signs that the Federal Reserve will not raise interest rates again this year.

The spark for yesterday’s gains was a 4 percent drop in oil prices that pushed the next-month futures price of crude oil below $60 a barrel for the first time since March.

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In 2000 and the years leading up to it, the rally was fueled by demand for computers and telecommunications and a belief that the Internet would transform business. The rally over the last few months has had more modest roots: signs that the economy is moderating and inflation is tame. Investors have been encouraged that falling crude oil and gasoline prices, while a sign of slowing demand, will restrain inflation and spur consumer spending. And investors have been heartened by what they hope is a gradual and orderly end of a five-year boom in home sales and construction.

Indeed, many on Wall Street argue that the housing pullback and the decline in energy prices has put the economy in a sweet spot: not growing fast enough to accelerate inflation, but not so slowly that it risks falling into recession.

"There is and will continue to be a building sense of a Goldilocks" market, said James W. Paulsen, chief investment strategist at Wells Capital Management.

Charles P. Mayer of Pioneer Investments, a mutual fund company, added that corporate profits were still growing at robust rates, further supporting stock prices.

Still, a significant number of skeptics say that this view does not fully take into account the risks that falling home prices and sales could crimp consumer spending and cause an economic slump next year. These people note that the Dow's new high is hollow, given that broader gauges of the market have still not returned to their high-water marks.

There is also the reality that the Dow is a measure by dollar value of only 30 blue-chip companies, and so is not representative of the great majority of traded stocks.

Jane L. Caron, chief economic strategy at Dwight Asset Management, a Vermont specialist in bond investing, took a measured view. "There is a lot of concern that the housing market softening will spill over to the rest of the economy," she said. "But if you look at the stock markets, they seem to think that everything is O.K."

"Somebody is wrong," she added.

The Dow industrials closed up 56.99 points yesterday, at 11,727.34, surpassing the record of 11,722.98 set on Jan. 14, 2000 — a day when stocks were buoyed by a strong profit report from Intel and by comments from Alan Greenspan, then the Federal Reserve chairman, that interest rates would rise only slightly.

Most other market measures were also higher yesterday. The broad-based Standard & Poor's 500-stock index rose 0.21 percent, and the technology-focused Nasdaq composite index rose 0.27 percent. The Russell 2000 index of smaller-capitalization companies was fractionally lower.

Unlike the Dow, the S.& P. 500 index is still about 12 percent away from its record high in March 2000. The majority of those stocks have returned to their 2000 levels, but a large minority — including technology stars like Cisco Systems, Sun Microsystems and JDS Uniphase — are trading at a fraction of their prices six years ago. The Nasdaq composite index is still down about 55 percent from its March 2000 peak.

Seen another way, the stock market has spent the last six years exorcising the effects of the technology bubble, Howard Silverblatt, Standard & Poor's senior index analyst, said. He noted that without the technology sector, the S.& P. 500 would be up 17 percent today. Though not a spectacular return for six years, it would be a far better outcome for investors than a 12 percent decline.

And by some measures, the Dow still has some way to go before it can be said to have reclaimed its previous heights. On an inflation-adjusted basis, the average would have to reach a level of 14,104.97 for it to match its January 2000 peak.

Only 10 of the 30 stocks in the Dow today are at or above their levels when the index last reached its high. Most of the highfliers from the late 1990's and early 2000, including Microsoft, I.B.M. and Intel, are a long way from the lofty levels they were trading at then. Even companies like Home Depot, Alcoa and Merck are down more than 30 percent.

"This has been a really rotten five-year period," said James K. Glassman, a fellow at the conservative-leaning American Enterprise Institute and an author of the 1999 book "Dow 36,000."

"It really has, there is no doubt about it," said Mr. Glassman, who maintains that his book was mischaracterized at the time as a forecast for the market. He argues that the fear of terrorism has held down stock prices.

Still, the Dow components that have led the charge back have done exceedingly well. The price of Altria, parent company of Philip Morris, fell to a five-year low early in 2000 because of its multibillion-dollar legal liabilities, but it has more than tripled since. The shares of Caterpillar, United Technologies and Boeing have soared because of strong global demand for their heavy industrial products. Exxon Mobil, the world's largest publicly traded oil company, is up almost 60 percent on the rise in energy prices.

The last time the Dow inched close to the record, early in May, stocks tumbled from India to New York as investors worried that the Federal Reserve, in its eagerness to curb inflation, would raise rates so much that it would push the American economy into recession and precipitate the end of an era of relatively cheap financing worldwide. The Dow industrials fell more than 8 percent and the Nasdaq composite by 11 percent at the start of the summer.

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A few months have made a lot of difference. The Fed left its benchmark short-term rate unchanged at 5.25 percent in its last two meetings, on the rationale that a slowing economy and its two-year campaign to raise rates might be enough to lower prices. Indeed, inflation has slowed and data for September is widely expected to show a further drop because of the recent fall in energy prices. Nationally, average retail gasoline prices are at $2.36 a gallon this week, compared with just over $3 at the start of August.

Declining home sales and construction activity has helped slow the economy without causing any major retrenchment, at least so far. The economy grew at a 2.6 percent annual pace in the second quarter after a 5.6 percent increase in the first three months of the year.

Bond investors remain somewhat more skeptical than stock buyers. The yields on long-term Treasury bonds, for instance, indicate that investors are assuming that the Fed will have to reverse course soon and cut interest rates to resuscitate the economy.

The yield on the benchmark 10-year Treasury note, which moves in the opposite direction from the price, has fallen to 4.61 percent, from 5.25 percent late in June. Investors demand higher yields when they are worried that inflation will eat deeper into the value of their holdings, and they push yields down when they think that interest rates are headed lower or when they are seeking shelter from tougher times.

Market historians have noted that stocks can take a long time to recover from periods of great excess. The Dow and the S.&. P., for instance, did not return to their 1929 pre-crash peaks until 1954, long after the Depression and World War II ended.

All this does not mean that investors have stood still in the last six years. Many foreign stock markets, especially those in developing countries, have outperformed American markets, as have commodities like oil, gold and copper. In the United States, the stocks of smaller companies have outrun larger ones, though that trend appears to have reversed this summer.

Data on investment fund flows show that Americans have invested more in those faster-growing areas. They have also spent increasingly more on home purchases and improvements, as evidenced by the large run-up in housing sales and prices and the sharp increases in mortgage and home equity lending.

Will the Dow's new record prompt skeptical investors to reconsider stocks, perhaps giving them a psychological boost? Momentum can help propel stock markets, but investors could also conclude that the Dow's return to its early 2000 level means that the index has merely been treading water for six years.

"You're telling me that I have gone six and a half years and gone even," Mr. Silverblatt of S.& P. said. "What about the 19 percent inflation? Well, it's better than being down, but it's not as positive as you think."

Dow Industrials Close At A Record (WSJ)

By E.S. Browning

The Wall Street Journal, October 4, 2006

When the Dow Jones Industrial Average last closed at a record, on Jan. 14, 2000, it was a time of exultation. A lot has changed since then.

After flirting with the record for days, the Dow Industrials finally topped it yesterday, pushed higher by the hope that falling oil prices will support consumers and the housing market. The average rose 56.99 points to squeak past the old record close of 11722.98 with a finish of 11727.34. Throughout the market, the mood was more skeptical than during those heady days more than six years ago.

"We're in a vastly different world and a vastly different market," said Stephen Porpora, an independent broker on the floor of the New York Stock Exchange. When the Dow registered its previous record, "we were at the tail end of a bull market and everyone was somewhat drunk on the euphoria."

At the Big Board yesterday, as the Dow moved through its old high, jacket-clad traders continued shuffling across the exchange floor checking prices and shouting their orders. When the market closed, they barely reacted. There was no applause. Some traders said they were more worried about news that was trickling out of layoffs at a couple of floor-trading firms.

There's good reason to be more cautious this time. Between the two records came one of the worst bear markets in financial history. From its 2000 high to its 2002 low, the Dow fell 37.85%. The Nasdaq Composite Index, containing many volatile technology stocks, plunged 77.93%. To push the Dow to a new high, investors have had to overcome serious doubts about inflation and the sustainability of economic growth.

"A lot of people who were bearish are throwing in the towel and turning more positive," said David Briggs, head of stock trading at Federated Investors, a Pittsburgh mutual-fund group. "A lot of people have been sitting out this dance, and before we top out, I think we are going to get them in."

In that sense, today's skepticism could prove healthier for stocks than the excitement of January 2000. Stocks are benefiting from a slow but steady flow of money from investors overcoming their fears, rather than from a rush of irrationally

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exuberant buyers, as then-Federal Reserve Chairman Alan Greenspan suggested just over three years before that bull market topped out.

The Dow almost finished at a record in May, only to succumb to the doubters. This time, it rode a surge that began in mid-July and took the blue-chip average up 9.2% in less than three months.

The gains had a simple catalyst: the Federal Reserve. Beginning in July, investors began to believe that the Fed, at its August meeting, might end its two-year campaign of interest-rate increases. Fed decision makers did stop raising rates in August, and kept the "pause" going at their September meeting, although they left the door open to increases later.

Hopes spread that the Fed's interest-rate management would foster a "Goldilocks" economy, with rates high enough to blunt inflation but not so high as to torpedo corporate profits. Many investors see that kind of balanced scenario as a formula for steady stock gains, and the optimism became so strong that the gains continued even during September, historically the year's weakest month for stocks.

Now talk is spreading that the Fed might actually start cutting short-term interest rates sometime next year, to give the economy a boost. The prospect of lower interest rates has been pushing down the yields on Treasury bonds since late June, pulling many mortgage rates down with them. The prospect of more-moderate economic growth has been pulling oil and gasoline prices down. Consumers are growing more optimistic.

As a result, the stocks leading the latest rally have been those linked to consumer spending, such as McDonald's, Microsoft, General Motors and Pfizer -- some of them rebounding from earlier slumps. Industrial stocks such as Caterpillar and Alcoa, which led until this year, have fallen back, as the pace of economic growth appears to moderate.

The market looks much different from that of January 2000, a time when some believed stocks had entered a new era in which "New Economy" stocks would rise for years. Technology stocks, which had taken on an aura of invincibility, are viewed by many today as battered objects of suspicion.

Even fanciful market forecasts have taken a haircut. In 1999, two scholars at the American Enterprise Institute startled Wall Street with a book named "Dow 36,000," a title that later drew ridicule. Shortly before this latest record, one news release touted a little-known money manager's radical forecast: Dow 16000.

Skeptics worry that the new level reached yesterday might not hold for long. Their concern is that the bull market is aging and that it could be too late now to pile into stocks.

The current upswing, which began in October 2002, has run for almost four years and is the fourth longest since 1900, according to Ned Davis Research in Venice, Fla. But it hasn't been particularly strong, a reflection of investor reservations following the excesses of the 1990s and the bust of 2000-02. The Dow's 61% gain from the closing low of 7286.27 on Oct. 9, 2002, remains below the 85% average total gain for bull markets since 1900. (Generally speaking, a bull market is a 20% rise from a bear-market low; a bear market is the opposite.)

The more volatile Nasdaq composite index has doubled since its own 2002 low, and the Standard & Poor's 500-stock index is up 72%. But because the Nasdaq fell so far during the bear market, it would have to more than double again to return to its March 2000 record of 5048.62. It finished yesterday at 2243.65.

The S&P 500, which also holds more tech stocks than does the Dow and also fell harder during the bear market, finished at 1334.11. It would have to rise 14.5% to get back to its record of 1527.46, also reached in March 2000.

The new record for the Dow Industrials means they have recaptured their losses, but it also means they have made virtually no progress in more than six years. Of the 30 stocks in the Dow average, only 10 have surpassed their levels of January 2000.

In general, the biggest losers since then are the big winners from the late 1990s. Microsoft, for all its gains this past summer, remains down 46% since Jan. 14, 2000. Intel is off 60%. General Motors -- not one of the '90s big winners -- has fallen 59%.

And taking inflation into account, the Dow still is 20% from its old record.

The biggest Dow gainers are Altria, maker of Marlboro cigarettes and Kraft cheese, up 214%; equipment-maker Caterpillar, 151% higher; industrial conglomerate United Technologies, with a 103% gain; and Boeing, up 86%.

In January 2000, the world's biggest stock as measured by stock-market value was Microsoft. Today, it is Exxon Mobil, whose stock is up 56% since then.

Another sign of the bull market's age: The Nasdaq stocks, the rabbits of the current bull market, posted some of the largest gains early on but now are slowing down. This year, despite the summer gains, the Nasdaq composite is barely in positive territory, up 1.7%. The Dow industrials are up 9.4% year-to-date, and the S&P 500, 6.9%. Other big gainers during much of the current bull market, such as energy stocks, also have begun to slip.

Some stock indexes that led the way for much of the past four years, such as those measuring small stocks and transportation stocks, hit records earlier this year, but then fell so hard they still aren't back to record territory. These are indexes

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of stocks that benefit from a strong economy. Their recent weakness reflects continuing expectations that economic growth will slow.

Typically, toward the end of a bull market, larger, safer stocks start performing better than those of smaller, less-established companies, and that is what has been happening this year.

Prudence and diversification are in again. "Having all your eggs in one basket seems like a great idea...until the basket falls," said Tim Swanson, who manages money for Cleveland's National City Corp., in a recent note to clients. "As others brag about the extraordinary returns that their concentrated bets are delivering, just remember that it takes a lot of eye-popping returns to make up for a couple of weeks where you lose two-thirds of your money." He pointed to the approximately $6 billion loss suffered by hedge fund Amaranth Advisors in natural-gas trading.

For all the doubts, the bull market has shown surprising staying power. It has blossomed in the shadow of terrorism, Middle East conflict, high energy prices and growing U.S. political discord. The latest gains have come despite jitters about the sagging housing market, an engine of economic growth for several years. Some investors seem almost inured to the risk.

But the stock market's strength may be masking the fact that many investors today are demanding higher rewards for risking money in a changed world. "The terror issue is hanging over the market," said Mr. Porpora, the stock-exchange floor broker. "We're at war and we all feel vulnerable." One measure of that: Investors today aren't willing to pay as much for a dollar of profits as they were in 2000.

Back then, the S&P 500 traded at more than 30 times its member companies' earnings for the previous 12 months -- more than double the historic price-earnings ratio of about 15. Since then, stocks haven't risen as fast as corporate profits. So today, the S&P 500 trades at a less expensive 17 times earnings.

"When the Dow hit its peak in 2000, there was a fairly wide gap between the stock price of mega-cap companies and the underlying value of the business," said Bruce Veaco, co-founder of Focused Investors LLC, a money-management firm in Beverly Hills, Calif. Today, he said, stock prices seem better related to profits. "We see a lot of opportunity in names like Wal-Mart, PepsiCo, American Express and Coca-Cola. They're all holdings of ours," he said.

The pace of stock gains has slowed since the late 1990s, a frothy time when a year wasn't considered good unless major indexes rose 20%. After surging 25% in 2003, the Dow was up 3% in 2004, and fell 0.6% last year. Increased investor caution also may help explain the unexpected strength of the bond market, which many investors view as safer than the stock market.

"The analysts have definitely got religion," and there are a lot fewer outrageous stock forecasts, added Mr. Briggs of Federated Investors. "Analysts are more conservative, investors are more conservative, and I would be willing to bet that chief executives are more conservative. The good news is that that has helped prevent us from going back into a bear market. But the bad news is that it probably has served to limit the gains."

Mr. Briggs added that in his view, "you've got to give Bush and Greenspan credit for keeping us in the game." But he noted that "a hurricane, a refinery fire or one event in the Middle East" could send oil-futures prices upward again, creating problems for consumers and possibly having a negative ripple effect on stocks.

A lot of other things have changed since 2000. Then, stocks were practically the only game in town. Many regarded investing in bonds, real estate and precious metals as a waste of time. Stocks like Cisco Systems and Qualcomm drove the average tech-oriented mutual fund to a more than 100% gain in 1999, while shares of small companies and non-tech, "Old Economy" companies languished. In recent years, for many people, U.S. stocks have ceased to be the investment of choice. They have turned things like Florida condos, gold coins, developing-country stocks and junk bonds. Worries have spread about bubbles in those areas.

And yet, similarities to the old days remain. When investors start feeling bullish, they often turn, almost reflexively, to tech companies, which they expect will provide the fastest stock gains. Just that has been happening since mid-July.

The Dow's New Top (WSJ)

The Wall Street Journal, October 4, 2006

It took nearly seven years. But the Dow Jones Industrial Average finally closed at a new record of 11727.34 yesterday, topping the previous high recorded at the peak of the dot-com bubble on January 14, 2000. Adjusted for inflation, the Dow still has some ways to go to catch that earlier peak. And the Nasdaq, loaded as it is with tech stocks, closed with a slight gain yesterday at 2243.65, well below its 5048.62 peak on March 10, 2000.

Yesterday's new Dow Jones high is nonetheless worth celebrating as a sign of America's economic resilience. At the start of every bear market, there are always voices saying we will never see the top again. But the smartest investors always turn out to be those who see new lows as a buying opportunity.

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In the current mini-bull market, stocks have been driven by a record 13 straight quarters of double-digit gains in corporate earnings. With more of the same expected this year and next, many stocks have price earnings ratios that make them good targets for "value" investors.

The stock market's strength is an especially good omen given that we are at a point in this expansion when many economists doubt its staying power. Investors seem to be betting that rising rates, the housing slump and a possible change of power in Congress won't stop the economy's growth. They may well be wrong in the short term. But the lesson of yesterday's new stock market high is that in the long term optimism always pays.

Oil Prices Slip Almost 4%, Go Below $60 A Barrel (USAT)

By Barbara Hagenbaugh

USA Today, October 4, 2006

WASHINGTON — Oil prices plunged at the fastest rate in more than a year Tuesday and fell below $60 a barrel for the first time in nearly eight months as high inventories and expectations for reduced demand weighed on prices.

A number of energy analysts, such as those at Wachovia, First Enercast Financial and BNP Paribas Commodity Futures, say prices will likely head lower in the days and weeks ahead, absent a major change in the oil landscape.

The price of a barrel of crude oil trading for future delivery fell $2.35, or 3.9%, to $58.68. That was the lowest price since mid-February and marked the steepest one-day percentage decline in prices since August 2005.

Oil prices have fallen 24% since peaking at $77.03 in July. Prices are poised to fall further, Wachovia economist Jason Schenker says.

“The market is under pressure from both the supply and demand side,” he says.

What's happening:

·Supply. U.S. oil inventories are up more than 6% from this time a year ago and are far above the historical average for this time of year, according to the Energy Department's Energy Information Administration. Such large supplies are the main reason for the oil price decline, BNP Paribas Commodity Futures senior energy analyst Thomas Bentz says.

“Right now, it looks like we're going to continue to slide,” he says.

·Demand. Demand normally declines in the fall after the end of the busy summer driving season and before the winter, when heating oil demand rises. But expectations are growing that demand will soften more than usual in the months ahead, in large part because of a broad decline in economic activity around the globe.

·Weather. Forecasts are suggesting this may be a mild winter, pointing to reduced demand for heating oil and for oil to power electricity to heat homes, says Ben Smith, president of First Enercast Financial, an energy consulting firm that focuses on weather. Such expectations are also reducing expectations for oil demand this winter.

Crude Oil's Drop Is The Largest In More Than A Year (WSJ)

By Matt Chambers

The Wall Street Journal, October 4, 2006

How much lower can crude-oil futures go?

Yesterday, crude futures closed in on their lowest price for the year as traders become more convinced there are no big OPEC production cuts in the pipeline.

The nearly 4% drop in crude on the New York Mercantile Exchange, coming after a 3% fall Monday, was the biggest percentage drop since Aug. 17, 2005.

The front-month November light, sweet crude contract fell $2.35 to $58.68 a barrel, its lowest close since Feb. 16. The front month contract is slightly more than $1 off its lowest settlement for 2006 of $57.65 a barrel on Feb. 15.

"The question being asked is what price OPEC is going to defend and I think you can make a pretty good case it's going to be a lot lower than this," said Bill O'Grady, an analyst at A.G. Edwards Inc. in St. Louis. Mr. O'Grady said the downgrading of Colorado State University's hurricane forecast and its assessment that El Nino conditions took hold quicker than expected also weighed on prices.

Traders are ignoring comments from some members of the Organization of Petroleum Exporting Countries suggesting they are cutting output to buoy prices, instead waiting for input from Saudi Arabia, the group's biggest oil exporter and its key powerbroker. Based on comments at last month's OPEC meeting, some traders had been expecting OPEC to try to defend oil prices at $60 a barrel.

Calls from OPEC President Edmund Daukoru for other group members to follow his country of Nigeria in cutting production were dismissed by traders. Iraq also weighed in to the mix of conflicting talk from the producer-group. Cutting oil output is "impractical" before the northern hemisphere winter, when demand normally rises, a senior Iraqi oil official said.

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Traders have shrugged off reports that Nigeria and Venezuela intend to cut production this month to support prices, amid OPEC denials that a deal on crimping output has been reached.

"We're going to need strong words from the Saudis," to cause supply concerns over OPEC cuts, said Aaron Kildow, a broker at Prudential Financial Inc. in New York. Mr. Kildow said funds and independent traders were the main sellers of crude. Colorado State's forecasters said developing El Nino conditions in the Pacific Ocean led them to predict there will be no more intense hurricanes for the rest of the Atlantic hurricane season.

In other commodity markets:

GOLD: Futures on the Comex division of the New York Mercantile Exchange fell, dragged lower as a drop in crude oil prices sparked profit taking. Gold prices fell near a three-week low. Most-active December gold fell $21.80 at $581.50 an ounce and nearby October fell $21.40 to $576.30.

WHEAT: Prices on the Chicago Board of Trade tumbled, pressured by profit taking as rainy weather in dry wheat regions in Argentina pressured wheat futures yesterday. Argentina has experienced droughty conditions as its wheat crop develops, but rains Monday and yesterday are expected to alleviate some of the dryness. December wheat slid 6.50 cents to $4.395 a bushel.

Stepping Up Attacks, Bush Calls Democrats 'Softer' On Terrorists (WP)

By Peter Baker

The Washington Post, October 4, 2006

STOCKTON, Calif., Oct. 3 -- President Bush ratcheted up his campaign offensive against Democrats on Tuesday with perhaps his bluntest rhetoric yet as he accused them of being "softer" on terrorists and willing to allow attacks on Americans rather than interrogate or spy on the nation's enemies.

With his party in serious trouble five weeks before Election Day, Bush shifted into full campaign mode this week, kicking off a month of frenetic barnstorming aimed at drawing disgruntled Republicans back into the fold. As part of the effort, he has escalated the intensity of his attacks with each passing day, culminating with what aides called a "very aggressive" series of speeches Tuesday.

"Time and time again, the Democrats want to have it both ways," he told donors here. "They talk tough on terror, but when the votes are counted, their softer side comes out."

He added: "If you don't think we should be listening in on the terrorist, then you ought to vote for the Democrats. If you want your government to continue listening in when al-Qaeda planners are making phone calls into the United States, then you vote Republican."

Bush's tough talk Tuesday came after he suggested at a Monday night fundraiser in Nevada that Democrats were content to sit back until terrorists strike again. "It sounds like they think the best way to protect the American people is wait until we're attacked again," he said.

The emphasis on terrorism and allegations of Democratic weakness replicate a strategy used to powerful effect in 2002 and 2004, but polls suggest the president may have a harder sell this year.

"That's not resonating anymore," California Democratic Party Chairman Art Torres said. "It's like the plaintive pleas of King Lear. People don't believe him anymore. You can cry wolf only so many times."

A poll by the Survey and Policy Research Institute at San Jose State University found that just 27 percent of Californians approve of Bush's performance, while 62 percent disapprove. Gov. Arnold Schwarzenegger (R) stayed away from his three California stops Tuesday rather than be photographed with the unpopular president.

The two House Republicans who were beneficiaries of Bush's fundraising hail from usually safe districts, but both face serious competition this year. Reps. Richard W. Pombo and John T. Doolittle both have ties to convicted lobbyist Jack Abramoff, and Democratic polling suggests both are running roughly even with Democratic challengers.

And the campaigning was interrupted by the mushrooming scandal regarding former representative Mark Foley (R-Fla.). During a tour of the George W. Bush Elementary School in Stockton, the first in the nation named after him, Bush broke a four-day silence on Foley to pronounce himself "disgusted by the revelations." But he stood by House Speaker J. Dennis Hastert (R-Ill.), who faces calls from conservatives to step down for not pursuing early warnings about Foley's contacts with former House pages. Hastert, Bush said, "cares about the children of this country."

Bush opened his three-day swing through the West in Reno, Nev., on Monday, followed by stops Tuesday in Stockton, El Dorado Hills and Los Angeles, and he will conclude Wednesday in Arizona and Colorado. He raised $2.3 million in three events Tuesday, bringing his total to nearly $185 million at 75 events in the two-year election cycle, eclipsing the record he set in 2002.

Along the way, he has sharpened his tone. While saying he does not question their patriotism, Bush paints Democrats as a "cut-and-run" party that enables terrorists.

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His indictment centers on three pieces of legislation: the USA Patriot Act expanding law enforcement powers; a measure authorizing warrantless surveillance of telephone calls and e-mail into and out of the United States when one person is suspected of ties to terrorists; and legislation creating military tribunals that restricts the rights of terror suspects and permits harsh interrogation to extract information. Noting that Democrats supported the Patriot Act in 2001 before filibustering its renewal last winter, Bush said, "They voted for it before they voted against it."

Bush's language, though, characterizes Democratic positions through his own prism. Critics of the surveillance program have not argued against listening to terrorist phone calls but say the government should get warrants from a secret intelligence court. Likewise, many critics of the tribunal measure did not oppose interrogating prisoners generally, as Bush said, but specific provisions of the bill, such as denying the right of habeas corpus or giving the president freedom to authorize what they consider torture.

"The sad truth is this White House and this Republican-controlled Congress have put our national security at risk," said Senate Minority Leader Harry M. Reid (D-Nev.). "It's time for a change. The American people expect more than tough talk from their leaders. They expect tough and smart action. Democrats are fighting to take this country in a new direction."

A couple of hundred protesters gathered outside the Stockton Memorial Civic Auditorium for the Pombo event, holding up signs such as "Lie, Deny, Occupy" and "State of Denial," and shouting, "Shame on you," at those entering the building. While Schwarzenegger stayed away, another actor showed up: Richard Kiel, the actor who played the villain Jaws in James Bond films.

Bush again remarked that it seems "like an eternity" since December elections in Iraq but predicted that "when this chapter of history will be written . . . it's going to be a comma -- the Iraqis voted, comma, and the United States of America understood that Iraq was a central front in the war on terror and helped this young democracy flourish." Democrats have complained that the comment dismisses thousands of American deaths as "a comma."

Bush Campaigning Amid GOP Woes (AP-Y)

By Nedra Pickler

AP, October 3, 2006

President Bush tried to focus voters on the fight against terror Tuesday and away from the ethics questions that are making the Republican election campaign difficult this year.

Bush ratcheted up his charges against Democrats during a fundraising tour of California, flatly accusing his political opponents of being soft on terror, but could not avoid the scandals that are dogging the GOP. He was campaigning for two incumbents who were benefactors of corrupt lobbyist Jack Abramoff and was drawn into defending the House speaker from calls for his resignation over a sex scandal on Capitol Hill.

But even if Bush can't erase his party's problems, he provided plenty of cash to fuel their cause in November's elections. His fundraising told for three events Tuesday was $2.3 million.

He told cheering Republicans at a $400,000 breakfast fundraiser for Rep. Richard Pombo that Democrats would raise their taxes and "cut and run" in Iraq.

"They talk tough on terror, but when the votes are counted, their softer side comes out," Bush said. He made the same charges later in the Sacramento suburb of El Dorado, where he raised $600,000 for Rep. John Doolittle.

Bush criticized Democrats who voted against legislation authorizing warrantless monitoring of phone calls and e-mails to detect terror plots and another bill that would allow tough interrogation of terror suspects by CIA agents.

"If they feel we are safer without this program, the Democrats in the United States Senate need to explain to the American people which of the attacks that the CIA program stopped would they have been willing to let go forward," Bush said.

Senate Democratic Leader Harry Reid of Nevada responded that Republicans have put national security at risk by bungling Iraq and ignoring warnings of the Sept. 11 attacks five years ago.

"The American people expect more than tough talk from their leaders," Reid said in a written statement e-mailed to reporters. "They expect tough and smart action."

Bush didn't mention the two Republicans' link to Abramoff in his fundraising stops. Both easily survived primary challenges this year from opponents who criticized them for their Abramoff donations, and both were expected to win in their reliably Republican districts in November.

Pombo received thousands of dollars in questionable contributions from Abramoff or his clients while supporting the lobbyist's causes. After the disclosures, Pombo gave $7,000 to charity that he had received from Abramoff. The congressman had denied taking any positions because of the money.

Doolittle used Abramoff's luxury sports box for a fundraiser without initially reporting it. Doolittle's wife and one of his former aides also worked for Abramoff.

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During a stop in Stockton's three-year-old George W. Bush Elementary School, Bush made his first comments on the revelations that Rep. Mark Foley, R-Fla., had sexually explicit Internet messages to teenage boys he met through the congressional page program. Foley resigned Friday when ABC News obtained copies, and House Speaker Dennis Hastert and other Republican leaders are facing questions about why they didn't pursue the matter earlier.

Bush said he was "dismayed and shocked to learn about Congressman Foley's unacceptable behavior." Some, including the conservative Washington Times newspaper, have called for Hastert to resign, but Bush expressed confidence in the speaker's ability to resolve the matter.

Meanwhile, the Republican National Committee said Bush would not return $2,000 that Foley's political action committee gave to the president's re-election campaign in June 2003. Some other Republicans were returning or donating money that Foley had donated to their campaigns, but RNC spokeswoman Tracey Schmitt said Bush's re-election campaign "has basically been shut down."

"That money is no longer available to return," she said.

As of June 30, the last date that the Bush-Cheney re-election campaign reported its finances, $315,000 was left. But campaign officials said that money has been committed for outstanding campaign expenses and charitable donations.

Bush's final fundraiser was scheduled for Tuesday evening at a mansion in Beverly Hills. The event, hosted by investor Elliott Broidy and his wife Robin, was expected to raise $1.3 million for the RNC and was closed to the media.

The president was to wrap up the fundraising tour Wednesday with stops in Arizona and Colorado before returning to Washington.

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The House interrogation resolution is HR 6166. The Senate bill is S 3930.

The House warrantless wiretapping bill is H.R. 5825; the Senate bill is S. 3931.

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On the Net:

http://www.whitehouse.gov

Bush Tells Supporters Dems Soft On Terror (USAT)

By John Bacon And Sarah Elkins With Wire Reports

USA Today, October 4, 2006

President Bush tried to focus voters on the fight against terrorism Tuesday as his Western campaign swing swept into California. Bush accused his political opponents of being soft on terrorism at three events in the state designed to raise $2.3 million. He told cheering Republicans at a $400,000 breakfast fundraiser in Stockton that Democrats would raise their taxes and “cut and run” in Iraq. Senate Democratic leader Harry Reid of Nevada issued an e-mailed response that despite Bush's talk about being “tough,” Republicans have put national security at risk by bungling Iraq and ignoring warnings of the 9/11 attacks five years ago.

Bush wraps up the fundraising tour today with stops in Arizona and Colorado.

Dems rip Frist for Afghanistan comment

Democrats accused Senate Majority Leader Bill Frist of waving a white flag for saying the Afghan war against Taliban guerrillas can't be won militarily and favoring bringing “people who call themselves Taliban” into the government. Frist, a potential 2008 presidential candidate, said Monday in Afghanistan that Taliban members were too numerous and popular to be defeated. “You need to bring them into a more transparent type of government,” he said. “And if that's accomplished, we'll be successful.” House Minority Leader Nancy Pelosi, D-Calif., citing Taliban links to al-Qaeda, said Frist “suggests that the best way forward in Afghanistan is to coddle the Taliban by welcoming Taliban members into a coalition government, as if 9/11 had never happened.” Frist spokeswoman Amy Call said he was referring to Afghan tribesmen targeted for recruitment by the Taliban, not Taliban fighters.

Family goes against Mass. candidate

The siblings of Massachusetts gubernatorial hopeful Christy Mihos have donated to the independent candidate's competitor, GOP Lt. Gov. Kerry Healey.

James Mihos and his wife, Linda, donated $500 to Healey's campaign, while Mihos' sister, Marlene Mihos-Bucavalas, donated $100. James Mihos said that his brother's campaign attack ads have embarrassed the family and that he hopes his donation can “mitigate Christy's despicable behavior.” The Boston Globe has reported that Christy Mihos said in the spring, “Hey, look, families stay together, move apart … everyone sort of goes their separate way.”

Bush Blasts Democrats' 'Softer Side' (WT)

DOJ_NMG_0074890

By Stephen Dinan
The Washington Times, October 4, 2006

STOCKTON, Calif. -- President Bush yesterday accused Democrats of being "softer" on terrorists and charged that they compared CIA officers with the Taliban.

"If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats," Mr. Bush said at a fundraiser here for Rep. Richard W. Pombo, part of a three-day fundraising blitz through the West in the run-up to next month's congressional elections.

In his most bruising campaign speech to date, the president called out Democratic leaders, comparing Senate Minority Leader Harry Reid's boast of having "killed the Patriot Act" to Sen. John Kerry's iconic "I actually did vote for the $87 billion before I voted against it" statement on Iraq war funding in the 2004 election.

Mr. Bush also said House Minority Leader Nancy Pelosi doesn't understand the war on terrorism because she said this year's elections shouldn't be fought on national security issues.

Last month, Mr. Bush challenged Congress to send him legislation enshrining the tools he says are needed to fight the war on terrorism, including wiretapping authority for the National Security Agency and interrogation authority for the CIA.

This week, Mr. Bush has become the official scorekeeper, tallying up those who opposed him: 160 House Democrats and 32 Senate Democrats on the interrogation bill, and 177 House Democrats on the wiretap authority.

"The Democrats want to have it both ways," Mr. Bush said. "They talk tough on terror, but when the votes are counted, their softer side comes out."

But Democrats said Mr. Bush has lost the credibility to level these charges.

"Given that this administration has misled the American people on so many issues like weapons of mass destruction, and what our intelligence agencies really said, it is pretty cheeky for the president to talk about trust," said Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Mr. Reid fired back by saying the administration is ignoring warnings about how badly the war in Iraq is going and failed to heed earlier warnings about al Qaeda in the run-up to the September 11 attacks.

"President Bush is no longer credible with the American people, no matter how many campaign speeches he gives in the next month," the Nevada Democrat said.

Mr. Bush never mentioned Mrs. Pelosi or Mr. Reid by name, but identified them and several others by position or quote: both California Sens. Barbara Boxer and Dianne Feinstein; Sen. Edward M. Kennedy, Massachusetts Democrat; and Sen. Patrick J. Leahy of Vermont, the top Democrat on the Judiciary Committee.

Mr. Bush blasted Mr. Leahy for opposing the interrogation program and said that on the Senate floor, Mr. Leahy compared CIA officers to the Taliban and deposed Iraqi strongman Saddam Hussein.

"This exposes a dangerous mind-set on the part of Democrats in Congress," Mr. Bush said. "You can't defend America if you cannot tell the difference between the CIA officers who protect their fellow citizens and brutal dictators who kill their fellow citizens."

Mr. Leahy's spokesman, David Carle, called Mr. Bush's charge a "fabrication."

During a Senate debate, Mr. Leahy was calling for habeas corpus protections and laid out a hypothetical detention without those legal protections. He then compared the hypothetical to "something that would have happened under the Taliban, something that Saddam Hussein would have ordered or something out of Kafka."

The administration has said the CIA program helped foil a number of terrorist plots, and the president yesterday said Democrats must "explain to the American people which of the attacks that the CIA program stopped would they have been willing to let go forward."

U.S. Security At Stake In Upcoming Vote, Bush Says In Stockton (LAT)

By Molly Hennessy-Fiske And Rone Tempest
The Los Angeles Times, October 4, 2006

STOCKTON — President Bush painted the midterm election as a referendum on national security at fundraising events in California on Tuesday, saying congressional Democrats failed to provide the tools he needs to fight the war on terror.

"They talk tough on terror, but when the votes are counted, their softer side comes out," he told a crowd of about 650 at Stockton Memorial Civic Auditorium, flanked by Rep. Richard W. Pombo (R-Tracy).

Bush also helped raise money for Rep. John T. Doolittle (R-Roseville) at an event near Sacramento on Tuesday afternoon on his way to a third fundraiser in Bel Air.

Pombo and Doolittle, tarnished by their ties to disgraced lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas), have been campaigning hard in their solidly Republican districts.

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Bush called Pombo, chairman of the House Resources Committee, a man who "stands on principle" and supports the programs necessary to protect the country, including legislation protecting the CIA's program for detaining and interrogating suspected terrorists and the National Security Agency's communications surveillance program.

"The stakes in this election couldn't be more clear," Bush said. "If you don't think we should be listening in on the terrorists, then you ought to vote for the Democrats. If you want your government to continue listening in when Al Qaeda planners are making phone calls into the United States, then you vote Republican."

Democratic National Committee Chairman Howard Dean issued a statement in response to Bush: "What's softer than giving up the hunt for Osama bin Laden and ignoring the 16 intelligence agencies who told him that the war in Iraq is making us less safe at home and around the world?"

Shawn and Wiley Chandler, grocery store owners from Stockton, are Pombo supporters who brought their three daughters to Tuesday's event. They said they were not upset that the congressman had accepted campaign donations from Abramoff, but they did worry about terrorism, and saw voting for Pombo as a way to protect themselves.

"I think he's on a mission, and we support what he's doing to keep hard-working families' taxes down, to help small businesses and to keep us safe," said Wiley Chandler, 42.

Peter Petroski, 58, a registered Republican from Danville, stood across the street from the auditorium Tuesday with several hundred protesters, hoisting a sign for Pombo's Democratic opponent, scientist Jerry McNerny.

Petroski said he voted for Pombo in 2004 and Bush in 2000, but found Pombo's ties to Abramoff and DeLay "embarrassing." He said he was troubled by Bush's speech, and by the NSA program, which he said violates basic civil liberties.

Both Doolittle, 55, an eight-term incumbent and Pombo, 45, now in his seventh term, waged expensive primary campaigns to fend off attacks from MoveOn.org, the Defenders of Wildlife Action Fund, the Sierra Club and other groups.

Pombo accepted campaign money from Abramoff and his clients and helped an Indian tribe Abramoff represented. The congressman later donated the Abramoff money to charity.

Doolittle also accepted campaign money from Abramoff and used the lobbyist's luxury skybox at a Washington sports arena for a fundraiser without reporting it. He has not returned the campaign money, instead defending Abramoff as a friend.

Years ago, Pombo and Doolittle also joined with DeLay, the former House majority leader who resigned amid money-laundering charges, to stop a federal investigation of a Texas businessman who donated to their campaigns.

Both McNerny and Doolittle's opponent, Charlie Brown, have been spotlighted by the Democratic Congressional Campaign Committee as among the top 15 competitive "emerging races" nationally.

Tuesday's events raised about $400,000 for Pombo, $600,000 for Doolittle and $1.2 million for the Republican National Committee.

More than 300 people paid $2,000 each to attend the Doolittle fundraiser at Serrano Country Club in El Dorado Hills.

Doolittle acknowledged Tuesday that his wife's consulting firm stood to make $90,000 for her role in organizing the event. He defended the arrangement with Julie Doolittle's political consulting company, Sierra Dominion Financial Solutions Inc., under which she makes 15% of all money the company raises for her husband.

"I hired her. She is a very good fundraiser, and she works very hard," Doolittle said.

Brown has repeatedly attacked Doolittle for his relationship with Abramoff, Julie Doolittle's fundraising commission and other purported ethical lapses.

Bush spoke for 30 minutes, focusing on national security issues. Afterward, he flew south for a reception at the Bel Air mansion of Robin Broidy, a former 20th Century Fox executive, and Elliott Broidy, chairman and CEO of Broidy Capital Management Co.

Absent from the day's events: Gov. Arnold Schwarzenegger. His staff said he agreed months ago to campaign Tuesday for a handful of ballot measures to authorize $37 billion in bonds for levees, hospitals, schools and other public works.

Expensive Ad Markets Hike Campaign Costs (USAT)

By Jill Lawrence

USA Today, October 4, 2006

WASHINGTON — Democrats will have to overcome the high cost of TV advertising to win pivotal races in their bid to control Congress.

They're trying to pick up 11 House and Senate seats held by Republicans in expensive media markets. Republicans are attempting only four takeovers in top markets, a USA TODAY analysis shows.

The contrast underscores one of the chief difficulties Democrats face in their drive to win congressional majorities: raising enough money to make it happen.

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In Philadelphia — where Democrats are going after House seats held by Republicans Jim Gerlach, Curt Weldon and Michael Fitzpatrick — a typical 30-second ad during a local newscast on a network affiliate costs about $2,100, according to the non-partisan Campaign Media Analysis Group.

In Waco, Texas, where Republican Van Taylor is trying to oust Democratic Rep. Chet Edwards, a similar ad costs about $250.

"It's like comparing Mercedeses to Hyundais," says Evan Tracey, founder of the group.

Federal reports show some Democratic challengers keeping up with incumbents, such as Lois Murphy and Joe Sestak in their races against Gerlach and Weldon. And the Democrats' Senate and House campaign committees had as much or more money as Republicans did on Aug. 31.

However, the Democratic National Committee, which has invested heavily in a long-term program to build up party infrastructure in all 50 states, has far less money than its Republican counterpart going into the final weeks before Nov. 7 elections.

High advertising costs can translate into shorter media campaigns or more reliance on outlets that reach fewer voters, such as cable.

"There are lots of these (competitive) seats in very expensive areas," GOP pollster Bill McInturff says. "It gives incumbents one more modest edge because it's so much harder for challengers to build name ID."

Thomas "Doc" Sweitzer, a Philadelphia-based Democrat who is handling Sestak's ads, says vulnerable incumbents also must spend money this year: "They may have name recognition, but they don't have the job ratings … to ignore those markets."

Democrats are trying to win GOP-held Senate seats in Pennsylvania, Virginia, Missouri and Ohio, which means running ads in the top-20 markets of Philadelphia, Washington, St. Louis and Cleveland. Democrats are also making strong plays for seven GOP House seats near Philadelphia, Houston, Tampa, Chicago and Minneapolis.

Republicans are gunning for Democratic Senate seats in New Jersey and Maryland, which means buying ads in Philadelphia, New York City, Baltimore and Washington. While they're also vying for Democratic House seats near Chicago and Cleveland, many of the Republicans' top House takeover targets are in districts with smaller cities such as Waco; Rock Hill, S.C.; Burlington, Vt.; Wheeling, W.Va.; and Des Moines.

In New Mexico, One Of The Nation's Hottest Races (CSM)

By Jeff Kass

The Christian Science Monitor, October 4, 2006

ALBUQUERQUE, N.M.

The fault line in one of the country's tightest congressional races runs between Iraq, New Mexico, and who gets to march first in the state fair parade.

Republican incumbent Heather Wilson, seeking her fifth full term, faces the state's Democratic attorney general, Patricia Madrid, in a race that polls have shown as very close.

The race is a microcosm of dueling strategies other Democrats and Republicans are using in their campaigns this fall. Ms. Madrid is trying to tie Ms. Wilson to an unpopular president, a troublesome war in Iraq, and a culture of corruption in Washington. The Wilson campaign is trying to focus on local issues, and saddle Madrid with a state corruption scandal.

One issue that has not cropped up, despite New Mexico's status as a border state, is immigration. One that has been resolved - via coin toss - was that Madrid got to march ahead of Wilson in the parade. What remains is a tight contest.

An Albuquerque Journal poll released Oct. 1. showed Wilson and Mardrid dead even with each taking 44 percent of the vote. Seven percent of registered likely voters were undecided, and 5 percent said that they wouldn't vote for either one.

"Madrid's campaign is definitely a must-win race for Democrats' battle to regain control of the House," says Ramona Oliver, spokeswoman for EMILY's List, a political action committee for pro-choice Democratic women, which has funneled $220,000 to Madrid, according to the campaign. Money flows into both campaigns

Madrid has raised approximately $1.8 million total so far, while the Democratic Congressional Campaign Committee (DCCC) has reserved $1.9 million for television ads in the district.

Wilson has raised some $2.8 million, and the National Republican Campaign Committee has spent $550,000 on the race, according to spokesman Alex Burgos.

Voter registration in New Mexico's first congressional district is 46 percent Democratic and 35 percent Republican, although both Wilson and Democratic presidential candidate John Kerry won the district in 2004. Republicans are counting on that split to continue working for Wilson.

"New Mexico One voters are very independent-minded," says Mr. Burgos. "They elect independent representatives." The incumbent

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Wilson's campaign website notes that she is "independent, honest, effective," and adds that she has "a clear independent streak."

Yet Wilson has been tied to Washington in some uncomfortable ways. Over the weekend, she said she would give $8,000 to charity that she had received from former Rep. Mark Foley, the Florida Republican who resigned Friday after news broke indicating that he had sent inappropriate e-mails to at least one male page.

And in line with other representatives, Wilson has returned other monies, such as $10,000 from former House Majority Leader and Republican Rep. Tom Delay of Texas.

An Air Force veteran who holds a PhD in international relations from Oxford University in England, Wilson sits on the Permanent Select Committee on Intelligence.

She also serves on the House's Energy and Commerce Committee. In 2004, while serving on that committee, she excoriated CBS executives after Janet Jackson's breast-baring incident at the Super Bowl halftime show. Wilson has backed legislation for increased penalties for broadcast indecency.

Her campaign manager, Enrique Knell, did not return numerous phone calls over several weeks requesting an interview with Wilson. But he did e-mail a number of news articles about corruption allegations in the New Mexico state treasurer's office.

"As you can see," Mr. Knell wrote, "corruption in Santa Fe [the state capital] and Patricia Madrid's failure to root it out is the biggest issue in this race." The challenger

Yet one of Madrid's talking points has been her tough stance as a prosecutor. Sitting in a conference room at her husband's Albuquerque law firm, she touts her office's criminal prosecutions and pursuit of corporate wrongdoing against companies such as Enron. Those are also among the reasons the DCCC says it recruited Madrid into the race.

Madrid dressed in a black pantsuit, says Wilson is attempting to divert attention from a key issue on voters' minds: the war in Iraq.

"This race is going to be a referendum on this administration's conduct of the war and its unwillingness to give us a responsible exit plan," Madrid says. "Stay the course is not a plan. Stay the course is paralysis." New Mexico's demographics

New Mexico is 43.6 percent Latino, according to the 2005 American Community Survey from the US Census Bureau.

Madrid would be the first Latina elected to the House from New Mexico if she wins.

But the otherwise hot-button issue of immigration has not surfaced in the race. One possible reason is that the state's poor economy has failed to draw large numbers of outside workers, says F. Chris Garcia, professor emeritus of political science at the University of New Mexico. The large Latino population may also mean that Latino immigrants blend in more easily, he adds.

In these parts, Historic Route 66 becomes Central Avenue as it runs through Albuquerque, and is dotted with trendy restaurants, boutique shops, and tattoo parlors. Locals weigh in on the race

Ryan and Lisabeth Harwood, both 24 and brandishing a few tattoos, were outside the Sachs Body Modifications tattoo and piercing parlor one recent afternoon. Both plan to vote in the upcoming election, but the couple has been turned off by the negative commercials on TV.

Mr. Harwood, who works in an automotive shop, said his voter registration is unaffiliated. He voted for Wilson in the last election after meeting her at an art show - she answered his questions, and appeared competent. But he also voted for Kerry in 2004 because he agreed with the candidate on abortion and birth control issues.

Ms. Harwood, a body piercer at Sachs, did not live in the district during the last election, and has a mixed views of the candidates. "It seems that Patricia Madrid has more points that I would agree with, but the whole state treasurer fiasco has me kind of doubting her, and Heather Wilson seems more conservative and a George Bush lackey, so that has me more turned off towards her."

Ms. Harwood says of her vote in November, "I have no idea which way I'll go at this point."

First District facts

· Pop. in 2005: 640,640
· Pop. in 2000: 606,400
· Nonhispanic white: 48.5 percent
· Black: 2.3 percent
· Hispanic: 42.6 percent
· Median income: $38,413
· Poverty status: 14 percent
· Military veterans: 15.2 percent
· The International Balloon Fiesta is held in Albuquerque every October
· In 1975, Bill Gates founded Microsoft in Albuquerque
· The town of Rio Rancho is home to an Intel plant, and Sprint PCS facilities

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Sources: The 2006 Almanac of American Politics and 2005 American Community Survey

Schumer Sweats His Wall Street Ties To Fill War Chest (FT)

By Stephanie Kirchgaessner

Financial Times, October 4, 2006

It is often said in Washington that the most dangerous place to stand is between Senator Chuck Schumer and a microphone. But it is an adage that does not seem to ring true these days.

In fact, for Republicans battling to hold on to their majority in the Congress, this election cycle has proved that the New York Democrat's sharp tongue and insatiable appetite for media attention are not nearly as dangerous as his lethal ties to Wall Street.

Most Democrats have set their hopes on wresting back control of the House of Representatives this November. But Mr Schumer's fundraising efforts as chairman of the Democratic Senatorial Campaign Commission (DSCC), and improving prospects in a handful of Senate races, have some Democrats believing that a narrow Senate victory is in reach.

The support of Democratic donors from New York, particularly Wall Street, has been key to Mr Schumer's success. Of the $81.3m (€64m, £43.3m) he has helped raise - $12m more than Senator Elizabeth Dole, his Republican counterpart - roughly 18 per cent has been donated by New Yorkers, making it the most lucrative donor base. That compares with 9 per cent in 2002, during the last midterm election cycle, when Washington DC held the top spot.

"We have had a lot of DSCC chairs over the years - some have been better than others. Chuck is certainly among the best: the energy and drive and leveraging of his relationships is quite extraordinary - all you have to do is look at the numbers," says Steven Rattner, a Democratic donor and principal of Quadrangle Group, the private equity firm.

It is difficult to compare current and previous election cycle fundraising statistics because of changes in campaign finance laws enacted in 2002. However, figures compiled by the Center for Responsive Politics show a significant increase in the amount individuals from some Wall Street banks have donated to the DSCC under Mr Schumer's watch. Some examples include Goldman Sachs, where individuals have donated $512,000 to the DSCC in this cycle compared with $125,832 during the last midterm election in 2002; Citibank employees have individually given eight times more to the DSCC over the past two years than they did in 2002, or about $228,701.

"I know a lot of people who are giving the maximum, or people who haven't given before. In NY, it helps that it's him - people know him and like him, and it's harder to say no when he makes an appeal," said one Wall Street donor.

Heather Podesta, a lobbyist and Democratic fundraiser, says Mr Schumer has differentiated himself by showing "tough love" to candidates, avoiding long-shots and personal favourites and narrowing in on races that Democrats believe are winnable: Virginia, Missouri, Ohio, Rhode Island, Montana and Pennsylvania.

"If we pick up four seats, Chuck Schumer is a hero. If we pick up six, he has God-like status," she says, hinting, too, at Mr Schumer's more ruthless side. "He is grateful but he pushes. He pushes donors, he pushes fundraisers, he does it only as a New Yorker can. It is matter-of-fact, it is to the point. And it gets done."

Mr Schumer's ties to the business community go beyond his home address: the veteran lawmaker sits on the banking and finance committees - a point not lost on some who analyse his fundraising prowess.

"In terms of the financial institutions, [donating to the DSCC] is a twofer [bonus]. Schumer is a noted fundraiser in his own right; if you can be responsive to a solicitation, you are really getting an extra bang for your buck," says Kenneth Gross, an attorney at Skadden Arps who advises on campaign finance issues. While supporters of the senator say he is liked by the business community because he is responsive to Wall Street, they also acknowledge he is not always on the "right" side of business.

Earlier this year Mr Schumer played a key role in orchestrating the backlash against the sale of US port terminals to Dubai Ports World. Although his campaign scored Democrats significant political points by portraying the White House as weak on national security and, some critics say, exploiting anti-Arab sentiment, business groups were aghast - and rattled - by the politicisation of the deal.

Even Democrats who disagree with Mr Schumer on the ports issue, as well as his stance on trade, however, recognise that for the New York senator, some political opportunities outweigh risks to the business community.

"Frankly, how can you argue with the politics of it?" says one Democratic donor. "If we do well in November, he deserves more than his share of credit. He is certainly pulling his weight, and more."

Dems, Lobbyists May Expand Partnership (HILL)

By Jim Snyder

The Hill, October 4, 2006

DOJ_NMG_0074895

There have been hotter tickets on K Street than the informal breakfasts sponsored by a group of centrist House Democrats.

Off and on for the past two years, the New Democrat Coalition (NDC), a "pro-growth" group that bills itself as a link between Democrats and the business community, have held regular meetings with a few friends and financial backers on K Street.

Over coffee and a modest breakfast, the handful of lobbyists who regularly attended swapped ideas with members and helped them develop a list of priorities, as they all dreamed of the day when Democrats regained control of the House so that they could actually implement the agenda.

But even if Democrats fall short of the majority this midterm, New Democrats and like-minded lobbyists say they may need to hold their meetings in a bigger room.

In a more evenly divided House, groups like the New Democrats and the Blue Dogs, a group of centrist-to-conservative Democrats, will likely hold greater sway over the legislative agenda, and therefore will be more sought after among K Streeters.

"On every issue, no matter the outcome in November, the slim majority will result in enormous influence for the NDC and other moderate blocs," said Rep. Adam Smith (D-Wash.), who directs the NDC political action committee.

Moreover, Smith added, the Democrats who take over Republican seats will most likely represent swing areas that favor centrist candidates, adding to the New Dem numbers and influence on Capitol Hill.

"The closer we get [to the majority], the more relevant the New Dems are," said Coalition Chairwoman Ellen Tauscher of California.

Lobbyists who have attended the regular meetings say that they were among the few on K Street who bothered with House Democrats, who were up against a majority that put a premium on party discipline.

"Any number of lobbyists on K Street thought the best play was the Senate because they could have a greater impact," says attendee said.

With a solid majority and firm grip on the Rules Committee, which decides which amendments can be introduced on the floor, House Republican leaders could pretty much determine the legislative agenda on their own, the lobbyist said. It was up to Democrats in the Senate, where the margin was closer, to block policies the party opposed.

But in recent months both New Dems and Blue Dogs have both done a "great job of presenting themselves as key to control the next Congress," said another Democratic lobbyist.

That success can be seen in the money both groups have raised in the run-up to the election.

The New Democrat Coalition PAC has raised nearly $500,000, distributing funds to more than 30 candidates. That number includes 21 challengers who would add to the ranks of the 43-member group if elected.

The Blue Dogs have done an even better job raising money. The group for the first time has raised over $1 million for candidates it supports.

Other caucuses, too, will be competing for the hearts and minds of party leadership. There are 64 members of the Congressional Progressive Caucus and 43 members of the Congressional Black Caucus, whose ranks include several members in line to take over key committees should Democrats win back the majority.

New Dems, with members from urban or suburban areas, and Blue Dogs, with a more rural base, are likely to be in conflict at times, too, particularly over social issues.

On those occasions Blue Dogs could be tough to beat. Lobbyists who support both groups say Blue Dogs have been more unified, focusing on budget issues, and attracted more support downtown. The group also sponsors weekly meetings with lobbyists.

But while New Dems have lost members in recent years, lobbyists said the result has been a more cohesive group that could rival the Blue Dogs in business community backing. Members are now required to regularly attend coalition meetings to demonstrate their commitment.

One thing that hasn't changed is the New Dems closeness to the high-tech community. Many of its members hail from districts with a large number of high-tech jobs.

Members are strong supporters of the "innovation agenda" developed by House Minority Leader Nancy Pelosi (D-Calif.) that seeks more money to support math and science education, permanent extension of the popular research and development tax credit, and a goal for universal broadband Internet access within the next five years.

In August, Smith, Tauscher and fellow New Dems Joseph Crowley and Carolyn McCarthy, both of New York, met executives from Sun, Oracle, Google, Yahoo!, Cisco, and several financial services groups in a series of meetings in Silicon Valley.

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That followed a retreat last spring at the Hyatt Regency Resort at Chesapeake Bay. Lobbyists who attended had to have contributed $5,000 to the PAC. Twelve New Dem members and more than 100 congressional staff members and K Street lobbyists attended the retreat.

And the breakfast meetings, once held once a month, have been “amped up,” in the words of one congressional aide, to once a week. Regularly attendees include: Dan Tate, of Capitol Solutions, Cory Alexander of Fannie Mae, Matt Tanielian of Cisco, Josh Ackil of the Information Technology Industry Council, Bruce Andrews of Quinn Gillespie, Scott Parven at Clark Consulting, and Melissa Schulman of the Bockorny Group.

Lobbyists said their clients could be expected to take an even greater interest in New Dems after the election.

“For a long time there were entire sections of the business community that haven’t looked at these groups,” Tate said. “But there is a natural fit there.”

That doesn’t mean, though, that business groups can expect to be as welcome in Democratic offices as they are in Republican ones.

“We represent swing districts,” Tauscher said. “But we are damn good Democrats.”

Senate Candidates Sound Familiar Themes In First Debate (AP)

By Kristen Wyatt

AP, October 3, 2006

BALTIMORE - In their first debate of the general campaign, Maryland's candidates for an open Senate seat repeated familiar themes in laying out a case for votes.

The Democrat, U.S. Rep. Ben Cardin, emphasized his opposition to the war in Iraq and a call for universal health insurance.

The Republican, Lt. Gov. Michael Steele, called for more investment in minority businesses and said he'd be a careful listener for voters.

The independent, Kevin Zeese, mostly lobbed criticisms at the main parties and called for immediate abandonment of the war effort in Iraq.

The debate, held at the Baltimore Urban League, was the first - and so far only - forum for all three candidates before the election Nov. 7 to replace retiring Democratic Sen. Paul Sarbanes. Most of the 200 or so people in the audience were there in support of a candidate.

Race and the war were dominant themes at the two-hour forum. Cardin, who spoke first, immediately launched into the Iraq situation, reminding voters that he voted against the war while in the House.

"We may be in fact encouraging more terror than we've solved with the war in Iraq," he said.

Steele made only oblique references to the war in his opening statements, not saying how the nation should proceed. Asked about his position later, Steele said he opposed a withdrawal plan for the troops and said the war should be fought differently, perhaps, but not ended.

"We need to make sure we finish the job," he said. "This is not the time to step back."

Zeese, whose opposition to the war is paramount to his outsider campaign, was happy to deride both Democrats and Republicans for allowing and funding the war. "The sensible thing to do," he said, "is to get out."

Race was another theme in the forum. Steele is the only African-American elected statewide, running against a white Democrat. Steele brought up race early, opening his remarks with a story about his sharecropping ancestors and working-poor mother. He said he was proud to be a Republican.

"The real Michael Steele is someone who was raised to think for himself," he said. He later said that his status as a rare black Republican "empowered me to look across party lines."

Cardin said he'd be the best candidate for black voters because, even though he is white, he would challenge Republicans and President Bush.

"The voters in the African-American community want change," he said, describing himself as the best candidate to change the nation's direction.

But Steele and Zeese laid claim to that role as well. Steele plainly told voters not to choose him if they don't want a major shake-up in Washington, and Zeese argued that no one from a major party would be the agent to change the federal government.

The debate was the only one scheduled so far in the general campaign to include all three candidates on Maryland ballots. Steele and Cardin have agreed to a televised debate on NBC's "Meet the Press" late this month, but no other debates have been set.

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Steele, Cardin Draw Distinctions (WP)

By Matthew Mosk And Ann E. Marimow

The Washington Post, October 4, 2006

BALTIMORE, Oct. 3 -- Maryland Lt. Gov. Michael S. Steele and U.S. Rep. Benjamin Cardin stripped away the niceties and exchanged sharp words Tuesday night in their first debate in the race for the U.S. Senate.

Steele, the Republican, at one point told the Baltimore congressman to "shut up and listen" to the citizens of the state. Cardin unloaded on Steele for failing to address a series of issues while campaigning -- most pointedly, the war in Iraq.

The debate offered the first chance to see the striking contrasts between the two major party candidates vying for the seat being vacated by retiring Sen. Paul S. Sarbanes (D).

The physical differences between the two, standing on stage in a Gothic 19th-century church building in downtown Baltimore, were impossible to miss -- Steele, 47, 6-foot-4 and looking polished in a designer suit; Cardin, 62, short and a bit portly in standard dark pinstripe, looking every bit the bookish legislative technician.

For Cardin, a chief goal of the debate was to turn the focus away from style and onto substance, where there are also sharp differences between the two that put him more in line with the views of Maryland's large population of Democratic voters.

"It's not about how nice we appear or how we deal with friendliness or how well we listen, because I'm a pretty good listener," Cardin said. "It's about how you are going to represent the interests of the people of Maryland."

In the first remarks of the night, before 300 people, Cardin checked off a long list of positions he has taken: opposing the Iraq war, supporting a minimum wage increase, backing embryonic stem cell research. He urged Steele to address each one, and concluded that his experience on Capitol Hill would put him in the position to "get things done."

"I have been effective when the Democrats controlled Congress and when Republicans have controlled Congress," he said. "As a result, I've changed Washington."

When Steele took his first turn to speak, he tried to turn Cardin's 20 years in Congress and 40 years in elected office against him. The man who took his first elected job in 2002 repeatedly described himself as an agent of change and his opponent as someone who has been on Capitol Hill too long.

"I do not want to go to Washington to retire," Steele said. "I want to go get something done."

The lieutenant governor, seizing the offensive, chided Cardin for not acknowledging the presence of independent candidate Kevin Zeese.

"What you just watched was the problem of Washington," Steele said, stepping out from the podium to face Cardin. "They run their mouths, but they do not listen. After 40 years of service, honorable service, he still has not learned to look around the room and shut up and listen. That was a lesson my mother taught me a long time ago."

Zeese, who has the backing of the Green, Libertarian and Populist parties, spoke next.

"I don't think we've been more off track than we are now," Zeese said of the nation. He derided the war and the efforts by special interests to control Washington. "We all know that the elephant in the room is that this country is being sold to the highest bidder."

Cardin succeeded only somewhat at his primary aim: pinning down Steele on issues that the lieutenant governor has avoided discussing: the Iraq war, health-care policy, Social Security.

The starkest differences between the candidates emerged during a question about the Iraq war. Cardin called for an immediate redeployment of troops without a specific timetable for withdrawal. Zeese called for an immediate withdrawal. Steele said that troops should stay but that the United States should "shift our tactics."

"This is not the time to step back," Steele said.

The moderator pressed Steele: "Tell me Mr. Steele, are things going badly?"

"In what respect?" Steele replied, prompting derisive laughter from the crowd. Pressed again, Steele conceded: "It's not going well, no."

The stylistic distinctions were ever-present on stage. On several occasions, Cardin slipped into using acronyms and impenetrable government-speak, while Steele fell back on his compelling personal story.

Steele presented himself as an independent voice, and he challenged Cardin's assertion that he would "change the direction of this nation" in the Senate.

"I appreciate your definition of change, but, frankly, it's an outdated definition," Steele responded. "How can you be a change agent when you vote 95 percent of the time with your party?"

Cardin disagreed, saying after the debate that his long record shows that "I call it as I see it."

Steele came armed with numbers for one of the most consistent lines of attack against Cardin: his campaign contributions from political action committees tied to large drug and energy companies.

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In commercials and in person, Steele has suggested that Cardin is beholden to special interests in Washington. In reality, both of them have raised hundreds of thousands of dollars from PACs. Steele has enlisted a group of lobbyists -- known as Team Steele -- to solicit PAC contributions for him.

Both campaigns view debates as critical in the hotly contested race, although it remains unclear how many there will be. Among Cardin's advisers, the debates are viewed as a chance to humanize a candidate who has spent the past 40 years in public life, and to turn the race into a clash of policy ideas.

For Steele, the debates are a chance to present himself as a serious alternative to Cardin, even for Democrats who might normally shy away from a former chairman of the Maryland Republican Party.

Steele, Cardin Wrangle Over Race In Debate (WT)

By S.A. Miller

The Washington Times, October 4, 2006

BALTIMORE -- Maryland's U.S. Senate candidates Lt. Gov. Michael S. Steele and Rep. Benjamin L. Cardin clashed over racial issues last night in their first debate of the campaign.

"There are too many divisions in America along racial lines and along economic lines," Mr. Cardin, a Democrat, said during the two-hour debate at the Greater Baltimore Urban League, which is based in a church that once served as a refuge for escaped slaves on the famed Underground Railroad.

"Voters in the African-American community want change, and if they vote for me, they will get change," Mr. Cardin said. "I voted against [President] Bush's budget because Bush's budget is leading America in the wrong direction, and the people in the African-American community know that."

Mr. Steele, a Republican and the first black elected to statewide office in Maryland, responded: "I appreciate your message of change, but it is an outdated message."

"My opponent, Mr. Cardin, says he wants to be a change agent," Mr. Steele told the boisterous crowd that filled the old church hall. "How can you be a change agent if you vote with your party 95 percent of the time?"

The candidates also clashed over the Iraq war, health care and education.

Mr. Cardin said his Republican opponent was allied with the president in support of the Iraq war and against raising the minimum wage and universal health care coverage.

"I've stood up to the presidents of both parties when it was in the interest of the citizens of Maryland," said Mr. Cardin, who has been running on his experience as a 10-term congressman from Baltimore and former speaker of the state House of Delegates.

Mr. Steele criticized Mr. Cardin, 62, for spending 20 years in Congress and showing little change to the quality of life in his district.

"At what point, Mr. Cardin, will you begin looking at what is going on in your own back yard?" he said.

Earlier, Mr. Steele, 47, chided Mr. Cardin for opening remarks that focused almost exclusively on the lieutenant governor's association with Mr. Bush.

"What you have just witnessed is the trouble with Washington," Mr. Steele said. "They run their mouths, but they don't listen. ... After 40 years of humble public service, he still has not learned to look around the room, shut up and listen."

The remark drew competing cheers and jeers from the crowd.

Mr. Steele said Mr. Cardin had ignored the other candidate in the debate, Kevin Zeese, 51, an anti-war activist running under the banners of the Green, Libertarian and Populist parties.

Mr. Cardin and Mr. Steele are expected to meet at least one more time before the Nov. 7 election, including an appearance Oct. 29 on NBC's "Meet the Press."

Mr. Cardin and Mr. Steele have similar stances on key issues, such as advocating an expedited exit strategy for troops in Iraq. But they confront each other from opposite ends of the political spectrum.

Mr. Cardin is a liberal who last year received a 95 percent rating from the liberal Americans for Democratic Action.

Mr. Steele is a conservative, but with an independent streak that at times could put him at odds with his party.

The starkest contrast is on abortion. Mr. Steele is pro-life; Mr. Cardin is pro-choice.

However, racial politics remain the focus of the contest.

Black voters account for much of the Democrat's 2-to-1 advantage in voter registration. Maryland has nearly 900,000 registered Republicans and about 1.7 million registered Democrats, of which an estimated 700,000 are black.

Mr. Steele's ability to forge inroads to black communities has made the race one of the most closely watched in the country and one of the most hard-fought campaigns between the national parties.

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Mr. Cardin has scrambled to connect with black voters since his narrow win in the Democratic primary over Kweisi Mfume, former president of the National Association for the Advancement of Colored People, 43.8 percent to 40.4 percent, despite outspending Mr. Mfume by about $3 million on television ads.

Mr. Mfume won by large margins in Baltimore and Prince George's County, two of the state's most populous and heavily Democratic jurisdictions that also are more than 65 percent black.

Mr. Cardin last week wooed black voters at a campaign rally in Prince George's County with Mr. Mfume and Sen. Barack Obama, Illinois Democrat and the country's only black senator.

However, the rally was tempered by Mr. Mfume's public criticism that the state Democratic Party still lacks black candidates at the top of the ticket.

"The Democratic ticket of four nominees for statewide office ... still looks like the Democratic ticket for state office in 1956," he said.

The sting of racism keeps infecting the campaign.

Mr. Steele has criticized Mr. Cardin for stirring anti-Republican sentiment in black communities by repeatedly invoking Mr. Bush and the Hurricane Katrina disaster, which for some has come to symbolize the Bush administration's supposed neglect of poor black people.

The references to Katrina and Mr. Bush follow the Democratic National Committee's strategy of convincing voters that Mr. Steele is a "typical Republican" as opposed to a black candidate.

Mr. Cardin, who last year pledged not to use racial attacks against Mr. Steele, said he is not race-baiting by talking about the government's response to the hurricane because it is an issue in the Senate race.

"It is about the failure of government to protect its most vulnerable citizens," he said.

Mr. Zeese railed against the Democrats and Republicans, saying they are "status quo parties" that are beholden to corporate special interests. He advocated free college tuition, an end to the United States' global military presence and development of clean energy technologies.

"We've got to say no more corporate control," Mr. Zeese said. "We need a government of the people. That's what I'm running for."

The forum was Maryland's first debate for statewide office to include a third-party candidate.

Sen. Clinton Supports Webb In Va. Campaign (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 4, 2006

Sen. Hillary Rodham Clinton endorsed Democratic Senate candidate James Webb yesterday as he and Republican Sen. George Allen intensified their efforts to woo female voters in the Virginia campaign's closing month.

The high profile appearance by Clinton (D-N.Y.) at a fundraising lunch in Old Town Alexandria provided a needed boost to Webb, whom Allen has criticized for his past attitude toward women in the military.

While the former first lady was announcing her support for Webb, Allen was attending a similar function in Fredericksburg held by his wife, Susan, and Cecelia Howell, the wife of House of Delegates Speaker William J. Howell (R-Stafford).

The Senate candidates' views toward women have become a central character issue of the campaign. Allen, who has had problems with questions about his racial sensitivity, has sought to shift attention to Webb's opposition 27 years ago to women in combat.

Allen is running an expensive statewide television advertising campaign featuring three female graduates of the U.S. Naval Academy complaining about remarks Webb wrote in a 1979 magazine article, "Women Can't Fight." Webb, a former Marine and secretary of the Navy, began airing an ad yesterday with a female academy graduate rebutting the allegations.

Echoing the theme of Webb's ad, Clinton told reporters: "I've watched and analyzed what Jim Webb has done when he was in the Pentagon, opening up positions -- thousands of them -- to women when previously they had not been available. We have women serving with valor and distinction because the battlefield has changed."

A day after paying for a two-minute TV commercial calling for the campaign to focus on political issues instead of character issues, Allen said at the Fredericksburg luncheon that his Webb commercials are about "respect for women." His campaign vowed to continue attacking what they say is the Democrat's biggest vulnerability.

"That article from 1979 gives an insight into the core of James Webb that is not going to go away and is going to cut deeply," Allen campaign manager Dick Wadhams said. He said the Democrats have "gone into a defensive posture, trying to blunt the criticism about Webb's disrespect of women."

Webb has said he was not wrong for participating in a national debate in the late 1970s about whether women should serve in the military. He has said he is "fully comfortable with the roles of women in the military today."

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The most recent polls show the Allen-Webb race tied. Advisers for both camps said the winner Nov. 7 could be the candidate with an advantage among women, who account for 3.7 million, or slightly more than half, of Virginia's population.

Female voters helped Timothy M. Kaine (D) beat former attorney general Jerry W. Kilgore (R) last year in the governor's race after Kaine offered messages about preschool, traffic and faith that were tailored specifically for church-going women in the suburbs.

Nationally, both parties have spent millions courting "soccer moms" and "security moms," mothers worried about terrorism and security issues.

"It's the same group. It's moderate to conservative women who are perhaps not so consumed with the political process because they have lives to live," said Democratic pollster Pete Brodnitz, who worked for Kaine last year and is now on Webb's team. "They are making their decision a bit later. There's a lot of effort expended on both sides to talk to women."

Allen aides said they will continue to seek advantage among that group by hammering Webb for his past views, which included highly-charged language to describe women at the Naval Academy. Wadhams said they will also continue to showcase Allen's wife, who was a popular first lady when Allen was governor.

"We have a very strong opportunity to appeal to women voters, and I think that's a significant part of the debate," Wadhams said.

Webb campaign manager Steve Jarding dismissed Allen's appeal to women, noting that the senator opposes abortion rights and embryonic stem cell research -- two issues that Jarding said put Allen at odds with most women in Virginia.

"This is not a champion of women's issues," Jarding said of the senator. "The Allen campaign knows that." One of the Naval Academy graduates who initially joined Allen in criticizing Webb has now accepted his apology and endorsed the Democrat.

Clinton, who raised about $75,000 for Webb, praised him as a decisive leader who would stand up to the Bush administration. She said it was important to "replace subservient Republicans who are unwilling to ask the hard questions with Democrats like Jim Webb, who will."

Webb once called President Bill Clinton's administration the most "corrupt" in history. He has said his animosity was fueled by Clinton's attempts to get out of serving in Vietnam, where Webb was wounded and received several medals and commendations.

As for his support of women, Webb said yesterday that "probably the most important thing I can say about that entire issue is that there's a term in law, res ipsa loquitur , the thing speaks for itself"; he then introduced his top campaign staff members, five of whom are women.

Allen spoke yesterday to about 50 women in Howell's backyard in Fredericksburg. Several of the women there wore buttons proclaiming "Vote for Susan Allen's Husband."

The senator said he has been a leader in efforts to get more women interested in pursuing careers in math and science. Allen also talked about keeping taxes low and winning the war in Iraq.

When Susan Allen was asked whether she agreed with her husband's opposition to abortion rights, she said: "Labels are not necessarily a good thing. I believe George's record looking at that particular issue is excellent. He's represented Virginia values."

Hillary Headlines Webb Event (WT)

By Seth McLaughlin

The Washington Times, October 4, 2006

Sen. Hillary Rodham Clinton endorsed Democrat James H. Webb Jr. in the U.S. Senate race in Virginia at a fundraiser yesterday, while incumbent Sen. George Allen tried to refocus his stumbling campaign on his political accomplishments.

The former first lady also downplayed a television advertisement paid for by Mr. Allen that hammers Mr. Webb for the view he held about a woman's role in combat 27 years ago.

Mrs. Clinton, who headlined the "Women for Webb" luncheon in Alexandria, said Congress needs someone with Mr. Webb's military expertise and demonstrated leadership who can stand up to President Bush and the Republican majority.

"We need to elect Democrats," Mrs. Clinton, New York Democrat, said. "We're never going to have the right kind of debate about what needs to be done in Iraq or Afghanistan until we have some leverage in the Congress and frankly replace some of the subservient Republicans who are unwilling to ask the hard questions, and Democrats like Jim Webb will."

Mr. Allen has backed Mr. Bush 96 percent of the time, making the senator the third biggest supporter of the president in the U.S. Senate.

When asked about Mr. Webb's 1979 "Women Can't Fight" article that questioned whether women were fit for military combat and apparently led to women facing harassment at the Naval Academy, Mrs. Clinton said, "Times have changed."

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"That was about 30 years ago, and I've watched and analyzed what Jim Webb has done when he was in the Pentagon -- opening up positions, thousands of them to women where previously they had not been available," Mrs. Clinton said.

Mr. Webb has apologized for the "tone" of the article and stressed that as secretary of the Navy under President Reagan he opened more military billets to women than any secretary in history had.

Meanwhile, Mr. Allen kicked off an "Issues, Ideas, Proven Record Tour" in Fredericksburg, Va., yesterday, as he tries to refocus his campaign on his record as state legislator, congressman, governor and U.S. Senator.

Mrs. Clinton's appearance at Mr. Webb's fundraiser came the morning after Mr. Allen aired a rare two-minute statewide TV address Monday evening to turn around a floundering campaign. Mr. Allen's campaign spent $50,000 on the ad.

Mr. Allen's campaign has been bogged down in character questions concerning his "macaca" remark, his reaction to a reporter's question about his Jewish heritage and accusations that he often used the "n-word" in the 1970s. Mr. Allen referred to a Webb aide as a macaca -- considered a racial slur in some cultures -- while campaigning in August.

"The negative personal attacks and baseless allegations have also pulled us away from what you expect and deserve," Mr. Allen told viewers in the ad.

The prerecorded address ran a few minutes after one of Mr. Allen's spots attacking Mr. Webb for his positions in the "Women Can't Fight" article had aired.

Mr. Webb's campaign yesterday responded to Mr. Allen's negative attacks with a 30-second TV ad featuring retired military women praising Mr. Webb's record as Navy secretary.

"He created more operational positions for women than anybody in the history of the Navy," retired Coast Guard Petty Officer 1st Class Nancy McPherson says in the ad.

"It's easy to just take shots at people, it's harder to actually change things, and that's what I did as Navy secretary," Mr. Webb says in the ad.

The new spot comes toward the end of a three-month period in which Mr. Webb has benefited from Mr. Allen's missteps and raised an estimated $3 million.

Kristian Denny Todd, a spokeswoman for Mr. Webb, said the campaign will use the money to air additional TV ads that will highlight differences between the candidates.

Allen Adlifts Hopes Of Backers (WT)

By Christina Bellantoni

The Washington Times, October 4, 2006

Virginia conservatives, frustrated with Sen. George Allen's re-election campaign, were hopeful yesterday that the Republican's address televised statewide Monday evening will reverse his slip in the polls.

The senator now is almost tied with or slightly favored over his Democratic challenger, James H. Webb Jr. Supporters say Mr. Allen needs to refocus on the issues if he wants to win re-election.

That was what Mr. Allen promised in the rare two-minute ad, saying that until the Nov. 7 election he will talk about his record, both as a senator and as governor in the 1990s.

"Good enough, but hardly enough to change the course of the race," wrote Norman Leahy, an Allen supporter who runs the One Man's Trash blog. "Will this spot change any votes? No."

The taped spot, which ran on five stations just before 8 p.m., was a smart move but might not be enough, said state Sen. Jay O'Brien, Fairfax County Republican.

"It was the right thing to do to say, 'Let's get off this other junk and talk about the issues,'" he said.

Mr. O'Brien said he was shocked at Mr. Allen's defensive stance to accusations that he used racial slurs as a college football player and to the fallout from the widely televised moment when he called an Indian-American Webb volunteer "macaca." The word is considered an ethnic slur in some cultures.

David B. Botkins, a former press aide to Mr. Allen, said the ad charts a positive course.

"It changes the calculus" and re-energizes Mr. Allen's conservative base, he said.

Delegate David B. Albo, Fairfax County Republican, said energetic conservatives will be key for Mr. Allen on Election Day.

"All we need to win the Senate seat for George Allen is to have the Republicans in Northern Virginia show up," he said. "If they stay home, we have problems."

Some Republicans put Mr. Allen at fault for steering the campaign off course, particularly with the "macaca" remark.

Mr. Allen acknowledged in the ad: "Some of this I've brought on myself."

"This whole campaign has degenerated into macaca and all the other racial allegations, and no one knows that he's probably going to go down in history as one of the best governors of Virginia, putting him on the same level as Patrick Henry and Thomas Jefferson," Mr. Albo said.

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One Republican expressed regret last week that Jay Timmons, a longtime Allen adviser, was not on board.

"He was a control freak, but there was control," the Republican said.

Mr. Timmons left to join the private sector in 2004, but Hotline on Call reported Monday that he has returned to Mr. Allen's staff as a senior adviser.

The Allen campaign said the Monday night ad cost $50,000. The senator is following up with a statewide tour with the theme "Issues, Ideas, Proven Record."

Shaun Kenney, a conservative Republican who ran unsuccessfully for a Spotsylvania seat in the House of Delegates last year, called the ad a "huge" step forward for Mr. Allen.

"Take note, Webb supporters. When the opposition is getting dogpiled by the press, go positive," he said.

Critics said Mr. Allen's wife, Susan, seemed "awkward" and "plastic" standing next to her husband in the ad.

Others praised the placement of a photograph of Mr. Allen's late father, George H. Allen, near a helmet of the Washington Redskins, the team he coached.

Understanding George Allen's Best Black Friend (WP)

By Courtland Milloy

The Washington Post, October 4, 2006

Benjamin J. Lambert III, who serves in the Virginia Senate, hears the question all the time: Why would such an influential black Democrat come to the rescue of George Allen, a white Republican U.S. senator who was being tarred and feathered by his own racist past?

Allen's once seemingly sure-shot bid for reelection remains in jeopardy because of accusations that he used a racial slur and the fact that he had an affinity for racist symbols such as nooses and the Confederate flag. But the political hemorrhaging has eased somewhat since Allen found a powerful new best black friend to help burnish his image.

"I look at it from the point of view that people are capable of change, of learning from their mistakes," said Lambert, a 28-year veteran of Virginia electoral politics and former campaign manager for L. Douglas Wilder (D) during his run to become the first African American governor since Reconstruction. "George has apologized. He said he understands the plight of African Americans and their sensitivities regarding the Confederate flag. He said he was going to do much better. I say, 'Let's give him a chance.' "

It is no coincidence that Lambert's endorsement came after a pledge by Allen to secure nearly a half-billion dollars in federal funding for financially troubled historically black colleges. Moreover, at Lambert's urging, Allen, along with Sen. John W. Warner (R-Va.), announced their sponsorship Monday of a bill that would honor the late U.S. District Judges Spottswood W. Robinson III, who was black, and Robert R. Merhige Jr., who was white, by having a new federal courts building in Richmond named after them "for their historic roles in the nation's civil rights struggle."

No small order in the capital of the Confederacy.

Asked if Allen's financial commitments had influenced his decision to endorse, Lambert demurred: "Let's just say I have a strategy."

But not everybody is convinced that a half-billion dollars is adequate reparation for Allen's alleged insults, which some see as evidence that the racist underpinnings of Virginia's virulent history of slavery live on.

One blog, Skeptical Brotha, offered a reaction to Lambert's endorsement that is no doubt shared by many African Americans: "George Allen's confederate bandwagon of confused colored folks has grown by another this week," the blogger wrote last month.

Other blacks who support Allen include William R. Harvey, president of historically black Hampton University, and Charley Taylor and Roy Jefferson, both retired professional football players who were coached by Allen's late father on the Washington Redskins. "For these manifestly fraudulent endorsements, these contemptable black sycophants have earned themselves Skeptical Brotha's '2006 House Negroes of the Year Award,' " the blogger wrote.

But Lambert is undaunted. To hear him tell it, there is always more to racial politics in Virginia than meets the eye. Sometimes a whole lot more -- as in, say, the legendary affair between Thomas Jefferson and Sally Hemings.

"I was born in 1937 and went to segregated schools in Henrico County," Lambert told me. "But I had white friends. Somehow, we all got along. I found that people could be different up close than they appeared to be from afar."

To Lambert, Allen looks better up close. He is more than someone who referred to a person of color as "macaca," which is a genus of monkey. "I'm not going to hold a person's words against them, especially after they stand up and apologize," Lambert said. "I'm most interested in education for African Americans, making sure historically black colleges stay in existence, and I'm going to work with anyone who can help keep them alive. George and I share that goal."

As for people who call him a sellout, Lambert said, "What have they done to keep a school open?"

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And yet, the appearance of Allen buying his way out of a racially explosive predicament discounts the black struggle against racism -- which continues despite the insistence of some whites that race no longer matters. During a speech in February about the need for a U.S. Slavery Museum, former governor Wilder, now mayor of Richmond, noted that slavery and racism were not ancient history. "The legacy of slavery is as much a part of our present and, if left alone, will tragically remain a part of our future."

Wilder has publicly expressed bewilderment at his former campaign manager's decision to support Allen. But in private talks with Lambert, Wilder does not come off as confused at all. "He asked me to talk to George about getting money for the slave museum," Lambert recalled.

Race relations are not always what they seem. And in a state fraught with racial contradictions, macaca may turn out to be a gift to African Americans that keeps on giving. At least if Lambert has his way.

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 4, 2006

A real achievement

"The 109th Congress limped out of town at a particularly ugly moment. But it had some achievements worth noting. Well, one achievement, anyway," syndicated columnist James P. Pinkerton writes.

"It might be the case that this November the scandal surrounding former Rep. Mark Foley ... will be foremost in the voters' minds. If that's the situation, Republicans will have a bad Election Day, exactly five weeks from now," Mr. Pinkerton said yesterday.

"And if so, then the biggest accomplishment of this Congress, the authorization for construction of a wall across much of the U.S.-Mexican border, is likely to be downplayed by the media. Yet, fortunately, the wall-building issue is firmly planted in voters' minds, not only for this election, but for the future. And while the partisans on both sides of the debate are fired up by the wall-troversy, it's obvious that immigration hawks far outnumber immigration doves."

Cash infusion

Democrat Ned Lamont, seeking to erase Connecticut Sen. Joe Lieberman's double-digit lead, is turning to his campaign's biggest financial backer for another infusion of cash: himself.

The multimillionaire businessman, who trailed by 10 percent in a recent poll, wrote a $500,000 check to his campaign this week, an aide said yesterday. Just last week, Mr. Lamont had tapped his personal wealth for $750,000 to help fund the race. He has spent $6,751,500 of his own money to unseat the 18-year incumbent.

The Lamont camp said it needs the money to blunt Mr. Lieberman's aggressive television ad campaign. Both sides are spending heavily on commercials. Mr. Lieberman has run ads recently suggesting that political newcomer Mr. Lamont lacks the experience to be an effective senator.

"Ned is not going to let Senator Lieberman's negative allegations go unanswered," said Lamont spokeswoman Liz Dupont-Diehl. "We've said all along we're not going to take this lying down."

The Lieberman campaign scoffed at Mr. Lamont's move to bolster his campaign, the Associated Press reports.

"We fully expect Ned Lamont to keep drawing on millions of his own money to continue funding his negative campaign," said Lieberman spokeswoman Tammy Sun.

Meanwhile, in another good sign for the Lieberman campaign, the Hill newspaper reports that Mr. Lieberman says the chamber's Democratic leadership has assured him he would keep his seniority if he returns to Congress as an independent.

But Jim Manley, spokesman for Senate Minority Leader Harry Reid of Nevada, said his boss "won't make any decisions until after the elections in November."

A taxing agenda

"Democrats are campaigning on 'a new direction for America,' but they've been deliberately abstemious with any details of what that means," the Wall Street Journal says in an editorial.

"New York Sen. Chuck Schumer told the Journal last week that silence is their strategy because laying out an agenda 'gives Republicans a target.' So much for the courage of one's convictions," the newspaper said.

"Apparently, however, Mr. Schumer hasn't connected with Charlie Rangel, the 36-year House veteran from New York City who will chair the Ways and Means Committee if Democrats win a majority. Mr. Rangel has been happy to explain his own agenda on taxes and the war in Iraq.

"In a recent interview with Bloomberg News, Mr. Rangel was asked specifically if any of the Bush first-term tax cuts were worth preserving, and he answered that he 'cannot think of one.' Then last week, Mr. Rangel was asked by Congress Daily

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whether he'd consider tax increases across the income spectrum. 'No question about it,' he said. 'Everything has to be on the table.'

"'Everything' would mean repealing the 10 percent low-income bracket, the child tax credit and marriage-penalty relief, all of which passed in 2001 and expire in 2010. According to the Treasury Department, repealing those provisions would raise taxes on the average middle-income family by about $2,000 a year. Most Democrats say they only want to raise taxes on the rich, so give the would-be chairman points for honesty."

Back in the race

Rep. John P. Murtha is back in the race for House majority leader, should the Democrats come out on top in November, Roll Call reports.

"We're back campaigning again," Mr. Murtha said Friday in an interview taped for C-SPAN's "Newsmakers."

The Pennsylvania lawmaker had suspended his bid in June just days after announcing his intentions, faced with criticism from fellow Democrats who feared a divisive leadership campaign could distract the party heading into the November elections.

Name game

A divided Ohio Supreme Court yesterday threw out a lawsuit attempting to force the release of the names of donors backing a group that ran ads critical of the Democratic candidate for governor.

Democrats want to know who donated $1.5 million that a group called Common Sense Ohio gave to Common Sense 2006, which used the money for ads criticizing Democratic Rep. Ted Strickland. The two groups say the contributors' identities are protected by their nonprofit status.

The court ruled 4-3 that it didn't have jurisdiction to rule on the lawsuit, filed by the Ohio Democratic Party on behalf of Mr. Strickland. The court said state law gives that authority solely to the Ohio Elections Commission.

10-point lead

Washington Sen. Maria Cantwell, a Democrat, has a 10-point lead over Republican challenger Mike McGavick five weeks before the election, according to a new McClatchy-MSNBC poll.

Miss Cantwell was at 50 percent, and Mr. McGavick, a former insurance company executive, at 40 percent, with 9 percent undecided. Nearly half of those polled had a favorable opinion of Miss Cantwell. She is seeking a second term six years after she was elected by 2,229 votes in what was then one of the closest races in state history.

Mr. McGavick's approval rating stood at 30 percent, but even after months of nonstop campaigning, 45 percent of those surveyed had no opinion about him or didn't recognize him.

Back in Ohio

Returning to the state that dashed his presidential hopes in 2004, Sen. John Kerry urged college students: "Take back Ohio; take back our country."

"All of the things that make a difference in the real quality of life are going in the wrong direction," the Massachusetts Democrat told about 300 supporters in the rally at Ohio State University.

Mr. Kerry, who conceded the 2004 election after he lost Ohio's 20 electoral votes, defended the Democrats against charges that they have no ideas, citing plans by Democrats for health care, education, jobs, trade and global warming, the Associated Press reports.

Democrats' Jersey Barrier (WP)

By Ruth Marcus

The Washington Post, October 4, 2006

JERSEY CITY -- It's 1 in the morning, and Bob Menendez, a red bindi dot on his forehead, is at his third Navratri festival of the night. "Namaste," says the Democratic senator, pressing his palms together and looking out over a street thronged with Indian Americans who've taken a break from the exuberant dancing at the traditional Hindu festival.

On this day, Menendez's pitch to keep his Senate seat has taken him on a marathon spin through the ethnic kaleidoscope of New Jersey politics. He dropped by the city's Irish Festival, a backyard barbecue with the Latino community, a meeting with African American leaders and a Korean celebration -- before boarding a bus full of Indian American supporters for this late-night blitz.

"I always drive myself hard," he says, but this fall the 52-year-old Menendez has especially good reason to push. In a year when Democrats across the country are doing better than expected, his race could be a glaring counterexample -- and a potentially costly one, given Democrats' outside chance of retaking the Senate.

Gov. Jon S. Corzine tapped Menendez, then the House's third-ranking Democrat, to fill his unexpired Senate term. Winning election on his own should have been the easy part -- this reliably blue state hasn't elected a Republican senator for 34 years, and President Bush's popularity is low. But Menendez now finds himself in a too-close-to-call race against Republican Tom Kean

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Jr., the 38-year-old son of the popular former governor. The scion of a patrician family, Kean is waging a decidedly ungentlemanly campaign against Menendez, the son of poor Cuban immigrants.

The race, in broad strokes, comes down to Bush fatigue vs. corruption fatigue. Menendez is doing his best to lash Kean to the president and his policies. Kean hardly mentions Bush or his party, though he's been happy to accept fundraising help from Laura Bush and Karl Rove. Instead, much as Menendez seeks to link Kean to Bush, Kean paints Menendez as "an individual who personifies the system that has hurt New Jersey for so long."

In hammering on corruption, Kean may have lucked out -- in his timing and opponent. Even in a state where tales of corrupt officials are as common as turnpike traffic, this has been a busy season. One powerful Democratic state senator was implicated in arranging a no-show state job for himself. The former state Senate president pleaded guilty to taking bribes. The attorney general, a Menendez protege, had to quit after intervening in a traffic stop of her boyfriend. Former governor Jim McGreevey, who resigned after admitting he put his gay lover on the state payroll, has just published a book.

And Menendez, who got his start in the notoriously corrupt politics of North Jersey's Hudson County, has offered Kean ample ammunition. Some of the attacks on him have been decidedly below the belt, others overstated even by the loose rules of political license, but some involve the kind of back-scratching coziness that looks even worse in the unforgiving light of a 30-second attack ad.

Kean accused Menendez of being "part of a massive kickback scheme" in Union City 25 years ago, citing his 12 appearances before a federal grand jury that culminated in the racketeering conviction of Menendez's political mentor, Mayor William V. Musto. In fact, four former federal prosecutors in the case contradicted Kean's assessment. "[I]t was certainly an act of courage for him to testify against the entire city government," one told the New York Times.

Similarly, Kean assails Menendez for "putting $350,000 of federal taxpayer money in his own pocket" -- accusations that arise from Menendez renting a house he owned to a nonprofit agency he helped to get federal funds, even as agency employees donated to his campaigns. Reports from the time indicate that the rental was at market rates; Menendez says the ethics panel approved the arrangement. Still, federal prosecutors have subpoenaed records, and Menendez himself says he wouldn't do it again.

Adding to Menendez's woes, last week he had to sever ties with his childhood friend and closest political adviser, Donald Scarinci, after a tape surfaced in which Scarinci urges a Hudson County contractor to make a particular hire. "That would be a favor to the congressman," Scarinci says, adding that "it makes sense for you because it gives you protection."

Kean tries to bring home the corruption issue, linking it, not entirely convincingly, to the state's "unaffordability," especially high property taxes -- never mind that local taxes aren't something a U.S. senator can do much about. "That type of personal profiting from public office is what raises people's taxes and makes this state more unaffordable," he says.

Politically, Kean is no Lincoln Chafee moderate -- or even a Tom Kean Sr. moderate. He is pro-choice and supports federally funded embryonic stem cell research, but he backs the Bush tax cuts, would have voted for his Supreme Court nominees and the war in Iraq, and denounces Bush's immigration plan as unacceptable "amnesty."

Menendez, for his part, seems offended by having to run against the unseasoned Kean in what he describes as "probably the most vile campaign I have ever participated in."

Dismissing the closeness of the polls, he says, "New Jersey is a late-deciding state." The open question is what, 34 days from now, its voters will decide they're most fed up with.

Steve Poizner For Insurance Commissioner (LAT)

The Los Angeles Times, October 4, 2006

CALIFORNIA HAS ONLY HAD TWO elected insurance commissioners. First there was Democrat John Garamendi, who was seen as a champion of consumers, and then Republican Chuck Quackenbush, who resigned in disgrace amid allegations he allowed insurance companies to underpay their 1994 Northridge earthquake claims. Prosecutors never filed charges, but after two appointees filled out the term, voters returned Garamendi to the job in 2003.

Now Garamendi is leaving again, and the fight is renewed between consumer advocates — who say the industry is out to cheat customers — and insurance companies, which say regulators don't understand the market. Garamendi is backing Democratic Lt. Gov. Cruz Bustamante over Republican tycoon Steve Poizner. The twist is that the best choice for consumers, hands down, is Poizner.

The Silicon Valley entrepreneur has solid market credentials, having built a billion-dollar company from a global positioning device that locates cellphone users for emergency operators. He has made reducing insurance fraud a priority, which would protect the industry but also would allow companies to offer lower prices to consumers. He acknowledges that "insurance companies want to own this position" — and he vows not to let them. He has said he'll defend Garamendi's auto insurance rate regulations, which put a person's driving record ahead of where the driver lives. He vows to defend Proposition 103.

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He's credible, and his history shows he's a man of integrity. He thinks before he acts, a trait exemplified by his careful study of a liberal Democratic Bay Area Assembly district that he almost won, and his equally studious approach to and backing for Gov. Arnold Schwarzenegger's redistricting reform, a measure that, while unsuccessful, was worthy. The insurance commissioner's job, he notes, "requires analytical horsepower." Poizner has it.

Bustamante, as a legislator, often backed bills that insurance companies sought to help them avoid complying with Proposition 103. For example, he advocated the repeal of the initiative's good-driver discount. When he ran for governor in the campaign to recall Gray Davis, he misused donations from Indian tribes and was heavily fined. As a candidate for insurance commissioner, he accepted insurer contributions, then returned them when it became a campaign issue. It was not a proud day for Democrats when it became clear that he would be their nominee. His election would be a step backward for consumers.

Poizner is no Garamendi; with his market orientation, Poizner is open to permitting lower-premium health policies and other types of coverage with very high deductibles, along with other moves that may not prove popular with consumers. But he is dedicated to making sure insurers are competitive and, where the market falls short, he will be an effective consumer watchdog.

The Real Market For Fuel Efficiency (WSJ)

By Holman W. Jenkins Jr.

The Wall Street Journal, October 4, 2006

Detroit is talking up small cars again, but Americans haven't gotten any smaller since the 1970s.

You've heard the statistics: Nearly two-thirds of adults are overweight, and 31% are obese. In the late 1990s, the so-called Civilian American and European Surface Anthropometry Resource began cataloging body shapes and sizes, and auto makers discovered that a substantial chunk of the car-buying public couldn't fit its tummies behind the wheel while still reaching the pedals. They also found that demand for pickups and SUVs was partly related to taller cabs -- no bending over and scrunching down was required to get aboard. Some child safety seats now are designed to accommodate a 100-pound toddler.

To wit, growing vehicle size over the past two decades is a function of more than just the price of gasoline. Add the fact that commutes have been getting longer as Americans choose to live farther from town. They spend more time in their cars. And their cars also must hold more stuff: DVD players, airbags, and if Washington has it way, mandatory stability control by 2012.

The thing to notice about fuel economy is that it steadily improved relative to the growing weight of the average vehicle. People want fuel-efficient cars so they can afford to drive bigger cars and drive them more miles.

Therein lies the beginning of wisdom in understanding the market for fuel economy, which has recently thwacked Detroit across the nose with the near collapse of SUV and truck sales amid higher gas prices the past two years.

It should be delicately pointed out that Detroit as an industry has long put up with unusually close public and political attention and has developed PR habits that amount to a comprehensive smokescreen around its decision making and internal motives. Re-enacting this history amid the latest challenge is GM Vice Chairman Bob Lutz, a licensed "car guy," who was put forward to introduce a new fuel-cell prototype vehicle developed by GM. He also sang GM's praises for rolling out millions of cars that can run on E85, a gasoline-substitute consisting of 85% ethanol.

Uh huh. Fuel cells are destined to remain a negligible, if not nonexistent, part of the market over the relevant time horizon, which could easily witness GM's bankruptcy. As for E85, it's a regulatory hoax. Mr. Lutz, to the cognoscenti of the Detroit Free Press, gave a more likely explanation of the alternative fuels medicine show. "We need a moon shot to get out from the notion that Toyota is miraculous and GM is run by a bunch of aging stumblebums who wouldn't know technology if it hit 'em in the face."

GM's management is in a fight for its life right now, trying to hold out against superinvestor Kirk Kerkorian's plan to force it into an alliance with Renault and Nissan. The stakes only get more urgent as GM begins to figure out how to deploy billions in cash flow liberated by its labor cuts to begin developing products competitive with the best of its foreign-born rivals.

It won't be with fuel cells and E85 that GM puts itself back into the game. Nor will it be with teensy eurocars. Mr. Lutz, in passing, noted that GM can now make money on small cars, having unloaded some of its fixed labor overhead by trimming UAW health benefits and paying thousands of workers to leave the company. He implies an undisclosed accounting judgment about how to allocate costs to various vehicle categories, but never mind: Ford and Chrysler still can't make money on small cars and are willing to admit as much.

Yet to equate small cars with fuel efficiency may be a serious mistake if that informs the industry's investment strategy. University of Michigan's Walter McManus, in a new paper, argues that the one vehicle attribute that Detroit can leverage most profitably in the coming years is continued progress on fuel efficiency. Or if you prefer, cost of ownership as impacted by fuel consumption. But this applies up and down their model line. GM earlier this year acknowledged as much when it offered to guarantee SUV buyers a year's worth of gas at $1.99 a gallon.

GM, with its structural labor cuts, has freed up capital to invest in new product, but how? The authors argue that at any gas price between $2.00 and $3.10 per gallon, GM (as well as Ford and Chrysler) can produce more profit by investing a buck in fuel

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efficiency than by any other approach. The technologies are already available -- better lubricants, lighter materials, variable valves, six-speed transmissions, mechanisms to shut down spark and fuel to unneeded cylinders.

Mr. McManus, a former GM staff economist, uses game theory and estimates of how consumers discount their future gas expenditures to produce a guesstimate ($578) of how much an additional mile-per-gallon of fuel efficiency is worth to the average car buyer. Whatever the merits of his conclusion, his method is refreshing because it recognizes that fuel efficiency is not a virtue independent of economics -- the chief selling proposition behind hybrids, which expect you to pay extra for the privilege of saving gas.

It also points to the decision that faces GM, now that survival is in sight, on how to use its capital to upgrade its auto lineup. Foreign alliances are not an answer to this quandary -- that idea is geared mainly to cost cutting, and over a longer period than GM should be worrying about right now. GM has already shown (see Cadillac) that it has the vehicle design savvy. Its cars have lagged for lack of investment and the company's low tolerance for financial risk taking -- exactly the problems GM has increasingly put itself in a position to solve.

Civic Priorities (WT)

By John M. Bridgeland And Peter Levine

The Washington Times, October 4, 2006

Five years after September 11, we can begin to assess whether tragedy also bred civic transformation. The National Conference on Citizenship, a non-profit created by Congress to strengthen our civic ties, recently released its new Civic Health Index, which charts our nation's civic progress over the last 30 years. While there are signs of civic recovery in areas of national focus, our civic health shows steep declines in most of 40 measures.

Youth volunteering is a bright spot. Over the past decade, young people age 16 to 24 have narrowed the gap with adults in volunteering. Levels of volunteering have been so high for youth compared to their Baby Boomer parents that some talk of a "9/11 Generation." By some measures, about half of today's youth volunteer, up 10-15 percentage points from the 1970s. Although we cannot be sure why youth volunteering has burgeoned, or whether resume-building played a role, we note growing efforts to combine classroom learning with community service, increases in national and international service opportunities, and calls to service issued from presidents.

But youth and adults alike are not participating in community projects or attending club meetings: the everyday, face-to-face settings of democracy. And those who still participate tend to be privileged. College graduates now dominate community life, while high-school dropouts are almost completely missing. Half of Americans who work on community projects and attend meetings are college graduates, while only 3 percent of these active citizens are high school dropouts. College graduates are more than four times as likely to volunteer and twice as likely to vote as their peers who never finish high school.

Our political participation, while spiraling downward from 1975 to 1998, has risen lately in activities such as voting in federal elections, attending political meetings, and making political donations. During the 2004 presidential election, more than 122 million Americans voted — the highest turnout since 1968 and largest uptick since 1952. Nearly 4.3 million more 18-29-year-olds voted in 2004 than in 2000, a significant upsurge given steep declines in prior years.

While political activities are rising, trust in one another and in key institutions has steadily declined. As many Americans suspect, our politics are both more engaging and more divisive, drawing more people to the polls but making it more difficult to solve public problems.

Across the vast majority of our 40 indicators of civic health, we see declines in most — belonging to civic and religious groups, attending meetings, connecting to family and friends and staying informed on public affairs. Even in areas where there is progress, we still under-perform as a nation, with only 29 percent of the population volunteering and 58 percent of the population voting. Of 172 countries ranked for voter turnout in elections since 1945, the United States ranked 139th.

History tells us we can make civic gains. The Greatest Generation, born prior to 1930, ushered in robust civic health in the mid-part of the last century. During that time, there also was more equal opportunity, a smaller gap between rich and poor, and greater cooperation across party lines to address our nation's challenges.

So what's to be done? Schools need to foster civic learning and skills, teach the core ideas from American history, offer students opportunities for participation, and increase the numbers of students who graduate from high school with the skills for college and the experience of community service.

Community and national service programs, such as AmeriCorps, Peace Corps and the new Citizen Corps for homeland security, should enlist more Americans into full-time and part-time service. Workplaces should conduct civic audits to ensure their policies regularly enlist employees to serve in their communities. Houses of worship of different faiths should mobilize youth to serve in communities together, promoting both problem-solving and peace.

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We must make congressional and other elections more competitive, by giving redistricting authority to neutral commissions and finding ways to increase citizen voices and decrease the influence of money.

These policy debates should occur with better data. The new Civic Health Index is a start in having good feedback measures with localized information. Given the challenges we now face, it is time to make civic health a greater national priority. For when that health is vibrant, opportunities for social mobility are higher, our communities and country are stronger, and our own lives are enriched.

John M. Bridgeland is CEO of Civic Enterprises and on the advisory board of the National Conference on Citizenship. Peter Levine is director of the Center for Information and Research on Civic Learning and Engagement at the University of Maryland. Both participated in the the National Conference on Citizenship's study, Broken Engagement: America's Civic Health Index.

Arabs Pressure Rice On U.S. Peace Efforts (WP)

By Robin Wright

The Washington Post, October 4, 2006

CAIRO, Oct. 3 -- The Bush administration's effort to foster a bloc of moderate Arab states to stand against growing militancy in the Middle East has come up against a brick wall, with several close U.S. allies bluntly telling Secretary of State Condoleezza Rice on Tuesday that they do not want to be pitted against other Arab governments and movements, according to senior Arab officials. The solution, the allies told Rice, lies with stronger U.S. leadership in solving the Arab-Israeli conflict.

During talks Tuesday in both Saudi Arabia and Egypt, Rice was confronted by friendly but firm pressure from eight Arab governments -- Egypt, Jordan, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain -- to follow up on promises by President Bush to help achieve a two-state solution in the dispute between Israel and the Palestinians. They also questioned whether the administration still has the energy or full commitment to pull off a solution to the Palestinian issue before Bush leaves office, officials said.

Arab officials also expressed frustration that the United States seems far more focused on the issue of Iran's nuclear program. Although Arab states share concern about Iran's nuclear potential, Rice and her Arab interlocutors sometimes seemed to be talking at cross-purposes, according to Arab officials involved in the talks in Cairo. One senior Arab official described the talks as warm but unproductive.

The new Arab pressure came on the same day as a global appeal by 135 former presidents, prime ministers and Nobel Peace Prize winners from the United States, Europe, Africa, the Middle East and Asia for a concerted international effort to solve the Arab-Israeli conflict. The U.S. signatories to the document, released by the Brussels-based International Crisis Group, included former president Jimmy Carter, ex-defense secretary Frank Carlucci, 9/11 Commission vice chairman Lee Hamilton and retired Gen. Wesley Clark.

After talks with Rice in Jiddah on Tuesday, the Saudi foreign minister, Prince Saud al-Faisal, called on the Bush administration to "restart" the peace process, warning that the issue had become like a disease that weakened the body's ability to deal with all other diseases.

"There is a very short step from extremism to terrorism. And ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized. . . . Therefore we think it's a core problem [that], if settled, would have beneficiaries on all the other core problems of the region," Faisal told reporters at a joint news conference with Rice.

After afternoon meetings in Cairo, Egyptian Foreign Minister Ahmed Aboul Gheit said foreign ministers from the eight Arab countries told Rice of the urgent need to push the peace process forward "as envisioned by President Bush. . . . After all this suffering, we must achieve it," he said at a joint news conference.

Rice is scheduled to fly to Israel on Wednesday for talks with the Palestinian Authority president, Mahmoud Abbas, and Israeli Prime Minister Ehud Olmert.

Rice appealed to the Palestinians on Tuesday to immediately end internal fighting that has killed a dozen people recently and threatened to unravel the troubled Palestinian Authority.

"Innocent Palestinians are caught in this violence and in this crossfire, and we call on all parties to stop. . . . The Palestinian people deserve calm," she told reporters at the news conference with Faisal.

Rice also called on the Palestinians' ruling party, Hamas, to accept negotiations with Israel as the only route to a political solution that will ensure peace. Hamas, which won an upset in January parliamentary elections, continues to balk at any political arrangement that involves recognizing Israel's right to exist.

At the news conference with Aboul Gheit in Cairo, Rice said she was pleased to hear ideas from Arab allies about how the United States might further support Abbas. But Arab officials said they are increasingly concerned that, since the cutoff of tax

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revenue by Israel and aid by foreign governments since Hamas formed a government, an already serious humanitarian problem has deepened.

Arab foreign ministers also made clear to Rice that they do not want a group of Arab states that she assembled last month at the U.N. General Assembly to be considered a formal bloc, Arab officials said. The group, referred to as the "GCC plus two," comprises the six oil-rich sheikdoms in the Arabian Peninsula, plus Egypt and Jordan.

On Iran, Aboul Gheit said the Arabs listened to Rice but did not agree to any statement or action.

Rice warned Tuesday that after weeks of diplomatic delays and Iranian stalling, time has run out for talks. The issue, she added, is no longer just Iran, but the United Nations' ability to deal effectively with global crises. "I hope that there is still room to resolve this, but the international community is running out of time because soon its own credibility . . . will be a matter of question," Rice said.

Rice is tentatively planning to meet with her European counterparts, possibly in London, at the end of her Middle East tour this week to agree on sanctions to impose on Iran; Security Council action could follow as early as next week.

The United States has not formally specified which sanctions it supports, although they are widely reported to include a travel ban on Iranian officials involved in the nuclear energy program and a ban on the sale of any technology and hardware that could be used for production of deadly weapons. U.S. officials have said the first actions would be mild but would be followed by tougher measures if Iran failed to comply.

Rice, In Mideast, Meets Skeptics (LAT)

By Paul Richter

The Los Angeles Times, October 4, 2006

CAIRO — Secretary of State Condoleezza Rice, touring the Middle East in an attempt to build support for U.S. goals and allies, found herself Tuesday on the defensive about the Bush administration's search for partnerships and its efforts for democratic reform.

Meeting in Cairo with ministers of eight moderate Arab regimes, Rice was questioned on whether her desire to work with the countries masked an American desire to line up allies against the growing power of Iran.

The Egyptian foreign minister and dubious local media asked whether President Bush's campaign of democratic reform was nothing short of meddling by a country that doesn't accept election results it doesn't like.

Bush dispatched Rice to the Middle East at a time when, in the wake of the war in Lebanon, European and Arab countries, among others, are clamoring again for progress in the ArabIsraeli dispute. But as Rice arrived in Cairo on the second day of a weeklong trip, it was apparent that many in the region feared the effort was a veiled attempt to build a new "coalition of the willing" to stand up to Iran, like that employed in the U.S.-led invasion of Iraq in 2003.

Administration officials have faced tough questions in the region for some time. Still, the tone Tuesday was another sign that Washington confronts a stiffer challenge rebuilding ties in the aftermath of the war in Lebanon, which many here contend the American government was unwilling to stop.

Rice, in a meeting with the local media, insisted that "this is not a meeting or a coalition against anyone."

Ahmed Aboul Gheit, the Egyptian foreign minister, made clear his government's view that although Cairo had been a key target of U.S. efforts for democratic reform, it was capable of advancing at its own speed.

Aboul Gheit challenged Rice to stay in Egypt a month to witness for herself the country's eagerness for development.

"Not everything is done in haste … and not everything is done in one day," he said. "But we will move … we will be there."

Rice was asked at the evening news conference about widespread reports that the United States was secretly supporting the choice of Gamal Mubarak to succeed his father, longtime President Hosni Mubarak.

She insisted that the United States was not involved in the decision.

"It is absolutely going to be up to the people who is going to be the president of Egypt," Rice said.

The secretary of State said the administration's goal in funding nongovernmental programs for building democratic institutions was "not to interfere in choices Egyptians make, but to help civil society develop the capability to give Egyptians choices."

"The United States is going to stand for certain values," she said.

"We always have and we always will — and it is not a matter of interference in Egypt's internal affairs. How Egypt conducts its internal affairs will, of course, be up to Egyptians."

Reporters questioned whether U.S. aid to nongovernmental organizations wasn't actually interference.

Rice was also asked whether the United States did, indeed, favor democratic outcomes, considering that it had worked to halt aid to the Hamas-led Palestinian Authority government elected this year.

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In response to another question, Rice made a slight change in the administration's vocabulary. She said she preferred "the future Middle East" to the phrase "the new Middle East," which has become controversial because it suggests U.S.-engineered change.

Bringing back an important word from Bush's 2000 election campaign, she said the United States intended to be "humble" in the way it encouraged countries to change.

During Rice's visit to Cairo and a stop Monday evening in Jidda, Saudi Arabia, it was clear that American allies in the region had greater ambitions for a renewed Israeli-Palestinian peace effort than the administration did.

U.S. officials have said that the most they hope for now is limited progress. Bush said last week that the United States did not intend to impose a settlement on the Palestinians and Israelis.

But Aboul Gheit and Saudi Foreign Minister Saud al Faisal made it clear that they wanted major steps to be taken swiftly to move the parties toward an eventual two-state solution.

"Ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized," Saud said.

"Like a disease on the body, it calls for other diseases to attack that weakened body. And, therefore, we think it's a core problem."

Rice Calls For Hamas To Work With Abbas (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Tuesday the Hamas government cannot govern in the Palestinian territories and she urged the Islamic militants to moderate and cooperate with the secular president.

Rice also said the world's credibility is on the line in the nuclear standoff with Iran as U.N. diplomats declared last-ditch talks with Tehran a likely failure. She said the nations that could impose sanctions are unified, despite Russia's public misgivings Tuesday.

"The international community is running out of time because soon its own credibility in terms of enforcing its own resolutions will be a matter of question," Rice said midway through a Middle East tour.

Although she got a polite hearing from the United States' two most powerful friends in the Arab world, Rice also got a lecture. Saudi Arabia and Egypt both told Rice on Tuesday that the Middle East's many volatile conflicts are hinged to Israel's long conflict with the Palestinians.

Arab nations, including the few moderate states that are key to U.S. goals in Iraq, Iran and Lebanon, view improving the Palestinians' lot as essential. They argue that the festering grievances of the stateless Palestinians feed unrest and radicalism elsewhere.

"The issue is how to make peace, and in order to make peace you have to identify the problem," Egyptian Foreign Minister Ahmed Aboul Gheit said during a sometimes strained news conference with Rice.

"We think and we claim and we keep telling everybody that it is the Palestinian problem, and the lack of a settlement for the Palestinians. The Palestinian problem is the scourge of this region," Gheit said.

Saudi Foreign Minister Saud al-Faisal likened the nearly 60-year-old conflict to a disease that weakens the body and invites further infection.

"Whenever there is an answer to question in justice and the rights of people are not responded to, it's a breeding ground for extremism," Saud said with Rice by his side in Jedda, Saudi Arabia. "There is a very short step from extremism to terrorism. And ever since the problem arose of Palestinian-Israeli conflict, the region has been destabilized."

Rice is in the Middle East this week seeking ways to strengthen Palestinian President Mahmoud Abbas in his standoff with Hamas radicals who control part of the Palestinian government. Rice was to meet with Abbas on Wednesday.

Rice's talks in Ramallah will be the administration's third meeting in less than three weeks with Abbas, whom President Bush called a "man of courage" for trying to revive Mideast peace talks.

Rice wants Saudi Arabia and Egypt to put greater diplomatic muscle behind the secular Palestinian president in his standoff with Hamas militants, and to bolster moderate secular governments in Lebanon and Iraq.

Rice met in Cairo with diplomats from Egypt and seven other Arab allies in hopes of reviving the moribund Arab-Israeli peace process and making headway on other regional issues. During that session the ministers of the six-nation Gulf Cooperation Council and Egypt and Jordan gave broad support to Abbas, Rice said.

Her first appointment in Egypt was with the country's intelligence chief, seen as key to ongoing efforts to release an Israeli soldier captured in June by militants close to Hamas.

The top aide to Egyptian President Hosni Mubarak last week demanded that Hamas release the soldier, Cpl. Gilad Shalit, immediately.

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Egypt is a longtime mediator among Palestinian factions and between Israel and the Palestinians, and its exasperation with Hamas may signal a turning point.

Israel wants to reopen dialogue with Abbas and work with him to establish a Palestinian state. But Abbas has been in a weakened position since January when Hamas, which seeks the destruction of Israel, won the Palestinian elections.

Abbas retains his position as president but is caught between Hamas and the West, which considers Hamas a terrorist group and refuses to underwrite it with vital international aid. Abbas has tried to persuade Hamas leaders to moderate their anti-Israel policies and join with his Fatah Party in a coalition government, but the U.S. and Israel are leery of the plan.

"Clearly, they cannot govern in a circumstance in which they cannot represent a responsible government before the international system," Rice said in Saudi Arabia. "I would hope that they would take up what I understand to have been many overtures" by Abbas.

The Bush administration and Israel are increasingly convinced Hamas eventually will crumble, and they look to Abbas to capitalize.

Blockade Of Gaza Could Be Eased By Rice Plans (FT)

By Harvey Morris

Financial Times, October 4, 2006

International observers could be deployed at the main cargo crossing point between Israel and the Gaza Strip as part of expected proposals by Condoleezza Rice, US secretary of state, to loosen the economic siege of the Palestinian territory, diplomats said.

Ms Rice was due in Jerusalem on Wednesday for separate talks with an Israeli government politically weakened by the war in Lebanon, and with officials of a Palestinian administration that risks disintegrating in an upsurge of factional violence.

In the face of political stagnation on both sides of the Israeli-Palestinian divide, US officials played down the prospect that she would bring any new initiative to restart the peace process. But western diplomats said she was expected to try to revive a moribund agreement on easing the movement of Palestinian goods and people. Ms Rice brokered the agreement last November, eventually overcoming Israeli objections in an extended round of frequently abrasive talks. But 11 months on, most elements of the deal have yet to be implemented.

In the intervening period, and particularly since Hamas won Palestinian elections in January, movement to and from the Gaza Strip has actually been more restricted than before Israel withdrew from the territory more than a year ago.

The Israeli authorities have frequently cited security concerns when ordering closure of crossing points, an argument that was reinforced by the kidnapping of an Israeli soldier on June 26 by Palestinian militants who tunnelled out from Gaza.

The negative impact of closures on Palestinian exports has exacerbated the economic decline brought on by Israeli and international financial measures against the Hamas government.

The only element of Ms Rice's November deal that was implemented was the deployment of unarmed European observers to monitor traffic at the Rafah crossing between Gaza and Egypt. Since the June kidnapping, however, Israel has forced the closure of Rafah for all but a few days.

Among the proposals Ms Rice was expected to bring with her this time was a plan to deploy international observers at the main Karni cargo crossing point between Gaza and Israel. It has also been closed for about a third of the time since the November agreement was an-nounced. Palestinian officials say the frequent closures of Karni cost Gazan farmers $400,000 a day during the 2005 harvest season. The measures have also hit Gaza's lucrative textile export trade.

Diplomats said that the US was unlikely to offer to supply its own forces and might appeal again to EU states that are already playing a central role in the expanded international presence in south Lebanon.

Foreign observers might also be deployed along the Egypt-Gaza border where Israeli officials say arms smuggling is out of control.

"After Lebanon, people are more interested in internationalising security in the region," said one diplomat.

There is growing concern in Arab capitals about the disintegrating social and political conditions in the Palestinian territories and the ammunition this is providing for extremists throughout the region. Egyptian officials argue that only when there is a more comprehensive framework for negotiations on substantive issues between the Israelis and Palestinians will it be possible to make progress on details.

Foreign ministers from eight US-allied Arab countries who met Ms Rice in Cairo on Tuesday had hoped to impress this on her but are themselves increasingly frustrated by the inflexibility of Hamas, with months of efforts by Cairo to negotiate the release of the kidnapped Israeli soldiers in return for the release of Palestinian prisoners so far achieving little. The meeting in Cairo appeared to break little new ground.

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"The Palestinians need a government that can represent the interests of the Palestinians and can engage with the international community in accordance with the broad consensus for a two-state solution," Ms Rice said in a press conference with Ahmed Aboul Gheit, Egypt's foreign minister.

Rice Urges 2 Palestinian Groups To Halt Violence (NYT)

By Philip Shenon

The New York Times, October 4, 2006

CAIRO, Oct. 3 — Secretary of State Condoleezza Rice called Tuesday for an end to the new wave of bloodshed between Palestinian factions as she prepared to travel to the West Bank to support the Palestinian president, Mahmoud Abbas.

"Innocent Palestinians are caught in this violence, and we call on all parties to stop," Ms. Rice said. "The Palestinian people deserve calm."

In fighting on Sunday and Monday, at least 10 Palestinians were killed and more than 100 were wounded in some of the worst fighting in recent years between Hamas and Fatah, the two main Palestinian factions.

Gunmen linked to Mr. Abbas's secular Fatah movement suggested Tuesday that there would be more violence and threatened to kill three senior leaders of Hamas, the militant Islamic group that won the Palestinian elections in January.

The gunmen, Al Aksa Martyrs Brigades, accused Hamas leaders of "sedition" and said they would be killed so "these filthy people can be made an example."

Only scattered incidents of violence were reported Tuesday, and no casualties as of nightfall.

The week's violence appeared to complicate Secretary Rice's campaign this week to drum up support among Arab nations for Mr. Abbas in his struggle to form a unity government with Hamas that could be recognized by the United States.

The Bush administration has said that it would resume financial aid to the Palestinian Authority only if a Hamas-run government agreed to recognize the right of Israel to exist and to forswear violence.

Hamas rejects the conditions.

The Palestinian prime minister, Ismail Haniya of Hamas, called Tuesday for Arab nations not to support American policy in the Middle East, telling reporters in the Gaza Strip, "It looks like Ms. Rice is adopting the old law — divide and conquer."

Secretary Rice began her latest Middle East trip with a stop on Monday in Jidda, Saudi Arabia, to meet with King Abdullah, before traveling to Cairo for a gathering of Arab counterparts. She is to leave Wednesday to see Mr. Abbas on the West Bank and to meet in Israel with Prime Minister Ehud Olmert.

She has discussed an array of issues with Arab leaders, including the violence in Iraq and mounting concerns over Iran's refusal to curtail its nuclear program. But she suggested at a news conference in Jidda that the trip would be centered on efforts to end the political and financial turmoil in the Palestinian territories, in large part by pressing Hamas to moderate its views toward Israel and to renounce violence.

"Clearly, Hamas cannot govern in a circumstance in which they cannot represent a responsible government before the international system," Ms. Rice said, adding that she hoped the group's leaders "would take up what I understand to have been many overtures" by Mr. Abbas.

She described the Palestinian Authority president as a "man who is committed to the agreements that the Palestinians have signed over the last decade or so."

In Cairo, Ms. Rice's first appointment was with officials of the Egyptian intelligence services who have been involved in negotiations for release of an Israeli soldier who was captured in June by militants linked to Hamas. The Egyptian government has called for the soldier, Corp. Gilad Shalit, to be freed.

State Department officials traveling with Secretary Rice said she was looking for modest if concrete methods of easing financial pressures on Mr. Abbas's government, which found itself cut off from American and other Western aid after the Hamas victory in January.

Secretary Rice said in Jidda that she hoped the Israelis would lift some travel restrictions now placed on Palestinians "because the economic situation in the territories is, of course, made very much worse if there is not the ability to move through some of the crossings."

Palestinian Rivals On Brink Of Civil War, Abbas Aide Says (WT)

By Joshua Mitnick

The Washington Times, October 4, 2006

RAMALLAH, West Bank -- Armed Palestinian factions are just "centimeters" away from civil war, a top aide to President Mahmoud Abbas said yesterday after two days of deadly factional fighting.

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The violence, the worst since the West Bank and Gaza Strip won autonomy 12 years ago, has raged as Mr. Abbas' Fatah party and the militant Hamas movement, which controls the Palestinian government, have struggled to agree on a unity government that can end a crippling international aid freeze.

"If we don't reach a political solution, we are headed toward a civil war," Nabil Amr, a communications adviser to Mr. Abbas, said in an interview. "It could happen at any time."

Each side blames the other for the fighting that has left 12 Palestinians dead and more than 100 wounded since Sunday. No new injuries were reported yesterday, but the Al Aqsa Martyrs Brigade, a Fatah militia, threatened to kill Hamas Interior Minister Saeed Seyam and Damascus-based Hamas political leader Khaled Meshal.

Secretary of State Condoleezza Rice, meeting with Arab leaders in Cairo, appealed for an end to the fighting. "Innocent Palestinians are caught in the crossfire and we call on all parties to stop," she said. "The Palestinians deserve calm."

The violence has filled a vacuum left by government paralysis and the failure of the parties to agree on a government program that would meet international conditions for the restoration of aid -- recognition of Israel, a renunciation of violence and agreement to honor past agreements with Israel.

Mr. Amr said he opposed a unity government because of the differences between Hamas and Fatah over whether to recognize Israel and conduct peace talks. He proposed alternative solutions to the crisis, such as new elections or the formation of a Cabinet made up of political independents and technocrats.

"Yesterday a red line was crossed, but they retreated," Mr. Amr said of Monday's fighting. "I am afraid that without a political solution, more groups will cross the red line. Gaza isn't just chaos. It's a big storehouse of weapons. Each family has its own militia and its own organization."

Fatah leaders accused Mr. Seyam, the interior minister, of ordering Hamas gunmen to fire on a group of protesters in the Gaza community of Khan Younis. The Gaza clashes spread to the West Bank, where Hamas-controlled government offices were torched and the bodyguards of the deputy parliament speaker was fired upon.

Since Hamas took over the government after elections in January, gunmen from its military wing have sparred with Fatah security services. The atmosphere deteriorated further because of the economic boycott, which left the Palestinian Authority unable to pay the salaries of policemen and other public servants.

Sheik Yazeeb Khader, editor of the Hamas newspaper Mumbar el-Islah, said he and other editors had kept a low profile in recent days for fear of new clashes. As he crunched across the shards of glass that littered the floor of a Hamas political office in Ramallah, he claimed the windows had been smashed over the weekend by vandals acting with the approval of the Fatah-controlled security services.

Ultimately, he said, Mr. Abbas should be held responsible.

"This took place under the eyes of the security agencies," he said as he flipped through pictures taken by a Palestinian journalist showing a policeman standing alongside Fatah militants as they burned government buildings.

"The government didn't fail. The government was made to fail and the presidency participated" in the failure, he said.

Even so, Mr. Khader said, Hamas prefers a unity government with Fatah. But he insisted that Hamas would prevail over Fatah in any new election.

A recent poll by the Jerusalem Media and Communications Center showed a statistical dead heat between the parties. The same survey indicated that Prime Minister Ismail Haniyeh of Hamas was perceived as more trustworthy than Mr. Abbas.

The Ha'aretz newspaper reported yesterday that mediators from Qatar had suggested that the parties form a unity government that would be headed by an independent prime minister.

Hamas PM Vows To Prevent Civil War (AFP)

By Sakher Abu El Oun

AFP, October 4, 2006

Prime minister Ismail Haniya has vowed that his Hamas-led government would not let Palestinians slide into civil war following the deadliest bout of internecine fighting since he took office.

Ten Palestinians were killed and more than 100 wounded in two days of clashes between supporters of Haniya's ruling Islamist movement and the rival Fatah party, concentrated in the Gaza Strip and the flashpoint West Bank.

Compounding the tension, an armed group affiliated to Fatah threatened to kill Hamas leaders, blaming the hardline faction for violence unprecedented since the Islamists took power after a landslide election win in January.

"We are against internal clashes," Haniya told a cabinet meeting in Gaza City Tuesday. "We cannot allow a civil war to erupt, but this question is the responsibility of everyone."

The embattled premier was speaking just hours after a radical group linked to Palestinian president Mahmud Abbas's Fatah issued a vitriolic statement, threatening to kill leaders in his Hamas party.

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The Al-Aqsa Martyrs' Brigades pointed the finger at Hamas's powerful exiled political supremo in Damascus, Khaled Meshaal, Gaza-based interior minister Said Siam and chief of the group's paramilitary force in Gaza, Yussef al-Zahar.

"In this statement, the Al-Aqsa Martyrs' Brigades declare loud and clear the decision of the people and the revolution to condemn to death the head of the discord Khaled Meshaal, as well as Said Siam and Yussef al-Zahar," it said.

"We will charge ourselves with executing this sentence so that these scoundrels serve as an example to all those who dare spill Palestinian blood."

Hamas reacted immediately, accusing Fatah of sowing discord and poisoning the atmosphere.

"We are speaking about a seditious current in the heart of Fatah that searches to sow discord and poison the atmosphere in order to realize personal aims," said MP Mushir al-Masri.

On Tuesday, some 100 security forces loyal to Fatah blocked the Gaza Strip's main highway with vehicles and burning tyres, but a paramilitary controlled by the Hamas government did not intervene.

The two days of violence erupted on Sunday, when the Hamas paramilitary force tried to stop the mainstream security forces from blocking roads in Gaza as part of their demonstrations against non-payment of salaries.

Hamas has been unable to pay any full public service salaries since taking power in March owing to an international aid boycott stemming from its refusal to recognise Israel, renounce violence and abide by past agreements.

In the northern village of Azzun, in the occupied West Bank, a car belonging to a Hamas member was set alight and gunmen opened fire on a house belonging to another official of the party.

Further north in Nablus, suspected Fatah loyalists burnt two buses operated for a Hamas-run school and opened fire on the car of a university lecturer close to the ruling party.

On the eve of a visit to Israel and the West Bank by US Secretary of State Condoleezza Rice, Haniya lashed out at her regional tour.

"It is clear that Condoleezza Rice is resorting to the old policy of divide and rule," he told the cabinet.

"We urge all the brother Arab countries not to bow to the American plans and aspirations of the American administration to carve up the region," he added.

In Saudi Arabia, Rice called for "moderate forces" to be helped at the expense of "extremist forces", called for a halt to the Palestinian violence and for the creation of a unity government that would abide by Western demands.

Political talks between Fatah and Hamas on forming such a government have stalled over Hamas's hardline stance despite an initial agreement last month between Abbas and Haniya on a political platform.

The fighting brought a plea from the Arab League for an end to what an official called the "Palestinian madness."

Mohammed Subeih, assistant secretary general for Palestinian affairs, said in Cairo: "Let us leave the killing, aggression and destruction to Israel, because that is enough for the Palestinian people."

He urged an end to the fighting, otherwise the Arab League would not be able to "speak to the world on behalf of the Palestinians."

Fatah Militia Threatens Hamas Leaders (AP)

By Ibrahim Barzak

AP, October 4, 2006

Gunmen linked to Palestinian President Mahmoud Abbas' Fatah movement threatened Tuesday to assassinate leaders of the rival Hamas group — heightening tensions from three days of fighting that has killed 10 Palestinians.

The violence, the worst since Hamas took office in March, heightened fears of a full-scale civil war. The fighting came after efforts broke down last week to bring Fatah into the government.

Abbas, who had hoped a broader and more moderate coalition would end an international boycott of the Hamas government, is running out of options to end the crisis created by the aid cutoff.

Abbas had considered calling early elections, but polls indicate Fatah would tie with Hamas. Also, a poll published Tuesday showed voters consider Abbas less trustworthy than Prime Minister Ismail Haniyeh of Hamas.

The U.S. and moderate Arab states were making a new push to revive Israeli-Palestinian peace talks. U.S. Secretary of State Condoleezza Rice and the foreign minister of Bahrain, Shaikh Khalid Bin Ahmed Al-Khalifa, were to hold separate talks with Abbas on Wednesday.

The threat to kill Hamas leaders came in a statement by the Al Aqsa Martyrs' Brigades, a violent Fatah offshoot. A caller reading from the statement told The Associated Press that Al Aqsa would try to assassinate Interior Minister Said Siyam, Hamas militia chief Youssef Zahar and the group's supreme leader in exile, Khaled Mashaal.

"We are going to implement the rule of the people and the revolution by executing the heads of this seditious group," the caller said. Al-Aqsa confirmed the authenticity of the statement when contacted by the AP.

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The latest round of fighting began Sunday, when Hamas militiamen used beatings and gunfire to put down protests by civil servants and members of the security forces who demanded payment of salaries.

The confrontations triggered armed clashes over the weekend between the 3,500-strong Hamas militia and the Fatah-dominated security forces. In all, 10 people were killed and more than 100 wounded.

The violence also spread to the West Bank, where Fatah militants torched the Cabinet building in Ramallah and trashed Hamas offices.

On Monday, Fatah militants shot at bodyguards of Deputy Prime Minister Nasser Shaer of Hamas as they rode in a government car, injuring two of them. Shaer was not present during the attack. Hospital officials said a Fatah militant also was injured.

The Palestinian Authority's 165,000 government employees have largely gone unpaid for seven months because of the international aid freeze. Many of the civil servants have been on strike for the past month, though compliance in schools has been spotty, particularly in Gaza.

On Tuesday, Fatah gunmen closed several schools in central Gaza by force. The gunmen also blocked a major intersection, shouting "Down, down with Hamas!" burning tires and garbage and shooting in the air.

Ghazi Hamad, a spokesman for the Hamas government, called for a new effort to establish a national unity government with Fatah, but also condemned the civil servants' strike.

"I know there is suffering and there is a big problem," Hamad told Israel Radio, speaking in Hebrew. "When there is a strike you don't go to work but you don't cause problems and riots all the time. This is not acceptable to us."

Palestinian Poll Shows Fatah-Hamas Close (AP)

AP, October 4, 2006

The Fatah movement of Palestinian President Mahmoud Abbas is tied with the Islamic militant Hamas in voter support, according to a poll published Tuesday, undercutting hopes by Palestinian moderates that Fatah could oust Hamas if new elections were held.

As one of several options, Abbas is considering calling early elections, both for president and parliament, but Tuesday's poll and other recent surveys indicate there is no guarantee voters would return Fatah to power.

Also, previous polls have understated support for Hamas. Before Hamas won a January parliamentary election by a wide margin, polls showed Fatah leading, and even exit polls on election day forecast a Fatah victory.

Abbas' party controlled Palestinian politics for four decades and was forced out in January amid growing anger over official corruption and mismanagement. Support for Hamas remains steady, even though many Palestinians have been plunged deeper into poverty because of an international aid boycott of the Hamas government.

The face-to-face poll among 1,200 Palestinians also indicated that Palestinians consider Prime Minister Ismail Haniyeh of Hamas more trustworthy than Abbas, by 19 percent to 14 percent.

The survey was conducted by the Jerusalem Media and Communications Center Sept. 19-22, before a new round of deadly internal violence erupted this weekend. At the time of the survey, Hamas and Fatah were negotiating the formation of a national unity government, but the talks have since broken down.

In the survey, 56 percent said a national unity government was the best way out of the current crisis. If an election were held today, Fatah would get 32 percent of the vote, compared with 30 percent for Hamas.

The poll has an error margin of 3 percentage points.

More than half said they oppose attacks on Israel and 47 percent said they support a two-state solution to the Israeli-Palestinian conflict.

Reach Out To The Red Zone (WP)

By David Ignatius

The Washington Post, October 4, 2006

Secretary of State Condoleezza Rice is in the Middle East this week, trying to bolster America's allies to confront an enemies list that includes Iran, Syria, Hezbollah, Hamas and the all-party anarchy in Iraq. My worry is that Rice is becoming a traveling version of Baghdad's Green Zone, talking about hopeful strategies that are disconnected from events on the ground.

The focus of Rice's trip is to talk with moderate Arab governments -- Egypt, Jordan, Saudi Arabia and other Persian Gulf states -- about how to form a united front against Iranian-backed extremism. This mission of containing Iran has become increasingly urgent because of growing signs that Iran is resisting a diplomatic compromise over its nuclear program. In recent weeks, European diplomats have offered various formulas to finesse the West's demand that Iran suspend uranium enrichment as a precondition for talks, but so far the mullahs in Tehran haven't budged.

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Talking to your allies is always a good idea, but consider the parties Rice isn't engaging on this trip: Syria, Hamas, Hezbollah and Iran -- the sources of the trouble. The idea of traveling to a Middle East in crisis and talking only to your friends is, I'm sorry to say, the equivalent of meeting Iraqi leaders in the protected Green Zone and imagining that you are thereby stopping the brutal killing out in the "Red Zone," which is the term U.S. officials in Baghdad have been using to refer to the real world.

U.S. officials talk hopefully about how the recent war in Lebanon "clarified the fissures" in the region and encouraged the moderate Arab states to finally take decisive action to curb Iran and its allies. They hope the squeeze on the Hamas government will embolden Palestinians to embrace the moderate leadership of President Mahmoud Abbas and resume negotiations with Israel. To which a cynic would respond: Are you kidding? This is the Middle East.

The lesson for Rice should have been clear after the war in Lebanon: Left to themselves, our moderate Arab allies will make the deals that are necessary for their survival. They will quietly cheer for America in Iraq and Israel against Hezbollah -- until it's clear that the extremists are winning. Then, for self-protection, they will lean in the other direction. I'm told that Sunni women from Bedouin tribes in Jordan were carrying amulets of the Shiite militia leader Hasan Nasrallah at a wedding in Amman last week. That's a small sign of which way the wind is blowing.

America needs to break out of its diplomatic Green Zone, or it will become a prisoner of events beyond its control. What's needed is aggressive, innovative policy that, to use a favorite Israeli term, "creates new facts on the ground." To me, that means a process of engagement -- especially now, when the mullahs in Tehran and their allies in Damascus and Beirut seem so afraid of it.

We should send an ambassador back to Damascus, tomorrow. We should encourage the widest possible contacts with Iran, leading to an eventual resumption of diplomatic ties. We should treat reconstruction of postwar Lebanon with the urgency we should have applied to postwar Iraq. We should deepen our contacts with a Lebanese government that includes two Hezbollah ministers. We should designate a special presidential envoy for the Middle East -- the obvious choices would be former secretary of state James A. Baker III or former president Bill Clinton.

Absent more aggressive action, the situation will keep slipping away from the United States, day by day. Iraq shows the price of the Green Zone mentality. Prime Minister Nouri al-Maliki says all the right things about a "government of national unity," but every night dozens more bodies are dumped in the streets. Tragically, Maliki can't connect his upbeat unity talk with reality. A good example of the disconnect is the fundamental economic issue of oil: Maliki's central government has been stalled working out the details for sharing Iraq's potentially massive oil revenue. Meanwhile, the regional government in Kurdistan is about to sign new oil drilling agreements with three companies, including one in the United States, with more deals pending. The Kurds' argument is simple: The Green Zone government is a fiction. It's time to move on our own.

To escape a traveling Green Zone mentality in the Middle East, Rice needs to create a process for engaging America's friends and adversaries. This is not a time for holding back, for testing the waters, for "staying the course" of current diplomacy. If we keep doing what we have been doing, we will keep getting what we've got -- which is a mess.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues at www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

US And UK Warn Of Fresh Iran Sanctions Drive (FT)

By Roula Khalaf

Financial Times, October 4, 2006

Renewed tensions over Iran's nuclear programme emerged on Tuesday as the US and Britain warned that world powers would return to the United Nations Security Council to consider targeted sanctions against Tehran.

Speaking in Cairo after meeting foreign ministers from eight Arab states, Condoleezza Rice, US secretary of state, said she feared Iran's latest proposals on enriching uranium abroad were a stalling technique.

"I hope there is still room to resolve this," she said, "but the international community is running out of time, because soon its credibility will be in question."

A senior British official said preparations for a new UN resolution had intensified after Iran informed Javier Solana, European Union foreign policy chief, that it would not abide by UN demands for a suspension of uranium enrichment, the most sensitive part of the nuclear programme. But talks at the UN are likely to be difficult, given the reluctance of Russia and China to take a confrontational approach.

To maintain an international consensus, the British official said the strategy at the UN would be incremental, with the first sanctions targeting Iran's procurement of materials for the country's nuclear and ballistic missiles programmes – a measure limited in scope.

The Security Council had set an August 31 deadline for Tehran to suspend uranium enrichment or face sanctions.

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The five permanent council members plus Germany had also offered Iran a set of economic and political incentives if it agreed to the suspension.

Mr Solana had been holding talks with Ali Larijani, Iran's top security official, on a temporary suspension that would pave the way for formal negotiations on the six-nation package. These meetings had lowered tensions and helped ease pressure on oil markets.

But Mr Solana told world powers at the weekend Iran was not prepared to suspend uranium enrichment, according to the British official.

On Tuesday, after speaking to Mr Larijani, Mr Solana referred to his discussion as constructive but without yielding a breakthrough.

Attempts to talk Iran into a uranium suspension will not be broken off. Igor Ivanov, secretary of the Russian president's security council, held meetings in Tehran on Tuesday. But the US and European powers will now put more emphasis into UN action.

Ms Rice said failing to win Iranian agreement on suspension left the international community with sanctions as the only choice.

Iran's regime appears confident it can weather the impact of sanctions and often hints it can retaliate against the west.

U.S. May Back Iran On Nuke Alliance (WT)

By Nicholas Kralev

The Washington Times, October 4, 2006

CAIRO -- The United States is willing to consider setting up an international consortium to help Iran's nuclear program, but Tehran must suspend enriching uranium before any discussions can take place, Secretary of State Condoleezza Rice said yesterday.

Miss Rice expressed skepticism about a new Iranian idea about French investment in its nuclear activities, saying it may be a stalling tactic to delay possible U.N. sanctions, which Washington is prepared to push for as early as next week.

"There is a consortium idea that the United States supports, which is the joint venture that Russia has proposed," she said, adding that there cannot be enrichment and reprocessing activity on Iranian soil.

"The issue here is that Iran should not be in a position to acquire the technical expertise to enrich and reprocess, which is the most important step to knowing how to develop a nuclear weapon," the secretary told reporters during a visit to Egypt.

The idea Iran floated yesterday would allow it to enrich uranium in its territory. Tehran faces sanctions if it does not agree to suspend such activity by the end of the week.

"To be able to arrive at a solution, we have just had an idea. We propose that France create a consortium for the production in Iran of enriched uranium," Mohammad Saeedi, deputy chief of Iran's Atomic Energy Organization, told France Info radio.

"That way France, through the companies Eurodif and Areva, could control in a tangible way our enrichment activities," he said, referring to a branch of a French state-controlled nuclear manufacturer created in part with Iranian backing in the 1970s.

Miss Rice, who is trying to build an anti-Iran coalition in the Middle East, raised the nuclear issue with foreign ministers of Egypt, Jordan and six Persian Gulf countries last night. Diplomats said the Arab participants in the meeting chose only to listen to her and say nothing.

"If the Iranians have ideas about how to come to [an] agreement about what they may be able to do in a civil nuclear program, the way to propose this is to suspend enrichment and reprocessing ... and then to come to the table with their ideas," the secretary said.

"But I fear that this may instead ... be a stalling technique because [they] don't want to get to the basic issue, which is that Iran has to suspend its enrichment and reprocessing in order to begin negotiations," she said.

French officials were skeptical about Tehran's consortium proposal. Foreign Ministry spokesman Jean-Baptiste Mattei said in Paris that he was surprised by the idea, which he called "totally new for us."

Javier Solana, the European Union's foreign policy chief, said the idea of a consortium has long been discussed in his talks with Iran's top nuclear negotiator, Ali Larijani.

"It's an interesting thing, but it's difficult to put it in place," Mr. Solana said during a meeting of EU defense ministers in Finland.

R. Nicholas Burns, undersecretary of state for political affairs, told The Washington Times on Monday that the Bush administration is confident that Russia and China will join it in pushing for sanctions against Iran if it does not agree to suspend enriching uranium this week.

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"For four months now, we've been waiting for an answer," Mr. Burns said. "We've said, if they don't suspend enrichment, we'll take them to the Security Council and sanction them. We do believe we have Russian and Chinese support for that."

Iran's Proposal To End Nuclear Standoff Is Rejected By The West (NYT)

By Elaine Sciolino

The New York Times, October 4, 2006

PARIS, Oct. 3 — Iran has proposed that France organize and monitor the production of enriched uranium inside Iran, complicating negotiations over the fate of its nuclear program.

The United States, France and Britain rejected the proposal on Tuesday, saying it was a stalling tactic and fell far short of the United Nations Security Council's demand that Iran freeze all uranium enrichment and reprocessing activities.

The proposal, made by Mohammad Saeidi, the deputy director of the Atomic Energy Organization of Iran, was presented as a sign of flexibility in negotiations between Iran and six world powers represented by the European Union.

"In order to reach a solution, we've just had an idea: we propose that France create a consortium for the production in Iran of enriched uranium," Mr. Saeidi said in an interview in Tehran with France Info radio that was broadcast Tuesday.

A senior French official on Tuesday said: "This is totally excluded. There is nothing substantive behind it. This is not the first time the Iranians have tried to divide the international community."

Another senior European official — who, like the first, spoke on condition of anonymity under diplomatic rules — said that proposal "seemed to have the intention of distracting."

The United States, meanwhile, is giving Iran until the end of the week to declare whether it will agree to fully stop making enriched uranium or face sanctions. Enriched uranium can be used to make energy or to fuel weapons, and Washington has consistently taken the position that any uranium enrichment on Iranian soil is out of the question because it could give Iran the ability to master the nuclear fuel cycle.

Secretary of State Condoleezza Rice and the foreign ministers of the other five governments involved in the negotiations with Iran — Britain, France, Russia, China and Germany — have discussed the possibility of meeting in London on Friday to plot a strategy for the next steps, officials said.

While at a meeting of Arab foreign ministers in Cairo on Tuesday, Ms. Rice told reporters that there was nothing new in the Iranian proposal, and that it continued to fall far short of international demands.

"The Iranians have floated it before," she said, suggesting that the United States would reject any proposal that allowed Iran to enrich and reprocess uranium on its own soil. "This may be a stalling technique."

The Iranian proposal, which has been rejected by Iran's negotiating partners in the past, comes as Iran has hardened its position in negotiations between Ali Larijani, its chief nuclear negotiator, and Javier Solana, the European Union foreign policy chief.

Mr. Solana reported to the six governments in recent days that Mr. Larijani rejected the calls to halt key nuclear activities even though Iran could face sanctions by the Security Council, three senior European officials said.

Instead, in meetings in Berlin with Mr. Solana last week, Mr. Larijani floated the idea of the creation of an international consortium to administer Iran's production of enriched uranium. He did not mention France as the central player, the officials said.

In what was widely perceived as a stalling tactic, Mr. Larijani also spent much of his time in recent conversations with Mr. Solana, airing Iran's historical grievances against the rest of the world.

Specifically, Mr. Larijani told Mr. Solana that Iran's current enrichment activities would have to continue, and that Iran would consider only a temporary halt to the expansion of its uranium enrichment program, the officials added.

The six powers, through Mr. Solana, had been trying to persuade the Iranians to accept a three-month halt on all uranium enrichment activities at their vast plant at Natanz and on construction at the plutonium plant at Arak, the European officials said. Uranium conversion, an earlier stage of processing, would have been allowed to continue at the Isfahan plant.

These officials also spoke on condition of anonymity under normal rules of diplomacy.

There is also increasing frustration among European governments with Mr. Solana for presenting the results of his talks in too positive a light, several European officials said.

Mr. Solana has acknowledged the lack of progress on substantive issues, telling reporters in Finland on Monday, "The fundamental matter of suspension has not been agreed." But he has repeatedly pointed to "progress" on peripheral issues, like where and when further negotiations with the six governments would take place.

On Tuesday, Mr. Solana appeared to keep the door open to Iran's new proposal, describing it as "interesting," and adding, "This is something we have to analyze in greater detail."

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In the radio interview, Mr. Saeidi proposed that Iran's uranium enrichment activities would be monitored "in a tangible way" by Eurodif, a multinational enrichment consortium based in France, and by Areva, the France-based nuclear energy giant and majority shareholder in Eurodif.

Eighty-seven percent of Areva is held by French governmental institutions, and the company has vast interests in the United States ($1.8 billion in earnings in America in 2005) that it may not want to jeopardize by seeming to negotiate with Iran.

Can Rice Rally Mideast Against Iran? (CSM)

By Dan Murphy

The Christian Science Monitor, October 4, 2006

CAIRO

Secretary of State Condoleezza Rice is in the Middle East this week seeking to build a network of support for what she calls "emerging moderate forces" (i.e. Iraq, the Palestinian Fatah Party, Saudi Arabia, and Egypt) against "extremist" ones that are opposed to US interests.

The No. 1 extremist Ms. Rice intends to to counter, say analysts, is Iranian President Mahmoud Ahmadinejad. This trip comes at a time when an oil-flush, potentially nuclear Iran has growing clout in the region, particularly among armed Shiite groups in Lebanon and Iraq.

Ms. Rice is seeking to tap a deep, historical concern among Sunni Arab countries wary of Shiite Iran, with the aim of building a counterweight to Iran's influence.

"The US sees Iran now as the source of destabilization in the Middle East and because there are fears among the Arab countries that Iran also possess a threat this gives the US a chance to form a coalition against Iran and against all its allies, like Syria, like Hizbullah, like Hamas," says Hassan Nafai, chair of the political science department at Cairo University.

Rice's public statements so far have given more time to shoring up the secular Lebanese and Palestinian leaders, ending Iraq's insurgency, and disarming Hizbullah in Lebanon than to Iran. But the confrontation with the Shiite state seems to be at the top of the agenda, and in many ways sits at the center of America's concerns in the region.

Hizbullah is seen by the US as an Iranian proxy that could harass Israel if the nuclear dispute with Iran moves to open conflict; disorder in Iraq is seen as serving Iranian interests by tying up US forces and creating the possibility that the country's Shiites could rise up against US forces in support of their coreligionists; and Hamas, too, is seen by America as a threat to speed attacks against Israel in the event of war.

But Washington's conviction that Iran is seeking nuclear weapons (Iran insists its nuclear program is for peaceful purposes only) trumps all other concerns.

Rice said in Saudi Arabia Tuesday that Germany and the five permanent members of the UN Security Council would meet soon on Iran, and indicated the US will press for sanctions if Iran doesn't suspend its uranium-enrichment program. Enriched uranium can be used for either nuclear power plants or bombs.

Rice is meeting foreign officials from eight Sunni Arab nations on the trip, before meeting with Israeli and Palestinian officials later in the week, who all fear the implications of an Iranian nuclear bomb but are also worried about the consequences of an armed confrontation over the issue, since it is likely to inflame popular public sentiments against their own regimes.

Tuesday, Rice flew from Saudi Arabia to Egypt, where she met privately with Egyptian intelligence chief Omar Suleiman, who has been working on reconciling Palestine's warring factions.

"Expectations have to be kind of low on this trip. There are not going to be any major policy breakthroughs, either on the peace process or on Iran," says Josh Stacher, a lecturer at the British University in Cairo. "For Rice this is mostly a bit of a listening trip, finding out what allies want in the lead-up to building a coalition to go after Iran, be that sanctions, or military strikes, or further diplomacy."

Mr. Stacher says that while all eight of the Arab governments are eager to limit the possibilities Iran could go nuclear - particularly Saudi Arabia, which has feared Shiite expansionism since Iran's Islamic revolution - they will be urging the US against military action because of potential blow-back against their own regimes, none of which are democratic and six of which are monarchies.

Mr. Nafai agrees, and says that while the US might get fairly tepid support for sanctions against Iran, he doesn't see an eventual Arab coalition backing military action, largely because of the unresolved conflict over the Palestinian territories. "As long as the US continues to support unconditionally Israel's policies in the region and is not trying to seriously help find a settlement it will be almost impossible to form a strong coalition."

The recent confrontation between the Shiite Hizbullah and Israel boosted the regional popularity of Mr. Ahmadinejad, who supports Hizbullah, and hurt the standings of regimes like Egypt and Saudi Arabia because they were seen by their people as insufficiently condemning Israel's strikes inside Lebanon.

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Rice has also adopted a new rhetorical approach on this trip, in which America's allies in the region are cast as moderates, and its enemies as extremists, something she said was demonstrated by the war in Lebanon.

"When Lebanon happened ... [we] got in very stark relief a clear indication that there are extremist forces and moderate forces" in the region, she told reporters. "The countries that we are meeting ... is a group that you would expect to support the emerging moderate forces in Lebanon, in Iraq, and in the Palestinian territories."

"The President isn't going to stop pressing for democracy because he believes that ultimately it's the force that will stabilize the Middle East most," Rice said. "But it does not mean that even if states ... are not yet transformed to democracy that we're not going to have relations with them and that we're not going to work together to resist extremist forces in the region."

Stacher says her comments at the start of her trip make the current administration policy on the region look similar to those of past administrations, when the stability and support of allies was more important than promoting change. "The Bush administration has redesigned policy toward the region. Nondemocratic states that are friendly are being painted as moderates and unfriendly undemocratic states are being branded as extremists. The rhetoric is about to reflect reality"

None of the Arab countries Rice is talking to on this trip - Egypt, Jordan, Saudi Arabia, Qatar, Bahrain, the United Arab Emirates, Kuwait, and Oman - are democracies, and most severely limit free speech and political organization.

For many Arabs, says Nafai, ongoing US support for these "despotic" regimes means the promises of President Bush to promote democracy aren't believed, and residents of these countries end up more inclined to support US enemies.

Diplomats: Iran Nuke Stance Hurts Talks (AP)

By George Jahn

AP, October 3, 2006

Iran's refusal to freeze uranium enrichment has sabotaged talks meant to defuse the standoff over its nuclear program, opening the way for the U.N. Security Council to start considering sanctions next week, senior U.N. diplomats said Tuesday.

The diplomats spoke on condition of anonymity, citing agreement not to publicly pronounce the talks dead before a final attempt by European Union envoy Javier Solana and Ali Larijani, Tehran's chief nuclear negotiator, to bridge differences in a phone call scheduled for Wednesday.

But with both sides standing firm, "the talks are considered a failure," even in key European capitals that had favored negotiations over U.N. sanctions, said one of the diplomats, adding the Larijani-Solana phone call could focus on nothing more than how to publicly acknowledge that the discussions had failed.

John Bolton, the U.S. ambassador to the United Nations, told The Associated Press: "It's only a very short time before we'll be seeking sanctions," unless Iran complies with international demands to suspend enrichment. And, he added, "there is not a single sign that they're prepared to give up" the activity, which can be used to make fissile material to arm nuclear warheads.

Beginning Sept. 9, the EU-Iran talks had been billed as a final attempt to head off a confrontation between Tehran and the Security Council, after Iran ignored an Aug. 31 deadline to suspend enrichment or face punishment. Two diplomats familiar with several rounds of negotiations between EU envoy and Larijani told the AP that the prospect of an up to three-month enrichment freeze was floated, and both men until recently spoke of progress in resolving the impasse.

But on Tuesday, another diplomat said Larijani — considered a moderate — told Solana he had been unable to sell the concept of even a limited enrichment freeze to the more hard-line leadership in Tehran. Iranian President Mahmoud Ahmadinejad had said as much during the weekend, telling professors at Tehran University that Iran would not suspend enrichment for a single day.

Wednesday's planned Larijani-Solana phone call is to be followed by a meeting Friday in London by the foreign ministers of the five Security Council nations and Germany or their senior representatives.

Those countries spearheaded the latest effort to persuade Tehran to renounce enrichment by offering it a package of economic and political rewards if it cooperated — and dangling the prospect of punitive action by the Security Council if it did not.

Then, the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran turn course. One of the diplomats said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first step, to be followed by others, including travel bans on Iranian officials and the freezing of their assets.

While relatively mild, such punishments are meant to maintain council unity in the face of opposition to any sanctions from Russia and China, the other two permanent Security Council members.

The diplomats offered conflicting opinions on how Russia would respond, but both agreed China remained skeptical about using such punishment to rein in Iran.

Moscow and Beijing are Tehran's economic partners and have been traditionally opposed to sanctions, fearing they could ultimately lead to the council's most potent weapon — the threat of military action.

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In refusing to give up enrichment, the oil-rich nation says it has a right to nuclear technology as an alternate means of generating power. But Bolton on Tuesday dismissed that argument.

"They've been throwing sand into the eyes of the people concerned about their weapons program for three years now" — he said, alluding to the more than three-year investigation by the International Atomic Energy Agency into suspicious nuclear activities. While the agency says it has found no direct proof that Iran has a secret weapons program, its worrying findings — including revelations of secret plutonium experiments by Tehran and its possession of a diagram showing how to mold weapons-grade uranium into the shape of nuclear warheads, has increased suspicions.

In an attempt to ease the pressure, a top Iranian official on Tuesday revived a proposal of foreign oversight on its enrichment activities. Mohammad Saeedi, deputy chief of Iran's Atomic Energy Organization, suggested that France create a consortium to enrich uranium in Iran.

Georges Le Guelte, a nuclear expert at France's Institute for International and Strategic Research, called Saeedi's announcement "a diversion tactic."

He said the international community was unlikely to agree to such a deal because the enrichment would take place in Iran.

"This is something that would be almost as dangerous as leaving the Iranians to do it alone," he said.

People Hold Promise For Peace (USAT)

By Shirin Ebadi

USA Today, October 4, 2006

While the current standoff between the United States and Iran over that country's uranium enrichment program is often portrayed as a clash of cultures — the West against Islam — the truth is much more complex. That depiction mistakes politics for culture, rhetoric for reality.

A more accurate picture requires looking at the relations between the two countries through different lenses: one, the political relations between the two governments; the second, the more personal attitudes of the people toward each other. The former, with the threats of sanctions and even war, receives the most attention; the latter could hold the most promise for a possible resolution.

There was a time when relations between the United States and the Iranian government were mutually beneficial. That honeymoon period began in 1953 when Mohammed Reza Pahlavi, the shah of Iran, was in power. A good friend of the United States, the shah purchased U.S. weapons and signed important oil contracts with American companies. He also became a close ally of Israel in the Middle East.

But in 1979, the shah was overthrown and the Islamic Revolution marked the beginning of a new chapter of political relations. Later that year, hostages were taken at the U.S Embassy in Tehran, an event that led to the complete rupture of political relations between the two countries and to U.S.-imposed economic sanctions against Iran that continue to this day.

Relations between the American and Iranian people today are markedly different from their governments'. Hundreds of thousands of Iranians live in the USA. These people are decent U.S. citizens; most of them are educated, and many have prosperous businesses. Many young Iranians wish to visit or emigrate to the USA, seeking out its first-rate universities, its social, civic and creative freedoms as well as its economic opportunities. The people of America have always been welcoming to Iranian immigrants. American visitors to Iran, in turn, are warmly welcomed by the Iranian people.

This is not true, however, across all of the Middle East. That is because the United States has protected and defended the actions of the rulers of non-democratic, Islamic governments in the Middle East and has forgotten the people who must live under those regimes. As a result, many people of the Middle East distrust the U.S. government, for there is a proverb that says, “My enemy's friend is my enemy as well.”

In Iran, however, the feelings of the people for America are the opposite because the U.S. government has never supported nor defended the government of the Islamic Republic of Iran. Therefore, its people are not sensitive to the rhetoric of the U.S. government.

Many Iranians clearly understand that the cultures and people of the two countries are separate and distinct from their respective governments. This is the reason that Iranian President Mahmoud Ahmadinejad is more popular among the young Arabs than among the young Iranians.

The U.S. government must realize that the positive feelings of the Iranian people will continue only if it does not initiate a military attack against Iran. The Iranian people are exceedingly proud of their 2,500-year history and culture. Iran as a country is larger and greater than its rulers and exists apart from any government in power at any particular time.

If America attacks, however, Iranians will unite, forgetting their differences with their government, and they will fiercely and tenaciously defend their country.

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That is why misguided commentaries from even supposed experts such as Princeton Middle East scholar and author Bernard Lewis are irresponsible. Lewis recently wrote that an atomic Iran would most probably use atomic weapons against Israel and America. Lewis even outrageously predicted that Aug. 22, a date that corresponded on the Islamic calendar with the date in which Muslims commemorate the night of prophet Mohammed's prophetic mission — could be a possible time for an Iranian attack on Israel.

The government of the United States must listen to those who are more enlightened with regard to Iran's issues and the complexity of U.S.-Iran relations. It is only then that it can reach informed, realistic and sustainable decisions regarding its differences with Iran.

The differences between the governments of Iran and the United States must end one day, and the sooner this takes place, the better.

The American government must accept the fact that Iran is the most important country in the Middle East because of its strategic location, population, wealth, natural resources, army and scientific achievements. It cannot be talked down to or treated as if it's a powerless Third World country.

And the Iranian government must also accept the fact that after the downfall of the Soviet Union, the United States is the one and only superpower — a reality that should preclude pejorative political remarks. Only through recognition of these facts can a solution for resolving the conflicts be reached.

The conflict must be resolved through direct negotiations. Negotiations must be explicit, overt and to the benefit of the people, not to the governments, of these two countries. These negotiations must be engaged at three levels in both countries: the executive, the legislative and among their respective citizens through non-governmental organizations.

With a realistic viewpoint, any difference can be resolved. Let us gaze into the future instead of dwelling on the past.

Shirin Ebadi, a lawyer in Iran, won the Nobel Peace Prize in 2003 for her efforts on behalf of human rights and for democracy, which she continues today. She also is author of the book Iran Awakening: A Memoir of Revolution and Hope.

The Six-Million Person Question (WSJ)

By Mark Bowden

The Wall Street Journal, October 4, 2006

"As to the Holocaust, I just raised a few questions. And I didn't receive any answers to my questions."

-- Iranian President Mahmoud Ahmadinejad, interviewed in Time magazine in September 2006.

When Mr. Ahmadinejad visited the U.S. last month, he backed off slightly from his earlier position that the Holocaust was a myth. The systematic extermination of six million Jews by Nazi Germany in the 1930s and 1940s, an atrocious historical fact that is as thoroughly documented as a fact can be, remains a living memory for thousands of survivors. My guess is that someone in Mr. Ahmadinejad's circle has pointed this out to him since he publicly doubted it last December.

The president of Iran is a man for whom facts are mere fodder for political purposes, but there is little political advantage in making a fool of yourself on a world stage. So he has now retreated to the last refuge of all intellectual scoundrels, calling for "more research." And he has adopted a slightly different critical tack, which he repeated in numerous forums during his recent trip to New York. In Time it went like this: "I said that during World War II, around 60 million were killed. All were human beings and had their own dignities. Why only six million?"

Here, if I understand it correctly, he is asking: Why, in a war where 60 million were killed, has the West made such a big deal out of the deaths of six million Jews? Were the other deaths not equally terrible? Was the world not equally impoverished by each of these losses?

This seems a fair question, and I can think of a good answer. I'm sure others can think of even better ones than mine. But since Mr. Ahmadinejad has complained about not receiving any, for what it's worth, I'm happy to offer this one:

It is a tricky business, rating the moral depredations of the human species, because just when you have settled on the worst, somebody somewhere achieves a new low. In the 20th century alone, communism and its variants in the Soviet Union, China and Cambodia have been responsible for the slow and rapid execution of millions. Millions more perished in the saturation bombing campaigns and the atom bomb blasts of World War II. Conflict and murderously misguided idealism were big players in the atrocity game, and accounted for the deaths of many times more innocents than Adolf Hitler and his Final Solution.

The Holocaust haunts us more than these others for a good reason. The Final Solution was the deliberate act of a government to exterminate a portion of its own people. It employed the resources of the state -- its policy makers, planners, intellectuals, legal system, police and military, industry, transportation system and to a large extent its people -- to single out a particular group of citizens, systematically demonize and isolate them, and then count them, label them, strip them of everything, round them up, ship them to concentration camps, kill them and incinerate them. It attempted to squeeze some last value out of

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the most fit among those doomed, by employing them as slave labor or subjecting them to medical experimentation before killing them, and even then looked for ways to make saleable products out of their remains.

This horror began in peacetime, so the nation was not lashing out in self-defense, nor was it being threatened in any concrete way. In the early 1930s, when the state-driven process of isolating and demonizing Jews began, Germany had rebuilt itself after its defeat in World War I, and was the most powerful nation on the European continent. Indeed, it would soon sweep across its borders and conquer every country within its reach. Its science, medical and technological prowess were the envy of the world.

The Holocaust disturbs us so deeply because it demonstrates that none of the things we associate with the advancement of civilization -- peace, prosperity, industrialization, education, technological achievement -- free us from the dark side of the human soul. Just as there is evil in the heart of every man, there is evil at the heart of even the most "civilized" human society. It is a humbling recognition. Man and society are both capable of the most appallingly depraved behavior. Only in the case of society, it occurs on an industrial scale.

The lives lost in the firebombing of Dresden or the nuclear flash over Hiroshima are no less significant, and the military choices that brought about those deaths remain profoundly disturbing, but they at least took place in the context of war. Whole societies were caught up in a life-or-death struggle.

What the Holocaust demonstrates is the danger of a one-party state. It shows what can happen when a group of true believers, convinced of the superiority of their own ideas, have unchecked power. They are then free to rewrite history to suit their political ends, and crush those who disagree or protest . . . or who worship God in a different way.

Like, say, the mullahs in Iran.

Mr. Bowden, a national correspondent for the Atlantic Monthly, is the author of "Guests of the Ayatollah" (Atlantic Monthly Press, 2006).

Rice: Nuclear Test A 'Provocative Act' (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, October 4, 2006

Secretary of State Condoleezza Rice said Tuesday a North Korean nuclear test would be "a very provocative act," and she prodded Asian nations to rethink their relationships with the North Koreans.

The top U.S. diplomat said the United States would have to assess its options should such a test be carried out, but she did not elaborate.

"It would be a very provocative act by the North Koreans," Rice said during a press conference in Cairo, second stop on a Middle East tour. "They have not yet done it, but it would be a very provocative act."

Rice's warning reflected widespread concern within the Bush administration. She stressed, however, that a North Korean test was an issue "for the entire neighborhood" and not just for the United States.

"A North Korean nuclear test ... would create a qualitatively different situation on the Korean peninsula," Rice said. "I think that you would see that a number of states in the region would need to reassess where they are now with North Korea."

The remarks appeared directed primarily at China and South Korea.

White House spokesman Dana Perino complained about North Korea's "provocative announcement" and said other countries should join in pressing Pyongyang to avoid testing.

A test "would be directly contrary to the interests of all of North Korea's neighbors and to peace and security in the Asia-Pacific region," Perino said in a written statement.

The United States has long urged China, Pyongyang's only ally, to exert more pressure on North Korea to return to stalled diplomatic talks.

South Korea, divided from its northern neighbor for more than 50 years, has sought better relations and eventual reunification. Seoul is a key U.S. ally but often tries to smooth over rhetorical and other disputes between Washington and Pyongyang.

Pyongyang has said it has nuclear weapons, but it has not conducted any test known to outsiders to prove its claim. South Korea's spy agency has said the North could test a nuclear bomb at any time.

North Korea announced Tuesday that it would conduct a nuclear test in the face of what it claimed was "the U.S. extreme threat of a nuclear war." The statement from Pyongyang gave no precise date when a test might occur.

The North regularly uses the United States as a foil, and has used similar language in the past. The latest threat may carry more weight, however, because it follows the test-firing of seven missiles in July, including one believed to be capable of reaching the United States.

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Although the long-range missile failed during flight, tests of both a nuclear device and a missile theoretically able to deliver it to U.S. shores would give the North considerable bargaining power.

The U.S. and its allies have been trying to lure the North back to stalled international efforts to persuade Pyongyang to scrap its nuclear weapons program.

The North has pushed for direct talks with the United States, something Washington says it will not do outside the framework of the stalled six-nation talks. The North has refused to return to the disarmament talks because of U.S. financial restrictions imposed for its alleged illegal activity, including money laundering and counterfeiting.

Many experts believe the North has enough radioactive material to build at least a half-dozen or more nuclear weapons.

"They are an active proliferator," said Defense Secretary Donald H. Rumsfeld. "And were they to test and were they then to proliferate those technologies we'd be living with a proliferator and obviously we'd be living in a somewhat different world."

Rumsfeld, in Managua, Nicaragua, for meetings with Central and South American foreign ministers, declined to say whether Pyongyang's announcement had triggered any changes in the U.S. alert status.

The U.S. ambassador to the United Nations, John Bolton, told The Associated Press on Tuesday that the U.S. would bring up North Korea's statement for discussion in a regular meeting of the U.N. Security Council. The Council is expected to talk about it on Wednesday.

Bolton said the Council should embark on "preventive diplomacy" and not just a "knee-jerk reaction" to the North Korean threat.

State Department spokesman Sean McCormack said a North Korean nuclear test would be an "unacceptable threat to peace and stability" and further isolate North Korea from the rest of the world.

The U.S. and other countries have imposed financial sanctions on Pyongyang.

Vice Adm. John Morgan, the Navy's chief of strategy and plans, told reporters that a possible test is "something we're very concerned about. We think there needs to be a diplomatic solution to this. We think the international community is working hard to achieve that."

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Associated Press writers Foster Klug, Barry Schweid, Robert Burns and Peter Spielmann contributed to this report.

North Koreans Say They Plan A Nuclear Test (NYT)

By David E. Sanger

The New York Times, October 4, 2006

WASHINGTON, Oct. 3 — North Korea announced Tuesday that it intended to conduct its first nuclear test, prompting warnings from Tokyo to Washington that an underground explosion would lead to a sharp response and could undermine the security balance in Asia.

North Korea did not say when it would try to test a weapon, and experts inside and outside the Bush administration said the announcement itself was a negotiating ploy, intended to force the White House into lifting economic sanctions and holding one-on-one talks with North Korea.

American intelligence officials said they saw no signs that a test was imminent. But they cautioned that two weeks ago, American officials who had reviewed recent intelligence reports said American spy satellites had picked up evidence of indeterminate activity around what is thought to be North Korea's main test site. It was unclear to them whether the activity was part of plans for a test, or perhaps a feint related to last month's visit to Washington by President Roh Moo-hyun of South Korea.

At that meeting, Mr. Bush and Mr. Roh discussed the possibility of a test, and Mr. Roh said the event would "change the nature" of South Korea's policy of economic engagement with the North, Mr. Roh told Americans he met afterward.

But the two leaders did not appear to have a coordinated strategy, and a senior Asian diplomat in Washington said Tuesday that "no one is quite sure how to respond" if the North conducted a test in the near future.

In public, the Bush administration's response was muted and left the American response as unclear as the North Korean threat.

North Korea has long possessed plutonium fuel to manufacture nuclear weapons, and American intelligence agencies say they believe the country expanded its fuel stockpile in recent years so that it could now make roughly six to eight weapons, and perhaps more. That inventory was increased, North Korea says, after the eviction of international inspectors in early 2003, just as the Bush administration was focused on the invasion of Iraq.

North Korea claimed more than a year ago that it possessed a "nuclear deterrent," but the absence of a test has created a diplomatic ambiguity, allowing China to raise doubts about how far the country had progressed, and giving Washington room after President Bush's declaration in his first term that he would never "tolerate" a nuclear-armed North Korea.

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It is unclear whether the North Koreans have determined that ambiguity is no longer in their interests. In a statement issued Tuesday, North Korea's Foreign Ministry said that "the U.S. extreme threat of a nuclear war and sanctions and pressure compel the D.P.R.K. to conduct a nuclear test, an essential process for bolstering nuclear deterrent, as a self-defense measure in response." North Korea's official name is the Democratic People's Republic of Korea.

But earlier this month a North Korean general, Ri Chan-bok, told a visiting American expert, Selig S. Harrison, that no test was necessary.

Mr. Harrison quoted General Ri as saying last week: "If we have an underground test it could have radioactive leakage. These rumors are spread by U.S. agencies to smear us. I have never heard indications of a nuclear test in our government or armed forces."

In a statement, Frederick Jones, the National Security Council spokesman, said a test would "severely undermine our confidence in North Korea's commitment to denuclearization" and "pose a threat to peace and security in Asia and the world."

"A provocative action of this nature would only further isolate the North Korean regime and deny the people of the North the benefits offered to them" in six-nation talks that have not reconvened in more than a year, the statement said.

But behind closed doors the announcement touched off a flurry of meetings, as officials wrestled with uncertain intelligence, questions about whether China or South Korea could prevent a test and the possibility that a test could take place before the Congressional elections.

The American statement did not draw the lines in the sand that marked the nuclear standoffs of the 1990's, when the Clinton administration began reinforcing American forces on the Korean Peninsula in response to a threat by the North to convert its supply of spent nuclear reactor fuel into bombs. President Clinton's advisers recommended at the time that if the North began to move that supply to a plant where it could be fashioned into bomb fuel, the president should order an airstrike to destroy the plant. Mr. Clinton never had to face that choice.

But American officials, who declined to be named because they were not authorized to speak about North Korean policy, have recently said the administration assumes that sooner or later, North Korea will conduct a test. "You could argue that it wouldn't be an all-bad thing," one administration hawk said, "because it would finally unify the Chinese, and the Russians and the South Koreans," all of whom have been reluctant to pressure North Korea.

Michael Green, who handled North Korea issues for the National Security Council until he left the White House last year, said, "I think that the evidence has grown, especially with the missile launch, that North Korea has its own escalation ladder, and they would agree to postpone a test only for the right price."

Mr. Green said he thought it was unlikely that North Korea's price would be met, and he said he thought the North had "calculated that they can take the heat from China and Japan, and they are not losing much from South Korea anyway."

In Tokyo, North Korea's sudden announcement was the first international test for Japan's new prime minister, Shinzo Abe, a nationalist who has vowed to make security a top priority. Mr. Abe warned North Korea against the test in stern terms rarely heard in the cautious language of Japanese diplomacy.

"Japan and the world absolutely will not tolerate a nuclear test," he told reporters, in a statement worded more sharply than the Bush administration's. "The international community would respond harshly."

Secretary of State Condoleezza Rice told reporters in Cairo, where she met with several Arab counterparts on regional issues, including Iran's nuclear program, that the announcement was disturbing and that a nuclear test would be "a very provocative act by the North Koreans."

For First Time, N. Korea Announces Plans For Nuke Test (USAT)

By Barbara Slavin

USA Today, October 4, 2006

CAIRO — North Korea announced Tuesday that it will conduct a nuclear test, the first such declaration from the nation.

The prospect that North Korea could take a major step forward in its nuclear weapons development sparked condemnation and concern in foreign capitals.

Secretary of State Condoleezza Rice, in Cairo for a meeting with Arab foreign ministers, said a North Korean test would be "a very provocative act." The Bush administration has said it wants a diplomatic solution to the dispute with North Korea.

Rice said the Bush administration "would have to assess what options we have" but did not detail them. The United States has already imposed economic sanctions on North Korea for its refusal to return to six-nation talks about its nuclear program.

North Korea gave no date for a test and said it was committed to "the denuclearization of the peninsula."

The country has warned in the past that it might test a nuclear weapon. The statement Tuesday was the first time it announced its intent to do so.

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North Korea blamed U.S. threats “and sanctions and pressure” for its decision to conduct a nuclear test, a key step in the manufacture of atomic bombs. North Korea said the test was a “self-defense measure.” The communist government said it wanted to “settle hostile relations” between North Korea and the United States.

Japanese Prime Minister Shinzo Abe said today that Japan “could not accept if North Korea were to conduct a nuclear test.” South Korean President Roh Moo Hyun, meanwhile, called for a “cool-headed and stern” response, his office said.

North Korea is believed to have enough plutonium for as many as a dozen bombs, according to the Carnegie Endowment for International Peace. Most of the material has been created since 2003, when North Korea withdrew from the Nuclear Non-Proliferation Treaty and resumed activity at its Yongbyon nuclear facility that had been suspended since 1994.

Rice stressed that the current dispute was not just between the United States and North Korea, but between North Korea and its “neighborhood.”

John Bolton, the U.S. ambassador to the United Nations, raised the issue during a Security Council meeting.

The council, which condemned North Korea this year for conducting a series of missile tests, agreed to hold further discussions today.

Multilateral talks on North Korea's nuclear program have been stalled for almost a year. The nation has boycotted the six-nation talks in protest over U.S. financial restrictions imposed for its alleged illegal activity, including counterfeiting.

David Straub, a former State Department official, said he believes the North Koreans “will go through with it.”

A nuclear test “would pose an unacceptable threat to peace and stability in Asia and the world,” State Department spokesman Sean McCormack said in a statement.

North Korea To Conduct Nuclear Test (AP-Y)

By Bo-Mi Lim And Christopher Torchia

AP, October 3, 2006

North Korea triggered global alarm on Tuesday by saying it will conduct a nuclear test, a key step in the manufacture of atomic bombs that it views as a deterrent against any U.S. attack. But the North also said it was committed to nuclear disarmament, suggesting a willingness to negotiate.

The contradictory statement fits a North Korean pattern of ratcheting up tension on the Korean Peninsula, a Cold War-era flashpoint, in an attempt to win concessions such as economic aid. The strategy has had mixed results in recent years as the totalitarian regime sinks deeper into isolation and poverty, with China serving as its lifeline for food and fuel.

Secretary of State Condoleezza Rice called North Korea's announcement "a very provocative act." It came as the standoff deepened over Iran's nuclear program, with senior U.N. diplomats saying six world powers would begin negotiations Friday in London on possibly imposing sanctions against Tehran for refusing to suspend uranium enrichment.

It was the first time the North had publicly announced its intent to conduct a nuclear test. Previously, it had warned that it might conduct a test, depending on U.S. actions.

"The U.S. extreme threat of a nuclear war and sanctions and pressure compel the DPRK to conduct a nuclear test, an essential process for bolstering nuclear deterrent, as a self-defense measure in response," said a statement by the North's Foreign Ministry and carried by the North's official Korean Central News Agency. DPRK stands for Democratic People's Republic of Korea, the North's official name.

Yet it said it wanted to "settle hostile relations" between the North and the United States, and that it "will do its utmost to realize the denuclearization of the peninsula."

Many North Korea watchers believe the country's dictator, Kim Jong Il, knows that all-out confrontation with the United States would lead to his destruction. Even if Kim seeks negotiations, though, the risk of a miscalculation that spirals out of control cannot be ruled out.

The North Korean statement did not say when a nuclear test might occur, but the prospect drew rebukes from Japan, South Korea and the United States. The allies, along with China and Russia, had participated in the stalled six-party talks aimed at getting the North to give up its nuclear ambitions.

The announcement was not a big surprise to many observers of North Korea because U.S. intelligence reports previously had indicated that Pyongyang might be preparing a nuclear test. Many experts believe the North has enough radioactive material to build at least a half-dozen or more nuclear weapons.

In Cairo, Egypt, Rice said the United States would have to assess its options if the North carries out the test, without detailing what those options were. She stressed, however, that a North Korean test was an issue "for the neighborhood" and not just for the United States.

"It would be a very provocative act," Rice said. Still, she said, "they have not yet done it."

The White House, which has denied it has any intention of attacking the communist nation, also denounced the threat.

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"A provocative action of this nature would only further isolate the North Korean regime and deny the people of the North the benefits offered to them in the six-party talks that they so rightly deserve," said Frederick Jones, a spokesman for the National Security Council.

In Finland, European Union foreign policy chief Javier Solana said such a test "is always bad news."

Japan's foreign minister, Taro Aso, called the North's nuclear test plans "totally unforgivable," and said Japan would react "sternly" if the North conducted the tests, according to Kyodo News agency.

The presidential office said South Korea had raised its "security level" and that security officials planned to hold an emergency meeting Wednesday. The United States keeps about 29,500 troops in South Korea, a legacy of the 1950-53 Korean War.

China, North Korea's ally and chief benefactor, had no immediate comment. North Korea counters U.S. influence in the region, but China is believed to be increasingly frustrated with North Korea's go-it-alone belligerence.

In a worst-case scenario, a North Korean nuclear test could prompt Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

A test could also strain the alliance between the United States and South Korea, which has sought to engage its neighbor.

The United States is likely to seek a military solution to the North Korean problem only as a last resort, partly because of the burden of conflict in Iraq and Afghanistan.

U.S. Ambassador John Bolton raised the issue before a regularly scheduled meeting of the U.N. Security Council on Tuesday. He said he urged members "to come up not just with a knee-jerk reaction ... but to develop a coherent strategy to convince them that it's not in their interest to engage in nuclear testing."

But France's U.N. Ambassador Jean-Marc de La Sabliere said he wants a swift council statement, and China's U.N. Ambassador Wang Guangya said the best place to deal with the threat is in the six-party talks. Wang urged stepped up efforts to get the North to return to the stalled talks.

After a brief discussion, members decided to meet Wednesday morning to address the issue.

North Korea has sometimes made a splash with statements or military actions on important anniversaries at home, or political events such as elections in South Korea and the United States.

The test declaration came ahead of congressional elections in the United States in November and shortly before the expected election of South Korea's foreign minister, Ban Ki-Moon, as secretary-general of the United Nations.

North Korea staged a series of missile tests to coincide with July 4, needling the United States on its Independence Day. But no talks or concessions were forthcoming.

Six-party talks on North Korea's nuclear activity have been stalled for almost a year. Pyongyang skipped the talks in protest over U.S. financial restrictions imposed for alleged illegal activity, including money laundering and counterfeiting.

"If they feel they are not getting interaction with us, they tend to do things to get our attention," said Charles Kartman, a U.S. nuclear negotiator with North Korea under the Clinton administration. "The tools that they have are all bad ones. They don't really have anything else going."

Top diplomats from the five permament members of the U.N. Security Council and Germany will attend Friday's meeting in London to discuss what to do about Iran's nuclear program, the U.N. diplomats said. The six nations have offered Tehran a package of economic and political rewards if it agrees to renounce uranium enrichment; sanctions are possible if is doesn't.

The officials spoke on condition of anonymity, citing an agreement not to pronounce the end of talks before European Union envoy Javier Solana and chief Iranian negotiator Ali Larijani speak on Wednesday.

The officials said, however, that the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran turn course.

N. Korea Pledges Nuclear Test (WP)

By Anthony Faiola And Dafna Linzer

The Washington Post, October 4, 2006

Need Cited to Deter Threat From U.S., But No Date Is Set

TOKYO, Oct. 3 -- North Korea declared Tuesday that it would conduct a nuclear test to bolster its defenses against the United States, raising tensions in the region and marking the communist government's first unambiguous pledge to prove it has become a nuclear power.

Though North Korea has previously said it possesses nuclear bombs -- U.S. intelligence officials have estimated it could have as many as 11 -- a test detonation would dramatically change the region's power dynamics. Analysts have said the United States and area neighbors including China, Japan and South Korea would be forced to deal far more harshly with the North Koreans.

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A test would be a "very provocative act," Secretary of State Condoleezza Rice said during a visit to Cairo. It would create a "qualitatively different situation on the Korean Peninsula" that would spill over into the entire region, she said. Rice declined to predict what the U.S. response might be.

In a statement issued through the official KCNA news service, North Korea's Foreign Ministry said the government would "conduct a nuclear test under conditions where safety is firmly guaranteed." The statement did not say when the test might occur, but added that the North's "nuclear weapons will serve as reliable war deterrent for protecting the supreme interests of the state and the security of the Korean nation from the U.S. threat of aggression."

The declaration follows reports in recent months, based on intelligence agency findings, that the secretive communist state might be preparing a test site in its barren northeast. Observers greeted the reports with some skepticism, partly because North Korea is widely known for brinkmanship.

High-level officials from the United States, Japan, South Korea and China immediately began exchanging calls Tuesday to discuss a response, according to Asian diplomatic sources. These countries have been part of six-party talks attempting to persuade North Korea to give up its nuclear program. Large numbers of intelligence analysts and policymakers who usually split their time among a host of issues, including Iran, were devoted Tuesday exclusively to the North Korean statement.

The reaction was particularly sharp in Japan, which sees itself as a primary target of North Korean aggression. "If they conduct a nuclear test, it will not be forgiven," Japan's new prime minister, Shinzo Abe, told reporters Tuesday night. "The international community will deal with the situation firmly."

Before his election last week, Abe suggested that Tokyo should study whether Japan's constitution would allow a preemptive strike on North Korean missile bases.

Several analysts and diplomats said a test would in effect mean that North Korea's absolute ruler, Kim Jong Il, had played his last card in the standoff over the country's nuclear program. Observers suggested that the threat might be an attempt to force an easing of the economic pressure against the North that has risen dramatically in recent months.

Analysts said the threat might also reflect attempts by Kim to appease the North Korean military, which is still smarting from a failed test of its new intercontinental Taepodong-2 missile in July.

"North Korea's final goal is survival, and a test is their final option," said Ahn Yinhay, professor of international relations at Korea University in Seoul. "Given the current situation -- the enormous pressure from the U.S.'s hard-line policy -- the North Koreans may think they have no other means to try to get out of this deadlock. They may think they have nothing else to lose."

Many observers say there would be a great deal to lose. A nuclear test would make it far more difficult for Pyongyang's chief benefactors -- China and South Korea -- to continue to provide billions of dollars worth of economic aid and trade, money that has helped Kim prop up his government.

Rumors of a nuclear test have surfaced almost every year since 2002, when North Korea began an escalating series of actions regarding its nuclear program -- including kicking out U.N. weapons inspectors and reprocessing spent fuel rods.

A sense of new urgency has been building in diplomatic circles in recent months. Last week, Christopher R. Hill, the Bush administration's special envoy to the stalled six-country talks, publicly warned that a test would be viewed by world powers as a "very serious" escalation.

The last country to conduct a nuclear test was Pakistan, in 1998, when it detonated five bombs underground in response to tests two weeks earlier by India.

Some scientists question whether North Korea has the technology to conduct a test safely -- leaking radiation is a major concern.

Lee Sang Deuk, vice speaker of the South Korean National Assembly, said in an interview in Washington last month that in late August intelligence agencies had detected unusual movements of troops and equipment around a complex of caves believed to contain a nuclear test site. Cables were laid and tents erected. A U.S. official confirmed that there had been signs of an impending test other than Tuesday's statement.

North Korea has frequently provided the world with early warnings of dramatic moves and has often chosen symbolic dates for them. A series of missile tests took place during the July 4 weekend, and Tuesday's statement came as South Korea was marking its national day.

"A decision to test is a political calculation, not a technical one," said one intelligence officer. The officer said analysts believed that the Pyongyang government issued the statement in part to gauge international reaction before making a final decision. "It doesn't mean they won't test, but it gives them a chance to roll back, or be coaxed back if they want to," said the officer, who agreed to discuss some of the classified analysis on condition of anonymity.

A U.S. government official said the North Koreans might also be trying to refocus international attention on their issues at a time when Iran is becoming the administration's main concern.

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A major concern among U.S. officials is the potential reaction by Japan. U.S. nuclear analysts have worried for years that a North Korean nuclear test might lead Japan to break with decades of nonproliferation commitments and speed toward its own weapons capability. Japan's nuclear industry is highly advanced, giving the country the ability to make nuclear weapons within months if it chose to do so.

Frederick Jones, spokesman for President Bush's National Security Council, shared White House concerns in prepared comments that said a test "would severely undermine our confidence in North Korea's commitment to denuclearization and to the Six Party Talks and would pose a threat to peace and security in Asia and the world."

North Korea's nuclear capabilities have grown significantly during Bush's tenure. When Bush came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. Those sources now put the number as high as 11.

State Department spokesman Sean McCormack called North Korea's announcement an "unacceptable threat" to peace and stability in Asia and in the wider world. The Bush administration will continue to work with its allies in the six-party talks to discourage "such a reckless action," the statement said.

Linzer reported from New York. Staff writer Robin Wright, traveling with Rice, contributed to this report.

North Korea Deepens Weapons Rift With Plans For Nuclear-Bomb Test (WSJ)

By Evan Ramstad, Sebastian Moffett, Gordon Fairclough And Neil King Jr.

The Wall Street Journal, October 4, 2006

North Korea said it will test a nuclear bomb, antagonizing its neighbors and the U.S. and deepening the international standoff over the country's weapons program.

A test by North Korea would dramatically alter the balance of power in East Asia, where China is the only confirmed nuclear power. It would also strain relations between the U.S. and China, who view the North Korean threat in very different terms.

The Bush administration argues a nuclear test would increase the threat of attack on Japan and the U.S. "Were they to test and were they to proliferate this technology, we'd be living...in a somewhat different world," U.S. Defense Secretary Donald Rumsfeld said. Mr. Rumsfeld declined to speculate on any U.S. military preparations in response to a potential nuclear test.

North Korea's foreign ministry, announcing its plans yesterday in a statement distributed by the country's official news agency, didn't set a date for the test. It said it would be conducted "in a condition where safety is firmly guaranteed." U.S. intelligence sources said in mid-August that they detected activity suggestive of bomb-test preparations at a mountain in northeast North Korea.

For several years, North Korea has said it has nuclear bombs. Amid some doubts as to its true weapons capabilities, a nuclear test would provide the first confirmation. In July, it test-fired seven missiles, including a long-range missile designed to cross the Pacific Ocean that misfired. The launch led the United Nations Security Council to issue sanctions against North Korea.

Pyongyang said in its statement that the threat of nuclear war and sanctions from the U.S. force it to undertake a test. It said that its goal is "to settle hostile relations" between it and the U.S.

Following the announcement, Secretary of State Condoleezza Rice called the threat of a test "a very provocative act." The White House said in a statement that a test "would pose a threat to peace and security in Asia and the world."

The U.S. ambassador to the U.N., John Bolton, said the U.S. would bring up North Korea's actions within the Security Council this morning after rebuffing a push by other countries to issue a sharp press statement on the test threat. Mr. Bolton declined to speculate on what action the U.N. might take but said the emphasis was "to develop a coherent strategy to convince" the North Koreans "that it's not in their interest to engage in nuclear testing." The Security Council could move ahead on some sort of measure, but it is unlikely China or Russia would agree to a sharply worded resolution.

The U.S. and its allies have few clear alternatives to U.N. diplomatic action. The U.S. has repeatedly shied away from suggestions it might strike North Korea militarily, a move China and South Korea would strongly oppose. There also are lingering divisions within the Security Council over whether to seek stiffer sanctions on North Korea.

Japan was quick to react to Pyongyang's bomb-test statement. "Japan and the world would definitely not tolerate a nuclear test" by North Korea, Prime Minister Shinzo Abe said in Tokyo. "If the test is carried out, I believe the international community would respond harshly."

In Seoul, high-level South Korean officials met yesterday to refine a plan they had developed in recent weeks specifically in response to a possible nuclear test. President Roh Moo Hyun said last month that "if North Korea goes ahead with a nuclear testing, the situation will become a totally different one from what it has been."

There was no immediate response from China, which is Pyongyang's closest ally. But it is likely a North Korean nuclear test would anger Beijing. Chinese leaders worry a successful test by North Korea would lead Japan to build up its military

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capabilities and perhaps consider developing its own nuclear weapons -- something experts say Tokyo could probably do in less than a year, given its large plutonium stockpiles.

"The security mood in Japan would be affected by a test, and the Chinese understand that," said a senior U.S. official. It is unclear what pressure China might bring to bear on North Korea not to conduct its test or how it might punish leader Kim Jong Il if it does. China remains most concerned about potential chaos in North Korea if the Kim regime should collapse.

North Korea has pushed to meet with the U.S. in two-way talks. But amid past broken agreements with Pyongyang, the U.S. insists on meeting North Korea's leadership in broader arenas such as the U.N. or six-nation talks that include the two Koreas, China, Japan and Russia.

N. Korea Plans A Nuclear Test (LAT)

By Bruce Wallace And Julian E. Barnes

The Los Angeles Times, October 4, 2006

TOKYO — World leaders lashed out at North Korea's vow Tuesday to test a nuclear bomb sometime "in the future," but offered no clear plan for dealing with aggravated tensions over the dictatorship's nuclear weapons ambitions.

U.S. intelligence officials said they had been monitoring recent movement of people and vehicles around at least one suspected test site. But because North Korea has never conducted a nuclear test, it is difficult for intelligence agencies to determine how close the regime may be to setting off a bomb.

The North Koreans did not elaborate on when a test would occur or whether it would be conducted below ground, which experts say is most likely, or in the atmosphere.

Showcasing a nuclear capability would almost certainly deepen North Korea's diplomatic and economic isolation, and could escalate the military buildup in northeast Asia, where grievances run deep and suspicions between capitals are high.

North Korea's Foreign Ministry said Tuesday that a test of the nation's nuclear capability was a necessary response to Washington's financial squeeze on the country, which it described as a "de facto declaration of war." In recent months, Washington has accused Kim Jong Il's regime of counterfeiting U.S. currency and using foreign banks to launder drug money, and has increased pressure on banks around the world not to handle transactions with Pyongyang's military and political elite.

"The U.S. extreme threat of nuclear war and sanctions and pressure compel [North Korea] to conduct a nuclear test, an essential process for bolstering [our] nuclear deterrent, as a corresponding measure for defense," the North Korean statement said.

Secretary of State Condoleezza Rice, traveling in Egypt, said a test would be "a very provocative act."

In Japan, a country within North Korean missile range and where hostility to Kim's regime is a hallmark of its new hard-line government, Prime Minister Shinzo Abe warned that "Japan and the world would definitely not tolerate a nuclear test."

And the South Korean government, which has been reluctant to take a hard line against its volatile neighbor, expressed concern over the announcement and said President Roh Moo-hyun would visit Beijing on Oct. 13 to discuss it.

But there was no immediate consensus on what measures should be employed to defuse the latest threat.

China, North Korea's neighbor and key economic partner, urged calm and restraint.

In New York, the United Nations Security Council declined to issue a formal admonition, noting that it had passed a tough resolution in July demanding that North Korea end all provocative acts and return to six-party talks aimed at dismantling its nuclear weapons program in return for security guarantees and economic incentives.

That resolution followed North Korea's July test firing of a long-range Taepodong 2 missile and a surprising burst of shorter-range missiles, in defiance of similar warnings.

U.S. Ambassador to the U.N. John R. Bolton said the Security Council would meet today on finding a more effective way to discourage Pyongyang from conducting a nuclear test.

The North Korean move adds complexity to nuclear diplomacy as the Security Council seeks ways to dissuade Iran from continuing its nuclear enrichment activities. Pyongyang's defiance underscores the limited power economic sanctions exert over authoritarian governments prepared to let their civilian populations suffer in order to acquire a nuclear capability.

Kurt Campbell, a former deputy assistant secretary of Defense for Asia and the Pacific, called the Korean peninsula "the land of lousy options" and said the U.S. was limited in what it could do to diplomatically or forcibly prevent a test.

"It is a profound and deep failure for the United States and China if North Korea tests a nuclear weapon," he said.

Defense Secretary Donald H. Rumsfeld, traveling in Nicaragua, suggested that a test by North Korea could lead to the further spread of nuclear technology.

"They are an active proliferator," Rumsfeld said. "And were they to test and were they then to proliferate those technologies, we'd be living with a proliferator and obviously we'd be living in a somewhat different world."

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While the Defense secretary expressed concern that a test would increase the possibility of a bomb falling into rogue hands, others warned that a proven North Korean capability could encourage other countries in the region, such as Japan, to push for a nuclear arsenal of their own.

North Korea is estimated to have sufficient plutonium for as many as 13 weapons. By 2008, Pyongyang could have the capability to develop as many a 17 nuclear weapons, according to the Institute for Science and International Security, a nonpartisan Washington group headed by David Albright, who has worked with the International Atomic Energy Agency on nuclear inspections.

The United States, which has about 30,000 troops stationed in South Korea, is using imagery and heat sensors in trying to track North Korean activity at suspected test sites.

Pentagon officials said they were concerned about the possibility of a nuclear test, and they emphasized that the United States was trying to find diplomatic means of preventing the North Koreans from carrying one out.

"We think there needs to be a diplomatic solution to this," Vice Adm. John Morgan, the Navy's chief of strategy and plans, told reporters Tuesday. "We think the international community is working hard to achieve that."

Although North Korean government rhetoric and activity around the test sites have heated up, intelligence officials do not believe a test is imminent.

"No one can say with certainty whether it will happen — no one, that is, but Kim Jong Il," said a U.S. intelligence official, speaking on condition of anonymity when discussing intelligence data. "It could happen with little or no warning. We don't have a wonderful timetable that says they have to do 14 things to prepare for a test and they have done seven of them. There is no precedent for assessing how North Korea does its test preparations."

U.S. officials could not say what type of test the North Koreans might conduct. They believe an underground test is more likely but have not ruled out the possibility that Kim would order an aboveground test, which could produce a large mushroom cloud and spread radioactive dust.

Some observers say North Korea may be bluffing and that the talk of a test is to counter the Bush administration's pursuit of economic sanctions.

Washington says it cannot tolerate what it describes as criminal activities among the Pyongyang regime and foreign banks, and says its global campaign against those transactions is separate from the nuclear weapons issue.

The administration recently sent diplomatic feelers to Pyongyang about restarting the six-party talks. But those overtures have floundered over North Korea's insistence that the U.S. first stop what Pyongyang sees as an attempt to break the regime through an expanding campaign of financial sanctions.

Donald Gregg, president of the Korea Society and a former U.S. ambassador to South Korea, said he thought that Pyongyang's threat was serious, but that a test would be a strategic error.

"They have been working for this for a long time, they have threatened it, and they have said flatly that they have nuclear weapons," he said. "But it will heighten their isolation."

N. Korean Move Comes Amid Bid For Talks (WP)

By Glenn Kessler

The Washington Post, October 4, 2006

North Korea's announcement yesterday that it will conduct a nuclear test came just as the United States, along with South Korea, was launching a new effort to persuade the government in Pyongyang to return to long-stalled disarmament talks.

Top aides to Secretary of State Condoleezza Rice have been shaping the new approach, which began after a summit meeting last month between President Bush and South Korean President Roh Moo Hyun. Rice has described the next six-week period as crucial, saying she hopes to make a trip to Northeast Asia soon to test her ideas.

But U.S. officials said yesterday that the government in Pyongyang, which closely monitors U.S. statements, appears to have concluded that there is no benefit in reaching a deal. Some analysts suggested that North Korea is bluffing to force the United States to begin bilateral negotiations, something the Bush administration has rejected as being a reward for bad behavior.

Instead, Pyongyang's gambit could embolden hawks in the administration who advocate confronting North Korea with a stepped-up campaign of isolation and sanctions, perhaps even a naval blockade. Some officials have privately argued that a nuclear test by North Korea would be a clarifying event that would make the problem apparent to the rest of the world.

This is the second time in recent months that Pyongyang has abruptly dismissed peace feelers from the United States. In July, Rice had also been prepared to fly to Asia to launch a new effort to restart the six-nation talks aimed at ending the impasse over North Korea's nuclear weapons.

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A senior Chinese official delivered a message to the North Korean government that, if it did not conduct a ballistic-missile test, Rice was prepared to put a lot on the table, including formally ending the Korean War that erupted five decades ago and discussing the military structure on the Korean Peninsula, U.S. officials said.

The initiative was developed after months of debate among Bush's top advisers. It would have sought ways to encourage North Korea to open up its economy -- much as China did in the 1970s under the leadership of Deng Xiaoping -- and would have indicated a U.S. acceptance of Kim Jong Il's rule.

On July 4, Pyongyang gave its answer: It tested a missile. Rice then scrubbed her trip because of the sudden outbreak of war in Lebanon. The U.N. Security Council -- with the surprising support of China, North Korea's main benefactor -- passed a tough resolution condemning the missile test. U.S. officials began preparing to reimpose some sanctions that had been lifted when North Korea agreed to freeze its nuclear program in 1990s -- but held off an announcement at the request of South Korea.

"The North Koreans hate being ignored, and they are tempted to do things to get attention," one senior administration official said recently, speaking on the condition of anonymity because of the sensitive diplomacy. "We have wondered whether we should try to give the North Koreans another chance, but the North Koreans are not doing anything to show that such a move would meet a promising reply."

Yesterday's North Korean Foreign Ministry statement, issued through the official KCNA news service, put the onus on the United States for the failure of diplomacy. "Nuclear weapons will serve as reliable war deterrent for protecting the supreme interests of the state and the security of the Korean nation from the U.S. threat of aggression," the statement said.

The proximate cause of North Korea's refusal to return to the talks is a Treasury Department action against a bank in Macao called Banco Delta Asia, which the agency had identified as the main conduit for bringing North Korean counterfeit dollar bills into the international system. The Treasury had determined that senior officials at the Macao bank accepted large deposits of cash and agreed to place the bogus money into circulation. Treasury officials also believed that the bank accepted multimillion-dollar wire transfers from North Korean front companies that were deeply involved in criminal activities.

The bank is reputed to hold the private accounts of Kim. the North Korean leader, and his family.

Last year, four days before North Korea reached an agreement with the United States, China, Russia, Japan and South Korea on a "statement of principles" to guide the nuclear negotiations, the Treasury formally designated the bank as a "primary money-laundering concern." Banco Delta Asia quickly teetered on the edge of collapse, and banks around the world began to curtail their dealings with North Korea for fear of being similarly tainted.

After the impact of the Treasury action became clear, North Korea refused to return to the six-party talks.

Before North Korea's announcement yesterday, U.S. and South Korean officials had said they were looking at ways to wrap up the Treasury's investigation of the Macao bank as a way to remove that impediment to the negotiations. Assistant Secretary of State Christopher R. Hill noted last month that the Treasury action concerned only 40 accounts holding about $24 million.

But, now, Pyongyang has dramatically raised the stakes. U.S. officials immediately moved to put North Korea on the agenda of the U.N. Security Council, saying that, for the moment, the time for positive gestures has passed.

Rice Tries To Persuade Sudan On Darfur (AP)

AP, October 4, 2006

Secretary of State Condoleezza Rice made a passionate plea to the international community on Tuesday to persuade the government of Sudan to reverse itself and open the bloodied Darfur region to U.N. peacekeepers.

Dispensing with traditional diplomatic understatement, Rice cited U.N. reports that tens of thousands of people, or even hundreds of thousands, perhaps, cannot be reached with food and water.

Women who go out for firewood are regularly raped, she said. Villages are attacked by militia. by rebels and by government forces.

"The international community does have a responsibility to protect the most vulnerable," Rice said at a news conference amid Mideast peacemaking efforts. "What is going on in Darfur now cannot be tolerated."

In fact, the situation in Darfur took up a large part of the discussion Rice had in the Egyptian capital with foreign ministers and other officials from eight Arab countries, Egyptian Foreign Minister Ahmed Aboul Gheit said.

Rice's plea followed one on Monday by President Bush, who sent a message this summer to President Omar al-Bashir urging entry of a U.N. peacekeeping force. Bush was rebuffed.

In August, the U.N. passed a resolution that would give the United Nations authority over peacekeepers in the Western Sudanese province of Darfur. The resolution is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe there.

Rice said a U.N. force could be drawn principally from Muslim African countries and from North Africa and possibly Asia.

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"We need to work urgently to have the government of Khartoum accept what is now a U.N. Security Council resolution," she said.

At least 200,000 people have died and some 2 million have been displaced since rebels from Darfur's ethnic African population revolted in 2003. The next year, after a long internal debate, the Bush administration accused the government of genocide.

The Arab-dominated Khartoum government is alleged to have unleashed Arab militias, known as the janjaweed, against the ethnic African villagers.

"This is not a challenge to the sovereignty of Sudan," Rice said of the proposed dispatch of U.N. peacekeepers. "This is certainly respected. But we need to deal with the terrible humanitarian situation there."

U.N. Front-runner Vows To Push Reforms (USAT/AP)

By The Associated Press

USA Today, October 4, 2006

SEOUL — South Korea's foreign minister, the favorite to be the next U.N. secretary-general, promised Tuesday that if chosen for the job, he will work to reform the world body and to find a peaceful resolution to the international standoff over North Korea's nuclear program.

Ban Ki Moon, 62, cemented his position as Kofi Annan's likely successor after an informal poll Monday of the 15 members of the U.N. Security Council. Fourteen nations, including the five veto-wielding members, voted in favor of Ban. He received one vote of "no opinion."

Each of the five other candidates received at least one "no" vote from the five permanent members of the council: Britain, China, France, Russia and the United States.

The 192-nation General Assembly will hold a formal vote on a new secretary-general next week, probably Monday. The assembly traditionally follows the Security Council's recommendation.

If Ban prevails, his selection will have been marked by unprecedented speed, consensus and calm. In years past, the choice of a U.N. chief has often involved rancorous negotiations, numerous ballots and handshake deals. Annan, who steps down Dec. 31, was himself a compromise candidate in 1996. He emerged late in the process after the United States blocked Boutros Boutros-Ghali's bid for a second five-year term.

Ban would be the eighth secretary-general in the United Nations' 60-year history. The secretary-general oversees an organization with 92,000 peacekeepers around the world and a $5 billion annual budget. Among programs that fall under the U.N. leader's purview: fighting hunger, assisting refugees and slowing the spread of HIV/AIDS.

In Seoul, Ban said that if elected, he will push for critical reforms.

"There have been many changes around the world during the past 60 years … various threats that we have not experienced in the past," Ban said. "So it is true that there have been doubts and criticism over whether the U.N. has responded appropriately and effectively."

He pledged to help resolve the dispute over North Korea's nuclear program by applying his expertise in dealing with the communist nation.

Ban said he would focus on his role as the world's top diplomat and leave day-to-day operations to a deputy.

U.S. Ambassador John Bolton said he had "a lot of respect" for Ban, though he later told reporters he was disappointed there weren't more contenders for the position. Earlier, Bolton had dropped his opposition to the custom of rotating the secretary-general's job among regions, which put Asia at the front of the line. The last Asian secretary-general was U Thant of Burma, who served 1961-71.

The other candidates were U.N. Undersecretary-General Shashi Tharoor of India; Latvian President Vaira Vike-Freiberga; Surakiart Sathirathai of Thailand, who was deputy prime minister until a military coup last month; former Afghan finance minister Ashraf Ghani; and Jordan's U.N. ambassador, Prince Zeid al-Hussein. Jayantha Dhanapala of Sri Lanka, a former U.N. disarmament chief, withdrew from consideration last week.

South Korean Homecoming At The U.N. (LAT)

The Los Angeles Times, October 4, 2006

BAN KI-MOON WAS BORN in the city of Chungju on June 13, 1944, while Korea was still suffering under occupation by Japan. A year later, the victors of World War II split the land of his birth in half, with the Soviet Union administering the part north of the 38th Parallel and the United States taking control of the southern part, including Chungju. Two weeks after Ban's sixth birthday, a massive North Korean army under communist leader Kim Il Sung invaded the South, providing the United Nations with its first and most trying test as a force in world affairs.

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Today, Ban is poised to become secretary-general of the organization that, with U.S. leadership, pushed the North's armies back into their territory and then oversaw reconstruction of the shattered South. There are few nations where the United Nations is as widely respected, or has played as fundamental a role, as South Korea. Which is why it is fitting that a South Korean should lead the organization during what may well be another turning point.

Ban's selection isn't yet official, but after winning a straw-poll vote by the Security Council on Monday, he is almost certain to get the formal nod from the group next week, after which his approval by the full General Assembly should be little more than a formality. The process has been highly unusual both for its speed and lack of rancor — which is either a positive sign or a signal of the U.N.'s approaching demise, depending on one's outlook.

Ban is a soft-spoken, low-profile career diplomat who last year represented South Korea in the six-nation nuclear talks with North Korea and who was probably chosen because he made the fewest waves among the candidates. Being the unanimous pick of countries as divergent as the U.S., China, France and Russia requires an astonishing degree of either diplomatic skill or utter blandness. U.N.-bashers are already accusing Ban of buying votes and of being too bureaucratic to push through the reforms the organization so badly needs. Yet being a consensus-builder, a good listener and a committed multilateralist with an optimistic view of the U.N. aren't bad qualities in a secretary-general. The firebrand approach so favored by the U.N.'s sharpest critics might sound attractive on Op-Ed pages, but it almost never accomplishes anything useful in an international forum.

The U.N. secretary-general, in the words of outgoing officeholder Kofi Annan, is "the world's most impossible job." Ban will have to oversee the herculean task of reforming a body that has been nearly paralyzed by corruption scandals, hard-to-resolve conflicts in such places as Darfur and Lebanon and a growing rift between rich and poor nations. Ban is no Bill Clinton — this page's pick for the job, who was somehow overlooked by the Security Council — but he has the skills and experience to be a success.

Annan's Financial Form To Be Secret (WT)

By Betsy Pisik

The Washington Times, October 4, 2006

NEW YORK -- U.N. officials said yesterday that they will not publicly release a financial disclosure form filed by Secretary-General Kofi Annan last month -- 10 months after he ordered all senior U.N. officials to file the forms.

A spokesman said Mr. Annan submitted the questionnaire -- under a policy implemented in response to international outrage over U.N. involvement in the Iraq oil-for-food scandal -- on Sept. 22.

"The secretary-general has filed the forms," Stephane Dujarric confirmed yesterday. But, he said, "We will not be making it public."

John R. Bolton, the U.S. ambassador to the United Nations, did not return a call asking about that decision, but other critics of the world body argued that the disclosure form should be made public.

"Kofi Annan has not gone far enough. He should make the financial disclosure publicly available for outside scrutiny," said Nile Gardiner, director of the Margaret Thatcher Center for Freedom at the Heritage Foundation. "The culture of secrecy remains intact in the upper echelon of the United Nations."

Mr. Annan implemented the disclosure-form policy as one of several moves to reform the institution in the wake of the oil-for-food scandal. Massive fraud was uncovered in a $64 billion program run by the United Nations that allowed Saddam Hussein's Iraq to sell a limited amount of oil.

Mr. Annan was cleared of personal involvement in the scandal, but questions were raised about the conduct of son Kojo, who worked for a company that won a major oil-for-food contract.

Among other reforms, Mr. Annan ordered the creation of an ethics office and established a policy to protect whistleblowers who expose corruption within the organization. The General Assembly agreed to the changes during the 2005 World Summit.

Until this year, U.N. undersecretaries-general were required to submit disclosure forms and declare gifts of $10,000 or more. Mr. Annan then declared that assistant secretaries-general and authorities in the U.N. procurement office also should file the forms, and reduced the gift limit to $250.

Mr. Dujarric told reporters in January that Mr. Annan would be among the first to file the disclosure form.

Asked whether he had filed his form at a press conference last month, Mr. Annan carefully answered: "I honor all my obligations to the U.N., and I think that is as I have always done." But the secretary-general is not technically an employee of the United Nations and, therefore, not legally obliged to do so.

Many Annan advisers were urging him to make good on his promise, but the chief U.N. legal counsel, Nicolas Michel, instructed the secretary-general not to, said a Secretariat official.

"Michel told him he didn't have to do it, that it would set a precedent that future secretaries-general would have to follow," said the official, who spoke on the condition of not being identified. "I don't know why anyone thinks that would be a bad thing."

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During the probe into the oil-for-food program, Mr. Annan met with investigators from the Independent Inquiry Committee, led by former Federal Reserve Chairman Paul Volcker, and provided documents from six banks and three credit-card companies from 1998 to 2004.

"He lives within his means and has accumulated a retirement fund through savings," said the committee's report, which noted that his income was based on his U.N. salary and a rental property.

"The secretary-general contributes heavily to charity and to the support of his extended family. ... The records produced do not raise concerns about the secretary-general's financial stability nor do they reveal any payments or transactions that appear suspicious or improper."

The U.N. secretary-general receives $259,097 a year, after taxes. He also lives rent-free in a four-story mansion on Sutton Place, with a grassy back yard that slopes down to the East River. The house, which does not belong to him or to the United Nations, is on loan from a charitable foundation.

In addition, the secretary-general receives an allowance of about $25,000 a year for business entertaining, and he can keep the frequent flier miles he accrues when traveling on commercial airlines.

Rumsfeld Stays Mum On Nicaragua Politics (AP-Y)

By Lolita C. Baldor

AP, October 3, 2006

Defense Secretary Donald H. Rumsfeld criticized Venezuela's hostile politics and longtime adversary Cuba during a three-day stay in Central American, but avoided any talk about another old antagonist.

Asked repeatedly about the Sandinista leader Daniel Ortega, who is leading in the presidential polls here, Rumsfeld stayed mum.

"I don't get involved in politics in the United States," Rumsfeld said more than once when questioned by reporters during a gathering of defense ministers from the Western hemisphere. "So you can be certain I don't get involved in politics in Nicaragua."

U.S. officials, however, are watching Nicaragua's upcoming elections very closely, mindful that a win by Ortega could be another destabilizing force in a region where democracy has slowly taken hold.

Ortega, whose socialist government was a major adversary of the United States in the 1980s, led the overthrow of dictator Anastasio Somoza in 1979 and fought the U.S.-backed Contra rebels as Nicaragua's president from 1985-1990.

Rumsfeld made a passing reference to Cuba in his formal remarks to the ministers, and on Tuesday he said the island nation would be welcome in the conference when it becomes a "free and democratic country."

And he was blunt about the concerns being raised by Latin American leaders about Venezuela President Hugo Chavez' billion-dollar weapons buildup.

"I don't know of anyone threatening Venezuela, anyone in this hemisphere," Rumsfeld said when asked if he believed the Venezuelans' contention that the arms purchases were strictly for defense.

Chavez grabbed headlines recently when he called Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

U.S. officials have long considered Chavez a destabilizing force. And they have suggested that Venezuela would make the Security Council unworkable if the nation were to win its bid against U.S.-backed Guatemala for a rotating council seat.

Rumsfeld met with Central American defense ministers on Tuesday, and later with Nicaraguan President Enrique Bolanos.

He said it is important for the Central American countries to continue to work together on counterterrorism, counter-narcotics, natural disasters and other threats. But he agreed that as one country cracks down on drug trafficking, the problem may migrate to another country.

After his meeting with Bolanos, Rumsfeld said he was pleased with the progress the Nicaraguans have made in their effort to destroy a cache of about 1,000 Soviet-era surface-to-air missiles. However, he noted that the job is not yet complete. U.S. officials have considered the missiles a potential threat to civil aviation.

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On the Net:

Defense Department: http://www.defenselink.mil

Hijacker Surrenders After Forcing Turkish Airliner To Southern Italy (WP/AP)

By Max Frigione, Associated Press

The Washington Post, October 4, 2006

BRINDISI, Italy, Oct. 3 -- A Turkish man hijacked a jetliner carrying 113 people on an Albania-to-Turkey flight Tuesday and forced it to land in southern Italy, where he surrendered and released all the passengers unharmed, officials said.

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Two senior Turkish officials said the hijacker was seeking political asylum. An Italian security official said the man had a message for Pope Benedict XVI, but he said he did not know what it was.

Earlier accounts from the plane's operator, Turkish Airlines, said that the Boeing 737-400 had been hijacked by two Turks and that they were protesting the pope's planned visit to Turkey next month.

Turkish Transport Minister Binali Yildirim said the hijacker was seeking to evade military service in his native Turkey. "It has nothing to do with the pope's visit; it was a simple attempt of seeking political asylum under the influence of psychological problems," Yildirim said.

The passengers got off the plane about two hours after it landed in Brindisi, a town on southern Italy's Adriatic coast. The jet was on a darkened tarmac, with a firetruck carrying the airport's chief of security parked nearby.

The passengers were being questioned one by one by Italian authorities to confirm their identities and rule out any possibility that the hijacker had an accomplice.

The plane was making a routine flight from the Albanian capital, Tirana, to Istanbul when it was seized. A man burst into the cockpit and said, "There's two of us," leading authorities to believe that the man was not acting alone, according to an Italian security official in Brindisi. The official spoke on condition of anonymity because he was not authorized to speak to the news media.

The captain issued an alert that the plane had been hijacked. The plane's crew later contacted Italian air traffic controllers and asked to land in Brindisi. The plane was escorted to the ground by two Italian military jets, according to the Italian air traffic agency ENAV.

The hijacker was identified as Hakan Ekinci. He had converted to Christianity and was an army deserter and anti-militarist who fled to Albania this year, according to the private Dogan News Agency and NTV television in Turkey.

Ekinci, 28, sent a letter to Benedict on Aug. 30 asking for help to avoid returning to military service in Turkey, Dogan reported.

"I am Hakan Ekinci, I am a Christian and I never want to serve in a Muslim army," he said in the letter, according to Dogan, which said it had obtained the letter from a blog on the Internet. "I am begging you for help as the spiritual leader of us, Christians' world."

Unswayed By West, Russia Continues Georgia Blockade (WP)

By Peter Finn

The Washington Post, October 4, 2006

MOSCOW Oct. 3 -- Russia signaled Tuesday that it would not lift a transportation blockade on Georgia despite the release of four Russian officers detained on espionage charges and calls from the European Union and the United States for the two countries to find ways to ease tensions.

Russian Foreign Minister Sergei Lavrov said Tuesday that his country had "no plans for the time being" to restore postal and transportation links, including commercial flights and train service, that were severed Monday as the four military officers were about to be released.

"One must not feed off Russia and insult it," Lavrov said at a media briefing Tuesday that was marked by harsh language. "The Georgian leadership must understand this."

Relations between the two countries have worsened since Georgian President Mikheil Saakashvili came to power in early 2004 on the promise of taking his country into the NATO military alliance and out of Russia's sphere of influence. Tensions are also heightened by two breakaway regions in Georgia -- South Ossetia and Abkhazia -- that receive support from Moscow.

Saakashvili has said he is determined to reassert Georgian sovereignty over the two areas, which are patrolled by Russian peacekeepers.

In Tbilisi, the Georgian capital, Foreign Minister Erkki Tuomioja of Finland, which holds the rotating E.U. presidency, said Moscow's sanctions seemed disproportionate and warned against "more acute measures." On Monday, the U.S. State Department also called on Russia and Georgia to take steps to "de-escalate tensions in the days and weeks ahead."

"We think that hot rhetoric on either side or sanctions is not a good idea," Daniel Fried, assistant secretary of state for European and Eurasian affairs, said in a telephone interview. "This is a time for reflection and for both sides to work together. . . . It's too bad Russia is not taking the opportunity to de-escalate."

But Lavrov was not in a charitable mood. "There are attempts by some figures to say that the Russian officers have been released, the situation has calmed down and let's do things as before," he said. "We don't want to do things as before."

The Russian foreign minister accused Georgia of illegally acquiring Soviet- or Russian- made arms in Europe, and he said the sellers, whom he did not identify, were violating a ban on transferring those weapons to third parties.

He said Russia was "seriously worried by total militarization in Georgia," noting a call-up of reservists by the government.

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"The Georgian budget is not very big," Lavrov said. "Money is coming via different channels, including illegally from Russia, where this money is largely made by criminal methods. These channels will be blocked, too."

Lavrov provided no details, but the statement appeared to be a reference to remittances sent back to Georgia by some of the estimated 300,000 Georgian immigrants here; some estimates put the number of Georgians in Russia, many of them here illegally, closer to 1 million. The population of Georgia is 4.6 million.

Russian lawmakers scheduled a debate on a bill that would bar Georgians from transferring money home.

"These measures will not give the desired results and in the end will hurt Russia itself," Georgia's Foreign Ministry said in a statement Tuesday.

Lavrov also noted that Georgia had arrested the Russians after Saakashvili had visited Washington and NATO had agreed to an intensive dialogue with the country on membership.

"We certainly make note of the assurances of our U.S. colleagues that they have constantly tried to keep the Georgian leadership from abrupt moves," Lavrov said. "But the chronology was the way I have just explained -- a visit to Washington, NATO's decision, hostage-taking -- and the charges were laughable and groundless."

Georgian Vineyards Hit By Russian Frost (WP)

By Peter Finn

The Washington Post, October 4, 2006

TELAVI, Georgia -- In the shadow of the Caucasus Mountains, the grapes are heavy on the vines and ripe for harvesting. Zurab Ramazashvili, owner of the Telavi Wine Cellar, cradles a bunch in his hand, plucks a single grape and savors its bursting juices.

"I'm very optimistic about our wine this year," he said, adding with a rueful smile, "But where to sell it?"

People have been making wine in this rugged and poor corner of eastern Georgia for millennia, a tradition that survived nationalization in the Soviet Union and the disarray of communism's collapse. But another storm has blown over the mountains from Russia and into Kakheti, Georgia's storied winemaking district.

Earlier this year, Russian health officials banned the import and sale of all wine from Georgia, citing impurities. It was a body blow to Georgia's second-largest export industry, which sold nearly 80 percent of its wine to Russia.

Georgians read the ban as political retribution for the country's increasingly strained relations with the Kremlin, which reached a new pitch of animosity following the detention of four Russian military officers, who were stationed in Georgia, on spying charges. The two countries have been at odds since Georgian President Mikheil Saakashvili came to power in early 2004 and immediately adopted pro-Western policies that included a desire to join the NATO military alliance.

"This year the front line in the economic war is here in the vineyards of Kakheti," Saakashvili said in a meeting with ministers in early September.

The impact of the wine ban was immediate -- from the fields where the vines burrow deep into the parched earth to wineries that have invested millions of dollars in new equipment in recent years. Georgia's annual production has plummeted from nearly 50 million bottles in 2005 to a projected 20 million bottles this year, according to Georgian vintners, wiping out jobs and investments.

In 2005, for instance, the Telavi Wine Cellar sold nearly 2.5 million bottles of wine in Russia, about 70 percent of the winery's entire output. This year, with the Russian market lost, Ramazashvili projects that he will sell only 1.7 million bottles. "It hurts," said Ramazashvili, "and breaking into new markets is a time-consuming and costly process."

"You can't get a decent price for the grapes now," said Keto Boglotsishrili, 70, as she and her family harvested Rkatsiteli, a Georgian variety whose seeds were discovered here in clay jugs dating to 3000 B.C. Prices for the white grapes have fallen about 30 percent since last year.

"It's almost not worth being out here," said Boglotsishrili's husband, Shota, as he bent to cut bunches of grapes on a warm fall afternoon.

But the Russian ban could also help diversify an industry that had become too reliant on one market and paid too little attention to the quality of the wine it was producing.

"It will take a certain amount of time to recover from this slump, maybe some years, but this can be a blessing in disguise," said Zurab Chkhaidze, co-owner of the Askaneli Brothers winery. "We will have to find new markets and make new and better products."

Officials in Moscow said they acted because Georgian wine, as well as wine from Moldova, was laced with pesticides and other impurities. Russia also banned Georgian mineral water and agricultural produce and this week cut off all transportation links between the two countries.

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More than 600,000 gallons of wine already in the country were destroyed, and vintners such as Chkhaidze, who had 40,000 bottles inside Russia at the time of the ban, lost hundreds of thousands of dollars.

The Georgian restaurants that dot Moscow were suddenly forced to serve wine from Western Europe and the Americas. "It's not a substitute at all," said Gocha Markelia, manager of Alaverdy restaurant in Moscow. "We grew up -- and I mean both Russians and Georgians -- drinking Georgian wine, and Chilean or French wines are very alien to us. Our clients don't like those wines and don't want them, but there's nothing we can do."

Vintners here agree that some of the wine sold as "Georgian" in Russia was impure. But they stress that it wasn't actually Georgian and that most of it was counterfeited in Russia.

Last year, 150 million bottles of "Georgian" wine, much of it plonk, was sold on the Russian market, although Georgia produced only 50 million bottles in 2005. Cheap Moldovan, Romanian, Hungarian and Bulgarian wine was relabeled as Georgian and sold in Russia, where Georgia's wines, particularly semisweet and semi-dry varieties, have been beloved since the armies of the czar swept in here in the 18th century.

"The Russian market was very easy -- too easy. You could sell anything," said George Margvelashvili, the president of Tbilvino, a winery based on the edge of Tbilisi, the Georgian capital, that produces some of the country's finer vintages. "This crisis is forcing new ideas into the industry -- how to produce better and better wine and how to market it."

Margvelashvili's company and other vintners are now attempting to break into new markets from China to the United States, where he is currently negotiating with wine brokers. But he said it will be at least three more years before his factory is back to 2005 levels of production. Last year, he sold 1.5 million bottles, with 650,000 going to Russia.

"This year we'll be very, very lucky if we sell 800,000 bottles," said Margvelashvili, who has had to lay off 40 of the 125 people who worked at the winery. "Last year we bought 2,600 tons of grapes at harvest time. This year nothing, because we have enough stock to carry us."

To absorb this year's harvest, grapes are being diverted into the manufacture of juices and pure spirit, and Georgian companies have been buying some of the harvest, describing their purchases as a public service. The army is also buying grapes to feed its soldiers.

The Georgian government is also enforcing a quality-control system to root out the persistent problem of counterfeiting. Saakashvili complained at his meeting with ministers that he recently ordered a glass of Mukuzani at a Georgian restaurant in Krakow, Poland, but it bore no relation to the dry, deep red made from grapes grown in Kakheti.

"I tried the wine and it would have been better if I hadn't," said Saakashvili. "It was water with alcohol and dye."

The government has also begun advertising Georgian wine in countries such as Ukraine, where sales are soaring, and officials acknowledge that the standoff with Russia has drawn worldwide attention to the vineyards here.

"Russia has provided us with a lot of free publicity because of its actions," said Mikheil Svimonishvili, the Georgian agriculture minister, who is spending the harvest season from mid-September to mid-October in Kakheti. "We're coping, and I believe this is going to have a positive impact."

In Graft Inquiry, Chinese See A Shake-Up Coming (NYT)

By Joseph Kahn

The New York Times, October 4, 2006

BEIJING, Oct. 3 — When Shanghai's party boss was detained in an anticorruption probe last week, Chinese were rattled by news of the first purge of a high-ranking Communist Party leader since 1995. But the investigation's scope and its ultimate goals are wider, as the party's two most powerful officials aim to shake up the leadership and wipe out resistance to their policy agenda, party officials and analysts say.

The investigation, the largest of its kind since China first pursued market-style changes to its economy more than a quarter-century ago, was planned and supervised by Zeng Qinghong, China's vice president and the day-to-day manager of Communist Party affairs, people informed about the operation said.

They said Mr. Zeng had used the investigation to force provincial leaders to heed Beijing's economic directives, sideline officials loyal to the former top leader, Jiang Zemin, and strengthen Mr. Zeng's own hand as well as that of his current master, President Hu Jintao.

Aside from frightening officials who have grown accustomed to increasingly conspicuous corruption in recent years, the crackdown could give Mr. Hu greater leeway to carry out his agenda for broader welfare benefits and stronger pollution controls, which may prove popular in China today.

Some critics fear that it may also consolidate greater power in the hands of a leader who has consistently sought to restrict the news media, censor the Web and punish peaceful political dissent.

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The high-level purge began on Sept. 25, when Chen Liangyu, the Shanghai party leader and a Politburo member, was removed from his office on corruption charges. Party security forces had already detained high-ranking officials in Shanghai, Beijing, Tianjin, Fujian and Hunan. Mr. Chen is the most powerful person removed from office since 1995, when the Beijing party leader was purged, also on corruption charges, during a power struggle.

Several party officials and well-informed political observers said they believed that the investigation had not yet reached its climax. They say Mr. Zeng hopes to dismiss two fellow members of the Politburo Standing Committee, Jia Qinglin and Huang Ju, who are under pressure to take "political responsibility" for corruption that has occurred in Beijing and Shanghai, their respective areas of influence.

If he succeeds in removing officials who serve on the nine-member Standing Committee, the party's top leadership, the purge will amount to the biggest political shake-up since 1989, when Deng Xiaoping ousted Zhao Ziyang, then the party's general secretary, after the crackdown on democracy protests in Beijing.

It would also be likely to seal Mr. Zeng's reputation as China's political mastermind, who mixes personal ambition with a nearly legendary ability to deliver results for his superiors. Officially ranked No. 5 in the party hierarchy, he is widely seen as exercising more authority within the party than anyone except Mr. Hu.

Chinese politicking takes place under a heavy veil of secrecy, and speculation about what happens in Zhongnanhai, the Chinese leadership compound, has been intense since Mr. Chen's detention last week.

It is rarely possible to get authoritative confirmation of political maneuvers in China. The people who discussed the situation with a foreign reporter did so on condition of anonymity, citing fears of retribution.

The course of the anticorruption campaign may shift if central leaders face a strong backlash at the party's annual Central Committee meeting, which will be held Oct. 8-11. One well-placed political observer said he doubted that Mr. Huang or Mr. Jia would be forced from office before their expected retirement next year.

Even so, the weakened position of the two men and their patron, Mr. Jiang, whom Mr. Hu and Mr. Zeng pushed from his last post in 2004, could have a significant impact on Chinese policy and leadership decisions.

Mr. Jiang's old loyalists, often referred to as the Shanghai faction, tended to favor fast economic growth, a relatively high degree of provincial autonomy in economic affairs, loose controls on investment and bank lending and close ties between the party and the country's rising class of private businessmen.

Mr. Hu, 63, and Mr. Zeng, 67, have at least for now forged an alliance that dominates party leadership, party officials say. They advocate slower and more stable growth, greater attention to social inequality and pollution, and an expansion of state support for education, medical care and social security.

Most of the officials singled out so far in the anticorruption sweep are seen as closer to Mr. Jiang and as having ignored central directives to tamp down state-led investment. That, party officials say, shows that the continuing legal investigation serves as a cover for a political campaign to change the party's policy direction.

Mr. Zeng plans to use the Central Committee meeting to elevate Mr. Hu's political slogan, "harmonious society," into an official "theory."

The catch phrase covers a range of policies intended to restore a balance between the country's thriving market economy and its neglected socialist ideology, primarily by paying greater attention to peasants and migrant workers who have benefited much less than the white-collar elite in China's long economic boom.

At the meeting, party leaders will discuss "the theory of building a harmonious socialist society," party officials said. In effect, Mr. Zeng is promoting Mr. Hu's concept into doctrine, to be taught alongside the theories of Mao, Deng and Mr. Jiang.

People informed about Mr. Zeng's planning described that step and others as part of a carefully calculated series of political moves that began last spring.

They said Mr. Zeng had instructed the inspectors responsible for enforcing party discipline to investigate activities in the political strongholds of Beijing, Shanghai and Tianjin, where he suspected that senior party officials were allowing rampant profiteering by relatives and friends, and where the leaders owed their positions mainly to Mr. Jiang.

Those urban enclaves, whose leaders enjoy considerable autonomy, had also defied repeated efforts by Mr. Hu and Wen Jiabao, the prime minister, to rein in bank lending in overheated sectors like real estate.

Anticipating that Mr. Jiang might seek to protect his allies, Mr. Zeng first moved to mollify him by rolling out a tribute: the publication of his collected works. Party units nationwide were instructed to purchase and study the three-volume collection of speeches and essays, a financial and political windfall.

The crackdown initially focused on lower-level officials in the big cities. When investigators gathered evidence to implicate Mr. Chen, the Shanghai party boss, Mr. Zeng summoned him to Beijing, presented him with the pending indictment and pressed him to resign, these people said. He was said to have refused.

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Faced with the prospect of a hostile purge, the first of its kind affecting a Politburo member since 1995, Mr. Zeng and Mr. Hu sent Mr. Chen's file to Mr. Jiang, asking for his advice, a person close to Mr. Zeng's office said.

Confronted with evidence of high-level corruption in Shanghai, Mr. Jiang approved removing Mr. Chen, the people said.

Armed with that victory, Mr. Zeng has pushed to create a new standard of "political responsibility," modeled after a code seen by him to prevail in American politics, which holds senior leaders responsible if their underlings disgrace the party, people informed about his thinking said.

That new standard could be used against Mr. Huang, a former Shanghai party boss and a Jiang loyalist, and Mr. Jia, who supervised Beijing.

"The old standard for senior party members was legal guilt," said one person who spoke about Mr. Zeng's thinking. "Under the new standard you could lose your post for mismanagement even if they can't prove you put one cent in your own pocket."

Others raised doubts that the purge would reach people that high up the hierarchy. The ruling party risks undermining its own authority if it acknowledges that corruption extends into the most elite ruling circle, they said.

More generally, Mr. Zeng's prominent role has raised questions about his influence relative to Mr. Hu's, party officials said.

Mr. Hu holds the posts of party general secretary, head of the military and president of China, the country's three most important. Mr. Zeng, though he runs the party's main coordinating office, is outranked in its official hierarchy not only by Mr. Hu but also by three other Standing Committee members.

Moreover, until Mr. Hu and Mr. Zeng unexpectedly joined forces in 2004 to push Mr. Jiang into full retirement, Mr. Zeng was seen as close to Mr. Jiang. The two worked side by side since they served in Shanghai together in the 1980's.

But Mr. Zeng's campaign to remove some Jiang loyalists may end up strengthening his own hand as well as Mr. Hu's, some party officials suggested. The reason is that Mr. Zeng has become the standard-bearer for a wide array of political interests.

The son of one of Mao's first security chiefs, Mr. Zeng maintains close ties to the sons and daughters of Communist China's founding fathers and has relatives in the military. He has supporters among those who favor deeper capitalist-style changes to the economy and financial system.

Some Chinese intellectuals say he has signaled an openness to political change. Mr. Hu, in contrast, is viewed as cautious and doctrinaire.

Mr. Hu has sought to promote officials he trusts from his days as a provincial official in western China and as the head of the national Communist Youth League in the 1980's. Though he now has broad authority, his traditional base is considered narrower and less influential than that of Mr. Zeng.

The political dance between the men underlines uncertainties about the political succession scheduled to take place in 2007. At that time the party will hold a congress, as it does every five years, to approve a new lineup of officials for the Politburo as well as other top party, government and provincial positions.

Party officials say that while Mr. Hu and Mr. Zeng have worked together to consolidate their own power, they have not agreed on choices for the Standing Committee or some top provincial posts. That suggests that their alliance possibly temporary and that the country's politics could remain volatile.

"I think that at this point neither of them has the power to dictate the future," one party official said. "They need each other, but that does not mean they trust each other."

Lucrative Return Israeli Investors Find Opportunity In Romanian Roots (WSJ)

By Joel Millman

The Wall Street Journal, October 4, 2006

BUCHAREST -- In 1993, Moshe Arbel returned to Romania, 45 years after he arrived in Israel with thousands of other children orphaned by the Holocaust. He found his mother's grave, hired caretakers to maintain it for $12 a month, and spotted something else -- opportunity.

Romania was a country stirring to life economically after the fall of communism, he told his employer, Givat Haim, a kibbutz that makes Prigat-brand fruit juice. "I said, 'Back me and I'll make money in Romania.' They said, 'Romania? There's more money in Netanya [a nearby town] than in all of Romania.' Meshuga -- crazy -- they called me," Mr. Arbel recalls.

With a $175,000 loan from the kibbutz, the 63-year-old marketing specialist began bottling Prigat fruit juices in Romania, turning the brand into the country's top seller. This summer, he sold the Romanian unit for about $7 million to PepsiAmericas, a Minneapolis-based bottler.

In a historical twist, the children of the Romanian Holocaust are playing a leading role in modernizing the land of their parents' tragedy. Israeli expatriates have started local businesses in agriculture, retailing, real estate and heavy construction. Branch offices of firms based in Tel Aviv and Haifa handle everything from hotel management to insurance to car leasing. Many

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of the office parks and shopping malls rising in Bucharest's suburbs are being financed by Israeli hedge funds, while Israeli engineering firms are managing European Union road and water projects in the countryside.

The Israeli presence is so large that Bucharest hotel lobbies and restaurants buzz with Hebrew speakers. On Thursday nights, the two-hour flights between Bucharest and Tel Aviv are packed with Israeli business commuters heading home for family weekends -- and Israeli gamblers bound for Bucharest's casinos, four of which are operated by Israeli entrepreneurs. Israeli licensees in Romania market Kodak film, Pepsi and Cadbury Schweppes soft drinks and Tuborg beer.

Businessmen here estimate that Israelis have invested as much as $2 billion in Romania over the past 15 years, a huge sum given Israel's population of six million. Much of the investment has been routed through third countries, mainly in Western Europe, to take advantage of tax deals. Counting such indirect investment, Romania ranks with the U.S., China, India and Western Europe as a top destination for Israeli capital, says the nation's commercial attaché in Bucharest.

For Israel, whose trade with its Arab neighbors is limited, Romania represents a growth market. Apart from catering to a Romanian market of 22 million, Israeli firms located here can take advantage of regional trade pacts to export duty-free throughout Europe. Starting Jan. 1, when Romania joins the EU, the estimated 30,000 Israelis who also have Romanian citizenship will gain EU citizenship and ultimately be able to work, study and travel freely across Europe.

As a result, thousands more Israelis are queueing up for joint citizenship. "We call them 'born-again Romanians,' " jokes Michael Faint, an animal-feed merchant from the United Kingdom based in Bucharest.

Romania benefits, too, from the Israeli connection. Israelis provide money and technical expertise to a nation that must build its economy to EU standards. Israeli agricultural companies play an especially large role in revamping Romania's farm sector, which was set back by Communist-era mismanagement. "Israeli companies are helping to make a modern Romania," says Jose Iacobescu of the Chamber of Commerce and Industry of Romania, who says that Israeli firms employ between 150,000 and 200,000 Romanians.

Tangled History

Israel and Romania have a tangled history. During World War II, Romania was ruled for two years by the fascist Iron Guard, but was one of the few Axis supporters never occupied by German troops. Due to shifting borders, 200,000 Romanian Jews were living in Soviet territory when Hitler's forces invaded, and many died.

Yet 350,000 Romanian Jews survived. Most migrated to Israel, where they so dominated their new society that much of what is considered traditionally Israeli has Romanian origins, including Israel's national folk dance, the hora. Under the Communist regime of Nicolae Ceausescu, Romania was the one Soviet-bloc nation that never broke ties with Israel. The two states even collaborated on intelligence matters.

However, lingering anti-Semitism still makes Romania a tricky place for Jews to do business. Last December, an ultranationalist group, Dacia Nemuritoare ("Immortal Dacia," Romania's Bronze Age name), listed the country's top Jewish entrepreneurs and the law firms and banks they work with. A weekly publication of a right-wing minority party, Greater Romania, published a column last year that claimed that Jews with dual citizenship were planning a stealth "depopulation" of the country by dismantling the public-health system and forcing natives to emigrate for work.

Worried about being targets of prejudice, some religious Israelis doff their yarmulkes upon arrival in Bucharest. Many companies register offshore, which obscures their Israeli roots. Strauss International Ltd., a well-known Israeli chocolate maker, sells Romania's leading brand of roasted coffee, called Elite. Its Romanian operation is part of its Amsterdam-registered subsidiary. "Romanians are completely unaware of the Jewish origin" of these brands, says Stefan Liute, a Romanian who works for Grapefruit, a Bucharest brand consultant.

Indeed, Prigat researchers discovered that many Romanians think the brand name, which means "fruit of the wine press" in Hebrew, dates to Romania's pre-Communist era. But Mr. Arbel, the company's head, says account representatives faced resistance from some Lebanese and Syrian restaurateurs who have flocked to Bucharest.

Romanian-born Israelis began returning in great numbers around 1990. The post-Communist government published lists of about 9,000 properties, including hundreds of factories and hotels, that were seized either by Nazi sympathizers after 1940 or by Communists after 1948. Israelis filed claims for lost holdings, as did ethnic Hungarians, Germans and other groups. So far, more than 200,000 claims have been made, and about 80,000 have been adjudicated. Romania doesn't categorize them by ethnicity.

Successful claimants often flipped Bucharest properties to Israeli developers, who spruced them up for sale to Austrian, German, Greek and Italian businessmen entering the country. Israelis with dual citizenship were also buyers, benefiting from a government policy that encouraged sales to Romanians living abroad, says Jacob Fonea, a dentist from Haifa who today heads the Romanian-Israeli Chamber of Commerce.

Dr. Fonea, who was born in Iasí near the Soviet border, was unable to regain factories once owned by his family. But he remained in Romania and founded the AIE Group, which bought a former state-owned woolens weaver and a bankrupt

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tableware company, among other firms, and now exports a variety of goods to Europe. He says AIE has annual sales of around $100 million and employs some 7,000 Romanians.

Israelis of Romanian descent created a web of businesses. When Prigat needed a juice bottler, it turned to Amraz Ltd., Israel's largest producer of plastic containers, which set up a local factory. Now Amraz is exporting plastic bottles into Croatia and France.

Similarly, Israeli architects work for Israeli developers who hire Israeli construction firms across the country. Israeli hedge funds are buying farmland to be managed by Israeli agronomists who tap Israeli kibbutz members to run farms. Romanian authorities say there are about 3,500 companies registered in Israel that do business here. There are another 2,000 Romanian businesses owned by Israelis but registered in third countries, according to diplomats and businessmen.

These close commercial ties date back to the collapse of the Ceausescu regime. Israeli contractors reconditioned Soviet-supplied MiG fighters for Romania's air force and later, with U.S. permission, sold surplus U.S. F-16s to Romania.

At the same time, many Romanians headed to Israel for jobs when their country plummeted into recession during the 1990s, and Palestinian unrest prompted Israel to rely less on Arab laborers and recruit guest workers abroad. Eventually about 200,000 Romanians joined Thais, Chinese and Filipinos working in Israel. Bucharest now bustles with Hebrew-speaking cab drivers who bought their vehicles with cash earned in Israel. Hebrew-speaking Romanians became a ready work force for returning Jews.

With Romania's economy growing at 5.6% a year over the past five years -- twice as fast as Israel's -- the country has become a magnet for ambitious young Israelis who feel stifled at home. "Our country is saturated," complains Moran Morgenshtern, a 32-year-old veterinarian who worked this summer breeding heifers in Romania. "If I ever want to run my own farm, I'll probably do it here."

Ms. Morgenshtern's employer, Tnuva Central Cooperative for the Marketing of Agricultural Produce in Israel Ltd., is Israel's largest food concern. Founded as a dairy cooperative in 1926, Tnuva today has a 70% share of the Israeli market and now looks abroad to expand. Romania has a special lure: Once it joins the EU, it will get immediate access to the huge European dairy market, which Israel has had little luck in cracking, so long as Romanian producers can meet EU sanitary and food-safety standards.

Tnuva says it can meet those standards and help Romanian farms do the same. It also cautions Romanian farmers that if they can't boost their agricultural productivity, they will be swamped with cheaper agricultural imports from more efficient farms in Western Europe. "I warn the Romanian people, 'Follow me or else you will end up slaves of the West,' " says Yoram Israeli, a 55-year-old, former kibbutz member who runs Tnuva Romania, and who is jokingly called "Moses" around his Bucharest office.

Two-Stage Strategy

Mr. Israeli has a two-stage strategy. First, Tnuva is building a yogurt-processing plant in Romania to make and sell Yoplait yogurt with milk produced locally. (Tnuva already licenses and sells Yoplait, a French brand, in Israel.) Afterward, Tnuva hopes to sell Romanian dairy products throughout Europe.

This year, Tnuva bought its first Romanian farm, a former Communist collective near the village of Adunatti Copãceni, and imported a herd of 1,200 dairy cows from Germany. A few weeks before the first cows arrived, workers, many Romanian gypsies, restored concrete barns that had been stripped of metal fixtures, including roofs, by local scavengers. Israelis cleaned the site thoroughly after inspectors discovered leucosis bacteria in pools of stagnant water. That could have infected dairy cows and disqualified their milk for sale.

The Israelis sought local dairymen who can meet EU standards. Next, Tnuva hopes to persuade co-op members to advise local farmers, invest in Romanian dairies and share technical know-how. "It's like playing matchmaker," says Rafi Shaul, the Tnuva executive in charge of hunting for local partners.

Mr. Shaul, a chain-smoker with a thinning gray ponytail, works with Costel Caras, a 48-year-old Bucharest native who began farming in 1994. Mr. Caras turns to Mr. Shaul for advice on everything from how to mix feed to how to qualify for EU farm aid.

Tramping through an overgrown pasture in July, Mr. Shaul praised Mr. Caras's placement of a concrete corral and the cleanliness of his herd's stalls. He winced at the sight of Mr. Caras's creaking water pump. "Some of these farms," Mr. Shaul muttered, "look like Israel 50 years ago."

Later, over a lunch of Romanian cheese and eggplant snacks, Mr. Caras complained that a wholesaler twice neglected to make pickups at his farm, forcing him to dump his product. If that keeps happening, he'll go broke.

Tnuva competes here from France's Groupe Danone SA and the Netherlands' Friesland Foods. Mr. Shaul said he suspects brokers may be punishing Mr. Caras for working with Tnuva. Mr. Shaul advised the farmer to be careful.

"Don't worry about me. I am a free man," the Romanian said. "We need Tnuva. We don't want just one buyer here."

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An African Dumping Ground (NYT)

The New York Times, October 4, 2006

Globalization brings wealth and opportunity to many people around the world. But to poor slum dwellers in the failing state of Ivory Coast, it has brought horrible sickness and death after hazardous waste, shipped nearly halfway around the world, was stealthily dumped in backyards around Abidjan. This need not and should not have happened.

As reported in Monday's Times by Lydia Polgreen and Marlise Simons, the waste — a fuming mix of petrochemicals and caustic soda — that started out in the Mediterranean and ended up in Africa could have been safely disposed of earlier in its journey. But Trafigura, the Swiss trading company that leased the tanker, balked at paying European prices. Instead, 85,000 people ended up seeking medical treatment, and at least eight have died.

The details and legal responsibilities are still being sorted out. But the lesson is plain. Without strict, and strictly enforced, international rules on waste disposal, dangerous cargos will find the course of least resistance, least cost, and least regulation, scarring the lives of some of the world's poorest, worst governed and most defenseless people.

This story began in July, when a Greek-owned Panamanian-flagged tanker, leased by Trafigura, stopped in Amsterdam and attempted to unload its waste. That fell through when a Dutch company that had contracted to do the job for $15,000 found far more noxious material in the ship's hold than it had been led to believe. Completing safe disposal there would instead cost $300,000, plus perhaps as much again in delays.

That sent Trafigura looking for cheaper alternatives. But for a company that had revenues of $28 billion last year, it was not a prohibitive price — especially considering what happened. The ship moved on to several more ports, ending up in Abidjan, where Trafigura hired a local disposal company that did the nocturnal backyard dumping.

Trafigura says the Ivoirian authorities told it that the local company could do the job safely. If that is true, those officials were recklessly incompetent. In any case, a stronger system of international regulations — backed up by a threat of fines or other penalties — might have forced Trafigura to think twice about whom it was hiring.

Unless such regulations are tightened and reliably enforced, the sick and the dead in Ivory Coast will have suffered for nothing. And the whole story will soon be repeated in some other country where costs are low, rules are slack, and, as an inevitable result, human life is cheap.

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USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
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Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
October 4, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

THURSDAY'S EXPECTED NEWS STORIES:

Attorney General Participates in Hispanic Heritage Month Event (OPA)
This afternoon, the Attorney General participated in an event celebrating Hispanic Heritage Month at the Department of Justice.

Justice Department Sends Letter to House of Representatives Regarding Foley Communications (OPA)
This morning, the Office of Public Affairs confirmed that the Department sent a letter to the House of Representatives requesting preservation of records regarding Congressman Foley's alleged communication with House Pages.

Sixth Circuit Court of Appeals Grants Motion Pending Appeal in *ACLU v. NSA* (Civil)
In a unanimous decision, the Sixth Circuit Court of Appeals today granted a motion allowing the NSA's Terrorist Surveillance Program to continue operation. The ruling from a three-judge panel gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest. The American Civil Liberties Union filed a lawsuit seeking to stop the program on behalf of journalists, scholars and lawyers who say it has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Talking Point:

- This program is both critical to preventing terrorist attacks and fully consistent with law.
- We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree.

Petition filed by CIA High Value Detainee (Civil)
The Baltimore Sun is running a story on a story about a petition filed on behalf of Majid Khan, who was recently moved to Guantanamo after the President announced that he was in custody of the CIA in the high value detainee program. According to the *Sun*, his petition contests his status as an enemy combatant and describes his volunteer work with the Islamic Society of

Baltimore as essentially teaching computer skills, which is a little different from the description suggested in the biography the U.S. government released in September. According to the *Sun*, in his petition also talks about returning to the United States after his wedding in 2002 to work so he could support his family. The *Sun* is wondering how those claims square with the government's view of what he involved with when he in the United States.

Talking Point:

- We have recently received the petition and are reviewing it. However based on initial review we will oppose the petition.

FBI and FDA Agents Search Produce Companies to Determine Source of E.Coli Outbreak (USAO–Northern District of California)

Two search warrants were executed today by the FBI and FDA Office of Criminal Investigations against Growers Express and Natural Selection Foods in connection with the outbreak of E.Coli, announced U.S. Attorney Kevin Ryan of the Northern District of California.

Talking Points:

- There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated.

- We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce.

- The investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation.

City Of Indianapolis Agrees to Make $1.86 Billion in Improvements to Sewer System (Environmental and Natural Resources Division)

The city of Indianapolis has agreed to make an estimated $1.86 billion worth of improvements to resolve longstanding problems with overflows from its sewer system, the Justice Department and Environmental Protection Agency (EPA) announced today. Indianapolis will make the improvements over 20 years to reduce the number of overflows—which currently occur approximately 60 times per year—to four or fewer times per year. The city will also pay a penalty of $1,117,800, which will be divided evenly between the United States and Indiana. The city also will spend $2 million on a supplemental environmental project to eliminate failing septic systems.

Talking Points:

- With today's consent decree, the city of Indianapolis is taking an important step toward complying with the Clean Water Act.

- The Department is pleased that we have reached a resolution to these matters, and the city has agreed to make the necessary improvements and committed funds to ensure significant improvements to reduce untreated sewer discharges.

DOJ Inspector General Report Alleges that Prisons Not Effectively Monitoring Terrorists' Mail (Bureau of Prisons)

Today, numerous media outlets including *The Associated Press, USA Today,* and *The Washington Post* published stories on a DOJ Inspector General report which alleges that mail for convicted terrorists and other dangerous federal inmates isn't being fully read by prison authorities, posing a risk to national security. The Bureau of Prisons issued a statement in responding to the allegations this afternoon.

Talking Points:

- The most dangerous and sophisticated inmates are housed in the most restrictive conditions allowed in order to ensure that they cannot influence others or use other inmates to send or receive messages.

- We are continually reviewing our procedures to ensure that not only are high risk individuals housed safely and securely but that other inmates, our staff and the public are protected from them.

- To implement these recommendations system-wide will require significant additional resources, primarily staff. The Bureau will pursue the necessary resources through the Federal budget process.

- We appreciate the Office of the Inspector General's very candid report and will ensure that the report's recommendations are acted upon as soon as possible.

Another Louisiana Man Pleads Guilty To FEMA Fraud (USAO–Eastern District of Louisiana)

Jermaine White, of Gray, La., pleaded guilty to making false statements regarding his application to the Federal Emergency Management Association (FEMA) for disaster assistance benefits, announced U.S. Attorney Jim Letten of the Eastern District of Louisiana. According to the factual basis, after Hurricane Katrina struck Louisiana, White applied for expedited assistance funds from FEMA, the $2,000 which many evacuees received from FEMA. White indicated in his application that his primary address was a home located in Houma, La. that he had essential needs for "food, clothing or shelter," and that he had "disaster related moving and storage expenses," when in truth he never occupied or rented this rental property. According to the owner of the property, the home was vacant and was not leased to anyone during Hurricanes Katrina or Rita.

***Nightline* Interviews FBI Assistant Director Burrus (FBI)**

Today, Eileen Murphy, a Producer for ABC News' *Nightline* program interviewed Chip Burrus, FBI Assistant Director for the Criminal Investigative Division, regarding FBI efforts to combat mortgage fraud. It is unclear when the story will run.

THURSDAY'S EXPECTED EVENTS/RELEASES:

9:15 A.M. CDT	Attorney General Alberto R. Gonzales will deliver remarks at the annual conference of the U.S. Business Leadership Network, immediately followed by a media availability. Marriott City Center The Ballroom 30 South Seventh Street Minneapolis, Minn. **OPEN PRESS**
9:00 A.M. PDT	Regina Schofield, Assistant Attorney General for the Office of Justice Programs, will deliver keynote remarks regarding Department activities in Indian Country at the National Congress of American Indians Annual Conference. Sheraton Grand Sacramento 1230 J Street Sacramento, Calif. **OPEN PRESS**

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, October 5, 2006 8:08 AM
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Subject:	Department of Justice News Clips for Thursday, October 05, 2006
Attachments:	dojclips061005.pdf; dojclips061005.doc

This morning's Department of Justice News Clips is attached.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

Court Allows Bush Administration To Continue Warrantless Surveillance Program During Appeal (AP)

By Dan Sewell, Associated Press

AP, October 5, 2006

CINCINNATI – The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday.

The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers.

The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest.

The Bush administration applauded the decision.

"We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree," Deputy White House press secretary Dana Perino said in a statement.

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers.

The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced "potential irreparable harm" and would be more vulnerable to a terrorist attack. The appeal is likely to take months.

"This program is both critical to preventing terrorist attacks and fully consistent with law," said Justice Department spokesman Brian Roehrkasse.

The American Civil Liberties Union filed a lawsuit in January seeking to stop the program on behalf of journalists, scholars and lawyers who say it has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Many said they had been forced to take expensive and time-consuming overseas trips because their contacts wouldn't speak openly on the phone or because they didn't want to violate their contacts' confidentiality.

The ACLU contends that the 1978 Foreign Intelligence Surveillance Act, which set up the secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

"We are confident that when the 6th Circuit addresses the merits of this case, it will agree that warrantless wiretapping of Americans violates the law and is unconstitutional," Melissa Goodman, an ACLU attorney, said in a news release.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: www.ca6.uscourts.gov

Taylor's ruling: www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

Information on the case from the ACLU: www.aclu.org/nsaspying

National Security Agency: www.nsa.gov

Federal Wiretapping Program To Continue During Court Challenge (DEN)

DOJ_NMG_0074955

Detroit News, October 5, 2006

President Bush's Terrorist Surveillance Program may continue while the courts decide whether it violates the U.S. Constitution, a federal appeals court ruled today.

U.S. District Judge Anna Diggs Taylor ruled the eavesdropping program unconstitutional on Aug. 17, but issued a short-term stay to give the government time to appeal.

Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so.

The appeal of the ruling itself has not yet been heard.

The program allows the National Security Agency to obtain wiretaps of calls into and out of the United States without first obtaining warrants from judges.

"I wouldn't read too much into it," ACLU Michigan director Kary Moss said of today's decision. "We feel that the judge (Taylor) wrote a good opinion and we will be in a very strong position moving forward."

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., had argued that ending the program would put the country at greater risk of a terrorist attack by al-Qaida. He did not return a telephone call today seeking comment.

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Wiretap Program Allowed During Appeal (WT)

By Joseph Curl

The Washington Times, October 5, 2006

President Bush's terrorist surveillance program can continue while the Justice Department appeals a lower-court ruling that deemed the warrantless wiretapping operation unconstitutional, a federal appeals court said yesterday.

Mr. Bush has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance.

Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati yesterday ruled that the program can continue pending an appeal. The three-paragraph ruling said the judges balanced the likelihood that the appeal would succeed, the potential damage to both sides of the dispute, and the public interest.

Established in 2002 and reauthorized more than 30 times, the program targets U.S. phone calls and electronic correspondence that involve known terrorists abroad.

On Aug. 17, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional, setting off a fierce debate on Capitol Hill. Mr. Bush, who is focusing his campaign speeches across the country on national security issues, demanded that lawmakers move swiftly to authorize the program, which he said has proved its value repeatedly.

The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming "potential irreparable harm" to the nation if the surveillance is abandoned.

"The country will be more vulnerable to a terrorist attack," the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program "in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications."

The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm.

The program, monitored by lawmakers from both parties, has been under scrutiny since the New York Times revealed its existence in December.

Critics say the Bush administration should work through a court set up for such cases, established under the Foreign Intelligence Surveillance Act. The administration says that court cannot always act quickly enough.

After the program was revealed, the American Civil Liberties Union filed a lawsuit seeking to end it.

Eavesdropping Will Continue During Appeal (FREEP)

DOJ_NMG_0074956

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 5, 2006

Ruling against spying is on hold

The Bush administration's warrantless domestic spying program can continue until a federal appeals court reviews a Detroit judge's decision to scrap the program as unconstitutional.

A three-judge panel of the U.S. 6th Circuit Court of Appeals in Cincinnati on Wednesday granted the Justice Department's request for a stay of U.S. District Judge Anna Diggs Taylor's Aug. 17 decision to halt the program.

The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest.

Michigan ACLU Director Kary Moss said she wasn't surprised by the decision.

"I wouldn't read too much into it," she said. "It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs."

There was no immediate comment from the Justice Department on Wednesday.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted their ability to confer with clients, conduct research and engage in advocacy. They asked Taylor to declare the program unconstitutional.

Taylor agreed, ruling in August that the program usurped the power of Congress by eavesdropping without first obtaining warrants from the secret Foreign Intelligence Surveillance Court in Washington, D.C.

The 1978 law that created the court gives the administration the authority to perform electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. The law also lowered the amount of evidence required to get a warrant.

The Bush administration says its surveillance program is a vital tool in the war on terror.

It was created after the 9/11 terrorist attacks and monitors phone calls and e-mail to and from the United States involving terrorism suspects and activities.

The Justice Department appealed Taylor's decision to the U.S. 6th Circuit Court of Appeals.

Last week, Taylor agreed to postpone enforcement of her injunction for seven days so the Justice Department could try to obtain a longer delay from the appeals court.

The Justice Department urged the appeals court to allow the program to continue while the case is on appeal, saying that without the program, the nation would be more vulnerable to terrorist attack.

Man Linked To Sears Tower Plot Working On Weapons Plea Deal (AP)

By Curt Anderson

AP, October 5, 2006

MIAMI - A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges.

Sultan Khanbey, 51, was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a "Moorish nation," wearing green-and-black uniforms, to bring about revolution in the United States.

Khanbey, who was born Charles Stewart, is charged with illegal possession of a firearm by a convicted felon. Court records show he was convicted of rape in 1977 and attempted murder in 1973.

U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be worked out, prosecutors said. Cooke said by then both sides should "be on the same sheet of music" in the case.

The gun charge arose from Khanbey's alleged connections to the seven men arrested in June in the terror plot, which authorities acknowledge never got beyond the early planning stage. Khanbey has previously told investigators he knew about the plot and might cooperate with prosecutors in that case.

The purported ringleader, Narseal Batiste, headed a Miami chapter of the Moorish Science Temple sect and had known Khanbey when both lived in Chicago, authorities have said.

A lengthy document filed by Khanbey in federal court discusses the sect's philosophy, including claims that U.S. laws and documents are "bogus and fraudulent" and that the ultimate goal of African-American people should be to "break free of the iron hand of the United States yoke and laws."

Khanbey came to the FBI's attention when he was invited to come to Miami last spring to discuss Batiste's plans, but a rift occurred between the two after Khanbey become suspicious that the FBI had infiltrated the Miami group, according to court documents.

On April 19, Khanbey conducted a "trial" at the group's warehouse headquarters in the Liberty City neighborhood to expel Batiste from the Moorish organization, federal prosecutors say. That same day in a heated argument, Khanbey fired a shot from a 9mm handgun past the ear of a self-described spiritual missionary and longtime Batiste adviser who uses the name Master G.J.G Atheea.

The handgun, it turned out, belonged to another member of the group, Lyglenson Lemorin, according to court documents. Khanbey had previously said the gun discharged accidentally when he was attempting to unload it.

Batiste, Lemorin and five others remain jailed without bail on charges of terror conspiracy and material support, which authorities have said included planning for attacks on the Sears Tower and government buildings in Miami, Washington and elsewhere. All have pleaded not guilty, with trial scheduled to begin March 5.

Their arrests were based on information obtained by two FBI informants, including one man of Middle Eastern descent who pretended to be an al-Qaida operative.

Toledo Terrorist Suspect El-Hindi Will Remain Behind Bars (TOLB)

Toledo Blade (OH), October 5, 2006

A federal judge this afternoon denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release.

Judge James Carr denied the request after hearing from Mr. El-Hindi and other witnesses during a court proceeding that spanned nearly four hours. Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial.

His attorneys were seeking his release on $20,000 bond. Mr. El-Hindi is currently incarcerated at the federal prison in Milan, Mich.

Mr. El-Hindi is charged along with Toledoan Mohammad Zaki Amawi and Sylvania resident Wassim I. Mazloum with conspiring to kill or injure U.S. troops and others in the Middle East and with providing the "support and resources" to do so. Mr. Amawi was also charged with twice threatening President Bush and with distributing bomb-making information. If convicted, they face a maximum of life in prison.

Attorneys Steve Hartman and Chuck Boss put El-Hindi's wife, Marwa Aboud, on the stand as she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr. El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo.

A friend of Mr. El-Hindi, Muwahhid Adil of Toledo, testified that he has known the defendant about 14 years. The two met at an Islamic conference in Chicago.

Al-Qaeda's Far-Reaching New Partner (WP)

By Craig Whitlock

The Washington Post, October 5, 2006

PARIS -- In a video released last month on the Internet, al-Qaeda's deputy leader, Ayman al-Zawahiri, declared that he had "great news." Al-Qaeda, he reported, had joined forces with an obscure Algerian underground network and would work in tandem with the group to "crush the pillars of the crusader alliance."

The Algerian partner, the Salafist Group for Preaching and Combat, had fought the Algerian government in a barbaric civil war for almost a decade. But Zawahiri said the new alliance had different targets in mind. "Our brothers," he said, "will be a thorn

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in the necks of the American and French crusaders and their allies, and a dagger in the hearts of the French traitors and apostates."

Zawahiri's statement was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa.

Since 2003, the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa.

The network also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva.

On Sept. 1, the French Anti-Terrorist Coordination Unit issued a statement classifying the group as "one of the most serious threats currently facing France," Algeria's former colonial master. Ten days later, the assessment was given fresh urgency by Zawahiri's videotape, timed for the fifth anniversary of the Sept. 11, 2001, attacks in the United States. In it, he noted that Osama bin Laden, al-Qaeda's founder, had given his personal approval to the "blessed union" between the Algerian network and al-Qaeda.

Responding to Zawahiri's declaration, French Prime Minister Dominique de Villepin said there was a "real and permanent" risk to France, in part because of its military involvement in Lebanon and Afghanistan, as well as its policy of forbidding Muslim girls to wear head scarves in public schools.

Pierre de Bousquet de Florian, the head of France's domestic intelligence service, added: "For our Islamist adversaries, our country is frankly in the Western camp -- the 'crusaders' in their words -- and we will be spared nothing."

Overcoming Differences

Al-Qaeda forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals.

The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders. They sent money, fighters and supplies to the guerrillas, seeing the war as an opportunity to replace Algeria's secular, military-backed government with a fundamentalist Islamic state.

But their zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir , a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death.

Bin Laden, who was living in Sudan at the time, believed that killing fellow Muslims was counterproductive. So he sent an emissary to Algeria to demand that the GIA change its approach and pledge loyalty to the fledgling al-Qaeda network, according to European intelligence officials. The GIA refused.

As the massacres continued, bin Laden's allies in London and elsewhere wrote scathing denunciations of the Algerian group, a rejection that persisted for years.

The Salafist Group for Preaching and Combat -- its name is derived from a branch of fundamentalist Islam -- was founded in 1998 by a splinter group of Algerian rebels who wanted to reduce the number of civilian massacres. It quickly eclipsed the GIA, but it still struggled to win support from abroad.

That started to change after al-Qaeda launched the Sept. 11 attacks. With its territorial base in Afghanistan in jeopardy, al-Qaeda's leadership began looking for safer places to relocate.

In the fall of 2001, according to French and Algerian officials, bin Laden dispatched a Yemeni deputy to Algeria for talks with the radical group. The emissary was reported killed in September 2002 by Algerian security services, but his presence in Algeria marked a turning point, they said.

"Until 2001, the GSPC wasn't trusted by the rest of the international jihad," said Louis Caprioli, former director of international counterterrorism for the DST, the French counterintelligence service. "That's when the GSPC started to become international. It used to be focused solely on Algeria."

On the second anniversary of the Sept. 11 attacks, a leader of the Algerian group posted a statement on the Internet pledging the group's allegiance to al-Qaeda for the first time, adding: "We strongly and fully support Osama bin Laden's jihad

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against the heretic America." In March 2005, a successor leader, Abu Musab Abdel Wadoud, issued a similar statement praising bin Laden.

Until recently, al-Qaeda's leadership had offered cautious or tepid responses. In the summer of 2005, bin Laden referred to "our brothers" in the Algerian network in a long statement on audiotape, but otherwise has not publicly embraced the group.

It became clear, however, that an alliance could bring benefits to both sides, analysts said. If the Algerians could win al-Qaeda's endorsement, it would erase their network's pariah status in radical Islamic circles, making it easier to raise money and logistical support. In turn, al-Qaeda would gain a local affiliate and an operational foothold in North Africa.

"The leadership of al-Qaeda doesn't have a secure base left anywhere else in the world," said Liess Boukraa, a terrorism expert and author in Algiers. "So al-Qaeda needs the GSPC at the logistical level. The GSPC needs al-Qaeda at the ideological level."

Al-Qaeda has pursued this strategy in multiple Muslim countries, partnering with local underground groups in an effort to extend its name and influence. In Iraq, al-Qaeda teamed with Abu Musab al-Zarqawi's insurgent group, prevailing on him to change its name to al-Qaeda in Iraq. The Kurdish group Ansar al-Islam and various organizations in Kashmir have similar ties with bin Laden's movement.

Analysts said the shift by the Algerian organization toward a global strategy was a tacit admission that its original goal -- seizing power in its home country -- had failed. The network continues to attack government targets in Algeria almost weekly, but it has taken heavy losses in recent years and is confined to remote areas in the mountains and desert.

Estimates of the number of active GSPC members, who constitute almost all of the remaining fighters against the Algerian government, run from 500 to 1,200 -- a sharp drop from the 40,000 Islamic extremists who took up arms against the government in the 1990s.

Algerian Interior Minister Noureddine Yazid Zerhouni said last month that Algerian security forces had killed or captured 500 Islamic fighters over the past year. In addition, about 250 members of the GSPC and other extremists have accepted the Algerian government's offer of political amnesty under a national reconciliation program, he said.

Mounir Boudjema, an expert on Algerian terrorist groups and editor of the newspaper Liberte, said the Salafist radical group is weaker than ever at home.

"In terms of strategy, they have lost," Boudjema said in an interview in Algiers. "The population doesn't want to have them anymore. The people in the villages refuse to give them blankets or water or food. The whole logistical network is falling apart."Training and Support

Even as it struggles in Algeria, the GSPC has rapidly extended its reach elsewhere in North Africa.

With al-Qaeda's backing, the network has partnered with other radical groups, including extremists in Morocco, Libya, Tunisia and Mauritania, according to Arab and European counterterrorism officials. There was little overlap among such factions in the past, officials said, but now many have turned to the Algerians for training and support.

"The message we get is that al-Qaeda has given delegation to the GSPC to coordinate their operations in the Maghreb region," said Chakib Benmoussa, the Moroccan interior minister.

"Al-Qaeda's objective is to have a base in the region of the Sahel," he added, referring to the remote stretch of North Africa that borders the southern edge of the Sahara and covers such impoverished nations as Mali, Mauritania and Niger.

In June 2005, about 150 of the Algerian group's fighters from different countries attacked a Mauritanian military outpost, killing 15 soldiers. Another of its cells kidnapped 32 European tourists in the Sahara in 2003 and reportedly received a $5 million ransom from the German government for their release.

Counterterrorism officials said the network operates training camps in the Sahara and Sahel that cater to fighters from countries bordering Algeria, but also recruits from Europe. The camps are small and temporary, consisting of four-wheel-drive vehicles and a few instructors who teach bombmaking and guerrilla tactics, said a U.S. counterterrorism official who has studied the network and spoke on condition of anonymity.

"It's all mobile and on the run. They'll rendezvous in a wadi for four or five days, then disperse," the official said, using an Arabic word for a streambed that is usually dry. "We're very much concerned about it. It's more than just a few guys. If you add it up, it's a substantial number of folks."

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Many veterans of the North African camps have traveled to Iraq, where they make up one of the biggest contingents of foreign fighters battling U.S. and Iraqi forces, according to counterterrorism officials and analysts.

According to a study released in March by the Saudi National Security Assessment Project, an adviser to the Saudi government, North Africans make up about 30 percent of foreign fighters in Iraq, with 22 percent from Algeria alone. U.S. military officials and independent analysts said other estimates have shown somewhat lower numbers of North Africans, but agreed that Algerians and the Salafist group are playing key roles in the conflict.

"The GSPC, they saw the handwriting on the wall," the U.S. counterterrorism official said. "If they just stuck to fighting the Algerian government, all they would be is a minor thorn in their side. So they had to reach out."

In Europe, meanwhile, the group has revived dormant networks of Algerian radicals who emigrated after the outbreak of the civil war 15 years ago, counterterrorism officials said.

In 1994, Algerians from the GIA hijacked an Air France jet and planned to crash it into the Eiffel Tower, but a commando unit stormed the plane and rescued passengers. The next year, another GIA cell carried out bomb attacks on the Paris subway.

The same group planned attacks during the 1998 World Cup in France. But French police disrupted the plots and initiated a continent-wide round of arrests that effectively knocked out the organization on European soil.

In reconstituted form, the Algerian underground in Europe is no longer fighting solely for a national cause. That has enabled it to recruit large numbers of Tunisians, Moroccans, Syrians and other extremists who do not hold a stake in the Algerian conflict, said Xavier Raufer, a terrorism specialist at the University of Paris and a former French intelligence officer.

In July, for instance, German authorities arrested a 36-year-old man of Moroccan descent in the northern city of Kiel and charged him with recruiting fighters to go to Iraq. Prosecutors said he was a member of al-Qaeda and knew members of the Hamburg cell that carried out the Sept. 11 attacks. Last November he had traveled to Algeria to receive explosives training at a GSPC camp.

In March, eight Moroccans and a Tunisian were arrested in Casablanca and accused of planning attacks in Italy, with targets including a church in Bologna and the Milan subway system, Moroccan and Italian officials said. The cell was charged with working on behalf of the GSPC and taking orders from a deputy in Algeria.

Many of the Salafist group's foot soldiers in Europe have never been to Algeria, but are motivated to join the network because of Islamic anger over conflicts in Iraq, Afghanistan and Israel, Raufer said. "For them, it's an easy time," he said of the recruiters. "When they preach, a lot of people are furious. A lot of Muslims are outraged at what's going on."

In 30-Year-Old Terror Case, A Test For The U.S. (WP)

By Manuel Roig-Franzia

The Washington Post, October 5, 2006

HAVANA -- A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados.

The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela.

The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere.

The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months.

Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him.

Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges.

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"This is the moment of truth for the Bush administration," said Peter Kornbluh, a senior Cuba analyst with the National Security Archive, a nonprofit research library at George Washington University.

The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists.

"It's as if you were to say to the American people that country X has found Osama bin Laden, who arrived without a passport or a visa, and that he is being held as an illegal immigrant but will not be sent back to the U.S.," Ricardo AlarcÃ³n, president of Cuba's general assembly, said in an interview.

Posada Carriles, 78, sneaked into the United States in March 2005. He did little to hide his presence in Miami's exile community and joked about being recognized at doctors' appointments. He wasn't arrested until he gave a newspaper interview and appeared at a news conference in May 2005, moves that seemed to taunt law enforcement officials.

At the time of his arrest, Posada Carriles, who was born in Cienfuegos, Cuba, had spent more than four decades engaged in fruitless schemes to kill Cuban leader Fidel Castro and topple his government. The immigration judge who oversaw Posada Carriles's case said his history "reads like one of Robert Ludlum's espionage thrillers, with all the plot twists and turns Ludlum is famous for."

Posada Carriles was trained by the CIA, along with other Cuban exiles, for the botched Bay of Pigs invasion in 1961. He eventually made his way to Venezuela, where he became head of the secret police surveillance division.

Venezuelan officials later accused him of masterminding the Cubana bombing, which claimed the lives of 57 Cubans, as well as passengers from Guyana and North Korea. But he escaped from a Venezuelan prison in 1985 while prosecutors were appealing his acquittal in a military trial.

Since then, he has survived a 1990 assassination attempt, which scarred half his face, and has managed to wriggle out of legal trouble while on the run in Central America. He was arrested in 2000 in Panama for allegedly plotting to set off 30 pounds of explosives during a speech by Castro at the University of Panama, but the charges were dropped.

Posada Carriles's attorney has said that his client, who has a heart condition, no longer plans violence against the Castro government.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Posada Carriles said in a statement released by his attorney.

U.S. officials see the aging Castro opponent as a more sinister figure. A field officer at the Department of Homeland Security who follows Posada Carriles's case described him as a "present danger to the community" whose "propensity to engage in terrorist activities poses a national security risk to the United States."

All of which makes the actions of the U.S. government in the case puzzling to critics, who say Posada Carriles should be prosecuted or at least confined to prison. Even some Cuba hard-liners in the United States confide privately that the case has turned into an embarrassment for the United States.

"They're just dancing around," Wayne Smith, a former head of the U.S. Interests Section in Havana and vocal critic of the Bush administration's Cuba policies, said of prosecutors. "They have all kinds of evidence against him."

It's clear that the U.S. government would prefer to make Posada Carriles someone else's problem. According to court documents, the Department of Homeland Security failed to persuade seven countries to take him -- Canada, Mexico, Panama, El Salvador, Honduras, Guatemala and Costa Rica. The magistrate in Posada Carriles's case said that the Justice Department could have legally held him for a longer period if it had officially certified him as a terrorist, but that prosecutors did not do so.

"The problem is that the American government created him, it taught him, and now it's hard for the government to punish him," Camilo Rojo Alvarez, son of a crew member who died in the 1976 attack, said in an interview.

Much of the evidence against Posada Carriles has been drawn from the U.S. government's own files, including declassified FBI and CIA documents. One declassified CIA intelligence report, citing information from informants, said Posada Carriles attended a $1,000-a-person fundraising and planning dinner for anti-Castro activities in September 1976 along with Orlando Bosch, another prime suspect in the Cubana bombing.

Not long afterward, the report stated, Posada Carriles said, "We are going to hit a Cuban airplane. Orlando has the details."

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Bosch was once in a position similar to that of Posada Carriles, and the outcome of his case unnerves Cubans now focused on Posada Carriles. In 1990, the administration of George H.W. Bush released Bosch from prison after he, like Posada Carriles, was caught entering the country illegally. Cuba had been the only country willing to take him, and the U.S. refused to send him to the island.

Bosch, an 80-year-old retired physician who now lives in a Miami suburb, has stopped just short of claiming that his and Posada Carriles's group was responsible for the Cubana bombing.

Earlier this year, he told the Spanish newspaper La Vanguardia that the Cubana flight was a "legitimate target." And in an Atlantic Monthly interview with "Cuba Confidential" author Ann Louise Bardach that is to be published this week, Bosch said: "We were at war with Castro, and in war, everything is valid."

Declassified documents state that the two men who placed the bomb on the Cubana flight worked for Posada Carriles. After getting off the plane in Barbados, one of the men called his girlfriend, who was also a Posada Carriles employee, and delivered a coded message to report the attack was successful. The message: "The bus was fully loaded with dogs."

NY Judge Suggests Ashcroft, Mueller May Remain In Lawsuit (AP)

By Larry Neumeister, The Associated Press

AP, October 5, 2006

NEW YORK (AP) — A federal appeals court seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh conditions.

The 2nd U.S. Circuit Court of Appeals listened for nearly two hours as lawyers for some of the 34 former and current government employees named in the litigation argued that their clients should get immunity or had no contact with two former detainees who sued in 2004.

Judge Jon Newman, part of a three-judge panel, asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds.

Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises.

But the judge did not let up.

"For all we know they were just doing other things and just leaving these people in atrocious conditions," the judge said.

The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was "a monumental effort and employees worked tirelessly" as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks.

Later, the judge challenged Michael L. Martinez, a lawyer for the former warden at the Metropolitan Detention Center in Brooklyn, for saying in court papers that complaints that the Quran was taken away from detainees or that guards banged on the bars of cells when detainees were praying proved the detainees were allowed to practice their religion.

The judge asked Martinez if he stood by his assertion that the references proved there were only minimal restrictions on the practice of religion.

"That's correct," Martinez said. "My client tenders that position."

The judge then called upon Garre as the only government lawyer before the appeals court to see if he agreed with Martinez's position.

"Specific allegations of abuse like that is not something that's condoned by the United States," Garre said.

The arguments came in a case brought by Ehab Elmaghraby and Javaid Iqbal, detainees who alleged that Ashcroft, Mueller and others implemented a policy of confining detainees in highly restrictive conditions because of their religious beliefs and race.

Elmaghraby, an Egyptian who worked at restaurants before he was held at the Metropolitan Detention Center from October 2001 until August 2002, settled his portion of the case after the U.S. government agreed to pay him $300,000. He was cleared of allegations he had terrorist ties but was deported in August 2003 after pleading guilty to credit card fraud.

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Iqbal, a Pakistani, was arrested at his Long Island home on Nov. 2, 2001, and charged with nonviolent federal crimes unrelated to terrorism. Two months later, he was moved to the Metropolitan Detention Center, where he was held in solitary confinement for more than 150 days without a hearing, according to his lawsuit.

He said he was subjected to physical and verbal abuse, including unnecessary strip searches, until he was cleared of any involvement in terrorism and deported after pleading guilty in April 2002 to fraud and being sentenced to 16 months in prison.

Elmaghraby and Iqbal were among 184 of 762 aliens arrested after the Sept. 11 attacks who were identified as being of high interest to the investigation and were held in maximum-security conditions. Eighty-four of the 184 detainees were housed in Brooklyn.

In September 2005, U.S. District Judge John Gleeson ruled that Ashcroft and Mueller could remain as defendants because the plaintiffs alleged they were personally involved in the creation or implementation of unconstitutional policies after the Sept. 11 attacks.

The appeals court panel didn't say when it would rule.

Judges Zero In On Treatment Of A Detainee (NYT)

By Nina Bernstein

The New York Times, October 5, 2006

In sharp questioning, a three-judge panel yesterday challenged arguments by federal officials seeking dismissal of a Pakistani man's suit charging that because of his religion, race or national origin, he, like others, was held for months after 9/11 in abusive solitary confinement before being cleared of links to terrorism and deported.

In the mahogany and marble splendor of the Second Circuit Court of Appeals in Lower Manhattan, lawyers for former Attorney General John Ashcroft and other government officials argued that the officials were entitled to immunity from the lawsuit filed by the man, Javaid Iqbal, who had been known as "the cable guy" to his Long Island customers before he was swept into a federal detention center in Brooklyn as were hundreds of other Muslim immigrants in the New York area.

From the start of yesterday's two-hour hearing, one of the judges, Jon O. Newman, showed particular impatience with the narrow legal defenses offered by the defendants in the case, which lawyers for Mr. Iqbal say seeks accountability for what they call serious constitutional violations by the nation's highest law enforcement officials. It is the first case of its kind to reach the appellate level.

Judge Newman was especially scathing in questioning the lawyer for Dennis Hasty, formerly the warden of the Metropolitan Detention Center, where Mr. Iqbal and 184 others designated by the Federal Bureau of Investigation as "of high interest" were confined in a special unit where a 2003 Justice Department Inspector General's report found widespread abuse.

Mr. Hasty's lawyer, Michael L. Martinez, had argued in his brief that even if everything alleged in the lawsuit were true — as the appellate judges must assume at this stage of the litigation — Mr. Iqbal's treatment "never approached the level of a due process violation."

"Beatings?" Judge Newman asked. "Exposure to air-conditioning after standing in the rain? Needless strip-searches? Never approached a due process violation? If I thought your client really believed that, I've got to tell you, I'd be really troubled."

Judge Robert D. Sack was equally acerbic in commenting on a defense assertion that the complaint failed to link Mr. Hasty personally to what was going on at the detention center.

"He is the warden," Judge Sack said. "If he didn't know what was going on — I'm boggled twice in one argument."

Mr. Martinez replied that five years after 9/11 it was easy to criticize decisions made at the time. He cited legal precedents holding that "the courts are ill-equipped to second-guess what goes on in prisons."

Earlier, Judge Newman interrupted Lauren Resnick, the lawyer representing two former officials of the F.B.I., Michael Rolince, the agency's former chief of counterterrorism, and Kenneth Maxwell, a former special agent in charge of the F.B.I. office in New York, as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center.

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"You don't think your clients had a major role in the decision not to release these plaintiffs?" Judge Newman asked. He was referring to findings by the Inspector General that detainees picked up on called-in tips were often designated "high-interest" and held in highly restrictive conditions until the F.B.I. cleared them, a process that took months because it was not a high priority.

"Are you telling me that they were unaware that they were being held in highly restrictive conditions?"

Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the way it made its accusations.

Earlier this year, the federal government agreed to pay $300,000 to another plaintiff in the same suit, settling his claim without admitting to wrongdoing. The government, which in a lower federal court lost its effort to dismiss Mr. Iqbal's lawsuit without testimony, is seeking to overturn that ruling. It also lost a similar motion in a companion lawsuit brought as a class action by other former detainees.

Mr. Iqbal eventually pleaded guilty to credit-card fraud and was deported to Pakistan.

Many legal arguments yesterday concerned Supreme Court rulings on governmental immunity. Judge Sack and Judge Jose A. Cabranes suggested that a case now pending before the Supreme Court might affect the question, and asked for memos by Oct. 9 on whether a delay would be appropriate.

Gregory G. Garre, a Justice Department lawyer representing Mr. Ashcroft and Robert S. Mueller III, the director of the F.B.I., said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights.

"If there's anything that the court can take judicial notice of," he said, " it's that 9/11 was the most deadly foreign attack on domestic soil."

In his rebuttal on behalf of Mr. Iqbal, whose lawsuit was brought by the Urban Justice Center, Alexander A. Reinert argued that questioning officials was necessary to determine how 9/11 actually affected Mr. Iqbal's treatment.

Mr. Iqbal's lawsuit charges that Mr. Ashcroft and others created a discriminatory policy that was "applied to Mr. Iqbal in some of the most horrific conditions of confinement," he said, and that they knew or should have known it.

"They may believe the facts will disprove it," added Mr. Reinert, of Koob & Magoolaghan, "but that's exactly what discovery is for."

At the close of the hearing, Judge Newman questioned Mr. Garre, as the sole Justice Department lawyer, about another assertion in Mr. Hasty's brief. It contends that Mr. Iqbal's lawsuit itself shows there were "only minimal restrictions" on his ability to practice his religion, since he complained that his Koran had been routinely confiscated and that guards had banged on his cell door when he tried to pray, which demonstrated that he had been allowed to pray and to have a Koran.

In a tone of outraged incredulity, Judge Newman repeated the phrase "only minimal restrictions," first pressing Mr. Hasty's lawyer to say whether that was really his client's position or "just hyperbole by his lawyer," and finally asking Mr. Garre whether that was the government's position.

Mr. Garre replied, "Specific abuse like that is not something that's condoned by the United States."

U.S. Seeks Immunity In 9/11 Detention Case (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 5, 2006

Panel Considers Liability Of Government Officials

The personal liability of high-ranking officials for the mistreatment of Muslim men swept up after Sept. 11, 2001, and segregated at the Metropolitan Detention Center in Brooklyn was sharply contested yesterday at the U.S. Court of Appeals for the Second Circuit.

For almost two hours, a three-judge panel peppered lawyers for top U.S. Department of Justice and FBI officials, the former warden of the detention center, and FBI and corrections supervisors who argued that Eastern District Judge John Gleeson was wrong to reject their claims of qualified immunity.

The appeal was brought by the government in the case of Javaid Iqbal, a Muslim of Pakastani origin who was arrested for credit card fraud during the post-9/11 sweep and detained for more than seven months in Brooklyn.

While Mr. Iqbal ultimately pleaded guilty to the charge, served his sentence and was deported, he claims he was placed in the detention center's solitary confinement unit because the FBI had designated him and more than 700 other Muslims as "high interest" subjects in the terror attacks.

Mr. Iqbal claims he was subject to beatings by guards, dragged along the ground in shackles, harassed while trying to pray and denied adequate medical care.

His mistreatment was one example, his lawyers say, of widespread detainee abuse at the detention center.

A report by the Justice Department's Office of Inspector General issued in June 2003 criticized harsh conditions at the facility for the detainees.

Plaintiff's lawyers have cited the report in their suits against the government under the Federal Tort Claims Act and in individual lawsuits against former Attorney General John Ashcroft and former FBI Director Robert Mueller and other officials.

The report was particularly critical of the inconsistent manner in which the FBI, and then the Bureau of Prisons, imposed a "hold-until-cleared" of suspicion policy for the detainees.

Mr. Iqbal makes an equal protection claim as well as procedural and substantive due process claims.

Judge Gleeson ruled in 2005 that top officials would have to, at a minimum, answer some questions about the policy (NYLJ, Sept. 29, 2005).

Mr. Iqbal's co-plaintiff, Ehab Elmaghraby, has settled with the government.

Yesterday, Judges Jon Newman, Jose Cabranes and Robert Sack heard lawyers for the defendants take different tacks on whether or not the U.S. Supreme Court has set a heightened pleading standard for claims against which the defense of qualified immunity is invoked.

Each of the lawyers claimed that Mr. Iqbal's complaint stated only "conclusory" allegations that warranted a dismissal by Judge Gleeson.

Lauren Resnick of Baker & Hostetler represents two former FBI supervisors that Mr. Iqbal claims were responsible for his mistreatment due to his segregation under the "hold-until-clear" policy.

Ms. Resnick contended that the supervisors should not be held liable because the FBI did not "direct or request" that Mr. Iqbal and others be held in administrative segregation. On the face of the complaint, she said, his claim should be dismissed before discovery commenced.

But, Judge Newman said, "what really happens [to them] depends on whether they are [designated] high interest?"

When Ms. Resnick said that was not necessarily the case, Judge Newman responded, "So senior people at the FBI said that if they were walking around in the general population, that's OK with us ?"

Judge Newman then asked, "You are urging a higher pleading standard, are you not?"

Ms. Resnick said courts are split on the issue and, while acknowledging that the qualified immunity context is "unique," said courts would benefit from some clarification on this point from the U.S. Supreme Court.

Qualified Immunity Meaning

The lawyers were divided on the meaning of the Supreme Court's decision in Crawford-El v. Britton, 523 U.S. 574, (1998), in the context of qualified immunity - which protects officials from burdensome litigation and discovery in the course of performing their duties as long as they are not violating clearly established law.

Michael Martinez of Crowell Moring in Washington D.C., who represents the detention center's former Warden Dennis Hasty, said Crawford-El did not stand for the proposition that plaintiffs have to meet a heightened pleading standard-one that goes beyond simply giving notice to the defendant about the nature of the allegations.

But a body of law has developed over the years requiring more than notice pleading where qualified immunity is involved. Plaintiffs must "put forward specific non-conclusory allegations that establish things like improper motive," Mr. Martinez said. "We still require something more than bare-bones allegations."

"How is that not a heightened pleading standard?" Judge Sack asked.

Judge Newman asked whether or not there had to be "some discovery" on whether the warden knew what the correctional officers under his command were doing.

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"Unless he's [Iqbal] called into the warden's office and [the warden says] 'I'd like you here while I give my marching orders,' doesn't that mean that wardens are never liable?" the judge asked.

Mr. Martinez answered no and said the complaint only had to go further than saying Mr. Hasty, the warden "knew or should have known" about the abuse.

"But this was going on for months." Judge Sack said.

Principal Deputy Solicitor General Gregory Garre said Crawford-El stands for the proposition that a "trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense"-with the goal being to avoid "burdensome litigation" and plaintiffs are required to show more to survive a prediscovery motion to dismiss.

"Whether you think of that in terms of a heightened pleading standard or not, that's the standard," he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller.

Mr. Garre said he was "happy to defend" the "policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right."

Burden of Proof

Alex Reinert of Koob & Magoolaghan, who represents Mr. Iqbal along with attorneys from the Urban Justice Center and Weil, Gotshal & Manges, said the defendants were assuming "adversarial discovery before the filing of a complaint," and his client went well beyond "conclusory" allegations.

The Crawford-El case, he said, was not about heightened pleading standards but about the burden of proof.

Crawford-El, he said, meant that a district court should use its discretion not to prevent "any discovery, just burdensome discovery."

The judges asked Mr. Reinert whether the actions of officials post-9/11 should be weighed in the context of the nationwide imperative to capture possible co-conspirators and prevent further attacks.

Regardless of the severity of the attacks, Mr. Reinert said, officials knew that "it's been clearly established for years that you can't put people in conditions of confinement" like those to which Mr. Iqbal was subjected.

Mr. Iqbal, he said, was subject to "horrific abuse" that was the direct result of a policy initiated from the top and he was "not getting hearings" like "everyone else in the MDC who was not Muslim was getting hearings."

He continued, "We made these allegations, your honor, but we don't have to prove them here," adding that the Supreme Court has said "there is no heightened pleading standard unless the rules say there is."

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Security At Supermax Slammed In Fed Report (RMN)

By Lou Kilzer, Rocky Mountain News

Rocky Mountain News, October 5, 2006

Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps.

That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons.

The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center.

Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General.

Since then, the three bombers have been carefully monitored, but risks remain, according to the report.

Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow.

The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages.

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It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers.

Short staffing and lack of funding underlie the gaps that allowed the dangerous mailings to get out, according to the OIG report.

The FBI, which handles letters from the most dangerous prisoners, is supposed to produce translations within 60 days, according to the report. In reality, it sometimes takes as long as six to 18 months, the report says.

And even concentrating on the worst of the inmates may not be enough.

"These delays in translations . . . pose a security risk because plans for terrorist and criminal activities could be communicated to or by inmates through the mail or telephone and implemented by outside contacts before translations are completed and the intelligence gleaned from them shared," the report says.

Further, the three translators hired at Florence did not begin intelligence training until late last year, meaning that letters may have been translated but coded messages not detected.

"We found that the (Bureau of Prisons) lacks sufficient intelligence capability to adequately analyze information from inmate mail to detect terrorist activity," the report says.

The key problem is staffing.

When investigators showed up to review the situation at Florence they were told that on three consecutive days the week before, two or three of seven special investigative supervisors had been pulled for other tasks.

The person responsible for monitoring all communications said she was pulled the previous week on four of her five workdays "to fill a vacant post elsewhere in the institution."

Such assignments, she reported, happened frequently.

The report said that such staffing decisions "can have significant security consequences."

According to the report, the FBI "showed little interest in the 17 international terrorist inmates" in the Florence facility until the letters from the Trade Center bombers were uncovered.

The inspector general recommended several steps to tighten the ship at Florence by sharply increasing and improving communications monitoring.

State Rep. Buffie McFadyen, D-Pueblo West, says she believes the warden at the Florence facility "has done the best he can with the resources he has," but that those resources are inadequate.

"Florence is still not staffed to the minimum level that is necessary," said McFadyen, who has taken a special interest in safety and funding for the prison in her district.

Felicia Ponce, a Bureau of Prisons public relations specialist, said Wednesday that prison officials "are continually reviewing our procedures" and that they appreciated the inspector general's "very candid report and will ensure that the report's recommendations are acted upon as soon as possible."

But Ponce sounded a cautionary note: "To implement these recommendations systemwide will require significant additional resources, primarily staff."

And to do that, she said, the bureau would turn to "the federal budget process."

The probe was launched after the March 2005 discovery that Florence prisoners Mohammed Salameh, Mahmud Abouhalima and Nidal Ayyad - all convicted for the 1993 World Trade Center plot - had communicated with various outside extremists.

In one instance, a letter from Salameh was found in the possession of Mohamed Achraf, who authorities said was plotting to blow up the National Justice Center in Madrid, Spain.

A member of a Spanish terror cell also was using letters from Florence to recruit other members. Salameh even managed to send a letter praising Osama bin Laden to Arabic newspapers.

The Florence Supermax prison has held a who's who of criminals, including Unabomber Theodore Kaczynski, Oklahoma City bomber Terry Nichols and Zacarias Moussaoui, the 9/11 conspirator dubbed "the 20th hijacker."

Conclusions need no translation

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The federal Office of the Inspector General released this week a highly critical report on the Supermax prison in Florence, saying that:

• Staff failed to read all of the mail of high-risk prisoners.
• The facility does not employ enough proficient translators.
• It was slow to train translators in intelligence techniques.
• It didn't hire its first staff member dedicated to translation until 2005.
• Less than 50 percent of inmate calls were monitored.
• It randomly monitored only 1.8 percent of inmate mail during a test period.

Waterboarding Historically Controversial (WP)

By Walter Pincus

The Washington Post, October 5, 2006

Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques -- "waterboarding," in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face.

Inside the CIA, waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information -- though "not all of it reliable," a former senior intelligence official said.

Waterboarding is variously characterized as a powerful tool and a symbol of excess in the nation's fight against terrorists. But just what is waterboarding, and where does it fit in the arsenal of coercive interrogation techniques?

On Jan. 21, 1968, The Washington Post published a front-page photograph of a U.S. soldier supervising the questioning of a captured North Vietnamese soldier who is being held down as water was poured on his face while his nose and mouth were covered by a cloth. The picture, taken four days earlier near Da Nang, had a caption that said the technique induced "a flooding sense of suffocation and drowning, meant to make him talk."

The article said the practice was "fairly common" in part because "those who practice it say it combines the advantages of being unpleasant enough to make people talk while still not causing permanent injury."

The picture reportedly led to an Army investigation.

Twenty-one years earlier, in 1947, the United States charged a Japanese officer, Yukio Asano, with war crimes for carrying out another form of waterboarding on a U.S. civilian. The subject was strapped on a stretcher that was tilted so that his feet were in the air and head near the floor, and small amounts of water were poured over his face, leaving him gasping for air until he agreed to talk.

"Asano was sentenced to 15 years of hard labor," Sen. Edward M. Kennedy (D-Mass.) told his colleagues last Thursday during the debate on military commissions legislation. "We punished people with 15 years of hard labor when waterboarding was used against Americans in World War II," he said.

A CIA interrogation training manual declassified 12 years ago, "KUBARK Counterintelligence Interrogation -- July 1963," outlined a procedure similar to waterboarding. Subjects were suspended in tanks of water wearing blackout masks that allowed for breathing. Within hours, the subjects felt tension and so-called environmental anxiety. "Providing relief for growing discomfort, the questioner assumes a benevolent role," the manual states.

The KUBARK manual was the product of more than a decade of research and testing, refining lessons learned from the Korean War, where U.S. airmen were subjected to a new type of "touchless torture" until they confessed to a bogus plan to use biological weapons against the North Koreans.

Used to train new interrogators, the handbook presented "basic information about coercive techniques available for use in the interrogation situation." When it comes to torture, however, the handbook advised that "the threat to inflict pain . . . can trigger fears more damaging than the immediate sensation of pain."

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In the post-Vietnam period, the Navy SEALs and some Army Special Forces used a form of waterboarding with trainees to prepare them to resist interrogation if captured. The waterboarding proved so successful in breaking their will, says one former Navy captain familiar with the practice, "they stopped using it because it hurt morale."

After the Sept. 11, 2001, terror attacks, the interrogation world changed. Low-level Taliban and Arab fighters captured in Afghanistan provided little information, the former intelligence official said. When higher-level al-Qaeda operatives were captured, CIA interrogators sought authority to use more coercive methods.

These were cleared not only at the White House but also by the Justice Department and briefed to senior congressional officials, according to a statement released last month by the Office of the Director of National Intelligence. Waterboarding was one of the approved techniques.

When questions began to be raised last year about the handling of high-level detainees and Congress passed legislation barring torture, the handful of CIA interrogators and senior officials who authorized their actions became concerned that they might lose government support.

Passage last month of military commissions legislation provided retroactive legal protection to those who carried out waterboarding and other coercive interrogation techniques.

Claims And Counterclaims (WSJ)

By David B. Rivkin Jr., Lee A. Casey

The Wall Street Journal, October 5, 2006

Tocqueville's trenchant observation, that sooner or later all political issues in America are "resolved" into legal questions, has certainly withstood the test of time. Our policy disputes are regularly fought out on "legal" or "constitutional" grounds, both in and out of the courts, and nowhere is this more evident than in the debates over the war against al Qaeda.

The national "dialogue" over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done.

There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News. Mr. Clinton protested (rather too much) that he really had been committed to killing Osama bin Laden, and insisted that he did his best to accomplish this goal.

That may well be true. But then as now, Mr. Clinton views the relevant policy choices through a law-enforcement prism. Granting the former president's ardent desire to see off bin Laden, his administration was mired for years in arguments over whether, consistent with a Cold War executive order forbidding "assassinations," the CIA could kill bin Laden, or whether U.S. agents would instead have to attempt a practically impossible capture -- i.e., an arrest. Paralyzing concerns were also expressed by Clinton administration officials that any attempt to kill bin Laden might cause civilian casualties, even though wartime collateral damage is permissible, provided it is not disproportionate to the military advantage being gained. This rejection of the laws-of-war model continued even after bin Laden proved his belligerent intentions in a series of attacks on American citizens and U.S. military assets overseas.

In the aftermath of 9/11 -- and despite the fact that congressional Democrats joined Republicans in passing an "authorization for the use of military force" against those responsible for the attacks -- most continued to operate in a "law enforcement" mode. Democratic critics of the Bush administration have opposed virtually every measure the president has taken to guard against new attacks on American soil, including the USA Patriot Act, the National Security Agency's warrantless electronic surveillance program, data mining, access to international banking data, and the use of traditional military

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commissions to try and punish captured terrorists. During the 2004 presidential campaign, John Kerry made clear his belief that al Qaeda was a law-enforcement problem.

The Democratic message was, and remains, that the peacetime balance of individual rights and community interests is sufficient to meet the threat -- along with additional passive, and uncontroversial, defenses such as hardening cockpit doors and giving more monies to first responders. There have, of course, been notable exceptions to this rule -- such as Sen. Joe Lieberman -- but his steadfast support for both the war on terror in Afghanistan and in Iraq cost him the Democratic nomination for re-election to his seat.

By contrast, President Bush immediately recognized that al Qaeda, and the larger jihadist movement it represents, is not simply a new and especially violent street gang or drug cartel that could be handled by more and better policing. Only the government's full complement of war powers would be sufficient to meet the immediate threat to American lives and interests, and to take the fight to the enemy. He sought and obtained Congress's express authorization for military action, and has not looked back. For his pains, the president has been ruthlessly vilified by his political opponents and maligned as everything from the idiot tool of big-oil interests (and his own vice president), to a devious crypto-autocrat determined to transform the presidency into some kind of late Roman emperorship.

The president's critics, and especially those in Congress now running for re-election, should honestly admit that their differences are, by and large, matters of policy which can and should be debated as such. The question is not whether the president has broken the law, whether domestic or international, but which legal paradigm -- war or law enforcement -- makes the most sense in meeting the threat. Those who believe that captured al Qaeda operatives should be treated as ordinary criminal defendants (rather than unlawful enemy combatants), entitled to all of rights enjoyed by civilians in the federal and state courts, should stop pretending that this result is compelled by the Geneva Conventions or the U.S. Constitution. Instead, they should acknowledge making a policy choice that advantages jihadists beyond the legally required level, explain why they believe this to be right and just, and how they think it will checkmate al Qaeda.

In particular, they must answer key questions, such as how a law enforcement system designed to punish and deter, rather than prevent, criminal conduct can hope to discover and pre-empt future suicide attacks before they take place -- especially after 50 years during which progressives have demanded, and achieved, increasingly greater protections for criminal defendants.

Since the Democrats are certainly not suggesting our criminal justice system return to the pre-Warren Court's days, the pros and cons of the law-enforcement model need to be laid out explicitly, and with particulars, before the American people. Similarly, supporters of the law-enforcement model must explain on what legal basis American forces could attack al Qaeda bases overseas, and any "criminal suspects" who may be present at those sites, if the U.S. is not engaged in a war. It was, of course, that very dilemma that prevented President Clinton from killing Osama bin Laden when he may well have had the opportunity.

Sadly, the Democratic voices in Congress, like Talleyrand's Bourbons, have learned nothing. They continue to attack President Bush's policies at every turn and have never answered these questions. They rightly fear that the American people will not agree that jihadists, who recognize no law but their own religious convictions, should be granted the due-process rights of ordinary citizens accused of criminal conduct, or that our own civilian population must accept greater risk of attack to vindicate a vision of personal privacy and individual autonomy that may be laudable in peacetime, but which no state could preserve during war -- and hope to win.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

HOMELAND RESPONSE:

Closing The Books On Dubai Ports (HILL)

By David Marchick

The Hill, October 5, 2006

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Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town without sending foreign investment-related legislation to the president.

The fact that this legislation failed to become an election-year imperative reflects a rapid evolution in thinking in Congress across the political spectrum, thanks to the leadership of House Republicans like Roy Blunt (Mo.), Deborah Pryce (Ohio) and Michael Oxley (Ohio); and Democrats like Barney Frank (Mass.), Carolyn Maloney (N.Y.) and Joseph Crowley (N.Y.). Blunt and Frank built on earlier good work by Sens. Richard Shelby (R-Ala.) and Paul Sarbanes (D-Md.), who had the foresight to hold hearings well before the Dubai Ports deal made CFIUS (the Treasury Department's Committee on Foreign Investments in the United States) a four-letter word.

While the door is still open for passage of new legislation during the post-election legislative session, to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment.

No issue seized the attention of the American people this spring more than the proposed investment by DP World. A remarkable 41 percent of Americans said they followed the issue — only two percentage points fewer than those who said they followed the war in Iraq. This buzz on Capitol Hill resulted in nearly a dozen Congressional hearings over a three-week period, and the introduction of 20 bills that would have restricted foreign investment in one way or another.

Once the political controversy died down, Congress was able to take a broader look at the issue. Four factors tempered congressional enthusiasm for radical reform legislation, including proposals to prohibit foreign investment in broad sectors of the U.S. economy.

First, foreign companies have operations in every state and congressional district in the country, and members of Congress heard from these companies and employees in their districts. More than 5 million Americans are employed by U.S. affiliates of foreign-owned companies.

Second, American jobs also depend on U.S. investment abroad. As the largest investor in the world, no country has more to lose if other countries start creating barriers to foreign investment. In the past six months, the Russian government has proposed new legislation to restrict investment in "strategic" sectors. China has adopted new regulations to block foreign investments that threaten China's "economic security." U.S. investors have faced political backlash in Korea, Venezuela and Bolivia. Restrictions imposed by our government would almost certainly fan similar moves abroad.

Third, Congress learned that the existing process for conducting national security reviews of foreign investments has real teeth. Despite errors in communicating with Congress, the Committee on Foreign Investment in the United States, the interagency group that handles these reviews, has a strong record of protecting national security.

Fourth, and finally, the Bush administration has implemented significant changes in the CFIUS process. Key agencies have beefed up their staffs. The Director of National Intelligence has enhanced coordination among the intelligence agencies. CFIUS has improved its communication with Congress. These changes have already had an impact: The caseload is up by almost 50 percent over last year, and the number of second stage reviews conducted this year are on pace to exceed the previous three years combined.

Nevertheless, some action to institutionalize and build upon these reforms is needed. Without such action, Congress may lack the confidence that the process has improved and will feel the need to step in to block future transactions.

The president should quickly issue an executive order institutionalizing these changes and incorporating the most important features of the House and Senate bills. For example, CFIUS could issue more detailed reports to Congress on transactions it has reviewed. The administration could clarify the factors it considers in conducting national security reviews of foreign acquisitions. Certain cases could be reviewed by higher-level officials. And CFIUS could provide clearer guidance on how to protect "critical infrastructure" assets that truly are vital to U.S. national security. To ensure political buy-in from the Congress, the administration will need to undertake serious and extensive consultations with Congress before issuing an executive order.

In addition to these steps, the President should clarify U.S. policy toward foreign investment. Presidents Carter, Reagan and George H.W. Bush each issued formal policies that welcomed foreign investment. This president should do the same. Further,

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the administration should work through the G-8 and the Organization for Economic Cooperation and Development to beat back the myriad initiatives abroad that would create new obstacles for foreign investment.

Political and protectionist pressures against foreign investment will inevitably crop up periodically. The challenge for American leaders is to resist these pressures. With the trade winds from the Dubai Ports World debate having died down, the President has the opportunity to act to ensure that the most dynamic economy in the world continues to benefit from foreign investment.

David Marchick is a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment" (Institute for International Economics, 2006). Covington & Burling represents U.S. and foreign investors that seek approval for foreign investments by CFIUS. The firm was not involved with Dubai Ports World.

The Politics Of Ports (WSJ)

The Wall Street Journal, October 5, 2006

We had our suspicions earlier this year that the Congressional uproar over a Dubai company set to run six U.S. ports had far more to do with politics than it did national security. Congress has just proved that point.

How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the U.S. spent most of last week ensuring that felons could nonetheless work freely in secure areas of U.S. docks. That was the upshot of Congress's recently completed Port Security Act, if it is still worthy of that name.

As we wrote last week, Republican Jim DeMint had included a provision in the Senate version of the port bill that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies. It would also have put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping. This all was eminently sensible, given our ports remain one of our most vulnerable areas for infiltration by terrorists, and that people with criminal records are obvious targets for recruitment.

Sensible, that is, unless you operate in the world of union politics, where job preservation ranks above national security. Several longshoremens' unions and their labor allies made it a goal to tank the provisions under the cover of the House-Senate conference, claiming the categories were "too broad." By the time the final bill emerged into the light, everything save the prohibitions on those who commit treason, espionage, sedition and terrorist acts had disappeared. All other former convicts are still free to roam the docks at will.

Notably, nobody now wants to take credit for this handiwork. In fact, some Senators pushed to have only a voice vote on the measure when it was first introduced, so as to avoid having to go on the record opposing it. The critics instead waited to do their dirty work in conference, where we're told at least one of those carrying water for the longshoremen was none other than Representative Pete King (R., NY).

Mr. King was last seen spearheading the charge against Dubai Ports World, bashing the Bush Administration because it hadn't shown an appropriate "level of concern" about port security. Among his biggest worries was that the company didn't have safeguards "against things like infiltration by al-Qaeda" or "corruption." "How do we ensure that one of its employees is not working for our enemies?" asked Mr. King, in a February op-ed.

Good question, Congressman. Currently some 750,000 workers have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. Moreover, the government already has good reason to worry about the possibility that some of these people are corrupt enough to be bought. As OpinionJournal.com columnist John Fund noted, only last year the Justice Department filed a racketeering suit against the East Coast-based International Longshoremen's Association, claiming it was a "vehicle for organized crime."

This matters, given that the FBI's top counterterrorism official, Joseph Billy Jr., admitted recently that one of his big concerns was that old-fashioned mobsters would tie up with terrorists. Only recently, FBI agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman. All this makes the corruption portrayed in "On the Waterfront" seem quaint.

Despite these worries, Mr. King (who chairs the House Homeland Security Committee, and should know better) was hardly alone in watering down the provisions. Senator Daniel Inouye (D., Hawaii) had pledged to protect the provision in conference, but

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in fact worked to gut it. Senator Ted Stevens (R., Alaska) helped. Representative Bennie Thompson (D., Mississippi), the ranking Democrat on Mr. King's Homeland Security Committee, also lent a hand.

As for what happens now, there is some comfort in the fact the Department of Homeland Security is working on regulations that mirror the full DeMint provision. Yet the whole purpose of Congressional action was to codify such provision in law, to prevent some activist judge from throwing out the regulations, or a future President from modifying them under union pressure. We hear the DeMint team may take another run at this in the future, which is good news.

Especially because those who stripped the provisions are now running for cover. They probably remember the political fallout when former Senator Tom Daschle decided to play union politics, and led an effort to block the creation of DHS unless federal union work rules applied. Americans want to know their elected representatives are looking out for their security, not for union jobs.

EU Considering Sanctions On U.S. Over Visa (UPI)

United Press International, October 4, 2006

WASHINGTON, Oct. 4 (UPI) -- The European Union will consider diplomatic sanctions against the United States Thursday, in a row over U.S. visa policy towards new EU members.

"Appropriate steps vis-a-vis the United States could be envisaged," said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include "temporarily restoring the visa requirement for U.S. nationals holding diplomatic and duty/official passports."

The row centers on the U.S. visa waiver program, under which nationals of 27 countries are able to visit the United States for business or pleasure for up to 90 days without a visa. Fifteen EU states are covered by the program

Because the EU has a common visa policy, all 25 member states admit U.S. citizens reciprocally, without the need for a visa. But 10 member states, including former communist countries that have become close U.S. allies and supported the United States in its war in Iraq, like Poland and Estonia, are denied entry to the visa waiver program.

EU officials say the United States has dragged its feet in working to admit them, and failed to provide objective, transparent criteria to countries, so they can work towards membership of the program.

"To date," wrote EU Commissioner Franco Frattini to his U.S. counterpart Homeland Security Secretary Michael Chertoff, "no tangible progress can be reported."

This failure to make progress is "no longer understandable and (sic) acceptable," writes Frattini.

The issue will be discussed at a meeting of European interior and justice ministers Thursday.

WAR NEWS:

GOP Lawmaker Calls For Rumsfeld To Quit (AP)

By John Christoffersen

AP, October 4, 2006

Rep. Chris Shays, who is facing a tough challenge from an anti-war Democrat, on Wednesday called for Defense Secretary Donald H. Rumsfeld to resign — a rare demand from a longtime Republican.

The Connecticut lawmaker also accused officials at the Defense Department of withholding information about the Iraq war from Congress.

"I am losing faith in how we are fighting this war," Shays, a longtime supporter of the conflict, said in an interview. "I believe we have to motivate the Iraqis to do more."

Shays, who was elected in 1987, said defense officials stopped cooperating with his congressional subcommittee after he proposed setting a timeline for troop withdrawals. Shays, who had previously opposed such a timeline, offered the plan in August following his 14th trip to Iraq since the war began.

Rumsfeld "simply is refusing to cooperate with a committee that oversees the Department of Defense," Shays said. "To me he has crossed the line."

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"I think Donald Rumsfeld needs to step down," said Shays, who is chairman of the House Government Reform subcommittee on national security, emerging threats and international relations.

The Pentagon had no comment and referred to Rumsfeld's recent remarks. Asked on a flight to Nicaragua earlier this week whether he would resign, Rumsfeld responded, "No, no, no." He said he had spoken to President Bush and he had voiced his support.

Questioned about Shays' complaint about a lack of cooperation, Pentagon spokesman Bryan Whitman said, "the Defense Department does work very closely with congressional members and committees that have oversight responsibilities."

Several congressional Democrats have clamored for Rumsfeld's resignation, but it's rare for a lawmaker in President Bush's political party to argue that the Pentagon chief should step down. Republican candidate Tom Kean Jr., who is seeking a Senate seat in New Jersey, also has called for Rumsfeld's resignation.

Shays is a moderate Republican who has voted against the party rank-and-file on a number of issues, including the environment. He also supports abortion rights and gun control.

Frustration among some in the GOP with the administration's handling of the war is not limited to Congress. During an appearance in Minnesota on Tuesday, former Secretary of State Colin Powell said, "stay the course isn't a good enough answer, because to stay the course you have to have a finish line."

Rep. Walter Jones, R-N.C., who has Camp Lejeune in his district, said he has repeatedly called for Rumsfeld to resign.

"I have felt this way for quite a while. . . . He reminds me so much of (Defense Secretary Robert) McNamara in the Vietnam War. He is arrogant and will not admit a mistake."

Shays is in one of the most competitive House races this year and his comments come just five weeks before the midterm elections. His opponent, Democrat Diane Farrell, has opposed the war and advocates an exit strategy for U.S. troops. Farrell lost to Shays by 4 percentage points two years ago.

Farrell's campaign pointed out that she has been calling for Rumsfeld's resignation for months and said this is just the latest change in Shays' position.

"He has supported the war from Day One," said Farrell campaign spokeswoman Jan Spiegel. "He has voted to give the president a blank check."

Shays made his comments after a debate with Farrell, which was dominated by questions about the Iraq war. Farrell said Shays started talking about timelines after Sen. Joe Lieberman lost the Democratic primary to anti-war candidate Ned Lamont. Lieberman is running as an independent.

Shays rejected the charge, saying he has attended funerals of soldiers and would not base his position on how to get re-elected.

Kerry Vs. Frist (WT)

By Greg Pierce

The Washington Times, October 5, 2006

Sen. John Kerry, Massachusetts Democrat, yesterday ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Mr. Kerry, the party's 2004 presidential nominee, said of the Tennessee Republican.

On Monday, Mr. Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Mr. Frist was surrendering to the Taliban, who harbored the al Qaeda organization blamed for the September 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves, the Associated Press reports.

Mr. Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth.

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Cabinet Cleaning Long Overdue: Bush Should Heed Advice Of Departed Chief Of Staff (BOSH)

By Wayne Woodlief

Boston Herald, October 5, 2006

If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a "fresh start" with a new Congress in a new year.

"That's usually a good time to make changes," said Card, as familiar now with "the cadences of Washington" as he was with Massachusetts mores as a young reformer in the Legislature during the '70s.

Speaking by phone from his home in suburban Virginia, Card said, "It would be good now, right after the elections, for the president to see how the ducks have settled and sit back and say, 'This is what I want to do and should I go out and find somebody new to help me do it.' Change with, say, four months left in his term wouldn't mean much. But change wth two years in his presidency could mean a lot."

So it isn't too late (though it's way overdue) for Bush or Defense Secretary Donald Rumsfeld to do the right thing. Rumsfeld - whose blunders in the war in Iraq and its aftermath have been epic - either should step aside or be asked to go.

Card said he hasn't spoken with the president since the stirring release of Bob Woodward's new book, "State of Denial," which includes Card's entreaties on Rumsfeld. "But he has sent an assistant to talk to me, make arrangements for us to get together. He is a good friend. We'll see each other pretty soon."

Card is one of the good guys in Woodward's book, which documents the deceptions, hubris and mistakes by the administration in Iraq. Card played the Great Facilitator for Bush, raised questions the president should consider, made things happen and, always, watched W's back.

When Card heard how many enemies Rumsfeld had made on Capitol Hill and among military leaders, he tried to prod the president to cut him loose. Card said he wasn't "on a campaign" to get Rumsfeld. But he had (more than once, according to Woodward's book) raised the question of change at Defense - and in other positions as well, including his own.

Card was focused enough on Rumsfeld to talk with first lady Laura Bush about him. She was distressed about the war, Woodward wrote, worried that Rumsfeld was hurting her husband. "He (the president) is happy with this. But I'm not," she said.

Presidential adviser and elections guru Karl Rove kiboshed one of Card's efforts to replace Rumsfeld (Card offered up 11 names, including former Secretary of State Jim Baker), after Bush's re-election in 2004. Rove argued that the Democrats were too contentious and the president should do nothing to cause hearings on a new nominee - and on the course of the war. "Jesus, no," as Woodward quoted Rove.

Yesterday, Card said, "Karl Rove is a healthy debater."

But, tellingly, Card did not admit he was wrong in that debate as he did about his advice on a tense 2004 election night captured in gripping detail in Woodward's book.

Card had tried to nudge fellow Massachusetts native Mary Beth Cahill, Sen. John Kerry's campaign manager, into a concession call after early exit polls showing Kerry winning proved inaccurate. She said no, and the clock ticked past 4 a.m., with Ohio still in play (though headed Bush's way).

Card and Bush intimate Jim Francis suggested that the president make headline news by joining his supporters and claiming victory. But others, notably aide Dan Bartlett, argued not to "jam" Kerry and pressure him, lest the senator's forces raise legal questions about electoral procedures in Ohio. "You cannot go out there and put a crown on your own head," Bartlett told Bush. The president replied, "Laura thinks the same thing."

The president made the right call then, and Card said yesterday, "I think that the right decision was made and that my counsel was not as accurate as others.' "

But Card surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling.

Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night.

Rumsfeld Soldiers On Despite Criticism (AP)

DOJ_NMG_0074976

By Lolita C. Baldor

AP, October 4, 2006

U.S. Defense Secretary Donald H. Rumsfeld skirted around a sign warning of eruption danger. He climbed the crumbling, steep steps to the top of the Masaya volcano, carefully protecting his left arm, in a sling since surgery a month ago.

Much like his painstaking but determined ascent of the crater on a drizzly day this week, the 74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain.

Rumsfeld returned to Washington on Tuesday from back-to-back trips to Europe and Central America. They coincided with the release of a U.S. intelligence report saying the war in Iraq was motivating terrorists, and the publication of another book critical of the Pentagon's handling of the war. Some lawmakers in Congress renewed their calls for his ouster.

As Rumsfeld shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight.

When he did take questions about his future, Rumsfeld delivered an exasperated "No, no, no," he would not resign.

And in typical fashion, he parried back. The fallout was not affecting his job, he said, or his relations with other national leaders.

"They don't seem to pay a lot of attention to it, mostly you do," Rumsfeld told reporters. "That's all you guys do is read these books, you ought to get a life."

Democrats in Washington have made campaign-season demands that Rumsfeld resign. Some Republicans have distanced themselves from what they see as an increasingly unpopular war.

Some lawmakers even have softened their opposition to a timeline for withdrawal from Iraq, which Rumsfeld emphatically opposes.

"We cannot reconstitute the armed forces without his removal," said Rep. Neil Abercrombie, D-Hawaii, last week. "While some might view this as a political attack, one cannot change defense policy without changing the person in charge."

In a new book, Watergate reporter Bob Woodward wrote that White House staff had encouraged President Bush to fire Rumsfeld after the 2004 election. Asked about that, Rumsfeld said he spoke personally with Bush, who offered his full support.

During the early days of the trip, Rumsfeld did his best to stay out of the spotlight — which was then focused on the U.S. intelligence report concluding that the Iraq war has fueled terrorists and increased the danger of attack.

He spent the initial 11-hour flight to Montenegro cloistered with staff and his wife, Joyce, in a private compartment. Later in the trip, an expected briefing with reporters in Portoroz, Slovenia, was abruptly canceled. He went straight to his hotel room.

When he faced reporters in the Balkans the next day, he scolded them for asking him too many questions at a press conference, rather than directing their queries to other NATO defense ministers on the stage.

Rumsfeld was in occasional pain from surgery that repaired his rotator cuff; at time, he had trouble sleeping. Still, Rumsfeld kept up a frenetic pace of private and public meetings with his defense counterparts.

"Any suggestion that the secretary is either distracted or slowing down is so far off the mark that it's just nutty," Pentagon press secretary Eric Ruff said.

Indeed, the secretary kept a rigorous schedule during the four-country tour.

When he arrived in Montenegro, he met with leaders for a few hours, then took a quick hop to Albania, where he met with his defense counterparts from the region.

He stayed there overnight, then made the 90-minute flight to Slovenia, toured a horse farm, then spent two days in meetings with NATO defense ministers. He flew home to Washington late last Friday, only to turn around and fly to Nicaragua Sunday morning for two more days of meetings with Western hemisphere defense ministers.

En route home Tuesday evening, he met with staff in his office on the plane, with a 4-inch stack of manila folders on the desk in front of him and a bulging briefcase at his side.

With all that reading, there would be no time to peruse the lengthy critique of the war in Woodward's book.

"I didn't read it," said Rumsfeld. "Obviously I doubt that I will."

U.S. European Commander Confirms Quotes In Book (WP)

DOJ_NMG_0074977

By Thomas E. Ricks

The Washington Post, October 5, 2006

One of the highest-ranking generals in the U.S. military yesterday stood by views attributed to him in a controversial new book about the Bush administration's handling of the war in Iraq but said it was important to understand the context in which those views were expressed.

Marine Gen. James L. Jones, the U.S. commander for Europe, is quoted in "State of Denial," by The Washington Post's Bob Woodward, as believing that the war in Iraq is a "debacle" and that "The Joint Chiefs have been systematically emasculated by Rumsfeld." As Marine commandant, the post he held before moving to Europe, Jones was a member of the Joint Chiefs of Staff.

The book also quotes Jones as delivering a warning about working with Defense Secretary Donald H. Rumsfeld to Marine Gen. Peter Pace, who was about to become chairman of the Joint Chiefs. "You should not be the parrot on the secretary's shoulder," Jones reportedly told Pace.

Jones's confirmation of Woodward's account is especially noteworthy because in the book, Pace denies that Jones made such remarks to him. Also, Jones's comments suggest that active-duty generals are beginning to criticize the defense secretary and the Iraq war with the harshness that several retired generals have used recently.

Speaking at a Washington meeting of the Council on Foreign Relations, Jones said he had a long discussion with Pace in Stuttgart, Germany, in September 2005, and then met with Woodward in Brussels that December. He characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, "I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be."

Jones, who plans to retire in a few months, repeatedly declined to discuss the specific wording of his comments to Woodward about Iraq. "I'm not going to get into recollections of adjectives," he said. "I did talk about Iraq with a concern that Iraq deserves."

"I don't think that Iraq is a debacle," Jones told reporters after the meeting. "Iraq is a big problem."

Jones insisted there is a sharp distinction between his private comments and the criticisms made this year by retired generals. "I do not associate myself with the so-called revolt of the generals," he said. "I believe that general officers, both active and retired, have an obligation to let their views be known," but should do so in a "helpful" way.

The bottom line on his conversation with Pace, he said, was that it was "two friends talking, one trying to help the other."

Jones said he has not discussed the comments in the book with Rumsfeld, who has been traveling this week. "We're a team, we're together, we have occasional family disagreements," he said after the meeting.

Imperfect Picture Of Rumsfeld At War (FT)

By Jacob Weisberg

Financial Times, October 5, 2006

An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages about Donald Rumsfeld, US secretary of defence.

In Mr Woodward's first instalment, Bush at War, published in 2002, Mr Rumsfeld is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer ("In his early days as defence secretary, Rumsfeld had clearly anticipated that the United States was going to be surprised by some attack, perhaps something along the lines of September 11 . . . ") and a tower of strength (he "left no doubt in Bush's mind that when the moment came, as it surely would, that the United States was threatened, he, as secretary of defence, would be coming to the president to unleash the military").

When the attack comes, Mr Rumsfeld insists on holding an emergency meeting inside the burning Pentagon, moving to another office only when a general insists that "the smoke is getting pretty bad".

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Though one of Mr Woodward's hallmarks is never to tell readers what, or if, he thinks about anything, his adjectives give the game away.

On first encounter, Mr Rumsfeld is a "small framed, almost boyish, former Navy fighter pilot who did not look his 69 years". During his first tour as defence secretary under President Gerald Ford, Mr Woodward tells us that Mr Rumsfeld was "a JFK from the GOP (Republican party) – handsome, intense, well educated, with an intellectual bent and an infectious smile".

A few pages later he describes Mr Rumsfeld, with a degree of reverence reserved for his most gushing sources, as "a walking example of what the novelist Wallace Stegner calls 'resilience under disappointment', the persistence of drive, hard work and even stubbornness when ambition has not been fully realised". He is a demanding executive with a core of iron.

In Mr Woodward's second Bush book, Plan of Attack, published in 2004, Mr Rumsfeld retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq.

His subject remains "small, almost boyishly dashing", "focused" and "intense". He still has the infectious smile, though it can now "convey impatience, even condescension" when he is interrogating the sloppy thinking of the bureaucratic midgets around him. Mr Rumsfeld can be "tough, unpleasant, unrelenting", but usually in pursuit of "outside the box thinking" in a hidebound military establishment.

Now we have Mr Woodward's third work in the series, State of Denial. Mr Rumsfeld – embattled and clearly no longer a source for what happens behind the scenes – has misplaced his good looks, his decency and his brilliance.

He still has that "boyish intensity" – Mr Woodward never lets go of an epithet once he has bothered to work one out – but these days he is "cocky" and unreasonably confident, a man whose "micro-managing was almost comic". The story begins with him burying everyone at the Pentagon in "snowflakes", unsigned notes that are "an annoyance", "intrusive" and "petty".

This Rumsfeld is on a perpetual power-trip, dressing down underlings for the sheer, sadistic pleasure of it. "Shut up," he is recalled to have shouted at some hapless peon decades ago. "I don't want any excuses. You are through and you'll not have time to clean out your desk if this isn't taken care of." Subordinates describe him in unprintable terms.

By the end of the book, Mr Woodward himself is confronting Mr Rumsfeld over his unwillingness to admit the Iraqi insurgency is growing and that his decisions have cost many lives. "How could he not see his role and responsibility?" Mr Woodward ponders, winding up his interview. "I could think of nothing more to say."

Something Mr Woodward might say, if he wanted to admit reality himself, is that he has changed his mind about Mr Rumsfeld without Mr Rumsfeld changing an iota. Love him or hate him, the defence secretary is the Rock of Gibraltar. He will experience personal growth when Dick Cheney turns vegan. But somehow, the fixed qualities that Mr Woodward cast as positive in books one and two have curdled in book three.

Mr Woodward never acknowledges changing his mind because he regards himself as a reporting machine, with no opinions of his own. He cannot say he is revising his judgments because he claims never to have made any.

But of course, Mr Woodward does have a consistent world view – Washington's conventional wisdom. When everyone viewed Mr Rumsfeld as a commanding hunk, Mr Woodward embodied the adoration. Now that we all know Mr Rumsfeld is a vicious old bastard, Mr Woodward channels the loathing just as fluidly. If the war in Iraq takes a turn for the better, Rumsfeld the Stud might well come roaring back in Mr Woodward's Bush at War IV: Big Brass Ones.

It is slightly maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one – then or now. You could charge him with flattering politicians only when they are on top. But you might as well accuse a weather vane of changing its mind about which way the wind should blow.

The writer is editor of Slate.com

Sad Choice On Security: GOP Arrogance Vs. Democratic Weakness (RC)

By Morton M. Kondracke

Roll Call, October 5, 2006

Just when Republicans thought they had Democrats caught in another election-year "terror trap," The Washington Post's Bob Woodward sprung them by refocusing attention on the mess in Iraq.

That's the politics of national security. At the moment, the advantage would seem to favor Democrats.

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But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies.

Woodward's new book, "State of Denial," follows several others that tell the same story: the U.S. went into Iraq with too few troops to secure the country; Secretary of Defense Donald Rumsfeld refused to plan for a post-invasion occupation or the possibility of an insurgency and intimidated top generals into going along with his under-manning of the operation.

The book portrays President Bush as being willfully blind to the realities unfolding in Iraq — and deceptive in conveying them to Congress and the nation.

I think Woodward fails to credit the need for a president to defend his war policies for the sake of maintaining political support and troop morale. On the other hand, if he failed to ask incisive questions in private — and whack heads, where appropriate — he was not fulfilling his role as a strong wartime leader.

With a few exceptions — Sen. John McCain (R-Ariz.) to Bush's right, Sen. Chuck Hagel (R-Neb.) to his left — Republicans in Congress publicly have saluted the Bush-Cheney-Rumsfeld policy, even if many of them muttered in private and failed to provide adequate oversight.

It's not fair to say — as Democrats do — that Bush policy has been "stay the course" without nuance or change. There have been tactical and strategic changes on the military and political level.

But it's still true that Iraq has never been made secure, that the level of violence is mounting and that Iraqi politicians seem incapable of fashioning a unified country. And Bush has failed to convince Americans to be patient for a long struggle.

At the same time, most Congressional Democrats have one policy: get out of this "quagmire" as fast as possible, regardless of the consequences. "Liberals" want out starting immediately. "Moderates" want out next year. Very few have positive ideas on how to win.

Moreover, it's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden.

There's no question that the administration's initial approach to handling terrorist detainees was unacceptable in a democracy. It was strictly (and typically) an executive-branch and military process without recourse to the courts or Congress.

Once the Supreme Court struck down that approach, the Bush administration came up with a pre-election Congressional strategy to legalize the detainee program — as well as the National Security Agency's terrorist wiretapping program — that set a new trap for Democrats to show voters that they are "weak" on terrorism.

It was a reprise of the GOP's 2002 sudden support of a Department of Homeland Security and its fashioning of a fight over civil service rules into a test of strength against terrorism.

Again, this year, the Democrats walked right into it. In the debate, Democrats (and a few Republicans) basically argued that non-citizen terrorist captives deserve the same constitutional protections as domestic criminal defendants, fulfilling GOP caricatures that they don't really regard the war on terror as a war.

During the debate on NSA spying, Rep. Maurice Hinchey (D-N.Y.) declared that "this bill is contrary to every basic principle of our country. If we pass [it], we are opening up new opportunities for an increasingly despotic administration to continue to erode the basic freedoms and liberties of the American people."

On final passage, 177 House Democrats (and 13 Republicans) voted against the NSA program — which is designed to intercept international, not domestic, communications — and 160 Democrats (plus seven Republicans) voted against the military tribunals bills, as did 32 Senate Democrats and one Republican.

On Sept. 25, the Senate Democratic Policy Committee held a hearing at which three retired military officers, veterans of the Iraq War, excoriated Rumsfeld and called for his replacement.

But on the issue of what to do in Iraq, the officers did not hew to the Democratic line — or the Bush line. Maj. Gen. John Batiste declared: "There is no substitute for victory and I believe we must complete what we started in Iraq and Afghanistan."

Maj. Gen. Paul Eaton said, "We need a Manhattan Project" to equip Iraqi forces with better armor and weapons and triple the U.S. training force. The U.S. Army also needs 60,000 more personnel, he said.

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Col. Thomas Hammes said the U.S. actually has a good military strategy — "clear, hold and build" — but it lacks the troops and resources to accomplish it. He called for "putting the U.S. government on a war footing," with tax increases to pay for it. And, he said, success might take 10 years.

"If we fail in Iraq," he warned, "I am convinced that our children will pay for the mistake." Sectarian civil war will spread to other countries, he said, and they will send forces into Iraq to protect their interests. Sunni areas will become "Afghanistan on steroids" for terrorists. And Iran will dominate the Gulf.

Neither the Bush administration nor Congressional Democrats have the will to do what's necessary to salvage the situation. Regardless of who wins the November elections, America seems headed for a catastrophic strategic defeat in Iraq. It will be left to the next president to pick up the pieces.

The Ghost Of The Oval Office (NYT)

By James Mann

The New York Times, October 5, 2006

ON the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy?

And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power. Secretary of State Condoleezza Rice declared last year that the United States has abandoned 60 years of trying to "buy stability at the expense of democracy" in the Middle East. What could possibly be more un-Kissingerian? Mr. Kissinger has warned for decades against placing too much emphasis on democracy, human rights or moral values in foreign policy.

Yet Bob Woodward's new book, "State of Denial," describes how Vice President Dick Cheney has met with Mr. Kissinger at least once a month, and President Bush has talked to Mr. Kissinger frequently. The book portrays the 83-year-old Mr. Kissinger as the single most frequent outside adviser to Mr. Bush on foreign policy. The meetings are not some recent innovation; previous news reports have indicated Mr. Kissinger advised the administration back in Mr. Bush's first term, too.

One might at first be tempted to attribute this curious relationship to the simple notion of elitism — the idea that there are only a handful of officials who have actually run American foreign policy and therefore only a few people for Messrs. Bush and Cheney to consult.

But this explanation doesn't hold up. Brent Scowcroft and Zbigniew Brzezinski, who served as national security advisers for Mr. Bush's father and for Jimmy Carter, respectively, are among the same foreign-policy elite (and Mr. Scowcroft, in particular, has long shared Mr. Kissinger's philosophical commitment to realism in foreign policy). Yet the Bush administration has consulted with neither of these men to the same extent as it has Mr. Kissinger, perhaps because both have openly challenged current foreign policy more than he has.

So Mr. Kissinger's role seems to be unique. Yet it is not all that surprising, when you look at his own history and that of previous administrations. Since Mr. Kissinger left government in 1977, he and several presidents have subtly made use of each other in similar fashion.

Differences in ideology have rarely been obstacles to the mutual seductions of the Kissinger Schmooze. Mr. Kissinger maintains his access to the White House and insider status, while administrations obtain a sense of validation for their policies.

It also helps for a president to know that he is keeping Mr. Kissinger on board — that even if Mr. Kissinger were to conclude that an administration's policies were dead wrong, or stupid, or directly contrary to his own philosophy, he wouldn't say so in public. (In 2002, Mr. Kissinger was reported in newspaper articles to have broken ranks with the Bush administration on Iraq; but Mr. Kissinger, quickly made plain that his views had been misinterpreted.)

Ronald Reagan campaigned against Mr. Kissinger in 1976 when he challenged President Gerald Ford in the Republican primaries, not only condemning Mr. Kissinger's policies but promising that if elected, he would replace him as secretary of state. But once Mr. Reagan won the Republican nomination in 1980 and went on to the White House, Mr. Kissinger's relationship to the Reagan administration was not an adversarial one.

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When President Reagan branded the Soviet Union an "evil empire," thus seeming to contradict both Mr. Kissinger's past policies and his views of foreign policy, Mr. Kissinger minimized the significance of the speech; he wrote that it was up to Soviet officials to choose when to be insulted. Mr. Reagan appointed Mr. Kissinger to head a bipartisan commission on Central America in an effort to build a consensus for his administration's policy.

Mr. Kissinger's advisory role has not been not confined to Republican administrations. When Bill Clinton, campaigning for the presidency in 1992, denounced the deadly 1989 crackdown on the Tiananmen Square demonstrations in Beijing, he took aim at the underpinnings of the China policy that Mr. Kissinger had established. Yet two years later, when President Clinton announced he was abandoning efforts to link China's trade benefits to improvements in human rights, aides reported that Mr. Kissinger had been one of Mr. Clinton's leading outside advisers.

Some might hypothesize that Mr. Kissinger's perpetual re-emergence as éminence grise reflects the tendency of presidents to change their views after taking office and gradually move in Mr. Kissinger's direction. That explanation would apply to Mr. Clinton's turnabout on China policy, for example. But the theory doesn't work so well for Mr. Reagan, who even late in his administration was out of tune with Mr. Kissinger. In 1987, Mr. Kissinger complained that the Reagan administration was moving unwisely towards an arms-control agreement with Mikhail Gorbachev; it was one of the few instances where Mr. Kissinger has taken on a president in public, and in that instance Mr. Kissinger did so in the role of a hawk.

The current Bush administration does not appear to have gone through any evolution towards Kissingerian realism, at least not if you look at the president's public remarks. Although Mr. Bush gave one speech invoking democratic ideals on the eve of the Iraq war, it was not until his second inaugural address, in January 2005, that he really made democratic freedom the centerpiece of his foreign policy. He has done so ever since. So rhetorically, at least, Mr. Bush has been moving further and further away from a Kissingerian foreign policy.

There remains the possibility that Mr. Bush's actual views may differ from his pro-democracy rhetoric. Perhaps he talks about democracy in public but not in private. If so, that would help explain why he has been so quiet about the regular meetings with Mr. Kissinger.

More likely, however, the president and Mr. Kissinger do not see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background. Advising the White House is what he does. And presidents usually seem to think that a part of conducting foreign policy is to talk to Mr. Kissinger, even if it goes nowhere.

James Mann, the author of "Rise of the Vulcans: The History of Bush's War Cabinet," is an author in residence at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Tenet's Coming Memoirs (WT)

By Michael F. Scheuer

The Washington Times, October 5, 2006

With Bob Woodward's book "The Anger of the Court Historian Spurned" in hand, we now await a book by George Tenet, the former director of Central Intelligence, to be published later this fall. The book will be of great interest to Americans, not only because of the position Mr. Tenet held under Messrs. Clinton and Bush, but because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. This, parenthetically, is special treatment that is not given to other CIA officials. Indeed, the agency apparently has accommodated the research needs of Mr. Tenet, while making tortuous the publication efforts of fine CIA officers like Gary Schroen and Gary Bernsten, men who risked their lives to protect Americans.

Mr. Tenet, in many ways, holds the keys to the kingdom; he was at the very center of the policy deliberations in two administrations that yielded the disasters of September 11 and Iraq. His personal knowledge base has the clear potential to give Americans some truth about the lead-up to those landmark events. It will be interesting to see whether he uses that knowledge to inform his fellow citizens or to burnish his reputation as the reliable friend of politicians in both parties, always ready to take the blame for the mistakes of others.

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From my own perspective, I look forward to Mr. Tenet's description of what he told Presidents Clinton and Bush on three issues: hunting for Osama bin Laden, the mistaken bombing of the Chinese embassy in Belgrade and the likely consequences invading Iraq would have on the war on terrorism.

On bin Laden, Mr. Tenet deserves high marks for being involved in the nuts-and-bolts of the chase and for understanding the threat al Qaeda posed to America long before September 11. In internal CIA meetings on each occasion that arose to kill or capture bin Laden, Mr. Tenet was always gung-ho to attack and assured his lieutenants, and lesser-ranked officers like myself, that he understood that the intelligence we had acquired was precise but not perfect, but that we were quite unlikely to get any of better quality. On leaving for the NSC meetings called to decide about an attack on bin Laden, Mr. Tenet invariably assured us that he would tell the principals that the intelligence was a solid as it was going to get and that it was time to act. And when he returned to Langley, he invariably would say he had laid it on the line and the president and the NSC refused to act. Oddly, Mr. Clinton and Richard Clarke now claim that Mr. Tenet always professed strong uncertainty about the quality of the information CIA officers risked their lives to obtain. Mr. Tenet ought to use his book to set the record straight so CIA officers know that he was not lying to them.

While now just a blip on the historical screen, the Air Force's mistaken bombing of the Chinese Embassy in Belgrade resulted in the dismissal of a young, just-married CIA employee who had assembled targeting information on a building in Belgrade thought to be vital to the Serbian government. After the bombing, Mr. Tenet inexplicably accepted blame for the mistaken attack.

Now, everyone in the intelligence community knows that while many agencies nominate targets for attack in wartime situations, only the U.S. military can make the decision to attack, and that it only makes such a decision after military targeters have reviewed the information provided by other agencies and confirmed that it is valid and up to date. The question of why a young CIA employee's career was sacrificed for the military's failure is one Mr. Tenet ought in fairness to explain.

Finally, many of Mr. Tenet's subordinates at the CIA -- especially in the Counterterrorist Center -- advised him that the invasion of Iraq would break the back of America's war against the Sunni militant movement led and inspired by bin Laden. This advice did not claim that Iraq was not a threat, but simply that the invasion of Iraq manifestly amounted to the more-than-millennium-old predicate for a defensive jihad -- the unprovoked infidel invasion of a Muslim country.

Mr. Tenet was advised that whatever the threat was from Saddam Hussein, the invasion of Iraq would validate bin Laden's call for a jihad across the Sunni world and would speed the accomplishment of bin Laden's basic goal: transforming himself and al Qaeda from a man and an organization into a philosophy and a movement. I think all Americans would be interested in learning how the president and his cabinet reacted when Mr. Tenet presented this analysis to them.

So let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?

Michael F. Scheuer, a 22-year veteran with the CIA, created and served as the chief of the agency's Osama bin Laden unit at the Counterterrorist Center.

Attacks In Baghdad Kill 13 U.S. Soldiers In 3 Days (WP)

By Amit R. Paley

The Washington Post, October 5, 2006

BAGHDAD, Oct. 4 -- Thirteen U.S. soldiers have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since the start of the war.

The latest losses -- four soldiers who were killed at 9 a.m. Wednesday by small-arms fire -- are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday, the military said.

The number of planted bombs is "at an all-time high," said Maj. Gen. William B. Caldwell, a military spokesman, defying American efforts to stanch the vicious sectarian bloodshed in Baghdad that threatens to plunge the country into civil war.

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"This has been a hard week for U.S. forces," Caldwell said. "Unfortunately, as expected, attacks have steadily increased in Baghdad during these past weeks." Independent databases showed the three-day toll for American troops to be the highest in Baghdad so far.

U.S. military officials said the surge in violence could be partly attributed to the increased exposure of American forces as they patrol the dangerous streets of Baghdad to try to quell reprisal killings between Shiites and Sunnis. The number of troops in the capital has been doubled since June to support the Iraqi government's new security plan, said Lt. Col. Barry Johnson, another military spokesman.

"When you go into bad neighborhoods, you'll have more attacks," said Lt. Col. James A. Gavrilis, a Special Forces officer and expert on the Iraqi insurgency. "If we have more people in one area, there will be an opportunity." He said enemy fighters "are reacting to an opportunity to attack."

Ali al-Dabbagh, a spokesman for the Iraqi government, said another likely cause for the spike in American troop deaths was a recent call by the leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, encouraging Iraqis to "eliminate the infidels and the apostates" during the current holy month of Ramadan.

Seventy-four soldiers and Marines were killed in Iraq in September, representing the highest monthly toll since April, when 76 died, according to the Iraq Coalition Casualty Count.

Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said two weeks ago that attacks against U.S.-led coalition forces in Baghdad had reached an average of 42 a day -- with about six causing casualties or equipment damage -- up from 36 or 38 attacks.

"Why are we seeing an increase in attacks?" he said. "Well, we have twice as many forces operating throughout the city now. We're challenging the anti-Iraqi forces where they live and operate."

The disclosure of heavy American losses came on another day of horrific violence for Iraqis, with at least 59 people killed in separate incidents across the country, Iraqi police said. The single deadliest attack took place at 11 a.m. in Ramadi, a Sunni insurgent stronghold in western Iraq, when a suicide bomber blew up his car at an Iraqi army base, killing at least 19 people and wounding 10, according to a police official.

Caldwell also announced yesterday that an entire Iraqi police brigade -- comprising an estimated 800 to 1,200 officers -- had been pulled out of service and placed under investigation for alleged complicity with death squads. On Sunday, gunmen burst into a food factory in Amil, a Baghdad neighborhood under the brigade's control, and kidnapped 26 workers.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said. "The government of Iraq had lost trust and confidence in the 8th Brigade, 2nd National Police Division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The move appeared to represent a new effort by Iraqi officials to root out corruption in the Iraqi security forces, which are widely believed to be infiltrated by militias and death squads that do more to exacerbate sectarian tensions than protect citizens. Caldwell said the brigade will undergo "anti-militia, anti-sectarian violence and national unity training."

The brigade's commander might be charged with a crime, and the head of the unit's second regiment has already been arrested, said Brig. Abdul Kareem Khalaf, an Interior Ministry spokesman. "They are both under investigation to know how all this happened without the security forces interfering to stop it," he said.

Also on Wednesday, a top aide to Moqtada al-Sadr said the anti-American cleric has specific information that U.S.-led coalition forces plan to launch a major attack on Sadr City, a Shiite slum in Baghdad filled with his followers.

"They want to turn it into mass graves similar to the previous ones conducted by the former regime," said the aide, Sahib al-Amery. "The occupation forces want to start a sectarian crisis on the pretext that there are Shiite militias."

The United States and Sadr have clashed frequently since the 2003 invasion, and some military officials have been calling for more aggressive moves against the Sadr-controlled Mahdi Army, which is considered to be a militia by nearly everyone in Iraq. On Wednesday, though, Amery disputed that characterization.

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"The Mahdi Army is a doctrinal and ideological army, not a militia," he said. "It has no camps or headquarters, and its weapons are self-owned by its members. We in the Shiite areas, we have no terrorist groups or organizations. These are found in the Sunni areas only."

Fight To Clear Baghdad Of Insurgents Gets Fiercer (USAT)

By Rick Jervis

USA Today, October 5, 2006

BAGHDAD — American casualties in Iraq are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad. At least 19 American servicemembers have been killed in combat since Saturday, many of them in the capital, according to the Defense Department.

"This has been a hard week for U.S. forces," said Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. "We are all looking at that and are very much aware of it."

Four U.S. soldiers were killed by small-arms and indirect fire northwest of Baghdad on Wednesday. Indirect fire can refer to mortars or rockets. Eight American troops were killed in firefights and bombings Monday in Baghdad. It was the deadliest single day in the capital since July 2005.

U.S. and Iraqi forces are engaged in a high-stakes fight in Baghdad to clear out militias and insurgents.

"Certainly with this operation, we're hitting close to home and infringing on their freedom of movement and their ability to conduct these types of activities," said Lt. Col. Michelle Martin-Hing, a U.S. military spokeswoman in Iraq. "What we're seeing now is some push-back."

The increased presence of U.S. troops in the capital and the recent start of Ramadan, the Muslim holy month, may also account for the increase in American casualties, said Lt. Col. Avanulas Smiley, a U.S. battalion commander operating in northwest Baghdad.

Most of the violence in Baghdad, a city of 6 million, is the result of civil unrest. "Violence in Baghdad is the most prominent feature of the conflict in Iraq in this period, as Sunni and Shiite extremist death squads pursue their sectarian agendas," according to a Pentagon report to Congress.

Civilians also pay a heavy price. The report said the Baghdad coroner took in more than 1,800 bodies in July, 90% of whom appeared to have been assassinated.

A series of bombings in Baghdad on Wednesday killed 12 people.

Some of the death squads may be linked to Iraqi government security forces.

Wednesday, the U.S. command said Iraq's government suspended a brigade of up to 700 police officers for suspected involvement with death squads.

"There was some possible complicity in allowing death squad elements to move freely when (the police brigade) should have been impeding them," Caldwell said. "The forces in the unit have not put their full allegiance to the government of Iraq and gave their allegiance to others."

The Iraqi Interior Ministry said that the commander of the unit, a lieutenant colonel, had been detained for investigation and that a major general had been suspended and ordered transferred.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said a random selection of troops in the suspended unit was being investigated for ties to militias.

Baghdad Bombings Hit "All-time High" (WT)

The Washington Times, October 5, 2006

BAGHDAD -- Bomb attacks in Baghdad have hit an all-time high, the U.S. military said yesterday, while the death toll throughout Iraq for American soldiers rose to 22 in the past four days.

Iraqi authorities for the first time pulled a brigade of about 700 policemen out of service yesterday for investigation of suspected ties to death squads.

The police face criminal vetting and lie detector tests as part of a "retraining" process designed to weed out militia members who have used the cover of their uniforms to kidnap, torture and commit mass murder, U.S. officials said.

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Maj. Gen. William Caldwell, the U.S. military spokesman, said the number of car bombs in Baghdad hit the highest level of the year last week and that bombs reported in general were "also at an all-time high."

The explosion of violence in Baghdad comes amid a major military operation by U.S. and Iraqi forces in the capital to stop bombings and tit-for-tat sectarian killings.

For the second time in two days, four U.S. soldiers were killed in a single incident around Baghdad, this time in what appears to have been a substantial skirmish involving mortars or rockets and gunfire to the northwest.

It took the American death toll in the past four days to 15 in and near Baghdad and 22 in total.

Gen. Caldwell described it as a "hard week" for U.S. forces, who typically suffer two to three deaths a day on average in Iraq.

Fourteen persons were killed and 75 wounded when a car bomb struck a government motorcade in Baghdad. Police said the industry minister, a Kurd, was in the motorcade but aides said no senior officials were in the convoy.

The blast in the Christian Karrada commercial area damaged buildings and left blood and mangled cars in the street.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen.

Baghdad's Sunnis widely fear the Shi'ite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad, where gunmen on Sunday kidnapped 24 workers from a frozen-food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away. Sunni politicians have said all those who were kidnapped were Sunnis; the region has a mixed population with a slight Shi'ite majority.

The Interior Ministry spokesman said the brigade was being investigated because it "didn't respond quickly" to the kidnapping. Sunnis blamed Shi'ite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Gen. Caldwell said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that [unit] comes out at 30 percent of what it went in with, that's OK," he told reporters.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Gen. Caldwell said.

The suspended brigade had about 650 to 700 members, and the Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

The U.S. military appeared to have a key role in getting the brigade sidelined. Gen. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer -- and the decision to act was made by the Interior Ministry on Tuesday.

The sectarian spiral of revenge killings between Shi'ites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions [by death squads] have caused the majority of civilian deaths in Iraq," Gen. Caldwell said.

Car bombs, as well as other explosions and shootings, killed 34 persons across the country yesterday.

Gen. Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al Qaeda in Iraq, the most feared Sunni insurgent group. In September, 110 al Qaeda suspects were killed and 520 detained -- including a driver of the group's leader, Abu Ayyub Masri, captured on Sept. 28.

Iraqis Suspend Police Brigade (LAT)

By Kim Murphy And Doug Smith

DOJ_NMG_0074986

The Los Angeles Times, October 5, 2006

BAGHDAD — Iraqi authorities said Wednesday that they have suspended an entire brigade of as many as 1,200 police officers for suspected connections to kidnappings and executions.

The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant.

Six of the workers later were found dead. One who had been shot and left for dead apparently crawled away to a military checkpoint, authorities said.

The decommissioning comes after street protests erupted at one of the police unit's checkpoints in the capital, and U.S. military officials requested that one of the three battalions in the brigade be recalled.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely, when in fact they were supposed to be impeding their movement, that perhaps they did not respond as rapidly when reports were made," said Army Maj. Gen. William B. Caldwell IV, spokesman for the U.S.-led coalition forces in Iraq.

He said the Iraqi government had "lost trust and confidence in the ... division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The decommissioning is the latest in a series of moves being undertaken by Iraqi and U.S. military authorities to combat the possible infiltration by insurgents or sectarian combatants into Iraq's army and security services.

The crackdown on the police came on another deadly day for U.S. troops, four of whom were killed by small-arms fire while on patrol northwest of Baghdad, according to U.S. military authorities. A fifth soldier died of wounds sustained a day earlier near Kirkuk, bringing the total since Saturday to 21 U.S. military fatalities.

Nationwide, nine Iraqi police officers died in violence. Six were killed by a roadside bomb in Baghdadi, in Al Anbar province. One was killed and three were wounded during a demonstration at a police station in central Baghdad. Two more died in an attack on a police patrol in Baqubah, north of the capital.

In Baghdad, a car bomb apparently aimed at a convoy belonging to Industry Minister Fawzi Hariri killed 14 civilians and injured more than 70. Hariri wasn't in the car.

Ministry of Health statistics released Wednesday show that 2,667 civilians died violently in September, and 2,994 were injured, a level consistent with the summer's high monthly tallies. A substantial number of them fell victim to death squads, which often pull passersby off sidewalks, seize people from their homes, or drag motorists out of their cars. Their bodies often are found with gunshot wounds and bearing signs of torture.

Authorities said they had documented a near-record number of bomb attacks, including both car bombs and roadside explosives.

Government and military officials increasingly fear that the police and other security services have links to corruption and sectarian violence. Since June, the Interior Ministry has fired 1,700 officers suspected of corruption, abuse of authority or other violations, a ministry spokesman told The Times.

In the incident Sunday at the frozen-meat processing plant in the south Baghdad neighborhood of Amil, about half a dozen men claiming to be police officers entered and began asking employees for identification cards before ordering most of them into a truck and driving away.

At another location, the employees were beaten and then separated into Sunnis and Shiites, with the Shiites permitted to leave, according to a survivor who was interviewed by investigators from the 172nd Stryker Brigade Combat Team.

A military source said the kidnappers asked one man, "Why are you working with these Sunnis?" before releasing him.

All of the shooting victims were Sunnis.

Cartridge casings found at the scene of the kidnapping match those used in handguns carried by Iraqi police, but differ from those most commonly used on the street, military investigators said.

Wednesday's actions came after Army Lt. Col. John Norris, commander of the 172nd Stryker Brigade's 23rd forward battalion, issued a request to decommission the first of the Iraqi unit's three battalions.

U.S. military officials said the Interior Ministry already had opened an investigation of possible connections or cooperation between the brigade and death squads operating in the capital, and it moved to decommission the unit after the protests and Norris' request.

"The case that was building against the 8th Brigade of the Iraqi national police that works in Amil was based on corruption, infiltration, complacency and possibly committing sectarian murders in their area of responsibility," Norris said in an interview.

"They set up checkpoints throughout the town, they run patrols throughout their area of responsibility, so the question that begs to be answered is, why were they having such a spike in murders in their area?" he said. "When they have a significant number of checkpoints that should facilitate controlling traffic and providing security."

He said the apparent disparity raised a question: "Are they contributing to security, or are they causing the poor security conditions?"

Interior Ministry spokesman Alaa Taie said the decommissioning and retraining will allow the government to determine whether charges lodged against the police unit have any basis.

"Were there deficiencies and failures that resulted in the kidnapping ... and is it true that there was cooperation between the police and the militias? This is what we hope to find out," he said.

A report for the Council on Foreign Relations last year said there was "widespread" infiltration of security forces by insurgents, including hard-core fighters who slipped through the hiring checks and sympathizers who helped militias and insurgents. Some police appeared to help the insurgents out of intimidation and fear, the report said.

U.S. authorities who were overseeing the early formation of the police forces were forced to rely on local expertise in evaluating who was suitable, said report author Sharon Otterman, former associate director of the council.

"The other big issue is who, exactly, were they trying to keep out of the forces? At the beginning, it was more a concern of looking for former Baathists," she said. "Now what we're seeing is infiltration of every kind of group — the Shia militias, not to mention the Sunnis, and everybody else."

Sunni lawmakers have complained of Shiite infiltration of security services not only in Baghdad, but in many quarters of Iraq. Others complain that Sunni Aran militias are working hand in hand with the police to target other groups.

"The security has deteriorated, and the fact is clear that these infiltrations are partly responsible," said Mohammed Daini, a Sunni member of parliament. Daini has alleged that senior army officers in the Diyala region appear to have connections to Shiite militias or the Iranian Revolutionary Guard.

"There is an outrageous intervention by Iranian intelligence [in the police]," Daini said. "We can say that death squads are inside the Iraqi government, through their existence in the army and the police. And this is known to the Americans."

U.S. military officials said members of the 8th Brigade would be retrained by Iraqis under U.S. guidance, and some officers might lose their jobs or face prosecution.

Taie said authorities had not received any direct evidence that sectarian militias had infiltrated the police brigade, but he said the issue of infiltration was "natural" with a police force formed under conditions of chaos, constant threat and sectarian violence.

"When you try to found an institution under terrible circumstances of disturbed security, infiltrations can be possible," he said. "But it's important that the Ministry of Interior and the elected government are working to restore security and follow up on not only the corruptors, but the terrorists."

Iraq Suspends Police Brigade In Baghdad (NYT)

By Sabrina Tavernise

The New York Times, October 5, 2006

BAGHDAD, Oct. 4 — The Iraqi Interior Ministry has suspended an entire Iraqi police brigade on suspicions that some members may have permitted, or even participated in, death squad killings, American military and Iraqi government officials said Wednesday.

The move was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces.

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The suspension involved the transfer of about 800 special police commandos out of their base in the Aalam neighborhood in western Baghdad to a training site north of the capital. The troops were not disarmed, according to an Iraqi Interior Ministry spokesman, but two of their most senior commanders were detained.

American officials have been pressing the government of Prime Minister Nuri Kamal al-Maliki for months to take action against the militias, but they have proved difficult to dislodge, in part because so many are affiliated with Iraqi political parties. His interior minister, Jawad al-Bolani, was appointed for his relative independence from the parties, but as a result he lacks essential political backing to enforce his will.

Murders and executions carried out by the death squads are the main cause of Iraqi deaths now, according to the American military. Putting a stop to the killings is at the heart of American military policy.

Deaths of American troops continued to rise, with six more announced by the military on Wednesday, five of them in Baghdad. American deaths have spiked recently as the military sweeps Baghdad, home to a quarter of Iraq's population of some 25 million, trying to bring the violence under control. The deaths bring the total troops who have died since Saturday to 23.

The suspended unit is the 8th Brigade Second Division of the Iraqi national police, which is known by its nickname, Falcon. It fell under suspicion after a large-scale kidnapping was carried out largely unhindered in its area of operation on Sunday, an Interior Ministry spokesman said. In that case, 26 workers were marched out of a frozen food factory in the Amel neighborhood. The bodies of at least 10 of them were found soon after.

The brigade "did nothing to follow the kidnappers or fight them," said the spokesman, Brig. Gen. Abdul Karim Khalaf, and so Mr. Bolani removed the brigade commander and a battalion commander on Tuesday, he said.

Iraqi officials said the brigade commander, Najim Juma al-Eqabi, was under review for management failings, and that the battalion commander, who was not identified, had been taken into police custody, apparently under suspicion of deeper involvement.

Justice for those implicated in sectarian killings and abuse has been elusive in the past, and it remains to be seen whether suspicions about the unit or its commanders will result in legal action. Arrest warrants for 52 Iraqis, including one division commander, have been issued, but none so far have been carried out. It was not clear on Wednesday night whether the two commanders were among them.

Mass kidnappings have become relatively common, but this is the first time the Iraqi government has taken any kind of serious action against official forces that should have prevented or responded to one.

"It's significant to take a whole brigade offline," said Mathew Sherman, a former senior State Department adviser to the Interior Ministry. "They have finally collected enough intelligence, and enough U.S. pressure has been exerted, that they are taking action."

Maj. Gen. William Caldwell, the chief American military spokesman in Iraq, said the unit had been operating in an area where American sweeps had not reduced the number of killings. The brigade operated in the neighborhoods of Bayaa, Saidiya, Amel, and Turath, General Khalaf said.

General Caldwell, who announced the unit's suspension at a news conference on Wednesday, said, "There is clear evidence that there was some complicity in allowing death-squad elements to move freely when in fact they were supposed to have been impeding their movement, that perhaps they did not respond as rapidly when reports were made."

An American military official, who spoke on the condition of anonymity, said that some of the members of the unit had been directly implicated in death-squad killings.

The war here has evolved from spectacular suicide bombings with heavy fatalities carried out mainly by Sunni radicals to secret neighborhood revenge killings done by death squads of both sects. The Shiites squads have posed a particularly difficult challenge, in part because they have infiltrated the forces of the government itself. Sunni Arab detainees have long charged that Shiites seeking revenge are operating torture chambers in Interior Ministry prisons. Shiites in the ministry have said such allegations are exaggerated.

A human rights report published by the United Nations mission in Iraq found clear evidence of systematic abuse and torture at a prison in eastern Baghdad known as Site 4, where more than 1,400 prisoners were reported to be crowded into a small area. American officials have been pressing the Iraqi government to bring those responsible to justice.

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One American lever of last resort is the Leahy Law, which prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice. American officials have acknowledged that they have warned the Iraqi government that aid might be curtailed if it does not comply.

General Caldwell also announced some progress in the effort against Sunni Arab insurgents. The driver and personal assistant of Abu Ayyub al-Masri, an Egyptian who has been identified by the American military as the new leader of Al Qaeda in Iraq, was captured in Baghdad on Sept. 28. General Caldwell said the man was suspected of having helped plan the bombings of two hotels in Baghdad last year, the Sheraton and the Hamra.

On Wednesday, at least 14 Iraqis were killed and more than 80 wounded in and around Baghdad, most in a triple bomb attack on an Interior Ministry convoy. The minister was not injured, but three of his guards were killed, officials said. A suicide bomber detonated near an Iraqi Army base in Ramadi, in western Iraq, killing only himself, [a news organization] reported.

Iraq Pulls A Police Brigade For Alleged Involvement In Death Squads (MCT)

By Jay Price

McClatchy Newspapers, October 5, 2006

BAGHDAD, Iraq - The Iraqi government has pulled an entire national police brigade of about 700 officers out of Baghdad because so many of its members appeared to be involved in sectarian killings, the U.S. military said Wednesday.

Removing the brigade would immediately improve security in the city, said Maj. Gen. William Caldwell IV, a spokesman for the U.S. military in Baghdad. Caldwell also said that a weekend curfew had helped reduce the number of dead Iraqis discovered throughout Baghdad this week.

But U.S. fatalities in Baghdad have remained high, with 18 American soldiers killed since Saturday, Caldwell said. Eight of them died on Monday - the highest single-day death toll in more than a year.

Last week also set a record for the number of car bombs and roadside bombs that exploded or were disarmed, Caldwell said. He declined to provide precise numbers, however.

At least 12 people were killed and 70 injured on Wednesday when two roadside bombs exploded in southeast Baghdad as a convoy from the Ministry of Industry passed by. As emergency workers rushed to the area, a second bomb detonated. Three of the dead were guards for the industry minister, but the minister wasn't in the convoy at the time.

In Diyala Province, gunmen going door to door with gasoline containers burned down 22 houses in the past two days, police said. The latest seven to be torched were in Abu Seda village, where the bodies of seven members of the same family were also found Wednesday morning.

Caldwell said Iraqi officials ordered the police brigade from Baghdad after 26 workers, most of them Sunni Muslims, were kidnapped Sunday from a meat-packing plant in a neighborhood the brigade was supposed to be protecting. The next day, uniformed gunmen driving what appeared to be government trucks kidnapped 14 people from a shopping district that specialized in computers.

Sunnis long have claimed that security forces laced with members of Shiite Muslim militias are responsible for many of the killings and kidnappings that have become rampant in this city. About 100 Sunnis demonstrated Wednesday in the neighborhood where the meat plant was located, carrying signs saying that the security forces should leave.

Caldwell said it was clear that officers from the unit, the 8th Brigade, 2nd National Police Division, had turned a blind eye to the death squads operating with their force. In some cases, he said, the brigade let killers move freely in the neighborhoods. The brigade also may have been slow intentionally to investigate reports of the killings and kidnappings.

Some of the officers are now subjects of investigations, Caldwell said.

Iraqi leaders made the decision late Tuesday night to order the unit shipped out for "retraining," and on Wednesday the brigade was taken to a training camp north of the city, Caldwell said. The police officers would be thoroughly questioned, given lie detector tests and their criminal histories checked.

Brig. Gen. Abdul Kareem Khalaf, a spokesman for the Iraqi Ministry of Interior, which oversees the police, said the brigade's commander had been detained for questioning.

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Caldwell said that the decision to withdraw the unit was initiated by the Iraqis, but that U.S. troops first detected problems in September during a routine evaluation of each of the country's 27 national police brigades. That evaluation included checks of the units' equipment and interviews with residents in the neighborhoods they patrolled.

Coalition forces also announced Wednesday that they'd captured a former driver and personal assistant of the al-Qaida in Iraq leader Abu Ayyub al Masri, along with 31 others during a series of raids on Sept. 28. He was the second Masri associate captured in September.

Iraq Pulls Police Brigade Out Of Service (AP)

By David Rising

AP, October 4, 2006

Iraqi authorities pulled a brigade of about 700 policemen out of service Wednesday in its biggest move ever to uproot troops linked to death squads, aiming to signal the government's seriousness in cleansing Baghdad of sectarian violence.

The government move came amid steadily mounting violence, particularly in the capital. A U.S. military spokesman said the past week had seen the highest number of car bombs and roadside bombs in Baghdad this year.

Four U.S. soldiers patrolling in Baghdad were killed by gunmen on Wednesday, the U.S. military said, also announcing the deaths of two other soldiers a day earlier in Baghdad and the northern city of Kirkuk. The deaths brought to 21 the number of Americans killed in combat since Saturday.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen, though some individual soldiers have been investigated in the past. Baghdad's Sunnis widely fear the Shiite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad with a slight Shiite majority, where gunmen on Sunday kidnapped 24 workers from a frozen food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away.

Sunni politicians have said all those who were kidnapped were Sunnis. They blamed Shiite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said the brigade was being investigated because it "didn't respond quickly" to the kidnapping.

The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that (unit) comes out at 30 percent of what it went in with, that's OK with the government of Iraq," he told a Baghdad news conference.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said.

The U.S. military appeared to have a key role in getting the brigade sidelined. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer — and the decision was made by the Interior Ministry to act Tuesday.

U.S. forces have been carrying out raids and arrests of militia members for the past month as part of a wide-scale U.S.-Iraqi sweep of Baghdad launched in August, which has seen the number of American troops in the capital double.

Forces have been moving from neighborhood to neighborhood, searching houses, confiscating weapons and arranging services like water and electricity for residents in an attempt to stop sectarian violence and insurgent attacks. The rise in U.S. deaths in recent days may be linked to their increased presence in the capital, commanders have said.

But at the same time, Sunnis have accused the Shiite-led government of balking at sending its security forces against the Shiite militias, many of which are linked to parties in the coalition.

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The suspended brigade had about 650-700 members, and the Iraqi Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

Khalaf said a random selection of troops in the suspended unit were being investigated for ties to militias.

The sectarian spiral of revenge killings between Shiites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions (by death squads) have caused the majority of civilian deaths in Iraq," Caldwell said.

The violence has also threatened to undermine the government of Prime Minister Nouri al-Maliki as Shiite and Sunni parties in his coalition accuse each other of backing militias.

On Monday, al-Maliki announced a new security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts to stop the violence on a district-by-district level.

But contentious details of the plan still must be worked out — and Shiite and Sunni parties for a second day on Wednesday put off negotiations.

At the same time, Sunni-led insurgents have continued their attacks targeting civilians, Iraqi officials and U.S. and Iraqi troops.

Car bombs, as well as other explosions and shootings, killed 34 people across the country Wednesday. In the deadliest attack, a string of two bombs and an explosive-packed vehicle blew up in a district of stores and auto shops in a mainly Christian neighborhood of Baghdad, killing 12 people and wounding 56, police said.

Hours later, after sunset and the end of the day's Ramadan fast, gunmen opened fire on a popular cafe in an overwhelmingly Shiite district of southeast Baghdad, killing four patrons and wounding seven others.

Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al-Qaida in Iraq, the most feared Sunni insurgent group. In September, 110 al-Qaida suspects were killed and 520 detained — including a driver of the group's leader, Abu Ayyub al-Masri, captured on Sept. 28.

Military Hones A New Strategy On Insurgency (NYT)

By Michael R. Gordon

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The United States Army and Marines are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy.

The doctrine warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces.

The current military leadership in Iraq has already embraced many of the ideas in the doctrine. But some military experts question whether the Army and the Marines have sufficient troops to carry out the doctrine effectively while also preparing for other threats.

The subtleties of the battle were highlighted Wednesday when the Iraqi Interior Ministry suspended a police brigade on suspicion that some members had been involved in death squads. The move was the most serious step Iraqi officials had taken to tackle the festering problem of militias operating within ministry forces. [Page A19.]

The new doctrine is part of a broader effort to change the culture of a military that has long promoted the virtues of using firepower and battlefield maneuvers in swift, decisive operations against a conventional enemy.

“The Army will use this manual to change its entire culture as it transitions to irregular warfare,” said Jack Keane, a retired four-star general who served in 2003 as the acting chief of staff of the Army. “But the Army does not have nearly enough

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resources, particularly in terms of people, to meet its global responsibilities while making such a significant commitment to irregular warfare."

The doctrine is outlined in a new field manual on counterinsurgency that is to be published next month. But recent drafts of the unclassified documents have been made available to The New York Times, and military officials said that the major elements of final version would not change.

The spirit of the document is captured in nine paradoxes that reflect the nimbleness required to win the support of the people and isolate insurgents from their potential base of support — a task so complex that military officers refer to it as the graduate level of war.

Instead of massing firepower to destroy Republican Guard troops and other enemy forces, as was required in the opening weeks of the invasion of Iraq, the draft manual emphasizes the importance of minimizing civilian casualties. "The more force used, the less effective it is," it notes.

Stressing the need to build up local institutions and encourage economic development, the manual cautions against putting too much weight on purely military solutions. "Tactical success guarantees nothing," it says.

Noting the need to interact with the people to gather intelligence and understand the civilians' needs, the doctrine cautions against hunkering down at large bases. "The more you protect your force, the less secure you are," it asserts.

The military generally turned its back on counterinsurgency operations after the Vietnam War. The Army concentrated on defending Europe against a Soviet attack. The Marines were focused on expeditionary operations in the third world.

"Basically, after Vietnam, the general attitude of the American military was that we don't want to fight that kind of war again," said Conrad C. Crane, the director of the military history institute at the Army War College, a retired Army lieutenant colonel and one of the principal drafters of the new doctrine. "The Army's idea was to fight the big war against the Russians and ignore these other things."

A common assumption was that if the military trained for major combat operations, it would be able to easily handle less violent operations like peacekeeping and counterinsurgency. But that assumption proved to be wrong in Iraq; in effect, the military without an up-to-date doctrine. Different units improvised different approaches. The failure by civilian policy makers to prepare for the reconstruction of Iraq compounded the problem.

The limited number of forces was also a constraint. To mass enough troops to storm Falluja, an insurgent stronghold, in 2004, American commanders drew troops from Haditha, another town in western Iraq. Insurgents took advantage of the Americans' limited numbers to attack the police there. Iraqi policemen were executed, dealing a severe setback to efforts to build a local force.

Frank G. Hoffman, a retired Marine infantry officer who works as a research fellow at an agency at the Marine base at Quantico, Va., said that in 2005, the Marines sometimes lacked sufficient forces to safeguard civilians. As a result, while these forces were often effective "in neutralizing an identifiable foe, they could not stay and work with the population the way the classical counterinsurgency would suggest."

The effort to develop the new program began a year ago under Lt. Gen. David H. Petraeus, commander of the Army's Combined Arms Center at Fort Leavenworth, Kan., and Lt. Gen. James N. Mattis, former commander of the Marine Corps Combat Development Command and the current chief of the First Marine Expeditionary Force. Colonel Crane, Lt. Col. John A. Nagl and Col. Douglas King of the Marines were among the major drafters.

Academics and experts from private groups were asked for input. A draft was completed in June and was circulated for comment. Almost 800 responses were received, but military officials said they would not alter the substance of the new doctrine.

"We are codifying the best practices of previous counterinsurgency campaigns and the lessons we have learned from Iraq and Afghanistan to help our forces succeed in the current fight and prepare for the future," Colonel Nagl said.

In drafting the doctrine, the military drew upon some of the classic texts on counterinsurgency by the likes of T. E. Lawrence of Arabia, and David Galula, whose ideas were partly informed by his experience in Algeria.

Colonel Crane said that many of the ideas adopted for the manual had been percolating throughout the military. "In many ways, this is a bottom-up change, " he said. "The young soldiers who had been through Somalia, Haiti, Bosnia, Kosovo, and now Iraq and Afghanistan, understood why we need to do this."

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As the manual is being drafted, the military has also revised the curriculum at its war colleges and training ranges to emphasize counterinsurgency. At the National Training Center in California, the old tank-on-tank war games against a Soviet-style enemy have been supplanted by combat rehearsals in which troops on their way to Iraq and Afghanistan engage in mock operations with role players who simulate insurgents, militias and civilians.

Dennis Tighe, a training program manager for the Combined Arms Center at Fort Leavenworth, said the rehearsals were vital for preparing troops for their new counterinsurgency mission. But the Army is stretched so thin and so many units are focused on rehearsing for Iraq and Afghanistan at the training center that concerns have grown that the Army may be raising a new group of young officers with little experience in high-intensity warfare against heavily equipped armies like North Korea.

"That is one of the things folks are a little concerned about," Mr. Tighe said.

While the counterinsurgency doctrine attempts to look beyond Iraq, it cites as a positive example the experience in 2005 of the Army's Third Armored Cavalry Regiment, which worked with Iraqi security forces to clear Tal Afar of insurgents, to hold the town with Iraqi and American troops, then to encourage reconstruction there, an approach known as "clear, hold, build."

One military officer who served in Iraq said American units there generally carried out the tenets of the emerging doctrine when they had sufficient forces. But protecting civilians is a troop-intensive task. He noted that there were areas in which there were not enough American and Iraqi troops to protect Iraqis adequately against intimidation, a central element of the counterinsurgency strategy.

"The units that have sufficient forces are applying the doctrine with good effect," said the officer, who is not authorized to speak on military policy. "Those units without sufficient forces can only conduct raids to disrupt the enemy while protecting themselves. They can't do enough to protect the population effectively and partner with Iraqi forces."

"Just A Comma" Becomes Part Of Iraq Debate (WP)

By Peter Baker

The Washington Post, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 -- When the president speaks, every word can be subject to scrutiny. Even the punctuation marks.

As he heads out on the campaign trail, haunted by an unpopular war, President Bush has begun reassuring audiences that this traumatic period in Iraq will be seen as "just a comma" in the history books. By that, aides say, he means to reinforce his message of resolve in the long struggle for Iraqi democracy.

But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as "just a comma." And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism "Never put a period where God has put a comma."

Presidential utterances have long drawn enormous notice. But instant transcripts and the Internet have focused an even more powerful microscope on the nation's leader. The approaching midterm elections have intensified the already close scrutiny of the president's words as he sharpens his rhetoric.

As Bush wound up a three-day campaign swing out west on Wednesday, for example, he attacked Democrats for voting last week against legislation authorizing warrantless telephone and e-mail surveillance.

"One hundred and seventy-seven of the opposition party said, 'You know, we don't think we ought to be listening to the conversations of terrorists,' " Bush said at a fundraiser for Rep. Rick Renzi (R-Ariz.) before heading to Colorado for gubernatorial candidate Bob Beauprez.

Asked about the president's statement, White House aides could not name any Democrat who has said that the government should not listen in on terrorists. Democrats who voted against the legislation had complained that it would hand too much power to the president and had said that they wanted more checks in the bill to protect civil liberties.

Sen. Russell Feingold (D-Wis.) called Bush's comment outrageous: "Every member of Congress, from both parties, supports listening in on terrorist communications, but the president still hasn't explained why we have to break the law to do it. It is time for the president to stop exploiting the terrorist threat to justify his power grab."

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White House spokeswoman Dana Perino defended Bush's remark as a reasonable extrapolation of the Democratic position. "Of course, they aren't silly enough to say they don't want to listen in on terrorists, but actions speak louder than words, and people should know what the Democrats' voting record is," she said.

The comma remark, though, offers an especially intriguing case study in how a few words can trigger many interpretations. Bush used it in an interview with CNN's Wolf Blitzer aired on Sept. 24 in talking about Iraq. He noted the bloodshed shown on television but hailed the resiliency of the Iraqi people and cited the election last December in which 12 million came to the polls despite the violence.

"Admittedly, it seems like a decade ago," Bush went on. "I like to tell people when the final history is written on Iraq, it will look like just a comma because there is -- my point is, there's a strong will for democracy." The president used a similar line at a campaign event last week in Alabama and again on Tuesday in Stockton, Calif.

Critics of Bush began e-mailing and blogging about the remark within minutes of the CNN interview. The Carpetbagger Report blog called it stunning "even by Bush's already-low standards" and added: "Everything we're seeing is 'just a comma.' I'm sure that will bring comfort to the families of those who have sacrificed so much for Bush's mistakes."

Then Ian Welsh, on his Agonist blog, postulated a theory about the hidden meaning of the comment, citing the "never put a period" saying and calling it a "dog whistle" comment that only some would understand: "He is constantly littering his speeches with code words and phrases meant for the religious right. Other people don't hear them, but they do, and most of the time it allows Bush both to say what those who aren't evangelical or born again want to hear, while still reassuring the religious right [what it] wants to hear."

But it turns out that the phrase "never put a period" originated not with a Christian conservative figure or biblical passage but with Gracie Allen, the comedienne wife of George Burns. And the phrase is a favorite not of the religious right but of the religious left. The United Church of Christ, which is devoted to fighting for what it calls social justice and opposes the war, adopted the phrase in January 2002.

"I needed something short and succinct," said Ron Buford, the marketing director who came up with it. "When I saw the Gracie Allen quote, I was up all night thinking about it -- God is still speaking, there's more for us to know."

When he heard about Bush's comment, Buford was stunned. "It's ironic that, as sawy as they are about using these quotes to strengthen their base, that he would use a quote that we've been using lately," Buford said.

Aides said it is ridiculous to believe Bush is sending subliminal messages. "People have too much time on their hands," said Bush counselor Dan Bartlett. "I can assure you, you don't need a secret decoder ring to decipher what he's saying."

All Bush means, he said, is the struggle to build Iraqi democracy will take years. "He's making a historical analysis -- that these brief periods seem long and protracted now, but when you look back at them in history, they won't seem that way. He's definitely not discounting the loss of life or the sacrifice people are making."

Troops Polled Say Armed Forces Stretched Too Thin Overseas (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, October 5, 2006

WASHINGTON -- A solid majority of American soldiers returning from the fighting in Iraq and Afghanistan say that U.S. armed forces are stretched too thin, according to a poll released yesterday by a veterans group.

VoteVets.org , a group headed by an Army reservist based near Pittsburgh, found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as "overextended," while many soldiers also complained about encountering emotional and physical problems when they came back from active duty.

"We hope that this poll is a wake-up call for Congress," said Jon Soltz , who served in Iraq in 2003 and is now a captain with a reserve unit at the Charles E. Kelly Support Facility in Oakdale and chairman of VoteVets.

At a news conference in Washington yesterday, Mr. Soltz was joined by Gen. Wesley Clark, a former NATO commander and one-time Democratic presidential candidate, who said the federal government isn't providing sufficient resources to support the troops on the battlefield.

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It's a charge that Army officials hotly deny, pointing toward huge expenditures for body armor, fortified transport vehicles and expanded mental health programs. Last week, Congress approved a $447 billion defense spending bill for 2007, including $70 billion for the wars in Iraq and Afghanistan. The United States has about 150,000 troops deployed in both countries.

"Obviously the U.S. Army will be the first to tell you that this is an unusually busy time" said Paul Boyce, an spokesman with the Army's public affairs office. But he said the government is focused on easing the strains of long or repeated tours of duty. He cited "unprecedented efforts" to monitor combat stress, using lessons from the Vietnam and Gulf wars.

Concerns about lengthy troop deployments aren't new, but Mr. Soltz claims that VoteVets' poll has an unusual sweep. It was conducted over a two-week period last month by Lake Research Partners, whose pollsters talked to 453 veterans from across the country and all sections of the military. Forty-seven percent of the veterans described themselves as Republicans, while 22 percent said they were Democrats. Others said they were political independents or declined to answer.

Other poll findings:

Thirteen percent of participants said they were affected by military "stop-loss" policies that require some units to stay in the field for extended time periods.

One in four veterans has had nightmares since returning to the United States.

Thirty-two percent of National Guard or Reserve veterans said their families experienced "economic hardships" because of their overseas deployments. Many National Guard and Reserve veterans also said they should get full access to the medical benefits provided to active duty personnel.

Mr. Soltz said his group, which is funded with private money and advocates on behalf of a new generation of veterans, is nonpartisan. But some critics say VoteVets is too closely tied to Democrats like Gen. Clark. The group's political action committee has also paid for advertisements attacking some Senate Republicans, including Rick Santorum of Pennsylvania.

Mr. Soltz said VoteVets has supported both Republicans and Democrats, and yesterday's news conference was not an effort to back one party before the upcoming mid-terms elections, which could determine control of Congress.

Gen. Clark, a potential presidential candidate in 2008, said he wants to push political leaders to make sure they are doing all they can for American soldiers.

"Wearing an American flag lapel and claiming to be patriotic -- that's not sufficient," he said.

Congress Sets Aside $20M For Wars' Ends (AP)

By Anne Plummer Flaherty

AP, October 4, 2006

The military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring. But if the winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party.

Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for "commemoration of success" in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops.

Senate Majority Whip Mitch McConnell, R-Ky., is the original sponsor of the provision, which Democrats agreed to add to last year's defense bill. Senate Republicans kept the authorization in the 2007 bill. With elections five weeks away, Democrats are pointing to it as another example of where the GOP has gone astray in handling the war in Iraq.

"If the Bush administration is planning victory celebrations, Americans deserve to know what their plan is to get us to a victory in Iraq," said Rebecca Kirszner, spokeswoman for Senate Minority Leader Harry Reid, D-Nev.

McConnell's spokesman, Don Stewart, said he thought the finger-pointing by Democrats was silly because the provision was added last year by unanimous consent.

"Apparently they were for honoring the troops before they were against it," Stewart said.

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Carolyn Weyforth, spokeswoman for Senate Majority Leader Bill Frist, R-Tenn., said, "Republicans are confident we will be victorious in the ongoing war in terror, and we look forward to a time when those funds can be used to honor the men and women who have risked and given their lives."

Under the language, the president could "designate a day of celebration" to honor troops serving in the two wars. The president also could call on the nation "to observe that day with appropriate ceremonies and activities" and issue awards to troops who have served honorably.

The Pentagon could spend up to $20 million of its $532 billion budget in 2007 for the commemoration, minus any private contributions it might receive for such an event.

The money will be available for the 2007 budget year, which began Oct. 1.

Some 140,000 U.S. troops remain in Iraq, with a drawdown not expected until at least early next year.

About 20,000 more are in Afghanistan. Last year, Bush administration and Pentagon officials had hoped thousands of troops could be brought home before the Nov. 7 elections.

Proclaiming victory in the Iraq war has already proven to be tricky business.

President Bush was slammed by critics for delivering his "Mission Accomplished" speech in May 2003 aboard an aircraft carrier. While troops had successfully stormed Iraq and toppled Saddam Hussein's regime in Baghdad, the fight over control in the nation against a violent insurgency had just begun.

Vice President Dick Cheney also was ridiculed for suggesting last year that the insurgency was in its "final throes."

Behind The Victory Money Lies Vietnam (NYT)

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The mystery over who championed legislation authorizing $20 million in spending for a celebration of United States success in Iraq and Afghanistan was resolved on Wednesday.

The office of the Republican whip, Senator Mitch McConnell of Kentucky, acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to “sneak back” home after that war and out of a desire that this generation of troops be thanked.

Mr. McConnell sponsored language in last year’s military spending bill, which authorized up to $20 million for a “commemoration of success” in Washington saluting the end of the Iraq and Afghanistan conflicts. No money was set aside or used because fighting continues.

The senator wrote language for the new budget bill that rolls over the authorization into 2007.

“People came home from Vietnam and had to sneak back in and they were spit upon,” said Don Stewart, communications director for the senator’s office. For Iraq and Afghanistan, he said, Mr. McConnell felt the troops should be able to “attend ceremonies, get awards.”

The Hunt Continues (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, October 4, 2006

House Intelligence Committee chairman Rep. Peter Hoekstra is still pressing U.S. intelligence agencies to look for possible weapons of mass destruction in Iraq—even though intelligence officials say further work is unlikely to reveal anything new about Saddam's WMD programs.

In recent weeks, congressional and intelligence sources say, Hoekstra has prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted “hundreds of man hours” to the hunt.

The search has not been entirely fruitless. The DIA has discovered another 300 old chemical shells lying around the war-torn country. That's in addition to the 500 sarin shells mentioned in a declassified Pentagon intelligence report revealed by Hoekstra and Pennsylvania Republican Sen. Rick Santorum last June. But the recently found shells, like the previous ones, dated back to before the 1991 Persian Gulf War and were decayed and essentially useless.

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In short, U.S. intelligence-community officials say, the find doesn't change the conclusion of Charles Duelfer, chief of the U.S. Iraq Survey Group, who said two years ago that Saddam Hussein did not possess a WMD arsenal on the eve of the Iraq invasion, nor did he have any clear plan to revive his dormant weapons programs in the future.

The Bush administration has not been particularly eager to embrace Hoekstra's mission. In June, after Santorum and Hoekstra touted the allegd discovery of WMD, senior intelligence officials downplayed the find. The shells discovered in Iraq, they said, were all manufactured more than a decade earlier. "This does not reflect a capacity that was built up after 1991," a senior Defense official told reporters at the time. The munitions "are not the WMDs this country and the rest of the world believed Iraq had and not the WMDs for which this country went to war."

Even so, the Michigan Republican, who has clout with the intelligence community by virtue of his committee chairmanship, still insisted that the discovery of the decaying shells proved that "Iraq was not a WMD-free zone, that there are continuing threats from the materials that are or may still be in Iraq." In June, Hoekstra told reporters that he intended "to put additional pressure on the Department of Defense and the folks in Iraq to more fully pursue a complete investigation of what existed in Iraq before the war." Since then, intelligence officials say, Hoekstra has made good on his word and has continued to urge agencies to look for fresh evidence that might vindicate the administration's original pre-war claims.

Jamal Ware, a spokesman for the intelligence-community chairman, confirmed to NEWSWEEK that Hoekstra recently passed along photographs and other reports about possible WMD sites that had been forwarded to the committee by U.S. soldiers, former intelligence officials and Iraqis following the June press conference with Santorum. "People who have been over there [in Iraq] ... they've sent us information and we've referred that on to the appropriate agencies," Ware said. In one case, he said, some soldiers sent the committee photographs of equipment and other material that the troops "thought were interesting." Hoekstra then asked the intelligence community to look into the photos and find the location of the sites—a request that apparently explains the involvement of the National Geospatial-Intelligence Agency, the Pentagon's mapping unit, in the latest hunt.

Ware said that Hoekstra was not "pressing" the intelligence agencies to do anything other than the "necessary due diligence" and played down any suggestion that the Republican chairman's motives were political. Hoekstra's main concern, he said, is that the Pentagon find all munitions dumps and sites that could still pose a hazard to U.S. soldiers. "Any effort that chairman Hoekstra has made in this area has been aimed at insuring the safety of our troops overseas," he said.

That concern is a valid one, according to one Pentagon official who asked not to be publicly identified talking about sensitive intelligence matters. In at least one case in May 2004, two U.S. soldiers in Iraq became ill after handling homemade bombs, presumably crafted by Iraq insurgents, which were rigged using pre-1991 chemical shells. U.S. intelligence officials believe it is unlikely the insurgents who made the bombs knew the shells contained chemical agents. The soldiers later recovered. The U.S. intelligence official was unaware of any other reports of homemade bombs in Iraq that contained chemical agents.

Though Hoekstra describes his efforts as a safety measure, others in the U.S. intelligence community see it as a futile effort to bolster a dead argument about Saddam's supposed WMD. They believe Hoekstra is wasting the agencies' time with offbeat allegations from untested sources. One such source Hoekstra touted was Georges Sada, a one-time Iraqi Air Force general who claimed in a book published earlier this year that he knew of hundreds of tons of chemical weapons being flown from Iraq to Syria prior to the U.S. invasion. Sada, who first made the claims to promote his book, admitted he never actually saw any of the weapons. But his allegations were prominently featured on Fox News and conservative media outlets. Hoekstra met with Sada and later dispatched House Intelligence Committee staffers overseas in an effort to verify the Iraqi's claims. That search, too, came up emtpy.

Not Guilty Pleas From 2 Marines In Iraqi's Death (WP)

By Sonya Geis

The Washington Post, October 5, 2006

Two Marines pleaded not guilty Wednesday to murdering an Iraqi civilian in Hamdaniya and then trying to cover up the crime.

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The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident. Pfc. John J. Jodka and Cpl. Marshall L. Magincalda are accused of breaking into the home of Hashim Ibrahim Awad, 52, taking him out to a hole, shooting him and then planting a shovel and a gun nearby to make him look like an insurgent. Jodka is one of five Marines accused of firing at Awad, though all eight are charged with murder.

Jodka and Magincalda face up to life in prison if convicted.

Col. Steven Folsom, a military judge, also imposed a temporary gag order on attorneys involved in both Marines' cases, citing concerns that pretrial publicity could taint potential members of the court-martial panel, comparable to a civilian jury.

Magincalda's trial date was set for Feb. 13 and Jodka's for March 5. Folsom said the trial schedule was adjusted to accommodate a possible fact-finding trip to Iraq.

Uncertainty, Violence Darken Afghans' Hope (USAT)

By Paul Wiseman

USA Today, October 5, 2006

DOAB, Afghanistan — For the first time, the girls in this village were starting to learn — reading, writing, geography, history, math, science. They were starting to dream, too: Star student Roya Noori, 15, illiterate two years ago, wanted to become an architect. Harzoo Mohammedy, 14, planned to go to medical school. And Zuhal Noori, 12, saw herself at the controls of a commercial jet.

Then the learning stopped.

The new schoolhouse came under rocket fire last spring from the surrounding hills. Mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal.

The Afghan National Police, who were a five-minute drive away, did little, says Issa Noori, principal of the girls' school. Outgunned, they patrolled during the day and stayed safely inside their compound at night. Insurgents ruled the dark. The girls' school here in Wardak province closed in May and won't reopen until the government can guarantee the students' safety.

“This area is outside of government control,” Noori says. “No one can protect us.”

U.S.-led military forces launched Operation Enduring Freedom on Oct. 7, 2001, toppling the Taliban. Five years later, the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals.

“No one thinks the Taliban are going to roll into town next week and take over,” says Paul Fishstein, director of the Kabul think tank Afghanistan Research and Evaluation Unit. “But there is a lot of anxiety about what the future will bring.”

An insurgency, raging in the south and in eastern provinces along the Pakistan border, has begun to creep into provinces that had been considered secure: Wardak, Kunduz, Ghazni, Balk. In the past two weeks, suicide bombers have struck Herat, a center of Persian culture in western Afghanistan, and Kabul, seat of the Afghan government and headquarters of the NATO force deployed to Afghanistan to establish security.

A thriving opium industry has spread corruption and lawlessness across the country and provided cash to the Taliban.

The insurgents are often called — or call themselves — Taliban, which would make them some of the same Muslim fighters who set up a harsh Islamic state and ruled from 1996 until 2001. But “it's more complicated than just the government vs. the Taliban,” Fishstein says. “You've got a toxic brew of factors and interests. You've got Talibs. You've got drug dealers. You've got smugglers and criminals. You have a people with a stake in chaos and in maintaining a weak state.”

U.S. Army Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says some of the fighting involves Afghan tribes, warring over local issues such as water rights. If one tribe calls itself pro-government, he says, its rival might declare itself pro-Taliban.

Rebuilding Afghanistan was bound to be difficult. The country has been shattered by three decades of war. According to the CIA's 2006 estimates, the typical Afghan will be dead by age 44; more than 60% of Afghans can't read; nearly one in six Afghan babies die in infancy. Afghan laborers are lucky to find work for $2 or $3 a day, the World Bank says.

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"If we were under the impression that all of a sudden, after 25 years of war, everything would be wonderful — no, we were fooling ourselves," says Hassina Sherjan, founder of Aid Afghanistan, which ran the Doab girls' school.

No mistake, there has been progress. Afghans elected a president two years ago and a parliament last year — a breakthrough in a country ruled for three decades by a succession of communist apparatchiks, plundering warlords and medieval Taliban mullahs.

The U.S. government has spent $3.7 billion on aid to Afghanistan, helping build or repair more than 1,000 schools, enroll more than 5.3 million students in school, vaccinate 4 million Afghans against polio and pave more than 600 miles of road. Fueled by foreign aid, the economy is booming. The Asian Development Bank predicts the Afghan economy to grow 12% this year after expanding 14% in 2005.

So why is the Taliban gaining strength and jeopardizing the gains of the past five years? The short answer: The U.S.-backed Karzai government's inability to establish its authority and credibility with ordinary Afghans "opened the door for the Taliban," Eikenberry says.

The lost time allowed the Taliban to regroup in neighboring Pakistan and prepare a comeback. The Karzai government is widely seen as corrupt, beholden to unpopular local warlords and out of touch with average Afghans.

"In many cases, it's not that the people support the Taliban; it's that they're alienated from the government," Fishstein says. "There's a perception that justice goes to the highest bidder." The Taliban, by contrast, is known for imposing impartial but Draconian justice in the areas they control.

Critics say the Karzai government hasn't rooted out entrenched warlords and officials enriching themselves in the drug trade.

"The government has the obligation to use the judicial system, infant as it is, to impose the rule of law and re-establish confidence in the central government," Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime, told the U.S. House Committee on International Relations in September. "The 100 beds at the new maximum-security prison at Pul-i-Charki (near Kabul) should be filled up as soon as possible with major traffickers and corrupt officials."

At a checkpoint outside the eastern city of Jalalabad, police officers stop traffic and strut around with sticks and batons, banging on the hoods of cars and shouting at bewildered and frightened drivers. Occasionally, they let a vehicle continue on the road to Kabul.

No explanation is offered for why some get through and others don't. The unlucky travelers suspect that money is changing hands. "These are crazy people, corruption people," says Hafizullah Turab, 44, a Jalalabad writer and movie director who is stuck in traffic.

Police corruption is no mystery. Even police colonels earn only $85 a month (though pay raises are coming). "They have to be corrupt to survive," says police Gen. Ahmad Sani, chief of police in northern Afghanistan's Kunduz province. And police are often deployed far from their homes. By contrast, the Taliban pays recruits $12 a day and lets them fight where they live, says Samuel Chan, a researcher with the Center for Conflict and Peace Studies, a Kabul think tank.

The cops are outgunned, too. Criminal gangs and insurgents "are using rocket launchers and machine guns," says Wardak Gov. Abdul Jabbar Naeemi. "The police are using only Kalashnikovs, AK-47s. We don't have enough bullets."

Kunduz police chief Sani complains that his men drive around in dilapidated pickups. "Sometimes we have to tow them back because they are not working," he says. "The narco-traffickers are driving the latest Land Cruisers. We cannot keep up with them."

Some fault a half-hearted nation-building effort by the United States and the international community. According to the RAND Corp. think tank, international aid to Afghanistan amounts to $57 per person vs. $209 in Iraq. Troop levels also are low by international standards.

RAND reports that Afghanistan has just one Afghan or foreign soldier for every 1,000 people, compared with seven in Iraq, 19 in Bosnia and 20 in Kosovo.

RAND analyst Seth Jones estimated in the spring that Afghanistan needed another 80,000 troops (for a total of 200,000) to establish order. Last month, NATO failed to scrounge up 2,500 reinforcements it wanted to send to Afghanistan, though Poland came through with 1,000 troops.

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The Afghan government and its international backers also have been losing the propaganda war to the Taliban.

"The Taliban make outrageous claims," says British Army Lt. Gen. David Richards, NATO commander in Afghanistan. "We need to be more dynamic in rebutting them. We have to make sure we're telling the truth, which takes longer."

Instead of talking about Western concepts such as democracy and the rule of law, the Taliban offers local villagers practical help — protecting farmers who grow opium poppies from the government's poppy-eradication program, for instance. "Just because people were glad to see the backs of the Taliban doesn't mean they want everything the West has to offer," Fishstein says.

In a paper written in May, Amrullah Saleh, head of Afghanistan's National Directorate of Security, describes a meeting between U.S. forces and villagers in Ghazni province. The U.S. delegation included a woman dressed in military fatigues — offensive to villagers who believe women should rarely venture outside the home and then only when covered head-to-toe in a burqa. Saleh suggested limiting contact between international forces and Afghan villagers to prevent inevitable cultural clashes.

An hour's drive west of Kabul, Wardak province should be a success story — and for a while, it was. Since the Taliban was overthrown, the province has undergone a dramatic makeover. Newly paved roads connect Wardak and its farmers to the markets in Kabul. New refrigeration plants keep their apples and potatoes from spoiling. A 50-bed provincial hospital has replaced one half its size. Girls in Doab and other Wardak villages were finally attending school.

The progress in Wardak is being chipped away by a strengthening insurgency and emboldened criminal gangs. Last month, gunmen kidnapped a Colombian aid worker and two Afghan employees of a French relief group in Wardak's Jalrez district. Human Rights Watch has reported attacks and threats on Wardak girls' schools, including the one in Doab.

"Their weapon is destruction and terror. Our weapon is education and development," says Sherjan of Aid Afghanistan. "If they attack one school, we should build three more."

Wardak is still safer than lawless Kandahar and Helmand in the south. Wardak's Gov. Naeemi says his province is secure. He dismisses the shadowy figures behind recent trouble as bandits. "They are calling themselves Taliban," he says. "They are robbers."

Regardless, the threatening "night letters" and rockets have had an effect. "Last year, this was the best province," principal Noori says. "Now, I can't defend myself from the insurgents. No one can in Afghanistan."

Noori, 45, wears tinted glasses and a scraggly salt-and-pepper beard. He tucks his unkempt hair under a black prayer cap. He tells his story in his home overlooking Doab, an ethnic Pashtun village of mud compounds and apple orchards. Inside, Noori serves a generous breakfast of fried eggs, fresh butter, flat bread and cups of green tea sweetened with heaping spoonfuls of sugar. A cow bellows outside. The smell of dung hangs over the village.

Noori, who was born and raised in Doab, became sympathetic to women's rights while he was in sixth grade. When his father taught him and his four sisters to read, the girls caught on faster.

"My sisters were smarter than me. But they just stayed at home, taking care of the animals and the house. I went to school (at Kabul University)," he says.

In the late '70s, he was imprisoned as an Islamic fundamentalist by Afghanistan's communist government. Released, he fled to Pakistan and worked with a Swedish aid group schooling Afghan refugees. He was hired as principal when Hassina Sherjan's Aid Afghanistan set up a girls' school in Doab two years ago. "Hassina's school was wonderful," he says. "She provided pens, paper, even clothing."

The school was popular with local people and soon had 300 students, including 100 who attended classes in three neighboring villages.

Things started to go wrong about 10 or 11 months ago, Noori says. Insurgents emerged in the Wardak countryside, issuing warnings against girls attending school. They attacked Turkish engineers paving the road that runs past Doab on the way to Logar province. Two of the engineers fled into the village, and Noori offered them refuge for several hours until the insurgents were gone.

Noori met with local clerics, convinced that some of them were working secretly with the insurgents. He explained that the school taught nothing offensive to Islam. "They couldn't argue with me. I'm a good Muslim," he says. The threat grew, however, and the school finally closed when the insurgents vowed to kill the students.

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Noori believes that some of his neighbors were behind the intimidation. “The insurgents recruited some of the villagers,” he says. “In Afghanistan, if you pay people, they'll do anything.”

Human Rights Watch doubts that the Wardak insurgents belong to the Taliban. In a July report, the group notes that Wardak is a stronghold of the fundamentalist warlord Abdul Rasul Sayyaf, now a member of Afghanistan's parliament.

Like many Afghans, Noori believes that Pakistan is supporting the insurgency in an effort to keep Afghanistan weak and malleable — an allegation the Pakistani government has repeatedly denied. “We have a very bad neighbor,” he says. “The first step toward progress is schools. If you can destroy a country's schools, they can't do anything.”

Harzoo Mohammedy, the student who dreams of becoming a doctor, says she and her fellow students were willing to brave the threats they faced. “We were scared, but all the girls wanted to keep going to school. We didn't care,” she says.

Noori hopes the Doab school will reopen in a few months: “We'll wait until the government gets a little stronger, and we can defend ourselves.” He shrugs off the threat to his own safety. “Sometimes we need to struggle for the right things,” he says. “It is God's decision when we die.”

Reconstruction Seen Key To U.S. Exit (WT)

By Sharon Behn

The Washington Times, October 5, 2006

NATO's top military commander said yesterday the U.S. exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops.

"Afghanistan will not be resolved by military means," said U.S. Marine Gen. James L. Jones, who commands the Western alliance.

"We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate," Gen. Jones said.

"The real challenge is how well the reconstruction mission and the international aid mission is focused," he told the Council on Foreign Relations. "And fundamentally, this is the exit strategy for Afghanistan."

The general's statement came amid a growing recognition in Washington that defeating the Taliban is not just a question of putting more boots on the ground.

Senate Majority Leader Bill Frist on Tuesday stated that victory in Afghanistan would not happen until Afghan and international officials wooed more tribal leaders away from the Taliban and into the political process.

Gen. Jones said yesterday that winning the battle against Afghanistan's flourishing opium trade was crucial to weaning the country away from insurgent forces and drug cartels, which were fomenting an environment of violence and corruption.

"It is truly the Achilles' heel of Afghanistan," said Gen. Jones, who is supreme allied commander in Europe and commander of the U.S. European command.

NATO yesterday confirmed it was to taking military command of the 14 volatile eastern provinces of Afghanistan, expanding its command of security operations throughout the country.

The change, effective today, will place 12,000 American troops under NATO, expanding the force to more than 30,000. Some 8,000 U.S. troops will continue to function outside NATO control, those tracking al Qaeda or involved in air operations.

The overall level of American forces will remain around 20,000.

Gen. Jones said more had to be done to systemize the NATO forces, particularly erasing restrictions put on the military by individual nations that are hampering operations against the Taliban and putting soldiers at risk.

"There are about 50 restrictions that have an operational impact, that impact on the commander of [NATO's] ability to make operations," said Gen. Jones.

He said the alliance was working to whittle down those restrictions, which include different rules of engagement, rules of detention, size of force and geographic boundaries. Forces from some countries cannot be used at night; others cannot directly engage the Taliban.

"The capability we have is directly related to the caveats," he said. "It is not a showstopper, but it is certainly something we have to keep working on."

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Kerry Chides Frist For Taliban Comments (AP)

By Holly Ramer

AP, October 4, 2006

Democratic Sen. John Kerry ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Kerry, the party's 2004 presidential nominee, said Wednesday of the Tennessee Republican.

On Monday, Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Frist was waving the white flag of surrender to the Taliban, who harbored the al-Qaida organization blamed for the Sept. 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves.

Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth. Frist also is considered a White House hopeful.

Frist, a former heart surgeon, took a leading role last year in the fight to get Schiavo's feeding tube reinserted. He later was criticized for relying on a video to question her doctors' diagnosis that Schiavo was in a permanent vegetative state.

Kerry said Frist's Taliban comments sound like claims by the Bush administration about progress being made in Iraq, despite differing reports from those directly involved. The Massachusetts senator said he requested a private briefing with CIA officials earlier this week.

"I will tell you their outlook was bleak. It was completely different from what the administration is saying publicly, and they told me that is what they are saying to the administration today," Kerry said.

He added: "We need an administration that tells America the truth. We don't need a cut-and-run policy in Afghanistan where the real war on terror is and a stay-and-lose policy in Iraq."

Frist's spokeswoman, Carolyn Weyforth, said Kerry has absolutely no room to accuse Frist of cutting and running.

"It is Senator Kerry and his colleagues who have voted again and again to tie our hands in the ongoing war on terror instead of giving us all tools necessary to fight a 'smarter, more effective war on terror,'" she said, echoing one of Kerry's frequent campaign promises.

CORPORATE SCANDALS:

HP Insiders Indicted In Corporate Spy Scandal (LAT)

By James S. Granelli

The Los Angeles Times, October 5, 2006

SAN JOSE, Calif. — California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case.

The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families.

The scandal came to light a month ago when the Palo Alto computer and printer maker released initial details of its efforts to find out who was leaking boardroom information to the media.

Dunn, who initiated an internal investigation, said she did not know that outside detectives were using subterfuge to gain access to the phone records.

Besides Dunn, those named in the criminal complaints filed in Santa Clara County Superior Court were ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia and outside investigators Matthew DePante of Melbourne, Fla. and Bryan Wagner of Littleton, Colo., Associated Press reported.

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They each face four felony charges: use of false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes.

HP Chief Executive Officer Mark Hurd was not charged.

Dunn Charged Over HP Leaks (FT)

By Kevin Allison

Financial Times, October 5, 2006

California's top prosecutor yesterday filed criminal charges against Patricia Dunn, Hewlett-Packard's ousted chairman, and four others in connection with the computer maker's controversial investigation probe into boardroom leaks.

The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations.

The felony complaint filed by Bill Lockyer, attorney general, charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy.

Mr Lockyer said the HP leak investigation was "a misguided effort". "People inside and outside HP violated privacy rights and broke state law," he said.

The four other defendants are Kevin Hunsaker, a former HP lawyer, and private investigators Ronald DeLia, Bryan Wagner and Matthew DePante.

Mark Hurd, chief executive, and Ann Baskins, who resigned as the company's general counsel last week, were not charged but Mr Lockyer said the investigation remained open.

Ms Dunn's lawyer said she was a victim of a "disinformation campaign". In a statement, Jim Brosnahan of law firm Morrison & Foerster said: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Calls to lawyers representing Mr Hunsaker and Mr DeLia went unreturned yesterday. HP said only that it was continuing to co-operate with state and federal investigators.

HP came under criminal investigation last month after the company admitted its operatives had posed as journalists, board members and employees to obtain private telephone records – a controversial and potentially illegal practice known as pretexting.

Ms Dunn was forced to step down as chairman amid mounting criticism of the investigation's tactics, which extended far beyond telephone records to included physical surveillance and other questionable operations.

Events reached a climax last week as the scandal's protagonists testified on Capitol Hill about their roles in the probe.

Ms Dunn said she was not responsible for what happened, saying she received repeated assurances that the methods being used by HP's investigators were legal and part of an accepted array of methods.

News of the charges followed reports that Ms Dunn was preparing to undergo for treatment for cancer. Ms Dunn had previously stepped down as chief executive of Barclays Global Investors to fight cancer in 2002.

HP's shares rose 1.6 per cent yesterday to $38.02 ahead of the announcment.

Dunn, Four Others Charged In Hewlett Surveillance Case (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, October 5, 2006

Former Hewlett-Packard Co. chairman Patricia C. Dunn and four others were charged with fraud and conspiracy in California yesterday, one month after HP disclosed that it had conducted a wide-ranging spying operation to identify the source of leaks to the news media.

A criminal complaint was filed in Santa Clara County Superior Court by California Attorney General Bill Lockyer. In addition to Dunn, former HP chief ethics director and senior legal counsel Kevin Hunsaker, who supervised a key phase of the operation, was charged, along with three outsiders who did surveillance work for the Silicon Valley computer icon.

All five were charged with four felonies under California statutes. Each count carries a maximum prison sentence of three years and a maximum fine of $25,000.

The charges were filed on an extraordinary day in which Lockyer, who is seeking election as state treasurer, declared in a statement that "people inside and outside HP violated privacy rights and broke state law" during the company's "misguided" effort to plug media leaks.

The charges came one day after Dunn, 53, learned from her doctor that her advanced ovarian cancer had recurred and she needed to undergo chemotherapy, according to a source close to Dunn. It is her third bout with cancer in recent years; she previously suffered from breast cancer and melanoma.

Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges "are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Charged along with Dunn and Hunsaker, 41, were Boston security contractor Ronald R. DeLia, 56, and private investigators Bryan Wagner, 29, of Littleton, Colo., and Matthew Depante, 27, manager of Action Research Group of Melbourne, Fla. They were accused of participating in long-running HP surveillance operation that involved the use of false pretenses to gain access to personal phone records of HP board members, journalists and their families, a practice known as pretexting.

Each was charged with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy to commit those three crimes. The complaint alleges that the defendants used "false and fraudulent pretenses" to obtain confidential information from a phone company, including billing records, belonging to 12 people. Dunn, who first stepped down as chairman and then resigned from the board last month, repeatedly has said that she was given assurances that the methods used in the leak probe were legal.

The criminal charges come a few days after Dunn, Hunsaker and the company's chairman and chief executive, Mark V. Hurd, appeared before a congressional investigative subcommittee to answer questions about the surveillance methods HP used.

The tactics, in addition to pretexting, included following or watching board members, journalists and their family members at home and at conferences; and conducting a sting operation on a reporter.

The two-phase spying operation began in 2005 and ended this past spring.

According to court papers filed yesterday, the telephone, fax and cellphone accounts of more than 24 people were accessed in the HP probe. HP's investigators reviewed 33 months' of phone records and about 1,750 calls from 590 telephone numbers.

The charges are the first in the case, which is also being investigated by the FBI.

Dunn told the House Energy and Commerce oversight investigations subcommittee last week that she had been assured that the phone records were obtained legally, a claim that legal observers expect to be the heart of her defense.

At one point during Dunn's testimony last week, the chairman of the House Energy and Commerce Committee, Joe Barton, asked her if it was not correct that the fraudulent practice of obtaining phone records had been used in 2005.

"I believe it did use pretexting," she said.

Her attorney then whispered something to her.

"I've just been corrected," she said. "I don't know."

The complaint says that Dunn knew since at least June 2005 that the phone records were being obtained by deceptive means.

Hunsaker, DeLia and Wagner, one of the two investigators charged, refused to testify before the congressional panel last week, invoking their Fifth Amendment right against self-incrimination. The other investigator, Matthew Depante, was not called to testify, but his father, Joseph Depante, owner of Action Research, also invoked the Fifth Amendment.

No one answered a phone call placed to Matthew Depante's home yesterday, but his attorney, Richard Preira of Miami Beach, said Depante was "not guilty."

"The conduct he is alleged to have engaged in is not a violation of the California penal code or the United States code," Preira said.

A lawyer for Hunsaker did not return calls seeking a comment. DeLia, a reached by telephone last night, said he was not guilty of the charges and declined to comment further.

On the federal level, phone pretexting is likely a violation of the criminal wire fraud statute, former federal prosecutors said.

Congress adjourned last Friday without passing pending legislation to specifically make phone pretexting a crime. Jennifer S. Granick, a cyber law professor at Stanford Law School, said that the evidence released so far suggests that Dunn was aware of the methods used to obtain phone records.

"Generally, you don't have to know that something is against the law in order to be committing an offense," said Granick, who was a criminal defense lawyer in California for nine years. "Ignorance of the law is no defense."

Robert Weisberg, a Stanford University law professor, said the statutes Lockyer is citing are highly technical and do not specifically address or describe phone pretexting: "I think it's kind of dicey whether you can really apply the state laws to [Dunn]."

A California law has since been passed that specifically outlaws phone pretexting, he added, but it is not retroactive.

Friends said Dunn has been battling three forms of cancer since 2001 and has channeled some of her energy into charity and cancer-fighting work. She stepped down as chief executive of Barclays Global Investors in 2002 after the breast cancer and melanoma were diagnosed.

"She has become a real role model to women going through cancer," said Mary Bitterman, who joined the Barclays Global board of directors shortly before Dunn stepped down. Dunn spoke of her involvement with the Charlotte Maxwell Complementary Clinic, a program that provides cancer care to poor patients, she said.

Friends said Dunn has long maintained a concern for rules and ethics, making her indictment ironic to many who worked with her, first at Wells Fargo and then Barclays Global after the firms merged.

"She's so ethical. The fact that this happened is beyond belief," said Rich Koppes, an attorney and former general counsel of the California Public Employees' Retirement System. He said Dunn was always concerned with and interested in good corporate governance. Some legal observers said they thought that Lockyer, who last year pulled out of the race for governor of California, was using the case to enhance his political career.

"I can't say this shouldn't be done," said Jamie Wareham, global chairman of litigation in the District office of Paul, Hastings, Janofsky and Walker LLP, a Los Angeles-based law firm. But, he said, "I think the timing is outrageous."

California Charges Dunn, 4 Others In H-P Scandal (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 5, 2006

California Attorney General Bill Lockyer, sending a stern message to corporate America, filed criminal charges against former Hewlett-Packard Co. Chairman Patricia Dunn and four other people in connection with the company's investigations into boardroom leaks.

The charges, which stem from H-P's allegedly illegal tactics for acquiring personal phone records, move the H-P imbroglio into an important new phase. The affair already has mushroomed into one of the nation's most embarrassing corporate scandals in years. The criminal proceedings are likely to have implications that go far beyond the particulars of the case, setting precedents for boardrooms, corporate ethicists and private investigators across the nation.

"This is the first time to my knowledge that the chairman of the board of a major American company is being charged with a privacy violation," said Joel Reidenberg, a professor at Fordham University Law School in New York and director of its center on law and information policy. "This sends a very powerful message to corporate America that privacy matters."

Each of the five defendants, who were charged in state court in Santa Clara, faces four felony charges: fraudulently obtaining private information from a public utility; accessing computer data without permission; identity theft and conspiracy to commit those same crimes. Each charge carries a maximum penalty of three years in prison and a fine of up to $10,000.

Mr. Lockyer's targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6.

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Along with Ms. Dunn, Mr. Lockyer yesterday charged H-P's former chief ethics lawyer, Kevin Hunsaker, and three outside investigators who helped H-P try to discover which of its directors might be leaking information to the press. Documents have emerged suggesting that Mr. Hunsaker worked with H-P's outside investigators to pry into private phone records, use operatives to tail certain H-P directors and journalists, spring a sting operation on an unsuspecting reporter in an effort to get her to reveal her source, and contemplated sending spies into newsrooms disguised as janitors.

Also charged yesterday were Ronald DeLia of Security Outsourcing Solutions Inc., Needham, Mass., who led both leak probes from start to finish, Matthew DePante of Action Research Group, Melbourne, Fla., and Bryan Wagner of Littleton, Colo. Mr. DePante allegedly helped H-P obtain the phone records it sought, and Mr. Wagner allegedly did some of the so-called pretexting, impersonating others to obtain their records from phone carriers.

A Santa Clara County judge issued arrest warrants for all five defendants, and set bail ranging from $100,000 for Mr. DePante to as little as $5,000 or even nothing for Ms. Dunn and Mr. Hunsaker, for whom the judge held open the possibility of being released on their own recognizance.

The case against Ms. Dunn, who is scheduled to start six months of chemotherapy tomorrow for recurrent ovarian cancer, rests on prosecutors' claim that she knew H-P's investigators were obtaining phone records through fraud. She has said she thought the records came from publicly available sources. "As her many supporters fully expect, she will fight these charges with everything she has," said James Brosnahan, Ms. Dunn's lawyer.

Though the attorney general didn't name H-P as a defendant in the complaints, the charges signal the beginning of a potentially lengthy legal process that could keep the company's name in the headlines for months or years.

H-P's former general counsel, Ann Baskins, wasn't charged in the case, although she was named in the prosecutors' court affidavit yesterday as having participated in a key conference call in June of 2005. At that time, Mr. DeLia "explained pretexting, telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary," prosecutors wrote.

Also not charged was Tony Gentilucci, who resigned as H-P's manager of global security investigations in the wake of the probe. Both he and Ms. Baskins declined to testify at a House subcommittee hearing on the matter last week, invoking their Fifth Amendment rights against self-incrimination. Their attorneys couldn't be reached for comment.

Mark Hurd, H-P's chief executive officer, isn't expected to be targeted by prosecutors. Mr. Hurd told the House subcommittee that he attended briefings where the investigation was discussed, adding that he didn't recall hearing about the tactics investigators used. However, a memo by H-P's law firm, Wilson Sonsini Goodrich & Rosati, says Mr. Hurd told attorneys for the firm in August 2006 that he recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web" as part of the probe.

"There currently is no evidence that Mark Hurd engaged in criminal conduct. However, our investigation remains open and continues," Mr. Lockyer said yesterday at a news conference.

Lawyers for Mr. Hunsaker and Mr. DeLia didn't return phone calls. Messrs. DePante and Wagner didn't return phone calls. Messrs. Hunsaker and DeLia last week declined to testify before the House subcommittee, citing their Fifth Amendment rights, as did Mr. DePante's father, Joseph, the owner of Action Research, who wasn't charged yesterday.

H-P, meanwhile, issued a statement saying: "H-P is continuing to cooperate with state and federal investigators looking into the boardroom leaks issue. The company has no further comment."

During the leak investigations in 2005 and 2006, H-P investigators obtained the personal phone records of at least a dozen people, including directors and employees, as well as journalists and other outside parties. Among them were two Wall Street Journal reporters, including Pui-Wing Tam, whose page-one story last year about friction between the H-P board and then-Chief Executive Carly Fiorina set off the first leak investigation.

The disclosure of the investigations prompted a series of probes by state and federal agencies, as well as last week's high-profile House subcommittee hearing. Some in Congress are seeking to pass a bill that would clearly define pretexting as illegal. Some lawyers involved in the H-P investigation argue that the practice isn't illegal, except when financial records are involved.

California laws are clearer, however. One of the statutes under which Ms. Dunn and the four others were charged yesterday, Penal Code Section 538.5, specifically outlaws "executing a scheme or artifice to obtain, from a public utility," customers'"billing records."

The California statute also makes clear that it isn't just the people who obtain such information who could be criminally liable, but "every person who transmits or causes to be transmitted" the information. That provision could prove particularly important in prosecutors' case against Ms. Dunn, who instigated the leak probes and has acknowledged knowing that personal phone records were scrutinized.

Ms. Dunn, who testified for hours before the House subcommittee, spearheaded the probes, which began in the spring of 2005 following leaks from the board that year and intensified after other leaks in early 2006. She acknowledged learning from Mr. DeLia that personal phone records were being obtained during the investigation, but said she believed it was a customary H-P practice and didn't learn of the term "pretexting" until much later.

Though Mr. Lockyer said publicly three weeks ago that his office had enough evidence to charge people with crimes both inside and outside H-P, his investigation bogged down over H-P's unwillingness to share certain documents with prosecutors, according to lawyers familiar with the case. The logjam broke in the past several days, these people said, after prosecutors obtained some 700 pages of internal H-P emails, investigative reports and legal papers from congressional investigators in Washington, who had gathered the documents from H-P for last week's House hearing.

Among the congressional documents is a series of memos written in August by H-P's outside lawyers at Wilson Sonsini Goodrich & Rosati, which H-P retained this summer to review the conduct of the leak investigations. H-P had been resisting providing the Wilson Sonsini documents to prosecutors in Sacramento, citing attorney-client privilege, these lawyers said. The memos include write-ups of interviews with all the main players in the spying imbroglio, including Ms. Dunn and Mr. Hurd. Prosecutors quoted extensively from the law firm memos in their affidavit yesterday.

Wilson Sonsini's conclusions differed markedly from Mr. Lockyer's. In a presentation to H-P's board in August, the firm essentially exonerated Ms. Dunn from wrongdoing, finding she "reasonably relied on repeated assurances of legality by HP legal." The Wilson Sonsini report said that, at the time of the investigations, no laws specifically barred people from using false pretenses to obtain others' phone records.

HP Scandal May See Felony Charges (USAT)

By Michelle Kessler

USA Today, October 5, 2006

SAN FRANCISCO — California's Attorney General sought felony indictments against five people in the Hewlett-Packard snooping scandal Wednesday — including former chairman Patricia Dunn.

Attorney General Bill Lockyer filed criminal complaints against Dunn, former HP lawyer Kevin Hunsaker and private investigators Ronald DeLia, Matthew DePante and Bryan Wagner.

Each faces four felony charges: using fraud to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit those crimes. Penalties could include prison time and fines.

Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday.

The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg.

Dunn, Hunsaker and the three detectives were all part of a team trying to find out which HP board member was leaking information to the press. The team used trickery to obtain the private phone records of journalists, board members and employees (a technique called pretexting).

Dunn spearheaded the leak hunt. Last week, she told the House Energy and Commerce Committee, which is also investigating the matter, that she left details to HP staffers and didn't know about the pretexting.

Hunsaker ran the project within HP and was aware of pretexting, internal HP documents released by the committee show. He repeatedly said it was legal.

There's a chance he is right. There are few laws specifically prohibiting pretexting. That's why Lockyer is prosecuting under fraud laws, Weisberg says.

DeLia's detective firm, Security Outsourcing Solutions, was hired by HP to do most of the investigative work. DeLia in turn hired detective firm Action Research Group, where Matthew DePante works.

Wagner is a former employee of Action Research, according to the complaint's supporting documents. He told investigators that he destroyed his computer when his uncle warned him of the HP investigation after reading about it in the newspaper.

Unlike Dunn, who is fighting advanced ovarian cancer, Hunsaker, DeLia and Wagner each refused to answer questions before the committee last week, citing their right against self-incrimination. Matthew DePante was not called. But Joseph DePante, the owner of Action Research, was. He also declined to answer questions because of self-incrimination concerns.

Ex-Leader Among 5 Charged In Hewlett Case (NYT)

By Damon Darlin

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Hewlett-Packard's former chairwoman was among five people charged Wednesday with illegally gathering phone records of board members, journalists and others in an effort to find the source of news leaks.

The felony charges, filed by the California attorney general's office, are the first stemming from a spying operation that ended last spring but came to light a month ago in disclosures by a disgruntled former director.

The case has rocked the company, forcing out the chairwoman, Patricia C. Dunn, along with the general counsel, a second director and two other senior officers. A House subcommittee held hearings on the case last week, and federal prosecutors have also been considering charges.

It was Ms. Dunn who authorized the operation, aimed at tracing leaks from the board, and put it into the hands of outside investigators. Those charged with her Wednesday included the company lawyer who supervised one phase of the operation and three detectives.

The charges stem from the use of pretexting, a form of deception, to obtain private calling records from phone company employees.

"We plan to aggressively prosecute this case," Bill Lockyer, the state's attorney general, said at a news conference in Sacramento. "However, the investigation into this matter remains active and still incomplete."

The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval.

"There currently is no evidence that Mark Hurd engaged in criminal conduct," Mr. Lockyer said.

Concerns over leaks from the board predated the ouster of Carleton S. Fiorina as chairwoman and chief executive in early 2005. In a memoir to be published next week, Ms. Fiorina says that she ordered an initial leak investigation shortly before her departure. [Page C1.]

The charges against Ms. Dunn, who is expected to appear in court within 24 hours, come as she battles ovarian cancer. "I truly hope Ms. Dunn wins her fight against this disease," Mr. Lockyer said. "However, her illness has no impact on her culpability."

A criminal complaint filed in San Jose, Calif., accuses all the defendants of four charges: using false pretenses to obtain confidential information from a public utility, unauthorized access of computer data, identity theft and conspiracy to commit each of those crimes.

Mr. Lockyer said the first three charges each carried a maxiumm penalty of three years in prison and a fine of $10,000.

A conspiracy conviction can bring a $25,000 fine and one year in prison.

Arrest warrants were issued for the five, who include Kevin T. Hunsaker, a former senior lawyer at Hewlett-Packard; Ronald R. DeLia, a Boston-area private detective; Joseph DePante, owner of Action Research Group, an information broker in

Melbourne, Fla.; and Bryan Wagner of Littleton, Colo., who is said to have obtained private phone records while working for Mr. DePante.

An investigation was begun by Ms. Dunn in 2005 — involving leaks that were apparent in news articles just before and after Ms. Fiorina's ouster — but it ended inconclusively. A second phase began in January 2006, after news reports about a management meeting indicated further leaks, and the effort was turned over to Mr. Hunsaker for supervision.

Ms. Dunn resigned from the board last month under pressure because of the methods used. Mr. Hunsaker, a senior counsel and director of ethics, was fired after he refused to resign, his lawyer said.

Robert M. Morgester, deputy attorney general for the state's special crimes unit, wrote in a supporting document to the charges filed Wednesday that "both Dunn and Hunsaker were aware that the records were to be obtained by fraud or deceit." He said Mr. Hunsaker provided continuous guidance to Mr. DeLia on which records to obtain.

The criminal complaint notes that the pretexting in the case involved the home, office, cellphone and fax numbers of 24 people. Mr. Morgester wrote that Mr. DePante's firm, Action Research, analyzed 33 months of calls and retrieved information on 590 numbers that figured in those individuals' phone records.

The complaint states that in April 2005, Ms. Dunn gave Mr. DeLia the home, office and cellphone numbers for company directors. In June 2005, Mr. DeLia told Ms. Dunn and Ms. Baskins, the general counsel, that phone records were obtained "by ruse" from a telecommunications carrier.

In addition to getting phone records directly from customer service representatives, the operation also involved access to records kept online. State investigators said they were able to find Mr. Wagner by tracking a cookie left on his computer when he used it to gain access to online records at AT&T. A cookie is a piece of computer code that identifies what computer has visited a particular Web site.

Although the operation for gathering of phone records stretched across the country and back again, California claims jurisdiction in the case because the detectives were paid by Hewlett-Packard, which is based in Palo Alto, Calif., and the planning was done there as well.

Of the charges against Ms. Dunn, Mr. Lockyer, the attorney general, said, "The person who orchestrated these illegal practices should be held accountable, not just those who carried them out."

Ms. Dunn's lawyer, James J. Brosnahan of Morrison & Foerster in San Francisco, said in a statement: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

The charges are yet another blow for Ms. Dunn. On Tuesday, a representative said Ms. Dunn was to begin six months of chemotherapy on Friday for recurrent advanced ovarian cancer. A friend said that she had Stage 4 ovarian cancer. She has survived breast cancer and melanoma, a skin cancer.

Stage 4, in which the cancer has spread beyond the abdomen to other parts of the body, is the most advanced, and only 29 percent of women with that stage are still alive after five years. The disease is so dangerous because it often has no symptoms until it has become advanced and has started spreading inside the abdomen.

Alison Davis, a managing partner at Belvedere Capital Partners, a private equity firm in San Francisco, called the charges against Ms. Dunn unbelievable.

"She stands for integrity and doing the right thing more than anyone else I can think of," said Ms. Davis, who was chief financial officer of Barclays Global Investors, where Ms. Dunn served as chief executive.

Ms. Baskins, who as general counsel was Mr. Hunsaker's boss and was involved in both the 2005 and 2006 phases of the investigation, may have escaped charges because she never passed on any phone numbers to a pretexter.

Her lawyer, Cristina C. Arguedas, with the firm of Arguedas, Cassman & Headley of Berkeley, Calif., said, "Ann Baskins did nothing that could possibly warrant a charge being filed against her."

Other criminal defense lawyers said prosecutors might have a difficult time proving intent. To do so, they would have to show that the defendants had some appreciation of the wrongfulness of their actions.

"It can be a squishy concept," said Matthew J. Jacobs, a former federal prosecutor and a partner in the Silicon Valley law firm of McDermott Will & Emery.

Getting a legal opinion and taking steps to establish the legality of an action can show a lack of criminal intent. Ms. Baskins repeatedly asked for verification that the methods the investigators used were legal.

The question of intent could also be raised for those charged, Mr. Hunsaker and Ms. Dunn in particular, several defense lawyers said. Ms. Dunn, who is not a lawyer, relied on the lawyers' advice. The documents provided by the company show Mr. Hunsaker asked for legal opinions and did his own research to verify that what was done was considered legal.

In one set of e-mail exchanges between Mr. Hunsaker and Anthony R. Gentilucci, the company's manager of global investigations, Mr. Hunsaker raises the question of legality. Mr. Gentilucci replied, "I think it is on the edge, but above board." Mr. Hunsaker's response was, "I shouldn't have asked."

Mr. Hunsaker's lawyer, Michael Pancer, said in a recent interview that his client meant that he should not have asked because he knew that Mr. Gentilucci would have checked on the legality of the method.

Lawyers for Ms. Dunn and Mr. DeLia did not respond to requests for comment.

Mr. Wagner said he had been advised not to comment on the charges against him. He said, however, "If I would have known it was this high-profile, I wouldn't have done it."

Mr. DePante's lawyer, Richard J. Preira of Miami Beach, Fla., said that "his conduct is not illegal" and that his client was a scapegoat. He also said, "the prosecutors are trying to fit a square peg in a round hole."

Indeed, other defense lawyers and legal scholars not involved in the case said it would not be an easy one for the attorney general despite the mountain of documents provided by the company. The problem is that California had no law against the specific act of pretexting. So the prosecutors have to stitch together a set of laws to charge the defendants.

Defense lawyers are likely to try to exploit the weak seams. Take, for instance, the law that makes it a crime to use electronic media to take information owned by a public utility. The first problem, said Robert Weisberg, a Stanford University law professor, is whether a phone company can be considered a public utility anymore. The identity theft law makes it a crime to steal something of value — credit, goods, services, or medical information — Mr. Weisberg notes, but a defense lawyer could argue that phone records have no monetary value.

California made pretexting a crime, but the law, signed on Saturday by Gov. Arnold Schwarzenegger, does not go into effect until Jan. 1. It would not apply to any of the pretexting in the Hewlett-Packard case. Under that law, the penalty for a violation would be $2,500 and up to a year in county jail. Repeated violations would result in a $10,000 fine and a year in jail.

Investigations Continue At HP (USAT)

By Jim Hopkins And Jon Swartz

USA Today, October 5, 2006

SAN FRANCISCO — Hewlett-Packard still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal.

HP said in a statement on Wednesday that it "is continuing to cooperate with state and federal investigators." It said it would have no further comment.

Attorney General Bill Lockyer's complaints on Wednesday did not name any current HP executives, including Chairman and CEO Mark Hurd, who is leading an important restructuring of the Silicon Valley computer and printer maker.

Still, HP's criminal defense attorneys at Morgan Lewis & Bockius must defend the company against investigations by the:

•U.S. Attorney and FBI. Last month, the U.S. Attorney's Office in San Francisco and the FBI acknowledged they were conducting an investigation into the HP spying scandal. At the time, the FBI said it was reviewing possible fraud and identity theft violations.

HP, in a Sept. 11 filing with the Securities and Exchange Commission, said it had been informally contacted by the U.S. Attorney's Office in San Francisco, requesting information "similar" to that sought by Lockyer's office.

Luke Macaulay, spokesman for San Francisco U.S. Attorney Kevin Ryan, on Wednesday said the inquiry is continuing.

•SEC. The agency's enforcement division is investigating the circumstances around Tom Perkins' resignation as HP director in May to protest the news-leak probe.

The agency is looking at two SEC filings HP made: One on Sept. 6, in which the company first disclosed the news-leak investigation and its role in spurring Perkins to quit. The second filing, on May 22, reported Perkins' resignation without explaining the circumstances.

The SEC also has asked HP for information about the company's news-leak investigation itself. The agency on Wednesday had no comment, spokesman John Nester said.

•Congress. The House Energy and Commerce Committee has been examining HP's use of "pretexting," a shady technique where investigators posed as HP directors, employees and journalists to get private phone records.

Dunn, Hurd and 12 other witnesses appeared before a committee hearing last week. Among the five individuals named in Lockyer's complaint, only Dunn agreed to testify before the panel. The other four refused, citing their right against self-incrimination.

Committee spokesman Terry Lane said Chairman Joe Barton, R-Texas, had no comment on Lockyer's criminal complaints.

California Attorney General Charges HP Insiders, Detectives In Spy Probe (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 5, 2006

(AP) - SAN JOSE, California-California's attorney general filed criminal charges Wednesday against former Hewlett-Packard Co. Chairwoman Patricia Dunn and four others involved in the corporate spying scandal at the computer and printer company.

Attorney General Bill Lockyer filed the charges in Santa Clara County Superior Court naming Dunn, ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia, and outside investigators Joseph DePante of Melbourne, Florida and Bryan Wagner of Littleton, Colorado.

They each face four felony counts: use of false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 (â‚¬7,900)and three years in prison.

HP chief executive Mark Hurd is not among those charged, nor was HP's former General Counsel Ann Baskins, who had some oversight of the company's investigation of media leaks.

The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records.

"I am innocent of these charges," DeLia said in a prepared statement he read to The Associated Press. "I've been a professional private investigator for more than 30 years. I respect the law and I did not break the law in the HP investigation."

He refused to elaborate on his statement or take questions.

Dunn - who initiated the investigation - said she did not know until after the fact that the detectives went to such extremes to unearth clues about the leaker's identity. She resigned from HP's board last month amid the uproar over the spying campaign, which has also prompted the resignation of two other board members.

Dunn, 53, who has survived breast cancer and melanoma, will begin chemotherapy treatments for advanced ovarian cancer on Friday at the University of California, San Francisco, according to a person close to Dunn who asked to remain anonymous because a formal announcement wasn't planned.

Lockyer scheduled a 7 p.m. EDT (2300 GMT) news conference in Sacramento to discuss the case. Lawyers for Dunn and the others charged did not return calls seeking comment.

HP said in a statement it is cooperating with Lockyer as well as federal authorities who are also exploring possible criminal charges. The Palo Alto-based company declined further comment.

HP's stock has largely been immune to the scandal swirling around its board, and Wednesday was no exception. It rose 60 cents, or 1.6 percent, to close at $38.02 on the New York Stock Exchange. Earlier in the day it reached a 52-week high of $38.14.

The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law.

"It was a stupid and unethical thing that occurred, but it may not have been a crime," he said.

Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer.

"He formed a judgment that a crime was committed way too early, but he had nothing to lose," Wareham said. "Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money."

Hunsaker, who directed the investigation, left the company on Sept. 26; DeLia runs a Boston-area detective firm called Security Outsourcing Solutions, a longtime HP contractor commissioned to conduct the leak probe.

DeLia in turn hired DePante's company to gather information, and DePante hired Wagner to obtain the private phone records of HP directors and journalists.

HP eventually identified director George Keyworth II as the source of a leak to a CNET Networks Inc. reporter. Keyworth resigned after the scandal went public in early September.

Another director, venture capitalist Thomas J. Perkins, resigned from the board in May after learning about the tactics used by HP's investigators. He then pressured the company to publicly disclose the reason for his departure, leading to the regulatory filing that revealed the investigators' use of pretexting.

The FBI and a congressional panel are also looking into the HP pretexting scandal. Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Rep. Edward Markey, D-Mass., a senior member of the House Energy and Commerce Committee, said Lockyer's move "indicates that prosecutors are beginning to move forward to address the violations that occurred here."

Still, Markey added, congressional action is needed to tighten the penalties on pretexting. A bill, approved earlier by the committee, has been stalled in the House.

"We need to pursue a new direction in this country that ensures consumers will no longer be vulnerable to intrusions into their families' privacy, either by their employer, by the government or by criminals seeking to turn information into money," he said.

AP Business Writers Michael Liedtke in San Francisco, Brian Bergstein in Boston and Marcy Gordon in Washington contributed to this report.

Ex-Hewlett-Packard Chair Dunn Charged In Leak Case (Update9) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Hewlett-Packard Co. ex-Chairwoman Patricia Dunn and four others were charged with conspiracy and fraud by California's attorney general in the first prosecution stemming from a probe of illegally obtained phone records.

An internal inquiry into boardroom leaks at Hewlett-Packard, the world's second-largest personal computer maker, has been the subject of an investigation by California Attorney General Bill Lockyer. Dunn, 53, authorized the internal probe, which used fake identities to obtain the private phone records of board members and journalists, a tactic called pretexting.

The charges, filed today in state court in San Jose, are another black eye for Dunn, who has said she relied on investigators and isn't responsible for their conduct. Hewlett- Packard Chief Executive Officer Mark Hurd, who said he wasn't aware investigators were using pretexting, wasn't charged. The Palo Alto-based company is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

``One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," said Lockyer. ``In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Dunn's lawyer said earlier today that his client has advanced ovarian cancer and will undergo chemotherapy this week.

Hunsaker, DeLia

Also named in the complaint were Kevin Hunsaker, the company's former director of ethics and the executive who ran the internal probe, outside investigator Ronald DeLia of Security Outsourcing Solutions Inc. and Bryan Wagner and Matthew Depante, two private detectives hired on the company's behalf. Lockyer said the investigation is continuing.

``Patricia Dunn and Kevin Hunsaker were the key actors in the decision processes that led to pretexting," said James Post, a professor of management at Boston University. ``The chair of the board must be the No. 1 advocate for ethical standards."

The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000.

As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by ``ruse from the telecommunication carrier," prosecutors said.

Voluntary Surrender

Lockyer said he will seek to arrange the voluntary surrender of Dunn and Hunsaker. He said he was aware of reports that the former chairwoman is undergoing treatment for cancer and said he hopes she beats the disease.

Dunn's illness has no impact on her guilt, Lockyer said at a press conference today in Sacramento.

The attorney general, the state's top prosecutor, said he has no evidence of wrongdoing by Hurd. Arrest warrants are being sought for the other defendants, said Robert Anderson, chief deputy attorney general.

Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses.

The charges show ``prosecutors are beginning to move forward to address the violations that occurred," said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today.

Congressional Inaction

Markey criticized what he called the lack of Congressional action to increase the penalties for pretexting in order to obtain phone records, and to outlaw purchases or sales of the Social Security numbers used to obtain access to such records or other personal information.

House Republican leaders have refused to take up proposed legislation approved by the Energy and Commerce Committee in each of these areas, Markey claimed. Kevin Madden in House Majority Leader John Boehner's office confirmed a vote hasn't been scheduled.

Representative John Dingell, a Michigan Democrat, called Hewlett-Packard's actions a ``case study in deceit, dishonesty" and ``probably criminal" behavior.

James Brosnahan, a lawyer for Dunn, of Orinda, California, said his client will fight the charges.

`Wrong Reasons'

``These charges are being brought against the wrong person at the wrong time and for the wrong reasons," the lawyer said in a statement. ``They are the culmination of a well-financed and highly orchestrated disinformation campaign."

John Kiernan, a lawyer for DeLia, 56, of East Sandwich, Massachusetts, didn't return a call seeking comment. Michael Pancer, a lawyer for Hunsaker, 41, of Menlo Park, California, declined to comment.

Richard Preira, attorney for Depante, 27, of West Melbourne, Florida, didn't return calls or e-mails seeking comment. Wagner, 29, didn't return voicemail messages left at his home in Littleton, Colorado.

The company said in a statement that it's continuing to cooperate with state and federal investigators, and declined further comment.

Shares of Hewlett-Packard fell 17 cents to $37.85 at 7:27 p.m. in trading after the close of the New York Stock Exchange.

The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

`Tempest in a Teapot'

``This doesn't have much to do with the actual running of the company. It's more of a tempest in a teapot," said Barry James, who oversees $1.8 billion as chief investment strategist at James Investment Research in Dayton, Ohio, including 495,000 Hewlett-Packard shares. ``The market has moved on."

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters who were the subject of the leak inquiry in an effort to obtain their telephone records.

The company also sought the phone records of former CEO Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

`Rogue Investigation'

In recent weeks Dunn, Baskins, Hunsaker and Anthony Gentilucci, the company's global security chief, have all left the company because of their involvement in a probe that CEO Hurd called a ``rogue investigation."

When interviews with board members in early 2005 failed to pinpoint the source of the leaks, Dunn turned to contractor DeLia and his company, Boston-based Security Outsourcing, which used pretexting to download phone records from AT&T Inc. A Florida- based firm and another in Littleton, Colorado, were also involved in obtaining phone records, according to a review by the Energy and Commerce committee.

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hurd to review the company's conduct, said on Sept. 22.

33 Months

According to the court papers filed today, pretexting in the case compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Social Security numbers for targets of the probe were used to obtain the phone records, said Holston of Philadelphia-based Morgan, Lewis & Bockius. Gentilucci, who resigned last week, provided at least one employee's number to DeLia, Holston said. Baskins and Gentilucci are cooperating with Lockyer's probe, Anderson, his deputy, said.

Hunsaker, a six-year Hewlett-Packard veteran, invoked his Fifth Amendment right against self-incrimination at a hearing in Washington on Sept. 28, as did Gentilucci, Baskins, DeLia and other investigators called to testify.

In a Jan. 30 e-mail exchange between Hunsaker and Gentilucci, Hunsaker learned how pretexting worked from Gentilucci, who described the tactic as ``on the edge."

Hunsaker replied ``I shouldn't have asked."

Spyware

Hewlett-Packard also followed directors at their homes and on vacation and planted spyware on one reporter's computer. Investigators considered sending staff posing as administrative help and cleaning crews to spy on newsrooms, according to documents supplied by Hewlett-Packard and released by the House committee on Oct. 2.

Dunn has portrayed herself as a victim of investigators who kept her out of the loop and corporate legal experts who misled her about the legality of the tactics used. Company e-mails show she received regular updates from Hunsaker, the documents show.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Five Indicted In HP Scandal, But Former GC Escapes Charges (LAW)

By Cheryl Miller, The Recorder

California Recorder, October 5, 2006

Former Hewlett-Packard General Counsel Ann Baskins escaped criminal charges Wednesday, even as state prosecutors charged five others in connection with the computer company's boardroom spying scandal.

California Attorney General Bill Lockyer filed charges in Santa Clara County Superior Court against former Chairwoman Patricia Dunn; ousted HP senior counsel and ethics director Kevin Hunsaker; private investigator Ronald DeLia; records dealer Joseph DePante; and Bryan Wagner, who did work for DePante.

All five face felony charges of fraudulently obtaining confidential records, identity theft, accessing computer data without authorization, and conspiracy in connection with HP leaders' hunt in 2005 and early 2006 to find out who was leaking information from closed-door board meetings to the media. Investigators hired by the company allegedly used pretexting -- using a ruse or false identity -- to obtain the phone records of 24 individuals, including reporters and board members.

"One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," Lockyer said in a prepared statement. "In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Like Baskins, Hewlett-Packard CEO Mark Hurd and former security chief Anthony Gentilucci were not charged Wednesday, although both were involved with the internal probe, records show.

Baskins' attorney Cristina Arguedas declined to comment on the charges, as did an attorney for Gentilucci. In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged "the wrong person at the wrong time and for the wrong reasons." He also cryptically called the charges "the culmination of a well-financed and highly orchestrated disinformation campaign."

Baskins did not testify at last week's congressional hearing on the HP scandal, invoking her constitutional right under the Fifth Amendment not to incriminate herself. She resigned her post as general counsel the same day.

Dunn, who did testify before the House Energy and Commerce Committee, suggested Baskins had approved the questionable tactics used in the investigation, while outside counsel Larry Sonsini testified that he had asked Baskins about pretexting and had been told by her that it was legal.

According to internal company documents released by the congressional panel, Baskins was sent copies of a number of e-mail exchanges between Hunsaker -- who oversaw the investigation code-named "Kona" -- DeLia and other investigators, which chronicled efforts to trick a reporter into unwittingly divulging her company sources.

In a sworn complaint, Deputy Attorney General Robert Morgester said that "DeLia recalled that Baskins was curious about pretexting and concerned about its legality and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities."

Speaking for an article published last month in The Recorder, Arguedas called Baskins -- who had not yet resigned from HP -- "a person of great integrity" who was "at the top of her profession."

"I'm not aware of her doing anything wrong at all," Arguedas said.

Trying to discern why the attorney general didn't charge Baskins "is like asking why isn't it raining," said Rory Little, a former prosecutor and currently a professor at Hastings College of the Law.

"The short answer is, there's no guarantee she won't be indicted," Little said. "And we don't know what evidence she has. She may be talking to the AG. Or she may have provided exculpatory evidence."

The scandal became public when board member Thomas Perkins resigned in protest of the investigation methods and later complained that HP did not report his reasons for doing so to the Securities and Exchange Commission.

Director George Keyworth was identified as the source of the leak. He resigned from the board in September.

The attorney general filed charges under a section of the Penal Code that makes it illegal to seek "utility" records under false pretenses.

All four counts carry a maximum prison sentence of three years under current law. A recently signed state law that goes into effect Jan. 1 punishes those who use pretexting to obtain or sell phone records with fines of up to $2,500 or a year in county jail.

In a press conference Wednesday, Lockyer said the current case will rely on "numerous state laws" protecting consumers' privacy as well as the state Constitution.

"Our state Constitution includes one of the country's most expansive rights to privacy," he said.

Reporter Justin Scheck also contributed to this story.

Jobs Knew Apple Manipulated Some Option Grants (WSJ)

By James Bandler And Nick Wingfield

The Wall Street Journal, October 5, 2006

Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised "serious concerns" about the conduct of two former Apple executives.

Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said.

Apple's own probe found that Mr. Jobs, the company's chief executive, wasn't aware of the accounting implications of the manipulated options, and that there was "no misconduct" by him or any other member of current management. But the conclusions suggest that Mr. Jobs, who is one of the country's most-revered technology icons and widely considered Apple's creative nucleus and the embodiment of its brand, could face further scrutiny.

Authorities are examining whether companies fabricated the date on which options were granted to executives and other employees -- a practice known as backdating -- to give the options extra value. Backdating can run afoul of securities laws. To date, more than 100 companies are under federal investigation.

In a statement released late yesterday, Apple left open a number of questions, including whether Mr. Jobs was aware that backdating grants to give them more value was improper and was contrary to statements in the company's own securities filings. Apple also didn't address how the numerous instances of backdating occurred or spell out the role of the board, which administers option grants, in any improprieties. (See Apple's statement1)

Apple said that Mr. Jobs knew of manipulated grants in a "few instances" but that he didn't receive any grants he knew carried dates that had been favorably selected. Earlier, Apple had said one grant to Mr. Jobs was problematic.

An Apple spokesman declined to elaborate beyond yesterday's statement, though he added that the irregular options grants accounted for 6% of the company's total grants between 1997 and 2002, the period being investigated. Apple, of Cupertino, Calif., said the backdating extended from 1997 to 2002, and included 15 dates. The company has said it expects to restate its financial results to account for extra compensation expense related to the backdated options.

Apple didn't name the former executives whose actions it cited, but it said that director Fred Anderson, an ex-executive who served as finance chief during the time of the backdated grants, resigned from Apple's board. Mr. Anderson informed Apple's board of his resignation on Saturday night by email, a person familiar with the matter said.

In a letter to the board reviewed by The Wall Street Journal, Mr. Anderson said he was resigning to "avoid even the appearance of any conflict of interest" in light of the imminent release of the probe's findings. Mr. Anderson added in his letter that he has always conducted himself "with the utmost integrity and in accordance with the highest ethical standards." The resignation was announced yesterday.

Kevin V. Ryan, the U.S. attorney for the Northern District of California, has made the stock-options manipulation investigations a top priority of his office, which created a stock-options task force in July. On July 20, Mr. Ryan's office charged two former executives from Brocade Communications Systems Inc. with criminal fraud violations for their alleged roles in a backdating scheme at the San Jose technology concern.

Aitan Goelman, a lawyer for Zuckerman Spaeder LLP in Washington, D.C., said the chance Mr. Jobs will face criminal prosecution is "infinitesimal," assuming Apple's probe was thorough. Prosecutors typically need to show criminal intent to make fraud cases, defense lawyers say, and Apple's disclosures don't suggest that Mr. Jobs had any.

Still, Mr. Goelman said Mr. Jobs could face civil action from the Securities and Exchange Commission. Apple said yesterday that it was providing details of the former executives' actions to the SEC.

In his statement, Mr. Jobs struck a contrite note. "I apologize to Apple's shareholders and employees for these problems, which happened on my watch. They are completely out of character for Apple," Mr. Jobs said.

Mr. Jobs didn't respond to a direct request for comment by email.

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Apple isn't the only company connected to Mr. Jobs to have favorably priced options. Top executives of Pixar Animation Studios, the computer-animation company Mr. Jobs co-founded, received option grants priced at the stock's annual lows in four years between 1997 and 2003 -- a statistically remarkable occurrence that suggests the dates may have been manipulated.

Mr. Jobs never received any options from Pixar, which was acquired by Walt Disney Co. earlier this year. But Pixar filings say the company's board, of which Mr. Jobs was chairman, performed the functions of a compensation committee, including granting options.

Options typically give their recipients the right to buy stock in the future at its price at the time of the grant, called the exercise price. If the stock goes up from the exercise price, the recipient can profit.

It isn't clear which 15 grants Apple's outside lawyers deemed to be troublesome. But in several cases between 1997 and 2001, Apple executives received grants dated just ahead of sharp increases in the company's share price. One grant, dated Jan. 17, 2001, went to Mr. Anderson and three other top officers, but not Mr. Jobs. Apple's shares leapt the next day, rising a total of 29% by the end of the month. The four executives later exercised many of those options for total profits of more than $100 million.

Mr. Anderson's resignation from the Apple board represents a rift between the company and an executive credited with helping revive Apple's fortunes in the late 1990s. A person familiar with the matter said Apple hasn't informed Mr. Anderson whether he is one of the two former officers of the company accused of inappropriate actions.

"Fred was a very successful CFO at Apple, where he played an integral part in saving that company, its employees and shareholders from financial ruin," said Roger McNamee, a co-founder of Silicon Valley private-equity firm Elevation Partners, where Mr. Anderson is currently a partner.

Mr. Jobs himself received a mammoth grant dated Jan. 12, 2000, which corresponded with the bottom of a sharp plunge in Apple's share price. The grant of 40 million shares, adjusted for splits, was announced a week later; by that time Apple's stock had risen 22%. The grant was, by one measure, the most valuable ever given to a corporate executive. Mr. Jobs later exchanged those options for millions of shares of restricted stock.

Nancy Heinen, Apple's former general counsel, left the company without explanation in early May. Ms. Heinen didn't return a message left at her home phone number, and an Apple spokesman wouldn't say if she was one of the former officers referred to in the company's statement.

Cristina Arguedas, Ms. Heinen's attorney, said Ms. Heinen hasn't been told that she is a target of any investigation. "Nancy has had a long career and is a well respected lawyer in Silicon Valley," Ms. Arguedas said.

In after-hours trading yesterday, Apple shares were down 58 cents to $74.80.

Jobs Didn't Know Of Stock Options' Accounting Issues (USAT)

By Jefferson Graham

USA Today, October 5, 2006

Apple CEO Steve Jobs was aware of the company's practice of backdating stock-option grants but unaware of the accounting implications, the company said Wednesday.

A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday.

“I apologize to Apple shareholders and employees for these problems, which happened on my watch,” Jobs said. “They are completely out of character for Apple.”

In August, Apple said its quarterly report would not be filed on time because it was reviewing its practices for granting stock options and that it might have to restate past earnings results. It confirmed Wednesday that it will restate some results to record non-cash charges for compensation expense relating to past stock-option grants.

The review discovered that dates on stock-option grants made on 15 dates from 1997 to 2002 preceded the approval of the grants, Apple said Wednesday.

The board found that Jobs was aware that favorable grant dates had been selected but didn't receive or benefit from the grants and was unaware of the accounting issues. Apple said its investigation found no misconduct by any member of Apple's current management team.

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Jobs said Apple will work to resolve the remaining accounting issues "as quickly as possible" and to put measures in place "to ensure that this never happens again."

Apple's investigators looked at 650,000 e-mails and documents and conducted interviews with more than 40 current and past Apple employees, directors and advisers.

Dozens of other companies are entangled in some sort of stock-option trouble, mostly over backdating.

"What the report confirms is that the black eye on Apple we anticipated is indeed a black eye," says Gene Munster, an analyst at equity firm Piper Jaffray. "The scope of the number of grants is bigger than I expected, but the good news is this is all in the past."

His biggest concern was the impact on Jobs. "He offered an honest assessment and comes out fine, and that's what really matters."

Apple said the investigation raised "serious concerns" regarding the actions of two unnamed former officers in connection with the accounting, recording and reporting of stock-option grants. Apple will provide all details regarding their actions to the Securities and Exchange Commission, it said.

Apple stock fell 58 cents in after-hours trading to $74.80.

Apple Says Jobs Knew Of Options (NYT)

By Laurie J. Flynn

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Apple Computer said on Wednesday that an internal review had found that Steven P. Jobs, the chief executive, knew that the company was backdating some stock options granted to employees to inflate their value.

The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been "irregularities" with some options granted to Mr. Jobs, but he declined to elaborate.

Apple, riding high on the popularity of its iPod music player, repeated that it would most likely need to restate past financial statements, but said it had not yet determined the amount or for which periods.

"I apologize to Apple's shareholders and employees for these problems, which happened on my watch," Mr. Jobs said in a statement. "They are completely out of character for Apple." Mr. Jobs said the company was working to resolve the remaining issues quickly.

Apple revealed in June that it had discovered irregularities related to stock options awarded between 1997 and 2001.

By doing so, it joined more than 100 companies, including Microsoft, that have announced investigations into their options practices.

At the time, Apple said it was examining a grant made to Mr. Jobs that may have been improper. Mr. Dowling would not discuss the specifics of that grant on Wednesday.

Apple also announced that Fred D. Anderson, an Apple director who was chief financial officer from 1996 to 2004, the period when the questionable grants were made, had resigned from the board, and said he had told the company that "he believes it is in Apple's best interests" that he leave.

Mr. Anderson is now managing director of Elevation Partners, a high-profile private equity company he helped found after leaving Apple.

Roger McNamee, Elevation's chief executive, said in an e-mailed statement that he had confidence in Mr. Anderson, whom he considered to have "uncompromising character," and that he would remain part of the company.

Apple's statement said the financial investigation "raised serious concerns" about the activities of two other former Apple officers, but did not name them. The company said it would share details with the Securities and Exchange Commission.

Apple said the investigation found no misconduct by anyone on the company's current management team. Mr. Dowling said the company was not required to discuss Mr. Jobs's role in the options grants, but was doing so in the interest of full disclosure. He said Mr. Jobs was not available for an interview.

Apple shares fell 66 cents, or 0.9 percent, in after-hours trading, after rising $1.30 in regular trading to close at $75.38.

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Charles R. Wolf, an analyst with Needham & Company, said that investors were likely to respond favorably in the long term, and that he did not expect Apple's restatement of earnings to be significant or to hurt its future performance.

"The major risk in the backdating of options was that somehow Steve Jobs was actively involved," Mr. Wolf said. "The announcement today eliminated that possibility."

Mr. Wolf said it was within reason that Mr. Jobs would not have paid attention to the backdating, particularly given that it was common and legal. "I don't think he'd know an asset from a liability," Mr. Wolf said of Mr. Jobs. "That's not his game."

One unusually large grant to Mr. Jobs had been under scrutiny. Apple disclosed on Jan. 19, 2000, that he had received options to buy 10 million shares, effective Jan. 12. Those options carried a strike price of $87.19, the stock's lowest closing price in the two months up to that date; by Jan. 19, the stock had risen to $106.56.

The options later became worthless as Apple's stock price declined. Mr. Jobs canceled most of his options in 2003 and was given restricted stock instead.

A week after Apple disclosed its investigation, two shareholder lawsuits filed in California charged current and former Apple executives and directors with manipulating stock grants. Those suits are still pending.

Apple said on Wednesday that stock option grants made on 15 dates between 1997 and 2002 appeared to have grant dates that preceded the approval of those grants. The company said the last one came in January 2002. Mr. Dowling said that the 15 dates represented 6 percent of all stock grants during the period.

At the time of the options grants, it was not uncommon for companies to disclose stock option awards days or weeks after a grant was made. But the Sarbanes-Oxley Act of 2002, which addresses corporate accountability, now requires companies to report option grants within two days.

Apple reported the findings after a special committee of outside directors, lawyers and accountants completed a three-month investigation, examining more than 650,000 documents.

Apple CEO Apologizes In Options Scandal (WP)

By Carrie Johnson

The Washington Post, October 5, 2006

Apple Computer's chief executive, Steve Jobs, apologized yesterday for a stock options scandal that he said "happened on my watch," after a three-month internal investigation uncovered "serious concerns" with the actions of two former executives.

Jobs was aware "in a few instances" that unnamed company executives had gone back in time to cherry-pick dates when stock prices were low to increase the likelihood that employees would turn greater profits. But Jobs did not "receive or otherwise benefit from these grants," the Cupertino, Calif., company said in a statement after the markets closed.

Apple disclosed in June that Jobs had received one of the grants, but it was eventually canceled and he did not profit from it. Jobs was "unaware of the accounting implications" of the stock maneuvers, the company said, a conclusion that could provide him some regulatory cover.

The company declined to identify the two former executives whose conduct over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the "best interests" of the company. Apple's longtime general counsel, Nancy Heinen, resigned earlier this year. Anderson could not be reached for comment, and Heinen's lawyer did not return phone calls.

Apple will provide the results of its investigation, which covered interviews with more than 40 current and former employees and a review of 650,000 e-mail messages and documents, to the Securities and Exchange Commission, spokesman Steve Dowling said in a telephone interview.

Stock options give employees the chance to purchase stock at a set price and within a specific period of time. Employees profit based on the difference between the stock price on the date of the award and the date they sell the shares. Options were a popular tool in the 1990s for companies to recruit and retain employees.

In recent months, securities regulators have said they are investigating more than 100 public companies for altering the dates of option awards to ensure greater potential profits for employees. In some cases, executives appear to have selected

dates when the stock price was lower, after the fact, increasing the likelihood that they and favored employees would profit. Backdating is not in itself illegal, but companies must disclose such maneuvers to investors and board members.

Apple's problems with stock options broke into public view four months ago. The review of the transactions, by John Potter at the law firm Quinn Emanuel Urquhart Oliver & Hedges LLP, flagged an undisclosed number of backdated stock option awards that were made on 15 dates between 1997 and 2002. No members of the company's current management team were implicated in the probe, according to the news release.

Apple previously announced it would need to restate earnings from 2003 to 2005. But the company said yesterday that it was continuing to explore which periods required restatements. Apple has not assessed the possible charges or their tax and accounting implications, the statement said.

"We will now work to resolve the remaining issues as quickly as possible and to put the proper remedial measures in place to ensure that this never happens again," Jobs said.

Jonathan D. Hoopes, a managing director at ThinkEquity Partners LLC in New York, called Apple's problems "unfortunate." But Hoopes still carries a positive outlook on Apple, which he said was well positioned to increase its stock price and its profitability with strong back-to-school and holiday seasons. Apple's stock fell 58 cents to $74.80 in after-hours trading as of 8 p.m.

"If Steve [Jobs] would have taken the fall, it would have been a much different story," said Hoopes, who neither owns Apple stock nor does banking business with the company.

Apple Presents Stock Option Findings To Feds (LAW)

By Justin Scheck And Petra Pasternak, The Recorder

California Recorder, October 5, 2006

A day before Apple Computer publicly announced results of an internal investigation over stock option backdating, the company's lawyers held a meeting with federal prosecutors in San Francisco to spell out what they'd found.

Lawyers for Apple wouldn't comment on Tuesday's meeting with the feds. "I really can't say anything about it," said John Potter, the partner at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation for a board committee. And George Riley, a partner at O'Melveny & Myers who represents the company, was similarly taciturn. "To be clear: we have no comment on the story," he wrote in a Wednesday e-mail.

Apple publicly revealed Wednesday that 15 option awards between 1997 and 2002 "appear to have grant dates that precede the approval of those grants," according to a public document filed with the SEC.

The company's CEO, Steve Jobs, apparently "was aware that favorable grant dates had been selected" but was unaware of the accounting ramifications and didn't personally benefit, the filing said. Board member and former CFO Fred Anderson resigned, it added.

The investigation also raised "serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants," the company said in the filing, though it did not specifically name any executives. "The company will provide all details regarding their actions to the SEC."

Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts.

Longtime Apple GC Nancy Heinen left the company earlier this year for undisclosed reasons. She subsequently retained Cristina Arguedas, the top Bay Area criminal attorney who is also representing former Hewlett-Packard general counsel Ann Baskins.

Arguedas would only say Wednesday that "Nancy Heinen has had a long career, and is a well-respected lawyer in Silicon Valley, and is well-known for her integrity."

Reached Wednesday afternoon, Heinen likewise declined to comment. "I'm in the grocery store, I'm not gonna talk," she said with a small laugh.

A spokesman for the Northern District of California U.S. Attorney's Office declined to comment on the Apple investigation.

The plaintiffs bar immediately descended on Apple after the company first announced it had stock option problems at the end of June. A derivative suit filed in U.S. district court in San Jose does not name Heinen as a defendant, however.

But Jeffrey Krinsk, name partner at San Diego's Finkelstein & Krinsk, said his firm plans to name Heinen in another derivative class action as an officer who had either been a recipient of backdated stock options, or who had known about Apple's practices. The firm plans to file in state court by the end of the week.

"We believe there's liability directed at her for her acts and practices in connection with backdating," Krinsk said.

Lay's Lawyers Want Judge's Ruling To Wipe Record Clean (HC)

By Kristen Hays

Houston Chronicle, October 5, 2006

Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name.

They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned.

Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases.

A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction.

Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants.

Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23.

Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died.

However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government "did not introduce, let alone obtain passage of, any such legislation."

Also, no lawmakers stepped forward to sponsor such legislation.

Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks.

Justice Department spokeswoman Jaclyn Lesch declined comment Wedensday.

In another Enron case, prosecutors said in a filing made public Wednesday that they intend to ask for leniency when a former investor relations executive is sentenced Friday for insider trading.

Paula Rieker, 52, pleaded guilty to that charge in 2004. She testified against Lay and Skilling, saying both lied to or misled investors about Enron's financial health.

Rieker, Enron's former No. 2 executive in investor relations who later became corporate secretary, faces anywhere from probation to a maximum of 10 years in prison for insider trading. The government didn't suggest a specific sentence, but said in Wednesday's filing that she was among "primary insiders" who helped prosecutors win convictions against the former top two executives.

Rieker's lawyers also have asked for leniency, but a judge allowed their filing on that subject to be sealed from public view because it addresses her health and finances.

Judge Orders Ex-Kmart Execs To Trial (FINDLAW/AP)

AP, October 5, 2006

DOJ_NMG_0075022

(AP) - FLINT, Mich.-A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing.

In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005.

"We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated," McDonald's lawyer John Sylvia said Wednesday.

Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith.

Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003.

It acquired Sears, Roebuck & Co. in 2005. The new company, called Sears Holdings Corp., is based in Hoffman Estates, Ill.

The SEC wants to bar the men from serving as officers at public companies and recover an unspecified amount of money.

"The SEC now looks forward to presenting its case to a jury for decision," SEC enforcement lawyer Dean Conway told The Detroit News.

The SEC says the men made false statements during a Nov. 27, 2001, conference call with investors that concealed the extent of Kmart's financial difficulties.

On the Net:

U.S. Securities and Exchange Commission: http://www.sec.gov

Sears Holdings Corp.: http://www.searsholdings.com

CRIMINAL LAW:

Order On Documents Signals Justice Dept. May Pursue Foley (WP)

By Dan Eggen And Allan Lengel

The Washington Post, October 5, 2006

Federal prosecutors yesterday ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman.

The three-page "preservation letter" -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts.

FBI agents also continued to seek out current and former pages who may have had contact with the former Florida congressman, who resigned Friday after some inappropriate comments he made to pages in e-mails and online instant messages became public.

One law enforcement source said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to determine how many pages may have communicated with Foley. Investigators are not limiting their interests to participants in the congressional page program, sources said.

The Florida Department of Law Enforcement also confirmed yesterday that it has begun its own preliminary inquiry.

The legal developments only served to worsen the expanding political crisis for House Republicans just five weeks before the midterm elections, as Speaker J. Dennis Hastert (R-Ill.) fought to hold on to his job amid fierce criticism of the way he and other GOP leaders handled the Foley scandal. Foley's former chief of staff, Kirk Fordham, announced yesterday that he was resigning from his current job as chief of staff for Rep. Thomas M. Reynolds (R-N.Y.), and he said he had warned Hastert's office about Foley's worrisome conduct more than three years ago.

DOJ_NMG_0075023

Although the Justice Department's inquiry is still defined as a preliminary investigation, the demand to preserve records and other moves by Justice investigators significantly increase the likelihood that prosecutors will soon open a full criminal investigation and bring the case before a grand jury, several officials said.

The letter was also aimed at avoiding another legal conflict with the House, which strenuously objected in May when FBI agents raided the office of Rep. William J. Jefferson (D-La.) seeking evidence in a bribery investigation.

On other fronts, the Justice Department and the FBI are preparing to use administrative subpoenas to obtain subscriber information for the e-mail accounts at the heart of the case, according to law enforcement officials. Authorities said their job will be made more difficult because providers such as AOL do not keep records of instant messages, the real-time text chat used in the sexually explicit exchanges Foley is accused of engaging in.

Foley sent e-mails to pages from an AOL e-mail account with the screen name "Maf54," and he used the same identification for chats on AOL's popular AIM service, according to ABC News, which obtained the communications from former pages.

Law enforcement officials said earlier that the FBI had not yet demanded information from AOL or other communications providers in connection with the case. AOL spokesman Andrew Weinstein said the company would not comment regardless of whether such a demand had been received.

Weinstein said AOL servers do not record instant messages, although it is possible to do so under a court order. That, Weinstein said, means AOL could not retrieve Foley's past instant messages -- which appear to have been sent primarily in 2003. But users can easily copy, save or print such exchanges themselves.

The focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators "have not ruled out any number of possible crimes that could be looked at," said one official, who along with others requested anonymity because of the ongoing investigation.

David Schertler, a former federal prosecutor now in private practice in the District, said federal law would apply to "whoever persuades, induces or entices," by telephone or e-mail, a minor to engage in sexual activity, whether or not a sex act occurred. "Some of the comments that are in those e-mails could be interpreted as violations of the statute. Whether or not they present a compelling case is another matter," Schertler said.

The chat exchanges attributed to Foley so far include lewd discussions of body parts and sex acts and hint at intimate meetings that either happened or were sought by Foley.

Two law enforcement officials said the ages of the boys communicating with Foley could be a serious complication, however. Federal law defines a minor as anyone under 18, but many jurisdictions set a lower age of consent for sexual acts. Federal officials say they take into account the age of sexual consent in a local jurisdiction when determining whether a federal law has been violated.

In the District, for example, the age of consent is 16, although lawmakers this year passed legislation allowing prosecution of ministers or other people of authority who have sex with someone 17 or younger.

Officials said there has been no attempt at this point to raid or seize the records in Foley's office.

Stuart F. Pierson, a former federal prosecutor who is now a lawyer with the D.C. firm Troutman Sanders LLP, said getting to Foley's computers may require negotiation with the House counsel's office.

"There are a lot of sensitivities searching a congressman's office," he said.

Hastert indicated to reporters Monday that House leaders "expect everybody to cooperate" and would not stand in the way of investigators. Foley's attorney, David Roth, also pledged full cooperation with the FBI. "Nothing will be altered," he said.

DOJ Asks House To Preserve Foley Materials (RC)

By John Bresnahan

Roll Call, October 5, 2006

Senior Justice Department officials have asked House lawyers to “preserve” all the material and items still in former Rep. Mark Foley’s (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear.

Foley, who resigned from Congress on Friday following the release of sexually graphic electronic messages he sent to former House pages, personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them.

A federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court.

According to Clerk of the House's official Web site, "The files generated by a Member's [C]ongressional office and accumulated in the course of service as a Member of the U.S. House of Representatives are the personal property of the Member." This includes any electronic or telephone records, computer files, calendars, meeting logs, CDs or other materials.

Although he has left office, Foley still retains the right to assert his privilege under the Speech or Debate Clause that any materials in those offices are related to the legislative process and therefore immune from search by FBI agents or other executive-branch officials. Rep. William Jefferson (D-La.) has raised similar privilege claims in his legal battle with the Justice Department, which is targeting the Democratic lawmaker as part of an ongoing bribery and corruption probe.

While Foley is unlikely to succeed in a claim that his e-mails or electronic messages to the former pages are privileged, he could attempt to slow down the FBI investigation of his contacts with the former pages, and thus bolster his position in any future negotiations with DOJ prosecutors.

"I know of no case where the privilege was lost because a Member was no longer in office," said Charles Tiefer, a former House general counsel who is now a professor at the University of Baltimore School of Law. Tiefer served as general counsel from 1984 to 1995. "It has never been the tradition that the privilege lapsed."

Since Foley's resignation, the Clerk of the House has taken physical control of the former lawmaker's offices in Florida and Washington, D.C. — the regular procedure when a Member dies in office or suddenly resigns. The locks were changed on the offices, and the Clerk is acting as a custodian for all the materials and records inside the Cannon House Office Building and district offices in the Florida cities of Palm Beach Gardens, Port St. Lucie and Port Charlotte.

Scott Bunnell, chief of DOJ's Criminal Division, requested in a Tuesday letter to Geraldine Gennet, the House general counsel, that House officials "ensure that all potentially relevant information is preserved" to help the FBI with its Foley investigation.

The steps that Bunnell requested House officials take included cutting off any remote access Foley has to computers located in his old Congressional offices, as well as directing Foley's former staffers in writing "that they are not to delete, shred, or otherwise destroy and documents in the office or on the computer."

Bunnell asked House officials to unplug any computer Foley personally used to retrieve e-mail traffic or track Internet sites he visited.

Jay Eagan, the Chief Administrative Officer for the House, already is setting aside electronic tapes on the House computer server, although this will cover only a two-week period. Other e-mail and electronic message records related to Foley, especially those sent or received in non-Congressional accounts, will have to be obtained from private companies.

Bunnell said the Justice Department's Child Exploitation and Obscenity Section, a unit within the Criminal Division, as well as the U.S. attorney's office for the District of Columbia, are overseeing the Washington portion of the Foley investigation. FBI agents in Florida also are working on the case, with additional investigators fanning out across the country to speak to former Congressional pages about their dealings with Foley.

In conversations with House lawyers, DOJ officials "have stressed the importance of preservation, and in particular the importance of obtaining a properly rendered image of the hard drive [on Foley's computer] for forensic purposes," Bunnell wrote.

The Justice Department wants to bring in its own computer experts to handle any forensic reconstruction on Foley's computers, Bunnell said. This includes the BlackBerry issued to Foley by the House, which Foley reportedly used to contact at least one teen and have "Internet sex" during a House vote in 2003, according to ABC News.

Bunnell and other DOJ officials, including Alice Fisher, assistant attorney general for the Criminal Division, are cognizant of the sensitive legal and political issues they face in investigating Foley, especially as it regards removing potential evidence from his office, according to sources close to the case.

Attorney General Alberto Gonzales and other DOJ officials came under intense criticism from House leaders in May after FBI agents raided Jefferson's office. While the agents had a search warrant approved by a federal judge, Speaker Dennis Hastert (R-Ill.), Minority Leader Nancy Pelosi (D-Calif.) and other leaders from both parties strongly objected to the move, which they considered a serious breach in the constitutional separation of powers between the executive and legislative branches. President Bush became personally involved in easing those tensions, although Justice and Jefferson's lawyers are still fighting in court over the propriety of the search.

In this case, Bunnell acknowledged that the House simply cannot turn over the Foley materials to the FBI, despite the furor over Foley's activities.

"This simply is a request for preservation to 'freeze' what information is currently available," Bunnell wrote. "We can address subsequently the matter of production of information, although we are ready to accept anything that you are presently able to provide to the Department."

Tiefer said there is "a fairly well-established legal tradition" that Foley personally owns any materials in his Congressional office.

Tiefer, however, believes that Foley will have a difficult time asserting a Speech or Debate privilege over any sexually explicit electronic exchanges with teenage boys, even if those records are contained in a computer hard drive that also includes material that is clearly legislative, and thus privileged.

"It's not like [the page] e-mails are in a gray zone," Tiefer said. "This is his social life. It's very easy [for the House] to turn over evidence that relates to a Member's social life rather than legislative business."

While Foley could seek to slow the investigation by asserting privilege, Tiefer said it's possible to set up a method to review Foley's computer files and electronic messages that excludes official items while allowing FBI agents to get the information they need. "It can go very fast. It does not have to be a long, drawn-out process," Tiefer said.

Foley's Ex-aide Resigns; Probe Intensifies (AP)

AP, October 4, 2006

WASHINGTON — The Justice Department ordered House officials to "preserve all records" related to disgraced Representative Mark Foley's electronic correspondence with teenagers, intensifying an investigation into a scandal rocking Republicans five weeks before midterm elections.

The development came as a congressional aide who counseled Foley to resign last week submitted his own resignation today. "I never attempted to prevent any inquiries or investigation," Kirk Fordham said in a statement.

Fordham was once Foley's chief of staff. At the time of his resignation he had been serving in the same capacity for Rep. Tom Reynolds, R-N.Y., a member of the GOP leadership who has struggled to avoid political damage in the scandal's fallout.

Republicans have been struggling to put the scandal behind them, but another member of the leadership, Rep Roy Blunt of Missouri, said pointedly during the day he would have handled the entire matter differently than Speaker Dennis Hastert did, had he known about it.

"I think I could have given some good advice here, which is you have to be curious. You have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Foley resigned last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, according to a Justice official speaking on condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

DOJ_NMG_0075026

At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

Justice Department spokeswoman Tasia Scolinos stressed that the investigation is still preliminary.

Fordham played a key role in fast-developing events late last week. Initially, Foley was reported to have written overly friendly — not sexually explicit — e-mails to a former Capitol page. A day later, ABC news followed up with a report that said the Florida lawmaker had also sent sexually explicit instant messages to at least one other male page.

He said earlier this week he asked Foley about the sexually explicit instant messages, and the congressman confirmed they were probably his.

"Like so many, I feel betrayed by Mark Foley's indefensible behavior," he said. He blamed Democrats for seeking to make a political issue of the matter in Reynolds' re-election campaign, "and I will not let them do so."

There were signs of concern among Republicans, as well.

Sen. John McCain of Arizona called for a group of former senators and others to investigate how the House handled the affair.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said during a campaign speech for Sen. Lincoln Chafee in Rhode Island. "I think it needs to be addressed by people who are credible."

Some other Republicans rallied to the speaker. The chairmen of two coalitions of social and fiscal conservatives in Congress said he should not step down. "Speaker Hastert is a man of integrity," Rep. Mike Pence, R-Ind., and Rep. Joe Pitts, R-Pa., said in a joint statement.

Rep. Rodney Alexander, R-La., the congressman who sponsored the page at the heart of the furor, said Hastert "knew about the e-mails that we knew about," including one in which Foley asked the page to send his picture. But he quickly backed off that comment, saying he discussed the e-mails with Hastert's aides, not the speaker himself.

"I guess that's a poor choice of words that I made there," he told AP.

Hastert has insisted he not know about the e-mails that were discussed with his staff.

Alexander said in an interview he first took up the matter after receiving press inquiries in November, when he told Hastert's staff and the parents of the 16-year-old boy who received the e-mails. The parents wanted the correspondence stopped but apparently did not want to take the matter further.

After a second round of press inquiries in the spring, Alexander said, he again notified the family and discussed the e-mails with the new majority leader, John Boehner of Ohio, on the House floor during a vote.

Alexander said Boehner turned first to Reynolds, the architect of the Republican midterm election strategy.

"I went to Boehner before Reynolds," Alexander told AP. "He sent Reynolds to me to talk about it. Within a minute Reynolds and I were talking."

Boehner and Reynolds have both said they had spoken with Hastert about a complaint concerning a former page from Louisiana last spring, after Alexander told them about it.

The uproar that followed Foley's resignation has enveloped Republicans who were already at risk at losing control of Congress in elections five weeks away.

Conservative activist Richard A. Viguerie was among those who called for Hastert to step down. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," Viguerie said on Fox News.

Hastert has said he would not quit.

Alexander defended Hastert on Wednesday, as well as his own response.

"Hey, what else was I supposed to do?" Alexander asked. "I was very uncomfortable even talking to somebody in the speaker's office."

Investigators To House: Keep Foley Documents (CNN)

CNN.com, October 5, 2006

WASHINGTON (CNN) -- Federal investigators have asked the House of Representatives to keep computer records and papers from former Rep. Mark Foley's office, a senior Justice Department official said Wednesday.

The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said.

The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said.

House members are expected to cooperate with any necessary searches during the probe, according to federal law enforcement sources. (Watch the House speaker insist GOP leaders didn't initially see the messages to the page -- 2:25)

Foley, a Republican who represented a district in Florida, resigned Friday amid allegations that he sent "overly friendly" e-mails to a male teenage page in the House. Soon afterward, sexually explicit instant messages, allegedly between Foley and a page, surfaced. The former congressman checked in to a treatment facility Sunday for alcoholism and mental issues, his lawyer said.

Attorney David Roth held a news conference in West Palm Beach, Florida, on Tuesday to announce that Foley was gay and had been molested when he was a teen by a clergyman. Roth would not elaborate. He said Foley would explain when he was discharged from the treatment center, which will take at least 30 days.

Roth conceded that his client engaged in inappropriate exchanges with pages and former pages. However, Roth emphatically stated that Foley "never, ever had an inappropriate sexual contact with a minor in his life." Any assertion that Foley is a pedophile is "categorically false," Roth said. (Watch Roth explain how Foley was molested -- 2:07)

Foley was under the influence of alcohol when he wrote the messages, the attorney said.

Roth's statement came shortly after ABC News published an instant message exchange that it said showed Foley had cybersex with a teen before a House vote in 2003. ABC News has released several portions of lurid instant messages, allegedly between Foley and a page.

On Wednesday, more allegations surfaced. Rep. Deborah Pryce, R-Ohio, asked House Clerk Karen L. Haas to investigate "rumors" that Capitol Police stopped an intoxicated Foley from entering the page residence hall.

Pryce wrote in her letter to Haas that the rumors indicate the incident happened "within the last several years." Pryce also wrote that there is a claim that the director of Republican pages took concerns about Foley to then-House Clerk Jeff Trandahl. (Watch a page recount how an exchange with Foley "turned sexual almost immediately" -- 2:02)

Both claims came to light during a conference call with members of the House Republican Conference, Pryce wrote.

"The facts behind these rumors need to be made clear so that we can help ensure the future safety of young people who are left in Congress' charge when they serve as pages," she wrote. Washington ethics group: FBI knew

House Majority Leader John Boehner, of Ohio, wrote a similar letter to Haas about the residence hall rumor. The letter dated Tuesday stated Boehner was "seeking information as to whether this alleged incident occurred and to whom it may have been reported."

The Washington watchdog group that first published the inappropriate e-mails between Foley and a Louisiana teenager said Wednesday that it told the FBI in July about Foley's communications. Those messages were deemed by a congressman who oversees the page program inappropriate but not sexually explicit.

The FBI contends that Citizens for Responsibility and Ethics in Washington did not provide enough information -- including the pages' identities and e-mail addresses -- to pursue the case. The FBI reviewed copies of the messages, government officials said, but did not have enough information to move forward with an investigation or seek subpoenas.

CREW Executive Director Melanie Sloan disputed that account, saying the FBI was given the teen's full e-mail address July 21. CREW received the e-mails that day from "a third party who had gotten them from a congressional staffer," she said. (Watch Sloan question why the inquiry took so long -- 1:44)

Sloan said they were sent via e-mail to the FBI.

"The agent called me to follow up to say, 'So, these are e-mails from Mark Foley?' And I said, 'Yes.' And that was the end of our interaction," she said.

CREW has questioned whether the White House helped "cover up Rep. Foley's conduct and leave a potential sexual predator on the loose." The group also asked the Justice Department's inspector-general to investigate why the FBI didn't take further action.

The scandal has rocked the Republican leadership of the House about five weeks before the November midterm elections. It also has triggered a call for House Speaker Dennis Hastert, an Illinois Republican, to step down, but his spokesman and fellow GOP congressmen have said that isn't going to happen. (Watch the GOP defend Hastert -- 2:54)

Hastert asked the Justice Department on Sunday to investigate Foley's conduct and what steps were taken by House members and staff when concerns about the congressman came up.

Government officials said several former pages have been interviewed, and investigators are still trying to find and interview others. Part of this process is "getting real people to make real charges," one official said.

House leaders have acknowledged they were told in late 2005 that Foley was sending "overly friendly" e-mails to the Louisiana teen. Rep. John Shimkus, the Illinois Republican who chairs the board overseeing the page program, told Foley to stop, and said Foley claimed he would.

Rep. Tom Reynolds, a Republican from New York and head of the GOP's House campaign committee, has said he warned Hastert about Foley's e-mail in the spring. Hastert said he doesn't dispute Reynolds' account but doesn't recall the conversation.

Reynolds' chief of staff resigned Wednesday amid allegations he tried to protect Foley from congressional inquiries. Kirk Fordham, who previously had served as Foley's chief of staff, denied taking any inappropriate action on Foley's behalf. Fordham said he was merely reaching out to Foley "as any good friend would."

According to The Associated Press, Fordham claims he told Hastert's three years ago about Foley's worrisome conduct with the pages, a claim Hastert's office denies.

Meanwhile, Rep. Ray LaHood, a Republican from Illinois, has called the page program "antiquated" and suggested suspending it until "some scholarly people in Washington really evaluate the program and bring it into the 21st century," (Watch how alleged improprieties involving pages are nothing new -- 2:45)

"These young men and women come to Washington, look to us as their heroes and people they can look up to, and then we betray their trust -- or some members betray their trust -- by taking advantage of them," he said. "We should not subject young men and women to this kind of activity and this kind of vulnerability."

Along with the FBI, the Florida Department of Law Enforcement and the House Ethics Committee are also investigating Foley's conduct and whether there was any attempt to cover it up.

CNN's Kelli Arena, Terry Frieden, Susan Candiotti, Andrea Koppel, John Zarrella and Dana Bash contributed to this report.

NATIONAL Foley Probe Shifts Into Higher Gear, But Not In Florida (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 5, 2006

- As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do.

"We're not doing anything right now," said a Justice Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly "sensitive" matter.

"They told us it's very sensitive so we shouldn't say anything," the official said. "That's no problem, because we're not doing anything."

Four days after House Speaker Dennis Hastert requested a federal investigation to determine if Foley had committed any crimes by sending raunchy Internet messages to congressional pages, House officials said Wednesday they have received a request from a U.S. prosecutor in Washington to protect all documents - computerized and otherwise - that are connected to the sex scandal.

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The "preservation letter," as it is called in legal circles, is a common, often-standard move that foreshadows the possible issuance of subpoenas and search warrants.

FBI agents in Washington have begun interviewing those connected with the House page program as part of a preliminary assessment to gauge if enough indications of potential wrongdoing exist to launch a criminal probe.

The FBI has been designated the lead law enforcement agency for that task, with Florida Department of Law Enforcement personnel to serve in a secondary role, according to FDLE spokesman Tom Berlinger.

Meanwhile, AOL officials said Wednesday that they cannot comment on whether they have been contacted by federal agents in search of records of e-mail messages Foley sent from his personal AOL account, under the online name "MaF54."

In general, according to AOL spokesman Andrew Weinstein, the company will provide such records to police or prosecutors if they are served with a subpoena or court order. But he said the company keeps outgoing e-mails for only about 28 days, and incoming ones for roughly seven.

"After that, we no longer have copies of those mails on our servers, unless the user proactively chooses to save their mail for a longer term on AOL or on their own computer," Weinstein said in an e-mailed interview.

He also said the company does not save Instant Messages. The most lurid online conversations Foley engaged in took place via those instantaneous chats, including once while the lawmaker waited to vote on the House floor.

The ramping up of the federal probe came on the same day that the scandal, which propelled Foley Friday into resigning the office he had held for 12 years, claimed another Capitol Hill victim.

On Wednesday, Kirk Fordham, Foley's former top aide, resigned his current job as chief of staff to an upstate New York House Republican Wednesday. In an interview with the Associated Press, Fordham fired shots at House leaders and "unnamed sources" who have accused him of intervening to squelch an investigation of Foley's conduct and communications by the House board that oversees the page program.

"At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior," said Fordham, who was the chief of staff to Rep. Thomas Reynolds, R-N.Y., until Wednesday. "I have no reason to state anything other than the facts."

As more of the secret side of Foley's life has emerged over recent days, along with transcripts of his sexually suggestive or explicit Internet conversations, House GOP lawmakers have traded jabs about who had been informed of Foley's inappropriate conduct, and when that occurred.

Fordham added to the roiling atmosphere when he said Wednesday that he had told the House speaker's office three years ago about the unseemly behavior and asked Hastert to intervene. Hastert says he does not recall being informed then about Foley's apparent fondness for interacting with the high-school-aged pages.

Hastert also has said he does not remember learning about similar concerns from other House GOP leaders. He stood steadfast Wednesday with his refusal to resign as the House's top leader, even as calls for him to step down have continued.

On Wednesday, Hastert took another blow when Rep. Ron Lewis, R-Ky., rescinded his invitation to Hastert to appear at a Kentucky fundraiser next week. Until the scandal erupted, Hastert had planned to crisscross the country to campaign for GOP candidates right up until the November elections.

Justice Department Asks House To Preserve Foley Office Records (BLOOM)

By Robert Schmidt

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Federal prosecutors have asked the counsel for the House of Representatives to preserve records from former Congressman Mark Foley's office, a U.S. Justice Department official said.

The request, in a letter from Washington interim U.S. Attorney Jeffrey Taylor, is a standard investigative move and doesn't necessarily signal a stepped-up criminal probe, said the official, who spoke on condition of anonymity. The FBI has said it is conducting a preliminary inquiry to determine if Foley broke any laws in his interactions with congressional pages.

The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages.

Foley, a Florida Republican, resigned on Sept. 29 after his online discussions with teenage boys became public. At his news conference yesterday, Roth said the lawmaker was sexually abused as a teenager by a clergyman and said that Foley's office records would be saved.

``Mark has absolutely agreed on his own and with our counsel not to do anything with any computer, not to delete any messages," Roth said. He intends ``to preserve the evidence."

House Speaker Dennis Hastert's office and the House counsel's office didn't return calls seeking comment on the Justice Department letter.

FBI's Foley Case Eyes Legal 'Gray Area' (AP-Y)

By Matt Apuzzo

AP, October 4, 2006

Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

Explicit computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

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Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Legal Case Against Foley Could Be Tricky To Build (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 5, 2006

Washington — Former Republican Rep. Mark Foley's electronic messages to congressional pages may have been vile, despicable and outrageous, as colleagues and critics have declared.

But was his conduct illegal?

If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page.

However, some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors.

Like many jurisdictions, the District has not raised its age of consent out of concern for flooding the courts with cases involving consenting teens. But not long after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18.

Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear. His lawyer has emphatically denied that Foley had sex with "minors," although he did not define what he meant by minors. And no page or former page has charged that the congressman seduced him.

The hodgepodge of state and federal laws on sex crimes is likely to pose a challenge for the Justice Department and for state and local authorities in their probes into the contacts Foley had with pages and whether any crimes were committed.

Many experts believe it will be hard to construct a criminal case against Foley, especially if he never acted on the otherwise salacious e-mails and instant-messages that have become public. Federal law makes it a crime to use the Internet to entice or solicit sex from minors, but charges cannot be brought unless the actions would constitute crimes in the states where they occurred.

By resigning his seat, Foley also preempted any action the House might have taken against him for violating House rules.

The House ethics code does not specifically bar sexual relationships with pages, but states that a congressman "shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives."

For child advocates, disparities in state laws over the age of consent have been a source of bitter frustration.

Regulating the Internet to protect children also has been a battleground between civil liberties groups and social conservatives. There is a profusion of new laws -- from criminalizing the online distribution or possession of child pornography to Internet-based registries of sex offenders.

The trend has been to raise the age of the minor protected under criminal statutory rape laws, without criminalizing sexual activity between peers.

"Do you really want a 17-year-old who has had sex with his 15-year-old girlfriend to have a lifetime stigma?" said Howard Davidson, director of the American Bar Association Center on Children and the Law.

But conservatives believe that an age of consent lower than 18 sends the wrong message to teenagers and partners.

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"Child exploitation advocates have been fighting against this for years," said Patrick Trueman, who was chief of the Justice Department's obscenity and child-abuse section in the 1980s. Trueman said laws such as the District's age of consent rule are "tragic."

The state and federal laws that make it a crime to use the Internet to entice or solicit sex from minors, which might ensnare Foley, have been interpreted narrowly.

Some courts have held that words, however offensive, are not enough to constitute criminal conduct, according to Peter Swire, an Internet law expert at Ohio State University law school.

"One question is whether mere conversation is enough to meet the federal statute," Swire said, adding that some courts could find that speech is protected under the First Amendment.

In many enticement cases, prosecutors have brought charges only where the suspect has taken action to consummate illicit plans.

A Tennessee man, for example, was prosecuted a few years ago for soliciting sex with a minor after he showed up for a planned rendezvous at a hotel carrying $300, a box of condoms and a teddy bear.

E-mails and instant messages that have surfaced in the Foley affair appear to fall short of that standard.

At the same time, prosecutors have seized on predators' use of the Internet to extend the long arm of the law. Since Foley went online to communicate with former pages across the country, he may have exposed himself to laws in different jurisdictions.

Some reports indicate that Foley sent many e-mails and instant message to former pages from his Palm Beach-area home. In that event, Florida could apply its own tough laws, even if he were communicating with a youth in more permissive environs.

Besides its age-of-consent rules, Florida also makes it a felony to use the Internet to "seduce, solicit, lure, or entice" a child to have a sex or to attempt to do so.

Foley's Actions May Not Be Crime At Federal Level (WSJ)

By Gary Fields

The Wall Street Journal, October 5, 2006

WASHINGTON -- Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. attorney in Washington, D.C. "The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Mr. Howard says.

Mr. Foley, through his lawyer, has denied having sexual contact with any of the minors.

The Federal Bureau of Investigation said it was first notified of Mr. Foley's electronic communications with pages in July, and turned them over to three separate units at its Washington, D.C., field office to examine: the cybercrime squad, adult obscenity squad and the crimes against juveniles squad. None of the agents who examined the initial batch of emails saw a federal crime, said an FBI official familiar with the investigation.

However, revelations of other, more sexually explicit communications between Mr. Foley and the pages has spawned a full-fledged investigation by the agency. Wednesday, the Justice Department announced that it had notified the House counsel that it wanted Mr. Foley's computer preserved for evidence.

Among the issues being examined: Did Mr. Foley have obscene electronic conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him?

Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Mr. Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it

has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said.

In an exchange with a former page in California, Mr. Foley seemed to press the teen to state what the two would do if they got together for dinner -- and investigators are likely to zero in on that exchange.

"If Mr. Foley went to San Diego with the intent of having sex with a minor that would possibly fulfill the intent of the statute," says Carmen Hernandez, a Washington defense attorney, referring to the federal statute that deals with enticing or pressuring a minor to travel across state lines for sex with an adult. From the messages released so far it is unclear if Mr. Foley went to San Diego.

Still, it would be tough to make a federal case. One defense to such a charge would be that he wasn't traveling specifically to have sex with the page since he was traveling to attend the Republican Convention, Ms. Hernandez said.

At the state level, Mr. Foley's actions may make him much more vulnerable to criminal charges.

Earlier this year, Brian J. Doyle, then-deputy press secretary for the Department of Homeland Security, was arrested at his Maryland home and charged under Florida statutes for emailing sexually explicit messages to a Polk County, Fla., officer whom he thought was a 14-year-old girl. Mr. Doyle pleaded no contest last month to seven counts of using a computer to seduce a child and 16 counts of transmitting harmful material to a minor. His sentencing is next month.

Washington, D.C., has similar statutes, which apply even if explicit messages don't include images, as they did in Mr. Doyle's case.

In addition, Mr. Foley and a page talked about drinking at the representative's home. If authorities could show Mr. Foley bought alcohol, he could be charged with contributing to the delinquency of a minor. The penalty is a maximum fine of $1,000 and up to 180 days in jail. "All he'd have to do is buy a bottle of liquor. That would be enough. Then he's done something," Mr. Howard said.

E-mails To Teens Said To Fall In Gray Area Of Law (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say.

While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges.

Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor.

If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations.

"A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation," FDLE spokesman Tom Berlinger said Wednesday, without providing details of the department's efforts. "We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter."

FBI agents have begun interviewing participants in the House page program, a law enforcement official told The Associated Press on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

One federal law enforcement official told AP the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are now reviewing new evidence, including the instant message transcripts, to see if a law was broken.

The Justice Department also ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers. Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, a Justice official told AP on the condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

Foley's attorney said none of Foley's computer records would be altered or destroyed. He stopped short of saying whether Foley would voluntarily turn over his computers.

When it comes to arresting people who solicit minors for sex on the Internet, the FBI and local investigators routinely use undercover sting operations. There are typically two hallmarks in those types of arrests -- the conversations include graphic descriptions of what the defendant wants or intends to do, and the defendant is arrested after showing up for a rendezvous.

Graphic talk alone is rarely enough, said Joseph Dooley, a former FBI agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Robert Gershman, a West Palm Beach defense attorney who has represented clients charged with soliciting sex over the Internet, said there is no obvious smoking gun in Foley's Internet messages.

"The stuff I've read seems to be friendship, however immoral or inappropriate it may be," he said. "I haven't seen anything that solicits or entices."

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is to determine whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Ethics Panel Faces Decisions Over Foley (AP-Y)

By Larry Margasak

AP, October 4, 2006

The House ethics committee can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages.

The evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House.

This is not the first time the ethics committee has investigated a speaker. Outside counsels were hired in the probes of former Democratic Speaker Jim Wright and ex-Republican Speaker Newt Gingrich. Also, an outside counsel conducted a broad sex and drugs investigation in the early 1980s that ended with the censure of two House members for consensual relationships with House pages.

Ironically, the ethics committee several months ago bolstered its investigative staff with new hires, after breaking a long partisan deadlock that prevented the panel from launching new investigations.

The outside counsels in the investigations of Wright and the earlier page scandal both said the committee must hire an independent investigator to convince the public it can conduct a nonpartisan investigation of congressional leaders.

Joseph Califano Jr., hired for the 1980s page scandal, said, "This is a much more serious problem. It goes to the integrity of the House as an institution and the conduct of its leadership.

"If you want to make a statement of integrity, you should have an outside counsel and give the outside counsel free rein."

Califano had authority that would be difficult for the committee to accept now, especially with its enlarged staff. He had hired his own staff, he said, using "not a single staffer from the House. We operated totally independently."

Richard Phelan, hired to investigate Wright, said, "There's no way in the world they could do this credibly without an outside counsel. The perception outside (Washington) is that Congress and the speaker and those running Congress have screwed this thing up."

"I think you probably have to start with Hastert," he said.

He said an independent investigator could not only be objective and nonpartisan, but could give committee members political cover for any tough decisions to be made.

Phelan said an outside counsel has no concerns about political retaliation after an investigation ends. "I could go back to my law practice. I didn't worry about whether we get him or don't get him."

Wright ended up resigning from the House after an investigation of receiving impermissible gifts and exceeding then-existing limits on non-salary income.

House Democratic leader Nancy Pelosi last week introduced a resolution that offered her road map for a thorough investigation.

It demanded to know when Foley's e-mails were sent, who knew about them, whether there was a pattern of inappropriate activity involving contacts with pages, when the Republican leadership was notified and what corrective action was taken.

She also demanded that the committee make a preliminary report in 10 days.

While that timetable may not be met, another timetable looms: the Nov. 7 election, when Republicans will try to retain control of the House. They took control in the 1994 elections, not long after an ethics investigation of lawmaker overdrafts — without penalty — in the Democratic-run special members bank that existed at the time.

McCain Calls For Investigation Of Complaints About Foley (AP)

By Michelle R. Smith

AP, October 4, 2006

PROVIDENCE, R.I. --Sen. John McCain on Wednesday called for Congressional leaders to appoint a panel of "credible" people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages.

"The institution is under assault right now," the Arizona Republican said after calling for the investigation during a campaign appearance on behalf of Sen. Lincoln Chafee, who is facing a strong challenge from a Democrat.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said.

Chafee said he supported McCain's call.

Foley, a Republican, stepped down last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Conservatives are now debating whether House Speaker Dennis Hastert should resign over his handling of complaints about Foley.

McCain said he would not want a commission, but a group of well-respected people appointed by agreement of Hastert and the Democratic leadership to look into the handling of complaints about Foley.

"I think it needs to be addressed by people who are credible," he said.

Among the names he mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission.

McCain called for the investigation during a speech to supporters of Chafee, who is being challenged by former state Attorney General Sheldon Whitehouse. Polls show the race is about even.

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McCain said there's no way of knowing how the scandal will affect Chafee's race or other close races across the country. Democrats are hoping to take back control of the House and some have said they may be able to recapture the Senate.

Chafee said the scandal could be bad news for his campaign.

"It's not helpful," he said.

Wendy Schiller, a political science professor at Brown University, said with the Congressional scandal still unfolding and the election less than five weeks away, Republican voters could stay home in November because they are turned off. Independents who were on the fence might decide against Chafee.

"Democrats will not refrain from voting in this election," Schiller said.

Registered Democrats in Rhode Island outnumber Republicans more than three to one, although most registered voters in Rhode Island are not affiliated with any party.

McCain is the first of a list of national party stars coming to Rhode Island to campaign for the general election -- although so far the others are Democrats.

Sen. Barack Obama of Illinois, a charismatic speaker who electrified the crowd at the Democratic National Convention in 2004, is coming to support Whitehouse next week. Former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, are planning separate visits later this month.

Aide Says He Reported Foley 3 Years Ago (AP-Y)

By Devlin Barrett

AP, October 4, 2006

House Speaker Dennis Hastert's political support showed signs of cracking on Wednesday as Republicans fled an election-year scandal spawned by steamy computer messages from former Rep. Mark Foley to teenage male pages.

At the same time, a congressional aide said in an Associated Press interview he first warned Hastert's aides more than three years ago that Foley's behavior toward pages was troublesome. That was long before GOP leaders acknowledged learning of the problem.

The aide, Kirk Fordham, said he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" several years ago.

The claim drew a swift, unequivocal denial from Hastert's chief of staff. "What Kirk Fordham said did not happen," Scott Palmer said through a spokesman.

Hastert's political difficulties were evident half a continent away.

Rep. Roy Blunt of Missouri, third-ranking leader, pointedly told reporters he would have handled the matter differently than the speaker, had he known of it.

"I think I could have given some good advice here, which is, You have to be curious, you have to ask all the questions you can think of," said Blunt, a member of the leadership. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Republican Rep. Ron Lewis of Kentucky, in a tougher-than-expected re-election race, abruptly canceled an invitation for Hastert to join him at a fundraiser next week.

"I'm taking the speaker's words at face value," Lewis told the AP. "I have no reason to doubt him. But until this is cleared up, I want to know the facts. If anyone in our leadership has done anything wrong, then I will be the first in line to condemn it."

Ron Bonjean, Hastert's spokesman, said the entire issue had been referred to the House ethics committee. "We fully expect that the bipartisan panel will do what it needs to do to investigate this mater and protect the integrity of the House," he added.

House Democratic leader Nancy Pelosi went one step further, saying in a statement that Hastert and the rest of the GOP leadership should be "immediately questioned under oath...."

"The children, their parents, the public, and our colleagues deserve answers and those who covered up Mark Foley's behavior must be held accountable," she said.

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Foley, 52, a Florida Republican, resigned last Friday after he was confronted with sexually explicit electronic messages he had sent teenage male pages. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

His abrupt departure left behind an Internet-age sex scandal that has shaken Republican confidence — and poll numbers — little more than a month before elections at which their control of the House will be tested.

It also plunged Hastert and others into an intensive effort to grapple with conflicting claims about what senior lawmakers knew, when they learned and what they did about it.

Fordham resigned Wednesday as chief of staff to Rep. Thomas Reynolds, R-N.Y., the House GOP campaign chief who says he alerted Hastert to concerns about Foley last spring.

The longtime Capitol Hill aide said that more than three years ago, he repeatedly asked GOP staffers to intervene with Foley. He declined to identify them, but officials said Palmer, Hastert's chief of staff, was one of them.

Fordham also disputed allegations that he covered up any misdeeds by Foley. "At no point ever did I ask anyone to block any inquiries," said Fordham, who was Foley's longtime chief of staff until leaving in January 2004.

He said he intends to fully disclose to the FBI and the House ethics committee "any and all meetings and phone calls" about Foley that he had with senior aides in the House leadership.

State and federal investigators swung into action.

The Justice Department ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers, and one law enforcement official said FBI agents have begun interviewing participants in the House page program. It was not clear whether those questioned were current or former pages, or both.

The request for record preservation is often followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

The request was aimed at averting a conflict with the House similar to a standoff in May when FBI agents raided Louisiana Rep. William Jefferson's office seeking information in a bribery investigation.

Separately, the Florida Department of Law Enforcement has begun a preliminary inquiry.

Hastert was at home in Illinois during the day as he struggled with the first major cracks in his political support from fellow Republicans.

His office heatedly denied any suggestion that he intended to resign as speaker.

"When Republicans keep the majority this November, the speaker will run again and serve his full term should his colleagues choose to elect him," Bonjean said.

But the comments by Fordham coupled with the remarks by Blunt and Lewis' action, suggested Hastert's plans might face a challenge. The speaker is elected by the full House, but he essentially serves at the pleasure of the members of the rank and file of the majority party.

In this case, that's the Republicans, who already had been struggling to retain their majority in adverse political circumstances and now must contend with the questions about Hastert's actions.

Even a Republican from Hastert's home state of Illinois expressed reservations about asking the speaker for campaign help.

"We still take the position that we want all the facts," said Ryan McLaughlin, a spokesman for state Sen. Peter Roskam, who is running for an open seat now in Republican hands.

House Aide's Resignation Adds To Focus On Timing Of Warnings (WSJ)

By David Rogers

The Wall Street Journal, October 5, 2006

WASHINGTON -- A senior House Republican aide resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages.

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The action came as the Justice Department ordered House officials to preserve all records related to Mr. Foley's electronic correspondence with the teenagers. The House Ethics Committee is expected to vote this morning to begin its own inquiry, and Sen. John McCain (R., Ariz.) urged House leaders to go further by appointing an outside panel to review the matter.

Less than a week after Mr. Foley's resignation, the developments dramatized how quickly the controversy has escalated, threatening Republican power in Congress and Speaker Dennis Hastert's hold on the House a month before midterm elections.

The departing aide, Kirk Fordham, is a friend and longtime former aide to Mr. Foley and served as chief of staff to the chairman of the House Republican campaign committee, Rep. Tom Reynolds of New York.

Mr. Fordham's resignation follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages. Mr. Fordham last night told news organizations that more than two years ago he had warned the Speaker's office of Mr. Foley's worrisome relations with House pages.

"I had more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said in a statement distributed through the Associated Press. In subsequent comments, he said he had met in late 2003 with the speaker's chief of staff, Scott Palmer, who then met with Mr. Foley with the speaker's knowledge, Mr. Fordham said.

"What Kirk Fordham said, did not happen," Mr. Palmer said. But the accusation could feed criticism that Mr. Hastert's office was slow to recognize the potential dangers posed by Mr. Foley's behavior.

Mr. Hastert says the first "red flag" came last fall, when a Louisiana family complained about overly personal emails sent by Mr. Foley to their teenage son, a former page. Those messages weren't sexually explicit, and at the family's request, the speaker said the first priority was to break off contact between Mr. Foley and the teen, not launch a full inquiry.

That decision has come back to haunt him and invited second guessing by other members of the leadership. Majority Whip Roy Blunt (R., Mo.) implicitly criticized the speaker for deferring to the parents when more answers were needed. "You have to ask all the questions you can think of," Mr. Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Mr. Blunt's remarks follow comments by Majority Leader John Boehner (R., Ohio), pinning responsibility for the page program -- and by implication the current controversy -- on Mr. Hastert. While the speaker retains a reservoir of strong support in his caucus, jittery candidates are beginning to back away from having him in their districts.

Rep. Ron Lewis (R., Ky.) announced that he had canceled a fund-raiser with Mr. Hastert for next week until he knows more of how the leadership responded to warnings about Mr. Foley's conduct. "I'm taking the speaker's words at face value," Mr. Lewis said. "But until this is cleared up, I want to know the facts."

Mr. Fordham has said himself he was shocked by the explicit nature of the instant messages sent by his former boss to the pages, and the warnings passed on to Mr. Palmer didn't approach such behavior. The 39-year-old aide was reluctant to say anything beyond his statement, but a person close to him said the primary concern was that Mr. Foley was acting in an overly friendly way with pages, raising worries not only for Mr. Fordham but the House clerk at the time, Jeff Trandahl.

Mr. Fordham said he had acted last week out of friendship to Mr. Foley and never wished to "to prevent any inquiries or investigations of Foley's conduct by House officials or any other authorities."

The former congressman admitted publicly this week, through his attorney, that he was gay, but that was well known for years to many in the House. Yet until the Foley instant messages were made public, House leaders have said they had no comprehension of the full depth of the lawmaker's electronic pursuit of former pages.

Ex-Foley Aide: Tip Given 2 Years Ago (USAT)

By Kathy Kiely And Erin Kelly

USA Today, October 5, 2006

WASHINGTON — A top aide to former congressman Mark Foley said Wednesday that he alerted House Speaker Dennis Hastert's chief of staff to Foley's "inappropriate behavior" with congressional pages at least two years ago, long before Hastert or any other Republican leaders say they first learned of the problem.

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"I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Kirk Fordham, Foley's chief of staff until 2004, said in a statement.

In an interview, Fordham said Hastert's chief of staff, Scott Palmer, told him that he had informed the speaker of their meeting.

The disclosures came as the FBI told House leaders to preserve key records in a scandal that is threatening Hastert's job and Republican control of the House less than five weeks before Election Day.

Hastert's office responded with a sharp rebuttal. "What Kirk Fordham said did not happen," Palmer said through Hastert spokesman Ron Bonjean. Hastert has insisted that he does not recall learning before Friday about concerns over the Florida Republican's relationships with the pages. That was the day Foley resigned.

The statements by Fordham came hours after he quit his Capitol Hill job. Fordham said he didn't want to be a political liability to his current boss, Rep. Thomas Reynolds, R-N.Y., who is leading Republican efforts to retain control of the House.

On Wednesday, Jeff Taylor, the U.S. attorney for the District of Columbia, asked Capitol Hill authorities to preserve Foley's office documents and computers.

Federal law enforcement officials, who have been briefed on aspects of the investigation but declined to be identified because they were not authorized to comment on the pending inquiry, said that an undisclosed number of pages have been interviewed as potential witnesses or victims. The sources said the FBI has yet to conduct any physical searches of Foley's office or home. Because of Foley's abrupt resignation, legal questions over the search remain to be resolved.

Today, the House ethics committee will meet in private to discuss the Foley investigation. The committee plans to examine how the investigation was handled by House leaders.

Fordham, who has been contacted by House lawyers, has volunteered to cooperate with the FBI.

Fordham said he met with Palmer at least two years ago to raise concerns about Foley's inappropriate friendships with congressional pages. Fordham said he had no idea those relationships extended to sexually explicit e-mails and instant messages. Foley's lawyer has denied the former congressman had inappropriate sexual contact with pages.

One close Hastert ally, Rep. Ray LaHood, R-Ill., opposed calls for the speaker's resignation, though he said Republicans will have to do "something dramatic" to end the political damage.

"I know members are very nervous. They've got to be able to explain this," LaHood said.

Senior Congressional Aide Questions Hastert Timeline (LAT)

By Janet Hook, Noam N. Levey And Peter Wallsten

The Los Angeles Times, October 5, 2006

WASHINGTON -- A senior Republican congressional aide said Wednesday that he warned House Speaker J. Dennis Hastert's office more than two years ago about "inappropriate behavior" by Rep. Mark Foley, R-Fla., toward Capitol Hill pages.

That would mean the speaker's office learned about Foley's conduct at least a year earlier than Hastert, R-Ill., has acknowledged.

But a Hastert spokesman challenged the latest assertion in the scandal that has rocked the Republican Party since Foley resigned his House seat Friday, after news reports that he had sent sexually explicit messages to male pages.

Hastert has said his staff learned of possible problems with Foley's conduct last fall, when a former page lodged a complaint. But with the speaker already under fire over his handling of the case, Wednesday's charge raised more questions about whether Hastert would be forced out of his leadership post.

It also will further fuel criticism that Hastert's office did not move aggressively enough to investigate Foley.

The charge that Hastert's office had been alerted to possible misconduct long before last fall came from Kirk Fordham, Foley's chief of staff for 10 years.

Fordham went to work last year for Rep. Thomas Reynolds, R-N.Y., head of the House Republican campaign committee and part of the GOP's congressional leadership team.

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Fordham's link to Foley has raised questions about why Reynolds and, by extension, Hastert and other House Republican leaders were not more aware of questions about Foley than they have claimed to be.

Fordham resigned from Reynolds' staff Wednesday because of the uproar over Foley. In a statement, he said: "The fact is, even prior to the (complaint about Foley lodged last year) I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene."

Fordham's attorney, Tim Heaphy, later told the Los Angeles Times that in 2003 or 2004, Fordham "received some information about Congressman Foley's inappropriate behavior with pages."

Fordham passed that information along to Hastert's chief of staff, Scott Palmer, Heaphy said.

Heaphy said Fordham did not know whether Palmer provided the information to Hastert. But the lawyer said Fordham did know that Palmer met with Foley.

Heaphy would not reveal more about the information Fordham passed along, saying that Fordham plans to share those details with investigators looking into Foley's conduct.

An acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago.

The latest charge against Hastert, who has been laboring to explain why he did not do more to protect teenage pages from a member of his caucus, drew a quick denial from Palmer.

"What Kirk Fordham said did not happen," said Palmer, who has served as Hastert's chief aide since his election to the House in 1986 and is considered one of the most influential staffers on the Hill.

Since the furor over Foley erupted late last week, Hastert has maintained that officials in his office only learned of the lawmaker's potential misconduct last fall, when a Louisiana congressman contacted a Hastert aide about a series of e-mails Foley wrote to a page in the summer of 2005.

In the e-mails, which contained no explicit sexual content, Foley asked the boy to send him a photo and inquired about his age.

In Hastert's account, his aides responded by contacting the clerk of the House and the congressman who oversaw the page program -- who in turn told Foley to stop communicating with the page.

Hastert repeatedly has said that neither he nor his aides knew anything about the more explicit instant messages that Foley reportedly sent to pages as far back as five years ago. Given the information his office had last fall, Hastert has said, it did all it could have been expected to do.

A Republican strategist with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999.

"If the claim holds up, it is hard to see how the speaker survives," said the strategist, who requested anonymity when discussing the party's leadership. "If he does survive, it is only because he does a major houseceaning."

Even before news spread of Fordham's claim, there were more signs of the political trouble confronting Hastert.

House Majority Whip Roy Blunt, R-Mo., said Wednesday that he would have been more aggressive than Hastert's staff last fall in looking into what Hastert later characterized as "overly friendly" Foley e-mails to the page who complained about them.

"I think I could have given some good advice here, which is you have to be curious," said Blunt. "You have to ask all the questions you can think of."

Earlier this week, House Majority Leader John Boehner, R-Ohio, and Reynolds each said they had told Hastert directly of potential problems with Foley's interaction with pages. Hastert has said he did not remember those conversations, but did not dispute that they occurred.

Boehner, in discussing the conversation, made clear he believed it had been Hastert's responsibility to deal with the matter.

A Republican incumbent, Rep. Ron Lewis, R-Ky., on Wednesday canceled a scheduled fundraiser with Hastert, according to The Associated Press.

Meanwhile, the FBI started interviewing pages as part of its investigation into Foley's activities, according to a law enforcement official. Fordham's attorney said he was also contacted by the FBI Wednesday.

Fordham indicated in his statement that he intends "to fully cooperate with any and every investigation of Mr. Foley's conduct."

He added: "I will fully disclose to the FBI and the House Ethics Committee any and all meetings and phone calls I had with senior staffers in the House Leadership about any of Foley's inappropriate activities."

Federal prosecutors Wednesday ordered the House to preserve documents and other materials possibly related to Foley's electronic communications with pages, according to the law enforcement source, who asked not to be identified because of the ongoing nature of the investigation.

Ex-Foley Aide Roils Timeline (RC)

By Ben Pershing

Roll Call, October 5, 2006

Just as Speaker Dennis Hastert (R-Ill.) appeared to have weathered the worst of the storm surrounding the House page scandal, a former aide to ex-Rep. Mark Foley (R-Fla.) sparked new controversy by claiming he had warned the Speaker's longtime top staffer about Foley's behavior at least a year earlier than anyone in Hastert's office had previously acknowledged.

Kirk Fordham, a former close aide to Foley who most recently served as chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), resigned from Reynolds' office Wednesday amid questions about his role in the page scandal. Within hours, Fordham told The Associated Press he had recalled "more than one conversation with senior staff at the highest level of the House [about Foley's interest in pages and] asking them to intervene" more than three years ago.

A House GOP aide said Fordham was referring to alleged conversations with Scott Palmer, Hastert's chief of staff and closest adviser since he first entered the House. Palmer denies any such conversations occurred.

"What Kirk Fordham said did not happen," Palmer said in a statement.

Hastert spokesman Ron Bonjean added: "This matter has been referred to the [Committee on Standards of Official Conduct], and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Fordham's statement further muddled the already confusing timeline of the leadership's knowledge of Foley's contact with pages.

In repeated public comments, and in a detailed chronology of events released by Hastert's office over the weekend, GOP leaders claimed that they were first made aware of Foley's alleged conduct in November 2005, when Rep. Rodney Alexander's (R-La.) office alerted aides in Hastert's office that Foley had sent questionable, but not sexually explicit, messages to a former page from Alexander's district.

Hastert's office has struggled to contain the Foley fallout and to bat down questions about what Hastert knew and when he knew it, arguing — despite suggestions to the contrary by two fellow GOP leaders — that the Speaker himself was not aware of any problem between Foley and pages until last week.

But Fordham's allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C.

Earlier Wednesday, before Fordham's comments to the AP, media reports appeared quoting anonymous GOP sources suggesting that Fordham deserved much of the blame for the failure to fully investigate Foley in 2005. ABC News, for example, cited Republican sources who claimed that Fordham had "begged" the leadership not to tell the full House Page Board about Foley's e-mails to the Louisiana page.

Fordham issued a statement Wednesday disputing that suggestion and distancing his own actions in the Foley case from Reynolds, who is in the midst of a competitive re-election race in New York.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' chief of staff. I reached out to the Foley family, as any good friend would, because I was worried about their emotional well-being," Fordham said.

"At the same time, I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or any other authorities."

After the AP story was released, a House GOP leadership aide said of Fordham: "This person is very unhappy. He is someone with an ax to grind."

Fordham could not be reached for comment by press time.

Even before Fordham's comments to the AP, some Republican strategists otherwise sympathetic to the Speaker questioned the leadership's apparent strategy of heaping blame for the Foley mess on Fordham.

"I don't think this helps at all," said a Republican source with close ties to the leadership. "I don't think [Fordham] resigning helps either."

The Fordham controversy is only the latest broadside to buffet Hastert's office, which has drawn tactical criticism from some GOP quarters since the story broke last week.

Over the weekend, House Republican sources said, the offices of Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.) were frustrated by what they perceived as the slow pace of the Hastert shop's reaction. For example, Boehner and Blunt pushed to convene a conference call for GOP lawmakers as early as Saturday night, but at the behest of Hastert's office, the call didn't occur until Monday evening, 72 hours after the story had exploded.

To aid their efforts, sources said Hastert's staff this week has quietly enlisted the advice of a group of former GOP leadership aides-turned-lobbyists, including Susan Hirschmann, Kathryn Lehman, John Feehery and Dan Mattoon.

The confusion over Fordham's comments Wednesday came even as more GOP lawmakers publicly declared their support for Hastert to remain as Speaker.

In a joint statement Wednesday, Rep. Mike Pence (Ind.), chairman of the conservative Republican Study Committee, and Rep. Joe Pitts (Pa.), head of the Values Action Team, said "we believe Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years.

"Speaker Hastert should not resign."

Another prominent RSC member, Rep. Jeb Hensarling (Texas), lent similar backing to Hastert, saying "the Speaker is a man of integrity, and I take him at his word."

House GOP moderates were less vocal in expressing their continued support for Hastert, though none said he should step down.

In a Tuesday evening conference call with GOP centrists organized by Rep. Tom Davis (Va.), Members expressed anger over the leadership's handling of the issue and concern about the fate of the page program, but no one suggested Hastert should step down, said sources familiar with the call.

The moderates on the call did worry about how the Foley issue would play out in their re-election races, with Rep. Christopher Shays (R-Conn.) reporting that automated calls had been made to voters in his district criticizing the Republican leadership for the Foley affair.

A handful of GOP candidates aren't taking any chances on the issue. Rep. Jim Gerlach (R-Pa.) has canceled a planned fundraiser with Boehner, and on Wednesday, Rep. Ron Lewis (R-Ky.) canceled a scheduled campaign event with Hastert.

Despite the controversy, Boehner has done events this week for GOP Reps. Curt Weldon (Pa.), Don Sherwood (Pa.) and Thelma Drake (Va.). He is scheduled to make 21 more campaign stops around the country between today and Election Day.

Hastert said Tuesday that he planned to visit 30 districts before Nov. 7, though his office said Wednesday his schedule has not been finalized.

Morgan Ortagus, a spokeswoman for GOP candidate Joy Padgett, who is running to replace Rep. Bob Ney in Ohio's 18th district, said Hastert's office contacted their campaign Wednesday and canceled his appearance at an Oct. 9 fundraiser due to "scheduling conflicts." Ortagus said Sen. George Voinovich (R-Ohio) will appear in Hastert's place. When asked if Hastert's fundraiser had been rescheduled, she said "not yet."

Democrats, meanwhile, continued their drumbeat of criticism of the GOP on the Foley issue.

"Why did Speaker Hastert, Congressman Reynolds and other Republican Leaders continue to support Mark Foley after they knew about his horrific behavior?" asked House Minority Leader Nancy Pelosi (D-Calif.).

Democrats indicated that they planned to keep the heat on at least through this weekend. On Saturday, the national Democratic radio address will be given by Patty Wetterling, a longtime child-safety advocate who is running for the open seat in Minnesota's 6th district and has already run a television ad blasting GOP leaders over the Foley issue.

Hastert Faces Increased Pressure To Resign (MCT)

By Lesley Clark, Margaret Talev And Marisa Taylor

McClatchy Newspapers, October 5, 2006

WASHINGTON - A top House Republican aide charged Wednesday that he warned senior aides to House Speaker Dennis Hastert as far back as 2003 that former Rep. Mark Foley's behavior toward underage congressional pages could be a problem.

Hastert has said that his aides were first warned about Foley in fall 2005, and then only with ambiguous evidence. Foley resigned last Friday after evidence became public that he'd exchanged dozens of sexually explicit emails with former male congressional pages for years, triggering a storm of public outrage that House Republican leaders hadn't done more sooner to protect the pages from a sexual predator in Congress.

Kirk Fordham, who was Foley's chief of staff for a decade before holding the same post for Rep. Tom Reynolds, R-N.Y., said he'd told Hastert's aides at least three years ago.

Hastert's chief of staff, Scott Palmer, flatly rejected Fordham's claim: "What Kirk Fordham said did not happen."

Nevertheless, Fordham's swipe at Hastert adds to the pressure on Hastert and other top House GOP leaders, who are struggling to defend their handling of Foley five weeks before congressional elections. Some Republicans locked in re-election contests are distancing themselves from their leader.

On Wednesday, Rep. Ron Lewis, R-Ky., asked Hastert to cancel his planned appearance Oct. 10 at a fundraiser on his behalf. "It's not intended to be a condemnation of Speaker Hastert," said Lewis campaign spokesman Michael Dodge. "But the congressman feels there are investigations, there are questions about who in leadership knew what and when. While that is pending, we saw it wasn't very prudent to bring him to the district."

Some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday.

"The fundamental problem congressional Republicans are experiencing now is that they have almost no moral capital left after the last two years. Again and again, when given the choice to reform their practices or do little or nothing, they always picked the latter," wrote editor Rich Lowry. "Well, now . . . people feel confirmed in what they always suspected about this Congress - that it is unable to police its own practices and is full of people who don't follow the same rules as the rest of us. This is deadly."

President Bush and many Republican House members have defended Hastert against pressure to resign, but Fordham's allegation threatened to erode that support.

In a statement released by his lawyer, Fordham sought to counter accusations that he'd tried to protect Foley by preventing an investigation into his behavior with pages.

In fact, Fordham said, he had "more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior.

"Rather than trying to shift the blame on me, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005," Fordham said.

Fordham's attorney, Timothy Heaphy, said Fordham alerted top GOP leaders to what Fordham called "Foley's inappropriate activities" while he was still Foley's chief of staff. He left that job in January 2004.

Heaphy wouldn't say what behavior led Fordham to warn others about his boss.

Fordham said he would "fully cooperate" with the FBI and the House Ethics Committee - officially the Committee on Standards of Official Conduct - which will meet Thursday morning in closed session to begin looking into the scandal.

House Minority Leader Nancy Pelosi, D-Calif., issued a statement demanding that House Republican leaders be questioned about their roles under oath.

"Mr. Fordham's statement is even more evidence that Republican leaders chose to put partisan politics above protecting the children in their trust," she said.

Republican leaders have said they were first warned about Foley in late 2005, when the parents of a former page from Louisiana alerted their congressman, Rep. Rodney Alexander, R-La., that Foley had sent their son an e-mail that the boy said "freaked him out." The e-mail inquired about his birthday and asked him to e-mail Foley a photo of himself.

Alexander's complaint was referred to the head of the House Page Board, Rep. John Shimkus, R-Ill. He says he questioned Foley, who professed innocent motives and promised to cease contact with the young man. House Republican leaders took no further action.

Foley resigned Friday after separate, sexually explicit instant messages to at least two former pages dating to 2003 were disclosed by ABC News. Republican leaders said they'd never seen those messages.

In resigning, Fordham severed the clearest link between Foley and Reynolds, who heads the National Republican Campaign Committee, which helps Republicans seeking election to the House.

"I had no discussion with Kirk Fordham on this, whatsoever," Reynolds said earlier this week. At campaign stops through his northern New York district this week, Reynolds has had to address the issue constantly. On Wednesday Laura Bush campaigned with him.

Despite his reservations about Foley, Fordham helped Foley deal with fallout over the e-mails late last week, the Palm Beach Post reported. ABC reported Wednesday that Fordham last week tried to persuade the news network not to publish the instant messages.

Fordham's lawyer said Fordham helped Foley as "a friend, as an adviser, very much acting on his own."

Meanwhile, Washington interim U.S. Attorney Jeffrey Taylor sent a letter to the counsel for the House of Representatives asking to preserve records from Foley's office. The counsel's office didn't return repeated calls.

The FBI announced Sunday that it was launching a "preliminary" inquiry after the more explicit instant messages were publicized. The U.S. Attorney's Office in Washington will decide whether to prosecute.

The Price Of Foley (NATLRVW)

By The Editors

National Review, October 4, 2006

Dennis Hastert is unlikely to be the Speaker of the House in the next Congress. Five days after the Foley scandal broke, and a year after his office heard its first glimmerings, Hastert has refused to take any responsibility for what happened. As a result, the Republicans' odds of keeping the House have fallen. And even if the Republicans keep the House with slender margins, Republicans may well decide to demand new leadership. It would take only a handful of House Republicans unwilling to back Hastert for Speaker to make it impossible for him to win the post.

This result is not completely fair to Hastert. Foley is obviously the chief transgressor here. And the key mistakes that were made in addressing his offenses occurred when Hastert was not in the loop. Which makes it all the more peculiar that Hastert continues to defend those mistakes.

It can't be done. In the fall of 2005, the family of a former page for Rep. Rodney Alexander complained about Foley's e-mails to the boy. The family wanted the contact stopped. The matter was brought to the attention of Rep. John Shimkus, who heads the committee that oversees the page program, and to the office of the Speaker. Neither Shimkus nor the Speaker's office demanded to see the e-mails. They accepted Alexander's description of them as merely overly friendly, and accepted the idea that the family's demand for privacy precluded their actually reading the e-mails. They accepted Foley's claim that he had just sought to serve as a mentor for the boy, and told him to stop the e-mails.

And Shimkus and Hastert still defend that course of action, based on what they knew at the time: Nobody knew, they protest, about Foley's sexually explicit instant messages to former pages. But what they knew should have been enough to warrant more concern than they showed.

First of all, what they had was not just a family's complaint; it was a family's justified complaint. Most pages' families are eager for them to develop mentoring relationships with congressmen; they got their kids into the page program to make contacts.

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That the parents wanted to cut off contact should have been a sign that something was very wrong. And the Speaker's office knew that something was wrong. If a page's parents had complained about contact from some other congressman, neither Shimkus nor Hastert's office would have followed it up at all, let alone warned the congressman to quit e-mailing. They took it seriously because they knew that Foley was, well, creepy. But not seriously enough to trouble themselves to do more, such as demanding to read the e-mails. They took it seriously enough to warn Foley; but not seriously enough to inform the other members of the page committee.

They claim that the e-mails do not contain any shocking sexual references. Had they bothered to read them at the time, however, they would have noticed a few things. This was not just a case of one page's feeling that the congressman was contacting him inappropriately — as unusual as that would be by itself. The page also reported that the congressman had had contact with another male page that, to the complaining page, also seemed inappropriate. (And would seem questionable to anyone.) Finally, the page reported that another page — he even gave her first name! — had said that a congressman had "hit on pages."

Under the circumstances, Rep. Alexander should have seen that the issue went far beyond the desires of one page's family. There was evidence here that a congressman, probably Foley, was looking for sex with pages. It may not have been enough evidence to warrant an FBI investigation: The FBI has a lot of perps to catch, and no special responsibility for the page program. But it should have triggered a real investigation by House officials, beginning with Shimkus's committee: an investigation not limited to a friendly conversation with Rep. Foley.

Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it.

Democrats are demanding that Rep. Shimkus resign, as well, from the page committee. We think that isn't going far enough. Shimkus had more direct responsibility for the program than Hastert. If any congressman should resign over mishandling this affair, it should be Shimkus. At the least, he should acknowledge his mistakes and place himself at the mercy of his constituents. They just might be so refreshed at the sight of moral clarity in a congressman that they show that mercy.

For what it's worth, we think that the Republicans' political needs are one with their moral needs in this case. There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end.

Rift Among GOP Leaders (HILL)

By Patrick O'Connor

The Hill, October 5, 2006

The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday.

As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by House Speaker Dennis Hastert (R-Ill.) and his staff.

Majority Whip Roy Blunt (R-Mo.), who was the acting leader last fall, told reporters in Springfield, Mo., yesterday that he would have explored the issue further if the Speaker's staff had told him about the e-mails between Foley and a former page.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Meanwhile, a top aide to National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) resigned amid revelations that he tried to subvert evidence of Rep. Mark Foley's (R-Fla.) e-mail exchange with a former page.

Kirk Fordham, the chief of staff in Reynolds's personal office who formerly served as Foley's chief of staff, announced his resignation yesterday in a statement released by the campaign chief's personal office.

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Upon announcing his resignation, Reynolds's former chief of staff told the AP yesterday that he had warned leaders about Foley's conduct with the pages over two years ago. That revelation, if true, would cast further doubt on Hastert's handling of the event.

Fordham reportedly asked the ABC news reporter who first broke the story to suppress the e-mails in exchange for an exclusive interview with Foley.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' Chief of Staff," Fordham wrote. "I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or other authorities."

Fordham told The Associated Press yesterday that when he was told about Foley's inappropriate behavior toward pages, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene."

ABC News reported at press time that Palmer had been told that Foley was too friendly with House pages and according to Fordham, Palmer spoke to Foley about the matter.

One House leadership aide disputed Fordham's comments yesterday, citing remarks the former chief of staff made to the AP earlier in the day.

"This is the same guy who is now contradicting his comments made this morning," the aide said.

As evidence, the aide attached an earlier Fordham quote about the e-mails:

"I was still pretty shellshocked myself," Fordham said of the day he learned about the messages. "This was someone I had worked for 10 years. I had no inkling that this kind of blatantly reckless - just obscene — behavior was going on behind our backs."

Fordham, Hastert chief of staff Scott Palmer, and former Clerk of the House Jeff Trandahl are expected to testify before the House ethics committee today, one source said. Members of the panel are scheduled to meet at 10 a.m. at the closed-door session.

"This matter has been referred to the [ethics committee] and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Hastert spokesman Ron Bonjean said.

Reynolds, who is facing a serious challenge from a self-funded Democrat this fall, has become a focal point of the Foley episode because of the role his former aide played and because he said he discussed the issue with Hastert last spring, a conversation the Speaker told reporters earlier this week he does not recall.

The GOP campaign chief, who has had a close relationship with the Speaker (they frequently have dinner together), did not attend a leadership meeting to discuss the details and possible response to the late-breaking Foley scandal early Saturday morning in House Majority Leader John Boehner's (R-Ohio) office, several Republican aides said.

During that session, members and staff discussed holding a conference call later that day with the entire Republican conference in order to explain the details of the case, including what the leaders knew and when they knew it, aides present said. Some people in the meeting argued against the call, so the leaders decided to postpone it, the same aides said.

With questions swirling about what the Speaker knew and when he knew it, Hastert's staff released their own timeline on Saturday, shortly after Reynolds issued a statement disputing Hastert's initial response to news of Foley's resignation.

Reynolds was not on the phone call Monday when leaders did finally convene a conference call with their members because he was traveling back from a campaign event in Florida, a spokesman said yesterday.

Boehner, meanwhile, has gone back and forth on his own remarks about a conversation he had with the Speaker before telling a Cincinnati radio station on Tuesday that he had discussed the initial e-mails with Hastert.

During the same interview, the leader said the Speaker has oversight over the page system and the offices that run it, a remark many interpreted as a direct slight of the Speaker.

Whether or not the Speaker or any other leaders are forced to resign over this controversy, it has created a significant rift in what had been a relatively unified leadership.

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If Hastert holds on to his job and Republicans maintain their majority – an increasingly difficult prospect in the aftermath of the Foley scandal – the animus between the leaders will certainly carry over to the next Congress, GOP aides and lobbyists said this week.

Some Republican operatives interviewed for this article have complained in recent days that Boehner went too far in distancing himself from the Speaker, but the leader has a reputation for talking off-the-cuff with reporters and rarely sticks to a script during live interviews.

Others have been frustrated with the Speaker's staff for isolating themselves from the other offices during their fevered efforts to get ahead of the story and keep Hastert in his job. There is a perception that the Speaker's staff holds the fate of the entire conference in its hands.

"It is a terrible position to be in," a GOP aide said. "Watching from the sidelines the situation go from bad to worse and not being able to do anything about it."

Rank-and-file staffers have been pointing fingers of their own at some colleagues they believe are trying to foment change atop the leadership ranks, but none of the aides interviewed could point to a specific call, letter or e-mail to undermine any one of the leaders.

Amidst this poisoned atmosphere for the GOP, a handful of prominent conservative lawmakers released statements of support for Hastert this week, led by Rep. John Shadegg (R-Ariz.) on Tuesday night.

Reps. Joe Pitts (R-Pa.) and Mike Pence (R-Ind.), who chairs the conservative Republican Study Committee, followed suit yesterday, releasing a letter that questions the initial handling of the e-mails while unequivocally rejecting calls for him to resign.

Majority Whip Slams Handling Of Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 5, 2006

A third Republican in the House leadership team publicly distanced himself from the burgeoning scandal over former Rep. Mark Foley yesterday as a top aide resigned amid charges that he tried to suppress the reporting of sexually explicit Internet messages that Mr. Foley had sent a teenage boy.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Majority Whip Roy Blunt of Missouri said yesterday about his party's muted handling of "over-friendly" e-mails that Mr. Foley wrote to former congressional pages.

The parents of the 16-year-old boy who received the e-mails alerted congressional Republicans to the messages but said they didn't want to pursue the matter beyond ordering Mr. Foley to quit contacting their son.

"You absolutely can't decide not to look into activities because one individual's parents don't want you to," Mr. Blunt said of the decision by top Republicans not to investigate further.

Meanwhile yesterday, the top aide to Rep. Thomas M. Reynolds, the New York Republican who heads the committee responsible for electing Republicans to the House, resigned. Kirk Fordham, a former Foley staffer, said he had volunteered to help Mr. Foley when the scandal broke last week.

In doing so, said ABC News producer Maddy Sauer, Mr. Fordham offered the network a deal that would have kept the messages concealed.

"He said we could have the exclusive on the resignation if we did not run direct quotes from the instant messages," she said.

The network refused Mr. Fordham's offer, according to its Web site.

But Mr. Fordham denied wrongdoing, saying yesterday that "at no point did I ever ask anyone to block any inquiries into Foley's actions or behavior."

Mr. Fordham also said that more than two years ago, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" on concerns over his interactions with male pages.

Those conversations, he said, took place more than a year before the earliest date that the House Republican leadership has acknowledged knowing of any suspicious behavior on Mr. Foley's part.

Scott Palmer, chief of staff to House Speaker J. Dennis Hastert, said yesterday: "What Kirk Fordham said did not happen."

A second leadership aide said Mr. Fordham is "upset" over leaving his job and "out of his mind."

Hastert spokesman Ron Bonjean said, "This matter has been referred to the standards committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Mr. Fordham told ABC News that he plans to contact the FBI today "to tell what he knows."

The Justice Department yesterday contacted House officials and ordered them to preserve all the evidence associated with the scandal. Agents also have begun contacting former pages.

Majority Leader John A. Boehner and Rep. Deborah Pryce, head of the Republican conference, both of Ohio, have written the chamber's clerk and requested an investigation into reports that Mr. Foley was turned away from the congressional page dorm on Capitol Hill one night while intoxicated.

The latest developments come as the House ethics committee meets today in a rare publicized meeting to discuss the Foley matter. The committee will still meet behind closed doors as usual. But the fact that it was publicized at all signals the importance that Republicans place on appearing now to act aggressively to investigate and clean up the congressional page program.

Also yesterday, Mr. Hastert got a much-needed boost of support from two influential conservatives in his party.

Rep. Mike Pence, the Indiana Republican who is chairman of the conservative Republican Study Committee, and Rep. Joe Pitts, the Pennsylvania Republican who leads the religious conservative Values Action Team, said yesterday that Mr. Hastert should not resign, as some conservatives and Democrats have urged.

"Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years," they said in a joint statement. "Speaker Dennis Hastert should not resign."

Still, Mr. Pence and Mr. Pitts noted that Congress "failed" to protect the pages and that they have "reservations about how this matter was handled administratively."

Those concerns have been echoed by many top Republicans. In addition to Mr. Blunt, Mr. Reynolds and Mr. Boehner have spoken critically or distanced themselves from Mr. Hastert over the handling of the matter.

At a press conference Monday, Mr. Reynolds told reporters, "I did what most people would do in a workplace. I heard something. I took it to my supervisor."

Mr. Boehner, Ohio Republican, has defended Mr. Hastert and said he shouldn't resign. But he also distanced himself during a Cincinnati radio interview this week.

"I believe I talked to the speaker, and he told me it had been taken care of," he said. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the Page Board all report to the speaker, and I believe it had been dealt with."

In resigning from Mr. Reynolds' office yesterday, Mr. Fordham lobbed some of the most pointed accusations at House leadership for their handling of the matter.

"The fact is, even prior to the existence of the Foley e-mail exchanges, I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," he said. "One of these staffers is still employed by a senior House Republican leader. Rather than trying to shift the blame, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005."

Longtime Republican Was Source Of E-mails (HILL)

By By Alexander Bolton

The Hill, October 5, 2006

The source who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a House GOP aide.

That aide has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim.

The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House.

But the whistleblower was a paid GOP staffer when the documents were first given to the media.

The source bolstered the claim by sharing un-redacted e-mails in which the former page first alerted his congressional sponsor's office of Foley's attentions. The copies of these e-mails, now available to the public, have the names of senders and recipients blotted out.

These revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal now roiling the GOP just a month away from the midterm elections.

Rep. Patrick McHenry (R-N.C.) yesterday called for House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) to testify about what and when they knew of Foley's contact with former pages (see related story).

House GOP leadership aides have said they would like to see investigations of Foley examine how the story became public. ABC News's website first reported the e-mails just as Congress was about to recess for the election.

The explosive disclosures about Foley's communications with teenage pages have overshadowed Republican legislative accomplishments during their final week in town. They have become the preoccupation of a capital press corps that has little else to write about now that Congress is in recess and Election Day is still a month away.

Republicans say the timing of the scandal is evidence of a political dirty trick orchestrated by Democrats. They have drawn comparisons to negative reports about President Bush that surfaced before the 2000 and 2004 campaigns.

Shortly before the 2000 election, it was reported that Bush had been arrested for driving under the influence of alcohol, and before Election Day 2004, forged documents surfaced calling into question Bush's National Guard service.

That Foley's scandalous communications came to public light during Congress's final week in Washington was largely determined by the media outlets which obtained the suspicious e-mails in the middle of the summer, said the person who provided them to reporters several months ago.

In an August 2005 e-mail exchange between Foley and a former page, given to reporters this summer, Foley asks the teenager his age, asks him to send a picture of himself, and describes his own work-out activities, including a 25-mile bike ride. The e-mails given to reporters included one sent by the page to a House staffer in which the page described Foley's e-mail as "sick" and said it "freaked me out." The page also informs the staffer that Foley asked what the teen wanted for his birthday.

The e-mails were alarming enough to prompt the page's parents in the fall of 2005 to ask their son's congressional sponsor, Rep. Rodney Alexander (R-La.), to take steps to stop Foley's correspondence.

Alexander's chief of staff then told aides in Speaker Dennis Hastert's (R-Ill.) office about the communication and showed the e-mails to Jeff Trandahl, clerk of the House. That fall, Trandahl and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met Foley and told him to stop contacting the former page.

But while the e-mails were concerning enough to prompt this action, editors and reporters at various publications did not consider them remarkable enough to write about.

The person who provided the e-mails to several D.C.-based news outlets in July claimed to have no knowledge of who gave them to two Florida papers last year.

D.C.-based media organizations declined to report on the e-mails. But one, ABC News, reported on the e-mails last week after a Weblog, stopsexpredators.blogspot.com, published a few of the exchanges between Foley and the former page. But those blog-reported e-mails did not include correspondence between the page and a House aide in which the teen expressed anxiety about Foley's intentions.

After ABC News disclosed the e-mails exchanged last year between Foley and a former page, it reported about much more sexually explicit communications between Foley and a different former page over an "instant messaging" (IM) software program in 2003.

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The first Web report of the relatively tame e-mails appears to have prompted someone to share the explicit IM messages. After ABC News obtained those messages, in which Foley discussed sexual acts with the second former page, a scandal mushroomed on Capitol Hill, and Foley resigned.

The source who provided the e-mails that ABC News first reported on its blog, denied sharing the more explicit IMs.

So while the primary source of the e-mails which kicked off the scandal was a House GOP aide, the trigger of the news coverage was the weblog.

The creator of stopsexpreditors.blogspot.com is unknown. An interview request e-mailed to the site was not returned.

Early Warning On Foley Cited By Former Aide (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — A former Congressional aide said Wednesday that Speaker J. Dennis Hastert's office knew about reports of "inappropriate behavior" by Representative Mark Foley far earlier than Mr. Hastert's office has acknowledged.

Mr. Hastert's chief of staff, Scott Palmer, denied the account of the former aide, Kirk Fordham, who said in an interview that he had informed Mr. Palmer of the concerns about Mr. Foley before 2004. Mr. Hastert's office had previously said it first learned of concerns about Mr. Foley in the fall of 2005.

Mr. Fordham worked in Mr. Foley's office until January 2004, and on Wednesday, he resigned as chief of staff to Representative Thomas M. Reynolds of New York, chairman of the House Republican campaign committee. Mr. Fordham said he had become a political liability in Mr. Reynolds's re-election campaign.

Mr. Fordham's assertion about early reports raised more questions about whether Mr. Hastert and his staff had failed to respond quickly and forcefully enough to multiple warnings about the conduct of Mr. Foley, the Florida Republican who resigned from the House on Friday after being confronted with sexually explicit messages he had sent to teenage pages.

The statement further clouded Mr. Hastert's prospects of retaining his position as speaker as his party reached for a strategy to deal with a controversy that seems to have undermined its chances of keeping control of Congress on Election Day.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives, asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said after resigning from Mr. Reynolds's staff. "I have no congressman and no office to protect."

Mr. Fordham said he had informed Mr. Palmer of the concerns while working for Mr. Foley, after the House clerk, Jeff Trandahl, approached him. Mr. Trandahl told him, Mr. Fordham said, that pages had come forward with accounts about Mr. Foley's behavior. Mr. Trandahl, who resigned his position last year, did not return calls on Wednesday.

The accounts did not include accusations of overtly sexual advances and did not involve e-mail or instant messages of the sort that surfaced last week, Mr. Fordham said. Instead, they encompassed reports that Mr. Foley had been "way too friendly" toward the pages, he said.

Mr. Fordham said that he could not recall the specific date of his meeting with Mr. Palmer, but that it was between 2001 and the end of 2003.

A spokesman for Mr. Hastert, Ron Bonjean, issued a statement in Mr. Palmer's name saying, "What Kirk Fordham said did not happen."

Earlier Wednesday, Mr. Hastert's allies thought they were making progress in solidifying the rank and file behind the speaker as lawmakers issued generally supportive remarks.

Republicans here and across the country not only expressed anger, but also feared that the latest disclosures would drag the controversy over Mr. Foley into a second week and eclipse a critical campaign period in their effort to retain their House majority.

At the same time, Republicans said in interviews that the disclosures solidified worries in the party that Mr. Foley's conduct — hardly a secret — might have been kept quiet because Republicans were facing a tight election year.

Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to

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investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk.

In a sign of the strains in the House leadership, Representative Roy Blunt, Republican of Missouri, the majority whip, said Wednesday that he had not been told about Mr. Foley's case until last week. Mr. Blunt criticized the handling of the inquiry into the initial e-mail messages.

He added that the matter should have been more vigorously pursued when an e-mail message from Mr. Foley to a former page was first brought to the attention of Mr. Hastert's office last year.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Mr. Blunt told reporters in Missouri, The Associated Press reported. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Other Republicans also said the initial inquiry fell short.

"As the father of a 2-year-old boy and a 4-year-old girl, I believe that we must always err on the side of caution when it comes to protecting our children," Representative Jeb Hensarling, Republican of Texas, said. "And it is clear that what appeared to some to be innocuous e-mails at the time should have been investigated further."

Word of the new disclosures rattled lawmakers, many of whom remained quiet late Wednesday as they sought to digest the developments and learn more before deciding whether to continue supporting Mr. Hastert.

Federal prosecutors sent a letter on Wednesday to the general counsel of the House, directing Congressional authorities to safeguard all relevant records in Mr. Foley's former office.

In the letter, obtained by The New York Times, the acting United States attorney in Washington, Jeffrey A. Taylor, asked for the safekeeping of "documents and items" in Mr. Foley's former offices "including his computer, electronic storage materials, hard copy documents and other items."

The F.B.I. is conducting a preliminary investigation, officials said, and the request was intended to preserve records pending a decision by prosecutors on opening a full criminal inquiry into whether Mr. Foley violated federal sex crime laws.

The letter said House officials had already agreed to several actions, including changing the locks on Mr. Foley's former office, stopping his remote access to computers and warning staff members not to delete or shred any documents.

Representative Nancy Pelosi, Democrat of California and minority leader, said Mr. Fordham's statement was more evidence that House leaders needed to be brought before the ethics committee for a thorough investigation.

"Conflicting stories between Republican leadership and Republican staff about their cover-up of Mark Foley's abhorrent behavior," Ms. Pelosi said, "underscore the urgency for the Republican leadership to be immediately questioned under oath by the ethics committee."

The committee, long criticized for lacking teeth and as failing to treat accusations of Congressional wrongdoing with urgency, is scheduled to have its initial meeting on the Foley controversy on Thursday.

The furor seeped even deeper into political races. In debates and on the campaign trails, Democrats asked their Republican opponents whether they supported the Republican leadership in Congress.

Washington was consumed by what Mr. Hastert would and should do. Republicans said he continued to weigh remaining in his post or announcing that he would step aside.

Mr. Fordham, 39, who had risen through the ranks of Republican politics and gained a reputation as a strategist, said he felt maligned by suggestions that he tried to participate in a cover-up for Mr. Foley. He decided, he said, to confront Mr. Hastert about his assertion that he was not aware of Mr. Foley's circling too closely to young people.

In an interview, Mr. Fordham said he had hired a lawyer and intended to give his account to the F.B.I. on Thursday.

Mr. Bonjean, Mr. Hastert's spokesman, denied that the speaker's office had been aware of Mr. Foley's conduct for at least three years.

"This matter has been referred to the Standards Committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Mr. Bonjean said in a statement.

Foley Allegedly Had Shown Up Drunk At Dorm (AZREP)

By Gannett News Service

Arizona Republic, October 5, 2006

WASHINGTON - A senior House Republican has asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night.

Lawmakers have been talking about the alleged incident since Friday, when Foley resigned amid reports he sent sexually explicit Internet messages to underage former congressional pages.

The request for an investigation came from Rep. Deborah Pryce of Ohio, chairwoman of the House Republican Conference, the organizational vehicle for all Republican House members and their staff.

"Congresswoman Pryce contacted the clerk and asked her to look into this rumor," said Geoff Embler, a spokesman for Pryce.

Rep. Roger Wicker, a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening, Embler said.

Until Wicker raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said.

Foley's attorney, David Roth, could not be reached for comment.

Pryce also will send a letter to all Republican House members urging them to contact the proper authorities if they have specific information about allegedly inappropriate behavior by any House member, staffer or employee, Embler said.

A spokesman for Wicker declined to comment.

A search of official incident reports logged by the U.S. Capitol Police, who provide security at the dorm, turned up no mention of Foley, said Jeffrey Scruggs, an officer in the department's reports processing division.

And no complaints have been filed against Foley by anyone at the page dorm, said Salley Collins, a spokeswoman for the House Administration Committee, which oversees both the clerk's office and the page program.

Collins declined to make available any of the adult supervisors at the page residence.

Rep. Ginny Brown-Waite, a Republican from Florida, also heard about the alleged incident and was asking fellow lawmakers about it Friday, said Charlie Keller, her spokesman.

"She commented that people on the (House) floor were definitely talking about this," Keller said.

The clerk of the House, Karen Haas, oversees the page program, along with many other daily legislative and operational activities of the House.

A Complex And Hidden Life Behind Foley's Public Persona (NYT)

By Abby Goodnough And Kate Zernike

The New York Times, October 5, 2006

PALM BEACH, Fla., Oct. 3 — Mark Foley, until last week a fixture on this town's lofty social circuit, once recounted a party at Mar-a-Lago, Donald Trump's fabled estate.

"Miss Germany was my date," he told a writer at Washingtonian magazine for an article about "How to Date a Congressman."

It was one of the many hints Mr. Foley dropped to mask the realities of a deeply compartmentalized life. Over 12 years in Congress, he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined.

Whatever whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week.

Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical.

Here in Florida, where people knew him longest and best, friends said he kept his sexuality quiet because the most influential forces in his life, his parents and the political world he thrived in, would not accept him otherwise.

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The high-octane congressman who loved name dropping and photo shoots went to excruciating lengths, it seems, to keep probing questions at bay.

"I never asked outright because I thought it would be inappropriate," said Billy Brooks, a town council member in Palm Beach who was Mr. Foley's high school guidance counselor. "I suppose if I had my druthers, I would have said, 'Let's get it out and get it over with.' It was always bubbling under the surface."

Now, other things seem odd. Some of Mr. Foley's associates questioned his molestation claim, saying that even if true it sounded too much like excuse-making. And while Mr. Foley's lawyer said Monday that he was an alcoholic who had sent the inappropriate messages to teenagers while drunk, everyone interviewed was doubtful, and some said they had rarely seen him holding a drink.

"It sounds more like the advice of a top-notch criminal defense lawyer," said Rodney Romano, a former mayor of Lake Worth, the scrappy town where Mr. Foley grew up.

Friends and colleagues say that in Washington, Mr. Foley excelled at grabbing public attention and seemed to take particular pleasure in access to celebrities. While he was known for his efforts to protect children, he was also one of the best-known champions of Hollywood.

He came into office as part of the Republican Revolution of 1994 and was determined to make Republican inroads with the entertainment industry. He boasted of showing Julia Roberts and Melanie Griffith around the Capitol, dining out with Clint Eastwood and visiting Arnold Schwarzenegger at the Kennedy compound in Cape Cod.

Representative Mary Bono, who replaced her husband, Sonny, in Congress, nicknamed Mr. Foley "Hollywood." "He'd have a photo taken of him with any star," she said this week.

When Ms. Bono was selling her husband's red Jeep after his death, Mr. Foley jumped to buy it, and shipped it — including the leopard-print floor mats — to Florida, where he would drive it in parades. For getting around Capitol Hill, he favored a convertible BMW.

In Washington, he loved to go to parties and to throw them — he once told an interviewer he kept two tuxedos, one in each hometown. For several years running, he and other members of Congress who lived in a historic row of town houses behind the House office buildings gave a boozy block party. They offered a different drink — bourbon, margaritas, martinis, and in Mr. Foley's case, a wine tasting — for donors willing to pay $1,000 at each town house.

He was known for arriving up to four hours early to the State of the Union address so he could appear shaking the president's hand in photographs beamed back home. His friendliness with pages seemed just another part of that outgoing personality.

"He's a very, very charming person, very captivating to talk to," Ms. Bono said.

Early on, he signaled to pages that he was willing to pay attention to them, though many members of Congress do not.

Matt Kummernuss, a page in 1996-97, recalls a group of pages going out before curfew and standing in front of Mr. Foley's yellow town house near their dorm, trying to work up the courage to knock on his door.

"I didn't know we were allowed to have contact," Mr. Kummernuss said. But pages, politically hungry at a young age, were eager to make connections. "There's the allure of congressmen," Mr. Kummernuss said, "and he was one who talked to them."

In remarks on the House floor to mark the pages' graduations, Mr. Foley called out to several by name, joking about their mutating hair color and reliance on styling gel.

"I did not know you wore an earring," Mr. Foley said in 2001, recalling his inside jokes with pages. "Does your dad know, or mom? No, not really." He confessed to them that he welled up to think of them leaving.

Back home in Lake Worth, Fla., a town of bungalows and homegrown businesses where Mr. Foley's family moved when he was 3, friends said he had a longtime companion, a Palm Beach dermatologist, with whom he was not afraid to be seen publicly.

"About a month ago," said Sid Dinerstein, chairman of the Palm Beach County Republican Party, "my wife and I wound up at dinner in the same restaurant as Mark and his companion and his sister and her husband."

But his friends said Mr. Foley had never discussed his sexual identity with them.

Mr. Romano, who had Mr. Foley's father as a high school teacher, said he decided a long time ago that Mr. Foley had an unspoken contract with the Republican Party to keep it quiet.

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"I think they were willing to overlook it as long as he stayed in the closet," he said. "I don't know how he behaved in Washington, but down here the topic was always public issues and not personal lives."

Tom Ramiccio, a Lake Worth resident who has known Mr. Foley since high school, said he thought Mr. Foley had also not wanted his parents to know he was gay. His father, a gregarious former marine who taught science, and mother, a quiet woman who would cook meals for priests, are Catholics who were intensely proud of their son's success, Mr. Ramiccio said.

"I think they just brushed it off and didn't think it was ever true," he said. "I think his sister helped keep it from them. They're just so straiht-laced. Everyone always wondered, even during the fly-in to his office in Washington this past year, 'You think his parents know?' "

When Mr. Foley dropped out of Palm Beach Community College at 20, his doting parents helped him open a restaurant in downtown Lake Worth, where Mr. Romano said he honed his people skills before running for the city commission a few years later.

"Mom and Dad worked like slaves," he said, "and Mark's job was to press the flesh and be the frontman. He was a natural."

Mr. Foley, the fourth of five children, proved equally adept at politics, handily winning elections as a Republican in a county that was majority Democrat.

His family eagerly participated in his political life; his sister Donna Winterson even managed his campaigns. She also helped decorate the condominium Mr. Foley recently moved into in Fort Pierce, an hour's drive north of here, according to a local paper.

His colleagues in Washington liked him — if they had to tolerate him trampling them on his way to the nearest camera. He was known for his sense of humor and his imitations of politicians — including Bill Clinton's famous "I did not have sexual relations with that woman" line.

He cultivated the good life, wearing impeccable suits, French cuff shirts and pocket kerchief. Campaign accounts show bills for dinners with constituents at trendy and expensive Washington restaurants.

He paid close attention to constituents back home, spending thousands to send chocolates and other gifts to them, as well as birthday cards to people he met along his political travels.

In 2003, he ran for the Senate, quickly winning donations and support, but abruptly dropped out a few months later, saying he needed to spend more time with his cancer-stricken father.

But friends said he was concerned that he could not run without being outed.

When ann alternative newspaper in South Florida ran an article headlined, "Why won't U.S. Congressman Mark Foley just say that he's gay?" Mr. Foley held a news conference to complain about the "revolting and unforgivable" speculation and to say he would not discuss his sexual orientation.

"My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public," he said at the time.

Another time, questioned about his sexuality, he told a local paper, "I like women."

While Mr. Foley voted for the Defense of Marriage Act in 1996, he later supported many gay rights initiatives. But he still went to lengths to hide his sexuality.

When he became a leading critic of Mr. Clinton's during impeachment, and the president's supporters were poking around in the private lives of Republicans, several people said they recalled hearing that Mr. Foley told people he was engaged.

Still, in recent years, some friends said he grew less skittish about hiding his sexual orientation.

When he realized that he would not become a Senator, friends of Mr. Foley said, he considered leaving the House. One of the jobs he coveted was head of the Motion Picture Association of America. But House Republican leaders persuaded him to stay.

On his last day in Congress, he was in the garden of his town house with his sister Donna trying to craft a strategy to respond to reports of the first e-mail message — sexually suggestive but perhaps not career-ending — when he got a call from a staff member who said ABC News had more e-mail messages.

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They drafted a three-sentence statement and a letter of resignation, packed some bags, and got in his BMW. By the time the cameras that Mr. Foley had so long sought out had arrived to stake out his town house, he was driving South through Virginia, on a slow trip home to Florida.

Assertion By Foley Angers Victims Of Abuse By Clergymen (NYT)

By Laurie Goodstein

The New York Times, October 5, 2006

Former Representative Mark Foley's declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others.

If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly.

"You certainly don't wait," said Peter Isely, a clinical social worker in Minneapolis who was abused by a priest as a teenager and is an official of a national advocacy group for victims. "It's extremely important that the secrecy be pierced immediately, because there could be kids at risk."

Mr. Foley, 52, resigned from his Florida Congressional seat last Friday after news reports revealed that he had been sending sexually suggestive e-mail to high school students who worked as pages in the House of Representatives. On Tuesday Mr. Foley's lawyer, David Roth, said in a news conference that the former congressman is gay and had been sexually abused from age 13 to 15 by a member of the clergy. Mr. Roth said Mr. Foley did not blame his conduct on the abuse he suffered as a teenager. Mr. Roth did not identify the cleric or even the denomination, saying, "I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi."

Mr. Roth did say, however, that Mr. Foley was raised a Roman Catholic and attended Catholic schools in Lake Worth, Fla. That information led members of the extensive support networks for abuse victims to speculate that if Mr. Foley indeed had been abused, the abuser was most likely a Catholic priest.

Officials of both the Archdiocese of Miami and the Diocese of Palm Beach, which was established in 1984 and now includes the area where Mr. Foley grew up, said that Mr. Foley's assertions were too vague to merit a response.

"Mr. Foley has not reported any sexual abuse to the Diocese of Palm Beach," said Alexis Walkenstein, director of communications, "and if he has been hurt by anyone in the Catholic Church, we would encourage him to report it to the appropriate entity and to law enforcement."

After days of revelations about Mr. Foley's e-mail messages to young pages, victims of sexual abuse said in interviews yesterday that while his claim of abuse could be genuine, it was infuriating because it reinforced the idea that victims of child abuse grew up to abuse others.

Melissa Lucia, 57, who said she had been abused by a priest in Interlachen, Fla., said she was furious as she heard Mr. Foley, through his lawyer, attribute his problems to alcoholism and then disclose his homosexuality and abuse as a child.

"There are thousands of us out there who are alcoholics, or who are gay or who were molested by clergy, that do not do this to other people," said Ms. Lucia, who said she had been molested by a priest at a Catholic boarding school. "That is not your justification to mess up other people's lives."

David Clohessy, national director of the Survivors Network of Those Abused by Priests, said that Mr. Foley's decision to proclaim a history of victimization at a moment of crisis was common.

"There is no ideal time to disclose this stuff," Mr. Clohessy said. "Most survivors disclose it after their eighth drunk driving arrest or their wife saying she wants a divorce, or their fifth bar fight."

"Childhood trauma doesn't excuse criminal behavior," Mr. Clohessy added. "I hope he will find the strength to do what thousands of other victims have done, which is publicly expose the predator — whether he's alive or dead."

Getting Beyond Foley (WSJ)

The Wall Street Journal, October 5, 2006

Now that Mark Foley's carcass has gone over the side, the political waters are filling with sharks fighting over the remnants. We're going to find out how fast Denny Hastert can swim.

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First to the site as always was House Minority Leader Nancy Pelosi. Republican leaders "failed to protect the children in their trust," intoned Parson Pelosi, last seen on this issue voting to revoke the Boy Scouts' charter for its ban on gay scoutmasters. So exercised is Ms. Pelosi that she wants the GOP leadership "immediately questioned under oath" by the Ethics Committee.

One can hardly blame the Minority Leader for diving toward the jugular of a Republican Party already on its knees and on the brink of losing control of the House. More difficult to explain are the cultural conservatives and others on the political right swimming alongside Ms. Pelosi.

The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House "enablers who made it possible."

A statement on behalf of the executive committee of the family-coalition Arlington Group, including cultural conservative leaders Don Wildmon, Tony Perkins, Gary Bauer and Paul Weyrich, wants the "whole truth," which apparently consists of "when House Leadership or other members from either party knew of this situation." The group demands that "legal authorities prosecute any person who had knowledge of any such activity but did not report it immediately." And of course while the House Speaker was taking this public beating, his No. 2, Majority Leader John Boehner, pulled down the shades and turned away with his now-famous dismissal: "It's in his corner; it's his responsibility."

And so with an election weeks away and its troops already at the edge of the cliff, the Republican elites decided to jump into the sea over Mr. Foley.

We doubt that Messrs. Boehner, Wildmon, Perkins, Bauer and Weyrich will feel as politically cleansed as they seem to be this week if they wake up November 8 to a House run by Ms. Pelosi and Messrs. Rangel, Murtha, Dingell, Waxman, Obey and Frank. And if the pundits are right, the Foley wilding may even give them a Harry Reid Senate.

Certainly there are plenty of reasons for the right to be upset with this Congress. As these columns described Monday in "The GOP Record," the flops of the party now in control of Congress have been significant: Taxes, health care, Social Security, immigration, earmarks, Abramoff. All this is enough to bring the charge that Speaker Hastert has been an absentee landlord. But if it's enough to justify his removal -- and it may well be -- the time for doing so is after the election, win or lose. We are hard put to see what these conservatives think will be gained by burning down the entire coalition before the election over Mark Foley.

What is Mr. Hastert's supposed firing offense, anyway? We've seen no evidence to date that he lied or attempted a cover-up. His office responded to complaints from the parents of a former page by having the head of the page board and clerk of the House speak with Mr. Foley and order him to stop communicating with the minor.

Republicans should also have alerted the Democrat on the page board to the warning, but to force a Speaker's resignation because he didn't demand an investigation into every communication between Mr. Foley and current and former pages is politically convenient hindsight. Two newspapers also saw the same emails and declined to publish a story on them, no doubt for similar reasons of privacy and fairness.

On current course, the Hastert-must-resign conservatives are likely to wash away even the moral victory of the past week. Discounting for political calculation, prominent figures across the spectrum have repudiated and vilified Mr. Foley's behavior with minors. Melanie Sloan of the liberal Citizens for Responsibility and Ethics in Washington said lax oversight of Mr. Foley had left "a potential sexual predator on the loose." This sounds like a consensus standard. But it will be a minor footnote if the get-Denny posse enables a larger Democratic victory next month.

Let's imagine, for instance, that a seat on the Supreme Court opens up next year with a Democratic House and GOP Senate majority called Lincoln Chafee. Approve another Alito? The diminished GOP Senate would be lucky if it got someone as conservative as Harriet Miers. Think Son of Souter.

Want to choke down more gall? Try this: Making Mark Foley the fulcrum of defeat will let the spendthrift GOP appropriators off the hook. Reforming the earmark caucus was never going to be easy, but it'll be nigh impossible -- in or out of power -- if every political writer in America is describing how Republican elites pulled down the temple in 2006 over one Congressman's moral turpitude.

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It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley.

Real Scandals, And Fake Ones (NYT)

The New York Times, October 5, 2006

When it comes to sexual scandal, American voters tend to be more rational than American politicians. The House Republicans raced to impeach President Clinton over the Monica Lewinsky episode. But the people, shocked as they were, showed no desire to punish him by upending the national government. Conservative politicians frequently try to score political points by railing against homosexuality, but voters from very conservative areas often support politicians who are living out their private — and often not particularly secret — lives as gay men and women. Lawmakers from both parties have announced they were gay over the last generation, and they were almost always re-elected.

That tolerance obviously does not extend to Representative Mark Foley's e-mail pursuit of under-age Congressional pages, an unforgivable — and very possibly illegal — abuse of public trust. But there's reason to worry that the scandal could tempt Republican politicians and their defenders to try to turn it into an anti-gay witch hunt in the Capitol.

The Republicans' fear of the political consequences of the scandal has already caused them to turn on each other with stunning speed. The finger-pointing at Speaker Dennis Hastert became a chorus. The Republicans, who have shown a remarkable degree of patience when it comes to investigating the Bush administration, are fairly racing to investigate their leadership.

The desire to turn Mr. Hastert into a sacrificial victim is self-serving. But the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs.

Pat Buchanan helped point everyone in exactly the wrong direction when he announced on MSNBC that "there's a proclivity" toward child abuse among homosexuals. "Is it a coincidence that 90 percent of the victims of the priests and the other folks who abuse those altar boys and others, 90 percent of the victims were boys, 90 percent of the perpetrators were men?" he asked.

What Mr. Foley did was not about his sexual orientation. Anyone who imagines that gay men pose a particular threat to American children need only contemplate the grisly crimes recently perpetrated on young girls in schoolhouse assaults by psychotic heterosexuals. The last time Congress went through a page sex scandal, two House members were censured — one gay and one straight.

When one party is humiliated this way, there's a tendency to look for culprits in the ranks of the opposition as well. After the Lewinsky scandal broke, the public was barraged with examples of Republican members of Congress who had committed adultery. While some of the embarrassed lawmakers retreated to private life, virtually none of them were sent there by the voters.

If there is a Democratic member of Congress guilty of sins similar to Mr. Foley's, it is likely we will hear about it soon. But convincing the public that Mr. Foley's disgusting behavior is widespread in Washington, or trying to create the impression that the presence of gays in the highest levels of government is something to worry about, is not likely to get any Republican elected this fall. What it will do is further degrade an already depressing election year, and create cynicism among a public that really is cynical enough already.

The Warning Signs About Hastert's Leadership Were There October 5, 2006 (RC)

By Norman Ornstein,

Roll Call, October 5, 2006

My deep dismay and disillusionment with Speaker Dennis Hastert (R-Ill.) began with the 2003 House vote on the Medicare prescription drug plan — the infamous three-hour vote, from 3 to 6 a.m.

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The Speaker engineered the time and length of the vote, despite the House norm of finishing votes within 15 minutes. Going against tradition, the Speaker went to the floor to lobby during the vote. Even more shocking, he escorted a Cabinet officer, the secretary of Health and Human Services, onto the floor to twist arms.

Those acts showed that he was a Speaker who put raw partisan politics above the dignity and constraints of a constitutional office that makes him leader of the entire institution and only secondarily the leader of a party. This was not a passive Speaker, an amiable glad-hander who was a puppet to then-Majority Leader Tom DeLay (R-Texas); this was an aggressive Speaker who took charge, with an ends-justify-the-means, win-at-any-cost mentality.

The Medicare vote was deeply troubling, but it was nothing compared to the ethics committee fiasco at the start of the 109th Congress. After the panel did its duty and issued three rebukes to DeLay, the Speaker fired Standards of Official Conduct Chairman Joel Hefley (R-Colo.), and two GOP panel members, Reps. Kenny Hulshof (Mo.) and Steven LaTourette (Ohio). The Speaker's excuse for firing Hefley, a conservative with flinty integrity, was that he'd reached his term limit. Yet Hastert had waived the term limit for Rules Chairman David Dreier (R-Calif.). And neither Hulshof nor LaTourette had reached any term limit; they were flat-out canned for doing their job.

Hastert then picked loyalist Rep. Doc Hastings (R-Wash.) to replace Hefley, with the obvious prospect that Hastings could move up to chair Rules if he did not stray on ethics. Hastert also added Rep. Lamar Smith (R-Texas), a DeLay loyalist who had contributed to the DeLay legal defense fund, at a time when the only pending ethics matter was related to DeLay. What Hastert did with the ethics panel was a direct affront to propriety and a clear sign that the integrity of the House took a back seat to protecting DeLay and other Republicans from ethics charges.

The Speaker also pushed the House Republican Conference to alter its rules so DeLay could stay as Majority Leader even if he were indicted in Texas. Some GOP Members have tried to defend the Speaker to me by suggesting that he was only acting on the advice of his counsel, Ted Van Der Meid. That may or may not be true — but he is the Speaker, and he knew the implications full well (or should have).

I have written repeatedly over the past few years about Hastert's behavior as Speaker, but few other news outlets have altered the common story line — that is, good ol' boy Denny Hastert, amiable, a real House guy, passive, simply a front man for Tom DeLay.

To anyone who did connect the dots, it was not a shock that the Speaker would react to the news that then-Rep. Mark Foley (R-Fla.) had engaged in highly questionable exchanges with a young male page by pushing it to the side, ignoring it and hoping it would go away until after November. This is simply not a man whose first impulse would be to protect the integrity of the House, or to put pages above the political expediency of preventing yet another scandal in an election year.

The Foley scandal is a pivotal event — very likely the tipping point in the elections, and another stiff test for the House to demonstrate some trace elements of institutional integrity. This is about Mark Foley, a dynamic, savvy and capable Member of Congress who shattered the trust imparted in him as a lawmaker. Even more, though, it is about the Speaker and other Republican leaders who showed why Congress genuinely is the broken branch.

Look at all the explanations given for Hastert, Reps. Tom Reynolds (R-N.Y.) and John Shimkus (R-Ill.), among others, sitting on the information they had for months on end, including who knew what and when, talking about the innocuous nature of the e-mails they knew about and blaming subordinates or superiors. They do not wash. This was a cover-up, plain and simple.

Those initial e-mails may not have been graphic or sexually explicit, but they had flashing neon "danger" signs all over them. There have been page scandals before, just as there have been scandals involving priests and young parishioners and youngsters preyed upon by people in positions of authority. How could any of these leaders have known the bare bones of this story and not acted — at minimum, to demand of Foley any additional e-mails or other communications he had had with pages, and an accounting of any activities he had engaged in with them, such as dinner or other contact outside the official setting? And how could a Speaker not demand at least that the full page board be assembled to deal with this problem?

For a Speaker who openly and repeatedly has said that what mattered was the majority of the majority — not the majority of the House — it was wholly predictable that he would not bring Democratic Rep. Dale Kildee (Mich.) into the deliberations, but rather rely on his home-state buddy Shimkus. And that partisan-first mentality did not end with the explosion of revelations; when Hastert and Shimkus issued a call for reform of the page system a couple of days ago, they still did not notify or bring in Kildee!

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Only once during his tenure as Speaker has Hastert leapt to protect the integrity of the legislative branch — when he joined with Minority Leader Nancy Pelosi (D-Calif.) to take on the FBI and Justice Department for raiding the office of Rep. William Jefferson (D-La.). He was right, in my view. But I am now left to believe that he did so not because of a visceral reaction to protect the House, but rather out of fear that the Jefferson raid would be followed by lots of others, targeting many Republicans.

It has been fascinating to watch Republicans and conservatives rally behind the Speaker the past few days, especially after The Washington Times called for his resignation. From President Bush to Rush Limbaugh, the defense of the Speaker has ranged from "he didn't know" to "he has been a good Speaker — the good cop to Tom DeLay's bad cop" to "even if he knew, rally behind him and the others anyway, because the Supreme Court is at stake."

How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

A Tear In Our Fabric (NYT)

By David Brooks

The New York Times, October 5, 2006

This is a tale of two predators. The first is a congressman who befriended teenage pages. He sent them cajoling instant messages asking them to describe their sexual habits, so he could get his jollies.

The second is a secretary, who invited a 13-year-old girl from her neighborhood into her car and kissed her. Then she invited the girl up to her apartment, gave her some vodka, took off her underwear and gave her a satin teddy to wear.

Then she had sex with the girl, which was interrupted when the girl's mother called. Then she made the girl masturbate in front of her and taught her some new techniques.

The first predator, of course, is Mark Foley, the Florida congressman. The second predator is a character in Eve Ensler's play, "The Vagina Monologues."

Foley is now universally reviled. But the Ensler play, which depicts the secretary's affair with the 13-year-old as a glorious awakening, is revered. In the original version of the play, the under-age girl declares, "I say, if it was a rape, it was a good rape, then, a rape that turned my [vagina] into a kind of heaven." When I saw Ensler perform the play several years ago in New York, everyone roared in approval. Ensler has since changed the girl's age to 16 — the age of Foley's pages — and audiences still embrace the play and that scene at colleges and in theaters around the world.

But why is one sexual predator despised and the other celebrated?

The first and obvious reason is that male predators are more disturbing than female predators. But the second and more important reason is that they exist in different moral universes.

Ensler's audiences are reacting to the exuberant voice of the young girl, who narrates the scene. They're embracing — at least in the fantasy world of the theater — a moral code that's been called expressive individualism. Under this code, the core mission of life is to throw off the shackles of social convention and to embark on a journey of self-discovery. Behavior is not wrong if it feels good and doesn't hurt anybody else. Sex is not wrong so long as it is done by mutual consent.

By the rules of expressive individualism, Ensler's characters did nothing wrong. They performed an act that was mutually pleasurable and fulfilling.

This code dominated cosmopolitan culture during the 1970's and 1980's. When Congressman Gerry Studds was censured in 1983 for his relationship with a 17-year-old page, he argued that the sex was consensual, and he was re-elected several more times.

But there's another and older code, and people seem to be returning to this older code to judge Mark Foley. Under this older code, we are defined not by our individual choices but by our social roles.

Under this code, when an adult seduces a child, it tears the social fabric that joins all adults and all children. When a congressman flirts with a page, it tears the social trust that undergirds the entire page program. When an adult seduces a teenager, it ruptures the teenagers' bond with his family, and harms the bonds joining all families.

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This older code emphasizes not so much individual exploration as social ecology. It's based on the idea that people are primarily shaped by the moral order around them, which is engraved upon their minds via a million events and habits. Individuals are not defined by their lifestyle preferences but by their social functions as parents, job-holders and citizens, and the way they contribute to the shared moral order.

In this view, the social fabric is a precious thing, always in danger. And what Foley, and the character in the Ensler play, did was wrong, consent or no consent, because of the effects on the wider ecology.

In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management.

But the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease.

In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority.

An Amish Community Grieves For Its Little Ones (WP)

By Raymond McCaffrey And Michael E. Ruane

The Washington Post, October 5, 2006

BART TOWNSHIP, Pa., Oct. 4 -- All day they trudged across the dusty farm fields here -- white-bearded Amish patriarchs, women in black dresses and white bonnets, strapping young men with cropped hair and tanned arms.

They came, too, in their metal-wheeled black buggies, drawn by lathered horses that built clouds of gray dust on the gravel byways, somber but dutiful people on timeless missions of grief.

Across the meadows and back roads of the village of Nickel Mines, clusters of the black-clad mourners could be seen Wednesday gathering outside the homes where the bodies of the five Amish children slain Monday lay. They gathered to pay respect, offer hope and have the one last encounter with the departed that is Amish tradition.

"Go ahead and touch her," a family friend said a mother told the sister of one of the dead girls. "She's cold now, but she's in Heaven."

Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls.

Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday.

The five surviving girls -- a 6-year-old, three 8-year olds and a 13-year-old -- are recovering from grievous gunshot wounds in two Pennsylvania hospitals. Police have not released their names.

Meanwhile, the Pennsylvania State Police announced Wednesday that the two female relatives whose abuse Roberts said tormented him had no recollection of being attacked by him. Roberts said in a last phone call to his wife and in a series of suicide notes that he had molested the two relatives when he was about 12 and that he had been haunted by dreams that he was going to molest again.

That, he suggested, was part of the rationale for his schoolhouse assault, police said. Police said the relatives, whom they did not identify, would have been about 4 or 5 at the time. Police did not say whether they believed the attacks never happened, but they had sounded skeptical of the story since it was revealed Tuesday.

The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand.

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The community assembled Wednesday for the viewings, several of which were held at the same time, in homes within sight of each other. The girls were placed in open coffins, according to Rita Rhoads, a Mennonite nurse/midwife who had delivered two of the victims. "It's important to touch the body," Rhoads said.

She recalled the joy that the Ebersol family felt when Naomi was born, her parents' first daughter after five sons. "They finally got their girl," Rhoads said.

She said the families are aware of the revelations by police that the killer brought materials to the schoolhouse that suggested to police that he had intended to sexually assault the girls after tying them up. Rhoads said Naomi's father, who owns a woodworking shop, told her that, on the day of the shootings, "there was a fight between good and evil in the school, and good won." His view -- reflected elsewhere in the community -- was that it was better the girls died than for them to have met what some consider a worse fate.

"They feel it was better to be dead than to be sexually molested and tortured," Rhoads said. "They feel that God won. [Roberts] didn't get to do what he wanted to do, and the girls are in Heaven."

Rhoads remembered Naomi as "so cute and innocent and starting to blossom."

The Fisher family was touched by the tragedy in more than one way. In addition to mourning the loss of Marian, they are praying for the recovery of her 12-year-old sister, who was among the girls shot at the school and is listed in serious condition at Children's Hospital in Philadelphia. At the same time, they are rejoicing over the survival of their 10-year-old daughter, the only girl to escape from the school.

Rhoads said that the child managed to escape with some adult women who were let go by Roberts as he carefully selected his targets. The women told the girl to "tiptoe" out of the schoolhouse while Roberts was busy tying up the other girls, Rhoads said. The child ran to a nearby farm with the other escapees.

"Of course, the family is just thanking the Lord she got out," Rhoads said. But they are also concerned about the long-term effect of the ordeal on their daughter.

Still, the little girl managed to follow tradition, going up to her sister's coffin and touching her a last time, Rhoads said the child's mother told her. She said her mother told the child that her sister was in Heaven even though she felt cold.

John Fisher, a relative of Marian Fisher's, said Wednesday that he was grateful for all the support of the community but that preserving the privacy of the families was important. He said the relatives of the victims have spent a lot of time together since the shooting.

"We have the viewing [Wednesday] and the funeral [Thursday], and we're just trying to focus on that right now," said Fisher, standing on his front porch surrounded by his children. "This is a hard thing."

Fisher said Marian was in eighth grade and had attended the one-room school since first grade.

Investigators for the first time Wednesday allowed reporters close access to the schoolhouse. Aside from boards over the windows that the police SWAT teams smashed on their way in, all seemed in order.

A double seesaw and a swing set sat outside, near two outhouses. A small baseball diamond had wear spots in the grass for the bases and home plate, and a simple chain-link backstop. There was a school bell in the cupola and a whitewashed board fence around the perimeter. Huge gray draft horses grazed in a field out back.

About noon, a group of Amish women from Michigan, visiting the area for a wedding, walked down the road and paused by the fence to pay their respects.

They looked anguished and spoke quietly to each other. Some buried their faces in their hands.

"This really hurts," said one of the women, Katie Weaver, 54. "But, see, at a very young age our parents teach us to forgive like Christ did, not man-made forgiveness. . . . Jesus still takes care of us, even if bad things happen. These children are in Heaven. We still weep and cry just like everybody else, but then we go to Christ.

"My mom and dad taught me, and now we teach our children the same, to forgive people if they hurt us or wrong us," she said. "Things are going to happen in life. We're going to get hurt. But . . . we have to forgive. . . . If we give it to God, he'll take it and make something good out of it."

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Also Wednesday, Janice Ballenger, a deputy coroner in Lancaster County, clarified comments she had made Tuesday about the number of wounds suffered by the children. She had said that she counted two dozen wounds in the body of one victim, whereas state police had said Roberts fired 17 or 18 shots from a pistol and a shotgun.

Ballenger said there was no discrepancy between the police and coroner's reports. Police said Wednesday for the first time that some of the victims were hit by several of the shotgun pellets, which left multiple wounds.

Amish School Survivors Struggle After Killings (NYT)

By Shaila Dewan

The New York Times, October 5, 2006

NICKEL MINES, Pa., Oct. 4 — In the past two days, Leroy Zook has talked his way into a bloodied schoolyard to free a nervous carriage horse, visited wounded children in hospital gowns and viewed dead ones dressed in white, shaken the hand of a killer's father-in-law, prayed, sung and milked his cows.

Seven members of Mr. Zook's family were in the one-room Amish schoolhouse on Monday morning when Charles C. Roberts IV rapped on the door armed with chains, clamps and guns. Mr. Roberts shot 10 girls — aged 6 to 13 — killing 5 of them and then committing suicide. All the Zooks — Mr. Zook's wife, two daughters, one of whom was the teacher, two daughters-in-law and two baby grandchildren got out unharmed, but not unshaken.

The police have praised Emma Mae Zook, the 20-year-old teacher who, with her mother, slipped out to call 911. Less has been said about the three women who were left behind as the gunman separated the girls from the boys and lined them up.

"They're actually hurting about as bad as anybody else," said Mr. Zook, standing on the driveway of the family farm just before supper, wearing suspenders and a straw hat with a papery black band around the brim. "I didn't realize that until I talked to them today. They were there when he was tying the girls up, and they were telling the children to stay calm, and he come down the line and turned them loose."

Mr. Zook said one of the wounded girls had been removed from her ventilator on Tuesday night and had told her parents about what happened after the children, who according to Amish custom are insulated from violence, had been left alone with Mr. Roberts.

"They talked with this gunman and asked him why he was doing this," Mr. Zook said. "And he told them why: he's angry at God, he's just bitter. He told them that they're supposed to pray for him that he wouldn't do this."

He also said, "The oldest girl there, she said 'Shoot me, and leave the others alone.' "

Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before.

On Tuesday, the state police said the two relatives had been interviewed and did not recall ever being sexually assaulted by Mr. Roberts. They would have been 4 or 5 at the time, said Linette Quinn, a spokeswoman for the state police. Mr. Roberts had never been the subject of any child molestation investigation, Ms. Quinn said.

She said the police had not yet interviewed any of the surviving girls.

As the community struggled to comprehend the killer's actions, families prepared for funerals. Horse-drawn buggies used by the Amish filled the field next to the home where a wake was being held for Naomi Rose Ebersole, 7. Children in bonnets clustered quietly in the yard, and women in long aprons carried casseroles to the door.

Mr. Zook said he and Emma Mae — his daughter — had gone to visit one of the wounded girls in the hospital that day. "That perked her right up," he said. But at the sight of her in the hospital bed, with tubes attached to her body, Emma Mae fainted, he said. "She's weak. She just went and sat down in a chair."

Behind him, Emma Mae's twin brother and a sister listened shyly to their father's conversation. Mr. Zook's wife, dressed in rubber boots, tended to chores.

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Throughout this ordeal, the Amish, whose avoidance of vanity extends even to buttons and zippers, have been the object of fascination not just because of their old-fashioned dress and rejection of modern conveniences like cars and electricity, but because of their stoicism, faith and capacity for forgiveness.

Rita Rhoads, a midwife who helped in the births of two of the murdered girls, said the father of one told her that God had helped his daughter. "He said there was a battle between good and evil Monday, and good won," Ms. Rhoads said. "He felt that way because the shooter was killed before he was able to carry out all of his plans."

Investigators said they believed Mr. Roberts intended to sexually molest the girls but was interrupted by the arrival of the police.

Lil Nissley, whose daughters had been playmates with one of the victims, said she was at the farm where those fleeing the schoolhouse — the male students and the adult women — had taken refuge. "Any outsider would have said, what's wrong with these calm people?" she said. "I mean, we were crying, we were praying, but we weren't hysterical."

But Ms. Nissley and her husband, David, who are not Amish, said the composure was a matter of culture and training, not suppression. "Their blood runs red," Mr. Nissley said.

Still, it is not unusual for the Amish to reach out to those who hurt them. When an Amish dies in a car accident, for example, the motorist is often invited to the funeral. Mr. Zook said he had shaken hands with Mr. Roberts's father-in-law, whom he encountered at the home of the Fisher family, who had three daughters in the school. One escaped, another was wounded and the third was killed. Mr. Zook said such encounters helped the survivors victims heal.

"I think it's helping him to meet people too, and see that there's no grudge," he said of the father-in-law. "How could you hold a grudge against the wife, the family?"

As satellite trucks and reporters descended on the area, many residents said they felt protective of the Amish, who shun publicity. And many Amish said they did not blame the English, as they call their non-Amish neighbors, for what happened.

But the shootings still meant a loss of trust between the Amish and the modern world, especially for the young. One 34-year-old Amish man, who said he would not give his name because he did not want to attract attention, said that the day after the shooting he had to ask a reporter parked near an Amish schoolhouse to move along because her presence was scaring the children.

"She was just sitting there doing bookwork, but the kids were all hiding behind the school peeping around the side," he said.

After all, they had just learned that the recent carnage occurred after an "Englishman" had parked his pickup truck in front of a school.

"It's going to be a scar on them for some time," the man said.

Shooter's Relatives: No Recall Of Being Molested (USAT)

By Alan Levin And Mimi Hall

USA Today, October 5, 2006

BART TOWNSHIP, Pa. — Two family members of the man who shot 10 girls in an Amish schoolhouse say they have no recollection that he molested them 20 years ago, as the gunman claimed, Pennsylvania state police said Wednesday.

Moments before he began firing at the schoolgirls in Monday's attack, Charles Carl Roberts IV called his wife and told her he was haunted by memories of molesting two young relatives. Roberts wrote in a suicide note that he had been dreaming he would molest again.

Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. "Both of them have no recollection of being sexually assaulted by Roberts" when they were 4 or 5 years old, trooper Linette Quinn said.

Roberts, a distraught milk truck driver, killed five girls and wounded five more in the attack. He arrived at the Amish school armed with guns, ammunition, plastic ties and lubricating jelly that police said he likely planned to use to sexually assault the girls. He killed himself as police stormed the schoolhouse.

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On Wednesday, the Amish community released its first public statement since the shootings, pleading with the news media to show respect during the girls' funerals and burials, which begin today.

"We don't know or understand why this happened, but we do believe that God allowed this to happen," said the statement released by state police. "The rest of us … will go on."

State police added additional details about the gruesome shooting Wednesday. Besides firing 13 to 15 shots from a 9mm handgun, Roberts fired four shots from a 12-gauge shotgun, three of which struck the schoolgirls.

Donations and support poured into this picturesque farming community as the Amish debated whether to destroy the one-room schoolhouse, now boarded up. The Amish families are considering destroying it, said Rita Rhodes, a midwife who delivered two of the girls who died.

Amish Bishop Reuben Fisher, a grandfather to three of the victims, is leaning toward tearing down or burning the school, said Rhodes, a spokeswoman for the Amish families.

"It doesn't really surprise me," said Kim Fortney, an expert on Amish culture at the Heritage Center of Lancaster County. "It's more of a human reaction than a cultural one."

Capital BlueCross, an area health insurance company, announced it had created a fund with $500,000 to pay for medical care and other needs of the families involved.

The Amish elders asked Kevin King of the Mennonite Disaster Service to run a local committee formed to oversee the donations.

King said the elders did not want to say how much money had poured in because they considered it "boastful." He predicted millions of dollars would be donated. (The Mennonite Disaster Service website is www.mds.mennonite.net.)

Kin Say Amish Gunman Didn't Molest Them (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, October 5, 2006

(AP) - NICKEL MINES, Pa.-Two relatives of the man who attacked an Amish school said they were not molested by him 20 years ago as he had claimed, investigators said Wednesday.

Charles Carl Roberts IV, 32, revealed to his family in notes he left behind and in a cell phone call to his wife from inside the West Nickel Mines Amish School that he was tormented by memories of molesting his two young relatives 20 years ago. He also spoke of having dreams about doing it again.

Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse.

"Both of them have no recollection of being sexually assaulted by Roberts," state police Trooper Linette Quinn said. "They were absolutely sure they had no contact with Roberts."

Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died. Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls.

As they struggle with the slayings, the Amish in this Lancaster County village are turning the other cheek, urging forgiveness of the killer and quietly accepting what comes their way as God's will.

"They know their children are going to heaven. They know their children are innocent ... and they know that they will join them in death," said Gertrude Huntington, a Michigan researcher and expert on children in Amish society.

"The hurt is very great," Huntington said. "But they don't balance the hurt with hate."

In the aftermath of Monday's violence, the Amish are looking inward, relying on themselves and their faith, just as they have for centuries. They hold themselves apart from the modern world, and have as little to do with civil authorities as possible.

Amish mourners have been going from home to home for two days to attend viewings for the five victims, all little girls laid out in white dresses made by their families. Such viewings occur almost immediately after the bodies arrive at the parents' homes.

Typically, they are so crowded, "if you start crying, you've got to figure out whose shoulder to cry on," said Rita Rhoads, a Mennonite midwife who delivered two of the five girls slain in the attack.

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At some Amish viewings, upwards of 1,000 to 1,500 people might visit a family's home to pay respects, according to Jack Meyer, 60, a buggy operator in Bird in Hand. Such visits are important, given the lack of e-mail and phone communication, Meyer said.

The Amish have also been reaching out to the family of the gunman. Dwight Lefever, a Roberts family spokesman, said an Amish neighbor comforted the Roberts family hours after the shooting and extended forgiveness to them.

"I hope they stay around here and they'll have a lot of friends and a lot of support," Daniel Esh, a 57-year-old Amish artist and woodworker whose three grandnephews were inside the school during the attack, said of the Robertses.

Huntington, the authority on the Amish, predicted they will be very supportive of the killer and his wife, "because judgment is in God's hands: `Judge not, that ye be not judged."

A deputy county coroner on Wednesday described a gruesome scene at the school, with blood on every desk, every window broken and the body of a girl slumped beneath the chalkboard, below a sign that read "Visitors Brighten People's Days." Roberts' body was face-down next to the teacher's desk.

"It was horrible. I don't know how else to explain it," said Amanda Shelley, a deputy coroner in Lancaster County.

Funerals for four of the victims - Naomi Rose Ebersole, 7; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7 - are scheduled for Thursday at three homes. The funeral for the fifth girl, Anna Mae Stoltzfus, 12, is Friday.

About 300 to 500 people are expected at each funeral, said Philip W. Furman, an undertaker. The church-led services typically last about two hours before mourners travel in horse-drawn buggies to a cemetery for a short graveside service.

In keeping with custom, the Amish use simple wooden caskets - narrow at the head and feet and wider in the middle. An Amish girl is typically laid to rest in a white dress, a cape, and a white prayer-covering on her head, Furman said.

Five other girls remained hospitalized - three in critical condition and two in serious condition. They ranged in age from 6 to 13.

Enos Miller, the grandfather of the two Miller sisters, was with both of the girls when they died. He was out walking near the schoolhouse before dawn Wednesday - he said he couldn't sleep - when he was asked by a reporter for WGAL-TV whether he had forgiven the gunman.

"In my heart, yes," he said, explaining it was "through God's help."

Memorial contributions can be sent to the Nickel Mine School Victims Fund, c/o Hometown Heritage Bank, P.O. Box 337, Strasburg, PA 17579

Associated Press writers Mark Scolforo, Adam Geller and Martha Raffaele contributed to this story.

Schools On Guard After Recent Shootings (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, October 5, 2006

CHICAGO, Oct. 4 -- After a spate of bloody schoolhouse attacks in the past month, school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer.

"We want to harden the target," said William Lassiter, manager of North Carolina's Center for the Prevention of School Violence. Noting that two recent cases involved outsiders looking for a place to make a gruesome statement, he said administrators should do small things -- limiting access, making sure all doors are locked -- "to make it at least look like the school would be a less vulnerable target."

The Anne Arundel County superintendent of schools, Kevin M. Maxwell, asked county police to show a stronger presence at school. The school district also expects to hold four drills before the end of the semester to rehearse emergency responses.

Each Maryland school district and school is required to have a crisis plan to cope with events such as a school shooting or a large-scale disaster like the Sept. 11, 2001, attacks.

In Seattle, schools have installed telephones in classrooms so that in an emergency someone could call 911.

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In Wyoming, even small schools are locking doors and channeling visitors through a single entrance.

In rural Pontiac, Ill., the superintendent issued a bulletin instructing teachers not to prop open any side doors.

A recent letter from Jefferson County, Colo., Superintendent Cynthia Stevenson reminded parents that children are far more likely to fall victim to a crime outside of school than inside. But she reported on recent security steps and urged parents to talk to their children about what kids should do if they spot a stranger at school. She said counselors would reinforce the message.

The stepped-up emphasis on security comes after four incidents that have shocked the country.

On Monday, a gunman in Nickel Mines, Pa., burst into a one-room schoolhouse, lined up 10 girls at a blackboard and shot them. Five have died.

On Sept. 27, a drifter near Bailey, Colo., took six teenage girls hostage, sexually assaulted them, then shot and killed one girl as police stormed into the school.

Last month, a plot to blow up Green Bay East High School in Wisconsin, spread napalm at the exits and shoot fleeing students was thwarted when an acquaintance of two 17-year-old conspirators told an assistant principal. Police said later that the two seniors, who each weighed 300 pounds, planned the attack in revenge for being harassed by other students.

And last week, in rural Cazenovia, Wis., a teenager brought two guns to school and shot the principal to death after a struggle with adults and other students.

Unlike the Columbine High School attack in Littleton, Colo., in 1999 and last year's deadly assault on a school in Red Lake, Minn., two of the recent incidents apparently involved adults with grievances unrelated to the schools.

"They're extremely difficult to predict, and when you start getting into a rural setting, it is much more challenging to call on law enforcement for a rapid response," said Ronald Stephens, executive director of the National School Safety Center, a California advocacy group. "When you talk to school administrators, they all thought 'it never could happen here.' "

Stephens pointed out that outsiders have committed violence at schools before. "Just crazy, demented people doing these kinds of things," he said. They sometimes seem to occur in waves.

Lassiter of the Center for the Prevention of School Violence says the gunmen chose rural schools because they were vulnerable, a stark contrast to the environment surrounding many urban schools.

Stronger security measures and improved vigilance by students and staff alike have made urban schools less common targets, according to experts. They say one key ingredient in school safety is the development of solid connections to law enforcement agencies and the surrounding neighborhood.

"When we know things are going on in the community, we beef things up," said James E. Breashears, principal of Paul Robeson High School, in a poor neighborhood on Chicago's South Side. "And it takes more than security. We know our students very well. Our security staff are involved with them after school in athletic programs or jobs or clubs."

Each morning at Robeson, students efficiently strip off their jackets and load their backpacks and purses onto the moving belt of an X-ray machine. They step through tall twin metal detectors -- one for boys, one for girls -- and head to class.

"We have guns all over here," said Donnell Ross, 16, "but not in the school."

School shootings are rare in Chicago, one of the nation's largest school systems. The last fatality on school grounds came in 2002, when a high school basketball player was shot in the back in a feud over a girl. And Breashears said it has been more than a decade since a gun was found at his school.

Bush Offers Sympathy To Keyeses, Vows To Address Problem (DENP)

By Chris Frates, Denver Post Staff Writer

Denver Post, October 5, 2006

President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings.

"A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes," said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. "She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people."

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Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings.

"We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks," Bush said. "May God bless Emily's family."

Staff writer Chris Frates can be reached at 303-954-1633 or cfrates@denverpost.com.

Spellings Say Religious Leaders Will Have Role At Conference (AP)

By Matt Curry

AP, October 5, 2006

GRAPEVINE, Texas - Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday.

The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls.

Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference.

"We certainly plan to ask faith-based leaders into these meetings on Tuesday," Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans.

Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions.

Evans agreed.

"I believe these kinds of tragedies, as tragic as they are, create opportunities. Just like Katrina, it creates opportunities for people to come together in a way they haven't come together," the pastor said. "At the bottom, fundamental level of this is moral choices people are making."

Three schools have been hit by deadly attacks recently. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; a 15-year-old Wisconsin student shot and killed his principal Friday; and a man took six girls hostage in Colorado on Sept. 27, sexually assaulting them before fatally shooting one girl and killing himself.

Spellings encouraged parents to take advantage of a "teachable moment" and check up on safety procedures at their children's schools.

"This is the time for parents to ask school leaders and principals, 'What plans are being made? ...What should we do?' " she said. "With young children, don't bombard them with information. Turn off the TV."

Earlier, speaking to about 700 church leaders, Spellings lauded the No Child Left Behind law but said more strides must be made to lift the academic performances of minority students.

She praised efforts by Evans that have led to churches adopting schools in their communities.

Before the speech, the audience was shown a video in which President Bush praised Evans, pastor of the 7,000-member Oak Cliff Bible Fellowship. Spellings called the pastor one of the "inventors" of the administration's faith-based initiative.

Pellet Gun Leaves 6 Hurt At Md. School (FINDLAW/AP)

AP, October 5, 2006

(AP) - PIKESVILLE, Md.-A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said.

The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured.

The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania.

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Authorities later found the pellet gun under a bush on school grounds, said Sgt. Vickie Warehime, a spokeswoman for Baltimore County police.

Police said they believe it was a student because no one was seen entering Pikesville High. Three officers were at the school on an unrelated matter before the shootings.

Police planned to check the gun for fingerprints. Detectives were interviewing the victims' friends, other students and faculty for any leads on a possible suspect.

Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though some schools told parents to come and pick up their children.

When Schools Turn Deadly (BOS)

The Boston Globe, October 5, 2006

ONE WONDERS what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend.

The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. A 32-year-old gunman, Charles Carl Roberts, invaded the schoolhouse in Bart Township, a farming community about 60 miles west of Philadelphia. According to news reports, he brought a handgun, shotgun, illegal stun gun, several knives, and more than 100 rounds of ammunition to dispatch a group of defenseless girls. But first, according to police, he had plans to assault them sexually.

Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence.

Parents shouldn't wait for a federal response. They can, and must, insist that their children's schools have a safety plan and inquire how it works and who is responsible for implementing it. Next, put an end at home to the kind of prolonged viewing of mass media violence that reputable researchers, including the Office of the Surgeon General of the United States, have linked to increases in aggressive behavior. Corrections officials must also find funds to treat the high rate of mental illness among prisoners. More than half of state prisoners suffer from such illnesses, according to the US Justice Department.

Most important, Congress must put an end to the callous efforts by the gun lobby to protect shady gun dealers. Mass murderers have no trouble stockpiling weapons. Yet police officers who want to share gun trace data with their counterparts in other states for the purpose of ferreting out rogue gun dealers face continued interference from the gun lobby and its partners in Congress.

The slaughter of the Amish girls was the third incident of deadly school violence in just a week. It shows that no one is beyond the reach of mass murderers. The best hope is to reach them first.

Justice Dept. Aims To Block Taiwan In Spy Probe (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, October 5, 2006

The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts.

The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng.

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After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and other documents about her dealings with Keyser.

The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office.

In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it "objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial." Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be "impracticable."

Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats.

Taiwan's unusual legal maneuver, which its attorneys sought to keep secret, was first reported last week by The New York Sun.

A former legal adviser to the State Department, Abraham Sofaer, said Taiwan might have the legal right to the return of its documents. "If we had an embassy and an embassy employee took stuff out of an embassy and took it to somebody, we would want to be able to get it back," the lawyer told the Sun. "We'd still have the right to get it back. … You can't have a waiver of sovereign immunity by that kind of conduct."

Keyser pleaded guilty to three felonies last year, but prosecutors, who claim he has failed to cooperate with the investigation, are seeking to bring new espionage-related charges against him. His lawyers are fighting the move and insist he has cooperated fully.

Fee-office Inquiry Yields No Charges (KCS)

By Steve Kraske

The Kansas City Star, October 5, 2006

The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday.

In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a "target, subject or witness" in the investigation.

"… Nor was he implicated in any allegation being investigated," Cummins said in a statement. "Any allegations or inferences to the contrary are uninformed and erroneous."

Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, "affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers."

Jackson said federal authorities never interviewed Blunt or anyone in his administration.

For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases.

In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power.

U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed the existence of the inquiry in April, although authorities refused to comment publicly at the time.

The U.S. attorney in eastern Missouri is Catherine Hanaway, a Republican and former speaker of the Missouri House. She has declined to comment on the case.

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Blunt's handling of the offices has been the source of considerable attention because of who received fee-office contracts and how he altered the system.

Among those who received contracts was Tracy Graves, wife of former Western District U.S. Attorney Todd Graves, a prominent Republican. She received the Gladstone office, regarded as one of the most profitable in the state, and her brother received the contract for the Sugar Creek office.

Democrats criticized the Tracy Graves appointment as a conflict of interest for the federal prosecutor, although the Justice Department did not agree. At the time, Blunt defended the choice, saying Todd Graves would recuse himself from any case if necessary. Since then Graves has left the federal post.

In the St. Louis area, Blunt awarded a contract to Garrett Lott, who had been fined two years earlier for violating campaign finance laws.

When he came into office, Blunt quickly expanded the system by privatizing the remaining 11 state-run offices. State workers are no longer employed in any of the offices, including the one in downtown Kansas City that the state had operated for years.

Another change was the creation of private umbrella companies that hire workers for the fee offices and handle the offices' cash flow.

Democrats contended Wednesday that the investigation was an embarrassment to the state and that serious ethics violations might have occurred even though Cummins declined to pursue charges. Jack Cardetti, a Missouri Democratic Party spokesman, said the allegations swirling around the fee offices were so serious that federal investigators "had to come into this state and look really hard at what they were doing."

However, Jared Craighead, executive director of the Missouri GOP, said Cummins' finding was an indictment of a "corrupt" Democrat Party and a "liberal media that prefers sensational headlines, unnamed sources and disgruntled Democrat claims to journalistic integrity and political independence."

Expert: Internet Ban A Boon To Gambling Industry (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, October 5, 2006

CARSON CITY, Nev. (AP) - Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday.

Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, "opens up huge opportunities" for the industry.

The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said.

Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers.

Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, "In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area."

Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers.

But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited.

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"The casino lobbyists in Washington, D.C., thought this was a pretty good deal. It's actually better than that," Cabot said. "It really opens up the field. It knocks out the offshore companies, and leaves the legal licensees open to take their positions."

The bill also exempts the horse race industry, state lotteries and fantasy sports betting, Cabot said, adding, "This clearly opens up a lot of doors."

"For fantasy sports, they have to be ecstatic because this completely takes any taint of illegality away from them, and gives them an opportunity to grow maybe three-, four-, five-fold," Cabot said.

Cabot said an obvious benefit for casinos would be online links between their progressive slot machines in one state with similar devices in other states. When casino activity is coupled with online betting on such devices, he said jackpots could swell to hundreds of millions of dollars and rival major multistate lotteries.

Several states, including Nevada, prohibit Internet gambling, and such ventures may take years to develop. But Cabot said the new law "is the seed for this to happen."

Some gambling foes have said the 1961 Wire Act, which prohibits making bets on sporting events over the phone, should be applied to Internet betting. Cabot said the Justice Department has contended that the act does apply to nonsports betting, but that argument has been successfully challenged in federal court.

The ports security bill, which contains the gambling act, is H.R. 4954.

Law Is Unlikely To Corral Internet Gambling (WSJ)

By David Wessel

The Wall Street Journal, October 5, 2006

Oh what a tangled web we weave when we seek to make the Net do as we please.

Politicians often proclaim that government should keep its hands off the Internet lest it be strangled. But almost any issue that draws congressional scrutiny -- pornography, privacy, piracy, prescription-drug prices, taxes, consumer-lending practices -- is now intertwined with the Internet.

Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and "unlawful" gambling site -- shows how tricky regulating the Internet can be.

Applying old laws to new technologies is messy: The Justice Department and the gambling industry disagree on whether existing federal law permits or bans Internet betting on horse racing. Ignoring the reach of the Internet can expose vulnerable consumers to rip-offs by unscrupulous Web sites: Requiring licenses for barbers and bricks-and-mortar casinos but letting Internet gambling sites take billions from Americans without any oversight is somewhere between foolish and irresponsible.

Passing new laws, however, can be messy, too. Make them too tough, and businesses move offshore. Make them too loose, and they make lofty promises without practical effect.

The Internet gambling saga is rich. There's the tension between the puritanical and libertarian strains among Republicans. There's maneuvering by U.S. casino companies eyeing what is said to be a $12 billion global market, which is regulated and taxed in other countries. There's the stench of scandal: Disgraced lobbyist Jack Abramoff helped thwart earlier legislative assaults on Internet gambling, and some Republicans backed the new law to show that Mr. Abramoff is history. And there's presidential politics: Senate leader Bill Frist is courting antigambling social conservatives.

So what did Congress do?

It did not resolve the contentious issue of what constitutes "unlawful Internet gambling."

Under presidents Clinton and Bush, the Justice Department has said the 1961 Wire Act, written in the days before telephone lines morphed into an information highway, prohibits all forms of Internet gambling. But a 2002 federal appeals-court decision ruled that the statute applies only to sports betting, not poker or casino games. That allowed online gambling to flourish in the U.S. -- until American authorities arrested a couple of foreign Internet-gambling executives.

Internet horse-race betting sites say another federal law makes their business lawful. The Justice Department says otherwise but has done nothing to thwart Youbet.com, a Woodland Hills, Calif., horse-betting site.

The new Unlawful Internet Gambling Enforcement Act applies to any "bet or wager...unlawful under any applicable federal or state law," without acknowledging that it's murky what is unlawful. The Senate did not embrace Virginia Republican Rep. Bob

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Goodlatte's bill to amend the Wire Act to explicitly apply it to the Internet. (Note to Wall Street: Relax. Congress explicitly excluded over-the-counter derivatives.)

Publicly traded European betting sites got the message and cut off U.S. customers. As Britain's PartyGaming PLC put it: As "the first piece of federal legislation dealing explicitly with Internet gaming, it does make clear that the U.S. government intends to stop the flow of funds from Americans to online gaming operators through criminal sanctions."

Because the Internet doesn't respect national boundaries, banning something in the U.S. can be a hollow act. ("Traditional law enforcement mechanisms," the bill says, "are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses state or national borders.") So the new law goes after the lifeblood of gambling sites: money. It will be a civil and criminal offense to move money between bettor and "unlawful" gambling site. (The new law specifically excludes horse betting from its ban.)

Major credit cards already ban their use for Internet gambling, as does eBay Inc.'s PayPal service, but other online outfits, such as Neteller.com, based in the Isle of Man, sprang up to move money to the sites. This bill takes aim at them.

Although Congress resisted the temptation to require search engines such as Google Inc. and Yahoo Inc. to scan the Web to identify gambling sites, it empowered federal prosecutors and state attorneys general to go to court to force search engines to remove links to specific gambling sites, just as the sites now do for child porn. Of course, this is the sort of thing that brings howls when Google is told to do it by the French (to sites selling Nazi paraphernalia) or the Chinese (to sites questioning the Chinese government).

So the big publicly traded Internet gambling sites have left the U.S., disappointed that their plea -- "regulate us and tax us to make our business legit" -- has been rejected. Determined American bettors are bound to seek technological back doors to keep betting at those sites or, more likely, at shadier, less scrupulous underground betting sites. And big U.S. casino companies have pushed out potential foreign competitors in case, someday, Internet gambling becomes legal in the land where lotteries are seen by governments as a smart way to raise revenue.

In days before the Internet, Prohibition didn't stop drinking, and gambling bans didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling.

Earth Liberation Front Members Plead Guilty In 2001 Firebombing (SEATT)

By Hal Bernton And Christine Clarridge, Seattle Times staff reporters

Seattle Times, October 5, 2006

TACOMA — Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences.

They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture.

On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West.

Under the terms of separate plea agreements, prosecutors will recommend that Kolar, 33, of Seattle, receive a federal prison sentence of five-to-seven years, and a three-to-five-year term for Phillabaum, 31, of Spokane. The two were released without bail following their pleas.

"These violent acts of destruction are not a valid form of political speech," said U.S. Attorney John McKay. "We hope that these significant prison terms will dissuade others."

Both women faced a minimum of 30 years in prison if they had gone to trial and been convicted of all counts listed in their plea agreements.

The separate court hearings and briefings by the U.S. attorneys Wednesday offered the most detailed accounts yet of the people and events that led to one of the most high-profile and controversial of the Earth Liberation Front attacks.

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The ELF sought to target genetically-engineered poplar trees at the UW. But the attacks ended up destroying other research projects, include wetlands restoration and endangered stickweed plants.

The attack reflected a shift in focus from earlier eco-sabotage acts. The FBI had ranked the ELF and the ALF as among the nation's top domestic terrorism threats after a string of attacks beginning in 1996 against U.S. Forest Service buildings, a Vail, Colo., ski resort, a wild horse slaughterhouse and other targets.

In 2000, in an attempt to recruit more people to join their attacks, the ELF held a series of secret meetings in Oregon, California, Arizona and Washington. At those meetings, they agreed to target companies and government facilities involved in genetic engineering, according to court documents.

The biggest strike was a planned, early morning double-hit on May 21, 2001, against genetically-engineered poplar, fast-growing trees used for pulp and lumber.

The targets were an Oregon poplar farm owned by a timber firm and the Center for Urban Horticulture office of UW professor Toby Bradshaw, who received timber-industry funding for poplar research.

The ELF's news release, issued five days after the arson attacks, said the poplars pose "an ecological nightmare" for the diversity of native forests.

The UW attack was planned at a secret meetings in Olympia, where a garage had been fashioned into a "clean room," to manufacture time-delayed fire bombs, according to Andy Friedman, a U.S. assistant attorney for Western Washington.

At the hearing, Kolar admitted she used a knife to cut glass so others could get into Bradshaw's office. Phillabaum admitted to being on-scene, but her role in the attack was not detailed.

Three other people were at the scene of the attack, according to federal prosecutors.

• Bill Rodgers, 40, considered to be one of the top organizers of the ELF and a hands-on participant who allegedly help set the fire bombs inside the UW horticulture center. Rodgers, a bookstore operator in Prescott, Ariz., was taken into federal custody last December, then committed suicide in an Arizona jail. He has been implicated in at least nine attacks, including the 1998 fire bombing in Vail that caused $12 million worth of damage.

• Justin Solondz, 27, who once lived on the Olympic Peninsula, allegedly helped assemble the fire bombs in an Olympia garage converted into a clean room, and joined Rodgers in setting the devices inside Bradshaw's office. Solondz is now a fugitive.

• Briana Waters, 30, of California, served as a lookout and has been indicted for her role in the arson. She is expected to face trial on charges that include use of a destructive device in a crime of violence. If convicted of that charge, she faces a minimum of 30 years in prison.

Bradshaw, the professor who was the target of the attack, said Wednesday that the fire burned his office, but his main loss was books and personal effects, rather than research. He had some 80 genetically-engineered poplar trees stored in a separate greenhouse that was undamaged by the fire.

The fire took the biggest toll on the work of some two dozen colleagues involved in a wide range of plant research destroyed by the fire.

"The truth is that we're dealing with a bunch of misinformed ... folks who don't understand the research that was being carried out," Bradshaw said. "Even though I was the target, I am the one who was least affected."

The rebuilding of a new, $7.2 million horticultural center was completed in 2004.

At separate hearings in Tacoma, Kolar and Phillabaum offered short answers to questions from a judge reviewing the details of the plea agreement.

Kolar was composed throughout her hearing. Phillabaum offered a long silence and choked back tears before her first response. Soon, her voice grew stronger.

Both Kolar and Phillabaum graduated from Shadle Park High School in Spokane, but it is unclear whether the two women knew each other there.

Kolar is the daughter of a contract writer for a publishing company and became an activist after moving to Boulder, Colo., to attend college there, said her ex-husband Dominik Minier, of Spokane.

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"She had been a vegetarian, but she started getting a lot more serious about veganism. She said she couldn't wear leather sandals or leather jackets," Minier said. "It seemed like more and more she was going off the edge with it."

Phillabaum is "bright, articulate and passionate about what she believes in," said her father, Steve Phillabaum, of Spokane.

He said his daughter has spoken frankly about the arson.

"Everybody realizes that Lacey made a mistake years ago and we're proud of her for acknowledging that, and dealing with what she did openly, honestly and appropriately," he said.

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Material from The Associated Press was used in this report.

2 Plead Guilty In UW Arson (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 5, 2006

Both will testify against comrades in lab bombing

TACOMA -- Five ecoterrorists allegedly gathered in an Olympia home five years ago to hammer out details of their planned attack on the University of Washington.

In a garage turned into a bomb factory, one man carefully put together the incendiary devices, authorities say.

The next day, in the wee hours of May 21, authorities contend they converged on the UW's Center for Urban Horticulture, broke into the office of biologist Toby Bradshaw, set their firebombs and made their escape before the place was immolated. It was the biggest ecoterrorist attack in Western Washington history.

The shadowy Earth Liberation Front took credit for the 2001 attack, saying it was aimed at destroying what they wrongly believed to be genetically engineered poplar trees in Bradshaw's lab.

Two of the five -- Jennifer Kolar, 33, of Seattle and Lacey Phillabaum, 31, of Spokane -- pleaded guilty Wednesday in U.S. District Court in Tacoma to arson, conspiracy to commit arson and use of a destructive device during a crime of violence.

The destructive device charge carries a mandatory minimum sentence of 30 years and up to life in a federal prison. But they won't see anything near that kind of hard time.

That the government "flipped" Kolar and Phillabaum, an environmental journalist, turning them into witnesses for the prosecution, became evident Wednesday when Assistant U.S. Attorney Andrew Friedman read portions of a sealed plea agreement to the court.

The agreement details how Kolar and Phillabaum met with co-defendants Briana Waters, 30, of Berkeley, Calif.; Justin Solondz, 27, most recently of Jefferson County on the Olympic Peninsula; and William Rogers, who killed himself in an Arizona jail cell last year while facing extradition to Seattle.

When the five arrived near the horticulture center not far from the University Village shopping center, Waters stayed at the car to act as a lookout while the others headed for the center building.

Kolar used a tool to cut the glass to a window at Bradshaw's office, Friedman told the court. Rogers and one other went inside and placed one or more firebombs inside.

After the fire, it cost more than $7 million to rebuild the facility, but no dollar figure can be put on the rare and endangered plants that were destroyed or the research that was lost.

Both women -- before pleading guilty -- admitted the account read by Friedman was accurate. Both admitted other ecoterrorism crimes, too.

Kolar and another person sought to firebomb a gun club in Colorado in October 1998. The firebombs failed to ignite.

Phillabaum and others also tried to destroy what they thought were genetically engineered poplar trees at an Oregon State University site near Corvallis in March 2001. Phillabaum got spooked and called it off. But others returned a few days later and finished the job, Friedman said.

Wednesday, Bradshaw praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police.

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"I'm certainly ecstatic -- beyond happy -- that the people who were involved in the firebombing were caught and brought to justice," he said.

Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment.

The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee.

Researcher Sarah Reichard had planned to reintroduce the "showy stickseed" plants back into the environment. Attempts to reach her for comment Wednesday weren't successful.

"There were a lot of victims," said Bradshaw, whose own research went largely unscathed. Several graduate students working on their theses saw research go up in smoke. "But that's the nature of violence when it's perpetrated by ignorant people. The environment certainly didn't benefit."

Waters faces trial next year. Solondz is a fugitive.

The five allegedly responsible for the UW fire are considered to be part of a larger ecoterrorism cell that also includes Joseph Dibee, 38, formerly of Seattle. He was indicted by a federal grand jury last week on charges including possession of a destructive device in connection to a crime of violence. The device was allegedly used in the arson of the federally owned Litchfield Wild Horse and Burro Corrals in Susanville, Calif. Dibee is a fugitive.

At least three others are linked to the group. Two are in custody in Oregon, and one is a fugitive.

As part of the plea agreement, Kolar and Phillabaum will have to help the government by testifying against their former comrades at trial. Under the terms of the agreement, Kolar faces five to seven years in prison. Phillabaum faces a three- to five-year term.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

2 Women Plead Guilty In UW Ecoterrorism (AP)

By CURT WOODWARD, Associated Press Writer

AP, October 5, 2006

(10-04) 19:06 PDT Tacoma, Wash. (AP) -- Two women pleaded guilty Wednesday to conspiracy, arson and bomb charges in the 2001 firebombing of the University of Washington's horticulture center, one of the Northwest's most notorious acts of ecoterrorism.

Jennifer Kolar, 33, and Lacey Phillabaum, 31, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Under their plea agreements, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deals instead will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Neither woman commented to reporters after leaving the courtroom.

After the hearings, U.S. Attorney John McKay said the women had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

The fire on May 21, 2001, severely damaged the building, which was rebuilt at a cost of about $7 million. The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility and issued a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

Kolar also pleaded guilty Wednesday to an attempted arson charge for a failed 1998 firebombing that damaged a Colorado gun club that organized a multistate turkey shoot.

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Under the plea deal, the two women will not face additional prosecution for other attacks, including Phillabaum's admitted role in destroying five acres of canola in Eastern Washington and Kolar's alleged part in arsons in Oregon in 1997 and California in 2001.

At least three others were involved in the UW firebombing, court documents allege.

Briana Waters of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May. William Rodgers of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

A fifth suspect, Justin Solondz, formerly of Jefferson County, Wash., remains at large.

Seattle Woman Pleads Guilty In 2001 UW Firebombing Attack (AP)

By Curt Woodward, The Associated Press

AP, October 5, 2006

TACOMA, Wash. - Two women who helped carry out an ecoterrorism firebombing at the University of Washington pleaded guilty to felony charges Wednesday in deals that could drastically reduce their prison time.

Jennifer Kolar, 33, of Seattle, and Lacey Phillabaum, 31, of Spokane, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Neither woman commented to reporters after leaving the courtroom.

Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious acts of ecoterrorism, caused some $7 million in damage.

The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

After the hearings, U.S. Attorney John McKay said the conspirators had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

Kolar and Phillabaum each pleaded guilty to charges of conspiracy, arson and use of a destructive device.

Kolar also pleaded guilty to an attempted arson charge for a failed 1998 firebombing that damaged a Wray, Colo., gun club that organized a multistate turkey shoot.

Under the plea agreement, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deal instead will ask that Kolar serve five to seven years. Phillabaum will face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Authorities allege three others were primarily involved in the UW firebombing.

Briana Waters, of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May 2007. William Rodgers, of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

Authorities Wednesday said the fifth person named in the case, Justin Solondz, formerly of Jefferson County, Wash., is still at large.

Kolar remained composed during Wednesday's hearing, answering "Yes, your honor" to a series of routine questions about her understanding of the plea deal. She and attorney Michael Martin declined comment outside the courtroom, and Kolar turned her back on news reporters as she entered an elevator.

Phillabaum was more emotional in court, crying when she first spoke in response to Burgess' questions about her age and education. She paused a few times to confer with her attorney, Gil Levy, and thanked Assistant U.S. Attorney Andrew Friedman as he left the courtroom. Phillabaum declined to make any statement afterward.

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The Justice Department has said a nine-year investigation into vandalism, arson and ecoterrorism eventually uncovered a conspiracy involving at least two dozen people who held secret meetings around the West to plan their attacks.

Most have been charged in Washington state or Oregon.

Pressure Builds In Probe Of Bryant (PHI)

By Dwight Ott

The Philadelphia Inquirer, October 5, 2006

New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm.

Bryant (D., Camden) already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. "Randy" Primas Jr.

The subpoena from the U.S. Attorney's Office orders the redevelopment agency to surrender the records by Oct. 18 and signals a swarm of federal and state criminal investigations involving Bryant and various Camden agencies.

"It's our intention to comply completely with the federal subpoena," Primas said.

Primas said city workers yesterday supplied other documents sought by the state attorney general in a subpoena issued last week. That probe sought documents involving the Cramer Hill redevelopment and a $1 million account held by Primas' office. Bryant, as state senator, helped steer the money to Camden.

Primas said state investigators indicated they might seek further information.

On Friday, the Camden Housing Authority also received a subpoena from the state attorney general, requesting information on grants and other funding since 2004. Primas, who has veto power over the Housing Authority, said he expected Housing Authority officials to comply with that subpoena.

One of the Camden Redevelopment Agency board members asked at yesterday's meeting if a subpoena from the U.S. attorney was routine.

"No," answered Primas. "There have been a number of circumstances that have made their way into the media about Sen. Bryant's role as budget chairman and procuring $1 million for the city budget."

He also cited Bryant's job at the university, which he said also could have spawned the probe.

"We feel that report prompted the request by the FBI," he said, adding: "We are obligated and happy to provide all the data."

Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate.

"We told them all our files are open, and we anticipate they will be sending an investigator down to review the documents," he said.

2 More Plead In A.C. Corruption Case (AP)

By Geoff Mulvihill, Associated Press Writer

AP, October 5, 2006

CAMDEN (AP) -- An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion.

Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts.

Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts.

They were the second and third city officials convicted in the operation in the resort city, a development hotspot with a history of raucous politics and corruption.

Prosecutors say the investigation is continuing, which may be a reason some details, such as the identities of the businessmen in Jones' case, were not revealed.

Rosario admitted to a crime similar to the one then-City Council President Craig Callaway pleaded guilty to in August. That same month the informant, Terry Jacobs, pleaded guilty to drug charges.

Rosario, 48, admitted that he took payments in 2004 and 2005 as a thank-you for supporting a developer's bid to get work in redeveloping the former site of a department store and in return for future support of a developer seeking work to redevelop Bader Field, the old municipal airport that closed last week.

That 190-acre plot not far from the Boardwalk is coveted by developers who envision anything from another casino to an amusement park there.

Rosario said he did not know that when he was accepting bribes, Callaway was also.

After his plea today, Rosario was contrite.

"I'll take the full responsibility for it," he said, adding that he was resigning his seat on the 9-member city council.

Jones, 79, declined to comment after his court proceeding. Assistant U.S. Attorney Thomas Eicher said Jones was caught in the same operation as the other officials, but he hinted that Jones got his bribes from someone other than Jacobs and the FBI agent.

"If we're involved in making the payments, we know exactly what it is," Eicher said.

Federal prosecutors said both men would likely receive prison sentences of 2 to 2“ years. Both are scheduled to be sentenced Feb. 1.

Two Atlantic City Councilmen Plead Guilty To Bribery (PAC)

Press of Atlantic City, October 5, 2006

CAMDEN – Atlantic City Councilman Gibb Jones pleaded guilty in federal court this afternoon to taking more than $5,000 in bribes from 2003 to January 2006 to steer city contracts two unidentified businessmen.

Jones declined comment as he left the courtroom. Officials refused to identify the businessmen because the investigations are continuing.

Earlier in the day, Atlantic City Councilman Ramon Rosario pleaded guilty today to taking $14,000 in bribes between August 2004 and August 2005.

Both men face a 20-year maximum sentence , though is expected to receive 24 to 30 months in federal prison at his Feb. 1, 2007 sentencing.

Rosario apologized to constituents, residents and others in a courthouse steps statement after the plea. Rosario also said he will resign his council seat.

In his plea, Rosario said he took $5,000 from a contractor, later identified as Terry Jacobs, and an FBI agent posing as a Wall Street financier. The plea said the $5,000 was in exchange for development work and contracts at Atlantic City's Garwood Mills site. It was also for political support at the Bader Field site.

Two More Plead In A.C. Corruption Case (PHI)

By George Anastasia

The Philadelphia Inquirer, October 5, 2006

Two more Atlantic City politicos pleaded guilty to bribery-related charges yesterday as part of a federal corruption investigation dubbed "Operation Steal Pier."

The pleas, from Councilman Ramon Rosario and former Councilman Gibb Jones, came just five weeks after the former president of City Council in Atlantic City pleaded guilty to similar charges.

In separate hearings before U.S. District Court Judge Joseph Rodriguez in Camden, Rosario, 48, admitted to accepting $14,000 in bribes in a cash-for-contracts scheme that was part of an FBI sting operation, and Jones, 79, acknowledged that he received more than $5,000 in bribes.

On Aug. 30, Council President Craig Callaway and two others entered guilty pleas in the same corruption probe. Callaway resigned that day. Rosario announced yesterday that he also was stepping down.

"I apologize to the people of Atlantic City and to my family," Rosario said outside the federal courthouse in Camden yesterday after being released on $25,000 bail. "I made a mistake... . I'll take full responsibility, and I'll pay the consequences."

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Both Rosario and Jones, who resigned from the council last month for health reasons, face prison terms of about two years. They are to be sentenced in February.

According to federal prosecutors, Rosario was caught in the same FBI sting operation that netted Callaway. The councilmen admitted accepting a series of payments from an FBI undercover agent posing as a Wall Street financier.

In exchange for the cash, Rosario promised to steer city construction contracts to Terry Jacobs, an Atlantic County contractor who was posing as an associate of the financier and secretly working with the FBI.

Both Jacobs and the undercover agent taped conversations in which the cash-for-contracts schemes were discussed.

Jacobs, who was originally a target of the FBI probe, began cooperating after he was arrested on cocaine-trafficking charges in January 2004.

He pleaded guilty to drug charges on the same day that Callaway and former Camden City Councilman Ali Sloan El pleaded guilty to extortion charges, admitting that they had accepted cash from Jacobs and the FBI undercover agent.

Rosario pleaded guilty to a one-count extortion charge alleging that he accepted a $5,000 payment on Aug. 31, 2004. But in details of the investigation outlined in court by federal prosecutors Thomas J. Eicher and Judith Germano, authorities charged that Rosario had received three additional payments totaling $9,000.

Jones, on the other hand, pleaded guilty to receiving payments of more than $5,000 from two individuals identified only as "businessman 1" and "businessman 2" in 2003.

Neither Eicher nor Germano would provide more details, but they indicated that the payments were not made by the FBI undercover agent. The charges stem from a "related" investigation, they said, adding to speculation in Atlantic City that at least two other businessmen had been targeted in the probe and had agreed to cooperate.

The guilty pleas are part of the FBI's "Operation Steal Pier," a play on words that evokes both a famous former Boardwalk landmark and the city's long-standing reputation for corruption.

3rd Prison Guard Pleads Guilty In Sex-for-contraband Scandal That Ended In Florida Shootout (AP)

Associated Press

AP, October 5, 2006

TALLAHASSEE, Fla. – A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud.

E. Lavon Spence told a federal court Tuesday: “I had sexual contact with inmates and brought in contraband.” He said that contraband included cigarettes.

In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses.

Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for December.

He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William “Buddy” Sentner was also killed.

The six were accused of a scheme in which guards paid female inmates for sex with alcohol, food, money and marijuana over a two-year period, and intimidated inmates and witnesses to ensure their silence.

Two of the guards, Alfred Barnes and Vincent Johnson, pleaded guilty to mail fraud in September. Two others, Gregory Dixon and Alan Moore, are scheduled to go to trial Oct. 30. Dixon's attorney filed a motion Friday to dismiss an indictment against him.

Judge Won't Throw Out Porn Case Against Karr (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

SANTA ROSA, Calif., Oct. 4 -- A judge declined Wednesday to grant a second request by the defense to dismiss the child pornography case against the onetime suspect in the JonBenet Ramsey murder case.

John Mark Karr's attorneys had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it.

A prosecutor said she had not deliberately withheld anything, and Sonoma County Superior Court Judge Rene Chouteau agreed, saying Karr "should have had knowledge of the state of the computers," making the defense's reliance on Knutson unnecessary.

Last week, a different judge declined to toss out the misdemeanor case after the defense sought a dismissal based on a loss of evidence.

Investigators have acknowledged they lost Karr's computer but said they found a "mirror image" of Karr's hard drive on a Sheriff's Department computer. Defense attorneys have since moved to exclude that evidence, but a judge has not heard arguments on that request.

The lawyers also want the judge to exclude a computer printout cataloguing the evidence found on Karr's hard drive and to invalidate the search warrant that led to the confiscation of the computer, saying investigators were relying on information from a confidential informant who was mentally ill and unreliable.

Chouteau is expected to hear arguments Thursday on those motions.

Defense attorney Robert Amparan revealed Wednesday that the printout showed that the computer had not been used since 1998, three years before Karr was charged in the pornography case.

Parents Of 21-year-old Charged With Kidnapping Bride-to-be (USAT)

By Emily Bazar

USA Today, October 5, 2006

Sometimes a bride or groom has second thoughts as the Big Day approaches.

In this case, it was the bride's parents.

Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage.

They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. “You can't take an adult child against their will, even if you don't agree with the course of action or the path they're taking in their life,” he said.

Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23.

Bryson doesn't think the bride's parents attended the ceremony.

The ordeal began Aug. 4, the day before the couple was to wed at the Salt Lake Temple of the Church of Jesus Christ of Latter-day Saints.

The Redds told their daughter they were taking her shopping. She later told investigators she realized something was wrong when her parents drove south instead of north toward the store, Provo Police Capt. Rick Healey said. They ended up about 240 miles away in Grand Junction.

“The bride-to-be discovered she wasn't going to be allowed to return,” Healey said.

When Julianna didn't show up for a dinner that night, Myers called police to report her missing.

The Redds and their daughter spent the night at a hotel in Grand Junction. The next day, Julianna told her parents that she agreed not to get married, Bryson said. “She was able to convince them she would not marry this young man if they brought her back,” he said. “She told them what they wanted to hear.”

As soon as they got back, though, Julianna “left with the groom-to-be, and from that point, I don't think there was a lot of contact” with her parents, Healey said.

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The Redds and the Myerses did not return messages requesting comment. Utah's maximum penalty for kidnapping is 15 years in prison, but Bryson said that if the Redds are convicted or plead guilty, he doesn't expect them to go to prison. They would probably get probation and might serve jail time, he said. Their first court appearance is scheduled for Oct. 26.

Julianna said she hopes her parents get help.

"It has nothing to do with Perry," she told The Salt Lake Tribune. "It was just problems our family has been dealing with our whole lives. Control issues. Communication issues."

Limited Duty, Full-Time Pay (WP)

By Mary Pat Flaherty And Sari Horwitz

The Washington Post, October 5, 2006

Anthony Medoro had troubles with his boss. His supervisor was "dictatorial and micromanaging" and undermined his self-confidence, Medoro said. The stress was so oppressive he couldn't bear going to work.

Medoro, then 44 and a D.C. police sergeant with 20 years on the force, filed for sick leave due to job-related stress. Medical staff noted that Medoro had long-standing problems with weight gain, high blood pressure and domestic strife that also could have accounted for his anxiety, but D.C. police administrators accepted Medoro's arguments and concluded that his stress came from his job.

That decision in 2002 put Medoro in a remarkable position: For more than a year, he did no work but collected his full salary of $71,000, tax-free. Medoro used none of his own sick leave and continued to qualify for raises, vacation time and credit toward his pension, personnel records show.

Medoro returned to a new assignment and a new supervisor in September 2003, but within a month, he filed another stress claim and then, a third. By then, the department had narrowed its definition of on-the-job stress and rejected his new claims.

Now a lieutenant in the 5th District in Northeast, Medoro is among hundreds of police officers who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets.

More than 4 percent of the city's nearly 3,800 officers are unavailable for full duty because of injury or illness. After a string of homicides this summer, D.C. Police Chief Charles H. Ramsey spent $10 million in overtime and resorted to six-day workweeks and vacation restrictions to beef up police presence in neighborhoods. Last week, homicides spiked again.

The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding.

One officer who hurt his knee at the police academy without ever making it on patrol did limited work at full pay for five years. Another officer who injured his legs in an off-duty motorcycle accident earned full pay but worked partial duty for 14 years. Told he would have to retire, the officer made a videotape of himself running and said he was fit for work.

"Shame on us," Ramsey said, when asked to look over a collection of injury reports that his department had approved. "If you're going to fight crime, you have to have people on the street, and this problem means I don't have as many as I could."

In late 2003, 11 percent of the force was out, the equivalent of an entire police district. In the years since, Ramsey said, the department has made "good progress."

But some neighborhoods are still disproportionately affected. Early this year, for example, two areas of Northeast, including the Trinidad and Michigan Park neighborhoods, were without 15 percent of their patrol officers because of injury and illness, staffing records show.

Baltimore has driven the number of its unavailable officers far lower, and faster -- from 5 percent of its 3,200-member force a year ago to about 1 percent, according to the city's Office of the Labor Commissioner.

Within the D.C. department, some officers say they resent having to compensate for missing colleagues. But outside the department, the cases draw little scrutiny because decisions are made behind closed doors.

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The Washington Post reviewed hundreds of public and private documents, including court cases, retirement hearing transcripts, medical assessments and police records since 2003. That review shows that officers with little or no chance of being able to patrol were kept on the force for years, preventing the department from hiring able-bodied officers to replace them. A cumbersome process caused long delays in forcing officers to retire. In a few cases, claims continued to be covered even after the department learned officers were lying about injuries.

The fastest-growing type of claim was from officers who said they couldn't work because of extreme stress. But of 135 stress cases reviewed by The Post -- all of those active in late 2004 and 14 more from court files and other documents -- the majority cited common workplace tensions. Only 12 cases involved a shooting or being threatened with a gun. Just four described a single traumatic event as the source of stress.

The remaining claims included officers who said they were too stressed to work because of arguments with colleagues, shift changes, disciplinary actions, the end of an affair with a supervisor or being forced to teach an unpopular class at the academy. Each of those claims was approved, and the officers received full pay while away from full duty for at least a year.

Despite tighter standards, the department still has a generous benefit "unheard of in private industry and public service," an internal department memo said. Commonly, employees on workers' compensation collect two-thirds of their salary and pay no federal or state income tax. But District officers hurt on the job who can't go to work collect all of their salary tax-free -- meaning they lose money by returning to work.

For years, officers were loosely monitored once they were off, records show. One D.C. officer on sick leave worked for a Pennsylvania police force until he was discovered by the District and submitted his resignation.

Medoro, who described his job stress as "way beyond the commonplace," said the department paid little attention when he was on leave. "I could have fallen off the face of the Earth for the first six months I was off."'We've Been Too Easy on This'

Each day, on average, four D.C. officers file claims of illness or injury.

In addition to sick leave, the District allows recuperating officers to work limited duty, mainly doing clerical work and often for restricted hours. Those arrangements were meant to be temporary to give officers time to recover or, if they could not return to the rigors of regular police duty, to be retired on disability.

"The overwhelming majority do it right. They get hurt. They come in. They get treatment. They go back to work," said Ira Stohlman, medical services manager for the department.

Stephen M. Strader, however, never made it past being a recruit. In 1998, Strader injured his left knee during training runs. For most of the next five years, while still listed as a recruit, he delivered mail and did office work until he was forced to retire in 2004, records show. Strader did not respond to requests to discuss his case but, under the department formula, he is eligible for a lifetime tax-free disability payment of at least $19,278 annually.

Officer Debra A. Domino collected full, tax-free pay for 18 months while off work -- roughly $80,000, according to city pay records. She had been a crossing guard coordinator in the 6th District in Northeast but was reassigned to a beat in late 2002, a change she objected to. When she confronted her supervisors with her objections, their reaction added to Domino's stress, she said, and left her unable to work. Domino, 41, returned to full duty in July 2005 after being threatened with retirement, according to records.

Domino did not respond to interview requests, and police officials said they would not discuss individual cases. But Ramsey and others say the department's lax approach in the past rewarded underperformance.

"We've been too easy on this, and we would have been remiss if we let it continue," said Assistant Police Chief Shannon P. Cockett, who oversees human services for the department.

Under controls promoted by D.C. Council member Kathy Patterson (D-Ward 3) and adopted by the council, officers away from full duty for more than 172 work days in a two-year period are considered disabled and can be processed for forced retirement. The law took full effect in June 2005.

Officers who want to stay on the job must be capable of patrolling. If officers "can't do what we need . . . they should not be carried on the force," Cockett said. "This is not a lifetime hire."

In spring 2005, the department told 166 officers that they were approaching the 172-day cutoff and could be forcibly retired. Forty-three officers immediately said they would return to work, raising questions about why they had not done so earlier.

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"Malingering is hard to prove," Cockett said. But those notices, she said, spurred "some miraculous recoveries."

" 'Miraculous' is cynical," said Gary Hankins, a former officer and labor consultant to the police union. "When the department holds an ax over people's heads, it could be forcing back officers who aren't ready to return but are afraid of losing their jobs -- and not doing them or the public much good."

The process remains complicated by multiple layers of review: Officials within the department initially decide whether a claim is job-related. Medical personnel on contract to the city at a police clinic determine whether an officer stays on sick leave, works limited duty, returns to full duty or should be considered for disability retirement.

An independent retirement board either orders a disability retirement or tells the department it must retain the officer.

The stakes are high, because injuries that are deemed to be work-related draw higher payments and free care from the clinic. The department recently fired an officer who forged the date on a clinic report to get more time off. A few officers have been so belligerent during clinic visits that medical workers asked for armed officers to be stationed outside their doors. One officer threatened physical retaliation if a medical staffer did not back up his injury claim.New Standards for Stress

When the number of unavailable D.C. officers peaked in 2003, one of every five was claiming stress as the problem, police records show.

Officers and the union attribute the stress to several factors, including poorly trained managers, heightened terrorism fears and the cumulative effect of a difficult job on an aging force.

But also, Cockett said, "word got out that you could get away with just about anything, and they thought there was a gravy train rolling, and they jumped on it. "

Department officials say it is difficult to separate officers who are slacking from those who are genuinely ill. "Once an officer cites stress, it's a hard one to knock down," said Diana Haines Walton, deputy director of human services. "It makes it really hard on commanders, because you can't risk it. You have to take the officer's account at that point."

Injury reports show that officers have been out on stress claims because they were facing investigation for wrongdoing. One cited personal bankruptcy. Another said that after she was reassigned to a new unit, she couldn't find her way to crime scenes. Still others said they were too stressed to work because their hours had changed.

"If you're under investigation, it's supposed to be stressful," Ramsey said. "If you go out sick saying, 'My sergeant yelled at me,' that's juvenile, and trying to justify it is appalling. And we all were grown-ups when we took this job, and we get paid pretty darn well for it. So, c'mon, we're the police -- someone has to work midnights."

In mid-2003, Cockett ordered a review of the stress cases and concluded that a large number were workplace complaints that, even if legitimate, should not be resolved as medical claims.

The department then moved from having "no standard," in Cockett's words, to a much tighter set of rules. Now, stress claims can be approved as job-related only for officers who are assaulted or suffer a life-threatening injury on duty or those who kill or seriously injure someone.

The department reclassified 37 cases as unrelated to work. The officers then had to use their sick leave, pay for private medical care and pay taxes on their salary if they wanted to remain off.

From a high of 75 in 2003, the department has slashed the number of stress cases to five and ruled just one job-related, said Cockett, who calls that a success. But union officials say the department has gone too far.

The Fraternal Order of Police challenged the stress policy as illegal, and an arbiter ruled in the union's favor last year. The department has appealed that finding and in the meantime is sticking with its new standard.

"It's a draconian measure that gets the department out from under the hard work of delving into these case by case," said William B. Sarvis Jr., an attorney with the police union. "You penalize everyone because you suspect you have a problem with a few."

The requirement that the problem stem from a single incident ignores how stress builds in officers until it finally cripples some, said Beverly J. Anderson, a psychologist with the police employee assistance program. "The work can wear away until they reach a kindling point."A Fight Over Fairness

Pamela Bartles, who was injured on the job in 2002, is among officers who say the new rules forced them to battle for fair treatment.

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Bartles was hurt when a police academy instructor grabbed her knee in a self-defense class, knocking her to the ground in an unsanctioned maneuver and leaving her with a torn ligament, according to testimony and medical records. Within weeks of the injury, Bartles, then 35, showed signs of depression and anxiety. She had been a runner and hiker, activities she had to give up even as she saw her future as an officer threatened.

Over four years, she had three knee surgeries. She was able to go back full time on patrol in the 7th District in Southeast -- for a total of six months -- until she was injured chasing a suspect and later fell after her knee buckled on stairs.

With her career in jeopardy, she experienced nightmares, insomnia and a racing heart beat, according to psychologists' reports. Her anxiety was ratcheted up when police supervisors docked her sick time, including time off for medical visits arranged by the police clinic.

In May 2005, with the new standards in place, the department notified her that she might be forced to retire. Within a week, Bartles overdosed on pills and was hospitalized. She overdosed three more times, according to the testimony of psychologist Mitchell H. Hugonnet at her retirement hearing. "Frankly, I fear for her life," he said.

Within hours of Hugonnet's testimony, the retirement board overruled the department, saying that Bartles's psychological problems had been caused by the job. And in a rare ruling June 30, the board found that the problems left her totally disabled. As a result, her lifetime disability payment of $37,666 a year is tax-free. Bartles is not working and continues to receive psychological treatment at the city's expense.

"I fought as long as I could," she said in a recent phone interview. "I consider what happened to me an assault. That was upsetting. I'm hoping my talking could help another officer or get someone to listen to them. But I feel like I wasn't strong enough. That's embarrassing."Continuing Challenges

Since the new law took effect, the retirement board has been overwhelmed, causing "a rapidly growing backlog of cases needing opinions," Alma L. Hicks, board chairperson, said in an e-mail.

Last year, the clinic sent 88 new disability retirement cases to the board, four times the number it handled in 2003, board records show. The number of hearings increased nearly fivefold. Staffing for the board -- officially known as the Police and Firefighters' Retirement and Relief Board -- has fallen from five to three in the past year.

Ramsey and other officials also acknowledge a loophole in the law: the 172-day rule applies to a single injury or illness, so an officer who claims a succession of injuries could be off work indefinitely.

Even with the tighter standards it remains difficult for the department to catch officers faking or exaggerating injuries. After a years-long hiatus, the department two years ago reinvigorated what it calls "casualty surveillance" within its internal affairs office. About 20 officers have been investigated, and at least six have been disciplined or fired, with other cases pending, said Assistant Chief William R. Ponton, who heads the office. The team has found officers moonlighting without permission and others playing basketball while they said they were too injured to work full duty.

But surveillance is time-consuming, and the cases "are really hard to prove," Ponton said. "If we're looking at a guy who is supposed to be able to lift his arm shoulder-height but not over his head, is it then suspicious that we're watching him prune a tree?"

CIVIL LAW:

Privacy Group Sues FBI (AP-YBIZ)

By Dan Caterinicchia, Ap Business Writer

AP, October 5, 2006

Privacy Group Files Suit Against FBI Over Disclosure of Electronic Surveillance Programs

WASHINGTON (AP) -- A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program.

The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-

mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant.

A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed "as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers" before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed.

CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year.

According to the same Inspector General report, the FBI spent more than $1.5 million to develop Red Hook, "a system to collect voice and data calls and then process and display the intercepted information in the absence of a CALEA solution."

The Electronic Frontier Foundation filed the five-page lawsuit Tuesday in the U.S. District Court for the District of Columbia after the FBI acknowledged receipt of the group's FOIA request in August, but did not respond within the time limit required by law.

"The lawsuit is to force the FBI to release information about this to the public," Marcia Hofmann, staff attorney for the Electronic Frontier Foundation, said Wednesday. She added that the group would be exploring further legal action in the coming weeks.

The FOIA response deadline is usually 20 working days, unless an agency asks for more time, but the FBI did not do that in this case, Hofmann said.

FBI spokesman Paul Bresson said it was the bureau's policy "not to comment on the merits of litigation wherein the FBI is a party."

The FBI performed a total of 13 Internet wiretaps in fiscal 2002 and 2003, but none used the software initially called Carnivore, according to bureau oversight reports submitted to Congress and obtained last year under a FOIA request by the Washington-based Electronic Privacy Information Center, a civil liberties group that criticized the surveillance software after it was first disclosed in 2000. The FBI also said then that the part of its budget containing information on the cost to produce Carnivore was classified, but outside experts estimated it to be between $6 million and $15 million.

Feds Recoup Nearly $1.5 Billion In Fraud Cases (HILL)

By Jeffrey Young

The Hill, October 5, 2006

An interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs will collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed, according to a federal report issued this week.

The Department of Justice and the Office of the Inspector General (OIG) at the Department of Health and Human Services (HHS) also announced that they jointly have deposited $8.85 billion into the Medicare trust fund since their joint program began in 1997.

Lawmakers, such as Sens. Chuck Grassley (R-Iowa) and Tom Coburn (R-Okla.), have repeatedly pressed federal agencies to do more to recover funds lost due to fraud and abuse.

The defendants in the fraud and abuse cases outlined in the latest report range from individual schemers to some of the largest healthcare companies in the country.

Among the companies appearing in the OIG-Justice report are the drug maker GlaxoSmithKline, the pharmacy-benefit manager AdvancePCS, the clinic and lab services firm HealthSouth Corp. and the kidney-dialysis provider Gambro Healthcare.

Several individuals, small groups and small companies settled charges in a variety of cases, including several involving the illegal distribution of strictly controlled narcotic medicines and one person charged with selling a date-rape drug over the Internet.

The government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years.

The report reviews actions taken by the agencies in fiscal year 2005.

Budget hawks routinely maintain that addressing waste, fraud and abuse in federal programs is key to lowering the deficit. With massive and rapidly growing entitlement programs such as Medicare, Medicaid and Social Security, the need to take all possible steps to control spending is viewed as even more urgent.

Congress created the Health Care Fraud and Abuse Control Program in a 1996 statute that boosts the two agencies' budgets using dollars from the Medicare trust fund but directs them to return money attained through settlements, fines, recoveries and other penalties to the trust fund. The program is intended to coordinate the anti-fraud activities of federal, state and local law-enforcement authorities.

The program also is meant to provide guidance to healthcare companies and individuals doing business with federal programs on how to avoid running afoul of anti-fraud laws and regulations.

In FY 2005, the OIG and Justice spent $240.6 million from the Medicare trust fund to deposit $1.55 billion (including monies from cases settled in prior years but excluding funds from cases settled in FY 2005 that will be paid in future years).

In cases involving fraud in other federal healthcare programs, the funds are returned to the respective agencies. The federal government also shares money claimed in cases related to the jointly funded Medicaid program; the federal government's share totaled $63.64 million in FY 2005.

In addition to the $1.55 billion that went into the Medicare trust fund, other agencies received $23.6 million as a result of the Justice-OIG program's activities. The OIG got $9.4 million of that amount to cover the costs of its investigating, auditing and monitoring activities.

The Office of Personnel Management, which oversees federal employee and retiree health benefits, received $4 million, the Department of Defense's Tricare program for military service members and their families received $3.4 million. Other HHS agencies and the Department of Labor divided the remainder.

During the year under review, federal prosecutors secured the convictions of 523 people.

U.S. attorneys launched 935 new criminal investigations into healthcare fraud and have a total of 1,689 pending cases, while Justice began 778 criminal investigations for a total of 1,334 pending cases. Justice also participated in 266 civil cases.

Under federal law, private citizens — including whistleblowers — can file fraud and abuse lawsuits on behalf of federal programs and keep a portion of the financial settlements. In FY 2005, these individuals collected a total of $136.8 million.

Federal authorities had already announced all of the individual cases used as examples in the report but the document compiles the statistics for the fiscal year and offers a glimpse into the variety of schemes — alleged or admitted — employed in attempts to cheat dollars from the gigantic federal healthcare programs.

The HealthSouth settlement might be the best known. The company agreed to pay $327 million to settle charges that it had conducted three separate strategies to overcharge Medicare. Among the accusation levied by prosecutors was that the company tried to pass off to the Medicare program its expenses for a large corporate meeting held at Disney World in Florida.

Gambro agreed to a $310 million settlement over allegedly submitting false claims to Medicare and paying kickbacks to physicians who referred patients to Gambro facilities.

The largest individual prison sentence detailed in the report was 120 months for 17 felony counts. A Las Vegas-based individual, using a company the individual opened in Germany, had been selling the date-rape drug Rohypnol over the Internet. The government also seized the defendant's $285,000 home.

Another would-be Internet pharmacist was handed down a 51-month prison sentence in what the report describes as "one of the largest Internet pharmacy schemes ever prosecuted." The California man was convicted of using the web to sell counterfeit versions of prescription drugs, including erectile dysfunction medicines. The defendant's website also purported to include online consultations with nonexistent physicians.

U.S. To Stop Seizing Prescription Drugs Imported For Personal Use (WP)

By Christopher Lee

The Washington Post, October 5, 2006

The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad.

DOJ_NMG_0075087

Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July, said Lynn Hollinger, a spokeswoman for the agency. Under that policy, the government notified intended recipients by mail that the purchases violated laws against importing drugs.

"We were physically detaining it and destroying it," Hollinger said. "We're going to stop that part."

Starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs, she said, and the Food and Drug Administration will resume the primary enforcement role on personal drug importation. Such importing of drugs is still illegal, she noted.

Before the seizure policy took effect last Nov. 17, federal officials tolerated small personal mail orders of medicines from Canada, generally interpreting U.S. laws against the importation of drugs as applying to wholesalers and distributors.

FDA spokeswoman Cathy McDermott said the agency had "limited resources" to devote to the importation of drugs for personal use but remains concerned about safety. In August, the FDA found that of 1,700 drug parcels purported to be from Canada and intercepted at airports in New York, Miami and Los Angeles, 85 percent actually came from other countries.

"Importing drugs from foreign countries is risky," McDermott said in a statement.

Still, for many Americans, the lure of Canadian drugs is strong because the Canadian government negotiates lower prices under its national health care system. Some members of Congress have been critical of the U.S. seizures, saying the government should target illegal drug traffickers rather than senior citizens seeking blood pressure and cholesterol medications.

Earlier this year, Sen. Bill Nelson (D-Fla.) persuaded the Senate Committee on Homeland Security and Governmental Affairs to investigate the seizure policy and its impact on consumers. Nelson, who with Sen. David Vitter (R-La.) sponsored legislation to block the seizures, called next week's change a "huge victory."

"For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," Nelson said in a statement. "Now it looks like the government is getting out of the business of harassing these consumers."

Congress last week decided to allow Americans returning from Canada to carry in a 90-day supply of prescription drugs for personal use. But the provision did not allow the drugs to be sent by mail.

Vitter has said he will block Andrew von Eschenbach's nomination as FDA commissioner until the Bush administration allows imports of some prescription drugs. It was unclear yesterday whether Vitter will now lift his "hold," and his spokesman did not return two calls seeking comment.

Ken Johnson, a senior vice president for the Pharmaceutical Research and Manufacturers of America, said the trade group remains "adamantly opposed to any attempts that would relax importation of drugs into this country outside of the FDA safety system."

"We shouldn't be playing Russian roulette with people's health," Johnson said. "We know that counterfeit drugs are pouring into Canada from countries like Thailand, China and Pakistan. People should be concerned when they either order drugs from Canada online or they bring them across the border. There's no way to guarantee their safety."

The end of the seizure policy comes as millions of Americans enrolled in the Medicare drug benefit are hitting the "doughnut hole," a gap in coverage during which seniors must pay 100 percent of their drug costs. It also comes about a month before the congressional elections as Republicans fight to retain control of the House and Senate.

Hollinger said neither event was a factor in the reversal, but she offered no concrete reason for the change in policy. "We want it to continue, but there's other parties involved and issues, so we've now modified the policy," she said, declining to be more specific.

Pressed for an explanation, Hollinger said: "I'm sorry, I don't have a comment. It's just that there's no easy answers here. . . . We are concerned that consumers receive safe and effective pharmaceuticals in this combined enforcement effort that we have with the FDA, and we are using our resources to most effectively do that."

Election Commission Alters Rule On Money Used For Recounts (NYT/AP)

By The Associated Press

The New York Times, October 5, 2006

DOJ_NMG_0075088

WASHINGTON, Oct. 4 (AP) — Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures.

The 4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races.

"This is going to make them work a little harder to raise the money," said Ellen L. Weintraub, a commissioner and a Democrat, who offered a compromise to break a 3-to-3 deadlock. "But it's doable."

At issue was whether a 2002 campaign finance law that did away with unrestricted and unlimited giving to the political parties altered regulations adopted in 1977. The decision redefined those regulations.

The commission's chairman, Michael E. Toner, the commission chairman, and Hans von Spakovsky, a commissioner, both Republicans, voted against the compromise, saying that the campaign finance law applied only to the election, not recounts. Mr. Toner also objected to the timing of the change, noting that it came only five weeks before the Nov. 7 elections.

In making its decision, the commission recognized that recounts were expensive. As a result, the contributions that candidates raise from individuals for their recount accounts will not count against their fund-raising for the election. Under current law, a candidate can receive donations up to $2,100 from an individual for each election.

Now a contributor who had already reached the donation limit with a candidate could contribute also to the recount account.

Similarly, while the state parties would have to abide by the $10,000 contribution limits that apply to them, they would not have to live within limitations on spending for so-called coordinated expenditures with federal candidates.

As before, neither candidates nor state parties will be able to raise money from labor unions, corporations or foreign citizens.

CIVIL RIGHTS:

2 Plead Guilty In Fatal Cuban Migrant Smuggling Case (FINDLAW/AP)

AP, October 5, 2006

(AP) - KEY WEST, Florida-Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death.

Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8.

A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8.

The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines.

Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines.

"He's innocent," said his attorney, Irving Gonzalez.

Utah To Receive $900,000 To Combat Human Trafficking (DESERET)

By Deborah Bulkeley, Deseret Morning News

Deseret Morning News, October 5, 2006

Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants.

DOJ_NMG_0075089

The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force.

The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department.

The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations.

While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case.

Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it.

"One of the big needs is training of basically everyone from law enforcement to first responders to anyone who could be in a position to identify a case of human trafficking," Rydalch said. "We are convinced there are cases out there. We just need to look closer and ask more questions."

The majority human trafficking victims are women who are usually forced into prostitution, commercial marriages or occupations such as domestic work, according to a recent United Nations Population Fund report. As many as half of all trafficking victims are children, the report said.

"Human trafficking is a violation of the human body, mind and spirit," Attorney General Alberto Gonzales said in a statement. "For this vile practice to be taking place in a country that the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

Efforts to identify and prosecute human traffickers are being stepped up. The 79 convictions involving human trafficking in fiscal year 2006 were more than double the convictions the previous year, the Justice Department said.

Mollie Murphy Dale, community programs director for the Utah Health and Human Rights Project, said "it takes a lot of education and a lot of training" to adequately serve trafficking victims.

The Utah Health and Human Rights project is coordinating nonprofit efforts under the $450,000 grant, which is fiscally sponsored by the Tides Center, a San Francisco-based nonprofit organization.

The federal grants require $150,000 in matching funds from Salt Lake City, and the nonprofit organizations will also work to raise matching funds for their grant.

Reception of the grant by Salt Lake City will require approval by the City Council, said Mayor Rocky Anderson's spokesman, Patrick Thronson. He said the city had yet to receive an award document from the Justice Department.

Charges In Fatal Arrest Involving Seven (AP)

By John K. Wiley

AP, October 5, 2006

Spokane officers await FBI

SPOKANE — Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation.

Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges.

The prosecutor said he had not yet made a decision but "was leaning toward" declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation.

"If they find something where I can make a charging decision under state law, we will. We will charge," Tucker told reporters.

The case has become a central issue in the re-election campaign of Tucker, a Republican, against Democratic challenger Bob Caruso.

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The case also prompted an independent review of Spokane Police Department policies and procedures and resulted in changes in the way Spokane Fire Department paramedics treat patients involved in police scuffles.

The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said.

Zehm, a 36-year-old mentally disabled janitor, stopped breathing and lapsed into a coma after being beaten, shocked with a Taser weapon and placed on his stomach for an extended period of time while hogtied. He never regained consciousness and died two days later.

Medical Examiner Dr. Sally Aiken ruled the death a homicide resulting from lack of oxygen to the brain as a result of heart failure while Zehm was being restrained on his stomach.

Tucker said the FBI told him its investigation will take at least 30 days to complete.

Race Cited As Boys Town Barrier (WT)

By Jim McElhatton

The Washington Times, October 5, 2006

Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show.

Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town.

The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast.

Citing opposition from city officials, Boys Town ultimately sold the property at Pennsylvania and Potomac avenues to a developer for a profit of about $8 million, court records show.

According to portions of her deposition made public last week in federal court in the District, Miss Graham quoted civic activist Ellen Opper-Weiner as referring to children to be served by the proposed Boys Town project as "these kinds of kids."

"Because I interpreted Ms. Opper-Weiner's comments to be racially loaded, I was greatly offended, and responded that I remembered a time when people who looked like me would not be welcomed in certain neighborhoods, in her neighborhood," Miss Graham, who is black, said in her deposition before Justice Department and Boys Town attorneys.

"She, in turn, explained to me that she had no racial intent associated with a comment, that, in fact, she had been a social worker, working on the lower east side of New York with special populations. And that was the extent of that conversation," Miss Graham said.

Miss Opper-Weiner, who is white, disputed Miss Graham's statement.

"Such a conversation never took place," said Miss Opper-Weiner, a founding member of the Southeast Citizens for Smart Development, which opposed the Boys Town project. "That kind of charge is absolutely absurd."

Miss Graham, who is running for president of the D.C. Board of Education, could not be reached for comment.

Formerly the District's deputy mayor for children, youth, families and elders, Miss Graham said in her February deposition that she encouraged the Boys Town project because too many of the city's foster children were living in Maryland and Virginia.

In response to questions concerning purported racial undertones to community opposition, Miss Graham testified that "it was just the whole tenor. Just everything associated with the opposition to the project."

However, Miss Opper-Weiner said Miss Graham "was never involved directly" in the project and that there was no racial component to the community's objections to the project.

"It was a zoning issue," she said.

Excerpts of Miss Graham's deposition were among hundreds of pages of legal filings submitted by the Justice Department and Boys Town last week in response to a recent motion by the District for a summary judgment.

In its motion, the District argued that Boys Town and the federal government failed to prove that the District violated the federal Fair Housing Act by delaying project applications by Boys Town.

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Boys Town sued D.C. officials in 2001 in a case that was later consolidated with the Justice Department's lawsuit, which separately sued the District two years ago.

In 2002, a federal judge dismissed Miss Opper-Weiner and Wilbert Hill, another community activist, as defendants in the case.

LULAC Investigates Man's Arrest (ARN)

By Celinda Emison

Abilene (TX) Reporter-News, October 5, 2006

The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations.

On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex.

LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday.

"It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote," LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. "LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights." The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today.

"There has been a thorough investigation by the Texas Rangers, and all sides have had an opportunity to present their evidence in this case," Murray said.

As show of support for Gomez, members of the Hispanic community in Brownwood are planning a peaceful demonstration the Brown County Courthouse today as the case goes before the grand jury.

According to reports taken by Brownwood police, Gomez was leaving the polling area when he got into an argument with Elections Administrator Suzy Young.

As he left the polling place, police say Gomez continued to yell at Young, and officers stepped in. Officer Brian Keith said he advised Gomez to leave.

Keith reported he told Gomez he was under arrest, and Cpl. Mitch Slaymaker then sprayed him with pepper spray. According to the report, Gomez struck Slaymaker twice in the face. Keith reported that Slaymaker hit Gomez twice with a baton. The report states the two officers asked Gomez to stop resisting, and when he did not, Slaymaker summoned help from witnesses to restrain him.

The altercation began when Young confronted Gomez about using a cell phone while in line to vote, according to the statement. Gomez was taken to the Brown County Jail following the incident and was also charged with criminal trespass, failure to identify to a police officer and disorderly conduct. He was released that day on bonds totaling $17,500. Gomez has no prior arrests or convictions according to Brown County officials.

The LULAC statement alleges Gomez was severely beaten during the altercation and suffered bruising all over his body as a result. LULAC officials are asking the Justice Department to question the competence of elections officials and charge that Gomez was provoked and threatened by elections officials and later assaulted by police and civilians.

According to the LULAC statement, Gomez is a decorated combat veteran who served in the Gulf War and was honorably discharged as a Marine Corps sergeant in 1994.

Gomez is 100 percent combat disabled, and a felony conviction could cost him his military benefits, according to Gomez' lawyer, John Lee Blagg.

"He is totally dependent on those benefits to support his wife and two children," Blagg said. "He earned those benefits by serving in combat in the Gulf War."

Gomez declined to comment on Wednesday.

Court Filing Says Worley Not Cooperating On Voter Project (AP)

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By Bob Johnson

AP, October 5, 2006

MONTGOMERY, Ala. - Secretary of State Nancy Worley is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing.

The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as "extreme inadequacy and non-responsiveness."

Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee.

U.S. District Judge Keith Watkins in August gave the Republican governor the title "special master" and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file.

Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file.

The October report, filed Tuesday by Wallis, says the governor's first priority is to conduct a public hearing to receive comments and suggestions from the public on implementing the project. The hearing has been scheduled for 10 a.m. Oct. 17 in the old House chamber at the Alabama Capitol.

Much of the six-page report deals with the efforts of the committee set up by the governor to work with the secretary of state on the project. The committee includes former Secretary of State Jim Bennett, and former state Finance Director Sid McDonald serves as chairman.

The report says the committee made a formal request to Worley for all documents and other items related to development of the voter registration system and gave her a specific deadline.

"One hour before the appointed time, the letter from the secretary of state was hand delivered to a committee member indicating, in substance, that the secretary of state would only deal with the special master," the report said. It said the governor then informed Worley that the court order requires her full cooperation.

Worley said she was initially contacted by an individual member of the committee, Trey Granger, and asked to provide him with documents.

"I said I would turn over the materials to the special master (the governor) because I was directed by the court to work with the special master," Worley said Wednesday. Granger is an attorney who previously worked in Worley's office and now helps supervise elections for Montgomery County.

Concerning the documents, Worley said her office has turned over everything that's available.

"I don't know what they think is missing. I guess they'll do anything to politically charge this and cast blame on me," Worley said.

Granger said the committee wanted to see records of what the secretary of state's office has done previously on developing the voter list.

"We felt like it was important to look at what had been done," Granger said. "We remain optimistic that information will be forthcoming."

Granger said the committee wants to make sure "we can provide voters of Alabama with an outstanding voter registration system."

Riley's communications director, Jeff Emerson, said the governor "is not seeking any conflict with the secretary of state. He's just hoping she will comply with the court order."

The report said the secretary of state later provided copies of four proposals made by vendors seeking to develop the voter registration list and a notebook kept by Granger, when he was her attorney.

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The report also said that the governor learned from federal government officials that the state was eligible to receive a federal grant to provide "election assistance for individuals with disabilities," but that the secretary of state had decided not to apply for the money. The report said Riley as special master decided to apply for the grant and the state has been approved to receive more than $134,000.

Group Honors Noted Crusader Against Quotas (NYT)

By JESSE McKINLEY

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne.

They filed a lawsuit.

For the unacquainted, Mr. Connerly, 67, is the political godfather of Proposition 209, a 1996 ballot measure that prohibited state and local governments from using racial and sexual preferences in contracting, hiring and college admissions.

It is a role that earned Mr. Connerly, a wealthy black businessman, no small number of critics, as well as ardent supporters like the Pacific Legal Foundation, which filed suit on Wednesday against the Berkeley Unified School District. The suit accuses the district of using race to determine which elementary schools students attend and whether high school students have access to certain classes.

In announcing the suit, the foundation put out a news release calling it a way of “marking the 10-year anniversary of Proposition 209,” and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called “the spokesperson for racial equality, in our viewpoint.”

But Michele Lawrence, the Berkeley district’s superintendent, said the suit was simply a retread of a similar case filed by the foundation three years ago and later dismissed by an Alameda County judge.

“I think they’re looking at trying to use Berkeley in response to their anniversary of 209,” Ms. Lawrence said. “But its more about celebration than it is about merit.”

For his part, Mr. Connerly, who was an outspoken presence with the University of California Board of Regents for 12 years before retiring in 2005, said the suit was yet another front in his fight against “the mythical goal of integration and diversity.”

He has kept busy since retiring, most recently lobbying in Michigan for a ballot measure similar to Proposition 209. And while Mr. Connerly said he thought the Berkeley suit would be victorious this time around, he sounded as though he might still have liked a cake. “There’s other ways I probably would have celebrated the birthday,” he said.

City Council To Settle 6 Lawsuits Against LAPD For Nearly $3.6 Million (LAT)

By Patrick McGreevy

The Los Angeles Times, October 5, 2006

The City Council agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women.

David Allen Jones spent 11 years in prison before he was released in 2004, after the Los Angeles Police Department determined that DNA evidence linked another man to the deaths of 12 women — many of whom were prostitutes or homeless — including two that Jones had been convicted of killing.

The council agreed to pay $720,000 to Jones, with President Eric Garcetti saying that case and the others represented past problems with the LAPD.

"We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust," Garcetti said after the vote.

Glen E. Tucker, the attorney for Jones, declined to discuss specifics of the settlement but said it was a fair agreement.

"The Jones family is satisfied with the settlement. It was a long time coming," Tucker said.

Although LAPD detectives came under criticism for arresting Jones, Tucker credited the department's Cold Case Unit with "getting the ball rolling that got Jones out" of prison.

Jones was convicted in 1995 of killing Tammie Christmas, Mary Edwards and Debra Williams and raping a fourth woman.

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He was arrested after a much-criticized investigation into the possibility that a serial killer was involved in the deaths of more than a dozen women in South Los Angeles.

Jones was held even though there were no witnesses, no clues leading to Jones and blood evidence argued against his involvement.

A part-time janitor who one psychiatrist described as having the mental capacity of an 8-year-old, Jones was in jail at the time, charged with the attempted rape of a prostitute near the school where three bodies had been found.

He waived his right to a lawyer and was interrogated by police three times. He denied killing anyone, but admitted under the prodding of detectives to having sex and smoking crack cocaine with the victims at the places where their bodies were found.

Despite evidence that hair, blood and semen samples collected at the scenes did not come from Jones, he was convicted.

Authorities have since charged Chester D. Turner with killing two of the women. Turner has pleaded not guilty.

The council also voted 9 to 1 to pay $2.85 million to settle five federal civil rights suits filed by attorney Stephen Yagman on behalf of clients, including two men who said they were framed by officers involved in the Rampart Division police corruption scandal.

David Diaz alleged that Rampart officers fabricated evidence and conspired to obtain a false conviction against him for assault with a deadly weapon.

A settlement check was also approved for Louie Guerrero, who alleged he was wrongfully arrested by Rampart officers in 1997.

Councilman Greig Smith voted against the Diaz settlement. "I just thought it was inappropriate for us to settle," Smith said. "I think we should have continued to fight it. I think we would have won at the higher courts."

The council also settled a lawsuit by the family of Daniel Soly, who was fatally shot by the LAPD's Special Investigations Section. The unit, which often puts suspected robbers under surveillance, has been sued for watching as robberies occurred before stepping in and killing the suspects.

The lawsuit alleged that unit members violated Soly's rights when he was killed in 1995 after he and a partner robbed a Newbury Park liquor store.

Two cases brought by Yagman involving lawsuits against the department under the tenure of former Police Chief Daryl F. Gates also were settled.

Governor Declares State Of Emergency For Calif. Prisons (LAT)

By Jenifer Warren

The Los Angeles Times, October 5, 2006

Sacremento — Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons, a move his aides said would allow the transfer of inmates to other states without their consent.

Corrections Secretary James Tilton said Wednesday that prison crowding was so severe he could not wait. Tilton said it will allow him to skirt the state's cumbersome competitive bidding process, which will make the beds available more quickly. He said officials would begin by transferring volunteers and, if necessary, create more space later through mandatory transfers.

While overcrowding has long been an issue in the state's lock-ups, it has reached crisis levels this year, with most of California's 33 prisons packed to twice their intended capacity.

Of the 173,000 men and women behind bars, about 17,000 are bunking in areas not designed as living space. In addition to converted gyms, prisoners now sleep in hallways, lounges and in triple-decker bunks. For a time, the chapel at San Quentin housed convicts.

"Our prisons are now beyond maximum capacity and we must act immediately and aggressively to resolve this issue," Schwarzenegger said in a statement.

Tilton said the state is poised to sign three-to-five-year contracts with private prisons in four states — Oklahoma, Indiana, Arizona and Tennessee -- that would provide 2,200 beds. He said he hoped to begin the transfers with 200 male inmates next month and continue transferring another 100 or more weekly after the screening process occurs.

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Tilton said a recent survey circulated by authorities in the prisons suggested that as many as 19,000 convicts were interested in a voluntary transfer, though he cautioned that the number may not be solid.

Lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent.

At the Prison Law Office, a nonprofit firm that has successfully sued the state on inmate health care and other issues, director Donald Specter called the emergency declaration "political theater" by a governor running for reelection.

"This is an idiotic thing to be spending time on, because the number of beds they will be able to find in other states will amount to a grain of sand on a beach," Specter said. "In terms of serious reform, there is nothing about this that makes sense."

Democrats also criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis. Last fall, for instance, the chief of adult prisons said in a memo that a "population crisis" was creating "an imminent and substantial threat to the public safety."

"If he had listened to his own people back then, we wouldn't be in this crisis," said Assemblyman Mark Leno (D-San Francisco), chairman of the Assembly Public Safety Committee.

Leno said the Schwarzenegger Administration could have alleviated the crowding through parole reform, specifically, by allowing thousands of low-level parole violators face sanctions in the community rather than returning them to prison.

Corrections officials said they have been working on short-term and long-term solutions to the crowding crisis, but noted that their plans were rejected by lawmakers during the recent special session Schwarzenegger called on prisons.

That session ended in August with legislators rejecting a $6-billion package of proposals from the governor, including forcible transfers out of state of 5,000 illegal immigrant felons facing deportation, and the use of private facilities in California to house 4,000 low-security inmates.

Schwarzenegger also proposed moving 4,500 non-violent female inmates — about 40% of the total of incarcerated women — to regional correctional centers.

Legislators described the governor's package as hastily assembled, and some Democrats said the mandatory out-of-state transfers could be unconstitutional. They asked the administration to return next year with a new set of proposals.

"It was apparent … that the governor's ideas weren't ready for prime time," state Sen. Mike Machado (D-Linden) said at the time.

Wardens and officers say the crowding makes a violent explosion a real possibility. Small disturbances already are routine throughout the system, resulting in the "lockdown" of entire prisons or certain housing blocks. Under lockdown, inmates are confined to their cells and denied privileges, including education, regular recreation time and visitors.

Recent projections show the prison population continued to rise steeply, with more than 23,000 additional felons expected over the next five years. By 2011, the forecast shows, California would have more than 193,000 inmates, equal to the population of the city of Irvine. Already, the state's incarcerated population is large enough to fill the Rose Bowl's seats more than two times over.

Poor, Black And Dumped On (NYT)

By Bob Herbert

The New York Times, October 5, 2006

Most of the carnage — the terrible illnesses and the premature deaths — is hidden.

“The people in those agencies who issue the permits, and then do very little monitoring and very little enforcement in our communities, they don’t go with us to the emergency rooms where the children are suffering from serious asthma attacks. And they certainly don’t go with us to the funeral homes where we bury people who are 40 years old and have died of cancer. They don’t see the terrible damage that this stuff is doing.”

Monique Harden, a lawyer and director of a human rights agency in New Orleans, was talking about a problem that will get no attention at all in the Congressional elections, which are primarily about foolishness and the compulsion to deceive.

The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps,

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landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school.

Two colossal environmental debacles occurred, for example, in West Anniston, Ala., a neighborhood that is mostly black and mostly poor. A chemical plant conveniently located there produced thousands of pounds of potentially deadly polychlorinated biphenyls (PCB's) each year. For years after the danger was apparent, residents were left uninformed. Some were later found to have the highest concentrations of PCB's in their bloodstreams of anyone ever tested.

But the PCB's from the chemical plant were just one of many risks faced by the residents. In 2003 the military began burning deadly chemical weapons stored at the Anniston Army Depot in West Anniston. Emissions associated with burning chemical weapons include dioxins, PCB's, furans, heavy metals and trace amounts of nerve and mustard gas agents.

The Rev. Henry Sterling, a pastor in Anniston, told me with great sadness how he had buried his niece who had died from cancer when she was just 30, and then two days later had to bury two other women in their 20's, and then the following week two more women in their late 20's.

He added, "My secretary was from here, and she was just 32 when she died from cancer. We have young men dying, too. But during that short period it just happened to be all women."

We've known — or should have known — since at least 1987, when a landmark study was published by the Commission on Racial Justice of the United Church of Christ, that wildly disproportionate numbers of hazardous waste sites have been placed in communities with large concentrations of black and Latino residents.

Since then an enormous amount of data has been compiled showing that government and industry alike have used black and poor neighborhoods as dumping grounds for the vilest and most dangerous of pollutants. You go to these communities, where the air can be thick enough to make you gag, and you find that the rates of cancer, heart disease, stroke and the like are off the charts.

The largest hazardous waste landfill in America is near the small, rural town of Emelle, in Sumter County, which is part of the so-called "black belt" of Alabama. It takes in hazardous materials from 48 states and some foreign countries. More than 70 percent of the Sumter County population, and more than 90 percent of the population of Emelle, is black.

The systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery.

More than 70 environmental, human rights and public health groups participated in a bus tour last week — dubbed "The Environmental Justice for All Tour" — that visited communities across the country that have suffered terrible damage from these blatantly discriminatory policies.

The tour was enthusiastically received at each stop, but got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you.

Censoring Ourselves Is No Way To Fight Terrorism (LAT)

By Timothy Garton Ash

The Los Angeles Times, October 5, 2006

ALMOST EVERY DAY brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a "master of hate." A production of Mozart's "Idomeneo," which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week.

Going slightly further back, there's the murder of Dutch filmmaker Theo van Gogh and the murderous hounding of Ayaan Hirsi Ali and Salman Rushdie. A British anti-fascist activist is beaten following the publication of his photograph and address on a far-right website called Redwatch. Animal-rights activists make death threats against medical researchers and their families. Sikh extremists force a play they dislike to be taken off the British stage. Christian extremists threaten BBC executives because they broadcast "Jerry Springer: The Opera." Need I go on?

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Fanatiques sans frontieres are on the march. It's wrong to describe this as a single "war on terror"; our adversaries and their ideologies are so diverse. But if you think we are not engaged in a struggle against manifold enemies of freedom as potentially deadly as those we faced in the 1930s, you are living in a fool's paradise. In the first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded.

The erosion comes in many different ways. Most obviously, there is violence or the threat of violence: "If you say that, we will kill you." This is dramatically facilitated in our time by the Internet, e-mail and cellphones. That French philosopher, Robert Redeker, went into hiding after an Islamist website called for him — "the pig" — to be "punished by the lions of France" as "the lion of Holland, Mohammed al-Bouyeri, did," and then gave Redeker's address, photograph and phone number. Bouyeri was the slayer of Theo van Gogh.

Down the scale, there is peaceful public protest, sometimes with an implicit threat of violence. There are also other forms of less visible pressure, including the use of economic weapons — the boycott of Danish goods in some Islamic countries following the Danish cartoons scandal, for example.

Then there's self-censorship in the face of such threats. Chancellor Angela Merkel aptly described the Deutsche Oper's decision to pull "Idomeneo" as "self-censorship out of fear." But self-censorship can also flow from a well-intentioned notion of multicultural harmony, on the lines of "you respect my taboo, and I'll respect yours." And there are misguided attempts by democratic governments to ensure domestic peace by legislating to curb free expression. The British government's original proposal for a law banning "incitement to religious hatred" was a case in point.

The threats come from diverse quarters. It would be absurd to pretend that Islamist extremists are not among the current leaders in intimidation.

But the jihadists are not alone.

Even as I write, news reaches me of a friend, Tony Judt, a historian and outspoken critic of recent Israeli policy, finding that a talk he was to give about "the Israel lobby and U.S. foreign policy" at the Polish Consulate in New York was canceled after phone calls to the host institution from "a couple of Jewish groups," including the Anti-Defamation League, according to the Polish consul. Such phone calls are, of course, not comparable with death threats. But this is all part of a many-fronted, incremental erosion of free expression, even in the classic lands of the free such as the U.S., France and Britain.

What is to be done? First, we need to wake up to the seriousness of the danger. We need a debate about what the law should and should not allow to be said or written. Even John Stuart Mill did not suggest that everyone should be allowed to say anything any time and anywhere. We also need a debate about what it is prudent and wise to say in a globalized world where people of different cultures live so close together, like roommates separated only by thin curtains.

I believe, for example, that Redeker's article in Le Figaro was an intemperate and unwise one, with its claim that Islam (not just Islamism or jihadism) is today's equivalent of Soviet-style world communism, and his denunciation of Muhammad as a "pitiless warlord, pillager, massacrer of Jews and polygamist." But once the fanatiques sans frontieres respond by proposing to kill him, we must stand in total solidarity with the threatened writer — in the spirit of Voltaire.

Never mind that Voltaire probably never said exactly what is so often attributed to him: "I disapprove of what you say, but I will defend to the death your right to say it." This was Voltaire's spirit nonetheless. Too many recent responses in such cases, from the Rushdie affair onward, have had this syntax reversed: "Of course I defend his/her freedom of expression, but … "

Voltaire got it right: first the dissent, but then the unconditional solidarity. Now we are all called upon to play our part. The future of freedom depends on words prevailing over knives.

Timothy Garton Ash is professor of European studies at Oxford University and a senior fellow at the Hoover Institution at Stanford University.

ANTITRUST:

Court Weighs MedImmune Bid To Sue Genentech Over Patent (WSJ)

By Mark H. Anderson

The Wall Street Journal, October 5, 2006

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WASHINGTON -- A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support.

MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts.

The U.S. Federal Circuit Court of Appeals, a special patent court, ruled a company can't sue at the same time it has agreed to make royalty payments.

Deanne Maynard, an assistant to the U.S. Solicitor General, part of the Justice Department, urged the justices to strike down the Federal Circuit's ruling, arguing MedImmune was wrongly being denied a legal avenue to challenge Genentech's claims. "The parties here actually have a concrete dispute about the validity of the patent," she said.

The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent. If MedImmune wins its appeal, companies will be able to pay royalties under protest until a court rules under federal declaratory-judgment laws on the validity of the patent. If Genentech wins, companies will have to refuse to pay royalties before they can challenge a patent, exposing themselves to patent-infringement claims.

The high court closely questioned both sides in the case with an eye toward the practicalities of licensing contracts, and a majority of justices sounded skeptical of arguments made by Genentech's attorney, Maureen Mahoney.

"The argument you just made really isn't relevant for us," Justice Anthony Kennedy told Ms. Mahoney after she said the licensing agreement was a compromise settlement that precluded court action.

Justice Antonin Scalia said the outcome of the appeal became clearer to him when he realized the licensing agreement between the two companies turned in part on whether the patent was determined to be valid.

Throughout the litigation brought by MedImmune, Genentech has maintained that one of several patent applications it licensed to MedImmune was approved in 2001 and required royalty payment on sales of Synagis.

A U.S. District Court judge dismissed MedImmune's case in 2004, saying it couldn't proceed because MedImmune was making royalty payments. The Federal Circuit upheld that decision in October 2005.

MedImmune Asks For Right To Sue (WP)

By Charles Lane

The Washington Post, October 5, 2006

A lawyer for MedImmune Inc. asked the Supreme Court yesterday to let the company sue to overturn a patent owned by Genentech Inc. on a component of MedImmune's blockbuster drug Synagis, even though MedImmune is paying royalties to use it.

The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve.

MedImmune maintains that it always questioned the patent, and agreed to license it "under protest" because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech.

"What we are presenting in this case is a dispute about money," MedImmune's lawyer, John G. Kester, told the court. "It is not abstract. It is not hypothetical. It is not conjectural."

Comments and questions from the justices left little indication of how they might rule, with the court's main concern seeming to be that, even if the justices grant MedImmune a right to sue Genentech, patent holders might simply ask licensees to sign away their right to sue.

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"At some point, either in this case or some later case, we may have to address the question of whether or not such a provision is enforceable," Justice Anthony M. Kennedy noted. "If it is, we may not be talking about much. It's just going to be boilerplate in every license agreement, and that's the end of it."

But Kester argued that the "licensee cannot, by contract, be [stopped] from challenging the patent."

That seemed not to convince Chief Justice John G. Roberts Jr. If firms could always sue over patents they had agreed to respect, he said, "How do you ever end these things?"

Genentech's lawyer, Maureen E. Mahoney, reinforced that point in her argument, saying MedImmune is essentially seeking the right to back out of a deal that both sides made in good faith, and that "it has been settled [law] forever that . . . an agreement for making payments pursuant to an agreement in the nature of a compromise, you can't come and say that it has been coerced or is some form of duress."

But MedImmune contends that a federal law enacted in 1936 permits a party to take a contract dispute to court without having to break the agreement first. It argues that the Federal Circuit's recent rulings, including its decision against MedImmune, reversed years of precedent that favored what some call the "pay and sue" strategy.

The case has potentially wide implications for other technology firms, since it will affect the ability of patent holders to deflect challenges to their monopolies over inventions.

MedImmune is supported in the case by the Generic Pharmaceutical Association and by the Bush administration -- which told the court in its brief that "there is a strong federal policy . . . in ridding the economy" of invalid patents.

Genentech is backed by the Pharmaceutical Research and Manufacturers of America, Qualcomm Inc., 3M Co., General Electric Co., Procter & Gamble Co. and DuPont Co.

Genentech is the world's top biotechnology company, with an estimated market capitalization of $88.3 billion. MedImmune, with a market cap of $6.9 billion and more than 2,400 employees, is the eighth-largest biotech firm in the world, measured by stock value, and by far the biggest in the Washington region.

About 80 percent of its revenue comes from sales of Synagis, which prevents certain respiratory infections in premature babies. In 2005, worldwide Synagis sales exceeded $1 billion for the first time. Still, the company reported a loss of $16.6 million in part because of poor sales of its inhaled flu vaccine, FluMist.

Synagis is made with the use of an antibody synthesis technology on which Genentech holds a patent, known as the Cabilly II patent after the inventor Shmuel Cabilly.

The patent runs through 2018, though MedImmune says it is invalid and the U.S. Patent and Trademark Office is reviewing it.

Because of a confidentiality agreement with Genentech, MedImmune does not disclose how much it pays in royalties on Synagis. Kester said yesterday, however, that the quarterly payments cause "major injury" to MedImmune.

The case is MedImmune v. Genentech , No. 05-608. A decision is expected by July.

Supreme Court Hears Biotech Patent Case (AP-YBIZ)

By Stephen Manning, Associated Press Writer

AP, October 5, 2006

Supreme Court Hears Biotech Case That Could Expand Patent Lawsuits

WASHINGTON (AP) -- The U.S. Supreme Court on Wednesday heard drug maker MedImmune's patent dispute with biotechnology company Genentech, a case that could help determine the ability companies have to challenge patents in court.

The companies are fighting over a Genentech patent that MedImmune licenses for one of its top sellers -- Synagis, a children's respiratory drug with more than $1 billion in sales last year.

The original patent was set to expire this year, making it available for free. But Genentech Inc. of California acquired another patent in 2001 through a deal with another drug company holding a similar patent, extending it to 2018.

The case before the court Wednesday didn't deal with the merits of the case, focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws.

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MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

MedImmune was using a "pay and sue" strategy under patent law because it didn't want to stop royalty payments and be liable for violating the terms of the license on the Cabilly patent. Named for the researcher that discovered it, the Cabilly patent is used by MedImmune to make Synagis.

MedImmune pays a set percentage of its Synagis sales to Genentech under the licensing deal. MedImmune spokeswoman Jamie Lacey would not reveal that percentage, but said each percentage point is worth $10 million.

In court filings, MedImmune contended it would be put at great risk of large financial penalties if it were forced to break a patent agreement to challenge what it thought was a bad patent. It was backed by the Justice Department, which said the dispute between the two warranted resolution in court.

Genentech countered that federal law does not allow companies to challenge patents without shouldering the risk of violating the deals.

"The reason they entered into this agreement was to avoid the costs and risks of litigation," Genentech attorney Maureen Mahoney said Wednesday of MedImmune's patent with Genentech.

Chief Justice John Roberts appeared to be concerned that companies could make continuous patent challenges if they were allowed to file lawsuits but not face stiff penalties for breaking license agreements by stopping royalty payments.

"How do you ever end these things? Let's say they have this dispute, they bring it to litigation, and they settle it," he said. "Instead of paying a license fee of 50 cents, it's going to be 40 cents, and we'll go on. Then they can sue again, I take it."

Patent attorneys said if the case is decided in MedImmune's favor, it could lead to a flood of patent lawsuits because companies could challenge patents without risking legal penalties. But Washington attorney Harold C. Wegner, who watched Wednesday's arguments, said Roberts did not seem convinced by MedImmune's case.

"The chief justice was very troubled by the idea," Wegner said. "What would stop the licensees from suing again and again?"

Along with legal action, the validity of the second Cabilly patent is still under review by the U.S. Patent and Trademark office. The office initially rejected the patent, but agreed to re-examine its decision.

Shaw Group Pays For Westinghouse Stake (AP-Y)

By Alan Sayre, Ap Business Writer

AP, October 5, 2006

Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment.

Under the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds.

Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable.

Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month.

Toshiba said Wednesday in Tokyo that it had cleared all antitrust reviews and completed all the necessary regulatory filings in both the U.S. and the European Union as of the end of September.

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During a conference call with analysts, Shaw chairman James Bernhard said the combination of Shaw's engineering and design services in the nuclear industry, along with Westinghouse's expertise in nuclear power equipment, would "help solve the world's long-term energy needs."

Under the deal, Shaw said it would get certain exclusive agreements for engineering, procurement and construction services on future Westinghouse AP 1000 nuclear power plants, the chosen design for 10 proposed new power units in the United States and four in China.

For the three months ended Aug. 31, Shaw now forecasts earnings from continuing operations between 15 cents and 18 cents per share. Analysts polled by Thomson Financial are looking for profit of 28 cents per share, on average. Consensus estimates typically exclude one-time charges and gains.

Shaw also issued guidance for the current fiscal year, pegging profit between $1.30 and $1.60 per share. That brackets the average Wall Street estimate of $1.53 per share. In addition, the company forecasts 2007 operating cash flow of $300 million to $350 million, and said it will report a record backlog of more than $9 billion as of Aug. 31.

Shaw said its fiscal 2007 guidance reflects the planned investment the Westinghouse acquisition.

Shaw Group shares rose $2.67, or 11.3 percent, to close at $26.33 on the New York Stock Exchange. The shares have traded in a 52-week range of $19.55 to $36.08.

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On the Net:

Shaw Group Inc.: http://www.shawgrp.com

EU Pledges More Trade Deals (AP)

By Aoife White, Ap Business Writer

AP, October 5, 2006

BRUSSELS, Belgium — The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad.

It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights.

"We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism," EU Trade Commissioner Peter Mandelson said.

The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said.

Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade.

The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work.

European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well.

The EU is preparing bilateral trade deals with India and South Korea, as well as and laying the groundwork for agreements with other nations in South America and the Middle East. The goal is to keep trade links open even if a WTO deal proves impossible in the short term.

"Free trade agreements can build on WTO rules by tackling issues that are not ready for multilateral discussion and by preparing the ground for the next level" of global trade deals, EU Trade Commissioner Peter Mandelson said.

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European Commission President Jose Manuel Barroso said last month that these deals would be more ambitious than the agreement the EU was trying to reach in the Doha round of WTO talks. They would call for other nations to open up government contracts to foreign companies and push open other sectors such as banking and telecommunications.

Mandelson said EU trade partners such as India were keen to open markets to help expand their economies and pull people out of poverty.

But if Europe is to lead this process, its work needs to begin at home, he said: "Europe's policy needs to be clear: rejection of protectionism at home; activism in opening markets abroad."

"There is no future for Europe that is looking inwards or is trying to cut itself or shelter from the rest of the global economy," he said.

Keeping Europe "ahead of the curve" means protecting European business interests abroad and making sure its exporters do not face unfair regulatory or antitrust barriers. Europe would open its markets to trading partners and demand the same from them "under gentle pressure," he said.

Op-ed: Eurocrats' Anti-competitive Agenda (WT)

By Dick Armey

The Washington Times, October 5, 2006

Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether.

Recent history provides a clear view of Europe's "not so competitive" competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition.

In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a "Commissioner of Competition." For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost.

This distinction between Europe and the United States is more than a cultural quirk. It has substantial implications for American companies trying to survive in a global economy and a significant impact on consumers. Rather than consumer sovereignty, the European market is ruled by a web of regulations that undermines the efforts of American firms trying to design better products that attract customers.

The software industry is vibrant and dynamic. New applications and new products are constantly developed to meet growing consumer demand. Within this environment, Microsoft must compete by innovating and incorporating new features into Windows. Regulatory micromanagement by the European Union makes this business strategy all but impossible, as EU bureaucrats determine which features are "pro-competitive" and which are "anti-competitive."

Initially, European regulators determined that consumers would be better off if Microsoft did not bundle a media player with its operating system. Under orders from the EU, Microsoft stripped out the media player to release Windows N for Europe. The "N" might as well stand for "Not" — consumers had no interest in the downsized operating system, which accounted for only 0.005 percent of Windows sales.

Despite the lack of consumer interest in software designed by bureaucrats, EU regulators are threatening aggressive actions against Microsoft if it fails to incorporate its latest "designs" in its new operating system. As it prepares to launch its newest version of Windows, European regulators are again threatening to take action. Security problems have been a concern to anyone using the Internet, yet the European Union has warned Microsoft about bundling new security features with the products it sells to

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consumers. In a networked world, the diminished security capacity of computers in Europe would be felt globally. In addition, new handwriting recognition technologies in the operating system are being viewed as a threat, rather than a benefit for consumers.

Now, rather than worrying about innovation, Microsoft is bogged down in lengthy bureaucratic negotiations that threaten to delay the release of the new Windows. These regulatory skirmishes reverberate well beyond Microsoft, as computer manufacturers, investors and the broader technology industry hold their breath and await the outcome.

This issue gets to the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place.

Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate.

Dick Armey, who served as House majority leader between 1995 and 2002, is chairman of FreedomWorks.

GM Ends Renault-Nissan Alliance Talks (FT)

By James Mackintosh And Bernard Simon

Financial Times, October 5, 2006

General Motors, the world's biggest carmaker, called off talks on Wednesday with Renault and Nissan on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals.

The failure of the talks clears the way for Carlos Ghosn, chief executive of Renault and Nissan, to open negotiations with Ford Motor, GM's Detroit arch-rival. Discussions are unlikely to start immediately, one person familiar with the situation said.

GM ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control.

GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the situation said would see "billions of dollars" more benefits than the US company.

"The value was heavily skewed towards Nissan", GM's chief executive Rick Wagoner said on Wednesday "We needed to look at good value for GM shareholders."

He added that "Renault-Nissan made it clear they would not pay any market premium, nor compensate GM to balance the disproportionate impact of expected synergies". In addition, the proposed structure would have blocked GM from pursuing other alliances "without adequate compensation".

GM was nudged into the talks in June by Kirk Kerkorian, the octogenarian billionaire who is the company's biggest individual shareholder. His chief financial adviser Jerry York is a GM director.

Mr York joined the rest of the board in voting against the Renault-Nissan proposals. Nonetheless, Tracinda, Mr Kerkorian's holding company, said on Wednesday that a deal would have given GM "substantial synergies and cost savings".

"We regret that the board did not obtain its own independent evaluation of the alliance," Tracinda added.

The board was shown calculations by both sides of the benefits available, and the assumptions made that allowed Renault-Nissan to estimate savings for GM far higher than GM calculated itself.

Two investment banks, Goldman Sachs and Morgan Stanley, also made presentations on the structure of a possible deal.

The decision to end talks marks an expression of confidence by GM directors in Mr Wagoner and his plan for recovering from a disastrous $10.6bn loss last year.

Fritz Henderson, chief financial officer, said in an interview that the company was not looking for another partner. "We have a plan that we think is robust and will help get GM turned around," he said.

He said GM was unfazed by the threat of a Ford-Renault-Nissan alliance, which would leapfrog GM to become the world's biggest, and had not considered that as a factor in its decision to reject a tie-up.

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Talks are now likely between Ford and Renault-Nissan, after a pause "to let the dust settle", one person familiar with the situation said. Mr Ghosn has repeatedly expressed an interest in adding a north American partner to the alliance.

G.M.'s Talks On A Partner Fall Apart (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, October 5, 2006

Paris may be a city for lovers, but it is where General Motors broke up with Renault and Nissan. Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies.

But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb.

G.M. executives seemed to be operating on the notion that the two other companies would enjoy great benefits from an alliance, and therefore wanted to be paid billions of dollars before going ahead.

That was untenable to Mr. Ghosn, whose fame had spread after the quick turnaround he achieved at Nissan, in which Renault holds a controlling interest.

Still, the two sides had continued the pretense that they would keep talking up to an Oct. 15 deadline — until Mr. Wagoner called Mr. Ghosn in Paris yesterday to bid him goodbye.

The call came a day after G.M.'s board voted unanimously to end the discussions, Mr. Wagoner said yesterday. Those votes to stop the talks included one from Jerome B. York, an associate of Kirk Kerkorian, G.M.'s biggest individual shareholder, who had pushed for the talks.

A joint statement issued by the companies said in part, "Renault and Nissan consider that the principle of compensation is contrary to the spirit of any successful alliance."

Mr. Wagoner said yesterday, "We all agreed the synergy levels were significantly in favor of Renault and Nissan."

G.M.'s chief financial officer, Frederick Henderson, said Nissan and Renault would have benefited three or four times as much as his company. He would not disclose dollar amounts discussed. "Whether you used our numbers or their numbers," Mr. Henderson added, "the skew was very substantial."

Mr. Wagoner said neither he nor anyone else at G.M. had misled Nissan and Renault into thinking that an alliance was imminent, even though officials at those companies had indicated the talks were going well. "I can see why they would have been excited," he said. "It would have been very good for them."

Although it appears that G.M. and Nissan-Renault had contrasting ideas from the beginning for how an alliance would be structured, Mr. Wagoner said that a difference of opinion only recently became clear. The companies first worked to determine the potential value of a partnership before discussing structure.

Mr. Ghosn declined to be interviewed yesterday.

With their brief dalliance over, Mr. Wagoner and Mr. Ghosn each face questions. In Mr. Wagoner's case, what will Mr. Kerkorian do? And for Mr. Ghosn, will Nissan and Renault turn next to the Ford Motor Companyfor a possible alliance?

Mr. Kerkorian, who began buying the first of his 56 million shares about 18 months ago, essentially has two choices, analysts said: increase his aggressive tactics in an effort to raise G.M.'s stock price or throw in the towel on G.M. and sell the shares.

In a statement, Mr. Kerkorian's Tracinda Corporation said an alliance "would have enabled G.M. to realize substantial synergies and cost savings, adding, "We regret that the board did not obtain its own independent evaluation of the alliance."

Mr. Kerkorian's choice will in turn affect the role of Mr. York as a G.M. director.

An automotive analyst at Merrill Lynch in New York, John Murphy, said he did not think that G.M. had heard the last from Mr. Kerkorian. Mr. Kerkorian attempted a hostile, and ultimately unsuccessful, takeover of Chrysler in 1994 with its former chairman, Lee A. Iacocca.

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"I think Kerkorian will turn up the heat," said Mr. Murphy, who while not surprised that the alliance talks ended, was taken aback by how they fell apart, with Mr. York voting against a deal during Tuesday's G.M. board meeting. "I can't imagine, with his track record, that he backs off."

Mr. Kerkorian could wage a proxy fight against G.M.'s leadership, nominate new directors or try to build support among other shareholders, Mr. Murphy said.

All those actions became more difficult under bylaw changes the G.M. board approved Tuesday, although Mr. Wagoner said the modifications were in response to concerns raised at the last shareholders' meeting and not directed at Mr. Kerkorian.

Thus far, Mr. Wagoner has shown in these talks that he is an expert at getting his way.

He took only some of the actions recommended by Mr. Kerkorian's holding company. And he has fended off Mr. Ghosn, an executive whose luster helped camouflage his own companies' recent struggles.

Mr. Wagoner also threw down conditions that were all but impossible for Mr. Ghosn to accept.

G.M. wanted Renault and Nissan to pay a premium on top of its share price for a significant stake in the company, and it wanted the flexibility to conclude alliances with other companies, something that Renault and Nissan presumably felt would have been precluded by an alliance with G.M.

The demand for the compensation payment was the deal breaker. Mr. Ghosn has called the idea "ridiculous" especially since the market value of his companies' shares was higher than that of G.M.

A Nissan spokeswoman, Frederique LeGreves, reiterated those objections yesterday. Explaining why the deal fell apart, Ms. LeGreves said, "We had a fundamental disagreement on the compensation payment."

G.M.'s executives said yesterday that they took part in the negotiations with an open mind and that they welcomed any opportunity to join a project that added value to G.M.

But while Mr. Ghosn clearly wanted a partnership on a grand scale, G.M. decided it was only interested in working with Nissan and Renault on a "project-by-project" basis, Mr. Wagoner said. Nissan and Renault have said they will not pursue any minor level of collaboration with G.M., according to Mr. Wagoner.

During the talks, G.M. consulted with two investment banks, Goldman Sachs and Morgan Stanley. As recently as last week, Mr. Kerkorian had pushed G.M. to hire independent advisers to analyze a possible partnership.

Mr. Wagoner said an alliance would have been a distraction to his company's turnaround efforts, which executives say are gaining momentum. "We felt that the complexities of working with three companies could in fact slow us down," he said.

Despite the view of some analysts that a request for a compensation payment was akin to the slur against the French icon Zinédine Zidane in this summer's World Cup final, Ms. LeGreves said Mr. Ghosn did not take it to heart.

"I don't think we are offended or shocked," she said. "It's a business decision."

Whether Ford might be more open to a deal with Renault and Nissan is open to debate. In an effort to pull itself out of its own financial tailspin, Ford recently named a Boeing executive, Alan R. Mulally, as chief executive, meaning that Mr. Ghosn would be unlikely to get that job in an alliance.

But Ford, whose market share has been sinking all this decade, could use the small cars that Renault and Nissan have in their lineups.

Ms. LeGreves emphasized that Mr. Ghosn was not planning to approach Ford. But he does not have to, since he received an earlier invitation from William Clay Ford Jr., the company's chairman, to hold discussions if things did not pan out.

What might happen first, said John Casesa, a longtime auto analyst, is a smaller deal that could involve joint car development, something Ford and Nissan did in the past with a minivan project that produced the Mercury Villager and the Nissan Quest. (The Villager has since been discontinued and Nissan now builds Quest on its own.)

That is less grand than what Mr. Ghosn's companies discussed with G.M., but such a project could give them a chance to size each other up — and still leave time for Mr. Ghosn, 52, to succeed Mr. Mulally, 61, a few years hence, allowing him to finally run the three-part company he has envisioned.

Mr. Mulally, who had been accustomed to operating on a global scale at Boeing, might turn out to be a better personality fit with Mr. Ghosn.

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Mr. Wagoner and Mr. Ghosn had some shared backgrounds. Both once worked in Brazil, and the two men could hold private conversations in Portuguese, Mr. Ghosn disclosed last week. Even though the two men spoke the same languages, they were never on the same wavelength.

How Wagoner Wins As Ghosn Alliance Talks Fail (WSJ)

By Monica Langley And Joseph B. White

The Wall Street Journal, October 5, 2006

The collapse of alliance talks between General Motors Corp. and partners Renault SA and Nissan Motor Co. marks a victory for GM Chief Executive Rick Wagoner, but it won't mean the end of consolidation talk or alliances among big global auto makers.

In a phone call yesterday morning, Mr. Wagoner and Carlos Ghosn, chief executive of both Nissan and Renault, decided the two sides were too far apart on the value of the potential tie-up and decided to stop the high-stakes talks which had been under way for two months, after an initiative by big GM shareholder Kirk Kerkorian. Mr. Kerkorian and his representative on GM's board, Jerome York, broached the idea of an alliance with Mr. Ghosn in late June and reiterated their support for it last week.

But in the end, Mr. York joined other GM board members in a unanimous decision to end the talks, GM said. Tracinda Corp., Mr. Kerkorian's investment company, said it regretted "that the board did not obtain its own independent evaluation," as it had requested. The billionaire investor and his advisers yesterday were considering their options.

On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: "It's clear the two sides have completely different appetites for an alliance." Calling the payments totaling several billion dollars demanded by GM "contrary to the spirit of an alliance," Mr. Ghosn was blunt: "Let's just end it."

Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks "on cordial terms."

The collapse of the discussions reversed a rally in GM's stock. GM shares fell slightly, dropping nine cents to $33.32 in 4 p.m. New York Stock Exchange composite trading.

Pressure on auto makers to consider previously radical cost-cutting solutions remains intense. Detroit's three auto giants are struggling to make money and stop market-share losses in North America. Western European champions such as Renault are dealing with relentless attack from lower-cost Asian and Eastern European rivals. A slowdown in the U.S. economy could ratchet up pressure on GM, Ford Motor Co. and DaimlerChrysler AG to look for partnerships or alliances to share the burdens of developing more fuel-efficient engines or new kinds of vehicles.

Ford, for example, has said it is open to discussions with rivals about potential alliances, or deals to offload brands such as Aston Martin. DaimlerChrysler has said it is looking for a partner, possibly Chinese, to help it speed a new small vehicle to the U.S. market. GM already has alliances to share hybrid gasoline-electric drive technology with BMW AG and DaimlerChrysler.

In remarks prepared for his press conference, Mr. Wagoner said GM is open to the idea of pursuing individual projects with Renault-Nissan, similar to a commercial vehicle venture the companies already have. 5

The end of the discussions leaves Mr. Ghosn, one of the global auto industry's stars, to focus on boosting sales and profits at Renault, which has been losing share in Western Europe. In a statement yesterday, Renault and Nissan said the two companies still believe that there is a "significant value creation" to be had by "expanding its alliance to a motivated North American partner."

Investors have speculated that partner could be Ford, which is struggling with widening automotive losses. But in interviews in Paris last week, Mr. Ghosn said he is "not in a hurry" to initiate a new round of discussions. Ford spokesman Oscar Suris, asked if Ford might enter talks with Renault-Nissan, said "We're not going to speculate."

With the Renault-Nissan proposal off the table, Mr. Wagoner can now focus on persuading investors that his turnaround strategy for GM can start to deliver profits in the company's core North American auto business.

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In his press conference, Mr. Wagoner argued that a Renault-Nissan deal "would have potentially been a distraction to our current turnaround efforts. For example, it unfortunately doesn't help in key areas like our huge U.S. legacy cost competitive disadvantage, and it could impede our fast-moving efforts to evolve to a global management system."

At a dinner Monday at GM headquarters, Mr. Wagoner and his chief financial officer, Frederick "Fritz" Henderson, presented their work on the potential alliance to GM's board, say people familiar with the matter. The executives said Renault-Nissan would gain three to four times more savings than GM. That is why Mr. Wagoner last week told Mr. Ghosn GM would need an "equalizing contribution," probably a multibillion dollar cash payment, to consider the alliance.

Mr. Wagoner focused on another big problem -- the possible block stock purchase by Nissan-Renault, these people said. Under Mr. Ghosn's alliance plan, Nissan and Renault, which is 15% controlled by the French government, would buy 20% of GM stock. Messrs. Wagoner and Henderson told the board its investment banks recommended GM obtain a "control premium" for such a block. Also they said GM should be entitled to a further premium because it would be effectively precluded from working on joint ventures with other auto makers.

After the late dinner, during which the slide presentations continued, several directors moved their conversations into the hotel lounge nearby and talked later into the night, said a person familiar with the matter.

The next morning, at the board meeting, discussions resumed. "There were no fireworks," said a person familiar with the matter. It became increasingly clear directors would support GM management. Many of them concluded that GM's turnaround had kicked in. Another common refrain: Mr. Henderson, who has been chief financial officer since January, is making a "hugely positive addition" on thorny issues including labor buyouts, Delphi talks and the agreed-upon sale of General Motors Acceptance Corp., this person said.

Mr. Wagoner recommended that GM tell Mr. Ghosn that it was open to pursuing specific joint ventures with Nissan-Renault, but that it would not pursue the alliance structure currently under consideration, said a person familiar with the matter. The directors unanimously approved the recommendation. There was one caveat: if Mr. Ghosn showed an interest in changing the structure of the tie-up, Mr. Wagoner must return to the board, according to people familiar with the situation.

Wednesday's developments appear to be a setback for Messrs. Kerkorian and York. At one extreme, Mr. Kerkorian could sell this stock for a profit and be done with the drama, but he is typically a long-term investor. At the other extreme, he could launch a proxy contest to replace the board of directors next spring.

Mr. York could resign from the GM board in the near future, if he decides that he can be more effective and less constrained. When Mr. York worked with Mr. Kerkorian more than a decade ago on Chrysler, he worked from the outside to force change. Ultimately, Mr. Kerkorian made a $3 billion profit when Daimler-Benz AG bought Chrysler in 1999.

GM Won't Join Nissan, Renault (WP)

By Sholnn Freeman

The Washington Post, October 5, 2006

General Motors Corp. rejected an alliance with Nissan Motor Co. and Renault SA yesterday, contending that it still has the size and strength to fight on its own.

GM chairman and chief executive G. Richard Wagoner Jr. said joining an alliance would distract the automaker from its turnaround. He said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them.

The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp.

Ending the talks was a blow to Carlos Ghosn, who heads both Renault and Nissan. An alliance was seen by some as a ploy by Kerkorian to put Ghosn in a leadership role at GM.

Wagoner said GM has made a "shocking amount of progress" in executing its turnaround plans. In the past year, GM has cut billions of dollars in overhead costs, reorganized operations, cut employee medical and retirement benefits, sold large parts of the company and eliminated 30,000 jobs. Wagoner and the company's directors have also taken pay cuts.

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GM lost $10.6 billion last year, the most since 1992. Most of the loss was in the company's North American division, where executives bet heavily on continued profits from large pickup trucks and sport-utility vehicles before the market stalled.

Gary N. Chaison, professor of industrial relations at Clark University, said GM is giving the impression that it has turned the corner. "All you can really say with any confidence is that they are not in as bad a shape as they were before," he said.

Chaison said GM's long-term performance will hinge on future dealings with labor. He said GM's portrayal of itself as strong enough to stand alone will make it more difficult to seek concessions from the United Auto Workers union next year during contract talks.

"They still have to go to the UAW and make the case for a special break," Chaison said. "This is going to be extremely difficult for them to do because the UAW is not in the mood for further concessions."

Wagoner said the advantages of an alliance would have unfairly favored Nissan, making it a bad deal for GM's shareholders.

Dominique Thormann, a senior vice president at Nissan's U.S. division, argued yesterday that GM negotiators did not understand the concept of an alliance. He said the discussions were terminated because of a fundamental disagreement on how to split up the billions of dollars that could have been saved.

In short, Thormann said GM was looking to get paid. GM wanted "equalizing payments," he said. GM asked for a "control premium" because company executives thought that by entering the alliance, they might lose the ability to make deals with other companies, effectively giving up control to chart GM's future. Thormann said the demands were contrary to the "spirit of the alliance."

"They are just seeing something in black and white and very easy to measure," Thormann said. "Ultimately, it's not a shared vision. They keep talking about short-term recovery. We are talking about the long-term -- a strategic vision. The alliance doesn't fix your short-term problems. It isn't what runs the company. The alliance just gives you a competitive advantage."

Ghosn and other executives have repeatedly said they saw value for all parties in an alliance. Executives also said a GM-Nissan-Renault alliance would create a company with the power to take on the growing worldwide clout of Toyota Motor Corp. Toyota reported a 25 percent increase in U.S. sales for September, as sales by most other major automakers, including Nissan, sputtered.

GM executives think they can take on Toyota on its own. Under the leadership of Robert A. Lutz, GM has consolidated all its international operations. That could mean the end to the costly overlap of product development, design and purchasing. GM consolidation is saving $10.2 billion a year, about the same as a GM-Nissan-Renault alliance was predicted to save.

For GM, a partnership with Renault and Nissan represented only risk and downside, said an industry executive, who asked not to be identified because of the delicacy of the talks. He said GM and Renault are big rivals in Europe. Nissan is a dangerous competitor in North America, where it, Toyota and Honda Motor Co. have been taking GM market share. An alliance could have entailed GM giving up factory space to Nissan, the executive said, and Nissan would have in turn "hit GM between the eyes with product."

"What was GM to do?" the executive said. "Take the lion in the den and get eaten in the process?"

In Palo Alto, Calif., yesterday, Nissan workers expressed relief that there would not be an alliance. "Look at GM's track record," one said. "GM would've taken everything we have."

GM Drops Alliance Talks Over Lack Of Compensation (USAT)

By Sharon Silke Carty

USA Today, October 5, 2006

DETROIT — General Motors Wednesday called off its talks with Renault and Nissan about forming an alliance because the automakers couldn't agree on GM's demands for compensation.

GM's studies showed benefits of an alliance would be skewed in Renault and Nissan's favor, with the most going to Nissan, GM CEO Rick Wagoner said. GM wanted compensation for that and for the fact that an alliance would preclude GM from making deals with other automakers.

In the end, he said, an alliance “was not in the best interest of GM shareholders.”

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Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed “there were good synergies for everybody.” She said the discussions broke down over the additional compensation issue, “which is not really part of the alliance principle.”

Wagoner said GM's board, meeting Tuesday, voted unanimously to back out of the discussions.

Board member Jerry York represents GM's biggest individual shareholder, Kirk Kerkorian. Kerkorian pushed GM to consider teaming up with Renault and Nissan, going public with the idea over the summer when he felt the automaker wasn't moving fast enough.

In a filing with the Securities and Exchange Commission last week, Kerkorian said he intended to increase his shares in GM from 9.9% to 12% and asked the company to consider hiring outside consultants to independently review the Renault-Nissan plan.

“We believe General Motors' participation in a global alliance with Renault and Nissan would have enabled GM to realize substantial synergies and cost savings,” said Carrie Bloom, spokeswoman for Kerkorian's investment firm. “We regret that the board did not obtain its own independent evaluation of the alliance.”

The board's unanimous vote is a sign of confidence in Wagoner and his turnaround plan, said David Cole, chairman for the Center for Automotive Research. The automaker lost $10.6 billion last year and $2.9 billion in the first half of this year, but many expect upcoming third-quarter earnings will be significantly improved.

“Obviously, the board has got confidence in him,” Cole said. “They know where things are going. They see everything of importance. If they don't like the direction the company is going in, they're going to put a lot of heat on him. And they're not.”

The door now is open for possible discussions between Renault-Nissan and Ford Motor. Carlos Ghosn, CEO of the French and Japanese automakers, said last week he would be interested in another North American partner if a deal with GM fell through.

Ford had no comment on possible talks.

GM shares closed down 9 cents to $33.32.

VW Buys Stake In Rival MAN, Girding For Tie-Up (WSJ)

By Christoph Rauwald, Stephen Power And Jason Singer

The Wall Street Journal, October 5, 2006

Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business.

The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices. Volkswagen, of Wolfsburg, Germany, said it doesn't plan to fully acquire MAN but bought a stake in the Munich-based company to secure its "strategic interest."

Volkswagen's move is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. Last month, MAN made a hostile takeover offer for Scania of 442 Swedish kronor ($60.33) a share, valuing it at €9.6 billion.

A MAN spokesman said the truck maker is "very happy" with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business. "VW is someone from our same industry and is basically in favor of our strategy," he said. "They understand us."

MAN officials yesterday didn't disclose how they would respond to Volkswagen's proposal, originally made last week, to include Volkswagen's Brazilian truck business in a combination of MAN and Scania.

A spokeswoman for Scania declined to comment on Volkswagen's announcement. A spokesman for Swedish investment company Investor AB, Scania's second-largest shareholder, said it remains focused on finding "the best possible way forward for Scania and its shareholders.... What that is, one will see."

On Germany's Xetra exchange, MAN shares fell 7.5% to €68.44 ($87.10), while Volkswagen shares rose 1.3% to €68.85. In Stockholm, Scania's Class B shares rose 5.2% to 462 kronor.

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Many industry analysts praised MAN's offer last month as a logical step capable of generating hundreds of millions of dollars in cost savings. A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB, of Sweden, and DaimlerChrysler AG, of Germany.

MAN's offer was later rejected by Scania's board as well as by Volkswagen, whose 34% of the voting rights in Scania makes it the largest shareholder. Volkswagen said its holdings in Scania are a strategic asset and that accepting MAN's bid "would not be in line" with VW's industrial interests. Investor AB also rejected the bid as too low, saying it "did not reflect the fair value and potential of Scania."

Last week, Volkswagen Chief Executive Bernd Pischetsrieder, who is also chairman of Scania's board, said he favored combining Scania and MAN with VW's Brazilian heavy-truck operations. Some industry analysts said the auto maker's decision to invest in MAN appeared to be intended to prod MAN's CEO, Hakan Samuelsson, to include parts of VW's commercial-vehicle business in a MAN-Scania combination.

In a research note yesterday, Stephen Cheetham, an analyst with Sanford C. Bernstein Ltd. in London, argued that "We believe VW is attempting with this stake to exert pressure on MAN management to do a deal on its terms."

A Volkswagen statement said its purchase of a stake in MAN should allow a "friendly and jointly developed solution" with "maximum synergies" -- and that it was a response to signs that third parties planned a hostile bid and is "not intended in any way to be hostile." The auto maker said it had acted in response to "indications in the market of a hostile takeover attempt of MAN by third-parties."

A spokeswoman for Volkswagen declined to elaborate on the statement, but people familiar with the matter said a resolution of its differences with MAN over Scania could come as early as next week, when Volkswagen is scheduled to hold a conference call with analysts.

With Vista, Microsoft Gets Tough On Piracy (WP/AP)

By Allison Linn, Associated Press

The Washington Post, October 5, 2006

SEATTLE, Oct. 4 -- In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology.

If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager.

Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said.

Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating.

Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, "seem harsh only in comparison to how lenient it has been."

Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP.

"There will be an XP backlash, which is to say people clinging to XP in order to avoid this," he said.

Kay also does not expect the new piracy measures to be that effective against those who have built de facto businesses selling illegal Windows copies. But he thinks it will stop some lower-level piracy.

Windows Vista also will include more sophisticated technology for monitoring whether a system is pirated. For example, the system will be able to perform some piracy checks internally, without contacting Microsoft, Lindeman said.

Microsoft also is adding ways to more closely monitor for piracy among corporate users, who tend to buy licenses in bulk.

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Microsoft plans to take similar measures with the forthcoming version of its Windows server software, dubbed "Longhorn," and to incorporate it into other products down the road.

The crackdown shows how much more seriously Microsoft has started taking Windows piracy, which for years has been extremely widespread in areas such as Russia and China. The Business Software Alliance, a software industry group, estimates that 35 percent of software installed on PCs worldwide is pirated.

In recent years, the market for Windows, one of Microsoft's biggest revenue producers, has become more saturated. That has left the company eager to make money from users who may otherwise have obtained illegal copies of the operating system.

Cori Hartje, director of Microsoft's Genuine Software Initiative, said the company wants users to notice the difference between legal and pirated copies of Vista.

"Our goal is to really make a differentiated experience for genuine and non-genuine users," Hartje said.

After many delays, Microsoft is expected to release Vista to businesses in November and consumers in January.

ENVIRONMENT/INDIAN AFFAIRS:

FBI Executes Search Warrants On California Spinach Companies (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy News, October 5, 2006

SAN JOSE, Calif. - In a startling twist to the E. coli outbreak that has flummoxed federal and state investigators, agents for the FBI and FDA on Wednesday executed two search warrants on two Salinas area companies, saying they were looking for evidence of a crime.

The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif. - the company whose bagged spinach is at the center of the outbreak. It was unclear how Growers Express - which grows and packs produce in the western United States and Latin America - fits into the probe.

An FBI spokesman said agents from the bureau had been involved in the case "for quite some time."

"There's no indication this was tampering. There's no indication this was terrorism or anything like that," said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe.

Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act.

News of the FBI's involvement raised echoes of the 1996 E. coli outbreak linked to juice produced by Odwalla Inc., a Northern California company that was convicted on criminal charges for not preventing contamination of its products. The company paid $1.5 million after pleading guilty to 16 misdemeanors stemming from an outbreak that killed a toddler and caused dozens of others to become sick in several Western states and Canada.

Joseph John, the federal prosecutor in that case, said courts have ruled that food suppliers have "strict liability" in contamination cases, meaning they can be found guilty of a misdemeanor simply for distributing contaminated food across state lines, knowingly or not. The intent of the law is to make suppliers take responsibility for ensuring the safety of their food.

Depending on the statutes involved, Schadler said, authorities may not have to show intentional violation of the law to prove a crime. Still, he emphasized that that the U.S. attorney's office could end up filing no charges in the case.

The latest E. coli outbreak has so far killed one person and sickened at least 192 others in 26 states and Canada.

FBI and Food and Drug Administration officials were mum on what they might have found on Wednesday. But Charles Sweat, Natural Selection's chief operating officer, said agents had requested paperwork, including documents already provided to the FDA and the California Department of Health Services.

Bill Marler, a Seattle attorney whose firm is representing 93 victims in the E. coli outbreak, said the federal agents could have been looking for "missing quality assurance documents."

"It would be a problem for the company if they are lost or, worse, destroyed," he said.

In the statement, however, Sweat vigorously defended the plant's integrity and food-safety practices.

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"All tests performed on our processing facilities, both those done by independent scientists and government investigators, have been . . clean," he said. "We continue to believe that the source of the contamination was in the fields from which we buy our spinach."

Sweat made a similar statement at a news conference last week at which he announced that all spinach, lettuce and other leafy greens entering the company's processing plant are now undergoing random sampling for E. coli, salmonella and other pathogens.

Several farmers said they were shocked to hear of the FBI's involvement.

"This is just very disturbing. Just the indication that they've taken this step is bad," said Andrew Cumming, president of MetzFresh, a spinach grower in King City and Salinas.

Many spinach growers have suffered severe financial losses since the contamination outbreak surfaced last month. "We've had a really bad two or three weeks now, and this just piles on."

Cumming said "If something was done illegally, that's not the standard of our industry."

Officials at Growers Express did not issue any comment on the raids. The company grows and packs iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. It has 40,000 acres of fields in California, Arizona, Mexico and Peru.

While many food-safety cases are handled administratively, criminal prosecutions have increased since the Odwalla case. The exact cause of the spinach outbreak has yet to be found, but in the Odwalla case, authorities never determined the source of the contamination either. They suspected it originated in the feces of workers or cattle that had migrated into the orchards. While the government did not contend that Odwalla acted maliciously, it said the company failed to take adequate precautions. Odwalla has since started a flash-pasteurization process.

The same strain of E. coli was also implicated in a food contamination case involving hamburgers sold by Jack In the Box restaurants in 1993. No one was prosecuted in that case, linked to the death of four children in the Pacific Northwest.

Under the federal Food, Drug and Cosmetic Act, it can be a misdemeanor to distribute any contaminated food through interstate commerce. It can be a felony if authorities can show evidence of intent or a previous violation of the act. Penalties for a felony can include a $10,000 fine, three years in prison or both.

Authorities also have prosecuted farmers under federal clean-water laws and other environmental statutes.

In the same year as the Odwalla convictions, a California dairyman was convicted on misdemeanor charges after authorities accused him of dumping thousands of gallons of wastewater contaminated with animal feces and urine into nearby creeks.

Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis, said that kind of prosecution is "a really good deterrent" for other food producers who might be tempted to cut corners.

2 Produce-Packing Plants Searched In Spinach Probe (WP)

By Annys Shin

The Washington Post, October 5, 2006

Agents with the FBI and the Food and Drug Administration searched two produce-packing plants in California's Salinas Valley yesterday morning in connection with last month's outbreak of E. coli in fresh spinach that so far has sickened 193 people and killed at least one.

One search took place at San Juan Bautista facilities operated by Natural Selection Foods LLC, a processor linked to the outbreak, which last month recalled all of its spinach products. The other search was of a Salinas, Calif., plant operated by Growers Express LLC, a grower and packer that had not been previously associated with the outbreak.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," said Kevin V. Ryan, U.S. attorney for the Northern District of California.

"There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," he added.

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The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms.

About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak.

"We will continue to cooperate fully with the investigation and welcome all efforts to trace this problem back to its source," Charles Sweat, Natural Selection chief operating officer, said in a written statement.

Woody Johnson, Growers Express vice president of sales and marketing, said he had no idea why the FBI and the FDA had searched his company's plant, which he said does not handle spinach. Its Web site says it does, however, under the Farm Day brand. The company sells greens and vegetables under the Green Giant Fresh, Western Express and Challenger brands.

The FDA, which regulates the food supply except for meat and poultry, can levy tens of thousands of dollars in civil penalties for distributing across state lines "adulterated" food.

Federal prosecutors can also pursue similar criminal charges punishable by up to a year in prison and a fine of $1,000 for each violation. They don't have to prove the food was intentionally adulterated. "If you did it, you can be subject to these criminal and civil penalties," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

In 1998, the FDA imposed a $1.5 million fine -- one of the biggest fines it ever levied -- on juicemaker Odwalla Inc. in connection with a 1996 E. coli outbreak spread through apple juice that killed one toddler and seriously sickened at least 14 other children. In 2001, Sara Lee Corp. agreed to pay a fine of $200,000 after at least 21 people died and about 100 others became ill from eating products contaminated with Listeria monocytogenes.

FBI Seeks E. Coli Clues At 2 Produce Firms (LAT)

By Michael Muskal

The Los Angeles Times, October 5, 2006

Federal agents today searched two Salinas Valley produce companies in connection with the nationwide E. coli outbreak, the U.S. attorney's office for the Northern District of California announced.

The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. At least one person was killed by the contaminated vegetables that sickened about 193 people in 26 states.

The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco.

There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce. Moreover, the investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan stated.

Natural Selection packages spinach sold under more than two dozen brands. It was implicated in the spinach outbreak after bags of Dole spinach tested positive for E. coli. Growers Express grows and packs produce.

Last month, the federal government warned consumers not to eat fresh spinach after reports of contamination surfaced. Companies, including Natural Selection, voluntarily pulled the product from supermarket shelves.

The federal warning was lifted Sept. 29.

Agents Search 2 Spinach Facilities (USAT)

By Julie Schmit And Kevin Johnson

USA Today, October 5, 2006

Federal agents from the FBI and Food and Drug Administration searched two spinach-packing companies in California on Wednesday in connection with the outbreak of E. coli in fresh spinach.

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The San Francisco U.S. Attorney's Office said warrants were served on Natural Selection Foods and Growers Express. Agents are investigating whether companies took appropriate safety measures, said U.S. Attorney Kevin Ryan in a statement. He also said there is no indication the spinach was intentionally contaminated.

FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws.

The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product.

Growers Express, a grower and packer in Salinas, had no immediate comment. Until Wednesday, it had not been named in the investigation.

Also on Friday, the FDA said fresh spinach was as safe to eat as it was before the outbreak — except for products that had already been recalled and should no longer be in circulation.

Ryan said the investigation has not revealed any evidence of a new or continuing threat. But the news of the FBI involvement — and search for criminal action — comes just as grocers start to restock shelves with fresh spinach.

Despite the FDA's clearance, consumers may have to hunt for spinach. Some grocers, including Wal-Mart and Costco Wholesale, have yet to make plans to reintroduce fresh spinach. Other grocers have started but supplies may be limited. And major spinach processors say it'll take weeks or months to fully ramp up production.

"We'll be back into spinach, I just cannot tell you when," says Jeff Lyons, senior vice president for fresh foods for Costco. Given the outstanding question of how the outbreak started, Lyons says consumers are still too wary.

Kroger, with 2,500 stores, expects to have packaged and bulk product in most stores by Saturday. Food Lion, with 1,200 stores, is aiming for early next week, if supplies are available, spokesman Jeff Lowrance says.

Publix, with 883 stores, could not give a time frame. It intended to get spinach from Canada, but the growing season was ending and product wasn't available, spokeswoman Maria Brous says.

Other Salinas Valley processors resumed production in recent days. Fresh Express, the leading packaged salad processor, hopes to be at full production within weeks, President Tanios Viviani says. It resumed processing on Monday. Viviani says it'll take time for customers to reassure themselves that their suppliers are good and for consumers to understand the safety of the product, despite the outbreak.

River Ranch Fresh Foods resumed shipping spinach on Tuesday. It cannot say when it'll be at 100%.

"We're starting very, very slowly," company spokesman Barry Eisenberg says. Eisenberg says the company's primary customers, supermarkets, "are just not sure what the consumer response will be."

Whole Foods, a leading retailer of natural and organic foods, might provide cause for optimism. It resumed sales of fresh bunched spinach late last week in some stores. Weekend sales were almost at normal levels, spokeswoman Kate Lowery says.

US Opens Criminal Inquiry On Health Measures Taken By Spinach Growers (NYT)

By Gardiner Harris And Libby Sander

The New York Times, October 5, 2006

Federal investigators have opened a criminal investigation into accusations that some California spinach growers and distributors failed to take adequate measures to ensure that their spinach was safe before selling it.

Yesterday, agents of the Federal Bureau of Investigation and the Office of Criminal Investigations in the Food and Drug Administration carried out search warrants at Natural Selection Foods of San Juan Bautista and Growers Express of Salinas.

Natural Selection, a large distributor of fresh produce, had previously recalled its packages of fresh spinach. Its chief operating officer, Charles Sweat, said in a statement that all tests at the Natural Selection plant showed no contamination.

"We continue to believe that the source of the contamination was in the fields from which we buy our spinach," Mr. Sweat said.

A person who answered the phone at Growers Express said the company would not comment.

The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said.

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All the victims had a virulent strain of E. coli bacteria, O157:H7.

With the focus of the investigation narrowing to spinach grown in the Salinas Valley, the agency told consumers last week that they could again eat fresh spinach.

Eleven bags of fresh spinach have tested positive for E. coli O157:H7, the agency reported yesterday. The United States attorney for the Northern District of California, Kevin V. Ryan, said investigators had no evidence that the contamination was deliberate or that it continued.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," Mr. Ryan said.

Investigators have also visited Primus Labs of Santa Maria, Calif., which performs routine testing for E. coli among growers, Juan Muniz, Primus operations manager, said.

Mr. Muniz refused to discuss the specifics of the inquiry but said one challenge is the lack of definitive rules on what is an unacceptable E. coli level.

"I can eat something where my immune system is not affected, but my son or my father — one or two colonies could affect them," Mr. Muniz said.

Growers usually ask Primus to test for general E. coli levels, Mr. Muniz said. If the results are a problem, growers may ask for follow-up tests that look specifically at O157:H7, Mr. Muniz said. But there is no definitive guideline for the level of general E. coli that would initiate the second test, he added.

Farm practices are governed by a voluntary code of good practices that tells growers to "maximize their efforts to minimize contamination," Mr. Muniz said.

"What does that mean?" he added. "It's complicated."

On Tuesday, a top California food safety official announced that eight fecal samples from cattle pastures near the affected spinach fields had tested positive for O157:H7.

"This is not really an unexpected finding," the official, Kevin Reilly of the Health Services Department, said. "We do know that E. coli O157:H7 can be found in healthy cattle, and that it is something that if we look, we are able to find it. The real thing here is to see if the strain type matches up with the outbreak strain."

Five companies have voluntarily recalled their spinach products since the outbreak was reported nearly three weeks ago. Natural Selection was first, recalling on Sept. 15 all products containing spinach. The company processes and packages spinach for more than 20 brands, including Dole, Nature's Basket, Trader Joe's, Ready Pac and Riverside Farms.

Another company in Salinas, River Ranch, followed two days later, having obtained some of its spinach from Natural Selection. In the next week, companies in Portland, Ore.; Seattle; and West Caldwell, N.J., recalled spinach products.

Some grocery chains began re-stocking fresh spinach last week, taking pains to show that the spinach was grown in places like Colorado and Canada. In the last 11 years, 20 E. coli outbreaks have been linked to "leafy products" grown in the region, including two related to spinach, Dr. Reilly said.

FBI, FDA Search Spinach Facilities In E. Coli Probe (Update1) (BLOOM)

By Margot Habiby

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- FBI and U.S. Food and Drug Administration agents today searched two California spinach producers -- Natural Selection Foods LLC and Growers Express -- for links to a national outbreak of E. coli bacterial infection.

The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person.

``There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. ``We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce."

DOJ_NMG_0075116

The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15.

Natural Selection spokeswoman Samantha Cabaluna didn't immediately return a call for comment. A spokesman for Growers Express, who declined to be identified, had no comment.

Growers Express's Web site says it sells spinach under its Farm Day brand. Its other brands are Green Giant Fresh and Western Express, though it wasn't immediately clear whether it sells spinach under the other two brands. None of the brands were specifically listed in recalls announced by the FDA during the past three weeks.

No New Threat

``The investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan's statement said.

One adult died in Wisconsin, and the deaths of a child in Idaho and an adult in Maryland are being investigated in connection with the outbreak, according to the U.S. Centers for Disease Control and Prevention in Atlanta.

Ninety-eight people have been hospitalized in the U.S. in connection with this outbreak, and 30 have developed a type of kidney failure known as hemolytic-uremic syndrome. Seventy-one percent of those with confirmed cases of E. coli are women and girls, and 11 percent are children under 5 years old, CDC said in its latest tally, announced yesterday.

Compliance Questions

``I find it very surprising that they had such a big outbreak, and that makes me wonder if they were really in compliance" with current agricultural guidelines, Alejandro Castillo, an associate professor of food microbiology at Texas A&M University, said in an interview before the search was announced. ``Something makes me think that they were not."

In addition to making sure that irrigation water doesn't get contaminated and that manure is properly composted to prevent the spread of E. coli, it's important that growers see that workers have good hygiene, he said.

``Make sure that you have toilets for them and hand-washing facilities close to the fields with soap, water and towels," Castillo said. ``You need to clean and sanitize the field utensils" before workers touch them again, he said.

Wisconsin continues to lead the nation, with more than a quarter of the E. coli cases associated with the outbreak. Five states -- Wisconsin, Ohio, Utah, Indiana and New York -- account for almost 60 percent of the cases. Twenty-six states have reported confirmed cases.

California's Department of Health Services is conducting its own probe into the outbreak and is not a part of today's federal action, spokeswoman Norma Arceo said in an interview.

``We still have not found the source of the contamination," she said in an interview today. Arceo said the state has taken spinach samples from the growers that were served with federal warrants today, though she declined to provide further details.

FDA spokeswomen Susan Bro and Julie Zawisza didn't return calls for comment. The U.S. Justice Department, which oversees the FBI, deferred questions to Ryan's office. Luke Macaulay, Ryan's spokesman, didn't return a call for comment.

2 Firms Searched In FBI Spinach Probe (FINDLAW/AP)

By Paul Elias, Associated Press Writer

AP, October 5, 2006

(AP) - SAN JUAN BAUTISTA, Calif.-The FBI searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak that killed one person and sickened at least 191 others.

Agents from the FBI and the Food and Drug Administration used warrants to search a Natural Selection Foods LLC plant in San Juan Bautista and a Growers Express plant in Salinas to determine whether they followed food safety procedures.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce," U.S. Attorney Kevin Ryan said in a statement.

Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health.

The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month.

FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants.

Natural Selection, which packages spinach sold under 34 brand names and supplies spinach to other food processors, was implicated in the E. coli outbreak after 11 bags of Dole brand baby spinach tested positive for the same bacteria strain found in people who feel ill after eating the leafy greens.

Natural Selection CEO Charles Sweat said agents requested paperwork, including documents already provided to the FDA and the California Department of Health Services. In a statement, he defended his plant's cleanliness.

"We have believed from the outset that our facilities were not the source of the contamination," Sweat said. "We have been concerned that the contamination may have originated in the fields where the product is grown."

Growers Express grows and packs produce, including iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. Until Wednesday, the company had not been named in the investigation of how the tainted spinach ended up in bags and on store shelves.

A representative for Growers Express did not immediately return a call seeking comment.

Since E. coli is found in animal and human feces, state and federal inspectors trying to pinpoint the source of contamination have focused on irrigation water, fertilization methods, worker hygiene and the proximity of fields to livestock.

Federal and state officials previously had said they had narrowed their search for the E. coli's source to nine farms in Monterey, San Benito and Santa Clara counties that grew spinach for Natural Selection Foods.

The federal Food, Drug and Cosmetic Act provides criminal penalties for companies involved in the production or sale of "adulterated foods," said Andy Weisbecker, a Seattle lawyer whose firm is representing dozens of people who got sick eating spinach in the last two months.

Companies can be convicted if they are shown to have been negligent in preventing tainted foods from entering the market, even if they were unaware of the contamination, Weisbecker said.

Associated Press Writer Lisa Leff in San Francisco contributed to this report.

BP Takes Royalty Fight To Court (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, October 5, 2006

WASHINGTON — Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a statute of limitations provision in federal law.

The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP.

The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997.

BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said.

Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit.

DOJ_NMG_0075118

BP America's lawyer, Jeffery A. Lamken, a partner at the law firm Baker Botts, said a close reading of the law demonstrated that the statute of limitations also applied to administrative proceedings by the federal government.

Justice Antonin Scalia, for one, seemed to agree with some of Lamken's points during the oral arguments.

The wording of one section of the federal law in question "certainly suggests...it does apply to administrative proceedings," Scalia said.

"I could not have said it better, and I will not attempt to," Lamken said.

GAO: Feds Lose Money On Salvage Logging (AP-Y)

By Matthew Daly

AP, October 4, 2006

The federal government spent nearly $11 million to salvage timber from an Oregon wildfire in 2002, yet it stands to get less than $9 million from selling the wood, congressional investigators say.

The Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire.

The report by the Government Accountability Office acknowledged that the delays cost money, but said the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays.

The study by the GAO, the investigative arm of Congress, was being released Wednesday. The Associated Press obtained a copy of it in advance.

The wildfire, dubbed the "Biscuit fire" because of its proximity to a nearby waterway, burned almost 500,000 acres in Oregon and California in 2002, making it largest wildfire in the continental United States since 1997.

Overall, 12 salvage sales in the burned areas were completed by the end of 2005, resulting in harvests of about 67 million board feet of timber, the GAO report said. The total was less than one-fifth of the 367 million board feet proposed for sale in an environmental impact statement issued by the Bush administration in 2004.

A board foot is the volume of a piece of wood 1-foot square and 1-inch thick. It takes about 10,000 board feet to build a modest two-bedroom home.

"Forest staff overestimated the timber available for harvest," the report said, adding that administration estimates that salvage logging would create about 6,900 local jobs and $240 million in regional economic activity now appear overly optimistic.

The Forest Service and other agencies have spent $5 million and expect to spend an additional $5.7 million on the salvage sale of wood and other related costs, the report said. Timber sales from the logging are expected to generate about $8.8 million in revenue, GAO investigators said.

While final answers are premature, "we would expect the actual economic results to be less than the (2004) estimate," the report said.

New Mexico Sen. Jeff Bingaman, ranking Democrat on the Senate Energy and Natural Resources Committee, said the GAO report demonstrated that the Bush administration overreached in its efforts to log large areas burned by the Biscuit fire.

"Taxpayers are going to have to spend millions more just cleaning up the damage from the logging than the government made from the timber sales," Bingaman said. "At the same time, promises of community fire protection, habitat restoration and scientific analyses remain unscheduled and unfulfilled."

The report comes as Congress considers a bill to speed up the logging of burned forests and planting of new trees after storms and wildfires. The bill, which has been approved by the House and is pending in the Senate, would order that federal land hit by disasters that involve more than 1,000 acres be restored within months, rather than years — before insects and rot set in, diminishing the commercial value of fire-killed timber.

The measure's co-sponsors, Reps. Greg Walden, R-Ore., and Brian Baird, D-Wash., call it a commonsense plan that will be good for the environment and the economy. They cite the Biscuit fire as a prime example of the need for the legislation.

DOJ_NMG_0075119

Environmental groups and a majority of House Democrats oppose the bill, arguing that cutting large old trees and planting new ones makes forests more vulnerable to new fires and less valuable as habitat for fish and wildlife. They say it is better to allow forests to come back on their own.

Sen. Mike Crapo, R-Idaho, chairman of a Senate forestry subcommittee, has said he wants a vote on the logging bill before the end of the year.

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On the Net:

GAO: http://www.gao.gov

Information on the logging bill, H.R. 4200: http://thomas.loc.gov

Interior Dept. Reports Computer Abuse (AP-Y)

By Jennifer Talhelm

AP, October 4, 2006

Interior Department employees aren't just using their computers to oversee parks and wildlife, an investigation found. They're spending thousands of hours a week visiting shopping, sex and gambling Web sites.

A report made public Wednesday on an internal investigation examining a week of computer use found more than more than 1 million log entries in which 7,700 employees visited game and auction sites.

More than 4,700 log entries were to sexually explicit and gambling Web sites.

The findings are "egregious" and "alarming," the department's inspector general, Earl Devaney, wrote in the report.

"Computer users at the department have continued to access sexually explicit and gambling Web sites due to the lack of consistency in department controls over Internet use," he wrote.

Devaney titled his report, "Excessive Indulgences." Its cover illustration is a photo montage of the types of Web sites employees have visited. One picture includes a shot of a woman's bare stomach.

Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access.

Devaney said in his report that he wanted to test the effectiveness of the department's rules on Internet usage. He looked primarily for visits to sexually explicit, gambling, gaming and auction sites because they are time-consuming and obviously not work-related, he said.

The investigation also found:

_A number of computers accessed sexually explicit Web sites for 30 minutes to an hour.

_One computer had 2,369 log entries at two game sites for about 12 hours.

_At least one computer accessed an Internet auction for almost eight hours.

Despite the findings, Devaney noted that since 1999, the department has taken just 177 disciplinary actions, 112 of which were for accessing pornographic or sexually explicit Web sites.

"Without strong and effective controls, we believe that this activity will continue and possibly increase," Devaney wrote.

In response, department officials issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found "have significant legal and administrative consequences" and that violators could be fired or turned over to the police.

The department is working on blocking inappropriate Internet sites, the memo said. But it reminded employees that "just because an inappropriate site is not blocked does not mean that it is authorized for access."

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On the Web: http://www.doioig.gov/

Pollution Investigation Scours The Toilets Of The Upper Crust (USAT/AP)

By Noaki Schwartz, The Associated Press

USA Today, October 5, 2006

DOJ_NMG_0075120

MALIBU, Calif. — Los Angeles County officials want to know who, or what, is responsible for the waste fouling the most star-studded stretch of the Southern California coast. Their investigation could lead them into the toilets of the rich and famous.

Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities.

Malibu's spectacular seaside cliffs, canyons and beaches have attracted numerous environmentally minded celebrities such as Sting, Tom Hanks and clean-water activists Ted Danson and Pierce Brosnan. The city was incorporated in 1991 specifically to stop a county proposal to build a sewer line; residents feared that the sewer extension would encourage large-scale development. Today, there are about 2,400 septic tanks in the city of multimillion-dollar homes strung along 25 miles of coast.

Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods.

Where the tests show a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples.

"It is a big deal that the county is now saying, 'We're willing to go onto properties to see what the source of fecal contamination is,' " says Mark Gold, director of the environmental group Heal the Bay.

Malibu leaders and residents have pointed to an array of possible sources for the pollution, including a wastewater treatment plant, storm runoff and bird droppings. Actress and animal rights activist Pamela Anderson contends the real polluter is animal agriculture, such as chicken farms.

"When the results of these tests come back, I'll bet that once again we'll find that it's people's meat addiction, not their septic tanks, is causing this pollution," Anderson wrote in an e-mail.

County officials initially will focus on properties with heavier toilet use, such as restaurants and Barbra Streisand's old estate, which is now owned by the Santa Monica Mountains Conservancy.

In 1993, the singer donated her property to the conservancy, which has held weddings, conferences and public tours at the 22-acre estate. Conservancy spokeswoman Dash Stolarz said the site has a sophisticated septic system.

If county officials find suspect systems, they will inform the Los Angeles Water Quality Board. The board could fine homeowners or require them to upgrade systems.

Board President H. David Nahai says he is optimistic that residents will comply with the investigation. "The very cachet of Malibu and the high property values they enjoy are dependent upon a clean ocean."

House Panel Prods EPA To Speed Probe Of Pollutants, Abnormal Fish (WP)

By David A. Fahrenthold

The Washington Post, October 5, 2006

A panel of U.S. representatives criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs.

In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems.

"Why is it taking so long?" asked committee Chairman Thomas M. Davis III (R-Va.).

Benjamin H. Grumbles, an EPA official overseeing water quality, said the job turned out to be much more difficult than first imagined and required federal scientists to create a set of tests from scratch.

"The agency is being as proactive and protective as we can," Grumbles said. "The science needs to drive the solutions."

Grumbles did, however, offer a promise that the EPA would try to accelerate its efforts, and he said he hoped that it could begin the process of testing chemicals for hormonelike effects by the end of next year.

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Still, the delay was criticized by Rep. James P. Moran Jr. (D-Va.), who said the 1996 order was "timely, it was important, it should have been done."

The "intersex" fish, which were growing eggs in male sex organs or producing egg-related proteins, have been found throughout the Potomac watershed in recent years, including at one site near the Woodrow Wilson Bridge.

Scientists with the U.S. Geological Survey who discovered the fish believe the culprit comes from a class of endocrine disruptors. These chemicals, found in hand soap and waste such as sewage and runoff from farms, are chemically similar to natural hormones and can fool animals' natural signaling systems.

Even less well understood than the problems in animals are the consequences for human health. Lawmakers pressed for ways to explain the risks: Rep. Elijah E. Cummings (D-Md.) asked Gregory Masson, a scientist at the Fish and Wildlife Service, if he would eat one of the abnormal fish. Masson said yes.

Cummings also asked federal scientists to rate their concerns from one to 10, with 10 being the most alarming. Masson said seven.

Grumbles offered assurances that, so far, there are no links to human health problems. But he gave the problem an eight.

"Fish are sentinels," he said. "They are warning signs, and they need to be taken very seriously."

CAHOKIA: Suit Seeks Payback For Landfill Cleanup (SLPD)

St. Louis Post-Dispatch, October 5, 2006

The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia.

The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says.

Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says.

As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says.

Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup.

The defendants include current owner Eagle Marine, Afton Chemical Corp., Union Carbide, Dow Chemical, Exxon Mobil, Mallinckrodt, Merck and the estate of Paul Sauget, who died in 2004.

Topping 2006 Ballots: Eminent Domain (CSM)

By Ben Arnoldy

The Christian Science Monitor, October 5, 2006

BOSTON

A backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States.

Libertarian activists, tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November.

Most of the measures aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values.

At stake is the momentum of "smart growth" planning in recent decades that has provided public interests like open space and environmental protection at the expense of private property owners. Supporters of the changes say they want those costs made transparent, while opponents argue that individual property rights, if unfettered, will trample on the rights of neighbors and the collective good.

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"Urban growth boundaries, agricultural protection ordinances, wetlands regulations, historic district rules - just about any kind of land-use rule would be more vulnerable to litigation if the [regulatory takings] measures were adopted," says John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute in Washington. "[The West] would be a lot more polluted, it would be a lot more congested, and it would be a lot less green if these measures were enacted."

Prior to the high court's decision on eminent domain in Kelo v. New London last year, Oregon, in 2004, enacted Measure 37, a law requiring local and state governments to compensate landowners when regulations decreased the value of their properties. Ballot initiatives in California, Arizona, Idaho, and Washington are loosely based on Measure 37. If governments cannot pay, some measures call for granting individuals exemptions from the rules.

In Oregon, the 2,446 claims already filed with the state would cost more than $5.7 billion to reimburse, according to the Department of Land Conservation and Development. None have been paid, says Michael Morrissey with the department. "Measure 37 didn't identify any new revenue source to pay for claims. So that means for those claims we judge to be valid, the issue is only waiver of regulation."

Such waivers have created some unusual dilemmas.

In Clackamas County, a landowner used Measure 37 to get a waiver for agricultural zoning restrictions that prevented a commercial gravel pit operation. One neighbor suddenly faced the prospect of a rock crusher just a few hundred feet from his home.

Another neighbor, an elderly couple trying to sell their adjacent farm, saw a $1.3 million offer collapse on account of the proposed pit, says their son, Scott Lay. He had voted for Measure 37, but now finds himself ambivalent. He warns voters in other states to "really consider how far that measure could extend into the property rights of the neighbor. The impact doesn't stop with that property, it extends beyond."

In another case, a pumice mine and power plant may be built inside Newberry National Volcanic Monument in Oregon if one longtime landowner gets his way.

"If putting up mining operations in national monuments seems too bizarre to contemplate, look again at Oregon because that's what [voters elsewhere] could get," says Bob Stacey, executive director of 1000 Friends of Oregon, a land-use watchdog group.

Supporters of laws like Measure 37 cite the Constitution's Fifth Amendment, which prohibits taking private property for public use without just compensation. Land-use restrictions, they say, unfairly "take" part of the property's value without paying the owner.

"By not compensating landowners ... you are essentially forcing a minority of landowners - the private property owners - to bear the cost of providing [a] public benefit," says Leonard Gilroy, a senior policy analyst with the libertarian Reason Foundation in Los Angeles.

In recent decades, land-use restrictions have burgeoned in many states as strategies to manage growth. Oregon stood at the forefront of that movement before Measure 37. Mr. Gilroy says the measure is an indication that urban planning isn't sustainable without incorporating property rights into the policy framework.

"Measure 37 was passed by the Oregon voters who still strongly support their state's system of land-use regulation. They've just realized that it's had these severe economic consequences on private property owners ... [and] they wanted to rebalance the equation," says Gilroy.

But critics of laws like Measure 37 argue that they create profound imbalances by putting the rights of a few developers over those of the great majority: homeowners. Zoning rules and other land-use protections, they say, protect the value of homes.

The court decision that evicted Susette Kelo from her Connecticut home has helped campaigners connect with voters.

"As soon as I brought up the little old lady in New London, Connecticut, it just clicked with everybody," says Eric Dondero, a libertarian Republican consultant from Texas who gathered signatures for Montana's 'Kelo-plus' ballot measure.

He received payments from an outside group chaired by New York City real estate magnate Howie Rich. "But there were a lot of people that wanted to read the whole wording and I said, 'Here it is.' And they would read everything."

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Mr. Dondero says the regulatory takings aspect wasn't controversial for any of the voters with whom he interacted. But he did meet stiff resistance, he says, from local officials and other operatives whom he claims tried to physically block and intimidate signature gatherers.

Countercharges of signature-gathering fraud prompted a Montana judge to throw out the property rights ballot measure. Dondero denies that there were irregularities from his camp, noting also that out-of-state money was used to gather signatures for liberal measures. The case is under appeal.

Federal Court Dismisses Suit On Navajo Employment Preferences (AP)

AP, October 5, 2006

PHOENIX - A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians.

Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal.

The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe.

The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe.

Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona.

The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers.

Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC.

Peabody has said in previous legal arguments that its lease agreements, which date back to the 1960s, require that preference be given to Navajo workers.

EEOC officials did not immediately return telephone calls for comment on the judge's ruling.

"I am advised that the EEOC can seek reconsideration or an appeal," Shirley said. "Whatever EEOC chooses to do, my instruction to the Navajo Justice Department is to do what it takes to defend the sovereignty of Navajoland."

FBI/DEA/ATF/USMS:

Bonds' Trainer May Get Out Of Prison (AP)

By The Associated Press

AP, October 5, 2006

SAN FRANCISCO (AP) -- A federal appeals court ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger.

Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case.

Mark Geragos, Anderson's lawyer, has been demanding Anderson's release. The 9th U.S. Circuit Court of Appeals agreed Wednesday, giving U.S. District Judge William Alsup a day to issue another contempt ruling or to set Anderson free.

Alsup responded by setting a 9 a.m. Thursday hearing.

"I'm hopeful and optimistic about tomorrow," Geragos said Wednesday.

The U.S. attorney's office in San Francisco declined comment.

DOJ_NMG_0075124

In its Wednesday order, the appeals court did not rule on the merits of Anderson's challenge to his latest contempt order. Federal rules of court prohibit a person from being imprisoned on a civil contempt charge for more than 30 days unless the charge is affirmed by a federal appeals court.

Anderson's latest stint in prison has lasted 36 days, and the San Francisco-based appeals court neither has upheld nor rejected the contempt order issued Aug. 28. A three-judge panel last week sent the case back to the trial judge to clarify the contempt order.

Authorities suspect Bonds might have perjured himself in 2003 when he testified before a grand jury investigating the Bay Area Laboratory Co-Operative that he never knowingly used performance-enhancing drugs. Bonds said Anderson gave him flaxseed oil and arthritic balm.

A new grand jury wants Anderson to address that statement, but Anderson twice has refused.

Anderson, who also had three months' home confinement as a result of his BALCO guilty plea, served 15 days prison in July for refusing to testify about Bonds.

Geragos also has said he will ask to withdraw Anderson's BALCO guilty plea on the basis that authorities built the case against Anderson on an illegal tape recording, an allegation prosecutors have denied.

BALCO Chemist Subpoenaed (CNN)

CNN, October 5, 2006

Steroid creator Arnold to appear before grand jury

Patrick Arnold, the Illinois chemist who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com.

The source said that Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed.

"I can't say anything on that subject," Collins said and declined further comment. Arnold also declined to comment.

What information, if any, Arnold possess pertaining to Bonds' alleged steroid use is unknown. In a story in this week's Sports Illustrated, Arnold details for the first time his involvement in the BALCO scandal. He discuses his relationship with BALCO founder Victor Conte, tells how he created THG -- the steroid reportedly used by Bonds, Jason Giambi and others -- and traces his rise in the supplement industry.

Arnold told SI earlier that he has no direct knowledge of steroid use by Bonds but did disclose that Conte updated him on the progress of the athletes he was doping, telling Arnold how they were responding to THG and a cocktail of other performance-enhancers. An ESPN.com story two weeks ago stated that Arnold had disclosed to a media outlet that Conte told him Bonds knew he was taking steroids. The story was later updated with that reference omitted.

In addition to supplying Conte, Arnold gave drugs to athletes and coaches not connected to BALCO and has long been concerned that federal prosecutors would force him to name them. In a plea agreement with the government negotiated last spring, he conceded that he manufactured three designer steroids, including THG, and was sentenced to three months in a federal prison and three months' house arrest.

But Arnold was not required to name the athletes and coaches he gave drugs to as part of that agreement. It is not known if a grand jury reportedly focusing on whether Bonds committed perjury would seek information about others who allegedly doped.

Arnold met with SI last month in Champaign, Ill., where he lives. The lab he co-owns, Proviant Technologies, is located near Champaign and continues to manufacture supplements. In addition to the disclosures in the SI story, Arnold talked about where he saw doping going now that there has been a crackdown on steroid use.

"There is a future beyond steroids, and it's gene doping," he said. "It's the next step. The only way it can be detected now is through a muscle biopsy, though they may be looking for blood markers. They are making great advances, and how they keep that out of the hands of people with healthy muscles who use it for performance-enhancing reasons, I don't know.

"As drug and performance-enhancing science becomes more and more complicated, it is going to get to a point where you can't police it anymore. People might just have to stop taking sports so seriously."

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Feds Raid Bay Area Pot Clubs (KGO)

KGO-TV, October 4, 2006

Federal drug agents yesterday raided eight locations, arrested 15 people and confiscated almost 5,000 marijuana plants. But their biggest catch was Sparky Rose.

Xavier Pena, D.E.A. special agent in charge: "We're alleging right now, he was the ringleader."

Authorities say the 36 year old was profiting from his non-profit medical marijuana clubs. ABC7 obtained the DEA's affidavit which shows the lucrative money trail.

Kevin Ryan, U.S. Attorney: "There is a connection to Los Angeles and the central district of California."

The criminal complaint said Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making.

At least $2 million dollars in 2004 alone. In December, authorities say Compassionate Care changed its name to New Remedies Cooperative. Early this year, DEA agents began surveying its huge indoor pot farm on Tennessee Street in San Francisco, which they raided yesterday.

PG&E records showed that New Remedies Cooperative paid enormous PG&E bills between February and April alone. Almost $58,000 dollars for electricity, ostensibly for 24 hour lighting to grow the plants.

DEA agents also began checking New Remedies' bank records. They found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars.

Xavier Pena: "We're documenting over $2.3 million dollars in cash going out of this club. So it's ongoing trafficking. This is not in any shape of the word, a non profit organization."

The complaint says Sparky Rose was the largest recipient of the club's proceeds. In that same seven months period, he received checks totaling more than $300,000 dollars.

This affidavit also says Rose ran an Oakland based subsidiary called Potent Employment Solutions which trained and hired workers to grow the pot and run the clubs. Rose and the other suspects were arraigned today.

California: Marijuana Seized (NYT)

By Carolyn Marshall

The New York Times, October 5, 2006

Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people, the federal authorities said. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area.

MARIJUANA RAID DEFENDANTS APPEAR IN U.S. COURT (BCN)

Bay City News Service, October 4, 2006

Fifteen people who were arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco today for an initial appearance on marijuana distribution charges.

The defendants were arrested at a marijuana dispensary known as New Remedies Cooperative on Mission Street in San Francisco as well as at related locations including alleged cultivation sites and an administrative office.

U.S. Magistrate Elizabeth Laporte informed the defendants of the charges. She released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday.

Laporte instructed prosecutors to let her know if they acquire information before then that would support a bail release of any of the jailed defendants.

The dispensary operation was formerly known as Compassionate Caregivers, a group that aimed to provide medical marijuana to patients under the terms of a California law passed by state voters in 1996.

Federal drug laws do not allow an exception for California's medical marijuana law.

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The director of the cooperative, Sparky Rose, 36, of San Francisco, was among those arrested. The other defendants are from San Francisco and several East Bay cities.

Frederico Pena, the chief of the U.S. Drug Enforcement Administration's San Francisco office, said after the raids on Tuesday that anyone who breaks the federal marijuana laws "is not compassionate; they're criminal."

Pena and U.S. Attorney Kevin Ryan said federal agents seized a total of 12,743 marijuana plants in the raids.

Agents Raid Medical Marijuana Dispensary (KCAL)

KCAL-TV, October 4, 2006

(CBS) PALM SPRINGS Federal and local officers converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said.

The warrant was being served at 1733 N. Palm Canyon Drive by officers with the Palm Springs Narcotics Task Force and agents from the U.S. Drug Enforcement Administration, according to the DEA's Sarah Pullen.

The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs.

Supervisor Roy Wilson, who represents the area around Palm Springs and eastward to Blythe, was the lone dissenter. He said the county ban is in defiance of state law that requires local governments to establish ways for patients to obtain "medical" marijuana.

The supervisors stopped short of an outright prohibition on marijuana-growing cooperatives, but did ban the distribution of marijuana to "caregivers," qualified patients or patients with a state identification card even at marijuana-growing co-ops that are legal under California law.

Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana.

Supervisor Jeff Stone, a former pharmacist, said the board is seeking clarity in the courts about conflicting state and federal laws.

Voters in 12 states, including California, have decriminalized medical marijuana.

The AP contributed to this report.

Police Raid Local Legal Marijuana Dispensary (KESQ)

KESQ-TV, October 5, 2006

Federal agents and local police raid a legal marijuana dispensary in Palm Springs. The drug enforcement agency says it's the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics.

According to the DEA, a worker here at Palm Canyon Caregivers, named Josh Aleck allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers.

Instead of cash, Alleck allegedly left "edible marijuana" as token of his gratitude, according to the DEA. That's considered "illegally distributing narcotics."

Though Californians voted for medicinal marijuana, federal law considers all cannabis illegal. The DEA also adds that Alleck did not pass off his unusual tip as medicinal marijuana.

So far, no arrest has been made.

DEA Raid Of Palm Springs Caregivers (DS)

The Desert Sun, October 4, 2006

A medical marijuana-laced “tip” left for an employee at Palm Springs’ Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday.

Agents from the Palm Springs Narcotics Task Force, an arm of the U.S. Drug Enforcement Administration, served a search warrant on the Palm Springs Caregivers dispensary located at 2001 N. Palm Canyon Drive.

The agents found and seized “a substantial quantity of marijuana and marijuana products,” said Sarah Pullen, public information officer for the DEA. “They also seized an amount of U.S. currency.”

The raid closed the dispensary and left many clients temporarily without a safe source for the drug.

"The dispensary, you can count on it being there. You can't count on people on the street," said Johnny Ortiz of Desert Hot Springs, a client at Palm Springs Caregivers who had previously bought the drug from il legal street dealers.

Toting his doctor's recommendation, Ortiz said he may go to one of the Coachella Val ley's other dispensaries — one in Palm Springs and one in Palm Desert — or back to the street.

Under California's medical marijuana laws, first passed in 1996, qualified patients with a doctor's recommendation may legally use the drug. The state law conflicts with a federal ban on any use, cultivation or distribution of marijuana.

Wednesday's search was triggered by an in cident in September, when Joshua Aleck of Valencia — who, according to the search warranta release from the Palm Springs Police Department "has a working relationship" with the dispensary — was at the Spa Resort and allegedly left edible items containing marijuana as a "tip" for a hotel employee.

Aleck was at the dispensary at the time of the search and may be an employee, Pullen said. He may also be the brother of the dis pensary's owner, she said.

As of Wednesday afternoon, no arrests had been made, but the investigation was con tinuing, said Sgt. Mitch Spike of the Palm Springs Police Department, which also took part in the search.

Efforts to contact representatives of Palm Springs Caregivers on Wednesday were un successful.

The raid added to ongoing uncertainties for medical marijuana users and dispensaries in the Coachella Valley.

Riverside County District Attorney Grover Trask last month issued an white paper,opinion arguingstating that dispensaries are illegal under both federal and state law.

The county Board of Supervisors followed suit last week when theyit rejected an ordinance — the result of months of work between county staffers and medical marijuana advocates — to permit dispensaries in unincorporated ar eas such as Bermuda Dunes and Sky Valley.

The board passed a dispensary ban Tues day.

Trask was aware of the Palm Springs in vestigation, said Ingrid Wyatt, a spokeswom an for Trask's office.

"We were involved in the search warrant in an advisory capacity," Wyatt said. "We're there to review the language of the search war rant and make sure everything that is going to be searched is a legal search."

Wyatt said she could not comment on whether Trask would be filingfile charges against the dispensary or Aleck in the case until the DEA completes its investigation.

But she said the county would not be targeting individual patients.

"We're not going to go after the suffering cancer patient; we aren't that insensitive," Wyatt said. "We're concerned about these dispensaries that disguise themselves as they're selling marijuana illegally."

Jitters about the raid and county policy tem porarily closed down Palm Springs' other dis pensary, the Collec tive Apothecary of Palm Springs, or CAPS, and CannaHelp, the dis pensary in Palm Desert.

CannaHelp reopened Wednesday after noon, and owner Stacy Hochanadel said the dispensary was seeing many Palm Springs pa tients.

"A lot of patients were upset," Hochanadel said. "They're a little scared and hoping that we're going to be here tomorrow."

Calls to CAPS were not returned.

The impact on dispensary ordinances cur rently under consideration in Palm Springs and Palm Desert are another concern.

The Palm Springs Medical Marijuana Task Force is scheduled to meet Friday to work on a draft law that it put on hold after publication of Trask's white paperopinion.

Task force member Joy Meredith, who is president of Palm Springs' Main Street downtown business association of downtown businesses, said neither the raid nor county actions should affect the city.

"It depends on how much courage the de cision-makers have," she said.

Carmi Man Sentenced For Role In Meth Conspiracy; Springerton Man Pleads (CT)

Carmi Times, October 4, 2006

A Carmi man has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy, while a Springerton man has pleaded guilty to similar charges.

Randy G. Massey, Acting U.S. Attorney for the Southern District of Illinois, made the announcements Tuesday. Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties.

McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004. He pleaded guilty to that charge May 30.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the term of imprisonment, McKitrick was also ordered to pay fines and special assessments totaling $600 and was placed on a term of 10 years supervised release to follow his incarceration.

Massey also announced that Mark E. Malone, 35, Springerton, pleaded guilty Monday to one count of conspiring to manufacture and distribute 500 grams or more of meth. Malone was charged with that offense by a grand jury on April 18, 2006.

His bond was revoked and he was remanded to the custody of the U.S. Marshal pending his sentencing, which was set for Jan. 22. Malone faces a term of imprisonment from 10 years to life, a fine of up to $4 million and a term of supervised release to follow incarceration of at least 5 years.

The convictions and sentence in these cases resulted from a long-term investigation into the manufacture of meth in Wayne and White counties. Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the state's attorneys in Wayne and White counties, said Massey.

The investigation into the case is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Carmi and Fairfield police departments, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the state's attorneys of White and Wayne counties, the Federal Bureau of Investigation and the U.S. Drug Enforcement Administration.

The cases were prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Bikers Arrested On Drug Charges (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

Twenty-two members and associates of the Highwaymen Outlaw Motorcycle Organization have been indicted on drug charges, the U.S. Attorney's Office in Detroit said Tuesday.

The indictment said the defendants had conspired to distribute cocaine, marijuana and ecstasy in and around metro Detroit since 2005.

The defendants, most of whom are from the Detroit area, face up to 40 years in prison and a $1-million fine if convicted of the charges. Other defendants live in Florida, New York and Tennessee.

Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit.

The lead defendant, Aref Nagi, 43, of Sterling Heights, was charged with operating a continuing criminal enterprise. If he's convicted, the charge carries a mandatory penalty of 30 years in prison.

FBI agents executed 12 search warrants Tuesday on homes and clubhouses in metro Detroit and seized 18 assault rifles, 14 pistols, four shotguns and a .30-caliber machine gun. It's unclear whether drugs were confiscated.

The FBI, the Brownstown Township Police Department and other police agencies investigated the case.

22 Charged And Dozens Of Weapons Seized In Crackdown Of Motorcycle Gang (DN)

Detroit News, October 5, 2006

The FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang, the U.S. Attorney's Office announced.

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The government brought three sets of indictments against 22 people, alleging drug conspiracy involving cocaine, marijuana and ecstasy.

Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs.

Charged were: Aref Nagi, 43, of Sterling Heights; Nat Sanchez, 36, of Detroit; James Gebara, 36, of Fort Lauderdale, Fla.; Erick Manners, 29, of Newport, .; Michael Cicchetti, 51, of Taylor; Leonard Moore, 36, of Lincoln Park; Donald Gill, 30, of Detroit; Miseal Gonzalez, 28, of Detroit; Monica Zuk, 30, of Westland; Mary Lou Rodgers of Buffalo, N.Y.; Michael Watson, 27, of Jackson; Aaron Roberts, 22, of Lansing; Nicholas Jackson, 33, of Memphis, Tenn.; Tamara Swiden, 24, of Pontiac; Johnny Jarrell, 42, of Taylor; Nasser Nagi, 20, of Sterling Heights; and Gary Ball, Jr., 41, of Dearborn.

Each faces up to 40 years in prison and fines of up to $1 million. Aref Nagi faces another charge of operating a continuing criminal enterprise, which carries a 30-year minimum prison sentence.

Indicted separately on conspiracy charges were Robert Burton, 37, of Allen Park; Steve Rhoads, 34, and Edward Gabbard, 30, both of Detroit; Anthony Smerigan, 44, of Melvindale; and John McGinn, 44, of Lincoln Park.

Kiel In Practice (AP)

AP, October 5, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel, facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters.

Free on a $160,000 bond, Kiel practiced Wednesday and could return to the starting lineup on Sunday night against the Pittsburgh Steelers, Chargers coach Marty Schottenheimer said.

"It feels good to be running around," Kiel said. "It's always been a blessing to play football. Any time I can get out there on the field, I think you should take advantage of it."

Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday.

Kiel, who has started 38 games for the Chargers, wasn't allowed to practice last week or play in Sunday's loss to Baltimore.

"It was hard for me to watch," Kiel said. "I wasn't out there, but I felt like I was out there mentally and physically with the team. I wish I was out there of course. I didn't want to be watching it on TV. I'd rather be playing it. But other than that I was there mentally with them."

Kiel's teammates have been supportive.

"That's my brother," cornerback Quentin Jammer said. "This is a family away from home because we spend so much time with these guys, they become family. You put your arm around him and you just let him know that everything will work itself out."

Kiel Pleads Not Guilty In Drug Case; Feds Hint Drugs Stolen (SDUT)

By Brent Schrotenboer, Staff Writer

The San Diego Union-Tribune, October 4, 2006

The codeine-based cough syrup in the criminal case of Chargers safety Terrence Kiel apparently was “stolen or otherwise misappropriated” from a medical care facility, according to a sworn affidavit requesting a search of Kiel's home last week.

Kiel, who is free on a $160,000 bond, pleaded not guilty yesterday in San Diego County Superior Court to five felony charges involving the shipment and possession of the cough syrup, a controlled substance.

Drug Enforcement Administration investigators said the bottles of codeine in question contain identifying numbers that indicated they came from a medical care facility, according to the affidavit of a DEA special agent.

Prosecutor James Fontaine yesterday said investigators are still trying to find out exactly where Kiel obtained the drug. Kiel's attorney, Bob Grimes, declined to comment on specifics of the case.

After his brief arraignment, Kiel walked through a crowd of reporters outside the courtroom and down the escalator without offering comment.

If convicted, Kiel could face up to seven years, four months in prison, Fontaine said. But most cases are settled before trial. His trial readiness hearing is set for Nov. 14.

"At the next hearing, we'll talk with Mr. Grimes and discuss settling the case," Fontaine said.

Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. Agents found two more plastic bottles filled with codeine in Kiel's Serra Mesa condo under the stairs, according to the affidavit. The bottles sell for up to $325 on the street in Texas, where the bottles were being shipped. It is mixed with soda to form a drink called "purple drank" or "lean," agents said.

The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, "it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle."

The DEA said last week Kiel admitted to shipping the two parcels and to knowing the content.

Baltimore Has A New Way To Treat Heroin Addicts (USAT)

By Donna Leinwand, Usa Today

USA Today, October 5, 2006

Baltimore officials are launching a plan they hope will change the way thousands of heroin addicts in the city are treated and free up space in local treatment programs for other addicts.

The city's public health commissioner, Joshua Sharfstein, said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine.

If the plan works, it could inspire similar programs elsewhere and dramatically change the lives of heroin addicts who now go to methadone clinics every day or every other day for a dose of the medicine, Sharfstein says. Methadone blocks addicts' cravings for heroin and their withdrawal symptoms, but it also can be addictive and abused easily, so it must be dispensed in small doses at special clinics.

Buprenorphine — a prescription drug used to treat addictions to heroin and other opioids such as the prescription drug OxyContin — also blocks cravings and withdrawal symptoms without making the user high. Buprenorphine is difficult to abuse, so patients can get a 30-day supply from any primary care physician trained to prescribe it.

Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing.

Nationwide, about 1.5% of people 12 or older have used heroin in their lifetime, according to the 2005 National Survey on Drug Use and Health, the most comprehensive government assessment of the nation's drug use. Marijuana is far more popular: 46% of those 12 or older reported some use.

In Baltimore, however, heroin has been among the most abused drugs for years, Sharfstein says. In 2003, 71% of the 24,700 Baltimore residents who sought drug treatment said they had abused heroin.

Sharfstein said the city has allocated $250,000 to train primary care doctors how to prescribe buprenorphine. Eventually, the city hopes to treat 10,000 of the city's estimated 40,000 heroin addicts through the program.

"I'll be the first to say this is a somewhat risky endeavor," Sharfstein said in an interview. "We're really trying to engage the medical community in something they haven't done before."

Baltimore can treat about 23,000 uninsured people a year for drug addictions, Sharfstein says. Moving 10,000 recovering addicts to buprenorphine treatment with primary care doctors after they have been stabilized by drug treatment specialists would clear space in traditional treatment programs for more patients, he says.

All doctors practicing in the Baltimore Medical System, a group of private, non-profit community health centers, will receive the training, says Kyu Rhee, the group's chief medical officer. BMS sees 41,000 patients a year at 12 primary care clinics in the area.

Historically, addicts receive intensive treatment in specialty clinics but may not receive follow-up care, says Rhee, who supports Baltimore's plan. By shifting addicts to primary care doctors, the addicts' overall health can be managed along with their recovery, he says.

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Gov. Robert Ehrlich, a Republican, has criticized Baltimore Mayor Martin O'Malley for his police department's aggressive neighborhood policing. O'Malley, Ehrlich's Democratic opponent in the election Nov. 7, has said his community policing program is intended to clean up open-air drug markets and improve quality of life.

About 7,500 of the half-million ambulatory care doctors nationwide are trained to prescribe buprenorphine, says Daniel Alford, medical director of the opioid treatment program at Boston Medical Center. "If there's a big push from a state or a city, it will help ease the barrier for doctors and will improve access for patients," he said.

Baltimore To Train Doctors In Addiction Treatment (AP)

AP, October 4, 2006

BALTIMORE - A new medication to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients.

Buprenorphine is being used instead of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse and is easier to stop when the patient is ready. The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic.

To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time.

Fewer than 90 doctors in Baltimore, where by most estimates thousands of residents are addicted to heroin, have completed the training required to prescribe the drug.

"In a city like Baltimore, where we have a lot of doctors, this really offers a potential for a major expansion of access to care," Dr. Joshua Sharfstein, Baltimore's health commissioner, said. "Getting doctors trained is just incredibly important."

Mayor Martin O'Malley's administration is expected to announce the program Wednesday when the Board of Estimates votes on a $10,000 contract with Clinical Tools Inc. to cover the cost of training the first 100 doctors. The North Carolina-based company will provide the training, free to the doctors, through an Internet-based program.

The money is part of a $250,000 appropriation made from last year's city budget surplus that Sharfstein said will be used to subsidize training, help patients find primary-care doctors and, in some cases, pay for the cost of the drug. Sharfstein said he expects the program to begin in the fall and hopes it will eventually train any doctor who requests it.

Sharfstein said about 4,500 people in Baltimore are treated daily with methadone and believes that about 1,000 residents are being treated with buprenorphine. He said the Health Department's goal is to treat 10,000 patients with the new drug.

Buprenorphine, commonly referred to as "bupe," is manufactured by the British company Reckitt Benckiser and sold under the brand name Suboxone.

Information from: The (Baltimore) Sun, http://www.baltimoresun.com

Colombia Asks US To Extend Trade Preferences (WSJ/DJ)

Wall Street Journal/Dow Jones, October 4, 2006

BOGOTA (Dow Jones)--The Colombian government has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect, the Colombian trade minister said Wednesday in a statement.

The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year.

Jorge Humberto Botero, Colombia's trade minister, said in a statement his country will work to get the U.S. to extend the unilateral preferences until the two countries ratify the free-trade agreement.

Botero said "protectionist sectors" in the U.S. are demanding to change the text of the free-trade pact to toughen labor and environmental standards on Colombian companies that export to the U.S.

The minister added that Colombia will oppose any changes to the agreed-upon text.

Besides making broadening and making permanent the trade preferences already granted to Colombia, the new free-trade pact will ease U.S. exporters' access to the Colombian market.

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The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf - the raw material used for cocaine production.

Peru in December 2005 reached a free-trade agreement with the U.S., and the Peruvian Congress ratified it in June.

Negotiations with Ecuador stalled after the Ecuadorean government in May seized the oil fields operated by U.S.-based Occidental Petroleum's Corp. (OXY).

Two Sides To Body Search (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), October 5, 2006

At center of storm is whether ATF actions offended onlookers

Jonathan Hayes made no bones about it: He had crack cocaine stowed in his "private parts."

A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members.

At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes.

Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as "irrefutable evidence" of the strip search.

The video, however, does not show what witnesses insist they saw. For instance, store clerk Betty Turner is recorded in a CPR video as saying Hayes' pants and underwear were pulled down and the young man forced to bend over.

"They're pulling this young man's pants down, opening up the crack of his behind," Turner said, adding that the incident was witnessed by "30 to 40 people," including women and children.

On the video, Hayes' head remains upright and his boxer shorts remain up. His pants are pulled down by the ATF agent, who can be seen placing his hand inside Hayes' boxer shorts.

Davis disagrees.

"The young man's boxer shorts were being yanked down," Davis said. "Just look at the video."

"The shorts are being tugged," said a man who identified himself as Babington-Johnson, an investigator of sorts of the incident. "Granted, you can't see them coming down."

Davis and Babington-Johnson insisted that officers' own words captured on the video reveal that a cavity search was conducted.

Specifically, the pair referred to comments by a KPD investigator after ATF Agent Steve Paris abandoned his search of Hayes' boxers that Hayes' stash of crack could not be found because it was "too far up in" Hayes' body.

The search also has not yielded a complaint from Hayes, who has denied being victimized and who has not been interviewed or questioned by members of CPR, Brown or Jordan.

"Mr. Hayes is in jail, and we are unable to talk with him," Davis said.

Babington-Johnson remarked, "Mr. Hayes is obviously intimidated."

When informed that neither Hayes nor his attorney believed Hayes was the victim of brutality or an inappropriate search, Babington-Johnson said that Hayes' defenders were "uncooperative."

"Mr. Hayes was obviously denying it for whatever reasons were prudent for him," Babington-Johnson said.

Vice Mayor Brown and County Commissioner Jordan insisted that Hayes was not even the real victim in this incident. It was, instead, the community, they said.

"Would this have happened somewhere else?" Brown asked. "Is this acceptable? I think this was not appropriate. This is not an exigent circumstance. This is not an acceptable circumstance."

Brown reserved blame, however, solely for the ATF, despite the presence of KPD officers during the search and the agency's backing of the ATF's contention that Hayes' boxer shorts were never pulled down.

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"I think the ATF is the entity we should be focusing on," Brown said when asked whether KPD could be accused of covering up or ignoring the issue.

ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that Paris did not disrobe Hayes in public.

"The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas," Cavanaugh wrote. "The video offers conclusive evidence that an invasive strip search of the suspect's private areas did not occur."

KPD spokesman Darrell DeBusk said his agency agreed with Cavanaugh's assessment.

"We feel after looking at the videotape that the video does not show his underwear being pulled to his ankles," DeBusk said. "That did not occur."

Here's how Hayes wound up handcuffed in the parking lot of the Dandridge Avenue Stop and Go Market, according to court records:

In October 2005, Hayes and his girlfriend were involved in a dispute in the Walter P. Taylor Homes housing project, and Hayes allegedly fired a gun at the girlfriend and another woman. KPD officers arrested Hayes, who was wounded in an altercation with the officers. He had crack in the waistband of his pants and ammunition in his vehicle.

A search of the apartment where Hayes was staying led to the discovery of loaded weapons and more crack cocaine.

Hayes actually lodged a complaint about how KPD officers treated him during that arrest but never followed through with it. Federal prosecutors later sought an indictment against Hayes on drug and gun charges.

It was on that indictment that Paris sought to arrest Hayes on Jan. 26, when the disputed search occurred. He had summoned KPD officers to serve as back up.

The in-cruiser video shows Paris abandoning the search of Hayes before any drugs were found. Federal court records show that a later search of Hayes at the Blount County Jail, where federal inmates are housed pending trial, yielded the discovery of more than 10 grams of crack inside his boxer shorts.

Hayes has since pleaded guilty to possession of that crack cocaine and a gun charge from the October 2005 incident. He is awaiting sentencing.

Brown and CPR representatives are demanding a thorough investigation by the Department of Justice and some form of punishment for Paris.

"We feel they need to move a little faster," Brown said in explaining why a press conference was held Wednesday.

Paris remains on duty, and Cavanaugh, who declined comment outside the letter, wrote that higher-ups at ATF have reviewed evidence in the case and found no grounds to support the group's claims.

Jamie Satterfield may be reached at 865-342-6308.

Strip Search Leads To Calls For Dept. Of Justice Investigation (WATE-TV)

By Catharyn Campbell, 6 News Reporter

WATE-TV, News 6, Knoxville, TN, October 5, 2006

KNOXVILLE (WATE) -- Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate.

Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body.

A police cruiser's camera was rolling during the search.

The officer asked the suspect, "You got drugs on you?" The suspect said, "Yeah, in my privates."

The officer asked, "What you got, rock? Crack or rock? Want me to get it for you?" The suspect said, "No."

The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers.

A group known as Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, "We were standing there. Kids were standing there. And they pulled a man's pants down."

The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception.

The letter says, "We believe the search was a reasonable response by the agent, given safety, location and evidentiary concerns at the time."

Hayes is not filing the complaint but people who saw the police video are outraged.

"If they were going to do a cavity search, they could of taken him somewhere private. If you get arrested and taken to jail, it's only the officer and that person back there so that's privacy there," Gail Carter says.

"Regardless of his criminal background, he is still a human being. We're not saying that the man is perfect. We're not saying that he didn't have what they say he had," Jay Mazon says.

Representatives from the ATF say their Office of Professional Responsibility is reviewing the complaint. They also say agents were able to recover drugs Hayes was carrying.

Community Members Voice Concerns Over Suspect's Arrest In East Knoxville (WBIR-TV)

WBIR-TV, Knoxville, TN, October 5, 2006

Community Members Are Upset Over How A Suspect Was Searched.

Several people have come forward saying they saw a partially nude suspect being searched by Federal Agents last January.

Now, they want tougher policies for those agents.

Concerned community members say it's about 4th Amendments rights and a search they shouldn't have seen.

While the Alcohol Tobacco and Firearm Agents say the actions were appropriate.

"This is not rocket science here. It's pretty straight forward, " says James Babington-Johnson with the Citizens for Police Review.

The Citizens for Police Review called Wednesday's meeting to call out what they say was a blatant disregard for human dignity caught on an in car police camera.

Jay Mazon, Concerned Community member says, "It's not a question of whether he is guilty or innocent. It's the procedure that's so alarming to the community because this was done in public. There were woman and children there that saw this going on. That's what the issue is."

Jonathan Hayes was wanted on federal drug and weapons charges when ATF agents spotted him at an East Knoxville gas station in January 26, 2006.

He's since pled guilty to the charges.

Knoxville Police Officers helped make the traffic stop.

Mark Brown, Vice Mayor says, "KPD was called as back up and stood peripheral. From what I understand this is an ATF issue."

"People need to draw their own conclusions when they look at the video tape. We looked at tape many times and I don't think there's any basis for an investigation at this point," says Darrell DeBusk, KPD Spokesman.

The video shows an ATF Agent pulling down Hayes' pants and shaking his boxers shorts but what you can't see from the angle is what witnesses claim was the agent searching Hayes' cavities for drugs.

They hope their concerns will eventually mean policy changes.

"You've got an opportunity where you could have asked to use the convenience store 10 feet away. There were several options to be utilized opposed to taking this man's pants down at 12:30 noon in front of the public, " says Brown.

James M. Cavanaugh, Special Agent in Charge said in a written statement, "It does not appear the suspect's shorts were removed or his private area exposed. The actions by the Special Agent appear to be appropriate given the circumstances involved. In addition, Mr. Hayes has not filed any complaint through his attorney or himself concerning his arrest or search."

Several community members went to the Citizens for Police Review requesting the group look into the matter.

The group is hoping for a full investigation by US Department of Justice and Office of Inspector General.

"Outrageous Stripping Of Dignity"? (WVLT-TV)

WVLT-TV, CBS 8, Knoxville, TN, October 5, 2006

Knoxville (WVLT) - A 21-year-old Knoxville man is serving time for dealing cocaine and using guns.

But a citizens group claims the search that led to his arrest should outrage you.

Volunteer TV's Gordon Boyd explains why the group may sue the Federal Bureau of Alcohol, Tobacco, and Firearms.

We want to warn you, parts of what you're about to read are pretty graphic. The claim is that Jonathan Lamar Hayes was strip searched in public, in front of children and perfect strangers.

But Hayes isn't who's filing the complaint. In fact, the group who is, has never talked to him.

"My daughter doesn't see her Daddy's private parts, let alone in public! I mean, come on," says activist Jay Mazon.

What outrages community activists and the Citizens for Police Review Board, isn't what you can see on this Knoxville Police cruiser cam video.

But what they claim customers and clerks saw, at the Dandridge Avenue Stop and Go when the federal ATF had a warrant to search Jonathan Hayes for drugs and weapons.

"He pulls them all the way down the boy's ankles with him handcuffed. Turned him around and opened up his crack, pulled him open, like you'd open up a baby's crack to wipe him clean," says Betty Turner, a clerk at the Stop and Go.

A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence.

"It could have been done privately somewhere, I mean you go to jail, that's where it's done," says one Knoxville resident.

ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy.

"No violence, he didn't resist, he'd already been patted down, several officers around, he was cooperative, says Knoxville Vice Mayor Mark Brown.

The Citizen's Board says enhanced audio the reveals agents found no drugs on Jonathan Hayes during the public search.

The ATF takes it further, saying the cruiser tape doesn't back witness claims that a public cavity or strip search even occurred.

Activist Jay Mazon wasn't there, but "You can't deny what happened, I mean people saw what happened, you can't deny that."

Knoxville police say the complaint has no basis.

But the Citizen's Review Board is asking the fed's Office of Professional Responsibility, to check the tapes, and talk to those who claim they saw the strip search.

Beyond that, the board may go to federal prosecutors.

NYPD On Alert Over World's Smallest Gun (WABC-TV)

WABC-TV, ABC 7, New York, October 5, 2006

Just 2.5 inches long, the Swiss Mini Gun's causing concern Eyewitness News' Stacey Sager

Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain.

Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed.

The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most.

Stacey Sager: "You have never seen a revolver this small."

Joe Green, ATF: "No, not an operating revolver."

Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector.

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"This is something that could be tossed into a bin if you're going through an airport or a security checkpoint ..." David Harville, of Criterion Strategies Inc., said.

Although the gun is so small, experts say the ammunition would have to be tiny. For example, a paint ball carries 15 times the energy when fired.

"It's more a novelty I think than an intent on it being a weapon used for a threat," Harville said.

Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well. A pen we found is actually a .22 caliber gun and another weapon we uncovered looks exactly like a cell phone.

"It doesn't just have to be the airport, it could be anywhere. It's a firearm and it's here. And in the wrong hands, it could be deadly," Harville adds.

None of the Swiss Mini guns have been recovered in the United States. It is illegal to have them here, but what they lack in size, they make up for in price. We're told the cost of one is around $5,000 dollars.

Five Arrested For Gun Sales At Flea Market (AP)

AP, October 5, 2006

GAINESVILLE, Ga. -- A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County.

Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident.

ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities.

The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants.

Jackson says he does not know if the suspects worked together or separately at the flea market.

A court clerk says all five appeared Monday at the federal courthouse in Gainesville, where each was given a $10,000 bond and released. They are to be arraigned Friday morning.

Beer Drinkers Beware: 4 Percent Of U.S. Hops Crop Burns (AP)

AP, October 5, 2006

YAKIMA, Washington (AP) -- Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale.

The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma.

Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops.

Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday.

Company President Paul Signorotti would not comment.

The United States produces 24 percent of the world's hops, and about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms.

Fires have long been an expensive danger at hop warehouses, largely because of the potential for spontaneous combustion from heat buildup in bales of resin-loaded varieties.

"That's just a possibility that we'll look at," East Valley Deputy Chief Mike Riel told the Yakima Herald-Republic, "but it is very high on the list."

No one was in the warehouse when the fire started, Riel said.

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With the fire under control Monday night, authorities told the newspaper an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms.

Steiner is part of the Steiner Group of Germany, one of the largest international hop growing, trading and processing companies in the world. The Yakima branch manages Steiner's North American buying and processing, according to the company Web site.

Besides being one of the largest growers in the valley, Steiner is one of three large merchants that buy from other growers in the area. The others are John I. Haas Inc., the grower-owned cooperative Yakima Chief and Hop Union, which specializes in sales to craft brewers.

The fire destroyed or ruined about 10,000 bales, each weighing about 200 pounds (90 kilograms) and likely worth $1.75 to $2 a pound, Ann George, administrator of the Washington Hops Commission in nearby Moxee, told the Herald-Republic.

Seventeen varieties of hops are grown in the United States, including aroma varieties which are added for flavor or fragrance and the bitter alpha varieties.

IMMIGRATION:

Bush's Megaphone Unable To Reach Above The Din (NYT)

By Jim Rutenberg

The New York Times, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 — Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate.

But the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November.

During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions.

In interviews this week, White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress.

For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter.

More than anything else, officials said, they are hemmed in by the unknown, girding for still more unwelcome developments in the Foley saga that could make any sort of full-throated defense or criticism of the House leadership now seem ill considered later. Mr. Foley, a Florida Republican, resigned his House seat on Friday after being confronted by ABC News with sexually explicit text messages he had sent to teenage Congressional pages.

"We're not the keepers of the facts," said a senior official, who was granted anonymity to speak candidly about internal deliberations on the Foley scandal.

Referring to the president's decision to express dismay at the reports about Mr. Foley, and calibrated support for Mr. Hastert as a father, teacher and coach, this official said, "We felt that it was important that the president speak out on this issue — it's a shocking revelation and warrants his comments."

But, the official added, "That can help mitigate an aspect of the story, but the story itself still has legs, because the story itself hasn't been fully reported yet." And, he indicated the president would not have much more to say on the matter any time soon.

White House strategists said they were hoping that the president's statement of dismay on Tuesday had at least sent a signal to voters that the titular head of the party was just as concerned about the reports as they were.

But allies said that what the president said or did would have little effect as new details trickled out. All he can really do, they said, is try to keep hammering home his case against the Democrats, calling on the Republican faithful to vote against what he termed "the party of cut and run."

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Charles Black, a longtime Republican strategist with close ties to the White House who has been in contact with the president's top political strategist, Karl Rove, said that at this point he did not think the White House would intervene by getting involved in the debate over Mr. Hastert's future.

"Every time the White House gets involved in internal party stuff on the Hill it has a bad result," Mr. Black said, referring to the White House's involvement in the ouster of Senator Trent Lott of Mississippi from the majority leader's post in 2002, which bred resentment within the party.

Mr. Bush pressed ahead this week on a fund-raising and campaign trip through the West. He joined on Wednesday with Senator Jon Kyl, Representatives J. D. Hayworth and Rick Renzi, and Gov. Janet Napolitano, all of Arizona, to sign a homeland security appropriations bill that will help pay for new border security initiatives. Still, the prickliness of the immigration issue within the party was on display: Mr. Bush renewed his calls for a guest worker program; Mr. Hayworth told reporters afterward that instituting such a program before the border was secured would be putting "the cart before the horse."

Mr. Bush's remarks in the afternoon at a reception for Representative Bob Beauprez, who is running for governor of Colorado, were not carried for very long on Fox News Channel. Fox switched away from them before the president got into his attacks against Democrats as good people who "just happen to be wrong people" when it comes to terrorism.

Soon after Mr. Bush's remarks concluded, Fox News Channel was back to the Foley scandal, featuring a discussion about how much it was hurting the party's prospects this fall.

Bush Throws Red Meat To Faithful In Red State (MINNST)

By Mark Silva

Minneapolis Star Tribune, October 5, 2006

SCOTTSDALE, ARIZ. - President Bush has launched an aggressive October campaign to protect Republican control of Congress with claims that the GOP is "tough" on terrorism and the Democrats "soft," but the scandal surrounding former Rep. Mark Foley threatens to obscure his party's message.

Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a "fear and smear" campaign.

"We just think differently," Bush said of the two parties Wednesday. "There is a difference between rhetoric and action in Washington, D.C. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live."

As he did during appearances at California fundraisers Tuesday, Bush cast the midterm congressional election as a battle between the competing philosophies of Democrats and Republicans, saying that only Republicans can keep the country safe from terrorism.

On Wednesday, he charged that the Democratic leadership had failed to endorse programs like the National Security Agency's warrantless wiretapping of terrorist suspects, a program that he said prevented attacks on the United States.

'Baseless claims'

In response, Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, issued a statement calling on Bush to acknowledge failed policies in Iraq.

"Instead of making baseless claims, the president should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," Schumer said.

After the fundraiser, Bush signed the Department of Homeland Security Appropriations Act, flanked by Sen. Jon Kyl, R-Ariz., and Arizona Gov. Janet Napolitano, a Democrat. He praised the bill, which covers the costs of additional Border Patrol agents, border fencing and technology, but also repeated his call earlier this year for a guest-worker program that would allow foreigners to legally come to the United States for jobs that he said U.S. citizens won't take.

But the fact is it's growing difficult for the president and rivals to debate the nuances of national security in a political environment consumed by the scandal that erupted Friday with Foley's resignation from Congress amid reports of his sexually explicit communications with pages, experts say.

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Bush Ties Campaign To National Security (AP-Y)

By Nedra Pickler

AP, October 4, 2006

President Bush tried to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to "vote Republican for the safety" of the country.

This week has put the Republicans' bid to keep control of Congress in further jeopardy and brought even more bad news for the president. Republicans on Capitol Hill have been damaged by one member's online sexual advances against teenage boys, while military commanders in Iraq are grappling with a rash of troop casualties and allegations of police corruption.

New polls show Americans are increasingly unhappy with Bush's leadership and the war in Iraq. And even after months of campaigning on immigration reform, he had to sign a bill Wednesday with only a fraction of the changes he wanted.

Still, Bush persisted with the strategy that has brought Republican victory in the last two elections — campaigning on national security with some tax talk thrown in. With Republicans down, he tried to bring Democrats down even farther.

"If the other bunch gets elected, they're going to raise your taxes," Bush charged during a breakfast fundraiser for Rep. Rick Renzi at the posh Camelback Inn near Phoenix.

Worse yet, Bush said, some Democrats are putting national security at risk by voting against bills that would allow secret eavesdropping on phone calls and tough measures to interrogate prisoners to try to detect terror plots.

"If you want to make sure those on the front line of protecting you have the tools necessary to do so, you vote Republican for the safety of the United States of America," Bush said to applause from the donors who together gave $450,000 to see him speak and support Renzi.

Democrats said Bush was just trying to distract from his failed management of the war on terror.

"Instead of making baseless claims, the President should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," said New York Sen. Chuck Schumer, head of the Democratic effort to win seats in the Senate.

After his remarks, Bush stepped outside on a patio with a view of Camelback Mountain to sign a $34.8 billion bill to fund homeland security. The bill includes $1.2 billion for fencing along the U.S.-Mexico border, along with vehicle barriers, lighting and infrared cameras to help catch people sneaking across.

But Bush has been saying for months that the country's immigration problems cannot be solved just by tightening border security. U.S. employers need cheap foreign labor, and immigrants will continue to sneak in to take the jobs, Bush said, so Congress should authorize temporary work permits to match those workers with low-paying jobs that other Americans don't want. He also wanted to give citizenship to millions of illegal immigrants already in the United States.

But Republicans in Congress took a tougher stance against immigration and have refused to give Bush the more comprehensive legislation he wanted.

"We'll continue to work with Congress to pass comprehensive immigration reform that secures this border, upholds the laws, and honors our nation's proud heritage as a land of immigrants," Bush said just before putting his pen to the bill's paper.

Later, Bush flew to Colorado to raise $550,000 for Rep. Bob Beauprez, who is running for governor. Then he was heading back to Washington after a three-day swing through four Western states that brought more than $3.6 million to GOP coffers.

At the Beauprez fundraiser, Bush mourned the death of 16-year-old Emily Keyes, a Colorado student killed by a gunman who stormed her school and took six girls hostage. Bush said he hoped the federal government can find ways to help the community recover during a conference next Tuesday in Washington.

"We wanted to make it certain around the country that the schoolhouse is a safe place for children to learn," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Homeland Security Bill (AP-Y)

By Deb Riechmann

AP, October 4, 2006

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President Bush on Wednesday signed a homeland security bill that includes an overhaul of the Federal Emergency Management Agency and $1.2 billion for fencing along the U.S.-Mexico border to stem illegal immigration.

Standing before a mountainous backdrop in Arizona, a state that has been the center of much debate over secure borders, Bush signed into law a $35 billion homeland security spending bill that could bring hundreds of miles of fencing to the busiest illegal entry point on the U.S.-Mexican border.

Bush said enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at U.S. citizenship.

"The funds that Congress has appropriated are critical for our efforts to secure this border and enforce our laws, yet we must also recognize that enforcement alone is not going to work," Bush said at the bill-signing ceremony tucked into his three-day campaign fundraising trip to the West. "We need comprehensive reform that provides a legal way for people to work here on a temporary basis."

Among other things, Bush said the homeland security funding bill deploys nuclear detection equipment to points of entry, raises safety security standards at chemical plants, provides better tools to enforce immigration laws and provides vehicle barriers, lighting and infrared cameras to help catch illegals trying to cross the border.

"It's what the people in this country want," Bush said. "They want to know that we are modernizing the border so we can better secure the border."

Outgoing Mexican President Vicente Fox, who has spent his six-year term lobbying for a new guest worker program and an amnesty for the millions of Mexicans working illegally in the United States, has called the barrier "shameful." He compares it to the Berlin Wall.

Some Democrats criticized the homeland security spending bill as too meager.

Rep. Ed Markey, D-Mass., a senior member of the House Homeland Security Committee, said the homeland security spending bill does not improve screening of cargo carried on passenger planes, does not provide money to buy and install advanced explosive-detection equipment and does not include strong enough security requirements to protect against a terrorist attack on chemical plants.

"There are nightclubs in New York City that are harder to get into than some of our chemical plants," Markey said.

Bush Signs The Fence Bill (WT)

By Stephen Dinan

The Washington Times, October 5, 2006

SCOTTSDALE, Ariz. -- President Bush yesterday signed into law the annual homeland-security spending bill that provides the first down payment for 700 miles of fence along the U.S.-Mexico border.

The $33.8 billion spending measure boosts the number of U.S. Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill in Scottsdale before a bipartisan group of elected officials in Arizona.

While the bill funds hundreds of programs, including transportation and port security, it has become a key symbol of the debate over illegal entry into the U.S.

Mr. Bush took time in his remarks to press for a broad immigration bill -- he advocates legalization of most illegal aliens as well as a new temporary-worker program. But Republicans fighting for re-election this year called the bill "a great victory" for enforcement first, a position Mr. Bush had opposed.

"As a result of this signature today, it puts in place funding for the first steps, really, of enforcement first," said Rep. J.D. Hayworth, Arizona Republican, who joined Mr. Bush for the ceremony.

Still to come is Mr. Bush's signature on a bill to build 700 miles of fencing along the border, which House Republicans authored and pushed through Congress. The president has said he will sign that bill, too, though an aide yesterday said it's unlikely he will have a public signing ceremony.

There is no official estimate of the cost of that bill. Republican backers said the 700 miles would cost about $2 billion, while Democratic opponents said the cost could be $9 billion.

Sen. Jon Kyl, Arizona Republican, said yesterday's down payment will build roughly 150 miles of fence, as well as vehicle barriers and other infrastructure. Mr. Kyl was the sponsor of the Senate's fence proposal, which called for 371 miles of fencing, and said the Homeland Security secretary told him they could complete that length within three years.

Before signing the bill, Mr. Bush campaigned for Rep. Rick Renzi, Arizona Republican, and, later in the day flew to Colorado to campaign for Rep. Bob Beauprez, who is running for governor there.

In both places the president repeated his charge that Democrats have tried to block key tools in the war on terrorism, from the CIA interrogation program to the National Security Agency wiretaps.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush was just "ranting and raving."

"The American people are tired of the president's empty tough talk," Mr. Reid said. "They want leaders who are tough and smart."

On the spending bill, the Democratic National Committee said Mr. Bush has not made homeland security a "real priority," citing places where funding has fallen short of Democrats' goals.

But their argument was undercut somewhat by the presence of Arizona Gov. Janet Napolitano, a Democrat, at yesterday's signing ceremony.

She joined Mr. Hayworth, Mr. Renzi, Rep. Trent Franks and Mr. Kyl -- even though both Mr. Hayworth and Mr. Kyl face stiff re-election challenges from Miss Napolitano's own Democrats.

Interest groups are now begging Mr. Bush not to sign the fence bill, saying it would show Mr. Bush has changed his position.

"For years, President Bush has supported a comprehensive approach to immigration reform. Yet now he is considering signing an enforcement-only bill into law with no comprehensive immigration reform on the horizon," said the National Council of La Raza, which advocates for Hispanics' and illegal aliens' rights.

The homeland security spending bill covers fiscal year 2007, which began Oct. 1.

It is $2.3 billion more than the 2006 measure, and $2.1 billion of that increase goes to immigration and border security.

In passing the bill, Congress directed that the administration come back within 60 days with a plan for how to spend the border-infrastructure money.

In a report accompanying the bill Congress said it would withholding $950 million of the money until that plan is approved. But Mr. Bush, in a statement accompanying his signature, said that intrudes on executive powers and he will ignore that requirement and treat it as a request for notification.

The bill passed by voice vote in the Senate, and 412-6 in the House.

One of those opponents in the House was Rep. John Hostettler, Indiana Republican, who was disappointed the bill delays the Western Hemisphere Travel Initiative. That program, which was designed to increase security at ports of entry by requiring U.S. citizens and visitors alike to show a passport when crossing into the country, now goes into effect June 1, 2009, or 17 months later than planned.

Bush Speaks In PV At GOP Fund-raiser (AZREP)

By Diana Balazs

The Arizona Republic, October 5, 2006

PARADISE VALLEY - Armed with slogans, signs and solidarity, as many as 300 people lined Lincoln Drive on Wednesday to protest President Bush's policies, particularly the war in Iraq.

Inside Marriott's Camelback Inn Resort, Golf Club & Spa,Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for U.S. Rep. Rick Renzi, R-Ariz.

Renzi, who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney. Renzi leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent.

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advertisement

Libertarian David Schlosser, a Flagstaff writer and public relations consultant, also is on the Nov. 7 ballot.

The 400 people in attendance raised more than $500,000, according to the Renzi campaign. Some paid as much as $2,100 to have their photo taken with the president.

Outside the Paradise Valley resort, the protesters stood for several hours on the southern side of Lincoln. A steady stream of passing motorists honked horns in support or flashed peace signs, while a few gave thumb's down in disapproval.

"I'm very frustrated with the way the country is being run at the moment," said Mike Gasparek, 58, of Phoenix, who arrived about 6 a.m. to join the protest.

Gasparek, a Vietnam-era Air Force veteran, said he has not heard of a plan to end the war in Iraq with a victory for the United States.

"We don't have any picture of what victory even looks like, and, yet, we send people over there to . . . let's start killing and bombing even though we don't have an idea of what it is we're trying to accomplish," he said.

Cheri Lippmann, 51, of Mesa, had to leave the protest early to get her daughters, Suzy, 16, and Lauren, 14, to school.

Lippmann, a member of the group Code Pink Women for Peace, said the urgent need to stop violence is what brought the family out.

"I just think that for our children's sake, children of the world, it's got to stop. The violence has got to stop. And not only war, but violence in homes, violence in our schools," she said.

"We are just bombarded with it all the time," her daughter, Suzy, added. "I don't know, our people who are supposed to be leading us don't do anything about it," she said.

Her sister, Lauren, wore a necklace that included peace symbol-shaped beads.

"It doesn't solve anything," she said of war.

The "Shame on George Bush" protest was sponsored by a number of groups, including the End of the War Coalition, Code Pink, Progressive Democrats of America, Women in Black and Arizona Veterans for Peace.

As Bush headed to Phoenix Sky Harbor International Airport, the president waved to the protesters, delighting a trio of young girls, but not making everyone happy.

"He had the nerve to wave," one woman remarked.

Babe Moerkerke, a Bush supporter who lives across the street from the resort, said it was an honor to have the president in town.

"We think he's a real man of character. In spite of the malicious criticism he gets, he always retains his dignity and has a spirit of kindness," Moerkerke said.

Michele Kocour, 51, also lives across from the resort and was awakened by protesters who arrived as early as 4 a.m. While she missed her sleep, Kocour said she respects the protesters' right to speak out.

"Freedom of speech, and they're showing it right here. I may not agree with them on every topic. I just wish they had been a little quieter," she said.

Bush Gaffe Points To Munsil's Lack Of Name Recognition (PBJ)

By Mike Sunnucks

The Business Journal Of Phoenix, October 5, 2006

Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor.

Munsil's lack of name recognition manifested itself during President Bush's Wednesday visit to Phoenix.

Bush called the candidate "Lee Munsil" during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi.

Munsil laughed off the presidential muff, pointing other verbal gaffes made by Bush in the past.

Munsil is the former head of the Center for Arizona Policy, a Scottsdale-based Christian conservative group. He is know within political and conservative circles but not much beyond that.

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Polls show healthy leads for the Democratic governor, who is heavily courting independent, business leaders and moderates in her bid for a second-term.

Did Bush's California Visit Shore Up Safe Members? (RC)

By David M. Drucker

Roll Call, October 5, 2006

President Bush's visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts.

While Doolittle and Pombo appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. In 2004, Doolittle's 4th district re-elected the president with 61 percent of the vote, while Pombo's 11th district gave Bush 54 percent.

In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles. They attributed the need to do so to several outside factors, saying the political standing of their candidates have not diminished within their districts.

"The media has run a smear campaign against the Congressman for almost a year now, so we need to raise the resources to combat that," Doolittle campaign spokesman Richard Robinson said, explaining why Bush was stumping with his candidate in the conservative 4th district, which encompasses the eastern suburbs and foothills of Sacramento.

Pombo's chief strategist, Wayne Johnson, had a similar explanation.

"The [Defenders of Wildlife Action Fund] have spent over $1 million, and they say they'll spend another half a million," he said. "And that's just one group."

Bush's fundraiser for Pombo raked in $400,000. The president raised more than $600,000 for Doolittle.

Of the two districts, Pombo's 11th is the more politically attractive target for Democrats. It's located just south of Sacramento, in California's central valley, and it includes a portion of the liberal-leaning San Francisco Bay Area suburbs.

Carrying the flag for Democrats in the race is wind turbine manufacturer Jerry McNerney, who lost to Pombo by 22 points in 2004. This time out, however, the Democrat is better funded and has the strong financial support of environmental groups, who are spending heavily to oust Pombo, the chairman of the House Resources Committee and a longtime foe on environmental policy.

In addition to the DWAF, the League of Conservation Voters and the Sierra Club are after the seven-term Congressman.

McNerney spokesman Robert Caughlan said there is no comparison between the 2004 race and this one. He noted that McNerney has raised more than $1 million for the cycle and is now an experienced candidate. McNerney, a political novice in 2004, spent only $154,701 in that contest, compared to Pombo's $1 million-plus.

But Caughlan predicted that Pombo would be the source of his own undoing.

"Pombo has gotten into all sorts of extra trouble. We can't even make a list of all the scandals he's been in," Caughlan said. "Pombo's giving us our best ammunition."

Pombo has been linked to disgraced GOP lobbyist Jack Abramoff, and weathered his own mini-scandal when it was learned he billed the federal government for a family vacation to national parks. The Congressman contended there wasn't anything wrong with the trip because the parks fall under his jurisdiction as the Resources chairman.

Johnson said Pombo is responding appropriately to the onslaught by the environmental groups, advertising on television, radio, and through the mail, while deploying a strong get-out-the-vote effort. As for McNerney, his conventionally liberal-Democratic views on taxes, cultural issues and national security will ensure Pombo wins re-election, Johnson said.

Also key to a Pombo victory, Republicans believe, is a ground game that Johnson described as one of the most effective ever deployed in California, courtesy of GOP Gov. Arnold Schwarzenegger's re-election campaign. Johnson said it will help lift all Republican boats in the state this year and could be worth two or three points alone for Pombo.

A number of veterans of Bush's 2004 re-election are running the Schwarzenegger campaign.

"The governor's [ground game] is like nothing you've ever seen in California. It's enormous," Johnson said. Democrats "have to run with [state Treasurer Phil Angelides] at the top of ticket, who's not exciting anybody."

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Doolittle, whose 4th district is among the most staunchly Republican in the country, is more secure than Pombo. By a distinct majority, his constituents lean culturally and socially conservative, and favor the GOP's approach to taxes and national security.

This should protect Doolittle from his connections to Abramoff, and the attention given to the fact that his wife — while acting as his campaign's fundraising consultant — ostensively enabled the Congressman to personally profit from his political fundraisers.

Todd Stenhouse, spokesman for Democratic candidate Charlie Brown, said Doolittle is vulnerable on issues of family values and fiscal responsibility because of his ethically questionable behavior and the federal deficit.

For these reasons, as well as Brown's status as a military combat veteran, Stenhouse said a growing number of Republicans are backing Brown. He said 450 supporters showed up at an event Tuesday to counter Bush's appearance for Doolittle.

"When Charlie Brown was flying rescue helicopters in Vietnam, John Doolittle was working on his tennis game in the [San Francisco] Bay Area," Stenhouse said. "The bottom line is, this is about moral leadership."

Clearly, Brown is trying to compete with Doolittle on the Republican's ideological turf.

However, his positions on abortion and same-sex marriage — he's for keeping the first legal and OK with legalizing the second — and his willingness to raise taxes, will hurt him in the 4th district. These are visceral issues for conservative Republican voters, and likely to matter more to them than any of Doolittle's unseemly behavior — at least as long as it remains unseemly and doesn't veer into the illegal.

Robinson said Doolittle will use his significant financial advantage to ensure that voters are aware of Brown's liberal positions. Bringing Bush in on Tuesday was all about guaranteeing that Doolittle has the resources to do so.

"We'll run a hard-hitting campaign that will let voters know that Charlie Brown has been life-long member of the ACLU and supports raising taxes," Robinson said. "I think voters will come to realize that he is not the conservative candidate he says he is."

TAX:

2nd Circuit Grants Stay In KPMG Trial Over Legal Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 5, 2006

A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges.

The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue.

The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan.

In his Sept. 25 ruling, Kaplan said KPMG was "faced with no immediate threat of irreparable injury" should the fee trial proceed on Oct. 17.

The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was "very substantially outweighed" by that to the ex-employees and the public's interest in a speedy determination of the advancement claims.

In response, KPMG said that the need for a stay was urgent because it was incurring "enormous expense and disruption of its business, and its ability to defend against these claims is jeopardized."

CONGRESS-ADMINISTRATION:

Lawmaker Defends Page Program (CHIT)

DOJ_NMG_0075145

By Ray Long

Chicago Tribune, October 5, 2006

SPRINGFIELD -- The Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are "safer in our program than in a lot of homes."

Rep. John Shimkus (R-Ill.) defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually explicit.

Shimkus acknowledged he did not ask Foley if there were any other electronic exchanges with pages, such as the sexually suggestive instant messages from 2003 that first surfaced on Friday and led to Foley's swift resignation.

"The thing that's frustrating to me is that I'm not the bad guy here," Shimkus said. "Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

He insisted the page program is safe. "They are as safe there as they are at home," he said. "In fact, in a lot of homes—they're safer in our program than they are in a lot of homes."

Shimkus has spoken sparingly to reporters about the events leading to the Foley resignation after he read a written statement last week during a press conference in Washington, D.C. with U.S. House Speaker Dennis Hastert, a fellow Illinois Republican under scrutiny over questions about who knew what when and what could have been done sooner.

Shimkus said he does not know who had knowledge of the 2003 instant messages.

In seeking to distance himself from political fallout, Shimkus noted two Florida newspapers that looked into the 2005 matter had found little more than he did.

"Hindsight's always 20-20 in this environment of now what we know," Shimkus said. He added that there was no trail to follow that would have indicated other, more aggressive behavior.

"I'm not a savant," he said.

Shimkus said he did not talk to other congressmen about the Foley matter because of the request by the parents to keep the matter confidential.

"I did what was asked: We intervened," Shimkus said. "There's a responsibility of leadership and it was on my shoulders. I think the biggest question is, if I wouldn't have done anything."

Shimkus said he couldn't pinpoint the time of the meeting with Foley because it was unscheduled but that it followed Hurricane Katrina, which was referenced in one of the e-mails.

Shimkus recalled his office received a call from the House clerk, who wished to speak to the congressman, and they met side by side during a floor debate over legislation.

At that point, Clerk Jeff Trandahl showed Shimkus excerpts of emails on an 8-and-½- by 11-inch paper. There were not references showing who sent the email and who received it.

"He says, 'We've been approached by the parents of a former page, that their son has received an email from Congressman Mark Foley which we think is not appropriate and we want him to stop.' "

Last week Shimkus said in a statement that he "took immediate action to investigate the matter."

In Wednesday's interview, Shimkus recalled, "I think it was almost immediately, we said, 'well, let's go after the vote, and we'll go talk to former Congressman Foley,' which we did. We went into his office."

After some discussion, Shimkus recalled, Foley said something like, "'If I'm being accused of being overly friendly with the pages, then I'm guilty. I am. I care, you know,' he said, 'but there's nothing illicit or immoral or wrong about this relationship.'"

Shimkus also recalled Foley saying he tried to be a good friend and mentor to encourage youngsters to go into public service because someone took an interest in him when he was young.

"I said, 'That's fine. Stay away from this page, and stay away from the pages.' And that really ended the debate."

Nothing since then indicated Foley was more involved with pages, Shimkus said.

"We're all sick (with concern). . And we all say, 'What did we do? What did we miss?' ... And I think, given the (information) that I had, I would do the same thing—not having last Friday's information" about the sexually explicit instant messages.

He also said he didn't talk to other congressmen for advice.

"I'm 48 years old," Shimkus said. "I have three small boys. I've been an Army officer, I've been a schoolteacher, I'm in a position of responsibility, and I did my job."

He dismissed calls for him to step down from the page board as "ridiculous."

Ally Calls For Hastert To Suspend Page Program (WT)

By Amy Fagan

The Washington Times, October 5, 2006

A key ally of Rep. J. Dennis Hastert said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages.

Young assistants known as congressional pages have been running errands on Capitol Hill for more than 150 years.

"I think we need to take some serious looks at this and try to come up with a program for the 21st century," said Rep. Ray LaHood, Illinois Republican. "When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Mr. Foley, Florida Republican, abruptly resigned Friday after ABC reported about overly friendly e-mails and more lurid instant messages that he had sent to teenage boys serving as pages. With Mr. Foley now in a rehabilitation facility seeking treatment for alcoholism, House Republican leaders have scrambled to deal with the scandal's aftermath.

Under the prestigious page program, about 100 high school juniors from all over the country serve as House and Senate pages at any given time, delivering documents, running errands for lawmakers and helping with day-to-day operations of each chamber, according to the Congressional Research Service. There are 63 House pages, 45 nominated by Republicans and 18 nominated by Democrats, according to the Committee on House Administration.

Mr. LaHood said that the current group of youngsters should be sent home and that the program should be evaluated by outside scholars, who then would recommend changes to leaders. Mr. LaHood said he shared his idea with Mr. Hastert's chief of staff over the weekend and with about 100 Republican House members in a conference call discussion of the scandal.

Mr. Hastert, Illinois Republican, hasn't responded to the suggestion, Mr. LaHood said. Some members said they would consider suspending the program, he added.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the House's Office of the Clerk and the page program, said there are strict security policies for the high school students involved in the program.

The students attend school on Capitol Hill every weekday starting at 6:45 a.m. and then report for duty at the Capitol. They have a 10 p.m. curfew and must take another student along whenever they leave their supervised dormitory building near the Capitol.

The students are given an orientation briefing during which they review codes of conduct, program rules and general sexual harassment policy, both among the students and with people outside the program, Miss Collins said.

"Students are encouraged to report anything that's inappropriate," she said.

The House page program is supervised by an advisory board led by Rep. John Shimkus, Illinois Republican.

Mr. Hastert has called for federal and state investigations of Mr. Foley's conduct. The House ethics panel is set to meet today on the matter.

Although Mr. Hastert has been criticized for his handling of the scandal, Mr. LaHood said yesterday that "the speaker has the unanimous support of our conference." But, he added, the scandal is "a big political mess for us."

Mr. Shimkus' office didn't return calls, but the lawmaker said Monday that the page program in recent years has tightened security and supervision of the youngsters and instituted new travel and notification policies after the September 11 terrorist attacks. He said he met with the House pages last week to assure them that "we are committed to their safety and protection."

Leaders set up a toll-free telephone number for current and former pages to report any concerns. Mr. Hastert said, "We obviously need to do more, including providing assistance to these kids after they return home."

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Mr. Shimkus and Mr. Hastert said the program was a valuable part of the Capitol Hill institution. Sen. Daniel Webster appointed the first Senate page in 1829, according to the Congressional Research Service, and the Senate has 30 pages. House pages began their service in 1842.

The program was the subject of a scandal in the early 1980s when two House members were punished for sexual involvement with pages.

Current and former pages have defended the program in the wake of the Foley scandal.

"It was completely surreal," said Adam Estes, 22, who served as a page in 2000 and 2001 and was sponsored by Rep. John J. "Jimmy" Duncan Jr., Tennessee Republican. "I learned about the politicians of America by actually having lunch with them."

LaHood: Send The Pages Home (RC)

By John McArdle

Roll Call, October 5, 2006

With some Members calling on House leaders to suspend the chamber's page program following revelations of ex-Rep. Mark Foley's (R-Fla.) graphic e-mails to former pages, several lawmakers and Congressional officers rushed to the program's defense Wednesday, offering varying reform ideas for the centuries-old program.

Rep. Ray LaHood (R-Ill.) acknowledged that he has recommended to Speaker Dennis Hastert (R-Ill.) and other lawmakers that the current group of high school students should be sent home and that the program should be sus- pended until a full evaluation is completed to determine whether Congress should continue to employ pages, which it has done for more than 200 years.

LaHood, who has long been known as one of the more committed institutionalists in the House, called the page system a "flawed program," in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s.

"This program was a flawed program under Democrats ... and now we've got problems under our watch," LaHood said. "I just think it's a program that we should take a good hard serious look at and see if it makes sense in the 21st century."

A review should be undertaken with the assistance of outside Congressional scholars such as Norman Ornstein of the American Enterprise Institute and Thomas Mann of The Brookings Institution, LaHood said. He added that the review panel should evaluate the program and "even make a recommendation as to whether the program should continue. ... I think everything should be on the table."

LaHood, who brought up the idea of ending the page program while participating on a Monday-night conference call involving more than 100 GOP Members, said he's already received calls of support from other offices.

"This is a hundred-year-old program," LaHood said. "It was started when Congress was quite different and there've been just too many problems and too many vulnerabilities for these young people."

But while every Member who has spoken out about the Foley scandal has agreed that a thorough review of the House page system is necessary, some leadership officials said any talk of ending the program goes too far.

"It sends a message that Congress can't control itself and so we can't be trusted with children. That's just crazy. It's crazy talk," said Republican Policy Committee Chairman Adam Putnam (Fla.). "What a terrible legacy that we would have responded to the Foley sleaze by ending an opportunity for young people to come to Washington and be a part of history. ... It would be unfair to the current pages and it would deny them their opportunity to be a part of something that is a terrific experience."

Putnam said he supports a "top to bottom" review of the page system, adding that "we need to make sure there are adequate safeguards in place so that pages and page supervisors feel comfortable with a chain of command that would allow them to report incidents or experiences involving Members that they think need to be passed along but may otherwise feel uncomfortable doing."

On Wednesday, Rep. Mark Kirk (R-Ill.), co-chairman of the moderate Tuesday Group, sent House Rules Chairman David Dreier (R-Calif.) several proposed amendments to the House rules that would increase protection for "minors in temporary employ of the House."

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The proposed changes lay out a process for investigating alleged misconduct involving a minor and includes penalties for not immediately reporting credible evidence of such violations. It also proposes adding as co-chairmen of the House Page Board retired majority and minority Members "in good standing who have been approved by the Committee on Standards of Official Conduct."

In a joint statement Wednesday, Republican Study Committee Chairman Mike Pence (Ind.) and Rep. Joe Pitts (R-Pa.) offered their own ideas on reviewing the page system, and seemed to indicate it should be maintained but improved.

"We trust that House leadership will cooperate with law enforcement in this matter. We urge House Leadership to institute more comprehensive protections for House pages," they wrote. "We believe also that there should be a zero-tolerance policy for any inappropriate interaction between Members of this House and the students in the Page Program."

The program is managed by the Clerk of the House and a three-Member page board, which was established in late 1982 amid the House's last major page scandal. A spokeswoman for the House Administration Committee, which oversees the Clerk's office, said Wednesday that investigations are already under way, but that it is too soon to speculate as to how drastic any proposed changes to the program will be.

"The committee finds there to be a great deal of value in this program," the spokeswoman said. "That having been said, while these multiple investigations are under way certainly the Office of the Clerk is going to work with the page board and leadership to reexamine the program and make any necessary changes."

Putnam said he would oppose any legislation calling for ending the page program and would be working with his fellow Members and through the Rules Committee, on which he sits, to implement improvements to the system once the House Page Board's review is completed.

In the meantime, Putnam cautioned his fellow Members to "not overreact to this situation by taking it out on these outstanding young people and denying them this tremendous educational opportunity."

The House page program also received support from the other side of Capitol Hill on Wednesday from Senate Sergeant-at-Arms Bill Pickle, who along with Secretary of the Senate Emily Reynolds manages that chamber's page program.

"I know the House program gets accolades from a lot of people and it really is an outstanding program over there," Pickle said. "So when people criticize a program because of one aberration that's probably very unfair. I think they have an outstanding program. ... What I'm hearing is we have one person who has done something that is not correct. I don't think you throw out the whole program because of one aberration. Now if the people on the House side investigate it and find it to be systemic, I'm sure that they will take aggressive action. But from what I know I've heard nothing but great things about the House page program."

Pickle said that last week's revelations of Foley's e-mails to former pages did lead to concern by some parents of Senate pages, who questioned whether similar incidents could take place in the Senate program.

"I have been told that the principal of our school has received some calls from parents just wanting assurances that our program is sound and the problems they have read about in the paper do not exist here and we have assured them that they do not," Pickle said.

Alumni Of Page Program Emerge As Some Of Its Biggest Defenders (WSJ)

By Sarah Lueck

The Wall Street Journal, October 5, 2006

WASHINGTON -- Since it was established almost two centuries ago, the page program on Capitol Hill has withstood wars, terrorist attacks and even a sex scandal.

But the program, which brings more than 100 high-school students to Washington each year to serve as messengers for lawmakers, may not survive Mark Foley.

As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation.

The clerk of the House and the page program's board are "going to step back and evaluate how the program is run," said Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the program.

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Some lawmakers have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves. Despite anger at the way former Rep. Foley used the program to make sexual overtures to young men, the former pages profess deep attachment to the program and their experiences in it.

So, while former pages are the ones who have stepped forward with the most damning information on former Rep. Foley, some are the program's most ardent defenders. Many of them stay in touch with each other long after leaving Washington. They value the contacts of the page network and have reacted with dismay over the possibility that the program could be scrapped.

"It's a wonderful program, and my big fear now is they're going to discontinue it, and a lot of kids are going to miss out," says Alex McKay, a sophomore at Randolph Macon Women's College in Lynchburg, Va., who served as a page in the summer of 2003. She says that she was thrilled to see how the government works up close, and that she jotted down her experiences in a "page notebook."

Jonathan Turley, a law professor at George Washington University in Washington, worked as a House page in 1977, when Congress debated historically important issues such as affirmative action. "What I remember most is listening to my heroes," including the late Sen. Hubert Humphrey, Mr. Turley says.

The program has been an early step in the career of many current and former politicians, including Rep. John Dingell (D., Mich.).

The first Senate page was appointed by Sen. Daniel Webster in 1829, and House pages began serving in 1842. For most of the program's history, only boys served, filling inkwells and stoking the fireplaces in the Capitol. In 1971, women were admitted.

Now, pages, who must be at least 16 years old to qualify, primarily work as messengers, delivering documents around the handful of buildings that comprise the Capitol complex. They answer phones or hold the doors open for lawmakers entering the floor. Dressed in uniforms of navy blue suits or skirts -- plus ties for the males and nylons for females -- several can always be spotted standing silently on the floor, waiting to be summoned by a lawmaker in need of assistance.

Ms. McKay recalls hearing pages being compared to wallpaper. "When there's a vote, your job is to stand on the back wall and not interrupt anything," she says.

The teenagers have a grueling schedule, attending a special page school starting as early as 6:45 a.m., then heading to the Capitol to work, often until lawmakers adjourn for the day and sometimes into the wee hours.

It used to be that pages had to find their own housing and largely fend for themselves during their stint in Washington. That changed after the program became embroiled in a sex scandal in 1983, which resulted in two members of Congress, one Democrat and one Republican, being censured for having sexual relationships with two teenagers.

Today, the pages live in dormitories on Capitol Hill and go on group trips, supervised by adults, to such places as Hershey amusement park in Hershey, Pa. Those venturing out on their own must go with a "buddy," and sign back in, says James Kotecki, a Georgetown University senior who was a page for six months in 2003.

Among the page program's network of adoring alumni are some prominent lawmakers who don't want to see it end. Rep. Tom Davis (R., Va.) served four years as a Senate page, allowing him to be a "witness to history" and to "interact with numerous political icons," he said in a statement on his Web site. "Countless young men and women continue to come to Washington through the page program to share similar experiences; this should continue."

A Page Protection Act: The Path To Saving A Historic Program (RC)

By Jonathan Turley

Roll Call, October 5, 2006

Immortalized in movies such as “Mr. Smith Goes to Washington,” Congressional pages always have represented the youthful idealism of the country. Perhaps it is that very image that attracts people like former Rep. Mark Foley (R-Fla.), who resigned after admitting he sent improper e-mails to a House page.

For those of us who served as pages, our greatest concern is not with Members like Foley (who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The

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system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service.

It is time to be blunt. The greatest threat to pages have been the Members themselves. The young, uniformed pages are open invitations for pedophiliac or predatorial lawmakers — a small number, but a population that dates back at least two decades. In a place controlled by partisan alliances and raw power, a deviant Member can operate for years with little threat of detection or deterrence. The only time real attention is paid to the page service is when one of the pages ends up in the news as a victim. Thus, in the 1980s, when then-Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.) were found to have had affairs with pages, Members suddenly responded to a public outcry for reform.

If Congress is motivated to stop these periodic scandals, it should enact a Page Protection Act that includes four needed changes.

First, we should scrap the House and Senate page boards and create a single Congressional Page Board.

Following the Crane-Studds scandal, the current House Page Board was established, consisting of "two Members from the Majority party selected by the Speaker, one Member from the Minority party selected by the Minority Leader, the Clerk of the House and the Sergeant-at-Arms of the House." There are two obvious problems with the board: 1) dominant control by the majority party for a task that should be entirely apolitical, and 2) the only two non-Members on the board ultimately depend on the majority for their jobs.

At a minimum, board members have an appearance of a conflict of interest when dealing with scandals that could embarrass their party, particularly in a closely divided House before an election. Moreover, with members serving on oversight and appropriation committees, the House Page Board can be a relatively low priority when important votes are pending or budgets are in play. Finally, it is extremely difficult for a teenage page to go to a Member of Congress and accuse a colleague of that lawmaker of improper conduct.

(The Senate avoided some of these problems by creating a board composed of only the Secretary of the Senate and the Sergeant-at-Arms. However, both of them ultimately are dependent on the Senate for their jobs and the board lacks both clout with Senators and camaraderie with the pages themselves.)

To resolve this problem, the current structure should be replaced by a single board primarily composed of former pages, but it also could include a Member of Congress from each party from each chamber. The fact is that the greatest resource and protection for the page academy can be found in its alumni. Former pages now hold positions of considerable power throughout the legal, business and media worlds. These are individuals who are neither intimidated by nor particularly concerned with individual Members of Congress. More importantly, it is far easier for pages to speak with former pages than Members of Congress or a Sergeant-at-Arms.

Second, the board should be given offices in both chambers with a small staff to oversee the page academy and page service. These offices also would be a point of contact for families in an emergency, as well as a resource for educational and cultural events for the pages.

Third, the board should have the ability to conduct its own initial investigations of allegations and have the ability to refer such matters to the appropriate ethics committee or, when presented with evidence of a crime, to the Justice Department. In the former case, the House or Senate ethics committees would be required to investigate and issue an initial report on any such allegation to the Speaker and Minority Leader (or the Senate Majority and Minority Leaders) within 10 days.

Fourth, we should create a United States Page Foundation that would be supported by federal and private funds. This foundation eventually could become entirely self-supporting and offer financial and other forms of support for current and former pages.

With such a system, we finally could create a lasting structure for the page service as it enters its third century of existence. Congress has few traditions or institutions as old or as redeeming as the pages. Crooks such as former Rep. Duke Cunningham (R-Calif.) and (allegedly) Rep. William Jefferson (D-La.) always have worked these halls, but so have the pages — young idealists who understand better than they what Congress means to this nation. For those of us disgusted with the current hypocrisy and corruption in Congress, the pages represent one of the few unsullied institutions remaining on Capitol Hill.

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Before the 109th Congress departs, it is possible to achieve a final redeeming moment out of a scandal-laden session. It is time to create a United States Page Foundation and a Congressional Page Board to guarantee that this unique institution can flourish, undaunted and unmolested, for another two centuries.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and served as a House page in 1977 and 1978.

Energy Dept. Scales Back Polygraph Tests (AP)

By H. Josef Hebert

AP, October 4, 2006

The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs.

The department no longer will require polygraph tests as part of a general screening of new applicants, or automatically for employees in areas of high security. Tests will be required for narrow purposes where there is specific cause, the department said.

Applicants still will undergo broad security reviews, as will current workers on a periodic basis. But, with narrow exceptions, these workers will no longer automatically be subject to a lie detector test, department officials said.

The new requirements, to go into effect Oct. 30, "will significantly reduce the number of individuals who will undergo polygraph examinations," the department said in a summary printed in the Federal Register.

The widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories.

Critics of the polygraph program have argued that it has kept good scientists from working at federal labs, such as Lawrence Livermore in California and Los Alamos in New Mexico, and caused others to quit.

There are an estimated 20,000 high-risk security positions at the Energy Department and among its contractors that under the old rules have been routinely subject to polygraphs, according to the department.

Officials could not provide numbers Wednesday on how many workers will still be subject to polygraphs under the new criteria.

But the new rules say mandatory polygraphs would be limited to workers whose jobs require them to work with or in other agencies that require polygraphs; those where there is "a specific indication" of a clandestine relationship with a foreign country, organization or terrorist group; and those where a test is ordered in response to a specific incident of concern.

The department said a polygraph may also be administered as part of random counterintelligence evaluations.

"This is a significant retreat from the (more widespread) use of the polygraph," said Steven Aftergood, director of the project on government secrecy at the Federation of American Scientist.

"DOE deserves credit for responding to the scientific critique and employee concerns" about the uncertainties surrounding polygraph tests, Aftergood said, adding that's not been the case at some other government agencies including the FBI and intelligence community.

In fact, earlier this week, the FBI and U.S. Secret Service won a legal victory when a federal judge ruled those two agencies could continue to use polygraphs for across-the-board screening of prospective employees.

The Energy Department rejected a call by representatives of some DOE scientists and others to stop using polygraph tests altogether. Critics of the technology long have argued that such tests are not reliable and can ruin a person's career if erroneously interpreted by technicians.

Congress responded to a series of security concerns, mainly at the Los Alamos National Laboratory in New Mexico, in the late 1990s and required the Energy Department to expand its use of polygraph tests on workers in high-security jobs.

The call for greater polygraph use was enflamed by the alleged espionage scandal surrounding Los Alamos computer scientist Wen Ho Lee. Lee, who was under investigation for years, was never charged with espionage and eventually was largely exonerated.

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Responding to the Lee case and a string of unrelated security lapses, Congress in 1999 directed the department to use polygraphs as a broad screening tool for high-security workers including scientists at the national labs. That brought outrage from some weapons lab workers, who argued that polygraphs were not needed to assure security and were hurting morale.

In 2002, a National Academy of Sciences study said that polygraphs should not be used as the sole reason for judging an applicant for employment. The study said it should be only used in conjunction with a broader review.

As a result, Congress directed the Energy Department to revamp its policy on polygraph use and take into account the NAS findings, resulting in the revised regulations that will go into effect at the end of this month.

Jobs Search Process Frustrates Many Young Recruits (WP)

By Stephen Barr

The Washington Post, October 5, 2006

To learn what is right and wrong about federal recruiting, listen to young people.

James Hedrick , in the government for two months, came to the Housing and Urban Development Department because it strives to improve the nation's communities.

April Torikai , hired by the State Department seven months ago, saw long-term opportunities to grow professionally in jobs that support U.S. diplomacy overseas.

Sonya Phillips moved 18 months ago from Tennessee to join the Government Accountability Office here because its work meshed with her education and experience in state government.

Katie Santo , a graduate student at George Washington University, hopes to find a job in government where she "can make a difference."

In all their cases, job decisions were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said.

Some of the perks of federal employment -- Hedrick's gym membership for $20 a month or time out of the office to help Hurricane Katrina victims -- also make the government a worthy employer, in their view.

The four offered their perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students.

But they also recounted some frustrations with their job searches.

Hedrick, a presidential management fellow at HUD, found it difficult to follow up with agencies after a job fair. "The problem was finding someone to talk to," he said. Many college graduates, facing deadlines to start repaying student loans, want to know when they will start work and what kind of training they will receive, he said.

Torikai's first encounter with the government came after she was accepted as an intern and then waited five months for a security clearance. While waiting, she said, some one-on-one contact with a program official "would have calmed my nerves" about the internship.

In contrast, Phillips said, the GAO "did a good job of staying in contact" while she was being hired and showed an interest in her as a professional to keep for the long term.

Santo said college friends who were recruited by companies knew before graduation that they had landed their jobs. Most had completed internships that were a stepping stone to their jobs, she said.

Santo's sense that companies use internships more effectively to evaluate talent is supported by a survey conducted by the Partnership for Public Service. Max Stier , the group's president and chief executive, told federal officials gathered for the summit at the Ronald Reagan Building that only 15 percent of federal interns are hired where they had their internship, while the proportion in the private sector is 35 percent.

Contrary to popular impressions, the government stacks up fairly well against the private sector when college students are asked about their employment interests, he said.

But the partnership's survey also found that most students don't know what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them, he said.

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Most college graduates, Stier said, are willing to wait only four weeks to hear back on their job applications. That survey finding suggests that agencies need to give students more detailed job information and streamline their hiring procedures, he said.

Dan Blair , deputy director at the OPM, told the summit that the government is stepping up recruitment efforts. The office has launched a television advertising campaign in about a dozen cities and plans to hold "federal career days" at Louisiana State University, Ohio State University, New Mexico State University and Carnegie Mellon University aimed at attracting students in medicine, engineering and foreign languages into the government, he said.

Bush administration officials are starting to focus on how to speed up federal hiring -- the OPM yesterday posted a "hiring makeover tool kit" on its Web site to guide agencies -- because projections show that the government could lose about 900,000 of 1.8 million employees through resignations and retirements in the next six years.

For additional perspectives on federal hiring, read the Sept. 27 and Oct. 4 transcripts of Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

A Blow To Labor (WP)

The Washington Post, October 5, 2006

MEMBERSHIP IN labor unions is falling across the industrialized world, and some of this fall may be inevitable. With a few exceptions, such as the hotel industry, it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies: The companies have to compete against rivals that aren't unionized, frequently because they're overseas. Some of the decline, though, is not inevitable but rather is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board.

In a split decision, the three board members appointed by President Bush outvoted the two originally appointed by President Bill Clinton in ruling that relatively junior workers can be defined as "supervisors," thus restricting their right to join a union. The case involved "charge nurses" who assign colleagues to care for particular patients but who lack the power to promote, discipline or influence the pay of the other nurses. As the dissenting opinion argued, this minimalist definition of supervision could deprive whole categories of workers of the ability to organize: Teachers, for example, direct teachers' aides.

The decision exacerbates a legal environment that makes organizing workers unduly difficult. In other recent cases, the labor relations board has narrowed the definition of workers who may organize, excluding graduate students who work as teaching assistants and disabled people who work full time but whose contracts could be said to be rehabilitative. In industries where the right to organize is not yet disputed, employers nonetheless block attempts to establish unions by firing workers who favor them; although this is illegal, the penalties are too small and tardy to serve as a deterrent.

Critics of unions are right that they can bring disadvantages. They can impede innovation and slow the introduction of new technology. But in an age of growing inequality, the decline of unions also has disadvantages: De-unionization explains about 15 percent of the increase in wage inequality among men over the past quarter-century, according to David Card of the University of California at Berkeley. In sum, the costs and benefits of unions vary from industry to industry, which is all the more reason why workers should be free to decide whether to join one.

Not Separate, But Ecumenical (LAT)

The Los Angeles Times, October 5, 2006

WOODY ALLEN OFTEN RECOUNTED how his life was saved by his habit of carrying a bullet in his left breast pocket. A "berserk evangelist" once threw a Bible out of a second-story window, and it struck him in the chest, he said. "That Bible would have gone through my heart if it wasn't for that bullet."

Allen's joke is more deft than the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray "in Jesus' name" before a religiously mixed audience.

In approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that "each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

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That language, the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo. Currently, Protestant, Catholic, Jewish and Muslim chaplains may conduct denominational services for their own flocks, but they employ more generic language when called upon to solemnize occasions attended by service members of all faiths. This arrangement was defended by the National Conference on Ministry to the Armed Forces, which represents most military chaplains.

The proposed change in the law came after some evangelicals objected to recent guidelines issued by the Air Force and Navy designed to curb aggressive proselytizing. The Air Force guidelines said that "public prayer should not imply government endorsement of religion and should not usually be a part of routine official business." The Navy guidelines said that "every religious ministry professional must be willing to function in a pluralistic environment in the military, where diverse religious traditions exist side-by-side with tolerance and respect."

Unfortunately, although it resisted the effort to allow more denominational prayer at mixed gatherings, the conference committee gave evangelical activists a consolation prize: It nullified these Navy and Air Force guidelines, sending officials in those branches back to the drawing board.

This is mischievous micromanagement. Having rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services. It's hard to say "Amen" to that mixed message.

The Irony Of NASA's Nobel (NYT)

The New York Times, October 5, 2006

NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program.

The research that won this year's Nobel Prize in Physics was performed using instruments aboard the Cosmic Background Explorer, or COBE satellite, which was launched in 1989. Huge teams of government and academic researchers measured and analyzed the cosmic microwave background radiation that permeates the universe. Their findings provided strong support for the Big Bang theory of the origins of the universe, and turned cosmology, previously rather speculative, into a precise science. The discoveries have been hailed as one of the greatest scientific advances of the past century.

The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress.

OTHER NEWS:

Wall St Rally Sends Dow To Record Close (FT)

By John O'Doherty

Financial Times, October 5, 2006

The Dow Jones Industrial Average closed at a new all-time high on Wednesday for a second consecutive day, extending the rally on Wall Street.

Consumer stocks were at the forefront of the gainers. Recruitment company Robert Half International climbed 3.2 per cent to $34.45, while Starbucks gained 5.7 per cent to $35.96. Casino company Wynn Resorts added 6.2 per cent to $71.29.

Technology stocks also rallied. Graphics chipmaker Nvidia jumped 9.8 per cent to $31.08 on rumours that it would be bought out by Intel.

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Sandisk added 5.8 per cent to $56.38 after it announced a deal to distribute its flash-memory products through 2,000 retail outlets in India in the coming weeks, and expand its presence to 14,000 outlets by the end of 2007.

Other tech stocks also pushed higher. Microsoft climbed 2.1 per cent to a seven-month high of $27.94, and Ebay added 6.1 per cent to $29.90.

At the close, the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22. The Nasdaq Composite was up 2.1 per cent, or 47.30 points, at 2,290.95.

The Dow Jones Industrial Average gained 1.1 per cent, or 123.27 points, to a new record close of 11,850.61, just shy of its new intra-day record of 11,851.25.

Philip Roth, chief technical market analyst at Miller Tabak, said the Dow was not likely to surge from this point. "I don't think the market is going to go off on a long sustained move here," he said. "But it should be enough to press some of the bears [back] into the market."

Crude oil prices fell earlier in the day, but recovered after attacks near oil installations in the Niger delta. ExxonMobil rose 1.8 per cent to $66.61, and Valero added 4 per cent to $50.10.

The mining sector had some rare losers, depressed by falling copper prices. Phelps Dodge sank 1.8 per cent to $78.65 and Freeport McMoran dipped 0.9 per cent to $49.04.

Ford Motor ticked up 4 per cent to $8.56. General Motors and Nissan-Renault on Wednesday ended talks about forming a possible alliance, increasing the likelihood that Nissan and Renault would now seek to form a partnership with Ford.

Medical device maker Medtronic added 3.8 per cent to $48.92 – its best day in four months – after regulators in Australia approved the sale of its Endeavour heart stent, used to keep arteries open.

ImClone gained 8 per cent to $29.33 after it said it had received a $36-a-share take-over offer from a big pharmaceutical group last month. Billionaire investor Carl Icahn, who is on the company's board, rejected the offer.

Genentech dipped 1.7 per cent to $82.40 after an analyst said third-quarter sales of the company's cancer drugs may have fallen short of estimates.

Shares Surge Amid Hopes For Lower Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

Stocks rallied the most in seven weeks yesterday after the biggest part of the economy slowed and the Federal Reserve chairman, Ben S. Bernanke, acknowledged a housing slump, encouraging speculation that benchmark interest rates may decline next year.

The Standard & Poor's 500-stock index set a five-year high and the Dow Jones industrial average climbed above 11,800 for the first time.

Technology shares led the gains as Nvidia, the maker of computer graphics chips, surged on speculation that Intel may buy the company. Ford Motor rose on the prospect that Renault and Nissan may seek an alliance after ending talks with General Motors.

The S.& P. 500 jumped 16.11 points, or 1.2 percent, to 1,350.22. The Dow climbed 123.27 points, or 1.1 percent, to 11,850.61. The Nasdaq composite index increased 47.30 points, or 2.1 percent, to 2,290.95. All three measures had the biggest advance since Aug. 15.

About 1.87 billion shares changed hands on the Big Board.

Service industries, accounting for about 90 percent of the economy, expanded in September at the slowest pace in more than three years and a gauge of inflation plunged.

Mr. Bernanke said a housing slump would lop about a percentage point off economic growth in the second half and limit expansion next year. His remarks yesterday reaffirmed a view that the central bank was done raising borrowing costs.

Crude oil for November delivery rebounded from a seven-month low to close 0.7 percent higher at $59.41 in New York.

Nvidia shares surged $2.78, or 9.8 percent, to $31.08 for the biggest gain in the S.& P. 500.

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Ford rallied 33 cents to $8.56. G.M. ended talks aimed at forming an alliance with Renault and Nissan.

Procter & Gamble, the consumer goods maker, jumped $1.04, to $63.34. Home Depot, the home improvement retailer, added 66 cents, to $37.49.

Wal-Mart Stores, the world's largest retailer, gained even after it cut its estimate of United States same-store sales growth in September to 1.3 percent, from 1.8 percent. The company, which made an initial sales estimate on Sept. 30, said it discovered mistakes in calculations at 235 locations. The stock added 9 cents, to $49.55.

Boeing, the commercial jet maker, advanced $2.18, or 2.7 percent, to $83.96, for the biggest advance in the Dow. Boeing gained after its chief rival, Airbus, said delays to deliveries of the A380 jet would cut 4.8 billion euros ($6.1 billion) from its parent company's earnings through 2010.

Microsoft advanced 57 cents, or 2.1 percent, to $27.94, for the second largest gain in the Dow average. A Goldman Sachs analyst, Richard G. Sherlund, wrote in a note that Microsoft's Windows Vista operating system was likely to be ready on time, reversing a previous view that the product could be months late. Windows runs almost 95 percent of the world's personal computers.

ImClone Systems, the biotechnology company, rose $2.16, to $29.33. In a filing, management said the billionaire investor Carl C. Icahn blocked a September buyout bid by a large drug maker it did not identify. Mr. Icahn, the company's second-largest shareholder, said yesterday that ImClone was worth more than the $36-a-share takeover offer.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.56 percent, from 4.61 percent. The price, which moves in the opposite direction of the yield, rose 14/32, to 10215/32.

Blue Chips Hit Another Record, Climb Past 11850 (WSJ)

By E.S. Browning

The Wall Street Journal, October 5, 2006

A day after the Dow Jones Industrial Average broke through its six-year-old record, the floodgates opened.

In heavy trading, the blue-chip average yesterday jumped 123.27 points, or 1.05%, to 11850.61, a second consecutive record. It was the biggest point or percentage gain since Aug. 15, and left the average up 10.6% for 2006.

Other major indexes also rose strongly. Although the other indexes remain short of their own records, the Standard & Poor's 500-stock index finished at its highest level in 5½ years.

The gains were driven in part by new data reinforcing hopes that the economy is in a "Goldilocks" environment, with inflation not too hot and growth not too cold.

In addition, Federal Reserve Chairman Ben Bernanke said in response to a question after a speech in Washington that the U.S. housing market is experiencing a "substantial correction" that will trim economic growth by about a percentage point in the second half of this year and weigh on growth next year. The comment reinforced hopes that the Fed won't raise rates anytime soon, which is good news both for consumers and for corporate profits.

Stocks had been bouncing around for a week, as the Dow average repeatedly pushed toward its record, only to fall back. After it finally edged past the record on Tuesday, some skeptical investors apparently threw in the towel and decided to put new money into stocks.

Among the buyers were short sellers -- bearish investors who had been betting on stock declines and decided it was time to cover their bets in the face of the rising market. Short sellers borrow stock and sell it, in hopes of buying it back cheaper after a pullback. To cover their bets, they must buy back the borrowed stock, and that temporarily contributes to market gains.

"Once they see the market break through and see that it can sustain itself, the shorts rush in to cover" their bets, because stock gains cost them money, said senior trader Bob Basel at Citigroup's New York brokerage arm.

Among the day's biggest gainers were stocks that have been trailing the market in recent weeks, such as small stocks and transportation stocks, which had been targets of short sellers. Technology stocks, also frequent short-seller targets, also surged.

The day's data suggested that the economy is continuing to advance, but at a slower pace than early this year. That reinforced hopes that the Fed will continue to leave interest rates unchanged when policymakers meet Oct. 24 and 25.

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A monthly report showed that activity in the nation's service businesses, representing two-thirds of the economy, grew in September at the slowest pace in three years. The Commerce Department reported that orders for manufactured goods were unchanged in August.

Treasury-bond prices rose on the soft economic news, sending bond-yields down, as bond investors continued to speculate that the Fed might actually cut short-term interest rates next year. Falling bond yields have been pulling down other market interest rates in recent weeks, including those of many fixed-rate mortgages. Perhaps reflecting the lower mortgage rates, a weekly report on mortgage applications showed the strongest gains since June, helping calm worries about the slumping housing market.

Crude-oil futures prices, whose recent declines have reinforced optimism about consumer spending, rebounded 73 cents to $59.41 a barrel, remaining below $60.

Wal-Mart Stores Inc. said September sales were weaker than it had thought, but in the excitement investors shrugged off the news and even that stock rose.

Investors now are looking ahead to September employment data, due tomorrow, which will give the latest indication about the economy's health. After that, they will focus on quarterly corporate profit reports, due in the following three weeks.

Yesterday, the Nasdaq Composite Index, laden with technology stocks, rose 2.11%, or 47.30 points, to 2290.95, up 3.9% this year. The broad Standard & Poor's 500-stock index advanced 1.21%, or 16.11 points, to 1350.22, ahead 8.2% in 2006.

The Russell 2000 small-stock index jumped 2.1% to 733.47, up 9% this year. The Dow Jones Transportation Average gained 2.24% to 4569.78, up 8.9% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.15%, or 0.33 point, to 219.95.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.97 billion shares, as 2,614 stocks rose and 717 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.559%. The 30-year bond was up 22/32 to yield 4.715%.

The dollar was mixed. Late in New York, it traded at 117.88 yen, down from 117.92, while the euro fell against the dollar to $1.2713 from $1.2726.

Dow Bounds To Another High, Inspiring Other Indexes (USAT)

By Adam Shell

USA Today, October 5, 2006

NEW YORK — After posting its second-consecutive record close on Wednesday, the Dow Jones industrial average continued to downplay its image as a dowdy blue-chip index that delivers doglike returns.

Instead, the 110-year-old Dow is looking more like Wall Street's leading thoroughbred that virtually overnight has sped up the price appreciation of all types of stocks.

The Dow is no one-day wonder. A day after eclipsing its all-time high set nearly seven years ago in January 2000, the 30-stock index made up of America's most famous blue-chip companies, blasted 123.27 points higher to 11,850.61, setting yet another record.

“Did somebody say ‘melt up?' ” Edward Yardeni, chief investment strategist at Oak Associates, quipped Wednesday in a note to clients that captured the pioneering spirit of the Dow's bull run.

The Dow's ability to enter record territory has gotten investors juiced up enough about stocks to put money to work and join the party, says Chris Johnson, director of quantitative research at Schaeffer's Investment Research.

“You ask people what the market is, and they will say, ‘The Dow,' ” Johnson says. “When it breaks through to a new record, the psychology of investors starts to kick in, and they start to ask, ‘Is the train leaving the station without me?' ” As a result, Johnson adds, “Investors start to come back into the market. And when people like my mom start looking to invest, she is not looking to invest in names like Research In Motion. She is looking to buy well-known companies like Microsoft, Dell and Starbucks.”

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Wednesday, Microsoft gained 2.1%, Dell jumped 1.9%, and Starbucks rallied 5.7%.

Indeed, the jolt of adrenaline provided by the Dow has spread to areas of the market that have been lagging behind. The Dow has sparked a broad rally that includes tech names, small stocks and long-forgotten large-company shares.

Wednesday, the big winners were the down-and-out Nasdaq composite and the Russell 2000 small-company index, which has been a market leader since 2000 but has been trending lower this year. Both the Nasdaq and Russell 2000 gained 2.1%, topping the Dow's 1.1% gain and the 1.2% jump by the Standard & Poor's 500.

But the Dow can't take all the credit for the stock market's recent vitality, says Dick Hoey, chief economist at Dreyfus. Instead, the rally is being driven by a growing sense among Wall Street traders that the slowdown in the economy won't result in a "full-scale recession," he says.

A sharp drop in the yield on the 10-year Treasury note (closing Wednesday at a stock market-friendly 4.56%) is making stock prices more attractive to investors. The big beneficiaries, Hoey says, are megacap stocks, such as Microsoft, which are "valued not on hope but on real-world earnings."

The stock market is also benefiting because two of the main headwinds — an aggressive monetary policy by the Federal Reserve and a surge in energy prices — have been eliminated, says John Caldwell, chief investment strategist at McDonald Investments.

Wall Street is betting the Fed is done raising its target for short-term rates, and oil prices have dipped 25% since mid-July. "There's strong evidence that investors are more willing to have riskier assets in their portfolios," Caldwell says.

Dow Blasts Beyond Record-High Close (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

NEW YORK, Oct. 4 -- Wall Street rose even higher Wednesday, propelling the Dow Jones industrial average to its second straight record close.

The Dow soared 123.27, or 1.05 percent, to close at 11,850.61. It hit 11,851.25 in trading, which stands as its trading high. On Tuesday, the iconic average of 30 blue-chip stocks reached new closing and trading highs, wiping out records that had stood since Jan. 14, 2000.

The Standard & Poor's 500-stock index was up 16.11, or 1.21 percent, at 1350.22, and the Nasdaq composite index rose 47.30, or 2.11 percent, to 2290.95.

The impetus for Wednesday's big push was a growing feeling on Wall Street that the Federal Reserve might begin lowering rates soon. Investors appeared to take comfort in comments by Fed Chairman Ben S. Bernanke that the slowing housing market could be a drag on the economy, perhaps shaving a percentage point off of gross domestic product growth in the second half this year and into next year.

The government surprised Wall Street by reporting a rise in crude oil inventories, and investors were also heartened by news that Saudi Arabia said it wanted to keep prices lower. That brought crude prices down, though they rebounded and were up 73 cents, at $59.41.Movers

Wal-Mart Stores rose 9 cents, to $49.55, after spending much of the day down. It said September sales at stores open at least a year rose 1.3 percent, not the 1.8 percent it had forecast.

ImClone Systems gained $2.16, to close at $29.33, after saying an unidentified international pharmaceutical company was willing to make an all-stock offer of $36 per share for the company.

Ford Motor rose 33 cents, to $8.56, as Bear Stearns cut its rating.

General Motors fell 9 cents, to $33.32, as talks ended about an alliance between GM, France's Renault and Japan's Nissan.

TiVo fell 85 cents, to $6.67, after it said an appellate court had given EchoStar Communications a reprieve in a patent fight between the companies.Indexes

New York Stock Exchange composite index rose 90.84, to 8538.67.

American Stock Exchange index rose 4.86, to 1875.20.

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Russell 2000 index of smaller-company stocks rose 15.12, to 733.47.Volume

NYSE: 2.99 billion shares, up from 2.68 billion on Tuesday. Advancers outnumbered decliners 7 to 2.

Nasdaq: 2.22 billion shares, up from 1.99 billion. Advancers outnumbered decliners 5 to 2.Commodities

Crude oil for November delivery: $59.41, up 73 cents.

Gold for current delivery: $562.00 a troy ounce, down from $576.30 on Tuesday.

Wall Street's New High Buoys Main Street (CSM)

By Ron Scherer

The Christian Science Monitor, October 5, 2006

NEW YORK

Marcia Brier of Needham, Mass., is relieved that the Dow Jones Industrial Average has finally surpassed the high of 6-1/2 years ago. With two children in college, she says the strong market showing "gives me a larger cushion."

Jana Skewes of Chattanooga, Tenn., hopes a resurgent stock market helps her small business, SharedHealth. "Potential customers might be a little looser" with their money, says the president and CEO, "and young companies need that."

And retiree Fred Bona of Boonton, N.J., says the Dow hitting a new record will help his retirement nest egg. "When it's going up, it's wonderful. And when it's going down, it makes you nervous."

Yes, the reaction on Main Street to a new Dow record - 11,727.34, only 4.36 points over the old record - is one of relief. A hurdle cleared. Perhaps an indication that the gloom and doom that often emanates from Wall Street professionals may not come true. And, perhaps a way to make money even if home valuations are now going the opposite way.

"It helps to remind people why they own stocks," says Alec Young, a strategist at Standard & Poor's in New York. "It's a good thing psychologically."

The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate.

"There is some shifting away from real estate and into the stock market," says Peter Morici, a professor at the Robert Smith School of Business at the University of Maryland in College Park. "If you're not buying houses and your personal income is up, you have to be doing something with your money."

At the same time, says Mr. Young, the international geopolitical climate has improved. So far, many of the dire predictions of war spreading in the Middle East have not come to pass. The relative peace in the region has helped to bring down oil prices. Wednesday, oil was trading below $60 a barrel. "If it continues to fall, that helps," says Young. If it falls to $55 a barrel, stock prices could rise more, he adds.

The Dow's rise also comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows. "The consensus is for the first rate cut in early 2007," says Lew Piantedosi, co-manager of the Eaton Vance Large-Cap Growth Fund in Boston. "Typically, when the Fed eases off the short-term rates, it's a pretty bullish indicator for stocks."

In the recent past, the Fed has lowered interest rates in late 2002 and after 9/11. Before that, it was in 1994 and in the early 1990s. Most of those cuts led to significant market gains, says Mr. Piantedosi.

However, there are also plenty of investment professionals who are skeptical of the market's rise. One of those is J. Michael Barron, CEO of Knott Capital in Exton, Pa. He's concerned about the deterioration of the housing market, the increased cost of servicing debt as more adjustable rate mortgages are reset, and slower job growth in the general economy.

"The market has basically ignored these risks and continued to work higher," he says, adding, "We think it's a time when most investors should be more cautious."

In Greenville, S.C., Hugh Moore, a partner at Guerite Advisors, doesn't see the stock market moving much higher. His measure is corporate profits as a percentage of gross domestic product. He says that historically corporate profits are 4.5 to 6.5 percent of GDP. Today, they are at 9 percent of GDP. "Unless we're in completely uncharted territory, we're at maximum earnings peak right now," he says. "That means there's not a lot of room for the market on the upside."

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While the Dow average is hitting a high, the broader stock market as measured by Standard & Poor's 500 index is still 12 percent below its all-time high. The Dow average is up 9 percent for the year but the S&P average is up only 7 percent.

"The S&P and the NASDAQ had higher highs and steeper drops," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "So, I don't think the stock market as a whole is exploding here."

Industrials Revolution (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, October 5, 2006

On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts. They maintained that "virtually no one indexes to the Dow," and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators of the market, and these yardsticks were still 10% below their record highs reached in March 2000. The naysayers should wise up. Not only has the "outdated" industrials given investors better returns than such widely watched benchmarks as the S&P 500 Index, but it better reflects what the market has done over the past decade than the more popular capitalization-weighted indices.

The members of the DJIA are chosen by an index committee to be broadly representative of blue-chip companies that dominate American industry. Since 1980, the return on Dow industrials has averaged 13.89% per year, significantly above the 13.06% recorded for the S&P 500, a benchmark that many active money managers find difficult to beat.

But more importantly, the stock market has already reached, by many other more representative measures of market return, an all-time high. The only reason why capitalization-weighted indices such as the S&P 500 are still lower is because of the insane valuations investors gave to the technology sector six years ago. Tech companies with little earnings, such as JDS Uniphase, Nortel, Sun Microsystems, EMC and others reached huge and unprecedented valuations that dominated capitalization-weighted indices. Despite widespread pressure, the Dow wisely excluded these and other tech stocks (particularly Cisco, which for a time was the world's largest company by stock market value) from the industrial average. (They added Microsoft and Intel, far more reasonably priced tech stocks, to their list in 1999.)

The outsized influence of the tech sector in 2000 greatly distorted the capitalization-weighted indices. There are 10 sectors in the S&P 500 Index: technology, financials, health care, utilities, industrials, energy, consumer discretionary, consumer staples, and materials and telecom. If we exclude the tech sector, the S&P 500 would be 16% above its level reached in 2000. Seven of the 10 other sectors (excluding tech, telecom and consumer discretionary) are significantly higher than their 2000 levels. Even within the S&P 500, more than two-thirds of stocks are above the price they reached in 2000, but the big cap tech stocks had so much weight then that their collapse forced the whole index lower now.

Even other capitalization-weighted stock market indices have long ago hit all-time highs. The Russell 2000 Index, a benchmark for the small cap sector, broke into new all-time high territory in 2004. And EAFE, the international benchmark stock index, representing Europe, Australia and the Far East, broke into new high ground in March of this year.

The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values.

Mr. Siegel is professor of finance at Wharton.

Fed Chairman Urges Entitlement Program Reforms (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 5, 2006

WASHINGTON - Federal Reserve Chairman Ben Bernanke called Wednesday for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations.

Speaking to the Economic Club of Washington, Bernanke said that projected funding shortfalls for Social Security and Medicare threaten "large and unavoidable" fiscal consequences.

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Absent action soon, he warned, the nation could be forced to raise taxes sharply, trim retiree benefits, cut deeply into other government programs, and run up the national debt - or some combination of all.

Beginning in 2008, the first wave of baby boomers - 76 million Americans born between 1946 and 1964 - begin taking early retirement. Progressively, there will be a smaller number of active workers available to fund promised benefits to what will be a swelling number of retirees.

To meet promises made under Social Security and Medicare, Bernanke said, taxes would have to rise by about 33 percent. That would take taxes from their current level, 18 percent of the nation's total output, to about 24 percent of total output in 2030.

If politicians opted to spend less on other federal programs to channel the savings into covering promised retirement benefits, they'd have to cut all other government spending in half, the Fed chairman said.

Bernanke's long-serving predecessor Alan Greenspan, who retired in January, frequently warned that a fiscal crisis looms because of the impending flood of retirees. Bernanke offered new numbers Wednesday to help frame the coming debate on an issue that politicians frequently dodge.

Citing an unpublished Fed research paper, Bernanke said that if today's savings rates remain constant, future generations of workers would be forced to consume 14 percent less than they do now because they'll have to shift their money to pay for boomers' retirement benefits.

But if today's Americans cut their current consumption by 4 percent and put that money into savings, that could expand the economic pie over time enough to stave off the 14 percent reduction in American consumption two decades from now.

"These numbers shouldn't be taken literally but the basic lesson is surely right - that the decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said.

The Fed chief advocated reducing federal budget deficits and called for changes to Social Security and Medicare rules to ensure that baby boomers needed in the work force won't be penalized for working during their retirement years.

In a question-and-answer session, Bernanke said a more liberal immigration policy would ease some of the burden of a shrinking work force. But, he cautioned, it would take annual flows close to 3.5 million immigrants, not today's 1 million, to adequately replace retiring baby boomers.

To read Bernanke's address, go to:

http://www.federalreserve.gov/boarddocs/speeches/2006/20061004/default.htm

Bernanke: Savings Situation Getting Dire (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that unless the current generation is willing to sacrifice, by cutting consumption or increasing savings, future generations could face a heavier reduction in living standards.

In a speech to the Economic Club of Washington, Bernanke said the gradual aging of the population has major implications not only for federal programs for the elderly, such as Social Security and Medicare, but the broader economy.

“We can mitigate the adverse effect of the aging population on future generations, but only by forgoing consumption or leisure today,” Bernanke said. He added that as the population ages, the nation must choose among higher taxes, fewer government programs, cuts in Social Security and Medicare, a higher deficit or some combination of those options.

In 2008, when the 79 million baby boomers start to retire, people over the age of 65 will make up 12% of the population. By 2030, that will rise to 19%. The change will affect living standards because a smaller share of the population will be working age, 16 to 64, and, most likely, a thinner slice of the population will be employed. Future workers are likely to be more productive, but their production will be shared by more people.

Bernanke said the impact can be softened if private savings rise and the federal deficit, which the CBO estimates was $260 billion in fiscal 2006, is cut. The savings rate has been negative in recent months, while the United States is borrowing heavily from overseas to cover its budget deficits.

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But Bernanke admitted that economists had found “no silver bullet” to boost household savings.

The Fed chief said Congress could not avoid hard choices to reform what he called “unsustainable” Medicare and Social Security benefits. If Congress shores up the programs solely through higher revenue, taxes would have to rise by 25% by 2030, with further increases needed down the line. Funding the programs solely by cutting other federal spending would require about $700 billion in reductions by 2030.

Bernanke did not make explicit recommendations, but he suggested Congress adopt measures that encourage older people to stay in the workforce and improve education to make the economy more productive.

“The decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren,” Bernanke said, citing research showing early action could dramatically reduce the long-run economic impact.

Higher levels of immigration can help the situation, but probably can't solve it. To overcome the effects of an aging population, immigration would have to rise to 3.5 million people annually, Bernanke said.

Fed Chiefs See ‘correction’ In US Housing (FT)

By Krishna Guha And Ben White

Financial Times, October 5, 2006

A “substantial correction” in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday.

In separate remarks Ben Bernanke, the Fed chairman, and Don Kohn, the Fed vice-chairman, each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead.

But both said that for now at least, there was substantial off-setting strength in other sectors, including non-residential construction. At the same time, the two top Fed officials stressed that they remain concerned about inflation.

Mr Bernanke said that while he expects inflation to decline “it is something that we have to watch very carefully to make sure that it does not rise or even remain where it is”.

Mr Kohn went further, restating that “in the current circumstances, the upside risks to inflation are of greater concern” than the downside risks to growth from housing.

While the analysis presented by the two is consistent, Mr Kohn’s more detailed remarks raise the possibility that he is a little less concerned about the housing slowdown than Mr Bernanke.

Taken together, the comments undermine any suggestion that the Fed is already leaning towards interest rate cuts. Rather, they suggest it is likely to remain on pause for what could be an extended period while policymakers evaluate incoming data on growth and inflation.

Breaking more than a month of silence on the US economy, Mr Bernanke told the Economic Club of Washington that the decline in US residential construction would subtract “about one percentage point” from growth in the second half of this year and “probably something going into next year as well”.

However, he said that up to this point, non-housing related sectors remained “relatively strong”.

Mr Bernanke said the key questions for the Fed were how far the housing market correction would go and the extent to which it would spill over into other sectors of the economy.

He said it was “very difficult” to predict when the housing market would stabilise, with would-be buyers remaining on the sidelines because of fears that prices might decline. But he said there were “strong fundamentals” underpinning the housing market, including low unemployment, rising wages and demographic shifts.

Mr Bernanke’s remarks were made after a speech in which he called for a national effort to raise US savings to minimise the cost of an ageing population to future generations.

Meanwhile Mr Kohn, in a speech to the Money Marketeers association of New York, argued that the housing adjustment, though painful, could be brief and the US economy was heading for a soft landing.

He said the sharp decline in residential construction should help rebalance supply and demand and said population dynamics suggested “starts may be closer to their trough than their peak”.

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Historically, moderate interest rates and rising real incomes should also underpin the market, he said.

Bernanke Expects Housing Slide To Rein In Second-Half Growth (WSJ)

By Greg Ip, Brian Blackstone And Christopher Conkey

The Wall Street Journal, October 5, 2006

The Federal Reserve's top two officials yesterday highlighted the risk that the sinking housing market could put a significant dent in U.S. economic growth in the second half of the year.

Remarks by Fed Chairman Ben Bernanke and Vice Chairman Donald Kohn suggest the central bank's job has become more complicated and the outlook for interest rates more uncertain in recent months. While risks to economic growth appear to have increased, inflation remains a concern and thus cuts to short-term interest rates -- a growth tonic the market now expects -- appear unlikely for now.

Nonetheless, the perceived concern about housing's impact prompted investors, who already foresee the Fed cutting rates sometime next year, to further drive down long-term interest rates in the bond market and sent stocks sharply higher. The Dow Jones Industrial Average rose 123.27 points, or 1.05%, to a record 11850.61. (See related article2.)

Mr. Bernanke, answering questions after a speech in Washington, said the housing sector is undergoing a "substantial correction" that will likely shave about "a percentage point off growth in the second half of the year" from what it would otherwise have been "and probably something going into next year as well," estimates close to private forecasters' views. Mr. Bernanke also said there is "limited evidence" the falloff in housing activity had spilled over to other parts of the economy. "To this point, other parts of the economy are remaining relatively strong."

But he also said it is tough to predict how the "dynamics" of housing and its impact on the overall economy "will play out....How far will this correction go? It is very difficult to tell, is the honest answer."

Mr. Kohn echoed those remarks in a speech to the Money Marketeers of New York University, a group that promotes economic education and discussion. The falloff in housing construction and home sales has "proven to have been more rapid and deeper than many economists had predicted." Nonetheless, he too said there is "little evidence" of a spillover to the rest of the economy. Once the overhang of unsold houses and cars is worked off, growth should return closer to its long-term trend rate, Mr. Kohn said. (Economists generally put that trend rate at about 3%) He added: "The risks...seem to me to be weighted toward a weaker outcome."

Both Mr. Bernanke and Mr. Kohn, however, reiterated that they remain concerned about inflation, which is at worrisomely high levels. Mr. Kohn said while he is concerned about both weaker economic growth and higher inflation, "the upside risks to inflation are of greater concern." In response to questions after the speech, he reinforced that, adding: "Don't sell the Fed's concern about inflation short." Mr. Bernanke reiterated previous comments that inflation "is still above what we would consider price stability" and bears careful monitoring, but that the Fed expects inflationary pressures to ease as the economy slows.

Markets in recent months have begun to predict that the Fed will cut its short-term interest-rate target, now at 5.25%, several times over the next year, starting perhaps as soon as December, reflecting investor concerns that a sizable housing slump would erode consumer spending. (It is expected to remain unchanged at the Fed's Oct. 24-25 meeting.) But that seemed at odds with Fed officials' stated concern about inflation. Their remarks yesterday suggest their assessment of the risks are shifting closer to the market's, but not enough to make a near-term rate cut likely.

Indeed, Mr. Kohn, while not directly challenging investors' rate expectations, did suggest they may be overconfident in their views, as reflected by low volatility in fixed-income markets. "I am surprised at how little market participants seem to share my sense that the uncertainties [about growth, inflation and interest rates] are fairly sizable," he said.

Mr. Bernanke's remarks are indicative of "a Fed on hold versus a Fed on the verge of cutting rates," said Drew Matus, economist at Lehman Brothers.

Former Fed governor Laurence Meyer said the central bank likely believes housing will have a bigger negative impact on growth than it previously anticipated. Mr. Meyer, now with forecasting firm Macroeconomic Advisers, expects the economy to grow at an annual rate of 2.2% over the second half after growing at a 4.1% rate in the first half. But the bond and futures markets

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may be even more pessimistic, he said. "I think the market's expecting more than a substantial correction," Mr. Meyer said. "The markets don't seem to get that the slowdown is perfect -- it's just what the doctor ordered."

Stock and bond markets rallied after Mr. Bernanke's comments, which were seen as more evidence that the next move at the Fed -- despite officials' public protests that inflation remains very much a worry -- will be to cut interest rates sometime next year.

Financial markets are still getting used to Mr. Bernanke's style. His willingness to put a figure on the expected impact of housing on growth may have been interpreted as a sign of his concern, but it may be more a result of his greater willingness to put precise numbers on his views than his predecessor, Alan Greenspan, generally did.

Yesterday's economic data offer a hint that the "soft landing" Mr. Bernanke and his colleagues are seeking -- where growth eases and inflation retreats -- appears to be unfolding.

The Institute for Supply Management, a group of corporate purchasing managers, said its index of service-sector activity fell to 52.9, its lowest in more than three years, from 57.0 in August. Readings above 50 still indicate expansion, but its pace is cooling. The Institute's measure of prices paid by service companies plunged in September, largely from a big drop in the price of oil. "Business conditions getting better on lower oil prices," a purchasing manager for one company in the agriculture and forestry industry said. Measures of hiring increased last month, however, suggesting business may pick up in coming months.

The Commerce Department, meanwhile, reported that factory orders were essentially unchanged in August from July following a decrease the previous month, confirming a slowdown is under way for manufacturers.

Mr. Kohn said the housing correction could be "more abrupt and destabilizing" and "overshoot," and consumers could be hit hard if their spending has relied heavily on housing-backed loans. But he considers that scenario unlikely. Housing starts "may be closer to their trough than to their peak," based on what demographic factors suggest is the sustainable level of new construction. Long-term interest rates are "unusually low" and short-term rates are "normal," in contrast to the high levels that accompanied other housing slumps.

He said several factors that have boosted "core" inflation, which excludes food and energy prices, are likely to fade. The "pass-through" of rising energy prices to other goods and services may have added half a percentage point to core inflation, he said, and if energy prices stop rising, core inflation should decline. He noted that consumers' and the bond market's expectations of inflation have also fallen recently, small steps "in the right direction."

In his prepared remarks to the Washington Economic Club, Mr. Bernanke noted as the U.S. ages and the portion of its population that works shrinks, the economy -- and Americans' standard of living -- will have to grow more slowly. One way to mitigate that, he said, is for Americans to consume less now and save more to finance investment that generates future income. But he said the longer it takes Americans to save more, the worse the impact on future generations will be.

If the country saves as little as it does today for 20 more years, future generations' consumption would be 14% lower than in a scenario where the population didn't age. A more equitable scenario, he said, would be for the U.S. to boost its savings rate today by three percentage points. Then, both the current and future generations would consume only 4% less than under a scenario with no aging. One way to boost national saving, he said, would be for households to sock away more, but "the most straightforward way" is for the government to cut its budget deficit.

Separately, Timothy Geithner, president of the Federal Reserve Bank of New York, speaking elsewhere in Washington yesterday, praised the progress emerging markets have made since the crisis almost a decade ago that nearly brought the global financial system to its knees. "The direction of change in the emerging world seems fundamentally reassuring," Mr. Geithner said in a speech at the Johns Hopkins School of Advanced International Studies.

Recalling the meltdown that swept emerging economies in 1997-98, when he was a top international official at the U.S. Treasury, Mr. Geithner said "emerging markets have established a record of credible fiscal- and monetary-policy management, built more-substantial cushions of insurance against potential shocks in external reserves, restructured the currency denomination, maturity and composition of their debts to make them less vulnerable to volatility, and begun to build deeper and stronger domestic financial systems."

In answer to a question, Mr. Geithner said he believes China is "committed to a more flexible [exchange rate] regime over time" while wisely making related changes in financial policy.

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Housing Correction Worries Fed (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that the housing market is in the midst of a "substantial correction" that will cut U.S. economic growth by about a percentage point in the second half of 2006 and "probably" dampen expansion into 2007.

In a speech to the Washington Economic Club, Bernanke also said the Fed remains concerned about inflation, which remains "above what we would consider price stability."

While the central bank expects price pressures to moderate as the economy slows, Bernanke emphasized the Fed will watch carefully to "make sure that (inflation) doesn't rise or even remain where it is."

Bernanke's remarks came during a question and answer session following a speech in which he warned the gradual aging of the U.S. population raises significant economic and fiscal issues.

The central bank is closely monitoring growth and inflation as it debates interest rate policy. The Fed has held short-term rates at 5.25% since June, ending two years of steady rate increases. Short-term rates influence the rates commercial banks charge for consumer and business loans.

The stock market and bond prices have risen in recent weeks on the expectation the Fed is done raising rates, and stocks rallied more Wednesday.

But the economic outlook is still murky. Core inflation, which excludes food and energy, ran at a 2.8% rate in the 12 months ended in August, well above the Fed's 1% to 2% informal comfort zone. At the same time, growth has slowed from the rapid 5.6% annual rate of the first quarter to a 2.6% pace in the second.

Housing is a big variable in growth. Bernanke admitted it is "very difficult to tell" how far the correction will go as buyers appear to be "sitting on the sidelines." Still he expects a good job market and low interest rates to underpin housing, adding that the Fed had not, as yet, seen many spillover effects from the housing slowdown. New home construction is down about 20% from last year, but commercial building is strong.

"We'll be watching to see what extent this decline in construction and moderation in housing prices affects consumer behavior and behavior in related industries … that's a key," Bernanke said.

The Mortgage Bankers Association said Wednesday that mortgage applications jumped nearly 12% in the week ended Sept. 29, helped by lower interest rates.

Bernanke said a recent sharp decline in energy prices should help the economy, though noting with markets tight, "There is always the potential for greater fluctuations or increase again."

Housing Hurts, Bernanke Says (WP)

By Nell Henderson

The Washington Post, October 5, 2006

The "substantial" slump in the housing market is likely to slow U.S. economic growth by about a third in the second half of this year and dampen growth early next year, Federal Reserve Chairman Ben S. Bernanke said yesterday.

Growth in the nation's output of goods and services will probably be shaved by a full percentage point, Bernanke said in response to questions after a speech at the Economic Club of Washington. Assuming that means the economy grows at a 2 percent annual rate during those months rather than at its average pace of around 3 percent, the value of domestic output will be about $15 billion less, adjusted for inflation.

"As you know, a substantial correction is going on in the housing market," Bernanke said, using stronger language than he had in recent months, when he described the real estate cool-down as "orderly." The process is one of the "major drags causing the economy to slow," he said.

But Bernanke said "other parts of the economy remain very strong." And he emphasized that despite the slowdown in economic growth, "the Federal Reserve remains concerned about inflation," which is above the central bank's desired level. He reiterated his position that overall, inflationary pressures are a greater risk to the economy than the housing slowdown.

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His remarks yesterday helped boost stock prices, which had been rising even before his midday speech. Wall Street traders were relieved that Bernanke expects only limited economic damage. But his comments also doused some investors' hopes that the Fed might cut interest rates in coming months to prevent the housing market from dragging down the rest of the economy.

Bernanke's comments were the first in which he has publicly put a number on the likely economic effects of recent drops in home sales, spending on home construction and the rate of home-price appreciation.

The economy slowed sharply to a 2.6 percent annual rate of growth in the third quarter, from a 5.6 percent annual rate in the first quarter. Much of the decline reflected a slowdown in consumer spending, which was crimped by rising fuel prices and interest rates, as well as a plunge in housing construction.

The housing market continued to weaken through the summer, prompting debate among economists about how long the slide will continue and how large a toll it will take on the rest of the economy.

The optimists, including many Fed policymakers, think the economy will rebound next year with little serious damage. The pessimists worry that a deep, protracted downturn in housing will cause consumers to cut their spending, pushing the Fed to lower interest rates early next year to prevent a recession.

"How far will the correction go?" Bernanke said, posing the obvious question before appearing to duck it. "It's very difficult to tell, is the honest answer."

But Bernanke gave several reasons to expect the housing market to level off and eventually bounce back, including low unemployment, rising incomes and low mortgage rates. The Mortgage Bankers Association reported yesterday that the number of loan applications rose strongly last week.

Although sales of previously owned homes fell in August, some analysts saw signs that the market might be stabilizing, noting increases that month in both new-home sales and pending sales, in which contracts have been signed but the deals have not yet closed.

Bernanke said the housing market has not hurt the rest of the economy so far. He cited robust spending on the construction of factories, offices, hospitals and other nonresidential projects.

Other analysts who share his view say consumer spending has slowed this year but has held up pretty well given the spring and summer surge in fuel prices. Oil and gasoline prices have fallen since mid-August, which should give households more cash to spend and help cushion the economy's slowdown. Vehicle sales, for example, rose in September after falling in August.

Bernanke said the Fed would watch closely to see how the housing downturn affects consumer and business behavior. But when asked about the greatest risks facing the economy, Bernanke ranked inflation above the housing market. Consumer prices rose 2.5 percent in the 12 months ended in August, as measured by the Fed's preferred Commerce Department inflation index, which excludes food and fuel prices. Before he became chairman, Bernanke often said the Fed should strive to keep inflation to 1 to 2 percent.

Bernanke said he and his Fed colleagues think inflation will come down gradually over time, but he would not want to let it stay where it is or to rise.

Among the challenges facing the economy in the long run, he said, is the aging of the population -- the topic of his speech. By 2030, when most of the baby-boom generation will have retired, 19 percent of Americans will be 65 or older, he said.

And the population will continue to age after the baby boomers have retired because of rising life expectancy, he said.

"In coming decades, many forces will shape our economy and our society, but in all likelihood, no single factor will have as pervasive an effect as the aging of our population," Bernanke said. He said Americans should save more to prepare for the change.

Fed Chief Says Housing Is In A 'Correction' (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

DOJ_NMG_0075167

The Federal Reserve chairman, Ben S. Bernanke, said yesterday that the United States housing market was in a "substantial correction" that would lop about a percentage point off economic growth in the second half and would restrain the expansion next year.

Mr. Bernanke also said in response to questions after a speech in Washington that the central bank remained "concerned about inflation" because it was above "what we would consider price stability."

Taken together, the remarks reaffirm the view of some investors that the central bank will keep the benchmark lending rate unchanged at 5.25 percent for the remainder of the year.

Stocks extended their advance after his comments, and Treasury notes remained higher.

"There is currently a substantial correction going on in the housing market," Mr. Bernanke said. The decline in residential housing construction is one of the "major drags that is causing the economy to slow."

The Federal Open Market Committee has left the federal funds rate unchanged since August after two years of increases, betting on an internal forecast that slowing growth and a decline in energy prices will reduce inflation. The committee officials will next meet on Oct. 24 and 25.

"We do believe that inflation is going to be coming down gradually over time," Mr. Bernanke said after addressing the Economic Club of Washington. "But it is something that we have to watch very carefully to make sure that it doesn't rise or even remain where it is."

His speech was devoted to the challenges faced by fiscal policy makers as the nation's work force ages, and to the need to overhaul entitlement programs, increase taxes or cut spending. Failure to do so, he predicted, will place the burden on future generations and erode the productive potential of the economy.

Part of the Fed's economic forecast appears to be panning out. The economy expanded at a 2.6 percent annual rate in the second quarter, down from a 5.6 percent pace in the first three months. Crude oil prices are down 9 percent from a year ago.

Service industries in the United States expanded at the slowest pace in more than three years in September as the housing slump deepened. The Institute for Supply Management's index of nonmanufacturing businesses fell to 52.9, the lowest since April 2003. Home construction fell at an annual rate of 11.1 percent in the second quarter, the biggest decline since the same three months in 1995, the government said last week.

Still, inflation has remained stubbornly high, rising 2.5 percent for the 12-month period that ended Aug. 31. That is above Mr. Bernanke's "comfort zone" of a 1 percent to 2 percent rise in the personal consumption expenditures price index minus food and energy.

Mr. Bernanke also said that the Fed should share its economic outlook and the risks that surround that outlook, and called the central bank's communication strategy "a work in progress."

Gasoline Prices Could Fall More (WSJ)

By Steve Levine And Christopher Conkey

The Wall Street Journal, October 5, 2006

Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely.

The big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline. Oil prices have been sliding since early August, tumbling 3% Monday and a further 4% Tuesday. Yesterday, oil futures settled at $59.41 a barrel in New York Mercantile Exchange trading, up 1.2%. Behind the drop in oil prices: easing geopolitical tensions in oil-producing countries like Iran, the end of the summer driving season and the exodus of some financial investors who had bid up energy prices.

But there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels.

The retreat in energy prices cuts across the entire sector. Along with oil and gas, heating-oil-futures prices on the New York Mercantile Exchange are 17% lower than a year ago and natural-gas futures are down 58% in the past year. Crude oil has dropped 5.4% and gasoline futures have fallen 21% over that same period.

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A sustained drop in gasoline prices could give a hand to retailers, particularly those catering to lower-income customers. Still, despite a drop in fuel prices last month, Wal-Mart Stores Inc. said yesterday that it expects to report just a 1.3% increase in September same-store sales, or stores open at least a year. Wal-Mart's shares yesterday rose nine cents, or 0.2%, to $49.55 as of 4 p.m. in New York Stock Exchange composite trading.

Cheaper gasoline could also play a role in the coming elections. Nearly one-third of participants in a recent Wall Street Journal/NBC News poll said the dip in gasoline prices made them feel either somewhat more confident or much more confident about the economy.

Gasoline prices are volatile, and any number of factors -- ranging from refinery outages to geopolitical tensions in oil-producing countries -- could put them on an upward march again.

For now, most of the forces seem to be downward. The nation's refineries are operating at about 90% capacity, compared with 75% capacity at the same time last year after the hurricanes. U.S. gasoline stockpiles rose to 215.1 million barrels this week, 9.6% higher than the same week last year, according to the Energy Information Administration. "You can expect prices to keep falling. There is nothing in the fundamentals to indicate anything but a further decline," said Paul Sankey, an analyst with Deutsche Bank AG.

The average price of regular gasoline early this week was $2.31 a gallon. The 24% decline in gasoline prices since their peak of $3.03 in early August was the second largest since the Energy Information Administration began tracking data in 1990. Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system.

The bulge in fuel inventories developed largely because of gasoline imports from Europe, attracted by soaring gasoline prices and high refining profits in the U.S. The imports arrived at about the same time the summer driving season ended around Labor Day, creating a glut of gasoline.

Many analysts also attribute much of the volatility in the gasoline market to speculators. Doug Leggate, an analyst with Citigroup Inc., says gasoline prices have closely tracked bets by futures traders over the past several years. In July, speculators expecting hurricane damage to Gulf of Mexico refineries placed heavy bets on a further surge in gasoline prices. But starting at the beginning of August, they began to unwind their positions, according to the Commodity Futures Trading Commission. When no storms had hit the coast by September, "a massive liquidation of gasoline contracts" began, says Larry Goldstein, president of the Petroleum Industry Research Foundation in New York, a consulting firm.

A chief influence on the selloff, analysts say, has been a decision by Goldman Sachs Group Inc. to reduce the weighting of gasoline futures in its Goldman Sachs Commodity Index, the market's largest commodities index.

At its meeting last month, the Organization of Petroleum Exporting Countries agreed to abandon output quotas for the time being, giving them flexibility to cut production as needed. This also postponed any decision on a new set of quotas, if needed, until OPEC's next meeting in December -- a process that could be contentious. Many of OPEC's influential members see the need to cut output only when prices fall below $55 a barrel or it looks as if prices are sliding uncontrollably. Yesterday, Saudi Arabia's ambassador to the U.S. said he didn't expect the cartel to hold an emergency meeting to discuss prices ahead of the December gathering.

Until recently, supply shortages had allowed U.S. refiners to get fatter-than-normal margins for turning crude into gasoline and other refined products. But the glut in gas has changed that. Independent refiners are earning an average of 65% less per barrel of gasoline than they were in July, according to a weighted average computed by Citigroup. The "crack spread," or the difference between the spot prices of crude oil and gasoline, fell to $6.61 a barrel last month from $19.13 in July.

The drop, while bad news for refiners, is good for the economy because it helps consumers save money and eases inflationary pressures. "Consumers will perceive their own financial situation more favorably, and it takes pressure off businesses to raise prices," said Richard Curtin, director of the University of Michigan's Surveys of Consumers.

For the typical American, relief at the pump will boost disposable personal income, a welcome development at a time when the broader economy is cooling under the weight of higher interest rates and a weakening housing market. Consumer confidence jumped last month when retail gas prices started to retreat, because money that used to go toward filling up the gas

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tank can now be used to buy other things. That won't necessarily boost the overall level of spending, but it will mean more is getting transferred from the oil industry to retail and other sectors of the economy.

Mass merchandisers and discount chains like Wal-Mart and Target Corp. may stand to benefit the most, because lower-income consumers spend a greater share of their income on gas, home-heating oil and other energy costs than wealthier households do. Recent research by economists at the Federal Reserve Bank of Chicago found that the poorest 25% of wage earners spend 9.2% of their income on energy costs, versus 6.7% for those in the top 25% income bracket. Thus, the recent drop in oil prices could help reverse a trend seen earlier this year when luxury goods were flying off the shelves, while discount chains complained gas prices were crimping sales.

Nigel Gault, an economist at the Massachusetts consultancy Global Insight, estimated consumer spending will get a $1 billion monthly boost for every sustained, 10-cent drop in the retail price of gasoline. That means the recent 70-cent drop in gas prices from August to September, if sustained, will free up $7 billion per month.

Still, energy prices have less effect on consumers than they did a couple of decades ago. The Chicago Fed study, for example, found energy costs accounted for 8.5% of total household spending last year, down from 11% in the early 1980s.

By contrast, economists expect the drop in oil prices to have a direct impact on inflation, perhaps producing a decline in prices for a short period. In leaving interest rates unchanged for the second consecutive time last month, the Federal Reserve's rate-setting board cited "reduced impetus from energy prices" as a reason why inflation will ease in the months ahead. Lower oil prices mean consumers could see fuel surcharges start to evaporate, and reduced prices on everything from airfares to plastic products made from petroleum.

Opec Set To Back Production Cut (FT)

By Carola Hoyos

Financial Times, October 5, 2006

Opec has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil.

The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja.

"Opec is going to defend a price floor for its oil of $50-$55 a barrel," said one Opec official. The price of Opec's crude oil on Wednesday fell to $55.27 while Brent oil futures traded in London slipped 33 cents to $58 a barrel, 26 per cent below their July peak.

Prices have fallen as demand in the US has waned and the likelihood of a supply shortage caused by Iran's stand-off with the west has diminished.

Saudi Arabia, Opec's most important member, is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja.

However, on Wednesday the kingdom sharply increased the price it charges European refineries for its oil, making it likely that there will be a further drop in volumes in November.

Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on Friday that they would reduce output by a total of 170,000 b/d.

Sheikh Ali al Jarrah al Sabah, Kuwait's energy minister, publicly confirmed only that Kuwait might cut production, saying: "We are currently in negotiations with fellow Opec members. Matters have been left that these voluntary reductions undertaken by some Opec countries will calm the markets, at least for the current period."

But Opec insiders said on Wednesday that Kuwait, Iran, Venezuela, Nigeria and Libya had informally agreed to voluntary cuts and the UAE had said it was likely to join in.

The discussions are still fluid, but the voluntary reductions are most likely to be formalised at the cartel's Abuja meeting, the insiders said. Opec members worry most about next year's second quarter when they foresee a sizeable glut unless production is reduced well in advance.

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The cartel is expecting new oil production from other parts of the world to hit prices and displace demand for its own oil.

The cartel's Vienna-based secretariat forecasts the need for Opec oil in the second quarter of 2007 to fall to 26.97m b/d, 2m b/d, 10 per cent less than the average demand for Opec oil in 2006.

Adding to Opec's concerns yesterday was news from the US energy department that US oil inventories rose by 3.3m barrels last week, indicating that supply far outweighed immediate need for oil.

"There is an abundance of production and countries have better managed to collect more oil for their inventories," Prince Turki Al-Faisal, Saudi Arabia's ambassador to the US, said.

Grandparents Enrich Kids (USAT)

By Traci Truly

USA Today, October 5, 2006

Though it is undoubtedly true that the rights of the parents in a grandparent visitation dispute are important, it is also true that they are not the only people whose rights and desires should be considered.

Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. There are many reasons that parents and grandparents find themselves unable to agree on visitation, and those reasons can have more to do with issues in the relationship between the grandparents and their adult children than with the quality of the relationship between grandparent and grandchild. It is naive to assume that parents who are not abusive or neglectful will always make the right decision where their children are concerned.

Too often, the forgotten people in the equation are the grandchildren themselves. When an otherwise fit parent denies children access to their fit grandparents, the children are denied the many benefits that come from that relationship.

In fact, it is arguable that harm occurs to the child simply by virtue of losing access to grandparents. When a child gets caught in between in a battle between parents and grandparents, the child loses.

Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so.

It is important for children and grandparents to have a forum in which their voices can be heard. Judges must be allowed to consider the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child. Having the parent's decision be absolute and final without any real opportunity for review does a disservice to the children and grandparents, and takes away their ability to seek relief from an arbitrary denial of visitation.

Traci Truly is a Dallas attorney and the author of Grandparents' Rights.

How Can The Democrats NOT Win The House ... And The Senate? (RC)

By Stuart Rothenberg

Roll Call, October 5, 2006

After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate.

The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month.

No, that's not a prediction, since Republicans still have a month to "localize" enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster.

Let's forget all of the niceties and diplomatic language and cut to the obvious truth: From the White House to Capitol Hill, Republicans look inept. And that assertion is based on what Republicans are saying. Democratic rhetoric is much harsher and, therefore, easier to dismiss as partisan claptrap.

The Iraq War is going poorly, with daily reports of mounting casualties and little evidence that American policy is achieving its goals. Bob Woodward's book and the leaked National Intelligence Estimate give more fodder to critics of the White House,

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undercutting President Bush's fundamental argument about the war against terror. If Iraq indeed is the front line of the war against terror, then the war on terror isn't going well, is it?

Republicans failed to produce anything meaningful over the past couple of years on the president's top priorities, Social Security reform and immigration. And now in the wake of the scandal surrounding former Rep. Mark Foley (R-Fla.), the House leadership looks like the Keystone Cops.

You can be sure that the Foley mess will percolate for a while, as Democrats and journalists ask House Republicans what they knew and when they knew it. Instead of being able to focus on their accomplishments in office or their challengers' warts, Republican House Members running for re-election will have to spend too much of their time answering questions about the scandal.

Even before the Foley eruption and the Woodward book, the president's job rating stood at 42 percent, with fewer than one in three Americans believing the country was headed in the right direction.

The Woodward book is a serious problem for Republicans, even though many conservatives and supporters of the White House will dismiss it as the product of a biased media. Once again, the administration looks divided, and the "who said what to whom" discussion reminds Americans of the policy's failures.

On the campaign front, Sen. George Allen (R-Va.) has turned an easy re-election victory into a nail-biter. Allen still may win, but that certainly is not a foregone conclusion. Because Democratic challenger Jim Webb has no legislative record to dissect, it isn't clear that Allen has enough ammunition to demonize his opponent. The idea that Allen is trying to regain his footing in the race by portraying Webb as someone who doesn't favor treating women equally qualifies as either strange or funny.

Over in Tennessee, the general election campaign of Republican Bob Corker has been underwhelming. Unlike Webb in Virginia, Rep. Harold Ford Jr. (D), Corker's opponent, does have a voting record that allows Republicans to paint him as a liberal. (Yes, Ford also has votes that allow him to make the opposite case.) But so far, Republicans haven't made the headway I'd expected them to make, and Ford surely is running a better race than Corker is.

The Pennsylvania Senate race now looks nearly impossible for Republican Sen. Rick Santorum to win. He is stuck around 40 percent in the ballot test, and the gubernatorial race has become a blowout for Gov. Ed Rendell (D). I see no possible roadmap for a Santorum victory, unless, of course, challenger Bob Casey Jr. (D) does something that is mind-bogglingly stupid. And I don't anticipate that happening.

The National Republican Congressional Committee, which over the past 10 years or so has been the most consistently effective campaign committee, is once again doing everything it can to demolish strong Democratic challengers and open-seat hopefuls. This time, however, its efforts may not be enough, given the national environment.

At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating.

Republicans may counter that while they have messed up, Democrats haven't done anything to deserve control of Congress. Sure, I can buy that. But that's not how our system works. Democrats don't have to offer an agenda. They don't have to offer a list of unquestionably able committee chairmen. They don't have to understand that their election isn't a mandate for anything — except change.

Given that the past two years produced little good news for the GOP, and the past week has produced even worse news, it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. They are sitting with a lot of very high cards in their hand. A true blowout is now possible.

GOP Forced Off Issues It Wants To Run On (USAT)

By Judy Keen

USA Today, October 5, 2006

ROCHESTER, Ind. — Republican House members, scattered across the USA for their first week of full-time campaigning, want to talk to voters about the reasons they believe they should be re-elected.

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Instead, they are dealing with issues they would prefer to avoid: Florida congressman Mark Foley's alleged sexual Internet messages to teenage male pages and their own party's handling of the matter. The messages, first reported by ABC, have not been independently authenticated.

Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them.

Hastert maintains that he does not remember being told about a complaint from the parents of a 16-year-old former page about Foley's e-mails to their son, which were described as of a non-sexual nature. Hastert says he knew nothing of subsequent ABC allegations that Foley had sent salacious instant messages to male pages.

The first campaign ad focusing on the Foley episode is airing in Minnesota. "It shocks the conscience," an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat. The ad says GOP leaders "have admitted covering up the predatory behavior of a congressman who used the Internet to molest children." Foley's lawyer says the congressman never had inappropriate sexual contact with a page.

Wetterling, whose son Jacob was abducted in 1989 and has not been found, will focus on child safety when she delivers the Democratic response to President Bush's weekly radio address on Saturday.

Other Democrats also are keeping the issue in the headlines. The campaign website for Mary Jo Kilroy, a Democrat challenging Rep. Deborah Pryce, R-Ohio, notes that Pryce recently said that Foley was "one of her five friends in Washington" and this year gave her "more money than ANY other House Republican." Pryce, a member of the House GOP leadership, has said she'll return the donations.

In Tennessee, Republicans are running an ad that says Democratic Rep. Harold Ford, who's running for the Senate, attended a party with Playboy bunnies. "I'm not going to take a lecture on morality from a party that took hush money from a child predator," he said in Memphis.

Foley "engaged in reprehensible conduct," Rep. Chris Chocola, R-Ind., said at a debate here Tuesday night after Joe Donnelly, his Democratic opponent, said in his opening remarks that people were "horrified" to learn about the Foley scandal. Corruption is endemic in the Republican-controlled Congress, Donnelly said later: "It's time to clean out the barn."

"This shouldn't be a political issue," Chocola said. "This should be an issue of right and wrong."

Rep. Roy Blunt, R-Mo., a member of the House leadership, said Wednesday in Springfield, Mo., that he's "disappointed, disgusted and outraged at Mark Foley's conduct."

The issue won't go away, predicted Rep. Jeff Flake, R-Ariz., and it could hurt Republicans in close races. "It's election season, and things this big don't tend to blow over easily," he said in an interview. His constituents, Flake said, are asking, "How could this happen? Why didn't you guys do anything?"

Foley, a Florida Republican, resigned Friday. He is in an alcohol treatment program.

Laura Bush appeared Wednesday at a fundraiser in Amherst, N.Y., for Rep. Tom Reynolds, House GOP campaign chief, who says he told Hastert months ago about Foley. She called Reynolds "a wonderful leader."

Voters are paying close attention to the controversy. At the Chocola-Donnelly debate, Ed Smoker, 63, said it might prompt some voters in this evenly divided district to vote for Democrats. "Some people think the top Republican leaders knew about it and didn't do anything," he said.

Barbara Niester, 81, questioned whether the disclosure of Foley's conduct was timed to affect the election. "Why is it coming out now?" she asked.

Cal Wadsworth, 82, a retired researcher attended a debate Tuesday in Davenport, Iowa, between Democratic congressional candidate Bruce Braley and Republican Mike Whalen. Wadsworth said Hastert "ought to know better" than to have delayed action on Foley's inappropriate messages.

Rep. Ron Lewis, R-Ky., on Wednesday canceled a fundraiser with Hastert. "Until this is cleared up, I want to know the facts," Lewis told the Associated Press.

Some Republicans warned that disputes within the party over how the matter was handled by Hastert and other leaders could make it more difficult to retain control of the House. Democrats need to add 15 House seats to gain control.

Blunt said he would have handled things differently. Flake said calls for Hastert's resignation are premature, but "obviously, with the benefit of hindsight, it should have been investigated further."

Democrats Hop On Foley Scandal (SPTIMES)

By Wes Allison And Adam Smith

St. Petersburg Times, October 5, 2006

That didn't take long.

Days after the e-mail scandal ensnared Rep. Mark Foley and raised questions about how House Republicans handled it, Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters.

From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office's handling of the matter.

"Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,'' said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores.

Similar "robo-calls" by a Washington, D.C., liberal group, American Family Voices, are reaching constituents of Florida Republican Reps. Ginny Brown- Waite, Clay Shaw, Ric Keller and Tom Feeney, as well as residents of 45 other congressional districts across the country.

With Democrats needing just a 15-seat gain to win the House and six to take the Senate, and with tight races across the country, turning Republican voters their way on Election Day — or at least getting them to stay home — could be deadly for the GOP.

"It's voter suppression. It's the classic role of calls like this to reduce Republican turnout," said Republican political consultant Rick Wilson. "But the Democrats are getting out on cliff here and better be careful before it comes back to bite them, being too partisan with this."

Foley resigned Friday after ABC News made public a series of sexually explicit messages he sent to teenage boys who had served as congressional pages.

House Republican leaders say they knew nothing of those messages but acknowledged they had spoken with Foley in November after a former page complained of "overly friendly" e-mails Foley had sent him. The leaders did not talk to other pages or investigate further.

Ninth Congressional District Democratic candidate Phyllis Busansky fired at Republican rival Gus Bilirakis on Wednesday, noting that Hastert recently helped raise about $60,000 for Bilirakis.

"It has been well documented that Hastert knew about congressman Foley's reprehensible e-mails and still enabled Foley to remain chair of the Caucus on Missing and Exploited Children,'' Busansky said in a statement. "It is time for Gus Bilirakis — not his spokespeople — to step forward and speak for himself for once: Does he support Dennis Hastert as speaker of the House?"

Bilirakis said he supported a full investigation into the matter, but he doubted Hastert would brush off serious evidence of improper behavior by Foley.

"Let's see what the facts are. … Whoever tried to cover it up should be prosecuted," Bilirakis said.

Similar political spats are taking place across the country, particularly in races where Democratic challengers are close to unseating Republican incumbents.

In Nebraska, a debate between Rep. Jeff Fortenberry, the Republican incumbent, and Democrat Maxine Moul became an argument over whether Hastert should resign over the scandal.

In Pennsylvania, embattled Rep. Jim Gerlach, a Republican, canceled a scheduled fundraiser with House Majority Leader John Boehner until more was known about who in the leadership knew what about the Foley messages, and when.

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And in Albuquerque, Republican Rep. Heather Wilson, in a tight race against Democrat Patricia Madrid, is being challenged for not doing enough to protect pages when she served as a member of the House Page Board in the last congressional session, when Foley sent messages to former pages he had met in Washington.

But perhaps the most cutting use of the scandal is in Minnesota by Democrat Patty Wetterling, a nationally known advocate for exploited children whose son, Jacob, was abducted by a masked gunman 16 years ago. He has been missing since.

Wetterling is challenging Rep. Mark Kennedy, a Republican. This week, she launched TV ads calling for an investigation and the expulsion of any members "involved in this crime and coverup."

"Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," her advertisement says. "For over a year they knowingly ignored the welfare of children to protect their own power."

Wetterling, because of her personal history, is one Democrat who can get away with hammering at the Foley scandal without being accused of politicizing it, but analysts for both parties said other Democrats best be careful.

The party's congressional leaders, Rep. Nancy Pelosi of California and Harry Reid of Nevada, have called for an investigation into how Republican leaders handled the initial allegations against Foley last year.

But they continued to pour most of their criticism on other matters, especially the Republican handling of the war in Iraq. Democratic strategists said that while they expected other candidates to allude to the scandal in more TV ads to come, it would probably be tangential — discussing the importance of protecting children from predators, for instance.

Democrats have scandals of their own, including bribery allegations against Rep. William Jefferson, D-La., and America still hasn't forgotten about the sexual scandal, and attempted coverup, involving former President Bill Clinton and a White House intern.

Democratic pollster Dave Beattie said Democrats should be wary of looking too partisan.

"I don't think Nancy Pelosi or Harry Reid should talk about it," he said. "Don't hold a lot of press conferences on it."

Analysis:Democrats Not Charging Ahead (AP-Y)

By Liz Sidoti

AP, October 4, 2006

Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking.

Party leaders showed restraint as Republicans beat up each other amid accusations of a less-than-agressive initial response into flirtatious e-mails the GOP congressman sent to teenage male pages.

"There's no need for Democrats to drive this," said James Ruvolo, a former state Democratic Party chairman in Ohio, a state with hard-fought House and Senate races.

Foley abruptly resigned last week as reports surfaced of sexually explicit instant messages he had written to boys, setting off infighting among House Republicans about whether they did enough to address the tawdry situation.

The scandal continued to unfold Wednesday when Kirk Fordham resigned as chief of staff to Rep. Tom Reynolds, R-N.Y., and later disclosed that he told House Speaker Dennis Hastert's office more than three years ago about worrisome conduct by Foley.

In the minority, Democratic leaders in the House and Senate are known for setting the tone for their rank-and-file by hammering Republicans on the issue of the day, even when Congress is not in session.

Senate Minority Leader Harry Reid, House Minority Leader Nancy Pelosi and Democratic Party Chairman Howard Dean have issued a handful of written statements. The topics: Congress has a moral obligation to protect children, Republican leaders covered up Foley's behavior and investigations are warranted.

For the most part, the leaders have avoided commenting publicly. Pelosi, D-Calif., has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues.

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Also largely absent from the daily discourse on Foley — the seemingly ever-present Sen. Chuck Schumer, D-N.Y., and Rep. Rahm Emanuel, D-Ill., who lead the party's campaign committees. It's rare for the pair to turn down an opportunity to add their two cents.

If Democrats go to far, "they run the risk of doing what the Republicans are already guilty of, which is worrying more about what the political ramifications are instead of the fact that what happened, happened," said Ken Snyder, a Democratic consultant in Pennsylvania, home to several competitive House and Senate races.

So, Democrats have sought to strike a balance — emphasizing the protection of children, expressing disgust at Foley's behavior, and criticizing Republicans' response to it while trying not to be overly aggressive. None of the Democratic leaders in the House and Senate have called for Hastert's resignation.

Nevertheless, Democratic leadership staffs are active behind the scenes, working to keep the media aware of the latest developments in the scandal and pointing out inconsistencies in Republican versions of events.

The GOP has started accusing the opposition party of seeking political gain by leaking Foley's e-mails and instant messages. "It's absolutely not true," Pelosi says.

"The Democrats have to be awful careful not to overplay this," Rep. Tom Cole, a Republican from Oklahoma, said. "I don't think the defenders of Bill Clinton and Gerry Studds can all of a sudden become the moral paradigms on Capitol Hill. They run the risk of looking hypocritical."

The two Democrats were scarred by sex scandals.

Of Democrats in general, Cole said: "If I were them, I would stay out of it and let the media focus on it ... You can always count on the Democrats to overreach."

Outside Washington, Democratic congressional candidates are seizing on the scandal to argue that voters should put them in charge of the House and Senate on Nov. 7. Democrats need to gain 15 House seats and six Senate seats to win control.

Several Democrats in competitive races have called for Hastert to resign — and challenged their Republican opponents to do the same — while accusing the highest rungs of the GOP leadership of putting political interests above all else.

Republican leaders maintain they did nothing wrong.

Patty Wetterling, a Democrat running for an open House seat in Minnesota, is airing a hard-hitting television ad charging that Republicans "knowingly ignored the welfare of children to protect their own power."

A candidate whose son disappeared 17 years ago, Wetterling will deliver the Democratic response to President Bush's radio address on Saturday. Her address will focus on protecting children, including Internet safety.

In the meantime, Democratic allies also are pressuring Republicans.

American Family Voices, an independent nonprofit group run by a former aide to President Clinton, made recorded phone calls Tuesday and Wednesday to voters in congressional districts of 50 Republican incumbents, including Rep. John Boehner of Ohio and others in tough congressional races, demanding resignations of Hastert and other leaders.

"Congressman Mark Foley was shielded by Republican leaders for at least nine months after they knew Foley was trying to seduce a 16 year-old boy, a congressional page," the recorded calls say. "Call Congressman (name of member and phone number) and demand he stop the cover-up. The answer is arrests, resignations and a new congressional leadership"

Another pro-Democratic group, FaithfulDemocrats.com, collected signatures from 29 members of the clergy on a letter calling for the "repentance and resignation of all members of Congress who knew about Mr. Foley's misdeeds yet failed to stop them."

GOP Mishandled Crisis Management, Say Experts (HILL)

By Jackie Kucinich

The Hill, October 5, 2006

The public relations response to the scandal involving former Rep. Mark Foley (R-Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants.

But the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage.

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Foley staff's shrugs last Thursday about merely "friendly" e-mail exchanges were blown apart the next day by revelations that the lawmaker had exchanged sexually explicit instant messages with a 16-year-old page boy. This news prompted Foley's resignation on Sept. 29.

Yesterday, Foley's lawyer David Roth said Foley had entered a rehabilitation center for alcoholism, was gay, and had been sexually molested as a teenager by "a member of the clergy."

"I'd say they are moving very aggressively to try to limit the damage, which is normally a good practice," said former President Clinton spokesman Joe Lockhart. "What would concern me is have they taken the time to really understand the extent of the problem and just how bad this could get?"

Lockhart suggested that the speed of the Foley camp's revelations could be a problem if they do not have all the facts of the case.

"If they have all the facts available to them, their strategy makes sense," he said, but "if they are still doing fact finding, they are pursuing a very dangerous strategy."

A former leadership aide agreed, saying Roth should start preparing for what will most likely be a long legal battle.

"It's better to be unavailable to fill 24 hours of news than to screw up and make way for another cycle to cover your tracks," the aide said. "The first rule of crisis communication is to be armed with the full truth so you can be prepared to make the proper argument. When you sit around waiting for the other shoe to drop, it'll likely kick you in the ass."

Several of Foley's close friends and associates reacted skeptically to the congressman's revelations about having an alcohol problem, saying they had no knowledge of it and appearing to imply that the move into rehabilitation may have been an excuse.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, told the Associated Press, however, that many alcoholics in positions of power hide their addictions.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

The former leadership aide said, "The number one PR problem — there has been no act of contrition. … Whether it's a letter or a simple statement, the public needs to know that he's torn up over this, and placing the blame on booze and bad judgment only prolongs the news cycle ... and the fury."

A second former leadership aide said Foley's lawyer appeared to be less concerned about image repair and more focused on legal defense.

"It's purely a legal strategy and purely for a legal defense," the aide said.

Attending a rehab and the revelations about childhood molestation could serve as a defense and create doubt in a jury's mind should Foley's alleged indiscretions land him in court, the aide said.

Former Clinton administration aide Lanny Davis, author of "Scandal: How 'Gotcha' Politics Is Destroying America" and head of the Legal Crisis Communications group of Orrick, Herrington & Sutcliffe, would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move.

"A general rule is to apologize, take responsibility, seek help and be quiet," he said.

Davis said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful.

"When the other side forms a circle and starts shooting into the center of it, get out of the way," he said. "The Democrats' worst mistake is to try and exploit this issue in a partisan way."

He advised Democrats to do only two things for political advantage: let the facts come out and call for a full investigation. Democratic leadership has largely stepped aside since the scandal broke last week.

Republicans have, however, broken several "rules" of crisis communication, Davis said.

"The way to handle a crisis is to get out in front, be proactive, take responsibility and move on," he said.

When Speaker Dennis Hastert (R-Ill.) first received or gained knowledge of the e-mails, the party should have taken care of the problem by addressing Foley, Davis added, saying, "Instead, he's defensive, he's not acknowledging [wrong doing] and going on Rush Limbaugh. He is in a defensive crouch trying to ignore the obvious."

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Hastert has been heavily criticized for his handling of the scandal. He maintains that he addressed the problem as best he could with the information he had at the time. The Speaker says he did not know about the sexually explicit instant message exchange until it was reported last week by ABC news.

"People forgive individuals who take responsibility, they do not forgive people who duck," the second leadership aide said.

What Goeth Before The Fall (WP)

By George F. Will

The Washington Post, October 5, 2006

The Reverend Elmer Gantry was reading an illustrated pink periodical devoted to prize-fighters and chorus girls in his room at Elizabeth J. Schmutz Hall late of an afternoon when two large men walked in without knocking.

"Why, good evening, Brother Bains -- Brother Naylor! This is a pleasant surprise. I was, uh -- Did you ever see this horrible rag? . . . I was thinking of denouncing it next Sunday. I hope you never read it."

-- Sinclair Lewis, "Elmer Gantry"

In life as in literature, Elmer Gantry is a recurring American figure. He is making yet another appearance in the matter of former representative Mark Foley.

Sinclair Lewis's "Elmer Gantry," like most of his novels, is dreadful as literature but splendid as a symptom. Published in 1927, the year Charles Lindbergh flew the Atlantic and Babe Ruth hit 60 home runs and the American craft of ballyhoo was being perfected, the novel was a cartoonish blast of contempt for tub-thumping evangelists who were doing well for themselves while pretending to do good works to redeem this naughty world. Gantry succumbed to temptations of the flesh and the real estate market. The modern twist to the fall of Foley -- public protector and private predator of children -- is the warp speed with which it moved from exposÃ© to therapy: Foley, who has entered alcohol rehab, says he takes "responsibility" for what he has become as a result of abusive priests and demon rum.

Having so quickly exhausted the Oprah approach, the Foley story moved on to who knew what, and when. That drove Speaker Dennis Hastert to the un-Oprah broadcasting couch on which Republicans recline when getting in touch with their feelings. To Rush Limbaugh's 20 million receptive listeners, Hastert, referring to Republicans as "we," said:

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense."

It is difficult to read that as other than an accusation: He seems to be not just confessing a coverup but also complaining that the coverup was undone by bad manners. Were it not for Democrats' unsportsmanlike conduct in putting "this thing" forward, it would not be known and would not be disrupting Republicans' storytelling.

Their story, of late, has been that theirs is the lonely burden of defending all that is wholesome. But the problem with claiming to have cornered the market on virtue is that people will get snippy when they spot vice in your ranks. This is one awkward aspect of what is supposed to have been the happy fusion between, but which involves unresolved tensions between, two flavors of conservatism -- Western and Southern.

The former is largely libertarian, holding that pruning big government will allow civil society -- and virtues nourished by it and by the responsibilities of freedom -- to flourish. The Southern, essentially religious, strand of conservatism is explained by Ryan Sager in his new book, "The Elephant in the Room: Evangelicals, Libertarians, and the Battle to Control the Republican Party":

"Whereas conservative Christian parents once thought it was inappropriate for public schools to teach their kids about sex, now they want the schools to preach abstinence to children. Whereas conservative Christians used to be unhappy with evolution being taught in public schools, now they want Intelligent Design taught instead (or at least in addition). Whereas conservative Christians used to want the federal government to leave them alone, now they demand that more and more federal funds be directed to local churches and religious groups through Bush's faith-based initiatives program."

To a Republican Party increasingly defined by the ascendancy of the religious right, the Foley episode is doubly deadly. His behavior was disgusting, and some Republican reactions seem more calculating than indignant.

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Foley's name remains on the ballot in Florida's 16th Congressional District, which means that Democrats, who needed 15 seats to capture the House, now need just 14. Thirteen, actually: In Arizona's 8th, where Republican Rep. Jim Kolbe is retiring, Republicans used the primary to vent, nominating a probably unelectable fire-breather on the immigration issue.

After the 1936 election, in which President Franklin Roosevelt shellacked the Republican nominee in all but two states, a humorist wrote: "If the outcome of this election hasn't taught you Republicans not to meddle in politics, I don't know what will." If, after the Foley episode -- a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work.

Dumping The GOP Too Facile (SEAPI)

By Marianne Means

Seattle Post-Intelligencer, October 5, 2006

WASHINGTON -- For decades, Republicans have paraded as the moral party, the one that stands for "family values" -- in contrast to the other party, the one stuffed with liberals who have the morals of puppy dogs.

It has been a successful strategy. Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some.

Rep. Mark Foley, R-Fla., spectacularly flunked that test and hastily resigned on Friday after the surfacing of sexually oriented e-mails and instant messages -- some suggestive, some explicit -- he sent to teenaged male House pages.

But one of the most horrifying aspects of this scandal is that the office of Speaker Dennis Hastert had known about Foley's predatory behavior for roughly a year -- and did virtually nothing.

A Hastert aide spoke to Foley privately about the problem and ordered him not to contact any page again. There is no evidence that anyone in the GOP leadership followed up to see if indeed Foley took the message seriously. And why should he? His party didn't seem to care, as long as it wasn't public.

No Democrat, not even minority leader Nancy Pelosi, D-Calif., was alerted to the page problem. She furiously charged the GOP with being more concerned about protecting a House seat in a tough election year than protecting the pages. Hard to see how she could be wrong.

Only the GOP chairman of the bipartisan six-member committee authorized to oversee and protect the pages was told -- the others were ignored. Foley was not stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

When the story broke, Hastert shifted his recollection of events several times, ultimately conceding that he could not deny that a fellow Republican congressman, Rep. Thomas Reynolds, R-N.Y., had told him in advance about the problem. He called for an investigation, but only after the magnitude of public revulsion became overwhelming.

This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate. So what to do? The obvious answer is to dump the GOP, but that is too facile.

This is a Congress adverse to political oversight, but this time an independent investigation should be serious, open, bipartisan -- and speedy. Stalling to drag this out past the election is going to make the situation worse.

The heat is on Hastert, with House Majority Leader John Boehner of Ohio publicly separating himself from the leadership position by acknowledging that Foley's seat would now certainly go to his Democratic rival.

The Washington Times, a reliably conservative newspaper, called on Hastert to resign. A few organized conservative groups did likewise. After all, a leader is expected to lead, and Hastert didn't do so. He said he was "duped." Religious conservatives fear their folks are so offended they will stay home in November.

President Bush came to Hastert's defense, praising him as a father, teacher and coach "who cares about children. ... I know he wants the facts to come out."

It was not a wild endorsement of Hastert's leadership, but a prudent move that cost Bush nothing. He avoided the image of betraying a speaker who has meekly done the White House bidding.

If the House majority is lost, an internal congressional rebellion will throw out Hastert anyway.

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Other vulnerable GOP candidates are also feeling the pain. Virginia Sen. George Allen, once a prohibitive favorite for re-election but now running neck-and-neck with Democratic challenger James Webb, ostentatiously gave back $2,000 in campaign contributions he had received from Foley.

It was actually no sacrifice for Allen, who had $6.6 million in the bank in June compared with Webb's roughly $3 million. Allen returned the money because character issues are not the automatic winner for Republicans that they used to be, and particularly not for Allen.

He broadcast an unusual television ad urging voters to cast their ballots on the basis of his record, not his character -- which has been battered by public outrage over a racially ambiguous phrase he used against an American man of Indian descent, as well as past evidence of racism. The last thing Allen needs is any financial association with another dysfunctional Republican.

Democrats need a net gain of 15 House seats and six Senate seats to take control. Toward that goal, Republicans had planned attack ads in October painting Democrats as soft on sexual predators. Guess those ads won't be running now.

Marianne Means is a Washington, D.C., columnist with Hearst Newspapers. Copyright 2006 Hearst Newspapers. She can be reached at 202-263-6400 or means@hearstdc.com.

Ballot Battle Brews Over Foley's GOP Replacement (MH)

By Beth Reinhard

The Miami Herald, October 5, 2006

In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace former U.S. Rep. Mark Foley.

The GOP tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot.

The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, ``any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP)."

Negron -- a little-known lawmaker from Stuart tasked with holding on to a scandal-plagued Republican seat at a time when Congress could change hands -- said the state's recommendation would ensure a fair contest between him and Democrat Tim Mahoney.

But in a letter Wednesday to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice ``would clearly constitute favoritism.

"In fact, any ballot sent to a voter with this statement should be deemed invalid," Thurman said in the letter, addressed to state elections chief Dawn Roberts.

Some election supervisors are also questioning the state's recommendation, saying they are wary of appearing to promote one candidate over another. Voters booted former Palm Beach Supervisor of Elections Theresa LePore out of office in a backlash against her "butterfly ballot" in 2000, and grudges linger against Rep. Katherine Harris, who was secretary of state in 2000, for her role in the contested election.

"I definitely think we feel a little sensitive," said Charlotte County Supervisor of Elections Mac Horton, noting that the law forbids any campaign literature within 100 feet of the polls. ``We don't want to do anything that will bring the election in our county under attack."

The 16th congressional district includes parts of Palm Beach and Charlotte counties, and most or all of Martin, St. Lucie, Hendry, Glades, Highlands and Okeechobee counties. Of the eight election supervisors, Horton said only two are Republicans: he and Vicki Davis of Martin County.

The recommendation from the state is just that: a recommendation. It is not an order.

"There's nothing in the law that says a supervisor has to post a notice or doesn't have to post a notice," said Sterling Ivey, a spokesman for the Florida secretary of state. ``It's really going to be up to local supervisors of elections."

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The Democrat elected to replace LePore in Palm Beach County, Arthur Anderson, said Wednesday that he would not post notices because they would appear to promote Negron's candidacy. But later in the day, after receiving the state's recommendation, he said he was reassessing the matter.

"It's a potential litigious situation," Anderson said. ``It's not a simple matter."

Election chiefs are seeking advice from the Tallahassee attorney for their statewide association, Ron Labasky. He said he thinks the law does not allow election supervisors to send notices with absentee ballots.

A decision about alerting absentee voters must be made immediately, because many of the 17,000 ballots requested have already been sent out. Labasky said a review of state law ``would lead me to conclude that including any notices in those absentee ballots is not what is contemplated by the statute."

He added: ``Now that the Democratic Party has seen the memorandum, we ought to be in court in a matter of days anyway."

The campaign for Negron's Democratic opponent, Mahoney, issued a statement Wednesday evening saying the state should insure that voters in the eight counties are all treated the same.

"We certainly expect the state of Florida to require uniform voting procedures throughout Florida's 16th District," said Mahoney spokeswoman Jessica Santillo.

Mahoney catapulted from long shot to contender after Foley resigned Friday. On Wednesday, he met with Port Charlotte residents concerned about rising hurricane insurance costs.

Meanwhile, Negron opened his campaign office in Stuart with less than five weeks before Election Day. The national committee responsible for helping Republicans get elected to Congress dispatched a campaign manager the night before, and the state party was sending staffers to alert absentee voters to Negron's campaign.

Negron argued that the state's recommendation to election supervisors made sense.

"I think it is a very fair to make sure voters are fully informed about the candidates before they vote," Negron said. ``The notice is not a statement of support."

McHenry Seeks Sworn Dem Account (HILL)

By Josephine Hearn

The Hill, October 5, 2006

North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page.

Writing to House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.), McHenry questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics.

"Is the American public to believe that neither of you nor your staffs nor anyone associated with your staffs had prior knowledge or involvement with the release of Foley's e-mails and/or explicit instant messages? Is the American public to believe that ABC News stumbled haphazardly on this story without Democratic assistance?" wrote McHenry, a freshman Republican who has emerged as an attack dog for the GOP.

He asked that Pelosi and Emanuel offer a "yes or no" answer as to whether they would go under oath "to assure the American people that neither you nor your staffs had prior knowledge or involvement — at the strategic or tactical levels — with the release of Foley's e-mails and/or instant messages."

Spokespeople for Pelosi and the DCCC dismissed McHenry's demand as political posturing.

"Republicans just don't get it; every mother in America is asking how Republican's could choose partisan politics over protecting kids, and the Republicans are asking who could have blown their cover-up," said Pelosi spokeswoman Jennifer Crider. "If we had seen Mark Foley's horrific e-mails or instant messages, we would have immediately acted to protect these kids."

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DCCC spokeswoman Sarah Feinberg said, "Of course we did not have the e-mails or instant messages. Give me a break. If you recall, they also blamed us for indicting [former Majority Leader Tom DeLay [R-Texas]. Speaker Hastert and his staff have known about Foley's inappropriate behavior for years and their attempt to deflect their responsibility is absurd."

A handful of House Republicans have admitted that they knew about the original Foley e-mails in late 2005. In those e-mails, Foley asked a male House page for a picture of himself but was not overtly sexual. No member of Congress or congressional staff member has admitted to knowing about the more explicit series of instant messages that surfaced Friday and led to Foley's resignation.

Pelosi dismissed speculation that Democratic leadership knew about the e-mails prior to Thursday, when ABC News broke the story in the media.

"It's absolutely not true," she said. The e-mails appeared on a blog, stopsexpredators.blogspot.com, earlier in September.

Democrats have called for a full investigation of "when the Republican leadership was notified" of the e-mails and what action they took, suggesting Republican leaders had covered up the e-mails to avoid political repercussions in a tough election cycle.

As the scandal ballooned this week, several House Republicans sought to gain control of the media frenzy by questioning whether Democrats themselves knew about the emails and had sought to use them to political advantage by waiting until just before the elections to give them to the news media.

Although political observers agree that the timing of the story could not have been better, ABC News reporter Brian Ross told The New York Times on Tuesday that his source was a Republican.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Ross said.

ABC News investigative producer Maddy Sauer worked on the story with Ross.

"They were passed to a colleague of mine from a source, not someone from a Democratic campaign, a source on the Hill," Sauer told Democracy Now Tuesday.

At least two other news organizations, The Miami Herald and The St. Petersburg Times, knew of the email exchange but opted not to publish it.

Still, Republican operatives point out that an ethics watchdog group, Citizens for Responsibility and Ethics in Washington (CREW) had a copy of the emails as early as July 21 and passed them on to the FBI. They note that several of CREW's staff members previously worked on Capitol Hill for Democrats.

But a spokeswoman for CREW, Naomi Seligman Steiner, told The Hill Tuesday that the group did not pass the emails to any other entity and was not the source of the ABC News story.

Washington Wire (WSJ)

Wall Street Journal, October 5, 2006

October 4, 2006, 6:23 pm

No Green Light in Pennsylvania

It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to "rehabilitate" 3,000 petition signatures he needs to get on the November ballot, and upheld an earlier ruling that Romanelli needs a total of 67,070 signatures.

"I am devastated," Romanelli said. "All I have left is to declare a write-in candidacy."

Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum.

"Obviously some people thought this might help Rick in this race," said Michael Barley, deputy political director for the Republican State Committee. "But we didn't know how [the court] was going to rule. We can only affect what we have control of."

Santorum made no secret of the fact that Republicans wanted Romanelli on the ballot. "We thought it was very important to have another person on the ballot who was willing to speak out," said Santorum spokeswoman Virginia Davis. "Casey has run an illusive, under-the radar-campaign. Romanelli wanted to be a part of the process."

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Democrats, on the other hand, cheered. "This means that we're going to have a one-on-one, head-to-head campaign," said Pennsylvania Democratic Committee spokesman Abe Amoros, citing Republicans for using Romanelli to divert votes from the Democrats. "We feel confident that in a one-to-one match, Mr. Casey can defeat Mr. Santorum."

Romanelli's lawyer suggested they might take the case to the U.S. Supreme Court. "There are some due process issues here," said the attorney, Lawrence Otter, who complained that the court didn't allow him to present evidence in his client's defense. "There is something fundamentally wrong with that. We may be headed to the U.S. Supreme Court."

The court has yet to decide if Romanelli, a railroad industry consultant from Wilkes-Barre, will be slapped with the estimated $90,000 in court costs. – Erika Lovley

Read more: Global, Campaign 2006, Congress

Permalink | Comments | Trackbacks October 4, 2006, 5:32 pm

Perhaps Fox Meant "D" for Disgraced

As if the liberals needed another propellant fueling their belief that Fox News is mouthpiece for Republicans, the blogosphere notes that Fox has occasionally referred to former Rep. Mark Foley as a Democrat. The Florida Republican quit last Friday after sexually explicit computer messages involving teenage House pages came to light.

"Three Different Video Cutaways, 15 Seconds or More Each, Credit Disgraced REPUBLICAN Congressman as Being a Florida DEMOCRAT!" declares the Brad Blog. Brad Blog also notes that AP has slipped up, too.

"It's just a misplaced letter, but what a misplaced letter: Swapping a 'D' for an 'R' last night, Fox News and 'The O'Reilly Factor' labeled disgraced pedophile Congressman Mark Foley, longtime Republican, as a Democrat," says the Huffington Post.

Read more: Global, Congress

Permalink | Comments (4) | Trackbacks October 4, 2006, 4:52 pm

More Foley Fallout

The pressure on House Speaker Dennis Hastert grew even more intense this afternoon as Kirk Fordham, a former top aide to Rep. Mark Foley, said he warned the speaker's office more than three years ago about Foley's inappropriate conduct with teenage male pages. That's a full year earlier than Republican leaders say the matter was brought to their attention.

Fordham, who resigned today as the top aide to Rep. Tom Reynolds, told the Associated Press he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene." The AP reported that Fordham spoke after ABC News, quoting unidentified Republicans, suggested he had tried to stop any inquiry into Foley's behavior. "This is categorically false," Fordham said. "At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior."

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:33 pm

No Criminal Jeopardy for Foley?

Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. Attorney in Washington D.C. "The reality of the law here is if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Howard says. Foley has denied having sexual contact with any of the minors.

Among the issues being examining: Did Foley have obscene conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him? Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said. – Gary Fields

DOJ_NMG_0075183

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:01 pm

Relative Burden

As Alan Greenspan used to do repeatedly, the new Federal Reserve chairman is loudly calling attention to the fact that the nation has made promises to future retirees that it can't easily afford to keep. "If we don't begin soon to provide for the coming demographic transition, the relative burden on future generations may be significantly greater than it otherwise could have been," Fed Chairman Ben Bernanke said in a speech today. (Read the full text or watch the video.)

Bernanke tried to put some numbers on the problem to illustrate its severity. Citing Federal Reserve economists' calculations, he said that if the nation continues to save at its current, profligate rate for the next 20 years — "thereby largely insulating the baby-boom generation from the effects of the coming demographic transition," then per capita consumer of future generations will be about 14% less than it would have been in the absence of demographic change.

Equal burden-sharing across generations would require an immediate reduction in per capita consumption on the order of 4% (or, since consumption is about two-thirds of output, by an increase in national saving of about 3 percentage points.), he said. "This case obviously involves greater sacrifice by the current generation, but the payoff is that all future generations enjoy per capita consumption that is only 4%, rather than 14%, below what it would have been in the absence of population aging." The living standards of future generations are higher because of the extra capital bequeathed to them by virtue of the current generation's saving more.

It won't be the Fed's call, he said. "At the heart of the choices our elected representatives will have to make regarding the distribution of these costs across generations will be an issue of fairness: What responsibility do we, who are alive today, have to future generations? What will constitute ethical and fair treatment of those generations, who are not present today to speak for themselves? If current trends continue, the typical U.S. worker will be considerably more productive several decades from now. Thus, one might argue that letting future generations bear the burden of population aging is appropriate, as they will likely be richer than we are even taking that burden into account. On the other hand, I suspect that many people would agree that a fair outcome should involve the current generation shouldering at least some of that burden, especially in light of the sacrifices that previous generations made to give us the prosperity we enjoy today." – David Wessel

Read more: Global, Budget, Spending and Taxes, Economy

Permalink | Comments | Trackbacks October 4, 2006, 3:16 pm

A New Airing for Sherwood Scandal

Speaking of scandals, embattled Republican Rep. Don Sherwood of Pennsylvania has a new advertisement directly addressing his own affair. Last year, the 65-year-old Sherwood acknowledged an extra-marital relationship after his much younger mistress filed a lawsuit alleging that he choked her; he apologized and said he only gave her a backrub. The suit was later settled.

Sitting in front of a bookcase with family pictures prominently displayed, Sherwood faces the camera: "I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this, because of my deep regret, our love and the fact that the allegation of abuse was never true. While I am truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share… ."

The unusual plea follows a series of ads from his Democratic rival, Chris Carney, that strike the family values theme. In one, Joseph Lech of Tunkhannock, Pa., who describes himself as a Republican and a father, and says: "This incident with Don Sherwood cuts right at the core values of our district" as the lawsuit case number and a couple of choice excerpts — "REPEATEDLY CHOKING" and "ATTEMPTING TO STRANGLE PLAINTIFF" –appear on the screen. – Mary Lu Carnevale

Read more: Global, Campaign 2006

Permalink | Comments (1) | Trackbacks October 4, 2006, 12:05 pm

Saudi to U.S.: Stop the Hectoring

Prince Turki al-Faisal, Saudi Arabia's ambassador to the U.S. and its ex-head of intelligence, has had enough American lecturing. He said U.S.-Saudi ties "have never been stronger," but his country is tired of being badgered by U.S. officials, think tanks and human-rights groups over its domestic affairs.

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Faisal

"We are not going to change just because you tell us to," he said in a speech to a packed house at the Center for Strategic and International Studies, the sort of public engagement that his longtime predecessor, Prince Bandar bin Sultan, meticulously eschewed. "We are going to change, but at our own pace."

He advised that Americans drop "the political rhetoric and bombast" in favor of more constructive dialogue. "The type of discourse between the United States and Saudi Arabia needs to change," he said, adding that he and others "find the analysis of Saudi Arabia lacking. It does not have a clear and real understanding of what is going on in the Kingdom, and appears to be emotionally driven."

On the lecture theme, the ambassador made sure to point out that Saudi Arabia also wants some changes in the U.S. "Your reform of campaign contributions is essential and needed, yesterday, not tomorrow," he said. The U.S. also had to change its Middle East policies to overcome what he describes as America's "lowest standing ever" in terms of regional public opinion. And lastly, the U.S. should open direct talks with Iran.

"For the United States not to talk to Iran is a mistake," he said, taking pains not to badger. –Neil King Jr

Read more: Global

Permalink | Comments (4) | Trackbacks October 4, 2006, 11:13 am

What to Do With the House Page Program?

No sooner had Rep. Mark Foley resigned on Friday setting off the Page Scandal of '06, than Rep. Ray LaHood, an Illinois Republican and an ally of beleaguered House Speaker Dennis Hastert, called for a permanent solution to put a stop to further page scandals: scrapping the page program altogether.

LaHood has backed off a bit, suggesting a suspension of the program is in order until problems of predatory lawmakers can be solved. "Some members betray their trust by taking advantage of [pages]," he said on CNN. "We should not subject young men and women to this kind of activity, this kind of vulnerability."

Still, for high school students interested in the House page program, LaHood has information on the program right on his Web site. – Mary Lu Carnevale

Video: John Harwood reports that the scandal has split Republicans and forced Bush to speak on behalf of Dennis Hastert.

Page One: Hastert Faces Intense Pressure as Foley Mess Roils Republicans

Read more: Global, Congress

Permalink | Comments (1) | Trackbacks October 4, 2006, 7:59 am

Orchestrated by Democrats? ABC's Ross Says No

A question has vexed Washington insiders for days: Why did the Foley story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Foley's congressional district — has led some Republicans to question whether the sources had partisan political motives.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Foley, Ross said. Two former pages — one who had been sponsored by a Republican member of Congress and one by a Democrat — offered ABC texts of sexually explicit instant messages purportedly sent by Foley. Ross said the network then tracked down the original recipients of those messages and got firsthand confirmation of their authenticity.

Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up…in terms of being from a political party," Ross said. "I know how that works. This was not it." Read the full article. – Sarah Lueck

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Those IMs Aren't as Private as You Think

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Lieberman Assails Lamont Over Commitment To Israel (NYT)

By Jennifer Medina

The New York Times, October 5, 2006

Senator Joseph I. Lieberman questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday, saying he had received important support from several Democrats who have been critical of Israel.

Speaking to a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been "surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel."

Mr. Lieberman, who is running on his own party line, pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon.

Ms. Waters, who abstained from the vote, said she objected to some language in the resolution praising the Bush administration.

Mr. Lamont has said he would have backed the measure.

"So far I would say my opponent is saying basically a pro-Israel line," Mr. Lieberman said at the fund-raiser. "But look, the position he's taking on Iraq is not good for America and not good for the Middle East. Secondly, you know to some extent you've got to judge people by their friends. I'm glad to be judged by my friends like Ed Koch and all of you."

He was referring to former Mayor Edward I. Koch of New York City, who appeared alongside Mr. Lieberman yesterday at the breakfast fund-raiser, held at the Loews Regency Hotel, at Park Avenue and 61st Street, after campaigning with him on Tuesday.

In his remarks, Mr. Lieberman also recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it "a remarkable moment."

Since primary night, Mr. Lieberman and his aides have repeatedly raised questions about Mr. Lamont's alliance with Mr. Sharpton, whom they have described as divisive. Mr. Lieberman, however, has been on friendly terms with Mr. Sharpton in the past, particularly when the two ran for the most recent Democratic presidential nomination. This summer, Mr. Lieberman also asked Mr. Sharpton not to campaign for Mr. Lamont.

Tom Swan, Mr. Lamont's campaign manager, said that Mr. Lieberman's campaign was playing "racial politics."

"Joe Lieberman — who can count as his supporters Ann Coulter, Dick Cheney and Rush Limbaugh — should be ashamed himself for stooping to such gutter politics," he said. "He is playing on people's fear and attempting to divide and conquer, from our gaining support from people who have provided their support in the past and he took with pride."

Mr. Lamont, Mr. Swan said, has been "steadfast in his strong support for Israel, its right to defend itself and its importance as an ally of the United States."

Mr. Koch, a Democrat who endorsed President Bush in 2004, said a win for Mr. Lieberman in November would "help save the Democratic party and make it stronger."

"The leadership in this party right now does not represent the centrist views of most of America," Mr. Koch said. "We cannot be taken over by the radical left. We have to understand that we are fighting to protect ourselves."

Later in the day, Mr. Lieberman spoke to Realtors in Wolcott, Conn., where he proposed creating a $2,000 tax credit to help first-time home buyers pay for property closing costs. Mr. Lieberman said it would be the first in a series of proposals aimed at helping the middle class.

Mr. Lieberman said the plan would cost about $4 billion and could be paid for by cutting back tax breaks from those with annual incomes of more than $1 million. He also called for a plan to reform health insurance for small businesses, which he said would allow owners to buy into larger pools.

Mr. Lamont campaigned in Bridgeport yesterday with Dianne Farrell, the Democrat in a tight battle to unseat the Republican incumbent, Representative Christopher R. Shays, and Senator Edward M. Kennedy of Massachusetts.

Mr. Kennedy repeatedly said he was looking forward to Mr. Lamont's arrival in Washington and praised his proposal for universal health care.

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"We need that voice, we'll need that vote, we'll need that leadership," Mr. Kennedy said of Mr. Lamont. He steered clear of criticizing Mr. Lieberman directly, but added, "People have spoken in favor of Ned Lamont, and that's what the democratic process is all about."

Mr. Lieberman also denounced former Representative Mark Foley of Florida, who resigned late last week. But unlike scores of other Democrats, Mr. Lieberman did not call on J. Dennis Hastert, the speaker of the House, to resign in response to allegations that he knew about the harassment for months. Mr. Lieberman cautioned against turning the incident into a partisan issue.

"The truth is, unless he knows what he saw and he saw something he should have acted on, he deserves to have a fact-finder come in," Mr. Lieberman said, adding that an independent investigator could determine what was known.

Mr. Lamont responded in a statement: "The fact that Joe Lieberman says calling for Hastert's resignation is too 'partisan' demonstrates that he's been in Washington so long that he can't recognize the difference between what's right and what's partisan."

Murtha Accused Of Bribe Cover-up (WT)

By Eric Pfeiffer

The Washington Times, October 5, 2006

Rep. John P. Murtha's Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years.

A recently released FBI video recorded in 1980 shows the Pennsylvania Democrat talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation.

"When you see the video, there was every intent of taking the bribe," said Diana Irey, a Washington County, Pa., commissioner who is running to unseat Mr. Murtha. "For 26 years, John Murtha has been living a lie."

Six members of the House and one senator were forced to resign because of their involvement in what became known as the "Abscam" scandal.

The video was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation.

"It was widely reported that he provided testimony against others," Mrs. Irey said, when asked why Mr. Murtha was not prosecuted for his ties to the Abscam investigation.

Mr. Murtha cooperated with officials in the prosecution of former Democratic Reps. Frank Thompson of New Jersey and John Murphy of New York. In July 1981, the House ethics committee ruled there was no evidence Mr. Murtha acted improperly, although E. Barrett Prettyman Jr., the special counsel assigned to the committee, resigned in protest. The FBI listed Mr. Murtha as an "unindicted co-conspirator" in the scandal.

Near the end of the 54-minute video of the meeting, Mr. Murtha and Philadelphia lawyer Howard Criden return to the room after a brief absence. Mr. Criden then begins speaking to undercover FBI agent Anthony Amoroso, who posed as "Tony DeVito," the purported sheik's representative.

"John says it's OK for you to give me what's in the drawer," Mr. Criden says, according to the Spectator's transcript of the video.

"Is that all right, Tony?" Mr. Murtha asks Mr. Amoroso. Then, referring to Thompson and Murphy, Mr. Murtha says: "Let me make it very clear. The other two guys do expect to be taken care of. ... And you're gonna have to deal through [Mr. Criden]. Me, you've got my deal."

Mrs. Irey played excerpts from the video at a press conference in Washington yesterday. "Leaving a room where one has just been offered $50,000 in cash, only to return two minutes later with a bag man saying, 'John says that it is OK for you to give me what's in the drawer,' is not something done by a man who's not aware he's trying to take a bribe," Mrs. Irey said.

Mr. Murtha has long maintained he only met with the undercover agents to pursue legitimate investment in his district. Mr. Murtha can be seen in the video rejecting an offer to accept the $50,000 personally. The Irey campaign says Mr. Murtha wanted to use Mr. Criden as his middleman to accept the cash on his behalf.

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"I'm not interested," Mr. Murtha says in the video.

"OK," Mr. Amoroso responds.

"At this point," Mr. Murtha adds: "You know, we do business for a while, maybe I'll be interested, maybe I won't, you know."

After the video was posted online Friday, the Murtha campaign issued a statement from the congressman denouncing the move as "nothing but a political stunt."

"I am the guy that didn't take the money," Mr. Murtha said. "I have been re-elected to Congress 13 times since this tape was made 25 years ago. I will not be distracted."

Rep. Sherwood Apologizes In Ad (HILL)

By Jeffrey Young

The Hill, October 5, 2006

In advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable.

In the ad, Sherwood faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman.

“I made a mistake that nearly cost me the love of my wife Carol and our daughters,” Sherwood says, opening the 30-second spot.

He was scheduled to debate Navy Reserve officer and college professor Chris Carney (D) last night.

In the ad, Sherwood states, “While I’m truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share. Should you forgive me, you can count on me to keep fighting hard for you and your family.”

Sherwood is running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood’s 38 percent; 15 percent were undecided.

Long Odds (WSJ)

By Chuck Muth

The Wall Street Journal, October 5, 2006

CARSON CITY, Nev. -- The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere.

First off, the Senate, where local politics is frustrating national ambition. Incumbent Republican John Ensign, an alumnus of the class of '94, is seeking a second term. Mr. Ensign lost a bid for the Senate to now-Senate Minority Leader Harry Reid in 1998 by a razor-thin margin of just 428 votes -- only to come back and win the seat of retiring Democrat Sen. Richard Bryan two years later.

Shortly thereafter, Messrs. Ensign and Reid put behind them all lingering bitterness from that campaign and now operate under an unwritten non-aggression pact. Mr. Ensign reportedly discouraged a number of credible candidates interested in taking on Mr. Reid in 2004, and barely acknowledged the eventual GOP nominee. Mr. Reid, for his part, gives every appearance of returning the favor this year.

The Democrat nominee is Jack Carter, Jimmy Carter's son. Mr. Carter has lived in Las Vegas for only a couple years and jumped into the fray after a number of high-profile Democrats with more extensive Nevada roots opted out. Mr. Reid reportedly discouraged all credible challengers to his colleague from the other side of the aisle. Indeed, much was made of Mr. Reid humiliating Mr. Carter at the Democratic Convention last April, when he dressed him down during a press conference with some sharp comments.

Some polls have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign. Especially with the Senate minority leader quietly in the Republican's corner, this one, in Vegas parlance, is a "lock."

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The Democrats have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004.

Ms. Hafen spent eight years working for Harry Reid in Washington. By all accounts he recruited her for this race after Mr. Porter publicly criticized the minority leader for failing to return campaign contributions from Jack Abramoff. It is widely believed that Mr. Reid is pulling out all the stops behind the scenes -- unlike his lackluster effort on behalf of Jack Carter -- to make sure Ms. Hafen has enough money to get the job done.

Ms. Hafen may be "green," but she's tough, holding her own in a vicious and increasingly petty campaign. Venturing into territory usually avoided by seasoned campaign pros, Ms. Hafen (and Mr. Reid) has raised questions about Mr. Porter's marital woes (he's recently divorced, for the second time). The Porter campaign has responded in kind, focusing on the dubious issue of Ms. Hafen's residency. Her eight years in Washington, they impute, makes her a feckless carpetbagger (despite being born and raised in the district).

"Tessa Hafen is trying to tie President Bush around Jon Porter's neck," former Nevada GOP executive director Dan Burdish explains. "But Harry Reid's poll numbers are even worse than the president's. The Porter campaign should stop focusing on this silly matter of her residency and instead focus on her ties to that albatross of a former boss she has. If Mr. Porter loses this race, his campaign strategists will have a lot to answer for."

Should an anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing. In a city that loves playing the odds, however, at this point they remain in the incumbent's favor. The vaunted GOP 72-hour get-out-the-vote machine would make the difference in a race this close.

Still, Democrats hoping to take the House would do well to consider Nevada's second district. The seat is being vacated by Republican Rep. Jim Gibbons for a gubernatorial run.

The Republican candidate, Dean Heller, is the sitting secretary of state who has won three successive statewide races for that position. He's telegenic, well-funded and more populist than hard-core conservative -- meaning he will attract considerable crossover votes from nonideological Democrats in November, especially in this mostly rural district. It encompasses most of the Silver State besides Las Vegas, and has a huge Republican registration advantage of almost 50,000 votes. President Bush won handily at 57% in 2004.

In this light, opponent Jill Derby has been very careful not to let voters know she's a Democrat. Ms. Derby is an experienced politico with 18 years on the state Board of Regents. She's also well-funded and enjoys old-line family ties to the rural community.

But while early polls show Ms. Derby to be closer than expected, once Mr. Heller refills his campaign coffers -- drained by a particularly competitive August primary -- and unloads his paid media campaign, this one will be over. It's sheer numbers: Even a 1994-style Democratic tsunami won't propel Ms. Derby into office.

Democratic aspirations for a major congressional victory in 2006 necessarily hinge on flipping districts like Nevada's second. Don't put the champagne on ice just yet.

Mr. Muth, a former executive director for the Nevada Republican Party, is president of Citizen Outreach, a nonpartisan limited-government public policy organization.

McCain Allies Plot For 2008 (RC)

By Emily Pierce,

Roll Call, October 5, 2006

In preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures.

Sen. Gordon Smith (Ore.), who regularly attends the biweekly meetings, called the group “sort of a Senate kitchen cabinet,” while Sen. Trent Lott (Miss.) noted that participants are “a diverse group, philosophically and regionally.”

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Notably, New Hampshire Sen. John Sununu, whose state has one of the most influential roles in presidential nominating contests, has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president.

"I haven't given any thought to supporting or endorsing a candidate," Sununu said.

Though Sununu is trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics, given that the current governor is a Democrat. (There is no indication that Gregg has attended any of the McCain meetings.) Sununu said he was giving McCain the same type of counsel he gives to other prospective presidential candidates.

"Like anyone in New Hampshire, I'm going to visit with and talk to candidates," Sununu said. "I want to make sure that Republican candidates get a fair hearing in New Hampshire." Besides Smith and Lott, the group, which began meeting early this spring, is rounded out by a pair of longtime McCain supporters, Sens. Lindsey Graham (S.C.) and Susan Collins (Maine).

Sen. Mike DeWine (Ohio), who is close to McCain, would not confirm or deny whether he attends.

"I'm focused on my re-election at the moment, but you know I am a pretty good friend of Sen. McCain's," DeWine said.

A spokesman for Sen. Jon Kyl (Ariz.) said he did not know whether Kyl attends the meetings. Both DeWine and Kyl backed McCain in 2000, when few other Senators did, and they are expected to again support his efforts in 2008.

Though the group now consists mainly of a handful of past supporters, "efforts are currently being made to increase the numbers of this group, and outreach is currently taking place," said a source with knowledge of the meetings.

Meanwhile, Lott said the gatherings are "an effort by John to get input from some of the people who are supporting him" and that participants are hopeful McCain would seek their "counsel before he takes a [policy] position" in his nascent campaign.

Senate supporters said the meetings are part of McCain's effort to build his primary campaign from inside the GOP, rather than running as a maverick party outsider like he did in 2000. In that campaign, McCain's wins in New Hampshire and Michigan were seen more as spoilers for a united party establishment behind then-Texas Gov. George W. Bush. But this time around, McCain already has more public endorsements for his undeclared presidential campaign than he did as an official candidate in 2000.

"The difference of the John McCain campaign last time and this time is the presence of groups like this," Smith said. "It's really important to a good grass-roots effort."

Graham added that McCain "has to prove that he's running to be a leader of a party, and not of a movement. ... Last time, Bush was the institutional candidate. I think John McCain, this time, is going to get his fair share of institutional support."

John Weaver, McCain's senior political strategist, declined to comment specifically on the meetings, saying, "We're not going to talk about any private meetings that the Senator has with his colleagues."

But Weaver did say that McCain "is encouraged by the number of Senators who've encouraged [him] to run for president."

By running the early stages of his campaign as the GOP insider, McCain has become one of the most sought-after surrogates for Republican candidates on the campaign trail, whether in challenger races such as New Jersey state Sen. Tom Kean Jr.'s battle against Sen. Bob Menendez (D) or in Virginia, where potential '08 rival Sen. George Allen (R) is airing commercials with McCain appearing next to him.

In addition, McCain's Straight Talk America political action committee has raised more than $6.8 million in the 2006 election cycle, doling out more than $600,000 to House and Senate candidates and even more to state and local GOP candidates, according to Federal Election Commission reports.

Is Obama Ready To Roll? (NSWK)

By Jonathan Alter

Newsweek, October 5, 2006

Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A

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close associate introduces a note of caution: “I’d put the chances right now at no better than 50 percent,” he told me Tuesday, as Obama taped Oprah’s show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they’ve assumed. Whatever happens in the midterms, ’08 could get very exciting, very fast.

Among a few prominent Democrats, the conversation has changed from "we wish he would" to "we hear he will." Obama has made no formal decision and probably won’t until the end of the year. By then, his new book, "The Audacity of Hope," which hits bookstores Oct. 17, is almost certain to be a best seller. Both Colin Powell in 1995 and John McCain in 1999 used books to launch feverish speculation about presidential bids. In Powell’s case, he decided not to run, largely for family reasons.

If Obama declines to make a bid, the explanation will be along the same lines. He has two young daughters and a formidable wife, Michelle, who is no Nancy Reagan, Hillary Clinton or Elizabeth Edwards. In other words, she will not push her husband to run, though it’s not likely she will prevent him from doing so, says a source close to the senator, who declines to be identified talking about family matters. It will be a decision between the two of them. You have to be a bit nuts to run for president, and in the end the Obamas might be too normal and grounded to put their family through it.

But contrary to popular assumption, Obama's aides see no political reasons not to make the race. His advisers believe his mere four years in the Senate will not be a liability (Abraham Lincoln ran after two years in the House, Woodrow Wilson after two years as governor, and Franklin D. Roosevelt, Jimmy Carter and now Mitt Romney after four years as governor.) “The Senate is a political tomb,” says one. The longer one stays, the more controversial votes one casts. Gravitas and knowledge about the issues are not problems for Obama, who is plenty fluent on the issues, even if he hasn't established much of a record yet. He has emerged as an unlikely friend and ally of GOP Sen. Richard Lugar, who will acknowledge Obama’s depth on foreign policy.

The Obama campaign right now was described to me as a “concept” rather than a “plan.” The concept is that Obama is a positive, aspirational figure who appeals to a yearning in the country for a unifying, almost spiritual vision that moves beyond the tired arguments of left versus right. At a more prosaic level, the “concept” would call for a massive black-voter-registration campaign in the South while continuing his crossover appeal to moderate white voters. On the Iraq war, the critical issue for Democratic primary voters, Obama is perfectly positioned. He opposed the war from the beginning, with an articulate denunciation of the Bush policy as a distraction from the war on terror. In other words, he was four years ahead of the curve. By contrast, John Edwards is in the uncomfortable position of having said he was wrong to support the war. Hillary Clinton is even worse off. She has yet to acknowledge the obvious: that if she knew then what she knows now, she would have voted against the war instead of for it. If both Obama and Clinton run, he would quickly best her on this issue, which all of her "early money" would do little to counteract.

In the primaries, Obama would run as a moderate who is unsullied by connection to the old Democratic Party. In fact, his new book will be a bit critical of Democrats, calling them “confused” and “the party of reaction.” (Obama wrote it himself, as he did his first book. He is one of the best writers to enter modern politics.) Rather than being defensive about that depiction, many Democrats know it’s true. They want to be transported to a new place. They admire Hillary but don’t see her doing that. And in my anecdotal experience, they like his chances in a general election better than hers—though running as the first African-American Democratic nominee would obviously be a challenge.

Obama knows that if he runs, some of the allure will immediately fade. That argues for delaying as long as possible, in order to remain the shimmering hope out over the horizon. The argument for deciding sooner is that he would need to build a national organization to compete with Clinton’s. Hillary enjoys a formidable advantage in fund-raising. But if he gets going in early 2007, he could close the gap quickly. The demand for him to come in to raise money and campaign for Democratic candidates this year far outstrips the demand for the same from Hillary or anyone else. And his handlers are already keeping close tabs on Edwards's early success in organizing Iowa Democrats.

As a rookie presidential candidate, Obama would have little margin for error. One false move and he’s done. But the man’s got brains and political talent to burn. The chatter about him within the party grows louder by the day.

Of Pain And Campaigns (WP)

By Jennifer Frey

The Washington Post, October 5, 2006

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She found it in the shower, in one of those interchangeable hotel bathrooms that are a staple of campaign life. It was October 2004, and Elizabeth Edwards was in Kenosha, Wis., stumping for her husband, Democratic vice presidential nominee John Edwards. She felt the outline of a lump -- so large, how could she have missed it before? -- and, wrapping a towel around herself, called in her close friend Hargrave McElroy to feel it.

McElroy immediately asked how long it had been since Edwards's last mammogram.

"I hated to admit it," Edwards writes in her new memoir, "Saving Graces: Finding Solace and Strength From Friends and Strangers," "but it had been too long, much too long."

Thirteen days later, the day John Kerry conceded the presidency to George W. Bush -- much to the frustration, Edwards says, of her husband, who wanted to wait until all the votes were counted in Ohio -- Elizabeth's verdict came in as well. Cancer.

For most people, a cancer diagnosis is a life-defining moment, a point that will forever become the dividing line between before and after. It wasn't like that for Edwards. It couldn't be. Her before and after had been frozen, permanently, more than eight years earlier, the day her 16-year-old son, Wade, died in a car accident. Once you lose a child, nothing is ever the same.

* * *

Edwards arrives at Union Station for an interview -- and photographs -- with no makeup on and her hair undone. Her flight out of Raleigh, N.C. (she lives in Chapel Hill) was delayed by an hour. She was supposed to have gone straight to CNN for a taping, where she'd get professionally done up. But that's now postponed, so she's clutching the one see-through plastic bag of toiletries she'd been allowed to take onto the plane.

"Mind if I take this into the bathroom for a minute?" she says, laughing. She emerges moments later, hastily fixed.

Why does this matter? There's no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?

John Edwards describes his wife of 29 years as approachable and smart. She's the kind of person who knows her mailman's life story, who can't check out at the grocery store without striking up a conversation with the person in line behind her. Trained as a lawyer, she's also an astute political wife and supportive partner in her husband's presumptive run for the 2008 Democratic presidential nomination.

"It's exactly who she is," Edwards says, by phone from their home. "She loves people and loves interacting with people. And that, married to the fact that she's about as big a policy wonk as you're going to find. She loves the details. She loves all of it."

So she wants him to run?

"I think that's a fair statement," he says.

What kind of first lady would Edwards be? She says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot. McElroy says she doesn't have political ambitions of her own -- "she wants it for John," she says -- but both Elizabeth and her husband acknowledge she actively participates in his policy planning discussions.

She also won't be someone who worries about whether the viewing public thinks she looks fat in a particular pair of pants.

This is the other thing to know about Edwards. After her son died, there were a lot of things she stopped worrying about. Like the makeup. Or the comments about her weight. ("People would say I weigh too much, and I weigh too much," she says. "So it's pretty much hard to argue with that!") Or the musings about how, exactly, her relationship with her youthful, handsome John Kennedyesque husband works.

"Oh, and of course, he must have someone on the side, because look at her !" she says, mimicking her critics. "You just have to let it go."

Once you lose a child, your world hinges on the relationships that keep you standing, keep you breathing, and -- eventually -- give you the strength to help someone else stand up and breathe.

Once you lose a child, the fat jokes are, well, a joke.

* * *

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"Saving Graces" is a memoir rich with the stories of a woman who has lived, loved and suffered more than any little girl born in Jacksonville, Fla., could ever have imagined. But the chapters Edwards writes about her grief over Wade's death eclipse all else in the book.

"By any unspeakably vast margin there is no part of my life, or any life, that speaks more to what this book is about," she writes. "I found a community that stood by me in the worst of times and allowed me to emerge, eventually, from a place of profound pain."

That community came largely from an online chat group for grief survivors that became Edwards's lifeline. She would stay up almost all night, leaning on others and allowing them to lean on her -- "naked," she writes, "and needing each other's warmth." She went to the cemetery every day for more than two years. She obtained what would have been Wade's school reading list, just as she had in previous years when they would read side by side until he fell asleep. She read every book, most at his graveside.

John admits he worried. His grief, too, was crippling. But he eventually went back to work as a victims' rights lawyer. Cate, their then-14-year-old daughter, slept on two chairs pulled together with an ottoman in her parents' room for two years, but went back to school. Elizabeth never went back to work in a law firm.

"It's about surviving, I knew that," John says. "But I was concerned whether some of the things she was doing were helping her or hurting."

She emerged slowly. The birth of two more children, Emma Claire (now 8) and Jack (now 6), helped. John ran for the Senate and won. Cate graduated and went off to Princeton. And then came the presidential campaign, which Elizabeth threw herself into.

* * *

The current book tour is about Elizabeth's life, not her husband's. It wasn't timed or written for political purposes -- even the suggestion of that seems to take her aback -- but given that her husband is clearly planning to run in 2008, it does provide a public platform to reacquaint America with the Edwards name and values.

A family appearance (John, Elizabeth and Cate) on Oprah Winfrey's show last week helped bump her book temporarily to No. 2 on Amazon.com. And she confirms what her husband has said; she wants him to run.

"I have tremendous confidence in him," she says, "because I know this man, and I know how principled he is."

Charlie Cook, a political columnist for National Journal, sees John Edwards as the front-runner against Hillary Clinton in the race for the nomination: "He came out of 2004 about as unscathed as is possible for a nominee."

In her book, Edwards writes about the frustration felt in their Boston hotel room on election night, when the pattern of returns changed and her husband was pressed to speak to the mobs of supporters in Copley Square. He didn't want to say anything that made it easier for Bush to declare victory.

From the bedroom, exhausted, Elizabeth -- who had been campaigning with a possible breast cancer diagnosis hanging over her head for nearly two weeks and who had an appointment for a biopsy the next day -- called out to her husband. "We've waited this long; we can wait a little bit longer," she said.

It's the line he used.

* * *

John, Elizabeth says, is the one who took the lead when it came to figuring out her treatment. He took care of her. Of course, she also took care of him.

Back when she had found the lump in Kenosha, when the election was still 12 days away, Elizabeth had convinced herself that it was just a cyst. She'd had one a few years before.

So she told John nothing. "I really felt he didn't need that then," she says.

She did, however, schedule an appointment with her hometown doctor for a week later. At that ultrasound, Elizabeth knew the minute she saw the technician's face that "it was bad."

She immediately called John, who was just returning to Raleigh. There would be no confirmation of cancer until she had a needle biopsy. Should they drop everything? John received reassurances from the doctor that waiting a few more days wouldn't matter. They made plans to do it in Boston the day after the election, and pressed on.

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"I looked straight at her -- we were sitting on her little front stoop -- and said, 'Can you really do this?' " McElroy says. " 'You've seen where you have to go and what you have to do in the next few days, can you do this?' And she paused, then said, 'Yeah, I can.' "

Immediately after the diagnosis, Edwards began treatment in Washington. Luckily, the cancer hadn't metastasized. She had chemotherapy, followed by a lumpectomy, followed by radiation. It all lasted seven brutal months, until the end of May 2005. Her joints swelled. She lost her hair. She admits some days she was knocked flat.

"She didn't complain," says former neighbor Chris Downey, who uses the term "life-changing" to describe her friendship with Edwards. Downey, who is the ex-wife of former congressman Tom Downey, says, "I guess if you have adversity, you grow. She's so strong."

* * *

Now happily describing herself as "cancer-free," Edwards recently accepted the Congressional Families Leadership Award at the 14th annual Action for Cancer Awareness Awards luncheon, held on the Hill last week.

"I had melanoma, and it looms large in your life, and it is what you make of it," says Marcelle Leahy, wife of Sen. Patrick Leahy (D-Vt.).

As the lunch breaks up, Leahy is one of legions who come up to talk to Edwards. Though she has a plane to New Hampshire to catch, Edwards poses for picture after picture, not caring that her makeshift makeup job is fading fast.

Her upcoming schedule is going to be hectic. She isn't fazed in the least. New Hampshire? A chance to catch up with the families who invited her into their living rooms two years ago. Then a quick overnight to stay on Cate's couch in New York, where her daughter is now working. Then back to Chapel Hill to see the kids; then a book tour that takes her to Iowa and Illinois, Georgia, California -- the list goes on.

She's undaunted. Actually, she's happy. No, you never really move on, she explains. Once you lose a child, moving on sounds too much like leaving him behind. But, eventually, with difficulty, you find your way.

This is hers.

Feingold Puckers Up To 527s (RC)

By Mary Ann Akers

Roll Call, October 5, 2006

Big deal if he tried to shut them down! That was then, this is now and with the 2008 presidential campaign right around the corner, Sen. Russ Feingold (D-Wis.) wants their donor list.

Feingold, the champion of campaign finance reform who railed against 527s, is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together.

“ACT’s list is gold,” explains one source familiar with Feingold’s attempt to “rent” the list.

ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list.

But not to Feingold. Uh-uh. No way.

Feingold’s political action committee, the Progressive Patriots Fund, asked for the ACT list back in August and was turned down, sources say. Then, more recently, Feingold’s Senate campaign, through a broker, asked to buy access to ACT’s high-dollar donors. The broker’s e-mail request, a copy of which was obtained by HOH, asked for “10,000 High $ donors” on behalf of Feingold for Senate.

In a word, ACT’s reply was, “Nope.”

“He was declined through the broker,” someone familiar with Feingold’s request told HOH, suggesting the Wisconsin lawmaker was engaging in a wee bit of hypocrisy. “Feingold’s not a friendly person to 527s. He basically said ‘Stop what you’re doing, we want to shut you down,’ but now it’s ‘You guys are incredible, I’m willing to take part of your gravy.’”

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Even though it sure would have meant a lot of dough — the going rate is about $120 per 1,000 names — ACT couldn't handle the thought of giving the list to Mr. Campaign Finance Reform.

"This brings new meaning to 'Do as I say, not as I do,'" another source familiar with the request said. "In some ways, I see this as the true kickoff to the '08 season. You know, because someone is clearly selling his soul."

Ouch.

The Feingold folks declined to defend themselves against charges of hypocrisy.

Feingold's request at least provides insight to those who doubted whether he has his eye on the White House. Though clearly, it doesn't look like he'll get any help from ACT, which, not so incidentally, was created in part by folks who have close ties to Sen. Hillary Rodham Clinton (D-N.Y.). We'll leave it up to our readers to determine whether that may have had something to do with ACT's answer to Feingold.

Smells Like Teen Spirit. Folks, we swear, we couldn't make this stuff up if we tried. Disgraced former Rep. Mark Foley (R-Fla.), whose creepy online chats with former House pages now threatens to topple the GOP majority, last month set up a joint fundraising committee with a bunch of his Republican colleagues. The name of that fund? PROM.

Spelled out, it's Physicians to Retain Our Majority, because Foley and others hoped to use it to gather campaign dollars from doctors. But HOH prefers the acronym, and wonders what might have been if only Foley had been allowed to stay and really get PROM going.

The fund is used by multiple campaigns to raise money, usually at large, high-profile events. The fund covers the cost of the event and splits the proceeds with the candidate committees that make it up. To his credit, Foley had a lot of fellow House Republicans going to PROM with him, including Jeb Bradley (N.H.), Barbara Cubin (Wyo.), Nancy Johnson (Conn.), Ric Keller (Fla.), Sue Kelly (N.Y.), Joe Pitts (Pa.), Jon Porter (Nev.), Clay Shaw (Fla.), Rob Simmons (Conn.), Cliff Stearns (Fla.), and noted party-boy John Sweeney (N.Y.).

Rep. Shelley Moore Capito (R-W.Va.), one of two members of the House Page Board left in the dark earlier this year when questions about Foley's contact with pages first arose, also is involved in the new fund.

Let's just call her the chaperone.

Remembering Foley. At the 1996 GOP convention in San Diego, HOH, in another incarnation, rode on the back of a Harley-Davidson with ex-Rep. Foley in a motorcycle parade led by then-Sen. Ben Nighthorse Campbell (Colo.). Also riding in the pack: jailed former Rep. Duke Cunningham (Calif.), who wore star-spangled boots.

It was surreal, not because we were riding on the back of Foley's "borrowed metallic green Heritage Softail," as we wrote at the time for the National Journal's Convention Daily, but because, as we said, "the entourage looked like a comedy of horrors."

Sen. Trent Lott (Miss.) ditched his Ole Miss cheerleader image for the day to don cowboy boots, a "Live to Ride" T-shirt and a black leather biker's cap with a fake pony tail. He rode with Campbell.

Then-House Majority Leader Dick Armey of Texas refused to let Lott ride on the back with him. "I don't carry dead weight, and I don't want anybody saying Trent Lott is my 'old lady' either," he said.

Foley apparently didn't want an old lady riding with him, either.

Tory Newmeyer contributed to this report.

City Considers Plan To Let Outsiders Run Schools (NYT)

By David M. Herszenhorn

The New York Times, October 5, 2006

In what would be the biggest change yet to the way New York City's school system is administered, officials are considering plans to hire private groups at taxpayer expense to manage scores of public schools.

The money paid to the private groups would replace millions of dollars in grants from the Bill and Melinda Gates Foundation, which supported dozens of these groups in opening more than 180 small schools in the city since 2003.

The four-year grants, typically worth $100,000 a year per school, will run out for more than 50 schools in June.

The move would further Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector. It could put private entities

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like the College Board, the Urban Assembly and Expeditionary Learning-Outward Bound on contract to manage networks of schools as soon as the 2007-8 school year.

Although city officials stress that the plans are preliminary, they have been talking to the outside groups to gauge their interest. The proposal is already generating vigorous debate within the Education Department and among the outside groups over where to draw the line between public and private control of schools.

It is also certain to draw opposition from critics already questioning the school system's reliance on private consultants as well as the educational credentials of outside groups. State law will also pose heavy obstacles to such contracts, officials in Albany said.

The private management plan is among a few options the department is weighing in an effort to formalize, and finance, its relationship with groups that are already helping run individual schools. While the groups have heavy influence over how children learn — recruiting staff, training teachers and offering an array of other support — their work is done on a handshake.

Under the new arrangement, the groups would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags.

Kristen Kane, Mr. Klein's chief of staff, said the department considered the groups crucial to the early success of the new schools. "What happens to that success when there is no more private money?" she asked. "Will there be more private money or will we need to explore other ways to continue this partnership if we believe that is a critical success factor?"

Ms. Kane and other officials said they were also exploring the possibility of new private grants, or negotiating with the City Council to pay the groups with public money, allowing them to continue their work without expanding their authority.

"The conversations have been continuing with all of these organizations," Ms. Kane said.

Marie Groark, a spokeswoman for the Gates Foundation, said that the grants to help start schools were not intended for renewal and that New York City had not asked for more money. "Our funding is devised to be catalytic, but long-term sustainability requires public support," she said.

Randi Weingarten, the teachers' union president, urged the administration to make its discussions more public. "I have been concerned about the sub rosa debate on whether to privatize the management of the school system for quite a while," she said. "On an issue that is this transcendent there has to be a real public debate."

One of the most hotly debated questions is whether the city would hire profit-making companies like Edison Schools Inc., which manages more than 20 schools in Philadelphia and has expressed interest in bidding on a city contract.

In 2001, an effort by Chancellor Harold O. Levy to hire Edison to run five failing schools collapsed after educators complained and furious parents voted it down.

Such opposition, to even the nonprofit groups, is likely to rise again. "Can you imagine these people picking what they want to do in instruction?" said a veteran education official who asked not to be identified, fearing retribution for not supporting the chancellor's agenda. "They don't know what they are doing."

The educator added: "This is a way to crush public education. This is not a way to improve a school system."

Within the department, one question is how big a role private groups should have in running public schools. "We are not abdicating any of our responsibility, but what we are doing is sharing some of that management responsibility," said Garth Harries, the chief executive of the department's Office of New Schools. "What we are trying to accomplish is greater accountability for partners that are involved in the schools over time and an alignment of management."

Groups like Expeditionary Learning-Outward Bound, the Asia Society and New Visions for Public Schools all say they have been involved in recent discussions with city education officials seeking to gauge their interest in bidding for contracts as "educational management organizations." In turn, some groups say they have had intense discussions with their boards about whether to participate.

A prototype management contract is already in place for 17 schools operated by the Urban Assembly, a nonprofit group led by Richard Kahan, the former head of the state's Urban Development Corporation.

A three-page contract gives the group a large role, including a say in hiring principals and other administrators. It also says the city can end the deal if the schools fail to perform.

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While no money is involved in the prototype, the contract attaches a figure of $650,000 plus benefits to the cost of city-paid staff that oversee the network of schools.

To turn Urban Assembly into a hired educational management organization, the city might simply allocate the money and let the group handle all personnel issues.

Mr. Kahan said he wanted a larger management role because he had grown frustrated that schools created by his group could fail or succeed depending on how they were treated by city-hired superintendents.

A school in Bushwick suffered tremendously, he said, while others in the Bronx and Manhattan flourished.

Some private groups said they were worried that a more formal arrangement with the city could ensnare them in bureaucracy. Even some supporters of the administration have misgivings, saying their goal was to improve public education, not reduce government responsibility.

New Visions for Public Schools, a nonprofit group that has created the largest number of schools, declined in the spring to join Urban Assembly as a prototype.

"We haven't made a determination yet as to whether to apply" for a contract, said Robert Hughes, the president of New Visions. He added that the group was "interested in exploring what the department may eventually propose."

Officials from other groups said they were unlikely to seek contracts because their infrastructures were not prepared to handle bigger roles.

Still other groups said they were intrigued by the idea but concerned about ironing out exactly which services they would provide and which operations would still be handled by the city.

Some groups are interested only in instruction, while others want a say in everything from teacher training to the lunchroom menu.

Richard Stopol, the executive director of New York City Outward Bound, said the group's top officials had been discussing the idea and trying to figure out where the organization might fit in, from serving as a consultant to schools to being a contract manager.

"The different arrangements that are being considered would clear away some of the lack of clarity that exists now," he said. "We have decisions like who hires the principal and who supervises the principal and who decides the course of professional development and the curriculum. In the state that we're in now, I would characterize those as partnership decisions — us as the partner, and the Department of Education work those out jointly. But that's probably not very efficient."

Mr. Stopol added: "There is a lot of appeal in clearing up what our authority is and what our accountability is. We want to be accountable for these schools."

At Harvard, Religion Course May Be Required (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 5, 2006

A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions.

A preliminary report distributed to faculty yesterday recommends scrapping much of the current curriculum in favor of new "general education" requirements spanning the humanities and sciences. The most striking proposals address criticism that Harvard's liberal education fails to adequately prepare students for lives after graduation.

The proposed requirement in religion, dubbed "Reason and Faith," has little parallel in higher education, authors of the report said. It would address topics from personal beliefs to foreign policy to the interplay between science and religion. The report, which calls traditional academics "profoundly secular," seeks to place Harvard's students and faculty in the center of contemporary religious debates.

"I think 30 years ago," when the school's curriculum was last overhauled, "people would have said that religion is not something that everyone needs to know," said Louis Menand, a Harvard professor and co-chairman of the committee that drafted the report. "But today, few would disagree that religion is supremely important to modern life."

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Harvard's faculty of arts and sciences will now consider the report, and significant changes could be made before voting on the proposals. They are the centerpiece of a broader curricular review, launched four years ago, that has suffered from delays, criticism and the upheaval of Harvard's administration. Lawrence H. Summers stepped down as the school's president this year under pressure from faculty, and a former president, Derek C. Bok, is serving in the interim until a successor is found.

Mr. Summers had pushed strongly for a renewed focus on the sciences, but the report issued yesterday doesn't significantly alter the school's requirements in that area. Students would still have to take one course each in life science and physical science.

In all, the report establishes 10 requirements for students to fulfill outside of their majors. They include ethics, culture, U.S. history and foreign societies. The current curriculum requires study in more-specific academic disciplines.

"The role of general education, as we conceive it, is to connect what students learn at Harvard to life beyond Harvard, and to help them understand and appreciate the complexities of the world and their role in it," says the report. It notes that 53% of graduating seniors at Harvard say they expect to enter professional school in business, medicine or law, while just 18% plan to pursue a Ph.D.

Prof. Menand, in an interview, likened the report to the curricular reform instituted in 1945 by James Bryant Conant, then Harvard's president. That reform, known as the "Red Book," also stressed civic values in undergraduate education and led many of Harvard's peers to adopt similar changes.

Academic requirements vary widely across the Ivy League, from Columbia University's strictly defined "great books" curriculum to Brown University's "open curriculum" with few requirements outside of students' majors. An earlier version of Harvard's general-education report, issued in 2004, proposed "distribution requirements" similar to Yale University's system, which is more closely grounded in academic disciplines.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 5, 2006

Daddy's Diplomatic Excuse

Poor Poppy! Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests washing down yummy Schnudendunker with yummy Riesling -- and the crush of people and traffic and security on Foxhall Road made party-hopping impossible. So Doro was kept company at 701 restaurant downtown with a crowd that included Laura Bush , Josh Bolten , and former national security adviser Brent Scowcroft (who was also supposed to go to the German Embassy but couldn't wait out the stupendously long lines). And daughter and dad met up to tape an episode of "Larry King Live," airing tonight.

Buchanan's Favorite Tactic: Immigration Fear-mongering (USAT)

By Ruben Navarrette

USA Today, October 5, 2006

When Pat Buchanan left the Republican Party in 2000 to run for president under the banner of the Reform Party, Sen. John McCain of Arizona sent him off with the lyrics of an old country song: “Thank God and Greyhound you're gone.”

Well, Buchanan's back — and talking about some of his favorite topics: immigration, race and national identity. He's even hawking a new book, State of Emergency: The Third World Invasion and Conquest of America.

According to Buchanan, immigration from Latin America, Asia and the Third World is destroying the USA. And it's not just illegal immigration that bothers him. He wants a “time-out” on legal immigration as well, especially from Mexico.

What concerns me is the way Buchanan mixes immigration and race. In a 1993 column, he fretted that by 2050, “whites may be near a minority in an America of 81 million Hispanics, 62 million blacks and 41 million Asians.” He preferred America in 1950, when 90% of its population was “of European stock.”

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In his new book, Buchanan again broods over the question of what the "face of America" will look like in 2050, when demographers predict that a quarter of the USA will be Hispanic. He trembles at the thought that "the America our grandchildren will live in will be another country, a nation unrecognizable to our parents."

What is recognizable is Buchanan's fear-mongering. Examples in U.S. history:

•In the mid-18th century, Benjamin Franklin worried about German immigrants who will "be so numerous as to Germanize us instead of our Anglifying them, and will never adopt our Language or Customs, any more than they can acquire our Complexion."

•In the mid-19th century, the popular view in the West was that Chinese immigrants were "unassimilable." The hysteria led to the Chinese Exclusion Act of 1882. In 1943, the act was repealed, and the Chinese were assigned an annual quota of 105 immigrants.

•In the early 20th century, amid worries that southern Europeans (Italians) were predisposed to criminality and practiced a superstitious religion (Roman Catholicism), Congress set quotas and reduced the number of immigrants from each country in proportion to their percentage of the U.S. population in 1890 — when most immigrants came from northern and western Europe.

Now Buchanan wants to stop immigration from Mexico — legal and illegal — because he claims that Mexicans aren't assimilating and that the Mexican government has an elaborate scheme to launch a "reconquista" of the American Southwest.

That's loco. Mexico doesn't want to reclaim the Southwest. Why own, when you can lease to another party? Mexican workers in the USA send home almost $16 billion annually in remittances. Why mess with a good thing?

Besides, there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back. Latino immigrants and their children stand a much better chance of losing Spanish than of not learning English.

So says a study published last month in the journal Population and Development Review. Sociologists Rubén Rumbaut and Frank Bean, from the University of California, Irvine, and Douglas Massey, from Princeton University's Woodrow Wilson School, found that while immigrants and their children had no trouble maintaining some fluency in Spanish, the language was doomed in the long run. In the third generation, only 17% of descendants of Mexican immigrants still speak Spanish fluently. And in the fourth generation, it's 5%.

And what about those who claim otherwise, including a certain Scots-Irish blowhard? "It's fear," Rumbaut said. "And fear doesn't listen to facts."

Respondents who said they spoke Spanish "not very well" and spoke mostly English at home were categorized as "linguistically dead" in terms of native language.

Hey, that's me. As a Mexican-American, I grew up listening to my grandmothers speaking in Spanish and answering them in English. As a teenager, I knew that I spoke Spanish badly, and four years of high school Spanish didn't change that.

Now, my wife is determined that our daughter know Spanish because it's a given she'll master English. We decided one parent would speak to her in English and the other in Spanish. Guess which assignment I got.

So I'm not sure where Buchanan gets his information. Or what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand.

Say, what time does the next Greyhound leave?

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Deeper And Deeper (NYT)

The New York Times, October 5, 2006

There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer.

For most of the past five and a half years, interest rates have been low, allowing the government to borrow more and more — to cut taxes while fighting two expensive wars — without having to shoulder higher interest payments.

That's over now. For the first time during President Bush's tenure, the government's interest bill is expected to rise in 2006, from $184 billion in 2005 to $220 billion this year, up nearly 20 percent. That increase — $36 billion — makes interest the fastest-

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growing component of federal spending, and continued brisk growth is likely. According to projections by Congress's budget office, the interest bill will grow to $249 billion in 2007, and $270 billion in 2008.

All of that is money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years. In 2005, the government paid about $77 billion in interest to foreign creditors in China, Japan and elsewhere.

And that's not the worst of it. While foreign investors were putting up most of the $1.5 trillion the federal government has borrowed since 2001, they were also snapping up hundreds of billions of dollars in private sector securities, transactions that have been a big source of the easy money that allowed Americans to borrow heavily against their homes.

The result, as The Wall Street Journal reported last week, is that for the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad. That is a momentous shift. It means that a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess.

Schwarzenegger's Cynicism On HIV Prevention (LAT)

The Los Angeles Times, October 5, 2006

RIBBON CUTTING IS NICE. Inspirational speeches from the bully pulpit can be useful too. But on a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike.

The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated.

A study released last year by the U.S. Centers for Disease Control and Prevention documented 88 men who became infected after entering Georgia state prisons, most of them through consensual sex. Because prisons only rarely test for HIV, infected ex-cons frequently go on to have unprotected sex and spread the disease to their unknowing wives or girlfriends.

The resulting damage has been most devastating to minority communities. Because two-thirds of prisoners are black or Latino men, and one out of three black men will serve time behind bars in their lifetime, minority HIV rates have skyrocketed, especially among the female partners of ex-cons. In 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States, according to federal statistics.

Conservative lawmakers have been trying to kill the condom bill all year — for the head-in-the-sand reason that the program would effectively endorse the crime of having sex in prison. It's a logic the governor rejected two years ago when he legalized the sale of hypodermic needles without a prescription in order to reduce transmission of HIV among heroin users. But two years ago, Schwarzenegger wasn't seeking reelection while trying to lock up a restive Republican base.

In a recent Field poll, 70% of Californians favored distributing condoms in prison. Many foreign countries, and AIDS-impacted municipalities such as Los Angeles and San Francisco, pass out prophylactics in their jails. Stopping the spread of HIV in one of the places where it grows the fastest is a far more pressing issue than reelecting a governor who should know better than to let public health be held hostage by moral hysterics.

Pyongyang Warned On Weapon Testing (WP)

By Dafna Linzer

The Washington Post, October 5, 2006

The Bush administration delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government.

North Korea "can have a future or it can have these weapons. It cannot have both," Assistant Secretary of State Christopher R. Hill said yesterday in remarks at Johns Hopkins University's U.S.-Korea Institute. It was the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test.

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Hill did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis. "We will do all we can to dissuade [North Korea] from this test," he said. State Department officials said Hill is considering a trip to Asia to discuss options with key allies.

"We are not going to live with a nuclear North Korea, we are not going to accept it," Hill said. He said the United States had passed along a private warning through North Korea's diplomatic mission to the United Nations in New York.

North Korea is believed to have enough plutonium for as many as 11 nuclear bombs. It announced in February that it had succeeded in building a weapon, although intelligence analysts believe it is still years away from being able to deliver one.

Tuesday's statement did not set a date for a test. Senior intelligence officers and some administration officials said they had no clear signs indicating when one might occur.

"In terms of how much time they need and how far along they are, we don't know if it's even realistic" to test in the near term, said one official who spoke on the condition of anonymity in discussing classified intelligence estimates. State Department deputy spokesman Tom Casey said U.S. officials are looking at "all kinds of information" related to the possibility of a test.

Topographical changes resulting from a test would be visible to U.S. satellites, officials said. The test could also be detected by ground-based seismic sensors, some owned by U.S. intelligence and others by international monitoring stations set up to detect and deter nuclear tests around the world.

Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general.

In a private phone conversation with Secretary of State Condoleezza Rice yesterday, Ban offered to mediate between Washington and Pyongyang should he be selected as the next U.N. chief, according to an official briefed on the call.

Bush's top advisers held an emergency meeting about North Korea on Tuesday to review a number of strategies under consideration but came away with little agreement. Officials briefed on the meeting, chaired by national security adviser Stephen J. Hadley, said the participants discussed a range of options for restarting talks with Pyongyang and coaxing allies such as China and South Korea to adopt a tough line in the face of threats. "It was the first in a series of meetings we're going to have to hold," said one official who agreed to discuss it on the condition of anonymity. "There has been no major policy shift or change in anything at this point," the official said.

The State Department issued a worldwide communique to foreign governments afterward reiterating the administration's belief that a test would destabilize the region.

At the United Nations, U.S. Ambassador John R. Bolton discussed the matter with the Security Council, Casey said. The United States hopes "to see some action there in the near future," he added.

But Bolton said that, already, there are disagreements among council members about how to respond and that a Japanese initiative to send a council warning to Pyongyang lacks support.

North Korea's nuclear capabilities have grown significantly during Bush's presidency. When he came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. As the potential arsenal has grown to as high as 11, the administration has rebuffed calls to sit down directly with North Korea.

U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test (NYT)

By David E. Sanger And Jim Yardley

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The Bush administration sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States “is not going to live with” a nuclear-armed North.

The statement came in a speech late Wednesday by Christopher Hill, the assistant secretary of state for Asia. “We are not going to live with a nuclear North Korea, we are not going to accept it,” he said, according to [a news organization]. He was speaking at the newly created U.S.-Korea Institute, which is part of Johns Hopkins University.

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Mr. Hill did not suggest what the American response would be, and gave no hit of economic or military response. But in the speech on North Korea, he said: "It can have a future or it can have these weapons. It cannot have both."

Mr. Hill's comments were in sharp contrast to Washington's muted initial reaction on Tuesday to the North Korean announcement that it would set off an underground test. Secretary of State Condoleezza Rice said a test would be "provocative," and the National Security Council released a statement saying that it would ''severely undermine our confidence in North Korea's commitment to denuclearization.''

Mr. Hill said the direct message to North Korea, delivered to its mission at the United Nations, was in keeping with Tuesday's responses.

Some inside the administration complained that the responses were so soft that North Korea would read them as an invitation to proceed.

Meanwhile, American officials were pressing China to intervene, though it is unclear how much influence Chinese authorities have; Beijing asked the North not to conduct a missile test in July, but it did so anyway.

On Wednesday, China urged North Korea to exercise restraint and pursue a course of diplomacy rather than "taking actions that may intensify the situation."

That message was a clear statement of disapproval from the country considered North Korea's strongest regional ally as well as its chief economic patron.

"We hope that North Korea will exercise necessary calm and restraint over the nuclear test issue," China's Foreign Ministry spokesman, Liu Jianchao, said in a statement on Wednesday.

China was host to the six-nation talks over the North Korea nuclear crisis until North Korea broke off the discussions a year ago because of a dispute with Washington. China has sought to bring both sides back to the talks with itself, Japan, South Korea and Russia, but North Korea's announcement on Tuesday about plans to conduct a nuclear test "in the future" has again raised tensions in the standoff.

In Russia, the foreign minister, Sergey V. Lavrov, spoke with his South Korean counterpart, Ban Ki-moon, and "stressed the unacceptability" of a North Korean test, according to a statement. A test, the ministry's statement said, "can only aggravate this situation."

The Foreign Ministry in South Korea, one of the North's biggest providers of aid, said a nuclear test could alter its policy of engagement, The Associated Press reported.

"If North Korea pushes ahead with a nuclear test, North Korea should take full responsibility for all consequences," a spokesman, Choo Kyu-ho said, after South Korean security ministers held an emergency meeting, according to The A.P.

On Wednesday, Mr. Liu, the Chinese spokesman, focused on diplomacy as a solution and, in a statement aimed at North Korea, called on "all relevant parties" to "address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

In a telephone conversation Wednesday evening, Mr. Hill said that he wanted to convince North Korea that it could not follow Pakistan's model. Pakistan tested a nuclear weapon in 1998, endured three years of sanctions, and then emerged after the Sept. 11 attacks as a major American ally.

"This," Mr. Hill said, "ain't Pakistan."

The timing of North Korea's announcement comes at what had been a hopeful diplomatic moment in East Asia. On Wednesday morning, China announced that the new Japanese prime minister, Shinzo Abe, would visit Beijing on Sunday, the first official visit between leaders of the two Asian powers since 2001. Relations between the countries have deteriorated since then, largely over former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine, a memorial honoring Japan's war dead, including convicted war criminals from World War II.

Mr. Abe will then travel to South Korea to meet with President Roh Moo-hyun.

N Korean Nuclear Test 'just Matter Of Time' (FT)

By Anna Fifield And Guy Dinmore

Financial Times, October 5, 2006

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A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership.

A nuclear test has always been considered North Korea's trump card, a last-ditch option that would invite the strongest of responses, not just from the US and Japan but potentially from benefactors China and South Korea.

Although Mr Kim's regime has often made provocative threats without following through, many observers were confounded by the test launch of seven ballistic missiles in July and are now reluctant to dismiss Pyongyang's latest threat, made on Tuesday.

"The reality is that US policies over the last decade have failed to stop North Korea from becoming a nuclear state and now they are ready to take the next step and prove it," said Jon Wolfsthal, a nuclear specialist at the Center for Strategic and International Studies in Washington, predicting a test would take place within two years.

North Korea's neighbours on Wednesday urged restraint. But many analysts said it was a case of when, not if, a test was carried out, some saying there was an even chance it would come this year.

Daniel Pinkston of the Center for Nonproliferation Studies in Monterey, California, said, if it was this year, a test would almost certainly have to take place before mid-November to avoid heavy snow falls.

"I think they have been pretty clear in describing what they will do," Mr Pinkston said. "As this crisis has been stretching out over time, they have taken the opportunity to use salami tactics," he said, referring to Nobel prizewinner Thomas Schelling's theory for defeating threats by incremental escalation.

North Korea's foreign ministry said on Tuesday that the US's "threat of a nuclear war and its vicious sanctions and pressure" had put the state in danger, its boldest declaration yet.

North Korea's leadership is under severe economic pressure. Financial sanctions imposed by the US in September last year appear to have had a tougher than expected effect.

Pyongyang has condemned the sanctions, refused to return to six-party talks, conducted the missile tests, and threatened to extract more spent plutonium fuel rods from its Yongbyon reactor.

"They look at this as an act of war," Mr Pinkston said. "They are unhappy with the US strategy of imposing sanctions and the impact that is having on legitimate trade."

But analysts said pressure had increased on North Korea in other ways since July. The missile tests came despite public warnings from Wen Jiabao, the Chinese prime minister. This prompted Beijing, Pyongyang's closest ally, to express its displeasure in several ways, including giving its support to a United Nations Security Council resolution condemning North Korea and imposing limited sanctions.

According to an official from the World Food Programme, China has cut back food deliveries to North Korea this year by as much as two-thirds. This comes on top of widespread food shortages following floods, a worse than expected harvest, and other aid cutbacks.

Although there is no proof of nuclear weapons capability, North Korea has the material and claims to have already "weaponised" the 8,000 rods initially withdrawn from its nuclear reactor at Yongbyon. By most estimates, the rods would yield enough fissile material for six to 10 nuclear devices, a number that would probably give North Korea the freedom to test one without worrying about significantly diminishing its arsenal.

Bruce Klingner of the Eurasia Group, a political consultancy, said: "North Korea is feeling cornered so there is a greater chance than in the past of something happening. It's an internationally nerve-wracking time."

Marcus Noland, senior analyst at the Institute for International Economics, wrote recently: "North Korea could suffer a noticeable, self-inflicted and direct trade shock from a nuclear test."

However, Pyongyang may calculate that additional sanctions would be short-lived. Noting how the international community quickly backpedalled after Pakistan's nuclear test in 1998, Mr Noland said China and South Korea, fearing mass instability and regime collapse in the North, might "encounter both domestic and diplomatic motivations to ease such restrictions".

Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, last night warned North Korea that "we are not going to live with a nuclear North Korea. We are not going to accept it."

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The US would “have no choice but to act resolutely”, he told the School of Advanced International Studies of John Hopkins University in Washington.

He refused to say what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Warnings To Pyongyang Underline Global Concern (FT)

By Guy Dinmore, Anna Fifield And Richard Mcgregor

Financial Times, October 5, 2006

North Korea's neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences.

In Washington, Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, warned Pyongyang that "it can have a future or it can have these weapons. It cannot have both. We are not going to live with a nuclear North Korea. We are not going to accept it".

The US would "have no choice but to act resolutely", he added.

The reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken.

Kim Jong-il’s regime has long used threats as a bargaining tool, so its colourful words are often dismissed as rhetoric. However, since it launched seven missiles in July, its neighbours have become reluctant to call Pyongyang’s bluff.

Liu Jianbao, China's foreign ministry spokesman, said: "We hope that [North Korea] will exercise the necessary calm and restraint on the nuclear test issue."

But he said: "All relevant parties must address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

The statement is a sign from Beijing, North Korea's biggest provider of food and energy aid, that it still opposes sanctions on Pyongyang.

However, Japan, which has joined the US in imposing sanctions on North Korea, said any test would be unacceptable and a serious threat to peace. "North Korea should listen earnestly to the world's voices and exercise maximum self-restraint," said Hakubun Shimomura, deputy chief cabinet secretary. “I hope it will stop foolish behaviour that would only bring it into further isolation.”

In Seoul, Yu Myung-hwan, vice-foreign minister, said it was "necessary to send a grave warning to North Korea so it does not misjudge the situation and conduct a nuclear test".

Saying it needed to bolster its war deterrent for self-defence, North Korea’s foreign ministry said on Tuesday that it would “in the future conduct a nuclear test” because the US was threatening it with nuclear war and “vicious sanctions”.

The announcement flies in the face of Beijing’s policy in support of a nuclear-free Korean peninsula. It is also the latest in a series of recent repudiations by North Korea of Chinese entreaties to return to multilateral negotiations on the issue.

Seoul Continues Outreach To North Korea (WSJ)

By Evan Ramstad

The Wall Street Journal, October 5, 2006

Roh Stays the Course Amid Possible Test Of a Nuclear Bomb

SEOUL, South Korea -- North Korea's declaration that it will test a nuclear bomb might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor. But Seoul isn't parting with the policy quite yet.

South Korean President Roh Moo Hyun told his cabinet to prepare a "cool-headed and stern" response to the North's latest provocation. "We need measures to let North Korea know clearly what consequences it will cause if it really goes ahead with a test," he said.

Government officials gave no indication of what measures they might take, although they have had since mid-August -- when U.S. military intelligence revealed that North Korea appeared to be preparing a bomb test -- to come up with ideas. South Korea went ahead with an aid shipment of cement and other materials to the North yesterday.

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The South's ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at North Korea in the wake of its statement Tuesday that it would test a nuclear bomb. Analysts believe the two countries will ask the United Nations to invoke sanctions against North Korea that can be backed up militarily if it proceeds with a test.

A similar division became apparent in July, when North Korea test-fired seven missiles, including a long-range one that failed. While political leaders in Japan, the U.S. and elsewhere quickly condemned North Korea, Mr. Roh said nothing about the tests for a week. Last month, on a visit to Finland, he told a reporter he considered the missile tests to be a "tool for political purposes" and not a military threat.

In the U.S. a few days later, Mr. Roh said a nuclear test by the North would mean "the situation will become a totally different one from what it has been."

President Roh has continued the "engagement policy" started in 1998 by his predecessor, Kim Dae Jung, to promote economic and political change and eventual reunification with the North. Under the policy, Seoul eliminated harsh rhetoric toward the North, halted propaganda broadcasts and leaflets and built an industrial park in the North Korean border city of Kaesong and a mountain resort in the North for South Koreans to visit.

Just a year ago, the policy seemed to be working, when North Korea agreed -- in negotiations with the South, three other neighbors and the U.S. -- to give up its nuclear-weapons program in return for economic and energy assistance. The North walked away from the agreement a short time later and, more recently, proceeded with plans to test its weapons.

Conservative politicians and news media in South Korea say the engagement policy has become an embarrassment for the country. "This is the time for a stick, not a carrot," said Lew Seok Choon, a university professor in Seoul who is active in conservative politics. "As soon as we hear this [bomb test] news, the government should speak out and say here is our plan, so our citizens will feel comfortable."

Mr. Roh and other proponents of the engagement policy fear harsh measures may cause the North to collapse suddenly, leaving the South to cope with the chaos and expense of rebuilding its neighbor.

In one sign the South hopes to stick with engagement, the government yesterday sought a change in a wire-service news report that quoted an official as saying the policy could be abandoned if Pyongyang tested a nuclear bomb. In a new version of the story, the official was quoted as saying the policy may shift but not necessarily be abandoned.

Abe Aims To Flex Japan's Muscles (WSJ)

By Sebastian Moffett

The Wall Street Journal, October 5, 2006

Premier's Visits to Beijing, Seoul May Help Unify North Korea Policy

TOKYO -- New Japanese Prime Minister Shinzo Abe's coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions.

Mr. Abe's visits to Beijing Sunday and Seoul Monday mark a quick start to his ambition to give Japan greater influence in regional affairs.

The trip will include the first summit meeting between the Japanese and Chinese leaders in five years. China refused to hold summits with Junichiro Koizumi because of the former prime minister's annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as well as conscripted soldiers.

Tuesday, North Korea said it will test a nuclear bomb. While there is no clear evidence Pyongyang can do it, the announcement increased worry about the North. The announcement also could present an opportunity for Mr. Abe, 52 years old, on his first trip as prime minister.

Japan has aligned itself with Washington's hard line toward Pyongyang, and it imposed sanctions on North Korea after it test-fired missiles in July. But China is a traditional ally of the communist state, and South Korea has been trying to build better relations with the North through economic incentives. If Mr. Abe's talks with Chinese President Hu Jintao and South Korean President Roh Moo Hyun improve Japan's relations with those countries, that could help foster progress in forming a joint strategy toward Pyongyang. (See related article on page 10.)

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"The road to solving North Korea problems is through better relations with Beijing," said Jeff Kingston, director of Asian Studies at Temple University Japan.

More widely, Mr. Abe's trip could add momentum to the long-term push by Japan -- an economic power -- for a bigger role in world affairs. Starting 15 years ago, the U.S. made strong calls to Tokyo to play a greater role in maintaining regional security. Despite a pacifist constitution adopted after World War II, Japan from the 1990s began sending troops to participate in United Nations peacekeeping operations. In 2004, it sent a contingent of troops to Iraq to join reconstruction efforts.

Another reason for Japan's shift is the economic rise of other Asian nations, which has led to competition for regional dominance.

Under Mr. Koizumi, Japan began to be more assertive. Starting in 2002, his government -- with Mr. Abe as its chief negotiator -- took North Korea to task for kidnapping Japanese citizens a quarter of a century ago. Japan eventually obtained the return of five of its citizens and their families. After North Korea test-fired missiles into the Sea of Japan in July, Japan led calls for a U.N. resolution to condemn the launches. Tokyo then imposed its own sanctions on Pyongyang.

Mr. Koizumi angered China and South Korea over Yasukuni, which most previous prime ministers hadn't visited for fear of the reaction it would provoke. In 2005, tens of thousands of young Chinese staged demonstrations against Japan, complaining that it hadn't sufficiently atoned for its invasion of China in the 1930s.

Mr. Abe has visited the shrine in the past, though he hasn't said whether he will while prime minister. But he told Japan's Parliament last week that "strengthening bonds of trust with [China and Japan] is extremely important for the Asian region and the entire international community."

The economies of Japan and China are increasingly intertwined, as Japanese companies build factories all over China, from where they export electronics products around the world. In 2004, China, including Hong Kong, eclipsed the U.S. to become Japan's biggest trading partner.

China's leaders appear to have decided they, too, have much to gain by meeting the Japanese premier and from having better ties. "The summit is coming so fast," said Zhou Yongsheng of the Institute for International Relations at China Foreign Affairs University. "It shows that China is sincere about improving the relationship between the two countries."

--Kersten Zhang in Beijing contributed to this article.

Asia Confronts North Korea On Nuke Test (AP)

By Hans Greimel, Associated Press Writer

AP, October 5, 2006

North Korea's neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power.

The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting.

On Wednesday, China — the North's main ally and key benefactor — appealed to Pyongyang to show calm and restraint, issuing an unusually pointed statement that referred to North Korea by name, instead of its usual appeals for all sides to remain calm.

Japan, China and South Korea announced a series of summit meetings over the next week to repair damaged ties and coordinate a strategy. Japanese Prime Minister Shinzo Abe will meet with Chinese President Hu Jintao on Sunday and South Korean President Roh Moo-hyun on Monday. Roh will then visit Beijing for talks with Hu and other officials on Oct. 13.

The three countries are key players — along with the United States and Russia — in the long-stalled six-nation talks aimed at persuading the impoverished communist regime to give up its nuclear ambitions in return for badly needed economic aid.

Japan also took its case to the United Nations, pressing a divided Security Council to adopt a statement urging the North to cancel the test and return immediately to talks. Japan's draft text warned that a test would "jeopardize peace, stability and security in the region and beyond." U.S. Ambassador John Bolton told reporters that members were divided on how to respond to the North.

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The joint effort came a day after North Korea triggered global alarm by saying it will undertake an unprecedented nuclear test in a step toward building the atomic arsenal it views as a deterrent against any U.S. attack.

It was the first time the North has publicly announced plans to conduct a nuclear test, though recent reports have said it may be preparing one. North Korea claims to have nuclear weapons, but detonating one would be the first proof of its atomic capabilities.

Russia's defense minister voiced concern about the environmental consequences in neighboring Russian territory. "The nuclear tests in North Korea, if they take place, could cause ecological damage in Russia," Sergei Ivanov said on a visit to a Russian air base in Kyrgyzstan.

The United States said it has warned the communist nation not to stage a nuclear test.

"We are not going to live with a nuclear North Korea," Assistant Secretary of State Christopher Hill said Wednesday.

Hill, the chief envoy to disarmament talks, said the United States has passed a message of "deep concern" through diplomatic channels at the United Nations but has yet to hear back from North Korea.

A U.S. intelligence official, speaking on condition of anonymity, said the United States is now seeing the movement of people, materials, automobiles and other activity around one possible test site, but it could be similar to the activity that was seen a couple months ago. At that time, no test occurred.

The official noted that international observers don't have a baseline for comparison, because North Korea has never performed a nuclear test.

South Korea's top official on dealings with the North, Unification Minister Lee Jong-seok, said Wednesday there were no signs of an imminent test. And Japan's Asahi newspaper reported that two Japanese spy satellites focusing on a suspected underground test site had not observed any activities apparently connected to test preparations as of Tuesday.

Adding to uncertainty, North Korean leader Kim Jong Il has dropped from public view and has not been seen for nearly three weeks, South Korea's Chosun Ilbo reported Thursday. The leader often drops out of sign when tensions heat up only to resurface when things calm down.

While North Korea's Kim may decide to hold the test, it cannot be ruled out that the announcement is saber-rattling, an effort to force a change in the stalled diplomatic negotiations or some other motivating factor.

Lee, however, warned there was "a high possibility" North Korea would go ahead with a test if "efforts to resume the six-party talks fail."

North Korea has boycotted six-nation nuclear talks for nearly a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Any display of Pyongyang's nuclear force could prompt Japan to go nuclear and trigger a regional arms race, South Korean Vice Foreign Minister Yu Myung-hwan warned. Speaking to lawmakers, Yu said such a North Korean nuclear test "could provide a pretext for Japan's nuclear armament."

"This will prompt countermoves by China or Russia and lead to a change in the balance of power in Northeast Asia," Yu said.

In a worst-case scenario, analysts have speculated, a test could push Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

Just last month, a think tank run by former Japanese Prime Minister Yasuhiro Nakasone proposed in a policy paper that Tokyo "consider the nuclear option."

The South Korean president called Wednesday for a "cool-headed and stern" response to the North's announcement, while Foreign Ministry spokesman Choo Kyu-ho said a test could cause Seoul to change its engagement policy toward the communist regime.

But a test could strain the alliance between South Korea and the United States, which has adopted a harder-line toward Pyongyang.

South Korea has consistently pursued dialogue with North Korea since their leaders first met in a historic summit in 2000. Seoul is also a main aid provider. On Wednesday it was shipping previously promised flood relief aid, including 6,400 tons of cement, despite the nuclear test threat.

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"As North Korea has yet to conduct a nuclear test, it is difficult to immediately halt sending flood relief aid, which is being provided on a humanitarian basis," a ministry official said on condition of anonymity, citing official policy.

Other issues could also splinter a common front against North Korea.

Japan, the top U.S. ally in East Asia, has been the most hard-line against Pyongyang, especially since North Korea fired a test missile over its territory in 1998.

China, meanwhile, sees Pyongyang as a counterbalance to U.S. influence in its own backyard.

"North Korea's next step may be to do nothing at all, other than to sit back and watch the rest of the world argue about what to do next," Ralph Cossa, president of the Honolulu-based Pacific Forum, wrote in a report on the latest threat.

Some experts believe the North has enough fissile material to build at least a half-dozen nuclear bombs, though there are doubts about whether it could deliver them accurately on a warhead.

U.S. Asks U.N. To Condemn Threat (WT)

By David R. Sands

The Washington Times, October 5, 2006

The Bush administration yesterday pressed the United Nations for a strong condemnation of North Korea's threat to test a nuclear weapon, as Pyongyang's Northeast Asian neighbors warned the North against exploding an atomic bomb.

John R. Bolton, U.S. ambassador to the United Nations, said the U.N. Security Council was divided over how to deal with the North's threat, but that the United States would push for a "broad strategic approach" to heading off a nuclear test that could destabilize the region.

"It's going to be quite important for the [Security Council] to speak very firmly, very resolutely on this," he said, "and not just in a knee-jerk reaction with another piece of paper."

North Korea on Tuesday announced plans to conduct a nuclear test at an unnamed date, calling it a "self-defense measure" in the face of the "U.S. extreme threat of a nuclear war and sanctions and pressure."

The closed regime of North Korean dictator Kim Jong-il has boycotted regional talks hosted by China on its nuclear programs for nearly a year, and ignored warnings from Washington and neighboring capitals by conducting a provocative missile test in early July. The Security Council at the time imposed weapons-related sanctions.

China and South Korea yesterday issued calls for the North to refrain from a nuclear test. The statement by China's foreign ministry, in a break with past practice, singled out North Korea by name in urging "restraint," while a South Korean minister said a nuclear test by Pyongyang could cause Seoul to reconsider its policy of engagement with the North.

Japan, which sharply criticized the July missile tests, circulated a draft resolution at the Security Council yesterday. The measure warns North Korea that a nuclear test would jeopardize peace in the region and holds out the prospect of new action if North Korea goes ahead with the test.

Russia, also a participant in the stalled "six-party talks" over the North's nuclear programs, said a nuclear test could present an ecological threat to its own territory.

In Washington, the U.S. assistant secretary of state for East Asia, Christopher R. Hill, said, "We are not going to live with a nuclear North Korea, we are not going to accept it."

Speaking at the U.S.-Korea Institute, part of Johns Hopkins University, Mr. Hill declined to specify what steps the United States might take to halt a weapons test.

New Japanese Prime Minister Shinzo Abe embarks on a previously planned diplomatic tour of South Korea and China next week, a trip that could help coordinate a response to the North's threat.

Officials said intelligence signs conflicted over whether Pyongyang was serious about a nuclear test.

Japanese press reports said that Japanese satellites had not seen any unusual activity at a site where a nuclear test might be conducted.

But a U.S. intelligence official, briefing reporters on background, said the United States is seeing the movement of people, materials and automobiles around one potential test site.

Mr. Bolton said he did not think Pyongyang was bluffing.

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"We do think this is a serious threat," he said. "We don't think this is a diplomatic ploy or an attention-getting device."

Security Council Mulls Response To North Korea Nuclear Test Threat (AFP-Y)

By Gerard Aziakou

AFP, October 4, 2006

The UN Security Council sought agreement on a firm response to a North Korean plan to test an atom bomb, hoping to push Pyongyang back to talks over its nuclear program.

After morning closed-door consultations on the issue, the council's 15 ambassadors tasked their experts to meet again Thursday to pore over a Japanese draft statement asking North Korea "not to undertake such a test and to refrain from any action that might aggravate tension."

The statement, a copy of which was obtained by AFP, also urges Pyongyang to "return immediately to the six-party talks (on ending its nuclear weapons program) without precondition."

The Stalinist state has boycotted the talks -- involving China, Japan, the two Koreas, Russia and the United States -- since last November in response to US sanctions against a bank linked to the regime of Kim Jong-Il.

Emerging from a 90-minute experts' meeting Wednesday, a Japanese diplomat told reporters: "We had a a very good exchange of views" on the text.

"We tentatively agree to have another expert-level meeting some time tomorrow," said the diplomat, who spoke on condition of anonymity. Japan presides over the council for this month.

The Japanese diplomat said most members supported the draft, including some delegations such as China and Russia which had not yet received instructions from their governments on how to proceed.

Earlier Thursday, US Ambassador to the UN John Bolton spoke of "division" within the council, suggesting "North Korea's protectors" -- implying Moscow and Beijing -- opposed his call for a tough line against Pyongyang.

"We cannot simply respond with a piece of paper," Bolton said. "I fear that if we do not have a strong response now to this clear signal from the North Koreans ... that they will misread the council. ... I'm not sure everybody on the council shares that view," he added.

But Chinese Ambassador Wang Guangya took exception to Bolton's comments, particularly his reference to North Korea's protectors on the council.

"We are all concerned about the North Korean announcement. On this issue, everybody is unanimous. ... No one is going to protect them (the North Koreans)," he added.

The Chinese envoy also said that all council members support the idea that "the six-party talks (should) be the main channel to address the issue". Other diplomats concurred with that view.

Wang urged "less mistrust" between Washington and Pyongyang.

"If there could be some progress made between the United States and North Korea, if there could be less mistrust between the two, certainly I think it would lead to good results," Wang told reporters.

"This is not an issue between China and North Korea. I do hope that others will also contribute," Wang said.

In Washington, US officials strongly slammed the North Korean nuclear test announcement as provocative, but both in public and private avoided talking about ramping up sanctions against Pyongyang to discourage the test.

Instead, the State Department urged North Korea to return to the six-nation negotiations.

"The right thing is to end these kind of provocations and end these kind of threats and to go back to the six-party talks, which is where we all want to be to come up with a viable solution to North Korea's nuclear program," State Department deputy spokesman Tom Casey told reporters.

Pyongyang triggered global jitters Monday when it announced plans to test a nuclear device at an unspecified date and under safe conditions, in response to what it called a "threat of nuclear war and sanctions" from the United States.

In Washington, a UN official said US intelligence had detected unusual movement at a suspected North Korean nuclear site and a bomb test could be carried out at any time.

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"We've seen some activity in the area," said the official. "When I say activity, I mean personnel, vehicles, materials, things of that nature."

"We need to make it clear that the (North Korean) threat has to be withdrawn," Bolton said, warning that if the North Koreans did proceed with a test, the council should pass a resolution mandating sanctions going beyond those imposed on the North in a Security Council resolution passed in July.

That resolution was passed after the North launched seven missiles, including a long-range Taepodong-2 believed to be capable of striking US soil.

China, North Korea's main political ally and chief supplier of food and energy, and Russia have both appealed for "restraint" from the North, while South Korea warned it would cut off vital economic aid if the test went ahead.

The United States has warned North Korea directly of international repercussions if it proceeds with a nuclear test, Christopher Hill, the US envoy to nuclear talks with the Stalinist state, said.

The diplomat said the North Koreans were contacted through their United Nations mission in New York.

"Yesterday we sent the message directly to the DPRK (North Korea) through the New York channel of what such a test would mean," said Hill.

"We have spoken consistently that we will meet them bilaterally, but through the context of the six-party talks."

Hill spoke at the launching of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies in Washington.

A North Korean nuclear test "would be a very highly provocative act, and the international community cannot be indifferent to that," he said.

"It will invite the prospect of proliferation ... and we have no choice but to act resolutely to make sure the DPRK and every other country understand" the implications of such a move, said Hill.

What If North Korea Tests A Nuclear Bomb? (CSM)

By Howard LaFranchi And Donald Kirk

The Christian Science Monitor, October 5, 2006

WASHINGTON AND SEOUL

In all its years of saber rattling and boasts of nuclear-weapons capabilities, North Korea has never gone beyond talk to proving that it has the bomb.

Now Pyongyang says it will conduct a nuclear test - a move that would remove any doubt about the accession of the secretive and volatile regime of dictator Kim Jong Il to the nuclear club. With no international inspectors having set foot in the country for four years, a test would provide clues about the kind and power of weapons and the level of technology it possesses.

"At a minimum, a test would be a clarifying moment," says Jonathan Pollack, director of the Strategic Research Department at the Naval War College in Newport, R.I.

In addition, a test would hold geopolitical ramifications for the northeast Asian region, experts say, and for international efforts to keep the proliferation genie in its bottle. "The political effects of a nuclear test would be at least as consequential - and destabilizing - as any technological leap it might provide the North Korean nuclear program," says Daryl Kimball, executive director of the Arms Control Association in Washington.

A test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race - causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents. That, experts say, would very likely mean that the international nonproliferation regime is dead. North Korea's ability to do harm

North Korea has claimed since 2005 that it has a nuclear arsenal, and intelligence specialists believe Pyongyang probably possesses enough plutonium for as many as 10 average-size plutonium bombs. A missile test Pyongyang conducted this summer demonstrated its continuing progress in missile technology, but experts say it still does not have the capability - or a miniaturized weapon - to deliver a weapon by missile.

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The only way North Korea at this stage could stage a nuclear attack would be to drop a bomb from an airplane that might be detected as it left North Korean airspace. Besides, notes Mr. Kimball, the North does not possess anything like the B-29 the US used to deliver the first nuclear weapon to its target.

"Their bomb is a standard bomb comparable to the one on Hiroshima," says Kim Tae Woo, senior fellow at the Korea Institute for Defense Analyses, an adjunct of the defense ministry in Seoul. The Hiroshima bomb, dropped on the Japanese city of Hiroshima on Aug. 6, 1945, had an explosive effect of 12.5 kilotons, while the one dropped three days later on Nagasaki had an impact of 20 kilotons.

"They have missiles capable of mounting nuclear weapons," says Mr. Kim, "but they should continually minimize the size of weight" so the warheads are small enough for missiles to be able to carry them long distances.

Analysts in South Korea say a nuclear test by the North could cause Seoul to reconsider its policy of reconciliation with Pyongyang.

Still, many observers say North Korea's new threat is primarily directed at the United States - designed to pressure the US into calling off financial sanctions that have been hurting the North, and accepting the direct talks, and the security guarantees, that Pyongyang wants. Washington's careful response

Washington's response since North Korea announced its intentions Tuesday has been deliberate but nonreactive, with Secretary of State Condoleezza Rice saying a test would be "provocative."

The United Nations Security Council was to take up the North Korean issue Wednesday. Some experts see UN Ambassador John Bolton's call for "preventive diplomacy" toward the North as a desire by Washington to use Pyongyang's threatened test to fortify the international front of powers, including China and Russia, to deal more forcefully with the Kim regime.

Alarm over North Korea's nuclear program stems mainly from its more advanced plutonium-weapon development. But Pyongyang is also working on uranium enrichment technology, though less is known about its progress in that area, say intelligence and weapons experts.

"Nobody has a clue where the uranium program is, how big it is, or how far along it is," says John Pike of GlobalSecurity.org.

The Bush administration confronted the regime with evidence of uranium enrichment activities, which the regime reportedly acknowledged - then denied.

The US and other nations need to think in terms of North Korea's global threat as much for its potential to sell nuclear technology and materials as for its future ability to deliver a weapon to a target, says Mr. Kimball of the Arms Control Association. North Korea's regime has already shown a willingness to sell technology and materials - in particular involving its missile program - in return for cash to keep afloat, he adds.

That concern is what stands behind President Bush's focus on keeping weapons of mass destruction out of the wrong hands, says the Naval War College's Mr. Pollack. "Bush has said since at least the 2002 national security estimate that there is no higher priority than preventing a so-called rogue regime from developing such weapons - or acquiring one," he says.

Still, Pyongyang-as-proliferator, though worrying, is a long-term problem - while the likelihood that a nuclear test will set off an Asian arms race is more immediate, experts say. Worries about regional proliferation

North Korea gave no hint of when it planned to conduct a nuclear test, leading some experts to suggest that it may be a bluff to draw international attention. But just the threat may be enough to set off a chain reaction in the region, others note.

"The most serious impact would be what this would be likely to cause in the region, prompting other countries to reverse their nuclear nonproliferation policies," says Kimball. In that sense, the North Korea issue parallels the challenge of Iran's nuclear program, since many experts believe a nuclear Iran would tempt other Middle Eastern nations to "go nuclear."

Even now, just because North Korea is threatening to test a nuclear weapon, Japan may well do away with Article Nine of the post-World War II "peace" constitution that bans Japan from sending its "self-defense" forces to fight foreign wars.

If North Korea goes through with a test, Japanese scientists are likely to complete the process of building nuclear weapons. Kim, the Korean defense analyst, estimates that Japan could become a nuclear power within months, despite its aversion to any form of nuclear warfare carried over from the bombing of Hiroshima and Nagasaki.

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Such eventualities explain why some experts insist that the real impact of North Korea's test threat would be on global nonproliferation efforts.

"The real challenges are yet to come," says Pollack. "We have to ask if the fact of a North Korea test triggers other responses that fundamentally mean that the nonproliferation regime as we know it has ceased to exist."

Answering North Korea (WP)

The Washington Post, October 5, 2006

NORTH KOREA'S threat to conduct a nuclear test is first and foremost a threat to its closest neighbors, China and South Korea. Pyongyang's emergence as a nuclear power would create a grave danger for their people and would probably transform regional security in East Asia in ways that both Beijing and Seoul would find harmful. Among other consequences, Japan might choose to build its own nuclear arsenal. South Korea's policy of seeking closer relations with the North and China's complementary strategy of propping up the totalitarian dictatorship of Kim Jong Il will have produced not stability but a potentially far-reaching destabilization.

The United States would be threatened, too, because of the 30,000 U.S. troops stationed in South Korea. But North Korea appears to be a long way from developing a missile that can reach the United States. Its provocative test in July, like a previous one in 1998, was a flop. A North Korean bomb test, meanwhile, is likely to empower those in the Bush administration who have been arguing for much tougher steps to isolate the North.

It follows that the South Korean and Chinese governments ought to be leading the effort to stop North Korea from going forward. They, more than the United States or the United Nations, have the means to exert pressure. Without the energy and food aid they supply, and China's willingness to close its borders to North Korean refugees, the Kim dictatorship would almost certainly collapse. Most experts believe the North is not bluffing when it says it could detonate a nuclear warhead, but whether it does will probably depend on international reaction to this week's threat.

So far the Chinese and South Korean responses look weak. A spokesman in Seoul said a test would cause a "shift" in the government's engagement policy but hastened to add that it wouldn't abandon the policy altogether. Beijing, meanwhile, seemed to resist a U.S. and Japanese effort to have the U.N. Security Council issue a strong warning to Pyongyang. It's not hard to imagine Mr. Kim reading such reactions as a virtual green light.

The North's latest provocation produced the usual claims that the United States was somehow at fault for failing to "engage" the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. Just last month the senior U.S. negotiator again offered to meet his North Korean counterpart to discuss how talks could resume. There was no response.

Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China.

The North Korea Nuclear Puzzle (LAT)

The Los Angeles Times, October 5, 2006

IF THERE IS ANYTHING MORE UNCLEAR than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try.

That's a sensible if unsatisfying response to the latest provocation by the Stalinist nation, which tested a long-range missile in July (it failed about 40 seconds into its flight) and last year abandoned negotiations with the U.S., China, Russia, Japan and South Korea over its nuclear program. But if the North Koreans do conduct a nuclear test, the world will need to have a better response at the ready.

Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome. Satellite monitoring reportedly shows increased activity around possible test sites, but there has been increased activity in the past. And

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because North Korea has never conducted a nuclear test, it's hard for analysts to know exactly what to look for. There is also the possibility, always present with the North Koreans, that they are simply bluffing to gain negotiating leverage.

Diplomatically, the answers are no easier. The U.S., China, South Korea, Russia and Japan have always agreed on a core principle: They don't want nuclear weapons on the Korean peninsula. Beyond that, however, the consensus has shown signs of strain.

North Korea's latest announcement will bolster that consensus, at least temporarily — as demonstrated by the wave of denunciations that rolled from Washington to Beijing. Yet as the U.N. Security Council takes up the issue, tensions will surely return. U.S. Ambassador John R. Bolton urged the council Wednesday not to "simply issue statements for the sake of issuing statements." Russia's ambassador, meanwhile, struck a more cautious note, saying there was "a need for brainstorming" and that the council "should heavily focus on the first part of that term."

With diplomacy like that, who needs crises? The present (if not quite clear) danger is not just that North Korea could test a nuclear weapon, upsetting the delicate balance of the region and offering hope to prospective terrorist clients around the world. It's also that the diplomatic response will devolve into the usual maneuvering.

That can't be allowed to happen. Diplomacy is rarely satisfying, especially as the stakes get higher — and nuclear diplomacy is the art of choosing among least-bad options (as the Bush administration is finding in Iran). A certain amount of posturing is inevitable. Even if they don't really mean it, nuclear nations have to say they will do everything they can to prevent another nation from gaining nuclear weapons — because once another nation has them, there is very little they can do about it. The challenge now for the U.S., China, South Korea, Japan and Russia is as simple as it is difficult: to convince North Korea that they really mean what they say.

Pyongyang Phooey (WSJ)

By Nicholas Eberstadt

The Wall Street Journal, October 5, 2006

With Pyongyang's announcement that it intends to "conduct a nuclear test" to "bolster its war deterrent for self-defense," the world has been given yet another reminder of the North Korean game plan. Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the U.S. heartland -- are instrumental to achieving three goals: shattering the U.S. security architecture in Northeast Asia; breaking the U.S. military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus.

North Korea has been called a "rogue state" by some, a "terrorist state" by others, and fair enough -- but while those terms carry opprobrium, they lack real descriptive content. The North is better understood as a "revisionist state" -- bitterly dissatisfied with the international environment it faces, and intent upon overturning that order. Its main grievances with the international system are: (1) the predominance and success of the capitalist world economy, particularly its global trade and financial arrangements, which are fundamentally incompatible with Pyongyang's Stalin-style economy; (2) the Northeast Asian security structure of military alliances built and maintained by its superpower enemy, the U.S.; and (3) the florescence of a prosperous, democratic South Korean state on the landmass that the Kim family claims the right to rule unconditionally.

These grievances are not merely aesthetic. Since each of these features of the international system places the survival of their own system in jeopardy, North Korea is exceedingly unlikely to be reconciled to them through "international dialogue." Making the world safe for Kim Jong Il requires nothing less than upending the contemporary economic, political and military order in Northeast Asia -- preposterous as such an outcome may sound to South Korean, Japanese or American ears.

Nevertheless, North Korean policy is relentlessly focused on achieving just such an upending. The carefully chosen tools for the job are nuclear weapons and long-range ballistic missiles. The point of vulnerability -- the focus of these WMD -- is the U.S.-South Korea military alliance. By training missiles on U.S. territory, Pyongyang's goal of breaking the alliance would be promoted most efficiently -- and its objective of unconditional unification with South Korea would be directly advanced. Why?

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Because placing U.S. territory in North Korea's nuclear crosshairs inescapably undermines the credibility of American security guarantees in a time of crisis on the Korean peninsula. If U.S. policy makers were deemed unwilling to expose Seattle in order to honor commitments to Seoul, the security alliance would be worthless, America's unparalleled military might notwithstanding.

For over half a century, Pyongyang has endured the reality of U.S.-imposed "deterrence." For Kim Jong Il, the geopolitical keys to the kingdom lie in deterring the deterrer -- and North Korea's otherwise puzzling and bellicose behavior should be regarded through the prism of this long-term project.

The seemingly stalled six-party talks, for example, are actually not stalled at all: North Korea's missile and nuclear weapons programs have apparently been progressing quite nicely during the three-plus years of conferencing. There is an eerie similarity between the "conference diplomacy" involving North Korea today and earlier episodes of "conference diplomacy" in Europe between World Wars I and II. While the particulars are obviously different -- Germany was the strongest state in its region, while North Korea is the weakest -- the dynamics are almost exactly the same: The status quo powers want to talk; the revisionist powers want to arm -- and both parties get their wish.

When North Korea launched its missiles in July, the move was judged in many quarters to be impetuous, even irrational. In fact, it was coolly calculated, displaying the regime's confidence that it could manage subsequent international events while pushing its game up to a potentially much more dangerous level.

Even so, Pyongyang could not have known how much its own project -- inflaming the U.S.-South Korea military alliance -- would be abetted by the hapless Roh Moo Hyun government. In the immediate aftermath of the launches, South Korea's President Roh studiously avoided criticism of North Korea -- and instead harshly scolded the Japanese for (among other things) bringing the matter before the U.N., averring that Tokyo's actions could "lead to a critical situation in the peace over Northeast Asia"! The Roh administration also stated that its multibillion dollar joint-venture scheme within North Korea, the Kaesong Industrial Complex, should be insulated against any political fallout from the missile episode. It continued the subsidies for the project and insisted that North Korean products "made in Kaesong" should receive privileged treatment in the pending U.S.-South Korea Free Trade Agreement.

Most portentously of all, Mr. Roh fixated on switching wartime operational control (Opcon) of the U.S-South Korea combined forces command from U.S. to South Korean hands. It seemed to matter little to him that many military specialists in South Korea itself -- including a large number of retired generals and former ministers of national defense -- went on record to warn that the South's forces were not prepared for such a transition, and that readiness might suffer. The true reasoning behind Mr. Roh's adamant Opcon lobbying may have been revealed by one of his advisers at a public seminar in Seoul last month. He argued that South Korea's control of troops during wartime is critical to maintain security on the peninsula as it prevents the U.S. military from unilaterally conducting military operations in the case of an emergency on the peninsula.

Opcon, in other words, was a proxy for the Roh government's distrust of its U.S. ally -- a feeling evidently so powerful that it could not be restrained even under the pressure of North Korea's missile tests. In the light of such official South Korean reactions, Pyongyang made its own calculations about the risks and benefits in moving its agenda on to nuclear tests. * * *

If the flower children in charge of South Korean national security policy these days have acquitted themselves poorly, the record of the self-proclaimed grownups who took charge of Washington's policies in 2001 does not look that much better. Passive-aggressive in the face of North Korean brinkmanship, irritable and reactive in the face of mounting frictions in the relationship with Seoul, the Bush administration's main achievement to date in "alliance management" seems to have been the drawdown of U.S. forces in South Korea, with more in store. It is not even clear that our statesmen understand the stakes of the game they are embroiled in. All this, of course, will hardly dissuade Pyongyang from pressing the U.S.-South Korea alliance ever harder.

With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking.

Mr. Eberstadt, the Henry Wendt scholar at the American Enterprise Institute, is author of "The North Korean Economy Between Crisis and Catastrophe," forthcoming from Transaction Publishers.

Mistrust Set To Scupper Iran Talks (FT)

DOJ_NMG_0075214

By Guy Dinmore And Najmeh Bozorgmehr

Financial Times, October 5, 2006

The US and Iran appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides.

Javier Solana, the EU foreign policy chief who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever.

He said he had so far failed to persuade Iran to suspend its uranium enrichment – the key pre-condition for the US to join negotiations over the future of Iran's nuclear programme.

The US is set to resume its efforts this week to get a United Nations Security Council resolution that would impose limited sanctions against Iran for failing to heed an August 31 deadline set by the council to suspend enrichment.

However, the US still doubts that China and Russia will back such a measure. American hardliners are also voicing concerns that France is backing away because its forces in Lebanon are "hostage" to Iran.

There are suspicions that President Jacques Chirac of France sought a compromise with Iran in a Paris meeting with a top aide to the Iranian president Mahmoud Ahmadi-Nejad on September 12.

A French official strongly denied that Mr Chirac had sought to make a deal with Iran that would guarantee safety for French forces in southern Lebanon from attack by Iranian-backed Hizbollah in exchange for a softer approach on sanctions and the nuclear issue.

In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military action against Iran, officials and analysts say US president George W. Bush and Condoleezza Rice, his secretary of state, have concluded that a negotiated settlement is the only way forward.

"Regime change" is no longer considered viable, and the military option is too dangerous, say allied diplomats. Both Mr Bush's decision to give the process more time and Ms Rice's offer to meet her Iranian counterpart were indications of genuine goodwill, they said.

The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by her senior aide Philip Zelikow last month in a key speech which advocated diplomacy.

Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer.

Sanctions would buttress "pragmatic" forces in Tehran who argue that the cost of Iran's nuclear programme is too high, a senior US official told the Financial Times. However, such an approach backfired with North Korea, and it is far from clear how the Iranian leadership will respond under duress.

Those seeking engagement say this is a more opportune moment than 2000, when the then US president Bill Clinton and Iran's reformist president Mohammad Khat-ami failed to establish a meaningful dialogue, with both sides facing serious resistance from hardliners.

Now the leadership in both countries is in a position to direct events, and negotiations would have the support of both Democrats in the US and the ousted reformists in Iran. A weakened US is more inclined to negotiate than in May 2003 when, having just conquered Baghdad, it rebuffed an offer of talks from Iran.

Still, the White House does not believe the Iranian leadership is serious about negotiations. And in Tehran there is intense suspicion about US motives and an understandable reluctance to throw away one of its strongest cards – the ongoing enrichment programme – before talks even begin.

Iran: Sanctions Won't Derail Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 5, 2006

DOJ_NMG_0075215

President Mahmoud Ahmadinejad warned Wednesday that sanctions will not stop Iran from enriching uranium after a European negotiator conceded "endless hours" of talks had made little progress and suggested the dispute could wind up at the U.N. soon.

The talks had been seen as a last-ditch attempt to avoid a full-blown confrontation between Iran and the U.N. Security Council after Tehran ignored an Aug. 31 deadline to suspend enrichment — a key step toward making nuclear weapons — or face punishment.

The latest comments — and the view of senior U.N. diplomats who told The Associated Press on Tuesday that nearly two years of intermittent negotiations had failed — suggested an emerging consensus that the time has finally come to consider Security Council sanctions.

Iran maintains its nuclear program is for peaceful purposes and does not violate international law. Its refusal to give up enrichment compounds the failure of more than three years of U.N. inspections to banish suspicions that Tehran might have a secret weapons program. The conflict picked up steam after last year's election of the hard-line Ahmadinejad, whose tough stance on the nuclear issue is wildly popular in Iran — even among moderates.

Javier Solana, the European official who has been negotiating with the Iranians, told the European Parliament on Wednesday that the Iranians had made "no commitment to suspend." The dialogue with the Iranians "cannot last forever" and it was up to Tehran "to decide whether its time has come to end," he said.

Solana said his talks had found "common ground" on some issues "but we have not agreed in what is the key point, which is the question of suspension of activities before the start of the negotiations." He suggested that if the talks ended, the standoff should be moved to the Security Council.

In a speech shortly afterward, Ahmadinejad warned that sanctions would not dissuade his country from pursuing nuclear technology, including the enrichment of uranium.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he told the West, speaking to a crowd of supporters outside Iran's capital.

"For 27 years they haven't allowed us to use technologies that they possess," Ahmadinejad added. "This nation is powerful and won't give in to one iota of coercion."

In an apparent response to Solana, the Iranian president said his nation favored continued negotiations.

"We are for talks. We can talk with each other and remove ambiguities. We have logic. We want talks to continue," he said.

Secretary of State Condoleezza Rice and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation.

Diplomats said the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran roll back its program.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency, the U.N. nuclear watchdog, which said Tehran's suspicious activities represented breaches of the Nuclear Nonproliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The United States insisted that Tehran halt enrichment as a precondition for further talks on its nuclear program, but Iran ignored the Aug. 31 deadline set by the Security Council.

The Americans then agreed to let Solana hold more talks with the Iranians after Russia, China and France spoke out against a rush to sanctions.

At first, both Solana and Iran's top negotiator, Ali Larijani, had signaled progress in the talks.

On Tuesday, however, diplomats said Larijani told Solana that the hard-line Iranian leadership had rejected even a limited enrichment freeze.

One diplomat said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first sanctions step. That would be followed by other sanctions, including travel bans on Iranian officials and the freezing of their assets.

Iran has so far shown little concern about the prospect of such sanctions — perhaps because such limited sanctions would not greatly hurt the country overall.

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Russia and China, both veto-wielding council members, traditionally oppose sanctions, and the United States could still face a tough fight getting them to agree to any truly punitive measures.

U.S. officials have said they intend to start with trying for relatively lower-level punishments as a way to persuade Russia and China to sign on.

China's U.N. Ambassador Wang Guangya, asked whether Beijing would support possible sanctions if Iran doesn't suspend uranium enrichment, said Wednesday that over the last few weeks "there has been some progress" in the Solana-Larijani talks so the door isn't completely shut.

"But I do hope that diplomatic means is still the best way to achieve a solution on this Iranian nuclear issue," he said.

Russia's U.N. Ambassador Vitaly Churkin said he hadn't heard Solana's comments, but if Solana was saying that Iran now had a choice of whether to suspend enrichment or face sanctions "it will be a very sad moment."

"We were very supportive of Mr. Solana's efforts and still are if he intends to continue those efforts. Of course, it was our hope that those efforts would be successful and things will be resolved diplomatically," Churkin said. "We do not want any extra work load here in the Security Council anyway, and of course, it's a very important matter and we are hoping Mr. Solana will be successful."

U.S. Ambassador John Bolton, asked about the possibility of the U.N. Security Council discussing sanctions against Iran, said: "We haven't discussed sanctions here in New York for weeks, many weeks, lots of weeks. But as soon as I'm instructed, I'm prepared to begin as soon as the cable comes in."

Associated Press writers Edith M. Lederer at the United Nations and George Jahn in New York contributed to this report.

U.S., Europe Seek Sanctions Against Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 5, 2006

WASHINGTON - The United States and Europe launched a new push for sanctions against Iran on Wednesday, after the European Union's envoy reported that four months of nuclear talks have failed to persuade Tehran to halt its uranium enrichment program.

The envoy, Javier Solana, stopped short of declaring his talks dead, but senior U.S. officials said that the effort had failed and that it was time to make good on a threat to punish Iran if it didn't halt suspected nuclear weapons work.

Secretary of State Condoleezza Rice, traveling in the Middle East, said the United States favors "bringing to a close the open-ended negotiations with the Iranians ... It's become quite evident that that's what we're going to have to do."

Iranian President Mahmoud Ahmadinejad on Wednesday again rejected suspending uranium enrichment.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he was quoted as telling a crowd of supporters in Iran.

Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear research, U.S. and foreign diplomats have said. U.S. and European officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government.

Still, it remains far from clear whether Russia and China, which have balked at sanctions on Iran, will go along with even carefully targeted sanctions - or whether the measures will persuade Iran to change course. Iran denies that it's seeking nuclear weapons, but it insists on its right to enrich uranium for civilian nuclear power.

Russia and China haven't agreed to meet with Rice and her European colleagues this weekend to discuss next steps on Iran, U.S. and European diplomats said. They spoke on condition of anonymity because of the negotiations' sensitivity.

Solana's report that his "endless hours" of negotiations had proved fruitless was the second blow in as many days to U.S. efforts to stop two members of President Bush's "axis of evil" - Iran and North Korea - from acquiring or expanding nuclear arsenals.

North Korea, which is believed to have enough plutonium for four to 13 nuclear devices, announced on Tuesday that it would conduct its first underground nuclear test, sparking alarm in northeast Asia and beyond.

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The United States is pushing for a strong response, such as a deadline for North Korea to rescind the threat, return to a moratorium on ballistic missile launches and rejoin international talks on its nuclear program.

But China, North Korea's main ally, and other members of the U.N. Security Council want more talks, diplomats said.

"At this stage I think there is division" on dealing with North Korea, said John Bolton, the U.S. ambassador to the United Nations.

With the Bush administration already challenged by wars in Iraq and Afghanistan, the simultaneous nuclear crises pose a growing challenge for American diplomacy.

Two State Department officials said Wednesday that North Korean leader Kim Jong Il may have ordered the dramatic nuclear test announcement out of pique that Iran's nuclear ambitions were dominating international attention.

Others, including European Union envoy Solana, noted that Kim's move coincided with a straw poll cementing the candidacy of a South Korean, Foreign Minister Ban Ki-Moon, as the next secretary-general of the United Nations.

And in a further mingling of the two nuclear crises, China is reluctant to agree to U.N. sanctions on Iran because it fears that doing so would create a precedent for sanctions on North Korea, diplomats said.

On Iran, Bush has repeatedly said he won't rule out using U.S. military force to stop Tehran from acquiring nuclear weapons.

While U.S. intelligence agencies don't expect Iran to master nuclear weapons technology for several years, some Bush administration hawks favor using overt and covert measures to topple Ahmadinejad's regime.

"If we failed and Rice failed with us" in trying to use diplomacy, the arguments of hardliners in Washington would be strengthened, said one of the European diplomats.

For its part, Iran appears to be betting that the United States, the European Union, Russia and China won't remain united and carry through on repeated threats of sanctions.

Discussions on sanctions aren't expected to begin at the United Nations until next week at the earliest, the U.S. and European diplomats said.

As a hedge against the possibility that only weak U.N. sanctions will be agreed, the United States is pushing other countries to cut their financial ties with Iran. The Treasury Department recently barred one large Iranian bank from operating in American financial markets.

But Rice, in her Middle East travels, appears to have gotten only a polite reception from Sunni Muslim Arab countries for a united front against Shiite, Persian Iran.

"For the United States not to talk to Iran is a mistake," Saudi Arabia's ambassador, Prince Turki al-Faisal, said Wednesday in Washington.

New Nuclear Debate In Iran (NYT)

By Nazila Fathi

The New York Times, October 5, 2006

TEHRAN, Oct. 4 — A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today.

Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word "nuclear" was removed, apparently after a call from the Iranian National Security Council.

President Mahmoud Ahmadinejad, who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. "Those who think they can weaken the will of the people for construction and development by questioning their values will fail," he said Sunday, "and they only show their lack of wisdom and commitment."

The letter, which had been previously published elsewhere, was written in 1988, near the end of Iran's eight-year war with Iraq. It was brought to light again on Friday by the former Iranian president, Ali Akbar Hashemi Rafsanjani, to defend himself against hard-line critics who accuse him of ending the war when Iran was on the brink of victory.

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But the letter has also been used by moderates to bolster the case for nuclear talks with the West. Iran faces sanctions for defying the United Nations Security Council's demand that it halt its uranium enrichment, which the United States says is part of a weapons program.

In the letter, Ayatollah Khomeini outlined the reasons Iran had to accept the bitter prospect of a cease-fire in the war, which had ground down to a stalemate, with about 250,000 Iranians dead and 200,000 disabled. It did not specifically call for Iran to develop nuclear weapons, but referred indirectly to the matter by citing a letter written by the officer leading the war effort, Mohsen Rezai.

"The commander has said we can have no victory for another five years, and even by then we need to have 350 infantry bridges, 2,500 tanks, 300 fighter planes," the ayatollah wrote, adding that the officer also said he would need "a considerable number of laser and nuclear weapons to confront the attacks."

Ayatollah Khomeini determined that the nation could not afford, politically or economically, to continue the war, and in a famous public statement compared the decision to "drinking a chalice of poison."

ILNA, the Iranian Labor News Agency, removed the word "nuclear" within a few hours of putting the letter on the Web, after receiving a call from the Iranian National Security Council, according to a reporter with the agency. The reporter insisted on anonymity for fear of retribution.

The letter was released as part of a debate about who was most instrumental in persuading Ayatollah Khomeini to end the war. That argument, in turn, reflects growing tensions between moderates, led by Mr. Rafsanjani, and military figures, who are expanding their power in the government of President Ahmadinejad.

"The letter is purely part of a domestic argument," said Mohammad Atrianfar, the director of the daily Shargh, an opposition paper that was shut down last month, and a close aide to Mr. Rafsanjani. "Mr. Rafsanjani is very worried because he feels that military and intelligence figures are coming to power and want to alienate the clergy by blaming them for the damages caused during the war."

Hard-liners have criticized Mr. Rafsanjani for disclosing what they said was a classified document and casting doubt over what was termed by many a holy war. He has denied the accusations, saying the letter was made public in 1988 and later published in a book.

But the letter has provided an opportunity for moderate voices to warn about the risks Iran takes in defying the United Nations, comparing the consequences to what happened during the war with Iraq. They argue that, when confronted with the realities of the war, Ayatollah Khomeini decided that the confrontation was not sustainable.

On Saturday the daily Kargozaran, a paper aligned with Mr. Rafsanjani, called the letter evidence of "Iran's realistic understanding of the international situation," and concluded that the "experience should become a basis in the decision makings, including Iran's nuclear plans."

Mohsen Armin, a reformist politician, said hard-line politicians who welcomed confrontation with the West should learn a lesson from the letter so they would not have to "drink a chalice of poison" themselves, ILNA reported.

Rice Cites Concern For Palestinians, But Low Expectations Mark Visit (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 5, 2006

RAMALLAH, West Bank, Oct. 4 -- Secretary of State Condoleezza Rice pledged Wednesday to "redouble" U.S. efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But U.S. officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever.

At a joint news conference here with the president of the Palestinian Authority, Mahmoud Abbas, Rice said the Bush administration was "very concerned" about humanitarian conditions and the economic situation in the Palestinian territories. "It is a great sadness, during this time of Ramadan, that Palestinians, many of them, are deprived of basic needs," she said.

Abbas, underscoring the dire state of the peace process, said talks with the Hamas movement on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government.

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"The dialogue now does not exist," Abbas said. If Hamas continues to balk at forming a unity government, which would force it to recognize Israel's right to exist, Abbas said, he was prepared to use his constitutional powers to resolve the political deadlock. "All options are open," he said.

"The only option I reject is civil war," Abbas said, noting that clashes between Hamas and his Fatah party over the past week have been the deadliest since the Palestinian Authority was created in 1994.

On Wednesday, a Hamas official in the West Bank town of Qalqilya was assassinated by four masked gunmen who fled the scene. Asked about the killing and the recent violence, a senior Palestinian police official at the presidential compound in Ramallah called Hamas "donkeys," reflecting the deep-rooted antipathy between the two largest Palestinian factions.

Rice, on her sixth trip to Israel and the Palestinian territories as secretary of state, has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations.

The agreement gave Palestinians some control over their own border for the first time since the 1967 Middle East war. But according to Palestinian and U.S. sources, the border has been closed for all but about seven days since June 25, when Palestinian guerrillas captured an Israeli soldier. It reopened Wednesday and was scheduled to be open Thursday, U.S. and Arab sources said, coinciding with Rice's trip and Palestinian requests for relief during the Muslim holy month of Ramadan.

During their one-on-one discussions, Abbas gave Rice a lengthy document detailing the Palestinians' needs on cross-border movement and ways to push implementation of the 11-month-old accord, according to the Palestinian president's chief of staff, Rafiq Husseini.

Rice is trying to win agreement from the Israelis to ensure that the pivotal Karni crossing between Gaza and Israel is open for Palestinian exports in time for the harvest, which begins in about three weeks, according to U.S. and Western sources.

After she held talks over dinner with Israeli Prime Minister Ehud Olmert in Jerusalem on Wednesday night, the Israelis indicated willingness to open Karni in the near future but did not give a date. Rice is scheduled to hold talks Thursday morning with Israeli Foreign Minister Tzipi Livni and Defense Minister Amir Peretz.

Another Palestinian proposal on the table, backed by the United States and its allies, calls for almost doubling Abbas's presidential guard to about 6,000 members and widening the force's mandate for security purposes. A senior State Department official said the presidential guard has proved to be the Palestinians' most effective security force and is already deployed at the Rafah crossing between Gaza and Egypt.

Abbas Says Talks With Hamas On Unity Government Falter (NYT)

By Philip Shenon And Greg Myre

The New York Times, October 5, 2006

RAMALLAH, West Bank, Oct. 4 — The Palestinian Authority president, Mahmoud Abbas, said Wednesday that talks with the radical Islamic group Hamas on a unity government had ground to a halt and warned Secretary of State Condoleezza Rice that the West Bank and Gaza could face the possibility of civil war.

Mr. Abbas's Fatah party and Hamas announced a tentative power-sharing agreement on Sept. 11, but since then talks have broken off, prompting outbreaks of violence. On Sunday and Monday, factional violence left 10 people dead and more than 100 injured in the Palestinian territories, which have been cut off from Western aid and their own tax revenues since Hamas gained control of the government in legislative elections in January. On Wednesday, masked gunmen killed a local Hamas leader near the West Bank town of Qalqiliya.

"There is no dialogue," Mr. Abbas said at a news conference with Ms. Rice. Unless Hamas and Fatah agree on a unity government, he said, "We will have fewer options and we will also face the risk of civil war. That is something that we need to avoid by all means possible."

Mr. Abbas hinted that he might invoke his presidential powers to dismiss the Hamas-dominated cabinet and appoint an emergency government. Hamas has rejected demands that it renounce violence and accept previous agreements between Israel and the Palestinians. "The dialogue cannot be endless," he said. "I will use my constitutional powers at the appropriate time."

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Ms. Rice's trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas.

Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations used by Palestinians to move their goods from Gaza. A senior State Department official traveling with Ms. Rice said the project was likely to be announced this week.

Ms. Rice said the Bush administration was eager to help Mr. Abbas establish a government that would work with the United States on "a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side."

But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas, because Washington classifies Hamas as a terrorist group and refuses to deal with it. The Palestinian prime minister, Ismail Haniya, and most government ministers are members of Hamas.

"Obviously we would like to be able to do more, and I have been discussing ways with the president that we might be able to better address the great needs of the Palestinian people" and to end the "kind of daily humiliations that we know have been associated with the occupation," she said.

Ms. Rice, who was scheduled to have dinner with Prime Minister Ehud Olmert in Jerusalem, said she would press Israel to open border stations, through which Palestinians must also pass to get to jobs in Israel, "longer and more frequently."

No Palestinian faction claimed responsibility for the killing of the local Hamas leader, Muhammad Oudeh. The Israeli military said it was not involved. On Tuesday, Al Aksa Martyrs Brigades, an armed group linked to Fatah, threatened to kill a trio of more senior Hamas leaders.

Rice Bolsters Abbas Amid Palestinian Crisis (FT)

By Harvey Morris

Financial Times, October 5, 2006

Condoleezza Rice, US secretary of state, yesterday held talks with Mahmoud Abbas, whose leadership of the Palestinian Authority Washington is attempting to bolster in the face of the worst internal conflict in a decade.

Ms Rice acknowledged in a joint news conference with the PA president that the Palestinians were facing a "time of considerable difficulty".

She travelled to Ramallah in the West Bank following days of violence between forces linked to Hamas and Mr Abbas's Fatah movement that have claimed at least 14 lives.

Before her arrival, Mr Abbas said that his talks with Hamas, the ruling government party, about replacing its cabinet with a national unity government had broken down. He hinted that he might dissolve the present cabinet.

"There are many bloody events now and we need to end this crisis as soon as possible, reach a solution and form a new cabinet," he said.

The talks foundered over Hamas's refusal to accept three conditions set by the international community for lifting financial restrictions and a diplomatic boycott of Hamas – recognition of Israel, an end to violence and acceptance of agreements previously signed with Israel.

Mr Abbas said on Wednesday: "Up to this moment, there is no indication that these conditions are going to be met."

Hamas's isolation has hampered its ability to govern and to pay public sector salaries, prompting strikes and protests by employees and security force personnel predominantly linked to Fatah.

Ms Rice, who was due to hold talks with Israeli leaders, said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories.

Palestinian officials said George W. Bush, US president, had warned Mr Abbas last month that the US administration would remove its support for him if a national unity government was formed without Hamas's agreement to the three conditions.

Mr Abbas told Mr Bush that in the absence of an agreement with Hamas, his options were to continue with the present political impasse, dissolve the present government or resign.

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Diplomats said there might still be room for agreement on a government of technocrats with whom the international community could do business.

They warned that the imposition of a new government without Hamas's consent was likely to exacerbate existing tensions.

The breakdown of the inter-party talks raised tensions in the Palestinian territories, leading to gun battles in the Gaza Strip at the weekend when a Hamas-run police force attempted to quell a street protest by Fatah-linked security personnel.

Witnesses blamed the bloodshed in part on the heavy-handed tactics of the Hamas force, which used guns and grenades to confront the protesters. The violence spread to parts of the West Bank where Fatah is the dominant force on the streets.

The parliament building in Ramallah was torched for the second time since Hamas came to power in March.

Many of the victims of the violence were bystanders, including a waiter shot through the head when gunmen forced a restaurant to shut in the West Bank town of Jericho. On Wednesday, unidentified gunmen killed a Hamas political activist near Nablus in the West Bank.

The shooting followed threats by a Fatah militia to assassinate Hamas leaders.

The Israeli army denied claims that the dead man was the victim of an Israeli assassination operation.

Washington's policy appears to be to bolster Mr Abbas and encourage him not to compromise with Hamas, which the US regards as a terrorist organisation.

Some diplomats of the US's international Quartet partners – the European Union, United Nations and Russia – said the Palestinians must be offered a realistic prospect of statehood if the peace process was to stand a chance.

Palestinian Unity Talks Collapse (AP)

By Mohammed Daraghmeh, Associated Press Writer

AP, October 5, 2006

Palestinian President Mahmoud Abbas said Wednesday his efforts to reach a power-sharing agreement with the militant group Hamas have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes.

But the Palestinian leader received a boost from Secretary of State Condoleezza Rice, who promised the United States would do more to alleviate the plight of Palestinians.

"I told the president (Abbas) that we are very concerned, of course, about the humanitarian conditions in the Palestinian territories," she said. "I said to him that we would redouble our efforts to improve the conditions for the Palestinian people."

However, she gave few specifics on what steps the U.S. was prepared to take.

Rice is in the region to try to bolster the moderate Abbas and revive peace efforts. She met with Israeli Prime Minister Ehud Olmert later Wednesday.

A statement from Olmert's office after the meeting said Israel will not release Palestinian prisoners until an Israeli soldier, Cpl. Gilad Shalit, is freed. Shalit was captured on June 25 by militants linked to Hamas.

Israel kept up its pressure on Palestinian militants in Gaza. Early Thursday an Israeli aircraft targeted a car in southern Gaza, killing two Islamic Jihad militants, Palestinian security and hospital officials said. The Israeli military said the militants were planning a terror attack.

Conditions in the West Bank and Gaza have rapidly deteriorated since Hamas defeated Abbas' Fatah Party in January elections and Western countries cut off funds to the Palestinian government.

Despite the sanctions, Hamas has refused to accept international demands that it renounce violence, recognize Israel and accept previous Israeli-Palestinian peace agreements.

Abbas, who was elected separately in a presidential vote last year, has been trying to broaden and moderate the government to make it acceptable to the international community. But after Hamas and Abbas announced a tentative coalition deal last month, Abbas said Wednesday that the talks have broken down.

"There is no dialogue now," Abbas said at a news conference with the Bahraini foreign minister. He said the coalition deal "is over now, and we have to start from square one."

The negotiations have foundered over Hamas' refusal to recognize Israel, even implicitly. The tensions spilled over into Hamas-Fatah violence this week, with 10 people killed and more than 100 wounded. The fighting heightened fears of civil war.

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Abbas holds wide-ranging powers that include the authority to disband the government. But he has sought to avoid confrontation, and he signaled talks with Hamas could be renewed later.

In Gaza, Prime Minister Ismail Haniyeh of Hamas accused Rice of trying to "rearrange" the Middle East to suit American and Israeli interests.

Haniyeh said Hamas considers dialogue "the only way" to solve its disagreements with Abbas and would do everything possible to avoid further violence. "I don't think turning back on this dialogue can serve the higher interests of the Palestinian people," he said.

Public Works Minister Abdel Rahman Zaidan of Hamas said a compromise could be to form a government of technocrats, headed by a prime minister who is not from Hamas.

"There is serious thinking within Hamas to form a national unity government which is composed of professionals, basically, not political faces," Zaidan told The Associated Press. "This government would not be headed by a Hamas leader."

However, it was not clear whether Hamas would agree to have such a government recognize Israel.

Fatah lawmaker Saeb Erekat said no new government would be able to avoid recognizing Israel. "What matters is the program of the government," he said.

An Abbas confidant, speaking on condition of anonymity because he was not authorized to speak to the media, concurred that a government of professionals could be a way out of the current crisis.

Another person involved in Hamas-Fatah negotiations said the sides were considering a Qatari initiative to establish a Cabinet with members from various Palestinian factions, headed by an independent prime minister.

The negotiator, who declined to be identified because the talks are continuing, said the plan already had been presented to Abbas and Hamas' top leader, Khaled Mashaal, who lives in exile in Syria. Qatar's foreign minister is expected in Syria this week to meet with Mashaal.

Rice reiterated at her news conference with Abbas that a Palestinian government must accept the international conditions. But in the meantime, she said the U.S. was ready to step up efforts to improve the humanitarian situation for the Palestinians and bolster Abbas.

The situation is especially dire in Gaza, which has been hurt by Israeli closures of key border crossings and an Israeli military offensive launched after Palestinian militants captured an Israeli soldier in June. The closures have led to shortages of food and prevented Gazans from traveling to neighboring Egypt.

Rice, Abbas Discuss Ways To Ease Crisis In Middle East (USAT)

By Barbara Slavin

USA Today, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice on Wednesday launched a new drive to ease the humanitarian crisis in the Palestinian territories — an effort to shore up the fractured Palestinian government and stop a worsening cycle of violence.

Rice, on her fifth trip to the region as secretary of State, met with Palestinian President Mahmoud Abbas, who has been trying to form a coalition with the militant Hamas-led government. Hamas has rebuffed his efforts.

Abbas, who leads the secular Fatah faction, has sought a coalition to create conditions that make it possible to resume negotiations with Israel. Hamas, a fundamentalist Islamic group that won parliamentary elections in January, rejects Israel's right to exist.

The United States and the European Union, which consider Hamas a terrorist organization, have said that recognizing Israel is a condition for resuming aid that was cut off after Hamas took office in March. Israel also has refused to turn over $50 million in customs duties and taxes collected each month for the Palestinians.

Speaking Wednesday at his Ramallah headquarters, Abbas said talks on forming a unity government had collapsed. “There is no dialogue at this stage,” he said.

In Gaza City, Palestinian Prime Minister Ismail Haniyeh — a Hamas leader — said Rice “cares only to rearrange the Palestinian scene in a way that serves the American and Israeli agenda.”

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The political split between the Palestinians has led to escalating violence. Fighting between members of Fatah and the Hamas-led government in the West Bank and Gaza killed at least 10 Palestinians and wounded more than 100 on Sunday and Monday. On Tuesday, members of Abbas' Fatah faction threatened to assassinate senior Hamas officials. On Wednesday, a Hamas leader in the West Bank town of Hableh, Mohammad Odah, 37, was gunned down on his way to a mosque.

Abbas has said he might try to call new Palestinian elections. It isn't clear whether he has the authority to do so. It also isn't clear that new elections would boost Abbas' Fatah over Hamas. A poll of 1,200 Palestinians conducted last month by the Jerusalem Media and Communications Center found that Fatah would get 32% of the vote if elections were held now, while Hamas would get 30.5%. The difference was within the margin of error of 3 percentage points.

At the same time, Israeli Prime Minister Ehud Olmert's government has faced criticism from Israelis for the military's poor performance during a 34-day war in Lebanon against the militant Hezbollah movement. The conflict, which started after Hezbollah captured two Israeli soldiers in a cross-border raid, ended only under intense international pressure and without the disarming of Hezbollah guerrillas demanded by Israel. A poll last month in the Israeli newspaper Yedioth Ahronoth showed only 7% of Israelis support Olmert.

Rice met with Olmert late Wednesday and was seeing other Israeli officials today to discuss salvaging an agreement to ease the movement of 1.4 million Palestinians in Gaza — a modest move that could alleviate what Rice called “the kind of daily humiliations that we know are associated with (the Israeli) occupation.”

The restrictions were imposed on Gaza after Israel withdrew settlers and soldiers a year ago. Palestinians have largely been barred from leaving Gaza to enter Israel or Egypt in response to Palestinian rocket attacks on Israel and the June kidnapping of an Israeli soldier.

Rice said she hopes a modest improvement in Palestinians' daily lives will prevent a total collapse of authority in the territories and allow a functioning government to emerge that can negotiate with Israel.

“Security, movement and access, economic development and well-being are all interlinked,” Rice said. “Sometimes it is necessary to go step by step and try on the ground to improve conditions.”

Rice's task has become more complicated, however, because the Israeli and Palestinian governments are far weaker than they were a year ago, says Rob Malley, a Middle East expert at the International Crisis Group, a Brussels-based organization that seeks to end conflicts. Malley compares Rice to the mythological Greek figure Sisyphus, whose fate is to roll a rock up a hill only to have it tumble back down.

Rice: U.S. Wants To Help Palestinians (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Wednesday the United States wants to help improve the daily lives of Palestinians as violence, deprivation and political chaos reach threatening levels in the Palestinian territories.

After meeting with Palestinian President Mahmoud Abbas, the top U.S. diplomat said she is looking for ways to revitalize and expand agreements made last year to allow freer movement of people and goods across the Palestinians' borders with Israel and Egypt.

"Those are the kinds of on-the-ground things that make it easier for the Palestinian people," Rice said after her session with Abbas. He is trying to resolve a nine-month political stalemate with Hamas radicals who control part of the Palestinian government.

Rice said she would like to increase resources for humanitarian relief, but made no specific pledge of U.S. aid. The United States has been trying to prompt Arab countries to increase their financial support for the Palestinians.

Rice is in the Middle East this week to drum up Arab support for the moderate Abbas and to test ways that the United States and other powers might help from afar. The United States hopes that Abbas will benefit from any ease in the rising tension and hardship in the territories, but the United States is also worried that the situation could spin out of control.

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A senior State Department official, speaking on condition of anonymity because Rice's discussion with Abbas was private, said the United States supports an expansion of Abbas' security force, the presidential guard, as part of a multimillion-dollar plan to strengthen and streamline overlapping Palestinian security forces.

Underscoring the gulf remaining with the militant group Hamas, which controls the Palestinian Authority, Palestinian Prime Minister Ismail Haniyeh accused the U.S. of trying to "rearrange" the Middle East for its own purposes.

Rice "cares only to rearrange this region and to rearrange the Palestinian scene in a way that serves the American and Israeli agenda," Haniyeh, a Hamas member, said in Gaza City.

Rice is putting gentle pressure on Israel to loosen what Palestinians claim is a blockade of their separate territories in the West Bank and Gaza Strip. The territories are not economically viable without extensive trade across their borders with Israel and Egypt and without the daily passage of Palestinians to jobs elsewhere.

"We are very concerned, of course, about the humanitarian conditions in the Palestinian territories, about the economic situation," Rice said following a meeting with Abbas at his West Bank headquarters.

"We understand that some of the economic hardships are of course caused by the lack of mobility, the lack of movement and access, and I will of course see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return," Rice said.

The border crossings were a major topic during a dinner Rice Wednesday with Israeli Prime Minister Ehud Olmert, the State Department said. Rice planned further meetings with Israeli officials on Thursday.

Abbas himself raised the specter of civil war during a press conference with Rice, as he declared compromise talks with Hamas dead for now.

"There is no dialogue now" and it is time to consider the next step, Abbas said.

Earlier Wednesday, Abbas said a new Cabinet must be formed to end a recent surge in violence that claimed 10 lives in three days. He did not elaborate, but Abbas holds wide-ranging constitutional powers that include the authority to disband the current government.

The Hamas victory in Palestinian elections in January set up a divided and ineffectual government and shelved active efforts for peace with Israel.

The United States and Israel consider Hamas a terrorist group and refuse any dealings with it.

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

Abbas is the only leader with whom the United States can deal, however, and Rice gave him a wholehearted endorsement Wednesday. President Bush called him a "man of courage" last month.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid.

The perpetually cash-strapped Palestinian government has been unable to fully pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

Abbas, whose Fatah Party lost badly to Hamas, retains his position as president. But he has been unable either to persuade Hamas to moderate its anti-Israeli policies and enter the political mainstream, or to capitalize on the radicals' eroding popularity and clout. He wants to resolve the political stalemate in hopes of restarting the flow of international aid.

Hamas has rejected the demands from the U.S. and others to renounce violence, recognize Israel and agree to abide by commitments made by the previous Palestinian leaders.

Rice Focuses On Small Steps To Mideast Peace (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, October 5, 2006

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RAMALLAH, West Bank — Secretary of State Condoleezza Rice, meeting with Palestinian Authority President Mahmoud Abbas, on Wednesday expressed sympathy for the deepening suffering of Palestinians, but signaled that her efforts toward Mideast peace now focus on a handful of narrow issues.

Rice said at a news conference that she hoped to reach agreements to open restricted border crossings, provide new humanitarian aid and improve the weak and fractured Palestinian security agencies.

Her effort, while welcomed by the Palestinians, was far more limited than what had been urged on her by European allies and moderate Arab regimes. In the aftermath of the war in Lebanon, they have been calling on the Bush administration to intensify its efforts to settle Israeli-Palestinian issues.

Nearly a year ago, Rice brokered a deal that promised to open key transit points and improve the Palestinian territories' vital commercial ties to Israel and Egypt. But in the face of security threats to Israel, and other complications, two key crossings have been mostly closed.

Rice said she hoped that "we can come to some understanding about how to make the agreement on movement and access more functional." To that end, she said, the Palestinians and Americans were working "very closely" on the security issues, including through Lt. Gen. Keith Dayton, the U.S. security coordinator in the region. She said U.S. officials also would talk about ways in which they might make available more humanitarian aid for Palestinians.

Western aid has been largely stalled since the electoral victory in January of the Islamic militant group Hamas, which does not recognize Israel's right to exist and remains on the State Department's list of terrorist organizations.

Rice said American envoys were looking for ways to end the violence and "to make possible a life for the Palestinian people that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

In the last week, top officials of Pakistan, Saudi Arabia and Egypt have called on the Bush administration to make new peace efforts. Rice also has faced pointed questions during this trip about Washington's intentions in the region.

Asked about the goals of her trip, Rice said that "sometimes what is necessary is to go step by step on the ground to really improve conditions."

Some Palestinians held out hope that the trip, Rice's sixth to Israel and the territories in her 21 months as secretary of State, could produce a breakthrough in the Palestinian political stalemate. They also hoped it might bring progress in efforts to exchange prisoners, or lead to the Israelis' turning over Palestinian tax and customs revenue withheld since Hamas took over.

But Israelis had lower expectations for the trip. Rice dined Wednesday night with Israeli Prime Minister Ehud Olmert and was to meet this morning with Foreign Minister Tzipi Livni and Defense Minister Amir Peretz. She did not schedule a news conference after the sessions, an unusual step that suggested the American side had limited ambitions for the visit.

Abbas said talks with Hamas leaders over a "national unity government" were at an impasse, and said Palestinians would need to consider whether additional efforts were worthwhile. But he did not close the door on further talks.

In Gaza City, Palestinian Authority Prime Minister Ismail Haniyeh, a Hamas member, accused Rice of seeking to "rearrange" the Middle East.

Haniyeh said there was no deadline for forming a unity government with Abbas' Fatah movement, but he invited Abbas to resume talks soon. The two announced agreement last month on a coalition government, but that deal dissolved quickly and no talks have taken place in weeks.

A coalition with Fatah, which does recognize Israel, is seen as crucial to ending an international aid embargo that has left the government broke and thousands of public employees largely unpaid for seven months.

The donor nations also demand that the Hamas-led government renounce violence and honor past agreements between the Palestinians and Israel.

The power struggle between Hamas and Fatah erupted in serious violence this week, leaving at least 10 people dead and more than 100 injured. The confrontations have abated, but the climate remains tense, particularly in the Gaza Strip.

It was not clear how Abbas planned to move next to address the political impasse with Hamas.

One idea under discussion is for Abbas to settle the power struggle by dissolving the Hamas government and naming a Cabinet composed of technocrats and political independents. Dumping the government, however, probably would be regarded by Hamas hard-liners as an overthrow and could spark more violence.

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Meanwhile, a poll suggested that new elections for parliament and president wouldn't assure victory for Fatah, despite declining support for Hamas. The poll, by the Jerusalem Media & Communication Center, showed that 32% of respondents would support Fatah in a hypothetical vote, whereas 30.5% would back Hamas.

But the poll also indicated that Hamas' Haniyeh was trusted by a higher percentage of respondents than was Abbas. And more than half of those questioned said they favored creation of a unity government.

The Persian Gulf nation of Qatar, meanwhile, has proposed a plan for a Palestinian unity government that would accept a two-state solution to the Middle East conflict and agree to a mutual truce between Israel and Palestinian fighters, the daily Haaretz newspaper in Israel reported.

Abbas Declares Failure Of Talks With Hamas (WT)

By Nicholas Kralev

The Washington Times, October 5, 2006

RAMALLAH, West Bank -- Palestinian Authority President Mahmoud Abbas declared yesterday that talks on forming a unity government with Hamas are dead, and visiting Secretary of State Condoleezza Rice said the focus now should be on improving humanitarian conditions in the Palestinian territories.

Mr. Abbas said after meeting with Miss Rice at his Ramallah office that he might dissolve the Hamas-led government, using his "constitutional powers" as Palestinian Authority president, and might call for new elections.

He said he also would consider other options to avoid civil war, a growing threat after two days of heavy fighting between Hamas and Fatah forces in the Gaza Strip this week.

Nabil Amr, a top aide to Mr. Abbas, told The Washington Times on Tuesday that the factions were "centimeters" away from civil war. "It could happen at any time."

Miss Rice, after meeting with Mr. Abbas, stressed the need to find ways to help the Palestinian people, who are running short of food, medicine and other necessities in the Gaza Strip after more than six months without paychecks and a partial closing of their borders.

"I've been discussing with the president ways that we might be able to better address some of the great needs that are there with the Palestinian people," Miss Rice said. She did not explain who would supply those resources, and U.S. officials traveling with her said she did not offer any American aid.

The United States and the European Union cut off assistance to the Palestinian government after a January election that brought Hamas to power, saying it would not be restored until the new Palestinian government recognized Israel, renounced violence and agreed to honor past agreements with Israel.

Hamas has refused to meet the conditions, but Miss Rice said Washington has "found a way to get humanitarian assistance to the Palestinian people by reprogramming some of our assistance for the Palestinians."

She said she would ask Israel to make "movement and access" easier for the Palestinians and "to make possible a life ... that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

However, she did not address a call by members of the Middle East Quartet, meeting in New York last week, for Israel to release Palestinian customs duties that have been withheld since early this year. The Quartet consists of the United States, Russia, the European Union and the United Nations.

"It's still important" that people and goods be able to move through the Karni crossing into the Gaza Strip, Miss Rice said, and that "there be at least some openings" at the Rafah crossing, near where an Israeli soldier was kidnapped in June. A spokesman for Israeli Prime Minister Ehud Olmert said later that Israel would soon open Karni, the main commercial crossing into Gaza.

Israel has kept Gaza crossing points closed most of the time since the June abduction of Cpl. Gilad Shalit, a 19-year-old tank gunner who is still being held.

"I'm glad to know that [Rafah] was opened a couple of times during Ramadan," the secretary said. "I will, of course, see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return."

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Mr. Abbas expressed frustration with Hamas' refusal to compromise in talks on a unity government. He said in New York last month that he had reached a tentative deal with Hamas for a government that would recognize Israel, but the deal quickly collapsed.

The cash-strapped Hamas Cabinet has been unable to pay salaries and address many of the Palestinians' daily needs. In the worst internal violence in the territories, 12 Palestinians have been killed in fighting between rival factions in the past week.

A senior State Department official said Mr. Abbas' guard "did some of the fighting" with Hamas.

"The dialogue now does not exist," Mr. Abbas said in reference to the talks with Hamas on forming a unity government. "If this doesn't happen in the near future, all options are open. ... But the only option I reject is civil war."

He did not specifically call for new elections but did not rule them out when asked about them at the press conference with Miss Rice. Before the meeting with her, he said he would use his "constitutional powers."

Palestinian, Israeli and U.S. officials were not certain whether Palestinian law permits Mr. Abbas to dissolve the government and call elections. Most appear to agree that he can do the former, but there were questions about the latter.

Limits on the Palestinian Authority president's powers were imposed under U.S. pressure while Yasser Arafat occupied the office.

Frustration As U.S.-India Nuke Deal Languishes (HILL)

By Roxana Tiron

The Hill, October 5, 2006

Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it.

The White House had pushed for a vote in the Senate on the legislation needed to start implementing the deal by the end of last week, but partisan squabbling delayed passage until after the midterm election.

Now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13, so the upper chamber has time to reconcile its bill with the one the House passed this summer.

If that is not done by the end of the year, legislation will have to be marked up again in a new Congress next year, perhaps controlled by the Democrats in either or both chambers.

That kind of a delay would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks.

The controversial civilian nuclear deal has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors, according to a source closely working the issue.

"This is a very controversial issue in India," said the source, on condition of anonymity, "It is more controversial there [than it is here] with people accusing the government of giving too much to the United States."

With delay or a significant change to the agreement "it is possible that New Delhi will walk out of it," the source added.

Russia, France, Australia and Canada have lined up to offer civil nuclear cooperation with India, hoping Washington would fail to deliver the deal, said Ron Somers, president of the U.S. Chamber of Commerce's U.S.-India Business Council.

"This is not an American gift to India," said the source. "It is a balance of mutual interests. There are huge potential benefits to the United States," both for business and non-proliferation reasons.

It could generate $100 billion in energy sales for American companies. But at stake are not only the profits directly linked to the nuclear energy deal, Somers cautioned.

The deal helps the United States create a deeper strategic partnership as India develops and overhauls its infrastructure. This could mean a half-trillion dollars over the next decade, Somers said, as India builds roads, ports, airports and water development projects.

"This would result in the creation of hundreds of thousands of American jobs," said Somers. "I am not suggesting that we are getting all those [contracts], but U.S. companies would be able to compete on a level playing field.

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"We need to focus on achieving this initiative and aligning our two democracies for the 21st century. It is in the U.S. interest to do so."

The agreement has mobilized an intense lobbying campaign, with the U.S. Chamber of Commerce in the vanguard.

President Bush signed the U.S.-India joint statement with Indian Prime Minister Manmohan Singh to pursue civilian nuclear cooperation last July.

Bush is seeking changes in U.S. law and international regulations to allow energy-starved India to obtain restricted items, including nuclear fuel.

The United States has fought for years to deny India access to nuclear technology because it developed and tested nuclear weapons. Although a nuclear power, India is not a signatory of the 1970 Nuclear Non-Proliferation Treaty. But Bush reversed the U.S. stance by signing the U.S.-India agreement on nuclear cooperation.

The deal would require India to open some of power plants to United Nations inspectors for the first time.

The Indo-American deal must mesh with India's efforts to separate its civilian and military nuclear facilities, thus ensuring that it helps New Delhi's civilian energy program but not its weapons development.

India's hawks say that Washington requires unacceptably invasive inspections that could damage national security.

"Public opinion is very split in India," the source said. "India is one of the most pro-American countries." But even some in the coalition government oppose the deal, the source said.

Senate Majority Leader Bill Frist (R-Tenn.) says the Senate will take up the bill marked up in the Foreign Relations Committee. Senate Minority Leader Harry Reid (D-Nev.) says a vote on the legislation is one of his top priorities in November.

"This is supposed to be a priority for the administration as well, so it's a little puzzling why the majority leader failed to bring it to the floor after it was reported out of the committee in July," said Jim Manley, Reid's spokesman. "The fact is that we could have acted on this bill a long time ago, yet we were unable to do so because of serious objections from the Republican side of the aisle."

Before adjourning last week, Reid proposed that the debate on the bill be limited to a handful of amendments and a short-time agreement, but the GOP leadership objected to that, said Manley.

It is possible that Frist will invoke cloture on the bill, said a source.

Moscow Takes Harsh Action Against Georgia (WT/AP)

By Henry Meyer, Associated Press

The Washington Times, October 5, 2006

MOSCOW -- President Vladimir Putin told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership.

Georgian authorities arrested four Russian military officers last week, accusing them of espionage. Moscow responded with harsh measures Tuesday, slapping transportation and postal sanctions on Georgia, even though the four officers were released.

The Kremlin has refused to back down despite Western calls for an end to the punitive measures.

"I would not counsel anyone to talk to Russia in the language of provocations and blackmail," Mr. Putin said, adding that he was speaking specifically about Georgia.

Lawmakers in Russia's lower house of parliament, meanwhile, passed a resolution strongly condemning the Georgian government, accusing it of "anti-Russian" behavior and signaling "harsher measures" if the situation worsens.

Russian police targeted the large Georgian diaspora in Moscow with raids of businesses and restaurants.

Parliament was to vote later this week on a motion aimed at money sent home by Georgians -- a move that would deal a huge blow to the struggling economy in Georgia, whose 4.4 million people rely heavily on the hundreds of millions of dollars in annual remittances sent back by the nearly 1 million Georgians living in Russia.

The moves appeared aimed at punishing Georgian President Mikhail Saakashvili for defying Russia by arresting the officers. More broadly, Moscow has been alarmed by Georgia's goal of joining NATO and the growing U.S. influence in Russia's former Soviet back yard.

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A State Department official said Washington continues to back Georgia's aim to join NATO, despite Russia's objections, and wants both countries to solve their dispute peacefully.

"We want to do what we can to keep the door to NATO open for Georgia," said Mark Pekala, deputy assistant secretary in the State Department's Bureau of European and Eurasian affairs.

Mr. Pekala told reporters in Tallinn, Estonia, that the United States wanted Russia to withdraw its troops from Georgia as agreed five years ago at a summit in Istanbul.

Russia has rejected Western calls to end the transportation and postal blockade, imposed despite Georgia's release Monday of the Russian officers.

Authorities Tuesday closed two popular casinos run by Georgians in the Russian capital, saying the casino tables and slot machines did not have authorization. They also raided a hotel and two restaurants run by Georgians, saying they could be closed for legal violations.

The Kommersant daily quoted police officials as saying that 40 Georgian restaurants and shops in downtown Moscow would be raided in the next few days.

The Russian Consulate in Tbilisi, meanwhile, has stopped issuing visas to Georgians.

Dispute With Russia Threatens Georgia (NYT)

By Daria Vaisman, International Herald Tribune

The New York Times, October 5, 2006

TBILISI, Georgia, Oct. 4 — Marina Tutberidze's husband works in Moscow, illegally, at a construction site, sending home much of the money he earns. Now an escalating confrontation between Georgia and Russia has left that support in doubt, along with much of Georgia's economy.

Russia's decision to sever transportation links — including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions.

"Nothing has changed yet," said Gia Bolkvadze, general director of A. P. Moller-Maersk Group, the Danish shipping giant. "We have to wait for a few days to talk to anyone."

In Russia, Georgians faced investigations that have already closed several businesses, including a second Georgian-owned casino on Wednesday. The Russian news media have been almost universally hostile to Georgia in their reports, comparing Georgia's president, Mikheil Saakashvili, to Hitler or to Lavrenti P. Beria, the secret police chief in the Stalin era. President Vladimir V. Putin of Russia also made the Beria comparison this week.

Russian newspapers reported that the authorities were checking lists of Georgian migrants and would soon raid dozens of businesses.

Ms. Tutberidze, speaking through an interpreter, said her husband feared arrest and deportation if he left his living quarters.

Russia has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations. In Moscow on Wednesday, Mr. Putin warned Georgia in unusually harsh terms.

"I would not allow anyone to talk to Russia in the language of provocation and blackmail," he told parliamentary leaders.

The Organization for Security and Cooperation in Europe appealed to each country to tone down the war of words and actions, but Russian lawmakers vowed to toughen, not ease, the economic sanctions against Georgia, their southern neighbor.

Additional steps could include a ban on all money transfers to Georgia, which could hit hardest the poorest Georgians, who rely on money from an estimated 500,000 Georgians who live and work in Russia. The World Bank has estimated that that money amounts to 10 percent of Georgia's gross domestic product. In Georgia, officials sounded defiant and resigned. Mr. Saakashvili and others have said that the country would learn to do without Russian trade, if necessary. The chief of the central bank, Roman Gotsiridze, told [a news organization] that Georgia would seek to block Russia's bid to join the World Trade Organization as long as the sanctions were in effect.

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The current sanctions followed several punitive trade barriers, including a Russian ban on wine and mineral water, the major Georgian exports to Russia. "Businesses were ready for the worst-case scenario after the problems with wine and water," said Giorgi Isakadze, the leader of the Georgian Business Association. Russia closed the principal land crossing into Georgia, Kazbegi, in July, forcing Georgian exporters to find other ways.

"The border has been closed for some time," said Esben Emborg, the Georgia country director for Nestlé.

Amy Denman, executive director of the American Chamber of Commerce in Tbilisi, said that Russia's new sanctions would raise shipping costs for international companies like Nestlé, Colgate, Motorola and Philip Morris. "The embargo has definitely irritated them and made their life more difficult," she said.

The sanctions could force companies to look outside Russia for markets and supplies, she said, adding, "The feeling is that Russia is shooting itself in the foot a little here."

Even so, Georgians fear that Russia could exert more pressure, particularly on the gas supply. Russia's gas monopoly, Gazprom, has promised to maintain supplies to Georgia, but many here recall the brief shut-off last winter after a mysterious explosion on a gas pipeline that Mr. Saakashvili blamed on the Russians.

But for now Russia's tough stance has strengthened support for Mr. Saakashvili, who has vowed to steer Georgia free of Russia's influence, at times with provocative words and actions of his own, like the arrests of the Russian officers last week.

Even opposition groups that have previously attacked Mr. Saakashvili have portrayed Russia's actions as a punitive response to Georgia's desire to be integrated into Europe and NATO. That, some say, could build Mr. Saakashvili's political support.

"Having Russia as an enemy was used before and is used now as a unifying factor and a symbol of strength," said Tinatin Khidasheli, leader of the rival Republican Party. "The higher voice you use against Russia, the braver you appear."

Turkish Hijacker Acted Alone, Officials Say, Rejecting A Larger Plot (NYT)

By Peter Kiefer And Sebnem Arsu

The New York Times, October 5, 2006

ROME. Oct. 4 — After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition.

Late Wednesday, Turkish authorities said they had identified a second hijacker and gave a name, saying they believed the suspect had flown back to Istanbul after leaving the hijacked plane, thus going undetected by Italian authorities at the Brindisi airport, where the forced landing of the Boeing 737 took place. All 107 passengers and five crew members walked out of the plane unharmed.

Turkey later said that the man named as the second hijacker had no ties to the case and that the original announcement had been based on an erroneous report originating from Interpol.

Italy sought to play down the incident on Wednesday, saying authorities concluded that it had been carried out by an individual and not as a plot by any larger group.

Addressing a special session of the Italian Senate on Wednesday, Interior Minister Giuliano Amato also sought to allay concerns over the implications of the incident for Pope Benedict XVI's plan to visit Turkey next month. Mr. Amato said that while the pope's coming visit was a concern of his, it was "difficult to see in this episode something that will aggravate these security problems."

He described how Mr. Ekinci, an unarmed 28-year-old, was able to divert the Turkish Airlines plane from its original Istanbul destination to Italy by muscling his way into the cockpit and falsely claiming to have accomplices on board who were prepared to blow up the plane if his orders went unheeded.

The pilot of the hijacked plane, Mursel Gokalp, said at a news conference in Istanbul on Wednesday that the hijacker was surprisingly well versed in flight emergency codes. "The person who hijacked the plane was very well informed," Mr. Gokalp said. "He was informed enough to know which codes are used in case of an emergency.

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"He has trained himself well enough to know which direction the plane points at after takeoff. After he came in, he said 'I won't harm you,' pushed the cabin attendant out and closed the door."

The hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam "evil and inhuman" and linking the religion to violence in a speech last month. But Mr. Ekinci is a convert to Christianity who wrote to the pope in August to seek his help in avoiding compulsory military service, Italian officials said Tuesday.

Mr. Gokalp said the hijacker had entered the cockpit with a piece of paper and said he wanted his message conveyed to the pope. "He said that his only aim was to send a message to the pope and that once it's done, he was going to turn himself in to the security officials."

"If not," Mr. Gokalp added, "he said his friends would blow up the plane."

An official statement from the Turkish Justice Ministry said Mr. Ekinci had a record of three convictions for corruption, false bankruptcy and forgery of official documents, and a fourth as a fugitive from military duty since Sept. 1.

The statement included no details as to how he reached Albania, where the flight of the hijacked plane originated. Mr. Ekinci is seeking asylum in Italy.

Commission Says I.R.A. Has Halted Terror Activity (NYT)

By Sarah Lyall

The New York Times, October 5, 2006

LONDON, Oct. 4 — The Irish Republican Army has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises, the independent group monitoring the cease-fire in Northern Ireland said in a report on Wednesday.

The report by the group, the Independent Monitoring Commission, potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse.

Until now, the Democratic Unionists, the largest Protestant party, led by the Rev. Ian Paisley, have refused to meet with Sinn Fein, the political arm of the I.R.A. and the province's largest Catholic party. If the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely.

Mr. Paisley responded to the report with customary caution. If the I.R.A. had improved — and he was not conceding that it had, exactly — it had done so only because of pressure from Protestant, or unionist, groups, which want to retain Britain's control of Northern Ireland, he said.

"The days of pushover unionists are gone, and Sinn Fein/I.R.A. know that they can no longer expect to be engaged in terrorist and criminal activity and be in government in Northern Ireland," he said Wednesday.

The I.R.A. formally renounced violence in July 2005. But earlier reports by the monitoring group said that it had not gone far enough in ceasing its criminal activities and spying on public officials.

Wednesday's report, by contrast, said that the I.R.A. "has taken further steps to run down its terrorist capability" and that it did not appear to be engaging in terrorism, undergoing terrorist training, recruiting new members or organizing criminal enterprises.

The Irish and British governments welcomed the report as a significant step forward.

"The door is now open to a final settlement," Prime Minister Tony Blair said in a statement. "I hope all parties understand that and seize that opportunity to create a future for the people of Northern Ireland."

In Ireland, Prime Minister Bertie Ahern said: "The report confirms that the I.R.A. is not engaged in paramilitary activity — no terrorism, training, recruiting, targeting, procurement, intelligence gathering, engineering — and that it is not involved, and continues to direct its members not to engage, in criminal activity."

Gerry Adams, the president of Sinn Fein, said that if no agreement was reached about restoring the legislature, the Democratic Unionists would be to blame.

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"If they don't participate, they are condemning people here, but particularly their own constituents, to second-class public services, run by second-class fly-in, fly-out British ministers."

Report Says IRA Has Ended Paramilitary Activity (FT)

By Christopher Adams

Financial Times, October 5, 2006

An independent report on the IRA's efforts to end its terrorist campaign on Wednesday said that the group has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland.

"We do not believe that IRA is now engaged in terrorism ... the IRA leadership has committed itself to following the political path," the Independent Monitoring Commission said.

Tony Blair, prime minister, and Bertie Ahern, his Irish counterpart, will seek to capitalise on the findings of the IMC, an expert body set up by the two governments to monitor paramilitary activity, by attempting to strike a deal in the coming days between republicans and unionists over power-sharing.

Responding to the announcement on Wednesday afternoon, Mr Blair that the "door is now open to a final settlement" in Northern Ireland."

The premiers are due to host several days of negotiations next week in St Andrews, Scotland, in what is being described as a critical moment in the stalled peace process.

Mr Blair has made securing peace in Northern Ireland a priority during his remaining months in office, as he tries to establish a political legacy before he quits sometime next year. But the odds remain heavily stacked against him, with little sign yet of an end to the deadlock between Ian Paisley's Democratic Unionists and Sinn Féin, the IRA's political wing.

The prime minister's official spokesman told reporters on Tuesday that the report would be "significant". It was hoped it would provide "a definitive answer" to whether the IRA's campaign was over. "We need an end to all paramilitary activity," he said

Wednesday's findings follow a quiet summer in the province and come just weeks before the November 24 deadline set by London for the political parties to agree a cross-party executive. One senior Whitehall insider predicted last night there would be a positive assessment of the IRA's efforts to end its campaign, although there may also be caveats in the report. The group's command and control structure, which the DUP wants dismantled, is still in place.

Mr Blair, who wants to use them as the basis for next week's talks and is due to meet Gerry Adams, Sinn Féin leader, on Friday. But past reports from the commission have failed to break the political deadlock.

The DUP leader said of the most recent report, when it was published in April, that it showed the IRA had continued "to engage in terror and criminal activities".

Talks aimed at restoring devolution were kick-started in May when Peter Hain, Northern Ireland secretary, recalled the Stormont assembly almost four years after the power-sharing institutions were suspended amid claims of an IRA spy ring.

The DUP and Sinn Féin were then invited to sit on a special committee set up to discuss the mechanisms for restoring devolution, but could not agree on who would be chairman.

Mr Hain, frustrated by the lack of progress and angry at the intransigence of the DUP, set the November deadline for the parties to agree on the appointment of a first minister, a deputy first minister and the cross-party executive. If the deadline is not met, the government has said it will shut down the assembly.

IRA Ends Terrorism, Panel Finds (WT/AP)

By Shawn Pogatchnik, Associated Press

The Washington Times, October 5, 2006

DUBLIN -- The Irish Republican Army is no longer engaged in terrorist activity and has shut down key units for weapons making, arms smuggling and training, a panel of specialists reported yesterday in findings designed to spur a revival of Catholic-Protestant cooperation in Northern Ireland.

The British and Irish governments warmly welcomed the 60-page assessment of the Independent Monitoring Commission, which also concluded the IRA has begun reducing its membership.

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The four-man panel, including former directors of the CIA and the anti-terrorist unit of Scotland Yard, reported the IRA had recently shut down three command units and "run down its terrorist capability."

Last year, the group declared a formal end to its campaign to end British control of Northern Ireland by force and handed its weapons stockpiles to disarmament chiefs.

In a surprise development, the specialists said the IRA "has disbanded 'military' structures," including its headquarters units that direct weapons smuggling, bomb making, training and recruitment. They said IRA commanders also had begun cutting their rank-and-file membership and had stopped making payments to them.

"We do not believe that PIRA is now engaged in terrorism," it added, using the group's full formal name, the Provisional IRA.

The commission said the leadership of the IRA does not consider a return to terrorism as in any way a viable option.

"These positive and clear-cut findings are of the utmost importance and significance. They are evidence that the security landscape in Northern Ireland has been radically altered," Irish Prime Minister Bertie Ahern said.

British Prime Minister Tony Blair lauded the IRA moves as likely to spur a new power-sharing agreement between leaders of Northern Ireland's Protestant majority and Sinn Fein, the IRA-linked party that represents most Catholics.

He said negotiations in Scotland Oct. 11-13 involving all Northern Ireland factions would determine whether a Catholic-Protestant administration -- the central aim of Northern Ireland's Good Friday accord of 1998 -- could be revived.

"The IRA's campaign is over. ... The door is now open to a final settlement," Mr. Blair told reporters at his Downing Street office in London.

And in Belfast, Secretary Peter Hain called on Protestant leaders "to recognize that the paramilitary situation, in particular the situation of the IRA, has changed absolutely fundamentally and radically."

"Is there now a security threat from the IRA? The answer's no," Mr. Hain said.

Both governments have given Protestants and Sinn Fein a Nov. 24 deadline to revive power sharing in line with the complex Good Friday pact. Otherwise, Britain says it will dissolve Northern Ireland's legislature and instead intensify cooperation with the Republic of Ireland.

Panel Says IRA Has Halted Terrorism (USAT)

By Jeffrey Stinson

USA Today, October 5, 2006

LONDON — The Irish Republican Army has abandoned terrorist and criminal activity after fighting British rule in Northern Ireland for more than three decades, the commission monitoring paramilitary groups in the province said Wednesday.

“We do not believe that PIRA is now engaged in terrorism,” the Independent Monitoring Commission said in a report, using the group's formal name of Provisional IRA. “We believe that the leadership does not consider a return to terrorism as in any way a viable option and that it continues to direct its members not to engage in criminal activity.”

The commission's findings were considered key to trying to restore shared power between Catholics and Protestants in governing Northern Ireland. The report's release comes a week before crucial power-sharing talks sponsored by the British and Irish governments resume in Scotland.

The opposing Catholic and Protestant political parties in Northern Ireland face a Nov. 24 deadline to agree to a power-sharing arrangement.

The Northern Ireland Assembly, a 108-member legislature with the power to elect a Catholic-Protestant administration, will be dissolved if there is no accord.

British Prime Minister Tony Blair, who will direct the Oct. 11-13 talks with Bertie Ahern, Ireland's prime minister, said the commission's report provides “the basis for the final settlement of the conflict in Northern Ireland.”

“The context for political engagement has never been better,” Ahern said.

Peter Hain, the British minister who oversees the province, told the British Broadcasting Corp., “There has been a historic, seismic and, I believe, an irreversible shift on the part of the IRA away from terror … toward a democratic future.”

The commission found that although the IRA's leadership had disarmed, halted its criminal activities and sought to make its members do the same, some renegade groups continued to operate.

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The panel said some shootings and attacks on Protestant schools and unionist gatherings since July 2005, when the IRA pledged to hand in its weapons, were the work of dissidents who continue to be involved in crimes such as drug dealing, smuggling and robbery.

Halting IRA criminal activity was a key requirement imposed by the main Protestant political party, the Democratic Unionist Party (DUP), for restoring power sharing with the IRA's political arm, Sinn Fein.

Ian Paisley, the DUP leader, said in a statement that the commission's findings are "welcomed by all of those who wish to see an exclusively peaceful and democratic basis for (shared government) in Northern Ireland."

He said his party would not share power until Sinn Fein accepts the authority of Northern Ireland's police force.

Sinn Fein leader Gerry Adams said the IRA's moves removed any excuse for the Democratic Unionists not to form a joint Cabinet. "We could do a deal tonight. We could do it tomorrow. It's all up to Ian Paisley," Adams said.

One question the commission couldn't answer: Who killed Denis Donaldson in April? The former Sinn Fein official was shot to death after he confessed to being a spy for British intelligence.

Before that revelation, Donaldson was arrested in October 2002 for allegedly operating an IRA spy ring in the Northern Ireland government.

The allegations resulted in the collapse of the power-sharing relationship established after the 1998 Good Friday Agreement brokered by the United States. The accord largely ended the conflict between Catholic nationalists and pro-British Protestants that had killed 3,600 people since 1969.

IRA No Longer Terror Threat, Monitors Say (LAT)

By Janet Stobart

The Los Angeles Times, October 5, 2006

LONDON — The Irish Republican Army has disbanded its units that bought and built weapons, stopped training recruits and ceased intelligence gathering, committing itself to a path of peace, says a periodic report made public Wednesday by a panel monitoring peace efforts in Northern Ireland.

The militants have, in effect, closed down their paramilitary and criminal activities, said John Alderdice, a member of the Independent Monitoring Commission who presented the report to the media in Belfast, the Northern Irish provincial capital.

"Three years ago, it was the most sophisticated and potentially the most dangerous of the [paramilitary] groups, possessed of the largest arsenal of guns and other material," the report says. "It is now firmly set on a political strategy, eschewing terrorism and other forms of crime."

Politicians and government leaders welcomed the report as offering hope for breaking a political logjam and opening the door to a lasting and constructive peace in the beleaguered British province. British officials have imposed a deadline of late next month for talks aimed at ending the political deadlock over Northern Ireland's future.

"The IRA's campaign is over," said British Prime Minister Tony Blair in a statement broadcast Wednesday afternoon. "There is now consensus across all main players in the politics of Northern Ireland that change can only come through persuasion and not through violence of any sort."

Irish Prime Minister Bertie Ahern welcomed "the conclusion that there is convincing evidence of the Provisional IRA's continuing commitment to an exclusively political path."

The commission's reports have focused on the IRA and its offshoots as well as the activities of Protestant paramilitary groups and the two sides' violations of an uneasy peace since the 1998 Good Friday agreement. That accord, brokered with U.S. help, brought largely pro-British Protestant and pro-republican Roman Catholic political parties together after three decades of terrorism and sought to create a Northern Irish home-rule parliament and a power-sharing executive.

There is no guarantee that members of dissident groups, such as the Continuity IRA and the Real IRA, would cease their campaigns of terrorism, the report says. Protestant loyalist groups, such as the Ulster Volunteer Force and the Loyalist Volunteer Force, also were still "involved in violent activities," it says.

However, the report's findings for the most part are positive enough to give momentum to negotiations planned next week in Scotland to revive the Northern Ireland Assembly, which was suspended in 2002.

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"It's very, very clear that the republicans have kept to all their commitments," said Gerry Adams, leader of Sinn Fein, the IRA's political ally. "A deal could be done tonight."

Protestant leaders were less sanguine about the prospects of quickly restoring the parliament. The Rev. Ian Paisley, head of the Democratic Unionist Party and chief opponent of Sinn Fein's participation in a Northern Irish government, demanded further proof of the IRA's commitment to demilitarize and end the criminal activity believed to have funded its rebellion.

He called for Sinn Fein and the IRA "to now support the police, the courts and the rule of law."

The monitors' report alludes to still-unsolved crimes such as the April slaying of Denis Donaldson, a former Sinn Fein official who had spied for Britain. Paisley said there were "real and serious doubts about the murder of Denis Donaldson, and this report has not ruled out the possibility that the Provisional IRA were behind the killing."

Other observers said Wednesday that although the report raised hopes that political progress could be made in Northern Ireland, that did not mean the parliament would be revived as soon as next month.

Paul Bew, a historian at Queen's University in Belfast and a longtime watcher of the peace process, said the report showed real progress.

"One very important point is that there is no more recruitment," he said. "It shows that this is an army in decay."

"It really looks as if the command-and-control structure which remains will be used to impose a political direction," Bew said.

The crucial point of any agreement would be the acceptance by republicans of the province's police force. The present-day Police Service of Northern Ireland replaced the predominantly Protestant Royal Ulster Constabulary, or RUC, after the 1998 pact.

Catholics historically were reluctant to join the RUC, and in the days of violence before the 1998 agreement those who did were often targeted for reprisal.

Bew predicted that "policing will be the new issue." Eventually the republican side will soften toward the new force, he said, but maybe not in time for the Nov. 24 deadline imposed by Peter Hain, Britain's secretary for Northern Ireland, for the resumption of the legislature.

Hain called the report a "unique opportunity for this generation of politicians to reach that final solution, an opportunity the government hopes the parties will now seize and not miss a fantastic window."

Nations To Form Land-Mine Removal Center (AP)

By Julie Watson

AP, October 4, 2006

MANAGUA, Nicaragua -- Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide.

After a decade of relative stability across the region, Latin American officials wrapping up a three-day Western Hemisphere's Defense Ministers Conference said their militaries should do more than simply protect their borders.

Throughout the 1980s, civil wars raged in Central America. Now defense ministers want to show that their militaries have been transformed into model forces.

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Guatemalan Defense Minister Gen. Francisco Bermudez said.

Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

U.S. Defense Secretary Donald Rumsfeld joined ministers from more than 30 Latin American and Caribbean nations in approving Nicaragua's proposal to open an international center in Managua for removing land mines around the globe, Nicaraguan Defense Minister Avil Ramirez said.

"In this way we can give back to the countries who helped us when we needed it most," Ramirez said.

Central American soldiers have removed thousands of anti-personnel and anti-tank mines since their civil wars ended in the 1990s.

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The ministers also expressed support for the region's armed forces assuming a larger role in peacekeeping missions with the United Nations and for disaster relief worldwide.

Ramirez said Nicaragua signed bilateral agreements with Peru, Uruguay and Canada for joint humanitarian missions.

The ministers also promised to cooperate on fighting international terrorism and drug and migrant trafficking.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Court Allows Bush Administration To Continue Warrantless Surveillance Program During Appeal (AP)

By Dan Sewell, Associated Press

AP, October 5, 2006

CINCINNATI – The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday.

The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers.

The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest.

The Bush administration applauded the decision.

"We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree," Deputy White House press secretary Dana Perino said in a statement.

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers.

The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced "potential irreparable harm" and would be more vulnerable to a terrorist attack. The appeal is likely to take months.

"This program is both critical to preventing terrorist attacks and fully consistent with law," said Justice Department spokesman Brian Roehrkasse.

The American Civil Liberties Union filed a lawsuit in January seeking to stop the program on behalf of journalists, scholars and lawyers who say it has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Many said they had been forced to take expensive and time-consuming overseas trips because their contacts wouldn't speak openly on the phone or because they didn't want to violate their contacts' confidentiality.

The ACLU contends that the 1978 Foreign Intelligence Surveillance Act, which set up the secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

"We are confident that when the 6th Circuit addresses the merits of this case, it will agree that warrantless wiretapping of Americans violates the law and is unconstitutional," Melissa Goodman, an ACLU attorney, said in a news release.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: www.ca6.uscourts.gov

Taylor's ruling: www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

Information on the case from the ACLU: www.aclu.org/nsaspying

National Security Agency: www.nsa.gov

Federal Wiretapping Program To Continue During Court Challenge (DEN)

Detroit News, October 5, 2006

President Bush's Terrorist Surveillance Program may continue while the courts decide whether it violates the U.S. Constitution, a federal appeals court ruled today.

U.S. District Judge Anna Diggs Taylor ruled the eavesdropping program unconstitutional on Aug. 17, but issued a short-term stay to give the government time to appeal.

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Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so.

The appeal of the ruling itself has not yet been heard.

The program allows the National Security Agency to obtain wiretaps of calls into and out of the United States without first obtaining warrants from judges.

"I wouldn't read too much into it," ACLU Michigan director Kary Moss said of today's decision. "We feel that the judge (Taylor) wrote a good opinion and we will be in a very strong position moving forward."

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., had argued that ending the program would put the country at greater risk of a terrorist attack by al-Qaida. He did not return a telephone call today seeking comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Wiretap Program Allowed During Appeal (WT)

By Joseph Curl

The Washington Times, October 5, 2006

President Bush's terrorist surveillance program can continue while the Justice Department appeals a lower-court ruling that deemed the warrantless wiretapping operation unconstitutional, a federal appeals court said yesterday.

Mr. Bush has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance.

Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati yesterday ruled that the program can continue pending an appeal. The three-paragraph ruling said the judges balanced the likelihood that the appeal would succeed, the potential damage to both sides of the dispute, and the public interest.

Established in 2002 and reauthorized more than 30 times, the program targets U.S. phone calls and electronic correspondence that involve known terrorists abroad.

On Aug. 17, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional, setting off a fierce debate on Capitol Hill. Mr. Bush, who is focusing his campaign speeches across the country on national security issues, demanded that lawmakers move swiftly to authorize the program, which he said has proved its value repeatedly.

The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming "potential irreparable harm" to the nation if the surveillance is abandoned.

"The country will be more vulnerable to a terrorist attack," the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program "in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications."

The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm.

The program, monitored by lawmakers from both parties, has been under scrutiny since the New York Times revealed its existence in December.

Critics say the Bush administration should work through a court set up for such cases, established under the Foreign Intelligence Surveillance Act. The administration says that court cannot always act quickly enough.

After the program was revealed, the American Civil Liberties Union filed a lawsuit seeking to end it.

Eavesdropping Will Continue During Appeal (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 5, 2006

Ruling against spying is on hold

The Bush administration's warrantless domestic spying program can continue until a federal appeals court reviews a Detroit judge's decision to scrap the program as unconstitutional.

A three-judge panel of the U.S. 6th Circuit Court of Appeals in Cincinnati on Wednesday granted the Justice Department's request for a stay of U.S. District Judge Anna Diggs Taylor's Aug. 17 decision to halt the program.

The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest.

Michigan ACLU Director Kary Moss said she wasn't surprised by the decision.

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"I wouldn't read too much into it," she said. "It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs."

There was no immediate comment from the Justice Department on Wednesday.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted their ability to confer with clients, conduct research and engage in advocacy. They asked Taylor to declare the program unconstitutional.

Taylor agreed, ruling in August that the program usurped the power of Congress by eavesdropping without first obtaining warrants from the secret Foreign Intelligence Surveillance Court in Washington, D.C.

The 1978 law that created the court gives the administration the authority to perform electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. The law also lowered the amount of evidence required to get a warrant.

The Bush administration says its surveillance program is a vital tool in the war on terror.

It was created after the 9/11 terrorist attacks and monitors phone calls and e-mail to and from the United States involving terrorism suspects and activities.

The Justice Department appealed Taylor's decision to the U.S. 6th Circuit Court of Appeals.

Last week, Taylor agreed to postpone enforcement of her injunction for seven days so the Justice Department could try to obtain a longer delay from the appeals court.

The Justice Department urged the appeals court to allow the program to continue while the case is on appeal, saying that without the program, the nation would be more vulnerable to terrorist attack.

Man Linked To Sears Tower Plot Working On Weapons Plea Deal (AP)

By Curt Anderson

AP, October 5, 2006

MIAMI - A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges.

Sultan Khanbey, 51, was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a "Moorish nation," wearing green-and-black uniforms, to bring about revolution in the United States.

Khanbey, who was born Charles Stewart, is charged with illegal possession of a firearm by a convicted felon. Court records show he was convicted of rape in 1977 and attempted murder in 1973.

U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be worked out, prosecutors said. Cooke said by then both sides should "be on the same sheet of music" in the case.

The gun charge arose from Khanbey's alleged connections to the seven men arrested in June in the terror plot, which authorities acknowledge never got beyond the early planning stage. Khanbey has previously told investigators he knew about the plot and might cooperate with prosecutors in that case.

The purported ringleader, Narseal Batiste, headed a Miami chapter of the Moorish Science Temple sect and had known Khanbey when both lived in Chicago, authorities have said.

A lengthy document filed by Khanbey in federal court discusses the sect's philosophy, including claims that U.S. laws and documents are "bogus and fraudulent" and that the ultimate goal of African-American people should be to "break free of the iron hand of the United States yoke and laws."

Khanbey came to the FBI's attention when he was invited to come to Miami last spring to discuss Batiste's plans, but a rift occurred between the two after Khanbey become suspicious that the FBI had infiltrated the Miami group, according to court documents.

On April 19, Khanbey conducted a "trial" at the group's warehouse headquarters in the Liberty City neighborhood to expel Batiste from the Moorish organization, federal prosecutors say. That same day in a heated argument, Khanbey fired a shot from a 9mm handgun past the ear of a self-described spiritual missionary and longtime Batiste adviser who uses the name Master G.J.G Atheea.

The handgun, it turned out, belonged to another member of the group, Lyglenson Lemorin, according to court documents. Khanbey had previously said the gun discharged accidentally when he was attempting to unload it.

Batiste, Lemorin and five others remain jailed without bail on charges of terror conspiracy and material support, which authorities have said included planning for attacks on the Sears Tower and government buildings in Miami, Washington and elsewhere. All have pleaded not guilty, with trial scheduled to begin March 5.

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Their arrests were based on information obtained by two FBI informants, including one man of Middle Eastern descent who pretended to be an al-Qaida operative.

Toledo Terrorist Suspect El-Hindi Will Remain Behind Bars (TOLB)

Toledo Blade (OH), October 5, 2006

A federal judge this afternoon denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release.

Judge James Carr denied the request after hearing from Mr. El-Hindi and other witnesses during a court proceeding that spanned nearly four hours. Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial.

His attorneys were seeking his release on $20,000 bond. Mr. El-Hindi is currently incarcerated at the federal prison in Milan, Mich.

Mr. El-Hindi is charged along with Toledoan Mohammad Zaki Amawi and Sylvania resident Wassim I. Mazloum with conspiring to kill or injure U.S. troops and others in the Middle East and with providing the "support and resources" to do so. Mr. Amawi was also charged with twice threatening President Bush and with distributing bomb-making information. If convicted, they face a maximum of life in prison.

Attorneys Steve Hartman and Chuck Boss put El-Hindi's wife, Marwa Aboud, on the stand as she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr. El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo.

A friend of Mr. El-Hindi, Muwahhid Adil of Toledo, testified that he has known the defendant about 14 years. The two met at an Islamic conference in Chicago.

Al-Qaeda's Far-Reaching New Partner (WP)

By Craig Whitlock

The Washington Post, October 5, 2006

PARIS -- In a video released last month on the Internet, al-Qaeda's deputy leader, Ayman al-Zawahiri, declared that he had "great news." Al-Qaeda, he reported, had joined forces with an obscure Algerian underground network and would work in tandem with the group to "crush the pillars of the crusader alliance."

The Algerian partner, the Salafist Group for Preaching and Combat, had fought the Algerian government in a barbaric civil war for almost a decade. But Zawahiri said the new alliance had different targets in mind. "Our brothers," he said, "will be a thorn in the necks of the American and French crusaders and their allies, and a dagger in the hearts of the French traitors and apostates."

Zawahiri's statement was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa.

Since 2003, the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa.

The network also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva.

On Sept. 1, the French Anti-Terrorist Coordination Unit issued a statement classifying the group as "one of the most serious threats currently facing France," Algeria's former colonial master. Ten days later, the assessment was given fresh urgency by Zawahiri's videotape, timed for the fifth anniversary of the Sept. 11, 2001, attacks in the United States. In it, he noted that Osama bin Laden, al-Qaeda's founder, had given his personal approval to the "blessed union" between the Algerian network and al-Qaeda.

Responding to Zawahiri's declaration, French Prime Minister Dominique de Villepin said there was a "real and permanent" risk to France, in part because of its military involvement in Lebanon and Afghanistan, as well as its policy of forbidding Muslim girls to wear head scarves in public schools.

Pierre de Bousquet de Florian, the head of France's domestic intelligence service, added: "For our Islamist adversaries, our country is frankly in the Western camp -- the 'crusaders' in their words -- and we will be spared nothing."

Overcoming Differences

Al-Qaeda forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals.

The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders. They sent money, fighters and supplies

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to the guerrillas, seeing the war as an opportunity to replace Algeria's secular, military-backed government with a fundamentalist Islamic state.

But their zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir , a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death.

Bin Laden, who was living in Sudan at the time, believed that killing fellow Muslims was counterproductive. So he sent an emissary to Algeria to demand that the GIA change its approach and pledge loyalty to the fledgling al-Qaeda network, according to European intelligence officials. The GIA refused.

As the massacres continued, bin Laden's allies in London and elsewhere wrote scathing denunciations of the Algerian group, a rejection that persisted for years.

The Salafist Group for Preaching and Combat -- its name is derived from a branch of fundamentalist Islam -- was founded in 1998 by a splinter group of Algerian rebels who wanted to reduce the number of civilian massacres. It quickly eclipsed the GIA, but it still struggled to win support from abroad.

That started to change after al-Qaeda launched the Sept. 11 attacks. With its territorial base in Afghanistan in jeopardy, al-Qaeda's leadership began looking for safer places to relocate.

In the fall of 2001, according to French and Algerian officials, bin Laden dispatched a Yemeni deputy to Algeria for talks with the radical group. The emissary was reported killed in September 2002 by Algerian security services, but his presence in Algeria marked a turning point, they said.

"Until 2001, the GSPC wasn't trusted by the rest of the international jihad," said Louis Caprioli, former director of international counterterrorism for the DST, the French counterintelligence service. "That's when the GSPC started to become international. It used to be focused solely on Algeria."

On the second anniversary of the Sept. 11 attacks, a leader of the Algerian group posted a statement on the Internet pledging the group's allegiance to al-Qaeda for the first time, adding: "We strongly and fully support Osama bin Laden's jihad against the heretic America." In March 2005, a successor leader, Abu Musab Abdel Wadoud, issued a similar statement praising bin Laden.

Until recently, al-Qaeda's leadership had offered cautious or tepid responses. In the summer of 2005, bin Laden referred to "our brothers" in the Algerian network in a long statement on audiotape, but otherwise has not publicly embraced the group.

It became clear, however, that an alliance could bring benefits to both sides, analysts said. If the Algerians could win al-Qaeda's endorsement, it would erase their network's pariah status in radical Islamic circles, making it easier to raise money and logistical support. In turn, al-Qaeda would gain a local affiliate and an operational foothold in North Africa.

"The leadership of al-Qaeda doesn't have a secure base left anywhere else in the world," said Liess Boukraa, a terrorism expert and author in Algiers. "So al-Qaeda needs the GSPC at the logistical level. The GSPC needs al-Qaeda at the ideological level."

Al-Qaeda has pursued this strategy in multiple Muslim countries, partnering with local underground groups in an effort to extend its name and influence. In Iraq, al-Qaeda teamed with Abu Musab al-Zarqawi's insurgent group, prevailing on him to change its name to al-Qaeda in Iraq. The Kurdish group Ansar al-Islam and various organizations in Kashmir have similar ties with bin Laden's movement.

Analysts said the shift by the Algerian organization toward a global strategy was a tacit admission that its original goal -- seizing power in its home country -- had failed. The network continues to attack government targets in Algeria almost weekly, but it has taken heavy losses in recent years and is confined to remote areas in the mountains and desert.

Estimates of the number of active GSPC members, who constitute almost all of the remaining fighters against the Algerian government, run from 500 to 1,200 -- a sharp drop from the 40,000 Islamic extremists who took up arms against the government in the 1990s.

Algerian Interior Minister Noureddine Yazid Zerhouni said last month that Algerian security forces had killed or captured 500 Islamic fighters over the past year. In addition, about 250 members of the GSPC and other extremists have accepted the Algerian government's offer of political amnesty under a national reconciliation program, he said.

Mounir Boudjema, an expert on Algerian terrorist groups and editor of the newspaper Liberte, said the Salafist radical group is weaker than ever at home.

"In terms of strategy, they have lost," Boudjema said in an interview in Algiers. "The population doesn't want to have them anymore. The people in the villages refuse to give them blankets or water or food. The whole logistical network is falling apart."Training and Support

Even as it struggles in Algeria, the GSPC has rapidly extended its reach elsewhere in North Africa.

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With al-Qaeda's backing, the network has partnered with other radical groups, including extremists in Morocco, Libya, Tunisia and Mauritania, according to Arab and European counterterrorism officials. There was little overlap among such factions in the past, officials said, but now many have turned to the Algerians for training and support.

"The message we get is that al-Qaeda has given delegation to the GSPC to coordinate their operations in the Maghreb region," said Chakib Benmoussa, the Moroccan interior minister.

"Al-Qaeda's objective is to have a base in the region of the Sahel," he added, referring to the remote stretch of North Africa that borders the southern edge of the Sahara and covers such impoverished nations as Mali, Mauritania and Niger.

In June 2005, about 150 of the Algerian group's fighters from different countries attacked a Mauritanian military outpost, killing 15 soldiers. Another of its cells kidnapped 32 European tourists in the Sahara in 2003 and reportedly received a $5 million ransom from the German government for their release.

Counterterrorism officials said the network operates training camps in the Sahara and Sahel that cater to fighters from countries bordering Algeria, but also recruits from Europe. The camps are small and temporary, consisting of four-wheel-drive vehicles and a few instructors who teach bombmaking and guerrilla tactics, said a U.S. counterterrorism official who has studied the network and spoke on condition of anonymity.

"It's all mobile and on the run. They'll rendezvous in a wadi for four or five days, then disperse," the official said, using an Arabic word for a streambed that is usually dry. "We're very much concerned about it. It's more than just a few guys. If you add it up, it's a substantial number of folks."

Many veterans of the North African camps have traveled to Iraq, where they make up one of the biggest contingents of foreign fighters battling U.S. and Iraqi forces, according to counterterrorism officials and analysts.

According to a study released in March by the Saudi National Security Assessment Project, an adviser to the Saudi government, North Africans make up about 30 percent of foreign fighters in Iraq, with 22 percent from Algeria alone. U.S. military officials and independent analysts said other estimates have shown somewhat lower numbers of North Africans, but agreed that Algerians and the Salafist group are playing key roles in the conflict.

"The GSPC, they saw the handwriting on the wall," the U.S. counterterrorism official said. "If they just stuck to fighting the Algerian government, all they would be is a minor thorn in their side. So they had to reach out."

In Europe, meanwhile, the group has revived dormant networks of Algerian radicals who emigrated after the outbreak of the civil war 15 years ago, counterterrorism officials said.

In 1994, Algerians from the GIA hijacked an Air France jet and planned to crash it into the Eiffel Tower, but a commando unit stormed the plane and rescued passengers. The next year, another GIA cell carried out bomb attacks on the Paris subway.

The same group planned attacks during the 1998 World Cup in France. But French police disrupted the plots and initiated a continent-wide round of arrests that effectively knocked out the organization on European soil.

In reconstituted form, the Algerian underground in Europe is no longer fighting solely for a national cause. That has enabled it to recruit large numbers of Tunisians, Moroccans, Syrians and other extremists who do not hold a stake in the Algerian conflict, said Xavier Raufer, a terrorism specialist at the University of Paris and a former French intelligence officer.

In July, for instance, German authorities arrested a 36-year-old man of Moroccan descent in the northern city of Kiel and charged him with recruiting fighters to go to Iraq. Prosecutors said he was a member of al-Qaeda and knew members of the Hamburg cell that carried out the Sept. 11 attacks. Last November he had traveled to Algeria to receive explosives training at a GSPC camp.

In March, eight Moroccans and a Tunisian were arrested in Casablanca and accused of planning attacks in Italy, with targets including a church in Bologna and the Milan subway system, Moroccan and Italian officials said. The cell was charged with working on behalf of the GSPC and taking orders from a deputy in Algeria.

Many of the Salafist group's foot soldiers in Europe have never been to Algeria, but are motivated to join the network because of Islamic anger over conflicts in Iraq, Afghanistan and Israel, Raufer said. "For them, it's an easy time," he said of the recruiters. "When they preach, a lot of people are furious. A lot of Muslims are outraged at what's going on."

In 30-Year-Old Terror Case, A Test For The U.S. (WP)

By Manuel Roig-Franzia

The Washington Post, October 5, 2006

HAVANA -- A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados.

The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela.

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The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere.

The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months.

Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him.

Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges.

"This is the moment of truth for the Bush administration," said Peter Kornbluh, a senior Cuba analyst with the National Security Archive, a nonprofit research library at George Washington University.

The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists.

"It's as if you were to say to the American people that country X has found Osama bin Laden, who arrived without a passport or a visa, and that he is being held as an illegal immigrant but will not be sent back to the U.S.," Ricardo AlarcÃ³n, president of Cuba's general assembly, said in an interview.

Posada Carriles, 78, sneaked into the United States in March 2005. He did little to hide his presence in Miami's exile community and joked about being recognized at doctors' appointments. He wasn't arrested until he gave a newspaper interview and appeared at a news conference in May 2005, moves that seemed to taunt law enforcement officials.

At the time of his arrest, Posada Carriles, who was born in Cienfuegos, Cuba, had spent more than four decades engaged in fruitless schemes to kill Cuban leader Fidel Castro and topple his government. The immigration judge who oversaw Posada Carriles's case said his history "reads like one of Robert Ludlum's espionage thrillers, with all the plot twists and turns Ludlum is famous for."

Posada Carriles was trained by the CIA, along with other Cuban exiles, for the botched Bay of Pigs invasion in 1961. He eventually made his way to Venezuela, where he became head of the secret police surveillance division.

Venezuelan officials later accused him of masterminding the Cubana bombing, which claimed the lives of 57 Cubans, as well as passengers from Guyana and North Korea. But he escaped from a Venezuelan prison in 1985 while prosecutors were appealing his acquittal in a military trial.

Since then, he has survived a 1990 assassination attempt, which scarred half his face, and has managed to wriggle out of legal trouble while on the run in Central America. He was arrested in 2000 in Panama for allegedly plotting to set off 30 pounds of explosives during a speech by Castro at the University of Panama, but the charges were dropped.

Posada Carriles's attorney has said that his client, who has a heart condition, no longer plans violence against the Castro government.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Posada Carriles said in a statement released by his attorney.

U.S. officials see the aging Castro opponent as a more sinister figure. A field officer at the Department of Homeland Security who follows Posada Carriles's case described him as a "present danger to the community" whose "propensity to engage in terrorist activities poses a national security risk to the United States."

All of which makes the actions of the U.S. government in the case puzzling to critics, who say Posada Carriles should be prosecuted or at least confined to prison. Even some Cuba hard-liners in the United States confide privately that the case has turned into an embarrassment for the United States.

"They're just dancing around," Wayne Smith, a former head of the U.S. Interests Section in Havana and vocal critic of the Bush administration's Cuba policies, said of prosecutors. "They have all kinds of evidence against him."

It's clear that the U.S. government would prefer to make Posada Carriles someone else's problem. According to court documents, the Department of Homeland Security failed to persuade seven countries to take him -- Canada, Mexico, Panama, El Salvador, Honduras, Guatemala and Costa Rica. The magistrate in Posada Carriles's case said that the Justice Department could have legally held him for a longer period if it had officially certified him as a terrorist, but that prosecutors did not do so.

"The problem is that the American government created him, it taught him, and now it's hard for the government to punish him," Camilo Rojo Alvarez, son of a crew member who died in the 1976 attack, said in an interview.

Much of the evidence against Posada Carriles has been drawn from the U.S. government's own files, including declassified FBI and CIA documents. One declassified CIA intelligence report, citing information from informants, said Posada Carriles

attended a $1,000-a-person fundraising and planning dinner for anti-Castro activities in September 1976 along with Orlando Bosch, another prime suspect in the Cubana bombing.

Not long afterward, the report stated, Posada Carriles said, "We are going to hit a Cuban airplane. Orlando has the details."

Bosch was once in a position similar to that of Posada Carriles, and the outcome of his case unnerves Cubans now focused on Posada Carriles. In 1990, the administration of George H.W. Bush released Bosch from prison after he, like Posada Carriles, was caught entering the country illegally. Cuba had been the only country willing to take him, and the U.S. refused to send him to the island.

Bosch, an 80-year-old retired physician who now lives in a Miami suburb, has stopped just short of claiming that his and Posada Carriles's group was responsible for the Cubana bombing.

Earlier this year, he told the Spanish newspaper La Vanguardia that the Cubana flight was a "legitimate target." And in an Atlantic Monthly interview with "Cuba Confidential" author Ann Louise Bardach that is to be published this week, Bosch said: "We were at war with Castro, and in war, everything is valid."

Declassified documents state that the two men who placed the bomb on the Cubana flight worked for Posada Carriles. After getting off the plane in Barbados, one of the men called his girlfriend, who was also a Posada Carriles employee, and delivered a coded message to report the attack was successful. The message: "The bus was fully loaded with dogs."

NY Judge Suggests Ashcroft, Mueller May Remain In Lawsuit (AP)

By Larry Neumeister, The Associated Press

AP, October 5, 2006

NEW YORK (AP) — A federal appeals court seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh conditions.

The 2nd U.S. Circuit Court of Appeals listened for nearly two hours as lawyers for some of the 34 former and current government employees named in the litigation argued that their clients should get immunity or had no contact with two former detainees who sued in 2004.

Judge Jon Newman, part of a three-judge panel, asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds.

Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises.

But the judge did not let up.

"For all we know they were just doing other things and just leaving these people in atrocious conditions," the judge said.

The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was "a monumental effort and employees worked tirelessly" as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks.

Later, the judge challenged Michael L. Martinez, a lawyer for the former warden at the Metropolitan Detention Center in Brooklyn, for saying in court papers that complaints that the Quran was taken away from detainees or that guards banged on the bars of cells when detainees were praying proved the detainees were allowed to practice their religion.

The judge asked Martinez if he stood by his assertion that the references proved there were only minimal restrictions on the practice of religion.

"That's correct," Martinez said. "My client tenders that position."

The judge then called upon Garre as the only government lawyer before the appeals court to see if he agreed with Martinez's position.

"Specific allegations of abuse like that is not something that's condoned by the United States," Garre said.

The arguments came in a case brought by Ehab Elmaghraby and Javaid Iqbal, detainees who alleged that Ashcroft, Mueller and others implemented a policy of confining detainees in highly restrictive conditions because of their religious beliefs and race.

Elmaghraby, an Egyptian who worked at restaurants before he was held at the Metropolitan Detention Center from October 2001 until August 2002, settled his portion of the case after the U.S. government agreed to pay him $300,000. He was cleared of allegations he had terrorist ties but was deported in August 2003 after pleading guilty to credit card fraud.

Iqbal, a Pakistani, was arrested at his Long Island home on Nov. 2, 2001, and charged with nonviolent federal crimes unrelated to terrorism. Two months later, he was moved to the Metropolitan Detention Center, where he was held in solitary confinement for more than 150 days without a hearing, according to his lawsuit.

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He said he was subjected to physical and verbal abuse, including unnecessary strip searches, until he was cleared of any involvement in terrorism and deported after pleading guilty in April 2002 to fraud and being sentenced to 16 months in prison.

Elmaghraby and Iqbal were among 184 of 762 aliens arrested after the Sept. 11 attacks who were identified as being of high interest to the investigation and were held in maximum-security conditions. Eighty-four of the 184 detainees were housed in Brooklyn.

In September 2005, U.S. District Judge John Gleeson ruled that Ashcroft and Mueller could remain as defendants because the plaintiffs alleged they were personally involved in the creation or implementation of unconstitutional policies after the Sept. 11 attacks.

The appeals court panel didn't say when it would rule.

Judges Zero In On Treatment Of A Detainee (NYT)

By Nina Bernstein

The New York Times, October 5, 2006

In sharp questioning, a three-judge panel yesterday challenged arguments by federal officials seeking dismissal of a Pakistani man's suit charging that because of his religion, race or national origin, he, like others, was held for months after 9/11 in abusive solitary confinement before being cleared of links to terrorism and deported.

In the mahogany and marble splendor of the Second Circuit Court of Appeals in Lower Manhattan, lawyers for former Attorney General John Ashcroft and other government officials argued that the officials were entitled to immunity from the lawsuit filed by the man, Javaid Iqbal, who had been known as "the cable guy" to his Long Island customers before he was swept into a federal detention center in Brooklyn as were hundreds of other Muslim immigrants in the New York area.

From the start of yesterday's two-hour hearing, one of the judges, Jon O. Newman, showed particular impatience with the narrow legal defenses offered by the defendants in the case, which lawyers for Mr. Iqbal say seeks accountability for what they call serious constitutional violations by the nation's highest law enforcement officials. It is the first case of its kind to reach the appellate level.

Judge Newman was especially scathing in questioning the lawyer for Dennis Hasty, formerly the warden of the Metropolitan Detention Center, where Mr. Iqbal and 184 others designated by the Federal Bureau of Investigation as "of high interest" were confined in a special unit where a 2003 Justice Department Inspector General's report found widespread abuse.

Mr. Hasty's lawyer, Michael L. Martinez, had argued in his brief that even if everything alleged in the lawsuit were true — as the appellate judges must assume at this stage of the litigation — Mr. Iqbal's treatment "never approached the level of a due process violation."

"Beatings?" Judge Newman asked. "Exposure to air-conditioning after standing in the rain? Needless strip-searches? Never approached a due process violation? If I thought your client really believed that, I've got to tell you, I'd be really troubled."

Judge Robert D. Sack was equally acerbic in commenting on a defense assertion that the complaint failed to link Mr. Hasty personally to what was going on at the detention center.

"He is the warden," Judge Sack said. "If he didn't know what was going on — I'm boggled twice in one argument."

Mr. Martinez replied that five years after 9/11 it was easy to criticize decisions made at the time. He cited legal precedents holding that "the courts are ill-equipped to second-guess what goes on in prisons."

Earlier, Judge Newman interrupted Lauren Resnick, the lawyer representing two former officials of the F.B.I., Michael Rolince, the agency's former chief of counterterrorism, and Kenneth Maxwell, a former special agent in charge of the F.B.I. office in New York, as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center.

"You don't think your clients had a major role in the decision not to release these plaintiffs?" Judge Newman asked. He was referring to findings by the Inspector General that detainees picked up on called-in tips were often designated "high-interest" and held in highly restrictive conditions until the F.B.I. cleared them, a process that took months because it was not a high priority.

"Are you telling me that they were unaware that they were being held in highly restrictive conditions?"

Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the way it made its accusations.

Earlier this year, the federal government agreed to pay $300,000 to another plaintiff in the same suit, settling his claim without admitting to wrongdoing. The government, which in a lower federal court lost its effort to dismiss Mr. Iqbal's lawsuit without testimony, is seeking to overturn that ruling. It also lost a similar motion in a companion lawsuit brought as a class action by other former detainees.

Mr. Iqbal eventually pleaded guilty to credit-card fraud and was deported to Pakistan.

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Many legal arguments yesterday concerned Supreme Court rulings on governmental immunity. Judge Sack and Judge Jose A. Cabranes suggested that a case now pending before the Supreme Court might affect the question, and asked for memos by Oct. 9 on whether a delay would be appropriate.

Gregory G. Garre, a Justice Department lawyer representing Mr. Ashcroft and Robert S. Mueller III, the director of the F.B.I., said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights.

"If there's anything that the court can take judicial notice of," he said, " it's that 9/11 was the most deadly foreign attack on domestic soil."

In his rebuttal on behalf of Mr. Iqbal, whose lawsuit was brought by the Urban Justice Center, Alexander A. Reinert argued that questioning officials was necessary to determine how 9/11 actually affected Mr. Iqbal's treatment.

Mr. Iqbal's lawsuit charges that Mr. Ashcroft and others created a discriminatory policy that was "applied to Mr. Iqbal in some of the most horrific conditions of confinement," he said, and that they knew or should have known it.

"They may believe the facts will disprove it," added Mr. Reinert, of Koob & Magoolaghan, "but that's exactly what discovery is for."

At the close of the hearing, Judge Newman questioned Mr. Garre, as the sole Justice Department lawyer, about another assertion in Mr. Hasty's brief. It contends that Mr. Iqbal's lawsuit itself shows there were "only minimal restrictions" on his ability to practice his religion, since he complained that his Koran had been routinely confiscated and that guards had banged on his cell door when he tried to pray, which demonstrated that he had been allowed to pray and to have a Koran.

In a tone of outraged incredulity, Judge Newman repeated the phrase "only minimal restrictions," first pressing Mr. Hasty's lawyer to say whether that was really his client's position or "just hyperbole by his lawyer," and finally asking Mr. Garre whether that was the government's position.

Mr. Garre replied, "Specific abuse like that is not something that's condoned by the United States."

U.S. Seeks Immunity In 9/11 Detention Case (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 5, 2006

Panel Considers Liability Of Government Officials

The personal liability of high-ranking officials for the mistreatment of Muslim men swept up after Sept. 11, 2001, and segregated at the Metropolitan Detention Center in Brooklyn was sharply contested yesterday at the U.S. Court of Appeals for the Second Circuit.

For almost two hours, a three-judge panel peppered lawyers for top U.S. Department of Justice and FBI officials, the former warden of the detention center, and FBI and corrections supervisors who argued that Eastern District Judge John Gleeson was wrong to reject their claims of qualified immunity.

The appeal was brought by the government in the case of Javaid Iqbal, a Muslim of Pakastani origin who was arrested for credit card fraud during the post-9/11 sweep and detained for more than seven months in Brooklyn.

While Mr. Iqbal ultimately pleaded guilty to the charge, served his sentence and was deported, he claims he was placed in the detention center's solitary confinement unit because the FBI had designated him and more than 700 other Muslims as "high interest" subjects in the terror attacks.

Mr. Iqbal claims he was subject to beatings by guards, dragged along the ground in shackles, harassed while trying to pray and denied adequate medical care.

His mistreatment was one example, his lawyers say, of widespread detainee abuse at the detention center.

A report by the Justice Department's Office of Inspector General issued in June 2003 criticized harsh conditions at the facility for the detainees.

Plaintiff's lawyers have cited the report in their suits against the government under the Federal Tort Claims Act and in individual lawsuits against former Attorney General John Ashcroft and former FBI Director Robert Mueller and other officials.

The report was particularly critical of the inconsistent manner in which the FBI, and then the Bureau of Prisons, imposed a "hold-until-cleared" of suspicion policy for the detainees.

Mr. Iqbal makes an equal protection claim as well as procedural and substantive due process claims.

Judge Gleeson ruled in 2005 that top officials would have to, at a minimum, answer some questions about the policy (NYLJ, Sept. 29, 2005).

Mr. Iqbal's co-plaintiff, Ehab Elmaghraby, has settled with the government.

Yesterday, Judges Jon Newman, Jose Cabranes and Robert Sack heard lawyers for the defendants take different tacks on whether or not the U.S. Supreme Court has set a heightened pleading standard for claims against which the defense of qualified immunity is invoked.

Each of the lawyers claimed that Mr. Iqbal's complaint stated only "conclusory" allegations that warranted a dismissal by Judge Gleeson.

Lauren Resnick of Baker & Hostetler represents two former FBI supervisors that Mr. Iqbal claims were responsible for his mistreatment due to his segregation under the "hold-until-clear" policy.

Ms. Resnick contended that the supervisors should not be held liable because the FBI did not "direct or request" that Mr. Iqbal and others be held in administrative segregation. On the face of the complaint, she said, his claim should be dismissed before discovery commenced.

But, Judge Newman said, "what really happens [to them] depends on whether they are [designated] high interest?"

When Ms. Resnick said that was not necessarily the case, Judge Newman responded, "So senior people at the FBI said that if they were walking around in the general population, that's OK with us ?"

Judge Newman then asked, "You are urging a higher pleading standard, are you not?"

Ms. Resnick said courts are split on the issue and, while acknowledging that the qualified immunity context is "unique," said courts would benefit from some clarification on this point from the U.S. Supreme Court.

Qualified Immunity Meaning

The lawyers were divided on the meaning of the Supreme Court's decision in Crawford-El v. Britton, 523 U.S. 574, (1998), in the context of qualified immunity - which protects officials from burdensome litigation and discovery in the course of performing their duties as long as they are not violating clearly established law.

Michael Martinez of Crowell Moring in Washington D.C., who represents the detention center's former Warden Dennis Hasty, said Crawford-El did not stand for the proposition that plaintiffs have to meet a heightened pleading standard-one that goes beyond simply giving notice to the defendant about the nature of the allegations.

But a body of law has developed over the years requiring more than notice pleading where qualified immunity is involved. Plaintiffs must "put forward specific non-conclusory allegations that establish things like improper motive," Mr. Martinez said. "We still require something more than bare-bones allegations."

"How is that not a heightened pleading standard?" Judge Sack asked.

Judge Newman asked whether or not there had to be "some discovery" on whether the warden knew what the correctional officers under his command were doing.

"Unless he's [Iqbal] called into the warden's office and [the warden says] 'I'd like you here while I give my marching orders,' doesn't that mean that wardens are never liable?" the judge asked.

Mr. Martinez answered no and said the complaint only had to go further than saying Mr. Hasty, the warden "knew or should have known" about the abuse.

"But this was going on for months." Judge Sack said.

Principal Deputy Solicitor General Gregory Garre said Crawford-El stands for the proposition that a "trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense"-with the goal being to avoid "burdensome litigation" and plaintiffs are required to show more to survive a prediscovery motion to dismiss.

"Whether you think of that in terms of a heightened pleading standard or not, that's the standard," he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller.

Mr. Garre said he was "happy to defend" the "policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right."

Burden of Proof

Alex Reinert of Koob & Magoolaghan, who represents Mr. Iqbal along with attorneys from the Urban Justice Center and Weil, Gotshal & Manges, said the defendants were assuming "adversarial discovery before the filing of a complaint," and his client went well beyond "conclusory" allegations.

The Crawford-El case, he said, was not about heightened pleading standards but about the burden of proof.

Crawford-El, he said, meant that a district court should use its discretion not to prevent "any discovery, just burdensome discovery."

The judges asked Mr. Reinert whether the actions of officials post-9/11 should be weighed in the context of the nationwide imperative to capture possible co-conspirators and prevent further attacks.

Regardless of the severity of the attacks, Mr. Reinert said, officials knew that "it's been clearly established for years that you can't put people in conditions of confinement" like those to which Mr. Iqbal was subjected.

Mr. Iqbal, he said, was subject to "horrific abuse" that was the direct result of a policy initiated from the top and he was "not getting hearings" like "everyone else in the MDC who was not Muslim was getting hearings."

He continued, "We made these allegations, your honor, but we don't have to prove them here," adding that the Supreme Court has said "there is no heightened pleading standard unless the rules say there is."

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Security At Supermax Slammed In Fed Report (RMN)

By Lou Kilzer, Rocky Mountain News

Rocky Mountain News, October 5, 2006

Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps.

That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons.

The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center.

Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General.

Since then, the three bombers have been carefully monitored, but risks remain, according to the report.

Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow.

The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages.

It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers.

Short staffing and lack of funding underlie the gaps that allowed the dangerous mailings to get out, according to the OIG report.

The FBI, which handles letters from the most dangerous prisoners, is supposed to produce translations within 60 days, according to the report. In reality, it sometimes takes as long as six to 18 months, the report says.

And even concentrating on the worst of the inmates may not be enough.

"These delays in translations . . . pose a security risk because plans for terrorist and criminal activities could be communicated to or by inmates through the mail or telephone and implemented by outside contacts before translations are completed and the intelligence gleaned from them shared," the report says.

Further, the three translators hired at Florence did not begin intelligence training until late last year, meaning that letters may have been translated but coded messages not detected.

"We found that the (Bureau of Prisons) lacks sufficient intelligence capability to adequately analyze information from inmate mail to detect terrorist activity," the report says.

The key problem is staffing.

When investigators showed up to review the situation at Florence they were told that on three consecutive days the week before, two or three of seven special investigative supervisors had been pulled for other tasks.

The person responsible for monitoring all communications said she was pulled the previous week on four of her five workdays "to fill a vacant post elsewhere in the institution."

Such assignments, she reported, happened frequently.

The report said that such staffing decisions "can have significant security consequences."

According to the report, the FBI "showed little interest in the 17 international terrorist inmates" in the Florence facility until the letters from the Trade Center bombers were uncovered.

The inspector general recommended several steps to tighten the ship at Florence by sharply increasing and improving communications monitoring.

State Rep. Buffie McFadyen, D-Pueblo West, says she believes the warden at the Florence facility "has done the best he can with the resources he has," but that those resources are inadequate.

"Florence is still not staffed to the minimum level that is necessary," said McFadyen, who has taken a special interest in safety and funding for the prison in her district.

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Felicia Ponce, a Bureau of Prisons public relations specialist, said Wednesday that prison officials "are continually reviewing our procedures" and that they appreciated the inspector general's "very candid report and will ensure that the report's recommendations are acted upon as soon as possible."

But Ponce sounded a cautionary note: "To implement these recommendations systemwide will require significant additional resources, primarily staff."

And to do that, she said, the bureau would turn to "the federal budget process."

The probe was launched after the March 2005 discovery that Florence prisoners Mohammed Salameh, Mahmud Abouhalima and Nidal Ayyad - all convicted for the 1993 World Trade Center plot - had communicated with various outside extremists.

In one instance, a letter from Salameh was found in the possession of Mohamed Achraf, who authorities said was plotting to blow up the National Justice Center in Madrid, Spain.

A member of a Spanish terror cell also was using letters from Florence to recruit other members. Salameh even managed to send a letter praising Osama bin Laden to Arabic newspapers.

The Florence Supermax prison has held a who's who of criminals, including Unabomber Theodore Kaczynski, Oklahoma City bomber Terry Nichols and Zacarias Moussaoui, the 9/11 conspirator dubbed "the 20th hijacker."

Conclusions need no translation

The federal Office of the Inspector General released this week a highly critical report on the Supermax prison in Florence, saying that:

· Staff failed to read all of the mail of high-risk prisoners.
· The facility does not employ enough proficient translators.
· It was slow to train translators in intelligence techniques.
· It didn't hire its first staff member dedicated to translation until 2005.
· Less than 50 percent of inmate calls were monitored.
· It randomly monitored only 1.8 percent of inmate mail during a test period.

Waterboarding Historically Controversial (WP)

By Walter Pincus

The Washington Post, October 5, 2006

Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques -- "waterboarding," in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face.

Inside the CIA, waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information -- though "not all of it reliable," a former senior intelligence official said.

Waterboarding is variously characterized as a powerful tool and a symbol of excess in the nation's fight against terrorists. But just what is waterboarding, and where does it fit in the arsenal of coercive interrogation techniques?

On Jan. 21, 1968, The Washington Post published a front-page photograph of a U.S. soldier supervising the questioning of a captured North Vietnamese soldier who is being held down as water was poured on his face while his nose and mouth were covered by a cloth. The picture, taken four days earlier near Da Nang, had a caption that said the technique induced "a flooding sense of suffocation and drowning, meant to make him talk."

The article said the practice was "fairly common" in part because "those who practice it say it combines the advantages of being unpleasant enough to make people talk while still not causing permanent injury."

The picture reportedly led to an Army investigation.

Twenty-one years earlier, in 1947, the United States charged a Japanese officer, Yukio Asano, with war crimes for carrying out another form of waterboarding on a U.S. civilian. The subject was strapped on a stretcher that was tilted so that his feet were in the air and head near the floor, and small amounts of water were poured over his face, leaving him gasping for air until he agreed to talk.

"Asano was sentenced to 15 years of hard labor," Sen. Edward M. Kennedy (D-Mass.) told his colleagues last Thursday during the debate on military commissions legislation. "We punished people with 15 years of hard labor when waterboarding was used against Americans in World War II," he said.

A CIA interrogation training manual declassified 12 years ago, "KUBARK Counterintelligence Interrogation -- July 1963," outlined a procedure similar to waterboarding. Subjects were suspended in tanks of water wearing blackout masks that allowed

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for breathing. Within hours, the subjects felt tension and so-called environmental anxiety. "Providing relief for growing discomfort, the questioner assumes a benevolent role," the manual states.

The KUBARK manual was the product of more than a decade of research and testing, refining lessons learned from the Korean War, where U.S. airmen were subjected to a new type of "touchless torture" until they confessed to a bogus plan to use biological weapons against the North Koreans.

Used to train new interrogators, the handbook presented "basic information about coercive techniques available for use in the interrogation situation." When it comes to torture, however, the handbook advised that "the threat to inflict pain . . . can trigger fears more damaging than the immediate sensation of pain."

In the post-Vietnam period, the Navy SEALs and some Army Special Forces used a form of waterboarding with trainees to prepare them to resist interrogation if captured. The waterboarding proved so successful in breaking their will, says one former Navy captain familiar with the practice, "they stopped using it because it hurt morale."

After the Sept. 11, 2001, terror attacks, the interrogation world changed. Low-level Taliban and Arab fighters captured in Afghanistan provided little information, the former intelligence official said. When higher-level al-Qaeda operatives were captured, CIA interrogators sought authority to use more coercive methods.

These were cleared not only at the White House but also by the Justice Department and briefed to senior congressional officials, according to a statement released last month by the Office of the Director of National Intelligence. Waterboarding was one of the approved techniques.

When questions began to be raised last year about the handling of high-level detainees and Congress passed legislation barring torture, the handful of CIA interrogators and senior officials who authorized their actions became concerned that they might lose government support.

Passage last month of military commissions legislation provided retroactive legal protection to those who carried out waterboarding and other coercive interrogation techniques.

Claims And Counterclaims (WSJ)

By David B. Rivkin Jr., Lee A. Casey

The Wall Street Journal, October 5, 2006

Tocqueville's trenchant observation, that sooner or later all political issues in America are "resolved" into legal questions, has certainly withstood the test of time. Our policy disputes are regularly fought out on "legal" or "constitutional" grounds, both in and out of the courts, and nowhere is this more evident than in the debates over the war against al Qaeda.

The national "dialogue" over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done.

There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News. Mr. Clinton protested (rather too much) that he really had been committed to killing Osama bin Laden, and insisted that he did his best to accomplish this goal.

That may well be true. But then as now, Mr. Clinton views the relevant policy choices through a law-enforcement prism. Granting the former president's ardent desire to see off bin Laden, his administration was mired for years in arguments over whether, consistent with a Cold War executive order forbidding "assassinations," the CIA could kill bin Laden, or whether U.S. agents would instead have to attempt a practically impossible capture -- i.e., an arrest. Paralyzing concerns were also expressed by Clinton administration officials that any attempt to kill bin Laden might cause civilian casualties, even though wartime collateral damage is permissible, provided it is not disproportionate to the military advantage being gained. This rejection of the laws-of-war model continued even after bin Laden proved his belligerent intentions in a series of attacks on American citizens and U.S. military assets overseas.

In the aftermath of 9/11 -- and despite the fact that congressional Democrats joined Republicans in passing an "authorization for the use of military force" against those responsible for the attacks -- most continued to operate in a "law enforcement" mode. Democratic critics of the Bush administration have opposed virtually every measure the president has taken to guard against new attacks on American soil, including the USA Patriot Act, the National Security Agency's warrantless electronic surveillance program, data mining, access to international banking data, and the use of traditional military commissions

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to try and punish captured terrorists. During the 2004 presidential campaign, John Kerry made clear his belief that al Qaeda was a law-enforcement problem.

The Democratic message was, and remains, that the peacetime balance of individual rights and community interests is sufficient to meet the threat -- along with additional passive, and uncontroversial, defenses such as hardening cockpit doors and giving more monies to first responders. There have, of course, been notable exceptions to this rule -- such as Sen. Joe Lieberman -- but his steadfast support for both the war on terror in Afghanistan and in Iraq cost him the Democratic nomination for re-election to his seat.

By contrast, President Bush immediately recognized that al Qaeda, and the larger jihadist movement it represents, is not simply a new and especially violent street gang or drug cartel that could be handled by more and better policing. Only the government's full complement of war powers would be sufficient to meet the immediate threat to American lives and interests, and to take the fight to the enemy. He sought and obtained Congress's express authorization for military action, and has not looked back. For his pains, the president has been ruthlessly vilified by his political opponents and maligned as everything from the idiot tool of big-oil interests (and his own vice president), to a devious crypto-autocrat determined to transform the presidency into some kind of late Roman emperorship.

The president's critics, and especially those in Congress now running for re-election, should honestly admit that their differences are, by and large, matters of policy which can and should be debated as such. The question is not whether the president has broken the law, whether domestic or international, but which legal paradigm -- war or law enforcement -- makes the most sense in meeting the threat. Those who believe that captured al Qaeda operatives should be treated as ordinary criminal defendants (rather than unlawful enemy combatants), entitled to all of rights enjoyed by civilians in the federal and state courts, should stop pretending that this result is compelled by the Geneva Conventions or the U.S. Constitution. Instead, they should acknowledge making a policy choice that advantages jihadists beyond the legally required level, explain why they believe this to be right and just, and how they think it will checkmate al Qaeda.

In particular, they must answer key questions, such as how a law enforcement system designed to punish and deter, rather than prevent, criminal conduct can hope to discover and pre-empt future suicide attacks before they take place -- especially after 50 years during which progressives have demanded, and achieved, increasingly greater protections for criminal defendants.

Since the Democrats are certainly not suggesting our criminal justice system return to the pre-Warren Court's days, the pros and cons of the law-enforcement model need to be laid out explicitly, and with particulars, before the American people. Similarly, supporters of the law-enforcement model must explain on what legal basis American forces could attack al Qaeda bases overseas, and any "criminal suspects" who may be present at those sites, if the U.S. is not engaged in a war. It was, of course, that very dilemma that prevented President Clinton from killing Osama bin Laden when he may well have had the opportunity.

Sadly, the Democratic voices in Congress, like Talleyrand's Bourbons, have learned nothing. They continue to attack President Bush's policies at every turn and have never answered these questions. They rightly fear that the American people will not agree that jihadists, who recognize no law but their own religious convictions, should be granted the due-process rights of ordinary citizens accused of criminal conduct, or that our own civilian population must accept greater risk of attack to vindicate a vision of personal privacy and individual autonomy that may be laudable in peacetime, but which no state could preserve during war -- and hope to win.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

HOMELAND RESPONSE:

Closing The Books On Dubai Ports (HILL)

By David Marchick

The Hill, October 5, 2006

Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town without sending foreign investment-related legislation to the president.

The fact that this legislation failed to become an election-year imperative reflects a rapid evolution in thinking in Congress across the political spectrum, thanks to the leadership of House Republicans like Roy Blunt (Mo.), Deborah Pryce (Ohio) and Michael Oxley (Ohio); and Democrats like Barney Frank (Mass.), Carolyn Maloney (N.Y.) and Joseph Crowley (N.Y.). Blunt and Frank built on earlier good work by Sens. Richard Shelby (R-Ala.) and Paul Sarbanes (D-Md.), who had the foresight to hold

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hearings well before the Dubai Ports deal made CFIUS (the Treasury Department's Committee on Foreign Investments in the United States) a four-letter word.

While the door is still open for passage of new legislation during the post-election legislative session, to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment.

No issue seized the attention of the American people this spring more than the proposed investment by DP World. A remarkable 41 percent of Americans said they followed the issue — only two percentage points fewer than those who said they followed the war in Iraq. This buzz on Capitol Hill resulted in nearly a dozen Congressional hearings over a three-week period, and the introduction of 20 bills that would have restricted foreign investment in one way or another.

Once the political controversy died down, Congress was able to take a broader look at the issue. Four factors tempered congressional enthusiasm for radical reform legislation, including proposals to prohibit foreign investment in broad sectors of the U.S. economy.

First, foreign companies have operations in every state and congressional district in the country, and members of Congress heard from these companies and employees in their districts. More than 5 million Americans are employed by U.S. affiliates of foreign-owned companies.

Second, American jobs also depend on U.S. investment abroad. As the largest investor in the world, no country has more to lose if other countries start creating barriers to foreign investment. In the past six months, the Russian government has proposed new legislation to restrict investment in "strategic" sectors. China has adopted new regulations to block foreign investments that threaten China's "economic security." U.S. investors have faced political backlash in Korea, Venezuela and Bolivia. Restrictions imposed by our government would almost certainly fan similar moves abroad.

Third, Congress learned that the existing process for conducting national security reviews of foreign investments has real teeth. Despite errors in communicating with Congress, the Committee on Foreign Investment in the United States, the interagency group that handles these reviews, has a strong record of protecting national security.

Fourth, and finally, the Bush administration has implemented significant changes in the CFIUS process. Key agencies have beefed up their staffs. The Director of National Intelligence has enhanced coordination among the intelligence agencies. CFIUS has improved its communication with Congress. These changes have already had an impact: The caseload is up by almost 50 percent over last year, and the number of second stage reviews conducted this year are on pace to exceed the previous three years combined.

Nevertheless, some action to institutionalize and build upon these reforms is needed. Without such action, Congress may lack the confidence that the process has improved and will feel the need to step in to block future transactions.

The president should quickly issue an executive order institutionalizing these changes and incorporating the most important features of the House and Senate bills. For example, CFIUS could issue more detailed reports to Congress on transactions it has reviewed. The administration could clarify the factors it considers in conducting national security reviews of foreign acquisitions. Certain cases could be reviewed by higher-level officials. And CFIUS could provide clearer guidance on how to protect "critical infrastructure" assets that truly are vital to U.S. national security. To ensure political buy-in from the Congress, the administration will need to undertake serious and extensive consultations with Congress before issuing an executive order.

In addition to these steps, the President should clarify U.S. policy toward foreign investment. Presidents Carter, Reagan and George H.W. Bush each issued formal policies that welcomed foreign investment. This president should do the same. Further, the administration should work through the G-8 and the Organization for Economic Cooperation and Development to beat back the myriad initiatives abroad that would create new obstacles for foreign investment.

Political and protectionist pressures against foreign investment will inevitably crop up periodically. The challenge for American leaders is to resist these pressures. With the trade winds from the Dubai Ports World debate having died down, the President has the opportunity to act to ensure that the most dynamic economy in the world continues to benefit from foreign investment.

David Marchick is a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment" (Institute for International Economics, 2006). Covington & Burling represents U.S. and foreign investors that seek approval for foreign investments by CFIUS. The firm was not involved with Dubai Ports World.

The Politics Of Ports (WSJ)

The Wall Street Journal, October 5, 2006

We had our suspicions earlier this year that the Congressional uproar over a Dubai company set to run six U.S. ports had far more to do with politics than it did national security. Congress has just proved that point.

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How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the U.S. spent most of last week ensuring that felons could nonetheless work freely in secure areas of U.S. docks. That was the upshot of Congress's recently completed Port Security Act, if it is still worthy of that name.

As we wrote last week, Republican Jim DeMint had included a provision in the Senate version of the port bill that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies. It would also have put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping. This all was eminently sensible, given our ports remain one of our most vulnerable areas for infiltration by terrorists, and that people with criminal records are obvious targets for recruitment.

Sensible, that is, unless you operate in the world of union politics, where job preservation ranks above national security. Several longshoremens' unions and their labor allies made it a goal to tank the provisions under the cover of the House-Senate conference, claiming the categories were "too broad." By the time the final bill emerged into the light, everything save the prohibitions on those who commit treason, espionage, sedition and terrorist acts had disappeared. All other former convicts are still free to roam the docks at will.

Notably, nobody now wants to take credit for this handiwork. In fact, some Senators pushed to have only a voice vote on the measure when it was first introduced, so as to avoid having to go on the record opposing it. The critics instead waited to do their dirty work in conference, where we're told at least one of those carrying water for the longshoremen was none other than Representative Pete King (R., NY).

Mr. King was last seen spearheading the charge against Dubai Ports World, bashing the Bush Administration because it hadn't shown an appropriate "level of concern" about port security. Among his biggest worries was that the company didn't have safeguards "against things like infiltration by al-Qaeda" or "corruption." "How do we ensure that one of its employees is not working for our enemies?" asked Mr. King, in a February op-ed.

Good question, Congressman. Currently some 750,000 workers have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. Moreover, the government already has good reason to worry about the possibility that some of these people are corrupt enough to be bought. As OpinionJournal.com columnist John Fund noted, only last year the Justice Department filed a racketeering suit against the East Coast-based International Longshoremen's Association, claiming it was a "vehicle for organized crime."

This matters, given that the FBI's top counterterrorism official, Joseph Billy Jr., admitted recently that one of his big concerns was that old-fashioned mobsters would tie up with terrorists. Only recently, FBI agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman. All this makes the corruption portrayed in "On the Waterfront" seem quaint.

Despite these worries, Mr. King (who chairs the House Homeland Security Committee, and should know better) was hardly alone in watering down the provisions. Senator Daniel Inouye (D., Hawaii) had pledged to protect the provision in conference, but in fact worked to gut it. Senator Ted Stevens (R., Alaska) helped. Representative Bennie Thompson (D., Mississippi), the ranking Democrat on Mr. King's Homeland Security Committee, also lent a hand.

As for what happens now, there is some comfort in the fact the Department of Homeland Security is working on regulations that mirror the full DeMint provision. Yet the whole purpose of Congressional action was to codify such provision in law, to prevent some activist judge from throwing out the regulations, or a future President from modifying them under union pressure. We hear the DeMint team may take another run at this in the future, which is good news.

Especially because those who stripped the provisions are now running for cover. They probably remember the political fallout when former Senator Tom Daschle decided to play union politics, and led an effort to block the creation of DHS unless federal union work rules applied. Americans want to know their elected representatives are looking out for their security, not for union jobs.

EU Considering Sanctions On U.S. Over Visa (UPI)

United Press International, October 4, 2006

WASHINGTON, Oct. 4 (UPI) -- The European Union will consider diplomatic sanctions against the United States Thursday, in a row over U.S. visa policy towards new EU members.

"Appropriate steps vis-a-vis the United States could be envisaged," said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include "temporarily restoring the visa requirement for U.S. nationals holding diplomatic and duty/official passports."

The row centers on the U.S. visa waiver program, under which nationals of 27 countries are able to visit the United States for business or pleasure for up to 90 days without a visa. Fifteen EU states are covered by the program

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Because the EU has a common visa policy, all 25 member states admit U.S. citizens reciprocally, without the need for a visa. But 10 member states, including former communist countries that have become close U.S. allies and supported the United States in its war in Iraq, like Poland and Estonia, are denied entry to the visa waiver program.

EU officials say the United States has dragged its feet in working to admit them, and failed to provide objective, transparent criteria to countries, so they can work towards membership of the program.

"To date," wrote EU Commissioner Franco Frattini to his U.S. counterpart Homeland Security Secretary Michael Chertoff, "no tangible progress can be reported."

This failure to make progress is "no longer understandable and (sic) acceptable," writes Frattini.

The issue will be discussed at a meeting of European interior and justice ministers Thursday.

WAR NEWS:

GOP Lawmaker Calls For Rumsfeld To Quit (AP)

By John Christoffersen

AP, October 4, 2006

Rep. Chris Shays, who is facing a tough challenge from an anti-war Democrat, on Wednesday called for Defense Secretary Donald H. Rumsfeld to resign — a rare demand from a longtime Republican.

The Connecticut lawmaker also accused officials at the Defense Department of withholding information about the Iraq war from Congress.

"I am losing faith in how we are fighting this war," Shays, a longtime supporter of the conflict, said in an interview. "I believe we have to motivate the Iraqis to do more."

Shays, who was elected in 1987, said defense officials stopped cooperating with his congressional subcommittee after he proposed setting a timeline for troop withdrawals. Shays, who had previously opposed such a timeline, offered the plan in August following his 14th trip to Iraq since the war began.

Rumsfeld "simply is refusing to cooperate with a committee that oversees the Department of Defense," Shays said. "To me he has crossed the line."

"I think Donald Rumsfeld needs to step down," said Shays, who is chairman of the House Government Reform subcommittee on national security, emerging threats and international relations.

The Pentagon had no comment and referred to Rumsfeld's recent remarks. Asked on a flight to Nicaragua earlier this week whether he would resign, Rumsfeld responded, "No, no, no." He said he had spoken to President Bush and he had voiced his support.

Questioned about Shays' complaint about a lack of cooperation, Pentagon spokesman Bryan Whitman said, "the Defense Department does work very closely with congressional members and committees that have oversight responsibilities."

Several congressional Democrats have clamored for Rumsfeld's resignation, but it's rare for a lawmaker in President Bush's political party to argue that the Pentagon chief should step down. Republican candidate Tom Kean Jr., who is seeking a Senate seat in New Jersey, also has called for Rumsfeld's resignation.

Shays is a moderate Republican who has voted against the party rank-and-file on a number of issues, including the environment. He also supports abortion rights and gun control.

Frustration among some in the GOP with the administration's handling of the war is not limited to Congress. During an appearance in Minnesota on Tuesday, former Secretary of State Colin Powell said, "stay the course isn't a good enough answer, because to stay the course you have to have a finish line."

Rep. Walter Jones, R-N.C., who has Camp Lejeune in his district, said he has repeatedly called for Rumsfeld to resign.

"I have felt this way for quite a while. . . . He reminds me so much of (Defense Secretary Robert) McNamara in the Vietnam War. He is arrogant and will not admit a mistake."

Shays is in one of the most competitive House races this year and his comments come just five weeks before the midterm elections. His opponent, Democrat Diane Farrell, has opposed the war and advocates an exit strategy for U.S. troops. Farrell lost to Shays by 4 percentage points two years ago.

Farrell's campaign pointed out that she has been calling for Rumsfeld's resignation for months and said this is just the latest change in Shays' position.

"He has supported the war from Day One," said Farrell campaign spokeswoman Jan Spiegel. "He has voted to give the president a blank check."

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Shays made his comments after a debate with Farrell, which was dominated by questions about the Iraq war. Farrell said Shays started talking about timelines after Sen. Joe Lieberman lost the Democratic primary to anti-war candidate Ned Lamont. Lieberman is running as an independent.

Shays rejected the charge, saying he has attended funerals of soldiers and would not base his position on how to get re-elected.

Kerry Vs. Frist (WT)

By Greg Pierce

The Washington Times, October 5, 2006

Sen. John Kerry, Massachusetts Democrat, yesterday ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Mr. Kerry, the party's 2004 presidential nominee, said of the Tennessee Republican.

On Monday, Mr. Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Mr. Frist was surrendering to the Taliban, who harbored the al Qaeda organization blamed for the September 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves, the Associated Press reports.

Mr. Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth.

Cabinet Cleaning Long Overdue: Bush Should Heed Advice Of Departed Chief Of Staff (BOSH)

By Wayne Woodlief

Boston Herald, October 5, 2006

If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a "fresh start" with a new Congress in a new year.

"That's usually a good time to make changes," said Card, as familiar now with "the cadences of Washington" as he was with Massachusetts mores as a young reformer in the Legislature during the '70s.

Speaking by phone from his home in suburban Virginia, Card said, "It would be good now, right after the elections, for the president to see how the ducks have settled and sit back and say, 'This is what I want to do and should I go out and find somebody new to help me do it.' Change with, say, four months left in his term wouldn't mean much. But change wth two years in his presidency could mean a lot."

So it isn't too late (though it's way overdue) for Bush or Defense Secretary Donald Rumsfeld to do the right thing. Rumsfeld - whose blunders in the war in Iraq and its aftermath have been epic - either should step aside or be asked to go.

Card said he hasn't spoken with the president since the stirring release of Bob Woodward's new book, "State of Denial," which includes Card's entreaties on Rumsfeld. "But he has sent an assistant to talk to me, make arrangements for us to get together. He is a good friend. We'll see each other pretty soon."

Card is one of the good guys in Woodward's book, which documents the deceptions, hubris and mistakes by the administration in Iraq. Card played the Great Facilitator for Bush, raised questions the president should consider, made things happen and, always, watched W's back.

When Card heard how many enemies Rumsfeld had made on Capitol Hill and among military leaders, he tried to prod the president to cut him loose. Card said he wasn't "on a campaign" to get Rumsfeld. But he had (more than once, according to Woodward's book) raised the question of change at Defense - and in other positions as well, including his own.

Card was focused enough on Rumsfeld to talk with first lady Laura Bush about him. She was distressed about the war, Woodward wrote, worried that Rumsfeld was hurting her husband. "He (the president) is happy with this. But I'm not," she said.

Presidential adviser and elections guru Karl Rove kiboshed one of Card's efforts to replace Rumsfeld (Card offered up 11 names, including former Secretary of State Jim Baker), after Bush's re-election in 2004. Rove argued that the Democrats were too contentious and the president should do nothing to cause hearings on a new nominee - and on the course of the war. "Jesus, no," as Woodward quoted Rove.

Yesterday, Card said, "Karl Rove is a healthy debater."

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But, tellingly, Card did not admit he was wrong in that debate as he did about his advice on a tense 2004 election night captured in gripping detail in Woodward's book.

Card had tried to nudge fellow Massachusetts native Mary Beth Cahill, Sen. John Kerry's campaign manager, into a concession call after early exit polls showing Kerry winning proved inaccurate. She said no, and the clock ticked past 4 a.m., with Ohio still in play (though headed Bush's way).

Card and Bush intimate Jim Francis suggested that the president make headline news by joining his supporters and claiming victory. But others, notably aide Dan Bartlett, argued not to "jam" Kerry and pressure him, lest the senator's forces raise legal questions about electoral procedures in Ohio. "You cannot go out there and put a crown on your own head," Bartlett told Bush. The president replied, "Laura thinks the same thing."

The president made the right call then, and Card said yesterday, "I think that the right decision was made and that my counsel was not as accurate as others.' "

But Card surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling.

Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night.

Rumsfeld Soldiers On Despite Criticism (AP)

By Lolita C. Baldor

AP, October 4, 2006

U.S. Defense Secretary Donald H. Rumsfeld skirted around a sign warning of eruption danger. He climbed the crumbling, steep steps to the top of the Masaya volcano, carefully protecting his left arm, in a sling since surgery a month ago.

Much like his painstaking but determined ascent of the crater on a drizzly day this week, the 74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain.

Rumsfeld returned to Washington on Tuesday from back-to-back trips to Europe and Central America. They coincided with the release of a U.S. intelligence report saying the war in Iraq was motivating terrorists, and the publication of another book critical of the Pentagon's handling of the war. Some lawmakers in Congress renewed their calls for his ouster.

As Rumsfeld shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight.

When he did take questions about his future, Rumsfeld delivered an exasperated "No, no, no," he would not resign.

And in typical fashion, he parried back. The fallout was not affecting his job, he said, or his relations with other national leaders.

"They don't seem to pay a lot of attention to it, mostly you do," Rumsfeld told reporters. "That's all you guys do is read these books, you ought to get a life."

Democrats in Washington have made campaign-season demands that Rumsfeld resign. Some Republicans have distanced themselves from what they see as an increasingly unpopular war.

Some lawmakers even have softened their opposition to a timeline for withdrawal from Iraq, which Rumsfeld emphatically opposes.

"We cannot reconstitute the armed forces without his removal," said Rep. Neil Abercrombie, D-Hawaii, last week. "While some might view this as a political attack, one cannot change defense policy without changing the person in charge."

In a new book, Watergate reporter Bob Woodward wrote that White House staff had encouraged President Bush to fire Rumsfeld after the 2004 election. Asked about that, Rumsfeld said he spoke personally with Bush, who offered his full support.

During the early days of the trip, Rumsfeld did his best to stay out of the spotlight — which was then focused on the U.S. intelligence report concluding that the Iraq war has fueled terrorists and increased the danger of attack.

He spent the initial 11-hour flight to Montenegro cloistered with staff and his wife, Joyce, in a private compartment. Later in the trip, an expected briefing with reporters in Portoroz, Slovenia, was abruptly canceled. He went straight to his hotel room.

When he faced reporters in the Balkans the next day, he scolded them for asking him too many questions at a press conference, rather than directing their queries to other NATO defense ministers on the stage.

Rumsfeld was in occasional pain from surgery that repaired his rotator cuff; at time, he had trouble sleeping. Still, Rumsfeld kept up a frenetic pace of private and public meetings with his defense counterparts.

"Any suggestion that the secretary is either distracted or slowing down is so far off the mark that it's just nutty," Pentagon press secretary Eric Ruff said.

Indeed, the secretary kept a rigorous schedule during the four-country tour.

When he arrived in Montenegro, he met with leaders for a few hours, then took a quick hop to Albania, where he met with his defense counterparts from the region.

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He stayed there overnight, then made the 90-minute flight to Slovenia, toured a horse farm, then spent two days in meetings with NATO defense ministers. He flew home to Washington late last Friday, only to turn around and fly to Nicaragua Sunday morning for two more days of meetings with Western hemisphere defense ministers.

En route home Tuesday evening, he met with staff in his office on the plane, with a 4-inch stack of manila folders on the desk in front of him and a bulging briefcase at his side.

With all that reading, there would be no time to peruse the lengthy critique of the war in Woodward's book.

"I didn't read it," said Rumsfeld. "Obviously I doubt that I will."

U.S. European Commander Confirms Quotes In Book (WP)

By Thomas E. Ricks

The Washington Post, October 5, 2006

One of the highest-ranking generals in the U.S. military yesterday stood by views attributed to him in a controversial new book about the Bush administration's handling of the war in Iraq but said it was important to understand the context in which those views were expressed.

Marine Gen. James L. Jones, the U.S. commander for Europe, is quoted in "State of Denial," by The Washington Post's Bob Woodward, as believing that the war in Iraq is a "debacle" and that "The Joint Chiefs have been systematically emasculated by Rumsfeld." As Marine commandant, the post he held before moving to Europe, Jones was a member of the Joint Chiefs of Staff.

The book also quotes Jones as delivering a warning about working with Defense Secretary Donald H. Rumsfeld to Marine Gen. Peter Pace, who was about to become chairman of the Joint Chiefs. "You should not be the parrot on the secretary's shoulder," Jones reportedly told Pace.

Jones's confirmation of Woodward's account is especially noteworthy because in the book, Pace denies that Jones made such remarks to him. Also, Jones's comments suggest that active-duty generals are beginning to criticize the defense secretary and the Iraq war with the harshness that several retired generals have used recently.

Speaking at a Washington meeting of the Council on Foreign Relations, Jones said he had a long discussion with Pace in Stuttgart, Germany, in September 2005, and then met with Woodward in Brussels that December. He characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, "I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be."

Jones, who plans to retire in a few months, repeatedly declined to discuss the specific wording of his comments to Woodward about Iraq. "I'm not going to get into recollections of adjectives," he said. "I did talk about Iraq with a concern that Iraq deserves."

"I don't think that Iraq is a debacle," Jones told reporters after the meeting. "Iraq is a big problem."

Jones insisted there is a sharp distinction between his private comments and the criticisms made this year by retired generals. "I do not associate myself with the so-called revolt of the generals," he said. "I believe that general officers, both active and retired, have an obligation to let their views be known," but should do so in a "helpful" way.

The bottom line on his conversation with Pace, he said, was that it was "two friends talking, one trying to help the other."

Jones said he has not discussed the comments in the book with Rumsfeld, who has been traveling this week. "We're a team, we're together, we have occasional family disagreements," he said after the meeting.

Imperfect Picture Of Rumsfeld At War (FT)

By Jacob Weisberg

Financial Times, October 5, 2006

An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages about Donald Rumsfeld, US secretary of defence.

In Mr Woodward's first instalment, Bush at War, published in 2002, Mr Rumsfeld is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer ("In his early days as defence secretary, Rumsfeld had clearly anticipated that the United States was going to be surprised by some attack, perhaps something along the lines of September 11 . . . ") and a tower of strength (he "left no doubt in Bush's mind that when the moment came, as it surely would, that the United States was threatened, he, as secretary of defence, would be coming to the president to unleash the military").

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When the attack comes, Mr Rumsfeld insists on holding an emergency meeting inside the burning Pentagon, moving to another office only when a general insists that "the smoke is getting pretty bad".

Though one of Mr Woodward's hallmarks is never to tell readers what, or if, he thinks about anything, his adjectives give the game away.

On first encounter, Mr Rumsfeld is a "small framed, almost boyish, former Navy fighter pilot who did not look his 69 years". During his first tour as defence secretary under President Gerald Ford, Mr Woodward tells us that Mr Rumsfeld was "a JFK from the GOP (Republican party) – handsome, intense, well educated, with an intellectual bent and an infectious smile".

A few pages later he describes Mr Rumsfeld, with a degree of reverence reserved for his most gushing sources, as "a walking example of what the novelist Wallace Stegner calls 'resilience under disappointment', the persistence of drive, hard work and even stubbornness when ambition has not been fully realised". He is a demanding executive with a core of iron.

In Mr Woodward's second Bush book, Plan of Attack, published in 2004, Mr Rumsfeld retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq.

His subject remains "small, almost boyishly dashing", "focused" and "intense". He still has the infectious smile, though it can now "convey impatience, even condescension" when he is interrogating the sloppy thinking of the bureaucratic midgets around him. Mr Rumsfeld can be "tough, unpleasant, unrelenting", but usually in pursuit of "outside the box thinking" in a hidebound military establishment.

Now we have Mr Woodward's third work in the series, State of Denial. Mr Rumsfeld – embattled and clearly no longer a source for what happens behind the scenes – has misplaced his good looks, his decency and his brilliance.

He still has that "boyish intensity" – Mr Woodward never lets go of an epithet once he has bothered to work one out – but these days he is "cocky" and unreasonably confident, a man whose "micro-managing was almost comic". The story begins with him burying everyone at the Pentagon in "snowflakes", unsigned notes that are "an annoyance", "intrusive" and "petty".

This Rumsfeld is on a perpetual power-trip, dressing down underlings for the sheer, sadistic pleasure of it. "Shut up," he is recalled to have shouted at some hapless peon decades ago. "I don't want any excuses. You are through and you'll not have time to clean out your desk if this isn't taken care of." Subordinates describe him in unprintable terms.

By the end of the book, Mr Woodward himself is confronting Mr Rumsfeld over his unwillingness to admit the Iraqi insurgency is growing and that his decisions have cost many lives. "How could he not see his role and responsibility?" Mr Woodward ponders, winding up his interview. "I could think of nothing more to say."

Something Mr Woodward might say, if he wanted to admit reality himself, is that he has changed his mind about Mr Rumsfeld without Mr Rumsfeld changing an iota. Love him or hate him, the defence secretary is the Rock of Gibraltar. He will experience personal growth when Dick Cheney turns vegan. But somehow, the fixed qualities that Mr Woodward cast as positive in books one and two have curdled in book three.

Mr Woodward never acknowledges changing his mind because he regards himself as a reporting machine, with no opinions of his own. He cannot say he is revising his judgments because he claims never to have made any.

But of course, Mr Woodward does have a consistent world view – Washington's conventional wisdom. When everyone viewed Mr Rumsfeld as a commanding hunk, Mr Woodward embodied the adoration. Now that we all know Mr Rumsfeld is a vicious old bastard, Mr Woodward channels the loathing just as fluidly. If the war in Iraq takes a turn for the better, Rumsfeld the Stud might well come roaring back in Mr Woodward's Bush at War IV: Big Brass Ones.

It is slightly maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one – then or now. You could charge him with flattering politicians only when they are on top. But you might as well accuse a weather vane of changing its mind about which way the wind should blow.

The writer is editor of Slate.com

Sad Choice On Security: GOP Arrogance Vs. Democratic Weakness (RC)

By Morton M. Kondracke

Roll Call, October 5, 2006

Just when Republicans thought they had Democrats caught in another election-year "terror trap," The Washington Post's Bob Woodward sprung them by refocusing attention on the mess in Iraq.

That's the politics of national security. At the moment, the advantage would seem to favor Democrats.

But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies.

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Woodward's new book, "State of Denial," follows several others that tell the same story: the U.S. went into Iraq with too few troops to secure the country; Secretary of Defense Donald Rumsfeld refused to plan for a post-invasion occupation or the possibility of an insurgency and intimidated top generals into going along with his under-manning of the operation.

The book portrays President Bush as being willfully blind to the realities unfolding in Iraq — and deceptive in conveying them to Congress and the nation.

I think Woodward fails to credit the need for a president to defend his war policies for the sake of maintaining political support and troop morale. On the other hand, if he failed to ask incisive questions in private — and whack heads, where appropriate — he was not fulfilling his role as a strong wartime leader.

With a few exceptions — Sen. John McCain (R-Ariz.) to Bush's right, Sen. Chuck Hagel (R-Neb.) to his left — Republicans in Congress publicly have saluted the Bush-Cheney-Rumsfeld policy, even if many of them muttered in private and failed to provide adequate oversight.

It's not fair to say — as Democrats do — that Bush policy has been "stay the course" without nuance or change. There have been tactical and strategic changes on the military and political level.

But it's still true that Iraq has never been made secure, that the level of violence is mounting and that Iraqi politicians seem incapable of fashioning a unified country. And Bush has failed to convince Americans to be patient for a long struggle.

At the same time, most Congressional Democrats have one policy: get out of this "quagmire" as fast as possible, regardless of the consequences. "Liberals" want out starting immediately. "Moderates" want out next year. Very few have positive ideas on how to win.

Moreover, it's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden.

There's no question that the administration's initial approach to handling terrorist detainees was unacceptable in a democracy. It was strictly (and typically) an executive-branch and military process without recourse to the courts or Congress.

Once the Supreme Court struck down that approach, the Bush administration came up with a pre-election Congressional strategy to legalize the detainee program — as well as the National Security Agency's terrorist wiretapping program — that set a new trap for Democrats to show voters that they are "weak" on terrorism.

It was a reprise of the GOP's 2002 sudden support of a Department of Homeland Security and its fashioning of a fight over civil service rules into a test of strength against terrorism.

Again, this year, the Democrats walked right into it. In the debate, Democrats (and a few Republicans) basically argued that non-citizen terrorist captives deserve the same constitutional protections as domestic criminal defendants, fulfilling GOP caricatures that they don't really regard the war on terror as a war.

During the debate on NSA spying, Rep. Maurice Hinchey (D-N.Y.) declared that "this bill is contrary to every basic principle of our country. If we pass [it], we are opening up new opportunities for an increasingly despotic administration to continue to erode the basic freedoms and liberties of the American people."

On final passage, 177 House Democrats (and 13 Republicans) voted against the NSA program — which is designed to intercept international, not domestic, communications — and 160 Democrats (plus seven Republicans) voted against the military tribunals bills, as did 32 Senate Democrats and one Republican.

On Sept. 25, the Senate Democratic Policy Committee held a hearing at which three retired military officers, veterans of the Iraq War, excoriated Rumsfeld and called for his replacement.

But on the issue of what to do in Iraq, the officers did not hew to the Democratic line — or the Bush line. Maj. Gen. John Batiste declared: "There is no substitute for victory and I believe we must complete what we started in Iraq and Afghanistan."

Maj. Gen. Paul Eaton said, "We need a Manhattan Project" to equip Iraqi forces with better armor and weapons and triple the U.S. training force. The U.S. Army also needs 60,000 more personnel, he said.

Col. Thomas Hammes said the U.S. actually has a good military strategy — "clear, hold and build" — but it lacks the troops and resources to accomplish it. He called for "putting the U.S. government on a war footing," with tax increases to pay for it. And, he said, success might take 10 years.

"If we fail in Iraq," he warned, "I am convinced that our children will pay for the mistake." Sectarian civil war will spread to other countries, he said, and they will send forces into Iraq to protect their interests. Sunni areas will become "Afghanistan on steroids" for terrorists. And Iran will dominate the Gulf.

Neither the Bush administration nor Congressional Democrats have the will to do what's necessary to salvage the situation. Regardless of who wins the November elections, America seems headed for a catastrophic strategic defeat in Iraq. It will be left to the next president to pick up the pieces.

The Ghost Of The Oval Office (NYT)

DOJ_NMG_0075264

By James Mann

The New York Times, October 5, 2006

ON the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy?

And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power. Secretary of State Condoleezza Rice declared last year that the United States has abandoned 60 years of trying to "buy stability at the expense of democracy" in the Middle East. What could possibly be more un-Kissingerian? Mr. Kissinger has warned for decades against placing too much emphasis on democracy, human rights or moral values in foreign policy.

Yet Bob Woodward's new book, "State of Denial," describes how Vice President Dick Cheney has met with Mr. Kissinger at least once a month, and President Bush has talked to Mr. Kissinger frequently. The book portrays the 83-year-old Mr. Kissinger as the single most frequent outside adviser to Mr. Bush on foreign policy. The meetings are not some recent innovation; previous news reports have indicated Mr. Kissinger advised the administration back in Mr. Bush's first term, too.

One might at first be tempted to attribute this curious relationship to the simple notion of elitism — the idea that there are only a handful of officials who have actually run American foreign policy and therefore only a few people for Messrs. Bush and Cheney to consult.

But this explanation doesn't hold up. Brent Scowcroft and Zbigniew Brzezinski, who served as national security advisers for Mr. Bush's father and for Jimmy Carter, respectively, are among the same foreign-policy elite (and Mr. Scowcroft, in particular, has long shared Mr. Kissinger's philosophical commitment to realism in foreign policy). Yet the Bush administration has consulted with neither of these men to the same extent as it has Mr. Kissinger, perhaps because both have openly challenged current foreign policy more than he has.

So Mr. Kissinger's role seems to be unique. Yet it is not all that surprising, when you look at his own history and that of previous administrations. Since Mr. Kissinger left government in 1977, he and several presidents have subtly made use of each other in similar fashion.

Differences in ideology have rarely been obstacles to the mutual seductions of the Kissinger Schmooze. Mr. Kissinger maintains his access to the White House and insider status, while administrations obtain a sense of validation for their policies.

It also helps for a president to know that he is keeping Mr. Kissinger on board — that even if Mr. Kissinger were to conclude that an administration's policies were dead wrong, or stupid, or directly contrary to his own philosophy, he wouldn't say so in public. (In 2002, Mr. Kissinger was reported in newspaper articles to have broken ranks with the Bush administration on Iraq; but Mr. Kissinger, quickly made plain that his views had been misinterpreted.)

Ronald Reagan campaigned against Mr. Kissinger in 1976 when he challenged President Gerald Ford in the Republican primaries, not only condemning Mr. Kissinger's policies but promising that if elected, he would replace him as secretary of state. But once Mr. Reagan won the Republican nomination in 1980 and went on to the White House, Mr. Kissinger's relationship to the Reagan administration was not an adversarial one.

When President Reagan branded the Soviet Union an "evil empire," thus seeming to contradict both Mr. Kissinger's past policies and his views of foreign policy, Mr. Kissinger minimized the significance of the speech; he wrote that it was up to Soviet officials to choose when to be insulted. Mr. Reagan appointed Mr. Kissinger to head a bipartisan commission on Central America in an effort to build a consensus for his administration's policy.

Mr. Kissinger's advisory role has not been not confined to Republican administrations. When Bill Clinton, campaigning for the presidency in 1992, denounced the deadly 1989 crackdown on the Tiananmen Square demonstrations in Beijing, he took aim at the underpinnings of the China policy that Mr. Kissinger had established. Yet two years later, when President Clinton announced he was abandoning efforts to link China's trade benefits to improvements in human rights, aides reported that Mr. Kissinger had been one of Mr. Clinton's leading outside advisers.

Some might hypothesize that Mr. Kissinger's perpetual re-emergence as éminence grise reflects the tendency of presidents to change their views after taking office and gradually move in Mr. Kissinger's direction. That explanation would apply to Mr. Clinton's turnabout on China policy, for example. But the theory doesn't work so well for Mr. Reagan, who even late in his administration was out of tune with Mr. Kissinger. In 1987, Mr. Kissinger complained that the Reagan administration was moving unwisely towards an arms-control agreement with Mikhail Gorbachev; it was one of the few instances where Mr. Kissinger has taken on a president in public, and in that instance Mr. Kissinger did so in the role of a hawk.

The current Bush administration does not appear to have gone through any evolution towards Kissingerian realism, at least not if you look at the president's public remarks. Although Mr. Bush gave one speech invoking democratic ideals on the eve of the Iraq war, it was not until his second inaugural address, in January 2005, that he really made democratic freedom the

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centerpiece of his foreign policy. He has done so ever since. So rhetorically, at least, Mr. Bush has been moving further and further away from a Kissingerian foreign policy.

There remains the possibility that Mr. Bush's actual views may differ from his pro-democracy rhetoric. Perhaps he talks about democracy in public but not in private. If so, that would help explain why he has been so quiet about the regular meetings with Mr. Kissinger.

More likely, however, the president and Mr. Kissinger do not see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background. Advising the White House is what he does. And presidents usually seem to think that a part of conducting foreign policy is to talk to Mr. Kissinger, even if it goes nowhere.

James Mann, the author of "Rise of the Vulcans: The History of Bush's War Cabinet," is an author in residence at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Tenet's Coming Memoirs (WT)

By Michael F. Scheuer

The Washington Times, October 5, 2006

With Bob Woodward's book "The Anger of the Court Historian Spurned" in hand, we now await a book by George Tenet, the former director of Central Intelligence, to be published later this fall. The book will be of great interest to Americans, not only because of the position Mr. Tenet held under Messrs. Clinton and Bush, but because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. This, parenthetically, is special treatment that is not given to other CIA officials. Indeed, the agency apparently has accommodated the research needs of Mr. Tenet, while making tortuous the publication efforts of fine CIA officers like Gary Schroen and Gary Bernsten, men who risked their lives to protect Americans.

Mr. Tenet, in many ways, holds the keys to the kingdom; he was at the very center of the policy deliberations in two administrations that yielded the disasters of September 11 and Iraq. His personal knowledge base has the clear potential to give Americans some truth about the lead-up to those landmark events. It will be interesting to see whether he uses that knowledge to inform his fellow citizens or to burnish his reputation as the reliable friend of politicians in both parties, always ready to take the blame for the mistakes of others.

From my own perspective, I look forward to Mr. Tenet's description of what he told Presidents Clinton and Bush on three issues: hunting for Osama bin Laden, the mistaken bombing of the Chinese embassy in Belgrade and the likely consequences invading Iraq would have on the war on terrorism.

On bin Laden, Mr. Tenet deserves high marks for being involved in the nuts-and-bolts of the chase and for understanding the threat al Qaeda posed to America long before September 11. In internal CIA meetings on each occasion that arose to kill or capture bin Laden, Mr. Tenet was always gung-ho to attack and assured his lieutenants, and lesser-ranked officers like myself, that he understood that the intelligence we had acquired was precise but not perfect, but that we were quite unlikely to get any of better quality. On leaving for the NSC meetings called to decide about an attack on bin Laden, Mr. Tenet invariably assured us that he would tell the principals that the intelligence was a solid as it was going to get and that it was time to act. And when he returned to Langley, he invariably would say he had laid it on the line and the president and the NSC refused to act. Oddly, Mr. Clinton and Richard Clarke now claim that Mr. Tenet always professed strong uncertainty about the quality of the information CIA officers risked their lives to obtain. Mr. Tenet ought to use his book to set the record straight so CIA officers know that he was not lying to them.

While now just a blip on the historical screen, the Air Force's mistaken bombing of the Chinese Embassy in Belgrade resulted in the dismissal of a young, just-married CIA employee who had assembled targeting information on a building in Belgrade thought to be vital to the Serbian government. After the bombing, Mr. Tenet inexplicably accepted blame for the mistaken attack.

Now, everyone in the intelligence community knows that while many agencies nominate targets for attack in wartime situations, only the U.S. military can make the decision to attack, and that it only makes such a decision after military targeters have reviewed the information provided by other agencies and confirmed that it is valid and up to date. The question of why a young CIA employee's career was sacrificed for the military's failure is one Mr. Tenet ought in fairness to explain.

Finally, many of Mr. Tenet's subordinates at the CIA -- especially in the Counterterrorist Center -- advised him that the invasion of Iraq would break the back of America's war against the Sunni militant movement led and inspired by bin Laden. This advice did not claim that Iraq was not a threat, but simply that the invasion of Iraq manifestly amounted to the more-than-millennium-old predicate for a defensive jihad -- the unprovoked infidel invasion of a Muslim country.

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Mr. Tenet was advised that whatever the threat was from Saddam Hussein, the invasion of Iraq would validate bin Laden's call for a jihad across the Sunni world and would speed the accomplishment of bin Laden's basic goal: transforming himself and al Qaeda from a man and an organization into a philosophy and a movement. I think all Americans would be interested in learning how the president and his cabinet reacted when Mr. Tenet presented this analysis to them.

So let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?

Michael F. Scheuer, a 22-year veteran with the CIA, created and served as the chief of the agency's Osama bin Laden unit at the Counterterrorist Center.

Attacks In Baghdad Kill 13 U.S. Soldiers In 3 Days (WP)

By Amit R. Paley

The Washington Post, October 5, 2006

BAGHDAD, Oct. 4 -- Thirteen U.S. soldiers have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since the start of the war.

The latest losses -- four soldiers who were killed at 9 a.m. Wednesday by small-arms fire -- are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday, the military said.

The number of planted bombs is "at an all-time high," said Maj. Gen. William B. Caldwell, a military spokesman, defying American efforts to stanch the vicious sectarian bloodshed in Baghdad that threatens to plunge the country into civil war.

"This has been a hard week for U.S. forces," Caldwell said. "Unfortunately, as expected, attacks have steadily increased in Baghdad during these past weeks." Independent databases showed the three-day toll for American troops to be the highest in Baghdad so far.

U.S. military officials said the surge in violence could be partly attributed to the increased exposure of American forces as they patrol the dangerous streets of Baghdad to try to quell reprisal killings between Shiites and Sunnis. The number of troops in the capital has been doubled since June to support the Iraqi government's new security plan, said Lt. Col. Barry Johnson, another military spokesman.

"When you go into bad neighborhoods, you'll have more attacks," said Lt. Col. James A. Gavrilis, a Special Forces officer and expert on the Iraqi insurgency. "If we have more people in one area, there will be an opportunity." He said enemy fighters "are reacting to an opportunity to attack."

Ali al-Dabbagh, a spokesman for the Iraqi government, said another likely cause for the spike in American troop deaths was a recent call by the leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, encouraging Iraqis to "eliminate the infidels and the apostates" during the current holy month of Ramadan.

Seventy-four soldiers and Marines were killed in Iraq in September, representing the highest monthly toll since April, when 76 died, according to the Iraq Coalition Casualty Count.

Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said two weeks ago that attacks against U.S.-led coalition forces in Baghdad had reached an average of 42 a day -- with about six causing casualties or equipment damage -- up from 36 or 38 attacks.

"Why are we seeing an increase in attacks?" he said. "Well, we have twice as many forces operating throughout the city now. We're challenging the anti-Iraqi forces where they live and operate."

The disclosure of heavy American losses came on another day of horrific violence for Iraqis, with at least 59 people killed in separate incidents across the country, Iraqi police said. The single deadliest attack took place at 11 a.m. in Ramadi, a Sunni insurgent stronghold in western Iraq, when a suicide bomber blew up his car at an Iraqi army base, killing at least 19 people and wounding 10, according to a police official.

Caldwell also announced yesterday that an entire Iraqi police brigade -- comprising an estimated 800 to 1,200 officers -- had been pulled out of service and placed under investigation for alleged complicity with death squads. On Sunday, gunmen burst into a food factory in Amil, a Baghdad neighborhood under the brigade's control, and kidnapped 26 workers.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said. "The government of Iraq had lost trust and confidence in the 8th Brigade, 2nd National Police Division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The move appeared to represent a new effort by Iraqi officials to root out corruption in the Iraqi security forces, which are widely believed to be infiltrated by militias and death squads that do more to exacerbate sectarian tensions than protect citizens. Caldwell said the brigade will undergo "anti-militia, anti-sectarian violence and national unity training."

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The brigade's commander might be charged with a crime, and the head of the unit's second regiment has already been arrested, said Brig. Abdul Kareem Khalaf, an Interior Ministry spokesman. "They are both under investigation to know how all this happened without the security forces interfering to stop it," he said.

Also on Wednesday, a top aide to Moqtada al-Sadr said the anti-American cleric has specific information that U.S.-led coalition forces plan to launch a major attack on Sadr City, a Shiite slum in Baghdad filled with his followers.

"They want to turn it into mass graves similar to the previous ones conducted by the former regime," said the aide, Sahib al-Amery. "The occupation forces want to start a sectarian crisis on the pretext that there are Shiite militias."

The United States and Sadr have clashed frequently since the 2003 invasion, and some military officials have been calling for more aggressive moves against the Sadr-controlled Mahdi Army, which is considered to be a militia by nearly everyone in Iraq. On Wednesday, though, Amery disputed that characterization.

"The Mahdi Army is a doctrinal and ideological army, not a militia," he said. "It has no camps or headquarters, and its weapons are self-owned by its members. We in the Shiite areas, we have no terrorist groups or organizations. These are found in the Sunni areas only."

Fight To Clear Baghdad Of Insurgents Gets Fiercer (USAT)

By Rick Jervis

USA Today, October 5, 2006

BAGHDAD — American casualties in Iraq are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad. At least 19 American servicemembers have been killed in combat since Saturday, many of them in the capital, according to the Defense Department.

“This has been a hard week for U.S. forces,” said Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. “We are all looking at that and are very much aware of it.”

Four U.S. soldiers were killed by small-arms and indirect fire northwest of Baghdad on Wednesday. Indirect fire can refer to mortars or rockets. Eight American troops were killed in firefights and bombings Monday in Baghdad. It was the deadliest single day in the capital since July 2005.

U.S. and Iraqi forces are engaged in a high-stakes fight in Baghdad to clear out militias and insurgents.

“Certainly with this operation, we're hitting close to home and infringing on their freedom of movement and their ability to conduct these types of activities,” said Lt. Col. Michelle Martin-Hing, a U.S. military spokeswoman in Iraq. “What we're seeing now is some push-back.”

The increased presence of U.S. troops in the capital and the recent start of Ramadan, the Muslim holy month, may also account for the increase in American casualties, said Lt. Col. Avanulas Smiley, a U.S. battalion commander operating in northwest Baghdad.

Most of the violence in Baghdad, a city of 6 million, is the result of civil unrest. “Violence in Baghdad is the most prominent feature of the conflict in Iraq in this period, as Sunni and Shiite extremist death squads pursue their sectarian agendas,” according to a Pentagon report to Congress.

Civilians also pay a heavy price. The report said the Baghdad coroner took in more than 1,800 bodies in July, 90% of whom appeared to have been assassinated.

A series of bombings in Baghdad on Wednesday killed 12 people.

Some of the death squads may be linked to Iraqi government security forces.

Wednesday, the U.S. command said Iraq's government suspended a brigade of up to 700 police officers for suspected involvement with death squads.

“There was some possible complicity in allowing death squad elements to move freely when (the police brigade) should have been impeding them,” Caldwell said. “The forces in the unit have not put their full allegiance to the government of Iraq and gave their allegiance to others.”

The Iraqi Interior Ministry said that the commander of the unit, a lieutenant colonel, had been detained for investigation and that a major general had been suspended and ordered transferred.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said a random selection of troops in the suspended unit was being investigated for ties to militias.

Baghdad Bombings Hit "All-time High" (WT)

The Washington Times, October 5, 2006

BAGHDAD -- Bomb attacks in Baghdad have hit an all-time high, the U.S. military said yesterday, while the death toll throughout Iraq for American soldiers rose to 22 in the past four days.

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Iraqi authorities for the first time pulled a brigade of about 700 policemen out of service yesterday for investigation of suspected ties to death squads.

The police face criminal vetting and lie detector tests as part of a "retraining" process designed to weed out militia members who have used the cover of their uniforms to kidnap, torture and commit mass murder, U.S. officials said.

Maj. Gen. William Caldwell, the U.S. military spokesman, said the number of car bombs in Baghdad hit the highest level of the year last week and that bombs reported in general were "also at an all-time high."

The explosion of violence in Baghdad comes amid a major military operation by U.S. and Iraqi forces in the capital to stop bombings and tit-for-tat sectarian killings.

For the second time in two days, four U.S. soldiers were killed in a single incident around Baghdad, this time in what appears to have been a substantial skirmish involving mortars or rockets and gunfire to the northwest.

It took the American death toll in the past four days to 15 in and near Baghdad and 22 in total.

Gen. Caldwell described it as a "hard week" for U.S. forces, who typically suffer two to three deaths a day on average in Iraq.

Fourteen persons were killed and 75 wounded when a car bomb struck a government motorcade in Baghdad. Police said the industry minister, a Kurd, was in the motorcade but aides said no senior officials were in the convoy.

The blast in the Christian Karrada commercial area damaged buildings and left blood and mangled cars in the street.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen.

Baghdad's Sunnis widely fear the Shi'ite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad, where gunmen on Sunday kidnapped 24 workers from a frozen-food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away. Sunni politicians have said all those who were kidnapped were Sunnis; the region has a mixed population with a slight Shi'ite majority.

The Interior Ministry spokesman said the brigade was being investigated because it "didn't respond quickly" to the kidnapping. Sunnis blamed Shi'ite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Gen. Caldwell said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that [unit] comes out at 30 percent of what it went in with, that's OK," he told reporters.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Gen. Caldwell said.

The suspended brigade had about 650 to 700 members, and the Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

The U.S. military appeared to have a key role in getting the brigade sidelined. Gen. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer -- and the decision to act was made by the Interior Ministry on Tuesday.

The sectarian spiral of revenge killings between Shi'ites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions [by death squads] have caused the majority of civilian deaths in Iraq," Gen. Caldwell said.

Car bombs, as well as other explosions and shootings, killed 34 persons across the country yesterday.

Gen. Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al Qaeda in Iraq, the most feared Sunni insurgent group. In September, 110 al Qaeda suspects were killed and 520 detained -- including a driver of the group's leader, Abu Ayyub Masri, captured on Sept. 28.

Iraqis Suspend Police Brigade (LAT)

By Kim Murphy And Doug Smith

The Los Angeles Times, October 5, 2006

DOJ_NMG_0075269

BAGHDAD — Iraqi authorities said Wednesday that they have suspended an entire brigade of as many as 1,200 police officers for suspected connections to kidnappings and executions.

The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant.

Six of the workers later were found dead. One who had been shot and left for dead apparently crawled away to a military checkpoint, authorities said.

The decommissioning comes after street protests erupted at one of the police unit's checkpoints in the capital, and U.S. military officials requested that one of the three battalions in the brigade be recalled.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely, when in fact they were supposed to be impeding their movement, that perhaps they did not respond as rapidly when reports were made," said Army Maj. Gen. William B. Caldwell IV, spokesman for the U.S.-led coalition forces in Iraq.

He said the Iraqi government had "lost trust and confidence in the ... division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The decommissioning is the latest in a series of moves being undertaken by Iraqi and U.S. military authorities to combat the possible infiltration by insurgents or sectarian combatants into Iraq's army and security services.

The crackdown on the police came on another deadly day for U.S. troops, four of whom were killed by small-arms fire while on patrol northwest of Baghdad, according to U.S. military authorities. A fifth soldier died of wounds sustained a day earlier near Kirkuk, bringing the total since Saturday to 21 U.S. military fatalities.

Nationwide, nine Iraqi police officers died in violence. Six were killed by a roadside bomb in Baghdadi, in Al Anbar province. One was killed and three were wounded during a demonstration at a police station in central Baghdad. Two more died in an attack on a police patrol in Baqubah, north of the capital.

In Baghdad, a car bomb apparently aimed at a convoy belonging to Industry Minister Fawzi Hariri killed 14 civilians and injured more than 70. Hariri wasn't in the car.

Ministry of Health statistics released Wednesday show that 2,667 civilians died violently in September, and 2,994 were injured, a level consistent with the summer's high monthly tallies. A substantial number of them fell victim to death squads, which often pull passersby off sidewalks, seize people from their homes, or drag motorists out of their cars. Their bodies often are found with gunshot wounds and bearing signs of torture.

Authorities said they had documented a near-record number of bomb attacks, including both car bombs and roadside explosives.

Government and military officials increasingly fear that the police and other security services have links to corruption and sectarian violence. Since June, the Interior Ministry has fired 1,700 officers suspected of corruption, abuse of authority or other violations, a ministry spokesman told The Times.

In the incident Sunday at the frozen-meat processing plant in the south Baghdad neighborhood of Amil, about half a dozen men claiming to be police officers entered and began asking employees for identification cards before ordering most of them into a truck and driving away.

At another location, the employees were beaten and then separated into Sunnis and Shiites, with the Shiites permitted to leave, according to a survivor who was interviewed by investigators from the 172nd Stryker Brigade Combat Team.

A military source said the kidnappers asked one man, "Why are you working with these Sunnis?" before releasing him.

All of the shooting victims were Sunnis.

Cartridge casings found at the scene of the kidnapping match those used in handguns carried by Iraqi police, but differ from those most commonly used on the street, military investigators said.

Wednesday's actions came after Army Lt. Col. John Norris, commander of the 172nd Stryker Brigade's 23rd forward battalion, issued a request to decommission the first of the Iraqi unit's three battalions.

U.S. military officials said the Interior Ministry already had opened an investigation of possible connections or cooperation between the brigade and death squads operating in the capital, and it moved to decommission the unit after the protests and Norris' request.

"The case that was building against the 8th Brigade of the Iraqi national police that works in Amil was based on corruption, infiltration, complacency and possibly committing sectarian murders in their area of responsibility," Norris said in an interview.

"They set up checkpoints throughout the town, they run patrols throughout their area of responsibility, so the question that begs to be answered is, why were they having such a spike in murders in their area?" he said. "When they have a significant number of checkpoints that should facilitate controlling traffic and providing security."

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He said the apparent disparity raised a question: "Are they contributing to security, or are they causing the poor security conditions?"

Interior Ministry spokesman Alaa Taie said the decommissioning and retraining will allow the government to determine whether charges lodged against the police unit have any basis.

"Were there deficiencies and failures that resulted in the kidnapping ... and is it true that there was cooperation between the police and the militias? This is what we hope to find out," he said.

A report for the Council on Foreign Relations last year said there was "widespread" infiltration of security forces by insurgents, including hard-core fighters who slipped through the hiring checks and sympathizers who helped militias and insurgents. Some police appeared to help the insurgents out of intimidation and fear, the report said.

U.S. authorities who were overseeing the early formation of the police forces were forced to rely on local expertise in evaluating who was suitable, said report author Sharon Otterman, former associate director of the council.

"The other big issue is who, exactly, were they trying to keep out of the forces? At the beginning, it was more a concern of looking for former Baathists," she said. "Now what we're seeing is infiltration of every kind of group — the Shia militias, not to mention the Sunnis, and everybody else."

Sunni lawmakers have complained of Shiite infiltration of security services not only in Baghdad, but in many quarters of Iraq. Others complain that Sunni Aran militias are working hand in hand with the police to target other groups.

"The security has deteriorated, and the fact is clear that these infiltrations are partly responsible," said Mohammed Daini, a Sunni member of parliament. Daini has alleged that senior army officers in the Diyala region appear to have connections to Shiite militias or the Iranian Revolutionary Guard.

"There is an outrageous intervention by Iranian intelligence [in the police]," Daini said. "We can say that death squads are inside the Iraqi government, through their existence in the army and the police. And this is known to the Americans."

U.S. military officials said members of the 8th Brigade would be retrained by Iraqis under U.S. guidance, and some officers might lose their jobs or face prosecution.

Taie said authorities had not received any direct evidence that sectarian militias had infiltrated the police brigade, but he said the issue of infiltration was "natural" with a police force formed under conditions of chaos, constant threat and sectarian violence.

"When you try to found an institution under terrible circumstances of disturbed security, infiltrations can be possible," he said. "But it's important that the Ministry of Interior and the elected government are working to restore security and follow up on not only the corruptors, but the terrorists."

Iraq Suspends Police Brigade In Baghdad (NYT)

By Sabrina Tavernise

The New York Times, October 5, 2006

BAGHDAD, Oct. 4 — The Iraqi Interior Ministry has suspended an entire Iraqi police brigade on suspicions that some members may have permitted, or even participated in, death squad killings, American military and Iraqi government officials said Wednesday.

The move was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces.

The suspension involved the transfer of about 800 special police commandos out of their base in the Aalam neighborhood in western Baghdad to a training site north of the capital. The troops were not disarmed, according to an Iraqi Interior Ministry spokesman, but two of their most senior commanders were detained.

American officials have been pressing the government of Prime Minister Nuri Kamal al-Maliki for months to take action against the militias, but they have proved difficult to dislodge, in part because so many are affiliated with Iraqi political parties. His interior minister, Jawad al-Bolani, was appointed for his relative independence from the parties, but as a result he lacks essential political backing to enforce his will.

Murders and executions carried out by the death squads are the main cause of Iraqi deaths now, according to the American military. Putting a stop to the killings is at the heart of American military policy.

Deaths of American troops continued to rise, with six more announced by the military on Wednesday, five of them in Baghdad. American deaths have spiked recently as the military sweeps Baghdad, home to a quarter of Iraq's population of some 25 million, trying to bring the violence under control. The deaths bring the total troops who have died since Saturday to 23.

The suspended unit is the 8th Brigade Second Division of the Iraqi national police, which is known by its nickname, Falcon. It fell under suspicion after a large-scale kidnapping was carried out largely unhindered in its area of operation on Sunday, an

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Interior Ministry spokesman said. In that case, 26 workers were marched out of a frozen food factory in the Amel neighborhood. The bodies of at least 10 of them were found soon after.

The brigade "did nothing to follow the kidnappers or fight them," said the spokesman, Brig. Gen. Abdul Karim Khalaf, and so Mr. Bolani removed the brigade commander and a battalion commander on Tuesday, he said.

Iraqi officials said the brigade commander, Najim Juma al-Eqabi, was under review for management failings, and that the battalion commander, who was not identified, had been taken into police custody, apparently under suspicion of deeper involvement.

Justice for those implicated in sectarian killings and abuse has been elusive in the past, and it remains to be seen whether suspicions about the unit or its commanders will result in legal action. Arrest warrants for 52 Iraqis, including one division commander, have been issued, but none so far have been carried out. It was not clear on Wednesday night whether the two commanders were among them.

Mass kidnappings have become relatively common, but this is the first time the Iraqi government has taken any kind of serious action against official forces that should have prevented or responded to one.

"It's significant to take a whole brigade offline," said Mathew Sherman, a former senior State Department adviser to the Interior Ministry. "They have finally collected enough intelligence, and enough U.S. pressure has been exerted, that they are taking action."

Maj. Gen. William Caldwell, the chief American military spokesman in Iraq, said the unit had been operating in an area where American sweeps had not reduced the number of killings. The brigade operated in the neighborhoods of Bayaa, Saidiya, Amel, and Turath, General Khalaf said.

General Caldwell, who announced the unit's suspension at a news conference on Wednesday, said, "There is clear evidence that there was some complicity in allowing death-squad elements to move freely when in fact they were supposed to have been impeding their movement, that perhaps they did not respond as rapidly when reports were made."

An American military official, who spoke on the condition of anonymity, said that some of the members of the unit had been directly implicated in death-squad killings.

The war here has evolved from spectacular suicide bombings with heavy fatalities carried out mainly by Sunni radicals to secret neighborhood revenge killings done by death squads of both sects. The Shiites squads have posed a particularly difficult challenge, in part because they have infiltrated the forces of the government itself. Sunni Arab detainees have long charged that Shiites seeking revenge are operating torture chambers in Interior Ministry prisons. Shiites in the ministry have said such allegations are exaggerated.

A human rights report published by the United Nations mission in Iraq found clear evidence of systematic abuse and torture at a prison in eastern Baghdad known as Site 4, where more than 1,400 prisoners were reported to be crowded into a small area. American officials have been pressing the Iraqi government to bring those responsible to justice.

One American lever of last resort is the Leahy Law, which prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice. American officials have acknowledged that they have warned the Iraqi government that aid might be curtailed if it does not comply.

General Caldwell also announced some progress in the effort against Sunni Arab insurgents. The driver and personal assistant of Abu Ayyub al-Masri, an Egyptian who has been identified by the American military as the new leader of Al Qaeda in Iraq, was captured in Baghdad on Sept. 28. General Caldwell said the man was suspected of having helped plan the bombings of two hotels in Baghdad last year, the Sheraton and the Hamra.

On Wednesday, at least 14 Iraqis were killed and more than 80 wounded in and around Baghdad, most in a triple bomb attack on an Interior Ministry convoy. The minister was not injured, but three of his guards were killed, officials said. A suicide bomber detonated near an Iraqi Army base in Ramadi, in western Iraq, killing only himself, [a news organization] reported.

Iraq Pulls A Police Brigade For Alleged Involvement In Death Squads (MCT)

By Jay Price

McClatchy Newspapers, October 5, 2006

BAGHDAD, Iraq - The Iraqi government has pulled an entire national police brigade of about 700 officers out of Baghdad because so many of its members appeared to be involved in sectarian killings, the U.S. military said Wednesday.

Removing the brigade would immediately improve security in the city, said Maj. Gen. William Caldwell IV, a spokesman for the U.S. military in Baghdad. Caldwell also said that a weekend curfew had helped reduce the number of dead Iraqis discovered throughout Baghdad this week.

But U.S. fatalities in Baghdad have remained high, with 18 American soldiers killed since Saturday, Caldwell said. Eight of them died on Monday - the highest single-day death toll in more than a year.

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Last week also set a record for the number of car bombs and roadside bombs that exploded or were disarmed, Caldwell said. He declined to provide precise numbers, however.

At least 12 people were killed and 70 injured on Wednesday when two roadside bombs exploded in southeast Baghdad as a convoy from the Ministry of Industry passed by. As emergency workers rushed to the area, a second bomb detonated. Three of the dead were guards for the industry minister, but the minister wasn't in the convoy at the time.

In Diyala Province, gunmen going door to door with gasoline containers burned down 22 houses in the past two days, police said. The latest seven to be torched were in Abu Seda village, where the bodies of seven members of the same family were also found Wednesday morning.

Caldwell said Iraqi officials ordered the police brigade from Baghdad after 26 workers, most of them Sunni Muslims, were kidnapped Sunday from a meat-packing plant in a neighborhood the brigade was supposed to be protecting. The next day, uniformed gunmen driving what appeared to be government trucks kidnapped 14 people from a shopping district that specialized in computers.

Sunnis long have claimed that security forces laced with members of Shiite Muslim militias are responsible for many of the killings and kidnappings that have become rampant in this city. About 100 Sunnis demonstrated Wednesday in the neighborhood where the meat plant was located, carrying signs saying that the security forces should leave.

Caldwell said it was clear that officers from the unit, the 8th Brigade, 2nd National Police Division, had turned a blind eye to the death squads operating with their force. In some cases, he said, the brigade let killers move freely in the neighborhoods. The brigade also may have been slow intentionally to investigate reports of the killings and kidnappings.

Some of the officers are now subjects of investigations, Caldwell said.

Iraqi leaders made the decision late Tuesday night to order the unit shipped out for "retraining," and on Wednesday the brigade was taken to a training camp north of the city, Caldwell said. The police officers would be thoroughly questioned, given lie detector tests and their criminal histories checked.

Brig. Gen. Abdul Kareem Khalaf, a spokesman for the Iraqi Ministry of Interior, which oversees the police, said the brigade's commander had been detained for questioning.

Caldwell said that the decision to withdraw the unit was initiated by the Iraqis, but that U.S. troops first detected problems in September during a routine evaluation of each of the country's 27 national police brigades. That evaluation included checks of the units' equipment and interviews with residents in the neighborhoods they patrolled.

Coalition forces also announced Wednesday that they'd captured a former driver and personal assistant of the al-Qaida in Iraq leader Abu Ayyub al Masri, along with 31 others during a series of raids on Sept. 28. He was the second Masri associate captured in September.

Iraq Pulls Police Brigade Out Of Service (AP)

By David Rising

AP, October 4, 2006

Iraqi authorities pulled a brigade of about 700 policemen out of service Wednesday in its biggest move ever to uproot troops linked to death squads, aiming to signal the government's seriousness in cleansing Baghdad of sectarian violence.

The government move came amid steadily mounting violence, particularly in the capital. A U.S. military spokesman said the past week had seen the highest number of car bombs and roadside bombs in Baghdad this year.

Four U.S. soldiers patrolling in Baghdad were killed by gunmen on Wednesday, the U.S. military said, also announcing the deaths of two other soldiers a day earlier in Baghdad and the northern city of Kirkuk. The deaths brought to 21 the number of Americans killed in combat since Saturday.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen, though some individual soldiers have been investigated in the past. Baghdad's Sunnis widely fear the Shiite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad with a slight Shiite majority, where gunmen on Sunday kidnapped 24 workers from a frozen food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away.

Sunni politicians have said all those who were kidnapped were Sunnis. They blamed Shiite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said the brigade was being investigated because it "didn't respond quickly" to the kidnapping.

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The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that (unit) comes out at 30 percent of what it went in with, that's OK with the government of Iraq," he told a Baghdad news conference.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said.

The U.S. military appeared to have a key role in getting the brigade sidelined. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer — and the decision was made by the Interior Ministry to act Tuesday.

U.S. forces have been carrying out raids and arrests of militia members for the past month as part of a wide-scale U.S.-Iraqi sweep of Baghdad launched in August, which has seen the number of American troops in the capital double.

Forces have been moving from neighborhood to neighborhood, searching houses, confiscating weapons and arranging services like water and electricity for residents in an attempt to stop sectarian violence and insurgent attacks. The rise in U.S. deaths in recent days may be linked to their increased presence in the capital, commanders have said.

But at the same time, Sunnis have accused the Shiite-led government of balking at sending its security forces against the Shiite militias, many of which are linked to parties in the coalition.

The suspended brigade had about 650-700 members, and the Iraqi Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

Khalaf said a random selection of troops in the suspended unit were being investigated for ties to militias.

The sectarian spiral of revenge killings between Shiites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions (by death squads) have caused the majority of civilian deaths in Iraq," Caldwell said.

The violence has also threatened to undermine the government of Prime Minister Nouri al-Maliki as Shiite and Sunni parties in his coalition accuse each other of backing militias.

On Monday, al-Maliki announced a new security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts to stop the violence on a district-by-district level.

But contentious details of the plan still must be worked out — and Shiite and Sunni parties for a second day on Wednesday put off negotiations.

At the same time, Sunni-led insurgents have continued their attacks targeting civilians, Iraqi officials and U.S. and Iraqi troops.

Car bombs, as well as other explosions and shootings, killed 34 people across the country Wednesday. In the deadliest attack, a string of two bombs and an explosive-packed vehicle blew up in a district of stores and auto shops in a mainly Christian neighborhood of Baghdad, killing 12 people and wounding 56, police said.

Hours later, after sunset and the end of the day's Ramadan fast, gunmen opened fire on a popular cafe in an overwhelmingly Shiite district of southeast Baghdad, killing four patrons and wounding seven others.

Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al-Qaida in Iraq, the most feared Sunni insurgent group. In September, 110 al-Qaida suspects were killed and 520 detained — including a driver of the group's leader, Abu Ayyub al-Masri, captured on Sept. 28.

Military Hones A New Strategy On Insurgency (NYT)

By Michael R. Gordon

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The United States Army and Marines are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy.

The doctrine warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces.

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The current military leadership in Iraq has already embraced many of the ideas in the doctrine. But some military experts question whether the Army and the Marines have sufficient troops to carry out the doctrine effectively while also preparing for other threats.

The subtleties of the battle were highlighted Wednesday when the Iraqi Interior Ministry suspended a police brigade on suspicion that some members had been involved in death squads. The move was the most serious step Iraqi officials had taken to tackle the festering problem of militias operating within ministry forces. [Page A19.]

The new doctrine is part of a broader effort to change the culture of a military that has long promoted the virtues of using firepower and battlefield maneuvers in swift, decisive operations against a conventional enemy.

"The Army will use this manual to change its entire culture as it transitions to irregular warfare," said Jack Keane, a retired four-star general who served in 2003 as the acting chief of staff of the Army. "But the Army does not have nearly enough resources, particularly in terms of people, to meet its global responsibilities while making such a significant commitment to irregular warfare."

The doctrine is outlined in a new field manual on counterinsurgency that is to be published next month. But recent drafts of the unclassified documents have been made available to The New York Times, and military officials said that the major elements of final version would not change.

The spirit of the document is captured in nine paradoxes that reflect the nimbleness required to win the support of the people and isolate insurgents from their potential base of support — a task so complex that military officers refer to it as the graduate level of war.

Instead of massing firepower to destroy Republican Guard troops and other enemy forces, as was required in the opening weeks of the invasion of Iraq, the draft manual emphasizes the importance of minimizing civilian casualties. "The more force used, the less effective it is," it notes.

Stressing the need to build up local institutions and encourage economic development, the manual cautions against putting too much weight on purely military solutions. "Tactical success guarantees nothing," it says.

Noting the need to interact with the people to gather intelligence and understand the civilians' needs, the doctrine cautions against hunkering down at large bases. "The more you protect your force, the less secure you are," it asserts.

The military generally turned its back on counterinsurgency operations after the Vietnam War. The Army concentrated on defending Europe against a Soviet attack. The Marines were focused on expeditionary operations in the third world.

"Basically, after Vietnam, the general attitude of the American military was that we don't want to fight that kind of war again," said Conrad C. Crane, the director of the military history institute at the Army War College, a retired Army lieutenant colonel and one of the principal drafters of the new doctrine. "The Army's idea was to fight the big war against the Russians and ignore these other things."

A common assumption was that if the military trained for major combat operations, it would be able to easily handle less violent operations like peacekeeping and counterinsurgency. But that assumption proved to be wrong in Iraq; in effect, the military without an up-to-date doctrine. Different units improvised different approaches. The failure by civilian policy makers to prepare for the reconstruction of Iraq compounded the problem.

The limited number of forces was also a constraint. To mass enough troops to storm Falluja, an insurgent stronghold, in 2004, American commanders drew troops from Haditha, another town in western Iraq. Insurgents took advantage of the Americans' limited numbers to attack the police there. Iraqi policemen were executed, dealing a severe setback to efforts to build a local force.

Frank G. Hoffman, a retired Marine infantry officer who works as a research fellow at an agency at the Marine base at Quantico, Va., said that in 2005, the Marines sometimes lacked sufficient forces to safeguard civilians. As a result, while these forces were often effective "in neutralizing an identifiable foe, they could not stay and work with the population the way the classical counterinsurgency would suggest."

The effort to develop the new program began a year ago under Lt. Gen. David H. Petraeus, commander of the Army's Combined Arms Center at Fort Leavenworth, Kan., and Lt. Gen. James N. Mattis, former commander of the Marine Corps Combat Development Command and the current chief of the First Marine Expeditionary Force. Colonel Crane, Lt. Col. John A. Nagl and Col. Douglas King of the Marines were among the major drafters.

Academics and experts from private groups were asked for input. A draft was completed in June and was circulated for comment. Almost 800 responses were received, but military officials said they would not alter the substance of the new doctrine.

"We are codifying the best practices of previous counterinsurgency campaigns and the lessons we have learned from Iraq and Afghanistan to help our forces succeed in the current fight and prepare for the future," Colonel Nagl said.

In drafting the doctrine, the military drew upon some of the classic texts on counterinsurgency by the likes of T. E. Lawrence of Arabia, and David Galula, whose ideas were partly informed by his experience in Algeria.

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Colonel Crane said that many of the ideas adopted for the manual had been percolating throughout the military. “In many ways, this is a bottom-up change, “ he said. “The young soldiers who had been through Somalia, Haiti, Bosnia, Kosovo, and now Iraq and Afghanistan, understood why we need to do this.”

As the manual is being drafted, the military has also revised the curriculum at its war colleges and training ranges to emphasize counterinsurgency. At the National Training Center in California, the old tank-on-tank war games against a Soviet-style enemy have been supplanted by combat rehearsals in which troops on their way to Iraq and Afghanistan engage in mock operations with role players who simulate insurgents, militias and civilians.

Dennis Tighe, a training program manager for the Combined Arms Center at Fort Leavenworth, said the rehearsals were vital for preparing troops for their new counterinsurgency mission. But the Army is stretched so thin and so many units are focused on rehearsing for Iraq and Afghanistan at the training center that concerns have grown that the Army may be raising a new group of young officers with little experience in high-intensity warfare against heavily equipped armies like North Korea.

“That is one of the things folks are a little concerned about,” Mr. Tighe said.

While the counterinsurgency doctrine attempts to look beyond Iraq, it cites as a positive example the experience in 2005 of the Army’s Third Armored Cavalry Regiment, which worked with Iraqi security forces to clear Tal Afar of insurgents, to hold the town with Iraqi and American troops, then to encourage reconstruction there, an approach known as “clear, hold, build.”

One military officer who served in Iraq said American units there generally carried out the tenets of the emerging doctrine when they had sufficient forces. But protecting civilians is a troop-intensive task. He noted that there were areas in which there were not enough American and Iraqi troops to protect Iraqis adequately against intimidation, a central element of the counterinsurgency strategy.

“The units that have sufficient forces are applying the doctrine with good effect,” said the officer, who is not authorized to speak on military policy. “Those units without sufficient forces can only conduct raids to disrupt the enemy while protecting themselves. They can’t do enough to protect the population effectively and partner with Iraqi forces.”

"Just A Comma" Becomes Part Of Iraq Debate (WP)

By Peter Baker

The Washington Post, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 -- When the president speaks, every word can be subject to scrutiny. Even the punctuation marks.

As he heads out on the campaign trail, haunted by an unpopular war, President Bush has begun reassuring audiences that this traumatic period in Iraq will be seen as "just a comma" in the history books. By that, aides say, he means to reinforce his message of resolve in the long struggle for Iraqi democracy.

But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as "just a comma." And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism "Never put a period where God has put a comma."

Presidential utterances have long drawn enormous notice. But instant transcripts and the Internet have focused an even more powerful microscope on the nation's leader. The approaching midterm elections have intensified the already close scrutiny of the president's words as he sharpens his rhetoric.

As Bush wound up a three-day campaign swing out west on Wednesday, for example, he attacked Democrats for voting last week against legislation authorizing warrantless telephone and e-mail surveillance.

"One hundred and seventy-seven of the opposition party said, 'You know, we don't think we ought to be listening to the conversations of terrorists,' " Bush said at a fundraiser for Rep. Rick Renzi (R-Ariz.) before heading to Colorado for gubernatorial candidate Bob Beauprez.

Asked about the president's statement, White House aides could not name any Democrat who has said that the government should not listen in on terrorists. Democrats who voted against the legislation had complained that it would hand too much power to the president and had said that they wanted more checks in the bill to protect civil liberties.

Sen. Russell Feingold (D-Wis.) called Bush's comment outrageous: "Every member of Congress, from both parties, supports listening in on terrorist communications, but the president still hasn't explained why we have to break the law to do it. It is time for the president to stop exploiting the terrorist threat to justify his power grab."

White House spokeswoman Dana Perino defended Bush's remark as a reasonable extrapolation of the Democratic position. "Of course, they aren't silly enough to say they don't want to listen in on terrorists, but actions speak louder than words, and people should know what the Democrats' voting record is," she said.

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The comma remark, though, offers an especially intriguing case study in how a few words can trigger many interpretations. Bush used it in an interview with CNN's Wolf Blitzer aired on Sept. 24 in talking about Iraq. He noted the bloodshed shown on television but hailed the resiliency of the Iraqi people and cited the election last December in which 12 million came to the polls despite the violence.

"Admittedly, it seems like a decade ago," Bush went on. "I like to tell people when the final history is written on Iraq, it will look like just a comma because there is -- my point is, there's a strong will for democracy." The president used a similar line at a campaign event last week in Alabama and again on Tuesday in Stockton, Calif.

Critics of Bush began e-mailing and blogging about the remark within minutes of the CNN interview. The Carpetbagger Report blog called it stunning "even by Bush's already-low standards" and added: "Everything we're seeing is 'just a comma.' I'm sure that will bring comfort to the families of those who have sacrificed so much for Bush's mistakes."

Then Ian Welsh, on his Agonist blog, postulated a theory about the hidden meaning of the comment, citing the "never put a period" saying and calling it a "dog whistle" comment that only some would understand: "He is constantly littering his speeches with code words and phrases meant for the religious right. Other people don't hear them, but they do, and most of the time it allows Bush both to say what those who aren't evangelical or born again want to hear, while still reassuring the religious right [what it] wants to hear."

But it turns out that the phrase "never put a period" originated not with a Christian conservative figure or biblical passage but with Gracie Allen, the comedienne wife of George Burns. And the phrase is a favorite not of the religious right but of the religious left. The United Church of Christ, which is devoted to fighting for what it calls social justice and opposes the war, adopted the phrase in January 2002.

"I needed something short and succinct," said Ron Buford, the marketing director who came up with it. "When I saw the Gracie Allen quote, I was up all night thinking about it -- God is still speaking, there's more for us to know."

When he heard about Bush's comment, Buford was stunned. "It's ironic that, as savvy as they are about using these quotes to strengthen their base, that he would use a quote that we've been using lately," Buford said.

Aides said it is ridiculous to believe Bush is sending subliminal messages. "People have too much time on their hands," said Bush counselor Dan Bartlett. "I can assure you, you don't need a secret decoder ring to decipher what he's saying."

All Bush means, he said, is the struggle to build Iraqi democracy will take years. "He's making a historical analysis -- that these brief periods seem long and protracted now, but when you look back at them in history, they won't seem that way. He's definitely not discounting the loss of life or the sacrifice people are making."

Troops Polled Say Armed Forces Stretched Too Thin Overseas (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, October 5, 2006

WASHINGTON -- A solid majority of American soldiers returning from the fighting in Iraq and Afghanistan say that U.S. armed forces are stretched too thin, according to a poll released yesterday by a veterans group.

VoteVets.org , a group headed by an Army reservist based near Pittsburgh, found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as "overextended," while many soldiers also complained about encountering emotional and physical problems when they came back from active duty.

"We hope that this poll is a wake-up call for Congress," said Jon Soltz , who served in Iraq in 2003 and is now a captain with a reserve unit at the Charles E. Kelly Support Facility in Oakdale and chairman of VoteVets.

At a news conference in Washington yesterday, Mr. Soltz was joined by Gen. Wesley Clark, a former NATO commander and one-time Democratic presidential candidate, who said the federal government isn't providing sufficient resources to support the troops on the battlefield.

It's a charge that Army officials hotly deny, pointing toward huge expenditures for body armor, fortified transport vehicles and expanded mental health programs. Last week, Congress approved a $447 billion defense spending bill for 2007, including $70 billion for the wars in Iraq and Afghanistan. The United States has about 150,000 troops deployed in both countries.

"Obviously the U.S. Army will be the first to tell you that this is an unusually busy time" said Paul Boyce, an spokesman with the Army's public affairs office. But he said the government is focused on easing the strains of long or repeated tours of duty. He cited "unprecedented efforts" to monitor combat stress, using lessons from the Vietnam and Gulf wars.

Concerns about lengthy troop deployments aren't new, but Mr. Soltz claims that VoteVets' poll has an unusual sweep. It was conducted over a two-week period last month by Lake Research Partners, whose pollsters talked to 453 veterans from across the country and all sections of the military. Forty-seven percent of the veterans described themselves as Republicans, while 22 percent said they were Democrats. Others said they were political independents or declined to answer.

Other poll findings:

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Thirteen percent of participants said they were affected by military "stop-loss" policies that require some units to stay in the field for extended time periods.

One in four veterans has had nightmares since returning to the United States.

Thirty-two percent of National Guard or Reserve veterans said their families experienced "economic hardships" because of their overseas deployments. Many National Guard and Reserve veterans also said they should get full access to the medical benefits provided to active duty personnel.

Mr. Soltz said his group, which is funded with private money and advocates on behalf of a new generation of veterans, is nonpartisan. But some critics say VoteVets is too closely tied to Democrats like Gen. Clark. The group's political action committee has also paid for advertisements attacking some Senate Republicans, including Rick Santorum of Pennsylvania.

Mr. Soltz said VoteVets has supported both Republicans and Democrats, and yesterday's news conference was not an effort to back one party before the upcoming mid-terms elections, which could determine control of Congress.

Gen. Clark, a potential presidential candidate in 2008, said he wants to push political leaders to make sure they are doing all they can for American soldiers.

"Wearing an American flag lapel and claiming to be patriotic -- that's not sufficient," he said.

Congress Sets Aside $20M For Wars' Ends (AP)

By Anne Plummer Flaherty

AP, October 4, 2006

The military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring. But if the winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party.

Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for "commemoration of success" in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops.

Senate Majority Whip Mitch McConnell, R-Ky., is the original sponsor of the provision, which Democrats agreed to add to last year's defense bill. Senate Republicans kept the authorization in the 2007 bill. With elections five weeks away, Democrats are pointing to it as another example of where the GOP has gone astray in handling the war in Iraq.

"If the Bush administration is planning victory celebrations, Americans deserve to know what their plan is to get us to a victory in Iraq," said Rebecca Kirszner, spokeswoman for Senate Minority Leader Harry Reid, D-Nev.

McConnell's spokesman, Don Stewart, said he thought the finger-pointing by Democrats was silly because the provision was added last year by unanimous consent.

"Apparently they were for honoring the troops before they were against it," Stewart said.

Carolyn Weyforth, spokeswoman for Senate Majority Leader Bill Frist, R-Tenn., said, "Republicans are confident we will be victorious in the ongoing war in terror, and we look forward to a time when those funds can be used to honor the men and women who have risked and given their lives."

Under the language, the president could "designate a day of celebration" to honor troops serving in the two wars. The president also could call on the nation "to observe that day with appropriate ceremonies and activities" and issue awards to troops who have served honorably.

The Pentagon could spend up to $20 million of its $532 billion budget in 2007 for the commemoration, minus any private contributions it might receive for such an event.

The money will be available for the 2007 budget year, which began Oct. 1.

Some 140,000 U.S. troops remain in Iraq, with a drawdown not expected until at least early next year.

About 20,000 more are in Afghanistan. Last year, Bush administration and Pentagon officials had hoped thousands of troops could be brought home before the Nov. 7 elections.

Proclaiming victory in the Iraq war has already proven to be tricky business.

President Bush was slammed by critics for delivering his "Mission Accomplished" speech in May 2003 aboard an aircraft carrier. While troops had successfully stormed Iraq and toppled Saddam Hussein's regime in Baghdad, the fight over control in the nation against a violent insurgency had just begun.

Vice President Dick Cheney also was ridiculed for suggesting last year that the insurgency was in its "final throes."

Behind The Victory Money Lies Vietnam (NYT)

The New York Times, October 5, 2006

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WASHINGTON, Oct. 4 — The mystery over who championed legislation authorizing $20 million in spending for a celebration of United States success in Iraq and Afghanistan was resolved on Wednesday.

The office of the Republican whip, Senator Mitch McConnell of Kentucky, acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to "sneak back" home after that war and out of a desire that this generation of troops be thanked.

Mr. McConnell sponsored language in last year's military spending bill, which authorized up to $20 million for a "commemoration of success" in Washington saluting the end of the Iraq and Afghanistan conflicts. No money was set aside or used because fighting continues.

The senator wrote language for the new budget bill that rolls over the authorization into 2007.

"People came home from Vietnam and had to sneak back in and they were spit upon," said Don Stewart, communications director for the senator's office. For Iraq and Afghanistan, he said, Mr. McConnell felt the troops should be able to "attend ceremonies, get awards."

The Hunt Continues (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, October 4, 2006

House Intelligence Committee chairman Rep. Peter Hoekstra is still pressing U.S. intelligence agencies to look for possible weapons of mass destruction in Iraq—even though intelligence officials say further work is unlikely to reveal anything new about Saddam's WMD programs.

In recent weeks, congressional and intelligence sources say, Hoekstra has prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted "hundreds of man hours" to the hunt.

The search has not been entirely fruitless. The DIA has discovered another 300 old chemical shells lying around the war-torn country. That's in addition to the 500 sarin shells mentioned in a declassified Pentagon intelligence report revealed by Hoekstra and Pennsylvania Republican Sen. Rick Santorum last June. But the recently found shells, like the previous ones, dated back to before the 1991 Persian Gulf War and were decayed and essentially useless.

In short, U.S. intelligence-community officials say, the find doesn't change the conclusion of Charles Duelfer, chief of the U.S. Iraq Survey Group, who said two years ago that Saddam Hussein did not possess a WMD arsenal on the eve of the Iraq invasion, nor did he have any clear plan to revive his dormant weapons programs in the future.

The Bush administration has not been particularly eager to embrace Hoekstra's mission. In June, after Santorum and Hoekstra touted the allegd discovery of WMD, senior intelligence officials downplayed the find. The shells discovered in Iraq, they said, were all manufactured more than a decade earlier. "This does not reflect a capacity that was built up after 1991," a senior Defense official told reporters at the time. The munitions "are not the WMDs this country and the rest of the world believed Iraq had and not the WMDs for which this country went to war."

Even so, the Michigan Republican, who has clout with the intelligence community by virtue of his committee chairmanship, still insisted that the discovery of the decaying shells proved that "Iraq was not a WMD-free zone, that there are continuing threats from the materials that are or may still be in Iraq." In June, Hoekstra told reporters that he intended "to put additional pressure on the Department of Defense and the folks in Iraq to more fully pursue a complete investigation of what existed in Iraq before the war." Since then, intelligence officials say, Hoekstra has made good on his word and has continued to urge agencies to look for fresh evidence that might vindicate the administration's original pre-war claims.

Jamal Ware, a spokesman for the intelligence-community chairman, confirmed to NEWSWEEK that Hoekstra recently passed along photographs and other reports about possible WMD sites that had been forwarded to the committee by U.S. soldiers, former intelligence officials and Iraqis following the June press conference with Santorum. "People who have been over there [in Iraq] ... they've sent us information and we've referred that on to the appropriate agencies," Ware said. In one case, he said, some soldiers sent the committee photographs of equipment and other material that the troops "thought were interesting." Hoekstra then asked the intelligence community to look into the photos and find the location of the sites—a request that apparently explains the involvement of the National Geospatial-Intelligence Agency, the Pentagon's mapping unit, in the latest hunt.

Ware said that Hoekstra was not "pressing" the intelligence agencies to do anything other than the "necessary due diligence" and played down any suggestion that the Republican chairman's motives were political. Hoekstra's main concern, he said, is that the Pentagon find all munitions dumps and sites that could still pose a hazard to U.S. soldiers. "Any effort that chairman Hoekstra has made in this area has been aimed at insuring the safety of our troops overseas," he said.

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That concern is a valid one, according to one Pentagon official who asked not to be publicly identified talking about sensitive intelligence matters. In at least one case in May 2004, two U.S. soldiers in Iraq became ill after handling homemade bombs, presumably crafted by Iraq insurgents, which were rigged using pre-1991 chemical shells. U.S. intelligence officials believe it is unlikely the insurgents who made the bombs knew the shells contained chemical agents. The soldiers later recovered. The U.S. intelligence official was unaware of any other reports of homemade bombs in Iraq that contained chemical agents.

Though Hoekstra describes his efforts as a safety measure, others in the U.S. intelligence community see it as a futile effort to bolster a dead argument about Saddam's supposed WMD. They believe Hoekstra is wasting the agencies' time with offbeat allegations from untested sources. One such source Hoekstra touted was Georges Sada, a one-time Iraqi Air Force general who claimed in a book published earlier this year that he knew of hundreds of tons of chemical weapons being flown from Iraq to Syria prior to the U.S. invasion. Sada, who first made the claims to promote his book, admitted he never actually saw any of the weapons. But his allegations were prominently featured on Fox News and conservative media outlets. Hoekstra met with Sada and later dispatched House Intelligence Committee staffers overseas in an effort to verify the Iraqi's claims. That search, too, came up emtpy.

Not Guilty Pleas From 2 Marines In Iraqi's Death (WP)

By Sonya Geis

The Washington Post, October 5, 2006

Two Marines pleaded not guilty Wednesday to murdering an Iraqi civilian in Hamdaniya and then trying to cover up the crime.

The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident. Pfc. John J. Jodka and Cpl. Marshall L. Magincalda are accused of breaking into the home of Hashim Ibrahim Awad, 52, taking him out to a hole, shooting him and then planting a shovel and a gun nearby to make him look like an insurgent. Jodka is one of five Marines accused of firing at Awad, though all eight are charged with murder.

Jodka and Magincalda face up to life in prison if convicted.

Col. Steven Folsom, a military judge, also imposed a temporary gag order on attorneys involved in both Marines' cases, citing concerns that pretrial publicity could taint potential members of the court-martial panel, comparable to a civilian jury.

Magincalda's trial date was set for Feb. 13 and Jodka's for March 5. Folsom said the trial schedule was adjusted to accommodate a possible fact-finding trip to Iraq.

Uncertainty, Violence Darken Afghans' Hope (USAT)

By Paul Wiseman

USA Today, October 5, 2006

DOAB, Afghanistan — For the first time, the girls in this village were starting to learn — reading, writing, geography, history, math, science. They were starting to dream, too: Star student Roya Noori, 15, illiterate two years ago, wanted to become an architect. Harzoo Mohammedy, 14, planned to go to medical school. And Zuhal Noori, 12, saw herself at the controls of a commercial jet.

Then the learning stopped.

The new schoolhouse came under rocket fire last spring from the surrounding hills. Mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal.

The Afghan National Police, who were a five-minute drive away, did little, says Issa Noori, principal of the girls' school. Outgunned, they patrolled during the day and stayed safely inside their compound at night. Insurgents ruled the dark. The girls' school here in Wardak province closed in May and won't reopen until the government can guarantee the students' safety.

"This area is outside of government control," Noori says. "No one can protect us."

U.S.-led military forces launched Operation Enduring Freedom on Oct. 7, 2001, toppling the Taliban. Five years later, the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals.

"No one thinks the Taliban are going to roll into town next week and take over," says Paul Fishstein, director of the Kabul think tank Afghanistan Research and Evaluation Unit. "But there is a lot of anxiety about what the future will bring."

An insurgency, raging in the south and in eastern provinces along the Pakistan border, has begun to creep into provinces that had been considered secure: Wardak, Kunduz, Ghazni, Balk. In the past two weeks, suicide bombers have struck Herat, a

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center of Persian culture in western Afghanistan, and Kabul, seat of the Afghan government and headquarters of the NATO force deployed to Afghanistan to establish security.

A thriving opium industry has spread corruption and lawlessness across the country and provided cash to the Taliban.

The insurgents are often called — or call themselves — Taliban, which would make them some of the same Muslim fighters who set up a harsh Islamic state and ruled from 1996 until 2001. But "it's more complicated than just the government vs. the Taliban," Fishstein says. "You've got a toxic brew of factors and interests. You've got Talibs. You've got drug dealers. You've got smugglers and criminals. You have a people with a stake in chaos and in maintaining a weak state."

U.S. Army Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says some of the fighting involves Afghan tribes, warring over local issues such as water rights. If one tribe calls itself pro-government, he says, its rival might declare itself pro-Taliban.

Rebuilding Afghanistan was bound to be difficult. The country has been shattered by three decades of war. According to the CIA's 2006 estimates, the typical Afghan will be dead by age 44; more than 60% of Afghans can't read; nearly one in six Afghan babies die in infancy. Afghan laborers are lucky to find work for $2 or $3 a day, the World Bank says.

"If we were under the impression that all of a sudden, after 25 years of war, everything would be wonderful — no, we were fooling ourselves," says Hassina Sherjan, founder of Aid Afghanistan, which ran the Doab girls' school.

No mistake, there has been progress. Afghans elected a president two years ago and a parliament last year — a breakthrough in a country ruled for three decades by a succession of communist apparatchiks, plundering warlords and medieval Taliban mullahs.

The U.S. government has spent $3.7 billion on aid to Afghanistan, helping build or repair more than 1,000 schools, enroll more than 5.3 million students in school, vaccinate 4 million Afghans against polio and pave more than 600 miles of road. Fueled by foreign aid, the economy is booming. The Asian Development Bank predicts the Afghan economy to grow 12% this year after expanding 14% in 2005.

So why is the Taliban gaining strength and jeopardizing the gains of the past five years? The short answer: The U.S.-backed Karzai government's inability to establish its authority and credibility with ordinary Afghans "opened the door for the Taliban," Eikenberry says.

The lost time allowed the Taliban to regroup in neighboring Pakistan and prepare a comeback. The Karzai government is widely seen as corrupt, beholden to unpopular local warlords and out of touch with average Afghans.

"In many cases, it's not that the people support the Taliban; it's that they're alienated from the government," Fishstein says. "There's a perception that justice goes to the highest bidder." The Taliban, by contrast, is known for imposing impartial but Draconian justice in the areas they control.

Critics say the Karzai government hasn't rooted out entrenched warlords and officials enriching themselves in the drug trade.

"The government has the obligation to use the judicial system, infant as it is, to impose the rule of law and re-establish confidence in the central government," Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime, told the U.S. House Committee on International Relations in September. "The 100 beds at the new maximum-security prison at Pul-i-Charki (near Kabul) should be filled up as soon as possible with major traffickers and corrupt officials."

At a checkpoint outside the eastern city of Jalalabad, police officers stop traffic and strut around with sticks and batons, banging on the hoods of cars and shouting at bewildered and frightened drivers. Occasionally, they let a vehicle continue on the road to Kabul.

No explanation is offered for why some get through and others don't. The unlucky travelers suspect that money is changing hands. "These are crazy people, corruption people," says Hafizullah Turab, 44, a Jalalabad writer and movie director who is stuck in traffic.

Police corruption is no mystery. Even police colonels earn only $85 a month (though pay raises are coming). "They have to be corrupt to survive," says police Gen. Ahmad Sani, chief of police in northern Afghanistan's Kunduz province. And police are often deployed far from their homes. By contrast, the Taliban pays recruits $12 a day and lets them fight where they live, says Samuel Chan, a researcher with the Center for Conflict and Peace Studies, a Kabul think tank.

The cops are outgunned, too. Criminal gangs and insurgents "are using rocket launchers and machine guns," says Wardak Gov. Abdul Jabbar Naeemi. "The police are using only Kalashnikovs, AK-47s. We don't have enough bullets."

Kunduz police chief Sani complains that his men drive around in dilapidated pickups. "Sometimes we have to tow them back because they are not working," he says. "The narco-traffickers are driving the latest Land Cruisers. We cannot keep up with them."

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Some fault a half-hearted nation-building effort by the United States and the international community. According to the RAND Corp. think tank, international aid to Afghanistan amounts to $57 per person vs. $209 in Iraq. Troop levels also are low by international standards.

RAND reports that Afghanistan has just one Afghan or foreign soldier for every 1,000 people, compared with seven in Iraq, 19 in Bosnia and 20 in Kosovo.

RAND analyst Seth Jones estimated in the spring that Afghanistan needed another 80,000 troops (for a total of 200,000) to establish order. Last month, NATO failed to scrounge up 2,500 reinforcements it wanted to send to Afghanistan, though Poland came through with 1,000 troops.

The Afghan government and its international backers also have been losing the propaganda war to the Taliban.

“The Taliban make outrageous claims,” says British Army Lt. Gen. David Richards, NATO commander in Afghanistan. “We need to be more dynamic in rebutting them. We have to make sure we're telling the truth, which takes longer.”

Instead of talking about Western concepts such as democracy and the rule of law, the Taliban offers local villagers practical help — protecting farmers who grow opium poppies from the government's poppy-eradication program, for instance. “Just because people were glad to see the backs of the Taliban doesn't mean they want everything the West has to offer,” Fishstein says.

In a paper written in May, Amrullah Saleh, head of Afghanistan's National Directorate of Security, describes a meeting between U.S. forces and villagers in Ghazni province. The U.S. delegation included a woman dressed in military fatigues — offensive to villagers who believe women should rarely venture outside the home and then only when covered head-to-toe in a burqa. Saleh suggested limiting contact between international forces and Afghan villagers to prevent inevitable cultural clashes.

An hour's drive west of Kabul, Wardak province should be a success story — and for a while, it was. Since the Taliban was overthrown, the province has undergone a dramatic makeover. Newly paved roads connect Wardak and its farmers to the markets in Kabul. New refrigeration plants keep their apples and potatoes from spoiling. A 50-bed provincial hospital has replaced one half its size. Girls in Doab and other Wardak villages were finally attending school.

The progress in Wardak is being chipped away by a strengthening insurgency and emboldened criminal gangs. Last month, gunmen kidnapped a Colombian aid worker and two Afghan employees of a French relief group in Wardak's Jalrez district. Human Rights Watch has reported attacks and threats on Wardak girls' schools, including the one in Doab.

“Their weapon is destruction and terror. Our weapon is education and development,” says Sherjan of Aid Afghanistan. “If they attack one school, we should build three more.”

Wardak is still safer than lawless Kandahar and Helmand in the south. Wardak's Gov. Naeemi says his province is secure. He dismisses the shadowy figures behind recent trouble as bandits. “They are calling themselves Taliban,” he says. “They are robbers.”

Regardless, the threatening “night letters” and rockets have had an effect. “Last year, this was the best province,” principal Noori says. “Now, I can't defend myself from the insurgents. No one can in Afghanistan.”

Noori, 45, wears tinted glasses and a scraggly salt-and-pepper beard. He tucks his unkempt hair under a black prayer cap. He tells his story in his home overlooking Doab, an ethnic Pashtun village of mud compounds and apple orchards. Inside, Noori serves a generous breakfast of fried eggs, fresh butter, flat bread and cups of green tea sweetened with heaping spoonfuls of sugar. A cow bellows outside. The smell of dung hangs over the village.

Noori, who was born and raised in Doab, became sympathetic to women's rights while he was in sixth grade. When his father taught him and his four sisters to read, the girls caught on faster.

“My sisters were smarter than me. But they just stayed at home, taking care of the animals and the house. I went to school (at Kabul University),” he says.

In the late '70s, he was imprisoned as an Islamic fundamentalist by Afghanistan's communist government. Released, he fled to Pakistan and worked with a Swedish aid group schooling Afghan refugees. He was hired as principal when Hassina Sherjan's Aid Afghanistan set up a girls' school in Doab two years ago. “Hassina's school was wonderful,” he says. “She provided pens, paper, even clothing.”

The school was popular with local people and soon had 300 students, including 100 who attended classes in three neighboring villages.

Things started to go wrong about 10 or 11 months ago, Noori says. Insurgents emerged in the Wardak countryside, issuing warnings against girls attending school. They attacked Turkish engineers paving the road that runs past Doab on the way to Logar province. Two of the engineers fled into the village, and Noori offered them refuge for several hours until the insurgents were gone.

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Noori met with local clerics, convinced that some of them were working secretly with the insurgents. He explained that the school taught nothing offensive to Islam. “They couldn't argue with me. I'm a good Muslim,” he says. The threat grew, however, and the school finally closed when the insurgents vowed to kill the students.

Noori believes that some of his neighbors were behind the intimidation. “The insurgents recruited some of the villagers,” he says. “In Afghanistan, if you pay people, they'll do anything.”

Human Rights Watch doubts that the Wardak insurgents belong to the Taliban. In a July report, the group notes that Wardak is a stronghold of the fundamentalist warlord Abdul Rasul Sayyaf, now a member of Afghanistan's parliament.

Like many Afghans, Noori believes that Pakistan is supporting the insurgency in an effort to keep Afghanistan weak and malleable — an allegation the Pakistani government has repeatedly denied. “We have a very bad neighbor,” he says. “The first step toward progress is schools. If you can destroy a country's schools, they can't do anything.”

Harzoo Mohammedy, the student who dreams of becoming a doctor, says she and her fellow students were willing to brave the threats they faced. “We were scared, but all the girls wanted to keep going to school. We didn't care,” she says.

Noori hopes the Doab school will reopen in a few months: “We'll wait until the government gets a little stronger, and we can defend ourselves.” He shrugs off the threat to his own safety. “Sometimes we need to struggle for the right things,” he says. “It is God's decision when we die.”

Reconstruction Seen Key To U.S. Exit (WT)

By Sharon Behn

The Washington Times, October 5, 2006

NATO's top military commander said yesterday the U.S. exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops.

"Afghanistan will not be resolved by military means," said U.S. Marine Gen. James L. Jones, who commands the Western alliance.

"We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate," Gen. Jones said.

"The real challenge is how well the reconstruction mission and the international aid mission is focused," he told the Council on Foreign Relations. "And fundamentally, this is the exit strategy for Afghanistan."

The general's statement came amid a growing recognition in Washington that defeating the Taliban is not just a question of putting more boots on the ground.

Senate Majority Leader Bill Frist on Tuesday stated that victory in Afghanistan would not happen until Afghan and international officials wooed more tribal leaders away from the Taliban and into the political process.

Gen. Jones said yesterday that winning the battle against Afghanistan's flourishing opium trade was crucial to weaning the country away from insurgent forces and drug cartels, which were fomenting an environment of violence and corruption.

"It is truly the Achilles' heel of Afghanistan," said Gen. Jones, who is supreme allied commander in Europe and commander of the U.S. European command.

NATO yesterday confirmed it was to taking military command of the 14 volatile eastern provinces of Afghanistan, expanding its command of security operations throughout the country.

The change, effective today, will place 12,000 American troops under NATO, expanding the force to more than 30,000. Some 8,000 U.S. troops will continue to function outside NATO control, those tracking al Qaeda or involved in air operations.

The overall level of American forces will remain around 20,000.

Gen. Jones said more had to be done to systemize the NATO forces, particularly erasing restrictions put on the military by individual nations that are hampering operations against the Taliban and putting soldiers at risk.

"There are about 50 restrictions that have an operational impact, that impact on the commander of [NATO's] ability to make operations," said Gen. Jones.

He said the alliance was working to whittle down those restrictions, which include different rules of engagement, rules of detention, size of force and geographic boundaries. Forces from some countries cannot be used at night; others cannot directly engage the Taliban.

"The capability we have is directly related to the caveats," he said. "It is not a showstopper, but it is certainly something we have to keep working on."

Kerry Chides Frist For Taliban Comments (AP)

By Holly Ramer

AP, October 4, 2006

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Democratic Sen. John Kerry ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Kerry, the party's 2004 presidential nominee, said Wednesday of the Tennessee Republican.

On Monday, Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Frist was waving the white flag of surrender to the Taliban, who harbored the al-Qaida organization blamed for the Sept. 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves.

Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth. Frist also is considered a White House hopeful.

Frist, a former heart surgeon, took a leading role last year in the fight to get Schiavo's feeding tube reinserted. He later was criticized for relying on a video to question her doctors' diagnosis that Schiavo was in a permanent vegetative state.

Kerry said Frist's Taliban comments sound like claims by the Bush administration about progress being made in Iraq, despite differing reports from those directly involved. The Massachusetts senator said he requested a private briefing with CIA officials earlier this week.

"I will tell you their outlook was bleak. It was completely different from what the administration is saying publicly, and they told me that is what they are saying to the administration today," Kerry said.

He added: "We need an administration that tells America the truth. We don't need a cut-and-run policy in Afghanistan where the real war on terror is and a stay-and-lose policy in Iraq."

Frist's spokeswoman, Carolyn Weyforth, said Kerry has absolutely no room to accuse Frist of cutting and running.

"It is Senator Kerry and his colleagues who have voted again and again to tie our hands in the ongoing war on terror instead of giving us all tools necessary to fight a 'smarter, more effective war on terror,'" she said, echoing one of Kerry's frequent campaign promises.

CORPORATE SCANDALS:

HP Insiders Indicted In Corporate Spy Scandal (LAT)

By James S. Granelli

The Los Angeles Times, October 5, 2006

SAN JOSE, Calif. — California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case.

The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families.

The scandal came to light a month ago when the Palo Alto computer and printer maker released initial details of its efforts to find out who was leaking boardroom information to the media.

Dunn, who initiated an internal investigation, said she did not know that outside detectives were using subterfuge to gain access to the phone records.

Besides Dunn, those named in the criminal complaints filed in Santa Clara County Superior Court were ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia and outside investigators Matthew DePante of Melbourne, Fla. and Bryan Wagner of Littleton, Colo., Associated Press reported.

They each face four felony charges: use of false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes.

HP Chief Executive Officer Mark Hurd was not charged.

Dunn Charged Over HP Leaks (FT)

By Kevin Allison

Financial Times, October 5, 2006

California's top prosecutor yesterday filed criminal charges against Patricia Dunn, Hewlett-Packard's ousted chairman, and four others in connection with the computer maker's controversial investigation probe into boardroom leaks.

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The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations.

The felony complaint filed by Bill Lockyer, attorney general, charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy.

Mr Lockyer said the HP leak investigation was "a misguided effort". "People inside and outside HP violated privacy rights and broke state law," he said.

The four other defendants are Kevin Hunsaker, a former HP lawyer, and private investigators Ronald DeLia, Bryan Wagner and Matthew DePante.

Mark Hurd, chief executive, and Ann Baskins, who resigned as the company's general counsel last week, were not charged but Mr Lockyer said the investigation remained open.

Ms Dunn's lawyer said she was a victim of a "disinformation campaign". In a statement, Jim Brosnahan of law firm Morrison & Foerster said: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Calls to lawyers representing Mr Hunsaker and Mr DeLia went unreturned yesterday. HP said only that it was continuing to co-operate with state and federal investigators.

HP came under criminal investigation last month after the company admitted its operatives had posed as journalists, board members and employees to obtain private telephone records – a controversial and potentially illegal practice known as pretexting.

Ms Dunn was forced to step down as chairman amid mounting criticism of the investigation's tactics, which extended far beyond telephone records to included physical surveillance and other questionable operations.

Events reached a climax last week as the scandal's protagonists testified on Capitol Hill about their roles in the probe.

Ms Dunn said she was not responsible for what happened, saying she received repeated assurances that the methods being used by HP's investigators were legal and part of an accepted array of methods.

News of the charges followed reports that Ms Dunn was preparing to undergo for treatment for cancer. Ms Dunn had previously stepped down as chief executive of Barclays Global Investors to fight cancer in 2002.

HP's shares rose 1.6 per cent yesterday to $38.02 ahead of the announcment.

Dunn, Four Others Charged In Hewlett Surveillance Case (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, October 5, 2006

Former Hewlett-Packard Co. chairman Patricia C. Dunn and four others were charged with fraud and conspiracy in California yesterday, one month after HP disclosed that it had conducted a wide-ranging spying operation to identify the source of leaks to the news media.

A criminal complaint was filed in Santa Clara County Superior Court by California Attorney General Bill Lockyer. In addition to Dunn, former HP chief ethics director and senior legal counsel Kevin Hunsaker, who supervised a key phase of the operation, was charged, along with three outsiders who did surveillance work for the Silicon Valley computer icon.

All five were charged with four felonies under California statutes. Each count carries a maximum prison sentence of three years and a maximum fine of $25,000.

The charges were filed on an extraordinary day in which Lockyer, who is seeking election as state treasurer, declared in a statement that "people inside and outside HP violated privacy rights and broke state law" during the company's "misguided" effort to plug media leaks.

The charges came one day after Dunn, 53, learned from her doctor that her advanced ovarian cancer had recurred and she needed to undergo chemotherapy, according to a source close to Dunn. It is her third bout with cancer in recent years; she previously suffered from breast cancer and melanoma.

Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges "are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Charged along with Dunn and Hunsaker, 41, were Boston security contractor Ronald R. DeLia, 56, and private investigators Bryan Wagner, 29, of Littleton, Colo., and Matthew Depante, 27, manager of Action Research Group of Melbourne, Fla. They were accused of participating in long-running HP surveillance operation that involved the use of false pretenses to gain access to personal phone records of HP board members, journalists and their families, a practice known as pretexting.

Each was charged with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy to commit those three crimes. The complaint alleges that the defendants used "false and fraudulent pretenses" to obtain

confidential information from a phone company, including billing records, belonging to 12 people. Dunn, who first stepped down as chairman and then resigned from the board last month, repeatedly has said that she was given assurances that the methods used in the leak probe were legal.

The criminal charges come a few days after Dunn, Hunsaker and the company's chairman and chief executive, Mark V. Hurd, appeared before a congressional investigative subcommittee to answer questions about the surveillance methods HP used.

The tactics, in addition to pretexting, included following or watching board members, journalists and their family members at home and at conferences; and conducting a sting operation on a reporter.

The two-phase spying operation began in 2005 and ended this past spring.

According to court papers filed yesterday, the telephone, fax and cellphone accounts of more than 24 people were accessed in the HP probe. HP's investigators reviewed 33 months' of phone records and about 1,750 calls from 590 telephone numbers.

The charges are the first in the case, which is also being investigated by the FBI.

Dunn told the House Energy and Commerce oversight investigations subcommittee last week that she had been assured that the phone records were obtained legally, a claim that legal observers expect to be the heart of her defense.

At one point during Dunn's testimony last week, the chairman of the House Energy and Commerce Committee, Joe Barton, asked her if it was not correct that the fraudulent practice of obtaining phone records had been used in 2005.

"I believe it did use pretexting," she said.

Her attorney then whispered something to her.

"I've just been corrected," she said. "I don't know."

The complaint says that Dunn knew since at least June 2005 that the phone records were being obtained by deceptive means.

Hunsaker, DeLia and Wagner, one of the two investigators charged, refused to testify before the congressional panel last week, invoking their Fifth Amendment right against self-incrimination. The other investigator, Matthew Depante, was not called to testify, but his father, Joseph Depante, owner of Action Research, also invoked the Fifth Amendment.

No one answered a phone call placed to Matthew Depante's home yesterday, but his attorney, Richard Preira of Miami Beach, said Depante was "not guilty."

"The conduct he is alleged to have engaged in is not a violation of the California penal code or the United States code," Preira said.

A lawyer for Hunsaker did not return calls seeking a comment. DeLia, a reached by telephone last night, said he was not guilty of the charges and declined to comment further.

On the federal level, phone pretexting is likely a violation of the criminal wire fraud statute, former federal prosecutors said.

Congress adjourned last Friday without passing pending legislation to specifically make phone pretexting a crime. Jennifer S. Granick, a cyber law professor at Stanford Law School, said that the evidence released so far suggests that Dunn was aware of the methods used to obtain phone records.

"Generally, you don't have to know that something is against the law in order to be committing an offense," said Granick, who was a criminal defense lawyer in California for nine years. "Ignorance of the law is no defense."

Robert Weisberg, a Stanford University law professor, said the statutes Lockyer is citing are highly technical and do not specifically address or describe phone pretexting: "I think it's kind of dicey whether you can really apply the state laws to [Dunn]."

A California law has since been passed that specifically outlaws phone pretexting, he added, but it is not retroactive.

Friends said Dunn has been battling three forms of cancer since 2001 and has channeled some of her energy into charity and cancer-fighting work. She stepped down as chief executive of Barclays Global Investors in 2002 after the breast cancer and melanoma were diagnosed.

"She has become a real role model to women going through cancer," said Mary Bitterman, who joined the Barclays Global board of directors shortly before Dunn stepped down. Dunn spoke of her involvement with the Charlotte Maxwell Complementary Clinic, a program that provides cancer care to poor patients, she said.

Friends said Dunn has long maintained a concern for rules and ethics, making her indictment ironic to many who worked with her, first at Wells Fargo and then Barclays Global after the firms merged.

"She's so ethical. The fact that this happened is beyond belief," said Rich Koppes, an attorney and former general counsel of the California Public Employees' Retirement System. He said Dunn was always concerned with and interested in good corporate governance. Some legal observers said they thought that Lockyer, who last year pulled out of the race for governor of California, was using the case to enhance his political career.

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"I can't say this shouldn't be done," said Jamie Wareham, global chairman of litigation in the District office of Paul, Hastings, Janofsky and Walker LLP, a Los Angeles-based law firm. But, he said, "I think the timing is outrageous."

California Charges Dunn, 4 Others In H-P Scandal (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 5, 2006

California Attorney General Bill Lockyer, sending a stern message to corporate America, filed criminal charges against former Hewlett-Packard Co. Chairman Patricia Dunn and four other people in connection with the company's investigations into boardroom leaks.

The charges, which stem from H-P's allegedly illegal tactics for acquiring personal phone records, move the H-P imbroglio into an important new phase. The affair already has mushroomed into one of the nation's most embarrassing corporate scandals in years. The criminal proceedings are likely to have implications that go far beyond the particulars of the case, setting precedents for boardrooms, corporate ethicists and private investigators across the nation.

"This is the first time to my knowledge that the chairman of the board of a major American company is being charged with a privacy violation," said Joel Reidenberg, a professor at Fordham University Law School in New York and director of its center on law and information policy. "This sends a very powerful message to corporate America that privacy matters."

Each of the five defendants, who were charged in state court in Santa Clara, faces four felony charges: fraudulently obtaining private information from a public utility; accessing computer data without permission; identity theft and conspiracy to commit those same crimes. Each charge carries a maximum penalty of three years in prison and a fine of up to $10,000.

Mr. Lockyer's targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6.

Along with Ms. Dunn, Mr. Lockyer yesterday charged H-P's former chief ethics lawyer, Kevin Hunsaker, and three outside investigators who helped H-P try to discover which of its directors might be leaking information to the press. Documents have emerged suggesting that Mr. Hunsaker worked with H-P's outside investigators to pry into private phone records, use operatives to tail certain H-P directors and journalists, spring a sting operation on an unsuspecting reporter in an effort to get her to reveal her source, and contemplated sending spies into newsrooms disguised as janitors.

Also charged yesterday were Ronald DeLia of Security Outsourcing Solutions Inc., Needham, Mass., who led both leak probes from start to finish, Matthew DePante of Action Research Group, Melbourne, Fla., and Bryan Wagner of Littleton, Colo. Mr. DePante allegedly helped H-P obtain the phone records it sought, and Mr. Wagner allegedly did some of the so-called pretexting, impersonating others to obtain their records from phone carriers.

A Santa Clara County judge issued arrest warrants for all five defendants, and set bail ranging from $100,000 for Mr. DePante to as little as $5,000 or even nothing for Ms. Dunn and Mr. Hunsaker, for whom the judge held open the possibility of being released on their own recognizance.

The case against Ms. Dunn, who is scheduled to start six months of chemotherapy tomorrow for recurrent ovarian cancer, rests on prosecutors' claim that she knew H-P's investigators were obtaining phone records through fraud. She has said she thought the records came from publicly available sources. "As her many supporters fully expect, she will fight these charges with everything she has," said James Brosnahan, Ms. Dunn's lawyer.

Though the attorney general didn't name H-P as a defendant in the complaints, the charges signal the beginning of a potentially lengthy legal process that could keep the company's name in the headlines for months or years.

H-P's former general counsel, Ann Baskins, wasn't charged in the case, although she was named in the prosecutors' court affidavit yesterday as having participated in a key conference call in June of 2005. At that time, Mr. DeLia "explained pretexting, telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary," prosecutors wrote.

Also not charged was Tony Gentilucci, who resigned as H-P's manager of global security investigations in the wake of the probe. Both he and Ms. Baskins declined to testify at a House subcommittee hearing on the matter last week, invoking their Fifth Amendment rights against self-incrimination. Their attorneys couldn't be reached for comment.

Mark Hurd, H-P's chief executive officer, isn't expected to be targeted by prosecutors. Mr. Hurd told the House subcommittee that he attended briefings where the investigation was discussed, adding that he didn't recall hearing about the tactics investigators used. However, a memo by H-P's law firm, Wilson Sonsini Goodrich & Rosati, says Mr. Hurd told attorneys

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for the firm in August 2006 that he recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web" as part of the probe.

"There currently is no evidence that Mark Hurd engaged in criminal conduct. However, our investigation remains open and continues," Mr. Lockyer said yesterday at a news conference.

Lawyers for Mr. Hunsaker and Mr. DeLia didn't return phone calls. Messrs. DePante and Wagner didn't return phone calls. Messrs. Hunsaker and DeLia last week declined to testify before the House subcommittee, citing their Fifth Amendment rights, as did Mr. DePante's father, Joseph, the owner of Action Research, who wasn't charged yesterday.

H-P, meanwhile, issued a statement saying: "H-P is continuing to cooperate with state and federal investigators looking into the boardroom leaks issue. The company has no further comment."

During the leak investigations in 2005 and 2006, H-P investigators obtained the personal phone records of at least a dozen people, including directors and employees, as well as journalists and other outside parties. Among them were two Wall Street Journal reporters, including Pui-Wing Tam, whose page-one story last year about friction between the H-P board and then-Chief Executive Carly Fiorina set off the first leak investigation.

The disclosure of the investigations prompted a series of probes by state and federal agencies, as well as last week's high-profile House subcommittee hearing. Some in Congress are seeking to pass a bill that would clearly define pretexting as illegal. Some lawyers involved in the H-P investigation argue that the practice isn't illegal, except when financial records are involved.

California laws are clearer, however. One of the statutes under which Ms. Dunn and the four others were charged yesterday, Penal Code Section 538.5, specifically outlaws "executing a scheme or artifice to obtain, from a public utility," customers'"billing records."

The California statute also makes clear that it isn't just the people who obtain such information who could be criminally liable, but "every person who transmits or causes to be transmitted" the information. That provision could prove particularly important in prosecutors' case against Ms. Dunn, who instigated the leak probes and has acknowledged knowing that personal phone records were scrutinized.

Ms. Dunn, who testified for hours before the House subcommittee, spearheaded the probes, which began in the spring of 2005 following leaks from the board that year and intensified after other leaks in early 2006. She acknowledged learning from Mr. DeLia that personal phone records were being obtained during the investigation, but said she believed it was a customary H-P practice and didn't learn of the term "pretexting" until much later.

Though Mr. Lockyer said publicly three weeks ago that his office had enough evidence to charge people with crimes both inside and outside H-P, his investigation bogged down over H-P's unwillingness to share certain documents with prosecutors, according to lawyers familiar with the case. The logjam broke in the past several days, these people said, after prosecutors obtained some 700 pages of internal H-P emails, investigative reports and legal papers from congressional investigators in Washington, who had gathered the documents from H-P for last week's House hearing.

Among the congressional documents is a series of memos written in August by H-P's outside lawyers at Wilson Sonsini Goodrich & Rosati, which H-P retained this summer to review the conduct of the leak investigations. H-P had been resisting providing the Wilson Sonsini documents to prosecutors in Sacramento, citing attorney-client privilege, these lawyers said. The memos include write-ups of interviews with all the main players in the spying imbroglio, including Ms. Dunn and Mr. Hurd. Prosecutors quoted extensively from the law firm memos in their affidavit yesterday.

Wilson Sonsini's conclusions differed markedly from Mr. Lockyer's. In a presentation to H-P's board in August, the firm essentially exonerated Ms. Dunn from wrongdoing, finding she "reasonably relied on repeated assurances of legality by HP legal." The Wilson Sonsini report said that, at the time of the investigations, no laws specifically barred people from using false pretenses to obtain others' phone records.

HP Scandal May See Felony Charges (USAT)

By Michelle Kessler

USA Today, October 5, 2006

SAN FRANCISCO — California's Attorney General sought felony indictments against five people in the Hewlett-Packard snooping scandal Wednesday — including former chairman Patricia Dunn.

Attorney General Bill Lockyer filed criminal complaints against Dunn, former HP lawyer Kevin Hunsaker and private investigators Ronald DeLia, Matthew DePante and Bryan Wagner.

Each faces four felony charges: using fraud to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit those crimes. Penalties could include prison time and fines.

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Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday.

The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg.

Dunn, Hunsaker and the three detectives were all part of a team trying to find out which HP board member was leaking information to the press. The team used trickery to obtain the private phone records of journalists, board members and employees (a technique called pretexting).

Dunn spearheaded the leak hunt. Last week, she told the House Energy and Commerce Committee, which is also investigating the matter, that she left details to HP staffers and didn't know about the pretexting.

Hunsaker ran the project within HP and was aware of pretexting, internal HP documents released by the committee show. He repeatedly said it was legal.

There's a chance he is right. There are few laws specifically prohibiting pretexting. That's why Lockyer is prosecuting under fraud laws, Weisberg says.

DeLia's detective firm, Security Outsourcing Solutions, was hired by HP to do most of the investigative work. DeLia in turn hired detective firm Action Research Group, where Matthew DePante works.

Wagner is a former employee of Action Research, according to the complaint's supporting documents. He told investigators that he destroyed his computer when his uncle warned him of the HP investigation after reading about it in the newspaper.

Unlike Dunn, who is fighting advanced ovarian cancer, Hunsaker, DeLia and Wagner each refused to answer questions before the committee last week, citing their right against self-incrimination. Matthew DePante was not called. But Joseph DePante, the owner of Action Research, was. He also declined to answer questions because of self-incrimination concerns.

Ex-Leader Among 5 Charged In Hewlett Case (NYT)

By Damon Darlin

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Hewlett-Packard's former chairwoman was among five people charged Wednesday with illegally gathering phone records of board members, journalists and others in an effort to find the source of news leaks.

The felony charges, filed by the California attorney general's office, are the first stemming from a spying operation that ended last spring but came to light a month ago in disclosures by a disgruntled former director.

The case has rocked the company, forcing out the chairwoman, Patricia C. Dunn, along with the general counsel, a second director and two other senior officers. A House subcommittee held hearings on the case last week, and federal prosecutors have also been considering charges.

It was Ms. Dunn who authorized the operation, aimed at tracing leaks from the board, and put it into the hands of outside investigators. Those charged with her Wednesday included the company lawyer who supervised one phase of the operation and three detectives.

The charges stem from the use of pretexting, a form of deception, to obtain private calling records from phone company employees.

"We plan to aggressively prosecute this case," Bill Lockyer, the state's attorney general, said at a news conference in Sacramento. "However, the investigation into this matter remains active and still incomplete."

The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval.

"There currently is no evidence that Mark Hurd engaged in criminal conduct," Mr. Lockyer said.

Concerns over leaks from the board predated the ouster of Carleton S. Fiorina as chairwoman and chief executive in early 2005. In a memoir to be published next week, Ms. Fiorina says that she ordered an initial leak investigation shortly before her departure. [Page C1.]

The charges against Ms. Dunn, who is expected to appear in court within 24 hours, come as she battles ovarian cancer. "I truly hope Ms. Dunn wins her fight against this disease," Mr. Lockyer said. "However, her illness has no impact on her culpability."

A criminal complaint filed in San Jose, Calif., accuses all the defendants of four charges: using false pretenses to obtain confidential information from a public utility, unauthorized access of computer data, identity theft and conspiracy to commit each of those crimes.

Mr. Lockyer said the first three charges each carried a maxiumm penalty of three years in prison and a fine of $10,000.

A conspiracy conviction can bring a $25,000 fine and one year in prison.

Arrest warrants were issued for the five, who include Kevin T. Hunsaker, a former senior lawyer at Hewlett-Packard; Ronald R. DeLia, a Boston-area private detective; Joseph DePante, owner of Action Research Group, an information broker in Melbourne, Fla.; and Bryan Wagner of Littleton, Colo., who is said to have obtained private phone records while working for Mr. DePante.

An investigation was begun by Ms. Dunn in 2005 — involving leaks that were apparent in news articles just before and after Ms. Fiorina's ouster — but it ended inconclusively. A second phase began in January 2006, after news reports about a management meeting indicated further leaks, and the effort was turned over to Mr. Hunsaker for supervision.

Ms. Dunn resigned from the board last month under pressure because of the methods used. Mr. Hunsaker, a senior counsel and director of ethics, was fired after he refused to resign, his lawyer said.

Robert M. Morgester, deputy attorney general for the state's special crimes unit, wrote in a supporting document to the charges filed Wednesday that "both Dunn and Hunsaker were aware that the records were to be obtained by fraud or deceit." He said Mr. Hunsaker provided continuous guidance to Mr. DeLia on which records to obtain.

The criminal complaint notes that the pretexting in the case involved the home, office, cellphone and fax numbers of 24 people. Mr. Morgester wrote that Mr. DePante's firm, Action Research, analyzed 33 months of calls and retrieved information on 590 numbers that figured in those individuals' phone records.

The complaint states that in April 2005, Ms. Dunn gave Mr. DeLia the home, office and cellphone numbers for company directors. In June 2005, Mr. DeLia told Ms. Dunn and Ms. Baskins, the general counsel, that phone records were obtained "by ruse" from a telecommunications carrier.

In addition to getting phone records directly from customer service representatives, the operation also involved access to records kept online. State investigators said they were able to find Mr. Wagner by tracking a cookie left on his computer when he used it to gain access to online records at AT&T. A cookie is a piece of computer code that identifies what computer has visited a particular Web site.

Although the operation for gathering of phone records stretched across the country and back again, California claims jurisdiction in the case because the detectives were paid by Hewlett-Packard, which is based in Palo Alto, Calif., and the planning was done there as well.

Of the charges against Ms. Dunn, Mr. Lockyer, the attorney general, said, "The person who orchestrated these illegal practices should be held accountable, not just those who carried them out."

Ms. Dunn's lawyer, James J. Brosnahan of Morrison & Foerster in San Francisco, said in a statement: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

The charges are yet another blow for Ms. Dunn. On Tuesday, a representative said Ms. Dunn was to begin six months of chemotherapy on Friday for recurrent advanced ovarian cancer. A friend said that she had Stage 4 ovarian cancer. She has survived breast cancer and melanoma, a skin cancer.

Stage 4, in which the cancer has spread beyond the abdomen to other parts of the body, is the most advanced, and only 29 percent of women with that stage are still alive after five years. The disease is so dangerous because it often has no symptoms until it has become advanced and has started spreading inside the abdomen.

Alison Davis, a managing partner at Belvedere Capital Partners, a private equity firm in San Francisco, called the charges against Ms. Dunn unbelievable.

"She stands for integrity and doing the right thing more than anyone else I can think of," said Ms. Davis, who was chief financial officer of Barclays Global Investors, where Ms. Dunn served as chief executive.

Ms. Baskins, who as general counsel was Mr. Hunsaker's boss and was involved in both the 2005 and 2006 phases of the investigation, may have escaped charges because she never passed on any phone numbers to a pretexter.

Her lawyer, Cristina C. Arguedas, with the firm of Arguedas, Cassman & Headley of Berkeley, Calif., said, "Ann Baskins did nothing that could possibly warrant a charge being filed against her."

Other criminal defense lawyers said prosecutors might have a difficult time proving intent. To do so, they would have to show that the defendants had some appreciation of the wrongfulness of their actions.

"It can be a squishy concept," said Matthew J. Jacobs, a former federal prosecutor and a partner in the Silicon Valley law firm of McDermott Will & Emery.

Getting a legal opinion and taking steps to establish the legality of an action can show a lack of criminal intent. Ms. Baskins repeatedly asked for verification that the methods the investigators used were legal.

The question of intent could also be raised for those charged, Mr. Hunsaker and Ms. Dunn in particular, several defense lawyers said. Ms. Dunn, who is not a lawyer, relied on the lawyers' advice. The documents provided by the company show Mr. Hunsaker asked for legal opinions and did his own research to verify that what was done was considered legal.

In one set of e-mail exchanges between Mr. Hunsaker and Anthony R. Gentilucci, the company's manager of global investigations, Mr. Hunsaker raises the question of legality. Mr. Gentilucci replied, "I think it is on the edge, but above board." Mr. Hunsaker's response was, "I shouldn't have asked."

Mr. Hunsaker's lawyer, Michael Pancer, said in a recent interview that his client meant that he should not have asked because he knew that Mr. Gentilucci would have checked on the legality of the method.

Lawyers for Ms. Dunn and Mr. DeLia did not respond to requests for comment.

Mr. Wagner said he had been advised not to comment on the charges against him. He said, however, "If I would have known it was this high-profile, I wouldn't have done it."

Mr. DePante's lawyer, Richard J. Preira of Miami Beach, Fla., said that "his conduct is not illegal" and that his client was a scapegoat. He also said, "the prosecutors are trying to fit a square peg in a round hole."

Indeed, other defense lawyers and legal scholars not involved in the case said it would not be an easy one for the attorney general despite the mountain of documents provided by the company. The problem is that California had no law against the specific act of pretexting. So the prosecutors have to stitch together a set of laws to charge the defendants.

Defense lawyers are likely to try to exploit the weak seams. Take, for instance, the law that makes it a crime to use electronic media to take information owned by a public utility. The first problem, said Robert Weisberg, a Stanford University law professor, is whether a phone company can be considered a public utility anymore. The identity theft law makes it a crime to steal something of value — credit, goods, services, or medical information — Mr. Weisberg notes, but a defense lawyer could argue that phone records have no monetary value.

California made pretexting a crime, but the law, signed on Saturday by Gov. Arnold Schwarzenegger, does not go into effect until Jan. 1. It would not apply to any of the pretexting in the Hewlett-Packard case. Under that law, the penalty for a violation would be $2,500 and up to a year in county jail. Repeated violations would result in a $10,000 fine and a year in jail.

Investigations Continue At HP (USAT)

By Jim Hopkins And Jon Swartz

USA Today, October 5, 2006

SAN FRANCISCO — Hewlett-Packard still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal.

HP said in a statement on Wednesday that it "is continuing to cooperate with state and federal investigators." It said it would have no further comment.

Attorney General Bill Lockyer's complaints on Wednesday did not name any current HP executives, including Chairman and CEO Mark Hurd, who is leading an important restructuring of the Silicon Valley computer and printer maker.

Still, HP's criminal defense attorneys at Morgan Lewis & Bockius must defend the company against investigations by the:

·U.S. Attorney and FBI. Last month, the U.S. Attorney's Office in San Francisco and the FBI acknowledged they were conducting an investigation into the HP spying scandal. At the time, the FBI said it was reviewing possible fraud and identity theft violations.

HP, in a Sept. 11 filing with the Securities and Exchange Commission, said it had been informally contacted by the U.S. Attorney's Office in San Francisco, requesting information "similar" to that sought by Lockyer's office.

Luke Macaulay, spokesman for San Francisco U.S. Attorney Kevin Ryan, on Wednesday said the inquiry is continuing.

·SEC. The agency's enforcement division is investigating the circumstances around Tom Perkins' resignation as HP director in May to protest the news-leak probe.

The agency is looking at two SEC filings HP made: One on Sept. 6, in which the company first disclosed the news-leak investigation and its role in spurring Perkins to quit. The second filing, on May 22, reported Perkins' resignation without explaining the circumstances.

The SEC also has asked HP for information about the company's news-leak investigation itself. The agency on Wednesday had no comment, spokesman John Nester said.

·Congress. The House Energy and Commerce Committee has been examining HP's use of "pretexting," a shady technique where investigators posed as HP directors, employees and journalists to get private phone records.

Dunn, Hurd and 12 other witnesses appeared before a committee hearing last week. Among the five individuals named in Lockyer's complaint, only Dunn agreed to testify before the panel. The other four refused, citing their right against self-incrimination.

Committee spokesman Terry Lane said Chairman Joe Barton, R-Texas, had no comment on Lockyer's criminal complaints.

California Attorney General Charges HP Insiders, Detectives In Spy Probe (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 5, 2006

(AP) - SAN JOSE, California-California's attorney general filed criminal charges Wednesday against former Hewlett-Packard Co. Chairwoman Patricia Dunn and four others involved in the corporate spying scandal at the computer and printer company.

Attorney General Bill Lockyer filed the charges in Santa Clara County Superior Court naming Dunn, ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia, and outside investigators Joseph DePante of Melbourne, Florida and Bryan Wagner of Littleton, Colorado.

They each face four felony counts: use of false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 (â‚¬7,900)and three years in prison.

HP chief executive Mark Hurd is not among those charged, nor was HP's former General Counsel Ann Baskins, who had some oversight of the company's investigation of media leaks.

The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records.

"I am innocent of these charges," DeLia said in a prepared statement he read to The Associated Press. "I've been a professional private investigator for more than 30 years. I respect the law and I did not break the law in the HP investigation."

He refused to elaborate on his statement or take questions.

Dunn - who initiated the investigation - said she did not know until after the fact that the detectives went to such extremes to unearth clues about the leaker's identity. She resigned from HP's board last month amid the uproar over the spying campaign, which has also prompted the resignation of two other board members.

Dunn, 53, who has survived breast cancer and melanoma, will begin chemotherapy treatments for advanced ovarian cancer on Friday at the University of California, San Francisco, according to a person close to Dunn who asked to remain anonymous because a formal announcement wasn't planned.

Lockyer scheduled a 7 p.m. EDT (2300 GMT) news conference in Sacramento to discuss the case. Lawyers for Dunn and the others charged did not return calls seeking comment.

HP said in a statement it is cooperating with Lockyer as well as federal authorities who are also exploring possible criminal charges. The Palo Alto-based company declined further comment.

HP's stock has largely been immune to the scandal swirling around its board, and Wednesday was no exception. It rose 60 cents, or 1.6 percent, to close at $38.02 on the New York Stock Exchange. Earlier in the day it reached a 52-week high of $38.14.

The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law.

"It was a stupid and unethical thing that occurred, but it may not have been a crime," he said.

Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer.

"He formed a judgment that a crime was committed way too early, but he had nothing to lose," Wareham said. "Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money."

Hunsaker, who directed the investigation, left the company on Sept. 26; DeLia runs a Boston-area detective firm called Security Outsourcing Solutions, a longtime HP contractor commissioned to conduct the leak probe.

DeLia in turn hired DePante's company to gather information, and DePante hired Wagner to obtain the private phone records of HP directors and journalists.

HP eventually identified director George Keyworth II as the source of a leak to a CNET Networks Inc. reporter. Keyworth resigned after the scandal went public in early September.

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Another director, venture capitalist Thomas J. Perkins, resigned from the board in May after learning about the tactics used by HP's investigators. He then pressured the company to publicly disclose the reason for his departure, leading to the regulatory filing that revealed the investigators' use of pretexting.

The FBI and a congressional panel are also looking into the HP pretexting scandal. Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Rep. Edward Markey, D-Mass., a senior member of the House Energy and Commerce Committee, said Lockyer's move "indicates that prosecutors are beginning to move forward to address the violations that occurred here."

Still, Markey added, congressional action is needed to tighten the penalties on pretexting. A bill, approved earlier by the committee, has been stalled in the House.

"We need to pursue a new direction in this country that ensures consumers will no longer be vulnerable to intrusions into their families' privacy, either by their employer, by the government or by criminals seeking to turn information into money," he said.

AP Business Writers Michael Liedtke in San Francisco, Brian Bergstein in Boston and Marcy Gordon in Washington contributed to this report.

Ex-Hewlett-Packard Chair Dunn Charged In Leak Case (Update9) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Hewlett-Packard Co. ex-Chairwoman Patricia Dunn and four others were charged with conspiracy and fraud by California's attorney general in the first prosecution stemming from a probe of illegally obtained phone records.

An internal inquiry into boardroom leaks at Hewlett-Packard, the world's second-largest personal computer maker, has been the subject of an investigation by California Attorney General Bill Lockyer. Dunn, 53, authorized the internal probe, which used fake identities to obtain the private phone records of board members and journalists, a tactic called pretexting.

The charges, filed today in state court in San Jose, are another black eye for Dunn, who has said she relied on investigators and isn't responsible for their conduct. Hewlett- Packard Chief Executive Officer Mark Hurd, who said he wasn't aware investigators were using pretexting, wasn't charged. The Palo Alto-based company is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

``One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," said Lockyer. ``In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Dunn's lawyer said earlier today that his client has advanced ovarian cancer and will undergo chemotherapy this week.

Hunsaker, DeLia

Also named in the complaint were Kevin Hunsaker, the company's former director of ethics and the executive who ran the internal probe, outside investigator Ronald DeLia of Security Outsourcing Solutions Inc. and Bryan Wagner and Matthew Depante, two private detectives hired on the company's behalf. Lockyer said the investigation is continuing.

``Patricia Dunn and Kevin Hunsaker were the key actors in the decision processes that led to pretexting," said James Post, a professor of management at Boston University. ``The chair of the board must be the No. 1 advocate for ethical standards."

The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000.

As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by ``ruse from the telecommunication carrier," prosecutors said.

Voluntary Surrender

Lockyer said he will seek to arrange the voluntary surrender of Dunn and Hunsaker. He said he was aware of reports that the former chairwoman is undergoing treatment for cancer and said he hopes she beats the disease.

Dunn's illness has no impact on her guilt, Lockyer said at a press conference today in Sacramento.

The attorney general, the state's top prosecutor, said he has no evidence of wrongdoing by Hurd. Arrest warrants are being sought for the other defendants, said Robert Anderson, chief deputy attorney general.

Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses.

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The charges show ``prosecutors are beginning to move forward to address the violations that occurred," said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today.

Congressional Inaction

Markey criticized what he called the lack of Congressional action to increase the penalties for pretexting in order to obtain phone records, and to outlaw purchases or sales of the Social Security numbers used to obtain access to such records or other personal information.

House Republican leaders have refused to take up proposed legislation approved by the Energy and Commerce Committee in each of these areas, Markey claimed. Kevin Madden in House Majority Leader John Boehner's office confirmed a vote hasn't been scheduled.

Representative John Dingell, a Michigan Democrat, called Hewlett-Packard's actions a ``case study in deceit, dishonesty" and ``probably criminal" behavior.

James Brosnahan, a lawyer for Dunn, of Orinda, California, said his client will fight the charges.

`Wrong Reasons'

``These charges are being brought against the wrong person at the wrong time and for the wrong reasons," the lawyer said in a statement. ``They are the culmination of a well-financed and highly orchestrated disinformation campaign."

John Kiernan, a lawyer for DeLia, 56, of East Sandwich, Massachusetts, didn't return a call seeking comment. Michael Pancer, a lawyer for Hunsaker, 41, of Menlo Park, California, declined to comment.

Richard Preira, attorney for Depante, 27, of West Melbourne, Florida, didn't return calls or e-mails seeking comment. Wagner, 29, didn't return voicemail messages left at his home in Littleton, Colorado.

The company said in a statement that it's continuing to cooperate with state and federal investigators, and declined further comment.

Shares of Hewlett-Packard fell 17 cents to $37.85 at 7:27 p.m. in trading after the close of the New York Stock Exchange.

The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

`Tempest in a Teapot'

``This doesn't have much to do with the actual running of the company. It's more of a tempest in a teapot," said Barry James, who oversees $1.8 billion as chief investment strategist at James Investment Research in Dayton, Ohio, including 495,000 Hewlett-Packard shares. ``The market has moved on."

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters who were the subject of the leak inquiry in an effort to obtain their telephone records.

The company also sought the phone records of former CEO Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

`Rogue Investigation'

In recent weeks Dunn, Baskins, Hunsaker and Anthony Gentilucci, the company's global security chief, have all left the company because of their involvement in a probe that CEO Hurd called a ``rogue investigation."

When interviews with board members in early 2005 failed to pinpoint the source of the leaks, Dunn turned to contractor DeLia and his company, Boston-based Security Outsourcing, which used pretexting to download phone records from AT&T Inc. A Florida- based firm and another in Littleton, Colorado, were also involved in obtaining phone records, according to a review by the Energy and Commerce committee.

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hurd to review the company's conduct, said on Sept. 22.

33 Months

According to the court papers filed today, pretexting in the case compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Social Security numbers for targets of the probe were used to obtain the phone records, said Holston of Philadelphia-based Morgan, Lewis & Bockius. Gentilucci, who resigned last week, provided at least one employee's number to DeLia, Holston said. Baskins and Gentilucci are cooperating with Lockyer's probe, Anderson, his deputy, said.

Hunsaker, a six-year Hewlett-Packard veteran, invoked his Fifth Amendment right against self-incrimination at a hearing in Washington on Sept. 28, as did Gentilucci, Baskins, DeLia and other investigators called to testify.

In a Jan. 30 e-mail exchange between Hunsaker and Gentilucci, Hunsaker learned how pretexting worked from Gentilucci, who described the tactic as ``on the edge."

Hunsaker replied ``I shouldn't have asked."

Spyware

Hewlett-Packard also followed directors at their homes and on vacation and planted spyware on one reporter's computer. Investigators considered sending staff posing as administrative help and cleaning crews to spy on newsrooms, according to documents supplied by Hewlett-Packard and released by the House committee on Oct. 2.

Dunn has portrayed herself as a victim of investigators who kept her out of the loop and corporate legal experts who misled her about the legality of the tactics used. Company e-mails show she received regular updates from Hunsaker, the documents show.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Five Indicted In HP Scandal, But Former GC Escapes Charges (LAW)

By Cheryl Miller, The Recorder

California Recorder, October 5, 2006

Former Hewlett-Packard General Counsel Ann Baskins escaped criminal charges Wednesday, even as state prosecutors charged five others in connection with the computer company's boardroom spying scandal.

California Attorney General Bill Lockyer filed charges in Santa Clara County Superior Court against former Chairwoman Patricia Dunn; ousted HP senior counsel and ethics director Kevin Hunsaker; private investigator Ronald DeLia; records dealer Joseph DePante; and Bryan Wagner, who did work for DePante.

All five face felony charges of fraudulently obtaining confidential records, identity theft, accessing computer data without authorization, and conspiracy in connection with HP leaders' hunt in 2005 and early 2006 to find out who was leaking information from closed-door board meetings to the media. Investigators hired by the company allegedly used pretexting -- using a ruse or false identity -- to obtain the phone records of 24 individuals, including reporters and board members.

"One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," Lockyer said in a prepared statement. "In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Like Baskins, Hewlett-Packard CEO Mark Hurd and former security chief Anthony Gentilucci were not charged Wednesday, although both were involved with the internal probe, records show.

Baskins' attorney Cristina Arguedas declined to comment on the charges, as did an attorney for Gentilucci. In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged "the wrong person at the wrong time and for the wrong reasons." He also cryptically called the charges "the culmination of a well-financed and highly orchestrated disinformation campaign."

Baskins did not testify at last week's congressional hearing on the HP scandal, invoking her constitutional right under the Fifth Amendment not to incriminate herself. She resigned her post as general counsel the same day.

Dunn, who did testify before the House Energy and Commerce Committee, suggested Baskins had approved the questionable tactics used in the investigation, while outside counsel Larry Sonsini testified that he had asked Baskins about pretexting and had been told by her that it was legal.

According to internal company documents released by the congressional panel, Baskins was sent copies of a number of e-mail exchanges between Hunsaker -- who oversaw the investigation code-named "Kona" -- DeLia and other investigators, which chronicled efforts to trick a reporter into unwittingly divulging her company sources.

In a sworn complaint, Deputy Attorney General Robert Morgester said that "DeLia recalled that Baskins was curious about pretexting and concerned about its legality and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities."

Speaking for an article published last month in The Recorder, Arguedas called Baskins -- who had not yet resigned from HP -- "a person of great integrity" who was "at the top of her profession."

"I'm not aware of her doing anything wrong at all," Arguedas said.

Trying to discern why the attorney general didn't charge Baskins "is like asking why isn't it raining," said Rory Little, a former prosecutor and currently a professor at Hastings College of the Law.

"The short answer is, there's no guarantee she won't be indicted," Little said. "And we don't know what evidence she has. She may be talking to the AG. Or she may have provided exculpatory evidence."

The scandal became public when board member Thomas Perkins resigned in protest of the investigation methods and later complained that HP did not report his reasons for doing so to the Securities and Exchange Commission.

Director George Keyworth was identified as the source of the leak. He resigned from the board in September.

The attorney general filed charges under a section of the Penal Code that makes it illegal to seek "utility" records under false pretenses.

All four counts carry a maximum prison sentence of three years under current law. A recently signed state law that goes into effect Jan. 1 punishes those who use pretexting to obtain or sell phone records with fines of up to $2,500 or a year in county jail.

In a press conference Wednesday, Lockyer said the current case will rely on "numerous state laws" protecting consumers' privacy as well as the state Constitution.

"Our state Constitution includes one of the country's most expansive rights to privacy," he said.

Reporter Justin Scheck also contributed to this story.

Jobs Knew Apple Manipulated Some Option Grants (WSJ)

By James Bandler And Nick Wingfield

The Wall Street Journal, October 5, 2006

Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised "serious concerns" about the conduct of two former Apple executives.

Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said.

Apple's own probe found that Mr. Jobs, the company's chief executive, wasn't aware of the accounting implications of the manipulated options, and that there was "no misconduct" by him or any other member of current management. But the conclusions suggest that Mr. Jobs, who is one of the country's most-revered technology icons and widely considered Apple's creative nucleus and the embodiment of its brand, could face further scrutiny.

Authorities are examining whether companies fabricated the date on which options were granted to executives and other employees -- a practice known as backdating -- to give the options extra value. Backdating can run afoul of securities laws. To date, more than 100 companies are under federal investigation.

In a statement released late yesterday, Apple left open a number of questions, including whether Mr. Jobs was aware that backdating grants to give them more value was improper and was contrary to statements in the company's own securities filings. Apple also didn't address how the numerous instances of backdating occurred or spell out the role of the board, which administers option grants, in any improprieties. (See Apple's statement1)

Apple said that Mr. Jobs knew of manipulated grants in a "few instances" but that he didn't receive any grants he knew carried dates that had been favorably selected. Earlier, Apple had said one grant to Mr. Jobs was problematic.

An Apple spokesman declined to elaborate beyond yesterday's statement, though he added that the irregular options grants accounted for 6% of the company's total grants between 1997 and 2002, the period being investigated. Apple, of Cupertino, Calif., said the backdating extended from 1997 to 2002, and included 15 dates. The company has said it expects to restate its financial results to account for extra compensation expense related to the backdated options.

Apple didn't name the former executives whose actions it cited, but it said that director Fred Anderson, an ex-executive who served as finance chief during the time of the backdated grants, resigned from Apple's board. Mr. Anderson informed Apple's board of his resignation on Saturday night by email, a person familiar with the matter said.

In a letter to the board reviewed by The Wall Street Journal, Mr. Anderson said he was resigning to "avoid even the appearance of any conflict of interest" in light of the imminent release of the probe's findings. Mr. Anderson added in his letter that he has always conducted himself "with the utmost integrity and in accordance with the highest ethical standards." The resignation was announced yesterday.

Kevin V. Ryan, the U.S. attorney for the Northern District of California, has made the stock-options manipulation investigations a top priority of his office, which created a stock-options task force in July. On July 20, Mr. Ryan's office charged two former executives from Brocade Communications Systems Inc. with criminal fraud violations for their alleged roles in a backdating scheme at the San Jose technology concern.

Aitan Goelman, a lawyer for Zuckerman Spaeder LLP in Washington, D.C., said the chance Mr. Jobs will face criminal prosecution is "infinitesimal," assuming Apple's probe was thorough. Prosecutors typically need to show criminal intent to make fraud cases, defense lawyers say, and Apple's disclosures don't suggest that Mr. Jobs had any.

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Still, Mr. Goelman said Mr. Jobs could face civil action from the Securities and Exchange Commission. Apple said yesterday that it was providing details of the former executives' actions to the SEC.

In his statement, Mr. Jobs struck a contrite note. "I apologize to Apple's shareholders and employees for these problems, which happened on my watch. They are completely out of character for Apple," Mr. Jobs said.

Mr. Jobs didn't respond to a direct request for comment by email.

Apple isn't the only company connected to Mr. Jobs to have favorably priced options. Top executives of Pixar Animation Studios, the computer-animation company Mr. Jobs co-founded, received option grants priced at the stock's annual lows in four years between 1997 and 2003 -- a statistically remarkable occurrence that suggests the dates may have been manipulated.

Mr. Jobs never received any options from Pixar, which was acquired by Walt Disney Co. earlier this year. But Pixar filings say the company's board, of which Mr. Jobs was chairman, performed the functions of a compensation committee, including granting options.

Options typically give their recipients the right to buy stock in the future at its price at the time of the grant, called the exercise price. If the stock goes up from the exercise price, the recipient can profit.

It isn't clear which 15 grants Apple's outside lawyers deemed to be troublesome. But in several cases between 1997 and 2001, Apple executives received grants dated just ahead of sharp increases in the company's share price. One grant, dated Jan. 17, 2001, went to Mr. Anderson and three other top officers, but not Mr. Jobs. Apple's shares leapt the next day, rising a total of 29% by the end of the month. The four executives later exercised many of those options for total profits of more than $100 million.

Mr. Anderson's resignation from the Apple board represents a rift between the company and an executive credited with helping revive Apple's fortunes in the late 1990s. A person familiar with the matter said Apple hasn't informed Mr. Anderson whether he is one of the two former officers of the company accused of inappropriate actions.

"Fred was a very successful CFO at Apple, where he played an integral part in saving that company, its employees and shareholders from financial ruin," said Roger McNamee, a co-founder of Silicon Valley private-equity firm Elevation Partners, where Mr. Anderson is currently a partner.

Mr. Jobs himself received a mammoth grant dated Jan. 12, 2000, which corresponded with the bottom of a sharp plunge in Apple's share price. The grant of 40 million shares, adjusted for splits, was announced a week later; by that time Apple's stock had risen 22%. The grant was, by one measure, the most valuable ever given to a corporate executive. Mr. Jobs later exchanged those options for millions of shares of restricted stock.

Nancy Heinen, Apple's former general counsel, left the company without explanation in early May. Ms. Heinen didn't return a message left at her home phone number, and an Apple spokesman wouldn't say if she was one of the former officers referred to in the company's statement.

Cristina Arguedas, Ms. Heinen's attorney, said Ms. Heinen hasn't been told that she is a target of any investigation. "Nancy has had a long career and is a well respected lawyer in Silicon Valley," Ms. Arguedas said.

In after-hours trading yesterday, Apple shares were down 58 cents to $74.80.

Jobs Didn't Know Of Stock Options' Accounting Issues (USAT)

By Jefferson Graham

USA Today, October 5, 2006

Apple CEO Steve Jobs was aware of the company's practice of backdating stock-option grants but unaware of the accounting implications, the company said Wednesday.

A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday.

“I apologize to Apple shareholders and employees for these problems, which happened on my watch,” Jobs said. “They are completely out of character for Apple.”

In August, Apple said its quarterly report would not be filed on time because it was reviewing its practices for granting stock options and that it might have to restate past earnings results. It confirmed Wednesday that it will restate some results to record non-cash charges for compensation expense relating to past stock-option grants.

The review discovered that dates on stock-option grants made on 15 dates from 1997 to 2002 preceded the approval of the grants, Apple said Wednesday.

The board found that Jobs was aware that favorable grant dates had been selected but didn't receive or benefit from the grants and was unaware of the accounting issues. Apple said its investigation found no misconduct by any member of Apple's current management team.

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Jobs said Apple will work to resolve the remaining accounting issues "as quickly as possible" and to put measures in place "to ensure that this never happens again."

Apple's investigators looked at 650,000 e-mails and documents and conducted interviews with more than 40 current and past Apple employees, directors and advisers.

Dozens of other companies are entangled in some sort of stock-option trouble, mostly over backdating.

"What the report confirms is that the black eye on Apple we anticipated is indeed a black eye," says Gene Munster, an analyst at equity firm Piper Jaffray. "The scope of the number of grants is bigger than I expected, but the good news is this is all in the past."

His biggest concern was the impact on Jobs. "He offered an honest assessment and comes out fine, and that's what really matters."

Apple said the investigation raised "serious concerns" regarding the actions of two unnamed former officers in connection with the accounting, recording and reporting of stock-option grants. Apple will provide all details regarding their actions to the Securities and Exchange Commission, it said.

Apple stock fell 58 cents in after-hours trading to $74.80.

Apple Says Jobs Knew Of Options (NYT)

By Laurie J. Flynn

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Apple Computer said on Wednesday that an internal review had found that Steven P. Jobs, the chief executive, knew that the company was backdating some stock options granted to employees to inflate their value.

The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been "irregularities" with some options granted to Mr. Jobs, but he declined to elaborate.

Apple, riding high on the popularity of its iPod music player, repeated that it would most likely need to restate past financial statements, but said it had not yet determined the amount or for which periods.

"I apologize to Apple's shareholders and employees for these problems, which happened on my watch," Mr. Jobs said in a statement. "They are completely out of character for Apple." Mr. Jobs said the company was working to resolve the remaining issues quickly.

Apple revealed in June that it had discovered irregularities related to stock options awarded between 1997 and 2001.

By doing so, it joined more than 100 companies, including Microsoft, that have announced investigations into their options practices.

At the time, Apple said it was examining a grant made to Mr. Jobs that may have been improper. Mr. Dowling would not discuss the specifics of that grant on Wednesday.

Apple also announced that Fred D. Anderson, an Apple director who was chief financial officer from 1996 to 2004, the period when the questionable grants were made, had resigned from the board, and said he had told the company that "he believes it is in Apple's best interests" that he leave.

Mr. Anderson is now managing director of Elevation Partners, a high-profile private equity company he helped found after leaving Apple.

Roger McNamee, Elevation's chief executive, said in an e-mailed statement that he had confidence in Mr. Anderson, whom he considered to have "uncompromising character," and that he would remain part of the company.

Apple's statement said the financial investigation "raised serious concerns" about the activities of two other former Apple officers, but did not name them. The company said it would share details with the Securities and Exchange Commission.

Apple said the investigation found no misconduct by anyone on the company's current management team. Mr. Dowling said the company was not required to discuss Mr. Jobs's role in the options grants, but was doing so in the interest of full disclosure. He said Mr. Jobs was not available for an interview.

Apple shares fell 66 cents, or 0.9 percent, in after-hours trading, after rising $1.30 in regular trading to close at $75.38.

Charles R. Wolf, an analyst with Needham & Company, said that investors were likely to respond favorably in the long term, and that he did not expect Apple's restatement of earnings to be significant or to hurt its future performance.

"The major risk in the backdating of options was that somehow Steve Jobs was actively involved," Mr. Wolf said. "The announcement today eliminated that possibility."

Mr. Wolf said it was within reason that Mr. Jobs would not have paid attention to the backdating, particularly given that it was common and legal. "I don't think he'd know an asset from a liability," Mr. Wolf said of Mr. Jobs. "That's not his game."

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One unusually large grant to Mr. Jobs had been under scrutiny. Apple disclosed on Jan. 19, 2000, that he had received options to buy 10 million shares, effective Jan. 12. Those options carried a strike price of $87.19, the stock's lowest closing price in the two months up to that date; by Jan. 19, the stock had risen to $106.56.

The options later became worthless as Apple's stock price declined. Mr. Jobs canceled most of his options in 2003 and was given restricted stock instead.

A week after Apple disclosed its investigation, two shareholder lawsuits filed in California charged current and former Apple executives and directors with manipulating stock grants. Those suits are still pending.

Apple said on Wednesday that stock option grants made on 15 dates between 1997 and 2002 appeared to have grant dates that preceded the approval of those grants. The company said the last one came in January 2002. Mr. Dowling said that the 15 dates represented 6 percent of all stock grants during the period.

At the time of the options grants, it was not uncommon for companies to disclose stock option awards days or weeks after a grant was made. But the Sarbanes-Oxley Act of 2002, which addresses corporate accountability, now requires companies to report option grants within two days.

Apple reported the findings after a special committee of outside directors, lawyers and accountants completed a three-month investigation, examining more than 650,000 documents.

Apple CEO Apologizes In Options Scandal (WP)

By Carrie Johnson

The Washington Post, October 5, 2006

Apple Computer's chief executive, Steve Jobs, apologized yesterday for a stock options scandal that he said "happened on my watch," after a three-month internal investigation uncovered "serious concerns" with the actions of two former executives.

Jobs was aware "in a few instances" that unnamed company executives had gone back in time to cherry-pick dates when stock prices were low to increase the likelihood that employees would turn greater profits. But Jobs did not "receive or otherwise benefit from these grants," the Cupertino, Calif., company said in a statement after the markets closed.

Apple disclosed in June that Jobs had received one of the grants, but it was eventually canceled and he did not profit from it. Jobs was "unaware of the accounting implications" of the stock maneuvers, the company said, a conclusion that could provide him some regulatory cover.

The company declined to identify the two former executives whose conduct over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the "best interests" of the company. Apple's longtime general counsel, Nancy Heinen, resigned earlier this year. Anderson could not be reached for comment, and Heinen's lawyer did not return phone calls.

Apple will provide the results of its investigation, which covered interviews with more than 40 current and former employees and a review of 650,000 e-mail messages and documents, to the Securities and Exchange Commission, spokesman Steve Dowling said in a telephone interview.

Stock options give employees the chance to purchase stock at a set price and within a specific period of time. Employees profit based on the difference between the stock price on the date of the award and the date they sell the shares. Options were a popular tool in the 1990s for companies to recruit and retain employees.

In recent months, securities regulators have said they are investigating more than 100 public companies for altering the dates of option awards to ensure greater potential profits for employees. In some cases, executives appear to have selected dates when the stock price was lower, after the fact, increasing the likelihood that they and favored employees would profit. Backdating is not in itself illegal, but companies must disclose such maneuvers to investors and board members.

Apple's problems with stock options broke into public view four months ago. The review of the transactions, by John Potter at the law firm Quinn Emanuel Urquhart Oliver & Hedges LLP, flagged an undisclosed number of backdated stock option awards that were made on 15 dates between 1997 and 2002. No members of the company's current management team were implicated in the probe, according to the news release.

Apple previously announced it would need to restate earnings from 2003 to 2005. But the company said yesterday that it was continuing to explore which periods required restatements. Apple has not assessed the possible charges or their tax and accounting implications, the statement said.

"We will now work to resolve the remaining issues as quickly as possible and to put the proper remedial measures in place to ensure that this never happens again," Jobs said.

Jonathan D. Hoopes, a managing director at ThinkEquity Partners LLC in New York, called Apple's problems "unfortunate." But Hoopes still carries a positive outlook on Apple, which he said was well positioned to increase its stock price and its

profitability with strong back-to-school and holiday seasons. Apple's stock fell 58 cents to $74.80 in after-hours trading as of 8 p.m.

"If Steve [Jobs] would have taken the fall, it would have been a much different story," said Hoopes, who neither owns Apple stock nor does banking business with the company.

Apple Presents Stock Option Findings To Feds (LAW)

By Justin Scheck And Petra Pasternak, The Recorder

California Recorder, October 5, 2006

A day before Apple Computer publicly announced results of an internal investigation over stock option backdating, the company's lawyers held a meeting with federal prosecutors in San Francisco to spell out what they'd found.

Lawyers for Apple wouldn't comment on Tuesday's meeting with the feds. "I really can't say anything about it," said John Potter, the partner at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation for a board committee. And George Riley, a partner at O'Melveny & Myers who represents the company, was similarly taciturn. "To be clear: we have no comment on the story," he wrote in a Wednesday e-mail.

Apple publicly revealed Wednesday that 15 option awards between 1997 and 2002 "appear to have grant dates that precede the approval of those grants," according to a public document filed with the SEC.

The company's CEO, Steve Jobs, apparently "was aware that favorable grant dates had been selected" but was unaware of the accounting ramifications and didn't personally benefit, the filing said. Board member and former CFO Fred Anderson resigned, it added.

The investigation also raised "serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants," the company said in the filing, though it did not specifically name any executives. "The company will provide all details regarding their actions to the SEC."

Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts.

Longtime Apple GC Nancy Heinen left the company earlier this year for undisclosed reasons. She subsequently retained Cristina Arguedas, the top Bay Area criminal attorney who is also representing former Hewlett-Packard general counsel Ann Baskins.

Arguedas would only say Wednesday that "Nancy Heinen has had a long career, and is a well-respected lawyer in Silicon Valley, and is well-known for her integrity."

Reached Wednesday afternoon, Heinen likewise declined to comment. "I'm in the grocery store, I'm not gonna talk," she said with a small laugh.

A spokesman for the Northern District of California U.S. Attorney's Office declined to comment on the Apple investigation.

The plaintiffs bar immediately descended on Apple after the company first announced it had stock option problems at the end of June. A derivative suit filed in U.S. district court in San Jose does not name Heinen as a defendant, however.

But Jeffrey Krinsk, name partner at San Diego's Finkelstein & Krinsk, said his firm plans to name Heinen in another derivative class action as an officer who had either been a recipient of backdated stock options, or who had known about Apple's practices. The firm plans to file in state court by the end of the week.

"We believe there's liability directed at her for her acts and practices in connection with backdating," Krinsk said.

Lay's Lawyers Want Judge's Ruling To Wipe Record Clean (HC)

By Kristen Hays

Houston Chronicle, October 5, 2006

Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name.

They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned.

Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases.

A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction.

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Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants.

Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23.

Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died.

However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government "did not introduce, let alone obtain passage of, any such legislation."

Also, no lawmakers stepped forward to sponsor such legislation.

Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks.

Justice Department spokeswoman Jaclyn Lesch declined comment Wedensday.

In another Enron case, prosecutors said in a filing made public Wednesday that they intend to ask for leniency when a former investor relations executive is sentenced Friday for insider trading.

Paula Rieker, 52, pleaded guilty to that charge in 2004. She testified against Lay and Skilling, saying both lied to or misled investors about Enron's financial health.

Rieker, Enron's former No. 2 executive in investor relations who later became corporate secretary, faces anywhere from probation to a maximum of 10 years in prison for insider trading. The government didn't suggest a specific sentence, but said in Wednesday's filing that she was among "primary insiders" who helped prosecutors win convictions against the former top two executives.

Rieker's lawyers also have asked for leniency, but a judge allowed their filing on that subject to be sealed from public view because it addresses her health and finances.

Judge Orders Ex-Kmart Execs To Trial (FINDLAW/AP)

AP, October 5, 2006

(AP) - FLINT, Mich.-A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing.

In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005.

"We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated," McDonald's lawyer John Sylvia said Wednesday.

Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith.

Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003.

It acquired Sears, Roebuck & Co. in 2005. The new company, called Sears Holdings Corp., is based in Hoffman Estates, Ill.

The SEC wants to bar the men from serving as officers at public companies and recover an unspecified amount of money.

"The SEC now looks forward to presenting its case to a jury for decision," SEC enforcement lawyer Dean Conway told The Detroit News.

The SEC says the men made false statements during a Nov. 27, 2001, conference call with investors that concealed the extent of Kmart's financial difficulties.

On the Net:

U.S. Securities and Exchange Commission: http://www.sec.gov

Sears Holdings Corp.: http://www.searsholdings.com

CRIMINAL LAW:

Order On Documents Signals Justice Dept. May Pursue Foley (WP)

DOJ_NMG_0075301

By Dan Eggen And Allan Lengel

The Washington Post, October 5, 2006

Federal prosecutors yesterday ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman.

The three-page "preservation letter" -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts.

FBI agents also continued to seek out current and former pages who may have had contact with the former Florida congressman, who resigned Friday after some inappropriate comments he made to pages in e-mails and online instant messages became public.

One law enforcement source said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to determine how many pages may have communicated with Foley. Investigators are not limiting their interests to participants in the congressional page program, sources said.

The Florida Department of Law Enforcement also confirmed yesterday that it has begun its own preliminary inquiry.

The legal developments only served to worsen the expanding political crisis for House Republicans just five weeks before the midterm elections, as Speaker J. Dennis Hastert (R-Ill.) fought to hold on to his job amid fierce criticism of the way he and other GOP leaders handled the Foley scandal. Foley's former chief of staff, Kirk Fordham, announced yesterday that he was resigning from his current job as chief of staff for Rep. Thomas M. Reynolds (R-N.Y.), and he said he had warned Hastert's office about Foley's worrisome conduct more than three years ago.

Although the Justice Department's inquiry is still defined as a preliminary investigation, the demand to preserve records and other moves by Justice investigators significantly increase the likelihood that prosecutors will soon open a full criminal investigation and bring the case before a grand jury, several officials said.

The letter was also aimed at avoiding another legal conflict with the House, which strenuously objected in May when FBI agents raided the office of Rep. William J. Jefferson (D-La.) seeking evidence in a bribery investigation.

On other fronts, the Justice Department and the FBI are preparing to use administrative subpoenas to obtain subscriber information for the e-mail accounts at the heart of the case, according to law enforcement officials. Authorities said their job will be made more difficult because providers such as AOL do not keep records of instant messages, the real-time text chat used in the sexually explicit exchanges Foley is accused of engaging in.

Foley sent e-mails to pages from an AOL e-mail account with the screen name "Maf54," and he used the same identification for chats on AOL's popular AIM service, according to ABC News, which obtained the communications from former pages.

Law enforcement officials said earlier that the FBI had not yet demanded information from AOL or other communications providers in connection with the case. AOL spokesman Andrew Weinstein said the company would not comment regardless of whether such a demand had been received.

Weinstein said AOL servers do not record instant messages, although it is possible to do so under a court order. That, Weinstein said, means AOL could not retrieve Foley's past instant messages -- which appear to have been sent primarily in 2003. But users can easily copy, save or print such exchanges themselves.

The focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators "have not ruled out any number of possible crimes that could be looked at," said one official, who along with others requested anonymity because of the ongoing investigation.

David Schertler, a former federal prosecutor now in private practice in the District, said federal law would apply to "whoever persuades, induces or entices," by telephone or e-mail, a minor to engage in sexual activity, whether or not a sex act occurred. "Some of the comments that are in those e-mails could be interpreted as violations of the statute. Whether or not they present a compelling case is another matter," Schertler said.

The chat exchanges attributed to Foley so far include lewd discussions of body parts and sex acts and hint at intimate meetings that either happened or were sought by Foley.

Two law enforcement officials said the ages of the boys communicating with Foley could be a serious complication, however. Federal law defines a minor as anyone under 18, but many jurisdictions set a lower age of consent for sexual acts. Federal officials say they take into account the age of sexual consent in a local jurisdiction when determining whether a federal law has been violated.

In the District, for example, the age of consent is 16, although lawmakers this year passed legislation allowing prosecution of ministers or other people of authority who have sex with someone 17 or younger.

Officials said there has been no attempt at this point to raid or seize the records in Foley's office.

Stuart F. Pierson, a former federal prosecutor who is now a lawyer with the D.C. firm Troutman Sanders LLP, said getting to Foley's computers may require negotiation with the House counsel's office.

"There are a lot of sensitivities searching a congressman's office," he said.

Hastert indicated to reporters Monday that House leaders "expect everybody to cooperate" and would not stand in the way of investigators. Foley's attorney, David Roth, also pledged full cooperation with the FBI. "Nothing will be altered," he said.

DOJ Asks House To Preserve Foley Materials (RC)

By John Bresnahan

Roll Call, October 5, 2006

Senior Justice Department officials have asked House lawyers to "preserve" all the material and items still in former Rep. Mark Foley's (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear.

Foley, who resigned from Congress on Friday following the release of sexually graphic electronic messages he sent to former House pages, personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them.

A federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court.

According to Clerk of the House's official Web site, "The files generated by a Member's [C]ongressional office and accumulated in the course of service as a Member of the U.S. House of Representatives are the personal property of the Member." This includes any electronic or telephone records, computer files, calendars, meeting logs, CDs or other materials.

Although he has left office, Foley still retains the right to assert his privilege under the Speech or Debate Clause that any materials in those offices are related to the legislative process and therefore immune from search by FBI agents or other executive-branch officials. Rep. William Jefferson (D-La.) has raised similar privilege claims in his legal battle with the Justice Department, which is targeting the Democratic lawmaker as part of an ongoing bribery and corruption probe.

While Foley is unlikely to succeed in a claim that his e-mails or electronic messages to the former pages are privileged, he could attempt to slow down the FBI investigation of his contacts with the former pages, and thus bolster his position in any future negotiations with DOJ prosecutors.

"I know of no case where the privilege was lost because a Member was no longer in office," said Charles Tiefer, a former House general counsel who is now a professor at the University of Baltimore School of Law. Tiefer served as general counsel from 1984 to 1995. "It has never been the tradition that the privilege lapsed."

Since Foley's resignation, the Clerk of the House has taken physical control of the former lawmaker's offices in Florida and Washington, D.C. — the regular procedure when a Member dies in office or suddenly resigns. The locks were changed on the offices, and the Clerk is acting as a custodian for all the materials and records inside the Cannon House Office Building and district offices in the Florida cities of Palm Beach Gardens, Port St. Lucie and Port Charlotte.

Scott Bunnell, chief of DOJ's Criminal Division, requested in a Tuesday letter to Geraldine Gennet, the House general counsel, that House officials "ensure that all potentially relevant information is preserved" to help the FBI with its Foley investigation.

The steps that Bunnell requested House officials take included cutting off any remote access Foley has to computers located in his old Congressional offices, as well as directing Foley's former staffers in writing "that they are not to delete, shred, or otherwise destroy and documents in the office or on the computer."

Bunnell asked House officials to unplug any computer Foley personally used to retrieve e-mail traffic or track Internet sites he visited.

Jay Eagan, the Chief Administrative Officer for the House, already is setting aside electronic tapes on the House computer server, although this will cover only a two-week period. Other e-mail and electronic message records related to Foley, especially those sent or received in non-Congressional accounts, will have to be obtained from private companies.

Bunnell said the Justice Department's Child Exploitation and Obscenity Section, a unit within the Criminal Division, as well as the U.S. attorney's office for the District of Columbia, are overseeing the Washington portion of the Foley investigation. FBI agents in Florida also are working on the case, with additional investigators fanning out across the country to speak to former Congressional pages about their dealings with Foley.

In conversations with House lawyers, DOJ officials "have stressed the importance of preservation, and in particular the importance of obtaining a properly rendered image of the hard drive [on Foley's computer] for forensic purposes," Bunnell wrote.

The Justice Department wants to bring in its own computer experts to handle any forensic reconstruction on Foley's computers, Bunnell said. This includes the BlackBerry issued to Foley by the House, which Foley reportedly used to contact at least one teen and have "Internet sex" during a House vote in 2003, according to ABC News.

Bunnell and other DOJ officials, including Alice Fisher, assistant attorney general for the Criminal Division, are cognizant of the sensitive legal and political issues they face in investigating Foley, especially as it regards removing potential evidence from his office, according to sources close to the case.

Attorney General Alberto Gonzales and other DOJ officials came under intense criticism from House leaders in May after FBI agents raided Jefferson's office. While the agents had a search warrant approved by a federal judge, Speaker Dennis Hastert (R-Ill.), Minority Leader Nancy Pelosi (D-Calif.) and other leaders from both parties strongly objected to the move, which they considered a serious breach in the constitutional separation of powers between the executive and legislative branches. President Bush became personally involved in easing those tensions, although Justice and Jefferson's lawyers are still fighting in court over the propriety of the search.

In this case, Bunnell acknowledged that the House simply cannot turn over the Foley materials to the FBI, despite the furor over Foley's activities.

"This simply is a request for preservation to 'freeze' what information is currently available," Bunnell wrote. "We can address subsequently the matter of production of information, although we are ready to accept anything that you are presently able to provide to the Department."

Tiefer said there is "a fairly well-established legal tradition" that Foley personally owns any materials in his Congressional office.

Tiefer, however, believes that Foley will have a difficult time asserting a Speech or Debate privilege over any sexually explicit electronic exchanges with teenage boys, even if those records are contained in a computer hard drive that also includes material that is clearly legislative, and thus privileged.

"It's not like [the page] e-mails are in a gray zone," Tiefer said. "This is his social life. It's very easy [for the House] to turn over evidence that relates to a Member's social life rather than legislative business."

While Foley could seek to slow the investigation by asserting privilege, Tiefer said it's possible to set up a method to review Foley's computer files and electronic messages that excludes official items while allowing FBI agents to get the information they need. "It can go very fast. It does not have to be a long, drawn-out process," Tiefer said.

Foley's Ex-aide Resigns; Probe Intensifies (AP)

AP, October 4, 2006

WASHINGTON — The Justice Department ordered House officials to "preserve all records" related to disgraced Representative Mark Foley's electronic correspondence with teenagers, intensifying an investigation into a scandal rocking Republicans five weeks before midterm elections.

The development came as a congressional aide who counseled Foley to resign last week submitted his own resignation today. "I never attempted to prevent any inquiries or investigation," Kirk Fordham said in a statement.

Fordham was once Foley's chief of staff. At the time of his resignation he had been serving in the same capacity for Rep. Tom Reynolds, R-N.Y., a member of the GOP leadership who has struggled to avoid political damage in the scandal's fallout.

Republicans have been struggling to put the scandal behind them, but another member of the leadership, Rep Roy Blunt of Missouri, said pointedly during the day he would have handled the entire matter differently than Speaker Dennis Hastert did, had he known about it.

"I think I could have given some good advice here, which is you have to be curious. You have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Foley resigned last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, according to a Justice official speaking on condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

Justice Department spokeswoman Tasia Scolinos stressed that the investigation is still preliminary.

Fordham played a key role in fast-developing events late last week. Initially, Foley was reported to have written overly friendly — not sexually explicit — e-mails to a former Capitol page. A day later, ABC news followed up with a report that said the Florida lawmaker had also sent sexually explicit instant messages to at least one other male page.

He said earlier this week he asked Foley about the sexually explicit instant messages, and the congressman confirmed they were probably his.

"Like so many, I feel betrayed by Mark Foley's indefensible behavior," he said. He blamed Democrats for seeking to make a political issue of the matter in Reynolds' re-election campaign, "and I will not let them do so."

There were signs of concern among Republicans, as well.

Sen. John McCain of Arizona called for a group of former senators and others to investigate how the House handled the affair.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said during a campaign speech for Sen. Lincoln Chafee in Rhode Island. "I think it needs to be addressed by people who are credible."

Some other Republicans rallied to the speaker. The chairmen of two coalitions of social and fiscal conservatives in Congress said he should not step down. "Speaker Hastert is a man of integrity," Rep. Mike Pence, R-Ind., and Rep. Joe Pitts, R-Pa., said in a joint statement.

Rep. Rodney Alexander, R-La., the congressman who sponsored the page at the heart of the furor, said Hastert "knew about the e-mails that we knew about," including one in which Foley asked the page to send his picture. But he quickly backed off that comment, saying he discussed the e-mails with Hastert's aides, not the speaker himself.

"I guess that's a poor choice of words that I made there," he told AP.

Hastert has insisted he not know about the e-mails that were discussed with his staff.

Alexander said in an interview he first took up the matter after receiving press inquiries in November, when he told Hastert's staff and the parents of the 16-year-old boy who received the e-mails. The parents wanted the correspondence stopped but apparently did not want to take the matter further.

After a second round of press inquiries in the spring, Alexander said, he again notified the family and discussed the e-mails with the new majority leader, John Boehner of Ohio, on the House floor during a vote.

Alexander said Boehner turned first to Reynolds, the architect of the Republican midterm election strategy.

"I went to Boehner before Reynolds," Alexander told AP. "He sent Reynolds to me to talk about it. Within a minute Reynolds and I were talking."

Boehner and Reynolds have both said they had spoken with Hastert about a complaint concerning a former page from Louisiana last spring, after Alexander told them about it.

The uproar that followed Foley's resignation has enveloped Republicans who were already at risk at losing control of Congress in elections five weeks away.

Conservative activist Richard A. Viguerie was among those who called for Hastert to step down. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," Viguerie said on Fox News.

Hastert has said he would not quit.

Alexander defended Hastert on Wednesday, as well as his own response.

"Hey, what else was I supposed to do?" Alexander asked. "I was very uncomfortable even talking to somebody in the speaker's office."

Investigators To House: Keep Foley Documents (CNN)

CNN.com, October 5, 2006

WASHINGTON (CNN) -- Federal investigators have asked the House of Representatives to keep computer records and papers from former Rep. Mark Foley's office, a senior Justice Department official said Wednesday.

The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said.

The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said.

House members are expected to cooperate with any necessary searches during the probe, according to federal law enforcement sources. (Watch the House speaker insist GOP leaders didn't initially see the messages to the page -- 2:25)

DOJ_NMG_0075305

Foley, a Republican who represented a district in Florida, resigned Friday amid allegations that he sent "overly friendly" e-mails to a male teenage page in the House. Soon afterward, sexually explicit instant messages, allegedly between Foley and a page, surfaced. The former congressman checked in to a treatment facility Sunday for alcoholism and mental issues, his lawyer said.

Attorney David Roth held a news conference in West Palm Beach, Florida, on Tuesday to announce that Foley was gay and had been molested when he was a teen by a clergyman. Roth would not elaborate. He said Foley would explain when he was discharged from the treatment center, which will take at least 30 days.

Roth conceded that his client engaged in inappropriate exchanges with pages and former pages. However, Roth emphatically stated that Foley "never, ever had an inappropriate sexual contact with a minor in his life." Any assertion that Foley is a pedophile is "categorically false," Roth said. (Watch Roth explain how Foley was molested -- 2:07)

Foley was under the influence of alcohol when he wrote the messages, the attorney said.

Roth's statement came shortly after ABC News published an instant message exchange that it said showed Foley had cybersex with a teen before a House vote in 2003. ABC News has released several portions of lurid instant messages, allegedly between Foley and a page.

On Wednesday, more allegations surfaced. Rep. Deborah Pryce, R-Ohio, asked House Clerk Karen L. Haas to investigate "rumors" that Capitol Police stopped an intoxicated Foley from entering the page residence hall.

Pryce wrote in her letter to Haas that the rumors indicate the incident happened "within the last several years." Pryce also wrote that there is a claim that the director of Republican pages took concerns about Foley to then-House Clerk Jeff Trandahl. (Watch a page recount how an exchange with Foley "turned sexual almost immediately" -- 2:02)

Both claims came to light during a conference call with members of the House Republican Conference, Pryce wrote.

"The facts behind these rumors need to be made clear so that we can help ensure the future safety of young people who are left in Congress' charge when they serve as pages," she wrote. Washington ethics group: FBI knew

House Majority Leader John Boehner, of Ohio, wrote a similar letter to Haas about the residence hall rumor. The letter dated Tuesday stated Boehner was "seeking information as to whether this alleged incident occurred and to whom it may have been reported."

The Washington watchdog group that first published the inappropriate e-mails between Foley and a Louisiana teenager said Wednesday that it told the FBI in July about Foley's communications. Those messages were deemed by a congressman who oversees the page program inappropriate but not sexually explicit.

The FBI contends that Citizens for Responsibility and Ethics in Washington did not provide enough information -- including the pages' identities and e-mail addresses -- to pursue the case. The FBI reviewed copies of the messages, government officials said, but did not have enough information to move forward with an investigation or seek subpoenas.

CREW Executive Director Melanie Sloan disputed that account, saying the FBI was given the teen's full e-mail address July 21. CREW received the e-mails that day from "a third party who had gotten them from a congressional staffer," she said. (Watch Sloan question why the inquiry took so long -- 1:44)

Sloan said they were sent via e-mail to the FBI.

"The agent called me to follow up to say, 'So, these are e-mails from Mark Foley?' And I said, 'Yes.' And that was the end of our interaction," she said.

CREW has questioned whether the White House helped "cover up Rep. Foley's conduct and leave a potential sexual predator on the loose." The group also asked the Justice Department's inspector-general to investigate why the FBI didn't take further action.

The scandal has rocked the Republican leadership of the House about five weeks before the November midterm elections. It also has triggered a call for House Speaker Dennis Hastert, an Illinois Republican, to step down, but his spokesman and fellow GOP congressmen have said that isn't going to happen. (Watch the GOP defend Hastert -- 2:54)

Hastert asked the Justice Department on Sunday to investigate Foley's conduct and what steps were taken by House members and staff when concerns about the congressman came up.

Government officials said several former pages have been interviewed, and investigators are still trying to find and interview others. Part of this process is "getting real people to make real charges," one official said.

House leaders have acknowledged they were told in late 2005 that Foley was sending "overly friendly" e-mails to the Louisiana teen. Rep. John Shimkus, the Illinois Republican who chairs the board overseeing the page program, told Foley to stop, and said Foley claimed he would.

Rep. Tom Reynolds, a Republican from New York and head of the GOP's House campaign committee, has said he warned Hastert about Foley's e-mail in the spring. Hastert said he doesn't dispute Reynolds' account but doesn't recall the conversation.

Reynolds' chief of staff resigned Wednesday amid allegations he tried to protect Foley from congressional inquiries. Kirk Fordham, who previously had served as Foley's chief of staff, denied taking any inappropriate action on Foley's behalf. Fordham said he was merely reaching out to Foley "as any good friend would."

According to The Associated Press, Fordham claims he told Hastert's three years ago about Foley's worrisome conduct with the pages, a claim Hastert's office denies.

Meanwhile, Rep. Ray LaHood, a Republican from Illinois, has called the page program "antiquated" and suggested suspending it until "some scholarly people in Washington really evaluate the program and bring it into the 21st century," (Watch how alleged improprieties involving pages are nothing new -- 2:45)

"These young men and women come to Washington, look to us as their heroes and people they can look up to, and then we betray their trust -- or some members betray their trust -- by taking advantage of them," he said. "We should not subject young men and women to this kind of activity and this kind of vulnerability."

Along with the FBI, the Florida Department of Law Enforcement and the House Ethics Committee are also investigating Foley's conduct and whether there was any attempt to cover it up.

CNN's Kelli Arena, Terry Frieden, Susan Candiotti, Andrea Koppel, John Zarrella and Dana Bash contributed to this report.

NATIONAL Foley Probe Shifts Into Higher Gear, But Not In Florida (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 5, 2006

- As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do.

"We're not doing anything right now," said a Justice Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly "sensitive" matter.

"They told us it's very sensitive so we shouldn't say anything," the official said. "That's no problem, because we're not doing anything."

Four days after House Speaker Dennis Hastert requested a federal investigation to determine if Foley had committed any crimes by sending raunchy Internet messages to congressional pages, House officials said Wednesday they have received a request from a U.S. prosecutor in Washington to protect all documents - computerized and otherwise - that are connected to the sex scandal.

The "preservation letter," as it is called in legal circles, is a common, often-standard move that foreshadows the possible issuance of subpoenas and search warrants.

FBI agents in Washington have begun interviewing those connected with the House page program as part of a preliminary assessment to gauge if enough indications of potential wrongdoing exist to launch a criminal probe.

The FBI has been designated the lead law enforcement agency for that task, with Florida Department of Law Enforcement personnel to serve in a secondary role, according to FDLE spokesman Tom Berlinger.

Meanwhile, AOL officials said Wednesday that they cannot comment on whether they have been contacted by federal agents in search of records of e-mail messages Foley sent from his personal AOL account, under the online name "MaF54."

In general, according to AOL spokesman Andrew Weinstein, the company will provide such records to police or prosecutors if they are served with a subpoena or court order. But he said the company keeps outgoing e-mails for only about 28 days, and incoming ones for roughly seven.

"After that, we no longer have copies of those mails on our servers, unless the user proactively chooses to save their mail for a longer term on AOL or on their own computer," Weinstein said in an e-mailed interview.

He also said the company does not save Instant Messages. The most lurid online conversations Foley engaged in took place via those instantaneous chats, including once while the lawmaker waited to vote on the House floor.

The ramping up of the federal probe came on the same day that the scandal, which propelled Foley Friday into resigning the office he had held for 12 years, claimed another Capitol Hill victim.

On Wednesday, Kirk Fordham, Foley's former top aide, resigned his current job as chief of staff to an upstate New York House Republican Wednesday. In an interview with the Associated Press, Fordham fired shots at House leaders and "unnamed sources" who have accused him of intervening to squelch an investigation of Foley's conduct and communications by the House board that oversees the page program.

"At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior," said Fordham, who was the chief of staff to Rep. Thomas Reynolds, R-N.Y., until Wednesday. "I have no reason to state anything other than the facts."

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As more of the secret side of Foley's life has emerged over recent days, along with transcripts of his sexually suggestive or explicit Internet conversations, House GOP lawmakers have traded jabs about who had been informed of Foley's inappropriate conduct, and when that occurred.

Fordham added to the roiling atmosphere when he said Wednesday that he had told the House speaker's office three years ago about the unseemly behavior and asked Hastert to intervene. Hastert says he does not recall being informed then about Foley's apparent fondness for interacting with the high-school-aged pages.

Hastert also has said he does not remember learning about similar concerns from other House GOP leaders. He stood steadfast Wednesday with his refusal to resign as the House's top leader, even as calls for him to step down have continued.

On Wednesday, Hastert took another blow when Rep. Ron Lewis, R-Ky., rescinded his invitation to Hastert to appear at a Kentucky fundraiser next week. Until the scandal erupted, Hastert had planned to crisscross the country to campaign for GOP candidates right up until the November elections.

Justice Department Asks House To Preserve Foley Office Records (BLOOM)

By Robert Schmidt

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Federal prosecutors have asked the counsel for the House of Representatives to preserve records from former Congressman Mark Foley's office, a U.S. Justice Department official said.

The request, in a letter from Washington interim U.S. Attorney Jeffrey Taylor, is a standard investigative move and doesn't necessarily signal a stepped-up criminal probe, said the official, who spoke on condition of anonymity. The FBI has said it is conducting a preliminary inquiry to determine if Foley broke any laws in his interactions with congressional pages.

The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages.

Foley, a Florida Republican, resigned on Sept. 29 after his online discussions with teenage boys became public. At his news conference yesterday, Roth said the lawmaker was sexually abused as a teenager by a clergyman and said that Foley's office records would be saved.

``Mark has absolutely agreed on his own and with our counsel not to do anything with any computer, not to delete any messages," Roth said. He intends ``to preserve the evidence."

House Speaker Dennis Hastert's office and the House counsel's office didn't return calls seeking comment on the Justice Department letter.

FBI's Foley Case Eyes Legal 'Gray Area' (AP-Y)

By Matt Apuzzo

AP, October 4, 2006

Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

Explicit computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

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One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Legal Case Against Foley Could Be Tricky To Build (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 5, 2006

Washington — Former Republican Rep. Mark Foley's electronic messages to congressional pages may have been vile, despicable and outrageous, as colleagues and critics have declared.

But was his conduct illegal?

If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page.

However, some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors.

Like many jurisdictions, the District has not raised its age of consent out of concern for flooding the courts with cases involving consenting teens. But not long after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18.

Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear. His lawyer has emphatically denied that Foley had sex with "minors," although he did not define what he meant by minors. And no page or former page has charged that the congressman seduced him.

The hodgepodge of state and federal laws on sex crimes is likely to pose a challenge for the Justice Department and for state and local authorities in their probes into the contacts Foley had with pages and whether any crimes were committed.

Many experts believe it will be hard to construct a criminal case against Foley, especially if he never acted on the otherwise salacious e-mails and instant-messages that have become public. Federal law makes it a crime to use the Internet to entice or solicit sex from minors, but charges cannot be brought unless the actions would constitute crimes in the states where they occurred.

By resigning his seat, Foley also preempted any action the House might have taken against him for violating House rules.

The House ethics code does not specifically bar sexual relationships with pages, but states that a congressman "shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives."

For child advocates, disparities in state laws over the age of consent have been a source of bitter frustration.

Regulating the Internet to protect children also has been a battleground between civil liberties groups and social conservatives. There is a profusion of new laws -- from criminalizing the online distribution or possession of child pornography to Internet-based registries of sex offenders.

The trend has been to raise the age of the minor protected under criminal statutory rape laws, without criminalizing sexual activity between peers.

"Do you really want a 17-year-old who has had sex with his 15-year-old girlfriend to have a lifetime stigma?" said Howard Davidson, director of the American Bar Association Center on Children and the Law.

But conservatives believe that an age of consent lower than 18 sends the wrong message to teenagers and partners.

"Child exploitation advocates have been fighting against this for years," said Patrick Trueman, who was chief of the Justice Department's obscenity and child-abuse section in the 1980s. Trueman said laws such as the District's age of consent rule are "tragic."

The state and federal laws that make it a crime to use the Internet to entice or solicit sex from minors, which might ensnare Foley, have been interpreted narrowly.

Some courts have held that words, however offensive, are not enough to constitute criminal conduct, according to Peter Swire, an Internet law expert at Ohio State University law school.

"One question is whether mere conversation is enough to meet the federal statute," Swire said, adding that some courts could find that speech is protected under the First Amendment.

In many enticement cases, prosecutors have brought charges only where the suspect has taken action to consummate illicit plans.

A Tennessee man, for example, was prosecuted a few years ago for soliciting sex with a minor after he showed up for a planned rendezvous at a hotel carrying $300, a box of condoms and a teddy bear.

E-mails and instant messages that have surfaced in the Foley affair appear to fall short of that standard.

At the same time, prosecutors have seized on predators' use of the Internet to extend the long arm of the law. Since Foley went online to communicate with former pages across the country, he may have exposed himself to laws in different jurisdictions.

Some reports indicate that Foley sent many e-mails and instant message to former pages from his Palm Beach-area home. In that event, Florida could apply its own tough laws, even if he were communicating with a youth in more permissive environs.

Besides its age-of-consent rules, Florida also makes it a felony to use the Internet to "seduce, solicit, lure, or entice" a child to have a sex or to attempt to do so.

Foley's Actions May Not Be Crime At Federal Level (WSJ)

By Gary Fields

The Wall Street Journal, October 5, 2006

WASHINGTON -- Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. attorney in Washington, D.C. "The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Mr. Howard says.

Mr. Foley, through his lawyer, has denied having sexual contact with any of the minors.

The Federal Bureau of Investigation said it was first notified of Mr. Foley's electronic communications with pages in July, and turned them over to three separate units at its Washington, D.C., field office to examine: the cybercrime squad, adult obscenity squad and the crimes against juveniles squad. None of the agents who examined the initial batch of emails saw a federal crime, said an FBI official familiar with the investigation.

However, revelations of other, more sexually explicit communications between Mr. Foley and the pages has spawned a full-fledged investigation by the agency. Wednesday, the Justice Department announced that it had notified the House counsel that it wanted Mr. Foley's computer preserved for evidence.

Among the issues being examined: Did Mr. Foley have obscene electronic conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him?

Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Mr. Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it

has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said.

In an exchange with a former page in California, Mr. Foley seemed to press the teen to state what the two would do if they got together for dinner -- and investigators are likely to zero in on that exchange.

"If Mr. Foley went to San Diego with the intent of having sex with a minor that would possibly fulfill the intent of the statute," says Carmen Hernandez, a Washington defense attorney, referring to the federal statute that deals with enticing or pressuring a minor to travel across state lines for sex with an adult. From the messages released so far it is unclear if Mr. Foley went to San Diego.

Still, it would be tough to make a federal case. One defense to such a charge would be that he wasn't traveling specifically to have sex with the page since he was traveling to attend the Republican Convention, Ms. Hernandez said.

At the state level, Mr. Foley's actions may make him much more vulnerable to criminal charges.

Earlier this year, Brian J. Doyle, then-deputy press secretary for the Department of Homeland Security, was arrested at his Maryland home and charged under Florida statutes for emailing sexually explicit messages to a Polk County, Fla., officer whom he thought was a 14-year-old girl. Mr. Doyle pleaded no contest last month to seven counts of using a computer to seduce a child and 16 counts of transmitting harmful material to a minor. His sentencing is next month.

Washington, D.C., has similar statutes, which apply even if explicit messages don't include images, as they did in Mr. Doyle's case.

In addition, Mr. Foley and a page talked about drinking at the representative's home. If authorities could show Mr. Foley bought alcohol, he could be charged with contributing to the delinquency of a minor. The penalty is a maximum fine of $1,000 and up to 180 days in jail. "All he'd have to do is buy a bottle of liquor. That would be enough. Then he's done something," Mr. Howard said.

E-mails To Teens Said To Fall In Gray Area Of Law (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say.

While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges.

Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor.

If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations.

"A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation," FDLE spokesman Tom Berlinger said Wednesday, without providing details of the department's efforts. "We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter."

FBI agents have begun interviewing participants in the House page program, a law enforcement official told The Associated Press on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

One federal law enforcement official told AP the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are now reviewing new evidence, including the instant message transcripts, to see if a law was broken.

The Justice Department also ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers. Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, a Justice official told AP on the condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

Foley's attorney said none of Foley's computer records would be altered or destroyed. He stopped short of saying whether Foley would voluntarily turn over his computers.

When it comes to arresting people who solicit minors for sex on the Internet, the FBI and local investigators routinely use undercover sting operations. There are typically two hallmarks in those types of arrests -- the conversations include graphic descriptions of what the defendant wants or intends to do, and the defendant is arrested after showing up for a rendezvous.

Graphic talk alone is rarely enough, said Joseph Dooley, a former FBI agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Robert Gershman, a West Palm Beach defense attorney who has represented clients charged with soliciting sex over the Internet, said there is no obvious smoking gun in Foley's Internet messages.

"The stuff I've read seems to be friendship, however immoral or inappropriate it may be," he said. "I haven't seen anything that solicits or entices."

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is to determine whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Ethics Panel Faces Decisions Over Foley (AP-Y)

By Larry Margasak

AP, October 4, 2006

The House ethics committee can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages.

The evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House.

This is not the first time the ethics committee has investigated a speaker. Outside counsels were hired in the probes of former Democratic Speaker Jim Wright and ex-Republican Speaker Newt Gingrich. Also, an outside counsel conducted a broad sex and drugs investigation in the early 1980s that ended with the censure of two House members for consensual relationships with House pages.

Ironically, the ethics committee several months ago bolstered its investigative staff with new hires, after breaking a long partisan deadlock that prevented the panel from launching new investigations.

The outside counsels in the investigations of Wright and the earlier page scandal both said the committee must hire an independent investigator to convince the public it can conduct a nonpartisan investigation of congressional leaders.

Joseph Califano Jr., hired for the 1980s page scandal, said, "This is a much more serious problem. It goes to the integrity of the House as an institution and the conduct of its leadership.

"If you want to make a statement of integrity, you should have an outside counsel and give the outside counsel free rein."

Califano had authority that would be difficult for the committee to accept now, especially with its enlarged staff. He had hired his own staff, he said, using "not a single staffer from the House. We operated totally independently."

Richard Phelan, hired to investigate Wright, said, "There's no way in the world they could do this credibly without an outside counsel. The perception outside (Washington) is that Congress and the speaker and those running Congress have screwed this thing up."

"I think you probably have to start with Hastert," he said.

He said an independent investigator could not only be objective and nonpartisan, but could give committee members political cover for any tough decisions to be made.

Phelan said an outside counsel has no concerns about political retaliation after an investigation ends. "I could go back to my law practice. I didn't worry about whether we get him or don't get him."

Wright ended up resigning from the House after an investigation of receiving impermissible gifts and exceeding then-existing limits on non-salary income.

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House Democratic leader Nancy Pelosi last week introduced a resolution that offered her road map for a thorough investigation.

It demanded to know when Foley's e-mails were sent, who knew about them, whether there was a pattern of inappropriate activity involving contacts with pages, when the Republican leadership was notified and what corrective action was taken.

She also demanded that the committee make a preliminary report in 10 days.

While that timetable may not be met, another timetable looms: the Nov. 7 election, when Republicans will try to retain control of the House. They took control in the 1994 elections, not long after an ethics investigation of lawmaker overdrafts — without penalty — in the Democratic-run special members bank that existed at the time.

McCain Calls For Investigation Of Complaints About Foley (AP)

By Michelle R. Smith

AP, October 4, 2006

PROVIDENCE, R.I. --Sen. John McCain on Wednesday called for Congressional leaders to appoint a panel of "credible" people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages.

"The institution is under assault right now," the Arizona Republican said after calling for the investigation during a campaign appearance on behalf of Sen. Lincoln Chafee, who is facing a strong challenge from a Democrat.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said.

Chafee said he supported McCain's call.

Foley, a Republican, stepped down last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Conservatives are now debating whether House Speaker Dennis Hastert should resign over his handling of complaints about Foley.

McCain said he would not want a commission, but a group of well-respected people appointed by agreement of Hastert and the Democratic leadership to look into the handling of complaints about Foley.

"I think it needs to be addressed by people who are credible," he said.

Among the names he mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission.

McCain called for the investigation during a speech to supporters of Chafee, who is being challenged by former state Attorney General Sheldon Whitehouse. Polls show the race is about even.

McCain said there's no way of knowing how the scandal will affect Chafee's race or other close races across the country. Democrats are hoping to take back control of the House and some have said they may be able to recapture the Senate.

Chafee said the scandal could be bad news for his campaign.

"It's not helpful," he said.

Wendy Schiller, a political science professor at Brown University, said with the Congressional scandal still unfolding and the election less than five weeks away, Republican voters could stay home in November because they are turned off. Independents who were on the fence might decide against Chafee.

"Democrats will not refrain from voting in this election," Schiller said.

Registered Democrats in Rhode Island outnumber Republicans more than three to one, although most registered voters in Rhode Island are not affiliated with any party.

McCain is the first of a list of national party stars coming to Rhode Island to campaign for the general election -- although so far the others are Democrats.

Sen. Barack Obama of Illinois, a charismatic speaker who electrified the crowd at the Democratic National Convention in 2004, is coming to support Whitehouse next week. Former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, are planning separate visits later this month.

Aide Says He Reported Foley 3 Years Ago (AP-Y)

By Devlin Barrett

AP, October 4, 2006

DOJ_NMG_0075313

House Speaker Dennis Hastert's political support showed signs of cracking on Wednesday as Republicans fled an election-year scandal spawned by steamy computer messages from former Rep. Mark Foley to teenage male pages.

At the same time, a congressional aide said in an Associated Press interview he first warned Hastert's aides more than three years ago that Foley's behavior toward pages was troublesome. That was long before GOP leaders acknowledged learning of the problem.

The aide, Kirk Fordham, said he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" several years ago.

The claim drew a swift, unequivocal denial from Hastert's chief of staff. "What Kirk Fordham said did not happen," Scott Palmer said through a spokesman.

Hastert's political difficulties were evident half a continent away.

Rep. Roy Blunt of Missouri, third-ranking leader, pointedly told reporters he would have handled the matter differently than the speaker, had he known of it.

"I think I could have given some good advice here, which is, You have to be curious, you have to ask all the questions you can think of," said Blunt, a member of the leadership. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Republican Rep. Ron Lewis of Kentucky, in a tougher-than-expected re-election race, abruptly canceled an invitation for Hastert to join him at a fundraiser next week.

"I'm taking the speaker's words at face value," Lewis told the AP. "I have no reason to doubt him. But until this is cleared up, I want to know the facts. If anyone in our leadership has done anything wrong, then I will be the first in line to condemn it."

Ron Bonjean, Hastert's spokesman, said the entire issue had been referred to the House ethics committee. "We fully expect that the bipartisan panel will do what it needs to do to investigate this mater and protect the integrity of the House," he added.

House Democratic leader Nancy Pelosi went one step further, saying in a statement that Hastert and the rest of the GOP leadership should be "immediately questioned under oath...."

"The children, their parents, the public, and our colleagues deserve answers and those who covered up Mark Foley's behavior must be held accountable," she said.

Foley, 52, a Florida Republican, resigned last Friday after he was confronted with sexually explicit electronic messages he had sent teenage male pages. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

His abrupt departure left behind an Internet-age sex scandal that has shaken Republican confidence — and poll numbers — little more than a month before elections at which their control of the House will be tested.

It also plunged Hastert and others into an intensive effort to grapple with conflicting claims about what senior lawmakers knew, when they learned and what they did about it.

Fordham resigned Wednesday as chief of staff to Rep. Thomas Reynolds, R-N.Y., the House GOP campaign chief who says he alerted Hastert to concerns about Foley last spring.

The longtime Capitol Hill aide said that more than three years ago, he repeatedly asked GOP staffers to intervene with Foley. He declined to identify them, but officials said Palmer, Hastert's chief of staff, was one of them.

Fordham also disputed allegations that he covered up any misdeeds by Foley. "At no point ever did I ask anyone to block any inquiries," said Fordham, who was Foley's longtime chief of staff until leaving in January 2004.

He said he intends to fully disclose to the FBI and the House ethics committee "any and all meetings and phone calls" about Foley that he had with senior aides in the House leadership.

State and federal investigators swung into action.

The Justice Department ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers, and one law enforcement official said FBI agents have begun interviewing participants in the House page program. It was not clear whether those questioned were current or former pages, or both.

The request for record preservation is often followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

The request was aimed at averting a conflict with the House similar to a standoff in May when FBI agents raided Louisiana Rep. William Jefferson's office seeking information in a bribery investigation.

Separately, the Florida Department of Law Enforcement has begun a preliminary inquiry.

Hastert was at home in Illinois during the day as he struggled with the first major cracks in his political support from fellow Republicans.

His office heatedly denied any suggestion that he intended to resign as speaker.

"When Republicans keep the majority this November, the speaker will run again and serve his full term should his colleagues choose to elect him," Bonjean said.

But the comments by Fordham coupled with the remarks by Blunt and Lewis' action, suggested Hastert's plans might face a challenge. The speaker is elected by the full House, but he essentially serves at the pleasure of the members of the rank and file of the majority party.

In this case, that's the Republicans, who already had been struggling to retain their majority in adverse political circumstances and now must contend with the questions about Hastert's actions.

Even a Republican from Hastert's home state of Illinois expressed reservations about asking the speaker for campaign help.

"We still take the position that we want all the facts," said Ryan McLaughlin, a spokesman for state Sen. Peter Roskam, who is running for an open seat now in Republican hands.

House Aide's Resignation Adds To Focus On Timing Of Warnings (WSJ)

By David Rogers

The Wall Street Journal, October 5, 2006

WASHINGTON -- A senior House Republican aide resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages.

The action came as the Justice Department ordered House officials to preserve all records related to Mr. Foley's electronic correspondence with the teenagers. The House Ethics Committee is expected to vote this morning to begin its own inquiry, and Sen. John McCain (R., Ariz.) urged House leaders to go further by appointing an outside panel to review the matter.

Less than a week after Mr. Foley's resignation, the developments dramatized how quickly the controversy has escalated, threatening Republican power in Congress and Speaker Dennis Hastert's hold on the House a month before midterm elections.

The departing aide, Kirk Fordham, is a friend and longtime former aide to Mr. Foley and served as chief of staff to the chairman of the House Republican campaign committee, Rep. Tom Reynolds of New York.

Mr. Fordham's resignation follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages. Mr. Fordham last night told news organizations that more than two years ago he had warned the Speaker's office of Mr. Foley's worrisome relations with House pages.

"I had more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said in a statement distributed through the Associated Press. In subsequent comments, he said he had met in late 2003 with the speaker's chief of staff, Scott Palmer, who then met with Mr. Foley with the speaker's knowledge, Mr. Fordham said.

"What Kirk Fordham said, did not happen," Mr. Palmer said. But the accusation could feed criticism that Mr. Hastert's office was slow to recognize the potential dangers posed by Mr. Foley's behavior.

Mr. Hastert says the first "red flag" came last fall, when a Louisiana family complained about overly personal emails sent by Mr. Foley to their teenage son, a former page. Those messages weren't sexually explicit, and at the family's request, the speaker said the first priority was to break off contact between Mr. Foley and the teen, not launch a full inquiry.

That decision has come back to haunt him and invited second guessing by other members of the leadership. Majority Whip Roy Blunt (R., Mo.) implicitly criticized the speaker for deferring to the parents when more answers were needed. "You have to ask all the questions you can think of," Mr. Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Mr. Blunt's remarks follow comments by Majority Leader John Boehner (R., Ohio), pinning responsibility for the page program -- and by implication the current controversy -- on Mr. Hastert. While the speaker retains a reservoir of strong support in his caucus, jittery candidates are beginning to back away from having him in their districts.

Rep. Ron Lewis (R., Ky.) announced that he had canceled a fund-raiser with Mr. Hastert for next week until he knows more of how the leadership responded to warnings about Mr. Foley's conduct. "I'm taking the speaker's words at face value," Mr. Lewis said. "But until this is cleared up, I want to know the facts."

Mr. Fordham has said himself he was shocked by the explicit nature of the instant messages sent by his former boss to the pages, and the warnings passed on to Mr. Palmer didn't approach such behavior. The 39-year-old aide was reluctant to say anything beyond his statement, but a person close to him said the primary concern was that Mr. Foley was acting in an overly friendly way with pages, raising worries not only for Mr. Fordham but the House clerk at the time, Jeff Trandahl.

Mr. Fordham said he had acted last week out of friendship to Mr. Foley and never wished to "to prevent any inquiries or investigations of Foley's conduct by House officials or any other authorities."

The former congressman admitted publicly this week, through his attorney, that he was gay, but that was well known for years to many in the House. Yet until the Foley instant messages were made public, House leaders have said they had no comprehension of the full depth of the lawmaker's electronic pursuit of former pages.

Ex-Foley Aide: Tip Given 2 Years Ago (USAT)

By Kathy Kiely And Erin Kelly

USA Today, October 5, 2006

WASHINGTON — A top aide to former congressman Mark Foley said Wednesday that he alerted House Speaker Dennis Hastert's chief of staff to Foley's "inappropriate behavior" with congressional pages at least two years ago, long before Hastert or any other Republican leaders say they first learned of the problem.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Kirk Fordham, Foley's chief of staff until 2004, said in a statement.

In an interview, Fordham said Hastert's chief of staff, Scott Palmer, told him that he had informed the speaker of their meeting.

The disclosures came as the FBI told House leaders to preserve key records in a scandal that is threatening Hastert's job and Republican control of the House less than five weeks before Election Day.

Hastert's office responded with a sharp rebuttal. "What Kirk Fordham said did not happen," Palmer said through Hastert spokesman Ron Bonjean. Hastert has insisted that he does not recall learning before Friday about concerns over the Florida Republican's relationships with the pages. That was the day Foley resigned.

The statements by Fordham came hours after he quit his Capitol Hill job. Fordham said he didn't want to be a political liability to his current boss, Rep. Thomas Reynolds, R-N.Y., who is leading Republican efforts to retain control of the House.

On Wednesday, Jeff Taylor, the U.S. attorney for the District of Columbia, asked Capitol Hill authorities to preserve Foley's office documents and computers.

Federal law enforcement officials, who have been briefed on aspects of the investigation but declined to be identified because they were not authorized to comment on the pending inquiry, said that an undisclosed number of pages have been interviewed as potential witnesses or victims. The sources said the FBI has yet to conduct any physical searches of Foley's office or home. Because of Foley's abrupt resignation, legal questions over the search remain to be resolved.

Today, the House ethics committee will meet in private to discuss the Foley investigation. The committee plans to examine how the investigation was handled by House leaders.

Fordham, who has been contacted by House lawyers, has volunteered to cooperate with the FBI.

Fordham said he met with Palmer at least two years ago to raise concerns about Foley's inappropriate friendships with congressional pages. Fordham said he had no idea those relationships extended to sexually explicit e-mails and instant messages. Foley's lawyer has denied the former congressman had inappropriate sexual contact with pages.

One close Hastert ally, Rep. Ray LaHood, R-Ill., opposed calls for the speaker's resignation, though he said Republicans will have to do "something dramatic" to end the political damage.

"I know members are very nervous. They've got to be able to explain this," LaHood said.

Senior Congressional Aide Questions Hastert Timeline (LAT)

By Janet Hook, Noam N. Levey And Peter Wallsten

The Los Angeles Times, October 5, 2006

WASHINGTON -- A senior Republican congressional aide said Wednesday that he warned House Speaker J. Dennis Hastert's office more than two years ago about "inappropriate behavior" by Rep. Mark Foley, R-Fla., toward Capitol Hill pages.

That would mean the speaker's office learned about Foley's conduct at least a year earlier than Hastert, R-Ill., has acknowledged.

But a Hastert spokesman challenged the latest assertion in the scandal that has rocked the Republican Party since Foley resigned his House seat Friday, after news reports that he had sent sexually explicit messages to male pages.

Hastert has said his staff learned of possible problems with Foley's conduct last fall, when a former page lodged a complaint. But with the speaker already under fire over his handling of the case, Wednesday's charge raised more questions about whether Hastert would be forced out of his leadership post.

It also will further fuel criticism that Hastert's office did not move aggressively enough to investigate Foley.

The charge that Hastert's office had been alerted to possible misconduct long before last fall came from Kirk Fordham, Foley's chief of staff for 10 years.

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Fordham went to work last year for Rep. Thomas Reynolds, R-N.Y., head of the House Republican campaign committee and part of the GOP's congressional leadership team.

Fordham's link to Foley has raised questions about why Reynolds and, by extension, Hastert and other House Republican leaders were not more aware of questions about Foley than they have claimed to be.

Fordham resigned from Reynolds' staff Wednesday because of the uproar over Foley. In a statement, he said: "The fact is, even prior to the (complaint about Foley lodged last year) I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene."

Fordham's attorney, Tim Heaphy, later told the Los Angeles Times that in 2003 or 2004, Fordham "received some information about Congressman Foley's inappropriate behavior with pages."

Fordham passed that information along to Hastert's chief of staff, Scott Palmer, Heaphy said.

Heaphy said Fordham did not know whether Palmer provided the information to Hastert. But the lawyer said Fordham did know that Palmer met with Foley.

Heaphy would not reveal more about the information Fordham passed along, saying that Fordham plans to share those details with investigators looking into Foley's conduct.

An acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago.

The latest charge against Hastert, who has been laboring to explain why he did not do more to protect teenage pages from a member of his caucus, drew a quick denial from Palmer.

"What Kirk Fordham said did not happen," said Palmer, who has served as Hastert's chief aide since his election to the House in 1986 and is considered one of the most influential staffers on the Hill.

Since the furor over Foley erupted late last week, Hastert has maintained that officials in his office only learned of the lawmaker's potential misconduct last fall, when a Louisiana congressman contacted a Hastert aide about a series of e-mails Foley wrote to a page in the summer of 2005.

In the e-mails, which contained no explicit sexual content, Foley asked the boy to send him a photo and inquired about his age.

In Hastert's account, his aides responded by contacting the clerk of the House and the congressman who oversaw the page program -- who in turn told Foley to stop communicating with the page.

Hastert repeatedly has said that neither he nor his aides knew anything about the more explicit instant messages that Foley reportedly sent to pages as far back as five years ago. Given the information his office had last fall, Hastert has said, it did all it could have been expected to do.

A Republican strategist with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999.

"If the claim holds up, it is hard to see how the speaker survives," said the strategist, who requested anonymity when discussing the party's leadership. "If he does survive, it is only because he does a major housecleaning."

Even before news spread of Fordham's claim, there were more signs of the political trouble confronting Hastert.

House Majority Whip Roy Blunt, R-Mo., said Wednesday that he would have been more aggressive than Hastert's staff last fall in looking into what Hastert later characterized as "overly friendly" Foley e-mails to the page who complained about them.

"I think I could have given some good advice here, which is you have to be curious," said Blunt. "You have to ask all the questions you can think of."

Earlier this week, House Majority Leader John Boehner, R-Ohio, and Reynolds each said they had told Hastert directly of potential problems with Foley's interaction with pages. Hastert has said he did not remember those conversations, but did not dispute that they occurred.

Boehner, in discussing the conversation, made clear he believed it had been Hastert's responsibility to deal with the matter.

A Republican incumbent, Rep. Ron Lewis, R-Ky., on Wednesday canceled a scheduled fundraiser with Hastert, according to The Associated Press.

Meanwhile, the FBI started interviewing pages as part of its investigation into Foley's activities, according to a law enforcement official. Fordham's attorney said he was also contacted by the FBI Wednesday.

Fordham indicated in his statement that he intends "to fully cooperate with any and every investigation of Mr. Foley's conduct."

He added: "I will fully disclose to the FBI and the House Ethics Committee any and all meetings and phone calls I had with senior staffers in the House Leadership about any of Foley's inappropriate activities."

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Federal prosecutors Wednesday ordered the House to preserve documents and other materials possibly related to Foley's electronic communications with pages, according to the law enforcement source, who asked not to be identified because of the ongoing nature of the investigation.

Ex-Foley Aide Roils Timeline (RC)

By Ben Pershing

Roll Call, October 5, 2006

Just as Speaker Dennis Hastert (R-Ill.) appeared to have weathered the worst of the storm surrounding the House page scandal, a former aide to ex-Rep. Mark Foley (R-Fla.) sparked new controversy by claiming he had warned the Speaker's longtime top staffer about Foley's behavior at least a year earlier than anyone in Hastert's office had previously acknowledged.

Kirk Fordham, a former close aide to Foley who most recently served as chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), resigned from Reynolds' office Wednesday amid questions about his role in the page scandal. Within hours, Fordham told The Associated Press he had recalled "more than one conversation with senior staff at the highest level of the House [about Foley's interest in pages and] asking them to intervene" more than three years ago.

A House GOP aide said Fordham was referring to alleged conversations with Scott Palmer, Hastert's chief of staff and closest adviser since he first entered the House. Palmer denies any such conversations occurred.

"What Kirk Fordham said did not happen," Palmer said in a statement.

Hastert spokesman Ron Bonjean added: "This matter has been referred to the [Committee on Standards of Official Conduct], and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Fordham's statement further muddled the already confusing timeline of the leadership's knowledge of Foley's contact with pages.

In repeated public comments, and in a detailed chronology of events released by Hastert's office over the weekend, GOP leaders claimed that they were first made aware of Foley's alleged conduct in November 2005, when Rep. Rodney Alexander's (R-La.) office alerted aides in Hastert's office that Foley had sent questionable, but not sexually explicit, messages to a former page from Alexander's district.

Hastert's office has struggled to contain the Foley fallout and to bat down questions about what Hastert knew and when he knew it, arguing — despite suggestions to the contrary by two fellow GOP leaders — that the Speaker himself was not aware of any problem between Foley and pages until last week.

But Fordham's allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C.

Earlier Wednesday, before Fordham's comments to the AP, media reports appeared quoting anonymous GOP sources suggesting that Fordham deserved much of the blame for the failure to fully investigate Foley in 2005. ABC News, for example, cited Republican sources who claimed that Fordham had "begged" the leadership not to tell the full House Page Board about Foley's e-mails to the Louisiana page.

Fordham issued a statement Wednesday disputing that suggestion and distancing his own actions in the Foley case from Reynolds, who is in the midst of a competitive re-election race in New York.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' chief of staff. I reached out to the Foley family, as any good friend would, because I was worried about their emotional well-being," Fordham said.

"At the same time, I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or any other authorities."

After the AP story was released, a House GOP leadership aide said of Fordham: "This person is very unhappy. He is someone with an ax to grind."

Fordham could not be reached for comment by press time.

Even before Fordham's comments to the AP, some Republican strategists otherwise sympathetic to the Speaker questioned the leadership's apparent strategy of heaping blame for the Foley mess on Fordham.

"I don't think this helps at all," said a Republican source with close ties to the leadership. "I don't think [Fordham] resigning helps either."

The Fordham controversy is only the latest broadside to buffet Hastert's office, which has drawn tactical criticism from some GOP quarters since the story broke last week.

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Over the weekend, House Republican sources said, the offices of Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.) were frustrated by what they perceived as the slow pace of the Hastert shop's reaction. For example, Boehner and Blunt pushed to convene a conference call for GOP lawmakers as early as Saturday night, but at the behest of Hastert's office, the call didn't occur until Monday evening, 72 hours after the story had exploded.

To aid their efforts, sources said Hastert's staff this week has quietly enlisted the advice of a group of former GOP leadership aides-turned-lobbyists, including Susan Hirschmann, Kathryn Lehman, John Feehery and Dan Mattoon.

The confusion over Fordham's comments Wednesday came even as more GOP lawmakers publicly declared their support for Hastert to remain as Speaker.

In a joint statement Wednesday, Rep. Mike Pence (Ind.), chairman of the conservative Republican Study Committee, and Rep. Joe Pitts (Pa.), head of the Values Action Team, said "we believe Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years.

"Speaker Hastert should not resign."

Another prominent RSC member, Rep. Jeb Hensarling (Texas), lent similar backing to Hastert, saying "the Speaker is a man of integrity, and I take him at his word."

House GOP moderates were less vocal in expressing their continued support for Hastert, though none said he should step down.

In a Tuesday evening conference call with GOP centrists organized by Rep. Tom Davis (Va.), Members expressed anger over the leadership's handling of the issue and concern about the fate of the page program, but no one suggested Hastert should step down, said sources familiar with the call.

The moderates on the call did worry about how the Foley issue would play out in their re-election races, with Rep. Christopher Shays (R-Conn.) reporting that automated calls had been made to voters in his district criticizing the Republican leadership for the Foley affair.

A handful of GOP candidates aren't taking any chances on the issue. Rep. Jim Gerlach (R-Pa.) has canceled a planned fundraiser with Boehner, and on Wednesday, Rep. Ron Lewis (R-Ky.) canceled a scheduled campaign event with Hastert.

Despite the controversy, Boehner has done events this week for GOP Reps. Curt Weldon (Pa.), Don Sherwood (Pa.) and Thelma Drake (Va.). He is scheduled to make 21 more campaign stops around the country between today and Election Day.

Hastert said Tuesday that he planned to visit 30 districts before Nov. 7, though his office said Wednesday his schedule has not been finalized.

Morgan Ortagus, a spokeswoman for GOP candidate Joy Padgett, who is running to replace Rep. Bob Ney in Ohio's 18th district, said Hastert's office contacted their campaign Wednesday and canceled his appearance at an Oct. 9 fundraiser due to "scheduling conflicts." Ortagus said Sen. George Voinovich (R-Ohio) will appear in Hastert's place. When asked if Hastert's fundraiser had been rescheduled, she said "not yet."

Democrats, meanwhile, continued their drumbeat of criticism of the GOP on the Foley issue.

"Why did Speaker Hastert, Congressman Reynolds and other Republican Leaders continue to support Mark Foley after they knew about his horrific behavior?" asked House Minority Leader Nancy Pelosi (D-Calif.).

Democrats indicated that they planned to keep the heat on at least through this weekend. On Saturday, the national Democratic radio address will be given by Patty Wetterling, a longtime child-safety advocate who is running for the open seat in Minnesota's 6th district and has already run a television ad blasting GOP leaders over the Foley issue.

Hastert Faces Increased Pressure To Resign (MCT)

By Lesley Clark, Margaret Talev And Marisa Taylor

McClatchy Newspapers, October 5, 2006

WASHINGTON - A top House Republican aide charged Wednesday that he warned senior aides to House Speaker Dennis Hastert as far back as 2003 that former Rep. Mark Foley's behavior toward underage congressional pages could be a problem.

Hastert has said that his aides were first warned about Foley in fall 2005, and then only with ambiguous evidence. Foley resigned last Friday after evidence became public that he'd exchanged dozens of sexually explicit emails with former male congressional pages for years, triggering a storm of public outrage that House Republican leaders hadn't done more sooner to protect the pages from a sexual predator in Congress.

Kirk Fordham, who was Foley's chief of staff for a decade before holding the same post for Rep. Tom Reynolds, R-N.Y., said he'd told Hastert's aides at least three years ago.

Hastert's chief of staff, Scott Palmer, flatly rejected Fordham's claim: "What Kirk Fordham said did not happen."

Nevertheless, Fordham's swipe at Hastert adds to the pressure on Hastert and other top House GOP leaders, who are struggling to defend their handling of Foley five weeks before congressional elections. Some Republicans locked in re-election contests are distancing themselves from their leader.

On Wednesday, Rep. Ron Lewis, R-Ky., asked Hastert to cancel his planned appearance Oct. 10 at a fundraiser on his behalf. "It's not intended to be a condemnation of Speaker Hastert," said Lewis campaign spokesman Michael Dodge. "But the congressman feels there are investigations, there are questions about who in leadership knew what and when. While that is pending, we saw it wasn't very prudent to bring him to the district."

Some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday.

"The fundamental problem congressional Republicans are experiencing now is that they have almost no moral capital left after the last two years. Again and again, when given the choice to reform their practices or do little or nothing, they always picked the latter," wrote editor Rich Lowry. "Well, now . . . people feel confirmed in what they always suspected about this Congress - that it is unable to police its own practices and is full of people who don't follow the same rules as the rest of us. This is deadly."

President Bush and many Republican House members have defended Hastert against pressure to resign, but Fordham's allegation threatened to erode that support.

In a statement released by his lawyer, Fordham sought to counter accusations that he'd tried to protect Foley by preventing an investigation into his behavior with pages.

In fact, Fordham said, he had "more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior.

"Rather than trying to shift the blame on me, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005," Fordham said.

Fordham's attorney, Timothy Heaphy, said Fordham alerted top GOP leaders to what Fordham called "Foley's inappropriate activities" while he was still Foley's chief of staff. He left that job in January 2004.

Heaphy wouldn't say what behavior led Fordham to warn others about his boss.

Fordham said he would "fully cooperate" with the FBI and the House Ethics Committee - officially the Committee on Standards of Official Conduct - which will meet Thursday morning in closed session to begin looking into the scandal.

House Minority Leader Nancy Pelosi, D-Calif., issued a statement demanding that House Republican leaders be questioned about their roles under oath.

"Mr. Fordham's statement is even more evidence that Republican leaders chose to put partisan politics above protecting the children in their trust," she said.

Republican leaders have said they were first warned about Foley in late 2005, when the parents of a former page from Louisiana alerted their congressman, Rep. Rodney Alexander, R-La., that Foley had sent their son an e-mail that the boy said "freaked him out." The e-mail inquired about his birthday and asked him to e-mail Foley a photo of himself.

Alexander's complaint was referred to the head of the House Page Board, Rep. John Shimkus, R-Ill. He says he questioned Foley, who professed innocent motives and promised to cease contact with the young man. House Republican leaders took no further action.

Foley resigned Friday after separate, sexually explicit instant messages to at least two former pages dating to 2003 were disclosed by ABC News. Republican leaders said they'd never seen those messages.

In resigning, Fordham severed the clearest link between Foley and Reynolds, who heads the National Republican Campaign Committee, which helps Republicans seeking election to the House.

"I had no discussion with Kirk Fordham on this, whatsoever," Reynolds said earlier this week. At campaign stops through his northern New York district this week, Reynolds has had to address the issue constantly. On Wednesday Laura Bush campaigned with him.

Despite his reservations about Foley, Fordham helped Foley deal with fallout over the e-mails late last week, the Palm Beach Post reported. ABC reported Wednesday that Fordham last week tried to persuade the news network not to publish the instant messages.

Fordham's lawyer said Fordham helped Foley as "a friend, as an adviser, very much acting on his own."

Meanwhile, Washington interim U.S. Attorney Jeffrey Taylor sent a letter to the counsel for the House of Representatives asking to preserve records from Foley's office. The counsel's office didn't return repeated calls.

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The FBI announced Sunday that it was launching a "preliminary" inquiry after the more explicit instant messages were publicized. The U.S. Attorney's Office in Washington will decide whether to prosecute.

The Price Of Foley (NATLRVW)

By The Editors

National Review, October 4, 2006

Dennis Hastert is unlikely to be the Speaker of the House in the next Congress. Five days after the Foley scandal broke, and a year after his office heard its first glimmerings, Hastert has refused to take any responsibility for what happened. As a result, the Republicans' odds of keeping the House have fallen. And even if the Republicans keep the House with slender margins, Republicans may well decide to demand new leadership. It would take only a handful of House Republicans unwilling to back Hastert for Speaker to make it impossible for him to win the post.

This result is not completely fair to Hastert. Foley is obviously the chief transgressor here. And the key mistakes that were made in addressing his offenses occurred when Hastert was not in the loop. Which makes it all the more peculiar that Hastert continues to defend those mistakes.

It can't be done. In the fall of 2005, the family of a former page for Rep. Rodney Alexander complained about Foley's e-mails to the boy. The family wanted the contact stopped. The matter was brought to the attention of Rep. John Shimkus, who heads the committee that oversees the page program, and to the office of the Speaker. Neither Shimkus nor the Speaker's office demanded to see the e-mails. They accepted Alexander's description of them as merely overly friendly, and accepted the idea that the family's demand for privacy precluded their actually reading the e-mails. They accepted Foley's claim that he had just sought to serve as a mentor for the boy, and told him to stop the e-mails.

And Shimkus and Hastert still defend that course of action, based on what they knew at the time: Nobody knew, they protest, about Foley's sexually explicit instant messages to former pages. But what they knew should have been enough to warrant more concern than they showed.

First of all, what they had was not just a family's complaint; it was a family's justified complaint. Most pages' families are eager for them to develop mentoring relationships with congressmen; they got their kids into the page program to make contacts. That the parents wanted to cut off contact should have been a sign that something was very wrong. And the Speaker's office knew that something was wrong. If a page's parents had complained about contact from some other congressman, neither Shimkus nor Hastert's office would have followed it up at all, let alone warned the congressman to quit e-mailing. They took it seriously because they knew that Foley was, well, creepy. But not seriously enough to trouble themselves to do more, such as demanding to read the e-mails. They took it seriously enough to warn Foley; but not seriously enough to inform the other members of the page committee.

They claim that the e-mails do not contain any shocking sexual references. Had they bothered to read them at the time, however, they would have noticed a few things. This was not just a case of one page's feeling that the congressman was contacting him inappropriately — as unusual as that would be by itself. The page also reported that the congressman had had contact with another male page that, to the complaining page, also seemed inappropriate. (And would seem questionable to anyone.) Finally, the page reported that another page — he even gave her first name! — had said that a congressman had "hit on pages."

Under the circumstances, Rep. Alexander should have seen that the issue went far beyond the desires of one page's family. There was evidence here that a congressman, probably Foley, was looking for sex with pages. It may not have been enough evidence to warrant an FBI investigation: The FBI has a lot of perps to catch, and no special responsibility for the page program. But it should have triggered a real investigation by House officials, beginning with Shimkus's committee: an investigation not limited to a friendly conversation with Rep. Foley.

Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it.

Democrats are demanding that Rep. Shimkus resign, as well, from the page committee. We think that isn't going far enough. Shimkus had more direct responsibility for the program than Hastert. If any congressman should resign over mishandling this affair, it should be Shimkus. At the least, he should acknowledge his mistakes and place himself at the mercy of his constituents. They just might be so refreshed at the sight of moral clarity in a congressman that they show that mercy.

For what it's worth, we think that the Republicans' political needs are one with their moral needs in this case. There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end.

Rift Among GOP Leaders (HILL)

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By Patrick O'Connor
The Hill, October 5, 2006

The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday.

As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by House Speaker Dennis Hastert (R-Ill.) and his staff.

Majority Whip Roy Blunt (R-Mo.), who was the acting leader last fall, told reporters in Springfield, Mo., yesterday that he would have explored the issue further if the Speaker's staff had told him about the e-mails between Foley and a former page.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Meanwhile, a top aide to National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) resigned amid revelations that he tried to subvert evidence of Rep. Mark Foley's (R-Fla.) e-mail exchange with a former page.

Kirk Fordham, the chief of staff in Reynolds's personal office who formerly served as Foley's chief of staff, announced his resignation yesterday in a statement released by the campaign chief's personal office.

Upon announcing his resignation, Reynolds's former chief of staff told the AP yesterday that he had warned leaders about Foley's conduct with the pages over two years ago. That revelation, if true, would cast further doubt on Hastert's handling of the event.

Fordham reportedly asked the ABC news reporter who first broke the story to suppress the e-mails in exchange for an exclusive interview with Foley.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' Chief of Staff," Fordham wrote. "I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or other authorities."

Fordham told The Associated Press yesterday that when he was told about Foley's inappropriate behavior toward pages, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene."

ABC News reported at press time that Palmer had been told that Foley was too friendly with House pages and according to Fordham, Palmer spoke to Foley about the matter.

One House leadership aide disputed Fordham's comments yesterday, citing remarks the former chief of staff made to the AP earlier in the day.

"This is the same guy who is now contradicting his comments made this morning," the aide said.

As evidence, the aide attached an earlier Fordham quote about the e-mails:

"I was still pretty shellshocked myself," Fordham said of the day he learned about the messages. "This was someone I had worked for 10 years. I had no inkling that this kind of blatantly reckless - just obscene — behavior was going on behind our backs."

Fordham, Hastert chief of staff Scott Palmer, and former Clerk of the House Jeff Trandahl are expected to testify before the House ethics committee today, one source said. Members of the panel are scheduled to meet at 10 a.m. at the closed-door session.

"This matter has been referred to the [ethics committee] and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Hastert spokesman Ron Bonjean said.

Reynolds, who is facing a serious challenge from a self-funded Democrat this fall, has become a focal point of the Foley episode because of the role his former aide played and because he said he discussed the issue with Hastert last spring, a conversation the Speaker told reporters earlier this week he does not recall.

The GOP campaign chief, who has had a close relationship with the Speaker (they frequently have dinner together), did not attend a leadership meeting to discuss the details and possible response to the late-breaking Foley scandal early Saturday morning in House Majority Leader John Boehner's (R-Ohio) office, several Republican aides said.

During that session, members and staff discussed holding a conference call later that day with the entire Republican conference in order to explain the details of the case, including what the leaders knew and when they knew it, aides present said. Some people in the meeting argued against the call, so the leaders decided to postpone it, the same aides said.

With questions swirling about what the Speaker knew and when he knew it, Hastert's staff released their own timeline on Saturday, shortly after Reynolds issued a statement disputing Hastert's initial response to news of Foley's resignation.

Reynolds was not on the phone call Monday when leaders did finally convene a conference call with their members because he was traveling back from a campaign event in Florida, a spokesman said yesterday.

Boehner, meanwhile, has gone back and forth on his own remarks about a conversation he had with the Speaker before telling a Cincinnati radio station on Tuesday that he had discussed the initial e-mails with Hastert.

During the same interview, the leader said the Speaker has oversight over the page system and the offices that run it, a remark many interpreted as a direct slight of the Speaker.

Whether or not the Speaker or any other leaders are forced to resign over this controversy, it has created a significant rift in what had been a relatively unified leadership.

If Hastert holds on to his job and Republicans maintain their majority – an increasingly difficult prospect in the aftermath of the Foley scandal – the animus between the leaders will certainly carry over to the next Congress, GOP aides and lobbyists said this week.

Some Republican operatives interviewed for this article have complained in recent days that Boehner went too far in distancing himself from the Speaker, but the leader has a reputation for talking off-the-cuff with reporters and rarely sticks to a script during live interviews.

Others have been frustrated with the Speaker's staff for isolating themselves from the other offices during their fevered efforts to get ahead of the story and keep Hastert in his job. There is a perception that the Speaker's staff holds the fate of the entire conference in its hands.

"It is a terrible position to be in," a GOP aide said. "Watching from the sidelines the situation go from bad to worse and not being able to do anything about it."

Rank-and-file staffers have been pointing fingers of their own at some colleagues they believe are trying to foment change atop the leadership ranks, but none of the aides interviewed could point to a specific call, letter or e-mail to undermine any one of the leaders.

Amidst this poisoned atmosphere for the GOP, a handful of prominent conservative lawmakers released statements of support for Hastert this week, led by Rep. John Shadegg (R-Ariz.) on Tuesday night.

Reps. Joe Pitts (R-Pa.) and Mike Pence (R-Ind.), who chairs the conservative Republican Study Committee, followed suit yesterday, releasing a letter that questions the initial handling of the e-mails while unequivocally rejecting calls for him to resign.

Majority Whip Slams Handling Of Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 5, 2006

A third Republican in the House leadership team publicly distanced himself from the burgeoning scandal over former Rep. Mark Foley yesterday as a top aide resigned amid charges that he tried to suppress the reporting of sexually explicit Internet messages that Mr. Foley had sent a teenage boy.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Majority Whip Roy Blunt of Missouri said yesterday about his party's muted handling of "over-friendly" e-mails that Mr. Foley wrote to former congressional pages.

The parents of the 16-year-old boy who received the e-mails alerted congressional Republicans to the messages but said they didn't want to pursue the matter beyond ordering Mr. Foley to quit contacting their son.

"You absolutely can't decide not to look into activities because one individual's parents don't want you to," Mr. Blunt said of the decision by top Republicans not to investigate further.

Meanwhile yesterday, the top aide to Rep. Thomas M. Reynolds, the New York Republican who heads the committee responsible for electing Republicans to the House, resigned. Kirk Fordham, a former Foley staffer, said he had volunteered to help Mr. Foley when the scandal broke last week.

In doing so, said ABC News producer Maddy Sauer, Mr. Fordham offered the network a deal that would have kept the messages concealed.

"He said we could have the exclusive on the resignation if we did not run direct quotes from the instant messages," she said.

The network refused Mr. Fordham's offer, according to its Web site.

But Mr. Fordham denied wrongdoing, saying yesterday that "at no point did I ever ask anyone to block any inquiries into Foley's actions or behavior."

Mr. Fordham also said that more than two years ago, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" on concerns over his interactions with male pages.

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Those conversations, he said, took place more than a year before the earliest date that the House Republican leadership has acknowledged knowing of any suspicious behavior on Mr. Foley's part.

Scott Palmer, chief of staff to House Speaker J. Dennis Hastert, said yesterday: "What Kirk Fordham said did not happen."

A second leadership aide said Mr. Fordham is "upset" over leaving his job and "out of his mind."

Hastert spokesman Ron Bonjean said, "This matter has been referred to the standards committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Mr. Fordham told ABC News that he plans to contact the FBI today "to tell what he knows."

The Justice Department yesterday contacted House officials and ordered them to preserve all the evidence associated with the scandal. Agents also have begun contacting former pages.

Majority Leader John A. Boehner and Rep. Deborah Pryce, head of the Republican conference, both of Ohio, have written the chamber's clerk and requested an investigation into reports that Mr. Foley was turned away from the congressional page dorm on Capitol Hill one night while intoxicated.

The latest developments come as the House ethics committee meets today in a rare publicized meeting to discuss the Foley matter. The committee will still meet behind closed doors as usual. But the fact that it was publicized at all signals the importance that Republicans place on appearing now to act aggressively to investigate and clean up the congressional page program.

Also yesterday, Mr. Hastert got a much-needed boost of support from two influential conservatives in his party.

Rep. Mike Pence, the Indiana Republican who is chairman of the conservative Republican Study Committee, and Rep. Joe Pitts, the Pennsylvania Republican who leads the religious conservative Values Action Team, said yesterday that Mr. Hastert should not resign, as some conservatives and Democrats have urged.

"Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years," they said in a joint statement. "Speaker Dennis Hastert should not resign."

Still, Mr. Pence and Mr. Pitts noted that Congress "failed" to protect the pages and that they have "reservations about how this matter was handled administratively."

Those concerns have been echoed by many top Republicans. In addition to Mr. Blunt, Mr. Reynolds and Mr. Boehner have spoken critically or distanced themselves from Mr. Hastert over the handling of the matter.

At a press conference Monday, Mr. Reynolds told reporters, "I did what most people would do in a workplace. I heard something. I took it to my supervisor."

Mr. Boehner, Ohio Republican, has defended Mr. Hastert and said he shouldn't resign. But he also distanced himself during a Cincinnati radio interview this week.

"I believe I talked to the speaker, and he told me it had been taken care of," he said. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the Page Board all report to the speaker, and I believe it had been dealt with."

In resigning from Mr. Reynolds' office yesterday, Mr. Fordham lobbed some of the most pointed accusations at House leadership for their handling of the matter.

"The fact is, even prior to the existence of the Foley e-mail exchanges, I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," he said. "One of these staffers is still employed by a senior House Republican leader. Rather than trying to shift the blame, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005."

Longtime Republican Was Source Of E-mails (HILL)

By By Alexander Bolton

The Hill, October 5, 2006

The source who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a House GOP aide.

That aide has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim.

The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House.

But the whistleblower was a paid GOP staffer when the documents were first given to the media.

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The source bolstered the claim by sharing un-redacted e-mails in which the former page first alerted his congressional sponsor's office of Foley's attentions. The copies of these e-mails, now available to the public, have the names of senders and recipients blotted out.

These revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal now roiling the GOP just a month away from the midterm elections.

Rep. Patrick McHenry (R-N.C.) yesterday called for House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) to testify about what and when they knew of Foley's contact with former pages (see related story).

House GOP leadership aides have said they would like to see investigations of Foley examine how the story became public. ABC News's website first reported the e-mails just as Congress was about to recess for the election.

The explosive disclosures about Foley's communications with teenage pages have overshadowed Republican legislative accomplishments during their final week in town. They have become the preoccupation of a capital press corps that has little else to write about now that Congress is in recess and Election Day is still a month away.

Republicans say the timing of the scandal is evidence of a political dirty trick orchestrated by Democrats. They have drawn comparisons to negative reports about President Bush that surfaced before the 2000 and 2004 campaigns.

Shortly before the 2000 election, it was reported that Bush had been arrested for driving under the influence of alcohol, and before Election Day 2004, forged documents surfaced calling into question Bush's National Guard service.

That Foley's scandalous communications came to public light during Congress's final week in Washington was largely determined by the media outlets which obtained the suspicious e-mails in the middle of the summer, said the person who provided them to reporters several months ago.

In an August 2005 e-mail exchange between Foley and a former page, given to reporters this summer, Foley asks the teenager his age, asks him to send a picture of himself, and describes his own work-out activities, including a 25-mile bike ride. The e-mails given to reporters included one sent by the page to a House staffer in which the page described Foley's e-mail as "sick" and said it "freaked me out." The page also informs the staffer that Foley asked what the teen wanted for his birthday.

The e-mails were alarming enough to prompt the page's parents in the fall of 2005 to ask their son's congressional sponsor, Rep. Rodney Alexander (R-La.), to take steps to stop Foley's correspondence.

Alexander's chief of staff then told aides in Speaker Dennis Hastert's (R-Ill.) office about the communication and showed the e-mails to Jeff Trandahl, clerk of the House. That fall, Trandahl and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met Foley and told him to stop contacting the former page.

But while the e-mails were concerning enough to prompt this action, editors and reporters at various publications did not consider them remarkable enough to write about.

The person who provided the e-mails to several D.C.-based news outlets in July claimed to have no knowledge of who gave them to two Florida papers last year.

D.C.-based media organizations declined to report on the e-mails. But one, ABC News, reported on the e-mails last week after a Weblog, stopsexpredators.blogspot.com, published a few of the exchanges between Foley and the former page. But those blog-reported e-mails did not include correspondence between the page and a House aide in which the teen expressed anxiety about Foley's intentions.

After ABC News disclosed the e-mails exchanged last year between Foley and a former page, it reported about much more sexually explicit communications between Foley and a different former page over an "instant messaging" (IM) software program in 2003.

The first Web report of the relatively tame e-mails appears to have prompted someone to share the explicit IM messages. After ABC News obtained those messages, in which Foley discussed sexual acts with the second former page, a scandal mushroomed on Capitol Hill, and Foley resigned.

The source who provided the e-mails that ABC News first reported on its blog, denied sharing the more explicit IMs.

So while the primary source of the e-mails which kicked off the scandal was a House GOP aide, the trigger of the news coverage was the weblog.

The creator of stopsexpreditors.blogspot.com is unknown. An interview request e-mailed to the site was not returned.

Early Warning On Foley Cited By Former Aide (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, October 5, 2006

DOJ_NMG_0075325

WASHINGTON, Oct. 4 — A former Congressional aide said Wednesday that Speaker J. Dennis Hastert's office knew about reports of "inappropriate behavior" by Representative Mark Foley far earlier than Mr. Hastert's office has acknowledged.

Mr. Hastert's chief of staff, Scott Palmer, denied the account of the former aide, Kirk Fordham, who said in an interview that he had informed Mr. Palmer of the concerns about Mr. Foley before 2004. Mr. Hastert's office had previously said it first learned of concerns about Mr. Foley in the fall of 2005.

Mr. Fordham worked in Mr. Foley's office until January 2004, and on Wednesday, he resigned as chief of staff to Representative Thomas M. Reynolds of New York, chairman of the House Republican campaign committee. Mr. Fordham said he had become a political liability in Mr. Reynolds's re-election campaign.

Mr. Fordham's assertion about early reports raised more questions about whether Mr. Hastert and his staff had failed to respond quickly and forcefully enough to multiple warnings about the conduct of Mr. Foley, the Florida Republican who resigned from the House on Friday after being confronted with sexually explicit messages he had sent to teenage pages.

The statement further clouded Mr. Hastert's prospects of retaining his position as speaker as his party reached for a strategy to deal with a controversy that seems to have undermined its chances of keeping control of Congress on Election Day.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives, asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said after resigning from Mr. Reynolds's staff. "I have no congressman and no office to protect."

Mr. Fordham said he had informed Mr. Palmer of the concerns while working for Mr. Foley, after the House clerk, Jeff Trandahl, approached him. Mr. Trandahl told him, Mr. Fordham said, that pages had come forward with accounts about Mr. Foley's behavior. Mr. Trandahl, who resigned his position last year, did not return calls on Wednesday.

The accounts did not include accusations of overtly sexual advances and did not involve e-mail or instant messages of the sort that surfaced last week, Mr. Fordham said. Instead, they encompassed reports that Mr. Foley had been "way too friendly" toward the pages, he said.

Mr. Fordham said that he could not recall the specific date of his meeting with Mr. Palmer, but that it was between 2001 and the end of 2003.

A spokesman for Mr. Hastert, Ron Bonjean, issued a statement in Mr. Palmer's name saying, "What Kirk Fordham said did not happen."

Earlier Wednesday, Mr. Hastert's allies thought they were making progress in solidifying the rank and file behind the speaker as lawmakers issued generally supportive remarks.

Republicans here and across the country not only expressed anger, but also feared that the latest disclosures would drag the controversy over Mr. Foley into a second week and eclipse a critical campaign period in their effort to retain their House majority.

At the same time, Republicans said in interviews that the disclosures solidified worries in the party that Mr. Foley's conduct — hardly a secret — might have been kept quiet because Republicans were facing a tight election year.

Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk.

In a sign of the strains in the House leadership, Representative Roy Blunt, Republican of Missouri, the majority whip, said Wednesday that he had not been told about Mr. Foley's case until last week. Mr. Blunt criticized the handling of the inquiry into the initial e-mail messages.

He added that the matter should have been more vigorously pursued when an e-mail message from Mr. Foley to a former page was first brought to the attention of Mr. Hastert's office last year.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Mr. Blunt told reporters in Missouri, The Associated Press reported. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Other Republicans also said the initial inquiry fell short.

"As the father of a 2-year-old boy and a 4-year-old girl, I believe that we must always err on the side of caution when it comes to protecting our children," Representative Jeb Hensarling, Republican of Texas, said. "And it is clear that what appeared to some to be innocuous e-mails at the time should have been investigated further."

Word of the new disclosures rattled lawmakers, many of whom remained quiet late Wednesday as they sought to digest the developments and learn more before deciding whether to continue supporting Mr. Hastert.

Federal prosecutors sent a letter on Wednesday to the general counsel of the House, directing Congressional authorities to safeguard all relevant records in Mr. Foley's former office.

In the letter, obtained by The New York Times, the acting United States attorney in Washington, Jeffrey A. Taylor, asked for the safekeeping of "documents and items" in Mr. Foley's former offices "including his computer, electronic storage materials, hard copy documents and other items."

The F.B.I. is conducting a preliminary investigation, officials said, and the request was intended to preserve records pending a decision by prosecutors on opening a full criminal inquiry into whether Mr. Foley violated federal sex crime laws.

The letter said House officials had already agreed to several actions, including changing the locks on Mr. Foley's former office, stopping his remote access to computers and warning staff members not to delete or shred any documents.

Representative Nancy Pelosi, Democrat of California and minority leader, said Mr. Fordham's statement was more evidence that House leaders needed to be brought before the ethics committee for a thorough investigation.

"Conflicting stories between Republican leadership and Republican staff about their cover-up of Mark Foley's abhorrent behavior," Ms. Pelosi said, "underscore the urgency for the Republican leadership to be immediately questioned under oath by the ethics committee."

The committee, long criticized for lacking teeth and as failing to treat accusations of Congressional wrongdoing with urgency, is scheduled to have its initial meeting on the Foley controversy on Thursday.

The furor seeped even deeper into political races. In debates and on the campaign trails, Democrats asked their Republican opponents whether they supported the Republican leadership in Congress.

Washington was consumed by what Mr. Hastert would and should do. Republicans said he continued to weigh remaining in his post or announcing that he would step aside.

Mr. Fordham, 39, who had risen through the ranks of Republican politics and gained a reputation as a strategist, said he felt maligned by suggestions that he tried to participate in a cover-up for Mr. Foley. He decided, he said, to confront Mr. Hastert about his assertion that he was not aware of Mr. Foley's circling too closely to young people.

In an interview, Mr. Fordham said he had hired a lawyer and intended to give his account to the F.B.I. on Thursday.

Mr. Bonjean, Mr. Hastert's spokesman, denied that the speaker's office had been aware of Mr. Foley's conduct for at least three years.

"This matter has been referred to the Standards Committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Mr. Bonjean said in a statement.

Foley Allegedly Had Shown Up Drunk At Dorm (AZREP)

By Gannett News Service

Arizona Republic, October 5, 2006

WASHINGTON - A senior House Republican has asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night.

Lawmakers have been talking about the alleged incident since Friday, when Foley resigned amid reports he sent sexually explicit Internet messages to underage former congressional pages.

The request for an investigation came from Rep. Deborah Pryce of Ohio, chairwoman of the House Republican Conference, the organizational vehicle for all Republican House members and their staff.

"Congresswoman Pryce contacted the clerk and asked her to look into this rumor," said Geoff Embler, a spokesman for Pryce.

Rep. Roger Wicker, a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening, Embler said.

Until Wicker raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said.

Foley's attorney, David Roth, could not be reached for comment.

Pryce also will send a letter to all Republican House members urging them to contact the proper authorities if they have specific information about allegedly inappropriate behavior by any House member, staffer or employee, Embler said.

A spokesman for Wicker declined to comment.

A search of official incident reports logged by the U.S. Capitol Police, who provide security at the dorm, turned up no mention of Foley, said Jeffrey Scruggs, an officer in the department's reports processing division.

And no complaints have been filed against Foley by anyone at the page dorm, said Salley Collins, a spokeswoman for the House Administration Committee, which oversees both the clerk's office and the page program.

Collins declined to make available any of the adult supervisors at the page residence.

Rep. Ginny Brown-Waite, a Republican from Florida, also heard about the alleged incident and was asking fellow lawmakers about it Friday, said Charlie Keller, her spokesman.

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"She commented that people on the (House) floor were definitely talking about this," Keller said.

The clerk of the House, Karen Haas, oversees the page program, along with many other daily legislative and operational activities of the House.

A Complex And Hidden Life Behind Foley's Public Persona (NYT)

By Abby Goodnough And Kate Zernike

The New York Times, October 5, 2006

PALM BEACH, Fla., Oct. 3 — Mark Foley, until last week a fixture on this town's lofty social circuit, once recounted a party at Mar-a-Lago, Donald Trump's fabled estate.

"Miss Germany was my date," he told a writer at Washingtonian magazine for an article about "How to Date a Congressman."

It was one of the many hints Mr. Foley dropped to mask the realities of a deeply compartmentalized life. Over 12 years in Congress, he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined.

Whatever whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week.

Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical.

Here in Florida, where people knew him longest and best, friends said he kept his sexuality quiet because the most influential forces in his life, his parents and the political world he thrived in, would not accept him otherwise.

The high-octane congressman who loved name dropping and photo shoots went to excruciating lengths, it seems, to keep probing questions at bay.

"I never asked outright because I thought it would be inappropriate," said Billy Brooks, a town council member in Palm Beach who was Mr. Foley's high school guidance counselor. "I suppose if I had my druthers, I would have said, 'Let's get it out and get it over with.' It was always bubbling under the surface."

Now, other things seem odd. Some of Mr. Foley's associates questioned his molestation claim, saying that even if true it sounded too much like excuse-making. And while Mr. Foley's lawyer said Monday that he was an alcoholic who had sent the inappropriate messages to teenagers while drunk, everyone interviewed was doubtful, and some said they had rarely seen him holding a drink.

"It sounds more like the advice of a top-notch criminal defense lawyer," said Rodney Romano, a former mayor of Lake Worth, the scrappy town where Mr. Foley grew up.

Friends and colleagues say that in Washington, Mr. Foley excelled at grabbing public attention and seemed to take particular pleasure in access to celebrities. While he was known for his efforts to protect children, he was also one of the best-known champions of Hollywood.

He came into office as part of the Republican Revolution of 1994 and was determined to make Republican inroads with the entertainment industry. He boasted of showing Julia Roberts and Melanie Griffith around the Capitol, dining out with Clint Eastwood and visiting Arnold Schwarzenegger at the Kennedy compound in Cape Cod.

Representative Mary Bono, who replaced her husband, Sonny, in Congress, nicknamed Mr. Foley "Hollywood." "He'd have a photo taken of him with any star," she said this week.

When Ms. Bono was selling her husband's red Jeep after his death, Mr. Foley jumped to buy it, and shipped it — including the leopard-print floor mats — to Florida, where he would drive it in parades. For getting around Capitol Hill, he favored a convertible BMW.

In Washington, he loved to go to parties and to throw them — he once told an interviewer he kept two tuxedos, one in each hometown. For several years running, he and other members of Congress who lived in a historic row of town houses behind the House office buildings gave a boozy block party. They offered a different drink — bourbon, margaritas, martinis, and in Mr. Foley's case, a wine tasting — for donors willing to pay $1,000 at each town house.

He was known for arriving up to four hours early to the State of the Union address so he could appear shaking the president's hand in photographs beamed back home. His friendliness with pages seemed just another part of that outgoing personality.

"He's a very, very charming person, very captivating to talk to," Ms. Bono said.

Early on, he signaled to pages that he was willing to pay attention to them, though many members of Congress do not.

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Matt Kummernuss, a page in 1996-97, recalls a group of pages going out before curfew and standing in front of Mr. Foley's yellow town house near their dorm, trying to work up the courage to knock on his door.

"I didn't know we were allowed to have contact," Mr. Kummernuss said. But pages, politically hungry at a young age, were eager to make connections. "There's the allure of congressmen," Mr. Kummernuss said, "and he was one who talked to them."

In remarks on the House floor to mark the pages' graduations, Mr. Foley called out to several by name, joking about their mutating hair color and reliance on styling gel.

"I did not know you wore an earring," Mr. Foley said in 2001, recalling his inside jokes with pages. "Does your dad know, or mom? No, not really." He confessed to them that he welled up to think of them leaving.

Back home in Lake Worth, Fla., a town of bungalows and homegrown businesses where Mr. Foley's family moved when he was 3, friends said he had a longtime companion, a Palm Beach dermatologist, with whom he was not afraid to be seen publicly.

"About a month ago," said Sid Dinerstein, chairman of the Palm Beach County Republican Party, "my wife and I wound up at dinner in the same restaurant as Mark and his companion and his sister and her husband."

But his friends said Mr. Foley had never discussed his sexual identity with them.

Mr. Romano, who had Mr. Foley's father as a high school teacher, said he decided a long time ago that Mr. Foley had an unspoken contract with the Republican Party to keep it quiet.

"I think they were willing to overlook it as long as he stayed in the closet," he said. "I don't know how he behaved in Washington, but down here the topic was always public issues and not personal lives."

Tom Ramiccio, a Lake Worth resident who has known Mr. Foley since high school, said he thought Mr. Foley had also not wanted his parents to know he was gay. His father, a gregarious former marine who taught science, and mother, a quiet woman who would cook meals for priests, are Catholics who were intensely proud of their son's success, Mr. Ramiccio said.

"I think they just brushed it off and didn't think it was ever true," he said. "I think his sister helped keep it from them. They're just so straiht-laced. Everyone always wondered, even during the fly-in to his office in Washington this past year, 'You think his parents know?' "

When Mr. Foley dropped out of Palm Beach Community College at 20, his doting parents helped him open a restaurant in downtown Lake Worth, where Mr. Romano said he honed his people skills before running for the city commission a few years later.

"Mom and Dad worked like slaves," he said, "and Mark's job was to press the flesh and be the frontman. He was a natural."

Mr. Foley, the fourth of five children, proved equally adept at politics, handily winning elections as a Republican in a county that was majority Democrat.

His family eagerly participated in his political life; his sister Donna Winterson even managed his campaigns. She also helped decorate the condominium Mr. Foley recently moved into in Fort Pierce, an hour's drive north of here, according to a local paper.

His colleagues in Washington liked him — if they had to tolerate him trampling them on his way to the nearest camera. He was known for his sense of humor and his imitations of politicians — including Bill Clinton's famous "I did not have sexual relations with that woman" line.

He cultivated the good life, wearing impeccable suits, French cuff shirts and pocket kerchief. Campaign accounts show bills for dinners with constituents at trendy and expensive Washington restaurants.

He paid close attention to constituents back home, spending thousands to send chocolates and other gifts to them, as well as birthday cards to people he met along his political travels.

In 2003, he ran for the Senate, quickly winning donations and support, but abruptly dropped out a few months later, saying he needed to spend more time with his cancer-stricken father.

But friends said he was concerned that he could not run without being outed.

When ann alternative newspaper in South Florida ran an article headlined, "Why won't U.S. Congressman Mark Foley just say that he's gay?" Mr. Foley held a news conference to complain about the "revolting and unforgivable" speculation and to say he would not discuss his sexual orientation.

"My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public," he said at the time.

Another time, questioned about his sexuality, he told a local paper, "I like women."

While Mr. Foley voted for the Defense of Marriage Act in 1996, he later supported many gay rights initiatives. But he still went to lengths to hide his sexuality.

When he became a leading critic of Mr. Clinton's during impeachment, and the president's supporters were poking around in the private lives of Republicans, several people said they recalled hearing that Mr. Foley told people he was engaged.

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Still, in recent years, some friends said he grew less skittish about hiding his sexual orientation.

When he realized that he would not become a Senator, friends of Mr. Foley said, he considered leaving the House. One of the jobs he coveted was head of the Motion Picture Association of America. But House Republican leaders persuaded him to stay.

On his last day in Congress, he was in the garden of his town house with his sister Donna trying to craft a strategy to respond to reports of the first e-mail message — sexually suggestive but perhaps not career-ending — when he got a call from a staff member who said ABC News had more e-mail messages.

They drafted a three-sentence statement and a letter of resignation, packed some bags, and got in his BMW. By the time the cameras that Mr. Foley had so long sought out had arrived to stake out his town house, he was driving South through Virginia, on a slow trip home to Florida.

Assertion By Foley Angers Victims Of Abuse By Clergymen (NYT)

By Laurie Goodstein

The New York Times, October 5, 2006

Former Representative Mark Foley's declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others.

If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly.

"You certainly don't wait," said Peter Isely, a clinical social worker in Minneapolis who was abused by a priest as a teenager and is an official of a national advocacy group for victims. "It's extremely important that the secrecy be pierced immediately, because there could be kids at risk."

Mr. Foley, 52, resigned from his Florida Congressional seat last Friday after news reports revealed that he had been sending sexually suggestive e-mail to high school students who worked as pages in the House of Representatives. On Tuesday Mr. Foley's lawyer, David Roth, said in a news conference that the former congressman is gay and had been sexually abused from age 13 to 15 by a member of the clergy. Mr. Roth said Mr. Foley did not blame his conduct on the abuse he suffered as a teenager. Mr. Roth did not identify the cleric or even the denomination, saying, "I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi."

Mr. Roth did say, however, that Mr. Foley was raised a Roman Catholic and attended Catholic schools in Lake Worth, Fla. That information led members of the extensive support networks for abuse victims to speculate that if Mr. Foley indeed had been abused, the abuser was most likely a Catholic priest.

Officials of both the Archdiocese of Miami and the Diocese of Palm Beach, which was established in 1984 and now includes the area where Mr. Foley grew up, said that Mr. Foley's assertions were too vague to merit a response.

"Mr. Foley has not reported any sexual abuse to the Diocese of Palm Beach," said Alexis Walkenstein, director of communications, "and if he has been hurt by anyone in the Catholic Church, we would encourage him to report it to the appropriate entity and to law enforcement."

After days of revelations about Mr. Foley's e-mail messages to young pages, victims of sexual abuse said in interviews yesterday that while his claim of abuse could be genuine, it was infuriating because it reinforced the idea that victims of child abuse grew up to abuse others.

Melissa Lucia, 57, who said she had been abused by a priest in Interlachen, Fla., said she was furious as she heard Mr. Foley, through his lawyer, attribute his problems to alcoholism and then disclose his homosexuality and abuse as a child.

"There are thousands of us out there who are alcoholics, or who are gay or who were molested by clergy, that do not do this to other people," said Ms. Lucia, who said she had been molested by a priest at a Catholic boarding school. "That is not your justification to mess up other people's lives."

David Clohessy, national director of the Survivors Network of Those Abused by Priests, said that Mr. Foley's decision to proclaim a history of victimization at a moment of crisis was common.

"There is no ideal time to disclose this stuff," Mr. Clohessy said. "Most survivors disclose it after their eighth drunk driving arrest or their wife saying she wants a divorce, or their fifth bar fight."

"Childhood trauma doesn't excuse criminal behavior," Mr. Clohessy added. "I hope he will find the strength to do what thousands of other victims have done, which is publicly expose the predator — whether he's alive or dead."

Getting Beyond Foley (WSJ)

The Wall Street Journal, October 5, 2006

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Now that Mark Foley's carcass has gone over the side, the political waters are filling with sharks fighting over the remnants. We're going to find out how fast Denny Hastert can swim.

First to the site as always was House Minority Leader Nancy Pelosi. Republican leaders "failed to protect the children in their trust," intoned Parson Pelosi, last seen on this issue voting to revoke the Boy Scouts' charter for its ban on gay scoutmasters. So exercised is Ms. Pelosi that she wants the GOP leadership "immediately questioned under oath" by the Ethics Committee.

One can hardly blame the Minority Leader for diving toward the jugular of a Republican Party already on its knees and on the brink of losing control of the House. More difficult to explain are the cultural conservatives and others on the political right swimming alongside Ms. Pelosi.

The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House "enablers who made it possible."

A statement on behalf of the executive committee of the family-coalition Arlington Group, including cultural conservative leaders Don Wildmon, Tony Perkins, Gary Bauer and Paul Weyrich, wants the "whole truth," which apparently consists of "when House Leadership or other members from either party knew of this situation." The group demands that "legal authorities prosecute any person who had knowledge of any such activity but did not report it immediately." And of course while the House Speaker was taking this public beating, his No. 2, Majority Leader John Boehner, pulled down the shades and turned away with his now-famous dismissal: "It's in his corner; it's his responsibility."

And so with an election weeks away and its troops already at the edge of the cliff, the Republican elites decided to jump into the sea over Mr. Foley.

We doubt that Messrs. Boehner, Wildmon, Perkins, Bauer and Weyrich will feel as politically cleansed as they seem to be this week if they wake up November 8 to a House run by Ms. Pelosi and Messrs. Rangel, Murtha, Dingell, Waxman, Obey and Frank. And if the pundits are right, the Foley wilding may even give them a Harry Reid Senate.

Certainly there are plenty of reasons for the right to be upset with this Congress. As these columns described Monday in "The GOP Record," the flops of the party now in control of Congress have been significant: Taxes, health care, Social Security, immigration, earmarks, Abramoff. All this is enough to bring the charge that Speaker Hastert has been an absentee landlord. But if it's enough to justify his removal -- and it may well be -- the time for doing so is after the election, win or lose. We are hard put to see what these conservatives think will be gained by burning down the entire coalition before the election over Mark Foley.

What is Mr. Hastert's supposed firing offense, anyway? We've seen no evidence to date that he lied or attempted a cover-up. His office responded to complaints from the parents of a former page by having the head of the page board and clerk of the House speak with Mr. Foley and order him to stop communicating with the minor.

Republicans should also have alerted the Democrat on the page board to the warning, but to force a Speaker's resignation because he didn't demand an investigation into every communication between Mr. Foley and current and former pages is politically convenient hindsight. Two newspapers also saw the same emails and declined to publish a story on them, no doubt for similar reasons of privacy and fairness.

On current course, the Hastert-must-resign conservatives are likely to wash away even the moral victory of the past week. Discounting for political calculation, prominent figures across the spectrum have repudiated and vilified Mr. Foley's behavior with minors. Melanie Sloan of the liberal Citizens for Responsibility and Ethics in Washington said lax oversight of Mr. Foley had left "a potential sexual predator on the loose." This sounds like a consensus standard. But it will be a minor footnote if the get-Denny posse enables a larger Democratic victory next month.

Let's imagine, for instance, that a seat on the Supreme Court opens up next year with a Democratic House and GOP Senate majority called Lincoln Chafee. Approve another Alito? The diminished GOP Senate would be lucky if it got someone as conservative as Harriet Miers. Think Son of Souter.

Want to choke down more gall? Try this: Making Mark Foley the fulcrum of defeat will let the spendthrift GOP appropriators off the hook. Reforming the earmark caucus was never going to be easy, but it'll be nigh impossible -- in or out of power -- if every political writer in America is describing how Republican elites pulled down the temple in 2006 over one Congressman's moral turpitude.

It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley.

Real Scandals, And Fake Ones (NYT)

The New York Times, October 5, 2006

When it comes to sexual scandal, American voters tend to be more rational than American politicians. The House Republicans raced to impeach President Clinton over the Monica Lewinsky episode. But the people, shocked as they were, showed no desire to punish him by upending the national government. Conservative politicians frequently try to score political points by railing against homosexuality, but voters from very conservative areas often support politicians who are living out their private — and often not particularly secret — lives as gay men and women. Lawmakers from both parties have announced they were gay over the last generation, and they were almost always re-elected.

That tolerance obviously does not extend to Representative Mark Foley's e-mail pursuit of under-age Congressional pages, an unforgivable — and very possibly illegal — abuse of public trust. But there's reason to worry that the scandal could tempt Republican politicians and their defenders to try to turn it into an anti-gay witch hunt in the Capitol.

The Republicans' fear of the political consequences of the scandal has already caused them to turn on each other with stunning speed. The finger-pointing at Speaker Dennis Hastert became a chorus. The Republicans, who have shown a remarkable degree of patience when it comes to investigating the Bush administration, are fairly racing to investigate their leadership.

The desire to turn Mr. Hastert into a sacrificial victim is self-serving. But the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs.

Pat Buchanan helped point everyone in exactly the wrong direction when he announced on MSNBC that "there's a proclivity" toward child abuse among homosexuals. "Is it a coincidence that 90 percent of the victims of the priests and the other folks who abuse those altar boys and others, 90 percent of the victims were boys, 90 percent of the perpetrators were men?" he asked.

What Mr. Foley did was not about his sexual orientation. Anyone who imagines that gay men pose a particular threat to American children need only contemplate the grisly crimes recently perpetrated on young girls in schoolhouse assaults by psychotic heterosexuals. The last time Congress went through a page sex scandal, two House members were censured — one gay and one straight.

When one party is humiliated this way, there's a tendency to look for culprits in the ranks of the opposition as well. After the Lewinsky scandal broke, the public was barraged with examples of Republican members of Congress who had committed adultery. While some of the embarrassed lawmakers retreated to private life, virtually none of them were sent there by the voters.

If there is a Democratic member of Congress guilty of sins similar to Mr. Foley's, it is likely we will hear about it soon. But convincing the public that Mr. Foley's disgusting behavior is widespread in Washington, or trying to create the impression that the presence of gays in the highest levels of government is something to worry about, is not likely to get any Republican elected this fall. What it will do is further degrade an already depressing election year, and create cynicism among a public that really is cynical enough already.

The Warning Signs About Hastert's Leadership Were There October 5, 2006 (RC)

By Norman Ornstein,

Roll Call, October 5, 2006

My deep dismay and disillusionment with Speaker Dennis Hastert (R-Ill.) began with the 2003 House vote on the Medicare prescription drug plan — the infamous three-hour vote, from 3 to 6 a.m.

The Speaker engineered the time and length of the vote, despite the House norm of finishing votes within 15 minutes. Going against tradition, the Speaker went to the floor to lobby during the vote. Even more shocking, he escorted a Cabinet officer, the secretary of Health and Human Services, onto the floor to twist arms.

Those acts showed that he was a Speaker who put raw partisan politics above the dignity and constraints of a constitutional office that makes him leader of the entire institution and only secondarily the leader of a party. This was not a passive Speaker, an amiable glad-hander who was a puppet to then-Majority Leader Tom DeLay (R-Texas); this was an aggressive Speaker who took charge, with an ends-justify-the-means, win-at-any-cost mentality.

The Medicare vote was deeply troubling, but it was nothing compared to the ethics committee fiasco at the start of the 109th Congress. After the panel did its duty and issued three rebukes to DeLay, the Speaker fired Standards of Official Conduct Chairman Joel Hefley (R-Colo.), and two GOP panel members, Reps. Kenny Hulshof (Mo.) and Steven LaTourette (Ohio). The Speaker's excuse for firing Hefley, a conservative with flinty integrity, was that he'd reached his term limit. Yet Hastert had

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waived the term limit for Rules Chairman David Dreier (R-Calif.). And neither Hulshof nor LaTourette had reached any term limit; they were flat-out canned for doing their job.

Hastert then picked loyalist Rep. Doc Hastings (R-Wash.) to replace Hefley, with the obvious prospect that Hastings could move up to chair Rules if he did not stray on ethics. Hastert also added Rep. Lamar Smith (R-Texas), a DeLay loyalist who had contributed to the DeLay legal defense fund, at a time when the only pending ethics matter was related to DeLay. What Hastert did with the ethics panel was a direct affront to propriety and a clear sign that the integrity of the House took a back seat to protecting DeLay and other Republicans from ethics charges.

The Speaker also pushed the House Republican Conference to alter its rules so DeLay could stay as Majority Leader even if he were indicted in Texas. Some GOP Members have tried to defend the Speaker to me by suggesting that he was only acting on the advice of his counsel, Ted Van Der Meid. That may or may not be true — but he is the Speaker, and he knew the implications full well (or should have).

I have written repeatedly over the past few years about Hastert's behavior as Speaker, but few other news outlets have altered the common story line — that is, good ol' boy Denny Hastert, amiable, a real House guy, passive, simply a front man for Tom DeLay.

To anyone who did connect the dots, it was not a shock that the Speaker would react to the news that then-Rep. Mark Foley (R-Fla.) had engaged in highly questionable exchanges with a young male page by pushing it to the side, ignoring it and hoping it would go away until after November. This is simply not a man whose first impulse would be to protect the integrity of the House, or to put pages above the political expediency of preventing yet another scandal in an election year.

The Foley scandal is a pivotal event — very likely the tipping point in the elections, and another stiff test for the House to demonstrate some trace elements of institutional integrity. This is about Mark Foley, a dynamic, savvy and capable Member of Congress who shattered the trust imparted in him as a lawmaker. Even more, though, it is about the Speaker and other Republican leaders who showed why Congress genuinely is the broken branch.

Look at all the explanations given for Hastert, Reps. Tom Reynolds (R-N.Y.) and John Shimkus (R-Ill.), among others, sitting on the information they had for months on end, including who knew what and when, talking about the innocuous nature of the e-mails they knew about and blaming subordinates or superiors. They do not wash. This was a cover-up, plain and simple.

Those initial e-mails may not have been graphic or sexually explicit, but they had flashing neon "danger" signs all over them. There have been page scandals before, just as there have been scandals involving priests and young parishioners and youngsters preyed upon by people in positions of authority. How could any of these leaders have known the bare bones of this story and not acted — at minimum, to demand of Foley any additional e-mails or other communications he had had with pages, and an accounting of any activities he had engaged in with them, such as dinner or other contact outside the official setting? And how could a Speaker not demand at least that the full page board be assembled to deal with this problem?

For a Speaker who openly and repeatedly has said that what mattered was the majority of the majority — not the majority of the House — it was wholly predictable that he would not bring Democratic Rep. Dale Kildee (Mich.) into the deliberations, but rather rely on his home-state buddy Shimkus. And that partisan-first mentality did not end with the explosion of revelations; when Hastert and Shimkus issued a call for reform of the page system a couple of days ago, they still did not notify or bring in Kildee!

Only once during his tenure as Speaker has Hastert leapt to protect the integrity of the legislative branch — when he joined with Minority Leader Nancy Pelosi (D-Calif.) to take on the FBI and Justice Department for raiding the office of Rep. William Jefferson (D-La.). He was right, in my view. But I am now left to believe that he did so not because of a visceral reaction to protect the House, but rather out of fear that the Jefferson raid would be followed by lots of others, targeting many Republicans.

It has been fascinating to watch Republicans and conservatives rally behind the Speaker the past few days, especially after The Washington Times called for his resignation. From President Bush to Rush Limbaugh, the defense of the Speaker has ranged from "he didn't know" to "he has been a good Speaker — the good cop to Tom DeLay's bad cop" to "even if he knew, rally behind him and the others anyway, because the Supreme Court is at stake."

How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

A Tear In Our Fabric (NYT)

By David Brooks

The New York Times, October 5, 2006

This is a tale of two predators. The first is a congressman who befriended teenage pages. He sent them cajoling instant messages asking them to describe their sexual habits, so he could get his jollies.

The second is a secretary, who invited a 13-year-old girl from her neighborhood into her car and kissed her. Then she invited the girl up to her apartment, gave her some vodka, took off her underwear and gave her a satin teddy to wear.

Then she had sex with the girl, which was interrupted when the girl's mother called. Then she made the girl masturbate in front of her and taught her some new techniques.

The first predator, of course, is Mark Foley, the Florida congressman. The second predator is a character in Eve Ensler's play, "The Vagina Monologues."

Foley is now universally reviled. But the Ensler play, which depicts the secretary's affair with the 13-year-old as a glorious awakening, is revered. In the original version of the play, the under-age girl declares, "I say, if it was a rape, it was a good rape, then, a rape that turned my [vagina] into a kind of heaven." When I saw Ensler perform the play several years ago in New York, everyone roared in approval. Ensler has since changed the girl's age to 16 — the age of Foley's pages — and audiences still embrace the play and that scene at colleges and in theaters around the world.

But why is one sexual predator despised and the other celebrated?

The first and obvious reason is that male predators are more disturbing than female predators. But the second and more important reason is that they exist in different moral universes.

Ensler's audiences are reacting to the exuberant voice of the young girl, who narrates the scene. They're embracing — at least in the fantasy world of the theater — a moral code that's been called expressive individualism. Under this code, the core mission of life is to throw off the shackles of social convention and to embark on a journey of self-discovery. Behavior is not wrong if it feels good and doesn't hurt anybody else. Sex is not wrong so long as it is done by mutual consent.

By the rules of expressive individualism, Ensler's characters did nothing wrong. They performed an act that was mutually pleasurable and fulfilling.

This code dominated cosmopolitan culture during the 1970's and 1980's. When Congressman Gerry Studds was censured in 1983 for his relationship with a 17-year-old page, he argued that the sex was consensual, and he was re-elected several more times.

But there's another and older code, and people seem to be returning to this older code to judge Mark Foley. Under this older code, we are defined not by our individual choices but by our social roles.

Under this code, when an adult seduces a child, it tears the social fabric that joins all adults and all children. When a congressman flirts with a page, it tears the social trust that undergirds the entire page program. When an adult seduces a teenager, it ruptures the teenagers' bond with his family, and harms the bonds joining all families.

This older code emphasizes not so much individual exploration as social ecology. It's based on the idea that people are primarily shaped by the moral order around them, which is engraved upon their minds via a million events and habits. Individuals are not defined by their lifestyle preferences but by their social functions as parents, job-holders and citizens, and the way they contribute to the shared moral order.

In this view, the social fabric is a precious thing, always in danger. And what Foley, and the character in the Ensler play, did was wrong, consent or no consent, because of the effects on the wider ecology.

In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management.

But the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease.

In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority.

An Amish Community Grieves For Its Little Ones (WP)

By Raymond McCaffrey And Michael E. Ruane

The Washington Post, October 5, 2006

BART TOWNSHIP, Pa., Oct. 4 -- All day they trudged across the dusty farm fields here -- white-bearded Amish patriarchs, women in black dresses and white bonnets, strapping young men with cropped hair and tanned arms.

They came, too, in their metal-wheeled black buggies, drawn by lathered horses that built clouds of gray dust on the gravel byways, somber but dutiful people on timeless missions of grief.

Across the meadows and back roads of the village of Nickel Mines, clusters of the black-clad mourners could be seen Wednesday gathering outside the homes where the bodies of the five Amish children slain Monday lay. They gathered to pay respect, offer hope and have the one last encounter with the departed that is Amish tradition.

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"Go ahead and touch her," a family friend said a mother told the sister of one of the dead girls. "She's cold now, but she's in Heaven."

Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls.

Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday.

The five surviving girls -- a 6-year-old, three 8-year olds and a 13-year-old -- are recovering from grievous gunshot wounds in two Pennsylvania hospitals. Police have not released their names.

Meanwhile, the Pennsylvania State Police announced Wednesday that the two female relatives whose abuse Roberts said tormented him had no recollection of being attacked by him. Roberts said in a last phone call to his wife and in a series of suicide notes that he had molested the two relatives when he was about 12 and that he had been haunted by dreams that he was going to molest again.

That, he suggested, was part of the rationale for his schoolhouse assault, police said. Police said the relatives, whom they did not identify, would have been about 4 or 5 at the time. Police did not say whether they believed the attacks never happened, but they had sounded skeptical of the story since it was revealed Tuesday.

The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand.

The community assembled Wednesday for the viewings, several of which were held at the same time, in homes within sight of each other. The girls were placed in open coffins, according to Rita Rhoads, a Mennonite nurse/midwife who had delivered two of the victims. "It's important to touch the body," Rhoads said.

She recalled the joy that the Ebersol family felt when Naomi was born, her parents' first daughter after five sons. "They finally got their girl," Rhoads said.

She said the families are aware of the revelations by police that the killer brought materials to the schoolhouse that suggested to police that he had intended to sexually assault the girls after tying them up. Rhoads said Naomi's father, who owns a woodworking shop, told her that, on the day of the shootings, "there was a fight between good and evil in the school, and good won." His view -- reflected elsewhere in the community -- was that it was better the girls died than for them to have met what some consider a worse fate.

"They feel it was better to be dead than to be sexually molested and tortured," Rhoads said. "They feel that God won. [Roberts] didn't get to do what he wanted to do, and the girls are in Heaven."

Rhoads remembered Naomi as "so cute and innocent and starting to blossom."

The Fisher family was touched by the tragedy in more than one way. In addition to mourning the loss of Marian, they are praying for the recovery of her 12-year-old sister, who was among the girls shot at the school and is listed in serious condition at Children's Hospital in Philadelphia. At the same time, they are rejoicing over the survival of their 10-year-old daughter, the only girl to escape from the school.

Rhoads said that the child managed to escape with some adult women who were let go by Roberts as he carefully selected his targets. The women told the girl to "tiptoe" out of the schoolhouse while Roberts was busy tying up the other girls, Rhoads said. The child ran to a nearby farm with the other escapees.

"Of course, the family is just thanking the Lord she got out," Rhoads said. But they are also concerned about the long-term effect of the ordeal on their daughter.

Still, the little girl managed to follow tradition, going up to her sister's coffin and touching her a last time, Rhoads said the child's mother told her. She said her mother told the child that her sister was in Heaven even though she felt cold.

John Fisher, a relative of Marian Fisher's, said Wednesday that he was grateful for all the support of the community but that preserving the privacy of the families was important. He said the relatives of the victims have spent a lot of time together since the shooting.

"We have the viewing [Wednesday] and the funeral [Thursday], and we're just trying to focus on that right now," said Fisher, standing on his front porch surrounded by his children. "This is a hard thing."

Fisher said Marian was in eighth grade and had attended the one-room school since first grade.

Investigators for the first time Wednesday allowed reporters close access to the schoolhouse. Aside from boards over the windows that the police SWAT teams smashed on their way in, all seemed in order.

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A double seesaw and a swing set sat outside, near two outhouses. A small baseball diamond had wear spots in the grass for the bases and home plate, and a simple chain-link backstop. There was a school bell in the cupola and a whitewashed board fence around the perimeter. Huge gray draft horses grazed in a field out back.

About noon, a group of Amish women from Michigan, visiting the area for a wedding, walked down the road and paused by the fence to pay their respects.

They looked anguished and spoke quietly to each other. Some buried their faces in their hands.

"This really hurts," said one of the women, Katie Weaver, 54. "But, see, at a very young age our parents teach us to forgive like Christ did, not man-made forgiveness. . . . Jesus still takes care of us, even if bad things happen. These children are in Heaven. We still weep and cry just like everybody else, but then we go to Christ.

"My mom and dad taught me, and now we teach our children the same, to forgive people if they hurt us or wrong us," she said. "Things are going to happen in life. We're going to get hurt. But . . . we have to forgive. . . . If we give it to God, he'll take it and make something good out of it."

Also Wednesday, Janice Ballenger, a deputy coroner in Lancaster County, clarified comments she had made Tuesday about the number of wounds suffered by the children. She had said that she counted two dozen wounds in the body of one victim, whereas state police had said Roberts fired 17 or 18 shots from a pistol and a shotgun.

Ballenger said there was no discrepancy between the police and coroner's reports. Police said Wednesday for the first time that some of the victims were hit by several of the shotgun pellets, which left multiple wounds.

Amish School Survivors Struggle After Killings (NYT)

By Shaila Dewan

The New York Times, October 5, 2006

NICKEL MINES, Pa., Oct. 4 — In the past two days, Leroy Zook has talked his way into a bloodied schoolyard to free a nervous carriage horse, visited wounded children in hospital gowns and viewed dead ones dressed in white, shaken the hand of a killer's father-in-law, prayed, sung and milked his cows.

Seven members of Mr. Zook's family were in the one-room Amish schoolhouse on Monday morning when Charles C. Roberts IV rapped on the door armed with chains, clamps and guns. Mr. Roberts shot 10 girls — aged 6 to 13 — killing 5 of them and then committing suicide. All the Zooks — Mr. Zook's wife, two daughters, one of whom was the teacher, two daughters-in-law and two baby grandchildren got out unharmed, but not unshaken.

The police have praised Emma Mae Zook, the 20-year-old teacher who, with her mother, slipped out to call 911. Less has been said about the three women who were left behind as the gunman separated the girls from the boys and lined them up.

"They're actually hurting about as bad as anybody else," said Mr. Zook, standing on the driveway of the family farm just before supper, wearing suspenders and a straw hat with a papery black band around the brim. "I didn't realize that until I talked to them today. They were there when he was tying the girls up, and they were telling the children to stay calm, and he come down the line and turned them loose."

Mr. Zook said one of the wounded girls had been removed from her ventilator on Tuesday night and had told her parents about what happened after the children, who according to Amish custom are insulated from violence, had been left alone with Mr. Roberts.

"They talked with this gunman and asked him why he was doing this," Mr. Zook said. "And he told them why: he's angry at God, he's just bitter. He told them that they're supposed to pray for him that he wouldn't do this."

He also said, "The oldest girl there, she said 'Shoot me, and leave the others alone.' "

Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before.

On Tuesday, the state police said the two relatives had been interviewed and did not recall ever being sexually assaulted by Mr. Roberts. They would have been 4 or 5 at the time, said Linette Quinn, a spokeswoman for the state police. Mr. Roberts had never been the subject of any child molestation investigation, Ms. Quinn said.

She said the police had not yet interviewed any of the surviving girls.

As the community struggled to comprehend the killer's actions, families prepared for funerals. Horse-drawn buggies used by the Amish filled the field next to the home where a wake was being held for Naomi Rose Ebersole, 7. Children in bonnets clustered quietly in the yard, and women in long aprons carried casseroles to the door.

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Mr. Zook said he and Emma Mae — his daughter — had gone to visit one of the wounded girls in the hospital that day. "That perked her right up," he said. But at the sight of her in the hospital bed, with tubes attached to her body, Emma Mae fainted, he said. "She's weak. She just went and sat down in a chair."

Behind him, Emma Mae's twin brother and a sister listened shyly to their father's conversation. Mr. Zook's wife, dressed in rubber boots, tended to chores.

Throughout this ordeal, the Amish, whose avoidance of vanity extends even to buttons and zippers, have been the object of fascination not just because of their old-fashioned dress and rejection of modern conveniences like cars and electricity, but because of their stoicism, faith and capacity for forgiveness.

Rita Rhoads, a midwife who helped in the births of two of the murdered girls, said the father of one told her that God had helped his daughter. "He said there was a battle between good and evil Monday, and good won," Ms. Rhoads said. "He felt that way because the shooter was killed before he was able to carry out all of his plans."

Investigators said they believed Mr. Roberts intended to sexually molest the girls but was interrupted by the arrival of the police.

Lil Nissley, whose daughters had been playmates with one of the victims, said she was at the farm where those fleeing the schoolhouse — the male students and the adult women — had taken refuge. "Any outsider would have said, what's wrong with these calm people?" she said. "I mean, we were crying, we were praying, but we weren't hysterical."

But Ms. Nissley and her husband, David, who are not Amish, said the composure was a matter of culture and training, not suppression. "Their blood runs red," Mr. Nissley said.

Still, it is not unusual for the Amish to reach out to those who hurt them. When an Amish dies in a car accident, for example, the motorist is often invited to the funeral. Mr. Zook said he had shaken hands with Mr. Roberts's father-in-law, whom he encountered at the home of the Fisher family, who had three daughters in the school. One escaped, another was wounded and the third was killed. Mr. Zook said such encounters helped the survivors victims heal.

"I think it's helping him to meet people too, and see that there's no grudge," he said of the father-in-law. "How could you hold a grudge against the wife, the family?"

As satellite trucks and reporters descended on the area, many residents said they felt protective of the Amish, who shun publicity. And many Amish said they did not blame the English, as they call their non-Amish neighbors, for what happened.

But the shootings still meant a loss of trust between the Amish and the modern world, especially for the young. One 34-year-old Amish man, who said he would not give his name because he did not want to attract attention, said that the day after the shooting he had to ask a reporter parked near an Amish schoolhouse to move along because her presence was scaring the children.

"She was just sitting there doing bookwork, but the kids were all hiding behind the school peeping around the side," he said.

After all, they had just learned that the recent carnage occurred after an "Englishman" had parked his pickup truck in front of a school.

"It's going to be a scar on them for some time," the man said.

Shooter's Relatives: No Recall Of Being Molested (USAT)

By Alan Levin And Mimi Hall

USA Today, October 5, 2006

BART TOWNSHIP, Pa. — Two family members of the man who shot 10 girls in an Amish schoolhouse say they have no recollection that he molested them 20 years ago, as the gunman claimed, Pennsylvania state police said Wednesday.

Moments before he began firing at the schoolgirls in Monday's attack, Charles Carl Roberts IV called his wife and told her he was haunted by memories of molesting two young relatives. Roberts wrote in a suicide note that he had been dreaming he would molest again.

Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. "Both of them have no recollection of being sexually assaulted by Roberts" when they were 4 or 5 years old, trooper Linette Quinn said.

Roberts, a distraught milk truck driver, killed five girls and wounded five more in the attack. He arrived at the Amish school armed with guns, ammunition, plastic ties and lubricating jelly that police said he likely planned to use to sexually assault the girls. He killed himself as police stormed the schoolhouse.

On Wednesday, the Amish community released its first public statement since the shootings, pleading with the news media to show respect during the girls' funerals and burials, which begin today.

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"We don't know or understand why this happened, but we do believe that God allowed this to happen," said the statement released by state police. "The rest of us … will go on."

State police added additional details about the gruesome shooting Wednesday. Besides firing 13 to 15 shots from a 9mm handgun, Roberts fired four shots from a 12-gauge shotgun, three of which struck the schoolgirls.

Donations and support poured into this picturesque farming community as the Amish debated whether to destroy the one-room schoolhouse, now boarded up. The Amish families are considering destroying it, said Rita Rhodes, a midwife who delivered two of the girls who died.

Amish Bishop Reuben Fisher, a grandfather to three of the victims, is leaning toward tearing down or burning the school, said Rhodes, a spokeswoman for the Amish families.

"It doesn't really surprise me," said Kim Fortney, an expert on Amish culture at the Heritage Center of Lancaster County. "It's more of a human reaction than a cultural one."

Capital BlueCross, an area health insurance company, announced it had created a fund with $500,000 to pay for medical care and other needs of the families involved.

The Amish elders asked Kevin King of the Mennonite Disaster Service to run a local committee formed to oversee the donations.

King said the elders did not want to say how much money had poured in because they considered it "boastful." He predicted millions of dollars would be donated. (The Mennonite Disaster Service website is www.mds.mennonite.net.)

Kin Say Amish Gunman Didn't Molest Them (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, October 5, 2006

(AP) - NICKEL MINES, Pa.-Two relatives of the man who attacked an Amish school said they were not molested by him 20 years ago as he had claimed, investigators said Wednesday.

Charles Carl Roberts IV, 32, revealed to his family in notes he left behind and in a cell phone call to his wife from inside the West Nickel Mines Amish School that he was tormented by memories of molesting his two young relatives 20 years ago. He also spoke of having dreams about doing it again.

Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse.

"Both of them have no recollection of being sexually assaulted by Roberts," state police Trooper Linette Quinn said. "They were absolutely sure they had no contact with Roberts."

Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died. Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls.

As they struggle with the slayings, the Amish in this Lancaster County village are turning the other cheek, urging forgiveness of the killer and quietly accepting what comes their way as God's will.

"They know their children are going to heaven. They know their children are innocent ... and they know that they will join them in death," said Gertrude Huntington, a Michigan researcher and expert on children in Amish society.

"The hurt is very great," Huntington said. "But they don't balance the hurt with hate."

In the aftermath of Monday's violence, the Amish are looking inward, relying on themselves and their faith, just as they have for centuries. They hold themselves apart from the modern world, and have as little to do with civil authorities as possible.

Amish mourners have been going from home to home for two days to attend viewings for the five victims, all little girls laid out in white dresses made by their families. Such viewings occur almost immediately after the bodies arrive at the parents' homes.

Typically, they are so crowded, "if you start crying, you've got to figure out whose shoulder to cry on," said Rita Rhoads, a Mennonite midwife who delivered two of the five girls slain in the attack.

At some Amish viewings, upwards of 1,000 to 1,500 people might visit a family's home to pay respects, according to Jack Meyer, 60, a buggy operator in Bird in Hand. Such visits are important, given the lack of e-mail and phone communication, Meyer said.

The Amish have also been reaching out to the family of the gunman. Dwight Lefever, a Roberts family spokesman, said an Amish neighbor comforted the Roberts family hours after the shooting and extended forgiveness to them.

"I hope they stay around here and they'll have a lot of friends and a lot of support," Daniel Esh, a 57-year-old Amish artist and woodworker whose three grandnephews were inside the school during the attack, said of the Robertses.

Huntington, the authority on the Amish, predicted they will be very supportive of the killer and his wife, "because judgment is in God's hands: `Judge not, that ye be not judged."

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A deputy county coroner on Wednesday described a gruesome scene at the school, with blood on every desk, every window broken and the body of a girl slumped beneath the chalkboard, below a sign that read "Visitors Brighten People's Days." Roberts' body was face-down next to the teacher's desk.

"It was horrible. I don't know how else to explain it," said Amanda Shelley, a deputy coroner in Lancaster County.

Funerals for four of the victims - Naomi Rose Ebersole, 7; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7 - are scheduled for Thursday at three homes. The funeral for the fifth girl, Anna Mae Stoltzfus, 12, is Friday.

About 300 to 500 people are expected at each funeral, said Philip W. Furman, an undertaker. The church-led services typically last about two hours before mourners travel in horse-drawn buggies to a cemetery for a short graveside service.

In keeping with custom, the Amish use simple wooden caskets - narrow at the head and feet and wider in the middle. An Amish girl is typically laid to rest in a white dress, a cape, and a white prayer-covering on her head, Furman said.

Five other girls remained hospitalized - three in critical condition and two in serious condition. They ranged in age from 6 to 13.

Enos Miller, the grandfather of the two Miller sisters, was with both of the girls when they died. He was out walking near the schoolhouse before dawn Wednesday - he said he couldn't sleep - when he was asked by a reporter for WGAL-TV whether he had forgiven the gunman.

"In my heart, yes," he said, explaining it was "through God's help."

Memorial contributions can be sent to the Nickel Mine School Victims Fund, c/o Hometown Heritage Bank, P.O. Box 337, Strasburg, PA 17579

Associated Press writers Mark Scolforo, Adam Geller and Martha Raffaele contributed to this story.

Schools On Guard After Recent Shootings (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, October 5, 2006

CHICAGO, Oct. 4 -- After a spate of bloody schoolhouse attacks in the past month, school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer.

"We want to harden the target," said William Lassiter, manager of North Carolina's Center for the Prevention of School Violence. Noting that two recent cases involved outsiders looking for a place to make a gruesome statement, he said administrators should do small things -- limiting access, making sure all doors are locked -- "to make it at least look like the school would be a less vulnerable target."

The Anne Arundel County superintendent of schools, Kevin M. Maxwell, asked county police to show a stronger presence at school. The school district also expects to hold four drills before the end of the semester to rehearse emergency responses.

Each Maryland school district and school is required to have a crisis plan to cope with events such as a school shooting or a large-scale disaster like the Sept. 11, 2001, attacks.

In Seattle, schools have installed telephones in classrooms so that in an emergency someone could call 911.

In Wyoming, even small schools are locking doors and channeling visitors through a single entrance.

In rural Pontiac, Ill., the superintendent issued a bulletin instructing teachers not to prop open any side doors.

A recent letter from Jefferson County, Colo., Superintendent Cynthia Stevenson reminded parents that children are far more likely to fall victim to a crime outside of school than inside. But she reported on recent security steps and urged parents to talk to their children about what kids should do if they spot a stranger at school. She said counselors would reinforce the message.

The stepped-up emphasis on security comes after four incidents that have shocked the country.

On Monday, a gunman in Nickel Mines, Pa., burst into a one-room schoolhouse, lined up 10 girls at a blackboard and shot them. Five have died.

On Sept. 27, a drifter near Bailey, Colo., took six teenage girls hostage, sexually assaulted them, then shot and killed one girl as police stormed into the school.

Last month, a plot to blow up Green Bay East High School in Wisconsin, spread napalm at the exits and shoot fleeing students was thwarted when an acquaintance of two 17-year-old conspirators told an assistant principal. Police said later that the two seniors, who each weighed 300 pounds, planned the attack in revenge for being harassed by other students.

And last week, in rural Cazenovia, Wis., a teenager brought two guns to school and shot the principal to death after a struggle with adults and other students.

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Unlike the Columbine High School attack in Littleton, Colo., in 1999 and last year's deadly assault on a school in Red Lake, Minn., two of the recent incidents apparently involved adults with grievances unrelated to the schools.

"They're extremely difficult to predict, and when you start getting into a rural setting, it is much more challenging to call on law enforcement for a rapid response," said Ronald Stephens, executive director of the National School Safety Center, a California advocacy group. "When you talk to school administrators, they all thought 'it never could happen here.' "

Stephens pointed out that outsiders have committed violence at schools before. "Just crazy, demented people doing these kinds of things," he said. They sometimes seem to occur in waves.

Lassiter of the Center for the Prevention of School Violence says the gunmen chose rural schools because they were vulnerable, a stark contrast to the environment surrounding many urban schools.

Stronger security measures and improved vigilance by students and staff alike have made urban schools less common targets, according to experts. They say one key ingredient in school safety is the development of solid connections to law enforcement agencies and the surrounding neighborhood.

"When we know things are going on in the community, we beef things up," said James E. Breashears, principal of Paul Robeson High School, in a poor neighborhood on Chicago's South Side. "And it takes more than security. We know our students very well. Our security staff are involved with them after school in athletic programs or jobs or clubs."

Each morning at Robeson, students efficiently strip off their jackets and load their backpacks and purses onto the moving belt of an X-ray machine. They step through tall twin metal detectors -- one for boys, one for girls -- and head to class.

"We have guns all over here," said Donnell Ross, 16, "but not in the school."

School shootings are rare in Chicago, one of the nation's largest school systems. The last fatality on school grounds came in 2002, when a high school basketball player was shot in the back in a feud over a girl. And Breashears said it has been more than a decade since a gun was found at his school.

Bush Offers Sympathy To Keyeses, Vows To Address Problem (DENP)

By Chris Frates, Denver Post Staff Writer

Denver Post, October 5, 2006

President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings.

"A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes," said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. "She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people."

Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings.

"We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks," Bush said. "May God bless Emily's family."

Staff writer Chris Frates can be reached at 303-954-1633 or cfrates@denverpost.com.

Spellings Say Religious Leaders Will Have Role At Conference (AP)

By Matt Curry

AP, October 5, 2006

GRAPEVINE, Texas - Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday.

The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls.

Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference.

"We certainly plan to ask faith-based leaders into these meetings on Tuesday," Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans.

Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions.

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Evans agreed.

"I believe these kinds of tragedies, as tragic as they are, create opportunities. Just like Katrina, it creates opportunities for people to come together in a way they haven't come together," the pastor said. "At the bottom, fundamental level of this is moral choices people are making."

Three schools have been hit by deadly attacks recently. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; a 15-year-old Wisconsin student shot and killed his principal Friday; and a man took six girls hostage in Colorado on Sept. 27, sexually assaulting them before fatally shooting one girl and killing himself.

Spellings encouraged parents to take advantage of a "teachable moment" and check up on safety procedures at their children's schools.

"This is the time for parents to ask school leaders and principals, 'What plans are being made? ...What should we do?' " she said. "With young children, don't bombard them with information. Turn off the TV."

Earlier, speaking to about 700 church leaders, Spellings lauded the No Child Left Behind law but said more strides must be made to lift the academic performances of minority students.

She praised efforts by Evans that have led to churches adopting schools in their communities.

Before the speech, the audience was shown a video in which President Bush praised Evans, pastor of the 7,000-member Oak Cliff Bible Fellowship. Spellings called the pastor one of the "inventors" of the administration's faith-based initiative.

Pellet Gun Leaves 6 Hurt At Md. School (FINDLAW/AP)

AP, October 5, 2006

(AP) - PIKESVILLE, Md.-A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said.

The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured.

The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania.

Authorities later found the pellet gun under a bush on school grounds, said Sgt. Vickie Warehime, a spokeswoman for Baltimore County police.

Police said they believe it was a student because no one was seen entering Pikesville High. Three officers were at the school on an unrelated matter before the shootings.

Police planned to check the gun for fingerprints. Detectives were interviewing the victims' friends, other students and faculty for any leads on a possible suspect.

Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though some schools told parents to come and pick up their children.

When Schools Turn Deadly (BOS)

The Boston Globe, October 5, 2006

ONE WONDERS what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend.

The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. A 32-year-old gunman, Charles Carl Roberts, invaded the schoolhouse in Bart Township, a farming community about 60 miles west of Philadelphia. According to news reports, he brought a handgun, shotgun, illegal stun gun, several knives, and more than 100 rounds of ammunition to dispatch a group of defenseless girls. But first, according to police, he had plans to assault them sexually.

Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence.

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Parents shouldn't wait for a federal response. They can, and must, insist that their children's schools have a safety plan and inquire how it works and who is responsible for implementing it. Next, put an end at home to the kind of prolonged viewing of mass media violence that reputable researchers, including the Office of the Surgeon General of the United States, have linked to increases in aggressive behavior. Corrections officials must also find funds to treat the high rate of mental illness among prisoners. More than half of state prisoners suffer from such illnesses, according to the US Justice Department.

Most important, Congress must put an end to the callous efforts by the gun lobby to protect shady gun dealers. Mass murderers have no trouble stockpiling weapons. Yet police officers who want to share gun trace data with their counterparts in other states for the purpose of ferreting out rogue gun dealers face continued interference from the gun lobby and its partners in Congress.

The slaughter of the Amish girls was the third incident of deadly school violence in just a week. It shows that no one is beyond the reach of mass murderers. The best hope is to reach them first.

Justice Dept. Aims To Block Taiwan In Spy Probe (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, October 5, 2006

The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts.

The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng.

After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and other documents about her dealings with Keyser.

The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office.

In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it "objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial." Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be "impracticable."

Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats.

Taiwan's unusual legal maneuver, which its attorneys sought to keep secret, was first reported last week by The New York Sun.

A former legal adviser to the State Department, Abraham Sofaer, said Taiwan might have the legal right to the return of its documents. "If we had an embassy and an embassy employee took stuff out of an embassy and took it to somebody, we would want to be able to get it back," the lawyer told the Sun. "We'd still have the right to get it back. … You can't have a waiver of sovereign immunity by that kind of conduct."

Keyser pleaded guilty to three felonies last year, but prosecutors, who claim he has failed to cooperate with the investigation, are seeking to bring new espionage-related charges against him. His lawyers are fighting the move and insist he has cooperated fully.

Fee-office Inquiry Yields No Charges (KCS)

By Steve Kraske

The Kansas City Star, October 5, 2006

The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday.

In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a "target, subject or witness" in the investigation.

"… Nor was he implicated in any allegation being investigated," Cummins said in a statement. "Any allegations or inferences to the contrary are uninformed and erroneous."

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Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, "affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers."

Jackson said federal authorities never interviewed Blunt or anyone in his administration.

For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases.

In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power.

U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed the existence of the inquiry in April, although authorities refused to comment publicly at the time.

The U.S. attorney in eastern Missouri is Catherine Hanaway, a Republican and former speaker of the Missouri House. She has declined to comment on the case.

Blunt's handling of the offices has been the source of considerable attention because of who received fee-office contracts and how he altered the system.

Among those who received contracts was Tracy Graves, wife of former Western District U.S. Attorney Todd Graves, a prominent Republican. She received the Gladstone office, regarded as one of the most profitable in the state, and her brother received the contract for the Sugar Creek office.

Democrats criticized the Tracy Graves appointment as a conflict of interest for the federal prosecutor, although the Justice Department did not agree. At the time, Blunt defended the choice, saying Todd Graves would recuse himself from any case if necessary. Since then Graves has left the federal post.

In the St. Louis area, Blunt awarded a contract to Garrett Lott, who had been fined two years earlier for violating campaign finance laws.

When he came into office, Blunt quickly expanded the system by privatizing the remaining 11 state-run offices. State workers are no longer employed in any of the offices, including the one in downtown Kansas City that the state had operated for years.

Another change was the creation of private umbrella companies that hire workers for the fee offices and handle the offices' cash flow.

Democrats contended Wednesday that the investigation was an embarrassment to the state and that serious ethics violations might have occurred even though Cummins declined to pursue charges. Jack Cardetti, a Missouri Democratic Party spokesman, said the allegations swirling around the fee offices were so serious that federal investigators "had to come into this state and look really hard at what they were doing."

However, Jared Craighead, executive director of the Missouri GOP, said Cummins' finding was an indictment of a "corrupt" Democrat Party and a "liberal media that prefers sensational headlines, unnamed sources and disgruntled Democrat claims to journalistic integrity and political independence."

Expert: Internet Ban A Boon To Gambling Industry (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, October 5, 2006

CARSON CITY, Nev. (AP) - Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday.

Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, "opens up huge opportunities" for the industry.

The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said.

Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers.

Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, "In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area."

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Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers.

But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited.

"The casino lobbyists in Washington, D.C., thought this was a pretty good deal. It's actually better than that," Cabot said. "It really opens up the field. It knocks out the offshore companies, and leaves the legal licensees open to take their positions."

The bill also exempts the horse race industry, state lotteries and fantasy sports betting, Cabot said, adding, "This clearly opens up a lot of doors."

"For fantasy sports, they have to be ecstatic because this completely takes any taint of illegality away from them, and gives them an opportunity to grow maybe three-, four-, five-fold," Cabot said.

Cabot said an obvious benefit for casinos would be online links between their progressive slot machines in one state with similar devices in other states. When casino activity is coupled with online betting on such devices, he said jackpots could swell to hundreds of millions of dollars and rival major multistate lotteries.

Several states, including Nevada, prohibit Internet gambling, and such ventures may take years to develop. But Cabot said the new law "is the seed for this to happen."

Some gambling foes have said the 1961 Wire Act, which prohibits making bets on sporting events over the phone, should be applied to Internet betting. Cabot said the Justice Department has contended that the act does apply to nonsports betting, but that argument has been successfully challenged in federal court.

The ports security bill, which contains the gambling act, is H.R. 4954.

Law Is Unlikely To Corral Internet Gambling (WSJ)

By David Wessel

The Wall Street Journal, October 5, 2006

Oh what a tangled web we weave when we seek to make the Net do as we please.

Politicians often proclaim that government should keep its hands off the Internet lest it be strangled. But almost any issue that draws congressional scrutiny -- pornography, privacy, piracy, prescription-drug prices, taxes, consumer-lending practices -- is now intertwined with the Internet.

Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and "unlawful" gambling site -- shows how tricky regulating the Internet can be.

Applying old laws to new technologies is messy: The Justice Department and the gambling industry disagree on whether existing federal law permits or bans Internet betting on horse racing. Ignoring the reach of the Internet can expose vulnerable consumers to rip-offs by unscrupulous Web sites: Requiring licenses for barbers and bricks-and-mortar casinos but letting Internet gambling sites take billions from Americans without any oversight is somewhere between foolish and irresponsible.

Passing new laws, however, can be messy, too. Make them too tough, and businesses move offshore. Make them too loose, and they make lofty promises without practical effect.

The Internet gambling saga is rich. There's the tension between the puritanical and libertarian strains among Republicans. There's maneuvering by U.S. casino companies eyeing what is said to be a $12 billion global market, which is regulated and taxed in other countries. There's the stench of scandal: Disgraced lobbyist Jack Abramoff helped thwart earlier legislative assaults on Internet gambling, and some Republicans backed the new law to show that Mr. Abramoff is history. And there's presidential politics: Senate leader Bill Frist is courting antigambling social conservatives.

So what did Congress do?

It did not resolve the contentious issue of what constitutes "unlawful Internet gambling."

Under presidents Clinton and Bush, the Justice Department has said the 1961 Wire Act, written in the days before telephone lines morphed into an information highway, prohibits all forms of Internet gambling. But a 2002 federal appeals-court decision ruled that the statute applies only to sports betting, not poker or casino games. That allowed online gambling to flourish in the U.S. -- until American authorities arrested a couple of foreign Internet-gambling executives.

Internet horse-race betting sites say another federal law makes their business lawful. The Justice Department says otherwise but has done nothing to thwart Youbet.com, a Woodland Hills, Calif., horse-betting site.

The new Unlawful Internet Gambling Enforcement Act applies to any "bet or wager...unlawful under any applicable federal or state law," without acknowledging that it's murky what is unlawful. The Senate did not embrace Virginia Republican Rep. Bob

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Goodlatte's bill to amend the Wire Act to explicitly apply it to the Internet. (Note to Wall Street: Relax. Congress explicitly excluded over-the-counter derivatives.)

Publicly traded European betting sites got the message and cut off U.S. customers. As Britain's PartyGaming PLC put it: As "the first piece of federal legislation dealing explicitly with Internet gaming, it does make clear that the U.S. government intends to stop the flow of funds from Americans to online gaming operators through criminal sanctions."

Because the Internet doesn't respect national boundaries, banning something in the U.S. can be a hollow act. ("Traditional law enforcement mechanisms," the bill says, "are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses state or national borders.") So the new law goes after the lifeblood of gambling sites: money. It will be a civil and criminal offense to move money between bettor and "unlawful" gambling site. (The new law specifically excludes horse betting from its ban.)

Major credit cards already ban their use for Internet gambling, as does eBay Inc.'s PayPal service, but other online outfits, such as Neteller.com, based in the Isle of Man, sprang up to move money to the sites. This bill takes aim at them.

Although Congress resisted the temptation to require search engines such as Google Inc. and Yahoo Inc. to scan the Web to identify gambling sites, it empowered federal prosecutors and state attorneys general to go to court to force search engines to remove links to specific gambling sites, just as the sites now do for child porn. Of course, this is the sort of thing that brings howls when Google is told to do it by the French (to sites selling Nazi paraphernalia) or the Chinese (to sites questioning the Chinese government).

So the big publicly traded Internet gambling sites have left the U.S., disappointed that their plea -- "regulate us and tax us to make our business legit" -- has been rejected. Determined American bettors are bound to seek technological back doors to keep betting at those sites or, more likely, at shadier, less scrupulous underground betting sites. And big U.S. casino companies have pushed out potential foreign competitors in case, someday, Internet gambling becomes legal in the land where lotteries are seen by governments as a smart way to raise revenue.

In days before the Internet, Prohibition didn't stop drinking, and gambling bans didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling.

Earth Liberation Front Members Plead Guilty In 2001 Firebombing (SEATT)

By Hal Bernton And Christine Clarridge, Seattle Times staff reporters

Seattle Times, October 5, 2006

TACOMA — Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences.

They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture.

On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West.

Under the terms of separate plea agreements, prosecutors will recommend that Kolar, 33, of Seattle, receive a federal prison sentence of five-to-seven years, and a three-to-five-year term for Phillabaum, 31, of Spokane. The two were released without bail following their pleas.

"These violent acts of destruction are not a valid form of political speech," said U.S. Attorney John McKay. "We hope that these significant prison terms will dissuade others."

Both women faced a minimum of 30 years in prison if they had gone to trial and been convicted of all counts listed in their plea agreements.

The separate court hearings and briefings by the U.S. attorneys Wednesday offered the most detailed accounts yet of the people and events that led to one of the most high-profile and controversial of the Earth Liberation Front attacks.

The ELF sought to target genetically-engineered poplar trees at the UW. But the attacks ended up destroying other research projects, include wetlands restoration and endangered stickweed plants.

The attack reflected a shift in focus from earlier eco-sabotage acts. The FBI had ranked the ELF and the ALF as among the nation's top domestic terrorism threats after a string of attacks beginning in 1996 against U.S. Forest Service buildings, a Vail, Colo., ski resort, a wild horse slaughterhouse and other targets.

In 2000, in an attempt to recruit more people to join their attacks, the ELF held a series of secret meetings in Oregon, California, Arizona and Washington. At those meetings, they agreed to target companies and government facilities involved in genetic engineering, according to court documents.

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The biggest strike was a planned, early morning double-hit on May 21, 2001, against genetically-engineered poplar, fast-growing trees used for pulp and lumber.

The targets were an Oregon poplar farm owned by a timber firm and the Center for Urban Horticulture office of UW professor Toby Bradshaw, who received timber-industry funding for poplar research.

The ELF's news release, issued five days after the arson attacks, said the poplars pose "an ecological nightmare" for the diversity of native forests.

The UW attack was planned at a secret meetings in Olympia, where a garage had been fashioned into a "clean room," to manufacture time-delayed fire bombs, according to Andy Friedman, a U.S. assistant attorney for Western Washington.

At the hearing, Kolar admitted she used a knife to cut glass so others could get into Bradshaw's office. Phillabaum admitted to being on-scene, but her role in the attack was not detailed.

Three other people were at the scene of the attack, according to federal prosecutors.

· Bill Rodgers, 40, considered to be one of the top organizers of the ELF and a hands-on participant who allegedly help set the fire bombs inside the UW horticulture center. Rodgers, a bookstore operator in Prescott, Ariz., was taken into federal custody last December, then committed suicide in an Arizona jail. He has been implicated in at least nine attacks, including the 1998 fire bombing in Vail that caused $12 million worth of damage.

· Justin Solondz, 27, who once lived on the Olympic Peninsula, allegedly helped assemble the fire bombs in an Olympia garage converted into a clean room, and joined Rodgers in setting the devices inside Bradshaw's office. Solondz is now a fugitive.

· Briana Waters, 30, of California, served as a lookout and has been indicted for her role in the arson. She is expected to face trial on charges that include use of a destructive device in a crime of violence. If convicted of that charge, she faces a minimum of 30 years in prison.

Bradshaw, the professor who was the target of the attack, said Wednesday that the fire burned his office, but his main loss was books and personal effects, rather than research. He had some 80 genetically-engineered poplar trees stored in a separate greenhouse that was undamaged by the fire.

The fire took the biggest toll on the work of some two dozen colleagues involved in a wide range of plant research destroyed by the fire.

"The truth is that we're dealing with a bunch of misinformed ... folks who don't understand the research that was being carried out," Bradshaw said. "Even though I was the target, I am the one who was least affected."

The rebuilding of a new, $7.2 million horticultural center was completed in 2004.

At separate hearings in Tacoma, Kolar and Phillabaum offered short answers to questions from a judge reviewing the details of the plea agreement.

Kolar was composed throughout her hearing. Phillabaum offered a long silence and choked back tears before her first response. Soon, her voice grew stronger.

Both Kolar and Phillabaum graduated from Shadle Park High School in Spokane, but it is unclear whether the two women knew each other there.

Kolar is the daughter of a contract writer for a publishing company and became an activist after moving to Boulder, Colo., to attend college there, said her ex-husband Dominik Minier, of Spokane.

"She had been a vegetarian, but she started getting a lot more serious about veganism. She said she couldn't wear leather sandals or leather jackets," Minier said. "It seemed like more and more she was going off the edge with it."

Phillabaum is "bright, articulate and passionate about what she believes in," said her father, Steve Phillabaum, of Spokane.

He said his daughter has spoken frankly about the arson.

"Everybody realizes that Lacey made a mistake years ago and we're proud of her for acknowledging that, and dealing with what she did openly, honestly and appropriately," he said.

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Material from The Associated Press was used in this report.

2 Plead Guilty In UW Arson (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 5, 2006

Both will testify against comrades in lab bombing

TACOMA -- Five ecoterrorists allegedly gathered in an Olympia home five years ago to hammer out details of their planned attack on the University of Washington.

In a garage turned into a bomb factory, one man carefully put together the incendiary devices, authorities say.

The next day, in the wee hours of May 21, authorities contend they converged on the UW's Center for Urban Horticulture, broke into the office of biologist Toby Bradshaw, set their firebombs and made their escape before the place was immolated. It was the biggest ecoterrorist attack in Western Washington history.

The shadowy Earth Liberation Front took credit for the 2001 attack, saying it was aimed at destroying what they wrongly believed to be genetically engineered poplar trees in Bradshaw's lab.

Two of the five -- Jennifer Kolar, 33, of Seattle and Lacey Phillabaum, 31, of Spokane -- pleaded guilty Wednesday in U.S. District Court in Tacoma to arson, conspiracy to commit arson and use of a destructive device during a crime of violence.

The destructive device charge carries a mandatory minimum sentence of 30 years and up to life in a federal prison. But they won't see anything near that kind of hard time.

That the government "flipped" Kolar and Phillabaum, an environmental journalist, turning them into witnesses for the prosecution, became evident Wednesday when Assistant U.S. Attorney Andrew Friedman read portions of a sealed plea agreement to the court.

The agreement details how Kolar and Phillabaum met with co-defendants Briana Waters, 30, of Berkeley, Calif.; Justin Solondz, 27, most recently of Jefferson County on the Olympic Peninsula; and William Rogers, who killed himself in an Arizona jail cell last year while facing extradition to Seattle.

When the five arrived near the horticulture center not far from the University Village shopping center, Waters stayed at the car to act as a lookout while the others headed for the center building.

Kolar used a tool to cut the glass to a window at Bradshaw's office, Friedman told the court. Rogers and one other went inside and placed one or more firebombs inside.

After the fire, it cost more than $7 million to rebuild the facility, but no dollar figure can be put on the rare and endangered plants that were destroyed or the research that was lost.

Both women -- before pleading guilty -- admitted the account read by Friedman was accurate. Both admitted other ecoterrorism crimes, too.

Kolar and another person sought to firebomb a gun club in Colorado in October 1998. The firebombs failed to ignite.

Phillabaum and others also tried to destroy what they thought were genetically engineered poplar trees at an Oregon State University site near Corvallis in March 2001. Phillabaum got spooked and called it off. But others returned a few days later and finished the job, Friedman said.

Wednesday, Bradshaw praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police.

"I'm certainly ecstatic -- beyond happy -- that the people who were involved in the firebombing were caught and brought to justice," he said.

Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment.

The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee.

Researcher Sarah Reichard had planned to reintroduce the "showy stickseed" plants back into the environment. Attempts to reach her for comment Wednesday weren't successful.

"There were a lot of victims," said Bradshaw, whose own research went largely unscathed. Several graduate students working on their theses saw research go up in smoke. "But that's the nature of violence when it's perpetrated by ignorant people. The environment certainly didn't benefit."

Waters faces trial next year. Solondz is a fugitive.

The five allegedly responsible for the UW fire are considered to be part of a larger ecoterrorism cell that also includes Joseph Dibee, 38, formerly of Seattle. He was indicted by a federal grand jury last week on charges including possession of a destructive device in connection to a crime of violence. The device was allegedly used in the arson of the federally owned Litchfield Wild Horse and Burro Corrals in Susanville, Calif. Dibee is a fugitive.

At least three others are linked to the group. Two are in custody in Oregon, and one is a fugitive.

As part of the plea agreement, Kolar and Phillabaum will have to help the government by testifying against their former comrades at trial. Under the terms of the agreement, Kolar faces five to seven years in prison. Phillabaum faces a three- to five-year term.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

2 Women Plead Guilty In UW Ecoterrorism (AP)

By CURT WOODWARD, Associated Press Writer

AP, October 5, 2006

(10-04) 19:06 PDT Tacoma, Wash. (AP) -- Two women pleaded guilty Wednesday to conspiracy, arson and bomb charges in the 2001 firebombing of the University of Washington's horticulture center, one of the Northwest's most notorious acts of ecoterrorism.

Jennifer Kolar, 33, and Lacey Phillabaum, 31, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Under their plea agreements, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deals instead will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Neither woman commented to reporters after leaving the courtroom.

After the hearings, U.S. Attorney John McKay said the women had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

The fire on May 21, 2001, severely damaged the building, which was rebuilt at a cost of about $7 million. The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility and issued a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

Kolar also pleaded guilty Wednesday to an attempted arson charge for a failed 1998 firebombing that damaged a Colorado gun club that organized a multistate turkey shoot.

Under the plea deal, the two women will not face additional prosecution for other attacks, including Phillabaum's admitted role in destroying five acres of canola in Eastern Washington and Kolar's alleged part in arsons in Oregon in 1997 and California in 2001.

At least three others were involved in the UW firebombing, court documents allege.

Briana Waters of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May. William Rodgers of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

A fifth suspect, Justin Solondz, formerly of Jefferson County, Wash., remains at large.

Seattle Woman Pleads Guilty In 2001 UW Firebombing Attack (AP)

By Curt Woodward, The Associated Press

AP, October 5, 2006

TACOMA, Wash. - Two women who helped carry out an ecoterrorism firebombing at the University of Washington pleaded guilty to felony charges Wednesday in deals that could drastically reduce their prison time.

Jennifer Kolar, 33, of Seattle, and Lacey Phillabaum, 31, of Spokane, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Neither woman commented to reporters after leaving the courtroom.

Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious acts of ecoterrorism, caused some $7 million in damage.

The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

After the hearings, U.S. Attorney John McKay said the conspirators had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

Kolar and Phillabaum each pleaded guilty to charges of conspiracy, arson and use of a destructive device.

Kolar also pleaded guilty to an attempted arson charge for a failed 1998 firebombing that damaged a Wray, Colo., gun club that organized a multistate turkey shoot.

Under the plea agreement, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

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The plea deal instead will ask that Kolar serve five to seven years. Phillabaum will face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Authorities allege three others were primarily involved in the UW firebombing.

Briana Waters, of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May 2007. William Rodgers, of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

Authorities Wednesday said the fifth person named in the case, Justin Solondz, formerly of Jefferson County, Wash., is still at large.

Kolar remained composed during Wednesday's hearing, answering "Yes, your honor" to a series of routine questions about her understanding of the plea deal. She and attorney Michael Martin declined comment outside the courtroom, and Kolar turned her back on news reporters as she entered an elevator.

Phillabaum was more emotional in court, crying when she first spoke in response to Burgess' questions about her age and education. She paused a few times to confer with her attorney, Gil Levy, and thanked Assistant U.S. Attorney Andrew Friedman as he left the courtroom. Phillabaum declined to make any statement afterward.

The Justice Department has said a nine-year investigation into vandalism, arson and ecoterrorism eventually uncovered a conspiracy involving at least two dozen people who held secret meetings around the West to plan their attacks.

Most have been charged in Washington state or Oregon.

Pressure Builds In Probe Of Bryant (PHI)

By Dwight Ott

The Philadelphia Inquirer, October 5, 2006

New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm.

Bryant (D., Camden) already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. "Randy" Primas Jr.

The subpoena from the U.S. Attorney's Office orders the redevelopment agency to surrender the records by Oct. 18 and signals a swarm of federal and state criminal investigations involving Bryant and various Camden agencies.

"It's our intention to comply completely with the federal subpoena," Primas said.

Primas said city workers yesterday supplied other documents sought by the state attorney general in a subpoena issued last week. That probe sought documents involving the Cramer Hill redevelopment and a $1 million account held by Primas' office. Bryant, as state senator, helped steer the money to Camden.

Primas said state investigators indicated they might seek further information.

On Friday, the Camden Housing Authority also received a subpoena from the state attorney general, requesting information on grants and other funding since 2004. Primas, who has veto power over the Housing Authority, said he expected Housing Authority officials to comply with that subpoena.

One of the Camden Redevelopment Agency board members asked at yesterday's meeting if a subpoena from the U.S. attorney was routine.

"No," answered Primas. "There have been a number of circumstances that have made their way into the media about Sen. Bryant's role as budget chairman and procuring $1 million for the city budget."

He also cited Bryant's job at the university, which he said also could have spawned the probe.

"We feel that report prompted the request by the FBI," he said, adding: "We are obligated and happy to provide all the data."

Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate.

"We told them all our files are open, and we anticipate they will be sending an investigator down to review the documents," he said.

2 More Plead In A.C. Corruption Case (AP)

By Geoff Mulvihill, Associated Press Writer

AP, October 5, 2006

CAMDEN (AP) -- An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion.

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Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts.

Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts.

They were the second and third city officials convicted in the operation in the resort city, a development hotspot with a history of raucous politics and corruption.

Prosecutors say the investigation is continuing, which may be a reason some details, such as the identities of the businessmen in Jones' case, were not revealed.

Rosario admitted to a crime similar to the one then-City Council President Craig Callaway pleaded guilty to in August. That same month the informant, Terry Jacobs, pleaded guilty to drug charges.

Rosario, 48, admitted that he took payments in 2004 and 2005 as a thank-you for supporting a developer's bid to get work in redeveloping the former site of a department store and in return for future support of a developer seeking work to redevelop Bader Field, the old municipal airport that closed last week.

That 190-acre plot not far from the Boardwalk is coveted by developers who envision anything from another casino to an amusement park there.

Rosario said he did not know that when he was accepting bribes, Callaway was also.

After his plea today, Rosario was contrite.

"I'll take the full responsibility for it," he said, adding that he was resigning his seat on the 9-member city council.

Jones, 79, declined to comment after his court proceeding. Assistant U.S. Attorney Thomas Eicher said Jones was caught in the same operation as the other officials, but he hinted that Jones got his bribes from someone other than Jacobs and the FBI agent.

"If we're involved in making the payments, we know exactly what it is," Eicher said.

Federal prosecutors said both men would likely receive prison sentences of 2 to 2“ years. Both are scheduled to be sentenced Feb. 1.

Two Atlantic City Councilmen Plead Guilty To Bribery (PAC)

Press of Atlantic City, October 5, 2006

CAMDEN – Atlantic City Councilman Gibb Jones pleaded guilty in federal court this afternoon to taking more than $5,000 in bribes from 2003 to January 2006 to steer city contracts two unidentified businessmen.

Jones declined comment as he left the courtroom. Officials refused to identify the businessmen because the investigations are continuing.

Earlier in the day, Atlantic City Councilman Ramon Rosario pleaded guilty today to taking $14,000 in bribes between August 2004 and August 2005.

Both men face a 20-year maximum sentence , though is expected to receive 24 to 30 months in federal prison at his Feb. 1, 2007 sentencing.

Rosario apologized to constituents, residents and others in a courthouse steps statement after the plea. Rosario also said he will resign his council seat.

In his plea, Rosario said he took $5,000 from a contractor, later identified as Terry Jacobs, and an FBI agent posing as a Wall Street financier. The plea said the $5,000 was in exchange for development work and contracts at Atlantic City’s Garwood Mills site. It was also for political support at the Bader Field site.

Two More Plead In A.C. Corruption Case (PHI)

By George Anastasia

The Philadelphia Inquirer, October 5, 2006

Two more Atlantic City politicos pleaded guilty to bribery-related charges yesterday as part of a federal corruption investigation dubbed "Operation Steal Pier."

The pleas, from Councilman Ramon Rosario and former Councilman Gibb Jones, came just five weeks after the former president of City Council in Atlantic City pleaded guilty to similar charges.

In separate hearings before U.S. District Court Judge Joseph Rodriguez in Camden, Rosario, 48, admitted to accepting $14,000 in bribes in a cash-for-contracts scheme that was part of an FBI sting operation, and Jones, 79, acknowledged that he received more than $5,000 in bribes.

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On Aug. 30, Council President Craig Callaway and two others entered guilty pleas in the same corruption probe. Callaway resigned that day. Rosario announced yesterday that he also was stepping down.

"I apologize to the people of Atlantic City and to my family," Rosario said outside the federal courthouse in Camden yesterday after being released on $25,000 bail. "I made a mistake... . I'll take full responsibility, and I'll pay the consequences."

Both Rosario and Jones, who resigned from the council last month for health reasons, face prison terms of about two years. They are to be sentenced in February.

According to federal prosecutors, Rosario was caught in the same FBI sting operation that netted Callaway. The councilmen admitted accepting a series of payments from an FBI undercover agent posing as a Wall Street financier.

In exchange for the cash, Rosario promised to steer city construction contracts to Terry Jacobs, an Atlantic County contractor who was posing as an associate of the financier and secretly working with the FBI.

Both Jacobs and the undercover agent taped conversations in which the cash-for-contracts schemes were discussed.

Jacobs, who was originally a target of the FBI probe, began cooperating after he was arrested on cocaine-trafficking charges in January 2004.

He pleaded guilty to drug charges on the same day that Callaway and former Camden City Councilman Ali Sloan El pleaded guilty to extortion charges, admitting that they had accepted cash from Jacobs and the FBI undercover agent.

Rosario pleaded guilty to a one-count extortion charge alleging that he accepted a $5,000 payment on Aug. 31, 2004. But in details of the investigation outlined in court by federal prosecutors Thomas J. Eicher and Judith Germano, authorities charged that Rosario had received three additional payments totaling $9,000.

Jones, on the other hand, pleaded guilty to receiving payments of more than $5,000 from two individuals identified only as "businessman 1" and "businessman 2" in 2003.

Neither Eicher nor Germano would provide more details, but they indicated that the payments were not made by the FBI undercover agent. The charges stem from a "related" investigation, they said, adding to speculation in Atlantic City that at least two other businessmen had been targeted in the probe and had agreed to cooperate.

The guilty pleas are part of the FBI's "Operation Steal Pier," a play on words that evokes both a famous former Boardwalk landmark and the city's long-standing reputation for corruption.

3rd Prison Guard Pleads Guilty In Sex-for-contraband Scandal That Ended In Florida Shootout (AP)

Associated Press

AP, October 5, 2006

TALLAHASSEE, Fla. – A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud.

E. Lavon Spence told a federal court Tuesday: “I had sexual contact with inmates and brought in contraband.” He said that contraband included cigarettes.

In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses.

Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for December.

He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William “Buddy” Sentner was also killed.

The six were accused of a scheme in which guards paid female inmates for sex with alcohol, food, money and marijuana over a two-year period, and intimidated inmates and witnesses to ensure their silence.

Two of the guards, Alfred Barnes and Vincent Johnson, pleaded guilty to mail fraud in September. Two others, Gregory Dixon and Alan Moore, are scheduled to go to trial Oct. 30. Dixon's attorney filed a motion Friday to dismiss an indictment against him.

Judge Won't Throw Out Porn Case Against Karr (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

SANTA ROSA, Calif., Oct. 4 -- A judge declined Wednesday to grant a second request by the defense to dismiss the child pornography case against the onetime suspect in the JonBenet Ramsey murder case.

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John Mark Karr's attorneys had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it.

A prosecutor said she had not deliberately withheld anything, and Sonoma County Superior Court Judge Rene Chouteau agreed, saying Karr "should have had knowledge of the state of the computers," making the defense's reliance on Knutson unnecessary.

Last week, a different judge declined to toss out the misdemeanor case after the defense sought a dismissal based on a loss of evidence.

Investigators have acknowledged they lost Karr's computer but said they found a "mirror image" of Karr's hard drive on a Sheriff's Department computer. Defense attorneys have since moved to exclude that evidence, but a judge has not heard arguments on that request.

The lawyers also want the judge to exclude a computer printout cataloguing the evidence found on Karr's hard drive and to invalidate the search warrant that led to the confiscation of the computer, saying investigators were relying on information from a confidential informant who was mentally ill and unreliable.

Chouteau is expected to hear arguments Thursday on those motions.

Defense attorney Robert Amparan revealed Wednesday that the printout showed that the computer had not been used since 1998, three years before Karr was charged in the pornography case.

Parents Of 21-year-old Charged With Kidnapping Bride-to-be (USAT)

By Emily Bazar

USA Today, October 5, 2006

Sometimes a bride or groom has second thoughts as the Big Day approaches.

In this case, it was the bride's parents.

Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage.

They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. “You can't take an adult child against their will, even if you don't agree with the course of action or the path they're taking in their life,” he said.

Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23.

Bryson doesn't think the bride's parents attended the ceremony.

The ordeal began Aug. 4, the day before the couple was to wed at the Salt Lake Temple of the Church of Jesus Christ of Latter-day Saints.

The Redds told their daughter they were taking her shopping. She later told investigators she realized something was wrong when her parents drove south instead of north toward the store, Provo Police Capt. Rick Healey said. They ended up about 240 miles away in Grand Junction.

“The bride-to-be discovered she wasn't going to be allowed to return,” Healey said.

When Julianna didn't show up for a dinner that night, Myers called police to report her missing.

The Redds and their daughter spent the night at a hotel in Grand Junction. The next day, Julianna told her parents that she agreed not to get married, Bryson said. “She was able to convince them she would not marry this young man if they brought her back,” he said. “She told them what they wanted to hear.”

As soon as they got back, though, Julianna “left with the groom-to-be, and from that point, I don't think there was a lot of contact” with her parents, Healey said.

The Redds and the Myerses did not return messages requesting comment. Utah's maximum penalty for kidnapping is 15 years in prison, but Bryson said that if the Redds are convicted or plead guilty, he doesn't expect them to go to prison. They would probably get probation and might serve jail time, he said. Their first court appearance is scheduled for Oct. 26.

Julianna said she hopes her parents get help.

“It has nothing to do with Perry,” she told The Salt Lake Tribune. “It was just problems our family has been dealing with our whole lives. Control issues. Communication issues.”

Limited Duty, Full-Time Pay (WP)

By Mary Pat Flaherty And Sari Horwitz

The Washington Post, October 5, 2006

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Anthony Medoro had troubles with his boss. His supervisor was "dictatorial and micromanaging" and undermined his self-confidence, Medoro said. The stress was so oppressive he couldn't bear going to work.

Medoro, then 44 and a D.C. police sergeant with 20 years on the force, filed for sick leave due to job-related stress. Medical staff noted that Medoro had long-standing problems with weight gain, high blood pressure and domestic strife that also could have accounted for his anxiety, but D.C. police administrators accepted Medoro's arguments and concluded that his stress came from his job.

That decision in 2002 put Medoro in a remarkable position: For more than a year, he did no work but collected his full salary of $71,000, tax-free. Medoro used none of his own sick leave and continued to qualify for raises, vacation time and credit toward his pension, personnel records show.

Medoro returned to a new assignment and a new supervisor in September 2003, but within a month, he filed another stress claim and then, a third. By then, the department had narrowed its definition of on-the-job stress and rejected his new claims.

Now a lieutenant in the 5th District in Northeast, Medoro is among hundreds of police officers who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets.

More than 4 percent of the city's nearly 3,800 officers are unavailable for full duty because of injury or illness. After a string of homicides this summer, D.C. Police Chief Charles H. Ramsey spent $10 million in overtime and resorted to six-day workweeks and vacation restrictions to beef up police presence in neighborhoods. Last week, homicides spiked again.

The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding.

One officer who hurt his knee at the police academy without ever making it on patrol did limited work at full pay for five years. Another officer who injured his legs in an off-duty motorcycle accident earned full pay but worked partial duty for 14 years. Told he would have to retire, the officer made a videotape of himself running and said he was fit for work.

"Shame on us," Ramsey said, when asked to look over a collection of injury reports that his department had approved. "If you're going to fight crime, you have to have people on the street, and this problem means I don't have as many as I could."

In late 2003, 11 percent of the force was out, the equivalent of an entire police district. In the years since, Ramsey said, the department has made "good progress."

But some neighborhoods are still disproportionately affected. Early this year, for example, two areas of Northeast, including the Trinidad and Michigan Park neighborhoods, were without 15 percent of their patrol officers because of injury and illness, staffing records show.

Baltimore has driven the number of its unavailable officers far lower, and faster -- from 5 percent of its 3,200-member force a year ago to about 1 percent, according to the city's Office of the Labor Commissioner.

Within the D.C. department, some officers say they resent having to compensate for missing colleagues. But outside the department, the cases draw little scrutiny because decisions are made behind closed doors.

The Washington Post reviewed hundreds of public and private documents, including court cases, retirement hearing transcripts, medical assessments and police records since 2003. That review shows that officers with little or no chance of being able to patrol were kept on the force for years, preventing the department from hiring able-bodied officers to replace them. A cumbersome process caused long delays in forcing officers to retire. In a few cases, claims continued to be covered even after the department learned officers were lying about injuries.

The fastest-growing type of claim was from officers who said they couldn't work because of extreme stress. But of 135 stress cases reviewed by The Post -- all of those active in late 2004 and 14 more from court files and other documents -- the majority cited common workplace tensions. Only 12 cases involved a shooting or being threatened with a gun. Just four described a single traumatic event as the source of stress.

The remaining claims included officers who said they were too stressed to work because of arguments with colleagues, shift changes, disciplinary actions, the end of an affair with a supervisor or being forced to teach an unpopular class at the academy. Each of those claims was approved, and the officers received full pay while away from full duty for at least a year.

Despite tighter standards, the department still has a generous benefit "unheard of in private industry and public service," an internal department memo said. Commonly, employees on workers' compensation collect two-thirds of their salary and pay no federal or state income tax. But District officers hurt on the job who can't go to work collect all of their salary tax-free -- meaning they lose money by returning to work.

For years, officers were loosely monitored once they were off, records show. One D.C. officer on sick leave worked for a Pennsylvania police force until he was discovered by the District and submitted his resignation.

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Medoro, who described his job stress as "way beyond the commonplace," said the department paid little attention when he was on leave. "I could have fallen off the face of the Earth for the first six months I was off."'We've Been Too Easy on This'

Each day, on average, four D.C. officers file claims of illness or injury.

In addition to sick leave, the District allows recuperating officers to work limited duty, mainly doing clerical work and often for restricted hours. Those arrangements were meant to be temporary to give officers time to recover or, if they could not return to the rigors of regular police duty, to be retired on disability.

"The overwhelming majority do it right. They get hurt. They come in. They get treatment. They go back to work," said Ira Stohlman, medical services manager for the department.

Stephen M. Strader, however, never made it past being a recruit. In 1998, Strader injured his left knee during training runs. For most of the next five years, while still listed as a recruit, he delivered mail and did office work until he was forced to retire in 2004, records show. Strader did not respond to requests to discuss his case but, under the department formula, he is eligible for a lifetime tax-free disability payment of at least $19,278 annually.

Officer Debra A. Domino collected full, tax-free pay for 18 months while off work -- roughly $80,000, according to city pay records. She had been a crossing guard coordinator in the 6th District in Northeast but was reassigned to a beat in late 2002, a change she objected to. When she confronted her supervisors with her objections, their reaction added to Domino's stress, she said, and left her unable to work. Domino, 41, returned to full duty in July 2005 after being threatened with retirement, according to records.

Domino did not respond to interview requests, and police officials said they would not discuss individual cases. But Ramsey and others say the department's lax approach in the past rewarded underperformance.

"We've been too easy on this, and we would have been remiss if we let it continue," said Assistant Police Chief Shannon P. Cockett, who oversees human services for the department.

Under controls promoted by D.C. Council member Kathy Patterson (D-Ward 3) and adopted by the council, officers away from full duty for more than 172 work days in a two-year period are considered disabled and can be processed for forced retirement. The law took full effect in June 2005.

Officers who want to stay on the job must be capable of patrolling. If officers "can't do what we need . . . they should not be carried on the force," Cockett said. "This is not a lifetime hire."

In spring 2005, the department told 166 officers that they were approaching the 172-day cutoff and could be forcibly retired. Forty-three officers immediately said they would return to work, raising questions about why they had not done so earlier.

"Malingering is hard to prove," Cockett said. But those notices, she said, spurred "some miraculous recoveries."

" 'Miraculous' is cynical," said Gary Hankins, a former officer and labor consultant to the police union. "When the department holds an ax over people's heads, it could be forcing back officers who aren't ready to return but are afraid of losing their jobs -- and not doing them or the public much good."

The process remains complicated by multiple layers of review: Officials within the department initially decide whether a claim is job-related. Medical personnel on contract to the city at a police clinic determine whether an officer stays on sick leave, works limited duty, returns to full duty or should be considered for disability retirement.

An independent retirement board either orders a disability retirement or tells the department it must retain the officer.

The stakes are high, because injuries that are deemed to be work-related draw higher payments and free care from the clinic. The department recently fired an officer who forged the date on a clinic report to get more time off. A few officers have been so belligerent during clinic visits that medical workers asked for armed officers to be stationed outside their doors. One officer threatened physical retaliation if a medical staffer did not back up his injury claim.New Standards for Stress

When the number of unavailable D.C. officers peaked in 2003, one of every five was claiming stress as the problem, police records show.

Officers and the union attribute the stress to several factors, including poorly trained managers, heightened terrorism fears and the cumulative effect of a difficult job on an aging force.

But also, Cockett said, "word got out that you could get away with just about anything, and they thought there was a gravy train rolling, and they jumped on it. "

Department officials say it is difficult to separate officers who are slacking from those who are genuinely ill. "Once an officer cites stress, it's a hard one to knock down," said Diana Haines Walton, deputy director of human services. "It makes it really hard on commanders, because you can't risk it. You have to take the officer's account at that point."

Injury reports show that officers have been out on stress claims because they were facing investigation for wrongdoing. One cited personal bankruptcy. Another said that after she was reassigned to a new unit, she couldn't find her way to crime scenes. Still others said they were too stressed to work because their hours had changed.

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"If you're under investigation, it's supposed to be stressful," Ramsey said. "If you go out sick saying, 'My sergeant yelled at me,' that's juvenile, and trying to justify it is appalling. And we all were grown-ups when we took this job, and we get paid pretty darn well for it. So, c'mon, we're the police -- someone has to work midnights."

In mid-2003, Cockett ordered a review of the stress cases and concluded that a large number were workplace complaints that, even if legitimate, should not be resolved as medical claims.

The department then moved from having "no standard," in Cockett's words, to a much tighter set of rules. Now, stress claims can be approved as job-related only for officers who are assaulted or suffer a life-threatening injury on duty or those who kill or seriously injure someone.

The department reclassified 37 cases as unrelated to work. The officers then had to use their sick leave, pay for private medical care and pay taxes on their salary if they wanted to remain off.

From a high of 75 in 2003, the department has slashed the number of stress cases to five and ruled just one job-related, said Cockett, who calls that a success. But union officials say the department has gone too far.

The Fraternal Order of Police challenged the stress policy as illegal, and an arbiter ruled in the union's favor last year. The department has appealed that finding and in the meantime is sticking with its new standard.

"It's a draconian measure that gets the department out from under the hard work of delving into these case by case," said William B. Sarvis Jr., an attorney with the police union. "You penalize everyone because you suspect you have a problem with a few."

The requirement that the problem stem from a single incident ignores how stress builds in officers until it finally cripples some, said Beverly J. Anderson, a psychologist with the police employee assistance program. "The work can wear away until they reach a kindling point."A Fight Over Fairness

Pamela Bartles, who was injured on the job in 2002, is among officers who say the new rules forced them to battle for fair treatment.

Bartles was hurt when a police academy instructor grabbed her knee in a self-defense class, knocking her to the ground in an unsanctioned maneuver and leaving her with a torn ligament, according to testimony and medical records. Within weeks of the injury, Bartles, then 35, showed signs of depression and anxiety. She had been a runner and hiker, activities she had to give up even as she saw her future as an officer threatened.

Over four years, she had three knee surgeries. She was able to go back full time on patrol in the 7th District in Southeast -- for a total of six months -- until she was injured chasing a suspect and later fell after her knee buckled on stairs.

With her career in jeopardy, she experienced nightmares, insomnia and a racing heart beat, according to psychologists' reports. Her anxiety was ratcheted up when police supervisors docked her sick time, including time off for medical visits arranged by the police clinic.

In May 2005, with the new standards in place, the department notified her that she might be forced to retire. Within a week, Bartles overdosed on pills and was hospitalized. She overdosed three more times, according to the testimony of psychologist Mitchell H. Hugonnet at her retirement hearing. "Frankly, I fear for her life," he said.

Within hours of Hugonnet's testimony, the retirement board overruled the department, saying that Bartles's psychological problems had been caused by the job. And in a rare ruling June 30, the board found that the problems left her totally disabled. As a result, her lifetime disability payment of $37,666 a year is tax-free. Bartles is not working and continues to receive psychological treatment at the city's expense.

"I fought as long as I could," she said in a recent phone interview. "I consider what happened to me an assault. That was upsetting. I'm hoping my talking could help another officer or get someone to listen to them. But I feel like I wasn't strong enough. That's embarrassing."Continuing Challenges

Since the new law took effect, the retirement board has been overwhelmed, causing "a rapidly growing backlog of cases needing opinions," Alma L. Hicks, board chairperson, said in an e-mail.

Last year, the clinic sent 88 new disability retirement cases to the board, four times the number it handled in 2003, board records show. The number of hearings increased nearly fivefold. Staffing for the board -- officially known as the Police and Firefighters' Retirement and Relief Board -- has fallen from five to three in the past year.

Ramsey and other officials also acknowledge a loophole in the law: the 172-day rule applies to a single injury or illness, so an officer who claims a succession of injuries could be off work indefinitely.

Even with the tighter standards it remains difficult for the department to catch officers faking or exaggerating injuries. After a years-long hiatus, the department two years ago reinvigorated what it calls "casualty surveillance" within its internal affairs office. About 20 officers have been investigated, and at least six have been disciplined or fired, with other cases pending, said Assistant Chief William R. Ponton, who heads the office. The team has found officers moonlighting without permission and others playing basketball while they said they were too injured to work full duty.

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But surveillance is time-consuming, and the cases "are really hard to prove," Ponton said. "If we're looking at a guy who is supposed to be able to lift his arm shoulder-height but not over his head, is it then suspicious that we're watching him prune a tree?"

CIVIL LAW:

Privacy Group Sues FBI (AP-YBIZ)

By Dan Caterinicchia, Ap Business Writer

AP, October 5, 2006

Privacy Group Files Suit Against FBI Over Disclosure of Electronic Surveillance Programs

WASHINGTON (AP) -- A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program.

The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant.

A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed "as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers" before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed.

CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year.

According to the same Inspector General report, the FBI spent more than $1.5 million to develop Red Hook, "a system to collect voice and data calls and then process and display the intercepted information in the absence of a CALEA solution."

The Electronic Frontier Foundation filed the five-page lawsuit Tuesday in the U.S. District Court for the District of Columbia after the FBI acknowledged receipt of the group's FOIA request in August, but did not respond within the time limit required by law.

"The lawsuit is to force the FBI to release information about this to the public," Marcia Hofmann, staff attorney for the Electronic Frontier Foundation, said Wednesday. She added that the group would be exploring further legal action in the coming weeks.

The FOIA response deadline is usually 20 working days, unless an agency asks for more time, but the FBI did not do that in this case, Hofmann said.

FBI spokesman Paul Bresson said it was the bureau's policy "not to comment on the merits of litigation wherein the FBI is a party."

The FBI performed a total of 13 Internet wiretaps in fiscal 2002 and 2003, but none used the software initially called Carnivore, according to bureau oversight reports submitted to Congress and obtained last year under a FOIA request by the Washington-based Electronic Privacy Information Center, a civil liberties group that criticized the surveillance software after it was first disclosed in 2000. The FBI also said then that the part of its budget containing information on the cost to produce Carnivore was classified, but outside experts estimated it to be between $6 million and $15 million.

Feds Recoup Nearly $1.5 Billion In Fraud Cases (HILL)

By Jeffrey Young

The Hill, October 5, 2006

An interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs will collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed, according to a federal report issued this week.

The Department of Justice and the Office of the Inspector General (OIG) at the Department of Health and Human Services (HHS) also announced that they jointly have deposited $8.85 billion into the Medicare trust fund since their joint program began in 1997.

Lawmakers, such as Sens. Chuck Grassley (R-Iowa) and Tom Coburn (R-Okla.), have repeatedly pressed federal agencies to do more to recover funds lost due to fraud and abuse.

DOJ_NMG_0075356

The defendants in the fraud and abuse cases outlined in the latest report range from individual schemers to some of the largest healthcare companies in the country.

Among the companies appearing in the OIG-Justice report are the drug maker GlaxoSmithKline, the pharmacy-benefit manager AdvancePCS, the clinic and lab services firm HealthSouth Corp. and the kidney-dialysis provider Gambro Healthcare.

Several individuals, small groups and small companies settled charges in a variety of cases, including several involving the illegal distribution of strictly controlled narcotic medicines and one person charged with selling a date-rape drug over the Internet.

The government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years.

The report reviews actions taken by the agencies in fiscal year 2005.

Budget hawks routinely maintain that addressing waste, fraud and abuse in federal programs is key to lowering the deficit. With massive and rapidly growing entitlement programs such as Medicare, Medicaid and Social Security, the need to take all possible steps to control spending is viewed as even more urgent.

Congress created the Health Care Fraud and Abuse Control Program in a 1996 statute that boosts the two agencies' budgets using dollars from the Medicare trust fund but directs them to return money attained through settlements, fines, recoveries and other penalties to the trust fund. The program is intended to coordinate the anti-fraud activities of federal, state and local law-enforcement authorities.

The program also is meant to provide guidance to healthcare companies and individuals doing business with federal programs on how to avoid running afoul of anti-fraud laws and regulations.

In FY 2005, the OIG and Justice spent $240.6 million from the Medicare trust fund to deposit $1.55 billion (including monies from cases settled in prior years but excluding funds from cases settled in FY 2005 that will be paid in future years).

In cases involving fraud in other federal healthcare programs, the funds are returned to the respective agencies. The federal government also shares money claimed in cases related to the jointly funded Medicaid program; the federal government's share totaled $63.64 million in FY 2005.

In addition to the $1.55 billion that went into the Medicare trust fund, other agencies received $23.6 million as a result of the Justice-OIG program's activities. The OIG got $9.4 million of that amount to cover the costs of its investigating, auditing and monitoring activities.

The Office of Personnel Management, which oversees federal employee and retiree health benefits, received $4 million, the Department of Defense's Tricare program for military service members and their families received $3.4 million. Other HHS agencies and the Department of Labor divided the remainder.

During the year under review, federal prosecutors secured the convictions of 523 people.

U.S. attorneys launched 935 new criminal investigations into healthcare fraud and have a total of 1,689 pending cases, while Justice began 778 criminal investigations for a total of 1,334 pending cases. Justice also participated in 266 civil cases.

Under federal law, private citizens — including whistleblowers — can file fraud and abuse lawsuits on behalf of federal programs and keep a portion of the financial settlements. In FY 2005, these individuals collected a total of $136.8 million.

Federal authorities had already announced all of the individual cases used as examples in the report but the document compiles the statistics for the fiscal year and offers a glimpse into the variety of schemes — alleged or admitted — employed in attempts to cheat dollars from the gigantic federal healthcare programs.

The HealthSouth settlement might be the best known. The company agreed to pay $327 million to settle charges that it had conducted three separate strategies to overcharge Medicare. Among the accusation levied by prosecutors was that the company tried to pass off to the Medicare program its expenses for a large corporate meeting held at Disney World in Florida.

Gambro agreed to a $310 million settlement over allegedly submitting false claims to Medicare and paying kickbacks to physicians who referred patients to Gambro facilities.

The largest individual prison sentence detailed in the report was 120 months for 17 felony counts. A Las Vegas-based individual, using a company the individual opened in Germany, had been selling the date-rape drug Rohypnol over the Internet. The government also seized the defendant's $285,000 home.

Another would-be Internet pharmacist was handed down a 51-month prison sentence in what the report describes as "one of the largest Internet pharmacy schemes ever prosecuted." The California man was convicted of using the web to sell counterfeit versions of prescription drugs, including erectile dysfunction medicines. The defendant's website also purported to include online consultations with nonexistent physicians.

U.S. To Stop Seizing Prescription Drugs Imported For Personal Use (WP)

By Christopher Lee

The Washington Post, October 5, 2006

DOJ_NMG_0075357

The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad.

Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July, said Lynn Hollinger, a spokeswoman for the agency. Under that policy, the government notified intended recipients by mail that the purchases violated laws against importing drugs.

"We were physically detaining it and destroying it," Hollinger said. "We're going to stop that part."

Starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs, she said, and the Food and Drug Administration will resume the primary enforcement role on personal drug importation. Such importing of drugs is still illegal, she noted.

Before the seizure policy took effect last Nov. 17, federal officials tolerated small personal mail orders of medicines from Canada, generally interpreting U.S. laws against the importation of drugs as applying to wholesalers and distributors.

FDA spokeswoman Cathy McDermott said the agency had "limited resources" to devote to the importation of drugs for personal use but remains concerned about safety. In August, the FDA found that of 1,700 drug parcels purported to be from Canada and intercepted at airports in New York, Miami and Los Angeles, 85 percent actually came from other countries.

"Importing drugs from foreign countries is risky," McDermott said in a statement.

Still, for many Americans, the lure of Canadian drugs is strong because the Canadian government negotiates lower prices under its national health care system. Some members of Congress have been critical of the U.S. seizures, saying the government should target illegal drug traffickers rather than senior citizens seeking blood pressure and cholesterol medications.

Earlier this year, Sen. Bill Nelson (D-Fla.) persuaded the Senate Committee on Homeland Security and Governmental Affairs to investigate the seizure policy and its impact on consumers. Nelson, who with Sen. David Vitter (R-La.) sponsored legislation to block the seizures, called next week's change a "huge victory."

"For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," Nelson said in a statement. "Now it looks like the government is getting out of the business of harassing these consumers."

Congress last week decided to allow Americans returning from Canada to carry in a 90-day supply of prescription drugs for personal use. But the provision did not allow the drugs to be sent by mail.

Vitter has said he will block Andrew von Eschenbach's nomination as FDA commissioner until the Bush administration allows imports of some prescription drugs. It was unclear yesterday whether Vitter will now lift his "hold," and his spokesman did not return two calls seeking comment.

Ken Johnson, a senior vice president for the Pharmaceutical Research and Manufacturers of America, said the trade group remains "adamantly opposed to any attempts that would relax importation of drugs into this country outside of the FDA safety system."

"We shouldn't be playing Russian roulette with people's health," Johnson said. "We know that counterfeit drugs are pouring into Canada from countries like Thailand, China and Pakistan. People should be concerned when they either order drugs from Canada online or they bring them across the border. There's no way to guarantee their safety."

The end of the seizure policy comes as millions of Americans enrolled in the Medicare drug benefit are hitting the "doughnut hole," a gap in coverage during which seniors must pay 100 percent of their drug costs. It also comes about a month before the congressional elections as Republicans fight to retain control of the House and Senate.

Hollinger said neither event was a factor in the reversal, but she offered no concrete reason for the change in policy. "We want it to continue, but there's other parties involved and issues, so we've now modified the policy," she said, declining to be more specific.

Pressed for an explanation, Hollinger said: "I'm sorry, I don't have a comment. It's just that there's no easy answers here. . . . We are concerned that consumers receive safe and effective pharmaceuticals in this combined enforcement effort that we have with the FDA, and we are using our resources to most effectively do that."

Election Commission Alters Rule On Money Used For Recounts (NYT/AP)

By The Associated Press

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 (AP) — Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures.

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The 4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races.

"This is going to make them work a little harder to raise the money," said Ellen L. Weintraub, a commissioner and a Democrat, who offered a compromise to break a 3-to-3 deadlock. "But it's doable."

At issue was whether a 2002 campaign finance law that did away with unrestricted and unlimited giving to the political parties altered regulations adopted in 1977. The decision redefined those regulations.

The commission's chairman, Michael E. Toner, the commission chairman, and Hans von Spakovsky, a commissioner, both Republicans, voted against the compromise, saying that the campaign finance law applied only to the election, not recounts. Mr. Toner also objected to the timing of the change, noting that it came only five weeks before the Nov. 7 elections.

In making its decision, the commission recognized that recounts were expensive. As a result, the contributions that candidates raise from individuals for their recount accounts will not count against their fund-raising for the election. Under current law, a candidate can receive donations up to $2,100 from an individual for each election.

Now a contributor who had already reached the donation limit with a candidate could contribute also to the recount account.

Similarly, while the state parties would have to abide by the $10,000 contribution limits that apply to them, they would not have to live within limitations on spending for so-called coordinated expenditures with federal candidates.

As before, neither candidates nor state parties will be able to raise money from labor unions, corporations or foreign citizens.

CIVIL RIGHTS:

2 Plead Guilty In Fatal Cuban Migrant Smuggling Case (FINDLAW/AP)

AP, October 5, 2006

(AP) - KEY WEST, Florida-Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death.

Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8.

A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8.

The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines.

Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines.

"He's innocent," said his attorney, Irving Gonzalez.

Utah To Receive $900,000 To Combat Human Trafficking (DESERET)

By Deborah Bulkeley, Deseret Morning News

Deseret Morning News, October 5, 2006

Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants.

The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force.

The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department.

The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations.

While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case.

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Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it.

"One of the big needs is training of basically everyone from law enforcement to first responders to anyone who could be in a position to identify a case of human trafficking," Rydalch said. "We are convinced there are cases out there. We just need to look closer and ask more questions."

The majority human trafficking victims are women who are usually forced into prostitution, commercial marriages or occupations such as domestic work, according to a recent United Nations Population Fund report. As many as half of all trafficking victims are children, the report said.

"Human trafficking is a violation of the human body, mind and spirit," Attorney General Alberto Gonzales said in a statement. "For this vile practice to be taking place in a country that the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

Efforts to identify and prosecute human traffickers are being stepped up. The 79 convictions involving human trafficking in fiscal year 2006 were more than double the convictions the previous year, the Justice Department said.

Mollie Murphy Dale, community programs director for the Utah Health and Human Rights Project, said "it takes a lot of education and a lot of training" to adequately serve trafficking victims.

The Utah Health and Human Rights project is coordinating nonprofit efforts under the $450,000 grant, which is fiscally sponsored by the Tides Center, a San Francisco-based nonprofit organization.

The federal grants require $150,000 in matching funds from Salt Lake City, and the nonprofit organizations will also work to raise matching funds for their grant.

Reception of the grant by Salt Lake City will require approval by the City Council, said Mayor Rocky Anderson's spokesman, Patrick Thronson. He said the city had yet to receive an award document from the Justice Department.

Charges In Fatal Arrest Involving Seven (AP)

By John K. Wiley

AP, October 5, 2006

Spokane officers await FBI

SPOKANE — Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation.

Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges.

The prosecutor said he had not yet made a decision but "was leaning toward" declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation.

"If they find something where I can make a charging decision under state law, we will. We will charge," Tucker told reporters.

The case has become a central issue in the re-election campaign of Tucker, a Republican, against Democratic challenger Bob Caruso.

The case also prompted an independent review of Spokane Police Department policies and procedures and resulted in changes in the way Spokane Fire Department paramedics treat patients involved in police scuffles.

The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said.

Zehm, a 36-year-old mentally disabled janitor, stopped breathing and lapsed into a coma after being beaten, shocked with a Taser weapon and placed on his stomach for an extended period of time while hogtied. He never regained consciousness and died two days later.

Medical Examiner Dr. Sally Aiken ruled the death a homicide resulting from lack of oxygen to the brain as a result of heart failure while Zehm was being restrained on his stomach.

Tucker said the FBI told him its investigation will take at least 30 days to complete.

Race Cited As Boys Town Barrier (WT)

By Jim McElhatton

The Washington Times, October 5, 2006

Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show.

DOJ_NMG_0075360

Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town.

The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast.

Citing opposition from city officials, Boys Town ultimately sold the property at Pennsylvania and Potomac avenues to a developer for a profit of about $8 million, court records show.

According to portions of her deposition made public last week in federal court in the District, Miss Graham quoted civic activist Ellen Opper-Weiner as referring to children to be served by the proposed Boys Town project as "these kinds of kids."

"Because I interpreted Ms. Opper-Weiner's comments to be racially loaded, I was greatly offended, and responded that I remembered a time when people who looked like me would not be welcomed in certain neighborhoods, in her neighborhood," Miss Graham, who is black, said in her deposition before Justice Department and Boys Town attorneys.

"She, in turn, explained to me that she had no racial intent associated with a comment, that, in fact, she had been a social worker, working on the lower east side of New York with special populations. And that was the extent of that conversation," Miss Graham said.

Miss Opper-Weiner, who is white, disputed Miss Graham's statement.

"Such a conversation never took place," said Miss Opper-Weiner, a founding member of the Southeast Citizens for Smart Development, which opposed the Boys Town project. "That kind of charge is absolutely absurd."

Miss Graham, who is running for president of the D.C. Board of Education, could not be reached for comment.

Formerly the District's deputy mayor for children, youth, families and elders, Miss Graham said in her February deposition that she encouraged the Boys Town project because too many of the city's foster children were living in Maryland and Virginia.

In response to questions concerning purported racial undertones to community opposition, Miss Graham testified that "it was just the whole tenor. Just everything associated with the opposition to the project."

However, Miss Opper-Weiner said Miss Graham "was never involved directly" in the project and that there was no racial component to the community's objections to the project.

"It was a zoning issue," she said.

Excerpts of Miss Graham's deposition were among hundreds of pages of legal filings submitted by the Justice Department and Boys Town last week in response to a recent motion by the District for a summary judgment.

In its motion, the District argued that Boys Town and the federal government failed to prove that the District violated the federal Fair Housing Act by delaying project applications by Boys Town.

Boys Town sued D.C. officials in 2001 in a case that was later consolidated with the Justice Department's lawsuit, which separately sued the District two years ago.

In 2002, a federal judge dismissed Miss Opper-Weiner and Wilbert Hill, another community activist, as defendants in the case.

LULAC Investigates Man's Arrest (ARN)

By Celinda Emison

Abilene (TX) Reporter-News, October 5, 2006

The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations.

On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex.

LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday.

"It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote," LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. "LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights." The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today.

"There has been a thorough investigation by the Texas Rangers, and all sides have had an opportunity to present their evidence in this case," Murray said.

As show of support for Gomez, members of the Hispanic community in Brownwood are planning a peaceful demonstration the Brown County Courthouse today as the case goes before the grand jury.

DOJ_NMG_0075361

According to reports taken by Brownwood police, Gomez was leaving the polling area when he got into an argument with Elections Administrator Suzy Young.

As he left the polling place, police say Gomez continued to yell at Young, and officers stepped in. Officer Brian Keith said he advised Gomez to leave.

Keith reported he told Gomez he was under arrest, and Cpl. Mitch Slaymaker then sprayed him with pepper spray. According to the report, Gomez struck Slaymaker twice in the face. Keith reported that Slaymaker hit Gomez twice with a baton. The report states the two officers asked Gomez to stop resisting, and when he did not, Slaymaker summoned help from witnesses to restrain him.

The altercation began when Young confronted Gomez about using a cell phone while in line to vote, according to the statement. Gomez was taken to the Brown County Jail following the incident and was also charged with criminal trespass, failure to identify to a police officer and disorderly conduct. He was released that day on bonds totaling $17,500. Gomez has no prior arrests or convictions according to Brown County officials.

The LULAC statement alleges Gomez was severely beaten during the altercation and suffered bruising all over his body as a result. LULAC officials are asking the Justice Department to question the competence of elections officials and charge that Gomez was provoked and threatened by elections officials and later assaulted by police and civilians.

According to the LULAC statement, Gomez is a decorated combat veteran who served in the Gulf War and was honorably discharged as a Marine Corps sergeant in 1994.

Gomez is 100 percent combat disabled, and a felony conviction could cost him his military benefits, according to Gomez' lawyer, John Lee Blagg.

"He is totally dependent on those benefits to support his wife and two children," Blagg said. "He earned those benefits by serving in combat in the Gulf War."

Gomez declined to comment on Wednesday.

Court Filing Says Worley Not Cooperating On Voter Project (AP)

By Bob Johnson

AP, October 5, 2006

MONTGOMERY, Ala. - Secretary of State Nancy Worley is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing.

The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as "extreme inadequacy and non-responsiveness."

Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee.

U.S. District Judge Keith Watkins in August gave the Republican governor the title "special master" and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file.

Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file.

The October report, filed Tuesday by Wallis, says the governor's first priority is to conduct a public hearing to receive comments and suggestions from the public on implementing the project. The hearing has been scheduled for 10 a.m. Oct. 17 in the old House chamber at the Alabama Capitol.

Much of the six-page report deals with the efforts of the committee set up by the governor to work with the secretary of state on the project. The committee includes former Secretary of State Jim Bennett, and former state Finance Director Sid McDonald serves as chairman.

The report says the committee made a formal request to Worley for all documents and other items related to development of the voter registration system and gave her a specific deadline.

"One hour before the appointed time, the letter from the secretary of state was hand delivered to a committee member indicating, in substance, that the secretary of state would only deal with the special master," the report said. It said the governor then informed Worley that the court order requires her full cooperation.

Worley said she was initially contacted by an individual member of the committee, Trey Granger, and asked to provide him with documents.

"I said I would turn over the materials to the special master (the governor) because I was directed by the court to work with the special master," Worley said Wednesday. Granger is an attorney who previously worked in Worley's office and now helps supervise elections for Montgomery County.

Concerning the documents, Worley said her office has turned over everything that's available.

"I don't know what they think is missing. I guess they'll do anything to politically charge this and cast blame on me," Worley said.

Granger said the committee wanted to see records of what the secretary of state's office has done previously on developing the voter list.

"We felt like it was important to look at what had been done," Granger said. "We remain optimistic that information will be forthcoming."

Granger said the committee wants to make sure "we can provide voters of Alabama with an outstanding voter registration system."

Riley's communications director, Jeff Emerson, said the governor "is not seeking any conflict with the secretary of state. He's just hoping she will comply with the court order."

The report said the secretary of state later provided copies of four proposals made by vendors seeking to develop the voter registration list and a notebook kept by Granger, when he was her attorney.

The report also said that the governor learned from federal government officials that the state was eligible to receive a federal grant to provide "election assistance for individuals with disabilities," but that the secretary of state had decided not to apply for the money. The report said Riley as special master decided to apply for the grant and the state has been approved to receive more than $134,000.

Group Honors Noted Crusader Against Quotas (NYT)

By JESSE McKINLEY

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne.

They filed a lawsuit.

For the unacquainted, Mr. Connerly, 67, is the political godfather of Proposition 209, a 1996 ballot measure that prohibited state and local governments from using racial and sexual preferences in contracting, hiring and college admissions.

It is a role that earned Mr. Connerly, a wealthy black businessman, no small number of critics, as well as ardent supporters like the Pacific Legal Foundation, which filed suit on Wednesday against the Berkeley Unified School District. The suit accuses the district of using race to determine which elementary schools students attend and whether high school students have access to certain classes.

In announcing the suit, the foundation put out a news release calling it a way of “marking the 10-year anniversary of Proposition 209,” and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called “the spokesperson for racial equality, in our viewpoint.”

But Michele Lawrence, the Berkeley district’s superintendent, said the suit was simply a retread of a similar case filed by the foundation three years ago and later dismissed by an Alameda County judge.

“I think they’re looking at trying to use Berkeley in response to their anniversary of 209,” Ms. Lawrence said. “But its more about celebration than it is about merit.”

For his part, Mr. Connerly, who was an outspoken presence with the University of California Board of Regents for 12 years before retiring in 2005, said the suit was yet another front in his fight against “the mythical goal of integration and diversity.”

He has kept busy since retiring, most recently lobbying in Michigan for a ballot measure similar to Proposition 209. And while Mr. Connerly said he thought the Berkeley suit would be victorious this time around, he sounded as though he might still have liked a cake. “There’s other ways I probably would have celebrated the birthday,” he said.

City Council To Settle 6 Lawsuits Against LAPD For Nearly $3.6 Million (LAT)

By Patrick McGreevy

The Los Angeles Times, October 5, 2006

The City Council agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women.

DOJ_NMG_0075363

David Allen Jones spent 11 years in prison before he was released in 2004, after the Los Angeles Police Department determined that DNA evidence linked another man to the deaths of 12 women — many of whom were prostitutes or homeless — including two that Jones had been convicted of killing.

The council agreed to pay $720,000 to Jones, with President Eric Garcetti saying that case and the others represented past problems with the LAPD.

"We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust," Garcetti said after the vote.

Glen E. Tucker, the attorney for Jones, declined to discuss specifics of the settlement but said it was a fair agreement.

"The Jones family is satisfied with the settlement. It was a long time coming," Tucker said.

Although LAPD detectives came under criticism for arresting Jones, Tucker credited the department's Cold Case Unit with "getting the ball rolling that got Jones out" of prison.

Jones was convicted in 1995 of killing Tammie Christmas, Mary Edwards and Debra Williams and raping a fourth woman.

He was arrested after a much-criticized investigation into the possibility that a serial killer was involved in the deaths of more than a dozen women in South Los Angeles.

Jones was held even though there were no witnesses, no clues leading to Jones and blood evidence argued against his involvement.

A part-time janitor who one psychiatrist described as having the mental capacity of an 8-year-old, Jones was in jail at the time, charged with the attempted rape of a prostitute near the school where three bodies had been found.

He waived his right to a lawyer and was interrogated by police three times. He denied killing anyone, but admitted under the prodding of detectives to having sex and smoking crack cocaine with the victims at the places where their bodies were found.

Despite evidence that hair, blood and semen samples collected at the scenes did not come from Jones, he was convicted.

Authorities have since charged Chester D. Turner with killing two of the women. Turner has pleaded not guilty.

The council also voted 9 to 1 to pay $2.85 million to settle five federal civil rights suits filed by attorney Stephen Yagman on behalf of clients, including two men who said they were framed by officers involved in the Rampart Division police corruption scandal.

David Diaz alleged that Rampart officers fabricated evidence and conspired to obtain a false conviction against him for assault with a deadly weapon.

A settlement check was also approved for Louie Guerrero, who alleged he was wrongfully arrested by Rampart officers in 1997.

Councilman Greig Smith voted against the Diaz settlement. "I just thought it was inappropriate for us to settle," Smith said. "I think we should have continued to fight it. I think we would have won at the higher courts."

The council also settled a lawsuit by the family of Daniel Soly, who was fatally shot by the LAPD's Special Investigations Section. The unit, which often puts suspected robbers under surveillance, has been sued for watching as robberies occurred before stepping in and killing the suspects.

The lawsuit alleged that unit members violated Soly's rights when he was killed in 1995 after he and a partner robbed a Newbury Park liquor store.

Two cases brought by Yagman involving lawsuits against the department under the tenure of former Police Chief Daryl F. Gates also were settled.

Governor Declares State Of Emergency For Calif. Prisons (LAT)

By Jenifer Warren

The Los Angeles Times, October 5, 2006

Sacremento — Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons, a move his aides said would allow the transfer of inmates to other states without their consent.

Corrections Secretary James Tilton said Wednesday that prison crowding was so severe he could not wait. Tilton said it will allow him to skirt the state's cumbersome competitive bidding process, which will make the beds available more quickly. He said officials would begin by transferring volunteers and, if necessary, create more space later through mandatory transfers.

While overcrowding has long been an issue in the state's lock-ups, it has reached crisis levels this year, with most of California's 33 prisons packed to twice their intended capacity.

Of the 173,000 men and women behind bars, about 17,000 are bunking in areas not designed as living space. In addition to converted gyms, prisoners now sleep in hallways, lounges and in triple-decker bunks. For a time, the chapel at San Quentin housed convicts.

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"Our prisons are now beyond maximum capacity and we must act immediately and aggressively to resolve this issue," Schwarzenegger said in a statement.

Tilton said the state is poised to sign three-to-five-year contracts with private prisons in four states — Oklahoma, Indiana, Arizona and Tennessee -- that would provide 2,200 beds. He said he hoped to begin the transfers with 200 male inmates next month and continue transferring another 100 or more weekly after the screening process occurs.

Tilton said a recent survey circulated by authorities in the prisons suggested that as many as 19,000 convicts were interested in a voluntary transfer, though he cautioned that the number may not be solid.

Lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent.

At the Prison Law Office, a nonprofit firm that has successfully sued the state on inmate health care and other issues, director Donald Specter called the emergency declaration "political theater" by a governor running for reelection.

"This is an idiotic thing to be spending time on, because the number of beds they will be able to find in other states will amount to a grain of sand on a beach," Specter said. "In terms of serious reform, there is nothing about this that makes sense."

Democrats also criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis. Last fall, for instance, the chief of adult prisons said in a memo that a "population crisis" was creating "an imminent and substantial threat to the public safety."

"If he had listened to his own people back then, we wouldn't be in this crisis," said Assemblyman Mark Leno (D-San Francisco), chairman of the Assembly Public Safety Committee.

Leno said the Schwarzenegger Administration could have alleviated the crowding through parole reform, specifically, by allowing thousands of low-level parole violators face sanctions in the community rather than returning them to prison.

Corrections officials said they have been working on short-term and long-term solutions to the crowding crisis, but noted that their plans were rejected by lawmakers during the recent special session Schwarzenegger called on prisons.

That session ended in August with legislators rejecting a $6-billion package of proposals from the governor, including forcible transfers out of state of 5,000 illegal immigrant felons facing deportation, and the use of private facilities in California to house 4,000 low-security inmates.

Schwarzenegger also proposed moving 4,500 non-violent female inmates — about 40% of the total of incarcerated women — to regional correctional centers.

Legislators described the governor's package as hastily assembled, and some Democrats said the mandatory out-of-state transfers could be unconstitutional. They asked the administration to return next year with a new set of proposals.

"It was apparent … that the governor's ideas weren't ready for prime time," state Sen. Mike Machado (D-Linden) said at the time.

Wardens and officers say the crowding makes a violent explosion a real possibility. Small disturbances already are routine throughout the system, resulting in the "lockdown" of entire prisons or certain housing blocks. Under lockdown, inmates are confined to their cells and denied privileges, including education, regular recreation time and visitors.

Recent projections show the prison population continued to rise steeply, with more than 23,000 additional felons expected over the next five years. By 2011, the forecast shows, California would have more than 193,000 inmates, equal to the population of the city of Irvine. Already, the state's incarcerated population is large enough to fill the Rose Bowl's seats more than two times over.

Poor, Black And Dumped On (NYT)

By Bob Herbert

The New York Times, October 5, 2006

Most of the carnage — the terrible illnesses and the premature deaths — is hidden.

“The people in those agencies who issue the permits, and then do very little monitoring and very little enforcement in our communities, they don’t go with us to the emergency rooms where the children are suffering from serious asthma attacks. And they certainly don’t go with us to the funeral homes where we bury people who are 40 years old and have died of cancer. They don’t see the terrible damage that this stuff is doing.”

Monique Harden, a lawyer and director of a human rights agency in New Orleans, was talking about a problem that will get no attention at all in the Congressional elections, which are primarily about foolishness and the compulsion to deceive.

The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps, landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school.

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Two colossal environmental debacles occurred, for example, in West Anniston, Ala., a neighborhood that is mostly black and mostly poor. A chemical plant conveniently located there produced thousands of pounds of potentially deadly polychlorinated biphenyls (PCB's) each year. For years after the danger was apparent, residents were left uninformed. Some were later found to have the highest concentrations of PCB's in their bloodstreams of anyone ever tested.

But the PCB's from the chemical plant were just one of many risks faced by the residents. In 2003 the military began burning deadly chemical weapons stored at the Anniston Army Depot in West Anniston. Emissions associated with burning chemical weapons include dioxins, PCB's, furans, heavy metals and trace amounts of nerve and mustard gas agents.

The Rev. Henry Sterling, a pastor in Anniston, told me with great sadness how he had buried his niece who had died from cancer when she was just 30, and then two days later had to bury two other women in their 20's, and then the following week two more women in their late 20's.

He added, "My secretary was from here, and she was just 32 when she died from cancer. We have young men dying, too. But during that short period it just happened to be all women. "

We've known — or should have known — since at least 1987, when a landmark study was published by the Commission on Racial Justice of the United Church of Christ, that wildly disproportionate numbers of hazardous waste sites have been placed in communities with large concentrations of black and Latino residents.

Since then an enormous amount of data has been compiled showing that government and industry alike have used black and poor neighborhoods as dumping grounds for the vilest and most dangerous of pollutants. You go to these communities, where the air can be thick enough to make you gag, and you find that the rates of cancer, heart disease, stroke and the like are off the charts.

The largest hazardous waste landfill in America is near the small, rural town of Emelle, in Sumter County, which is part of the so-called "black belt" of Alabama. It takes in hazardous materials from 48 states and some foreign countries. More than 70 percent of the Sumter County population, and more than 90 percent of the population of Emelle, is black.

The systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery.

More than 70 environmental, human rights and public health groups participated in a bus tour last week — dubbed "The Environmental Justice for All Tour" — that visited communities across the country that have suffered terrible damage from these blatantly discriminatory policies.

The tour was enthusiastically received at each stop, but got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you.

Censoring Ourselves Is No Way To Fight Terrorism (LAT)

By Timothy Garton Ash

The Los Angeles Times, October 5, 2006

ALMOST EVERY DAY brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a "master of hate." A production of Mozart's "Idomeneo," which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week.

Going slightly further back, there's the murder of Dutch filmmaker Theo van Gogh and the murderous hounding of Ayaan Hirsi Ali and Salman Rushdie. A British anti-fascist activist is beaten following the publication of his photograph and address on a far-right website called Redwatch. Animal-rights activists make death threats against medical researchers and their families. Sikh extremists force a play they dislike to be taken off the British stage. Christian extremists threaten BBC executives because they broadcast "Jerry Springer: The Opera." Need I go on?

Fanatiques sans frontieres are on the march. It's wrong to describe this as a single "war on terror"; our adversaries and their ideologies are so diverse. But if you think we are not engaged in a struggle against manifold enemies of freedom as potentially deadly as those we faced in the 1930s, you are living in a fool's paradise. In the first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded.

The erosion comes in many different ways. Most obviously, there is violence or the threat of violence: "If you say that, we will kill you." This is dramatically facilitated in our time by the Internet, e-mail and cellphones. That French philosopher, Robert Redeker, went into hiding after an Islamist website called for him — "the pig" — to be "punished by the lions of France" as "the lion of Holland, Mohammed al-Bouyeri, did," and then gave Redeker's address, photograph and phone number. Bouyeri was the slayer of Theo van Gogh.

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Down the scale, there is peaceful public protest, sometimes with an implicit threat of violence. There are also other forms of less visible pressure, including the use of economic weapons — the boycott of Danish goods in some Islamic countries following the Danish cartoons scandal, for example.

Then there's self-censorship in the face of such threats. Chancellor Angela Merkel aptly described the Deutsche Oper's decision to pull "Idomeneo" as "self-censorship out of fear." But self-censorship can also flow from a well-intentioned notion of multicultural harmony, on the lines of "you respect my taboo, and I'll respect yours." And there are misguided attempts by democratic governments to ensure domestic peace by legislating to curb free expression. The British government's original proposal for a law banning "incitement to religious hatred" was a case in point.

The threats come from diverse quarters. It would be absurd to pretend that Islamist extremists are not among the current leaders in intimidation.

But the jihadists are not alone.

Even as I write, news reaches me of a friend, Tony Judt, a historian and outspoken critic of recent Israeli policy, finding that a talk he was to give about "the Israel lobby and U.S. foreign policy" at the Polish Consulate in New York was canceled after phone calls to the host institution from "a couple of Jewish groups," including the Anti-Defamation League, according to the Polish consul. Such phone calls are, of course, not comparable with death threats. But this is all part of a many-fronted, incremental erosion of free expression, even in the classic lands of the free such as the U.S., France and Britain.

What is to be done? First, we need to wake up to the seriousness of the danger. We need a debate about what the law should and should not allow to be said or written. Even John Stuart Mill did not suggest that everyone should be allowed to say anything any time and anywhere. We also need a debate about what it is prudent and wise to say in a globalized world where people of different cultures live so close together, like roommates separated only by thin curtains.

I believe, for example, that Redeker's article in Le Figaro was an intemperate and unwise one, with its claim that Islam (not just Islamism or jihadism) is today's equivalent of Soviet-style world communism, and his denunciation of Muhammad as a "pitiless warlord, pillager, massacrer of Jews and polygamist." But once the fanatiques sans frontieres respond by proposing to kill him, we must stand in total solidarity with the threatened writer — in the spirit of Voltaire.

Never mind that Voltaire probably never said exactly what is so often attributed to him: "I disapprove of what you say, but I will defend to the death your right to say it." This was Voltaire's spirit nonetheless. Too many recent responses in such cases, from the Rushdie affair onward, have had this syntax reversed: "Of course I defend his/her freedom of expression, but … "

Voltaire got it right: first the dissent, but then the unconditional solidarity. Now we are all called upon to play our part. The future of freedom depends on words prevailing over knives.

Timothy Garton Ash is professor of European studies at Oxford University and a senior fellow at the Hoover Institution at Stanford University.

ANTITRUST:

Court Weighs MedImmune Bid To Sue Genentech Over Patent (WSJ)

By Mark H. Anderson

The Wall Street Journal, October 5, 2006

WASHINGTON -- A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support.

MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts.

The U.S. Federal Circuit Court of Appeals, a special patent court, ruled a company can't sue at the same time it has agreed to make royalty payments.

Deanne Maynard, an assistant to the U.S. Solicitor General, part of the Justice Department, urged the justices to strike down the Federal Circuit's ruling, arguing MedImmune was wrongly being denied a legal avenue to challenge Genentech's claims. "The parties here actually have a concrete dispute about the validity of the patent," she said.

The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent. If MedImmune wins its appeal, companies will be able to pay royalties under protest until a court rules under federal declaratory-judgment laws on the validity of the patent.

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If Genentech wins, companies will have to refuse to pay royalties before they can challenge a patent, exposing themselves to patent-infringement claims.

The high court closely questioned both sides in the case with an eye toward the practicalities of licensing contracts, and a majority of justices sounded skeptical of arguments made by Genentech's attorney, Maureen Mahoney.

"The argument you just made really isn't relevant for us," Justice Anthony Kennedy told Ms. Mahoney after she said the licensing agreement was a compromise settlement that precluded court action.

Justice Antonin Scalia said the outcome of the appeal became clearer to him when he realized the licensing agreement between the two companies turned in part on whether the patent was determined to be valid.

Throughout the litigation brought by MedImmune, Genentech has maintained that one of several patent applications it licensed to MedImmune was approved in 2001 and required royalty payment on sales of Synagis.

A U.S. District Court judge dismissed MedImmune's case in 2004, saying it couldn't proceed because MedImmune was making royalty payments. The Federal Circuit upheld that decision in October 2005.

MedImmune Asks For Right To Sue (WP)

By Charles Lane

The Washington Post, October 5, 2006

A lawyer for MedImmune Inc. asked the Supreme Court yesterday to let the company sue to overturn a patent owned by Genentech Inc. on a component of MedImmune's blockbuster drug Synagis, even though MedImmune is paying royalties to use it.

The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve.

MedImmune maintains that it always questioned the patent, and agreed to license it "under protest" because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech.

"What we are presenting in this case is a dispute about money," MedImmune's lawyer, John G. Kester, told the court. "It is not abstract. It is not hypothetical. It is not conjectural."

Comments and questions from the justices left little indication of how they might rule, with the court's main concern seeming to be that, even if the justices grant MedImmune a right to sue Genentech, patent holders might simply ask licensees to sign away their right to sue.

"At some point, either in this case or some later case, we may have to address the question of whether or not such a provision is enforceable," Justice Anthony M. Kennedy noted. "If it is, we may not be talking about much. It's just going to be boilerplate in every license agreement, and that's the end of it."

But Kester argued that the "licensee cannot, by contract, be [stopped] from challenging the patent."

That seemed not to convince Chief Justice John G. Roberts Jr. If firms could always sue over patents they had agreed to respect, he said, "How do you ever end these things?"

Genentech's lawyer, Maureen E. Mahoney, reinforced that point in her argument, saying MedImmune is essentially seeking the right to back out of a deal that both sides made in good faith, and that "it has been settled [law] forever that . . . an agreement for making payments pursuant to an agreement in the nature of a compromise, you can't come and say that it has been coerced or is some form of duress."

But MedImmune contends that a federal law enacted in 1936 permits a party to take a contract dispute to court without having to break the agreement first. It argues that the Federal Circuit's recent rulings, including its decision against MedImmune, reversed years of precedent that favored what some call the "pay and sue" strategy.

The case has potentially wide implications for other technology firms, since it will affect the ability of patent holders to deflect challenges to their monopolies over inventions.

MedImmune is supported in the case by the Generic Pharmaceutical Association and by the Bush administration -- which told the court in its brief that "there is a strong federal policy . . . in ridding the economy" of invalid patents.

Genentech is backed by the Pharmaceutical Research and Manufacturers of America, Qualcomm Inc., 3M Co., General Electric Co., Procter & Gamble Co. and DuPont Co.

Genentech is the world's top biotechnology company, with an estimated market capitalization of $88.3 billion. MedImmune, with a market cap of $6.9 billion and more than 2,400 employees, is the eighth-largest biotech firm in the world, measured by stock value, and by far the biggest in the Washington region.

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About 80 percent of its revenue comes from sales of Synagis, which prevents certain respiratory infections in premature babies. In 2005, worldwide Synagis sales exceeded $1 billion for the first time. Still, the company reported a loss of $16.6 million in part because of poor sales of its inhaled flu vaccine, FluMist.

Synagis is made with the use of an antibody synthesis technology on which Genentech holds a patent, known as the Cabilly II patent after the inventor Shmuel Cabilly.

The patent runs through 2018, though MedImmune says it is invalid and the U.S. Patent and Trademark Office is reviewing it.

Because of a confidentiality agreement with Genentech, MedImmune does not disclose how much it pays in royalties on Synagis. Kester said yesterday, however, that the quarterly payments cause "major injury" to MedImmune.

The case is MedImmune v. Genentech , No. 05-608. A decision is expected by July.

Supreme Court Hears Biotech Patent Case (AP-YBIZ)

By Stephen Manning, Associated Press Writer

AP, October 5, 2006

Supreme Court Hears Biotech Case That Could Expand Patent Lawsuits

WASHINGTON (AP) -- The U.S. Supreme Court on Wednesday heard drug maker MedImmune's patent dispute with biotechnology company Genentech, a case that could help determine the ability companies have to challenge patents in court.

The companies are fighting over a Genentech patent that MedImmune licenses for one of its top sellers -- Synagis, a children's respiratory drug with more than $1 billion in sales last year.

The original patent was set to expire this year, making it available for free. But Genentech Inc. of California acquired another patent in 2001 through a deal with another drug company holding a similar patent, extending it to 2018.

The case before the court Wednesday didn't deal with the merits of the case, focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws.

MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

MedImmune was using a "pay and sue" strategy under patent law because it didn't want to stop royalty payments and be liable for violating the terms of the license on the Cabilly patent. Named for the researcher that discovered it, the Cabilly patent is used by MedImmune to make Synagis.

MedImmune pays a set percentage of its Synagis sales to Genentech under the licensing deal. MedImmune spokeswoman Jamie Lacey would not reveal that percentage, but said each percentage point is worth $10 million.

In court filings, MedImmune contended it would be put at great risk of large financial penalties if it were forced to break a patent agreement to challenge what it thought was a bad patent. It was backed by the Justice Department, which said the dispute between the two warranted resolution in court.

Genentech countered that federal law does not allow companies to challenge patents without shouldering the risk of violating the deals.

"The reason they entered into this agreement was to avoid the costs and risks of litigation," Genentech attorney Maureen Mahoney said Wednesday of MedImmune's patent with Genentech.

Chief Justice John Roberts appeared to be concerned that companies could make continuous patent challenges if they were allowed to file lawsuits but not face stiff penalties for breaking license agreements by stopping royalty payments.

"How do you ever end these things? Let's say they have this dispute, they bring it to litigation, and they settle it," he said. "Instead of paying a license fee of 50 cents, it's going to be 40 cents, and we'll go on. Then they can sue again, I take it."

Patent attorneys said if the case is decided in MedImmune's favor, it could lead to a flood of patent lawsuits because companies could challenge patents without risking legal penalties. But Washington attorney Harold C. Wegner, who watched Wednesday's arguments, said Roberts did not seem convinced by MedImmune's case.

"The chief justice was very troubled by the idea," Wegner said. "What would stop the licensees from suing again and again?"

Along with legal action, the validity of the second Cabilly patent is still under review by the U.S. Patent and Trademark office. The office initially rejected the patent, but agreed to re-examine its decision.

Shaw Group Pays For Westinghouse Stake (AP-Y)

By Alan Sayre, Ap Business Writer

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AP, October 5, 2006

Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment.

Under the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds.

Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable.

Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month.

Toshiba said Wednesday in Tokyo that it had cleared all antitrust reviews and completed all the necessary regulatory filings in both the U.S. and the European Union as of the end of September.

During a conference call with analysts, Shaw chairman James Bernhard said the combination of Shaw's engineering and design services in the nuclear industry, along with Westinghouse's expertise in nuclear power equipment, would "help solve the world's long-term energy needs."

Under the deal, Shaw said it would get certain exclusive agreements for engineering, procurement and construction services on future Westinghouse AP 1000 nuclear power plants, the chosen design for 10 proposed new power units in the United States and four in China.

For the three months ended Aug. 31, Shaw now forecasts earnings from continuing operations between 15 cents and 18 cents per share. Analysts polled by Thomson Financial are looking for profit of 28 cents per share, on average. Consensus estimates typically exclude one-time charges and gains.

Shaw also issued guidance for the current fiscal year, pegging profit between $1.30 and $1.60 per share. That brackets the average Wall Street estimate of $1.53 per share. In addition, the company forecasts 2007 operating cash flow of $300 million to $350 million, and said it will report a record backlog of more than $9 billion as of Aug. 31.

Shaw said its fiscal 2007 guidance reflects the planned investment the Westinghouse acquisition.

Shaw Group shares rose $2.67, or 11.3 percent, to close at $26.33 on the New York Stock Exchange. The shares have traded in a 52-week range of $19.55 to $36.08.

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On the Net:

Shaw Group Inc.: http://www.shawgrp.com

EU Pledges More Trade Deals (AP)

By Aoife White, Ap Business Writer

AP, October 5, 2006

BRUSSELS, Belgium — The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad.

It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights.

"We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism," EU Trade Commissioner Peter Mandelson said.

The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said.

Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade.

The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work.

European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well.

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The EU is preparing bilateral trade deals with India and South Korea, as well as and laying the groundwork for agreements with other nations in South America and the Middle East. The goal is to keep trade links open even if a WTO deal proves impossible in the short term.

"Free trade agreements can build on WTO rules by tackling issues that are not ready for multilateral discussion and by preparing the ground for the next level" of global trade deals, EU Trade Commissioner Peter Mandelson said.

European Commission President Jose Manuel Barroso said last month that these deals would be more ambitious than the agreement the EU was trying to reach in the Doha round of WTO talks. They would call for other nations to open up government contracts to foreign companies and push open other sectors such as banking and telecommunications.

Mandelson said EU trade partners such as India were keen to open markets to help expand their economies and pull people out of poverty.

But if Europe is to lead this process, its work needs to begin at home, he said: "Europe's policy needs to be clear: rejection of protectionism at home; activism in opening markets abroad."

"There is no future for Europe that is looking inwards or is trying to cut itself or shelter from the rest of the global economy," he said.

Keeping Europe "ahead of the curve" means protecting European business interests abroad and making sure its exporters do not face unfair regulatory or antitrust barriers. Europe would open its markets to trading partners and demand the same from them "under gentle pressure," he said.

Op-ed: Eurocrats' Anti-competitive Agenda (WT)

By Dick Armey

The Washington Times, October 5, 2006

Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether.

Recent history provides a clear view of Europe's "not so competitive" competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition.

In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a "Commissioner of Competition." For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost.

This distinction between Europe and the United States is more than a cultural quirk. It has substantial implications for American companies trying to survive in a global economy and a significant impact on consumers. Rather than consumer sovereignty, the European market is ruled by a web of regulations that undermines the efforts of American firms trying to design better products that attract customers.

The software industry is vibrant and dynamic. New applications and new products are constantly developed to meet growing consumer demand. Within this environment, Microsoft must compete by innovating and incorporating new features into Windows. Regulatory micromanagement by the European Union makes this business strategy all but impossible, as EU bureaucrats determine which features are "pro-competitive" and which are "anti-competitive."

Initially, European regulators determined that consumers would be better off if Microsoft did not bundle a media player with its operating system. Under orders from the EU, Microsoft stripped out the media player to release Windows N for Europe. The "N" might as well stand for "Not" — consumers had no interest in the downsized operating system, which accounted for only 0.005 percent of Windows sales.

Despite the lack of consumer interest in software designed by bureaucrats, EU regulators are threatening aggressive actions against Microsoft if it fails to incorporate its latest "designs" in its new operating system. As it prepares to launch its newest version of Windows, European regulators are again threatening to take action. Security problems have been a concern to anyone using the Internet, yet the European Union has warned Microsoft about bundling new security features with the products it sells to consumers. In a networked world, the diminished security capacity of computers in Europe would be felt globally. In

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addition, new handwriting recognition technologies in the operating system are being viewed as a threat, rather than a benefit for consumers.

Now, rather than worrying about innovation, Microsoft is bogged down in lengthy bureaucratic negotiations that threaten to delay the release of the new Windows. These regulatory skirmishes reverberate well beyond Microsoft, as computer manufacturers, investors and the broader technology industry hold their breath and await the outcome.

This issue gets to the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place.

Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate.

Dick Armey, who served as House majority leader between 1995 and 2002, is chairman of FreedomWorks.

GM Ends Renault-Nissan Alliance Talks (FT)

By James Mackintosh And Bernard Simon

Financial Times, October 5, 2006

General Motors, the world's biggest carmaker, called off talks on Wednesday with Renault and Nissan on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals.

The failure of the talks clears the way for Carlos Ghosn, chief executive of Renault and Nissan, to open negotiations with Ford Motor, GM's Detroit arch-rival. Discussions are unlikely to start immediately, one person familiar with the situation said.

GM ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control.

GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the situation said would see "billions of dollars" more benefits than the US company.

"The value was heavily skewed towards Nissan", GM's chief executive Rick Wagoner said on Wednesday "We needed to look at good value for GM shareholders."

He added that "Renault-Nissan made it clear they would not pay any market premium, nor compensate GM to balance the disproportionate impact of expected synergies". In addition, the proposed structure would have blocked GM from pursuing other alliances "without adequate compensation".

GM was nudged into the talks in June by Kirk Kerkorian, the octogenarian billionaire who is the company's biggest individual shareholder. His chief financial adviser Jerry York is a GM director.

Mr York joined the rest of the board in voting against the Renault-Nissan proposals. Nonetheless, Tracinda, Mr Kerkorian's holding company, said on Wednesday that a deal would have given GM "substantial synergies and cost savings".

"We regret that the board did not obtain its own independent evaluation of the alliance," Tracinda added.

The board was shown calculations by both sides of the benefits available, and the assumptions made that allowed Renault-Nissan to estimate savings for GM far higher than GM calculated itself.

Two investment banks, Goldman Sachs and Morgan Stanley, also made presentations on the structure of a possible deal.

The decision to end talks marks an expression of confidence by GM directors in Mr Wagoner and his plan for recovering from a disastrous $10.6bn loss last year.

Fritz Henderson, chief financial officer, said in an interview that the company was not looking for another partner. "We have a plan that we think is robust and will help get GM turned around," he said.

He said GM was unfazed by the threat of a Ford-Renault-Nissan alliance, which would leapfrog GM to become the world's biggest, and had not considered that as a factor in its decision to reject a tie-up.

Talks are now likely between Ford and Renault-Nissan, after a pause "to let the dust settle", one person familiar with the situation said. Mr Ghosn has repeatedly expressed an interest in adding a north American partner to the alliance.

G.M.'s Talks On A Partner Fall Apart (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, October 5, 2006

DOJ_NMG_0075372

Paris may be a city for lovers, but it is where General Motors broke up with Renault and Nissan. Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies.

But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb.

G.M. executives seemed to be operating on the notion that the two other companies would enjoy great benefits from an alliance, and therefore wanted to be paid billions of dollars before going ahead.

That was untenable to Mr. Ghosn, whose fame had spread after the quick turnaround he achieved at Nissan, in which Renault holds a controlling interest.

Still, the two sides had continued the pretense that they would keep talking up to an Oct. 15 deadline — until Mr. Wagoner called Mr. Ghosn in Paris yesterday to bid him goodbye.

The call came a day after G.M.'s board voted unanimously to end the discussions, Mr. Wagoner said yesterday. Those votes to stop the talks included one from Jerome B. York, an associate of Kirk Kerkorian, G.M.'s biggest individual shareholder, who had pushed for the talks.

A joint statement issued by the companies said in part, "Renault and Nissan consider that the principle of compensation is contrary to the spirit of any successful alliance."

Mr. Wagoner said yesterday, "We all agreed the synergy levels were significantly in favor of Renault and Nissan."

G.M.'s chief financial officer, Frederick Henderson, said Nissan and Renault would have benefited three or four times as much as his company. He would not disclose dollar amounts discussed. "Whether you used our numbers or their numbers," Mr. Henderson added, "the skew was very substantial."

Mr. Wagoner said neither he nor anyone else at G.M. had misled Nissan and Renault into thinking that an alliance was imminent, even though officials at those companies had indicated the talks were going well. "I can see why they would have been excited," he said. "It would have been very good for them."

Although it appears that G.M. and Nissan-Renault had contrasting ideas from the beginning for how an alliance would be structured, Mr. Wagoner said that a difference of opinion only recently became clear. The companies first worked to determine the potential value of a partnership before discussing structure.

Mr. Ghosn declined to be interviewed yesterday.

With their brief dalliance over, Mr. Wagoner and Mr. Ghosn each face questions. In Mr. Wagoner's case, what will Mr. Kerkorian do? And for Mr. Ghosn, will Nissan and Renault turn next to the Ford Motor Companyfor a possible alliance?

Mr. Kerkorian, who began buying the first of his 56 million shares about 18 months ago, essentially has two choices, analysts said: increase his aggressive tactics in an effort to raise G.M.'s stock price or throw in the towel on G.M. and sell the shares.

In a statement, Mr. Kerkorian's Tracinda Corporation said an alliance "would have enabled G.M. to realize substantial synergies and cost savings, adding, "We regret that the board did not obtain its own independent evaluation of the alliance."

Mr. Kerkorian's choice will in turn affect the role of Mr. York as a G.M. director.

An automotive analyst at Merrill Lynch in New York, John Murphy, said he did not think that G.M. had heard the last from Mr. Kerkorian. Mr. Kerkorian attempted a hostile, and ultimately unsuccessful, takeover of Chrysler in 1994 with its former chairman, Lee A. Iacocca.

"I think Kerkorian will turn up the heat," said Mr. Murphy, who while not surprised that the alliance talks ended, was taken aback by how they fell apart, with Mr. York voting against a deal during Tuesday's G.M. board meeting. "I can't imagine, with his track record, that he backs off."

Mr. Kerkorian could wage a proxy fight against G.M.'s leadership, nominate new directors or try to build support among other shareholders, Mr. Murphy said.

All those actions became more difficult under bylaw changes the G.M. board approved Tuesday, although Mr. Wagoner said the modifications were in response to concerns raised at the last shareholders' meeting and not directed at Mr. Kerkorian.

Thus far, Mr. Wagoner has shown in these talks that he is an expert at getting his way.

He took only some of the actions recommended by Mr. Kerkorian's holding company. And he has fended off Mr. Ghosn, an executive whose luster helped camouflage his own companies' recent struggles.

Mr. Wagoner also threw down conditions that were all but impossible for Mr. Ghosn to accept.

G.M. wanted Renault and Nissan to pay a premium on top of its share price for a significant stake in the company, and it wanted the flexibility to conclude alliances with other companies, something that Renault and Nissan presumably felt would have been precluded by an alliance with G.M.

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The demand for the compensation payment was the deal breaker. Mr. Ghosn has called the idea “ridiculous” especially since the market value of his companies’ shares was higher than that of G.M.

A Nissan spokeswoman, Frederique LeGreves, reiterated those objections yesterday. Explaining why the deal fell apart, Ms. LeGreves said, “We had a fundamental disagreement on the compensation payment.”

G.M.’s executives said yesterday that they took part in the negotiations with an open mind and that they welcomed any opportunity to join a project that added value to G.M.

But while Mr. Ghosn clearly wanted a partnership on a grand scale, G.M. decided it was only interested in working with Nissan and Renault on a “project-by-project” basis, Mr. Wagoner said. Nissan and Renault have said they will not pursue any minor level of collaboration with G.M., according to Mr. Wagoner.

During the talks, G.M. consulted with two investment banks, Goldman Sachs and Morgan Stanley. As recently as last week, Mr. Kerkorian had pushed G.M. to hire independent advisers to analyze a possible partnership.

Mr. Wagoner said an alliance would have been a distraction to his company’s turnaround efforts, which executives say are gaining momentum. “We felt that the complexities of working with three companies could in fact slow us down,” he said.

Despite the view of some analysts that a request for a compensation payment was akin to the slur against the French icon Zinédine Zidane in this summer’s World Cup final, Ms. LeGreves said Mr. Ghosn did not take it to heart.

“I don’t think we are offended or shocked,” she said. “It’s a business decision.”

Whether Ford might be more open to a deal with Renault and Nissan is open to debate. In an effort to pull itself out of its own financial tailspin, Ford recently named a Boeing executive, Alan R. Mulally, as chief executive, meaning that Mr. Ghosn would be unlikely to get that job in an alliance.

But Ford, whose market share has been sinking all this decade, could use the small cars that Renault and Nissan have in their lineups.

Ms. LeGreves emphasized that Mr. Ghosn was not planning to approach Ford. But he does not have to, since he received an earlier invitation from William Clay Ford Jr., the company’s chairman, to hold discussions if things did not pan out.

What might happen first, said John Casesa, a longtime auto analyst, is a smaller deal that could involve joint car development, something Ford and Nissan did in the past with a minivan project that produced the Mercury Villager and the Nissan Quest. (The Villager has since been discontinued and Nissan now builds Quest on its own.)

That is less grand than what Mr. Ghosn’s companies discussed with G.M., but such a project could give them a chance to size each other up — and still leave time for Mr. Ghosn, 52, to succeed Mr. Mulally, 61, a few years hence, allowing him to finally run the three-part company he has envisioned.

Mr. Mulally, who had been accustomed to operating on a global scale at Boeing, might turn out to be a better personality fit with Mr. Ghosn.

Mr. Wagoner and Mr. Ghosn had some shared backgrounds. Both once worked in Brazil, and the two men could hold private conversations in Portuguese, Mr. Ghosn disclosed last week. Even though the two men spoke the same languages, they were never on the same wavelength.

How Wagoner Wins As Ghosn Alliance Talks Fail (WSJ)

By Monica Langley And Joseph B. White

The Wall Street Journal, October 5, 2006

The collapse of alliance talks between General Motors Corp. and partners Renault SA and Nissan Motor Co. marks a victory for GM Chief Executive Rick Wagoner, but it won't mean the end of consolidation talk or alliances among big global auto makers.

In a phone call yesterday morning, Mr. Wagoner and Carlos Ghosn, chief executive of both Nissan and Renault, decided the two sides were too far apart on the value of the potential tie-up and decided to stop the high-stakes talks which had been under way for two months, after an initiative by big GM shareholder Kirk Kerkorian. Mr. Kerkorian and his representative on GM's board, Jerome York, broached the idea of an alliance with Mr. Ghosn in late June and reiterated their support for it last week.

But in the end, Mr. York joined other GM board members in a unanimous decision to end the talks, GM said. Tracinda Corp., Mr. Kerkorian's investment company, said it regretted "that the board did not obtain its own independent evaluation," as it had requested. The billionaire investor and his advisers yesterday were considering their options.

On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: "It's clear the two sides have completely different appetites for an alliance." Calling the payments totaling several billion dollars demanded by GM "contrary to the spirit of an alliance," Mr. Ghosn was blunt: "Let's just end it."

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Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks "on cordial terms."

The collapse of the discussions reversed a rally in GM's stock. GM shares fell slightly, dropping nine cents to $33.32 in 4 p.m. New York Stock Exchange composite trading.

Pressure on auto makers to consider previously radical cost-cutting solutions remains intense. Detroit's three auto giants are struggling to make money and stop market-share losses in North America. Western European champions such as Renault are dealing with relentless attack from lower-cost Asian and Eastern European rivals. A slowdown in the U.S. economy could ratchet up pressure on GM, Ford Motor Co. and DaimlerChrysler AG to look for partnerships or alliances to share the burdens of developing more fuel-efficient engines or new kinds of vehicles.

Ford, for example, has said it is open to discussions with rivals about potential alliances, or deals to offload brands such as Aston Martin. DaimlerChrysler has said it is looking for a partner, possibly Chinese, to help it speed a new small vehicle to the U.S. market. GM already has alliances to share hybrid gasoline-electric drive technology with BMW AG and DaimlerChrysler.

In remarks prepared for his press conference, Mr. Wagoner said GM is open to the idea of pursuing individual projects with Renault-Nissan, similar to a commercial vehicle venture the companies already have. 5

The end of the discussions leaves Mr. Ghosn, one of the global auto industry's stars, to focus on boosting sales and profits at Renault, which has been losing share in Western Europe. In a statement yesterday, Renault and Nissan said the two companies still believe that there is a "significant value creation" to be had by "expanding its alliance to a motivated North American partner."

Investors have speculated that partner could be Ford, which is struggling with widening automotive losses. But in interviews in Paris last week, Mr. Ghosn said he is "not in a hurry" to initiate a new round of discussions. Ford spokesman Oscar Suris, asked if Ford might enter talks with Renault-Nissan, said "We're not going to speculate."

With the Renault-Nissan proposal off the table, Mr. Wagoner can now focus on persuading investors that his turnaround strategy for GM can start to deliver profits in the company's core North American auto business.

In his press conference, Mr. Wagoner argued that a Renault-Nissan deal "would have potentially been a distraction to our current turnaround efforts. For example, it unfortunately doesn't help in key areas like our huge U.S. legacy cost competitive disadvantage, and it could impede our fast-moving efforts to evolve to a global management system."

At a dinner Monday at GM headquarters, Mr. Wagoner and his chief financial officer, Frederick "Fritz" Henderson, presented their work on the potential alliance to GM's board, say people familiar with the matter. The executives said Renault-Nissan would gain three to four times more savings than GM. That is why Mr. Wagoner last week told Mr. Ghosn GM would need an "equalizing contribution," probably a multibillion dollar cash payment, to consider the alliance.

Mr. Wagoner focused on another big problem -- the possible block stock purchase by Nissan-Renault, these people said. Under Mr. Ghosn's alliance plan, Nissan and Renault, which is 15% controlled by the French government, would buy 20% of GM stock. Messrs. Wagoner and Henderson told the board its investment banks recommended GM obtain a "control premium" for such a block. Also they said GM should be entitled to a further premium because it would be effectively precluded from working on joint ventures with other auto makers.

After the late dinner, during which the slide presentations continued, several directors moved their conversations into the hotel lounge nearby and talked later into the night, said a person familiar with the matter.

The next morning, at the board meeting, discussions resumed. "There were no fireworks," said a person familiar with the matter. It became increasingly clear directors would support GM management. Many of them concluded that GM's turnaround had kicked in. Another common refrain: Mr. Henderson, who has been chief financial officer since January, is making a "hugely positive addition" on thorny issues including labor buyouts, Delphi talks and the agreed-upon sale of General Motors Acceptance Corp., this person said.

Mr. Wagoner recommended that GM tell Mr. Ghosn that it was open to pursuing specific joint ventures with Nissan-Renault, but that it would not pursue the alliance structure currently under consideration, said a person familiar with the matter. The directors unanimously approved the recommendation. There was one caveat: if Mr. Ghosn showed an interest in changing the structure of the tie-up, Mr. Wagoner must return to the board, according to people familiar with the situation.

Wednesday's developments appear to be a setback for Messrs. Kerkorian and York. At one extreme, Mr. Kerkorian could sell this stock for a profit and be done with the drama, but he is typically a long-term investor. At the other extreme, he could launch a proxy contest to replace the board of directors next spring.

Mr. York could resign from the GM board in the near future, if he decides that he can be more effective and less constrained. When Mr. York worked with Mr. Kerkorian more than a decade ago on Chrysler, he worked from the outside to force change. Ultimately, Mr. Kerkorian made a $3 billion profit when Daimler-Benz AG bought Chrysler in 1999.

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GM Won't Join Nissan, Renault (WP)

By Sholnn Freeman

The Washington Post, October 5, 2006

General Motors Corp. rejected an alliance with Nissan Motor Co. and Renault SA yesterday, contending that it still has the size and strength to fight on its own.

GM chairman and chief executive G. Richard Wagoner Jr. said joining an alliance would distract the automaker from its turnaround. He said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them.

The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp.

Ending the talks was a blow to Carlos Ghosn, who heads both Renault and Nissan. An alliance was seen by some as a ploy by Kerkorian to put Ghosn in a leadership role at GM.

Wagoner said GM has made a "shocking amount of progress" in executing its turnaround plans. In the past year, GM has cut billions of dollars in overhead costs, reorganized operations, cut employee medical and retirement benefits, sold large parts of the company and eliminated 30,000 jobs. Wagoner and the company's directors have also taken pay cuts.

GM lost $10.6 billion last year, the most since 1992. Most of the loss was in the company's North American division, where executives bet heavily on continued profits from large pickup trucks and sport-utility vehicles before the market stalled.

Gary N. Chaison, professor of industrial relations at Clark University, said GM is giving the impression that it has turned the corner. "All you can really say with any confidence is that they are not in as bad a shape as they were before," he said.

Chaison said GM's long-term performance will hinge on future dealings with labor. He said GM's portrayal of itself as strong enough to stand alone will make it more difficult to seek concessions from the United Auto Workers union next year during contract talks.

"They still have to go to the UAW and make the case for a special break," Chaison said. "This is going to be extremely difficult for them to do because the UAW is not in the mood for further concessions."

Wagoner said the advantages of an alliance would have unfairly favored Nissan, making it a bad deal for GM's shareholders.

Dominique Thormann, a senior vice president at Nissan's U.S. division, argued yesterday that GM negotiators did not understand the concept of an alliance. He said the discussions were terminated because of a fundamental disagreement on how to split up the billions of dollars that could have been saved.

In short, Thormann said GM was looking to get paid. GM wanted "equalizing payments," he said. GM asked for a "control premium" because company executives thought that by entering the alliance, they might lose the ability to make deals with other companies, effectively giving up control to chart GM's future. Thormann said the demands were contrary to the "spirit of the alliance."

"They are just seeing something in black and white and very easy to measure," Thormann said. "Ultimately, it's not a shared vision. They keep talking about short-term recovery. We are talking about the long-term -- a strategic vision. The alliance doesn't fix your short-term problems. It isn't what runs the company. The alliance just gives you a competitive advantage."

Ghosn and other executives have repeatedly said they saw value for all parties in an alliance. Executives also said a GM-Nissan-Renault alliance would create a company with the power to take on the growing worldwide clout of Toyota Motor Corp. Toyota reported a 25 percent increase in U.S. sales for September, as sales by most other major automakers, including Nissan, sputtered.

GM executives think they can take on Toyota on its own. Under the leadership of Robert A. Lutz, GM has consolidated all its international operations. That could mean the end to the costly overlap of product development, design and purchasing. GM consolidation is saving $10.2 billion a year, about the same as a GM-Nissan-Renault alliance was predicted to save.

For GM, a partnership with Renault and Nissan represented only risk and downside, said an industry executive, who asked not to be identified because of the delicacy of the talks. He said GM and Renault are big rivals in Europe. Nissan is a dangerous competitor in North America, where it, Toyota and Honda Motor Co. have been taking GM market share. An alliance could have entailed GM giving up factory space to Nissan, the executive said, and Nissan would have in turn "hit GM between the eyes with product."

"What was GM to do?" the executive said. "Take the lion in the den and get eaten in the process?"

In Palo Alto, Calif., yesterday, Nissan workers expressed relief that there would not be an alliance. "Look at GM's track record," one said. "GM would've taken everything we have."

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GM Drops Alliance Talks Over Lack Of Compensation (USAT)

By Sharon Silke Carty

USA Today, October 5, 2006

DETROIT — General Motors Wednesday called off its talks with Renault and Nissan about forming an alliance because the automakers couldn't agree on GM's demands for compensation.

GM's studies showed benefits of an alliance would be skewed in Renault and Nissan's favor, with the most going to Nissan, GM CEO Rick Wagoner said. GM wanted compensation for that and for the fact that an alliance would preclude GM from making deals with other automakers.

In the end, he said, an alliance "was not in the best interest of GM shareholders."

Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed "there were good synergies for everybody." She said the discussions broke down over the additional compensation issue, "which is not really part of the alliance principle."

Wagoner said GM's board, meeting Tuesday, voted unanimously to back out of the discussions.

Board member Jerry York represents GM's biggest individual shareholder, Kirk Kerkorian. Kerkorian pushed GM to consider teaming up with Renault and Nissan, going public with the idea over the summer when he felt the automaker wasn't moving fast enough.

In a filing with the Securities and Exchange Commission last week, Kerkorian said he intended to increase his shares in GM from 9.9% to 12% and asked the company to consider hiring outside consultants to independently review the Renault-Nissan plan.

"We believe General Motors' participation in a global alliance with Renault and Nissan would have enabled GM to realize substantial synergies and cost savings," said Carrie Bloom, spokeswoman for Kerkorian's investment firm. "We regret that the board did not obtain its own independent evaluation of the alliance."

The board's unanimous vote is a sign of confidence in Wagoner and his turnaround plan, said David Cole, chairman for the Center for Automotive Research. The automaker lost $10.6 billion last year and $2.9 billion in the first half of this year, but many expect upcoming third-quarter earnings will be significantly improved.

"Obviously, the board has got confidence in him," Cole said. "They know where things are going. They see everything of importance. If they don't like the direction the company is going in, they're going to put a lot of heat on him. And they're not."

The door now is open for possible discussions between Renault-Nissan and Ford Motor. Carlos Ghosn, CEO of the French and Japanese automakers, said last week he would be interested in another North American partner if a deal with GM fell through.

Ford had no comment on possible talks.

GM shares closed down 9 cents to $33.32.

VW Buys Stake In Rival MAN, Girding For Tie-Up (WSJ)

By Christoph Rauwald, Stephen Power And Jason Singer

The Wall Street Journal, October 5, 2006

Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business.

The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices. Volkswagen, of Wolfsburg, Germany, said it doesn't plan to fully acquire MAN but bought a stake in the Munich-based company to secure its "strategic interest."

Volkswagen's move is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. Last month, MAN made a hostile takeover offer for Scania of 442 Swedish kronor ($60.33) a share, valuing it at €9.6 billion.

A MAN spokesman said the truck maker is "very happy" with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business. "VW is someone from our same industry and is basically in favor of our strategy," he said. "They understand us."

MAN officials yesterday didn't disclose how they would respond to Volkswagen's proposal, originally made last week, to include Volkswagen's Brazilian truck business in a combination of MAN and Scania.

A spokeswoman for Scania declined to comment on Volkswagen's announcement. A spokesman for Swedish investment company Investor AB, Scania's second-largest shareholder, said it remains focused on finding "the best possible way forward for Scania and its shareholders.... What that is, one will see."

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On Germany's Xetra exchange, MAN shares fell 7.5% to €68.44 ($87.10), while Volkswagen shares rose 1.3% to €68.85. In Stockholm, Scania's Class B shares rose 5.2% to 462 kronor.

Many industry analysts praised MAN's offer last month as a logical step capable of generating hundreds of millions of dollars in cost savings. A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB, of Sweden, and DaimlerChrysler AG, of Germany.

MAN's offer was later rejected by Scania's board as well as by Volkswagen, whose 34% of the voting rights in Scania makes it the largest shareholder. Volkswagen said its holdings in Scania are a strategic asset and that accepting MAN's bid "would not be in line" with VW's industrial interests. Investor AB also rejected the bid as too low, saying it "did not reflect the fair value and potential of Scania."

Last week, Volkswagen Chief Executive Bernd Pischetsrieder, who is also chairman of Scania's board, said he favored combining Scania and MAN with VW's Brazilian heavy-truck operations. Some industry analysts said the auto maker's decision to invest in MAN appeared to be intended to prod MAN's CEO, Hakan Samuelsson, to include parts of VW's commercial-vehicle business in a MAN-Scania combination.

In a research note yesterday, Stephen Cheetham, an analyst with Sanford C. Bernstein Ltd. in London, argued that "We believe VW is attempting with this stake to exert pressure on MAN management to do a deal on its terms."

A Volkswagen statement said its purchase of a stake in MAN should allow a "friendly and jointly developed solution" with "maximum synergies" -- and that it was a response to signs that third parties planned a hostile bid and is "not intended in any way to be hostile." The auto maker said it had acted in response to "indications in the market of a hostile takeover attempt of MAN by third-parties."

A spokeswoman for Volkswagen declined to elaborate on the statement, but people familiar with the matter said a resolution of its differences with MAN over Scania could come as early as next week, when Volkswagen is scheduled to hold a conference call with analysts.

With Vista, Microsoft Gets Tough On Piracy (WP/AP)

By Allison Linn, Associated Press

The Washington Post, October 5, 2006

SEATTLE, Oct. 4 -- In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology.

If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager.

Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said.

Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating.

Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, "seem harsh only in comparison to how lenient it has been."

Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP.

"There will be an XP backlash, which is to say people clinging to XP in order to avoid this," he said.

Kay also does not expect the new piracy measures to be that effective against those who have built de facto businesses selling illegal Windows copies. But he thinks it will stop some lower-level piracy.

Windows Vista also will include more sophisticated technology for monitoring whether a system is pirated. For example, the system will be able to perform some piracy checks internally, without contacting Microsoft, Lindeman said.

Microsoft also is adding ways to more closely monitor for piracy among corporate users, who tend to buy licenses in bulk.

Microsoft plans to take similar measures with the forthcoming version of its Windows server software, dubbed "Longhorn," and to incorporate it into other products down the road.

The crackdown shows how much more seriously Microsoft has started taking Windows piracy, which for years has been extremely widespread in areas such as Russia and China. The Business Software Alliance, a software industry group, estimates that 35 percent of software installed on PCs worldwide is pirated.

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In recent years, the market for Windows, one of Microsoft's biggest revenue producers, has become more saturated. That has left the company eager to make money from users who may otherwise have obtained illegal copies of the operating system.

Cori Hartje, director of Microsoft's Genuine Software Initiative, said the company wants users to notice the difference between legal and pirated copies of Vista.

"Our goal is to really make a differentiated experience for genuine and non-genuine users," Hartje said.

After many delays, Microsoft is expected to release Vista to businesses in November and consumers in January.

ENVIRONMENT/INDIAN AFFAIRS:

FBI Executes Search Warrants On California Spinach Companies (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy News, October 5, 2006

SAN JOSE, Calif. - In a startling twist to the E. coli outbreak that has flummoxed federal and state investigators, agents for the FBI and FDA on Wednesday executed two search warrants on two Salinas area companies, saying they were looking for evidence of a crime.

The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif. - the company whose bagged spinach is at the center of the outbreak. It was unclear how Growers Express - which grows and packs produce in the western United States and Latin America - fits into the probe.

An FBI spokesman said agents from the bureau had been involved in the case "for quite some time."

"There's no indication this was tampering. There's no indication this was terrorism or anything like that," said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe.

Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act.

News of the FBI's involvement raised echoes of the 1996 E. coli outbreak linked to juice produced by Odwalla Inc., a Northern California company that was convicted on criminal charges for not preventing contamination of its products. The company paid $1.5 million after pleading guilty to 16 misdemeanors stemming from an outbreak that killed a toddler and caused dozens of others to become sick in several Western states and Canada.

Joseph John, the federal prosecutor in that case, said courts have ruled that food suppliers have "strict liability" in contamination cases, meaning they can be found guilty of a misdemeanor simply for distributing contaminated food across state lines, knowingly or not. The intent of the law is to make suppliers take responsibility for ensuring the safety of their food.

Depending on the statutes involved, Schadler said, authorities may not have to show intentional violation of the law to prove a crime. Still, he emphasized that that the U.S. attorney's office could end up filing no charges in the case.

The latest E. coli outbreak has so far killed one person and sickened at least 192 others in 26 states and Canada.

FBI and Food and Drug Administration officials were mum on what they might have found on Wednesday. But Charles Sweat, Natural Selection's chief operating officer, said agents had requested paperwork, including documents already provided to the FDA and the California Department of Health Services.

Bill Marler, a Seattle attorney whose firm is representing 93 victims in the E. coli outbreak, said the federal agents could have been looking for "missing quality assurance documents."

"It would be a problem for the company if they are lost or, worse, destroyed," he said.

In the statement, however, Sweat vigorously defended the plant's integrity and food-safety practices.

"All tests performed on our processing facilities, both those done by independent scientists and government investigators, have been . . clean," he said. "We continue to believe that the source of the contamination was in the fields from which we buy our spinach."

Sweat made a similar statement at a news conference last week at which he announced that all spinach, lettuce and other leafy greens entering the company's processing plant are now undergoing random sampling for E. coli, salmonella and other pathogens.

Several farmers said they were shocked to hear of the FBI's involvement.

"This is just very disturbing. Just the indication that they've taken this step is bad," said Andrew Cumming, president of MetzFresh, a spinach grower in King City and Salinas.

Many spinach growers have suffered severe financial losses since the contamination outbreak surfaced last month. "We've had a really bad two or three weeks now, and this just piles on."

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Cumming said "If something was done illegally, that's not the standard of our industry."

Officials at Growers Express did not issue any comment on the raids. The company grows and packs iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. It has 40,000 acres of fields in California, Arizona, Mexico and Peru.

While many food-safety cases are handled administratively, criminal prosecutions have increased since the Odwalla case. The exact cause of the spinach outbreak has yet to be found, but in the Odwalla case, authorities never determined the source of the contamination either. They suspected it originated in the feces of workers or cattle that had migrated into the orchards. While the government did not contend that Odwalla acted maliciously, it said the company failed to take adequate precautions. Odwalla has since started a flash-pasteurization process.

The same strain of E. coli was also implicated in a food contamination case involving hamburgers sold by Jack In the Box restaurants in 1993. No one was prosecuted in that case, linked to the death of four children in the Pacific Northwest.

Under the federal Food, Drug and Cosmetic Act, it can be a misdemeanor to distribute any contaminated food through interstate commerce. It can be a felony if authorities can show evidence of intent or a previous violation of the act. Penalties for a felony can include a $10,000 fine, three years in prison or both.

Authorities also have prosecuted farmers under federal clean-water laws and other environmental statutes.

In the same year as the Odwalla convictions, a California dairyman was convicted on misdemeanor charges after authorities accused him of dumping thousands of gallons of wastewater contaminated with animal feces and urine into nearby creeks.

Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis, said that kind of prosecution is "a really good deterrent" for other food producers who might be tempted to cut corners.

2 Produce-Packing Plants Searched In Spinach Probe (WP)

By Annys Shin

The Washington Post, October 5, 2006

Agents with the FBI and the Food and Drug Administration searched two produce-packing plants in California's Salinas Valley yesterday morning in connection with last month's outbreak of E. coli in fresh spinach that so far has sickened 193 people and killed at least one.

One search took place at San Juan Bautista facilities operated by Natural Selection Foods LLC, a processor linked to the outbreak, which last month recalled all of its spinach products. The other search was of a Salinas, Calif., plant operated by Growers Express LLC, a grower and packer that had not been previously associated with the outbreak.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," said Kevin V. Ryan, U.S. attorney for the Northern District of California.

"There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," he added.

The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms.

About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak.

"We will continue to cooperate fully with the investigation and welcome all efforts to trace this problem back to its source," Charles Sweat, Natural Selection chief operating officer, said in a written statement.

Woody Johnson, Growers Express vice president of sales and marketing, said he had no idea why the FBI and the FDA had searched his company's plant, which he said does not handle spinach. Its Web site says it does, however, under the Farm Day brand. The company sells greens and vegetables under the Green Giant Fresh, Western Express and Challenger brands.

The FDA, which regulates the food supply except for meat and poultry, can levy tens of thousands of dollars in civil penalties for distributing across state lines "adulterated" food.

Federal prosecutors can also pursue similar criminal charges punishable by up to a year in prison and a fine of $1,000 for each violation. They don't have to prove the food was intentionally adulterated. "If you did it, you can be subject to these criminal and civil penalties," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

In 1998, the FDA imposed a $1.5 million fine -- one of the biggest fines it ever levied -- on juicemaker Odwalla Inc. in connection with a 1996 E. coli outbreak spread through apple juice that killed one toddler and seriously sickened at least 14 other children. In 2001, Sara Lee Corp. agreed to pay a fine of $200,000 after at least 21 people died and about 100 others became ill from eating products contaminated with Listeria monocytogenes.

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FBI Seeks E. Coli Clues At 2 Produce Firms (LAT)

By Michael Muskal

The Los Angeles Times, October 5, 2006

Federal agents today searched two Salinas Valley produce companies in connection with the nationwide E. coli outbreak, the U.S. attorney's office for the Northern District of California announced.

The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. At least one person was killed by the contaminated vegetables that sickened about 193 people in 26 states.

The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco.

There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce. Moreover, the investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan stated.

Natural Selection packages spinach sold under more than two dozen brands. It was implicated in the spinach outbreak after bags of Dole spinach tested positive for E. coli. Growers Express grows and packs produce.

Last month, the federal government warned consumers not to eat fresh spinach after reports of contamination surfaced. Companies, including Natural Selection, voluntarily pulled the product from supermarket shelves.

The federal warning was lifted Sept. 29.

Agents Search 2 Spinach Facilities (USAT)

By Julie Schmit And Kevin Johnson

USA Today, October 5, 2006

Federal agents from the FBI and Food and Drug Administration searched two spinach-packing companies in California on Wednesday in connection with the outbreak of E. coli in fresh spinach.

The San Francisco U.S. Attorney's Office said warrants were served on Natural Selection Foods and Growers Express. Agents are investigating whether companies took appropriate safety measures, said U.S. Attorney Kevin Ryan in a statement. He also said there is no indication the spinach was intentionally contaminated.

FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws.

The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product.

Growers Express, a grower and packer in Salinas, had no immediate comment. Until Wednesday, it had not been named in the investigation.

Also on Friday, the FDA said fresh spinach was as safe to eat as it was before the outbreak — except for products that had already been recalled and should no longer be in circulation.

Ryan said the investigation has not revealed any evidence of a new or continuing threat. But the news of the FBI involvement — and search for criminal action — comes just as grocers start to restock shelves with fresh spinach.

Despite the FDA's clearance, consumers may have to hunt for spinach. Some grocers, including Wal-Mart and Costco Wholesale, have yet to make plans to reintroduce fresh spinach. Other grocers have started but supplies may be limited. And major spinach processors say it'll take weeks or months to fully ramp up production.

“We'll be back into spinach, I just cannot tell you when,” says Jeff Lyons, senior vice president for fresh foods for Costco. Given the outstanding question of how the outbreak started, Lyons says consumers are still too wary.

Kroger, with 2,500 stores, expects to have packaged and bulk product in most stores by Saturday. Food Lion, with 1,200 stores, is aiming for early next week, if supplies are available, spokesman Jeff Lowrance says.

Publix, with 883 stores, could not give a time frame. It intended to get spinach from Canada, but the growing season was ending and product wasn't available, spokeswoman Maria Brous says.

Other Salinas Valley processors resumed production in recent days. Fresh Express, the leading packaged salad processor, hopes to be at full production within weeks, President Tanios Viviani says. It resumed processing on Monday. Viviani says it'll take time for customers to reassure themselves that their suppliers are good and for consumers to understand the safety of the product, despite the outbreak.

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River Ranch Fresh Foods resumed shipping spinach on Tuesday. It cannot say when it'll be at 100%.

"We're starting very, very slowly," company spokesman Barry Eisenberg says. Eisenberg says the company's primary customers, supermarkets, "are just not sure what the consumer response will be."

Whole Foods, a leading retailer of natural and organic foods, might provide cause for optimism. It resumed sales of fresh bunched spinach late last week in some stores. Weekend sales were almost at normal levels, spokeswoman Kate Lowery says.

US Opens Criminal Inquiry On Health Measures Taken By Spinach Growers (NYT)

By Gardiner Harris And Libby Sander

The New York Times, October 5, 2006

Federal investigators have opened a criminal investigation into accusations that some California spinach growers and distributors failed to take adequate measures to ensure that their spinach was safe before selling it.

Yesterday, agents of the Federal Bureau of Investigation and the Office of Criminal Investigations in the Food and Drug Administration carried out search warrants at Natural Selection Foods of San Juan Bautista and Growers Express of Salinas.

Natural Selection, a large distributor of fresh produce, had previously recalled its packages of fresh spinach. Its chief operating officer, Charles Sweat, said in a statement that all tests at the Natural Selection plant showed no contamination.

"We continue to believe that the source of the contamination was in the fields from which we buy our spinach," Mr. Sweat said.

A person who answered the phone at Growers Express said the company would not comment.

The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said.

All the victims had a virulent strain of E. coli bacteria, O157:H7.

With the focus of the investigation narrowing to spinach grown in the Salinas Valley, the agency told consumers last week that they could again eat fresh spinach.

Eleven bags of fresh spinach have tested positive for E. coli O157:H7, the agency reported yesterday. The United States attorney for the Northern District of California, Kevin V. Ryan, said investigators had no evidence that the contamination was deliberate or that it continued.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," Mr. Ryan said.

Investigators have also visited Primus Labs of Santa Maria, Calif., which performs routine testing for E. coli among growers, Juan Muniz, Primus operations manager, said.

Mr. Muniz refused to discuss the specifics of the inquiry but said one challenge is the lack of definitive rules on what is an unacceptable E. coli level.

"I can eat something where my immune system is not affected, but my son or my father — one or two colonies could affect them," Mr. Muniz said.

Growers usually ask Primus to test for general E. coli levels, Mr. Muniz said. If the results are a problem, growers may ask for follow-up tests that look specifically at O157:H7, Mr. Muniz said. But there is no definitive guideline for the level of general E. coli that would initiate the second test, he added.

Farm practices are governed by a voluntary code of good practices that tells growers to "maximize their efforts to minimize contamination," Mr. Muniz said.

"What does that mean?" he added. "It's complicated."

On Tuesday, a top California food safety official announced that eight fecal samples from cattle pastures near the affected spinach fields had tested positive for O157:H7.

"This is not really an unexpected finding," the official, Kevin Reilly of the Health Services Department, said. "We do know that E. coli O157:H7 can be found in healthy cattle, and that it is something that if we look, we are able to find it. The real thing here is to see if the strain type matches up with the outbreak strain."

Five companies have voluntarily recalled their spinach products since the outbreak was reported nearly three weeks ago. Natural Selection was first, recalling on Sept. 15 all products containing spinach. The company processes and packages spinach for more than 20 brands, including Dole, Nature's Basket, Trader Joe's, Ready Pac and Riverside Farms.

Another company in Salinas, River Ranch, followed two days later, having obtained some of its spinach from Natural Selection. In the next week, companies in Portland, Ore.; Seattle; and West Caldwell, N.J., recalled spinach products.

Some grocery chains began re-stocking fresh spinach last week, taking pains to show that the spinach was grown in places like Colorado and Canada. In the last 11 years, 20 E. coli outbreaks have been linked to "leafy products" grown in the region, including two related to spinach, Dr. Reilly said.

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FBI, FDA Search Spinach Facilities In E. Coli Probe (Update1) (BLOOM)

By Margot Habiby

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- FBI and U.S. Food and Drug Administration agents today searched two California spinach producers -- Natural Selection Foods LLC and Growers Express -- for links to a national outbreak of E. coli bacterial infection.

The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person.

``There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. ``We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce."

The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15.

Natural Selection spokeswoman Samantha Cabaluna didn't immediately return a call for comment. A spokesman for Growers Express, who declined to be identified, had no comment.

Growers Express's Web site says it sells spinach under its Farm Day brand. Its other brands are Green Giant Fresh and Western Express, though it wasn't immediately clear whether it sells spinach under the other two brands. None of the brands were specifically listed in recalls announced by the FDA during the past three weeks.

No New Threat

``The investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan's statement said.

One adult died in Wisconsin, and the deaths of a child in Idaho and an adult in Maryland are being investigated in connection with the outbreak, according to the U.S. Centers for Disease Control and Prevention in Atlanta.

Ninety-eight people have been hospitalized in the U.S. in connection with this outbreak, and 30 have developed a type of kidney failure known as hemolytic-uremic syndrome. Seventy-one percent of those with confirmed cases of E. coli are women and girls, and 11 percent are children under 5 years old, CDC said in its latest tally, announced yesterday.

Compliance Questions

``I find it very surprising that they had such a big outbreak, and that makes me wonder if they were really in compliance" with current agricultural guidelines, Alejandro Castillo, an associate professor of food microbiology at Texas A&M University, said in an interview before the search was announced. ``Something makes me think that they were not."

In addition to making sure that irrigation water doesn't get contaminated and that manure is properly composted to prevent the spread of E. coli, it's important that growers see that workers have good hygiene, he said.

``Make sure that you have toilets for them and hand-washing facilities close to the fields with soap, water and towels," Castillo said. ``You need to clean and sanitize the field utensils" before workers touch them again, he said.

Wisconsin continues to lead the nation, with more than a quarter of the E. coli cases associated with the outbreak. Five states -- Wisconsin, Ohio, Utah, Indiana and New York -- account for almost 60 percent of the cases. Twenty-six states have reported confirmed cases.

California's Department of Health Services is conducting its own probe into the outbreak and is not a part of today's federal action, spokeswoman Norma Arceo said in an interview.

``We still have not found the source of the contamination," she said in an interview today. Arceo said the state has taken spinach samples from the growers that were served with federal warrants today, though she declined to provide further details.

FDA spokeswomen Susan Bro and Julie Zawisza didn't return calls for comment. The U.S. Justice Department, which oversees the FBI, deferred questions to Ryan's office. Luke Macaulay, Ryan's spokesman, didn't return a call for comment.

2 Firms Searched In FBI Spinach Probe (FINDLAW/AP)

By Paul Elias, Associated Press Writer

AP, October 5, 2006

(AP) - SAN JUAN BAUTISTA, Calif.-The FBI searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak that killed one person and sickened at least 191 others.

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Agents from the FBI and the Food and Drug Administration used warrants to search a Natural Selection Foods LLC plant in San Juan Bautista and a Growers Express plant in Salinas to determine whether they followed food safety procedures.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce," U.S. Attorney Kevin Ryan said in a statement.

Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health.

The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month.

FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants.

Natural Selection, which packages spinach sold under 34 brand names and supplies spinach to other food processors, was implicated in the E. coli outbreak after 11 bags of Dole brand baby spinach tested positive for the same bacteria strain found in people who feel ill after eating the leafy greens.

Natural Selection CEO Charles Sweat said agents requested paperwork, including documents already provided to the FDA and the California Department of Health Services. In a statement, he defended his plant's cleanliness.

"We have believed from the outset that our facilities were not the source of the contamination," Sweat said. "We have been concerned that the contamination may have originated in the fields where the product is grown."

Growers Express grows and packs produce, including iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. Until Wednesday, the company had not been named in the investigation of how the tainted spinach ended up in bags and on store shelves.

A representative for Growers Express did not immediately return a call seeking comment.

Since E. coli is found in animal and human feces, state and federal inspectors trying to pinpoint the source of contamination have focused on irrigation water, fertilization methods, worker hygiene and the proximity of fields to livestock.

Federal and state officials previously had said they had narrowed their search for the E. coli's source to nine farms in Monterey, San Benito and Santa Clara counties that grew spinach for Natural Selection Foods.

The federal Food, Drug and Cosmetic Act provides criminal penalties for companies involved in the production or sale of "adulterated foods," said Andy Weisbecker, a Seattle lawyer whose firm is representing dozens of people who got sick eating spinach in the last two months.

Companies can be convicted if they are shown to have been negligent in preventing tainted foods from entering the market, even if they were unaware of the contamination, Weisbecker said.

Associated Press Writer Lisa Leff in San Francisco contributed to this report.

BP Takes Royalty Fight To Court (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, October 5, 2006

WASHINGTON — Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a statute of limitations provision in federal law.

The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP.

The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997.

BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said.

Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit.

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BP America's lawyer, Jeffery A. Lamken, a partner at the law firm Baker Botts, said a close reading of the law demonstrated that the statute of limitations also applied to administrative proceedings by the federal government.

Justice Antonin Scalia, for one, seemed to agree with some of Lamken's points during the oral arguments.

The wording of one section of the federal law in question "certainly suggests...it does apply to administrative proceedings," Scalia said.

"I could not have said it better, and I will not attempt to," Lamken said.

GAO: Feds Lose Money On Salvage Logging (AP-Y)

By Matthew Daly

AP, October 4, 2006

The federal government spent nearly $11 million to salvage timber from an Oregon wildfire in 2002, yet it stands to get less than $9 million from selling the wood, congressional investigators say.

The Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire.

The report by the Government Accountability Office acknowledged that the delays cost money, but said the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays.

The study by the GAO, the investigative arm of Congress, was being released Wednesday. The Associated Press obtained a copy of it in advance.

The wildfire, dubbed the "Biscuit fire" because of its proximity to a nearby waterway, burned almost 500,000 acres in Oregon and California in 2002, making it largest wildfire in the continental United States since 1997.

Overall, 12 salvage sales in the burned areas were completed by the end of 2005, resulting in harvests of about 67 million board feet of timber, the GAO report said. The total was less than one-fifth of the 367 million board feet proposed for sale in an environmental impact statement issued by the Bush administration in 2004.

A board foot is the volume of a piece of wood 1-foot square and 1-inch thick. It takes about 10,000 board feet to build a modest two-bedroom home.

"Forest staff overestimated the timber available for harvest," the report said, adding that administration estimates that salvage logging would create about 6,900 local jobs and $240 million in regional economic activity now appear overly optimistic.

The Forest Service and other agencies have spent $5 million and expect to spend an additional $5.7 million on the salvage sale of wood and other related costs, the report said. Timber sales from the logging are expected to generate about $8.8 million in revenue, GAO investigators said.

While final answers are premature, "we would expect the actual economic results to be less than the (2004) estimate," the report said.

New Mexico Sen. Jeff Bingaman, ranking Democrat on the Senate Energy and Natural Resources Committee, said the GAO report demonstrated that the Bush administration overreached in its efforts to log large areas burned by the Biscuit fire.

"Taxpayers are going to have to spend millions more just cleaning up the damage from the logging than the government made from the timber sales," Bingaman said. "At the same time, promises of community fire protection, habitat restoration and scientific analyses remain unscheduled and unfulfilled."

The report comes as Congress considers a bill to speed up the logging of burned forests and planting of new trees after storms and wildfires. The bill, which has been approved by the House and is pending in the Senate, would order that federal land hit by disasters that involve more than 1,000 acres be restored within months, rather than years — before insects and rot set in, diminishing the commercial value of fire-killed timber.

The measure's co-sponsors, Reps. Greg Walden, R-Ore., and Brian Baird, D-Wash., call it a commonsense plan that will be good for the environment and the economy. They cite the Biscuit fire as a prime example of the need for the legislation.

Environmental groups and a majority of House Democrats oppose the bill, arguing that cutting large old trees and planting new ones makes forests more vulnerable to new fires and less valuable as habitat for fish and wildlife. They say it is better to allow forests to come back on their own.

Sen. Mike Crapo, R-Idaho, chairman of a Senate forestry subcommittee, has said he wants a vote on the logging bill before the end of the year.

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On the Net:

GAO: http://www.gao.gov

Information on the logging bill, H.R. 4200: http://thomas.loc.gov

DOJ_NMG_0075385

Interior Dept. Reports Computer Abuse (AP-Y)

By Jennifer Talhelm

AP, October 4, 2006

Interior Department employees aren't just using their computers to oversee parks and wildlife, an investigation found. They're spending thousands of hours a week visiting shopping, sex and gambling Web sites.

A report made public Wednesday on an internal investigation examining a week of computer use found more than more than 1 million log entries in which 7,700 employees visited game and auction sites.

More than 4,700 log entries were to sexually explicit and gambling Web sites.

The findings are "egregious" and "alarming," the department's inspector general, Earl Devaney, wrote in the report.

"Computer users at the department have continued to access sexually explicit and gambling Web sites due to the lack of consistency in department controls over Internet use," he wrote.

Devaney titled his report, "Excessive Indulgences." Its cover illustration is a photo montage of the types of Web sites employees have visited. One picture includes a shot of a woman's bare stomach.

Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access.

Devaney said in his report that he wanted to test the effectiveness of the department's rules on Internet usage. He looked primarily for visits to sexually explicit, gambling, gaming and auction sites because they are time-consuming and obviously not work-related, he said.

The investigation also found:

_A number of computers accessed sexually explicit Web sites for 30 minutes to an hour.

_One computer had 2,369 log entries at two game sites for about 12 hours.

_At least one computer accessed an Internet auction for almost eight hours.

Despite the findings, Devaney noted that since 1999, the department has taken just 177 disciplinary actions, 112 of which were for accessing pornographic or sexually explicit Web sites.

"Without strong and effective controls, we believe that this activity will continue and possibly increase," Devaney wrote.

In response, department officials issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found "have significant legal and administrative consequences" and that violators could be fired or turned over to the police.

The department is working on blocking inappropriate Internet sites, the memo said. But it reminded employees that "just because an inappropriate site is not blocked does not mean that it is authorized for access."

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On the Web: http://www.doioig.gov/

Pollution Investigation Scours The Toilets Of The Upper Crust (USAT/AP)

By Noaki Schwartz, The Associated Press

USA Today, October 5, 2006

MALIBU, Calif. — Los Angeles County officials want to know who, or what, is responsible for the waste fouling the most star-studded stretch of the Southern California coast. Their investigation could lead them into the toilets of the rich and famous.

Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities.

Malibu's spectacular seaside cliffs, canyons and beaches have attracted numerous environmentally minded celebrities such as Sting, Tom Hanks and clean-water activists Ted Danson and Pierce Brosnan. The city was incorporated in 1991 specifically to stop a county proposal to build a sewer line; residents feared that the sewer extension would encourage large-scale development. Today, there are about 2,400 septic tanks in the city of multimillion-dollar homes strung along 25 miles of coast.

Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods.

Where the tests show a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples.

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"It is a big deal that the county is now saying, 'We're willing to go onto properties to see what the source of fecal contamination is,' " says Mark Gold, director of the environmental group Heal the Bay.

Malibu leaders and residents have pointed to an array of possible sources for the pollution, including a wastewater treatment plant, storm runoff and bird droppings. Actress and animal rights activist Pamela Anderson contends the real polluter is animal agriculture, such as chicken farms.

"When the results of these tests come back, I'll bet that once again we'll find that it's people's meat addiction, not their septic tanks, is causing this pollution," Anderson wrote in an e-mail.

County officials initially will focus on properties with heavier toilet use, such as restaurants and Barbra Streisand's old estate, which is now owned by the Santa Monica Mountains Conservancy.

In 1993, the singer donated her property to the conservancy, which has held weddings, conferences and public tours at the 22-acre estate. Conservancy spokeswoman Dash Stolarz said the site has a sophisticated septic system.

If county officials find suspect systems, they will inform the Los Angeles Water Quality Board. The board could fine homeowners or require them to upgrade systems.

Board President H. David Nahai says he is optimistic that residents will comply with the investigation. "The very cachet of Malibu and the high property values they enjoy are dependent upon a clean ocean."

House Panel Prods EPA To Speed Probe Of Pollutants, Abnormal Fish (WP)

By David A. Fahrenthold

The Washington Post, October 5, 2006

A panel of U.S. representatives criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs.

In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems.

"Why is it taking so long?" asked committee Chairman Thomas M. Davis III (R-Va.).

Benjamin H. Grumbles, an EPA official overseeing water quality, said the job turned out to be much more difficult than first imagined and required federal scientists to create a set of tests from scratch.

"The agency is being as proactive and protective as we can," Grumbles said. "The science needs to drive the solutions."

Grumbles did, however, offer a promise that the EPA would try to accelerate its efforts, and he said he hoped that it could begin the process of testing chemicals for hormonelike effects by the end of next year.

Still, the delay was criticized by Rep. James P. Moran Jr. (D-Va.), who said the 1996 order was "timely, it was important, it should have been done."

The "intersex" fish, which were growing eggs in male sex organs or producing egg-related proteins, have been found throughout the Potomac watershed in recent years, including at one site near the Woodrow Wilson Bridge.

Scientists with the U.S. Geological Survey who discovered the fish believe the culprit comes from a class of endocrine disruptors. These chemicals, found in hand soap and waste such as sewage and runoff from farms, are chemically similar to natural hormones and can fool animals' natural signaling systems.

Even less well understood than the problems in animals are the consequences for human health. Lawmakers pressed for ways to explain the risks: Rep. Elijah E. Cummings (D-Md.) asked Gregory Masson, a scientist at the Fish and Wildlife Service, if he would eat one of the abnormal fish. Masson said yes.

Cummings also asked federal scientists to rate their concerns from one to 10, with 10 being the most alarming. Masson said seven.

Grumbles offered assurances that, so far, there are no links to human health problems. But he gave the problem an eight.

"Fish are sentinels," he said. "They are warning signs, and they need to be taken very seriously."

CAHOKIA: Suit Seeks Payback For Landfill Cleanup (SLPD)

St. Louis Post-Dispatch, October 5, 2006

The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia.

The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says.

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Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says.

As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says.

Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup.

The defendants include current owner Eagle Marine, Afton Chemical Corp., Union Carbide, Dow Chemical, Exxon Mobil, Mallinckrodt, Merck and the estate of Paul Sauget, who died in 2004.

Topping 2006 Ballots: Eminent Domain (CSM)

By Ben Arnoldy

The Christian Science Monitor, October 5, 2006

BOSTON

A backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States.

Libertarian activists, tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November.

Most of the measures aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values.

At stake is the momentum of "smart growth" planning in recent decades that has provided public interests like open space and environmental protection at the expense of private property owners. Supporters of the changes say they want those costs made transparent, while opponents argue that individual property rights, if unfettered, will trample on the rights of neighbors and the collective good.

"Urban growth boundaries, agricultural protection ordinances, wetlands regulations, historic district rules - just about any kind of land-use rule would be more vulnerable to litigation if the [regulatory takings] measures were adopted," says John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute in Washington. "[The West] would be a lot more polluted, it would be a lot more congested, and it would be a lot less green if these measures were enacted."

Prior to the high court's decision on eminent domain in Kelo v. New London last year, Oregon, in 2004, enacted Measure 37, a law requiring local and state governments to compensate landowners when regulations decreased the value of their properties. Ballot initiatives in California, Arizona, Idaho, and Washington are loosely based on Measure 37. If governments cannot pay, some measures call for granting individuals exemptions from the rules.

In Oregon, the 2,446 claims already filed with the state would cost more than $5.7 billion to reimburse, according to the Department of Land Conservation and Development. None have been paid, says Michael Morrissey with the department. "Measure 37 didn't identify any new revenue source to pay for claims. So that means for those claims we judge to be valid, the issue is only waiver of regulation."

Such waivers have created some unusual dilemmas.

In Clackamas County, a landowner used Measure 37 to get a waiver for agricultural zoning restrictions that prevented a commercial gravel pit operation. One neighbor suddenly faced the prospect of a rock crusher just a few hundred feet from his home.

Another neighbor, an elderly couple trying to sell their adjacent farm, saw a $1.3 million offer collapse on account of the proposed pit, says their son, Scott Lay. He had voted for Measure 37, but now finds himself ambivalent. He warns voters in other states to "really consider how far that measure could extend into the property rights of the neighbor. The impact doesn't stop with that property, it extends beyond."

In another case, a pumice mine and power plant may be built inside Newberry National Volcanic Monument in Oregon if one longtime landowner gets his way.

"If putting up mining operations in national monuments seems too bizarre to contemplate, look again at Oregon because that's what [voters elsewhere] could get," says Bob Stacey, executive director of 1000 Friends of Oregon, a land-use watchdog group.

Supporters of laws like Measure 37 cite the Constitution's Fifth Amendment, which prohibits taking private property for public use without just compensation. Land-use restrictions, they say, unfairly "take" part of the property's value without paying the owner.

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"By not compensating landowners ... you are essentially forcing a minority of landowners - the private property owners - to bear the cost of providing [a] public benefit," says Leonard Gilroy, a senior policy analyst with the libertarian Reason Foundation in Los Angeles.

In recent decades, land-use restrictions have burgeoned in many states as strategies to manage growth. Oregon stood at the forefront of that movement before Measure 37. Mr. Gilroy says the measure is an indication that urban planning isn't sustainable without incorporating property rights into the policy framework.

"Measure 37 was passed by the Oregon voters who still strongly support their state's system of land-use regulation. They've just realized that it's had these severe economic consequences on private property owners ... [and] they wanted to rebalance the equation," says Gilroy.

But critics of laws like Measure 37 argue that they create profound imbalances by putting the rights of a few developers over those of the great majority: homeowners. Zoning rules and other land-use protections, they say, protect the value of homes.

The court decision that evicted Susette Kelo from her Connecticut home has helped campaigners connect with voters.

"As soon as I brought up the little old lady in New London, Connecticut, it just clicked with everybody," says Eric Dondero, a libertarian Republican consultant from Texas who gathered signatures for Montana's 'Kelo-plus' ballot measure.

He received payments from an outside group chaired by New York City real estate magnate Howie Rich. "But there were a lot of people that wanted to read the whole wording and I said, 'Here it is.' And they would read everything."

Mr. Dondero says the regulatory takings aspect wasn't controversial for any of the voters with whom he interacted. But he did meet stiff resistance, he says, from local officials and other operatives whom he claims tried to physically block and intimidate signature gatherers.

Countercharges of signature-gathering fraud prompted a Montana judge to throw out the property rights ballot measure. Dondero denies that there were irregularities from his camp, noting also that out-of-state money was used to gather signatures for liberal measures. The case is under appeal.

Federal Court Dismisses Suit On Navajo Employment Preferences (AP)

AP, October 5, 2006

PHOENIX - A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians.

Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal.

The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe.

The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe.

Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona.

The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers.

Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC.

Peabody has said in previous legal arguments that its lease agreements, which date back to the 1960s, require that preference be given to Navajo workers.

EEOC officials did not immediately return telephone calls for comment on the judge's ruling.

"I am advised that the EEOC can seek reconsideration or an appeal," Shirley said. "Whatever EEOC chooses to do, my instruction to the Navajo Justice Department is to do what it takes to defend the sovereignty of Navajoland."

FBI/DEA/ATF/USMS:

Bonds' Trainer May Get Out Of Prison (AP)

By The Associated Press

AP, October 5, 2006

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SAN FRANCISCO (AP) -- A federal appeals court ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger.

Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case.

Mark Geragos, Anderson's lawyer, has been demanding Anderson's release. The 9th U.S. Circuit Court of Appeals agreed Wednesday, giving U.S. District Judge William Alsup a day to issue another contempt ruling or to set Anderson free.

Alsup responded by setting a 9 a.m. Thursday hearing.

"I'm hopeful and optimistic about tomorrow," Geragos said Wednesday.

The U.S. attorney's office in San Francisco declined comment.

In its Wednesday order, the appeals court did not rule on the merits of Anderson's challenge to his latest contempt order. Federal rules of court prohibit a person from being imprisoned on a civil contempt charge for more than 30 days unless the charge is affirmed by a federal appeals court.

Anderson's latest stint in prison has lasted 36 days, and the San Francisco-based appeals court neither has upheld nor rejected the contempt order issued Aug. 28. A three-judge panel last week sent the case back to the trial judge to clarify the contempt order.

Authorities suspect Bonds might have perjured himself in 2003 when he testified before a grand jury investigating the Bay Area Laboratory Co-Operative that he never knowingly used performance-enhancing drugs. Bonds said Anderson gave him flaxseed oil and arthritic balm.

A new grand jury wants Anderson to address that statement, but Anderson twice has refused.

Anderson, who also had three months' home confinement as a result of his BALCO guilty plea, served 15 days prison in July for refusing to testify about Bonds.

Geragos also has said he will ask to withdraw Anderson's BALCO guilty plea on the basis that authorities built the case against Anderson on an illegal tape recording, an allegation prosecutors have denied.

BALCO Chemist Subpoenaed (CNN)

CNN, October 5, 2006

Steroid creator Arnold to appear before grand jury

Patrick Arnold, the Illinois chemist who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com.

The source said that Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed.

"I can't say anything on that subject," Collins said and declined further comment. Arnold also declined to comment.

What information, if any, Arnold possess pertaining to Bonds' alleged steroid use is unknown. In a story in this week's Sports Illustrated, Arnold details for the first time his involvement in the BALCO scandal. He discuses his relationship with BALCO founder Victor Conte, tells how he created THG -- the steroid reportedly used by Bonds, Jason Giambi and others -- and traces his rise in the supplement industry.

Arnold told SI earlier that he has no direct knowledge of steroid use by Bonds but did disclose that Conte updated him on the progress of the athletes he was doping, telling Arnold how they were responding to THG and a cocktail of other performance-enhancers. An ESPN.com story two weeks ago stated that Arnold had disclosed to a media outlet that Conte told him Bonds knew he was taking steroids. The story was later updated with that reference omitted.

In addition to supplying Conte, Arnold gave drugs to athletes and coaches not connected to BALCO and has long been concerned that federal prosecutors would force him to name them. In a plea agreement with the government negotiated last spring, he conceded that he manufactured three designer steroids, including THG, and was sentenced to three months in a federal prison and three months' house arrest.

But Arnold was not required to name the athletes and coaches he gave drugs to as part of that agreement. It is not known if a grand jury reportedly focusing on whether Bonds committed perjury would seek information about others who allegedly doped.

Arnold met with SI last month in Champaign, Ill., where he lives. The lab he co-owns, Proviant Technologies, is located near Champaign and continues to manufacture supplements. In addition to the disclosures in the SI story, Arnold talked about where he saw doping going now that there has been a crackdown on steroid use.

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"There is a future beyond steroids, and it's gene doping," he said. "It's the next step. The only way it can be detected now is through a muscle biopsy, though they may be looking for blood markers. They are making great advances, and how they keep that out of the hands of people with healthy muscles who use it for performance-enhancing reasons, I don't know.

"As drug and performance-enhancing science becomes more and more complicated, it is going to get to a point where you can't police it anymore. People might just have to stop taking sports so seriously."

Feds Raid Bay Area Pot Clubs (KGO)

KGO-TV, October 4, 2006

Federal drug agents yesterday raided eight locations, arrested 15 people and confiscated almost 5,000 marijuana plants. But their biggest catch was Sparky Rose.

Xavier Pena, D.E.A. special agent in charge: "We're alleging right now, he was the ringleader."

Authorities say the 36 year old was profiting from his non-profit medical marijuana clubs. ABC7 obtained the DEA's affidavit which shows the lucrative money trail.

Kevin Ryan, U.S. Attorney: "There is a connection to Los Angeles and the central district of California."

The criminal complaint said Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making.

At least $2 million dollars in 2004 alone. In December, authorities say Compassionate Care changed its name to New Remedies Cooperative. Early this year, DEA agents began surveying its huge indoor pot farm on Tennessee Street in San Francisco, which they raided yesterday.

PG&E records showed that New Remedies Cooperative paid enormous PG&E bills between February and April alone. Almost $58,000 dollars for electricity, ostensibly for 24 hour lighting to grow the plants.

DEA agents also began checking New Remedies' bank records. They found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars.

Xavier Pena: "We're documenting over $2.3 million dollars in cash going out of this club. So it's ongoing trafficking. This is not in any shape of the word, a non profit organization."

The complaint says Sparky Rose was the largest recipient of the club's proceeds. In that same seven months period, he received checks totaling more than $300,000 dollars.

This affidavit also says Rose ran an Oakland based subsidiary called Potent Employment Solutions which trained and hired workers to grow the pot and run the clubs. Rose and the other suspects were arraigned today.

California: Marijuana Seized (NYT)

By Carolyn Marshall

The New York Times, October 5, 2006

Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people, the federal authorities said. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area.

MARIJUANA RAID DEFENDANTS APPEAR IN U.S. COURT (BCN)

Bay City News Service, October 4, 2006

Fifteen people who were arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco today for an initial appearance on marijuana distribution charges.

The defendants were arrested at a marijuana dispensary known as New Remedies Cooperative on Mission Street in San Francisco as well as at related locations including alleged cultivation sites and an administrative office.

U.S. Magistrate Elizabeth Laporte informed the defendants of the charges. She released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday.

Laporte instructed prosecutors to let her know if they acquire information before then that would support a bail release of any of the jailed defendants.

The dispensary operation was formerly known as Compassionate Caregivers, a group that aimed to provide medical marijuana to patients under the terms of a California law passed by state voters in 1996.

Federal drug laws do not allow an exception for California's medical marijuana law.

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The director of the cooperative, Sparky Rose, 36, of San Francisco, was among those arrested. The other defendants are from San Francisco and several East Bay cities.

Frederico Pena, the chief of the U.S. Drug Enforcement Administration's San Francisco office, said after the raids on Tuesday that anyone who breaks the federal marijuana laws "is not compassionate; they're criminal."

Pena and U.S. Attorney Kevin Ryan said federal agents seized a total of 12,743 marijuana plants in the raids.

Agents Raid Medical Marijuana Dispensary (KCAL)

KCAL-TV, October 4, 2006

(CBS) PALM SPRINGS Federal and local officers converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said.

The warrant was being served at 1733 N. Palm Canyon Drive by officers with the Palm Springs Narcotics Task Force and agents from the U.S. Drug Enforcement Administration, according to the DEA's Sarah Pullen.

The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs.

Supervisor Roy Wilson, who represents the area around Palm Springs and eastward to Blythe, was the lone dissenter. He said the county ban is in defiance of state law that requires local governments to establish ways for patients to obtain "medical" marijuana.

The supervisors stopped short of an outright prohibition on marijuana-growing cooperatives, but did ban the distribution of marijuana to "caregivers," qualified patients or patients with a state identification card even at marijuana-growing co-ops that are legal under California law.

Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana.

Supervisor Jeff Stone, a former pharmacist, said the board is seeking clarity in the courts about conflicting state and federal laws.

Voters in 12 states, including California, have decriminalized medical marijuana.

The AP contributed to this report.

Police Raid Local Legal Marijuana Dispensary (KESQ)

KESQ-TV, October 5, 2006

Federal agents and local police raid a legal marijuana dispensary in Palm Springs. The drug enforcement agency says it's the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics.

According to the DEA, a worker here at Palm Canyon Caregivers, named Josh Aleck allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers.

Instead of cash, Alleck allegedly left "edible marijuana" as token of his gratitude, according to the DEA. That's considered "illegally distributing narcotics."

Though Californians voted for medicinal marijuana, federal law considers all cannabis illegal. The DEA also adds that Alleck did not pass off his unusual tip as medicinal marijuana.

So far, no arrest has been made.

DEA Raid Of Palm Springs Caregivers (DS)

The Desert Sun, October 4, 2006

A medical marijuana-laced “tip” left for an employee at Palm Springs’ Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday.

Agents from the Palm Springs Narcotics Task Force, an arm of the U.S. Drug En forcement Administration, served a search warrant on the Palm Springs Caregivers dis pensary located at 2001 N. Palm Canyon Drive.

The agents found and seized “a substantial quantity of marijuana and marijuana prod ucts,” said Sarah Pullen, public information officer for the DEA. “They also seized an amount of U.S. currency.”

The raid closed the dispensary and left many clients temporarily without a safe source for the drug.

“The dispensary, you can count on it being there. You can’t count on people on the street,” said Johnny Ortiz of Desert Hot Springs, a client at Palm Springs Caregivers who had previously bought the drug from il legal street dealers.

Toting his doctor’s recommendation, Ortiz said he may go to one of the Coachella Val ley’s other dispensaries — one in Palm Springs and one in Palm Desert — or back to the street.

Under California's medical marijuana laws, first passed in 1996, qualified patients with a doctor's recommendation may legally use the drug. The state law conflicts with a federal ban on any use, cultivation or distribution of marijuana.

Wednesday's search was triggered by an in cident in September, when Joshua Aleck of Valencia — who, according to the search warranta release from the Palm Springs Police Department "has a working relationship" with the dispensary — was at the Spa Resort and allegedly left edible items containing marijuana as a "tip" for a hotel employee.

Aleck was at the dispensary at the time of the search and may be an employee, Pullen said. He may also be the brother of the dis pensary's owner, she said.

As of Wednesday afternoon, no arrests had been made, but the investigation was con tinuing, said Sgt. Mitch Spike of the Palm Springs Police Department, which also took part in the search.

Efforts to contact representatives of Palm Springs Caregivers on Wednesday were un successful.

The raid added to ongoing uncertainties for medical marijuana users and dispensaries in the Coachella Valley.

Riverside County District Attorney Grover Trask last month issued an white paper,opinion arguingstating that dispensaries are illegal under both federal and state law.

The county Board of Supervisors followed suit last week when theyit rejected an ordinance — the result of months of work between county staffers and medical marijuana advocates — to permit dispensaries in unincorporated ar eas such as Bermuda Dunes and Sky Valley.

The board passed a dispensary ban Tues day.

Trask was aware of the Palm Springs in vestigation, said Ingrid Wyatt, a spokeswom an for Trask's office.

"We were involved in the search warrant in an advisory capacity," Wyatt said. "We're there to review the language of the search war rant and make sure everything that is going to be searched is a legal search."

Wyatt said she could not comment on whether Trask would be filingfile charges against the dispensary or Aleck in the case until the DEA completes its investigation.

But she said the county would not be targeting individual patients.

"We're not going to go after the suffering cancer patient; we aren't that insensitive," Wyatt said. "We're concerned about these dispensaries that disguise themselves as they're selling marijuana illegally."

Jitters about the raid and county policy tem porarily closed down Palm Springs' other dis pensary, the Collective Apothecary of Palm Springs, or CAPS, and CannaHelp, the dis pensary in Palm Desert.

CannaHelp reopened Wednesday after noon, and owner Stacy Hochanadel said the dispensary was seeing many Palm Springs pa tients.

"A lot of patients were upset," Hochanadel said. "They're a little scared and hoping that we're going to be here tomorrow."

Calls to CAPS were not returned.

The impact on dispensary ordinances cur rently under consideration in Palm Springs and Palm Desert are another concern.

The Palm Springs Medical Marijuana Task Force is scheduled to meet Friday to work on a draft law that it put on hold after publication of Trask's white paperopinion.

Task force member Joy Meredith, who is president of Palm Springs' Main Street downtown business association of downtown businesses, said neither the raid nor county actions should affect the city.

"It depends on how much courage the de cision-makers have," she said.

Carmi Man Sentenced For Role In Meth Conspiracy; Springerton Man Pleads (CT)

Carmi Times, October 4, 2006

A Carmi man has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy, while a Springerton man has pleaded guilty to similar charges.

Randy G. Massey, Acting U.S. Attorney for the Southern District of Illinois, made the announcements Tuesday. Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties.

McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004. He pleaded guilty to that charge May 30.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the term of imprisonment, McKitrick was also ordered to pay fines and special assessments totaling $600 and was placed on a term of 10 years supervised release to follow his incarceration.

Massey also announced that Mark E. Malone, 35, Springerton, pleaded guilty Monday to one count of conspiring to manufacture and distribute 500 grams or more of meth. Malone was charged with that offense by a grand jury on April 18, 2006.

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His bond was revoked and he was remanded to the custody of the U.S. Marshal pending his sentencing, which was set for Jan. 22. Malone faces a term of imprisonment from 10 years to life, a fine of up to $4 million and a term of supervised release to follow incarceration of at least 5 years.

The convictions and sentence in these cases resulted from a long-term investigation into the manufacture of meth in Wayne and White counties. Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the state's attorneys in Wayne and White counties, said Massey.

The investigation into the case is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Carmi and Fairfield police departments, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the state's attorneys of White and Wayne counties, the Federal Bureau of Investigation and the U.S. Drug Enforcement Administration.

The cases were prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Bikers Arrested On Drug Charges (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

Twenty-two members and associates of the Highwaymen Outlaw Motorcycle Organization have been indicted on drug charges, the U.S. Attorney's Office in Detroit said Tuesday.

The indictment said the defendants had conspired to distribute cocaine, marijuana and ecstasy in and around metro Detroit since 2005.

The defendants, most of whom are from the Detroit area, face up to 40 years in prison and a $1-million fine if convicted of the charges. Other defendants live in Florida, New York and Tennessee.

Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit.

The lead defendant, Aref Nagi, 43, of Sterling Heights, was charged with operating a continuing criminal enterprise. If he's convicted, the charge carries a mandatory penalty of 30 years in prison.

FBI agents executed 12 search warrants Tuesday on homes and clubhouses in metro Detroit and seized 18 assault rifles, 14 pistols, four shotguns and a .30-caliber machine gun. It's unclear whether drugs were confiscated.

The FBI, the Brownstown Township Police Department and other police agencies investigated the case.

22 Charged And Dozens Of Weapons Seized In Crackdown Of Motorcycle Gang (DN)

Detroit News, October 5, 2006

The FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang, the U.S. Attorney's Office announced.

The government brought three sets of indictments against 22 people, alleging drug conspiracy involving cocaine, marijuana and ecstasy.

Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs.

Charged were: Aref Nagi, 43, of Sterling Heights; Nat Sanchez, 36, of Detroit; James Gebara, 36, of Fort Lauderdale, Fla.; Erick Manners, 29, of Newport, .; Michael Cicchetti, 51, of Taylor; Leonard Moore, 36, of Lincoln Park; Donald Gill, 30, of Detroit; Miseal Gonzalez, 28, of Detroit; Monica Zuk, 30, of Westland; Mary Lou Rodgers of Buffalo, N.Y.; Michael Watson, 27, of Jackson; Aaron Roberts, 22, of Lansing; Nicholas Jackson, 33, of Memphis, Tenn.; Tamara Swiden, 24, of Pontiac; Johnny Jarrell, 42, of Taylor; Nasser Nagi, 20, of Sterling Heights; and Gary Ball, Jr., 41, of Dearborn.

Each faces up to 40 years in prison and fines of up to $1 million. Aref Nagi faces another charge of operating a continuing criminal enterprise, which carries a 30-year minimum prison sentence.

Indicted separately on conspiracy charges were Robert Burton, 37, of Allen Park; Steve Rhoads, 34, and Edward Gabbard, 30, both of Detroit; Anthony Smerigan, 44, of Melvindale; and John McGinn, 44, of Lincoln Park.

Kiel In Practice (AP)

AP, October 5, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel, facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters.

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Free on a $160,000 bond, Kiel practiced Wednesday and could return to the starting lineup on Sunday night against the Pittsburgh Steelers, Chargers coach Marty Schottenheimer said.

"It feels good to be running around," Kiel said. "It's always been a blessing to play football. Any time I can get out there on the field, I think you should take advantage of it."

Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday.

Kiel, who has started 38 games for the Chargers, wasn't allowed to practice last week or play in Sunday's loss to Baltimore.

"It was hard for me to watch," Kiel said. "I wasn't out there, but I felt like I was out there mentally and physically with the team. I wish I was out there of course. I didn't want to be watching it on TV. I'd rather be playing it. But other than that I was there mentally with them."

Kiel's teammates have been supportive.

"That's my brother," cornerback Quentin Jammer said. "This is a family away from home because we spend so much time with these guys, they become family. You put your arm around him and you just let him know that everything will work itself out."

Kiel Pleads Not Guilty In Drug Case; Feds Hint Drugs Stolen (SDUT)

By Brent Schrotenboer, Staff Writer

The San Diego Union-Tribune, October 4, 2006

The codeine-based cough syrup in the criminal case of Chargers safety Terrence Kiel apparently was “stolen or otherwise misappropriated” from a medical care facility, according to a sworn affidavit requesting a search of Kiel's home last week.

Kiel, who is free on a $160,000 bond, pleaded not guilty yesterday in San Diego County Superior Court to five felony charges involving the shipment and possession of the cough syrup, a controlled substance.

Drug Enforcement Administration investigators said the bottles of codeine in question contain identifying numbers that indicated they came from a medical care facility, according to the affidavit of a DEA special agent.

Prosecutor James Fontaine yesterday said investigators are still trying to find out exactly where Kiel obtained the drug. Kiel's attorney, Bob Grimes, declined to comment on specifics of the case.

After his brief arraignment, Kiel walked through a crowd of reporters outside the courtroom and down the escalator without offering comment.

If convicted, Kiel could face up to seven years, four months in prison, Fontaine said. But most cases are settled before trial. His trial readiness hearing is set for Nov. 14.

“At the next hearing, we'll talk with Mr. Grimes and discuss settling the case,” Fontaine said.

Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. Agents found two more plastic bottles filled with codeine in Kiel's Serra Mesa condo under the stairs, according to the affidavit. The bottles sell for up to $325 on the street in Texas, where the bottles were being shipped. It is mixed with soda to form a drink called “purple drank” or “lean,” agents said.

The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, “it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle.”

The DEA said last week Kiel admitted to shipping the two parcels and to knowing the content.

Baltimore Has A New Way To Treat Heroin Addicts (USAT)

By Donna Leinwand, Usa Today

USA Today, October 5, 2006

Baltimore officials are launching a plan they hope will change the way thousands of heroin addicts in the city are treated and free up space in local treatment programs for other addicts.

The city's public health commissioner, Joshua Sharfstein, said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine.

If the plan works, it could inspire similar programs elsewhere and dramatically change the lives of heroin addicts who now go to methadone clinics every day or every other day for a dose of the medicine, Sharfstein says. Methadone blocks addicts' cravings for heroin and their withdrawal symptoms, but it also can be addictive and abused easily, so it must be dispensed in small doses at special clinics.

Buprenorphine — a prescription drug used to treat addictions to heroin and other opioids such as the prescription drug OxyContin — also blocks cravings and withdrawal symptoms without making the user high. Buprenorphine is difficult to abuse, so patients can get a 30-day supply from any primary care physician trained to prescribe it.

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Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing.

Nationwide, about 1.5% of people 12 or older have used heroin in their lifetime, according to the 2005 National Survey on Drug Use and Health, the most comprehensive government assessment of the nation's drug use. Marijuana is far more popular: 46% of those 12 or older reported some use.

In Baltimore, however, heroin has been among the most abused drugs for years, Sharfstein says. In 2003, 71% of the 24,700 Baltimore residents who sought drug treatment said they had abused heroin.

Sharfstein said the city has allocated $250,000 to train primary care doctors how to prescribe buprenorphine. Eventually, the city hopes to treat 10,000 of the city's estimated 40,000 heroin addicts through the program.

"I'll be the first to say this is a somewhat risky endeavor," Sharfstein said in an interview. "We're really trying to engage the medical community in something they haven't done before."

Baltimore can treat about 23,000 uninsured people a year for drug addictions, Sharfstein says. Moving 10,000 recovering addicts to buprenorphine treatment with primary care doctors after they have been stabilized by drug treatment specialists would clear space in traditional treatment programs for more patients, he says.

All doctors practicing in the Baltimore Medical System, a group of private, non-profit community health centers, will receive the training, says Kyu Rhee, the group's chief medical officer. BMS sees 41,000 patients a year at 12 primary care clinics in the area.

Historically, addicts receive intensive treatment in specialty clinics but may not receive follow-up care, says Rhee, who supports Baltimore's plan. By shifting addicts to primary care doctors, the addicts' overall health can be managed along with their recovery, he says.

Gov. Robert Ehrlich, a Republican, has criticized Baltimore Mayor Martin O'Malley for his police department's aggressive neighborhood policing. O'Malley, Ehrlich's Democratic opponent in the election Nov. 7, has said his community policing program is intended to clean up open-air drug markets and improve quality of life.

About 7,500 of the half-million ambulatory care doctors nationwide are trained to prescribe buprenorphine, says Daniel Alford, medical director of the opioid treatment program at Boston Medical Center. "If there's a big push from a state or a city, it will help ease the barrier for doctors and will improve access for patients," he said.

Baltimore To Train Doctors In Addiction Treatment (AP)

AP, October 4, 2006

BALTIMORE - A new medication to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients.

Buprenorphine is being used instead of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse and is easier to stop when the patient is ready. The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic.

To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time.

Fewer than 90 doctors in Baltimore, where by most estimates thousands of residents are addicted to heroin, have completed the training required to prescribe the drug.

"In a city like Baltimore, where we have a lot of doctors, this really offers a potential for a major expansion of access to care," Dr. Joshua Sharfstein, Baltimore's health commissioner, said. "Getting doctors trained is just incredibly important."

Mayor Martin O'Malley's administration is expected to announce the program Wednesday when the Board of Estimates votes on a $10,000 contract with Clinical Tools Inc. to cover the cost of training the first 100 doctors. The North Carolina-based company will provide the training, free to the doctors, through an Internet-based program.

The money is part of a $250,000 appropriation made from last year's city budget surplus that Sharfstein said will be used to subsidize training, help patients find primary-care doctors and, in some cases, pay for the cost of the drug. Sharfstein said he expects the program to begin in the fall and hopes it will eventually train any doctor who requests it.

Sharfstein said about 4,500 people in Baltimore are treated daily with methadone and believes that about 1,000 residents are being treated with buprenorphine. He said the Health Department's goal is to treat 10,000 patients with the new drug.

Buprenorphine, commonly referred to as "bupe," is manufactured by the British company Reckitt Benckiser and sold under the brand name Suboxone.

Information from: The (Baltimore) Sun, http://www.baltimoresun.com

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Colombia Asks US To Extend Trade Preferences (WSJ/DJ)

Wall Street Journal/Dow Jones, October 4, 2006

BOGOTA (Dow Jones)--The Colombian government has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect, the Colombian trade minister said Wednesday in a statement.

The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year.

Jorge Humberto Botero, Colombia's trade minister, said in a statement his country will work to get the U.S. to extend the unilateral preferences until the two countries ratify the free-trade agreement.

Botero said "protectionist sectors" in the U.S. are demanding to change the text of the free-trade pact to toughen labor and environmental standards on Colombian companies that export to the U.S.

The minister added that Colombia will oppose any changes to the agreed-upon text.

Besides making broadening and making permanent the trade preferences already granted to Colombia, the new free-trade pact will ease U.S. exporters' access to the Colombian market.

The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf - the raw material used for cocaine production.

Peru in December 2005 reached a free-trade agreement with the U.S., and the Peruvian Congress ratified it in June.

Negotiations with Ecuador stalled after the Ecuadorean government in May seized the oil fields operated by U.S.-based Occidental Petroleum's Corp. (OXY).

Two Sides To Body Search (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), October 5, 2006

At center of storm is whether ATF actions offended onlookers

Jonathan Hayes made no bones about it: He had crack cocaine stowed in his "private parts."

A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members.

At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes.

Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as "irrefutable evidence" of the strip search.

The video, however, does not show what witnesses insist they saw. For instance, store clerk Betty Turner is recorded in a CPR video as saying Hayes' pants and underwear were pulled down and the young man forced to bend over.

"They're pulling this young man's pants down, opening up the crack of his behind," Turner said, adding that the incident was witnessed by "30 to 40 people," including women and children.

On the video, Hayes' head remains upright and his boxer shorts remain up. His pants are pulled down by the ATF agent, who can be seen placing his hand inside Hayes' boxer shorts.

Davis disagrees.

"The young man's boxer shorts were being yanked down," Davis said. "Just look at the video."

"The shorts are being tugged," said a man who identified himself as Babington-Johnson, an investigator of sorts of the incident. "Granted, you can't see them coming down."

Davis and Babington-Johnson insisted that officers' own words captured on the video reveal that a cavity search was conducted.

Specifically, the pair referred to comments by a KPD investigator after ATF Agent Steve Paris abandoned his search of Hayes' boxers that Hayes' stash of crack could not be found because it was "too far up in" Hayes' body.

The search also has not yielded a complaint from Hayes, who has denied being victimized and who has not been interviewed or questioned by members of CPR, Brown or Jordan.

"Mr. Hayes is in jail, and we are unable to talk with him," Davis said.

Babington-Johnson remarked, "Mr. Hayes is obviously intimidated."

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When informed that neither Hayes nor his attorney believed Hayes was the victim of brutality or an inappropriate search, Babington-Johnson said that Hayes' defenders were "uncooperative."

"Mr. Hayes was obviously denying it for whatever reasons were prudent for him," Babington-Johnson said.

Vice Mayor Brown and County Commissioner Jordan insisted that Hayes was not even the real victim in this incident. It was, instead, the community, they said.

"Would this have happened somewhere else?" Brown asked. "Is this acceptable? I think this was not appropriate. This is not an exigent circumstance. This is not an acceptable circumstance."

Brown reserved blame, however, solely for the ATF, despite the presence of KPD officers during the search and the agency's backing of the ATF's contention that Hayes' boxer shorts were never pulled down.

"I think the ATF is the entity we should be focusing on," Brown said when asked whether KPD could be accused of covering up or ignoring the issue.

ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that Paris did not disrobe Hayes in public.

"The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas," Cavanaugh wrote. "The video offers conclusive evidence that an invasive strip search of the suspect's private areas did not occur."

KPD spokesman Darrell DeBusk said his agency agreed with Cavanaugh's assessment.

"We feel after looking at the videotape that the video does not show his underwear being pulled to his ankles," DeBusk said. "That did not occur."

Here's how Hayes wound up handcuffed in the parking lot of the Dandridge Avenue Stop and Go Market, according to court records:

In October 2005, Hayes and his girlfriend were involved in a dispute in the Walter P. Taylor Homes housing project, and Hayes allegedly fired a gun at the girlfriend and another woman. KPD officers arrested Hayes, who was wounded in an altercation with the officers. He had crack in the waistband of his pants and ammunition in his vehicle.

A search of the apartment where Hayes was staying led to the discovery of loaded weapons and more crack cocaine.

Hayes actually lodged a complaint about how KPD officers treated him during that arrest but never followed through with it. Federal prosecutors later sought an indictment against Hayes on drug and gun charges.

It was on that indictment that Paris sought to arrest Hayes on Jan. 26, when the disputed search occurred. He had summoned KPD officers to serve as back up.

The in-cruiser video shows Paris abandoning the search of Hayes before any drugs were found. Federal court records show that a later search of Hayes at the Blount County Jail, where federal inmates are housed pending trial, yielded the discovery of more than 10 grams of crack inside his boxer shorts.

Hayes has since pleaded guilty to possession of that crack cocaine and a gun charge from the October 2005 incident. He is awaiting sentencing.

Brown and CPR representatives are demanding a thorough investigation by the Department of Justice and some form of punishment for Paris.

"We feel they need to move a little faster," Brown said in explaining why a press conference was held Wednesday.

Paris remains on duty, and Cavanaugh, who declined comment outside the letter, wrote that higher-ups at ATF have reviewed evidence in the case and found no grounds to support the group's claims.

Jamie Satterfield may be reached at 865-342-6308.

Strip Search Leads To Calls For Dept. Of Justice Investigation (WATE-TV)

By Catharyn Campbell, 6 News Reporter

WATE-TV, News 6, Knoxville, TN, October 5, 2006

KNOXVILLE (WATE) -- Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate.

Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body.

A police cruiser's camera was rolling during the search.

The officer asked the suspect, "You got drugs on you?" The suspect said, "Yeah, in my privates."

The officer asked, "What you got, rock? Crack or rock? Want me to get it for you?" The suspect said, "No."

The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers.

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A group known as Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, "We were standing there. Kids were standing there. And they pulled a man's pants down."

The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception.

The letter says, "We believe the search was a reasonable response by the agent, given safety, location and evidentiary concerns at the time."

Hayes is not filing the complaint but people who saw the police video are outraged.

"If they were going to do a cavity search, they could of taken him somewhere private. If you get arrested and taken to jail, it's only the officer and that person back there so that's privacy there," Gail Carter says.

"Regardless of his criminal background, he is still a human being. We're not saying that the man is perfect. We're not saying that he didn't have what they say he had," Jay Mazon says.

Representatives from the ATF say their Office of Professional Responsibility is reviewing the complaint. They also say agents were able to recover drugs Hayes was carrying.

Community Members Voice Concerns Over Suspect's Arrest In East Knoxville (WBIR-TV)

WBIR-TV, Knoxville, TN, October 5, 2006

Community Members Are Upset Over How A Suspect Was Searched.

Several people have come forward saying they saw a partially nude suspect being searched by Federal Agents last January.

Now, they want tougher policies for those agents.

Concerned community members say it's about 4th Amendments rights and a search they shouldn't have seen.

While the Alcohol Tobacco and Firearm Agents say the actions were appropriate.

"This is not rocket science here. It's pretty straight forward, " says James Babington-Johnson with the Citizens for Police Review.

The Citizens for Police Review called Wednesday's meeting to call out what they say was a blatant disregard for human dignity caught on an in car police camera.

Jay Mazon, Concerned Community member says, "It's not a question of whether he is guilty or innocent. It's the procedure that's so alarming to the community because this was done in public. There were woman and children there that saw this going on. That's what the issue is."

Jonathan Hayes was wanted on federal drug and weapons charges when ATF agents spotted him at an East Knoxville gas station in January 26, 2006.

He's since pled guilty to the charges.

Knoxville Police Officers helped make the traffic stop.

Mark Brown, Vice Mayor says, "KPD was called as back up and stood peripheral. From what I understand this is an ATF issue."

"People need to draw their own conclusions when they look at the video tape. We looked at tape many times and I don't think there's any basis for an investigation at this point," says Darrell DeBusk, KPD Spokesman.

The video shows an ATF Agent pulling down Hayes' pants and shaking his boxers shorts but what you can't see from the angle is what witnesses claim was the agent searching Hayes' cavities for drugs.

They hope their concerns will eventually mean policy changes.

"You've got an opportunity where you could have asked to use the convenience store 10 feet away. There were several options to be utilized opposed to taking this man's pants down at 12:30 noon in front of the public, " says Brown.

James M. Cavanaugh, Special Agent in Charge said in a written statement, "It does not appear the suspect's shorts were removed or his private area exposed. The actions by the Special Agent appear to be appropriate given the circumstances involved. In addition, Mr. Hayes has not filed any complaint through his attorney or himself concerning his arrest or search."

Several community members went to the Citizens for Police Review requesting the group look into the matter.

The group is hoping for a full investigation by US Department of Justice and Office of Inspector General.

"Outrageous Stripping Of Dignity"? (WVLT-TV)

WVLT-TV, CBS 8, Knoxville, TN, October 5, 2006

Knoxville (WVLT) - A 21-year-old Knoxville man is serving time for dealing cocaine and using guns.

But a citizens group claims the search that led to his arrest should outrage you.

Volunteer TV's Gordon Boyd explains why the group may sue the Federal Bureau of Alcohol, Tobacco, and Firearms.

We want to warn you, parts of what you're about to read are pretty graphic. The claim is that Jonathan Lamar Hayes was strip searched in public, in front of children and perfect strangers.

But Hayes isn't who's filing the complaint. In fact, the group who is, has never talked to him.

"My daughter doesn't see her Daddy's private parts, let alone in public! I mean, come on," says activist Jay Mazon.

What outrages community activists and the Citizens for Police Review Board, isn't what you can see on this Knoxville Police cruiser cam video.

But what they claim customers and clerks saw, at the Dandridge Avenue Stop and Go when the federal ATF had a warrant to search Jonathan Hayes for drugs and weapons.

"He pulls them all the way down the boy's ankles with him handcuffed. Turned him around and opened up his crack, pulled him open, like you'd open up a baby's crack to wipe him clean," says Betty Turner, a clerk at the Stop and Go.

A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence.

"It could have been done privately somewhere, I mean you go to jail, that's where it's done," says one Knoxville resident.

ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy.

"No violence, he didn't resist, he'd already been patted down, several officers around, he was cooperative, says Knoxville Vice Mayor Mark Brown.

The Citizen's Board says enhanced audio the reveals agents found no drugs on Jonathan Hayes during the public search.

The ATF takes it further, saying the cruiser tape doesn't back witness claims that a public cavity or strip search even occurred.

Activist Jay Mazon wasn't there, but "You can't deny what happened, I mean people saw what happened, you can't deny that."

Knoxville police say the complaint has no basis.

But the Citizen's Review Board is asking the fed's Office of Professional Responsibility, to check the tapes, and talk to those who claim they saw the strip search.

Beyond that, the board may go to federal prosecutors.

NYPD On Alert Over World's Smallest Gun (WABC-TV)

WABC-TV, ABC 7, New York, October 5, 2006

Just 2.5 inches long, the Swiss Mini Gun's causing concern Eyewitness News' Stacey Sager

Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain.

Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed.

The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most.

Stacey Sager: "You have never seen a revolver this small."

Joe Green, ATF: "No, not an operating revolver."

Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector.

"This is something that could be tossed into a bin if you're going through an airport or a security checkpoint ..." David Harville, of Criterion Strategies Inc., said.

Although the gun is so small, experts say the ammunition would have to be tiny. For example, a paint ball carries 15 times the energy when fired.

"It's more a novelty I think than an intent on it being a weapon used for a threat," Harville said.

Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well. A pen we found is actually a .22 caliber gun and another weapon we uncovered looks exactly like a cell phone.

"It doesn't just have to be the airport, it could be anywhere. It's a firearm and it's here. And in the wrong hands, it could be deadly," Harville adds.

None of the Swiss Mini guns have been recovered in the United States. It is illegal to have them here, but what they lack in size, they make up for in price. We're told the cost of one is around $5,000 dollars.

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Five Arrested For Gun Sales At Flea Market (AP)

AP, October 5, 2006

GAINESVILLE, Ga. -- A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County.

Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident.

ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities.

The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants.

Jackson says he does not know if the suspects worked together or separately at the flea market.

A court clerk says all five appeared Monday at the federal courthouse in Gainesville, where each was given a $10,000 bond and released. They are to be arraigned Friday morning.

Beer Drinkers Beware: 4 Percent Of U.S. Hops Crop Burns (AP)

AP, October 5, 2006

YAKIMA, Washington (AP) -- Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale.

The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma.

Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops.

Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday.

Company President Paul Signorotti would not comment.

The United States produces 24 percent of the world's hops, and about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms.

Fires have long been an expensive danger at hop warehouses, largely because of the potential for spontaneous combustion from heat buildup in bales of resin-loaded varieties.

"That's just a possibility that we'll look at," East Valley Deputy Chief Mike Riel told the Yakima Herald-Republic, "but it is very high on the list."

No one was in the warehouse when the fire started, Riel said.

With the fire under control Monday night, authorities told the newspaper an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms.

Steiner is part of the Steiner Group of Germany, one of the largest international hop growing, trading and processing companies in the world. The Yakima branch manages Steiner's North American buying and processing, according to the company Web site.

Besides being one of the largest growers in the valley, Steiner is one of three large merchants that buy from other growers in the area. The others are John I. Haas Inc., the grower-owned cooperative Yakima Chief and Hop Union, which specializes in sales to craft brewers.

The fire destroyed or ruined about 10,000 bales, each weighing about 200 pounds (90 kilograms) and likely worth $1.75 to $2 a pound, Ann George, administrator of the Washington Hops Commission in nearby Moxee, told the Herald-Republic.

Seventeen varieties of hops are grown in the United States, including aroma varieties which are added for flavor or fragrance and the bitter alpha varieties.

IMMIGRATION:

Bush's Megaphone Unable To Reach Above The Din (NYT)

By Jim Rutenberg

The New York Times, October 5, 2006

DOJ_NMG_0075401

SCOTTSDALE, Ariz., Oct. 4 — Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate.

But the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November.

During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions.

In interviews this week, White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress.

For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter.

More than anything else, officials said, they are hemmed in by the unknown, girding for still more unwelcome developments in the Foley saga that could make any sort of full-throated defense or criticism of the House leadership now seem ill considered later. Mr. Foley, a Florida Republican, resigned his House seat on Friday after being confronted by ABC News with sexually explicit text messages he had sent to teenage Congressional pages.

"We're not the keepers of the facts," said a senior official, who was granted anonymity to speak candidly about internal deliberations on the Foley scandal.

Referring to the president's decision to express dismay at the reports about Mr. Foley, and calibrated support for Mr. Hastert as a father, teacher and coach, this official said, "We felt that it was important that the president speak out on this issue — it's a shocking revelation and warrants his comments."

But, the official added, "That can help mitigate an aspect of the story, but the story itself still has legs, because the story itself hasn't been fully reported yet." And, he indicated the president would not have much more to say on the matter any time soon.

White House strategists said they were hoping that the president's statement of dismay on Tuesday had at least sent a signal to voters that the titular head of the party was just as concerned about the reports as they were.

But allies said that what the president said or did would have little effect as new details trickled out. All he can really do, they said, is try to keep hammering home his case against the Democrats, calling on the Republican faithful to vote against what he termed "the party of cut and run."

Charles Black, a longtime Republican strategist with close ties to the White House who has been in contact with the president's top political strategist, Karl Rove, said that at this point he did not think the White House would intervene by getting involved in the debate over Mr. Hastert's future.

"Every time the White House gets involved in internal party stuff on the Hill it has a bad result," Mr. Black said, referring to the White House's involvement in the ouster of Senator Trent Lott of Mississippi from the majority leader's post in 2002, which bred resentment within the party.

Mr. Bush pressed ahead this week on a fund-raising and campaign trip through the West. He joined on Wednesday with Senator Jon Kyl, Representatives J. D. Hayworth and Rick Renzi, and Gov. Janet Napolitano, all of Arizona, to sign a homeland security appropriations bill that will help pay for new border security initiatives. Still, the prickliness of the immigration issue within the party was on display: Mr. Bush renewed his calls for a guest worker program; Mr. Hayworth told reporters afterward that instituting such a program before the border was secured would be putting "the cart before the horse."

Mr. Bush's remarks in the afternoon at a reception for Representative Bob Beauprez, who is running for governor of Colorado, were not carried for very long on Fox News Channel. Fox switched away from them before the president got into his attacks against Democrats as good people who "just happen to be wrong people" when it comes to terrorism.

Soon after Mr. Bush's remarks concluded, Fox News Channel was back to the Foley scandal, featuring a discussion about how much it was hurting the party's prospects this fall.

Bush Throws Red Meat To Faithful In Red State (MINNST)

By Mark Silva

Minneapolis Star Tribune, October 5, 2006

SCOTTSDALE, ARIZ. - President Bush has launched an aggressive October campaign to protect Republican control of Congress with claims that the GOP is "tough" on terrorism and the Democrats "soft," but the scandal surrounding former Rep. Mark Foley threatens to obscure his party's message.

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Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a "fear and smear" campaign.

"We just think differently," Bush said of the two parties Wednesday. "There is a difference between rhetoric and action in Washington, D.C. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live."

As he did during appearances at California fundraisers Tuesday, Bush cast the midterm congressional election as a battle between the competing philosophies of Democrats and Republicans, saying that only Republicans can keep the country safe from terrorism.

On Wednesday, he charged that the Democratic leadership had failed to endorse programs like the National Security Agency's warrantless wiretapping of terrorist suspects, a program that he said prevented attacks on the United States.

'Baseless claims'

In response, Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, issued a statement calling on Bush to acknowledge failed policies in Iraq.

"Instead of making baseless claims, the president should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," Schumer said.

After the fundraiser, Bush signed the Department of Homeland Security Appropriations Act, flanked by Sen. Jon Kyl, R-Ariz., and Arizona Gov. Janet Napolitano, a Democrat. He praised the bill, which covers the costs of additional Border Patrol agents, border fencing and technology, but also repeated his call earlier this year for a guest-worker program that would allow foreigners to legally come to the United States for jobs that he said U.S. citizens won't take.

But the fact is it's growing difficult for the president and rivals to debate the nuances of national security in a political environment consumed by the scandal that erupted Friday with Foley's resignation from Congress amid reports of his sexually explicit communications with pages, experts say.

Bush Ties Campaign To National Security (AP-Y)

By Nedra Pickler

AP, October 4, 2006

President Bush tried to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to "vote Republican for the safety" of the country.

This week has put the Republicans' bid to keep control of Congress in further jeopardy and brought even more bad news for the president. Republicans on Capitol Hill have been damaged by one member's online sexual advances against teenage boys, while military commanders in Iraq are grappling with a rash of troop casualties and allegations of police corruption.

New polls show Americans are increasingly unhappy with Bush's leadership and the war in Iraq. And even after months of campaigning on immigration reform, he had to sign a bill Wednesday with only a fraction of the changes he wanted.

Still, Bush persisted with the strategy that has brought Republican victory in the last two elections — campaigning on national security with some tax talk thrown in. With Republicans down, he tried to bring Democrats down even farther.

"If the other bunch gets elected, they're going to raise your taxes," Bush charged during a breakfast fundraiser for Rep. Rick Renzi at the posh Camelback Inn near Phoenix.

Worse yet, Bush said, some Democrats are putting national security at risk by voting against bills that would allow secret eavesdropping on phone calls and tough measures to interrogate prisoners to try to detect terror plots.

"If you want to make sure those on the front line of protecting you have the tools necessary to do so, you vote Republican for the safety of the United States of America," Bush said to applause from the donors who together gave $450,000 to see him speak and support Renzi.

Democrats said Bush was just trying to distract from his failed management of the war on terror.

"Instead of making baseless claims, the President should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," said New York Sen. Chuck Schumer, head of the Democratic effort to win seats in the Senate.

After his remarks, Bush stepped outside on a patio with a view of Camelback Mountain to sign a $34.8 billion bill to fund homeland security. The bill includes $1.2 billion for fencing along the U.S.-Mexico border, along with vehicle barriers, lighting and infrared cameras to help catch people sneaking across.

But Bush has been saying for months that the country's immigration problems cannot be solved just by tightening border security. U.S. employers need cheap foreign labor, and immigrants will continue to sneak in to take the jobs, Bush said, so Congress should authorize temporary work permits to match those workers with low-paying jobs that other Americans don't want. He also wanted to give citizenship to millions of illegal immigrants already in the United States.

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But Republicans in Congress took a tougher stance against immigration and have refused to give Bush the more comprehensive legislation he wanted.

"We'll continue to work with Congress to pass comprehensive immigration reform that secures this border, upholds the laws, and honors our nation's proud heritage as a land of immigrants," Bush said just before putting his pen to the bill's paper.

Later, Bush flew to Colorado to raise $550,000 for Rep. Bob Beauprez, who is running for governor. Then he was heading back to Washington after a three-day swing through four Western states that brought more than $3.6 million to GOP coffers.

At the Beauprez fundraiser, Bush mourned the death of 16-year-old Emily Keyes, a Colorado student killed by a gunman who stormed her school and took six girls hostage. Bush said he hoped the federal government can find ways to help the community recover during a conference next Tuesday in Washington.

"We wanted to make it certain around the country that the schoolhouse is a safe place for children to learn," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Homeland Security Bill (AP-Y)

By Deb Riechmann

AP, October 4, 2006

President Bush on Wednesday signed a homeland security bill that includes an overhaul of the Federal Emergency Management Agency and $1.2 billion for fencing along the U.S.-Mexico border to stem illegal immigration.

Standing before a mountainous backdrop in Arizona, a state that has been the center of much debate over secure borders, Bush signed into law a $35 billion homeland security spending bill that could bring hundreds of miles of fencing to the busiest illegal entry point on the U.S.-Mexican border.

Bush said enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at U.S. citizenship.

"The funds that Congress has appropriated are critical for our efforts to secure this border and enforce our laws, yet we must also recognize that enforcement alone is not going to work," Bush said at the bill-signing ceremony tucked into his three-day campaign fundraising trip to the West. "We need comprehensive reform that provides a legal way for people to work here on a temporary basis."

Among other things, Bush said the homeland security funding bill deploys nuclear detection equipment to points of entry, raises safety security standards at chemical plants, provides better tools to enforce immigration laws and provides vehicle barriers, lighting and infrared cameras to help catch illegals trying to cross the border.

"It's what the people in this country want," Bush said. "They want to know that we are modernizing the border so we can better secure the border."

Outgoing Mexican President Vicente Fox, who has spent his six-year term lobbying for a new guest worker program and an amnesty for the millions of Mexicans working illegally in the United States, has called the barrier "shameful." He compares it to the Berlin Wall.

Some Democrats criticized the homeland security spending bill as too meager.

Rep. Ed Markey, D-Mass., a senior member of the House Homeland Security Committee, said the homeland security spending bill does not improve screening of cargo carried on passenger planes, does not provide money to buy and install advanced explosive-detection equipment and does not include strong enough security requirements to protect against a terrorist attack on chemical plants.

"There are nightclubs in New York City that are harder to get into than some of our chemical plants," Markey said.

Bush Signs The Fence Bill (WT)

By Stephen Dinan

The Washington Times, October 5, 2006

SCOTTSDALE, Ariz. -- President Bush yesterday signed into law the annual homeland-security spending bill that provides the first down payment for 700 miles of fence along the U.S.-Mexico border.

The $33.8 billion spending measure boosts the number of U.S. Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill in Scottsdale before a bipartisan group of elected officials in Arizona.

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While the bill funds hundreds of programs, including transportation and port security, it has become a key symbol of the debate over illegal entry into the U.S.

Mr. Bush took time in his remarks to press for a broad immigration bill -- he advocates legalization of most illegal aliens as well as a new temporary-worker program. But Republicans fighting for re-election this year called the bill "a great victory" for enforcement first, a position Mr. Bush had opposed.

"As a result of this signature today, it puts in place funding for the first steps, really, of enforcement first," said Rep. J.D. Hayworth, Arizona Republican, who joined Mr. Bush for the ceremony.

Still to come is Mr. Bush's signature on a bill to build 700 miles of fencing along the border, which House Republicans authored and pushed through Congress. The president has said he will sign that bill, too, though an aide yesterday said it's unlikely he will have a public signing ceremony.

There is no official estimate of the cost of that bill. Republican backers said the 700 miles would cost about $2 billion, while Democratic opponents said the cost could be $9 billion.

Sen. Jon Kyl, Arizona Republican, said yesterday's down payment will build roughly 150 miles of fence, as well as vehicle barriers and other infrastructure. Mr. Kyl was the sponsor of the Senate's fence proposal, which called for 371 miles of fencing, and said the Homeland Security secretary told him they could complete that length within three years.

Before signing the bill, Mr. Bush campaigned for Rep. Rick Renzi, Arizona Republican, and, later in the day flew to Colorado to campaign for Rep. Bob Beauprez, who is running for governor there.

In both places the president repeated his charge that Democrats have tried to block key tools in the war on terrorism, from the CIA interrogation program to the National Security Agency wiretaps.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush was just "ranting and raving."

"The American people are tired of the president's empty tough talk," Mr. Reid said. "They want leaders who are tough and smart."

On the spending bill, the Democratic National Committee said Mr. Bush has not made homeland security a "real priority," citing places where funding has fallen short of Democrats' goals.

But their argument was undercut somewhat by the presence of Arizona Gov. Janet Napolitano, a Democrat, at yesterday's signing ceremony.

She joined Mr. Hayworth, Mr. Renzi, Rep. Trent Franks and Mr. Kyl -- even though both Mr. Hayworth and Mr. Kyl face stiff re-election challenges from Miss Napolitano's own Democrats.

Interest groups are now begging Mr. Bush not to sign the fence bill, saying it would show Mr. Bush has changed his position.

"For years, President Bush has supported a comprehensive approach to immigration reform. Yet now he is considering signing an enforcement-only bill into law with no comprehensive immigration reform on the horizon," said the National Council of La Raza, which advocates for Hispanics' and illegal aliens' rights.

The homeland security spending bill covers fiscal year 2007, which began Oct. 1.

It is $2.3 billion more than the 2006 measure, and $2.1 billion of that increase goes to immigration and border security.

In passing the bill, Congress directed that the administration come back within 60 days with a plan for how to spend the border-infrastructure money.

In a report accompanying the bill Congress said it would withholding $950 million of the money until that plan is approved. But Mr. Bush, in a statement accompanying his signature, said that intrudes on executive powers and he will ignore that requirement and treat it as a request for notification.

The bill passed by voice vote in the Senate, and 412-6 in the House.

One of those opponents in the House was Rep. John Hostettler, Indiana Republican, who was disappointed the bill delays the Western Hemisphere Travel Initiative. That program, which was designed to increase security at ports of entry by requiring U.S. citizens and visitors alike to show a passport when crossing into the country, now goes into effect June 1, 2009, or 17 months later than planned.

Bush Speaks In PV At GOP Fund-raiser (AZREP)

By Diana Balazs

The Arizona Republic, October 5, 2006

PARADISE VALLEY - Armed with slogans, signs and solidarity, as many as 300 people lined Lincoln Drive on Wednesday to protest President Bush's policies, particularly the war in Iraq.

Inside Marriott's Camelback Inn Resort, Golf Club & Spa,Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for U.S. Rep. Rick Renzi, R-Ariz.

Renzi, who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney. Renzi leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent.

advertisement

Libertarian David Schlosser, a Flagstaff writer and public relations consultant, also is on the Nov. 7 ballot.

The 400 people in attendance raised more than $500,000, according to the Renzi campaign. Some paid as much as $2,100 to have their photo taken with the president.

Outside the Paradise Valley resort, the protesters stood for several hours on the southern side of Lincoln. A steady stream of passing motorists honked horns in support or flashed peace signs, while a few gave thumb's down in disapproval.

"I'm very frustrated with the way the country is being run at the moment," said Mike Gasparek, 58, of Phoenix, who arrived about 6 a.m. to join the protest.

Gasparek, a Vietnam-era Air Force veteran, said he has not heard of a plan to end the war in Iraq with a victory for the United States.

"We don't have any picture of what victory even looks like, and, yet, we send people over there to . . . let's start killing and bombing even though we don't have an idea of what it is we're trying to accomplish," he said.

Cheri Lippmann, 51, of Mesa, had to leave the protest early to get her daughters, Suzy, 16, and Lauren, 14, to school.

Lippmann, a member of the group Code Pink Women for Peace, said the urgent need to stop violence is what brought the family out.

"I just think that for our children's sake, children of the world, it's got to stop. The violence has got to stop. And not only war, but violence in homes, violence in our schools," she said.

"We are just bombarded with it all the time," her daughter, Suzy, added. "I don't know, our people who are supposed to be leading us don't do anything about it," she said.

Her sister, Lauren, wore a necklace that included peace symbol-shaped beads.

"It doesn't solve anything," she said of war.

The "Shame on George Bush" protest was sponsored by a number of groups, including the End of the War Coalition, Code Pink, Progressive Democrats of America, Women in Black and Arizona Veterans for Peace.

As Bush headed to Phoenix Sky Harbor International Airport, the president waved to the protesters, delighting a trio of young girls, but not making everyone happy.

"He had the nerve to wave," one woman remarked.

Babe Moerkerke, a Bush supporter who lives across the street from the resort, said it was an honor to have the president in town.

"We think he's a real man of character. In spite of the malicious criticism he gets, he always retains his dignity and has a spirit of kindness," Moerkerke said.

Michele Kocour, 51, also lives across from the resort and was awakened by protesters who arrived as early as 4 a.m. While she missed her sleep, Kocour said she respects the protesters' right to speak out.

"Freedom of speech, and they're showing it right here. I may not agree with them on every topic. I just wish they had been a little quieter," she said.

Bush Gaffe Points To Munsil's Lack Of Name Recognition (PBJ)

By Mike Sunnucks

The Business Journal Of Phoenix, October 5, 2006

Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor.

Munsil's lack of name recognition manifested itself during President Bush's Wednesday visit to Phoenix.

Bush called the candidate "Lee Munsil" during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi.

Munsil laughed off the presidential muff, pointing other verbal gaffes made by Bush in the past.

Munsil is the former head of the Center for Arizona Policy, a Scottsdale-based Christian conservative group. He is know within political and conservative circles but not much beyond that.

Polls show healthy leads for the Democratic governor, who is heavily courting independent, business leaders and moderates in her bid for a second-term.

Did Bush's California Visit Shore Up Safe Members? (RC)

By David M. Drucker

DOJ_NMG_0075406

Roll Call, October 5, 2006

President Bush's visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts.

While Doolittle and Pombo appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. In 2004, Doolittle's 4th district re-elected the president with 61 percent of the vote, while Pombo's 11th district gave Bush 54 percent.

In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles. They attributed the need to do so to several outside factors, saying the political standing of their candidates have not diminished within their districts.

"The media has run a smear campaign against the Congressman for almost a year now, so we need to raise the resources to combat that," Doolittle campaign spokesman Richard Robinson said, explaining why Bush was stumping with his candidate in the conservative 4th district, which encompasses the eastern suburbs and foothills of Sacramento.

Pombo's chief strategist, Wayne Johnson, had a similar explanation.

"The [Defenders of Wildlife Action Fund] have spent over $1 million, and they say they'll spend another half a million," he said. "And that's just one group."

Bush's fundraiser for Pombo raked in $400,000. The president raised more than $600,000 for Doolittle.

Of the two districts, Pombo's 11th is the more politically attractive target for Democrats. It's located just south of Sacramento, in California's central valley, and it includes a portion of the liberal-leaning San Francisco Bay Area suburbs.

Carrying the flag for Democrats in the race is wind turbine manufacturer Jerry McNerney, who lost to Pombo by 22 points in 2004. This time out, however, the Democrat is better funded and has the strong financial support of environmental groups, who are spending heavily to oust Pombo, the chairman of the House Resources Committee and a longtime foe on environmental policy.

In addition to the DWAF, the League of Conservation Voters and the Sierra Club are after the seven-term Congressman.

McNerney spokesman Robert Caughlan said there is no comparison between the 2004 race and this one. He noted that McNerney has raised more than $1 million for the cycle and is now an experienced candidate. McNerney, a political novice in 2004, spent only $154,701 in that contest, compared to Pombo's $1 million-plus.

But Caughlan predicted that Pombo would be the source of his own undoing.

"Pombo has gotten into all sorts of extra trouble. We can't even make a list of all the scandals he's been in," Caughlan said. "Pombo's giving us our best ammunition."

Pombo has been linked to disgraced GOP lobbyist Jack Abramoff, and weathered his own mini-scandal when it was learned he billed the federal government for a family vacation to national parks. The Congressman contended there wasn't anything wrong with the trip because the parks fall under his jurisdiction as the Resources chairman.

Johnson said Pombo is responding appropriately to the onslaught by the environmental groups, advertising on television, radio, and through the mail, while deploying a strong get-out-the-vote effort. As for McNerney, his conventionally liberal-Democratic views on taxes, cultural issues and national security will ensure Pombo wins re-election, Johnson said.

Also key to a Pombo victory, Republicans believe, is a ground game that Johnson described as one of the most effective ever deployed in California, courtesy of GOP Gov. Arnold Schwarzenegger's re-election campaign. Johnson said it will help lift all Republican boats in the state this year and could be worth two or three points alone for Pombo.

A number of veterans of Bush's 2004 re-election are running the Schwarzenegger campaign.

"The governor's [ground game] is like nothing you've ever seen in California. It's enormous," Johnson said. Democrats "have to run with [state Treasurer Phil Angelides] at the top of ticket, who's not exciting anybody."

Doolittle, whose 4th district is among the most staunchly Republican in the country, is more secure than Pombo. By a distinct majority, his constituents lean culturally and socially conservative, and favor the GOP's approach to taxes and national security.

This should protect Doolittle from his connections to Abramoff, and the attention given to the fact that his wife — while acting as his campaign's fundraising consultant — ostensively enabled the Congressman to personally profit from his political fundraisers.

Todd Stenhouse, spokesman for Democratic candidate Charlie Brown, said Doolittle is vulnerable on issues of family values and fiscal responsibility because of his ethically questionable behavior and the federal deficit.

For these reasons, as well as Brown's status as a military combat veteran, Stenhouse said a growing number of Republicans are backing Brown. He said 450 supporters showed up at an event Tuesday to counter Bush's appearance for Doolittle.

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"When Charlie Brown was flying rescue helicopters in Vietnam, John Doolittle was working on his tennis game in the [San Francisco] Bay Area," Stenhouse said. "The bottom line is, this is about moral leadership."

Clearly, Brown is trying to compete with Doolittle on the Republican's ideological turf.

However, his positions on abortion and same-sex marriage — he's for keeping the first legal and OK with legalizing the second — and his willingness to raise taxes, will hurt him in the 4th district. These are visceral issues for conservative Republican voters, and likely to matter more to them than any of Doolittle's unseemly behavior — at least as long as it remains unseemly and doesn't veer into the illegal.

Robinson said Doolittle will use his significant financial advantage to ensure that voters are aware of Brown's liberal positions. Bringing Bush in on Tuesday was all about guaranteeing that Doolittle has the resources to do so.

"We'll run a hard-hitting campaign that will let voters know that Charlie Brown has been life-long member of the ACLU and supports raising taxes," Robinson said. "I think voters will come to realize that he is not the conservative candidate he says he is."

TAX:

2nd Circuit Grants Stay In KPMG Trial Over Legal Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 5, 2006

A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges.

The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue.

The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan.

In his Sept. 25 ruling, Kaplan said KPMG was "faced with no immediate threat of irreparable injury" should the fee trial proceed on Oct. 17.

The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was "very substantially outweighed" by that to the ex-employees and the public's interest in a speedy determination of the advancement claims.

In response, KPMG said that the need for a stay was urgent because it was incurring "enormous expense and disruption of its business, and its ability to defend against these claims is jeopardized."

CONGRESS-ADMINISTRATION:

Lawmaker Defends Page Program (CHIT)

By Ray Long

Chicago Tribune, October 5, 2006

SPRINGFIELD -- The Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are "safer in our program than in a lot of homes."

Rep. John Shimkus (R-Ill.) defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually explicit.

Shimkus acknowledged he did not ask Foley if there were any other electronic exchanges with pages, such as the sexually suggestive instant messages from 2003 that first surfaced on Friday and led to Foley's swift resignation.

"The thing that's frustrating to me is that I'm not the bad guy here," Shimkus said. "Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

He insisted the page program is safe. "They are as safe there as they are at home," he said. "In fact, in a lot of homes—they're safer in our program than they are in a lot of homes."

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Shimkus has spoken sparingly to reporters about the events leading to the Foley resignation after he read a written statement last week during a press conference in Washington, D.C. with U.S. House Speaker Dennis Hastert, a fellow Illinois Republican under scrutiny over questions about who knew what when and what could have been done sooner.

Shimkus said he does not know who had knowledge of the 2003 instant messages.

In seeking to distance himself from political fallout, Shimkus noted two Florida newspapers that looked into the 2005 matter had found little more than he did.

"Hindsight's always 20-20 in this environment of now what we know," Shimkus said. He added that there was no trail to follow that would have indicated other, more aggressive behavior.

"I'm not a savant," he said.

Shimkus said he did not talk to other congressmen about the Foley matter because of the request by the parents to keep the matter confidential.

"I did what was asked: We intervened," Shimkus said. "There's a responsibility of leadership and it was on my shoulders. I think the biggest question is, if I wouldn't have done anything."

Shimkus said he couldn't pinpoint the time of the meeting with Foley because it was unscheduled but that it followed Hurricane Katrina, which was referenced in one of the e-mails.

Shimkus recalled his office received a call from the House clerk, who wished to speak to the congressman, and they met side by side during a floor debate over legislation.

At that point, Clerk Jeff Trandahl showed Shimkus excerpts of emails on an 8-and-½- by 11-inch paper. There were not references showing who sent the email and who received it.

"He says, 'We've been approached by the parents of a former page, that their son has received an email from Congressman Mark Foley which we think is not appropriate and we want him to stop.' "

Last week Shimkus said in a statement that he "took immediate action to investigate the matter."

In Wednesday's interview, Shimkus recalled, "I think it was almost immediately, we said, 'well, let's go after the vote, and we'll go talk to former Congressman Foley,' which we did. We went into his office."

After some discussion, Shimkus recalled, Foley said something like, '"If I'm being accused of being overly friendly with the pages, then I'm guilty. I am. I care, you know,' he said, 'but there's nothing illicit or immoral or wrong about this relationship.'"

Shimkus also recalled Foley saying he tried to be a good friend and mentor to encourage youngsters to go into public service because someone took an interest in him when he was young.

"I said, 'That's fine. Stay away from this page, and stay away from the pages.' And that really ended the debate."

Nothing since then indicated Foley was more involved with pages, Shimkus said.

"We're all sick (with concern). . And we all say, 'What did we do? What did we miss?' ... And I think, given the (information) that I had, I would do the same thing—not having last Friday's information" about the sexually explicit instant messages.

He also said he didn't talk to other congressmen for advice.

"I'm 48 years old," Shimkus said. "I have three small boys. I've been an Army officer, I've been a schoolteacher, I'm in a position of responsibility, and I did my job."

He dismissed calls for him to step down from the page board as "ridiculous."

Ally Calls For Hastert To Suspend Page Program (WT)

By Amy Fagan

The Washington Times, October 5, 2006

A key ally of Rep. J. Dennis Hastert said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages.

Young assistants known as congressional pages have been running errands on Capitol Hill for more than 150 years.

"I think we need to take some serious looks at this and try to come up with a program for the 21st century," said Rep. Ray LaHood, Illinois Republican. "When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Mr. Foley, Florida Republican, abruptly resigned Friday after ABC reported about overly friendly e-mails and more lurid instant messages that he had sent to teenage boys serving as pages. With Mr. Foley now in a rehabilitation facility seeking treatment for alcoholism, House Republican leaders have scrambled to deal with the scandal's aftermath.

Under the prestigious page program, about 100 high school juniors from all over the country serve as House and Senate pages at any given time, delivering documents, running errands for lawmakers and helping with day-to-day operations of each chamber, according to the Congressional Research Service. There are 63 House pages, 45 nominated by Republicans and 18 nominated by Democrats, according to the Committee on House Administration.

Mr. LaHood said that the current group of youngsters should be sent home and that the program should be evaluated by outside scholars, who then would recommend changes to leaders. Mr. LaHood said he shared his idea with Mr. Hastert's chief of staff over the weekend and with about 100 Republican House members in a conference call discussion of the scandal.

Mr. Hastert, Illinois Republican, hasn't responded to the suggestion, Mr. LaHood said. Some members said they would consider suspending the program, he added.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the House's Office of the Clerk and the page program, said there are strict security policies for the high school students involved in the program.

The students attend school on Capitol Hill every weekday starting at 6:45 a.m. and then report for duty at the Capitol. They have a 10 p.m. curfew and must take another student along whenever they leave their supervised dormitory building near the Capitol.

The students are given an orientation briefing during which they review codes of conduct, program rules and general sexual harassment policy, both among the students and with people outside the program, Miss Collins said.

"Students are encouraged to report anything that's inappropriate," she said.

The House page program is supervised by an advisory board led by Rep. John Shimkus, Illinois Republican.

Mr. Hastert has called for federal and state investigations of Mr. Foley's conduct. The House ethics panel is set to meet today on the matter.

Although Mr. Hastert has been criticized for his handling of the scandal, Mr. LaHood said yesterday that "the speaker has the unanimous support of our conference." But, he added, the scandal is "a big political mess for us."

Mr. Shimkus' office didn't return calls, but the lawmaker said Monday that the page program in recent years has tightened security and supervision of the youngsters and instituted new travel and notification policies after the September 11 terrorist attacks. He said he met with the House pages last week to assure them that "we are committed to their safety and protection."

Leaders set up a toll-free telephone number for current and former pages to report any concerns. Mr. Hastert said, "We obviously need to do more, including providing assistance to these kids after they return home."

Mr. Shimkus and Mr. Hastert said the program was a valuable part of the Capitol Hill institution. Sen. Daniel Webster appointed the first Senate page in 1829, according to the Congressional Research Service, and the Senate has 30 pages. House pages began their service in 1842.

The program was the subject of a scandal in the early 1980s when two House members were punished for sexual involvement with pages.

Current and former pages have defended the program in the wake of the Foley scandal.

"It was completely surreal," said Adam Estes, 22, who served as a page in 2000 and 2001 and was sponsored by Rep. John J. "Jimmy" Duncan Jr., Tennessee Republican. "I learned about the politicians of America by actually having lunch with them."

LaHood: Send The Pages Home (RC)

By John McArdle

Roll Call, October 5, 2006

With some Members calling on House leaders to suspend the chamber's page program following revelations of ex-Rep. Mark Foley's (R-Fla.) graphic e-mails to former pages, several lawmakers and Congressional officers rushed to the program's defense Wednesday, offering varying reform ideas for the centuries-old program.

Rep. Ray LaHood (R-Ill.) acknowledged that he has recommended to Speaker Dennis Hastert (R-Ill.) and other lawmakers that the current group of high school students should be sent home and that the program should be sus- pended until a full evaluation is completed to determine whether Congress should continue to employ pages, which it has done for more than 200 years.

LaHood, who has long been known as one of the more committed institutionalists in the House, called the page system a "flawed program," in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s.

"This program was a flawed program under Democrats ... and now we've got problems under our watch," LaHood said. "I just think it's a program that we should take a good hard serious look at and see if it makes sense in the 21st century."

A review should be undertaken with the assistance of outside Congressional scholars such as Norman Ornstein of the American Enterprise Institute and Thomas Mann of The Brookings Institution, LaHood said. He added that the review panel should evaluate the program and "even make a recommendation as to whether the program should continue. ... I think everything should be on the table."

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LaHood, who brought up the idea of ending the page program while participating on a Monday-night conference call involving more than 100 GOP Members, said he's already received calls of support from other offices.

"This is a hundred-year-old program," LaHood said. "It was started when Congress was quite different and there've been just too many problems and too many vulnerabilities for these young people."

But while every Member who has spoken out about the Foley scandal has agreed that a thorough review of the House page system is necessary, some leadership officials said any talk of ending the program goes too far.

"It sends a message that Congress can't control itself and so we can't be trusted with children. That's just crazy. It's crazy talk," said Republican Policy Committee Chairman Adam Putnam (Fla.). "What a terrible legacy that we would have responded to the Foley sleaze by ending an opportunity for young people to come to Washington and be a part of history. ... It would be unfair to the current pages and it would deny them their opportunity to be a part of something that is a terrific experience."

Putnam said he supports a "top to bottom" review of the page system, adding that "we need to make sure there are adequate safeguards in place so that pages and page supervisors feel comfortable with a chain of command that would allow them to report incidents or experiences involving Members that they think need to be passed along but may otherwise feel uncomfortable doing."

On Wednesday, Rep. Mark Kirk (R-Ill.), co-chairman of the moderate Tuesday Group, sent House Rules Chairman David Dreier (R-Calif.) several proposed amendments to the House rules that would increase protection for "minors in temporary employ of the House."

The proposed changes lay out a process for investigating alleged misconduct involving a minor and includes penalties for not immediately reporting credible evidence of such violations. It also proposes adding as co-chairmen of the House Page Board retired majority and minority Members "in good standing who have been approved by the Committee on Standards of Official Conduct."

In a joint statement Wednesday, Republican Study Committee Chairman Mike Pence (Ind.) and Rep. Joe Pitts (R-Pa.) offered their own ideas on reviewing the page system, and seemed to indicate it should be maintained but improved.

"We trust that House leadership will cooperate with law enforcement in this matter. We urge House Leadership to institute more comprehensive protections for House pages," they wrote. "We believe also that there should be a zero-tolerance policy for any inappropriate interaction between Members of this House and the students in the Page Program."

The program is managed by the Clerk of the House and a three-Member page board, which was established in late 1982 amid the House's last major page scandal. A spokeswoman for the House Administration Committee, which oversees the Clerk's office, said Wednesday that investigations are already under way, but that it is too soon to speculate as to how drastic any proposed changes to the program will be.

"The committee finds there to be a great deal of value in this program," the spokeswoman said. "That having been said, while these multiple investigations are under way certainly the Office of the Clerk is going to work with the page board and leadership to reexamine the program and make any necessary changes."

Putnam said he would oppose any legislation calling for ending the page program and would be working with his fellow Members and through the Rules Committee, on which he sits, to implement improvements to the system once the House Page Board's review is completed.

In the meantime, Putnam cautioned his fellow Members to "not overreact to this situation by taking it out on these outstanding young people and denying them this tremendous educational opportunity."

The House page program also received support from the other side of Capitol Hill on Wednesday from Senate Sergeant-at-Arms Bill Pickle, who along with Secretary of the Senate Emily Reynolds manages that chamber's page program.

"I know the House program gets accolades from a lot of people and it really is an outstanding program over there," Pickle said. "So when people criticize a program because of one aberration that's probably very unfair. I think they have an outstanding program. ... What I'm hearing is we have one person who has done something that is not correct. I don't think you throw out the whole program because of one aberration. Now if the people on the House side investigate it and find it to be systemic, I'm sure that they will take aggressive action. But from what I know I've heard nothing but great things about the House page program."

Pickle said that last week's revelations of Foley's e-mails to former pages did lead to concern by some parents of Senate pages, who questioned whether similar incidents could take place in the Senate program.

"I have been told that the principal of our school has received some calls from parents just wanting assurances that our program is sound and the problems they have read about in the paper do not exist here and we have assured them that they do not," Pickle said.

Alumni Of Page Program Emerge As Some Of Its Biggest Defenders (WSJ)

By Sarah Lueck

DOJ_NMG_0075411

The Wall Street Journal, October 5, 2006

WASHINGTON -- Since it was established almost two centuries ago, the page program on Capitol Hill has withstood wars, terrorist attacks and even a sex scandal.

But the program, which brings more than 100 high-school students to Washington each year to serve as messengers for lawmakers, may not survive Mark Foley.

As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation.

The clerk of the House and the page program's board are "going to step back and evaluate how the program is run," said Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the program.

Some lawmakers have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves. Despite anger at the way former Rep. Foley used the program to make sexual overtures to young men, the former pages profess deep attachment to the program and their experiences in it.

So, while former pages are the ones who have stepped forward with the most damning information on former Rep. Foley, some are the program's most ardent defenders. Many of them stay in touch with each other long after leaving Washington. They value the contacts of the page network and have reacted with dismay over the possibility that the program could be scrapped.

"It's a wonderful program, and my big fear now is they're going to discontinue it, and a lot of kids are going to miss out," says Alex McKay, a sophomore at Randolph Macon Women's College in Lynchburg, Va., who served as a page in the summer of 2003. She says that she was thrilled to see how the government works up close, and that she jotted down her experiences in a "page notebook."

Jonathan Turley, a law professor at George Washington University in Washington, worked as a House page in 1977, when Congress debated historically important issues such as affirmative action. "What I remember most is listening to my heroes," including the late Sen. Hubert Humphrey, Mr. Turley says.

The program has been an early step in the career of many current and former politicians, including Rep. John Dingell (D., Mich.).

The first Senate page was appointed by Sen. Daniel Webster in 1829, and House pages began serving in 1842. For most of the program's history, only boys served, filling inkwells and stoking the fireplaces in the Capitol. In 1971, women were admitted.

Now, pages, who must be at least 16 years old to qualify, primarily work as messengers, delivering documents around the handful of buildings that comprise the Capitol complex. They answer phones or hold the doors open for lawmakers entering the floor. Dressed in uniforms of navy blue suits or skirts -- plus ties for the males and nylons for females -- several can always be spotted standing silently on the floor, waiting to be summoned by a lawmaker in need of assistance.

Ms. McKay recalls hearing pages being compared to wallpaper. "When there's a vote, your job is to stand on the back wall and not interrupt anything," she says.

The teenagers have a grueling schedule, attending a special page school starting as early as 6:45 a.m., then heading to the Capitol to work, often until lawmakers adjourn for the day and sometimes into the wee hours.

It used to be that pages had to find their own housing and largely fend for themselves during their stint in Washington. That changed after the program became embroiled in a sex scandal in 1983, which resulted in two members of Congress, one Democrat and one Republican, being censured for having sexual relationships with two teenagers.

Today, the pages live in dormitories on Capitol Hill and go on group trips, supervised by adults, to such places as Hershey amusement park in Hershey, Pa. Those venturing out on their own must go with a "buddy," and sign back in, says James Kotecki, a Georgetown University senior who was a page for six months in 2003.

Among the page program's network of adoring alumni are some prominent lawmakers who don't want to see it end. Rep. Tom Davis (R., Va.) served four years as a Senate page, allowing him to be a "witness to history" and to "interact with numerous political icons," he said in a statement on his Web site. "Countless young men and women continue to come to Washington through the page program to share similar experiences; this should continue."

A Page Protection Act: The Path To Saving A Historic Program (RC)

By Jonathan Turley

Roll Call, October 5, 2006

DOJ_NMG_0075412

Immortalized in movies such as "Mr. Smith Goes to Washington," Congressional pages always have represented the youthful idealism of the country. Perhaps it is that very image that attracts people like former Rep. Mark Foley (R-Fla.), who resigned after admitting he sent improper e-mails to a House page.

For those of us who served as pages, our greatest concern is not with Members like Foley (who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service.

It is time to be blunt. The greatest threat to pages have been the Members themselves. The young, uniformed pages are open invitations for pedophiliac or predatorial lawmakers — a small number, but a population that dates back at least two decades. In a place controlled by partisan alliances and raw power, a deviant Member can operate for years with little threat of detection or deterrence. The only time real attention is paid to the page service is when one of the pages ends up in the news as a victim. Thus, in the 1980s, when then-Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.) were found to have had affairs with pages, Members suddenly responded to a public outcry for reform.

If Congress is motivated to stop these periodic scandals, it should enact a Page Protection Act that includes four needed changes.

First, we should scrap the House and Senate page boards and create a single Congressional Page Board.

Following the Crane-Studds scandal, the current House Page Board was established, consisting of "two Members from the Majority party selected by the Speaker, one Member from the Minority party selected by the Minority Leader, the Clerk of the House and the Sergeant-at-Arms of the House." There are two obvious problems with the board: 1) dominant control by the majority party for a task that should be entirely apolitical, and 2) the only two non-Members on the board ultimately depend on the majority for their jobs.

At a minimum, board members have an appearance of a conflict of interest when dealing with scandals that could embarrass their party, particularly in a closely divided House before an election. Moreover, with members serving on oversight and appropriation committees, the House Page Board can be a relatively low priority when important votes are pending or budgets are in play. Finally, it is extremely difficult for a teenage page to go to a Member of Congress and accuse a colleague of that lawmaker of improper conduct.

(The Senate avoided some of these problems by creating a board composed of only the Secretary of the Senate and the Sergeant-at-Arms. However, both of them ultimately are dependent on the Senate for their jobs and the board lacks both clout with Senators and camaraderie with the pages themselves.)

To resolve this problem, the current structure should be replaced by a single board primarily composed of former pages, but it also could include a Member of Congress from each party from each chamber. The fact is that the greatest resource and protection for the page academy can be found in its alumni. Former pages now hold positions of considerable power throughout the legal, business and media worlds. These are individuals who are neither intimidated by nor particularly concerned with individual Members of Congress. More importantly, it is far easier for pages to speak with former pages than Members of Congress or a Sergeant-at-Arms.

Second, the board should be given offices in both chambers with a small staff to oversee the page academy and page service. These offices also would be a point of contact for families in an emergency, as well as a resource for educational and cultural events for the pages.

Third, the board should have the ability to conduct its own initial investigations of allegations and have the ability to refer such matters to the appropriate ethics committee or, when presented with evidence of a crime, to the Justice Department. In the former case, the House or Senate ethics committees would be required to investigate and issue an initial report on any such allegation to the Speaker and Minority Leader (or the Senate Majority and Minority Leaders) within 10 days.

Fourth, we should create a United States Page Foundation that would be supported by federal and private funds. This foundation eventually could become entirely self-supporting and offer financial and other forms of support for current and former pages.

With such a system, we finally could create a lasting structure for the page service as it enters its third century of existence. Congress has few traditions or institutions as old or as redeeming as the pages. Crooks such as former Rep. Duke Cunningham (R-Calif.) and (allegedly) Rep. William Jefferson (D-La.) always have worked these halls, but so have the pages — young idealists who understand better than they what Congress means to this nation. For those of us disgusted with the current hypocrisy and corruption in Congress, the pages represent one of the few unsullied institutions remaining on Capitol Hill.

Before the 109th Congress departs, it is possible to achieve a final redeeming moment out of a scandal-laden session. It is time to create a United States Page Foundation and a Congressional Page Board to guarantee that this unique institution can flourish, undaunted and unmolested, for another two centuries.

DOJ_NMG_0075413

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and served as a House page in 1977 and 1978.

Energy Dept. Scales Back Polygraph Tests (AP)

By H. Josef Hebert

AP, October 4, 2006

The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs.

The department no longer will require polygraph tests as part of a general screening of new applicants, or automatically for employees in areas of high security. Tests will be required for narrow purposes where there is specific cause, the department said.

Applicants still will undergo broad security reviews, as will current workers on a periodic basis. But, with narrow exceptions, these workers will no longer automatically be subject to a lie detector test, department officials said.

The new requirements, to go into effect Oct. 30, "will significantly reduce the number of individuals who will undergo polygraph examinations," the department said in a summary printed in the Federal Register.

The widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories.

Critics of the polygraph program have argued that it has kept good scientists from working at federal labs, such as Lawrence Livermore in California and Los Alamos in New Mexico, and caused others to quit.

There are an estimated 20,000 high-risk security positions at the Energy Department and among its contractors that under the old rules have been routinely subject to polygraphs, according to the department.

Officials could not provide numbers Wednesday on how many workers will still be subject to polygraphs under the new criteria.

But the new rules say mandatory polygraphs would be limited to workers whose jobs require them to work with or in other agencies that require polygraphs; those where there is "a specific indication" of a clandestine relationship with a foreign country, organization or terrorist group; and those where a test is ordered in response to a specific incident of concern.

The department said a polygraph may also be administered as part of random counterintelligence evaluations.

"This is a significant retreat from the (more widespread) use of the polygraph," said Steven Aftergood, director of the project on government secrecy at the Federation of American Scientist.

"DOE deserves credit for responding to the scientific critique and employee concerns" about the uncertainties surrounding polygraph tests, Aftergood said, adding that's not been the case at some other government agencies including the FBI and intelligence community.

In fact, earlier this week, the FBI and U.S. Secret Service won a legal victory when a federal judge ruled those two agencies could continue to use polygraphs for across-the-board screening of prospective employees.

The Energy Department rejected a call by representatives of some DOE scientists and others to stop using polygraph tests altogether. Critics of the technology long have argued that such tests are not reliable and can ruin a person's career if erroneously interpreted by technicians.

Congress responded to a series of security concerns, mainly at the Los Alamos National Laboratory in New Mexico, in the late 1990s and required the Energy Department to expand its use of polygraph tests on workers in high-security jobs.

The call for greater polygraph use was enflamed by the alleged espionage scandal surrounding Los Alamos computer scientist Wen Ho Lee. Lee, who was under investigation for years, was never charged with espionage and eventually was largely exonerated.

Responding to the Lee case and a string of unrelated security lapses, Congress in 1999 directed the department to use polygraphs as a broad screening tool for high-security workers including scientists at the national labs. That brought outrage from some weapons lab workers, who argued that polygraphs were not needed to assure security and were hurting morale.

In 2002, a National Academy of Sciences study said that polygraphs should not be used as the sole reason for judging an applicant for employment. The study said it should be only used in conjunction with a broader review.

As a result, Congress directed the Energy Department to revamp its policy on polygraph use and take into account the NAS findings, resulting in the revised regulations that will go into effect at the end of this month.

Jobs Search Process Frustrates Many Young Recruits (WP)

By Stephen Barr

The Washington Post, October 5, 2006

DOJ_NMG_0075414

To learn what is right and wrong about federal recruiting, listen to young people.

James Hedrick , in the government for two months, came to the Housing and Urban Development Department because it strives to improve the nation's communities.

April Torikai , hired by the State Department seven months ago, saw long-term opportunities to grow professionally in jobs that support U.S. diplomacy overseas.

Sonya Phillips moved 18 months ago from Tennessee to join the Government Accountability Office here because its work meshed with her education and experience in state government.

Katie Santo , a graduate student at George Washington University, hopes to find a job in government where she "can make a difference."

In all their cases, job decisions were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said.

Some of the perks of federal employment -- Hedrick's gym membership for $20 a month or time out of the office to help Hurricane Katrina victims -- also make the government a worthy employer, in their view.

The four offered their perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students.

But they also recounted some frustrations with their job searches.

Hedrick, a presidential management fellow at HUD, found it difficult to follow up with agencies after a job fair. "The problem was finding someone to talk to," he said. Many college graduates, facing deadlines to start repaying student loans, want to know when they will start work and what kind of training they will receive, he said.

Torikai's first encounter with the government came after she was accepted as an intern and then waited five months for a security clearance. While waiting, she said, some one-on-one contact with a program official "would have calmed my nerves" about the internship.

In contrast, Phillips said, the GAO "did a good job of staying in contact" while she was being hired and showed an interest in her as a professional to keep for the long term.

Santo said college friends who were recruited by companies knew before graduation that they had landed their jobs. Most had completed internships that were a stepping stone to their jobs, she said.

Santo's sense that companies use internships more effectively to evaluate talent is supported by a survey conducted by the Partnership for Public Service. Max Stier , the group's president and chief executive, told federal officials gathered for the summit at the Ronald Reagan Building that only 15 percent of federal interns are hired where they had their internship, while the proportion in the private sector is 35 percent.

Contrary to popular impressions, the government stacks up fairly well against the private sector when college students are asked about their employment interests, he said.

But the partnership's survey also found that most students don't know what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them, he said.

Most college graduates, Stier said, are willing to wait only four weeks to hear back on their job applications. That survey finding suggests that agencies need to give students more detailed job information and streamline their hiring procedures, he said.

Dan Blair , deputy director at the OPM, told the summit that the government is stepping up recruitment efforts. The office has launched a television advertising campaign in about a dozen cities and plans to hold "federal career days" at Louisiana State University, Ohio State University, New Mexico State University and Carnegie Mellon University aimed at attracting students in medicine, engineering and foreign languages into the government, he said.

Bush administration officials are starting to focus on how to speed up federal hiring -- the OPM yesterday posted a "hiring makeover tool kit" on its Web site to guide agencies -- because projections show that the government could lose about 900,000 of 1.8 million employees through resignations and retirements in the next six years.

For additional perspectives on federal hiring, read the Sept. 27 and Oct. 4 transcripts of Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

A Blow To Labor (WP)

The Washington Post, October 5, 2006

MEMBERSHIP IN labor unions is falling across the industrialized world, and some of this fall may be inevitable. With a few exceptions, such as the hotel industry, it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies: The companies have to compete against rivals that aren't unionized, frequently because they're overseas.

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Some of the decline, though, is not inevitable but rather is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board.

In a split decision, the three board members appointed by President Bush outvoted the two originally appointed by President Bill Clinton in ruling that relatively junior workers can be defined as "supervisors," thus restricting their right to join a union. The case involved "charge nurses" who assign colleagues to care for particular patients but who lack the power to promote, discipline or influence the pay of the other nurses. As the dissenting opinion argued, this minimalist definition of supervision could deprive whole categories of workers of the ability to organize: Teachers, for example, direct teachers' aides.

The decision exacerbates a legal environment that makes organizing workers unduly difficult. In other recent cases, the labor relations board has narrowed the definition of workers who may organize, excluding graduate students who work as teaching assistants and disabled people who work full time but whose contracts could be said to be rehabilitative. In industries where the right to organize is not yet disputed, employers nonetheless block attempts to establish unions by firing workers who favor them; although this is illegal, the penalties are too small and tardy to serve as a deterrent.

Critics of unions are right that they can bring disadvantages. They can impede innovation and slow the introduction of new technology. But in an age of growing inequality, the decline of unions also has disadvantages: De-unionization explains about 15 percent of the increase in wage inequality among men over the past quarter-century, according to David Card of the University of California at Berkeley. In sum, the costs and benefits of unions vary from industry to industry, which is all the more reason why workers should be free to decide whether to join one.

Not Separate, But Ecumenical (LAT)

The Los Angeles Times, October 5, 2006

WOODY ALLEN OFTEN RECOUNTED how his life was saved by his habit of carrying a bullet in his left breast pocket. A "berserk evangelist" once threw a Bible out of a second-story window, and it struck him in the chest, he said. "That Bible would have gone through my heart if it wasn't for that bullet."

Allen's joke is more deft than the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray "in Jesus' name" before a religiously mixed audience.

In approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that "each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

That language, the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo. Currently, Protestant, Catholic, Jewish and Muslim chaplains may conduct denominational services for their own flocks, but they employ more generic language when called upon to solemnize occasions attended by service members of all faiths. This arrangement was defended by the National Conference on Ministry to the Armed Forces, which represents most military chaplains.

The proposed change in the law came after some evangelicals objected to recent guidelines issued by the Air Force and Navy designed to curb aggressive proselytizing. The Air Force guidelines said that "public prayer should not imply government endorsement of religion and should not usually be a part of routine official business." The Navy guidelines said that "every religious ministry professional must be willing to function in a pluralistic environment in the military, where diverse religious traditions exist side-by-side with tolerance and respect."

Unfortunately, although it resisted the effort to allow more denominational prayer at mixed gatherings, the conference committee gave evangelical activists a consolation prize: It nullified these Navy and Air Force guidelines, sending officials in those branches back to the drawing board.

This is mischievous micromanagement. Having rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services. It's hard to say "Amen" to that mixed message.

The Irony Of NASA's Nobel (NYT)

The New York Times, October 5, 2006

NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program.

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The research that won this year's Nobel Prize in Physics was performed using instruments aboard the Cosmic Background Explorer, or COBE satellite, which was launched in 1989. Huge teams of government and academic researchers measured and analyzed the cosmic microwave background radiation that permeates the universe. Their findings provided strong support for the Big Bang theory of the origins of the universe, and turned cosmology, previously rather speculative, into a precise science. The discoveries have been hailed as one of the greatest scientific advances of the past century.

The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress.

OTHER NEWS:

Wall St Rally Sends Dow To Record Close (FT)

By John O'Doherty

Financial Times, October 5, 2006

The Dow Jones Industrial Average closed at a new all-time high on Wednesday for a second consecutive day, extending the rally on Wall Street.

Consumer stocks were at the forefront of the gainers. Recruitment company Robert Half International climbed 3.2 per cent to $34.45, while Starbucks gained 5.7 per cent to $35.96. Casino company Wynn Resorts added 6.2 per cent to $71.29.

Technology stocks also rallied. Graphics chipmaker Nvidia jumped 9.8 per cent to $31.08 on rumours that it would be bought out by Intel.

Sandisk added 5.8 per cent to $56.38 after it announced a deal to distribute its flash-memory products through 2,000 retail outlets in India in the coming weeks, and expand its presence to 14,000 outlets by the end of 2007.

Other tech stocks also pushed higher. Microsoft climbed 2.1 per cent to a seven-month high of $27.94, and Ebay added 6.1 per cent to $29.90.

At the close, the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22. The Nasdaq Composite was up 2.1 per cent, or 47.30 points, at 2,290.95.

The Dow Jones Industrial Average gained 1.1 per cent, or 123.27 points, to a new record close of 11,850.61, just shy of its new intra-day record of 11,851.25.

Philip Roth, chief technical market analyst at Miller Tabak, said the Dow was not likely to surge from this point. "I don't think the market is going to go off on a long sustained move here," he said. "But it should be enough to press some of the bears [back] into the market."

Crude oil prices fell earlier in the day, but recovered after attacks near oil installations in the Niger delta. ExxonMobil rose 1.8 per cent to $66.61, and Valero added 4 per cent to $50.10.

The mining sector had some rare losers, depressed by falling copper prices. Phelps Dodge sank 1.8 per cent to $78.65 and Freeport McMoran dipped 0.9 per cent to $49.04.

Ford Motor ticked up 4 per cent to $8.56. General Motors and Nissan-Renault on Wednesday ended talks about forming a possible alliance, increasing the likelihood that Nissan and Renault would now seek to form a partnership with Ford.

Medical device maker Medtronic added 3.8 per cent to $48.92 – its best day in four months – after regulators in Australia approved the sale of its Endeavour heart stent, used to keep arteries open.

ImClone gained 8 per cent to $29.33 after it said it had received a $36-a-share take-over offer from a big pharmaceutical group last month. Billionaire investor Carl Icahn, who is on the company's board, rejected the offer.

Genentech dipped 1.7 per cent to $82.40 after an analyst said third-quarter sales of the company's cancer drugs may have fallen short of estimates.

Shares Surge Amid Hopes For Lower Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

Stocks rallied the most in seven weeks yesterday after the biggest part of the economy slowed and the Federal Reserve chairman, Ben S. Bernanke, acknowledged a housing slump, encouraging speculation that benchmark interest rates may decline next year.

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The Standard & Poor's 500-stock index set a five-year high and the Dow Jones industrial average climbed above 11,800 for the first time.

Technology shares led the gains as Nvidia, the maker of computer graphics chips, surged on speculation that Intel may buy the company. Ford Motor rose on the prospect that Renault and Nissan may seek an alliance after ending talks with General Motors.

The S.& P. 500 jumped 16.11 points, or 1.2 percent, to 1,350.22. The Dow climbed 123.27 points, or 1.1 percent, to 11,850.61. The Nasdaq composite index increased 47.30 points, or 2.1 percent, to 2,290.95. All three measures had the biggest advance since Aug. 15.

About 1.87 billion shares changed hands on the Big Board.

Service industries, accounting for about 90 percent of the economy, expanded in September at the slowest pace in more than three years and a gauge of inflation plunged.

Mr. Bernanke said a housing slump would lop about a percentage point off economic growth in the second half and limit expansion next year. His remarks yesterday reaffirmed a view that the central bank was done raising borrowing costs.

Crude oil for November delivery rebounded from a seven-month low to close 0.7 percent higher at $59.41 in New York.

Nvidia shares surged $2.78, or 9.8 percent, to $31.08 for the biggest gain in the S.& P. 500.

Ford rallied 33 cents to $8.56. G.M. ended talks aimed at forming an alliance with Renault and Nissan.

Procter & Gamble, the consumer goods maker, jumped $1.04, to $63.34. Home Depot, the home improvement retailer, added 66 cents, to $37.49.

Wal-Mart Stores, the world's largest retailer, gained even after it cut its estimate of United States same-store sales growth in September to 1.3 percent, from 1.8 percent. The company, which made an initial sales estimate on Sept. 30, said it discovered mistakes in calculations at 235 locations. The stock added 9 cents, to $49.55.

Boeing, the commercial jet maker, advanced $2.18, or 2.7 percent, to $83.96, for the biggest advance in the Dow. Boeing gained after its chief rival, Airbus, said delays to deliveries of the A380 jet would cut 4.8 billion euros ($6.1 billion) from its parent company's earnings through 2010.

Microsoft advanced 57 cents, or 2.1 percent, to $27.94, for the second largest gain in the Dow average. A Goldman Sachs analyst, Richard G. Sherlund, wrote in a note that Microsoft's Windows Vista operating system was likely to be ready on time, reversing a previous view that the product could be months late. Windows runs almost 95 percent of the world's personal computers.

ImClone Systems, the biotechnology company, rose $2.16, to $29.33. In a filing, management said the billionaire investor Carl C. Icahn blocked a September buyout bid by a large drug maker it did not identify. Mr. Icahn, the company's second-largest shareholder, said yesterday that ImClone was worth more than the $36-a-share takeover offer.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.56 percent, from 4.61 percent. The price, which moves in the opposite direction of the yield, rose 14/32, to 10215/32.

Blue Chips Hit Another Record, Climb Past 11850 (WSJ)

By E.S. Browning

The Wall Street Journal, October 5, 2006

A day after the Dow Jones Industrial Average broke through its six-year-old record, the floodgates opened.

In heavy trading, the blue-chip average yesterday jumped 123.27 points, or 1.05%, to 11850.61, a second consecutive record. It was the biggest point or percentage gain since Aug. 15, and left the average up 10.6% for 2006.

Other major indexes also rose strongly. Although the other indexes remain short of their own records, the Standard & Poor's 500-stock index finished at its highest level in 5½ years.

The gains were driven in part by new data reinforcing hopes that the economy is in a "Goldilocks" environment, with inflation not too hot and growth not too cold.

In addition, Federal Reserve Chairman Ben Bernanke said in response to a question after a speech in Washington that the U.S. housing market is experiencing a "substantial correction" that will trim economic growth by about a percentage point in the second half of this year and weigh on growth next year. The comment reinforced hopes that the Fed won't raise rates anytime soon, which is good news both for consumers and for corporate profits.

Stocks had been bouncing around for a week, as the Dow average repeatedly pushed toward its record, only to fall back. After it finally edged past the record on Tuesday, some skeptical investors apparently threw in the towel and decided to put new money into stocks.

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Among the buyers were short sellers -- bearish investors who had been betting on stock declines and decided it was time to cover their bets in the face of the rising market. Short sellers borrow stock and sell it, in hopes of buying it back cheaper after a pullback. To cover their bets, they must buy back the borrowed stock, and that temporarily contributes to market gains.

"Once they see the market break through and see that it can sustain itself, the shorts rush in to cover" their bets, because stock gains cost them money, said senior trader Bob Basel at Citigroup's New York brokerage arm.

Among the day's biggest gainers were stocks that have been trailing the market in recent weeks, such as small stocks and transportation stocks, which had been targets of short sellers. Technology stocks, also frequent short-seller targets, also surged.

The day's data suggested that the economy is continuing to advance, but at a slower pace than early this year. That reinforced hopes that the Fed will continue to leave interest rates unchanged when policy makers meet Oct. 24 and 25.

A monthly report showed that activity in the nation's service businesses, representing two-thirds of the economy, grew in September at the slowest pace in three years. The Commerce Department reported that orders for manufactured goods were unchanged in August.

Treasury-bond prices rose on the soft economic news, sending bond-yields down, as bond investors continued to speculate that the Fed might actually cut short-term interest rates next year. Falling bond yields have been pulling down other market interest rates in recent weeks, including those of many fixed-rate mortgages. Perhaps reflecting the lower mortgage rates, a weekly report on mortgage applications showed the strongest gains since June, helping calm worries about the slumping housing market.

Crude-oil futures prices, whose recent declines have reinforced optimism about consumer spending, rebounded 73 cents to $59.41 a barrel, remaining below $60.

Wal-Mart Stores Inc. said September sales were weaker than it had thought, but in the excitement investors shrugged off the news and even that stock rose.

Investors now are looking ahead to September employment data, due tomorrow, which will give the latest indication about the economy's health. After that, they will focus on quarterly corporate profit reports, due in the following three weeks.

Yesterday, the Nasdaq Composite Index, laden with technology stocks, rose 2.11%, or 47.30 points, to 2290.95, up 3.9% this year. The broad Standard & Poor's 500-stock index advanced 1.21%, or 16.11 points, to 1350.22, ahead 8.2% in 2006.

The Russell 2000 small-stock index jumped 2.1% to 733.47, up 9% this year. The Dow Jones Transportation Average gained 2.24% to 4569.78, up 8.9% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.15%, or 0.33 point, to 219.95.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.97 billion shares, as 2,614 stocks rose and 717 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.559%. The 30-year bond was up 22/32 to yield 4.715%.

The dollar was mixed. Late in New York, it traded at 117.88 yen, down from 117.92, while the euro fell against the dollar to $1.2713 from $1.2726.

Dow Bounds To Another High, Inspiring Other Indexes (USAT)

By Adam Shell

USA Today, October 5, 2006

NEW YORK — After posting its second-consecutive record close on Wednesday, the Dow Jones industrial average continued to downplay its image as a dowdy blue-chip index that delivers doglike returns.

Instead, the 110-year-old Dow is looking more like Wall Street's leading thoroughbred that virtually overnight has sped up the price appreciation of all types of stocks.

The Dow is no one-day wonder. A day after eclipsing its all-time high set nearly seven years ago in January 2000, the 30-stock index made up of America's most famous blue-chip companies, blasted 123.27 points higher to 11,850.61, setting yet another record.

“Did somebody say ‘melt up?' ” Edward Yardeni, chief investment strategist at Oak Associates, quipped Wednesday in a note to clients that captured the pioneering spirit of the Dow's bull run.

The Dow's ability to enter record territory has gotten investors juiced up enough about stocks to put money to work and join the party, says Chris Johnson, director of quantitative research at Schaeffer's Investment Research.

“You ask people what the market is, and they will say, ‘The Dow,' ” Johnson says. “When it breaks through to a new record, the psychology of investors starts to kick in, and they start to ask, ‘Is the train leaving the station without me?' ” As a result,

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Johnson adds, “Investors start to come back into the market. And when people like my mom start looking to invest, she is not looking to invest in names like Research In Motion. She is looking to buy well-known companies like Microsoft, Dell and Starbucks.”

Wednesday, Microsoft gained 2.1%, Dell jumped 1.9%, and Starbucks rallied 5.7%.

Indeed, the jolt of adrenaline provided by the Dow has spread to areas of the market that have been lagging behind. The Dow has sparked a broad rally that includes tech names, small stocks and long-forgotten large-company shares.

Wednesday, the big winners were the down-and-out Nasdaq composite and the Russell 2000 small-company index, which has been a market leader since 2000 but has been trending lower this year. Both the Nasdaq and Russell 2000 gained 2.1%, topping the Dow's 1.1% gain and the 1.2% jump by the Standard & Poor's 500.

But the Dow can't take all the credit for the stock market's recent vitality, says Dick Hoey, chief economist at Dreyfus. Instead, the rally is being driven by a growing sense among Wall Street traders that the slowdown in the economy won't result in a “full-scale recession,” he says.

A sharp drop in the yield on the 10-year Treasury note (closing Wednesday at a stock market-friendly 4.56%) is making stock prices more attractive to investors. The big beneficiaries, Hoey says, are megacap stocks, such as Microsoft, which are “valued not on hope but on real-world earnings.”

The stock market is also benefiting because two of the main headwinds — an aggressive monetary policy by the Federal Reserve and a surge in energy prices — have been eliminated, says John Caldwell, chief investment strategist at McDonald Investments.

Wall Street is betting the Fed is done raising its target for short-term rates, and oil prices have dipped 25% since mid-July. “There's strong evidence that investors are more willing to have riskier assets in their portfolios,” Caldwell says.

Dow Blasts Beyond Record-High Close (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

NEW YORK, Oct. 4 -- Wall Street rose even higher Wednesday, propelling the Dow Jones industrial average to its second straight record close.

The Dow soared 123.27, or 1.05 percent, to close at 11,850.61. It hit 11,851.25 in trading, which stands as its trading high. On Tuesday, the iconic average of 30 blue-chip stocks reached new closing and trading highs, wiping out records that had stood since Jan. 14, 2000.

The Standard & Poor's 500-stock index was up 16.11, or 1.21 percent, at 1350.22, and the Nasdaq composite index rose 47.30, or 2.11 percent, to 2290.95.

The impetus for Wednesday's big push was a growing feeling on Wall Street that the Federal Reserve might begin lowering rates soon. Investors appeared to take comfort in comments by Fed Chairman Ben S. Bernanke that the slowing housing market could be a drag on the economy, perhaps shaving a percentage point off of gross domestic product growth in the second half this year and into next year.

The government surprised Wall Street by reporting a rise in crude oil inventories, and investors were also heartened by news that Saudi Arabia said it wanted to keep prices lower. That brought crude prices down, though they rebounded and were up 73 cents, at $59.41.Movers

Wal-Mart Stores rose 9 cents, to $49.55, after spending much of the day down. It said September sales at stores open at least a year rose 1.3 percent, not the 1.8 percent it had forecast.

ImClone Systems gained $2.16, to close at $29.33, after saying an unidentified international pharmaceutical company was willing to make an all-stock offer of $36 per share for the company.

Ford Motor rose 33 cents, to $8.56, as Bear Stearns cut its rating.

General Motors fell 9 cents, to $33.32, as talks ended about an alliance between GM, France's Renault and Japan's Nissan.

TiVo fell 85 cents, to $6.67, after it said an appellate court had given EchoStar Communications a reprieve in a patent fight between the companies.Indexes

New York Stock Exchange composite index rose 90.84, to 8538.67.

American Stock Exchange index rose 4.86, to 1875.20.

Russell 2000 index of smaller-company stocks rose 15.12, to 733.47.Volume

NYSE: 2.99 billion shares, up from 2.68 billion on Tuesday. Advancers outnumbered decliners 7 to 2.

Nasdaq: 2.22 billion shares, up from 1.99 billion. Advancers outnumbered decliners 5 to 2.Commodities

Crude oil for November delivery: $59.41, up 73 cents.

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Gold for current delivery: $562.00 a troy ounce, down from $576.30 on Tuesday.

Wall Street's New High Buoys Main Street (CSM)

By Ron Scherer

The Christian Science Monitor, October 5, 2006

NEW YORK

Marcia Brier of Needham, Mass., is relieved that the Dow Jones Industrial Average has finally surpassed the high of 6-1/2 years ago. With two children in college, she says the strong market showing "gives me a larger cushion."

Jana Skewes of Chattanooga, Tenn., hopes a resurgent stock market helps her small business, SharedHealth. "Potential customers might be a little looser" with their money, says the president and CEO, "and young companies need that."

And retiree Fred Bona of Boonton, N.J., says the Dow hitting a new record will help his retirement nest egg. "When it's going up, it's wonderful. And when it's going down, it makes you nervous."

Yes, the reaction on Main Street to a new Dow record - 11,727.34, only 4.36 points over the old record - is one of relief. A hurdle cleared. Perhaps an indication that the gloom and doom that often emanates from Wall Street professionals may not come true. And, perhaps a way to make money even if home valuations are now going the opposite way.

"It helps to remind people why they own stocks," says Alec Young, a strategist at Standard & Poor's in New York. "It's a good thing psychologically."

The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate.

"There is some shifting away from real estate and into the stock market," says Peter Morici, a professor at the Robert Smith School of Business at the University of Maryland in College Park. "If you're not buying houses and your personal income is up, you have to be doing something with your money."

At the same time, says Mr. Young, the international geopolitical climate has improved. So far, many of the dire predictions of war spreading in the Middle East have not come to pass. The relative peace in the region has helped to bring down oil prices. Wednesday, oil was trading below $60 a barrel. "If it continues to fall, that helps," says Young. If it falls to $55 a barrel, stock prices could rise more, he adds.

The Dow's rise also comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows. "The consensus is for the first rate cut in early 2007," says Lew Piantedosi, co-manager of the Eaton Vance Large-Cap Growth Fund in Boston. "Typically, when the Fed eases off the short-term rates, it's a pretty bullish indicator for stocks."

In the recent past, the Fed has lowered interest rates in late 2002 and after 9/11. Before that, it was in 1994 and in the early 1990s. Most of those cuts led to significant market gains, says Mr. Piantedosi.

However, there are also plenty of investment professionals who are skeptical of the market's rise. One of those is J. Michael Barron, CEO of Knott Capital in Exton, Pa. He's concerned about the deterioration of the housing market, the increased cost of servicing debt as more adjustable rate mortgages are reset, and slower job growth in the general economy.

"The market has basically ignored these risks and continued to work higher," he says, adding, "We think it's a time when most investors should be more cautious."

In Greenville, S.C., Hugh Moore, a partner at Guerite Advisors, doesn't see the stock market moving much higher. His measure is corporate profits as a percentage of gross domestic product. He says that historically corporate profits are 4.5 to 6.5 percent of GDP. Today, they are at 9 percent of GDP. "Unless we're in completely uncharted territory, we're at maximum earnings peak right now," he says. "That means there's not a lot of room for the market on the upside."

While the Dow average is hitting a high, the broader stock market as measured by Standard & Poor's 500 index is still 12 percent below its all-time high. The Dow average is up 9 percent for the year but the S&P average is up only 7 percent.

"The S&P and the NASDAQ had higher highs and steeper drops," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "So, I don't think the stock market as a whole is exploding here."

Industrials Revolution (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, October 5, 2006

On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts. They maintained that "virtually no one indexes to the Dow," and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators

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of the market, and these yardsticks were still 10% below their record highs reached in March 2000. The naysayers should wise up. Not only has the "outdated" industrials given investors better returns than such widely watched benchmarks as the S&P 500 Index, but it better reflects what the market has done over the past decade than the more popular capitalization-weighted indices.

The members of the DJIA are chosen by an index committee to be broadly representative of blue-chip companies that dominate American industry. Since 1980, the return on Dow industrials has averaged 13.89% per year, significantly above the 13.06% recorded for the S&P 500, a benchmark that many active money managers find difficult to beat.

But more importantly, the stock market has already reached, by many other more representative measures of market return, an all-time high. The only reason why capitalization-weighted indices such as the S&P 500 are still lower is because of the insane valuations investors gave to the technology sector six years ago. Tech companies with little earnings, such as JDS Uniphase, Nortel, Sun Microsystems, EMC and others reached huge and unprecedented valuations that dominated capitalization-weighted indices. Despite widespread pressure, the Dow wisely excluded these and other tech stocks (particularly Cisco, which for a time was the world's largest company by stock market value) from the industrial average. (They added Microsoft and Intel, far more reasonably priced tech stocks, to their list in 1999.)

The outsized influence of the tech sector in 2000 greatly distorted the capitalization-weighted indices. There are 10 sectors in the S&P 500 Index: technology, financials, health care, utilities, industrials, energy, consumer discretionary, consumer staples, and materials and telecom. If we exclude the tech sector, the S&P 500 would be 16% above its level reached in 2000. Seven of the 10 other sectors (excluding tech, telecom and consumer discretionary) are significantly higher than their 2000 levels. Even within the S&P 500, more than two-thirds of stocks are above the price they reached in 2000, but the big cap tech stocks had so much weight then that their collapse forced the whole index lower now.

Even other capitalization-weighted stock market indices have long ago hit all-time highs. The Russell 2000 Index, a benchmark for the small cap sector, broke into new all-time high territory in 2004. And EAFE, the international benchmark stock index, representing Europe, Australia and the Far East, broke into new high ground in March of this year.

The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values.

Mr. Siegel is professor of finance at Wharton.

Fed Chairman Urges Entitlement Program Reforms (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 5, 2006

WASHINGTON - Federal Reserve Chairman Ben Bernanke called Wednesday for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations.

Speaking to the Economic Club of Washington, Bernanke said that projected funding shortfalls for Social Security and Medicare threaten "large and unavoidable" fiscal consequences.

Absent action soon, he warned, the nation could be forced to raise taxes sharply, trim retiree benefits, cut deeply into other government programs, and run up the national debt - or some combination of all.

Beginning in 2008, the first wave of baby boomers - 76 million Americans born between 1946 and 1964 - begin taking early retirement. Progressively, there will be a smaller number of active workers available to fund promised benefits to what will be a swelling number of retirees.

To meet promises made under Social Security and Medicare, Bernanke said, taxes would have to rise by about 33 percent. That would take taxes from their current level, 18 percent of the nation's total output, to about 24 percent of total output in 2030.

If politicians opted to spend less on other federal programs to channel the savings into covering promised retirement benefits, they'd have to cut all other government spending in half, the Fed chairman said.

Bernanke's long-serving predecessor Alan Greenspan, who retired in January, frequently warned that a fiscal crisis looms because of the impending flood of retirees. Bernanke offered new numbers Wednesday to help frame the coming debate on an issue that politicians frequently dodge.

Citing an unpublished Fed research paper, Bernanke said that if today's savings rates remain constant, future generations of workers would be forced to consume 14 percent less than they do now because they'll have to shift their money to pay for boomers' retirement benefits.

But if today's Americans cut their current consumption by 4 percent and put that money into savings, that could expand the economic pie over time enough to stave off the 14 percent reduction in American consumption two decades from now.

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"These numbers shouldn't be taken literally but the basic lesson is surely right - that the decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said.

The Fed chief advocated reducing federal budget deficits and called for changes to Social Security and Medicare rules to ensure that baby boomers needed in the work force won't be penalized for working during their retirement years.

In a question-and-answer session, Bernanke said a more liberal immigration policy would ease some of the burden of a shrinking work force. But, he cautioned, it would take annual flows close to 3.5 million immigrants, not today's 1 million, to adequately replace retiring baby boomers.

To read Bernanke's address, go to:

http://www.federalreserve.gov/boarddocs/speeches/2006/20061004/default.htm

Bernanke: Savings Situation Getting Dire (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that unless the current generation is willing to sacrifice, by cutting consumption or increasing savings, future generations could face a heavier reduction in living standards.

In a speech to the Economic Club of Washington, Bernanke said the gradual aging of the population has major implications not only for federal programs for the elderly, such as Social Security and Medicare, but the broader economy.

"We can mitigate the adverse effect of the aging population on future generations, but only by forgoing consumption or leisure today," Bernanke said. He added that as the population ages, the nation must choose among higher taxes, fewer government programs, cuts in Social Security and Medicare, a higher deficit or some combination of those options.

In 2008, when the 79 million baby boomers start to retire, people over the age of 65 will make up 12% of the population. By 2030, that will rise to 19%. The change will affect living standards because a smaller share of the population will be working age, 16 to 64, and, most likely, a thinner slice of the population will be employed. Future workers are likely to be more productive, but their production will be shared by more people.

Bernanke said the impact can be softened if private savings rise and the federal deficit, which the CBO estimates was $260 billion in fiscal 2006, is cut. The savings rate has been negative in recent months, while the United States is borrowing heavily from overseas to cover its budget deficits.

But Bernanke admitted that economists had found "no silver bullet" to boost household savings.

The Fed chief said Congress could not avoid hard choices to reform what he called "unsustainable" Medicare and Social Security benefits. If Congress shores up the programs solely through higher revenue, taxes would have to rise by 25% by 2030, with further increases needed down the line. Funding the programs solely by cutting other federal spending would require about $700 billion in reductions by 2030.

Bernanke did not make explicit recommendations, but he suggested Congress adopt measures that encourage older people to stay in the workforce and improve education to make the economy more productive.

"The decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said, citing research showing early action could dramatically reduce the long-run economic impact.

Higher levels of immigration can help the situation, but probably can't solve it. To overcome the effects of an aging population, immigration would have to rise to 3.5 million people annually, Bernanke said.

Fed Chiefs See 'correction' In US Housing (FT)

By Krishna Guha And Ben White

Financial Times, October 5, 2006

A "substantial correction" in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday.

In separate remarks Ben Bernanke, the Fed chairman, and Don Kohn, the Fed vice-chairman, each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead.

But both said that for now at least, there was substantial off-setting strength in other sectors, including non-residential construction. At the same time, the two top Fed officials stressed that they remain concerned about inflation.

Mr Bernanke said that while he expects inflation to decline "it is something that we have to watch very carefully to make sure that it does not rise or even remain where it is".

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Mr Kohn went further, restating that “in the current circumstances, the upside risks to inflation are of greater concern” than the downside risks to growth from housing.

While the analysis presented by the two is consistent, Mr Kohn’s more detailed remarks raise the possibility that he is a little less concerned about the housing slowdown than Mr Bernanke.

Taken together, the comments undermine any suggestion that the Fed is already leaning towards interest rate cuts. Rather, they suggest it is likely to remain on pause for what could be an extended period while policymakers evaluate incoming data on growth and inflation.

Breaking more than a month of silence on the US economy, Mr Bernanke told the Economic Club of Washington that the decline in US residential construction would subtract “about one percentage point” from growth in the second half of this year and “probably something going into next year as well”.

However, he said that up to this point, non-housing related sectors remained “relatively strong”.

Mr Bernanke said the key questions for the Fed were how far the housing market correction would go and the extent to which it would spill over into other sectors of the economy.

He said it was “very difficult” to predict when the housing market would stabilise, with would-be buyers remaining on the sidelines because of fears that prices might decline. But he said there were “strong fundamentals” underpinning the housing market, including low unemployment, rising wages and demographic shifts.

Mr Bernanke’s remarks were made after a speech in which he called for a national effort to raise US savings to minimise the cost of an ageing population to future generations.

Meanwhile Mr Kohn, in a speech to the Money Marketeers association of New York, argued that the housing adjustment, though painful, could be brief and the US economy was heading for a soft landing.

He said the sharp decline in residential construction should help rebalance supply and demand and said population dynamics suggested “starts may be closer to their trough than their peak”.

Historically, moderate interest rates and rising real incomes should also underpin the market, he said.

Bernanke Expects Housing Slide To Rein In Second-Half Growth (WSJ)

By Greg Ip, Brian Blackstone And Christopher Conkey

The Wall Street Journal, October 5, 2006

The Federal Reserve's top two officials yesterday highlighted the risk that the sinking housing market could put a significant dent in U.S. economic growth in the second half of the year.

Remarks by Fed Chairman Ben Bernanke and Vice Chairman Donald Kohn suggest the central bank's job has become more complicated and the outlook for interest rates more uncertain in recent months. While risks to economic growth appear to have increased, inflation remains a concern and thus cuts to short-term interest rates -- a growth tonic the market now expects -- appear unlikely for now.

Nonetheless, the perceived concern about housing's impact prompted investors, who already foresee the Fed cutting rates sometime next year, to further drive down long-term interest rates in the bond market and sent stocks sharply higher. The Dow Jones Industrial Average rose 123.27 points, or 1.05%, to a record 11850.61. (See related article2.)

Mr. Bernanke, answering questions after a speech in Washington, said the housing sector is undergoing a "substantial correction" that will likely shave about "a percentage point off growth in the second half of the year" from what it would otherwise have been "and probably something going into next year as well," estimates close to private forecasters' views. Mr. Bernanke also said there is "limited evidence" the falloff in housing activity had spilled over to other parts of the economy. "To this point, other parts of the economy are remaining relatively strong."

But he also said it is tough to predict how the "dynamics" of housing and its impact on the overall economy "will play out....How far will this correction go? It is very difficult to tell, is the honest answer."

Mr. Kohn echoed those remarks in a speech to the Money Marketeers of New York University, a group that promotes economic education and discussion. The falloff in housing construction and home sales has "proven to have been more rapid and deeper than many economists had predicted." Nonetheless, he too said there is "little evidence" of a spillover to the rest of the economy. Once the overhang of unsold houses and cars is worked off, growth should return closer to its long-term trend rate, Mr. Kohn said. (Economists generally put that trend rate at about 3%) He added: "The risks...seem to me to be weighted toward a weaker outcome."

Both Mr. Bernanke and Mr. Kohn, however, reiterated that they remain concerned about inflation, which is at worrisomely high levels. Mr. Kohn said while he is concerned about both weaker economic growth and higher inflation, "the upside risks to inflation are of greater concern." In response to questions after the speech, he reinforced that, adding: "Don't sell the Fed's

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concern about inflation short." Mr. Bernanke reiterated previous comments that inflation "is still above what we would consider price stability" and bears careful monitoring, but that the Fed expects inflationary pressures to ease as the economy slows.

Markets in recent months have begun to predict that the Fed will cut its short-term interest-rate target, now at 5.25%, several times over the next year, starting perhaps as soon as December, reflecting investor concerns that a sizable housing slump would erode consumer spending. (It is expected to remain unchanged at the Fed's Oct. 24-25 meeting.) But that seemed at odds with Fed officials' stated concern about inflation. Their remarks yesterday suggest their assessment of the risks are shifting closer to the market's, but not enough to make a near-term rate cut likely.

Indeed, Mr. Kohn, while not directly challenging investors' rate expectations, did suggest they may be overconfident in their views, as reflected by low volatility in fixed-income markets. "I am surprised at how little market participants seem to share my sense that the uncertainties [about growth, inflation and interest rates] are fairly sizable," he said.

Mr. Bernanke's remarks are indicative of "a Fed on hold versus a Fed on the verge of cutting rates," said Drew Matus, economist at Lehman Brothers.

Former Fed governor Laurence Meyer said the central bank likely believes housing will have a bigger negative impact on growth than it previously anticipated. Mr. Meyer, now with forecasting firm Macroeconomic Advisers, expects the economy to grow at an annual rate of 2.2% over the second half after growing at a 4.1% rate in the first half. But the bond and futures markets may be even more pessimistic, he said. "I think the market's expecting more than a substantial correction," Mr. Meyer said. "The markets don't seem to get that the slowdown is perfect -- it's just what the doctor ordered."

Stock and bond markets rallied after Mr. Bernanke's comments, which were seen as more evidence that the next move at the Fed -- despite officials' public protests that inflation remains very much a worry -- will be to cut interest rates sometime next year.

Financial markets are still getting used to Mr. Bernanke's style. His willingness to put a figure on the expected impact of housing on growth may have been interpreted as a sign of his concern, but it may be more a result of his greater willingness to put precise numbers on his views than his predecessor, Alan Greenspan, generally did.

Yesterday's economic data offer a hint that the "soft landing" Mr. Bernanke and his colleagues are seeking -- where growth eases and inflation retreats -- appears to be unfolding.

The Institute for Supply Management, a group of corporate purchasing managers, said its index of service-sector activity fell to 52.9, its lowest in more than three years, from 57.0 in August. Readings above 50 still indicate expansion, but its pace is cooling. The Institute's measure of prices paid by service companies plunged in September, largely from a big drop in the price of oil. "Business conditions getting better on lower oil prices," a purchasing manager for one company in the agriculture and forestry industry said. Measures of hiring increased last month, however, suggesting business may pick up in coming months.

The Commerce Department, meanwhile, reported that factory orders were essentially unchanged in August from July following a decrease the previous month, confirming a slowdown is under way for manufacturers.

Mr. Kohn said the housing correction could be "more abrupt and destabilizing" and "overshoot," and consumers could be hit hard if their spending has relied heavily on housing-backed loans. But he considers that scenario unlikely. Housing starts "may be closer to their trough than to their peak," based on what demographic factors suggest is the sustainable level of new construction. Long-term interest rates are "unusually low" and short-term rates are "normal," in contrast to the high levels that accompanied other housing slumps.

He said several factors that have boosted "core" inflation, which excludes food and energy prices, are likely to fade. The "pass-through" of rising energy prices to other goods and services may have added half a percentage point to core inflation, he said, and if energy prices stop rising, core inflation should decline. He noted that consumers' and the bond market's expectations of inflation have also fallen recently, small steps "in the right direction."

In his prepared remarks to the Washington Economic Club, Mr. Bernanke noted as the U.S. ages and the portion of its population that works shrinks, the economy -- and Americans' standard of living -- will have to grow more slowly. One way to mitigate that, he said, is for Americans to consume less now and save more to finance investment that generates future income. But he said the longer it takes Americans to save more, the worse the impact on future generations will be.

If the country saves as little as it does today for 20 more years, future generations' consumption would be 14% lower than in a scenario where the population didn't age. A more equitable scenario, he said, would be for the U.S. to boost its savings rate today by three percentage points. Then, both the current and future generations would consume only 4% less than under a scenario with no aging. One way to boost national saving, he said, would be for households to sock away more, but "the most straightforward way" is for the government to cut its budget deficit.

Separately, Timothy Geithner, president of the Federal Reserve Bank of New York, speaking elsewhere in Washington yesterday, praised the progress emerging markets have made since the crisis almost a decade ago that nearly brought the

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global financial system to its knees. "The direction of change in the emerging world seems fundamentally reassuring," Mr. Geithner said in a speech at the Johns Hopkins School of Advanced International Studies.

Recalling the meltdown that swept emerging economies in 1997-98, when he was a top international official at the U.S. Treasury, Mr. Geithner said "emerging markets have established a record of credible fiscal- and monetary-policy management, built more-substantial cushions of insurance against potential shocks in external reserves, restructured the currency denomination, maturity and composition of their debts to make them less vulnerable to volatility, and begun to build deeper and stronger domestic financial systems."

In answer to a question, Mr. Geithner said he believes China is "committed to a more flexible [exchange rate] regime over time" while wisely making related changes in financial policy.

Housing Correction Worries Fed (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that the housing market is in the midst of a "substantial correction" that will cut U.S. economic growth by about a percentage point in the second half of 2006 and "probably" dampen expansion into 2007.

In a speech to the Washington Economic Club, Bernanke also said the Fed remains concerned about inflation, which remains "above what we would consider price stability."

While the central bank expects price pressures to moderate as the economy slows, Bernanke emphasized the Fed will watch carefully to "make sure that (inflation) doesn't rise or even remain where it is."

Bernanke's remarks came during a question and answer session following a speech in which he warned the gradual aging of the U.S. population raises significant economic and fiscal issues.

The central bank is closely monitoring growth and inflation as it debates interest rate policy. The Fed has held short-term rates at 5.25% since June, ending two years of steady rate increases. Short-term rates influence the rates commercial banks charge for consumer and business loans.

The stock market and bond prices have risen in recent weeks on the expectation the Fed is done raising rates, and stocks rallied more Wednesday.

But the economic outlook is still murky. Core inflation, which excludes food and energy, ran at a 2.8% rate in the 12 months ended in August, well above the Fed's 1% to 2% informal comfort zone. At the same time, growth has slowed from the rapid 5.6% annual rate of the first quarter to a 2.6% pace in the second.

Housing is a big variable in growth. Bernanke admitted it is "very difficult to tell" how far the correction will go as buyers appear to be "sitting on the sidelines." Still he expects a good job market and low interest rates to underpin housing, adding that the Fed had not, as yet, seen many spillover effects from the housing slowdown. New home construction is down about 20% from last year, but commercial building is strong.

"We'll be watching to see what extent this decline in construction and moderation in housing prices affects consumer behavior and behavior in related industries … that's a key," Bernanke said.

The Mortgage Bankers Association said Wednesday that mortgage applications jumped nearly 12% in the week ended Sept. 29, helped by lower interest rates.

Bernanke said a recent sharp decline in energy prices should help the economy, though noting with markets tight, "There is always the potential for greater fluctuations or increase again."

Housing Hurts, Bernanke Says (WP)

By Nell Henderson

The Washington Post, October 5, 2006

The "substantial" slump in the housing market is likely to slow U.S. economic growth by about a third in the second half of this year and dampen growth early next year, Federal Reserve Chairman Ben S. Bernanke said yesterday.

Growth in the nation's output of goods and services will probably be shaved by a full percentage point, Bernanke said in response to questions after a speech at the Economic Club of Washington. Assuming that means the economy grows at a 2 percent annual rate during those months rather than at its average pace of around 3 percent, the value of domestic output will be about $15 billion less, adjusted for inflation.

"As you know, a substantial correction is going on in the housing market," Bernanke said, using stronger language than he had in recent months, when he described the real estate cool-down as "orderly." The process is one of the "major drags causing the economy to slow," he said.

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But Bernanke said "other parts of the economy remain very strong." And he emphasized that despite the slowdown in economic growth, "the Federal Reserve remains concerned about inflation," which is above the central bank's desired level. He reiterated his position that overall, inflationary pressures are a greater risk to the economy than the housing slowdown.

His remarks yesterday helped boost stock prices, which had been rising even before his midday speech. Wall Street traders were relieved that Bernanke expects only limited economic damage. But his comments also doused some investors' hopes that the Fed might cut interest rates in coming months to prevent the housing market from dragging down the rest of the economy.

Bernanke's comments were the first in which he has publicly put a number on the likely economic effects of recent drops in home sales, spending on home construction and the rate of home-price appreciation.

The economy slowed sharply to a 2.6 percent annual rate of growth in the third quarter, from a 5.6 percent annual rate in the first quarter. Much of the decline reflected a slowdown in consumer spending, which was crimped by rising fuel prices and interest rates, as well as a plunge in housing construction.

The housing market continued to weaken through the summer, prompting debate among economists about how long the slide will continue and how large a toll it will take on the rest of the economy.

The optimists, including many Fed policymakers, think the economy will rebound next year with little serious damage. The pessimists worry that a deep, protracted downturn in housing will cause consumers to cut their spending, pushing the Fed to lower interest rates early next year to prevent a recession.

"How far will the correction go?" Bernanke said, posing the obvious question before appearing to duck it. "It's very difficult to tell, is the honest answer."

But Bernanke gave several reasons to expect the housing market to level off and eventually bounce back, including low unemployment, rising incomes and low mortgage rates. The Mortgage Bankers Association reported yesterday that the number of loan applications rose strongly last week.

Although sales of previously owned homes fell in August, some analysts saw signs that the market might be stabilizing, noting increases that month in both new-home sales and pending sales, in which contracts have been signed but the deals have not yet closed.

Bernanke said the housing market has not hurt the rest of the economy so far. He cited robust spending on the construction of factories, offices, hospitals and other nonresidential projects.

Other analysts who share his view say consumer spending has slowed this year but has held up pretty well given the spring and summer surge in fuel prices. Oil and gasoline prices have fallen since mid-August, which should give households more cash to spend and help cushion the economy's slowdown. Vehicle sales, for example, rose in September after falling in August.

Bernanke said the Fed would watch closely to see how the housing downturn affects consumer and business behavior. But when asked about the greatest risks facing the economy, Bernanke ranked inflation above the housing market. Consumer prices rose 2.5 percent in the 12 months ended in August, as measured by the Fed's preferred Commerce Department inflation index, which excludes food and fuel prices. Before he became chairman, Bernanke often said the Fed should strive to keep inflation to 1 to 2 percent.

Bernanke said he and his Fed colleagues think inflation will come down gradually over time, but he would not want to let it stay where it is or to rise.

Among the challenges facing the economy in the long run, he said, is the aging of the population -- the topic of his speech. By 2030, when most of the baby-boom generation will have retired, 19 percent of Americans will be 65 or older, he said.

And the population will continue to age after the baby boomers have retired because of rising life expectancy, he said.

"In coming decades, many forces will shape our economy and our society, but in all likelihood, no single factor will have as pervasive an effect as the aging of our population," Bernanke said. He said Americans should save more to prepare for the change.

Fed Chief Says Housing Is In A 'Correction' (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

The Federal Reserve chairman, Ben S. Bernanke, said yesterday that the United States housing market was in a "substantial correction" that would lop about a percentage point off economic growth in the second half and would restrain the expansion next year.

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Mr. Bernanke also said in response to questions after a speech in Washington that the central bank remained "concerned about inflation" because it was above "what we would consider price stability."

Taken together, the remarks reaffirm the view of some investors that the central bank will keep the benchmark lending rate unchanged at 5.25 percent for the remainder of the year.

Stocks extended their advance after his comments, and Treasury notes remained higher.

"There is currently a substantial correction going on in the housing market," Mr. Bernanke said. The decline in residential housing construction is one of the "major drags that is causing the economy to slow."

The Federal Open Market Committee has left the federal funds rate unchanged since August after two years of increases, betting on an internal forecast that slowing growth and a decline in energy prices will reduce inflation. The committee officials will next meet on Oct. 24 and 25.

"We do believe that inflation is going to be coming down gradually over time," Mr. Bernanke said after addressing the Economic Club of Washington. "But it is something that we have to watch very carefully to make sure that it doesn't rise or even remain where it is."

His speech was devoted to the challenges faced by fiscal policy makers as the nation's work force ages, and to the need to overhaul entitlement programs, increase taxes or cut spending. Failure to do so, he predicted, will place the burden on future generations and erode the productive potential of the economy.

Part of the Fed's economic forecast appears to be panning out. The economy expanded at a 2.6 percent annual rate in the second quarter, down from a 5.6 percent pace in the first three months. Crude oil prices are down 9 percent from a year ago.

Service industries in the United States expanded at the slowest pace in more than three years in September as the housing slump deepened. The Institute for Supply Management's index of nonmanufacturing businesses fell to 52.9, the lowest since April 2003. Home construction fell at an annual rate of 11.1 percent in the second quarter, the biggest decline since the same three months in 1995, the government said last week.

Still, inflation has remained stubbornly high, rising 2.5 percent for the 12-month period that ended Aug. 31. That is above Mr. Bernanke's "comfort zone" of a 1 percent to 2 percent rise in the personal consumption expenditures price index minus food and energy.

Mr. Bernanke also said that the Fed should share its economic outlook and the risks that surround that outlook, and called the central bank's communication strategy "a work in progress."

Gasoline Prices Could Fall More (WSJ)

By Steve Levine And Christopher Conkey

The Wall Street Journal, October 5, 2006

Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely.

The big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline. Oil prices have been sliding since early August, tumbling 3% Monday and a further 4% Tuesday. Yesterday, oil futures settled at $59.41 a barrel in New York Mercantile Exchange trading, up 1.2%. Behind the drop in oil prices: easing geopolitical tensions in oil-producing countries like Iran, the end of the summer driving season and the exodus of some financial investors who had bid up energy prices.

But there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels.

The retreat in energy prices cuts across the entire sector. Along with oil and gas, heating-oil-futures prices on the New York Mercantile Exchange are 17% lower than a year ago and natural-gas futures are down 58% in the past year. Crude oil has dropped 5.4% and gasoline futures have fallen 21% over that same period.

A sustained drop in gasoline prices could give a hand to retailers, particularly those catering to lower-income customers. Still, despite a drop in fuel prices last month, Wal-Mart Stores Inc. said yesterday that it expects to report just a 1.3% increase in September same-store sales, or stores open at least a year. Wal-Mart's shares yesterday rose nine cents, or 0.2%, to $49.55 as of 4 p.m. in New York Stock Exchange composite trading.

Cheaper gasoline could also play a role in the coming elections. Nearly one-third of participants in a recent Wall Street Journal/NBC News poll said the dip in gasoline prices made them feel either somewhat more confident or much more confident about the economy.

Gasoline prices are volatile, and any number of factors -- ranging from refinery outages to geopolitical tensions in oil-producing countries -- could put them on an upward march again.

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For now, most of the forces seem to be downward. The nation's refineries are operating at about 90% capacity, compared with 75% capacity at the same time last year after the hurricanes. U.S. gasoline stockpiles rose to 215.1 million barrels this week, 9.6% higher than the same week last year, according to the Energy Information Administration. "You can expect prices to keep falling. There is nothing in the fundamentals to indicate anything but a further decline," said Paul Sankey, an analyst with Deutsche Bank AG.

The average price of regular gasoline early this week was $2.31 a gallon. The 24% decline in gasoline prices since their peak of $3.03 in early August was the second largest since the Energy Information Administration began tracking data in 1990. Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system.

The bulge in fuel inventories developed largely because of gasoline imports from Europe, attracted by soaring gasoline prices and high refining profits in the U.S. The imports arrived at about the same time the summer driving season ended around Labor Day, creating a glut of gasoline.

Many analysts also attribute much of the volatility in the gasoline market to speculators. Doug Leggate, an analyst with Citigroup Inc., says gasoline prices have closely tracked bets by futures traders over the past several years. In July, speculators expecting hurricane damage to Gulf of Mexico refineries placed heavy bets on a further surge in gasoline prices. But starting at the beginning of August, they began to unwind their positions, according to the Commodity Futures Trading Commission. When no storms had hit the coast by September, "a massive liquidation of gasoline contracts" began, says Larry Goldstein, president of the Petroleum Industry Research Foundation in New York, a consulting firm.

A chief influence on the selloff, analysts say, has been a decision by Goldman Sachs Group Inc. to reduce the weighting of gasoline futures in its Goldman Sachs Commodity Index, the market's largest commodities index.

At its meeting last month, the Organization of Petroleum Exporting Countries agreed to abandon output quotas for the time being, giving them flexibility to cut production as needed. This also postponed any decision on a new set of quotas, if needed, until OPEC's next meeting in December -- a process that could be contentious. Many of OPEC's influential members see the need to cut output only when prices fall below $55 a barrel or it looks as if prices are sliding uncontrollably. Yesterday, Saudi Arabia's ambassador to the U.S. said he didn't expect the cartel to hold an emergency meeting to discuss prices ahead of the December gathering.

Until recently, supply shortages had allowed U.S. refiners to get fatter-than-normal margins for turning crude into gasoline and other refined products. But the glut in gas has changed that. Independent refiners are earning an average of 65% less per barrel of gasoline than they were in July, according to a weighted average computed by Citigroup. The "crack spread," or the difference between the spot prices of crude oil and gasoline, fell to $6.61 a barrel last month from $19.13 in July.

The drop, while bad news for refiners, is good for the economy because it helps consumers save money and eases inflationary pressures. "Consumers will perceive their own financial situation more favorably, and it takes pressure off businesses to raise prices," said Richard Curtin, director of the University of Michigan's Surveys of Consumers.

For the typical American, relief at the pump will boost disposable personal income, a welcome development at a time when the broader economy is cooling under the weight of higher interest rates and a weakening housing market. Consumer confidence jumped last month when retail gas prices started to retreat, because money that used to go toward filling up the gas tank can now be used to buy other things. That won't necessarily boost the overall level of spending, but it will mean more is getting transferred from the oil industry to retail and other sectors of the economy.

Mass merchandisers and discount chains like Wal-Mart and Target Corp. may stand to benefit the most, because lower-income consumers spend a greater share of their income on gas, home-heating oil and other energy costs than wealthier households do. Recent research by economists at the Federal Reserve Bank of Chicago found that the poorest 25% of wage earners spend 9.2% of their income on energy costs, versus 6.7% for those in the top 25% income bracket. Thus, the recent drop in oil prices could help reverse a trend seen earlier this year when luxury goods were flying off the shelves, while discount chains complained gas prices were crimping sales.

Nigel Gault, an economist at the Massachusetts consultancy Global Insight, estimated consumer spending will get a $1 billion monthly boost for every sustained, 10-cent drop in the retail price of gasoline. That means the recent 70-cent drop in gas prices from August to September, if sustained, will free up $7 billion per month.

Still, energy prices have less effect on consumers than they did a couple of decades ago. The Chicago Fed study, for example, found energy costs accounted for 8.5% of total household spending last year, down from 11% in the early 1980s.

By contrast, economists expect the drop in oil prices to have a direct impact on inflation, perhaps producing a decline in prices for a short period. In leaving interest rates unchanged for the second consecutive time last month, the Federal Reserve's rate-setting board cited "reduced impetus from energy prices" as a reason why inflation will ease in the months ahead. Lower oil

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prices mean consumers could see fuel surcharges start to evaporate, and reduced prices on everything from airfares to plastic products made from petroleum.

Opec Set To Back Production Cut (FT)

By Carola Hoyos

Financial Times, October 5, 2006

Opec has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil.

The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja.

"Opec is going to defend a price floor for its oil of $50-$55 a barrel," said one Opec official. The price of Opec's crude oil on Wednesday fell to $55.27 while Brent oil futures traded in London slipped 33 cents to $58 a barrel, 26 per cent below their July peak.

Prices have fallen as demand in the US has waned and the likelihood of a supply shortage caused by Iran's stand-off with the west has diminished.

Saudi Arabia, Opec's most important member, is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja.

However, on Wednesday the kingdom sharply increased the price it charges European refineries for its oil, making it likely that there will be a further drop in volumes in November.

Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on Friday that they would reduce output by a total of 170,000 b/d.

Sheikh Ali al Jarrah al Sabah, Kuwait's energy minister, publicly confirmed only that Kuwait might cut production, saying: "We are currently in negotiations with fellow Opec members. Matters have been left that these voluntary reductions undertaken by some Opec countries will calm the markets, at least for the current period."

But Opec insiders said on Wednesday that Kuwait, Iran, Venezuela, Nigeria and Libya had informally agreed to voluntary cuts and the UAE had said it was likely to join in.

The discussions are still fluid, but the voluntary reductions are most likely to be formalised at the cartel's Abuja meeting, the insiders said. Opec members worry most about next year's second quarter when they foresee a sizeable glut unless production is reduced well in advance.

The cartel is expecting new oil production from other parts of the world to hit prices and displace demand for its own oil.

The cartel's Vienna-based secretariat forecasts the need for Opec oil in the second quarter of 2007 to fall to 26.97m b/d, 2m b/d, 10 per cent less than the average demand for Opec oil in 2006.

Adding to Opec's concerns yesterday was news from the US energy department that US oil inventories rose by 3.3m barrels last week, indicating that supply far outweighed immediate need for oil.

"There is an abundance of production and countries have better managed to collect more oil for their inventories," Prince Turki Al-Faisal, Saudi Arabia's ambassador to the US, said.

Grandparents Enrich Kids (USAT)

By Traci Truly

USA Today, October 5, 2006

Though it is undoubtedly true that the rights of the parents in a grandparent visitation dispute are important, it is also true that they are not the only people whose rights and desires should be considered.

Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. There are many reasons that parents and grandparents find themselves unable to agree on visitation, and those reasons can have more to do with issues in the relationship between the grandparents and their adult children than with the quality of the relationship between grandparent and grandchild. It is naive to assume that parents who are not abusive or neglectful will always make the right decision where their children are concerned.

Too often, the forgotten people in the equation are the grandchildren themselves. When an otherwise fit parent denies children access to their fit grandparents, the children are denied the many benefits that come from that relationship.

In fact, it is arguable that harm occurs to the child simply by virtue of losing access to grandparents. When a child gets caught in between in a battle between parents and grandparents, the child loses.

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Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so.

It is important for children and grandparents to have a forum in which their voices can be heard. Judges must be allowed to consider the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child. Having the parent's decision be absolute and final without any real opportunity for review does a disservice to the children and grandparents, and takes away their ability to seek relief from an arbitrary denial of visitation.

Traci Truly is a Dallas attorney and the author of Grandparents' Rights.

How Can The Democrats NOT Win The House ... And The Senate? (RC)

By Stuart Rothenberg

Roll Call, October 5, 2006

After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate.

The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month.

No, that's not a prediction, since Republicans still have a month to "localize" enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster.

Let's forget all of the niceties and diplomatic language and cut to the obvious truth: From the White House to Capitol Hill, Republicans look inept. And that assertion is based on what Republicans are saying. Democratic rhetoric is much harsher and, therefore, easier to dismiss as partisan claptrap.

The Iraq War is going poorly, with daily reports of mounting casualties and little evidence that American policy is achieving its goals. Bob Woodward's book and the leaked National Intelligence Estimate give more fodder to critics of the White House, undercutting President Bush's fundamental argument about the war against terror. If Iraq indeed is the front line of the war against terror, then the war on terror isn't going well, is it?

Republicans failed to produce anything meaningful over the past couple of years on the president's top priorities, Social Security reform and immigration. And now in the wake of the scandal surrounding former Rep. Mark Foley (R-Fla.), the House leadership looks like the Keystone Cops.

You can be sure that the Foley mess will percolate for a while, as Democrats and journalists ask House Republicans what they knew and when they knew it. Instead of being able to focus on their accomplishments in office or their challengers' warts, Republican House Members running for re-election will have to spend too much of their time answering questions about the scandal.

Even before the Foley eruption and the Woodward book, the president's job rating stood at 42 percent, with fewer than one in three Americans believing the country was headed in the right direction.

The Woodward book is a serious problem for Republicans, even though many conservatives and supporters of the White House will dismiss it as the product of a biased media. Once again, the administration looks divided, and the "who said what to whom" discussion reminds Americans of the policy's failures.

On the campaign front, Sen. George Allen (R-Va.) has turned an easy re-election victory into a nail-biter. Allen still may win, but that certainly is not a foregone conclusion. Because Democratic challenger Jim Webb has no legislative record to dissect, it isn't clear that Allen has enough ammunition to demonize his opponent. The idea that Allen is trying to regain his footing in the race by portraying Webb as someone who doesn't favor treating women equally qualifies as either strange or funny.

Over in Tennessee, the general election campaign of Republican Bob Corker has been underwhelming. Unlike Webb in Virginia, Rep. Harold Ford Jr. (D), Corker's opponent, does have a voting record that allows Republicans to paint him as a liberal. (Yes, Ford also has votes that allow him to make the opposite case.) But so far, Republicans haven't made the headway I'd expected them to make, and Ford surely is running a better race than Corker is.

The Pennsylvania Senate race now looks nearly impossible for Republican Sen. Rick Santorum to win. He is stuck around 40 percent in the ballot test, and the gubernatorial race has become a blowout for Gov. Ed Rendell (D). I see no possible roadmap for a Santorum victory, unless, of course, challenger Bob Casey Jr. (D) does something that is mind-bogglingly stupid. And I don't anticipate that happening.

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The National Republican Congressional Committee, which over the past 10 years or so has been the most consistently effective campaign committee, is once again doing everything it can to demolish strong Democratic challengers and open-seat hopefuls. This time, however, its efforts may not be enough, given the national environment.

At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating.

Republicans may counter that while they have messed up, Democrats haven't done anything to deserve control of Congress. Sure, I can buy that. But that's not how our system works. Democrats don't have to offer an agenda. They don't have to offer a list of unquestionably able committee chairmen. They don't have to understand that their election isn't a mandate for anything — except change.

Given that the past two years produced little good news for the GOP, and the past week has produced even worse news, it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. They are sitting with a lot of very high cards in their hand. A true blowout is now possible.

GOP Forced Off Issues It Wants To Run On (USAT)

By Judy Keen

USA Today, October 5, 2006

ROCHESTER, Ind. — Republican House members, scattered across the USA for their first week of full-time campaigning, want to talk to voters about the reasons they believe they should be re-elected.

Instead, they are dealing with issues they would prefer to avoid: Florida congressman Mark Foley's alleged sexual Internet messages to teenage male pages and their own party's handling of the matter. The messages, first reported by ABC, have not been independently authenticated.

Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them.

Hastert maintains that he does not remember being told about a complaint from the parents of a 16-year-old former page about Foley's e-mails to their son, which were described as of a non-sexual nature. Hastert says he knew nothing of subsequent ABC allegations that Foley had sent salacious instant messages to male pages.

The first campaign ad focusing on the Foley episode is airing in Minnesota. "It shocks the conscience," an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat. The ad says GOP leaders "have admitted covering up the predatory behavior of a congressman who used the Internet to molest children." Foley's lawyer says the congressman never had inappropriate sexual contact with a page.

Wetterling, whose son Jacob was abducted in 1989 and has not been found, will focus on child safety when she delivers the Democratic response to President Bush's weekly radio address on Saturday.

Other Democrats also are keeping the issue in the headlines. The campaign website for Mary Jo Kilroy, a Democrat challenging Rep. Deborah Pryce, R-Ohio, notes that Pryce recently said that Foley was "one of her five friends in Washington" and this year gave her "more money than ANY other House Republican." Pryce, a member of the House GOP leadership, has said she'll return the donations.

In Tennessee, Republicans are running an ad that says Democratic Rep. Harold Ford, who's running for the Senate, attended a party with Playboy bunnies. "I'm not going to take a lecture on morality from a party that took hush money from a child predator," he said in Memphis.

Foley "engaged in reprehensible conduct," Rep. Chris Chocola, R-Ind., said at a debate here Tuesday night after Joe Donnelly, his Democratic opponent, said in his opening remarks that people were "horrified" to learn about the Foley scandal. Corruption is endemic in the Republican-controlled Congress, Donnelly said later: "It's time to clean out the barn."

"This shouldn't be a political issue," Chocola said. "This should be an issue of right and wrong."

Rep. Roy Blunt, R-Mo., a member of the House leadership, said Wednesday in Springfield, Mo., that he's "disappointed, disgusted and outraged at Mark Foley's conduct."

The issue won't go away, predicted Rep. Jeff Flake, R-Ariz., and it could hurt Republicans in close races. "It's election season, and things this big don't tend to blow over easily," he said in an interview. His constituents, Flake said, are asking, "How could this happen? Why didn't you guys do anything?"

Foley, a Florida Republican, resigned Friday. He is in an alcohol treatment program.

Laura Bush appeared Wednesday at a fundraiser in Amherst, N.Y., for Rep. Tom Reynolds, House GOP campaign chief, who says he told Hastert months ago about Foley. She called Reynolds "a wonderful leader."

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Voters are paying close attention to the controversy. At the Chocola-Donnelly debate, Ed Smoker, 63, said it might prompt some voters in this evenly divided district to vote for Democrats. “Some people think the top Republican leaders knew about it and didn't do anything,” he said.

Barbara Niester, 81, questioned whether the disclosure of Foley's conduct was timed to affect the election. “Why is it coming out now?” she asked.

Cal Wadsworth, 82, a retired researcher attended a debate Tuesday in Davenport, Iowa, between Democratic congressional candidate Bruce Braley and Republican Mike Whalen. Wadsworth said Hastert “ought to know better” than to have delayed action on Foley's inappropriate messages.

Rep. Ron Lewis, R-Ky., on Wednesday canceled a fundraiser with Hastert. “Until this is cleared up, I want to know the facts,” Lewis told the Associated Press.

Some Republicans warned that disputes within the party over how the matter was handled by Hastert and other leaders could make it more difficult to retain control of the House. Democrats need to add 15 House seats to gain control.

Blunt said he would have handled things differently. Flake said calls for Hastert's resignation are premature, but “obviously, with the benefit of hindsight, it should have been investigated further.”

Democrats Hop On Foley Scandal (SPTIMES)

By Wes Allison And Adam Smith

St. Petersburg Times, October 5, 2006

That didn’t take long.

Days after the e-mail scandal ensnared Rep. Mark Foley and raised questions about how House Republicans handled it, Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters.

From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office’s handling of the matter.

“Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,’’ said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores.

Similar “robo-calls” by a Washington, D.C., liberal group, American Family Voices, are reaching constituents of Florida Republican Reps. Ginny Brown- Waite, Clay Shaw, Ric Keller and Tom Feeney, as well as residents of 45 other congressional districts across the country.

With Democrats needing just a 15-seat gain to win the House and six to take the Senate, and with tight races across the country, turning Republican voters their way on Election Day — or at least getting them to stay home — could be deadly for the GOP.

“It’s voter suppression. It’s the classic role of calls like this to reduce Republican turnout,” said Republican political consultant Rick Wilson. “But the Democrats are getting out on cliff here and better be careful before it comes back to bite them, being too partisan with this.”

Foley resigned Friday after ABC News made public a series of sexually explicit messages he sent to teenage boys who had served as congressional pages.

House Republican leaders say they knew nothing of those messages but acknowledged they had spoken with Foley in November after a former page complained of "overly friendly” e-mails Foley had sent him. The leaders did not talk to other pages or investigate further.

Ninth Congressional District Democratic candidate Phyllis Busansky fired at Republican rival Gus Bilirakis on Wednesday, noting that Hastert recently helped raise about $60,000 for Bilirakis.

“It has been well documented that Hastert knew about congressman Foley’s reprehensible e-mails and still enabled Foley to remain chair of the Caucus on Missing and Exploited Children,’’ Busansky said in a statement. “It is time for Gus Bilirakis — not his spokespeople — to step forward and speak for himself for once: Does he support Dennis Hastert as speaker of the House?”

Bilirakis said he supported a full investigation into the matter, but he doubted Hastert would brush off serious evidence of improper behavior by Foley.

“Let’s see what the facts are. … Whoever tried to cover it up should be prosecuted,” Bilirakis said.

Similar political spats are taking place across the country, particularly in races where Democratic challengers are close to unseating Republican incumbents.

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In Nebraska, a debate between Rep. Jeff Fortenberry, the Republican incumbent, and Democrat Maxine Moul became an argument over whether Hastert should resign over the scandal.

In Pennsylvania, embattled Rep. Jim Gerlach, a Republican, canceled a scheduled fundraiser with House Majority Leader John Boehner until more was known about who in the leadership knew what about the Foley messages, and when.

And in Albuquerque, Republican Rep. Heather Wilson, in a tight race against Democrat Patricia Madrid, is being challenged for not doing enough to protect pages when she served as a member of the House Page Board in the last congressional session, when Foley sent messages to former pages he had met in Washington.

But perhaps the most cutting use of the scandal is in Minnesota by Democrat Patty Wetterling, a nationally known advocate for exploited children whose son, Jacob, was abducted by a masked gunman 16 years ago. He has been missing since.

Wetterling is challenging Rep. Mark Kennedy, a Republican. This week, she launched TV ads calling for an investigation and the expulsion of any members "involved in this crime and coverup."

"Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," her advertisement says. "For over a year they knowingly ignored the welfare of children to protect their own power."

Wetterling, because of her personal history, is one Democrat who can get away with hammering at the Foley scandal without being accused of politicizing it, but analysts for both parties said other Democrats best be careful.

The party's congressional leaders, Rep. Nancy Pelosi of California and Harry Reid of Nevada, have called for an investigation into how Republican leaders handled the initial allegations against Foley last year.

But they continued to pour most of their criticism on other matters, especially the Republican handling of the war in Iraq. Democratic strategists said that while they expected other candidates to allude to the scandal in more TV ads to come, it would probably be tangential — discussing the importance of protecting children from predators, for instance.

Democrats have scandals of their own, including bribery allegations against Rep. William Jefferson, D-La., and America still hasn't forgotten about the sexual scandal, and attempted coverup, involving former President Bill Clinton and a White House intern.

Democratic pollster Dave Beattie said Democrats should be wary of looking too partisan.

"I don't think Nancy Pelosi or Harry Reid should talk about it," he said. "Don't hold a lot of press conferences on it."

Analysis:Democrats Not Charging Ahead (AP-Y)

By Liz Sidoti

AP, October 4, 2006

Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking.

Party leaders showed restraint as Republicans beat up each other amid accusations of a less-than-agressive initial response into flirtatious e-mails the GOP congressman sent to teenage male pages.

"There's no need for Democrats to drive this," said James Ruvolo, a former state Democratic Party chairman in Ohio, a state with hard-fought House and Senate races.

Foley abruptly resigned last week as reports surfaced of sexually explicit instant messages he had written to boys, setting off infighting among House Republicans about whether they did enough to address the tawdry situation.

The scandal continued to unfold Wednesday when Kirk Fordham resigned as chief of staff to Rep. Tom Reynolds, R-N.Y., and later disclosed that he told House Speaker Dennis Hastert's office more than three years ago about worrisome conduct by Foley.

In the minority, Democratic leaders in the House and Senate are known for setting the tone for their rank-and-file by hammering Republicans on the issue of the day, even when Congress is not in session.

Senate Minority Leader Harry Reid, House Minority Leader Nancy Pelosi and Democratic Party Chairman Howard Dean have issued a handful of written statements. The topics: Congress has a moral obligation to protect children, Republican leaders covered up Foley's behavior and investigations are warranted.

For the most part, the leaders have avoided commenting publicly. Pelosi, D-Calif., has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues.

Also largely absent from the daily discourse on Foley — the seemingly ever-present Sen. Chuck Schumer, D-N.Y., and Rep. Rahm Emanuel, D-Ill., who lead the party's campaign committees. It's rare for the pair to turn down an opportunity to add their two cents.

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If Democrats go to far, "they run the risk of doing what the Republicans are already guilty of, which is worrying more about what the political ramifications are instead of the fact that what happened, happened," said Ken Snyder, a Democratic consultant in Pennsylvania, home to several competitive House and Senate races.

So, Democrats have sought to strike a balance — emphasizing the protection of children, expressing disgust at Foley's behavior, and criticizing Republicans' response to it while trying not to be overly aggressive. None of the Democratic leaders in the House and Senate have called for Hastert's resignation.

Nevertheless, Democratic leadership staffs are active behind the scenes, working to keep the media aware of the latest developments in the scandal and pointing out inconsistencies in Republican versions of events.

The GOP has started accusing the opposition party of seeking political gain by leaking Foley's e-mails and instant messages. "It's absolutely not true," Pelosi says.

"The Democrats have to be awful careful not to overplay this," Rep. Tom Cole, a Republican from Oklahoma, said. "I don't think the defenders of Bill Clinton and Gerry Studds can all of a sudden become the moral paradigms on Capitol Hill. They run the risk of looking hypocritical."

The two Democrats were scarred by sex scandals.

Of Democrats in general, Cole said: "If I were them, I would stay out of it and let the media focus on it ... You can always count on the Democrats to overreach."

Outside Washington, Democratic congressional candidates are seizing on the scandal to argue that voters should put them in charge of the House and Senate on Nov. 7. Democrats need to gain 15 House seats and six Senate seats to win control.

Several Democrats in competitive races have called for Hastert to resign — and challenged their Republican opponents to do the same — while accusing the highest rungs of the GOP leadership of putting political interests above all else.

Republican leaders maintain they did nothing wrong.

Patty Wetterling, a Democrat running for an open House seat in Minnesota, is airing a hard-hitting television ad charging that Republicans "knowingly ignored the welfare of children to protect their own power."

A candidate whose son disappeared 17 years ago, Wetterling will deliver the Democratic response to President Bush's radio address on Saturday. Her address will focus on protecting children, including Internet safety.

In the meantime, Democratic allies also are pressuring Republicans.

American Family Voices, an independent nonprofit group run by a former aide to President Clinton, made recorded phone calls Tuesday and Wednesday to voters in congressional districts of 50 Republican incumbents, including Rep. John Boehner of Ohio and others in tough congressional races, demanding resignations of Hastert and other leaders.

"Congressman Mark Foley was shielded by Republican leaders for at least nine months after they knew Foley was trying to seduce a 16 year-old boy, a congressional page," the recorded calls say. "Call Congressman (name of member and phone number) and demand he stop the cover-up. The answer is arrests, resignations and a new congressional leadership"

Another pro-Democratic group, FaithfulDemocrats.com, collected signatures from 29 members of the clergy on a letter calling for the "repentance and resignation of all members of Congress who knew about Mr. Foley's misdeeds yet failed to stop them."

GOP Mishandled Crisis Management, Say Experts (HILL)

By Jackie Kucinich

The Hill, October 5, 2006

The public relations response to the scandal involving former Rep. Mark Foley (R-Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants.

But the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage.

Foley staff's shrugs last Thursday about merely "friendly" e-mail exchanges were blown apart the next day by revelations that the lawmaker had exchanged sexually explicit instant messages with a 16-year-old page boy. This news prompted Foley's resignation on Sept. 29.

Yesterday, Foley's lawyer David Roth said Foley had entered a rehabilitation center for alcoholism, was gay, and had been sexually molested as a teenager by "a member of the clergy."

"I'd say they are moving very aggressively to try to limit the damage, which is normally a good practice," said former President Clinton spokesman Joe Lockhart. "What would concern me is have they taken the time to really understand the extent of the problem and just how bad this could get?"

Lockhart suggested that the speed of the Foley camp's revelations could be a problem if they do not have all the facts of the case.

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"If they have all the facts available to them, their strategy makes sense," he said, but "if they are still doing fact finding, they are pursuing a very dangerous strategy."

A former leadership aide agreed, saying Roth should start preparing for what will most likely be a long legal battle.

"It's better to be unavailable to fill 24 hours of news than to screw up and make way for another cycle to cover your tracks," the aide said. "The first rule of crisis communication is to be armed with the full truth so you can be prepared to make the proper argument. When you sit around waiting for the other shoe to drop, it'll likely kick you in the ass."

Several of Foley's close friends and associates reacted skeptically to the congressman's revelations about having an alcohol problem, saying they had no knowledge of it and appearing to imply that the move into rehabilitation may have been an excuse.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, told the Associated Press, however, that many alcoholics in positions of power hide their addictions.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

The former leadership aide said, "The number one PR problem — there has been no act of contrition. … Whether it's a letter or a simple statement, the public needs to know that he's torn up over this, and placing the blame on booze and bad judgment only prolongs the news cycle ... and the fury."

A second former leadership aide said Foley's lawyer appeared to be less concerned about image repair and more focused on legal defense.

"It's purely a legal strategy and purely for a legal defense," the aide said.

Attending a rehab and the revelations about childhood molestation could serve as a defense and create doubt in a jury's mind should Foley's alleged indiscretions land him in court, the aide said.

Former Clinton administration aide Lanny Davis, author of "Scandal: How 'Gotcha' Politics Is Destroying America" and head of the Legal Crisis Communications group of Orrick, Herrington & Sutcliffe, would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move.

"A general rule is to apologize, take responsibility, seek help and be quiet," he said.

Davis said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful.

"When the other side forms a circle and starts shooting into the center of it, get out of the way," he said. "The Democrats' worst mistake is to try and exploit this issue in a partisan way."

He advised Democrats to do only two things for political advantage: let the facts come out and call for a full investigation. Democratic leadership has largely stepped aside since the scandal broke last week.

Republicans have, however, broken several "rules" of crisis communication, Davis said.

"The way to handle a crisis is to get out in front, be proactive, take responsibility and move on," he said.

When Speaker Dennis Hastert (R-Ill.) first received or gained knowledge of the e-mails, the party should have taken care of the problem by addressing Foley, Davis added, saying, "Instead, he's defensive, he's not acknowledging [wrong doing] and going on Rush Limbaugh. He is in a defensive crouch trying to ignore the obvious."

Hastert has been heavily criticized for his handling of the scandal. He maintains that he addressed the problem as best he could with the information he had at the time. The Speaker says he did not know about the sexually explicit instant message exchange until it was reported last week by ABC news.

"People forgive individuals who take responsibility, they do not forgive people who duck," the second leadership aide said.

What Goeth Before The Fall (WP)

By George F. Will

The Washington Post, October 5, 2006

The Reverend Elmer Gantry was reading an illustrated pink periodical devoted to prize-fighters and chorus girls in his room at Elizabeth J. Schmutz Hall late of an afternoon when two large men walked in without knocking.

"Why, good evening, Brother Bains -- Brother Naylor! This is a pleasant surprise. I was, uh -- Did you ever see this horrible rag? . . . I was thinking of denouncing it next Sunday. I hope you never read it."

-- Sinclair Lewis, "Elmer Gantry"

In life as in literature, Elmer Gantry is a recurring American figure. He is making yet another appearance in the matter of former representative Mark Foley.

Sinclair Lewis's "Elmer Gantry," like most of his novels, is dreadful as literature but splendid as a symptom. Published in 1927, the year Charles Lindbergh flew the Atlantic and Babe Ruth hit 60 home runs and the American craft of ballyhoo was being perfected, the novel was a cartoonish blast of contempt for tub-thumping evangelists who were doing well for themselves

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while pretending to do good works to redeem this naughty world. Gantry succumbed to temptations of the flesh and the real estate market. The modern twist to the fall of Foley -- public protector and private predator of children -- is the warp speed with which it moved from exposÃ© to therapy: Foley, who has entered alcohol rehab, says he takes "responsibility" for what he has become as a result of abusive priests and demon rum.

Having so quickly exhausted the Oprah approach, the Foley story moved on to who knew what, and when. That drove Speaker Dennis Hastert to the un-Oprah broadcasting couch on which Republicans recline when getting in touch with their feelings. To Rush Limbaugh's 20 million receptive listeners, Hastert, referring to Republicans as "we," said:

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense."

It is difficult to read that as other than an accusation: He seems to be not just confessing a coverup but also complaining that the coverup was undone by bad manners. Were it not for Democrats' unsportsmanlike conduct in putting "this thing" forward, it would not be known and would not be disrupting Republicans' storytelling.

Their story, of late, has been that theirs is the lonely burden of defending all that is wholesome. But the problem with claiming to have cornered the market on virtue is that people will get snippy when they spot vice in your ranks. This is one awkward aspect of what is supposed to have been the happy fusion between, but which involves unresolved tensions between, two flavors of conservatism -- Western and Southern.

The former is largely libertarian, holding that pruning big government will allow civil society -- and virtues nourished by it and by the responsibilities of freedom -- to flourish. The Southern, essentially religious, strand of conservatism is explained by Ryan Sager in his new book, "The Elephant in the Room: Evangelicals, Libertarians, and the Battle to Control the Republican Party":

"Whereas conservative Christian parents once thought it was inappropriate for public schools to teach their kids about sex, now they want the schools to preach abstinence to children. Whereas conservative Christians used to be unhappy with evolution being taught in public schools, now they want Intelligent Design taught instead (or at least in addition). Whereas conservative Christians used to want the federal government to leave them alone, now they demand that more and more federal funds be directed to local churches and religious groups through Bush's faith-based initiatives program."

To a Republican Party increasingly defined by the ascendancy of the religious right, the Foley episode is doubly deadly. His behavior was disgusting, and some Republican reactions seem more calculating than indignant.

Foley's name remains on the ballot in Florida's 16th Congressional District, which means that Democrats, who needed 15 seats to capture the House, now need just 14. Thirteen, actually: In Arizona's 8th, where Republican Rep. Jim Kolbe is retiring, Republicans used the primary to vent, nominating a probably unelectable fire-breather on the immigration issue.

After the 1936 election, in which President Franklin Roosevelt shellacked the Republican nominee in all but two states, a humorist wrote: "If the outcome of this election hasn't taught you Republicans not to meddle in politics, I don't know what will." If, after the Foley episode -- a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work.

Dumping The GOP Too Facile (SEAPI)

By Marianne Means

Seattle Post-Intelligencer, October 5, 2006

WASHINGTON -- For decades, Republicans have paraded as the moral party, the one that stands for "family values" -- in contrast to the other party, the one stuffed with liberals who have the morals of puppy dogs.

It has been a successful strategy. Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some.

Rep. Mark Foley, R-Fla., spectacularly flunked that test and hastily resigned on Friday after the surfacing of sexually oriented e-mails and instant messages -- some suggestive, some explicit -- he sent to teenaged male House pages.

But one of the most horrifying aspects of this scandal is that the office of Speaker Dennis Hastert had known about Foley's predatory behavior for roughly a year -- and did virtually nothing.

A Hastert aide spoke to Foley privately about the problem and ordered him not to contact any page again. There is no evidence that anyone in the GOP leadership followed up to see if indeed Foley took the message seriously. And why should he? His party didn't seem to care, as long as it wasn't public.

No Democrat, not even minority leader Nancy Pelosi, D-Calif., was alerted to the page problem. She furiously charged the GOP with being more concerned about protecting a House seat in a tough election year than protecting the pages. Hard to see how she could be wrong.

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Only the GOP chairman of the bipartisan six-member committee authorized to oversee and protect the pages was told -- the others were ignored. Foley was not stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

When the story broke, Hastert shifted his recollection of events several times, ultimately conceding that he could not deny that a fellow Republican congressman, Rep. Thomas Reynolds, R-N.Y., had told him in advance about the problem. He called for an investigation, but only after the magnitude of public revulsion became overwhelming.

This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate. So what to do? The obvious answer is to dump the GOP, but that is too facile.

This is a Congress adverse to political oversight, but this time an independent investigation should be serious, open, bipartisan -- and speedy. Stalling to drag this out past the election is going to make the situation worse.

The heat is on Hastert, with House Majority Leader John Boehner of Ohio publicly separating himself from the leadership position by acknowledging that Foley's seat would now certainly go to his Democratic rival.

The Washington Times, a reliably conservative newspaper, called on Hastert to resign. A few organized conservative groups did likewise. After all, a leader is expected to lead, and Hastert didn't do so. He said he was "duped." Religious conservatives fear their folks are so offended they will stay home in November.

President Bush came to Hastert's defense, praising him as a father, teacher and coach "who cares about children. ... I know he wants the facts to come out."

It was not a wild endorsement of Hastert's leadership, but a prudent move that cost Bush nothing. He avoided the image of betraying a speaker who has meekly done the White House bidding.

If the House majority is lost, an internal congressional rebellion will throw out Hastert anyway.

Other vulnerable GOP candidates are also feeling the pain. Virginia Sen. George Allen, once a prohibitive favorite for re-election but now running neck-and-neck with Democratic challenger James Webb, ostentatiously gave back $2,000 in campaign contributions he had received from Foley.

It was actually no sacrifice for Allen, who had $6.6 million in the bank in June compared with Webb's roughly $3 million. Allen returned the money because character issues are not the automatic winner for Republicans that they used to be, and particularly not for Allen.

He broadcast an unusual television ad urging voters to cast their ballots on the basis of his record, not his character -- which has been battered by public outrage over a racially ambiguous phrase he used against an American man of Indian descent, as well as past evidence of racism. The last thing Allen needs is any financial association with another dysfunctional Republican.

Democrats need a net gain of 15 House seats and six Senate seats to take control. Toward that goal, Republicans had planned attack ads in October painting Democrats as soft on sexual predators. Guess those ads won't be running now.

Marianne Means is a Washington, D.C., columnist with Hearst Newspapers. Copyright 2006 Hearst Newspapers. She can be reached at 202-263-6400 or means@hearstdc.com.

Ballot Battle Brews Over Foley's GOP Replacement (MH)

By Beth Reinhard

The Miami Herald, October 5, 2006

In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace former U.S. Rep. Mark Foley.

The GOP tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot.

The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, ``any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP)."

Negron -- a little-known lawmaker from Stuart tasked with holding on to a scandal-plagued Republican seat at a time when Congress could change hands -- said the state's recommendation would ensure a fair contest between him and Democrat Tim Mahoney.

But in a letter Wednesday to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice ``would clearly constitute favoritism.

"In fact, any ballot sent to a voter with this statement should be deemed invalid," Thurman said in the letter, addressed to state elections chief Dawn Roberts.

Some election supervisors are also questioning the state's recommendation, saying they are wary of appearing to promote one candidate over another. Voters booted former Palm Beach Supervisor of Elections Theresa LePore out of office in a

backlash against her "butterfly ballot" in 2000, and grudges linger against Rep. Katherine Harris, who was secretary of state in 2000, for her role in the contested election.

"I definitely think we feel a little sensitive," said Charlotte County Supervisor of Elections Mac Horton, noting that the law forbids any campaign literature within 100 feet of the polls. ``We don't want to do anything that will bring the election in our county under attack."

The 16th congressional district includes parts of Palm Beach and Charlotte counties, and most or all of Martin, St. Lucie, Hendry, Glades, Highlands and Okeechobee counties. Of the eight election supervisors, Horton said only two are Republicans: he and Vicki Davis of Martin County.

The recommendation from the state is just that: a recommendation. It is not an order.

"There's nothing in the law that says a supervisor has to post a notice or doesn't have to post a notice," said Sterling Ivey, a spokesman for the Florida secretary of state. ``It's really going to be up to local supervisors of elections."

The Democrat elected to replace LePore in Palm Beach County, Arthur Anderson, said Wednesday that he would not post notices because they would appear to promote Negron's candidacy. But later in the day, after receiving the state's recommendation, he said he was reassessing the matter.

"It's a potential litigious situation," Anderson said. ``It's not a simple matter."

Election chiefs are seeking advice from the Tallahassee attorney for their statewide association, Ron Labasky. He said he thinks the law does not allow election supervisors to send notices with absentee ballots.

A decision about alerting absentee voters must be made immediately, because many of the 17,000 ballots requested have already been sent out. Labasky said a review of state law ``would lead me to conclude that including any notices in those absentee ballots is not what is contemplated by the statute."

He added: ``Now that the Democratic Party has seen the memorandum, we ought to be in court in a matter of days anyway."

The campaign for Negron's Democratic opponent, Mahoney, issued a statement Wednesday evening saying the state should insure that voters in the eight counties are all treated the same.

"We certainly expect the state of Florida to require uniform voting procedures throughout Florida's 16th District," said Mahoney spokeswoman Jessica Santillo.

Mahoney catapulted from long shot to contender after Foley resigned Friday. On Wednesday, he met with Port Charlotte residents concerned about rising hurricane insurance costs.

Meanwhile, Negron opened his campaign office in Stuart with less than five weeks before Election Day. The national committee responsible for helping Republicans get elected to Congress dispatched a campaign manager the night before, and the state party was sending staffers to alert absentee voters to Negron's campaign.

Negron argued that the state's recommendation to election supervisors made sense.

"I think it is a very fair to make sure voters are fully informed about the candidates before they vote," Negron said. ``The notice is not a statement of support."

McHenry Seeks Sworn Dem Account (HILL)

By Josephine Hearn

The Hill, October 5, 2006

North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page.

Writing to House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.), McHenry questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics.

"Is the American public to believe that neither of you nor your staffs nor anyone associated with your staffs had prior knowledge or involvement with the release of Foley's e-mails and/or explicit instant messages? Is the American public to believe that ABC News stumbled haphazardly on this story without Democratic assistance?" wrote McHenry, a freshman Republican who has emerged as an attack dog for the GOP.

He asked that Pelosi and Emanuel offer a "yes or no" answer as to whether they would go under oath "to assure the American people that neither you nor your staffs had prior knowledge or involvement — at the strategic or tactical levels — with the release of Foley's e-mails and/or instant messages."

Spokespeople for Pelosi and the DCCC dismissed McHenry's demand as political posturing.

"Republicans just don't get it; every mother in America is asking how Republican's could choose partisan politics over protecting kids, and the Republicans are asking who could have blown their cover-up," said Pelosi spokeswoman Jennifer

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Crider. "If we had seen Mark Foley's horrific e-mails or instant messages, we would have immediately acted to protect these kids."

DCCC spokeswoman Sarah Feinberg said, "Of course we did not have the e-mails or instant messages. Give me a break. If you recall, they also blamed us for indicting [former Majority Leader Tom DeLay [R-Texas]. Speaker Hastert and his staff have known about Foley's inappropriate behavior for years and their attempt to deflect their responsibility is absurd."

A handful of House Republicans have admitted that they knew about the original Foley e-mails in late 2005. In those e-mails, Foley asked a male House page for a picture of himself but was not overtly sexual. No member of Congress or congressional staff member has admitted to knowing about the more explicit series of instant messages that surfaced Friday and led to Foley's resignation.

Pelosi dismissed speculation that Democratic leadership knew about the e-mails prior to Thursday, when ABC News broke the story in the media.

"It's absolutely not true," she said. The e-mails appeared on a blog, stopsexpredators.blogspot.com, earlier in September.

Democrats have called for a full investigation of "when the Republican leadership was notified" of the e-mails and what action they took, suggesting Republican leaders had covered up the e-mails to avoid political repercussions in a tough election cycle.

As the scandal ballooned this week, several House Republicans sought to gain control of the media frenzy by questioning whether Democrats themselves knew about the emails and had sought to use them to political advantage by waiting until just before the elections to give them to the news media.

Although political observers agree that the timing of the story could not have been better, ABC News reporter Brian Ross told The New York Times on Tuesday that his source was a Republican.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Ross said.

ABC News investigative producer Maddy Sauer worked on the story with Ross.

"They were passed to a colleague of mine from a source, not someone from a Democratic campaign, a source on the Hill," Sauer told Democracy Now Tuesday.

At least two other news organizations, The Miami Herald and The St. Petersburg Times, knew of the email exchange but opted not to publish it.

Still, Republican operatives point out that an ethics watchdog group, Citizens for Responsibility and Ethics in Washington (CREW) had a copy of the emails as early as July 21 and passed them on to the FBI. They note that several of CREW's staff members previously worked on Capitol Hill for Democrats.

But a spokeswoman for CREW, Naomi Seligman Steiner, told The Hill Tuesday that the group did not pass the emails to any other entity and was not the source of the ABC News story.

Washington Wire (WSJ)

Wall Street Journal, October 5, 2006

October 4, 2006, 6:23 pm

No Green Light in Pennsylvania

It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to "rehabilitate" 3,000 petition signatures he needs to get on the November ballot, and upheld an earlier ruling that Romanelli needs a total of 67,070 signatures.

"I am devastated," Romanelli said. "All I have left is to declare a write-in candidacy."

Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum.

"Obviously some people thought this might help Rick in this race," said Michael Barley, deputy political director for the Republican State Committee. "But we didn't know how [the court] was going to rule. We can only affect what we have control of."

Santorum made no secret of the fact that Republicans wanted Romanelli on the ballot. "We thought it was very important to have another person on the ballot who was willing to speak out," said Santorum spokeswoman Virginia Davis. "Casey has run an illusive, under-the radar-campaign. Romanelli wanted to be a part of the process."

Democrats, on the other hand, cheered. "This means that we're going to have a one-on-one, head-to-head campaign," said Pennsylvania Democratic Committee spokesman Abe Amoros, citing Republicans for using Romanelli to divert votes from the Democrats. "We feel confident that in a one-to-one match, Mr. Casey can defeat Mr. Santorum."

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Romanelli's lawyer suggested they might take the case to the U.S. Supreme Court. "There are some due process issues here," said the attorney, Lawrence Otter, who complained that the court didn't allow him to present evidence in his client's defense. "There is something fundamentally wrong with that. We may be headed to the U.S. Supreme Court."

The court has yet to decide if Romanelli, a railroad industry consultant from Wilkes-Barre, will be slapped with the estimated $90,000 in court costs. – Erika Lovley

Read more: Global, Campaign 2006, Congress

Permalink | Comments | Trackbacks October 4, 2006, 5:32 pm

Perhaps Fox Meant "D" for Disgraced

As if the liberals needed another propellant fueling their belief that Fox News is mouthpiece for Republicans, the blogosphere notes that Fox has occasionally referred to former Rep. Mark Foley as a Democrat. The Florida Republican quit last Friday after sexually explicit computer messages involving teenage House pages came to light.

"Three Different Video Cutaways, 15 Seconds or More Each, Credit Disgraced REPUBLICAN Congressman as Being a Florida DEMOCRAT!" declares the Brad Blog. Brad Blog also notes that AP has slipped up, too.

"It's just a misplaced letter, but what a misplaced letter: Swapping a 'D' for an 'R' last night, Fox News and 'The O'Reilly Factor' labeled disgraced pedophile Congressman Mark Foley, longtime Republican, as a Democrat," says the Huffington Post.

Read more: Global, Congress

Permalink | Comments (4) | Trackbacks October 4, 2006, 4:52 pm

More Foley Fallout

The pressure on House Speaker Dennis Hastert grew even more intense this afternoon as Kirk Fordham, a former top aide to Rep. Mark Foley, said he warned the speaker's office more than three years ago about Foley's inappropriate conduct with teenage male pages. That's a full year earlier than Republican leaders say the matter was brought to their attention.

Fordham, who resigned today as the top aide to Rep. Tom Reynolds, told the Associated Press he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene." The AP reported that Fordham spoke after ABC News, quoting unidentified Republicans, suggested he had tried to stop any inquiry into Foley's behavior. "This is categorically false," Fordham said. "At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior."

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:33 pm

No Criminal Jeopardy for Foley?

Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. Attorney in Washington D.C. "The reality of the law here is if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Howard says. Foley has denied having sexual contact with any of the minors.

Among the issues being examining: Did Foley have obscene conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him? Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said. – Gary Fields

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:01 pm

Relative Burden

As Alan Greenspan used to do repeatedly, the new Federal Reserve chairman is loudly calling attention to the fact that the nation has made promises to future retirees that it can't easily afford to keep. "If we don't begin soon to provide for the coming demographic transition, the relative burden on future generations may be significantly greater than it otherwise could have been," Fed Chairman Ben Bernanke said in a speech today. (Read the full text or watch the video.)

Bernanke tried to put some numbers on the problem to illustrate its severity. Citing Federal Reserve economists' calculations, he said that if the nation continues to save at its current, profligate rate for the next 20 years — "thereby largely

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insulating the baby-boom generation from the effects of the coming demographic transition," then per capita consumer of future generations will be about 14% less than it would have been in the absence of demographic change.

Equal burden-sharing across generations would require an immediate reduction in per capita consumption on the order of 4% (or, since consumption is about two-thirds of output, by an increase in national saving of about 3 percentage points.), he said. "This case obviously involves greater sacrifice by the current generation, but the payoff is that all future generations enjoy per capita consumption that is only 4%, rather than 14%, below what it would have been in the absence of population aging." The living standards of future generations are higher because of the extra capital bequeathed to them by virtue of the current generation's saving more.

It won't be the Fed's call, he said. "At the heart of the choices our elected representatives will have to make regarding the distribution of these costs across generations will be an issue of fairness: What responsibility do we, who are alive today, have to future generations? What will constitute ethical and fair treatment of those generations, who are not present today to speak for themselves? If current trends continue, the typical U.S. worker will be considerably more productive several decades from now. Thus, one might argue that letting future generations bear the burden of population aging is appropriate, as they will likely be richer than we are even taking that burden into account. On the other hand, I suspect that many people would agree that a fair outcome should involve the current generation shouldering at least some of that burden, especially in light of the sacrifices that previous generations made to give us the prosperity we enjoy today." – David Wessel

Read more: Global, Budget, Spending and Taxes, Economy

Permalink | Comments | Trackbacks October 4, 2006, 3:16 pm

A New Airing for Sherwood Scandal

Speaking of scandals, embattled Republican Rep. Don Sherwood of Pennsylvania has a new advertisement directly addressing his own affair. Last year, the 65-year-old Sherwood acknowledged an extra-marital relationship after his much younger mistress filed a lawsuit alleging that he choked her; he apologized and said he only gave her a backrub. The suit was later settled.

Sitting in front of a bookcase with family pictures prominently displayed, Sherwood faces the camera: "I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this, because of my deep regret, our love and the fact that the allegation of abuse was never true. While I am truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share… ."

The unusual plea follows a series of ads from his Democratic rival, Chris Carney, that strike the family values theme. In one, Joseph Lech of Tunkhannock, Pa., who describes himself as a Republican and a father, and says: "This incident with Don Sherwood cuts right at the core values of our district" as the lawsuit case number and a couple of choice excerpts — "REPEATEDLY CHOKING" and "ATTEMPTING TO STRANGLE PLAINTIFF" –appear on the screen. – Mary Lu Carnevale

Read more: Global, Campaign 2006

Permalink | Comments (1) | Trackbacks October 4, 2006, 12:05 pm

Saudi to U.S.: Stop the Hectoring

Prince Turki al-Faisal, Saudi Arabia's ambassador to the U.S. and its ex-head of intelligence, has had enough American lecturing. He said U.S.-Saudi ties "have never been stronger," but his country is tired of being badgered by U.S. officials, think tanks and human-rights groups over its domestic affairs.

Faisal

"We are not going to change just because you tell us to," he said in a speech to a packed house at the Center for Strategic and International Studies, the sort of public engagement that his longtime predecessor, Prince Bandar bin Sultan, meticulously eschewed. "We are going to change, but at our own pace."

He advised that Americans drop "the political rhetoric and bombast" in favor of more constructive dialogue. "The type of discourse between the United States and Saudi Arabia needs to change," he said, adding that he and others "find the analysis of Saudi Arabia lacking. It does not have a clear and real understanding of what is going on in the Kingdom, and appears to be emotionally driven."

On the lecture theme, the ambassador made sure to point out that Saudi Arabia also wants some changes in the U.S. "Your reform of campaign contributions is essential and needed, yesterday, not tomorrow," he said. The U.S. also had to change its Middle East policies to overcome what he describes as America's "lowest standing ever" in terms of regional public opinion. And lastly, the U.S. should open direct talks with Iran.

"For the United States not to talk to Iran is a mistake," he said, taking pains not to badger. –Neil King Jr

Read more: Global

Permalink | Comments (4) | Trackbacks October 4, 2006, 11:13 am

What to Do With the House Page Program?

DOJ_NMG_0075442

No sooner had Rep. Mark Foley resigned on Friday setting off the Page Scandal of '06, than Rep. Ray LaHood, an Illinois Republican and an ally of beleaguered House Speaker Dennis Hastert, called for a permanent solution to put a stop to further page scandals: scrapping the page program altogether.

LaHood has backed off a bit, suggesting a suspension of the program is in order until problems of predatory lawmakers can be solved. "Some members betray their trust by taking advantage of [pages]," he said on CNN. "We should not subject young men and women to this kind of activity, this kind of vulnerability."

Still, for high school students interested in the House page program, LaHood has information on the program right on his Web site. – Mary Lu Carnevale

Video: John Harwood reports that the scandal has split Republicans and forced Bush to speak on behalf of Dennis Hastert.

Page One: Hastert Faces Intense Pressure as Foley Mess Roils Republicans

Read more: Global, Congress

Permalink | Comments (1) | Trackbacks October 4, 2006, 7:59 am

Orchestrated by Democrats? ABC's Ross Says No

A question has vexed Washington insiders for days: Why did the Foley story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Foley's congressional district — has led some Republicans to question whether the sources had partisan political motives.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Foley, Ross said. Two former pages — one who had been sponsored by a Republican member of Congress and one by a Democrat — offered ABC texts of sexually explicit instant messages purportedly sent by Foley. Ross said the network then tracked down the original recipients of those messages and got firsthand confirmation of their authenticity.

Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up…in terms of being from a political party," Ross said. "I know how that works. This was not it." Read the full article. – Sarah Lueck

Also in today's WSJ:

Those IMs Aren't as Private as You Think

Disclosures Could Undermine Libby Case

Read more: Global, Congress

Permalink | Comments (3) | Trackbacks

Lieberman Assails Lamont Over Commitment To Israel (NYT)

By Jennifer Medina

The New York Times, October 5, 2006

Senator Joseph I. Lieberman questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday, saying he had received important support from several Democrats who have been critical of Israel.

Speaking to a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been "surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel."

Mr. Lieberman, who is running on his own party line, pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon.

Ms. Waters, who abstained from the vote, said she objected to some language in the resolution praising the Bush administration.

Mr. Lamont has said he would have backed the measure.

"So far I would say my opponent is saying basically a pro-Israel line," Mr. Lieberman said at the fund-raiser. "But look, the position he's taking on Iraq is not good for America and not good for the Middle East. Secondly, you know to some extent you've got to judge people by their friends. I'm glad to be judged by my friends like Ed Koch and all of you."

He was referring to former Mayor Edward I. Koch of New York City, who appeared alongside Mr. Lieberman yesterday at the breakfast fund-raiser, held at the Loews Regency Hotel, at Park Avenue and 61st Street, after campaigning with him on Tuesday.

In his remarks, Mr. Lieberman also recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it "a remarkable moment."

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Since primary night, Mr. Lieberman and his aides have repeatedly raised questions about Mr. Lamont's alliance with Mr. Sharpton, whom they have described as divisive. Mr. Lieberman, however, has been on friendly terms with Mr. Sharpton in the past, particularly when the two ran for the most recent Democratic presidential nomination. This summer, Mr. Lieberman also asked Mr. Sharpton not to campaign for Mr. Lamont.

Tom Swan, Mr. Lamont's campaign manager, said that Mr. Lieberman's campaign was playing "racial politics."

"Joe Lieberman — who can count as his supporters Ann Coulter, Dick Cheney and Rush Limbaugh — should be ashamed himself for stooping to such gutter politics," he said. "He is playing on people's fear and attempting to divide and conquer, from our gaining support from people who have provided their support in the past and he took with pride."

Mr. Lamont, Mr. Swan said, has been "steadfast in his strong support for Israel, its right to defend itself and its importance as an ally of the United States."

Mr. Koch, a Democrat who endorsed President Bush in 2004, said a win for Mr. Lieberman in November would "help save the Democratic party and make it stronger."

"The leadership in this party right now does not represent the centrist views of most of America," Mr. Koch said. "We cannot be taken over by the radical left. We have to understand that we are fighting to protect ourselves."

Later in the day, Mr. Lieberman spoke to Realtors in Wolcott, Conn., where he proposed creating a $2,000 tax credit to help first-time home buyers pay for property closing costs. Mr. Lieberman said it would be the first in a series of proposals aimed at helping the middle class.

Mr. Lieberman said the plan would cost about $4 billion and could be paid for by cutting back tax breaks from those with annual incomes of more than $1 million. He also called for a plan to reform health insurance for small businesses, which he said would allow owners to buy into larger pools.

Mr. Lamont campaigned in Bridgeport yesterday with Dianne Farrell, the Democrat in a tight battle to unseat the Republican incumbent, Representative Christopher R. Shays, and Senator Edward M. Kennedy of Massachusetts.

Mr. Kennedy repeatedly said he was looking forward to Mr. Lamont's arrival in Washington and praised his proposal for universal health care.

"We need that voice, we'll need that vote, we'll need that leadership," Mr. Kennedy said of Mr. Lamont. He steered clear of criticizing Mr. Lieberman directly, but added, "People have spoken in favor of Ned Lamont, and that's what the democratic process is all about."

Mr. Lieberman also denounced former Representative Mark Foley of Florida, who resigned late last week. But unlike scores of other Democrats, Mr. Lieberman did not call on J. Dennis Hastert, the speaker of the House, to resign in response to allegations that he knew about the harassment for months. Mr. Lieberman cautioned against turning the incident into a partisan issue.

"The truth is, unless he knows what he saw and he saw something he should have acted on, he deserves to have a fact-finder come in," Mr. Lieberman said, adding that an independent investigator could determine what was known.

Mr. Lamont responded in a statement: "The fact that Joe Lieberman says calling for Hastert's resignation is too 'partisan' demonstrates that he's been in Washington so long that he can't recognize the difference between what's right and what's partisan."

Murtha Accused Of Bribe Cover-up (WT)

By Eric Pfeiffer

The Washington Times, October 5, 2006

Rep. John P. Murtha's Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years.

A recently released FBI video recorded in 1980 shows the Pennsylvania Democrat talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation.

"When you see the video, there was every intent of taking the bribe," said Diana Irey, a Washington County, Pa., commissioner who is running to unseat Mr. Murtha. "For 26 years, John Murtha has been living a lie."

Six members of the House and one senator were forced to resign because of their involvement in what became known as the "Abscam" scandal.

The video was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation.

"It was widely reported that he provided testimony against others," Mrs. Irey said, when asked why Mr. Murtha was not prosecuted for his ties to the Abscam investigation.

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Mr. Murtha cooperated with officials in the prosecution of former Democratic Reps. Frank Thompson of New Jersey and John Murphy of New York. In July 1981, the House ethics committee ruled there was no evidence Mr. Murtha acted improperly, although E. Barrett Prettyman Jr., the special counsel assigned to the committee, resigned in protest. The FBI listed Mr. Murtha as an "unindicted co-conspirator" in the scandal.

Near the end of the 54-minute video of the meeting, Mr. Murtha and Philadelphia lawyer Howard Criden return to the room after a brief absence. Mr. Criden then begins speaking to undercover FBI agent Anthony Amoroso, who posed as "Tony DeVito," the purported sheik's representative.

"John says it's OK for you to give me what's in the drawer," Mr. Criden says, according to the Spectator's transcript of the video.

"Is that all right, Tony?" Mr. Murtha asks Mr. Amoroso. Then, referring to Thompson and Murphy, Mr. Murtha says: "Let me make it very clear. The other two guys do expect to be taken care of. ... And you're gonna have to deal through [Mr. Criden]. Me, you've got my deal."

Mrs. Irey played excerpts from the video at a press conference in Washington yesterday. "Leaving a room where one has just been offered $50,000 in cash, only to return two minutes later with a bag man saying, 'John says that it is OK for you to give me what's in the drawer,' is not something done by a man who's not aware he's trying to take a bribe," Mrs. Irey said.

Mr. Murtha has long maintained he only met with the undercover agents to pursue legitimate investment in his district. Mr. Murtha can be seen in the video rejecting an offer to accept the $50,000 personally. The Irey campaign says Mr. Murtha wanted to use Mr. Criden as his middleman to accept the cash on his behalf.

"I'm not interested," Mr. Murtha says in the video.

"OK," Mr. Amoroso responds.

"At this point," Mr. Murtha adds: "You know, we do business for a while, maybe I'll be interested, maybe I won't, you know."

After the video was posted online Friday, the Murtha campaign issued a statement from the congressman denouncing the move as "nothing but a political stunt."

"I am the guy that didn't take the money," Mr. Murtha said. "I have been re-elected to Congress 13 times since this tape was made 25 years ago. I will not be distracted."

Rep. Sherwood Apologizes In Ad (HILL)

By Jeffrey Young

The Hill, October 5, 2006

In advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable.

In the ad, Sherwood faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman.

“I made a mistake that nearly cost me the love of my wife Carol and our daughters,” Sherwood says, opening the 30-second spot.

He was scheduled to debate Navy Reserve officer and college professor Chris Carney (D) last night.

In the ad, Sherwood states, “While I’m truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share. Should you forgive me, you can count on me to keep fighting hard for you and your family.”

Sherwood is running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood’s 38 percent; 15 percent were undecided.

Long Odds (WSJ)

By Chuck Muth

The Wall Street Journal, October 5, 2006

CARSON CITY, Nev. -- The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere.

First off, the Senate, where local politics is frustrating national ambition. Incumbent Republican John Ensign, an alumnus of the class of '94, is seeking a second term. Mr. Ensign lost a bid for the Senate to now-Senate Minority Leader Harry Reid in 1998 by a razor-thin margin of just 428 votes -- only to come back and win the seat of retiring Democrat Sen. Richard Bryan two years later.

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Shortly thereafter, Messrs. Ensign and Reid put behind them all lingering bitterness from that campaign and now operate under an unwritten non-aggression pact. Mr. Ensign reportedly discouraged a number of credible candidates interested in taking on Mr. Reid in 2004, and barely acknowledged the eventual GOP nominee. Mr. Reid, for his part, gives every appearance of returning the favor this year.

The Democrat nominee is Jack Carter, Jimmy Carter's son. Mr. Carter has lived in Las Vegas for only a couple years and jumped into the fray after a number of high-profile Democrats with more extensive Nevada roots opted out. Mr. Reid reportedly discouraged all credible challengers to his colleague from the other side of the aisle. Indeed, much was made of Mr. Reid humiliating Mr. Carter at the Democratic Convention last April, when he dressed him down during a press conference with some sharp comments.

Some polls have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign. Especially with the Senate minority leader quietly in the Republican's corner, this one, in Vegas parlance, is a "lock."

The Democrats have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004.

Ms. Hafen spent eight years working for Harry Reid in Washington. By all accounts he recruited her for this race after Mr. Porter publicly criticized the minority leader for failing to return campaign contributions from Jack Abramoff. It is widely believed that Mr. Reid is pulling out all the stops behind the scenes -- unlike his lackluster effort on behalf of Jack Carter -- to make sure Ms. Hafen has enough money to get the job done.

Ms. Hafen may be "green," but she's tough, holding her own in a vicious and increasingly petty campaign. Venturing into territory usually avoided by seasoned campaign pros, Ms. Hafen (and Mr. Reid) has raised questions about Mr. Porter's marital woes (he's recently divorced, for the second time). The Porter campaign has responded in kind, focusing on the dubious issue of Ms. Hafen's residency. Her eight years in Washington, they impute, makes her a feckless carpetbagger (despite being born and raised in the district).

"Tessa Hafen is trying to tie President Bush around Jon Porter's neck," former Nevada GOP executive director Dan Burdish explains. "But Harry Reid's poll numbers are even worse than the president's. The Porter campaign should stop focusing on this silly matter of her residency and instead focus on her ties to that albatross of a former boss she has. If Mr. Porter loses this race, his campaign strategists will have a lot to answer for."

Should an anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing. In a city that loves playing the odds, however, at this point they remain in the incumbent's favor. The vaunted GOP 72-hour get-out-the-vote machine would make the difference in a race this close.

Still, Democrats hoping to take the House would do well to consider Nevada's second district. The seat is being vacated by Republican Rep. Jim Gibbons for a gubernatorial run.

The Republican candidate, Dean Heller, is the sitting secretary of state who has won three successive statewide races for that position. He's telegenic, well-funded and more populist than hard-core conservative -- meaning he will attract considerable crossover votes from nonideological Democrats in November, especially in this mostly rural district. It encompasses most of the Silver State besides Las Vegas, and has a huge Republican registration advantage of almost 50,000 votes. President Bush won handily at 57% in 2004.

In this light, opponent Jill Derby has been very careful not to let voters know she's a Democrat. Ms. Derby is an experienced politico with 18 years on the state Board of Regents. She's also well-funded and enjoys old-line family ties to the rural community.

But while early polls show Ms. Derby to be closer than expected, once Mr. Heller refills his campaign coffers -- drained by a particularly competitive August primary -- and unloads his paid media campaign, this one will be over. It's sheer numbers: Even a 1994-style Democratic tsunami won't propel Ms. Derby into office.

Democratic aspirations for a major congressional victory in 2006 necessarily hinge on flipping districts like Nevada's second. Don't put the champagne on ice just yet.

Mr. Muth, a former executive director for the Nevada Republican Party, is president of Citizen Outreach, a nonpartisan limited-government public policy organization.

McCain Allies Plot For 2008 (RC)

By Emily Pierce,

DOJ_NMG_0075446

Roll Call, October 5, 2006

In preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures.

Sen. Gordon Smith (Ore.), who regularly attends the biweekly meetings, called the group "sort of a Senate kitchen cabinet," while Sen. Trent Lott (Miss.) noted that participants are "a diverse group, philosophically and regionally."

Notably, New Hampshire Sen. John Sununu, whose state has one of the most influential roles in presidential nominating contests, has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president.

"I haven't given any thought to supporting or endorsing a candidate," Sununu said.

Though Sununu is trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics, given that the current governor is a Democrat. (There is no indication that Gregg has attended any of the McCain meetings.) Sununu said he was giving McCain the same type of counsel he gives to other prospective presidential candidates.

"Like anyone in New Hampshire, I'm going to visit with and talk to candidates," Sununu said. "I want to make sure that Republican candidates get a fair hearing in New Hampshire." Besides Smith and Lott, the group, which began meeting early this spring, is rounded out by a pair of longtime McCain supporters, Sens. Lindsey Graham (S.C.) and Susan Collins (Maine).

Sen. Mike DeWine (Ohio), who is close to McCain, would not confirm or deny whether he attends.

"I'm focused on my re-election at the moment, but you know I am a pretty good friend of Sen. McCain's," DeWine said.

A spokesman for Sen. Jon Kyl (Ariz.) said he did not know whether Kyl attends the meetings. Both DeWine and Kyl backed McCain in 2000, when few other Senators did, and they are expected to again support his efforts in 2008.

Though the group now consists mainly of a handful of past supporters, "efforts are currently being made to increase the numbers of this group, and outreach is currently taking place," said a source with knowledge of the meetings.

Meanwhile, Lott said the gatherings are "an effort by John to get input from some of the people who are supporting him" and that participants are hopeful McCain would seek their "counsel before he takes a [policy] position" in his nascent campaign.

Senate supporters said the meetings are part of McCain's effort to build his primary campaign from inside the GOP, rather than running as a maverick party outsider like he did in 2000. In that campaign, McCain's wins in New Hampshire and Michigan were seen more as spoilers for a united party establishment behind then-Texas Gov. George W. Bush. But this time around, McCain already has more public endorsements for his undeclared presidential campaign than he did as an official candidate in 2000.

"The difference of the John McCain campaign last time and this time is the presence of groups like this," Smith said. "It's really important to a good grass-roots effort."

Graham added that McCain "has to prove that he's running to be a leader of a party, and not of a movement. ... Last time, Bush was the institutional candidate. I think John McCain, this time, is going to get his fair share of institutional support."

John Weaver, McCain's senior political strategist, declined to comment specifically on the meetings, saying, "We're not going to talk about any private meetings that the Senator has with his colleagues."

But Weaver did say that McCain "is encouraged by the number of Senators who've encouraged [him] to run for president."

By running the early stages of his campaign as the GOP insider, McCain has become one of the most sought-after surrogates for Republican candidates on the campaign trail, whether in challenger races such as New Jersey state Sen. Tom Kean Jr.'s battle against Sen. Bob Menendez (D) or in Virginia, where potential '08 rival Sen. George Allen (R) is airing commercials with McCain appearing next to him.

In addition, McCain's Straight Talk America political action committee has raised more than $6.8 million in the 2006 election cycle, doling out more than $600,000 to House and Senate candidates and even more to state and local GOP candidates, according to Federal Election Commission reports.

Is Obama Ready To Roll? (NSWK)

By Jonathan Alter

Newsweek, October 5, 2006

Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A close associate introduces a note of caution: "I'd put the chances right now at no better than 50 percent," he told me Tuesday, as

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Obama taped Oprah's show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they've assumed. Whatever happens in the midterms, '08 could get very exciting, very fast.

Among a few prominent Democrats, the conversation has changed from "we wish he would" to "we hear he will." Obama has made no formal decision and probably won't until the end of the year. By then, his new book, "The Audacity of Hope," which hits bookstores Oct. 17, is almost certain to be a best seller. Both Colin Powell in 1995 and John McCain in 1999 used books to launch feverish speculation about presidential bids. In Powell's case, he decided not to run, largely for family reasons.

If Obama declines to make a bid, the explanation will be along the same lines. He has two young daughters and a formidable wife, Michelle, who is no Nancy Reagan, Hillary Clinton or Elizabeth Edwards. In other words, she will not push her husband to run, though it's not likely she will prevent him from doing so, says a source close to the senator, who declines to be identified talking about family matters. It will be a decision between the two of them. You have to be a bit nuts to run for president, and in the end the Obamas might be too normal and grounded to put their family through it.

But contrary to popular assumption, Obama's aides see no political reasons not to make the race. His advisers believe his mere four years in the Senate will not be a liability (Abraham Lincoln ran after two years in the House, Woodrow Wilson after two years as governor, and Franklin D. Roosevelt, Jimmy Carter and now Mitt Romney after four years as governor.) "The Senate is a political tomb," says one. The longer one stays, the more controversial votes one casts. Gravitas and knowledge about the issues are not problems for Obama, who is plenty fluent on the issues, even if he hasn't established much of a record yet. He has emerged as an unlikely friend and ally of GOP Sen. Richard Lugar, who will acknowledge Obama's depth on foreign policy.

The Obama campaign right now was described to me as a "concept" rather than a "plan." The concept is that Obama is a positive, aspirational figure who appeals to a yearning in the country for a unifying, almost spiritual vision that moves beyond the tired arguments of left versus right. At a more prosaic level, the "concept" would call for a massive black-voter-registration campaign in the South while continuing his crossover appeal to moderate white voters. On the Iraq war, the critical issue for Democratic primary voters, Obama is perfectly positioned. He opposed the war from the beginning, with an articulate denunciation of the Bush policy as a distraction from the war on terror. In other words, he was four years ahead of the curve. By contrast, John Edwards is in the uncomfortable position of having said he was wrong to support the war. Hillary Clinton is even worse off. She has yet to acknowledge the obvious: that if she knew then what she knows now, she would have voted against the war instead of for it. If both Obama and Clinton run, he would quickly best her on this issue, which all of her "early money" would do little to counteract.

In the primaries, Obama would run as a moderate who is unsullied by connection to the old Democratic Party. In fact, his new book will be a bit critical of Democrats, calling them "confused" and "the party of reaction." (Obama wrote it himself, as he did his first book. He is one of the best writers to enter modern politics.) Rather than being defensive about that depiction, many Democrats know it's true. They want to be transported to a new place. They admire Hillary but don't see her doing that. And in my anecdotal experience, they like his chances in a general election better than hers—though running as the first African-American Democratic nominee would obviously be a challenge.

Obama knows that if he runs, some of the allure will immediately fade. That argues for delaying as long as possible, in order to remain the shimmering hope out over the horizon. The argument for deciding sooner is that he would need to build a national organization to compete with Clinton's. Hillary enjoys a formidable advantage in fund-raising. But if he gets going in early 2007, he could close the gap quickly. The demand for him to come in to raise money and campaign for Democratic candidates this year far outstrips the demand for the same from Hillary or anyone else. And his handlers are already keeping close tabs on Edwards's early success in organizing Iowa Democrats.

As a rookie presidential candidate, Obama would have little margin for error. One false move and he's done. But the man's got brains and political talent to burn. The chatter about him within the party grows louder by the day.

Of Pain And Campaigns (WP)

By Jennifer Frey

The Washington Post, October 5, 2006

She found it in the shower, in one of those interchangeable hotel bathrooms that are a staple of campaign life. It was October 2004, and Elizabeth Edwards was in Kenosha, Wis., stumping for her husband, Democratic vice presidential nominee John Edwards. She felt the outline of a lump -- so large, how could she have missed it before? -- and, wrapping a towel around herself, called in her close friend Hargrave McElroy to feel it.

McElroy immediately asked how long it had been since Edwards's last mammogram.

"I hated to admit it," Edwards writes in her new memoir, "Saving Graces: Finding Solace and Strength From Friends and Strangers," "but it had been too long, much too long."

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Thirteen days later, the day John Kerry conceded the presidency to George W. Bush -- much to the frustration, Edwards says, of her husband, who wanted to wait until all the votes were counted in Ohio -- Elizabeth's verdict came in as well. Cancer.

For most people, a cancer diagnosis is a life-defining moment, a point that will forever become the dividing line between before and after. It wasn't like that for Edwards. It couldn't be. Her before and after had been frozen, permanently, more than eight years earlier, the day her 16-year-old son, Wade, died in a car accident. Once you lose a child, nothing is ever the same.

* * *

Edwards arrives at Union Station for an interview -- and photographs -- with no makeup on and her hair undone. Her flight out of Raleigh, N.C. (she lives in Chapel Hill) was delayed by an hour. She was supposed to have gone straight to CNN for a taping, where she'd get professionally done up. But that's now postponed, so she's clutching the one see-through plastic bag of toiletries she'd been allowed to take onto the plane.

"Mind if I take this into the bathroom for a minute?" she says, laughing. She emerges moments later, hastily fixed.

Why does this matter? There's no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?

John Edwards describes his wife of 29 years as approachable and smart. She's the kind of person who knows her mailman's life story, who can't check out at the grocery store without striking up a conversation with the person in line behind her. Trained as a lawyer, she's also an astute political wife and supportive partner in her husband's presumptive run for the 2008 Democratic presidential nomination.

"It's exactly who she is," Edwards says, by phone from their home. "She loves people and loves interacting with people. And that, married to the fact that she's about as big a policy wonk as you're going to find. She loves the details. She loves all of it."

So she wants him to run?

"I think that's a fair statement," he says.

What kind of first lady would Edwards be? She says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot. McElroy says she doesn't have political ambitions of her own -- "she wants it for John," she says -- but both Elizabeth and her husband acknowledge she actively participates in his policy planning discussions.

She also won't be someone who worries about whether the viewing public thinks she looks fat in a particular pair of pants.

This is the other thing to know about Edwards. After her son died, there were a lot of things she stopped worrying about. Like the makeup. Or the comments about her weight. ("People would say I weigh too much, and I weigh too much," she says. "So it's pretty much hard to argue with that!") Or the musings about how, exactly, her relationship with her youthful, handsome John Kennedyesque husband works.

"Oh, and of course, he must have someone on the side, because look at her !" she says, mimicking her critics. "You just have to let it go."

Once you lose a child, your world hinges on the relationships that keep you standing, keep you breathing, and -- eventually -- give you the strength to help someone else stand up and breathe.

Once you lose a child, the fat jokes are, well, a joke.

* * *

"Saving Graces" is a memoir rich with the stories of a woman who has lived, loved and suffered more than any little girl born in Jacksonville, Fla., could ever have imagined. But the chapters Edwards writes about her grief over Wade's death eclipse all else in the book.

"By any unspeakably vast margin there is no part of my life, or any life, that speaks more to what this book is about," she writes. "I found a community that stood by me in the worst of times and allowed me to emerge, eventually, from a place of profound pain."

That community came largely from an online chat group for grief survivors that became Edwards's lifeline. She would stay up almost all night, leaning on others and allowing them to lean on her -- "naked," she writes, "and needing each other's warmth." She went to the cemetery every day for more than two years. She obtained what would have been Wade's school reading list, just as she had in previous years when they would read side by side until he fell asleep. She read every book, most at his graveside.

John admits he worried. His grief, too, was crippling. But he eventually went back to work as a victims' rights lawyer. Cate, their then-14-year-old daughter, slept on two chairs pulled together with an ottoman in her parents' room for two years, but went back to school. Elizabeth never went back to work in a law firm.

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"It's about surviving, I knew that," John says. "But I was concerned whether some of the things she was doing were helping her or hurting."

She emerged slowly. The birth of two more children, Emma Claire (now 8) and Jack (now 6), helped. John ran for the Senate and won. Cate graduated and went off to Princeton. And then came the presidential campaign, which Elizabeth threw herself into.

* * *

The current book tour is about Elizabeth's life, not her husband's. It wasn't timed or written for political purposes -- even the suggestion of that seems to take her aback -- but given that her husband is clearly planning to run in 2008, it does provide a public platform to reacquaint America with the Edwards name and values.

A family appearance (John, Elizabeth and Cate) on Oprah Winfrey's show last week helped bump her book temporarily to No. 2 on Amazon.com. And she confirms what her husband has said; she wants him to run.

"I have tremendous confidence in him," she says, "because I know this man, and I know how principled he is."

Charlie Cook, a political columnist for National Journal, sees John Edwards as the front-runner against Hillary Clinton in the race for the nomination: "He came out of 2004 about as unscathed as is possible for a nominee."

In her book, Edwards writes about the frustration felt in their Boston hotel room on election night, when the pattern of returns changed and her husband was pressed to speak to the mobs of supporters in Copley Square. He didn't want to say anything that made it easier for Bush to declare victory.

From the bedroom, exhausted, Elizabeth -- who had been campaigning with a possible breast cancer diagnosis hanging over her head for nearly two weeks and who had an appointment for a biopsy the next day -- called out to her husband. "We've waited this long; we can wait a little bit longer," she said.

It's the line he used.

* * *

John, Elizabeth says, is the one who took the lead when it came to figuring out her treatment. He took care of her. Of course, she also took care of him.

Back when she had found the lump in Kenosha, when the election was still 12 days away, Elizabeth had convinced herself that it was just a cyst. She'd had one a few years before.

So she told John nothing. "I really felt he didn't need that then," she says.

She did, however, schedule an appointment with her hometown doctor for a week later. At that ultrasound, Elizabeth knew the minute she saw the technician's face that "it was bad."

She immediately called John, who was just returning to Raleigh. There would be no confirmation of cancer until she had a needle biopsy. Should they drop everything? John received reassurances from the doctor that waiting a few more days wouldn't matter. They made plans to do it in Boston the day after the election, and pressed on.

"I looked straight at her -- we were sitting on her little front stoop -- and said, 'Can you really do this?' " McElroy says. " 'You've seen where you have to go and what you have to do in the next few days, can you do this?' And she paused, then said, 'Yeah, I can.' "

Immediately after the diagnosis, Edwards began treatment in Washington. Luckily, the cancer hadn't metastasized. She had chemotherapy, followed by a lumpectomy, followed by radiation. It all lasted seven brutal months, until the end of May 2005. Her joints swelled. She lost her hair. She admits some days she was knocked flat.

"She didn't complain," says former neighbor Chris Downey, who uses the term "life-changing" to describe her friendship with Edwards. Downey, who is the ex-wife of former congressman Tom Downey, says, "I guess if you have adversity, you grow. She's so strong."

* * *

Now happily describing herself as "cancer-free," Edwards recently accepted the Congressional Families Leadership Award at the 14th annual Action for Cancer Awareness Awards luncheon, held on the Hill last week.

"I had melanoma, and it looms large in your life, and it is what you make of it," says Marcelle Leahy, wife of Sen. Patrick Leahy (D-Vt.).

As the lunch breaks up, Leahy is one of legions who come up to talk to Edwards. Though she has a plane to New Hampshire to catch, Edwards poses for picture after picture, not caring that her makeshift makeup job is fading fast.

Her upcoming schedule is going to be hectic. She isn't fazed in the least. New Hampshire? A chance to catch up with the families who invited her into their living rooms two years ago. Then a quick overnight to stay on Cate's couch in New York, where her daughter is now working. Then back to Chapel Hill to see the kids; then a book tour that takes her to Iowa and Illinois, Georgia, California -- the list goes on.

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She's undaunted. Actually, she's happy. No, you never really move on, she explains. Once you lose a child, moving on sounds too much like leaving him behind. But, eventually, with difficulty, you find your way.

This is hers.

Feingold Puckers Up To 527s (RC)

By Mary Ann Akers

Roll Call, October 5, 2006

Big deal if he tried to shut them down! That was then, this is now and with the 2008 presidential campaign right around the corner, Sen. Russ Feingold (D-Wis.) wants their donor list.

Feingold, the champion of campaign finance reform who railed against 527s, is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together.

"ACT's list is gold," explains one source familiar with Feingold's attempt to "rent" the list.

ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list.

But not to Feingold. Uh-uh. No way.

Feingold's political action committee, the Progressive Patriots Fund, asked for the ACT list back in August and was turned down, sources say. Then, more recently, Feingold's Senate campaign, through a broker, asked to buy access to ACT's high-dollar donors. The broker's e-mail request, a copy of which was obtained by HOH, asked for "10,000 High $ donors" on behalf of Feingold for Senate.

In a word, ACT's reply was, "Nope."

"He was declined through the broker," someone familiar with Feingold's request told HOH, suggesting the Wisconsin lawmaker was engaging in a wee bit of hypocrisy. "Feingold's not a friendly person to 527s. He basically said 'Stop what you're doing, we want to shut you down,' but now it's 'You guys are incredible, I'm willing to take part of your gravy.'"

Even though it sure would have meant a lot of dough — the going rate is about $120 per 1,000 names — ACT couldn't handle the thought of giving the list to Mr. Campaign Finance Reform.

"This brings new meaning to 'Do as I say, not as I do,'" another source familiar with the request said. "In some ways, I see this as the true kickoff to the '08 season. You know, because someone is clearly selling his soul."

Ouch.

The Feingold folks declined to defend themselves against charges of hypocrisy.

Feingold's request at least provides insight to those who doubted whether he has his eye on the White House. Though clearly, it doesn't look like he'll get any help from ACT, which, not so incidentally, was created in part by folks who have close ties to Sen. Hillary Rodham Clinton (D-N.Y.). We'll leave it up to our readers to determine whether that may have had something to do with ACT's answer to Feingold.

Smells Like Teen Spirit. Folks, we swear, we couldn't make this stuff up if we tried. Disgraced former Rep. Mark Foley (R-Fla.), whose creepy online chats with former House pages now threatens to topple the GOP majority, last month set up a joint fundraising committee with a bunch of his Republican colleagues. The name of that fund? PROM.

Spelled out, it's Physicians to Retain Our Majority, because Foley and others hoped to use it to gather campaign dollars from doctors. But HOH prefers the acronym, and wonders what might have been if only Foley had been allowed to stay and really get PROM going.

The fund is used by multiple campaigns to raise money, usually at large, high-profile events. The fund covers the cost of the event and splits the proceeds with the candidate committees that make it up. To his credit, Foley had a lot of fellow House Republicans going to PROM with him, including Jeb Bradley (N.H.), Barbara Cubin (Wyo.), Nancy Johnson (Conn.), Ric Keller (Fla.), Sue Kelly (N.Y.), Joe Pitts (Pa.), Jon Porter (Nev.), Clay Shaw (Fla.), Rob Simmons (Conn.), Cliff Stearns (Fla.), and noted party-boy John Sweeney (N.Y.).

Rep. Shelley Moore Capito (R-W.Va.), one of two members of the House Page Board left in the dark earlier this year when questions about Foley's contact with pages first arose, also is involved in the new fund.

Let's just call her the chaperone.

Remembering Foley. At the 1996 GOP convention in San Diego, HOH, in another incarnation, rode on the back of a Harley-Davidson with ex-Rep. Foley in a motorcycle parade led by then-Sen. Ben Nighthorse Campbell (Colo.). Also riding in the pack: jailed former Rep. Duke Cunningham (Calif.), who wore star-spangled boots.

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It was surreal, not because we were riding on the back of Foley's "borrowed metallic green Heritage Softail," as we wrote at the time for the National Journal's Convention Daily, but because, as we said, "the entourage looked like a comedy of horrors."

Sen. Trent Lott (Miss.) ditched his Ole Miss cheerleader image for the day to don cowboy boots, a "Live to Ride" T-shirt and a black leather biker's cap with a fake pony tail. He rode with Campbell.

Then-House Majority Leader Dick Armey of Texas refused to let Lott ride on the back with him. "I don't carry dead weight, and I don't want anybody saying Trent Lott is my 'old lady' either," he said.

Foley apparently didn't want an old lady riding with him, either.

Tory Newmeyer contributed to this report.

City Considers Plan To Let Outsiders Run Schools (NYT)

By David M. Herszenhorn

The New York Times, October 5, 2006

In what would be the biggest change yet to the way New York City's school system is administered, officials are considering plans to hire private groups at taxpayer expense to manage scores of public schools.

The money paid to the private groups would replace millions of dollars in grants from the Bill and Melinda Gates Foundation, which supported dozens of these groups in opening more than 180 small schools in the city since 2003.

The four-year grants, typically worth $100,000 a year per school, will run out for more than 50 schools in June.

The move would further Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector. It could put private entities like the College Board, the Urban Assembly and Expeditionary Learning-Outward Bound on contract to manage networks of schools as soon as the 2007-8 school year.

Although city officials stress that the plans are preliminary, they have been talking to the outside groups to gauge their interest. The proposal is already generating vigorous debate within the Education Department and among the outside groups over where to draw the line between public and private control of schools.

It is also certain to draw opposition from critics already questioning the school system's reliance on private consultants as well as the educational credentials of outside groups. State law will also pose heavy obstacles to such contracts, officials in Albany said.

The private management plan is among a few options the department is weighing in an effort to formalize, and finance, its relationship with groups that are already helping run individual schools. While the groups have heavy influence over how children learn — recruiting staff, training teachers and offering an array of other support — their work is done on a handshake.

Under the new arrangement, the groups would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags.

Kristen Kane, Mr. Klein's chief of staff, said the department considered the groups crucial to the early success of the new schools. "What happens to that success when there is no more private money?" she asked. "Will there be more private money or will we need to explore other ways to continue this partnership if we believe that is a critical success factor?"

Ms. Kane and other officials said they were also exploring the possibility of new private grants, or negotiating with the City Council to pay the groups with public money, allowing them to continue their work without expanding their authority.

"The conversations have been continuing with all of these organizations," Ms. Kane said.

Marie Groark, a spokeswoman for the Gates Foundation, said that the grants to help start schools were not intended for renewal and that New York City had not asked for more money. "Our funding is devised to be catalytic, but long-term sustainability requires public support," she said.

Randi Weingarten, the teachers' union president, urged the administration to make its discussions more public. "I have been concerned about the sub rosa debate on whether to privatize the management of the school system for quite a while," she said. "On an issue that is this transcendent there has to be a real public debate."

One of the most hotly debated questions is whether the city would hire profit-making companies like Edison Schools Inc., which manages more than 20 schools in Philadelphia and has expressed interest in bidding on a city contract.

In 2001, an effort by Chancellor Harold O. Levy to hire Edison to run five failing schools collapsed after educators complained and furious parents voted it down.

Such opposition, to even the nonprofit groups, is likely to rise again. "Can you imagine these people picking what they want to do in instruction?" said a veteran education official who asked not to be identified, fearing retribution for not supporting the chancellor's agenda. "They don't know what they are doing."

The educator added: "This is a way to crush public education. This is not a way to improve a school system."

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Within the department, one question is how big a role private groups should have in running public schools. "We are not abdicating any of our responsibility, but what we are doing is sharing some of that management responsibility," said Garth Harries, the chief executive of the department's Office of New Schools. "What we are trying to accomplish is greater accountability for partners that are involved in the schools over time and an alignment of management."

Groups like Expeditionary Learning-Outward Bound, the Asia Society and New Visions for Public Schools all say they have been involved in recent discussions with city education officials seeking to gauge their interest in bidding for contracts as "educational management organizations." In turn, some groups say they have had intense discussions with their boards about whether to participate.

A prototype management contract is already in place for 17 schools operated by the Urban Assembly, a nonprofit group led by Richard Kahan, the former head of the state's Urban Development Corporation.

A three-page contract gives the group a large role, including a say in hiring principals and other administrators. It also says the city can end the deal if the schools fail to perform.

While no money is involved in the prototype, the contract attaches a figure of $650,000 plus benefits to the cost of city-paid staff that oversee the network of schools.

To turn Urban Assembly into a hired educational management organization, the city might simply allocate the money and let the group handle all personnel issues.

Mr. Kahan said he wanted a larger management role because he had grown frustrated that schools created by his group could fail or succeed depending on how they were treated by city-hired superintendents.

A school in Bushwick suffered tremendously, he said, while others in the Bronx and Manhattan flourished.

Some private groups said they were worried that a more formal arrangement with the city could ensnare them in bureaucracy. Even some supporters of the administration have misgivings, saying their goal was to improve public education, not reduce government responsibility.

New Visions for Public Schools, a nonprofit group that has created the largest number of schools, declined in the spring to join Urban Assembly as a prototype.

"We haven't made a determination yet as to whether to apply" for a contract, said Robert Hughes, the president of New Visions. He added that the group was "interested in exploring what the department may eventually propose."

Officials from other groups said they were unlikely to seek contracts because their infrastructures were not prepared to handle bigger roles.

Still other groups said they were intrigued by the idea but concerned about ironing out exactly which services they would provide and which operations would still be handled by the city.

Some groups are interested only in instruction, while others want a say in everything from teacher training to the lunchroom menu.

Richard Stopol, the executive director of New York City Outward Bound, said the group's top officials had been discussing the idea and trying to figure out where the organization might fit in, from serving as a consultant to schools to being a contract manager.

"The different arrangements that are being considered would clear away some of the lack of clarity that exists now," he said. "We have decisions like who hires the principal and who supervises the principal and who decides the course of professional development and the curriculum. In the state that we're in now, I would characterize those as partnership decisions — us as the partner, and the Department of Education work those out jointly. But that's probably not very efficient."

Mr. Stopol added: "There is a lot of appeal in clearing up what our authority is and what our accountability is. We want to be accountable for these schools."

At Harvard, Religion Course May Be Required (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 5, 2006

A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions.

A preliminary report distributed to faculty yesterday recommends scrapping much of the current curriculum in favor of new "general education" requirements spanning the humanities and sciences. The most striking proposals address criticism that Harvard's liberal education fails to adequately prepare students for lives after graduation.

The proposed requirement in religion, dubbed "Reason and Faith," has little parallel in higher education, authors of the report said. It would address topics from personal beliefs to foreign policy to the interplay between science and religion. The

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report, which calls traditional academics "profoundly secular," seeks to place Harvard's students and faculty in the center of contemporary religious debates.

"I think 30 years ago," when the school's curriculum was last overhauled, "people would have said that religion is not something that everyone needs to know," said Louis Menand, a Harvard professor and co-chairman of the committee that drafted the report. "But today, few would disagree that religion is supremely important to modern life."

Harvard's faculty of arts and sciences will now consider the report, and significant changes could be made before voting on the proposals. They are the centerpiece of a broader curricular review, launched four years ago, that has suffered from delays, criticism and the upheaval of Harvard's administration. Lawrence H. Summers stepped down as the school's president this year under pressure from faculty, and a former president, Derek C. Bok, is serving in the interim until a successor is found.

Mr. Summers had pushed strongly for a renewed focus on the sciences, but the report issued yesterday doesn't significantly alter the school's requirements in that area. Students would still have to take one course each in life science and physical science.

In all, the report establishes 10 requirements for students to fulfill outside of their majors. They include ethics, culture, U.S. history and foreign societies. The current curriculum requires study in more-specific academic disciplines.

"The role of general education, as we conceive it, is to connect what students learn at Harvard to life beyond Harvard, and to help them understand and appreciate the complexities of the world and their role in it," says the report. It notes that 53% of graduating seniors at Harvard say they expect to enter professional school in business, medicine or law, while just 18% plan to pursue a Ph.D.

Prof. Menand, in an interview, likened the report to the curricular reform instituted in 1945 by James Bryant Conant, then Harvard's president. That reform, known as the "Red Book," also stressed civic values in undergraduate education and led many of Harvard's peers to adopt similar changes.

Academic requirements vary widely across the Ivy League, from Columbia University's strictly defined "great books" curriculum to Brown University's "open curriculum" with few requirements outside of students' majors. An earlier version of Harvard's general-education report, issued in 2004, proposed "distribution requirements" similar to Yale University's system, which is more closely grounded in academic disciplines.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 5, 2006

Daddy's Diplomatic Excuse

Poor Poppy ! Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests washing down yummy Schnudendunker with yummy Riesling -- and the crush of people and traffic and security on Foxhall Road made party-hopping impossible. So Doro was kept company at 701 restaurant downtown with a crowd that included Laura Bush , Josh Bolten , and former national security adviser Brent Scowcroft (who was also supposed to go to the German Embassy but couldn't wait out the stupendously long lines). And daughter and dad met up to tape an episode of "Larry King Live," airing tonight.

Buchanan's Favorite Tactic: Immigration Fear-mongering (USAT)

By Ruben Navarrette

USA Today, October 5, 2006

When Pat Buchanan left the Republican Party in 2000 to run for president under the banner of the Reform Party, Sen. John McCain of Arizona sent him off with the lyrics of an old country song: “Thank God and Greyhound you're gone.”

Well, Buchanan's back — and talking about some of his favorite topics: immigration, race and national identity. He's even hawking a new book, State of Emergency: The Third World Invasion and Conquest of America.

According to Buchanan, immigration from Latin America, Asia and the Third World is destroying the USA. And it's not just illegal immigration that bothers him. He wants a “time-out” on legal immigration as well, especially from Mexico.

What concerns me is the way Buchanan mixes immigration and race. In a 1993 column, he fretted that by 2050, “whites may be near a minority in an America of 81 million Hispanics, 62 million blacks and 41 million Asians.” He preferred America in 1950, when 90% of its population was “of European stock.”

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In his new book, Buchanan again broods over the question of what the "face of America" will look like in 2050, when demographers predict that a quarter of the USA will be Hispanic. He trembles at the thought that "the America our grandchildren will live in will be another country, a nation unrecognizable to our parents."

What is recognizable is Buchanan's fear-mongering. Examples in U.S. history:

·In the mid-18th century, Benjamin Franklin worried about German immigrants who will "be so numerous as to Germanize us instead of our Anglifying them, and will never adopt our Language or Customs, any more than they can acquire our Complexion."

·In the mid-19th century, the popular view in the West was that Chinese immigrants were "unassimilable." The hysteria led to the Chinese Exclusion Act of 1882. In 1943, the act was repealed, and the Chinese were assigned an annual quota of 105 immigrants.

·In the early 20th century, amid worries that southern Europeans (Italians) were predisposed to criminality and practiced a superstitious religion (Roman Catholicism), Congress set quotas and reduced the number of immigrants from each country in proportion to their percentage of the U.S. population in 1890 — when most immigrants came from northern and western Europe.

Now Buchanan wants to stop immigration from Mexico — legal and illegal — because he claims that Mexicans aren't assimilating and that the Mexican government has an elaborate scheme to launch a "reconquista" of the American Southwest.

That's loco. Mexico doesn't want to reclaim the Southwest. Why own, when you can lease to another party? Mexican workers in the USA send home almost $16 billion annually in remittances. Why mess with a good thing?

Besides, there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back. Latino immigrants and their children stand a much better chance of losing Spanish than of not learning English.

So says a study published last month in the journal Population and Development Review. Sociologists Rubén Rumbaut and Frank Bean, from the University of California, Irvine, and Douglas Massey, from Princeton University's Woodrow Wilson School, found that while immigrants and their children had no trouble maintaining some fluency in Spanish, the language was doomed in the long run. In the third generation, only 17% of descendants of Mexican immigrants still speak Spanish fluently. And in the fourth generation, it's 5%.

And what about those who claim otherwise, including a certain Scots-Irish blowhard? "It's fear," Rumbaut said. "And fear doesn't listen to facts."

Respondents who said they spoke Spanish "not very well" and spoke mostly English at home were categorized as "linguistically dead" in terms of native language.

Hey, that's me. As a Mexican-American, I grew up listening to my grandmothers speaking in Spanish and answering them in English. As a teenager, I knew that I spoke Spanish badly, and four years of high school Spanish didn't change that.

Now, my wife is determined that our daughter know Spanish because it's a given she'll master English. We decided one parent would speak to her in English and the other in Spanish. Guess which assignment I got.

So I'm not sure where Buchanan gets his information. Or what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand.

Say, what time does the next Greyhound leave?

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Deeper And Deeper (NYT)

The New York Times, October 5, 2006

There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer.

For most of the past five and a half years, interest rates have been low, allowing the government to borrow more and more — to cut taxes while fighting two expensive wars — without having to shoulder higher interest payments.

That's over now. For the first time during President Bush's tenure, the government's interest bill is expected to rise in 2006, from $184 billion in 2005 to $220 billion this year, up nearly 20 percent. That increase — $36 billion — makes interest the fastest-growing component of federal spending, and continued brisk growth is likely. According to projections by Congress's budget office, the interest bill will grow to $249 billion in 2007, and $270 billion in 2008.

All of that is money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years. In 2005, the government paid about $77 billion in interest to foreign creditors in China, Japan and elsewhere.

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And that's not the worst of it. While foreign investors were putting up most of the $1.5 trillion the federal government has borrowed since 2001, they were also snapping up hundreds of billions of dollars in private sector securities, transactions that have been a big source of the easy money that allowed Americans to borrow heavily against their homes.

The result, as The Wall Street Journal reported last week, is that for the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad. That is a momentous shift. It means that a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess.

Schwarzenegger's Cynicism On HIV Prevention (LAT)

The Los Angeles Times, October 5, 2006

RIBBON CUTTING IS NICE. Inspirational speeches from the bully pulpit can be useful too. But on a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike.

The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated.

A study released last year by the U.S. Centers for Disease Control and Prevention documented 88 men who became infected after entering Georgia state prisons, most of them through consensual sex. Because prisons only rarely test for HIV, infected ex-cons frequently go on to have unprotected sex and spread the disease to their unknowing wives or girlfriends.

The resulting damage has been most devastating to minority communities. Because two-thirds of prisoners are black or Latino men, and one out of three black men will serve time behind bars in their lifetime, minority HIV rates have skyrocketed, especially among the female partners of ex-cons. In 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States, according to federal statistics.

Conservative lawmakers have been trying to kill the condom bill all year — for the head-in-the-sand reason that the program would effectively endorse the crime of having sex in prison. It's a logic the governor rejected two years ago when he legalized the sale of hypodermic needles without a prescription in order to reduce transmission of HIV among heroin users. But two years ago, Schwarzenegger wasn't seeking reelection while trying to lock up a restive Republican base.

In a recent Field poll, 70% of Californians favored distributing condoms in prison. Many foreign countries, and AIDS-impacted municipalities such as Los Angeles and San Francisco, pass out prophylactics in their jails. Stopping the spread of HIV in one of the places where it grows the fastest is a far more pressing issue than reelecting a governor who should know better than to let public health be held hostage by moral hysterics.

Pyongyang Warned On Weapon Testing (WP)

By Dafna Linzer

The Washington Post, October 5, 2006

The Bush administration delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government.

North Korea "can have a future or it can have these weapons. It cannot have both," Assistant Secretary of State Christopher R. Hill said yesterday in remarks at Johns Hopkins University's U.S.-Korea Institute. It was the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test.

Hill did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis. "We will do all we can to dissuade [North Korea] from this test," he said. State Department officials said Hill is considering a trip to Asia to discuss options with key allies.

"We are not going to live with a nuclear North Korea, we are not going to accept it," Hill said. He said the United States had passed along a private warning through North Korea's diplomatic mission to the United Nations in New York.

North Korea is believed to have enough plutonium for as many as 11 nuclear bombs. It announced in February that it had succeeded in building a weapon, although intelligence analysts believe it is still years away from being able to deliver one.

Tuesday's statement did not set a date for a test. Senior intelligence officers and some administration officials said they had no clear signs indicating when one might occur.

"In terms of how much time they need and how far along they are, we don't know if it's even realistic" to test in the near term, said one official who spoke on the condition of anonymity in discussing classified intelligence estimates. State Department deputy spokesman Tom Casey said U.S. officials are looking at "all kinds of information" related to the possibility of a test.

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Topographical changes resulting from a test would be visible to U.S. satellites, officials said. The test could also be detected by ground-based seismic sensors, some owned by U.S. intelligence and others by international monitoring stations set up to detect and deter nuclear tests around the world.

Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general.

In a private phone conversation with Secretary of State Condoleezza Rice yesterday, Ban offered to mediate between Washington and Pyongyang should he be selected as the next U.N. chief, according to an official briefed on the call.

Bush's top advisers held an emergency meeting about North Korea on Tuesday to review a number of strategies under consideration but came away with little agreement. Officials briefed on the meeting, chaired by national security adviser Stephen J. Hadley, said the participants discussed a range of options for restarting talks with Pyongyang and coaxing allies such as China and South Korea to adopt a tough line in the face of threats. "It was the first in a series of meetings we're going to have to hold," said one official who agreed to discuss it on the condition of anonymity. "There has been no major policy shift or change in anything at this point," the official said.

The State Department issued a worldwide communique to foreign governments afterward reiterating the administration's belief that a test would destabilize the region.

At the United Nations, U.S. Ambassador John R. Bolton discussed the matter with the Security Council, Casey said. The United States hopes "to see some action there in the near future," he added.

But Bolton said that, already, there are disagreements among council members about how to respond and that a Japanese initiative to send a council warning to Pyongyang lacks support.

North Korea's nuclear capabilities have grown significantly during Bush's presidency. When he came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. As the potential arsenal has grown to as high as 11, the administration has rebuffed calls to sit down directly with North Korea.

U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test (NYT)

By David E. Sanger And Jim Yardley

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The Bush administration sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States “is not going to live with” a nuclear-armed North.

The statement came in a speech late Wednesday by Christopher Hill, the assistant secretary of state for Asia. “We are not going to live with a nuclear North Korea, we are not going to accept it,” he said, according to [a news organization]. He was speaking at the newly created U.S.-Korea Institute, which is part of Johns Hopkins University.

Mr. Hill did not suggest what the American response would be, and gave no hit of economic or military response. But in the speech on North Korea, he said: “It can have a future or it can have these weapons. It cannot have both.”

Mr. Hill’s comments were in sharp contrast to Washington’s muted initial reaction on Tuesday to the North Korean announcement that it would set off an underground test. Secretary of State Condoleezza Rice said a test would be “provocative,” and the National Security Council released a statement saying that it would ’’severely undermine our confidence in North Korea’s commitment to denuclearization.’’

Mr. Hill said the direct message to North Korea, delivered to its mission at the United Nations, was in keeping with Tuesday’s responses.

Some inside the administration complained that the responses were so soft that North Korea would read them as an invitation to proceed.

Meanwhile, American officials were pressing China to intervene, though it is unclear how much influence Chinese authorities have; Beijing asked the North not to conduct a missile test in July, but it did so anyway.

On Wednesday, China urged North Korea to exercise restraint and pursue a course of diplomacy rather than “taking actions that may intensify the situation.”

That message was a clear statement of disapproval from the country considered North Korea’s strongest regional ally as well as its chief economic patron.

“We hope that North Korea will exercise necessary calm and restraint over the nuclear test issue,” China’s Foreign Ministry spokesman, Liu Jianchao, said in a statement on Wednesday.

China was host to the six-nation talks over the North Korea nuclear crisis until North Korea broke off the discussions a year ago because of a dispute with Washington. China has sought to bring both sides back to the talks with itself, Japan, South Korea

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and Russia, but North Korea's announcement on Tuesday about plans to conduct a nuclear test "in the future" has again raised tensions in the standoff.

In Russia, the foreign minister, Sergey V. Lavrov, spoke with his South Korean counterpart, Ban Ki-moon, and "stressed the unacceptability" of a North Korean test, according to a statement. A test, the ministry's statement said, "can only aggravate this situation."

The Foreign Ministry in South Korea, one of the North's biggest providers of aid, said a nuclear test could alter its policy of engagement, The Associated Press reported.

"If North Korea pushes ahead with a nuclear test, North Korea should take full responsibility for all consequences," a spokesman, Choo Kyu-ho said, after South Korean security ministers held an emergency meeting, according to The A.P.

On Wednesday, Mr. Liu, the Chinese spokesman, focused on diplomacy as a solution and, in a statement aimed at North Korea, called on "all relevant parties" to "address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

In a telephone conversation Wednesday evening, Mr. Hill said that he wanted to convince North Korea that it could not follow Pakistan's model. Pakistan tested a nuclear weapon in 1998, endured three years of sanctions, and then emerged after the Sept. 11 attacks as a major American ally.

"This," Mr. Hill said, "ain't Pakistan."

The timing of North Korea's announcement comes at what had been a hopeful diplomatic moment in East Asia. On Wednesday morning, China announced that the new Japanese prime minister, Shinzo Abe, would visit Beijing on Sunday, the first official visit between leaders of the two Asian powers since 2001. Relations between the countries have deteriorated since then, largely over former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine, a memorial honoring Japan's war dead, including convicted war criminals from World War II.

Mr. Abe will then travel to South Korea to meet with President Roh Moo-hyun.

N Korean Nuclear Test 'just Matter Of Time' (FT)

By Anna Fifield And Guy Dinmore

Financial Times, October 5, 2006

A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership.

A nuclear test has always been considered North Korea's trump card, a last-ditch option that would invite the strongest of responses, not just from the US and Japan but potentially from benefactors China and South Korea.

Although Mr Kim's regime has often made provocative threats without following through, many observers were confounded by the test launch of seven ballistic missiles in July and are now reluctant to dismiss Pyongyang's latest threat, made on Tuesday.

"The reality is that US policies over the last decade have failed to stop North Korea from becoming a nuclear state and now they are ready to take the next step and prove it," said Jon Wolfsthal, a nuclear specialist at the Center for Strategic and International Studies in Washington, predicting a test would take place within two years.

North Korea's neighbours on Wednesday urged restraint. But many analysts said it was a case of when, not if, a test was carried out, some saying there was an even chance it would come this year.

Daniel Pinkston of the Center for Nonproliferation Studies in Monterey, California, said, if it was this year, a test would almost certainly have to take place before mid-November to avoid heavy snow falls.

"I think they have been pretty clear in describing what they will do," Mr Pinkston said. "As this crisis has been stretching out over time, they have taken the opportunity to use salami tactics," he said, referring to Nobel prizewinner Thomas Schelling's theory for defeating threats by incremental escalation.

North Korea's foreign ministry said on Tuesday that the US's "threat of a nuclear war and its vicious sanctions and pressure" had put the state in danger, its boldest declaration yet.

North Korea's leadership is under severe economic pressure. Financial sanctions imposed by the US in September last year appear to have had a tougher than expected effect.

Pyongyang has condemned the sanctions, refused to return to six-party talks, conducted the missile tests, and threatened to extract more spent plutonium fuel rods from its Yongbyon reactor.

"They look at this as an act of war," Mr Pinkston said. "They are unhappy with the US strategy of imposing sanctions and the impact that is having on legitimate trade."

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But analysts said pressure had increased on North Korea in other ways since July. The missile tests came despite public warnings from Wen Jiabao, the Chinese prime minister. This prompted Beijing, Pyongyang's closest ally, to express its displeasure in several ways, including giving its support to a United Nations Security Council resolution condemning North Korea and imposing limited sanctions.

According to an official from the World Food Programme, China has cut back food deliveries to North Korea this year by as much as two-thirds. This comes on top of widespread food shortages following floods, a worse than expected harvest, and other aid cutbacks.

Although there is no proof of nuclear weapons capability, North Korea has the material and claims to have already "weaponised" the 8,000 rods initially withdrawn from its nuclear reactor at Yongbyon. By most estimates, the rods would yield enough fissile material for six to 10 nuclear devices, a number that would probably give North Korea the freedom to test one without worrying about significantly diminishing its arsenal.

Bruce Klingner of the Eurasia Group, a political consultancy, said: "North Korea is feeling cornered so there is a greater chance than in the past of something happening. It's an internationally nerve-wracking time."

Marcus Noland, senior analyst at the Institute for International Economics, wrote recently: "North Korea could suffer a noticeable, self-inflicted and direct trade shock from a nuclear test."

However, Pyongyang may calculate that additional sanctions would be short-lived. Noting how the international community quickly backpedalled after Pakistan's nuclear test in 1998, Mr Noland said China and South Korea, fearing mass instability and regime collapse in the North, might "encounter both domestic and diplomatic motivations to ease such restrictions".

Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, last night warned North Korea that "we are not going to live with a nuclear North Korea. We are not going to accept it."

The US would "have no choice but to act resolutely", he told the School of Advanced International Studies of John Hopkins University in Washington.

He refused to say what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Warnings To Pyongyang Underline Global Concern (FT)

By Guy Dinmore, Anna Fifield And Richard Mcgregor

Financial Times, October 5, 2006

North Korea's neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences.

In Washington, Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, warned Pyongyang that "it can have a future or it can have these weapons. It cannot have both. We are not going to live with a nuclear North Korea. We are not going to accept it".

The US would "have no choice but to act resolutely", he added.

The reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken.

Kim Jong-il's regime has long used threats as a bargaining tool, so its colourful words are often dismissed as rhetoric. However, since it launched seven missiles in July, its neighbours have become reluctant to call Pyongyang's bluff.

Liu Jianbao, China's foreign ministry spokesman, said: "We hope that [North Korea] will exercise the necessary calm and restraint on the nuclear test issue."

But he said: "All relevant parties must address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

The statement is a sign from Beijing, North Korea's biggest provider of food and energy aid, that it still opposes sanctions on Pyongyang.

However, Japan, which has joined the US in imposing sanctions on North Korea, said any test would be unacceptable and a serious threat to peace. "North Korea should listen earnestly to the world's voices and exercise maximum self-restraint," said Hakubun Shimomura, deputy chief cabinet secretary. "I hope it will stop foolish behaviour that would only bring it into further isolation."

In Seoul, Yu Myung-hwan, vice-foreign minister, said it was "necessary to send a grave warning to North Korea so it does not misjudge the situation and conduct a nuclear test".

Saying it needed to bolster its war deterrent for self-defence, North Korea's foreign ministry said on Tuesday that it would "in the future conduct a nuclear test" because the US was threatening it with nuclear war and "vicious sanctions".

The announcement flies in the face of Beijing's policy in support of a nuclear-free Korean peninsula. It is also the latest in a series of recent repudiations by North Korea of Chinese entreaties to return to multilateral negotiations on the issue.

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Seoul Continues Outreach To North Korea (WSJ)

By Evan Ramstad

The Wall Street Journal, October 5, 2006

Roh Stays the Course Amid Possible Test Of a Nuclear Bomb

SEOUL, South Korea -- North Korea's declaration that it will test a nuclear bomb might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor. But Seoul isn't parting with the policy quite yet.

South Korean President Roh Moo Hyun told his cabinet to prepare a "cool-headed and stern" response to the North's latest provocation. "We need measures to let North Korea know clearly what consequences it will cause if it really goes ahead with a test," he said.

Government officials gave no indication of what measures they might take, although they have had since mid-August -- when U.S. military intelligence revealed that North Korea appeared to be preparing a bomb test -- to come up with ideas. South Korea went ahead with an aid shipment of cement and other materials to the North yesterday.

The South's ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at North Korea in the wake of its statement Tuesday that it would test a nuclear bomb. Analysts believe the two countries will ask the United Nations to invoke sanctions against North Korea that can be backed up militarily if it proceeds with a test.

A similar division became apparent in July, when North Korea test-fired seven missiles, including a long-range one that failed. While political leaders in Japan, the U.S. and elsewhere quickly condemned North Korea, Mr. Roh said nothing about the tests for a week. Last month, on a visit to Finland, he told a reporter he considered the missile tests to be a "tool for political purposes" and not a military threat.

In the U.S. a few days later, Mr. Roh said a nuclear test by the North would mean "the situation will become a totally different one from what it has been."

President Roh has continued the "engagement policy" started in 1998 by his predecessor, Kim Dae Jung, to promote economic and political change and eventual reunification with the North. Under the policy, Seoul eliminated harsh rhetoric toward the North, halted propaganda broadcasts and leaflets and built an industrial park in the North Korean border city of Kaesong and a mountain resort in the North for South Koreans to visit.

Just a year ago, the policy seemed to be working, when North Korea agreed -- in negotiations with the South, three other neighbors and the U.S. -- to give up its nuclear-weapons program in return for economic and energy assistance. The North walked away from the agreement a short time later and, more recently, proceeded with plans to test its weapons.

Conservative politicians and news media in South Korea say the engagement policy has become an embarrassment for the country. "This is the time for a stick, not a carrot," said Lew Seok Choon, a university professor in Seoul who is active in conservative politics. "As soon as we hear this [bomb test] news, the government should speak out and say here is our plan, so our citizens will feel comfortable."

Mr. Roh and other proponents of the engagement policy fear harsh measures may cause the North to collapse suddenly, leaving the South to cope with the chaos and expense of rebuilding its neighbor.

In one sign the South hopes to stick with engagement, the government yesterday sought a change in a wire-service news report that quoted an official as saying the policy could be abandoned if Pyongyang tested a nuclear bomb. In a new version of the story, the official was quoted as saying the policy may shift but not necessarily be abandoned.

Abe Aims To Flex Japan's Muscles (WSJ)

By Sebastian Moffett

The Wall Street Journal, October 5, 2006

Premier's Visits to Beijing, Seoul May Help Unify North Korea Policy

TOKYO -- New Japanese Prime Minister Shinzo Abe's coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions.

Mr. Abe's visits to Beijing Sunday and Seoul Monday mark a quick start to his ambition to give Japan greater influence in regional affairs.

The trip will include the first summit meeting between the Japanese and Chinese leaders in five years. China refused to hold summits with Junichiro Koizumi because of the former prime minister's annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as well as conscripted soldiers.

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Tuesday, North Korea said it will test a nuclear bomb. While there is no clear evidence Pyongyang can do it, the announcement increased worry about the North. The announcement also could present an opportunity for Mr. Abe, 52 years old, on his first trip as prime minister.

Japan has aligned itself with Washington's hard line toward Pyongyang, and it imposed sanctions on North Korea after it test-fired missiles in July. But China is a traditional ally of the communist state, and South Korea has been trying to build better relations with the North through economic incentives. If Mr. Abe's talks with Chinese President Hu Jintao and South Korean President Roh Moo Hyun improve Japan's relations with those countries, that could help foster progress in forming a joint strategy toward Pyongyang. (See related article on page 10.)

"The road to solving North Korea problems is through better relations with Beijing," said Jeff Kingston, director of Asian Studies at Temple University Japan.

More widely, Mr. Abe's trip could add momentum to the long-term push by Japan -- an economic power -- for a bigger role in world affairs. Starting 15 years ago, the U.S. made strong calls to Tokyo to play a greater role in maintaining regional security. Despite a pacifist constitution adopted after World War II, Japan from the 1990s began sending troops to participate in United Nations peacekeeping operations. In 2004, it sent a contingent of troops to Iraq to join reconstruction efforts.

Another reason for Japan's shift is the economic rise of other Asian nations, which has led to competition for regional dominance.

Under Mr. Koizumi, Japan began to be more assertive. Starting in 2002, his government -- with Mr. Abe as its chief negotiator -- took North Korea to task for kidnapping Japanese citizens a quarter of a century ago. Japan eventually obtained the return of five of its citizens and their families. After North Korea test-fired missiles into the Sea of Japan in July, Japan led calls for a U.N. resolution to condemn the launches. Tokyo then imposed its own sanctions on Pyongyang.

Mr. Koizumi angered China and South Korea over Yasukuni, which most previous prime ministers hadn't visited for fear of the reaction it would provoke. In 2005, tens of thousands of young Chinese staged demonstrations against Japan, complaining that it hadn't sufficiently atoned for its invasion of China in the 1930s.

Mr. Abe has visited the shrine in the past, though he hasn't said whether he will while prime minister. But he told Japan's Parliament last week that "strengthening bonds of trust with [China and Japan] is extremely important for the Asian region and the entire international community."

The economies of Japan and China are increasingly intertwined, as Japanese companies build factories all over China, from where they export electronics products around the world. In 2004, China, including Hong Kong, eclipsed the U.S. to become Japan's biggest trading partner.

China's leaders appear to have decided they, too, have much to gain by meeting the Japanese premier and from having better ties. "The summit is coming so fast," said Zhou Yongsheng of the Institute for International Relations at China Foreign Affairs University. "It shows that China is sincere about improving the relationship between the two countries."

--Kersten Zhang in Beijing contributed to this article.

Asia Confronts North Korea On Nuke Test (AP)

By Hans Greimel, Associated Press Writer

AP, October 5, 2006

North Korea's neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power.

The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting.

On Wednesday, China — the North's main ally and key benefactor — appealed to Pyongyang to show calm and restraint, issuing an unusually pointed statement that referred to North Korea by name, instead of its usual appeals for all sides to remain calm.

Japan, China and South Korea announced a series of summit meetings over the next week to repair damaged ties and coordinate a strategy. Japanese Prime Minister Shinzo Abe will meet with Chinese President Hu Jintao on Sunday and South Korean President Roh Moo-hyun on Monday. Roh will then visit Beijing for talks with Hu and other officials on Oct. 13.

The three countries are key players — along with the United States and Russia — in the long-stalled six-nation talks aimed at persuading the impoverished communist regime to give up its nuclear ambitions in return for badly needed economic aid.

Japan also took its case to the United Nations, pressing a divided Security Council to adopt a statement urging the North to cancel the test and return immediately to talks. Japan's draft text warned that a test would "jeopardize peace, stability and security in the region and beyond." U.S. Ambassador John Bolton told reporters that members were divided on how to respond to the North.

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The joint effort came a day after North Korea triggered global alarm by saying it will undertake an unprecedented nuclear test in a step toward building the atomic arsenal it views as a deterrent against any U.S. attack.

It was the first time the North has publicly announced plans to conduct a nuclear test, though recent reports have said it may be preparing one. North Korea claims to have nuclear weapons, but detonating one would be the first proof of its atomic capabilities.

Russia's defense minister voiced concern about the environmental consequences in neighboring Russian territory. "The nuclear tests in North Korea, if they take place, could cause ecological damage in Russia," Sergei Ivanov said on a visit to a Russian air base in Kyrgyzstan.

The United States said it has warned the communist nation not to stage a nuclear test.

"We are not going to live with a nuclear North Korea," Assistant Secretary of State Christopher Hill said Wednesday.

Hill, the chief envoy to disarmament talks, said the United States has passed a message of "deep concern" through diplomatic channels at the United Nations but has yet to hear back from North Korea.

A U.S. intelligence official, speaking on condition of anonymity, said the United States is now seeing the movement of people, materials, automobiles and other activity around one possible test site, but it could be similar to the activity that was seen a couple months ago. At that time, no test occurred.

The official noted that international observers don't have a baseline for comparison, because North Korea has never performed a nuclear test.

South Korea's top official on dealings with the North, Unification Minister Lee Jong-seok, said Wednesday there were no signs of an imminent test. And Japan's Asahi newspaper reported that two Japanese spy satellites focusing on a suspected underground test site had not observed any activities apparently connected to test preparations as of Tuesday.

Adding to uncertainty, North Korean leader Kim Jong Il has dropped from public view and has not been seen for nearly three weeks, South Korea's Chosun Ilbo reported Thursday. The leader often drops out of sign when tensions heat up only to resurface when things calm down.

While North Korea's Kim may decide to hold the test, it cannot be ruled out that the announcement is saber-rattling, an effort to force a change in the stalled diplomatic negotiations or some other motivating factor.

Lee, however, warned there was "a high possibility" North Korea would go ahead with a test if "efforts to resume the six-party talks fail."

North Korea has boycotted six-nation nuclear talks for nearly a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Any display of Pyongyang's nuclear force could prompt Japan to go nuclear and trigger a regional arms race, South Korean Vice Foreign Minister Yu Myung-hwan warned. Speaking to lawmakers, Yu said such a North Korean nuclear test "could provide a pretext for Japan's nuclear armament."

"This will prompt countermoves by China or Russia and lead to a change in the balance of power in Northeast Asia," Yu said.

In a worst-case scenario, analysts have speculated, a test could push Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

Just last month, a think tank run by former Japanese Prime Minister Yasuhiro Nakasone proposed in a policy paper that Tokyo "consider the nuclear option."

The South Korean president called Wednesday for a "cool-headed and stern" response to the North's announcement, while Foreign Ministry spokesman Choo Kyu-ho said a test could cause Seoul to change its engagement policy toward the communist regime.

But a test could strain the alliance between South Korea and the United States, which has adopted a harder-line toward Pyongyang.

South Korea has consistently pursued dialogue with North Korea since their leaders first met in a historic summit in 2000. Seoul is also a main aid provider. On Wednesday it was shipping previously promised flood relief aid, including 6,400 tons of cement, despite the nuclear test threat.

"As North Korea has yet to conduct a nuclear test, it is difficult to immediately halt sending flood relief aid, which is being provided on a humanitarian basis," a ministry official said on condition of anonymity, citing official policy.

Other issues could also splinter a common front against North Korea.

Japan, the top U.S. ally in East Asia, has been the most hard-line against Pyongyang, especially since North Korea fired a test missile over its territory in 1998.

China, meanwhile, sees Pyongyang as a counterbalance to U.S. influence in its own backyard.

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"North Korea's next step may be to do nothing at all, other than to sit back and watch the rest of the world argue about what to do next," Ralph Cossa, president of the Honolulu-based Pacific Forum, wrote in a report on the latest threat.

Some experts believe the North has enough fissile material to build at least a half-dozen nuclear bombs, though there are doubts about whether it could deliver them accurately on a warhead.

U.S. Asks U.N. To Condemn Threat (WT)

By David R. Sands

The Washington Times, October 5, 2006

The Bush administration yesterday pressed the United Nations for a strong condemnation of North Korea's threat to test a nuclear weapon, as Pyongyang's Northeast Asian neighbors warned the North against exploding an atomic bomb.

John R. Bolton, U.S. ambassador to the United Nations, said the U.N. Security Council was divided over how to deal with the North's threat, but that the United States would push for a "broad strategic approach" to heading off a nuclear test that could destabilize the region.

"It's going to be quite important for the [Security Council] to speak very firmly, very resolutely on this," he said, "and not just in a knee-jerk reaction with another piece of paper."

North Korea on Tuesday announced plans to conduct a nuclear test at an unnamed date, calling it a "self-defense measure" in the face of the "U.S. extreme threat of a nuclear war and sanctions and pressure."

The closed regime of North Korean dictator Kim Jong-il has boycotted regional talks hosted by China on its nuclear programs for nearly a year, and ignored warnings from Washington and neighboring capitals by conducting a provocative missile test in early July. The Security Council at the time imposed weapons-related sanctions.

China and South Korea yesterday issued calls for the North to refrain from a nuclear test. The statement by China's foreign ministry, in a break with past practice, singled out North Korea by name in urging "restraint," while a South Korean minister said a nuclear test by Pyongyang could cause Seoul to reconsider its policy of engagement with the North.

Japan, which sharply criticized the July missile tests, circulated a draft resolution at the Security Council yesterday. The measure warns North Korea that a nuclear test would jeopardize peace in the region and holds out the prospect of new action if North Korea goes ahead with the test.

Russia, also a participant in the stalled "six-party talks" over the North's nuclear programs, said a nuclear test could present an ecological threat to its own territory.

In Washington, the U.S. assistant secretary of state for East Asia, Christopher R. Hill, said, "We are not going to live with a nuclear North Korea, we are not going to accept it."

Speaking at the U.S.-Korea Institute, part of Johns Hopkins University, Mr. Hill declined to specify what steps the United States might take to halt a weapons test.

New Japanese Prime Minister Shinzo Abe embarks on a previously planned diplomatic tour of South Korea and China next week, a trip that could help coordinate a response to the North's threat.

Officials said intelligence signs conflicted over whether Pyongyang was serious about a nuclear test.

Japanese press reports said that Japanese satellites had not seen any unusual activity at a site where a nuclear test might be conducted.

But a U.S. intelligence official, briefing reporters on background, said the United States is seeing the movement of people, materials and automobiles around one potential test site.

Mr. Bolton said he did not think Pyongyang was bluffing.

"We do think this is a serious threat," he said. "We don't think this is a diplomatic ploy or an attention-getting device."

Security Council Mulls Response To North Korea Nuclear Test Threat (AFP-Y)

By Gerard Aziakou

AFP, October 4, 2006

The UN Security Council sought agreement on a firm response to a North Korean plan to test an atom bomb, hoping to push Pyongyang back to talks over its nuclear program.

After morning closed-door consultations on the issue, the council's 15 ambassadors tasked their experts to meet again Thursday to pore over a Japanese draft statement asking North Korea "not to undertake such a test and to refrain from any action that might aggravate tension."

The statement, a copy of which was obtained by AFP, also urges Pyongyang to "return immediately to the six-party talks (on ending its nuclear weapons program) without precondition."

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The Stalinist state has boycotted the talks -- involving China, Japan, the two Koreas, Russia and the United States -- since last November in response to US sanctions against a bank linked to the regime of Kim Jong-Il.

Emerging from a 90-minute experts' meeting Wednesday, a Japanese diplomat told reporters: "We had a a very good exchange of views" on the text.

"We tentatively agree to have another expert-level meeting some time tomorrow," said the diplomat, who spoke on condition of anonymity. Japan presides over the council for this month.

The Japanese diplomat said most members supported the draft, including some delegations such as China and Russia which had not yet received instructions from their governments on how to proceed.

Earlier Thursday, US Ambassador to the UN John Bolton spoke of "division" within the council, suggesting "North Korea's protectors" -- implying Moscow and Beijing -- opposed his call for a tough line against Pyongyang.

"We cannot simply respond with a piece of paper," Bolton said. "I fear that if we do not have a strong response now to this clear signal from the North Koreans ... that they will misread the council. ... I'm not sure everybody on the council shares that view," he added.

But Chinese Ambassador Wang Guangya took exception to Bolton's comments, particularly his reference to North Korea's protectors on the council.

"We are all concerned about the North Korean announcement. On this issue, everybody is unanimous. ... No one is going to protect them (the North Koreans)," he added.

The Chinese envoy also said that all council members support the idea that "the six-party talks (should) be the main channel to address the issue". Other diplomats concurred with that view.

Wang urged "less mistrust" between Washington and Pyongyang.

"If there could be some progress made between the United States and North Korea, if there could be less mistrust between the two, certainly I think it would lead to good results," Wang told reporters.

"This is not an issue between China and North Korea. I do hope that others will also contribute," Wang said.

In Washington, US officials strongly slammed the North Korean nuclear test announcement as provocative, but both in public and private avoided talking about ramping up sanctions against Pyongyang to discourage the test.

Instead, the State Department urged North Korea to return to the six-nation negotiations.

"The right thing is to end these kind of provocations and end these kind of threats and to go back to the six-party talks, which is where we all want to be to come up with a viable solution to North Korea's nuclear program," State Department deputy spokesman Tom Casey told reporters.

Pyongyang triggered global jitters Monday when it announced plans to test a nuclear device at an unspecified date and under safe conditions, in response to what it called a "threat of nuclear war and sanctions" from the United States.

In Washington, a UN official said US intelligence had detected unusual movement at a suspected North Korean nuclear site and a bomb test could be carried out at any time.

"We've seen some activity in the area," said the official. "When I say activity, I mean personnel, vehicles, materials, things of that nature."

"We need to make it clear that the (North Korean) threat has to be withdrawn," Bolton said, warning that if the North Koreans did proceed with a test, the council should pass a resolution mandating sanctions going beyond those imposed on the North in a Security Council resolution passed in July.

That resolution was passed after the North launched seven missiles, including a long-range Taepodong-2 believed to be capable of striking US soil.

China, North Korea's main political ally and chief supplier of food and energy, and Russia have both appealed for "restraint" from the North, while South Korea warned it would cut off vital economic aid if the test went ahead.

The United States has warned North Korea directly of international repercussions if it proceeds with a nuclear test, Christopher Hill, the US envoy to nuclear talks with the Stalinist state, said.

The diplomat said the North Koreans were contacted through their United Nations mission in New York.

"Yesterday we sent the message directly to the DPRK (North Korea) through the New York channel of what such a test would mean," said Hill.

"We have spoken consistently that we will meet them bilaterally, but through the context of the six-party talks."

Hill spoke at the launching of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies in Washington.

A North Korean nuclear test "would be a very highly provocative act, and the international community cannot be indifferent to that," he said.

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"It will invite the prospect of proliferation ... and we have no choice but to act resolutely to make sure the DPRK and every other country understand" the implications of such a move, said Hill.

What If North Korea Tests A Nuclear Bomb? (CSM)

By Howard LaFranchi And Donald Kirk

The Christian Science Monitor, October 5, 2006

WASHINGTON AND SEOUL

In all its years of saber rattling and boasts of nuclear-weapons capabilities, North Korea has never gone beyond talk to proving that it has the bomb.

Now Pyongyang says it will conduct a nuclear test - a move that would remove any doubt about the accession of the secretive and volatile regime of dictator Kim Jong Il to the nuclear club. With no international inspectors having set foot in the country for four years, a test would provide clues about the kind and power of weapons and the level of technology it possesses.

"At a minimum, a test would be a clarifying moment," says Jonathan Pollack, director of the Strategic Research Department at the Naval War College in Newport, R.I.

In addition, a test would hold geopolitical ramifications for the northeast Asian region, experts say, and for international efforts to keep the proliferation genie in its bottle. "The political effects of a nuclear test would be at least as consequential - and destabilizing - as any technological leap it might provide the North Korean nuclear program," says Daryl Kimball, executive director of the Arms Control Association in Washington.

A test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race - causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents. That, experts say, would very likely mean that the international nonproliferation regime is dead. North Korea's ability to do harm

North Korea has claimed since 2005 that it has a nuclear arsenal, and intelligence specialists believe Pyongyang probably possesses enough plutonium for as many as 10 average-size plutonium bombs. A missile test Pyongyang conducted this summer demonstrated its continuing progress in missile technology, but experts say it still does not have the capability - or a miniaturized weapon - to deliver a weapon by missile.

The only way North Korea at this stage could stage a nuclear attack would be to drop a bomb from an airplane that might be detected as it left North Korean airspace. Besides, notes Mr. Kimball, the North does not possess anything like the B-29 the US used to deliver the first nuclear weapon to its target.

"Their bomb is a standard bomb comparable to the one on Hiroshima," says Kim Tae Woo, senior fellow at the Korea Institute for Defense Analyses, an adjunct of the defense ministry in Seoul. The Hiroshima bomb, dropped on the Japanese city of Hiroshima on Aug. 6, 1945, had an explosive effect of 12.5 kilotons, while the one dropped three days later on Nagasaki had an impact of 20 kilotons.

"They have missiles capable of mounting nuclear weapons," says Mr. Kim, "but they should continually minimize the size of weight" so the warheads are small enough for missiles to be able to carry them long distances.

Analysts in South Korea say a nuclear test by the North could cause Seoul to reconsider its policy of reconciliation with Pyongyang.

Still, many observers say North Korea's new threat is primarily directed at the United States - designed to pressure the US into calling off financial sanctions that have been hurting the North, and accepting the direct talks, and the security guarantees, that Pyongyang wants. Washington's careful response

Washington's response since North Korea announced its intentions Tuesday has been deliberate but nonreactive, with Secretary of State Condoleezza Rice saying a test would be "provocative."

The United Nations Security Council was to take up the North Korean issue Wednesday. Some experts see UN Ambassador John Bolton's call for "preventive diplomacy" toward the North as a desire by Washington to use Pyongyang's threatened test to fortify the international front of powers, including China and Russia, to deal more forcefully with the Kim regime.

Alarm over North Korea's nuclear program stems mainly from its more advanced plutonium-weapon development. But Pyongyang is also working on uranium enrichment technology, though less is known about its progress in that area, say intelligence and weapons experts.

"Nobody has a clue where the uranium program is, how big it is, or how far along it is," says John Pike of GlobalSecurity.org.

The Bush administration confronted the regime with evidence of uranium enrichment activities, which the regime reportedly acknowledged - then denied.

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The US and other nations need to think in terms of North Korea's global threat as much for its potential to sell nuclear technology and materials as for its future ability to deliver a weapon to a target, says Mr. Kimball of the Arms Control Association. North Korea's regime has already shown a willingness to sell technology and materials - in particular involving its missile program - in return for cash to keep afloat, he adds.

That concern is what stands behind President Bush's focus on keeping weapons of mass destruction out of the wrong hands, says the Naval War College's Mr. Pollack. "Bush has said since at least the 2002 national security estimate that there is no higher priority than preventing a so-called rogue regime from developing such weapons - or acquiring one," he says.

Still, Pyongyang-as-proliferator, though worrying, is a long-term problem - while the likelihood that a nuclear test will set off an Asian arms race is more immediate, experts say. Worries about regional proliferation

North Korea gave no hint of when it planned to conduct a nuclear test, leading some experts to suggest that it may be a bluff to draw international attention. But just the threat may be enough to set off a chain reaction in the region, others note.

"The most serious impact would be what this would be likely to cause in the region, prompting other countries to reverse their nuclear nonproliferation policies," says Kimball. In that sense, the North Korea issue parallels the challenge of Iran's nuclear program, since many experts believe a nuclear Iran would tempt other Middle Eastern nations to "go nuclear."

Even now, just because North Korea is threatening to test a nuclear weapon, Japan may well do away with Article Nine of the post-World War II "peace" constitution that bans Japan from sending its "self-defense" forces to fight foreign wars.

If North Korea goes through with a test, Japanese scientists are likely to complete the process of building nuclear weapons. Kim, the Korean defense analyst, estimates that Japan could become a nuclear power within months, despite its aversion to any form of nuclear warfare carried over from the bombing of Hiroshima and Nagasaki.

Such eventualities explain why some experts insist that the real impact of North Korea's test threat would be on global nonproliferation efforts.

"The real challenges are yet to come," says Pollack. "We have to ask if the fact of a North Korea test triggers other responses that fundamentally mean that the nonproliferation regime as we know it has ceased to exist."

Answering North Korea (WP)

The Washington Post, October 5, 2006

NORTH KOREA'S threat to conduct a nuclear test is first and foremost a threat to its closest neighbors, China and South Korea. Pyongyang's emergence as a nuclear power would create a grave danger for their people and would probably transform regional security in East Asia in ways that both Beijing and Seoul would find harmful. Among other consequences, Japan might choose to build its own nuclear arsenal. South Korea's policy of seeking closer relations with the North and China's complementary strategy of propping up the totalitarian dictatorship of Kim Jong Il will have produced not stability but a potentially far-reaching destabilization.

The United States would be threatened, too, because of the 30,000 U.S. troops stationed in South Korea. But North Korea appears to be a long way from developing a missile that can reach the United States. Its provocative test in July, like a previous one in 1998, was a flop. A North Korean bomb test, meanwhile, is likely to empower those in the Bush administration who have been arguing for much tougher steps to isolate the North.

It follows that the South Korean and Chinese governments ought to be leading the effort to stop North Korea from going forward. They, more than the United States or the United Nations, have the means to exert pressure. Without the energy and food aid they supply, and China's willingness to close its borders to North Korean refugees, the Kim dictatorship would almost certainly collapse. Most experts believe the North is not bluffing when it says it could detonate a nuclear warhead, but whether it does will probably depend on international reaction to this week's threat.

So far the Chinese and South Korean responses look weak. A spokesman in Seoul said a test would cause a "shift" in the government's engagement policy but hastened to add that it wouldn't abandon the policy altogether. Beijing, meanwhile, seemed to resist a U.S. and Japanese effort to have the U.N. Security Council issue a strong warning to Pyongyang. It's not hard to imagine Mr. Kim reading such reactions as a virtual green light.

The North's latest provocation produced the usual claims that the United States was somehow at fault for failing to "engage" the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. Just last month the senior U.S. negotiator again offered to meet his North Korean counterpart to discuss how talks could resume. There was no response.

Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China.

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The North Korea Nuclear Puzzle (LAT)

The Los Angeles Times, October 5, 2006

IF THERE IS ANYTHING MORE UNCLEAR than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try.

That's a sensible if unsatisfying response to the latest provocation by the Stalinist nation, which tested a long-range missile in July (it failed about 40 seconds into its flight) and last year abandoned negotiations with the U.S., China, Russia, Japan and South Korea over its nuclear program. But if the North Koreans do conduct a nuclear test, the world will need to have a better response at the ready.

Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome. Satellite monitoring reportedly shows increased activity around possible test sites, but there has been increased activity in the past. And because North Korea has never conducted a nuclear test, it's hard for analysts to know exactly what to look for. There is also the possibility, always present with the North Koreans, that they are simply bluffing to gain negotiating leverage.

Diplomatically, the answers are no easier. The U.S., China, South Korea, Russia and Japan have always agreed on a core principle: They don't want nuclear weapons on the Korean peninsula. Beyond that, however, the consensus has shown signs of strain.

North Korea's latest announcement will bolster that consensus, at least temporarily — as demonstrated by the wave of denunciations that rolled from Washington to Beijing. Yet as the U.N. Security Council takes up the issue, tensions will surely return. U.S. Ambassador John R. Bolton urged the council Wednesday not to "simply issue statements for the sake of issuing statements." Russia's ambassador, meanwhile, struck a more cautious note, saying there was "a need for brainstorming" and that the council "should heavily focus on the first part of that term."

With diplomacy like that, who needs crises? The present (if not quite clear) danger is not just that North Korea could test a nuclear weapon, upsetting the delicate balance of the region and offering hope to prospective terrorist clients around the world. It's also that the diplomatic response will devolve into the usual maneuvering.

That can't be allowed to happen. Diplomacy is rarely satisfying, especially as the stakes get higher — and nuclear diplomacy is the art of choosing among least-bad options (as the Bush administration is finding in Iran). A certain amount of posturing is inevitable. Even if they don't really mean it, nuclear nations have to say they will do everything they can to prevent another nation from gaining nuclear weapons — because once another nation has them, there is very little they can do about it. The challenge now for the U.S., China, South Korea, Japan and Russia is as simple as it is difficult: to convince North Korea that they really mean what they say.

Pyongyang Phooey (WSJ)

By Nicholas Eberstadt

The Wall Street Journal, October 5, 2006

With Pyongyang's announcement that it intends to "conduct a nuclear test" to "bolster its war deterrent for self-defense," the world has been given yet another reminder of the North Korean game plan. Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the U.S. heartland -- are instrumental to achieving three goals: shattering the U.S. security architecture in Northeast Asia; breaking the U.S. military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus.

North Korea has been called a "rogue state" by some, a "terrorist state" by others, and fair enough -- but while those terms carry opprobrium, they lack real descriptive content. The North is better understood as a "revisionist state" -- bitterly dissatisfied with the international environment it faces, and intent upon overturning that order. Its main grievances with the international system are: (1) the predominance and success of the capitalist world economy, particularly its global trade and financial arrangements, which are fundamentally incompatible with Pyongyang's Stalin-style economy; (2) the Northeast Asian security structure of military alliances built and maintained by its superpower enemy, the U.S.; and (3) the florescence of a prosperous, democratic South Korean state on the landmass that the Kim family claims the right to rule unconditionally.

These grievances are not merely aesthetic. Since each of these features of the international system places the survival of their own system in jeopardy, North Korea is exceedingly unlikely to be reconciled to them through "international dialogue."

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Making the world safe for Kim Jong Il requires nothing less than upending the contemporary economic, political and military order in Northeast Asia -- preposterous as such an outcome may sound to South Korean, Japanese or American ears.

Nevertheless, North Korean policy is relentlessly focused on achieving just such an upending. The carefully chosen tools for the job are nuclear weapons and long-range ballistic missiles. The point of vulnerability -- the focus of these WMD -- is the U.S.-South Korea military alliance. By training missiles on U.S. territory, Pyongyang's goal of breaking the alliance would be promoted most efficiently -- and its objective of unconditional unification with South Korea would be directly advanced. Why? Because placing U.S. territory in North Korea's nuclear crosshairs inescapably undermines the credibility of American security guarantees in a time of crisis on the Korean peninsula. If U.S. policy makers were deemed unwilling to expose Seattle in order to honor commitments to Seoul, the security alliance would be worthless, America's unparalleled military might notwithstanding.

For over half a century, Pyongyang has endured the reality of U.S.-imposed "deterrence." For Kim Jong Il, the geopolitical keys to the kingdom lie in deterring the deterrer -- and North Korea's otherwise puzzling and bellicose behavior should be regarded through the prism of this long-term project.

The seemingly stalled six-party talks, for example, are actually not stalled at all: North Korea's missile and nuclear weapons programs have apparently been progressing quite nicely during the three-plus years of conferencing. There is an eerie similarity between the "conference diplomacy" involving North Korea today and earlier episodes of "conference diplomacy" in Europe between World Wars I and II. While the particulars are obviously different -- Germany was the strongest state in its region, while North Korea is the weakest -- the dynamics are almost exactly the same: The status quo powers want to talk; the revisionist powers want to arm -- and both parties get their wish.

When North Korea launched its missiles in July, the move was judged in many quarters to be impetuous, even irrational. In fact, it was coolly calculated, displaying the regime's confidence that it could manage subsequent international events while pushing its game up to a potentially much more dangerous level.

Even so, Pyongyang could not have known how much its own project -- inflaming the U.S.-South Korea military alliance -- would be abetted by the hapless Roh Moo Hyun government. In the immediate aftermath of the launches, South Korea's President Roh studiously avoided criticism of North Korea -- and instead harshly scolded the Japanese for (among other things) bringing the matter before the U.N., averring that Tokyo's actions could "lead to a critical situation in the peace over Northeast Asia"! The Roh administration also stated that its multibillion dollar joint-venture scheme within North Korea, the Kaesong Industrial Complex, should be insulated against any political fallout from the missile episode. It continued the subsidies for the project and insisted that North Korean products "made in Kaesong" should receive privileged treatment in the pending U.S.-South Korea Free Trade Agreement.

Most portentously of all, Mr. Roh fixated on switching wartime operational control (Opcon) of the U.S-South Korea combined forces command from U.S. to South Korean hands. It seemed to matter little to him that many military specialists in South Korea itself -- including a large number of retired generals and former ministers of national defense -- went on record to warn that the South's forces were not prepared for such a transition, and that readiness might suffer. The true reasoning behind Mr. Roh's adamant Opcon lobbying may have been revealed by one of his advisers at a public seminar in Seoul last month. He argued that South Korea's control of troops during wartime is critical to maintain security on the peninsula as it prevents the U.S. military from unilaterally conducting military operations in the case of an emergency on the peninsula.

Opcon, in other words, was a proxy for the Roh government's distrust of its U.S. ally -- a feeling evidently so powerful that it could not be restrained even under the pressure of North Korea's missile tests. In the light of such official South Korean reactions, Pyongyang made its own calculations about the risks and benefits in moving its agenda on to nuclear tests. * * *

If the flower children in charge of South Korean national security policy these days have acquitted themselves poorly, the record of the self-proclaimed grownups who took charge of Washington's policies in 2001 does not look that much better. Passive-aggressive in the face of North Korean brinkmanship, irritable and reactive in the face of mounting frictions in the relationship with Seoul, the Bush administration's main achievement to date in "alliance management" seems to have been the drawdown of U.S. forces in South Korea, with more in store. It is not even clear that our statesmen understand the stakes of the game they are embroiled in. All this, of course, will hardly dissuade Pyongyang from pressing the U.S.-South Korea alliance ever harder.

With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking.

Mr. Eberstadt, the Henry Wendt scholar at the American Enterprise Institute, is author of "The North Korean Economy Between Crisis and Catastrophe," forthcoming from Transaction Publishers.

Mistrust Set To Scupper Iran Talks (FT)

By Guy Dinmore And Najmeh Bozorgmehr

DOJ_NMG_0075468

Financial Times, October 5, 2006

The US and Iran appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides.

Javier Solana, the EU foreign policy chief who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever.

He said he had so far failed to persuade Iran to suspend its uranium enrichment – the key pre-condition for the US to join negotiations over the future of Iran's nuclear programme.

The US is set to resume its efforts this week to get a United Nations Security Council resolution that would impose limited sanctions against Iran for failing to heed an August 31 deadline set by the council to suspend enrichment.

However, the US still doubts that China and Russia will back such a measure. American hardliners are also voicing concerns that France is backing away because its forces in Lebanon are "hostage" to Iran.

There are suspicions that President Jacques Chirac of France sought a compromise with Iran in a Paris meeting with a top aide to the Iranian president Mahmoud Ahmadi-Nejad on September 12.

A French official strongly denied that Mr Chirac had sought to make a deal with Iran that would guarantee safety for French forces in southern Lebanon from attack by Iranian-backed Hizbollah in exchange for a softer approach on sanctions and the nuclear issue.

In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military action against Iran, officials and analysts say US president George W. Bush and Condoleezza Rice, his secretary of state, have concluded that a negotiated settlement is the only way forward.

"Regime change" is no longer considered viable, and the military option is too dangerous, say allied diplomats. Both Mr Bush's decision to give the process more time and Ms Rice's offer to meet her Iranian counterpart were indications of genuine goodwill, they said.

The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by her senior aide Philip Zelikow last month in a key speech which advocated diplomacy.

Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer.

Sanctions would buttress "pragmatic" forces in Tehran who argue that the cost of Iran's nuclear programme is too high, a senior US official told the Financial Times. However, such an approach backfired with North Korea, and it is far from clear how the Iranian leadership will respond under duress.

Those seeking engagement say this is a more opportune moment than 2000, when the then US president Bill Clinton and Iran's reformist president Mohammad Khat-ami failed to establish a meaningful dialogue, with both sides facing serious resistance from hardliners.

Now the leadership in both countries is in a position to direct events, and negotiations would have the support of both Democrats in the US and the ousted reformists in Iran. A weakened US is more inclined to negotiate than in May 2003 when, having just conquered Baghdad, it rebuffed an offer of talks from Iran.

Still, the White House does not believe the Iranian leadership is serious about negotiations. And in Tehran there is intense suspicion about US motives and an understandable reluctance to throw away one of its strongest cards – the ongoing enrichment programme – before talks even begin.

Iran: Sanctions Won't Derail Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 5, 2006

President Mahmoud Ahmadinejad warned Wednesday that sanctions will not stop Iran from enriching uranium after a European negotiator conceded "endless hours" of talks had made little progress and suggested the dispute could wind up at the U.N. soon.

The talks had been seen as a last-ditch attempt to avoid a full-blown confrontation between Iran and the U.N. Security Council after Tehran ignored an Aug. 31 deadline to suspend enrichment — a key step toward making nuclear weapons — or face punishment.

The latest comments — and the view of senior U.N. diplomats who told The Associated Press on Tuesday that nearly two years of intermittent negotiations had failed — suggested an emerging consensus that the time has finally come to consider Security Council sanctions.

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Iran maintains its nuclear program is for peaceful purposes and does not violate international law. Its refusal to give up enrichment compounds the failure of more than three years of U.N. inspections to banish suspicions that Tehran might have a secret weapons program. The conflict picked up steam after last year's election of the hard-line Ahmadinejad, whose tough stance on the nuclear issue is wildly popular in Iran — even among moderates.

Javier Solana, the European official who has been negotiating with the Iranians, told the European Parliament on Wednesday that the Iranians had made "no commitment to suspend." The dialogue with the Iranians "cannot last forever" and it was up to Tehran "to decide whether its time has come to end," he said.

Solana said his talks had found "common ground" on some issues "but we have not agreed in what is the key point, which is the question of suspension of activities before the start of the negotiations." He suggested that if the talks ended, the standoff should be moved to the Security Council.

In a speech shortly afterward, Ahmadinejad warned that sanctions would not dissuade his country from pursuing nuclear technology, including the enrichment of uranium.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he told the West, speaking to a crowd of supporters outside Iran's capital.

"For 27 years they haven't allowed us to use technologies that they possess," Ahmadinejad added. "This nation is powerful and won't give in to one iota of coercion."

In an apparent response to Solana, the Iranian president said his nation favored continued negotiations.

"We are for talks. We can talk with each other and remove ambiguities. We have logic. We want talks to continue," he said.

Secretary of State Condoleezza Rice and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation.

Diplomats said the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran roll back its program.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency, the U.N. nuclear watchdog, which said Tehran's suspicious activities represented breaches of the Nuclear Nonproliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The United States insisted that Tehran halt enrichment as a precondition for further talks on its nuclear program, but Iran ignored the Aug. 31 deadline set by the Security Council.

The Americans then agreed to let Solana hold more talks with the Iranians after Russia, China and France spoke out against a rush to sanctions.

At first, both Solana and Iran's top negotiator, Ali Larijani, had signaled progress in the talks.

On Tuesday, however, diplomats said Larijani told Solana that the hard-line Iranian leadership had rejected even a limited enrichment freeze.

One diplomat said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first sanctions step. That would be followed by other sanctions, including travel bans on Iranian officials and the freezing of their assets.

Iran has so far shown little concern about the prospect of such sanctions — perhaps because such limited sanctions would not greatly hurt the country overall.

Russia and China, both veto-wielding council members, traditionally oppose sanctions, and the United States could still face a tough fight getting them to agree to any truly punitive measures.

U.S. officials have said they intend to start with trying for relatively lower-level punishments as a way to persuade Russia and China to sign on.

China's U.N. Ambassador Wang Guangya, asked whether Beijing would support possible sanctions if Iran doesn't suspend uranium enrichment, said Wednesday that over the last few weeks "there has been some progress" in the Solana-Larijani talks so the door isn't completely shut.

"But I do hope that diplomatic means is still the best way to achieve a solution on this Iranian nuclear issue," he said.

Russia's U.N. Ambassador Vitaly Churkin said he hadn't heard Solana's comments, but if Solana was saying that Iran now had a choice of whether to suspend enrichment or face sanctions "it will be a very sad moment."

"We were very supportive of Mr. Solana's efforts and still are if he intends to continue those efforts. Of course, it was our hope that those efforts would be successful and things will be resolved diplomatically," Churkin said. "We do not want any extra work load here in the Security Council anyway, and of course, it's a very important matter and we are hoping Mr. Solana will be successful."

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U.S. Ambassador John Bolton, asked about the possibility of the U.N. Security Council discussing sanctions against Iran, said: "We haven't discussed sanctions here in New York for weeks, many weeks, lots of weeks. But as soon as I'm instructed, I'm prepared to begin as soon as the cable comes in."

Associated Press writers Edith M. Lederer at the United Nations and George Jahn in New York contributed to this report.

U.S., Europe Seek Sanctions Against Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 5, 2006

WASHINGTON - The United States and Europe launched a new push for sanctions against Iran on Wednesday, after the European Union's envoy reported that four months of nuclear talks have failed to persuade Tehran to halt its uranium enrichment program.

The envoy, Javier Solana, stopped short of declaring his talks dead, but senior U.S. officials said that the effort had failed and that it was time to make good on a threat to punish Iran if it didn't halt suspected nuclear weapons work.

Secretary of State Condoleezza Rice, traveling in the Middle East, said the United States favors "bringing to a close the open-ended negotiations with the Iranians ... It's become quite evident that that's what we're going to have to do."

Iranian President Mahmoud Ahmadinejad on Wednesday again rejected suspending uranium enrichment.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he was quoted as telling a crowd of supporters in Iran.

Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear research, U.S. and foreign diplomats have said. U.S. and European officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government.

Still, it remains far from clear whether Russia and China, which have balked at sanctions on Iran, will go along with even carefully targeted sanctions - or whether the measures will persuade Iran to change course. Iran denies that it's seeking nuclear weapons, but it insists on its right to enrich uranium for civilian nuclear power.

Russia and China haven't agreed to meet with Rice and her European colleagues this weekend to discuss next steps on Iran, U.S. and European diplomats said. They spoke on condition of anonymity because of the negotiations' sensitivity.

Solana's report that his "endless hours" of negotiations had proved fruitless was the second blow in as many days to U.S. efforts to stop two members of President Bush's "axis of evil" - Iran and North Korea - from acquiring or expanding nuclear arsenals.

North Korea, which is believed to have enough plutonium for four to 13 nuclear devices, announced on Tuesday that it would conduct its first underground nuclear test, sparking alarm in northeast Asia and beyond.

The United States is pushing for a strong response, such as a deadline for North Korea to rescind the threat, return to a moratorium on ballistic missile launches and rejoin international talks on its nuclear program.

But China, North Korea's main ally, and other members of the U.N. Security Council want more talks, diplomats said.

"At this stage I think there is division" on dealing with North Korea, said John Bolton, the U.S. ambassador to the United Nations.

With the Bush administration already challenged by wars in Iraq and Afghanistan, the simultaneous nuclear crises pose a growing challenge for American diplomacy.

Two State Department officials said Wednesday that North Korean leader Kim Jong Il may have ordered the dramatic nuclear test announcement out of pique that Iran's nuclear ambitions were dominating international attention.

Others, including European Union envoy Solana, noted that Kim's move coincided with a straw poll cementing the candidacy of a South Korean, Foreign Minister Ban Ki-Moon, as the next secretary-general of the United Nations.

And in a further mingling of the two nuclear crises, China is reluctant to agree to U.N. sanctions on Iran because it fears that doing so would create a precedent for sanctions on North Korea, diplomats said.

On Iran, Bush has repeatedly said he won't rule out using U.S. military force to stop Tehran from acquiring nuclear weapons.

While U.S. intelligence agencies don't expect Iran to master nuclear weapons technology for several years, some Bush administration hawks favor using overt and covert measures to topple Ahmadinejad's regime.

"If we failed and Rice failed with us" in trying to use diplomacy, the arguments of hardliners in Washington would be strengthened, said one of the European diplomats.

For its part, Iran appears to be betting that the United States, the European Union, Russia and China won't remain united and carry through on repeated threats of sanctions.

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Discussions on sanctions aren't expected to begin at the United Nations until next week at the earliest, the U.S. and European diplomats said.

As a hedge against the possibility that only weak U.N. sanctions will be agreed, the United States is pushing other countries to cut their financial ties with Iran. The Treasury Department recently barred one large Iranian bank from operating in American financial markets.

But Rice, in her Middle East travels, appears to have gotten only a polite reception from Sunni Muslim Arab countries for a united front against Shiite, Persian Iran.

"For the United States not to talk to Iran is a mistake," Saudi Arabia's ambassador, Prince Turki al-Faisal, said Wednesday in Washington.

New Nuclear Debate In Iran (NYT)

By Nazila Fathi

The New York Times, October 5, 2006

TEHRAN, Oct. 4 — A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today.

Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word "nuclear" was removed, apparently after a call from the Iranian National Security Council.

President Mahmoud Ahmadinejad, who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. "Those who think they can weaken the will of the people for construction and development by questioning their values will fail," he said Sunday, "and they only show their lack of wisdom and commitment."

The letter, which had been previously published elsewhere, was written in 1988, near the end of Iran's eight-year war with Iraq. It was brought to light again on Friday by the former Iranian president, Ali Akbar Hashemi Rafsanjani, to defend himself against hard-line critics who accuse him of ending the war when Iran was on the brink of victory.

But the letter has also been used by moderates to bolster the case for nuclear talks with the West. Iran faces sanctions for defying the United Nations Security Council's demand that it halt its uranium enrichment, which the United States says is part of a weapons program.

In the letter, Ayatollah Khomeini outlined the reasons Iran had to accept the bitter prospect of a cease-fire in the war, which had ground down to a stalemate, with about 250,000 Iranians dead and 200,000 disabled. It did not specifically call for Iran to develop nuclear weapons, but referred indirectly to the matter by citing a letter written by the officer leading the war effort, Mohsen Rezai.

"The commander has said we can have no victory for another five years, and even by then we need to have 350 infantry bridges, 2,500 tanks, 300 fighter planes," the ayatollah wrote, adding that the officer also said he would need "a considerable number of laser and nuclear weapons to confront the attacks."

Ayatollah Khomeini determined that the nation could not afford, politically or economically, to continue the war, and in a famous public statement compared the decision to "drinking a chalice of poison."

ILNA, the Iranian Labor News Agency, removed the word "nuclear" within a few hours of putting the letter on the Web, after receiving a call from the Iranian National Security Council, according to a reporter with the agency. The reporter insisted on anonymity for fear of retribution.

The letter was released as part of a debate about who was most instrumental in persuading Ayatollah Khomeini to end the war. That argument, in turn, reflects growing tensions between moderates, led by Mr. Rafsanjani, and military figures, who are expanding their power in the government of President Ahmadinejad.

"The letter is purely part of a domestic argument," said Mohammad Atrianfar, the director of the daily Shargh, an opposition paper that was shut down last month, and a close aide to Mr. Rafsanjani. "Mr. Rafsanjani is very worried because he feels that military and intelligence figures are coming to power and want to alienate the clergy by blaming them for the damages caused during the war."

Hard-liners have criticized Mr. Rafsanjani for disclosing what they said was a classified document and casting doubt over what was termed by many a holy war. He has denied the accusations, saying the letter was made public in 1988 and later published in a book.

But the letter has provided an opportunity for moderate voices to warn about the risks Iran takes in defying the United Nations, comparing the consequences to what happened during the war with Iraq. They argue that, when confronted with the realities of the war, Ayatollah Khomeini decided that the confrontation was not sustainable.

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On Saturday the daily Kargozaran, a paper aligned with Mr. Rafsanjani, called the letter evidence of "Iran's realistic understanding of the international situation," and concluded that the "experience should become a basis in the decision makings, including Iran's nuclear plans."

Mohsen Armin, a reformist politician, said hard-line politicians who welcomed confrontation with the West should learn a lesson from the letter so they would not have to "drink a chalice of poison" themselves, ILNA reported.

Rice Cites Concern For Palestinians, But Low Expectations Mark Visit (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 5, 2006

RAMALLAH, West Bank, Oct. 4 -- Secretary of State Condoleezza Rice pledged Wednesday to "redouble" U.S. efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But U.S. officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever.

At a joint news conference here with the president of the Palestinian Authority, Mahmoud Abbas, Rice said the Bush administration was "very concerned" about humanitarian conditions and the economic situation in the Palestinian territories. "It is a great sadness, during this time of Ramadan, that Palestinians, many of them, are deprived of basic needs," she said.

Abbas, underscoring the dire state of the peace process, said talks with the Hamas movement on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government.

"The dialogue now does not exist," Abbas said. If Hamas continues to balk at forming a unity government, which would force it to recognize Israel's right to exist, Abbas said, he was prepared to use his constitutional powers to resolve the political deadlock. "All options are open," he said.

"The only option I reject is civil war," Abbas said, noting that clashes between Hamas and his Fatah party over the past week have been the deadliest since the Palestinian Authority was created in 1994.

On Wednesday, a Hamas official in the West Bank town of Qalqilya was assassinated by four masked gunmen who fled the scene. Asked about the killing and the recent violence, a senior Palestinian police official at the presidential compound in Ramallah called Hamas "donkeys," reflecting the deep-rooted antipathy between the two largest Palestinian factions.

Rice, on her sixth trip to Israel and the Palestinian territories as secretary of state, has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations.

The agreement gave Palestinians some control over their own border for the first time since the 1967 Middle East war. But according to Palestinian and U.S. sources, the border has been closed for all but about seven days since June 25, when Palestinian guerrillas captured an Israeli soldier. It reopened Wednesday and was scheduled to be open Thursday, U.S. and Arab sources said, coinciding with Rice's trip and Palestinian requests for relief during the Muslim holy month of Ramadan.

During their one-on-one discussions, Abbas gave Rice a lengthy document detailing the Palestinians' needs on cross-border movement and ways to push implementation of the 11-month-old accord, according to the Palestinian president's chief of staff, Rafiq Husseini.

Rice is trying to win agreement from the Israelis to ensure that the pivotal Karni crossing between Gaza and Israel is open for Palestinian exports in time for the harvest, which begins in about three weeks, according to U.S. and Western sources.

After she held talks over dinner with Israeli Prime Minister Ehud Olmert in Jerusalem on Wednesday night, the Israelis indicated willingness to open Karni in the near future but did not give a date. Rice is scheduled to hold talks Thursday morning with Israeli Foreign Minister Tzipi Livni and Defense Minister Amir Peretz.

Another Palestinian proposal on the table, backed by the United States and its allies, calls for almost doubling Abbas's presidential guard to about 6,000 members and widening the force's mandate for security purposes. A senior State Department official said the presidential guard has proved to be the Palestinians' most effective security force and is already deployed at the Rafah crossing between Gaza and Egypt.

Abbas Says Talks With Hamas On Unity Government Falter (NYT)

By Philip Shenon And Greg Myre

The New York Times, October 5, 2006

RAMALLAH, West Bank, Oct. 4 — The Palestinian Authority president, Mahmoud Abbas, said Wednesday that talks with the radical Islamic group Hamas on a unity government had ground to a halt and warned Secretary of State Condoleezza Rice that the West Bank and Gaza could face the possibility of civil war.

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Mr. Abbas's Fatah party and Hamas announced a tentative power-sharing agreement on Sept. 11, but since then talks have broken off, prompting outbreaks of violence. On Sunday and Monday, factional violence left 10 people dead and more than 100 injured in the Palestinian territories, which have been cut off from Western aid and their own tax revenues since Hamas gained control of the government in legislative elections in January. On Wednesday, masked gunmen killed a local Hamas leader near the West Bank town of Qalqiliya.

"There is no dialogue," Mr. Abbas said at a news conference with Ms. Rice. Unless Hamas and Fatah agree on a unity government, he said, "We will have fewer options and we will also face the risk of civil war. That is something that we need to avoid by all means possible."

Mr. Abbas hinted that he might invoke his presidential powers to dismiss the Hamas-dominated cabinet and appoint an emergency government. Hamas has rejected demands that it renounce violence and accept previous agreements between Israel and the Palestinians. "The dialogue cannot be endless," he said. "I will use my constitutional powers at the appropriate time."

Ms. Rice's trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas.

Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations used by Palestinians to move their goods from Gaza. A senior State Department official traveling with Ms. Rice said the project was likely to be announced this week.

Ms. Rice said the Bush administration was eager to help Mr. Abbas establish a government that would work with the United States on "a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side."

But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas, because Washington classifies Hamas as a terrorist group and refuses to deal with it. The Palestinian prime minister, Ismail Haniya, and most government ministers are members of Hamas.

"Obviously we would like to be able to do more, and I have been discussing ways with the president that we might be able to better address the great needs of the Palestinian people" and to end the "kind of daily humiliations that we know have been associated with the occupation," she said.

Ms. Rice, who was scheduled to have dinner with Prime Minister Ehud Olmert in Jerusalem, said she would press Israel to open border stations, through which Palestinians must also pass to get to jobs in Israel, "longer and more frequently."

No Palestinian faction claimed responsibility for the killing of the local Hamas leader, Muhammad Oudeh. The Israeli military said it was not involved. On Tuesday, Al Aksa Martyrs Brigades, an armed group linked to Fatah, threatened to kill a trio of more senior Hamas leaders.

Rice Bolsters Abbas Amid Palestinian Crisis (FT)

By Harvey Morris

Financial Times, October 5, 2006

Condoleezza Rice, US secretary of state, yesterday held talks with Mahmoud Abbas, whose leadership of the Palestinian Authority Washington is attempting to bolster in the face of the worst internal conflict in a decade.

Ms Rice acknowledged in a joint news conference with the PA president that the Palestinians were facing a "time of considerable difficulty".

She travelled to Ramallah in the West Bank following days of violence between forces linked to Hamas and Mr Abbas's Fatah movement that have claimed at least 14 lives.

Before her arrival, Mr Abbas said that his talks with Hamas, the ruling government party, about replacing its cabinet with a national unity government had broken down. He hinted that he might dissolve the present cabinet.

"There are many bloody events now and we need to end this crisis as soon as possible, reach a solution and form a new cabinet," he said.

The talks foundered over Hamas's refusal to accept three conditions set by the international community for lifting financial restrictions and a diplomatic boycott of Hamas – recognition of Israel, an end to violence and acceptance of agreements previously signed with Israel.

Mr Abbas said on Wednesday: "Up to this moment, there is no indication that these conditions are going to be met."

Hamas's isolation has hampered its ability to govern and to pay public sector salaries, prompting strikes and protests by employees and security force personnel predominantly linked to Fatah.

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Ms Rice, who was due to hold talks with Israeli leaders, said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories.

Palestinian officials said George W. Bush, US president, had warned Mr Abbas last month that the US administration would remove its support for him if a national unity government was formed without Hamas's agreement to the three conditions.

Mr Abbas told Mr Bush that in the absence of an agreement with Hamas, his options were to continue with the present political impasse, dissolve the present government or resign.

Diplomats said there might still be room for agreement on a government of technocrats with whom the international community could do business.

They warned that the imposition of a new government without Hamas's consent was likely to exacerbate existing tensions.

The breakdown of the inter-party talks raised tensions in the Palestinian territories, leading to gun battles in the Gaza Strip at the weekend when a Hamas-run police force attempted to quell a street protest by Fatah-linked security personnel.

Witnesses blamed the bloodshed in part on the heavy-handed tactics of the Hamas force, which used guns and grenades to confront the protesters. The violence spread to parts of the West Bank where Fatah is the dominant force on the streets.

The parliament building in Ramallah was torched for the second time since Hamas came to power in March.

Many of the victims of the violence were bystanders, including a waiter shot through the head when gunmen forced a restaurant to shut in the West Bank town of Jericho. On Wednesday, unidentified gunmen killed a Hamas political activist near Nablus in the West Bank.

The shooting followed threats by a Fatah militia to assassinate Hamas leaders.

The Israeli army denied claims that the dead man was the victim of an Israeli assassination operation.

Washington's policy appears to be to bolster Mr Abbas and encourage him not to compromise with Hamas, which the US regards as a terrorist organisation.

Some diplomats of the US's international Quartet partners – the European Union, United Nations and Russia – said the Palestinians must be offered a realistic prospect of statehood if the peace process was to stand a chance.

Palestinian Unity Talks Collapse (AP)

By Mohammed Daraghmeh, Associated Press Writer

AP, October 5, 2006

Palestinian President Mahmoud Abbas said Wednesday his efforts to reach a power-sharing agreement with the militant group Hamas have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes.

But the Palestinian leader received a boost from Secretary of State Condoleezza Rice, who promised the United States would do more to alleviate the plight of Palestinians.

"I told the president (Abbas) that we are very concerned, of course, about the humanitarian conditions in the Palestinian territories," she said. "I said to him that we would redouble our efforts to improve the conditions for the Palestinian people."

However, she gave few specifics on what steps the U.S. was prepared to take.

Rice is in the region to try to bolster the moderate Abbas and revive peace efforts. She met with Israeli Prime Minister Ehud Olmert later Wednesday.

A statement from Olmert's office after the meeting said Israel will not release Palestinian prisoners until an Israeli soldier, Cpl. Gilad Shalit, is freed. Shalit was captured on June 25 by militants linked to Hamas.

Israel kept up its pressure on Palestinian militants in Gaza. Early Thursday an Israeli aircraft targeted a car in southern Gaza, killing two Islamic Jihad militants, Palestinian security and hospital officials said. The Israeli military said the militants were planning a terror attack.

Conditions in the West Bank and Gaza have rapidly deteriorated since Hamas defeated Abbas' Fatah Party in January elections and Western countries cut off funds to the Palestinian government.

Despite the sanctions, Hamas has refused to accept international demands that it renounce violence, recognize Israel and accept previous Israeli-Palestinian peace agreements.

Abbas, who was elected separately in a presidential vote last year, has been trying to broaden and moderate the government to make it acceptable to the international community. But after Hamas and Abbas announced a tentative coalition deal last month, Abbas said Wednesday that the talks have broken down.

"There is no dialogue now," Abbas said at a news conference with the Bahraini foreign minister. He said the coalition deal "is over now, and we have to start from square one."

The negotiations have foundered over Hamas' refusal to recognize Israel, even implicitly. The tensions spilled over into Hamas-Fatah violence this week, with 10 people killed and more than 100 wounded. The fighting heightened fears of civil war.

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Abbas holds wide-ranging powers that include the authority to disband the government. But he has sought to avoid confrontation, and he signaled talks with Hamas could be renewed later.

In Gaza, Prime Minister Ismail Haniyeh of Hamas accused Rice of trying to "rearrange" the Middle East to suit American and Israeli interests.

Haniyeh said Hamas considers dialogue "the only way" to solve its disagreements with Abbas and would do everything possible to avoid further violence. "I don't think turning back on this dialogue can serve the higher interests of the Palestinian people," he said.

Public Works Minister Abdel Rahman Zaidan of Hamas said a compromise could be to form a government of technocrats, headed by a prime minister who is not from Hamas.

"There is serious thinking within Hamas to form a national unity government which is composed of professionals, basically, not political faces," Zaidan told The Associated Press. "This government would not be headed by a Hamas leader."

However, it was not clear whether Hamas would agree to have such a government recognize Israel.

Fatah lawmaker Saeb Erekat said no new government would be able to avoid recognizing Israel. "What matters is the program of the government," he said.

An Abbas confidant, speaking on condition of anonymity because he was not authorized to speak to the media, concurred that a government of professionals could be a way out of the current crisis.

Another person involved in Hamas-Fatah negotiations said the sides were considering a Qatari initiative to establish a Cabinet with members from various Palestinian factions, headed by an independent prime minister.

The negotiator, who declined to be identified because the talks are continuing, said the plan already had been presented to Abbas and Hamas' top leader, Khaled Mashaal, who lives in exile in Syria. Qatar's foreign minister is expected in Syria this week to meet with Mashaal.

Rice reiterated at her news conference with Abbas that a Palestinian government must accept the international conditions. But in the meantime, she said the U.S. was ready to step up efforts to improve the humanitarian situation for the Palestinians and bolster Abbas.

The situation is especially dire in Gaza, which has been hurt by Israeli closures of key border crossings and an Israeli military offensive launched after Palestinian militants captured an Israeli soldier in June. The closures have led to shortages of food and prevented Gazans from traveling to neighboring Egypt.

Rice, Abbas Discuss Ways To Ease Crisis In Middle East (USAT)

By Barbara Slavin

USA Today, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice on Wednesday launched a new drive to ease the humanitarian crisis in the Palestinian territories — an effort to shore up the fractured Palestinian government and stop a worsening cycle of violence.

Rice, on her fifth trip to the region as secretary of State, met with Palestinian President Mahmoud Abbas, who has been trying to form a coalition with the militant Hamas-led government. Hamas has rebuffed his efforts.

Abbas, who leads the secular Fatah faction, has sought a coalition to create conditions that make it possible to resume negotiations with Israel. Hamas, a fundamentalist Islamic group that won parliamentary elections in January, rejects Israel's right to exist.

The United States and the European Union, which consider Hamas a terrorist organization, have said that recognizing Israel is a condition for resuming aid that was cut off after Hamas took office in March. Israel also has refused to turn over $50 million in customs duties and taxes collected each month for the Palestinians.

Speaking Wednesday at his Ramallah headquarters, Abbas said talks on forming a unity government had collapsed. “There is no dialogue at this stage,” he said.

In Gaza City, Palestinian Prime Minister Ismail Haniyeh — a Hamas leader — said Rice “cares only to rearrange the Palestinian scene in a way that serves the American and Israeli agenda.”

The political split between the Palestinians has led to escalating violence. Fighting between members of Fatah and the Hamas-led government in the West Bank and Gaza killed at least 10 Palestinians and wounded more than 100 on Sunday and Monday. On Tuesday, members of Abbas' Fatah faction threatened to assassinate senior Hamas officials. On Wednesday, a Hamas leader in the West Bank town of Hableh, Mohammad Odah, 37, was gunned down on his way to a mosque.

Abbas has said he might try to call new Palestinian elections. It isn't clear whether he has the authority to do so. It also isn't clear that new elections would boost Abbas' Fatah over Hamas. A poll of 1,200 Palestinians conducted last month by the

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Jerusalem Media and Communications Center found that Fatah would get 32% of the vote if elections were held now, while Hamas would get 30.5%. The difference was within the margin of error of 3 percentage points.

At the same time, Israeli Prime Minister Ehud Olmert's government has faced criticism from Israelis for the military's poor performance during a 34-day war in Lebanon against the militant Hezbollah movement. The conflict, which started after Hezbollah captured two Israeli soldiers in a cross-border raid, ended only under intense international pressure and without the disarming of Hezbollah guerrillas demanded by Israel. A poll last month in the Israeli newspaper Yedioth Ahronoth showed only 7% of Israelis support Olmert.

Rice met with Olmert late Wednesday and was seeing other Israeli officials today to discuss salvaging an agreement to ease the movement of 1.4 million Palestinians in Gaza — a modest move that could alleviate what Rice called "the kind of daily humiliations that we know are associated with (the Israeli) occupation."

The restrictions were imposed on Gaza after Israel withdrew settlers and soldiers a year ago. Palestinians have largely been barred from leaving Gaza to enter Israel or Egypt in response to Palestinian rocket attacks on Israel and the June kidnapping of an Israeli soldier.

Rice said she hopes a modest improvement in Palestinians' daily lives will prevent a total collapse of authority in the territories and allow a functioning government to emerge that can negotiate with Israel.

"Security, movement and access, economic development and well-being are all interlinked," Rice said. "Sometimes it is necessary to go step by step and try on the ground to improve conditions."

Rice's task has become more complicated, however, because the Israeli and Palestinian governments are far weaker than they were a year ago, says Rob Malley, a Middle East expert at the International Crisis Group, a Brussels-based organization that seeks to end conflicts. Malley compares Rice to the mythological Greek figure Sisyphus, whose fate is to roll a rock up a hill only to have it tumble back down.

Rice: U.S. Wants To Help Palestinians (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Wednesday the United States wants to help improve the daily lives of Palestinians as violence, deprivation and political chaos reach threatening levels in the Palestinian territories.

After meeting with Palestinian President Mahmoud Abbas, the top U.S. diplomat said she is looking for ways to revitalize and expand agreements made last year to allow freer movement of people and goods across the Palestinians' borders with Israel and Egypt.

"Those are the kinds of on-the-ground things that make it easier for the Palestinian people," Rice said after her session with Abbas. He is trying to resolve a nine-month political stalemate with Hamas radicals who control part of the Palestinian government.

Rice said she would like to increase resources for humanitarian relief, but made no specific pledge of U.S. aid. The United States has been trying to prompt Arab countries to increase their financial support for the Palestinians.

Rice is in the Middle East this week to drum up Arab support for the moderate Abbas and to test ways that the United States and other powers might help from afar. The United States hopes that Abbas will benefit from any ease in the rising tension and hardship in the territories, but the United States is also worried that the situation could spin out of control.

A senior State Department official, speaking on condition of anonymity because Rice's discussion with Abbas was private, said the United States supports an expansion of Abbas' security force, the presidential guard, as part of a multimillion-dollar plan to strengthen and streamline overlapping Palestinian security forces.

Underscoring the gulf remaining with the militant group Hamas, which controls the Palestinian Authority, Palestinian Prime Minister Ismail Haniyeh accused the U.S. of trying to "rearrange" the Middle East for its own purposes.

Rice "cares only to rearrange this region and to rearrange the Palestinian scene in a way that serves the American and Israeli agenda," Haniyeh, a Hamas member, said in Gaza City.

Rice is putting gentle pressure on Israel to loosen what Palestinians claim is a blockade of their separate territories in the West Bank and Gaza Strip. The territories are not economically viable without extensive trade across their borders with Israel and Egypt and without the daily passage of Palestinians to jobs elsewhere.

"We are very concerned, of course, about the humanitarian conditions in the Palestinian territories, about the economic situation," Rice said following a meeting with Abbas at his West Bank headquarters.

"We understand that some of the economic hardships are of course caused by the lack of mobility, the lack of movement and access, and I will of course see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return," Rice said.

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The border crossings were a major topic during a dinner Rice Wednesday with Israeli Prime Minister Ehud Olmert, the State Department said. Rice planned further meetings with Israeli officials on Thursday.

Abbas himself raised the specter of civil war during a press conference with Rice, as he declared compromise talks with Hamas dead for now.

"There is no dialogue now" and it is time to consider the next step, Abbas said.

Earlier Wednesday, Abbas said a new Cabinet must be formed to end a recent surge in violence that claimed 10 lives in three days. He did not elaborate, but Abbas holds wide-ranging constitutional powers that include the authority to disband the current government.

The Hamas victory in Palestinian elections in January set up a divided and ineffectual government and shelved active efforts for peace with Israel.

The United States and Israel consider Hamas a terrorist group and refuse any dealings with it.

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

Abbas is the only leader with whom the United States can deal, however, and Rice gave him a wholehearted endorsement Wednesday. President Bush called him a "man of courage" last month.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid.

The perpetually cash-strapped Palestinian government has been unable to fully pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

Abbas, whose Fatah Party lost badly to Hamas, retains his position as president. But he has been unable either to persuade Hamas to moderate its anti-Israeli policies and enter the political mainstream, or to capitalize on the radicals' eroding popularity and clout. He wants to resolve the political stalemate in hopes of restarting the flow of international aid.

Hamas has rejected the demands from the U.S. and others to renounce violence, recognize Israel and agree to abide by commitments made by the previous Palestinian leaders.

Rice Focuses On Small Steps To Mideast Peace (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice, meeting with Palestinian Authority President Mahmoud Abbas, on Wednesday expressed sympathy for the deepening suffering of Palestinians, but signaled that her efforts toward Mideast peace now focus on a handful of narrow issues.

Rice said at a news conference that she hoped to reach agreements to open restricted border crossings, provide new humanitarian aid and improve the weak and fractured Palestinian security agencies.

Her effort, while welcomed by the Palestinians, was far more limited than what had been urged on her by European allies and moderate Arab regimes. In the aftermath of the war in Lebanon, they have been calling on the Bush administration to intensify its efforts to settle Israeli-Palestinian issues.

Nearly a year ago, Rice brokered a deal that promised to open key transit points and improve the Palestinian territories' vital commercial ties to Israel and Egypt. But in the face of security threats to Israel, and other complications, two key crossings have been mostly closed.

Rice said she hoped that "we can come to some understanding about how to make the agreement on movement and access more functional." To that end, she said, the Palestinians and Americans were working "very closely" on the security issues, including through Lt. Gen. Keith Dayton, the U.S. security coordinator in the region. She said U.S. officials also would talk about ways in which they might make available more humanitarian aid for Palestinians.

Western aid has been largely stalled since the electoral victory in January of the Islamic militant group Hamas, which does not recognize Israel's right to exist and remains on the State Department's list of terrorist organizations.

Rice said American envoys were looking for ways to end the violence and "to make possible a life for the Palestinian people that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

In the last week, top officials of Pakistan, Saudi Arabia and Egypt have called on the Bush administration to make new peace efforts. Rice also has faced pointed questions during this trip about Washington's intentions in the region.

Asked about the goals of her trip, Rice said that "sometimes what is necessary is to go step by step on the ground to really improve conditions."

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Some Palestinians held out hope that the trip, Rice's sixth to Israel and the territories in her 21 months as secretary of State, could produce a breakthrough in the Palestinian political stalemate. They also hoped it might bring progress in efforts to exchange prisoners, or lead to the Israelis' turning over Palestinian tax and customs revenue withheld since Hamas took over.

But Israelis had lower expectations for the trip. Rice dined Wednesday night with Israeli Prime Minister Ehud Olmert and was to meet this morning with Foreign Minister Tzipi Livni and Defense Minister Amir Peretz. She did not schedule a news conference after the sessions, an unusual step that suggested the American side had limited ambitions for the visit.

Abbas said talks with Hamas leaders over a "national unity government" were at an impasse, and said Palestinians would need to consider whether additional efforts were worthwhile. But he did not close the door on further talks.

In Gaza City, Palestinian Authority Prime Minister Ismail Haniyeh, a Hamas member, accused Rice of seeking to "rearrange" the Middle East.

Haniyeh said there was no deadline for forming a unity government with Abbas' Fatah movement, but he invited Abbas to resume talks soon. The two announced agreement last month on a coalition government, but that deal dissolved quickly and no talks have taken place in weeks.

A coalition with Fatah, which does recognize Israel, is seen as crucial to ending an international aid embargo that has left the government broke and thousands of public employees largely unpaid for seven months.

The donor nations also demand that the Hamas-led government renounce violence and honor past agreements between the Palestinians and Israel.

The power struggle between Hamas and Fatah erupted in serious violence this week, leaving at least 10 people dead and more than 100 injured. The confrontations have abated, but the climate remains tense, particularly in the Gaza Strip.

It was not clear how Abbas planned to move next to address the political impasse with Hamas.

One idea under discussion is for Abbas to settle the power struggle by dissolving the Hamas government and naming a Cabinet composed of technocrats and political independents. Dumping the government, however, probably would be regarded by Hamas hard-liners as an overthrow and could spark more violence.

Meanwhile, a poll suggested that new elections for parliament and president wouldn't assure victory for Fatah, despite declining support for Hamas. The poll, by the Jerusalem Media & Communication Center, showed that 32% of respondents would support Fatah in a hypothetical vote, whereas 30.5% would back Hamas.

But the poll also indicated that Hamas' Haniyeh was trusted by a higher percentage of respondents than was Abbas. And more than half of those questioned said they favored creation of a unity government.

The Persian Gulf nation of Qatar, meanwhile, has proposed a plan for a Palestinian unity government that would accept a two-state solution to the Middle East conflict and agree to a mutual truce between Israel and Palestinian fighters, the daily Haaretz newspaper in Israel reported.

Abbas Declares Failure Of Talks With Hamas (WT)

By Nicholas Kralev

The Washington Times, October 5, 2006

RAMALLAH, West Bank -- Palestinian Authority President Mahmoud Abbas declared yesterday that talks on forming a unity government with Hamas are dead, and visiting Secretary of State Condoleezza Rice said the focus now should be on improving humanitarian conditions in the Palestinian territories.

Mr. Abbas said after meeting with Miss Rice at his Ramallah office that he might dissolve the Hamas-led government, using his "constitutional powers" as Palestinian Authority president, and might call for new elections.

He said he also would consider other options to avoid civil war, a growing threat after two days of heavy fighting between Hamas and Fatah forces in the Gaza Strip this week.

Nabil Amr, a top aide to Mr. Abbas, told The Washington Times on Tuesday that the factions were "centimeters" away from civil war. "It could happen at any time."

Miss Rice, after meeting with Mr. Abbas, stressed the need to find ways to help the Palestinian people, who are running short of food, medicine and other necessities in the Gaza Strip after more than six months without paychecks and a partial closing of their borders.

"I've been discussing with the president ways that we might be able to better address some of the great needs that are there with the Palestinian people," Miss Rice said. She did not explain who would supply those resources, and U.S. officials traveling with her said she did not offer any American aid.

The United States and the European Union cut off assistance to the Palestinian government after a January election that brought Hamas to power, saying it would not be restored until the new Palestinian government recognized Israel, renounced violence and agreed to honor past agreements with Israel.

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Hamas has refused to meet the conditions, but Miss Rice said Washington has "found a way to get humanitarian assistance to the Palestinian people by reprogramming some of our assistance for the Palestinians."

She said she would ask Israel to make "movement and access" easier for the Palestinians and "to make possible a life ... that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

However, she did not address a call by members of the Middle East Quartet, meeting in New York last week, for Israel to release Palestinian customs duties that have been withheld since early this year. The Quartet consists of the United States, Russia, the European Union and the United Nations.

"It's still important" that people and goods be able to move through the Karni crossing into the Gaza Strip, Miss Rice said, and that "there be at least some openings" at the Rafah crossing, near where an Israeli soldier was kidnapped in June. A spokesman for Israeli Prime Minister Ehud Olmert said later that Israel would soon open Karni, the main commercial crossing into Gaza.

Israel has kept Gaza crossing points closed most of the time since the June abduction of Cpl. Gilad Shalit, a 19-year-old tank gunner who is still being held.

"I'm glad to know that [Rafah] was opened a couple of times during Ramadan," the secretary said. "I will, of course, see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return."

Mr. Abbas expressed frustration with Hamas' refusal to compromise in talks on a unity government. He said in New York last month that he had reached a tentative deal with Hamas for a government that would recognize Israel, but the deal quickly collapsed.

The cash-strapped Hamas Cabinet has been unable to pay salaries and address many of the Palestinians' daily needs. In the worst internal violence in the territories, 12 Palestinians have been killed in fighting between rival factions in the past week.

A senior State Department official said Mr. Abbas' guard "did some of the fighting" with Hamas.

"The dialogue now does not exist," Mr. Abbas said in reference to the talks with Hamas on forming a unity government. "If this doesn't happen in the near future, all options are open. ... But the only option I reject is civil war."

He did not specifically call for new elections but did not rule them out when asked about them at the press conference with Miss Rice. Before the meeting with her, he said he would use his "constitutional powers."

Palestinian, Israeli and U.S. officials were not certain whether Palestinian law permits Mr. Abbas to dissolve the government and call elections. Most appear to agree that he can do the former, but there were questions about the latter.

Limits on the Palestinian Authority president's powers were imposed under U.S. pressure while Yasser Arafat occupied the office.

Frustration As U.S.-India Nuke Deal Languishes (HILL)

By Roxana Tiron

The Hill, October 5, 2006

Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it.

The White House had pushed for a vote in the Senate on the legislation needed to start implementing the deal by the end of last week, but partisan squabbling delayed passage until after the midterm election.

Now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13, so the upper chamber has time to reconcile its bill with the one the House passed this summer.

If that is not done by the end of the year, legislation will have to be marked up again in a new Congress next year, perhaps controlled by the Democrats in either or both chambers.

That kind of a delay would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks.

The controversial civilian nuclear deal has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors, according to a source closely working the issue.

"This is a very controversial issue in India," said the source, on condition of anonymity, "It is more controversial there [than it is here] with people accusing the government of giving too much to the United States."

With delay or a significant change to the agreement "it is possible that New Delhi will walk out of it," the source added.

Russia, France, Australia and Canada have lined up to offer civil nuclear cooperation with India, hoping Washington would fail to deliver the deal, said Ron Somers, president of the U.S. Chamber of Commerce's U.S.-India Business Council.

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"This is not an American gift to India," said the source. "It is a balance of mutual interests. There are huge potential benefits to the United States," both for business and non-proliferation reasons.

It could generate $100 billion in energy sales for American companies. But at stake are not only the profits directly linked to the nuclear energy deal, Somers cautioned.

The deal helps the United States create a deeper strategic partnership as India develops and overhauls its infrastructure. This could mean a half-trillion dollars over the next decade, Somers said, as India builds roads, ports, airports and water development projects.

"This would result in the creation of hundreds of thousands of American jobs," said Somers. "I am not suggesting that we are getting all those [contracts], but U.S. companies would be able to compete on a level playing field.

"We need to focus on achieving this initiative and aligning our two democracies for the 21st century. It is in the U.S. interest to do so."

The agreement has mobilized an intense lobbying campaign, with the U.S. Chamber of Commerce in the vanguard.

President Bush signed the U.S.-India joint statement with Indian Prime Minister Manmohan Singh to pursue civilian nuclear cooperation last July.

Bush is seeking changes in U.S. law and international regulations to allow energy-starved India to obtain restricted items, including nuclear fuel.

The United States has fought for years to deny India access to nuclear technology because it developed and tested nuclear weapons. Although a nuclear power, India is not a signatory of the 1970 Nuclear Non-Proliferation Treaty. But Bush reversed the U.S. stance by signing the U.S.-India agreement on nuclear cooperation.

The deal would require India to open some of power plants to United Nations inspectors for the first time.

The Indo-American deal must mesh with India's efforts to separate its civilian and military nuclear facilities, thus ensuring that it helps New Delhi's civilian energy program but not its weapons development.

India's hawks say that Washington requires unacceptably invasive inspections that could damage national security.

"Public opinion is very split in India," the source said. "India is one of the most pro-American countries." But even some in the coalition government oppose the deal, the source said.

Senate Majority Leader Bill Frist (R-Tenn.) says the Senate will take up the bill marked up in the Foreign Relations Committee. Senate Minority Leader Harry Reid (D-Nev.) says a vote on the legislation is one of his top priorities in November.

"This is supposed to be a priority for the administration as well, so it's a little puzzling why the majority leader failed to bring it to the floor after it was reported out of the committee in July," said Jim Manley, Reid's spokesman. "The fact is that we could have acted on this bill a long time ago, yet we were unable to do so because of serious objections from the Republican side of the aisle."

Before adjourning last week, Reid proposed that the debate on the bill be limited to a handful of amendments and a short-time agreement, but the GOP leadership objected to that, said Manley.

It is possible that Frist will invoke cloture on the bill, said a source.

Moscow Takes Harsh Action Against Georgia (WT/AP)

By Henry Meyer, Associated Press

The Washington Times, October 5, 2006

MOSCOW -- President Vladimir Putin told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership.

Georgian authorities arrested four Russian military officers last week, accusing them of espionage. Moscow responded with harsh measures Tuesday, slapping transportation and postal sanctions on Georgia, even though the four officers were released.

The Kremlin has refused to back down despite Western calls for an end to the punitive measures.

"I would not counsel anyone to talk to Russia in the language of provocations and blackmail," Mr. Putin said, adding that he was speaking specifically about Georgia.

Lawmakers in Russia's lower house of parliament, meanwhile, passed a resolution strongly condemning the Georgian government, accusing it of "anti-Russian" behavior and signaling "harsher measures" if the situation worsens.

Russian police targeted the large Georgian diaspora in Moscow with raids of businesses and restaurants.

Parliament was to vote later this week on a motion aimed at money sent home by Georgians -- a move that would deal a huge blow to the struggling economy in Georgia, whose 4.4 million people rely heavily on the hundreds of millions of dollars in annual remittances sent back by the nearly 1 million Georgians living in Russia.

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The moves appeared aimed at punishing Georgian President Mikhail Saakashvili for defying Russia by arresting the officers. More broadly, Moscow has been alarmed by Georgia's goal of joining NATO and the growing U.S. influence in Russia's former Soviet back yard.

A State Department official said Washington continues to back Georgia's aim to join NATO, despite Russia's objections, and wants both countries to solve their dispute peacefully.

"We want to do what we can to keep the door to NATO open for Georgia," said Mark Pekala, deputy assistant secretary in the State Department's Bureau of European and Eurasian affairs.

Mr. Pekala told reporters in Tallinn, Estonia, that the United States wanted Russia to withdraw its troops from Georgia as agreed five years ago at a summit in Istanbul.

Russia has rejected Western calls to end the transportation and postal blockade, imposed despite Georgia's release Monday of the Russian officers.

Authorities Tuesday closed two popular casinos run by Georgians in the Russian capital, saying the casino tables and slot machines did not have authorization. They also raided a hotel and two restaurants run by Georgians, saying they could be closed for legal violations.

The Kommersant daily quoted police officials as saying that 40 Georgian restaurants and shops in downtown Moscow would be raided in the next few days.

The Russian Consulate in Tbilisi, meanwhile, has stopped issuing visas to Georgians.

Dispute With Russia Threatens Georgia (NYT)

By Daria Vaisman, International Herald Tribune

The New York Times, October 5, 2006

TBILISI, Georgia, Oct. 4 — Marina Tutberidze's husband works in Moscow, illegally, at a construction site, sending home much of the money he earns. Now an escalating confrontation between Georgia and Russia has left that support in doubt, along with much of Georgia's economy.

Russia's decision to sever transportation links — including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions.

"Nothing has changed yet," said Gia Bolkvadze, general director of A. P. Moller-Maersk Group, the Danish shipping giant. "We have to wait for a few days to talk to anyone."

In Russia, Georgians faced investigations that have already closed several businesses, including a second Georgian-owned casino on Wednesday. The Russian news media have been almost universally hostile to Georgia in their reports, comparing Georgia's president, Mikheil Saakashvili, to Hitler or to Lavrenti P. Beria, the secret police chief in the Stalin era. President Vladimir V. Putin of Russia also made the Beria comparison this week.

Russian newspapers reported that the authorities were checking lists of Georgian migrants and would soon raid dozens of businesses.

Ms. Tutberidze, speaking through an interpreter, said her husband feared arrest and deportation if he left his living quarters.

Russia has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations. In Moscow on Wednesday, Mr. Putin warned Georgia in unusually harsh terms.

"I would not allow anyone to talk to Russia in the language of provocation and blackmail," he told parliamentary leaders.

The Organization for Security and Cooperation in Europe appealed to each country to tone down the war of words and actions, but Russian lawmakers vowed to toughen, not ease, the economic sanctions against Georgia, their southern neighbor.

Additional steps could include a ban on all money transfers to Georgia, which could hit hardest the poorest Georgians, who rely on money from an estimated 500,000 Georgians who live and work in Russia. The World Bank has estimated that that money amounts to 10 percent of Georgia's gross domestic product. In Georgia, officials sounded defiant and resigned. Mr. Saakashvili and others have said that the country would learn to do without Russian trade, if necessary. The chief of the central bank, Roman Gotsiridze, told [a news organization] that Georgia would seek to block Russia's bid to join the World Trade Organization as long as the sanctions were in effect.

The current sanctions followed several punitive trade barriers, including a Russian ban on wine and mineral water, the major Georgian exports to Russia. "Businesses were ready for the worst-case scenario after the problems with wine and water,"

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said Giorgi Isakadze, the leader of the Georgian Business Association. Russia closed the principal land crossing into Georgia, Kazbegi, in July, forcing Georgian exporters to find other ways.

"The border has been closed for some time," said Esben Emborg, the Georgia country director for Nestlé.

Amy Denman, executive director of the American Chamber of Commerce in Tbilisi, said that Russia's new sanctions would raise shipping costs for international companies like Nestlé, Colgate, Motorola and Philip Morris. "The embargo has definitely irritated them and made their life more difficult," she said.

The sanctions could force companies to look outside Russia for markets and supplies, she said, adding, "The feeling is that Russia is shooting itself in the foot a little here."

Even so, Georgians fear that Russia could exert more pressure, particularly on the gas supply. Russia's gas monopoly, Gazprom, has promised to maintain supplies to Georgia, but many here recall the brief shut-off last winter after a mysterious explosion on a gas pipeline that Mr. Saakashvili blamed on the Russians.

But for now Russia's tough stance has strengthened support for Mr. Saakashvili, who has vowed to steer Georgia free of Russia's influence, at times with provocative words and actions of his own, like the arrests of the Russian officers last week.

Even opposition groups that have previously attacked Mr. Saakashvili have portrayed Russia's actions as a punitive response to Georgia's desire to be integrated into Europe and NATO. That, some say, could build Mr. Saakashvili's political support.

"Having Russia as an enemy was used before and is used now as a unifying factor and a symbol of strength," said Tinatin Khidasheli, leader of the rival Republican Party. "The higher voice you use against Russia, the braver you appear."

Turkish Hijacker Acted Alone, Officials Say, Rejecting A Larger Plot (NYT)

By Peter Kiefer And Sebnem Arsu

The New York Times, October 5, 2006

ROME. Oct. 4 — After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition.

Late Wednesday, Turkish authorities said they had identified a second hijacker and gave a name, saying they believed the suspect had flown back to Istanbul after leaving the hijacked plane, thus going undetected by Italian authorities at the Brindisi airport, where the forced landing of the Boeing 737 took place. All 107 passengers and five crew members walked out of the plane unharmed.

Turkey later said that the man named as the second hijacker had no ties to the case and that the original announcement had been based on an erroneous report originating from Interpol.

Italy sought to play down the incident on Wednesday, saying authorities concluded that it had been carried out by an individual and not as a plot by any larger group.

Addressing a special session of the Italian Senate on Wednesday, Interior Minister Giuliano Amato also sought to allay concerns over the implications of the incident for Pope Benedict XVI's plan to visit Turkey next month. Mr. Amato said that while the pope's coming visit was a concern of his, it was "difficult to see in this episode something that will aggravate these security problems."

He described how Mr. Ekinci, an unarmed 28-year-old, was able to divert the Turkish Airlines plane from its original Istanbul destination to Italy by muscling his way into the cockpit and falsely claiming to have accomplices on board who were prepared to blow up the plane if his orders went unheeded.

The pilot of the hijacked plane, Mursel Gokalp, said at a news conference in Istanbul on Wednesday that the hijacker was surprisingly well versed in flight emergency codes. "The person who hijacked the plane was very well informed," Mr. Gokalp said. "He was informed enough to know which codes are used in case of an emergency.

"He has trained himself well enough to know which direction the plane points at after takeoff. After he came in, he said 'I won't harm you,' pushed the cabin attendant out and closed the door."

The hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam "evil and inhuman" and linking the religion to violence in a speech last month. But Mr. Ekinci is a convert to Christianity who wrote to the pope in August to seek his help in avoiding compulsory military service, Italian officials said Tuesday.

Mr. Gokalp said the hijacker had entered the cockpit with a piece of paper and said he wanted his message conveyed to the pope. "He said that his only aim was to send a message to the pope and that once it's done, he was going to turn himself in to the security officials."

"If not," Mr. Gokalp added, "he said his friends would blow up the plane."

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An official statement from the Turkish Justice Ministry said Mr. Ekinci had a record of three convictions for corruption, false bankruptcy and forgery of official documents, and a fourth as a fugitive from military duty since Sept. 1.

The statement included no details as to how he reached Albania, where the flight of the hijacked plane originated. Mr. Ekinci is seeking asylum in Italy.

Commission Says I.R.A. Has Halted Terror Activity (NYT)

By Sarah Lyall

The New York Times, October 5, 2006

LONDON, Oct. 4 — The Irish Republican Army has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises, the independent group monitoring the cease-fire in Northern Ireland said in a report on Wednesday.

The report by the group, the Independent Monitoring Commission, potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse.

Until now, the Democratic Unionists, the largest Protestant party, led by the Rev. Ian Paisley, have refused to meet with Sinn Fein, the political arm of the I.R.A. and the province's largest Catholic party. If the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely.

Mr. Paisley responded to the report with customary caution. If the I.R.A. had improved — and he was not conceding that it had, exactly — it had done so only because of pressure from Protestant, or unionist, groups, which want to retain Britain's control of Northern Ireland, he said.

"The days of pushover unionists are gone, and Sinn Fein/I.R.A. know that they can no longer expect to be engaged in terrorist and criminal activity and be in government in Northern Ireland," he said Wednesday.

The I.R.A. formally renounced violence in July 2005. But earlier reports by the monitoring group said that it had not gone far enough in ceasing its criminal activities and spying on public officials.

Wednesday's report, by contrast, said that the I.R.A. "has taken further steps to run down its terrorist capability" and that it did not appear to be engaging in terrorism, undergoing terrorist training, recruiting new members or organizing criminal enterprises.

The Irish and British governments welcomed the report as a significant step forward.

"The door is now open to a final settlement," Prime Minister Tony Blair said in a statement. "I hope all parties understand that and seize that opportunity to create a future for the people of Northern Ireland."

In Ireland, Prime Minister Bertie Ahern said: "The report confirms that the I.R.A. is not engaged in paramilitary activity — no terrorism, training, recruiting, targeting, procurement, intelligence gathering, engineering — and that it is not involved, and continues to direct its members not to engage, in criminal activity."

Gerry Adams, the president of Sinn Fein, said that if no agreement was reached about restoring the legislature, the Democratic Unionists would be to blame.

"If they don't participate, they are condemning people here, but particularly their own constituents, to second-class public services, run by second-class fly-in, fly-out British ministers."

Report Says IRA Has Ended Paramilitary Activity (FT)

By Christopher Adams

Financial Times, October 5, 2006

An independent report on the IRA's efforts to end its terrorist campaign on Wednesday said that the group has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland.

"We do not believe that IRA is now engaged in terrorism ... the IRA leadership has committed itself to following the political path," the Independent Monitoring Commission said.

Tony Blair, prime minister, and Bertie Ahern, his Irish counterpart, will seek to capitalise on the findings of the IMC, an expert body set up by the two governments to monitor paramilitary activity, by attempting to strike a deal in the coming days between republicans and unionists over power-sharing.

Responding to the announcement on Wednesday afternoon, Mr Blair that the "door is now open to a final settlement" in Northern Ireland."

The premiers are due to host several days of negotiations next week in St Andrews, Scotland, in what is being described as a critical moment in the stalled peace process.

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Mr Blair has made securing peace in Northern Ireland a priority during his remaining months in office, as he tries to establish a political legacy before he quits sometime next year. But the odds remain heavily stacked against him, with little sign yet of an end to the deadlock between Ian Paisley's Democratic Unionists and Sinn Féin, the IRA's political wing.

The prime minister's official spokesman told reporters on Tuesday that the report would be "significant". It was hoped it would provide "a definitive answer" to whether the IRA's campaign was over. "We need an end to all paramilitary activity," he said

Wednesday's findings follow a quiet summer in the province and come just weeks before the November 24 deadline set by London for the political parties to agree a cross-party executive. One senior Whitehall insider predicted last night there would be a positive assessment of the IRA's efforts to end its campaign, although there may also be caveats in the report. The group's command and control structure, which the DUP wants dismantled, is still in place.

Mr Blair, who wants to use them as the basis for next week's talks and is due to meet Gerry Adams, Sinn Féin leader, on Friday. But past reports from the commission have failed to break the political deadlock.

The DUP leader said of the most recent report, when it was published in April, that it showed the IRA had continued "to engage in terror and criminal activities".

Talks aimed at restoring devolution were kick-started in May when Peter Hain, Northern Ireland secretary, recalled the Stormont assembly almost four years after the power-sharing institutions were suspended amid claims of an IRA spy ring.

The DUP and Sinn Féin were then invited to sit on a special committee set up to discuss the mechanisms for restoring devolution, but could not agree on who would be chairman.

Mr Hain, frustrated by the lack of progress and angry at the intransigence of the DUP, set the November deadline for the parties to agree on the appointment of a first minister, a deputy first minister and the cross-party executive. If the deadline is not met, the government has said it will shut down the assembly.

IRA Ends Terrorism, Panel Finds (WT/AP)

By Shawn Pogatchnik, Associated Press

The Washington Times, October 5, 2006

DUBLIN -- The Irish Republican Army is no longer engaged in terrorist activity and has shut down key units for weapons making, arms smuggling and training, a panel of specialists reported yesterday in findings designed to spur a revival of Catholic-Protestant cooperation in Northern Ireland.

The British and Irish governments warmly welcomed the 60-page assessment of the Independent Monitoring Commission, which also concluded the IRA has begun reducing its membership.

The four-man panel, including former directors of the CIA and the anti-terrorist unit of Scotland Yard, reported the IRA had recently shut down three command units and "run down its terrorist capability."

Last year, the group declared a formal end to its campaign to end British control of Northern Ireland by force and handed its weapons stockpiles to disarmament chiefs.

In a surprise development, the specialists said the IRA "has disbanded 'military' structures," including its headquarters units that direct weapons smuggling, bomb making, training and recruitment. They said IRA commanders also had begun cutting their rank-and-file membership and had stopped making payments to them.

"We do not believe that PIRA is now engaged in terrorism," it added, using the group's full formal name, the Provisional IRA.

The commission said the leadership of the IRA does not consider a return to terrorism as in any way a viable option.

"These positive and clear-cut findings are of the utmost importance and significance. They are evidence that the security landscape in Northern Ireland has been radically altered," Irish Prime Minister Bertie Ahern said.

British Prime Minister Tony Blair lauded the IRA moves as likely to spur a new power-sharing agreement between leaders of Northern Ireland's Protestant majority and Sinn Fein, the IRA-linked party that represents most Catholics.

He said negotiations in Scotland Oct. 11-13 involving all Northern Ireland factions would determine whether a Catholic-Protestant administration -- the central aim of Northern Ireland's Good Friday accord of 1998 -- could be revived.

"The IRA's campaign is over. ... The door is now open to a final settlement," Mr. Blair told reporters at his Downing Street office in London.

And in Belfast, Secretary Peter Hain called on Protestant leaders "to recognize that the paramilitary situation, in particular the situation of the IRA, has changed absolutely fundamentally and radically."

"Is there now a security threat from the IRA? The answer's no," Mr. Hain said.

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Both governments have given Protestants and Sinn Fein a Nov. 24 deadline to revive power sharing in line with the complex Good Friday pact. Otherwise, Britain says it will dissolve Northern Ireland's legislature and instead intensify cooperation with the Republic of Ireland.

Panel Says IRA Has Halted Terrorism (USAT)

By Jeffrey Stinson

USA Today, October 5, 2006

LONDON — The Irish Republican Army has abandoned terrorist and criminal activity after fighting British rule in Northern Ireland for more than three decades, the commission monitoring paramilitary groups in the province said Wednesday.

"We do not believe that PIRA is now engaged in terrorism," the Independent Monitoring Commission said in a report, using the group's formal name of Provisional IRA. "We believe that the leadership does not consider a return to terrorism as in any way a viable option and that it continues to direct its members not to engage in criminal activity."

The commission's findings were considered key to trying to restore shared power between Catholics and Protestants in governing Northern Ireland. The report's release comes a week before crucial power-sharing talks sponsored by the British and Irish governments resume in Scotland.

The opposing Catholic and Protestant political parties in Northern Ireland face a Nov. 24 deadline to agree to a power-sharing arrangement.

The Northern Ireland Assembly, a 108-member legislature with the power to elect a Catholic-Protestant administration, will be dissolved if there is no accord.

British Prime Minister Tony Blair, who will direct the Oct. 11-13 talks with Bertie Ahern, Ireland's prime minister, said the commission's report provides "the basis for the final settlement of the conflict in Northern Ireland."

"The context for political engagement has never been better," Ahern said.

Peter Hain, the British minister who oversees the province, told the British Broadcasting Corp., "There has been a historic, seismic and, I believe, an irreversible shift on the part of the IRA away from terror … toward a democratic future."

The commission found that although the IRA's leadership had disarmed, halted its criminal activities and sought to make its members do the same, some renegade groups continued to operate.

The panel said some shootings and attacks on Protestant schools and unionist gatherings since July 2005, when the IRA pledged to hand in its weapons, were the work of dissidents who continue to be involved in crimes such as drug dealing, smuggling and robbery.

Halting IRA criminal activity was a key requirement imposed by the main Protestant political party, the Democratic Unionist Party (DUP), for restoring power sharing with the IRA's political arm, Sinn Fein.

Ian Paisley, the DUP leader, said in a statement that the commission's findings are "welcomed by all of those who wish to see an exclusively peaceful and democratic basis for (shared government) in Northern Ireland."

He said his party would not share power until Sinn Fein accepts the authority of Northern Ireland's police force.

Sinn Fein leader Gerry Adams said the IRA's moves removed any excuse for the Democratic Unionists not to form a joint Cabinet. "We could do a deal tonight. We could do it tomorrow. It's all up to Ian Paisley," Adams said.

One question the commission couldn't answer: Who killed Denis Donaldson in April? The former Sinn Fein official was shot to death after he confessed to being a spy for British intelligence.

Before that revelation, Donaldson was arrested in October 2002 for allegedly operating an IRA spy ring in the Northern Ireland government.

The allegations resulted in the collapse of the power-sharing relationship established after the 1998 Good Friday Agreement brokered by the United States. The accord largely ended the conflict between Catholic nationalists and pro-British Protestants that had killed 3,600 people since 1969.

IRA No Longer Terror Threat, Monitors Say (LAT)

By Janet Stobart

The Los Angeles Times, October 5, 2006

LONDON — The Irish Republican Army has disbanded its units that bought and built weapons, stopped training recruits and ceased intelligence gathering, committing itself to a path of peace, says a periodic report made public Wednesday by a panel monitoring peace efforts in Northern Ireland.

The militants have, in effect, closed down their paramilitary and criminal activities, said John Alderdice, a member of the Independent Monitoring Commission who presented the report to the media in Belfast, the Northern Irish provincial capital.

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"Three years ago, it was the most sophisticated and potentially the most dangerous of the [paramilitary] groups, possessed of the largest arsenal of guns and other material," the report says. "It is now firmly set on a political strategy, eschewing terrorism and other forms of crime."

Politicians and government leaders welcomed the report as offering hope for breaking a political logjam and opening the door to a lasting and constructive peace in the beleaguered British province. British officials have imposed a deadline of late next month for talks aimed at ending the political deadlock over Northern Ireland's future.

"The IRA's campaign is over," said British Prime Minister Tony Blair in a statement broadcast Wednesday afternoon. "There is now consensus across all main players in the politics of Northern Ireland that change can only come through persuasion and not through violence of any sort."

Irish Prime Minister Bertie Ahern welcomed "the conclusion that there is convincing evidence of the Provisional IRA's continuing commitment to an exclusively political path."

The commission's reports have focused on the IRA and its offshoots as well as the activities of Protestant paramilitary groups and the two sides' violations of an uneasy peace since the 1998 Good Friday agreement. That accord, brokered with U.S. help, brought largely pro-British Protestant and pro-republican Roman Catholic political parties together after three decades of terrorism and sought to create a Northern Irish home-rule parliament and a power-sharing executive.

There is no guarantee that members of dissident groups, such as the Continuity IRA and the Real IRA, would cease their campaigns of terrorism, the report says. Protestant loyalist groups, such as the Ulster Volunteer Force and the Loyalist Volunteer Force, also were still "involved in violent activities," it says.

However, the report's findings for the most part are positive enough to give momentum to negotiations planned next week in Scotland to revive the Northern Ireland Assembly, which was suspended in 2002.

"It's very, very clear that the republicans have kept to all their commitments," said Gerry Adams, leader of Sinn Fein, the IRA's political ally. "A deal could be done tonight."

Protestant leaders were less sanguine about the prospects of quickly restoring the parliament. The Rev. Ian Paisley, head of the Democratic Unionist Party and chief opponent of Sinn Fein's participation in a Northern Irish government, demanded further proof of the IRA's commitment to demilitarize and end the criminal activity believed to have funded its rebellion.

He called for Sinn Fein and the IRA "to now support the police, the courts and the rule of law."

The monitors' report alludes to still-unsolved crimes such as the April slaying of Denis Donaldson, a former Sinn Fein official who had spied for Britain. Paisley said there were "real and serious doubts about the murder of Denis Donaldson, and this report has not ruled out the possibility that the Provisional IRA were behind the killing."

Other observers said Wednesday that although the report raised hopes that political progress could be made in Northern Ireland, that did not mean the parliament would be revived as soon as next month.

Paul Bew, a historian at Queen's University in Belfast and a longtime watcher of the peace process, said the report showed real progress.

"One very important point is that there is no more recruitment," he said. "It shows that this is an army in decay."

"It really looks as if the command-and-control structure which remains will be used to impose a political direction," Bew said.

The crucial point of any agreement would be the acceptance by republicans of the province's police force. The present-day Police Service of Northern Ireland replaced the predominantly Protestant Royal Ulster Constabulary, or RUC, after the 1998 pact.

Catholics historically were reluctant to join the RUC, and in the days of violence before the 1998 agreement those who did were often targeted for reprisal.

Bew predicted that "policing will be the new issue." Eventually the republican side will soften toward the new force, he said, but maybe not in time for the Nov. 24 deadline imposed by Peter Hain, Britain's secretary for Northern Ireland, for the resumption of the legislature.

Hain called the report a "unique opportunity for this generation of politicians to reach that final solution, an opportunity the government hopes the parties will now seize and not miss a fantastic window."

Nations To Form Land-Mine Removal Center (AP)

By Julie Watson

AP, October 4, 2006

MANAGUA, Nicaragua -- Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide.

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After a decade of relative stability across the region, Latin American officials wrapping up a three-day Western Hemisphere's Defense Ministers Conference said their militaries should do more than simply protect their borders.

Throughout the 1980s, civil wars raged in Central America. Now defense ministers want to show that their militaries have been transformed into model forces.

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Guatemalan Defense Minister Gen. Francisco Bermudez said.

Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

U.S. Defense Secretary Donald Rumsfeld joined ministers from more than 30 Latin American and Caribbean nations in approving Nicaragua's proposal to open an international center in Managua for removing land mines around the globe, Nicaraguan Defense Minister Avil Ramirez said.

"In this way we can give back to the countries who helped us when we needed it most," Ramirez said.

Central American soldiers have removed thousands of anti-personnel and anti-tank mines since their civil wars ended in the 1990s.

The ministers also expressed support for the region's armed forces assuming a larger role in peacekeeping missions with the United Nations and for disaster relief worldwide.

Ramirez said Nicaragua signed bilateral agreements with Peru, Uruguay and Canada for joint humanitarian missions.

The ministers also promised to cooperate on fighting international terrorism and drug and migrant trafficking.

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, October 05, 2006 9:31 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, October 05, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

6th Circuit Panel Allows Surveillance Program To Continue Pending Appeal. The AP (10/5, Sewell) reports from Cincinnati, "The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday." The AP continues, "The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers. … The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest." The AP adds, "The Bush administration applauded the decision. … 'We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree,' Deputy White House press secretary Dana Perino said in a statement." The AP notes, "The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action. … U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers. … The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced 'potential irreparable harm' and would be more vulnerable to a terrorist attack. The appeal is likely to take months."

The Detroit News (10/5) reports, "Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so. … The appeal of the ruling itself has not yet been heard."

The Washington Times (10/5, Curl) reports that President Bush "has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance. … Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers." The Times notes, "The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming 'potential irreparable harm' to the nation if the surveillance is abandoned. … 'The country will be more vulnerable to a terrorist attack,' the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program 'in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications.' … The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm."

The Detroit Free Press (10/5, Ashenfelter) reports, "The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest. … Michigan ACLU Director Kary Moss said she wasn't surprised by the decision. … 'I wouldn't read too much into it,' she said. 'It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs.'"

Miami Terror Suspect Negotiating Plea Agreement. The AP (10/5, Anderson) reports, "A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges." Sultan Khanbey "was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a 'Moorish nation,' wearing green-and-black uniforms, to bring about revolution in the United States." The AP notes, "U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be

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worked out, prosecutors said. Cooke said by then both sides should 'be on the same sheet of music' in the case."

Judge Denies Bail For Toledo Terrorism Suspect. The Toledo Blade (10/5) reports US District Judge James Carr yesterday "denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release. … Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial." Additionally, El-Hindi's wife, Marwa Aboud, told the court "she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr. El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo."

Algerian Terror Group's Alliance With Al Qaeda Analyzed. The Washington Post (10/5, A1, Whitlock, 748K) reports the alliance announced by al-Qaeda deputy leader Ayman al-Zawahiri between his group and the Algerian terror organization, the Salafist Group for Preaching and Combat "was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa." Since 2003, "the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa." The network "also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva." Al-Qaeda "forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals. The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders." But their "zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir, a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death."

US Must Decide Whether To Charge Cuban Exile In 1976 Airliner Blast. The Washington Post (10/5, A20, Roig-franzia) reports, "A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados. … The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela." The Post continues, "The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere. … The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months." The Post adds, "Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him. … Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges. … The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists."

2nd Circuit Panel Skeptical About Ashcroft, Mueller Immunity From Detainee Suit. In a widely-distributed story, the AP (10/5, Neumeister) reports that a three-judge panel of the 2nd US Circuit Court of Appeals "seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh

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conditions." Judge Jon Newman "asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds. Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises. … 'For all we know they were just doing other things and just leaving these people in atrocious conditions,' the judge said. The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was 'a monumental effort and employees worked tirelessly' as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks."

The New York Times (10/5, Bernstein, 1.21M) reports, "From the start of yesterday's…hearing," Newman "showed particular impatience with the narrow legal defenses offered by the defendants" in the lawsuit filed by Javaid Iqbal. At one point, "Judge Newman interrupted Lauren Resnick, the lawyer representing" former F.B.I. officials Michael Rolince and Kenneth Maxwell "as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center. 'You don't think your clients had a major role in the decision not to release these plaintiffs?' Judge Newman asked. … Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the way it made its accusations." Meanwhile, Garre "said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights. 'If there's anything that the court can take judicial notice of,' he said, 'it's that 9/11 was the most deadly foreign attack on domestic soil.'"

The New York Law Journal (10/5, Hamblett) also reported that the judges "peppered" the government lawyers and noted, "The lawyers were divided on the meaning of the Supreme Court's decision in *Crawford-El v. Britton*…in the context of qualified immunity." Garre "said *Crawford-El* stands for the proposition that a 'trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense' -- with the goal being to avoid 'burdensome litigation' and plaintiffs are required to show more to survive a prediscovery motion to dismiss. 'Whether you think of that in terms of a heightened pleading standard or not, that's the standard,' he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller. Mr. Garre said he was 'happy to defend' the 'policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right.'"

IG Report Raises Concerns About Supermax Security. The Rocky Mountain News (10/5, Kilzer) reports, "Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps. … That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons." The News continues, "The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center. … Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General. … Since then, the three bombers have been carefully monitored, but risks remain, according to the report." The News adds, "Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow. … The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages. … It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers."

Use Of "Water-Boarding" Examined. The Washington Post (10/5, A17, Pincus, 748K) reports, "Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques – 'waterboarding,' in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face." Inside the CIA, "waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information --

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though 'not all of it reliable,' a former senior intelligence official said." The Post continues to examine historical use of the practice, including an incident in 1968 which led to an Army investigation and the 1947 war crimes trial of a Japanese officer for use of a version of waterboarding.

Debates Said To Stem From Question Over Whether US At War With Terrorists. In a Wall Street Journal (10/5, A20, 2.03M) op-ed, former Justice Department officials David B. Rivkin Jr. and Lee A. Casey write, "The national 'dialogue' over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done. There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News."

HOMELAND RESPONSE:

Bush Urged To Issue Executive Order On Foreign Investment. David Marchick, a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment," in an op-ed for The Hill (10/5, Marchick) writes, "Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town without sending foreign investment-related legislation to the president." Marchick adds that "the door is still open for passage of new legislation during the post-election legislative session," but "to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment."

WSJournal Criticizes Efforts To Kill Provision Barring Convicts From Port Work. The Wall Street Journal (10/5, 2.03M) editorializes that its suspicions that the "Congressional uproar" over the Dubai Ports World controversy "had far more to do with politics than it did national security" have been confirmed. "How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the US spent most of last week ensuring that felons could nonetheless work freely in secure areas of US docks." The Journal faults efforts to "tank" a provision in the Senate's port security legislation "that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies" and "put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping." Rep. Pete King, who "was last seen spearheading the charge against Dubai Ports World," is said to have been among those who opposed the provision.

EU To Consider Diplomatic Sanctions Over US Visa Waiver Program. UPI (10/4) reported the EU said that it will "consider diplomatic sanctions against the United States Thursday, in a row over" the US visa waiver program. "'Appropriate steps vis-a-vis the United States could be envisaged,' said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include 'temporarily restoring the visa requirement for US nationals holding diplomatic and duty/official passports.' … EU officials say the United States has dragged its feet in working to admit" 10 EU members. "'To date,' wrote EU Commissioner Franco Frattini to his US counterpart Homeland Security Secretary Michael Chertoff, 'no tangible progress can be reported.'"

WAR NEWS:

Shays Calls For Rumsfeld To Resign. The AP (10/4, Christoffersen), in a story carried by about 50 newspapers and websites, reports Rep. Christopher Shays, in "a rare demand from a longtime Republican," called for Secretary Rumsfeld to resign, and "also accused officials at the Defense Department of withholding information about the Iraq war from Congress." Shays, a "longtime supporter" of the Iraq war, said, "I am losing faith in how we are fighting this war. I believe we have to motivate the Iraqis to do more. … I think Donald Rumsfeld needs to step down." The Pentagon

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"had no comment" and referred to Rumsfeld's statement earlier this week that he would not quit. Questioned about Shays' charge that DOD was uncooperative, Pentagon spokesman Bryan Whitman said, "The Defense Department does work very closely with congressional members and committees that have oversight responsibilities." The Washington Times (10/5, Pierce, 88K) also reports on the resignation call in its "Inside Politics" column.

Woodward Says Card "Affirms" Quotes About Rumsfeld Departure Calls. Appearing on CNN's The Situation Room (10/4) to discuss his book "State of Denial," Bob Woodward said, "I've talked to Andy Card since the book has been out, and he affirms all of the quotes in the book. As the book reports, he made at least three efforts with the President to get Rumsfeld replaced and offered a specific replacement, namely Jim Baker, the former secretary of state. He affirms, contrary to what the White House said, that he talked with Laura Bush about it. He encouraged the speech writer Michael Gerson to go to the President and say that Rumsfeld should be replaced. Now that's at least six times over 18 months."

In his Boston Herald (10/5, 203K) column, Wayne Woodlief writes, "If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a 'fresh start' with a new Congress in a new year." Woodlief adds that Card "surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling. Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night."

Watts Says Rumsfeld "Probably Should Have Stepped Down." Appearing on CNN's Larry King Live (10/4, 9:33 p.m.), ex-Rep. J.C. Watts said, "There were feelings and thoughts with members of Congress and the Administration that Rumsfeld should not have been the secretary of defense. … Secretary Rumsfeld probably should have, you know, given the President a break and probably should have stepped down and given the President a fresh start. There's no secret he's been a drain on the President in terms of the politics of this place."

Rumsfeld Enduring "Withering Attacks On His Competence." An AP (10/4, Baldor) report carried by more than 50 newspapers and websites says the "74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain." As he "shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight. When he did take questions about his future, Rumsfeld delivered an exasperated 'No, no, no,' he would not resign."

NATO Commander Confirms Views Attributed To Him In Woodward Book. The Washington Post (10/5, A18, Ricks, 748K) reports NATO Commander Gen. James Jones "stood by views attributed to him" in Bob Woodward's "State of Denial" about the Bush Administration's handling of the Iraq war "but said it was important to understand the context in which those views were expressed." In the book, Jones is quoted as saying the war "is a 'debacle' and that 'The Joint Chiefs have been systematically emasculated'" by Secretary Rumsfeld. Jones is also quoted as "delivering a warning" about working with Rumsfeld to USMC Gen. Peter Pace just before Pace became JCS chairman. Jones reportedly told Pace, "You should not be the parrot on the secretary's shoulder." Jones said Wednesday that he "had a long discussion with Pace" in September 2005, and then met with Woodward that December. He "characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, 'I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be.'"

Weisberg Tracks Changes In Woodward's Portrayals Of Rumsfeld. In a Financial Times (10/5) op-ed, Slate's Jacob Weisberg writes, "An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages" about Rumsfeld. In Woodward's 2002 "Bush at War," Rumsfeld "is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer…and a tower of strength." In 2004's "Plan of Attack," Rumsfeld "retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq. Now we have Mr Woodward's third work in the series, 'State of Denial.' Mr Rumsfeld -- embattled and clearly no longer a source for what happens behind the scenes -- has misplaced his good looks, his decency and his brilliance. … It is slightly

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maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one -- then or now."

More Commentary On Woodward Book. In his Roll Call (10/5) column, Morton Kondracke writes, "Just when Republicans thought they had Democrats caught in another election-year 'terror trap,'" Woodward "sprung them by refocusing attention on the mess in Iraq. That's the politics of national security. At the moment, the advantage would seem to favor Democrats. But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies. … It's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden."

In a New York Times (10/5, 1.21M) op-ed, James Mann, author of "Rise of the Vulcans: The History of Bush's War Cabinet," writes, "On the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy? And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power." Bush and Kissinger may not "see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background."

Tenet Book Coming Soon As Well. In a Washington Times (10/5, 88K) op-ed, CIA veteran Michael F. Scheuer writes, "With Bob Woodward's book 'The Anger of the Court Historian Spurned' in hand, we now await a book by George Tenet…to be published later this fall. The book will be of great interest to Americans…because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. … Let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?"

Officials Testing DNA Of Dead Militant To See If It Is Muhajir. BBC News (10/5) reports Iraqi officials "are doing DNA tests on a militant killed during a US military raid to determine if he is al-Qaeda in Iraq leader Abu Hamza al-Muhajir. US military sources say it is probably not Muhajir, but they are awaiting confirmation from the tests. An Arabic TV correspondent in Baghdad, quoting government sources, reported that Muhajir was killed in Haditha." US military spokesman Lt. Col. Barry Johnson said, "There was a raid where we thought he may have been among those killed. We are still doing DNA tests but we do not believe coalition forces have killed al-Masri."

More US Soldiers Killed As Iraq Bomb Attacks Reach "All-Time High." The surge of US deaths in Iraq over the past few days receives substantial coverage. On its front page, the Washington Post (10/5, Paley, 748K) reports 13 soldiers "have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since the start of the war." The "losses…are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday." USA Today (10/5, 2A, Jervis, 2.27M) puts the number of combat deaths since Saturday at "at least 19," saying American casualties "are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad." The Washington Times (10/5, 88K) leads its report with military spokesman Maj. Gen. William Caldwell's statement that bomb attacks are "at an all-time high," and says the "death toll throughout Iraq for American soldiers rose to 22 in the past four days."

All three broadcast networks aired long, and generally negative, reports on the violence. ABC World News (10/4, story 5, 2:50, Gibson, 8.78M) said the military "announced the deaths of six more US troops. That brings the American death toll so far this month to 20, one of the deadliest stretches for US forces so far this year." NBC Nightly News (10/4, story 3, 3:25, Williams, 9.87M) said "we have grim news" from Iraq, where "21 American soldiers have been killed in just the first four days of October. The US military said today bomb attacks in Baghdad have hit a new all-time high. Four Americans were killed today in an attack on their patrol northwest of Baghdad."

Militia-Linked Police Brigade Suspended. NBC continued by reporting that, "despite the danger, hundreds of

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Iraqi police have been taken off of the streets of Baghdad, accused of complicity with death squads." NBC (Engel) added, "US military commanders tell us this has been a particularly deadly period for American troops because there's been an overall rise in the number of attacks, heavier fighting, sniper attacks here in Baghdad, bombings in the capital at their all-time high including one today that targeted Iraq's Interior Minster. He survived but a dozen other Iraqis were killed." Williams: "They have taken police off the streets. What is behind that?" Engel: "At least 700 members of the Iraqi national police were accused of belonging to a radical militia group. It was created by the Iraqi government with US assistance to fight the mostly Sunni insurgency. Now it appears they are fighting Sunnis in general."

The Los Angeles Times (10/5, Murphy, Smith, 918K) says "as many as 1,200 police officers" were suspended "for suspected connections to kidnappings and executions. The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant. Six of the workers later were found dead." The New York Times (10/5, Tavernise, 1.21M) says the move "was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces." McClatchy (10/5, Price) reports Gen. Caldwell said removing the brigade "would immediately improve security" in Baghdad. The AP (10/4, Rising) also reports on the suspension.

Mahdi Army Said To Be "Killing Innocent Civilians In Baghdad Hospitals." The CBS Evening News (10/4, story 3, 2:45, Couric, 7.66M) focused its Wednesday Iraq coverage on the brigade suspension and "those Shiite death squads. They are now killing innocent civilians in Baghdad hospitals." CBS (Logan) added, "This assembly line of rotting corpses is what civil war in Iraq looks like close up. They come from the capital's main morgue where they've been piling up, their relatives too terrified to claim the bodies. That's because most are from Iraq's Sunni minority, murdered by Shiite death squads. And the morgue itself is now run by the same Shiite militia blamed for many of the killings, the Mahdi Army." The US military has documented how Moqtada al-Sadr's group "has turned morgues and hospitals into places where death squads operate freely."

Army, Marines Crafting New Counterinsurgency Doctrine. In a straightforward story, the New York Times (10/5, Gordon, 1.21M) reports the Army and Marines "are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy." The doctrine "warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces."

Bush's "Just A Comma" Comment Sparks Criticism, Analysis. The Washington Post (10/5, A19, Baker, 748K) writes, "When the president speaks, every word can be subject to scrutiny. Even the punctuation marks." President Bush's recent assertions that "this traumatic period in Iraq will be seen as 'just a comma' in the history books" is meant, aides say, "to reinforce his message of resolve in the long struggle for Iraqi democracy. But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as 'just a comma.' And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism 'Never put a period where God has put a comma.'"

Poll Finds Iraq, Afghanistan Veterans Think Military Overextended. The Pittsburgh Post-Gazette (10/5, Sherman, 241K) reports a poll released by VoteVets.org finds a "solid majority of American soldiers returning from the fighting in Iraq and Afghanistan" think US military forces "are stretched too thin." The Lake Research Partners poll "found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as 'overextended,' while many soldiers also complained about encountering emotional and physical problems when they came back from active duty." The survey of "453 veterans from across the country and all sections of the military" also found that 13% "said they were affected by military 'stop-loss' policies," one in four "has had nightmares since returning" to the US, and 32% of National Guard or

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Reserve veterans "said their families experienced 'economic hardships' because of their overseas deployments."

Dallas Volunteers Greet Returning Soldiers With Hugs. NBC Nightly News (10/4, story 8, 2:00, Williams, 9.87M) continues its "Home Front" series with a profile of volunteers in Dallas who greet troops returning from Iraq and Afghanistan who "have made it their business to love every one of them." NBC (Chandlian) added, "A shower of affection and a thunder of cheers. For troops returning from Iraq and Afghanistan on a two-week leave, this is the first taste of home. But it isn't home. Most offering hugs and handshakes are neither family or friends. … Meeting hundreds of flights and thousands of troops, it is hard, they say, not to be moved by seeing a soldier back safely and closer to loved ones."

Defense Spending Bill Includes $20 Million To Celebrate Wars' Successes. In a somewhat skeptical tone, the AP (10/4, Flaherty) reports that though the "military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring," if the "winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party. Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for 'commemoration of success' in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops." The New York Times (10/5, 1.21M) reports that the "mystery over who championed" the allocation "was resolved on Wednesday" when the office of Senate Majority Whip Mitch McConnell "acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to 'sneak back' home after that war and out of a desire that this generation of troops be thanked."

Hoekstra Reportedly Pressing Intelligence Agencies To Keep Up WMD Search. Newsweek (10/4, Isikoff, Hosenball, 3.12M) reports on its website that House Intelligence Chairman Peter Hoekstra is "still pressing US intelligence agencies to look" for possible WMDs in Iraq even though intelligence officials "say further work is unlikely to reveal anything new about Saddam's WMD programs." He has recently "prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted 'hundreds of man hours' to the hunt."

Two Marines Plead Not Guilty To Hamdaniya Murder. The Washington Post (10/5, A24, Geis, 748K) reports Pfc. John Jodka and Cpl. Marshall Magincalda, both Marines, pleaded not guilty Wednesday to murdering Hashim Ibrahim Awad in Hamdaniya "and then trying to cover up the crime. The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident."

Afghanistan Situation "Sobering" Five Years On. On its front page, USA Today (10/5, Wiseman, 2.27M) runs a very negative report on the Taliban's resurgence in Afghanistan that runs more than 2,200 words. Starting with the story of a school for girls that "came under rocket fire last spring" as "mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal," USA Today writes that five years after the start of Operation Enduring Freedom, "the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals."

Commander Says Aid, Reconstruction Key To US Afghanistan Exit. The Washington Times (10/5, Behn, 88K) reports NATO Commander Gen. James Jones said the US "exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops." Jones said, "Afghanistan will not be resolved by military means. We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate."

Kerry Blasts Frist Over "Taliban" Comments. The AP (10/4, Ramer) reports Sen. John Kerry "ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing 'people who call themselves Taliban' into the Afghanistan government." Kerry said, "They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape." On Monday, Frist said "the war against Taliban guerrillas can never be won militarily and that he favored

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bringing 'people who call themselves Taliban' into the government." A Frist spokeswoman later said Frist "believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves."

CORPORATE SCANDALS:

California Attorney General Indicts Five In H-P Spying Scandal. ABC World News (10/4, story 9, 0:15, Gibson) reported, "In California, felony charges have been brought in the Hewlett-Packard spying scandal. Former chairwoman Patricia Dunn and four others are facing conspiracy and identity theft. The charges come the same day it was reported Patricia Dunn is beginning chemotherapy for advanced ovarian cancer."

The Los Angeles Times (10/5, Granelli) reports, "California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case. The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families."

The Financial Times (10/5, Allison) reports, "The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations." The felony complaint "charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy."

A front page story in the Washington Post (10/5, A1, Nakashima, Noguchi) reports, "Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges 'are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign.'"

The Wall Street Journal (10/5, Waldman, Clark) reports that Lockyer's "targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6."

USA Today (10/5, Kessler) reports, "Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday. The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg."

The New York Times (10/5, Darlin) reports, 'The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval. 'There currently is no evidence that Mark Hurd engaged in criminal conduct,' Mr. Lockyer said."

USA Today (10/5, Hopkins, Swartz) reports that H-P "still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal. HP said in a statement on Wednesday that it 'is continuing to cooperate with state and federal investigators.' It said it would have no further comment."

The AP (10/5, Robertson) reports, "The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records." The AP adds, "The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law. … 'It was a stupid and unethical thing that occurred, but it may not have been a crime,' he said. … Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer. … 'He formed a judgment that a crime was

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committed way too early, but he had nothing to lose,' Wareham said. 'Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money.'"

Bloomberg (10/5, Rosenblatt, Gullo) reports, "The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000. … As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by 'ruse from the telecommunication carrier,' prosecutors said. … Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses. … The charges show 'prosecutors are beginning to move forward to address the violations that occurred,' said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today."

The California Recorder (10/5, Miller) reports, "In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged 'the wrong person at the wrong time and for the wrong reasons.' He also cryptically called the charges 'the culmination of a well-financed and highly orchestrated disinformation campaign.'"

CBS Evening News (10/4, 6:40 p.m.) reported, "Corporate executives thinking of spying on your employees take note. Felony charges may be coming in that board room spying scandal at Hewlett-Packard. California's attorney general says he'll seek indictments against ex-chairwoman Patricia Dunn and four others. The charges would include identity theft."

Local Television. More that 130 local television newscast reported that California's attorney general, Bill Lockyer, filed criminal charges against Hewlett-Packard former chairwoman Patricia Dunn and four others in connection with the company's controversial investigation probe into boardroom leak. Some newscasts noted that news of the charges followed reports that Dunn is beginning therapy for advanced ovarian cancer. Some examples: WPTA-TV Ft. Wayne. (9/4, 11:11 p.m.) reported, "Criminal complaints are being filed against the ousted Chair of Hewlett-Packard and four others, allegedly involved in a corporate spying scandal. California's Attorney General is seeking felony indictments against Patricia Dunn and the others. Authorities say detectives working for HP fraudulently got phone records of reporters and board members to try to find the source of company leaks."

KSL-TV Salt Lake City, (9/4, 6:40 p.m.) reported, "Hewlett-Packard former Chairwoman charges were filed. Court documents show Dunn was charged with identity theft on unauthorized access to computer data and several other charges. Four other people linked to the case face the same charges. Each count carries a fine of up to $10,000."

KCBS-TV Los Angeles, (9/4, 6:06 p.m.) reported, "California's Attorney General is accusing them of conspiracy and hiring detectives to secretly obtain phone logs of directors, employees and journalists. It's a criminal form of spying, known as pretexting."

WXYZ-TV Detroit, (9/4, 6:51 p.m.) reported, "The charges come the same day it was reported Patricia Dunn is beginning therapy for advanced ovarian cancer."

KGO-TV San Francisco, (9/4, 4:59 p.m.) reported, "Arrest warrants issued for Patricia Dunn and four others over the company investigated leaks to the media. The state attorney general filed criminal felony charges today."

WDAF-TV Kansas City, (9/4, 9:40 p.m.) reported, "CEO Mark Hurd 'not' among those being charged."

KABC-TV Los Angeles, (9/4, 5:30 p.m.) reported, "California has some of the toughest privacy laws in the country. In the Department of Justice building, attorney general Bill Lockyer announced HP insiders and outside contractors broke those laws between April 2005 and April 2006."

KXTV-TV Sacramento, (9/4, 5:03 p.m.) reported, "Hewlett-Packard issued this statement today, saying that HP is continuing to cooperate with state and federal investigators looking into the board room leaks issue. The company has no further comments."

Apple Says Jobs Knew Company Manipulated Stock Option Grants. The Wall Street Journal (10/5, Bandler, Wingfield) reports, "Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised 'serious concerns' about the

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conduct of two former Apple executives. Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said."

USA Today (10/5, Graham) reports tat the company said that while Jobs was aware of the company's practice of backdating stock-option grants, he was "unaware of the accounting implications." USA adds, "A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday."

The New York Times (10/5, Flynn) reports, "The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been 'irregularities' with some options granted to Mr. Jobs, but he declined to elaborate."

The Washington Post (10/5, D1, Johnson) reports that Jobs "apologized yesterday for a stock options scandal that he said 'happened on my watch,' after a three-month internal investigation uncovered 'serious concerns' with the actions of two former executives." The Post adds, "The company declined to identify the two former executives whose conduct over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the 'best interests' of the company."

The California Recorder (10/5, Scheck, Pasternak) reports, "Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts."

Lay's Attorney Seek Ruling On Conviction. The Houston Chronicle (10/5, Hays) reports, "Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name. … They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned." The Chronicle continues, "Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases." The Chronicle adds, "A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction. … Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants." The Chronicle notes, "Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23. … Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died. … However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government 'did not introduce, let alone obtain passage of, any such legislation.' … Also, no lawmakers stepped forward to sponsor such legislation. … Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks."

Judge Orders Former Kmart Officials To Be Tried. The AP (10/5) reports from Flint, MI, "A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing." The AP continues, "In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005. … 'We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated,'

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McDonald's lawyer John Sylvia said Wednesday." The AP adds, "Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith. … Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003."

CRIMINAL LAW:

Prosecutors Order House To Preserve Records Of Foley's Contact With Pages. NBC Nightly News (10/4, lead story, 2:25, Reid, 9.87M) reported, "Today law enforcement officials want to know if Mark Foley committed a crime. Here on Capitol Hill the question is whether anybody did anything to stop it. In Washington today, the Justice Department asked Congress to protect former Congressman Mark Foley's computers to preserve any potential evidence."

The Washington Post (10/5, A13, Eggen, Lengel, 748K) reports Federal prosecutors "ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman." The "three-page 'preservation letter' -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts." FBI agents "also continued to seek out current and former pages who may have had contact with the former Florida congressman." One law enforcement source "said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to determine how many pages may have communicated with Foley." The "focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators 'have not ruled out any number of possible crimes that could be looked at,' said one official, who along with others requested anonymity because of the ongoing investigation."

Roll Call (10/5, Bresnahan) reports, "Senior Justice Department officials have asked House lawyers to 'preserve' all the material and items still in former Rep. Mark Foley's (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear." Foley "personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them." A "federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court."

CNN's The Situation Room (10/4, Blitzer) reported, "Federal authorities appear to be closer today to a full scale criminal probe of former Congressman Mark Foley. They're trying to make sure that electronic messages Foley sent to former pages are preserved. Senior Justice Department official confirming a letter was sent to a lawyer for the House of Representatives asking that all computer files and other records in Foley's office be secured right away."

MSNBC's Hardball (10/4, Shuster) reported, "Today the Justice Department took the first steps towards a criminal investigation. Officials sent a letter to the House asking that Congressman Foley's office computer and documents be protected to preserve any potential evidence, even though the name on the door has already been removed."

The AP (10/5) reports, "At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official." The official "declined to say whether the interviews were limited to current pages or included former pages."

CNN.com (10/5) reports, "The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said. … The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said."

Scripps Howard (10/5, Hoffman) reports, "As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do. … 'We're not doing anything right now,' said a Justice

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Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly 'sensitive' matter. … 'They told us it's very sensitive so we shouldn't say anything,' the official said. 'That's no problem, because we're not doing anything.'"

Bloomberg (10/5, Schmidt) reports, "The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages."

Legal Ambiguities May Make Federal Prosecution Of Foley Difficult. The AP (10/5, Apuzzo) reports Foley's "online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say." Explicit "computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech." With the FBI "investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said." If Foley "never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation."

CBS Evening News (10/4, story 2, 2:00, Attkisson, 7.66M) reported Foley's attorney "repeatedly made this claim." David Roth, Mark Foley attorney: "Mark Foley denies ever, ever having any sexual contact with a minor. There never has been any sexual contact with a minor. Never attempted to have sexual contact with a minor." Attkisson: "Remember that wording because the precise wording may turn out to be very important. In Washington, DC, 16-year-olds, the minimum age of a page, aren't considered minors when it comes to having sex. Legally they're adults. The same is true in more than half the states."

The Los Angeles Times (10/5, Schmitt, 918K) reports, "If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page." However, "some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors." Not long "after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18. Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear."

The Wall Street Journal (10/5, Fields, 2.03M) reports, "Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges." Roscoe C. Howard, the former US attorney in Washington, DC, said, "For the most part, the law is going to allow you to be a dirty old man. The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail." Howard said the "legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet."

E-Mails Said To Fall Into Legal Gray Area. The South Florida Sun-Sentinel (10/5, Franceschina) reports, "The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say." The Sun-Sentinel continues, "While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges." The Sun-Sentinel adds, "Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor. … If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation. … 'There are going to be some issues here in the gray area,' Lanning said. 'You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law.' .. .The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations. … 'A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation,' FDLE spokesman Tom Berlinger said

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Wednesday, without providing details of the department's efforts. 'We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter.'"

Ethics Panel Faces Decision On Hiring Outside Counsel. The AP (10/5, Margasak) reports the House ethics committee "can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages." The "evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House."

McCain Says Former Senators Should Investigate House's Handling Of Foley Scandal. CNN's The Situation Room (10/4, Blitzer) reported, "Senator John McCain also weighing in on the Foley scandal -- the Arizona Republican calling for a group of former senators to lead an investigation into how the House of Representatives handled the matter. McCain says, 'People who are credible need to quickly reach conclusions about who may have dropped the ball, and offer serious recommendations to try and fix the problem.'"

The AP (10/5, Smith) reports McCain called for Congressional leaders to appoint a panel of 'credible' people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages." During a campaign appearance with Sen. Lincoln Chafee in Rhode Island, McCain said, "We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible." The AP adds Chafee "said he supported McCain's call." Among the names McCain "mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission."

Former Foley Aide Says He Told Speaker's Office About Concerns Three Years Ago. Kirk Fordham, formerly chief of staff to ex-Rep. Mark Foley, yesterday told reporters from several broadcast and print sources that he informed the staff of House Speaker Dennis Hastert of his concerns about the attention Foley gave congressional pages. ABC World News (10/4, lead story, 2:30, Gibson, 8.78M) reported, "A top Republican aide on Capitol Hill said today the Speaker's office knew three years ago, that now-resigned Congressman Mark Foley was giving inappropriate attention to teenaged boys. And says the aide, the Speaker himself knew about the issues with Foley." ABC (Ross) added, "Fordham also says he was later told the Speaker knew about the meeting. Fordham said there had been a series of warnings from page supervisors that Foley, here addressing the page class of 2002, was spending too much time with the pages in ways that were inappropriate and would not stop."

CBS Evening News (10/4, lead story, 1:40, Borger, 7.66M) reported it was "another grenade thrown at the House Republican leadership." NBC Nightly News (10/4, lead story, 2:25, Reid, 9.87M) reported, "Democrats accused" Fordham "of working with Foley and Reynolds to keep the email issue under wraps to protect Foley's seat. A charge that they denied. In a statement, Fordham said he told top officials at the highest levels about Foley's overly friendly emails prior to 2005. Hastert insists he didn't learn of the emails until last Friday, and today suggested if the safety of pages can't be assured Congress should be considering eliminating the page program."

The AP (10/5, Barrett) reports Fordham "said he had 'more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene' several years ago. The claim drew a swift, unequivocal denial from Hastert's chief of staff. 'What Kirk Fordham said did not happen,' Scott Palmer said through a spokesman." The AP adds Fordham "also disputed allegations that he covered up any misdeeds by Foley. 'At no point ever did I ask anyone to block any inquiries,' said Fordham, who was Foley's longtime chief of staff until leaving in January 2004."

The Wall Street Journal (10/5, Rogers, 2.03M) reports Fordham "resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages." Fordham's resignation "follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages." USA Today (10/5, Kiely, Kelly, 2.27M) reports the story under the headline, "Ex-Foley Aide: Tip Given 2 Years Ago."

Pressure On Hastert To Resign Said To Be Growing. In the aftermath of the Fordham story, Hastert's hold on the speaker' post may be growing more tenuous. On

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ABC World News (10/4, story 3, 8.78M), George Stephanopoulos said, "I have not talked to a single person today, Republican or Democrat, who thinks that Dennis Hastert will be Speaker of the House next year. That's not a question now. And after the revelations this afternoon, several top Republicans told me they don't think he can last the week." ABC World News (10/4, story 2, 0:30, Gibson, 8.78M) also reported, "The Speaker has been consistent in saying he will not resign. But some in Washington say the pressure on the Speaker is growing."

The Los Angeles Times (10/5, Hook, Levey, Wallsten, 918K) reports an "acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago." A Republican strategist "with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999." The strategist said, "If the claim holds up, it is hard to see how the speaker survives. If he does survive, it is only because he does a major housecleaning."

Roll Call (10/5) reports Fordham's "allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C."

McClatchy (10/5, Clark, Talev, Taylor), in a dispatch titled "Hastert Faces Increased Pressure To Resign," says "some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday." On its website, the National Review (10/4) editorialized, "Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it. … There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end."

CNN's The Situation Room (10/4, Bash) reported that "there are new rifts inside the Republican leadership over all this. The No. 3 Republican in the House is the latest member of the leadership to distance himself from House Speaker Dennis Hastert. Congressman Roy Blunt told reporters back home in Missouri he would have handled the Foley matter differently had he known about it." CNN's The Situation Room also reported that Hastert "got a show of support from a key conservative lawmaker today. Mike Pence of Indiana is a young ambitious Republican who heads a very powerful conservative caucus in the House. He spent several days…feeling out the mood of fellow conservatives, rank and file in the conference and also out and about around the country. And he came out today and said while he does have reservations about the way the Republican leadership handled the Foley incident, he said specifically Speaker Dennis Hastert should not resign."

The Hill (10/5, O'Connor) reports, "The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday. As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by…Hastert and his staff." The Washington Times (10/5, Hurt, 88K) also notes Blunt's comments in a story titled "Majority Whip Slams Handling Of Foley Scandal."

Aide Who Leaked Foley Emails Was Republican. The Hill (10/5, Bolton) reports the source "who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a House GOP aide." The aide "has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim. The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House. But the whistleblower was a paid GOP staffer when the documents were first given to the media." These "revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal."

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Foley Allegedly Had Been Turned Away From Pages' Dorm. The New York Times (10/5, Zeleny, Hulse, 1.21M) reports, "Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk."

The Arizona Republic/Gannett News Service (10/5, Wheeler) reports Rep. Pryce has " asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night." Pryce spokesman Geoff Embler said Rep. Roger Wicker, "a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening." Until Wicker "raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said."

Foley's Sexual Interest In Pages Began Over A Decade Ago. MSNBC's Hardball (10/4, Shuster) reported, "Today it became clear that Mark Foley's sexual interest in teenage congressional pages actually began more than a decade ago. One former page told the Washington Post he was warned about the Florida Republican in 1995 when Foley was serving his first term. Foley allegedly sent notes and letters to the pages recruiting them for social jaunts like trips to an ice cream parlor. … The evidence of Foley's sexual interest in congressional pages 10 years ago raises questions about the Republican House leadership at the time and their responsibility to protect pages. Did then House Speaker Newt Gingrich know of Foley's unusual interactions with the pages? Did Former House Majority Leader Tom DeLay know? At the moment, the questions remain focused on the current Republican leadership, including Speaker Dennis Hastert. On the heels of revelations that Hastert was told about Foley's behavior months ago and tried to keep it quiet, the drumbeat continued today among some conservative activists seeking Hastert's resignation."

The New York Times (10/5, Goodnough, Zernike, 1.21M) reports that over "12 years in Congress," Foley "he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined." Whatever "whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week. Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical."

Foley Abuse Claim Angers Victims Of Clergy. The New York Times (10/5, Goodstein, 1.21M) reports Foley's "declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others. If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly."

Role Of Gay GOP Aides In Foley Case Causing "Firestorm" Among Conservatives. CBS Evening News (10/4, lead story, 1:40, Borger, 7.66M) reported Fordham "is known to be gay. CBS News has learned that several other top Republican staffers who handled the Foley matter are also gay. Their role in this controversy has caused a firestorm among Republican conservatives, who charge that a group of high-level gay Republican staffers were protecting a gay Republican Congressman." Tony Perkins, President, Family Research Council: "Was the leadership afraid to stand up to that network out of fear of being labeled homophobic or gay bashing?"

Local Television. Former congressman Mark Foley's story continues to get a heavy coverage by Florida's television newscasts. The reporting focused on latest revelations that Foley's former chief of staff, Kirk Fordham, reported Foley's behavior to some members of the Congress, including the Speaker of the House. Some examples: FLX-TV West Palm Beach, (9/4, 10:01 p.m.) reported, "More developments in the Mark Foley scandal. There are new allegations that the House speaker knew what was going on a lot longer than anyone acknowledged. Foley's former chief of staff, Kirk Fordham, resigned today. And Fordham says he warned the house speaker three years ago about Foley's behavior."

WFTS-TV Tampa, (9/4, 5:13 p.m.) reported, "Tom Reynolds … denied accusations that he attempted to impede the investigation into Foley's conduct."

WFTS-TV Tampa, (9/4, 11:03 p.m.) reported, "A twist in the Mark Foley scandal. The Speaker of the House knew

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about his contact with teenage pages in Congress, but did nothing about it."

WFLA-TV Tampa, (9/4, 5:33 p.m.) reported, "Today, Reynolds aide, Kirk Fordham, who for years was Mark Foley's chief of staff, resigned after word that he tried to keep Foley's emails from being disclosed. A former prosecutor tells NBC News that sex talk with a minor usually is not prosecutable if that's all this was. The Florida Department of Law Enforcement is also looking into Foley's actions. Today, the Governor blasted the former Congressman for the latest revelations in his case. 'The fact that he claims he was abused or is an alcoholic, you know, there's no reason for what he did. There is no reason.' The governor is also denying rumors he was asked to investigate Foley last year and did nothing. Bush says launching an inquiry will be up to Florida's next Governor."

WESH-TV Orlando, (9/4, 6:11 p.m.) reported, "Allegations are swirling that some Florida Republicans, including governor Jeb Bush, were asked more than a year ago to look into Foley's conduct, but refused. Bush denies it."

WBBH-TV Ft. Myers, (9/4, 6:30 p.m.) reported, "In Washington today, the Justice Department asked Congress to protect former Congressman Mark Foley's computers to preserve any potential evidence."

WTVT-TV Tampa, (9/4, 5:06 p.m.) reported, "Former Representative Mark Foley not only says he's an alcoholic, but his lawyer now says he was molested by a clergyman, while serving as an alter boy in Florida.'

WTVT-TV Tampa, (9/4, 12:08 p.m.) reported, "The attorney also denies Foley had any sexual content with any teens he emailed."

WFOR-TV Miami, (9/4, 11:06 p.m.) reported, "As for Foley's accusations that he was molested, he's been criticized by some for that. In fact, one of his former priests told the Palm Beach Post that it's irresponsible and despicable for Foley to make that allegation without naming his attacker."

WBFS-TV Miami, (9/4, 10:09 p.m.) reported, "Meanwhile, some of the former congressional pages are telling their stories. Two teens say Foley contacted them after they left the program and were still minors. They say Foley's messages focused on sex."

WFOR-TV Miami, (9/4, 11:06 p.m.) reported, "The two teens also recalled an evening they spent at Foley's Washington home. 'He offered us beer. We were minors at the time. We both declined.'"

More Commentary. On CBS Evening News (10/4, story 9, 1:55, 7.66M), Bob Schieffer said, "The real problem here is not Foley, there will always be weirdoes and they can be dealt with. The disgrace is how the Congressional leadership handled all of this. The top Republican House Speaker Dennis Hastert and his senior leaders are in a fight among themselves about who knew what and when. But the fact is, people did know about this and did nothing about it until they were forced to by public disclosure. Congressional leaders seem more worried about saving a congressional seat than a kid, disgusting but not surprising -- because that is what this Congress has become, an incumbent protection society which accomplishes virtually nothing. There is only one reason for government: To improve the lives of its citizens. But this Congress has forgotten that. To raise the money needed to get to Washington, Congressional candidates have to sign off with so many special interest groups that by the time they get here they can't compromise on anything so nothing gets done. Except to raise more money. This sorry story is not the first sign of a new sex scandal, it is just further evidence of a Congress that is has lost its way."

The Wall Street Journal (10/5, 2.03M) editorializes, "The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House 'enablers who made it possible.'" The Journal adds, "It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley."

The New York Times (10/5, 1.21M) writes in an editorial, "The desire to turn Mr. Hastert into a sacrificial victim is self-serving." But "the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of

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this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs."

Norman Ornstein writes in Roll Call (10/5), "How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period."

David Brooks writes in the New York Times (10/5, 1.21M), "In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management." But "the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease. In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority."

First Responders To Amish School Shooting Receive Counseling. ABC World News (10/4, story 4, 2:40, Gibson) reported, "Tonight, counseling is getting under way for the first responders, the men and women who went inside the school, moments after" the Amish school shootings in Pennsylvania." ABC (Muir) added, "The first responders are getting this grief counseling because their jobs were beyond comprehension on Monday, when they answered that call at the schoolhouse."

Amish Community To Gather For Victims' Funerals. The Washington Post (10/5, A3, McCaffrey, Ruane) reports, "Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls. Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday. … The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand."

Amish Offer Forgiveness To Shooter's Family. CBS Evening News (10/4, story 4, 1:45, Couric) reported that "the Amish in Lancaster County, Pennsylvania, are still trying to deal with the horror that shattered their peaceful world on Monday when a gunman killed five young girls and wounded five others. It will be all but impossible to erase the memories of what happened in that schoolhouse and now they've decided there may be only one way to do it." CBS (Pitts) added, "On Monday, even before authorities had removed Charles Roberts' body from the crime scene, a group of Amishmen went to his house." Unidentified male: "An Amish neighbor came that very night last night around 9:00 in the evening and offered forgiveness to the family." Pitts: "Forgiveness, that's the lasting legacy these families now pray for."

Investigators Try To Determine Motive For Shootings. The New York Times (10/5, Dewan) reports, "Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before."

Shooter's Relatives Have No Recollection Of Being Molested. NBC Nightly News (10/4, story 6, 2:40, Curry) reported, "Late today investigators said that the two children the gunmen claimed to have molested and they said they have no recollection of it."

USA Today (10/5, Levin, Hall) reports, "Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. 'Both of them have no recollection of being sexually assaulted by Roberts' when they were 4 or 5 years old, trooper Linette Quinn said."

The AP (10/5, Rubinkam) reports, "Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse. … 'Both of them have no recollection of being sexually assaulted by Roberts,' state police Trooper Linette Quinn said. 'They were absolutely sure they had no contact with Roberts.'" The AP notes, "Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died.

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Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls."

Schools Review Emergency Plans In Wake Of Attacks. The Washington Post (10/5, A2, Slevin, Lydersen) reports that in the wake of recent bloody school attacks in the past month, "school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer. … The stepped-up emphasis on security comes after four incidents that have shocked the country."

Bush Calls For Experts To Meet On School Safety. Local stations rarely, noted President Bush's comments on school violence, with the exception of Colorado, where it was often reported in-depth. Some examples: KUSA-TV Denver (10/4, 10:03 p.m.) reported, "During a visit to Colorado today, President Bush promised to address the issue of school violence. He plans to convene education and law enforcement experts as early as next week to discuss what the federal government can do to help communities prevent violence and deal with the afternoon."

KSDK-TV St. Louis (10/4, 10:13 p.m.) reported, "President Bush has ordered top aides to meet next week in Washington to discus school safety. He says American parents need to be assured their children are not at risk while in school."

WNCN-TV Raleigh (10/4, 10:59 p.m.) reported, "At a campaign event outside Denver, President Bush called on the country's leading experts to show the federal government how to help communities affected by these tragedies."

Bush Offers Condolences To Family Of Slain Colorado Student. The Denver Post (10/5, Frates) reports, "President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings. … 'A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes,' said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. 'She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people.'" The Post adds, "Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings. … 'We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks,' Bush said. 'May God bless Emily's family.'"

Religious Leaders To Have Role In School Violence Conference. The AP (10/5, Curry) reports, "Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday." The AP continues, "The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls." The AP adds, "Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. … 'We certainly plan to ask faith-based leaders into these meetings on Tuesday,' Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans. … Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions."

Student Hurts Six With Pellet Gun At Maryland School. The AP (10/5) reports from Pikesville, MD, "A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said." The AP continues, "The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured." The AP adds, "The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania. … Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though

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some schools told parents to come and pick up their children."

More Commentary. The Boston Globe (10/5) editorializes, "One wonders what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend." The Globe continues, "The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. … Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence."

DOJ Seeks To Block Taiwan In Spy Probe. The New York Sun (10/5, Gerstein) reports, "The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts." The Sun continues, "The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng." The Sun adds, "After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and other documents about her dealings with Keyser. … The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office." The Sun notes, "In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it 'objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial.' Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be 'impracticable.' … Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats."

Federal Probe Of Missouri License Fee Office Yields No Charges. The Kansas City Star (10/5, Kraske) reports, "The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday." The Star continues, "In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a 'target, subject or witness' in the investigation. … '… Nor was he implicated in any allegation being investigated,' Cummins said in a statement. 'Any allegations or inferences to the contrary are uninformed and erroneous.'" The Star notes, "Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, 'affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers.' … Jackson said federal authorities never interviewed Blunt or anyone in his administration." The Star notes, "For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases. … In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power. … U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed

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the existence of the inquiry in April, although authorities refused to comment publicly at the time."

Experts Say Online Gaming Ban May Help Gambling Industry. The AP (10/5, Riley) reports, "Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday." The AP continues, "Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, 'opens up huge opportunities' for the industry." The AP adds, 'The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said." The AP notes, "Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers. … Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, 'In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area.' … Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers. … But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited."

David Wessel writes in the Wall Street Journal (10/5), "Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and 'unlawful' gambling site -- shows how tricky regulating the Internet can be. … The new Unlawful Internet Gambling Enforcement Act applies to any 'bet or wager...unlawful under any applicable federal or state law,' without acknowledging that it's murky what is unlawful. … In days before the Internet, Prohibition didn't stop drinking, and gambling bans didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling."

Two ELF Members Plead Guilty To Wisconsin Arson. The Seattle Times (10/5, Bernton, Clarridge, 217K) reports, "Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences. They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture. On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West."

The Seattle Post-Intelligencer (10/5, Shukovsky, 129K) notes UW professor Toby Bradshaw, whose office was the target of the attack, yesterday "praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police. … Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment. The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee." The AP (10/5, Woodward) reports, "The plea deals…will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. … After the hearings, U.S. Attorney John McKay said the women had 'the misguided belief that they would influence public policy. They have not.' 'These violent acts of destruction are not a valid form of political speech,' he said, calling the arson an act of domestic terrorism."

The AP (10/5, Woodward) reports, "Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious

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acts of ecoterrorism, caused some $7 million in damage. … The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests. … After the hearings, U.S. Attorney John McKay said the conspirators had 'the misguided belief that they would influence public policy. They have not. … These violent acts of destruction are not a valid form of political speech,' he said, calling the arson an act of domestic terrorism."

FBI Serves Subpoenas For Contract Records Of NJ Senator's Law Firm. The Philadelphia Inquirer (10/5, Ott, 399K) reports, "New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm." Bryant "already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. 'Randy' Primas Jr." The Inquirer notes, "Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate."

Atlantic City Councilmen Plead Guilty To Extortion Charges. The AP (10/5, Mulvihill) reports, "An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion. Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts. Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts. They were the second and third city officials convicted in the operation," and "prosecutors say the investigation is continuing." The Press of Atlantic City (10/5) and Philadelphia Inquirer (10/5, Anastasia, 399K) also report on the guilty pleas and the FBI investigation.

Third Florida Prison Guard Pleads Guilty In Sex-For-Contraband Scandal. The AP (10/5) reports, "A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud." The AP continues, "E. Lavon Spence told a federal court Tuesday: 'I had sexual contact with inmates and brought in contraband.' He said that contraband included cigarettes." The AP adds, "In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses. … Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for December." The AP notes, "He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William 'Buddy' Sentner was also killed."

Judge Refuses To Dismiss Child Pornography Charges Against Karr. The Washington Post/AP (10/5, A4) reports that Sonoma County Superior Court Judge Rene Chouteau has declined to dismiss the child pornography case against John Mark Karr. Karr's attorneys "had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it. A prosecutor said she had not deliberately withheld anything, and…Chouteau agreed, saying Karr 'should have had knowledge of the state of the computers,' making the defense's reliance on Knutson unnecessary."

Parents Charged With Kidnapping Daughter Before Wedding. USA Today (10/5, Bazar) reports, "Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage. They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. … Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23."

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DC Police Medical Claims Costs City Millions. A front page story in the Washington Post (10/5, A1, Flaherty, Horwitz) reports on hundreds of DC police officers "who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets." The Post adds, "The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding."

CIVIL LAW:

Privacy Group Sues FBI Over Surveillance Program Disclosure. The AP (10/5, Caterinicchia) reports, "A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program." The AP continues, "The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant." The AP adds, "A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed 'as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers' before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed. … CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year."

Federal Program Recoups Almost $1.5 Billion Through Fraud Cases. Jeffrey Young writes in "The Executive" column in The Hill (10/5) that the Health Care Fraud and Abuse Control Program, "an interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs," will, according to a federal report issued this week, "collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed." The defendants "range from individual schemers to some of the largest healthcare companies in the country." The Department of Justice and the Office of the Inspector General at the Department of Health and Human Services "announced that they jointly have deposited $8.85 billion into the Medicare trust fund since their joint program began in 1997," and "the government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years."

US To Stop Seizing Prescription Drugs Imported From Canada. The Washington Post (10/5, Lee, 748K) reports, "The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad. Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July." And "starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs" and the FDA "will resume the primary enforcement role on personal drug importation."

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FEC Says Contribution Limits Apply To Recount Funds. The New York Times/AP (10/5) reports, "Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures." The "4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races."

CIVIL RIGHTS:

Two Plead Guilty In Fatal Cuban Migrant Smuggling Case. The AP (10/5) reports from Key West, FL, "Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death." The AP continues, "Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8." The AP adds, "A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8. … The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines. … Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines."

Utah To Receive Grant To Help Curb Human Trafficking. The Deseret Morning News (10/5, Bulkeley) reports, "Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants." The News continues, "The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force. … The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department." The News adds, "The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations. … While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case. … Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it."

Washington Prosecutor Delaying Police Brutality Charges Until FBI Completes Probe. The AP (10/5, Wiley) reports, "Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation. Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges. The prosecutor said he had not yet made a decision but 'was leaning toward' declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation." The AP notes, "The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said."

Race Cited As Reason For Boys Town Opposition. The Washington Times (10/5, McElhatton) reports, "Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show. Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District

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by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town. The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast."

LULAC Concerned About Arrest Of Texas Man For Civil Rights Violations. The Abilene (TX) Reporter-News (10/5, Emison) reports, "The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations." The Reporter-News continues, "On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex. … LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday. … 'It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote,' LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. 'LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights.' The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today."

Alabama SoS Accused Of Not Cooperating On Voter Project. The AP (10/5, Johnson) reports that Alabama Secretary of State Nancy Worley "is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing." The AP continues, "The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as 'extreme inadequacy and non-responsiveness.'" The AP adds, "Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee. … U.S. District Judge Keith Watkins in August gave the Republican governor the title 'special master' and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file. … Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file."

Group Honors Connerly With Lawsuit. The New York Times (10/5, McKinley) reports, "To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne. They filed a lawsuit" against the Berkeley Unified School District accusing the district of "using race to determine which elementary schools students attend and whether high school students have access to certain classes." In announcing the suit, the Pacific Legal Foundation "{put out a news release calling it a way of 'marking the 10-year anniversary of Proposition 209,' and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called 'the spokesperson for racial equality, in our viewpoint.'" Connerly, "said the suit was yet another front in his fight against 'the mythical goal of integration and diversity.'"

Los Angeles City Council To Pay $3.57 Million To Settle Civil Rights Suits. The Los Angeles Times (10/5, McGreevy) reports that the Los Angeles City Council "agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women. … 'We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust,' [Council President Eric] Garcetti said after the vote."

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California Declares Prison State Of Emergency. The Los Angeles Times (10/5, Warren, 918K) reports that California "Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons," which "his aides said would allow the transfer of inmates to other states without their consent." Corrections Secretary James Tilton said the "prison crowding was so severe he could not wait," and noted that the declaration would "allow him to skirt the state's cumbersome competitive bidding process." With "most of California's 33 prisons packed to twice their intended capacity," Tilton said they are "poised to sign three-to-five-year contracts with private prisons…that would provide 2,200 beds." However, "lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent," and Democrats "criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis."

Herbert Says Environmental Dangers Placed Near Black, Hispanic Communities. Bob Herbert writes in his column in the New York Times (10/5, 1.21M) "The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps, landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school." This "systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery." Last week's "Environmental Justice for All Tour" "got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you."

Limits On Free Expression Said To Be Growing. In a Los Angeles Times op-ed (10/5), Hoover Institution Fellow Timothy Garton Ash says, "Almost every day brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a 'master of hate.' A production of Mozart's 'Idomeneo,' which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week." In the "first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded."

ANTITRUST:

MedImmune Seeks Right To Sue Genentech. The Wall Street Journal (10/5, Anderson) reports, "A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support. MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts. … The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent."

The Washington Post (10/5, D4, Lane) reports, "The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve. MedImmune maintains that it always questioned the patent, and agreed to license it 'under protest' because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech."

The AP (10/5, Manning) reports, "The case before the court Wednesday didn't deal with the merits of the case,

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focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws. … MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair."

Shaw Group To Purchase Westinghouse Stake. The AP (10/5, Sayre) reports, "Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment." The AP continues, "Under the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds." The AP adds, "Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable. … Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month."

EU Vows To Pursue More Trade Deals. The AP (10/5, White) reports, "The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad." The AP continues, "It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights. … 'We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism,' EU Trade Commissioner Peter Mandelson said." The AP adds, "The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said. … Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade. … The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work." The AP notes, "European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well."

Armey Argues EU's Agenda Is Anti-Competitive. In an op-ed in the Washington Times (10/5), former House Majority Leader Dick Armey writes, "Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether. … Recent history provides a clear view of Europe's 'not so competitive' competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition." Armey continues, "In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a 'Commissioner of Competition.' For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world

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diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost." Armey addresses "the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place." Armey concludes, "Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate."

GM Calls Off Talks With Renault, Nissan. The Financial Times (10/5, Mackintosh, Simon) reports that General Motors yesterday called off talks with Renault and Nissan "on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals." GM "ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control. GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the situation said would see 'billions of dollars' more benefits than the US company."

The New York Times (10/5, Maynard, Bunkley) reports, "Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies. But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb." Wagoner "said an alliance would have been a distraction to his company's turnaround efforts, which executives say are gaining momentum. 'We felt that the complexities of working with three companies could in fact slow us down,' he said."

The Wall Street Journal (10/5, Langley, White) reports, "On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: 'It's clear the two sides have completely different appetites for an alliance.' Calling the payments totaling several billion dollars demanded by GM 'contrary to the spirit of an alliance,' Mr. Ghosn was blunt: 'Let's just end it.' Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks 'on cordial terms.'"

The Washington Post (10/5, D1, Freeman) reports that Wagoner "said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them. The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp."

USA Today (10/5, Carty) reports, "Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed 'there were good synergies for everybody.' She said the discussions broke down over the additional compensation issue, 'which is not really part of the alliance principle.'"

Volkswagen Acquires 15.06% Stake In German Commercial Truck Maker. The Wall Street Journal (10/5, Rauwald, Power, Singer) reports, "Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business. The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices." Volkswagen's move "is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. … A MAN spokesman said the truck maker is 'very happy' with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business."

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Microsoft Vista Gets Tough On Piracy. The AP (10/5, Linn) reports, "In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology." The AP continues, "If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager. … Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said." The AP adds, "Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating. … Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, 'seem harsh only in comparison to how lenient it has been.' … Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP."

ENVIRONMENT/INDIAN AFFAIRS:

Criminal Probe Launched Into Contaminated Spinach. CBS Evening News (10/4, story 5,0:25, Couric) reported that there is "now a criminal investigation into that E. coli outbreak that killed at least one person and made about 200 others sick. FBI agents armed with warrants searched two spinach packaging companies in California today. The agents want to see if the plants followed safety rules but health officials don't believe there is any deliberate contamination." In a story distributed by McClatchy, the San Jose Mercury News (10/5, McLaughlin, Bailey, 242K) calls the FBI and FDA searches "a startling twist to the E. coli outbreak" and notes, "The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif.," and "an FBI spokesman said agents from the bureau had been involved in the case 'for quite some time.' 'There's no indication this was tampering. There's no indication this was terrorism or anything like that,' said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe. Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act."

The Washington Post (10/5, D2, Shin) reports, "The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms. About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak."

The Los Angeles Times (10/5, Muskal) reports, "The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. … The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco. There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement."

USA Today (10/5, Schmit, Johnson) reports, "FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws." USA adds, "The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product."

The New York Times (10/5, Harris, Sander) reports, "The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in

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the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said."

Bloomberg (10/5, Habiby) reports, "The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person. … 'There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated,' U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. 'We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce.'" Bloomberg adds, The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15."

The AP (10/5, Elias) reports, "Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health." The AP adds, "The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month. .. .FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants."

FNC Fox Report (10/4, 7:30 p.m.) reported, "It's the first sign that the E.Coli outbreak that killed one person and sickened almost 200 may have been a crime. The FBI Is searching two spinach packaging companies in California, trying to discern whether they followed food safety procedures. Anita Vogel live in Los Angeles on the top story on the bottom of the hour. Anita." Anita said, "Shep, federal authorities say right now there is no indication of criminal activity, but they have issued two search warrants and looking specifically at two growing and packaging companies in northern California. Today, those two warrants were executed in the Salinas Valley, which is often referred to as the nation's salad bowl. Officials are scouring the property of Growers Express and National Selection Foods, asking employees to leave their work stations so agents could have better access. Both companies grow and package spinach, and specifically authorities say they are looking for quality assurance documents related to the processing facility. Here's what the FBI had to say." FBI Agent Joe Shadler said, "What we are looking at is the possibility that certain regulations may not have been complied with intentionally. There is no indication at this point in time that there was any tampering or anything like that."

Local Television. More than 260 local television newscasts reported that FBI and FDA agents searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak. Some examples: KDKA-TV Pittsburgh, (9/4, 6:40 p.m.) reported, "There's now a criminal investigation into that e. coli outbreak that killed at least one person and made about 200 others sick. FBI agents armed with warrants searched two spinach packaging companies in California today. The agents want to see if the plants followed safety rules. But health officials don't believe there is any deliberate contamination."

WDIV-TV Detroit, (9/4, 11:26 p.m.) reported, "Agents from the FBI and the FDA searched two spinach processing plants in California. They were looking for evidence in the national E. coli outbreak. Right now the feds say there is no evidence that spinach was deliberately contaminated."

KNBC-TV Los Angeles, (9/4, 5:00 p.m.) reported, "The FBI would not reveal what in particular agents found at either of two locations. There is nothing to indicate that anybody willfully or intentionally contaminated the spinach or tried to get people sick."

WBBM-TV Chicago, (9/4, 10:11 p.m.) reported, "FBI agents … do not believe anyone contaminated (Spinach) today on purpose. They are checking to see, though, if necessary procedures were in place for processing it."

KNTV-TV San Francisco, (9/4, 06:01 p.m.) reported, "An FBI spokesman says agents are investigating possible environmental crimes or food safety violations. 'We are investigating allegations that certain steps were not taken that were necessary and prescribed by law and regulation to ensure that."

BP Takes Royalty Fight Against US To Supreme Court. The AP (10/5, Rugaber) reports, "Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a

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statute of limitations provision in federal law." The AP continues, "The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP." The AP adds, "The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997. .. .BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said." The AP notes, "Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit."

GAO Report Says Government Lost Money Selling Fire Salvage Timber. The AP (10/5, Daly) reports that a Government Accountability Office report found "the federal government spent nearly $11 million to salvage timber from" the 2002 Oregon wildfire, dubbed the "Biscuit fire," "yet it stands to get less than $9 million from selling the wood." While "the Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire," the GAO, acknowledging "that the delays cost money," reported that "the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays."

Interior Department Investigation Finds Computer Misuse. The AP (10/5, Talhelm) reports that the Interior Department's inspector general, Earl Devaney, is issuing a report that "Interior Department employees aren't just using their computers to oversee parks and wildlife," but are "spending thousands of hours a week visiting shopping, sex and gambling Web sites." Devaney calls "the findings…'egregious' and 'alarming.'" In response, "Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access" and "issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found 'have significant legal and administrative consequences' and that violators could be fired or turned over to the police."

Officials Suspect Malibu Septic Tanks Are Polluting California Coastal Waters. USA Today/AP (10/5, Schwartz) reports, "Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities. … Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods. Where the tests show a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples."

Lawmakers Push EPA To Speed Probe Of Potomac Pollutants. The Washington Post (10/5, B3, Fahrenthold) reports that a House panel has "criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs. In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems."

US Suit Seeks Repayment Of Landfill Cleanup Costs. The St Louis Post-Dispatch (10/5)

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reports, "The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia." The Post-Dispatch continues, "The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says. … Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says." The Post-Dispatch adds, "As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says. … Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup."

Initiatives To Curb Eminent Domain On Ballot In 12 States. The Christian Science Monitor (10/5, Arnoldy, 58K) reports a "backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States." Libertarian activists, "tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November." Most of the measures "aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values."

Suit Over Navajo Employment Preferences Dismissed. The AP (10/5) reports from Phoenix, AZ, "A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians." The AP continues, "Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal. … The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe." The AP adds, "The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe. … Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona. … The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers. .. .Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC."

FBI/DEA/ATF/USMS:

Federal Appeals Court Orders Release Of Bonds' Trainer. The AP (10/5) reports a federal appeals court "ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger. Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case."

Report: Chemist To Appear Before Grand Jury. SportsIllustrated.com (10/4) reports the Illinois chemist "who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com. The source said that [Patrick] Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed."

California Marijuana Club Raids Said To Reveal Lucrative Enterprise. KGO-TV, San Francisco (10/4) reports on its Web site that federal authorities "hit Bay Area medical marijuana clubs hard in a series of raids. In the criminal complaint that led to the

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warrants, there is strong evidence the clubs can be very lucrative enterprises. … The criminal complaint said [Sparky] Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making. At least $2 million dollars in 2004 alone." DEA agents "found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars."

Bay Area Raids Linked To Marijuana Sales. In its "U.S." section, The New York Times (10/5, Marshall) today reports, "Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area."

Defendants Appear In Court. Bay City News Wire (10/4) reports fifteen people who were "arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco…for an initial appearance on marijuana distribution charges." U.S. Magistrate Elizabeth Laporte "released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday."

Palm Springs Marijuana Dispensary Searched. On its Web site, KCAL-TV, Los Angeles (10/4) reports federal and local officers "converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said. … The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs. … Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana."

On its Web site, KESQ-TV, Palm Desert (10/5) reports, "The drug enforcement agency says [the raid is] the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics. According to the DEA, a worker here at Palm Canyon Caregivers…allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers," which was edible marijuana. "According to the DEA, that's considered illegally distributing narcotics."

The Desert Sun (10/4) reports a "medical marijuana-laced 'tip' left for an employee at Palm Springs' Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday. … Agents found and seized 'a substantial quantity of marijuana and marijuana products,' said Sarah Pullen, public information officer for the DEA. 'They also seized an amount of U.S. currency.'" Wednesday's search "was triggered by an incident in September, when Joshua Aleck of Valencia…was at the Spa Resort and allegedly left edible items containing marijuana as a 'tip' for a hotel employee."

Illinois Man Gets 20-Year Sentence In Meth Conspiracy Case. The Carmi (IL) Times (10/4) reports a Carmi man "has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy. … Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties. McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004."

Michigan Bikers Face Drug Conspiracy Charges. The Detroit Free Press (10/4, Ashenfelter) reports 22 members and associates of the Highwaymen Outlaw Motorcycle Organization "have been indicted on drug charges. The indictment said the defendants had conspired to distribute cocaine, marijuana and Ecstasy in and around metro Detroit since 2005. … Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit."

The Detroit News (10/4) reports the FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang. … Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs."

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San Diego Chargers Safety Returns To Practice Facing 5 Drug Charges. The AP (10/5) reports Chargers safety Terrence Kiel, "facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters. … Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday." FOX Sports and Sports Illustrated posted the AP story on their Web sites.

The San Diego Union-Tribune (10/4, Schrotenboer) reports prosecutor James Fontaine "said investigators are still trying to find out exactly where Kiel obtained the drug. … Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. … The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, 'it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle.'"

Baltimore Subsidizes Drug-Treatment Training Program. The Baltimore Sun (10/4) reports city officials "are taking the unusual step of subsidizing a training program that could more than double the number of physicians permitted to prescribe a new medication to cure opiate addiction. Buprenorphine…is being used in place of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse, and is easier to discontinue when the patient is ready. But fewer than 90 physicians in Baltimore have completed the eight-hour training course required to prescribe the drug."

USA Today (10/5, Leinwand) reports the public health commissioner "said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine. … Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing."

The AP (10/4) reports using buprenorphine "to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients. … The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic. To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time."

Colombian Government Seeks Extension Of US Trade Preferences. The Wall Street Journal/Dow Jones (10/4) reports the Colombian government "has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect. The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year. … The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf."

ATF Body Search Of Tennessee Drug Suspect Under Scrutiny. The Knoxville News Sentinel (TN) (10/5, Satterfield) reports, "Jonathan Hayes made no bones about it: He had crack cocaine stowed in his 'private parts.' … A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members." The Sentinel continues, "At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes. … Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as 'irrefutable evidence' of the strip search." The Sentinel adds, "ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that (ATF Agent Steve) Paris did not disrobe Hayes in public. … 'The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas,' Cavanaugh wrote. 'The video offers conclusive

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evidence that an invasive strip search of the suspect's private areas did not occur.'"

WATE-TV, News 6, Knoxville, TN (10/5, Campbell) reports, "Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate." WATE-TV continues, "Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body. … The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers. … A group known as Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, 'We were standing there. Kids were standing there. And they pulled a man's pants down.'" WATE-TV notes, "The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception."

WBIR-TV, Knoxville, TN (10/5) reports, "Several community members went to the Citizens for Police Review requesting the group look into the matter. .. The group is hoping for a full investigation by US Department of Justice and Office of Inspector General."

WVLT-TV, CBS 8, Knoxville, TN (10/5) reports, "A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence. … ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy."

New York Police On Alert For Tiny Gun. WABC-TV, ABC 7, New York (10/5) reports, "Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain. … Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed." WABC-TV continues, "The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most. … Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector." WABC-TV adds, "Although the gun is so small, experts say the ammunition would have to be tiny. … Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well."

US Charges Five With Gun Sales At Flea Market. The AP (10/5) reports, "A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County." The AP continues, "Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident." The AP adds, "ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities. .. .The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants."

Federal Agents Probe Washington Hops Fire. The AP (10/3) reports, "Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale." The AP continues, "The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma." The AP adds, "Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops. … Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday." The AP notes, "The United States produces 24 percent of the world's hops, and

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about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms. … With the fire under control Monday night, authorities told the (Yakima Herald-Republic) an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms."

IMMIGRATION:

Bush Signs Border Fence Bill, Attacks Democrats On National Security. CNN's The Situation Room (10/4, Blitzer) reported, "In Arizona today, a new attempt by President Bush to show Republicans are tough on illegal immigration -- he signed a homeland security funding bill that includes money for hundreds of miles of fencing along the border with Mexico." Bush also attended a GOP fundraiser, and "renewed his charge that Democrats are soft on terror. The president is pressing hot-button issues as he wraps up a three-day campaign swing."

The bill signing received no attention from the network evening newscasts, though it was covered by scores of local stations, particularly in states bordering Mexico. For example, KPHO-TV Phoenix (10/4, 6:35 p.m.) reported, "President Bush had a busy 13 hours in the Valley. He spent the night here, gave a fundraising speech, and even signed major legislation to hopefully improve border security." KGTV-TV San Diego (10/4, 5:31 p.m.) said Bush "wanted the bill to include stream lining of the naturalization process, but had to settle for money for fencing and more power and more man power and technology." And WTNH-TV Hartford (10/4, 11:01 p.m.) reported, "The President signed a bill in Arizona calling for seven-hundred miles of new fencing along the US Mexican border."

The New York Times (10/5, Rutenberg, 1.21M), in a story titled "Bush's Megaphone Unable To Reach Above The Din," reports, "Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate." But "the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November." The Times adds, "During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions." In interviews, "White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress. For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter."

Likewise, the White House Bulletin/US News (10/4), reported yesterday that "White House strategists are in a very uncomfortable and rare position -- off balance -- as they try to deal with the political damage from the scandal surrounding…Foley. … Behind the scenes…White House strategists are deeply worried about whether GOP congressional candidates will suffer from the Foley scandal. West Wing optimists say the impact will be minimal. 'Do voters take it out on their member of Congress?' asks a Bush adviser. 'In Missouri, do people not vote for Jim Talent (the GOP senator up for re-election) because of this? I don't think it will make a big difference.' Others are more pessimistic. The Foley mess is one more problem piled on others for the GOP, such as opposition to the Iraq war, the unpopularity of President Bush, and the widespread feeling that the country, and Washington, are heading in the wrong direction. One GOP strategist told U.S. News and the Bulletin: 'We hope that after the Sunday shows (on TV) this weekend it [the Foley scandal] will fade. But maybe that's just wishful thinking.'"

McClatchy (10/5, Silva) reports from Scottssdale, AZ, "Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a 'fear and smear' campaign." Said Bush, "We just think differently. … There is a difference between rhetoric and action in Washington, DC. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live." In a similar report, the AP (10/5, Pickler) says Bush is trying "to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to 'vote Republican for the safety' of the country."

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Fox News' Special Report (10/4, Angle), focusing on the fence bill, reported that the President "was forced to sign a bill with only a fraction of the changes he wanted." Fox (Goler) added, "Backed by some of the Arizona Republicans who blocked his push for a guest worker program, like Congressman J.D. Hayworth on the left and Senator Kyl on the right, the President says he still wants comprehensive immigration reform but he understands that it's on the back burner."

The AP (10/5, Reichmann) notes Bush said yesterday that "enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at US citizenship." The Washington Times (10/5, Dinan, 88K) reports, "The $33.8 billion spending measure boosts the number of US Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure." Said Bush, "It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border."

Bush Raises Funds For Renzi. The Arizona Republic (10/5, Balazs) reports from Paradise Valley, AZ, where "Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for US Rep. Rick Renzi, R-Ariz." Renzi, "who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney." Renzi "leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent. advertisement "

Meanwhile, the Phoenix Business Journal (10/5, Sunnucks) reports, "Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor. Munsil's lack of name recognition manifested itself during…Bush's Wednesday visit to Phoenix." Bush "called the candidate 'Lee Munsil' during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi." Munsil "laughed off the presidential muff, pointing other verbal gaffes made by Bush in the past."

Bush's Help For Doolittle, Pombo Seen As Sign GOP Is In Trouble. Roll Call (10/5, Drucker) reports Bush's "visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts." While Doolittle and Pombo "appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. … In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles."

TAX:

2nd Circuit Grants Stay In KPMG Legal Fee Dispute. The New York Law Journal (10/5, Bar) reports, "A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges." The Journal continues, "The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue." The Journal adds, "The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan. .. .In his Sept. 25 ruling, Kaplan said KPMG was 'faced with no immediate threat of irreparable injury' should the fee trial proceed on Oct. 17. .. .The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was 'very substantially outweighed' by that to the ex-employees and the public's interest in a speedy determination of the advancement claims."

CONGRESS-ADMINISTRATION:

Shimkus Defends Page Program; LaHood Suggests It Be Terminated. The Chicago Tribune (10/5, Long, 623K) reports Rep. John Shimkus, "the Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are 'safer in our program than in a lot of homes.'" Shimkus "defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually

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explicit." Shimkus said, "The thing that's frustrating to me is that I'm not the bad guy here. Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

CBS Evening News (10/4, story 2, 2:00, Couric, 7.66M) reported, "It is not just Hastert's future that's in jeopardy, the future of the congressional page program is suddenly being debated on Capitol Hill." CBS (Attkisson) added, "Today as the FBI began contacting former pages and the Justice Department told Congress to preserve all potential evidence in Foley's former office, an influential Republican Congressman, Ray LaHood, became the first to suggest it may be time to do away with the page program." Rep. Ray LaHood: "We should send the pages home to the safety and security of their own families, evaluate the program, make the changes that are needed, and then really try and determine if a page program should exist."

The Washington Times (10/5, Fagan, 88K) reports LaHood, "a key ally of" of Speaker Hastert, "said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages." LaHood said, "I think we need to take some serious looks at this and try to come up with a program for the 21st century. When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Roll Call (10/5, McArdle) reports LaHood, "who has long been known as one of the more committed institutionalists in the House, called the page system a 'flawed program,' in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s."

The Wall Street Journal (10/5, Lueck, 2.03M) reports the page program "may not survive Mark Foley. As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation." Some lawmakers "have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves."

In a Roll Call op-ed (10/5), Jonathan Turley of George Washington University says, "For those of us who served as pages, our greatest concern is not with Members like Foley (who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service."

Energy Department Reducing Polygraph Testing. The AP (10/5, Hebert) reports, "The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs." No longer will the be "part of a general screening of new applicants, or automatically for employees in areas of high security." However, they still "will be required for narrow purposes where there is specific cause," and applicants "will undergo broad security reviews, as will current workers on a periodic basis." Previously "the widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories."

Young People Offer Views On Federal Recruitment Practices. The Washington Post (10/5, D4, Barr, 748K) reports in its "Federal Diary" column that young people offered their "perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students." Many said job decisions "were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said. Some of the perks of federal employment…also make the government a worthy employer, in their view." The Post adds, "But the partnership's survey also found that most students don't know

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what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them."

WPost Criticizes NLRB Decision. The Washington Post (10/5, A32, 748K) editorializes, "Membership in labor unions is falling across the industrialized world, and some of this fall may be inevitable," as "it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies" that compete with non-unionized companies. However, some "is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board," which ruled "that relatively junior workers can be defined as 'supervisors,' thus restricting their right to join a union." This "exacerbates a legal environment that makes organizing workers unduly difficult." Because "the costs and benefits of unions vary from industry to industry…workers should be free to decide whether to join one."

LATimes Says Congress Giving Mixed Message On Military Prayer. The Los Angeles Times (10/5, 918K) criticizes in an editorial "the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray 'in Jesus' name' before a religiously mixed audience." In "approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that 'each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible.'" That language, "the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo." Having "rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services."

NASA's Funding Priorities Questioned In Light Of Nobel Prize. In an editorial, the New York Times (10/5, 1.21M) says, "NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program." The Times adds, "The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress."

OTHER NEWS:

Dow Jones Soars To New All-Time Record. ABC World News (10/4, story 8, 2:35, Gibson, 8.78M) reported "Wall Street was upbeat today. The Dow Jones industrial average set a second-straight record, closing up 123 points [at 11,850.61]. The NASDAQ gained 47 [points to close at 2290.95]." NBC Nightly News (10/4, story 5, 0:20, Williams, 9.87M) also noted the "new record." The Financial Times (10/5, O'Doherty) notes "the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22."

The New York Times (10/5, 1.21M) reports the market numbers under the headline "Shares Surge Amid Hopes For Lower Rates," while the Wall Street Journal (10/5, Browning, 2.03M) says "the gains were driven in part by new data reinforcing hopes that the economy is in a 'Goldilocks' environment, with inflation not too hot and growth not too cold." USA Today (10/5, Shell, 2.27M) and the Washington Post/AP (10/5, D3) run similar reports.

The Christian Science Monitor (10/5, Scherer, 58K) reports, "The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate." The rise also "comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows."

Jeremy J. Siegel, a professor of finance at Wharton, writes in the Wall Street Journal (10/5, Siegel, 2.03M) says, "On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts.

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They maintained that 'virtually no one indexes to the Dow,' and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators of the market, and these yardsticks were still 10% below their record highs reached in March 2000." The Journal adds, "The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values."

Bernanke Warns About Entitlements, Sees Housing "Correction." ABC World News 10/4, story 7, 0:15, Gibson) reported, "Some sobering new predictions about Social Security and Medicare today from Federal Reserve Chairman Ben Bernanke. In his most sweeping comments yet on the programs, he warned of the looming retirement of 78 million baby boomers who will put a massive strain on the Federal budget." McClatchy (10/5, Hall) says Bernanke "called…for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations. Speaking to the Economic Club of Washington, Bernanke "said that projected funding shortfalls for Social Security and Medicare threaten 'large and unavoidable' fiscal consequences." USA Today (10/5, Kirchhoff, 2.27M) reports on the Fed Chairman's comments under the headline "Bernanke: Savings Situation Getting Dire."

The Financial Times (10/5, Guha, Ben White) reports, "A "substantial correction" in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday." In separate remarks Bernanke and Don Kohn, the Fed vice-chairman, "each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead." The Wall Street Journal (10/5, Ip, Blackstone, Conkey, 2.03M) reports the officials "highlighted the risk that the sinking housing market could put a significant dent in US economic growth in the second half of the year." USA Today (10/5, Kirchhoff, 2.27M), the Washington Post (10/5, D1, Henderson, 748K) and the New York Times (10/5, 1.21M), among other newspapers, also report the story.

Gasoline Prices Could Fall More. The Wall Street Journal (10/6, C1, Levine, Conkey, 2.03M) reports, "Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely." Although "[t]he big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline," "there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels." A sustained drop in gasoline prices could "play a role in the coming elections." The Journal says, "Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system."

OPEC Set To Cut Production. The Financial Times (10/5, Hoyos) reports OPEC "has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil. The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja." Saudi Arabia "is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja." The Times says, "Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on Friday that they would reduce output by a total of 170,000 b/d."

Attorney Says Courts Should Consider Grandparents' Rights In Visitation Cases. Attorney Traci Truly writes in USA Today (10/5), "Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. … Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so. … Judges must be allowed to consider

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the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child."

Foley Scandal Seen As Setting Stage For GOP Debacle In Midterm Elections. Media reports and analyses this morning suggest the Mark Foley scandal could have a severe effect on GOP efforts to maintain control of Congress. The Wall Street Journal (10/5, Cummings, 2.03M) reports the scandal "threatens to further erode the chances of some Republican candidates -- including many with no direct connection to the controversy." Republican strategists "fear fallout from the Foley scandal will suppress turnout among social conservatives and doom their hopes of holding majorities. It also offers an echo of the political dynamics that drove the 1994 Republican takeover of the House." The Financial Times (10/5, Luce) says "only an 'act of God' could reverse the Republican party's sharply declining fortunes in the critical mid-term congressional elections that take place in less than five weeks, according to senior conservative consultants and opinion polls."

Analyst Stuart Rothenberg says this morning the stage is now set for a Democratic "blowout of cosmic proportions." Rothenberg writes in Roll Call (10/5), "After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate. The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month. No, that's not a prediction, since Republicans still have a month to 'localize' enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster. … At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating." Rothenberg adds that "it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. … A true blowout is now possible."

USA Today (10/5, Keen, 2.27M) reports, "Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them." The first campaign ad "focusing on the Foley episode is airing in Minnesota. 'It shocks the conscience,' an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat." The ad "says GOP leaders 'have admitted covering up the predatory behavior of a congressman who used the Internet to molest children.'"

The St. Petersburg Times (10/5) also reports "Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters." The Times adds, "From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office's handling of the matter. 'Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,' said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores."

NBC Nightly News (10/4, story 2, 2:15, Gregory, 9.87M) showed President Bush saying, "I drank too much and I did on that night." NBC (Gregory) added, "Advisors to President Bush have said they think millions of evangelical voters did not vote back in 2000 when Bush admitted a drunk driving arrest in the past. The Foley scandal comes when voters are already in a sour mood. There is disapproval of the war in Iraq and dissatisfaction with Congress. Just 20% approval for the Republican-led Congress. Democrats on the attack over the war are eager to add the Foley scandal to the campaign. … The reality for the Republicans is that the Foley story is a momentum changer leaving the party to anxiously wonder how long it will last."

The AP (10/5, Sidoti) reports, "Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking. … For the most part, the leaders have avoided commenting publicly." Rep. Nancy Pelosi "has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues."

The Hill (10/5, Kucinich) reports, "The public relations response to the scandal involving former Rep. Mark Foley (R-

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Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants." But "the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage." Former Clinton administration aide Lanny Davis "would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move. 'A general rule is to apologize, take responsibility, seek help and be quiet,' he said." Davis "said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful. 'When the other side forms a circle and starts shooting into the center of it, get out of the way,' he said. 'The Democrats' worst mistake is to try and exploit this issue in a partisan way.'"

Meanwhile, George Will writes in the Washington Post (10/5, A33, Will, 748K) that if, after the Mark Foley scandal, "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work."

In the Seattle Post-Intelligencer (10/5, 129K), columnist Marianne Means writes, "Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some. … This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate."

Democrats Challenge Election Officials' Move To Clarify Negron's Status. The Miami Herald (10/5, Reinhard, 310K) reports, "In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace" Foley." The GOP "tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot. The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, 'any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP).'" In a letter "to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice 'would clearly constitute favoritism.'" She added, "In fact, any ballot sent to a voter with this statement should be deemed invalid."

GOP Lawmaker Calls On Democrats To Testify Under Oath About Knowledge Of Foley Activities. The Hill (10/5, Hearn) reports, "North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page." Writing to Pelosi and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel, McHenry "questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics." He "asked that Pelosi and Emanuel offer a 'yes or no' answer as to whether they would go under oath 'to assure the American people that neither you nor your staffs had prior knowledge or involvement -- at the strategic or tactical levels -- with the release of Foley's e-mails and/or instant messages.'"

Rumors Say Another GOP Lawmaker Could Be Caught Up In Sex Scandal. CNN's The Situation Room (10/4, Bash) reported that Republicans are anxious "over rumors that they're hearing that there could be another congressman that could get caught up in a sex scandal. Now, we need to make it clear that we don't have independent verification of that. But this Republican lawmaker said that that is a main reason why the GOP jitters are continuing, because these rumors continue to fly."

New Santorum Ad Hits Casey On Illegal Immigration. The Washington Times (10/5, Pierce, 88K) reports in its "Inside Politics" column, "Pennsylvania Sen. Rick Santorum's re-election campaign yesterday debuted a new TV ad and a Web site (www.CaseyForAmnesty.com) criticizing Democratic challenger Bob Casey Jr.'s stance on illegal immigration. The Santorum ad features audio of Mr. Casey saying of a Senate bill that would have provided a 'guest worker' program and possible citizenship for illegal aliens, 'If I were in the United States Senate, I would vote yes.'" The Times adds, "In a press release, the Santorum campaign also said it would distribute 'Casey for Amnesty' bumper stickers and yard signs."

Judge Rules Green Party Candidate Won't Be On Pennsylvania Ballot. In its "Washington Wire" column on its web site, the Wall Street Journal (10/4, 2.03M) reported, "It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to 'rehabilitate' 3,000 petition signatures he needs to get on the November ballot, and

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upheld an earlier ruling that Romanelli needs a total of 67,070 signatures. … Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum."

Lieberman Criticizes Lamont's Commitment To Israel. The New York Times (10/5, Medina, 1.21M) reports Sen. Joseph I. Lieberman "questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday, saying he had received important support from several Democrats who have been critical of Israel." Speaking to "a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been 'surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel.'" Lieberman "pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon." Lamont has "said he would have backed the measure." Lieberman also "recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it 'a remarkable moment.'"

Challenger Highlights "Abscam" Video Of Murtha. The Washington Times (10/5, Pfeiffer, 88K) reports Democratic Rep. John P. Murtha's "Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years." A "recently released FBI video recorded in 1980 shows" Murtha "talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation." Diana Irey says, "When you see the video, there was every intent of taking the bribe. For 26 years, John Murtha has been living a lie." The Times adds six members of the House "and one senator were forced to resign because of their involvement in what became known as the 'Abscam' scandal." The video "was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation."

Sherwood Acknowledges Affair In New Ad. The Hill (10/5, Young) reports that in "advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable." Sherwood "faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman." Sherwood is "running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood's 38 percent; 15 percent were undecided."

Democratic Prospects In Nevada Analyzed. In a Wall Street Journal op-ed (10/5), Chuck Muth, former executive director for the Nevada Republican Party and current president of Citizen Outreach, a nonpartisan limited-government public policy organization, says, "The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere." In the Senate, Democrat Jack Carter, son of the former president, is challenging Republican John Ensign. Some polls "have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign." Democrats "have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004." Should an "anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing."

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McCain Senate Supporters Meeting To Prepare For 2008. Roll Call (10/5, Pierce) reports that in "preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures." Sen. Gordon Smith (Ore.), "who regularly attends the biweekly meetings, called the group 'sort of a Senate kitchen cabinet,' while Sen. Trent Lott (Miss.) noted that participants are 'a diverse group, philosophically and regionally.'" New Hampshire Sen. John Sununu "has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president." Though Sununu is "trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics." Though the group "now consists mainly of a handful of past supporters, 'efforts are currently being made to increase the numbers of this group, and outreach is currently taking place,' said a source with knowledge of the meetings."

"Distinct Possibility" Seen For Obama Run In 2008. Newsweek (10/5, Alter, 3.12M) reports in an online exclusive, "Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A close associate introduces a note of caution: 'I'd put the chances right now at no better than 50 percent,' he told me Tuesday, as Obama taped Oprah's show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they've assumed. Whatever happens in the midterms, '08 could get very exciting, very fast."

Elizabeth Edwards Role As Possible First Lady Examined. The Washington Post (10/5, C1, Frey, 748K) reviews Elizabeth Edwards' new book, "Saving Graces: Finding Solace and Strength From Friends and Strangers." There's "no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?" Edwards "says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot."

Feingold Seeks 527 Group's Donor List. Roll Call (10/5, Akers) reports in its "Heard on the Hill" column that despite the fact that he "rallied against 527s," Sen. Russ Feingold, who is considering a 2008 presidential bid, "is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together. … ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list. But not to Feingold. Uh-uh. No way." Roll Call adds, "The Feingold folks declined to defend themselves against charges of hypocrisy."

New York City May Contract With Private Groups To Manage Schools. The New York Times (10/5, Herszenhorn, 1.21M) reports New York City school officials "are considering plans to hire private groups at taxpayer expense to manage scores of public schools." The plan is part of schools' "Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector." The groups "would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags."

Harvard May Require Course In Religion. The Wall Street Journal (10/5, Seward, 2.03M) reports, "A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions." The proposed requirement, "dubbed 'Reason and Faith,' has little parallel in higher education" and "would address topics from

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personal beliefs to foreign policy to the interplay between science and religion." It would help to "place Harvard's students and faculty in the center of contemporary religious debates."

Former President Bush Misses Daughter's Book Party. Amy Argetsinger and Roxanne Roberts write in the "Reliable Source" column of the Washington Post (10/5, C3, 748K) that "Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests… and the crush of people and traffic and security on Foxhall Road made party-hopping impossible." Still, "daughter and dad met up to tape an episode of 'Larry King Live,' airing tonight."

Buchanan Accused Of "Fear-Mongering," "Nativism." Ruben Navarrette, an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist, writes in an op-ed in USA Today (10/5, 2.27M) that Pat Buchanan is "back -- and talking about some of his favorite topics: immigration, race and national identity." He says "immigration from Latin America, Asia and the Third World is destroying the USA," and "wants a 'time-out' on" all immigration. It "concerns me is the way Buchanan mixes immigration and race" in his "fear-mongering." Besides, "there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back." Navarrette doesn't know "what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand."

NYTimes Argues Bush's "Excessive Borrowing" Making US Poorer. The New York Times (10/5, 1.21M) editorializes, "There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer." The government debt's interest is "the fastest-growing component of federal spending, and continued brisk growth is likely." This is "money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years." This occurs in the private sector as well. "For the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad," so "a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess."

LATimes Criticizes Schwarzenegger For Vetoing AIDS Prevention Bill. The Los Angeles Times (10/5, 918K) says in an editorial, On a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike. The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated."

US Warns Pyongyang Against Proceeding With Nuclear Test. CBS Evening News (10/4, story 7, 0:15, Couric, 7.66M) reported, "The Bush Administration today warned North Korea in no uncertain terms to drop it plans to conduct a nuclear test. A top US envoy told the North Koreans 'we are not going to live with a nuclear North Korea.'" NBC Nightly News (10/4, story 4, 0:50, Williams, 9.87M) reported, "Secretary Rice has been proposing some incentives to get North Korea back to the six party talks. There are some hawks in the Administration who want a naval blockade similar to the Cuban missile crisis. Right now they are in a minority but there is quite a debate on this going on inside the Administration."

The Washington Post (10/5, A20, Linzer, 748K) says the Administration "delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government." Assistant Secretary Hill is quoted saying Pyongyang "can have a future or it can have these weapons. It cannot have both," remarks

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the Post calls "the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test." Hill "did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis." On the timing of a test, the Post adds, "Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general. In a private phone conversation with [Secretary Rice] yesterday, Ban offered to mediate…should he be selected as" UNSYG.

Under the headline, "U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test," the New York Times (10/5, Sanger, Yardley, 1.21M) says the Administration "sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States 'is not going to live with' a nuclear-armed North." Hill's "comments were in sharp contrast to Washington's muted initial reaction on Tuesday," when Rice "said a test would be 'provocative,' and the [NSC] released a statement saying that it would 'severely undermine our confidence in North Korea's commitment to denuclearization.'" The Times notes "some inside the administration complained that [those] responses were so soft that North Korea would read them as an invitation to proceed."

NBC Nightly News (10/4, story 4, 0:50, Mitchell, 9.87M) reported, "Tonight the Administration's top diplomat for North Korea, Christopher Hill warned the US will not accept letting North Korea test a weapon, which would officially make North Korea a nuclear power. It's been suspected for decades but that would make it official. A test would be, according to Hill, something that is simply not acceptable. I said what would you do to stop it, but he wouldn't say what the threat would be. Secretary Rice has been proposing some incentives to get North Korea back to the six party talks. There are some hawks in the Administration who want a naval blockade similar to the Cuban missile crisis. Right now they are in a minority but there is quite a debate on this going on inside the Administration."

The Financial Times (10/5, Fifield, Dinmore) reports, "A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership." The Times says "a nuclear test has always been considered North Korea's trump card," and Pyongyang's "leadership is under severe economic pressure." Separate Financial Times (10/5, Dinmore, Fifield, McGregor) notes Pyongyang's "neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences." Those "reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken."

The Wall Street Journal (10/5, Ramstad, 2.03M) focuses its reporting on continuing efforts by Seoul to build economic and social ties with North Korea. Although Pyongyang's test threat "might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor," Seoul "isn't parting with the policy quite yet." South Korea's "ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at" Pyongyang. Separate but related Wall Street Journal (10/5, Moffett, 2.03M) reporting says Japanese Prime Minister Shinzo Abe's "coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions." Under the headline, "Asia Confronts North Korea On Nuke Test," the AP (10/5, Greimel) notes North Korea's "neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power. The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting."

The Washington Times (10/5, Sands, 88K), AFP (10/5, Aziakou) and Christian Science Monitor (10/5, LaFranchi, Kirk, 58K) run similar reports. The Monitor says "a test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race -- causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents." That, "experts say, would very likely mean that the international nonproliferation regime is dead."

More Commentary. The Washington Post (10/5, A32, 748K) editorializes, "The North's latest provocation produced

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the usual claims that the United States was somehow at fault for failing to 'engage' the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. … Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China."

The Los Angeles Times (10/5, 918K) says in an editorial, "If there is anything more unclear than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try." But if the North Koreans "do conduct a nuclear test, the world will need to have a better response at the ready. Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome."

Nicholas Eberstadt, he Henry Wendt scholar at the American Enterprise Institute, writes in the Wall Street Journal (10/5, 2.03M), "Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the US heartland -- are instrumental to achieving three goals: shattering the US security architecture in Northeast Asia; breaking the US military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus. … With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking."

Bush, Rice Said To View Diplomacy With Iran As "Only Way Forward." The Financial Times (10/5, Dinmore, Bozorgmehr) reports Washington and Tehran "appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides." EU foreign policy head Javier Solana, "who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever. He said he had so far failed to persuade Iran to suspend its uranium enrichment." Washington "is set to resume its efforts this week to get [an UNSCR] that would impose limited sanctions against Iran for failing to heed an August 31 deadline," but Washington "still doubts that" Moscow and Beijing "will back such a measure." The Times adds, "In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military action against Iran, officials and analysts say" President Bush and Secretary Rice "have concluded that a negotiated settlement is the only way forward." Experts believe Bush's "decision to give the process more time and Ms. Rice's offer to meet her Iranian counterpart were indications of genuine goodwill." The Times continues, "The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by" Counselor Zelikow "last month in a key speech which advocated diplomacy. Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer."

Meanwhile, the AP (10/5, Dareini) notes Iranian President Mahmoud Ahmadinejad "warned Wednesday that sanctions will not stop Iran from enriching uranium after [Solana] conceded 'endless hours' of talks had made little progress and suggested the dispute could wind up at the U.N. soon." Those "talks had been seen as a last-ditch attempt to avoid a full-blown confrontation," and Solana's "comments… suggested an emerging consensus that the time has finally come to consider Security Council sanctions." Secretary Rice "and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation."

McClatchy (10/5, Strobel) reports, "Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear

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research, US and foreign diplomats have said." US and European "officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government."

Letter From Ayatollah Khomeini Triggers Doubts About Iran's Intentions. The New York Times (10/5, Fathi, 1.21M) reports, "A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today. Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word 'nuclear' was removed, apparently after a call from the Iranian National Security Council." President Mahmoud Ahmadinejad, "who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. 'Those who think they can weaken the will of the people for construction and development by questioning their values will fail,' he said Sunday, 'and they only show their lack of wisdom and commitment.'"

Rice "Very Concerned" About Situation In Gaza, Expresses Support For Abbas. The Washington Post (10/5, A26, Wright, 748K) reports Secretary Rice "pledged Wednesday to 'redouble' US efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But US officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever." Appearing with Palestinian President Mahmoud Abbas, she told reporters the Administration "was 'very concerned' about humanitarian conditions and the economic situation in the Palestinian territories." Abbas "said talks with [Hamas] on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government," a statement the Post says highlights "the dire state of the peace process." For her part, Rice "has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations."

The New York Times (10/5, Shenon, Myre, 1.21M) notes Abbas "said Wednesday that talks with [Hamas] on a unity government had ground to a halt and warned" Rice "that the West Bank and Gaza could face the possibility of civil war." Rice's "trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas. Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations." Rice said the Administration "was eager to help Mr. Abbas establish a government that would work with the United States on 'a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side.'" The Times adds, "But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas."

The Financial Times' coverage (10/5, Morris) also emphasizes Rice's efforts to "bolster" Abbas, noting Rice "said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories." The AP (10/5, Daraghmeh) adds Abbas said "his efforts to reach a power-sharing agreement with [Hamas] have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes." But he "received a boost from [Rice], who promised the United States would do more to alleviate the plight of Palestinians." USA Today (10/5, Slavin, 2.27M), the AP (10/5, Gearan), Los Angeles Times (10/5, Richter, Ellingwood, 918K) and Washington Times (10/5, Kralev, 88K) run similar reports.

India May Scrap Nuclear Deal If Congress Does Not Approve It This Year. The Hill (10/5, Tiron) reports, "Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it." Administration plans to secure a Senate vote before the recess failed, and "now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13." A conference committee would then need to meet to reconcile the House and Senate versions. Any delay of action into the 110th Congress "would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks." The Hill says the

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package "has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors." Retiring Senate Majority Leader Bill Frist "says the Senate will take up the bill marked up in the Foreign Relations Committee," and Senate Minority Leader Harry Reid "says a vote on the legislation is one of his top priorities in November."

Russia Escalates Rhetorical, Commercial Reprisals Against Georgia. The Washington Times/AP (10/5, Meyer) reports Russian President Vladimir Putin "told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership." Putin "has refused to back down despite Western calls for an end to the punitive measures" and Georgia's subsequent release of four Russian officers detained last week. The Duma "passed a resolution strongly condemning the Georgian government, accusing it of 'anti-Russian' behavior and signaling 'harsher measures' if the situation worsens."

The New York Times (10/5, Vaisman, 1.21M) focuses its reporting on the economic repercussions of Moscow's moves on the Georgian economy. "Russia's decision to sever transportation links -- including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions." The Kremlin "has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations."

Turkish Hijacker Said To Have Acted Alone. The New York Times (10/5, Kiefer, Arsu, 1.21M) reports, "After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition." Although some initial reports indicated the existence of a second hijacker, Italian "authorities concluded that it had been carried out by an individual and not as a plot by any larger group." The Times says the "hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam 'evil and inhuman' and linking the religion to violence in a speech last month."

Independent Panel Says IRA No Longer Supports Terrorism, Organized Crime. The New York Times (10/5, Lyall, 1.21M) reports the release of the Independent Monitoring Commission's findings that the Irish Republican Army "has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises." The IMC's report "potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse." Although the IRA publicly renounced violence last July, "earlier reports by [IMC] said that it had not gone far enough in ceasing its criminal activities and spying on public officials." The Times notes that, "f the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely."

Under the headline, "Report says IRA has ended paramilitary activity," the Financial Times (10/5) adds the IMC's report indicates the IRA "has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland." British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern "will seek to capitalise on the findings…by attempting to strike a deal in the coming days between republicans and unionists over power-sharing." Blair said yesterday "that the 'door is now open to a final settlement' in Northern Ireland." The Washington Times/AP (10/5, Pogatchnik) says the IMC believes the IRA "has disbanded units for weapons making, arms smuggling, recruiting and training," and notes the IMC's "dramatic findings that could boost chances for reviving a Catholic-Protestant administration in Northern Ireland." The report lays out "statistics and trends demonstrating the IRA has embraced nonviolent politics and is determined to consign its terrorist capability to history." Blair and Ahern "warmly embraced the conclusions of the" IMC. USA Today (10/5, Stinson, 2.27M) and the Los Angeles Times (10/5, Stobart, 918K) also reports the story.

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US Faces Dilemma On Alleged Anti-Castro Cuban Terrorist. The Washington Post (10/5, A20, Roig-Franzia, 748K) reports, "A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados." The Cubana Airlines plane "plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela." The 30th anniversary "of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months." Posada Carriles's "legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him." Attorneys for the Justice Department "must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges." The "prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders."

Rumsfeld, Peers Agree On Land-Mine Removal Effort. The AP (10/4, Watson) reports, "Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide." Secretary Rumsfeld and ministers from more than 30 nations joined at the Western Hemisphere's Defense Ministers Conference to approve Nicaragua's "proposal to open an international center in Managua for removing land mines around the globe."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

He's Running For President – Really."
"Lockyer Charges 5 In HP Scandal."
"Hastert Challenged About Office's Knowledge Of Foley."
"Nobel Prizes Rooted In Genetics."
"Iraqis Suspend Police Brigade."
"State Prison Crowding Emergency Declared."
"King/Drew Flawed But A Lifesaver, Residents Say."

USA Today:

"Improve Concentration."
"Chemo 'Brain Fog' Can Refuse To Lift."
"Uncertainty, Violence Darken Afghans' Hope."
"Ex-Foley Aide: Tip Given 2 Years Ago."

New York Times:

"Ex-Leader Among 5 Charged In Hewlett Case."
"Early Warning On Foley Cited By Former Aide."
"Military Hones A New Strategy On Insurgency."
"Old but Not Frail: A Matter Of Heart and Head."
"Dead Bachelors In Remote China Still Find Wives."
"City Considers Plan To Let Outsiders Run Schools."

Washington Post:

"Attacks In Baghdad Kill 13 US Soldiers in 3 Days."
"Limited Duty, Full-Time Pay."
"Al-Qaeda's Far-Reaching New Partner."
"Dunn, Four Others Charged in Hewlett Surveillance Case."
"Lawmaker's Intentions Appear Clear In Exchanges."
"Order on Documents Signals Justice Dept. May Pursue Foley."

Washington Times:

"Bush Signs Homeland Bill."
"Majority Whip Slams Handling Of Foley Scandal."
"Baghdad Bombings Hit 'All-Time High'."
"Abbas Declares Failure Of Talks With Hamas."
"Parents Want To reach Kids Via Cell Phones."

Detroit Free Press:

"Why GM Walked."
"Group Weeps Amid Rubble."

Atlanta Journal-Constitution:

"Foley Aid Says House Leaders Told 3 Years Ago."
"French Connection."
"Hewlett Packard Ex-chairwoman Faces Indictment."

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"Adam On UGA Athletics: 'We Still Have To Compete'."

Story Lineup From Last Night's Network News:

ABC: Foley Investigation; Hastert Under Fire; Foley Aftermath; Amish School Shootings; Iraq-Sectarian Violence; African Orphans; Social Security & Medicare Predictions; Stock Market; Dunn's Felony Charges; Nobel Prize Winner; RW Apple Obit; Survivor Story.

CBS: Foley Investigation; Foley Aftermath; Iraq-Sectarian Violence; Amish School Shooting; Amish School Shooting; E. Coli Outbreak; Dunn's Felony Charges; North Korea Threat; Vision Care Health Breakthrough; Bob Schieffer Opinion; RW Apple Obit; Peter Pan 2nd Book.

NBC: Foley Investigation; Foley Aftermath; Iraq-Sectarian Violence; North Korea Threat; Stock Market; Amish School Shooting; Survivor Story; Troops Return.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Reynolds' Chief Of Staff Resigns; Amish School Shootings Funerals; TX-Hostage Situation; Foreign Stock Markets.

CBS: Reynolds' Chief Of Staff Resigns; Iraq-Us Soldiers' Murder Trial; NATO To Assume Control Of Afghanistan Mission; Amish School Shootings Funerals; New Hay Fever Vaccine.

NPR: Reynolds' Chief Of Staff Resigns; E-Coli Outbreak Investigation; Iran-Nuclear Program; WA-eco-Terrorism Attack Confessions; GM, Nissan, Renault Deal Falls Through.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates on briefing on No Child Left Behind and education agenda, Education Department; visits Woodridge Elementary and Middle School campus, 2959 Carlton Ave. NE.; speaks on No Child Left Behind, Woodridge Elementary and Middle School Campus, 2959 Carlton Ave. NE.; meets with the National Commander of the American Legion. Oval Office, The White House.

VICE PRESIDENT CHENEY — Speaks at a luncheon for the Michigan Congressional Victory Committee 06, Bath, Mich.; speaks at a reception for the Allen Victory Committee, private residence, McLean, Va.

LAURA BUSH — Unveils a public service announcement for TeachersCount, Time Warner Center, New York City; speaks at the Preserve America History Teacher of the Year Awards, Union League Club, New York City; speaks at the National Parks Foundation gala, Chelsea Piers, New York City.

US Senate: No Scheduled Events.

US House: 10 a.m. ETHICS _ Full Committee. Closed. Location: Room HT-2, Capitol. Notes: Mandatory pool camera outside the hearing room.

Other: SPAIN'S CROWN PRINCE OF ASTURIAS, FELIPE DE BORBON. Highlights: 11 a.m. Visits the former Ambassador's Residence to participate in a ceremony announcing a rehabilitation project on the building. 2801 16th St. NW. Note: Media preset by 10:30 a.m. 6:30 p.m. Attends reception to honor Hispanic heritage month. Ambassador's Residence, 2350 Foxhall Rd. NW.

AGRICULTURE EDUCATION _ The National Academy of Sciences holds a summit on agriculture education for undergraduates. Location: NAS Auditorium, 2100 C St. NW.

INTELLIGENCE OPERATIONS _ The National Military Intelligence Association holds a 2-day symposium, ``Joint Intelligence Operations Centers: Concepts and Realities," to describe the common and varied approaches taken by the Department of Defense and the Combatant Commanders in implementing the Execution Order establishing Joint Intelligence Operations Centers. Location: DIA offices.

SOUTHEASTERN EUROPE _ The Center for Strategic and International Studies holds a conference on economic cooperation and investment opportunities in Southeast Europe. Highlights: 9:30 a.m. Panel on political and legal framework. 10:45 a.m. Panel on infrastructure development, with Ad Toet of the Community of European Railways and Infrastructure Companies, others. 12:30 p.m. Deputy Assistant Secretary of State Nancy Lee. 1 p.m. Keynote presentations by Prime Minister Adnan Terzic of Bosnia-Herzegovina, Theodoros Skylakakis of the Green Foreign Ministry, Slovenian Economic Minister Andrijana Starina Kosem, Kosovo Deputy Prime Minister Lutfi Haziri, Economic Minister Predrag Boskovic of Montenegro, Jasna Matic, head of the Serbian Investment and Export Promotion Agency. Location: B-1 conference level, 1800 K St. NW.

ELECTIONS-JOBS _ 8:30 a.m. US Election Assistance Commissioner Gracia Hillman speaks to the 16th Annual Science and Engineering Alliance Technical Conference.

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Location: Marriott Washingtonian Center, 9751 Washingtonian Blvd., Gaithersburg.

POPULATION _ 8:30 a.m. The Population Reference Bureau, others, hold a symposium marking the U.S. population of 300 million and highlighting the impact of it on the ways we work, live and are governed. Location: National Press Club.

NATIONAL GUARD-RESERVES _ 9 a.m. The Commission on the National Guard and Reserves holds a hearing on the future of the Guard and Reserves, with Gen. James Jones, Commander of the U.S. European Command, and Gen. Lance Smith, Commander of the U.S. Joint Forces Command. Location: Room 2118, Rayburn.

SMITH-GUARD _ 9 a.m. Gen. James Jones, and Commander, Joint Forces Command Gen. Lance Smith, testify at a hearing of the Commission on National Guard and Reserves. Location: 2521 S. Clark St. Suite 650, Arlington, Va.

HUMAN RIGHTS-TURKMENISTAN _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing, ``Death of a Journalist: New Concerns about Human Rights in Turkmenistan," by Rachel Denber, Deputy Director, Europe and Central Asia Division, Human Rights Watch; Nina Ognianova, Europe and Central Asia Program Coordinator, Committee to Protect Journalists. The briefing will be moderated by Jeffrey N. Trimble, Acting President, RFE/RL, Inc. Location: Conference Room A, fourth floor, Radio Free Europe/Radio Liberty, 1201 Connecticut Ave NW. Entrance on Rhode Island Ave NW, next to St. Matthew's Cathedral.

COMPETETIVENESS-TECHNOLOGY _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts the The Bernard L. Schwartz Forum on Competitiveness, ``The Future of US Competitiveness:Is America Investing Enough in Science and Technology to Compete?" Introduction: Bernard L. Schwartz, retired Chairman and CEO, Loral Space & Communications, Inc. Moderator: Lael Brainard, Vice President and Director, Global Economy and Development, Bernard L. Schwartz Chair in International Economics, Brookings Institution. Featured speakers: Norman Augustine. retired chairman and CEO of Lockheed Martin; and Donald Evans, former Secretary of Commerce. Location: Falk Auditorium, Brookings Institution, 1775 Massachusetts Ave. NW.

BATTLEGROUND POLL _ 11 a.m. Release of the George Washington University Battleground 2006 Poll, with pollsters Celinda Lake and Ed Goeas. Location: Room 309, Marvin Center, 800 21st St. NW.

PELOSI _ 11 a.m. House Democratic leader Rep. Nancy Pelosi delivers an address on economic security Location: Bunn Center Auditorium, Georgetown University.

BERNSTEIN-ECONOMISTS _ 12 p.m. Jared Bernstein, director of the Living Standards Program, Economic Policy Institute, addresses a National Economists Club luncheon. Topic: ``The Growing Gap between Productivity and Living Standards. Location: Chinatown Garden Restaurant, 618 H St. NW.

HEALTHCARE _ 12:15 p.m. - 2 p.m. The Commonwealth Fund and the Alliance for Health Reform co-sponsor a luncheon briefing, ``Measuring up: A Comprehensive Scorecard for America's Health System." A new assessment by Commonwealth finds that deficiencies in the nations health care system cost 100,000 to 150,000 lives and $50 to $100 billion annually. Panelists: Cathy Schoen, The Commonwealth Fund and Tom Miller, American Enterprise Institute. Senior congressional staff members will be on hand to react to panelist presentations. Ed Howard of the Alliance and Steve Schoenbaum of Commonwealth will moderate. Location: Room G-50, Dirksen Senate Office Building.

DEFENSE INTELLIGENCE _ 12:30 p.m. The Center for Peace and Security Studies at Georgetown University and Women in International Security hold a discussion on defense intelligence reform and DIA, with Deputy DIA Director Letitia Long. Location: Mortara Center Conference Room, Georgetown University.

SADDAM HUSSEIN _ 1 p.m. Ramsey Clark, others, discuss the probability that Saddam Hussein will receive the death penalty in his current Baghdad trial. Location: National Press Club.

CATCHING ONLINE PREDATORS _ 2 p.m. Congressional Internet Caucus Advisory Committee briefing on ``Warehousing Consumers' Online Travels to Catch Child Predators and Terrorists: Privacy Implications?" Location: Mansfield Room, US Capitol.

RUMSFELD-CROATIA _ 2 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Minister of Defense of Croatia, Berislav Roncevic. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

RELIGION-INTERNATIONAL AFFAIRS _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts, ``The Mighty and the Almighty: Religion's Role in International Affairs," A dialogue between former Secretary of State Madeleine

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Albright and Professor Susan Thistlethwaite, president, Chicago Theological Seminary. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

PAKISTAN _ 4:30 p.m. The School of Advanced International Studies holds a discussion with Pakistani Ambasssador Mahmud Ali Durrani on his nation's contributions to counterterrorism. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

ANTI-BUSH RALLY _ 5 p.m. Rally with speakers, music and poetry by the ``World Can't Wait - Drive Out the Bush Regime" organization. Location: Lafayette Park.

DETAINEES-PROSECUTION _ 5 p.m. The George Mason University School of Law holds a forum on the implications of the recently passed Military Commissions Act of 2006. Location: Room 225, at the law school, 3301 Fairfax Dr., Arlington.

ASIAN AMERICAN AWARDS _ 6 p.m. - 8:30 p.m. The Asian American Justice Center hosts its 10th Annual American Courage Award reception. Courage awardee is Susan Ahn Cuddy, the first Asian American woman officer in the U.S. Navy, as well as the first woman gunnery officer in the history of the Navy. The Bridge Builder Award will be presented to former U.S. Secretary of Transportation Norman Y. Mineta; and the The Distinguished Service Award will be accepted by Walter E. Dellinger, III, Thomas E. Donilon and Theodore W. Kassinger on behalf of OMelveny & Myers LLP for the firms pro bono work in communities devastated by Hurricanes Katrina and Hurricane Rita. Location: National Press Club.

NEWS MEDIA _ 6:15 p.m. American University holds a forum on where ``new" media are meded after 15 years of online news. Participants include CraigsList.org founder Craig Newmark; Michael Clemente, ABC News; and Susan Defife, Backfence.com. Location: University Club, Graydon Center, American University.

POLITICS-FAITH _ 7 p.m. Bishop Jarry Jackson, chairman of the High Impact Leadership Coalition, others, hold a discussion on the role of faith in politics. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

6th Circuit Panel Allows Surveillance Program To Continue Pending Appeal. The AP (10/5, Sewell) reports from Cincinnati, "The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday." The AP continues, "The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers. … The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest." The AP adds, "The Bush administration applauded the decision. … 'We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree,' Deputy White House press secretary Dana Perino said in a statement." The AP notes, "The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action. … U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers. … The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced 'potential irreparable harm' and would be more vulnerable to a terrorist attack. The appeal is likely to take months."

The Detroit News (10/5) reports, "Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so. … The appeal of the ruling itself has not yet been heard."

The Washington Times (10/5, Curl) reports that President Bush "has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance. … Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers." The Times notes, "The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming 'potential irreparable harm' to the nation if the surveillance is abandoned. … 'The country will be more vulnerable to a terrorist attack,' the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program 'in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications.' … The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm."

The Detroit Free Press (10/5, Ashenfelter) reports, "The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest. … Michigan ACLU Director Kary Moss said she wasn't surprised by the decision. … 'I wouldn't read too much into it,' she said. 'It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs.'"

Miami Terror Suspect Negotiating Plea Agreement. The AP (10/5, Anderson) reports, "A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges." Sultan Khanbey "was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a 'Moorish nation,' wearing green-and-black uniforms, to bring about revolution in the United States." The AP notes, "U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be worked out, prosecutors said. Cooke said by then both sides should 'be on the same sheet of music' in the case."

Judge Denies Bail For Toledo Terrorism Suspect. The Toledo Blade (10/5) reports US District Judge James Carr yesterday "denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release. … Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial." Additionally, El-Hindi's wife, Marwa Aboud, told the court "she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr.

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El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo."

Algerian Terror Group's Alliance With Al Qaeda Analyzed. The Washington Post (10/5, A1, Whitlock, 748K) reports the alliance announced by al-Qaeda deputy leader Ayman al-Zawahiri between his group and the Algerian terror organization, the Salafist Group for Preaching and Combat "was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa." Since 2003, "the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa." The network "also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva." Al-Qaeda "forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals. The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders." But their "zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir, a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death."

US Must Decide Whether To Charge Cuban Exile In 1976 Airliner Blast. The Washington Post (10/5, A20, Roig-franzia) reports, "A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados. … The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela." The Post continues, "The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere. … The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months." The Post adds, "Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him. … Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges. … The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists."

2nd Circuit Panel Skeptical About Ashcroft, Mueller Immunity From Detainee Suit. In a widely-distributed story, the AP (10/5, Neumeister) reports that a three-judge panel of the 2nd US Circuit Court of Appeals "seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh conditions." Judge Jon Newman "asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds. Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises. … 'For all we know they were just doing other things and just leaving these people in atrocious conditions,' the judge said. The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was 'a monumental effort and employees worked tirelessly' as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks."

The New York Times (10/5, Bernstein, 1.21M) reports, "From the start of yesterday's…hearing," Newman "showed particular impatience with the narrow legal defenses offered by the defendants" in the lawsuit filed by Javaid Iqbal. At one point, "Judge Newman interrupted Lauren Resnick, the lawyer representing" former F.B.I. officials Michael Rolince and Kenneth Maxwell "as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center. 'You don't think your clients had a major role in the decision not to release these plaintiffs?' Judge Newman asked. … Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the

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way it made its accusations." Meanwhile, Garre "said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights. 'If there's anything that the court can take judicial notice of,' he said, 'it's that 9/11 was the most deadly foreign attack on domestic soil.'"

The New York Law Journal (10/5, Hamblett) also reported that the judges "peppered" the government lawyers and noted, "The lawyers were divided on the meaning of the Supreme Court's decision in *Crawford-El v. Britton*…in the context of qualified immunity." Garre "said *Crawford-El* stands for the proposition that a 'trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense' -- with the goal being to avoid 'burdensome litigation' and plaintiffs are required to show more to survive a prediscovery motion to dismiss. 'Whether you think of that in terms of a heightened pleading standard or not, that's the standard,' he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller. Mr. Garre said he was 'happy to defend' the 'policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right.'"

IG Report Raises Concerns About Supermax Security. The Rocky Mountain News (10/5, Kilzer) reports, "Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps. … That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons." The News continues, "The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center. … Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General. … Since then, the three bombers have been carefully monitored, but risks remain, according to the report." The News adds, "Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow. … The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages. … It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers."

Use Of "Water-Boarding" Examined. The Washington Post (10/5, A17, Pincus, 748K) reports, "Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques – 'waterboarding,' in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face." Inside the CIA, "waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information -- though 'not all of it reliable,' a former senior intelligence official said." The Post continues to examine historical use of the practice, including an incident in 1968 which led to an Army investigation and the 1947 war crimes trial of a Japanese officer for use of a version of waterboarding.

Debates Said To Stem From Question Over Whether US At War With Terrorists. In a Wall Street Journal (10/5, A20, 2.03M) op-ed, former Justice Department officials David B. Rivkin Jr. and Lee A. Casey write, "The national 'dialogue' over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done. There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News."

HOMELAND RESPONSE:

Bush Urged To Issue Executive Order On Foreign Investment. David Marchick, a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment," in an op-ed for The Hill (10/5, Marchick) writes, "Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town

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without sending foreign investment-related legislation to the president." Marchick adds that "the door is still open for passage of new legislation during the post-election legislative session," but "to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment."

WSJournal Criticizes Efforts To Kill Provision Barring Convicts From Port Work. The Wall Street Journal (10/5, 2.03M) editorializes that its suspicions that the "Congressional uproar" over the Dubai Ports World controversy "had far more to do with politics than it did national security" have been confirmed. "How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the US spent most of last week ensuring that felons could nonetheless work freely in secure areas of US docks." The Journal faults efforts to "tank" a provision in the Senate's port security legislation "that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies" and "put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping." Rep. Pete King, who "was last seen spearheading the charge against Dubai Ports World," is said to have been among those who opposed the provision.

EU To Consider Diplomatic Sanctions Over US Visa Waiver Program. UPI (10/4) reported the EU said that it will "consider diplomatic sanctions against the United States Thursday, in a row over" the US visa waiver program. "'Appropriate steps vis-a-vis the United States could be envisaged,' said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include 'temporarily restoring the visa requirement for US nationals holding diplomatic and duty/official passports.' … EU officials say the United States has dragged its feet in working to admit" 10 EU members. "'To date,' wrote EU Commissioner Franco Frattini to his US counterpart Homeland Security Secretary Michael Chertoff, 'no tangible progress can be reported.'"

WAR NEWS:

Shays Calls For Rumsfeld To Resign. The AP (10/4, Christoffersen), in a story carried by about 50 newspapers and websites, reports Rep. Christopher Shays, in "a rare demand from a longtime Republican," called for Secretary Rumsfeld to resign, and "also accused officials at the Defense Department of withholding information about the Iraq war from Congress." Shays, a "longtime supporter" of the Iraq war, said, "I am losing faith in how we are fighting this war. I believe we have to motivate the Iraqis to do more. … I think Donald Rumsfeld needs to step down." The Pentagon "had no comment" and referred to Rumsfeld's statement earlier this week that he would not quit. Questioned about Shays' charge that DOD was uncooperative, Pentagon spokesman Bryan Whitman said, "The Defense Department does work very closely with congressional members and committees that have oversight responsibilities." The Washington Times (10/5, Pierce, 88K) also reports on the resignation call in its "Inside Politics" column.

Woodward Says Card "Affirms" Quotes About Rumsfeld Departure Calls. Appearing on CNN's The Situation Room (10/4) to discuss his book "State of Denial," Bob Woodward said, "I've talked to Andy Card since the book has been out, and he affirms all of the quotes in the book. As the book reports, he made at least three efforts with the President to get Rumsfeld replaced and offered a specific replacement, namely Jim Baker, the former secretary of state. He affirms, contrary to what the White House said, that he talked with Laura Bush about it. He encouraged the speech writer Michael Gerson to go to the President and say that Rumsfeld should be replaced. Now that's at least six times over 18 months."

In his Boston Herald (10/5, 203K) column, Wayne Woodlief writes, "If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a 'fresh start' with a new Congress in a new year." Woodlief adds that Card "surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling. Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night."

Watts Says Rumsfeld "Probably Should Have Stepped Down." Appearing on CNN's Larry King Live (10/4, 9:33 p.m.), ex-Rep. J.C. Watts said, "There were feelings and thoughts with members of Congress and the Administration that Rumsfeld should not have been the secretary of defense. … Secretary Rumsfeld probably should have, you know, given the President a break and probably should have stepped down and given the President a fresh start. There's no secret he's been a drain on the President in terms of the politics of this place."

Rumsfeld Enduring "Withering Attacks On His Competence." An AP (10/4, Baldor) report carried by more than 50 newspapers and websites says the "74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain." As he "shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight. When he did take questions about his future, Rumsfeld delivered an exasperated 'No, no, no,' he would not resign."

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NATO Commander Confirms Views Attributed To Him In Woodward Book. The Washington Post (10/5, A18, Ricks, 748K) reports NATO Commander Gen. James Jones "stood by views attributed to him" in Bob Woodward's "State of Denial" about the Bush Administration's handling of the Iraq war "but said it was important to understand the context in which those views were expressed." In the book, Jones is quoted as saying the war "is a 'debacle' and that 'The Joint Chiefs have been systematically emasculated'" by Secretary Rumsfeld. Jones is also quoted as "delivering a warning" about working with Rumsfeld to USMC Gen. Peter Pace just before Pace became JCS chairman. Jones reportedly told Pace, "You should not be the parrot on the secretary's shoulder." Jones said Wednesday that he "had a long discussion with Pace" in September 2005, and then met with Woodward that December. He "characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, 'I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be.'"

Weisberg Tracks Changes In Woodward's Portrayals Of Rumsfeld. In a Financial Times (10/5) op-ed, Slate's Jacob Weisberg writes, "An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages" about Rumsfeld. In Woodward's 2002 "Bush at War," Rumsfeld "is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer…and a tower of strength." In 2004's "Plan of Attack," Rumsfeld "retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq. Now we have Mr Woodward's third work in the series, 'State of Denial.' Mr Rumsfeld -- embattled and clearly no longer a source for what happens behind the scenes -- has misplaced his good looks, his decency and his brilliance. … It is slightly maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one -- then or now."

More Commentary On Woodward Book. In his Roll Call (10/5) column, Morton Kondracke writes, "Just when Republicans thought they had Democrats caught in another election-year 'terror trap,'" Woodward "sprung them by refocusing attention on the mess in Iraq. That's the politics of national security. At the moment, the advantage would seem to favor Democrats. But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies. … It's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden."

In a New York Times (10/5, 1.21M) op-ed, James Mann, author of "Rise of the Vulcans: The History of Bush's War Cabinet," writes, "On the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy? And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power." Bush and Kissinger may not "see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background."

Tenet Book Coming Soon As Well. In a Washington Times (10/5, 88K) op-ed, CIA veteran Michael F. Scheuer writes, "With Bob Woodward's book 'The Anger of the Court Historian Spurned' in hand, we now await a book by George Tenet…to be published later this fall. The book will be of great interest to Americans…because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. … Let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?"

Officials Testing DNA Of Dead Militant To See If It Is Muhajir. BBC News (10/5) reports Iraqi officials "are doing DNA tests on a militant killed during a US military raid to determine if he is al-Qaeda in Iraq leader Abu Hamza al-Muhajir. US military sources say it is probably not Muhajir, but they are awaiting confirmation from the tests. An Arabic TV correspondent in Baghdad, quoting government sources, reported that Muhajir was killed in Haditha." US military spokesman Lt. Col. Barry Johnson said, "There was a raid where we thought he may have been among those killed. We are still doing DNA tests but we do not believe coalition forces have killed al-Masri."

More US Soldiers Killed As Iraq Bomb Attacks Reach "All-Time High." The surge of US deaths in Iraq over the past few days receives substantial coverage. On its front page, the Washington Post (10/5, Paley, 748K) reports 13 soldiers "have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since

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the start of the war." The "losses…are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday." USA Today (10/5, 2A, Jervis, 2.27M) puts the number of combat deaths since Saturday at "at least 19," saying American casualties "are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad." The Washington Times (10/5, 88K) leads its report with military spokesman Maj. Gen. William Caldwell's statement that bomb attacks are "at an all-time high," and says the "death toll throughout Iraq for American soldiers rose to 22 in the past four days."

All three broadcast networks aired long, and generally negative, reports on the violence. ABC World News (10/4, story 5, 2:50, Gibson, 8.78M) said the military "announced the deaths of six more US troops. That brings the American death toll so far this month to 20, one of the deadliest stretches for US forces so far this year." NBC Nightly News (10/4, story 3, 3:25, Williams, 9.87M) said "we have grim news" from Iraq, where "21 American soldiers have been killed in just the first four days of October. The US military said today bomb attacks in Baghdad have hit a new all-time high. Four Americans were killed today in an attack on their patrol northwest of Baghdad."

Militia-Linked Police Brigade Suspended. NBC continued by reporting that, "despite the danger, hundreds of Iraqi police have been taken off of the streets of Baghdad, accused of complicity with death squads." NBC (Engel) added, "US military commanders tell us this has been a particularly deadly period for American troops because there's been an overall rise in the number of attacks, heavier fighting, sniper attacks here in Baghdad, bombings in the capital at their all-time high including one today that targeted Iraq's Interior Minster. He survived but a dozen other Iraqis were killed." Williams: "They have taken police off the streets. What is behind that?" Engel: "At least 700 members of the Iraqi national police were accused of belonging to a radical militia group. It was created by the Iraqi government with US assistance to fight the mostly Sunni insurgency. Now it appears they are fighting Sunnis in general."

The Los Angeles Times (10/5, Murphy, Smith, 918K) says "as many as 1,200 police officers" were suspended "for suspected connections to kidnappings and executions. The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant. Six of the workers later were found dead." The New York Times (10/5, Tavernise, 1.21M) says the move "was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces." McClatchy (10/5, Price) reports Gen. Caldwell said removing the brigade "would immediately improve security" in Baghdad. The AP (10/4, Rising) also reports on the suspension.

Mahdi Army Said To Be "Killing Innocent Civilians In Baghdad Hospitals." The CBS Evening News (10/4, story 3, 2:45, Couric, 7.66M) focused its Wednesday Iraq coverage on the brigade suspension and "those Shiite death squads. They are now killing innocent civilians in Baghdad hospitals." CBS (Logan) added, "This assembly line of rotting corpses is what civil war in Iraq looks like close up. They come from the capital's main morgue where they've been piling up, their relatives too terrified to claim the bodies. That's because most are from Iraq's Sunni minority, murdered by Shiite death squads. And the morgue itself is now run by the same Shiite militia blamed for many of the killings, the Mahdi Army." The US military has documented how Moqtada al-Sadr's group "has turned morgues and hospitals into places where death squads operate freely."

Army, Marines Crafting New Counterinsurgency Doctrine. In a straightforward story, the New York Times (10/5, Gordon, 1.21M) reports the Army and Marines "are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy." The doctrine "warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces."

Bush's "Just A Comma" Comment Sparks Criticism, Analysis. The Washington Post (10/5, A19, Baker, 748K) writes, "When the president speaks, every word can be subject to scrutiny. Even the punctuation marks." President Bush's recent assertions that "this traumatic period in Iraq will be seen as 'just a comma' in the history books" is meant, aides say, "to reinforce his message of resolve in the long struggle for Iraqi democracy. But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as 'just a comma.' And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism 'Never put a period where God has put a comma.'"

Poll Finds Iraq, Afghanistan Veterans Think Military Overextended. The Pittsburgh Post-Gazette (10/5, Sherman, 241K) reports a poll released by

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VoteVets.org finds a "solid majority of American soldiers returning from the fighting in Iraq and Afghanistan" think US military forces "are stretched too thin." The Lake Research Partners poll "found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as 'overextended,' while many soldiers also complained about encountering emotional and physical problems when they came back from active duty." The survey of "453 veterans from across the country and all sections of the military" also found that 13% "said they were affected by military 'stop-loss' policies," one in four "has had nightmares since returning" to the US, and 32% of National Guard or Reserve veterans "said their families experienced 'economic hardships' because of their overseas deployments."

Dallas Volunteers Greet Returning Soldiers With Hugs. NBC Nightly News (10/4, story 8, 2:00, Williams, 9.87M) continues its "Home Front" series with a profile of volunteers in Dallas who greet troops returning from Iraq and Afghanistan who "have made it their business to love every one of them." NBC (Chandlian) added, "A shower of affection and a thunder of cheers. For troops returning from Iraq and Afghanistan on a two-week leave, this is the first taste of home. But it isn't home. Most offering hugs and handshakes are neither family or friends. … Meeting hundreds of flights and thousands of troops, it is hard, they say, not to be moved by seeing a soldier back safely and closer to loved ones."

Defense Spending Bill Includes $20 Million To Celebrate Wars' Successes. In a somewhat skeptical tone, the AP (10/4, Flaherty) reports that though the "military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring," if the "winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party. Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for 'commemoration of success' in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops." The New York Times (10/5, 1.21M) reports that the "mystery over who championed" the allocation "was resolved on Wednesday" when the office of Senate Majority Whip Mitch McConnell "acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to 'sneak back' home after that war and out of a desire that this generation of troops be thanked."

Hoekstra Reportedly Pressing Intelligence Agencies To Keep Up WMD Search. Newsweek (10/4, Isikoff, Hosenball, 3.12M) reports on its website that House Intelligence Chairman Peter Hoekstra is "still pressing US intelligence agencies to look" for possible WMDs in Iraq even though intelligence officials "say further work is unlikely to reveal anything new about Saddam's WMD programs." He has recently "prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted 'hundreds of man hours' to the hunt."

Two Marines Plead Not Guilty To Hamdaniya Murder. The Washington Post (10/5, A24, Geis, 748K) reports Pfc. John Jodka and Cpl. Marshall Magincalda, both Marines, pleaded not guilty Wednesday to murdering Hashim Ibrahim Awad in Hamdaniya "and then trying to cover up the crime. The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident."

Afghanistan Situation "Sobering" Five Years On. On its front page, USA Today (10/5, Wiseman, 2.27M) runs a very negative report on the Taliban's resurgence in Afghanistan that runs more than 2,200 words. Starting with the story of a school for girls that "came under rocket fire last spring" as "mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal," USA Today writes that five years after the start of Operation Enduring Freedom, "the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals."

Commander Says Aid, Reconstruction Key To US Afghanistan Exit. The Washington Times (10/5, Behn, 88K) reports NATO Commander Gen. James Jones said the US "exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops." Jones said, "Afghanistan will not be resolved by military means. We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate."

Kerry Blasts Frist Over "Taliban" Comments. The AP (10/4, Ramer) reports Sen. John Kerry "ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing 'people who call themselves Taliban' into the Afghanistan government." Kerry said, "They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape." On Monday, Frist said "the war against Taliban guerrillas can never be won militarily and that he favored

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bringing 'people who call themselves Taliban' into the government." A Frist spokeswoman later said Frist "believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves."

CORPORATE SCANDALS:

California Attorney General Indicts Five In H-P Spying Scandal. ABC World News (10/4, story 9, 0:15, Gibson) reported, "In California, felony charges have been brought in the Hewlett-Packard spying scandal. Former chairwoman Patricia Dunn and four others are facing conspiracy and identity theft. The charges come the same day it was reported Patricia Dunn is beginning chemotherapy for advanced ovarian cancer."

The Los Angeles Times (10/5, Granelli) reports, "California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case. The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families."

The Financial Times (10/5, Allison) reports, "The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations." The felony complaint "charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy."

A front page story in the Washington Post (10/5, A1, Nakashima, Noguchi) reports, "Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges 'are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign.'"

The Wall Street Journal (10/5, Waldman, Clark) reports that Lockyer's "targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6."

USA Today (10/5, Kessler) reports, "Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday. The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg."

The New York Times (10/5, Darlin) reports, 'The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval. 'There currently is no evidence that Mark Hurd engaged in criminal conduct,' Mr. Lockyer said."

USA Today (10/5, Hopkins, Swartz) reports that H-P "still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal. HP said in a statement on Wednesday that it 'is continuing to cooperate with state and federal investigators.' It said it would have no further comment."

The AP (10/5, Robertson) reports, "The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records." The AP adds, "The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law. … 'It was a stupid and unethical thing that occurred, but it may not have been a crime,' he said. … Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer. … 'He formed a judgment that a crime was committed way too early, but he had nothing to lose,' Wareham said. 'Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money.'"

Bloomberg (10/5, Rosenblatt, Gullo) reports, "The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000. … As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia

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allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by 'ruse from the telecommunication carrier,' prosecutors said. … Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses. … The charges show 'prosecutors are beginning to move forward to address the violations that occurred,' said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today."

The California Recorder (10/5, Miller) reports, "In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged 'the wrong person at the wrong time and for the wrong reasons.' He also cryptically called the charges 'the culmination of a well-financed and highly orchestrated disinformation campaign.'"

CBS Evening News (10/4, 6:40 p.m.) reported, "Corporate executives thinking of spying on your employees take note. Felony charges may be coming in that board room spying scandal at Hewlett-Packard. California's attorney general says he'll seek indictments against ex-chairwoman Patricia Dunn and four others. The charges would include identity theft."

Local Television. More that 130 local television newscast reported that California's attorney general, Bill Lockyer, filed criminal charges against Hewlett-Packard former chairwoman Patricia Dunn and four others in connection with the company's controversial investigation probe into boardroom leak. Some newscasts noted that news of the charges followed reports that Dunn is beginning therapy for advanced ovarian cancer. Some examples: WPTA-TV Ft. Wayne. (9/4, 11:11 p.m.) reported, "Criminal complaints are being filed against the ousted Chair of Hewlett-Packard and four others, allegedly involved in a corporate spying scandal. California's Attorney General is seeking felony indictments against Patricia Dunn and the others. Authorities say detectives working for HP fraudulently got phone records of reporters and board members to try to find the source of company leaks."

KSL-TV Salt Lake City, (9/4, 6:40 p.m.) reported, "Hewlett-Packard former Chairwoman charges were filed. Court documents show Dunn was charged with identity theft on unauthorized access to computer data and several other charges. Four other people linked to the case face the same charges. Each count carries a fine of up to $10,000."

KCBS-TV Los Angeles, (9/4, 6:06 p.m.) reported, "California's Attorney General is accusing them of conspiracy and hiring detectives to secretly obtain phone logs of directors, employees and journalists. It's a criminal form of spying, known as pretexting."

WXYZ-TV Detroit, (9/4, 6:51 p.m.) reported, "The charges come the same day it was reported Patricia Dunn is beginning therapy for advanced ovarian cancer."

KGO-TV San Francisco, (9/4, 4:59 p.m.) reported, "Arrest warrants issued for Patricia Dunn and four others over the company investigated leaks to the media. The state attorney general filed criminal felony charges today."

WDAF-TV Kansas City, (9/4, 9:40 p.m.) reported, "CEO Mark Hurd 'not' among those being charged."

KABC-TV Los Angeles, (9/4, 5:30 p.m.) reported, "California has some of the toughest privacy laws in the country. In the Department of Justice building, attorney general Bill Lockyer announced HP insiders and outside contractors broke those laws between April 2005 and April 2006."

KXTV-TV Sacramento, (9/4, 5:03 p.m.) reported, "Hewlett-Packard issued this statement today, saying that HP is continuing to cooperate with state and federal investigators looking into the board room leaks issue. The company has no further comments."

Apple Says Jobs Knew Company Manipulated Stock Option Grants. The Wall Street Journal (10/5, Bandler, Wingfield) reports, "Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised 'serious concerns' about the conduct of two former Apple executives. Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said."

USA Today (10/5, Graham) reports tat the company said that while Jobs was aware of the company's practice of backdating stock-option grants, he was "unaware of the accounting implications." USA adds, "A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday."

The New York Times (10/5, Flynn) reports, "The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been 'irregularities' with some options granted to Mr. Jobs, but he declined to elaborate."

The Washington Post (10/5, D1, Johnson) reports that Jobs "apologized yesterday for a stock options scandal that he said 'happened on my watch,' after a three-month internal investigation uncovered 'serious concerns' with the actions of two former executives." The Post adds, "The company declined to identify the two former executives whose conduct

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over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the 'best interests' of the company."

The California Recorder (10/5, Scheck, Pasternak) reports, "Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts."

Lay's Attorney Seek Ruling On Conviction. The Houston Chronicle (10/5, Hays) reports, "Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name. … They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned." The Chronicle continues, "Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases." The Chronicle adds, "A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction. … Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants." The Chronicle notes, "Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23. … Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died. … However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government 'did not introduce, let alone obtain passage of, any such legislation.' … Also, no lawmakers stepped forward to sponsor such legislation. … Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks."

Judge Orders Former Kmart Officials To Be Tried. The AP (10/5) reports from Flint, MI, "A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing." The AP continues, "In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005. … 'We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated,' McDonald's lawyer John Sylvia said Wednesday." The AP adds, "Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith. … Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003."

CRIMINAL LAW:

Prosecutors Order House To Preserve Records Of Foley's Contact With Pages. NBC Nightly News (10/4, lead story, 2:25, Reid, 9.87M) reported, "Today law enforcement officials want to know if Mark Foley committed a crime. Here on Capitol Hill the question is whether anybody did anything to stop it. In Washington today, the Justice Department asked Congress to protect former Congressman Mark Foley's computers to preserve any potential evidence."

The Washington Post (10/5, A13, Eggen, Lengel, 748K) reports Federal prosecutors "ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman." The "three-page 'preservation letter' -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts." FBI agents "also continued to seek out current and former pages who may have had contact with the former Florida congressman." One law enforcement source "said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to

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determine how many pages may have communicated with Foley." The "focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators 'have not ruled out any number of possible crimes that could be looked at,' said one official, who along with others requested anonymity because of the ongoing investigation."

Roll Call (10/5, Bresnahan) reports, "Senior Justice Department officials have asked House lawyers to 'preserve' all the material and items still in former Rep. Mark Foley's (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear." Foley "personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them." A "federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court."

CNN's The Situation Room (10/4, Blitzer) reported, "Federal authorities appear to be closer today to a full scale criminal probe of former Congressman Mark Foley. They're trying to make sure that electronic messages Foley sent to former pages are preserved. Senior Justice Department official confirming a letter was sent to a lawyer for the House of Representatives asking that all computer files and other records in Foley's office be secured right away."

MSNBC's Hardball (10/4, Shuster) reported, "Today the Justice Department took the first steps towards a criminal investigation. Officials sent a letter to the House asking that Congressman Foley's office computer and documents be protected to preserve any potential evidence, even though the name on the door has already been removed."

The AP (10/5) reports, "At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official." The official "declined to say whether the interviews were limited to current pages or included former pages."

CNN.com (10/5) reports, "The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said. … The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said."

Scripps Howard (10/5, Hoffman) reports, "As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do. … 'We're not doing anything right now,' said a Justice Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly 'sensitive' matter. … 'They told us it's very sensitive so we shouldn't say anything,' the official said. 'That's no problem, because we're not doing anything.'"

Bloomberg (10/5, Schmidt) reports, "The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages."

Legal Ambiguities May Make Federal Prosecution Of Foley Difficult. The AP (10/5, Apuzzo) reports Foley's "online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say." Explicit "computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech." With the FBI "investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said." If Foley "never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation."

CBS Evening News (10/4, story 2, 2:00, Attkisson, 7.66M) reported Foley's attorney "repeatedly made this claim." David Roth, Mark Foley attorney: "Mark Foley denies ever, ever having any sexual contact with a minor. There never has been any sexual contact with a minor. Never attempted to have sexual contact with a minor." Attkisson: "Remember that wording because the precise wording may turn out to be very important. In Washington, DC, 16-year-olds, the minimum age of a page, aren't considered minors when it comes to having sex. Legally they're adults. The same is true in more than half the states."

The Los Angeles Times (10/5, Schmitt, 918K) reports, "If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page." However, "some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors." Not long "after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18. Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear."

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The Wall Street Journal (10/5, Fields, 2.03M) reports, "Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges." Roscoe C. Howard, the former US attorney in Washington, DC, said, "For the most part, the law is going to allow you to be a dirty old man. The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail." Howard said the "legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet."

E-Mails Said To Fall Into Legal Gray Area. The South Florida Sun-Sentinel (10/5, Franceschina) reports, "The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say." The Sun-Sentinel continues, "While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges." The Sun-Sentinel adds, "Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor. … If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation. … 'There are going to be some issues here in the gray area,' Lanning said. 'You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law.' .. .The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations. … 'A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation,' FDLE spokesman Tom Berlinger said Wednesday, without providing details of the department's efforts. 'We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter.'"

Ethics Panel Faces Decision On Hiring Outside Counsel. The AP (10/5, Margasak) reports the House ethics committee "can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages." The "evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House."

McCain Says Former Senators Should Investigate House's Handling Of Foley Scandal. CNN's The Situation Room (10/4, Blitzer) reported, "Senator John McCain also weighing in on the Foley scandal -- the Arizona Republican calling for a group of former senators to lead an investigation into how the House of Representatives handled the matter. McCain says, 'People who are credible need to quickly reach conclusions about who may have dropped the ball, and offer serious recommendations to try and fix the problem.'"

The AP (10/5, Smith) reports McCain called for Congressional leaders to appoint a panel of 'credible' people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages." During a campaign appearance with Sen. Lincoln Chafee in Rhode Island, McCain said, "We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible." The AP adds Chafee "said he supported McCain's call." Among the names McCain "mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission."

Former Foley Aide Says He Told Speaker's Office About Concerns Three Years Ago. Kirk Fordham, formerly chief of staff to ex-Rep. Mark Foley, yesterday told reporters from several broadcast and print sources that he informed the staff of House Speaker Dennis Hastert of his concerns about the attention Foley gave congressional pages. ABC World News (10/4, lead story, 2:30, Gibson, 8.78M) reported, "A top Republican aide on Capitol Hill said today the Speaker's office knew three years ago, that now-resigned Congressman Mark Foley was giving inappropriate attention to teenaged boys. And says the aide, the Speaker himself knew about the issues with Foley." ABC (Ross) added, "Fordham also says he was later told the Speaker knew about the meeting. Fordham said there had been a series of warnings from page supervisors that Foley, here addressing the page class of 2002, was spending too much time with the pages in ways that were inappropriate and would not stop."

CBS Evening News (10/4, lead story, 1:40, Borger, 7.66M) reported it was "another grenade thrown at the House Republican leadership." NBC Nightly News (10/4, lead story, 2:25, Reid, 9.87M) reported, "Democrats accused" Fordham "of working with Foley and Reynolds to keep the email issue under wraps to protect Foley's seat. A charge that they denied. In a statement, Fordham said he told top officials at the highest levels about Foley's overly friendly emails prior to 2005. Hastert insists he didn't learn of the emails until last Friday, and today suggested if the safety of pages can't be

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assured Congress should be considering eliminating the page program."

The AP (10/5, Barrett) reports Fordham "said he had 'more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene' several years ago. The claim drew a swift, unequivocal denial from Hastert's chief of staff. 'What Kirk Fordham said did not happen,' Scott Palmer said through a spokesman." The AP adds Fordham "also disputed allegations that he covered up any misdeeds by Foley. 'At no point ever did I ask anyone to block any inquiries,' said Fordham, who was Foley's longtime chief of staff until leaving in January 2004."

The Wall Street Journal (10/5, Rogers, 2.03M) reports Fordham "resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages." Fordham's resignation "follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages." USA Today (10/5, Kiely, Kelly, 2.27M) reports the story under the headline, "Ex-Foley Aide: Tip Given 2 Years Ago."

Pressure On Hastert To Resign Said To Be Growing. In the aftermath of the Fordham story, Hastert's hold on the speaker' post may be growing more tenuous. On ABC World News (10/4, story 3, 8.78M), George Stephanopoulos said, "I have not talked to a single person today, Republican or Democrat, who thinks that Dennis Hastert will be Speaker of the House next year. That's not a question now. And after the revelations this afternoon, several top Republicans told me they don't think he can last the week." ABC World News (10/4, story 2, 0:30, Gibson, 8.78M) also reported, "The Speaker has been consistent in saying he will not resign. But some in Washington say the pressure on the Speaker is growing."

The Los Angeles Times (10/5, Hook, Levey, Wallsten, 918K) reports an "acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago." A Republican strategist "with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999." The strategist said, "If the claim holds up, it is hard to see how the speaker survives. If he does survive, it is only because he does a major housecleaning."

Roll Call (10/5) reports Fordham's "allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C."

McClatchy (10/5, Clark, Talev, Taylor), in a dispatch titled "Hastert Faces Increased Pressure To Resign," says "some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday." On its website, the National Review (10/4) editorialized, "Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it. … There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end."

CNN's The Situation Room (10/4, Bash) reported that "there are new rifts inside the Republican leadership over all this. The No. 3 Republican in the House is the latest member of the leadership to distance himself from House Speaker Dennis Hastert. Congressman Roy Blunt told reporters back home in Missouri he would have handled the Foley matter differently had he known about it." CNN's The Situation Room also reported that Hastert "got a show of support from a key conservative lawmaker today. Mike Pence of Indiana is a young ambitious Republican who heads a very powerful conservative caucus in the House. He spent several days…feeling out the mood of fellow conservatives, rank and file in the conference and also out and about around the country. And he came out today and said while he does have reservations about the way the Republican leadership handled the Foley incident, he said specifically Speaker Dennis Hastert should not resign."

The Hill (10/5, O'Connor) reports, "The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday. As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by…Hastert and his staff." The Washington Times (10/5, Hurt, 88K) also notes Blunt's comments in a story titled "Majority Whip Slams Handling Of Foley Scandal."

Aide Who Leaked Foley Emails Was Republican. The Hill (10/5, Bolton) reports the source "who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a

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House GOP aide." The aide "has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim. The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House. But the whistleblower was a paid GOP staffer when the documents were first given to the media." These "revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal."

Foley Allegedly Had Been Turned Away From Pages' Dorm. The New York Times (10/5, Zeleny, Hulse, 1.21M) reports, "Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk."

The Arizona Republic/Gannett News Service (10/5, Wheeler) reports Rep. Pryce has " asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night." Pryce spokesman Geoff Embler said Rep. Roger Wicker, "a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening." Until Wicker "raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said."

Foley's Sexual Interest In Pages Began Over A Decade Ago. MSNBC's Hardball (10/4, Shuster) reported, "Today it became clear that Mark Foley's sexual interest in teenage congressional pages actually began more than a decade ago. One former page told the Washington Post he was warned about the Florida Republican in 1995 when Foley was serving his first term. Foley allegedly sent notes and letters to the pages recruiting them for social jaunts like trips to an ice cream parlor. … The evidence of Foley's sexual interest in congressional pages 10 years ago raises questions about the Republican House leadership at the time and their responsibility to protect pages. Did then House Speaker Newt Gingrich know of Foley's unusual interactions with the pages? Did Former House Majority Leader Tom DeLay know? At the moment, the questions remain focused on the current Republican leadership, including Speaker Dennis Hastert. On the heels of revelations that Hastert was told about Foley's behavior months ago and tried to keep it quiet, the drumbeat continued today among some conservative activists seeking Hastert's resignation."

The New York Times (10/5, Goodnough, Zernike, 1.21M) reports that over "12 years in Congress," Foley "he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined." Whatever "whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week. Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical."

Foley Abuse Claim Angers Victims Of Clergy. The New York Times (10/5, Goodstein, 1.21M) reports Foley's "declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others. If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly."

Role Of Gay GOP Aides In Foley Case Causing "Firestorm" Among Conservatives. CBS Evening News (10/4, lead story, 1:40, Borger, 7.66M) reported Fordham "is known to be gay. CBS News has learned that several other top Republican staffers who handled the Foley matter are also gay. Their role in this controversy has caused a firestorm among Republican conservatives, who charge that a group of high-level gay Republican staffers were protecting a gay Republican Congressman." Tony Perkins, President, Family Research Council: "Was the leadership afraid to stand up to that network out of fear of being labeled homophobic or gay bashing?"

Local Television. Former congressman Mark Foley's story continues to get a heavy coverage by Florida's television newscasts. The reporting focused on latest revelations that Foley's former chief of staff, Kirk Fordham, reported Foley's behavior to some members of the Congress, including the Speaker of the House. Some examples: FLX-TV West Palm Beach, (9/4, 10:01 p.m.) reported, "More developments in the Mark Foley scandal. There are new allegations that the House speaker knew what was going on a lot longer than anyone acknowledged. Foley's former chief of staff, Kirk Fordham, resigned today. And Fordham says he warned the house speaker three years ago about Foley's behavior."

WFTS-TV Tampa, (9/4, 5:13 p.m.) reported, "Tom Reynolds … denied accusations that he attempted to impede the investigation into Foley's conduct."

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WFTS-TV Tampa, (9/4, 11:03 p.m.) reported, "A twist in the Mark Foley scandal. The Speaker of the House knew about his contact with teenage pages in Congress, but did nothing about it."

WFLA-TV Tampa, (9/4, 5:33 p.m.) reported, "Today, Reynolds aide, Kirk Fordham, who for years was Mark Foley's chief of staff, resigned after word that he tried to keep Foley's emails from being disclosed. A former prosecutor tells NBC News that sex talk with a minor usually is not prosecutable if that's all this was. The Florida Department of Law Enforcement is also looking into Foley's actions. Today, the Governor blasted the former Congressman for the latest revelations in his case. 'The fact that he claims he was abused or is an alcoholic, you know, there's no reason for what he did. There is no reason.' The governor is also denying rumors he was asked to investigate Foley last year and did nothing. Bush says launching an inquiry will be up to Florida's next Governor."

WESH-TV Orlando, (9/4, 6:11 p.m.) reported, "Allegations are swirling that some Florida Republicans, including governor Jeb Bush, were asked more than a year ago to look into Foley's conduct, but refused. Bush denies it."

WBBH-TV Ft. Myers, (9/4, 6:30 p.m.) reported, "In Washington today, the Justice Department asked Congress to protect former Congressman Mark Foley's computers to preserve any potential evidence."

WTVT-TV Tampa, (9/4, 5:06 p.m.) reported, "Former Representative Mark Foley not only says he's an alcoholic, but his lawyer now says he was molested by a clergyman, while serving as an alter boy in Florida.'

WTVT-TV Tampa, (9/4, 12:08 p.m.) reported, "The attorney also denies Foley had any sexual content with any teens he emailed."

WFOR-TV Miami, (9/4, 11:06 p.m.) reported, "As for Foley's accusations that he was molested, he's been criticized by some for that. In fact, one of his former priests told the Palm Beach Post that it's irresponsible and despicable for Foley to make that allegation without naming his attacker."

WBFS-TV Miami, (9/4, 10:09 p.m.) reported, "Meanwhile, some of the former congressional pages are telling their stories. Two teens say Foley contacted them after they left the program and were still minors. They say Foley's messages focused on sex."

WFOR-TV Miami, (9/4, 11:06 p.m.) reported, "The two teens also recalled an evening they spent at Foley's Washington home. 'He offered us beer. We were minors at the time. We both declined.'"

More Commentary. On CBS Evening News (10/4, story 9, 1:55, 7.66M), Bob Schieffer said, "The real problem here is not Foley, there will always be weirdoes and they can be dealt with. The disgrace is how the Congressional leadership handled all of this. The top Republican House Speaker Dennis Hastert and his senior leaders are in a fight among themselves about who knew what and when. But the fact is, people did know about this and did nothing about it until they were forced to by public disclosure. Congressional leaders seem more worried about saving a congressional seat than a kid, disgusting but not surprising -- because that is what this Congress has become, an incumbent protection society which accomplishes virtually nothing. There is only one reason for government: To improve the lives of its citizens. But this Congress has forgotten that. To raise the money needed to get to Washington, Congressional candidates have to sign off with so many special interest groups that by the time they get here they can't compromise on anything so nothing gets done. Except to raise more money. This sorry story is not the first sign of a new sex scandal, it is just further evidence of a Congress that is has lost its way."

The Wall Street Journal (10/5, 2.03M) editorializes, "The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House 'enablers who made it possible.'" The Journal adds, "It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley."

The New York Times (10/5, 1.21M) writes in an editorial, "The desire to turn Mr. Hastert into a sacrificial victim is self-serving." But "the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs."

Norman Ornstein writes in Roll Call (10/5), "How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period."

David Brooks writes in the New York Times (10/5, 1.21M), "In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the

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least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management." But "the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease. In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority."

First Responders To Amish School Shooting Receive Counseling. ABC World News (10/4, story 4, 2:40, Gibson) reported, "Tonight, counseling is getting under way for the first responders, the men and women who went inside the school, moments after" the Amish school shootings in Pennsylvania." ABC (Muir) added, "The first responders are getting this grief counseling because their jobs were beyond comprehension on Monday, when they answered that call at the schoolhouse."

Amish Community To Gather For Victims' Funerals. The Washington Post (10/5, A3, McCaffrey, Ruane) reports, "Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls. Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday. … The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand."

Amish Offer Forgiveness To Shooter's Family. CBS Evening News (10/4, story 4, 1:45, Couric) reported that "the Amish in Lancaster County, Pennsylvania, are still trying to deal with the horror that shattered their peaceful world on Monday when a gunman killed five young girls and wounded five others. It will be all but impossible to erase the memories of what happened in that schoolhouse and now they've decided there may be only one way to do it." CBS (Pitts) added, "On Monday, even before authorities had removed Charles Roberts' body from the crime scene, a group of Amishmen went to his house." Unidentified male: "An Amish neighbor came that very night last night around 9:00 in the evening and offered forgiveness to the family." Pitts: "Forgiveness, that's the lasting legacy these families now pray for."

Investigators Try To Determine Motive For Shootings. The New York Times (10/5, Dewan) reports, "Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before."

Shooter's Relatives Have No Recollection Of Being Molested. NBC Nightly News (10/4, story 6, 2:40, Curry) reported, "Late today investigators said that the two children the gunmen claimed to have molested and they said they have no recollection of it."

USA Today (10/5, Levin, Hall) reports, "Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. 'Both of them have no recollection of being sexually assaulted by Roberts' when they were 4 or 5 years old, trooper Linette Quinn said."

The AP (10/5, Rubinkam) reports, "Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse. … 'Both of them have no recollection of being sexually assaulted by Roberts,' state police Trooper Linette Quinn said. 'They were absolutely sure they had no contact with Roberts.'" The AP notes, "Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died. Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls."

Schools Review Emergency Plans In Wake Of Attacks. The Washington Post (10/5, A2, Slevin, Lydersen) reports that in the wake of recent bloody school attacks in the past month, "school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer. … The stepped-up emphasis on security comes after four incidents that have shocked the country."

Bush Calls For Experts To Meet On School Safety. Local stations rarely, noted President Bush's comments on school violence, with the exception of Colorado, where it was often reported in-depth. Some examples: KUSA-TV Denver (10/4, 10:03 p.m.) reported, "During a visit to Colorado today, President Bush promised to address the issue of school violence. He plans to convene education and law enforcement experts as early as next week to discuss what the federal government can do to help communities prevent violence and deal with the afternoon."

KSDK-TV St. Louis (10/4, 10:13 p.m.) reported, "President Bush has ordered top aides to meet next week in Washington to discus school safety. He says American

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parents need to be assured their children are not at risk while in school."

WNCN-TV Raleigh (10/4, 10:59 p.m.) reported, "At a campaign event outside Denver, President Bush called on the country's leading experts to show the federal government how to help communities affected by these tragedies."

Bush Offers Condolences To Family Of Slain Colorado Student. The Denver Post (10/5, Frates) reports, "President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings. … 'A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes,' said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. 'She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people.'" The Post adds, "Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings. … 'We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks,' Bush said. 'May God bless Emily's family.'"

Religious Leaders To Have Role In School Violence Conference. The AP (10/5, Curry) reports, "Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday." The AP continues, "The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls." The AP adds, "Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference. … 'We certainly plan to ask faith-based leaders into these meetings on Tuesday,' Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans. … Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions."

Student Hurts Six With Pellet Gun At Maryland School. The AP (10/5) reports from Pikesville, MD, "A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said." The AP continues, "The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured." The AP adds, "The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania. … Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though some schools told parents to come and pick up their children."

More Commentary. The Boston Globe (10/5) editorializes, "One wonders what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend." The Globe continues, "The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. … Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence."

DOJ Seeks To Block Taiwan In Spy Probe. The New York Sun (10/5, Gerstein) reports, "The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts." The Sun continues, "The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng." The Sun adds, "After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and

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other documents about her dealings with Keyser. … The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office." The Sun notes, "In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it 'objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial.' Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be 'impracticable.' … Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats."

Federal Probe Of Missouri License Fee Office Yields No Charges. The Kansas City Star (10/5, Kraske) reports, "The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday." The Star continues, "In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a 'target, subject or witness' in the investigation. … '… Nor was he implicated in any allegation being investigated,' Cummins said in a statement. 'Any allegations or inferences to the contrary are uninformed and erroneous.'" The Star notes, "Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, 'affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers.' … Jackson said federal authorities never interviewed Blunt or anyone in his administration." The Star notes, "For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases. … In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power. … U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed the existence of the inquiry in April, although authorities refused to comment publicly at the time."

Experts Say Online Gaming Ban May Help Gambling Industry. The AP (10/5, Riley) reports, "Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday." The AP continues, "Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, 'opens up huge opportunities' for the industry." The AP adds, 'The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said." The AP notes, "Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers. … Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, 'In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area.' … Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers. … But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited."

David Wessel writes in the Wall Street Journal (10/5), "Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and 'unlawful' gambling site -- shows how tricky regulating the Internet can be. … The new Unlawful Internet Gambling Enforcement Act applies to any 'bet or wager...unlawful under any applicable federal or state law,' without acknowledging that it's murky what is unlawful. … In days before the Internet, Prohibition didn't stop drinking, and gambling bans

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didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling."

Two ELF Members Plead Guilty To Wisconsin Arson. The Seattle Times (10/5, Bernton, Clarridge, 217K) reports, "Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences. They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture. On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West."

The Seattle Post-Intelligencer (10/5, Shukovsky, 129K) notes UW professor Toby Bradshaw, whose office was the target of the attack, yesterday "praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police. … Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment. The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee." The AP (10/5, Woodward) reports, "The plea deals…will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. … After the hearings, U.S. Attorney John McKay said the women had 'the misguided belief that they would influence public policy. They have not.' 'These violent acts of destruction are not a valid form of political speech,' he said, calling the arson an act of domestic terrorism."

The AP (10/5, Woodward) reports, "Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious acts of ecoterrorism, caused some $7 million in damage. … The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests. … After the hearings, U.S. Attorney John McKay said the conspirators had 'the misguided belief that they would influence public policy. They have not. … These violent acts of destruction are not a valid form of political speech,' he said, calling the arson an act of domestic terrorism."

FBI Serves Subpoenas For Contract Records Of NJ Senator's Law Firm. The Philadelphia Inquirer (10/5, Ott, 399K) reports, "New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm." Bryant "already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. 'Randy' Primas Jr." The Inquirer notes, "Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate."

Atlantic City Councilmen Plead Guilty To Extortion Charges. The AP (10/5, Mulvihill) reports, "An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion. Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts. Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts. They were the second and third city officials convicted in the operation," and "prosecutors say the investigation is continuing." The Press of Atlantic City (10/5) and Philadelphia Inquirer (10/5, Anastasia, 399K) also report on the guilty pleas and the FBI investigation.

Third Florida Prison Guard Pleads Guilty In Sex-For-Contraband Scandal. The AP (10/5) reports, "A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud." The AP continues, "E. Lavon Spence told a federal court Tuesday: 'I had sexual contact with inmates and brought in contraband.' He said that contraband included cigarettes." The AP adds, "In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses. … Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for

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December." The AP notes, "He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William 'Buddy' Sentner was also killed."

Judge Refuses To Dismiss Child Pornography Charges Against Karr. The Washington Post/AP (10/5, A4) reports that Sonoma County Superior Court Judge Rene Chouteau has declined to dismiss the child pornography case against John Mark Karr. Karr's attorneys "had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it. A prosecutor said she had not deliberately withheld anything, and…Chouteau agreed, saying Karr 'should have had knowledge of the state of the computers,' making the defense's reliance on Knutson unnecessary."

Parents Charged With Kidnapping Daughter Before Wedding. USA Today (10/5, Bazar) reports, "Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage. They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. … Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23."

Judge Refuses To Dismiss Child Pornography Charges Against Karr. The Washington Post/AP (10/5, A4) reports that Sonoma County Superior Court Judge Rene Chouteau has declined to dismiss the child pornography case against John Mark Karr. Karr's attorneys "had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it. A prosecutor said she had not deliberately withheld anything, and…Chouteau agreed, saying Karr 'should have had knowledge of the state of the computers,' making the defense's reliance on Knutson unnecessary."

DC Police Medical Claims Costs City Millions. A front page story in the Washington Post (10/5, A1, Flaherty, Horwitz) reports on hundreds of DC police officers "who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets." The Post adds, "The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding."

CIVIL LAW:

Privacy Group Sues FBI Over Surveillance Program Disclosure. The AP (10/5, Caterinicchia) reports, "A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program." The AP continues, "The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant." The AP adds, "A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed 'as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers' before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed. … CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year."

Federal Program Recoups Almost $1.5 Billion Through Fraud Cases. Jeffrey Young writes in "The Executive" column in The Hill (10/5) that the Health Care Fraud and Abuse Control Program, "an interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs," will, according to a federal report issued this week, "collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed." The defendants "range from individual schemers to some of the largest healthcare companies in the country." The Department of Justice and the Office of the Inspector General at the Department of Health and Human Services "announced that they jointly have deposited $8.85 billion into

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the Medicare trust fund since their joint program began in 1997," and "the government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years."

US To Stop Seizing Prescription Drugs Imported From Canada. The Washington Post (10/5, Lee, 748K) reports, "The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad. Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July." And "starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs" and the FDA "will resume the primary enforcement role on personal drug importation."

FEC Says Contribution Limits Apply To Recount Funds. The New York Times/AP (10/5) reports, "Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures." The "4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races."

CIVIL RIGHTS:

Two Plead Guilty In Fatal Cuban Migrant Smuggling Case. The AP (10/5) reports from Key West, FL, "Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death." The AP continues, "Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8." The AP adds, "A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8. … The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines. … Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines."

Utah To Receive Grant To Help Curb Human Trafficking. The Deseret Morning News (10/5, Bulkeley) reports, "Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants." The News continues, "The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force. … The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department." The News adds, "The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations. … While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case. … Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it."

Washington Prosecutor Delaying Police Brutality Charges Until FBI Completes Probe. The AP (10/5, Wiley) reports, "Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation. Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges. The prosecutor said he had not yet made a decision but 'was leaning toward' declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation." The AP notes, "The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said."

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Race Cited As Reason For Boys Town Opposition. The Washington Times (10/5, McElhatton) reports, "Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show. Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town. The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast."

LULAC Concerned About Arrest Of Texas Man For Civil Rights Violations. The Abilene (TX) Reporter-News (10/5, Emison) reports, "The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations." The Reporter-News continues, "On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex. … LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday. … 'It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote,' LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. 'LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights.' The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today."

Alabama SoS Accused Of Not Cooperating On Voter Project. The AP (10/5, Johnson) reports that Alabama Secretary of State Nancy Worley "is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing." The AP continues, "The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as 'extreme inadequacy and non-responsiveness.'" The AP adds, "Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee. … U.S. District Judge Keith Watkins in August gave the Republican governor the title 'special master' and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file. … Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file."

Group Honors Connerly With Lawsuit. The New York Times (10/5, McKinley) reports, "To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne. They filed a lawsuit" against the Berkeley Unified School District accusing the district of "using race to determine which elementary schools students attend and whether high school students have access to certain classes." In announcing the suit, the Pacific Legal Foundation "{put out a news release calling it a way of 'marking the 10-year anniversary of Proposition 209,' and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called 'the spokesperson for racial equality, in our viewpoint.'" Connerly, "said the suit was yet another front in his fight against 'the mythical goal of integration and diversity.'"

Los Angeles City Council To Pay $3.57 Million To Settle Civil Rights Suits. The Los Angeles Times (10/5, McGreevy) reports that the Los Angeles City Council "agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women. … 'We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust,' [Council President Eric] Garcetti said after the vote."

California Declares Prison State Of Emergency. The Los Angeles Times (10/5, Warren, 918K) reports that California "Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons," which "his aides said would allow the

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transfer of inmates to other states without their consent." Corrections Secretary James Tilton said the "prison crowding was so severe he could not wait," and noted that the declaration would "allow him to skirt the state's cumbersome competitive bidding process." With "most of California's 33 prisons packed to twice their intended capacity," Tilton said they are "poised to sign three-to-five-year contracts with private prisons…that would provide 2,200 beds." However, "lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent," and Democrats "criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis."

Herbert Says Environmental Dangers Placed Near Black, Hispanic Communities. Bob Herbert writes in his column in the New York Times (10/5, 1.21M) "The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps, landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school." This "systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery." Last week's "Environmental Justice for All Tour" "got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you."

Limits On Free Expression Said To Be Growing. In a Los Angeles Times op-ed (10/5), Hoover Institution Fellow Timothy Garton Ash says, "Almost every day brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a 'master of hate.' A production of Mozart's 'Idomeneo,' which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week." In the "first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded."

ANTITRUST:

MedImmune Seeks Right To Sue Genentech. The Wall Street Journal (10/5, Anderson) reports, "A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support. MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts. … The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent."

The Washington Post (10/5, D4, Lane) reports, "The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve. MedImmune maintains that it always questioned the patent, and agreed to license it 'under protest' because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech."

The AP (10/5, Manning) reports, "The case before the court Wednesday didn't deal with the merits of the case, focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws. … MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair."

Shaw Group To Purchase Westinghouse Stake. The AP (10/5, Sayre) reports, "Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment." The AP continues, "Under

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the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds." The AP adds, "Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable. … Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month."

EU Vows To Pursue More Trade Deals. The AP (10/5, White) reports, "The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad." The AP continues, "It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights. … 'We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism,' EU Trade Commissioner Peter Mandelson said." The AP adds, "The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said. … Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade. … The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work." The AP notes, "European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well."

Armey Argues EU's Agenda Is Anti-Competitive. In an op-ed in the Washington Times (10/5), former House Majority Leader Dick Armey writes, "Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether. … Recent history provides a clear view of Europe's 'not so competitive' competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition." Armey continues, "In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a 'Commissioner of Competition.' For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost." Armey addresses "the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place." Armey concludes, "Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate."

GM Calls Off Talks With Renault, Nissan. The Financial Times (10/5, Mackintosh, Simon) reports that General Motors yesterday called off talks with Renault and Nissan "on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals." GM "ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control. GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the

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situation said would see 'billions of dollars' more benefits than the US company."

The New York Times (10/5, Maynard, Bunkley) reports, "Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies. But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb." Wagoner "said an alliance would have been a distraction to his company's turnaround efforts, which executives say are gaining momentum. 'We felt that the complexities of working with three companies could in fact slow us down,' he said."

The Wall Street Journal (10/5, Langley, White) reports, "On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: 'It's clear the two sides have completely different appetites for an alliance.' Calling the payments totaling several billion dollars demanded by GM 'contrary to the spirit of an alliance,' Mr. Ghosn was blunt: 'Let's just end it.' Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks 'on cordial terms.'"

The Washington Post (10/5, D1, Freeman) reports that Wagoner "said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them. The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp."

USA Today (10/5, Carty) reports, "Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed 'there were good synergies for everybody.' She said the discussions broke down over the additional compensation issue, 'which is not really part of the alliance principle.'"

Volkswagen Acquires 15.06% Stake In German Commercial Truck Maker. The Wall Street Journal (10/5, Rauwald, Power, Singer) reports, "Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business. The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices." Volkswagen's move "is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. … A MAN spokesman said the truck maker is 'very happy' with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business."

Microsoft Vista Gets Tough On Piracy. The AP (10/5, Linn) reports, "In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology." The AP continues, "If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager. … Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said." The AP adds, "Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating. … Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, 'seem harsh only in comparison to how lenient it has been.' … Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP."

ENVIRONMENT/INDIAN AFFAIRS:

Criminal Probe Launched Into Contaminated Spinach. CBS Evening News (10/4, story 5,0:25, Couric) reported that there is "now a criminal investigation into that E. coli outbreak that killed at least one person and made about 200 others sick. FBI agents armed with warrants searched two spinach packaging companies in California today. The agents want to see if the plants followed safety rules but health officials don't believe there is any deliberate contamination." In a story distributed by McClatchy, the San Jose Mercury News (10/5, McLaughlin, Bailey, 242K) calls

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the FBI and FDA searches "a startling twist to the E. coli outbreak" and notes, "The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif.," and "an FBI spokesman said agents from the bureau had been involved in the case 'for quite some time.' 'There's no indication this was tampering. There's no indication this was terrorism or anything like that,' said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe. Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act."

The Washington Post (10/5, D2, Shin) reports, "The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms. About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak."

The Los Angeles Times (10/5, Muskal) reports, "The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. … The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco. There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement."

USA Today (10/5, Schmit, Johnson) reports, "FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws." USA adds, "The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product."

The New York Times (10/5, Harris, Sander) reports, "The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said."

Bloomberg (10/5, Habiby) reports, "The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person. … 'There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated,' U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. 'We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce.'" Bloomberg adds, The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15."

The AP (10/5, Elias) reports, "Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health." The AP adds, "The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month. .. .FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants."

FNC Fox Report (10/4, 7:30 p.m.) reported, "It's the first sign that the E.Coli outbreak that killed one person and sickened almost 200 may have been a crime. The FBI Is searching two spinach packaging companies in California, trying to discern whether they followed food safety procedures. Anita Vogel live in Los Angeles on the top story on the bottom of the hour. Anita." Anita said, "Shep, federal authorities say right now there is no indication of criminal activity, but they have issued two search warrants and looking specifically at two growing and packaging companies in northern California. Today, those two warrants were executed in the Salinas Valley, which is often referred to as the nation's salad bowl. Officials are scouring the property of Growers Express and National Selection Foods, asking employees to leave their work stations so agents could have better access. Both companies grow and package spinach, and specifically authorities say they are looking for quality assurance documents related to the processing facility. Here's what the FBI had to say." FBI Agent Joe Shadler said, "What we are looking at is the possibility that certain regulations may not have been complied with intentionally. There is no indication at this point in time that there was any tampering or anything like that."

Local Television. More than 260 local television newscasts reported that FBI and FDA agents searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak. Some examples: KDKA-TV

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Pittsburgh, (9/4, 6:40 p.m.) reported, "There's now a criminal investigation into that e. coli outbreak that killed at least one person and made about 200 others sick. FBI agents armed with warrants searched two spinach packaging companies in California today. The agents want to see if the plants followed safety rules. But health officials don't believe there is any deliberate contamination."

WDIV-TV Detroit, (9/4, 11:26 p.m.) reported, "Agents from the FBI and the FDA searched two spinach processing plants in California. They were looking for evidence in the national E. coli outbreak. Right now the feds say there is no evidence that spinach was deliberately contaminated."

KNBC-TV Los Angeles, (9/4, 5:00 p.m.) reported, "The FBI would not reveal what in particular agents found at either of two locations. There is nothing to indicate that anybody willfully or intentionally contaminated the spinach or tried to get people sick."

WBBM-TV Chicago, (9/4, 10:11 p.m.) reported, "FBI agents … do not believe anyone contaminated (Spinach) today on purpose. They are checking to see, though, if necessary procedures were in place for processing it."

KNTV-TV San Francisco, (9/4, 06:01 p.m.) reported, "An FBI spokesman says agents are investigating possible environmental crimes or food safety violations. 'We are investigating allegations that certain steps were not taken that were necessary and prescribed by law and regulation to ensure that."

BP Takes Royalty Fight Against US To Supreme Court. The AP (10/5, Rugaber) reports, "Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a statute of limitations provision in federal law." The AP continues, "The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP." The AP adds, "The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997. .. .BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said." The AP notes, "Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit."

GAO Report Says Government Lost Money Selling Fire Salvage Timber. The AP (10/5, Daly) reports that a Government Accountability Office report found "the federal government spent nearly $11 million to salvage timber from" the 2002 Oregon wildfire, dubbed the "Biscuit fire," "yet it stands to get less than $9 million from selling the wood." While "the Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire," the GAO, acknowledging "that the delays cost money," reported that "the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays."

Interior Department Investigation Finds Computer Misuse. The AP (10/5, Talhelm) reports that the Interior Department's inspector general, Earl Devaney, is issuing a report that "Interior Department employees aren't just using their computers to oversee parks and wildlife," but are "spending thousands of hours a week visiting shopping, sex and gambling Web sites." Devaney calls "the findings…'egregious' and 'alarming.'" In response, "Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access" and "issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found 'have significant legal and administrative consequences' and that violators could be fired or turned over to the police."

Officials Suspect Malibu Septic Tanks Are Polluting California Coastal Waters. USA Today/AP (10/5, Schwartz) reports, "Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities. … Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods. Where the tests show

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a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples."

Lawmakers Push EPA To Speed Probe Of Potomac Pollutants. The Washington Post (10/5, B3, Fahrenthold) reports that a House panel has "criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs. In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems."

US Suit Seeks Repayment Of Landfill Cleanup Costs. The St Louis Post-Dispatch (10/5) reports, "The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia." The Post-Dispatch continues, "The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says. … Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says." The Post-Dispatch adds, "As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says. … Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup."

Initiatives To Curb Eminent Domain On Ballot In 12 States. The Christian Science Monitor (10/5, Arnoldy, 58K) reports a "backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States." Libertarian activists, "tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November." Most of the measures "aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values."

Suit Over Navajo Employment Preferences Dismissed. The AP (10/5) reports from Phoenix, AZ, "A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians." The AP continues, "Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal. … The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe." The AP adds, "The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe. … Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona. … The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers. .. .Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC."

FBI/DEA/ATF/USMS:

Federal Appeals Court Orders Release Of Bonds' Trainer. The AP (10/5) reports a federal appeals court "ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger. Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case."

Report: Chemist To Appear Before Grand Jury. SportsIllustrated.com (10/4) reports the Illinois chemist "who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com. The source said that

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[Patrick] Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed."

California Marijuana Club Raids Said To Reveal Lucrative Enterprise. KGO-TV, San Francisco (10/4) reports on its Web site that federal authorities "hit Bay Area medical marijuana clubs hard in a series of raids. In the criminal complaint that led to the warrants, there is strong evidence the clubs can be very lucrative enterprises. … The criminal complaint said [Sparky] Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making. At least $2 million dollars in 2004 alone." DEA agents "found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars."

Bay Area Raids Linked To Marijuana Sales. In its "U.S." section, The New York Times (10/5, Marshall) today reports, "Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area."

Defendants Appear In Court. Bay City News Wire (10/4) reports fifteen people who were "arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco…for an initial appearance on marijuana distribution charges." U.S. Magistrate Elizabeth Laporte "released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday."

Palm Springs Marijuana Dispensary Searched. On its Web site, KCAL-TV, Los Angeles (10/4) reports federal and local officers "converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said. … The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs. … Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana."

On its Web site, KESQ-TV, Palm Desert (10/5) reports, "The drug enforcement agency says [the raid is] the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics. According to the DEA, a worker here at Palm Canyon Caregivers…allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers," which was edible marijuana. "According to the DEA, that's considered illegally distributing narcotics."

The Desert Sun (10/4) reports a "medical marijuana-laced 'tip' left for an employee at Palm Springs' Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday. … Agents found and seized 'a substantial quantity of marijuana and marijuana products,' said Sarah Pullen, public information officer for the DEA. 'They also seized an amount of U.S. currency.'" Wednesday's search "was triggered by an incident in September, when Joshua Aleck of Valencia…was at the Spa Resort and allegedly left edible items containing marijuana as a 'tip' for a hotel employee."

Illinois Man Gets 20-Year Sentence In Meth Conspiracy Case. The Carmi (IL) Times (10/4) reports a Carmi man "has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy. … Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties. McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004."

Michigan Bikers Face Drug Conspiracy Charges. The Detroit Free Press (10/4, Ashenfelter) reports 22 members and associates of the Highwaymen Outlaw Motorcycle Organization "have been indicted on drug charges. The indictment said the defendants had conspired to distribute cocaine, marijuana and Ecstasy in and around metro Detroit since 2005. … Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit."

The Detroit News (10/4) reports the FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang. … Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs."

San Diego Chargers Safety Returns To Practice Facing 5 Drug Charges. The AP (10/5) reports

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Chargers safety Terrence Kiel, "facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters. … Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday." FOX Sports and Sports Illustrated posted the AP story on their Web sites.

The San Diego Union-Tribune (10/4, Schrotenboer) reports prosecutor James Fontaine "said investigators are still trying to find out exactly where Kiel obtained the drug. … Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. … The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, 'it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle.'"

Baltimore Subsidizes Drug-Treatment Training Program. The Baltimore Sun (10/4) reports city officials "are taking the unusual step of subsidizing a training program that could more than double the number of physicians permitted to prescribe a new medication to cure opiate addiction. Buprenorphine…is being used in place of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse, and is easier to discontinue when the patient is ready. But fewer than 90 physicians in Baltimore have completed the eight-hour training course required to prescribe the drug."

USA Today (10/5, Leinwand) reports the public health commissioner "said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine. … Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing."

The AP (10/4) reports using buprenorphine "to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients. … The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic. To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time."

Colombian Government Seeks Extension Of US Trade Preferences. The Wall Street Journal/Dow Jones (10/4) reports the Colombian government "has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect. The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year. … The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf."

ATF Body Search Of Tennessee Drug Suspect Under Scrutiny. The Knoxville News Sentinel (TN) (10/5, Satterfield) reports, "Jonathan Hayes made no bones about it: He had crack cocaine stowed in his 'private parts.' … A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members." The Sentinel continues, "At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes. … Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as 'irrefutable evidence' of the strip search." The Sentinel adds, "ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that (ATF Agent Steve) Paris did not disrobe Hayes in public. … 'The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas,' Cavanaugh wrote. 'The video offers conclusive evidence that an invasive strip search of the suspect's private areas did not occur.'"

WATE-TV, News 6, Knoxville, TN (10/5, Campbell) reports, "Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate." WATE-TV continues, "Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body. … The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers. … A group known as

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Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, 'We were standing there. Kids were standing there. And they pulled a man's pants down.'" WATE-TV notes, "The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception."

WBIR-TV, Knoxville, TN (10/5) reports, "Several community members went to the Citizens for Police Review requesting the group look into the matter. .. The group is hoping for a full investigation by US Department of Justice and Office of Inspector General."

WVLT-TV, CBS 8, Knoxville, TN (10/5) reports, "A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence. … ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy."

New York Police On Alert For Tiny Gun. WABC-TV, ABC 7, New York (10/5) reports, "Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain. … Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed." WABC-TV continues, "The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most. … Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector." WABC-TV adds, "Although the gun is so small, experts say the ammunition would have to be tiny. … Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well."

US Charges Five With Gun Sales At Flea Market. The AP (10/5) reports, "A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County." The AP continues, "Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident." The AP adds, "ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities. .. .The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants."

Federal Agents Probe Washington Hops Fire. The AP (10/3) reports, "Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale." The AP continues, "The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma." The AP adds, "Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops. … Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday." The AP notes, "The United States produces 24 percent of the world's hops, and about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms. … With the fire under control Monday night, authorities told the (Yakima Herald-Republic) an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms."

IMMIGRATION:

Bush Signs Border Fence Bill, Attacks Democrats On National Security. CNN's The Situation Room (10/4, Blitzer) reported, "In Arizona today, a new attempt by President Bush to show Republicans are tough on illegal immigration -- he signed a homeland security funding bill that includes money for hundreds of miles of fencing along the border with Mexico." Bush also attended a GOP fundraiser, and "renewed his charge that Democrats are soft on terror. The president is pressing hot-button issues as he wraps up a three-day campaign swing."

The bill signing received no attention from the network evening newscasts, though it was covered by scores of local stations, particularly in states bordering Mexico. For example, KPHO-TV Phoenix (10/4, 6:35 p.m.) reported, "President Bush had a busy 13 hours in the Valley. He spent the night here, gave a fundraising speech, and even signed major legislation to hopefully improve border security."

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KGTV-TV San Diego (10/4, 5:31 p.m.) said Bush "wanted the bill to include stream lining of the naturalization process, but had to settle for money for fencing and more power and more man power and technology." And WTNH-TV Hartford (10/4, 11:01 p.m.) reported, "The President signed a bill in Arizona calling for seven-hundred miles of new fencing along the US Mexican border."

The New York Times (10/5, Rutenberg, 1.21M), in a story titled "Bush's Megaphone Unable To Reach Above The Din," reports, "Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate." But "the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November." The Times adds, "During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions." In interviews, "White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress. For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter."

Likewise, the White House Bulletin/US News (10/4), reported yesterday that "White House strategists are in a very uncomfortable and rare position -- off balance -- as they try to deal with the political damage from the scandal surrounding…Foley. … Behind the scenes…White House strategists are deeply worried about whether GOP congressional candidates will suffer from the Foley scandal. West Wing optimists say the impact will be minimal. 'Do voters take it out on their member of Congress?' asks a Bush adviser. 'In Missouri, do people not vote for Jim Talent (the GOP senator up for re-election) because of this? I don't think it will make a big difference.' Others are more pessimistic. The Foley mess is one more problem piled on others for the GOP, such as opposition to the Iraq war, the unpopularity of President Bush, and the widespread feeling that the country, and Washington, are heading in the wrong direction. One GOP strategist told U.S. News and the Bulletin: 'We hope that after the Sunday shows (on TV) this weekend it [the Foley scandal] will fade. But maybe that's just wishful thinking.'"

McClatchy (10/5, Silva) reports from Scottssdale, AZ, "Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a 'fear and smear' campaign." Said Bush, "We just think differently. … There is a difference between rhetoric and action in Washington, DC. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live." In a similar report, the AP (10/5, Pickler) says Bush is trying "to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to 'vote Republican for the safety' of the country."

Fox News' Special Report (10/4, Angle), focusing on the fence bill, reported that the President "was forced to sign a bill with only a fraction of the changes he wanted." Fox (Goler) added, "Backed by some of the Arizona Republicans who blocked his push for a guest worker program, like Congressman J.D. Hayworth on the left and Senator Kyl on the right, the President says he still wants comprehensive immigration reform but he understands that it's on the back burner."

The AP (10/5, Reichmann) notes Bush said yesterday that "enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at US citizenship." The Washington Times (10/5, Dinan, 88K) reports, "The $33.8 billion spending measure boosts the number of US Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure." Said Bush, "It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border."

Bush Raises Funds For Renzi. The Arizona Republic (10/5, Balazs) reports from Paradise Valley, AZ, where "Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for US Rep. Rick Renzi, R-Ariz." Renzi, "who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney." Renzi "leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent. advertisement "

Meanwhile, the Phoenix Business Journal (10/5, Sunnucks) reports, "Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor. Munsil's lack of name recognition manifested itself during…Bush's Wednesday visit to Phoenix." Bush "called the candidate 'Lee Munsil' during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi." Munsil "laughed off the

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presidential muff, pointing other verbal gaffes made by Bush in the past."

Bush's Help For Doolittle, Pombo Seen As Sign GOP Is In Trouble. Roll Call (10/5, Drucker) reports Bush's "visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts." While Doolittle and Pombo "appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. … In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles."

TAX:

2nd Circuit Grants Stay In KPMG Legal Fee Dispute. The New York Law Journal (10/5, Bar) reports, "A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges." The Journal continues, "The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue." The Journal adds, "The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan. .. .In his Sept. 25 ruling, Kaplan said KPMG was 'faced with no immediate threat of irreparable injury' should the fee trial proceed on Oct. 17. .. .The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was 'very substantially outweighed' by that to the ex-employees and the public's interest in a speedy determination of the advancement claims."

CONGRESS-ADMINISTRATION:

Shimkus Defends Page Program; LaHood Suggests It Be Terminated. The Chicago Tribune (10/5, Long, 623K) reports Rep. John Shimkus, "the Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are 'safer in our program than in a lot of homes.'" Shimkus "defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually explicit." Shimkus said, "The thing that's frustrating to me is that I'm not the bad guy here. Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

CBS Evening News (10/4, story 2, 2:00, Couric, 7.66M) reported, "It is not just Hastert's future that's in jeopardy, the future of the congressional page program is suddenly being debated on Capitol Hill." CBS (Attkisson) added, "Today as the FBI began contacting former pages and the Justice Department told Congress to preserve all potential evidence in Foley's former office, an influential Republican Congressman, Ray LaHood, became the first to suggest it may be time to do away with the page program." Rep. Ray LaHood: "We should send the pages home to the safety and security of their own families, evaluate the program, make the changes that are needed, and then really try and determine if a page program should exist."

The Washington Times (10/5, Fagan, 88K) reports LaHood, "a key ally of" of Speaker Hastert, "said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages." LaHood said, "I think we need to take some serious looks at this and try to come up with a program for the 21st century. When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Roll Call (10/5, McArdle) reports LaHood, "who has long been known as one of the more committed institutionalists in the House, called the page system a 'flawed program,' in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s."

The Wall Street Journal (10/5, Lueck, 2.03M) reports the page program "may not survive Mark Foley. As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation." Some lawmakers "have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves."

In a Roll Call op-ed (10/5), Jonathan Turley of George Washington University says, "For those of us who served as pages, our greatest concern is not with Members like Foley

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(who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service."

Energy Department Reducing Polygraph Testing. The AP (10/5, Hebert) reports, "The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs." No longer will the be "part of a general screening of new applicants, or automatically for employees in areas of high security." However, they still "will be required for narrow purposes where there is specific cause," and applicants "will undergo broad security reviews, as will current workers on a periodic basis." Previously "the widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories."

Young People Offer Views On Federal Recruitment Practices. The Washington Post (10/5, D4, Barr, 748K) reports in its "Federal Diary" column that young people offered their "perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students." Many said job decisions "were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said. Some of the perks of federal employment…also make the government a worthy employer, in their view." The Post adds, "But the partnership's survey also found that most students don't know what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them."

WPost Criticizes NLRB Decision. The Washington Post (10/5, A32, 748K) editorializes, "Membership in labor unions is falling across the industrialized world, and some of this fall may be inevitable," as "it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies" that compete with non-unionized companies. However, some "is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board," which ruled "that relatively junior workers can be defined as 'supervisors,' thus restricting their right to join a union." This "exacerbates a legal environment that makes organizing workers unduly difficult." Because "the costs and benefits of unions vary from industry to industry…workers should be free to decide whether to join one."

LATimes Says Congress Giving Mixed Message On Military Prayer. The Los Angeles Times (10/5, 918K) criticizes in an editorial "the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray 'in Jesus' name' before a religiously mixed audience." In "approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that 'each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible.'" That language, "the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo." Having "rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services."

NASA's Funding Priorities Questioned In Light Of Nobel Prize. In an editorial, the New York Times (10/5, 1.21M) says, "NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program." The Times adds, "The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress."

OTHER NEWS:

Dow Jones Soars To New All-Time Record. ABC World News (10/4, story 8, 2:35, Gibson, 8.78M) reported "Wall Street was upbeat today. The Dow Jones industrial average set a second-straight record, closing up 123 points

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[at 11,850.61]. The NASDAQ gained 47 [points to close at 2290.95]." NBC Nightly News (10/4, story 5, 0:20, Williams, 9.87M) also noted the "new record." The Financial Times (10/5, O'Doherty) notes "the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22."

The New York Times (10/5, 1.21M) reports the market numbers under the headline "Shares Surge Amid Hopes For Lower Rates," while the Wall Street Journal (10/5, Browning, 2.03M) says "the gains were driven in part by new data reinforcing hopes that the economy is in a 'Goldilocks' environment, with inflation not too hot and growth not too cold." USA Today (10/5, Shell, 2.27M) and the Washington Post/AP (10/5, D3) run similar reports.

The Christian Science Monitor (10/5, Scherer, 58K) reports, "The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate." The rise also "comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows."

Jeremy J. Siegel, a professor of finance at Wharton, writes in the Wall Street Journal (10/5, Siegel, 2.03M) says, "On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts. They maintained that 'virtually no one indexes to the Dow,' and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators of the market, and these yardsticks were still 10% below their record highs reached in March 2000." The Journal adds, "The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values."

Bernanke Warns About Entitlements, Sees Housing "Correction." ABC World News 10/4, story 7, 0:15, Gibson) reported, "Some sobering new predictions about Social Security and Medicare today from Federal Reserve Chairman Ben Bernanke. In his most sweeping comments yet on the programs, he warned of the looming retirement of 78 million baby boomers who will put a massive strain on the Federal budget." McClatchy (10/5, Hall) says Bernanke "called…for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations. Speaking to the Economic Club of Washington, Bernanke "said that projected funding shortfalls for Social Security and Medicare threaten 'large and unavoidable' fiscal consequences." USA Today (10/5, Kirchhoff, 2.27M) reports on the Fed Chairman's comments under the headline "Bernanke: Savings Situation Getting Dire."

The Financial Times (10/5, Guha, Ben White) reports, "A "substantial correction" in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday." In separate remarks Bernanke and Don Kohn, the Fed vice-chairman, "each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead." The Wall Street Journal (10/5, Ip, Blackstone, Conkey, 2.03M) reports the officials "highlighted the risk that the sinking housing market could put a significant dent in US economic growth in the second half of the year." USA Today (10/5, Kirchhoff, 2.27M), the Washington Post (10/5, D1, Henderson, 748K) and the New York Times (10/5, 1.21M), among other newspapers, also report the story.

Gasoline Prices Could Fall More. The Wall Street Journal (10/6, C1, Levine, Conkey, 2.03M) reports, "Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely." Although "[t]he big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline," "there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels." A sustained drop in gasoline prices could "play a role in the coming elections." The Journal says, "Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system."

OPEC Set To Cut Production. The Financial Times (10/5, Hoyos) reports OPEC "has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil. The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja." Saudi Arabia "is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja." The Times says, "Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on

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Friday that they would reduce output by a total of 170,000 b/d."

Attorney Says Courts Should Consider Grandparents' Rights In Visitation Cases. Attorney Traci Truly writes in USA Today (10/5), "Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. … Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so. … Judges must be allowed to consider the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child."

Foley Scandal Seen As Setting Stage For GOP Debacle In Midterm Elections. Media reports and analyses this morning suggest the Mark Foley scandal could have a severe effect on GOP efforts to maintain control of Congress. The Wall Street Journal (10/5, Cummings, 2.03M) reports the scandal "threatens to further erode the chances of some Republican candidates -- including many with no direct connection to the controversy." Republican strategists "fear fallout from the Foley scandal will suppress turnout among social conservatives and doom their hopes of holding majorities. It also offers an echo of the political dynamics that drove the 1994 Republican takeover of the House." The Financial Times (10/5, Luce) says "only an 'act of God' could reverse the Republican party's sharply declining fortunes in the critical mid-term congressional elections that take place in less than five weeks, according to senior conservative consultants and opinion polls."

Analyst Stuart Rothenberg says this morning the stage is now set for a Democratic "blowout of cosmic proportions." Rothenberg writes in Roll Call (10/5), "After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate. The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month. No, that's not a prediction, since Republicans still have a month to 'localize' enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster. … At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating." Rothenberg adds that "it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. … A true blowout is now possible."

USA Today (10/5, Keen, 2.27M) reports, "Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them." The first campaign ad "focusing on the Foley episode is airing in Minnesota. 'It shocks the conscience,' an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat." The ad "says GOP leaders 'have admitted covering up the predatory behavior of a congressman who used the Internet to molest children.'"

The St. Petersburg Times (10/5) also reports "Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters." The Times adds, "From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office's handling of the matter. 'Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,' said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores."

NBC Nightly News (10/4, story 2, 2:15, Gregory, 9.87M) showed President Bush saying, "I drank too much and I did on that night." NBC (Gregory) added, "Advisors to President Bush have said they think millions of evangelical voters did not vote back in 2000 when Bush admitted a drunk driving arrest in the past. The Foley scandal comes when voters are already in a sour mood. There is disapproval of the war in Iraq and dissatisfaction with Congress. Just 20% approval for the Republican-led Congress. Democrats on the attack over the war are eager to add the Foley scandal to the campaign. … The reality for the Republicans is that the Foley story is a momentum changer leaving the party to anxiously wonder how long it will last."

The AP (10/5, Sidoti) reports, "Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking. … For the most part, the leaders have avoided commenting publicly." Rep. Nancy Pelosi "has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues."

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The Hill (10/5, Kucinich) reports, "The public relations response to the scandal involving former Rep. Mark Foley (R-Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants." But "the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage." Former Clinton administration aide Lanny Davis "would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move. 'A general rule is to apologize, take responsibility, seek help and be quiet,' he said." Davis "said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful. 'When the other side forms a circle and starts shooting into the center of it, get out of the way,' he said. 'The Democrats' worst mistake is to try and exploit this issue in a partisan way.'"

Meanwhile, George Will writes in the Washington Post (10/5, A33, Will, 748K) that if, after the Mark Foley scandal, "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work."

In the Seattle Post-Intelligencer (10/5, 129K), columnist Marianne Means writes, "Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some. … This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate."

Democrats Challenge Election Officials' Move To Clarify Negron's Status. The Miami Herald (10/5, Reinhard, 310K) reports, "In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace" Foley." The GOP "tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot. The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, 'any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP).'" In a letter "to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice 'would clearly constitute favoritism.'" She added, "In fact, any ballot sent to a voter with this statement should be deemed invalid."

GOP Lawmaker Calls On Democrats To Testify Under Oath About Knowledge Of Foley Activities. The Hill (10/5, Hearn) reports, "North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page." Writing to Pelosi and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel, McHenry "questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics." He "asked that Pelosi and Emanuel offer a 'yes or no' answer as to whether they would go under oath 'to assure the American people that neither you nor your staffs had prior knowledge or involvement -- at the strategic or tactical levels -- with the release of Foley's e-mails and/or instant messages.'"

Rumors Say Another GOP Lawmaker Could Be Caught Up In Sex Scandal. CNN's The Situation Room (10/4, Bash) reported that Republicans are anxious "over rumors that they're hearing that there could be another congressman that could get caught up in a sex scandal. Now, we need to make it clear that we don't have independent verification of that. But this Republican lawmaker said that that is a main reason why the GOP jitters are continuing, because these rumors continue to fly."

New Santorum Ad Hits Casey On Illegal Immigration. The Washington Times (10/5, Pierce, 88K) reports in its "Inside Politics" column, "Pennsylvania Sen. Rick Santorum's re-election campaign yesterday debuted a new TV ad and a Web site (www.CaseyForAmnesty.com) criticizing Democratic challenger Bob Casey Jr.'s stance on illegal immigration. The Santorum ad features audio of Mr. Casey saying of a Senate bill that would have provided a 'guest worker' program and possible citizenship for illegal aliens, 'If I were in the United States Senate, I would vote yes.'" The Times adds, "In a press release, the Santorum campaign also said it would distribute 'Casey for Amnesty' bumper stickers and yard signs."

Judge Rules Green Party Candidate Won't Be On Pennsylvania Ballot. In its "Washington Wire" column on its web site, the Wall Street Journal (10/4, 2.03M) reported, "It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to 'rehabilitate' 3,000 petition signatures he needs to get on the November ballot, and upheld an earlier ruling that Romanelli needs a total of 67,070 signatures. … Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum."

Lieberman Criticizes Lamont's Commitment To Israel. The New York Times (10/5, Medina, 1.21M) reports Sen. Joseph I. Lieberman "questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday,

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saying he had received important support from several Democrats who have been critical of Israel." Speaking to "a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been 'surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel.'" Lieberman "pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon." Lamont has "said he would have backed the measure." Lieberman also "recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it 'a remarkable moment.'"

Challenger Highlights "Abscam" Video Of Murtha. The Washington Times (10/5, Pfeiffer, 88K) reports Democratic Rep. John P. Murtha's "Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years." A "recently released FBI video recorded in 1980 shows" Murtha "talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation." Diana Irey says, "When you see the video, there was every intent of taking the bribe. For 26 years, John Murtha has been living a lie." The Times adds six members of the House "and one senator were forced to resign because of their involvement in what became known as the 'Abscam' scandal." The video "was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation."

Sherwood Acknowledges Affair In New Ad. The Hill (10/5, Young) reports that in "advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable." Sherwood "faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman." Sherwood is "running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood's 38 percent; 15 percent were undecided."

Democratic Prospects In Nevada Analyzed. In a Wall Street Journal op-ed (10/5), Chuck Muth, former executive director for the Nevada Republican Party and current president of Citizen Outreach, a nonpartisan limited-government public policy organization, says, "The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere." In the Senate, Democrat Jack Carter, son of the former president, is challenging Republican John Ensign. Some polls "have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign." Democrats "have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004." Should an "anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing."

McCain Senate Supporters Meeting To Prepare For 2008. Roll Call (10/5, Pierce) reports that in "preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures." Sen. Gordon Smith (Ore.), "who regularly attends the biweekly meetings, called the group 'sort of a Senate kitchen cabinet,' while Sen. Trent Lott (Miss.) noted that participants are 'a diverse group, philosophically and regionally.'" New Hampshire Sen. John Sununu "has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president." Though Sununu is "trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics." Though the group "now consists mainly of a handful of past supporters, 'efforts are currently being made to increase the numbers of this group, and outreach is currently taking place,' said a source with knowledge of the meetings."

"Distinct Possibility" Seen For Obama Run In 2008. Newsweek (10/5, Alter, 3.12M) reports in an online

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exclusive, "Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A close associate introduces a note of caution: 'I'd put the chances right now at no better than 50 percent,' he told me Tuesday, as Obama taped Oprah's show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they've assumed. Whatever happens in the midterms, '08 could get very exciting, very fast."

Elizabeth Edwards Role As Possible First Lady Examined. The Washington Post (10/5, C1, Frey, 748K) reviews Elizabeth Edwards' new book, "Saving Graces: Finding Solace and Strength From Friends and Strangers." There's "no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?" Edwards "says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot."

Feingold Seeks 527 Group's Donor List. Roll Call (10/5, Akers) reports in its "Heard on the Hill" column that despite the fact that he "rallied against 527s," Sen. Russ Feingold, who is considering a 2008 presidential bid, "is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together. … ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list. But not to Feingold. Uh-uh. No way." Roll Call adds, "The Feingold folks declined to defend themselves against charges of hypocrisy."

New York City May Contract With Private Groups To Manage Schools. The New York Times (10/5, Herszenhorn, 1.21M) reports New York City school officials "are considering plans to hire private groups at taxpayer expense to manage scores of public schools." The plan is part of schools' "Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector." The groups "would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags."

Harvard May Require Course In Religion. The Wall Street Journal (10/5, Seward, 2.03M) reports, "A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions." The proposed requirement, "dubbed 'Reason and Faith,' has little parallel in higher education" and "would address topics from personal beliefs to foreign policy to the interplay between science and religion." It would help to "place Harvard's students and faculty in the center of contemporary religious debates."

Former President Bush Misses Daughter's Book Party. Amy Argetsinger and Roxanne Roberts write in the "Reliable Source" column of the Washington Post (10/5, C3, 748K) that "Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests… and the crush of people and traffic and security on Foxhall Road made party-hopping impossible." Still, "daughter and dad met up to tape an episode of 'Larry King Live,' airing tonight."

Buchanan Accused Of "Fear-Mongering," "Nativism." Ruben Navarrette, an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist, writes in an op-ed in USA Today (10/5, 2.27M) that Pat Buchanan is "back -- and talking about some of his favorite topics: immigration, race and national identity." He says "immigration from Latin America, Asia and the Third World is destroying the USA," and "wants a 'time-out' on" all immigration. It "concerns me is the way Buchanan mixes immigration and race" in his "fear-mongering." Besides, "there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back." Navarrette doesn't know "what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand."

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NYTimes Argues Bush's "Excessive Borrowing" Making US Poorer. The New York Times (10/5, 1.21M) editorializes, "There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer." The government debt's interest is "the fastest-growing component of federal spending, and continued brisk growth is likely." This is "money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years." This occurs in the private sector as well. "For the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad," so "a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess."

LATimes Criticizes Schwarzenegger For Vetoing AIDS Prevention Bill. The Los Angeles Times (10/5, 918K) says in an editorial, On a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike. The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated."

US Warns Pyongyang Against Proceeding With Nuclear Test. CBS Evening News (10/4, story 7, 0:15, Couric, 7.66M) reported, "The Bush Administration today warned North Korea in no uncertain terms to drop it plans to conduct a nuclear test. A top US envoy told the North Koreans 'we are not going to live with a nuclear North Korea.'" NBC Nightly News (10/4, story 4, 0:50, Williams, 9.87M) reported, "Secretary Rice has been proposing some incentives to get North Korea back to the six party talks. There are some hawks in the Administration who want a naval blockade similar to the Cuban missile crisis. Right now they are in a minority but there is quite a debate on this going on inside the Administration."

The Washington Post (10/5, A20, Linzer, 748K) says the Administration "delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government." Assistant Secretary Hill is quoted saying Pyongyang "can have a future or it can have these weapons. It cannot have both," remarks the Post calls "the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test." Hill "did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis." On the timing of a test, the Post adds, "Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general. In a private phone conversation with [Secretary Rice] yesterday, Ban offered to mediate…should he be selected as" UNSYG.

Under the headline, "U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test," the New York Times (10/5, Sanger, Yardley, 1.21M) says the Administration "sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States 'is not going to live with' a nuclear-armed North." Hill's "comments were in sharp contrast to Washington's muted initial reaction on Tuesday," when Rice "said a test would be 'provocative,' and the [NSC] released a statement saying that it would 'severely undermine our confidence in North Korea's commitment to denuclearization.'" The Times notes "some inside the administration complained that [those] responses were so soft that North Korea would read them as an invitation to proceed."

NBC Nightly News (10/4, story 4, 0:50, Mitchell, 9.87M) reported, "Tonight the Administration's top diplomat for North Korea, Christopher Hill warned the US will not accept letting North Korea test a weapon, which would officially make North Korea a nuclear power. It's been suspected for decades but that would make it official. A test would be, according to Hill, something that is simply not acceptable. I said what would you do to stop it, but he wouldn't say what the threat would be. Secretary Rice has been proposing some incentives to get North Korea back to the six party talks. There are some hawks in the Administration who want a naval blockade similar to the Cuban missile crisis. Right now they are in a minority but there is quite a debate on this going on inside the Administration."

The Financial Times (10/5, Fifield, Dinmore) reports, "A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership." The Times says "a nuclear test has

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always been considered North Korea's trump card," and Pyongyang's "leadership is under severe economic pressure." Separate Financial Times (10/5, Dinmore, Fifield, McGregor) notes Pyongyang's "neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences." Those "reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken."

The Wall Street Journal (10/5, Ramstad, 2.03M) focuses its reporting on continuing efforts by Seoul to build economic and social ties with North Korea. Although Pyongyang's test threat "might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor," Seoul "isn't parting with the policy quite yet." South Korea's "ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at" Pyongyang. Separate but related Wall Street Journal (10/5, Moffett, 2.03M) reporting says Japanese Prime Minister Shinzo Abe's "coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions." Under the headline, "Asia Confronts North Korea On Nuke Test," the AP (10/5, Greimel) notes North Korea's "neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power. The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting."

The Washington Times (10/5, Sands, 88K), AFP (10/5, Aziakou) and Christian Science Monitor (10/5, LaFranchi, Kirk, 58K) run similar reports. The Monitor says "a test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race -- causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents." That, "experts say, would very likely mean that the international nonproliferation regime is dead."

More Commentary. The Washington Post (10/5, A32, 748K) editorializes, "The North's latest provocation produced the usual claims that the United States was somehow at fault for failing to 'engage' the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. … Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China."

The Los Angeles Times (10/5, 918K) says in an editorial, "If there is anything more unclear than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try." But if the North Koreans "do conduct a nuclear test, the world will need to have a better response at the ready. Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome."

Nicholas Eberstadt, he Henry Wendt scholar at the American Enterprise Institute, writes in the Wall Street Journal (10/5, 2.03M), "Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the US heartland -- are instrumental to achieving three goals: shattering the US security architecture in Northeast Asia; breaking the US military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus. … With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking."

Bush, Rice Said To View Diplomacy With Iran As "Only Way Forward." The Financial Times (10/5, Dinmore, Bozorgmehr) reports Washington and Tehran "appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides." EU foreign policy head Javier Solana, "who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever. He said he had so far failed to persuade Iran to suspend its uranium enrichment." Washington "is set to resume its efforts this week to get [an UNSCR] that would impose limited sanctions against Iran for failing to heed an August 31 deadline," but Washington "still doubts that" Moscow and Beijing "will back such a measure." The Times adds, "In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military

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action against Iran, officials and analysts say" President Bush and Secretary Rice "have concluded that a negotiated settlement is the only way forward." Experts believe Bush's "decision to give the process more time and Ms. Rice's offer to meet her Iranian counterpart were indications of genuine goodwill." The Times continues, "The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by" Counselor Zelikow "last month in a key speech which advocated diplomacy. Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer."

Meanwhile, the AP (10/5, Dareini) notes Iranian President Mahmoud Ahmadinejad "warned Wednesday that sanctions will not stop Iran from enriching uranium after [Solana] conceded 'endless hours' of talks had made little progress and suggested the dispute could wind up at the U.N. soon." Those "talks had been seen as a last-ditch attempt to avoid a full-blown confrontation," and Solana's "comments… suggested an emerging consensus that the time has finally come to consider Security Council sanctions." Secretary Rice "and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation."

McClatchy (10/5, Strobel) reports, "Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear research, US and foreign diplomats have said." US and European "officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government."

Letter From Ayatollah Khomeini Triggers Doubts About Iran's Intentions. The New York Times (10/5, Fathi, 1.21M) reports, "A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today. Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word 'nuclear' was removed, apparently after a call from the Iranian National Security Council." President Mahmoud Ahmadinejad, "who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. 'Those who think they can weaken the will of the people for construction and development by questioning their values will fail,' he said Sunday, 'and they only show their lack of wisdom and commitment.'"

Rice "Very Concerned" About Situation In Gaza, Expresses Support For Abbas. The Washington Post (10/5, A26, Wright, 748K) reports Secretary Rice "pledged Wednesday to 'redouble' US efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But US officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever." Appearing with Palestinian President Mahmoud Abbas, she told reporters the Administration "was 'very concerned' about humanitarian conditions and the economic situation in the Palestinian territories." Abbas "said talks with [Hamas] on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government," a statement the Post says highlights "the dire state of the peace process." For her part, Rice "has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations."

The New York Times (10/5, Shenon, Myre, 1.21M) notes Abbas "said Wednesday that talks with [Hamas] on a unity government had ground to a halt and warned" Rice "that the West Bank and Gaza could face the possibility of civil war." Rice's "trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas. Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations." Rice said the Administration "was eager to help Mr. Abbas establish a government that would work with the United States on 'a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side.'" The Times adds, "But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas."

The Financial Times' coverage (10/5, Morris) also emphasizes Rice's efforts to "bolster" Abbas, noting Rice "said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories." The AP (10/5, Daraghmeh) adds Abbas said "his efforts to reach a power-sharing agreement with [Hamas] have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes." But he "received a boost from [Rice], who promised the United States would do more to alleviate the

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plight of Palestinians." USA Today (10/5, Slavin, 2.27M), the AP (10/5, Gearan), Los Angeles Times (10/5, Richter, Ellingwood, 918K) and Washington Times (10/5, Kralev, 88K) run similar reports.

India May Scrap Nuclear Deal If Congress Does Not Approve It This Year. The Hill (10/5, Tiron) reports, "Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it." Administration plans to secure a Senate vote before the recess failed, and "now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13." A conference committee would then need to meet to reconcile the House and Senate versions. Any delay of action into the 110th Congress "would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks." The Hill says the package "has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors." Retiring Senate Majority Leader Bill Frist "says the Senate will take up the bill marked up in the Foreign Relations Committee," and Senate Minority Leader Harry Reid "says a vote on the legislation is one of his top priorities in November."

Russia Escalates Rhetorical, Commercial Reprisals Against Georgia. The Washington Times/AP (10/5, Meyer) reports Russian President Vladimir Putin "told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership." Putin "has refused to back down despite Western calls for an end to the punitive measures" and Georgia's subsequent release of four Russian officers detained last week. The Duma "passed a resolution strongly condemning the Georgian government, accusing it of 'anti-Russian' behavior and signaling 'harsher measures' if the situation worsens."

The New York Times (10/5, Vaisman, 1.21M) focuses its reporting on the economic repercussions of Moscow's moves on the Georgian economy. "Russia's decision to sever transportation links -- including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions." The Kremlin "has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations."

Turkish Hijacker Said To Have Acted Alone. The New York Times (10/5, Kiefer, Arsu, 1.21M) reports, "After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition." Although some initial reports indicated the existence of a second hijacker, Italian "authorities concluded that it had been carried out by an individual and not as a plot by any larger group." The Times says the "hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam 'evil and inhuman' and linking the religion to violence in a speech last month."

Independent Panel Says IRA No Longer Supports Terrorism, Organized Crime. The New York Times (10/5, Lyall, 1.21M) reports the release of the Independent Monitoring Commission's findings that the Irish Republican Army "has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises." The IMC's report "potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse." Although the IRA publicly renounced violence last July, "earlier reports by [IMC] said that it had not gone far enough in ceasing its criminal activities and spying on public officials." The Times notes that, "f the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely."

Under the headline, "Report says IRA has ended paramilitary activity," the Financial Times (10/5) adds the IMC's report indicates the IRA "has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland." British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern "will seek to capitalise on the findings…by attempting to strike a deal in the coming days between republicans and unionists over power-sharing." Blair said yesterday "that the 'door is now open to a final settlement' in Northern Ireland." The Washington Times/AP (10/5, Pogatchnik) says the IMC believes the IRA "has disbanded units for weapons making, arms smuggling, recruiting and training," and notes the IMC's "dramatic findings that could boost chances for reviving a Catholic-Protestant

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administration in Northern Ireland." The report lays out "statistics and trends demonstrating the IRA has embraced nonviolent politics and is determined to consign its terrorist capability to history." Blair and Ahern "warmly embraced the conclusions of the" IMC. USA Today (10/5, Stinson, 2.27M) and the Los Angeles Times (10/5, Stobart, 918K) also reports the story.

US Faces Dilemma On Alleged Anti-Castro Cuban Terrorist. The Washington Post (10/5, A20, Roig-Franzia, 748K) reports, "A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados." The Cubana Airlines plane "plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela." The 30th anniversary "of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months." Posada Carriles's "legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him." Attorneys for the Justice Department "must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges." The "prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders."

Rumsfeld, Peers Agree On Land-Mine Removal Effort. The AP (10/4, Watson) reports, "Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide." Secretary Rumsfeld and ministers from more than 30 nations joined at the Western Hemisphere's Defense Ministers Conference to approve Nicaragua's "proposal to open an international center in Managua for removing land mines around the globe."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
He's Running For President – Really."
"Lockyer Charges 5 In HP Scandal."
"Hastert Challenged About Office's Knowledge Of Foley."
"Nobel Prizes Rooted In Genetics."
"Iraqis Suspend Police Brigade."
"State Prison Crowding Emergency Declared."
"King/Drew Flawed But A Lifesaver, Residents Say."

USA Today:
"Improve Concentration."
"Chemo 'Brain Fog' Can Refuse To Lift."
"Uncertainty, Violence Darken Afghans' Hope."
"Ex-Foley Aide: Tip Given 2 Years Ago."

New York Times:
"Ex-Leader Among 5 Charged In Hewlett Case."
"Early Warning On Foley Cited By Former Aide."
"Military Hones A New Strategy On Insurgency."
"Old but Not Frail: A Matter Of Heart and Head."
"Dead Bachelors In Remote China Still Find Wives."
"City Considers Plan To Let Outsiders Run Schools."

Washington Post:
"Attacks In Baghdad Kill 13 US Soldiers in 3 Days."
"Limited Duty, Full-Time Pay."
"Al-Qaeda's Far-Reaching New Partner."
"Dunn, Four Others Charged in Hewlett Surveillance Case."
"Lawmaker's Intentions Appear Clear In Exchanges."
"Order on Documents Signals Justice Dept. May Pursue Foley."

Washington Times:
"Bush Signs Homeland Bill."
"Majority Whip Slams Handling Of Foley Scandal."
"Baghdad Bombings Hit 'All-Time High'."
"Abbas Declares Failure Of Talks With Hamas."
"Parents Want To reach Kids Via Cell Phones."

Detroit Free Press:
"Why GM Walked."
"Group Weeps Amid Rubble."

Atlanta Journal-Constitution:
"Foley Aid Says House Leaders Told 3 Years Ago."
"French Connection."
"Hewlett Packard Ex-chairwoman Faces Indictment."
"Adam On UGA Athletics: 'We Still Have To Compete'."

Story Lineup From Last Night's Network News:
ABC: Foley Investigation; Hastert Under Fire; Foley Aftermath; Amish School Shootings; Iraq-Sectarian Violence; African Orphans; Social Security & Medicare Predictions;

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Stock Market; Dunn's Felony Charges; Nobel Prize Winner; RW Apple Obit; Survivor Story.
CBS: Foley Investigation; Foley Aftermath; Iraq-Sectarian Violence; Amish School Shooting; Amish School Shooting; E. Coli Outbreak; Dunn's Felony Charges; North Korea Threat; Vision Care Health Breakthrough; Bob Schieffer Opinion; RW Apple Obit; Peter Pan 2nd Book.
NBC: Foley Investigation; Foley Aftermath; Iraq-Sectarian Violence; North Korea Threat; Stock Market; Amish School Shooting; Survivor Story; Troops Return.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Reynolds' Chief Of Staff Resigns; Amish School Shootings Funerals; TX-Hostage Situation; Foreign Stock Markets.
CBS: Reynolds' Chief Of Staff Resigns; Iraq-Us Soldiers' Murder Trial; NATO To Assume Control Of Afghanistan Mission; Amish School Shootings Funerals; New Hay Fever Vaccine.
NPR: Reynolds' Chief Of Staff Resigns; E-Coli Outbreak Investigation; Iran-Nuclear Program; WA-eco-Terrorism Attack Confessions; GM, Nissan, Renault Deal Falls Through.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates on briefing on No Child Left Behind and education agenda, Education Department; visits Woodridge Elementary and Middle School campus, 2959 Carlton Ave. NE.; speaks on No Child Left Behind, Woodridge Elementary and Middle School Campus, 2959 Carlton Ave. NE.; meets with the National Commander of the American Legion. Oval Office, The White House.

VICE PRESIDENT CHENEY — Speaks at a luncheon for the Michigan Congressional Victory Committee 06, Bath, Mich.; speaks at a reception for the Allen Victory Committee, private residence, McLean, Va.

LAURA BUSH — Unveils a public service announcement for TeachersCount, Time Warner Center, New York City; speaks at the Preserve America History Teacher of the Year Awards, Union League Club, New York City; speaks at the National Parks Foundation gala, Chelsea Piers, New York City.

US Senate: No Scheduled Events.

US House: 10 a.m. ETHICS _ Full Committee. Closed. Location: Room HT-2, Capitol. Notes: Mandatory pool camera outside the hearing room.

Other: SPAIN'S CROWN PRINCE OF ASTURIAS, FELIPE DE BORBON. Highlights: 11 a.m. Visits the former Ambassador's Residence to participate in a ceremony announcing a rehabilitation project on the building. 2801 16th St. NW. Note: Media preset by 10:30 a.m. 6:30 p.m. Attends reception to honor Hispanic heritage month. Ambassador's Residence, 2350 Foxhall Rd. NW.

AGRICULTURE EDUCATION _ The National Academy of Sciences holds a summit on agriculture education for undergraduates. Location: NAS Auditorium, 2100 C St. NW.

INTELLIGENCE OPERATIONS _ The National Military Intelligence Association holds a 2-day symposium, ``Joint Intelligence Operations Centers: Concepts and Realities," to describe the common and varied approaches taken by the Department of Defense and the Combatant Commanders in implementing the Execution Order establishing Joint Intelligence Operations Centers. Location: DIA offices.

SOUTHEASTERN EUROPE _ The Center for Strategic and International Studies holds a conference on economic cooperation and investment opportunities in Southeast Europe. Highlights: 9:30 a.m. Panel on political and legal framework. 10:45 a.m. Panel on infrastructure development, with Ad Toet of the Community of European Railways and Infrastructure Companies, others. 12:30 p.m. Deputy Assistant Secretary of State Nancy Lee. 1 p.m. Keynote presentations by Prime Minister Adnan Terzic of Bosnia-Herzegovina, Theodoros Skylakakis of the Green Foreign Ministry, Slovenian Economic Minister Andrijana Starina Kosem, Kosovo Deputy Prime Minister Lutfi Haziri, Economic Minister Predrag Boskovic of Montenegro, Jasna Matic, head of the Serbian Investment and Export Promotion Agency. Location: B-1 conference level, 1800 K St. NW.

ELECTIONS-JOBS _ 8:30 a.m. US Election Assistance Commissioner Gracia Hillman speaks to the 16th Annual Science and Engineering Alliance Technical Conference. Location: Marriott Washingtonian Center, 9751 Washingtonian Blvd., Gaithersburg.

POPULATION _ 8:30 a.m. The Population Reference Bureau, others, hold a symposium marking the U.S. population of 300 million and highlighting the impact of it on the ways we work, live and are governed. Location: National Press Club.

NATIONAL GUARD-RESERVES _ 9 a.m. The Commission on the National Guard and Reserves holds a hearing on the future of the Guard and Reserves, with Gen. James Jones, Commander of the U.S. European Command, and Gen. Lance Smith, Commander of the U.S. Joint Forces Command. Location: Room 2118, Rayburn.

SMITH-GUARD _ 9 a.m. Gen. James Jones, and Commander, Joint Forces Command Gen. Lance Smith, testify at a hearing of the Commission on National Guard and Reserves. Location: 2521 S. Clark St. Suite 650, Arlington, Va.

HUMAN RIGHTS-TURKMENISTAN _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing,

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``Death of a Journalist: New Concerns about Human Rights in Turkmenistan," by Rachel Denber, Deputy Director, Europe and Central Asia Division, Human Rights Watch; Nina Ognianova, Europe and Central Asia Program Coordinator, Committee to Protect Journalists. The briefing will be moderated by Jeffrey N. Trimble, Acting President, RFE/RL, Inc. Location: Conference Room A, fourth floor, Radio Free Europe/Radio Liberty, 1201 Connecticut Ave NW. Entrance on Rhode Island Ave NW, next to St. Matthew's Cathedral.

COMPETETIVENESS-TECHNOLOGY _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts the The Bernard L. Schwartz Forum on Competitiveness, ``The Future of US Competitiveness:Is America Investing Enough in Science and Technology to Compete?" Introduction: Bernard L. Schwartz, retired Chairman and CEO, Loral Space & Communications, Inc. Moderator: Lael Brainard, Vice President and Director, Global Economy and Development, Bernard L. Schwartz Chair in International Economics, Brookings Institution. Featured speakers: Norman Augustine. retired chairman and CEO of Lockheed Martin; and Donald Evans, former Secretary of Commerce. Location: Falk Auditorium, Brookings Institution, 1775 Massachusetts Ave. NW.

BATTLEGROUND POLL _ 11 a.m. Release of the George Washington University Battleground 2006 Poll, with pollsters Celinda Lake and Ed Goeas. Location: Room 309, Marvin Center, 800 21st St. NW.

PELOSI _ 11 a.m. House Democratic leader Rep. Nancy Pelosi delivers an address on economic security Location: Bunn Center Auditorium, Georgetown University.

BERNSTEIN-ECONOMISTS _ 12 p.m. Jared Bernstein, director of the Living Standards Program, Economic Policy Institute, addresses a National Economists Club luncheon. Topic: ``The Growing Gap between Productivity and Living Standards. Location: Chinatown Garden Restaurant, 618 H St. NW.

HEALTHCARE _ 12:15 p.m. - 2 p.m. The Commonwealth Fund and the Alliance for Health Reform co-sponsor a luncheon briefing, ``Measuring up: A Comprehensive Scorecard for America's Health System." A new assessment by Commonwealth finds that deficiencies in the nations health care system cost 100,000 to 150,000 lives and $50 to $100 billion annually. Panelists: Cathy Schoen, The Commonwealth Fund and Tom Miller, American Enterprise Institute. Senior congressional staff members will be on hand to react to panelist presentations. Ed Howard of the Alliance and Steve Schoenbaum of Commonwealth will moderate. Location: Room G-50, Dirksen Senate Office Building.

DEFENSE INTELLIGENCE _ 12:30 p.m. The Center for Peace and Security Studies at Georgetown University and Women in International Security hold a discussion on defense intelligence reform and DIA, with Deputy DIA Director Letitia Long. Location: Mortara Center Conference Room, Georgetown University.

SADDAM HUSSEIN _ 1 p.m. Ramsey Clark, others, discuss the probability that Saddam Hussein will receive the death penalty in his current Baghdad trial. Location: National Press Club.

CATCHING ONLINE PREDATORS _ 2 p.m. Congressional Internet Caucus Advisory Committee briefing on ``Warehousing Consumers' Online Travels to Catch Child Predators and Terrorists: Privacy Implications?" Location: Mansfield Room, US Capitol.

RUMSFELD-CROATIA _ 2 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Minister of Defense of Croatia, Berislav Roncevic. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

RELIGION-INTERNATIONAL AFFAIRS _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts, ``The Mighty and the Almighty: Religion's Role in International Affairs," A dialogue between former Secretary of State Madeleine Albright and Professor Susan Thistlethwaite, president, Chicago Theological Seminary. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

PAKISTAN _ 4:30 p.m. The School of Advanced International Studies holds a discussion with Pakistani Ambasssador Mahmud Ali Durrani on his nation's contributions to counterterrorism. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

ANTI-BUSH RALLY _ 5 p.m. Rally with speakers, music and poetry by the ``World Can't Wait - Drive Out the Bush Regime" organization. Location: Lafayette Park.

DETAINEES-PROSECUTION _ 5 p.m. The George Mason University School of Law holds a forum on the implications of the recently passed Military Commissions Act of 2006. Location: Room 225, at the law school, 3301 Fairfax Dr., Arlington.

ASIAN AMERICAN AWARDS _ 6 p.m. - 8:30 p.m. The Asian American Justice Center hosts its 10th Annual American Courage Award reception. Courage awardee is Susan Ahn Cuddy, the first Asian American woman officer in the U.S. Navy, as well as the first woman gunnery officer in the history of the Navy. The Bridge Builder Award will be presented to former U.S. Secretary of Transportation Norman Y. Mineta; and the The Distinguished Service Award will be accepted by Walter E. Dellinger, III, Thomas E. Donilon and Theodore W. Kassinger on behalf of OMelveny & Myers LLP for the firms pro bono work in communities devastated by Hurricanes Katrina and Hurricane Rita. Location: National Press Club.

NEWS MEDIA _ 6:15 p.m. American University holds a forum on where ``new" media are meded after 15 years of online news. Participants include CraigsList.org founder Craig Newmark; Michael Clemente, ABC News; and Susan Defife,

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Backfence.com. Location: University Club, Graydon Center, American University.

POLITICS-FAITH _ 7 p.m. Bishop Jarry Jackson, chairman of the High Impact Leadership Coalition, others, hold a discussion on the role of faith in politics. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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USDOJ- Office of Public Affairs

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Subject:	Department of Justice News Clips for Thursday, October 05, 2006
Attachments:	dojclips061005.pdf; dojclips061005.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 5, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Court Allows Bush Administration To Continue Warrantless Surveillance Program During Appeal (AP)

By Dan Sewell, Associated Press

AP, October 5, 2006

CINCINNATI – The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday.

The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers.

The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest.

The Bush administration applauded the decision.

"We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree," Deputy White House press secretary Dana Perino said in a statement.

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers.

The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced "potential irreparable harm" and would be more vulnerable to a terrorist attack. The appeal is likely to take months.

"This program is both critical to preventing terrorist attacks and fully consistent with law," said Justice Department spokesman Brian Roehrkasse.

The American Civil Liberties Union filed a lawsuit in January seeking to stop the program on behalf of journalists, scholars and lawyers who say it has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Many said they had been forced to take expensive and time-consuming overseas trips because their contacts wouldn't speak openly on the phone or because they didn't want to violate their contacts' confidentiality.

The ACLU contends that the 1978 Foreign Intelligence Surveillance Act, which set up the secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

"We are confident that when the 6th Circuit addresses the merits of this case, it will agree that warrantless wiretapping of Americans violates the law and is unconstitutional," Melissa Goodman, an ACLU attorney, said in a news release.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: www.ca6.uscourts.gov

Taylor's ruling: www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

Information on the case from the ACLU: www.aclu.org/nsaspying

National Security Agency: www.nsa.gov

Federal Wiretapping Program To Continue During Court Challenge (DEN)

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Detroit News, October 5, 2006

President Bush's Terrorist Surveillance Program may continue while the courts decide whether it violates the U.S. Constitution, a federal appeals court ruled today.

U.S. District Judge Anna Diggs Taylor ruled the eavesdropping program unconstitutional on Aug. 17, but issued a short-term stay to give the government time to appeal.

Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so.

The appeal of the ruling itself has not yet been heard.

The program allows the National Security Agency to obtain wiretaps of calls into and out of the United States without first obtaining warrants from judges.

"I wouldn't read too much into it," ACLU Michigan director Kary Moss said of today's decision. "We feel that the judge (Taylor) wrote a good opinion and we will be in a very strong position moving forward."

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., had argued that ending the program would put the country at greater risk of a terrorist attack by al-Qaida. He did not return a telephone call today seeking comment.

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Wiretap Program Allowed During Appeal (WT)

By Joseph Curl

The Washington Times, October 5, 2006

President Bush's terrorist surveillance program can continue while the Justice Department appeals a lower-court ruling that deemed the warrantless wiretapping operation unconstitutional, a federal appeals court said yesterday.

Mr. Bush has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance.

Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati yesterday ruled that the program can continue pending an appeal. The three-paragraph ruling said the judges balanced the likelihood that the appeal would succeed, the potential damage to both sides of the dispute, and the public interest.

Established in 2002 and reauthorized more than 30 times, the program targets U.S. phone calls and electronic correspondence that involve known terrorists abroad.

On Aug. 17, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional, setting off a fierce debate on Capitol Hill. Mr. Bush, who is focusing his campaign speeches across the country on national security issues, demanded that lawmakers move swiftly to authorize the program, which he said has proved its value repeatedly.

The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming "potential irreparable harm" to the nation if the surveillance is abandoned.

"The country will be more vulnerable to a terrorist attack," the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program "in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications."

The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm.

The program, monitored by lawmakers from both parties, has been under scrutiny since the New York Times revealed its existence in December.

Critics say the Bush administration should work through a court set up for such cases, established under the Foreign Intelligence Surveillance Act. The administration says that court cannot always act quickly enough.

After the program was revealed, the American Civil Liberties Union filed a lawsuit seeking to end it.

Eavesdropping Will Continue During Appeal (FREEP)

DOJ_NMG_0075602

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 5, 2006

Ruling against spying is on hold

The Bush administration's warrantless domestic spying program can continue until a federal appeals court reviews a Detroit judge's decision to scrap the program as unconstitutional.

A three-judge panel of the U.S. 6th Circuit Court of Appeals in Cincinnati on Wednesday granted the Justice Department's request for a stay of U.S. District Judge Anna Diggs Taylor's Aug. 17 decision to halt the program.

The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest.

Michigan ACLU Director Kary Moss said she wasn't surprised by the decision.

"I wouldn't read too much into it," she said. "It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs."

There was no immediate comment from the Justice Department on Wednesday.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted their ability to confer with clients, conduct research and engage in advocacy. They asked Taylor to declare the program unconstitutional.

Taylor agreed, ruling in August that the program usurped the power of Congress by eavesdropping without first obtaining warrants from the secret Foreign Intelligence Surveillance Court in Washington, D.C.

The 1978 law that created the court gives the administration the authority to perform electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. The law also lowered the amount of evidence required to get a warrant.

The Bush administration says its surveillance program is a vital tool in the war on terror.

It was created after the 9/11 terrorist attacks and monitors phone calls and e-mail to and from the United States involving terrorism suspects and activities.

The Justice Department appealed Taylor's decision to the U.S. 6th Circuit Court of Appeals.

Last week, Taylor agreed to postpone enforcement of her injunction for seven days so the Justice Department could try to obtain a longer delay from the appeals court.

The Justice Department urged the appeals court to allow the program to continue while the case is on appeal, saying that without the program, the nation would be more vulnerable to terrorist attack.

Man Linked To Sears Tower Plot Working On Weapons Plea Deal (AP)

By Curt Anderson

AP, October 5, 2006

MIAMI - A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges.

Sultan Khanbey, 51, was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a "Moorish nation," wearing green-and-black uniforms, to bring about revolution in the United States.

Khanbey, who was born Charles Stewart, is charged with illegal possession of a firearm by a convicted felon. Court records show he was convicted of rape in 1977 and attempted murder in 1973.

U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be worked out, prosecutors said. Cooke said by then both sides should "be on the same sheet of music" in the case.

The gun charge arose from Khanbey's alleged connections to the seven men arrested in June in the terror plot, which authorities acknowledge never got beyond the early planning stage. Khanbey has previously told investigators he knew about the plot and might cooperate with prosecutors in that case.

The purported ringleader, Narseal Batiste, headed a Miami chapter of the Moorish Science Temple sect and had known Khanbey when both lived in Chicago, authorities have said.

A lengthy document filed by Khanbey in federal court discusses the sect's philosophy, including claims that U.S. laws and documents are "bogus and fraudulent" and that the ultimate goal of African-American people should be to "break free of the iron hand of the United States yoke and laws."

Khanbey came to the FBI's attention when he was invited to come to Miami last spring to discuss Batiste's plans, but a rift occurred between the two after Khanbey become suspicious that the FBI had infiltrated the Miami group, according to court documents.

On April 19, Khanbey conducted a "trial" at the group's warehouse headquarters in the Liberty City neighborhood to expel Batiste from the Moorish organization, federal prosecutors say. That same day in a heated argument, Khanbey fired a shot from a 9mm handgun past the ear of a self-described spiritual missionary and longtime Batiste adviser who uses the name Master G.J.G Atheea.

The handgun, it turned out, belonged to another member of the group, Lyglenson Lemorin, according to court documents. Khanbey had previously said the gun discharged accidentally when he was attempting to unload it.

Batiste, Lemorin and five others remain jailed without bail on charges of terror conspiracy and material support, which authorities have said included planning for attacks on the Sears Tower and government buildings in Miami, Washington and elsewhere. All have pleaded not guilty, with trial scheduled to begin March 5.

Their arrests were based on information obtained by two FBI informants, including one man of Middle Eastern descent who pretended to be an al-Qaida operative.

Toledo Terrorist Suspect El-Hindi Will Remain Behind Bars (TOLB)

Toledo Blade (OH), October 5, 2006

A federal judge this afternoon denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release.

Judge James Carr denied the request after hearing from Mr. El-Hindi and other witnesses during a court proceeding that spanned nearly four hours. Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial.

His attorneys were seeking his release on $20,000 bond. Mr. El-Hindi is currently incarcerated at the federal prison in Milan, Mich.

Mr. El-Hindi is charged along with Toledoan Mohammad Zaki Amawi and Sylvania resident Wassim I. Mazloum with conspiring to kill or injure U.S. troops and others in the Middle East and with providing the "support and resources" to do so. Mr. Amawi was also charged with twice threatening President Bush and with distributing bomb-making information. If convicted, they face a maximum of life in prison.

Attorneys Steve Hartman and Chuck Boss put El-Hindi's wife, Marwa Aboud, on the stand as she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr. El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo.

A friend of Mr. El-Hindi, Muwahhid Adil of Toledo, testified that he has known the defendant about 14 years. The two met at an Islamic conference in Chicago.

Al-Qaeda's Far-Reaching New Partner (WP)

By Craig Whitlock

The Washington Post, October 5, 2006

PARIS -- In a video released last month on the Internet, al-Qaeda's deputy leader, Ayman al-Zawahiri, declared that he had "great news." Al-Qaeda, he reported, had joined forces with an obscure Algerian underground network and would work in tandem with the group to "crush the pillars of the crusader alliance."

The Algerian partner, the Salafist Group for Preaching and Combat, had fought the Algerian government in a barbaric civil war for almost a decade. But Zawahiri said the new alliance had different targets in mind. "Our brothers," he said, "will be a thorn

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in the necks of the American and French crusaders and their allies, and a dagger in the hearts of the French traitors and apostates."

Zawahiri's statement was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa.

Since 2003, the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa.

The network also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva.

On Sept. 1, the French Anti-Terrorist Coordination Unit issued a statement classifying the group as "one of the most serious threats currently facing France," Algeria's former colonial master. Ten days later, the assessment was given fresh urgency by Zawahiri's videotape, timed for the fifth anniversary of the Sept. 11, 2001, attacks in the United States. In it, he noted that Osama bin Laden, al-Qaeda's founder, had given his personal approval to the "blessed union" between the Algerian network and al-Qaeda.

Responding to Zawahiri's declaration, French Prime Minister Dominique de Villepin said there was a "real and permanent" risk to France, in part because of its military involvement in Lebanon and Afghanistan, as well as its policy of forbidding Muslim girls to wear head scarves in public schools.

Pierre de Bousquet de Florian, the head of France's domestic intelligence service, added: "For our Islamist adversaries, our country is frankly in the Western camp -- the 'crusaders' in their words -- and we will be spared nothing."

Overcoming Differences

Al-Qaeda forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals.

The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders. They sent money, fighters and supplies to the guerrillas, seeing the war as an opportunity to replace Algeria's secular, military-backed government with a fundamentalist Islamic state.

But their zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir , a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death.

Bin Laden, who was living in Sudan at the time, believed that killing fellow Muslims was counterproductive. So he sent an emissary to Algeria to demand that the GIA change its approach and pledge loyalty to the fledgling al-Qaeda network, according to European intelligence officials. The GIA refused.

As the massacres continued, bin Laden's allies in London and elsewhere wrote scathing denunciations of the Algerian group, a rejection that persisted for years.

The Salafist Group for Preaching and Combat -- its name is derived from a branch of fundamentalist Islam -- was founded in 1998 by a splinter group of Algerian rebels who wanted to reduce the number of civilian massacres. It quickly eclipsed the GIA, but it still struggled to win support from abroad.

That started to change after al-Qaeda launched the Sept. 11 attacks. With its territorial base in Afghanistan in jeopardy, al-Qaeda's leadership began looking for safer places to relocate.

In the fall of 2001, according to French and Algerian officials, bin Laden dispatched a Yemeni deputy to Algeria for talks with the radical group. The emissary was reported killed in September 2002 by Algerian security services, but his presence in Algeria marked a turning point, they said.

"Until 2001, the GSPC wasn't trusted by the rest of the international jihad," said Louis Caprioli, former director of international counterterrorism for the DST, the French counterintelligence service. "That's when the GSPC started to become international. It used to be focused solely on Algeria."

On the second anniversary of the Sept. 11 attacks, a leader of the Algerian group posted a statement on the Internet pledging the group's allegiance to al-Qaeda for the first time, adding: "We strongly and fully support Osama bin Laden's jihad

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against the heretic America." In March 2005, a successor leader, Abu Musab Abdel Wadoud, issued a similar statement praising bin Laden.

Until recently, al-Qaeda's leadership had offered cautious or tepid responses. In the summer of 2005, bin Laden referred to "our brothers" in the Algerian network in a long statement on audiotape, but otherwise has not publicly embraced the group.

It became clear, however, that an alliance could bring benefits to both sides, analysts said. If the Algerians could win al-Qaeda's endorsement, it would erase their network's pariah status in radical Islamic circles, making it easier to raise money and logistical support. In turn, al-Qaeda would gain a local affiliate and an operational foothold in North Africa.

"The leadership of al-Qaeda doesn't have a secure base left anywhere else in the world," said Liess Boukraa, a terrorism expert and author in Algiers. "So al-Qaeda needs the GSPC at the logistical level. The GSPC needs al-Qaeda at the ideological level."

Al-Qaeda has pursued this strategy in multiple Muslim countries, partnering with local underground groups in an effort to extend its name and influence. In Iraq, al-Qaeda teamed with Abu Musab al-Zarqawi's insurgent group, prevailing on him to change its name to al-Qaeda in Iraq. The Kurdish group Ansar al-Islam and various organizations in Kashmir have similar ties with bin Laden's movement.

Analysts said the shift by the Algerian organization toward a global strategy was a tacit admission that its original goal -- seizing power in its home country -- had failed. The network continues to attack government targets in Algeria almost weekly, but it has taken heavy losses in recent years and is confined to remote areas in the mountains and desert.

Estimates of the number of active GSPC members, who constitute almost all of the remaining fighters against the Algerian government, run from 500 to 1,200 -- a sharp drop from the 40,000 Islamic extremists who took up arms against the government in the 1990s.

Algerian Interior Minister Noureddine Yazid Zerhouni said last month that Algerian security forces had killed or captured 500 Islamic fighters over the past year. In addition, about 250 members of the GSPC and other extremists have accepted the Algerian government's offer of political amnesty under a national reconciliation program, he said.

Mounir Boudjema, an expert on Algerian terrorist groups and editor of the newspaper Liberte, said the Salafist radical group is weaker than ever at home.

"In terms of strategy, they have lost," Boudjema said in an interview in Algiers. "The population doesn't want to have them anymore. The people in the villages refuse to give them blankets or water or food. The whole logistical network is falling apart."Training and Support

Even as it struggles in Algeria, the GSPC has rapidly extended its reach elsewhere in North Africa.

With al-Qaeda's backing, the network has partnered with other radical groups, including extremists in Morocco, Libya, Tunisia and Mauritania, according to Arab and European counterterrorism officials. There was little overlap among such factions in the past, officials said, but now many have turned to the Algerians for training and support.

"The message we get is that al-Qaeda has given delegation to the GSPC to coordinate their operations in the Maghreb region," said Chakib Benmoussa, the Moroccan interior minister.

"Al-Qaeda's objective is to have a base in the region of the Sahel," he added, referring to the remote stretch of North Africa that borders the southern edge of the Sahara and covers such impoverished nations as Mali, Mauritania and Niger.

In June 2005, about 150 of the Algerian group's fighters from different countries attacked a Mauritanian military outpost, killing 15 soldiers. Another of its cells kidnapped 32 European tourists in the Sahara in 2003 and reportedly received a $5 million ransom from the German government for their release.

Counterterrorism officials said the network operates training camps in the Sahara and Sahel that cater to fighters from countries bordering Algeria, but also recruits from Europe. The camps are small and temporary, consisting of four-wheel-drive vehicles and a few instructors who teach bombmaking and guerrilla tactics, said a U.S. counterterrorism official who has studied the network and spoke on condition of anonymity.

"It's all mobile and on the run. They'll rendezvous in a wadi for four or five days, then disperse," the official said, using an Arabic word for a streambed that is usually dry. "We're very much concerned about it. It's more than just a few guys. If you add it up, it's a substantial number of folks."

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Many veterans of the North African camps have traveled to Iraq, where they make up one of the biggest contingents of foreign fighters battling U.S. and Iraqi forces, according to counterterrorism officials and analysts.

According to a study released in March by the Saudi National Security Assessment Project, an adviser to the Saudi government, North Africans make up about 30 percent of foreign fighters in Iraq, with 22 percent from Algeria alone. U.S. military officials and independent analysts said other estimates have shown somewhat lower numbers of North Africans, but agreed that Algerians and the Salafist group are playing key roles in the conflict.

"The GSPC, they saw the handwriting on the wall," the U.S. counterterrorism official said. "If they just stuck to fighting the Algerian government, all they would be is a minor thorn in their side. So they had to reach out."

In Europe, meanwhile, the group has revived dormant networks of Algerian radicals who emigrated after the outbreak of the civil war 15 years ago, counterterrorism officials said.

In 1994, Algerians from the GIA hijacked an Air France jet and planned to crash it into the Eiffel Tower, but a commando unit stormed the plane and rescued passengers. The next year, another GIA cell carried out bomb attacks on the Paris subway.

The same group planned attacks during the 1998 World Cup in France. But French police disrupted the plots and initiated a continent-wide round of arrests that effectively knocked out the organization on European soil.

In reconstituted form, the Algerian underground in Europe is no longer fighting solely for a national cause. That has enabled it to recruit large numbers of Tunisians, Moroccans, Syrians and other extremists who do not hold a stake in the Algerian conflict, said Xavier Raufer, a terrorism specialist at the University of Paris and a former French intelligence officer.

In July, for instance, German authorities arrested a 36-year-old man of Moroccan descent in the northern city of Kiel and charged him with recruiting fighters to go to Iraq. Prosecutors said he was a member of al-Qaeda and knew members of the Hamburg cell that carried out the Sept. 11 attacks. Last November he had traveled to Algeria to receive explosives training at a GSPC camp.

In March, eight Moroccans and a Tunisian were arrested in Casablanca and accused of planning attacks in Italy, with targets including a church in Bologna and the Milan subway system, Moroccan and Italian officials said. The cell was charged with working on behalf of the GSPC and taking orders from a deputy in Algeria.

Many of the Salafist group's foot soldiers in Europe have never been to Algeria, but are motivated to join the network because of Islamic anger over conflicts in Iraq, Afghanistan and Israel, Raufer said. "For them, it's an easy time," he said of the recruiters. "When they preach, a lot of people are furious. A lot of Muslims are outraged at what's going on."

In 30-Year-Old Terror Case, A Test For The U.S. (WP)

By Manuel Roig-Franzia

The Washington Post, October 5, 2006

HAVANA -- A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados.

The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela.

The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere.

The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months.

Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him.

Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges.

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"This is the moment of truth for the Bush administration," said Peter Kornbluh, a senior Cuba analyst with the National Security Archive, a nonprofit research library at George Washington University.

The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists.

"It's as if you were to say to the American people that country X has found Osama bin Laden, who arrived without a passport or a visa, and that he is being held as an illegal immigrant but will not be sent back to the U.S.," Ricardo AlarcÃ³n, president of Cuba's general assembly, said in an interview.

Posada Carriles, 78, sneaked into the United States in March 2005. He did little to hide his presence in Miami's exile community and joked about being recognized at doctors' appointments. He wasn't arrested until he gave a newspaper interview and appeared at a news conference in May 2005, moves that seemed to taunt law enforcement officials.

At the time of his arrest, Posada Carriles, who was born in Cienfuegos, Cuba, had spent more than four decades engaged in fruitless schemes to kill Cuban leader Fidel Castro and topple his government. The immigration judge who oversaw Posada Carriles's case said his history "reads like one of Robert Ludlum's espionage thrillers, with all the plot twists and turns Ludlum is famous for."

Posada Carriles was trained by the CIA, along with other Cuban exiles, for the botched Bay of Pigs invasion in 1961. He eventually made his way to Venezuela, where he became head of the secret police surveillance division.

Venezuelan officials later accused him of masterminding the Cubana bombing, which claimed the lives of 57 Cubans, as well as passengers from Guyana and North Korea. But he escaped from a Venezuelan prison in 1985 while prosecutors were appealing his acquittal in a military trial.

Since then, he has survived a 1990 assassination attempt, which scarred half his face, and has managed to wriggle out of legal trouble while on the run in Central America. He was arrested in 2000 in Panama for allegedly plotting to set off 30 pounds of explosives during a speech by Castro at the University of Panama, but the charges were dropped.

Posada Carriles's attorney has said that his client, who has a heart condition, no longer plans violence against the Castro government.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Posada Carriles said in a statement released by his attorney.

U.S. officials see the aging Castro opponent as a more sinister figure. A field officer at the Department of Homeland Security who follows Posada Carriles's case described him as a "present danger to the community" whose "propensity to engage in terrorist activities poses a national security risk to the United States."

All of which makes the actions of the U.S. government in the case puzzling to critics, who say Posada Carriles should be prosecuted or at least confined to prison. Even some Cuba hard-liners in the United States confide privately that the case has turned into an embarrassment for the United States.

"They're just dancing around," Wayne Smith, a former head of the U.S. Interests Section in Havana and vocal critic of the Bush administration's Cuba policies, said of prosecutors. "They have all kinds of evidence against him."

It's clear that the U.S. government would prefer to make Posada Carriles someone else's problem. According to court documents, the Department of Homeland Security failed to persuade seven countries to take him -- Canada, Mexico, Panama, El Salvador, Honduras, Guatemala and Costa Rica. The magistrate in Posada Carriles's case said that the Justice Department could have legally held him for a longer period if it had officially certified him as a terrorist, but that prosecutors did not do so.

"The problem is that the American government created him, it taught him, and now it's hard for the government to punish him," Camilo Rojo Alvarez, son of a crew member who died in the 1976 attack, said in an interview.

Much of the evidence against Posada Carriles has been drawn from the U.S. government's own files, including declassified FBI and CIA documents. One declassified CIA intelligence report, citing information from informants, said Posada Carriles attended a $1,000-a-person fundraising and planning dinner for anti-Castro activities in September 1976 along with Orlando Bosch, another prime suspect in the Cubana bombing.

Not long afterward, the report stated, Posada Carriles said, "We are going to hit a Cuban airplane. Orlando has the details."

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Bosch was once in a position similar to that of Posada Carriles, and the outcome of his case unnerves Cubans now focused on Posada Carriles. In 1990, the administration of George H.W. Bush released Bosch from prison after he, like Posada Carriles, was caught entering the country illegally. Cuba had been the only country willing to take him, and the U.S. refused to send him to the island.

Bosch, an 80-year-old retired physician who now lives in a Miami suburb, has stopped just short of claiming that his and Posada Carriles's group was responsible for the Cubana bombing.

Earlier this year, he told the Spanish newspaper La Vanguardia that the Cubana flight was a "legitimate target." And in an Atlantic Monthly interview with "Cuba Confidential" author Ann Louise Bardach that is to be published this week, Bosch said: "We were at war with Castro, and in war, everything is valid."

Declassified documents state that the two men who placed the bomb on the Cubana flight worked for Posada Carriles. After getting off the plane in Barbados, one of the men called his girlfriend, who was also a Posada Carriles employee, and delivered a coded message to report the attack was successful. The message: "The bus was fully loaded with dogs."

NY Judge Suggests Ashcroft, Mueller May Remain In Lawsuit (AP)

By Larry Neumeister, The Associated Press

AP, October 5, 2006

NEW YORK (AP) — A federal appeals court seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh conditions.

The 2nd U.S. Circuit Court of Appeals listened for nearly two hours as lawyers for some of the 34 former and current government employees named in the litigation argued that their clients should get immunity or had no contact with two former detainees who sued in 2004.

Judge Jon Newman, part of a three-judge panel, asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds.

Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises.

But the judge did not let up.

"For all we know they were just doing other things and just leaving these people in atrocious conditions," the judge said.

The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was "a monumental effort and employees worked tirelessly" as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks.

Later, the judge challenged Michael L. Martinez, a lawyer for the former warden at the Metropolitan Detention Center in Brooklyn, for saying in court papers that complaints that the Quran was taken away from detainees or that guards banged on the bars of cells when detainees were praying proved the detainees were allowed to practice their religion.

The judge asked Martinez if he stood by his assertion that the references proved there were only minimal restrictions on the practice of religion.

"That's correct," Martinez said. "My client tenders that position."

The judge then called upon Garre as the only government lawyer before the appeals court to see if he agreed with Martinez's position.

"Specific allegations of abuse like that is not something that's condoned by the United States," Garre said.

The arguments came in a case brought by Ehab Elmaghraby and Javaid Iqbal, detainees who alleged that Ashcroft, Mueller and others implemented a policy of confining detainees in highly restrictive conditions because of their religious beliefs and race.

Elmaghraby, an Egyptian who worked at restaurants before he was held at the Metropolitan Detention Center from October 2001 until August 2002, settled his portion of the case after the U.S. government agreed to pay him $300,000. He was cleared of allegations he had terrorist ties but was deported in August 2003 after pleading guilty to credit card fraud.

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Iqbal, a Pakistani, was arrested at his Long Island home on Nov. 2, 2001, and charged with nonviolent federal crimes unrelated to terrorism. Two months later, he was moved to the Metropolitan Detention Center, where he was held in solitary confinement for more than 150 days without a hearing, according to his lawsuit.

He said he was subjected to physical and verbal abuse, including unnecessary strip searches, until he was cleared of any involvement in terrorism and deported after pleading guilty in April 2002 to fraud and being sentenced to 16 months in prison.

Elmaghraby and Iqbal were among 184 of 762 aliens arrested after the Sept. 11 attacks who were identified as being of high interest to the investigation and were held in maximum-security conditions. Eighty-four of the 184 detainees were housed in Brooklyn.

In September 2005, U.S. District Judge John Gleeson ruled that Ashcroft and Mueller could remain as defendants because the plaintiffs alleged they were personally involved in the creation or implementation of unconstitutional policies after the Sept. 11 attacks.

The appeals court panel didn't say when it would rule.

Judges Zero In On Treatment Of A Detainee (NYT)

By Nina Bernstein

The New York Times, October 5, 2006

In sharp questioning, a three-judge panel yesterday challenged arguments by federal officials seeking dismissal of a Pakistani man's suit charging that because of his religion, race or national origin, he, like others, was held for months after 9/11 in abusive solitary confinement before being cleared of links to terrorism and deported.

In the mahogany and marble splendor of the Second Circuit Court of Appeals in Lower Manhattan, lawyers for former Attorney General John Ashcroft and other government officials argued that the officials were entitled to immunity from the lawsuit filed by the man, Javaid Iqbal, who had been known as "the cable guy" to his Long Island customers before he was swept into a federal detention center in Brooklyn as were hundreds of other Muslim immigrants in the New York area.

From the start of yesterday's two-hour hearing, one of the judges, Jon O. Newman, showed particular impatience with the narrow legal defenses offered by the defendants in the case, which lawyers for Mr. Iqbal say seeks accountability for what they call serious constitutional violations by the nation's highest law enforcement officials. It is the first case of its kind to reach the appellate level.

Judge Newman was especially scathing in questioning the lawyer for Dennis Hasty, formerly the warden of the Metropolitan Detention Center, where Mr. Iqbal and 184 others designated by the Federal Bureau of Investigation as "of high interest" were confined in a special unit where a 2003 Justice Department Inspector General's report found widespread abuse.

Mr. Hasty's lawyer, Michael L. Martinez, had argued in his brief that even if everything alleged in the lawsuit were true — as the appellate judges must assume at this stage of the litigation — Mr. Iqbal's treatment "never approached the level of a due process violation."

"Beatings?" Judge Newman asked. "Exposure to air-conditioning after standing in the rain? Needless strip-searches? Never approached a due process violation? If I thought your client really believed that, I've got to tell you, I'd be really troubled."

Judge Robert D. Sack was equally acerbic in commenting on a defense assertion that the complaint failed to link Mr. Hasty personally to what was going on at the detention center.

"He is the warden," Judge Sack said. "If he didn't know what was going on — I'm boggled twice in one argument."

Mr. Martinez replied that five years after 9/11 it was easy to criticize decisions made at the time. He cited legal precedents holding that "the courts are ill-equipped to second-guess what goes on in prisons."

Earlier, Judge Newman interrupted Lauren Resnick, the lawyer representing two former officials of the F.B.I., Michael Rolince, the agency's former chief of counterterrorism, and Kenneth Maxwell, a former special agent in charge of the F.B.I. office in New York, as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center.

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"You don't think your clients had a major role in the decision not to release these plaintiffs?" Judge Newman asked. He was referring to findings by the Inspector General that detainees picked up on called-in tips were often designated "high-interest" and held in highly restrictive conditions until the F.B.I. cleared them, a process that took months because it was not a high priority.

"Are you telling me that they were unaware that they were being held in highly restrictive conditions?"

Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the way it made its accusations.

Earlier this year, the federal government agreed to pay $300,000 to another plaintiff in the same suit, settling his claim without admitting to wrongdoing. The government, which in a lower federal court lost its effort to dismiss Mr. Iqbal's lawsuit without testimony, is seeking to overturn that ruling. It also lost a similar motion in a companion lawsuit brought as a class action by other former detainees.

Mr. Iqbal eventually pleaded guilty to credit-card fraud and was deported to Pakistan.

Many legal arguments yesterday concerned Supreme Court rulings on governmental immunity. Judge Sack and Judge Jose A. Cabranes suggested that a case now pending before the Supreme Court might affect the question, and asked for memos by Oct. 9 on whether a delay would be appropriate.

Gregory G. Garre, a Justice Department lawyer representing Mr. Ashcroft and Robert S. Mueller III, the director of the F.B.I., said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights.

"If there's anything that the court can take judicial notice of," he said, " it's that 9/11 was the most deadly foreign attack on domestic soil."

In his rebuttal on behalf of Mr. Iqbal, whose lawsuit was brought by the Urban Justice Center, Alexander A. Reinert argued that questioning officials was necessary to determine how 9/11 actually affected Mr. Iqbal's treatment.

Mr. Iqbal's lawsuit charges that Mr. Ashcroft and others created a discriminatory policy that was "applied to Mr. Iqbal in some of the most horrific conditions of confinement," he said, and that they knew or should have known it.

"They may believe the facts will disprove it," added Mr. Reinert, of Koob & Magoolaghan, "but that's exactly what discovery is for."

At the close of the hearing, Judge Newman questioned Mr. Garre, as the sole Justice Department lawyer, about another assertion in Mr. Hasty's brief. It contends that Mr. Iqbal's lawsuit itself shows there were "only minimal restrictions" on his ability to practice his religion, since he complained that his Koran had been routinely confiscated and that guards had banged on his cell door when he tried to pray, which demonstrated that he had been allowed to pray and to have a Koran.

In a tone of outraged incredulity, Judge Newman repeated the phrase "only minimal restrictions," first pressing Mr. Hasty's lawyer to say whether that was really his client's position or "just hyperbole by his lawyer," and finally asking Mr. Garre whether that was the government's position.

Mr. Garre replied, "Specific abuse like that is not something that's condoned by the United States."

U.S. Seeks Immunity In 9/11 Detention Case (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 5, 2006

Panel Considers Liability Of Government Officials

The personal liability of high-ranking officials for the mistreatment of Muslim men swept up after Sept. 11, 2001, and segregated at the Metropolitan Detention Center in Brooklyn was sharply contested yesterday at the U.S. Court of Appeals for the Second Circuit.

For almost two hours, a three-judge panel peppered lawyers for top U.S. Department of Justice and FBI officials, the former warden of the detention center, and FBI and corrections supervisors who argued that Eastern District Judge John Gleeson was wrong to reject their claims of qualified immunity.

The appeal was brought by the government in the case of Javaid Iqbal, a Muslim of Pakastani origin who was arrested for credit card fraud during the post-9/11 sweep and detained for more than seven months in Brooklyn.

While Mr. Iqbal ultimately pleaded guilty to the charge, served his sentence and was deported, he claims he was placed in the detention center's solitary confinement unit because the FBI had designated him and more than 700 other Muslims as "high interest" subjects in the terror attacks.

Mr. Iqbal claims he was subject to beatings by guards, dragged along the ground in shackles, harassed while trying to pray and denied adequate medical care.

His mistreatment was one example, his lawyers say, of widespread detainee abuse at the detention center.

A report by the Justice Department's Office of Inspector General issued in June 2003 criticized harsh conditions at the facility for the detainees.

Plaintiff's lawyers have cited the report in their suits against the government under the Federal Tort Claims Act and in individual lawsuits against former Attorney General John Ashcroft and former FBI Director Robert Mueller and other officials.

The report was particularly critical of the inconsistent manner in which the FBI, and then the Bureau of Prisons, imposed a "hold-until-cleared" of suspicion policy for the detainees.

Mr. Iqbal makes an equal protection claim as well as procedural and substantive due process claims.

Judge Gleeson ruled in 2005 that top officials would have to, at a minimum, answer some questions about the policy (NYLJ, Sept. 29, 2005).

Mr. Iqbal's co-plaintiff, Ehab Elmaghraby, has settled with the government.

Yesterday, Judges Jon Newman, Jose Cabranes and Robert Sack heard lawyers for the defendants take different tacks on whether or not the U.S. Supreme Court has set a heightened pleading standard for claims against which the defense of qualified immunity is invoked.

Each of the lawyers claimed that Mr. Iqbal's complaint stated only "conclusory" allegations that warranted a dismissal by Judge Gleeson.

Lauren Resnick of Baker & Hostetler represents two former FBI supervisors that Mr. Iqbal claims were responsible for his mistreatment due to his segregation under the "hold-until-clear" policy.

Ms. Resnick contended that the supervisors should not be held liable because the FBI did not "direct or request" that Mr. Iqbal and others be held in administrative segregation. On the face of the complaint, she said, his claim should be dismissed before discovery commenced.

But, Judge Newman said, "what really happens [to them] depends on whether they are [designated] high interest?"

When Ms. Resnick said that was not necessarily the case, Judge Newman responded, "So senior people at the FBI said that if they were walking around in the general population, that's OK with us ?"

Judge Newman then asked, "You are urging a higher pleading standard, are you not?"

Ms. Resnick said courts are split on the issue and, while acknowledging that the qualified immunity context is "unique," said courts would benefit from some clarification on this point from the U.S. Supreme Court.

Qualified Immunity Meaning

The lawyers were divided on the meaning of the Supreme Court's decision in Crawford-El v. Britton, 523 U.S. 574, (1998), in the context of qualified immunity - which protects officials from burdensome litigation and discovery in the course of performing their duties as long as they are not violating clearly established law.

Michael Martinez of Crowell Moring in Washington D.C., who represents the detention center's former Warden Dennis Hasty, said Crawford-El did not stand for the proposition that plaintiffs have to meet a heightened pleading standard-one that goes beyond simply giving notice to the defendant about the nature of the allegations.

But a body of law has developed over the years requiring more than notice pleading where qualified immunity is involved. Plaintiffs must "put forward specific non-conclusory allegations that establish things like improper motive," Mr. Martinez said. "We still require something more than bare-bones allegations."

"How is that not a heightened pleading standard?" Judge Sack asked.

Judge Newman asked whether or not there had to be "some discovery" on whether the warden knew what the correctional officers under his command were doing.

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"Unless he's [Iqbal] called into the warden's office and [the warden says] 'I'd like you here while I give my marching orders,' doesn't that mean that wardens are never liable?" the judge asked.

Mr. Martinez answered no and said the complaint only had to go further than saying Mr. Hasty, the warden "knew or should have known" about the abuse.

"But this was going on for months." Judge Sack said.

Principal Deputy Solicitor General Gregory Garre said Crawford-El stands for the proposition that a "trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense"-with the goal being to avoid "burdensome litigation" and plaintiffs are required to show more to survive a prediscovery motion to dismiss.

"Whether you think of that in terms of a heightened pleading standard or not, that's the standard," he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller.

Mr. Garre said he was "happy to defend" the "policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right."

Burden of Proof

Alex Reinert of Koob & Magoolaghan, who represents Mr. Iqbal along with attorneys from the Urban Justice Center and Weil, Gotshal & Manges, said the defendants were assuming "adversarial discovery before the filing of a complaint," and his client went well beyond "conclusory" allegations.

The Crawford-El case, he said, was not about heightened pleading standards but about the burden of proof.

Crawford-El, he said, meant that a district court should use its discretion not to prevent "any discovery, just burdensome discovery."

The judges asked Mr. Reinert whether the actions of officials post-9/11 should be weighed in the context of the nationwide imperative to capture possible co-conspirators and prevent further attacks.

Regardless of the severity of the attacks, Mr. Reinert said, officials knew that "it's been clearly established for years that you can't put people in conditions of confinement" like those to which Mr. Iqbal was subjected.

Mr. Iqbal, he said, was subject to "horrific abuse" that was the direct result of a policy initiated from the top and he was "not getting hearings" like "everyone else in the MDC who was not Muslim was getting hearings."

He continued, "We made these allegations, your honor, but we don't have to prove them here," adding that the Supreme Court has said "there is no heightened pleading standard unless the rules say there is."

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Security At Supermax Slammed In Fed Report (RMN)

By Lou Kilzer, Rocky Mountain News

Rocky Mountain News, October 5, 2006

Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps.

That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons.

The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center.

Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General.

Since then, the three bombers have been carefully monitored, but risks remain, according to the report.

Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow.

The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages.

It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers.

Short staffing and lack of funding underlie the gaps that allowed the dangerous mailings to get out, according to the OIG report.

The FBI, which handles letters from the most dangerous prisoners, is supposed to produce translations within 60 days, according to the report. In reality, it sometimes takes as long as six to 18 months, the report says.

And even concentrating on the worst of the inmates may not be enough.

"These delays in translations . . . pose a security risk because plans for terrorist and criminal activities could be communicated to or by inmates through the mail or telephone and implemented by outside contacts before translations are completed and the intelligence gleaned from them shared," the report says.

Further, the three translators hired at Florence did not begin intelligence training until late last year, meaning that letters may have been translated but coded messages not detected.

"We found that the (Bureau of Prisons) lacks sufficient intelligence capability to adequately analyze information from inmate mail to detect terrorist activity," the report says.

The key problem is staffing.

When investigators showed up to review the situation at Florence they were told that on three consecutive days the week before, two or three of seven special investigative supervisors had been pulled for other tasks.

The person responsible for monitoring all communications said she was pulled the previous week on four of her five workdays "to fill a vacant post elsewhere in the institution."

Such assignments, she reported, happened frequently.

The report said that such staffing decisions "can have significant security consequences."

According to the report, the FBI "showed little interest in the 17 international terrorist inmates" in the Florence facility until the letters from the Trade Center bombers were uncovered.

The inspector general recommended several steps to tighten the ship at Florence by sharply increasing and improving communications monitoring.

State Rep. Buffie McFadyen, D-Pueblo West, says she believes the warden at the Florence facility "has done the best he can with the resources he has," but that those resources are inadequate.

"Florence is still not staffed to the minimum level that is necessary," said McFadyen, who has taken a special interest in safety and funding for the prison in her district.

Felicia Ponce, a Bureau of Prisons public relations specialist, said Wednesday that prison officials "are continually reviewing our procedures" and that they appreciated the inspector general's "very candid report and will ensure that the report's recommendations are acted upon as soon as possible."

But Ponce sounded a cautionary note: "To implement these recommendations systemwide will require significant additional resources, primarily staff."

And to do that, she said, the bureau would turn to "the federal budget process."

The probe was launched after the March 2005 discovery that Florence prisoners Mohammed Salameh, Mahmud Abouhalima and Nidal Ayyad - all convicted for the 1993 World Trade Center plot - had communicated with various outside extremists.

In one instance, a letter from Salameh was found in the possession of Mohamed Achraf, who authorities said was plotting to blow up the National Justice Center in Madrid, Spain.

A member of a Spanish terror cell also was using letters from Florence to recruit other members. Salameh even managed to send a letter praising Osama bin Laden to Arabic newspapers.

The Florence Supermax prison has held a who's who of criminals, including Unabomber Theodore Kaczynski, Oklahoma City bomber Terry Nichols and Zacarias Moussaoui, the 9/11 conspirator dubbed "the 20th hijacker."

Conclusions need no translation

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The federal Office of the Inspector General released this week a highly critical report on the Supermax prison in Florence, saying that:

- Staff failed to read all of the mail of high-risk prisoners.
- The facility does not employ enough proficient translators.
- It was slow to train translators in intelligence techniques.
- It didn't hire its first staff member dedicated to translation until 2005.
- Less than 50 percent of inmate calls were monitored.
- It randomly monitored only 1.8 percent of inmate mail during a test period.

Waterboarding Historically Controversial (WP)

By Walter Pincus

The Washington Post, October 5, 2006

Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques -- "waterboarding," in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face.

Inside the CIA, waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information -- though "not all of it reliable," a former senior intelligence official said.

Waterboarding is variously characterized as a powerful tool and a symbol of excess in the nation's fight against terrorists. But just what is waterboarding, and where does it fit in the arsenal of coercive interrogation techniques?

On Jan. 21, 1968, The Washington Post published a front-page photograph of a U.S. soldier supervising the questioning of a captured North Vietnamese soldier who is being held down as water was poured on his face while his nose and mouth were covered by a cloth. The picture, taken four days earlier near Da Nang, had a caption that said the technique induced "a flooding sense of suffocation and drowning, meant to make him talk."

The article said the practice was "fairly common" in part because "those who practice it say it combines the advantages of being unpleasant enough to make people talk while still not causing permanent injury."

The picture reportedly led to an Army investigation.

Twenty-one years earlier, in 1947, the United States charged a Japanese officer, Yukio Asano, with war crimes for carrying out another form of waterboarding on a U.S. civilian. The subject was strapped on a stretcher that was tilted so that his feet were in the air and head near the floor, and small amounts of water were poured over his face, leaving him gasping for air until he agreed to talk.

"Asano was sentenced to 15 years of hard labor," Sen. Edward M. Kennedy (D-Mass.) told his colleagues last Thursday during the debate on military commissions legislation. "We punished people with 15 years of hard labor when waterboarding was used against Americans in World War II," he said.

A CIA interrogation training manual declassified 12 years ago, "KUBARK Counterintelligence Interrogation -- July 1963," outlined a procedure similar to waterboarding. Subjects were suspended in tanks of water wearing blackout masks that allowed for breathing. Within hours, the subjects felt tension and so-called environmental anxiety. "Providing relief for growing discomfort, the questioner assumes a benevolent role," the manual states.

The KUBARK manual was the product of more than a decade of research and testing, refining lessons learned from the Korean War, where U.S. airmen were subjected to a new type of "touchless torture" until they confessed to a bogus plan to use biological weapons against the North Koreans.

Used to train new interrogators, the handbook presented "basic information about coercive techniques available for use in the interrogation situation." When it comes to torture, however, the handbook advised that "the threat to inflict pain . . . can trigger fears more damaging than the immediate sensation of pain."

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In the post-Vietnam period, the Navy SEALs and some Army Special Forces used a form of waterboarding with trainees to prepare them to resist interrogation if captured. The waterboarding proved so successful in breaking their will, says one former Navy captain familiar with the practice, "they stopped using it because it hurt morale."

After the Sept. 11, 2001, terror attacks, the interrogation world changed. Low-level Taliban and Arab fighters captured in Afghanistan provided little information, the former intelligence official said. When higher-level al-Qaeda operatives were captured, CIA interrogators sought authority to use more coercive methods.

These were cleared not only at the White House but also by the Justice Department and briefed to senior congressional officials, according to a statement released last month by the Office of the Director of National Intelligence. Waterboarding was one of the approved techniques.

When questions began to be raised last year about the handling of high-level detainees and Congress passed legislation barring torture, the handful of CIA interrogators and senior officials who authorized their actions became concerned that they might lose government support.

Passage last month of military commissions legislation provided retroactive legal protection to those who carried out waterboarding and other coercive interrogation techniques.

Claims And Counterclaims (WSJ)

By David B. Rivkin Jr., Lee A. Casey

The Wall Street Journal, October 5, 2006

Tocqueville's trenchant observation, that sooner or later all political issues in America are "resolved" into legal questions, has certainly withstood the test of time. Our policy disputes are regularly fought out on "legal" or "constitutional" grounds, both in and out of the courts, and nowhere is this more evident than in the debates over the war against al Qaeda.

The national "dialogue" over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done.

There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News. Mr. Clinton protested (rather too much) that he really had been committed to killing Osama bin Laden, and insisted that he did his best to accomplish this goal.

That may well be true. But then as now, Mr. Clinton views the relevant policy choices through a law-enforcement prism. Granting the former president's ardent desire to see off bin Laden, his administration was mired for years in arguments over whether, consistent with a Cold War executive order forbidding "assassinations," the CIA could kill bin Laden, or whether U.S. agents would instead have to attempt a practically impossible capture -- i.e., an arrest. Paralyzing concerns were also expressed by Clinton administration officials that any attempt to kill bin Laden might cause civilian casualties, even though wartime collateral damage is permissible, provided it is not disproportionate to the military advantage being gained. This rejection of the laws-of-war model continued even after bin Laden proved his belligerent intentions in a series of attacks on American citizens and U.S. military assets overseas.

In the aftermath of 9/11 -- and despite the fact that congressional Democrats joined Republicans in passing an "authorization for the use of military force" against those responsible for the attacks -- most continued to operate in a "law enforcement" mode. Democratic critics of the Bush administration have opposed virtually every measure the president has taken to guard against new attacks on American soil, including the USA Patriot Act, the National Security Agency's warrantless electronic surveillance program, data mining, access to international banking data, and the use of traditional military

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commissions to try and punish captured terrorists. During the 2004 presidential campaign, John Kerry made clear his belief that al Qaeda was a law-enforcement problem.

The Democratic message was, and remains, that the peacetime balance of individual rights and community interests is sufficient to meet the threat -- along with additional passive, and uncontroversial, defenses such as hardening cockpit doors and giving more monies to first responders. There have, of course, been notable exceptions to this rule -- such as Sen. Joe Lieberman -- but his steadfast support for both the war on terror in Afghanistan and in Iraq cost him the Democratic nomination for re-election to his seat.

By contrast, President Bush immediately recognized that al Qaeda, and the larger jihadist movement it represents, is not simply a new and especially violent street gang or drug cartel that could be handled by more and better policing. Only the government's full complement of war powers would be sufficient to meet the immediate threat to American lives and interests, and to take the fight to the enemy. He sought and obtained Congress's express authorization for military action, and has not looked back. For his pains, the president has been ruthlessly vilified by his political opponents and maligned as everything from the idiot tool of big-oil interests (and his own vice president), to a devious crypto-autocrat determined to transform the presidency into some kind of late Roman emperorship.

The president's critics, and especially those in Congress now running for re-election, should honestly admit that their differences are, by and large, matters of policy which can and should be debated as such. The question is not whether the president has broken the law, whether domestic or international, but which legal paradigm -- war or law enforcement -- makes the most sense in meeting the threat. Those who believe that captured al Qaeda operatives should be treated as ordinary criminal defendants (rather than unlawful enemy combatants), entitled to all of rights enjoyed by civilians in the federal and state courts, should stop pretending that this result is compelled by the Geneva Conventions or the U.S. Constitution. Instead, they should acknowledge making a policy choice that advantages jihadists beyond the legally required level, explain why they believe this to be right and just, and how they think it will checkmate al Qaeda.

In particular, they must answer key questions, such as how a law enforcement system designed to punish and deter, rather than prevent, criminal conduct can hope to discover and pre-empt future suicide attacks before they take place -- especially after 50 years during which progressives have demanded, and achieved, increasingly greater protections for criminal defendants.

Since the Democrats are certainly not suggesting our criminal justice system return to the pre-Warren Court's days, the pros and cons of the law-enforcement model need to be laid out explicitly, and with particulars, before the American people. Similarly, supporters of the law-enforcement model must explain on what legal basis American forces could attack al Qaeda bases overseas, and any "criminal suspects" who may be present at those sites, if the U.S. is not engaged in a war. It was, of course, that very dilemma that prevented President Clinton from killing Osama bin Laden when he may well have had the opportunity.

Sadly, the Democratic voices in Congress, like Talleyrand's Bourbons, have learned nothing. They continue to attack President Bush's policies at every turn and have never answered these questions. They rightly fear that the American people will not agree that jihadists, who recognize no law but their own religious convictions, should be granted the due-process rights of ordinary citizens accused of criminal conduct, or that our own civilian population must accept greater risk of attack to vindicate a vision of personal privacy and individual autonomy that may be laudable in peacetime, but which no state could preserve during war -- and hope to win.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

HOMELAND RESPONSE:

Closing The Books On Dubai Ports (HILL)

By David Marchick

The Hill, October 5, 2006

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Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town without sending foreign investment-related legislation to the president.

The fact that this legislation failed to become an election-year imperative reflects a rapid evolution in thinking in Congress across the political spectrum, thanks to the leadership of House Republicans like Roy Blunt (Mo.), Deborah Pryce (Ohio) and Michael Oxley (Ohio); and Democrats like Barney Frank (Mass.), Carolyn Maloney (N.Y.) and Joseph Crowley (N.Y.). Blunt and Frank built on earlier good work by Sens. Richard Shelby (R-Ala.) and Paul Sarbanes (D-Md.), who had the foresight to hold hearings well before the Dubai Ports deal made CFIUS (the Treasury Department's Committee on Foreign Investments in the United States) a four-letter word.

While the door is still open for passage of new legislation during the post-election legislative session, to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment.

No issue seized the attention of the American people this spring more than the proposed investment by DP World. A remarkable 41 percent of Americans said they followed the issue — only two percentage points fewer than those who said they followed the war in Iraq. This buzz on Capitol Hill resulted in nearly a dozen Congressional hearings over a three-week period, and the introduction of 20 bills that would have restricted foreign investment in one way or another.

Once the political controversy died down, Congress was able to take a broader look at the issue. Four factors tempered congressional enthusiasm for radical reform legislation, including proposals to prohibit foreign investment in broad sectors of the U.S. economy.

First, foreign companies have operations in every state and congressional district in the country, and members of Congress heard from these companies and employees in their districts. More than 5 million Americans are employed by U.S. affiliates of foreign-owned companies.

Second, American jobs also depend on U.S. investment abroad. As the largest investor in the world, no country has more to lose if other countries start creating barriers to foreign investment. In the past six months, the Russian government has proposed new legislation to restrict investment in "strategic" sectors. China has adopted new regulations to block foreign investments that threaten China's "economic security." U.S. investors have faced political backlash in Korea, Venezuela and Bolivia. Restrictions imposed by our government would almost certainly fan similar moves abroad.

Third, Congress learned that the existing process for conducting national security reviews of foreign investments has real teeth. Despite errors in communicating with Congress, the Committee on Foreign Investment in the United States, the interagency group that handles these reviews, has a strong record of protecting national security.

Fourth, and finally, the Bush administration has implemented significant changes in the CFIUS process. Key agencies have beefed up their staffs. The Director of National Intelligence has enhanced coordination among the intelligence agencies. CFIUS has improved its communication with Congress. These changes have already had an impact: The caseload is up by almost 50 percent over last year, and the number of second stage reviews conducted this year are on pace to exceed the previous three years combined.

Nevertheless, some action to institutionalize and build upon these reforms is needed. Without such action, Congress may lack the confidence that the process has improved and will feel the need to step in to block future transactions.

The president should quickly issue an executive order institutionalizing these changes and incorporating the most important features of the House and Senate bills. For example, CFIUS could issue more detailed reports to Congress on transactions it has reviewed. The administration could clarify the factors it considers in conducting national security reviews of foreign acquisitions. Certain cases could be reviewed by higher-level officials. And CFIUS could provide clearer guidance on how to protect "critical infrastructure" assets that truly are vital to U.S. national security. To ensure political buy-in from the Congress, the administration will need to undertake serious and extensive consultations with Congress before issuing an executive order.

In addition to these steps, the President should clarify U.S. policy toward foreign investment. Presidents Carter, Reagan and George H.W. Bush each issued formal policies that welcomed foreign investment. This president should do the same. Further,

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the administration should work through the G-8 and the Organization for Economic Cooperation and Development to beat back the myriad initiatives abroad that would create new obstacles for foreign investment.

Political and protectionist pressures against foreign investment will inevitably crop up periodically. The challenge for American leaders is to resist these pressures. With the trade winds from the Dubai Ports World debate having died down, the President has the opportunity to act to ensure that the most dynamic economy in the world continues to benefit from foreign investment.

David Marchick is a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment" (Institute for International Economics, 2006). Covington & Burling represents U.S. and foreign investors that seek approval for foreign investments by CFIUS. The firm was not involved with Dubai Ports World.

The Politics Of Ports (WSJ)

The Wall Street Journal, October 5, 2006

We had our suspicions earlier this year that the Congressional uproar over a Dubai company set to run six U.S. ports had far more to do with politics than it did national security. Congress has just proved that point.

How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the U.S. spent most of last week ensuring that felons could nonetheless work freely in secure areas of U.S. docks. That was the upshot of Congress's recently completed Port Security Act, if it is still worthy of that name.

As we wrote last week, Republican Jim DeMint had included a provision in the Senate version of the port bill that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies. It would also have put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping. This all was eminently sensible, given our ports remain one of our most vulnerable areas for infiltration by terrorists, and that people with criminal records are obvious targets for recruitment.

Sensible, that is, unless you operate in the world of union politics, where job preservation ranks above national security. Several longshoremens' unions and their labor allies made it a goal to tank the provisions under the cover of the House-Senate conference, claiming the categories were "too broad." By the time the final bill emerged into the light, everything save the prohibitions on those who commit treason, espionage, sedition and terrorist acts had disappeared. All other former convicts are still free to roam the docks at will.

Notably, nobody now wants to take credit for this handiwork. In fact, some Senators pushed to have only a voice vote on the measure when it was first introduced, so as to avoid having to go on the record opposing it. The critics instead waited to do their dirty work in conference, where we're told at least one of those carrying water for the longshoremen was none other than Representative Pete King (R., NY).

Mr. King was last seen spearheading the charge against Dubai Ports World, bashing the Bush Administration because it hadn't shown an appropriate "level of concern" about port security. Among his biggest worries was that the company didn't have safeguards "against things like infiltration by al-Qaeda" or "corruption." "How do we ensure that one of its employees is not working for our enemies?" asked Mr. King, in a February op-ed.

Good question, Congressman. Currently some 750,000 workers have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. Moreover, the government already has good reason to worry about the possibility that some of these people are corrupt enough to be bought. As OpinionJournal.com columnist John Fund noted, only last year the Justice Department filed a racketeering suit against the East Coast-based International Longshoremen's Association, claiming it was a "vehicle for organized crime."

This matters, given that the FBI's top counterterrorism official, Joseph Billy Jr., admitted recently that one of his big concerns was that old-fashioned mobsters would tie up with terrorists. Only recently, FBI agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman. All this makes the corruption portrayed in "On the Waterfront" seem quaint.

Despite these worries, Mr. King (who chairs the House Homeland Security Committee, and should know better) was hardly alone in watering down the provisions. Senator Daniel Inouye (D., Hawaii) had pledged to protect the provision in conference, but

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in fact worked to gut it. Senator Ted Stevens (R., Alaska) helped. Representative Bennie Thompson (D., Mississippi), the ranking Democrat on Mr. King's Homeland Security Committee, also lent a hand.

As for what happens now, there is some comfort in the fact the Department of Homeland Security is working on regulations that mirror the full DeMint provision. Yet the whole purpose of Congressional action was to codify such provision in law, to prevent some activist judge from throwing out the regulations, or a future President from modifying them under union pressure. We hear the DeMint team may take another run at this in the future, which is good news.

Especially because those who stripped the provisions are now running for cover. They probably remember the political fallout when former Senator Tom Daschle decided to play union politics, and led an effort to block the creation of DHS unless federal union work rules applied. Americans want to know their elected representatives are looking out for their security, not for union jobs.

EU Considering Sanctions On U.S. Over Visa (UPI)

United Press International, October 4, 2006

WASHINGTON, Oct. 4 (UPI) -- The European Union will consider diplomatic sanctions against the United States Thursday, in a row over U.S. visa policy towards new EU members.

"Appropriate steps vis-a-vis the United States could be envisaged," said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include "temporarily restoring the visa requirement for U.S. nationals holding diplomatic and duty/official passports."

The row centers on the U.S. visa waiver program, under which nationals of 27 countries are able to visit the United States for business or pleasure for up to 90 days without a visa. Fifteen EU states are covered by the program

Because the EU has a common visa policy, all 25 member states admit U.S. citizens reciprocally, without the need for a visa. But 10 member states, including former communist countries that have become close U.S. allies and supported the United States in its war in Iraq, like Poland and Estonia, are denied entry to the visa waiver program.

EU officials say the United States has dragged its feet in working to admit them, and failed to provide objective, transparent criteria to countries, so they can work towards membership of the program.

"To date," wrote EU Commissioner Franco Frattini to his U.S. counterpart Homeland Security Secretary Michael Chertoff, "no tangible progress can be reported."

This failure to make progress is "no longer understandable and (sic) acceptable," writes Frattini.

The issue will be discussed at a meeting of European interior and justice ministers Thursday.

WAR NEWS:

GOP Lawmaker Calls For Rumsfeld To Quit (AP)

By John Christoffersen

AP, October 4, 2006

Rep. Chris Shays, who is facing a tough challenge from an anti-war Democrat, on Wednesday called for Defense Secretary Donald H. Rumsfeld to resign — a rare demand from a longtime Republican.

The Connecticut lawmaker also accused officials at the Defense Department of withholding information about the Iraq war from Congress.

"I am losing faith in how we are fighting this war," Shays, a longtime supporter of the conflict, said in an interview. "I believe we have to motivate the Iraqis to do more."

Shays, who was elected in 1987, said defense officials stopped cooperating with his congressional subcommittee after he proposed setting a timeline for troop withdrawals. Shays, who had previously opposed such a timeline, offered the plan in August following his 14th trip to Iraq since the war began.

Rumsfeld "simply is refusing to cooperate with a committee that oversees the Department of Defense," Shays said. "To me he has crossed the line."

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"I think Donald Rumsfeld needs to step down," said Shays, who is chairman of the House Government Reform subcommittee on national security, emerging threats and international relations.

The Pentagon had no comment and referred to Rumsfeld's recent remarks. Asked on a flight to Nicaragua earlier this week whether he would resign, Rumsfeld responded, "No, no, no." He said he had spoken to President Bush and he had voiced his support.

Questioned about Shays' complaint about a lack of cooperation, Pentagon spokesman Bryan Whitman said, "the Defense Department does work very closely with congressional members and committees that have oversight responsibilities."

Several congressional Democrats have clamored for Rumsfeld's resignation, but it's rare for a lawmaker in President Bush's political party to argue that the Pentagon chief should step down. Republican candidate Tom Kean Jr., who is seeking a Senate seat in New Jersey, also has called for Rumsfeld's resignation.

Shays is a moderate Republican who has voted against the party rank-and-file on a number of issues, including the environment. He also supports abortion rights and gun control.

Frustration among some in the GOP with the administration's handling of the war is not limited to Congress. During an appearance in Minnesota on Tuesday, former Secretary of State Colin Powell said, "stay the course isn't a good enough answer, because to stay the course you have to have a finish line."

Rep. Walter Jones, R-N.C., who has Camp Lejeune in his district, said he has repeatedly called for Rumsfeld to resign.

"I have felt this way for quite a while. . . . He reminds me so much of (Defense Secretary Robert) McNamara in the Vietnam War. He is arrogant and will not admit a mistake."

Shays is in one of the most competitive House races this year and his comments come just five weeks before the midterm elections. His opponent, Democrat Diane Farrell, has opposed the war and advocates an exit strategy for U.S. troops. Farrell lost to Shays by 4 percentage points two years ago.

Farrell's campaign pointed out that she has been calling for Rumsfeld's resignation for months and said this is just the latest change in Shays' position.

"He has supported the war from Day One," said Farrell campaign spokeswoman Jan Spiegel. "He has voted to give the president a blank check."

Shays made his comments after a debate with Farrell, which was dominated by questions about the Iraq war. Farrell said Shays started talking about timelines after Sen. Joe Lieberman lost the Democratic primary to anti-war candidate Ned Lamont. Lieberman is running as an independent.

Shays rejected the charge, saying he has attended funerals of soldiers and would not base his position on how to get re-elected.

Kerry Vs. Frist (WT)

By Greg Pierce

The Washington Times, October 5, 2006

Sen. John Kerry, Massachusetts Democrat, yesterday ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Mr. Kerry, the party's 2004 presidential nominee, said of the Tennessee Republican.

On Monday, Mr. Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Mr. Frist was surrendering to the Taliban, who harbored the al Qaeda organization blamed for the September 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves, the Associated Press reports.

Mr. Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth.

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Cabinet Cleaning Long Overdue: Bush Should Heed Advice Of Departed Chief Of Staff (BOSH)

By Wayne Woodlief

Boston Herald, October 5, 2006

If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a "fresh start" with a new Congress in a new year.

"That's usually a good time to make changes," said Card, as familiar now with "the cadences of Washington" as he was with Massachusetts mores as a young reformer in the Legislature during the '70s.

Speaking by phone from his home in suburban Virginia, Card said, "It would be good now, right after the elections, for the president to see how the ducks have settled and sit back and say, 'This is what I want to do and should I go out and find somebody new to help me do it.' Change with, say, four months left in his term wouldn't mean much. But change wth two years in his presidency could mean a lot."

So it isn't too late (though it's way overdue) for Bush or Defense Secretary Donald Rumsfeld to do the right thing. Rumsfeld - whose blunders in the war in Iraq and its aftermath have been epic - either should step aside or be asked to go.

Card said he hasn't spoken with the president since the stirring release of Bob Woodward's new book, "State of Denial," which includes Card's entreaties on Rumsfeld. "But he has sent an assistant to talk to me, make arrangements for us to get together. He is a good friend. We'll see each other pretty soon."

Card is one of the good guys in Woodward's book, which documents the deceptions, hubris and mistakes by the administration in Iraq. Card played the Great Facilitator for Bush, raised questions the president should consider, made things happen and, always, watched W's back.

When Card heard how many enemies Rumsfeld had made on Capitol Hill and among military leaders, he tried to prod the president to cut him loose. Card said he wasn't "on a campaign" to get Rumsfeld. But he had (more than once, according to Woodward's book) raised the question of change at Defense - and in other positions as well, including his own.

Card was focused enough on Rumsfeld to talk with first lady Laura Bush about him. She was distressed about the war, Woodward wrote, worried that Rumsfeld was hurting her husband. "He (the president) is happy with this. But I'm not," she said.

Presidential adviser and elections guru Karl Rove kiboshed one of Card's efforts to replace Rumsfeld (Card offered up 11 names, including former Secretary of State Jim Baker), after Bush's re-election in 2004. Rove argued that the Democrats were too contentious and the president should do nothing to cause hearings on a new nominee - and on the course of the war. "Jesus, no," as Woodward quoted Rove.

Yesterday, Card said, "Karl Rove is a healthy debater."

But, tellingly, Card did not admit he was wrong in that debate as he did about his advice on a tense 2004 election night captured in gripping detail in Woodward's book.

Card had tried to nudge fellow Massachusetts native Mary Beth Cahill, Sen. John Kerry's campaign manager, into a concession call after early exit polls showing Kerry winning proved inaccurate. She said no, and the clock ticked past 4 a.m., with Ohio still in play (though headed Bush's way).

Card and Bush intimate Jim Francis suggested that the president make headline news by joining his supporters and claiming victory. But others, notably aide Dan Bartlett, argued not to "jam" Kerry and pressure him, lest the senator's forces raise legal questions about electoral procedures in Ohio. "You cannot go out there and put a crown on your own head," Bartlett told Bush. The president replied, "Laura thinks the same thing."

The president made the right call then, and Card said yesterday, "I think that the right decision was made and that my counsel was not as accurate as others.' "

But Card surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling.

Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night.

Rumsfeld Soldiers On Despite Criticism (AP)

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By Lolita C. Baldor

AP, October 4, 2006

U.S. Defense Secretary Donald H. Rumsfeld skirted around a sign warning of eruption danger. He climbed the crumbling, steep steps to the top of the Masaya volcano, carefully protecting his left arm, in a sling since surgery a month ago.

Much like his painstaking but determined ascent of the crater on a drizzly day this week, the 74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain.

Rumsfeld returned to Washington on Tuesday from back-to-back trips to Europe and Central America. They coincided with the release of a U.S. intelligence report saying the war in Iraq was motivating terrorists, and the publication of another book critical of the Pentagon's handling of the war. Some lawmakers in Congress renewed their calls for his ouster.

As Rumsfeld shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight.

When he did take questions about his future, Rumsfeld delivered an exasperated "No, no, no," he would not resign.

And in typical fashion, he parried back. The fallout was not affecting his job, he said, or his relations with other national leaders.

"They don't seem to pay a lot of attention to it, mostly you do," Rumsfeld told reporters. "That's all you guys do is read these books, you ought to get a life."

Democrats in Washington have made campaign-season demands that Rumsfeld resign. Some Republicans have distanced themselves from what they see as an increasingly unpopular war.

Some lawmakers even have softened their opposition to a timeline for withdrawal from Iraq, which Rumsfeld emphatically opposes.

"We cannot reconstitute the armed forces without his removal," said Rep. Neil Abercrombie, D-Hawaii, last week. "While some might view this as a political attack, one cannot change defense policy without changing the person in charge."

In a new book, Watergate reporter Bob Woodward wrote that White House staff had encouraged President Bush to fire Rumsfeld after the 2004 election. Asked about that, Rumsfeld said he spoke personally with Bush, who offered his full support.

During the early days of the trip, Rumsfeld did his best to stay out of the spotlight — which was then focused on the U.S. intelligence report concluding that the Iraq war has fueled terrorists and increased the danger of attack.

He spent the initial 11-hour flight to Montenegro cloistered with staff and his wife, Joyce, in a private compartment. Later in the trip, an expected briefing with reporters in Portoroz, Slovenia, was abruptly canceled. He went straight to his hotel room.

When he faced reporters in the Balkans the next day, he scolded them for asking him too many questions at a press conference, rather than directing their queries to other NATO defense ministers on the stage.

Rumsfeld was in occasional pain from surgery that repaired his rotator cuff; at time, he had trouble sleeping. Still, Rumsfeld kept up a frenetic pace of private and public meetings with his defense counterparts.

"Any suggestion that the secretary is either distracted or slowing down is so far off the mark that it's just nutty," Pentagon press secretary Eric Ruff said.

Indeed, the secretary kept a rigorous schedule during the four-country tour.

When he arrived in Montenegro, he met with leaders for a few hours, then took a quick hop to Albania, where he met with his defense counterparts from the region.

He stayed there overnight, then made the 90-minute flight to Slovenia, toured a horse farm, then spent two days in meetings with NATO defense ministers. He flew home to Washington late last Friday, only to turn around and fly to Nicaragua Sunday morning for two more days of meetings with Western hemisphere defense ministers.

En route home Tuesday evening, he met with staff in his office on the plane, with a 4-inch stack of manila folders on the desk in front of him and a bulging briefcase at his side.

With all that reading, there would be no time to peruse the lengthy critique of the war in Woodward's book.

"I didn't read it," said Rumsfeld. "Obviously I doubt that I will."

U.S. European Commander Confirms Quotes In Book (WP)

DOJ_NMG_0075623

By Thomas E. Ricks

The Washington Post, October 5, 2006

One of the highest-ranking generals in the U.S. military yesterday stood by views attributed to him in a controversial new book about the Bush administration's handling of the war in Iraq but said it was important to understand the context in which those views were expressed.

Marine Gen. James L. Jones, the U.S. commander for Europe, is quoted in "State of Denial," by The Washington Post's Bob Woodward, as believing that the war in Iraq is a "debacle" and that "The Joint Chiefs have been systematically emasculated by Rumsfeld." As Marine commandant, the post he held before moving to Europe, Jones was a member of the Joint Chiefs of Staff.

The book also quotes Jones as delivering a warning about working with Defense Secretary Donald H. Rumsfeld to Marine Gen. Peter Pace, who was about to become chairman of the Joint Chiefs. "You should not be the parrot on the secretary's shoulder," Jones reportedly told Pace.

Jones's confirmation of Woodward's account is especially noteworthy because in the book, Pace denies that Jones made such remarks to him. Also, Jones's comments suggest that active-duty generals are beginning to criticize the defense secretary and the Iraq war with the harshness that several retired generals have used recently.

Speaking at a Washington meeting of the Council on Foreign Relations, Jones said he had a long discussion with Pace in Stuttgart, Germany, in September 2005, and then met with Woodward in Brussels that December. He characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, "I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be."

Jones, who plans to retire in a few months, repeatedly declined to discuss the specific wording of his comments to Woodward about Iraq. "I'm not going to get into recollections of adjectives," he said. "I did talk about Iraq with a concern that Iraq deserves."

"I don't think that Iraq is a debacle," Jones told reporters after the meeting. "Iraq is a big problem."

Jones insisted there is a sharp distinction between his private comments and the criticisms made this year by retired generals. "I do not associate myself with the so-called revolt of the generals," he said. "I believe that general officers, both active and retired, have an obligation to let their views be known," but should do so in a "helpful" way.

The bottom line on his conversation with Pace, he said, was that it was "two friends talking, one trying to help the other."

Jones said he has not discussed the comments in the book with Rumsfeld, who has been traveling this week. "We're a team, we're together, we have occasional family disagreements," he said after the meeting.

Imperfect Picture Of Rumsfeld At War (FT)

By Jacob Weisberg

Financial Times, October 5, 2006

An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages about Donald Rumsfeld, US secretary of defence.

In Mr Woodward's first instalment, Bush at War, published in 2002, Mr Rumsfeld is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer ("In his early days as defence secretary, Rumsfeld had clearly anticipated that the United States was going to be surprised by some attack, perhaps something along the lines of September 11 . . . ") and a tower of strength (he "left no doubt in Bush's mind that when the moment came, as it surely would, that the United States was threatened, he, as secretary of defence, would be coming to the president to unleash the military").

When the attack comes, Mr Rumsfeld insists on holding an emergency meeting inside the burning Pentagon, moving to another office only when a general insists that "the smoke is getting pretty bad".

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Though one of Mr Woodward's hallmarks is never to tell readers what, or if, he thinks about anything, his adjectives give the game away.

On first encounter, Mr Rumsfeld is a "small framed, almost boyish, former Navy fighter pilot who did not look his 69 years". During his first tour as defence secretary under President Gerald Ford, Mr Woodward tells us that Mr Rumsfeld was "a JFK from the GOP (Republican party) – handsome, intense, well educated, with an intellectual bent and an infectious smile".

A few pages later he describes Mr Rumsfeld, with a degree of reverence reserved for his most gushing sources, as "a walking example of what the novelist Wallace Stegner calls 'resilience under disappointment', the persistence of drive, hard work and even stubbornness when ambition has not been fully realised". He is a demanding executive with a core of iron.

In Mr Woodward's second Bush book, Plan of Attack, published in 2004, Mr Rumsfeld retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq.

His subject remains "small, almost boyishly dashing", "focused" and "intense". He still has the infectious smile, though it can now "convey impatience, even condescension" when he is interrogating the sloppy thinking of the bureaucratic midgets around him. Mr Rumsfeld can be "tough, unpleasant, unrelenting", but usually in pursuit of "outside the box thinking" in a hidebound military establishment.

Now we have Mr Woodward's third work in the series, State of Denial. Mr Rumsfeld – embattled and clearly no longer a source for what happens behind the scenes – has misplaced his good looks, his decency and his brilliance.

He still has that "boyish intensity" – Mr Woodward never lets go of an epithet once he has bothered to work one out – but these days he is "cocky" and unreasonably confident, a man whose "micro-managing was almost comic". The story begins with him burying everyone at the Pentagon in "snowflakes", unsigned notes that are "an annoyance", "intrusive" and "petty".

This Rumsfeld is on a perpetual power-trip, dressing down underlings for the sheer, sadistic pleasure of it. "Shut up," he is recalled to have shouted at some hapless peon decades ago. "I don't want any excuses. You are through and you'll not have time to clean out your desk if this isn't taken care of." Subordinates describe him in unprintable terms.

By the end of the book, Mr Woodward himself is confronting Mr Rumsfeld over his unwillingness to admit the Iraqi insurgency is growing and that his decisions have cost many lives. "How could he not see his role and responsibility?" Mr Woodward ponders, winding up his interview. "I could think of nothing more to say."

Something Mr Woodward might say, if he wanted to admit reality himself, is that he has changed his mind about Mr Rumsfeld without Mr Rumsfeld changing an iota. Love him or hate him, the defence secretary is the Rock of Gibraltar. He will experience personal growth when Dick Cheney turns vegan. But somehow, the fixed qualities that Mr Woodward cast as positive in books one and two have curdled in book three.

Mr Woodward never acknowledges changing his mind because he regards himself as a reporting machine, with no opinions of his own. He cannot say he is revising his judgments because he claims never to have made any.

But of course, Mr Woodward does have a consistent world view – Washington's conventional wisdom. When everyone viewed Mr Rumsfeld as a commanding hunk, Mr Woodward embodied the adoration. Now that we all know Mr Rumsfeld is a vicious old bastard, Mr Woodward channels the loathing just as fluidly. If the war in Iraq takes a turn for the better, Rumsfeld the Stud might well come roaring back in Mr Woodward's Bush at War IV: Big Brass Ones.

It is slightly maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one – then or now. You could charge him with flattering politicians only when they are on top. But you might as well accuse a weather vane of changing its mind about which way the wind should blow.

The writer is editor of Slate.com

Sad Choice On Security: GOP Arrogance Vs. Democratic Weakness (RC)

By Morton M. Kondracke

Roll Call, October 5, 2006

Just when Republicans thought they had Democrats caught in another election-year "terror trap," The Washington Post's Bob Woodward sprung them by refocusing attention on the mess in Iraq.

That's the politics of national security. At the moment, the advantage would seem to favor Democrats.

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But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies.

Woodward's new book, "State of Denial," follows several others that tell the same story: the U.S. went into Iraq with too few troops to secure the country; Secretary of Defense Donald Rumsfeld refused to plan for a post-invasion occupation or the possibility of an insurgency and intimidated top generals into going along with his under-manning of the operation.

The book portrays President Bush as being willfully blind to the realities unfolding in Iraq — and deceptive in conveying them to Congress and the nation.

I think Woodward fails to credit the need for a president to defend his war policies for the sake of maintaining political support and troop morale. On the other hand, if he failed to ask incisive questions in private — and whack heads, where appropriate — he was not fulfilling his role as a strong wartime leader.

With a few exceptions — Sen. John McCain (R-Ariz.) to Bush's right, Sen. Chuck Hagel (R-Neb.) to his left — Republicans in Congress publicly have saluted the Bush-Cheney-Rumsfeld policy, even if many of them muttered in private and failed to provide adequate oversight.

It's not fair to say — as Democrats do — that Bush policy has been "stay the course" without nuance or change. There have been tactical and strategic changes on the military and political level.

But it's still true that Iraq has never been made secure, that the level of violence is mounting and that Iraqi politicians seem incapable of fashioning a unified country. And Bush has failed to convince Americans to be patient for a long struggle.

At the same time, most Congressional Democrats have one policy: get out of this "quagmire" as fast as possible, regardless of the consequences. "Liberals" want out starting immediately. "Moderates" want out next year. Very few have positive ideas on how to win.

Moreover, it's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden.

There's no question that the administration's initial approach to handling terrorist detainees was unacceptable in a democracy. It was strictly (and typically) an executive-branch and military process without recourse to the courts or Congress.

Once the Supreme Court struck down that approach, the Bush administration came up with a pre-election Congressional strategy to legalize the detainee program — as well as the National Security Agency's terrorist wiretapping program — that set a new trap for Democrats to show voters that they are "weak" on terrorism.

It was a reprise of the GOP's 2002 sudden support of a Department of Homeland Security and its fashioning of a fight over civil service rules into a test of strength against terrorism.

Again, this year, the Democrats walked right into it. In the debate, Democrats (and a few Republicans) basically argued that non-citizen terrorist captives deserve the same constitutional protections as domestic criminal defendants, fulfilling GOP caricatures that they don't really regard the war on terror as a war.

During the debate on NSA spying, Rep. Maurice Hinchey (D-N.Y.) declared that "this bill is contrary to every basic principle of our country. If we pass [it], we are opening up new opportunities for an increasingly despotic administration to continue to erode the basic freedoms and liberties of the American people."

On final passage, 177 House Democrats (and 13 Republicans) voted against the NSA program — which is designed to intercept international, not domestic, communications — and 160 Democrats (plus seven Republicans) voted against the military tribunals bills, as did 32 Senate Democrats and one Republican.

On Sept. 25, the Senate Democratic Policy Committee held a hearing at which three retired military officers, veterans of the Iraq War, excoriated Rumsfeld and called for his replacement.

But on the issue of what to do in Iraq, the officers did not hew to the Democratic line — or the Bush line. Maj. Gen. John Batiste declared: "There is no substitute for victory and I believe we must complete what we started in Iraq and Afghanistan."

Maj. Gen. Paul Eaton said, "We need a Manhattan Project" to equip Iraqi forces with better armor and weapons and triple the U.S. training force. The U.S. Army also needs 60,000 more personnel, he said.

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Col. Thomas Hammes said the U.S. actually has a good military strategy — "clear, hold and build" — but it lacks the troops and resources to accomplish it. He called for "putting the U.S. government on a war footing," with tax increases to pay for it. And, he said, success might take 10 years.

"If we fail in Iraq," he warned, "I am convinced that our children will pay for the mistake." Sectarian civil war will spread to other countries, he said, and they will send forces into Iraq to protect their interests. Sunni areas will become "Afghanistan on steroids" for terrorists. And Iran will dominate the Gulf.

Neither the Bush administration nor Congressional Democrats have the will to do what's necessary to salvage the situation. Regardless of who wins the November elections, America seems headed for a catastrophic strategic defeat in Iraq. It will be left to the next president to pick up the pieces.

The Ghost Of The Oval Office (NYT)

By James Mann

The New York Times, October 5, 2006

ON the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy?

And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power. Secretary of State Condoleezza Rice declared last year that the United States has abandoned 60 years of trying to "buy stability at the expense of democracy" in the Middle East. What could possibly be more un-Kissingerian? Mr. Kissinger has warned for decades against placing too much emphasis on democracy, human rights or moral values in foreign policy.

Yet Bob Woodward's new book, "State of Denial," describes how Vice President Dick Cheney has met with Mr. Kissinger at least once a month, and President Bush has talked to Mr. Kissinger frequently. The book portrays the 83-year-old Mr. Kissinger as the single most frequent outside adviser to Mr. Bush on foreign policy. The meetings are not some recent innovation; previous news reports have indicated Mr. Kissinger advised the administration back in Mr. Bush's first term, too.

One might at first be tempted to attribute this curious relationship to the simple notion of elitism — the idea that there are only a handful of officials who have actually run American foreign policy and therefore only a few people for Messrs. Bush and Cheney to consult.

But this explanation doesn't hold up. Brent Scowcroft and Zbigniew Brzezinski, who served as national security advisers for Mr. Bush's father and for Jimmy Carter, respectively, are among the same foreign-policy elite (and Mr. Scowcroft, in particular, has long shared Mr. Kissinger's philosophical commitment to realism in foreign policy). Yet the Bush administration has consulted with neither of these men to the same extent as it has Mr. Kissinger, perhaps because both have openly challenged current foreign policy more than he has.

So Mr. Kissinger's role seems to be unique. Yet it is not all that surprising, when you look at his own history and that of previous administrations. Since Mr. Kissinger left government in 1977, he and several presidents have subtly made use of each other in similar fashion.

Differences in ideology have rarely been obstacles to the mutual seductions of the Kissinger Schmooze. Mr. Kissinger maintains his access to the White House and insider status, while administrations obtain a sense of validation for their policies.

It also helps for a president to know that he is keeping Mr. Kissinger on board — that even if Mr. Kissinger were to conclude that an administration's policies were dead wrong, or stupid, or directly contrary to his own philosophy, he wouldn't say so in public. (In 2002, Mr. Kissinger was reported in newspaper articles to have broken ranks with the Bush administration on Iraq; but Mr. Kissinger, quickly made plain that his views had been misinterpreted.)

Ronald Reagan campaigned against Mr. Kissinger in 1976 when he challenged President Gerald Ford in the Republican primaries, not only condemning Mr. Kissinger's policies but promising that if elected, he would replace him as secretary of state. But once Mr. Reagan won the Republican nomination in 1980 and went on to the White House, Mr. Kissinger's relationship to the Reagan administration was not an adversarial one.

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When President Reagan branded the Soviet Union an "evil empire," thus seeming to contradict both Mr. Kissinger's past policies and his views of foreign policy, Mr. Kissinger minimized the significance of the speech; he wrote that it was up to Soviet officials to choose when to be insulted. Mr. Reagan appointed Mr. Kissinger to head a bipartisan commission on Central America in an effort to build a consensus for his administration's policy.

Mr. Kissinger's advisory role has not been not confined to Republican administrations. When Bill Clinton, campaigning for the presidency in 1992, denounced the deadly 1989 crackdown on the Tiananmen Square demonstrations in Beijing, he took aim at the underpinnings of the China policy that Mr. Kissinger had established. Yet two years later, when President Clinton announced he was abandoning efforts to link China's trade benefits to improvements in human rights, aides reported that Mr. Kissinger had been one of Mr. Clinton's leading outside advisers.

Some might hypothesize that Mr. Kissinger's perpetual re-emergence as éminence grise reflects the tendency of presidents to change their views after taking office and gradually move in Mr. Kissinger's direction. That explanation would apply to Mr. Clinton's turnabout on China policy, for example. But the theory doesn't work so well for Mr. Reagan, who even late in his administration was out of tune with Mr. Kissinger. In 1987, Mr. Kissinger complained that the Reagan administration was moving unwisely towards an arms-control agreement with Mikhail Gorbachev; it was one of the few instances where Mr. Kissinger has taken on a president in public, and in that instance Mr. Kissinger did so in the role of a hawk.

The current Bush administration does not appear to have gone through any evolution towards Kissingerian realism, at least not if you look at the president's public remarks. Although Mr. Bush gave one speech invoking democratic ideals on the eve of the Iraq war, it was not until his second inaugural address, in January 2005, that he really made democratic freedom the centerpiece of his foreign policy. He has done so ever since. So rhetorically, at least, Mr. Bush has been moving further and further away from a Kissingerian foreign policy.

There remains the possibility that Mr. Bush's actual views may differ from his pro-democracy rhetoric. Perhaps he talks about democracy in public but not in private. If so, that would help explain why he has been so quiet about the regular meetings with Mr. Kissinger.

More likely, however, the president and Mr. Kissinger do not see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background. Advising the White House is what he does. And presidents usually seem to think that a part of conducting foreign policy is to talk to Mr. Kissinger, even if it goes nowhere.

James Mann, the author of "Rise of the Vulcans: The History of Bush's War Cabinet," is an author in residence at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Tenet's Coming Memoirs (WT)

By Michael F. Scheuer

The Washington Times, October 5, 2006

With Bob Woodward's book "The Anger of the Court Historian Spurned" in hand, we now await a book by George Tenet, the former director of Central Intelligence, to be published later this fall. The book will be of great interest to Americans, not only because of the position Mr. Tenet held under Messrs. Clinton and Bush, but because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. This, parenthetically, is special treatment that is not given to other CIA officials. Indeed, the agency apparently has accommodated the research needs of Mr. Tenet, while making tortuous the publication efforts of fine CIA officers like Gary Schroen and Gary Bernsten, men who risked their lives to protect Americans.

Mr. Tenet, in many ways, holds the keys to the kingdom; he was at the very center of the policy deliberations in two administrations that yielded the disasters of September 11 and Iraq. His personal knowledge base has the clear potential to give Americans some truth about the lead-up to those landmark events. It will be interesting to see whether he uses that knowledge to inform his fellow citizens or to burnish his reputation as the reliable friend of politicians in both parties, always ready to take the blame for the mistakes of others.

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From my own perspective, I look forward to Mr. Tenet's description of what he told Presidents Clinton and Bush on three issues: hunting for Osama bin Laden, the mistaken bombing of the Chinese embassy in Belgrade and the likely consequences invading Iraq would have on the war on terrorism.

On bin Laden, Mr. Tenet deserves high marks for being involved in the nuts-and-bolts of the chase and for understanding the threat al Qaeda posed to America long before September 11. In internal CIA meetings on each occasion that arose to kill or capture bin Laden, Mr. Tenet was always gung-ho to attack and assured his lieutenants, and lesser-ranked officers like myself, that he understood that the intelligence we had acquired was precise but not perfect, but that we were quite unlikely to get any of better quality. On leaving for the NSC meetings called to decide about an attack on bin Laden, Mr. Tenet invariably assured us that he would tell the principals that the intelligence was a solid as it was going to get and that it was time to act. And when he returned to Langley, he invariably would say he had laid it on the line and the president and the NSC refused to act. Oddly, Mr. Clinton and Richard Clarke now claim that Mr. Tenet always professed strong uncertainty about the quality of the information CIA officers risked their lives to obtain. Mr. Tenet ought to use his book to set the record straight so CIA officers know that he was not lying to them.

While now just a blip on the historical screen, the Air Force's mistaken bombing of the Chinese Embassy in Belgrade resulted in the dismissal of a young, just-married CIA employee who had assembled targeting information on a building in Belgrade thought to be vital to the Serbian government. After the bombing, Mr. Tenet inexplicably accepted blame for the mistaken attack.

Now, everyone in the intelligence community knows that while many agencies nominate targets for attack in wartime situations, only the U.S. military can make the decision to attack, and that it only makes such a decision after military targeters have reviewed the information provided by other agencies and confirmed that it is valid and up to date. The question of why a young CIA employee's career was sacrificed for the military's failure is one Mr. Tenet ought in fairness to explain.

Finally, many of Mr. Tenet's subordinates at the CIA -- especially in the Counterterrorist Center -- advised him that the invasion of Iraq would break the back of America's war against the Sunni militant movement led and inspired by bin Laden. This advice did not claim that Iraq was not a threat, but simply that the invasion of Iraq manifestly amounted to the more-than-millennium-old predicate for a defensive jihad -- the unprovoked infidel invasion of a Muslim country.

Mr. Tenet was advised that whatever the threat was from Saddam Hussein, the invasion of Iraq would validate bin Laden's call for a jihad across the Sunni world and would speed the accomplishment of bin Laden's basic goal: transforming himself and al Qaeda from a man and an organization into a philosophy and a movement. I think all Americans would be interested in learning how the president and his cabinet reacted when Mr. Tenet presented this analysis to them.

So let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?

Michael F. Scheuer, a 22-year veteran with the CIA, created and served as the chief of the agency's Osama bin Laden unit at the Counterterrorist Center.

Attacks In Baghdad Kill 13 U.S. Soldiers In 3 Days (WP)

By Amit R. Paley

The Washington Post, October 5, 2006

BAGHDAD, Oct. 4 -- Thirteen U.S. soldiers have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since the start of the war.

The latest losses -- four soldiers who were killed at 9 a.m. Wednesday by small-arms fire -- are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday, the military said.

The number of planted bombs is "at an all-time high," said Maj. Gen. William B. Caldwell, a military spokesman, defying American efforts to stanch the vicious sectarian bloodshed in Baghdad that threatens to plunge the country into civil war.

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"This has been a hard week for U.S. forces," Caldwell said. "Unfortunately, as expected, attacks have steadily increased in Baghdad during these past weeks." Independent databases showed the three-day toll for American troops to be the highest in Baghdad so far.

U.S. military officials said the surge in violence could be partly attributed to the increased exposure of American forces as they patrol the dangerous streets of Baghdad to try to quell reprisal killings between Shiites and Sunnis. The number of troops in the capital has been doubled since June to support the Iraqi government's new security plan, said Lt. Col. Barry Johnson, another military spokesman.

"When you go into bad neighborhoods, you'll have more attacks," said Lt. Col. James A. Gavrilis, a Special Forces officer and expert on the Iraqi insurgency. "If we have more people in one area, there will be an opportunity." He said enemy fighters "are reacting to an opportunity to attack."

Ali al-Dabbagh, a spokesman for the Iraqi government, said another likely cause for the spike in American troop deaths was a recent call by the leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, encouraging Iraqis to "eliminate the infidels and the apostates" during the current holy month of Ramadan.

Seventy-four soldiers and Marines were killed in Iraq in September, representing the highest monthly toll since April, when 76 died, according to the Iraq Coalition Casualty Count.

Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said two weeks ago that attacks against U.S.-led coalition forces in Baghdad had reached an average of 42 a day -- with about six causing casualties or equipment damage -- up from 36 or 38 attacks.

"Why are we seeing an increase in attacks?" he said. "Well, we have twice as many forces operating throughout the city now. We're challenging the anti-Iraqi forces where they live and operate."

The disclosure of heavy American losses came on another day of horrific violence for Iraqis, with at least 59 people killed in separate incidents across the country, Iraqi police said. The single deadliest attack took place at 11 a.m. in Ramadi, a Sunni insurgent stronghold in western Iraq, when a suicide bomber blew up his car at an Iraqi army base, killing at least 19 people and wounding 10, according to a police official.

Caldwell also announced yesterday that an entire Iraqi police brigade -- comprising an estimated 800 to 1,200 officers -- had been pulled out of service and placed under investigation for alleged complicity with death squads. On Sunday, gunmen burst into a food factory in Amil, a Baghdad neighborhood under the brigade's control, and kidnapped 26 workers.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said. "The government of Iraq had lost trust and confidence in the 8th Brigade, 2nd National Police Division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The move appeared to represent a new effort by Iraqi officials to root out corruption in the Iraqi security forces, which are widely believed to be infiltrated by militias and death squads that do more to exacerbate sectarian tensions than protect citizens. Caldwell said the brigade will undergo "anti-militia, anti-sectarian violence and national unity training."

The brigade's commander might be charged with a crime, and the head of the unit's second regiment has already been arrested, said Brig. Abdul Kareem Khalaf, an Interior Ministry spokesman. "They are both under investigation to know how all this happened without the security forces interfering to stop it," he said.

Also on Wednesday, a top aide to Moqtada al-Sadr said the anti-American cleric has specific information that U.S.-led coalition forces plan to launch a major attack on Sadr City, a Shiite slum in Baghdad filled with his followers.

"They want to turn it into mass graves similar to the previous ones conducted by the former regime," said the aide, Sahib al-Amery. "The occupation forces want to start a sectarian crisis on the pretext that there are Shiite militias."

The United States and Sadr have clashed frequently since the 2003 invasion, and some military officials have been calling for more aggressive moves against the Sadr-controlled Mahdi Army, which is considered to be a militia by nearly everyone in Iraq. On Wednesday, though, Amery disputed that characterization.

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"The Mahdi Army is a doctrinal and ideological army, not a militia," he said. "It has no camps or headquarters, and its weapons are self-owned by its members. We in the Shiite areas, we have no terrorist groups or organizations. These are found in the Sunni areas only."

Fight To Clear Baghdad Of Insurgents Gets Fiercer (USAT)

By Rick Jervis

USA Today, October 5, 2006

BAGHDAD — American casualties in Iraq are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad. At least 19 American servicemembers have been killed in combat since Saturday, many of them in the capital, according to the Defense Department.

"This has been a hard week for U.S. forces," said Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. "We are all looking at that and are very much aware of it."

Four U.S. soldiers were killed by small-arms and indirect fire northwest of Baghdad on Wednesday. Indirect fire can refer to mortars or rockets. Eight American troops were killed in firefights and bombings Monday in Baghdad. It was the deadliest single day in the capital since July 2005.

U.S. and Iraqi forces are engaged in a high-stakes fight in Baghdad to clear out militias and insurgents.

"Certainly with this operation, we're hitting close to home and infringing on their freedom of movement and their ability to conduct these types of activities," said Lt. Col. Michelle Martin-Hing, a U.S. military spokeswoman in Iraq. "What we're seeing now is some push-back."

The increased presence of U.S. troops in the capital and the recent start of Ramadan, the Muslim holy month, may also account for the increase in American casualties, said Lt. Col. Avanulas Smiley, a U.S. battalion commander operating in northwest Baghdad.

Most of the violence in Baghdad, a city of 6 million, is the result of civil unrest. "Violence in Baghdad is the most prominent feature of the conflict in Iraq in this period, as Sunni and Shiite extremist death squads pursue their sectarian agendas," according to a Pentagon report to Congress.

Civilians also pay a heavy price. The report said the Baghdad coroner took in more than 1,800 bodies in July, 90% of whom appeared to have been assassinated.

A series of bombings in Baghdad on Wednesday killed 12 people.

Some of the death squads may be linked to Iraqi government security forces.

Wednesday, the U.S. command said Iraq's government suspended a brigade of up to 700 police officers for suspected involvement with death squads.

"There was some possible complicity in allowing death squad elements to move freely when (the police brigade) should have been impeding them," Caldwell said. "The forces in the unit have not put their full allegiance to the government of Iraq and gave their allegiance to others."

The Iraqi Interior Ministry said that the commander of the unit, a lieutenant colonel, had been detained for investigation and that a major general had been suspended and ordered transferred.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said a random selection of troops in the suspended unit was being investigated for ties to militias.

Baghdad Bombings Hit "All-time High" (WT)

The Washington Times, October 5, 2006

BAGHDAD -- Bomb attacks in Baghdad have hit an all-time high, the U.S. military said yesterday, while the death toll throughout Iraq for American soldiers rose to 22 in the past four days.

Iraqi authorities for the first time pulled a brigade of about 700 policemen out of service yesterday for investigation of suspected ties to death squads.

The police face criminal vetting and lie detector tests as part of a "retraining" process designed to weed out militia members who have used the cover of their uniforms to kidnap, torture and commit mass murder, U.S. officials said.

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Maj. Gen. William Caldwell, the U.S. military spokesman, said the number of car bombs in Baghdad hit the highest level of the year last week and that bombs reported in general were "also at an all-time high."

The explosion of violence in Baghdad comes amid a major military operation by U.S. and Iraqi forces in the capital to stop bombings and tit-for-tat sectarian killings.

For the second time in two days, four U.S. soldiers were killed in a single incident around Baghdad, this time in what appears to have been a substantial skirmish involving mortars or rockets and gunfire to the northwest.

It took the American death toll in the past four days to 15 in and near Baghdad and 22 in total.

Gen. Caldwell described it as a "hard week" for U.S. forces, who typically suffer two to three deaths a day on average in Iraq.

Fourteen persons were killed and 75 wounded when a car bomb struck a government motorcade in Baghdad. Police said the industry minister, a Kurd, was in the motorcade but aides said no senior officials were in the convoy.

The blast in the Christian Karrada commercial area damaged buildings and left blood and mangled cars in the street.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen.

Baghdad's Sunnis widely fear the Shi'ite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad, where gunmen on Sunday kidnapped 24 workers from a frozen-food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away. Sunni politicians have said all those who were kidnapped were Sunnis; the region has a mixed population with a slight Shi'ite majority.

The Interior Ministry spokesman said the brigade was being investigated because it "didn't respond quickly" to the kidnapping. Sunnis blamed Shi'ite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Gen. Caldwell said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that [unit] comes out at 30 percent of what it went in with, that's OK," he told reporters.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Gen. Caldwell said.

The suspended brigade had about 650 to 700 members, and the Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

The U.S. military appeared to have a key role in getting the brigade sidelined. Gen. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer -- and the decision to act was made by the Interior Ministry on Tuesday.

The sectarian spiral of revenge killings between Shi'ites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions [by death squads] have caused the majority of civilian deaths in Iraq," Gen. Caldwell said.

Car bombs, as well as other explosions and shootings, killed 34 persons across the country yesterday.

Gen. Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al Qaeda in Iraq, the most feared Sunni insurgent group. In September, 110 al Qaeda suspects were killed and 520 detained -- including a driver of the group's leader, Abu Ayyub Masri, captured on Sept. 28.

Iraqis Suspend Police Brigade (LAT)

By Kim Murphy And Doug Smith

DOJ_NMG_0075632

The Los Angeles Times, October 5, 2006

BAGHDAD — Iraqi authorities said Wednesday that they have suspended an entire brigade of as many as 1,200 police officers for suspected connections to kidnappings and executions.

The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant.

Six of the workers later were found dead. One who had been shot and left for dead apparently crawled away to a military checkpoint, authorities said.

The decommissioning comes after street protests erupted at one of the police unit's checkpoints in the capital, and U.S. military officials requested that one of the three battalions in the brigade be recalled.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely, when in fact they were supposed to be impeding their movement, that perhaps they did not respond as rapidly when reports were made," said Army Maj. Gen. William B. Caldwell IV, spokesman for the U.S.-led coalition forces in Iraq.

He said the Iraqi government had "lost trust and confidence in the ... division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The decommissioning is the latest in a series of moves being undertaken by Iraqi and U.S. military authorities to combat the possible infiltration by insurgents or sectarian combatants into Iraq's army and security services.

The crackdown on the police came on another deadly day for U.S. troops, four of whom were killed by small-arms fire while on patrol northwest of Baghdad, according to U.S. military authorities. A fifth soldier died of wounds sustained a day earlier near Kirkuk, bringing the total since Saturday to 21 U.S. military fatalities.

Nationwide, nine Iraqi police officers died in violence. Six were killed by a roadside bomb in Baghdadi, in Al Anbar province. One was killed and three were wounded during a demonstration at a police station in central Baghdad. Two more died in an attack on a police patrol in Baqubah, north of the capital.

In Baghdad, a car bomb apparently aimed at a convoy belonging to Industry Minister Fawzi Hariri killed 14 civilians and injured more than 70. Hariri wasn't in the car.

Ministry of Health statistics released Wednesday show that 2,667 civilians died violently in September, and 2,994 were injured, a level consistent with the summer's high monthly tallies. A substantial number of them fell victim to death squads, which often pull passersby off sidewalks, seize people from their homes, or drag motorists out of their cars. Their bodies often are found with gunshot wounds and bearing signs of torture.

Authorities said they had documented a near-record number of bomb attacks, including both car bombs and roadside explosives.

Government and military officials increasingly fear that the police and other security services have links to corruption and sectarian violence. Since June, the Interior Ministry has fired 1,700 officers suspected of corruption, abuse of authority or other violations, a ministry spokesman told The Times.

In the incident Sunday at the frozen-meat processing plant in the south Baghdad neighborhood of Amil, about half a dozen men claiming to be police officers entered and began asking employees for identification cards before ordering most of them into a truck and driving away.

At another location, the employees were beaten and then separated into Sunnis and Shiites, with the Shiites permitted to leave, according to a survivor who was interviewed by investigators from the 172nd Stryker Brigade Combat Team.

A military source said the kidnappers asked one man, "Why are you working with these Sunnis?" before releasing him.

All of the shooting victims were Sunnis.

Cartridge casings found at the scene of the kidnapping match those used in handguns carried by Iraqi police, but differ from those most commonly used on the street, military investigators said.

Wednesday's actions came after Army Lt. Col. John Norris, commander of the 172nd Stryker Brigade's 23rd forward battalion, issued a request to decommission the first of the Iraqi unit's three battalions.

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U.S. military officials said the Interior Ministry already had opened an investigation of possible connections or cooperation between the brigade and death squads operating in the capital, and it moved to decommission the unit after the protests and Norris' request.

"The case that was building against the 8th Brigade of the Iraqi national police that works in Amil was based on corruption, infiltration, complacency and possibly committing sectarian murders in their area of responsibility," Norris said in an interview.

"They set up checkpoints throughout the town, they run patrols throughout their area of responsibility, so the question that begs to be answered is, why were they having such a spike in murders in their area?" he said. "When they have a significant number of checkpoints that should facilitate controlling traffic and providing security."

He said the apparent disparity raised a question: "Are they contributing to security, or are they causing the poor security conditions?"

Interior Ministry spokesman Alaa Taie said the decommissioning and retraining will allow the government to determine whether charges lodged against the police unit have any basis.

"Were there deficiencies and failures that resulted in the kidnapping ... and is it true that there was cooperation between the police and the militias? This is what we hope to find out," he said.

A report for the Council on Foreign Relations last year said there was "widespread" infiltration of security forces by insurgents, including hard-core fighters who slipped through the hiring checks and sympathizers who helped militias and insurgents. Some police appeared to help the insurgents out of intimidation and fear, the report said.

U.S. authorities who were overseeing the early formation of the police forces were forced to rely on local expertise in evaluating who was suitable, said report author Sharon Otterman, former associate director of the council.

"The other big issue is who, exactly, were they trying to keep out of the forces? At the beginning, it was more a concern of looking for former Baathists," she said. "Now what we're seeing is infiltration of every kind of group — the Shia militias, not to mention the Sunnis, and everybody else."

Sunni lawmakers have complained of Shiite infiltration of security services not only in Baghdad, but in many quarters of Iraq. Others complain that Sunni Aran militias are working hand in hand with the police to target other groups.

"The security has deteriorated, and the fact is clear that these infiltrations are partly responsible," said Mohammed Daini, a Sunni member of parliament. Daini has alleged that senior army officers in the Diyala region appear to have connections to Shiite militias or the Iranian Revolutionary Guard.

"There is an outrageous intervention by Iranian intelligence [in the police]," Daini said. "We can say that death squads are inside the Iraqi government, through their existence in the army and the police. And this is known to the Americans."

U.S. military officials said members of the 8th Brigade would be retrained by Iraqis under U.S. guidance, and some officers might lose their jobs or face prosecution.

Taie said authorities had not received any direct evidence that sectarian militias had infiltrated the police brigade, but he said the issue of infiltration was "natural" with a police force formed under conditions of chaos, constant threat and sectarian violence.

"When you try to found an institution under terrible circumstances of disturbed security, infiltrations can be possible," he said. "But it's important that the Ministry of Interior and the elected government are working to restore security and follow up on not only the corruptors, but the terrorists."

Iraq Suspends Police Brigade In Baghdad (NYT)

By Sabrina Tavernise

The New York Times, October 5, 2006

BAGHDAD, Oct. 4 — The Iraqi Interior Ministry has suspended an entire Iraqi police brigade on suspicions that some members may have permitted, or even participated in, death squad killings, American military and Iraqi government officials said Wednesday.

The move was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces.

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The suspension involved the transfer of about 800 special police commandos out of their base in the Aalam neighborhood in western Baghdad to a training site north of the capital. The troops were not disarmed, according to an Iraqi Interior Ministry spokesman, but two of their most senior commanders were detained.

American officials have been pressing the government of Prime Minister Nuri Kamal al-Maliki for months to take action against the militias, but they have proved difficult to dislodge, in part because so many are affiliated with Iraqi political parties. His interior minister, Jawad al-Bolani, was appointed for his relative independence from the parties, but as a result he lacks essential political backing to enforce his will.

Murders and executions carried out by the death squads are the main cause of Iraqi deaths now, according to the American military. Putting a stop to the killings is at the heart of American military policy.

Deaths of American troops continued to rise, with six more announced by the military on Wednesday, five of them in Baghdad. American deaths have spiked recently as the military sweeps Baghdad, home to a quarter of Iraq's population of some 25 million, trying to bring the violence under control. The deaths bring the total troops who have died since Saturday to 23.

The suspended unit is the 8th Brigade Second Division of the Iraqi national police, which is known by its nickname, Falcon. It fell under suspicion after a large-scale kidnapping was carried out largely unhindered in its area of operation on Sunday, an Interior Ministry spokesman said. In that case, 26 workers were marched out of a frozen food factory in the Amel neighborhood. The bodies of at least 10 of them were found soon after.

The brigade "did nothing to follow the kidnappers or fight them," said the spokesman, Brig. Gen. Abdul Karim Khalaf, and so Mr. Bolani removed the brigade commander and a battalion commander on Tuesday, he said.

Iraqi officials said the brigade commander, Najim Juma al-Eqabi, was under review for management failings, and that the battalion commander, who was not identified, had been taken into police custody, apparently under suspicion of deeper involvement.

Justice for those implicated in sectarian killings and abuse has been elusive in the past, and it remains to be seen whether suspicions about the unit or its commanders will result in legal action. Arrest warrants for 52 Iraqis, including one division commander, have been issued, but none so far have been carried out. It was not clear on Wednesday night whether the two commanders were among them.

Mass kidnappings have become relatively common, but this is the first time the Iraqi government has taken any kind of serious action against official forces that should have prevented or responded to one.

"It's significant to take a whole brigade offline," said Mathew Sherman, a former senior State Department adviser to the Interior Ministry. "They have finally collected enough intelligence, and enough U.S. pressure has been exerted, that they are taking action."

Maj. Gen. William Caldwell, the chief American military spokesman in Iraq, said the unit had been operating in an area where American sweeps had not reduced the number of killings. The brigade operated in the neighborhoods of Bayaa, Saidiya, Amel, and Turath, General Khalaf said.

General Caldwell, who announced the unit's suspension at a news conference on Wednesday, said, "There is clear evidence that there was some complicity in allowing death-squad elements to move freely when in fact they were supposed to have been impeding their movement, that perhaps they did not respond as rapidly when reports were made."

An American military official, who spoke on the condition of anonymity, said that some of the members of the unit had been directly implicated in death-squad killings.

The war here has evolved from spectacular suicide bombings with heavy fatalities carried out mainly by Sunni radicals to secret neighborhood revenge killings done by death squads of both sects. The Shiites squads have posed a particularly difficult challenge, in part because they have infiltrated the forces of the government itself. Sunni Arab detainees have long charged that Shiites seeking revenge are operating torture chambers in Interior Ministry prisons. Shiites in the ministry have said such allegations are exaggerated.

A human rights report published by the United Nations mission in Iraq found clear evidence of systematic abuse and torture at a prison in eastern Baghdad known as Site 4, where more than 1,400 prisoners were reported to be crowded into a small area. American officials have been pressing the Iraqi government to bring those responsible to justice.

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One American lever of last resort is the Leahy Law, which prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice. American officials have acknowledged that they have warned the Iraqi government that aid might be curtailed if it does not comply.

General Caldwell also announced some progress in the effort against Sunni Arab insurgents. The driver and personal assistant of Abu Ayyub al-Masri, an Egyptian who has been identified by the American military as the new leader of Al Qaeda in Iraq, was captured in Baghdad on Sept. 28. General Caldwell said the man was suspected of having helped plan the bombings of two hotels in Baghdad last year, the Sheraton and the Hamra.

On Wednesday, at least 14 Iraqis were killed and more than 80 wounded in and around Baghdad, most in a triple bomb attack on an Interior Ministry convoy. The minister was not injured, but three of his guards were killed, officials said. A suicide bomber detonated near an Iraqi Army base in Ramadi, in western Iraq, killing only himself, [a news organization] reported.

Iraq Pulls A Police Brigade For Alleged Involvement In Death Squads (MCT)

By Jay Price

McClatchy Newspapers, October 5, 2006

BAGHDAD, Iraq - The Iraqi government has pulled an entire national police brigade of about 700 officers out of Baghdad because so many of its members appeared to be involved in sectarian killings, the U.S. military said Wednesday.

Removing the brigade would immediately improve security in the city, said Maj. Gen. William Caldwell IV, a spokesman for the U.S. military in Baghdad. Caldwell also said that a weekend curfew had helped reduce the number of dead Iraqis discovered throughout Baghdad this week.

But U.S. fatalities in Baghdad have remained high, with 18 American soldiers killed since Saturday, Caldwell said. Eight of them died on Monday - the highest single-day death toll in more than a year.

Last week also set a record for the number of car bombs and roadside bombs that exploded or were disarmed, Caldwell said. He declined to provide precise numbers, however.

At least 12 people were killed and 70 injured on Wednesday when two roadside bombs exploded in southeast Baghdad as a convoy from the Ministry of Industry passed by. As emergency workers rushed to the area, a second bomb detonated. Three of the dead were guards for the industry minister, but the minister wasn't in the convoy at the time.

In Diyala Province, gunmen going door to door with gasoline containers burned down 22 houses in the past two days, police said. The latest seven to be torched were in Abu Seda village, where the bodies of seven members of the same family were also found Wednesday morning.

Caldwell said Iraqi officials ordered the police brigade from Baghdad after 26 workers, most of them Sunni Muslims, were kidnapped Sunday from a meat-packing plant in a neighborhood the brigade was supposed to be protecting. The next day, uniformed gunmen driving what appeared to be government trucks kidnapped 14 people from a shopping district that specialized in computers.

Sunnis long have claimed that security forces laced with members of Shiite Muslim militias are responsible for many of the killings and kidnappings that have become rampant in this city. About 100 Sunnis demonstrated Wednesday in the neighborhood where the meat plant was located, carrying signs saying that the security forces should leave.

Caldwell said it was clear that officers from the unit, the 8th Brigade, 2nd National Police Division, had turned a blind eye to the death squads operating with their force. In some cases, he said, the brigade let killers move freely in the neighborhoods. The brigade also may have been slow intentionally to investigate reports of the killings and kidnappings.

Some of the officers are now subjects of investigations, Caldwell said.

Iraqi leaders made the decision late Tuesday night to order the unit shipped out for "retraining," and on Wednesday the brigade was taken to a training camp north of the city, Caldwell said. The police officers would be thoroughly questioned, given lie detector tests and their criminal histories checked.

Brig. Gen. Abdul Kareem Khalaf, a spokesman for the Iraqi Ministry of Interior, which oversees the police, said the brigade's commander had been detained for questioning.

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Caldwell said that the decision to withdraw the unit was initiated by the Iraqis, but that U.S. troops first detected problems in September during a routine evaluation of each of the country's 27 national police brigades. That evaluation included checks of the units' equipment and interviews with residents in the neighborhoods they patrolled.

Coalition forces also announced Wednesday that they'd captured a former driver and personal assistant of the al-Qaida in Iraq leader Abu Ayyub al Masri, along with 31 others during a series of raids on Sept. 28. He was the second Masri associate captured in September.

Iraq Pulls Police Brigade Out Of Service (AP)

By David Rising

AP, October 4, 2006

Iraqi authorities pulled a brigade of about 700 policemen out of service Wednesday in its biggest move ever to uproot troops linked to death squads, aiming to signal the government's seriousness in cleansing Baghdad of sectarian violence.

The government move came amid steadily mounting violence, particularly in the capital. A U.S. military spokesman said the past week had seen the highest number of car bombs and roadside bombs in Baghdad this year.

Four U.S. soldiers patrolling in Baghdad were killed by gunmen on Wednesday, the U.S. military said, also announcing the deaths of two other soldiers a day earlier in Baghdad and the northern city of Kirkuk. The deaths brought to 21 the number of Americans killed in combat since Saturday.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen, though some individual soldiers have been investigated in the past. Baghdad's Sunnis widely fear the Shiite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad with a slight Shiite majority, where gunmen on Sunday kidnapped 24 workers from a frozen food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away.

Sunni politicians have said all those who were kidnapped were Sunnis. They blamed Shiite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said the brigade was being investigated because it "didn't respond quickly" to the kidnapping.

The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that (unit) comes out at 30 percent of what it went in with, that's OK with the government of Iraq," he told a Baghdad news conference.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said.

The U.S. military appeared to have a key role in getting the brigade sidelined. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer — and the decision was made by the Interior Ministry to act Tuesday.

U.S. forces have been carrying out raids and arrests of militia members for the past month as part of a wide-scale U.S.-Iraqi sweep of Baghdad launched in August, which has seen the number of American troops in the capital double.

Forces have been moving from neighborhood to neighborhood, searching houses, confiscating weapons and arranging services like water and electricity for residents in an attempt to stop sectarian violence and insurgent attacks. The rise in U.S. deaths in recent days may be linked to their increased presence in the capital, commanders have said.

But at the same time, Sunnis have accused the Shiite-led government of balking at sending its security forces against the Shiite militias, many of which are linked to parties in the coalition.

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The suspended brigade had about 650-700 members, and the Iraqi Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

Khalaf said a random selection of troops in the suspended unit were being investigated for ties to militias.

The sectarian spiral of revenge killings between Shiites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions (by death squads) have caused the majority of civilian deaths in Iraq," Caldwell said.

The violence has also threatened to undermine the government of Prime Minister Nouri al-Maliki as Shiite and Sunni parties in his coalition accuse each other of backing militias.

On Monday, al-Maliki announced a new security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts to stop the violence on a district-by-district level.

But contentious details of the plan still must be worked out — and Shiite and Sunni parties for a second day on Wednesday put off negotiations.

At the same time, Sunni-led insurgents have continued their attacks targeting civilians, Iraqi officials and U.S. and Iraqi troops.

Car bombs, as well as other explosions and shootings, killed 34 people across the country Wednesday. In the deadliest attack, a string of two bombs and an explosive-packed vehicle blew up in a district of stores and auto shops in a mainly Christian neighborhood of Baghdad, killing 12 people and wounding 56, police said.

Hours later, after sunset and the end of the day's Ramadan fast, gunmen opened fire on a popular cafe in an overwhelmingly Shiite district of southeast Baghdad, killing four patrons and wounding seven others.

Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al-Qaida in Iraq, the most feared Sunni insurgent group. In September, 110 al-Qaida suspects were killed and 520 detained — including a driver of the group's leader, Abu Ayyub al-Masri, captured on Sept. 28.

Military Hones A New Strategy On Insurgency (NYT)

By Michael R. Gordon

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The United States Army and Marines are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy.

The doctrine warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces.

The current military leadership in Iraq has already embraced many of the ideas in the doctrine. But some military experts question whether the Army and the Marines have sufficient troops to carry out the doctrine effectively while also preparing for other threats.

The subtleties of the battle were highlighted Wednesday when the Iraqi Interior Ministry suspended a police brigade on suspicion that some members had been involved in death squads. The move was the most serious step Iraqi officials had taken to tackle the festering problem of militias operating within ministry forces. [Page A19.]

The new doctrine is part of a broader effort to change the culture of a military that has long promoted the virtues of using firepower and battlefield maneuvers in swift, decisive operations against a conventional enemy.

“The Army will use this manual to change its entire culture as it transitions to irregular warfare,” said Jack Keane, a retired four-star general who served in 2003 as the acting chief of staff of the Army. “But the Army does not have nearly enough

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resources, particularly in terms of people, to meet its global responsibilities while making such a significant commitment to irregular warfare."

The doctrine is outlined in a new field manual on counterinsurgency that is to be published next month. But recent drafts of the unclassified documents have been made available to The New York Times, and military officials said that the major elements of final version would not change.

The spirit of the document is captured in nine paradoxes that reflect the nimbleness required to win the support of the people and isolate insurgents from their potential base of support — a task so complex that military officers refer to it as the graduate level of war.

Instead of massing firepower to destroy Republican Guard troops and other enemy forces, as was required in the opening weeks of the invasion of Iraq, the draft manual emphasizes the importance of minimizing civilian casualties. "The more force used, the less effective it is," it notes.

Stressing the need to build up local institutions and encourage economic development, the manual cautions against putting too much weight on purely military solutions. "Tactical success guarantees nothing," it says.

Noting the need to interact with the people to gather intelligence and understand the civilians' needs, the doctrine cautions against hunkering down at large bases. "The more you protect your force, the less secure you are," it asserts.

The military generally turned its back on counterinsurgency operations after the Vietnam War. The Army concentrated on defending Europe against a Soviet attack. The Marines were focused on expeditionary operations in the third world.

"Basically, after Vietnam, the general attitude of the American military was that we don't want to fight that kind of war again," said Conrad C. Crane, the director of the military history institute at the Army War College, a retired Army lieutenant colonel and one of the principal drafters of the new doctrine. "The Army's idea was to fight the big war against the Russians and ignore these other things."

A common assumption was that if the military trained for major combat operations, it would be able to easily handle less violent operations like peacekeeping and counterinsurgency. But that assumption proved to be wrong in Iraq; in effect, the military without an up-to-date doctrine. Different units improvised different approaches. The failure by civilian policy makers to prepare for the reconstruction of Iraq compounded the problem.

The limited number of forces was also a constraint. To mass enough troops to storm Falluja, an insurgent stronghold, in 2004, American commanders drew troops from Haditha, another town in western Iraq. Insurgents took advantage of the Americans' limited numbers to attack the police there. Iraqi policemen were executed, dealing a severe setback to efforts to build a local force.

Frank G. Hoffman, a retired Marine infantry officer who works as a research fellow at an agency at the Marine base at Quantico, Va., said that in 2005, the Marines sometimes lacked sufficient forces to safeguard civilians. As a result, while these forces were often effective "in neutralizing an identifiable foe, they could not stay and work with the population the way the classical counterinsurgency would suggest."

The effort to develop the new program began a year ago under Lt. Gen. David H. Petraeus, commander of the Army's Combined Arms Center at Fort Leavenworth, Kan., and Lt. Gen. James N. Mattis, former commander of the Marine Corps Combat Development Command and the current chief of the First Marine Expeditionary Force. Colonel Crane, Lt. Col. John A. Nagl and Col. Douglas King of the Marines were among the major drafters.

Academics and experts from private groups were asked for input. A draft was completed in June and was circulated for comment. Almost 800 responses were received, but military officials said they would not alter the substance of the new doctrine.

"We are codifying the best practices of previous counterinsurgency campaigns and the lessons we have learned from Iraq and Afghanistan to help our forces succeed in the current fight and prepare for the future," Colonel Nagl said.

In drafting the doctrine, the military drew upon some of the classic texts on counterinsurgency by the likes of T. E. Lawrence of Arabia, and David Galula, whose ideas were partly informed by his experience in Algeria.

Colonel Crane said that many of the ideas adopted for the manual had been percolating throughout the military. "In many ways, this is a bottom-up change, " he said. "The young soldiers who had been through Somalia, Haiti, Bosnia, Kosovo, and now Iraq and Afghanistan, understood why we need to do this."

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As the manual is being drafted, the military has also revised the curriculum at its war colleges and training ranges to emphasize counterinsurgency. At the National Training Center in California, the old tank-on-tank war games against a Soviet-style enemy have been supplanted by combat rehearsals in which troops on their way to Iraq and Afghanistan engage in mock operations with role players who simulate insurgents, militias and civilians.

Dennis Tighe, a training program manager for the Combined Arms Center at Fort Leavenworth, said the rehearsals were vital for preparing troops for their new counterinsurgency mission. But the Army is stretched so thin and so many units are focused on rehearsing for Iraq and Afghanistan at the training center that concerns have grown that the Army may be raising a new group of young officers with little experience in high-intensity warfare against heavily equipped armies like North Korea.

"That is one of the things folks are a little concerned about," Mr. Tighe said.

While the counterinsurgency doctrine attempts to look beyond Iraq, it cites as a positive example the experience in 2005 of the Army's Third Armored Cavalry Regiment, which worked with Iraqi security forces to clear Tal Afar of insurgents, to hold the town with Iraqi and American troops, then to encourage reconstruction there, an approach known as "clear, hold, build."

One military officer who served in Iraq said American units there generally carried out the tenets of the emerging doctrine when they had sufficient forces. But protecting civilians is a troop-intensive task. He noted that there were areas in which there were not enough American and Iraqi troops to protect Iraqis adequately against intimidation, a central element of the counterinsurgency strategy.

"The units that have sufficient forces are applying the doctrine with good effect," said the officer, who is not authorized to speak on military policy. "Those units without sufficient forces can only conduct raids to disrupt the enemy while protecting themselves. They can't do enough to protect the population effectively and partner with Iraqi forces."

"Just A Comma" Becomes Part Of Iraq Debate (WP)

By Peter Baker

The Washington Post, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 -- When the president speaks, every word can be subject to scrutiny. Even the punctuation marks.

As he heads out on the campaign trail, haunted by an unpopular war, President Bush has begun reassuring audiences that this traumatic period in Iraq will be seen as "just a comma" in the history books. By that, aides say, he means to reinforce his message of resolve in the long struggle for Iraqi democracy.

But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as "just a comma." And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism "Never put a period where God has put a comma."

Presidential utterances have long drawn enormous notice. But instant transcripts and the Internet have focused an even more powerful microscope on the nation's leader. The approaching midterm elections have intensified the already close scrutiny of the president's words as he sharpens his rhetoric.

As Bush wound up a three-day campaign swing out west on Wednesday, for example, he attacked Democrats for voting last week against legislation authorizing warrantless telephone and e-mail surveillance.

"One hundred and seventy-seven of the opposition party said, 'You know, we don't think we ought to be listening to the conversations of terrorists,' " Bush said at a fundraiser for Rep. Rick Renzi (R-Ariz.) before heading to Colorado for gubernatorial candidate Bob Beauprez.

Asked about the president's statement, White House aides could not name any Democrat who has said that the government should not listen in on terrorists. Democrats who voted against the legislation had complained that it would hand too much power to the president and had said that they wanted more checks in the bill to protect civil liberties.

Sen. Russell Feingold (D-Wis.) called Bush's comment outrageous: "Every member of Congress, from both parties, supports listening in on terrorist communications, but the president still hasn't explained why we have to break the law to do it. It is time for the president to stop exploiting the terrorist threat to justify his power grab."

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White House spokeswoman Dana Perino defended Bush's remark as a reasonable extrapolation of the Democratic position. "Of course, they aren't silly enough to say they don't want to listen in on terrorists, but actions speak louder than words, and people should know what the Democrats' voting record is," she said.

The comma remark, though, offers an especially intriguing case study in how a few words can trigger many interpretations. Bush used it in an interview with CNN's Wolf Blitzer aired on Sept. 24 in talking about Iraq. He noted the bloodshed shown on television but hailed the resiliency of the Iraqi people and cited the election last December in which 12 million came to the polls despite the violence.

"Admittedly, it seems like a decade ago," Bush went on. "I like to tell people when the final history is written on Iraq, it will look like just a comma because there is -- my point is, there's a strong will for democracy." The president used a similar line at a campaign event last week in Alabama and again on Tuesday in Stockton, Calif.

Critics of Bush began e-mailing and blogging about the remark within minutes of the CNN interview. The Carpetbagger Report blog called it stunning "even by Bush's already-low standards" and added: "Everything we're seeing is 'just a comma.' I'm sure that will bring comfort to the families of those who have sacrificed so much for Bush's mistakes."

Then Ian Welsh, on his Agonist blog, postulated a theory about the hidden meaning of the comment, citing the "never put a period" saying and calling it a "dog whistle" comment that only some would understand: "He is constantly littering his speeches with code words and phrases meant for the religious right. Other people don't hear them, but they do, and most of the time it allows Bush both to say what those who aren't evangelical or born again want to hear, while still reassuring the religious right [what it] wants to hear."

But it turns out that the phrase "never put a period" originated not with a Christian conservative figure or biblical passage but with Gracie Allen, the comedienne wife of George Burns. And the phrase is a favorite not of the religious right but of the religious left. The United Church of Christ, which is devoted to fighting for what it calls social justice and opposes the war, adopted the phrase in January 2002.

"I needed something short and succinct," said Ron Buford, the marketing director who came up with it. "When I saw the Gracie Allen quote, I was up all night thinking about it -- God is still speaking, there's more for us to know."

When he heard about Bush's comment, Buford was stunned. "It's ironic that, as sawy as they are about using these quotes to strengthen their base, that he would use a quote that we've been using lately," Buford said.

Aides said it is ridiculous to believe Bush is sending subliminal messages. "People have too much time on their hands," said Bush counselor Dan Bartlett. "I can assure you, you don't need a secret decoder ring to decipher what he's saying."

All Bush means, he said, is the struggle to build Iraqi democracy will take years. "He's making a historical analysis -- that these brief periods seem long and protracted now, but when you look back at them in history, they won't seem that way. He's definitely not discounting the loss of life or the sacrifice people are making."

Troops Polled Say Armed Forces Stretched Too Thin Overseas (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, October 5, 2006

WASHINGTON -- A solid majority of American soldiers returning from the fighting in Iraq and Afghanistan say that U.S. armed forces are stretched too thin, according to a poll released yesterday by a veterans group.

VoteVets.org , a group headed by an Army reservist based near Pittsburgh, found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as "overextended," while many soldiers also complained about encountering emotional and physical problems when they came back from active duty.

"We hope that this poll is a wake-up call for Congress," said Jon Soltz , who served in Iraq in 2003 and is now a captain with a reserve unit at the Charles E. Kelly Support Facility in Oakdale and chairman of VoteVets.

At a news conference in Washington yesterday, Mr. Soltz was joined by Gen. Wesley Clark, a former NATO commander and one-time Democratic presidential candidate, who said the federal government isn't providing sufficient resources to support the troops on the battlefield.

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It's a charge that Army officials hotly deny, pointing toward huge expenditures for body armor, fortified transport vehicles and expanded mental health programs. Last week, Congress approved a $447 billion defense spending bill for 2007, including $70 billion for the wars in Iraq and Afghanistan. The United States has about 150,000 troops deployed in both countries.

"Obviously the U.S. Army will be the first to tell you that this is an unusually busy time" said Paul Boyce, an spokesman with the Army's public affairs office. But he said the government is focused on easing the strains of long or repeated tours of duty. He cited "unprecedented efforts" to monitor combat stress, using lessons from the Vietnam and Gulf wars.

Concerns about lengthy troop deployments aren't new, but Mr. Soltz claims that VoteVets' poll has an unusual sweep. It was conducted over a two-week period last month by Lake Research Partners, whose pollsters talked to 453 veterans from across the country and all sections of the military. Forty-seven percent of the veterans described themselves as Republicans, while 22 percent said they were Democrats. Others said they were political independents or declined to answer.

Other poll findings:

Thirteen percent of participants said they were affected by military "stop-loss" policies that require some units to stay in the field for extended time periods.

One in four veterans has had nightmares since returning to the United States.

Thirty-two percent of National Guard or Reserve veterans said their families experienced "economic hardships" because of their overseas deployments. Many National Guard and Reserve veterans also said they should get full access to the medical benefits provided to active duty personnel.

Mr. Soltz said his group, which is funded with private money and advocates on behalf of a new generation of veterans, is nonpartisan. But some critics say VoteVets is too closely tied to Democrats like Gen. Clark. The group's political action committee has also paid for advertisements attacking some Senate Republicans, including Rick Santorum of Pennsylvania.

Mr. Soltz said VoteVets has supported both Republicans and Democrats, and yesterday's news conference was not an effort to back one party before the upcoming mid-terms elections, which could determine control of Congress.

Gen. Clark, a potential presidential candidate in 2008, said he wants to push political leaders to make sure they are doing all they can for American soldiers.

"Wearing an American flag lapel and claiming to be patriotic -- that's not sufficient," he said.

Congress Sets Aside $20M For Wars' Ends (AP)

By Anne Plummer Flaherty

AP, October 4, 2006

The military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring. But if the winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party.

Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for "commemoration of success" in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops.

Senate Majority Whip Mitch McConnell, R-Ky., is the original sponsor of the provision, which Democrats agreed to add to last year's defense bill. Senate Republicans kept the authorization in the 2007 bill. With elections five weeks away, Democrats are pointing to it as another example of where the GOP has gone astray in handling the war in Iraq.

"If the Bush administration is planning victory celebrations, Americans deserve to know what their plan is to get us to a victory in Iraq," said Rebecca Kirszner, spokeswoman for Senate Minority Leader Harry Reid, D-Nev.

McConnell's spokesman, Don Stewart, said he thought the finger-pointing by Democrats was silly because the provision was added last year by unanimous consent.

"Apparently they were for honoring the troops before they were against it," Stewart said.

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Carolyn Weyforth, spokeswoman for Senate Majority Leader Bill Frist, R-Tenn., said, "Republicans are confident we will be victorious in the ongoing war in terror, and we look forward to a time when those funds can be used to honor the men and women who have risked and given their lives."

Under the language, the president could "designate a day of celebration" to honor troops serving in the two wars. The president also could call on the nation "to observe that day with appropriate ceremonies and activities" and issue awards to troops who have served honorably.

The Pentagon could spend up to $20 million of its $532 billion budget in 2007 for the commemoration, minus any private contributions it might receive for such an event.

The money will be available for the 2007 budget year, which began Oct. 1.

Some 140,000 U.S. troops remain in Iraq, with a drawdown not expected until at least early next year.

About 20,000 more are in Afghanistan. Last year, Bush administration and Pentagon officials had hoped thousands of troops could be brought home before the Nov. 7 elections.

Proclaiming victory in the Iraq war has already proven to be tricky business.

President Bush was slammed by critics for delivering his "Mission Accomplished" speech in May 2003 aboard an aircraft carrier. While troops had successfully stormed Iraq and toppled Saddam Hussein's regime in Baghdad, the fight over control in the nation against a violent insurgency had just begun.

Vice President Dick Cheney also was ridiculed for suggesting last year that the insurgency was in its "final throes."

Behind The Victory Money Lies Vietnam (NYT)

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The mystery over who championed legislation authorizing $20 million in spending for a celebration of United States success in Iraq and Afghanistan was resolved on Wednesday.

The office of the Republican whip, Senator Mitch McConnell of Kentucky, acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to “sneak back” home after that war and out of a desire that this generation of troops be thanked.

Mr. McConnell sponsored language in last year’s military spending bill, which authorized up to $20 million for a “commemoration of success” in Washington saluting the end of the Iraq and Afghanistan conflicts. No money was set aside or used because fighting continues.

The senator wrote language for the new budget bill that rolls over the authorization into 2007.

“People came home from Vietnam and had to sneak back in and they were spit upon,” said Don Stewart, communications director for the senator’s office. For Iraq and Afghanistan, he said, Mr. McConnell felt the troops should be able to “attend ceremonies, get awards.”

The Hunt Continues (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, October 4, 2006

House Intelligence Committee chairman Rep. Peter Hoekstra is still pressing U.S. intelligence agencies to look for possible weapons of mass destruction in Iraq—even though intelligence officials say further work is unlikely to reveal anything new about Saddam's WMD programs.

In recent weeks, congressional and intelligence sources say, Hoekstra has prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted “hundreds of man hours” to the hunt.

The search has not been entirely fruitless. The DIA has discovered another 300 old chemical shells lying around the war-torn country. That's in addition to the 500 sarin shells mentioned in a declassified Pentagon intelligence report revealed by Hoekstra and Pennsylvania Republican Sen. Rick Santorum last June. But the recently found shells, like the previous ones, dated back to before the 1991 Persian Gulf War and were decayed and essentially useless.

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In short, U.S. intelligence-community officials say, the find doesn't change the conclusion of Charles Duelfer, chief of the U.S. Iraq Survey Group, who said two years ago that Saddam Hussein did not possess a WMD arsenal on the eve of the Iraq invasion, nor did he have any clear plan to revive his dormant weapons programs in the future.

The Bush administration has not been particularly eager to embrace Hoekstra's mission. In June, after Santorum and Hoekstra touted the allegd discovery of WMD, senior intelligence officials downplayed the find. The shells discovered in Iraq, they said, were all manufactured more than a decade earlier. "This does not reflect a capacity that was built up after 1991," a senior Defense official told reporters at the time. The munitions "are not the WMDs this country and the rest of the world believed Iraq had and not the WMDs for which this country went to war."

Even so, the Michigan Republican, who has clout with the intelligence community by virtue of his committee chairmanship, still insisted that the discovery of the decaying shells proved that "Iraq was not a WMD-free zone, that there are continuing threats from the materials that are or may still be in Iraq." In June, Hoekstra told reporters that he intended "to put additional pressure on the Department of Defense and the folks in Iraq to more fully pursue a complete investigation of what existed in Iraq before the war." Since then, intelligence officials say, Hoekstra has made good on his word and has continued to urge agencies to look for fresh evidence that might vindicate the administration's original pre-war claims.

Jamal Ware, a spokesman for the intelligence-community chairman, confirmed to NEWSWEEK that Hoekstra recently passed along photographs and other reports about possible WMD sites that had been forwarded to the committee by U.S. soldiers, former intelligence officials and Iraqis following the June press conference with Santorum. "People who have been over there [in Iraq] ... they've sent us information and we've referred that on to the appropriate agencies," Ware said. In one case, he said, some soldiers sent the committee photographs of equipment and other material that the troops "thought were interesting." Hoekstra then asked the intelligence community to look into the photos and find the location of the sites—a request that apparently explains the involvement of the National Geospatial-Intelligence Agency, the Pentagon's mapping unit, in the latest hunt.

Ware said that Hoekstra was not "pressing" the intelligence agencies to do anything other than the "necessary due diligence" and played down any suggestion that the Republican chairman's motives were political. Hoekstra's main concern, he said, is that the Pentagon find all munitions dumps and sites that could still pose a hazard to U.S. soldiers. "Any effort that chairman Hoekstra has made in this area has been aimed at insuring the safety of our troops overseas," he said.

That concern is a valid one, according to one Pentagon official who asked not to be publicly identified talking about sensitive intelligence matters. In at least one case in May 2004, two U.S. soldiers in Iraq became ill after handling homemade bombs, presumably crafted by Iraq insurgents, which were rigged using pre-1991 chemical shells. U.S. intelligence officials believe it is unlikely the insurgents who made the bombs knew the shells contained chemical agents. The soldiers later recovered. The U.S. intelligence official was unaware of any other reports of homemade bombs in Iraq that contained chemical agents.

Though Hoekstra describes his efforts as a safety measure, others in the U.S. intelligence community see it as a futile effort to bolster a dead argument about Saddam's supposed WMD. They believe Hoekstra is wasting the agencies' time with offbeat allegations from untested sources. One such source Hoekstra touted was Georges Sada, a one-time Iraqi Air Force general who claimed in a book published earlier this year that he knew of hundreds of tons of chemical weapons being flown from Iraq to Syria prior to the U.S. invasion. Sada, who first made the claims to promote his book, admitted he never actually saw any of the weapons. But his allegations were prominently featured on Fox News and conservative media outlets. Hoekstra met with Sada and later dispatched House Intelligence Committee staffers overseas in an effort to verify the Iraqi's claims. That search, too, came up emtpy.

Not Guilty Pleas From 2 Marines In Iraqi's Death (WP)

By Sonya Geis

The Washington Post, October 5, 2006

Two Marines pleaded not guilty Wednesday to murdering an Iraqi civilian in Hamdaniya and then trying to cover up the crime.

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The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident. Pfc. John J. Jodka and Cpl. Marshall L. Magincalda are accused of breaking into the home of Hashim Ibrahim Awad, 52, taking him out to a hole, shooting him and then planting a shovel and a gun nearby to make him look like an insurgent. Jodka is one of five Marines accused of firing at Awad, though all eight are charged with murder.

Jodka and Magincalda face up to life in prison if convicted.

Col. Steven Folsom, a military judge, also imposed a temporary gag order on attorneys involved in both Marines' cases, citing concerns that pretrial publicity could taint potential members of the court-martial panel, comparable to a civilian jury.

Magincalda's trial date was set for Feb. 13 and Jodka's for March 5. Folsom said the trial schedule was adjusted to accommodate a possible fact-finding trip to Iraq.

Uncertainty, Violence Darken Afghans' Hope (USAT)

By Paul Wiseman

USA Today, October 5, 2006

DOAB, Afghanistan — For the first time, the girls in this village were starting to learn — reading, writing, geography, history, math, science. They were starting to dream, too: Star student Roya Noori, 15, illiterate two years ago, wanted to become an architect. Harzoo Mohammedy, 14, planned to go to medical school. And Zuhal Noori, 12, saw herself at the controls of a commercial jet.

Then the learning stopped.

The new schoolhouse came under rocket fire last spring from the surrounding hills. Mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal.

The Afghan National Police, who were a five-minute drive away, did little, says Issa Noori, principal of the girls' school. Outgunned, they patrolled during the day and stayed safely inside their compound at night. Insurgents ruled the dark. The girls' school here in Wardak province closed in May and won't reopen until the government can guarantee the students' safety.

“This area is outside of government control,” Noori says. “No one can protect us.”

U.S.-led military forces launched Operation Enduring Freedom on Oct. 7, 2001, toppling the Taliban. Five years later, the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals.

“No one thinks the Taliban are going to roll into town next week and take over,” says Paul Fishstein, director of the Kabul think tank Afghanistan Research and Evaluation Unit. “But there is a lot of anxiety about what the future will bring.”

An insurgency, raging in the south and in eastern provinces along the Pakistan border, has begun to creep into provinces that had been considered secure: Wardak, Kunduz, Ghazni, Balk. In the past two weeks, suicide bombers have struck Herat, a center of Persian culture in western Afghanistan, and Kabul, seat of the Afghan government and headquarters of the NATO force deployed to Afghanistan to establish security.

A thriving opium industry has spread corruption and lawlessness across the country and provided cash to the Taliban.

The insurgents are often called — or call themselves — Taliban, which would make them some of the same Muslim fighters who set up a harsh Islamic state and ruled from 1996 until 2001. But “it's more complicated than just the government vs. the Taliban,” Fishstein says. “You've got a toxic brew of factors and interests. You've got Talibs. You've got drug dealers. You've got smugglers and criminals. You have a people with a stake in chaos and in maintaining a weak state.”

U.S. Army Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says some of the fighting involves Afghan tribes, warring over local issues such as water rights. If one tribe calls itself pro-government, he says, its rival might declare itself pro-Taliban.

Rebuilding Afghanistan was bound to be difficult. The country has been shattered by three decades of war. According to the CIA's 2006 estimates, the typical Afghan will be dead by age 44; more than 60% of Afghans can't read; nearly one in six Afghan babies die in infancy. Afghan laborers are lucky to find work for $2 or $3 a day, the World Bank says.

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"If we were under the impression that all of a sudden, after 25 years of war, everything would be wonderful — no, we were fooling ourselves," says Hassina Sherjan, founder of Aid Afghanistan, which ran the Doab girls' school.

No mistake, there has been progress. Afghans elected a president two years ago and a parliament last year — a breakthrough in a country ruled for three decades by a succession of communist apparatchiks, plundering warlords and medieval Taliban mullahs.

The U.S. government has spent $3.7 billion on aid to Afghanistan, helping build or repair more than 1,000 schools, enroll more than 5.3 million students in school, vaccinate 4 million Afghans against polio and pave more than 600 miles of road. Fueled by foreign aid, the economy is booming. The Asian Development Bank predicts the Afghan economy to grow 12% this year after expanding 14% in 2005.

So why is the Taliban gaining strength and jeopardizing the gains of the past five years? The short answer: The U.S.-backed Karzai government's inability to establish its authority and credibility with ordinary Afghans "opened the door for the Taliban," Eikenberry says.

The lost time allowed the Taliban to regroup in neighboring Pakistan and prepare a comeback. The Karzai government is widely seen as corrupt, beholden to unpopular local warlords and out of touch with average Afghans.

"In many cases, it's not that the people support the Taliban; it's that they're alienated from the government," Fishstein says. "There's a perception that justice goes to the highest bidder." The Taliban, by contrast, is known for imposing impartial but Draconian justice in the areas they control.

Critics say the Karzai government hasn't rooted out entrenched warlords and officials enriching themselves in the drug trade.

"The government has the obligation to use the judicial system, infant as it is, to impose the rule of law and re-establish confidence in the central government," Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime, told the U.S. House Committee on International Relations in September. "The 100 beds at the new maximum-security prison at Pul-i-Charki (near Kabul) should be filled up as soon as possible with major traffickers and corrupt officials."

At a checkpoint outside the eastern city of Jalalabad, police officers stop traffic and strut around with sticks and batons, banging on the hoods of cars and shouting at bewildered and frightened drivers. Occasionally, they let a vehicle continue on the road to Kabul.

No explanation is offered for why some get through and others don't. The unlucky travelers suspect that money is changing hands. "These are crazy people, corruption people," says Hafizullah Turab, 44, a Jalalabad writer and movie director who is stuck in traffic.

Police corruption is no mystery. Even police colonels earn only $85 a month (though pay raises are coming). "They have to be corrupt to survive," says police Gen. Ahmad Sani, chief of police in northern Afghanistan's Kunduz province. And police are often deployed far from their homes. By contrast, the Taliban pays recruits $12 a day and lets them fight where they live, says Samuel Chan, a researcher with the Center for Conflict and Peace Studies, a Kabul think tank.

The cops are outgunned, too. Criminal gangs and insurgents "are using rocket launchers and machine guns," says Wardak Gov. Abdul Jabbar Naeemi. "The police are using only Kalashnikovs, AK-47s. We don't have enough bullets."

Kunduz police chief Sani complains that his men drive around in dilapidated pickups. "Sometimes we have to tow them back because they are not working," he says. "The narco-traffickers are driving the latest Land Cruisers. We cannot keep up with them."

Some fault a half-hearted nation-building effort by the United States and the international community. According to the RAND Corp. think tank, international aid to Afghanistan amounts to $57 per person vs. $209 in Iraq. Troop levels also are low by international standards.

RAND reports that Afghanistan has just one Afghan or foreign soldier for every 1,000 people, compared with seven in Iraq, 19 in Bosnia and 20 in Kosovo.

RAND analyst Seth Jones estimated in the spring that Afghanistan needed another 80,000 troops (for a total of 200,000) to establish order. Last month, NATO failed to scrounge up 2,500 reinforcements it wanted to send to Afghanistan, though Poland came through with 1,000 troops.

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The Afghan government and its international backers also have been losing the propaganda war to the Taliban.

"The Taliban make outrageous claims," says British Army Lt. Gen. David Richards, NATO commander in Afghanistan. "We need to be more dynamic in rebutting them. We have to make sure we're telling the truth, which takes longer."

Instead of talking about Western concepts such as democracy and the rule of law, the Taliban offers local villagers practical help — protecting farmers who grow opium poppies from the government's poppy-eradication program, for instance. "Just because people were glad to see the backs of the Taliban doesn't mean they want everything the West has to offer," Fishstein says.

In a paper written in May, Amrullah Saleh, head of Afghanistan's National Directorate of Security, describes a meeting between U.S. forces and villagers in Ghazni province. The U.S. delegation included a woman dressed in military fatigues — offensive to villagers who believe women should rarely venture outside the home and then only when covered head-to-toe in a burqa. Saleh suggested limiting contact between international forces and Afghan villagers to prevent inevitable cultural clashes.

An hour's drive west of Kabul, Wardak province should be a success story — and for a while, it was. Since the Taliban was overthrown, the province has undergone a dramatic makeover. Newly paved roads connect Wardak and its farmers to the markets in Kabul. New refrigeration plants keep their apples and potatoes from spoiling. A 50-bed provincial hospital has replaced one half its size. Girls in Doab and other Wardak villages were finally attending school.

The progress in Wardak is being chipped away by a strengthening insurgency and emboldened criminal gangs. Last month, gunmen kidnapped a Colombian aid worker and two Afghan employees of a French relief group in Wardak's Jalrez district. Human Rights Watch has reported attacks and threats on Wardak girls' schools, including the one in Doab.

"Their weapon is destruction and terror. Our weapon is education and development," says Sherjan of Aid Afghanistan. "If they attack one school, we should build three more."

Wardak is still safer than lawless Kandahar and Helmand in the south. Wardak's Gov. Naeemi says his province is secure. He dismisses the shadowy figures behind recent trouble as bandits. "They are calling themselves Taliban," he says. "They are robbers."

Regardless, the threatening "night letters" and rockets have had an effect. "Last year, this was the best province," principal Noori says. "Now, I can't defend myself from the insurgents. No one can in Afghanistan."

Noori, 45, wears tinted glasses and a scraggly salt-and-pepper beard. He tucks his unkempt hair under a black prayer cap. He tells his story in his home overlooking Doab, an ethnic Pashtun village of mud compounds and apple orchards. Inside, Noori serves a generous breakfast of fried eggs, fresh butter, flat bread and cups of green tea sweetened with heaping spoonfuls of sugar. A cow bellows outside. The smell of dung hangs over the village.

Noori, who was born and raised in Doab, became sympathetic to women's rights while he was in sixth grade. When his father taught him and his four sisters to read, the girls caught on faster.

"My sisters were smarter than me. But they just stayed at home, taking care of the animals and the house. I went to school (at Kabul University)," he says.

In the late '70s, he was imprisoned as an Islamic fundamentalist by Afghanistan's communist government. Released, he fled to Pakistan and worked with a Swedish aid group schooling Afghan refugees. He was hired as principal when Hassina Sherjan's Aid Afghanistan set up a girls' school in Doab two years ago. "Hassina's school was wonderful," he says. "She provided pens, paper, even clothing."

The school was popular with local people and soon had 300 students, including 100 who attended classes in three neighboring villages.

Things started to go wrong about 10 or 11 months ago, Noori says. Insurgents emerged in the Wardak countryside, issuing warnings against girls attending school. They attacked Turkish engineers paving the road that runs past Doab on the way to Logar province. Two of the engineers fled into the village, and Noori offered them refuge for several hours until the insurgents were gone.

Noori met with local clerics, convinced that some of them were working secretly with the insurgents. He explained that the school taught nothing offensive to Islam. "They couldn't argue with me. I'm a good Muslim," he says. The threat grew, however, and the school finally closed when the insurgents vowed to kill the students.

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Noori believes that some of his neighbors were behind the intimidation. “The insurgents recruited some of the villagers,” he says. “In Afghanistan, if you pay people, they'll do anything.”

Human Rights Watch doubts that the Wardak insurgents belong to the Taliban. In a July report, the group notes that Wardak is a stronghold of the fundamentalist warlord Abdul Rasul Sayyaf, now a member of Afghanistan's parliament.

Like many Afghans, Noori believes that Pakistan is supporting the insurgency in an effort to keep Afghanistan weak and malleable — an allegation the Pakistani government has repeatedly denied. “We have a very bad neighbor,” he says. “The first step toward progress is schools. If you can destroy a country's schools, they can't do anything.”

Harzoo Mohammedy, the student who dreams of becoming a doctor, says she and her fellow students were willing to brave the threats they faced. “We were scared, but all the girls wanted to keep going to school. We didn't care,” she says.

Noori hopes the Doab school will reopen in a few months: “We'll wait until the government gets a little stronger, and we can defend ourselves.” He shrugs off the threat to his own safety. “Sometimes we need to struggle for the right things,” he says. “It is God's decision when we die.”

Reconstruction Seen Key To U.S. Exit (WT)

By Sharon Behn

The Washington Times, October 5, 2006

NATO's top military commander said yesterday the U.S. exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops.

"Afghanistan will not be resolved by military means," said U.S. Marine Gen. James L. Jones, who commands the Western alliance.

"We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate," Gen. Jones said.

"The real challenge is how well the reconstruction mission and the international aid mission is focused," he told the Council on Foreign Relations. "And fundamentally, this is the exit strategy for Afghanistan."

The general's statement came amid a growing recognition in Washington that defeating the Taliban is not just a question of putting more boots on the ground.

Senate Majority Leader Bill Frist on Tuesday stated that victory in Afghanistan would not happen until Afghan and international officials wooed more tribal leaders away from the Taliban and into the political process.

Gen. Jones said yesterday that winning the battle against Afghanistan's flourishing opium trade was crucial to weaning the country away from insurgent forces and drug cartels, which were fomenting an environment of violence and corruption.

"It is truly the Achilles' heel of Afghanistan," said Gen. Jones, who is supreme allied commander in Europe and commander of the U.S. European command.

NATO yesterday confirmed it was to taking military command of the 14 volatile eastern provinces of Afghanistan, expanding its command of security operations throughout the country.

The change, effective today, will place 12,000 American troops under NATO, expanding the force to more than 30,000. Some 8,000 U.S. troops will continue to function outside NATO control, those tracking al Qaeda or involved in air operations.

The overall level of American forces will remain around 20,000.

Gen. Jones said more had to be done to systemize the NATO forces, particularly erasing restrictions put on the military by individual nations that are hampering operations against the Taliban and putting soldiers at risk.

"There are about 50 restrictions that have an operational impact, that impact on the commander of [NATO's] ability to make operations," said Gen. Jones.

He said the alliance was working to whittle down those restrictions, which include different rules of engagement, rules of detention, size of force and geographic boundaries. Forces from some countries cannot be used at night; others cannot directly engage the Taliban.

"The capability we have is directly related to the caveats," he said. "It is not a showstopper, but it is certainly something we have to keep working on."

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Kerry Chides Frist For Taliban Comments (AP)

By Holly Ramer

AP, October 4, 2006

Democratic Sen. John Kerry ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Kerry, the party's 2004 presidential nominee, said Wednesday of the Tennessee Republican.

On Monday, Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Frist was waving the white flag of surrender to the Taliban, who harbored the al-Qaida organization blamed for the Sept. 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves.

Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth. Frist also is considered a White House hopeful.

Frist, a former heart surgeon, took a leading role last year in the fight to get Schiavo's feeding tube reinserted. He later was criticized for relying on a video to question her doctors' diagnosis that Schiavo was in a permanent vegetative state.

Kerry said Frist's Taliban comments sound like claims by the Bush administration about progress being made in Iraq, despite differing reports from those directly involved. The Massachusetts senator said he requested a private briefing with CIA officials earlier this week.

"I will tell you their outlook was bleak. It was completely different from what the administration is saying publicly, and they told me that is what they are saying to the administration today," Kerry said.

He added: "We need an administration that tells America the truth. We don't need a cut-and-run policy in Afghanistan where the real war on terror is and a stay-and-lose policy in Iraq."

Frist's spokeswoman, Carolyn Weyforth, said Kerry has absolutely no room to accuse Frist of cutting and running.

"It is Senator Kerry and his colleagues who have voted again and again to tie our hands in the ongoing war on terror instead of giving us all tools necessary to fight a 'smarter, more effective war on terror,'" she said, echoing one of Kerry's frequent campaign promises.

CORPORATE SCANDALS:

HP Insiders Indicted In Corporate Spy Scandal (LAT)

By James S. Granelli

The Los Angeles Times, October 5, 2006

SAN JOSE, Calif. — California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case.

The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families.

The scandal came to light a month ago when the Palo Alto computer and printer maker released initial details of its efforts to find out who was leaking boardroom information to the media.

Dunn, who initiated an internal investigation, said she did not know that outside detectives were using subterfuge to gain access to the phone records.

Besides Dunn, those named in the criminal complaints filed in Santa Clara County Superior Court were ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia and outside investigators Matthew DePante of Melbourne, Fla. and Bryan Wagner of Littleton, Colo., Associated Press reported.

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They each face four felony charges: use of false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes.

HP Chief Executive Officer Mark Hurd was not charged.

Dunn Charged Over HP Leaks (FT)

By Kevin Allison

Financial Times, October 5, 2006

California's top prosecutor yesterday filed criminal charges against Patricia Dunn, Hewlett-Packard's ousted chairman, and four others in connection with the computer maker's controversial investigation probe into boardroom leaks.

The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations.

The felony complaint filed by Bill Lockyer, attorney general, charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy.

Mr Lockyer said the HP leak investigation was "a misguided effort". "People inside and outside HP violated privacy rights and broke state law," he said.

The four other defendants are Kevin Hunsaker, a former HP lawyer, and private investigators Ronald DeLia, Bryan Wagner and Matthew DePante.

Mark Hurd, chief executive, and Ann Baskins, who resigned as the company's general counsel last week, were not charged but Mr Lockyer said the investigation remained open.

Ms Dunn's lawyer said she was a victim of a "disinformation campaign". In a statement, Jim Brosnahan of law firm Morrison & Foerster said: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Calls to lawyers representing Mr Hunsaker and Mr DeLia went unreturned yesterday. HP said only that it was continuing to co-operate with state and federal investigators.

HP came under criminal investigation last month after the company admitted its operatives had posed as journalists, board members and employees to obtain private telephone records – a controversial and potentially illegal practice known as pretexting.

Ms Dunn was forced to step down as chairman amid mounting criticism of the investigation's tactics, which extended far beyond telephone records to included physical surveillance and other questionable operations.

Events reached a climax last week as the scandal's protagonists testified on Capitol Hill about their roles in the probe.

Ms Dunn said she was not responsible for what happened, saying she received repeated assurances that the methods being used by HP's investigators were legal and part of an accepted array of methods.

News of the charges followed reports that Ms Dunn was preparing to undergo for treatment for cancer. Ms Dunn had previously stepped down as chief executive of Barclays Global Investors to fight cancer in 2002.

HP's shares rose 1.6 per cent yesterday to $38.02 ahead of the announcment.

Dunn, Four Others Charged In Hewlett Surveillance Case (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, October 5, 2006

Former Hewlett-Packard Co. chairman Patricia C. Dunn and four others were charged with fraud and conspiracy in California yesterday, one month after HP disclosed that it had conducted a wide-ranging spying operation to identify the source of leaks to the news media.

A criminal complaint was filed in Santa Clara County Superior Court by California Attorney General Bill Lockyer. In addition to Dunn, former HP chief ethics director and senior legal counsel Kevin Hunsaker, who supervised a key phase of the operation, was charged, along with three outsiders who did surveillance work for the Silicon Valley computer icon.

All five were charged with four felonies under California statutes. Each count carries a maximum prison sentence of three years and a maximum fine of $25,000.

The charges were filed on an extraordinary day in which Lockyer, who is seeking election as state treasurer, declared in a statement that "people inside and outside HP violated privacy rights and broke state law" during the company's "misguided" effort to plug media leaks.

The charges came one day after Dunn, 53, learned from her doctor that her advanced ovarian cancer had recurred and she needed to undergo chemotherapy, according to a source close to Dunn. It is her third bout with cancer in recent years; she previously suffered from breast cancer and melanoma.

Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges "are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Charged along with Dunn and Hunsaker, 41, were Boston security contractor Ronald R. DeLia, 56, and private investigators Bryan Wagner, 29, of Littleton, Colo., and Matthew Depante, 27, manager of Action Research Group of Melbourne, Fla. They were accused of participating in long-running HP surveillance operation that involved the use of false pretenses to gain access to personal phone records of HP board members, journalists and their families, a practice known as pretexting.

Each was charged with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy to commit those three crimes. The complaint alleges that the defendants used "false and fraudulent pretenses" to obtain confidential information from a phone company, including billing records, belonging to 12 people. Dunn, who first stepped down as chairman and then resigned from the board last month, repeatedly has said that she was given assurances that the methods used in the leak probe were legal.

The criminal charges come a few days after Dunn, Hunsaker and the company's chairman and chief executive, Mark V. Hurd, appeared before a congressional investigative subcommittee to answer questions about the surveillance methods HP used.

The tactics, in addition to pretexting, included following or watching board members, journalists and their family members at home and at conferences; and conducting a sting operation on a reporter.

The two-phase spying operation began in 2005 and ended this past spring.

According to court papers filed yesterday, the telephone, fax and cellphone accounts of more than 24 people were accessed in the HP probe. HP's investigators reviewed 33 months' of phone records and about 1,750 calls from 590 telephone numbers.

The charges are the first in the case, which is also being investigated by the FBI.

Dunn told the House Energy and Commerce oversight investigations subcommittee last week that she had been assured that the phone records were obtained legally, a claim that legal observers expect to be the heart of her defense.

At one point during Dunn's testimony last week, the chairman of the House Energy and Commerce Committee, Joe Barton, asked her if it was not correct that the fraudulent practice of obtaining phone records had been used in 2005.

"I believe it did use pretexting," she said.

Her attorney then whispered something to her.

"I've just been corrected," she said. "I don't know."

The complaint says that Dunn knew since at least June 2005 that the phone records were being obtained by deceptive means.

Hunsaker, DeLia and Wagner, one of the two investigators charged, refused to testify before the congressional panel last week, invoking their Fifth Amendment right against self-incrimination. The other investigator, Matthew Depante, was not called to testify, but his father, Joseph Depante, owner of Action Research, also invoked the Fifth Amendment.

No one answered a phone call placed to Matthew Depante's home yesterday, but his attorney, Richard Preira of Miami Beach, said Depante was "not guilty."

"The conduct he is alleged to have engaged in is not a violation of the California penal code or the United States code," Preira said.

A lawyer for Hunsaker did not return calls seeking a comment. DeLia, a reached by telephone last night, said he was not guilty of the charges and declined to comment further.

On the federal level, phone pretexting is likely a violation of the criminal wire fraud statute, former federal prosecutors said.

Congress adjourned last Friday without passing pending legislation to specifically make phone pretexting a crime. Jennifer S. Granick, a cyber law professor at Stanford Law School, said that the evidence released so far suggests that Dunn was aware of the methods used to obtain phone records.

"Generally, you don't have to know that something is against the law in order to be committing an offense," said Granick, who was a criminal defense lawyer in California for nine years. "Ignorance of the law is no defense."

Robert Weisberg, a Stanford University law professor, said the statutes Lockyer is citing are highly technical and do not specifically address or describe phone pretexting: "I think it's kind of dicey whether you can really apply the state laws to [Dunn]."

A California law has since been passed that specifically outlaws phone pretexting, he added, but it is not retroactive.

Friends said Dunn has been battling three forms of cancer since 2001 and has channeled some of her energy into charity and cancer-fighting work. She stepped down as chief executive of Barclays Global Investors in 2002 after the breast cancer and melanoma were diagnosed.

"She has become a real role model to women going through cancer," said Mary Bitterman, who joined the Barclays Global board of directors shortly before Dunn stepped down. Dunn spoke of her involvement with the Charlotte Maxwell Complementary Clinic, a program that provides cancer care to poor patients, she said.

Friends said Dunn has long maintained a concern for rules and ethics, making her indictment ironic to many who worked with her, first at Wells Fargo and then Barclays Global after the firms merged.

"She's so ethical. The fact that this happened is beyond belief," said Rich Koppes, an attorney and former general counsel of the California Public Employees' Retirement System. He said Dunn was always concerned with and interested in good corporate governance. Some legal observers said they thought that Lockyer, who last year pulled out of the race for governor of California, was using the case to enhance his political career.

"I can't say this shouldn't be done," said Jamie Wareham, global chairman of litigation in the District office of Paul, Hastings, Janofsky and Walker LLP, a Los Angeles-based law firm. But, he said, "I think the timing is outrageous."

California Charges Dunn, 4 Others In H-P Scandal (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 5, 2006

California Attorney General Bill Lockyer, sending a stern message to corporate America, filed criminal charges against former Hewlett-Packard Co. Chairman Patricia Dunn and four other people in connection with the company's investigations into boardroom leaks.

The charges, which stem from H-P's allegedly illegal tactics for acquiring personal phone records, move the H-P imbroglio into an important new phase. The affair already has mushroomed into one of the nation's most embarrassing corporate scandals in years. The criminal proceedings are likely to have implications that go far beyond the particulars of the case, setting precedents for boardrooms, corporate ethicists and private investigators across the nation.

"This is the first time to my knowledge that the chairman of the board of a major American company is being charged with a privacy violation," said Joel Reidenberg, a professor at Fordham University Law School in New York and director of its center on law and information policy. "This sends a very powerful message to corporate America that privacy matters."

Each of the five defendants, who were charged in state court in Santa Clara, faces four felony charges: fraudulently obtaining private information from a public utility; accessing computer data without permission; identity theft and conspiracy to commit those same crimes. Each charge carries a maximum penalty of three years in prison and a fine of up to $10,000.

Mr. Lockyer's targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6.

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Along with Ms. Dunn, Mr. Lockyer yesterday charged H-P's former chief ethics lawyer, Kevin Hunsaker, and three outside investigators who helped H-P try to discover which of its directors might be leaking information to the press. Documents have emerged suggesting that Mr. Hunsaker worked with H-P's outside investigators to pry into private phone records, use operatives to tail certain H-P directors and journalists, spring a sting operation on an unsuspecting reporter in an effort to get her to reveal her source, and contemplated sending spies into newsrooms disguised as janitors.

Also charged yesterday were Ronald DeLia of Security Outsourcing Solutions Inc., Needham, Mass., who led both leak probes from start to finish, Matthew DePante of Action Research Group, Melbourne, Fla., and Bryan Wagner of Littleton, Colo. Mr. DePante allegedly helped H-P obtain the phone records it sought, and Mr. Wagner allegedly did some of the so-called pretexting, impersonating others to obtain their records from phone carriers.

A Santa Clara County judge issued arrest warrants for all five defendants, and set bail ranging from $100,000 for Mr. DePante to as little as $5,000 or even nothing for Ms. Dunn and Mr. Hunsaker, for whom the judge held open the possibility of being released on their own recognizance.

The case against Ms. Dunn, who is scheduled to start six months of chemotherapy tomorrow for recurrent ovarian cancer, rests on prosecutors' claim that she knew H-P's investigators were obtaining phone records through fraud. She has said she thought the records came from publicly available sources. "As her many supporters fully expect, she will fight these charges with everything she has," said James Brosnahan, Ms. Dunn's lawyer.

Though the attorney general didn't name H-P as a defendant in the complaints, the charges signal the beginning of a potentially lengthy legal process that could keep the company's name in the headlines for months or years.

H-P's former general counsel, Ann Baskins, wasn't charged in the case, although she was named in the prosecutors' court affidavit yesterday as having participated in a key conference call in June of 2005. At that time, Mr. DeLia "explained pretexting, telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary," prosecutors wrote.

Also not charged was Tony Gentilucci, who resigned as H-P's manager of global security investigations in the wake of the probe. Both he and Ms. Baskins declined to testify at a House subcommittee hearing on the matter last week, invoking their Fifth Amendment rights against self-incrimination. Their attorneys couldn't be reached for comment.

Mark Hurd, H-P's chief executive officer, isn't expected to be targeted by prosecutors. Mr. Hurd told the House subcommittee that he attended briefings where the investigation was discussed, adding that he didn't recall hearing about the tactics investigators used. However, a memo by H-P's law firm, Wilson Sonsini Goodrich & Rosati, says Mr. Hurd told attorneys for the firm in August 2006 that he recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web" as part of the probe.

"There currently is no evidence that Mark Hurd engaged in criminal conduct. However, our investigation remains open and continues," Mr. Lockyer said yesterday at a news conference.

Lawyers for Mr. Hunsaker and Mr. DeLia didn't return phone calls. Messrs. DePante and Wagner didn't return phone calls. Messrs. Hunsaker and DeLia last week declined to testify before the House subcommittee, citing their Fifth Amendment rights, as did Mr. DePante's father, Joseph, the owner of Action Research, who wasn't charged yesterday.

H-P, meanwhile, issued a statement saying: "H-P is continuing to cooperate with state and federal investigators looking into the boardroom leaks issue. The company has no further comment."

During the leak investigations in 2005 and 2006, H-P investigators obtained the personal phone records of at least a dozen people, including directors and employees, as well as journalists and other outside parties. Among them were two Wall Street Journal reporters, including Pui-Wing Tam, whose page-one story last year about friction between the H-P board and then-Chief Executive Carly Fiorina set off the first leak investigation.

The disclosure of the investigations prompted a series of probes by state and federal agencies, as well as last week's high-profile House subcommittee hearing. Some in Congress are seeking to pass a bill that would clearly define pretexting as illegal. Some lawyers involved in the H-P investigation argue that the practice isn't illegal, except when financial records are involved.

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California laws are clearer, however. One of the statutes under which Ms. Dunn and the four others were charged yesterday, Penal Code Section 538.5, specifically outlaws "executing a scheme or artifice to obtain, from a public utility," customers'"billing records."

The California statute also makes clear that it isn't just the people who obtain such information who could be criminally liable, but "every person who transmits or causes to be transmitted" the information. That provision could prove particularly important in prosecutors' case against Ms. Dunn, who instigated the leak probes and has acknowledged knowing that personal phone records were scrutinized.

Ms. Dunn, who testified for hours before the House subcommittee, spearheaded the probes, which began in the spring of 2005 following leaks from the board that year and intensified after other leaks in early 2006. She acknowledged learning from Mr. DeLia that personal phone records were being obtained during the investigation, but said she believed it was a customary H-P practice and didn't learn of the term "pretexting" until much later.

Though Mr. Lockyer said publicly three weeks ago that his office had enough evidence to charge people with crimes both inside and outside H-P, his investigation bogged down over H-P's unwillingness to share certain documents with prosecutors, according to lawyers familiar with the case. The logjam broke in the past several days, these people said, after prosecutors obtained some 700 pages of internal H-P emails, investigative reports and legal papers from congressional investigators in Washington, who had gathered the documents from H-P for last week's House hearing.

Among the congressional documents is a series of memos written in August by H-P's outside lawyers at Wilson Sonsini Goodrich & Rosati, which H-P retained this summer to review the conduct of the leak investigations. H-P had been resisting providing the Wilson Sonsini documents to prosecutors in Sacramento, citing attorney-client privilege, these lawyers said. The memos include write-ups of interviews with all the main players in the spying imbroglio, including Ms. Dunn and Mr. Hurd. Prosecutors quoted extensively from the law firm memos in their affidavit yesterday.

Wilson Sonsini's conclusions differed markedly from Mr. Lockyer's. In a presentation to H-P's board in August, the firm essentially exonerated Ms. Dunn from wrongdoing, finding she "reasonably relied on repeated assurances of legality by HP legal." The Wilson Sonsini report said that, at the time of the investigations, no laws specifically barred people from using false pretenses to obtain others' phone records.

HP Scandal May See Felony Charges (USAT)

By Michelle Kessler

USA Today, October 5, 2006

SAN FRANCISCO — California's Attorney General sought felony indictments against five people in the Hewlett-Packard snooping scandal Wednesday — including former chairman Patricia Dunn.

Attorney General Bill Lockyer filed criminal complaints against Dunn, former HP lawyer Kevin Hunsaker and private investigators Ronald DeLia, Matthew DePante and Bryan Wagner.

Each faces four felony charges: using fraud to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit those crimes. Penalties could include prison time and fines.

Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday.

The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg.

Dunn, Hunsaker and the three detectives were all part of a team trying to find out which HP board member was leaking information to the press. The team used trickery to obtain the private phone records of journalists, board members and employees (a technique called pretexting).

Dunn spearheaded the leak hunt. Last week, she told the House Energy and Commerce Committee, which is also investigating the matter, that she left details to HP staffers and didn't know about the pretexting.

Hunsaker ran the project within HP and was aware of pretexting, internal HP documents released by the committee show. He repeatedly said it was legal.

There's a chance he is right. There are few laws specifically prohibiting pretexting. That's why Lockyer is prosecuting under fraud laws, Weisberg says.

DeLia's detective firm, Security Outsourcing Solutions, was hired by HP to do most of the investigative work. DeLia in turn hired detective firm Action Research Group, where Matthew DePante works.

Wagner is a former employee of Action Research, according to the complaint's supporting documents. He told investigators that he destroyed his computer when his uncle warned him of the HP investigation after reading about it in the newspaper.

Unlike Dunn, who is fighting advanced ovarian cancer, Hunsaker, DeLia and Wagner each refused to answer questions before the committee last week, citing their right against self-incrimination. Matthew DePante was not called. But Joseph DePante, the owner of Action Research, was. He also declined to answer questions because of self-incrimination concerns.

Ex-Leader Among 5 Charged In Hewlett Case (NYT)

By Damon Darlin

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Hewlett-Packard's former chairwoman was among five people charged Wednesday with illegally gathering phone records of board members, journalists and others in an effort to find the source of news leaks.

The felony charges, filed by the California attorney general's office, are the first stemming from a spying operation that ended last spring but came to light a month ago in disclosures by a disgruntled former director.

The case has rocked the company, forcing out the chairwoman, Patricia C. Dunn, along with the general counsel, a second director and two other senior officers. A House subcommittee held hearings on the case last week, and federal prosecutors have also been considering charges.

It was Ms. Dunn who authorized the operation, aimed at tracing leaks from the board, and put it into the hands of outside investigators. Those charged with her Wednesday included the company lawyer who supervised one phase of the operation and three detectives.

The charges stem from the use of pretexting, a form of deception, to obtain private calling records from phone company employees.

"We plan to aggressively prosecute this case," Bill Lockyer, the state's attorney general, said at a news conference in Sacramento. "However, the investigation into this matter remains active and still incomplete."

The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval.

"There currently is no evidence that Mark Hurd engaged in criminal conduct," Mr. Lockyer said.

Concerns over leaks from the board predated the ouster of Carleton S. Fiorina as chairwoman and chief executive in early 2005. In a memoir to be published next week, Ms. Fiorina says that she ordered an initial leak investigation shortly before her departure. [Page C1.]

The charges against Ms. Dunn, who is expected to appear in court within 24 hours, come as she battles ovarian cancer. "I truly hope Ms. Dunn wins her fight against this disease," Mr. Lockyer said. "However, her illness has no impact on her culpability."

A criminal complaint filed in San Jose, Calif., accuses all the defendants of four charges: using false pretenses to obtain confidential information from a public utility, unauthorized access of computer data, identity theft and conspiracy to commit each of those crimes.

Mr. Lockyer said the first three charges each carried a maxiumm penalty of three years in prison and a fine of $10,000.

A conspiracy conviction can bring a $25,000 fine and one year in prison.

Arrest warrants were issued for the five, who include Kevin T. Hunsaker, a former senior lawyer at Hewlett-Packard; Ronald R. DeLia, a Boston-area private detective; Joseph DePante, owner of Action Research Group, an information broker in

Melbourne, Fla.; and Bryan Wagner of Littleton, Colo., who is said to have obtained private phone records while working for Mr. DePante.

An investigation was begun by Ms. Dunn in 2005 — involving leaks that were apparent in news articles just before and after Ms. Fiorina's ouster — but it ended inconclusively. A second phase began in January 2006, after news reports about a management meeting indicated further leaks, and the effort was turned over to Mr. Hunsaker for supervision.

Ms. Dunn resigned from the board last month under pressure because of the methods used. Mr. Hunsaker, a senior counsel and director of ethics, was fired after he refused to resign, his lawyer said.

Robert M. Morgester, deputy attorney general for the state's special crimes unit, wrote in a supporting document to the charges filed Wednesday that "both Dunn and Hunsaker were aware that the records were to be obtained by fraud or deceit." He said Mr. Hunsaker provided continuous guidance to Mr. DeLia on which records to obtain.

The criminal complaint notes that the pretexting in the case involved the home, office, cellphone and fax numbers of 24 people. Mr. Morgester wrote that Mr. DePante's firm, Action Research, analyzed 33 months of calls and retrieved information on 590 numbers that figured in those individuals' phone records.

The complaint states that in April 2005, Ms. Dunn gave Mr. DeLia the home, office and cellphone numbers for company directors. In June 2005, Mr. DeLia told Ms. Dunn and Ms. Baskins, the general counsel, that phone records were obtained "by ruse" from a telecommunications carrier.

In addition to getting phone records directly from customer service representatives, the operation also involved access to records kept online. State investigators said they were able to find Mr. Wagner by tracking a cookie left on his computer when he used it to gain access to online records at AT&T. A cookie is a piece of computer code that identifies what computer has visited a particular Web site.

Although the operation for gathering of phone records stretched across the country and back again, California claims jurisdiction in the case because the detectives were paid by Hewlett-Packard, which is based in Palo Alto, Calif., and the planning was done there as well.

Of the charges against Ms. Dunn, Mr. Lockyer, the attorney general, said, "The person who orchestrated these illegal practices should be held accountable, not just those who carried them out."

Ms. Dunn's lawyer, James J. Brosnahan of Morrison & Foerster in San Francisco, said in a statement: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

The charges are yet another blow for Ms. Dunn. On Tuesday, a representative said Ms. Dunn was to begin six months of chemotherapy on Friday for recurrent advanced ovarian cancer. A friend said that she had Stage 4 ovarian cancer. She has survived breast cancer and melanoma, a skin cancer.

Stage 4, in which the cancer has spread beyond the abdomen to other parts of the body, is the most advanced, and only 29 percent of women with that stage are still alive after five years. The disease is so dangerous because it often has no symptoms until it has become advanced and has started spreading inside the abdomen.

Alison Davis, a managing partner at Belvedere Capital Partners, a private equity firm in San Francisco, called the charges against Ms. Dunn unbelievable.

"She stands for integrity and doing the right thing more than anyone else I can think of," said Ms. Davis, who was chief financial officer of Barclays Global Investors, where Ms. Dunn served as chief executive.

Ms. Baskins, who as general counsel was Mr. Hunsaker's boss and was involved in both the 2005 and 2006 phases of the investigation, may have escaped charges because she never passed on any phone numbers to a pretexter.

Her lawyer, Cristina C. Arguedas, with the firm of Arguedas, Cassman & Headley of Berkeley, Calif., said, "Ann Baskins did nothing that could possibly warrant a charge being filed against her."

Other criminal defense lawyers said prosecutors might have a difficult time proving intent. To do so, they would have to show that the defendants had some appreciation of the wrongfulness of their actions.

"It can be a squishy concept," said Matthew J. Jacobs, a former federal prosecutor and a partner in the Silicon Valley law firm of McDermott Will & Emery.

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Getting a legal opinion and taking steps to establish the legality of an action can show a lack of criminal intent. Ms. Baskins repeatedly asked for verification that the methods the investigators used were legal.

The question of intent could also be raised for those charged, Mr. Hunsaker and Ms. Dunn in particular, several defense lawyers said. Ms. Dunn, who is not a lawyer, relied on the lawyers' advice. The documents provided by the company show Mr. Hunsaker asked for legal opinions and did his own research to verify that what was done was considered legal.

In one set of e-mail exchanges between Mr. Hunsaker and Anthony R. Gentilucci, the company's manager of global investigations, Mr. Hunsaker raises the question of legality. Mr. Gentilucci replied, "I think it is on the edge, but above board." Mr. Hunsaker's response was, "I shouldn't have asked."

Mr. Hunsaker's lawyer, Michael Pancer, said in a recent interview that his client meant that he should not have asked because he knew that Mr. Gentilucci would have checked on the legality of the method.

Lawyers for Ms. Dunn and Mr. DeLia did not respond to requests for comment.

Mr. Wagner said he had been advised not to comment on the charges against him. He said, however, "If I would have known it was this high-profile, I wouldn't have done it."

Mr. DePante's lawyer, Richard J. Preira of Miami Beach, Fla., said that "his conduct is not illegal" and that his client was a scapegoat. He also said, "the prosecutors are trying to fit a square peg in a round hole."

Indeed, other defense lawyers and legal scholars not involved in the case said it would not be an easy one for the attorney general despite the mountain of documents provided by the company. The problem is that California had no law against the specific act of pretexting. So the prosecutors have to stitch together a set of laws to charge the defendants.

Defense lawyers are likely to try to exploit the weak seams. Take, for instance, the law that makes it a crime to use electronic media to take information owned by a public utility. The first problem, said Robert Weisberg, a Stanford University law professor, is whether a phone company can be considered a public utility anymore. The identity theft law makes it a crime to steal something of value — credit, goods, services, or medical information — Mr. Weisberg notes, but a defense lawyer could argue that phone records have no monetary value.

California made pretexting a crime, but the law, signed on Saturday by Gov. Arnold Schwarzenegger, does not go into effect until Jan. 1. It would not apply to any of the pretexting in the Hewlett-Packard case. Under that law, the penalty for a violation would be $2,500 and up to a year in county jail. Repeated violations would result in a $10,000 fine and a year in jail.

Investigations Continue At HP (USAT)

By Jim Hopkins And Jon Swartz

USA Today, October 5, 2006

SAN FRANCISCO — Hewlett-Packard still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal.

HP said in a statement on Wednesday that it "is continuing to cooperate with state and federal investigators." It said it would have no further comment.

Attorney General Bill Lockyer's complaints on Wednesday did not name any current HP executives, including Chairman and CEO Mark Hurd, who is leading an important restructuring of the Silicon Valley computer and printer maker.

Still, HP's criminal defense attorneys at Morgan Lewis & Bockius must defend the company against investigations by the:

•U.S. Attorney and FBI. Last month, the U.S. Attorney's Office in San Francisco and the FBI acknowledged they were conducting an investigation into the HP spying scandal. At the time, the FBI said it was reviewing possible fraud and identity theft violations.

HP, in a Sept. 11 filing with the Securities and Exchange Commission, said it had been informally contacted by the U.S. Attorney's Office in San Francisco, requesting information "similar" to that sought by Lockyer's office.

Luke Macaulay, spokesman for San Francisco U.S. Attorney Kevin Ryan, on Wednesday said the inquiry is continuing.

•SEC. The agency's enforcement division is investigating the circumstances around Tom Perkins' resignation as HP director in May to protest the news-leak probe.

The agency is looking at two SEC filings HP made: One on Sept. 6, in which the company first disclosed the news-leak investigation and its role in spurring Perkins to quit. The second filing, on May 22, reported Perkins' resignation without explaining the circumstances.

The SEC also has asked HP for information about the company's news-leak investigation itself. The agency on Wednesday had no comment, spokesman John Nester said.

•Congress. The House Energy and Commerce Committee has been examining HP's use of "pretexting," a shady technique where investigators posed as HP directors, employees and journalists to get private phone records.

Dunn, Hurd and 12 other witnesses appeared before a committee hearing last week. Among the five individuals named in Lockyer's complaint, only Dunn agreed to testify before the panel. The other four refused, citing their right against self-incrimination.

Committee spokesman Terry Lane said Chairman Joe Barton, R-Texas, had no comment on Lockyer's criminal complaints.

California Attorney General Charges HP Insiders, Detectives In Spy Probe (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 5, 2006

(AP) - SAN JOSE, California-California's attorney general filed criminal charges Wednesday against former Hewlett-Packard Co. Chairwoman Patricia Dunn and four others involved in the corporate spying scandal at the computer and printer company.

Attorney General Bill Lockyer filed the charges in Santa Clara County Superior Court naming Dunn, ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia, and outside investigators Joseph DePante of Melbourne, Florida and Bryan Wagner of Littleton, Colorado.

They each face four felony counts: use of false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 (â‚¬7,900)and three years in prison.

HP chief executive Mark Hurd is not among those charged, nor was HP's former General Counsel Ann Baskins, who had some oversight of the company's investigation of media leaks.

The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records.

"I am innocent of these charges," DeLia said in a prepared statement he read to The Associated Press. "I've been a professional private investigator for more than 30 years. I respect the law and I did not break the law in the HP investigation."

He refused to elaborate on his statement or take questions.

Dunn - who initiated the investigation - said she did not know until after the fact that the detectives went to such extremes to unearth clues about the leaker's identity. She resigned from HP's board last month amid the uproar over the spying campaign, which has also prompted the resignation of two other board members.

Dunn, 53, who has survived breast cancer and melanoma, will begin chemotherapy treatments for advanced ovarian cancer on Friday at the University of California, San Francisco, according to a person close to Dunn who asked to remain anonymous because a formal announcement wasn't planned.

Lockyer scheduled a 7 p.m. EDT (2300 GMT) news conference in Sacramento to discuss the case. Lawyers for Dunn and the others charged did not return calls seeking comment.

HP said in a statement it is cooperating with Lockyer as well as federal authorities who are also exploring possible criminal charges. The Palo Alto-based company declined further comment.

HP's stock has largely been immune to the scandal swirling around its board, and Wednesday was no exception. It rose 60 cents, or 1.6 percent, to close at $38.02 on the New York Stock Exchange. Earlier in the day it reached a 52-week high of $38.14.

The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law.

"It was a stupid and unethical thing that occurred, but it may not have been a crime," he said.

Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer.

"He formed a judgment that a crime was committed way too early, but he had nothing to lose," Wareham said. "Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money."

Hunsaker, who directed the investigation, left the company on Sept. 26; DeLia runs a Boston-area detective firm called Security Outsourcing Solutions, a longtime HP contractor commissioned to conduct the leak probe.

DeLia in turn hired DePante's company to gather information, and DePante hired Wagner to obtain the private phone records of HP directors and journalists.

HP eventually identified director George Keyworth II as the source of a leak to a CNET Networks Inc. reporter. Keyworth resigned after the scandal went public in early September.

Another director, venture capitalist Thomas J. Perkins, resigned from the board in May after learning about the tactics used by HP's investigators. He then pressured the company to publicly disclose the reason for his departure, leading to the regulatory filing that revealed the investigators' use of pretexting.

The FBI and a congressional panel are also looking into the HP pretexting scandal. Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Rep. Edward Markey, D-Mass., a senior member of the House Energy and Commerce Committee, said Lockyer's move "indicates that prosecutors are beginning to move forward to address the violations that occurred here."

Still, Markey added, congressional action is needed to tighten the penalties on pretexting. A bill, approved earlier by the committee, has been stalled in the House.

"We need to pursue a new direction in this country that ensures consumers will no longer be vulnerable to intrusions into their families' privacy, either by their employer, by the government or by criminals seeking to turn information into money," he said.

AP Business Writers Michael Liedtke in San Francisco, Brian Bergstein in Boston and Marcy Gordon in Washington contributed to this report.

Ex-Hewlett-Packard Chair Dunn Charged In Leak Case (Update9) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Hewlett-Packard Co. ex-Chairwoman Patricia Dunn and four others were charged with conspiracy and fraud by California's attorney general in the first prosecution stemming from a probe of illegally obtained phone records.

An internal inquiry into boardroom leaks at Hewlett-Packard, the world's second-largest personal computer maker, has been the subject of an investigation by California Attorney General Bill Lockyer. Dunn, 53, authorized the internal probe, which used fake identities to obtain the private phone records of board members and journalists, a tactic called pretexting.

The charges, filed today in state court in San Jose, are another black eye for Dunn, who has said she relied on investigators and isn't responsible for their conduct. Hewlett- Packard Chief Executive Officer Mark Hurd, who said he wasn't aware investigators were using pretexting, wasn't charged. The Palo Alto-based company is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

``One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," said Lockyer. ``In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Dunn's lawyer said earlier today that his client has advanced ovarian cancer and will undergo chemotherapy this week.

Hunsaker, DeLia

Also named in the complaint were Kevin Hunsaker, the company's former director of ethics and the executive who ran the internal probe, outside investigator Ronald DeLia of Security Outsourcing Solutions Inc. and Bryan Wagner and Matthew Depante, two private detectives hired on the company's behalf. Lockyer said the investigation is continuing.

``Patricia Dunn and Kevin Hunsaker were the key actors in the decision processes that led to pretexting," said James Post, a professor of management at Boston University. ``The chair of the board must be the No. 1 advocate for ethical standards."

The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000.

As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by ``ruse from the telecommunication carrier," prosecutors said.

Voluntary Surrender

Lockyer said he will seek to arrange the voluntary surrender of Dunn and Hunsaker. He said he was aware of reports that the former chairwoman is undergoing treatment for cancer and said he hopes she beats the disease.

Dunn's illness has no impact on her guilt, Lockyer said at a press conference today in Sacramento.

The attorney general, the state's top prosecutor, said he has no evidence of wrongdoing by Hurd. Arrest warrants are being sought for the other defendants, said Robert Anderson, chief deputy attorney general.

Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses.

The charges show ``prosecutors are beginning to move forward to address the violations that occurred," said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today.

Congressional Inaction

Markey criticized what he called the lack of Congressional action to increase the penalties for pretexting in order to obtain phone records, and to outlaw purchases or sales of the Social Security numbers used to obtain access to such records or other personal information.

House Republican leaders have refused to take up proposed legislation approved by the Energy and Commerce Committee in each of these areas, Markey claimed. Kevin Madden in House Majority Leader John Boehner's office confirmed a vote hasn't been scheduled.

Representative John Dingell, a Michigan Democrat, called Hewlett-Packard's actions a ``case study in deceit, dishonesty" and ``probably criminal" behavior.

James Brosnahan, a lawyer for Dunn, of Orinda, California, said his client will fight the charges.

`Wrong Reasons'

``These charges are being brought against the wrong person at the wrong time and for the wrong reasons," the lawyer said in a statement. ``They are the culmination of a well-financed and highly orchestrated disinformation campaign."

John Kiernan, a lawyer for DeLia, 56, of East Sandwich, Massachusetts, didn't return a call seeking comment. Michael Pancer, a lawyer for Hunsaker, 41, of Menlo Park, California, declined to comment.

Richard Preira, attorney for Depante, 27, of West Melbourne, Florida, didn't return calls or e-mails seeking comment. Wagner, 29, didn't return voicemail messages left at his home in Littleton, Colorado.

The company said in a statement that it's continuing to cooperate with state and federal investigators, and declined further comment.

Shares of Hewlett-Packard fell 17 cents to $37.85 at 7:27 p.m. in trading after the close of the New York Stock Exchange.

The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

`Tempest in a Teapot'

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``This doesn't have much to do with the actual running of the company. It's more of a tempest in a teapot," said Barry James, who oversees $1.8 billion as chief investment strategist at James Investment Research in Dayton, Ohio, including 495,000 Hewlett-Packard shares. ``The market has moved on."

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters who were the subject of the leak inquiry in an effort to obtain their telephone records.

The company also sought the phone records of former CEO Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

`Rogue Investigation'

In recent weeks Dunn, Baskins, Hunsaker and Anthony Gentilucci, the company's global security chief, have all left the company because of their involvement in a probe that CEO Hurd called a ``rogue investigation."

When interviews with board members in early 2005 failed to pinpoint the source of the leaks, Dunn turned to contractor DeLia and his company, Boston-based Security Outsourcing, which used pretexting to download phone records from AT&T Inc. A Florida- based firm and another in Littleton, Colorado, were also involved in obtaining phone records, according to a review by the Energy and Commerce committee.

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hurd to review the company's conduct, said on Sept. 22.

33 Months

According to the court papers filed today, pretexting in the case compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Social Security numbers for targets of the probe were used to obtain the phone records, said Holston of Philadelphia-based Morgan, Lewis & Bockius. Gentilucci, who resigned last week, provided at least one employee's number to DeLia, Holston said. Baskins and Gentilucci are cooperating with Lockyer's probe, Anderson, his deputy, said.

Hunsaker, a six-year Hewlett-Packard veteran, invoked his Fifth Amendment right against self-incrimination at a hearing in Washington on Sept. 28, as did Gentilucci, Baskins, DeLia and other investigators called to testify.

In a Jan. 30 e-mail exchange between Hunsaker and Gentilucci, Hunsaker learned how pretexting worked from Gentilucci, who described the tactic as ``on the edge."

Hunsaker replied ``I shouldn't have asked."

Spyware

Hewlett-Packard also followed directors at their homes and on vacation and planted spyware on one reporter's computer. Investigators considered sending staff posing as administrative help and cleaning crews to spy on newsrooms, according to documents supplied by Hewlett-Packard and released by the House committee on Oct. 2.

Dunn has portrayed herself as a victim of investigators who kept her out of the loop and corporate legal experts who misled her about the legality of the tactics used. Company e-mails show she received regular updates from Hunsaker, the documents show.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Five Indicted In HP Scandal, But Former GC Escapes Charges (LAW)

By Cheryl Miller, The Recorder

California Recorder, October 5, 2006

Former Hewlett-Packard General Counsel Ann Baskins escaped criminal charges Wednesday, even as state prosecutors charged five others in connection with the computer company's boardroom spying scandal.

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California Attorney General Bill Lockyer filed charges in Santa Clara County Superior Court against former Chairwoman Patricia Dunn; ousted HP senior counsel and ethics director Kevin Hunsaker; private investigator Ronald DeLia; records dealer Joseph DePante; and Bryan Wagner, who did work for DePante.

All five face felony charges of fraudulently obtaining confidential records, identity theft, accessing computer data without authorization, and conspiracy in connection with HP leaders' hunt in 2005 and early 2006 to find out who was leaking information from closed-door board meetings to the media. Investigators hired by the company allegedly used pretexting -- using a ruse or false identity -- to obtain the phone records of 24 individuals, including reporters and board members.

"One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," Lockyer said in a prepared statement. "In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Like Baskins, Hewlett-Packard CEO Mark Hurd and former security chief Anthony Gentilucci were not charged Wednesday, although both were involved with the internal probe, records show.

Baskins' attorney Cristina Arguedas declined to comment on the charges, as did an attorney for Gentilucci. In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged "the wrong person at the wrong time and for the wrong reasons." He also cryptically called the charges "the culmination of a well-financed and highly orchestrated disinformation campaign."

Baskins did not testify at last week's congressional hearing on the HP scandal, invoking her constitutional right under the Fifth Amendment not to incriminate herself. She resigned her post as general counsel the same day.

Dunn, who did testify before the House Energy and Commerce Committee, suggested Baskins had approved the questionable tactics used in the investigation, while outside counsel Larry Sonsini testified that he had asked Baskins about pretexting and had been told by her that it was legal.

According to internal company documents released by the congressional panel, Baskins was sent copies of a number of e-mail exchanges between Hunsaker -- who oversaw the investigation code-named "Kona" -- DeLia and other investigators, which chronicled efforts to trick a reporter into unwittingly divulging her company sources.

In a sworn complaint, Deputy Attorney General Robert Morgester said that "DeLia recalled that Baskins was curious about pretexting and concerned about its legality and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities."

Speaking for an article published last month in The Recorder, Arguedas called Baskins -- who had not yet resigned from HP -- "a person of great integrity" who was "at the top of her profession."

"I'm not aware of her doing anything wrong at all," Arguedas said.

Trying to discern why the attorney general didn't charge Baskins "is like asking why isn't it raining," said Rory Little, a former prosecutor and currently a professor at Hastings College of the Law.

"The short answer is, there's no guarantee she won't be indicted," Little said. "And we don't know what evidence she has. She may be talking to the AG. Or she may have provided exculpatory evidence."

The scandal became public when board member Thomas Perkins resigned in protest of the investigation methods and later complained that HP did not report his reasons for doing so to the Securities and Exchange Commission.

Director George Keyworth was identified as the source of the leak. He resigned from the board in September.

The attorney general filed charges under a section of the Penal Code that makes it illegal to seek "utility" records under false pretenses.

All four counts carry a maximum prison sentence of three years under current law. A recently signed state law that goes into effect Jan. 1 punishes those who use pretexting to obtain or sell phone records with fines of up to $2,500 or a year in county jail.

In a press conference Wednesday, Lockyer said the current case will rely on "numerous state laws" protecting consumers' privacy as well as the state Constitution.

"Our state Constitution includes one of the country's most expansive rights to privacy," he said.

Reporter Justin Scheck also contributed to this story.

Jobs Knew Apple Manipulated Some Option Grants (WSJ)

By James Bandler And Nick Wingfield

The Wall Street Journal, October 5, 2006

Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised "serious concerns" about the conduct of two former Apple executives.

Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said.

Apple's own probe found that Mr. Jobs, the company's chief executive, wasn't aware of the accounting implications of the manipulated options, and that there was "no misconduct" by him or any other member of current management. But the conclusions suggest that Mr. Jobs, who is one of the country's most-revered technology icons and widely considered Apple's creative nucleus and the embodiment of its brand, could face further scrutiny.

Authorities are examining whether companies fabricated the date on which options were granted to executives and other employees -- a practice known as backdating -- to give the options extra value. Backdating can run afoul of securities laws. To date, more than 100 companies are under federal investigation.

In a statement released late yesterday, Apple left open a number of questions, including whether Mr. Jobs was aware that backdating grants to give them more value was improper and was contrary to statements in the company's own securities filings. Apple also didn't address how the numerous instances of backdating occurred or spell out the role of the board, which administers option grants, in any improprieties. (See Apple's statement1)

Apple said that Mr. Jobs knew of manipulated grants in a "few instances" but that he didn't receive any grants he knew carried dates that had been favorably selected. Earlier, Apple had said one grant to Mr. Jobs was problematic.

An Apple spokesman declined to elaborate beyond yesterday's statement, though he added that the irregular options grants accounted for 6% of the company's total grants between 1997 and 2002, the period being investigated. Apple, of Cupertino, Calif., said the backdating extended from 1997 to 2002, and included 15 dates. The company has said it expects to restate its financial results to account for extra compensation expense related to the backdated options.

Apple didn't name the former executives whose actions it cited, but it said that director Fred Anderson, an ex-executive who served as finance chief during the time of the backdated grants, resigned from Apple's board. Mr. Anderson informed Apple's board of his resignation on Saturday night by email, a person familiar with the matter said.

In a letter to the board reviewed by The Wall Street Journal, Mr. Anderson said he was resigning to "avoid even the appearance of any conflict of interest" in light of the imminent release of the probe's findings. Mr. Anderson added in his letter that he has always conducted himself "with the utmost integrity and in accordance with the highest ethical standards." The resignation was announced yesterday.

Kevin V. Ryan, the U.S. attorney for the Northern District of California, has made the stock-options manipulation investigations a top priority of his office, which created a stock-options task force in July. On July 20, Mr. Ryan's office charged two former executives from Brocade Communications Systems Inc. with criminal fraud violations for their alleged roles in a backdating scheme at the San Jose technology concern.

Aitan Goelman, a lawyer for Zuckerman Spaeder LLP in Washington, D.C., said the chance Mr. Jobs will face criminal prosecution is "infinitesimal," assuming Apple's probe was thorough. Prosecutors typically need to show criminal intent to make fraud cases, defense lawyers say, and Apple's disclosures don't suggest that Mr. Jobs had any.

Still, Mr. Goelman said Mr. Jobs could face civil action from the Securities and Exchange Commission. Apple said yesterday that it was providing details of the former executives' actions to the SEC.

In his statement, Mr. Jobs struck a contrite note. "I apologize to Apple's shareholders and employees for these problems, which happened on my watch. They are completely out of character for Apple," Mr. Jobs said.

Mr. Jobs didn't respond to a direct request for comment by email.

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Apple isn't the only company connected to Mr. Jobs to have favorably priced options. Top executives of Pixar Animation Studios, the computer-animation company Mr. Jobs co-founded, received option grants priced at the stock's annual lows in four years between 1997 and 2003 -- a statistically remarkable occurrence that suggests the dates may have been manipulated.

Mr. Jobs never received any options from Pixar, which was acquired by Walt Disney Co. earlier this year. But Pixar filings say the company's board, of which Mr. Jobs was chairman, performed the functions of a compensation committee, including granting options.

Options typically give their recipients the right to buy stock in the future at its price at the time of the grant, called the exercise price. If the stock goes up from the exercise price, the recipient can profit.

It isn't clear which 15 grants Apple's outside lawyers deemed to be troublesome. But in several cases between 1997 and 2001, Apple executives received grants dated just ahead of sharp increases in the company's share price. One grant, dated Jan. 17, 2001, went to Mr. Anderson and three other top officers, but not Mr. Jobs. Apple's shares leapt the next day, rising a total of 29% by the end of the month. The four executives later exercised many of those options for total profits of more than $100 million.

Mr. Anderson's resignation from the Apple board represents a rift between the company and an executive credited with helping revive Apple's fortunes in the late 1990s. A person familiar with the matter said Apple hasn't informed Mr. Anderson whether he is one of the two former officers of the company accused of inappropriate actions.

"Fred was a very successful CFO at Apple, where he played an integral part in saving that company, its employees and shareholders from financial ruin," said Roger McNamee, a co-founder of Silicon Valley private-equity firm Elevation Partners, where Mr. Anderson is currently a partner.

Mr. Jobs himself received a mammoth grant dated Jan. 12, 2000, which corresponded with the bottom of a sharp plunge in Apple's share price. The grant of 40 million shares, adjusted for splits, was announced a week later; by that time Apple's stock had risen 22%. The grant was, by one measure, the most valuable ever given to a corporate executive. Mr. Jobs later exchanged those options for millions of shares of restricted stock.

Nancy Heinen, Apple's former general counsel, left the company without explanation in early May. Ms. Heinen didn't return a message left at her home phone number, and an Apple spokesman wouldn't say if she was one of the former officers referred to in the company's statement.

Cristina Arguedas, Ms. Heinen's attorney, said Ms. Heinen hasn't been told that she is a target of any investigation. "Nancy has had a long career and is a well respected lawyer in Silicon Valley," Ms. Arguedas said.

In after-hours trading yesterday, Apple shares were down 58 cents to $74.80.

Jobs Didn't Know Of Stock Options' Accounting Issues (USAT)

By Jefferson Graham

USA Today, October 5, 2006

Apple CEO Steve Jobs was aware of the company's practice of backdating stock-option grants but unaware of the accounting implications, the company said Wednesday.

A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday.

“I apologize to Apple shareholders and employees for these problems, which happened on my watch,” Jobs said. “They are completely out of character for Apple.”

In August, Apple said its quarterly report would not be filed on time because it was reviewing its practices for granting stock options and that it might have to restate past earnings results. It confirmed Wednesday that it will restate some results to record non-cash charges for compensation expense relating to past stock-option grants.

The review discovered that dates on stock-option grants made on 15 dates from 1997 to 2002 preceded the approval of the grants, Apple said Wednesday.

The board found that Jobs was aware that favorable grant dates had been selected but didn't receive or benefit from the grants and was unaware of the accounting issues. Apple said its investigation found no misconduct by any member of Apple's current management team.

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Jobs said Apple will work to resolve the remaining accounting issues "as quickly as possible" and to put measures in place "to ensure that this never happens again."

Apple's investigators looked at 650,000 e-mails and documents and conducted interviews with more than 40 current and past Apple employees, directors and advisers.

Dozens of other companies are entangled in some sort of stock-option trouble, mostly over backdating.

"What the report confirms is that the black eye on Apple we anticipated is indeed a black eye," says Gene Munster, an analyst at equity firm Piper Jaffray. "The scope of the number of grants is bigger than I expected, but the good news is this is all in the past."

His biggest concern was the impact on Jobs. "He offered an honest assessment and comes out fine, and that's what really matters."

Apple said the investigation raised "serious concerns" regarding the actions of two unnamed former officers in connection with the accounting, recording and reporting of stock-option grants. Apple will provide all details regarding their actions to the Securities and Exchange Commission, it said.

Apple stock fell 58 cents in after-hours trading to $74.80.

Apple Says Jobs Knew Of Options (NYT)

By Laurie J. Flynn

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Apple Computer said on Wednesday that an internal review had found that Steven P. Jobs, the chief executive, knew that the company was backdating some stock options granted to employees to inflate their value.

The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been "irregularities" with some options granted to Mr. Jobs, but he declined to elaborate.

Apple, riding high on the popularity of its iPod music player, repeated that it would most likely need to restate past financial statements, but said it had not yet determined the amount or for which periods.

"I apologize to Apple's shareholders and employees for these problems, which happened on my watch," Mr. Jobs said in a statement. "They are completely out of character for Apple." Mr. Jobs said the company was working to resolve the remaining issues quickly.

Apple revealed in June that it had discovered irregularities related to stock options awarded between 1997 and 2001.

By doing so, it joined more than 100 companies, including Microsoft, that have announced investigations into their options practices.

At the time, Apple said it was examining a grant made to Mr. Jobs that may have been improper. Mr. Dowling would not discuss the specifics of that grant on Wednesday.

Apple also announced that Fred D. Anderson, an Apple director who was chief financial officer from 1996 to 2004, the period when the questionable grants were made, had resigned from the board, and said he had told the company that "he believes it is in Apple's best interests" that he leave.

Mr. Anderson is now managing director of Elevation Partners, a high-profile private equity company he helped found after leaving Apple.

Roger McNamee, Elevation's chief executive, said in an e-mailed statement that he had confidence in Mr. Anderson, whom he considered to have "uncompromising character," and that he would remain part of the company.

Apple's statement said the financial investigation "raised serious concerns" about the activities of two other former Apple officers, but did not name them. The company said it would share details with the Securities and Exchange Commission.

Apple said the investigation found no misconduct by anyone on the company's current management team. Mr. Dowling said the company was not required to discuss Mr. Jobs's role in the options grants, but was doing so in the interest of full disclosure. He said Mr. Jobs was not available for an interview.

Apple shares fell 66 cents, or 0.9 percent, in after-hours trading, after rising $1.30 in regular trading to close at $75.38.

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Charles R. Wolf, an analyst with Needham & Company, said that investors were likely to respond favorably in the long term, and that he did not expect Apple's restatement of earnings to be significant or to hurt its future performance.

"The major risk in the backdating of options was that somehow Steve Jobs was actively involved," Mr. Wolf said. "The announcement today eliminated that possibility."

Mr. Wolf said it was within reason that Mr. Jobs would not have paid attention to the backdating, particularly given that it was common and legal. "I don't think he'd know an asset from a liability," Mr. Wolf said of Mr. Jobs. "That's not his game."

One unusually large grant to Mr. Jobs had been under scrutiny. Apple disclosed on Jan. 19, 2000, that he had received options to buy 10 million shares, effective Jan. 12. Those options carried a strike price of $87.19, the stock's lowest closing price in the two months up to that date; by Jan. 19, the stock had risen to $106.56.

The options later became worthless as Apple's stock price declined. Mr. Jobs canceled most of his options in 2003 and was given restricted stock instead.

A week after Apple disclosed its investigation, two shareholder lawsuits filed in California charged current and former Apple executives and directors with manipulating stock grants. Those suits are still pending.

Apple said on Wednesday that stock option grants made on 15 dates between 1997 and 2002 appeared to have grant dates that preceded the approval of those grants. The company said the last one came in January 2002. Mr. Dowling said that the 15 dates represented 6 percent of all stock grants during the period.

At the time of the options grants, it was not uncommon for companies to disclose stock option awards days or weeks after a grant was made. But the Sarbanes-Oxley Act of 2002, which addresses corporate accountability, now requires companies to report option grants within two days.

Apple reported the findings after a special committee of outside directors, lawyers and accountants completed a three-month investigation, examining more than 650,000 documents.

Apple CEO Apologizes In Options Scandal (WP)

By Carrie Johnson

The Washington Post, October 5, 2006

Apple Computer's chief executive, Steve Jobs, apologized yesterday for a stock options scandal that he said "happened on my watch," after a three-month internal investigation uncovered "serious concerns" with the actions of two former executives.

Jobs was aware "in a few instances" that unnamed company executives had gone back in time to cherry-pick dates when stock prices were low to increase the likelihood that employees would turn greater profits. But Jobs did not "receive or otherwise benefit from these grants," the Cupertino, Calif., company said in a statement after the markets closed.

Apple disclosed in June that Jobs had received one of the grants, but it was eventually canceled and he did not profit from it. Jobs was "unaware of the accounting implications" of the stock maneuvers, the company said, a conclusion that could provide him some regulatory cover.

The company declined to identify the two former executives whose conduct over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the "best interests" of the company. Apple's longtime general counsel, Nancy Heinen, resigned earlier this year. Anderson could not be reached for comment, and Heinen's lawyer did not return phone calls.

Apple will provide the results of its investigation, which covered interviews with more than 40 current and former employees and a review of 650,000 e-mail messages and documents, to the Securities and Exchange Commission, spokesman Steve Dowling said in a telephone interview.

Stock options give employees the chance to purchase stock at a set price and within a specific period of time. Employees profit based on the difference between the stock price on the date of the award and the date they sell the shares. Options were a popular tool in the 1990s for companies to recruit and retain employees.

In recent months, securities regulators have said they are investigating more than 100 public companies for altering the dates of option awards to ensure greater potential profits for employees. In some cases, executives appear to have selected

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dates when the stock price was lower, after the fact, increasing the likelihood that they and favored employees would profit. Backdating is not in itself illegal, but companies must disclose such maneuvers to investors and board members.

Apple's problems with stock options broke into public view four months ago. The review of the transactions, by John Potter at the law firm Quinn Emanuel Urquhart Oliver & Hedges LLP, flagged an undisclosed number of backdated stock option awards that were made on 15 dates between 1997 and 2002. No members of the company's current management team were implicated in the probe, according to the news release.

Apple previously announced it would need to restate earnings from 2003 to 2005. But the company said yesterday that it was continuing to explore which periods required restatements. Apple has not assessed the possible charges or their tax and accounting implications, the statement said.

"We will now work to resolve the remaining issues as quickly as possible and to put the proper remedial measures in place to ensure that this never happens again," Jobs said.

Jonathan D. Hoopes, a managing director at ThinkEquity Partners LLC in New York, called Apple's problems "unfortunate." But Hoopes still carries a positive outlook on Apple, which he said was well positioned to increase its stock price and its profitability with strong back-to-school and holiday seasons. Apple's stock fell 58 cents to $74.80 in after-hours trading as of 8 p.m.

"If Steve [Jobs] would have taken the fall, it would have been a much different story," said Hoopes, who neither owns Apple stock nor does banking business with the company.

Apple Presents Stock Option Findings To Feds (LAW)

By Justin Scheck And Petra Pasternak, The Recorder

California Recorder, October 5, 2006

A day before Apple Computer publicly announced results of an internal investigation over stock option backdating, the company's lawyers held a meeting with federal prosecutors in San Francisco to spell out what they'd found.

Lawyers for Apple wouldn't comment on Tuesday's meeting with the feds. "I really can't say anything about it," said John Potter, the partner at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation for a board committee. And George Riley, a partner at O'Melveny & Myers who represents the company, was similarly taciturn. "To be clear: we have no comment on the story," he wrote in a Wednesday e-mail.

Apple publicly revealed Wednesday that 15 option awards between 1997 and 2002 "appear to have grant dates that precede the approval of those grants," according to a public document filed with the SEC.

The company's CEO, Steve Jobs, apparently "was aware that favorable grant dates had been selected" but was unaware of the accounting ramifications and didn't personally benefit, the filing said. Board member and former CFO Fred Anderson resigned, it added.

The investigation also raised "serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants," the company said in the filing, though it did not specifically name any executives. "The company will provide all details regarding their actions to the SEC."

Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts.

Longtime Apple GC Nancy Heinen left the company earlier this year for undisclosed reasons. She subsequently retained Cristina Arguedas, the top Bay Area criminal attorney who is also representing former Hewlett-Packard general counsel Ann Baskins.

Arguedas would only say Wednesday that "Nancy Heinen has had a long career, and is a well-respected lawyer in Silicon Valley, and is well-known for her integrity."

Reached Wednesday afternoon, Heinen likewise declined to comment. "I'm in the grocery store, I'm not gonna talk," she said with a small laugh.

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A spokesman for the Northern District of California U.S. Attorney's Office declined to comment on the Apple investigation.

The plaintiffs bar immediately descended on Apple after the company first announced it had stock option problems at the end of June. A derivative suit filed in U.S. district court in San Jose does not name Heinen as a defendant, however.

But Jeffrey Krinsk, name partner at San Diego's Finkelstein & Krinsk, said his firm plans to name Heinen in another derivative class action as an officer who had either been a recipient of backdated stock options, or who had known about Apple's practices. The firm plans to file in state court by the end of the week.

"We believe there's liability directed at her for her acts and practices in connection with backdating," Krinsk said.

Lay's Lawyers Want Judge's Ruling To Wipe Record Clean (HC)

By Kristen Hays

Houston Chronicle, October 5, 2006

Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name.

They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned.

Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases.

A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction.

Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants.

Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23.

Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died.

However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government "did not introduce, let alone obtain passage of, any such legislation."

Also, no lawmakers stepped forward to sponsor such legislation.

Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks.

Justice Department spokeswoman Jaclyn Lesch declined comment Wedensday.

In another Enron case, prosecutors said in a filing made public Wednesday that they intend to ask for leniency when a former investor relations executive is sentenced Friday for insider trading.

Paula Rieker, 52, pleaded guilty to that charge in 2004. She testified against Lay and Skilling, saying both lied to or misled investors about Enron's financial health.

Rieker, Enron's former No. 2 executive in investor relations who later became corporate secretary, faces anywhere from probation to a maximum of 10 years in prison for insider trading. The government didn't suggest a specific sentence, but said in Wednesday's filing that she was among "primary insiders" who helped prosecutors win convictions against the former top two executives.

Rieker's lawyers also have asked for leniency, but a judge allowed their filing on that subject to be sealed from public view because it addresses her health and finances.

Judge Orders Ex-Kmart Execs To Trial (FINDLAW/AP)

AP, October 5, 2006

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(AP) - FLINT, Mich.-A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing.

In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005.

"We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated," McDonald's lawyer John Sylvia said Wednesday.

Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith.

Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003.

It acquired Sears, Roebuck & Co. in 2005. The new company, called Sears Holdings Corp., is based in Hoffman Estates, Ill.

The SEC wants to bar the men from serving as officers at public companies and recover an unspecified amount of money.

"The SEC now looks forward to presenting its case to a jury for decision," SEC enforcement lawyer Dean Conway told The Detroit News.

The SEC says the men made false statements during a Nov. 27, 2001, conference call with investors that concealed the extent of Kmart's financial difficulties.

On the Net:

U.S. Securities and Exchange Commission: http://www.sec.gov

Sears Holdings Corp.: http://www.searsholdings.com

CRIMINAL LAW:

Order On Documents Signals Justice Dept. May Pursue Foley (WP)

By Dan Eggen And Allan Lengel

The Washington Post, October 5, 2006

Federal prosecutors yesterday ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman.

The three-page "preservation letter" -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts.

FBI agents also continued to seek out current and former pages who may have had contact with the former Florida congressman, who resigned Friday after some inappropriate comments he made to pages in e-mails and online instant messages became public.

One law enforcement source said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to determine how many pages may have communicated with Foley. Investigators are not limiting their interests to participants in the congressional page program, sources said.

The Florida Department of Law Enforcement also confirmed yesterday that it has begun its own preliminary inquiry.

The legal developments only served to worsen the expanding political crisis for House Republicans just five weeks before the midterm elections, as Speaker J. Dennis Hastert (R-Ill.) fought to hold on to his job amid fierce criticism of the way he and other GOP leaders handled the Foley scandal. Foley's former chief of staff, Kirk Fordham, announced yesterday that he was resigning from his current job as chief of staff for Rep. Thomas M. Reynolds (R-N.Y.), and he said he had warned Hastert's office about Foley's worrisome conduct more than three years ago.

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Although the Justice Department's inquiry is still defined as a preliminary investigation, the demand to preserve records and other moves by Justice investigators significantly increase the likelihood that prosecutors will soon open a full criminal investigation and bring the case before a grand jury, several officials said.

The letter was also aimed at avoiding another legal conflict with the House, which strenuously objected in May when FBI agents raided the office of Rep. William J. Jefferson (D-La.) seeking evidence in a bribery investigation.

On other fronts, the Justice Department and the FBI are preparing to use administrative subpoenas to obtain subscriber information for the e-mail accounts at the heart of the case, according to law enforcement officials. Authorities said their job will be made more difficult because providers such as AOL do not keep records of instant messages, the real-time text chat used in the sexually explicit exchanges Foley is accused of engaging in.

Foley sent e-mails to pages from an AOL e-mail account with the screen name "Maf54," and he used the same identification for chats on AOL's popular AIM service, according to ABC News, which obtained the communications from former pages.

Law enforcement officials said earlier that the FBI had not yet demanded information from AOL or other communications providers in connection with the case. AOL spokesman Andrew Weinstein said the company would not comment regardless of whether such a demand had been received.

Weinstein said AOL servers do not record instant messages, although it is possible to do so under a court order. That, Weinstein said, means AOL could not retrieve Foley's past instant messages -- which appear to have been sent primarily in 2003. But users can easily copy, save or print such exchanges themselves.

The focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators "have not ruled out any number of possible crimes that could be looked at," said one official, who along with others requested anonymity because of the ongoing investigation.

David Schertler, a former federal prosecutor now in private practice in the District, said federal law would apply to "whoever persuades, induces or entices," by telephone or e-mail, a minor to engage in sexual activity, whether or not a sex act occurred. "Some of the comments that are in those e-mails could be interpreted as violations of the statute. Whether or not they present a compelling case is another matter," Schertler said.

The chat exchanges attributed to Foley so far include lewd discussions of body parts and sex acts and hint at intimate meetings that either happened or were sought by Foley.

Two law enforcement officials said the ages of the boys communicating with Foley could be a serious complication, however. Federal law defines a minor as anyone under 18, but many jurisdictions set a lower age of consent for sexual acts. Federal officials say they take into account the age of sexual consent in a local jurisdiction when determining whether a federal law has been violated.

In the District, for example, the age of consent is 16, although lawmakers this year passed legislation allowing prosecution of ministers or other people of authority who have sex with someone 17 or younger.

Officials said there has been no attempt at this point to raid or seize the records in Foley's office.

Stuart F. Pierson, a former federal prosecutor who is now a lawyer with the D.C. firm Troutman Sanders LLP, said getting to Foley's computers may require negotiation with the House counsel's office.

"There are a lot of sensitivities searching a congressman's office," he said.

Hastert indicated to reporters Monday that House leaders "expect everybody to cooperate" and would not stand in the way of investigators. Foley's attorney, David Roth, also pledged full cooperation with the FBI. "Nothing will be altered," he said.

DOJ Asks House To Preserve Foley Materials (RC)

By John Bresnahan

Roll Call, October 5, 2006

Senior Justice Department officials have asked House lawyers to “preserve” all the material and items still in former Rep. Mark Foley’s (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear.

Foley, who resigned from Congress on Friday following the release of sexually graphic electronic messages he sent to former House pages, personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them.

A federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court.

According to Clerk of the House's official Web site, "The files generated by a Member's [C]ongressional office and accumulated in the course of service as a Member of the U.S. House of Representatives are the personal property of the Member." This includes any electronic or telephone records, computer files, calendars, meeting logs, CDs or other materials.

Although he has left office, Foley still retains the right to assert his privilege under the Speech or Debate Clause that any materials in those offices are related to the legislative process and therefore immune from search by FBI agents or other executive-branch officials. Rep. William Jefferson (D-La.) has raised similar privilege claims in his legal battle with the Justice Department, which is targeting the Democratic lawmaker as part of an ongoing bribery and corruption probe.

While Foley is unlikely to succeed in a claim that his e-mails or electronic messages to the former pages are privileged, he could attempt to slow down the FBI investigation of his contacts with the former pages, and thus bolster his position in any future negotiations with DOJ prosecutors.

"I know of no case where the privilege was lost because a Member was no longer in office," said Charles Tiefer, a former House general counsel who is now a professor at the University of Baltimore School of Law. Tiefer served as general counsel from 1984 to 1995. "It has never been the tradition that the privilege lapsed."

Since Foley's resignation, the Clerk of the House has taken physical control of the former lawmaker's offices in Florida and Washington, D.C. — the regular procedure when a Member dies in office or suddenly resigns. The locks were changed on the offices, and the Clerk is acting as a custodian for all the materials and records inside the Cannon House Office Building and district offices in the Florida cities of Palm Beach Gardens, Port St. Lucie and Port Charlotte.

Scott Bunnell, chief of DOJ's Criminal Division, requested in a Tuesday letter to Geraldine Gennet, the House general counsel, that House officials "ensure that all potentially relevant information is preserved" to help the FBI with its Foley investigation.

The steps that Bunnell requested House officials take included cutting off any remote access Foley has to computers located in his old Congressional offices, as well as directing Foley's former staffers in writing "that they are not to delete, shred, or otherwise destroy and documents in the office or on the computer."

Bunnell asked House officials to unplug any computer Foley personally used to retrieve e-mail traffic or track Internet sites he visited.

Jay Eagan, the Chief Administrative Officer for the House, already is setting aside electronic tapes on the House computer server, although this will cover only a two-week period. Other e-mail and electronic message records related to Foley, especially those sent or received in non-Congressional accounts, will have to be obtained from private companies.

Bunnell said the Justice Department's Child Exploitation and Obscenity Section, a unit within the Criminal Division, as well as the U.S. attorney's office for the District of Columbia, are overseeing the Washington portion of the Foley investigation. FBI agents in Florida also are working on the case, with additional investigators fanning out across the country to speak to former Congressional pages about their dealings with Foley.

In conversations with House lawyers, DOJ officials "have stressed the importance of preservation, and in particular the importance of obtaining a properly rendered image of the hard drive [on Foley's computer] for forensic purposes," Bunnell wrote.

The Justice Department wants to bring in its own computer experts to handle any forensic reconstruction on Foley's computers, Bunnell said. This includes the BlackBerry issued to Foley by the House, which Foley reportedly used to contact at least one teen and have "Internet sex" during a House vote in 2003, according to ABC News.

Bunnell and other DOJ officials, including Alice Fisher, assistant attorney general for the Criminal Division, are cognizant of the sensitive legal and political issues they face in investigating Foley, especially as it regards removing potential evidence from his office, according to sources close to the case.

Attorney General Alberto Gonzales and other DOJ officials came under intense criticism from House leaders in May after FBI agents raided Jefferson's office. While the agents had a search warrant approved by a federal judge, Speaker Dennis Hastert (R-Ill.), Minority Leader Nancy Pelosi (D-Calif.) and other leaders from both parties strongly objected to the move, which they considered a serious breach in the constitutional separation of powers between the executive and legislative branches. President Bush became personally involved in easing those tensions, although Justice and Jefferson's lawyers are still fighting in court over the propriety of the search.

In this case, Bunnell acknowledged that the House simply cannot turn over the Foley materials to the FBI, despite the furor over Foley's activities.

"This simply is a request for preservation to 'freeze' what information is currently available," Bunnell wrote. "We can address subsequently the matter of production of information, although we are ready to accept anything that you are presently able to provide to the Department."

Tiefer said there is "a fairly well-established legal tradition" that Foley personally owns any materials in his Congressional office.

Tiefer, however, believes that Foley will have a difficult time asserting a Speech or Debate privilege over any sexually explicit electronic exchanges with teenage boys, even if those records are contained in a computer hard drive that also includes material that is clearly legislative, and thus privileged.

"It's not like [the page] e-mails are in a gray zone," Tiefer said. "This is his social life. It's very easy [for the House] to turn over evidence that relates to a Member's social life rather than legislative business."

While Foley could seek to slow the investigation by asserting privilege, Tiefer said it's possible to set up a method to review Foley's computer files and electronic messages that excludes official items while allowing FBI agents to get the information they need. "It can go very fast. It does not have to be a long, drawn-out process," Tiefer said.

Foley's Ex-aide Resigns; Probe Intensifies (AP)

AP, October 4, 2006

WASHINGTON — The Justice Department ordered House officials to "preserve all records" related to disgraced Representative Mark Foley's electronic correspondence with teenagers, intensifying an investigation into a scandal rocking Republicans five weeks before midterm elections.

The development came as a congressional aide who counseled Foley to resign last week submitted his own resignation today. "I never attempted to prevent any inquiries or investigation," Kirk Fordham said in a statement.

Fordham was once Foley's chief of staff. At the time of his resignation he had been serving in the same capacity for Rep. Tom Reynolds, R-N.Y., a member of the GOP leadership who has struggled to avoid political damage in the scandal's fallout.

Republicans have been struggling to put the scandal behind them, but another member of the leadership, Rep Roy Blunt of Missouri, said pointedly during the day he would have handled the entire matter differently than Speaker Dennis Hastert did, had he known about it.

"I think I could have given some good advice here, which is you have to be curious. You have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Foley resigned last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, according to a Justice official speaking on condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

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At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

Justice Department spokeswoman Tasia Scolinos stressed that the investigation is still preliminary.

Fordham played a key role in fast-developing events late last week. Initially, Foley was reported to have written overly friendly — not sexually explicit — e-mails to a former Capitol page. A day later, ABC news followed up with a report that said the Florida lawmaker had also sent sexually explicit instant messages to at least one other male page.

He said earlier this week he asked Foley about the sexually explicit instant messages, and the congressman confirmed they were probably his.

"Like so many, I feel betrayed by Mark Foley's indefensible behavior," he said. He blamed Democrats for seeking to make a political issue of the matter in Reynolds' re-election campaign, "and I will not let them do so."

There were signs of concern among Republicans, as well.

Sen. John McCain of Arizona called for a group of former senators and others to investigate how the House handled the affair.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said during a campaign speech for Sen. Lincoln Chafee in Rhode Island. "I think it needs to be addressed by people who are credible."

Some other Republicans rallied to the speaker. The chairmen of two coalitions of social and fiscal conservatives in Congress said he should not step down. "Speaker Hastert is a man of integrity," Rep. Mike Pence, R-Ind., and Rep. Joe Pitts, R-Pa., said in a joint statement.

Rep. Rodney Alexander, R-La., the congressman who sponsored the page at the heart of the furor, said Hastert "knew about the e-mails that we knew about," including one in which Foley asked the page to send his picture. But he quickly backed off that comment, saying he discussed the e-mails with Hastert's aides, not the speaker himself.

"I guess that's a poor choice of words that I made there," he told AP.

Hastert has insisted he not know about the e-mails that were discussed with his staff.

Alexander said in an interview he first took up the matter after receiving press inquiries in November, when he told Hastert's staff and the parents of the 16-year-old boy who received the e-mails. The parents wanted the correspondence stopped but apparently did not want to take the matter further.

After a second round of press inquiries in the spring, Alexander said, he again notified the family and discussed the e-mails with the new majority leader, John Boehner of Ohio, on the House floor during a vote.

Alexander said Boehner turned first to Reynolds, the architect of the Republican midterm election strategy.

"I went to Boehner before Reynolds," Alexander told AP. "He sent Reynolds to me to talk about it. Within a minute Reynolds and I were talking."

Boehner and Reynolds have both said they had spoken with Hastert about a complaint concerning a former page from Louisiana last spring, after Alexander told them about it.

The uproar that followed Foley's resignation has enveloped Republicans who were already at risk at losing control of Congress in elections five weeks away.

Conservative activist Richard A. Viguerie was among those who called for Hastert to step down. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," Viguerie said on Fox News.

Hastert has said he would not quit.

Alexander defended Hastert on Wednesday, as well as his own response.

"Hey, what else was I supposed to do?" Alexander asked. "I was very uncomfortable even talking to somebody in the speaker's office."

Investigators To House: Keep Foley Documents (CNN)

CNN.com, October 5, 2006

WASHINGTON (CNN) -- Federal investigators have asked the House of Representatives to keep computer records and papers from former Rep. Mark Foley's office, a senior Justice Department official said Wednesday.

The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said.

The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said.

House members are expected to cooperate with any necessary searches during the probe, according to federal law enforcement sources. (Watch the House speaker insist GOP leaders didn't initially see the messages to the page -- 2:25)

Foley, a Republican who represented a district in Florida, resigned Friday amid allegations that he sent "overly friendly" e-mails to a male teenage page in the House. Soon afterward, sexually explicit instant messages, allegedly between Foley and a page, surfaced. The former congressman checked in to a treatment facility Sunday for alcoholism and mental issues, his lawyer said.

Attorney David Roth held a news conference in West Palm Beach, Florida, on Tuesday to announce that Foley was gay and had been molested when he was a teen by a clergyman. Roth would not elaborate. He said Foley would explain when he was discharged from the treatment center, which will take at least 30 days.

Roth conceded that his client engaged in inappropriate exchanges with pages and former pages. However, Roth emphatically stated that Foley "never, ever had an inappropriate sexual contact with a minor in his life." Any assertion that Foley is a pedophile is "categorically false," Roth said. (Watch Roth explain how Foley was molested -- 2:07)

Foley was under the influence of alcohol when he wrote the messages, the attorney said.

Roth's statement came shortly after ABC News published an instant message exchange that it said showed Foley had cybersex with a teen before a House vote in 2003. ABC News has released several portions of lurid instant messages, allegedly between Foley and a page.

On Wednesday, more allegations surfaced. Rep. Deborah Pryce, R-Ohio, asked House Clerk Karen L. Haas to investigate "rumors" that Capitol Police stopped an intoxicated Foley from entering the page residence hall.

Pryce wrote in her letter to Haas that the rumors indicate the incident happened "within the last several years." Pryce also wrote that there is a claim that the director of Republican pages took concerns about Foley to then-House Clerk Jeff Trandahl. (Watch a page recount how an exchange with Foley "turned sexual almost immediately" -- 2:02)

Both claims came to light during a conference call with members of the House Republican Conference, Pryce wrote.

"The facts behind these rumors need to be made clear so that we can help ensure the future safety of young people who are left in Congress' charge when they serve as pages," she wrote. Washington ethics group: FBI knew

House Majority Leader John Boehner, of Ohio, wrote a similar letter to Haas about the residence hall rumor. The letter dated Tuesday stated Boehner was "seeking information as to whether this alleged incident occurred and to whom it may have been reported."

The Washington watchdog group that first published the inappropriate e-mails between Foley and a Louisiana teenager said Wednesday that it told the FBI in July about Foley's communications. Those messages were deemed by a congressman who oversees the page program inappropriate but not sexually explicit.

The FBI contends that Citizens for Responsibility and Ethics in Washington did not provide enough information -- including the pages' identities and e-mail addresses -- to pursue the case. The FBI reviewed copies of the messages, government officials said, but did not have enough information to move forward with an investigation or seek subpoenas.

CREW Executive Director Melanie Sloan disputed that account, saying the FBI was given the teen's full e-mail address July 21. CREW received the e-mails that day from "a third party who had gotten them from a congressional staffer," she said. (Watch Sloan question why the inquiry took so long -- 1:44)

Sloan said they were sent via e-mail to the FBI.

"The agent called me to follow up to say, 'So, these are e-mails from Mark Foley?' And I said, 'Yes.' And that was the end of our interaction," she said.

CREW has questioned whether the White House helped "cover up Rep. Foley's conduct and leave a potential sexual predator on the loose." The group also asked the Justice Department's inspector-general to investigate why the FBI didn't take further action.

The scandal has rocked the Republican leadership of the House about five weeks before the November midterm elections. It also has triggered a call for House Speaker Dennis Hastert, an Illinois Republican, to step down, but his spokesman and fellow GOP congressmen have said that isn't going to happen. (Watch the GOP defend Hastert -- 2:54)

Hastert asked the Justice Department on Sunday to investigate Foley's conduct and what steps were taken by House members and staff when concerns about the congressman came up.

Government officials said several former pages have been interviewed, and investigators are still trying to find and interview others. Part of this process is "getting real people to make real charges," one official said.

House leaders have acknowledged they were told in late 2005 that Foley was sending "overly friendly" e-mails to the Louisiana teen. Rep. John Shimkus, the Illinois Republican who chairs the board overseeing the page program, told Foley to stop, and said Foley claimed he would.

Rep. Tom Reynolds, a Republican from New York and head of the GOP's House campaign committee, has said he warned Hastert about Foley's e-mail in the spring. Hastert said he doesn't dispute Reynolds' account but doesn't recall the conversation.

Reynolds' chief of staff resigned Wednesday amid allegations he tried to protect Foley from congressional inquiries. Kirk Fordham, who previously had served as Foley's chief of staff, denied taking any inappropriate action on Foley's behalf. Fordham said he was merely reaching out to Foley "as any good friend would."

According to The Associated Press, Fordham claims he told Hastert's three years ago about Foley's worrisome conduct with the pages, a claim Hastert's office denies.

Meanwhile, Rep. Ray LaHood, a Republican from Illinois, has called the page program "antiquated" and suggested suspending it until "some scholarly people in Washington really evaluate the program and bring it into the 21st century," (Watch how alleged improprieties involving pages are nothing new -- 2:45)

"These young men and women come to Washington, look to us as their heroes and people they can look up to, and then we betray their trust -- or some members betray their trust -- by taking advantage of them," he said. "We should not subject young men and women to this kind of activity and this kind of vulnerability."

Along with the FBI, the Florida Department of Law Enforcement and the House Ethics Committee are also investigating Foley's conduct and whether there was any attempt to cover it up.

CNN's Kelli Arena, Terry Frieden, Susan Candiotti, Andrea Koppel, John Zarrella and Dana Bash contributed to this report.

NATIONAL Foley Probe Shifts Into Higher Gear, But Not In Florida (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 5, 2006

- As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do.

"We're not doing anything right now," said a Justice Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly "sensitive" matter.

"They told us it's very sensitive so we shouldn't say anything," the official said. "That's no problem, because we're not doing anything."

Four days after House Speaker Dennis Hastert requested a federal investigation to determine if Foley had committed any crimes by sending raunchy Internet messages to congressional pages, House officials said Wednesday they have received a request from a U.S. prosecutor in Washington to protect all documents - computerized and otherwise - that are connected to the sex scandal.

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The "preservation letter," as it is called in legal circles, is a common, often-standard move that foreshadows the possible issuance of subpoenas and search warrants.

FBI agents in Washington have begun interviewing those connected with the House page program as part of a preliminary assessment to gauge if enough indications of potential wrongdoing exist to launch a criminal probe.

The FBI has been designated the lead law enforcement agency for that task, with Florida Department of Law Enforcement personnel to serve in a secondary role, according to FDLE spokesman Tom Berlinger.

Meanwhile, AOL officials said Wednesday that they cannot comment on whether they have been contacted by federal agents in search of records of e-mail messages Foley sent from his personal AOL account, under the online name "MaF54."

In general, according to AOL spokesman Andrew Weinstein, the company will provide such records to police or prosecutors if they are served with a subpoena or court order. But he said the company keeps outgoing e-mails for only about 28 days, and incoming ones for roughly seven.

"After that, we no longer have copies of those mails on our servers, unless the user proactively chooses to save their mail for a longer term on AOL or on their own computer," Weinstein said in an e-mailed interview.

He also said the company does not save Instant Messages. The most lurid online conversations Foley engaged in took place via those instantaneous chats, including once while the lawmaker waited to vote on the House floor.

The ramping up of the federal probe came on the same day that the scandal, which propelled Foley Friday into resigning the office he had held for 12 years, claimed another Capitol Hill victim.

On Wednesday, Kirk Fordham, Foley's former top aide, resigned his current job as chief of staff to an upstate New York House Republican Wednesday. In an interview with the Associated Press, Fordham fired shots at House leaders and "unnamed sources" who have accused him of intervening to squelch an investigation of Foley's conduct and communications by the House board that oversees the page program.

"At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior," said Fordham, who was the chief of staff to Rep. Thomas Reynolds, R-N.Y., until Wednesday. "I have no reason to state anything other than the facts."

As more of the secret side of Foley's life has emerged over recent days, along with transcripts of his sexually suggestive or explicit Internet conversations, House GOP lawmakers have traded jabs about who had been informed of Foley's inappropriate conduct, and when that occurred.

Fordham added to the roiling atmosphere when he said Wednesday that he had told the House speaker's office three years ago about the unseemly behavior and asked Hastert to intervene. Hastert says he does not recall being informed then about Foley's apparent fondness for interacting with the high-school-aged pages.

Hastert also has said he does not remember learning about similar concerns from other House GOP leaders. He stood steadfast Wednesday with his refusal to resign as the House's top leader, even as calls for him to step down have continued.

On Wednesday, Hastert took another blow when Rep. Ron Lewis, R-Ky., rescinded his invitation to Hastert to appear at a Kentucky fundraiser next week. Until the scandal erupted, Hastert had planned to crisscross the country to campaign for GOP candidates right up until the November elections.

Justice Department Asks House To Preserve Foley Office Records (BLOOM)

By Robert Schmidt

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Federal prosecutors have asked the counsel for the House of Representatives to preserve records from former Congressman Mark Foley's office, a U.S. Justice Department official said.

The request, in a letter from Washington interim U.S. Attorney Jeffrey Taylor, is a standard investigative move and doesn't necessarily signal a stepped-up criminal probe, said the official, who spoke on condition of anonymity. The FBI has said it is conducting a preliminary inquiry to determine if Foley broke any laws in his interactions with congressional pages.

The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages.

Foley, a Florida Republican, resigned on Sept. 29 after his online discussions with teenage boys became public. At his news conference yesterday, Roth said the lawmaker was sexually abused as a teenager by a clergyman and said that Foley's office records would be saved.

``Mark has absolutely agreed on his own and with our counsel not to do anything with any computer, not to delete any messages," Roth said. He intends ``to preserve the evidence."

House Speaker Dennis Hastert's office and the House counsel's office didn't return calls seeking comment on the Justice Department letter.

FBI's Foley Case Eyes Legal 'Gray Area' (AP-Y)

By Matt Apuzzo

AP, October 4, 2006

Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

Explicit computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

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Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Legal Case Against Foley Could Be Tricky To Build (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 5, 2006

Washington — Former Republican Rep. Mark Foley's electronic messages to congressional pages may have been vile, despicable and outrageous, as colleagues and critics have declared.

But was his conduct illegal?

If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page.

However, some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors.

Like many jurisdictions, the District has not raised its age of consent out of concern for flooding the courts with cases involving consenting teens. But not long after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18.

Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear. His lawyer has emphatically denied that Foley had sex with "minors," although he did not define what he meant by minors. And no page or former page has charged that the congressman seduced him.

The hodgepodge of state and federal laws on sex crimes is likely to pose a challenge for the Justice Department and for state and local authorities in their probes into the contacts Foley had with pages and whether any crimes were committed.

Many experts believe it will be hard to construct a criminal case against Foley, especially if he never acted on the otherwise salacious e-mails and instant-messages that have become public. Federal law makes it a crime to use the Internet to entice or solicit sex from minors, but charges cannot be brought unless the actions would constitute crimes in the states where they occurred.

By resigning his seat, Foley also preempted any action the House might have taken against him for violating House rules.

The House ethics code does not specifically bar sexual relationships with pages, but states that a congressman "shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives."

For child advocates, disparities in state laws over the age of consent have been a source of bitter frustration.

Regulating the Internet to protect children also has been a battleground between civil liberties groups and social conservatives. There is a profusion of new laws -- from criminalizing the online distribution or possession of child pornography to Internet-based registries of sex offenders.

The trend has been to raise the age of the minor protected under criminal statutory rape laws, without criminalizing sexual activity between peers.

"Do you really want a 17-year-old who has had sex with his 15-year-old girlfriend to have a lifetime stigma?" said Howard Davidson, director of the American Bar Association Center on Children and the Law.

But conservatives believe that an age of consent lower than 18 sends the wrong message to teenagers and partners.

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"Child exploitation advocates have been fighting against this for years," said Patrick Trueman, who was chief of the Justice Department's obscenity and child-abuse section in the 1980s. Trueman said laws such as the District's age of consent rule are "tragic."

The state and federal laws that make it a crime to use the Internet to entice or solicit sex from minors, which might ensnare Foley, have been interpreted narrowly.

Some courts have held that words, however offensive, are not enough to constitute criminal conduct, according to Peter Swire, an Internet law expert at Ohio State University law school.

"One question is whether mere conversation is enough to meet the federal statute," Swire said, adding that some courts could find that speech is protected under the First Amendment.

In many enticement cases, prosecutors have brought charges only where the suspect has taken action to consummate illicit plans.

A Tennessee man, for example, was prosecuted a few years ago for soliciting sex with a minor after he showed up for a planned rendezvous at a hotel carrying $300, a box of condoms and a teddy bear.

E-mails and instant messages that have surfaced in the Foley affair appear to fall short of that standard.

At the same time, prosecutors have seized on predators' use of the Internet to extend the long arm of the law. Since Foley went online to communicate with former pages across the country, he may have exposed himself to laws in different jurisdictions.

Some reports indicate that Foley sent many e-mails and instant message to former pages from his Palm Beach-area home. In that event, Florida could apply its own tough laws, even if he were communicating with a youth in more permissive environs.

Besides its age-of-consent rules, Florida also makes it a felony to use the Internet to "seduce, solicit, lure, or entice" a child to have a sex or to attempt to do so.

Foley's Actions May Not Be Crime At Federal Level (WSJ)

By Gary Fields

The Wall Street Journal, October 5, 2006

WASHINGTON -- Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. attorney in Washington, D.C. "The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Mr. Howard says.

Mr. Foley, through his lawyer, has denied having sexual contact with any of the minors.

The Federal Bureau of Investigation said it was first notified of Mr. Foley's electronic communications with pages in July, and turned them over to three separate units at its Washington, D.C., field office to examine: the cybercrime squad, adult obscenity squad and the crimes against juveniles squad. None of the agents who examined the initial batch of emails saw a federal crime, said an FBI official familiar with the investigation.

However, revelations of other, more sexually explicit communications between Mr. Foley and the pages has spawned a full-fledged investigation by the agency. Wednesday, the Justice Department announced that it had notified the House counsel that it wanted Mr. Foley's computer preserved for evidence.

Among the issues being examined: Did Mr. Foley have obscene electronic conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him?

Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Mr. Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it

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has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said.

In an exchange with a former page in California, Mr. Foley seemed to press the teen to state what the two would do if they got together for dinner -- and investigators are likely to zero in on that exchange.

"If Mr. Foley went to San Diego with the intent of having sex with a minor that would possibly fulfill the intent of the statute," says Carmen Hernandez, a Washington defense attorney, referring to the federal statute that deals with enticing or pressuring a minor to travel across state lines for sex with an adult. From the messages released so far it is unclear if Mr. Foley went to San Diego.

Still, it would be tough to make a federal case. One defense to such a charge would be that he wasn't traveling specifically to have sex with the page since he was traveling to attend the Republican Convention, Ms. Hernandez said.

At the state level, Mr. Foley's actions may make him much more vulnerable to criminal charges.

Earlier this year, Brian J. Doyle, then-deputy press secretary for the Department of Homeland Security, was arrested at his Maryland home and charged under Florida statutes for emailing sexually explicit messages to a Polk County, Fla., officer whom he thought was a 14-year-old girl. Mr. Doyle pleaded no contest last month to seven counts of using a computer to seduce a child and 16 counts of transmitting harmful material to a minor. His sentencing is next month.

Washington, D.C., has similar statutes, which apply even if explicit messages don't include images, as they did in Mr. Doyle's case.

In addition, Mr. Foley and a page talked about drinking at the representative's home. If authorities could show Mr. Foley bought alcohol, he could be charged with contributing to the delinquency of a minor. The penalty is a maximum fine of $1,000 and up to 180 days in jail. "All he'd have to do is buy a bottle of liquor. That would be enough. Then he's done something," Mr. Howard said.

E-mails To Teens Said To Fall In Gray Area Of Law (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say.

While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges.

Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor.

If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations.

"A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation," FDLE spokesman Tom Berlinger said Wednesday, without providing details of the department's efforts. "We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter."

FBI agents have begun interviewing participants in the House page program, a law enforcement official told The Associated Press on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

One federal law enforcement official told AP the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are now reviewing new evidence, including the instant message transcripts, to see if a law was broken.

The Justice Department also ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers. Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, a Justice official told AP on the condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

Foley's attorney said none of Foley's computer records would be altered or destroyed. He stopped short of saying whether Foley would voluntarily turn over his computers.

When it comes to arresting people who solicit minors for sex on the Internet, the FBI and local investigators routinely use undercover sting operations. There are typically two hallmarks in those types of arrests -- the conversations include graphic descriptions of what the defendant wants or intends to do, and the defendant is arrested after showing up for a rendezvous.

Graphic talk alone is rarely enough, said Joseph Dooley, a former FBI agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Robert Gershman, a West Palm Beach defense attorney who has represented clients charged with soliciting sex over the Internet, said there is no obvious smoking gun in Foley's Internet messages.

"The stuff I've read seems to be friendship, however immoral or inappropriate it may be," he said. "I haven't seen anything that solicits or entices."

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is to determine whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Ethics Panel Faces Decisions Over Foley (AP-Y)

By Larry Margasak

AP, October 4, 2006

The House ethics committee can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages.

The evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House.

This is not the first time the ethics committee has investigated a speaker. Outside counsels were hired in the probes of former Democratic Speaker Jim Wright and ex-Republican Speaker Newt Gingrich. Also, an outside counsel conducted a broad sex and drugs investigation in the early 1980s that ended with the censure of two House members for consensual relationships with House pages.

Ironically, the ethics committee several months ago bolstered its investigative staff with new hires, after breaking a long partisan deadlock that prevented the panel from launching new investigations.

The outside counsels in the investigations of Wright and the earlier page scandal both said the committee must hire an independent investigator to convince the public it can conduct a nonpartisan investigation of congressional leaders.

Joseph Califano Jr., hired for the 1980s page scandal, said, "This is a much more serious problem. It goes to the integrity of the House as an institution and the conduct of its leadership.

"If you want to make a statement of integrity, you should have an outside counsel and give the outside counsel free rein."

Califano had authority that would be difficult for the committee to accept now, especially with its enlarged staff. He had hired his own staff, he said, using "not a single staffer from the House. We operated totally independently."

Richard Phelan, hired to investigate Wright, said, "There's no way in the world they could do this credibly without an outside counsel. The perception outside (Washington) is that Congress and the speaker and those running Congress have screwed this thing up."

"I think you probably have to start with Hastert," he said.

He said an independent investigator could not only be objective and nonpartisan, but could give committee members political cover for any tough decisions to be made.

Phelan said an outside counsel has no concerns about political retaliation after an investigation ends. "I could go back to my law practice. I didn't worry about whether we get him or don't get him."

Wright ended up resigning from the House after an investigation of receiving impermissible gifts and exceeding then-existing limits on non-salary income.

House Democratic leader Nancy Pelosi last week introduced a resolution that offered her road map for a thorough investigation.

It demanded to know when Foley's e-mails were sent, who knew about them, whether there was a pattern of inappropriate activity involving contacts with pages, when the Republican leadership was notified and what corrective action was taken.

She also demanded that the committee make a preliminary report in 10 days.

While that timetable may not be met, another timetable looms: the Nov. 7 election, when Republicans will try to retain control of the House. They took control in the 1994 elections, not long after an ethics investigation of lawmaker overdrafts — without penalty — in the Democratic-run special members bank that existed at the time.

McCain Calls For Investigation Of Complaints About Foley (AP)

By Michelle R. Smith

AP, October 4, 2006

PROVIDENCE, R.I. --Sen. John McCain on Wednesday called for Congressional leaders to appoint a panel of "credible" people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages.

"The institution is under assault right now," the Arizona Republican said after calling for the investigation during a campaign appearance on behalf of Sen. Lincoln Chafee, who is facing a strong challenge from a Democrat.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said.

Chafee said he supported McCain's call.

Foley, a Republican, stepped down last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Conservatives are now debating whether House Speaker Dennis Hastert should resign over his handling of complaints about Foley.

McCain said he would not want a commission, but a group of well-respected people appointed by agreement of Hastert and the Democratic leadership to look into the handling of complaints about Foley.

"I think it needs to be addressed by people who are credible," he said.

Among the names he mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission.

McCain called for the investigation during a speech to supporters of Chafee, who is being challenged by former state Attorney General Sheldon Whitehouse. Polls show the race is about even.

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McCain said there's no way of knowing how the scandal will affect Chafee's race or other close races across the country. Democrats are hoping to take back control of the House and some have said they may be able to recapture the Senate.

Chafee said the scandal could be bad news for his campaign.

"It's not helpful," he said.

Wendy Schiller, a political science professor at Brown University, said with the Congressional scandal still unfolding and the election less than five weeks away, Republican voters could stay home in November because they are turned off. Independents who were on the fence might decide against Chafee.

"Democrats will not refrain from voting in this election," Schiller said.

Registered Democrats in Rhode Island outnumber Republicans more than three to one, although most registered voters in Rhode Island are not affiliated with any party.

McCain is the first of a list of national party stars coming to Rhode Island to campaign for the general election -- although so far the others are Democrats.

Sen. Barack Obama of Illinois, a charismatic speaker who electrified the crowd at the Democratic National Convention in 2004, is coming to support Whitehouse next week. Former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, are planning separate visits later this month.

Aide Says He Reported Foley 3 Years Ago (AP-Y)

By Devlin Barrett

AP, October 4, 2006

House Speaker Dennis Hastert's political support showed signs of cracking on Wednesday as Republicans fled an election-year scandal spawned by steamy computer messages from former Rep. Mark Foley to teenage male pages.

At the same time, a congressional aide said in an Associated Press interview he first warned Hastert's aides more than three years ago that Foley's behavior toward pages was troublesome. That was long before GOP leaders acknowledged learning of the problem.

The aide, Kirk Fordham, said he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" several years ago.

The claim drew a swift, unequivocal denial from Hastert's chief of staff. "What Kirk Fordham said did not happen," Scott Palmer said through a spokesman.

Hastert's political difficulties were evident half a continent away.

Rep. Roy Blunt of Missouri, third-ranking leader, pointedly told reporters he would have handled the matter differently than the speaker, had he known of it.

"I think I could have given some good advice here, which is, You have to be curious, you have to ask all the questions you can think of," said Blunt, a member of the leadership. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Republican Rep. Ron Lewis of Kentucky, in a tougher-than-expected re-election race, abruptly canceled an invitation for Hastert to join him at a fundraiser next week.

"I'm taking the speaker's words at face value," Lewis told the AP. "I have no reason to doubt him. But until this is cleared up, I want to know the facts. If anyone in our leadership has done anything wrong, then I will be the first in line to condemn it."

Ron Bonjean, Hastert's spokesman, said the entire issue had been referred to the House ethics committee. "We fully expect that the bipartisan panel will do what it needs to do to investigate this mater and protect the integrity of the House," he added.

House Democratic leader Nancy Pelosi went one step further, saying in a statement that Hastert and the rest of the GOP leadership should be "immediately questioned under oath...."

"The children, their parents, the public, and our colleagues deserve answers and those who covered up Mark Foley's behavior must be held accountable," she said.

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Foley, 52, a Florida Republican, resigned last Friday after he was confronted with sexually explicit electronic messages he had sent teenage male pages. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

His abrupt departure left behind an Internet-age sex scandal that has shaken Republican confidence — and poll numbers — little more than a month before elections at which their control of the House will be tested.

It also plunged Hastert and others into an intensive effort to grapple with conflicting claims about what senior lawmakers knew, when they learned and what they did about it.

Fordham resigned Wednesday as chief of staff to Rep. Thomas Reynolds, R-N.Y., the House GOP campaign chief who says he alerted Hastert to concerns about Foley last spring.

The longtime Capitol Hill aide said that more than three years ago, he repeatedly asked GOP staffers to intervene with Foley. He declined to identify them, but officials said Palmer, Hastert's chief of staff, was one of them.

Fordham also disputed allegations that he covered up any misdeeds by Foley. "At no point ever did I ask anyone to block any inquiries," said Fordham, who was Foley's longtime chief of staff until leaving in January 2004.

He said he intends to fully disclose to the FBI and the House ethics committee "any and all meetings and phone calls" about Foley that he had with senior aides in the House leadership.

State and federal investigators swung into action.

The Justice Department ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers, and one law enforcement official said FBI agents have begun interviewing participants in the House page program. It was not clear whether those questioned were current or former pages, or both.

The request for record preservation is often followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

The request was aimed at averting a conflict with the House similar to a standoff in May when FBI agents raided Louisiana Rep. William Jefferson's office seeking information in a bribery investigation.

Separately, the Florida Department of Law Enforcement has begun a preliminary inquiry.

Hastert was at home in Illinois during the day as he struggled with the first major cracks in his political support from fellow Republicans.

His office heatedly denied any suggestion that he intended to resign as speaker.

"When Republicans keep the majority this November, the speaker will run again and serve his full term should his colleagues choose to elect him," Bonjean said.

But the comments by Fordham coupled with the remarks by Blunt and Lewis' action, suggested Hastert's plans might face a challenge. The speaker is elected by the full House, but he essentially serves at the pleasure of the members of the rank and file of the majority party.

In this case, that's the Republicans, who already had been struggling to retain their majority in adverse political circumstances and now must contend with the questions about Hastert's actions.

Even a Republican from Hastert's home state of Illinois expressed reservations about asking the speaker for campaign help.

"We still take the position that we want all the facts," said Ryan McLaughlin, a spokesman for state Sen. Peter Roskam, who is running for an open seat now in Republican hands.

House Aide's Resignation Adds To Focus On Timing Of Warnings (WSJ)

By David Rogers

The Wall Street Journal, October 5, 2006

WASHINGTON -- A senior House Republican aide resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages.

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The action came as the Justice Department ordered House officials to preserve all records related to Mr. Foley's electronic correspondence with the teenagers. The House Ethics Committee is expected to vote this morning to begin its own inquiry, and Sen. John McCain (R., Ariz.) urged House leaders to go further by appointing an outside panel to review the matter.

Less than a week after Mr. Foley's resignation, the developments dramatized how quickly the controversy has escalated, threatening Republican power in Congress and Speaker Dennis Hastert's hold on the House a month before midterm elections.

The departing aide, Kirk Fordham, is a friend and longtime former aide to Mr. Foley and served as chief of staff to the chairman of the House Republican campaign committee, Rep. Tom Reynolds of New York.

Mr. Fordham's resignation follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages. Mr. Fordham last night told news organizations that more than two years ago he had warned the Speaker's office of Mr. Foley's worrisome relations with House pages.

"I had more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said in a statement distributed through the Associated Press. In subsequent comments, he said he had met in late 2003 with the speaker's chief of staff, Scott Palmer, who then met with Mr. Foley with the speaker's knowledge, Mr. Fordham said.

"What Kirk Fordham said, did not happen," Mr. Palmer said. But the accusation could feed criticism that Mr. Hastert's office was slow to recognize the potential dangers posed by Mr. Foley's behavior.

Mr. Hastert says the first "red flag" came last fall, when a Louisiana family complained about overly personal emails sent by Mr. Foley to their teenage son, a former page. Those messages weren't sexually explicit, and at the family's request, the speaker said the first priority was to break off contact between Mr. Foley and the teen, not launch a full inquiry.

That decision has come back to haunt him and invited second guessing by other members of the leadership. Majority Whip Roy Blunt (R., Mo.) implicitly criticized the speaker for deferring to the parents when more answers were needed. "You have to ask all the questions you can think of," Mr. Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Mr. Blunt's remarks follow comments by Majority Leader John Boehner (R., Ohio), pinning responsibility for the page program -- and by implication the current controversy -- on Mr. Hastert. While the speaker retains a reservoir of strong support in his caucus, jittery candidates are beginning to back away from having him in their districts.

Rep. Ron Lewis (R., Ky.) announced that he had canceled a fund-raiser with Mr. Hastert for next week until he knows more of how the leadership responded to warnings about Mr. Foley's conduct. "I'm taking the speaker's words at face value," Mr. Lewis said. "But until this is cleared up, I want to know the facts."

Mr. Fordham has said himself he was shocked by the explicit nature of the instant messages sent by his former boss to the pages, and the warnings passed on to Mr. Palmer didn't approach such behavior. The 39-year-old aide was reluctant to say anything beyond his statement, but a person close to him said the primary concern was that Mr. Foley was acting in an overly friendly way with pages, raising worries not only for Mr. Fordham but the House clerk at the time, Jeff Trandahl.

Mr. Fordham said he had acted last week out of friendship to Mr. Foley and never wished to "to prevent any inquiries or investigations of Foley's conduct by House officials or any other authorities."

The former congressman admitted publicly this week, through his attorney, that he was gay, but that was well known for years to many in the House. Yet until the Foley instant messages were made public, House leaders have said they had no comprehension of the full depth of the lawmaker's electronic pursuit of former pages.

Ex-Foley Aide: Tip Given 2 Years Ago (USAT)

By Kathy Kiely And Erin Kelly

USA Today, October 5, 2006

WASHINGTON — A top aide to former congressman Mark Foley said Wednesday that he alerted House Speaker Dennis Hastert's chief of staff to Foley's "inappropriate behavior" with congressional pages at least two years ago, long before Hastert or any other Republican leaders say they first learned of the problem.

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"I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Kirk Fordham, Foley's chief of staff until 2004, said in a statement.

In an interview, Fordham said Hastert's chief of staff, Scott Palmer, told him that he had informed the speaker of their meeting.

The disclosures came as the FBI told House leaders to preserve key records in a scandal that is threatening Hastert's job and Republican control of the House less than five weeks before Election Day.

Hastert's office responded with a sharp rebuttal. "What Kirk Fordham said did not happen," Palmer said through Hastert spokesman Ron Bonjean. Hastert has insisted that he does not recall learning before Friday about concerns over the Florida Republican's relationships with the pages. That was the day Foley resigned.

The statements by Fordham came hours after he quit his Capitol Hill job. Fordham said he didn't want to be a political liability to his current boss, Rep. Thomas Reynolds, R-N.Y., who is leading Republican efforts to retain control of the House.

On Wednesday, Jeff Taylor, the U.S. attorney for the District of Columbia, asked Capitol Hill authorities to preserve Foley's office documents and computers.

Federal law enforcement officials, who have been briefed on aspects of the investigation but declined to be identified because they were not authorized to comment on the pending inquiry, said that an undisclosed number of pages have been interviewed as potential witnesses or victims. The sources said the FBI has yet to conduct any physical searches of Foley's office or home. Because of Foley's abrupt resignation, legal questions over the search remain to be resolved.

Today, the House ethics committee will meet in private to discuss the Foley investigation. The committee plans to examine how the investigation was handled by House leaders.

Fordham, who has been contacted by House lawyers, has volunteered to cooperate with the FBI.

Fordham said he met with Palmer at least two years ago to raise concerns about Foley's inappropriate friendships with congressional pages. Fordham said he had no idea those relationships extended to sexually explicit e-mails and instant messages. Foley's lawyer has denied the former congressman had inappropriate sexual contact with pages.

One close Hastert ally, Rep. Ray LaHood, R-Ill., opposed calls for the speaker's resignation, though he said Republicans will have to do "something dramatic" to end the political damage.

"I know members are very nervous. They've got to be able to explain this," LaHood said.

Senior Congressional Aide Questions Hastert Timeline (LAT)

By Janet Hook, Noam N. Levey And Peter Wallsten

The Los Angeles Times, October 5, 2006

WASHINGTON -- A senior Republican congressional aide said Wednesday that he warned House Speaker J. Dennis Hastert's office more than two years ago about "inappropriate behavior" by Rep. Mark Foley, R-Fla., toward Capitol Hill pages.

That would mean the speaker's office learned about Foley's conduct at least a year earlier than Hastert, R-Ill., has acknowledged.

But a Hastert spokesman challenged the latest assertion in the scandal that has rocked the Republican Party since Foley resigned his House seat Friday, after news reports that he had sent sexually explicit messages to male pages.

Hastert has said his staff learned of possible problems with Foley's conduct last fall, when a former page lodged a complaint. But with the speaker already under fire over his handling of the case, Wednesday's charge raised more questions about whether Hastert would be forced out of his leadership post.

It also will further fuel criticism that Hastert's office did not move aggressively enough to investigate Foley.

The charge that Hastert's office had been alerted to possible misconduct long before last fall came from Kirk Fordham, Foley's chief of staff for 10 years.

Fordham went to work last year for Rep. Thomas Reynolds, R-N.Y., head of the House Republican campaign committee and part of the GOP's congressional leadership team.

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Fordham's link to Foley has raised questions about why Reynolds and, by extension, Hastert and other House Republican leaders were not more aware of questions about Foley than they have claimed to be.

Fordham resigned from Reynolds' staff Wednesday because of the uproar over Foley. In a statement, he said: "The fact is, even prior to the (complaint about Foley lodged last year) I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene."

Fordham's attorney, Tim Heaphy, later told the Los Angeles Times that in 2003 or 2004, Fordham "received some information about Congressman Foley's inappropriate behavior with pages."

Fordham passed that information along to Hastert's chief of staff, Scott Palmer, Heaphy said.

Heaphy said Fordham did not know whether Palmer provided the information to Hastert. But the lawyer said Fordham did know that Palmer met with Foley.

Heaphy would not reveal more about the information Fordham passed along, saying that Fordham plans to share those details with investigators looking into Foley's conduct.

An acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago.

The latest charge against Hastert, who has been laboring to explain why he did not do more to protect teenage pages from a member of his caucus, drew a quick denial from Palmer.

"What Kirk Fordham said did not happen," said Palmer, who has served as Hastert's chief aide since his election to the House in 1986 and is considered one of the most influential staffers on the Hill.

Since the furor over Foley erupted late last week, Hastert has maintained that officials in his office only learned of the lawmaker's potential misconduct last fall, when a Louisiana congressman contacted a Hastert aide about a series of e-mails Foley wrote to a page in the summer of 2005.

In the e-mails, which contained no explicit sexual content, Foley asked the boy to send him a photo and inquired about his age.

In Hastert's account, his aides responded by contacting the clerk of the House and the congressman who oversaw the page program -- who in turn told Foley to stop communicating with the page.

Hastert repeatedly has said that neither he nor his aides knew anything about the more explicit instant messages that Foley reportedly sent to pages as far back as five years ago. Given the information his office had last fall, Hastert has said, it did all it could have been expected to do.

A Republican strategist with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999.

"If the claim holds up, it is hard to see how the speaker survives," said the strategist, who requested anonymity when discussing the party's leadership. "If he does survive, it is only because he does a major houseceaning."

Even before news spread of Fordham's claim, there were more signs of the political trouble confronting Hastert.

House Majority Whip Roy Blunt, R-Mo., said Wednesday that he would have been more aggressive than Hastert's staff last fall in looking into what Hastert later characterized as "overly friendly" Foley e-mails to the page who complained about them.

"I think I could have given some good advice here, which is you have to be curious," said Blunt. "You have to ask all the questions you can think of."

Earlier this week, House Majority Leader John Boehner, R-Ohio, and Reynolds each said they had told Hastert directly of potential problems with Foley's interaction with pages. Hastert has said he did not remember those conversations, but did not dispute that they occurred.

Boehner, in discussing the conversation, made clear he believed it had been Hastert's responsibility to deal with the matter.

A Republican incumbent, Rep. Ron Lewis, R-Ky., on Wednesday canceled a scheduled fundraiser with Hastert, according to The Associated Press.

Meanwhile, the FBI started interviewing pages as part of its investigation into Foley's activities, according to a law enforcement official. Fordham's attorney said he was also contacted by the FBI Wednesday.

Fordham indicated in his statement that he intends "to fully cooperate with any and every investigation of Mr. Foley's conduct."

He added: "I will fully disclose to the FBI and the House Ethics Committee any and all meetings and phone calls I had with senior staffers in the House Leadership about any of Foley's inappropriate activities."

Federal prosecutors Wednesday ordered the House to preserve documents and other materials possibly related to Foley's electronic communications with pages, according to the law enforcement source, who asked not to be identified because of the ongoing nature of the investigation.

Ex-Foley Aide Roils Timeline (RC)

By Ben Pershing

Roll Call, October 5, 2006

Just as Speaker Dennis Hastert (R-Ill.) appeared to have weathered the worst of the storm surrounding the House page scandal, a former aide to ex-Rep. Mark Foley (R-Fla.) sparked new controversy by claiming he had warned the Speaker's longtime top staffer about Foley's behavior at least a year earlier than anyone in Hastert's office had previously acknowledged.

Kirk Fordham, a former close aide to Foley who most recently served as chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), resigned from Reynolds' office Wednesday amid questions about his role in the page scandal. Within hours, Fordham told The Associated Press he had recalled "more than one conversation with senior staff at the highest level of the House [about Foley's interest in pages and] asking them to intervene" more than three years ago.

A House GOP aide said Fordham was referring to alleged conversations with Scott Palmer, Hastert's chief of staff and closest adviser since he first entered the House. Palmer denies any such conversations occurred.

"What Kirk Fordham said did not happen," Palmer said in a statement.

Hastert spokesman Ron Bonjean added: "This matter has been referred to the [Committee on Standards of Official Conduct], and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Fordham's statement further muddled the already confusing timeline of the leadership's knowledge of Foley's contact with pages.

In repeated public comments, and in a detailed chronology of events released by Hastert's office over the weekend, GOP leaders claimed that they were first made aware of Foley's alleged conduct in November 2005, when Rep. Rodney Alexander's (R-La.) office alerted aides in Hastert's office that Foley had sent questionable, but not sexually explicit, messages to a former page from Alexander's district.

Hastert's office has struggled to contain the Foley fallout and to bat down questions about what Hastert knew and when he knew it, arguing — despite suggestions to the contrary by two fellow GOP leaders — that the Speaker himself was not aware of any problem between Foley and pages until last week.

But Fordham's allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C.

Earlier Wednesday, before Fordham's comments to the AP, media reports appeared quoting anonymous GOP sources suggesting that Fordham deserved much of the blame for the failure to fully investigate Foley in 2005. ABC News, for example, cited Republican sources who claimed that Fordham had "begged" the leadership not to tell the full House Page Board about Foley's e-mails to the Louisiana page.

Fordham issued a statement Wednesday disputing that suggestion and distancing his own actions in the Foley case from Reynolds, who is in the midst of a competitive re-election race in New York.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' chief of staff. I reached out to the Foley family, as any good friend would, because I was worried about their emotional well-being," Fordham said.

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"At the same time, I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or any other authorities."

After the AP story was released, a House GOP leadership aide said of Fordham: "This person is very unhappy. He is someone with an ax to grind."

Fordham could not be reached for comment by press time.

Even before Fordham's comments to the AP, some Republican strategists otherwise sympathetic to the Speaker questioned the leadership's apparent strategy of heaping blame for the Foley mess on Fordham.

"I don't think this helps at all," said a Republican source with close ties to the leadership. "I don't think [Fordham] resigning helps either."

The Fordham controversy is only the latest broadside to buffet Hastert's office, which has drawn tactical criticism from some GOP quarters since the story broke last week.

Over the weekend, House Republican sources said, the offices of Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.) were frustrated by what they perceived as the slow pace of the Hastert shop's reaction. For example, Boehner and Blunt pushed to convene a conference call for GOP lawmakers as early as Saturday night, but at the behest of Hastert's office, the call didn't occur until Monday evening, 72 hours after the story had exploded.

To aid their efforts, sources said Hastert's staff this week has quietly enlisted the advice of a group of former GOP leadership aides-turned-lobbyists, including Susan Hirschmann, Kathryn Lehman, John Feehery and Dan Mattoon.

The confusion over Fordham's comments Wednesday came even as more GOP lawmakers publicly declared their support for Hastert to remain as Speaker.

In a joint statement Wednesday, Rep. Mike Pence (Ind.), chairman of the conservative Republican Study Committee, and Rep. Joe Pitts (Pa.), head of the Values Action Team, said "we believe Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years.

"Speaker Hastert should not resign."

Another prominent RSC member, Rep. Jeb Hensarling (Texas), lent similar backing to Hastert, saying "the Speaker is a man of integrity, and I take him at his word."

House GOP moderates were less vocal in expressing their continued support for Hastert, though none said he should step down.

In a Tuesday evening conference call with GOP centrists organized by Rep. Tom Davis (Va.), Members expressed anger over the leadership's handling of the issue and concern about the fate of the page program, but no one suggested Hastert should step down, said sources familiar with the call.

The moderates on the call did worry about how the Foley issue would play out in their re-election races, with Rep. Christopher Shays (R-Conn.) reporting that automated calls had been made to voters in his district criticizing the Republican leadership for the Foley affair.

A handful of GOP candidates aren't taking any chances on the issue. Rep. Jim Gerlach (R-Pa.) has canceled a planned fundraiser with Boehner, and on Wednesday, Rep. Ron Lewis (R-Ky.) canceled a scheduled campaign event with Hastert.

Despite the controversy, Boehner has done events this week for GOP Reps. Curt Weldon (Pa.), Don Sherwood (Pa.) and Thelma Drake (Va.). He is scheduled to make 21 more campaign stops around the country between today and Election Day.

Hastert said Tuesday that he planned to visit 30 districts before Nov. 7, though his office said Wednesday his schedule has not been finalized.

Morgan Ortagus, a spokeswoman for GOP candidate Joy Padgett, who is running to replace Rep. Bob Ney in Ohio's 18th district, said Hastert's office contacted their campaign Wednesday and canceled his appearance at an Oct. 9 fundraiser due to "scheduling conflicts." Ortagus said Sen. George Voinovich (R-Ohio) will appear in Hastert's place. When asked if Hastert's fundraiser had been rescheduled, she said "not yet."

Democrats, meanwhile, continued their drumbeat of criticism of the GOP on the Foley issue.

"Why did Speaker Hastert, Congressman Reynolds and other Republican Leaders continue to support Mark Foley after they knew about his horrific behavior?" asked House Minority Leader Nancy Pelosi (D-Calif.).

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Democrats indicated that they planned to keep the heat on at least through this weekend. On Saturday, the national Democratic radio address will be given by Patty Wetterling, a longtime child-safety advocate who is running for the open seat in Minnesota's 6th district and has already run a television ad blasting GOP leaders over the Foley issue.

Hastert Faces Increased Pressure To Resign (MCT)

By Lesley Clark, Margaret Talev And Marisa Taylor

McClatchy Newspapers, October 5, 2006

WASHINGTON - A top House Republican aide charged Wednesday that he warned senior aides to House Speaker Dennis Hastert as far back as 2003 that former Rep. Mark Foley's behavior toward underage congressional pages could be a problem.

Hastert has said that his aides were first warned about Foley in fall 2005, and then only with ambiguous evidence. Foley resigned last Friday after evidence became public that he'd exchanged dozens of sexually explicit emails with former male congressional pages for years, triggering a storm of public outrage that House Republican leaders hadn't done more sooner to protect the pages from a sexual predator in Congress.

Kirk Fordham, who was Foley's chief of staff for a decade before holding the same post for Rep. Tom Reynolds, R-N.Y., said he'd told Hastert's aides at least three years ago.

Hastert's chief of staff, Scott Palmer, flatly rejected Fordham's claim: "What Kirk Fordham said did not happen."

Nevertheless, Fordham's swipe at Hastert adds to the pressure on Hastert and other top House GOP leaders, who are struggling to defend their handling of Foley five weeks before congressional elections. Some Republicans locked in re-election contests are distancing themselves from their leader.

On Wednesday, Rep. Ron Lewis, R-Ky., asked Hastert to cancel his planned appearance Oct. 10 at a fundraiser on his behalf. "It's not intended to be a condemnation of Speaker Hastert," said Lewis campaign spokesman Michael Dodge. "But the congressman feels there are investigations, there are questions about who in leadership knew what and when. While that is pending, we saw it wasn't very prudent to bring him to the district."

Some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday.

"The fundamental problem congressional Republicans are experiencing now is that they have almost no moral capital left after the last two years. Again and again, when given the choice to reform their practices or do little or nothing, they always picked the latter," wrote editor Rich Lowry. "Well, now . . . people feel confirmed in what they always suspected about this Congress - that it is unable to police its own practices and is full of people who don't follow the same rules as the rest of us. This is deadly."

President Bush and many Republican House members have defended Hastert against pressure to resign, but Fordham's allegation threatened to erode that support.

In a statement released by his lawyer, Fordham sought to counter accusations that he'd tried to protect Foley by preventing an investigation into his behavior with pages.

In fact, Fordham said, he had "more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior.

"Rather than trying to shift the blame on me, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005," Fordham said.

Fordham's attorney, Timothy Heaphy, said Fordham alerted top GOP leaders to what Fordham called "Foley's inappropriate activities" while he was still Foley's chief of staff. He left that job in January 2004.

Heaphy wouldn't say what behavior led Fordham to warn others about his boss.

Fordham said he would "fully cooperate" with the FBI and the House Ethics Committee - officially the Committee on Standards of Official Conduct - which will meet Thursday morning in closed session to begin looking into the scandal.

House Minority Leader Nancy Pelosi, D-Calif., issued a statement demanding that House Republican leaders be questioned about their roles under oath.

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"Mr. Fordham's statement is even more evidence that Republican leaders chose to put partisan politics above protecting the children in their trust," she said.

Republican leaders have said they were first warned about Foley in late 2005, when the parents of a former page from Louisiana alerted their congressman, Rep. Rodney Alexander, R-La., that Foley had sent their son an e-mail that the boy said "freaked him out." The e-mail inquired about his birthday and asked him to e-mail Foley a photo of himself.

Alexander's complaint was referred to the head of the House Page Board, Rep. John Shimkus, R-Ill. He says he questioned Foley, who professed innocent motives and promised to cease contact with the young man. House Republican leaders took no further action.

Foley resigned Friday after separate, sexually explicit instant messages to at least two former pages dating to 2003 were disclosed by ABC News. Republican leaders said they'd never seen those messages.

In resigning, Fordham severed the clearest link between Foley and Reynolds, who heads the National Republican Campaign Committee, which helps Republicans seeking election to the House.

"I had no discussion with Kirk Fordham on this, whatsoever," Reynolds said earlier this week. At campaign stops through his northern New York district this week, Reynolds has had to address the issue constantly. On Wednesday Laura Bush campaigned with him.

Despite his reservations about Foley, Fordham helped Foley deal with fallout over the e-mails late last week, the Palm Beach Post reported. ABC reported Wednesday that Fordham last week tried to persuade the news network not to publish the instant messages.

Fordham's lawyer said Fordham helped Foley as "a friend, as an adviser, very much acting on his own."

Meanwhile, Washington interim U.S. Attorney Jeffrey Taylor sent a letter to the counsel for the House of Representatives asking to preserve records from Foley's office. The counsel's office didn't return repeated calls.

The FBI announced Sunday that it was launching a "preliminary" inquiry after the more explicit instant messages were publicized. The U.S. Attorney's Office in Washington will decide whether to prosecute.

The Price Of Foley (NATLRVW)

By The Editors

National Review, October 4, 2006

Dennis Hastert is unlikely to be the Speaker of the House in the next Congress. Five days after the Foley scandal broke, and a year after his office heard its first glimmerings, Hastert has refused to take any responsibility for what happened. As a result, the Republicans' odds of keeping the House have fallen. And even if the Republicans keep the House with slender margins, Republicans may well decide to demand new leadership. It would take only a handful of House Republicans unwilling to back Hastert for Speaker to make it impossible for him to win the post.

This result is not completely fair to Hastert. Foley is obviously the chief transgressor here. And the key mistakes that were made in addressing his offenses occurred when Hastert was not in the loop. Which makes it all the more peculiar that Hastert continues to defend those mistakes.

It can't be done. In the fall of 2005, the family of a former page for Rep. Rodney Alexander complained about Foley's e-mails to the boy. The family wanted the contact stopped. The matter was brought to the attention of Rep. John Shimkus, who heads the committee that oversees the page program, and to the office of the Speaker. Neither Shimkus nor the Speaker's office demanded to see the e-mails. They accepted Alexander's description of them as merely overly friendly, and accepted the idea that the family's demand for privacy precluded their actually reading the e-mails. They accepted Foley's claim that he had just sought to serve as a mentor for the boy, and told him to stop the e-mails.

And Shimkus and Hastert still defend that course of action, based on what they knew at the time: Nobody knew, they protest, about Foley's sexually explicit instant messages to former pages. But what they knew should have been enough to warrant more concern than they showed.

First of all, what they had was not just a family's complaint; it was a family's justified complaint. Most pages' families are eager for them to develop mentoring relationships with congressmen; they got their kids into the page program to make contacts.

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That the parents wanted to cut off contact should have been a sign that something was very wrong. And the Speaker's office knew that something was wrong. If a page's parents had complained about contact from some other congressman, neither Shimkus nor Hastert's office would have followed it up at all, let alone warned the congressman to quit e-mailing. They took it seriously because they knew that Foley was, well, creepy. But not seriously enough to trouble themselves to do more, such as demanding to read the e-mails. They took it seriously enough to warn Foley; but not seriously enough to inform the other members of the page committee.

They claim that the e-mails do not contain any shocking sexual references. Had they bothered to read them at the time, however, they would have noticed a few things. This was not just a case of one page's feeling that the congressman was contacting him inappropriately — as unusual as that would be by itself. The page also reported that the congressman had had contact with another male page that, to the complaining page, also seemed inappropriate. (And would seem questionable to anyone.) Finally, the page reported that another page — he even gave her first name! — had said that a congressman had "hit on pages."

Under the circumstances, Rep. Alexander should have seen that the issue went far beyond the desires of one page's family. There was evidence here that a congressman, probably Foley, was looking for sex with pages. It may not have been enough evidence to warrant an FBI investigation: The FBI has a lot of perps to catch, and no special responsibility for the page program. But it should have triggered a real investigation by House officials, beginning with Shimkus's committee: an investigation not limited to a friendly conversation with Rep. Foley.

Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it.

Democrats are demanding that Rep. Shimkus resign, as well, from the page committee. We think that isn't going far enough. Shimkus had more direct responsibility for the program than Hastert. If any congressman should resign over mishandling this affair, it should be Shimkus. At the least, he should acknowledge his mistakes and place himself at the mercy of his constituents. They just might be so refreshed at the sight of moral clarity in a congressman that they show that mercy.

For what it's worth, we think that the Republicans' political needs are one with their moral needs in this case. There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end.

Rift Among GOP Leaders (HILL)

By Patrick O'Connor

The Hill, October 5, 2006

The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday.

As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by House Speaker Dennis Hastert (R-Ill.) and his staff.

Majority Whip Roy Blunt (R-Mo.), who was the acting leader last fall, told reporters in Springfield, Mo., yesterday that he would have explored the issue further if the Speaker's staff had told him about the e-mails between Foley and a former page.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Meanwhile, a top aide to National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) resigned amid revelations that he tried to subvert evidence of Rep. Mark Foley's (R-Fla.) e-mail exchange with a former page.

Kirk Fordham, the chief of staff in Reynolds's personal office who formerly served as Foley's chief of staff, announced his resignation yesterday in a statement released by the campaign chief's personal office.

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Upon announcing his resignation, Reynolds's former chief of staff told the AP yesterday that he had warned leaders about Foley's conduct with the pages over two years ago. That revelation, if true, would cast further doubt on Hastert's handling of the event.

Fordham reportedly asked the ABC news reporter who first broke the story to suppress the e-mails in exchange for an exclusive interview with Foley.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' Chief of Staff," Fordham wrote. "I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or other authorities."

Fordham told The Associated Press yesterday that when he was told about Foley's inappropriate behavior toward pages, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene."

ABC News reported at press time that Palmer had been told that Foley was too friendly with House pages and according to Fordham, Palmer spoke to Foley about the matter.

One House leadership aide disputed Fordham's comments yesterday, citing remarks the former chief of staff made to the AP earlier in the day.

"This is the same guy who is now contradicting his comments made this morning," the aide said.

As evidence, the aide attached an earlier Fordham quote about the e-mails:

"I was still pretty shellshocked myself," Fordham said of the day he learned about the messages. "This was someone I had worked for 10 years. I had no inkling that this kind of blatantly reckless - just obscene — behavior was going on behind our backs."

Fordham, Hastert chief of staff Scott Palmer, and former Clerk of the House Jeff Trandahl are expected to testify before the House ethics committee today, one source said. Members of the panel are scheduled to meet at 10 a.m. at the closed-door session.

"This matter has been referred to the [ethics committee] and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Hastert spokesman Ron Bonjean said.

Reynolds, who is facing a serious challenge from a self-funded Democrat this fall, has become a focal point of the Foley episode because of the role his former aide played and because he said he discussed the issue with Hastert last spring, a conversation the Speaker told reporters earlier this week he does not recall.

The GOP campaign chief, who has had a close relationship with the Speaker (they frequently have dinner together), did not attend a leadership meeting to discuss the details and possible response to the late-breaking Foley scandal early Saturday morning in House Majority Leader John Boehner's (R-Ohio) office, several Republican aides said.

During that session, members and staff discussed holding a conference call later that day with the entire Republican conference in order to explain the details of the case, including what the leaders knew and when they knew it, aides present said. Some people in the meeting argued against the call, so the leaders decided to postpone it, the same aides said.

With questions swirling about what the Speaker knew and when he knew it, Hastert's staff released their own timeline on Saturday, shortly after Reynolds issued a statement disputing Hastert's initial response to news of Foley's resignation.

Reynolds was not on the phone call Monday when leaders did finally convene a conference call with their members because he was traveling back from a campaign event in Florida, a spokesman said yesterday.

Boehner, meanwhile, has gone back and forth on his own remarks about a conversation he had with the Speaker before telling a Cincinnati radio station on Tuesday that he had discussed the initial e-mails with Hastert.

During the same interview, the leader said the Speaker has oversight over the page system and the offices that run it, a remark many interpreted as a direct slight of the Speaker.

Whether or not the Speaker or any other leaders are forced to resign over this controversy, it has created a significant rift in what had been a relatively unified leadership.

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If Hastert holds on to his job and Republicans maintain their majority – an increasingly difficult prospect in the aftermath of the Foley scandal – the animus between the leaders will certainly carry over to the next Congress, GOP aides and lobbyists said this week.

Some Republican operatives interviewed for this article have complained in recent days that Boehner went too far in distancing himself from the Speaker, but the leader has a reputation for talking off-the-cuff with reporters and rarely sticks to a script during live interviews.

Others have been frustrated with the Speaker's staff for isolating themselves from the other offices during their fevered efforts to get ahead of the story and keep Hastert in his job. There is a perception that the Speaker's staff holds the fate of the entire conference in its hands.

"It is a terrible position to be in," a GOP aide said. "Watching from the sidelines the situation go from bad to worse and not being able to do anything about it."

Rank-and-file staffers have been pointing fingers of their own at some colleagues they believe are trying to foment change atop the leadership ranks, but none of the aides interviewed could point to a specific call, letter or e-mail to undermine any one of the leaders.

Amidst this poisoned atmosphere for the GOP, a handful of prominent conservative lawmakers released statements of support for Hastert this week, led by Rep. John Shadegg (R-Ariz.) on Tuesday night.

Reps. Joe Pitts (R-Pa.) and Mike Pence (R-Ind.), who chairs the conservative Republican Study Committee, followed suit yesterday, releasing a letter that questions the initial handling of the e-mails while unequivocally rejecting calls for him to resign.

Majority Whip Slams Handling Of Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 5, 2006

A third Republican in the House leadership team publicly distanced himself from the burgeoning scandal over former Rep. Mark Foley yesterday as a top aide resigned amid charges that he tried to suppress the reporting of sexually explicit Internet messages that Mr. Foley had sent a teenage boy.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Majority Whip Roy Blunt of Missouri said yesterday about his party's muted handling of "over-friendly" e-mails that Mr. Foley wrote to former congressional pages.

The parents of the 16-year-old boy who received the e-mails alerted congressional Republicans to the messages but said they didn't want to pursue the matter beyond ordering Mr. Foley to quit contacting their son.

"You absolutely can't decide not to look into activities because one individual's parents don't want you to," Mr. Blunt said of the decision by top Republicans not to investigate further.

Meanwhile yesterday, the top aide to Rep. Thomas M. Reynolds, the New York Republican who heads the committee responsible for electing Republicans to the House, resigned. Kirk Fordham, a former Foley staffer, said he had volunteered to help Mr. Foley when the scandal broke last week.

In doing so, said ABC News producer Maddy Sauer, Mr. Fordham offered the network a deal that would have kept the messages concealed.

"He said we could have the exclusive on the resignation if we did not run direct quotes from the instant messages," she said.

The network refused Mr. Fordham's offer, according to its Web site.

But Mr. Fordham denied wrongdoing, saying yesterday that "at no point did I ever ask anyone to block any inquiries into Foley's actions or behavior."

Mr. Fordham also said that more than two years ago, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" on concerns over his interactions with male pages.

Those conversations, he said, took place more than a year before the earliest date that the House Republican leadership has acknowledged knowing of any suspicious behavior on Mr. Foley's part.

Scott Palmer, chief of staff to House Speaker J. Dennis Hastert, said yesterday: "What Kirk Fordham said did not happen."

A second leadership aide said Mr. Fordham is "upset" over leaving his job and "out of his mind."

Hastert spokesman Ron Bonjean said, "This matter has been referred to the standards committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Mr. Fordham told ABC News that he plans to contact the FBI today "to tell what he knows."

The Justice Department yesterday contacted House officials and ordered them to preserve all the evidence associated with the scandal. Agents also have begun contacting former pages.

Majority Leader John A. Boehner and Rep. Deborah Pryce, head of the Republican conference, both of Ohio, have written the chamber's clerk and requested an investigation into reports that Mr. Foley was turned away from the congressional page dorm on Capitol Hill one night while intoxicated.

The latest developments come as the House ethics committee meets today in a rare publicized meeting to discuss the Foley matter. The committee will still meet behind closed doors as usual. But the fact that it was publicized at all signals the importance that Republicans place on appearing now to act aggressively to investigate and clean up the congressional page program.

Also yesterday, Mr. Hastert got a much-needed boost of support from two influential conservatives in his party.

Rep. Mike Pence, the Indiana Republican who is chairman of the conservative Republican Study Committee, and Rep. Joe Pitts, the Pennsylvania Republican who leads the religious conservative Values Action Team, said yesterday that Mr. Hastert should not resign, as some conservatives and Democrats have urged.

"Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years," they said in a joint statement. "Speaker Dennis Hastert should not resign."

Still, Mr. Pence and Mr. Pitts noted that Congress "failed" to protect the pages and that they have "reservations about how this matter was handled administratively."

Those concerns have been echoed by many top Republicans. In addition to Mr. Blunt, Mr. Reynolds and Mr. Boehner have spoken critically or distanced themselves from Mr. Hastert over the handling of the matter.

At a press conference Monday, Mr. Reynolds told reporters, "I did what most people would do in a workplace. I heard something. I took it to my supervisor."

Mr. Boehner, Ohio Republican, has defended Mr. Hastert and said he shouldn't resign. But he also distanced himself during a Cincinnati radio interview this week.

"I believe I talked to the speaker, and he told me it had been taken care of," he said. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the Page Board all report to the speaker, and I believe it had been dealt with."

In resigning from Mr. Reynolds' office yesterday, Mr. Fordham lobbed some of the most pointed accusations at House leadership for their handling of the matter.

"The fact is, even prior to the existence of the Foley e-mail exchanges, I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," he said. "One of these staffers is still employed by a senior House Republican leader. Rather than trying to shift the blame, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005."

Longtime Republican Was Source Of E-mails (HILL)

By By Alexander Bolton

The Hill, October 5, 2006

The source who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a House GOP aide.

That aide has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim.

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The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House.

But the whistleblower was a paid GOP staffer when the documents were first given to the media.

The source bolstered the claim by sharing un-redacted e-mails in which the former page first alerted his congressional sponsor's office of Foley's attentions. The copies of these e-mails, now available to the public, have the names of senders and recipients blotted out.

These revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal now roiling the GOP just a month away from the midterm elections.

Rep. Patrick McHenry (R-N.C.) yesterday called for House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) to testify about what and when they knew of Foley's contact with former pages (see related story).

House GOP leadership aides have said they would like to see investigations of Foley examine how the story became public. ABC News's website first reported the e-mails just as Congress was about to recess for the election.

The explosive disclosures about Foley's communications with teenage pages have overshadowed Republican legislative accomplishments during their final week in town. They have become the preoccupation of a capital press corps that has little else to write about now that Congress is in recess and Election Day is still a month away.

Republicans say the timing of the scandal is evidence of a political dirty trick orchestrated by Democrats. They have drawn comparisons to negative reports about President Bush that surfaced before the 2000 and 2004 campaigns.

Shortly before the 2000 election, it was reported that Bush had been arrested for driving under the influence of alcohol, and before Election Day 2004, forged documents surfaced calling into question Bush's National Guard service.

That Foley's scandalous communications came to public light during Congress's final week in Washington was largely determined by the media outlets which obtained the suspicious e-mails in the middle of the summer, said the person who provided them to reporters several months ago.

In an August 2005 e-mail exchange between Foley and a former page, given to reporters this summer, Foley asks the teenager his age, asks him to send a picture of himself, and describes his own work-out activities, including a 25-mile bike ride. The e-mails given to reporters included one sent by the page to a House staffer in which the page described Foley's e-mail as "sick" and said it "freaked me out." The page also informs the staffer that Foley asked what the teen wanted for his birthday.

The e-mails were alarming enough to prompt the page's parents in the fall of 2005 to ask their son's congressional sponsor, Rep. Rodney Alexander (R-La.), to take steps to stop Foley's correspondence.

Alexander's chief of staff then told aides in Speaker Dennis Hastert's (R-Ill.) office about the communication and showed the e-mails to Jeff Trandahl, clerk of the House. That fall, Trandahl and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met Foley and told him to stop contacting the former page.

But while the e-mails were concerning enough to prompt this action, editors and reporters at various publications did not consider them remarkable enough to write about.

The person who provided the e-mails to several D.C.-based news outlets in July claimed to have no knowledge of who gave them to two Florida papers last year.

D.C.-based media organizations declined to report on the e-mails. But one, ABC News, reported on the e-mails last week after a Weblog, stopsexpredators.blogspot.com, published a few of the exchanges between Foley and the former page. But those blog-reported e-mails did not include correspondence between the page and a House aide in which the teen expressed anxiety about Foley's intentions.

After ABC News disclosed the e-mails exchanged last year between Foley and a former page, it reported about much more sexually explicit communications between Foley and a different former page over an "instant messaging" (IM) software program in 2003.

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The first Web report of the relatively tame e-mails appears to have prompted someone to share the explicit IM messages. After ABC News obtained those messages, in which Foley discussed sexual acts with the second former page, a scandal mushroomed on Capitol Hill, and Foley resigned.

The source who provided the e-mails that ABC News first reported on its blog, denied sharing the more explicit IMs.

So while the primary source of the e-mails which kicked off the scandal was a House GOP aide, the trigger of the news coverage was the weblog.

The creator of stopsexpreditors.blogspot.com is unknown. An interview request e-mailed to the site was not returned.

Early Warning On Foley Cited By Former Aide (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — A former Congressional aide said Wednesday that Speaker J. Dennis Hastert's office knew about reports of "inappropriate behavior" by Representative Mark Foley far earlier than Mr. Hastert's office has acknowledged.

Mr. Hastert's chief of staff, Scott Palmer, denied the account of the former aide, Kirk Fordham, who said in an interview that he had informed Mr. Palmer of the concerns about Mr. Foley before 2004. Mr. Hastert's office had previously said it first learned of concerns about Mr. Foley in the fall of 2005.

Mr. Fordham worked in Mr. Foley's office until January 2004, and on Wednesday, he resigned as chief of staff to Representative Thomas M. Reynolds of New York, chairman of the House Republican campaign committee. Mr. Fordham said he had become a political liability in Mr. Reynolds's re-election campaign.

Mr. Fordham's assertion about early reports raised more questions about whether Mr. Hastert and his staff had failed to respond quickly and forcefully enough to multiple warnings about the conduct of Mr. Foley, the Florida Republican who resigned from the House on Friday after being confronted with sexually explicit messages he had sent to teenage pages.

The statement further clouded Mr. Hastert's prospects of retaining his position as speaker as his party reached for a strategy to deal with a controversy that seems to have undermined its chances of keeping control of Congress on Election Day.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives, asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said after resigning from Mr. Reynolds's staff. "I have no congressman and no office to protect."

Mr. Fordham said he had informed Mr. Palmer of the concerns while working for Mr. Foley, after the House clerk, Jeff Trandahl, approached him. Mr. Trandahl told him, Mr. Fordham said, that pages had come forward with accounts about Mr. Foley's behavior. Mr. Trandahl, who resigned his position last year, did not return calls on Wednesday.

The accounts did not include accusations of overtly sexual advances and did not involve e-mail or instant messages of the sort that surfaced last week, Mr. Fordham said. Instead, they encompassed reports that Mr. Foley had been "way too friendly" toward the pages, he said.

Mr. Fordham said that he could not recall the specific date of his meeting with Mr. Palmer, but that it was between 2001 and the end of 2003.

A spokesman for Mr. Hastert, Ron Bonjean, issued a statement in Mr. Palmer's name saying, "What Kirk Fordham said did not happen."

Earlier Wednesday, Mr. Hastert's allies thought they were making progress in solidifying the rank and file behind the speaker as lawmakers issued generally supportive remarks.

Republicans here and across the country not only expressed anger, but also feared that the latest disclosures would drag the controversy over Mr. Foley into a second week and eclipse a critical campaign period in their effort to retain their House majority.

At the same time, Republicans said in interviews that the disclosures solidified worries in the party that Mr. Foley's conduct — hardly a secret — might have been kept quiet because Republicans were facing a tight election year.

Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to

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investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk.

In a sign of the strains in the House leadership, Representative Roy Blunt, Republican of Missouri, the majority whip, said Wednesday that he had not been told about Mr. Foley's case until last week. Mr. Blunt criticized the handling of the inquiry into the initial e-mail messages.

He added that the matter should have been more vigorously pursued when an e-mail message from Mr. Foley to a former page was first brought to the attention of Mr. Hastert's office last year.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Mr. Blunt told reporters in Missouri, The Associated Press reported. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Other Republicans also said the initial inquiry fell short.

"As the father of a 2-year-old boy and a 4-year-old girl, I believe that we must always err on the side of caution when it comes to protecting our children," Representative Jeb Hensarling, Republican of Texas, said. "And it is clear that what appeared to some to be innocuous e-mails at the time should have been investigated further."

Word of the new disclosures rattled lawmakers, many of whom remained quiet late Wednesday as they sought to digest the developments and learn more before deciding whether to continue supporting Mr. Hastert.

Federal prosecutors sent a letter on Wednesday to the general counsel of the House, directing Congressional authorities to safeguard all relevant records in Mr. Foley's former office.

In the letter, obtained by The New York Times, the acting United States attorney in Washington, Jeffrey A. Taylor, asked for the safekeeping of "documents and items" in Mr. Foley's former offices "including his computer, electronic storage materials, hard copy documents and other items."

The F.B.I. is conducting a preliminary investigation, officials said, and the request was intended to preserve records pending a decision by prosecutors on opening a full criminal inquiry into whether Mr. Foley violated federal sex crime laws.

The letter said House officials had already agreed to several actions, including changing the locks on Mr. Foley's former office, stopping his remote access to computers and warning staff members not to delete or shred any documents.

Representative Nancy Pelosi, Democrat of California and minority leader, said Mr. Fordham's statement was more evidence that House leaders needed to be brought before the ethics committee for a thorough investigation.

"Conflicting stories between Republican leadership and Republican staff about their cover-up of Mark Foley's abhorrent behavior," Ms. Pelosi said, "underscore the urgency for the Republican leadership to be immediately questioned under oath by the ethics committee."

The committee, long criticized for lacking teeth and as failing to treat accusations of Congressional wrongdoing with urgency, is scheduled to have its initial meeting on the Foley controversy on Thursday.

The furor seeped even deeper into political races. In debates and on the campaign trails, Democrats asked their Republican opponents whether they supported the Republican leadership in Congress.

Washington was consumed by what Mr. Hastert would and should do. Republicans said he continued to weigh remaining in his post or announcing that he would step aside.

Mr. Fordham, 39, who had risen through the ranks of Republican politics and gained a reputation as a strategist, said he felt maligned by suggestions that he tried to participate in a cover-up for Mr. Foley. He decided, he said, to confront Mr. Hastert about his assertion that he was not aware of Mr. Foley's circling too closely to young people.

In an interview, Mr. Fordham said he had hired a lawyer and intended to give his account to the F.B.I. on Thursday.

Mr. Bonjean, Mr. Hastert's spokesman, denied that the speaker's office had been aware of Mr. Foley's conduct for at least three years.

"This matter has been referred to the Standards Committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Mr. Bonjean said in a statement.

Foley Allegedly Had Shown Up Drunk At Dorm (AZREP)

DOJ_NMG_0075698

By Gannett News Service

Arizona Republic, October 5, 2006

WASHINGTON - A senior House Republican has asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night.

Lawmakers have been talking about the alleged incident since Friday, when Foley resigned amid reports he sent sexually explicit Internet messages to underage former congressional pages.

The request for an investigation came from Rep. Deborah Pryce of Ohio, chairwoman of the House Republican Conference, the organizational vehicle for all Republican House members and their staff.

"Congresswoman Pryce contacted the clerk and asked her to look into this rumor," said Geoff Embler, a spokesman for Pryce.

Rep. Roger Wicker, a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening, Embler said.

Until Wicker raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said.

Foley's attorney, David Roth, could not be reached for comment.

Pryce also will send a letter to all Republican House members urging them to contact the proper authorities if they have specific information about allegedly inappropriate behavior by any House member, staffer or employee, Embler said.

A spokesman for Wicker declined to comment.

A search of official incident reports logged by the U.S. Capitol Police, who provide security at the dorm, turned up no mention of Foley, said Jeffrey Scruggs, an officer in the department's reports processing division.

And no complaints have been filed against Foley by anyone at the page dorm, said Salley Collins, a spokeswoman for the House Administration Committee, which oversees both the clerk's office and the page program.

Collins declined to make available any of the adult supervisors at the page residence.

Rep. Ginny Brown-Waite, a Republican from Florida, also heard about the alleged incident and was asking fellow lawmakers about it Friday, said Charlie Keller, her spokesman.

"She commented that people on the (House) floor were definitely talking about this," Keller said.

The clerk of the House, Karen Haas, oversees the page program, along with many other daily legislative and operational activities of the House.

A Complex And Hidden Life Behind Foley's Public Persona (NYT)

By Abby Goodnough And Kate Zernike

The New York Times, October 5, 2006

PALM BEACH, Fla., Oct. 3 — Mark Foley, until last week a fixture on this town's lofty social circuit, once recounted a party at Mar-a-Lago, Donald Trump's fabled estate.

"Miss Germany was my date," he told a writer at Washingtonian magazine for an article about "How to Date a Congressman."

It was one of the many hints Mr. Foley dropped to mask the realities of a deeply compartmentalized life. Over 12 years in Congress, he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined.

Whatever whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week.

Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical.

Here in Florida, where people knew him longest and best, friends said he kept his sexuality quiet because the most influential forces in his life, his parents and the political world he thrived in, would not accept him otherwise.

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The high-octane congressman who loved name dropping and photo shoots went to excruciating lengths, it seems, to keep probing questions at bay.

"I never asked outright because I thought it would be inappropriate," said Billy Brooks, a town council member in Palm Beach who was Mr. Foley's high school guidance counselor. "I suppose if I had my druthers, I would have said, 'Let's get it out and get it over with.' It was always bubbling under the surface."

Now, other things seem odd. Some of Mr. Foley's associates questioned his molestation claim, saying that even if true it sounded too much like excuse-making. And while Mr. Foley's lawyer said Monday that he was an alcoholic who had sent the inappropriate messages to teenagers while drunk, everyone interviewed was doubtful, and some said they had rarely seen him holding a drink.

"It sounds more like the advice of a top-notch criminal defense lawyer," said Rodney Romano, a former mayor of Lake Worth, the scrappy town where Mr. Foley grew up.

Friends and colleagues say that in Washington, Mr. Foley excelled at grabbing public attention and seemed to take particular pleasure in access to celebrities. While he was known for his efforts to protect children, he was also one of the best-known champions of Hollywood.

He came into office as part of the Republican Revolution of 1994 and was determined to make Republican inroads with the entertainment industry. He boasted of showing Julia Roberts and Melanie Griffith around the Capitol, dining out with Clint Eastwood and visiting Arnold Schwarzenegger at the Kennedy compound in Cape Cod.

Representative Mary Bono, who replaced her husband, Sonny, in Congress, nicknamed Mr. Foley "Hollywood." "He'd have a photo taken of him with any star," she said this week.

When Ms. Bono was selling her husband's red Jeep after his death, Mr. Foley jumped to buy it, and shipped it — including the leopard-print floor mats — to Florida, where he would drive it in parades. For getting around Capitol Hill, he favored a convertible BMW.

In Washington, he loved to go to parties and to throw them — he once told an interviewer he kept two tuxedos, one in each hometown. For several years running, he and other members of Congress who lived in a historic row of town houses behind the House office buildings gave a boozy block party. They offered a different drink — bourbon, margaritas, martinis, and in Mr. Foley's case, a wine tasting — for donors willing to pay $1,000 at each town house.

He was known for arriving up to four hours early to the State of the Union address so he could appear shaking the president's hand in photographs beamed back home. His friendliness with pages seemed just another part of that outgoing personality.

"He's a very, very charming person, very captivating to talk to," Ms. Bono said.

Early on, he signaled to pages that he was willing to pay attention to them, though many members of Congress do not.

Matt Kummernuss, a page in 1996-97, recalls a group of pages going out before curfew and standing in front of Mr. Foley's yellow town house near their dorm, trying to work up the courage to knock on his door.

"I didn't know we were allowed to have contact," Mr. Kummernuss said. But pages, politically hungry at a young age, were eager to make connections. "There's the allure of congressmen," Mr. Kummernuss said, "and he was one who talked to them."

In remarks on the House floor to mark the pages' graduations, Mr. Foley called out to several by name, joking about their mutating hair color and reliance on styling gel.

"I did not know you wore an earring," Mr. Foley said in 2001, recalling his inside jokes with pages. "Does your dad know, or mom? No, not really." He confessed to them that he welled up to think of them leaving.

Back home in Lake Worth, Fla., a town of bungalows and homegrown businesses where Mr. Foley's family moved when he was 3, friends said he had a longtime companion, a Palm Beach dermatologist, with whom he was not afraid to be seen publicly.

"About a month ago," said Sid Dinerstein, chairman of the Palm Beach County Republican Party, "my wife and I wound up at dinner in the same restaurant as Mark and his companion and his sister and her husband."

But his friends said Mr. Foley had never discussed his sexual identity with them.

Mr. Romano, who had Mr. Foley's father as a high school teacher, said he decided a long time ago that Mr. Foley had an unspoken contract with the Republican Party to keep it quiet.

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"I think they were willing to overlook it as long as he stayed in the closet," he said. "I don't know how he behaved in Washington, but down here the topic was always public issues and not personal lives."

Tom Ramiccio, a Lake Worth resident who has known Mr. Foley since high school, said he thought Mr. Foley had also not wanted his parents to know he was gay. His father, a gregarious former marine who taught science, and mother, a quiet woman who would cook meals for priests, are Catholics who were intensely proud of their son's success, Mr. Ramiccio said.

"I think they just brushed it off and didn't think it was ever true," he said. "I think his sister helped keep it from them. They're just so straiht-laced. Everyone always wondered, even during the fly-in to his office in Washington this past year, 'You think his parents know?' "

When Mr. Foley dropped out of Palm Beach Community College at 20, his doting parents helped him open a restaurant in downtown Lake Worth, where Mr. Romano said he honed his people skills before running for the city commission a few years later.

"Mom and Dad worked like slaves," he said, "and Mark's job was to press the flesh and be the frontman. He was a natural."

Mr. Foley, the fourth of five children, proved equally adept at politics, handily winning elections as a Republican in a county that was majority Democrat.

His family eagerly participated in his political life; his sister Donna Winterson even managed his campaigns. She also helped decorate the condominium Mr. Foley recently moved into in Fort Pierce, an hour's drive north of here, according to a local paper.

His colleagues in Washington liked him — if they had to tolerate him trampling them on his way to the nearest camera. He was known for his sense of humor and his imitations of politicians — including Bill Clinton's famous "I did not have sexual relations with that woman" line.

He cultivated the good life, wearing impeccable suits, French cuff shirts and pocket kerchief. Campaign accounts show bills for dinners with constituents at trendy and expensive Washington restaurants.

He paid close attention to constituents back home, spending thousands to send chocolates and other gifts to them, as well as birthday cards to people he met along his political travels.

In 2003, he ran for the Senate, quickly winning donations and support, but abruptly dropped out a few months later, saying he needed to spend more time with his cancer-stricken father.

But friends said he was concerned that he could not run without being outed.

When ann alternative newspaper in South Florida ran an article headlined, "Why won't U.S. Congressman Mark Foley just say that he's gay?" Mr. Foley held a news conference to complain about the "revolting and unforgivable" speculation and to say he would not discuss his sexual orientation.

"My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public," he said at the time.

Another time, questioned about his sexuality, he told a local paper, "I like women."

While Mr. Foley voted for the Defense of Marriage Act in 1996, he later supported many gay rights initiatives. But he still went to lengths to hide his sexuality.

When he became a leading critic of Mr. Clinton's during impeachment, and the president's supporters were poking around in the private lives of Republicans, several people said they recalled hearing that Mr. Foley told people he was engaged.

Still, in recent years, some friends said he grew less skittish about hiding his sexual orientation.

When he realized that he would not become a Senator, friends of Mr. Foley said, he considered leaving the House. One of the jobs he coveted was head of the Motion Picture Association of America. But House Republican leaders persuaded him to stay.

On his last day in Congress, he was in the garden of his town house with his sister Donna trying to craft a strategy to respond to reports of the first e-mail message — sexually suggestive but perhaps not career-ending — when he got a call from a staff member who said ABC News had more e-mail messages.

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They drafted a three-sentence statement and a letter of resignation, packed some bags, and got in his BMW. By the time the cameras that Mr. Foley had so long sought out had arrived to stake out his town house, he was driving South through Virginia, on a slow trip home to Florida.

Assertion By Foley Angers Victims Of Abuse By Clergymen (NYT)

By Laurie Goodstein

The New York Times, October 5, 2006

Former Representative Mark Foley's declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others.

If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly.

"You certainly don't wait," said Peter Isely, a clinical social worker in Minneapolis who was abused by a priest as a teenager and is an official of a national advocacy group for victims. "It's extremely important that the secrecy be pierced immediately, because there could be kids at risk."

Mr. Foley, 52, resigned from his Florida Congressional seat last Friday after news reports revealed that he had been sending sexually suggestive e-mail to high school students who worked as pages in the House of Representatives. On Tuesday Mr. Foley's lawyer, David Roth, said in a news conference that the former congressman is gay and had been sexually abused from age 13 to 15 by a member of the clergy. Mr. Roth said Mr. Foley did not blame his conduct on the abuse he suffered as a teenager. Mr. Roth did not identify the cleric or even the denomination, saying, "I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi."

Mr. Roth did say, however, that Mr. Foley was raised a Roman Catholic and attended Catholic schools in Lake Worth, Fla. That information led members of the extensive support networks for abuse victims to speculate that if Mr. Foley indeed had been abused, the abuser was most likely a Catholic priest.

Officials of both the Archdiocese of Miami and the Diocese of Palm Beach, which was established in 1984 and now includes the area where Mr. Foley grew up, said that Mr. Foley's assertions were too vague to merit a response.

"Mr. Foley has not reported any sexual abuse to the Diocese of Palm Beach," said Alexis Walkenstein, director of communications, "and if he has been hurt by anyone in the Catholic Church, we would encourage him to report it to the appropriate entity and to law enforcement."

After days of revelations about Mr. Foley's e-mail messages to young pages, victims of sexual abuse said in interviews yesterday that while his claim of abuse could be genuine, it was infuriating because it reinforced the idea that victims of child abuse grew up to abuse others.

Melissa Lucia, 57, who said she had been abused by a priest in Interlachen, Fla., said she was furious as she heard Mr. Foley, through his lawyer, attribute his problems to alcoholism and then disclose his homosexuality and abuse as a child.

"There are thousands of us out there who are alcoholics, or who are gay or who were molested by clergy, that do not do this to other people," said Ms. Lucia, who said she had been molested by a priest at a Catholic boarding school. "That is not your justification to mess up other people's lives."

David Clohessy, national director of the Survivors Network of Those Abused by Priests, said that Mr. Foley's decision to proclaim a history of victimization at a moment of crisis was common.

"There is no ideal time to disclose this stuff," Mr. Clohessy said. "Most survivors disclose it after their eighth drunk driving arrest or their wife saying she wants a divorce, or their fifth bar fight."

"Childhood trauma doesn't excuse criminal behavior," Mr. Clohessy added. "I hope he will find the strength to do what thousands of other victims have done, which is publicly expose the predator — whether he's alive or dead."

Getting Beyond Foley (WSJ)

The Wall Street Journal, October 5, 2006

Now that Mark Foley's carcass has gone over the side, the political waters are filling with sharks fighting over the remnants. We're going to find out how fast Denny Hastert can swim.

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First to the site as always was House Minority Leader Nancy Pelosi. Republican leaders "failed to protect the children in their trust," intoned Parson Pelosi, last seen on this issue voting to revoke the Boy Scouts' charter for its ban on gay scoutmasters. So exercised is Ms. Pelosi that she wants the GOP leadership "immediately questioned under oath" by the Ethics Committee.

One can hardly blame the Minority Leader for diving toward the jugular of a Republican Party already on its knees and on the brink of losing control of the House. More difficult to explain are the cultural conservatives and others on the political right swimming alongside Ms. Pelosi.

The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House "enablers who made it possible."

A statement on behalf of the executive committee of the family-coalition Arlington Group, including cultural conservative leaders Don Wildmon, Tony Perkins, Gary Bauer and Paul Weyrich, wants the "whole truth," which apparently consists of "when House Leadership or other members from either party knew of this situation." The group demands that "legal authorities prosecute any person who had knowledge of any such activity but did not report it immediately." And of course while the House Speaker was taking this public beating, his No. 2, Majority Leader John Boehner, pulled down the shades and turned away with his now-famous dismissal: "It's in his corner; it's his responsibility."

And so with an election weeks away and its troops already at the edge of the cliff, the Republican elites decided to jump into the sea over Mr. Foley.

We doubt that Messrs. Boehner, Wildmon, Perkins, Bauer and Weyrich will feel as politically cleansed as they seem to be this week if they wake up November 8 to a House run by Ms. Pelosi and Messrs. Rangel, Murtha, Dingell, Waxman, Obey and Frank. And if the pundits are right, the Foley wilding may even give them a Harry Reid Senate.

Certainly there are plenty of reasons for the right to be upset with this Congress. As these columns described Monday in "The GOP Record," the flops of the party now in control of Congress have been significant: Taxes, health care, Social Security, immigration, earmarks, Abramoff. All this is enough to bring the charge that Speaker Hastert has been an absentee landlord. But if it's enough to justify his removal -- and it may well be -- the time for doing so is after the election, win or lose. We are hard put to see what these conservatives think will be gained by burning down the entire coalition before the election over Mark Foley.

What is Mr. Hastert's supposed firing offense, anyway? We've seen no evidence to date that he lied or attempted a cover-up. His office responded to complaints from the parents of a former page by having the head of the page board and clerk of the House speak with Mr. Foley and order him to stop communicating with the minor.

Republicans should also have alerted the Democrat on the page board to the warning, but to force a Speaker's resignation because he didn't demand an investigation into every communication between Mr. Foley and current and former pages is politically convenient hindsight. Two newspapers also saw the same emails and declined to publish a story on them, no doubt for similar reasons of privacy and fairness.

On current course, the Hastert-must-resign conservatives are likely to wash away even the moral victory of the past week. Discounting for political calculation, prominent figures across the spectrum have repudiated and vilified Mr. Foley's behavior with minors. Melanie Sloan of the liberal Citizens for Responsibility and Ethics in Washington said lax oversight of Mr. Foley had left "a potential sexual predator on the loose." This sounds like a consensus standard. But it will be a minor footnote if the get-Denny posse enables a larger Democratic victory next month.

Let's imagine, for instance, that a seat on the Supreme Court opens up next year with a Democratic House and GOP Senate majority called Lincoln Chafee. Approve another Alito? The diminished GOP Senate would be lucky if it got someone as conservative as Harriet Miers. Think Son of Souter.

Want to choke down more gall? Try this: Making Mark Foley the fulcrum of defeat will let the spendthrift GOP appropriators off the hook. Reforming the earmark caucus was never going to be easy, but it'll be nigh impossible -- in or out of power -- if every political writer in America is describing how Republican elites pulled down the temple in 2006 over one Congressman's moral turpitude.

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It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley.

Real Scandals, And Fake Ones (NYT)

The New York Times, October 5, 2006

When it comes to sexual scandal, American voters tend to be more rational than American politicians. The House Republicans raced to impeach President Clinton over the Monica Lewinsky episode. But the people, shocked as they were, showed no desire to punish him by upending the national government. Conservative politicians frequently try to score political points by railing against homosexuality, but voters from very conservative areas often support politicians who are living out their private — and often not particularly secret — lives as gay men and women. Lawmakers from both parties have announced they were gay over the last generation, and they were almost always re-elected.

That tolerance obviously does not extend to Representative Mark Foley's e-mail pursuit of under-age Congressional pages, an unforgivable — and very possibly illegal — abuse of public trust. But there's reason to worry that the scandal could tempt Republican politicians and their defenders to try to turn it into an anti-gay witch hunt in the Capitol.

The Republicans' fear of the political consequences of the scandal has already caused them to turn on each other with stunning speed. The finger-pointing at Speaker Dennis Hastert became a chorus. The Republicans, who have shown a remarkable degree of patience when it comes to investigating the Bush administration, are fairly racing to investigate their leadership.

The desire to turn Mr. Hastert into a sacrificial victim is self-serving. But the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs.

Pat Buchanan helped point everyone in exactly the wrong direction when he announced on MSNBC that "there's a proclivity" toward child abuse among homosexuals. "Is it a coincidence that 90 percent of the victims of the priests and the other folks who abuse those altar boys and others, 90 percent of the victims were boys, 90 percent of the perpetrators were men?" he asked.

What Mr. Foley did was not about his sexual orientation. Anyone who imagines that gay men pose a particular threat to American children need only contemplate the grisly crimes recently perpetrated on young girls in schoolhouse assaults by psychotic heterosexuals. The last time Congress went through a page sex scandal, two House members were censured — one gay and one straight.

When one party is humiliated this way, there's a tendency to look for culprits in the ranks of the opposition as well. After the Lewinsky scandal broke, the public was barraged with examples of Republican members of Congress who had committed adultery. While some of the embarrassed lawmakers retreated to private life, virtually none of them were sent there by the voters.

If there is a Democratic member of Congress guilty of sins similar to Mr. Foley's, it is likely we will hear about it soon. But convincing the public that Mr. Foley's disgusting behavior is widespread in Washington, or trying to create the impression that the presence of gays in the highest levels of government is something to worry about, is not likely to get any Republican elected this fall. What it will do is further degrade an already depressing election year, and create cynicism among a public that really is cynical enough already.

The Warning Signs About Hastert's Leadership Were There October 5, 2006 (RC)

By Norman Ornstein,

Roll Call, October 5, 2006

My deep dismay and disillusionment with Speaker Dennis Hastert (R-Ill.) began with the 2003 House vote on the Medicare prescription drug plan — the infamous three-hour vote, from 3 to 6 a.m.

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The Speaker engineered the time and length of the vote, despite the House norm of finishing votes within 15 minutes. Going against tradition, the Speaker went to the floor to lobby during the vote. Even more shocking, he escorted a Cabinet officer, the secretary of Health and Human Services, onto the floor to twist arms.

Those acts showed that he was a Speaker who put raw partisan politics above the dignity and constraints of a constitutional office that makes him leader of the entire institution and only secondarily the leader of a party. This was not a passive Speaker, an amiable glad-hander who was a puppet to then-Majority Leader Tom DeLay (R-Texas); this was an aggressive Speaker who took charge, with an ends-justify-the-means, win-at-any-cost mentality.

The Medicare vote was deeply troubling, but it was nothing compared to the ethics committee fiasco at the start of the 109th Congress. After the panel did its duty and issued three rebukes to DeLay, the Speaker fired Standards of Official Conduct Chairman Joel Hefley (R-Colo.), and two GOP panel members, Reps. Kenny Hulshof (Mo.) and Steven LaTourette (Ohio). The Speaker's excuse for firing Hefley, a conservative with flinty integrity, was that he'd reached his term limit. Yet Hastert had waived the term limit for Rules Chairman David Dreier (R-Calif.). And neither Hulshof nor LaTourette had reached any term limit; they were flat-out canned for doing their job.

Hastert then picked loyalist Rep. Doc Hastings (R-Wash.) to replace Hefley, with the obvious prospect that Hastings could move up to chair Rules if he did not stray on ethics. Hastert also added Rep. Lamar Smith (R-Texas), a DeLay loyalist who had contributed to the DeLay legal defense fund, at a time when the only pending ethics matter was related to DeLay. What Hastert did with the ethics panel was a direct affront to propriety and a clear sign that the integrity of the House took a back seat to protecting DeLay and other Republicans from ethics charges.

The Speaker also pushed the House Republican Conference to alter its rules so DeLay could stay as Majority Leader even if he were indicted in Texas. Some GOP Members have tried to defend the Speaker to me by suggesting that he was only acting on the advice of his counsel, Ted Van Der Meid. That may or may not be true — but he is the Speaker, and he knew the implications full well (or should have).

I have written repeatedly over the past few years about Hastert's behavior as Speaker, but few other news outlets have altered the common story line — that is, good ol' boy Denny Hastert, amiable, a real House guy, passive, simply a front man for Tom DeLay.

To anyone who did connect the dots, it was not a shock that the Speaker would react to the news that then-Rep. Mark Foley (R-Fla.) had engaged in highly questionable exchanges with a young male page by pushing it to the side, ignoring it and hoping it would go away until after November. This is simply not a man whose first impulse would be to protect the integrity of the House, or to put pages above the political expediency of preventing yet another scandal in an election year.

The Foley scandal is a pivotal event — very likely the tipping point in the elections, and another stiff test for the House to demonstrate some trace elements of institutional integrity. This is about Mark Foley, a dynamic, savvy and capable Member of Congress who shattered the trust imparted in him as a lawmaker. Even more, though, it is about the Speaker and other Republican leaders who showed why Congress genuinely is the broken branch.

Look at all the explanations given for Hastert, Reps. Tom Reynolds (R-N.Y.) and John Shimkus (R-Ill.), among others, sitting on the information they had for months on end, including who knew what and when, talking about the innocuous nature of the e-mails they knew about and blaming subordinates or superiors. They do not wash. This was a cover-up, plain and simple.

Those initial e-mails may not have been graphic or sexually explicit, but they had flashing neon "danger" signs all over them. There have been page scandals before, just as there have been scandals involving priests and young parishioners and youngsters preyed upon by people in positions of authority. How could any of these leaders have known the bare bones of this story and not acted — at minimum, to demand of Foley any additional e-mails or other communications he had had with pages, and an accounting of any activities he had engaged in with them, such as dinner or other contact outside the official setting? And how could a Speaker not demand at least that the full page board be assembled to deal with this problem?

For a Speaker who openly and repeatedly has said that what mattered was the majority of the majority — not the majority of the House — it was wholly predictable that he would not bring Democratic Rep. Dale Kildee (Mich.) into the deliberations, but rather rely on his home-state buddy Shimkus. And that partisan-first mentality did not end with the explosion of revelations; when Hastert and Shimkus issued a call for reform of the page system a couple of days ago, they still did not notify or bring in Kildee!

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Only once during his tenure as Speaker has Hastert leapt to protect the integrity of the legislative branch — when he joined with Minority Leader Nancy Pelosi (D-Calif.) to take on the FBI and Justice Department for raiding the office of Rep. William Jefferson (D-La.). He was right, in my view. But I am now left to believe that he did so not because of a visceral reaction to protect the House, but rather out of fear that the Jefferson raid would be followed by lots of others, targeting many Republicans.

It has been fascinating to watch Republicans and conservatives rally behind the Speaker the past few days, especially after The Washington Times called for his resignation. From President Bush to Rush Limbaugh, the defense of the Speaker has ranged from "he didn't know" to "he has been a good Speaker — the good cop to Tom DeLay's bad cop" to "even if he knew, rally behind him and the others anyway, because the Supreme Court is at stake."

How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

A Tear In Our Fabric (NYT)

By David Brooks

The New York Times, October 5, 2006

This is a tale of two predators. The first is a congressman who befriended teenage pages. He sent them cajoling instant messages asking them to describe their sexual habits, so he could get his jollies.

The second is a secretary, who invited a 13-year-old girl from her neighborhood into her car and kissed her. Then she invited the girl up to her apartment, gave her some vodka, took off her underwear and gave her a satin teddy to wear.

Then she had sex with the girl, which was interrupted when the girl's mother called. Then she made the girl masturbate in front of her and taught her some new techniques.

The first predator, of course, is Mark Foley, the Florida congressman. The second predator is a character in Eve Ensler's play, "The Vagina Monologues."

Foley is now universally reviled. But the Ensler play, which depicts the secretary's affair with the 13-year-old as a glorious awakening, is revered. In the original version of the play, the under-age girl declares, "I say, if it was a rape, it was a good rape, then, a rape that turned my [vagina] into a kind of heaven." When I saw Ensler perform the play several years ago in New York, everyone roared in approval. Ensler has since changed the girl's age to 16 — the age of Foley's pages — and audiences still embrace the play and that scene at colleges and in theaters around the world.

But why is one sexual predator despised and the other celebrated?

The first and obvious reason is that male predators are more disturbing than female predators. But the second and more important reason is that they exist in different moral universes.

Ensler's audiences are reacting to the exuberant voice of the young girl, who narrates the scene. They're embracing — at least in the fantasy world of the theater — a moral code that's been called expressive individualism. Under this code, the core mission of life is to throw off the shackles of social convention and to embark on a journey of self-discovery. Behavior is not wrong if it feels good and doesn't hurt anybody else. Sex is not wrong so long as it is done by mutual consent.

By the rules of expressive individualism, Ensler's characters did nothing wrong. They performed an act that was mutually pleasurable and fulfilling.

This code dominated cosmopolitan culture during the 1970's and 1980's. When Congressman Gerry Studds was censured in 1983 for his relationship with a 17-year-old page, he argued that the sex was consensual, and he was re-elected several more times.

But there's another and older code, and people seem to be returning to this older code to judge Mark Foley. Under this older code, we are defined not by our individual choices but by our social roles.

Under this code, when an adult seduces a child, it tears the social fabric that joins all adults and all children. When a congressman flirts with a page, it tears the social trust that undergirds the entire page program. When an adult seduces a teenager, it ruptures the teenagers' bond with his family, and harms the bonds joining all families.

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This older code emphasizes not so much individual exploration as social ecology. It's based on the idea that people are primarily shaped by the moral order around them, which is engraved upon their minds via a million events and habits. Individuals are not defined by their lifestyle preferences but by their social functions as parents, job-holders and citizens, and the way they contribute to the shared moral order.

In this view, the social fabric is a precious thing, always in danger. And what Foley, and the character in the Ensler play, did was wrong, consent or no consent, because of the effects on the wider ecology.

In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management.

But the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease.

In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority.

An Amish Community Grieves For Its Little Ones (WP)

By Raymond McCaffrey And Michael E. Ruane

The Washington Post, October 5, 2006

BART TOWNSHIP, Pa., Oct. 4 -- All day they trudged across the dusty farm fields here -- white-bearded Amish patriarchs, women in black dresses and white bonnets, strapping young men with cropped hair and tanned arms.

They came, too, in their metal-wheeled black buggies, drawn by lathered horses that built clouds of gray dust on the gravel byways, somber but dutiful people on timeless missions of grief.

Across the meadows and back roads of the village of Nickel Mines, clusters of the black-clad mourners could be seen Wednesday gathering outside the homes where the bodies of the five Amish children slain Monday lay. They gathered to pay respect, offer hope and have the one last encounter with the departed that is Amish tradition.

"Go ahead and touch her," a family friend said a mother told the sister of one of the dead girls. "She's cold now, but she's in Heaven."

Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls.

Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday.

The five surviving girls -- a 6-year-old, three 8-year olds and a 13-year-old -- are recovering from grievous gunshot wounds in two Pennsylvania hospitals. Police have not released their names.

Meanwhile, the Pennsylvania State Police announced Wednesday that the two female relatives whose abuse Roberts said tormented him had no recollection of being attacked by him. Roberts said in a last phone call to his wife and in a series of suicide notes that he had molested the two relatives when he was about 12 and that he had been haunted by dreams that he was going to molest again.

That, he suggested, was part of the rationale for his schoolhouse assault, police said. Police said the relatives, whom they did not identify, would have been about 4 or 5 at the time. Police did not say whether they believed the attacks never happened, but they had sounded skeptical of the story since it was revealed Tuesday.

The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand.

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The community assembled Wednesday for the viewings, several of which were held at the same time, in homes within sight of each other. The girls were placed in open coffins, according to Rita Rhoads, a Mennonite nurse/midwife who had delivered two of the victims. "It's important to touch the body," Rhoads said.

She recalled the joy that the Ebersol family felt when Naomi was born, her parents' first daughter after five sons. "They finally got their girl," Rhoads said.

She said the families are aware of the revelations by police that the killer brought materials to the schoolhouse that suggested to police that he had intended to sexually assault the girls after tying them up. Rhoads said Naomi's father, who owns a woodworking shop, told her that, on the day of the shootings, "there was a fight between good and evil in the school, and good won." His view -- reflected elsewhere in the community -- was that it was better the girls died than for them to have met what some consider a worse fate.

"They feel it was better to be dead than to be sexually molested and tortured," Rhoads said. "They feel that God won. [Roberts] didn't get to do what he wanted to do, and the girls are in Heaven."

Rhoads remembered Naomi as "so cute and innocent and starting to blossom."

The Fisher family was touched by the tragedy in more than one way. In addition to mourning the loss of Marian, they are praying for the recovery of her 12-year-old sister, who was among the girls shot at the school and is listed in serious condition at Children's Hospital in Philadelphia. At the same time, they are rejoicing over the survival of their 10-year-old daughter, the only girl to escape from the school.

Rhoads said that the child managed to escape with some adult women who were let go by Roberts as he carefully selected his targets. The women told the girl to "tiptoe" out of the schoolhouse while Roberts was busy tying up the other girls, Rhoads said. The child ran to a nearby farm with the other escapees.

"Of course, the family is just thanking the Lord she got out," Rhoads said. But they are also concerned about the long-term effect of the ordeal on their daughter.

Still, the little girl managed to follow tradition, going up to her sister's coffin and touching her a last time, Rhoads said the child's mother told her. She said her mother told the child that her sister was in Heaven even though she felt cold.

John Fisher, a relative of Marian Fisher's, said Wednesday that he was grateful for all the support of the community but that preserving the privacy of the families was important. He said the relatives of the victims have spent a lot of time together since the shooting.

"We have the viewing [Wednesday] and the funeral [Thursday], and we're just trying to focus on that right now," said Fisher, standing on his front porch surrounded by his children. "This is a hard thing."

Fisher said Marian was in eighth grade and had attended the one-room school since first grade.

Investigators for the first time Wednesday allowed reporters close access to the schoolhouse. Aside from boards over the windows that the police SWAT teams smashed on their way in, all seemed in order.

A double seesaw and a swing set sat outside, near two outhouses. A small baseball diamond had wear spots in the grass for the bases and home plate, and a simple chain-link backstop. There was a school bell in the cupola and a whitewashed board fence around the perimeter. Huge gray draft horses grazed in a field out back.

About noon, a group of Amish women from Michigan, visiting the area for a wedding, walked down the road and paused by the fence to pay their respects.

They looked anguished and spoke quietly to each other. Some buried their faces in their hands.

"This really hurts," said one of the women, Katie Weaver, 54. "But, see, at a very young age our parents teach us to forgive like Christ did, not man-made forgiveness. . . . Jesus still takes care of us, even if bad things happen. These children are in Heaven. We still weep and cry just like everybody else, but then we go to Christ.

"My mom and dad taught me, and now we teach our children the same, to forgive people if they hurt us or wrong us," she said. "Things are going to happen in life. We're going to get hurt. But . . . we have to forgive. . . . If we give it to God, he'll take it and make something good out of it."

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Also Wednesday, Janice Ballenger, a deputy coroner in Lancaster County, clarified comments she had made Tuesday about the number of wounds suffered by the children. She had said that she counted two dozen wounds in the body of one victim, whereas state police had said Roberts fired 17 or 18 shots from a pistol and a shotgun.

Ballenger said there was no discrepancy between the police and coroner's reports. Police said Wednesday for the first time that some of the victims were hit by several of the shotgun pellets, which left multiple wounds.

Amish School Survivors Struggle After Killings (NYT)

By Shaila Dewan

The New York Times, October 5, 2006

NICKEL MINES, Pa., Oct. 4 — In the past two days, Leroy Zook has talked his way into a bloodied schoolyard to free a nervous carriage horse, visited wounded children in hospital gowns and viewed dead ones dressed in white, shaken the hand of a killer's father-in-law, prayed, sung and milked his cows.

Seven members of Mr. Zook's family were in the one-room Amish schoolhouse on Monday morning when Charles C. Roberts IV rapped on the door armed with chains, clamps and guns. Mr. Roberts shot 10 girls — aged 6 to 13 — killing 5 of them and then committing suicide. All the Zooks — Mr. Zook's wife, two daughters, one of whom was the teacher, two daughters-in-law and two baby grandchildren got out unharmed, but not unshaken.

The police have praised Emma Mae Zook, the 20-year-old teacher who, with her mother, slipped out to call 911. Less has been said about the three women who were left behind as the gunman separated the girls from the boys and lined them up.

"They're actually hurting about as bad as anybody else," said Mr. Zook, standing on the driveway of the family farm just before supper, wearing suspenders and a straw hat with a papery black band around the brim. "I didn't realize that until I talked to them today. They were there when he was tying the girls up, and they were telling the children to stay calm, and he come down the line and turned them loose."

Mr. Zook said one of the wounded girls had been removed from her ventilator on Tuesday night and had told her parents about what happened after the children, who according to Amish custom are insulated from violence, had been left alone with Mr. Roberts.

"They talked with this gunman and asked him why he was doing this," Mr. Zook said. "And he told them why: he's angry at God, he's just bitter. He told them that they're supposed to pray for him that he wouldn't do this."

He also said, "The oldest girl there, she said 'Shoot me, and leave the others alone.' "

Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before.

On Tuesday, the state police said the two relatives had been interviewed and did not recall ever being sexually assaulted by Mr. Roberts. They would have been 4 or 5 at the time, said Linette Quinn, a spokeswoman for the state police. Mr. Roberts had never been the subject of any child molestation investigation, Ms. Quinn said.

She said the police had not yet interviewed any of the surviving girls.

As the community struggled to comprehend the killer's actions, families prepared for funerals. Horse-drawn buggies used by the Amish filled the field next to the home where a wake was being held for Naomi Rose Ebersole, 7. Children in bonnets clustered quietly in the yard, and women in long aprons carried casseroles to the door.

Mr. Zook said he and Emma Mae — his daughter — had gone to visit one of the wounded girls in the hospital that day. "That perked her right up," he said. But at the sight of her in the hospital bed, with tubes attached to her body, Emma Mae fainted, he said. "She's weak. She just went and sat down in a chair."

Behind him, Emma Mae's twin brother and a sister listened shyly to their father's conversation. Mr. Zook's wife, dressed in rubber boots, tended to chores.

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Throughout this ordeal, the Amish, whose avoidance of vanity extends even to buttons and zippers, have been the object of fascination not just because of their old-fashioned dress and rejection of modern conveniences like cars and electricity, but because of their stoicism, faith and capacity for forgiveness.

Rita Rhoads, a midwife who helped in the births of two of the murdered girls, said the father of one told her that God had helped his daughter. "He said there was a battle between good and evil Monday, and good won," Ms. Rhoads said. "He felt that way because the shooter was killed before he was able to carry out all of his plans."

Investigators said they believed Mr. Roberts intended to sexually molest the girls but was interrupted by the arrival of the police.

Lil Nissley, whose daughters had been playmates with one of the victims, said she was at the farm where those fleeing the schoolhouse — the male students and the adult women — had taken refuge. "Any outsider would have said, what's wrong with these calm people?" she said. "I mean, we were crying, we were praying, but we weren't hysterical."

But Ms. Nissley and her husband, David, who are not Amish, said the composure was a matter of culture and training, not suppression. "Their blood runs red," Mr. Nissley said.

Still, it is not unusual for the Amish to reach out to those who hurt them. When an Amish dies in a car accident, for example, the motorist is often invited to the funeral. Mr. Zook said he had shaken hands with Mr. Roberts's father-in-law, whom he encountered at the home of the Fisher family, who had three daughters in the school. One escaped, another was wounded and the third was killed. Mr. Zook said such encounters helped the survivors victims heal.

"I think it's helping him to meet people too, and see that there's no grudge," he said of the father-in-law. "How could you hold a grudge against the wife, the family?"

As satellite trucks and reporters descended on the area, many residents said they felt protective of the Amish, who shun publicity. And many Amish said they did not blame the English, as they call their non-Amish neighbors, for what happened.

But the shootings still meant a loss of trust between the Amish and the modern world, especially for the young. One 34-year-old Amish man, who said he would not give his name because he did not want to attract attention, said that the day after the shooting he had to ask a reporter parked near an Amish schoolhouse to move along because her presence was scaring the children.

"She was just sitting there doing bookwork, but the kids were all hiding behind the school peeping around the side," he said.

After all, they had just learned that the recent carnage occurred after an "Englishman" had parked his pickup truck in front of a school.

"It's going to be a scar on them for some time," the man said.

Shooter's Relatives: No Recall Of Being Molested (USAT)

By Alan Levin And Mimi Hall

USA Today, October 5, 2006

BART TOWNSHIP, Pa. — Two family members of the man who shot 10 girls in an Amish schoolhouse say they have no recollection that he molested them 20 years ago, as the gunman claimed, Pennsylvania state police said Wednesday.

Moments before he began firing at the schoolgirls in Monday's attack, Charles Carl Roberts IV called his wife and told her he was haunted by memories of molesting two young relatives. Roberts wrote in a suicide note that he had been dreaming he would molest again.

Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. "Both of them have no recollection of being sexually assaulted by Roberts" when they were 4 or 5 years old, trooper Linette Quinn said.

Roberts, a distraught milk truck driver, killed five girls and wounded five more in the attack. He arrived at the Amish school armed with guns, ammunition, plastic ties and lubricating jelly that police said he likely planned to use to sexually assault the girls. He killed himself as police stormed the schoolhouse.

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On Wednesday, the Amish community released its first public statement since the shootings, pleading with the news media to show respect during the girls' funerals and burials, which begin today.

"We don't know or understand why this happened, but we do believe that God allowed this to happen," said the statement released by state police. "The rest of us … will go on."

State police added additional details about the gruesome shooting Wednesday. Besides firing 13 to 15 shots from a 9mm handgun, Roberts fired four shots from a 12-gauge shotgun, three of which struck the schoolgirls.

Donations and support poured into this picturesque farming community as the Amish debated whether to destroy the one-room schoolhouse, now boarded up. The Amish families are considering destroying it, said Rita Rhodes, a midwife who delivered two of the girls who died.

Amish Bishop Reuben Fisher, a grandfather to three of the victims, is leaning toward tearing down or burning the school, said Rhodes, a spokeswoman for the Amish families.

"It doesn't really surprise me," said Kim Fortney, an expert on Amish culture at the Heritage Center of Lancaster County. "It's more of a human reaction than a cultural one."

Capital BlueCross, an area health insurance company, announced it had created a fund with $500,000 to pay for medical care and other needs of the families involved.

The Amish elders asked Kevin King of the Mennonite Disaster Service to run a local committee formed to oversee the donations.

King said the elders did not want to say how much money had poured in because they considered it "boastful." He predicted millions of dollars would be donated. (The Mennonite Disaster Service website is www.mds.mennonite.net.)

Kin Say Amish Gunman Didn't Molest Them (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, October 5, 2006

(AP) - NICKEL MINES, Pa.-Two relatives of the man who attacked an Amish school said they were not molested by him 20 years ago as he had claimed, investigators said Wednesday.

Charles Carl Roberts IV, 32, revealed to his family in notes he left behind and in a cell phone call to his wife from inside the West Nickel Mines Amish School that he was tormented by memories of molesting his two young relatives 20 years ago. He also spoke of having dreams about doing it again.

Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse.

"Both of them have no recollection of being sexually assaulted by Roberts," state police Trooper Linette Quinn said. "They were absolutely sure they had no contact with Roberts."

Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died. Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls.

As they struggle with the slayings, the Amish in this Lancaster County village are turning the other cheek, urging forgiveness of the killer and quietly accepting what comes their way as God's will.

"They know their children are going to heaven. They know their children are innocent ... and they know that they will join them in death," said Gertrude Huntington, a Michigan researcher and expert on children in Amish society.

"The hurt is very great," Huntington said. "But they don't balance the hurt with hate."

In the aftermath of Monday's violence, the Amish are looking inward, relying on themselves and their faith, just as they have for centuries. They hold themselves apart from the modern world, and have as little to do with civil authorities as possible.

Amish mourners have been going from home to home for two days to attend viewings for the five victims, all little girls laid out in white dresses made by their families. Such viewings occur almost immediately after the bodies arrive at the parents' homes.

Typically, they are so crowded, "if you start crying, you've got to figure out whose shoulder to cry on," said Rita Rhoads, a Mennonite midwife who delivered two of the five girls slain in the attack.

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At some Amish viewings, upwards of 1,000 to 1,500 people might visit a family's home to pay respects, according to Jack Meyer, 60, a buggy operator in Bird in Hand. Such visits are important, given the lack of e-mail and phone communication, Meyer said.

The Amish have also been reaching out to the family of the gunman. Dwight Lefever, a Roberts family spokesman, said an Amish neighbor comforted the Roberts family hours after the shooting and extended forgiveness to them.

"I hope they stay around here and they'll have a lot of friends and a lot of support," Daniel Esh, a 57-year-old Amish artist and woodworker whose three grandnephews were inside the school during the attack, said of the Robertses.

Huntington, the authority on the Amish, predicted they will be very supportive of the killer and his wife, "because judgment is in God's hands: `Judge not, that ye be not judged."

A deputy county coroner on Wednesday described a gruesome scene at the school, with blood on every desk, every window broken and the body of a girl slumped beneath the chalkboard, below a sign that read "Visitors Brighten People's Days." Roberts' body was face-down next to the teacher's desk.

"It was horrible. I don't know how else to explain it," said Amanda Shelley, a deputy coroner in Lancaster County.

Funerals for four of the victims - Naomi Rose Ebersole, 7; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7 - are scheduled for Thursday at three homes. The funeral for the fifth girl, Anna Mae Stoltzfus, 12, is Friday.

About 300 to 500 people are expected at each funeral, said Philip W. Furman, an undertaker. The church-led services typically last about two hours before mourners travel in horse-drawn buggies to a cemetery for a short graveside service.

In keeping with custom, the Amish use simple wooden caskets - narrow at the head and feet and wider in the middle. An Amish girl is typically laid to rest in a white dress, a cape, and a white prayer-covering on her head, Furman said.

Five other girls remained hospitalized - three in critical condition and two in serious condition. They ranged in age from 6 to 13.

Enos Miller, the grandfather of the two Miller sisters, was with both of the girls when they died. He was out walking near the schoolhouse before dawn Wednesday - he said he couldn't sleep - when he was asked by a reporter for WGAL-TV whether he had forgiven the gunman.

"In my heart, yes," he said, explaining it was "through God's help."

Memorial contributions can be sent to the Nickel Mine School Victims Fund, c/o Hometown Heritage Bank, P.O. Box 337, Strasburg, PA 17579

Associated Press writers Mark Scolforo, Adam Geller and Martha Raffaele contributed to this story.

Schools On Guard After Recent Shootings (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, October 5, 2006

CHICAGO, Oct. 4 -- After a spate of bloody schoolhouse attacks in the past month, school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer.

"We want to harden the target," said William Lassiter, manager of North Carolina's Center for the Prevention of School Violence. Noting that two recent cases involved outsiders looking for a place to make a gruesome statement, he said administrators should do small things -- limiting access, making sure all doors are locked -- "to make it at least look like the school would be a less vulnerable target."

The Anne Arundel County superintendent of schools, Kevin M. Maxwell, asked county police to show a stronger presence at school. The school district also expects to hold four drills before the end of the semester to rehearse emergency responses.

Each Maryland school district and school is required to have a crisis plan to cope with events such as a school shooting or a large-scale disaster like the Sept. 11, 2001, attacks.

In Seattle, schools have installed telephones in classrooms so that in an emergency someone could call 911.

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In Wyoming, even small schools are locking doors and channeling visitors through a single entrance.

In rural Pontiac, Ill., the superintendent issued a bulletin instructing teachers not to prop open any side doors.

A recent letter from Jefferson County, Colo., Superintendent Cynthia Stevenson reminded parents that children are far more likely to fall victim to a crime outside of school than inside. But she reported on recent security steps and urged parents to talk to their children about what kids should do if they spot a stranger at school. She said counselors would reinforce the message.

The stepped-up emphasis on security comes after four incidents that have shocked the country.

On Monday, a gunman in Nickel Mines, Pa., burst into a one-room schoolhouse, lined up 10 girls at a blackboard and shot them. Five have died.

On Sept. 27, a drifter near Bailey, Colo., took six teenage girls hostage, sexually assaulted them, then shot and killed one girl as police stormed into the school.

Last month, a plot to blow up Green Bay East High School in Wisconsin, spread napalm at the exits and shoot fleeing students was thwarted when an acquaintance of two 17-year-old conspirators told an assistant principal. Police said later that the two seniors, who each weighed 300 pounds, planned the attack in revenge for being harassed by other students.

And last week, in rural Cazenovia, Wis., a teenager brought two guns to school and shot the principal to death after a struggle with adults and other students.

Unlike the Columbine High School attack in Littleton, Colo., in 1999 and last year's deadly assault on a school in Red Lake, Minn., two of the recent incidents apparently involved adults with grievances unrelated to the schools.

"They're extremely difficult to predict, and when you start getting into a rural setting, it is much more challenging to call on law enforcement for a rapid response," said Ronald Stephens, executive director of the National School Safety Center, a California advocacy group. "When you talk to school administrators, they all thought 'it never could happen here.' "

Stephens pointed out that outsiders have committed violence at schools before. "Just crazy, demented people doing these kinds of things," he said. They sometimes seem to occur in waves.

Lassiter of the Center for the Prevention of School Violence says the gunmen chose rural schools because they were vulnerable, a stark contrast to the environment surrounding many urban schools.

Stronger security measures and improved vigilance by students and staff alike have made urban schools less common targets, according to experts. They say one key ingredient in school safety is the development of solid connections to law enforcement agencies and the surrounding neighborhood.

"When we know things are going on in the community, we beef things up," said James E. Breashears, principal of Paul Robeson High School, in a poor neighborhood on Chicago's South Side. "And it takes more than security. We know our students very well. Our security staff are involved with them after school in athletic programs or jobs or clubs."

Each morning at Robeson, students efficiently strip off their jackets and load their backpacks and purses onto the moving belt of an X-ray machine. They step through tall twin metal detectors -- one for boys, one for girls -- and head to class.

"We have guns all over here," said Donnell Ross, 16, "but not in the school."

School shootings are rare in Chicago, one of the nation's largest school systems. The last fatality on school grounds came in 2002, when a high school basketball player was shot in the back in a feud over a girl. And Breashears said it has been more than a decade since a gun was found at his school.

Bush Offers Sympathy To Keyeses, Vows To Address Problem (DENP)

By Chris Frates, Denver Post Staff Writer

Denver Post, October 5, 2006

President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings.

"A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes," said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. "She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people."

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Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings.

"We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks," Bush said. "May God bless Emily's family."

Staff writer Chris Frates can be reached at 303-954-1633 or cfrates@denverpost.com.

Spellings Say Religious Leaders Will Have Role At Conference (AP)

By Matt Curry

AP, October 5, 2006

GRAPEVINE, Texas - Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday.

The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls.

Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference.

"We certainly plan to ask faith-based leaders into these meetings on Tuesday," Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans.

Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions.

Evans agreed.

"I believe these kinds of tragedies, as tragic as they are, create opportunities. Just like Katrina, it creates opportunities for people to come together in a way they haven't come together," the pastor said. "At the bottom, fundamental level of this is moral choices people are making."

Three schools have been hit by deadly attacks recently. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; a 15-year-old Wisconsin student shot and killed his principal Friday; and a man took six girls hostage in Colorado on Sept. 27, sexually assaulting them before fatally shooting one girl and killing himself.

Spellings encouraged parents to take advantage of a "teachable moment" and check up on safety procedures at their children's schools.

"This is the time for parents to ask school leaders and principals, 'What plans are being made? ...What should we do?' " she said. "With young children, don't bombard them with information. Turn off the TV."

Earlier, speaking to about 700 church leaders, Spellings lauded the No Child Left Behind law but said more strides must be made to lift the academic performances of minority students.

She praised efforts by Evans that have led to churches adopting schools in their communities.

Before the speech, the audience was shown a video in which President Bush praised Evans, pastor of the 7,000-member Oak Cliff Bible Fellowship. Spellings called the pastor one of the "inventors" of the administration's faith-based initiative.

Pellet Gun Leaves 6 Hurt At Md. School (FINDLAW/AP)

AP, October 5, 2006

(AP) - PIKESVILLE, Md.-A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said.

The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured.

The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania.

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Authorities later found the pellet gun under a bush on school grounds, said Sgt. Vickie Warehime, a spokeswoman for Baltimore County police.

Police said they believe it was a student because no one was seen entering Pikesville High. Three officers were at the school on an unrelated matter before the shootings.

Police planned to check the gun for fingerprints. Detectives were interviewing the victims' friends, other students and faculty for any leads on a possible suspect.

Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though some schools told parents to come and pick up their children.

When Schools Turn Deadly (BOS)

The Boston Globe, October 5, 2006

ONE WONDERS what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend.

The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. A 32-year-old gunman, Charles Carl Roberts, invaded the schoolhouse in Bart Township, a farming community about 60 miles west of Philadelphia. According to news reports, he brought a handgun, shotgun, illegal stun gun, several knives, and more than 100 rounds of ammunition to dispatch a group of defenseless girls. But first, according to police, he had plans to assault them sexually.

Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence.

Parents shouldn't wait for a federal response. They can, and must, insist that their children's schools have a safety plan and inquire how it works and who is responsible for implementing it. Next, put an end at home to the kind of prolonged viewing of mass media violence that reputable researchers, including the Office of the Surgeon General of the United States, have linked to increases in aggressive behavior. Corrections officials must also find funds to treat the high rate of mental illness among prisoners. More than half of state prisoners suffer from such illnesses, according to the US Justice Department.

Most important, Congress must put an end to the callous efforts by the gun lobby to protect shady gun dealers. Mass murderers have no trouble stockpiling weapons. Yet police officers who want to share gun trace data with their counterparts in other states for the purpose of ferreting out rogue gun dealers face continued interference from the gun lobby and its partners in Congress.

The slaughter of the Amish girls was the third incident of deadly school violence in just a week. It shows that no one is beyond the reach of mass murderers. The best hope is to reach them first.

Justice Dept. Aims To Block Taiwan In Spy Probe (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, October 5, 2006

The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts.

The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng.

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After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and other documents about her dealings with Keyser.

The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office.

In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it "objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial." Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be "impracticable."

Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats.

Taiwan's unusual legal maneuver, which its attorneys sought to keep secret, was first reported last week by The New York Sun.

A former legal adviser to the State Department, Abraham Sofaer, said Taiwan might have the legal right to the return of its documents. "If we had an embassy and an embassy employee took stuff out of an embassy and took it to somebody, we would want to be able to get it back," the lawyer told the Sun. "We'd still have the right to get it back. … You can't have a waiver of sovereign immunity by that kind of conduct."

Keyser pleaded guilty to three felonies last year, but prosecutors, who claim he has failed to cooperate with the investigation, are seeking to bring new espionage-related charges against him. His lawyers are fighting the move and insist he has cooperated fully.

Fee-office Inquiry Yields No Charges (KCS)

By Steve Kraske

The Kansas City Star, October 5, 2006

The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday.

In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a "target, subject or witness" in the investigation.

"… Nor was he implicated in any allegation being investigated," Cummins said in a statement. "Any allegations or inferences to the contrary are uninformed and erroneous."

Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, "affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers."

Jackson said federal authorities never interviewed Blunt or anyone in his administration.

For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases.

In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power.

U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed the existence of the inquiry in April, although authorities refused to comment publicly at the time.

The U.S. attorney in eastern Missouri is Catherine Hanaway, a Republican and former speaker of the Missouri House. She has declined to comment on the case.

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Blunt's handling of the offices has been the source of considerable attention because of who received fee-office contracts and how he altered the system.

Among those who received contracts was Tracy Graves, wife of former Western District U.S. Attorney Todd Graves, a prominent Republican. She received the Gladstone office, regarded as one of the most profitable in the state, and her brother received the contract for the Sugar Creek office.

Democrats criticized the Tracy Graves appointment as a conflict of interest for the federal prosecutor, although the Justice Department did not agree. At the time, Blunt defended the choice, saying Todd Graves would recuse himself from any case if necessary. Since then Graves has left the federal post.

In the St. Louis area, Blunt awarded a contract to Garrett Lott, who had been fined two years earlier for violating campaign finance laws.

When he came into office, Blunt quickly expanded the system by privatizing the remaining 11 state-run offices. State workers are no longer employed in any of the offices, including the one in downtown Kansas City that the state had operated for years.

Another change was the creation of private umbrella companies that hire workers for the fee offices and handle the offices' cash flow.

Democrats contended Wednesday that the investigation was an embarrassment to the state and that serious ethics violations might have occurred even though Cummins declined to pursue charges. Jack Cardetti, a Missouri Democratic Party spokesman, said the allegations swirling around the fee offices were so serious that federal investigators "had to come into this state and look really hard at what they were doing."

However, Jared Craighead, executive director of the Missouri GOP, said Cummins' finding was an indictment of a "corrupt" Democrat Party and a "liberal media that prefers sensational headlines, unnamed sources and disgruntled Democrat claims to journalistic integrity and political independence."

Expert: Internet Ban A Boon To Gambling Industry (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, October 5, 2006

CARSON CITY, Nev. (AP) - Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday.

Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, "opens up huge opportunities" for the industry.

The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said.

Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers.

Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, "In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area."

Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers.

But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited.

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"The casino lobbyists in Washington, D.C., thought this was a pretty good deal. It's actually better than that," Cabot said. "It really opens up the field. It knocks out the offshore companies, and leaves the legal licensees open to take their positions."

The bill also exempts the horse race industry, state lotteries and fantasy sports betting, Cabot said, adding, "This clearly opens up a lot of doors."

"For fantasy sports, they have to be ecstatic because this completely takes any taint of illegality away from them, and gives them an opportunity to grow maybe three-, four-, five-fold," Cabot said.

Cabot said an obvious benefit for casinos would be online links between their progressive slot machines in one state with similar devices in other states. When casino activity is coupled with online betting on such devices, he said jackpots could swell to hundreds of millions of dollars and rival major multistate lotteries.

Several states, including Nevada, prohibit Internet gambling, and such ventures may take years to develop. But Cabot said the new law "is the seed for this to happen."

Some gambling foes have said the 1961 Wire Act, which prohibits making bets on sporting events over the phone, should be applied to Internet betting. Cabot said the Justice Department has contended that the act does apply to nonsports betting, but that argument has been successfully challenged in federal court.

The ports security bill, which contains the gambling act, is H.R. 4954.

Law Is Unlikely To Corral Internet Gambling (WSJ)

By David Wessel

The Wall Street Journal, October 5, 2006

Oh what a tangled web we weave when we seek to make the Net do as we please.

Politicians often proclaim that government should keep its hands off the Internet lest it be strangled. But almost any issue that draws congressional scrutiny -- pornography, privacy, piracy, prescription-drug prices, taxes, consumer-lending practices -- is now intertwined with the Internet.

Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and "unlawful" gambling site -- shows how tricky regulating the Internet can be.

Applying old laws to new technologies is messy: The Justice Department and the gambling industry disagree on whether existing federal law permits or bans Internet betting on horse racing. Ignoring the reach of the Internet can expose vulnerable consumers to rip-offs by unscrupulous Web sites: Requiring licenses for barbers and bricks-and-mortar casinos but letting Internet gambling sites take billions from Americans without any oversight is somewhere between foolish and irresponsible.

Passing new laws, however, can be messy, too. Make them too tough, and businesses move offshore. Make them too loose, and they make lofty promises without practical effect.

The Internet gambling saga is rich. There's the tension between the puritanical and libertarian strains among Republicans. There's maneuvering by U.S. casino companies eyeing what is said to be a $12 billion global market, which is regulated and taxed in other countries. There's the stench of scandal: Disgraced lobbyist Jack Abramoff helped thwart earlier legislative assaults on Internet gambling, and some Republicans backed the new law to show that Mr. Abramoff is history. And there's presidential politics: Senate leader Bill Frist is courting antigambling social conservatives.

So what did Congress do?

It did not resolve the contentious issue of what constitutes "unlawful Internet gambling."

Under presidents Clinton and Bush, the Justice Department has said the 1961 Wire Act, written in the days before telephone lines morphed into an information highway, prohibits all forms of Internet gambling. But a 2002 federal appeals-court decision ruled that the statute applies only to sports betting, not poker or casino games. That allowed online gambling to flourish in the U.S. -- until American authorities arrested a couple of foreign Internet-gambling executives.

Internet horse-race betting sites say another federal law makes their business lawful. The Justice Department says otherwise but has done nothing to thwart Youbet.com, a Woodland Hills, Calif., horse-betting site.

The new Unlawful Internet Gambling Enforcement Act applies to any "bet or wager...unlawful under any applicable federal or state law," without acknowledging that it's murky what is unlawful. The Senate did not embrace Virginia Republican Rep. Bob

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Goodlatte's bill to amend the Wire Act to explicitly apply it to the Internet. (Note to Wall Street: Relax. Congress explicitly excluded over-the-counter derivatives.)

Publicly traded European betting sites got the message and cut off U.S. customers. As Britain's PartyGaming PLC put it: As "the first piece of federal legislation dealing explicitly with Internet gaming, it does make clear that the U.S. government intends to stop the flow of funds from Americans to online gaming operators through criminal sanctions."

Because the Internet doesn't respect national boundaries, banning something in the U.S. can be a hollow act. ("Traditional law enforcement mechanisms," the bill says, "are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses state or national borders.") So the new law goes after the lifeblood of gambling sites: money. It will be a civil and criminal offense to move money between bettor and "unlawful" gambling site. (The new law specifically excludes horse betting from its ban.)

Major credit cards already ban their use for Internet gambling, as does eBay Inc.'s PayPal service, but other online outfits, such as Neteller.com, based in the Isle of Man, sprang up to move money to the sites. This bill takes aim at them.

Although Congress resisted the temptation to require search engines such as Google Inc. and Yahoo Inc. to scan the Web to identify gambling sites, it empowered federal prosecutors and state attorneys general to go to court to force search engines to remove links to specific gambling sites, just as the sites now do for child porn. Of course, this is the sort of thing that brings howls when Google is told to do it by the French (to sites selling Nazi paraphernalia) or the Chinese (to sites questioning the Chinese government).

So the big publicly traded Internet gambling sites have left the U.S., disappointed that their plea -- "regulate us and tax us to make our business legit" -- has been rejected. Determined American bettors are bound to seek technological back doors to keep betting at those sites or, more likely, at shadier, less scrupulous underground betting sites. And big U.S. casino companies have pushed out potential foreign competitors in case, someday, Internet gambling becomes legal in the land where lotteries are seen by governments as a smart way to raise revenue.

In days before the Internet, Prohibition didn't stop drinking, and gambling bans didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling.

Earth Liberation Front Members Plead Guilty In 2001 Firebombing (SEATT)

By Hal Bernton And Christine Clarridge, Seattle Times staff reporters

Seattle Times, October 5, 2006

TACOMA — Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences.

They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture.

On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West.

Under the terms of separate plea agreements, prosecutors will recommend that Kolar, 33, of Seattle, receive a federal prison sentence of five-to-seven years, and a three-to-five-year term for Phillabaum, 31, of Spokane. The two were released without bail following their pleas.

"These violent acts of destruction are not a valid form of political speech," said U.S. Attorney John McKay. "We hope that these significant prison terms will dissuade others."

Both women faced a minimum of 30 years in prison if they had gone to trial and been convicted of all counts listed in their plea agreements.

The separate court hearings and briefings by the U.S. attorneys Wednesday offered the most detailed accounts yet of the people and events that led to one of the most high-profile and controversial of the Earth Liberation Front attacks.

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The ELF sought to target genetically-engineered poplar trees at the UW. But the attacks ended up destroying other research projects, include wetlands restoration and endangered stickweed plants.

The attack reflected a shift in focus from earlier eco-sabotage acts. The FBI had ranked the ELF and the ALF as among the nation's top domestic terrorism threats after a string of attacks beginning in 1996 against U.S. Forest Service buildings, a Vail, Colo., ski resort, a wild horse slaughterhouse and other targets.

In 2000, in an attempt to recruit more people to join their attacks, the ELF held a series of secret meetings in Oregon, California, Arizona and Washington. At those meetings, they agreed to target companies and government facilities involved in genetic engineering, according to court documents.

The biggest strike was a planned, early morning double-hit on May 21, 2001, against genetically-engineered poplar, fast-growing trees used for pulp and lumber.

The targets were an Oregon poplar farm owned by a timber firm and the Center for Urban Horticulture office of UW professor Toby Bradshaw, who received timber-industry funding for poplar research.

The ELF's news release, issued five days after the arson attacks, said the poplars pose "an ecological nightmare" for the diversity of native forests.

The UW attack was planned at a secret meetings in Olympia, where a garage had been fashioned into a "clean room," to manufacture time-delayed fire bombs, according to Andy Friedman, a U.S. assistant attorney for Western Washington.

At the hearing, Kolar admitted she used a knife to cut glass so others could get into Bradshaw's office. Phillabaum admitted to being on-scene, but her role in the attack was not detailed.

Three other people were at the scene of the attack, according to federal prosecutors.

• Bill Rodgers, 40, considered to be one of the top organizers of the ELF and a hands-on participant who allegedly help set the fire bombs inside the UW horticulture center. Rodgers, a bookstore operator in Prescott, Ariz., was taken into federal custody last December, then committed suicide in an Arizona jail. He has been implicated in at least nine attacks, including the 1998 fire bombing in Vail that caused $12 million worth of damage.

• Justin Solondz, 27, who once lived on the Olympic Peninsula, allegedly helped assemble the fire bombs in an Olympia garage converted into a clean room, and joined Rodgers in setting the devices inside Bradshaw's office. Solondz is now a fugitive.

• Briana Waters, 30, of California, served as a lookout and has been indicted for her role in the arson. She is expected to face trial on charges that include use of a destructive device in a crime of violence. If convicted of that charge, she faces a minimum of 30 years in prison.

Bradshaw, the professor who was the target of the attack, said Wednesday that the fire burned his office, but his main loss was books and personal effects, rather than research. He had some 80 genetically-engineered poplar trees stored in a separate greenhouse that was undamaged by the fire.

The fire took the biggest toll on the work of some two dozen colleagues involved in a wide range of plant research destroyed by the fire.

"The truth is that we're dealing with a bunch of misinformed ... folks who don't understand the research that was being carried out," Bradshaw said. "Even though I was the target, I am the one who was least affected."

The rebuilding of a new, $7.2 million horticultural center was completed in 2004.

At separate hearings in Tacoma, Kolar and Phillabaum offered short answers to questions from a judge reviewing the details of the plea agreement.

Kolar was composed throughout her hearing. Phillabaum offered a long silence and choked back tears before her first response. Soon, her voice grew stronger.

Both Kolar and Phillabaum graduated from Shadle Park High School in Spokane, but it is unclear whether the two women knew each other there.

Kolar is the daughter of a contract writer for a publishing company and became an activist after moving to Boulder, Colo., to attend college there, said her ex-husband Dominik Minier, of Spokane.

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"She had been a vegetarian, but she started getting a lot more serious about veganism. She said she couldn't wear leather sandals or leather jackets," Minier said. "It seemed like more and more she was going off the edge with it."

Phillabaum is "bright, articulate and passionate about what she believes in," said her father, Steve Phillabaum, of Spokane.

He said his daughter has spoken frankly about the arson.

"Everybody realizes that Lacey made a mistake years ago and we're proud of her for acknowledging that, and dealing with what she did openly, honestly and appropriately," he said.

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Material from The Associated Press was used in this report.

2 Plead Guilty In UW Arson (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 5, 2006

Both will testify against comrades in lab bombing

TACOMA -- Five ecoterrorists allegedly gathered in an Olympia home five years ago to hammer out details of their planned attack on the University of Washington.

In a garage turned into a bomb factory, one man carefully put together the incendiary devices, authorities say.

The next day, in the wee hours of May 21, authorities contend they converged on the UW's Center for Urban Horticulture, broke into the office of biologist Toby Bradshaw, set their firebombs and made their escape before the place was immolated. It was the biggest ecoterrorist attack in Western Washington history.

The shadowy Earth Liberation Front took credit for the 2001 attack, saying it was aimed at destroying what they wrongly believed to be genetically engineered poplar trees in Bradshaw's lab.

Two of the five -- Jennifer Kolar, 33, of Seattle and Lacey Phillabaum, 31, of Spokane -- pleaded guilty Wednesday in U.S. District Court in Tacoma to arson, conspiracy to commit arson and use of a destructive device during a crime of violence.

The destructive device charge carries a mandatory minimum sentence of 30 years and up to life in a federal prison. But they won't see anything near that kind of hard time.

That the government "flipped" Kolar and Phillabaum, an environmental journalist, turning them into witnesses for the prosecution, became evident Wednesday when Assistant U.S. Attorney Andrew Friedman read portions of a sealed plea agreement to the court.

The agreement details how Kolar and Phillabaum met with co-defendants Briana Waters, 30, of Berkeley, Calif.; Justin Solondz, 27, most recently of Jefferson County on the Olympic Peninsula; and William Rogers, who killed himself in an Arizona jail cell last year while facing extradition to Seattle.

When the five arrived near the horticulture center not far from the University Village shopping center, Waters stayed at the car to act as a lookout while the others headed for the center building.

Kolar used a tool to cut the glass to a window at Bradshaw's office, Friedman told the court. Rogers and one other went inside and placed one or more firebombs inside.

After the fire, it cost more than $7 million to rebuild the facility, but no dollar figure can be put on the rare and endangered plants that were destroyed or the research that was lost.

Both women -- before pleading guilty -- admitted the account read by Friedman was accurate. Both admitted other ecoterrorism crimes, too.

Kolar and another person sought to firebomb a gun club in Colorado in October 1998. The firebombs failed to ignite.

Phillabaum and others also tried to destroy what they thought were genetically engineered poplar trees at an Oregon State University site near Corvallis in March 2001. Phillabaum got spooked and called it off. But others returned a few days later and finished the job, Friedman said.

Wednesday, Bradshaw praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police.

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"I'm certainly ecstatic -- beyond happy -- that the people who were involved in the firebombing were caught and brought to justice," he said.

Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment.

The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee.

Researcher Sarah Reichard had planned to reintroduce the "showy stickseed" plants back into the environment. Attempts to reach her for comment Wednesday weren't successful.

"There were a lot of victims," said Bradshaw, whose own research went largely unscathed. Several graduate students working on their theses saw research go up in smoke. "But that's the nature of violence when it's perpetrated by ignorant people. The environment certainly didn't benefit."

Waters faces trial next year. Solondz is a fugitive.

The five allegedly responsible for the UW fire are considered to be part of a larger ecoterrorism cell that also includes Joseph Dibee, 38, formerly of Seattle. He was indicted by a federal grand jury last week on charges including possession of a destructive device in connection to a crime of violence. The device was allegedly used in the arson of the federally owned Litchfield Wild Horse and Burro Corrals in Susanville, Calif. Dibee is a fugitive.

At least three others are linked to the group. Two are in custody in Oregon, and one is a fugitive.

As part of the plea agreement, Kolar and Phillabaum will have to help the government by testifying against their former comrades at trial. Under the terms of the agreement, Kolar faces five to seven years in prison. Phillabaum faces a three- to five-year term.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

2 Women Plead Guilty In UW Ecoterrorism (AP)

By CURT WOODWARD, Associated Press Writer

AP, October 5, 2006

(10-04) 19:06 PDT Tacoma, Wash. (AP) -- Two women pleaded guilty Wednesday to conspiracy, arson and bomb charges in the 2001 firebombing of the University of Washington's horticulture center, one of the Northwest's most notorious acts of ecoterrorism.

Jennifer Kolar, 33, and Lacey Phillabaum, 31, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Under their plea agreements, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deals instead will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Neither woman commented to reporters after leaving the courtroom.

After the hearings, U.S. Attorney John McKay said the women had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

The fire on May 21, 2001, severely damaged the building, which was rebuilt at a cost of about $7 million. The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility and issued a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

Kolar also pleaded guilty Wednesday to an attempted arson charge for a failed 1998 firebombing that damaged a Colorado gun club that organized a multistate turkey shoot.

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Under the plea deal, the two women will not face additional prosecution for other attacks, including Phillabaum's admitted role in destroying five acres of canola in Eastern Washington and Kolar's alleged part in arsons in Oregon in 1997 and California in 2001.

At least three others were involved in the UW firebombing, court documents allege.

Briana Waters of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May. William Rodgers of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

A fifth suspect, Justin Solondz, formerly of Jefferson County, Wash., remains at large.

Seattle Woman Pleads Guilty In 2001 UW Firebombing Attack (AP)

By Curt Woodward, The Associated Press

AP, October 5, 2006

TACOMA, Wash. - Two women who helped carry out an ecoterrorism firebombing at the University of Washington pleaded guilty to felony charges Wednesday in deals that could drastically reduce their prison time.

Jennifer Kolar, 33, of Seattle, and Lacey Phillabaum, 31, of Spokane, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Neither woman commented to reporters after leaving the courtroom.

Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious acts of ecoterrorism, caused some $7 million in damage.

The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

After the hearings, U.S. Attorney John McKay said the conspirators had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

Kolar and Phillabaum each pleaded guilty to charges of conspiracy, arson and use of a destructive device.

Kolar also pleaded guilty to an attempted arson charge for a failed 1998 firebombing that damaged a Wray, Colo., gun club that organized a multistate turkey shoot.

Under the plea agreement, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deal instead will ask that Kolar serve five to seven years. Phillabaum will face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Authorities allege three others were primarily involved in the UW firebombing.

Briana Waters, of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May 2007. William Rodgers, of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

Authorities Wednesday said the fifth person named in the case, Justin Solondz, formerly of Jefferson County, Wash., is still at large.

Kolar remained composed during Wednesday's hearing, answering "Yes, your honor" to a series of routine questions about her understanding of the plea deal. She and attorney Michael Martin declined comment outside the courtroom, and Kolar turned her back on news reporters as she entered an elevator.

Phillabaum was more emotional in court, crying when she first spoke in response to Burgess' questions about her age and education. She paused a few times to confer with her attorney, Gil Levy, and thanked Assistant U.S. Attorney Andrew Friedman as he left the courtroom. Phillabaum declined to make any statement afterward.

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The Justice Department has said a nine-year investigation into vandalism, arson and ecoterrorism eventually uncovered a conspiracy involving at least two dozen people who held secret meetings around the West to plan their attacks.

Most have been charged in Washington state or Oregon.

Pressure Builds In Probe Of Bryant (PHI)

By Dwight Ott

The Philadelphia Inquirer, October 5, 2006

New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm.

Bryant (D., Camden) already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. "Randy" Primas Jr.

The subpoena from the U.S. Attorney's Office orders the redevelopment agency to surrender the records by Oct. 18 and signals a swarm of federal and state criminal investigations involving Bryant and various Camden agencies.

"It's our intention to comply completely with the federal subpoena," Primas said.

Primas said city workers yesterday supplied other documents sought by the state attorney general in a subpoena issued last week. That probe sought documents involving the Cramer Hill redevelopment and a $1 million account held by Primas' office. Bryant, as state senator, helped steer the money to Camden.

Primas said state investigators indicated they might seek further information.

On Friday, the Camden Housing Authority also received a subpoena from the state attorney general, requesting information on grants and other funding since 2004. Primas, who has veto power over the Housing Authority, said he expected Housing Authority officials to comply with that subpoena.

One of the Camden Redevelopment Agency board members asked at yesterday's meeting if a subpoena from the U.S. attorney was routine.

"No," answered Primas. "There have been a number of circumstances that have made their way into the media about Sen. Bryant's role as budget chairman and procuring $1 million for the city budget."

He also cited Bryant's job at the university, which he said also could have spawned the probe.

"We feel that report prompted the request by the FBI," he said, adding: "We are obligated and happy to provide all the data."

Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate.

"We told them all our files are open, and we anticipate they will be sending an investigator down to review the documents," he said.

2 More Plead In A.C. Corruption Case (AP)

By Geoff Mulvihill, Associated Press Writer

AP, October 5, 2006

CAMDEN (AP) -- An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion.

Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts.

Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts.

They were the second and third city officials convicted in the operation in the resort city, a development hotspot with a history of raucous politics and corruption.

Prosecutors say the investigation is continuing, which may be a reason some details, such as the identities of the businessmen in Jones' case, were not revealed.

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Rosario admitted to a crime similar to the one then-City Council President Craig Callaway pleaded guilty to in August. That same month the informant, Terry Jacobs, pleaded guilty to drug charges.

Rosario, 48, admitted that he took payments in 2004 and 2005 as a thank-you for supporting a developer's bid to get work in redeveloping the former site of a department store and in return for future support of a developer seeking work to redevelop Bader Field, the old municipal airport that closed last week.

That 190-acre plot not far from the Boardwalk is coveted by developers who envision anything from another casino to an amusement park there.

Rosario said he did not know that when he was accepting bribes, Callaway was also.

After his plea today, Rosario was contrite.

"I'll take the full responsibility for it," he said, adding that he was resigning his seat on the 9-member city council.

Jones, 79, declined to comment after his court proceeding. Assistant U.S. Attorney Thomas Eicher said Jones was caught in the same operation as the other officials, but he hinted that Jones got his bribes from someone other than Jacobs and the FBI agent.

"If we're involved in making the payments, we know exactly what it is," Eicher said.

Federal prosecutors said both men would likely receive prison sentences of 2 to 2“ years. Both are scheduled to be sentenced Feb. 1.

Two Atlantic City Councilmen Plead Guilty To Bribery (PAC)

Press of Atlantic City, October 5, 2006

CAMDEN – Atlantic City Councilman Gibb Jones pleaded guilty in federal court this afternoon to taking more than $5,000 in bribes from 2003 to January 2006 to steer city contracts two unidentified businessmen.

Jones declined comment as he left the courtroom. Officials refused to identify the businessmen because the investigations are continuing.

Earlier in the day, Atlantic City Councilman Ramon Rosario pleaded guilty today to taking $14,000 in bribes between August 2004 and August 2005.

Both men face a 20-year maximum sentence , though is expected to receive 24 to 30 months in federal prison at his Feb. 1, 2007 sentencing.

Rosario apologized to constituents, residents and others in a courthouse steps statement after the plea. Rosario also said he will resign his council seat.

In his plea, Rosario said he took $5,000 from a contractor, later identified as Terry Jacobs, and an FBI agent posing as a Wall Street financier. The plea said the $5,000 was in exchange for development work and contracts at Atlantic City's Garwood Mills site. It was also for political support at the Bader Field site.

Two More Plead In A.C. Corruption Case (PHI)

By George Anastasia

The Philadelphia Inquirer, October 5, 2006

Two more Atlantic City politicos pleaded guilty to bribery-related charges yesterday as part of a federal corruption investigation dubbed "Operation Steal Pier."

The pleas, from Councilman Ramon Rosario and former Councilman Gibb Jones, came just five weeks after the former president of City Council in Atlantic City pleaded guilty to similar charges.

In separate hearings before U.S. District Court Judge Joseph Rodriguez in Camden, Rosario, 48, admitted to accepting $14,000 in bribes in a cash-for-contracts scheme that was part of an FBI sting operation, and Jones, 79, acknowledged that he received more than $5,000 in bribes.

On Aug. 30, Council President Craig Callaway and two others entered guilty pleas in the same corruption probe. Callaway resigned that day. Rosario announced yesterday that he also was stepping down.

"I apologize to the people of Atlantic City and to my family," Rosario said outside the federal courthouse in Camden yesterday after being released on $25,000 bail. "I made a mistake... . I'll take full responsibility, and I'll pay the consequences."

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Both Rosario and Jones, who resigned from the council last month for health reasons, face prison terms of about two years. They are to be sentenced in February.

According to federal prosecutors, Rosario was caught in the same FBI sting operation that netted Callaway. The councilmen admitted accepting a series of payments from an FBI undercover agent posing as a Wall Street financier.

In exchange for the cash, Rosario promised to steer city construction contracts to Terry Jacobs, an Atlantic County contractor who was posing as an associate of the financier and secretly working with the FBI.

Both Jacobs and the undercover agent taped conversations in which the cash-for-contracts schemes were discussed.

Jacobs, who was originally a target of the FBI probe, began cooperating after he was arrested on cocaine-trafficking charges in January 2004.

He pleaded guilty to drug charges on the same day that Callaway and former Camden City Councilman Ali Sloan El pleaded guilty to extortion charges, admitting that they had accepted cash from Jacobs and the FBI undercover agent.

Rosario pleaded guilty to a one-count extortion charge alleging that he accepted a $5,000 payment on Aug. 31, 2004. But in details of the investigation outlined in court by federal prosecutors Thomas J. Eicher and Judith Germano, authorities charged that Rosario had received three additional payments totaling $9,000.

Jones, on the other hand, pleaded guilty to receiving payments of more than $5,000 from two individuals identified only as "businessman 1" and "businessman 2" in 2003.

Neither Eicher nor Germano would provide more details, but they indicated that the payments were not made by the FBI undercover agent. The charges stem from a "related" investigation, they said, adding to speculation in Atlantic City that at least two other businessmen had been targeted in the probe and had agreed to cooperate.

The guilty pleas are part of the FBI's "Operation Steal Pier," a play on words that evokes both a famous former Boardwalk landmark and the city's long-standing reputation for corruption.

3rd Prison Guard Pleads Guilty In Sex-for-contraband Scandal That Ended In Florida Shootout (AP)

Associated Press

AP, October 5, 2006

TALLAHASSEE, Fla. – A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud.

E. Lavon Spence told a federal court Tuesday: “I had sexual contact with inmates and brought in contraband.” He said that contraband included cigarettes.

In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses.

Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for December.

He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William “Buddy” Sentner was also killed.

The six were accused of a scheme in which guards paid female inmates for sex with alcohol, food, money and marijuana over a two-year period, and intimidated inmates and witnesses to ensure their silence.

Two of the guards, Alfred Barnes and Vincent Johnson, pleaded guilty to mail fraud in September. Two others, Gregory Dixon and Alan Moore, are scheduled to go to trial Oct. 30. Dixon's attorney filed a motion Friday to dismiss an indictment against him.

Judge Won't Throw Out Porn Case Against Karr (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

DOJ_NMG_0075726

SANTA ROSA, Calif., Oct. 4 -- A judge declined Wednesday to grant a second request by the defense to dismiss the child pornography case against the onetime suspect in the JonBenet Ramsey murder case.

John Mark Karr's attorneys had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it.

A prosecutor said she had not deliberately withheld anything, and Sonoma County Superior Court Judge Rene Chouteau agreed, saying Karr "should have had knowledge of the state of the computers," making the defense's reliance on Knutson unnecessary.

Last week, a different judge declined to toss out the misdemeanor case after the defense sought a dismissal based on a loss of evidence.

Investigators have acknowledged they lost Karr's computer but said they found a "mirror image" of Karr's hard drive on a Sheriff's Department computer. Defense attorneys have since moved to exclude that evidence, but a judge has not heard arguments on that request.

The lawyers also want the judge to exclude a computer printout cataloguing the evidence found on Karr's hard drive and to invalidate the search warrant that led to the confiscation of the computer, saying investigators were relying on information from a confidential informant who was mentally ill and unreliable.

Chouteau is expected to hear arguments Thursday on those motions.

Defense attorney Robert Amparan revealed Wednesday that the printout showed that the computer had not been used since 1998, three years before Karr was charged in the pornography case.

Parents Of 21-year-old Charged With Kidnapping Bride-to-be (USAT)

By Emily Bazar

USA Today, October 5, 2006

Sometimes a bride or groom has second thoughts as the Big Day approaches.

In this case, it was the bride's parents.

Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage.

They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. “You can't take an adult child against their will, even if you don't agree with the course of action or the path they're taking in their life,” he said.

Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23.

Bryson doesn't think the bride's parents attended the ceremony.

The ordeal began Aug. 4, the day before the couple was to wed at the Salt Lake Temple of the Church of Jesus Christ of Latter-day Saints.

The Redds told their daughter they were taking her shopping. She later told investigators she realized something was wrong when her parents drove south instead of north toward the store, Provo Police Capt. Rick Healey said. They ended up about 240 miles away in Grand Junction.

“The bride-to-be discovered she wasn't going to be allowed to return,” Healey said.

When Julianna didn't show up for a dinner that night, Myers called police to report her missing.

The Redds and their daughter spent the night at a hotel in Grand Junction. The next day, Julianna told her parents that she agreed not to get married, Bryson said. “She was able to convince them she would not marry this young man if they brought her back,” he said. “She told them what they wanted to hear.”

As soon as they got back, though, Julianna “left with the groom-to-be, and from that point, I don't think there was a lot of contact” with her parents, Healey said.

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The Redds and the Myerses did not return messages requesting comment. Utah's maximum penalty for kidnapping is 15 years in prison, but Bryson said that if the Redds are convicted or plead guilty, he doesn't expect them to go to prison. They would probably get probation and might serve jail time, he said. Their first court appearance is scheduled for Oct. 26.

Julianna said she hopes her parents get help.

"It has nothing to do with Perry," she told The Salt Lake Tribune. "It was just problems our family has been dealing with our whole lives. Control issues. Communication issues."

Limited Duty, Full-Time Pay (WP)

By Mary Pat Flaherty And Sari Horwitz

The Washington Post, October 5, 2006

Anthony Medoro had troubles with his boss. His supervisor was "dictatorial and micromanaging" and undermined his self-confidence, Medoro said. The stress was so oppressive he couldn't bear going to work.

Medoro, then 44 and a D.C. police sergeant with 20 years on the force, filed for sick leave due to job-related stress. Medical staff noted that Medoro had long-standing problems with weight gain, high blood pressure and domestic strife that also could have accounted for his anxiety, but D.C. police administrators accepted Medoro's arguments and concluded that his stress came from his job.

That decision in 2002 put Medoro in a remarkable position: For more than a year, he did no work but collected his full salary of $71,000, tax-free. Medoro used none of his own sick leave and continued to qualify for raises, vacation time and credit toward his pension, personnel records show.

Medoro returned to a new assignment and a new supervisor in September 2003, but within a month, he filed another stress claim and then, a third. By then, the department had narrowed its definition of on-the-job stress and rejected his new claims.

Now a lieutenant in the 5th District in Northeast, Medoro is among hundreds of police officers who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets.

More than 4 percent of the city's nearly 3,800 officers are unavailable for full duty because of injury or illness. After a string of homicides this summer, D.C. Police Chief Charles H. Ramsey spent $10 million in overtime and resorted to six-day workweeks and vacation restrictions to beef up police presence in neighborhoods. Last week, homicides spiked again.

The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding.

One officer who hurt his knee at the police academy without ever making it on patrol did limited work at full pay for five years. Another officer who injured his legs in an off-duty motorcycle accident earned full pay but worked partial duty for 14 years. Told he would have to retire, the officer made a videotape of himself running and said he was fit for work.

"Shame on us," Ramsey said, when asked to look over a collection of injury reports that his department had approved. "If you're going to fight crime, you have to have people on the street, and this problem means I don't have as many as I could."

In late 2003, 11 percent of the force was out, the equivalent of an entire police district. In the years since, Ramsey said, the department has made "good progress."

But some neighborhoods are still disproportionately affected. Early this year, for example, two areas of Northeast, including the Trinidad and Michigan Park neighborhoods, were without 15 percent of their patrol officers because of injury and illness, staffing records show.

Baltimore has driven the number of its unavailable officers far lower, and faster -- from 5 percent of its 3,200-member force a year ago to about 1 percent, according to the city's Office of the Labor Commissioner.

Within the D.C. department, some officers say they resent having to compensate for missing colleagues. But outside the department, the cases draw little scrutiny because decisions are made behind closed doors.

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The Washington Post reviewed hundreds of public and private documents, including court cases, retirement hearing transcripts, medical assessments and police records since 2003. That review shows that officers with little or no chance of being able to patrol were kept on the force for years, preventing the department from hiring able-bodied officers to replace them. A cumbersome process caused long delays in forcing officers to retire. In a few cases, claims continued to be covered even after the department learned officers were lying about injuries.

The fastest-growing type of claim was from officers who said they couldn't work because of extreme stress. But of 135 stress cases reviewed by The Post -- all of those active in late 2004 and 14 more from court files and other documents -- the majority cited common workplace tensions. Only 12 cases involved a shooting or being threatened with a gun. Just four described a single traumatic event as the source of stress.

The remaining claims included officers who said they were too stressed to work because of arguments with colleagues, shift changes, disciplinary actions, the end of an affair with a supervisor or being forced to teach an unpopular class at the academy. Each of those claims was approved, and the officers received full pay while away from full duty for at least a year.

Despite tighter standards, the department still has a generous benefit "unheard of in private industry and public service," an internal department memo said. Commonly, employees on workers' compensation collect two-thirds of their salary and pay no federal or state income tax. But District officers hurt on the job who can't go to work collect all of their salary tax-free -- meaning they lose money by returning to work.

For years, officers were loosely monitored once they were off, records show. One D.C. officer on sick leave worked for a Pennsylvania police force until he was discovered by the District and submitted his resignation.

Medoro, who described his job stress as "way beyond the commonplace," said the department paid little attention when he was on leave. "I could have fallen off the face of the Earth for the first six months I was off."'We've Been Too Easy on This'

Each day, on average, four D.C. officers file claims of illness or injury.

In addition to sick leave, the District allows recuperating officers to work limited duty, mainly doing clerical work and often for restricted hours. Those arrangements were meant to be temporary to give officers time to recover or, if they could not return to the rigors of regular police duty, to be retired on disability.

"The overwhelming majority do it right. They get hurt. They come in. They get treatment. They go back to work," said Ira Stohlman, medical services manager for the department.

Stephen M. Strader, however, never made it past being a recruit. In 1998, Strader injured his left knee during training runs. For most of the next five years, while still listed as a recruit, he delivered mail and did office work until he was forced to retire in 2004, records show. Strader did not respond to requests to discuss his case but, under the department formula, he is eligible for a lifetime tax-free disability payment of at least $19,278 annually.

Officer Debra A. Domino collected full, tax-free pay for 18 months while off work -- roughly $80,000, according to city pay records. She had been a crossing guard coordinator in the 6th District in Northeast but was reassigned to a beat in late 2002, a change she objected to. When she confronted her supervisors with her objections, their reaction added to Domino's stress, she said, and left her unable to work. Domino, 41, returned to full duty in July 2005 after being threatened with retirement, according to records.

Domino did not respond to interview requests, and police officials said they would not discuss individual cases. But Ramsey and others say the department's lax approach in the past rewarded underperformance.

"We've been too easy on this, and we would have been remiss if we let it continue," said Assistant Police Chief Shannon P. Cockett, who oversees human services for the department.

Under controls promoted by D.C. Council member Kathy Patterson (D-Ward 3) and adopted by the council, officers away from full duty for more than 172 work days in a two-year period are considered disabled and can be processed for forced retirement. The law took full effect in June 2005.

Officers who want to stay on the job must be capable of patrolling. If officers "can't do what we need . . . they should not be carried on the force," Cockett said. "This is not a lifetime hire."

In spring 2005, the department told 166 officers that they were approaching the 172-day cutoff and could be forcibly retired. Forty-three officers immediately said they would return to work, raising questions about why they had not done so earlier.

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"Malingering is hard to prove," Cockett said. But those notices, she said, spurred "some miraculous recoveries."

" 'Miraculous' is cynical," said Gary Hankins, a former officer and labor consultant to the police union. "When the department holds an ax over people's heads, it could be forcing back officers who aren't ready to return but are afraid of losing their jobs -- and not doing them or the public much good."

The process remains complicated by multiple layers of review: Officials within the department initially decide whether a claim is job-related. Medical personnel on contract to the city at a police clinic determine whether an officer stays on sick leave, works limited duty, returns to full duty or should be considered for disability retirement.

An independent retirement board either orders a disability retirement or tells the department it must retain the officer.

The stakes are high, because injuries that are deemed to be work-related draw higher payments and free care from the clinic. The department recently fired an officer who forged the date on a clinic report to get more time off. A few officers have been so belligerent during clinic visits that medical workers asked for armed officers to be stationed outside their doors. One officer threatened physical retaliation if a medical staffer did not back up his injury claim.New Standards for Stress

When the number of unavailable D.C. officers peaked in 2003, one of every five was claiming stress as the problem, police records show.

Officers and the union attribute the stress to several factors, including poorly trained managers, heightened terrorism fears and the cumulative effect of a difficult job on an aging force.

But also, Cockett said, "word got out that you could get away with just about anything, and they thought there was a gravy train rolling, and they jumped on it. "

Department officials say it is difficult to separate officers who are slacking from those who are genuinely ill. "Once an officer cites stress, it's a hard one to knock down," said Diana Haines Walton, deputy director of human services. "It makes it really hard on commanders, because you can't risk it. You have to take the officer's account at that point."

Injury reports show that officers have been out on stress claims because they were facing investigation for wrongdoing. One cited personal bankruptcy. Another said that after she was reassigned to a new unit, she couldn't find her way to crime scenes. Still others said they were too stressed to work because their hours had changed.

"If you're under investigation, it's supposed to be stressful," Ramsey said. "If you go out sick saying, 'My sergeant yelled at me,' that's juvenile, and trying to justify it is appalling. And we all were grown-ups when we took this job, and we get paid pretty darn well for it. So, c'mon, we're the police -- someone has to work midnights."

In mid-2003, Cockett ordered a review of the stress cases and concluded that a large number were workplace complaints that, even if legitimate, should not be resolved as medical claims.

The department then moved from having "no standard," in Cockett's words, to a much tighter set of rules. Now, stress claims can be approved as job-related only for officers who are assaulted or suffer a life-threatening injury on duty or those who kill or seriously injure someone.

The department reclassified 37 cases as unrelated to work. The officers then had to use their sick leave, pay for private medical care and pay taxes on their salary if they wanted to remain off.

From a high of 75 in 2003, the department has slashed the number of stress cases to five and ruled just one job-related, said Cockett, who calls that a success. But union officials say the department has gone too far.

The Fraternal Order of Police challenged the stress policy as illegal, and an arbiter ruled in the union's favor last year. The department has appealed that finding and in the meantime is sticking with its new standard.

"It's a draconian measure that gets the department out from under the hard work of delving into these case by case," said William B. Sarvis Jr., an attorney with the police union. "You penalize everyone because you suspect you have a problem with a few."

The requirement that the problem stem from a single incident ignores how stress builds in officers until it finally cripples some, said Beverly J. Anderson, a psychologist with the police employee assistance program. "The work can wear away until they reach a kindling point."A Fight Over Fairness

Pamela Bartles, who was injured on the job in 2002, is among officers who say the new rules forced them to battle for fair treatment.

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Bartles was hurt when a police academy instructor grabbed her knee in a self-defense class, knocking her to the ground in an unsanctioned maneuver and leaving her with a torn ligament, according to testimony and medical records. Within weeks of the injury, Bartles, then 35, showed signs of depression and anxiety. She had been a runner and hiker, activities she had to give up even as she saw her future as an officer threatened.

Over four years, she had three knee surgeries. She was able to go back full time on patrol in the 7th District in Southeast -- for a total of six months -- until she was injured chasing a suspect and later fell after her knee buckled on stairs.

With her career in jeopardy, she experienced nightmares, insomnia and a racing heart beat, according to psychologists' reports. Her anxiety was ratcheted up when police supervisors docked her sick time, including time off for medical visits arranged by the police clinic.

In May 2005, with the new standards in place, the department notified her that she might be forced to retire. Within a week, Bartles overdosed on pills and was hospitalized. She overdosed three more times, according to the testimony of psychologist Mitchell H. Hugonnet at her retirement hearing. "Frankly, I fear for her life," he said.

Within hours of Hugonnet's testimony, the retirement board overruled the department, saying that Bartles's psychological problems had been caused by the job. And in a rare ruling June 30, the board found that the problems left her totally disabled. As a result, her lifetime disability payment of $37,666 a year is tax-free. Bartles is not working and continues to receive psychological treatment at the city's expense.

"I fought as long as I could," she said in a recent phone interview. "I consider what happened to me an assault. That was upsetting. I'm hoping my talking could help another officer or get someone to listen to them. But I feel like I wasn't strong enough. That's embarrassing."Continuing Challenges

Since the new law took effect, the retirement board has been overwhelmed, causing "a rapidly growing backlog of cases needing opinions," Alma L. Hicks, board chairperson, said in an e-mail.

Last year, the clinic sent 88 new disability retirement cases to the board, four times the number it handled in 2003, board records show. The number of hearings increased nearly fivefold. Staffing for the board -- officially known as the Police and Firefighters' Retirement and Relief Board -- has fallen from five to three in the past year.

Ramsey and other officials also acknowledge a loophole in the law: the 172-day rule applies to a single injury or illness, so an officer who claims a succession of injuries could be off work indefinitely.

Even with the tighter standards it remains difficult for the department to catch officers faking or exaggerating injuries. After a years-long hiatus, the department two years ago reinvigorated what it calls "casualty surveillance" within its internal affairs office. About 20 officers have been investigated, and at least six have been disciplined or fired, with other cases pending, said Assistant Chief William R. Ponton, who heads the office. The team has found officers moonlighting without permission and others playing basketball while they said they were too injured to work full duty.

But surveillance is time-consuming, and the cases "are really hard to prove," Ponton said. "If we're looking at a guy who is supposed to be able to lift his arm shoulder-height but not over his head, is it then suspicious that we're watching him prune a tree?"

CIVIL LAW:

Privacy Group Sues FBI (AP-YBIZ)

By Dan Caterinicchia, Ap Business Writer

AP, October 5, 2006

Privacy Group Files Suit Against FBI Over Disclosure of Electronic Surveillance Programs

WASHINGTON (AP) -- A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program.

The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-

mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant.

A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed "as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers" before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed.

CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year.

According to the same Inspector General report, the FBI spent more than $1.5 million to develop Red Hook, "a system to collect voice and data calls and then process and display the intercepted information in the absence of a CALEA solution."

The Electronic Frontier Foundation filed the five-page lawsuit Tuesday in the U.S. District Court for the District of Columbia after the FBI acknowledged receipt of the group's FOIA request in August, but did not respond within the time limit required by law.

"The lawsuit is to force the FBI to release information about this to the public," Marcia Hofmann, staff attorney for the Electronic Frontier Foundation, said Wednesday. She added that the group would be exploring further legal action in the coming weeks.

The FOIA response deadline is usually 20 working days, unless an agency asks for more time, but the FBI did not do that in this case, Hofmann said.

FBI spokesman Paul Bresson said it was the bureau's policy "not to comment on the merits of litigation wherein the FBI is a party."

The FBI performed a total of 13 Internet wiretaps in fiscal 2002 and 2003, but none used the software initially called Carnivore, according to bureau oversight reports submitted to Congress and obtained last year under a FOIA request by the Washington-based Electronic Privacy Information Center, a civil liberties group that criticized the surveillance software after it was first disclosed in 2000. The FBI also said then that the part of its budget containing information on the cost to produce Carnivore was classified, but outside experts estimated it to be between $6 million and $15 million.

Feds Recoup Nearly $1.5 Billion In Fraud Cases (HILL)

By Jeffrey Young

The Hill, October 5, 2006

An interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs will collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed, according to a federal report issued this week.

The Department of Justice and the Office of the Inspector General (OIG) at the Department of Health and Human Services (HHS) also announced that they jointly have deposited $8.85 billion into the Medicare trust fund since their joint program began in 1997.

Lawmakers, such as Sens. Chuck Grassley (R-Iowa) and Tom Coburn (R-Okla.), have repeatedly pressed federal agencies to do more to recover funds lost due to fraud and abuse.

The defendants in the fraud and abuse cases outlined in the latest report range from individual schemers to some of the largest healthcare companies in the country.

Among the companies appearing in the OIG-Justice report are the drug maker GlaxoSmithKline, the pharmacy-benefit manager AdvancePCS, the clinic and lab services firm HealthSouth Corp. and the kidney-dialysis provider Gambro Healthcare.

Several individuals, small groups and small companies settled charges in a variety of cases, including several involving the illegal distribution of strictly controlled narcotic medicines and one person charged with selling a date-rape drug over the Internet.

The government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years.

The report reviews actions taken by the agencies in fiscal year 2005.

Budget hawks routinely maintain that addressing waste, fraud and abuse in federal programs is key to lowering the deficit. With massive and rapidly growing entitlement programs such as Medicare, Medicaid and Social Security, the need to take all possible steps to control spending is viewed as even more urgent.

Congress created the Health Care Fraud and Abuse Control Program in a 1996 statute that boosts the two agencies' budgets using dollars from the Medicare trust fund but directs them to return money attained through settlements, fines, recoveries and other penalties to the trust fund. The program is intended to coordinate the anti-fraud activities of federal, state and local law-enforcement authorities.

The program also is meant to provide guidance to healthcare companies and individuals doing business with federal programs on how to avoid running afoul of anti-fraud laws and regulations.

In FY 2005, the OIG and Justice spent $240.6 million from the Medicare trust fund to deposit $1.55 billion (including monies from cases settled in prior years but excluding funds from cases settled in FY 2005 that will be paid in future years).

In cases involving fraud in other federal healthcare programs, the funds are returned to the respective agencies. The federal government also shares money claimed in cases related to the jointly funded Medicaid program; the federal government's share totaled $63.64 million in FY 2005.

In addition to the $1.55 billion that went into the Medicare trust fund, other agencies received $23.6 million as a result of the Justice-OIG program's activities. The OIG got $9.4 million of that amount to cover the costs of its investigating, auditing and monitoring activities.

The Office of Personnel Management, which oversees federal employee and retiree health benefits, received $4 million, the Department of Defense's Tricare program for military service members and their families received $3.4 million. Other HHS agencies and the Department of Labor divided the remainder.

During the year under review, federal prosecutors secured the convictions of 523 people.

U.S. attorneys launched 935 new criminal investigations into healthcare fraud and have a total of 1,689 pending cases, while Justice began 778 criminal investigations for a total of 1,334 pending cases. Justice also participated in 266 civil cases.

Under federal law, private citizens — including whistleblowers — can file fraud and abuse lawsuits on behalf of federal programs and keep a portion of the financial settlements. In FY 2005, these individuals collected a total of $136.8 million.

Federal authorities had already announced all of the individual cases used as examples in the report but the document compiles the statistics for the fiscal year and offers a glimpse into the variety of schemes — alleged or admitted — employed in attempts to cheat dollars from the gigantic federal healthcare programs.

The HealthSouth settlement might be the best known. The company agreed to pay $327 million to settle charges that it had conducted three separate strategies to overcharge Medicare. Among the accusation levied by prosecutors was that the company tried to pass off to the Medicare program its expenses for a large corporate meeting held at Disney World in Florida.

Gambro agreed to a $310 million settlement over allegedly submitting false claims to Medicare and paying kickbacks to physicians who referred patients to Gambro facilities.

The largest individual prison sentence detailed in the report was 120 months for 17 felony counts. A Las Vegas-based individual, using a company the individual opened in Germany, had been selling the date-rape drug Rohypnol over the Internet. The government also seized the defendant's $285,000 home.

Another would-be Internet pharmacist was handed down a 51-month prison sentence in what the report describes as "one of the largest Internet pharmacy schemes ever prosecuted." The California man was convicted of using the web to sell counterfeit versions of prescription drugs, including erectile dysfunction medicines. The defendant's website also purported to include online consultations with nonexistent physicians.

U.S. To Stop Seizing Prescription Drugs Imported For Personal Use (WP)

By Christopher Lee

The Washington Post, October 5, 2006

The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad.

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Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July, said Lynn Hollinger, a spokeswoman for the agency. Under that policy, the government notified intended recipients by mail that the purchases violated laws against importing drugs.

"We were physically detaining it and destroying it," Hollinger said. "We're going to stop that part."

Starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs, she said, and the Food and Drug Administration will resume the primary enforcement role on personal drug importation. Such importing of drugs is still illegal, she noted.

Before the seizure policy took effect last Nov. 17, federal officials tolerated small personal mail orders of medicines from Canada, generally interpreting U.S. laws against the importation of drugs as applying to wholesalers and distributors.

FDA spokeswoman Cathy McDermott said the agency had "limited resources" to devote to the importation of drugs for personal use but remains concerned about safety. In August, the FDA found that of 1,700 drug parcels purported to be from Canada and intercepted at airports in New York, Miami and Los Angeles, 85 percent actually came from other countries.

"Importing drugs from foreign countries is risky," McDermott said in a statement.

Still, for many Americans, the lure of Canadian drugs is strong because the Canadian government negotiates lower prices under its national health care system. Some members of Congress have been critical of the U.S. seizures, saying the government should target illegal drug traffickers rather than senior citizens seeking blood pressure and cholesterol medications.

Earlier this year, Sen. Bill Nelson (D-Fla.) persuaded the Senate Committee on Homeland Security and Governmental Affairs to investigate the seizure policy and its impact on consumers. Nelson, who with Sen. David Vitter (R-La.) sponsored legislation to block the seizures, called next week's change a "huge victory."

"For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," Nelson said in a statement. "Now it looks like the government is getting out of the business of harassing these consumers."

Congress last week decided to allow Americans returning from Canada to carry in a 90-day supply of prescription drugs for personal use. But the provision did not allow the drugs to be sent by mail.

Vitter has said he will block Andrew von Eschenbach's nomination as FDA commissioner until the Bush administration allows imports of some prescription drugs. It was unclear yesterday whether Vitter will now lift his "hold," and his spokesman did not return two calls seeking comment.

Ken Johnson, a senior vice president for the Pharmaceutical Research and Manufacturers of America, said the trade group remains "adamantly opposed to any attempts that would relax importation of drugs into this country outside of the FDA safety system."

"We shouldn't be playing Russian roulette with people's health," Johnson said. "We know that counterfeit drugs are pouring into Canada from countries like Thailand, China and Pakistan. People should be concerned when they either order drugs from Canada online or they bring them across the border. There's no way to guarantee their safety."

The end of the seizure policy comes as millions of Americans enrolled in the Medicare drug benefit are hitting the "doughnut hole," a gap in coverage during which seniors must pay 100 percent of their drug costs. It also comes about a month before the congressional elections as Republicans fight to retain control of the House and Senate.

Hollinger said neither event was a factor in the reversal, but she offered no concrete reason for the change in policy. "We want it to continue, but there's other parties involved and issues, so we've now modified the policy," she said, declining to be more specific.

Pressed for an explanation, Hollinger said: "I'm sorry, I don't have a comment. It's just that there's no easy answers here. . . . We are concerned that consumers receive safe and effective pharmaceuticals in this combined enforcement effort that we have with the FDA, and we are using our resources to most effectively do that."

Election Commission Alters Rule On Money Used For Recounts (NYT/AP)

By The Associated Press

The New York Times, October 5, 2006

DOJ_NMG_0075734

WASHINGTON, Oct. 4 (AP) — Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures.

The 4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races.

"This is going to make them work a little harder to raise the money," said Ellen L. Weintraub, a commissioner and a Democrat, who offered a compromise to break a 3-to-3 deadlock. "But it's doable."

At issue was whether a 2002 campaign finance law that did away with unrestricted and unlimited giving to the political parties altered regulations adopted in 1977. The decision redefined those regulations.

The commission's chairman, Michael E. Toner, the commission chairman, and Hans von Spakovsky, a commissioner, both Republicans, voted against the compromise, saying that the campaign finance law applied only to the election, not recounts. Mr. Toner also objected to the timing of the change, noting that it came only five weeks before the Nov. 7 elections.

In making its decision, the commission recognized that recounts were expensive. As a result, the contributions that candidates raise from individuals for their recount accounts will not count against their fund-raising for the election. Under current law, a candidate can receive donations up to $2,100 from an individual for each election.

Now a contributor who had already reached the donation limit with a candidate could contribute also to the recount account.

Similarly, while the state parties would have to abide by the $10,000 contribution limits that apply to them, they would not have to live within limitations on spending for so-called coordinated expenditures with federal candidates.

As before, neither candidates nor state parties will be able to raise money from labor unions, corporations or foreign citizens.

CIVIL RIGHTS:

2 Plead Guilty In Fatal Cuban Migrant Smuggling Case (FINDLAW/AP)

AP, October 5, 2006

(AP) - KEY WEST, Florida-Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death.

Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8.

A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8.

The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines.

Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines.

"He's innocent," said his attorney, Irving Gonzalez.

Utah To Receive $900,000 To Combat Human Trafficking (DESERET)

By Deborah Bulkeley, Deseret Morning News

Deseret Morning News, October 5, 2006

Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants.

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The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force.

The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department.

The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations.

While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case.

Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it.

"One of the big needs is training of basically everyone from law enforcement to first responders to anyone who could be in a position to identify a case of human trafficking," Rydalch said. "We are convinced there are cases out there. We just need to look closer and ask more questions."

The majority human trafficking victims are women who are usually forced into prostitution, commercial marriages or occupations such as domestic work, according to a recent United Nations Population Fund report. As many as half of all trafficking victims are children, the report said.

"Human trafficking is a violation of the human body, mind and spirit," Attorney General Alberto Gonzales said in a statement. "For this vile practice to be taking place in a country that the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

Efforts to identify and prosecute human traffickers are being stepped up. The 79 convictions involving human trafficking in fiscal year 2006 were more than double the convictions the previous year, the Justice Department said.

Mollie Murphy Dale, community programs director for the Utah Health and Human Rights Project, said "it takes a lot of education and a lot of training" to adequately serve trafficking victims.

The Utah Health and Human Rights project is coordinating nonprofit efforts under the $450,000 grant, which is fiscally sponsored by the Tides Center, a San Francisco-based nonprofit organization.

The federal grants require $150,000 in matching funds from Salt Lake City, and the nonprofit organizations will also work to raise matching funds for their grant.

Reception of the grant by Salt Lake City will require approval by the City Council, said Mayor Rocky Anderson's spokesman, Patrick Thronson. He said the city had yet to receive an award document from the Justice Department.

Charges In Fatal Arrest Involving Seven (AP)

By John K. Wiley

AP, October 5, 2006

Spokane officers await FBI

SPOKANE — Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation.

Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges.

The prosecutor said he had not yet made a decision but "was leaning toward" declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation.

"If they find something where I can make a charging decision under state law, we will. We will charge," Tucker told reporters.

The case has become a central issue in the re-election campaign of Tucker, a Republican, against Democratic challenger Bob Caruso.

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The case also prompted an independent review of Spokane Police Department policies and procedures and resulted in changes in the way Spokane Fire Department paramedics treat patients involved in police scuffles.

The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said.

Zehm, a 36-year-old mentally disabled janitor, stopped breathing and lapsed into a coma after being beaten, shocked with a Taser weapon and placed on his stomach for an extended period of time while hogtied. He never regained consciousness and died two days later.

Medical Examiner Dr. Sally Aiken ruled the death a homicide resulting from lack of oxygen to the brain as a result of heart failure while Zehm was being restrained on his stomach.

Tucker said the FBI told him its investigation will take at least 30 days to complete.

Race Cited As Boys Town Barrier (WT)

By Jim McElhatton

The Washington Times, October 5, 2006

Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show.

Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town.

The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast.

Citing opposition from city officials, Boys Town ultimately sold the property at Pennsylvania and Potomac avenues to a developer for a profit of about $8 million, court records show.

According to portions of her deposition made public last week in federal court in the District, Miss Graham quoted civic activist Ellen Opper-Weiner as referring to children to be served by the proposed Boys Town project as "these kinds of kids."

"Because I interpreted Ms. Opper-Weiner's comments to be racially loaded, I was greatly offended, and responded that I remembered a time when people who looked like me would not be welcomed in certain neighborhoods, in her neighborhood," Miss Graham, who is black, said in her deposition before Justice Department and Boys Town attorneys.

"She, in turn, explained to me that she had no racial intent associated with a comment, that, in fact, she had been a social worker, working on the lower east side of New York with special populations. And that was the extent of that conversation," Miss Graham said.

Miss Opper-Weiner, who is white, disputed Miss Graham's statement.

"Such a conversation never took place," said Miss Opper-Weiner, a founding member of the Southeast Citizens for Smart Development, which opposed the Boys Town project. "That kind of charge is absolutely absurd."

Miss Graham, who is running for president of the D.C. Board of Education, could not be reached for comment.

Formerly the District's deputy mayor for children, youth, families and elders, Miss Graham said in her February deposition that she encouraged the Boys Town project because too many of the city's foster children were living in Maryland and Virginia.

In response to questions concerning purported racial undertones to community opposition, Miss Graham testified that "it was just the whole tenor. Just everything associated with the opposition to the project."

However, Miss Opper-Weiner said Miss Graham "was never involved directly" in the project and that there was no racial component to the community's objections to the project.

"It was a zoning issue," she said.

Excerpts of Miss Graham's deposition were among hundreds of pages of legal filings submitted by the Justice Department and Boys Town last week in response to a recent motion by the District for a summary judgment.

In its motion, the District argued that Boys Town and the federal government failed to prove that the District violated the federal Fair Housing Act by delaying project applications by Boys Town.

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Boys Town sued D.C. officials in 2001 in a case that was later consolidated with the Justice Department's lawsuit, which separately sued the District two years ago.

In 2002, a federal judge dismissed Miss Opper-Weiner and Wilbert Hill, another community activist, as defendants in the case.

LULAC Investigates Man's Arrest (ARN)

By Celinda Emison

Abilene (TX) Reporter-News, October 5, 2006

The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations.

On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex.

LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday.

"It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote," LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. "LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights." The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today.

"There has been a thorough investigation by the Texas Rangers, and all sides have had an opportunity to present their evidence in this case," Murray said.

As show of support for Gomez, members of the Hispanic community in Brownwood are planning a peaceful demonstration the Brown County Courthouse today as the case goes before the grand jury.

According to reports taken by Brownwood police, Gomez was leaving the polling area when he got into an argument with Elections Administrator Suzy Young.

As he left the polling place, police say Gomez continued to yell at Young, and officers stepped in. Officer Brian Keith said he advised Gomez to leave.

Keith reported he told Gomez he was under arrest, and Cpl. Mitch Slaymaker then sprayed him with pepper spray. According to the report, Gomez struck Slaymaker twice in the face. Keith reported that Slaymaker hit Gomez twice with a baton. The report states the two officers asked Gomez to stop resisting, and when he did not, Slaymaker summoned help from witnesses to restrain him.

The altercation began when Young confronted Gomez about using a cell phone while in line to vote, according to the statement. Gomez was taken to the Brown County Jail following the incident and was also charged with criminal trespass, failure to identify to a police officer and disorderly conduct. He was released that day on bonds totaling $17,500. Gomez has no prior arrests or convictions according to Brown County officials.

The LULAC statement alleges Gomez was severely beaten during the altercation and suffered bruising all over his body as a result. LULAC officials are asking the Justice Department to question the competence of elections officials and charge that Gomez was provoked and threatened by elections officials and later assaulted by police and civilians.

According to the LULAC statement, Gomez is a decorated combat veteran who served in the Gulf War and was honorably discharged as a Marine Corps sergeant in 1994.

Gomez is 100 percent combat disabled, and a felony conviction could cost him his military benefits, according to Gomez' lawyer, John Lee Blagg.

"He is totally dependent on those benefits to support his wife and two children," Blagg said. "He earned those benefits by serving in combat in the Gulf War."

Gomez declined to comment on Wednesday.

Court Filing Says Worley Not Cooperating On Voter Project (AP)

DOJ_NMG_0075738

By Bob Johnson

AP, October 5, 2006

MONTGOMERY, Ala. - Secretary of State Nancy Worley is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing.

The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as "extreme inadequacy and non-responsiveness."

Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee.

U.S. District Judge Keith Watkins in August gave the Republican governor the title "special master" and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file.

Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file.

The October report, filed Tuesday by Wallis, says the governor's first priority is to conduct a public hearing to receive comments and suggestions from the public on implementing the project. The hearing has been scheduled for 10 a.m. Oct. 17 in the old House chamber at the Alabama Capitol.

Much of the six-page report deals with the efforts of the committee set up by the governor to work with the secretary of state on the project. The committee includes former Secretary of State Jim Bennett, and former state Finance Director Sid McDonald serves as chairman.

The report says the committee made a formal request to Worley for all documents and other items related to development of the voter registration system and gave her a specific deadline.

"One hour before the appointed time, the letter from the secretary of state was hand delivered to a committee member indicating, in substance, that the secretary of state would only deal with the special master," the report said. It said the governor then informed Worley that the court order requires her full cooperation.

Worley said she was initially contacted by an individual member of the committee, Trey Granger, and asked to provide him with documents.

"I said I would turn over the materials to the special master (the governor) because I was directed by the court to work with the special master," Worley said Wednesday. Granger is an attorney who previously worked in Worley's office and now helps supervise elections for Montgomery County.

Concerning the documents, Worley said her office has turned over everything that's available.

"I don't know what they think is missing. I guess they'll do anything to politically charge this and cast blame on me," Worley said.

Granger said the committee wanted to see records of what the secretary of state's office has done previously on developing the voter list.

"We felt like it was important to look at what had been done," Granger said. "We remain optimistic that information will be forthcoming."

Granger said the committee wants to make sure "we can provide voters of Alabama with an outstanding voter registration system."

Riley's communications director, Jeff Emerson, said the governor "is not seeking any conflict with the secretary of state. He's just hoping she will comply with the court order."

The report said the secretary of state later provided copies of four proposals made by vendors seeking to develop the voter registration list and a notebook kept by Granger, when he was her attorney.

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The report also said that the governor learned from federal government officials that the state was eligible to receive a federal grant to provide "election assistance for individuals with disabilities," but that the secretary of state had decided not to apply for the money. The report said Riley as special master decided to apply for the grant and the state has been approved to receive more than $134,000.

Group Honors Noted Crusader Against Quotas (NYT)

By JESSE McKINLEY

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne.

They filed a lawsuit.

For the unacquainted, Mr. Connerly, 67, is the political godfather of Proposition 209, a 1996 ballot measure that prohibited state and local governments from using racial and sexual preferences in contracting, hiring and college admissions.

It is a role that earned Mr. Connerly, a wealthy black businessman, no small number of critics, as well as ardent supporters like the Pacific Legal Foundation, which filed suit on Wednesday against the Berkeley Unified School District. The suit accuses the district of using race to determine which elementary schools students attend and whether high school students have access to certain classes.

In announcing the suit, the foundation put out a news release calling it a way of “marking the 10-year anniversary of Proposition 209,” and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called “the spokesperson for racial equality, in our viewpoint.”

But Michele Lawrence, the Berkeley district’s superintendent, said the suit was simply a retread of a similar case filed by the foundation three years ago and later dismissed by an Alameda County judge.

“I think they’re looking at trying to use Berkeley in response to their anniversary of 209,” Ms. Lawrence said. “But its more about celebration than it is about merit.”

For his part, Mr. Connerly, who was an outspoken presence with the University of California Board of Regents for 12 years before retiring in 2005, said the suit was yet another front in his fight against “the mythical goal of integration and diversity.”

He has kept busy since retiring, most recently lobbying in Michigan for a ballot measure similar to Proposition 209. And while Mr. Connerly said he thought the Berkeley suit would be victorious this time around, he sounded as though he might still have liked a cake. “There’s other ways I probably would have celebrated the birthday,” he said.

City Council To Settle 6 Lawsuits Against LAPD For Nearly $3.6 Million (LAT)

By Patrick McGreevy

The Los Angeles Times, October 5, 2006

The City Council agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women.

David Allen Jones spent 11 years in prison before he was released in 2004, after the Los Angeles Police Department determined that DNA evidence linked another man to the deaths of 12 women — many of whom were prostitutes or homeless — including two that Jones had been convicted of killing.

The council agreed to pay $720,000 to Jones, with President Eric Garcetti saying that case and the others represented past problems with the LAPD.

"We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust," Garcetti said after the vote.

Glen E. Tucker, the attorney for Jones, declined to discuss specifics of the settlement but said it was a fair agreement.

"The Jones family is satisfied with the settlement. It was a long time coming," Tucker said.

Although LAPD detectives came under criticism for arresting Jones, Tucker credited the department's Cold Case Unit with "getting the ball rolling that got Jones out" of prison.

Jones was convicted in 1995 of killing Tammie Christmas, Mary Edwards and Debra Williams and raping a fourth woman.

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He was arrested after a much-criticized investigation into the possibility that a serial killer was involved in the deaths of more than a dozen women in South Los Angeles.

Jones was held even though there were no witnesses, no clues leading to Jones and blood evidence argued against his involvement.

A part-time janitor who one psychiatrist described as having the mental capacity of an 8-year-old, Jones was in jail at the time, charged with the attempted rape of a prostitute near the school where three bodies had been found.

He waived his right to a lawyer and was interrogated by police three times. He denied killing anyone, but admitted under the prodding of detectives to having sex and smoking crack cocaine with the victims at the places where their bodies were found.

Despite evidence that hair, blood and semen samples collected at the scenes did not come from Jones, he was convicted.

Authorities have since charged Chester D. Turner with killing two of the women. Turner has pleaded not guilty.

The council also voted 9 to 1 to pay $2.85 million to settle five federal civil rights suits filed by attorney Stephen Yagman on behalf of clients, including two men who said they were framed by officers involved in the Rampart Division police corruption scandal.

David Diaz alleged that Rampart officers fabricated evidence and conspired to obtain a false conviction against him for assault with a deadly weapon.

A settlement check was also approved for Louie Guerrero, who alleged he was wrongfully arrested by Rampart officers in 1997.

Councilman Greig Smith voted against the Diaz settlement. "I just thought it was inappropriate for us to settle," Smith said. "I think we should have continued to fight it. I think we would have won at the higher courts."

The council also settled a lawsuit by the family of Daniel Soly, who was fatally shot by the LAPD's Special Investigations Section. The unit, which often puts suspected robbers under surveillance, has been sued for watching as robberies occurred before stepping in and killing the suspects.

The lawsuit alleged that unit members violated Soly's rights when he was killed in 1995 after he and a partner robbed a Newbury Park liquor store.

Two cases brought by Yagman involving lawsuits against the department under the tenure of former Police Chief Daryl F. Gates also were settled.

Governor Declares State Of Emergency For Calif. Prisons (LAT)

By Jenifer Warren

The Los Angeles Times, October 5, 2006

Sacremento — Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons, a move his aides said would allow the transfer of inmates to other states without their consent.

Corrections Secretary James Tilton said Wednesday that prison crowding was so severe he could not wait. Tilton said it will allow him to skirt the state's cumbersome competitive bidding process, which will make the beds available more quickly. He said officials would begin by transferring volunteers and, if necessary, create more space later through mandatory transfers.

While overcrowding has long been an issue in the state's lock-ups, it has reached crisis levels this year, with most of California's 33 prisons packed to twice their intended capacity.

Of the 173,000 men and women behind bars, about 17,000 are bunking in areas not designed as living space. In addition to converted gyms, prisoners now sleep in hallways, lounges and in triple-decker bunks. For a time, the chapel at San Quentin housed convicts.

"Our prisons are now beyond maximum capacity and we must act immediately and aggressively to resolve this issue," Schwarzenegger said in a statement.

Tilton said the state is poised to sign three-to-five-year contracts with private prisons in four states — Oklahoma, Indiana, Arizona and Tennessee -- that would provide 2,200 beds. He said he hoped to begin the transfers with 200 male inmates next month and continue transferring another 100 or more weekly after the screening process occurs.

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Tilton said a recent survey circulated by authorities in the prisons suggested that as many as 19,000 convicts were interested in a voluntary transfer, though he cautioned that the number may not be solid.

Lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent.

At the Prison Law Office, a nonprofit firm that has successfully sued the state on inmate health care and other issues, director Donald Specter called the emergency declaration "political theater" by a governor running for reelection.

"This is an idiotic thing to be spending time on, because the number of beds they will be able to find in other states will amount to a grain of sand on a beach," Specter said. "In terms of serious reform, there is nothing about this that makes sense."

Democrats also criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis. Last fall, for instance, the chief of adult prisons said in a memo that a "population crisis" was creating "an imminent and substantial threat to the public safety."

"If he had listened to his own people back then, we wouldn't be in this crisis," said Assemblyman Mark Leno (D-San Francisco), chairman of the Assembly Public Safety Committee.

Leno said the Schwarzenegger Administration could have alleviated the crowding through parole reform, specifically, by allowing thousands of low-level parole violators face sanctions in the community rather than returning them to prison.

Corrections officials said they have been working on short-term and long-term solutions to the crowding crisis, but noted that their plans were rejected by lawmakers during the recent special session Schwarzenegger called on prisons.

That session ended in August with legislators rejecting a $6-billion package of proposals from the governor, including forcible transfers out of state of 5,000 illegal immigrant felons facing deportation, and the use of private facilities in California to house 4,000 low-security inmates.

Schwarzenegger also proposed moving 4,500 non-violent female inmates — about 40% of the total of incarcerated women — to regional correctional centers.

Legislators described the governor's package as hastily assembled, and some Democrats said the mandatory out-of-state transfers could be unconstitutional. They asked the administration to return next year with a new set of proposals.

"It was apparent … that the governor's ideas weren't ready for prime time," state Sen. Mike Machado (D-Linden) said at the time.

Wardens and officers say the crowding makes a violent explosion a real possibility. Small disturbances already are routine throughout the system, resulting in the "lockdown" of entire prisons or certain housing blocks. Under lockdown, inmates are confined to their cells and denied privileges, including education, regular recreation time and visitors.

Recent projections show the prison population continued to rise steeply, with more than 23,000 additional felons expected over the next five years. By 2011, the forecast shows, California would have more than 193,000 inmates, equal to the population of the city of Irvine. Already, the state's incarcerated population is large enough to fill the Rose Bowl's seats more than two times over.

Poor, Black And Dumped On (NYT)

By Bob Herbert

The New York Times, October 5, 2006

Most of the carnage — the terrible illnesses and the premature deaths — is hidden.

“The people in those agencies who issue the permits, and then do very little monitoring and very little enforcement in our communities, they don’t go with us to the emergency rooms where the children are suffering from serious asthma attacks. And they certainly don’t go with us to the funeral homes where we bury people who are 40 years old and have died of cancer. They don’t see the terrible damage that this stuff is doing.”

Monique Harden, a lawyer and director of a human rights agency in New Orleans, was talking about a problem that will get no attention at all in the Congressional elections, which are primarily about foolishness and the compulsion to deceive.

The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps,

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landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school.

Two colossal environmental debacles occurred, for example, in West Anniston, Ala., a neighborhood that is mostly black and mostly poor. A chemical plant conveniently located there produced thousands of pounds of potentially deadly polychlorinated biphenyls (PCB's) each year. For years after the danger was apparent, residents were left uninformed. Some were later found to have the highest concentrations of PCB's in their bloodstreams of anyone ever tested.

But the PCB's from the chemical plant were just one of many risks faced by the residents. In 2003 the military began burning deadly chemical weapons stored at the Anniston Army Depot in West Anniston. Emissions associated with burning chemical weapons include dioxins, PCB's, furans, heavy metals and trace amounts of nerve and mustard gas agents.

The Rev. Henry Sterling, a pastor in Anniston, told me with great sadness how he had buried his niece who had died from cancer when she was just 30, and then two days later had to bury two other women in their 20's, and then the following week two more women in their late 20's.

He added, "My secretary was from here, and she was just 32 when she died from cancer. We have young men dying, too. But during that short period it just happened to be all women."

We've known — or should have known — since at least 1987, when a landmark study was published by the Commission on Racial Justice of the United Church of Christ, that wildly disproportionate numbers of hazardous waste sites have been placed in communities with large concentrations of black and Latino residents.

Since then an enormous amount of data has been compiled showing that government and industry alike have used black and poor neighborhoods as dumping grounds for the vilest and most dangerous of pollutants. You go to these communities, where the air can be thick enough to make you gag, and you find that the rates of cancer, heart disease, stroke and the like are off the charts.

The largest hazardous waste landfill in America is near the small, rural town of Emelle, in Sumter County, which is part of the so-called "black belt" of Alabama. It takes in hazardous materials from 48 states and some foreign countries. More than 70 percent of the Sumter County population, and more than 90 percent of the population of Emelle, is black.

The systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery.

More than 70 environmental, human rights and public health groups participated in a bus tour last week — dubbed "The Environmental Justice for All Tour" — that visited communities across the country that have suffered terrible damage from these blatantly discriminatory policies.

The tour was enthusiastically received at each stop, but got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you.

Censoring Ourselves Is No Way To Fight Terrorism (LAT)

By Timothy Garton Ash

The Los Angeles Times, October 5, 2006

ALMOST EVERY DAY brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a "master of hate." A production of Mozart's "Idomeneo," which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week.

Going slightly further back, there's the murder of Dutch filmmaker Theo van Gogh and the murderous hounding of Ayaan Hirsi Ali and Salman Rushdie. A British anti-fascist activist is beaten following the publication of his photograph and address on a far-right website called Redwatch. Animal-rights activists make death threats against medical researchers and their families. Sikh extremists force a play they dislike to be taken off the British stage. Christian extremists threaten BBC executives because they broadcast "Jerry Springer: The Opera." Need I go on?

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Fanatiques sans frontieres are on the march. It's wrong to describe this as a single "war on terror"; our adversaries and their ideologies are so diverse. But if you think we are not engaged in a struggle against manifold enemies of freedom as potentially deadly as those we faced in the 1930s, you are living in a fool's paradise. In the first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded.

The erosion comes in many different ways. Most obviously, there is violence or the threat of violence: "If you say that, we will kill you." This is dramatically facilitated in our time by the Internet, e-mail and cellphones. That French philosopher, Robert Redeker, went into hiding after an Islamist website called for him — "the pig" — to be "punished by the lions of France" as "the lion of Holland, Mohammed al-Bouyeri, did," and then gave Redeker's address, photograph and phone number. Bouyeri was the slayer of Theo van Gogh.

Down the scale, there is peaceful public protest, sometimes with an implicit threat of violence. There are also other forms of less visible pressure, including the use of economic weapons — the boycott of Danish goods in some Islamic countries following the Danish cartoons scandal, for example.

Then there's self-censorship in the face of such threats. Chancellor Angela Merkel aptly described the Deutsche Oper's decision to pull "Idomeneo" as "self-censorship out of fear." But self-censorship can also flow from a well-intentioned notion of multicultural harmony, on the lines of "you respect my taboo, and I'll respect yours." And there are misguided attempts by democratic governments to ensure domestic peace by legislating to curb free expression. The British government's original proposal for a law banning "incitement to religious hatred" was a case in point.

The threats come from diverse quarters. It would be absurd to pretend that Islamist extremists are not among the current leaders in intimidation.

But the jihadists are not alone.

Even as I write, news reaches me of a friend, Tony Judt, a historian and outspoken critic of recent Israeli policy, finding that a talk he was to give about "the Israel lobby and U.S. foreign policy" at the Polish Consulate in New York was canceled after phone calls to the host institution from "a couple of Jewish groups," including the Anti-Defamation League, according to the Polish consul. Such phone calls are, of course, not comparable with death threats. But this is all part of a many-fronted, incremental erosion of free expression, even in the classic lands of the free such as the U.S., France and Britain.

What is to be done? First, we need to wake up to the seriousness of the danger. We need a debate about what the law should and should not allow to be said or written. Even John Stuart Mill did not suggest that everyone should be allowed to say anything any time and anywhere. We also need a debate about what it is prudent and wise to say in a globalized world where people of different cultures live so close together, like roommates separated only by thin curtains.

I believe, for example, that Redeker's article in Le Figaro was an intemperate and unwise one, with its claim that Islam (not just Islamism or jihadism) is today's equivalent of Soviet-style world communism, and his denunciation of Muhammad as a "pitiless warlord, pillager, massacrer of Jews and polygamist." But once the fanatiques sans frontieres respond by proposing to kill him, we must stand in total solidarity with the threatened writer — in the spirit of Voltaire.

Never mind that Voltaire probably never said exactly what is so often attributed to him: "I disapprove of what you say, but I will defend to the death your right to say it." This was Voltaire's spirit nonetheless. Too many recent responses in such cases, from the Rushdie affair onward, have had this syntax reversed: "Of course I defend his/her freedom of expression, but … "

Voltaire got it right: first the dissent, but then the unconditional solidarity. Now we are all called upon to play our part. The future of freedom depends on words prevailing over knives.

Timothy Garton Ash is professor of European studies at Oxford University and a senior fellow at the Hoover Institution at Stanford University.

ANTITRUST:

Court Weighs MedImmune Bid To Sue Genentech Over Patent (WSJ)

By Mark H. Anderson

The Wall Street Journal, October 5, 2006

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WASHINGTON -- A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support.

MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts.

The U.S. Federal Circuit Court of Appeals, a special patent court, ruled a company can't sue at the same time it has agreed to make royalty payments.

Deanne Maynard, an assistant to the U.S. Solicitor General, part of the Justice Department, urged the justices to strike down the Federal Circuit's ruling, arguing MedImmune was wrongly being denied a legal avenue to challenge Genentech's claims. "The parties here actually have a concrete dispute about the validity of the patent," she said.

The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent. If MedImmune wins its appeal, companies will be able to pay royalties under protest until a court rules under federal declaratory-judgment laws on the validity of the patent. If Genentech wins, companies will have to refuse to pay royalties before they can challenge a patent, exposing themselves to patent-infringement claims.

The high court closely questioned both sides in the case with an eye toward the practicalities of licensing contracts, and a majority of justices sounded skeptical of arguments made by Genentech's attorney, Maureen Mahoney.

"The argument you just made really isn't relevant for us," Justice Anthony Kennedy told Ms. Mahoney after she said the licensing agreement was a compromise settlement that precluded court action.

Justice Antonin Scalia said the outcome of the appeal became clearer to him when he realized the licensing agreement between the two companies turned in part on whether the patent was determined to be valid.

Throughout the litigation brought by MedImmune, Genentech has maintained that one of several patent applications it licensed to MedImmune was approved in 2001 and required royalty payment on sales of Synagis.

A U.S. District Court judge dismissed MedImmune's case in 2004, saying it couldn't proceed because MedImmune was making royalty payments. The Federal Circuit upheld that decision in October 2005.

MedImmune Asks For Right To Sue (WP)

By Charles Lane

The Washington Post, October 5, 2006

A lawyer for MedImmune Inc. asked the Supreme Court yesterday to let the company sue to overturn a patent owned by Genentech Inc. on a component of MedImmune's blockbuster drug Synagis, even though MedImmune is paying royalties to use it.

The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve.

MedImmune maintains that it always questioned the patent, and agreed to license it "under protest" because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech.

"What we are presenting in this case is a dispute about money," MedImmune's lawyer, John G. Kester, told the court. "It is not abstract. It is not hypothetical. It is not conjectural."

Comments and questions from the justices left little indication of how they might rule, with the court's main concern seeming to be that, even if the justices grant MedImmune a right to sue Genentech, patent holders might simply ask licensees to sign away their right to sue.

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"At some point, either in this case or some later case, we may have to address the question of whether or not such a provision is enforceable," Justice Anthony M. Kennedy noted. "If it is, we may not be talking about much. It's just going to be boilerplate in every license agreement, and that's the end of it."

But Kester argued that the "licensee cannot, by contract, be [stopped] from challenging the patent."

That seemed not to convince Chief Justice John G. Roberts Jr. If firms could always sue over patents they had agreed to respect, he said, "How do you ever end these things?"

Genentech's lawyer, Maureen E. Mahoney, reinforced that point in her argument, saying MedImmune is essentially seeking the right to back out of a deal that both sides made in good faith, and that "it has been settled [law] forever that . . . an agreement for making payments pursuant to an agreement in the nature of a compromise, you can't come and say that it has been coerced or is some form of duress."

But MedImmune contends that a federal law enacted in 1936 permits a party to take a contract dispute to court without having to break the agreement first. It argues that the Federal Circuit's recent rulings, including its decision against MedImmune, reversed years of precedent that favored what some call the "pay and sue" strategy.

The case has potentially wide implications for other technology firms, since it will affect the ability of patent holders to deflect challenges to their monopolies over inventions.

MedImmune is supported in the case by the Generic Pharmaceutical Association and by the Bush administration -- which told the court in its brief that "there is a strong federal policy . . . in ridding the economy" of invalid patents.

Genentech is backed by the Pharmaceutical Research and Manufacturers of America, Qualcomm Inc., 3M Co., General Electric Co., Procter & Gamble Co. and DuPont Co.

Genentech is the world's top biotechnology company, with an estimated market capitalization of $88.3 billion. MedImmune, with a market cap of $6.9 billion and more than 2,400 employees, is the eighth-largest biotech firm in the world, measured by stock value, and by far the biggest in the Washington region.

About 80 percent of its revenue comes from sales of Synagis, which prevents certain respiratory infections in premature babies. In 2005, worldwide Synagis sales exceeded $1 billion for the first time. Still, the company reported a loss of $16.6 million in part because of poor sales of its inhaled flu vaccine, FluMist.

Synagis is made with the use of an antibody synthesis technology on which Genentech holds a patent, known as the Cabilly II patent after the inventor Shmuel Cabilly.

The patent runs through 2018, though MedImmune says it is invalid and the U.S. Patent and Trademark Office is reviewing it.

Because of a confidentiality agreement with Genentech, MedImmune does not disclose how much it pays in royalties on Synagis. Kester said yesterday, however, that the quarterly payments cause "major injury" to MedImmune.

The case is MedImmune v. Genentech , No. 05-608. A decision is expected by July.

Supreme Court Hears Biotech Patent Case (AP-YBIZ)

By Stephen Manning, Associated Press Writer

AP, October 5, 2006

Supreme Court Hears Biotech Case That Could Expand Patent Lawsuits

WASHINGTON (AP) -- The U.S. Supreme Court on Wednesday heard drug maker MedImmune's patent dispute with biotechnology company Genentech, a case that could help determine the ability companies have to challenge patents in court.

The companies are fighting over a Genentech patent that MedImmune licenses for one of its top sellers -- Synagis, a children's respiratory drug with more than $1 billion in sales last year.

The original patent was set to expire this year, making it available for free. But Genentech Inc. of California acquired another patent in 2001 through a deal with another drug company holding a similar patent, extending it to 2018.

The case before the court Wednesday didn't deal with the merits of the case, focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws.

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MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

MedImmune was using a "pay and sue" strategy under patent law because it didn't want to stop royalty payments and be liable for violating the terms of the license on the Cabilly patent. Named for the researcher that discovered it, the Cabilly patent is used by MedImmune to make Synagis.

MedImmune pays a set percentage of its Synagis sales to Genentech under the licensing deal. MedImmune spokeswoman Jamie Lacey would not reveal that percentage, but said each percentage point is worth $10 million.

In court filings, MedImmune contended it would be put at great risk of large financial penalties if it were forced to break a patent agreement to challenge what it thought was a bad patent. It was backed by the Justice Department, which said the dispute between the two warranted resolution in court.

Genentech countered that federal law does not allow companies to challenge patents without shouldering the risk of violating the deals.

"The reason they entered into this agreement was to avoid the costs and risks of litigation," Genentech attorney Maureen Mahoney said Wednesday of MedImmune's patent with Genentech.

Chief Justice John Roberts appeared to be concerned that companies could make continuous patent challenges if they were allowed to file lawsuits but not face stiff penalties for breaking license agreements by stopping royalty payments.

"How do you ever end these things? Let's say they have this dispute, they bring it to litigation, and they settle it," he said. "Instead of paying a license fee of 50 cents, it's going to be 40 cents, and we'll go on. Then they can sue again, I take it."

Patent attorneys said if the case is decided in MedImmune's favor, it could lead to a flood of patent lawsuits because companies could challenge patents without risking legal penalties. But Washington attorney Harold C. Wegner, who watched Wednesday's arguments, said Roberts did not seem convinced by MedImmune's case.

"The chief justice was very troubled by the idea," Wegner said. "What would stop the licensees from suing again and again?"

Along with legal action, the validity of the second Cabilly patent is still under review by the U.S. Patent and Trademark office. The office initially rejected the patent, but agreed to re-examine its decision.

Shaw Group Pays For Westinghouse Stake (AP-Y)

By Alan Sayre, Ap Business Writer

AP, October 5, 2006

Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment.

Under the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds.

Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable.

Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month.

Toshiba said Wednesday in Tokyo that it had cleared all antitrust reviews and completed all the necessary regulatory filings in both the U.S. and the European Union as of the end of September.

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During a conference call with analysts, Shaw chairman James Bernhard said the combination of Shaw's engineering and design services in the nuclear industry, along with Westinghouse's expertise in nuclear power equipment, would "help solve the world's long-term energy needs."

Under the deal, Shaw said it would get certain exclusive agreements for engineering, procurement and construction services on future Westinghouse AP 1000 nuclear power plants, the chosen design for 10 proposed new power units in the United States and four in China.

For the three months ended Aug. 31, Shaw now forecasts earnings from continuing operations between 15 cents and 18 cents per share. Analysts polled by Thomson Financial are looking for profit of 28 cents per share, on average. Consensus estimates typically exclude one-time charges and gains.

Shaw also issued guidance for the current fiscal year, pegging profit between $1.30 and $1.60 per share. That brackets the average Wall Street estimate of $1.53 per share. In addition, the company forecasts 2007 operating cash flow of $300 million to $350 million, and said it will report a record backlog of more than $9 billion as of Aug. 31.

Shaw said its fiscal 2007 guidance reflects the planned investment the Westinghouse acquisition.

Shaw Group shares rose $2.67, or 11.3 percent, to close at $26.33 on the New York Stock Exchange. The shares have traded in a 52-week range of $19.55 to $36.08.

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On the Net:

Shaw Group Inc.: http://www.shawgrp.com

EU Pledges More Trade Deals (AP)

By Aoife White, Ap Business Writer

AP, October 5, 2006

BRUSSELS, Belgium — The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad.

It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights.

"We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism," EU Trade Commissioner Peter Mandelson said.

The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said.

Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade.

The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work.

European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well.

The EU is preparing bilateral trade deals with India and South Korea, as well as and laying the groundwork for agreements with other nations in South America and the Middle East. The goal is to keep trade links open even if a WTO deal proves impossible in the short term.

"Free trade agreements can build on WTO rules by tackling issues that are not ready for multilateral discussion and by preparing the ground for the next level" of global trade deals, EU Trade Commissioner Peter Mandelson said.

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European Commission President Jose Manuel Barroso said last month that these deals would be more ambitious than the agreement the EU was trying to reach in the Doha round of WTO talks. They would call for other nations to open up government contracts to foreign companies and push open other sectors such as banking and telecommunications.

Mandelson said EU trade partners such as India were keen to open markets to help expand their economies and pull people out of poverty.

But if Europe is to lead this process, its work needs to begin at home, he said: "Europe's policy needs to be clear: rejection of protectionism at home; activism in opening markets abroad."

"There is no future for Europe that is looking inwards or is trying to cut itself or shelter from the rest of the global economy," he said.

Keeping Europe "ahead of the curve" means protecting European business interests abroad and making sure its exporters do not face unfair regulatory or antitrust barriers. Europe would open its markets to trading partners and demand the same from them "under gentle pressure," he said.

Op-ed: Eurocrats' Anti-competitive Agenda (WT)

By Dick Armey

The Washington Times, October 5, 2006

Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether.

Recent history provides a clear view of Europe's "not so competitive" competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition.

In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a "Commissioner of Competition." For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost.

This distinction between Europe and the United States is more than a cultural quirk. It has substantial implications for American companies trying to survive in a global economy and a significant impact on consumers. Rather than consumer sovereignty, the European market is ruled by a web of regulations that undermines the efforts of American firms trying to design better products that attract customers.

The software industry is vibrant and dynamic. New applications and new products are constantly developed to meet growing consumer demand. Within this environment, Microsoft must compete by innovating and incorporating new features into Windows. Regulatory micromanagement by the European Union makes this business strategy all but impossible, as EU bureaucrats determine which features are "pro-competitive" and which are "anti-competitive."

Initially, European regulators determined that consumers would be better off if Microsoft did not bundle a media player with its operating system. Under orders from the EU, Microsoft stripped out the media player to release Windows N for Europe. The "N" might as well stand for "Not" — consumers had no interest in the downsized operating system, which accounted for only 0.005 percent of Windows sales.

Despite the lack of consumer interest in software designed by bureaucrats, EU regulators are threatening aggressive actions against Microsoft if it fails to incorporate its latest "designs" in its new operating system. As it prepares to launch its newest version of Windows, European regulators are again threatening to take action. Security problems have been a concern to anyone using the Internet, yet the European Union has warned Microsoft about bundling new security features with the products it sells to

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consumers. In a networked world, the diminished security capacity of computers in Europe would be felt globally. In addition, new handwriting recognition technologies in the operating system are being viewed as a threat, rather than a benefit for consumers.

Now, rather than worrying about innovation, Microsoft is bogged down in lengthy bureaucratic negotiations that threaten to delay the release of the new Windows. These regulatory skirmishes reverberate well beyond Microsoft, as computer manufacturers, investors and the broader technology industry hold their breath and await the outcome.

This issue gets to the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place.

Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate.

Dick Armey, who served as House majority leader between 1995 and 2002, is chairman of FreedomWorks.

GM Ends Renault-Nissan Alliance Talks (FT)

By James Mackintosh And Bernard Simon

Financial Times, October 5, 2006

General Motors, the world's biggest carmaker, called off talks on Wednesday with Renault and Nissan on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals.

The failure of the talks clears the way for Carlos Ghosn, chief executive of Renault and Nissan, to open negotiations with Ford Motor, GM's Detroit arch-rival. Discussions are unlikely to start immediately, one person familiar with the situation said.

GM ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control.

GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the situation said would see "billions of dollars" more benefits than the US company.

"The value was heavily skewed towards Nissan", GM's chief executive Rick Wagoner said on Wednesday "We needed to look at good value for GM shareholders."

He added that "Renault-Nissan made it clear they would not pay any market premium, nor compensate GM to balance the disproportionate impact of expected synergies". In addition, the proposed structure would have blocked GM from pursuing other alliances "without adequate compensation".

GM was nudged into the talks in June by Kirk Kerkorian, the octogenarian billionaire who is the company's biggest individual shareholder. His chief financial adviser Jerry York is a GM director.

Mr York joined the rest of the board in voting against the Renault-Nissan proposals. Nonetheless, Tracinda, Mr Kerkorian's holding company, said on Wednesday that a deal would have given GM "substantial synergies and cost savings".

"We regret that the board did not obtain its own independent evaluation of the alliance," Tracinda added.

The board was shown calculations by both sides of the benefits available, and the assumptions made that allowed Renault-Nissan to estimate savings for GM far higher than GM calculated itself.

Two investment banks, Goldman Sachs and Morgan Stanley, also made presentations on the structure of a possible deal.

The decision to end talks marks an expression of confidence by GM directors in Mr Wagoner and his plan for recovering from a disastrous $10.6bn loss last year.

Fritz Henderson, chief financial officer, said in an interview that the company was not looking for another partner. "We have a plan that we think is robust and will help get GM turned around," he said.

He said GM was unfazed by the threat of a Ford-Renault-Nissan alliance, which would leapfrog GM to become the world's biggest, and had not considered that as a factor in its decision to reject a tie-up.

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Talks are now likely between Ford and Renault-Nissan, after a pause "to let the dust settle", one person familiar with the situation said. Mr Ghosn has repeatedly expressed an interest in adding a north American partner to the alliance.

G.M.'s Talks On A Partner Fall Apart (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, October 5, 2006

Paris may be a city for lovers, but it is where General Motors broke up with Renault and Nissan. Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies.

But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb.

G.M. executives seemed to be operating on the notion that the two other companies would enjoy great benefits from an alliance, and therefore wanted to be paid billions of dollars before going ahead.

That was untenable to Mr. Ghosn, whose fame had spread after the quick turnaround he achieved at Nissan, in which Renault holds a controlling interest.

Still, the two sides had continued the pretense that they would keep talking up to an Oct. 15 deadline — until Mr. Wagoner called Mr. Ghosn in Paris yesterday to bid him goodbye.

The call came a day after G.M.'s board voted unanimously to end the discussions, Mr. Wagoner said yesterday. Those votes to stop the talks included one from Jerome B. York, an associate of Kirk Kerkorian, G.M.'s biggest individual shareholder, who had pushed for the talks.

A joint statement issued by the companies said in part, "Renault and Nissan consider that the principle of compensation is contrary to the spirit of any successful alliance."

Mr. Wagoner said yesterday, "We all agreed the synergy levels were significantly in favor of Renault and Nissan."

G.M.'s chief financial officer, Frederick Henderson, said Nissan and Renault would have benefited three or four times as much as his company. He would not disclose dollar amounts discussed. "Whether you used our numbers or their numbers," Mr. Henderson added, "the skew was very substantial."

Mr. Wagoner said neither he nor anyone else at G.M. had misled Nissan and Renault into thinking that an alliance was imminent, even though officials at those companies had indicated the talks were going well. "I can see why they would have been excited," he said. "It would have been very good for them."

Although it appears that G.M. and Nissan-Renault had contrasting ideas from the beginning for how an alliance would be structured, Mr. Wagoner said that a difference of opinion only recently became clear. The companies first worked to determine the potential value of a partnership before discussing structure.

Mr. Ghosn declined to be interviewed yesterday.

With their brief dalliance over, Mr. Wagoner and Mr. Ghosn each face questions. In Mr. Wagoner's case, what will Mr. Kerkorian do? And for Mr. Ghosn, will Nissan and Renault turn next to the Ford Motor Companyfor a possible alliance?

Mr. Kerkorian, who began buying the first of his 56 million shares about 18 months ago, essentially has two choices, analysts said: increase his aggressive tactics in an effort to raise G.M.'s stock price or throw in the towel on G.M. and sell the shares.

In a statement, Mr. Kerkorian's Tracinda Corporation said an alliance "would have enabled G.M. to realize substantial synergies and cost savings, adding, "We regret that the board did not obtain its own independent evaluation of the alliance."

Mr. Kerkorian's choice will in turn affect the role of Mr. York as a G.M. director.

An automotive analyst at Merrill Lynch in New York, John Murphy, said he did not think that G.M. had heard the last from Mr. Kerkorian. Mr. Kerkorian attempted a hostile, and ultimately unsuccessful, takeover of Chrysler in 1994 with its former chairman, Lee A. Iacocca.

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"I think Kerkorian will turn up the heat," said Mr. Murphy, who while not surprised that the alliance talks ended, was taken aback by how they fell apart, with Mr. York voting against a deal during Tuesday's G.M. board meeting. "I can't imagine, with his track record, that he backs off."

Mr. Kerkorian could wage a proxy fight against G.M.'s leadership, nominate new directors or try to build support among other shareholders, Mr. Murphy said.

All those actions became more difficult under bylaw changes the G.M. board approved Tuesday, although Mr. Wagoner said the modifications were in response to concerns raised at the last shareholders' meeting and not directed at Mr. Kerkorian.

Thus far, Mr. Wagoner has shown in these talks that he is an expert at getting his way.

He took only some of the actions recommended by Mr. Kerkorian's holding company. And he has fended off Mr. Ghosn, an executive whose luster helped camouflage his own companies' recent struggles.

Mr. Wagoner also threw down conditions that were all but impossible for Mr. Ghosn to accept.

G.M. wanted Renault and Nissan to pay a premium on top of its share price for a significant stake in the company, and it wanted the flexibility to conclude alliances with other companies, something that Renault and Nissan presumably felt would have been precluded by an alliance with G.M.

The demand for the compensation payment was the deal breaker. Mr. Ghosn has called the idea "ridiculous" especially since the market value of his companies' shares was higher than that of G.M.

A Nissan spokeswoman, Frederique LeGreves, reiterated those objections yesterday. Explaining why the deal fell apart, Ms. LeGreves said, "We had a fundamental disagreement on the compensation payment."

G.M.'s executives said yesterday that they took part in the negotiations with an open mind and that they welcomed any opportunity to join a project that added value to G.M.

But while Mr. Ghosn clearly wanted a partnership on a grand scale, G.M. decided it was only interested in working with Nissan and Renault on a "project-by-project" basis, Mr. Wagoner said. Nissan and Renault have said they will not pursue any minor level of collaboration with G.M., according to Mr. Wagoner.

During the talks, G.M. consulted with two investment banks, Goldman Sachs and Morgan Stanley. As recently as last week, Mr. Kerkorian had pushed G.M. to hire independent advisers to analyze a possible partnership.

Mr. Wagoner said an alliance would have been a distraction to his company's turnaround efforts, which executives say are gaining momentum. "We felt that the complexities of working with three companies could in fact slow us down," he said.

Despite the view of some analysts that a request for a compensation payment was akin to the slur against the French icon Zinédine Zidane in this summer's World Cup final, Ms. LeGreves said Mr. Ghosn did not take it to heart.

"I don't think we are offended or shocked," she said. "It's a business decision."

Whether Ford might be more open to a deal with Renault and Nissan is open to debate. In an effort to pull itself out of its own financial tailspin, Ford recently named a Boeing executive, Alan R. Mulally, as chief executive, meaning that Mr. Ghosn would be unlikely to get that job in an alliance.

But Ford, whose market share has been sinking all this decade, could use the small cars that Renault and Nissan have in their lineups.

Ms. LeGreves emphasized that Mr. Ghosn was not planning to approach Ford. But he does not have to, since he received an earlier invitation from William Clay Ford Jr., the company's chairman, to hold discussions if things did not pan out.

What might happen first, said John Casesa, a longtime auto analyst, is a smaller deal that could involve joint car development, something Ford and Nissan did in the past with a minivan project that produced the Mercury Villager and the Nissan Quest. (The Villager has since been discontinued and Nissan now builds Quest on its own.)

That is less grand than what Mr. Ghosn's companies discussed with G.M., but such a project could give them a chance to size each other up — and still leave time for Mr. Ghosn, 52, to succeed Mr. Mulally, 61, a few years hence, allowing him to finally run the three-part company he has envisioned.

Mr. Mulally, who had been accustomed to operating on a global scale at Boeing, might turn out to be a better personality fit with Mr. Ghosn.

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Mr. Wagoner and Mr. Ghosn had some shared backgrounds. Both once worked in Brazil, and the two men could hold private conversations in Portuguese, Mr. Ghosn disclosed last week. Even though the two men spoke the same languages, they were never on the same wavelength.

How Wagoner Wins As Ghosn Alliance Talks Fail (WSJ)

By Monica Langley And Joseph B. White

The Wall Street Journal, October 5, 2006

The collapse of alliance talks between General Motors Corp. and partners Renault SA and Nissan Motor Co. marks a victory for GM Chief Executive Rick Wagoner, but it won't mean the end of consolidation talk or alliances among big global auto makers.

In a phone call yesterday morning, Mr. Wagoner and Carlos Ghosn, chief executive of both Nissan and Renault, decided the two sides were too far apart on the value of the potential tie-up and decided to stop the high-stakes talks which had been under way for two months, after an initiative by big GM shareholder Kirk Kerkorian. Mr. Kerkorian and his representative on GM's board, Jerome York, broached the idea of an alliance with Mr. Ghosn in late June and reiterated their support for it last week.

But in the end, Mr. York joined other GM board members in a unanimous decision to end the talks, GM said. Tracinda Corp., Mr. Kerkorian's investment company, said it regretted "that the board did not obtain its own independent evaluation," as it had requested. The billionaire investor and his advisers yesterday were considering their options.

On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: "It's clear the two sides have completely different appetites for an alliance." Calling the payments totaling several billion dollars demanded by GM "contrary to the spirit of an alliance," Mr. Ghosn was blunt: "Let's just end it."

Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks "on cordial terms."

The collapse of the discussions reversed a rally in GM's stock. GM shares fell slightly, dropping nine cents to $33.32 in 4 p.m. New York Stock Exchange composite trading.

Pressure on auto makers to consider previously radical cost-cutting solutions remains intense. Detroit's three auto giants are struggling to make money and stop market-share losses in North America. Western European champions such as Renault are dealing with relentless attack from lower-cost Asian and Eastern European rivals. A slowdown in the U.S. economy could ratchet up pressure on GM, Ford Motor Co. and DaimlerChrysler AG to look for partnerships or alliances to share the burdens of developing more fuel-efficient engines or new kinds of vehicles.

Ford, for example, has said it is open to discussions with rivals about potential alliances, or deals to offload brands such as Aston Martin. DaimlerChrysler has said it is looking for a partner, possibly Chinese, to help it speed a new small vehicle to the U.S. market. GM already has alliances to share hybrid gasoline-electric drive technology with BMW AG and DaimlerChrysler.

In remarks prepared for his press conference, Mr. Wagoner said GM is open to the idea of pursuing individual projects with Renault-Nissan, similar to a commercial vehicle venture the companies already have. 5

The end of the discussions leaves Mr. Ghosn, one of the global auto industry's stars, to focus on boosting sales and profits at Renault, which has been losing share in Western Europe. In a statement yesterday, Renault and Nissan said the two companies still believe that there is a "significant value creation" to be had by "expanding its alliance to a motivated North American partner."

Investors have speculated that partner could be Ford, which is struggling with widening automotive losses. But in interviews in Paris last week, Mr. Ghosn said he is "not in a hurry" to initiate a new round of discussions. Ford spokesman Oscar Suris, asked if Ford might enter talks with Renault-Nissan, said "We're not going to speculate."

With the Renault-Nissan proposal off the table, Mr. Wagoner can now focus on persuading investors that his turnaround strategy for GM can start to deliver profits in the company's core North American auto business.

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In his press conference, Mr. Wagoner argued that a Renault-Nissan deal "would have potentially been a distraction to our current turnaround efforts. For example, it unfortunately doesn't help in key areas like our huge U.S. legacy cost competitive disadvantage, and it could impede our fast-moving efforts to evolve to a global management system."

At a dinner Monday at GM headquarters, Mr. Wagoner and his chief financial officer, Frederick "Fritz" Henderson, presented their work on the potential alliance to GM's board, say people familiar with the matter. The executives said Renault-Nissan would gain three to four times more savings than GM. That is why Mr. Wagoner last week told Mr. Ghosn GM would need an "equalizing contribution," probably a multibillion dollar cash payment, to consider the alliance.

Mr. Wagoner focused on another big problem -- the possible block stock purchase by Nissan-Renault, these people said. Under Mr. Ghosn's alliance plan, Nissan and Renault, which is 15% controlled by the French government, would buy 20% of GM stock. Messrs. Wagoner and Henderson told the board its investment banks recommended GM obtain a "control premium" for such a block. Also they said GM should be entitled to a further premium because it would be effectively precluded from working on joint ventures with other auto makers.

After the late dinner, during which the slide presentations continued, several directors moved their conversations into the hotel lounge nearby and talked later into the night, said a person familiar with the matter.

The next morning, at the board meeting, discussions resumed. "There were no fireworks," said a person familiar with the matter. It became increasingly clear directors would support GM management. Many of them concluded that GM's turnaround had kicked in. Another common refrain: Mr. Henderson, who has been chief financial officer since January, is making a "hugely positive addition" on thorny issues including labor buyouts, Delphi talks and the agreed-upon sale of General Motors Acceptance Corp., this person said.

Mr. Wagoner recommended that GM tell Mr. Ghosn that it was open to pursuing specific joint ventures with Nissan-Renault, but that it would not pursue the alliance structure currently under consideration, said a person familiar with the matter. The directors unanimously approved the recommendation. There was one caveat: if Mr. Ghosn showed an interest in changing the structure of the tie-up, Mr. Wagoner must return to the board, according to people familiar with the situation.

Wednesday's developments appear to be a setback for Messrs. Kerkorian and York. At one extreme, Mr. Kerkorian could sell this stock for a profit and be done with the drama, but he is typically a long-term investor. At the other extreme, he could launch a proxy contest to replace the board of directors next spring.

Mr. York could resign from the GM board in the near future, if he decides that he can be more effective and less constrained. When Mr. York worked with Mr. Kerkorian more than a decade ago on Chrysler, he worked from the outside to force change. Ultimately, Mr. Kerkorian made a $3 billion profit when Daimler-Benz AG bought Chrysler in 1999.

GM Won't Join Nissan, Renault (WP)

By Sholnn Freeman

The Washington Post, October 5, 2006

General Motors Corp. rejected an alliance with Nissan Motor Co. and Renault SA yesterday, contending that it still has the size and strength to fight on its own.

GM chairman and chief executive G. Richard Wagoner Jr. said joining an alliance would distract the automaker from its turnaround. He said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them.

The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp.

Ending the talks was a blow to Carlos Ghosn, who heads both Renault and Nissan. An alliance was seen by some as a ploy by Kerkorian to put Ghosn in a leadership role at GM.

Wagoner said GM has made a "shocking amount of progress" in executing its turnaround plans. In the past year, GM has cut billions of dollars in overhead costs, reorganized operations, cut employee medical and retirement benefits, sold large parts of the company and eliminated 30,000 jobs. Wagoner and the company's directors have also taken pay cuts.

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GM lost $10.6 billion last year, the most since 1992. Most of the loss was in the company's North American division, where executives bet heavily on continued profits from large pickup trucks and sport-utility vehicles before the market stalled.

Gary N. Chaison, professor of industrial relations at Clark University, said GM is giving the impression that it has turned the corner. "All you can really say with any confidence is that they are not in as bad a shape as they were before," he said.

Chaison said GM's long-term performance will hinge on future dealings with labor. He said GM's portrayal of itself as strong enough to stand alone will make it more difficult to seek concessions from the United Auto Workers union next year during contract talks.

"They still have to go to the UAW and make the case for a special break," Chaison said. "This is going to be extremely difficult for them to do because the UAW is not in the mood for further concessions."

Wagoner said the advantages of an alliance would have unfairly favored Nissan, making it a bad deal for GM's shareholders.

Dominique Thormann, a senior vice president at Nissan's U.S. division, argued yesterday that GM negotiators did not understand the concept of an alliance. He said the discussions were terminated because of a fundamental disagreement on how to split up the billions of dollars that could have been saved.

In short, Thormann said GM was looking to get paid. GM wanted "equalizing payments," he said. GM asked for a "control premium" because company executives thought that by entering the alliance, they might lose the ability to make deals with other companies, effectively giving up control to chart GM's future. Thormann said the demands were contrary to the "spirit of the alliance."

"They are just seeing something in black and white and very easy to measure," Thormann said. "Ultimately, it's not a shared vision. They keep talking about short-term recovery. We are talking about the long-term -- a strategic vision. The alliance doesn't fix your short-term problems. It isn't what runs the company. The alliance just gives you a competitive advantage."

Ghosn and other executives have repeatedly said they saw value for all parties in an alliance. Executives also said a GM-Nissan-Renault alliance would create a company with the power to take on the growing worldwide clout of Toyota Motor Corp. Toyota reported a 25 percent increase in U.S. sales for September, as sales by most other major automakers, including Nissan, sputtered.

GM executives think they can take on Toyota on its own. Under the leadership of Robert A. Lutz, GM has consolidated all its international operations. That could mean the end to the costly overlap of product development, design and purchasing. GM consolidation is saving $10.2 billion a year, about the same as a GM-Nissan-Renault alliance was predicted to save.

For GM, a partnership with Renault and Nissan represented only risk and downside, said an industry executive, who asked not to be identified because of the delicacy of the talks. He said GM and Renault are big rivals in Europe. Nissan is a dangerous competitor in North America, where it, Toyota and Honda Motor Co. have been taking GM market share. An alliance could have entailed GM giving up factory space to Nissan, the executive said, and Nissan would have in turn "hit GM between the eyes with product."

"What was GM to do?" the executive said. "Take the lion in the den and get eaten in the process?"

In Palo Alto, Calif., yesterday, Nissan workers expressed relief that there would not be an alliance. "Look at GM's track record," one said. "GM would've taken everything we have."

GM Drops Alliance Talks Over Lack Of Compensation (USAT)

By Sharon Silke Carty

USA Today, October 5, 2006

DETROIT — General Motors Wednesday called off its talks with Renault and Nissan about forming an alliance because the automakers couldn't agree on GM's demands for compensation.

GM's studies showed benefits of an alliance would be skewed in Renault and Nissan's favor, with the most going to Nissan, GM CEO Rick Wagoner said. GM wanted compensation for that and for the fact that an alliance would preclude GM from making deals with other automakers.

In the end, he said, an alliance “was not in the best interest of GM shareholders.”

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Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed “there were good synergies for everybody.” She said the discussions broke down over the additional compensation issue, “which is not really part of the alliance principle.”

Wagoner said GM's board, meeting Tuesday, voted unanimously to back out of the discussions.

Board member Jerry York represents GM's biggest individual shareholder, Kirk Kerkorian. Kerkorian pushed GM to consider teaming up with Renault and Nissan, going public with the idea over the summer when he felt the automaker wasn't moving fast enough.

In a filing with the Securities and Exchange Commission last week, Kerkorian said he intended to increase his shares in GM from 9.9% to 12% and asked the company to consider hiring outside consultants to independently review the Renault-Nissan plan.

“We believe General Motors' participation in a global alliance with Renault and Nissan would have enabled GM to realize substantial synergies and cost savings,” said Carrie Bloom, spokeswoman for Kerkorian's investment firm. “We regret that the board did not obtain its own independent evaluation of the alliance.”

The board's unanimous vote is a sign of confidence in Wagoner and his turnaround plan, said David Cole, chairman for the Center for Automotive Research. The automaker lost $10.6 billion last year and $2.9 billion in the first half of this year, but many expect upcoming third-quarter earnings will be significantly improved.

“Obviously, the board has got confidence in him,” Cole said. “They know where things are going. They see everything of importance. If they don't like the direction the company is going in, they're going to put a lot of heat on him. And they're not.”

The door now is open for possible discussions between Renault-Nissan and Ford Motor. Carlos Ghosn, CEO of the French and Japanese automakers, said last week he would be interested in another North American partner if a deal with GM fell through.

Ford had no comment on possible talks.

GM shares closed down 9 cents to $33.32.

VW Buys Stake In Rival MAN, Girding For Tie-Up (WSJ)

By Christoph Rauwald, Stephen Power And Jason Singer

The Wall Street Journal, October 5, 2006

Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business.

The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices. Volkswagen, of Wolfsburg, Germany, said it doesn't plan to fully acquire MAN but bought a stake in the Munich-based company to secure its "strategic interest."

Volkswagen's move is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. Last month, MAN made a hostile takeover offer for Scania of 442 Swedish kronor ($60.33) a share, valuing it at €9.6 billion.

A MAN spokesman said the truck maker is "very happy" with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business. "VW is someone from our same industry and is basically in favor of our strategy," he said. "They understand us."

MAN officials yesterday didn't disclose how they would respond to Volkswagen's proposal, originally made last week, to include Volkswagen's Brazilian truck business in a combination of MAN and Scania.

A spokeswoman for Scania declined to comment on Volkswagen's announcement. A spokesman for Swedish investment company Investor AB, Scania's second-largest shareholder, said it remains focused on finding "the best possible way forward for Scania and its shareholders.... What that is, one will see."

On Germany's Xetra exchange, MAN shares fell 7.5% to €68.44 ($87.10), while Volkswagen shares rose 1.3% to €68.85. In Stockholm, Scania's Class B shares rose 5.2% to 462 kronor.

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Many industry analysts praised MAN's offer last month as a logical step capable of generating hundreds of millions of dollars in cost savings. A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB, of Sweden, and DaimlerChrysler AG, of Germany.

MAN's offer was later rejected by Scania's board as well as by Volkswagen, whose 34% of the voting rights in Scania makes it the largest shareholder. Volkswagen said its holdings in Scania are a strategic asset and that accepting MAN's bid "would not be in line" with VW's industrial interests. Investor AB also rejected the bid as too low, saying it "did not reflect the fair value and potential of Scania."

Last week, Volkswagen Chief Executive Bernd Pischetsrieder, who is also chairman of Scania's board, said he favored combining Scania and MAN with VW's Brazilian heavy-truck operations. Some industry analysts said the auto maker's decision to invest in MAN appeared to be intended to prod MAN's CEO, Hakan Samuelsson, to include parts of VW's commercial-vehicle business in a MAN-Scania combination.

In a research note yesterday, Stephen Cheetham, an analyst with Sanford C. Bernstein Ltd. in London, argued that "We believe VW is attempting with this stake to exert pressure on MAN management to do a deal on its terms."

A Volkswagen statement said its purchase of a stake in MAN should allow a "friendly and jointly developed solution" with "maximum synergies" -- and that it was a response to signs that third parties planned a hostile bid and is "not intended in any way to be hostile." The auto maker said it had acted in response to "indications in the market of a hostile takeover attempt of MAN by third-parties."

A spokeswoman for Volkswagen declined to elaborate on the statement, but people familiar with the matter said a resolution of its differences with MAN over Scania could come as early as next week, when Volkswagen is scheduled to hold a conference call with analysts.

With Vista, Microsoft Gets Tough On Piracy (WP/AP)

By Allison Linn, Associated Press

The Washington Post, October 5, 2006

SEATTLE, Oct. 4 -- In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology.

If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager.

Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said.

Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating.

Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, "seem harsh only in comparison to how lenient it has been."

Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP.

"There will be an XP backlash, which is to say people clinging to XP in order to avoid this," he said.

Kay also does not expect the new piracy measures to be that effective against those who have built de facto businesses selling illegal Windows copies. But he thinks it will stop some lower-level piracy.

Windows Vista also will include more sophisticated technology for monitoring whether a system is pirated. For example, the system will be able to perform some piracy checks internally, without contacting Microsoft, Lindeman said.

Microsoft also is adding ways to more closely monitor for piracy among corporate users, who tend to buy licenses in bulk.

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Microsoft plans to take similar measures with the forthcoming version of its Windows server software, dubbed "Longhorn," and to incorporate it into other products down the road.

The crackdown shows how much more seriously Microsoft has started taking Windows piracy, which for years has been extremely widespread in areas such as Russia and China. The Business Software Alliance, a software industry group, estimates that 35 percent of software installed on PCs worldwide is pirated.

In recent years, the market for Windows, one of Microsoft's biggest revenue producers, has become more saturated. That has left the company eager to make money from users who may otherwise have obtained illegal copies of the operating system.

Cori Hartje, director of Microsoft's Genuine Software Initiative, said the company wants users to notice the difference between legal and pirated copies of Vista.

"Our goal is to really make a differentiated experience for genuine and non-genuine users," Hartje said.

After many delays, Microsoft is expected to release Vista to businesses in November and consumers in January.

ENVIRONMENT/INDIAN AFFAIRS:

FBI Executes Search Warrants On California Spinach Companies (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy News, October 5, 2006

SAN JOSE, Calif. - In a startling twist to the E. coli outbreak that has flummoxed federal and state investigators, agents for the FBI and FDA on Wednesday executed two search warrants on two Salinas area companies, saying they were looking for evidence of a crime.

The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif. - the company whose bagged spinach is at the center of the outbreak. It was unclear how Growers Express - which grows and packs produce in the western United States and Latin America - fits into the probe.

An FBI spokesman said agents from the bureau had been involved in the case "for quite some time."

"There's no indication this was tampering. There's no indication this was terrorism or anything like that," said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe.

Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act.

News of the FBI's involvement raised echoes of the 1996 E. coli outbreak linked to juice produced by Odwalla Inc., a Northern California company that was convicted on criminal charges for not preventing contamination of its products. The company paid $1.5 million after pleading guilty to 16 misdemeanors stemming from an outbreak that killed a toddler and caused dozens of others to become sick in several Western states and Canada.

Joseph John, the federal prosecutor in that case, said courts have ruled that food suppliers have "strict liability" in contamination cases, meaning they can be found guilty of a misdemeanor simply for distributing contaminated food across state lines, knowingly or not. The intent of the law is to make suppliers take responsibility for ensuring the safety of their food.

Depending on the statutes involved, Schadler said, authorities may not have to show intentional violation of the law to prove a crime. Still, he emphasized that that the U.S. attorney's office could end up filing no charges in the case.

The latest E. coli outbreak has so far killed one person and sickened at least 192 others in 26 states and Canada.

FBI and Food and Drug Administration officials were mum on what they might have found on Wednesday. But Charles Sweat, Natural Selection's chief operating officer, said agents had requested paperwork, including documents already provided to the FDA and the California Department of Health Services.

Bill Marler, a Seattle attorney whose firm is representing 93 victims in the E. coli outbreak, said the federal agents could have been looking for "missing quality assurance documents."

"It would be a problem for the company if they are lost or, worse, destroyed," he said.

In the statement, however, Sweat vigorously defended the plant's integrity and food-safety practices.

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"All tests performed on our processing facilities, both those done by independent scientists and government investigators, have been . . clean," he said. "We continue to believe that the source of the contamination was in the fields from which we buy our spinach."

Sweat made a similar statement at a news conference last week at which he announced that all spinach, lettuce and other leafy greens entering the company's processing plant are now undergoing random sampling for E. coli, salmonella and other pathogens.

Several farmers said they were shocked to hear of the FBI's involvement.

"This is just very disturbing. Just the indication that they've taken this step is bad," said Andrew Cumming, president of MetzFresh, a spinach grower in King City and Salinas.

Many spinach growers have suffered severe financial losses since the contamination outbreak surfaced last month. "We've had a really bad two or three weeks now, and this just piles on."

Cumming said "If something was done illegally, that's not the standard of our industry."

Officials at Growers Express did not issue any comment on the raids. The company grows and packs iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. It has 40,000 acres of fields in California, Arizona, Mexico and Peru.

While many food-safety cases are handled administratively, criminal prosecutions have increased since the Odwalla case. The exact cause of the spinach outbreak has yet to be found, but in the Odwalla case, authorities never determined the source of the contamination either. They suspected it originated in the feces of workers or cattle that had migrated into the orchards. While the government did not contend that Odwalla acted maliciously, it said the company failed to take adequate precautions. Odwalla has since started a flash-pasteurization process.

The same strain of E. coli was also implicated in a food contamination case involving hamburgers sold by Jack In the Box restaurants in 1993. No one was prosecuted in that case, linked to the death of four children in the Pacific Northwest.

Under the federal Food, Drug and Cosmetic Act, it can be a misdemeanor to distribute any contaminated food through interstate commerce. It can be a felony if authorities can show evidence of intent or a previous violation of the act. Penalties for a felony can include a $10,000 fine, three years in prison or both.

Authorities also have prosecuted farmers under federal clean-water laws and other environmental statutes.

In the same year as the Odwalla convictions, a California dairyman was convicted on misdemeanor charges after authorities accused him of dumping thousands of gallons of wastewater contaminated with animal feces and urine into nearby creeks.

Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis, said that kind of prosecution is "a really good deterrent" for other food producers who might be tempted to cut corners.

2 Produce-Packing Plants Searched In Spinach Probe (WP)

By Annys Shin

The Washington Post, October 5, 2006

Agents with the FBI and the Food and Drug Administration searched two produce-packing plants in California's Salinas Valley yesterday morning in connection with last month's outbreak of E. coli in fresh spinach that so far has sickened 193 people and killed at least one.

One search took place at San Juan Bautista facilities operated by Natural Selection Foods LLC, a processor linked to the outbreak, which last month recalled all of its spinach products. The other search was of a Salinas, Calif., plant operated by Growers Express LLC, a grower and packer that had not been previously associated with the outbreak.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," said Kevin V. Ryan, U.S. attorney for the Northern District of California.

"There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," he added.

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The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms.

About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak.

"We will continue to cooperate fully with the investigation and welcome all efforts to trace this problem back to its source," Charles Sweat, Natural Selection chief operating officer, said in a written statement.

Woody Johnson, Growers Express vice president of sales and marketing, said he had no idea why the FBI and the FDA had searched his company's plant, which he said does not handle spinach. Its Web site says it does, however, under the Farm Day brand. The company sells greens and vegetables under the Green Giant Fresh, Western Express and Challenger brands.

The FDA, which regulates the food supply except for meat and poultry, can levy tens of thousands of dollars in civil penalties for distributing across state lines "adulterated" food.

Federal prosecutors can also pursue similar criminal charges punishable by up to a year in prison and a fine of $1,000 for each violation. They don't have to prove the food was intentionally adulterated. "If you did it, you can be subject to these criminal and civil penalties," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

In 1998, the FDA imposed a $1.5 million fine -- one of the biggest fines it ever levied -- on juicemaker Odwalla Inc. in connection with a 1996 E. coli outbreak spread through apple juice that killed one toddler and seriously sickened at least 14 other children. In 2001, Sara Lee Corp. agreed to pay a fine of $200,000 after at least 21 people died and about 100 others became ill from eating products contaminated with Listeria monocytogenes.

FBI Seeks E. Coli Clues At 2 Produce Firms (LAT)

By Michael Muskal

The Los Angeles Times, October 5, 2006

Federal agents today searched two Salinas Valley produce companies in connection with the nationwide E. coli outbreak, the U.S. attorney's office for the Northern District of California announced.

The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. At least one person was killed by the contaminated vegetables that sickened about 193 people in 26 states.

The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco.

There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce. Moreover, the investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan stated.

Natural Selection packages spinach sold under more than two dozen brands. It was implicated in the spinach outbreak after bags of Dole spinach tested positive for E. coli. Growers Express grows and packs produce.

Last month, the federal government warned consumers not to eat fresh spinach after reports of contamination surfaced. Companies, including Natural Selection, voluntarily pulled the product from supermarket shelves.

The federal warning was lifted Sept. 29.

Agents Search 2 Spinach Facilities (USAT)

By Julie Schmit And Kevin Johnson

USA Today, October 5, 2006

Federal agents from the FBI and Food and Drug Administration searched two spinach-packing companies in California on Wednesday in connection with the outbreak of E. coli in fresh spinach.

DOJ_NMG_0075760

The San Francisco U.S. Attorney's Office said warrants were served on Natural Selection Foods and Growers Express. Agents are investigating whether companies took appropriate safety measures, said U.S. Attorney Kevin Ryan in a statement. He also said there is no indication the spinach was intentionally contaminated.

FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws.

The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product.

Growers Express, a grower and packer in Salinas, had no immediate comment. Until Wednesday, it had not been named in the investigation.

Also on Friday, the FDA said fresh spinach was as safe to eat as it was before the outbreak — except for products that had already been recalled and should no longer be in circulation.

Ryan said the investigation has not revealed any evidence of a new or continuing threat. But the news of the FBI involvement — and search for criminal action — comes just as grocers start to restock shelves with fresh spinach.

Despite the FDA's clearance, consumers may have to hunt for spinach. Some grocers, including Wal-Mart and Costco Wholesale, have yet to make plans to reintroduce fresh spinach. Other grocers have started but supplies may be limited. And major spinach processors say it'll take weeks or months to fully ramp up production.

"We'll be back into spinach, I just cannot tell you when," says Jeff Lyons, senior vice president for fresh foods for Costco. Given the outstanding question of how the outbreak started, Lyons says consumers are still too wary.

Kroger, with 2,500 stores, expects to have packaged and bulk product in most stores by Saturday. Food Lion, with 1,200 stores, is aiming for early next week, if supplies are available, spokesman Jeff Lowrance says.

Publix, with 883 stores, could not give a time frame. It intended to get spinach from Canada, but the growing season was ending and product wasn't available, spokeswoman Maria Brous says.

Other Salinas Valley processors resumed production in recent days. Fresh Express, the leading packaged salad processor, hopes to be at full production within weeks, President Tanios Viviani says. It resumed processing on Monday. Viviani says it'll take time for customers to reassure themselves that their suppliers are good and for consumers to understand the safety of the product, despite the outbreak.

River Ranch Fresh Foods resumed shipping spinach on Tuesday. It cannot say when it'll be at 100%.

"We're starting very, very slowly," company spokesman Barry Eisenberg says. Eisenberg says the company's primary customers, supermarkets, "are just not sure what the consumer response will be."

Whole Foods, a leading retailer of natural and organic foods, might provide cause for optimism. It resumed sales of fresh bunched spinach late last week in some stores. Weekend sales were almost at normal levels, spokeswoman Kate Lowery says.

US Opens Criminal Inquiry On Health Measures Taken By Spinach Growers (NYT)

By Gardiner Harris And Libby Sander

The New York Times, October 5, 2006

Federal investigators have opened a criminal investigation into accusations that some California spinach growers and distributors failed to take adequate measures to ensure that their spinach was safe before selling it.

Yesterday, agents of the Federal Bureau of Investigation and the Office of Criminal Investigations in the Food and Drug Administration carried out search warrants at Natural Selection Foods of San Juan Bautista and Growers Express of Salinas.

Natural Selection, a large distributor of fresh produce, had previously recalled its packages of fresh spinach. Its chief operating officer, Charles Sweat, said in a statement that all tests at the Natural Selection plant showed no contamination.

"We continue to believe that the source of the contamination was in the fields from which we buy our spinach," Mr. Sweat said.

A person who answered the phone at Growers Express said the company would not comment.

The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said.

DOJ_NMG_0075761

All the victims had a virulent strain of E. coli bacteria, O157:H7.

With the focus of the investigation narrowing to spinach grown in the Salinas Valley, the agency told consumers last week that they could again eat fresh spinach.

Eleven bags of fresh spinach have tested positive for E. coli O157:H7, the agency reported yesterday. The United States attorney for the Northern District of California, Kevin V. Ryan, said investigators had no evidence that the contamination was deliberate or that it continued.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," Mr. Ryan said.

Investigators have also visited Primus Labs of Santa Maria, Calif., which performs routine testing for E. coli among growers, Juan Muniz, Primus operations manager, said.

Mr. Muniz refused to discuss the specifics of the inquiry but said one challenge is the lack of definitive rules on what is an unacceptable E. coli level.

"I can eat something where my immune system is not affected, but my son or my father — one or two colonies could affect them," Mr. Muniz said.

Growers usually ask Primus to test for general E. coli levels, Mr. Muniz said. If the results are a problem, growers may ask for follow-up tests that look specifically at O157:H7, Mr. Muniz said. But there is no definitive guideline for the level of general E. coli that would initiate the second test, he added.

Farm practices are governed by a voluntary code of good practices that tells growers to "maximize their efforts to minimize contamination," Mr. Muniz said.

"What does that mean?" he added. "It's complicated."

On Tuesday, a top California food safety official announced that eight fecal samples from cattle pastures near the affected spinach fields had tested positive for O157:H7.

"This is not really an unexpected finding," the official, Kevin Reilly of the Health Services Department, said. "We do know that E. coli O157:H7 can be found in healthy cattle, and that it is something that if we look, we are able to find it. The real thing here is to see if the strain type matches up with the outbreak strain."

Five companies have voluntarily recalled their spinach products since the outbreak was reported nearly three weeks ago. Natural Selection was first, recalling on Sept. 15 all products containing spinach. The company processes and packages spinach for more than 20 brands, including Dole, Nature's Basket, Trader Joe's, Ready Pac and Riverside Farms.

Another company in Salinas, River Ranch, followed two days later, having obtained some of its spinach from Natural Selection. In the next week, companies in Portland, Ore.; Seattle; and West Caldwell, N.J., recalled spinach products.

Some grocery chains began re-stocking fresh spinach last week, taking pains to show that the spinach was grown in places like Colorado and Canada. In the last 11 years, 20 E. coli outbreaks have been linked to "leafy products" grown in the region, including two related to spinach, Dr. Reilly said.

FBI, FDA Search Spinach Facilities In E. Coli Probe (Update1) (BLOOM)

By Margot Habiby

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- FBI and U.S. Food and Drug Administration agents today searched two California spinach producers -- Natural Selection Foods LLC and Growers Express -- for links to a national outbreak of E. coli bacterial infection.

The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person.

``There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. ``We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce."

DOJ_NMG_0075762

The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15.

Natural Selection spokeswoman Samantha Cabaluna didn't immediately return a call for comment. A spokesman for Growers Express, who declined to be identified, had no comment.

Growers Express's Web site says it sells spinach under its Farm Day brand. Its other brands are Green Giant Fresh and Western Express, though it wasn't immediately clear whether it sells spinach under the other two brands. None of the brands were specifically listed in recalls announced by the FDA during the past three weeks.

No New Threat

``The investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan's statement said.

One adult died in Wisconsin, and the deaths of a child in Idaho and an adult in Maryland are being investigated in connection with the outbreak, according to the U.S. Centers for Disease Control and Prevention in Atlanta.

Ninety-eight people have been hospitalized in the U.S. in connection with this outbreak, and 30 have developed a type of kidney failure known as hemolytic-uremic syndrome. Seventy-one percent of those with confirmed cases of E. coli are women and girls, and 11 percent are children under 5 years old, CDC said in its latest tally, announced yesterday.

Compliance Questions

``I find it very surprising that they had such a big outbreak, and that makes me wonder if they were really in compliance" with current agricultural guidelines, Alejandro Castillo, an associate professor of food microbiology at Texas A&M University, said in an interview before the search was announced. ``Something makes me think that they were not."

In addition to making sure that irrigation water doesn't get contaminated and that manure is properly composted to prevent the spread of E. coli, it's important that growers see that workers have good hygiene, he said.

``Make sure that you have toilets for them and hand-washing facilities close to the fields with soap, water and towels," Castillo said. ``You need to clean and sanitize the field utensils" before workers touch them again, he said.

Wisconsin continues to lead the nation, with more than a quarter of the E. coli cases associated with the outbreak. Five states -- Wisconsin, Ohio, Utah, Indiana and New York -- account for almost 60 percent of the cases. Twenty-six states have reported confirmed cases.

California's Department of Health Services is conducting its own probe into the outbreak and is not a part of today's federal action, spokeswoman Norma Arceo said in an interview.

``We still have not found the source of the contamination," she said in an interview today. Arceo said the state has taken spinach samples from the growers that were served with federal warrants today, though she declined to provide further details.

FDA spokeswomen Susan Bro and Julie Zawisza didn't return calls for comment. The U.S. Justice Department, which oversees the FBI, deferred questions to Ryan's office. Luke Macaulay, Ryan's spokesman, didn't return a call for comment.

2 Firms Searched In FBI Spinach Probe (FINDLAW/AP)

By Paul Elias, Associated Press Writer

AP, October 5, 2006

(AP) - SAN JUAN BAUTISTA, Calif.-The FBI searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak that killed one person and sickened at least 191 others.

Agents from the FBI and the Food and Drug Administration used warrants to search a Natural Selection Foods LLC plant in San Juan Bautista and a Growers Express plant in Salinas to determine whether they followed food safety procedures.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce," U.S. Attorney Kevin Ryan said in a statement.

Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health.

DOJ_NMG_0075763

The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month.

FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants.

Natural Selection, which packages spinach sold under 34 brand names and supplies spinach to other food processors, was implicated in the E. coli outbreak after 11 bags of Dole brand baby spinach tested positive for the same bacteria strain found in people who feel ill after eating the leafy greens.

Natural Selection CEO Charles Sweat said agents requested paperwork, including documents already provided to the FDA and the California Department of Health Services. In a statement, he defended his plant's cleanliness.

"We have believed from the outset that our facilities were not the source of the contamination," Sweat said. "We have been concerned that the contamination may have originated in the fields where the product is grown."

Growers Express grows and packs produce, including iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. Until Wednesday, the company had not been named in the investigation of how the tainted spinach ended up in bags and on store shelves.

A representative for Growers Express did not immediately return a call seeking comment.

Since E. coli is found in animal and human feces, state and federal inspectors trying to pinpoint the source of contamination have focused on irrigation water, fertilization methods, worker hygiene and the proximity of fields to livestock.

Federal and state officials previously had said they had narrowed their search for the E. coli's source to nine farms in Monterey, San Benito and Santa Clara counties that grew spinach for Natural Selection Foods.

The federal Food, Drug and Cosmetic Act provides criminal penalties for companies involved in the production or sale of "adulterated foods," said Andy Weisbecker, a Seattle lawyer whose firm is representing dozens of people who got sick eating spinach in the last two months.

Companies can be convicted if they are shown to have been negligent in preventing tainted foods from entering the market, even if they were unaware of the contamination, Weisbecker said.

Associated Press Writer Lisa Leff in San Francisco contributed to this report.

BP Takes Royalty Fight To Court (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, October 5, 2006

WASHINGTON — Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a statute of limitations provision in federal law.

The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP.

The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997.

BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said.

Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit.

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BP America's lawyer, Jeffery A. Lamken, a partner at the law firm Baker Botts, said a close reading of the law demonstrated that the statute of limitations also applied to administrative proceedings by the federal government.

Justice Antonin Scalia, for one, seemed to agree with some of Lamken's points during the oral arguments.

The wording of one section of the federal law in question "certainly suggests...it does apply to administrative proceedings," Scalia said.

"I could not have said it better, and I will not attempt to," Lamken said.

GAO: Feds Lose Money On Salvage Logging (AP-Y)

By Matthew Daly

AP, October 4, 2006

The federal government spent nearly $11 million to salvage timber from an Oregon wildfire in 2002, yet it stands to get less than $9 million from selling the wood, congressional investigators say.

The Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire.

The report by the Government Accountability Office acknowledged that the delays cost money, but said the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays.

The study by the GAO, the investigative arm of Congress, was being released Wednesday. The Associated Press obtained a copy of it in advance.

The wildfire, dubbed the "Biscuit fire" because of its proximity to a nearby waterway, burned almost 500,000 acres in Oregon and California in 2002, making it largest wildfire in the continental United States since 1997.

Overall, 12 salvage sales in the burned areas were completed by the end of 2005, resulting in harvests of about 67 million board feet of timber, the GAO report said. The total was less than one-fifth of the 367 million board feet proposed for sale in an environmental impact statement issued by the Bush administration in 2004.

A board foot is the volume of a piece of wood 1-foot square and 1-inch thick. It takes about 10,000 board feet to build a modest two-bedroom home.

"Forest staff overestimated the timber available for harvest," the report said, adding that administration estimates that salvage logging would create about 6,900 local jobs and $240 million in regional economic activity now appear overly optimistic.

The Forest Service and other agencies have spent $5 million and expect to spend an additional $5.7 million on the salvage sale of wood and other related costs, the report said. Timber sales from the logging are expected to generate about $8.8 million in revenue, GAO investigators said.

While final answers are premature, "we would expect the actual economic results to be less than the (2004) estimate," the report said.

New Mexico Sen. Jeff Bingaman, ranking Democrat on the Senate Energy and Natural Resources Committee, said the GAO report demonstrated that the Bush administration overreached in its efforts to log large areas burned by the Biscuit fire.

"Taxpayers are going to have to spend millions more just cleaning up the damage from the logging than the government made from the timber sales," Bingaman said. "At the same time, promises of community fire protection, habitat restoration and scientific analyses remain unscheduled and unfulfilled."

The report comes as Congress considers a bill to speed up the logging of burned forests and planting of new trees after storms and wildfires. The bill, which has been approved by the House and is pending in the Senate, would order that federal land hit by disasters that involve more than 1,000 acres be restored within months, rather than years — before insects and rot set in, diminishing the commercial value of fire-killed timber.

The measure's co-sponsors, Reps. Greg Walden, R-Ore., and Brian Baird, D-Wash., call it a commonsense plan that will be good for the environment and the economy. They cite the Biscuit fire as a prime example of the need for the legislation.

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Environmental groups and a majority of House Democrats oppose the bill, arguing that cutting large old trees and planting new ones makes forests more vulnerable to new fires and less valuable as habitat for fish and wildlife. They say it is better to allow forests to come back on their own.

Sen. Mike Crapo, R-Idaho, chairman of a Senate forestry subcommittee, has said he wants a vote on the logging bill before the end of the year.

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On the Net:

GAO: http://www.gao.gov

Information on the logging bill, H.R. 4200: http://thomas.loc.gov

Interior Dept. Reports Computer Abuse (AP-Y)

By Jennifer Talhelm

AP, October 4, 2006

Interior Department employees aren't just using their computers to oversee parks and wildlife, an investigation found. They're spending thousands of hours a week visiting shopping, sex and gambling Web sites.

A report made public Wednesday on an internal investigation examining a week of computer use found more than more than 1 million log entries in which 7,700 employees visited game and auction sites.

More than 4,700 log entries were to sexually explicit and gambling Web sites.

The findings are "egregious" and "alarming," the department's inspector general, Earl Devaney, wrote in the report.

"Computer users at the department have continued to access sexually explicit and gambling Web sites due to the lack of consistency in department controls over Internet use," he wrote.

Devaney titled his report, "Excessive Indulgences." Its cover illustration is a photo montage of the types of Web sites employees have visited. One picture includes a shot of a woman's bare stomach.

Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access.

Devaney said in his report that he wanted to test the effectiveness of the department's rules on Internet usage. He looked primarily for visits to sexually explicit, gambling, gaming and auction sites because they are time-consuming and obviously not work-related, he said.

The investigation also found:

_A number of computers accessed sexually explicit Web sites for 30 minutes to an hour.

_One computer had 2,369 log entries at two game sites for about 12 hours.

_At least one computer accessed an Internet auction for almost eight hours.

Despite the findings, Devaney noted that since 1999, the department has taken just 177 disciplinary actions, 112 of which were for accessing pornographic or sexually explicit Web sites.

"Without strong and effective controls, we believe that this activity will continue and possibly increase," Devaney wrote.

In response, department officials issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found "have significant legal and administrative consequences" and that violators could be fired or turned over to the police.

The department is working on blocking inappropriate Internet sites, the memo said. But it reminded employees that "just because an inappropriate site is not blocked does not mean that it is authorized for access."

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On the Web: http://www.doioig.gov/

Pollution Investigation Scours The Toilets Of The Upper Crust (USAT/AP)

By Noaki Schwartz, The Associated Press

USA Today, October 5, 2006

DOJ_NMG_0075766

MALIBU, Calif. — Los Angeles County officials want to know who, or what, is responsible for the waste fouling the most star-studded stretch of the Southern California coast. Their investigation could lead them into the toilets of the rich and famous.

Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities.

Malibu's spectacular seaside cliffs, canyons and beaches have attracted numerous environmentally minded celebrities such as Sting, Tom Hanks and clean-water activists Ted Danson and Pierce Brosnan. The city was incorporated in 1991 specifically to stop a county proposal to build a sewer line; residents feared that the sewer extension would encourage large-scale development. Today, there are about 2,400 septic tanks in the city of multimillion-dollar homes strung along 25 miles of coast.

Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods.

Where the tests show a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples.

"It is a big deal that the county is now saying, 'We're willing to go onto properties to see what the source of fecal contamination is,' " says Mark Gold, director of the environmental group Heal the Bay.

Malibu leaders and residents have pointed to an array of possible sources for the pollution, including a wastewater treatment plant, storm runoff and bird droppings. Actress and animal rights activist Pamela Anderson contends the real polluter is animal agriculture, such as chicken farms.

"When the results of these tests come back, I'll bet that once again we'll find that it's people's meat addiction, not their septic tanks, is causing this pollution," Anderson wrote in an e-mail.

County officials initially will focus on properties with heavier toilet use, such as restaurants and Barbra Streisand's old estate, which is now owned by the Santa Monica Mountains Conservancy.

In 1993, the singer donated her property to the conservancy, which has held weddings, conferences and public tours at the 22-acre estate. Conservancy spokeswoman Dash Stolarz said the site has a sophisticated septic system.

If county officials find suspect systems, they will inform the Los Angeles Water Quality Board. The board could fine homeowners or require them to upgrade systems.

Board President H. David Nahai says he is optimistic that residents will comply with the investigation. "The very cachet of Malibu and the high property values they enjoy are dependent upon a clean ocean."

House Panel Prods EPA To Speed Probe Of Pollutants, Abnormal Fish (WP)

By David A. Fahrenthold

The Washington Post, October 5, 2006

A panel of U.S. representatives criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs.

In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems.

"Why is it taking so long?" asked committee Chairman Thomas M. Davis III (R-Va.).

Benjamin H. Grumbles, an EPA official overseeing water quality, said the job turned out to be much more difficult than first imagined and required federal scientists to create a set of tests from scratch.

"The agency is being as proactive and protective as we can," Grumbles said. "The science needs to drive the solutions."

Grumbles did, however, offer a promise that the EPA would try to accelerate its efforts, and he said he hoped that it could begin the process of testing chemicals for hormonelike effects by the end of next year.

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Still, the delay was criticized by Rep. James P. Moran Jr. (D-Va.), who said the 1996 order was "timely, it was important, it should have been done."

The "intersex" fish, which were growing eggs in male sex organs or producing egg-related proteins, have been found throughout the Potomac watershed in recent years, including at one site near the Woodrow Wilson Bridge.

Scientists with the U.S. Geological Survey who discovered the fish believe the culprit comes from a class of endocrine disruptors. These chemicals, found in hand soap and waste such as sewage and runoff from farms, are chemically similar to natural hormones and can fool animals' natural signaling systems.

Even less well understood than the problems in animals are the consequences for human health. Lawmakers pressed for ways to explain the risks: Rep. Elijah E. Cummings (D-Md.) asked Gregory Masson, a scientist at the Fish and Wildlife Service, if he would eat one of the abnormal fish. Masson said yes.

Cummings also asked federal scientists to rate their concerns from one to 10, with 10 being the most alarming. Masson said seven.

Grumbles offered assurances that, so far, there are no links to human health problems. But he gave the problem an eight.

"Fish are sentinels," he said. "They are warning signs, and they need to be taken very seriously."

CAHOKIA: Suit Seeks Payback For Landfill Cleanup (SLPD)

St. Louis Post-Dispatch, October 5, 2006

The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia.

The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says.

Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says.

As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says.

Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup.

The defendants include current owner Eagle Marine, Afton Chemical Corp., Union Carbide, Dow Chemical, Exxon Mobil, Mallinckrodt, Merck and the estate of Paul Sauget, who died in 2004.

Topping 2006 Ballots: Eminent Domain (CSM)

By Ben Arnoldy

The Christian Science Monitor, October 5, 2006

BOSTON

A backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States.

Libertarian activists, tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November.

Most of the measures aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values.

At stake is the momentum of "smart growth" planning in recent decades that has provided public interests like open space and environmental protection at the expense of private property owners. Supporters of the changes say they want those costs made transparent, while opponents argue that individual property rights, if unfettered, will trample on the rights of neighbors and the collective good.

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"Urban growth boundaries, agricultural protection ordinances, wetlands regulations, historic district rules - just about any kind of land-use rule would be more vulnerable to litigation if the [regulatory takings] measures were adopted," says John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute in Washington. "[The West] would be a lot more polluted, it would be a lot more congested, and it would be a lot less green if these measures were enacted."

Prior to the high court's decision on eminent domain in Kelo v. New London last year, Oregon, in 2004, enacted Measure 37, a law requiring local and state governments to compensate landowners when regulations decreased the value of their properties. Ballot initiatives in California, Arizona, Idaho, and Washington are loosely based on Measure 37. If governments cannot pay, some measures call for granting individuals exemptions from the rules.

In Oregon, the 2,446 claims already filed with the state would cost more than $5.7 billion to reimburse, according to the Department of Land Conservation and Development. None have been paid, says Michael Morrissey with the department. "Measure 37 didn't identify any new revenue source to pay for claims. So that means for those claims we judge to be valid, the issue is only waiver of regulation."

Such waivers have created some unusual dilemmas.

In Clackamas County, a landowner used Measure 37 to get a waiver for agricultural zoning restrictions that prevented a commercial gravel pit operation. One neighbor suddenly faced the prospect of a rock crusher just a few hundred feet from his home.

Another neighbor, an elderly couple trying to sell their adjacent farm, saw a $1.3 million offer collapse on account of the proposed pit, says their son, Scott Lay. He had voted for Measure 37, but now finds himself ambivalent. He warns voters in other states to "really consider how far that measure could extend into the property rights of the neighbor. The impact doesn't stop with that property, it extends beyond."

In another case, a pumice mine and power plant may be built inside Newberry National Volcanic Monument in Oregon if one longtime landowner gets his way.

"If putting up mining operations in national monuments seems too bizarre to contemplate, look again at Oregon because that's what [voters elsewhere] could get," says Bob Stacey, executive director of 1000 Friends of Oregon, a land-use watchdog group.

Supporters of laws like Measure 37 cite the Constitution's Fifth Amendment, which prohibits taking private property for public use without just compensation. Land-use restrictions, they say, unfairly "take" part of the property's value without paying the owner.

"By not compensating landowners ... you are essentially forcing a minority of landowners - the private property owners - to bear the cost of providing [a] public benefit," says Leonard Gilroy, a senior policy analyst with the libertarian Reason Foundation in Los Angeles.

In recent decades, land-use restrictions have burgeoned in many states as strategies to manage growth. Oregon stood at the forefront of that movement before Measure 37. Mr. Gilroy says the measure is an indication that urban planning isn't sustainable without incorporating property rights into the policy framework.

"Measure 37 was passed by the Oregon voters who still strongly support their state's system of land-use regulation. They've just realized that it's had these severe economic consequences on private property owners ... [and] they wanted to rebalance the equation," says Gilroy.

But critics of laws like Measure 37 argue that they create profound imbalances by putting the rights of a few developers over those of the great majority: homeowners. Zoning rules and other land-use protections, they say, protect the value of homes.

The court decision that evicted Susette Kelo from her Connecticut home has helped campaigners connect with voters.

"As soon as I brought up the little old lady in New London, Connecticut, it just clicked with everybody," says Eric Dondero, a libertarian Republican consultant from Texas who gathered signatures for Montana's 'Kelo-plus' ballot measure.

He received payments from an outside group chaired by New York City real estate magnate Howie Rich. "But there were a lot of people that wanted to read the whole wording and I said, 'Here it is.' And they would read everything."

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Mr. Dondero says the regulatory takings aspect wasn't controversial for any of the voters with whom he interacted. But he did meet stiff resistance, he says, from local officials and other operatives whom he claims tried to physically block and intimidate signature gatherers.

Countercharges of signature-gathering fraud prompted a Montana judge to throw out the property rights ballot measure. Dondero denies that there were irregularities from his camp, noting also that out-of-state money was used to gather signatures for liberal measures. The case is under appeal.

Federal Court Dismisses Suit On Navajo Employment Preferences (AP)

AP, October 5, 2006

PHOENIX - A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians.

Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal.

The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe.

The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe.

Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona.

The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers.

Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC.

Peabody has said in previous legal arguments that its lease agreements, which date back to the 1960s, require that preference be given to Navajo workers.

EEOC officials did not immediately return telephone calls for comment on the judge's ruling.

"I am advised that the EEOC can seek reconsideration or an appeal," Shirley said. "Whatever EEOC chooses to do, my instruction to the Navajo Justice Department is to do what it takes to defend the sovereignty of Navajoland."

FBI/DEA/ATF/USMS:

Bonds' Trainer May Get Out Of Prison (AP)

By The Associated Press

AP, October 5, 2006

SAN FRANCISCO (AP) -- A federal appeals court ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger.

Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case.

Mark Geragos, Anderson's lawyer, has been demanding Anderson's release. The 9th U.S. Circuit Court of Appeals agreed Wednesday, giving U.S. District Judge William Alsup a day to issue another contempt ruling or to set Anderson free.

Alsup responded by setting a 9 a.m. Thursday hearing.

"I'm hopeful and optimistic about tomorrow," Geragos said Wednesday.

The U.S. attorney's office in San Francisco declined comment.

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In its Wednesday order, the appeals court did not rule on the merits of Anderson's challenge to his latest contempt order. Federal rules of court prohibit a person from being imprisoned on a civil contempt charge for more than 30 days unless the charge is affirmed by a federal appeals court.

Anderson's latest stint in prison has lasted 36 days, and the San Francisco-based appeals court neither has upheld nor rejected the contempt order issued Aug. 28. A three-judge panel last week sent the case back to the trial judge to clarify the contempt order.

Authorities suspect Bonds might have perjured himself in 2003 when he testified before a grand jury investigating the Bay Area Laboratory Co-Operative that he never knowingly used performance-enhancing drugs. Bonds said Anderson gave him flaxseed oil and arthritic balm.

A new grand jury wants Anderson to address that statement, but Anderson twice has refused.

Anderson, who also had three months' home confinement as a result of his BALCO guilty plea, served 15 days prison in July for refusing to testify about Bonds.

Geragos also has said he will ask to withdraw Anderson's BALCO guilty plea on the basis that authorities built the case against Anderson on an illegal tape recording, an allegation prosecutors have denied.

BALCO Chemist Subpoenaed (CNN)

CNN, October 5, 2006

Steroid creator Arnold to appear before grand jury

Patrick Arnold, the Illinois chemist who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com.

The source said that Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed.

"I can't say anything on that subject," Collins said and declined further comment. Arnold also declined to comment.

What information, if any, Arnold possess pertaining to Bonds' alleged steroid use is unknown. In a story in this week's Sports Illustrated, Arnold details for the first time his involvement in the BALCO scandal. He discuses his relationship with BALCO founder Victor Conte, tells how he created THG -- the steroid reportedly used by Bonds, Jason Giambi and others -- and traces his rise in the supplement industry.

Arnold told SI earlier that he has no direct knowledge of steroid use by Bonds but did disclose that Conte updated him on the progress of the athletes he was doping, telling Arnold how they were responding to THG and a cocktail of other performance-enhancers. An ESPN.com story two weeks ago stated that Arnold had disclosed to a media outlet that Conte told him Bonds knew he was taking steroids. The story was later updated with that reference omitted.

In addition to supplying Conte, Arnold gave drugs to athletes and coaches not connected to BALCO and has long been concerned that federal prosecutors would force him to name them. In a plea agreement with the government negotiated last spring, he conceded that he manufactured three designer steroids, including THG, and was sentenced to three months in a federal prison and three months' house arrest.

But Arnold was not required to name the athletes and coaches he gave drugs to as part of that agreement. It is not known if a grand jury reportedly focusing on whether Bonds committed perjury would seek information about others who allegedly doped.

Arnold met with SI last month in Champaign, Ill., where he lives. The lab he co-owns, Proviant Technologies, is located near Champaign and continues to manufacture supplements. In addition to the disclosures in the SI story, Arnold talked about where he saw doping going now that there has been a crackdown on steroid use.

"There is a future beyond steroids, and it's gene doping," he said. "It's the next step. The only way it can be detected now is through a muscle biopsy, though they may be looking for blood markers. They are making great advances, and how they keep that out of the hands of people with healthy muscles who use it for performance-enhancing reasons, I don't know.

"As drug and performance-enhancing science becomes more and more complicated, it is going to get to a point where you can't police it anymore. People might just have to stop taking sports so seriously."

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Feds Raid Bay Area Pot Clubs (KGO)

KGO-TV, October 4, 2006

Federal drug agents yesterday raided eight locations, arrested 15 people and confiscated almost 5,000 marijuana plants. But their biggest catch was Sparky Rose.

Xavier Pena, D.E.A. special agent in charge: "We're alleging right now, he was the ringleader."

Authorities say the 36 year old was profiting from his non-profit medical marijuana clubs. ABC7 obtained the DEA's affidavit which shows the lucrative money trail.

Kevin Ryan, U.S. Attorney: "There is a connection to Los Angeles and the central district of California."

The criminal complaint said Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making.

At least $2 million dollars in 2004 alone. In December, authorities say Compassionate Care changed its name to New Remedies Cooperative. Early this year, DEA agents began surveying its huge indoor pot farm on Tennessee Street in San Francisco, which they raided yesterday.

PG&E records showed that New Remedies Cooperative paid enormous PG&E bills between February and April alone. Almost $58,000 dollars for electricity, ostensibly for 24 hour lighting to grow the plants.

DEA agents also began checking New Remedies' bank records. They found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars.

Xavier Pena: "We're documenting over $2.3 million dollars in cash going out of this club. So it's ongoing trafficking. This is not in any shape of the word, a non profit organization."

The complaint says Sparky Rose was the largest recipient of the club's proceeds. In that same seven months period, he received checks totaling more than $300,000 dollars.

This affidavit also says Rose ran an Oakland based subsidiary called Potent Employment Solutions which trained and hired workers to grow the pot and run the clubs. Rose and the other suspects were arraigned today.

California: Marijuana Seized (NYT)

By Carolyn Marshall

The New York Times, October 5, 2006

Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people, the federal authorities said. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area.

MARIJUANA RAID DEFENDANTS APPEAR IN U.S. COURT (BCN)

Bay City News Service, October 4, 2006

Fifteen people who were arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco today for an initial appearance on marijuana distribution charges.

The defendants were arrested at a marijuana dispensary known as New Remedies Cooperative on Mission Street in San Francisco as well as at related locations including alleged cultivation sites and an administrative office.

U.S. Magistrate Elizabeth Laporte informed the defendants of the charges. She released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday.

Laporte instructed prosecutors to let her know if they acquire information before then that would support a bail release of any of the jailed defendants.

The dispensary operation was formerly known as Compassionate Caregivers, a group that aimed to provide medical marijuana to patients under the terms of a California law passed by state voters in 1996.

Federal drug laws do not allow an exception for California's medical marijuana law.

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The director of the cooperative, Sparky Rose, 36, of San Francisco, was among those arrested. The other defendants are from San Francisco and several East Bay cities.

Frederico Pena, the chief of the U.S. Drug Enforcement Administration's San Francisco office, said after the raids on Tuesday that anyone who breaks the federal marijuana laws "is not compassionate; they're criminal."

Pena and U.S. Attorney Kevin Ryan said federal agents seized a total of 12,743 marijuana plants in the raids.

Agents Raid Medical Marijuana Dispensary (KCAL)

KCAL-TV, October 4, 2006

(CBS) PALM SPRINGS Federal and local officers converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said.

The warrant was being served at 1733 N. Palm Canyon Drive by officers with the Palm Springs Narcotics Task Force and agents from the U.S. Drug Enforcement Administration, according to the DEA's Sarah Pullen.

The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs.

Supervisor Roy Wilson, who represents the area around Palm Springs and eastward to Blythe, was the lone dissenter. He said the county ban is in defiance of state law that requires local governments to establish ways for patients to obtain "medical" marijuana.

The supervisors stopped short of an outright prohibition on marijuana-growing cooperatives, but did ban the distribution of marijuana to "caregivers," qualified patients or patients with a state identification card even at marijuana-growing co-ops that are legal under California law.

Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana.

Supervisor Jeff Stone, a former pharmacist, said the board is seeking clarity in the courts about conflicting state and federal laws.

Voters in 12 states, including California, have decriminalized medical marijuana.

The AP contributed to this report.

Police Raid Local Legal Marijuana Dispensary (KESQ)

KESQ-TV, October 5, 2006

Federal agents and local police raid a legal marijuana dispensary in Palm Springs. The drug enforcement agency says it's the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics.

According to the DEA, a worker here at Palm Canyon Caregivers, named Josh Aleck allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers.

Instead of cash, Alleck allegedly left "edible marijuana" as token of his gratitude, according to the DEA. That's considered "illegally distributing narcotics."

Though Californians voted for medicinal marijuana, federal law considers all cannabis illegal. The DEA also adds that Alleck did not pass off his unusual tip as medicinal marijuana.

So far, no arrest has been made.

DEA Raid Of Palm Springs Caregivers (DS)

The Desert Sun, October 4, 2006

A medical marijuana-laced “tip” left for an employee at Palm Springs’ Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday.

Agents from the Palm Springs Narcotics Task Force, an arm of the U.S. Drug Enforcement Administration, served a search warrant on the Palm Springs Caregivers dispensary located at 2001 N. Palm Canyon Drive.

The agents found and seized “a substantial quantity of marijuana and marijuana products,” said Sarah Pullen, public information officer for the DEA. “They also seized an amount of U.S. currency.”

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The raid closed the dispensary and left many clients temporarily without a safe source for the drug.

"The dispensary, you can count on it being there. You can't count on people on the street," said Johnny Ortiz of Desert Hot Springs, a client at Palm Springs Caregivers who had previously bought the drug from il legal street dealers.

Toting his doctor's recommendation, Ortiz said he may go to one of the Coachella Val ley's other dispensaries — one in Palm Springs and one in Palm Desert — or back to the street.

Under California's medical marijuana laws, first passed in 1996, qualified patients with a doctor's recommendation may legally use the drug. The state law conflicts with a federal ban on any use, cultivation or distribution of marijuana.

Wednesday's search was triggered by an in cident in September, when Joshua Aleck of Valencia — who, according to the search warranta release from the Palm Springs Police Department "has a working relationship" with the dispensary — was at the Spa Resort and allegedly left edible items containing marijuana as a "tip" for a hotel employee.

Aleck was at the dispensary at the time of the search and may be an employee, Pullen said. He may also be the brother of the dis pensary's owner, she said.

As of Wednesday afternoon, no arrests had been made, but the investigation was con tinuing, said Sgt. Mitch Spike of the Palm Springs Police Department, which also took part in the search.

Efforts to contact representatives of Palm Springs Caregivers on Wednesday were un successful.

The raid added to ongoing uncertainties for medical marijuana users and dispensaries in the Coachella Valley.

Riverside County District Attorney Grover Trask last month issued an white paper,opinion arguingstating that dispensaries are illegal under both federal and state law.

The county Board of Supervisors followed suit last week when theyit rejected an ordinance — the result of months of work between county staffers and medical marijuana advocates — to permit dispensaries in unincorporated ar eas such as Bermuda Dunes and Sky Valley.

The board passed a dispensary ban Tues day.

Trask was aware of the Palm Springs in vestigation, said Ingrid Wyatt, a spokeswom an for Trask's office.

"We were involved in the search warrant in an advisory capacity," Wyatt said. "We're there to review the language of the search war rant and make sure everything that is going to be searched is a legal search."

Wyatt said she could not comment on whether Trask would be filingfile charges against the dispensary or Aleck in the case until the DEA completes its investigation.

But she said the county would not be targeting individual patients.

"We're not going to go after the suffering cancer patient; we aren't that insensitive," Wyatt said. "We're concerned about these dispensaries that disguise themselves as they're selling marijuana illegally."

Jitters about the raid and county policy tem porarily closed down Palm Springs' other dis pensary, the Collec tive Apothecary of Palm Springs, or CAPS, and CannaHelp, the dis pensary in Palm Desert.

CannaHelp reopened Wednesday after noon, and owner Stacy Hochanadel said the dispensary was seeing many Palm Springs pa tients.

"A lot of patients were upset," Hochanadel said. "They're a little scared and hoping that we're going to be here tomorrow."

Calls to CAPS were not returned.

The impact on dispensary ordinances cur rently under consideration in Palm Springs and Palm Desert are another concern.

The Palm Springs Medical Marijuana Task Force is scheduled to meet Friday to work on a draft law that it put on hold after publication of Trask's white paperopinion.

Task force member Joy Meredith, who is president of Palm Springs' Main Street downtown business association of downtown businesses, said neither the raid nor county actions should affect the city.

"It depends on how much courage the de cision-makers have," she said.

Carmi Man Sentenced For Role In Meth Conspiracy; Springerton Man Pleads (CT)

Carmi Times, October 4, 2006

A Carmi man has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy, while a Springerton man has pleaded guilty to similar charges.

Randy G. Massey, Acting U.S. Attorney for the Southern District of Illinois, made the announcements Tuesday. Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties.

McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004. He pleaded guilty to that charge May 30.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the term of imprisonment, McKitrick was also ordered to pay fines and special assessments totaling $600 and was placed on a term of 10 years supervised release to follow his incarceration.

Massey also announced that Mark E. Malone, 35, Springerton, pleaded guilty Monday to one count of conspiring to manufacture and distribute 500 grams or more of meth. Malone was charged with that offense by a grand jury on April 18, 2006.

His bond was revoked and he was remanded to the custody of the U.S. Marshal pending his sentencing, which was set for Jan. 22. Malone faces a term of imprisonment from 10 years to life, a fine of up to $4 million and a term of supervised release to follow incarceration of at least 5 years.

The convictions and sentence in these cases resulted from a long-term investigation into the manufacture of meth in Wayne and White counties. Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the state's attorneys in Wayne and White counties, said Massey.

The investigation into the case is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Carmi and Fairfield police departments, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the state's attorneys of White and Wayne counties, the Federal Bureau of Investigation and the U.S. Drug Enforcement Administration.

The cases were prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Bikers Arrested On Drug Charges (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

Twenty-two members and associates of the Highwaymen Outlaw Motorcycle Organization have been indicted on drug charges, the U.S. Attorney's Office in Detroit said Tuesday.

The indictment said the defendants had conspired to distribute cocaine, marijuana and ecstasy in and around metro Detroit since 2005.

The defendants, most of whom are from the Detroit area, face up to 40 years in prison and a $1-million fine if convicted of the charges. Other defendants live in Florida, New York and Tennessee.

Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit.

The lead defendant, Aref Nagi, 43, of Sterling Heights, was charged with operating a continuing criminal enterprise. If he's convicted, the charge carries a mandatory penalty of 30 years in prison.

FBI agents executed 12 search warrants Tuesday on homes and clubhouses in metro Detroit and seized 18 assault rifles, 14 pistols, four shotguns and a .30-caliber machine gun. It's unclear whether drugs were confiscated.

The FBI, the Brownstown Township Police Department and other police agencies investigated the case.

22 Charged And Dozens Of Weapons Seized In Crackdown Of Motorcycle Gang (DN)

Detroit News, October 5, 2006

The FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang, the U.S. Attorney's Office announced.

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The government brought three sets of indictments against 22 people, alleging drug conspiracy involving cocaine, marijuana and ecstasy.

Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs.

Charged were: Aref Nagi, 43, of Sterling Heights; Nat Sanchez, 36, of Detroit; James Gebara, 36, of Fort Lauderdale, Fla.; Erick Manners, 29, of Newport, .; Michael Cicchetti, 51, of Taylor; Leonard Moore, 36, of Lincoln Park; Donald Gill, 30, of Detroit; Miseal Gonzalez, 28, of Detroit; Monica Zuk, 30, of Westland; Mary Lou Rodgers of Buffalo, N.Y.; Michael Watson, 27, of Jackson; Aaron Roberts, 22, of Lansing; Nicholas Jackson, 33, of Memphis, Tenn.; Tamara Swiden, 24, of Pontiac; Johnny Jarrell, 42, of Taylor; Nasser Nagi, 20, of Sterling Heights; and Gary Ball, Jr., 41, of Dearborn.

Each faces up to 40 years in prison and fines of up to $1 million. Aref Nagi faces another charge of operating a continuing criminal enterprise, which carries a 30-year minimum prison sentence.

Indicted separately on conspiracy charges were Robert Burton, 37, of Allen Park; Steve Rhoads, 34, and Edward Gabbard, 30, both of Detroit; Anthony Smerigan, 44, of Melvindale; and John McGinn, 44, of Lincoln Park.

Kiel In Practice (AP)

AP, October 5, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel, facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters.

Free on a $160,000 bond, Kiel practiced Wednesday and could return to the starting lineup on Sunday night against the Pittsburgh Steelers, Chargers coach Marty Schottenheimer said.

"It feels good to be running around," Kiel said. "It's always been a blessing to play football. Any time I can get out there on the field, I think you should take advantage of it."

Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday.

Kiel, who has started 38 games for the Chargers, wasn't allowed to practice last week or play in Sunday's loss to Baltimore.

"It was hard for me to watch," Kiel said. "I wasn't out there, but I felt like I was out there mentally and physically with the team. I wish I was out there of course. I didn't want to be watching it on TV. I'd rather be playing it. But other than that I was there mentally with them."

Kiel's teammates have been supportive.

"That's my brother," cornerback Quentin Jammer said. "This is a family away from home because we spend so much time with these guys, they become family. You put your arm around him and you just let him know that everything will work itself out."

Kiel Pleads Not Guilty In Drug Case; Feds Hint Drugs Stolen (SDUT)

By Brent Schrotenboer, Staff Writer

The San Diego Union-Tribune, October 4, 2006

The codeine-based cough syrup in the criminal case of Chargers safety Terrence Kiel apparently was “stolen or otherwise misappropriated” from a medical care facility, according to a sworn affidavit requesting a search of Kiel's home last week.

Kiel, who is free on a $160,000 bond, pleaded not guilty yesterday in San Diego County Superior Court to five felony charges involving the shipment and possession of the cough syrup, a controlled substance.

Drug Enforcement Administration investigators said the bottles of codeine in question contain identifying numbers that indicated they came from a medical care facility, according to the affidavit of a DEA special agent.

Prosecutor James Fontaine yesterday said investigators are still trying to find out exactly where Kiel obtained the drug. Kiel's attorney, Bob Grimes, declined to comment on specifics of the case.

After his brief arraignment, Kiel walked through a crowd of reporters outside the courtroom and down the escalator without offering comment.

If convicted, Kiel could face up to seven years, four months in prison, Fontaine said. But most cases are settled before trial. His trial readiness hearing is set for Nov. 14.

"At the next hearing, we'll talk with Mr. Grimes and discuss settling the case," Fontaine said.

Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. Agents found two more plastic bottles filled with codeine in Kiel's Serra Mesa condo under the stairs, according to the affidavit. The bottles sell for up to $325 on the street in Texas, where the bottles were being shipped. It is mixed with soda to form a drink called "purple drank" or "lean," agents said.

The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, "it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle."

The DEA said last week Kiel admitted to shipping the two parcels and to knowing the content.

Baltimore Has A New Way To Treat Heroin Addicts (USAT)

By Donna Leinwand, Usa Today

USA Today, October 5, 2006

Baltimore officials are launching a plan they hope will change the way thousands of heroin addicts in the city are treated and free up space in local treatment programs for other addicts.

The city's public health commissioner, Joshua Sharfstein, said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine.

If the plan works, it could inspire similar programs elsewhere and dramatically change the lives of heroin addicts who now go to methadone clinics every day or every other day for a dose of the medicine, Sharfstein says. Methadone blocks addicts' cravings for heroin and their withdrawal symptoms, but it also can be addictive and abused easily, so it must be dispensed in small doses at special clinics.

Buprenorphine — a prescription drug used to treat addictions to heroin and other opioids such as the prescription drug OxyContin — also blocks cravings and withdrawal symptoms without making the user high. Buprenorphine is difficult to abuse, so patients can get a 30-day supply from any primary care physician trained to prescribe it.

Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing.

Nationwide, about 1.5% of people 12 or older have used heroin in their lifetime, according to the 2005 National Survey on Drug Use and Health, the most comprehensive government assessment of the nation's drug use. Marijuana is far more popular: 46% of those 12 or older reported some use.

In Baltimore, however, heroin has been among the most abused drugs for years, Sharfstein says. In 2003, 71% of the 24,700 Baltimore residents who sought drug treatment said they had abused heroin.

Sharfstein said the city has allocated $250,000 to train primary care doctors how to prescribe buprenorphine. Eventually, the city hopes to treat 10,000 of the city's estimated 40,000 heroin addicts through the program.

"I'll be the first to say this is a somewhat risky endeavor," Sharfstein said in an interview. "We're really trying to engage the medical community in something they haven't done before."

Baltimore can treat about 23,000 uninsured people a year for drug addictions, Sharfstein says. Moving 10,000 recovering addicts to buprenorphine treatment with primary care doctors after they have been stabilized by drug treatment specialists would clear space in traditional treatment programs for more patients, he says.

All doctors practicing in the Baltimore Medical System, a group of private, non-profit community health centers, will receive the training, says Kyu Rhee, the group's chief medical officer. BMS sees 41,000 patients a year at 12 primary care clinics in the area.

Historically, addicts receive intensive treatment in specialty clinics but may not receive follow-up care, says Rhee, who supports Baltimore's plan. By shifting addicts to primary care doctors, the addicts' overall health can be managed along with their recovery, he says.

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Gov. Robert Ehrlich, a Republican, has criticized Baltimore Mayor Martin O'Malley for his police department's aggressive neighborhood policing. O'Malley, Ehrlich's Democratic opponent in the election Nov. 7, has said his community policing program is intended to clean up open-air drug markets and improve quality of life.

About 7,500 of the half-million ambulatory care doctors nationwide are trained to prescribe buprenorphine, says Daniel Alford, medical director of the opioid treatment program at Boston Medical Center. "If there's a big push from a state or a city, it will help ease the barrier for doctors and will improve access for patients," he said.

Baltimore To Train Doctors In Addiction Treatment (AP)

AP, October 4, 2006

BALTIMORE - A new medication to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients.

Buprenorphine is being used instead of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse and is easier to stop when the patient is ready. The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic.

To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time.

Fewer than 90 doctors in Baltimore, where by most estimates thousands of residents are addicted to heroin, have completed the training required to prescribe the drug.

"In a city like Baltimore, where we have a lot of doctors, this really offers a potential for a major expansion of access to care," Dr. Joshua Sharfstein, Baltimore's health commissioner, said. "Getting doctors trained is just incredibly important."

Mayor Martin O'Malley's administration is expected to announce the program Wednesday when the Board of Estimates votes on a $10,000 contract with Clinical Tools Inc. to cover the cost of training the first 100 doctors. The North Carolina-based company will provide the training, free to the doctors, through an Internet-based program.

The money is part of a $250,000 appropriation made from last year's city budget surplus that Sharfstein said will be used to subsidize training, help patients find primary-care doctors and, in some cases, pay for the cost of the drug. Sharfstein said he expects the program to begin in the fall and hopes it will eventually train any doctor who requests it.

Sharfstein said about 4,500 people in Baltimore are treated daily with methadone and believes that about 1,000 residents are being treated with buprenorphine. He said the Health Department's goal is to treat 10,000 patients with the new drug.

Buprenorphine, commonly referred to as "bupe," is manufactured by the British company Reckitt Benckiser and sold under the brand name Suboxone.

Information from: The (Baltimore) Sun, http://www.baltimoresun.com

Colombia Asks US To Extend Trade Preferences (WSJ/DJ)

Wall Street Journal/Dow Jones, October 4, 2006

BOGOTA (Dow Jones)--The Colombian government has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect, the Colombian trade minister said Wednesday in a statement.

The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year.

Jorge Humberto Botero, Colombia's trade minister, said in a statement his country will work to get the U.S. to extend the unilateral preferences until the two countries ratify the free-trade agreement.

Botero said "protectionist sectors" in the U.S. are demanding to change the text of the free-trade pact to toughen labor and environmental standards on Colombian companies that export to the U.S.

The minister added that Colombia will oppose any changes to the agreed-upon text.

Besides making broadening and making permanent the trade preferences already granted to Colombia, the new free-trade pact will ease U.S. exporters' access to the Colombian market.

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The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf - the raw material used for cocaine production.

Peru in December 2005 reached a free-trade agreement with the U.S., and the Peruvian Congress ratified it in June.

Negotiations with Ecuador stalled after the Ecuadorean government in May seized the oil fields operated by U.S.-based Occidental Petroleum's Corp. (OXY).

Two Sides To Body Search (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), October 5, 2006

At center of storm is whether ATF actions offended onlookers

Jonathan Hayes made no bones about it: He had crack cocaine stowed in his "private parts."

A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members.

At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes.

Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as "irrefutable evidence" of the strip search.

The video, however, does not show what witnesses insist they saw. For instance, store clerk Betty Turner is recorded in a CPR video as saying Hayes' pants and underwear were pulled down and the young man forced to bend over.

"They're pulling this young man's pants down, opening up the crack of his behind," Turner said, adding that the incident was witnessed by "30 to 40 people," including women and children.

On the video, Hayes' head remains upright and his boxer shorts remain up. His pants are pulled down by the ATF agent, who can be seen placing his hand inside Hayes' boxer shorts.

Davis disagrees.

"The young man's boxer shorts were being yanked down," Davis said. "Just look at the video."

"The shorts are being tugged," said a man who identified himself as Babington-Johnson, an investigator of sorts of the incident. "Granted, you can't see them coming down."

Davis and Babington-Johnson insisted that officers' own words captured on the video reveal that a cavity search was conducted.

Specifically, the pair referred to comments by a KPD investigator after ATF Agent Steve Paris abandoned his search of Hayes' boxers that Hayes' stash of crack could not be found because it was "too far up in" Hayes' body.

The search also has not yielded a complaint from Hayes, who has denied being victimized and who has not been interviewed or questioned by members of CPR, Brown or Jordan.

"Mr. Hayes is in jail, and we are unable to talk with him," Davis said.

Babington-Johnson remarked, "Mr. Hayes is obviously intimidated."

When informed that neither Hayes nor his attorney believed Hayes was the victim of brutality or an inappropriate search, Babington-Johnson said that Hayes' defenders were "uncooperative."

"Mr. Hayes was obviously denying it for whatever reasons were prudent for him," Babington-Johnson said.

Vice Mayor Brown and County Commissioner Jordan insisted that Hayes was not even the real victim in this incident. It was, instead, the community, they said.

"Would this have happened somewhere else?" Brown asked. "Is this acceptable? I think this was not appropriate. This is not an exigent circumstance. This is not an acceptable circumstance."

Brown reserved blame, however, solely for the ATF, despite the presence of KPD officers during the search and the agency's backing of the ATF's contention that Hayes' boxer shorts were never pulled down.

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"I think the ATF is the entity we should be focusing on," Brown said when asked whether KPD could be accused of covering up or ignoring the issue.

ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that Paris did not disrobe Hayes in public.

"The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas," Cavanaugh wrote. "The video offers conclusive evidence that an invasive strip search of the suspect's private areas did not occur."

KPD spokesman Darrell DeBusk said his agency agreed with Cavanaugh's assessment.

"We feel after looking at the videotape that the video does not show his underwear being pulled to his ankles," DeBusk said. "That did not occur."

Here's how Hayes wound up handcuffed in the parking lot of the Dandridge Avenue Stop and Go Market, according to court records:

In October 2005, Hayes and his girlfriend were involved in a dispute in the Walter P. Taylor Homes housing project, and Hayes allegedly fired a gun at the girlfriend and another woman. KPD officers arrested Hayes, who was wounded in an altercation with the officers. He had crack in the waistband of his pants and ammunition in his vehicle.

A search of the apartment where Hayes was staying led to the discovery of loaded weapons and more crack cocaine.

Hayes actually lodged a complaint about how KPD officers treated him during that arrest but never followed through with it. Federal prosecutors later sought an indictment against Hayes on drug and gun charges.

It was on that indictment that Paris sought to arrest Hayes on Jan. 26, when the disputed search occurred. He had summoned KPD officers to serve as back up.

The in-cruiser video shows Paris abandoning the search of Hayes before any drugs were found. Federal court records show that a later search of Hayes at the Blount County Jail, where federal inmates are housed pending trial, yielded the discovery of more than 10 grams of crack inside his boxer shorts.

Hayes has since pleaded guilty to possession of that crack cocaine and a gun charge from the October 2005 incident. He is awaiting sentencing.

Brown and CPR representatives are demanding a thorough investigation by the Department of Justice and some form of punishment for Paris.

"We feel they need to move a little faster," Brown said in explaining why a press conference was held Wednesday.

Paris remains on duty, and Cavanaugh, who declined comment outside the letter, wrote that higher-ups at ATF have reviewed evidence in the case and found no grounds to support the group's claims.

Jamie Satterfield may be reached at 865-342-6308.

Strip Search Leads To Calls For Dept. Of Justice Investigation (WATE-TV)

By Catharyn Campbell, 6 News Reporter

WATE-TV, News 6, Knoxville, TN, October 5, 2006

KNOXVILLE (WATE) -- Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate.

Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body.

A police cruiser's camera was rolling during the search.

The officer asked the suspect, "You got drugs on you?" The suspect said, "Yeah, in my privates."

The officer asked, "What you got, rock? Crack or rock? Want me to get it for you?" The suspect said, "No."

The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers.

A group known as Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, "We were standing there. Kids were standing there. And they pulled a man's pants down."

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The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception.

The letter says, "We believe the search was a reasonable response by the agent, given safety, location and evidentiary concerns at the time."

Hayes is not filing the complaint but people who saw the police video are outraged.

"If they were going to do a cavity search, they could of taken him somewhere private. If you get arrested and taken to jail, it's only the officer and that person back there so that's privacy there," Gail Carter says.

"Regardless of his criminal background, he is still a human being. We're not saying that the man is perfect. We're not saying that he didn't have what they say he had," Jay Mazon says.

Representatives from the ATF say their Office of Professional Responsibility is reviewing the complaint. They also say agents were able to recover drugs Hayes was carrying.

Community Members Voice Concerns Over Suspect's Arrest In East Knoxville (WBIR-TV)

WBIR-TV, Knoxville, TN, October 5, 2006

Community Members Are Upset Over How A Suspect Was Searched.

Several people have come forward saying they saw a partially nude suspect being searched by Federal Agents last January.

Now, they want tougher policies for those agents.

Concerned community members say it's about 4th Amendments rights and a search they shouldn't have seen.

While the Alcohol Tobacco and Firearm Agents say the actions were appropriate.

"This is not rocket science here. It's pretty straight forward, " says James Babington-Johnson with the Citizens for Police Review.

The Citizens for Police Review called Wednesday's meeting to call out what they say was a blatant disregard for human dignity caught on an in car police camera.

Jay Mazon, Concerned Community member says, "It's not a question of whether he is guilty or innocent. It's the procedure that's so alarming to the community because this was done in public. There were woman and children there that saw this going on. That's what the issue is."

Jonathan Hayes was wanted on federal drug and weapons charges when ATF agents spotted him at an East Knoxville gas station in January 26, 2006.

He's since pled guilty to the charges.

Knoxville Police Officers helped make the traffic stop.

Mark Brown, Vice Mayor says, "KPD was called as back up and stood peripheral. From what I understand this is an ATF issue."

"People need to draw their own conclusions when they look at the video tape. We looked at tape many times and I don't think there's any basis for an investigation at this point," says Darrell DeBusk, KPD Spokesman.

The video shows an ATF Agent pulling down Hayes' pants and shaking his boxers shorts but what you can't see from the angle is what witnesses claim was the agent searching Hayes' cavities for drugs.

They hope their concerns will eventually mean policy changes.

"You've got an opportunity where you could have asked to use the convenience store 10 feet away. There were several options to be utilized opposed to taking this man's pants down at 12:30 noon in front of the public, " says Brown.

James M. Cavanaugh, Special Agent in Charge said in a written statement, "It does not appear the suspect's shorts were removed or his private area exposed. The actions by the Special Agent appear to be appropriate given the circumstances involved. In addition, Mr. Hayes has not filed any complaint through his attorney or himself concerning his arrest or search."

Several community members went to the Citizens for Police Review requesting the group look into the matter.

The group is hoping for a full investigation by US Department of Justice and Office of Inspector General.

"Outrageous Stripping Of Dignity"? (WVLT-TV)

WVLT-TV, CBS 8, Knoxville, TN, October 5, 2006

Knoxville (WVLT) - A 21-year-old Knoxville man is serving time for dealing cocaine and using guns.

But a citizens group claims the search that led to his arrest should outrage you.

Volunteer TV's Gordon Boyd explains why the group may sue the Federal Bureau of Alcohol, Tobacco, and Firearms.

We want to warn you, parts of what you're about to read are pretty graphic. The claim is that Jonathan Lamar Hayes was strip searched in public, in front of children and perfect strangers.

But Hayes isn't who's filing the complaint. In fact, the group who is, has never talked to him.

"My daughter doesn't see her Daddy's private parts, let alone in public! I mean, come on," says activist Jay Mazon.

What outrages community activists and the Citizens for Police Review Board, isn't what you can see on this Knoxville Police cruiser cam video.

But what they claim customers and clerks saw, at the Dandridge Avenue Stop and Go when the federal ATF had a warrant to search Jonathan Hayes for drugs and weapons.

"He pulls them all the way down the boy's ankles with him handcuffed. Turned him around and opened up his crack, pulled him open, like you'd open up a baby's crack to wipe him clean," says Betty Turner, a clerk at the Stop and Go.

A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence.

"It could have been done privately somewhere, I mean you go to jail, that's where it's done," says one Knoxville resident.

ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy.

"No violence, he didn't resist, he'd already been patted down, several officers around, he was cooperative, says Knoxville Vice Mayor Mark Brown.

The Citizen's Board says enhanced audio the reveals agents found no drugs on Jonathan Hayes during the public search.

The ATF takes it further, saying the cruiser tape doesn't back witness claims that a public cavity or strip search even occurred.

Activist Jay Mazon wasn't there, but "You can't deny what happened, I mean people saw what happened, you can't deny that."

Knoxville police say the complaint has no basis.

But the Citizen's Review Board is asking the fed's Office of Professional Responsibility, to check the tapes, and talk to those who claim they saw the strip search.

Beyond that, the board may go to federal prosecutors.

NYPD On Alert Over World's Smallest Gun (WABC-TV)

WABC-TV, ABC 7, New York, October 5, 2006

Just 2.5 inches long, the Swiss Mini Gun's causing concern Eyewitness News' Stacey Sager

Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain.

Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed.

The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most.

Stacey Sager: "You have never seen a revolver this small."

Joe Green, ATF: "No, not an operating revolver."

Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector.

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"This is something that could be tossed into a bin if you're going through an airport or a security checkpoint ..." David Harville, of Criterion Strategies Inc., said.

Although the gun is so small, experts say the ammunition would have to be tiny. For example, a paint ball carries 15 times the energy when fired.

"It's more a novelty I think than an intent on it being a weapon used for a threat," Harville said.

Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well. A pen we found is actually a .22 caliber gun and another weapon we uncovered looks exactly like a cell phone.

"It doesn't just have to be the airport, it could be anywhere. It's a firearm and it's here. And in the wrong hands, it could be deadly," Harville adds.

None of the Swiss Mini guns have been recovered in the United States. It is illegal to have them here, but what they lack in size, they make up for in price. We're told the cost of one is around $5,000 dollars.

Five Arrested For Gun Sales At Flea Market (AP)

AP, October 5, 2006

GAINESVILLE, Ga. -- A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County.

Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident.

ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities.

The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants.

Jackson says he does not know if the suspects worked together or separately at the flea market.

A court clerk says all five appeared Monday at the federal courthouse in Gainesville, where each was given a $10,000 bond and released. They are to be arraigned Friday morning.

Beer Drinkers Beware: 4 Percent Of U.S. Hops Crop Burns (AP)

AP, October 5, 2006

YAKIMA, Washington (AP) -- Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale.

The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma.

Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops.

Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday.

Company President Paul Signorotti would not comment.

The United States produces 24 percent of the world's hops, and about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms.

Fires have long been an expensive danger at hop warehouses, largely because of the potential for spontaneous combustion from heat buildup in bales of resin-loaded varieties.

"That's just a possibility that we'll look at," East Valley Deputy Chief Mike Riel told the Yakima Herald-Republic, "but it is very high on the list."

No one was in the warehouse when the fire started, Riel said.

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With the fire under control Monday night, authorities told the newspaper an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms.

Steiner is part of the Steiner Group of Germany, one of the largest international hop growing, trading and processing companies in the world. The Yakima branch manages Steiner's North American buying and processing, according to the company Web site.

Besides being one of the largest growers in the valley, Steiner is one of three large merchants that buy from other growers in the area. The others are John I. Haas Inc., the grower-owned cooperative Yakima Chief and Hop Union, which specializes in sales to craft brewers.

The fire destroyed or ruined about 10,000 bales, each weighing about 200 pounds (90 kilograms) and likely worth $1.75 to $2 a pound, Ann George, administrator of the Washington Hops Commission in nearby Moxee, told the Herald-Republic.

Seventeen varieties of hops are grown in the United States, including aroma varieties which are added for flavor or fragrance and the bitter alpha varieties.

IMMIGRATION:

Bush's Megaphone Unable To Reach Above The Din (NYT)

By Jim Rutenberg

The New York Times, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 — Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate.

But the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November.

During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions.

In interviews this week, White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress.

For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter.

More than anything else, officials said, they are hemmed in by the unknown, girding for still more unwelcome developments in the Foley saga that could make any sort of full-throated defense or criticism of the House leadership now seem ill considered later. Mr. Foley, a Florida Republican, resigned his House seat on Friday after being confronted by ABC News with sexually explicit text messages he had sent to teenage Congressional pages.

"We're not the keepers of the facts," said a senior official, who was granted anonymity to speak candidly about internal deliberations on the Foley scandal.

Referring to the president's decision to express dismay at the reports about Mr. Foley, and calibrated support for Mr. Hastert as a father, teacher and coach, this official said, "We felt that it was important that the president speak out on this issue — it's a shocking revelation and warrants his comments."

But, the official added, "That can help mitigate an aspect of the story, but the story itself still has legs, because the story itself hasn't been fully reported yet." And, he indicated the president would not have much more to say on the matter any time soon.

White House strategists said they were hoping that the president's statement of dismay on Tuesday had at least sent a signal to voters that the titular head of the party was just as concerned about the reports as they were.

But allies said that what the president said or did would have little effect as new details trickled out. All he can really do, they said, is try to keep hammering home his case against the Democrats, calling on the Republican faithful to vote against what he termed "the party of cut and run."

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Charles Black, a longtime Republican strategist with close ties to the White House who has been in contact with the president's top political strategist, Karl Rove, said that at this point he did not think the White House would intervene by getting involved in the debate over Mr. Hastert's future.

"Every time the White House gets involved in internal party stuff on the Hill it has a bad result," Mr. Black said, referring to the White House's involvement in the ouster of Senator Trent Lott of Mississippi from the majority leader's post in 2002, which bred resentment within the party.

Mr. Bush pressed ahead this week on a fund-raising and campaign trip through the West. He joined on Wednesday with Senator Jon Kyl, Representatives J. D. Hayworth and Rick Renzi, and Gov. Janet Napolitano, all of Arizona, to sign a homeland security appropriations bill that will help pay for new border security initiatives. Still, the prickliness of the immigration issue within the party was on display: Mr. Bush renewed his calls for a guest worker program; Mr. Hayworth told reporters afterward that instituting such a program before the border was secured would be putting "the cart before the horse."

Mr. Bush's remarks in the afternoon at a reception for Representative Bob Beauprez, who is running for governor of Colorado, were not carried for very long on Fox News Channel. Fox switched away from them before the president got into his attacks against Democrats as good people who "just happen to be wrong people" when it comes to terrorism.

Soon after Mr. Bush's remarks concluded, Fox News Channel was back to the Foley scandal, featuring a discussion about how much it was hurting the party's prospects this fall.

Bush Throws Red Meat To Faithful In Red State (MINNST)

By Mark Silva

Minneapolis Star Tribune, October 5, 2006

SCOTTSDALE, ARIZ. - President Bush has launched an aggressive October campaign to protect Republican control of Congress with claims that the GOP is "tough" on terrorism and the Democrats "soft," but the scandal surrounding former Rep. Mark Foley threatens to obscure his party's message.

Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a "fear and smear" campaign.

"We just think differently," Bush said of the two parties Wednesday. "There is a difference between rhetoric and action in Washington, D.C. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live."

As he did during appearances at California fundraisers Tuesday, Bush cast the midterm congressional election as a battle between the competing philosophies of Democrats and Republicans, saying that only Republicans can keep the country safe from terrorism.

On Wednesday, he charged that the Democratic leadership had failed to endorse programs like the National Security Agency's warrantless wiretapping of terrorist suspects, a program that he said prevented attacks on the United States.

'Baseless claims'

In response, Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, issued a statement calling on Bush to acknowledge failed policies in Iraq.

"Instead of making baseless claims, the president should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," Schumer said.

After the fundraiser, Bush signed the Department of Homeland Security Appropriations Act, flanked by Sen. Jon Kyl, R-Ariz., and Arizona Gov. Janet Napolitano, a Democrat. He praised the bill, which covers the costs of additional Border Patrol agents, border fencing and technology, but also repeated his call earlier this year for a guest-worker program that would allow foreigners to legally come to the United States for jobs that he said U.S. citizens won't take.

But the fact is it's growing difficult for the president and rivals to debate the nuances of national security in a political environment consumed by the scandal that erupted Friday with Foley's resignation from Congress amid reports of his sexually explicit communications with pages, experts say.

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Bush Ties Campaign To National Security (AP-Y)

By Nedra Pickler

AP, October 4, 2006

President Bush tried to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to "vote Republican for the safety" of the country.

This week has put the Republicans' bid to keep control of Congress in further jeopardy and brought even more bad news for the president. Republicans on Capitol Hill have been damaged by one member's online sexual advances against teenage boys, while military commanders in Iraq are grappling with a rash of troop casualties and allegations of police corruption.

New polls show Americans are increasingly unhappy with Bush's leadership and the war in Iraq. And even after months of campaigning on immigration reform, he had to sign a bill Wednesday with only a fraction of the changes he wanted.

Still, Bush persisted with the strategy that has brought Republican victory in the last two elections — campaigning on national security with some tax talk thrown in. With Republicans down, he tried to bring Democrats down even farther.

"If the other bunch gets elected, they're going to raise your taxes," Bush charged during a breakfast fundraiser for Rep. Rick Renzi at the posh Camelback Inn near Phoenix.

Worse yet, Bush said, some Democrats are putting national security at risk by voting against bills that would allow secret eavesdropping on phone calls and tough measures to interrogate prisoners to try to detect terror plots.

"If you want to make sure those on the front line of protecting you have the tools necessary to do so, you vote Republican for the safety of the United States of America," Bush said to applause from the donors who together gave $450,000 to see him speak and support Renzi.

Democrats said Bush was just trying to distract from his failed management of the war on terror.

"Instead of making baseless claims, the President should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," said New York Sen. Chuck Schumer, head of the Democratic effort to win seats in the Senate.

After his remarks, Bush stepped outside on a patio with a view of Camelback Mountain to sign a $34.8 billion bill to fund homeland security. The bill includes $1.2 billion for fencing along the U.S.-Mexico border, along with vehicle barriers, lighting and infrared cameras to help catch people sneaking across.

But Bush has been saying for months that the country's immigration problems cannot be solved just by tightening border security. U.S. employers need cheap foreign labor, and immigrants will continue to sneak in to take the jobs, Bush said, so Congress should authorize temporary work permits to match those workers with low-paying jobs that other Americans don't want. He also wanted to give citizenship to millions of illegal immigrants already in the United States.

But Republicans in Congress took a tougher stance against immigration and have refused to give Bush the more comprehensive legislation he wanted.

"We'll continue to work with Congress to pass comprehensive immigration reform that secures this border, upholds the laws, and honors our nation's proud heritage as a land of immigrants," Bush said just before putting his pen to the bill's paper.

Later, Bush flew to Colorado to raise $550,000 for Rep. Bob Beauprez, who is running for governor. Then he was heading back to Washington after a three-day swing through four Western states that brought more than $3.6 million to GOP coffers.

At the Beauprez fundraiser, Bush mourned the death of 16-year-old Emily Keyes, a Colorado student killed by a gunman who stormed her school and took six girls hostage. Bush said he hoped the federal government can find ways to help the community recover during a conference next Tuesday in Washington.

"We wanted to make it certain around the country that the schoolhouse is a safe place for children to learn," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Homeland Security Bill (AP-Y)

By Deb Riechmann

AP, October 4, 2006

DOJ_NMG_0075786

President Bush on Wednesday signed a homeland security bill that includes an overhaul of the Federal Emergency Management Agency and $1.2 billion for fencing along the U.S.-Mexico border to stem illegal immigration.

Standing before a mountainous backdrop in Arizona, a state that has been the center of much debate over secure borders, Bush signed into law a $35 billion homeland security spending bill that could bring hundreds of miles of fencing to the busiest illegal entry point on the U.S.-Mexican border.

Bush said enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at U.S. citizenship.

"The funds that Congress has appropriated are critical for our efforts to secure this border and enforce our laws, yet we must also recognize that enforcement alone is not going to work," Bush said at the bill-signing ceremony tucked into his three-day campaign fundraising trip to the West. "We need comprehensive reform that provides a legal way for people to work here on a temporary basis."

Among other things, Bush said the homeland security funding bill deploys nuclear detection equipment to points of entry, raises safety security standards at chemical plants, provides better tools to enforce immigration laws and provides vehicle barriers, lighting and infrared cameras to help catch illegals trying to cross the border.

"It's what the people in this country want," Bush said. "They want to know that we are modernizing the border so we can better secure the border."

Outgoing Mexican President Vicente Fox, who has spent his six-year term lobbying for a new guest worker program and an amnesty for the millions of Mexicans working illegally in the United States, has called the barrier "shameful." He compares it to the Berlin Wall.

Some Democrats criticized the homeland security spending bill as too meager.

Rep. Ed Markey, D-Mass., a senior member of the House Homeland Security Committee, said the homeland security spending bill does not improve screening of cargo carried on passenger planes, does not provide money to buy and install advanced explosive-detection equipment and does not include strong enough security requirements to protect against a terrorist attack on chemical plants.

"There are nightclubs in New York City that are harder to get into than some of our chemical plants," Markey said.

Bush Signs The Fence Bill (WT)

By Stephen Dinan

The Washington Times, October 5, 2006

SCOTTSDALE, Ariz. -- President Bush yesterday signed into law the annual homeland-security spending bill that provides the first down payment for 700 miles of fence along the U.S.-Mexico border.

The $33.8 billion spending measure boosts the number of U.S. Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill in Scottsdale before a bipartisan group of elected officials in Arizona.

While the bill funds hundreds of programs, including transportation and port security, it has become a key symbol of the debate over illegal entry into the U.S.

Mr. Bush took time in his remarks to press for a broad immigration bill -- he advocates legalization of most illegal aliens as well as a new temporary-worker program. But Republicans fighting for re-election this year called the bill "a great victory" for enforcement first, a position Mr. Bush had opposed.

"As a result of this signature today, it puts in place funding for the first steps, really, of enforcement first," said Rep. J.D. Hayworth, Arizona Republican, who joined Mr. Bush for the ceremony.

Still to come is Mr. Bush's signature on a bill to build 700 miles of fencing along the border, which House Republicans authored and pushed through Congress. The president has said he will sign that bill, too, though an aide yesterday said it's unlikely he will have a public signing ceremony.

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There is no official estimate of the cost of that bill. Republican backers said the 700 miles would cost about $2 billion, while Democratic opponents said the cost could be $9 billion.

Sen. Jon Kyl, Arizona Republican, said yesterday's down payment will build roughly 150 miles of fence, as well as vehicle barriers and other infrastructure. Mr. Kyl was the sponsor of the Senate's fence proposal, which called for 371 miles of fencing, and said the Homeland Security secretary told him they could complete that length within three years.

Before signing the bill, Mr. Bush campaigned for Rep. Rick Renzi, Arizona Republican, and, later in the day flew to Colorado to campaign for Rep. Bob Beauprez, who is running for governor there.

In both places the president repeated his charge that Democrats have tried to block key tools in the war on terrorism, from the CIA interrogation program to the National Security Agency wiretaps.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush was just "ranting and raving."

"The American people are tired of the president's empty tough talk," Mr. Reid said. "They want leaders who are tough and smart."

On the spending bill, the Democratic National Committee said Mr. Bush has not made homeland security a "real priority," citing places where funding has fallen short of Democrats' goals.

But their argument was undercut somewhat by the presence of Arizona Gov. Janet Napolitano, a Democrat, at yesterday's signing ceremony.

She joined Mr. Hayworth, Mr. Renzi, Rep. Trent Franks and Mr. Kyl -- even though both Mr. Hayworth and Mr. Kyl face stiff re-election challenges from Miss Napolitano's own Democrats.

Interest groups are now begging Mr. Bush not to sign the fence bill, saying it would show Mr. Bush has changed his position.

"For years, President Bush has supported a comprehensive approach to immigration reform. Yet now he is considering signing an enforcement-only bill into law with no comprehensive immigration reform on the horizon," said the National Council of La Raza, which advocates for Hispanics' and illegal aliens' rights.

The homeland security spending bill covers fiscal year 2007, which began Oct. 1.

It is $2.3 billion more than the 2006 measure, and $2.1 billion of that increase goes to immigration and border security.

In passing the bill, Congress directed that the administration come back within 60 days with a plan for how to spend the border-infrastructure money.

In a report accompanying the bill Congress said it would withholding $950 million of the money until that plan is approved. But Mr. Bush, in a statement accompanying his signature, said that intrudes on executive powers and he will ignore that requirement and treat it as a request for notification.

The bill passed by voice vote in the Senate, and 412-6 in the House.

One of those opponents in the House was Rep. John Hostettler, Indiana Republican, who was disappointed the bill delays the Western Hemisphere Travel Initiative. That program, which was designed to increase security at ports of entry by requiring U.S. citizens and visitors alike to show a passport when crossing into the country, now goes into effect June 1, 2009, or 17 months later than planned.

Bush Speaks In PV At GOP Fund-raiser (AZREP)

By Diana Balazs

The Arizona Republic, October 5, 2006

PARADISE VALLEY - Armed with slogans, signs and solidarity, as many as 300 people lined Lincoln Drive on Wednesday to protest President Bush's policies, particularly the war in Iraq.

Inside Marriott's Camelback Inn Resort, Golf Club & Spa,Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for U.S. Rep. Rick Renzi, R-Ariz.

Renzi, who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney. Renzi leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent.

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advertisement

Libertarian David Schlosser, a Flagstaff writer and public relations consultant, also is on the Nov. 7 ballot.

The 400 people in attendance raised more than $500,000, according to the Renzi campaign. Some paid as much as $2,100 to have their photo taken with the president.

Outside the Paradise Valley resort, the protesters stood for several hours on the southern side of Lincoln. A steady stream of passing motorists honked horns in support or flashed peace signs, while a few gave thumb's down in disapproval.

"I'm very frustrated with the way the country is being run at the moment," said Mike Gasparek, 58, of Phoenix, who arrived about 6 a.m. to join the protest.

Gasparek, a Vietnam-era Air Force veteran, said he has not heard of a plan to end the war in Iraq with a victory for the United States.

"We don't have any picture of what victory even looks like, and, yet, we send people over there to . . . let's start killing and bombing even though we don't have an idea of what it is we're trying to accomplish," he said.

Cheri Lippmann, 51, of Mesa, had to leave the protest early to get her daughters, Suzy, 16, and Lauren, 14, to school.

Lippmann, a member of the group Code Pink Women for Peace, said the urgent need to stop violence is what brought the family out.

"I just think that for our children's sake, children of the world, it's got to stop. The violence has got to stop. And not only war, but violence in homes, violence in our schools," she said.

"We are just bombarded with it all the time," her daughter, Suzy, added. "I don't know, our people who are supposed to be leading us don't do anything about it," she said.

Her sister, Lauren, wore a necklace that included peace symbol-shaped beads.

"It doesn't solve anything," she said of war.

The "Shame on George Bush" protest was sponsored by a number of groups, including the End of the War Coalition, Code Pink, Progressive Democrats of America, Women in Black and Arizona Veterans for Peace.

As Bush headed to Phoenix Sky Harbor International Airport, the president waved to the protesters, delighting a trio of young girls, but not making everyone happy.

"He had the nerve to wave," one woman remarked.

Babe Moerkerke, a Bush supporter who lives across the street from the resort, said it was an honor to have the president in town.

"We think he's a real man of character. In spite of the malicious criticism he gets, he always retains his dignity and has a spirit of kindness," Moerkerke said.

Michele Kocour, 51, also lives across from the resort and was awakened by protesters who arrived as early as 4 a.m. While she missed her sleep, Kocour said she respects the protesters' right to speak out.

"Freedom of speech, and they're showing it right here. I may not agree with them on every topic. I just wish they had been a little quieter," she said.

Bush Gaffe Points To Munsil's Lack Of Name Recognition (PBJ)

By Mike Sunnucks

The Business Journal Of Phoenix, October 5, 2006

Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor.

Munsil's lack of name recognition manifested itself during President Bush's Wednesday visit to Phoenix.

Bush called the candidate "Lee Munsil" during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi.

Munsil laughed off the presidential muff, pointing other verbal gaffes made by Bush in the past.

Munsil is the former head of the Center for Arizona Policy, a Scottsdale-based Christian conservative group. He is know within political and conservative circles but not much beyond that.

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Polls show healthy leads for the Democratic governor, who is heavily courting independent, business leaders and moderates in her bid for a second-term.

Did Bush's California Visit Shore Up Safe Members? (RC)

By David M. Drucker

Roll Call, October 5, 2006

President Bush's visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts.

While Doolittle and Pombo appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. In 2004, Doolittle's 4th district re-elected the president with 61 percent of the vote, while Pombo's 11th district gave Bush 54 percent.

In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles. They attributed the need to do so to several outside factors, saying the political standing of their candidates have not diminished within their districts.

"The media has run a smear campaign against the Congressman for almost a year now, so we need to raise the resources to combat that," Doolittle campaign spokesman Richard Robinson said, explaining why Bush was stumping with his candidate in the conservative 4th district, which encompasses the eastern suburbs and foothills of Sacramento.

Pombo's chief strategist, Wayne Johnson, had a similar explanation.

"The [Defenders of Wildlife Action Fund] have spent over $1 million, and they say they'll spend another half a million," he said. "And that's just one group."

Bush's fundraiser for Pombo raked in $400,000. The president raised more than $600,000 for Doolittle.

Of the two districts, Pombo's 11th is the more politically attractive target for Democrats. It's located just south of Sacramento, in California's central valley, and it includes a portion of the liberal-leaning San Francisco Bay Area suburbs.

Carrying the flag for Democrats in the race is wind turbine manufacturer Jerry McNerney, who lost to Pombo by 22 points in 2004. This time out, however, the Democrat is better funded and has the strong financial support of environmental groups, who are spending heavily to oust Pombo, the chairman of the House Resources Committee and a longtime foe on environmental policy.

In addition to the DWAF, the League of Conservation Voters and the Sierra Club are after the seven-term Congressman.

McNerney spokesman Robert Caughlan said there is no comparison between the 2004 race and this one. He noted that McNerney has raised more than $1 million for the cycle and is now an experienced candidate. McNerney, a political novice in 2004, spent only $154,701 in that contest, compared to Pombo's $1 million-plus.

But Caughlan predicted that Pombo would be the source of his own undoing.

"Pombo has gotten into all sorts of extra trouble. We can't even make a list of all the scandals he's been in," Caughlan said. "Pombo's giving us our best ammunition."

Pombo has been linked to disgraced GOP lobbyist Jack Abramoff, and weathered his own mini-scandal when it was learned he billed the federal government for a family vacation to national parks. The Congressman contended there wasn't anything wrong with the trip because the parks fall under his jurisdiction as the Resources chairman.

Johnson said Pombo is responding appropriately to the onslaught by the environmental groups, advertising on television, radio, and through the mail, while deploying a strong get-out-the-vote effort. As for McNerney, his conventionally liberal-Democratic views on taxes, cultural issues and national security will ensure Pombo wins re-election, Johnson said.

Also key to a Pombo victory, Republicans believe, is a ground game that Johnson described as one of the most effective ever deployed in California, courtesy of GOP Gov. Arnold Schwarzenegger's re-election campaign. Johnson said it will help lift all Republican boats in the state this year and could be worth two or three points alone for Pombo.

A number of veterans of Bush's 2004 re-election are running the Schwarzenegger campaign.

"The governor's [ground game] is like nothing you've ever seen in California. It's enormous," Johnson said. Democrats "have to run with [state Treasurer Phil Angelides] at the top of ticket, who's not exciting anybody."

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Doolittle, whose 4th district is among the most staunchly Republican in the country, is more secure than Pombo. By a distinct majority, his constituents lean culturally and socially conservative, and favor the GOP's approach to taxes and national security.

This should protect Doolittle from his connections to Abramoff, and the attention given to the fact that his wife — while acting as his campaign's fundraising consultant — ostensively enabled the Congressman to personally profit from his political fundraisers.

Todd Stenhouse, spokesman for Democratic candidate Charlie Brown, said Doolittle is vulnerable on issues of family values and fiscal responsibility because of his ethically questionable behavior and the federal deficit.

For these reasons, as well as Brown's status as a military combat veteran, Stenhouse said a growing number of Republicans are backing Brown. He said 450 supporters showed up at an event Tuesday to counter Bush's appearance for Doolittle.

"When Charlie Brown was flying rescue helicopters in Vietnam, John Doolittle was working on his tennis game in the [San Francisco] Bay Area," Stenhouse said. "The bottom line is, this is about moral leadership."

Clearly, Brown is trying to compete with Doolittle on the Republican's ideological turf.

However, his positions on abortion and same-sex marriage — he's for keeping the first legal and OK with legalizing the second — and his willingness to raise taxes, will hurt him in the 4th district. These are visceral issues for conservative Republican voters, and likely to matter more to them than any of Doolittle's unseemly behavior — at least as long as it remains unseemly and doesn't veer into the illegal.

Robinson said Doolittle will use his significant financial advantage to ensure that voters are aware of Brown's liberal positions. Bringing Bush in on Tuesday was all about guaranteeing that Doolittle has the resources to do so.

"We'll run a hard-hitting campaign that will let voters know that Charlie Brown has been life-long member of the ACLU and supports raising taxes," Robinson said. "I think voters will come to realize that he is not the conservative candidate he says he is."

TAX:

2nd Circuit Grants Stay In KPMG Trial Over Legal Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 5, 2006

A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges.

The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue.

The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan.

In his Sept. 25 ruling, Kaplan said KPMG was "faced with no immediate threat of irreparable injury" should the fee trial proceed on Oct. 17.

The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was "very substantially outweighed" by that to the ex-employees and the public's interest in a speedy determination of the advancement claims.

In response, KPMG said that the need for a stay was urgent because it was incurring "enormous expense and disruption of its business, and its ability to defend against these claims is jeopardized."

CONGRESS-ADMINISTRATION:

Lawmaker Defends Page Program (CHIT)

DOJ_NMG_0075791

By Ray Long

Chicago Tribune, October 5, 2006

SPRINGFIELD -- The Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are "safer in our program than in a lot of homes."

Rep. John Shimkus (R-Ill.) defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually explicit.

Shimkus acknowledged he did not ask Foley if there were any other electronic exchanges with pages, such as the sexually suggestive instant messages from 2003 that first surfaced on Friday and led to Foley's swift resignation.

"The thing that's frustrating to me is that I'm not the bad guy here," Shimkus said. "Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

He insisted the page program is safe. "They are as safe there as they are at home," he said. "In fact, in a lot of homes—they're safer in our program than they are in a lot of homes."

Shimkus has spoken sparingly to reporters about the events leading to the Foley resignation after he read a written statement last week during a press conference in Washington, D.C. with U.S. House Speaker Dennis Hastert, a fellow Illinois Republican under scrutiny over questions about who knew what when and what could have been done sooner.

Shimkus said he does not know who had knowledge of the 2003 instant messages.

In seeking to distance himself from political fallout, Shimkus noted two Florida newspapers that looked into the 2005 matter had found little more than he did.

"Hindsight's always 20-20 in this environment of now what we know," Shimkus said. He added that there was no trail to follow that would have indicated other, more aggressive behavior.

"I'm not a savant," he said.

Shimkus said he did not talk to other congressmen about the Foley matter because of the request by the parents to keep the matter confidential.

"I did what was asked: We intervened," Shimkus said. "There's a responsibility of leadership and it was on my shoulders. I think the biggest question is, if I wouldn't have done anything."

Shimkus said he couldn't pinpoint the time of the meeting with Foley because it was unscheduled but that it followed Hurricane Katrina, which was referenced in one of the e-mails.

Shimkus recalled his office received a call from the House clerk, who wished to speak to the congressman, and they met side by side during a floor debate over legislation.

At that point, Clerk Jeff Trandahl showed Shimkus excerpts of emails on an 8-and-½- by 11-inch paper. There were not references showing who sent the email and who received it.

"He says, 'We've been approached by the parents of a former page, that their son has received an email from Congressman Mark Foley which we think is not appropriate and we want him to stop.' "

Last week Shimkus said in a statement that he "took immediate action to investigate the matter."

In Wednesday's interview, Shimkus recalled, "I think it was almost immediately, we said, 'well, let's go after the vote, and we'll go talk to former Congressman Foley,' which we did. We went into his office."

After some discussion, Shimkus recalled, Foley said something like, "'If I'm being accused of being overly friendly with the pages, then I'm guilty. I am. I care, you know,' he said, 'but there's nothing illicit or immoral or wrong about this relationship.'"

Shimkus also recalled Foley saying he tried to be a good friend and mentor to encourage youngsters to go into public service because someone took an interest in him when he was young.

"I said, 'That's fine. Stay away from this page, and stay away from the pages.' And that really ended the debate."

Nothing since then indicated Foley was more involved with pages, Shimkus said.

"We're all sick (with concern). . And we all say, 'What did we do? What did we miss?' ... And I think, given the (information) that I had, I would do the same thing—not having last Friday's information" about the sexually explicit instant messages.

He also said he didn't talk to other congressmen for advice.

"I'm 48 years old," Shimkus said. "I have three small boys. I've been an Army officer, I've been a schoolteacher, I'm in a position of responsibility, and I did my job."

He dismissed calls for him to step down from the page board as "ridiculous."

Ally Calls For Hastert To Suspend Page Program (WT)

By Amy Fagan

The Washington Times, October 5, 2006

A key ally of Rep. J. Dennis Hastert said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages.

Young assistants known as congressional pages have been running errands on Capitol Hill for more than 150 years.

"I think we need to take some serious looks at this and try to come up with a program for the 21st century," said Rep. Ray LaHood, Illinois Republican. "When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Mr. Foley, Florida Republican, abruptly resigned Friday after ABC reported about overly friendly e-mails and more lurid instant messages that he had sent to teenage boys serving as pages. With Mr. Foley now in a rehabilitation facility seeking treatment for alcoholism, House Republican leaders have scrambled to deal with the scandal's aftermath.

Under the prestigious page program, about 100 high school juniors from all over the country serve as House and Senate pages at any given time, delivering documents, running errands for lawmakers and helping with day-to-day operations of each chamber, according to the Congressional Research Service. There are 63 House pages, 45 nominated by Republicans and 18 nominated by Democrats, according to the Committee on House Administration.

Mr. LaHood said that the current group of youngsters should be sent home and that the program should be evaluated by outside scholars, who then would recommend changes to leaders. Mr. LaHood said he shared his idea with Mr. Hastert's chief of staff over the weekend and with about 100 Republican House members in a conference call discussion of the scandal.

Mr. Hastert, Illinois Republican, hasn't responded to the suggestion, Mr. LaHood said. Some members said they would consider suspending the program, he added.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the House's Office of the Clerk and the page program, said there are strict security policies for the high school students involved in the program.

The students attend school on Capitol Hill every weekday starting at 6:45 a.m. and then report for duty at the Capitol. They have a 10 p.m. curfew and must take another student along whenever they leave their supervised dormitory building near the Capitol.

The students are given an orientation briefing during which they review codes of conduct, program rules and general sexual harassment policy, both among the students and with people outside the program, Miss Collins said.

"Students are encouraged to report anything that's inappropriate," she said.

The House page program is supervised by an advisory board led by Rep. John Shimkus, Illinois Republican.

Mr. Hastert has called for federal and state investigations of Mr. Foley's conduct. The House ethics panel is set to meet today on the matter.

Although Mr. Hastert has been criticized for his handling of the scandal, Mr. LaHood said yesterday that "the speaker has the unanimous support of our conference." But, he added, the scandal is "a big political mess for us."

Mr. Shimkus' office didn't return calls, but the lawmaker said Monday that the page program in recent years has tightened security and supervision of the youngsters and instituted new travel and notification policies after the September 11 terrorist attacks. He said he met with the House pages last week to assure them that "we are committed to their safety and protection."

Leaders set up a toll-free telephone number for current and former pages to report any concerns. Mr. Hastert said, "We obviously need to do more, including providing assistance to these kids after they return home."

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Mr. Shimkus and Mr. Hastert said the program was a valuable part of the Capitol Hill institution. Sen. Daniel Webster appointed the first Senate page in 1829, according to the Congressional Research Service, and the Senate has 30 pages. House pages began their service in 1842.

The program was the subject of a scandal in the early 1980s when two House members were punished for sexual involvement with pages.

Current and former pages have defended the program in the wake of the Foley scandal.

"It was completely surreal," said Adam Estes, 22, who served as a page in 2000 and 2001 and was sponsored by Rep. John J. "Jimmy" Duncan Jr., Tennessee Republican. "I learned about the politicians of America by actually having lunch with them."

LaHood: Send The Pages Home (RC)

By John McArdle

Roll Call, October 5, 2006

With some Members calling on House leaders to suspend the chamber's page program following revelations of ex-Rep. Mark Foley's (R-Fla.) graphic e-mails to former pages, several lawmakers and Congressional officers rushed to the program's defense Wednesday, offering varying reform ideas for the centuries-old program.

Rep. Ray LaHood (R-Ill.) acknowledged that he has recommended to Speaker Dennis Hastert (R-Ill.) and other lawmakers that the current group of high school students should be sent home and that the program should be sus- pended until a full evaluation is completed to determine whether Congress should continue to employ pages, which it has done for more than 200 years.

LaHood, who has long been known as one of the more committed institutionalists in the House, called the page system a "flawed program," in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s.

"This program was a flawed program under Democrats ... and now we've got problems under our watch," LaHood said. "I just think it's a program that we should take a good hard serious look at and see if it makes sense in the 21st century."

A review should be undertaken with the assistance of outside Congressional scholars such as Norman Ornstein of the American Enterprise Institute and Thomas Mann of The Brookings Institution, LaHood said. He added that the review panel should evaluate the program and "even make a recommendation as to whether the program should continue. ... I think everything should be on the table."

LaHood, who brought up the idea of ending the page program while participating on a Monday-night conference call involving more than 100 GOP Members, said he's already received calls of support from other offices.

"This is a hundred-year-old program," LaHood said. "It was started when Congress was quite different and there've been just too many problems and too many vulnerabilities for these young people."

But while every Member who has spoken out about the Foley scandal has agreed that a thorough review of the House page system is necessary, some leadership officials said any talk of ending the program goes too far.

"It sends a message that Congress can't control itself and so we can't be trusted with children. That's just crazy. It's crazy talk," said Republican Policy Committee Chairman Adam Putnam (Fla.). "What a terrible legacy that we would have responded to the Foley sleaze by ending an opportunity for young people to come to Washington and be a part of history. ... It would be unfair to the current pages and it would deny them their opportunity to be a part of something that is a terrific experience."

Putnam said he supports a "top to bottom" review of the page system, adding that "we need to make sure there are adequate safeguards in place so that pages and page supervisors feel comfortable with a chain of command that would allow them to report incidents or experiences involving Members that they think need to be passed along but may otherwise feel uncomfortable doing."

On Wednesday, Rep. Mark Kirk (R-Ill.), co-chairman of the moderate Tuesday Group, sent House Rules Chairman David Dreier (R-Calif.) several proposed amendments to the House rules that would increase protection for "minors in temporary employ of the House."

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The proposed changes lay out a process for investigating alleged misconduct involving a minor and includes penalties for not immediately reporting credible evidence of such violations. It also proposes adding as co-chairmen of the House Page Board retired majority and minority Members "in good standing who have been approved by the Committee on Standards of Official Conduct."

In a joint statement Wednesday, Republican Study Committee Chairman Mike Pence (Ind.) and Rep. Joe Pitts (R-Pa.) offered their own ideas on reviewing the page system, and seemed to indicate it should be maintained but improved.

"We trust that House leadership will cooperate with law enforcement in this matter. We urge House Leadership to institute more comprehensive protections for House pages," they wrote. "We believe also that there should be a zero-tolerance policy for any inappropriate interaction between Members of this House and the students in the Page Program."

The program is managed by the Clerk of the House and a three-Member page board, which was established in late 1982 amid the House's last major page scandal. A spokeswoman for the House Administration Committee, which oversees the Clerk's office, said Wednesday that investigations are already under way, but that it is too soon to speculate as to how drastic any proposed changes to the program will be.

"The committee finds there to be a great deal of value in this program," the spokeswoman said. "That having been said, while these multiple investigations are under way certainly the Office of the Clerk is going to work with the page board and leadership to reexamine the program and make any necessary changes."

Putnam said he would oppose any legislation calling for ending the page program and would be working with his fellow Members and through the Rules Committee, on which he sits, to implement improvements to the system once the House Page Board's review is completed.

In the meantime, Putnam cautioned his fellow Members to "not overreact to this situation by taking it out on these outstanding young people and denying them this tremendous educational opportunity."

The House page program also received support from the other side of Capitol Hill on Wednesday from Senate Sergeant-at-Arms Bill Pickle, who along with Secretary of the Senate Emily Reynolds manages that chamber's page program.

"I know the House program gets accolades from a lot of people and it really is an outstanding program over there," Pickle said. "So when people criticize a program because of one aberration that's probably very unfair. I think they have an outstanding program. ... What I'm hearing is we have one person who has done something that is not correct. I don't think you throw out the whole program because of one aberration. Now if the people on the House side investigate it and find it to be systemic, I'm sure that they will take aggressive action. But from what I know I've heard nothing but great things about the House page program."

Pickle said that last week's revelations of Foley's e-mails to former pages did lead to concern by some parents of Senate pages, who questioned whether similar incidents could take place in the Senate program.

"I have been told that the principal of our school has received some calls from parents just wanting assurances that our program is sound and the problems they have read about in the paper do not exist here and we have assured them that they do not," Pickle said.

Alumni Of Page Program Emerge As Some Of Its Biggest Defenders (WSJ)

By Sarah Lueck

The Wall Street Journal, October 5, 2006

WASHINGTON -- Since it was established almost two centuries ago, the page program on Capitol Hill has withstood wars, terrorist attacks and even a sex scandal.

But the program, which brings more than 100 high-school students to Washington each year to serve as messengers for lawmakers, may not survive Mark Foley.

As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation.

The clerk of the House and the page program's board are "going to step back and evaluate how the program is run," said Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the program.

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Some lawmakers have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves. Despite anger at the way former Rep. Foley used the program to make sexual overtures to young men, the former pages profess deep attachment to the program and their experiences in it.

So, while former pages are the ones who have stepped forward with the most damning information on former Rep. Foley, some are the program's most ardent defenders. Many of them stay in touch with each other long after leaving Washington. They value the contacts of the page network and have reacted with dismay over the possibility that the program could be scrapped.

"It's a wonderful program, and my big fear now is they're going to discontinue it, and a lot of kids are going to miss out," says Alex McKay, a sophomore at Randolph Macon Women's College in Lynchburg, Va., who served as a page in the summer of 2003. She says that she was thrilled to see how the government works up close, and that she jotted down her experiences in a "page notebook."

Jonathan Turley, a law professor at George Washington University in Washington, worked as a House page in 1977, when Congress debated historically important issues such as affirmative action. "What I remember most is listening to my heroes," including the late Sen. Hubert Humphrey, Mr. Turley says.

The program has been an early step in the career of many current and former politicians, including Rep. John Dingell (D., Mich.).

The first Senate page was appointed by Sen. Daniel Webster in 1829, and House pages began serving in 1842. For most of the program's history, only boys served, filling inkwells and stoking the fireplaces in the Capitol. In 1971, women were admitted.

Now, pages, who must be at least 16 years old to qualify, primarily work as messengers, delivering documents around the handful of buildings that comprise the Capitol complex. They answer phones or hold the doors open for lawmakers entering the floor. Dressed in uniforms of navy blue suits or skirts -- plus ties for the males and nylons for females -- several can always be spotted standing silently on the floor, waiting to be summoned by a lawmaker in need of assistance.

Ms. McKay recalls hearing pages being compared to wallpaper. "When there's a vote, your job is to stand on the back wall and not interrupt anything," she says.

The teenagers have a grueling schedule, attending a special page school starting as early as 6:45 a.m., then heading to the Capitol to work, often until lawmakers adjourn for the day and sometimes into the wee hours.

It used to be that pages had to find their own housing and largely fend for themselves during their stint in Washington. That changed after the program became embroiled in a sex scandal in 1983, which resulted in two members of Congress, one Democrat and one Republican, being censured for having sexual relationships with two teenagers.

Today, the pages live in dormitories on Capitol Hill and go on group trips, supervised by adults, to such places as Hershey amusement park in Hershey, Pa. Those venturing out on their own must go with a "buddy," and sign back in, says James Kotecki, a Georgetown University senior who was a page for six months in 2003.

Among the page program's network of adoring alumni are some prominent lawmakers who don't want to see it end. Rep. Tom Davis (R., Va.) served four years as a Senate page, allowing him to be a "witness to history" and to "interact with numerous political icons," he said in a statement on his Web site. "Countless young men and women continue to come to Washington through the page program to share similar experiences; this should continue."

A Page Protection Act: The Path To Saving A Historic Program (RC)

By Jonathan Turley

Roll Call, October 5, 2006

Immortalized in movies such as “Mr. Smith Goes to Washington,” Congressional pages always have represented the youthful idealism of the country. Perhaps it is that very image that attracts people like former Rep. Mark Foley (R-Fla.), who resigned after admitting he sent improper e-mails to a House page.

For those of us who served as pages, our greatest concern is not with Members like Foley (who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The

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system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service.

It is time to be blunt. The greatest threat to pages have been the Members themselves. The young, uniformed pages are open invitations for pedophiliac or predatorial lawmakers — a small number, but a population that dates back at least two decades. In a place controlled by partisan alliances and raw power, a deviant Member can operate for years with little threat of detection or deterrence. The only time real attention is paid to the page service is when one of the pages ends up in the news as a victim. Thus, in the 1980s, when then-Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.) were found to have had affairs with pages, Members suddenly responded to a public outcry for reform.

If Congress is motivated to stop these periodic scandals, it should enact a Page Protection Act that includes four needed changes.

First, we should scrap the House and Senate page boards and create a single Congressional Page Board.

Following the Crane-Studds scandal, the current House Page Board was established, consisting of "two Members from the Majority party selected by the Speaker, one Member from the Minority party selected by the Minority Leader, the Clerk of the House and the Sergeant-at-Arms of the House." There are two obvious problems with the board: 1) dominant control by the majority party for a task that should be entirely apolitical, and 2) the only two non-Members on the board ultimately depend on the majority for their jobs.

At a minimum, board members have an appearance of a conflict of interest when dealing with scandals that could embarrass their party, particularly in a closely divided House before an election. Moreover, with members serving on oversight and appropriation committees, the House Page Board can be a relatively low priority when important votes are pending or budgets are in play. Finally, it is extremely difficult for a teenage page to go to a Member of Congress and accuse a colleague of that lawmaker of improper conduct.

(The Senate avoided some of these problems by creating a board composed of only the Secretary of the Senate and the Sergeant-at-Arms. However, both of them ultimately are dependent on the Senate for their jobs and the board lacks both clout with Senators and camaraderie with the pages themselves.)

To resolve this problem, the current structure should be replaced by a single board primarily composed of former pages, but it also could include a Member of Congress from each party from each chamber. The fact is that the greatest resource and protection for the page academy can be found in its alumni. Former pages now hold positions of considerable power throughout the legal, business and media worlds. These are individuals who are neither intimidated by nor particularly concerned with individual Members of Congress. More importantly, it is far easier for pages to speak with former pages than Members of Congress or a Sergeant-at-Arms.

Second, the board should be given offices in both chambers with a small staff to oversee the page academy and page service. These offices also would be a point of contact for families in an emergency, as well as a resource for educational and cultural events for the pages.

Third, the board should have the ability to conduct its own initial investigations of allegations and have the ability to refer such matters to the appropriate ethics committee or, when presented with evidence of a crime, to the Justice Department. In the former case, the House or Senate ethics committees would be required to investigate and issue an initial report on any such allegation to the Speaker and Minority Leader (or the Senate Majority and Minority Leaders) within 10 days.

Fourth, we should create a United States Page Foundation that would be supported by federal and private funds. This foundation eventually could become entirely self-supporting and offer financial and other forms of support for current and former pages.

With such a system, we finally could create a lasting structure for the page service as it enters its third century of existence. Congress has few traditions or institutions as old or as redeeming as the pages. Crooks such as former Rep. Duke Cunningham (R-Calif.) and (allegedly) Rep. William Jefferson (D-La.) always have worked these halls, but so have the pages — young idealists who understand better than they what Congress means to this nation. For those of us disgusted with the current hypocrisy and corruption in Congress, the pages represent one of the few unsullied institutions remaining on Capitol Hill.

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Before the 109th Congress departs, it is possible to achieve a final redeeming moment out of a scandal-laden session. It is time to create a United States Page Foundation and a Congressional Page Board to guarantee that this unique institution can flourish, undaunted and unmolested, for another two centuries.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and served as a House page in 1977 and 1978.

Energy Dept. Scales Back Polygraph Tests (AP)

By H. Josef Hebert

AP, October 4, 2006

The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs.

The department no longer will require polygraph tests as part of a general screening of new applicants, or automatically for employees in areas of high security. Tests will be required for narrow purposes where there is specific cause, the department said.

Applicants still will undergo broad security reviews, as will current workers on a periodic basis. But, with narrow exceptions, these workers will no longer automatically be subject to a lie detector test, department officials said.

The new requirements, to go into effect Oct. 30, "will significantly reduce the number of individuals who will undergo polygraph examinations," the department said in a summary printed in the Federal Register.

The widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories.

Critics of the polygraph program have argued that it has kept good scientists from working at federal labs, such as Lawrence Livermore in California and Los Alamos in New Mexico, and caused others to quit.

There are an estimated 20,000 high-risk security positions at the Energy Department and among its contractors that under the old rules have been routinely subject to polygraphs, according to the department.

Officials could not provide numbers Wednesday on how many workers will still be subject to polygraphs under the new criteria.

But the new rules say mandatory polygraphs would be limited to workers whose jobs require them to work with or in other agencies that require polygraphs; those where there is "a specific indication" of a clandestine relationship with a foreign country, organization or terrorist group; and those where a test is ordered in response to a specific incident of concern.

The department said a polygraph may also be administered as part of random counterintelligence evaluations.

"This is a significant retreat from the (more widespread) use of the polygraph," said Steven Aftergood, director of the project on government secrecy at the Federation of American Scientist.

"DOE deserves credit for responding to the scientific critique and employee concerns" about the uncertainties surrounding polygraph tests, Aftergood said, adding that's not been the case at some other government agencies including the FBI and intelligence community.

In fact, earlier this week, the FBI and U.S. Secret Service won a legal victory when a federal judge ruled those two agencies could continue to use polygraphs for across-the-board screening of prospective employees.

The Energy Department rejected a call by representatives of some DOE scientists and others to stop using polygraph tests altogether. Critics of the technology long have argued that such tests are not reliable and can ruin a person's career if erroneously interpreted by technicians.

Congress responded to a series of security concerns, mainly at the Los Alamos National Laboratory in New Mexico, in the late 1990s and required the Energy Department to expand its use of polygraph tests on workers in high-security jobs.

The call for greater polygraph use was enflamed by the alleged espionage scandal surrounding Los Alamos computer scientist Wen Ho Lee. Lee, who was under investigation for years, was never charged with espionage and eventually was largely exonerated.

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Responding to the Lee case and a string of unrelated security lapses, Congress in 1999 directed the department to use polygraphs as a broad screening tool for high-security workers including scientists at the national labs. That brought outrage from some weapons lab workers, who argued that polygraphs were not needed to assure security and were hurting morale.

In 2002, a National Academy of Sciences study said that polygraphs should not be used as the sole reason for judging an applicant for employment. The study said it should be only used in conjunction with a broader review.

As a result, Congress directed the Energy Department to revamp its policy on polygraph use and take into account the NAS findings, resulting in the revised regulations that will go into effect at the end of this month.

Jobs Search Process Frustrates Many Young Recruits (WP)

By Stephen Barr

The Washington Post, October 5, 2006

To learn what is right and wrong about federal recruiting, listen to young people.

James Hedrick , in the government for two months, came to the Housing and Urban Development Department because it strives to improve the nation's communities.

April Torikai , hired by the State Department seven months ago, saw long-term opportunities to grow professionally in jobs that support U.S. diplomacy overseas.

Sonya Phillips moved 18 months ago from Tennessee to join the Government Accountability Office here because its work meshed with her education and experience in state government.

Katie Santo , a graduate student at George Washington University, hopes to find a job in government where she "can make a difference."

In all their cases, job decisions were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said.

Some of the perks of federal employment -- Hedrick's gym membership for $20 a month or time out of the office to help Hurricane Katrina victims -- also make the government a worthy employer, in their view.

The four offered their perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students.

But they also recounted some frustrations with their job searches.

Hedrick, a presidential management fellow at HUD, found it difficult to follow up with agencies after a job fair. "The problem was finding someone to talk to," he said. Many college graduates, facing deadlines to start repaying student loans, want to know when they will start work and what kind of training they will receive, he said.

Torikai's first encounter with the government came after she was accepted as an intern and then waited five months for a security clearance. While waiting, she said, some one-on-one contact with a program official "would have calmed my nerves" about the internship.

In contrast, Phillips said, the GAO "did a good job of staying in contact" while she was being hired and showed an interest in her as a professional to keep for the long term.

Santo said college friends who were recruited by companies knew before graduation that they had landed their jobs. Most had completed internships that were a stepping stone to their jobs, she said.

Santo's sense that companies use internships more effectively to evaluate talent is supported by a survey conducted by the Partnership for Public Service. Max Stier , the group's president and chief executive, told federal officials gathered for the summit at the Ronald Reagan Building that only 15 percent of federal interns are hired where they had their internship, while the proportion in the private sector is 35 percent.

Contrary to popular impressions, the government stacks up fairly well against the private sector when college students are asked about their employment interests, he said.

But the partnership's survey also found that most students don't know what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them, he said.

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Most college graduates, Stier said, are willing to wait only four weeks to hear back on their job applications. That survey finding suggests that agencies need to give students more detailed job information and streamline their hiring procedures, he said.

Dan Blair , deputy director at the OPM, told the summit that the government is stepping up recruitment efforts. The office has launched a television advertising campaign in about a dozen cities and plans to hold "federal career days" at Louisiana State University, Ohio State University, New Mexico State University and Carnegie Mellon University aimed at attracting students in medicine, engineering and foreign languages into the government, he said.

Bush administration officials are starting to focus on how to speed up federal hiring -- the OPM yesterday posted a "hiring makeover tool kit" on its Web site to guide agencies -- because projections show that the government could lose about 900,000 of 1.8 million employees through resignations and retirements in the next six years.

For additional perspectives on federal hiring, read the Sept. 27 and Oct. 4 transcripts of Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

A Blow To Labor (WP)

The Washington Post, October 5, 2006

MEMBERSHIP IN labor unions is falling across the industrialized world, and some of this fall may be inevitable. With a few exceptions, such as the hotel industry, it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies: The companies have to compete against rivals that aren't unionized, frequently because they're overseas. Some of the decline, though, is not inevitable but rather is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board.

In a split decision, the three board members appointed by President Bush outvoted the two originally appointed by President Bill Clinton in ruling that relatively junior workers can be defined as "supervisors," thus restricting their right to join a union. The case involved "charge nurses" who assign colleagues to care for particular patients but who lack the power to promote, discipline or influence the pay of the other nurses. As the dissenting opinion argued, this minimalist definition of supervision could deprive whole categories of workers of the ability to organize: Teachers, for example, direct teachers' aides.

The decision exacerbates a legal environment that makes organizing workers unduly difficult. In other recent cases, the labor relations board has narrowed the definition of workers who may organize, excluding graduate students who work as teaching assistants and disabled people who work full time but whose contracts could be said to be rehabilitative. In industries where the right to organize is not yet disputed, employers nonetheless block attempts to establish unions by firing workers who favor them; although this is illegal, the penalties are too small and tardy to serve as a deterrent.

Critics of unions are right that they can bring disadvantages. They can impede innovation and slow the introduction of new technology. But in an age of growing inequality, the decline of unions also has disadvantages: De-unionization explains about 15 percent of the increase in wage inequality among men over the past quarter-century, according to David Card of the University of California at Berkeley. In sum, the costs and benefits of unions vary from industry to industry, which is all the more reason why workers should be free to decide whether to join one.

Not Separate, But Ecumenical (LAT)

The Los Angeles Times, October 5, 2006

WOODY ALLEN OFTEN RECOUNTED how his life was saved by his habit of carrying a bullet in his left breast pocket. A "berserk evangelist" once threw a Bible out of a second-story window, and it struck him in the chest, he said. "That Bible would have gone through my heart if it wasn't for that bullet."

Allen's joke is more deft than the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray "in Jesus' name" before a religiously mixed audience.

In approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that "each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

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That language, the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo. Currently, Protestant, Catholic, Jewish and Muslim chaplains may conduct denominational services for their own flocks, but they employ more generic language when called upon to solemnize occasions attended by service members of all faiths. This arrangement was defended by the National Conference on Ministry to the Armed Forces, which represents most military chaplains.

The proposed change in the law came after some evangelicals objected to recent guidelines issued by the Air Force and Navy designed to curb aggressive proselytizing. The Air Force guidelines said that "public prayer should not imply government endorsement of religion and should not usually be a part of routine official business." The Navy guidelines said that "every religious ministry professional must be willing to function in a pluralistic environment in the military, where diverse religious traditions exist side-by-side with tolerance and respect."

Unfortunately, although it resisted the effort to allow more denominational prayer at mixed gatherings, the conference committee gave evangelical activists a consolation prize: It nullified these Navy and Air Force guidelines, sending officials in those branches back to the drawing board.

This is mischievous micromanagement. Having rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services. It's hard to say "Amen" to that mixed message.

The Irony Of NASA's Nobel (NYT)

The New York Times, October 5, 2006

NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program.

The research that won this year's Nobel Prize in Physics was performed using instruments aboard the Cosmic Background Explorer, or COBE satellite, which was launched in 1989. Huge teams of government and academic researchers measured and analyzed the cosmic microwave background radiation that permeates the universe. Their findings provided strong support for the Big Bang theory of the origins of the universe, and turned cosmology, previously rather speculative, into a precise science. The discoveries have been hailed as one of the greatest scientific advances of the past century.

The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress.

OTHER NEWS:

Wall St Rally Sends Dow To Record Close (FT)

By John O'Doherty

Financial Times, October 5, 2006

The Dow Jones Industrial Average closed at a new all-time high on Wednesday for a second consecutive day, extending the rally on Wall Street.

Consumer stocks were at the forefront of the gainers. Recruitment company Robert Half International climbed 3.2 per cent to $34.45, while Starbucks gained 5.7 per cent to $35.96. Casino company Wynn Resorts added 6.2 per cent to $71.29.

Technology stocks also rallied. Graphics chipmaker Nvidia jumped 9.8 per cent to $31.08 on rumours that it would be bought out by Intel.

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Sandisk added 5.8 per cent to $56.38 after it announced a deal to distribute its flash-memory products through 2,000 retail outlets in India in the coming weeks, and expand its presence to 14,000 outlets by the end of 2007.

Other tech stocks also pushed higher. Microsoft climbed 2.1 per cent to a seven-month high of $27.94, and Ebay added 6.1 per cent to $29.90.

At the close, the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22. The Nasdaq Composite was up 2.1 per cent, or 47.30 points, at 2,290.95.

The Dow Jones Industrial Average gained 1.1 per cent, or 123.27 points, to a new record close of 11,850.61, just shy of its new intra-day record of 11,851.25.

Philip Roth, chief technical market analyst at Miller Tabak, said the Dow was not likely to surge from this point. "I don't think the market is going to go off on a long sustained move here," he said. "But it should be enough to press some of the bears [back] into the market."

Crude oil prices fell earlier in the day, but recovered after attacks near oil installations in the Niger delta. ExxonMobil rose 1.8 per cent to $66.61, and Valero added 4 per cent to $50.10.

The mining sector had some rare losers, depressed by falling copper prices. Phelps Dodge sank 1.8 per cent to $78.65 and Freeport McMoran dipped 0.9 per cent to $49.04.

Ford Motor ticked up 4 per cent to $8.56. General Motors and Nissan-Renault on Wednesday ended talks about forming a possible alliance, increasing the likelihood that Nissan and Renault would now seek to form a partnership with Ford.

Medical device maker Medtronic added 3.8 per cent to $48.92 – its best day in four months – after regulators in Australia approved the sale of its Endeavour heart stent, used to keep arteries open.

ImClone gained 8 per cent to $29.33 after it said it had received a $36-a-share take-over offer from a big pharmaceutical group last month. Billionaire investor Carl Icahn, who is on the company's board, rejected the offer.

Genentech dipped 1.7 per cent to $82.40 after an analyst said third-quarter sales of the company's cancer drugs may have fallen short of estimates.

Shares Surge Amid Hopes For Lower Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

Stocks rallied the most in seven weeks yesterday after the biggest part of the economy slowed and the Federal Reserve chairman, Ben S. Bernanke, acknowledged a housing slump, encouraging speculation that benchmark interest rates may decline next year.

The Standard & Poor's 500-stock index set a five-year high and the Dow Jones industrial average climbed above 11,800 for the first time.

Technology shares led the gains as Nvidia, the maker of computer graphics chips, surged on speculation that Intel may buy the company. Ford Motor rose on the prospect that Renault and Nissan may seek an alliance after ending talks with General Motors.

The S.& P. 500 jumped 16.11 points, or 1.2 percent, to 1,350.22. The Dow climbed 123.27 points, or 1.1 percent, to 11,850.61. The Nasdaq composite index increased 47.30 points, or 2.1 percent, to 2,290.95. All three measures had the biggest advance since Aug. 15.

About 1.87 billion shares changed hands on the Big Board.

Service industries, accounting for about 90 percent of the economy, expanded in September at the slowest pace in more than three years and a gauge of inflation plunged.

Mr. Bernanke said a housing slump would lop about a percentage point off economic growth in the second half and limit expansion next year. His remarks yesterday reaffirmed a view that the central bank was done raising borrowing costs.

Crude oil for November delivery rebounded from a seven-month low to close 0.7 percent higher at $59.41 in New York.

Nvidia shares surged $2.78, or 9.8 percent, to $31.08 for the biggest gain in the S.& P. 500.

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Ford rallied 33 cents to $8.56. G.M. ended talks aimed at forming an alliance with Renault and Nissan.

Procter & Gamble, the consumer goods maker, jumped $1.04, to $63.34. Home Depot, the home improvement retailer, added 66 cents, to $37.49.

Wal-Mart Stores, the world's largest retailer, gained even after it cut its estimate of United States same-store sales growth in September to 1.3 percent, from 1.8 percent. The company, which made an initial sales estimate on Sept. 30, said it discovered mistakes in calculations at 235 locations. The stock added 9 cents, to $49.55.

Boeing, the commercial jet maker, advanced $2.18, or 2.7 percent, to $83.96, for the biggest advance in the Dow. Boeing gained after its chief rival, Airbus, said delays to deliveries of the A380 jet would cut 4.8 billion euros ($6.1 billion) from its parent company's earnings through 2010.

Microsoft advanced 57 cents, or 2.1 percent, to $27.94, for the second largest gain in the Dow average. A Goldman Sachs analyst, Richard G. Sherlund, wrote in a note that Microsoft's Windows Vista operating system was likely to be ready on time, reversing a previous view that the product could be months late. Windows runs almost 95 percent of the world's personal computers.

ImClone Systems, the biotechnology company, rose $2.16, to $29.33. In a filing, management said the billionaire investor Carl C. Icahn blocked a September buyout bid by a large drug maker it did not identify. Mr. Icahn, the company's second-largest shareholder, said yesterday that ImClone was worth more than the $36-a-share takeover offer.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.56 percent, from 4.61 percent. The price, which moves in the opposite direction of the yield, rose 14/32, to 10215/32.

Blue Chips Hit Another Record, Climb Past 11850 (WSJ)

By E.S. Browning

The Wall Street Journal, October 5, 2006

A day after the Dow Jones Industrial Average broke through its six-year-old record, the floodgates opened.

In heavy trading, the blue-chip average yesterday jumped 123.27 points, or 1.05%, to 11850.61, a second consecutive record. It was the biggest point or percentage gain since Aug. 15, and left the average up 10.6% for 2006.

Other major indexes also rose strongly. Although the other indexes remain short of their own records, the Standard & Poor's 500-stock index finished at its highest level in 5½ years.

The gains were driven in part by new data reinforcing hopes that the economy is in a "Goldilocks" environment, with inflation not too hot and growth not too cold.

In addition, Federal Reserve Chairman Ben Bernanke said in response to a question after a speech in Washington that the U.S. housing market is experiencing a "substantial correction" that will trim economic growth by about a percentage point in the second half of this year and weigh on growth next year. The comment reinforced hopes that the Fed won't raise rates anytime soon, which is good news both for consumers and for corporate profits.

Stocks had been bouncing around for a week, as the Dow average repeatedly pushed toward its record, only to fall back. After it finally edged past the record on Tuesday, some skeptical investors apparently threw in the towel and decided to put new money into stocks.

Among the buyers were short sellers -- bearish investors who had been betting on stock declines and decided it was time to cover their bets in the face of the rising market. Short sellers borrow stock and sell it, in hopes of buying it back cheaper after a pullback. To cover their bets, they must buy back the borrowed stock, and that temporarily contributes to market gains.

"Once they see the market break through and see that it can sustain itself, the shorts rush in to cover" their bets, because stock gains cost them money, said senior trader Bob Basel at Citigroup's New York brokerage arm.

Among the day's biggest gainers were stocks that have been trailing the market in recent weeks, such as small stocks and transportation stocks, which had been targets of short sellers. Technology stocks, also frequent short-seller targets, also surged.

The day's data suggested that the economy is continuing to advance, but at a slower pace than early this year. That reinforced hopes that the Fed will continue to leave interest rates unchanged when policymakers meet Oct. 24 and 25.

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A monthly report showed that activity in the nation's service businesses, representing two-thirds of the economy, grew in September at the slowest pace in three years. The Commerce Department reported that orders for manufactured goods were unchanged in August.

Treasury-bond prices rose on the soft economic news, sending bond-yields down, as bond investors continued to speculate that the Fed might actually cut short-term interest rates next year. Falling bond yields have been pulling down other market interest rates in recent weeks, including those of many fixed-rate mortgages. Perhaps reflecting the lower mortgage rates, a weekly report on mortgage applications showed the strongest gains since June, helping calm worries about the slumping housing market.

Crude-oil futures prices, whose recent declines have reinforced optimism about consumer spending, rebounded 73 cents to $59.41 a barrel, remaining below $60.

Wal-Mart Stores Inc. said September sales were weaker than it had thought, but in the excitement investors shrugged off the news and even that stock rose.

Investors now are looking ahead to September employment data, due tomorrow, which will give the latest indication about the economy's health. After that, they will focus on quarterly corporate profit reports, due in the following three weeks.

Yesterday, the Nasdaq Composite Index, laden with technology stocks, rose 2.11%, or 47.30 points, to 2290.95, up 3.9% this year. The broad Standard & Poor's 500-stock index advanced 1.21%, or 16.11 points, to 1350.22, ahead 8.2% in 2006.

The Russell 2000 small-stock index jumped 2.1% to 733.47, up 9% this year. The Dow Jones Transportation Average gained 2.24% to 4569.78, up 8.9% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.15%, or 0.33 point, to 219.95.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.97 billion shares, as 2,614 stocks rose and 717 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.559%. The 30-year bond was up 22/32 to yield 4.715%.

The dollar was mixed. Late in New York, it traded at 117.88 yen, down from 117.92, while the euro fell against the dollar to $1.2713 from $1.2726.

Dow Bounds To Another High, Inspiring Other Indexes (USAT)

By Adam Shell

USA Today, October 5, 2006

NEW YORK — After posting its second-consecutive record close on Wednesday, the Dow Jones industrial average continued to downplay its image as a dowdy blue-chip index that delivers doglike returns.

Instead, the 110-year-old Dow is looking more like Wall Street's leading thoroughbred that virtually overnight has sped up the price appreciation of all types of stocks.

The Dow is no one-day wonder. A day after eclipsing its all-time high set nearly seven years ago in January 2000, the 30-stock index made up of America's most famous blue-chip companies, blasted 123.27 points higher to 11,850.61, setting yet another record.

“Did somebody say ‘melt up?' ” Edward Yardeni, chief investment strategist at Oak Associates, quipped Wednesday in a note to clients that captured the pioneering spirit of the Dow's bull run.

The Dow's ability to enter record territory has gotten investors juiced up enough about stocks to put money to work and join the party, says Chris Johnson, director of quantitative research at Schaeffer's Investment Research.

“You ask people what the market is, and they will say, ‘The Dow,' ” Johnson says. “When it breaks through to a new record, the psychology of investors starts to kick in, and they start to ask, ‘Is the train leaving the station without me?' ” As a result, Johnson adds, “Investors start to come back into the market. And when people like my mom start looking to invest, she is not looking to invest in names like Research In Motion. She is looking to buy well-known companies like Microsoft, Dell and Starbucks.”

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Wednesday, Microsoft gained 2.1%, Dell jumped 1.9%, and Starbucks rallied 5.7%.

Indeed, the jolt of adrenaline provided by the Dow has spread to areas of the market that have been lagging behind. The Dow has sparked a broad rally that includes tech names, small stocks and long-forgotten large-company shares.

Wednesday, the big winners were the down-and-out Nasdaq composite and the Russell 2000 small-company index, which has been a market leader since 2000 but has been trending lower this year. Both the Nasdaq and Russell 2000 gained 2.1%, topping the Dow's 1.1% gain and the 1.2% jump by the Standard & Poor's 500.

But the Dow can't take all the credit for the stock market's recent vitality, says Dick Hoey, chief economist at Dreyfus. Instead, the rally is being driven by a growing sense among Wall Street traders that the slowdown in the economy won't result in a "full-scale recession," he says.

A sharp drop in the yield on the 10-year Treasury note (closing Wednesday at a stock market-friendly 4.56%) is making stock prices more attractive to investors. The big beneficiaries, Hoey says, are megacap stocks, such as Microsoft, which are "valued not on hope but on real-world earnings."

The stock market is also benefiting because two of the main headwinds — an aggressive monetary policy by the Federal Reserve and a surge in energy prices — have been eliminated, says John Caldwell, chief investment strategist at McDonald Investments.

Wall Street is betting the Fed is done raising its target for short-term rates, and oil prices have dipped 25% since mid-July. "There's strong evidence that investors are more willing to have riskier assets in their portfolios," Caldwell says.

Dow Blasts Beyond Record-High Close (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

NEW YORK, Oct. 4 -- Wall Street rose even higher Wednesday, propelling the Dow Jones industrial average to its second straight record close.

The Dow soared 123.27, or 1.05 percent, to close at 11,850.61. It hit 11,851.25 in trading, which stands as its trading high. On Tuesday, the iconic average of 30 blue-chip stocks reached new closing and trading highs, wiping out records that had stood since Jan. 14, 2000.

The Standard & Poor's 500-stock index was up 16.11, or 1.21 percent, at 1350.22, and the Nasdaq composite index rose 47.30, or 2.11 percent, to 2290.95.

The impetus for Wednesday's big push was a growing feeling on Wall Street that the Federal Reserve might begin lowering rates soon. Investors appeared to take comfort in comments by Fed Chairman Ben S. Bernanke that the slowing housing market could be a drag on the economy, perhaps shaving a percentage point off of gross domestic product growth in the second half this year and into next year.

The government surprised Wall Street by reporting a rise in crude oil inventories, and investors were also heartened by news that Saudi Arabia said it wanted to keep prices lower. That brought crude prices down, though they rebounded and were up 73 cents, at $59.41.Movers

Wal-Mart Stores rose 9 cents, to $49.55, after spending much of the day down. It said September sales at stores open at least a year rose 1.3 percent, not the 1.8 percent it had forecast.

ImClone Systems gained $2.16, to close at $29.33, after saying an unidentified international pharmaceutical company was willing to make an all-stock offer of $36 per share for the company.

Ford Motor rose 33 cents, to $8.56, as Bear Stearns cut its rating.

General Motors fell 9 cents, to $33.32, as talks ended about an alliance between GM, France's Renault and Japan's Nissan.

TiVo fell 85 cents, to $6.67, after it said an appellate court had given EchoStar Communications a reprieve in a patent fight between the companies.Indexes

New York Stock Exchange composite index rose 90.84, to 8538.67.

American Stock Exchange index rose 4.86, to 1875.20.

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Russell 2000 index of smaller-company stocks rose 15.12, to 733.47.Volume

NYSE: 2.99 billion shares, up from 2.68 billion on Tuesday. Advancers outnumbered decliners 7 to 2.

Nasdaq: 2.22 billion shares, up from 1.99 billion. Advancers outnumbered decliners 5 to 2.Commodities

Crude oil for November delivery: $59.41, up 73 cents.

Gold for current delivery: $562.00 a troy ounce, down from $576.30 on Tuesday.

Wall Street's New High Buoys Main Street (CSM)

By Ron Scherer

The Christian Science Monitor, October 5, 2006

NEW YORK

Marcia Brier of Needham, Mass., is relieved that the Dow Jones Industrial Average has finally surpassed the high of 6-1/2 years ago. With two children in college, she says the strong market showing "gives me a larger cushion."

Jana Skewes of Chattanooga, Tenn., hopes a resurgent stock market helps her small business, SharedHealth. "Potential customers might be a little looser" with their money, says the president and CEO, "and young companies need that."

And retiree Fred Bona of Boonton, N.J., says the Dow hitting a new record will help his retirement nest egg. "When it's going up, it's wonderful. And when it's going down, it makes you nervous."

Yes, the reaction on Main Street to a new Dow record - 11,727.34, only 4.36 points over the old record - is one of relief. A hurdle cleared. Perhaps an indication that the gloom and doom that often emanates from Wall Street professionals may not come true. And, perhaps a way to make money even if home valuations are now going the opposite way.

"It helps to remind people why they own stocks," says Alec Young, a strategist at Standard & Poor's in New York. "It's a good thing psychologically."

The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate.

"There is some shifting away from real estate and into the stock market," says Peter Morici, a professor at the Robert Smith School of Business at the University of Maryland in College Park. "If you're not buying houses and your personal income is up, you have to be doing something with your money."

At the same time, says Mr. Young, the international geopolitical climate has improved. So far, many of the dire predictions of war spreading in the Middle East have not come to pass. The relative peace in the region has helped to bring down oil prices. Wednesday, oil was trading below $60 a barrel. "If it continues to fall, that helps," says Young. If it falls to $55 a barrel, stock prices could rise more, he adds.

The Dow's rise also comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows. "The consensus is for the first rate cut in early 2007," says Lew Piantedosi, co-manager of the Eaton Vance Large-Cap Growth Fund in Boston. "Typically, when the Fed eases off the short-term rates, it's a pretty bullish indicator for stocks."

In the recent past, the Fed has lowered interest rates in late 2002 and after 9/11. Before that, it was in 1994 and in the early 1990s. Most of those cuts led to significant market gains, says Mr. Piantedosi.

However, there are also plenty of investment professionals who are skeptical of the market's rise. One of those is J. Michael Barron, CEO of Knott Capital in Exton, Pa. He's concerned about the deterioration of the housing market, the increased cost of servicing debt as more adjustable rate mortgages are reset, and slower job growth in the general economy.

"The market has basically ignored these risks and continued to work higher," he says, adding, "We think it's a time when most investors should be more cautious."

In Greenville, S.C., Hugh Moore, a partner at Guerite Advisors, doesn't see the stock market moving much higher. His measure is corporate profits as a percentage of gross domestic product. He says that historically corporate profits are 4.5 to 6.5 percent of GDP. Today, they are at 9 percent of GDP. "Unless we're in completely uncharted territory, we're at maximum earnings peak right now," he says. "That means there's not a lot of room for the market on the upside."

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While the Dow average is hitting a high, the broader stock market as measured by Standard & Poor's 500 index is still 12 percent below its all-time high. The Dow average is up 9 percent for the year but the S&P average is up only 7 percent.

"The S&P and the NASDAQ had higher highs and steeper drops," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "So, I don't think the stock market as a whole is exploding here."

Industrials Revolution (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, October 5, 2006

On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts. They maintained that "virtually no one indexes to the Dow," and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators of the market, and these yardsticks were still 10% below their record highs reached in March 2000. The naysayers should wise up. Not only has the "outdated" industrials given investors better returns than such widely watched benchmarks as the S&P 500 Index, but it better reflects what the market has done over the past decade than the more popular capitalization-weighted indices.

The members of the DJIA are chosen by an index committee to be broadly representative of blue-chip companies that dominate American industry. Since 1980, the return on Dow industrials has averaged 13.89% per year, significantly above the 13.06% recorded for the S&P 500, a benchmark that many active money managers find difficult to beat.

But more importantly, the stock market has already reached, by many other more representative measures of market return, an all-time high. The only reason why capitalization-weighted indices such as the S&P 500 are still lower is because of the insane valuations investors gave to the technology sector six years ago. Tech companies with little earnings, such as JDS Uniphase, Nortel, Sun Microsystems, EMC and others reached huge and unprecedented valuations that dominated capitalization-weighted indices. Despite widespread pressure, the Dow wisely excluded these and other tech stocks (particularly Cisco, which for a time was the world's largest company by stock market value) from the industrial average. (They added Microsoft and Intel, far more reasonably priced tech stocks, to their list in 1999.)

The outsized influence of the tech sector in 2000 greatly distorted the capitalization-weighted indices. There are 10 sectors in the S&P 500 Index: technology, financials, health care, utilities, industrials, energy, consumer discretionary, consumer staples, and materials and telecom. If we exclude the tech sector, the S&P 500 would be 16% above its level reached in 2000. Seven of the 10 other sectors (excluding tech, telecom and consumer discretionary) are significantly higher than their 2000 levels. Even within the S&P 500, more than two-thirds of stocks are above the price they reached in 2000, but the big cap tech stocks had so much weight then that their collapse forced the whole index lower now.

Even other capitalization-weighted stock market indices have long ago hit all-time highs. The Russell 2000 Index, a benchmark for the small cap sector, broke into new all-time high territory in 2004. And EAFE, the international benchmark stock index, representing Europe, Australia and the Far East, broke into new high ground in March of this year.

The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values.

Mr. Siegel is professor of finance at Wharton.

Fed Chairman Urges Entitlement Program Reforms (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 5, 2006

WASHINGTON - Federal Reserve Chairman Ben Bernanke called Wednesday for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations.

Speaking to the Economic Club of Washington, Bernanke said that projected funding shortfalls for Social Security and Medicare threaten "large and unavoidable" fiscal consequences.

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Absent action soon, he warned, the nation could be forced to raise taxes sharply, trim retiree benefits, cut deeply into other government programs, and run up the national debt - or some combination of all.

Beginning in 2008, the first wave of baby boomers - 76 million Americans born between 1946 and 1964 - begin taking early retirement. Progressively, there will be a smaller number of active workers available to fund promised benefits to what will be a swelling number of retirees.

To meet promises made under Social Security and Medicare, Bernanke said, taxes would have to rise by about 33 percent. That would take taxes from their current level, 18 percent of the nation's total output, to about 24 percent of total output in 2030.

If politicians opted to spend less on other federal programs to channel the savings into covering promised retirement benefits, they'd have to cut all other government spending in half, the Fed chairman said.

Bernanke's long-serving predecessor Alan Greenspan, who retired in January, frequently warned that a fiscal crisis looms because of the impending flood of retirees. Bernanke offered new numbers Wednesday to help frame the coming debate on an issue that politicians frequently dodge.

Citing an unpublished Fed research paper, Bernanke said that if today's savings rates remain constant, future generations of workers would be forced to consume 14 percent less than they do now because they'll have to shift their money to pay for boomers' retirement benefits.

But if today's Americans cut their current consumption by 4 percent and put that money into savings, that could expand the economic pie over time enough to stave off the 14 percent reduction in American consumption two decades from now.

"These numbers shouldn't be taken literally but the basic lesson is surely right - that the decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said.

The Fed chief advocated reducing federal budget deficits and called for changes to Social Security and Medicare rules to ensure that baby boomers needed in the work force won't be penalized for working during their retirement years.

In a question-and-answer session, Bernanke said a more liberal immigration policy would ease some of the burden of a shrinking work force. But, he cautioned, it would take annual flows close to 3.5 million immigrants, not today's 1 million, to adequately replace retiring baby boomers.

To read Bernanke's address, go to:

http://www.federalreserve.gov/boarddocs/speeches/2006/20061004/default.htm

Bernanke: Savings Situation Getting Dire (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that unless the current generation is willing to sacrifice, by cutting consumption or increasing savings, future generations could face a heavier reduction in living standards.

In a speech to the Economic Club of Washington, Bernanke said the gradual aging of the population has major implications not only for federal programs for the elderly, such as Social Security and Medicare, but the broader economy.

“We can mitigate the adverse effect of the aging population on future generations, but only by forgoing consumption or leisure today,” Bernanke said. He added that as the population ages, the nation must choose among higher taxes, fewer government programs, cuts in Social Security and Medicare, a higher deficit or some combination of those options.

In 2008, when the 79 million baby boomers start to retire, people over the age of 65 will make up 12% of the population. By 2030, that will rise to 19%. The change will affect living standards because a smaller share of the population will be working age, 16 to 64, and, most likely, a thinner slice of the population will be employed. Future workers are likely to be more productive, but their production will be shared by more people.

Bernanke said the impact can be softened if private savings rise and the federal deficit, which the CBO estimates was $260 billion in fiscal 2006, is cut. The savings rate has been negative in recent months, while the United States is borrowing heavily from overseas to cover its budget deficits.

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But Bernanke admitted that economists had found “no silver bullet” to boost household savings.

The Fed chief said Congress could not avoid hard choices to reform what he called “unsustainable” Medicare and Social Security benefits. If Congress shores up the programs solely through higher revenue, taxes would have to rise by 25% by 2030, with further increases needed down the line. Funding the programs solely by cutting other federal spending would require about $700 billion in reductions by 2030.

Bernanke did not make explicit recommendations, but he suggested Congress adopt measures that encourage older people to stay in the workforce and improve education to make the economy more productive.

“The decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren,” Bernanke said, citing research showing early action could dramatically reduce the long-run economic impact.

Higher levels of immigration can help the situation, but probably can't solve it. To overcome the effects of an aging population, immigration would have to rise to 3.5 million people annually, Bernanke said.

Fed Chiefs See ‘correction’ In US Housing (FT)

By Krishna Guha And Ben White

Financial Times, October 5, 2006

A “substantial correction” in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday.

In separate remarks Ben Bernanke, the Fed chairman, and Don Kohn, the Fed vice-chairman, each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead.

But both said that for now at least, there was substantial off-setting strength in other sectors, including non-residential construction. At the same time, the two top Fed officials stressed that they remain concerned about inflation.

Mr Bernanke said that while he expects inflation to decline “it is something that we have to watch very carefully to make sure that it does not rise or even remain where it is”.

Mr Kohn went further, restating that “in the current circumstances, the upside risks to inflation are of greater concern” than the downside risks to growth from housing.

While the analysis presented by the two is consistent, Mr Kohn’s more detailed remarks raise the possibility that he is a little less concerned about the housing slowdown than Mr Bernanke.

Taken together, the comments undermine any suggestion that the Fed is already leaning towards interest rate cuts. Rather, they suggest it is likely to remain on pause for what could be an extended period while policymakers evaluate incoming data on growth and inflation.

Breaking more than a month of silence on the US economy, Mr Bernanke told the Economic Club of Washington that the decline in US residential construction would subtract “about one percentage point” from growth in the second half of this year and “probably something going into next year as well”.

However, he said that up to this point, non-housing related sectors remained “relatively strong”.

Mr Bernanke said the key questions for the Fed were how far the housing market correction would go and the extent to which it would spill over into other sectors of the economy.

He said it was “very difficult” to predict when the housing market would stabilise, with would-be buyers remaining on the sidelines because of fears that prices might decline. But he said there were “strong fundamentals” underpinning the housing market, including low unemployment, rising wages and demographic shifts.

Mr Bernanke’s remarks were made after a speech in which he called for a national effort to raise US savings to minimise the cost of an ageing population to future generations.

Meanwhile Mr Kohn, in a speech to the Money Marketeers association of New York, argued that the housing adjustment, though painful, could be brief and the US economy was heading for a soft landing.

He said the sharp decline in residential construction should help rebalance supply and demand and said population dynamics suggested “starts may be closer to their trough than their peak”.

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Historically, moderate interest rates and rising real incomes should also underpin the market, he said.

Bernanke Expects Housing Slide To Rein In Second-Half Growth (WSJ)

By Greg Ip, Brian Blackstone And Christopher Conkey

The Wall Street Journal, October 5, 2006

The Federal Reserve's top two officials yesterday highlighted the risk that the sinking housing market could put a significant dent in U.S. economic growth in the second half of the year.

Remarks by Fed Chairman Ben Bernanke and Vice Chairman Donald Kohn suggest the central bank's job has become more complicated and the outlook for interest rates more uncertain in recent months. While risks to economic growth appear to have increased, inflation remains a concern and thus cuts to short-term interest rates -- a growth tonic the market now expects -- appear unlikely for now.

Nonetheless, the perceived concern about housing's impact prompted investors, who already foresee the Fed cutting rates sometime next year, to further drive down long-term interest rates in the bond market and sent stocks sharply higher. The Dow Jones Industrial Average rose 123.27 points, or 1.05%, to a record 11850.61. (See related article2.)

Mr. Bernanke, answering questions after a speech in Washington, said the housing sector is undergoing a "substantial correction" that will likely shave about "a percentage point off growth in the second half of the year" from what it would otherwise have been "and probably something going into next year as well," estimates close to private forecasters' views. Mr. Bernanke also said there is "limited evidence" the falloff in housing activity had spilled over to other parts of the economy. "To this point, other parts of the economy are remaining relatively strong."

But he also said it is tough to predict how the "dynamics" of housing and its impact on the overall economy "will play out....How far will this correction go? It is very difficult to tell, is the honest answer."

Mr. Kohn echoed those remarks in a speech to the Money Marketeers of New York University, a group that promotes economic education and discussion. The falloff in housing construction and home sales has "proven to have been more rapid and deeper than many economists had predicted." Nonetheless, he too said there is "little evidence" of a spillover to the rest of the economy. Once the overhang of unsold houses and cars is worked off, growth should return closer to its long-term trend rate, Mr. Kohn said. (Economists generally put that trend rate at about 3%) He added: "The risks...seem to me to be weighted toward a weaker outcome."

Both Mr. Bernanke and Mr. Kohn, however, reiterated that they remain concerned about inflation, which is at worrisomely high levels. Mr. Kohn said while he is concerned about both weaker economic growth and higher inflation, "the upside risks to inflation are of greater concern." In response to questions after the speech, he reinforced that, adding: "Don't sell the Fed's concern about inflation short." Mr. Bernanke reiterated previous comments that inflation "is still above what we would consider price stability" and bears careful monitoring, but that the Fed expects inflationary pressures to ease as the economy slows.

Markets in recent months have begun to predict that the Fed will cut its short-term interest-rate target, now at 5.25%, several times over the next year, starting perhaps as soon as December, reflecting investor concerns that a sizable housing slump would erode consumer spending. (It is expected to remain unchanged at the Fed's Oct. 24-25 meeting.) But that seemed at odds with Fed officials' stated concern about inflation. Their remarks yesterday suggest their assessment of the risks are shifting closer to the market's, but not enough to make a near-term rate cut likely.

Indeed, Mr. Kohn, while not directly challenging investors' rate expectations, did suggest they may be overconfident in their views, as reflected by low volatility in fixed-income markets. "I am surprised at how little market participants seem to share my sense that the uncertainties [about growth, inflation and interest rates] are fairly sizable," he said.

Mr. Bernanke's remarks are indicative of "a Fed on hold versus a Fed on the verge of cutting rates," said Drew Matus, economist at Lehman Brothers.

Former Fed governor Laurence Meyer said the central bank likely believes housing will have a bigger negative impact on growth than it previously anticipated. Mr. Meyer, now with forecasting firm Macroeconomic Advisers, expects the economy to grow at an annual rate of 2.2% over the second half after growing at a 4.1% rate in the first half. But the bond and futures markets

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may be even more pessimistic, he said. "I think the market's expecting more than a substantial correction," Mr. Meyer said. "The markets don't seem to get that the slowdown is perfect -- it's just what the doctor ordered."

Stock and bond markets rallied after Mr. Bernanke's comments, which were seen as more evidence that the next move at the Fed -- despite officials' public protests that inflation remains very much a worry -- will be to cut interest rates sometime next year.

Financial markets are still getting used to Mr. Bernanke's style. His willingness to put a figure on the expected impact of housing on growth may have been interpreted as a sign of his concern, but it may be more a result of his greater willingness to put precise numbers on his views than his predecessor, Alan Greenspan, generally did.

Yesterday's economic data offer a hint that the "soft landing" Mr. Bernanke and his colleagues are seeking -- where growth eases and inflation retreats -- appears to be unfolding.

The Institute for Supply Management, a group of corporate purchasing managers, said its index of service-sector activity fell to 52.9, its lowest in more than three years, from 57.0 in August. Readings above 50 still indicate expansion, but its pace is cooling. The Institute's measure of prices paid by service companies plunged in September, largely from a big drop in the price of oil. "Business conditions getting better on lower oil prices," a purchasing manager for one company in the agriculture and forestry industry said. Measures of hiring increased last month, however, suggesting business may pick up in coming months.

The Commerce Department, meanwhile, reported that factory orders were essentially unchanged in August from July following a decrease the previous month, confirming a slowdown is under way for manufacturers.

Mr. Kohn said the housing correction could be "more abrupt and destabilizing" and "overshoot," and consumers could be hit hard if their spending has relied heavily on housing-backed loans. But he considers that scenario unlikely. Housing starts "may be closer to their trough than to their peak," based on what demographic factors suggest is the sustainable level of new construction. Long-term interest rates are "unusually low" and short-term rates are "normal," in contrast to the high levels that accompanied other housing slumps.

He said several factors that have boosted "core" inflation, which excludes food and energy prices, are likely to fade. The "pass-through" of rising energy prices to other goods and services may have added half a percentage point to core inflation, he said, and if energy prices stop rising, core inflation should decline. He noted that consumers' and the bond market's expectations of inflation have also fallen recently, small steps "in the right direction."

In his prepared remarks to the Washington Economic Club, Mr. Bernanke noted as the U.S. ages and the portion of its population that works shrinks, the economy -- and Americans' standard of living -- will have to grow more slowly. One way to mitigate that, he said, is for Americans to consume less now and save more to finance investment that generates future income. But he said the longer it takes Americans to save more, the worse the impact on future generations will be.

If the country saves as little as it does today for 20 more years, future generations' consumption would be 14% lower than in a scenario where the population didn't age. A more equitable scenario, he said, would be for the U.S. to boost its savings rate today by three percentage points. Then, both the current and future generations would consume only 4% less than under a scenario with no aging. One way to boost national saving, he said, would be for households to sock away more, but "the most straightforward way" is for the government to cut its budget deficit.

Separately, Timothy Geithner, president of the Federal Reserve Bank of New York, speaking elsewhere in Washington yesterday, praised the progress emerging markets have made since the crisis almost a decade ago that nearly brought the global financial system to its knees. "The direction of change in the emerging world seems fundamentally reassuring," Mr. Geithner said in a speech at the Johns Hopkins School of Advanced International Studies.

Recalling the meltdown that swept emerging economies in 1997-98, when he was a top international official at the U.S. Treasury, Mr. Geithner said "emerging markets have established a record of credible fiscal- and monetary-policy management, built more-substantial cushions of insurance against potential shocks in external reserves, restructured the currency denomination, maturity and composition of their debts to make them less vulnerable to volatility, and begun to build deeper and stronger domestic financial systems."

In answer to a question, Mr. Geithner said he believes China is "committed to a more flexible [exchange rate] regime over time" while wisely making related changes in financial policy.

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Housing Correction Worries Fed (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that the housing market is in the midst of a "substantial correction" that will cut U.S. economic growth by about a percentage point in the second half of 2006 and "probably" dampen expansion into 2007.

In a speech to the Washington Economic Club, Bernanke also said the Fed remains concerned about inflation, which remains "above what we would consider price stability."

While the central bank expects price pressures to moderate as the economy slows, Bernanke emphasized the Fed will watch carefully to "make sure that (inflation) doesn't rise or even remain where it is."

Bernanke's remarks came during a question and answer session following a speech in which he warned the gradual aging of the U.S. population raises significant economic and fiscal issues.

The central bank is closely monitoring growth and inflation as it debates interest rate policy. The Fed has held short-term rates at 5.25% since June, ending two years of steady rate increases. Short-term rates influence the rates commercial banks charge for consumer and business loans.

The stock market and bond prices have risen in recent weeks on the expectation the Fed is done raising rates, and stocks rallied more Wednesday.

But the economic outlook is still murky. Core inflation, which excludes food and energy, ran at a 2.8% rate in the 12 months ended in August, well above the Fed's 1% to 2% informal comfort zone. At the same time, growth has slowed from the rapid 5.6% annual rate of the first quarter to a 2.6% pace in the second.

Housing is a big variable in growth. Bernanke admitted it is "very difficult to tell" how far the correction will go as buyers appear to be "sitting on the sidelines." Still he expects a good job market and low interest rates to underpin housing, adding that the Fed had not, as yet, seen many spillover effects from the housing slowdown. New home construction is down about 20% from last year, but commercial building is strong.

"We'll be watching to see what extent this decline in construction and moderation in housing prices affects consumer behavior and behavior in related industries … that's a key," Bernanke said.

The Mortgage Bankers Association said Wednesday that mortgage applications jumped nearly 12% in the week ended Sept. 29, helped by lower interest rates.

Bernanke said a recent sharp decline in energy prices should help the economy, though noting with markets tight, "There is always the potential for greater fluctuations or increase again."

Housing Hurts, Bernanke Says (WP)

By Nell Henderson

The Washington Post, October 5, 2006

The "substantial" slump in the housing market is likely to slow U.S. economic growth by about a third in the second half of this year and dampen growth early next year, Federal Reserve Chairman Ben S. Bernanke said yesterday.

Growth in the nation's output of goods and services will probably be shaved by a full percentage point, Bernanke said in response to questions after a speech at the Economic Club of Washington. Assuming that means the economy grows at a 2 percent annual rate during those months rather than at its average pace of around 3 percent, the value of domestic output will be about $15 billion less, adjusted for inflation.

"As you know, a substantial correction is going on in the housing market," Bernanke said, using stronger language than he had in recent months, when he described the real estate cool-down as "orderly." The process is one of the "major drags causing the economy to slow," he said.

But Bernanke said "other parts of the economy remain very strong." And he emphasized that despite the slowdown in economic growth, "the Federal Reserve remains concerned about inflation," which is above the central bank's desired level. He reiterated his position that overall, inflationary pressures are a greater risk to the economy than the housing slowdown.

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His remarks yesterday helped boost stock prices, which had been rising even before his midday speech. Wall Street traders were relieved that Bernanke expects only limited economic damage. But his comments also doused some investors' hopes that the Fed might cut interest rates in coming months to prevent the housing market from dragging down the rest of the economy.

Bernanke's comments were the first in which he has publicly put a number on the likely economic effects of recent drops in home sales, spending on home construction and the rate of home-price appreciation.

The economy slowed sharply to a 2.6 percent annual rate of growth in the third quarter, from a 5.6 percent annual rate in the first quarter. Much of the decline reflected a slowdown in consumer spending, which was crimped by rising fuel prices and interest rates, as well as a plunge in housing construction.

The housing market continued to weaken through the summer, prompting debate among economists about how long the slide will continue and how large a toll it will take on the rest of the economy.

The optimists, including many Fed policymakers, think the economy will rebound next year with little serious damage. The pessimists worry that a deep, protracted downturn in housing will cause consumers to cut their spending, pushing the Fed to lower interest rates early next year to prevent a recession.

"How far will the correction go?" Bernanke said, posing the obvious question before appearing to duck it. "It's very difficult to tell, is the honest answer."

But Bernanke gave several reasons to expect the housing market to level off and eventually bounce back, including low unemployment, rising incomes and low mortgage rates. The Mortgage Bankers Association reported yesterday that the number of loan applications rose strongly last week.

Although sales of previously owned homes fell in August, some analysts saw signs that the market might be stabilizing, noting increases that month in both new-home sales and pending sales, in which contracts have been signed but the deals have not yet closed.

Bernanke said the housing market has not hurt the rest of the economy so far. He cited robust spending on the construction of factories, offices, hospitals and other nonresidential projects.

Other analysts who share his view say consumer spending has slowed this year but has held up pretty well given the spring and summer surge in fuel prices. Oil and gasoline prices have fallen since mid-August, which should give households more cash to spend and help cushion the economy's slowdown. Vehicle sales, for example, rose in September after falling in August.

Bernanke said the Fed would watch closely to see how the housing downturn affects consumer and business behavior. But when asked about the greatest risks facing the economy, Bernanke ranked inflation above the housing market. Consumer prices rose 2.5 percent in the 12 months ended in August, as measured by the Fed's preferred Commerce Department inflation index, which excludes food and fuel prices. Before he became chairman, Bernanke often said the Fed should strive to keep inflation to 1 to 2 percent.

Bernanke said he and his Fed colleagues think inflation will come down gradually over time, but he would not want to let it stay where it is or to rise.

Among the challenges facing the economy in the long run, he said, is the aging of the population -- the topic of his speech. By 2030, when most of the baby-boom generation will have retired, 19 percent of Americans will be 65 or older, he said.

And the population will continue to age after the baby boomers have retired because of rising life expectancy, he said.

"In coming decades, many forces will shape our economy and our society, but in all likelihood, no single factor will have as pervasive an effect as the aging of our population," Bernanke said. He said Americans should save more to prepare for the change.

Fed Chief Says Housing Is In A 'Correction' (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

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The Federal Reserve chairman, Ben S. Bernanke, said yesterday that the United States housing market was in a "substantial correction" that would lop about a percentage point off economic growth in the second half and would restrain the expansion next year.

Mr. Bernanke also said in response to questions after a speech in Washington that the central bank remained "concerned about inflation" because it was above "what we would consider price stability."

Taken together, the remarks reaffirm the view of some investors that the central bank will keep the benchmark lending rate unchanged at 5.25 percent for the remainder of the year.

Stocks extended their advance after his comments, and Treasury notes remained higher.

"There is currently a substantial correction going on in the housing market," Mr. Bernanke said. The decline in residential housing construction is one of the "major drags that is causing the economy to slow."

The Federal Open Market Committee has left the federal funds rate unchanged since August after two years of increases, betting on an internal forecast that slowing growth and a decline in energy prices will reduce inflation. The committee officials will next meet on Oct. 24 and 25.

"We do believe that inflation is going to be coming down gradually over time," Mr. Bernanke said after addressing the Economic Club of Washington. "But it is something that we have to watch very carefully to make sure that it doesn't rise or even remain where it is."

His speech was devoted to the challenges faced by fiscal policy makers as the nation's work force ages, and to the need to overhaul entitlement programs, increase taxes or cut spending. Failure to do so, he predicted, will place the burden on future generations and erode the productive potential of the economy.

Part of the Fed's economic forecast appears to be panning out. The economy expanded at a 2.6 percent annual rate in the second quarter, down from a 5.6 percent pace in the first three months. Crude oil prices are down 9 percent from a year ago.

Service industries in the United States expanded at the slowest pace in more than three years in September as the housing slump deepened. The Institute for Supply Management's index of nonmanufacturing businesses fell to 52.9, the lowest since April 2003. Home construction fell at an annual rate of 11.1 percent in the second quarter, the biggest decline since the same three months in 1995, the government said last week.

Still, inflation has remained stubbornly high, rising 2.5 percent for the 12-month period that ended Aug. 31. That is above Mr. Bernanke's "comfort zone" of a 1 percent to 2 percent rise in the personal consumption expenditures price index minus food and energy.

Mr. Bernanke also said that the Fed should share its economic outlook and the risks that surround that outlook, and called the central bank's communication strategy "a work in progress."

Gasoline Prices Could Fall More (WSJ)

By Steve Levine And Christopher Conkey

The Wall Street Journal, October 5, 2006

Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely.

The big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline. Oil prices have been sliding since early August, tumbling 3% Monday and a further 4% Tuesday. Yesterday, oil futures settled at $59.41 a barrel in New York Mercantile Exchange trading, up 1.2%. Behind the drop in oil prices: easing geopolitical tensions in oil-producing countries like Iran, the end of the summer driving season and the exodus of some financial investors who had bid up energy prices.

But there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels.

The retreat in energy prices cuts across the entire sector. Along with oil and gas, heating-oil-futures prices on the New York Mercantile Exchange are 17% lower than a year ago and natural-gas futures are down 58% in the past year. Crude oil has dropped 5.4% and gasoline futures have fallen 21% over that same period.

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A sustained drop in gasoline prices could give a hand to retailers, particularly those catering to lower-income customers. Still, despite a drop in fuel prices last month, Wal-Mart Stores Inc. said yesterday that it expects to report just a 1.3% increase in September same-store sales, or stores open at least a year. Wal-Mart's shares yesterday rose nine cents, or 0.2%, to $49.55 as of 4 p.m. in New York Stock Exchange composite trading.

Cheaper gasoline could also play a role in the coming elections. Nearly one-third of participants in a recent Wall Street Journal/NBC News poll said the dip in gasoline prices made them feel either somewhat more confident or much more confident about the economy.

Gasoline prices are volatile, and any number of factors -- ranging from refinery outages to geopolitical tensions in oil-producing countries -- could put them on an upward march again.

For now, most of the forces seem to be downward. The nation's refineries are operating at about 90% capacity, compared with 75% capacity at the same time last year after the hurricanes. U.S. gasoline stockpiles rose to 215.1 million barrels this week, 9.6% higher than the same week last year, according to the Energy Information Administration. "You can expect prices to keep falling. There is nothing in the fundamentals to indicate anything but a further decline," said Paul Sankey, an analyst with Deutsche Bank AG.

The average price of regular gasoline early this week was $2.31 a gallon. The 24% decline in gasoline prices since their peak of $3.03 in early August was the second largest since the Energy Information Administration began tracking data in 1990. Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system.

The bulge in fuel inventories developed largely because of gasoline imports from Europe, attracted by soaring gasoline prices and high refining profits in the U.S. The imports arrived at about the same time the summer driving season ended around Labor Day, creating a glut of gasoline.

Many analysts also attribute much of the volatility in the gasoline market to speculators. Doug Leggate, an analyst with Citigroup Inc., says gasoline prices have closely tracked bets by futures traders over the past several years. In July, speculators expecting hurricane damage to Gulf of Mexico refineries placed heavy bets on a further surge in gasoline prices. But starting at the beginning of August, they began to unwind their positions, according to the Commodity Futures Trading Commission. When no storms had hit the coast by September, "a massive liquidation of gasoline contracts" began, says Larry Goldstein, president of the Petroleum Industry Research Foundation in New York, a consulting firm.

A chief influence on the selloff, analysts say, has been a decision by Goldman Sachs Group Inc. to reduce the weighting of gasoline futures in its Goldman Sachs Commodity Index, the market's largest commodities index.

At its meeting last month, the Organization of Petroleum Exporting Countries agreed to abandon output quotas for the time being, giving them flexibility to cut production as needed. This also postponed any decision on a new set of quotas, if needed, until OPEC's next meeting in December -- a process that could be contentious. Many of OPEC's influential members see the need to cut output only when prices fall below $55 a barrel or it looks as if prices are sliding uncontrollably. Yesterday, Saudi Arabia's ambassador to the U.S. said he didn't expect the cartel to hold an emergency meeting to discuss prices ahead of the December gathering.

Until recently, supply shortages had allowed U.S. refiners to get fatter-than-normal margins for turning crude into gasoline and other refined products. But the glut in gas has changed that. Independent refiners are earning an average of 65% less per barrel of gasoline than they were in July, according to a weighted average computed by Citigroup. The "crack spread," or the difference between the spot prices of crude oil and gasoline, fell to $6.61 a barrel last month from $19.13 in July.

The drop, while bad news for refiners, is good for the economy because it helps consumers save money and eases inflationary pressures. "Consumers will perceive their own financial situation more favorably, and it takes pressure off businesses to raise prices," said Richard Curtin, director of the University of Michigan's Surveys of Consumers.

For the typical American, relief at the pump will boost disposable personal income, a welcome development at a time when the broader economy is cooling under the weight of higher interest rates and a weakening housing market. Consumer confidence jumped last month when retail gas prices started to retreat, because money that used to go toward filling up the gas

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tank can now be used to buy other things. That won't necessarily boost the overall level of spending, but it will mean more is getting transferred from the oil industry to retail and other sectors of the economy.

Mass merchandisers and discount chains like Wal-Mart and Target Corp. may stand to benefit the most, because lower-income consumers spend a greater share of their income on gas, home-heating oil and other energy costs than wealthier households do. Recent research by economists at the Federal Reserve Bank of Chicago found that the poorest 25% of wage earners spend 9.2% of their income on energy costs, versus 6.7% for those in the top 25% income bracket. Thus, the recent drop in oil prices could help reverse a trend seen earlier this year when luxury goods were flying off the shelves, while discount chains complained gas prices were crimping sales.

Nigel Gault, an economist at the Massachusetts consultancy Global Insight, estimated consumer spending will get a $1 billion monthly boost for every sustained, 10-cent drop in the retail price of gasoline. That means the recent 70-cent drop in gas prices from August to September, if sustained, will free up $7 billion per month.

Still, energy prices have less effect on consumers than they did a couple of decades ago. The Chicago Fed study, for example, found energy costs accounted for 8.5% of total household spending last year, down from 11% in the early 1980s.

By contrast, economists expect the drop in oil prices to have a direct impact on inflation, perhaps producing a decline in prices for a short period. In leaving interest rates unchanged for the second consecutive time last month, the Federal Reserve's rate-setting board cited "reduced impetus from energy prices" as a reason why inflation will ease in the months ahead. Lower oil prices mean consumers could see fuel surcharges start to evaporate, and reduced prices on everything from airfares to plastic products made from petroleum.

Opec Set To Back Production Cut (FT)

By Carola Hoyos

Financial Times, October 5, 2006

Opec has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil.

The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja.

"Opec is going to defend a price floor for its oil of $50-$55 a barrel," said one Opec official. The price of Opec's crude oil on Wednesday fell to $55.27 while Brent oil futures traded in London slipped 33 cents to $58 a barrel, 26 per cent below their July peak.

Prices have fallen as demand in the US has waned and the likelihood of a supply shortage caused by Iran's stand-off with the west has diminished.

Saudi Arabia, Opec's most important member, is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja.

However, on Wednesday the kingdom sharply increased the price it charges European refineries for its oil, making it likely that there will be a further drop in volumes in November.

Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on Friday that they would reduce output by a total of 170,000 b/d.

Sheikh Ali al Jarrah al Sabah, Kuwait's energy minister, publicly confirmed only that Kuwait might cut production, saying: "We are currently in negotiations with fellow Opec members. Matters have been left that these voluntary reductions undertaken by some Opec countries will calm the markets, at least for the current period."

But Opec insiders said on Wednesday that Kuwait, Iran, Venezuela, Nigeria and Libya had informally agreed to voluntary cuts and the UAE had said it was likely to join in.

The discussions are still fluid, but the voluntary reductions are most likely to be formalised at the cartel's Abuja meeting, the insiders said. Opec members worry most about next year's second quarter when they foresee a sizeable glut unless production is reduced well in advance.

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The cartel is expecting new oil production from other parts of the world to hit prices and displace demand for its own oil.

The cartel's Vienna-based secretariat forecasts the need for Opec oil in the second quarter of 2007 to fall to 26.97m b/d, 2m b/d, 10 per cent less than the average demand for Opec oil in 2006.

Adding to Opec's concerns yesterday was news from the US energy department that US oil inventories rose by 3.3m barrels last week, indicating that supply far outweighed immediate need for oil.

"There is an abundance of production and countries have better managed to collect more oil for their inventories," Prince Turki Al-Faisal, Saudi Arabia's ambassador to the US, said.

Grandparents Enrich Kids (USAT)

By Traci Truly

USA Today, October 5, 2006

Though it is undoubtedly true that the rights of the parents in a grandparent visitation dispute are important, it is also true that they are not the only people whose rights and desires should be considered.

Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. There are many reasons that parents and grandparents find themselves unable to agree on visitation, and those reasons can have more to do with issues in the relationship between the grandparents and their adult children than with the quality of the relationship between grandparent and grandchild. It is naive to assume that parents who are not abusive or neglectful will always make the right decision where their children are concerned.

Too often, the forgotten people in the equation are the grandchildren themselves. When an otherwise fit parent denies children access to their fit grandparents, the children are denied the many benefits that come from that relationship.

In fact, it is arguable that harm occurs to the child simply by virtue of losing access to grandparents. When a child gets caught in between in a battle between parents and grandparents, the child loses.

Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so.

It is important for children and grandparents to have a forum in which their voices can be heard. Judges must be allowed to consider the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child. Having the parent's decision be absolute and final without any real opportunity for review does a disservice to the children and grandparents, and takes away their ability to seek relief from an arbitrary denial of visitation.

Traci Truly is a Dallas attorney and the author of Grandparents' Rights.

How Can The Democrats NOT Win The House ... And The Senate? (RC)

By Stuart Rothenberg

Roll Call, October 5, 2006

After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate.

The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month.

No, that's not a prediction, since Republicans still have a month to "localize" enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster.

Let's forget all of the niceties and diplomatic language and cut to the obvious truth: From the White House to Capitol Hill, Republicans look inept. And that assertion is based on what Republicans are saying. Democratic rhetoric is much harsher and, therefore, easier to dismiss as partisan claptrap.

The Iraq War is going poorly, with daily reports of mounting casualties and little evidence that American policy is achieving its goals. Bob Woodward's book and the leaked National Intelligence Estimate give more fodder to critics of the White House,

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undercutting President Bush's fundamental argument about the war against terror. If Iraq indeed is the front line of the war against terror, then the war on terror isn't going well, is it?

Republicans failed to produce anything meaningful over the past couple of years on the president's top priorities, Social Security reform and immigration. And now in the wake of the scandal surrounding former Rep. Mark Foley (R-Fla.), the House leadership looks like the Keystone Cops.

You can be sure that the Foley mess will percolate for a while, as Democrats and journalists ask House Republicans what they knew and when they knew it. Instead of being able to focus on their accomplishments in office or their challengers' warts, Republican House Members running for re-election will have to spend too much of their time answering questions about the scandal.

Even before the Foley eruption and the Woodward book, the president's job rating stood at 42 percent, with fewer than one in three Americans believing the country was headed in the right direction.

The Woodward book is a serious problem for Republicans, even though many conservatives and supporters of the White House will dismiss it as the product of a biased media. Once again, the administration looks divided, and the "who said what to whom" discussion reminds Americans of the policy's failures.

On the campaign front, Sen. George Allen (R-Va.) has turned an easy re-election victory into a nail-biter. Allen still may win, but that certainly is not a foregone conclusion. Because Democratic challenger Jim Webb has no legislative record to dissect, it isn't clear that Allen has enough ammunition to demonize his opponent. The idea that Allen is trying to regain his footing in the race by portraying Webb as someone who doesn't favor treating women equally qualifies as either strange or funny.

Over in Tennessee, the general election campaign of Republican Bob Corker has been underwhelming. Unlike Webb in Virginia, Rep. Harold Ford Jr. (D), Corker's opponent, does have a voting record that allows Republicans to paint him as a liberal. (Yes, Ford also has votes that allow him to make the opposite case.) But so far, Republicans haven't made the headway I'd expected them to make, and Ford surely is running a better race than Corker is.

The Pennsylvania Senate race now looks nearly impossible for Republican Sen. Rick Santorum to win. He is stuck around 40 percent in the ballot test, and the gubernatorial race has become a blowout for Gov. Ed Rendell (D). I see no possible roadmap for a Santorum victory, unless, of course, challenger Bob Casey Jr. (D) does something that is mind-bogglingly stupid. And I don't anticipate that happening.

The National Republican Congressional Committee, which over the past 10 years or so has been the most consistently effective campaign committee, is once again doing everything it can to demolish strong Democratic challengers and open-seat hopefuls. This time, however, its efforts may not be enough, given the national environment.

At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating.

Republicans may counter that while they have messed up, Democrats haven't done anything to deserve control of Congress. Sure, I can buy that. But that's not how our system works. Democrats don't have to offer an agenda. They don't have to offer a list of unquestionably able committee chairmen. They don't have to understand that their election isn't a mandate for anything — except change.

Given that the past two years produced little good news for the GOP, and the past week has produced even worse news, it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. They are sitting with a lot of very high cards in their hand. A true blowout is now possible.

GOP Forced Off Issues It Wants To Run On (USAT)

By Judy Keen

USA Today, October 5, 2006

ROCHESTER, Ind. — Republican House members, scattered across the USA for their first week of full-time campaigning, want to talk to voters about the reasons they believe they should be re-elected.

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Instead, they are dealing with issues they would prefer to avoid: Florida congressman Mark Foley's alleged sexual Internet messages to teenage male pages and their own party's handling of the matter. The messages, first reported by ABC, have not been independently authenticated.

Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them.

Hastert maintains that he does not remember being told about a complaint from the parents of a 16-year-old former page about Foley's e-mails to their son, which were described as of a non-sexual nature. Hastert says he knew nothing of subsequent ABC allegations that Foley had sent salacious instant messages to male pages.

The first campaign ad focusing on the Foley episode is airing in Minnesota. "It shocks the conscience," an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat. The ad says GOP leaders "have admitted covering up the predatory behavior of a congressman who used the Internet to molest children." Foley's lawyer says the congressman never had inappropriate sexual contact with a page.

Wetterling, whose son Jacob was abducted in 1989 and has not been found, will focus on child safety when she delivers the Democratic response to President Bush's weekly radio address on Saturday.

Other Democrats also are keeping the issue in the headlines. The campaign website for Mary Jo Kilroy, a Democrat challenging Rep. Deborah Pryce, R-Ohio, notes that Pryce recently said that Foley was "one of her five friends in Washington" and this year gave her "more money than ANY other House Republican." Pryce, a member of the House GOP leadership, has said she'll return the donations.

In Tennessee, Republicans are running an ad that says Democratic Rep. Harold Ford, who's running for the Senate, attended a party with Playboy bunnies. "I'm not going to take a lecture on morality from a party that took hush money from a child predator," he said in Memphis.

Foley "engaged in reprehensible conduct," Rep. Chris Chocola, R-Ind., said at a debate here Tuesday night after Joe Donnelly, his Democratic opponent, said in his opening remarks that people were "horrified" to learn about the Foley scandal. Corruption is endemic in the Republican-controlled Congress, Donnelly said later: "It's time to clean out the barn."

"This shouldn't be a political issue," Chocola said. "This should be an issue of right and wrong."

Rep. Roy Blunt, R-Mo., a member of the House leadership, said Wednesday in Springfield, Mo., that he's "disappointed, disgusted and outraged at Mark Foley's conduct."

The issue won't go away, predicted Rep. Jeff Flake, R-Ariz., and it could hurt Republicans in close races. "It's election season, and things this big don't tend to blow over easily," he said in an interview. His constituents, Flake said, are asking, "How could this happen? Why didn't you guys do anything?"

Foley, a Florida Republican, resigned Friday. He is in an alcohol treatment program.

Laura Bush appeared Wednesday at a fundraiser in Amherst, N.Y., for Rep. Tom Reynolds, House GOP campaign chief, who says he told Hastert months ago about Foley. She called Reynolds "a wonderful leader."

Voters are paying close attention to the controversy. At the Chocola-Donnelly debate, Ed Smoker, 63, said it might prompt some voters in this evenly divided district to vote for Democrats. "Some people think the top Republican leaders knew about it and didn't do anything," he said.

Barbara Niester, 81, questioned whether the disclosure of Foley's conduct was timed to affect the election. "Why is it coming out now?" she asked.

Cal Wadsworth, 82, a retired researcher attended a debate Tuesday in Davenport, Iowa, between Democratic congressional candidate Bruce Braley and Republican Mike Whalen. Wadsworth said Hastert "ought to know better" than to have delayed action on Foley's inappropriate messages.

Rep. Ron Lewis, R-Ky., on Wednesday canceled a fundraiser with Hastert. "Until this is cleared up, I want to know the facts," Lewis told the Associated Press.

Some Republicans warned that disputes within the party over how the matter was handled by Hastert and other leaders could make it more difficult to retain control of the House. Democrats need to add 15 House seats to gain control.

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Blunt said he would have handled things differently. Flake said calls for Hastert's resignation are premature, but "obviously, with the benefit of hindsight, it should have been investigated further."

Democrats Hop On Foley Scandal (SPTIMES)

By Wes Allison And Adam Smith

St. Petersburg Times, October 5, 2006

That didn't take long.

Days after the e-mail scandal ensnared Rep. Mark Foley and raised questions about how House Republicans handled it, Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters.

From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office's handling of the matter.

"Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,'' said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores.

Similar "robo-calls" by a Washington, D.C., liberal group, American Family Voices, are reaching constituents of Florida Republican Reps. Ginny Brown- Waite, Clay Shaw, Ric Keller and Tom Feeney, as well as residents of 45 other congressional districts across the country.

With Democrats needing just a 15-seat gain to win the House and six to take the Senate, and with tight races across the country, turning Republican voters their way on Election Day — or at least getting them to stay home — could be deadly for the GOP.

"It's voter suppression. It's the classic role of calls like this to reduce Republican turnout," said Republican political consultant Rick Wilson. "But the Democrats are getting out on cliff here and better be careful before it comes back to bite them, being too partisan with this."

Foley resigned Friday after ABC News made public a series of sexually explicit messages he sent to teenage boys who had served as congressional pages.

House Republican leaders say they knew nothing of those messages but acknowledged they had spoken with Foley in November after a former page complained of "overly friendly" e-mails Foley had sent him. The leaders did not talk to other pages or investigate further.

Ninth Congressional District Democratic candidate Phyllis Busansky fired at Republican rival Gus Bilirakis on Wednesday, noting that Hastert recently helped raise about $60,000 for Bilirakis.

"It has been well documented that Hastert knew about congressman Foley's reprehensible e-mails and still enabled Foley to remain chair of the Caucus on Missing and Exploited Children,'' Busansky said in a statement. "It is time for Gus Bilirakis — not his spokespeople — to step forward and speak for himself for once: Does he support Dennis Hastert as speaker of the House?"

Bilirakis said he supported a full investigation into the matter, but he doubted Hastert would brush off serious evidence of improper behavior by Foley.

"Let's see what the facts are. … Whoever tried to cover it up should be prosecuted," Bilirakis said.

Similar political spats are taking place across the country, particularly in races where Democratic challengers are close to unseating Republican incumbents.

In Nebraska, a debate between Rep. Jeff Fortenberry, the Republican incumbent, and Democrat Maxine Moul became an argument over whether Hastert should resign over the scandal.

In Pennsylvania, embattled Rep. Jim Gerlach, a Republican, canceled a scheduled fundraiser with House Majority Leader John Boehner until more was known about who in the leadership knew what about the Foley messages, and when.

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And in Albuquerque, Republican Rep. Heather Wilson, in a tight race against Democrat Patricia Madrid, is being challenged for not doing enough to protect pages when she served as a member of the House Page Board in the last congressional session, when Foley sent messages to former pages he had met in Washington.

But perhaps the most cutting use of the scandal is in Minnesota by Democrat Patty Wetterling, a nationally known advocate for exploited children whose son, Jacob, was abducted by a masked gunman 16 years ago. He has been missing since.

Wetterling is challenging Rep. Mark Kennedy, a Republican. This week, she launched TV ads calling for an investigation and the expulsion of any members "involved in this crime and coverup."

"Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," her advertisement says. "For over a year they knowingly ignored the welfare of children to protect their own power."

Wetterling, because of her personal history, is one Democrat who can get away with hammering at the Foley scandal without being accused of politicizing it, but analysts for both parties said other Democrats best be careful.

The party's congressional leaders, Rep. Nancy Pelosi of California and Harry Reid of Nevada, have called for an investigation into how Republican leaders handled the initial allegations against Foley last year.

But they continued to pour most of their criticism on other matters, especially the Republican handling of the war in Iraq. Democratic strategists said that while they expected other candidates to allude to the scandal in more TV ads to come, it would probably be tangential — discussing the importance of protecting children from predators, for instance.

Democrats have scandals of their own, including bribery allegations against Rep. William Jefferson, D-La., and America still hasn't forgotten about the sexual scandal, and attempted coverup, involving former President Bill Clinton and a White House intern.

Democratic pollster Dave Beattie said Democrats should be wary of looking too partisan.

"I don't think Nancy Pelosi or Harry Reid should talk about it," he said. "Don't hold a lot of press conferences on it."

Analysis:Democrats Not Charging Ahead (AP-Y)

By Liz Sidoti

AP, October 4, 2006

Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking.

Party leaders showed restraint as Republicans beat up each other amid accusations of a less-than-agressive initial response into flirtatious e-mails the GOP congressman sent to teenage male pages.

"There's no need for Democrats to drive this," said James Ruvolo, a former state Democratic Party chairman in Ohio, a state with hard-fought House and Senate races.

Foley abruptly resigned last week as reports surfaced of sexually explicit instant messages he had written to boys, setting off infighting among House Republicans about whether they did enough to address the tawdry situation.

The scandal continued to unfold Wednesday when Kirk Fordham resigned as chief of staff to Rep. Tom Reynolds, R-N.Y., and later disclosed that he told House Speaker Dennis Hastert's office more than three years ago about worrisome conduct by Foley.

In the minority, Democratic leaders in the House and Senate are known for setting the tone for their rank-and-file by hammering Republicans on the issue of the day, even when Congress is not in session.

Senate Minority Leader Harry Reid, House Minority Leader Nancy Pelosi and Democratic Party Chairman Howard Dean have issued a handful of written statements. The topics: Congress has a moral obligation to protect children, Republican leaders covered up Foley's behavior and investigations are warranted.

For the most part, the leaders have avoided commenting publicly. Pelosi, D-Calif., has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues.

DOJ_NMG_0075821

Also largely absent from the daily discourse on Foley — the seemingly ever-present Sen. Chuck Schumer, D-N.Y., and Rep. Rahm Emanuel, D-Ill., who lead the party's campaign committees. It's rare for the pair to turn down an opportunity to add their two cents.

If Democrats go to far, "they run the risk of doing what the Republicans are already guilty of, which is worrying more about what the political ramifications are instead of the fact that what happened, happened," said Ken Snyder, a Democratic consultant in Pennsylvania, home to several competitive House and Senate races.

So, Democrats have sought to strike a balance — emphasizing the protection of children, expressing disgust at Foley's behavior, and criticizing Republicans' response to it while trying not to be overly aggressive. None of the Democratic leaders in the House and Senate have called for Hastert's resignation.

Nevertheless, Democratic leadership staffs are active behind the scenes, working to keep the media aware of the latest developments in the scandal and pointing out inconsistencies in Republican versions of events.

The GOP has started accusing the opposition party of seeking political gain by leaking Foley's e-mails and instant messages. "It's absolutely not true," Pelosi says.

"The Democrats have to be awful careful not to overplay this," Rep. Tom Cole, a Republican from Oklahoma, said. "I don't think the defenders of Bill Clinton and Gerry Studds can all of a sudden become the moral paradigms on Capitol Hill. They run the risk of looking hypocritical."

The two Democrats were scarred by sex scandals.

Of Democrats in general, Cole said: "If I were them, I would stay out of it and let the media focus on it ... You can always count on the Democrats to overreach."

Outside Washington, Democratic congressional candidates are seizing on the scandal to argue that voters should put them in charge of the House and Senate on Nov. 7. Democrats need to gain 15 House seats and six Senate seats to win control.

Several Democrats in competitive races have called for Hastert to resign — and challenged their Republican opponents to do the same — while accusing the highest rungs of the GOP leadership of putting political interests above all else.

Republican leaders maintain they did nothing wrong.

Patty Wetterling, a Democrat running for an open House seat in Minnesota, is airing a hard-hitting television ad charging that Republicans "knowingly ignored the welfare of children to protect their own power."

A candidate whose son disappeared 17 years ago, Wetterling will deliver the Democratic response to President Bush's radio address on Saturday. Her address will focus on protecting children, including Internet safety.

In the meantime, Democratic allies also are pressuring Republicans.

American Family Voices, an independent nonprofit group run by a former aide to President Clinton, made recorded phone calls Tuesday and Wednesday to voters in congressional districts of 50 Republican incumbents, including Rep. John Boehner of Ohio and others in tough congressional races, demanding resignations of Hastert and other leaders.

"Congressman Mark Foley was shielded by Republican leaders for at least nine months after they knew Foley was trying to seduce a 16 year-old boy, a congressional page," the recorded calls say. "Call Congressman (name of member and phone number) and demand he stop the cover-up. The answer is arrests, resignations and a new congressional leadership"

Another pro-Democratic group, FaithfulDemocrats.com, collected signatures from 29 members of the clergy on a letter calling for the "repentance and resignation of all members of Congress who knew about Mr. Foley's misdeeds yet failed to stop them."

GOP Mishandled Crisis Management, Say Experts (HILL)

By Jackie Kucinich

The Hill, October 5, 2006

The public relations response to the scandal involving former Rep. Mark Foley (R-Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants.

But the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage.

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Foley staff's shrugs last Thursday about merely "friendly" e-mail exchanges were blown apart the next day by revelations that the lawmaker had exchanged sexually explicit instant messages with a 16-year-old page boy. This news prompted Foley's resignation on Sept. 29.

Yesterday, Foley's lawyer David Roth said Foley had entered a rehabilitation center for alcoholism, was gay, and had been sexually molested as a teenager by "a member of the clergy."

"I'd say they are moving very aggressively to try to limit the damage, which is normally a good practice," said former President Clinton spokesman Joe Lockhart. "What would concern me is have they taken the time to really understand the extent of the problem and just how bad this could get?"

Lockhart suggested that the speed of the Foley camp's revelations could be a problem if they do not have all the facts of the case.

"If they have all the facts available to them, their strategy makes sense," he said, but "if they are still doing fact finding, they are pursuing a very dangerous strategy."

A former leadership aide agreed, saying Roth should start preparing for what will most likely be a long legal battle.

"It's better to be unavailable to fill 24 hours of news than to screw up and make way for another cycle to cover your tracks," the aide said. "The first rule of crisis communication is to be armed with the full truth so you can be prepared to make the proper argument. When you sit around waiting for the other shoe to drop, it'll likely kick you in the ass."

Several of Foley's close friends and associates reacted skeptically to the congressman's revelations about having an alcohol problem, saying they had no knowledge of it and appearing to imply that the move into rehabilitation may have been an excuse.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, told the Associated Press, however, that many alcoholics in positions of power hide their addictions.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

The former leadership aide said, "The number one PR problem — there has been no act of contrition. … Whether it's a letter or a simple statement, the public needs to know that he's torn up over this, and placing the blame on booze and bad judgment only prolongs the news cycle ... and the fury."

A second former leadership aide said Foley's lawyer appeared to be less concerned about image repair and more focused on legal defense.

"It's purely a legal strategy and purely for a legal defense," the aide said.

Attending a rehab and the revelations about childhood molestation could serve as a defense and create doubt in a jury's mind should Foley's alleged indiscretions land him in court, the aide said.

Former Clinton administration aide Lanny Davis, author of "Scandal: How 'Gotcha' Politics Is Destroying America" and head of the Legal Crisis Communications group of Orrick, Herrington & Sutcliffe, would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move.

"A general rule is to apologize, take responsibility, seek help and be quiet," he said.

Davis said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful.

"When the other side forms a circle and starts shooting into the center of it, get out of the way," he said. "The Democrats' worst mistake is to try and exploit this issue in a partisan way."

He advised Democrats to do only two things for political advantage: let the facts come out and call for a full investigation. Democratic leadership has largely stepped aside since the scandal broke last week.

Republicans have, however, broken several "rules" of crisis communication, Davis said.

"The way to handle a crisis is to get out in front, be proactive, take responsibility and move on," he said.

When Speaker Dennis Hastert (R-Ill.) first received or gained knowledge of the e-mails, the party should have taken care of the problem by addressing Foley, Davis added, saying, "Instead, he's defensive, he's not acknowledging [wrong doing] and going on Rush Limbaugh. He is in a defensive crouch trying to ignore the obvious."

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Hastert has been heavily criticized for his handling of the scandal. He maintains that he addressed the problem as best he could with the information he had at the time. The Speaker says he did not know about the sexually explicit instant message exchange until it was reported last week by ABC news.

"People forgive individuals who take responsibility, they do not forgive people who duck," the second leadership aide said.

What Goeth Before The Fall (WP)

By George F. Will

The Washington Post, October 5, 2006

The Reverend Elmer Gantry was reading an illustrated pink periodical devoted to prize-fighters and chorus girls in his room at Elizabeth J. Schmutz Hall late of an afternoon when two large men walked in without knocking.

"Why, good evening, Brother Bains -- Brother Naylor! This is a pleasant surprise. I was, uh -- Did you ever see this horrible rag? . . . I was thinking of denouncing it next Sunday. I hope you never read it."

-- Sinclair Lewis, "Elmer Gantry"

In life as in literature, Elmer Gantry is a recurring American figure. He is making yet another appearance in the matter of former representative Mark Foley.

Sinclair Lewis's "Elmer Gantry," like most of his novels, is dreadful as literature but splendid as a symptom. Published in 1927, the year Charles Lindbergh flew the Atlantic and Babe Ruth hit 60 home runs and the American craft of ballyhoo was being perfected, the novel was a cartoonish blast of contempt for tub-thumping evangelists who were doing well for themselves while pretending to do good works to redeem this naughty world. Gantry succumbed to temptations of the flesh and the real estate market. The modern twist to the fall of Foley -- public protector and private predator of children -- is the warp speed with which it moved from exposÃ© to therapy: Foley, who has entered alcohol rehab, says he takes "responsibility" for what he has become as a result of abusive priests and demon rum.

Having so quickly exhausted the Oprah approach, the Foley story moved on to who knew what, and when. That drove Speaker Dennis Hastert to the un-Oprah broadcasting couch on which Republicans recline when getting in touch with their feelings. To Rush Limbaugh's 20 million receptive listeners, Hastert, referring to Republicans as "we," said:

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense."

It is difficult to read that as other than an accusation: He seems to be not just confessing a coverup but also complaining that the coverup was undone by bad manners. Were it not for Democrats' unsportsmanlike conduct in putting "this thing" forward, it would not be known and would not be disrupting Republicans' storytelling.

Their story, of late, has been that theirs is the lonely burden of defending all that is wholesome. But the problem with claiming to have cornered the market on virtue is that people will get snippy when they spot vice in your ranks. This is one awkward aspect of what is supposed to have been the happy fusion between, but which involves unresolved tensions between, two flavors of conservatism -- Western and Southern.

The former is largely libertarian, holding that pruning big government will allow civil society -- and virtues nourished by it and by the responsibilities of freedom -- to flourish. The Southern, essentially religious, strand of conservatism is explained by Ryan Sager in his new book, "The Elephant in the Room: Evangelicals, Libertarians, and the Battle to Control the Republican Party":

"Whereas conservative Christian parents once thought it was inappropriate for public schools to teach their kids about sex, now they want the schools to preach abstinence to children. Whereas conservative Christians used to be unhappy with evolution being taught in public schools, now they want Intelligent Design taught instead (or at least in addition). Whereas conservative Christians used to want the federal government to leave them alone, now they demand that more and more federal funds be directed to local churches and religious groups through Bush's faith-based initiatives program."

To a Republican Party increasingly defined by the ascendancy of the religious right, the Foley episode is doubly deadly. His behavior was disgusting, and some Republican reactions seem more calculating than indignant.

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Foley's name remains on the ballot in Florida's 16th Congressional District, which means that Democrats, who needed 15 seats to capture the House, now need just 14. Thirteen, actually: In Arizona's 8th, where Republican Rep. Jim Kolbe is retiring, Republicans used the primary to vent, nominating a probably unelectable fire-breather on the immigration issue.

After the 1936 election, in which President Franklin Roosevelt shellacked the Republican nominee in all but two states, a humorist wrote: "If the outcome of this election hasn't taught you Republicans not to meddle in politics, I don't know what will." If, after the Foley episode -- a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work.

Dumping The GOP Too Facile (SEAPI)

By Marianne Means

Seattle Post-Intelligencer, October 5, 2006

WASHINGTON -- For decades, Republicans have paraded as the moral party, the one that stands for "family values" -- in contrast to the other party, the one stuffed with liberals who have the morals of puppy dogs.

It has been a successful strategy. Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some.

Rep. Mark Foley, R-Fla., spectacularly flunked that test and hastily resigned on Friday after the surfacing of sexually oriented e-mails and instant messages -- some suggestive, some explicit -- he sent to teenaged male House pages.

But one of the most horrifying aspects of this scandal is that the office of Speaker Dennis Hastert had known about Foley's predatory behavior for roughly a year -- and did virtually nothing.

A Hastert aide spoke to Foley privately about the problem and ordered him not to contact any page again. There is no evidence that anyone in the GOP leadership followed up to see if indeed Foley took the message seriously. And why should he? His party didn't seem to care, as long as it wasn't public.

No Democrat, not even minority leader Nancy Pelosi, D-Calif., was alerted to the page problem. She furiously charged the GOP with being more concerned about protecting a House seat in a tough election year than protecting the pages. Hard to see how she could be wrong.

Only the GOP chairman of the bipartisan six-member committee authorized to oversee and protect the pages was told -- the others were ignored. Foley was not stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

When the story broke, Hastert shifted his recollection of events several times, ultimately conceding that he could not deny that a fellow Republican congressman, Rep. Thomas Reynolds, R-N.Y., had told him in advance about the problem. He called for an investigation, but only after the magnitude of public revulsion became overwhelming.

This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate. So what to do? The obvious answer is to dump the GOP, but that is too facile.

This is a Congress adverse to political oversight, but this time an independent investigation should be serious, open, bipartisan -- and speedy. Stalling to drag this out past the election is going to make the situation worse.

The heat is on Hastert, with House Majority Leader John Boehner of Ohio publicly separating himself from the leadership position by acknowledging that Foley's seat would now certainly go to his Democratic rival.

The Washington Times, a reliably conservative newspaper, called on Hastert to resign. A few organized conservative groups did likewise. After all, a leader is expected to lead, and Hastert didn't do so. He said he was "duped." Religious conservatives fear their folks are so offended they will stay home in November.

President Bush came to Hastert's defense, praising him as a father, teacher and coach "who cares about children. ... I know he wants the facts to come out."

It was not a wild endorsement of Hastert's leadership, but a prudent move that cost Bush nothing. He avoided the image of betraying a speaker who has meekly done the White House bidding.

If the House majority is lost, an internal congressional rebellion will throw out Hastert anyway.

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Other vulnerable GOP candidates are also feeling the pain. Virginia Sen. George Allen, once a prohibitive favorite for re-election but now running neck-and-neck with Democratic challenger James Webb, ostentatiously gave back $2,000 in campaign contributions he had received from Foley.

It was actually no sacrifice for Allen, who had $6.6 million in the bank in June compared with Webb's roughly $3 million. Allen returned the money because character issues are not the automatic winner for Republicans that they used to be, and particularly not for Allen.

He broadcast an unusual television ad urging voters to cast their ballots on the basis of his record, not his character -- which has been battered by public outrage over a racially ambiguous phrase he used against an American man of Indian descent, as well as past evidence of racism. The last thing Allen needs is any financial association with another dysfunctional Republican.

Democrats need a net gain of 15 House seats and six Senate seats to take control. Toward that goal, Republicans had planned attack ads in October painting Democrats as soft on sexual predators. Guess those ads won't be running now.

Marianne Means is a Washington, D.C., columnist with Hearst Newspapers. Copyright 2006 Hearst Newspapers. She can be reached at 202-263-6400 or means@hearstdc.com.

Ballot Battle Brews Over Foley's GOP Replacement (MH)

By Beth Reinhard

The Miami Herald, October 5, 2006

In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace former U.S. Rep. Mark Foley.

The GOP tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot.

The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, ``any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP)."

Negron -- a little-known lawmaker from Stuart tasked with holding on to a scandal-plagued Republican seat at a time when Congress could change hands -- said the state's recommendation would ensure a fair contest between him and Democrat Tim Mahoney.

But in a letter Wednesday to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice ``would clearly constitute favoritism.

"In fact, any ballot sent to a voter with this statement should be deemed invalid," Thurman said in the letter, addressed to state elections chief Dawn Roberts.

Some election supervisors are also questioning the state's recommendation, saying they are wary of appearing to promote one candidate over another. Voters booted former Palm Beach Supervisor of Elections Theresa LePore out of office in a backlash against her "butterfly ballot" in 2000, and grudges linger against Rep. Katherine Harris, who was secretary of state in 2000, for her role in the contested election.

"I definitely think we feel a little sensitive," said Charlotte County Supervisor of Elections Mac Horton, noting that the law forbids any campaign literature within 100 feet of the polls. ``We don't want to do anything that will bring the election in our county under attack."

The 16th congressional district includes parts of Palm Beach and Charlotte counties, and most or all of Martin, St. Lucie, Hendry, Glades, Highlands and Okeechobee counties. Of the eight election supervisors, Horton said only two are Republicans: he and Vicki Davis of Martin County.

The recommendation from the state is just that: a recommendation. It is not an order.

"There's nothing in the law that says a supervisor has to post a notice or doesn't have to post a notice," said Sterling Ivey, a spokesman for the Florida secretary of state. ``It's really going to be up to local supervisors of elections."

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The Democrat elected to replace LePore in Palm Beach County, Arthur Anderson, said Wednesday that he would not post notices because they would appear to promote Negron's candidacy. But later in the day, after receiving the state's recommendation, he said he was reassessing the matter.

"It's a potential litigious situation," Anderson said. ``It's not a simple matter."

Election chiefs are seeking advice from the Tallahassee attorney for their statewide association, Ron Labasky. He said he thinks the law does not allow election supervisors to send notices with absentee ballots.

A decision about alerting absentee voters must be made immediately, because many of the 17,000 ballots requested have already been sent out. Labasky said a review of state law ``would lead me to conclude that including any notices in those absentee ballots is not what is contemplated by the statute."

He added: ``Now that the Democratic Party has seen the memorandum, we ought to be in court in a matter of days anyway."

The campaign for Negron's Democratic opponent, Mahoney, issued a statement Wednesday evening saying the state should insure that voters in the eight counties are all treated the same.

"We certainly expect the state of Florida to require uniform voting procedures throughout Florida's 16th District," said Mahoney spokeswoman Jessica Santillo.

Mahoney catapulted from long shot to contender after Foley resigned Friday. On Wednesday, he met with Port Charlotte residents concerned about rising hurricane insurance costs.

Meanwhile, Negron opened his campaign office in Stuart with less than five weeks before Election Day. The national committee responsible for helping Republicans get elected to Congress dispatched a campaign manager the night before, and the state party was sending staffers to alert absentee voters to Negron's campaign.

Negron argued that the state's recommendation to election supervisors made sense.

"I think it is a very fair to make sure voters are fully informed about the candidates before they vote," Negron said. ``The notice is not a statement of support."

McHenry Seeks Sworn Dem Account (HILL)

By Josephine Hearn

The Hill, October 5, 2006

North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page.

Writing to House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.), McHenry questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics.

"Is the American public to believe that neither of you nor your staffs nor anyone associated with your staffs had prior knowledge or involvement with the release of Foley's e-mails and/or explicit instant messages? Is the American public to believe that ABC News stumbled haphazardly on this story without Democratic assistance?" wrote McHenry, a freshman Republican who has emerged as an attack dog for the GOP.

He asked that Pelosi and Emanuel offer a "yes or no" answer as to whether they would go under oath "to assure the American people that neither you nor your staffs had prior knowledge or involvement — at the strategic or tactical levels — with the release of Foley's e-mails and/or instant messages."

Spokespeople for Pelosi and the DCCC dismissed McHenry's demand as political posturing.

"Republicans just don't get it; every mother in America is asking how Republican's could choose partisan politics over protecting kids, and the Republicans are asking who could have blown their cover-up," said Pelosi spokeswoman Jennifer Crider. "If we had seen Mark Foley's horrific e-mails or instant messages, we would have immediately acted to protect these kids."

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DCCC spokeswoman Sarah Feinberg said, "Of course we did not have the e-mails or instant messages. Give me a break. If you recall, they also blamed us for indicting [former Majority Leader Tom DeLay [R-Texas]. Speaker Hastert and his staff have known about Foley's inappropriate behavior for years and their attempt to deflect their responsibility is absurd."

A handful of House Republicans have admitted that they knew about the original Foley e-mails in late 2005. In those e-mails, Foley asked a male House page for a picture of himself but was not overtly sexual. No member of Congress or congressional staff member has admitted to knowing about the more explicit series of instant messages that surfaced Friday and led to Foley's resignation.

Pelosi dismissed speculation that Democratic leadership knew about the e-mails prior to Thursday, when ABC News broke the story in the media.

"It's absolutely not true," she said. The e-mails appeared on a blog, stopsexpredators.blogspot.com, earlier in September.

Democrats have called for a full investigation of "when the Republican leadership was notified" of the e-mails and what action they took, suggesting Republican leaders had covered up the e-mails to avoid political repercussions in a tough election cycle.

As the scandal ballooned this week, several House Republicans sought to gain control of the media frenzy by questioning whether Democrats themselves knew about the emails and had sought to use them to political advantage by waiting until just before the elections to give them to the news media.

Although political observers agree that the timing of the story could not have been better, ABC News reporter Brian Ross told The New York Times on Tuesday that his source was a Republican.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Ross said.

ABC News investigative producer Maddy Sauer worked on the story with Ross.

"They were passed to a colleague of mine from a source, not someone from a Democratic campaign, a source on the Hill," Sauer told Democracy Now Tuesday.

At least two other news organizations, The Miami Herald and The St. Petersburg Times, knew of the email exchange but opted not to publish it.

Still, Republican operatives point out that an ethics watchdog group, Citizens for Responsibility and Ethics in Washington (CREW) had a copy of the emails as early as July 21 and passed them on to the FBI. They note that several of CREW's staff members previously worked on Capitol Hill for Democrats.

But a spokeswoman for CREW, Naomi Seligman Steiner, told The Hill Tuesday that the group did not pass the emails to any other entity and was not the source of the ABC News story.

Washington Wire (WSJ)

Wall Street Journal, October 5, 2006

October 4, 2006, 6:23 pm

No Green Light in Pennsylvania

It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to "rehabilitate" 3,000 petition signatures he needs to get on the November ballot, and upheld an earlier ruling that Romanelli needs a total of 67,070 signatures.

"I am devastated," Romanelli said. "All I have left is to declare a write-in candidacy."

Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum.

"Obviously some people thought this might help Rick in this race," said Michael Barley, deputy political director for the Republican State Committee. "But we didn't know how [the court] was going to rule. We can only affect what we have control of."

Santorum made no secret of the fact that Republicans wanted Romanelli on the ballot. "We thought it was very important to have another person on the ballot who was willing to speak out," said Santorum spokeswoman Virginia Davis. "Casey has run an illusive, under-the radar-campaign. Romanelli wanted to be a part of the process."

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Democrats, on the other hand, cheered. "This means that we're going to have a one-on-one, head-to-head campaign," said Pennsylvania Democratic Committee spokesman Abe Amoros, citing Republicans for using Romanelli to divert votes from the Democrats. "We feel confident that in a one-to-one match, Mr. Casey can defeat Mr. Santorum."

Romanelli's lawyer suggested they might take the case to the U.S. Supreme Court. "There are some due process issues here," said the attorney, Lawrence Otter, who complained that the court didn't allow him to present evidence in his client's defense. "There is something fundamentally wrong with that. We may be headed to the U.S. Supreme Court."

The court has yet to decide if Romanelli, a railroad industry consultant from Wilkes-Barre, will be slapped with the estimated $90,000 in court costs. – Erika Lovley

Read more: Global, Campaign 2006, Congress

Permalink | Comments | Trackbacks October 4, 2006, 5:32 pm

Perhaps Fox Meant "D" for Disgraced

As if the liberals needed another propellant fueling their belief that Fox News is mouthpiece for Republicans, the blogosphere notes that Fox has occasionally referred to former Rep. Mark Foley as a Democrat. The Florida Republican quit last Friday after sexually explicit computer messages involving teenage House pages came to light.

"Three Different Video Cutaways, 15 Seconds or More Each, Credit Disgraced REPUBLICAN Congressman as Being a Florida DEMOCRAT!" declares the Brad Blog. Brad Blog also notes that AP has slipped up, too.

"It's just a misplaced letter, but what a misplaced letter: Swapping a 'D' for an 'R' last night, Fox News and 'The O'Reilly Factor' labeled disgraced pedophile Congressman Mark Foley, longtime Republican, as a Democrat," says the Huffington Post.

Read more: Global, Congress

Permalink | Comments (4) | Trackbacks October 4, 2006, 4:52 pm

More Foley Fallout

The pressure on House Speaker Dennis Hastert grew even more intense this afternoon as Kirk Fordham, a former top aide to Rep. Mark Foley, said he warned the speaker's office more than three years ago about Foley's inappropriate conduct with teenage male pages. That's a full year earlier than Republican leaders say the matter was brought to their attention.

Fordham, who resigned today as the top aide to Rep. Tom Reynolds, told the Associated Press he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene." The AP reported that Fordham spoke after ABC News, quoting unidentified Republicans, suggested he had tried to stop any inquiry into Foley's behavior. "This is categorically false," Fordham said. "At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior."

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:33 pm

No Criminal Jeopardy for Foley?

Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. Attorney in Washington D.C. "The reality of the law here is if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Howard says. Foley has denied having sexual contact with any of the minors.

Among the issues being examining: Did Foley have obscene conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him? Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said. – Gary Fields

DOJ_NMG_0075829

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Permalink | Comments (1) | Trackbacks October 4, 2006, 4:01 pm

Relative Burden

As Alan Greenspan used to do repeatedly, the new Federal Reserve chairman is loudly calling attention to the fact that the nation has made promises to future retirees that it can't easily afford to keep. "If we don't begin soon to provide for the coming demographic transition, the relative burden on future generations may be significantly greater than it otherwise could have been," Fed Chairman Ben Bernanke said in a speech today. (Read the full text or watch the video.)

Bernanke tried to put some numbers on the problem to illustrate its severity. Citing Federal Reserve economists' calculations, he said that if the nation continues to save at its current, profligate rate for the next 20 years — "thereby largely insulating the baby-boom generation from the effects of the coming demographic transition," then per capita consumer of future generations will be about 14% less than it would have been in the absence of demographic change.

Equal burden-sharing across generations would require an immediate reduction in per capita consumption on the order of 4% (or, since consumption is about two-thirds of output, by an increase in national saving of about 3 percentage points.), he said. "This case obviously involves greater sacrifice by the current generation, but the payoff is that all future generations enjoy per capita consumption that is only 4%, rather than 14%, below what it would have been in the absence of population aging." The living standards of future generations are higher because of the extra capital bequeathed to them by virtue of the current generation's saving more.

It won't be the Fed's call, he said. "At the heart of the choices our elected representatives will have to make regarding the distribution of these costs across generations will be an issue of fairness: What responsibility do we, who are alive today, have to future generations? What will constitute ethical and fair treatment of those generations, who are not present today to speak for themselves? If current trends continue, the typical U.S. worker will be considerably more productive several decades from now. Thus, one might argue that letting future generations bear the burden of population aging is appropriate, as they will likely be richer than we are even taking that burden into account. On the other hand, I suspect that many people would agree that a fair outcome should involve the current generation shouldering at least some of that burden, especially in light of the sacrifices that previous generations made to give us the prosperity we enjoy today." – David Wessel

Read more: Global, Budget, Spending and Taxes, Economy

Permalink | Comments | Trackbacks October 4, 2006, 3:16 pm

A New Airing for Sherwood Scandal

Speaking of scandals, embattled Republican Rep. Don Sherwood of Pennsylvania has a new advertisement directly addressing his own affair. Last year, the 65-year-old Sherwood acknowledged an extra-marital relationship after his much younger mistress filed a lawsuit alleging that he choked her; he apologized and said he only gave her a backrub. The suit was later settled.

Sitting in front of a bookcase with family pictures prominently displayed, Sherwood faces the camera: "I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this, because of my deep regret, our love and the fact that the allegation of abuse was never true. While I am truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share… ."

The unusual plea follows a series of ads from his Democratic rival, Chris Carney, that strike the family values theme. In one, Joseph Lech of Tunkhannock, Pa., who describes himself as a Republican and a father, and says: "This incident with Don Sherwood cuts right at the core values of our district" as the lawsuit case number and a couple of choice excerpts — "REPEATEDLY CHOKING" and "ATTEMPTING TO STRANGLE PLAINTIFF" –appear on the screen. – Mary Lu Carnevale

Read more: Global, Campaign 2006

Permalink | Comments (1) | Trackbacks October 4, 2006, 12:05 pm

Saudi to U.S.: Stop the Hectoring

Prince Turki al-Faisal, Saudi Arabia's ambassador to the U.S. and its ex-head of intelligence, has had enough American lecturing. He said U.S.-Saudi ties "have never been stronger," but his country is tired of being badgered by U.S. officials, think tanks and human-rights groups over its domestic affairs.

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Faisal

"We are not going to change just because you tell us to," he said in a speech to a packed house at the Center for Strategic and International Studies, the sort of public engagement that his longtime predecessor, Prince Bandar bin Sultan, meticulously eschewed. "We are going to change, but at our own pace."

He advised that Americans drop "the political rhetoric and bombast" in favor of more constructive dialogue. "The type of discourse between the United States and Saudi Arabia needs to change," he said, adding that he and others "find the analysis of Saudi Arabia lacking. It does not have a clear and real understanding of what is going on in the Kingdom, and appears to be emotionally driven."

On the lecture theme, the ambassador made sure to point out that Saudi Arabia also wants some changes in the U.S. "Your reform of campaign contributions is essential and needed, yesterday, not tomorrow," he said. The U.S. also had to change its Middle East policies to overcome what he describes as America's "lowest standing ever" in terms of regional public opinion. And lastly, the U.S. should open direct talks with Iran.

"For the United States not to talk to Iran is a mistake," he said, taking pains not to badger. –Neil King Jr

Read more: Global

Permalink | Comments (4) | Trackbacks October 4, 2006, 11:13 am

What to Do With the House Page Program?

No sooner had Rep. Mark Foley resigned on Friday setting off the Page Scandal of '06, than Rep. Ray LaHood, an Illinois Republican and an ally of beleaguered House Speaker Dennis Hastert, called for a permanent solution to put a stop to further page scandals: scrapping the page program altogether.

LaHood has backed off a bit, suggesting a suspension of the program is in order until problems of predatory lawmakers can be solved. "Some members betray their trust by taking advantage of [pages]," he said on CNN. "We should not subject young men and women to this kind of activity, this kind of vulnerability."

Still, for high school students interested in the House page program, LaHood has information on the program right on his Web site. – Mary Lu Carnevale

Video: John Harwood reports that the scandal has split Republicans and forced Bush to speak on behalf of Dennis Hastert.

Page One: Hastert Faces Intense Pressure as Foley Mess Roils Republicans

Read more: Global, Congress

Permalink | Comments (1) | Trackbacks October 4, 2006, 7:59 am

Orchestrated by Democrats? ABC's Ross Says No

A question has vexed Washington insiders for days: Why did the Foley story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Foley's congressional district — has led some Republicans to question whether the sources had partisan political motives.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Foley, Ross said. Two former pages — one who had been sponsored by a Republican member of Congress and one by a Democrat — offered ABC texts of sexually explicit instant messages purportedly sent by Foley. Ross said the network then tracked down the original recipients of those messages and got firsthand confirmation of their authenticity.

Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up…in terms of being from a political party," Ross said. "I know how that works. This was not it." Read the full article. – Sarah Lueck

Also in today's WSJ:

Those IMs Aren't as Private as You Think

Disclosures Could Undermine Libby Case

Read more: Global, Congress

Permalink | Comments (3) | Trackbacks

DOJ_NMG_0075831

Lieberman Assails Lamont Over Commitment To Israel (NYT)

By Jennifer Medina

The New York Times, October 5, 2006

Senator Joseph I. Lieberman questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday, saying he had received important support from several Democrats who have been critical of Israel.

Speaking to a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been "surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel."

Mr. Lieberman, who is running on his own party line, pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon.

Ms. Waters, who abstained from the vote, said she objected to some language in the resolution praising the Bush administration.

Mr. Lamont has said he would have backed the measure.

"So far I would say my opponent is saying basically a pro-Israel line," Mr. Lieberman said at the fund-raiser. "But look, the position he's taking on Iraq is not good for America and not good for the Middle East. Secondly, you know to some extent you've got to judge people by their friends. I'm glad to be judged by my friends like Ed Koch and all of you."

He was referring to former Mayor Edward I. Koch of New York City, who appeared alongside Mr. Lieberman yesterday at the breakfast fund-raiser, held at the Loews Regency Hotel, at Park Avenue and 61st Street, after campaigning with him on Tuesday.

In his remarks, Mr. Lieberman also recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it "a remarkable moment."

Since primary night, Mr. Lieberman and his aides have repeatedly raised questions about Mr. Lamont's alliance with Mr. Sharpton, whom they have described as divisive. Mr. Lieberman, however, has been on friendly terms with Mr. Sharpton in the past, particularly when the two ran for the most recent Democratic presidential nomination. This summer, Mr. Lieberman also asked Mr. Sharpton not to campaign for Mr. Lamont.

Tom Swan, Mr. Lamont's campaign manager, said that Mr. Lieberman's campaign was playing "racial politics."

"Joe Lieberman — who can count as his supporters Ann Coulter, Dick Cheney and Rush Limbaugh — should be ashamed himself for stooping to such gutter politics," he said. "He is playing on people's fear and attempting to divide and conquer, from our gaining support from people who have provided their support in the past and he took with pride."

Mr. Lamont, Mr. Swan said, has been "steadfast in his strong support for Israel, its right to defend itself and its importance as an ally of the United States."

Mr. Koch, a Democrat who endorsed President Bush in 2004, said a win for Mr. Lieberman in November would "help save the Democratic party and make it stronger."

"The leadership in this party right now does not represent the centrist views of most of America," Mr. Koch said. "We cannot be taken over by the radical left. We have to understand that we are fighting to protect ourselves."

Later in the day, Mr. Lieberman spoke to Realtors in Wolcott, Conn., where he proposed creating a $2,000 tax credit to help first-time home buyers pay for property closing costs. Mr. Lieberman said it would be the first in a series of proposals aimed at helping the middle class.

Mr. Lieberman said the plan would cost about $4 billion and could be paid for by cutting back tax breaks from those with annual incomes of more than $1 million. He also called for a plan to reform health insurance for small businesses, which he said would allow owners to buy into larger pools.

Mr. Lamont campaigned in Bridgeport yesterday with Dianne Farrell, the Democrat in a tight battle to unseat the Republican incumbent, Representative Christopher R. Shays, and Senator Edward M. Kennedy of Massachusetts.

Mr. Kennedy repeatedly said he was looking forward to Mr. Lamont's arrival in Washington and praised his proposal for universal health care.

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"We need that voice, we'll need that vote, we'll need that leadership," Mr. Kennedy said of Mr. Lamont. He steered clear of criticizing Mr. Lieberman directly, but added, "People have spoken in favor of Ned Lamont, and that's what the democratic process is all about."

Mr. Lieberman also denounced former Representative Mark Foley of Florida, who resigned late last week. But unlike scores of other Democrats, Mr. Lieberman did not call on J. Dennis Hastert, the speaker of the House, to resign in response to allegations that he knew about the harassment for months. Mr. Lieberman cautioned against turning the incident into a partisan issue.

"The truth is, unless he knows what he saw and he saw something he should have acted on, he deserves to have a fact-finder come in," Mr. Lieberman said, adding that an independent investigator could determine what was known.

Mr. Lamont responded in a statement: "The fact that Joe Lieberman says calling for Hastert's resignation is too 'partisan' demonstrates that he's been in Washington so long that he can't recognize the difference between what's right and what's partisan."

Murtha Accused Of Bribe Cover-up (WT)

By Eric Pfeiffer

The Washington Times, October 5, 2006

Rep. John P. Murtha's Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years.

A recently released FBI video recorded in 1980 shows the Pennsylvania Democrat talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation.

"When you see the video, there was every intent of taking the bribe," said Diana Irey, a Washington County, Pa., commissioner who is running to unseat Mr. Murtha. "For 26 years, John Murtha has been living a lie."

Six members of the House and one senator were forced to resign because of their involvement in what became known as the "Abscam" scandal.

The video was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation.

"It was widely reported that he provided testimony against others," Mrs. Irey said, when asked why Mr. Murtha was not prosecuted for his ties to the Abscam investigation.

Mr. Murtha cooperated with officials in the prosecution of former Democratic Reps. Frank Thompson of New Jersey and John Murphy of New York. In July 1981, the House ethics committee ruled there was no evidence Mr. Murtha acted improperly, although E. Barrett Prettyman Jr., the special counsel assigned to the committee, resigned in protest. The FBI listed Mr. Murtha as an "unindicted co-conspirator" in the scandal.

Near the end of the 54-minute video of the meeting, Mr. Murtha and Philadelphia lawyer Howard Criden return to the room after a brief absence. Mr. Criden then begins speaking to undercover FBI agent Anthony Amoroso, who posed as "Tony DeVito," the purported sheik's representative.

"John says it's OK for you to give me what's in the drawer," Mr. Criden says, according to the Spectator's transcript of the video.

"Is that all right, Tony?" Mr. Murtha asks Mr. Amoroso. Then, referring to Thompson and Murphy, Mr. Murtha says: "Let me make it very clear. The other two guys do expect to be taken care of. ... And you're gonna have to deal through [Mr. Criden]. Me, you've got my deal."

Mrs. Irey played excerpts from the video at a press conference in Washington yesterday. "Leaving a room where one has just been offered $50,000 in cash, only to return two minutes later with a bag man saying, 'John says that it is OK for you to give me what's in the drawer,' is not something done by a man who's not aware he's trying to take a bribe," Mrs. Irey said.

Mr. Murtha has long maintained he only met with the undercover agents to pursue legitimate investment in his district. Mr. Murtha can be seen in the video rejecting an offer to accept the $50,000 personally. The Irey campaign says Mr. Murtha wanted to use Mr. Criden as his middleman to accept the cash on his behalf.

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"I'm not interested," Mr. Murtha says in the video.

"OK," Mr. Amoroso responds.

"At this point," Mr. Murtha adds: "You know, we do business for a while, maybe I'll be interested, maybe I won't, you know."

After the video was posted online Friday, the Murtha campaign issued a statement from the congressman denouncing the move as "nothing but a political stunt."

"I am the guy that didn't take the money," Mr. Murtha said. "I have been re-elected to Congress 13 times since this tape was made 25 years ago. I will not be distracted."

Rep. Sherwood Apologizes In Ad (HILL)

By Jeffrey Young

The Hill, October 5, 2006

In advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable.

In the ad, Sherwood faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman.

“I made a mistake that nearly cost me the love of my wife Carol and our daughters,” Sherwood says, opening the 30-second spot.

He was scheduled to debate Navy Reserve officer and college professor Chris Carney (D) last night.

In the ad, Sherwood states, “While I’m truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share. Should you forgive me, you can count on me to keep fighting hard for you and your family.”

Sherwood is running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood’s 38 percent; 15 percent were undecided.

Long Odds (WSJ)

By Chuck Muth

The Wall Street Journal, October 5, 2006

CARSON CITY, Nev. -- The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere.

First off, the Senate, where local politics is frustrating national ambition. Incumbent Republican John Ensign, an alumnus of the class of '94, is seeking a second term. Mr. Ensign lost a bid for the Senate to now-Senate Minority Leader Harry Reid in 1998 by a razor-thin margin of just 428 votes -- only to come back and win the seat of retiring Democrat Sen. Richard Bryan two years later.

Shortly thereafter, Messrs. Ensign and Reid put behind them all lingering bitterness from that campaign and now operate under an unwritten non-aggression pact. Mr. Ensign reportedly discouraged a number of credible candidates interested in taking on Mr. Reid in 2004, and barely acknowledged the eventual GOP nominee. Mr. Reid, for his part, gives every appearance of returning the favor this year.

The Democrat nominee is Jack Carter, Jimmy Carter's son. Mr. Carter has lived in Las Vegas for only a couple years and jumped into the fray after a number of high-profile Democrats with more extensive Nevada roots opted out. Mr. Reid reportedly discouraged all credible challengers to his colleague from the other side of the aisle. Indeed, much was made of Mr. Reid humiliating Mr. Carter at the Democratic Convention last April, when he dressed him down during a press conference with some sharp comments.

Some polls have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign. Especially with the Senate minority leader quietly in the Republican's corner, this one, in Vegas parlance, is a "lock."

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The Democrats have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004.

Ms. Hafen spent eight years working for Harry Reid in Washington. By all accounts he recruited her for this race after Mr. Porter publicly criticized the minority leader for failing to return campaign contributions from Jack Abramoff. It is widely believed that Mr. Reid is pulling out all the stops behind the scenes -- unlike his lackluster effort on behalf of Jack Carter -- to make sure Ms. Hafen has enough money to get the job done.

Ms. Hafen may be "green," but she's tough, holding her own in a vicious and increasingly petty campaign. Venturing into territory usually avoided by seasoned campaign pros, Ms. Hafen (and Mr. Reid) has raised questions about Mr. Porter's marital woes (he's recently divorced, for the second time). The Porter campaign has responded in kind, focusing on the dubious issue of Ms. Hafen's residency. Her eight years in Washington, they impute, makes her a feckless carpetbagger (despite being born and raised in the district).

"Tessa Hafen is trying to tie President Bush around Jon Porter's neck," former Nevada GOP executive director Dan Burdish explains. "But Harry Reid's poll numbers are even worse than the president's. The Porter campaign should stop focusing on this silly matter of her residency and instead focus on her ties to that albatross of a former boss she has. If Mr. Porter loses this race, his campaign strategists will have a lot to answer for."

Should an anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing. In a city that loves playing the odds, however, at this point they remain in the incumbent's favor. The vaunted GOP 72-hour get-out-the-vote machine would make the difference in a race this close.

Still, Democrats hoping to take the House would do well to consider Nevada's second district. The seat is being vacated by Republican Rep. Jim Gibbons for a gubernatorial run.

The Republican candidate, Dean Heller, is the sitting secretary of state who has won three successive statewide races for that position. He's telegenic, well-funded and more populist than hard-core conservative -- meaning he will attract considerable crossover votes from nonideological Democrats in November, especially in this mostly rural district. It encompasses most of the Silver State besides Las Vegas, and has a huge Republican registration advantage of almost 50,000 votes. President Bush won handily at 57% in 2004.

In this light, opponent Jill Derby has been very careful not to let voters know she's a Democrat. Ms. Derby is an experienced politico with 18 years on the state Board of Regents. She's also well-funded and enjoys old-line family ties to the rural community.

But while early polls show Ms. Derby to be closer than expected, once Mr. Heller refills his campaign coffers -- drained by a particularly competitive August primary -- and unloads his paid media campaign, this one will be over. It's sheer numbers: Even a 1994-style Democratic tsunami won't propel Ms. Derby into office.

Democratic aspirations for a major congressional victory in 2006 necessarily hinge on flipping districts like Nevada's second. Don't put the champagne on ice just yet.

Mr. Muth, a former executive director for the Nevada Republican Party, is president of Citizen Outreach, a nonpartisan limited-government public policy organization.

McCain Allies Plot For 2008 (RC)

By Emily Pierce,

Roll Call, October 5, 2006

In preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures.

Sen. Gordon Smith (Ore.), who regularly attends the biweekly meetings, called the group “sort of a Senate kitchen cabinet,” while Sen. Trent Lott (Miss.) noted that participants are “a diverse group, philosophically and regionally.”

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Notably, New Hampshire Sen. John Sununu, whose state has one of the most influential roles in presidential nominating contests, has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president.

"I haven't given any thought to supporting or endorsing a candidate," Sununu said.

Though Sununu is trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics, given that the current governor is a Democrat. (There is no indication that Gregg has attended any of the McCain meetings.) Sununu said he was giving McCain the same type of counsel he gives to other prospective presidential candidates.

"Like anyone in New Hampshire, I'm going to visit with and talk to candidates," Sununu said. "I want to make sure that Republican candidates get a fair hearing in New Hampshire." Besides Smith and Lott, the group, which began meeting early this spring, is rounded out by a pair of longtime McCain supporters, Sens. Lindsey Graham (S.C.) and Susan Collins (Maine).

Sen. Mike DeWine (Ohio), who is close to McCain, would not confirm or deny whether he attends.

"I'm focused on my re-election at the moment, but you know I am a pretty good friend of Sen. McCain's," DeWine said.

A spokesman for Sen. Jon Kyl (Ariz.) said he did not know whether Kyl attends the meetings. Both DeWine and Kyl backed McCain in 2000, when few other Senators did, and they are expected to again support his efforts in 2008.

Though the group now consists mainly of a handful of past supporters, "efforts are currently being made to increase the numbers of this group, and outreach is currently taking place," said a source with knowledge of the meetings.

Meanwhile, Lott said the gatherings are "an effort by John to get input from some of the people who are supporting him" and that participants are hopeful McCain would seek their "counsel before he takes a [policy] position" in his nascent campaign.

Senate supporters said the meetings are part of McCain's effort to build his primary campaign from inside the GOP, rather than running as a maverick party outsider like he did in 2000. In that campaign, McCain's wins in New Hampshire and Michigan were seen more as spoilers for a united party establishment behind then-Texas Gov. George W. Bush. But this time around, McCain already has more public endorsements for his undeclared presidential campaign than he did as an official candidate in 2000.

"The difference of the John McCain campaign last time and this time is the presence of groups like this," Smith said. "It's really important to a good grass-roots effort."

Graham added that McCain "has to prove that he's running to be a leader of a party, and not of a movement. ... Last time, Bush was the institutional candidate. I think John McCain, this time, is going to get his fair share of institutional support."

John Weaver, McCain's senior political strategist, declined to comment specifically on the meetings, saying, "We're not going to talk about any private meetings that the Senator has with his colleagues."

But Weaver did say that McCain "is encouraged by the number of Senators who've encouraged [him] to run for president."

By running the early stages of his campaign as the GOP insider, McCain has become one of the most sought-after surrogates for Republican candidates on the campaign trail, whether in challenger races such as New Jersey state Sen. Tom Kean Jr.'s battle against Sen. Bob Menendez (D) or in Virginia, where potential '08 rival Sen. George Allen (R) is airing commercials with McCain appearing next to him.

In addition, McCain's Straight Talk America political action committee has raised more than $6.8 million in the 2006 election cycle, doling out more than $600,000 to House and Senate candidates and even more to state and local GOP candidates, according to Federal Election Commission reports.

Is Obama Ready To Roll? (NSWK)

By Jonathan Alter

Newsweek, October 5, 2006

Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A

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close associate introduces a note of caution: “I’d put the chances right now at no better than 50 percent,” he told me Tuesday, as Obama taped Oprah’s show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they’ve assumed. Whatever happens in the midterms, ’08 could get very exciting, very fast.

Among a few prominent Democrats, the conversation has changed from "we wish he would" to "we hear he will." Obama has made no formal decision and probably won’t until the end of the year. By then, his new book, "The Audacity of Hope," which hits bookstores Oct. 17, is almost certain to be a best seller. Both Colin Powell in 1995 and John McCain in 1999 used books to launch feverish speculation about presidential bids. In Powell’s case, he decided not to run, largely for family reasons.

If Obama declines to make a bid, the explanation will be along the same lines. He has two young daughters and a formidable wife, Michelle, who is no Nancy Reagan, Hillary Clinton or Elizabeth Edwards. In other words, she will not push her husband to run, though it’s not likely she will prevent him from doing so, says a source close to the senator, who declines to be identified talking about family matters. It will be a decision between the two of them. You have to be a bit nuts to run for president, and in the end the Obamas might be too normal and grounded to put their family through it.

But contrary to popular assumption, Obama's aides see no political reasons not to make the race. His advisers believe his mere four years in the Senate will not be a liability (Abraham Lincoln ran after two years in the House, Woodrow Wilson after two years as governor, and Franklin D. Roosevelt, Jimmy Carter and now Mitt Romney after four years as governor.) “The Senate is a political tomb,” says one. The longer one stays, the more controversial votes one casts. Gravitas and knowledge about the issues are not problems for Obama, who is plenty fluent on the issues, even if he hasn't established much of a record yet. He has emerged as an unlikely friend and ally of GOP Sen. Richard Lugar, who will acknowledge Obama’s depth on foreign policy.

The Obama campaign right now was described to me as a “concept” rather than a “plan.” The concept is that Obama is a positive, aspirational figure who appeals to a yearning in the country for a unifying, almost spiritual vision that moves beyond the tired arguments of left versus right. At a more prosaic level, the “concept” would call for a massive black-voter-registration campaign in the South while continuing his crossover appeal to moderate white voters. On the Iraq war, the critical issue for Democratic primary voters, Obama is perfectly positioned. He opposed the war from the beginning, with an articulate denunciation of the Bush policy as a distraction from the war on terror. In other words, he was four years ahead of the curve. By contrast, John Edwards is in the uncomfortable position of having said he was wrong to support the war. Hillary Clinton is even worse off. She has yet to acknowledge the obvious: that if she knew then what she knows now, she would have voted against the war instead of for it. If both Obama and Clinton run, he would quickly best her on this issue, which all of her "early money" would do little to counteract.

In the primaries, Obama would run as a moderate who is unsullied by connection to the old Democratic Party. In fact, his new book will be a bit critical of Democrats, calling them “confused” and “the party of reaction.” (Obama wrote it himself, as he did his first book. He is one of the best writers to enter modern politics.) Rather than being defensive about that depiction, many Democrats know it’s true. They want to be transported to a new place. They admire Hillary but don’t see her doing that. And in my anecdotal experience, they like his chances in a general election better than hers—though running as the first African-American Democratic nominee would obviously be a challenge.

Obama knows that if he runs, some of the allure will immediately fade. That argues for delaying as long as possible, in order to remain the shimmering hope out over the horizon. The argument for deciding sooner is that he would need to build a national organization to compete with Clinton’s. Hillary enjoys a formidable advantage in fund-raising. But if he gets going in early 2007, he could close the gap quickly. The demand for him to come in to raise money and campaign for Democratic candidates this year far outstrips the demand for the same from Hillary or anyone else. And his handlers are already keeping close tabs on Edwards's early success in organizing Iowa Democrats.

As a rookie presidential candidate, Obama would have little margin for error. One false move and he’s done. But the man’s got brains and political talent to burn. The chatter about him within the party grows louder by the day.

Of Pain And Campaigns (WP)

By Jennifer Frey

The Washington Post, October 5, 2006

DOJ_NMG_0075837

She found it in the shower, in one of those interchangeable hotel bathrooms that are a staple of campaign life. It was October 2004, and Elizabeth Edwards was in Kenosha, Wis., stumping for her husband, Democratic vice presidential nominee John Edwards. She felt the outline of a lump -- so large, how could she have missed it before? -- and, wrapping a towel around herself, called in her close friend Hargrave McElroy to feel it.

McElroy immediately asked how long it had been since Edwards's last mammogram.

"I hated to admit it," Edwards writes in her new memoir, "Saving Graces: Finding Solace and Strength From Friends and Strangers," "but it had been too long, much too long."

Thirteen days later, the day John Kerry conceded the presidency to George W. Bush -- much to the frustration, Edwards says, of her husband, who wanted to wait until all the votes were counted in Ohio -- Elizabeth's verdict came in as well. Cancer.

For most people, a cancer diagnosis is a life-defining moment, a point that will forever become the dividing line between before and after. It wasn't like that for Edwards. It couldn't be. Her before and after had been frozen, permanently, more than eight years earlier, the day her 16-year-old son, Wade, died in a car accident. Once you lose a child, nothing is ever the same.

* * *

Edwards arrives at Union Station for an interview -- and photographs -- with no makeup on and her hair undone. Her flight out of Raleigh, N.C. (she lives in Chapel Hill) was delayed by an hour. She was supposed to have gone straight to CNN for a taping, where she'd get professionally done up. But that's now postponed, so she's clutching the one see-through plastic bag of toiletries she'd been allowed to take onto the plane.

"Mind if I take this into the bathroom for a minute?" she says, laughing. She emerges moments later, hastily fixed.

Why does this matter? There's no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?

John Edwards describes his wife of 29 years as approachable and smart. She's the kind of person who knows her mailman's life story, who can't check out at the grocery store without striking up a conversation with the person in line behind her. Trained as a lawyer, she's also an astute political wife and supportive partner in her husband's presumptive run for the 2008 Democratic presidential nomination.

"It's exactly who she is," Edwards says, by phone from their home. "She loves people and loves interacting with people. And that, married to the fact that she's about as big a policy wonk as you're going to find. She loves the details. She loves all of it."

So she wants him to run?

"I think that's a fair statement," he says.

What kind of first lady would Edwards be? She says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot. McElroy says she doesn't have political ambitions of her own -- "she wants it for John," she says -- but both Elizabeth and her husband acknowledge she actively participates in his policy planning discussions.

She also won't be someone who worries about whether the viewing public thinks she looks fat in a particular pair of pants.

This is the other thing to know about Edwards. After her son died, there were a lot of things she stopped worrying about. Like the makeup. Or the comments about her weight. ("People would say I weigh too much, and I weigh too much," she says. "So it's pretty much hard to argue with that!") Or the musings about how, exactly, her relationship with her youthful, handsome John Kennedyesque husband works.

"Oh, and of course, he must have someone on the side, because look at her !" she says, mimicking her critics. "You just have to let it go."

Once you lose a child, your world hinges on the relationships that keep you standing, keep you breathing, and -- eventually -- give you the strength to help someone else stand up and breathe.

Once you lose a child, the fat jokes are, well, a joke.

* * *

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"Saving Graces" is a memoir rich with the stories of a woman who has lived, loved and suffered more than any little girl born in Jacksonville, Fla., could ever have imagined. But the chapters Edwards writes about her grief over Wade's death eclipse all else in the book.

"By any unspeakably vast margin there is no part of my life, or any life, that speaks more to what this book is about," she writes. "I found a community that stood by me in the worst of times and allowed me to emerge, eventually, from a place of profound pain."

That community came largely from an online chat group for grief survivors that became Edwards's lifeline. She would stay up almost all night, leaning on others and allowing them to lean on her -- "naked," she writes, "and needing each other's warmth." She went to the cemetery every day for more than two years. She obtained what would have been Wade's school reading list, just as she had in previous years when they would read side by side until he fell asleep. She read every book, most at his graveside.

John admits he worried. His grief, too, was crippling. But he eventually went back to work as a victims' rights lawyer. Cate, their then-14-year-old daughter, slept on two chairs pulled together with an ottoman in her parents' room for two years, but went back to school. Elizabeth never went back to work in a law firm.

"It's about surviving, I knew that," John says. "But I was concerned whether some of the things she was doing were helping her or hurting."

She emerged slowly. The birth of two more children, Emma Claire (now 8) and Jack (now 6), helped. John ran for the Senate and won. Cate graduated and went off to Princeton. And then came the presidential campaign, which Elizabeth threw herself into.

* * *

The current book tour is about Elizabeth's life, not her husband's. It wasn't timed or written for political purposes -- even the suggestion of that seems to take her aback -- but given that her husband is clearly planning to run in 2008, it does provide a public platform to reacquaint America with the Edwards name and values.

A family appearance (John, Elizabeth and Cate) on Oprah Winfrey's show last week helped bump her book temporarily to No. 2 on Amazon.com. And she confirms what her husband has said; she wants him to run.

"I have tremendous confidence in him," she says, "because I know this man, and I know how principled he is."

Charlie Cook, a political columnist for National Journal, sees John Edwards as the front-runner against Hillary Clinton in the race for the nomination: "He came out of 2004 about as unscathed as is possible for a nominee."

In her book, Edwards writes about the frustration felt in their Boston hotel room on election night, when the pattern of returns changed and her husband was pressed to speak to the mobs of supporters in Copley Square. He didn't want to say anything that made it easier for Bush to declare victory.

From the bedroom, exhausted, Elizabeth -- who had been campaigning with a possible breast cancer diagnosis hanging over her head for nearly two weeks and who had an appointment for a biopsy the next day -- called out to her husband. "We've waited this long; we can wait a little bit longer," she said.

It's the line he used.

* * *

John, Elizabeth says, is the one who took the lead when it came to figuring out her treatment. He took care of her. Of course, she also took care of him.

Back when she had found the lump in Kenosha, when the election was still 12 days away, Elizabeth had convinced herself that it was just a cyst. She'd had one a few years before.

So she told John nothing. "I really felt he didn't need that then," she says.

She did, however, schedule an appointment with her hometown doctor for a week later. At that ultrasound, Elizabeth knew the minute she saw the technician's face that "it was bad."

She immediately called John, who was just returning to Raleigh. There would be no confirmation of cancer until she had a needle biopsy. Should they drop everything? John received reassurances from the doctor that waiting a few more days wouldn't matter. They made plans to do it in Boston the day after the election, and pressed on.

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"I looked straight at her -- we were sitting on her little front stoop -- and said, 'Can you really do this?' " McElroy says. " 'You've seen where you have to go and what you have to do in the next few days, can you do this?' And she paused, then said, 'Yeah, I can.' "

Immediately after the diagnosis, Edwards began treatment in Washington. Luckily, the cancer hadn't metastasized. She had chemotherapy, followed by a lumpectomy, followed by radiation. It all lasted seven brutal months, until the end of May 2005. Her joints swelled. She lost her hair. She admits some days she was knocked flat.

"She didn't complain," says former neighbor Chris Downey, who uses the term "life-changing" to describe her friendship with Edwards. Downey, who is the ex-wife of former congressman Tom Downey, says, "I guess if you have adversity, you grow. She's so strong."

* * *

Now happily describing herself as "cancer-free," Edwards recently accepted the Congressional Families Leadership Award at the 14th annual Action for Cancer Awareness Awards luncheon, held on the Hill last week.

"I had melanoma, and it looms large in your life, and it is what you make of it," says Marcelle Leahy, wife of Sen. Patrick Leahy (D-Vt.).

As the lunch breaks up, Leahy is one of legions who come up to talk to Edwards. Though she has a plane to New Hampshire to catch, Edwards poses for picture after picture, not caring that her makeshift makeup job is fading fast.

Her upcoming schedule is going to be hectic. She isn't fazed in the least. New Hampshire? A chance to catch up with the families who invited her into their living rooms two years ago. Then a quick overnight to stay on Cate's couch in New York, where her daughter is now working. Then back to Chapel Hill to see the kids; then a book tour that takes her to Iowa and Illinois, Georgia, California -- the list goes on.

She's undaunted. Actually, she's happy. No, you never really move on, she explains. Once you lose a child, moving on sounds too much like leaving him behind. But, eventually, with difficulty, you find your way.

This is hers.

Feingold Puckers Up To 527s (RC)

By Mary Ann Akers

Roll Call, October 5, 2006

Big deal if he tried to shut them down! That was then, this is now and with the 2008 presidential campaign right around the corner, Sen. Russ Feingold (D-Wis.) wants their donor list.

Feingold, the champion of campaign finance reform who railed against 527s, is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together.

“ACT’s list is gold,” explains one source familiar with Feingold’s attempt to “rent” the list.

ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list.

But not to Feingold. Uh-uh. No way.

Feingold’s political action committee, the Progressive Patriots Fund, asked for the ACT list back in August and was turned down, sources say. Then, more recently, Feingold’s Senate campaign, through a broker, asked to buy access to ACT’s high-dollar donors. The broker’s e-mail request, a copy of which was obtained by HOH, asked for “10,000 High $ donors” on behalf of Feingold for Senate.

In a word, ACT’s reply was, “Nope.”

“He was declined through the broker,” someone familiar with Feingold’s request told HOH, suggesting the Wisconsin lawmaker was engaging in a wee bit of hypocrisy. “Feingold’s not a friendly person to 527s. He basically said ‘Stop what you’re doing, we want to shut you down,’ but now it’s ‘You guys are incredible, I’m willing to take part of your gravy.’”

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Even though it sure would have meant a lot of dough — the going rate is about $120 per 1,000 names — ACT couldn't handle the thought of giving the list to Mr. Campaign Finance Reform.

"This brings new meaning to 'Do as I say, not as I do,'" another source familiar with the request said. "In some ways, I see this as the true kickoff to the '08 season. You know, because someone is clearly selling his soul."

Ouch.

The Feingold folks declined to defend themselves against charges of hypocrisy.

Feingold's request at least provides insight to those who doubted whether he has his eye on the White House. Though clearly, it doesn't look like he'll get any help from ACT, which, not so incidentally, was created in part by folks who have close ties to Sen. Hillary Rodham Clinton (D-N.Y.). We'll leave it up to our readers to determine whether that may have had something to do with ACT's answer to Feingold.

Smells Like Teen Spirit. Folks, we swear, we couldn't make this stuff up if we tried. Disgraced former Rep. Mark Foley (R-Fla.), whose creepy online chats with former House pages now threatens to topple the GOP majority, last month set up a joint fundraising committee with a bunch of his Republican colleagues. The name of that fund? PROM.

Spelled out, it's Physicians to Retain Our Majority, because Foley and others hoped to use it to gather campaign dollars from doctors. But HOH prefers the acronym, and wonders what might have been if only Foley had been allowed to stay and really get PROM going.

The fund is used by multiple campaigns to raise money, usually at large, high-profile events. The fund covers the cost of the event and splits the proceeds with the candidate committees that make it up. To his credit, Foley had a lot of fellow House Republicans going to PROM with him, including Jeb Bradley (N.H.), Barbara Cubin (Wyo.), Nancy Johnson (Conn.), Ric Keller (Fla.), Sue Kelly (N.Y.), Joe Pitts (Pa.), Jon Porter (Nev.), Clay Shaw (Fla.), Rob Simmons (Conn.), Cliff Stearns (Fla.), and noted party-boy John Sweeney (N.Y.).

Rep. Shelley Moore Capito (R-W.Va.), one of two members of the House Page Board left in the dark earlier this year when questions about Foley's contact with pages first arose, also is involved in the new fund.

Let's just call her the chaperone.

Remembering Foley. At the 1996 GOP convention in San Diego, HOH, in another incarnation, rode on the back of a Harley-Davidson with ex-Rep. Foley in a motorcycle parade led by then-Sen. Ben Nighthorse Campbell (Colo.). Also riding in the pack: jailed former Rep. Duke Cunningham (Calif.), who wore star-spangled boots.

It was surreal, not because we were riding on the back of Foley's "borrowed metallic green Heritage Softail," as we wrote at the time for the National Journal's Convention Daily, but because, as we said, "the entourage looked like a comedy of horrors."

Sen. Trent Lott (Miss.) ditched his Ole Miss cheerleader image for the day to don cowboy boots, a "Live to Ride" T-shirt and a black leather biker's cap with a fake pony tail. He rode with Campbell.

Then-House Majority Leader Dick Armey of Texas refused to let Lott ride on the back with him. "I don't carry dead weight, and I don't want anybody saying Trent Lott is my 'old lady' either," he said.

Foley apparently didn't want an old lady riding with him, either.

Tory Newmeyer contributed to this report.

City Considers Plan To Let Outsiders Run Schools (NYT)

By David M. Herszenhorn

The New York Times, October 5, 2006

In what would be the biggest change yet to the way New York City's school system is administered, officials are considering plans to hire private groups at taxpayer expense to manage scores of public schools.

The money paid to the private groups would replace millions of dollars in grants from the Bill and Melinda Gates Foundation, which supported dozens of these groups in opening more than 180 small schools in the city since 2003.

The four-year grants, typically worth $100,000 a year per school, will run out for more than 50 schools in June.

The move would further Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector. It could put private entities

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like the College Board, the Urban Assembly and Expeditionary Learning-Outward Bound on contract to manage networks of schools as soon as the 2007-8 school year.

Although city officials stress that the plans are preliminary, they have been talking to the outside groups to gauge their interest. The proposal is already generating vigorous debate within the Education Department and among the outside groups over where to draw the line between public and private control of schools.

It is also certain to draw opposition from critics already questioning the school system's reliance on private consultants as well as the educational credentials of outside groups. State law will also pose heavy obstacles to such contracts, officials in Albany said.

The private management plan is among a few options the department is weighing in an effort to formalize, and finance, its relationship with groups that are already helping run individual schools. While the groups have heavy influence over how children learn — recruiting staff, training teachers and offering an array of other support — their work is done on a handshake.

Under the new arrangement, the groups would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags.

Kristen Kane, Mr. Klein's chief of staff, said the department considered the groups crucial to the early success of the new schools. "What happens to that success when there is no more private money?" she asked. "Will there be more private money or will we need to explore other ways to continue this partnership if we believe that is a critical success factor?"

Ms. Kane and other officials said they were also exploring the possibility of new private grants, or negotiating with the City Council to pay the groups with public money, allowing them to continue their work without expanding their authority.

"The conversations have been continuing with all of these organizations," Ms. Kane said.

Marie Groark, a spokeswoman for the Gates Foundation, said that the grants to help start schools were not intended for renewal and that New York City had not asked for more money. "Our funding is devised to be catalytic, but long-term sustainability requires public support," she said.

Randi Weingarten, the teachers' union president, urged the administration to make its discussions more public. "I have been concerned about the sub rosa debate on whether to privatize the management of the school system for quite a while," she said. "On an issue that is this transcendent there has to be a real public debate."

One of the most hotly debated questions is whether the city would hire profit-making companies like Edison Schools Inc., which manages more than 20 schools in Philadelphia and has expressed interest in bidding on a city contract.

In 2001, an effort by Chancellor Harold O. Levy to hire Edison to run five failing schools collapsed after educators complained and furious parents voted it down.

Such opposition, to even the nonprofit groups, is likely to rise again. "Can you imagine these people picking what they want to do in instruction?" said a veteran education official who asked not to be identified, fearing retribution for not supporting the chancellor's agenda. "They don't know what they are doing."

The educator added: "This is a way to crush public education. This is not a way to improve a school system."

Within the department, one question is how big a role private groups should have in running public schools. "We are not abdicating any of our responsibility, but what we are doing is sharing some of that management responsibility," said Garth Harries, the chief executive of the department's Office of New Schools. "What we are trying to accomplish is greater accountability for partners that are involved in the schools over time and an alignment of management."

Groups like Expeditionary Learning-Outward Bound, the Asia Society and New Visions for Public Schools all say they have been involved in recent discussions with city education officials seeking to gauge their interest in bidding for contracts as "educational management organizations." In turn, some groups say they have had intense discussions with their boards about whether to participate.

A prototype management contract is already in place for 17 schools operated by the Urban Assembly, a nonprofit group led by Richard Kahan, the former head of the state's Urban Development Corporation.

A three-page contract gives the group a large role, including a say in hiring principals and other administrators. It also says the city can end the deal if the schools fail to perform.

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While no money is involved in the prototype, the contract attaches a figure of $650,000 plus benefits to the cost of city-paid staff that oversee the network of schools.

To turn Urban Assembly into a hired educational management organization, the city might simply allocate the money and let the group handle all personnel issues.

Mr. Kahan said he wanted a larger management role because he had grown frustrated that schools created by his group could fail or succeed depending on how they were treated by city-hired superintendents.

A school in Bushwick suffered tremendously, he said, while others in the Bronx and Manhattan flourished.

Some private groups said they were worried that a more formal arrangement with the city could ensnare them in bureaucracy. Even some supporters of the administration have misgivings, saying their goal was to improve public education, not reduce government responsibility.

New Visions for Public Schools, a nonprofit group that has created the largest number of schools, declined in the spring to join Urban Assembly as a prototype.

"We haven't made a determination yet as to whether to apply" for a contract, said Robert Hughes, the president of New Visions. He added that the group was "interested in exploring what the department may eventually propose."

Officials from other groups said they were unlikely to seek contracts because their infrastructures were not prepared to handle bigger roles.

Still other groups said they were intrigued by the idea but concerned about ironing out exactly which services they would provide and which operations would still be handled by the city.

Some groups are interested only in instruction, while others want a say in everything from teacher training to the lunchroom menu.

Richard Stopol, the executive director of New York City Outward Bound, said the group's top officials had been discussing the idea and trying to figure out where the organization might fit in, from serving as a consultant to schools to being a contract manager.

"The different arrangements that are being considered would clear away some of the lack of clarity that exists now," he said. "We have decisions like who hires the principal and who supervises the principal and who decides the course of professional development and the curriculum. In the state that we're in now, I would characterize those as partnership decisions — us as the partner, and the Department of Education work those out jointly. But that's probably not very efficient."

Mr. Stopol added: "There is a lot of appeal in clearing up what our authority is and what our accountability is. We want to be accountable for these schools."

At Harvard, Religion Course May Be Required (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 5, 2006

A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions.

A preliminary report distributed to faculty yesterday recommends scrapping much of the current curriculum in favor of new "general education" requirements spanning the humanities and sciences. The most striking proposals address criticism that Harvard's liberal education fails to adequately prepare students for lives after graduation.

The proposed requirement in religion, dubbed "Reason and Faith," has little parallel in higher education, authors of the report said. It would address topics from personal beliefs to foreign policy to the interplay between science and religion. The report, which calls traditional academics "profoundly secular," seeks to place Harvard's students and faculty in the center of contemporary religious debates.

"I think 30 years ago," when the school's curriculum was last overhauled, "people would have said that religion is not something that everyone needs to know," said Louis Menand, a Harvard professor and co-chairman of the committee that drafted the report. "But today, few would disagree that religion is supremely important to modern life."

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Harvard's faculty of arts and sciences will now consider the report, and significant changes could be made before voting on the proposals. They are the centerpiece of a broader curricular review, launched four years ago, that has suffered from delays, criticism and the upheaval of Harvard's administration. Lawrence H. Summers stepped down as the school's president this year under pressure from faculty, and a former president, Derek C. Bok, is serving in the interim until a successor is found.

Mr. Summers had pushed strongly for a renewed focus on the sciences, but the report issued yesterday doesn't significantly alter the school's requirements in that area. Students would still have to take one course each in life science and physical science.

In all, the report establishes 10 requirements for students to fulfill outside of their majors. They include ethics, culture, U.S. history and foreign societies. The current curriculum requires study in more-specific academic disciplines.

"The role of general education, as we conceive it, is to connect what students learn at Harvard to life beyond Harvard, and to help them understand and appreciate the complexities of the world and their role in it," says the report. It notes that 53% of graduating seniors at Harvard say they expect to enter professional school in business, medicine or law, while just 18% plan to pursue a Ph.D.

Prof. Menand, in an interview, likened the report to the curricular reform instituted in 1945 by James Bryant Conant, then Harvard's president. That reform, known as the "Red Book," also stressed civic values in undergraduate education and led many of Harvard's peers to adopt similar changes.

Academic requirements vary widely across the Ivy League, from Columbia University's strictly defined "great books" curriculum to Brown University's "open curriculum" with few requirements outside of students' majors. An earlier version of Harvard's general-education report, issued in 2004, proposed "distribution requirements" similar to Yale University's system, which is more closely grounded in academic disciplines.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 5, 2006

Daddy's Diplomatic Excuse

Poor Poppy! Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests washing down yummy Schnudendunker with yummy Riesling -- and the crush of people and traffic and security on Foxhall Road made party-hopping impossible. So Doro was kept company at 701 restaurant downtown with a crowd that included Laura Bush , Josh Bolten , and former national security adviser Brent Scowcroft (who was also supposed to go to the German Embassy but couldn't wait out the stupendously long lines). And daughter and dad met up to tape an episode of "Larry King Live," airing tonight.

Buchanan's Favorite Tactic: Immigration Fear-mongering (USAT)

By Ruben Navarrette

USA Today, October 5, 2006

When Pat Buchanan left the Republican Party in 2000 to run for president under the banner of the Reform Party, Sen. John McCain of Arizona sent him off with the lyrics of an old country song: “Thank God and Greyhound you're gone.”

Well, Buchanan's back — and talking about some of his favorite topics: immigration, race and national identity. He's even hawking a new book, State of Emergency: The Third World Invasion and Conquest of America.

According to Buchanan, immigration from Latin America, Asia and the Third World is destroying the USA. And it's not just illegal immigration that bothers him. He wants a “time-out” on legal immigration as well, especially from Mexico.

What concerns me is the way Buchanan mixes immigration and race. In a 1993 column, he fretted that by 2050, “whites may be near a minority in an America of 81 million Hispanics, 62 million blacks and 41 million Asians.” He preferred America in 1950, when 90% of its population was “of European stock.”

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In his new book, Buchanan again broods over the question of what the "face of America" will look like in 2050, when demographers predict that a quarter of the USA will be Hispanic. He trembles at the thought that "the America our grandchildren will live in will be another country, a nation unrecognizable to our parents."

What is recognizable is Buchanan's fear-mongering. Examples in U.S. history:

•In the mid-18th century, Benjamin Franklin worried about German immigrants who will "be so numerous as to Germanize us instead of our Anglifying them, and will never adopt our Language or Customs, any more than they can acquire our Complexion."

•In the mid-19th century, the popular view in the West was that Chinese immigrants were "unassimilable." The hysteria led to the Chinese Exclusion Act of 1882. In 1943, the act was repealed, and the Chinese were assigned an annual quota of 105 immigrants.

•In the early 20th century, amid worries that southern Europeans (Italians) were predisposed to criminality and practiced a superstitious religion (Roman Catholicism), Congress set quotas and reduced the number of immigrants from each country in proportion to their percentage of the U.S. population in 1890 — when most immigrants came from northern and western Europe.

Now Buchanan wants to stop immigration from Mexico — legal and illegal — because he claims that Mexicans aren't assimilating and that the Mexican government has an elaborate scheme to launch a "reconquista" of the American Southwest.

That's loco. Mexico doesn't want to reclaim the Southwest. Why own, when you can lease to another party? Mexican workers in the USA send home almost $16 billion annually in remittances. Why mess with a good thing?

Besides, there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back. Latino immigrants and their children stand a much better chance of losing Spanish than of not learning English.

So says a study published last month in the journal Population and Development Review. Sociologists Rubén Rumbaut and Frank Bean, from the University of California, Irvine, and Douglas Massey, from Princeton University's Woodrow Wilson School, found that while immigrants and their children had no trouble maintaining some fluency in Spanish, the language was doomed in the long run. In the third generation, only 17% of descendants of Mexican immigrants still speak Spanish fluently. And in the fourth generation, it's 5%.

And what about those who claim otherwise, including a certain Scots-Irish blowhard? "It's fear," Rumbaut said. "And fear doesn't listen to facts."

Respondents who said they spoke Spanish "not very well" and spoke mostly English at home were categorized as "linguistically dead" in terms of native language.

Hey, that's me. As a Mexican-American, I grew up listening to my grandmothers speaking in Spanish and answering them in English. As a teenager, I knew that I spoke Spanish badly, and four years of high school Spanish didn't change that.

Now, my wife is determined that our daughter know Spanish because it's a given she'll master English. We decided one parent would speak to her in English and the other in Spanish. Guess which assignment I got.

So I'm not sure where Buchanan gets his information. Or what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand.

Say, what time does the next Greyhound leave?

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Deeper And Deeper (NYT)

The New York Times, October 5, 2006

There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer.

For most of the past five and a half years, interest rates have been low, allowing the government to borrow more and more — to cut taxes while fighting two expensive wars — without having to shoulder higher interest payments.

That's over now. For the first time during President Bush's tenure, the government's interest bill is expected to rise in 2006, from $184 billion in 2005 to $220 billion this year, up nearly 20 percent. That increase — $36 billion — makes interest the fastest-

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growing component of federal spending, and continued brisk growth is likely. According to projections by Congress's budget office, the interest bill will grow to $249 billion in 2007, and $270 billion in 2008.

All of that is money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years. In 2005, the government paid about $77 billion in interest to foreign creditors in China, Japan and elsewhere.

And that's not the worst of it. While foreign investors were putting up most of the $1.5 trillion the federal government has borrowed since 2001, they were also snapping up hundreds of billions of dollars in private sector securities, transactions that have been a big source of the easy money that allowed Americans to borrow heavily against their homes.

The result, as The Wall Street Journal reported last week, is that for the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad. That is a momentous shift. It means that a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess.

Schwarzenegger's Cynicism On HIV Prevention (LAT)

The Los Angeles Times, October 5, 2006

RIBBON CUTTING IS NICE. Inspirational speeches from the bully pulpit can be useful too. But on a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike.

The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated.

A study released last year by the U.S. Centers for Disease Control and Prevention documented 88 men who became infected after entering Georgia state prisons, most of them through consensual sex. Because prisons only rarely test for HIV, infected ex-cons frequently go on to have unprotected sex and spread the disease to their unknowing wives or girlfriends.

The resulting damage has been most devastating to minority communities. Because two-thirds of prisoners are black or Latino men, and one out of three black men will serve time behind bars in their lifetime, minority HIV rates have skyrocketed, especially among the female partners of ex-cons. In 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States, according to federal statistics.

Conservative lawmakers have been trying to kill the condom bill all year — for the head-in-the-sand reason that the program would effectively endorse the crime of having sex in prison. It's a logic the governor rejected two years ago when he legalized the sale of hypodermic needles without a prescription in order to reduce transmission of HIV among heroin users. But two years ago, Schwarzenegger wasn't seeking reelection while trying to lock up a restive Republican base.

In a recent Field poll, 70% of Californians favored distributing condoms in prison. Many foreign countries, and AIDS-impacted municipalities such as Los Angeles and San Francisco, pass out prophylactics in their jails. Stopping the spread of HIV in one of the places where it grows the fastest is a far more pressing issue than reelecting a governor who should know better than to let public health be held hostage by moral hysterics.

Pyongyang Warned On Weapon Testing (WP)

By Dafna Linzer

The Washington Post, October 5, 2006

The Bush administration delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government.

North Korea "can have a future or it can have these weapons. It cannot have both," Assistant Secretary of State Christopher R. Hill said yesterday in remarks at Johns Hopkins University's U.S.-Korea Institute. It was the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test.

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Hill did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis. "We will do all we can to dissuade [North Korea] from this test," he said. State Department officials said Hill is considering a trip to Asia to discuss options with key allies.

"We are not going to live with a nuclear North Korea, we are not going to accept it," Hill said. He said the United States had passed along a private warning through North Korea's diplomatic mission to the United Nations in New York.

North Korea is believed to have enough plutonium for as many as 11 nuclear bombs. It announced in February that it had succeeded in building a weapon, although intelligence analysts believe it is still years away from being able to deliver one.

Tuesday's statement did not set a date for a test. Senior intelligence officers and some administration officials said they had no clear signs indicating when one might occur.

"In terms of how much time they need and how far along they are, we don't know if it's even realistic" to test in the near term, said one official who spoke on the condition of anonymity in discussing classified intelligence estimates. State Department deputy spokesman Tom Casey said U.S. officials are looking at "all kinds of information" related to the possibility of a test.

Topographical changes resulting from a test would be visible to U.S. satellites, officials said. The test could also be detected by ground-based seismic sensors, some owned by U.S. intelligence and others by international monitoring stations set up to detect and deter nuclear tests around the world.

Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general.

In a private phone conversation with Secretary of State Condoleezza Rice yesterday, Ban offered to mediate between Washington and Pyongyang should he be selected as the next U.N. chief, according to an official briefed on the call.

Bush's top advisers held an emergency meeting about North Korea on Tuesday to review a number of strategies under consideration but came away with little agreement. Officials briefed on the meeting, chaired by national security adviser Stephen J. Hadley, said the participants discussed a range of options for restarting talks with Pyongyang and coaxing allies such as China and South Korea to adopt a tough line in the face of threats. "It was the first in a series of meetings we're going to have to hold," said one official who agreed to discuss it on the condition of anonymity. "There has been no major policy shift or change in anything at this point," the official said.

The State Department issued a worldwide communique to foreign governments afterward reiterating the administration's belief that a test would destabilize the region.

At the United Nations, U.S. Ambassador John R. Bolton discussed the matter with the Security Council, Casey said. The United States hopes "to see some action there in the near future," he added.

But Bolton said that, already, there are disagreements among council members about how to respond and that a Japanese initiative to send a council warning to Pyongyang lacks support.

North Korea's nuclear capabilities have grown significantly during Bush's presidency. When he came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. As the potential arsenal has grown to as high as 11, the administration has rebuffed calls to sit down directly with North Korea.

U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test (NYT)

By David E. Sanger And Jim Yardley

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The Bush administration sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States “is not going to live with” a nuclear-armed North.

The statement came in a speech late Wednesday by Christopher Hill, the assistant secretary of state for Asia. “We are not going to live with a nuclear North Korea, we are not going to accept it,” he said, according to [a news organization]. He was speaking at the newly created U.S.-Korea Institute, which is part of Johns Hopkins University.

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Mr. Hill did not suggest what the American response would be, and gave no hit of economic or military response. But in the speech on North Korea, he said: "It can have a future or it can have these weapons. It cannot have both."

Mr. Hill's comments were in sharp contrast to Washington's muted initial reaction on Tuesday to the North Korean announcement that it would set off an underground test. Secretary of State Condoleezza Rice said a test would be "provocative," and the National Security Council released a statement saying that it would ''severely undermine our confidence in North Korea's commitment to denuclearization.''

Mr. Hill said the direct message to North Korea, delivered to its mission at the United Nations, was in keeping with Tuesday's responses.

Some inside the administration complained that the responses were so soft that North Korea would read them as an invitation to proceed.

Meanwhile, American officials were pressing China to intervene, though it is unclear how much influence Chinese authorities have; Beijing asked the North not to conduct a missile test in July, but it did so anyway.

On Wednesday, China urged North Korea to exercise restraint and pursue a course of diplomacy rather than "taking actions that may intensify the situation."

That message was a clear statement of disapproval from the country considered North Korea's strongest regional ally as well as its chief economic patron.

"We hope that North Korea will exercise necessary calm and restraint over the nuclear test issue," China's Foreign Ministry spokesman, Liu Jianchao, said in a statement on Wednesday.

China was host to the six-nation talks over the North Korea nuclear crisis until North Korea broke off the discussions a year ago because of a dispute with Washington. China has sought to bring both sides back to the talks with itself, Japan, South Korea and Russia, but North Korea's announcement on Tuesday about plans to conduct a nuclear test "in the future" has again raised tensions in the standoff.

In Russia, the foreign minister, Sergey V. Lavrov, spoke with his South Korean counterpart, Ban Ki-moon, and "stressed the unacceptability" of a North Korean test, according to a statement. A test, the ministry's statement said, "can only aggravate this situation."

The Foreign Ministry in South Korea, one of the North's biggest providers of aid, said a nuclear test could alter its policy of engagement, The Associated Press reported.

"If North Korea pushes ahead with a nuclear test, North Korea should take full responsibility for all consequences," a spokesman, Choo Kyu-ho said, after South Korean security ministers held an emergency meeting, according to The A.P.

On Wednesday, Mr. Liu, the Chinese spokesman, focused on diplomacy as a solution and, in a statement aimed at North Korea, called on "all relevant parties" to "address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

In a telephone conversation Wednesday evening, Mr. Hill said that he wanted to convince North Korea that it could not follow Pakistan's model. Pakistan tested a nuclear weapon in 1998, endured three years of sanctions, and then emerged after the Sept. 11 attacks as a major American ally.

"This," Mr. Hill said, "ain't Pakistan."

The timing of North Korea's announcement comes at what had been a hopeful diplomatic moment in East Asia. On Wednesday morning, China announced that the new Japanese prime minister, Shinzo Abe, would visit Beijing on Sunday, the first official visit between leaders of the two Asian powers since 2001. Relations between the countries have deteriorated since then, largely over former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine, a memorial honoring Japan's war dead, including convicted war criminals from World War II.

Mr. Abe will then travel to South Korea to meet with President Roh Moo-hyun.

N Korean Nuclear Test 'just Matter Of Time' (FT)

By Anna Fifield And Guy Dinmore

Financial Times, October 5, 2006

DOJ_NMG_0075848

A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership.

A nuclear test has always been considered North Korea's trump card, a last-ditch option that would invite the strongest of responses, not just from the US and Japan but potentially from benefactors China and South Korea.

Although Mr Kim's regime has often made provocative threats without following through, many observers were confounded by the test launch of seven ballistic missiles in July and are now reluctant to dismiss Pyongyang's latest threat, made on Tuesday.

"The reality is that US policies over the last decade have failed to stop North Korea from becoming a nuclear state and now they are ready to take the next step and prove it," said Jon Wolfsthal, a nuclear specialist at the Center for Strategic and International Studies in Washington, predicting a test would take place within two years.

North Korea's neighbours on Wednesday urged restraint. But many analysts said it was a case of when, not if, a test was carried out, some saying there was an even chance it would come this year.

Daniel Pinkston of the Center for Nonproliferation Studies in Monterey, California, said, if it was this year, a test would almost certainly have to take place before mid-November to avoid heavy snow falls.

"I think they have been pretty clear in describing what they will do," Mr Pinkston said. "As this crisis has been stretching out over time, they have taken the opportunity to use salami tactics," he said, referring to Nobel prizewinner Thomas Schelling's theory for defeating threats by incremental escalation.

North Korea's foreign ministry said on Tuesday that the US's "threat of a nuclear war and its vicious sanctions and pressure" had put the state in danger, its boldest declaration yet.

North Korea's leadership is under severe economic pressure. Financial sanctions imposed by the US in September last year appear to have had a tougher than expected effect.

Pyongyang has condemned the sanctions, refused to return to six-party talks, conducted the missile tests, and threatened to extract more spent plutonium fuel rods from its Yongbyon reactor.

"They look at this as an act of war," Mr Pinkston said. "They are unhappy with the US strategy of imposing sanctions and the impact that is having on legitimate trade."

But analysts said pressure had increased on North Korea in other ways since July. The missile tests came despite public warnings from Wen Jiabao, the Chinese prime minister. This prompted Beijing, Pyongyang's closest ally, to express its displeasure in several ways, including giving its support to a United Nations Security Council resolution condemning North Korea and imposing limited sanctions.

According to an official from the World Food Programme, China has cut back food deliveries to North Korea this year by as much as two-thirds. This comes on top of widespread food shortages following floods, a worse than expected harvest, and other aid cutbacks.

Although there is no proof of nuclear weapons capability, North Korea has the material and claims to have already "weaponised" the 8,000 rods initially withdrawn from its nuclear reactor at Yongbyon. By most estimates, the rods would yield enough fissile material for six to 10 nuclear devices, a number that would probably give North Korea the freedom to test one without worrying about significantly diminishing its arsenal.

Bruce Klingner of the Eurasia Group, a political consultancy, said: "North Korea is feeling cornered so there is a greater chance than in the past of something happening. It's an internationally nerve-wracking time."

Marcus Noland, senior analyst at the Institute for International Economics, wrote recently: "North Korea could suffer a noticeable, self-inflicted and direct trade shock from a nuclear test."

However, Pyongyang may calculate that additional sanctions would be short-lived. Noting how the international community quickly backpedalled after Pakistan's nuclear test in 1998, Mr Noland said China and South Korea, fearing mass instability and regime collapse in the North, might "encounter both domestic and diplomatic motivations to ease such restrictions".

Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, last night warned North Korea that "we are not going to live with a nuclear North Korea. We are not going to accept it."

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The US would “have no choice but to act resolutely”, he told the School of Advanced International Studies of John Hopkins University in Washington.

He refused to say what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Warnings To Pyongyang Underline Global Concern (FT)

By Guy Dinmore, Anna Fifield And Richard Mcgregor

Financial Times, October 5, 2006

North Korea's neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences.

In Washington, Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, warned Pyongyang that "it can have a future or it can have these weapons. It cannot have both. We are not going to live with a nuclear North Korea. We are not going to accept it".

The US would "have no choice but to act resolutely", he added.

The reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken.

Kim Jong-il’s regime has long used threats as a bargaining tool, so its colourful words are often dismissed as rhetoric. However, since it launched seven missiles in July, its neighbours have become reluctant to call Pyongyang’s bluff.

Liu Jianbao, China's foreign ministry spokesman, said: "We hope that [North Korea] will exercise the necessary calm and restraint on the nuclear test issue."

But he said: "All relevant parties must address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

The statement is a sign from Beijing, North Korea's biggest provider of food and energy aid, that it still opposes sanctions on Pyongyang.

However, Japan, which has joined the US in imposing sanctions on North Korea, said any test would be unacceptable and a serious threat to peace. "North Korea should listen earnestly to the world's voices and exercise maximum self-restraint," said Hakubun Shimomura, deputy chief cabinet secretary. “I hope it will stop foolish behaviour that would only bring it into further isolation.”

In Seoul, Yu Myung-hwan, vice-foreign minister, said it was "necessary to send a grave warning to North Korea so it does not misjudge the situation and conduct a nuclear test".

Saying it needed to bolster its war deterrent for self-defence, North Korea’s foreign ministry said on Tuesday that it would “in the future conduct a nuclear test” because the US was threatening it with nuclear war and “vicious sanctions”.

The announcement flies in the face of Beijing’s policy in support of a nuclear-free Korean peninsula. It is also the latest in a series of recent repudiations by North Korea of Chinese entreaties to return to multilateral negotiations on the issue.

Seoul Continues Outreach To North Korea (WSJ)

By Evan Ramstad

The Wall Street Journal, October 5, 2006

Roh Stays the Course Amid Possible Test Of a Nuclear Bomb

SEOUL, South Korea -- North Korea's declaration that it will test a nuclear bomb might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor. But Seoul isn't parting with the policy quite yet.

South Korean President Roh Moo Hyun told his cabinet to prepare a "cool-headed and stern" response to the North's latest provocation. "We need measures to let North Korea know clearly what consequences it will cause if it really goes ahead with a test," he said.

Government officials gave no indication of what measures they might take, although they have had since mid-August -- when U.S. military intelligence revealed that North Korea appeared to be preparing a bomb test -- to come up with ideas. South Korea went ahead with an aid shipment of cement and other materials to the North yesterday.

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The South's ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at North Korea in the wake of its statement Tuesday that it would test a nuclear bomb. Analysts believe the two countries will ask the United Nations to invoke sanctions against North Korea that can be backed up militarily if it proceeds with a test.

A similar division became apparent in July, when North Korea test-fired seven missiles, including a long-range one that failed. While political leaders in Japan, the U.S. and elsewhere quickly condemned North Korea, Mr. Roh said nothing about the tests for a week. Last month, on a visit to Finland, he told a reporter he considered the missile tests to be a "tool for political purposes" and not a military threat.

In the U.S. a few days later, Mr. Roh said a nuclear test by the North would mean "the situation will become a totally different one from what it has been."

President Roh has continued the "engagement policy" started in 1998 by his predecessor, Kim Dae Jung, to promote economic and political change and eventual reunification with the North. Under the policy, Seoul eliminated harsh rhetoric toward the North, halted propaganda broadcasts and leaflets and built an industrial park in the North Korean border city of Kaesong and a mountain resort in the North for South Koreans to visit.

Just a year ago, the policy seemed to be working, when North Korea agreed -- in negotiations with the South, three other neighbors and the U.S. -- to give up its nuclear-weapons program in return for economic and energy assistance. The North walked away from the agreement a short time later and, more recently, proceeded with plans to test its weapons.

Conservative politicians and news media in South Korea say the engagement policy has become an embarrassment for the country. "This is the time for a stick, not a carrot," said Lew Seok Choon, a university professor in Seoul who is active in conservative politics. "As soon as we hear this [bomb test] news, the government should speak out and say here is our plan, so our citizens will feel comfortable."

Mr. Roh and other proponents of the engagement policy fear harsh measures may cause the North to collapse suddenly, leaving the South to cope with the chaos and expense of rebuilding its neighbor.

In one sign the South hopes to stick with engagement, the government yesterday sought a change in a wire-service news report that quoted an official as saying the policy could be abandoned if Pyongyang tested a nuclear bomb. In a new version of the story, the official was quoted as saying the policy may shift but not necessarily be abandoned.

Abe Aims To Flex Japan's Muscles (WSJ)

By Sebastian Moffett

The Wall Street Journal, October 5, 2006

Premier's Visits to Beijing, Seoul May Help Unify North Korea Policy

TOKYO -- New Japanese Prime Minister Shinzo Abe's coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions.

Mr. Abe's visits to Beijing Sunday and Seoul Monday mark a quick start to his ambition to give Japan greater influence in regional affairs.

The trip will include the first summit meeting between the Japanese and Chinese leaders in five years. China refused to hold summits with Junichiro Koizumi because of the former prime minister's annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as well as conscripted soldiers.

Tuesday, North Korea said it will test a nuclear bomb. While there is no clear evidence Pyongyang can do it, the announcement increased worry about the North. The announcement also could present an opportunity for Mr. Abe, 52 years old, on his first trip as prime minister.

Japan has aligned itself with Washington's hard line toward Pyongyang, and it imposed sanctions on North Korea after it test-fired missiles in July. But China is a traditional ally of the communist state, and South Korea has been trying to build better relations with the North through economic incentives. If Mr. Abe's talks with Chinese President Hu Jintao and South Korean President Roh Moo Hyun improve Japan's relations with those countries, that could help foster progress in forming a joint strategy toward Pyongyang. (See related article on page 10.)

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"The road to solving North Korea problems is through better relations with Beijing," said Jeff Kingston, director of Asian Studies at Temple University Japan.

More widely, Mr. Abe's trip could add momentum to the long-term push by Japan -- an economic power -- for a bigger role in world affairs. Starting 15 years ago, the U.S. made strong calls to Tokyo to play a greater role in maintaining regional security. Despite a pacifist constitution adopted after World War II, Japan from the 1990s began sending troops to participate in United Nations peacekeeping operations. In 2004, it sent a contingent of troops to Iraq to join reconstruction efforts.

Another reason for Japan's shift is the economic rise of other Asian nations, which has led to competition for regional dominance.

Under Mr. Koizumi, Japan began to be more assertive. Starting in 2002, his government -- with Mr. Abe as its chief negotiator -- took North Korea to task for kidnapping Japanese citizens a quarter of a century ago. Japan eventually obtained the return of five of its citizens and their families. After North Korea test-fired missiles into the Sea of Japan in July, Japan led calls for a U.N. resolution to condemn the launches. Tokyo then imposed its own sanctions on Pyongyang.

Mr. Koizumi angered China and South Korea over Yasukuni, which most previous prime ministers hadn't visited for fear of the reaction it would provoke. In 2005, tens of thousands of young Chinese staged demonstrations against Japan, complaining that it hadn't sufficiently atoned for its invasion of China in the 1930s.

Mr. Abe has visited the shrine in the past, though he hasn't said whether he will while prime minister. But he told Japan's Parliament last week that "strengthening bonds of trust with [China and Japan] is extremely important for the Asian region and the entire international community."

The economies of Japan and China are increasingly intertwined, as Japanese companies build factories all over China, from where they export electronics products around the world. In 2004, China, including Hong Kong, eclipsed the U.S. to become Japan's biggest trading partner.

China's leaders appear to have decided they, too, have much to gain by meeting the Japanese premier and from having better ties. "The summit is coming so fast," said Zhou Yongsheng of the Institute for International Relations at China Foreign Affairs University. "It shows that China is sincere about improving the relationship between the two countries."

--Kersten Zhang in Beijing contributed to this article.

Asia Confronts North Korea On Nuke Test (AP)

By Hans Greimel, Associated Press Writer

AP, October 5, 2006

North Korea's neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power.

The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting.

On Wednesday, China — the North's main ally and key benefactor — appealed to Pyongyang to show calm and restraint, issuing an unusually pointed statement that referred to North Korea by name, instead of its usual appeals for all sides to remain calm.

Japan, China and South Korea announced a series of summit meetings over the next week to repair damaged ties and coordinate a strategy. Japanese Prime Minister Shinzo Abe will meet with Chinese President Hu Jintao on Sunday and South Korean President Roh Moo-hyun on Monday. Roh will then visit Beijing for talks with Hu and other officials on Oct. 13.

The three countries are key players — along with the United States and Russia — in the long-stalled six-nation talks aimed at persuading the impoverished communist regime to give up its nuclear ambitions in return for badly needed economic aid.

Japan also took its case to the United Nations, pressing a divided Security Council to adopt a statement urging the North to cancel the test and return immediately to talks. Japan's draft text warned that a test would "jeopardize peace, stability and security in the region and beyond." U.S. Ambassador John Bolton told reporters that members were divided on how to respond to the North.

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The joint effort came a day after North Korea triggered global alarm by saying it will undertake an unprecedented nuclear test in a step toward building the atomic arsenal it views as a deterrent against any U.S. attack.

It was the first time the North has publicly announced plans to conduct a nuclear test, though recent reports have said it may be preparing one. North Korea claims to have nuclear weapons, but detonating one would be the first proof of its atomic capabilities.

Russia's defense minister voiced concern about the environmental consequences in neighboring Russian territory. "The nuclear tests in North Korea, if they take place, could cause ecological damage in Russia," Sergei Ivanov said on a visit to a Russian air base in Kyrgyzstan.

The United States said it has warned the communist nation not to stage a nuclear test.

"We are not going to live with a nuclear North Korea," Assistant Secretary of State Christopher Hill said Wednesday.

Hill, the chief envoy to disarmament talks, said the United States has passed a message of "deep concern" through diplomatic channels at the United Nations but has yet to hear back from North Korea.

A U.S. intelligence official, speaking on condition of anonymity, said the United States is now seeing the movement of people, materials, automobiles and other activity around one possible test site, but it could be similar to the activity that was seen a couple months ago. At that time, no test occurred.

The official noted that international observers don't have a baseline for comparison, because North Korea has never performed a nuclear test.

South Korea's top official on dealings with the North, Unification Minister Lee Jong-seok, said Wednesday there were no signs of an imminent test. And Japan's Asahi newspaper reported that two Japanese spy satellites focusing on a suspected underground test site had not observed any activities apparently connected to test preparations as of Tuesday.

Adding to uncertainty, North Korean leader Kim Jong Il has dropped from public view and has not been seen for nearly three weeks, South Korea's Chosun Ilbo reported Thursday. The leader often drops out of sign when tensions heat up only to resurface when things calm down.

While North Korea's Kim may decide to hold the test, it cannot be ruled out that the announcement is saber-rattling, an effort to force a change in the stalled diplomatic negotiations or some other motivating factor.

Lee, however, warned there was "a high possibility" North Korea would go ahead with a test if "efforts to resume the six-party talks fail."

North Korea has boycotted six-nation nuclear talks for nearly a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Any display of Pyongyang's nuclear force could prompt Japan to go nuclear and trigger a regional arms race, South Korean Vice Foreign Minister Yu Myung-hwan warned. Speaking to lawmakers, Yu said such a North Korean nuclear test "could provide a pretext for Japan's nuclear armament."

"This will prompt countermoves by China or Russia and lead to a change in the balance of power in Northeast Asia," Yu said.

In a worst-case scenario, analysts have speculated, a test could push Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

Just last month, a think tank run by former Japanese Prime Minister Yasuhiro Nakasone proposed in a policy paper that Tokyo "consider the nuclear option."

The South Korean president called Wednesday for a "cool-headed and stern" response to the North's announcement, while Foreign Ministry spokesman Choo Kyu-ho said a test could cause Seoul to change its engagement policy toward the communist regime.

But a test could strain the alliance between South Korea and the United States, which has adopted a harder-line toward Pyongyang.

South Korea has consistently pursued dialogue with North Korea since their leaders first met in a historic summit in 2000. Seoul is also a main aid provider. On Wednesday it was shipping previously promised flood relief aid, including 6,400 tons of cement, despite the nuclear test threat.

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"As North Korea has yet to conduct a nuclear test, it is difficult to immediately halt sending flood relief aid, which is being provided on a humanitarian basis," a ministry official said on condition of anonymity, citing official policy.

Other issues could also splinter a common front against North Korea.

Japan, the top U.S. ally in East Asia, has been the most hard-line against Pyongyang, especially since North Korea fired a test missile over its territory in 1998.

China, meanwhile, sees Pyongyang as a counterbalance to U.S. influence in its own backyard.

"North Korea's next step may be to do nothing at all, other than to sit back and watch the rest of the world argue about what to do next," Ralph Cossa, president of the Honolulu-based Pacific Forum, wrote in a report on the latest threat.

Some experts believe the North has enough fissile material to build at least a half-dozen nuclear bombs, though there are doubts about whether it could deliver them accurately on a warhead.

U.S. Asks U.N. To Condemn Threat (WT)

By David R. Sands

The Washington Times, October 5, 2006

The Bush administration yesterday pressed the United Nations for a strong condemnation of North Korea's threat to test a nuclear weapon, as Pyongyang's Northeast Asian neighbors warned the North against exploding an atomic bomb.

John R. Bolton, U.S. ambassador to the United Nations, said the U.N. Security Council was divided over how to deal with the North's threat, but that the United States would push for a "broad strategic approach" to heading off a nuclear test that could destabilize the region.

"It's going to be quite important for the [Security Council] to speak very firmly, very resolutely on this," he said, "and not just in a knee-jerk reaction with another piece of paper."

North Korea on Tuesday announced plans to conduct a nuclear test at an unnamed date, calling it a "self-defense measure" in the face of the "U.S. extreme threat of a nuclear war and sanctions and pressure."

The closed regime of North Korean dictator Kim Jong-il has boycotted regional talks hosted by China on its nuclear programs for nearly a year, and ignored warnings from Washington and neighboring capitals by conducting a provocative missile test in early July. The Security Council at the time imposed weapons-related sanctions.

China and South Korea yesterday issued calls for the North to refrain from a nuclear test. The statement by China's foreign ministry, in a break with past practice, singled out North Korea by name in urging "restraint," while a South Korean minister said a nuclear test by Pyongyang could cause Seoul to reconsider its policy of engagement with the North.

Japan, which sharply criticized the July missile tests, circulated a draft resolution at the Security Council yesterday. The measure warns North Korea that a nuclear test would jeopardize peace in the region and holds out the prospect of new action if North Korea goes ahead with the test.

Russia, also a participant in the stalled "six-party talks" over the North's nuclear programs, said a nuclear test could present an ecological threat to its own territory.

In Washington, the U.S. assistant secretary of state for East Asia, Christopher R. Hill, said, "We are not going to live with a nuclear North Korea, we are not going to accept it."

Speaking at the U.S.-Korea Institute, part of Johns Hopkins University, Mr. Hill declined to specify what steps the United States might take to halt a weapons test.

New Japanese Prime Minister Shinzo Abe embarks on a previously planned diplomatic tour of South Korea and China next week, a trip that could help coordinate a response to the North's threat.

Officials said intelligence signs conflicted over whether Pyongyang was serious about a nuclear test.

Japanese press reports said that Japanese satellites had not seen any unusual activity at a site where a nuclear test might be conducted.

But a U.S. intelligence official, briefing reporters on background, said the United States is seeing the movement of people, materials and automobiles around one potential test site.

Mr. Bolton said he did not think Pyongyang was bluffing.

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"We do think this is a serious threat," he said. "We don't think this is a diplomatic ploy or an attention-getting device."

Security Council Mulls Response To North Korea Nuclear Test Threat (AFP-Y)

By Gerard Aziakou

AFP, October 4, 2006

The UN Security Council sought agreement on a firm response to a North Korean plan to test an atom bomb, hoping to push Pyongyang back to talks over its nuclear program.

After morning closed-door consultations on the issue, the council's 15 ambassadors tasked their experts to meet again Thursday to pore over a Japanese draft statement asking North Korea "not to undertake such a test and to refrain from any action that might aggravate tension."

The statement, a copy of which was obtained by AFP, also urges Pyongyang to "return immediately to the six-party talks (on ending its nuclear weapons program) without precondition."

The Stalinist state has boycotted the talks -- involving China, Japan, the two Koreas, Russia and the United States -- since last November in response to US sanctions against a bank linked to the regime of Kim Jong-Il.

Emerging from a 90-minute experts' meeting Wednesday, a Japanese diplomat told reporters: "We had a a very good exchange of views" on the text.

"We tentatively agree to have another expert-level meeting some time tomorrow," said the diplomat, who spoke on condition of anonymity. Japan presides over the council for this month.

The Japanese diplomat said most members supported the draft, including some delegations such as China and Russia which had not yet received instructions from their governments on how to proceed.

Earlier Thursday, US Ambassador to the UN John Bolton spoke of "division" within the council, suggesting "North Korea's protectors" -- implying Moscow and Beijing -- opposed his call for a tough line against Pyongyang.

"We cannot simply respond with a piece of paper," Bolton said. "I fear that if we do not have a strong response now to this clear signal from the North Koreans ... that they will misread the council. ... I'm not sure everybody on the council shares that view," he added.

But Chinese Ambassador Wang Guangya took exception to Bolton's comments, particularly his reference to North Korea's protectors on the council.

"We are all concerned about the North Korean announcement. On this issue, everybody is unanimous. ... No one is going to protect them (the North Koreans)," he added.

The Chinese envoy also said that all council members support the idea that "the six-party talks (should) be the main channel to address the issue". Other diplomats concurred with that view.

Wang urged "less mistrust" between Washington and Pyongyang.

"If there could be some progress made between the United States and North Korea, if there could be less mistrust between the two, certainly I think it would lead to good results," Wang told reporters.

"This is not an issue between China and North Korea. I do hope that others will also contribute," Wang said.

In Washington, US officials strongly slammed the North Korean nuclear test announcement as provocative, but both in public and private avoided talking about ramping up sanctions against Pyongyang to discourage the test.

Instead, the State Department urged North Korea to return to the six-nation negotiations.

"The right thing is to end these kind of provocations and end these kind of threats and to go back to the six-party talks, which is where we all want to be to come up with a viable solution to North Korea's nuclear program," State Department deputy spokesman Tom Casey told reporters.

Pyongyang triggered global jitters Monday when it announced plans to test a nuclear device at an unspecified date and under safe conditions, in response to what it called a "threat of nuclear war and sanctions" from the United States.

In Washington, a UN official said US intelligence had detected unusual movement at a suspected North Korean nuclear site and a bomb test could be carried out at any time.

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"We've seen some activity in the area," said the official. "When I say activity, I mean personnel, vehicles, materials, things of that nature."

"We need to make it clear that the (North Korean) threat has to be withdrawn," Bolton said, warning that if the North Koreans did proceed with a test, the council should pass a resolution mandating sanctions going beyond those imposed on the North in a Security Council resolution passed in July.

That resolution was passed after the North launched seven missiles, including a long-range Taepodong-2 believed to be capable of striking US soil.

China, North Korea's main political ally and chief supplier of food and energy, and Russia have both appealed for "restraint" from the North, while South Korea warned it would cut off vital economic aid if the test went ahead.

The United States has warned North Korea directly of international repercussions if it proceeds with a nuclear test, Christopher Hill, the US envoy to nuclear talks with the Stalinist state, said.

The diplomat said the North Koreans were contacted through their United Nations mission in New York.

"Yesterday we sent the message directly to the DPRK (North Korea) through the New York channel of what such a test would mean," said Hill.

"We have spoken consistently that we will meet them bilaterally, but through the context of the six-party talks."

Hill spoke at the launching of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies in Washington.

A North Korean nuclear test "would be a very highly provocative act, and the international community cannot be indifferent to that," he said.

"It will invite the prospect of proliferation ... and we have no choice but to act resolutely to make sure the DPRK and every other country understand" the implications of such a move, said Hill.

What If North Korea Tests A Nuclear Bomb? (CSM)

By Howard LaFranchi And Donald Kirk

The Christian Science Monitor, October 5, 2006

WASHINGTON AND SEOUL

In all its years of saber rattling and boasts of nuclear-weapons capabilities, North Korea has never gone beyond talk to proving that it has the bomb.

Now Pyongyang says it will conduct a nuclear test - a move that would remove any doubt about the accession of the secretive and volatile regime of dictator Kim Jong Il to the nuclear club. With no international inspectors having set foot in the country for four years, a test would provide clues about the kind and power of weapons and the level of technology it possesses.

"At a minimum, a test would be a clarifying moment," says Jonathan Pollack, director of the Strategic Research Department at the Naval War College in Newport, R.I.

In addition, a test would hold geopolitical ramifications for the northeast Asian region, experts say, and for international efforts to keep the proliferation genie in its bottle. "The political effects of a nuclear test would be at least as consequential - and destabilizing - as any technological leap it might provide the North Korean nuclear program," says Daryl Kimball, executive director of the Arms Control Association in Washington.

A test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race - causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents. That, experts say, would very likely mean that the international nonproliferation regime is dead. North Korea's ability to do harm

North Korea has claimed since 2005 that it has a nuclear arsenal, and intelligence specialists believe Pyongyang probably possesses enough plutonium for as many as 10 average-size plutonium bombs. A missile test Pyongyang conducted this summer demonstrated its continuing progress in missile technology, but experts say it still does not have the capability - or a miniaturized weapon - to deliver a weapon by missile.

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The only way North Korea at this stage could stage a nuclear attack would be to drop a bomb from an airplane that might be detected as it left North Korean airspace. Besides, notes Mr. Kimball, the North does not possess anything like the B-29 the US used to deliver the first nuclear weapon to its target.

"Their bomb is a standard bomb comparable to the one on Hiroshima," says Kim Tae Woo, senior fellow at the Korea Institute for Defense Analyses, an adjunct of the defense ministry in Seoul. The Hiroshima bomb, dropped on the Japanese city of Hiroshima on Aug. 6, 1945, had an explosive effect of 12.5 kilotons, while the one dropped three days later on Nagasaki had an impact of 20 kilotons.

"They have missiles capable of mounting nuclear weapons," says Mr. Kim, "but they should continually minimize the size of weight" so the warheads are small enough for missiles to be able to carry them long distances.

Analysts in South Korea say a nuclear test by the North could cause Seoul to reconsider its policy of reconciliation with Pyongyang.

Still, many observers say North Korea's new threat is primarily directed at the United States - designed to pressure the US into calling off financial sanctions that have been hurting the North, and accepting the direct talks, and the security guarantees, that Pyongyang wants. Washington's careful response

Washington's response since North Korea announced its intentions Tuesday has been deliberate but nonreactive, with Secretary of State Condoleezza Rice saying a test would be "provocative."

The United Nations Security Council was to take up the North Korean issue Wednesday. Some experts see UN Ambassador John Bolton's call for "preventive diplomacy" toward the North as a desire by Washington to use Pyongyang's threatened test to fortify the international front of powers, including China and Russia, to deal more forcefully with the Kim regime.

Alarm over North Korea's nuclear program stems mainly from its more advanced plutonium-weapon development. But Pyongyang is also working on uranium enrichment technology, though less is known about its progress in that area, say intelligence and weapons experts.

"Nobody has a clue where the uranium program is, how big it is, or how far along it is," says John Pike of GlobalSecurity.org.

The Bush administration confronted the regime with evidence of uranium enrichment activities, which the regime reportedly acknowledged - then denied.

The US and other nations need to think in terms of North Korea's global threat as much for its potential to sell nuclear technology and materials as for its future ability to deliver a weapon to a target, says Mr. Kimball of the Arms Control Association. North Korea's regime has already shown a willingness to sell technology and materials - in particular involving its missile program - in return for cash to keep afloat, he adds.

That concern is what stands behind President Bush's focus on keeping weapons of mass destruction out of the wrong hands, says the Naval War College's Mr. Pollack. "Bush has said since at least the 2002 national security estimate that there is no higher priority than preventing a so-called rogue regime from developing such weapons - or acquiring one," he says.

Still, Pyongyang-as-proliferator, though worrying, is a long-term problem - while the likelihood that a nuclear test will set off an Asian arms race is more immediate, experts say. Worries about regional proliferation

North Korea gave no hint of when it planned to conduct a nuclear test, leading some experts to suggest that it may be a bluff to draw international attention. But just the threat may be enough to set off a chain reaction in the region, others note.

"The most serious impact would be what this would be likely to cause in the region, prompting other countries to reverse their nuclear nonproliferation policies," says Kimball. In that sense, the North Korea issue parallels the challenge of Iran's nuclear program, since many experts believe a nuclear Iran would tempt other Middle Eastern nations to "go nuclear."

Even now, just because North Korea is threatening to test a nuclear weapon, Japan may well do away with Article Nine of the post-World War II "peace" constitution that bans Japan from sending its "self-defense" forces to fight foreign wars.

If North Korea goes through with a test, Japanese scientists are likely to complete the process of building nuclear weapons. Kim, the Korean defense analyst, estimates that Japan could become a nuclear power within months, despite its aversion to any form of nuclear warfare carried over from the bombing of Hiroshima and Nagasaki.

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Such eventualities explain why some experts insist that the real impact of North Korea's test threat would be on global nonproliferation efforts.

"The real challenges are yet to come," says Pollack. "We have to ask if the fact of a North Korea test triggers other responses that fundamentally mean that the nonproliferation regime as we know it has ceased to exist."

Answering North Korea (WP)

The Washington Post, October 5, 2006

NORTH KOREA'S threat to conduct a nuclear test is first and foremost a threat to its closest neighbors, China and South Korea. Pyongyang's emergence as a nuclear power would create a grave danger for their people and would probably transform regional security in East Asia in ways that both Beijing and Seoul would find harmful. Among other consequences, Japan might choose to build its own nuclear arsenal. South Korea's policy of seeking closer relations with the North and China's complementary strategy of propping up the totalitarian dictatorship of Kim Jong Il will have produced not stability but a potentially far-reaching destabilization.

The United States would be threatened, too, because of the 30,000 U.S. troops stationed in South Korea. But North Korea appears to be a long way from developing a missile that can reach the United States. Its provocative test in July, like a previous one in 1998, was a flop. A North Korean bomb test, meanwhile, is likely to empower those in the Bush administration who have been arguing for much tougher steps to isolate the North.

It follows that the South Korean and Chinese governments ought to be leading the effort to stop North Korea from going forward. They, more than the United States or the United Nations, have the means to exert pressure. Without the energy and food aid they supply, and China's willingness to close its borders to North Korean refugees, the Kim dictatorship would almost certainly collapse. Most experts believe the North is not bluffing when it says it could detonate a nuclear warhead, but whether it does will probably depend on international reaction to this week's threat.

So far the Chinese and South Korean responses look weak. A spokesman in Seoul said a test would cause a "shift" in the government's engagement policy but hastened to add that it wouldn't abandon the policy altogether. Beijing, meanwhile, seemed to resist a U.S. and Japanese effort to have the U.N. Security Council issue a strong warning to Pyongyang. It's not hard to imagine Mr. Kim reading such reactions as a virtual green light.

The North's latest provocation produced the usual claims that the United States was somehow at fault for failing to "engage" the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. Just last month the senior U.S. negotiator again offered to meet his North Korean counterpart to discuss how talks could resume. There was no response.

Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China.

The North Korea Nuclear Puzzle (LAT)

The Los Angeles Times, October 5, 2006

IF THERE IS ANYTHING MORE UNCLEAR than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try.

That's a sensible if unsatisfying response to the latest provocation by the Stalinist nation, which tested a long-range missile in July (it failed about 40 seconds into its flight) and last year abandoned negotiations with the U.S., China, Russia, Japan and South Korea over its nuclear program. But if the North Koreans do conduct a nuclear test, the world will need to have a better response at the ready.

Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome. Satellite monitoring reportedly shows increased activity around possible test sites, but there has been increased activity in the past. And

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because North Korea has never conducted a nuclear test, it's hard for analysts to know exactly what to look for. There is also the possibility, always present with the North Koreans, that they are simply bluffing to gain negotiating leverage.

Diplomatically, the answers are no easier. The U.S., China, South Korea, Russia and Japan have always agreed on a core principle: They don't want nuclear weapons on the Korean peninsula. Beyond that, however, the consensus has shown signs of strain.

North Korea's latest announcement will bolster that consensus, at least temporarily — as demonstrated by the wave of denunciations that rolled from Washington to Beijing. Yet as the U.N. Security Council takes up the issue, tensions will surely return. U.S. Ambassador John R. Bolton urged the council Wednesday not to "simply issue statements for the sake of issuing statements." Russia's ambassador, meanwhile, struck a more cautious note, saying there was "a need for brainstorming" and that the council "should heavily focus on the first part of that term."

With diplomacy like that, who needs crises? The present (if not quite clear) danger is not just that North Korea could test a nuclear weapon, upsetting the delicate balance of the region and offering hope to prospective terrorist clients around the world. It's also that the diplomatic response will devolve into the usual maneuvering.

That can't be allowed to happen. Diplomacy is rarely satisfying, especially as the stakes get higher — and nuclear diplomacy is the art of choosing among least-bad options (as the Bush administration is finding in Iran). A certain amount of posturing is inevitable. Even if they don't really mean it, nuclear nations have to say they will do everything they can to prevent another nation from gaining nuclear weapons — because once another nation has them, there is very little they can do about it. The challenge now for the U.S., China, South Korea, Japan and Russia is as simple as it is difficult: to convince North Korea that they really mean what they say.

Pyongyang Phooey (WSJ)

By Nicholas Eberstadt

The Wall Street Journal, October 5, 2006

With Pyongyang's announcement that it intends to "conduct a nuclear test" to "bolster its war deterrent for self-defense," the world has been given yet another reminder of the North Korean game plan. Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the U.S. heartland -- are instrumental to achieving three goals: shattering the U.S. security architecture in Northeast Asia; breaking the U.S. military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus.

North Korea has been called a "rogue state" by some, a "terrorist state" by others, and fair enough -- but while those terms carry opprobrium, they lack real descriptive content. The North is better understood as a "revisionist state" -- bitterly dissatisfied with the international environment it faces, and intent upon overturning that order. Its main grievances with the international system are: (1) the predominance and success of the capitalist world economy, particularly its global trade and financial arrangements, which are fundamentally incompatible with Pyongyang's Stalin-style economy; (2) the Northeast Asian security structure of military alliances built and maintained by its superpower enemy, the U.S.; and (3) the florescence of a prosperous, democratic South Korean state on the landmass that the Kim family claims the right to rule unconditionally.

These grievances are not merely aesthetic. Since each of these features of the international system places the survival of their own system in jeopardy, North Korea is exceedingly unlikely to be reconciled to them through "international dialogue." Making the world safe for Kim Jong Il requires nothing less than upending the contemporary economic, political and military order in Northeast Asia -- preposterous as such an outcome may sound to South Korean, Japanese or American ears.

Nevertheless, North Korean policy is relentlessly focused on achieving just such an upending. The carefully chosen tools for the job are nuclear weapons and long-range ballistic missiles. The point of vulnerability -- the focus of these WMD -- is the U.S.-South Korea military alliance. By training missiles on U.S. territory, Pyongyang's goal of breaking the alliance would be promoted most efficiently -- and its objective of unconditional unification with South Korea would be directly advanced. Why?

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Because placing U.S. territory in North Korea's nuclear crosshairs inescapably undermines the credibility of American security guarantees in a time of crisis on the Korean peninsula. If U.S. policy makers were deemed unwilling to expose Seattle in order to honor commitments to Seoul, the security alliance would be worthless, America's unparalleled military might notwithstanding.

For over half a century, Pyongyang has endured the reality of U.S.-imposed "deterrence." For Kim Jong Il, the geopolitical keys to the kingdom lie in deterring the deterrer -- and North Korea's otherwise puzzling and bellicose behavior should be regarded through the prism of this long-term project.

The seemingly stalled six-party talks, for example, are actually not stalled at all: North Korea's missile and nuclear weapons programs have apparently been progressing quite nicely during the three-plus years of conferencing. There is an eerie similarity between the "conference diplomacy" involving North Korea today and earlier episodes of "conference diplomacy" in Europe between World Wars I and II. While the particulars are obviously different -- Germany was the strongest state in its region, while North Korea is the weakest -- the dynamics are almost exactly the same: The status quo powers want to talk; the revisionist powers want to arm -- and both parties get their wish.

When North Korea launched its missiles in July, the move was judged in many quarters to be impetuous, even irrational. In fact, it was coolly calculated, displaying the regime's confidence that it could manage subsequent international events while pushing its game up to a potentially much more dangerous level.

Even so, Pyongyang could not have known how much its own project -- inflaming the U.S.-South Korea military alliance -- would be abetted by the hapless Roh Moo Hyun government. In the immediate aftermath of the launches, South Korea's President Roh studiously avoided criticism of North Korea -- and instead harshly scolded the Japanese for (among other things) bringing the matter before the U.N., averring that Tokyo's actions could "lead to a critical situation in the peace over Northeast Asia"! The Roh administration also stated that its multibillion dollar joint-venture scheme within North Korea, the Kaesong Industrial Complex, should be insulated against any political fallout from the missile episode. It continued the subsidies for the project and insisted that North Korean products "made in Kaesong" should receive privileged treatment in the pending U.S.-South Korea Free Trade Agreement.

Most portentously of all, Mr. Roh fixated on switching wartime operational control (Opcon) of the U.S-South Korea combined forces command from U.S. to South Korean hands. It seemed to matter little to him that many military specialists in South Korea itself -- including a large number of retired generals and former ministers of national defense -- went on record to warn that the South's forces were not prepared for such a transition, and that readiness might suffer. The true reasoning behind Mr. Roh's adamant Opcon lobbying may have been revealed by one of his advisers at a public seminar in Seoul last month. He argued that South Korea's control of troops during wartime is critical to maintain security on the peninsula as it prevents the U.S. military from unilaterally conducting military operations in the case of an emergency on the peninsula.

Opcon, in other words, was a proxy for the Roh government's distrust of its U.S. ally -- a feeling evidently so powerful that it could not be restrained even under the pressure of North Korea's missile tests. In the light of such official South Korean reactions, Pyongyang made its own calculations about the risks and benefits in moving its agenda on to nuclear tests. * * *

If the flower children in charge of South Korean national security policy these days have acquitted themselves poorly, the record of the self-proclaimed grownups who took charge of Washington's policies in 2001 does not look that much better. Passive-aggressive in the face of North Korean brinkmanship, irritable and reactive in the face of mounting frictions in the relationship with Seoul, the Bush administration's main achievement to date in "alliance management" seems to have been the drawdown of U.S. forces in South Korea, with more in store. It is not even clear that our statesmen understand the stakes of the game they are embroiled in. All this, of course, will hardly dissuade Pyongyang from pressing the U.S.-South Korea alliance ever harder.

With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking.

Mr. Eberstadt, the Henry Wendt scholar at the American Enterprise Institute, is author of "The North Korean Economy Between Crisis and Catastrophe," forthcoming from Transaction Publishers.

Mistrust Set To Scupper Iran Talks (FT)

DOJ_NMG_0075860

By Guy Dinmore And Najmeh Bozorgmehr

Financial Times, October 5, 2006

The US and Iran appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides.

Javier Solana, the EU foreign policy chief who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever.

He said he had so far failed to persuade Iran to suspend its uranium enrichment – the key pre-condition for the US to join negotiations over the future of Iran's nuclear programme.

The US is set to resume its efforts this week to get a United Nations Security Council resolution that would impose limited sanctions against Iran for failing to heed an August 31 deadline set by the council to suspend enrichment.

However, the US still doubts that China and Russia will back such a measure. American hardliners are also voicing concerns that France is backing away because its forces in Lebanon are "hostage" to Iran.

There are suspicions that President Jacques Chirac of France sought a compromise with Iran in a Paris meeting with a top aide to the Iranian president Mahmoud Ahmadi-Nejad on September 12.

A French official strongly denied that Mr Chirac had sought to make a deal with Iran that would guarantee safety for French forces in southern Lebanon from attack by Iranian-backed Hizbollah in exchange for a softer approach on sanctions and the nuclear issue.

In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military action against Iran, officials and analysts say US president George W. Bush and Condoleezza Rice, his secretary of state, have concluded that a negotiated settlement is the only way forward.

"Regime change" is no longer considered viable, and the military option is too dangerous, say allied diplomats. Both Mr Bush's decision to give the process more time and Ms Rice's offer to meet her Iranian counterpart were indications of genuine goodwill, they said.

The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by her senior aide Philip Zelikow last month in a key speech which advocated diplomacy.

Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer.

Sanctions would buttress "pragmatic" forces in Tehran who argue that the cost of Iran's nuclear programme is too high, a senior US official told the Financial Times. However, such an approach backfired with North Korea, and it is far from clear how the Iranian leadership will respond under duress.

Those seeking engagement say this is a more opportune moment than 2000, when the then US president Bill Clinton and Iran's reformist president Mohammad Khat-ami failed to establish a meaningful dialogue, with both sides facing serious resistance from hardliners.

Now the leadership in both countries is in a position to direct events, and negotiations would have the support of both Democrats in the US and the ousted reformists in Iran. A weakened US is more inclined to negotiate than in May 2003 when, having just conquered Baghdad, it rebuffed an offer of talks from Iran.

Still, the White House does not believe the Iranian leadership is serious about negotiations. And in Tehran there is intense suspicion about US motives and an understandable reluctance to throw away one of its strongest cards – the ongoing enrichment programme – before talks even begin.

Iran: Sanctions Won't Derail Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 5, 2006

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President Mahmoud Ahmadinejad warned Wednesday that sanctions will not stop Iran from enriching uranium after a European negotiator conceded "endless hours" of talks had made little progress and suggested the dispute could wind up at the U.N. soon.

The talks had been seen as a last-ditch attempt to avoid a full-blown confrontation between Iran and the U.N. Security Council after Tehran ignored an Aug. 31 deadline to suspend enrichment — a key step toward making nuclear weapons — or face punishment.

The latest comments — and the view of senior U.N. diplomats who told The Associated Press on Tuesday that nearly two years of intermittent negotiations had failed — suggested an emerging consensus that the time has finally come to consider Security Council sanctions.

Iran maintains its nuclear program is for peaceful purposes and does not violate international law. Its refusal to give up enrichment compounds the failure of more than three years of U.N. inspections to banish suspicions that Tehran might have a secret weapons program. The conflict picked up steam after last year's election of the hard-line Ahmadinejad, whose tough stance on the nuclear issue is wildly popular in Iran — even among moderates.

Javier Solana, the European official who has been negotiating with the Iranians, told the European Parliament on Wednesday that the Iranians had made "no commitment to suspend." The dialogue with the Iranians "cannot last forever" and it was up to Tehran "to decide whether its time has come to end," he said.

Solana said his talks had found "common ground" on some issues "but we have not agreed in what is the key point, which is the question of suspension of activities before the start of the negotiations." He suggested that if the talks ended, the standoff should be moved to the Security Council.

In a speech shortly afterward, Ahmadinejad warned that sanctions would not dissuade his country from pursuing nuclear technology, including the enrichment of uranium.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he told the West, speaking to a crowd of supporters outside Iran's capital.

"For 27 years they haven't allowed us to use technologies that they possess," Ahmadinejad added. "This nation is powerful and won't give in to one iota of coercion."

In an apparent response to Solana, the Iranian president said his nation favored continued negotiations.

"We are for talks. We can talk with each other and remove ambiguities. We have logic. We want talks to continue," he said.

Secretary of State Condoleezza Rice and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation.

Diplomats said the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran roll back its program.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency, the U.N. nuclear watchdog, which said Tehran's suspicious activities represented breaches of the Nuclear Nonproliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The United States insisted that Tehran halt enrichment as a precondition for further talks on its nuclear program, but Iran ignored the Aug. 31 deadline set by the Security Council.

The Americans then agreed to let Solana hold more talks with the Iranians after Russia, China and France spoke out against a rush to sanctions.

At first, both Solana and Iran's top negotiator, Ali Larijani, had signaled progress in the talks.

On Tuesday, however, diplomats said Larijani told Solana that the hard-line Iranian leadership had rejected even a limited enrichment freeze.

One diplomat said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first sanctions step. That would be followed by other sanctions, including travel bans on Iranian officials and the freezing of their assets.

Iran has so far shown little concern about the prospect of such sanctions — perhaps because such limited sanctions would not greatly hurt the country overall.

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Russia and China, both veto-wielding council members, traditionally oppose sanctions, and the United States could still face a tough fight getting them to agree to any truly punitive measures.

U.S. officials have said they intend to start with trying for relatively lower-level punishments as a way to persuade Russia and China to sign on.

China's U.N. Ambassador Wang Guangya, asked whether Beijing would support possible sanctions if Iran doesn't suspend uranium enrichment, said Wednesday that over the last few weeks "there has been some progress" in the Solana-Larijani talks so the door isn't completely shut.

"But I do hope that diplomatic means is still the best way to achieve a solution on this Iranian nuclear issue," he said.

Russia's U.N. Ambassador Vitaly Churkin said he hadn't heard Solana's comments, but if Solana was saying that Iran now had a choice of whether to suspend enrichment or face sanctions "it will be a very sad moment."

"We were very supportive of Mr. Solana's efforts and still are if he intends to continue those efforts. Of course, it was our hope that those efforts would be successful and things will be resolved diplomatically," Churkin said. "We do not want any extra work load here in the Security Council anyway, and of course, it's a very important matter and we are hoping Mr. Solana will be successful."

U.S. Ambassador John Bolton, asked about the possibility of the U.N. Security Council discussing sanctions against Iran, said: "We haven't discussed sanctions here in New York for weeks, many weeks, lots of weeks. But as soon as I'm instructed, I'm prepared to begin as soon as the cable comes in."

Associated Press writers Edith M. Lederer at the United Nations and George Jahn in New York contributed to this report.

U.S., Europe Seek Sanctions Against Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 5, 2006

WASHINGTON - The United States and Europe launched a new push for sanctions against Iran on Wednesday, after the European Union's envoy reported that four months of nuclear talks have failed to persuade Tehran to halt its uranium enrichment program.

The envoy, Javier Solana, stopped short of declaring his talks dead, but senior U.S. officials said that the effort had failed and that it was time to make good on a threat to punish Iran if it didn't halt suspected nuclear weapons work.

Secretary of State Condoleezza Rice, traveling in the Middle East, said the United States favors "bringing to a close the open-ended negotiations with the Iranians ... It's become quite evident that that's what we're going to have to do."

Iranian President Mahmoud Ahmadinejad on Wednesday again rejected suspending uranium enrichment.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he was quoted as telling a crowd of supporters in Iran.

Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear research, U.S. and foreign diplomats have said. U.S. and European officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government.

Still, it remains far from clear whether Russia and China, which have balked at sanctions on Iran, will go along with even carefully targeted sanctions - or whether the measures will persuade Iran to change course. Iran denies that it's seeking nuclear weapons, but it insists on its right to enrich uranium for civilian nuclear power.

Russia and China haven't agreed to meet with Rice and her European colleagues this weekend to discuss next steps on Iran, U.S. and European diplomats said. They spoke on condition of anonymity because of the negotiations' sensitivity.

Solana's report that his "endless hours" of negotiations had proved fruitless was the second blow in as many days to U.S. efforts to stop two members of President Bush's "axis of evil" - Iran and North Korea - from acquiring or expanding nuclear arsenals.

North Korea, which is believed to have enough plutonium for four to 13 nuclear devices, announced on Tuesday that it would conduct its first underground nuclear test, sparking alarm in northeast Asia and beyond.

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The United States is pushing for a strong response, such as a deadline for North Korea to rescind the threat, return to a moratorium on ballistic missile launches and rejoin international talks on its nuclear program.

But China, North Korea's main ally, and other members of the U.N. Security Council want more talks, diplomats said.

"At this stage I think there is division" on dealing with North Korea, said John Bolton, the U.S. ambassador to the United Nations.

With the Bush administration already challenged by wars in Iraq and Afghanistan, the simultaneous nuclear crises pose a growing challenge for American diplomacy.

Two State Department officials said Wednesday that North Korean leader Kim Jong Il may have ordered the dramatic nuclear test announcement out of pique that Iran's nuclear ambitions were dominating international attention.

Others, including European Union envoy Solana, noted that Kim's move coincided with a straw poll cementing the candidacy of a South Korean, Foreign Minister Ban Ki-Moon, as the next secretary-general of the United Nations.

And in a further mingling of the two nuclear crises, China is reluctant to agree to U.N. sanctions on Iran because it fears that doing so would create a precedent for sanctions on North Korea, diplomats said.

On Iran, Bush has repeatedly said he won't rule out using U.S. military force to stop Tehran from acquiring nuclear weapons.

While U.S. intelligence agencies don't expect Iran to master nuclear weapons technology for several years, some Bush administration hawks favor using overt and covert measures to topple Ahmadinejad's regime.

"If we failed and Rice failed with us" in trying to use diplomacy, the arguments of hardliners in Washington would be strengthened, said one of the European diplomats.

For its part, Iran appears to be betting that the United States, the European Union, Russia and China won't remain united and carry through on repeated threats of sanctions.

Discussions on sanctions aren't expected to begin at the United Nations until next week at the earliest, the U.S. and European diplomats said.

As a hedge against the possibility that only weak U.N. sanctions will be agreed, the United States is pushing other countries to cut their financial ties with Iran. The Treasury Department recently barred one large Iranian bank from operating in American financial markets.

But Rice, in her Middle East travels, appears to have gotten only a polite reception from Sunni Muslim Arab countries for a united front against Shiite, Persian Iran.

"For the United States not to talk to Iran is a mistake," Saudi Arabia's ambassador, Prince Turki al-Faisal, said Wednesday in Washington.

New Nuclear Debate In Iran (NYT)

By Nazila Fathi

The New York Times, October 5, 2006

TEHRAN, Oct. 4 — A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today.

Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word "nuclear" was removed, apparently after a call from the Iranian National Security Council.

President Mahmoud Ahmadinejad, who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. "Those who think they can weaken the will of the people for construction and development by questioning their values will fail," he said Sunday, "and they only show their lack of wisdom and commitment."

The letter, which had been previously published elsewhere, was written in 1988, near the end of Iran's eight-year war with Iraq. It was brought to light again on Friday by the former Iranian president, Ali Akbar Hashemi Rafsanjani, to defend himself against hard-line critics who accuse him of ending the war when Iran was on the brink of victory.

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But the letter has also been used by moderates to bolster the case for nuclear talks with the West. Iran faces sanctions for defying the United Nations Security Council's demand that it halt its uranium enrichment, which the United States says is part of a weapons program.

In the letter, Ayatollah Khomeini outlined the reasons Iran had to accept the bitter prospect of a cease-fire in the war, which had ground down to a stalemate, with about 250,000 Iranians dead and 200,000 disabled. It did not specifically call for Iran to develop nuclear weapons, but referred indirectly to the matter by citing a letter written by the officer leading the war effort, Mohsen Rezai.

"The commander has said we can have no victory for another five years, and even by then we need to have 350 infantry bridges, 2,500 tanks, 300 fighter planes," the ayatollah wrote, adding that the officer also said he would need "a considerable number of laser and nuclear weapons to confront the attacks."

Ayatollah Khomeini determined that the nation could not afford, politically or economically, to continue the war, and in a famous public statement compared the decision to "drinking a chalice of poison."

ILNA, the Iranian Labor News Agency, removed the word "nuclear" within a few hours of putting the letter on the Web, after receiving a call from the Iranian National Security Council, according to a reporter with the agency. The reporter insisted on anonymity for fear of retribution.

The letter was released as part of a debate about who was most instrumental in persuading Ayatollah Khomeini to end the war. That argument, in turn, reflects growing tensions between moderates, led by Mr. Rafsanjani, and military figures, who are expanding their power in the government of President Ahmadinejad.

"The letter is purely part of a domestic argument," said Mohammad Atrianfar, the director of the daily Shargh, an opposition paper that was shut down last month, and a close aide to Mr. Rafsanjani. "Mr. Rafsanjani is very worried because he feels that military and intelligence figures are coming to power and want to alienate the clergy by blaming them for the damages caused during the war."

Hard-liners have criticized Mr. Rafsanjani for disclosing what they said was a classified document and casting doubt over what was termed by many a holy war. He has denied the accusations, saying the letter was made public in 1988 and later published in a book.

But the letter has provided an opportunity for moderate voices to warn about the risks Iran takes in defying the United Nations, comparing the consequences to what happened during the war with Iraq. They argue that, when confronted with the realities of the war, Ayatollah Khomeini decided that the confrontation was not sustainable.

On Saturday the daily Kargozaran, a paper aligned with Mr. Rafsanjani, called the letter evidence of "Iran's realistic understanding of the international situation," and concluded that the "experience should become a basis in the decision makings, including Iran's nuclear plans."

Mohsen Armin, a reformist politician, said hard-line politicians who welcomed confrontation with the West should learn a lesson from the letter so they would not have to "drink a chalice of poison" themselves, ILNA reported.

Rice Cites Concern For Palestinians, But Low Expectations Mark Visit (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 5, 2006

RAMALLAH, West Bank, Oct. 4 -- Secretary of State Condoleezza Rice pledged Wednesday to "redouble" U.S. efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But U.S. officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever.

At a joint news conference here with the president of the Palestinian Authority, Mahmoud Abbas, Rice said the Bush administration was "very concerned" about humanitarian conditions and the economic situation in the Palestinian territories. "It is a great sadness, during this time of Ramadan, that Palestinians, many of them, are deprived of basic needs," she said.

Abbas, underscoring the dire state of the peace process, said talks with the Hamas movement on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government.

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"The dialogue now does not exist," Abbas said. If Hamas continues to balk at forming a unity government, which would force it to recognize Israel's right to exist, Abbas said, he was prepared to use his constitutional powers to resolve the political deadlock. "All options are open," he said.

"The only option I reject is civil war," Abbas said, noting that clashes between Hamas and his Fatah party over the past week have been the deadliest since the Palestinian Authority was created in 1994.

On Wednesday, a Hamas official in the West Bank town of Qalqilya was assassinated by four masked gunmen who fled the scene. Asked about the killing and the recent violence, a senior Palestinian police official at the presidential compound in Ramallah called Hamas "donkeys," reflecting the deep-rooted antipathy between the two largest Palestinian factions.

Rice, on her sixth trip to Israel and the Palestinian territories as secretary of state, has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations.

The agreement gave Palestinians some control over their own border for the first time since the 1967 Middle East war. But according to Palestinian and U.S. sources, the border has been closed for all but about seven days since June 25, when Palestinian guerrillas captured an Israeli soldier. It reopened Wednesday and was scheduled to be open Thursday, U.S. and Arab sources said, coinciding with Rice's trip and Palestinian requests for relief during the Muslim holy month of Ramadan.

During their one-on-one discussions, Abbas gave Rice a lengthy document detailing the Palestinians' needs on cross-border movement and ways to push implementation of the 11-month-old accord, according to the Palestinian president's chief of staff, Rafiq Husseini.

Rice is trying to win agreement from the Israelis to ensure that the pivotal Karni crossing between Gaza and Israel is open for Palestinian exports in time for the harvest, which begins in about three weeks, according to U.S. and Western sources.

After she held talks over dinner with Israeli Prime Minister Ehud Olmert in Jerusalem on Wednesday night, the Israelis indicated willingness to open Karni in the near future but did not give a date. Rice is scheduled to hold talks Thursday morning with Israeli Foreign Minister Tzipi Livni and Defense Minister Amir Peretz.

Another Palestinian proposal on the table, backed by the United States and its allies, calls for almost doubling Abbas's presidential guard to about 6,000 members and widening the force's mandate for security purposes. A senior State Department official said the presidential guard has proved to be the Palestinians' most effective security force and is already deployed at the Rafah crossing between Gaza and Egypt.

Abbas Says Talks With Hamas On Unity Government Falter (NYT)

By Philip Shenon And Greg Myre

The New York Times, October 5, 2006

RAMALLAH, West Bank, Oct. 4 — The Palestinian Authority president, Mahmoud Abbas, said Wednesday that talks with the radical Islamic group Hamas on a unity government had ground to a halt and warned Secretary of State Condoleezza Rice that the West Bank and Gaza could face the possibility of civil war.

Mr. Abbas's Fatah party and Hamas announced a tentative power-sharing agreement on Sept. 11, but since then talks have broken off, prompting outbreaks of violence. On Sunday and Monday, factional violence left 10 people dead and more than 100 injured in the Palestinian territories, which have been cut off from Western aid and their own tax revenues since Hamas gained control of the government in legislative elections in January. On Wednesday, masked gunmen killed a local Hamas leader near the West Bank town of Qalqiliya.

"There is no dialogue," Mr. Abbas said at a news conference with Ms. Rice. Unless Hamas and Fatah agree on a unity government, he said, "We will have fewer options and we will also face the risk of civil war. That is something that we need to avoid by all means possible."

Mr. Abbas hinted that he might invoke his presidential powers to dismiss the Hamas-dominated cabinet and appoint an emergency government. Hamas has rejected demands that it renounce violence and accept previous agreements between Israel and the Palestinians. "The dialogue cannot be endless," he said. "I will use my constitutional powers at the appropriate time."

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Ms. Rice's trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas.

Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations used by Palestinians to move their goods from Gaza. A senior State Department official traveling with Ms. Rice said the project was likely to be announced this week.

Ms. Rice said the Bush administration was eager to help Mr. Abbas establish a government that would work with the United States on "a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side."

But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas, because Washington classifies Hamas as a terrorist group and refuses to deal with it. The Palestinian prime minister, Ismail Haniya, and most government ministers are members of Hamas.

"Obviously we would like to be able to do more, and I have been discussing ways with the president that we might be able to better address the great needs of the Palestinian people" and to end the "kind of daily humiliations that we know have been associated with the occupation," she said.

Ms. Rice, who was scheduled to have dinner with Prime Minister Ehud Olmert in Jerusalem, said she would press Israel to open border stations, through which Palestinians must also pass to get to jobs in Israel, "longer and more frequently."

No Palestinian faction claimed responsibility for the killing of the local Hamas leader, Muhammad Oudeh. The Israeli military said it was not involved. On Tuesday, Al Aksa Martyrs Brigades, an armed group linked to Fatah, threatened to kill a trio of more senior Hamas leaders.

Rice Bolsters Abbas Amid Palestinian Crisis (FT)

By Harvey Morris

Financial Times, October 5, 2006

Condoleezza Rice, US secretary of state, yesterday held talks with Mahmoud Abbas, whose leadership of the Palestinian Authority Washington is attempting to bolster in the face of the worst internal conflict in a decade.

Ms Rice acknowledged in a joint news conference with the PA president that the Palestinians were facing a "time of considerable difficulty".

She travelled to Ramallah in the West Bank following days of violence between forces linked to Hamas and Mr Abbas's Fatah movement that have claimed at least 14 lives.

Before her arrival, Mr Abbas said that his talks with Hamas, the ruling government party, about replacing its cabinet with a national unity government had broken down. He hinted that he might dissolve the present cabinet.

"There are many bloody events now and we need to end this crisis as soon as possible, reach a solution and form a new cabinet," he said.

The talks foundered over Hamas's refusal to accept three conditions set by the international community for lifting financial restrictions and a diplomatic boycott of Hamas – recognition of Israel, an end to violence and acceptance of agreements previously signed with Israel.

Mr Abbas said on Wednesday: "Up to this moment, there is no indication that these conditions are going to be met."

Hamas's isolation has hampered its ability to govern and to pay public sector salaries, prompting strikes and protests by employees and security force personnel predominantly linked to Fatah.

Ms Rice, who was due to hold talks with Israeli leaders, said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories.

Palestinian officials said George W. Bush, US president, had warned Mr Abbas last month that the US administration would remove its support for him if a national unity government was formed without Hamas's agreement to the three conditions.

Mr Abbas told Mr Bush that in the absence of an agreement with Hamas, his options were to continue with the present political impasse, dissolve the present government or resign.

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Diplomats said there might still be room for agreement on a government of technocrats with whom the international community could do business.

They warned that the imposition of a new government without Hamas's consent was likely to exacerbate existing tensions.

The breakdown of the inter-party talks raised tensions in the Palestinian territories, leading to gun battles in the Gaza Strip at the weekend when a Hamas-run police force attempted to quell a street protest by Fatah-linked security personnel.

Witnesses blamed the bloodshed in part on the heavy-handed tactics of the Hamas force, which used guns and grenades to confront the protesters. The violence spread to parts of the West Bank where Fatah is the dominant force on the streets.

The parliament building in Ramallah was torched for the second time since Hamas came to power in March.

Many of the victims of the violence were bystanders, including a waiter shot through the head when gunmen forced a restaurant to shut in the West Bank town of Jericho. On Wednesday, unidentified gunmen killed a Hamas political activist near Nablus in the West Bank.

The shooting followed threats by a Fatah militia to assassinate Hamas leaders.

The Israeli army denied claims that the dead man was the victim of an Israeli assassination operation.

Washington's policy appears to be to bolster Mr Abbas and encourage him not to compromise with Hamas, which the US regards as a terrorist organisation.

Some diplomats of the US's international Quartet partners – the European Union, United Nations and Russia – said the Palestinians must be offered a realistic prospect of statehood if the peace process was to stand a chance.

Palestinian Unity Talks Collapse (AP)

By Mohammed Daraghmeh, Associated Press Writer

AP, October 5, 2006

Palestinian President Mahmoud Abbas said Wednesday his efforts to reach a power-sharing agreement with the militant group Hamas have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes.

But the Palestinian leader received a boost from Secretary of State Condoleezza Rice, who promised the United States would do more to alleviate the plight of Palestinians.

"I told the president (Abbas) that we are very concerned, of course, about the humanitarian conditions in the Palestinian territories," she said. "I said to him that we would redouble our efforts to improve the conditions for the Palestinian people."

However, she gave few specifics on what steps the U.S. was prepared to take.

Rice is in the region to try to bolster the moderate Abbas and revive peace efforts. She met with Israeli Prime Minister Ehud Olmert later Wednesday.

A statement from Olmert's office after the meeting said Israel will not release Palestinian prisoners until an Israeli soldier, Cpl. Gilad Shalit, is freed. Shalit was captured on June 25 by militants linked to Hamas.

Israel kept up its pressure on Palestinian militants in Gaza. Early Thursday an Israeli aircraft targeted a car in southern Gaza, killing two Islamic Jihad militants, Palestinian security and hospital officials said. The Israeli military said the militants were planning a terror attack.

Conditions in the West Bank and Gaza have rapidly deteriorated since Hamas defeated Abbas' Fatah Party in January elections and Western countries cut off funds to the Palestinian government.

Despite the sanctions, Hamas has refused to accept international demands that it renounce violence, recognize Israel and accept previous Israeli-Palestinian peace agreements.

Abbas, who was elected separately in a presidential vote last year, has been trying to broaden and moderate the government to make it acceptable to the international community. But after Hamas and Abbas announced a tentative coalition deal last month, Abbas said Wednesday that the talks have broken down.

"There is no dialogue now," Abbas said at a news conference with the Bahraini foreign minister. He said the coalition deal "is over now, and we have to start from square one."

The negotiations have foundered over Hamas' refusal to recognize Israel, even implicitly. The tensions spilled over into Hamas-Fatah violence this week, with 10 people killed and more than 100 wounded. The fighting heightened fears of civil war.

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Abbas holds wide-ranging powers that include the authority to disband the government. But he has sought to avoid confrontation, and he signaled talks with Hamas could be renewed later.

In Gaza, Prime Minister Ismail Haniyeh of Hamas accused Rice of trying to "rearrange" the Middle East to suit American and Israeli interests.

Haniyeh said Hamas considers dialogue "the only way" to solve its disagreements with Abbas and would do everything possible to avoid further violence. "I don't think turning back on this dialogue can serve the higher interests of the Palestinian people," he said.

Public Works Minister Abdel Rahman Zaidan of Hamas said a compromise could be to form a government of technocrats, headed by a prime minister who is not from Hamas.

"There is serious thinking within Hamas to form a national unity government which is composed of professionals, basically, not political faces," Zaidan told The Associated Press. "This government would not be headed by a Hamas leader."

However, it was not clear whether Hamas would agree to have such a government recognize Israel.

Fatah lawmaker Saeb Erekat said no new government would be able to avoid recognizing Israel. "What matters is the program of the government," he said.

An Abbas confidant, speaking on condition of anonymity because he was not authorized to speak to the media, concurred that a government of professionals could be a way out of the current crisis.

Another person involved in Hamas-Fatah negotiations said the sides were considering a Qatari initiative to establish a Cabinet with members from various Palestinian factions, headed by an independent prime minister.

The negotiator, who declined to be identified because the talks are continuing, said the plan already had been presented to Abbas and Hamas' top leader, Khaled Mashaal, who lives in exile in Syria. Qatar's foreign minister is expected in Syria this week to meet with Mashaal.

Rice reiterated at her news conference with Abbas that a Palestinian government must accept the international conditions. But in the meantime, she said the U.S. was ready to step up efforts to improve the humanitarian situation for the Palestinians and bolster Abbas.

The situation is especially dire in Gaza, which has been hurt by Israeli closures of key border crossings and an Israeli military offensive launched after Palestinian militants captured an Israeli soldier in June. The closures have led to shortages of food and prevented Gazans from traveling to neighboring Egypt.

Rice, Abbas Discuss Ways To Ease Crisis In Middle East (USAT)

By Barbara Slavin

USA Today, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice on Wednesday launched a new drive to ease the humanitarian crisis in the Palestinian territories — an effort to shore up the fractured Palestinian government and stop a worsening cycle of violence.

Rice, on her fifth trip to the region as secretary of State, met with Palestinian President Mahmoud Abbas, who has been trying to form a coalition with the militant Hamas-led government. Hamas has rebuffed his efforts.

Abbas, who leads the secular Fatah faction, has sought a coalition to create conditions that make it possible to resume negotiations with Israel. Hamas, a fundamentalist Islamic group that won parliamentary elections in January, rejects Israel's right to exist.

The United States and the European Union, which consider Hamas a terrorist organization, have said that recognizing Israel is a condition for resuming aid that was cut off after Hamas took office in March. Israel also has refused to turn over $50 million in customs duties and taxes collected each month for the Palestinians.

Speaking Wednesday at his Ramallah headquarters, Abbas said talks on forming a unity government had collapsed. “There is no dialogue at this stage,” he said.

In Gaza City, Palestinian Prime Minister Ismail Haniyeh — a Hamas leader — said Rice “cares only to rearrange the Palestinian scene in a way that serves the American and Israeli agenda.”

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The political split between the Palestinians has led to escalating violence. Fighting between members of Fatah and the Hamas-led government in the West Bank and Gaza killed at least 10 Palestinians and wounded more than 100 on Sunday and Monday. On Tuesday, members of Abbas' Fatah faction threatened to assassinate senior Hamas officials. On Wednesday, a Hamas leader in the West Bank town of Hableh, Mohammad Odah, 37, was gunned down on his way to a mosque.

Abbas has said he might try to call new Palestinian elections. It isn't clear whether he has the authority to do so. It also isn't clear that new elections would boost Abbas' Fatah over Hamas. A poll of 1,200 Palestinians conducted last month by the Jerusalem Media and Communications Center found that Fatah would get 32% of the vote if elections were held now, while Hamas would get 30.5%. The difference was within the margin of error of 3 percentage points.

At the same time, Israeli Prime Minister Ehud Olmert's government has faced criticism from Israelis for the military's poor performance during a 34-day war in Lebanon against the militant Hezbollah movement. The conflict, which started after Hezbollah captured two Israeli soldiers in a cross-border raid, ended only under intense international pressure and without the disarming of Hezbollah guerrillas demanded by Israel. A poll last month in the Israeli newspaper Yedioth Ahronoth showed only 7% of Israelis support Olmert.

Rice met with Olmert late Wednesday and was seeing other Israeli officials today to discuss salvaging an agreement to ease the movement of 1.4 million Palestinians in Gaza — a modest move that could alleviate what Rice called “the kind of daily humiliations that we know are associated with (the Israeli) occupation.”

The restrictions were imposed on Gaza after Israel withdrew settlers and soldiers a year ago. Palestinians have largely been barred from leaving Gaza to enter Israel or Egypt in response to Palestinian rocket attacks on Israel and the June kidnapping of an Israeli soldier.

Rice said she hopes a modest improvement in Palestinians' daily lives will prevent a total collapse of authority in the territories and allow a functioning government to emerge that can negotiate with Israel.

“Security, movement and access, economic development and well-being are all interlinked,” Rice said. “Sometimes it is necessary to go step by step and try on the ground to improve conditions.”

Rice's task has become more complicated, however, because the Israeli and Palestinian governments are far weaker than they were a year ago, says Rob Malley, a Middle East expert at the International Crisis Group, a Brussels-based organization that seeks to end conflicts. Malley compares Rice to the mythological Greek figure Sisyphus, whose fate is to roll a rock up a hill only to have it tumble back down.

Rice: U.S. Wants To Help Palestinians (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Wednesday the United States wants to help improve the daily lives of Palestinians as violence, deprivation and political chaos reach threatening levels in the Palestinian territories.

After meeting with Palestinian President Mahmoud Abbas, the top U.S. diplomat said she is looking for ways to revitalize and expand agreements made last year to allow freer movement of people and goods across the Palestinians' borders with Israel and Egypt.

"Those are the kinds of on-the-ground things that make it easier for the Palestinian people," Rice said after her session with Abbas. He is trying to resolve a nine-month political stalemate with Hamas radicals who control part of the Palestinian government.

Rice said she would like to increase resources for humanitarian relief, but made no specific pledge of U.S. aid. The United States has been trying to prompt Arab countries to increase their financial support for the Palestinians.

Rice is in the Middle East this week to drum up Arab support for the moderate Abbas and to test ways that the United States and other powers might help from afar. The United States hopes that Abbas will benefit from any ease in the rising tension and hardship in the territories, but the United States is also worried that the situation could spin out of control.

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A senior State Department official, speaking on condition of anonymity because Rice's discussion with Abbas was private, said the United States supports an expansion of Abbas' security force, the presidential guard, as part of a multimillion-dollar plan to strengthen and streamline overlapping Palestinian security forces.

Underscoring the gulf remaining with the militant group Hamas, which controls the Palestinian Authority, Palestinian Prime Minister Ismail Haniyeh accused the U.S. of trying to "rearrange" the Middle East for its own purposes.

Rice "cares only to rearrange this region and to rearrange the Palestinian scene in a way that serves the American and Israeli agenda," Haniyeh, a Hamas member, said in Gaza City.

Rice is putting gentle pressure on Israel to loosen what Palestinians claim is a blockade of their separate territories in the West Bank and Gaza Strip. The territories are not economically viable without extensive trade across their borders with Israel and Egypt and without the daily passage of Palestinians to jobs elsewhere.

"We are very concerned, of course, about the humanitarian conditions in the Palestinian territories, about the economic situation," Rice said following a meeting with Abbas at his West Bank headquarters.

"We understand that some of the economic hardships are of course caused by the lack of mobility, the lack of movement and access, and I will of course see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return," Rice said.

The border crossings were a major topic during a dinner Rice Wednesday with Israeli Prime Minister Ehud Olmert, the State Department said. Rice planned further meetings with Israeli officials on Thursday.

Abbas himself raised the specter of civil war during a press conference with Rice, as he declared compromise talks with Hamas dead for now.

"There is no dialogue now" and it is time to consider the next step, Abbas said.

Earlier Wednesday, Abbas said a new Cabinet must be formed to end a recent surge in violence that claimed 10 lives in three days. He did not elaborate, but Abbas holds wide-ranging constitutional powers that include the authority to disband the current government.

The Hamas victory in Palestinian elections in January set up a divided and ineffectual government and shelved active efforts for peace with Israel.

The United States and Israel consider Hamas a terrorist group and refuse any dealings with it.

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

Abbas is the only leader with whom the United States can deal, however, and Rice gave him a wholehearted endorsement Wednesday. President Bush called him a "man of courage" last month.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid.

The perpetually cash-strapped Palestinian government has been unable to fully pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

Abbas, whose Fatah Party lost badly to Hamas, retains his position as president. But he has been unable either to persuade Hamas to moderate its anti-Israeli policies and enter the political mainstream, or to capitalize on the radicals' eroding popularity and clout. He wants to resolve the political stalemate in hopes of restarting the flow of international aid.

Hamas has rejected the demands from the U.S. and others to renounce violence, recognize Israel and agree to abide by commitments made by the previous Palestinian leaders.

Rice Focuses On Small Steps To Mideast Peace (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, October 5, 2006

DOJ_NMG_0075871

RAMALLAH, West Bank — Secretary of State Condoleezza Rice, meeting with Palestinian Authority President Mahmoud Abbas, on Wednesday expressed sympathy for the deepening suffering of Palestinians, but signaled that her efforts toward Mideast peace now focus on a handful of narrow issues.

Rice said at a news conference that she hoped to reach agreements to open restricted border crossings, provide new humanitarian aid and improve the weak and fractured Palestinian security agencies.

Her effort, while welcomed by the Palestinians, was far more limited than what had been urged on her by European allies and moderate Arab regimes. In the aftermath of the war in Lebanon, they have been calling on the Bush administration to intensify its efforts to settle Israeli-Palestinian issues.

Nearly a year ago, Rice brokered a deal that promised to open key transit points and improve the Palestinian territories' vital commercial ties to Israel and Egypt. But in the face of security threats to Israel, and other complications, two key crossings have been mostly closed.

Rice said she hoped that "we can come to some understanding about how to make the agreement on movement and access more functional." To that end, she said, the Palestinians and Americans were working "very closely" on the security issues, including through Lt. Gen. Keith Dayton, the U.S. security coordinator in the region. She said U.S. officials also would talk about ways in which they might make available more humanitarian aid for Palestinians.

Western aid has been largely stalled since the electoral victory in January of the Islamic militant group Hamas, which does not recognize Israel's right to exist and remains on the State Department's list of terrorist organizations.

Rice said American envoys were looking for ways to end the violence and "to make possible a life for the Palestinian people that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

In the last week, top officials of Pakistan, Saudi Arabia and Egypt have called on the Bush administration to make new peace efforts. Rice also has faced pointed questions during this trip about Washington's intentions in the region.

Asked about the goals of her trip, Rice said that "sometimes what is necessary is to go step by step on the ground to really improve conditions."

Some Palestinians held out hope that the trip, Rice's sixth to Israel and the territories in her 21 months as secretary of State, could produce a breakthrough in the Palestinian political stalemate. They also hoped it might bring progress in efforts to exchange prisoners, or lead to the Israelis' turning over Palestinian tax and customs revenue withheld since Hamas took over.

But Israelis had lower expectations for the trip. Rice dined Wednesday night with Israeli Prime Minister Ehud Olmert and was to meet this morning with Foreign Minister Tzipi Livni and Defense Minister Amir Peretz. She did not schedule a news conference after the sessions, an unusual step that suggested the American side had limited ambitions for the visit.

Abbas said talks with Hamas leaders over a "national unity government" were at an impasse, and said Palestinians would need to consider whether additional efforts were worthwhile. But he did not close the door on further talks.

In Gaza City, Palestinian Authority Prime Minister Ismail Haniyeh, a Hamas member, accused Rice of seeking to "rearrange" the Middle East.

Haniyeh said there was no deadline for forming a unity government with Abbas' Fatah movement, but he invited Abbas to resume talks soon. The two announced agreement last month on a coalition government, but that deal dissolved quickly and no talks have taken place in weeks.

A coalition with Fatah, which does recognize Israel, is seen as crucial to ending an international aid embargo that has left the government broke and thousands of public employees largely unpaid for seven months.

The donor nations also demand that the Hamas-led government renounce violence and honor past agreements between the Palestinians and Israel.

The power struggle between Hamas and Fatah erupted in serious violence this week, leaving at least 10 people dead and more than 100 injured. The confrontations have abated, but the climate remains tense, particularly in the Gaza Strip.

It was not clear how Abbas planned to move next to address the political impasse with Hamas.

One idea under discussion is for Abbas to settle the power struggle by dissolving the Hamas government and naming a Cabinet composed of technocrats and political independents. Dumping the government, however, probably would be regarded by Hamas hard-liners as an overthrow and could spark more violence.

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Meanwhile, a poll suggested that new elections for parliament and president wouldn't assure victory for Fatah, despite declining support for Hamas. The poll, by the Jerusalem Media & Communication Center, showed that 32% of respondents would support Fatah in a hypothetical vote, whereas 30.5% would back Hamas.

But the poll also indicated that Hamas' Haniyeh was trusted by a higher percentage of respondents than was Abbas. And more than half of those questioned said they favored creation of a unity government.

The Persian Gulf nation of Qatar, meanwhile, has proposed a plan for a Palestinian unity government that would accept a two-state solution to the Middle East conflict and agree to a mutual truce between Israel and Palestinian fighters, the daily Haaretz newspaper in Israel reported.

Abbas Declares Failure Of Talks With Hamas (WT)

By Nicholas Kralev

The Washington Times, October 5, 2006

RAMALLAH, West Bank -- Palestinian Authority President Mahmoud Abbas declared yesterday that talks on forming a unity government with Hamas are dead, and visiting Secretary of State Condoleezza Rice said the focus now should be on improving humanitarian conditions in the Palestinian territories.

Mr. Abbas said after meeting with Miss Rice at his Ramallah office that he might dissolve the Hamas-led government, using his "constitutional powers" as Palestinian Authority president, and might call for new elections.

He said he also would consider other options to avoid civil war, a growing threat after two days of heavy fighting between Hamas and Fatah forces in the Gaza Strip this week.

Nabil Amr, a top aide to Mr. Abbas, told The Washington Times on Tuesday that the factions were "centimeters" away from civil war. "It could happen at any time."

Miss Rice, after meeting with Mr. Abbas, stressed the need to find ways to help the Palestinian people, who are running short of food, medicine and other necessities in the Gaza Strip after more than six months without paychecks and a partial closing of their borders.

"I've been discussing with the president ways that we might be able to better address some of the great needs that are there with the Palestinian people," Miss Rice said. She did not explain who would supply those resources, and U.S. officials traveling with her said she did not offer any American aid.

The United States and the European Union cut off assistance to the Palestinian government after a January election that brought Hamas to power, saying it would not be restored until the new Palestinian government recognized Israel, renounced violence and agreed to honor past agreements with Israel.

Hamas has refused to meet the conditions, but Miss Rice said Washington has "found a way to get humanitarian assistance to the Palestinian people by reprogramming some of our assistance for the Palestinians."

She said she would ask Israel to make "movement and access" easier for the Palestinians and "to make possible a life ... that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

However, she did not address a call by members of the Middle East Quartet, meeting in New York last week, for Israel to release Palestinian customs duties that have been withheld since early this year. The Quartet consists of the United States, Russia, the European Union and the United Nations.

"It's still important" that people and goods be able to move through the Karni crossing into the Gaza Strip, Miss Rice said, and that "there be at least some openings" at the Rafah crossing, near where an Israeli soldier was kidnapped in June. A spokesman for Israeli Prime Minister Ehud Olmert said later that Israel would soon open Karni, the main commercial crossing into Gaza.

Israel has kept Gaza crossing points closed most of the time since the June abduction of Cpl. Gilad Shalit, a 19-year-old tank gunner who is still being held.

"I'm glad to know that [Rafah] was opened a couple of times during Ramadan," the secretary said. "I will, of course, see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return."

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Mr. Abbas expressed frustration with Hamas' refusal to compromise in talks on a unity government. He said in New York last month that he had reached a tentative deal with Hamas for a government that would recognize Israel, but the deal quickly collapsed.

The cash-strapped Hamas Cabinet has been unable to pay salaries and address many of the Palestinians' daily needs. In the worst internal violence in the territories, 12 Palestinians have been killed in fighting between rival factions in the past week.

A senior State Department official said Mr. Abbas' guard "did some of the fighting" with Hamas.

"The dialogue now does not exist," Mr. Abbas said in reference to the talks with Hamas on forming a unity government. "If this doesn't happen in the near future, all options are open. ... But the only option I reject is civil war."

He did not specifically call for new elections but did not rule them out when asked about them at the press conference with Miss Rice. Before the meeting with her, he said he would use his "constitutional powers."

Palestinian, Israeli and U.S. officials were not certain whether Palestinian law permits Mr. Abbas to dissolve the government and call elections. Most appear to agree that he can do the former, but there were questions about the latter.

Limits on the Palestinian Authority president's powers were imposed under U.S. pressure while Yasser Arafat occupied the office.

Frustration As U.S.-India Nuke Deal Languishes (HILL)

By Roxana Tiron

The Hill, October 5, 2006

Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it.

The White House had pushed for a vote in the Senate on the legislation needed to start implementing the deal by the end of last week, but partisan squabbling delayed passage until after the midterm election.

Now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13, so the upper chamber has time to reconcile its bill with the one the House passed this summer.

If that is not done by the end of the year, legislation will have to be marked up again in a new Congress next year, perhaps controlled by the Democrats in either or both chambers.

That kind of a delay would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks.

The controversial civilian nuclear deal has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors, according to a source closely working the issue.

"This is a very controversial issue in India," said the source, on condition of anonymity, "It is more controversial there [than it is here] with people accusing the government of giving too much to the United States."

With delay or a significant change to the agreement "it is possible that New Delhi will walk out of it," the source added.

Russia, France, Australia and Canada have lined up to offer civil nuclear cooperation with India, hoping Washington would fail to deliver the deal, said Ron Somers, president of the U.S. Chamber of Commerce's U.S.-India Business Council.

"This is not an American gift to India," said the source. "It is a balance of mutual interests. There are huge potential benefits to the United States," both for business and non-proliferation reasons.

It could generate $100 billion in energy sales for American companies. But at stake are not only the profits directly linked to the nuclear energy deal, Somers cautioned.

The deal helps the United States create a deeper strategic partnership as India develops and overhauls its infrastructure. This could mean a half-trillion dollars over the next decade, Somers said, as India builds roads, ports, airports and water development projects.

"This would result in the creation of hundreds of thousands of American jobs," said Somers. "I am not suggesting that we are getting all those [contracts], but U.S. companies would be able to compete on a level playing field.

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"We need to focus on achieving this initiative and aligning our two democracies for the 21st century. It is in the U.S. interest to do so."

The agreement has mobilized an intense lobbying campaign, with the U.S. Chamber of Commerce in the vanguard.

President Bush signed the U.S.-India joint statement with Indian Prime Minister Manmohan Singh to pursue civilian nuclear cooperation last July.

Bush is seeking changes in U.S. law and international regulations to allow energy-starved India to obtain restricted items, including nuclear fuel.

The United States has fought for years to deny India access to nuclear technology because it developed and tested nuclear weapons. Although a nuclear power, India is not a signatory of the 1970 Nuclear Non-Proliferation Treaty. But Bush reversed the U.S. stance by signing the U.S.-India agreement on nuclear cooperation.

The deal would require India to open some of power plants to United Nations inspectors for the first time.

The Indo-American deal must mesh with India's efforts to separate its civilian and military nuclear facilities, thus ensuring that it helps New Delhi's civilian energy program but not its weapons development.

India's hawks say that Washington requires unacceptably invasive inspections that could damage national security.

"Public opinion is very split in India," the source said. "India is one of the most pro-American countries." But even some in the coalition government oppose the deal, the source said.

Senate Majority Leader Bill Frist (R-Tenn.) says the Senate will take up the bill marked up in the Foreign Relations Committee. Senate Minority Leader Harry Reid (D-Nev.) says a vote on the legislation is one of his top priorities in November.

"This is supposed to be a priority for the administration as well, so it's a little puzzling why the majority leader failed to bring it to the floor after it was reported out of the committee in July," said Jim Manley, Reid's spokesman. "The fact is that we could have acted on this bill a long time ago, yet we were unable to do so because of serious objections from the Republican side of the aisle."

Before adjourning last week, Reid proposed that the debate on the bill be limited to a handful of amendments and a short-time agreement, but the GOP leadership objected to that, said Manley.

It is possible that Frist will invoke cloture on the bill, said a source.

Moscow Takes Harsh Action Against Georgia (WT/AP)

By Henry Meyer, Associated Press

The Washington Times, October 5, 2006

MOSCOW -- President Vladimir Putin told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership.

Georgian authorities arrested four Russian military officers last week, accusing them of espionage. Moscow responded with harsh measures Tuesday, slapping transportation and postal sanctions on Georgia, even though the four officers were released.

The Kremlin has refused to back down despite Western calls for an end to the punitive measures.

"I would not counsel anyone to talk to Russia in the language of provocations and blackmail," Mr. Putin said, adding that he was speaking specifically about Georgia.

Lawmakers in Russia's lower house of parliament, meanwhile, passed a resolution strongly condemning the Georgian government, accusing it of "anti-Russian" behavior and signaling "harsher measures" if the situation worsens.

Russian police targeted the large Georgian diaspora in Moscow with raids of businesses and restaurants.

Parliament was to vote later this week on a motion aimed at money sent home by Georgians -- a move that would deal a huge blow to the struggling economy in Georgia, whose 4.4 million people rely heavily on the hundreds of millions of dollars in annual remittances sent back by the nearly 1 million Georgians living in Russia.

The moves appeared aimed at punishing Georgian President Mikhail Saakashvili for defying Russia by arresting the officers. More broadly, Moscow has been alarmed by Georgia's goal of joining NATO and the growing U.S. influence in Russia's former Soviet back yard.

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A State Department official said Washington continues to back Georgia's aim to join NATO, despite Russia's objections, and wants both countries to solve their dispute peacefully.

"We want to do what we can to keep the door to NATO open for Georgia," said Mark Pekala, deputy assistant secretary in the State Department's Bureau of European and Eurasian affairs.

Mr. Pekala told reporters in Tallinn, Estonia, that the United States wanted Russia to withdraw its troops from Georgia as agreed five years ago at a summit in Istanbul.

Russia has rejected Western calls to end the transportation and postal blockade, imposed despite Georgia's release Monday of the Russian officers.

Authorities Tuesday closed two popular casinos run by Georgians in the Russian capital, saying the casino tables and slot machines did not have authorization. They also raided a hotel and two restaurants run by Georgians, saying they could be closed for legal violations.

The Kommersant daily quoted police officials as saying that 40 Georgian restaurants and shops in downtown Moscow would be raided in the next few days.

The Russian Consulate in Tbilisi, meanwhile, has stopped issuing visas to Georgians.

Dispute With Russia Threatens Georgia (NYT)

By Daria Vaisman, International Herald Tribune

The New York Times, October 5, 2006

TBILISI, Georgia, Oct. 4 — Marina Tutberidze's husband works in Moscow, illegally, at a construction site, sending home much of the money he earns. Now an escalating confrontation between Georgia and Russia has left that support in doubt, along with much of Georgia's economy.

Russia's decision to sever transportation links — including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions.

"Nothing has changed yet," said Gia Bolkvadze, general director of A. P. Moller-Maersk Group, the Danish shipping giant. "We have to wait for a few days to talk to anyone."

In Russia, Georgians faced investigations that have already closed several businesses, including a second Georgian-owned casino on Wednesday. The Russian news media have been almost universally hostile to Georgia in their reports, comparing Georgia's president, Mikheil Saakashvili, to Hitler or to Lavrenti P. Beria, the secret police chief in the Stalin era. President Vladimir V. Putin of Russia also made the Beria comparison this week.

Russian newspapers reported that the authorities were checking lists of Georgian migrants and would soon raid dozens of businesses.

Ms. Tutberidze, speaking through an interpreter, said her husband feared arrest and deportation if he left his living quarters.

Russia has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations. In Moscow on Wednesday, Mr. Putin warned Georgia in unusually harsh terms.

"I would not allow anyone to talk to Russia in the language of provocation and blackmail," he told parliamentary leaders.

The Organization for Security and Cooperation in Europe appealed to each country to tone down the war of words and actions, but Russian lawmakers vowed to toughen, not ease, the economic sanctions against Georgia, their southern neighbor.

Additional steps could include a ban on all money transfers to Georgia, which could hit hardest the poorest Georgians, who rely on money from an estimated 500,000 Georgians who live and work in Russia. The World Bank has estimated that that money amounts to 10 percent of Georgia's gross domestic product. In Georgia, officials sounded defiant and resigned. Mr. Saakashvili and others have said that the country would learn to do without Russian trade, if necessary. The chief of the central bank, Roman Gotsiridze, told [a news organization] that Georgia would seek to block Russia's bid to join the World Trade Organization as long as the sanctions were in effect.

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The current sanctions followed several punitive trade barriers, including a Russian ban on wine and mineral water, the major Georgian exports to Russia. "Businesses were ready for the worst-case scenario after the problems with wine and water," said Giorgi Isakadze, the leader of the Georgian Business Association. Russia closed the principal land crossing into Georgia, Kazbegi, in July, forcing Georgian exporters to find other ways.

"The border has been closed for some time," said Esben Emborg, the Georgia country director for Nestlé.

Amy Denman, executive director of the American Chamber of Commerce in Tbilisi, said that Russia's new sanctions would raise shipping costs for international companies like Nestlé, Colgate, Motorola and Philip Morris. "The embargo has definitely irritated them and made their life more difficult," she said.

The sanctions could force companies to look outside Russia for markets and supplies, she said, adding, "The feeling is that Russia is shooting itself in the foot a little here."

Even so, Georgians fear that Russia could exert more pressure, particularly on the gas supply. Russia's gas monopoly, Gazprom, has promised to maintain supplies to Georgia, but many here recall the brief shut-off last winter after a mysterious explosion on a gas pipeline that Mr. Saakashvili blamed on the Russians.

But for now Russia's tough stance has strengthened support for Mr. Saakashvili, who has vowed to steer Georgia free of Russia's influence, at times with provocative words and actions of his own, like the arrests of the Russian officers last week.

Even opposition groups that have previously attacked Mr. Saakashvili have portrayed Russia's actions as a punitive response to Georgia's desire to be integrated into Europe and NATO. That, some say, could build Mr. Saakashvili's political support.

"Having Russia as an enemy was used before and is used now as a unifying factor and a symbol of strength," said Tinatin Khidasheli, leader of the rival Republican Party. "The higher voice you use against Russia, the braver you appear."

Turkish Hijacker Acted Alone, Officials Say, Rejecting A Larger Plot (NYT)

By Peter Kiefer And Sebnem Arsu

The New York Times, October 5, 2006

ROME. Oct. 4 — After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition.

Late Wednesday, Turkish authorities said they had identified a second hijacker and gave a name, saying they believed the suspect had flown back to Istanbul after leaving the hijacked plane, thus going undetected by Italian authorities at the Brindisi airport, where the forced landing of the Boeing 737 took place. All 107 passengers and five crew members walked out of the plane unharmed.

Turkey later said that the man named as the second hijacker had no ties to the case and that the original announcement had been based on an erroneous report originating from Interpol.

Italy sought to play down the incident on Wednesday, saying authorities concluded that it had been carried out by an individual and not as a plot by any larger group.

Addressing a special session of the Italian Senate on Wednesday, Interior Minister Giuliano Amato also sought to allay concerns over the implications of the incident for Pope Benedict XVI's plan to visit Turkey next month. Mr. Amato said that while the pope's coming visit was a concern of his, it was "difficult to see in this episode something that will aggravate these security problems."

He described how Mr. Ekinci, an unarmed 28-year-old, was able to divert the Turkish Airlines plane from its original Istanbul destination to Italy by muscling his way into the cockpit and falsely claiming to have accomplices on board who were prepared to blow up the plane if his orders went unheeded.

The pilot of the hijacked plane, Mursel Gokalp, said at a news conference in Istanbul on Wednesday that the hijacker was surprisingly well versed in flight emergency codes. "The person who hijacked the plane was very well informed," Mr. Gokalp said. "He was informed enough to know which codes are used in case of an emergency.

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"He has trained himself well enough to know which direction the plane points at after takeoff. After he came in, he said 'I won't harm you,' pushed the cabin attendant out and closed the door."

The hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam "evil and inhuman" and linking the religion to violence in a speech last month. But Mr. Ekinci is a convert to Christianity who wrote to the pope in August to seek his help in avoiding compulsory military service, Italian officials said Tuesday.

Mr. Gokalp said the hijacker had entered the cockpit with a piece of paper and said he wanted his message conveyed to the pope. "He said that his only aim was to send a message to the pope and that once it's done, he was going to turn himself in to the security officials."

"If not," Mr. Gokalp added, "he said his friends would blow up the plane."

An official statement from the Turkish Justice Ministry said Mr. Ekinci had a record of three convictions for corruption, false bankruptcy and forgery of official documents, and a fourth as a fugitive from military duty since Sept. 1.

The statement included no details as to how he reached Albania, where the flight of the hijacked plane originated. Mr. Ekinci is seeking asylum in Italy.

Commission Says I.R.A. Has Halted Terror Activity (NYT)

By Sarah Lyall

The New York Times, October 5, 2006

LONDON, Oct. 4 — The Irish Republican Army has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises, the independent group monitoring the cease-fire in Northern Ireland said in a report on Wednesday.

The report by the group, the Independent Monitoring Commission, potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse.

Until now, the Democratic Unionists, the largest Protestant party, led by the Rev. Ian Paisley, have refused to meet with Sinn Fein, the political arm of the I.R.A. and the province's largest Catholic party. If the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely.

Mr. Paisley responded to the report with customary caution. If the I.R.A. had improved — and he was not conceding that it had, exactly — it had done so only because of pressure from Protestant, or unionist, groups, which want to retain Britain's control of Northern Ireland, he said.

"The days of pushover unionists are gone, and Sinn Fein/I.R.A. know that they can no longer expect to be engaged in terrorist and criminal activity and be in government in Northern Ireland," he said Wednesday.

The I.R.A. formally renounced violence in July 2005. But earlier reports by the monitoring group said that it had not gone far enough in ceasing its criminal activities and spying on public officials.

Wednesday's report, by contrast, said that the I.R.A. "has taken further steps to run down its terrorist capability" and that it did not appear to be engaging in terrorism, undergoing terrorist training, recruiting new members or organizing criminal enterprises.

The Irish and British governments welcomed the report as a significant step forward.

"The door is now open to a final settlement," Prime Minister Tony Blair said in a statement. "I hope all parties understand that and seize that opportunity to create a future for the people of Northern Ireland."

In Ireland, Prime Minister Bertie Ahern said: "The report confirms that the I.R.A. is not engaged in paramilitary activity — no terrorism, training, recruiting, targeting, procurement, intelligence gathering, engineering — and that it is not involved, and continues to direct its members not to engage, in criminal activity."

Gerry Adams, the president of Sinn Fein, said that if no agreement was reached about restoring the legislature, the Democratic Unionists would be to blame.

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"If they don't participate, they are condemning people here, but particularly their own constituents, to second-class public services, run by second-class fly-in, fly-out British ministers."

Report Says IRA Has Ended Paramilitary Activity (FT)

By Christopher Adams

Financial Times, October 5, 2006

An independent report on the IRA's efforts to end its terrorist campaign on Wednesday said that the group has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland.

"We do not believe that IRA is now engaged in terrorism ... the IRA leadership has committed itself to following the political path," the Independent Monitoring Commission said.

Tony Blair, prime minister, and Bertie Ahern, his Irish counterpart, will seek to capitalise on the findings of the IMC, an expert body set up by the two governments to monitor paramilitary activity, by attempting to strike a deal in the coming days between republicans and unionists over power-sharing.

Responding to the announcement on Wednesday afternoon, Mr Blair that the "door is now open to a final settlement" in Northern Ireland."

The premiers are due to host several days of negotiations next week in St Andrews, Scotland, in what is being described as a critical moment in the stalled peace process.

Mr Blair has made securing peace in Northern Ireland a priority during his remaining months in office, as he tries to establish a political legacy before he quits sometime next year. But the odds remain heavily stacked against him, with little sign yet of an end to the deadlock between Ian Paisley's Democratic Unionists and Sinn Féin, the IRA's political wing.

The prime minister's official spokesman told reporters on Tuesday that the report would be "significant". It was hoped it would provide "a definitive answer" to whether the IRA's campaign was over. "We need an end to all paramilitary activity," he said

Wednesday's findings follow a quiet summer in the province and come just weeks before the November 24 deadline set by London for the political parties to agree a cross-party executive. One senior Whitehall insider predicted last night there would be a positive assessment of the IRA's efforts to end its campaign, although there may also be caveats in the report. The group's command and control structure, which the DUP wants dismantled, is still in place.

Mr Blair, who wants to use them as the basis for next week's talks and is due to meet Gerry Adams, Sinn Féin leader, on Friday. But past reports from the commission have failed to break the political deadlock.

The DUP leader said of the most recent report, when it was published in April, that it showed the IRA had continued "to engage in terror and criminal activities".

Talks aimed at restoring devolution were kick-started in May when Peter Hain, Northern Ireland secretary, recalled the Stormont assembly almost four years after the power-sharing institutions were suspended amid claims of an IRA spy ring.

The DUP and Sinn Féin were then invited to sit on a special committee set up to discuss the mechanisms for restoring devolution, but could not agree on who would be chairman.

Mr Hain, frustrated by the lack of progress and angry at the intransigence of the DUP, set the November deadline for the parties to agree on the appointment of a first minister, a deputy first minister and the cross-party executive. If the deadline is not met, the government has said it will shut down the assembly.

IRA Ends Terrorism, Panel Finds (WT/AP)

By Shawn Pogatchnik, Associated Press

The Washington Times, October 5, 2006

DUBLIN -- The Irish Republican Army is no longer engaged in terrorist activity and has shut down key units for weapons making, arms smuggling and training, a panel of specialists reported yesterday in findings designed to spur a revival of Catholic-Protestant cooperation in Northern Ireland.

The British and Irish governments warmly welcomed the 60-page assessment of the Independent Monitoring Commission, which also concluded the IRA has begun reducing its membership.

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The four-man panel, including former directors of the CIA and the anti-terrorist unit of Scotland Yard, reported the IRA had recently shut down three command units and "run down its terrorist capability."

Last year, the group declared a formal end to its campaign to end British control of Northern Ireland by force and handed its weapons stockpiles to disarmament chiefs.

In a surprise development, the specialists said the IRA "has disbanded 'military' structures," including its headquarters units that direct weapons smuggling, bomb making, training and recruitment. They said IRA commanders also had begun cutting their rank-and-file membership and had stopped making payments to them.

"We do not believe that PIRA is now engaged in terrorism," it added, using the group's full formal name, the Provisional IRA.

The commission said the leadership of the IRA does not consider a return to terrorism as in any way a viable option.

"These positive and clear-cut findings are of the utmost importance and significance. They are evidence that the security landscape in Northern Ireland has been radically altered," Irish Prime Minister Bertie Ahern said.

British Prime Minister Tony Blair lauded the IRA moves as likely to spur a new power-sharing agreement between leaders of Northern Ireland's Protestant majority and Sinn Fein, the IRA-linked party that represents most Catholics.

He said negotiations in Scotland Oct. 11-13 involving all Northern Ireland factions would determine whether a Catholic-Protestant administration -- the central aim of Northern Ireland's Good Friday accord of 1998 -- could be revived.

"The IRA's campaign is over. ... The door is now open to a final settlement," Mr. Blair told reporters at his Downing Street office in London.

And in Belfast, Secretary Peter Hain called on Protestant leaders "to recognize that the paramilitary situation, in particular the situation of the IRA, has changed absolutely fundamentally and radically."

"Is there now a security threat from the IRA? The answer's no," Mr. Hain said.

Both governments have given Protestants and Sinn Fein a Nov. 24 deadline to revive power sharing in line with the complex Good Friday pact. Otherwise, Britain says it will dissolve Northern Ireland's legislature and instead intensify cooperation with the Republic of Ireland.

Panel Says IRA Has Halted Terrorism (USAT)

By Jeffrey Stinson

USA Today, October 5, 2006

LONDON — The Irish Republican Army has abandoned terrorist and criminal activity after fighting British rule in Northern Ireland for more than three decades, the commission monitoring paramilitary groups in the province said Wednesday.

“We do not believe that PIRA is now engaged in terrorism,” the Independent Monitoring Commission said in a report, using the group's formal name of Provisional IRA. “We believe that the leadership does not consider a return to terrorism as in any way a viable option and that it continues to direct its members not to engage in criminal activity.”

The commission's findings were considered key to trying to restore shared power between Catholics and Protestants in governing Northern Ireland. The report's release comes a week before crucial power-sharing talks sponsored by the British and Irish governments resume in Scotland.

The opposing Catholic and Protestant political parties in Northern Ireland face a Nov. 24 deadline to agree to a power-sharing arrangement.

The Northern Ireland Assembly, a 108-member legislature with the power to elect a Catholic-Protestant administration, will be dissolved if there is no accord.

British Prime Minister Tony Blair, who will direct the Oct. 11-13 talks with Bertie Ahern, Ireland's prime minister, said the commission's report provides “the basis for the final settlement of the conflict in Northern Ireland.”

“The context for political engagement has never been better,” Ahern said.

Peter Hain, the British minister who oversees the province, told the British Broadcasting Corp., “There has been a historic, seismic and, I believe, an irreversible shift on the part of the IRA away from terror … toward a democratic future.”

The commission found that although the IRA's leadership had disarmed, halted its criminal activities and sought to make its members do the same, some renegade groups continued to operate.

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The panel said some shootings and attacks on Protestant schools and unionist gatherings since July 2005, when the IRA pledged to hand in its weapons, were the work of dissidents who continue to be involved in crimes such as drug dealing, smuggling and robbery.

Halting IRA criminal activity was a key requirement imposed by the main Protestant political party, the Democratic Unionist Party (DUP), for restoring power sharing with the IRA's political arm, Sinn Fein.

Ian Paisley, the DUP leader, said in a statement that the commission's findings are "welcomed by all of those who wish to see an exclusively peaceful and democratic basis for (shared government) in Northern Ireland."

He said his party would not share power until Sinn Fein accepts the authority of Northern Ireland's police force.

Sinn Fein leader Gerry Adams said the IRA's moves removed any excuse for the Democratic Unionists not to form a joint Cabinet. "We could do a deal tonight. We could do it tomorrow. It's all up to Ian Paisley," Adams said.

One question the commission couldn't answer: Who killed Denis Donaldson in April? The former Sinn Fein official was shot to death after he confessed to being a spy for British intelligence.

Before that revelation, Donaldson was arrested in October 2002 for allegedly operating an IRA spy ring in the Northern Ireland government.

The allegations resulted in the collapse of the power-sharing relationship established after the 1998 Good Friday Agreement brokered by the United States. The accord largely ended the conflict between Catholic nationalists and pro-British Protestants that had killed 3,600 people since 1969.

IRA No Longer Terror Threat, Monitors Say (LAT)

By Janet Stobart

The Los Angeles Times, October 5, 2006

LONDON — The Irish Republican Army has disbanded its units that bought and built weapons, stopped training recruits and ceased intelligence gathering, committing itself to a path of peace, says a periodic report made public Wednesday by a panel monitoring peace efforts in Northern Ireland.

The militants have, in effect, closed down their paramilitary and criminal activities, said John Alderdice, a member of the Independent Monitoring Commission who presented the report to the media in Belfast, the Northern Irish provincial capital.

"Three years ago, it was the most sophisticated and potentially the most dangerous of the [paramilitary] groups, possessed of the largest arsenal of guns and other material," the report says. "It is now firmly set on a political strategy, eschewing terrorism and other forms of crime."

Politicians and government leaders welcomed the report as offering hope for breaking a political logjam and opening the door to a lasting and constructive peace in the beleaguered British province. British officials have imposed a deadline of late next month for talks aimed at ending the political deadlock over Northern Ireland's future.

"The IRA's campaign is over," said British Prime Minister Tony Blair in a statement broadcast Wednesday afternoon. "There is now consensus across all main players in the politics of Northern Ireland that change can only come through persuasion and not through violence of any sort."

Irish Prime Minister Bertie Ahern welcomed "the conclusion that there is convincing evidence of the Provisional IRA's continuing commitment to an exclusively political path."

The commission's reports have focused on the IRA and its offshoots as well as the activities of Protestant paramilitary groups and the two sides' violations of an uneasy peace since the 1998 Good Friday agreement. That accord, brokered with U.S. help, brought largely pro-British Protestant and pro-republican Roman Catholic political parties together after three decades of terrorism and sought to create a Northern Irish home-rule parliament and a power-sharing executive.

There is no guarantee that members of dissident groups, such as the Continuity IRA and the Real IRA, would cease their campaigns of terrorism, the report says. Protestant loyalist groups, such as the Ulster Volunteer Force and the Loyalist Volunteer Force, also were still "involved in violent activities," it says.

However, the report's findings for the most part are positive enough to give momentum to negotiations planned next week in Scotland to revive the Northern Ireland Assembly, which was suspended in 2002.

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"It's very, very clear that the republicans have kept to all their commitments," said Gerry Adams, leader of Sinn Fein, the IRA's political ally. "A deal could be done tonight."

Protestant leaders were less sanguine about the prospects of quickly restoring the parliament. The Rev. Ian Paisley, head of the Democratic Unionist Party and chief opponent of Sinn Fein's participation in a Northern Irish government, demanded further proof of the IRA's commitment to demilitarize and end the criminal activity believed to have funded its rebellion.

He called for Sinn Fein and the IRA "to now support the police, the courts and the rule of law."

The monitors' report alludes to still-unsolved crimes such as the April slaying of Denis Donaldson, a former Sinn Fein official who had spied for Britain. Paisley said there were "real and serious doubts about the murder of Denis Donaldson, and this report has not ruled out the possibility that the Provisional IRA were behind the killing."

Other observers said Wednesday that although the report raised hopes that political progress could be made in Northern Ireland, that did not mean the parliament would be revived as soon as next month.

Paul Bew, a historian at Queen's University in Belfast and a longtime watcher of the peace process, said the report showed real progress.

"One very important point is that there is no more recruitment," he said. "It shows that this is an army in decay."

"It really looks as if the command-and-control structure which remains will be used to impose a political direction," Bew said.

The crucial point of any agreement would be the acceptance by republicans of the province's police force. The present-day Police Service of Northern Ireland replaced the predominantly Protestant Royal Ulster Constabulary, or RUC, after the 1998 pact.

Catholics historically were reluctant to join the RUC, and in the days of violence before the 1998 agreement those who did were often targeted for reprisal.

Bew predicted that "policing will be the new issue." Eventually the republican side will soften toward the new force, he said, but maybe not in time for the Nov. 24 deadline imposed by Peter Hain, Britain's secretary for Northern Ireland, for the resumption of the legislature.

Hain called the report a "unique opportunity for this generation of politicians to reach that final solution, an opportunity the government hopes the parties will now seize and not miss a fantastic window."

Nations To Form Land-Mine Removal Center (AP)

By Julie Watson

AP, October 4, 2006

MANAGUA, Nicaragua -- Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide.

After a decade of relative stability across the region, Latin American officials wrapping up a three-day Western Hemisphere's Defense Ministers Conference said their militaries should do more than simply protect their borders.

Throughout the 1980s, civil wars raged in Central America. Now defense ministers want to show that their militaries have been transformed into model forces.

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Guatemalan Defense Minister Gen. Francisco Bermudez said.

Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

U.S. Defense Secretary Donald Rumsfeld joined ministers from more than 30 Latin American and Caribbean nations in approving Nicaragua's proposal to open an international center in Managua for removing land mines around the globe, Nicaraguan Defense Minister Avil Ramirez said.

"In this way we can give back to the countries who helped us when we needed it most," Ramirez said.

Central American soldiers have removed thousands of anti-personnel and anti-tank mines since their civil wars ended in the 1990s.

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The ministers also expressed support for the region's armed forces assuming a larger role in peacekeeping missions with the United Nations and for disaster relief worldwide.

Ramirez said Nicaragua signed bilateral agreements with Peru, Uruguay and Canada for joint humanitarian missions.

The ministers also promised to cooperate on fighting international terrorism and drug and migrant trafficking.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Court Allows Bush Administration To Continue Warrantless Surveillance Program During Appeal (AP)

By Dan Sewell, Associated Press

AP, October 5, 2006

CINCINNATI – The Bush administration can continue its warrantless surveillance program while it appeals a judge's ruling that the program is unconstitutional, a federal appeals court ruled Wednesday.

The president has said the program is needed in the war on terrorism; opponents argue it oversteps constitutional boundaries on free speech, privacy and executive powers.

The unanimous ruling from a three-judge panel of the 6th U.S. Circuit Court of Appeals gave little explanation for the decision. In the three-paragraph ruling, judges said that they balanced the likelihood an appeal would succeed, the potential damage to both sides and the public interest.

The Bush administration applauded the decision.

"We are pleased to see that it will be allowed to continue while the Court of Appeals examines the trial court's decision, with which we strongly disagree," Deputy White House press secretary Dana Perino said in a statement.

The program monitors international phone calls and e-mails to or from the United States involving people the government suspects have terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to take action.

U.S. District Judge Anna Diggs Taylor in Detroit ruled Aug. 17 that the program was unconstitutional because it violates the rights to free speech and privacy and the separation of powers.

The Justice Department had urged the appeals court to allow it to keep the program in place while it argues its appeal, claiming that the nation faced "potential irreparable harm" and would be more vulnerable to a terrorist attack. The appeal is likely to take months.

"This program is both critical to preventing terrorist attacks and fully consistent with law," said Justice Department spokesman Brian Roehrkasse.

The American Civil Liberties Union filed a lawsuit in January seeking to stop the program on behalf of journalists, scholars and lawyers who say it has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Many said they had been forced to take expensive and time-consuming overseas trips because their contacts wouldn't speak openly on the phone or because they didn't want to violate their contacts' confidentiality.

The ACLU contends that the 1978 Foreign Intelligence Surveillance Act, which set up the secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

"We are confident that when the 6th Circuit addresses the merits of this case, it will agree that warrantless wiretapping of Americans violates the law and is unconstitutional," Melissa Goodman, an ACLU attorney, said in a news release.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: www.ca6.uscourts.gov

Taylor's ruling: www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

Information on the case from the ACLU: www.aclu.org/nsaspying

National Security Agency: www.nsa.gov

Federal Wiretapping Program To Continue During Court Challenge (DEN)

Detroit News, October 5, 2006

President Bush's Terrorist Surveillance Program may continue while the courts decide whether it violates the U.S. Constitution, a federal appeals court ruled today.

U.S. District Judge Anna Diggs Taylor ruled the eavesdropping program unconstitutional on Aug. 17, but issued a short-term stay to give the government time to appeal.

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Last Thursday, Taylor said her stay would expire this week unless the U.S. 6th Circuit Court of Appeals, which will review her ruling on the program's constitutionality, extends the stay. On Wednesday, as expected, the appeals court did so.

The appeal of the ruling itself has not yet been heard.

The program allows the National Security Agency to obtain wiretaps of calls into and out of the United States without first obtaining warrants from judges.

"I wouldn't read too much into it," ACLU Michigan director Kary Moss said of today's decision. "We feel that the judge (Taylor) wrote a good opinion and we will be in a very strong position moving forward."

Anthony Coppolino, a lawyer with the Justice Department in Washington, D.C., had argued that ending the program would put the country at greater risk of a terrorist attack by al-Qaida. He did not return a telephone call today seeking comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Wiretap Program Allowed During Appeal (WT)

By Joseph Curl

The Washington Times, October 5, 2006

President Bush's terrorist surveillance program can continue while the Justice Department appeals a lower-court ruling that deemed the warrantless wiretapping operation unconstitutional, a federal appeals court said yesterday.

Mr. Bush has called the program essential to the global war against terror. Congress adjourned last week for the November elections before approving legislation that would allow the surveillance.

Critics argue that the program violates several constitutional rights, including free speech and privacy, and breaches limits on executive powers.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati yesterday ruled that the program can continue pending an appeal. The three-paragraph ruling said the judges balanced the likelihood that the appeal would succeed, the potential damage to both sides of the dispute, and the public interest.

Established in 2002 and reauthorized more than 30 times, the program targets U.S. phone calls and electronic correspondence that involve known terrorists abroad.

On Aug. 17, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional, setting off a fierce debate on Capitol Hill. Mr. Bush, who is focusing his campaign speeches across the country on national security issues, demanded that lawmakers move swiftly to authorize the program, which he said has proved its value repeatedly.

The Justice Department urged the appeals court to allow the program to continue during the legal process, claiming "potential irreparable harm" to the nation if the surveillance is abandoned.

"The country will be more vulnerable to a terrorist attack," the government motion said, asking the appeals court to overrule the lower court. The U.S. District Court ruling barred the government from using the surveillance program "in any way, including, but not limited to, conducting warrantless wiretaps of telephone and internet communications."

The appeal is likely to take months. The 6th Circuit Court judges said the Justice Department met the standard for continuing the program by arguing that it prevents national harm.

The program, monitored by lawmakers from both parties, has been under scrutiny since the New York Times revealed its existence in December.

Critics say the Bush administration should work through a court set up for such cases, established under the Foreign Intelligence Surveillance Act. The administration says that court cannot always act quickly enough.

After the program was revealed, the American Civil Liberties Union filed a lawsuit seeking to end it.

Eavesdropping Will Continue During Appeal (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 5, 2006

Ruling against spying is on hold

The Bush administration's warrantless domestic spying program can continue until a federal appeals court reviews a Detroit judge's decision to scrap the program as unconstitutional.

A three-judge panel of the U.S. 6th Circuit Court of Appeals in Cincinnati on Wednesday granted the Justice Department's request for a stay of U.S. District Judge Anna Diggs Taylor's Aug. 17 decision to halt the program.

The appeals judges -- Alice Batchelder, Ronald Gilman and Julia Gibbons -- said in a two-page order that they issued the stay after balancing the likelihood of the government winning its appeal against the harm to the parties and the public interest.

Michigan ACLU Director Kary Moss said she wasn't surprised by the decision.

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"I wouldn't read too much into it," she said. "It's very common that an appellate court would want to preserve the status quo on an important case until they've had a chance to review all of the briefs."

There was no immediate comment from the Justice Department on Wednesday.

The ACLU sued the government in January on behalf of scholars, lawyers, nonprofit groups and journalists who said the NSA program had disrupted their ability to confer with clients, conduct research and engage in advocacy. They asked Taylor to declare the program unconstitutional.

Taylor agreed, ruling in August that the program usurped the power of Congress by eavesdropping without first obtaining warrants from the secret Foreign Intelligence Surveillance Court in Washington, D.C.

The 1978 law that created the court gives the administration the authority to perform electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. The law also lowered the amount of evidence required to get a warrant.

The Bush administration says its surveillance program is a vital tool in the war on terror.

It was created after the 9/11 terrorist attacks and monitors phone calls and e-mail to and from the United States involving terrorism suspects and activities.

The Justice Department appealed Taylor's decision to the U.S. 6th Circuit Court of Appeals.

Last week, Taylor agreed to postpone enforcement of her injunction for seven days so the Justice Department could try to obtain a longer delay from the appeals court.

The Justice Department urged the appeals court to allow the program to continue while the case is on appeal, saying that without the program, the nation would be more vulnerable to terrorist attack.

Man Linked To Sears Tower Plot Working On Weapons Plea Deal (AP)

By Curt Anderson

AP, October 5, 2006

MIAMI - A Chicago man with ties to a group accused of seeking to join al-Qaida and plotting to blow up the Sears Tower and other buildings is working with prosecutors on a possible plea agreement to federal weapons charges.

Sultan Khanbey, 51, was a leader in Chicago of the Moorish Science Temple religious sect and is heard on FBI tapes as telling the alleged Miami plot's ringleader that he hoped to enlist 10,000 people into a "Moorish nation," wearing green-and-black uniforms, to bring about revolution in the United States.

Khanbey, who was born Charles Stewart, is charged with illegal possession of a firearm by a convicted felon. Court records show he was convicted of rape in 1977 and attempted murder in 1973.

U.S. District Judge Marcia Cooke scheduled a change of plea hearing Wednesday for Khanbey, but it was postponed until Oct. 25 to give more time for details of a plea agreement to be worked out, prosecutors said. Cooke said by then both sides should "be on the same sheet of music" in the case.

The gun charge arose from Khanbey's alleged connections to the seven men arrested in June in the terror plot, which authorities acknowledge never got beyond the early planning stage. Khanbey has previously told investigators he knew about the plot and might cooperate with prosecutors in that case.

The purported ringleader, Narseal Batiste, headed a Miami chapter of the Moorish Science Temple sect and had known Khanbey when both lived in Chicago, authorities have said.

A lengthy document filed by Khanbey in federal court discusses the sect's philosophy, including claims that U.S. laws and documents are "bogus and fraudulent" and that the ultimate goal of African-American people should be to "break free of the iron hand of the United States yoke and laws."

Khanbey came to the FBI's attention when he was invited to come to Miami last spring to discuss Batiste's plans, but a rift occurred between the two after Khanbey become suspicious that the FBI had infiltrated the Miami group, according to court documents.

On April 19, Khanbey conducted a "trial" at the group's warehouse headquarters in the Liberty City neighborhood to expel Batiste from the Moorish organization, federal prosecutors say. That same day in a heated argument, Khanbey fired a shot from a 9mm handgun past the ear of a self-described spiritual missionary and longtime Batiste adviser who uses the name Master G.J.G Atheea.

The handgun, it turned out, belonged to another member of the group, Lyglenson Lemorin, according to court documents. Khanbey had previously said the gun discharged accidentally when he was attempting to unload it.

Batiste, Lemorin and five others remain jailed without bail on charges of terror conspiracy and material support, which authorities have said included planning for attacks on the Sears Tower and government buildings in Miami, Washington and elsewhere. All have pleaded not guilty, with trial scheduled to begin March 5.

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Their arrests were based on information obtained by two FBI informants, including one man of Middle Eastern descent who pretended to be an al-Qaida operative.

Toledo Terrorist Suspect El-Hindi Will Remain Behind Bars (TOLB)

Toledo Blade (OH), October 5, 2006

A federal judge this afternoon denied a request for bond from terrorist suspect Marwan Othman El-Hindi, who took the stand in U.S. District Court in Toledo to make a plea for his own release.

Judge James Carr denied the request after hearing from Mr. El-Hindi and other witnesses during a court proceeding that spanned nearly four hours. Mr. El-Hindi pointed to his community involvement as a reason he should be released on bond while he awaits trial.

His attorneys were seeking his release on $20,000 bond. Mr. El-Hindi is currently incarcerated at the federal prison in Milan, Mich.

Mr. El-Hindi is charged along with Toledoan Mohammad Zaki Amawi and Sylvania resident Wassim I. Mazloum with conspiring to kill or injure U.S. troops and others in the Middle East and with providing the "support and resources" to do so. Mr. Amawi was also charged with twice threatening President Bush and with distributing bomb-making information. If convicted, they face a maximum of life in prison.

Attorneys Steve Hartman and Chuck Boss put El-Hindi's wife, Marwa Aboud, on the stand as she would have been the custodian for her husband if he was released. Wearing a burqa that covered everything but her eyes, she testified that six of Mr. El-Hindi's children by other marriages are now in New York, but the couple has a 14-month old daughter in Toledo.

A friend of Mr. El-Hindi, Muwahhid Adil of Toledo, testified that he has known the defendant about 14 years. The two met at an Islamic conference in Chicago.

Al-Qaeda's Far-Reaching New Partner (WP)

By Craig Whitlock

The Washington Post, October 5, 2006

PARIS -- In a video released last month on the Internet, al-Qaeda's deputy leader, Ayman al-Zawahiri, declared that he had "great news." Al-Qaeda, he reported, had joined forces with an obscure Algerian underground network and would work in tandem with the group to "crush the pillars of the crusader alliance."

The Algerian partner, the Salafist Group for Preaching and Combat, had fought the Algerian government in a barbaric civil war for almost a decade. But Zawahiri said the new alliance had different targets in mind. "Our brothers," he said, "will be a thorn in the necks of the American and French crusaders and their allies, and a dagger in the hearts of the French traitors and apostates."

Zawahiri's statement was the latest sign of how, with al-Qaeda's help, the Algerian network has rapidly transformed itself from a local group devoted solely to seizing power at home into a global threat with cells and operations far from North Africa.

Since 2003, the group known by its French initials GSPC has emerged as an umbrella for radical Islamic factions in neighboring countries, sponsoring training camps in the Sahara and supplying streams of fighters to wars in Iraq and Chechnya, according to counterterrorism officials and analysts in Europe and North Africa.

The network also has planted deep roots in Europe. In the past year, authorities have broken up cells in France, Germany, Italy, Spain and Switzerland, including one group that allegedly plotted to shoot down an Israeli airliner in Geneva.

On Sept. 1, the French Anti-Terrorist Coordination Unit issued a statement classifying the group as "one of the most serious threats currently facing France," Algeria's former colonial master. Ten days later, the assessment was given fresh urgency by Zawahiri's videotape, timed for the fifth anniversary of the Sept. 11, 2001, attacks in the United States. In it, he noted that Osama bin Laden, al-Qaeda's founder, had given his personal approval to the "blessed union" between the Algerian network and al-Qaeda.

Responding to Zawahiri's declaration, French Prime Minister Dominique de Villepin said there was a "real and permanent" risk to France, in part because of its military involvement in Lebanon and Afghanistan, as well as its policy of forbidding Muslim girls to wear head scarves in public schools.

Pierre de Bousquet de Florian, the head of France's domestic intelligence service, added: "For our Islamist adversaries, our country is frankly in the Western camp -- the 'crusaders' in their words -- and we will be spared nothing."

Overcoming Differences

Al-Qaeda forged its alliance with the GSPC in spite of a long history of feuding with Algerian radicals.

The Algerian conflict, which has claimed an estimated 200,000 lives since 1991, at first attracted enthusiastic support from Islamic radicals around the world, including Zawahiri and other future al-Qaeda leaders. They sent money, fighters and supplies

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to the guerrillas, seeing the war as an opportunity to replace Algeria's secular, military-backed government with a fundamentalist Islamic state.

But their zeal was shaken when Algerian rebels led by another terrorist network, the Armed Islamic Group, or GIA, began slaughtering thousands of civilians. The GIA subscribed to an Islamic ideology called takfir , a belief that any Muslim who does not embrace strict, medieval codes of conduct is an apostate deserving of death.

Bin Laden, who was living in Sudan at the time, believed that killing fellow Muslims was counterproductive. So he sent an emissary to Algeria to demand that the GIA change its approach and pledge loyalty to the fledgling al-Qaeda network, according to European intelligence officials. The GIA refused.

As the massacres continued, bin Laden's allies in London and elsewhere wrote scathing denunciations of the Algerian group, a rejection that persisted for years.

The Salafist Group for Preaching and Combat -- its name is derived from a branch of fundamentalist Islam -- was founded in 1998 by a splinter group of Algerian rebels who wanted to reduce the number of civilian massacres. It quickly eclipsed the GIA, but it still struggled to win support from abroad.

That started to change after al-Qaeda launched the Sept. 11 attacks. With its territorial base in Afghanistan in jeopardy, al-Qaeda's leadership began looking for safer places to relocate.

In the fall of 2001, according to French and Algerian officials, bin Laden dispatched a Yemeni deputy to Algeria for talks with the radical group. The emissary was reported killed in September 2002 by Algerian security services, but his presence in Algeria marked a turning point, they said.

"Until 2001, the GSPC wasn't trusted by the rest of the international jihad," said Louis Caprioli, former director of international counterterrorism for the DST, the French counterintelligence service. "That's when the GSPC started to become international. It used to be focused solely on Algeria."

On the second anniversary of the Sept. 11 attacks, a leader of the Algerian group posted a statement on the Internet pledging the group's allegiance to al-Qaeda for the first time, adding: "We strongly and fully support Osama bin Laden's jihad against the heretic America." In March 2005, a successor leader, Abu Musab Abdel Wadoud, issued a similar statement praising bin Laden.

Until recently, al-Qaeda's leadership had offered cautious or tepid responses. In the summer of 2005, bin Laden referred to "our brothers" in the Algerian network in a long statement on audiotape, but otherwise has not publicly embraced the group.

It became clear, however, that an alliance could bring benefits to both sides, analysts said. If the Algerians could win al-Qaeda's endorsement, it would erase their network's pariah status in radical Islamic circles, making it easier to raise money and logistical support. In turn, al-Qaeda would gain a local affiliate and an operational foothold in North Africa.

"The leadership of al-Qaeda doesn't have a secure base left anywhere else in the world," said Liess Boukraa, a terrorism expert and author in Algiers. "So al-Qaeda needs the GSPC at the logistical level. The GSPC needs al-Qaeda at the ideological level."

Al-Qaeda has pursued this strategy in multiple Muslim countries, partnering with local underground groups in an effort to extend its name and influence. In Iraq, al-Qaeda teamed with Abu Musab al-Zarqawi's insurgent group, prevailing on him to change its name to al-Qaeda in Iraq. The Kurdish group Ansar al-Islam and various organizations in Kashmir have similar ties with bin Laden's movement.

Analysts said the shift by the Algerian organization toward a global strategy was a tacit admission that its original goal -- seizing power in its home country -- had failed. The network continues to attack government targets in Algeria almost weekly, but it has taken heavy losses in recent years and is confined to remote areas in the mountains and desert.

Estimates of the number of active GSPC members, who constitute almost all of the remaining fighters against the Algerian government, run from 500 to 1,200 -- a sharp drop from the 40,000 Islamic extremists who took up arms against the government in the 1990s.

Algerian Interior Minister Noureddine Yazid Zerhouni said last month that Algerian security forces had killed or captured 500 Islamic fighters over the past year. In addition, about 250 members of the GSPC and other extremists have accepted the Algerian government's offer of political amnesty under a national reconciliation program, he said.

Mounir Boudjema, an expert on Algerian terrorist groups and editor of the newspaper Liberte, said the Salafist radical group is weaker than ever at home.

"In terms of strategy, they have lost," Boudjema said in an interview in Algiers. "The population doesn't want to have them anymore. The people in the villages refuse to give them blankets or water or food. The whole logistical network is falling apart."Training and Support

Even as it struggles in Algeria, the GSPC has rapidly extended its reach elsewhere in North Africa.

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With al-Qaeda's backing, the network has partnered with other radical groups, including extremists in Morocco, Libya, Tunisia and Mauritania, according to Arab and European counterterrorism officials. There was little overlap among such factions in the past, officials said, but now many have turned to the Algerians for training and support.

"The message we get is that al-Qaeda has given delegation to the GSPC to coordinate their operations in the Maghreb region," said Chakib Benmoussa, the Moroccan interior minister.

"Al-Qaeda's objective is to have a base in the region of the Sahel," he added, referring to the remote stretch of North Africa that borders the southern edge of the Sahara and covers such impoverished nations as Mali, Mauritania and Niger.

In June 2005, about 150 of the Algerian group's fighters from different countries attacked a Mauritanian military outpost, killing 15 soldiers. Another of its cells kidnapped 32 European tourists in the Sahara in 2003 and reportedly received a $5 million ransom from the German government for their release.

Counterterrorism officials said the network operates training camps in the Sahara and Sahel that cater to fighters from countries bordering Algeria, but also recruits from Europe. The camps are small and temporary, consisting of four-wheel-drive vehicles and a few instructors who teach bombmaking and guerrilla tactics, said a U.S. counterterrorism official who has studied the network and spoke on condition of anonymity.

"It's all mobile and on the run. They'll rendezvous in a wadi for four or five days, then disperse," the official said, using an Arabic word for a streambed that is usually dry. "We're very much concerned about it. It's more than just a few guys. If you add it up, it's a substantial number of folks."

Many veterans of the North African camps have traveled to Iraq, where they make up one of the biggest contingents of foreign fighters battling U.S. and Iraqi forces, according to counterterrorism officials and analysts.

According to a study released in March by the Saudi National Security Assessment Project, an adviser to the Saudi government, North Africans make up about 30 percent of foreign fighters in Iraq, with 22 percent from Algeria alone. U.S. military officials and independent analysts said other estimates have shown somewhat lower numbers of North Africans, but agreed that Algerians and the Salafist group are playing key roles in the conflict.

"The GSPC, they saw the handwriting on the wall," the U.S. counterterrorism official said. "If they just stuck to fighting the Algerian government, all they would be is a minor thorn in their side. So they had to reach out."

In Europe, meanwhile, the group has revived dormant networks of Algerian radicals who emigrated after the outbreak of the civil war 15 years ago, counterterrorism officials said.

In 1994, Algerians from the GIA hijacked an Air France jet and planned to crash it into the Eiffel Tower, but a commando unit stormed the plane and rescued passengers. The next year, another GIA cell carried out bomb attacks on the Paris subway.

The same group planned attacks during the 1998 World Cup in France. But French police disrupted the plots and initiated a continent-wide round of arrests that effectively knocked out the organization on European soil.

In reconstituted form, the Algerian underground in Europe is no longer fighting solely for a national cause. That has enabled it to recruit large numbers of Tunisians, Moroccans, Syrians and other extremists who do not hold a stake in the Algerian conflict, said Xavier Raufer, a terrorism specialist at the University of Paris and a former French intelligence officer.

In July, for instance, German authorities arrested a 36-year-old man of Moroccan descent in the northern city of Kiel and charged him with recruiting fighters to go to Iraq. Prosecutors said he was a member of al-Qaeda and knew members of the Hamburg cell that carried out the Sept. 11 attacks. Last November he had traveled to Algeria to receive explosives training at a GSPC camp.

In March, eight Moroccans and a Tunisian were arrested in Casablanca and accused of planning attacks in Italy, with targets including a church in Bologna and the Milan subway system, Moroccan and Italian officials said. The cell was charged with working on behalf of the GSPC and taking orders from a deputy in Algeria.

Many of the Salafist group's foot soldiers in Europe have never been to Algeria, but are motivated to join the network because of Islamic anger over conflicts in Iraq, Afghanistan and Israel, Raufer said. "For them, it's an easy time," he said of the recruiters. "When they preach, a lot of people are furious. A lot of Muslims are outraged at what's going on."

In 30-Year-Old Terror Case, A Test For The U.S. (WP)

By Manuel Roig-Franzia

The Washington Post, October 5, 2006

HAVANA -- A quarter-century before the Sept. 11, 2001, terrorist attacks, a bomb ripped a gash in a civilian jetliner in the skies off Barbados.

The Cubana Airlines plane plummeted into the Caribbean Sea just before noon on Oct. 6, 1976. All 73 people on board died, including teenage members of Cuba's national fencing team who were returning to Havana after winning gold and silver medals at a tournament in Venezuela.

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The attack marked a new era of fear. It was the first act of midair airline terrorism in the Western Hemisphere.

The 30th anniversary of the bombing is Friday, and it coincides with a critical juncture in the case of Luis Posada Carriles, a main suspect in the bombing who has been held on immigration charges in the United States for the past 16 months.

Posada Carriles's legal odyssey has turned into a diplomatic quandary for the Bush administration and a test of the president's post-Sept. 11 credo that nations that harbor terrorists are guilty of terrorism. While the United States does not want to free a terrorism suspect, it is also reluctant to send him to Cuba or Venezuela, countries that not only remain hostile to the Bush administration but that, according to court testimony of a Posada Carriles ally, also might torture him.

Attorneys for the Justice Department must respond by Thursday to a Texas magistrate's recommendation that Posada Carriles be freed by a federal judge because he has not been officially designated a terrorist in the United States and cannot be held indefinitely on immigration charges.

"This is the moment of truth for the Bush administration," said Peter Kornbluh, a senior Cuba analyst with the National Security Archive, a nonprofit research library at George Washington University.

The prospect of freeing Posada Carriles, who is also a suspect in a series of 1997 hotel bombings in Havana that left one Italian tourist dead, has outraged Cuban leaders. Havana is papered with Cuban government posters and billboards invoking President Bush's position on harboring terrorists.

"It's as if you were to say to the American people that country X has found Osama bin Laden, who arrived without a passport or a visa, and that he is being held as an illegal immigrant but will not be sent back to the U.S.," Ricardo AlarcÃ³n, president of Cuba's general assembly, said in an interview.

Posada Carriles, 78, sneaked into the United States in March 2005. He did little to hide his presence in Miami's exile community and joked about being recognized at doctors' appointments. He wasn't arrested until he gave a newspaper interview and appeared at a news conference in May 2005, moves that seemed to taunt law enforcement officials.

At the time of his arrest, Posada Carriles, who was born in Cienfuegos, Cuba, had spent more than four decades engaged in fruitless schemes to kill Cuban leader Fidel Castro and topple his government. The immigration judge who oversaw Posada Carriles's case said his history "reads like one of Robert Ludlum's espionage thrillers, with all the plot twists and turns Ludlum is famous for."

Posada Carriles was trained by the CIA, along with other Cuban exiles, for the botched Bay of Pigs invasion in 1961. He eventually made his way to Venezuela, where he became head of the secret police surveillance division.

Venezuelan officials later accused him of masterminding the Cubana bombing, which claimed the lives of 57 Cubans, as well as passengers from Guyana and North Korea. But he escaped from a Venezuelan prison in 1985 while prosecutors were appealing his acquittal in a military trial.

Since then, he has survived a 1990 assassination attempt, which scarred half his face, and has managed to wriggle out of legal trouble while on the run in Central America. He was arrested in 2000 in Panama for allegedly plotting to set off 30 pounds of explosives during a speech by Castro at the University of Panama, but the charges were dropped.

Posada Carriles's attorney has said that his client, who has a heart condition, no longer plans violence against the Castro government.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Posada Carriles said in a statement released by his attorney.

U.S. officials see the aging Castro opponent as a more sinister figure. A field officer at the Department of Homeland Security who follows Posada Carriles's case described him as a "present danger to the community" whose "propensity to engage in terrorist activities poses a national security risk to the United States."

All of which makes the actions of the U.S. government in the case puzzling to critics, who say Posada Carriles should be prosecuted or at least confined to prison. Even some Cuba hard-liners in the United States confide privately that the case has turned into an embarrassment for the United States.

"They're just dancing around," Wayne Smith, a former head of the U.S. Interests Section in Havana and vocal critic of the Bush administration's Cuba policies, said of prosecutors. "They have all kinds of evidence against him."

It's clear that the U.S. government would prefer to make Posada Carriles someone else's problem. According to court documents, the Department of Homeland Security failed to persuade seven countries to take him -- Canada, Mexico, Panama, El Salvador, Honduras, Guatemala and Costa Rica. The magistrate in Posada Carriles's case said that the Justice Department could have legally held him for a longer period if it had officially certified him as a terrorist, but that prosecutors did not do so.

"The problem is that the American government created him, it taught him, and now it's hard for the government to punish him," Camilo Rojo Alvarez, son of a crew member who died in the 1976 attack, said in an interview.

Much of the evidence against Posada Carriles has been drawn from the U.S. government's own files, including declassified FBI and CIA documents. One declassified CIA intelligence report, citing information from informants, said Posada Carriles

attended a $1,000-a-person fundraising and planning dinner for anti-Castro activities in September 1976 along with Orlando Bosch, another prime suspect in the Cubana bombing.

Not long afterward, the report stated, Posada Carriles said, "We are going to hit a Cuban airplane. Orlando has the details."

Bosch was once in a position similar to that of Posada Carriles, and the outcome of his case unnerves Cubans now focused on Posada Carriles. In 1990, the administration of George H.W. Bush released Bosch from prison after he, like Posada Carriles, was caught entering the country illegally. Cuba had been the only country willing to take him, and the U.S. refused to send him to the island.

Bosch, an 80-year-old retired physician who now lives in a Miami suburb, has stopped just short of claiming that his and Posada Carriles's group was responsible for the Cubana bombing.

Earlier this year, he told the Spanish newspaper La Vanguardia that the Cubana flight was a "legitimate target." And in an Atlantic Monthly interview with "Cuba Confidential" author Ann Louise Bardach that is to be published this week, Bosch said: "We were at war with Castro, and in war, everything is valid."

Declassified documents state that the two men who placed the bomb on the Cubana flight worked for Posada Carriles. After getting off the plane in Barbados, one of the men called his girlfriend, who was also a Posada Carriles employee, and delivered a coded message to report the attack was successful. The message: "The bus was fully loaded with dogs."

NY Judge Suggests Ashcroft, Mueller May Remain In Lawsuit (AP)

By Larry Neumeister, The Associated Press

AP, October 5, 2006

NEW YORK (AP) — A federal appeals court seemed reluctant Wednesday to give former Attorney General John Ashcroft, FBI Director Robert Mueller and others an early exit from a lawsuit saying they subjected detainees in a probe of the Sept. 11 terrorist attacks to harsh conditions.

The 2nd U.S. Circuit Court of Appeals listened for nearly two hours as lawyers for some of the 34 former and current government employees named in the litigation argued that their clients should get immunity or had no contact with two former detainees who sued in 2004.

Judge Jon Newman, part of a three-judge panel, asked Gregory G. Garre, a government lawyer representing Ashcroft and Mueller, why his clients should not at least provide written answers to questions posed by lawyers as the case proceeds.

Garre said it would be burdensome to force high-level officials to make those kinds of responses to lawsuits stemming from broad policies they issue during national crises.

But the judge did not let up.

"For all we know they were just doing other things and just leaving these people in atrocious conditions," the judge said.

The comment drew a spirited defense of Ashcroft and Mueller by Garre, who said there was "a monumental effort and employees worked tirelessly" as the United States launched the largest FBI probe ever to find those responsible for the 2001 terrorist attacks.

Later, the judge challenged Michael L. Martinez, a lawyer for the former warden at the Metropolitan Detention Center in Brooklyn, for saying in court papers that complaints that the Quran was taken away from detainees or that guards banged on the bars of cells when detainees were praying proved the detainees were allowed to practice their religion.

The judge asked Martinez if he stood by his assertion that the references proved there were only minimal restrictions on the practice of religion.

"That's correct," Martinez said. "My client tenders that position."

The judge then called upon Garre as the only government lawyer before the appeals court to see if he agreed with Martinez's position.

"Specific allegations of abuse like that is not something that's condoned by the United States," Garre said.

The arguments came in a case brought by Ehab Elmaghraby and Javaid Iqbal, detainees who alleged that Ashcroft, Mueller and others implemented a policy of confining detainees in highly restrictive conditions because of their religious beliefs and race.

Elmaghraby, an Egyptian who worked at restaurants before he was held at the Metropolitan Detention Center from October 2001 until August 2002, settled his portion of the case after the U.S. government agreed to pay him $300,000. He was cleared of allegations he had terrorist ties but was deported in August 2003 after pleading guilty to credit card fraud.

Iqbal, a Pakistani, was arrested at his Long Island home on Nov. 2, 2001, and charged with nonviolent federal crimes unrelated to terrorism. Two months later, he was moved to the Metropolitan Detention Center, where he was held in solitary confinement for more than 150 days without a hearing, according to his lawsuit.

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He said he was subjected to physical and verbal abuse, including unnecessary strip searches, until he was cleared of any involvement in terrorism and deported after pleading guilty in April 2002 to fraud and being sentenced to 16 months in prison.

Elmaghraby and Iqbal were among 184 of 762 aliens arrested after the Sept. 11 attacks who were identified as being of high interest to the investigation and were held in maximum-security conditions. Eighty-four of the 184 detainees were housed in Brooklyn.

In September 2005, U.S. District Judge John Gleeson ruled that Ashcroft and Mueller could remain as defendants because the plaintiffs alleged they were personally involved in the creation or implementation of unconstitutional policies after the Sept. 11 attacks.

The appeals court panel didn't say when it would rule.

Judges Zero In On Treatment Of A Detainee (NYT)

By Nina Bernstein

The New York Times, October 5, 2006

In sharp questioning, a three-judge panel yesterday challenged arguments by federal officials seeking dismissal of a Pakistani man's suit charging that because of his religion, race or national origin, he, like others, was held for months after 9/11 in abusive solitary confinement before being cleared of links to terrorism and deported.

In the mahogany and marble splendor of the Second Circuit Court of Appeals in Lower Manhattan, lawyers for former Attorney General John Ashcroft and other government officials argued that the officials were entitled to immunity from the lawsuit filed by the man, Javaid Iqbal, who had been known as "the cable guy" to his Long Island customers before he was swept into a federal detention center in Brooklyn as were hundreds of other Muslim immigrants in the New York area.

From the start of yesterday's two-hour hearing, one of the judges, Jon O. Newman, showed particular impatience with the narrow legal defenses offered by the defendants in the case, which lawyers for Mr. Iqbal say seeks accountability for what they call serious constitutional violations by the nation's highest law enforcement officials. It is the first case of its kind to reach the appellate level.

Judge Newman was especially scathing in questioning the lawyer for Dennis Hasty, formerly the warden of the Metropolitan Detention Center, where Mr. Iqbal and 184 others designated by the Federal Bureau of Investigation as "of high interest" were confined in a special unit where a 2003 Justice Department Inspector General's report found widespread abuse.

Mr. Hasty's lawyer, Michael L. Martinez, had argued in his brief that even if everything alleged in the lawsuit were true — as the appellate judges must assume at this stage of the litigation — Mr. Iqbal's treatment "never approached the level of a due process violation."

"Beatings?" Judge Newman asked. "Exposure to air-conditioning after standing in the rain? Needless strip-searches? Never approached a due process violation? If I thought your client really believed that, I've got to tell you, I'd be really troubled."

Judge Robert D. Sack was equally acerbic in commenting on a defense assertion that the complaint failed to link Mr. Hasty personally to what was going on at the detention center.

"He is the warden," Judge Sack said. "If he didn't know what was going on — I'm boggled twice in one argument."

Mr. Martinez replied that five years after 9/11 it was easy to criticize decisions made at the time. He cited legal precedents holding that "the courts are ill-equipped to second-guess what goes on in prisons."

Earlier, Judge Newman interrupted Lauren Resnick, the lawyer representing two former officials of the F.B.I., Michael Rolince, the agency's former chief of counterterrorism, and Kenneth Maxwell, a former special agent in charge of the F.B.I. office in New York, as she argued that the complaint was not specific enough in linking the F.B.I. supervisors to what another federal bureaucracy was doing in the detention center.

"You don't think your clients had a major role in the decision not to release these plaintiffs?" Judge Newman asked. He was referring to findings by the Inspector General that detainees picked up on called-in tips were often designated "high-interest" and held in highly restrictive conditions until the F.B.I. cleared them, a process that took months because it was not a high priority.

"Are you telling me that they were unaware that they were being held in highly restrictive conditions?"

Instead of answering, Ms. Resnick kept repeating the legal position that the complaint itself was deficient in the way it made its accusations.

Earlier this year, the federal government agreed to pay $300,000 to another plaintiff in the same suit, settling his claim without admitting to wrongdoing. The government, which in a lower federal court lost its effort to dismiss Mr. Iqbal's lawsuit without testimony, is seeking to overturn that ruling. It also lost a similar motion in a companion lawsuit brought as a class action by other former detainees.

Mr. Iqbal eventually pleaded guilty to credit-card fraud and was deported to Pakistan.

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Many legal arguments yesterday concerned Supreme Court rulings on governmental immunity. Judge Sack and Judge Jose A. Cabranes suggested that a case now pending before the Supreme Court might affect the question, and asked for memos by Oct. 9 on whether a delay would be appropriate.

Gregory G. Garre, a Justice Department lawyer representing Mr. Ashcroft and Robert S. Mueller III, the director of the F.B.I., said that context was everything in judging whether Mr. Iqbal's treatment, as alleged, violated any known constitutional rights.

"If there's anything that the court can take judicial notice of," he said, " it's that 9/11 was the most deadly foreign attack on domestic soil."

In his rebuttal on behalf of Mr. Iqbal, whose lawsuit was brought by the Urban Justice Center, Alexander A. Reinert argued that questioning officials was necessary to determine how 9/11 actually affected Mr. Iqbal's treatment.

Mr. Iqbal's lawsuit charges that Mr. Ashcroft and others created a discriminatory policy that was "applied to Mr. Iqbal in some of the most horrific conditions of confinement," he said, and that they knew or should have known it.

"They may believe the facts will disprove it," added Mr. Reinert, of Koob & Magoolaghan, "but that's exactly what discovery is for."

At the close of the hearing, Judge Newman questioned Mr. Garre, as the sole Justice Department lawyer, about another assertion in Mr. Hasty's brief. It contends that Mr. Iqbal's lawsuit itself shows there were "only minimal restrictions" on his ability to practice his religion, since he complained that his Koran had been routinely confiscated and that guards had banged on his cell door when he tried to pray, which demonstrated that he had been allowed to pray and to have a Koran.

In a tone of outraged incredulity, Judge Newman repeated the phrase "only minimal restrictions," first pressing Mr. Hasty's lawyer to say whether that was really his client's position or "just hyperbole by his lawyer," and finally asking Mr. Garre whether that was the government's position.

Mr. Garre replied, "Specific abuse like that is not something that's condoned by the United States."

U.S. Seeks Immunity In 9/11 Detention Case (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 5, 2006

Panel Considers Liability Of Government Officials

The personal liability of high-ranking officials for the mistreatment of Muslim men swept up after Sept. 11, 2001, and segregated at the Metropolitan Detention Center in Brooklyn was sharply contested yesterday at the U.S. Court of Appeals for the Second Circuit.

For almost two hours, a three-judge panel peppered lawyers for top U.S. Department of Justice and FBI officials, the former warden of the detention center, and FBI and corrections supervisors who argued that Eastern District Judge John Gleeson was wrong to reject their claims of qualified immunity.

The appeal was brought by the government in the case of Javaid Iqbal, a Muslim of Pakastani origin who was arrested for credit card fraud during the post-9/11 sweep and detained for more than seven months in Brooklyn.

While Mr. Iqbal ultimately pleaded guilty to the charge, served his sentence and was deported, he claims he was placed in the detention center's solitary confinement unit because the FBI had designated him and more than 700 other Muslims as "high interest" subjects in the terror attacks.

Mr. Iqbal claims he was subject to beatings by guards, dragged along the ground in shackles, harassed while trying to pray and denied adequate medical care.

His mistreatment was one example, his lawyers say, of widespread detainee abuse at the detention center.

A report by the Justice Department's Office of Inspector General issued in June 2003 criticized harsh conditions at the facility for the detainees.

Plaintiff's lawyers have cited the report in their suits against the government under the Federal Tort Claims Act and in individual lawsuits against former Attorney General John Ashcroft and former FBI Director Robert Mueller and other officials.

The report was particularly critical of the inconsistent manner in which the FBI, and then the Bureau of Prisons, imposed a "hold-until-cleared" of suspicion policy for the detainees.

Mr. Iqbal makes an equal protection claim as well as procedural and substantive due process claims.

Judge Gleeson ruled in 2005 that top officials would have to, at a minimum, answer some questions about the policy (NYLJ, Sept. 29, 2005).

Mr. Iqbal's co-plaintiff, Ehab Elmaghraby, has settled with the government.

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Yesterday, Judges Jon Newman, Jose Cabranes and Robert Sack heard lawyers for the defendants take different tacks on whether or not the U.S. Supreme Court has set a heightened pleading standard for claims against which the defense of qualified immunity is invoked.

Each of the lawyers claimed that Mr. Iqbal's complaint stated only "conclusory" allegations that warranted a dismissal by Judge Gleeson.

Lauren Resnick of Baker & Hostetler represents two former FBI supervisors that Mr. Iqbal claims were responsible for his mistreatment due to his segregation under the "hold-until-clear" policy.

Ms. Resnick contended that the supervisors should not be held liable because the FBI did not "direct or request" that Mr. Iqbal and others be held in administrative segregation. On the face of the complaint, she said, his claim should be dismissed before discovery commenced.

But, Judge Newman said, "what really happens [to them] depends on whether they are [designated] high interest?"

When Ms. Resnick said that was not necessarily the case, Judge Newman responded, "So senior people at the FBI said that if they were walking around in the general population, that's OK with us ?"

Judge Newman then asked, "You are urging a higher pleading standard, are you not?"

Ms. Resnick said courts are split on the issue and, while acknowledging that the qualified immunity context is "unique," said courts would benefit from some clarification on this point from the U.S. Supreme Court.

Qualified Immunity Meaning

The lawyers were divided on the meaning of the Supreme Court's decision in Crawford-El v. Britton, 523 U.S. 574, (1998), in the context of qualified immunity - which protects officials from burdensome litigation and discovery in the course of performing their duties as long as they are not violating clearly established law.

Michael Martinez of Crowell Moring in Washington D.C., who represents the detention center's former Warden Dennis Hasty, said Crawford-El did not stand for the proposition that plaintiffs have to meet a heightened pleading standard-one that goes beyond simply giving notice to the defendant about the nature of the allegations.

But a body of law has developed over the years requiring more than notice pleading where qualified immunity is involved. Plaintiffs must "put forward specific non-conclusory allegations that establish things like improper motive," Mr. Martinez said. "We still require something more than bare-bones allegations."

"How is that not a heightened pleading standard?" Judge Sack asked.

Judge Newman asked whether or not there had to be "some discovery" on whether the warden knew what the correctional officers under his command were doing.

"Unless he's [Iqbal] called into the warden's office and [the warden says] 'I'd like you here while I give my marching orders,' doesn't that mean that wardens are never liable?" the judge asked.

Mr. Martinez answered no and said the complaint only had to go further than saying Mr. Hasty, the warden "knew or should have known" about the abuse.

"But this was going on for months." Judge Sack said.

Principal Deputy Solicitor General Gregory Garre said Crawford-El stands for the proposition that a "trial court must exercise its discretion in a way that protects the substance of a qualified immunity defense"-with the goal being to avoid "burdensome litigation" and plaintiffs are required to show more to survive a prediscovery motion to dismiss.

"Whether you think of that in terms of a heightened pleading standard or not, that's the standard," he said, adding that the complaint fails in that regard as to Mr. Ashcroft and Mr. Mueller.

Mr. Garre said he was "happy to defend" the "policy of holding post-9/11 detainees in a highly restricted environment until they were cleared by the F.B.I. That policy violated no clearly established constitutional right."

Burden of Proof

Alex Reinert of Koob & Magoolaghan, who represents Mr. Iqbal along with attorneys from the Urban Justice Center and Weil, Gotshal & Manges, said the defendants were assuming "adversarial discovery before the filing of a complaint," and his client went well beyond "conclusory" allegations.

The Crawford-El case, he said, was not about heightened pleading standards but about the burden of proof.

Crawford-El, he said, meant that a district court should use its discretion not to prevent "any discovery, just burdensome discovery."

The judges asked Mr. Reinert whether the actions of officials post-9/11 should be weighed in the context of the nationwide imperative to capture possible co-conspirators and prevent further attacks.

Regardless of the severity of the attacks, Mr. Reinert said, officials knew that "it's been clearly established for years that you can't put people in conditions of confinement" like those to which Mr. Iqbal was subjected.

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Mr. Iqbal, he said, was subject to "horrific abuse" that was the direct result of a policy initiated from the top and he was "not getting hearings" like "everyone else in the MDC who was not Muslim was getting hearings."

He continued, "We made these allegations, your honor, but we don't have to prove them here," adding that the Supreme Court has said "there is no heightened pleading standard unless the rules say there is."

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Security At Supermax Slammed In Fed Report (RMN)

By Lou Kilzer, Rocky Mountain News

Rocky Mountain News, October 5, 2006

Prison officials allowed convicted terrorists in the federal super-maximum lockup in Florence to communicate with outside radicals for years and subsequent steps taken to shut down the links have serious gaps.

That is one of the findings in a highly critical Justice Department report released this week on the handling of terrorists and gang leaders in federal prisons.

The so-called Supermax facility in Florence came in for special scrutiny because it houses the federal prison system's most dangerous inmates, including several involved in the 1993 bombing of New York's World Trade Center.

Three of the bombers sent at least 90 letters to Islamic extremists between 2002 and 2004, some of them aimed at recruiting suicide bombers, according to the Justice Department's Office of the Inspector General.

Since then, the three bombers have been carefully monitored, but risks remain, according to the report.

Florence hired three full-time Arabic translators after the communications were uncovered, but translations are slow.

The damning report comes a little more than two weeks after grand jury indictments revealed that a Los Angeles street gang leader was able to continue to direct his drug dealing operations from the prison through coded messages.

It raises fresh questions about funding levels for the prison, where leaders of the union representing correctional officers say staffing has dropped dangerously low and where four funding requests to improve security since 9/11 have failed, even as the facility has become home to more of the country's most notorious terrorist bombers.

Short staffing and lack of funding underlie the gaps that allowed the dangerous mailings to get out, according to the OIG report.

The FBI, which handles letters from the most dangerous prisoners, is supposed to produce translations within 60 days, according to the report. In reality, it sometimes takes as long as six to 18 months, the report says.

And even concentrating on the worst of the inmates may not be enough.

"These delays in translations . . . pose a security risk because plans for terrorist and criminal activities could be communicated to or by inmates through the mail or telephone and implemented by outside contacts before translations are completed and the intelligence gleaned from them shared," the report says.

Further, the three translators hired at Florence did not begin intelligence training until late last year, meaning that letters may have been translated but coded messages not detected.

"We found that the (Bureau of Prisons) lacks sufficient intelligence capability to adequately analyze information from inmate mail to detect terrorist activity," the report says.

The key problem is staffing.

When investigators showed up to review the situation at Florence they were told that on three consecutive days the week before, two or three of seven special investigative supervisors had been pulled for other tasks.

The person responsible for monitoring all communications said she was pulled the previous week on four of her five workdays "to fill a vacant post elsewhere in the institution."

Such assignments, she reported, happened frequently.

The report said that such staffing decisions "can have significant security consequences."

According to the report, the FBI "showed little interest in the 17 international terrorist inmates" in the Florence facility until the letters from the Trade Center bombers were uncovered.

The inspector general recommended several steps to tighten the ship at Florence by sharply increasing and improving communications monitoring.

State Rep. Buffie McFadyen, D-Pueblo West, says she believes the warden at the Florence facility "has done the best he can with the resources he has," but that those resources are inadequate.

"Florence is still not staffed to the minimum level that is necessary," said McFadyen, who has taken a special interest in safety and funding for the prison in her district.

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Felicia Ponce, a Bureau of Prisons public relations specialist, said Wednesday that prison officials "are continually reviewing our procedures" and that they appreciated the inspector general's "very candid report and will ensure that the report's recommendations are acted upon as soon as possible."

But Ponce sounded a cautionary note: "To implement these recommendations systemwide will require significant additional resources, primarily staff."

And to do that, she said, the bureau would turn to "the federal budget process."

The probe was launched after the March 2005 discovery that Florence prisoners Mohammed Salameh, Mahmud Abouhalima and Nidal Ayyad - all convicted for the 1993 World Trade Center plot - had communicated with various outside extremists.

In one instance, a letter from Salameh was found in the possession of Mohamed Achraf, who authorities said was plotting to blow up the National Justice Center in Madrid, Spain.

A member of a Spanish terror cell also was using letters from Florence to recruit other members. Salameh even managed to send a letter praising Osama bin Laden to Arabic newspapers.

The Florence Supermax prison has held a who's who of criminals, including Unabomber Theodore Kaczynski, Oklahoma City bomber Terry Nichols and Zacarias Moussaoui, the 9/11 conspirator dubbed "the 20th hijacker."

Conclusions need no translation

The federal Office of the Inspector General released this week a highly critical report on the Supermax prison in Florence, saying that:

· Staff failed to read all of the mail of high-risk prisoners.
· The facility does not employ enough proficient translators.
· It was slow to train translators in intelligence techniques.
· It didn't hire its first staff member dedicated to translation until 2005.
· Less than 50 percent of inmate calls were monitored.
· It randomly monitored only 1.8 percent of inmate mail during a test period.

Waterboarding Historically Controversial (WP)

By Walter Pincus

The Washington Post, October 5, 2006

Key senators say Congress has outlawed one of the most notorious detainee interrogation techniques -- "waterboarding," in which a prisoner feels near drowning. But the White House will not go that far, saying it would be wrong to tell terrorists which practices they might face.

Inside the CIA, waterboarding is cited as the technique that got Khalid Sheik Mohammed, the prime plotter of the Sept. 11, 2001, terrorist attacks, to begin to talk and provide information -- though "not all of it reliable," a former senior intelligence official said.

Waterboarding is variously characterized as a powerful tool and a symbol of excess in the nation's fight against terrorists. But just what is waterboarding, and where does it fit in the arsenal of coercive interrogation techniques?

On Jan. 21, 1968, The Washington Post published a front-page photograph of a U.S. soldier supervising the questioning of a captured North Vietnamese soldier who is being held down as water was poured on his face while his nose and mouth were covered by a cloth. The picture, taken four days earlier near Da Nang, had a caption that said the technique induced "a flooding sense of suffocation and drowning, meant to make him talk."

The article said the practice was "fairly common" in part because "those who practice it say it combines the advantages of being unpleasant enough to make people talk while still not causing permanent injury."

The picture reportedly led to an Army investigation.

Twenty-one years earlier, in 1947, the United States charged a Japanese officer, Yukio Asano, with war crimes for carrying out another form of waterboarding on a U.S. civilian. The subject was strapped on a stretcher that was tilted so that his feet were in the air and head near the floor, and small amounts of water were poured over his face, leaving him gasping for air until he agreed to talk.

"Asano was sentenced to 15 years of hard labor," Sen. Edward M. Kennedy (D-Mass.) told his colleagues last Thursday during the debate on military commissions legislation. "We punished people with 15 years of hard labor when waterboarding was used against Americans in World War II," he said.

A CIA interrogation training manual declassified 12 years ago, "KUBARK Counterintelligence Interrogation -- July 1963," outlined a procedure similar to waterboarding. Subjects were suspended in tanks of water wearing blackout masks that allowed

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for breathing. Within hours, the subjects felt tension and so-called environmental anxiety. "Providing relief for growing discomfort, the questioner assumes a benevolent role," the manual states.

The KUBARK manual was the product of more than a decade of research and testing, refining lessons learned from the Korean War, where U.S. airmen were subjected to a new type of "touchless torture" until they confessed to a bogus plan to use biological weapons against the North Koreans.

Used to train new interrogators, the handbook presented "basic information about coercive techniques available for use in the interrogation situation." When it comes to torture, however, the handbook advised that "the threat to inflict pain . . . can trigger fears more damaging than the immediate sensation of pain."

In the post-Vietnam period, the Navy SEALs and some Army Special Forces used a form of waterboarding with trainees to prepare them to resist interrogation if captured. The waterboarding proved so successful in breaking their will, says one former Navy captain familiar with the practice, "they stopped using it because it hurt morale."

After the Sept. 11, 2001, terror attacks, the interrogation world changed. Low-level Taliban and Arab fighters captured in Afghanistan provided little information, the former intelligence official said. When higher-level al-Qaeda operatives were captured, CIA interrogators sought authority to use more coercive methods.

These were cleared not only at the White House but also by the Justice Department and briefed to senior congressional officials, according to a statement released last month by the Office of the Director of National Intelligence. Waterboarding was one of the approved techniques.

When questions began to be raised last year about the handling of high-level detainees and Congress passed legislation barring torture, the handful of CIA interrogators and senior officials who authorized their actions became concerned that they might lose government support.

Passage last month of military commissions legislation provided retroactive legal protection to those who carried out waterboarding and other coercive interrogation techniques.

Claims And Counterclaims (WSJ)

By David B. Rivkin Jr., Lee A. Casey

The Wall Street Journal, October 5, 2006

Tocqueville's trenchant observation, that sooner or later all political issues in America are "resolved" into legal questions, has certainly withstood the test of time. Our policy disputes are regularly fought out on "legal" or "constitutional" grounds, both in and out of the courts, and nowhere is this more evident than in the debates over the war against al Qaeda.

The national "dialogue" over how the U.S. should respond to the threat of radical Islam is replete with claims and counterclaims about whether the Bush administration has violated the law by holding captured jihadist prisoners without trial, by intercepting al Qaeda communications without judicial warrants, by subjecting detainees to stressful interrogations, and so forth. In fact, almost all of this clamor arises from a basic dispute over whether the U.S. is -- or should be considered -- at war with al Qaeda and its allies, or whether it should address the threat of transnational terrorism as a law-enforcement matter -- as most of its European allies have done.

There is little doubt that the Democratic Party leadership, and no small portion of the rank-and-file, find the president's rhetoric of war distasteful -- and more than a little embarrassing -- and reject the underlying notion that the U.S. is, or could be, engaged in a legally cognizable armed conflict with al Qaeda and other jihadists. Nowhere was this better displayed than in Bill Clinton's recent meltdown during his interview with Chris Wallace of Fox News. Mr. Clinton protested (rather too much) that he really had been committed to killing Osama bin Laden, and insisted that he did his best to accomplish this goal.

That may well be true. But then as now, Mr. Clinton views the relevant policy choices through a law-enforcement prism. Granting the former president's ardent desire to see off bin Laden, his administration was mired for years in arguments over whether, consistent with a Cold War executive order forbidding "assassinations," the CIA could kill bin Laden, or whether U.S. agents would instead have to attempt a practically impossible capture -- i.e., an arrest. Paralyzing concerns were also expressed by Clinton administration officials that any attempt to kill bin Laden might cause civilian casualties, even though wartime collateral damage is permissible, provided it is not disproportionate to the military advantage being gained. This rejection of the laws-of-war model continued even after bin Laden proved his belligerent intentions in a series of attacks on American citizens and U.S. military assets overseas.

In the aftermath of 9/11 -- and despite the fact that congressional Democrats joined Republicans in passing an "authorization for the use of military force" against those responsible for the attacks -- most continued to operate in a "law enforcement" mode. Democratic critics of the Bush administration have opposed virtually every measure the president has taken to guard against new attacks on American soil, including the USA Patriot Act, the National Security Agency's warrantless electronic surveillance program, data mining, access to international banking data, and the use of traditional military commissions

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to try and punish captured terrorists. During the 2004 presidential campaign, John Kerry made clear his belief that al Qaeda was a law-enforcement problem.

The Democratic message was, and remains, that the peacetime balance of individual rights and community interests is sufficient to meet the threat -- along with additional passive, and uncontroversial, defenses such as hardening cockpit doors and giving more monies to first responders. There have, of course, been notable exceptions to this rule -- such as Sen. Joe Lieberman -- but his steadfast support for both the war on terror in Afghanistan and in Iraq cost him the Democratic nomination for re-election to his seat.

By contrast, President Bush immediately recognized that al Qaeda, and the larger jihadist movement it represents, is not simply a new and especially violent street gang or drug cartel that could be handled by more and better policing. Only the government's full complement of war powers would be sufficient to meet the immediate threat to American lives and interests, and to take the fight to the enemy. He sought and obtained Congress's express authorization for military action, and has not looked back. For his pains, the president has been ruthlessly vilified by his political opponents and maligned as everything from the idiot tool of big-oil interests (and his own vice president), to a devious crypto-autocrat determined to transform the presidency into some kind of late Roman emperorship.

The president's critics, and especially those in Congress now running for re-election, should honestly admit that their differences are, by and large, matters of policy which can and should be debated as such. The question is not whether the president has broken the law, whether domestic or international, but which legal paradigm -- war or law enforcement -- makes the most sense in meeting the threat. Those who believe that captured al Qaeda operatives should be treated as ordinary criminal defendants (rather than unlawful enemy combatants), entitled to all of rights enjoyed by civilians in the federal and state courts, should stop pretending that this result is compelled by the Geneva Conventions or the U.S. Constitution. Instead, they should acknowledge making a policy choice that advantages jihadists beyond the legally required level, explain why they believe this to be right and just, and how they think it will checkmate al Qaeda.

In particular, they must answer key questions, such as how a law enforcement system designed to punish and deter, rather than prevent, criminal conduct can hope to discover and pre-empt future suicide attacks before they take place -- especially after 50 years during which progressives have demanded, and achieved, increasingly greater protections for criminal defendants.

Since the Democrats are certainly not suggesting our criminal justice system return to the pre-Warren Court's days, the pros and cons of the law-enforcement model need to be laid out explicitly, and with particulars, before the American people. Similarly, supporters of the law-enforcement model must explain on what legal basis American forces could attack al Qaeda bases overseas, and any "criminal suspects" who may be present at those sites, if the U.S. is not engaged in a war. It was, of course, that very dilemma that prevented President Clinton from killing Osama bin Laden when he may well have had the opportunity.

Sadly, the Democratic voices in Congress, like Talleyrand's Bourbons, have learned nothing. They continue to attack President Bush's policies at every turn and have never answered these questions. They rightly fear that the American people will not agree that jihadists, who recognize no law but their own religious convictions, should be granted the due-process rights of ordinary citizens accused of criminal conduct, or that our own civilian population must accept greater risk of attack to vindicate a vision of personal privacy and individual autonomy that may be laudable in peacetime, but which no state could preserve during war -- and hope to win.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Department of Justice under Presidents Reagan and George H.W. Bush.

HOMELAND RESPONSE:

Closing The Books On Dubai Ports (HILL)

By David Marchick

The Hill, October 5, 2006

Six months after Congress exploded over the proposed acquisition of six American port operations by Dubai Ports World, Congress has left town without sending foreign investment-related legislation to the president.

The fact that this legislation failed to become an election-year imperative reflects a rapid evolution in thinking in Congress across the political spectrum, thanks to the leadership of House Republicans like Roy Blunt (Mo.), Deborah Pryce (Ohio) and Michael Oxley (Ohio); and Democrats like Barney Frank (Mass.), Carolyn Maloney (N.Y.) and Joseph Crowley (N.Y.). Blunt and Frank built on earlier good work by Sens. Richard Shelby (R-Ala.) and Paul Sarbanes (D-Md.), who had the foresight to hold

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hearings well before the Dubai Ports deal made CFIUS (the Treasury Department's Committee on Foreign Investments in the United States) a four-letter word.

While the door is still open for passage of new legislation during the post-election legislative session, to close the book on the Dubai Ports fiasco the president should issue an executive order improving the process governing national security reviews of foreign investment.

No issue seized the attention of the American people this spring more than the proposed investment by DP World. A remarkable 41 percent of Americans said they followed the issue — only two percentage points fewer than those who said they followed the war in Iraq. This buzz on Capitol Hill resulted in nearly a dozen Congressional hearings over a three-week period, and the introduction of 20 bills that would have restricted foreign investment in one way or another.

Once the political controversy died down, Congress was able to take a broader look at the issue. Four factors tempered congressional enthusiasm for radical reform legislation, including proposals to prohibit foreign investment in broad sectors of the U.S. economy.

First, foreign companies have operations in every state and congressional district in the country, and members of Congress heard from these companies and employees in their districts. More than 5 million Americans are employed by U.S. affiliates of foreign-owned companies.

Second, American jobs also depend on U.S. investment abroad. As the largest investor in the world, no country has more to lose if other countries start creating barriers to foreign investment. In the past six months, the Russian government has proposed new legislation to restrict investment in "strategic" sectors. China has adopted new regulations to block foreign investments that threaten China's "economic security." U.S. investors have faced political backlash in Korea, Venezuela and Bolivia. Restrictions imposed by our government would almost certainly fan similar moves abroad.

Third, Congress learned that the existing process for conducting national security reviews of foreign investments has real teeth. Despite errors in communicating with Congress, the Committee on Foreign Investment in the United States, the interagency group that handles these reviews, has a strong record of protecting national security.

Fourth, and finally, the Bush administration has implemented significant changes in the CFIUS process. Key agencies have beefed up their staffs. The Director of National Intelligence has enhanced coordination among the intelligence agencies. CFIUS has improved its communication with Congress. These changes have already had an impact: The caseload is up by almost 50 percent over last year, and the number of second stage reviews conducted this year are on pace to exceed the previous three years combined.

Nevertheless, some action to institutionalize and build upon these reforms is needed. Without such action, Congress may lack the confidence that the process has improved and will feel the need to step in to block future transactions.

The president should quickly issue an executive order institutionalizing these changes and incorporating the most important features of the House and Senate bills. For example, CFIUS could issue more detailed reports to Congress on transactions it has reviewed. The administration could clarify the factors it considers in conducting national security reviews of foreign acquisitions. Certain cases could be reviewed by higher-level officials. And CFIUS could provide clearer guidance on how to protect "critical infrastructure" assets that truly are vital to U.S. national security. To ensure political buy-in from the Congress, the administration will need to undertake serious and extensive consultations with Congress before issuing an executive order.

In addition to these steps, the President should clarify U.S. policy toward foreign investment. Presidents Carter, Reagan and George H.W. Bush each issued formal policies that welcomed foreign investment. This president should do the same. Further, the administration should work through the G-8 and the Organization for Economic Cooperation and Development to beat back the myriad initiatives abroad that would create new obstacles for foreign investment.

Political and protectionist pressures against foreign investment will inevitably crop up periodically. The challenge for American leaders is to resist these pressures. With the trade winds from the Dubai Ports World debate having died down, the President has the opportunity to act to ensure that the most dynamic economy in the world continues to benefit from foreign investment.

David Marchick is a partner at Covington & Burling and author of the book, "US National Security and Foreign Direct Investment" (Institute for International Economics, 2006). Covington & Burling represents U.S. and foreign investors that seek approval for foreign investments by CFIUS. The firm was not involved with Dubai Ports World.

The Politics Of Ports (WSJ)

The Wall Street Journal, October 5, 2006

We had our suspicions earlier this year that the Congressional uproar over a Dubai company set to run six U.S. ports had far more to do with politics than it did national security. Congress has just proved that point.

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How else to explain that the Congressmen most opposed to letting a friendly United Arab Emirates company invest in the U.S. spent most of last week ensuring that felons could nonetheless work freely in secure areas of U.S. docks. That was the upshot of Congress's recently completed Port Security Act, if it is still worthy of that name.

As we wrote last week, Republican Jim DeMint had included a provision in the Senate version of the port bill that would have barred workers who had been convicted of treason, espionage, murder and other serious felonies. It would also have put a seven-year time-out on felons who'd committed such crimes as bribery, identity fraud, extortion and kidnapping. This all was eminently sensible, given our ports remain one of our most vulnerable areas for infiltration by terrorists, and that people with criminal records are obvious targets for recruitment.

Sensible, that is, unless you operate in the world of union politics, where job preservation ranks above national security. Several longshoremens' unions and their labor allies made it a goal to tank the provisions under the cover of the House-Senate conference, claiming the categories were "too broad." By the time the final bill emerged into the light, everything save the prohibitions on those who commit treason, espionage, sedition and terrorist acts had disappeared. All other former convicts are still free to roam the docks at will.

Notably, nobody now wants to take credit for this handiwork. In fact, some Senators pushed to have only a voice vote on the measure when it was first introduced, so as to avoid having to go on the record opposing it. The critics instead waited to do their dirty work in conference, where we're told at least one of those carrying water for the longshoremen was none other than Representative Pete King (R., NY).

Mr. King was last seen spearheading the charge against Dubai Ports World, bashing the Bush Administration because it hadn't shown an appropriate "level of concern" about port security. Among his biggest worries was that the company didn't have safeguards "against things like infiltration by al-Qaeda" or "corruption." "How do we ensure that one of its employees is not working for our enemies?" asked Mr. King, in a February op-ed.

Good question, Congressman. Currently some 750,000 workers have unescorted access to secure port areas, including longshoremen, truck drivers and rail workers. Moreover, the government already has good reason to worry about the possibility that some of these people are corrupt enough to be bought. As OpinionJournal.com columnist John Fund noted, only last year the Justice Department filed a racketeering suit against the East Coast-based International Longshoremen's Association, claiming it was a "vehicle for organized crime."

This matters, given that the FBI's top counterterrorism official, Joseph Billy Jr., admitted recently that one of his big concerns was that old-fashioned mobsters would tie up with terrorists. Only recently, FBI agents stopped a man with alleged mob ties from selling missiles to an informant posing as a terrorist middleman. All this makes the corruption portrayed in "On the Waterfront" seem quaint.

Despite these worries, Mr. King (who chairs the House Homeland Security Committee, and should know better) was hardly alone in watering down the provisions. Senator Daniel Inouye (D., Hawaii) had pledged to protect the provision in conference, but in fact worked to gut it. Senator Ted Stevens (R., Alaska) helped. Representative Bennie Thompson (D., Mississippi), the ranking Democrat on Mr. King's Homeland Security Committee, also lent a hand.

As for what happens now, there is some comfort in the fact the Department of Homeland Security is working on regulations that mirror the full DeMint provision. Yet the whole purpose of Congressional action was to codify such provision in law, to prevent some activist judge from throwing out the regulations, or a future President from modifying them under union pressure. We hear the DeMint team may take another run at this in the future, which is good news.

Especially because those who stripped the provisions are now running for cover. They probably remember the political fallout when former Senator Tom Daschle decided to play union politics, and led an effort to block the creation of DHS unless federal union work rules applied. Americans want to know their elected representatives are looking out for their security, not for union jobs.

EU Considering Sanctions On U.S. Over Visa (UPI)

United Press International, October 4, 2006

WASHINGTON, Oct. 4 (UPI) -- The European Union will consider diplomatic sanctions against the United States Thursday, in a row over U.S. visa policy towards new EU members.

"Appropriate steps vis-a-vis the United States could be envisaged," said a report adopted Wednesday by the European Commission, the EU's executive arm. The report says such steps could include "temporarily restoring the visa requirement for U.S. nationals holding diplomatic and duty/official passports."

The row centers on the U.S. visa waiver program, under which nationals of 27 countries are able to visit the United States for business or pleasure for up to 90 days without a visa. Fifteen EU states are covered by the program

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Because the EU has a common visa policy, all 25 member states admit U.S. citizens reciprocally, without the need for a visa. But 10 member states, including former communist countries that have become close U.S. allies and supported the United States in its war in Iraq, like Poland and Estonia, are denied entry to the visa waiver program.

EU officials say the United States has dragged its feet in working to admit them, and failed to provide objective, transparent criteria to countries, so they can work towards membership of the program.

"To date," wrote EU Commissioner Franco Frattini to his U.S. counterpart Homeland Security Secretary Michael Chertoff, "no tangible progress can be reported."

This failure to make progress is "no longer understandable and (sic) acceptable," writes Frattini.

The issue will be discussed at a meeting of European interior and justice ministers Thursday.

WAR NEWS:

GOP Lawmaker Calls For Rumsfeld To Quit (AP)

By John Christoffersen

AP, October 4, 2006

Rep. Chris Shays, who is facing a tough challenge from an anti-war Democrat, on Wednesday called for Defense Secretary Donald H. Rumsfeld to resign — a rare demand from a longtime Republican.

The Connecticut lawmaker also accused officials at the Defense Department of withholding information about the Iraq war from Congress.

"I am losing faith in how we are fighting this war," Shays, a longtime supporter of the conflict, said in an interview. "I believe we have to motivate the Iraqis to do more."

Shays, who was elected in 1987, said defense officials stopped cooperating with his congressional subcommittee after he proposed setting a timeline for troop withdrawals. Shays, who had previously opposed such a timeline, offered the plan in August following his 14th trip to Iraq since the war began.

Rumsfeld "simply is refusing to cooperate with a committee that oversees the Department of Defense," Shays said. "To me he has crossed the line."

"I think Donald Rumsfeld needs to step down," said Shays, who is chairman of the House Government Reform subcommittee on national security, emerging threats and international relations.

The Pentagon had no comment and referred to Rumsfeld's recent remarks. Asked on a flight to Nicaragua earlier this week whether he would resign, Rumsfeld responded, "No, no, no." He said he had spoken to President Bush and he had voiced his support.

Questioned about Shays' complaint about a lack of cooperation, Pentagon spokesman Bryan Whitman said, "the Defense Department does work very closely with congressional members and committees that have oversight responsibilities."

Several congressional Democrats have clamored for Rumsfeld's resignation, but it's rare for a lawmaker in President Bush's political party to argue that the Pentagon chief should step down. Republican candidate Tom Kean Jr., who is seeking a Senate seat in New Jersey, also has called for Rumsfeld's resignation.

Shays is a moderate Republican who has voted against the party rank-and-file on a number of issues, including the environment. He also supports abortion rights and gun control.

Frustration among some in the GOP with the administration's handling of the war is not limited to Congress. During an appearance in Minnesota on Tuesday, former Secretary of State Colin Powell said, "stay the course isn't a good enough answer, because to stay the course you have to have a finish line."

Rep. Walter Jones, R-N.C., who has Camp Lejeune in his district, said he has repeatedly called for Rumsfeld to resign.

"I have felt this way for quite a while. . . . He reminds me so much of (Defense Secretary Robert) McNamara in the Vietnam War. He is arrogant and will not admit a mistake."

Shays is in one of the most competitive House races this year and his comments come just five weeks before the midterm elections. His opponent, Democrat Diane Farrell, has opposed the war and advocates an exit strategy for U.S. troops. Farrell lost to Shays by 4 percentage points two years ago.

Farrell's campaign pointed out that she has been calling for Rumsfeld's resignation for months and said this is just the latest change in Shays' position.

"He has supported the war from Day One," said Farrell campaign spokeswoman Jan Spiegel. "He has voted to give the president a blank check."

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Shays made his comments after a debate with Farrell, which was dominated by questions about the Iraq war. Farrell said Shays started talking about timelines after Sen. Joe Lieberman lost the Democratic primary to anti-war candidate Ned Lamont. Lieberman is running as an independent.

Shays rejected the charge, saying he has attended funerals of soldiers and would not base his position on how to get re-elected.

Kerry Vs. Frist (WT)

By Greg Pierce

The Washington Times, October 5, 2006

Sen. John Kerry, Massachusetts Democrat, yesterday ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Mr. Kerry, the party's 2004 presidential nominee, said of the Tennessee Republican.

On Monday, Mr. Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Mr. Frist was surrendering to the Taliban, who harbored the al Qaeda organization blamed for the September 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves, the Associated Press reports.

Mr. Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth.

Cabinet Cleaning Long Overdue: Bush Should Heed Advice Of Departed Chief Of Staff (BOSH)

By Wayne Woodlief

Boston Herald, October 5, 2006

If he were still White House chief of staff, Andrew H. Card told me yesterday he'd have this advice for President Bush: After November's midterm elections, start thinking about changes in your Cabinet and senior staff for a "fresh start" with a new Congress in a new year.

"That's usually a good time to make changes," said Card, as familiar now with "the cadences of Washington" as he was with Massachusetts mores as a young reformer in the Legislature during the '70s.

Speaking by phone from his home in suburban Virginia, Card said, "It would be good now, right after the elections, for the president to see how the ducks have settled and sit back and say, 'This is what I want to do and should I go out and find somebody new to help me do it.' Change with, say, four months left in his term wouldn't mean much. But change wth two years in his presidency could mean a lot."

So it isn't too late (though it's way overdue) for Bush or Defense Secretary Donald Rumsfeld to do the right thing. Rumsfeld - whose blunders in the war in Iraq and its aftermath have been epic - either should step aside or be asked to go.

Card said he hasn't spoken with the president since the stirring release of Bob Woodward's new book, "State of Denial," which includes Card's entreaties on Rumsfeld. "But he has sent an assistant to talk to me, make arrangements for us to get together. He is a good friend. We'll see each other pretty soon."

Card is one of the good guys in Woodward's book, which documents the deceptions, hubris and mistakes by the administration in Iraq. Card played the Great Facilitator for Bush, raised questions the president should consider, made things happen and, always, watched W's back.

When Card heard how many enemies Rumsfeld had made on Capitol Hill and among military leaders, he tried to prod the president to cut him loose. Card said he wasn't "on a campaign" to get Rumsfeld. But he had (more than once, according to Woodward's book) raised the question of change at Defense - and in other positions as well, including his own.

Card was focused enough on Rumsfeld to talk with first lady Laura Bush about him. She was distressed about the war, Woodward wrote, worried that Rumsfeld was hurting her husband. "He (the president) is happy with this. But I'm not," she said.

Presidential adviser and elections guru Karl Rove kiboshed one of Card's efforts to replace Rumsfeld (Card offered up 11 names, including former Secretary of State Jim Baker), after Bush's re-election in 2004. Rove argued that the Democrats were too contentious and the president should do nothing to cause hearings on a new nominee - and on the course of the war. "Jesus, no," as Woodward quoted Rove.

Yesterday, Card said, "Karl Rove is a healthy debater."

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But, tellingly, Card did not admit he was wrong in that debate as he did about his advice on a tense 2004 election night captured in gripping detail in Woodward's book.

Card had tried to nudge fellow Massachusetts native Mary Beth Cahill, Sen. John Kerry's campaign manager, into a concession call after early exit polls showing Kerry winning proved inaccurate. She said no, and the clock ticked past 4 a.m., with Ohio still in play (though headed Bush's way).

Card and Bush intimate Jim Francis suggested that the president make headline news by joining his supporters and claiming victory. But others, notably aide Dan Bartlett, argued not to "jam" Kerry and pressure him, lest the senator's forces raise legal questions about electoral procedures in Ohio. "You cannot go out there and put a crown on your own head," Bartlett told Bush. The president replied, "Laura thinks the same thing."

The president made the right call then, and Card said yesterday, "I think that the right decision was made and that my counsel was not as accurate as others.' "

But Card surely was right in trying to have Rumsfeld replaced and Laura Bush surely right in seconding the feeling.

Now if only the president will take his wife's advice on Rummy as he did about Kerry on election night.

Rumsfeld Soldiers On Despite Criticism (AP)

By Lolita C. Baldor

AP, October 4, 2006

U.S. Defense Secretary Donald H. Rumsfeld skirted around a sign warning of eruption danger. He climbed the crumbling, steep steps to the top of the Masaya volcano, carefully protecting his left arm, in a sling since surgery a month ago.

Much like his painstaking but determined ascent of the crater on a drizzly day this week, the 74-year-old Rumsfeld has endured withering attacks on his competence as the Pentagon's chief. Such perseverance has not come without signs of strain.

Rumsfeld returned to Washington on Tuesday from back-to-back trips to Europe and Central America. They coincided with the release of a U.S. intelligence report saying the war in Iraq was motivating terrorists, and the publication of another book critical of the Pentagon's handling of the war. Some lawmakers in Congress renewed their calls for his ouster.

As Rumsfeld shuttled through eight time zones, from the Balkans to Nicaragua, he displayed a mix of verve and vulnerability. He jousted with reporters on some days; on others, he avoided the spotlight.

When he did take questions about his future, Rumsfeld delivered an exasperated "No, no, no," he would not resign.

And in typical fashion, he parried back. The fallout was not affecting his job, he said, or his relations with other national leaders.

"They don't seem to pay a lot of attention to it, mostly you do," Rumsfeld told reporters. "That's all you guys do is read these books, you ought to get a life."

Democrats in Washington have made campaign-season demands that Rumsfeld resign. Some Republicans have distanced themselves from what they see as an increasingly unpopular war.

Some lawmakers even have softened their opposition to a timeline for withdrawal from Iraq, which Rumsfeld emphatically opposes.

"We cannot reconstitute the armed forces without his removal," said Rep. Neil Abercrombie, D-Hawaii, last week. "While some might view this as a political attack, one cannot change defense policy without changing the person in charge."

In a new book, Watergate reporter Bob Woodward wrote that White House staff had encouraged President Bush to fire Rumsfeld after the 2004 election. Asked about that, Rumsfeld said he spoke personally with Bush, who offered his full support.

During the early days of the trip, Rumsfeld did his best to stay out of the spotlight — which was then focused on the U.S. intelligence report concluding that the Iraq war has fueled terrorists and increased the danger of attack.

He spent the initial 11-hour flight to Montenegro cloistered with staff and his wife, Joyce, in a private compartment. Later in the trip, an expected briefing with reporters in Portoroz, Slovenia, was abruptly canceled. He went straight to his hotel room.

When he faced reporters in the Balkans the next day, he scolded them for asking him too many questions at a press conference, rather than directing their queries to other NATO defense ministers on the stage.

Rumsfeld was in occasional pain from surgery that repaired his rotator cuff; at time, he had trouble sleeping. Still, Rumsfeld kept up a frenetic pace of private and public meetings with his defense counterparts.

"Any suggestion that the secretary is either distracted or slowing down is so far off the mark that it's just nutty," Pentagon press secretary Eric Ruff said.

Indeed, the secretary kept a rigorous schedule during the four-country tour.

When he arrived in Montenegro, he met with leaders for a few hours, then took a quick hop to Albania, where he met with his defense counterparts from the region.

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He stayed there overnight, then made the 90-minute flight to Slovenia, toured a horse farm, then spent two days in meetings with NATO defense ministers. He flew home to Washington late last Friday, only to turn around and fly to Nicaragua Sunday morning for two more days of meetings with Western hemisphere defense ministers.

En route home Tuesday evening, he met with staff in his office on the plane, with a 4-inch stack of manila folders on the desk in front of him and a bulging briefcase at his side.

With all that reading, there would be no time to peruse the lengthy critique of the war in Woodward's book.

"I didn't read it," said Rumsfeld. "Obviously I doubt that I will."

U.S. European Commander Confirms Quotes In Book (WP)

By Thomas E. Ricks

The Washington Post, October 5, 2006

One of the highest-ranking generals in the U.S. military yesterday stood by views attributed to him in a controversial new book about the Bush administration's handling of the war in Iraq but said it was important to understand the context in which those views were expressed.

Marine Gen. James L. Jones, the U.S. commander for Europe, is quoted in "State of Denial," by The Washington Post's Bob Woodward, as believing that the war in Iraq is a "debacle" and that "The Joint Chiefs have been systematically emasculated by Rumsfeld." As Marine commandant, the post he held before moving to Europe, Jones was a member of the Joint Chiefs of Staff.

The book also quotes Jones as delivering a warning about working with Defense Secretary Donald H. Rumsfeld to Marine Gen. Peter Pace, who was about to become chairman of the Joint Chiefs. "You should not be the parrot on the secretary's shoulder," Jones reportedly told Pace.

Jones's confirmation of Woodward's account is especially noteworthy because in the book, Pace denies that Jones made such remarks to him. Also, Jones's comments suggest that active-duty generals are beginning to criticize the defense secretary and the Iraq war with the harshness that several retired generals have used recently.

Speaking at a Washington meeting of the Council on Foreign Relations, Jones said he had a long discussion with Pace in Stuttgart, Germany, in September 2005, and then met with Woodward in Brussels that December. He characterized both Pace and Woodward as old friends. Speaking of the book's account of the September conversation, he said, "I don't challenge Bob's characterization of it, except that had I seen [the book], I probably would have suggested that the tone was more critical than I intended it to be."

Jones, who plans to retire in a few months, repeatedly declined to discuss the specific wording of his comments to Woodward about Iraq. "I'm not going to get into recollections of adjectives," he said. "I did talk about Iraq with a concern that Iraq deserves."

"I don't think that Iraq is a debacle," Jones told reporters after the meeting. "Iraq is a big problem."

Jones insisted there is a sharp distinction between his private comments and the criticisms made this year by retired generals. "I do not associate myself with the so-called revolt of the generals," he said. "I believe that general officers, both active and retired, have an obligation to let their views be known," but should do so in a "helpful" way.

The bottom line on his conversation with Pace, he said, was that it was "two friends talking, one trying to help the other."

Jones said he has not discussed the comments in the book with Rumsfeld, who has been traveling this week. "We're a team, we're together, we have occasional family disagreements," he said after the meeting.

Imperfect Picture Of Rumsfeld At War (FT)

By Jacob Weisberg

Financial Times, October 5, 2006

An interesting exercise, if you have a taste for Washington anthropology, is to track the treatment of any significant figure through the three volumes of Bob Woodward's Bush-the-Warrior trilogy. I spent Wednesday reading all the passages about Donald Rumsfeld, US secretary of defence.

In Mr Woodward's first instalment, Bush at War, published in 2002, Mr Rumsfeld is a hero of September 11 and the triumphant commander of the US victory in Afghanistan. Here Mr Rumsfeld is a seer ("In his early days as defence secretary, Rumsfeld had clearly anticipated that the United States was going to be surprised by some attack, perhaps something along the lines of September 11 . . . ") and a tower of strength (he "left no doubt in Bush's mind that when the moment came, as it surely would, that the United States was threatened, he, as secretary of defence, would be coming to the president to unleash the military").

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When the attack comes, Mr Rumsfeld insists on holding an emergency meeting inside the burning Pentagon, moving to another office only when a general insists that "the smoke is getting pretty bad".

Though one of Mr Woodward's hallmarks is never to tell readers what, or if, he thinks about anything, his adjectives give the game away.

On first encounter, Mr Rumsfeld is a "small framed, almost boyish, former Navy fighter pilot who did not look his 69 years". During his first tour as defence secretary under President Gerald Ford, Mr Woodward tells us that Mr Rumsfeld was "a JFK from the GOP (Republican party) – handsome, intense, well educated, with an intellectual bent and an infectious smile".

A few pages later he describes Mr Rumsfeld, with a degree of reverence reserved for his most gushing sources, as "a walking example of what the novelist Wallace Stegner calls 'resilience under disappointment', the persistence of drive, hard work and even stubbornness when ambition has not been fully realised". He is a demanding executive with a core of iron.

In Mr Woodward's second Bush book, Plan of Attack, published in 2004, Mr Rumsfeld retains his aura, though it is dimming slightly with the failure to find any weapons of mass destruction in occupied Iraq.

His subject remains "small, almost boyishly dashing", "focused" and "intense". He still has the infectious smile, though it can now "convey impatience, even condescension" when he is interrogating the sloppy thinking of the bureaucratic midgets around him. Mr Rumsfeld can be "tough, unpleasant, unrelenting", but usually in pursuit of "outside the box thinking" in a hidebound military establishment.

Now we have Mr Woodward's third work in the series, State of Denial. Mr Rumsfeld – embattled and clearly no longer a source for what happens behind the scenes – has misplaced his good looks, his decency and his brilliance.

He still has that "boyish intensity" – Mr Woodward never lets go of an epithet once he has bothered to work one out – but these days he is "cocky" and unreasonably confident, a man whose "micro-managing was almost comic". The story begins with him burying everyone at the Pentagon in "snowflakes", unsigned notes that are "an annoyance", "intrusive" and "petty".

This Rumsfeld is on a perpetual power-trip, dressing down underlings for the sheer, sadistic pleasure of it. "Shut up," he is recalled to have shouted at some hapless peon decades ago. "I don't want any excuses. You are through and you'll not have time to clean out your desk if this isn't taken care of." Subordinates describe him in unprintable terms.

By the end of the book, Mr Woodward himself is confronting Mr Rumsfeld over his unwillingness to admit the Iraqi insurgency is growing and that his decisions have cost many lives. "How could he not see his role and responsibility?" Mr Woodward ponders, winding up his interview. "I could think of nothing more to say."

Something Mr Woodward might say, if he wanted to admit reality himself, is that he has changed his mind about Mr Rumsfeld without Mr Rumsfeld changing an iota. Love him or hate him, the defence secretary is the Rock of Gibraltar. He will experience personal growth when Dick Cheney turns vegan. But somehow, the fixed qualities that Mr Woodward cast as positive in books one and two have curdled in book three.

Mr Woodward never acknowledges changing his mind because he regards himself as a reporting machine, with no opinions of his own. He cannot say he is revising his judgments because he claims never to have made any.

But of course, Mr Woodward does have a consistent world view – Washington's conventional wisdom. When everyone viewed Mr Rumsfeld as a commanding hunk, Mr Woodward embodied the adoration. Now that we all know Mr Rumsfeld is a vicious old bastard, Mr Woodward channels the loathing just as fluidly. If the war in Iraq takes a turn for the better, Rumsfeld the Stud might well come roaring back in Mr Woodward's Bush at War IV: Big Brass Ones.

It is slightly maddening to see Mr Woodward reverse his point of view without acknowledging that he ever had one – then or now. You could charge him with flattering politicians only when they are on top. But you might as well accuse a weather vane of changing its mind about which way the wind should blow.

The writer is editor of Slate.com

Sad Choice On Security: GOP Arrogance Vs. Democratic Weakness (RC)

By Morton M. Kondracke

Roll Call, October 5, 2006

Just when Republicans thought they had Democrats caught in another election-year "terror trap," The Washington Post's Bob Woodward sprung them by refocusing attention on the mess in Iraq.

That's the politics of national security. At the moment, the advantage would seem to favor Democrats.

But the grim reality of the situation makes the politics seems trivial. Voters have a choice between Congressional Republicans who rarely question a bull-headed, arrogant administration that's slowly losing the war in Iraq and Democrats who simply can't be trusted to fight the nation's enemies.

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Woodward's new book, "State of Denial," follows several others that tell the same story: the U.S. went into Iraq with too few troops to secure the country; Secretary of Defense Donald Rumsfeld refused to plan for a post-invasion occupation or the possibility of an insurgency and intimidated top generals into going along with his under-manning of the operation.

The book portrays President Bush as being willfully blind to the realities unfolding in Iraq — and deceptive in conveying them to Congress and the nation.

I think Woodward fails to credit the need for a president to defend his war policies for the sake of maintaining political support and troop morale. On the other hand, if he failed to ask incisive questions in private — and whack heads, where appropriate — he was not fulfilling his role as a strong wartime leader.

With a few exceptions — Sen. John McCain (R-Ariz.) to Bush's right, Sen. Chuck Hagel (R-Neb.) to his left — Republicans in Congress publicly have saluted the Bush-Cheney-Rumsfeld policy, even if many of them muttered in private and failed to provide adequate oversight.

It's not fair to say — as Democrats do — that Bush policy has been "stay the course" without nuance or change. There have been tactical and strategic changes on the military and political level.

But it's still true that Iraq has never been made secure, that the level of violence is mounting and that Iraqi politicians seem incapable of fashioning a unified country. And Bush has failed to convince Americans to be patient for a long struggle.

At the same time, most Congressional Democrats have one policy: get out of this "quagmire" as fast as possible, regardless of the consequences. "Liberals" want out starting immediately. "Moderates" want out next year. Very few have positive ideas on how to win.

Moreover, it's hard not to conclude from their rhetoric last week that Democrats regard Bush and Co. as a greater menace to America's security and liberty than Osama bin Laden.

There's no question that the administration's initial approach to handling terrorist detainees was unacceptable in a democracy. It was strictly (and typically) an executive-branch and military process without recourse to the courts or Congress.

Once the Supreme Court struck down that approach, the Bush administration came up with a pre-election Congressional strategy to legalize the detainee program — as well as the National Security Agency's terrorist wiretapping program — that set a new trap for Democrats to show voters that they are "weak" on terrorism.

It was a reprise of the GOP's 2002 sudden support of a Department of Homeland Security and its fashioning of a fight over civil service rules into a test of strength against terrorism.

Again, this year, the Democrats walked right into it. In the debate, Democrats (and a few Republicans) basically argued that non-citizen terrorist captives deserve the same constitutional protections as domestic criminal defendants, fulfilling GOP caricatures that they don't really regard the war on terror as a war.

During the debate on NSA spying, Rep. Maurice Hinchey (D-N.Y.) declared that "this bill is contrary to every basic principle of our country. If we pass [it], we are opening up new opportunities for an increasingly despotic administration to continue to erode the basic freedoms and liberties of the American people."

On final passage, 177 House Democrats (and 13 Republicans) voted against the NSA program — which is designed to intercept international, not domestic, communications — and 160 Democrats (plus seven Republicans) voted against the military tribunals bills, as did 32 Senate Democrats and one Republican.

On Sept. 25, the Senate Democratic Policy Committee held a hearing at which three retired military officers, veterans of the Iraq War, excoriated Rumsfeld and called for his replacement.

But on the issue of what to do in Iraq, the officers did not hew to the Democratic line — or the Bush line. Maj. Gen. John Batiste declared: "There is no substitute for victory and I believe we must complete what we started in Iraq and Afghanistan."

Maj. Gen. Paul Eaton said, "We need a Manhattan Project" to equip Iraqi forces with better armor and weapons and triple the U.S. training force. The U.S. Army also needs 60,000 more personnel, he said.

Col. Thomas Hammes said the U.S. actually has a good military strategy — "clear, hold and build" — but it lacks the troops and resources to accomplish it. He called for "putting the U.S. government on a war footing," with tax increases to pay for it. And, he said, success might take 10 years.

"If we fail in Iraq," he warned, "I am convinced that our children will pay for the mistake." Sectarian civil war will spread to other countries, he said, and they will send forces into Iraq to protect their interests. Sunni areas will become "Afghanistan on steroids" for terrorists. And Iran will dominate the Gulf.

Neither the Bush administration nor Congressional Democrats have the will to do what's necessary to salvage the situation. Regardless of who wins the November elections, America seems headed for a catastrophic strategic defeat in Iraq. It will be left to the next president to pick up the pieces.

The Ghost Of The Oval Office (NYT)

DOJ_NMG_0075910

By James Mann

The New York Times, October 5, 2006

ON the surface, it sounds implausible: why would former Secretary of State Henry A. Kissinger, the world's best-known proponent of balance-of-power diplomacy, give advice to the Bush administration, whose professed strategy and ideals run contrary to his philosophy?

And, conversely, why would the president and his aides consult Mr. Kissinger? After all, their National Security Strategy of 2006 dropped the idea that America should even pursue a balance of power. Secretary of State Condoleezza Rice declared last year that the United States has abandoned 60 years of trying to "buy stability at the expense of democracy" in the Middle East. What could possibly be more un-Kissingerian? Mr. Kissinger has warned for decades against placing too much emphasis on democracy, human rights or moral values in foreign policy.

Yet Bob Woodward's new book, "State of Denial," describes how Vice President Dick Cheney has met with Mr. Kissinger at least once a month, and President Bush has talked to Mr. Kissinger frequently. The book portrays the 83-year-old Mr. Kissinger as the single most frequent outside adviser to Mr. Bush on foreign policy. The meetings are not some recent innovation; previous news reports have indicated Mr. Kissinger advised the administration back in Mr. Bush's first term, too.

One might at first be tempted to attribute this curious relationship to the simple notion of elitism — the idea that there are only a handful of officials who have actually run American foreign policy and therefore only a few people for Messrs. Bush and Cheney to consult.

But this explanation doesn't hold up. Brent Scowcroft and Zbigniew Brzezinski, who served as national security advisers for Mr. Bush's father and for Jimmy Carter, respectively, are among the same foreign-policy elite (and Mr. Scowcroft, in particular, has long shared Mr. Kissinger's philosophical commitment to realism in foreign policy). Yet the Bush administration has consulted with neither of these men to the same extent as it has Mr. Kissinger, perhaps because both have openly challenged current foreign policy more than he has.

So Mr. Kissinger's role seems to be unique. Yet it is not all that surprising, when you look at his own history and that of previous administrations. Since Mr. Kissinger left government in 1977, he and several presidents have subtly made use of each other in similar fashion.

Differences in ideology have rarely been obstacles to the mutual seductions of the Kissinger Schmooze. Mr. Kissinger maintains his access to the White House and insider status, while administrations obtain a sense of validation for their policies.

It also helps for a president to know that he is keeping Mr. Kissinger on board — that even if Mr. Kissinger were to conclude that an administration's policies were dead wrong, or stupid, or directly contrary to his own philosophy, he wouldn't say so in public. (In 2002, Mr. Kissinger was reported in newspaper articles to have broken ranks with the Bush administration on Iraq; but Mr. Kissinger, quickly made plain that his views had been misinterpreted.)

Ronald Reagan campaigned against Mr. Kissinger in 1976 when he challenged President Gerald Ford in the Republican primaries, not only condemning Mr. Kissinger's policies but promising that if elected, he would replace him as secretary of state. But once Mr. Reagan won the Republican nomination in 1980 and went on to the White House, Mr. Kissinger's relationship to the Reagan administration was not an adversarial one.

When President Reagan branded the Soviet Union an "evil empire," thus seeming to contradict both Mr. Kissinger's past policies and his views of foreign policy, Mr. Kissinger minimized the significance of the speech; he wrote that it was up to Soviet officials to choose when to be insulted. Mr. Reagan appointed Mr. Kissinger to head a bipartisan commission on Central America in an effort to build a consensus for his administration's policy.

Mr. Kissinger's advisory role has not been not confined to Republican administrations. When Bill Clinton, campaigning for the presidency in 1992, denounced the deadly 1989 crackdown on the Tiananmen Square demonstrations in Beijing, he took aim at the underpinnings of the China policy that Mr. Kissinger had established. Yet two years later, when President Clinton announced he was abandoning efforts to link China's trade benefits to improvements in human rights, aides reported that Mr. Kissinger had been one of Mr. Clinton's leading outside advisers.

Some might hypothesize that Mr. Kissinger's perpetual re-emergence as éminence grise reflects the tendency of presidents to change their views after taking office and gradually move in Mr. Kissinger's direction. That explanation would apply to Mr. Clinton's turnabout on China policy, for example. But the theory doesn't work so well for Mr. Reagan, who even late in his administration was out of tune with Mr. Kissinger. In 1987, Mr. Kissinger complained that the Reagan administration was moving unwisely towards an arms-control agreement with Mikhail Gorbachev; it was one of the few instances where Mr. Kissinger has taken on a president in public, and in that instance Mr. Kissinger did so in the role of a hawk.

The current Bush administration does not appear to have gone through any evolution towards Kissingerian realism, at least not if you look at the president's public remarks. Although Mr. Bush gave one speech invoking democratic ideals on the eve of the Iraq war, it was not until his second inaugural address, in January 2005, that he really made democratic freedom the

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centerpiece of his foreign policy. He has done so ever since. So rhetorically, at least, Mr. Bush has been moving further and further away from a Kissingerian foreign policy.

There remains the possibility that Mr. Bush's actual views may differ from his pro-democracy rhetoric. Perhaps he talks about democracy in public but not in private. If so, that would help explain why he has been so quiet about the regular meetings with Mr. Kissinger.

More likely, however, the president and Mr. Kissinger do not see any need to try to reconcile the chasm between the administration's avowed commitment to spreading democracy and Mr. Kissinger's career-long admonitions against any such efforts. Mr. Kissinger is like the Oval Office furniture; for presidents, he is always in the background. Advising the White House is what he does. And presidents usually seem to think that a part of conducting foreign policy is to talk to Mr. Kissinger, even if it goes nowhere.

James Mann, the author of "Rise of the Vulcans: The History of Bush's War Cabinet," is an author in residence at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Tenet's Coming Memoirs (WT)

By Michael F. Scheuer

The Washington Times, October 5, 2006

With Bob Woodward's book "The Anger of the Court Historian Spurned" in hand, we now await a book by George Tenet, the former director of Central Intelligence, to be published later this fall. The book will be of great interest to Americans, not only because of the position Mr. Tenet held under Messrs. Clinton and Bush, but because the CIA apparently afforded him office space and access to documents so that he could prepare a thorough work. This, parenthetically, is special treatment that is not given to other CIA officials. Indeed, the agency apparently has accommodated the research needs of Mr. Tenet, while making tortuous the publication efforts of fine CIA officers like Gary Schroen and Gary Bernsten, men who risked their lives to protect Americans.

Mr. Tenet, in many ways, holds the keys to the kingdom; he was at the very center of the policy deliberations in two administrations that yielded the disasters of September 11 and Iraq. His personal knowledge base has the clear potential to give Americans some truth about the lead-up to those landmark events. It will be interesting to see whether he uses that knowledge to inform his fellow citizens or to burnish his reputation as the reliable friend of politicians in both parties, always ready to take the blame for the mistakes of others.

From my own perspective, I look forward to Mr. Tenet's description of what he told Presidents Clinton and Bush on three issues: hunting for Osama bin Laden, the mistaken bombing of the Chinese embassy in Belgrade and the likely consequences invading Iraq would have on the war on terrorism.

On bin Laden, Mr. Tenet deserves high marks for being involved in the nuts-and-bolts of the chase and for understanding the threat al Qaeda posed to America long before September 11. In internal CIA meetings on each occasion that arose to kill or capture bin Laden, Mr. Tenet was always gung-ho to attack and assured his lieutenants, and lesser-ranked officers like myself, that he understood that the intelligence we had acquired was precise but not perfect, but that we were quite unlikely to get any of better quality. On leaving for the NSC meetings called to decide about an attack on bin Laden, Mr. Tenet invariably assured us that he would tell the principals that the intelligence was a solid as it was going to get and that it was time to act. And when he returned to Langley, he invariably would say he had laid it on the line and the president and the NSC refused to act. Oddly, Mr. Clinton and Richard Clarke now claim that Mr. Tenet always professed strong uncertainty about the quality of the information CIA officers risked their lives to obtain. Mr. Tenet ought to use his book to set the record straight so CIA officers know that he was not lying to them.

While now just a blip on the historical screen, the Air Force's mistaken bombing of the Chinese Embassy in Belgrade resulted in the dismissal of a young, just-married CIA employee who had assembled targeting information on a building in Belgrade thought to be vital to the Serbian government. After the bombing, Mr. Tenet inexplicably accepted blame for the mistaken attack.

Now, everyone in the intelligence community knows that while many agencies nominate targets for attack in wartime situations, only the U.S. military can make the decision to attack, and that it only makes such a decision after military targeters have reviewed the information provided by other agencies and confirmed that it is valid and up to date. The question of why a young CIA employee's career was sacrificed for the military's failure is one Mr. Tenet ought in fairness to explain.

Finally, many of Mr. Tenet's subordinates at the CIA -- especially in the Counterterrorist Center -- advised him that the invasion of Iraq would break the back of America's war against the Sunni militant movement led and inspired by bin Laden. This advice did not claim that Iraq was not a threat, but simply that the invasion of Iraq manifestly amounted to the more-than-millennium-old predicate for a defensive jihad -- the unprovoked infidel invasion of a Muslim country.

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Mr. Tenet was advised that whatever the threat was from Saddam Hussein, the invasion of Iraq would validate bin Laden's call for a jihad across the Sunni world and would speed the accomplishment of bin Laden's basic goal: transforming himself and al Qaeda from a man and an organization into a philosophy and a movement. I think all Americans would be interested in learning how the president and his cabinet reacted when Mr. Tenet presented this analysis to them.

So let's all look forward to Mr. Tenet's book and to seeing what he will make of the opportunity to talk frankly to Americans. What will it be Mr. Tenet, truth teller or apple polisher?

Michael F. Scheuer, a 22-year veteran with the CIA, created and served as the chief of the agency's Osama bin Laden unit at the Counterterrorist Center.

Attacks In Baghdad Kill 13 U.S. Soldiers In 3 Days (WP)

By Amit R. Paley

The Washington Post, October 5, 2006

BAGHDAD, Oct. 4 -- Thirteen U.S. soldiers have been killed in Baghdad since Monday, the American military reported, registering the highest three-day death toll for U.S. forces in the capital since the start of the war.

The latest losses -- four soldiers who were killed at 9 a.m. Wednesday by small-arms fire -- are part of a recent spike in violent attacks against U.S. forces that have claimed the lives of at least 24 soldiers and Marines in Iraq since Saturday, the military said.

The number of planted bombs is "at an all-time high," said Maj. Gen. William B. Caldwell, a military spokesman, defying American efforts to stanch the vicious sectarian bloodshed in Baghdad that threatens to plunge the country into civil war.

"This has been a hard week for U.S. forces," Caldwell said. "Unfortunately, as expected, attacks have steadily increased in Baghdad during these past weeks." Independent databases showed the three-day toll for American troops to be the highest in Baghdad so far.

U.S. military officials said the surge in violence could be partly attributed to the increased exposure of American forces as they patrol the dangerous streets of Baghdad to try to quell reprisal killings between Shiites and Sunnis. The number of troops in the capital has been doubled since June to support the Iraqi government's new security plan, said Lt. Col. Barry Johnson, another military spokesman.

"When you go into bad neighborhoods, you'll have more attacks," said Lt. Col. James A. Gavrilis, a Special Forces officer and expert on the Iraqi insurgency. "If we have more people in one area, there will be an opportunity." He said enemy fighters "are reacting to an opportunity to attack."

Ali al-Dabbagh, a spokesman for the Iraqi government, said another likely cause for the spike in American troop deaths was a recent call by the leader of al-Qaeda in Iraq, Abu Hamza al-Muhajer, encouraging Iraqis to "eliminate the infidels and the apostates" during the current holy month of Ramadan.

Seventy-four soldiers and Marines were killed in Iraq in September, representing the highest monthly toll since April, when 76 died, according to the Iraq Coalition Casualty Count.

Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said two weeks ago that attacks against U.S.-led coalition forces in Baghdad had reached an average of 42 a day -- with about six causing casualties or equipment damage -- up from 36 or 38 attacks.

"Why are we seeing an increase in attacks?" he said. "Well, we have twice as many forces operating throughout the city now. We're challenging the anti-Iraqi forces where they live and operate."

The disclosure of heavy American losses came on another day of horrific violence for Iraqis, with at least 59 people killed in separate incidents across the country, Iraqi police said. The single deadliest attack took place at 11 a.m. in Ramadi, a Sunni insurgent stronghold in western Iraq, when a suicide bomber blew up his car at an Iraqi army base, killing at least 19 people and wounding 10, according to a police official.

Caldwell also announced yesterday that an entire Iraqi police brigade -- comprising an estimated 800 to 1,200 officers -- had been pulled out of service and placed under investigation for alleged complicity with death squads. On Sunday, gunmen burst into a food factory in Amil, a Baghdad neighborhood under the brigade's control, and kidnapped 26 workers.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said. "The government of Iraq had lost trust and confidence in the 8th Brigade, 2nd National Police Division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The move appeared to represent a new effort by Iraqi officials to root out corruption in the Iraqi security forces, which are widely believed to be infiltrated by militias and death squads that do more to exacerbate sectarian tensions than protect citizens. Caldwell said the brigade will undergo "anti-militia, anti-sectarian violence and national unity training."

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The brigade's commander might be charged with a crime, and the head of the unit's second regiment has already been arrested, said Brig. Abdul Kareem Khalaf, an Interior Ministry spokesman. "They are both under investigation to know how all this happened without the security forces interfering to stop it," he said.

Also on Wednesday, a top aide to Moqtada al-Sadr said the anti-American cleric has specific information that U.S.-led coalition forces plan to launch a major attack on Sadr City, a Shiite slum in Baghdad filled with his followers.

"They want to turn it into mass graves similar to the previous ones conducted by the former regime," said the aide, Sahib al-Amery. "The occupation forces want to start a sectarian crisis on the pretext that there are Shiite militias."

The United States and Sadr have clashed frequently since the 2003 invasion, and some military officials have been calling for more aggressive moves against the Sadr-controlled Mahdi Army, which is considered to be a militia by nearly everyone in Iraq. On Wednesday, though, Amery disputed that characterization.

"The Mahdi Army is a doctrinal and ideological army, not a militia," he said. "It has no camps or headquarters, and its weapons are self-owned by its members. We in the Shiite areas, we have no terrorist groups or organizations. These are found in the Sunni areas only."

Fight To Clear Baghdad Of Insurgents Gets Fiercer (USAT)

By Rick Jervis

USA Today, October 5, 2006

BAGHDAD — American casualties in Iraq are mounting as U.S. and Iraqi forces have stepped up a block-by-block battle to loosen the grip of militia violence on Baghdad. At least 19 American servicemembers have been killed in combat since Saturday, many of them in the capital, according to the Defense Department.

“This has been a hard week for U.S. forces,” said Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. “We are all looking at that and are very much aware of it.”

Four U.S. soldiers were killed by small-arms and indirect fire northwest of Baghdad on Wednesday. Indirect fire can refer to mortars or rockets. Eight American troops were killed in firefights and bombings Monday in Baghdad. It was the deadliest single day in the capital since July 2005.

U.S. and Iraqi forces are engaged in a high-stakes fight in Baghdad to clear out militias and insurgents.

“Certainly with this operation, we're hitting close to home and infringing on their freedom of movement and their ability to conduct these types of activities,” said Lt. Col. Michelle Martin-Hing, a U.S. military spokeswoman in Iraq. “What we're seeing now is some push-back.”

The increased presence of U.S. troops in the capital and the recent start of Ramadan, the Muslim holy month, may also account for the increase in American casualties, said Lt. Col. Avanulas Smiley, a U.S. battalion commander operating in northwest Baghdad.

Most of the violence in Baghdad, a city of 6 million, is the result of civil unrest. “Violence in Baghdad is the most prominent feature of the conflict in Iraq in this period, as Sunni and Shiite extremist death squads pursue their sectarian agendas,” according to a Pentagon report to Congress.

Civilians also pay a heavy price. The report said the Baghdad coroner took in more than 1,800 bodies in July, 90% of whom appeared to have been assassinated.

A series of bombings in Baghdad on Wednesday killed 12 people.

Some of the death squads may be linked to Iraqi government security forces.

Wednesday, the U.S. command said Iraq's government suspended a brigade of up to 700 police officers for suspected involvement with death squads.

“There was some possible complicity in allowing death squad elements to move freely when (the police brigade) should have been impeding them,” Caldwell said. “The forces in the unit have not put their full allegiance to the government of Iraq and gave their allegiance to others.”

The Iraqi Interior Ministry said that the commander of the unit, a lieutenant colonel, had been detained for investigation and that a major general had been suspended and ordered transferred.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said a random selection of troops in the suspended unit was being investigated for ties to militias.

Baghdad Bombings Hit "All-time High" (WT)

The Washington Times, October 5, 2006

BAGHDAD -- Bomb attacks in Baghdad have hit an all-time high, the U.S. military said yesterday, while the death toll throughout Iraq for American soldiers rose to 22 in the past four days.

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Iraqi authorities for the first time pulled a brigade of about 700 policemen out of service yesterday for investigation of suspected ties to death squads.

The police face criminal vetting and lie detector tests as part of a "retraining" process designed to weed out militia members who have used the cover of their uniforms to kidnap, torture and commit mass murder, U.S. officials said.

Maj. Gen. William Caldwell, the U.S. military spokesman, said the number of car bombs in Baghdad hit the highest level of the year last week and that bombs reported in general were "also at an all-time high."

The explosion of violence in Baghdad comes amid a major military operation by U.S. and Iraqi forces in the capital to stop bombings and tit-for-tat sectarian killings.

For the second time in two days, four U.S. soldiers were killed in a single incident around Baghdad, this time in what appears to have been a substantial skirmish involving mortars or rockets and gunfire to the northwest.

It took the American death toll in the past four days to 15 in and near Baghdad and 22 in total.

Gen. Caldwell described it as a "hard week" for U.S. forces, who typically suffer two to three deaths a day on average in Iraq.

Fourteen persons were killed and 75 wounded when a car bomb struck a government motorcade in Baghdad. Police said the industry minister, a Kurd, was in the motorcade but aides said no senior officials were in the convoy.

The blast in the Christian Karrada commercial area damaged buildings and left blood and mangled cars in the street.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen.

Baghdad's Sunnis widely fear the Shi'ite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad, where gunmen on Sunday kidnapped 24 workers from a frozen-food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away. Sunni politicians have said all those who were kidnapped were Sunnis; the region has a mixed population with a slight Shi'ite majority.

The Interior Ministry spokesman said the brigade was being investigated because it "didn't respond quickly" to the kidnapping. Sunnis blamed Shi'ite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Gen. Caldwell said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that [unit] comes out at 30 percent of what it went in with, that's OK," he told reporters.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Gen. Caldwell said.

The suspended brigade had about 650 to 700 members, and the Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

The U.S. military appeared to have a key role in getting the brigade sidelined. Gen. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer -- and the decision to act was made by the Interior Ministry on Tuesday.

The sectarian spiral of revenge killings between Shi'ites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions [by death squads] have caused the majority of civilian deaths in Iraq," Gen. Caldwell said.

Car bombs, as well as other explosions and shootings, killed 34 persons across the country yesterday.

Gen. Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al Qaeda in Iraq, the most feared Sunni insurgent group. In September, 110 al Qaeda suspects were killed and 520 detained -- including a driver of the group's leader, Abu Ayyub Masri, captured on Sept. 28.

Iraqis Suspend Police Brigade (LAT)

By Kim Murphy And Doug Smith

The Los Angeles Times, October 5, 2006

DOJ_NMG_0075915

BAGHDAD — Iraqi authorities said Wednesday that they have suspended an entire brigade of as many as 1,200 police officers for suspected connections to kidnappings and executions.

The Interior Ministry said it would recall and retrain the national police's 8th Brigade, based in the capital, after witnesses reported that men wearing police uniforms were behind the kidnapping Sunday of 26 workers at a south Baghdad meat processing plant.

Six of the workers later were found dead. One who had been shot and left for dead apparently crawled away to a military checkpoint, authorities said.

The decommissioning comes after street protests erupted at one of the police unit's checkpoints in the capital, and U.S. military officials requested that one of the three battalions in the brigade be recalled.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely, when in fact they were supposed to be impeding their movement, that perhaps they did not respond as rapidly when reports were made," said Army Maj. Gen. William B. Caldwell IV, spokesman for the U.S.-led coalition forces in Iraq.

He said the Iraqi government had "lost trust and confidence in the ... division's ability to serve the public due to their poor performance and alleged criminal wrongdoings."

The decommissioning is the latest in a series of moves being undertaken by Iraqi and U.S. military authorities to combat the possible infiltration by insurgents or sectarian combatants into Iraq's army and security services.

The crackdown on the police came on another deadly day for U.S. troops, four of whom were killed by small-arms fire while on patrol northwest of Baghdad, according to U.S. military authorities. A fifth soldier died of wounds sustained a day earlier near Kirkuk, bringing the total since Saturday to 21 U.S. military fatalities.

Nationwide, nine Iraqi police officers died in violence. Six were killed by a roadside bomb in Baghdadi, in Al Anbar province. One was killed and three were wounded during a demonstration at a police station in central Baghdad. Two more died in an attack on a police patrol in Baqubah, north of the capital.

In Baghdad, a car bomb apparently aimed at a convoy belonging to Industry Minister Fawzi Hariri killed 14 civilians and injured more than 70. Hariri wasn't in the car.

Ministry of Health statistics released Wednesday show that 2,667 civilians died violently in September, and 2,994 were injured, a level consistent with the summer's high monthly tallies. A substantial number of them fell victim to death squads, which often pull passersby off sidewalks, seize people from their homes, or drag motorists out of their cars. Their bodies often are found with gunshot wounds and bearing signs of torture.

Authorities said they had documented a near-record number of bomb attacks, including both car bombs and roadside explosives.

Government and military officials increasingly fear that the police and other security services have links to corruption and sectarian violence. Since June, the Interior Ministry has fired 1,700 officers suspected of corruption, abuse of authority or other violations, a ministry spokesman told The Times.

In the incident Sunday at the frozen-meat processing plant in the south Baghdad neighborhood of Amil, about half a dozen men claiming to be police officers entered and began asking employees for identification cards before ordering most of them into a truck and driving away.

At another location, the employees were beaten and then separated into Sunnis and Shiites, with the Shiites permitted to leave, according to a survivor who was interviewed by investigators from the 172nd Stryker Brigade Combat Team.

A military source said the kidnappers asked one man, "Why are you working with these Sunnis?" before releasing him.

All of the shooting victims were Sunnis.

Cartridge casings found at the scene of the kidnapping match those used in handguns carried by Iraqi police, but differ from those most commonly used on the street, military investigators said.

Wednesday's actions came after Army Lt. Col. John Norris, commander of the 172nd Stryker Brigade's 23rd forward battalion, issued a request to decommission the first of the Iraqi unit's three battalions.

U.S. military officials said the Interior Ministry already had opened an investigation of possible connections or cooperation between the brigade and death squads operating in the capital, and it moved to decommission the unit after the protests and Norris' request.

"The case that was building against the 8th Brigade of the Iraqi national police that works in Amil was based on corruption, infiltration, complacency and possibly committing sectarian murders in their area of responsibility," Norris said in an interview.

"They set up checkpoints throughout the town, they run patrols throughout their area of responsibility, so the question that begs to be answered is, why were they having such a spike in murders in their area?" he said. "When they have a significant number of checkpoints that should facilitate controlling traffic and providing security."

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He said the apparent disparity raised a question: "Are they contributing to security, or are they causing the poor security conditions?"

Interior Ministry spokesman Alaa Taie said the decommissioning and retraining will allow the government to determine whether charges lodged against the police unit have any basis.

"Were there deficiencies and failures that resulted in the kidnapping ... and is it true that there was cooperation between the police and the militias? This is what we hope to find out," he said.

A report for the Council on Foreign Relations last year said there was "widespread" infiltration of security forces by insurgents, including hard-core fighters who slipped through the hiring checks and sympathizers who helped militias and insurgents. Some police appeared to help the insurgents out of intimidation and fear, the report said.

U.S. authorities who were overseeing the early formation of the police forces were forced to rely on local expertise in evaluating who was suitable, said report author Sharon Otterman, former associate director of the council.

"The other big issue is who, exactly, were they trying to keep out of the forces? At the beginning, it was more a concern of looking for former Baathists," she said. "Now what we're seeing is infiltration of every kind of group — the Shia militias, not to mention the Sunnis, and everybody else."

Sunni lawmakers have complained of Shiite infiltration of security services not only in Baghdad, but in many quarters of Iraq. Others complain that Sunni Aran militias are working hand in hand with the police to target other groups.

"The security has deteriorated, and the fact is clear that these infiltrations are partly responsible," said Mohammed Daini, a Sunni member of parliament. Daini has alleged that senior army officers in the Diyala region appear to have connections to Shiite militias or the Iranian Revolutionary Guard.

"There is an outrageous intervention by Iranian intelligence [in the police]," Daini said. "We can say that death squads are inside the Iraqi government, through their existence in the army and the police. And this is known to the Americans."

U.S. military officials said members of the 8th Brigade would be retrained by Iraqis under U.S. guidance, and some officers might lose their jobs or face prosecution.

Taie said authorities had not received any direct evidence that sectarian militias had infiltrated the police brigade, but he said the issue of infiltration was "natural" with a police force formed under conditions of chaos, constant threat and sectarian violence.

"When you try to found an institution under terrible circumstances of disturbed security, infiltrations can be possible," he said. "But it's important that the Ministry of Interior and the elected government are working to restore security and follow up on not only the corruptors, but the terrorists."

Iraq Suspends Police Brigade In Baghdad (NYT)

By Sabrina Tavernise

The New York Times, October 5, 2006

BAGHDAD, Oct. 4 — The Iraqi Interior Ministry has suspended an entire Iraqi police brigade on suspicions that some members may have permitted, or even participated in, death squad killings, American military and Iraqi government officials said Wednesday.

The move was seen as the furthest Iraqi officials have ever come toward tackling the festering problem of militias thought to be operating within the ranks of its own largely Shiite forces.

The suspension involved the transfer of about 800 special police commandos out of their base in the Aalam neighborhood in western Baghdad to a training site north of the capital. The troops were not disarmed, according to an Iraqi Interior Ministry spokesman, but two of their most senior commanders were detained.

American officials have been pressing the government of Prime Minister Nuri Kamal al-Maliki for months to take action against the militias, but they have proved difficult to dislodge, in part because so many are affiliated with Iraqi political parties. His interior minister, Jawad al-Bolani, was appointed for his relative independence from the parties, but as a result he lacks essential political backing to enforce his will.

Murders and executions carried out by the death squads are the main cause of Iraqi deaths now, according to the American military. Putting a stop to the killings is at the heart of American military policy.

Deaths of American troops continued to rise, with six more announced by the military on Wednesday, five of them in Baghdad. American deaths have spiked recently as the military sweeps Baghdad, home to a quarter of Iraq's population of some 25 million, trying to bring the violence under control. The deaths bring the total troops who have died since Saturday to 23.

The suspended unit is the 8th Brigade Second Division of the Iraqi national police, which is known by its nickname, Falcon. It fell under suspicion after a large-scale kidnapping was carried out largely unhindered in its area of operation on Sunday, an

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Interior Ministry spokesman said. In that case, 26 workers were marched out of a frozen food factory in the Amel neighborhood. The bodies of at least 10 of them were found soon after.

The brigade "did nothing to follow the kidnappers or fight them," said the spokesman, Brig. Gen. Abdul Karim Khalaf, and so Mr. Bolani removed the brigade commander and a battalion commander on Tuesday, he said.

Iraqi officials said the brigade commander, Najim Juma al-Eqabi, was under review for management failings, and that the battalion commander, who was not identified, had been taken into police custody, apparently under suspicion of deeper involvement.

Justice for those implicated in sectarian killings and abuse has been elusive in the past, and it remains to be seen whether suspicions about the unit or its commanders will result in legal action. Arrest warrants for 52 Iraqis, including one division commander, have been issued, but none so far have been carried out. It was not clear on Wednesday night whether the two commanders were among them.

Mass kidnappings have become relatively common, but this is the first time the Iraqi government has taken any kind of serious action against official forces that should have prevented or responded to one.

"It's significant to take a whole brigade offline," said Mathew Sherman, a former senior State Department adviser to the Interior Ministry. "They have finally collected enough intelligence, and enough U.S. pressure has been exerted, that they are taking action."

Maj. Gen. William Caldwell, the chief American military spokesman in Iraq, said the unit had been operating in an area where American sweeps had not reduced the number of killings. The brigade operated in the neighborhoods of Bayaa, Saidiya, Amel, and Turath, General Khalaf said.

General Caldwell, who announced the unit's suspension at a news conference on Wednesday, said, "There is clear evidence that there was some complicity in allowing death-squad elements to move freely when in fact they were supposed to have been impeding their movement, that perhaps they did not respond as rapidly when reports were made."

An American military official, who spoke on the condition of anonymity, said that some of the members of the unit had been directly implicated in death-squad killings.

The war here has evolved from spectacular suicide bombings with heavy fatalities carried out mainly by Sunni radicals to secret neighborhood revenge killings done by death squads of both sects. The Shiites squads have posed a particularly difficult challenge, in part because they have infiltrated the forces of the government itself. Sunni Arab detainees have long charged that Shiites seeking revenge are operating torture chambers in Interior Ministry prisons. Shiites in the ministry have said such allegations are exaggerated.

A human rights report published by the United Nations mission in Iraq found clear evidence of systematic abuse and torture at a prison in eastern Baghdad known as Site 4, where more than 1,400 prisoners were reported to be crowded into a small area. American officials have been pressing the Iraqi government to bring those responsible to justice.

One American lever of last resort is the Leahy Law, which prohibits the financing of foreign security forces that commit "gross violations of human rights" and are not brought to justice. American officials have acknowledged that they have warned the Iraqi government that aid might be curtailed if it does not comply.

General Caldwell also announced some progress in the effort against Sunni Arab insurgents. The driver and personal assistant of Abu Ayyub al-Masri, an Egyptian who has been identified by the American military as the new leader of Al Qaeda in Iraq, was captured in Baghdad on Sept. 28. General Caldwell said the man was suspected of having helped plan the bombings of two hotels in Baghdad last year, the Sheraton and the Hamra.

On Wednesday, at least 14 Iraqis were killed and more than 80 wounded in and around Baghdad, most in a triple bomb attack on an Interior Ministry convoy. The minister was not injured, but three of his guards were killed, officials said. A suicide bomber detonated near an Iraqi Army base in Ramadi, in western Iraq, killing only himself, [a news organization] reported.

Iraq Pulls A Police Brigade For Alleged Involvement In Death Squads (MCT)

By Jay Price

McClatchy Newspapers, October 5, 2006

BAGHDAD, Iraq - The Iraqi government has pulled an entire national police brigade of about 700 officers out of Baghdad because so many of its members appeared to be involved in sectarian killings, the U.S. military said Wednesday.

Removing the brigade would immediately improve security in the city, said Maj. Gen. William Caldwell IV, a spokesman for the U.S. military in Baghdad. Caldwell also said that a weekend curfew had helped reduce the number of dead Iraqis discovered throughout Baghdad this week.

But U.S. fatalities in Baghdad have remained high, with 18 American soldiers killed since Saturday, Caldwell said. Eight of them died on Monday - the highest single-day death toll in more than a year.

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Last week also set a record for the number of car bombs and roadside bombs that exploded or were disarmed, Caldwell said. He declined to provide precise numbers, however.

At least 12 people were killed and 70 injured on Wednesday when two roadside bombs exploded in southeast Baghdad as a convoy from the Ministry of Industry passed by. As emergency workers rushed to the area, a second bomb detonated. Three of the dead were guards for the industry minister, but the minister wasn't in the convoy at the time.

In Diyala Province, gunmen going door to door with gasoline containers burned down 22 houses in the past two days, police said. The latest seven to be torched were in Abu Seda village, where the bodies of seven members of the same family were also found Wednesday morning.

Caldwell said Iraqi officials ordered the police brigade from Baghdad after 26 workers, most of them Sunni Muslims, were kidnapped Sunday from a meat-packing plant in a neighborhood the brigade was supposed to be protecting. The next day, uniformed gunmen driving what appeared to be government trucks kidnapped 14 people from a shopping district that specialized in computers.

Sunnis long have claimed that security forces laced with members of Shiite Muslim militias are responsible for many of the killings and kidnappings that have become rampant in this city. About 100 Sunnis demonstrated Wednesday in the neighborhood where the meat plant was located, carrying signs saying that the security forces should leave.

Caldwell said it was clear that officers from the unit, the 8th Brigade, 2nd National Police Division, had turned a blind eye to the death squads operating with their force. In some cases, he said, the brigade let killers move freely in the neighborhoods. The brigade also may have been slow intentionally to investigate reports of the killings and kidnappings.

Some of the officers are now subjects of investigations, Caldwell said.

Iraqi leaders made the decision late Tuesday night to order the unit shipped out for "retraining," and on Wednesday the brigade was taken to a training camp north of the city, Caldwell said. The police officers would be thoroughly questioned, given lie detector tests and their criminal histories checked.

Brig. Gen. Abdul Kareem Khalaf, a spokesman for the Iraqi Ministry of Interior, which oversees the police, said the brigade's commander had been detained for questioning.

Caldwell said that the decision to withdraw the unit was initiated by the Iraqis, but that U.S. troops first detected problems in September during a routine evaluation of each of the country's 27 national police brigades. That evaluation included checks of the units' equipment and interviews with residents in the neighborhoods they patrolled.

Coalition forces also announced Wednesday that they'd captured a former driver and personal assistant of the al-Qaida in Iraq leader Abu Ayyub al Masri, along with 31 others during a series of raids on Sept. 28. He was the second Masri associate captured in September.

Iraq Pulls Police Brigade Out Of Service (AP)

By David Rising

AP, October 4, 2006

Iraqi authorities pulled a brigade of about 700 policemen out of service Wednesday in its biggest move ever to uproot troops linked to death squads, aiming to signal the government's seriousness in cleansing Baghdad of sectarian violence.

The government move came amid steadily mounting violence, particularly in the capital. A U.S. military spokesman said the past week had seen the highest number of car bombs and roadside bombs in Baghdad this year.

Four U.S. soldiers patrolling in Baghdad were killed by gunmen on Wednesday, the U.S. military said, also announcing the deaths of two other soldiers a day earlier in Baghdad and the northern city of Kirkuk. The deaths brought to 21 the number of Americans killed in combat since Saturday.

The suspension of the police brigade was the first time the Iraqi government has taken such dramatic action to discipline security forces over possible links to militiamen, though some individual soldiers have been investigated in the past. Baghdad's Sunnis widely fear the Shiite-led police, saying they are infiltrated by militias and accusing them of cooperating with death squads who snatch Sunnis and kill them.

The brigade was responsible for a region of northeast Baghdad with a slight Shiite majority, where gunmen on Sunday kidnapped 24 workers from a frozen food factory. Hours later, the bodies of seven of the workers were found dumped in a district miles away.

Sunni politicians have said all those who were kidnapped were Sunnis. They blamed Shiite militias for the abduction and accused police of allowing the gunmen to escape and move freely with their captives.

Brig. Abdul-Karim Khalaf, the chief ministry spokesman, said the brigade was being investigated because it "didn't respond quickly" to the kidnapping.

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The top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, said the police brigade in the area had been ordered to stand down and was undergoing retraining. He said some were being investigated and that any found to have militia ties would be removed.

"The government of Iraq was very clear as we go through this process that if that (unit) comes out at 30 percent of what it went in with, that's OK with the government of Iraq," he told a Baghdad news conference.

"There is clear evidence that there was some complicity in allowing death squad elements to move freely when, in fact, they were supposed to have been impeding their movement," Caldwell said.

The U.S. military appeared to have a key role in getting the brigade sidelined. Caldwell said problems with the unit had emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer — and the decision was made by the Interior Ministry to act Tuesday.

U.S. forces have been carrying out raids and arrests of militia members for the past month as part of a wide-scale U.S.-Iraqi sweep of Baghdad launched in August, which has seen the number of American troops in the capital double.

Forces have been moving from neighborhood to neighborhood, searching houses, confiscating weapons and arranging services like water and electricity for residents in an attempt to stop sectarian violence and insurgent attacks. The rise in U.S. deaths in recent days may be linked to their increased presence in the capital, commanders have said.

But at the same time, Sunnis have accused the Shiite-led government of balking at sending its security forces against the Shiite militias, many of which are linked to parties in the coalition.

The suspended brigade had about 650-700 members, and the Iraqi Interior Ministry said Tuesday that its commander of the unit, a lieutenant colonel, has been detained for investigation. The major general who oversees the brigade and two others in the area has been suspended temporarily and ordered transferred.

Khalaf said a random selection of troops in the suspended unit were being investigated for ties to militias.

The sectarian spiral of revenge killings between Shiites and Sunnis has become the deadliest violence in Iraq, with thousands slain in recent months. "Over the past three months, murders and executions (by death squads) have caused the majority of civilian deaths in Iraq," Caldwell said.

The violence has also threatened to undermine the government of Prime Minister Nouri al-Maliki as Shiite and Sunni parties in his coalition accuse each other of backing militias.

On Monday, al-Maliki announced a new security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts to stop the violence on a district-by-district level.

But contentious details of the plan still must be worked out — and Shiite and Sunni parties for a second day on Wednesday put off negotiations.

At the same time, Sunni-led insurgents have continued their attacks targeting civilians, Iraqi officials and U.S. and Iraqi troops.

Car bombs, as well as other explosions and shootings, killed 34 people across the country Wednesday. In the deadliest attack, a string of two bombs and an explosive-packed vehicle blew up in a district of stores and auto shops in a mainly Christian neighborhood of Baghdad, killing 12 people and wounding 56, police said.

Hours later, after sunset and the end of the day's Ramadan fast, gunmen opened fire on a popular cafe in an overwhelmingly Shiite district of southeast Baghdad, killing four patrons and wounding seven others.

Caldwell said the number of car bombs and roadside bombs that went off or had been found and defused over the past week was the highest this year. He declined to give firm numbers, but said, "The trend line has been up over the last couple of months."

But he also said the military has killed or captured an increasing number of suspected members of al-Qaida in Iraq, the most feared Sunni insurgent group. In September, 110 al-Qaida suspects were killed and 520 detained — including a driver of the group's leader, Abu Ayyub al-Masri, captured on Sept. 28.

Military Hones A New Strategy On Insurgency (NYT)

By Michael R. Gordon

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The United States Army and Marines are finishing work on a new counterinsurgency doctrine that draws on the hard-learned lessons from Iraq and makes the welfare and protection of civilians a bedrock element of military strategy.

The doctrine warns against some of the practices used early in the war, when the military operated without an effective counterinsurgency playbook. It cautions against overly aggressive raids and mistreatment of detainees. Instead it emphasizes the importance of safeguarding civilians and restoring essential services, and the rapid development of local security forces.

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The current military leadership in Iraq has already embraced many of the ideas in the doctrine. But some military experts question whether the Army and the Marines have sufficient troops to carry out the doctrine effectively while also preparing for other threats.

The subtleties of the battle were highlighted Wednesday when the Iraqi Interior Ministry suspended a police brigade on suspicion that some members had been involved in death squads. The move was the most serious step Iraqi officials had taken to tackle the festering problem of militias operating within ministry forces. [Page A19.]

The new doctrine is part of a broader effort to change the culture of a military that has long promoted the virtues of using firepower and battlefield maneuvers in swift, decisive operations against a conventional enemy.

"The Army will use this manual to change its entire culture as it transitions to irregular warfare," said Jack Keane, a retired four-star general who served in 2003 as the acting chief of staff of the Army. "But the Army does not have nearly enough resources, particularly in terms of people, to meet its global responsibilities while making such a significant commitment to irregular warfare."

The doctrine is outlined in a new field manual on counterinsurgency that is to be published next month. But recent drafts of the unclassified documents have been made available to The New York Times, and military officials said that the major elements of final version would not change.

The spirit of the document is captured in nine paradoxes that reflect the nimbleness required to win the support of the people and isolate insurgents from their potential base of support — a task so complex that military officers refer to it as the graduate level of war.

Instead of massing firepower to destroy Republican Guard troops and other enemy forces, as was required in the opening weeks of the invasion of Iraq, the draft manual emphasizes the importance of minimizing civilian casualties. "The more force used, the less effective it is," it notes.

Stressing the need to build up local institutions and encourage economic development, the manual cautions against putting too much weight on purely military solutions. "Tactical success guarantees nothing," it says.

Noting the need to interact with the people to gather intelligence and understand the civilians' needs, the doctrine cautions against hunkering down at large bases. "The more you protect your force, the less secure you are," it asserts.

The military generally turned its back on counterinsurgency operations after the Vietnam War. The Army concentrated on defending Europe against a Soviet attack. The Marines were focused on expeditionary operations in the third world.

"Basically, after Vietnam, the general attitude of the American military was that we don't want to fight that kind of war again," said Conrad C. Crane, the director of the military history institute at the Army War College, a retired Army lieutenant colonel and one of the principal drafters of the new doctrine. "The Army's idea was to fight the big war against the Russians and ignore these other things."

A common assumption was that if the military trained for major combat operations, it would be able to easily handle less violent operations like peacekeeping and counterinsurgency. But that assumption proved to be wrong in Iraq; in effect, the military without an up-to-date doctrine. Different units improvised different approaches. The failure by civilian policy makers to prepare for the reconstruction of Iraq compounded the problem.

The limited number of forces was also a constraint. To mass enough troops to storm Falluja, an insurgent stronghold, in 2004, American commanders drew troops from Haditha, another town in western Iraq. Insurgents took advantage of the Americans' limited numbers to attack the police there. Iraqi policemen were executed, dealing a severe setback to efforts to build a local force.

Frank G. Hoffman, a retired Marine infantry officer who works as a research fellow at an agency at the Marine base at Quantico, Va., said that in 2005, the Marines sometimes lacked sufficient forces to safeguard civilians. As a result, while these forces were often effective "in neutralizing an identifiable foe, they could not stay and work with the population the way the classical counterinsurgency would suggest."

The effort to develop the new program began a year ago under Lt. Gen. David H. Petraeus, commander of the Army's Combined Arms Center at Fort Leavenworth, Kan., and Lt. Gen. James N. Mattis, former commander of the Marine Corps Combat Development Command and the current chief of the First Marine Expeditionary Force. Colonel Crane, Lt. Col. John A. Nagl and Col. Douglas King of the Marines were among the major drafters.

Academics and experts from private groups were asked for input. A draft was completed in June and was circulated for comment. Almost 800 responses were received, but military officials said they would not alter the substance of the new doctrine.

"We are codifying the best practices of previous counterinsurgency campaigns and the lessons we have learned from Iraq and Afghanistan to help our forces succeed in the current fight and prepare for the future," Colonel Nagl said.

In drafting the doctrine, the military drew upon some of the classic texts on counterinsurgency by the likes of T. E. Lawrence of Arabia, and David Galula, whose ideas were partly informed by his experience in Algeria.

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Colonel Crane said that many of the ideas adopted for the manual had been percolating throughout the military. “In many ways, this is a bottom-up change, “ he said. “The young soldiers who had been through Somalia, Haiti, Bosnia, Kosovo, and now Iraq and Afghanistan, understood why we need to do this.”

As the manual is being drafted, the military has also revised the curriculum at its war colleges and training ranges to emphasize counterinsurgency. At the National Training Center in California, the old tank-on-tank war games against a Soviet-style enemy have been supplanted by combat rehearsals in which troops on their way to Iraq and Afghanistan engage in mock operations with role players who simulate insurgents, militias and civilians.

Dennis Tighe, a training program manager for the Combined Arms Center at Fort Leavenworth, said the rehearsals were vital for preparing troops for their new counterinsurgency mission. But the Army is stretched so thin and so many units are focused on rehearsing for Iraq and Afghanistan at the training center that concerns have grown that the Army may be raising a new group of young officers with little experience in high-intensity warfare against heavily equipped armies like North Korea.

“That is one of the things folks are a little concerned about,” Mr. Tighe said.

While the counterinsurgency doctrine attempts to look beyond Iraq, it cites as a positive example the experience in 2005 of the Army’s Third Armored Cavalry Regiment, which worked with Iraqi security forces to clear Tal Afar of insurgents, to hold the town with Iraqi and American troops, then to encourage reconstruction there, an approach known as “clear, hold, build.”

One military officer who served in Iraq said American units there generally carried out the tenets of the emerging doctrine when they had sufficient forces. But protecting civilians is a troop-intensive task. He noted that there were areas in which there were not enough American and Iraqi troops to protect Iraqis adequately against intimidation, a central element of the counterinsurgency strategy.

“The units that have sufficient forces are applying the doctrine with good effect,” said the officer, who is not authorized to speak on military policy. “Those units without sufficient forces can only conduct raids to disrupt the enemy while protecting themselves. They can’t do enough to protect the population effectively and partner with Iraqi forces.”

"Just A Comma" Becomes Part Of Iraq Debate (WP)

By Peter Baker

The Washington Post, October 5, 2006

SCOTTSDALE, Ariz., Oct. 4 -- When the president speaks, every word can be subject to scrutiny. Even the punctuation marks.

As he heads out on the campaign trail, haunted by an unpopular war, President Bush has begun reassuring audiences that this traumatic period in Iraq will be seen as "just a comma" in the history books. By that, aides say, he means to reinforce his message of resolve in the long struggle for Iraqi democracy.

But opponents of the war have seized on the formulation, seeing it as evidence that Bush is indifferent to suffering. To them, it sounds as if the president is dismissing more than 2,700 U.S. troop deaths as "just a comma." And a lively Internet debate has broken out about the origins of the phrase, with some speculating that Bush means it as a coded message to religious supporters, evoking the aphorism "Never put a period where God has put a comma."

Presidential utterances have long drawn enormous notice. But instant transcripts and the Internet have focused an even more powerful microscope on the nation's leader. The approaching midterm elections have intensified the already close scrutiny of the president's words as he sharpens his rhetoric.

As Bush wound up a three-day campaign swing out west on Wednesday, for example, he attacked Democrats for voting last week against legislation authorizing warrantless telephone and e-mail surveillance.

"One hundred and seventy-seven of the opposition party said, 'You know, we don't think we ought to be listening to the conversations of terrorists,' " Bush said at a fundraiser for Rep. Rick Renzi (R-Ariz.) before heading to Colorado for gubernatorial candidate Bob Beauprez.

Asked about the president's statement, White House aides could not name any Democrat who has said that the government should not listen in on terrorists. Democrats who voted against the legislation had complained that it would hand too much power to the president and had said that they wanted more checks in the bill to protect civil liberties.

Sen. Russell Feingold (D-Wis.) called Bush's comment outrageous: "Every member of Congress, from both parties, supports listening in on terrorist communications, but the president still hasn't explained why we have to break the law to do it. It is time for the president to stop exploiting the terrorist threat to justify his power grab."

White House spokeswoman Dana Perino defended Bush's remark as a reasonable extrapolation of the Democratic position. "Of course, they aren't silly enough to say they don't want to listen in on terrorists, but actions speak louder than words, and people should know what the Democrats' voting record is," she said.

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The comma remark, though, offers an especially intriguing case study in how a few words can trigger many interpretations. Bush used it in an interview with CNN's Wolf Blitzer aired on Sept. 24 in talking about Iraq. He noted the bloodshed shown on television but hailed the resiliency of the Iraqi people and cited the election last December in which 12 million came to the polls despite the violence.

"Admittedly, it seems like a decade ago," Bush went on. "I like to tell people when the final history is written on Iraq, it will look like just a comma because there is -- my point is, there's a strong will for democracy." The president used a similar line at a campaign event last week in Alabama and again on Tuesday in Stockton, Calif.

Critics of Bush began e-mailing and blogging about the remark within minutes of the CNN interview. The Carpetbagger Report blog called it stunning "even by Bush's already-low standards" and added: "Everything we're seeing is 'just a comma.' I'm sure that will bring comfort to the families of those who have sacrificed so much for Bush's mistakes."

Then Ian Welsh, on his Agonist blog, postulated a theory about the hidden meaning of the comment, citing the "never put a period" saying and calling it a "dog whistle" comment that only some would understand: "He is constantly littering his speeches with code words and phrases meant for the religious right. Other people don't hear them, but they do, and most of the time it allows Bush both to say what those who aren't evangelical or born again want to hear, while still reassuring the religious right [what it] wants to hear."

But it turns out that the phrase "never put a period" originated not with a Christian conservative figure or biblical passage but with Gracie Allen, the comedienne wife of George Burns. And the phrase is a favorite not of the religious right but of the religious left. The United Church of Christ, which is devoted to fighting for what it calls social justice and opposes the war, adopted the phrase in January 2002.

"I needed something short and succinct," said Ron Buford, the marketing director who came up with it. "When I saw the Gracie Allen quote, I was up all night thinking about it -- God is still speaking, there's more for us to know."

When he heard about Bush's comment, Buford was stunned. "It's ironic that, as savvy as they are about using these quotes to strengthen their base, that he would use a quote that we've been using lately," Buford said.

Aides said it is ridiculous to believe Bush is sending subliminal messages. "People have too much time on their hands," said Bush counselor Dan Bartlett. "I can assure you, you don't need a secret decoder ring to decipher what he's saying."

All Bush means, he said, is the struggle to build Iraqi democracy will take years. "He's making a historical analysis -- that these brief periods seem long and protracted now, but when you look back at them in history, they won't seem that way. He's definitely not discounting the loss of life or the sacrifice people are making."

Troops Polled Say Armed Forces Stretched Too Thin Overseas (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, October 5, 2006

WASHINGTON -- A solid majority of American soldiers returning from the fighting in Iraq and Afghanistan say that U.S. armed forces are stretched too thin, according to a poll released yesterday by a veterans group.

VoteVets.org , a group headed by an Army reservist based near Pittsburgh, found that 63 percent of veterans of both conflicts describe the Army and Marine Corps as "overextended," while many soldiers also complained about encountering emotional and physical problems when they came back from active duty.

"We hope that this poll is a wake-up call for Congress," said Jon Soltz , who served in Iraq in 2003 and is now a captain with a reserve unit at the Charles E. Kelly Support Facility in Oakdale and chairman of VoteVets.

At a news conference in Washington yesterday, Mr. Soltz was joined by Gen. Wesley Clark, a former NATO commander and one-time Democratic presidential candidate, who said the federal government isn't providing sufficient resources to support the troops on the battlefield.

It's a charge that Army officials hotly deny, pointing toward huge expenditures for body armor, fortified transport vehicles and expanded mental health programs. Last week, Congress approved a $447 billion defense spending bill for 2007, including $70 billion for the wars in Iraq and Afghanistan. The United States has about 150,000 troops deployed in both countries.

"Obviously the U.S. Army will be the first to tell you that this is an unusually busy time" said Paul Boyce, an spokesman with the Army's public affairs office. But he said the government is focused on easing the strains of long or repeated tours of duty. He cited "unprecedented efforts" to monitor combat stress, using lessons from the Vietnam and Gulf wars.

Concerns about lengthy troop deployments aren't new, but Mr. Soltz claims that VoteVets' poll has an unusual sweep. It was conducted over a two-week period last month by Lake Research Partners, whose pollsters talked to 453 veterans from across the country and all sections of the military. Forty-seven percent of the veterans described themselves as Republicans, while 22 percent said they were Democrats. Others said they were political independents or declined to answer.

Other poll findings:

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Thirteen percent of participants said they were affected by military "stop-loss" policies that require some units to stay in the field for extended time periods.

One in four veterans has had nightmares since returning to the United States.

Thirty-two percent of National Guard or Reserve veterans said their families experienced "economic hardships" because of their overseas deployments. Many National Guard and Reserve veterans also said they should get full access to the medical benefits provided to active duty personnel.

Mr. Soltz said his group, which is funded with private money and advocates on behalf of a new generation of veterans, is nonpartisan. But some critics say VoteVets is too closely tied to Democrats like Gen. Clark. The group's political action committee has also paid for advertisements attacking some Senate Republicans, including Rick Santorum of Pennsylvania.

Mr. Soltz said VoteVets has supported both Republicans and Democrats, and yesterday's news conference was not an effort to back one party before the upcoming mid-terms elections, which could determine control of Congress.

Gen. Clark, a potential presidential candidate in 2008, said he wants to push political leaders to make sure they are doing all they can for American soldiers.

"Wearing an American flag lapel and claiming to be patriotic -- that's not sufficient," he said.

Congress Sets Aside $20M For Wars' Ends (AP)

By Anne Plummer Flaherty

AP, October 4, 2006

The military's top generals have warned Iraq is on the cusp of a civil war and that U.S. troops must remain in large numbers until at least next spring. But if the winds suddenly blow a different direction, Congress is ready to celebrate with a $20 million victory party.

Lawmakers included language in this year's defense spending bill, approved last week, allowing them to spend the money. The funds for "commemoration of success" in Iraq and Afghanistan were originally tucked into last year's defense measure, but they went unspent amid an uptick in violence in both countries that forced the Pentagon to extend tours of duty for thousands of troops.

Senate Majority Whip Mitch McConnell, R-Ky., is the original sponsor of the provision, which Democrats agreed to add to last year's defense bill. Senate Republicans kept the authorization in the 2007 bill. With elections five weeks away, Democrats are pointing to it as another example of where the GOP has gone astray in handling the war in Iraq.

"If the Bush administration is planning victory celebrations, Americans deserve to know what their plan is to get us to a victory in Iraq," said Rebecca Kirszner, spokeswoman for Senate Minority Leader Harry Reid, D-Nev.

McConnell's spokesman, Don Stewart, said he thought the finger-pointing by Democrats was silly because the provision was added last year by unanimous consent.

"Apparently they were for honoring the troops before they were against it," Stewart said.

Carolyn Weyforth, spokeswoman for Senate Majority Leader Bill Frist, R-Tenn., said, "Republicans are confident we will be victorious in the ongoing war in terror, and we look forward to a time when those funds can be used to honor the men and women who have risked and given their lives."

Under the language, the president could "designate a day of celebration" to honor troops serving in the two wars. The president also could call on the nation "to observe that day with appropriate ceremonies and activities" and issue awards to troops who have served honorably.

The Pentagon could spend up to $20 million of its $532 billion budget in 2007 for the commemoration, minus any private contributions it might receive for such an event.

The money will be available for the 2007 budget year, which began Oct. 1.

Some 140,000 U.S. troops remain in Iraq, with a drawdown not expected until at least early next year.

About 20,000 more are in Afghanistan. Last year, Bush administration and Pentagon officials had hoped thousands of troops could be brought home before the Nov. 7 elections.

Proclaiming victory in the Iraq war has already proven to be tricky business.

President Bush was slammed by critics for delivering his "Mission Accomplished" speech in May 2003 aboard an aircraft carrier. While troops had successfully stormed Iraq and toppled Saddam Hussein's regime in Baghdad, the fight over control in the nation against a violent insurgency had just begun.

Vice President Dick Cheney also was ridiculed for suggesting last year that the insurgency was in its "final throes."

Behind The Victory Money Lies Vietnam (NYT)

The New York Times, October 5, 2006

DOJ_NMG_0075924

WASHINGTON, Oct. 4 — The mystery over who championed legislation authorizing $20 million in spending for a celebration of United States success in Iraq and Afghanistan was resolved on Wednesday.

The office of the Republican whip, Senator Mitch McConnell of Kentucky, acknowledged that he had pushed the bill out of lingering anger that Vietnam veterans had to "sneak back" home after that war and out of a desire that this generation of troops be thanked.

Mr. McConnell sponsored language in last year's military spending bill, which authorized up to $20 million for a "commemoration of success" in Washington saluting the end of the Iraq and Afghanistan conflicts. No money was set aside or used because fighting continues.

The senator wrote language for the new budget bill that rolls over the authorization into 2007.

"People came home from Vietnam and had to sneak back in and they were spit upon," said Don Stewart, communications director for the senator's office. For Iraq and Afghanistan, he said, Mr. McConnell felt the troops should be able to "attend ceremonies, get awards."

The Hunt Continues (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, October 4, 2006

House Intelligence Committee chairman Rep. Peter Hoekstra is still pressing U.S. intelligence agencies to look for possible weapons of mass destruction in Iraq—even though intelligence officials say further work is unlikely to reveal anything new about Saddam's WMD programs.

In recent weeks, congressional and intelligence sources say, Hoekstra has prodded the Defense Intelligence Agency and the National Geospatial-Intelligence Agency to follow up on new leads about possible WMD sites in the country. One intelligence official, who asked not to be identified because of political sensitivities, said the agencies have devoted "hundreds of man hours" to the hunt.

The search has not been entirely fruitless. The DIA has discovered another 300 old chemical shells lying around the war-torn country. That's in addition to the 500 sarin shells mentioned in a declassified Pentagon intelligence report revealed by Hoekstra and Pennsylvania Republican Sen. Rick Santorum last June. But the recently found shells, like the previous ones, dated back to before the 1991 Persian Gulf War and were decayed and essentially useless.

In short, U.S. intelligence-community officials say, the find doesn't change the conclusion of Charles Duelfer, chief of the U.S. Iraq Survey Group, who said two years ago that Saddam Hussein did not possess a WMD arsenal on the eve of the Iraq invasion, nor did he have any clear plan to revive his dormant weapons programs in the future.

The Bush administration has not been particularly eager to embrace Hoekstra's mission. In June, after Santorum and Hoekstra touted the allegd discovery of WMD, senior intelligence officials downplayed the find. The shells discovered in Iraq, they said, were all manufactured more than a decade earlier. "This does not reflect a capacity that was built up after 1991," a senior Defense official told reporters at the time. The munitions "are not the WMDs this country and the rest of the world believed Iraq had and not the WMDs for which this country went to war."

Even so, the Michigan Republican, who has clout with the intelligence community by virtue of his committee chairmanship, still insisted that the discovery of the decaying shells proved that "Iraq was not a WMD-free zone, that there are continuing threats from the materials that are or may still be in Iraq." In June, Hoekstra told reporters that he intended "to put additional pressure on the Department of Defense and the folks in Iraq to more fully pursue a complete investigation of what existed in Iraq before the war." Since then, intelligence officials say, Hoekstra has made good on his word and has continued to urge agencies to look for fresh evidence that might vindicate the administration's original pre-war claims.

Jamal Ware, a spokesman for the intelligence-community chairman, confirmed to NEWSWEEK that Hoekstra recently passed along photographs and other reports about possible WMD sites that had been forwarded to the committee by U.S. soldiers, former intelligence officials and Iraqis following the June press conference with Santorum. "People who have been over there [in Iraq] ... they've sent us information and we've referred that on to the appropriate agencies," Ware said. In one case, he said, some soldiers sent the committee photographs of equipment and other material that the troops "thought were interesting." Hoekstra then asked the intelligence community to look into the photos and find the location of the sites—a request that apparently explains the involvement of the National Geospatial-Intelligence Agency, the Pentagon's mapping unit, in the latest hunt.

Ware said that Hoekstra was not "pressing" the intelligence agencies to do anything other than the "necessary due diligence" and played down any suggestion that the Republican chairman's motives were political. Hoekstra's main concern, he said, is that the Pentagon find all munitions dumps and sites that could still pose a hazard to U.S. soldiers. "Any effort that chairman Hoekstra has made in this area has been aimed at insuring the safety of our troops overseas," he said.

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That concern is a valid one, according to one Pentagon official who asked not to be publicly identified talking about sensitive intelligence matters. In at least one case in May 2004, two U.S. soldiers in Iraq became ill after handling homemade bombs, presumably crafted by Iraq insurgents, which were rigged using pre-1991 chemical shells. U.S. intelligence officials believe it is unlikely the insurgents who made the bombs knew the shells contained chemical agents. The soldiers later recovered. The U.S. intelligence official was unaware of any other reports of homemade bombs in Iraq that contained chemical agents.

Though Hoekstra describes his efforts as a safety measure, others in the U.S. intelligence community see it as a futile effort to bolster a dead argument about Saddam's supposed WMD. They believe Hoekstra is wasting the agencies' time with offbeat allegations from untested sources. One such source Hoekstra touted was Georges Sada, a one-time Iraqi Air Force general who claimed in a book published earlier this year that he knew of hundreds of tons of chemical weapons being flown from Iraq to Syria prior to the U.S. invasion. Sada, who first made the claims to promote his book, admitted he never actually saw any of the weapons. But his allegations were prominently featured on Fox News and conservative media outlets. Hoekstra met with Sada and later dispatched House Intelligence Committee staffers overseas in an effort to verify the Iraqi's claims. That search, too, came up emtpy.

Not Guilty Pleas From 2 Marines In Iraqi's Death (WP)

By Sonya Geis

The Washington Post, October 5, 2006

Two Marines pleaded not guilty Wednesday to murdering an Iraqi civilian in Hamdaniya and then trying to cover up the crime.

The pleas marked the beginning of court-martial proceedings at Camp Pendleton in California for eight servicemen charged in the April incident. Pfc. John J. Jodka and Cpl. Marshall L. Magincalda are accused of breaking into the home of Hashim Ibrahim Awad, 52, taking him out to a hole, shooting him and then planting a shovel and a gun nearby to make him look like an insurgent. Jodka is one of five Marines accused of firing at Awad, though all eight are charged with murder.

Jodka and Magincalda face up to life in prison if convicted.

Col. Steven Folsom, a military judge, also imposed a temporary gag order on attorneys involved in both Marines' cases, citing concerns that pretrial publicity could taint potential members of the court-martial panel, comparable to a civilian jury.

Magincalda's trial date was set for Feb. 13 and Jodka's for March 5. Folsom said the trial schedule was adjusted to accommodate a possible fact-finding trip to Iraq.

Uncertainty, Violence Darken Afghans' Hope (USAT)

By Paul Wiseman

USA Today, October 5, 2006

DOAB, Afghanistan — For the first time, the girls in this village were starting to learn — reading, writing, geography, history, math, science. They were starting to dream, too: Star student Roya Noori, 15, illiterate two years ago, wanted to become an architect. Harzoo Mohammedy, 14, planned to go to medical school. And Zuhal Noori, 12, saw herself at the controls of a commercial jet.

Then the learning stopped.

The new schoolhouse came under rocket fire last spring from the surrounding hills. Mysterious letters turned up at night, threatening to kill any girls who stayed in school and their principal.

The Afghan National Police, who were a five-minute drive away, did little, says Issa Noori, principal of the girls' school. Outgunned, they patrolled during the day and stayed safely inside their compound at night. Insurgents ruled the dark. The girls' school here in Wardak province closed in May and won't reopen until the government can guarantee the students' safety.

"This area is outside of government control," Noori says. "No one can protect us."

U.S.-led military forces launched Operation Enduring Freedom on Oct. 7, 2001, toppling the Taliban. Five years later, the situation is sobering. Rising insecurity threatens early accomplishments. From Kandahar in the south to Mazar-e-Sharif in the north, there is a growing sense that the democratically elected, U.S.-supported government of President Hamid Karzai and international forces can't shield ordinary citizens from insurgents and criminals.

"No one thinks the Taliban are going to roll into town next week and take over," says Paul Fishstein, director of the Kabul think tank Afghanistan Research and Evaluation Unit. "But there is a lot of anxiety about what the future will bring."

An insurgency, raging in the south and in eastern provinces along the Pakistan border, has begun to creep into provinces that had been considered secure: Wardak, Kunduz, Ghazni, Balk. In the past two weeks, suicide bombers have struck Herat, a

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center of Persian culture in western Afghanistan, and Kabul, seat of the Afghan government and headquarters of the NATO force deployed to Afghanistan to establish security.

A thriving opium industry has spread corruption and lawlessness across the country and provided cash to the Taliban.

The insurgents are often called — or call themselves — Taliban, which would make them some of the same Muslim fighters who set up a harsh Islamic state and ruled from 1996 until 2001. But "it's more complicated than just the government vs. the Taliban," Fishstein says. "You've got a toxic brew of factors and interests. You've got Talibs. You've got drug dealers. You've got smugglers and criminals. You have a people with a stake in chaos and in maintaining a weak state."

U.S. Army Lt. Gen. Karl Eikenberry, the U.S. commander in Afghanistan, says some of the fighting involves Afghan tribes, warring over local issues such as water rights. If one tribe calls itself pro-government, he says, its rival might declare itself pro-Taliban.

Rebuilding Afghanistan was bound to be difficult. The country has been shattered by three decades of war. According to the CIA's 2006 estimates, the typical Afghan will be dead by age 44; more than 60% of Afghans can't read; nearly one in six Afghan babies die in infancy. Afghan laborers are lucky to find work for $2 or $3 a day, the World Bank says.

"If we were under the impression that all of a sudden, after 25 years of war, everything would be wonderful — no, we were fooling ourselves," says Hassina Sherjan, founder of Aid Afghanistan, which ran the Doab girls' school.

No mistake, there has been progress. Afghans elected a president two years ago and a parliament last year — a breakthrough in a country ruled for three decades by a succession of communist apparatchiks, plundering warlords and medieval Taliban mullahs.

The U.S. government has spent $3.7 billion on aid to Afghanistan, helping build or repair more than 1,000 schools, enroll more than 5.3 million students in school, vaccinate 4 million Afghans against polio and pave more than 600 miles of road. Fueled by foreign aid, the economy is booming. The Asian Development Bank predicts the Afghan economy to grow 12% this year after expanding 14% in 2005.

So why is the Taliban gaining strength and jeopardizing the gains of the past five years? The short answer: The U.S.-backed Karzai government's inability to establish its authority and credibility with ordinary Afghans "opened the door for the Taliban," Eikenberry says.

The lost time allowed the Taliban to regroup in neighboring Pakistan and prepare a comeback. The Karzai government is widely seen as corrupt, beholden to unpopular local warlords and out of touch with average Afghans.

"In many cases, it's not that the people support the Taliban; it's that they're alienated from the government," Fishstein says. "There's a perception that justice goes to the highest bidder." The Taliban, by contrast, is known for imposing impartial but Draconian justice in the areas they control.

Critics say the Karzai government hasn't rooted out entrenched warlords and officials enriching themselves in the drug trade.

"The government has the obligation to use the judicial system, infant as it is, to impose the rule of law and re-establish confidence in the central government," Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime, told the U.S. House Committee on International Relations in September. "The 100 beds at the new maximum-security prison at Pul-i-Charki (near Kabul) should be filled up as soon as possible with major traffickers and corrupt officials."

At a checkpoint outside the eastern city of Jalalabad, police officers stop traffic and strut around with sticks and batons, banging on the hoods of cars and shouting at bewildered and frightened drivers. Occasionally, they let a vehicle continue on the road to Kabul.

No explanation is offered for why some get through and others don't. The unlucky travelers suspect that money is changing hands. "These are crazy people, corruption people," says Hafizullah Turab, 44, a Jalalabad writer and movie director who is stuck in traffic.

Police corruption is no mystery. Even police colonels earn only $85 a month (though pay raises are coming). "They have to be corrupt to survive," says police Gen. Ahmad Sani, chief of police in northern Afghanistan's Kunduz province. And police are often deployed far from their homes. By contrast, the Taliban pays recruits $12 a day and lets them fight where they live, says Samuel Chan, a researcher with the Center for Conflict and Peace Studies, a Kabul think tank.

The cops are outgunned, too. Criminal gangs and insurgents "are using rocket launchers and machine guns," says Wardak Gov. Abdul Jabbar Naeemi. "The police are using only Kalashnikovs, AK-47s. We don't have enough bullets."

Kunduz police chief Sani complains that his men drive around in dilapidated pickups. "Sometimes we have to tow them back because they are not working," he says. "The narco-traffickers are driving the latest Land Cruisers. We cannot keep up with them."

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Some fault a half-hearted nation-building effort by the United States and the international community. According to the RAND Corp. think tank, international aid to Afghanistan amounts to $57 per person vs. $209 in Iraq. Troop levels also are low by international standards.

RAND reports that Afghanistan has just one Afghan or foreign soldier for every 1,000 people, compared with seven in Iraq, 19 in Bosnia and 20 in Kosovo.

RAND analyst Seth Jones estimated in the spring that Afghanistan needed another 80,000 troops (for a total of 200,000) to establish order. Last month, NATO failed to scrounge up 2,500 reinforcements it wanted to send to Afghanistan, though Poland came through with 1,000 troops.

The Afghan government and its international backers also have been losing the propaganda war to the Taliban.

“The Taliban make outrageous claims,” says British Army Lt. Gen. David Richards, NATO commander in Afghanistan. “We need to be more dynamic in rebutting them. We have to make sure we're telling the truth, which takes longer.”

Instead of talking about Western concepts such as democracy and the rule of law, the Taliban offers local villagers practical help — protecting farmers who grow opium poppies from the government's poppy-eradication program, for instance. “Just because people were glad to see the backs of the Taliban doesn't mean they want everything the West has to offer,” Fishstein says.

In a paper written in May, Amrullah Saleh, head of Afghanistan's National Directorate of Security, describes a meeting between U.S. forces and villagers in Ghazni province. The U.S. delegation included a woman dressed in military fatigues — offensive to villagers who believe women should rarely venture outside the home and then only when covered head-to-toe in a burqa. Saleh suggested limiting contact between international forces and Afghan villagers to prevent inevitable cultural clashes.

An hour's drive west of Kabul, Wardak province should be a success story — and for a while, it was. Since the Taliban was overthrown, the province has undergone a dramatic makeover. Newly paved roads connect Wardak and its farmers to the markets in Kabul. New refrigeration plants keep their apples and potatoes from spoiling. A 50-bed provincial hospital has replaced one half its size. Girls in Doab and other Wardak villages were finally attending school.

The progress in Wardak is being chipped away by a strengthening insurgency and emboldened criminal gangs. Last month, gunmen kidnapped a Colombian aid worker and two Afghan employees of a French relief group in Wardak's Jalrez district. Human Rights Watch has reported attacks and threats on Wardak girls' schools, including the one in Doab.

“Their weapon is destruction and terror. Our weapon is education and development,” says Sherjan of Aid Afghanistan. “If they attack one school, we should build three more.”

Wardak is still safer than lawless Kandahar and Helmand in the south. Wardak's Gov. Naeemi says his province is secure. He dismisses the shadowy figures behind recent trouble as bandits. “They are calling themselves Taliban,” he says. “They are robbers.”

Regardless, the threatening “night letters” and rockets have had an effect. “Last year, this was the best province,” principal Noori says. “Now, I can't defend myself from the insurgents. No one can in Afghanistan.”

Noori, 45, wears tinted glasses and a scraggly salt-and-pepper beard. He tucks his unkempt hair under a black prayer cap. He tells his story in his home overlooking Doab, an ethnic Pashtun village of mud compounds and apple orchards. Inside, Noori serves a generous breakfast of fried eggs, fresh butter, flat bread and cups of green tea sweetened with heaping spoonfuls of sugar. A cow bellows outside. The smell of dung hangs over the village.

Noori, who was born and raised in Doab, became sympathetic to women's rights while he was in sixth grade. When his father taught him and his four sisters to read, the girls caught on faster.

“My sisters were smarter than me. But they just stayed at home, taking care of the animals and the house. I went to school (at Kabul University),” he says.

In the late '70s, he was imprisoned as an Islamic fundamentalist by Afghanistan's communist government. Released, he fled to Pakistan and worked with a Swedish aid group schooling Afghan refugees. He was hired as principal when Hassina Sherjan's Aid Afghanistan set up a girls' school in Doab two years ago. “Hassina's school was wonderful,” he says. “She provided pens, paper, even clothing.”

The school was popular with local people and soon had 300 students, including 100 who attended classes in three neighboring villages.

Things started to go wrong about 10 or 11 months ago, Noori says. Insurgents emerged in the Wardak countryside, issuing warnings against girls attending school. They attacked Turkish engineers paving the road that runs past Doab on the way to Logar province. Two of the engineers fled into the village, and Noori offered them refuge for several hours until the insurgents were gone.

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Noori met with local clerics, convinced that some of them were working secretly with the insurgents. He explained that the school taught nothing offensive to Islam. “They couldn't argue with me. I'm a good Muslim,” he says. The threat grew, however, and the school finally closed when the insurgents vowed to kill the students.

Noori believes that some of his neighbors were behind the intimidation. “The insurgents recruited some of the villagers,” he says. “In Afghanistan, if you pay people, they'll do anything.”

Human Rights Watch doubts that the Wardak insurgents belong to the Taliban. In a July report, the group notes that Wardak is a stronghold of the fundamentalist warlord Abdul Rasul Sayyaf, now a member of Afghanistan's parliament.

Like many Afghans, Noori believes that Pakistan is supporting the insurgency in an effort to keep Afghanistan weak and malleable — an allegation the Pakistani government has repeatedly denied. “We have a very bad neighbor,” he says. “The first step toward progress is schools. If you can destroy a country's schools, they can't do anything.”

Harzoo Mohammedy, the student who dreams of becoming a doctor, says she and her fellow students were willing to brave the threats they faced. “We were scared, but all the girls wanted to keep going to school. We didn't care,” she says.

Noori hopes the Doab school will reopen in a few months: “We'll wait until the government gets a little stronger, and we can defend ourselves.” He shrugs off the threat to his own safety. “Sometimes we need to struggle for the right things,” he says. “It is God's decision when we die.”

Reconstruction Seen Key To U.S. Exit (WT)

By Sharon Behn

The Washington Times, October 5, 2006

NATO's top military commander said yesterday the U.S. exit strategy from Afghanistan depends on the effectiveness of reconstruction and aid, more so than the number of troops.

"Afghanistan will not be resolved by military means," said U.S. Marine Gen. James L. Jones, who commands the Western alliance.

"We are always looking for more capability, more equipment, but generally speaking, the troop strength under the current threat envelope is adequate," Gen. Jones said.

"The real challenge is how well the reconstruction mission and the international aid mission is focused," he told the Council on Foreign Relations. "And fundamentally, this is the exit strategy for Afghanistan."

The general's statement came amid a growing recognition in Washington that defeating the Taliban is not just a question of putting more boots on the ground.

Senate Majority Leader Bill Frist on Tuesday stated that victory in Afghanistan would not happen until Afghan and international officials wooed more tribal leaders away from the Taliban and into the political process.

Gen. Jones said yesterday that winning the battle against Afghanistan's flourishing opium trade was crucial to weaning the country away from insurgent forces and drug cartels, which were fomenting an environment of violence and corruption.

"It is truly the Achilles' heel of Afghanistan," said Gen. Jones, who is supreme allied commander in Europe and commander of the U.S. European command.

NATO yesterday confirmed it was to taking military command of the 14 volatile eastern provinces of Afghanistan, expanding its command of security operations throughout the country.

The change, effective today, will place 12,000 American troops under NATO, expanding the force to more than 30,000. Some 8,000 U.S. troops will continue to function outside NATO control, those tracking al Qaeda or involved in air operations.

The overall level of American forces will remain around 20,000.

Gen. Jones said more had to be done to systemize the NATO forces, particularly erasing restrictions put on the military by individual nations that are hampering operations against the Taliban and putting soldiers at risk.

"There are about 50 restrictions that have an operational impact, that impact on the commander of [NATO's] ability to make operations," said Gen. Jones.

He said the alliance was working to whittle down those restrictions, which include different rules of engagement, rules of detention, size of force and geographic boundaries. Forces from some countries cannot be used at night; others cannot directly engage the Taliban.

"The capability we have is directly related to the caveats," he said. "It is not a showstopper, but it is certainly something we have to keep working on."

Kerry Chides Frist For Taliban Comments (AP)

By Holly Ramer

AP, October 4, 2006

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Democratic Sen. John Kerry ridiculed Senate Majority Leader Bill Frist for trying to clarify his comment on bringing "people who call themselves Taliban" into the Afghanistan government.

"They're not clarifying. He did another Terri Schiavo diagnosis from a one-hour tape," Kerry, the party's 2004 presidential nominee, said Wednesday of the Tennessee Republican.

On Monday, Frist said the war against Taliban guerrillas can never be won militarily and that he favored bringing "people who call themselves Taliban" into the government.

The remarks drew immediate criticism from Democrats. They argued Frist was waving the white flag of surrender to the Taliban, who harbored the al-Qaida organization blamed for the Sept. 11 terrorist attacks.

A Frist spokeswoman later said the senator believes Afghan tribesmen at risk of being lost to the Taliban should be brought into the government, not Taliban fighters themselves.

Kerry, mentioned as a possible 2008 presidential candidate, was campaigning in New Hampshire for state Senate candidate Beth Roth. Frist also is considered a White House hopeful.

Frist, a former heart surgeon, took a leading role last year in the fight to get Schiavo's feeding tube reinserted. He later was criticized for relying on a video to question her doctors' diagnosis that Schiavo was in a permanent vegetative state.

Kerry said Frist's Taliban comments sound like claims by the Bush administration about progress being made in Iraq, despite differing reports from those directly involved. The Massachusetts senator said he requested a private briefing with CIA officials earlier this week.

"I will tell you their outlook was bleak. It was completely different from what the administration is saying publicly, and they told me that is what they are saying to the administration today," Kerry said.

He added: "We need an administration that tells America the truth. We don't need a cut-and-run policy in Afghanistan where the real war on terror is and a stay-and-lose policy in Iraq."

Frist's spokeswoman, Carolyn Weyforth, said Kerry has absolutely no room to accuse Frist of cutting and running.

"It is Senator Kerry and his colleagues who have voted again and again to tie our hands in the ongoing war on terror instead of giving us all tools necessary to fight a 'smarter, more effective war on terror,'" she said, echoing one of Kerry's frequent campaign promises.

CORPORATE SCANDALS:

HP Insiders Indicted In Corporate Spy Scandal (LAT)

By James S. Granelli

The Los Angeles Times, October 5, 2006

SAN JOSE, Calif. — California Atty. Gen. Bill Lockyer filed criminal charges against ousted Hewlett-Packard Chairwoman Patricia C. Dunn and four others in the corporate spying scandal that has rocked the Silicon Valley icon, according to people familiar with the case.

The state's top prosecutor accused the five of conspiracy and three other felonies for their alleged roles in stealing the private phone records of directors, reporters and their families.

The scandal came to light a month ago when the Palo Alto computer and printer maker released initial details of its efforts to find out who was leaking boardroom information to the media.

Dunn, who initiated an internal investigation, said she did not know that outside detectives were using subterfuge to gain access to the phone records.

Besides Dunn, those named in the criminal complaints filed in Santa Clara County Superior Court were ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia and outside investigators Matthew DePante of Melbourne, Fla. and Bryan Wagner of Littleton, Colo., Associated Press reported.

They each face four felony charges: use of false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes.

HP Chief Executive Officer Mark Hurd was not charged.

Dunn Charged Over HP Leaks (FT)

By Kevin Allison

Financial Times, October 5, 2006

California's top prosecutor yesterday filed criminal charges against Patricia Dunn, Hewlett-Packard's ousted chairman, and four others in connection with the computer maker's controversial investigation probe into boardroom leaks.

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The charges, expected for weeks, marked a low point in a spying scandal that has sullied HP's reputation as a paragon of corporate virtue and thrown a spotlight on the shadowy world of company investigations.

The felony complaint filed by Bill Lockyer, attorney general, charged all five defendants with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy.

Mr Lockyer said the HP leak investigation was "a misguided effort". "People inside and outside HP violated privacy rights and broke state law," he said.

The four other defendants are Kevin Hunsaker, a former HP lawyer, and private investigators Ronald DeLia, Bryan Wagner and Matthew DePante.

Mark Hurd, chief executive, and Ann Baskins, who resigned as the company's general counsel last week, were not charged but Mr Lockyer said the investigation remained open.

Ms Dunn's lawyer said she was a victim of a "disinformation campaign". In a statement, Jim Brosnahan of law firm Morrison & Foerster said: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Calls to lawyers representing Mr Hunsaker and Mr DeLia went unreturned yesterday. HP said only that it was continuing to co-operate with state and federal investigators.

HP came under criminal investigation last month after the company admitted its operatives had posed as journalists, board members and employees to obtain private telephone records – a controversial and potentially illegal practice known as pretexting.

Ms Dunn was forced to step down as chairman amid mounting criticism of the investigation's tactics, which extended far beyond telephone records to included physical surveillance and other questionable operations.

Events reached a climax last week as the scandal's protagonists testified on Capitol Hill about their roles in the probe.

Ms Dunn said she was not responsible for what happened, saying she received repeated assurances that the methods being used by HP's investigators were legal and part of an accepted array of methods.

News of the charges followed reports that Ms Dunn was preparing to undergo for treatment for cancer. Ms Dunn had previously stepped down as chief executive of Barclays Global Investors to fight cancer in 2002.

HP's shares rose 1.6 per cent yesterday to $38.02 ahead of the announcment.

Dunn, Four Others Charged In Hewlett Surveillance Case (WP)

By Ellen Nakashima And Yuki Noguchi

The Washington Post, October 5, 2006

Former Hewlett-Packard Co. chairman Patricia C. Dunn and four others were charged with fraud and conspiracy in California yesterday, one month after HP disclosed that it had conducted a wide-ranging spying operation to identify the source of leaks to the news media.

A criminal complaint was filed in Santa Clara County Superior Court by California Attorney General Bill Lockyer. In addition to Dunn, former HP chief ethics director and senior legal counsel Kevin Hunsaker, who supervised a key phase of the operation, was charged, along with three outsiders who did surveillance work for the Silicon Valley computer icon.

All five were charged with four felonies under California statutes. Each count carries a maximum prison sentence of three years and a maximum fine of $25,000.

The charges were filed on an extraordinary day in which Lockyer, who is seeking election as state treasurer, declared in a statement that "people inside and outside HP violated privacy rights and broke state law" during the company's "misguided" effort to plug media leaks.

The charges came one day after Dunn, 53, learned from her doctor that her advanced ovarian cancer had recurred and she needed to undergo chemotherapy, according to a source close to Dunn. It is her third bout with cancer in recent years; she previously suffered from breast cancer and melanoma.

Dunn's attorney, Jim Brosnahan, issued a statement last night saying the charges "are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

Charged along with Dunn and Hunsaker, 41, were Boston security contractor Ronald R. DeLia, 56, and private investigators Bryan Wagner, 29, of Littleton, Colo., and Matthew Depante, 27, manager of Action Research Group of Melbourne, Fla. They were accused of participating in long-running HP surveillance operation that involved the use of false pretenses to gain access to personal phone records of HP board members, journalists and their families, a practice known as pretexting.

Each was charged with fraudulent wire communications, wrongful use of computer data, identity theft and conspiracy to commit those three crimes. The complaint alleges that the defendants used "false and fraudulent pretenses" to obtain

confidential information from a phone company, including billing records, belonging to 12 people. Dunn, who first stepped down as chairman and then resigned from the board last month, repeatedly has said that she was given assurances that the methods used in the leak probe were legal.

The criminal charges come a few days after Dunn, Hunsaker and the company's chairman and chief executive, Mark V. Hurd, appeared before a congressional investigative subcommittee to answer questions about the surveillance methods HP used.

The tactics, in addition to pretexting, included following or watching board members, journalists and their family members at home and at conferences; and conducting a sting operation on a reporter.

The two-phase spying operation began in 2005 and ended this past spring.

According to court papers filed yesterday, the telephone, fax and cellphone accounts of more than 24 people were accessed in the HP probe. HP's investigators reviewed 33 months' of phone records and about 1,750 calls from 590 telephone numbers.

The charges are the first in the case, which is also being investigated by the FBI.

Dunn told the House Energy and Commerce oversight investigations subcommittee last week that she had been assured that the phone records were obtained legally, a claim that legal observers expect to be the heart of her defense.

At one point during Dunn's testimony last week, the chairman of the House Energy and Commerce Committee, Joe Barton, asked her if it was not correct that the fraudulent practice of obtaining phone records had been used in 2005.

"I believe it did use pretexting," she said.

Her attorney then whispered something to her.

"I've just been corrected," she said. "I don't know."

The complaint says that Dunn knew since at least June 2005 that the phone records were being obtained by deceptive means.

Hunsaker, DeLia and Wagner, one of the two investigators charged, refused to testify before the congressional panel last week, invoking their Fifth Amendment right against self-incrimination. The other investigator, Matthew Depante, was not called to testify, but his father, Joseph Depante, owner of Action Research, also invoked the Fifth Amendment.

No one answered a phone call placed to Matthew Depante's home yesterday, but his attorney, Richard Preira of Miami Beach, said Depante was "not guilty."

"The conduct he is alleged to have engaged in is not a violation of the California penal code or the United States code," Preira said.

A lawyer for Hunsaker did not return calls seeking a comment. DeLia, a reached by telephone last night, said he was not guilty of the charges and declined to comment further.

On the federal level, phone pretexting is likely a violation of the criminal wire fraud statute, former federal prosecutors said.

Congress adjourned last Friday without passing pending legislation to specifically make phone pretexting a crime. Jennifer S. Granick, a cyber law professor at Stanford Law School, said that the evidence released so far suggests that Dunn was aware of the methods used to obtain phone records.

"Generally, you don't have to know that something is against the law in order to be committing an offense," said Granick, who was a criminal defense lawyer in California for nine years. "Ignorance of the law is no defense."

Robert Weisberg, a Stanford University law professor, said the statutes Lockyer is citing are highly technical and do not specifically address or describe phone pretexting: "I think it's kind of dicey whether you can really apply the state laws to [Dunn]."

A California law has since been passed that specifically outlaws phone pretexting, he added, but it is not retroactive.

Friends said Dunn has been battling three forms of cancer since 2001 and has channeled some of her energy into charity and cancer-fighting work. She stepped down as chief executive of Barclays Global Investors in 2002 after the breast cancer and melanoma were diagnosed.

"She has become a real role model to women going through cancer," said Mary Bitterman, who joined the Barclays Global board of directors shortly before Dunn stepped down. Dunn spoke of her involvement with the Charlotte Maxwell Complementary Clinic, a program that provides cancer care to poor patients, she said.

Friends said Dunn has long maintained a concern for rules and ethics, making her indictment ironic to many who worked with her, first at Wells Fargo and then Barclays Global after the firms merged.

"She's so ethical. The fact that this happened is beyond belief," said Rich Koppes, an attorney and former general counsel of the California Public Employees' Retirement System. He said Dunn was always concerned with and interested in good corporate governance. Some legal observers said they thought that Lockyer, who last year pulled out of the race for governor of California, was using the case to enhance his political career.

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"I can't say this shouldn't be done," said Jamie Wareham, global chairman of litigation in the District office of Paul, Hastings, Janofsky and Walker LLP, a Los Angeles-based law firm. But, he said, "I think the timing is outrageous."

California Charges Dunn, 4 Others In H-P Scandal (WSJ)

By Peter Waldman And Don Clark

The Wall Street Journal, October 5, 2006

California Attorney General Bill Lockyer, sending a stern message to corporate America, filed criminal charges against former Hewlett-Packard Co. Chairman Patricia Dunn and four other people in connection with the company's investigations into boardroom leaks.

The charges, which stem from H-P's allegedly illegal tactics for acquiring personal phone records, move the H-P imbroglio into an important new phase. The affair already has mushroomed into one of the nation's most embarrassing corporate scandals in years. The criminal proceedings are likely to have implications that go far beyond the particulars of the case, setting precedents for boardrooms, corporate ethicists and private investigators across the nation.

"This is the first time to my knowledge that the chairman of the board of a major American company is being charged with a privacy violation," said Joel Reidenberg, a professor at Fordham University Law School in New York and director of its center on law and information policy. "This sends a very powerful message to corporate America that privacy matters."

Each of the five defendants, who were charged in state court in Santa Clara, faces four felony charges: fraudulently obtaining private information from a public utility; accessing computer data without permission; identity theft and conspiracy to commit those same crimes. Each charge carries a maximum penalty of three years in prison and a fine of up to $10,000.

Mr. Lockyer's targets in the case suggest he is pursuing links from top to bottom in the chain of action behind the debacle. That chain started with Ms. Dunn who, disturbed by H-P-related leaks to the media, launched two boardroom investigations, in 2005 and in 2006. The probes ultimately backfired this summer after venture-capitalist Thomas Perkins quit H-P's board in a huff and accused the company of improperly obtaining his personal phone records as part of its leak investigation. The Wall Street Journal brought the backroom battle to light in a page-one article on Sept. 6.

Along with Ms. Dunn, Mr. Lockyer yesterday charged H-P's former chief ethics lawyer, Kevin Hunsaker, and three outside investigators who helped H-P try to discover which of its directors might be leaking information to the press. Documents have emerged suggesting that Mr. Hunsaker worked with H-P's outside investigators to pry into private phone records, use operatives to tail certain H-P directors and journalists, spring a sting operation on an unsuspecting reporter in an effort to get her to reveal her source, and contemplated sending spies into newsrooms disguised as janitors.

Also charged yesterday were Ronald DeLia of Security Outsourcing Solutions Inc., Needham, Mass., who led both leak probes from start to finish, Matthew DePante of Action Research Group, Melbourne, Fla., and Bryan Wagner of Littleton, Colo. Mr. DePante allegedly helped H-P obtain the phone records it sought, and Mr. Wagner allegedly did some of the so-called pretexting, impersonating others to obtain their records from phone carriers.

A Santa Clara County judge issued arrest warrants for all five defendants, and set bail ranging from $100,000 for Mr. DePante to as little as $5,000 or even nothing for Ms. Dunn and Mr. Hunsaker, for whom the judge held open the possibility of being released on their own recognizance.

The case against Ms. Dunn, who is scheduled to start six months of chemotherapy tomorrow for recurrent ovarian cancer, rests on prosecutors' claim that she knew H-P's investigators were obtaining phone records through fraud. She has said she thought the records came from publicly available sources. "As her many supporters fully expect, she will fight these charges with everything she has," said James Brosnahan, Ms. Dunn's lawyer.

Though the attorney general didn't name H-P as a defendant in the complaints, the charges signal the beginning of a potentially lengthy legal process that could keep the company's name in the headlines for months or years.

H-P's former general counsel, Ann Baskins, wasn't charged in the case, although she was named in the prosecutors' court affidavit yesterday as having participated in a key conference call in June of 2005. At that time, Mr. DeLia "explained pretexting, telling Dunn and Baskins that it involved investigators requesting information from operators orally, over the phone, 'pretending' to be someone else if necessary," prosecutors wrote.

Also not charged was Tony Gentilucci, who resigned as H-P's manager of global security investigations in the wake of the probe. Both he and Ms. Baskins declined to testify at a House subcommittee hearing on the matter last week, invoking their Fifth Amendment rights against self-incrimination. Their attorneys couldn't be reached for comment.

Mark Hurd, H-P's chief executive officer, isn't expected to be targeted by prosecutors. Mr. Hurd told the House subcommittee that he attended briefings where the investigation was discussed, adding that he didn't recall hearing about the tactics investigators used. However, a memo by H-P's law firm, Wilson Sonsini Goodrich & Rosati, says Mr. Hurd told attorneys

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for the firm in August 2006 that he recalled that during one meeting, "probably on July 22, 2005," somebody "mentioned obtaining phone records off the Web" as part of the probe.

"There currently is no evidence that Mark Hurd engaged in criminal conduct. However, our investigation remains open and continues," Mr. Lockyer said yesterday at a news conference.

Lawyers for Mr. Hunsaker and Mr. DeLia didn't return phone calls. Messrs. DePante and Wagner didn't return phone calls. Messrs. Hunsaker and DeLia last week declined to testify before the House subcommittee, citing their Fifth Amendment rights, as did Mr. DePante's father, Joseph, the owner of Action Research, who wasn't charged yesterday.

H-P, meanwhile, issued a statement saying: "H-P is continuing to cooperate with state and federal investigators looking into the boardroom leaks issue. The company has no further comment."

During the leak investigations in 2005 and 2006, H-P investigators obtained the personal phone records of at least a dozen people, including directors and employees, as well as journalists and other outside parties. Among them were two Wall Street Journal reporters, including Pui-Wing Tam, whose page-one story last year about friction between the H-P board and then-Chief Executive Carly Fiorina set off the first leak investigation.

The disclosure of the investigations prompted a series of probes by state and federal agencies, as well as last week's high-profile House subcommittee hearing. Some in Congress are seeking to pass a bill that would clearly define pretexting as illegal. Some lawyers involved in the H-P investigation argue that the practice isn't illegal, except when financial records are involved.

California laws are clearer, however. One of the statutes under which Ms. Dunn and the four others were charged yesterday, Penal Code Section 538.5, specifically outlaws "executing a scheme or artifice to obtain, from a public utility," customers'"billing records."

The California statute also makes clear that it isn't just the people who obtain such information who could be criminally liable, but "every person who transmits or causes to be transmitted" the information. That provision could prove particularly important in prosecutors' case against Ms. Dunn, who instigated the leak probes and has acknowledged knowing that personal phone records were scrutinized.

Ms. Dunn, who testified for hours before the House subcommittee, spearheaded the probes, which began in the spring of 2005 following leaks from the board that year and intensified after other leaks in early 2006. She acknowledged learning from Mr. DeLia that personal phone records were being obtained during the investigation, but said she believed it was a customary H-P practice and didn't learn of the term "pretexting" until much later.

Though Mr. Lockyer said publicly three weeks ago that his office had enough evidence to charge people with crimes both inside and outside H-P, his investigation bogged down over H-P's unwillingness to share certain documents with prosecutors, according to lawyers familiar with the case. The logjam broke in the past several days, these people said, after prosecutors obtained some 700 pages of internal H-P emails, investigative reports and legal papers from congressional investigators in Washington, who had gathered the documents from H-P for last week's House hearing.

Among the congressional documents is a series of memos written in August by H-P's outside lawyers at Wilson Sonsini Goodrich & Rosati, which H-P retained this summer to review the conduct of the leak investigations. H-P had been resisting providing the Wilson Sonsini documents to prosecutors in Sacramento, citing attorney-client privilege, these lawyers said. The memos include write-ups of interviews with all the main players in the spying imbroglio, including Ms. Dunn and Mr. Hurd. Prosecutors quoted extensively from the law firm memos in their affidavit yesterday.

Wilson Sonsini's conclusions differed markedly from Mr. Lockyer's. In a presentation to H-P's board in August, the firm essentially exonerated Ms. Dunn from wrongdoing, finding she "reasonably relied on repeated assurances of legality by HP legal." The Wilson Sonsini report said that, at the time of the investigations, no laws specifically barred people from using false pretenses to obtain others' phone records.

HP Scandal May See Felony Charges (USAT)

By Michelle Kessler

USA Today, October 5, 2006

SAN FRANCISCO — California's Attorney General sought felony indictments against five people in the Hewlett-Packard snooping scandal Wednesday — including former chairman Patricia Dunn.

Attorney General Bill Lockyer filed criminal complaints against Dunn, former HP lawyer Kevin Hunsaker and private investigators Ronald DeLia, Matthew DePante and Bryan Wagner.

Each faces four felony charges: using fraud to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit those crimes. Penalties could include prison time and fines.

Notably absent from the list is HP CEO Mark Hurd, who has tried hard to distance himself from the scandal. That's a relief, says tech analyst Crawford Del Prete at researcher IDC, because Hurd is doing a good job of running the computer giant. HP shares closed up 2% at $38.02 Wednesday.

The investigation is still open, Lockyer's office says. A grand jury will most likely hear the case next, a process that could take months, says Stanford University law professor Robert Weisberg.

Dunn, Hunsaker and the three detectives were all part of a team trying to find out which HP board member was leaking information to the press. The team used trickery to obtain the private phone records of journalists, board members and employees (a technique called pretexting).

Dunn spearheaded the leak hunt. Last week, she told the House Energy and Commerce Committee, which is also investigating the matter, that she left details to HP staffers and didn't know about the pretexting.

Hunsaker ran the project within HP and was aware of pretexting, internal HP documents released by the committee show. He repeatedly said it was legal.

There's a chance he is right. There are few laws specifically prohibiting pretexting. That's why Lockyer is prosecuting under fraud laws, Weisberg says.

DeLia's detective firm, Security Outsourcing Solutions, was hired by HP to do most of the investigative work. DeLia in turn hired detective firm Action Research Group, where Matthew DePante works.

Wagner is a former employee of Action Research, according to the complaint's supporting documents. He told investigators that he destroyed his computer when his uncle warned him of the HP investigation after reading about it in the newspaper.

Unlike Dunn, who is fighting advanced ovarian cancer, Hunsaker, DeLia and Wagner each refused to answer questions before the committee last week, citing their right against self-incrimination. Matthew DePante was not called. But Joseph DePante, the owner of Action Research, was. He also declined to answer questions because of self-incrimination concerns.

Ex-Leader Among 5 Charged In Hewlett Case (NYT)

By Damon Darlin

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Hewlett-Packard's former chairwoman was among five people charged Wednesday with illegally gathering phone records of board members, journalists and others in an effort to find the source of news leaks.

The felony charges, filed by the California attorney general's office, are the first stemming from a spying operation that ended last spring but came to light a month ago in disclosures by a disgruntled former director.

The case has rocked the company, forcing out the chairwoman, Patricia C. Dunn, along with the general counsel, a second director and two other senior officers. A House subcommittee held hearings on the case last week, and federal prosecutors have also been considering charges.

It was Ms. Dunn who authorized the operation, aimed at tracing leaks from the board, and put it into the hands of outside investigators. Those charged with her Wednesday included the company lawyer who supervised one phase of the operation and three detectives.

The charges stem from the use of pretexting, a form of deception, to obtain private calling records from phone company employees.

"We plan to aggressively prosecute this case," Bill Lockyer, the state's attorney general, said at a news conference in Sacramento. "However, the investigation into this matter remains active and still incomplete."

The company's general counsel, Ann O. Baskins, who resigned hours before the House hearing last week, was not among those charged. Nor was Mark V. Hurd, the chief executive, who has overseen a resurgence in Hewlett-Packard's business that has buoyed its stock even in the face of the recent upheaval.

"There currently is no evidence that Mark Hurd engaged in criminal conduct," Mr. Lockyer said.

Concerns over leaks from the board predated the ouster of Carleton S. Fiorina as chairwoman and chief executive in early 2005. In a memoir to be published next week, Ms. Fiorina says that she ordered an initial leak investigation shortly before her departure. [Page C1.]

The charges against Ms. Dunn, who is expected to appear in court within 24 hours, come as she battles ovarian cancer. "I truly hope Ms. Dunn wins her fight against this disease," Mr. Lockyer said. "However, her illness has no impact on her culpability."

A criminal complaint filed in San Jose, Calif., accuses all the defendants of four charges: using false pretenses to obtain confidential information from a public utility, unauthorized access of computer data, identity theft and conspiracy to commit each of those crimes.

Mr. Lockyer said the first three charges each carried a maxiumm penalty of three years in prison and a fine of $10,000.

A conspiracy conviction can bring a $25,000 fine and one year in prison.

Arrest warrants were issued for the five, who include Kevin T. Hunsaker, a former senior lawyer at Hewlett-Packard; Ronald R. DeLia, a Boston-area private detective; Joseph DePante, owner of Action Research Group, an information broker in Melbourne, Fla.; and Bryan Wagner of Littleton, Colo., who is said to have obtained private phone records while working for Mr. DePante.

An investigation was begun by Ms. Dunn in 2005 — involving leaks that were apparent in news articles just before and after Ms. Fiorina's ouster — but it ended inconclusively. A second phase began in January 2006, after news reports about a management meeting indicated further leaks, and the effort was turned over to Mr. Hunsaker for supervision.

Ms. Dunn resigned from the board last month under pressure because of the methods used. Mr. Hunsaker, a senior counsel and director of ethics, was fired after he refused to resign, his lawyer said.

Robert M. Morgester, deputy attorney general for the state's special crimes unit, wrote in a supporting document to the charges filed Wednesday that "both Dunn and Hunsaker were aware that the records were to be obtained by fraud or deceit." He said Mr. Hunsaker provided continuous guidance to Mr. DeLia on which records to obtain.

The criminal complaint notes that the pretexting in the case involved the home, office, cellphone and fax numbers of 24 people. Mr. Morgester wrote that Mr. DePante's firm, Action Research, analyzed 33 months of calls and retrieved information on 590 numbers that figured in those individuals' phone records.

The complaint states that in April 2005, Ms. Dunn gave Mr. DeLia the home, office and cellphone numbers for company directors. In June 2005, Mr. DeLia told Ms. Dunn and Ms. Baskins, the general counsel, that phone records were obtained "by ruse" from a telecommunications carrier.

In addition to getting phone records directly from customer service representatives, the operation also involved access to records kept online. State investigators said they were able to find Mr. Wagner by tracking a cookie left on his computer when he used it to gain access to online records at AT&T. A cookie is a piece of computer code that identifies what computer has visited a particular Web site.

Although the operation for gathering of phone records stretched across the country and back again, California claims jurisdiction in the case because the detectives were paid by Hewlett-Packard, which is based in Palo Alto, Calif., and the planning was done there as well.

Of the charges against Ms. Dunn, Mr. Lockyer, the attorney general, said, "The person who orchestrated these illegal practices should be held accountable, not just those who carried them out."

Ms. Dunn's lawyer, James J. Brosnahan of Morrison & Foerster in San Francisco, said in a statement: "These charges are being brought against the wrong person at the wrong time and for the wrong reasons. They are the culmination of a well-financed and highly orchestrated disinformation campaign."

The charges are yet another blow for Ms. Dunn. On Tuesday, a representative said Ms. Dunn was to begin six months of chemotherapy on Friday for recurrent advanced ovarian cancer. A friend said that she had Stage 4 ovarian cancer. She has survived breast cancer and melanoma, a skin cancer.

Stage 4, in which the cancer has spread beyond the abdomen to other parts of the body, is the most advanced, and only 29 percent of women with that stage are still alive after five years. The disease is so dangerous because it often has no symptoms until it has become advanced and has started spreading inside the abdomen.

Alison Davis, a managing partner at Belvedere Capital Partners, a private equity firm in San Francisco, called the charges against Ms. Dunn unbelievable.

"She stands for integrity and doing the right thing more than anyone else I can think of," said Ms. Davis, who was chief financial officer of Barclays Global Investors, where Ms. Dunn served as chief executive.

Ms. Baskins, who as general counsel was Mr. Hunsaker's boss and was involved in both the 2005 and 2006 phases of the investigation, may have escaped charges because she never passed on any phone numbers to a pretexter.

Her lawyer, Cristina C. Arguedas, with the firm of Arguedas, Cassman & Headley of Berkeley, Calif., said, "Ann Baskins did nothing that could possibly warrant a charge being filed against her."

Other criminal defense lawyers said prosecutors might have a difficult time proving intent. To do so, they would have to show that the defendants had some appreciation of the wrongfulness of their actions.

"It can be a squishy concept," said Matthew J. Jacobs, a former federal prosecutor and a partner in the Silicon Valley law firm of McDermott Will & Emery.

Getting a legal opinion and taking steps to establish the legality of an action can show a lack of criminal intent. Ms. Baskins repeatedly asked for verification that the methods the investigators used were legal.

The question of intent could also be raised for those charged, Mr. Hunsaker and Ms. Dunn in particular, several defense lawyers said. Ms. Dunn, who is not a lawyer, relied on the lawyers' advice. The documents provided by the company show Mr. Hunsaker asked for legal opinions and did his own research to verify that what was done was considered legal.

In one set of e-mail exchanges between Mr. Hunsaker and Anthony R. Gentilucci, the company's manager of global investigations, Mr. Hunsaker raises the question of legality. Mr. Gentilucci replied, "I think it is on the edge, but above board." Mr. Hunsaker's response was, "I shouldn't have asked."

Mr. Hunsaker's lawyer, Michael Pancer, said in a recent interview that his client meant that he should not have asked because he knew that Mr. Gentilucci would have checked on the legality of the method.

Lawyers for Ms. Dunn and Mr. DeLia did not respond to requests for comment.

Mr. Wagner said he had been advised not to comment on the charges against him. He said, however, "If I would have known it was this high-profile, I wouldn't have done it."

Mr. DePante's lawyer, Richard J. Preira of Miami Beach, Fla., said that "his conduct is not illegal" and that his client was a scapegoat. He also said, "the prosecutors are trying to fit a square peg in a round hole."

Indeed, other defense lawyers and legal scholars not involved in the case said it would not be an easy one for the attorney general despite the mountain of documents provided by the company. The problem is that California had no law against the specific act of pretexting. So the prosecutors have to stitch together a set of laws to charge the defendants.

Defense lawyers are likely to try to exploit the weak seams. Take, for instance, the law that makes it a crime to use electronic media to take information owned by a public utility. The first problem, said Robert Weisberg, a Stanford University law professor, is whether a phone company can be considered a public utility anymore. The identity theft law makes it a crime to steal something of value — credit, goods, services, or medical information — Mr. Weisberg notes, but a defense lawyer could argue that phone records have no monetary value.

California made pretexting a crime, but the law, signed on Saturday by Gov. Arnold Schwarzenegger, does not go into effect until Jan. 1. It would not apply to any of the pretexting in the Hewlett-Packard case. Under that law, the penalty for a violation would be $2,500 and up to a year in county jail. Repeated violations would result in a $10,000 fine and a year in jail.

Investigations Continue At HP (USAT)

By Jim Hopkins And Jon Swartz

USA Today, October 5, 2006

SAN FRANCISCO — Hewlett-Packard still faces a thicket of federal investigations after California's attorney general filed criminal complaints against former chairman Patricia Dunn and four others tied to HP's boardroom news-leak scandal.

HP said in a statement on Wednesday that it "is continuing to cooperate with state and federal investigators." It said it would have no further comment.

Attorney General Bill Lockyer's complaints on Wednesday did not name any current HP executives, including Chairman and CEO Mark Hurd, who is leading an important restructuring of the Silicon Valley computer and printer maker.

Still, HP's criminal defense attorneys at Morgan Lewis & Bockius must defend the company against investigations by the:

·U.S. Attorney and FBI. Last month, the U.S. Attorney's Office in San Francisco and the FBI acknowledged they were conducting an investigation into the HP spying scandal. At the time, the FBI said it was reviewing possible fraud and identity theft violations.

HP, in a Sept. 11 filing with the Securities and Exchange Commission, said it had been informally contacted by the U.S. Attorney's Office in San Francisco, requesting information "similar" to that sought by Lockyer's office.

Luke Macaulay, spokesman for San Francisco U.S. Attorney Kevin Ryan, on Wednesday said the inquiry is continuing.

·SEC. The agency's enforcement division is investigating the circumstances around Tom Perkins' resignation as HP director in May to protest the news-leak probe.

The agency is looking at two SEC filings HP made: One on Sept. 6, in which the company first disclosed the news-leak investigation and its role in spurring Perkins to quit. The second filing, on May 22, reported Perkins' resignation without explaining the circumstances.

The SEC also has asked HP for information about the company's news-leak investigation itself. The agency on Wednesday had no comment, spokesman John Nester said.

·Congress. The House Energy and Commerce Committee has been examining HP's use of "pretexting," a shady technique where investigators posed as HP directors, employees and journalists to get private phone records.

Dunn, Hurd and 12 other witnesses appeared before a committee hearing last week. Among the five individuals named in Lockyer's complaint, only Dunn agreed to testify before the panel. The other four refused, citing their right against self-incrimination.

Committee spokesman Terry Lane said Chairman Joe Barton, R-Texas, had no comment on Lockyer's criminal complaints.

California Attorney General Charges HP Insiders, Detectives In Spy Probe (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, October 5, 2006

(AP) - SAN JOSE, California-California's attorney general filed criminal charges Wednesday against former Hewlett-Packard Co. Chairwoman Patricia Dunn and four others involved in the corporate spying scandal at the computer and printer company.

Attorney General Bill Lockyer filed the charges in Santa Clara County Superior Court naming Dunn, ousted HP chief ethics officer Kevin Hunsaker, private investigator Ronald DeLia, and outside investigators Joseph DePante of Melbourne, Florida and Bryan Wagner of Littleton, Colorado.

They each face four felony counts: use of false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 (â‚¬7,900)and three years in prison.

HP chief executive Mark Hurd is not among those charged, nor was HP's former General Counsel Ann Baskins, who had some oversight of the company's investigation of media leaks.

The scandal erupted last month when HP disclosed that detectives it hired to root out a series of boardroom leaks secretly obtained detailed phone logs of directors, employees and journalists. The detectives used a potentially criminal form of subterfuge known as pretexting to masquerade as their targets and trick telephone companies into turning over the records.

"I am innocent of these charges," DeLia said in a prepared statement he read to The Associated Press. "I've been a professional private investigator for more than 30 years. I respect the law and I did not break the law in the HP investigation."

He refused to elaborate on his statement or take questions.

Dunn - who initiated the investigation - said she did not know until after the fact that the detectives went to such extremes to unearth clues about the leaker's identity. She resigned from HP's board last month amid the uproar over the spying campaign, which has also prompted the resignation of two other board members.

Dunn, 53, who has survived breast cancer and melanoma, will begin chemotherapy treatments for advanced ovarian cancer on Friday at the University of California, San Francisco, according to a person close to Dunn who asked to remain anonymous because a formal announcement wasn't planned.

Lockyer scheduled a 7 p.m. EDT (2300 GMT) news conference in Sacramento to discuss the case. Lawyers for Dunn and the others charged did not return calls seeking comment.

HP said in a statement it is cooperating with Lockyer as well as federal authorities who are also exploring possible criminal charges. The Palo Alto-based company declined further comment.

HP's stock has largely been immune to the scandal swirling around its board, and Wednesday was no exception. It rose 60 cents, or 1.6 percent, to close at $38.02 on the New York Stock Exchange. Earlier in the day it reached a 52-week high of $38.14.

The criminal case against Dunn and the others may be difficult to prove if they can show they were simply relying on legal opinions assuring them HP's tactics were legal, said Jamie Wareham, a Washington, D.C. defense lawyer specializing in corporate law.

"It was a stupid and unethical thing that occurred, but it may not have been a crime," he said.

Wareham questioned whether Lockyer rushed the charges to generate publicity in the weeks leading up to the Nov. 7 election. Lockyer, a Democrat, is running for state treasurer.

"He formed a judgment that a crime was committed way too early, but he had nothing to lose," Wareham said. "Normally you would want to take more time to understand the defense's position in the case so you don't get egg in your face or waste taxpayer money."

Hunsaker, who directed the investigation, left the company on Sept. 26; DeLia runs a Boston-area detective firm called Security Outsourcing Solutions, a longtime HP contractor commissioned to conduct the leak probe.

DeLia in turn hired DePante's company to gather information, and DePante hired Wagner to obtain the private phone records of HP directors and journalists.

HP eventually identified director George Keyworth II as the source of a leak to a CNET Networks Inc. reporter. Keyworth resigned after the scandal went public in early September.

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Another director, venture capitalist Thomas J. Perkins, resigned from the board in May after learning about the tactics used by HP's investigators. He then pressured the company to publicly disclose the reason for his departure, leading to the regulatory filing that revealed the investigators' use of pretexting.

The FBI and a congressional panel are also looking into the HP pretexting scandal. Dunn testified last week before the panel, saying she didn't know about any potentially illegal tactics used in the investigation and wasn't responsible for the probe.

Rep. Edward Markey, D-Mass., a senior member of the House Energy and Commerce Committee, said Lockyer's move "indicates that prosecutors are beginning to move forward to address the violations that occurred here."

Still, Markey added, congressional action is needed to tighten the penalties on pretexting. A bill, approved earlier by the committee, has been stalled in the House.

"We need to pursue a new direction in this country that ensures consumers will no longer be vulnerable to intrusions into their families' privacy, either by their employer, by the government or by criminals seeking to turn information into money," he said.

AP Business Writers Michael Liedtke in San Francisco, Brian Bergstein in Boston and Marcy Gordon in Washington contributed to this report.

Ex-Hewlett-Packard Chair Dunn Charged In Leak Case (Update9) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Hewlett-Packard Co. ex-Chairwoman Patricia Dunn and four others were charged with conspiracy and fraud by California's attorney general in the first prosecution stemming from a probe of illegally obtained phone records.

An internal inquiry into boardroom leaks at Hewlett-Packard, the world's second-largest personal computer maker, has been the subject of an investigation by California Attorney General Bill Lockyer. Dunn, 53, authorized the internal probe, which used fake identities to obtain the private phone records of board members and journalists, a tactic called pretexting.

The charges, filed today in state court in San Jose, are another black eye for Dunn, who has said she relied on investigators and isn't responsible for their conduct. Hewlett- Packard Chief Executive Officer Mark Hurd, who said he wasn't aware investigators were using pretexting, wasn't charged. The Palo Alto-based company is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

``One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," said Lockyer. ``In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Dunn's lawyer said earlier today that his client has advanced ovarian cancer and will undergo chemotherapy this week.

Hunsaker, DeLia

Also named in the complaint were Kevin Hunsaker, the company's former director of ethics and the executive who ran the internal probe, outside investigator Ronald DeLia of Security Outsourcing Solutions Inc. and Bryan Wagner and Matthew Depante, two private detectives hired on the company's behalf. Lockyer said the investigation is continuing.

``Patricia Dunn and Kevin Hunsaker were the key actors in the decision processes that led to pretexting," said James Post, a professor of management at Boston University. ``The chair of the board must be the No. 1 advocate for ethical standards."

The five defendants were charged with conspiracy, wire fraud, illegal use of computer data and identity theft, court papers said. If convicted, they each face up to 12 years in prison. The maximum fine for conspiracy to commit identity theft is $25,000. The other counts carry maximum fines of $10,000.

As part of the conspiracy charge, prosecutors claimed Dunn gave DeLia home, cellular and office telephone numbers for Hewlett-Packard board members. DeLia allegedly told Dunn and then-General Counsel Ann Baskins on June 15, 2005, that the telephone records were obtained by ``ruse from the telecommunication carrier," prosecutors said.

Voluntary Surrender

Lockyer said he will seek to arrange the voluntary surrender of Dunn and Hunsaker. He said he was aware of reports that the former chairwoman is undergoing treatment for cancer and said he hopes she beats the disease.

Dunn's illness has no impact on her guilt, Lockyer said at a press conference today in Sacramento.

The attorney general, the state's top prosecutor, said he has no evidence of wrongdoing by Hurd. Arrest warrants are being sought for the other defendants, said Robert Anderson, chief deputy attorney general.

Lockyer's charges come less than a week after Dunn and Hurd, 49, faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses.

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The charges show ``prosecutors are beginning to move forward to address the violations that occurred," said U.S. Representative Ed Markey of Massachusetts, ranking Democrat on the House Telecommunications committee, in a statement today.

Congressional Inaction

Markey criticized what he called the lack of Congressional action to increase the penalties for pretexting in order to obtain phone records, and to outlaw purchases or sales of the Social Security numbers used to obtain access to such records or other personal information.

House Republican leaders have refused to take up proposed legislation approved by the Energy and Commerce Committee in each of these areas, Markey claimed. Kevin Madden in House Majority Leader John Boehner's office confirmed a vote hasn't been scheduled.

Representative John Dingell, a Michigan Democrat, called Hewlett-Packard's actions a ``case study in deceit, dishonesty" and ``probably criminal" behavior.

James Brosnahan, a lawyer for Dunn, of Orinda, California, said his client will fight the charges.

`Wrong Reasons'

``These charges are being brought against the wrong person at the wrong time and for the wrong reasons," the lawyer said in a statement. ``They are the culmination of a well-financed and highly orchestrated disinformation campaign."

John Kiernan, a lawyer for DeLia, 56, of East Sandwich, Massachusetts, didn't return a call seeking comment. Michael Pancer, a lawyer for Hunsaker, 41, of Menlo Park, California, declined to comment.

Richard Preira, attorney for Depante, 27, of West Melbourne, Florida, didn't return calls or e-mails seeking comment. Wagner, 29, didn't return voicemail messages left at his home in Littleton, Colorado.

The company said in a statement that it's continuing to cooperate with state and federal investigators, and declined further comment.

Shares of Hewlett-Packard fell 17 cents to $37.85 at 7:27 p.m. in trading after the close of the New York Stock Exchange.

The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

`Tempest in a Teapot'

``This doesn't have much to do with the actual running of the company. It's more of a tempest in a teapot," said Barry James, who oversees $1.8 billion as chief investment strategist at James Investment Research in Dayton, Ohio, including 495,000 Hewlett-Packard shares. ``The market has moved on."

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters who were the subject of the leak inquiry in an effort to obtain their telephone records.

The company also sought the phone records of former CEO Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

`Rogue Investigation'

In recent weeks Dunn, Baskins, Hunsaker and Anthony Gentilucci, the company's global security chief, have all left the company because of their involvement in a probe that CEO Hurd called a ``rogue investigation."

When interviews with board members in early 2005 failed to pinpoint the source of the leaks, Dunn turned to contractor DeLia and his company, Boston-based Security Outsourcing, which used pretexting to download phone records from AT&T Inc. A Florida- based firm and another in Littleton, Colorado, were also involved in obtaining phone records, according to a review by the Energy and Commerce committee.

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hurd to review the company's conduct, said on Sept. 22.

33 Months

According to the court papers filed today, pretexting in the case compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Social Security numbers for targets of the probe were used to obtain the phone records, said Holston of Philadelphia-based Morgan, Lewis & Bockius. Gentilucci, who resigned last week, provided at least one employee's number to DeLia, Holston said. Baskins and Gentilucci are cooperating with Lockyer's probe, Anderson, his deputy, said.

Hunsaker, a six-year Hewlett-Packard veteran, invoked his Fifth Amendment right against self-incrimination at a hearing in Washington on Sept. 28, as did Gentilucci, Baskins, DeLia and other investigators called to testify.

In a Jan. 30 e-mail exchange between Hunsaker and Gentilucci, Hunsaker learned how pretexting worked from Gentilucci, who described the tactic as ``on the edge."

Hunsaker replied ``I shouldn't have asked."

Spyware

Hewlett-Packard also followed directors at their homes and on vacation and planted spyware on one reporter's computer. Investigators considered sending staff posing as administrative help and cleaning crews to spy on newsrooms, according to documents supplied by Hewlett-Packard and released by the House committee on Oct. 2.

Dunn has portrayed herself as a victim of investigators who kept her out of the loop and corporate legal experts who misled her about the legality of the tactics used. Company e-mails show she received regular updates from Hunsaker, the documents show.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Five Indicted In HP Scandal, But Former GC Escapes Charges (LAW)

By Cheryl Miller, The Recorder

California Recorder, October 5, 2006

Former Hewlett-Packard General Counsel Ann Baskins escaped criminal charges Wednesday, even as state prosecutors charged five others in connection with the computer company's boardroom spying scandal.

California Attorney General Bill Lockyer filed charges in Santa Clara County Superior Court against former Chairwoman Patricia Dunn; ousted HP senior counsel and ethics director Kevin Hunsaker; private investigator Ronald DeLia; records dealer Joseph DePante; and Bryan Wagner, who did work for DePante.

All five face felony charges of fraudulently obtaining confidential records, identity theft, accessing computer data without authorization, and conspiracy in connection with HP leaders' hunt in 2005 and early 2006 to find out who was leaking information from closed-door board meetings to the media. Investigators hired by the company allegedly used pretexting -- using a ruse or false identity -- to obtain the phone records of 24 individuals, including reporters and board members.

"One of our state's most venerable corporate institutions lost its way as its board sought to find out who leaked confidential company information to the press," Lockyer said in a prepared statement. "In this misguided effort, people inside and outside HP violated privacy rights and broke state law."

Like Baskins, Hewlett-Packard CEO Mark Hurd and former security chief Anthony Gentilucci were not charged Wednesday, although both were involved with the internal probe, records show.

Baskins' attorney Cristina Arguedas declined to comment on the charges, as did an attorney for Gentilucci. In a press release, Dunn's lawyer, James Brosnahan, said the attorney general had charged "the wrong person at the wrong time and for the wrong reasons." He also cryptically called the charges "the culmination of a well-financed and highly orchestrated disinformation campaign."

Baskins did not testify at last week's congressional hearing on the HP scandal, invoking her constitutional right under the Fifth Amendment not to incriminate herself. She resigned her post as general counsel the same day.

Dunn, who did testify before the House Energy and Commerce Committee, suggested Baskins had approved the questionable tactics used in the investigation, while outside counsel Larry Sonsini testified that he had asked Baskins about pretexting and had been told by her that it was legal.

According to internal company documents released by the congressional panel, Baskins was sent copies of a number of e-mail exchanges between Hunsaker -- who oversaw the investigation code-named "Kona" -- DeLia and other investigators, which chronicled efforts to trick a reporter into unwittingly divulging her company sources.

In a sworn complaint, Deputy Attorney General Robert Morgester said that "DeLia recalled that Baskins was curious about pretexting and concerned about its legality and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities."

Speaking for an article published last month in The Recorder, Arguedas called Baskins -- who had not yet resigned from HP -- "a person of great integrity" who was "at the top of her profession."

"I'm not aware of her doing anything wrong at all," Arguedas said.

Trying to discern why the attorney general didn't charge Baskins "is like asking why isn't it raining," said Rory Little, a former prosecutor and currently a professor at Hastings College of the Law.

"The short answer is, there's no guarantee she won't be indicted," Little said. "And we don't know what evidence she has. She may be talking to the AG. Or she may have provided exculpatory evidence."

The scandal became public when board member Thomas Perkins resigned in protest of the investigation methods and later complained that HP did not report his reasons for doing so to the Securities and Exchange Commission.

Director George Keyworth was identified as the source of the leak. He resigned from the board in September.

The attorney general filed charges under a section of the Penal Code that makes it illegal to seek "utility" records under false pretenses.

All four counts carry a maximum prison sentence of three years under current law. A recently signed state law that goes into effect Jan. 1 punishes those who use pretexting to obtain or sell phone records with fines of up to $2,500 or a year in county jail.

In a press conference Wednesday, Lockyer said the current case will rely on "numerous state laws" protecting consumers' privacy as well as the state Constitution.

"Our state Constitution includes one of the country's most expansive rights to privacy," he said.

Reporter Justin Scheck also contributed to this story.

Jobs Knew Apple Manipulated Some Option Grants (WSJ)

By James Bandler And Nick Wingfield

The Wall Street Journal, October 5, 2006

Steve Jobs knew that Apple Computer Inc. manipulated some of its stock-option grants, the company said, citing the conclusions of an internal probe that found 15 instances of improperly backdated options and raised "serious concerns" about the conduct of two former Apple executives.

Federal prosecutors in San Francisco have begun to investigate Apple's options practices, and Apple-appointed lawyers met with prosecutors and securities regulators Tuesday, a person familiar with the matter said.

Apple's own probe found that Mr. Jobs, the company's chief executive, wasn't aware of the accounting implications of the manipulated options, and that there was "no misconduct" by him or any other member of current management. But the conclusions suggest that Mr. Jobs, who is one of the country's most-revered technology icons and widely considered Apple's creative nucleus and the embodiment of its brand, could face further scrutiny.

Authorities are examining whether companies fabricated the date on which options were granted to executives and other employees -- a practice known as backdating -- to give the options extra value. Backdating can run afoul of securities laws. To date, more than 100 companies are under federal investigation.

In a statement released late yesterday, Apple left open a number of questions, including whether Mr. Jobs was aware that backdating grants to give them more value was improper and was contrary to statements in the company's own securities filings. Apple also didn't address how the numerous instances of backdating occurred or spell out the role of the board, which administers option grants, in any improprieties. (See Apple's statement1)

Apple said that Mr. Jobs knew of manipulated grants in a "few instances" but that he didn't receive any grants he knew carried dates that had been favorably selected. Earlier, Apple had said one grant to Mr. Jobs was problematic.

An Apple spokesman declined to elaborate beyond yesterday's statement, though he added that the irregular options grants accounted for 6% of the company's total grants between 1997 and 2002, the period being investigated. Apple, of Cupertino, Calif., said the backdating extended from 1997 to 2002, and included 15 dates. The company has said it expects to restate its financial results to account for extra compensation expense related to the backdated options.

Apple didn't name the former executives whose actions it cited, but it said that director Fred Anderson, an ex-executive who served as finance chief during the time of the backdated grants, resigned from Apple's board. Mr. Anderson informed Apple's board of his resignation on Saturday night by email, a person familiar with the matter said.

In a letter to the board reviewed by The Wall Street Journal, Mr. Anderson said he was resigning to "avoid even the appearance of any conflict of interest" in light of the imminent release of the probe's findings. Mr. Anderson added in his letter that he has always conducted himself "with the utmost integrity and in accordance with the highest ethical standards." The resignation was announced yesterday.

Kevin V. Ryan, the U.S. attorney for the Northern District of California, has made the stock-options manipulation investigations a top priority of his office, which created a stock-options task force in July. On July 20, Mr. Ryan's office charged two former executives from Brocade Communications Systems Inc. with criminal fraud violations for their alleged roles in a backdating scheme at the San Jose technology concern.

Aitan Goelman, a lawyer for Zuckerman Spaeder LLP in Washington, D.C., said the chance Mr. Jobs will face criminal prosecution is "infinitesimal," assuming Apple's probe was thorough. Prosecutors typically need to show criminal intent to make fraud cases, defense lawyers say, and Apple's disclosures don't suggest that Mr. Jobs had any.

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Still, Mr. Goelman said Mr. Jobs could face civil action from the Securities and Exchange Commission. Apple said yesterday that it was providing details of the former executives' actions to the SEC.

In his statement, Mr. Jobs struck a contrite note. "I apologize to Apple's shareholders and employees for these problems, which happened on my watch. They are completely out of character for Apple," Mr. Jobs said.

Mr. Jobs didn't respond to a direct request for comment by email.

Apple isn't the only company connected to Mr. Jobs to have favorably priced options. Top executives of Pixar Animation Studios, the computer-animation company Mr. Jobs co-founded, received option grants priced at the stock's annual lows in four years between 1997 and 2003 -- a statistically remarkable occurrence that suggests the dates may have been manipulated.

Mr. Jobs never received any options from Pixar, which was acquired by Walt Disney Co. earlier this year. But Pixar filings say the company's board, of which Mr. Jobs was chairman, performed the functions of a compensation committee, including granting options.

Options typically give their recipients the right to buy stock in the future at its price at the time of the grant, called the exercise price. If the stock goes up from the exercise price, the recipient can profit.

It isn't clear which 15 grants Apple's outside lawyers deemed to be troublesome. But in several cases between 1997 and 2001, Apple executives received grants dated just ahead of sharp increases in the company's share price. One grant, dated Jan. 17, 2001, went to Mr. Anderson and three other top officers, but not Mr. Jobs. Apple's shares leapt the next day, rising a total of 29% by the end of the month. The four executives later exercised many of those options for total profits of more than $100 million.

Mr. Anderson's resignation from the Apple board represents a rift between the company and an executive credited with helping revive Apple's fortunes in the late 1990s. A person familiar with the matter said Apple hasn't informed Mr. Anderson whether he is one of the two former officers of the company accused of inappropriate actions.

"Fred was a very successful CFO at Apple, where he played an integral part in saving that company, its employees and shareholders from financial ruin," said Roger McNamee, a co-founder of Silicon Valley private-equity firm Elevation Partners, where Mr. Anderson is currently a partner.

Mr. Jobs himself received a mammoth grant dated Jan. 12, 2000, which corresponded with the bottom of a sharp plunge in Apple's share price. The grant of 40 million shares, adjusted for splits, was announced a week later; by that time Apple's stock had risen 22%. The grant was, by one measure, the most valuable ever given to a corporate executive. Mr. Jobs later exchanged those options for millions of shares of restricted stock.

Nancy Heinen, Apple's former general counsel, left the company without explanation in early May. Ms. Heinen didn't return a message left at her home phone number, and an Apple spokesman wouldn't say if she was one of the former officers referred to in the company's statement.

Cristina Arguedas, Ms. Heinen's attorney, said Ms. Heinen hasn't been told that she is a target of any investigation. "Nancy has had a long career and is a well respected lawyer in Silicon Valley," Ms. Arguedas said.

In after-hours trading yesterday, Apple shares were down 58 cents to $74.80.

Jobs Didn't Know Of Stock Options' Accounting Issues (USAT)

By Jefferson Graham

USA Today, October 5, 2006

Apple CEO Steve Jobs was aware of the company's practice of backdating stock-option grants but unaware of the accounting implications, the company said Wednesday.

A three-month investigation by a committee of Apple's board resulted in former chief financial officer Fred Anderson resigning his seat on the board Wednesday.

“I apologize to Apple shareholders and employees for these problems, which happened on my watch,” Jobs said. “They are completely out of character for Apple.”

In August, Apple said its quarterly report would not be filed on time because it was reviewing its practices for granting stock options and that it might have to restate past earnings results. It confirmed Wednesday that it will restate some results to record non-cash charges for compensation expense relating to past stock-option grants.

The review discovered that dates on stock-option grants made on 15 dates from 1997 to 2002 preceded the approval of the grants, Apple said Wednesday.

The board found that Jobs was aware that favorable grant dates had been selected but didn't receive or benefit from the grants and was unaware of the accounting issues. Apple said its investigation found no misconduct by any member of Apple's current management team.

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Jobs said Apple will work to resolve the remaining accounting issues "as quickly as possible" and to put measures in place "to ensure that this never happens again."

Apple's investigators looked at 650,000 e-mails and documents and conducted interviews with more than 40 current and past Apple employees, directors and advisers.

Dozens of other companies are entangled in some sort of stock-option trouble, mostly over backdating.

"What the report confirms is that the black eye on Apple we anticipated is indeed a black eye," says Gene Munster, an analyst at equity firm Piper Jaffray. "The scope of the number of grants is bigger than I expected, but the good news is this is all in the past."

His biggest concern was the impact on Jobs. "He offered an honest assessment and comes out fine, and that's what really matters."

Apple said the investigation raised "serious concerns" regarding the actions of two unnamed former officers in connection with the accounting, recording and reporting of stock-option grants. Apple will provide all details regarding their actions to the Securities and Exchange Commission, it said.

Apple stock fell 58 cents in after-hours trading to $74.80.

Apple Says Jobs Knew Of Options (NYT)

By Laurie J. Flynn

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — Apple Computer said on Wednesday that an internal review had found that Steven P. Jobs, the chief executive, knew that the company was backdating some stock options granted to employees to inflate their value.

The company said Mr. Jobs did not knowingly receive any backdated options and had not benefited from the practice, and that he did not understand its accounting implications. A company spokesman, Steve Dowling, said it was possible that there had been "irregularities" with some options granted to Mr. Jobs, but he declined to elaborate.

Apple, riding high on the popularity of its iPod music player, repeated that it would most likely need to restate past financial statements, but said it had not yet determined the amount or for which periods.

"I apologize to Apple's shareholders and employees for these problems, which happened on my watch," Mr. Jobs said in a statement. "They are completely out of character for Apple." Mr. Jobs said the company was working to resolve the remaining issues quickly.

Apple revealed in June that it had discovered irregularities related to stock options awarded between 1997 and 2001.

By doing so, it joined more than 100 companies, including Microsoft, that have announced investigations into their options practices.

At the time, Apple said it was examining a grant made to Mr. Jobs that may have been improper. Mr. Dowling would not discuss the specifics of that grant on Wednesday.

Apple also announced that Fred D. Anderson, an Apple director who was chief financial officer from 1996 to 2004, the period when the questionable grants were made, had resigned from the board, and said he had told the company that "he believes it is in Apple's best interests" that he leave.

Mr. Anderson is now managing director of Elevation Partners, a high-profile private equity company he helped found after leaving Apple.

Roger McNamee, Elevation's chief executive, said in an e-mailed statement that he had confidence in Mr. Anderson, whom he considered to have "uncompromising character," and that he would remain part of the company.

Apple's statement said the financial investigation "raised serious concerns" about the activities of two other former Apple officers, but did not name them. The company said it would share details with the Securities and Exchange Commission.

Apple said the investigation found no misconduct by anyone on the company's current management team. Mr. Dowling said the company was not required to discuss Mr. Jobs's role in the options grants, but was doing so in the interest of full disclosure. He said Mr. Jobs was not available for an interview.

Apple shares fell 66 cents, or 0.9 percent, in after-hours trading, after rising $1.30 in regular trading to close at $75.38.

Charles R. Wolf, an analyst with Needham & Company, said that investors were likely to respond favorably in the long term, and that he did not expect Apple's restatement of earnings to be significant or to hurt its future performance.

"The major risk in the backdating of options was that somehow Steve Jobs was actively involved," Mr. Wolf said. "The announcement today eliminated that possibility."

Mr. Wolf said it was within reason that Mr. Jobs would not have paid attention to the backdating, particularly given that it was common and legal. "I don't think he'd know an asset from a liability," Mr. Wolf said of Mr. Jobs. "That's not his game."

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One unusually large grant to Mr. Jobs had been under scrutiny. Apple disclosed on Jan. 19, 2000, that he had received options to buy 10 million shares, effective Jan. 12. Those options carried a strike price of $87.19, the stock's lowest closing price in the two months up to that date; by Jan. 19, the stock had risen to $106.56.

The options later became worthless as Apple's stock price declined. Mr. Jobs canceled most of his options in 2003 and was given restricted stock instead.

A week after Apple disclosed its investigation, two shareholder lawsuits filed in California charged current and former Apple executives and directors with manipulating stock grants. Those suits are still pending.

Apple said on Wednesday that stock option grants made on 15 dates between 1997 and 2002 appeared to have grant dates that preceded the approval of those grants. The company said the last one came in January 2002. Mr. Dowling said that the 15 dates represented 6 percent of all stock grants during the period.

At the time of the options grants, it was not uncommon for companies to disclose stock option awards days or weeks after a grant was made. But the Sarbanes-Oxley Act of 2002, which addresses corporate accountability, now requires companies to report option grants within two days.

Apple reported the findings after a special committee of outside directors, lawyers and accountants completed a three-month investigation, examining more than 650,000 documents.

Apple CEO Apologizes In Options Scandal (WP)

By Carrie Johnson

The Washington Post, October 5, 2006

Apple Computer's chief executive, Steve Jobs, apologized yesterday for a stock options scandal that he said "happened on my watch," after a three-month internal investigation uncovered "serious concerns" with the actions of two former executives.

Jobs was aware "in a few instances" that unnamed company executives had gone back in time to cherry-pick dates when stock prices were low to increase the likelihood that employees would turn greater profits. But Jobs did not "receive or otherwise benefit from these grants," the Cupertino, Calif., company said in a statement after the markets closed.

Apple disclosed in June that Jobs had received one of the grants, but it was eventually canceled and he did not profit from it. Jobs was "unaware of the accounting implications" of the stock maneuvers, the company said, a conclusion that could provide him some regulatory cover.

The company declined to identify the two former executives whose conduct over the accounting and reporting of stock option grants had raised investigators' questions. But in the same statement, Fred Anderson, the company's finance chief from 1996 until 2004, announced he would resign from its board of directors for the "best interests" of the company. Apple's longtime general counsel, Nancy Heinen, resigned earlier this year. Anderson could not be reached for comment, and Heinen's lawyer did not return phone calls.

Apple will provide the results of its investigation, which covered interviews with more than 40 current and former employees and a review of 650,000 e-mail messages and documents, to the Securities and Exchange Commission, spokesman Steve Dowling said in a telephone interview.

Stock options give employees the chance to purchase stock at a set price and within a specific period of time. Employees profit based on the difference between the stock price on the date of the award and the date they sell the shares. Options were a popular tool in the 1990s for companies to recruit and retain employees.

In recent months, securities regulators have said they are investigating more than 100 public companies for altering the dates of option awards to ensure greater potential profits for employees. In some cases, executives appear to have selected dates when the stock price was lower, after the fact, increasing the likelihood that they and favored employees would profit. Backdating is not in itself illegal, but companies must disclose such maneuvers to investors and board members.

Apple's problems with stock options broke into public view four months ago. The review of the transactions, by John Potter at the law firm Quinn Emanuel Urquhart Oliver & Hedges LLP, flagged an undisclosed number of backdated stock option awards that were made on 15 dates between 1997 and 2002. No members of the company's current management team were implicated in the probe, according to the news release.

Apple previously announced it would need to restate earnings from 2003 to 2005. But the company said yesterday that it was continuing to explore which periods required restatements. Apple has not assessed the possible charges or their tax and accounting implications, the statement said.

"We will now work to resolve the remaining issues as quickly as possible and to put the proper remedial measures in place to ensure that this never happens again," Jobs said.

Jonathan D. Hoopes, a managing director at ThinkEquity Partners LLC in New York, called Apple's problems "unfortunate." But Hoopes still carries a positive outlook on Apple, which he said was well positioned to increase its stock price and its

profitability with strong back-to-school and holiday seasons. Apple's stock fell 58 cents to $74.80 in after-hours trading as of 8 p.m.

"If Steve [Jobs] would have taken the fall, it would have been a much different story," said Hoopes, who neither owns Apple stock nor does banking business with the company.

Apple Presents Stock Option Findings To Feds (LAW)

By Justin Scheck And Petra Pasternak, The Recorder

California Recorder, October 5, 2006

A day before Apple Computer publicly announced results of an internal investigation over stock option backdating, the company's lawyers held a meeting with federal prosecutors in San Francisco to spell out what they'd found.

Lawyers for Apple wouldn't comment on Tuesday's meeting with the feds. "I really can't say anything about it," said John Potter, the partner at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation for a board committee. And George Riley, a partner at O'Melveny & Myers who represents the company, was similarly taciturn. "To be clear: we have no comment on the story," he wrote in a Wednesday e-mail.

Apple publicly revealed Wednesday that 15 option awards between 1997 and 2002 "appear to have grant dates that precede the approval of those grants," according to a public document filed with the SEC.

The company's CEO, Steve Jobs, apparently "was aware that favorable grant dates had been selected" but was unaware of the accounting ramifications and didn't personally benefit, the filing said. Board member and former CFO Fred Anderson resigned, it added.

The investigation also raised "serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants," the company said in the filing, though it did not specifically name any executives. "The company will provide all details regarding their actions to the SEC."

Apple is one of dozens of companies under government investigation for stock option backdating. Because of the central role general counsel often play in the issuance of stock options, they have been at particular risk in backdating probes. In August, federal prosecutors in Brooklyn charged former Comverse GC William Sorin for his role in backdating at that company. That same month, McAfee Inc. said it received a subpoena relating to the firing of its general counsel, Kent Roberts.

Longtime Apple GC Nancy Heinen left the company earlier this year for undisclosed reasons. She subsequently retained Cristina Arguedas, the top Bay Area criminal attorney who is also representing former Hewlett-Packard general counsel Ann Baskins.

Arguedas would only say Wednesday that "Nancy Heinen has had a long career, and is a well-respected lawyer in Silicon Valley, and is well-known for her integrity."

Reached Wednesday afternoon, Heinen likewise declined to comment. "I'm in the grocery store, I'm not gonna talk," she said with a small laugh.

A spokesman for the Northern District of California U.S. Attorney's Office declined to comment on the Apple investigation.

The plaintiffs bar immediately descended on Apple after the company first announced it had stock option problems at the end of June. A derivative suit filed in U.S. district court in San Jose does not name Heinen as a defendant, however.

But Jeffrey Krinsk, name partner at San Diego's Finkelstein & Krinsk, said his firm plans to name Heinen in another derivative class action as an officer who had either been a recipient of backdated stock options, or who had known about Apple's practices. The firm plans to file in state court by the end of the week.

"We believe there's liability directed at her for her acts and practices in connection with backdating," Krinsk said.

Lay's Lawyers Want Judge's Ruling To Wipe Record Clean (HC)

By Kristen Hays

Houston Chronicle, October 5, 2006

Lawyers for deceased former Enron Chairman Ken Lay want a judge to rule right away on whether to clear his name.

They say in court papers filed this week that U.S. District Judge Sim Lake should rule on the nearly two-month-old request because an effort by prosecutors to change federal law to preserve Lay's conviction bore no fruit before Congress adjourned.

Lay's lawyers had asked Lake to wipe Lay's record clean and dismiss the 2004 indictment against him because he died before he had been sentenced or launched an appeal. Lay was convicted May 25 of 10 counts of fraud, conspiracy and lying to banks in two separate cases.

A 2004 ruling from the 5th U.S. Circuit Court of Appeals found that a defendant's death pending appeal erases an entire case because the defendant can't challenge the conviction.

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Also, if Lake approves the request, the government would no longer be able to try to seize, through the criminal case, alleged ill-gotten cash and property because a conviction on which to base such forfeiture would no longer exist. Prosecutors would have to chase Lay's estate in civil courts, along with other litigants.

Lay died July 5 of heart disease. His co-defendant, former Enron CEO Jeff Skilling, was convicted of 19 criminal counts and is scheduled to be sentenced Oct. 23.

Prosecutors opposed the request by Lay's estate. They asked Lake to hold off on ruling until Oct. 23 — the date Lay was to be sentenced as well — to give Congress a chance to enact new legislation that would preserve convictions despite a defendant's death before sentencing or appeal. They wanted the legislation enacted retroactively beginning July 1, four days before Lay died.

However, in a filing this week, Lay lawyer Samuel Buffone said Congress adjourned last Saturday and the government "did not introduce, let alone obtain passage of, any such legislation."

Also, no lawmakers stepped forward to sponsor such legislation.

Therefore, Buffone said, Lake has no reason to hold off on ruling for another two weeks.

Justice Department spokeswoman Jaclyn Lesch declined comment Wedensday.

In another Enron case, prosecutors said in a filing made public Wednesday that they intend to ask for leniency when a former investor relations executive is sentenced Friday for insider trading.

Paula Rieker, 52, pleaded guilty to that charge in 2004. She testified against Lay and Skilling, saying both lied to or misled investors about Enron's financial health.

Rieker, Enron's former No. 2 executive in investor relations who later became corporate secretary, faces anywhere from probation to a maximum of 10 years in prison for insider trading. The government didn't suggest a specific sentence, but said in Wednesday's filing that she was among "primary insiders" who helped prosecutors win convictions against the former top two executives.

Rieker's lawyers also have asked for leniency, but a judge allowed their filing on that subject to be sealed from public view because it addresses her health and finances.

Judge Orders Ex-Kmart Execs To Trial (FINDLAW/AP)

AP, October 5, 2006

(AP) - FLINT, Mich.-A federal judge has ordered former Kmart Chief Executive Charles Conaway and former financial chief John McDonald to stand trial on accusations they misled investors about the retailer's financial problems before its 2002 bankruptcy filing.

In an order dated Friday, U.S. District Judge Paul Gadola in Flint rejected Conaway and McDonald's request to dismiss a civil complaint that the Securities and Exchange Commission filed in August 2005.

"We look forward to putting the SEC to its proof and fully expect that once the facts are scrutinized, Mr. McDonald will be vindicated," McDonald's lawyer John Sylvia said Wednesday.

Conaway lawyer Scott Lassar declined comment. In the past, Conaway's defense has said that he acted in good faith.

Kmart Corp. filed for bankruptcy on Jan. 22, 2002, leading to the closing of about 600 stores, termination of 57,000 Kmart employees and cancellation of company stock. The Troy-based retailer reorganized as Kmart Holding Corp. in 2003.

It acquired Sears, Roebuck & Co. in 2005. The new company, called Sears Holdings Corp., is based in Hoffman Estates, Ill.

The SEC wants to bar the men from serving as officers at public companies and recover an unspecified amount of money.

"The SEC now looks forward to presenting its case to a jury for decision," SEC enforcement lawyer Dean Conway told The Detroit News.

The SEC says the men made false statements during a Nov. 27, 2001, conference call with investors that concealed the extent of Kmart's financial difficulties.

On the Net:

U.S. Securities and Exchange Commission: http://www.sec.gov

Sears Holdings Corp.: http://www.searsholdings.com

CRIMINAL LAW:

Order On Documents Signals Justice Dept. May Pursue Foley (WP)

DOJ_NMG_0075947

By Dan Eggen And Allan Lengel

The Washington Post, October 5, 2006

Federal prosecutors yesterday ordered the House of Representatives to preserve all documents and other materials related to Mark Foley's electronic communications with male teenage pages, signaling an intensifying investigation by the FBI and the Justice Department into possible criminal activity by the disgraced former GOP congressman.

The three-page "preservation letter" -- sent to House Counsel Geraldine R. Gennet from the office of acting U.S. Attorney Jeffrey A. Taylor in Washington -- indicates that law enforcement officials are preparing, if necessary, to seek grand jury subpoenas for records or searches of Foley's Capitol Hill office, said law enforcement officials and legal experts.

FBI agents also continued to seek out current and former pages who may have had contact with the former Florida congressman, who resigned Friday after some inappropriate comments he made to pages in e-mails and online instant messages became public.

One law enforcement source said more than two pages but fewer than six had been interviewed as of late yesterday, and FBI agents are still trying to determine how many pages may have communicated with Foley. Investigators are not limiting their interests to participants in the congressional page program, sources said.

The Florida Department of Law Enforcement also confirmed yesterday that it has begun its own preliminary inquiry.

The legal developments only served to worsen the expanding political crisis for House Republicans just five weeks before the midterm elections, as Speaker J. Dennis Hastert (R-Ill.) fought to hold on to his job amid fierce criticism of the way he and other GOP leaders handled the Foley scandal. Foley's former chief of staff, Kirk Fordham, announced yesterday that he was resigning from his current job as chief of staff for Rep. Thomas M. Reynolds (R-N.Y.), and he said he had warned Hastert's office about Foley's worrisome conduct more than three years ago.

Although the Justice Department's inquiry is still defined as a preliminary investigation, the demand to preserve records and other moves by Justice investigators significantly increase the likelihood that prosecutors will soon open a full criminal investigation and bring the case before a grand jury, several officials said.

The letter was also aimed at avoiding another legal conflict with the House, which strenuously objected in May when FBI agents raided the office of Rep. William J. Jefferson (D-La.) seeking evidence in a bribery investigation.

On other fronts, the Justice Department and the FBI are preparing to use administrative subpoenas to obtain subscriber information for the e-mail accounts at the heart of the case, according to law enforcement officials. Authorities said their job will be made more difficult because providers such as AOL do not keep records of instant messages, the real-time text chat used in the sexually explicit exchanges Foley is accused of engaging in.

Foley sent e-mails to pages from an AOL e-mail account with the screen name "Maf54," and he used the same identification for chats on AOL's popular AIM service, according to ABC News, which obtained the communications from former pages.

Law enforcement officials said earlier that the FBI had not yet demanded information from AOL or other communications providers in connection with the case. AOL spokesman Andrew Weinstein said the company would not comment regardless of whether such a demand had been received.

Weinstein said AOL servers do not record instant messages, although it is possible to do so under a court order. That, Weinstein said, means AOL could not retrieve Foley's past instant messages -- which appear to have been sent primarily in 2003. But users can easily copy, save or print such exchanges themselves.

The focus of the probe so far is on whether Foley might be liable for charges of crossing state lines or using electronic communications to entice a minor into sexual acts, but investigators "have not ruled out any number of possible crimes that could be looked at," said one official, who along with others requested anonymity because of the ongoing investigation.

David Schertler, a former federal prosecutor now in private practice in the District, said federal law would apply to "whoever persuades, induces or entices," by telephone or e-mail, a minor to engage in sexual activity, whether or not a sex act occurred. "Some of the comments that are in those e-mails could be interpreted as violations of the statute. Whether or not they present a compelling case is another matter," Schertler said.

The chat exchanges attributed to Foley so far include lewd discussions of body parts and sex acts and hint at intimate meetings that either happened or were sought by Foley.

Two law enforcement officials said the ages of the boys communicating with Foley could be a serious complication, however. Federal law defines a minor as anyone under 18, but many jurisdictions set a lower age of consent for sexual acts. Federal officials say they take into account the age of sexual consent in a local jurisdiction when determining whether a federal law has been violated.

In the District, for example, the age of consent is 16, although lawmakers this year passed legislation allowing prosecution of ministers or other people of authority who have sex with someone 17 or younger.

Officials said there has been no attempt at this point to raid or seize the records in Foley's office.

Stuart F. Pierson, a former federal prosecutor who is now a lawyer with the D.C. firm Troutman Sanders LLP, said getting to Foley's computers may require negotiation with the House counsel's office.

"There are a lot of sensitivities searching a congressman's office," he said.

Hastert indicated to reporters Monday that House leaders "expect everybody to cooperate" and would not stand in the way of investigators. Foley's attorney, David Roth, also pledged full cooperation with the FBI. "Nothing will be altered," he said.

DOJ Asks House To Preserve Foley Materials (RC)

By John Bresnahan

Roll Call, October 5, 2006

Senior Justice Department officials have asked House lawyers to "preserve" all the material and items still in former Rep. Mark Foley's (R-Fla.) offices for possible use in a criminal investigation of the ex-lawmaker. But how and when those materials will be handed over to federal investigators is not yet clear.

Foley, who resigned from Congress on Friday following the release of sexually graphic electronic messages he sent to former House pages, personally owns the papers and materials in those Congressional offices. However, despite calls by Speaker Dennis Hastert (R-Ill.) and other GOP leaders for an immediate criminal probe, the House cannot unilaterally allow the Justice Department to take control of them.

A federal grand jury subpoena may be required in order to initiate any transfer, and Foley could challenge that subpoena in court.

According to Clerk of the House's official Web site, "The files generated by a Member's [C]ongressional office and accumulated in the course of service as a Member of the U.S. House of Representatives are the personal property of the Member." This includes any electronic or telephone records, computer files, calendars, meeting logs, CDs or other materials.

Although he has left office, Foley still retains the right to assert his privilege under the Speech or Debate Clause that any materials in those offices are related to the legislative process and therefore immune from search by FBI agents or other executive-branch officials. Rep. William Jefferson (D-La.) has raised similar privilege claims in his legal battle with the Justice Department, which is targeting the Democratic lawmaker as part of an ongoing bribery and corruption probe.

While Foley is unlikely to succeed in a claim that his e-mails or electronic messages to the former pages are privileged, he could attempt to slow down the FBI investigation of his contacts with the former pages, and thus bolster his position in any future negotiations with DOJ prosecutors.

"I know of no case where the privilege was lost because a Member was no longer in office," said Charles Tiefer, a former House general counsel who is now a professor at the University of Baltimore School of Law. Tiefer served as general counsel from 1984 to 1995. "It has never been the tradition that the privilege lapsed."

Since Foley's resignation, the Clerk of the House has taken physical control of the former lawmaker's offices in Florida and Washington, D.C. — the regular procedure when a Member dies in office or suddenly resigns. The locks were changed on the offices, and the Clerk is acting as a custodian for all the materials and records inside the Cannon House Office Building and district offices in the Florida cities of Palm Beach Gardens, Port St. Lucie and Port Charlotte.

Scott Bunnell, chief of DOJ's Criminal Division, requested in a Tuesday letter to Geraldine Gennet, the House general counsel, that House officials "ensure that all potentially relevant information is preserved" to help the FBI with its Foley investigation.

The steps that Bunnell requested House officials take included cutting off any remote access Foley has to computers located in his old Congressional offices, as well as directing Foley's former staffers in writing "that they are not to delete, shred, or otherwise destroy and documents in the office or on the computer."

Bunnell asked House officials to unplug any computer Foley personally used to retrieve e-mail traffic or track Internet sites he visited.

Jay Eagan, the Chief Administrative Officer for the House, already is setting aside electronic tapes on the House computer server, although this will cover only a two-week period. Other e-mail and electronic message records related to Foley, especially those sent or received in non-Congressional accounts, will have to be obtained from private companies.

Bunnell said the Justice Department's Child Exploitation and Obscenity Section, a unit within the Criminal Division, as well as the U.S. attorney's office for the District of Columbia, are overseeing the Washington portion of the Foley investigation. FBI agents in Florida also are working on the case, with additional investigators fanning out across the country to speak to former Congressional pages about their dealings with Foley.

In conversations with House lawyers, DOJ officials "have stressed the importance of preservation, and in particular the importance of obtaining a properly rendered image of the hard drive [on Foley's computer] for forensic purposes," Bunnell wrote.

The Justice Department wants to bring in its own computer experts to handle any forensic reconstruction on Foley's computers, Bunnell said. This includes the BlackBerry issued to Foley by the House, which Foley reportedly used to contact at least one teen and have "Internet sex" during a House vote in 2003, according to ABC News.

Bunnell and other DOJ officials, including Alice Fisher, assistant attorney general for the Criminal Division, are cognizant of the sensitive legal and political issues they face in investigating Foley, especially as it regards removing potential evidence from his office, according to sources close to the case.

Attorney General Alberto Gonzales and other DOJ officials came under intense criticism from House leaders in May after FBI agents raided Jefferson's office. While the agents had a search warrant approved by a federal judge, Speaker Dennis Hastert (R-Ill.), Minority Leader Nancy Pelosi (D-Calif.) and other leaders from both parties strongly objected to the move, which they considered a serious breach in the constitutional separation of powers between the executive and legislative branches. President Bush became personally involved in easing those tensions, although Justice and Jefferson's lawyers are still fighting in court over the propriety of the search.

In this case, Bunnell acknowledged that the House simply cannot turn over the Foley materials to the FBI, despite the furor over Foley's activities.

"This simply is a request for preservation to 'freeze' what information is currently available," Bunnell wrote. "We can address subsequently the matter of production of information, although we are ready to accept anything that you are presently able to provide to the Department."

Tiefer said there is "a fairly well-established legal tradition" that Foley personally owns any materials in his Congressional office.

Tiefer, however, believes that Foley will have a difficult time asserting a Speech or Debate privilege over any sexually explicit electronic exchanges with teenage boys, even if those records are contained in a computer hard drive that also includes material that is clearly legislative, and thus privileged.

"It's not like [the page] e-mails are in a gray zone," Tiefer said. "This is his social life. It's very easy [for the House] to turn over evidence that relates to a Member's social life rather than legislative business."

While Foley could seek to slow the investigation by asserting privilege, Tiefer said it's possible to set up a method to review Foley's computer files and electronic messages that excludes official items while allowing FBI agents to get the information they need. "It can go very fast. It does not have to be a long, drawn-out process," Tiefer said.

Foley's Ex-aide Resigns; Probe Intensifies (AP)

AP, October 4, 2006

WASHINGTON — The Justice Department ordered House officials to "preserve all records" related to disgraced Representative Mark Foley's electronic correspondence with teenagers, intensifying an investigation into a scandal rocking Republicans five weeks before midterm elections.

The development came as a congressional aide who counseled Foley to resign last week submitted his own resignation today. "I never attempted to prevent any inquiries or investigation," Kirk Fordham said in a statement.

Fordham was once Foley's chief of staff. At the time of his resignation he had been serving in the same capacity for Rep. Tom Reynolds, R-N.Y., a member of the GOP leadership who has struggled to avoid political damage in the scandal's fallout.

Republicans have been struggling to put the scandal behind them, but another member of the leadership, Rep Roy Blunt of Missouri, said pointedly during the day he would have handled the entire matter differently than Speaker Dennis Hastert did, had he known about it.

"I think I could have given some good advice here, which is you have to be curious. You have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Foley resigned last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, according to a Justice official speaking on condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

At the same time, FBI agents have begun interviewing participants in the House page program, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

Justice Department spokeswoman Tasia Scolinos stressed that the investigation is still preliminary.

Fordham played a key role in fast-developing events late last week. Initially, Foley was reported to have written overly friendly — not sexually explicit — e-mails to a former Capitol page. A day later, ABC news followed up with a report that said the Florida lawmaker had also sent sexually explicit instant messages to at least one other male page.

He said earlier this week he asked Foley about the sexually explicit instant messages, and the congressman confirmed they were probably his.

"Like so many, I feel betrayed by Mark Foley's indefensible behavior," he said. He blamed Democrats for seeking to make a political issue of the matter in Reynolds' re-election campaign, "and I will not let them do so."

There were signs of concern among Republicans, as well.

Sen. John McCain of Arizona called for a group of former senators and others to investigate how the House handled the affair.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said during a campaign speech for Sen. Lincoln Chafee in Rhode Island. "I think it needs to be addressed by people who are credible."

Some other Republicans rallied to the speaker. The chairmen of two coalitions of social and fiscal conservatives in Congress said he should not step down. "Speaker Hastert is a man of integrity," Rep. Mike Pence, R-Ind., and Rep. Joe Pitts, R-Pa., said in a joint statement.

Rep. Rodney Alexander, R-La., the congressman who sponsored the page at the heart of the furor, said Hastert "knew about the e-mails that we knew about," including one in which Foley asked the page to send his picture. But he quickly backed off that comment, saying he discussed the e-mails with Hastert's aides, not the speaker himself.

"I guess that's a poor choice of words that I made there," he told AP.

Hastert has insisted he not know about the e-mails that were discussed with his staff.

Alexander said in an interview he first took up the matter after receiving press inquiries in November, when he told Hastert's staff and the parents of the 16-year-old boy who received the e-mails. The parents wanted the correspondence stopped but apparently did not want to take the matter further.

After a second round of press inquiries in the spring, Alexander said, he again notified the family and discussed the e-mails with the new majority leader, John Boehner of Ohio, on the House floor during a vote.

Alexander said Boehner turned first to Reynolds, the architect of the Republican midterm election strategy.

"I went to Boehner before Reynolds," Alexander told AP. "He sent Reynolds to me to talk about it. Within a minute Reynolds and I were talking."

Boehner and Reynolds have both said they had spoken with Hastert about a complaint concerning a former page from Louisiana last spring, after Alexander told them about it.

The uproar that followed Foley's resignation has enveloped Republicans who were already at risk at losing control of Congress in elections five weeks away.

Conservative activist Richard A. Viguerie was among those who called for Hastert to step down. "The fact that they just walked away from this, it sounds like they were trying to protect one of their own members rather than these young boys," Viguerie said on Fox News.

Hastert has said he would not quit.

Alexander defended Hastert on Wednesday, as well as his own response.

"Hey, what else was I supposed to do?" Alexander asked. "I was very uncomfortable even talking to somebody in the speaker's office."

Investigators To House: Keep Foley Documents (CNN)

CNN.com, October 5, 2006

WASHINGTON (CNN) -- Federal investigators have asked the House of Representatives to keep computer records and papers from former Rep. Mark Foley's office, a senior Justice Department official said Wednesday.

The move is a sign that a criminal investigation into the congressman's correspondences with teen pages is imminent, perhaps within days, Justice Department officials said.

The investigation remains a preliminary inquiry, but a full criminal investigation will pave the way for subpoenas, searches and grand jury testimony, Justice Department officials said.

House members are expected to cooperate with any necessary searches during the probe, according to federal law enforcement sources. (Watch the House speaker insist GOP leaders didn't initially see the messages to the page -- 2:25)

DOJ_NMG_0075951

Foley, a Republican who represented a district in Florida, resigned Friday amid allegations that he sent "overly friendly" e-mails to a male teenage page in the House. Soon afterward, sexually explicit instant messages, allegedly between Foley and a page, surfaced. The former congressman checked in to a treatment facility Sunday for alcoholism and mental issues, his lawyer said.

Attorney David Roth held a news conference in West Palm Beach, Florida, on Tuesday to announce that Foley was gay and had been molested when he was a teen by a clergyman. Roth would not elaborate. He said Foley would explain when he was discharged from the treatment center, which will take at least 30 days.

Roth conceded that his client engaged in inappropriate exchanges with pages and former pages. However, Roth emphatically stated that Foley "never, ever had an inappropriate sexual contact with a minor in his life." Any assertion that Foley is a pedophile is "categorically false," Roth said. (Watch Roth explain how Foley was molested -- 2:07)

Foley was under the influence of alcohol when he wrote the messages, the attorney said.

Roth's statement came shortly after ABC News published an instant message exchange that it said showed Foley had cybersex with a teen before a House vote in 2003. ABC News has released several portions of lurid instant messages, allegedly between Foley and a page.

On Wednesday, more allegations surfaced. Rep. Deborah Pryce, R-Ohio, asked House Clerk Karen L. Haas to investigate "rumors" that Capitol Police stopped an intoxicated Foley from entering the page residence hall.

Pryce wrote in her letter to Haas that the rumors indicate the incident happened "within the last several years." Pryce also wrote that there is a claim that the director of Republican pages took concerns about Foley to then-House Clerk Jeff Trandahl. (Watch a page recount how an exchange with Foley "turned sexual almost immediately" -- 2:02)

Both claims came to light during a conference call with members of the House Republican Conference, Pryce wrote.

"The facts behind these rumors need to be made clear so that we can help ensure the future safety of young people who are left in Congress' charge when they serve as pages," she wrote. Washington ethics group: FBI knew

House Majority Leader John Boehner, of Ohio, wrote a similar letter to Haas about the residence hall rumor. The letter dated Tuesday stated Boehner was "seeking information as to whether this alleged incident occurred and to whom it may have been reported."

The Washington watchdog group that first published the inappropriate e-mails between Foley and a Louisiana teenager said Wednesday that it told the FBI in July about Foley's communications. Those messages were deemed by a congressman who oversees the page program inappropriate but not sexually explicit.

The FBI contends that Citizens for Responsibility and Ethics in Washington did not provide enough information -- including the pages' identities and e-mail addresses -- to pursue the case. The FBI reviewed copies of the messages, government officials said, but did not have enough information to move forward with an investigation or seek subpoenas.

CREW Executive Director Melanie Sloan disputed that account, saying the FBI was given the teen's full e-mail address July 21. CREW received the e-mails that day from "a third party who had gotten them from a congressional staffer," she said. (Watch Sloan question why the inquiry took so long -- 1:44)

Sloan said they were sent via e-mail to the FBI.

"The agent called me to follow up to say, 'So, these are e-mails from Mark Foley?' And I said, 'Yes.' And that was the end of our interaction," she said.

CREW has questioned whether the White House helped "cover up Rep. Foley's conduct and leave a potential sexual predator on the loose." The group also asked the Justice Department's inspector-general to investigate why the FBI didn't take further action.

The scandal has rocked the Republican leadership of the House about five weeks before the November midterm elections. It also has triggered a call for House Speaker Dennis Hastert, an Illinois Republican, to step down, but his spokesman and fellow GOP congressmen have said that isn't going to happen. (Watch the GOP defend Hastert -- 2:54)

Hastert asked the Justice Department on Sunday to investigate Foley's conduct and what steps were taken by House members and staff when concerns about the congressman came up.

Government officials said several former pages have been interviewed, and investigators are still trying to find and interview others. Part of this process is "getting real people to make real charges," one official said.

House leaders have acknowledged they were told in late 2005 that Foley was sending "overly friendly" e-mails to the Louisiana teen. Rep. John Shimkus, the Illinois Republican who chairs the board overseeing the page program, told Foley to stop, and said Foley claimed he would.

Rep. Tom Reynolds, a Republican from New York and head of the GOP's House campaign committee, has said he warned Hastert about Foley's e-mail in the spring. Hastert said he doesn't dispute Reynolds' account but doesn't recall the conversation.

Reynolds' chief of staff resigned Wednesday amid allegations he tried to protect Foley from congressional inquiries. Kirk Fordham, who previously had served as Foley's chief of staff, denied taking any inappropriate action on Foley's behalf. Fordham said he was merely reaching out to Foley "as any good friend would."

According to The Associated Press, Fordham claims he told Hastert's three years ago about Foley's worrisome conduct with the pages, a claim Hastert's office denies.

Meanwhile, Rep. Ray LaHood, a Republican from Illinois, has called the page program "antiquated" and suggested suspending it until "some scholarly people in Washington really evaluate the program and bring it into the 21st century," (Watch how alleged improprieties involving pages are nothing new -- 2:45)

"These young men and women come to Washington, look to us as their heroes and people they can look up to, and then we betray their trust -- or some members betray their trust -- by taking advantage of them," he said. "We should not subject young men and women to this kind of activity and this kind of vulnerability."

Along with the FBI, the Florida Department of Law Enforcement and the House Ethics Committee are also investigating Foley's conduct and whether there was any attempt to cover it up.

CNN's Kelli Arena, Terry Frieden, Susan Candiotti, Andrea Koppel, John Zarrella and Dana Bash contributed to this report.

NATIONAL Foley Probe Shifts Into Higher Gear, But Not In Florida (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 5, 2006

- As a federal probe into a former Florida congressman's conduct with underage boys shifted into higher gear in Washington Wednesday, U.S. law enforcement officials in Rep. Mark Foley's home state said they still have not been given anything to do.

"We're not doing anything right now," said a Justice Department official in Miami, who asked for anonymity because of orders from Washington to remain mum on what is a highly "sensitive" matter.

"They told us it's very sensitive so we shouldn't say anything," the official said. "That's no problem, because we're not doing anything."

Four days after House Speaker Dennis Hastert requested a federal investigation to determine if Foley had committed any crimes by sending raunchy Internet messages to congressional pages, House officials said Wednesday they have received a request from a U.S. prosecutor in Washington to protect all documents - computerized and otherwise - that are connected to the sex scandal.

The "preservation letter," as it is called in legal circles, is a common, often-standard move that foreshadows the possible issuance of subpoenas and search warrants.

FBI agents in Washington have begun interviewing those connected with the House page program as part of a preliminary assessment to gauge if enough indications of potential wrongdoing exist to launch a criminal probe.

The FBI has been designated the lead law enforcement agency for that task, with Florida Department of Law Enforcement personnel to serve in a secondary role, according to FDLE spokesman Tom Berlinger.

Meanwhile, AOL officials said Wednesday that they cannot comment on whether they have been contacted by federal agents in search of records of e-mail messages Foley sent from his personal AOL account, under the online name "MaF54."

In general, according to AOL spokesman Andrew Weinstein, the company will provide such records to police or prosecutors if they are served with a subpoena or court order. But he said the company keeps outgoing e-mails for only about 28 days, and incoming ones for roughly seven.

"After that, we no longer have copies of those mails on our servers, unless the user proactively chooses to save their mail for a longer term on AOL or on their own computer," Weinstein said in an e-mailed interview.

He also said the company does not save Instant Messages. The most lurid online conversations Foley engaged in took place via those instantaneous chats, including once while the lawmaker waited to vote on the House floor.

The ramping up of the federal probe came on the same day that the scandal, which propelled Foley Friday into resigning the office he had held for 12 years, claimed another Capitol Hill victim.

On Wednesday, Kirk Fordham, Foley's former top aide, resigned his current job as chief of staff to an upstate New York House Republican Wednesday. In an interview with the Associated Press, Fordham fired shots at House leaders and "unnamed sources" who have accused him of intervening to squelch an investigation of Foley's conduct and communications by the House board that oversees the page program.

"At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior," said Fordham, who was the chief of staff to Rep. Thomas Reynolds, R-N.Y., until Wednesday. "I have no reason to state anything other than the facts."

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As more of the secret side of Foley's life has emerged over recent days, along with transcripts of his sexually suggestive or explicit Internet conversations, House GOP lawmakers have traded jabs about who had been informed of Foley's inappropriate conduct, and when that occurred.

Fordham added to the roiling atmosphere when he said Wednesday that he had told the House speaker's office three years ago about the unseemly behavior and asked Hastert to intervene. Hastert says he does not recall being informed then about Foley's apparent fondness for interacting with the high-school-aged pages.

Hastert also has said he does not remember learning about similar concerns from other House GOP leaders. He stood steadfast Wednesday with his refusal to resign as the House's top leader, even as calls for him to step down have continued.

On Wednesday, Hastert took another blow when Rep. Ron Lewis, R-Ky., rescinded his invitation to Hastert to appear at a Kentucky fundraiser next week. Until the scandal erupted, Hastert had planned to crisscross the country to campaign for GOP candidates right up until the November elections.

Justice Department Asks House To Preserve Foley Office Records (BLOOM)

By Robert Schmidt

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- Federal prosecutors have asked the counsel for the House of Representatives to preserve records from former Congressman Mark Foley's office, a U.S. Justice Department official said.

The request, in a letter from Washington interim U.S. Attorney Jeffrey Taylor, is a standard investigative move and doesn't necessarily signal a stepped-up criminal probe, said the official, who spoke on condition of anonymity. The FBI has said it is conducting a preliminary inquiry to determine if Foley broke any laws in his interactions with congressional pages.

The Justice Department official refused to specify what documents or records prosecutors asked the House counsel to save. Foley's attorney, David Roth, said yesterday that his client sent sexually explicit computer messages to teenagers while under the influence of alcohol. He denied that Foley engaged in sexual activity with any of the pages.

Foley, a Florida Republican, resigned on Sept. 29 after his online discussions with teenage boys became public. At his news conference yesterday, Roth said the lawmaker was sexually abused as a teenager by a clergyman and said that Foley's office records would be saved.

``Mark has absolutely agreed on his own and with our counsel not to do anything with any computer, not to delete any messages," Roth said. He intends ``to preserve the evidence."

House Speaker Dennis Hastert's office and the House counsel's office didn't return calls seeking comment on the Justice Department letter.

FBI's Foley Case Eyes Legal 'Gray Area' (AP-Y)

By Matt Apuzzo

AP, October 4, 2006

Former Rep. Mark Foley's online conversations with teenage male pages have all the trappings of a political scandal, but making a federal case out of the sexually charged exchanges could prove difficult, veteran investigators say.

Foley, a six-term Republican from Florida, resigned abruptly as his e-mails and instant message transcripts surfaced. The chats discussed sexual acts and possible meetings with pages, according to ABC News, which first reported them last week.

Explicit computer chats with children were criminalized in 1996 when Congress, with Foley's help, passed the Communications Decency Act. But the Supreme Court struck it down, saying it violated the First Amendment right to free speech.

With the FBI investigating Foley's behavior, his defense attorney, David Roth, said that the congressman never had sex or attempted sexual contact with a minor. Foley, who is being treated for alcohol abuse, was drinking when he had the explicit conversations, Roth said.

"Any suggestion that Mark Foley is a pedophile is false," Roth said Tuesday at a news conference in West Palm Beach, Fla.

If Foley never had sex with a congressional page, then his case is in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

Congressional leaders, who called for an FBI investigation as Foley resigned, turned to finger-pointing over who knew what about Foley's behavior, when they knew it and whether anything was done to protect the teens.

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One federal law enforcement official said the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are reviewing new evidence, including the instant message transcripts, to see if a law was broken.

FBI spokesman Richard Kolko said the agency is continuing its assessment.

In Florida, Roth said no law enforcement officials had contacted him. Foley has not been subpoenaed but voluntarily agreed not to delete any e-mails or instant messages from his computers, the lawyer said.

Some Democrats have claimed Foley might have violated the federal law used to prosecute Internet sex predators, but experts said it's not that simple.

On the surface, the chat transcripts released by ABC News look much like any of the explicit conversations the FBI has used as evidence in its many Internet sex stings. In those cases, however, the sexually charged talk led to an arrest when adults arrived for real sexual encounters.

Graphic talk alone is rarely enough, said Joseph Dooley, a former agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Investigators could consider federal obscenity laws, experts said, but the law prohibiting disseminating obscene material to children applies only to those under 16.

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Legal Case Against Foley Could Be Tricky To Build (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 5, 2006

Washington — Former Republican Rep. Mark Foley's electronic messages to congressional pages may have been vile, despicable and outrageous, as colleagues and critics have declared.

But was his conduct illegal?

If Foley had sex with a page in the District of Columbia, it wouldn't be a crime. In the capital, the age of consent is 16, as it is in many states. That, coincidentally, is the minimum age to be a page.

However, some states -- including Foley's home state of Florida -- have enacted laws that crack down on older adults who have sexual encounters with minors.

Like many jurisdictions, the District has not raised its age of consent out of concern for flooding the courts with cases involving consenting teens. But not long after Foley moved to Washington, Florida made it a felony for anyone 24 or older to have sexual relations with youths younger than 18.

Whether the 52-year-old former lawmaker and erstwhile champion of the rights of abused children will face any legal action is far from clear. His lawyer has emphatically denied that Foley had sex with "minors," although he did not define what he meant by minors. And no page or former page has charged that the congressman seduced him.

The hodgepodge of state and federal laws on sex crimes is likely to pose a challenge for the Justice Department and for state and local authorities in their probes into the contacts Foley had with pages and whether any crimes were committed.

Many experts believe it will be hard to construct a criminal case against Foley, especially if he never acted on the otherwise salacious e-mails and instant-messages that have become public. Federal law makes it a crime to use the Internet to entice or solicit sex from minors, but charges cannot be brought unless the actions would constitute crimes in the states where they occurred.

By resigning his seat, Foley also preempted any action the House might have taken against him for violating House rules.

The House ethics code does not specifically bar sexual relationships with pages, but states that a congressman "shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives."

For child advocates, disparities in state laws over the age of consent have been a source of bitter frustration.

Regulating the Internet to protect children also has been a battleground between civil liberties groups and social conservatives. There is a profusion of new laws -- from criminalizing the online distribution or possession of child pornography to Internet-based registries of sex offenders.

The trend has been to raise the age of the minor protected under criminal statutory rape laws, without criminalizing sexual activity between peers.

"Do you really want a 17-year-old who has had sex with his 15-year-old girlfriend to have a lifetime stigma?" said Howard Davidson, director of the American Bar Association Center on Children and the Law.

But conservatives believe that an age of consent lower than 18 sends the wrong message to teenagers and partners.

"Child exploitation advocates have been fighting against this for years," said Patrick Trueman, who was chief of the Justice Department's obscenity and child-abuse section in the 1980s. Trueman said laws such as the District's age of consent rule are "tragic."

The state and federal laws that make it a crime to use the Internet to entice or solicit sex from minors, which might ensnare Foley, have been interpreted narrowly.

Some courts have held that words, however offensive, are not enough to constitute criminal conduct, according to Peter Swire, an Internet law expert at Ohio State University law school.

"One question is whether mere conversation is enough to meet the federal statute," Swire said, adding that some courts could find that speech is protected under the First Amendment.

In many enticement cases, prosecutors have brought charges only where the suspect has taken action to consummate illicit plans.

A Tennessee man, for example, was prosecuted a few years ago for soliciting sex with a minor after he showed up for a planned rendezvous at a hotel carrying $300, a box of condoms and a teddy bear.

E-mails and instant messages that have surfaced in the Foley affair appear to fall short of that standard.

At the same time, prosecutors have seized on predators' use of the Internet to extend the long arm of the law. Since Foley went online to communicate with former pages across the country, he may have exposed himself to laws in different jurisdictions.

Some reports indicate that Foley sent many e-mails and instant message to former pages from his Palm Beach-area home. In that event, Florida could apply its own tough laws, even if he were communicating with a youth in more permissive environs.

Besides its age-of-consent rules, Florida also makes it a felony to use the Internet to "seduce, solicit, lure, or entice" a child to have a sex or to attempt to do so.

Foley's Actions May Not Be Crime At Federal Level (WSJ)

By Gary Fields

The Wall Street Journal, October 5, 2006

WASHINGTON -- Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. attorney in Washington, D.C. "The reality of the law here is, if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Mr. Howard says.

Mr. Foley, through his lawyer, has denied having sexual contact with any of the minors.

The Federal Bureau of Investigation said it was first notified of Mr. Foley's electronic communications with pages in July, and turned them over to three separate units at its Washington, D.C., field office to examine: the cybercrime squad, adult obscenity squad and the crimes against juveniles squad. None of the agents who examined the initial batch of emails saw a federal crime, said an FBI official familiar with the investigation.

However, revelations of other, more sexually explicit communications between Mr. Foley and the pages has spawned a full-fledged investigation by the agency. Wednesday, the Justice Department announced that it had notified the House counsel that it wanted Mr. Foley's computer preserved for evidence.

Among the issues being examined: Did Mr. Foley have obscene electronic conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him?

Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Mr. Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it

has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said.

In an exchange with a former page in California, Mr. Foley seemed to press the teen to state what the two would do if they got together for dinner -- and investigators are likely to zero in on that exchange.

"If Mr. Foley went to San Diego with the intent of having sex with a minor that would possibly fulfill the intent of the statute," says Carmen Hernandez, a Washington defense attorney, referring to the federal statute that deals with enticing or pressuring a minor to travel across state lines for sex with an adult. From the messages released so far it is unclear if Mr. Foley went to San Diego.

Still, it would be tough to make a federal case. One defense to such a charge would be that he wasn't traveling specifically to have sex with the page since he was traveling to attend the Republican Convention, Ms. Hernandez said.

At the state level, Mr. Foley's actions may make him much more vulnerable to criminal charges.

Earlier this year, Brian J. Doyle, then-deputy press secretary for the Department of Homeland Security, was arrested at his Maryland home and charged under Florida statutes for emailing sexually explicit messages to a Polk County, Fla., officer whom he thought was a 14-year-old girl. Mr. Doyle pleaded no contest last month to seven counts of using a computer to seduce a child and 16 counts of transmitting harmful material to a minor. His sentencing is next month.

Washington, D.C., has similar statutes, which apply even if explicit messages don't include images, as they did in Mr. Doyle's case.

In addition, Mr. Foley and a page talked about drinking at the representative's home. If authorities could show Mr. Foley bought alcohol, he could be charged with contributing to the delinquency of a minor. The penalty is a maximum fine of $1,000 and up to 180 days in jail. "All he'd have to do is buy a bottle of liquor. That would be enough. Then he's done something," Mr. Howard said.

E-mails To Teens Said To Fall In Gray Area Of Law (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

The Internet conversations former U.S. Rep. Mark Foley had with teenage male pages that have been made public so far appear to fall into a murky area of law, veteran investigators and defense attorneys say.

While some of the conversations are sexually explicit, experts say they don't appear to contain direct solicitations for sex, or indicate that Foley traveled to meet any of the youths for sex -- elements that likely would be necessary for federal charges.

Foley's attorney, David Roth, says Foley never had sex or attempted to have sex with a minor.

If true, that puts Foley's case in uncertain legal territory, said Ken Lanning, a retired FBI agent who served as one of the agency's leading experts on child exploitation.

"There are going to be some issues here in the gray area," Lanning said. "You may find this behavior repulsive, offensive or immoral. Whether it's a violation of law will be based on a precise reading of the law."

The U.S. Justice Department and the Florida Department of Law Enforcement are conducting preliminary reviews to determine whether to launch full investigations.

"A preliminary inquiry is the process we use to determine whether a potential criminal violation [of state law] has occurred before we open up a full criminal investigation," FDLE spokesman Tom Berlinger said Wednesday, without providing details of the department's efforts. "We are trying to do it as expeditiously as possible while trying to get to [the] truth of the matter."

FBI agents have begun interviewing participants in the House page program, a law enforcement official told The Associated Press on condition of anonymity because of the ongoing investigation. The official declined to say whether the interviews were limited to current pages or included former pages.

One federal law enforcement official told AP the FBI reviewed some Foley-related e-mail in July but concluded that no federal law had been violated. The official, who spoke on condition of anonymity because the case is active, said agents are now reviewing new evidence, including the instant message transcripts, to see if a law was broken.

The Justice Department also ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers. Acting U.S. Attorney Jeff Taylor for the District of Columbia sought protection of the records in a three-page letter to House counsel Geraldine Gennet, a Justice official told AP on the condition of anonymity.

Such letters often are followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

Foley's attorney said none of Foley's computer records would be altered or destroyed. He stopped short of saying whether Foley would voluntarily turn over his computers.

When it comes to arresting people who solicit minors for sex on the Internet, the FBI and local investigators routinely use undercover sting operations. There are typically two hallmarks in those types of arrests -- the conversations include graphic descriptions of what the defendant wants or intends to do, and the defendant is arrested after showing up for a rendezvous.

Graphic talk alone is rarely enough, said Joseph Dooley, a former FBI agent who helped set up New England's first FBI unit targeting Internet predators. Many adults engage in explicit chats with undercover agents but never show up for the scheduled meetings, he said.

"We never charged anyone unless they actually traveled to have sex," Dooley said.

Robert Gershman, a West Palm Beach defense attorney who has represented clients charged with soliciting sex over the Internet, said there is no obvious smoking gun in Foley's Internet messages.

"The stuff I've read seems to be friendship, however immoral or inappropriate it may be," he said. "I haven't seen anything that solicits or entices."

Benjamin Vernia, a former federal prosecutor specializing in such cases, compared Foley's online conversations with pages to "grooming," a law enforcement term for the way sexual predators bring along their underage victims. Grooming is a red flag for authorities, Vernia said, but it's rarely enough to bring charges.

The question for federal investigators is to determine whether Foley's online chats ever led to real encounters. One chat transcript suggests Foley and a page had met in San Diego, but the chat doesn't indicate what took place.

Even if a sexual encounter occurred, however, that won't necessarily be enough to lead to charges. It depends on how old the pages were at the time and what the age of consent was in that state.

If a state law was broken and authorities can show Foley used the Internet to facilitate it, that could trigger federal jurisdiction, experts said.

Ethics Panel Faces Decisions Over Foley (AP-Y)

By Larry Margasak

AP, October 4, 2006

The House ethics committee can conduct an in-house investigation of former Rep. Mark Foley's salacious messages to teenagers or hire an outside counsel. Either way, it's likely that Speaker Dennis Hastert and other top Republicans will have to explain why they failed to thoroughly investigate Foley's relationships with male pages.

The evenly divided ethics committee scheduled its first meeting Thursday to decide how to investigate a potential Republican cover-up that could cost Hastert his job and help decide control of the House.

This is not the first time the ethics committee has investigated a speaker. Outside counsels were hired in the probes of former Democratic Speaker Jim Wright and ex-Republican Speaker Newt Gingrich. Also, an outside counsel conducted a broad sex and drugs investigation in the early 1980s that ended with the censure of two House members for consensual relationships with House pages.

Ironically, the ethics committee several months ago bolstered its investigative staff with new hires, after breaking a long partisan deadlock that prevented the panel from launching new investigations.

The outside counsels in the investigations of Wright and the earlier page scandal both said the committee must hire an independent investigator to convince the public it can conduct a nonpartisan investigation of congressional leaders.

Joseph Califano Jr., hired for the 1980s page scandal, said, "This is a much more serious problem. It goes to the integrity of the House as an institution and the conduct of its leadership.

"If you want to make a statement of integrity, you should have an outside counsel and give the outside counsel free rein."

Califano had authority that would be difficult for the committee to accept now, especially with its enlarged staff. He had hired his own staff, he said, using "not a single staffer from the House. We operated totally independently."

Richard Phelan, hired to investigate Wright, said, "There's no way in the world they could do this credibly without an outside counsel. The perception outside (Washington) is that Congress and the speaker and those running Congress have screwed this thing up."

"I think you probably have to start with Hastert," he said.

He said an independent investigator could not only be objective and nonpartisan, but could give committee members political cover for any tough decisions to be made.

Phelan said an outside counsel has no concerns about political retaliation after an investigation ends. "I could go back to my law practice. I didn't worry about whether we get him or don't get him."

Wright ended up resigning from the House after an investigation of receiving impermissible gifts and exceeding then-existing limits on non-salary income.

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House Democratic leader Nancy Pelosi last week introduced a resolution that offered her road map for a thorough investigation.

It demanded to know when Foley's e-mails were sent, who knew about them, whether there was a pattern of inappropriate activity involving contacts with pages, when the Republican leadership was notified and what corrective action was taken.

She also demanded that the committee make a preliminary report in 10 days.

While that timetable may not be met, another timetable looms: the Nov. 7 election, when Republicans will try to retain control of the House. They took control in the 1994 elections, not long after an ethics investigation of lawmaker overdrafts — without penalty — in the Democratic-run special members bank that existed at the time.

McCain Calls For Investigation Of Complaints About Foley (AP)

By Michelle R. Smith

AP, October 4, 2006

PROVIDENCE, R.I. --Sen. John McCain on Wednesday called for Congressional leaders to appoint a panel of "credible" people to investigate a scandal about inappropriate e-mails and electronic messages sent by former Rep. Mark Foley to teenage pages.

"The institution is under assault right now," the Arizona Republican said after calling for the investigation during a campaign appearance on behalf of Sen. Lincoln Chafee, who is facing a strong challenge from a Democrat.

"We need to move forward quickly and we need to reach conclusions and recommendations about who is responsible," McCain said.

Chafee said he supported McCain's call.

Foley, a Republican, stepped down last week after he was reported to have sent salacious electronic messages to teenage male pages. He has checked into an undisclosed facility for treatment of alcoholism, leaving behind a mushrooming political scandal and legal investigation.

Conservatives are now debating whether House Speaker Dennis Hastert should resign over his handling of complaints about Foley.

McCain said he would not want a commission, but a group of well-respected people appointed by agreement of Hastert and the Democratic leadership to look into the handling of complaints about Foley.

"I think it needs to be addressed by people who are credible," he said.

Among the names he mentioned as people who could lead such an investigation were former Sen. Warren Rudman, a New Hampshire Republican, and Lee Hamilton, former Democratic representative from Indiana and chairman of the 9/11 Commission.

McCain called for the investigation during a speech to supporters of Chafee, who is being challenged by former state Attorney General Sheldon Whitehouse. Polls show the race is about even.

McCain said there's no way of knowing how the scandal will affect Chafee's race or other close races across the country. Democrats are hoping to take back control of the House and some have said they may be able to recapture the Senate.

Chafee said the scandal could be bad news for his campaign.

"It's not helpful," he said.

Wendy Schiller, a political science professor at Brown University, said with the Congressional scandal still unfolding and the election less than five weeks away, Republican voters could stay home in November because they are turned off. Independents who were on the fence might decide against Chafee.

"Democrats will not refrain from voting in this election," Schiller said.

Registered Democrats in Rhode Island outnumber Republicans more than three to one, although most registered voters in Rhode Island are not affiliated with any party.

McCain is the first of a list of national party stars coming to Rhode Island to campaign for the general election -- although so far the others are Democrats.

Sen. Barack Obama of Illinois, a charismatic speaker who electrified the crowd at the Democratic National Convention in 2004, is coming to support Whitehouse next week. Former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, are planning separate visits later this month.

Aide Says He Reported Foley 3 Years Ago (AP-Y)

By Devlin Barrett

AP, October 4, 2006

DOJ_NMG_0075959

House Speaker Dennis Hastert's political support showed signs of cracking on Wednesday as Republicans fled an election-year scandal spawned by steamy computer messages from former Rep. Mark Foley to teenage male pages.

At the same time, a congressional aide said in an Associated Press interview he first warned Hastert's aides more than three years ago that Foley's behavior toward pages was troublesome. That was long before GOP leaders acknowledged learning of the problem.

The aide, Kirk Fordham, said he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" several years ago.

The claim drew a swift, unequivocal denial from Hastert's chief of staff. "What Kirk Fordham said did not happen," Scott Palmer said through a spokesman.

Hastert's political difficulties were evident half a continent away.

Rep. Roy Blunt of Missouri, third-ranking leader, pointedly told reporters he would have handled the matter differently than the speaker, had he known of it.

"I think I could have given some good advice here, which is, You have to be curious, you have to ask all the questions you can think of," said Blunt, a member of the leadership. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Republican Rep. Ron Lewis of Kentucky, in a tougher-than-expected re-election race, abruptly canceled an invitation for Hastert to join him at a fundraiser next week.

"I'm taking the speaker's words at face value," Lewis told the AP. "I have no reason to doubt him. But until this is cleared up, I want to know the facts. If anyone in our leadership has done anything wrong, then I will be the first in line to condemn it."

Ron Bonjean, Hastert's spokesman, said the entire issue had been referred to the House ethics committee. "We fully expect that the bipartisan panel will do what it needs to do to investigate this mater and protect the integrity of the House," he added.

House Democratic leader Nancy Pelosi went one step further, saying in a statement that Hastert and the rest of the GOP leadership should be "immediately questioned under oath...."

"The children, their parents, the public, and our colleagues deserve answers and those who covered up Mark Foley's behavior must be held accountable," she said.

Foley, 52, a Florida Republican, resigned last Friday after he was confronted with sexually explicit electronic messages he had sent teenage male pages. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

His abrupt departure left behind an Internet-age sex scandal that has shaken Republican confidence — and poll numbers — little more than a month before elections at which their control of the House will be tested.

It also plunged Hastert and others into an intensive effort to grapple with conflicting claims about what senior lawmakers knew, when they learned and what they did about it.

Fordham resigned Wednesday as chief of staff to Rep. Thomas Reynolds, R-N.Y., the House GOP campaign chief who says he alerted Hastert to concerns about Foley last spring.

The longtime Capitol Hill aide said that more than three years ago, he repeatedly asked GOP staffers to intervene with Foley. He declined to identify them, but officials said Palmer, Hastert's chief of staff, was one of them.

Fordham also disputed allegations that he covered up any misdeeds by Foley. "At no point ever did I ask anyone to block any inquiries," said Fordham, who was Foley's longtime chief of staff until leaving in January 2004.

He said he intends to fully disclose to the FBI and the House ethics committee "any and all meetings and phone calls" about Foley that he had with senior aides in the House leadership.

State and federal investigators swung into action.

The Justice Department ordered House officials to "preserve all records" related to Foley's electronic correspondence with teenagers, and one law enforcement official said FBI agents have begun interviewing participants in the House page program. It was not clear whether those questioned were current or former pages, or both.

The request for record preservation is often followed by search warrants and subpoenas, and signal that investigators are moving closer to a criminal investigation.

The request was aimed at averting a conflict with the House similar to a standoff in May when FBI agents raided Louisiana Rep. William Jefferson's office seeking information in a bribery investigation.

Separately, the Florida Department of Law Enforcement has begun a preliminary inquiry.

Hastert was at home in Illinois during the day as he struggled with the first major cracks in his political support from fellow Republicans.

His office heatedly denied any suggestion that he intended to resign as speaker.

"When Republicans keep the majority this November, the speaker will run again and serve his full term should his colleagues choose to elect him," Bonjean said.

But the comments by Fordham coupled with the remarks by Blunt and Lewis' action, suggested Hastert's plans might face a challenge. The speaker is elected by the full House, but he essentially serves at the pleasure of the members of the rank and file of the majority party.

In this case, that's the Republicans, who already had been struggling to retain their majority in adverse political circumstances and now must contend with the questions about Hastert's actions.

Even a Republican from Hastert's home state of Illinois expressed reservations about asking the speaker for campaign help.

"We still take the position that we want all the facts," said Ryan McLaughlin, a spokesman for state Sen. Peter Roskam, who is running for an open seat now in Republican hands.

House Aide's Resignation Adds To Focus On Timing Of Warnings (WSJ)

By David Rogers

The Wall Street Journal, October 5, 2006

WASHINGTON -- A senior House Republican aide resigned over his role in the Mark Foley scandal and accused party leaders of ignoring his early warnings that the Florida lawmaker was getting too close to House pages.

The action came as the Justice Department ordered House officials to preserve all records related to Mr. Foley's electronic correspondence with the teenagers. The House Ethics Committee is expected to vote this morning to begin its own inquiry, and Sen. John McCain (R., Ariz.) urged House leaders to go further by appointing an outside panel to review the matter.

Less than a week after Mr. Foley's resignation, the developments dramatized how quickly the controversy has escalated, threatening Republican power in Congress and Speaker Dennis Hastert's hold on the House a month before midterm elections.

The departing aide, Kirk Fordham, is a friend and longtime former aide to Mr. Foley and served as chief of staff to the chairman of the House Republican campaign committee, Rep. Tom Reynolds of New York.

Mr. Fordham's resignation follows news reports that he bargained with ABC News last week, trying to persuade the network not to disclose sexually explicit instant messages from Mr. Foley to former pages. Mr. Fordham last night told news organizations that more than two years ago he had warned the Speaker's office of Mr. Foley's worrisome relations with House pages.

"I had more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said in a statement distributed through the Associated Press. In subsequent comments, he said he had met in late 2003 with the speaker's chief of staff, Scott Palmer, who then met with Mr. Foley with the speaker's knowledge, Mr. Fordham said.

"What Kirk Fordham said, did not happen," Mr. Palmer said. But the accusation could feed criticism that Mr. Hastert's office was slow to recognize the potential dangers posed by Mr. Foley's behavior.

Mr. Hastert says the first "red flag" came last fall, when a Louisiana family complained about overly personal emails sent by Mr. Foley to their teenage son, a former page. Those messages weren't sexually explicit, and at the family's request, the speaker said the first priority was to break off contact between Mr. Foley and the teen, not launch a full inquiry.

That decision has come back to haunt him and invited second guessing by other members of the leadership. Majority Whip Roy Blunt (R., Mo.) implicitly criticized the speaker for deferring to the parents when more answers were needed. "You have to ask all the questions you can think of," Mr. Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Mr. Blunt's remarks follow comments by Majority Leader John Boehner (R., Ohio), pinning responsibility for the page program -- and by implication the current controversy -- on Mr. Hastert. While the speaker retains a reservoir of strong support in his caucus, jittery candidates are beginning to back away from having him in their districts.

Rep. Ron Lewis (R., Ky.) announced that he had canceled a fund-raiser with Mr. Hastert for next week until he knows more of how the leadership responded to warnings about Mr. Foley's conduct. "I'm taking the speaker's words at face value," Mr. Lewis said. "But until this is cleared up, I want to know the facts."

Mr. Fordham has said himself he was shocked by the explicit nature of the instant messages sent by his former boss to the pages, and the warnings passed on to Mr. Palmer didn't approach such behavior. The 39-year-old aide was reluctant to say anything beyond his statement, but a person close to him said the primary concern was that Mr. Foley was acting in an overly friendly way with pages, raising worries not only for Mr. Fordham but the House clerk at the time, Jeff Trandahl.

Mr. Fordham said he had acted last week out of friendship to Mr. Foley and never wished to "to prevent any inquiries or investigations of Foley's conduct by House officials or any other authorities."

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The former congressman admitted publicly this week, through his attorney, that he was gay, but that was well known for years to many in the House. Yet until the Foley instant messages were made public, House leaders have said they had no comprehension of the full depth of the lawmaker's electronic pursuit of former pages.

Ex-Foley Aide: Tip Given 2 Years Ago (USAT)

By Kathy Kiely And Erin Kelly

USA Today, October 5, 2006

WASHINGTON — A top aide to former congressman Mark Foley said Wednesday that he alerted House Speaker Dennis Hastert's chief of staff to Foley's "inappropriate behavior" with congressional pages at least two years ago, long before Hastert or any other Republican leaders say they first learned of the problem.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Kirk Fordham, Foley's chief of staff until 2004, said in a statement.

In an interview, Fordham said Hastert's chief of staff, Scott Palmer, told him that he had informed the speaker of their meeting.

The disclosures came as the FBI told House leaders to preserve key records in a scandal that is threatening Hastert's job and Republican control of the House less than five weeks before Election Day.

Hastert's office responded with a sharp rebuttal. "What Kirk Fordham said did not happen," Palmer said through Hastert spokesman Ron Bonjean. Hastert has insisted that he does not recall learning before Friday about concerns over the Florida Republican's relationships with the pages. That was the day Foley resigned.

The statements by Fordham came hours after he quit his Capitol Hill job. Fordham said he didn't want to be a political liability to his current boss, Rep. Thomas Reynolds, R-N.Y., who is leading Republican efforts to retain control of the House.

On Wednesday, Jeff Taylor, the U.S. attorney for the District of Columbia, asked Capitol Hill authorities to preserve Foley's office documents and computers.

Federal law enforcement officials, who have been briefed on aspects of the investigation but declined to be identified because they were not authorized to comment on the pending inquiry, said that an undisclosed number of pages have been interviewed as potential witnesses or victims. The sources said the FBI has yet to conduct any physical searches of Foley's office or home. Because of Foley's abrupt resignation, legal questions over the search remain to be resolved.

Today, the House ethics committee will meet in private to discuss the Foley investigation. The committee plans to examine how the investigation was handled by House leaders.

Fordham, who has been contacted by House lawyers, has volunteered to cooperate with the FBI.

Fordham said he met with Palmer at least two years ago to raise concerns about Foley's inappropriate friendships with congressional pages. Fordham said he had no idea those relationships extended to sexually explicit e-mails and instant messages. Foley's lawyer has denied the former congressman had inappropriate sexual contact with pages.

One close Hastert ally, Rep. Ray LaHood, R-Ill., opposed calls for the speaker's resignation, though he said Republicans will have to do "something dramatic" to end the political damage.

"I know members are very nervous. They've got to be able to explain this," LaHood said.

Senior Congressional Aide Questions Hastert Timeline (LAT)

By Janet Hook, Noam N. Levey And Peter Wallsten

The Los Angeles Times, October 5, 2006

WASHINGTON -- A senior Republican congressional aide said Wednesday that he warned House Speaker J. Dennis Hastert's office more than two years ago about "inappropriate behavior" by Rep. Mark Foley, R-Fla., toward Capitol Hill pages.

That would mean the speaker's office learned about Foley's conduct at least a year earlier than Hastert, R-Ill., has acknowledged.

But a Hastert spokesman challenged the latest assertion in the scandal that has rocked the Republican Party since Foley resigned his House seat Friday, after news reports that he had sent sexually explicit messages to male pages.

Hastert has said his staff learned of possible problems with Foley's conduct last fall, when a former page lodged a complaint. But with the speaker already under fire over his handling of the case, Wednesday's charge raised more questions about whether Hastert would be forced out of his leadership post.

It also will further fuel criticism that Hastert's office did not move aggressively enough to investigate Foley.

The charge that Hastert's office had been alerted to possible misconduct long before last fall came from Kirk Fordham, Foley's chief of staff for 10 years.

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Fordham went to work last year for Rep. Thomas Reynolds, R-N.Y., head of the House Republican campaign committee and part of the GOP's congressional leadership team.

Fordham's link to Foley has raised questions about why Reynolds and, by extension, Hastert and other House Republican leaders were not more aware of questions about Foley than they have claimed to be.

Fordham resigned from Reynolds' staff Wednesday because of the uproar over Foley. In a statement, he said: "The fact is, even prior to the (complaint about Foley lodged last year) I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene."

Fordham's attorney, Tim Heaphy, later told the Los Angeles Times that in 2003 or 2004, Fordham "received some information about Congressman Foley's inappropriate behavior with pages."

Fordham passed that information along to Hastert's chief of staff, Scott Palmer, Heaphy said.

Heaphy said Fordham did not know whether Palmer provided the information to Hastert. But the lawyer said Fordham did know that Palmer met with Foley.

Heaphy would not reveal more about the information Fordham passed along, saying that Fordham plans to share those details with investigators looking into Foley's conduct.

An acquaintance of Fordham's, who asked not be identified because of the sensitivity of the subject, said Wednesday that he recalled Fordham talking about taking his concerns to House officials at least two years ago.

The latest charge against Hastert, who has been laboring to explain why he did not do more to protect teenage pages from a member of his caucus, drew a quick denial from Palmer.

"What Kirk Fordham said did not happen," said Palmer, who has served as Hastert's chief aide since his election to the House in 1986 and is considered one of the most influential staffers on the Hill.

Since the furor over Foley erupted late last week, Hastert has maintained that officials in his office only learned of the lawmaker's potential misconduct last fall, when a Louisiana congressman contacted a Hastert aide about a series of e-mails Foley wrote to a page in the summer of 2005.

In the e-mails, which contained no explicit sexual content, Foley asked the boy to send him a photo and inquired about his age.

In Hastert's account, his aides responded by contacting the clerk of the House and the congressman who oversaw the page program -- who in turn told Foley to stop communicating with the page.

Hastert repeatedly has said that neither he nor his aides knew anything about the more explicit instant messages that Foley reportedly sent to pages as far back as five years ago. Given the information his office had last fall, Hastert has said, it did all it could have been expected to do.

A Republican strategist with close ties to Capitol Hill said Wednesday that Fordham's claim could drive Hastert from the speakership, which he has held since early 1999.

"If the claim holds up, it is hard to see how the speaker survives," said the strategist, who requested anonymity when discussing the party's leadership. "If he does survive, it is only because he does a major housecleaning."

Even before news spread of Fordham's claim, there were more signs of the political trouble confronting Hastert.

House Majority Whip Roy Blunt, R-Mo., said Wednesday that he would have been more aggressive than Hastert's staff last fall in looking into what Hastert later characterized as "overly friendly" Foley e-mails to the page who complained about them.

"I think I could have given some good advice here, which is you have to be curious," said Blunt. "You have to ask all the questions you can think of."

Earlier this week, House Majority Leader John Boehner, R-Ohio, and Reynolds each said they had told Hastert directly of potential problems with Foley's interaction with pages. Hastert has said he did not remember those conversations, but did not dispute that they occurred.

Boehner, in discussing the conversation, made clear he believed it had been Hastert's responsibility to deal with the matter.

A Republican incumbent, Rep. Ron Lewis, R-Ky., on Wednesday canceled a scheduled fundraiser with Hastert, according to The Associated Press.

Meanwhile, the FBI started interviewing pages as part of its investigation into Foley's activities, according to a law enforcement official. Fordham's attorney said he was also contacted by the FBI Wednesday.

Fordham indicated in his statement that he intends "to fully cooperate with any and every investigation of Mr. Foley's conduct."

He added: "I will fully disclose to the FBI and the House Ethics Committee any and all meetings and phone calls I had with senior staffers in the House Leadership about any of Foley's inappropriate activities."

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Federal prosecutors Wednesday ordered the House to preserve documents and other materials possibly related to Foley's electronic communications with pages, according to the law enforcement source, who asked not to be identified because of the ongoing nature of the investigation.

Ex-Foley Aide Roils Timeline (RC)

By Ben Pershing

Roll Call, October 5, 2006

Just as Speaker Dennis Hastert (R-Ill.) appeared to have weathered the worst of the storm surrounding the House page scandal, a former aide to ex-Rep. Mark Foley (R-Fla.) sparked new controversy by claiming he had warned the Speaker's longtime top staffer about Foley's behavior at least a year earlier than anyone in Hastert's office had previously acknowledged.

Kirk Fordham, a former close aide to Foley who most recently served as chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.), resigned from Reynolds' office Wednesday amid questions about his role in the page scandal. Within hours, Fordham told The Associated Press he had recalled "more than one conversation with senior staff at the highest level of the House [about Foley's interest in pages and] asking them to intervene" more than three years ago.

A House GOP aide said Fordham was referring to alleged conversations with Scott Palmer, Hastert's chief of staff and closest adviser since he first entered the House. Palmer denies any such conversations occurred.

"What Kirk Fordham said did not happen," Palmer said in a statement.

Hastert spokesman Ron Bonjean added: "This matter has been referred to the [Committee on Standards of Official Conduct], and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Fordham's statement further muddled the already confusing timeline of the leadership's knowledge of Foley's contact with pages.

In repeated public comments, and in a detailed chronology of events released by Hastert's office over the weekend, GOP leaders claimed that they were first made aware of Foley's alleged conduct in November 2005, when Rep. Rodney Alexander's (R-La.) office alerted aides in Hastert's office that Foley had sent questionable, but not sexually explicit, messages to a former page from Alexander's district.

Hastert's office has struggled to contain the Foley fallout and to bat down questions about what Hastert knew and when he knew it, arguing — despite suggestions to the contrary by two fellow GOP leaders — that the Speaker himself was not aware of any problem between Foley and pages until last week.

But Fordham's allegation brings the circle of those who had been told about Foley's behavior one step closer to the Speaker's chair. Palmer has been Hastert's friend and top aide for more than 20 years and, when Congress is in session, he lives with Hastert and Deputy Chief of Staff Mike Stokke in a town house that Hastert owns in Southwest Washington, D.C.

Earlier Wednesday, before Fordham's comments to the AP, media reports appeared quoting anonymous GOP sources suggesting that Fordham deserved much of the blame for the failure to fully investigate Foley in 2005. ABC News, for example, cited Republican sources who claimed that Fordham had "begged" the leadership not to tell the full House Page Board about Foley's e-mails to the Louisiana page.

Fordham issued a statement Wednesday disputing that suggestion and distancing his own actions in the Foley case from Reynolds, who is in the midst of a competitive re-election race in New York.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' chief of staff. I reached out to the Foley family, as any good friend would, because I was worried about their emotional well-being," Fordham said.

"At the same time, I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or any other authorities."

After the AP story was released, a House GOP leadership aide said of Fordham: "This person is very unhappy. He is someone with an ax to grind."

Fordham could not be reached for comment by press time.

Even before Fordham's comments to the AP, some Republican strategists otherwise sympathetic to the Speaker questioned the leadership's apparent strategy of heaping blame for the Foley mess on Fordham.

"I don't think this helps at all," said a Republican source with close ties to the leadership. "I don't think [Fordham] resigning helps either."

The Fordham controversy is only the latest broadside to buffet Hastert's office, which has drawn tactical criticism from some GOP quarters since the story broke last week.

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Over the weekend, House Republican sources said, the offices of Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.) were frustrated by what they perceived as the slow pace of the Hastert shop's reaction. For example, Boehner and Blunt pushed to convene a conference call for GOP lawmakers as early as Saturday night, but at the behest of Hastert's office, the call didn't occur until Monday evening, 72 hours after the story had exploded.

To aid their efforts, sources said Hastert's staff this week has quietly enlisted the advice of a group of former GOP leadership aides-turned-lobbyists, including Susan Hirschmann, Kathryn Lehman, John Feehery and Dan Mattoon.

The confusion over Fordham's comments Wednesday came even as more GOP lawmakers publicly declared their support for Hastert to remain as Speaker.

In a joint statement Wednesday, Rep. Mike Pence (Ind.), chairman of the conservative Republican Study Committee, and Rep. Joe Pitts (Pa.), head of the Values Action Team, said "we believe Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years.

"Speaker Hastert should not resign."

Another prominent RSC member, Rep. Jeb Hensarling (Texas), lent similar backing to Hastert, saying "the Speaker is a man of integrity, and I take him at his word."

House GOP moderates were less vocal in expressing their continued support for Hastert, though none said he should step down.

In a Tuesday evening conference call with GOP centrists organized by Rep. Tom Davis (Va.), Members expressed anger over the leadership's handling of the issue and concern about the fate of the page program, but no one suggested Hastert should step down, said sources familiar with the call.

The moderates on the call did worry about how the Foley issue would play out in their re-election races, with Rep. Christopher Shays (R-Conn.) reporting that automated calls had been made to voters in his district criticizing the Republican leadership for the Foley affair.

A handful of GOP candidates aren't taking any chances on the issue. Rep. Jim Gerlach (R-Pa.) has canceled a planned fundraiser with Boehner, and on Wednesday, Rep. Ron Lewis (R-Ky.) canceled a scheduled campaign event with Hastert.

Despite the controversy, Boehner has done events this week for GOP Reps. Curt Weldon (Pa.), Don Sherwood (Pa.) and Thelma Drake (Va.). He is scheduled to make 21 more campaign stops around the country between today and Election Day.

Hastert said Tuesday that he planned to visit 30 districts before Nov. 7, though his office said Wednesday his schedule has not been finalized.

Morgan Ortagus, a spokeswoman for GOP candidate Joy Padgett, who is running to replace Rep. Bob Ney in Ohio's 18th district, said Hastert's office contacted their campaign Wednesday and canceled his appearance at an Oct. 9 fundraiser due to "scheduling conflicts." Ortagus said Sen. George Voinovich (R-Ohio) will appear in Hastert's place. When asked if Hastert's fundraiser had been rescheduled, she said "not yet."

Democrats, meanwhile, continued their drumbeat of criticism of the GOP on the Foley issue.

"Why did Speaker Hastert, Congressman Reynolds and other Republican Leaders continue to support Mark Foley after they knew about his horrific behavior?" asked House Minority Leader Nancy Pelosi (D-Calif.).

Democrats indicated that they planned to keep the heat on at least through this weekend. On Saturday, the national Democratic radio address will be given by Patty Wetterling, a longtime child-safety advocate who is running for the open seat in Minnesota's 6th district and has already run a television ad blasting GOP leaders over the Foley issue.

Hastert Faces Increased Pressure To Resign (MCT)

By Lesley Clark, Margaret Talev And Marisa Taylor

McClatchy Newspapers, October 5, 2006

WASHINGTON - A top House Republican aide charged Wednesday that he warned senior aides to House Speaker Dennis Hastert as far back as 2003 that former Rep. Mark Foley's behavior toward underage congressional pages could be a problem.

Hastert has said that his aides were first warned about Foley in fall 2005, and then only with ambiguous evidence. Foley resigned last Friday after evidence became public that he'd exchanged dozens of sexually explicit emails with former male congressional pages for years, triggering a storm of public outrage that House Republican leaders hadn't done more sooner to protect the pages from a sexual predator in Congress.

Kirk Fordham, who was Foley's chief of staff for a decade before holding the same post for Rep. Tom Reynolds, R-N.Y., said he'd told Hastert's aides at least three years ago.

Hastert's chief of staff, Scott Palmer, flatly rejected Fordham's claim: "What Kirk Fordham said did not happen."

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Nevertheless, Fordham's swipe at Hastert adds to the pressure on Hastert and other top House GOP leaders, who are struggling to defend their handling of Foley five weeks before congressional elections. Some Republicans locked in re-election contests are distancing themselves from their leader.

On Wednesday, Rep. Ron Lewis, R-Ky., asked Hastert to cancel his planned appearance Oct. 10 at a fundraiser on his behalf. "It's not intended to be a condemnation of Speaker Hastert," said Lewis campaign spokesman Michael Dodge. "But the congressman feels there are investigations, there are questions about who in leadership knew what and when. While that is pending, we saw it wasn't very prudent to bring him to the district."

Some leading conservative opinion leaders are turning against House Republican leaders. The Washington Times, a newspaper in the nation's capital influential with conservatives, demanded Tuesday that Hastert resign. And the editor of the National Review, a longstanding conservative opinion magazine founded by William F. Buckley Jr., denounced the House Republican leadership online Wednesday.

"The fundamental problem congressional Republicans are experiencing now is that they have almost no moral capital left after the last two years. Again and again, when given the choice to reform their practices or do little or nothing, they always picked the latter," wrote editor Rich Lowry. "Well, now . . . people feel confirmed in what they always suspected about this Congress - that it is unable to police its own practices and is full of people who don't follow the same rules as the rest of us. This is deadly."

President Bush and many Republican House members have defended Hastert against pressure to resign, but Fordham's allegation threatened to erode that support.

In a statement released by his lawyer, Fordham sought to counter accusations that he'd tried to protect Foley by preventing an investigation into his behavior with pages.

In fact, Fordham said, he had "more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior.

"Rather than trying to shift the blame on me, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005," Fordham said.

Fordham's attorney, Timothy Heaphy, said Fordham alerted top GOP leaders to what Fordham called "Foley's inappropriate activities" while he was still Foley's chief of staff. He left that job in January 2004.

Heaphy wouldn't say what behavior led Fordham to warn others about his boss.

Fordham said he would "fully cooperate" with the FBI and the House Ethics Committee - officially the Committee on Standards of Official Conduct - which will meet Thursday morning in closed session to begin looking into the scandal.

House Minority Leader Nancy Pelosi, D-Calif., issued a statement demanding that House Republican leaders be questioned about their roles under oath.

"Mr. Fordham's statement is even more evidence that Republican leaders chose to put partisan politics above protecting the children in their trust," she said.

Republican leaders have said they were first warned about Foley in late 2005, when the parents of a former page from Louisiana alerted their congressman, Rep. Rodney Alexander, R-La., that Foley had sent their son an e-mail that the boy said "freaked him out." The e-mail inquired about his birthday and asked him to e-mail Foley a photo of himself.

Alexander's complaint was referred to the head of the House Page Board, Rep. John Shimkus, R-Ill. He says he questioned Foley, who professed innocent motives and promised to cease contact with the young man. House Republican leaders took no further action.

Foley resigned Friday after separate, sexually explicit instant messages to at least two former pages dating to 2003 were disclosed by ABC News. Republican leaders said they'd never seen those messages.

In resigning, Fordham severed the clearest link between Foley and Reynolds, who heads the National Republican Campaign Committee, which helps Republicans seeking election to the House.

"I had no discussion with Kirk Fordham on this, whatsoever," Reynolds said earlier this week. At campaign stops through his northern New York district this week, Reynolds has had to address the issue constantly. On Wednesday Laura Bush campaigned with him.

Despite his reservations about Foley, Fordham helped Foley deal with fallout over the e-mails late last week, the Palm Beach Post reported. ABC reported Wednesday that Fordham last week tried to persuade the news network not to publish the instant messages.

Fordham's lawyer said Fordham helped Foley as "a friend, as an adviser, very much acting on his own."

Meanwhile, Washington interim U.S. Attorney Jeffrey Taylor sent a letter to the counsel for the House of Representatives asking to preserve records from Foley's office. The counsel's office didn't return repeated calls.

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The FBI announced Sunday that it was launching a "preliminary" inquiry after the more explicit instant messages were publicized. The U.S. Attorney's Office in Washington will decide whether to prosecute.

The Price Of Foley (NATLRVW)

By The Editors

National Review, October 4, 2006

Dennis Hastert is unlikely to be the Speaker of the House in the next Congress. Five days after the Foley scandal broke, and a year after his office heard its first glimmerings, Hastert has refused to take any responsibility for what happened. As a result, the Republicans' odds of keeping the House have fallen. And even if the Republicans keep the House with slender margins, Republicans may well decide to demand new leadership. It would take only a handful of House Republicans unwilling to back Hastert for Speaker to make it impossible for him to win the post.

This result is not completely fair to Hastert. Foley is obviously the chief transgressor here. And the key mistakes that were made in addressing his offenses occurred when Hastert was not in the loop. Which makes it all the more peculiar that Hastert continues to defend those mistakes.

It can't be done. In the fall of 2005, the family of a former page for Rep. Rodney Alexander complained about Foley's e-mails to the boy. The family wanted the contact stopped. The matter was brought to the attention of Rep. John Shimkus, who heads the committee that oversees the page program, and to the office of the Speaker. Neither Shimkus nor the Speaker's office demanded to see the e-mails. They accepted Alexander's description of them as merely overly friendly, and accepted the idea that the family's demand for privacy precluded their actually reading the e-mails. They accepted Foley's claim that he had just sought to serve as a mentor for the boy, and told him to stop the e-mails.

And Shimkus and Hastert still defend that course of action, based on what they knew at the time: Nobody knew, they protest, about Foley's sexually explicit instant messages to former pages. But what they knew should have been enough to warrant more concern than they showed.

First of all, what they had was not just a family's complaint; it was a family's justified complaint. Most pages' families are eager for them to develop mentoring relationships with congressmen; they got their kids into the page program to make contacts. That the parents wanted to cut off contact should have been a sign that something was very wrong. And the Speaker's office knew that something was wrong. If a page's parents had complained about contact from some other congressman, neither Shimkus nor Hastert's office would have followed it up at all, let alone warned the congressman to quit e-mailing. They took it seriously because they knew that Foley was, well, creepy. But not seriously enough to trouble themselves to do more, such as demanding to read the e-mails. They took it seriously enough to warn Foley; but not seriously enough to inform the other members of the page committee.

They claim that the e-mails do not contain any shocking sexual references. Had they bothered to read them at the time, however, they would have noticed a few things. This was not just a case of one page's feeling that the congressman was contacting him inappropriately — as unusual as that would be by itself. The page also reported that the congressman had had contact with another male page that, to the complaining page, also seemed inappropriate. (And would seem questionable to anyone.) Finally, the page reported that another page — he even gave her first name! — had said that a congressman had "hit on pages."

Under the circumstances, Rep. Alexander should have seen that the issue went far beyond the desires of one page's family. There was evidence here that a congressman, probably Foley, was looking for sex with pages. It may not have been enough evidence to warrant an FBI investigation: The FBI has a lot of perps to catch, and no special responsibility for the page program. But it should have triggered a real investigation by House officials, beginning with Shimkus's committee: an investigation not limited to a friendly conversation with Rep. Foley.

Hastert doesn't seem to have known anything about this matter last fall. His staff served him very poorly in taking this matter as lightly as they did, and in keeping him uninformed. Those aides of his involved in this fiasco ought to admit their mistakes and resign, and Hastert should not allow misguided loyalty to keep him from insisting on it.

Democrats are demanding that Rep. Shimkus resign, as well, from the page committee. We think that isn't going far enough. Shimkus had more direct responsibility for the program than Hastert. If any congressman should resign over mishandling this affair, it should be Shimkus. At the least, he should acknowledge his mistakes and place himself at the mercy of his constituents. They just might be so refreshed at the sight of moral clarity in a congressman that they show that mercy.

For what it's worth, we think that the Republicans' political needs are one with their moral needs in this case. There was no cover-up. But there was an evasion of responsibility, that evasion is sadly continuing, and it needs to end.

Rift Among GOP Leaders (HILL)

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By Patrick O'Connor
The Hill, October 5, 2006

The unfolding scandal surrounding ex-Rep. Mark Foley (R-Fla.) has severed relations between Republican leaders in the House as they continued to point fingers at one another yesterday.

As criticism mounts and the media spotlight intensifies, the elected leadership offices remain largely isolated from each other as another leader yesterday questioned the initial handling of Foley's e-mails by House Speaker Dennis Hastert (R-Ill.) and his staff.

Majority Whip Roy Blunt (R-Mo.), who was the acting leader last fall, told reporters in Springfield, Mo., yesterday that he would have explored the issue further if the Speaker's staff had told him about the e-mails between Foley and a former page.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Blunt said. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Meanwhile, a top aide to National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) resigned amid revelations that he tried to subvert evidence of Rep. Mark Foley's (R-Fla.) e-mail exchange with a former page.

Kirk Fordham, the chief of staff in Reynolds's personal office who formerly served as Foley's chief of staff, announced his resignation yesterday in a statement released by the campaign chief's personal office.

Upon announcing his resignation, Reynolds's former chief of staff told the AP yesterday that he had warned leaders about Foley's conduct with the pages over two years ago. That revelation, if true, would cast further doubt on Hastert's handling of the event.

Fordham reportedly asked the ABC news reporter who first broke the story to suppress the e-mails in exchange for an exclusive interview with Foley.

"I want to clarify a few things: When I sought to help Congressman Foley and his family when his shocking secrets were being revealed, I did so as a friend of my former boss, not as Congressman Reynolds' Chief of Staff," Fordham wrote. "I want it to be perfectly clear that I never attempted to prevent any inquiries or investigation of Foley's conduct by House officials or other authorities."

Fordham told The Associated Press yesterday that when he was told about Foley's inappropriate behavior toward pages, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene."

ABC News reported at press time that Palmer had been told that Foley was too friendly with House pages and according to Fordham, Palmer spoke to Foley about the matter.

One House leadership aide disputed Fordham's comments yesterday, citing remarks the former chief of staff made to the AP earlier in the day.

"This is the same guy who is now contradicting his comments made this morning," the aide said.

As evidence, the aide attached an earlier Fordham quote about the e-mails:

"I was still pretty shellshocked myself," Fordham said of the day he learned about the messages. "This was someone I had worked for 10 years. I had no inkling that this kind of blatantly reckless - just obscene — behavior was going on behind our backs."

Fordham, Hastert chief of staff Scott Palmer, and former Clerk of the House Jeff Trandahl are expected to testify before the House ethics committee today, one source said. Members of the panel are scheduled to meet at 10 a.m. at the closed-door session.

"This matter has been referred to the [ethics committee] and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Hastert spokesman Ron Bonjean said.

Reynolds, who is facing a serious challenge from a self-funded Democrat this fall, has become a focal point of the Foley episode because of the role his former aide played and because he said he discussed the issue with Hastert last spring, a conversation the Speaker told reporters earlier this week he does not recall.

The GOP campaign chief, who has had a close relationship with the Speaker (they frequently have dinner together), did not attend a leadership meeting to discuss the details and possible response to the late-breaking Foley scandal early Saturday morning in House Majority Leader John Boehner's (R-Ohio) office, several Republican aides said.

During that session, members and staff discussed holding a conference call later that day with the entire Republican conference in order to explain the details of the case, including what the leaders knew and when they knew it, aides present said. Some people in the meeting argued against the call, so the leaders decided to postpone it, the same aides said.

With questions swirling about what the Speaker knew and when he knew it, Hastert's staff released their own timeline on Saturday, shortly after Reynolds issued a statement disputing Hastert's initial response to news of Foley's resignation.

Reynolds was not on the phone call Monday when leaders did finally convene a conference call with their members because he was traveling back from a campaign event in Florida, a spokesman said yesterday.

Boehner, meanwhile, has gone back and forth on his own remarks about a conversation he had with the Speaker before telling a Cincinnati radio station on Tuesday that he had discussed the initial e-mails with Hastert.

During the same interview, the leader said the Speaker has oversight over the page system and the offices that run it, a remark many interpreted as a direct slight of the Speaker.

Whether or not the Speaker or any other leaders are forced to resign over this controversy, it has created a significant rift in what had been a relatively unified leadership.

If Hastert holds on to his job and Republicans maintain their majority – an increasingly difficult prospect in the aftermath of the Foley scandal – the animus between the leaders will certainly carry over to the next Congress, GOP aides and lobbyists said this week.

Some Republican operatives interviewed for this article have complained in recent days that Boehner went too far in distancing himself from the Speaker, but the leader has a reputation for talking off-the-cuff with reporters and rarely sticks to a script during live interviews.

Others have been frustrated with the Speaker's staff for isolating themselves from the other offices during their fevered efforts to get ahead of the story and keep Hastert in his job. There is a perception that the Speaker's staff holds the fate of the entire conference in its hands.

"It is a terrible position to be in," a GOP aide said. "Watching from the sidelines the situation go from bad to worse and not being able to do anything about it."

Rank-and-file staffers have been pointing fingers of their own at some colleagues they believe are trying to foment change atop the leadership ranks, but none of the aides interviewed could point to a specific call, letter or e-mail to undermine any one of the leaders.

Amidst this poisoned atmosphere for the GOP, a handful of prominent conservative lawmakers released statements of support for Hastert this week, led by Rep. John Shadegg (R-Ariz.) on Tuesday night.

Reps. Joe Pitts (R-Pa.) and Mike Pence (R-Ind.), who chairs the conservative Republican Study Committee, followed suit yesterday, releasing a letter that questions the initial handling of the e-mails while unequivocally rejecting calls for him to resign.

Majority Whip Slams Handling Of Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 5, 2006

A third Republican in the House leadership team publicly distanced himself from the burgeoning scandal over former Rep. Mark Foley yesterday as a top aide resigned amid charges that he tried to suppress the reporting of sexually explicit Internet messages that Mr. Foley had sent a teenage boy.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Majority Whip Roy Blunt of Missouri said yesterday about his party's muted handling of "over-friendly" e-mails that Mr. Foley wrote to former congressional pages.

The parents of the 16-year-old boy who received the e-mails alerted congressional Republicans to the messages but said they didn't want to pursue the matter beyond ordering Mr. Foley to quit contacting their son.

"You absolutely can't decide not to look into activities because one individual's parents don't want you to," Mr. Blunt said of the decision by top Republicans not to investigate further.

Meanwhile yesterday, the top aide to Rep. Thomas M. Reynolds, the New York Republican who heads the committee responsible for electing Republicans to the House, resigned. Kirk Fordham, a former Foley staffer, said he had volunteered to help Mr. Foley when the scandal broke last week.

In doing so, said ABC News producer Maddy Sauer, Mr. Fordham offered the network a deal that would have kept the messages concealed.

"He said we could have the exclusive on the resignation if we did not run direct quotes from the instant messages," she said.

The network refused Mr. Fordham's offer, according to its Web site.

But Mr. Fordham denied wrongdoing, saying yesterday that "at no point did I ever ask anyone to block any inquiries into Foley's actions or behavior."

Mr. Fordham also said that more than two years ago, he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene" on concerns over his interactions with male pages.

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Those conversations, he said, took place more than a year before the earliest date that the House Republican leadership has acknowledged knowing of any suspicious behavior on Mr. Foley's part.

Scott Palmer, chief of staff to House Speaker J. Dennis Hastert, said yesterday: "What Kirk Fordham said did not happen."

A second leadership aide said Mr. Fordham is "upset" over leaving his job and "out of his mind."

Hastert spokesman Ron Bonjean said, "This matter has been referred to the standards committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House."

Mr. Fordham told ABC News that he plans to contact the FBI today "to tell what he knows."

The Justice Department yesterday contacted House officials and ordered them to preserve all the evidence associated with the scandal. Agents also have begun contacting former pages.

Majority Leader John A. Boehner and Rep. Deborah Pryce, head of the Republican conference, both of Ohio, have written the chamber's clerk and requested an investigation into reports that Mr. Foley was turned away from the congressional page dorm on Capitol Hill one night while intoxicated.

The latest developments come as the House ethics committee meets today in a rare publicized meeting to discuss the Foley matter. The committee will still meet behind closed doors as usual. But the fact that it was publicized at all signals the importance that Republicans place on appearing now to act aggressively to investigate and clean up the congressional page program.

Also yesterday, Mr. Hastert got a much-needed boost of support from two influential conservatives in his party.

Rep. Mike Pence, the Indiana Republican who is chairman of the conservative Republican Study Committee, and Rep. Joe Pitts, the Pennsylvania Republican who leads the religious conservative Values Action Team, said yesterday that Mr. Hastert should not resign, as some conservatives and Democrats have urged.

"Speaker Hastert is a man of integrity who has led our conference honorably and effectively throughout the past eight years," they said in a joint statement. "Speaker Dennis Hastert should not resign."

Still, Mr. Pence and Mr. Pitts noted that Congress "failed" to protect the pages and that they have "reservations about how this matter was handled administratively."

Those concerns have been echoed by many top Republicans. In addition to Mr. Blunt, Mr. Reynolds and Mr. Boehner have spoken critically or distanced themselves from Mr. Hastert over the handling of the matter.

At a press conference Monday, Mr. Reynolds told reporters, "I did what most people would do in a workplace. I heard something. I took it to my supervisor."

Mr. Boehner, Ohio Republican, has defended Mr. Hastert and said he shouldn't resign. But he also distanced himself during a Cincinnati radio interview this week.

"I believe I talked to the speaker, and he told me it had been taken care of," he said. "And my position is it's in his corner, it's his responsibility. The clerk of the House who runs the page program, the Page Board all report to the speaker, and I believe it had been dealt with."

In resigning from Mr. Reynolds' office yesterday, Mr. Fordham lobbed some of the most pointed accusations at House leadership for their handling of the matter.

"The fact is, even prior to the existence of the Foley e-mail exchanges, I had more than one conversation with senior staff at the highest levels of the House of Representatives asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," he said. "One of these staffers is still employed by a senior House Republican leader. Rather than trying to shift the blame, those who are employed by these House leaders should acknowledge what they know about their action or inaction in response to the information they knew about Mr. Foley prior to 2005."

Longtime Republican Was Source Of E-mails (HILL)

By By Alexander Bolton

The Hill, October 5, 2006

The source who in July gave news media Rep. Mark Foley's (R-Fla.) suspect e-mails to a former House page says the documents came to him from a House GOP aide.

That aide has been a registered Republican since becoming eligible to vote, said the source, who showed The Hill public records supporting his claim.

The same source, who acted as an intermediary between the aide-turned-whistleblower and several news outlets, says the person who shared the documents is no longer employed in the House.

But the whistleblower was a paid GOP staffer when the documents were first given to the media.

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The source bolstered the claim by sharing un-redacted e-mails in which the former page first alerted his congressional sponsor's office of Foley's attentions. The copies of these e-mails, now available to the public, have the names of senders and recipients blotted out.

These revelations mean that Republicans who are calling for probes to discover what Democratic leaders and staff knew about Foley's improper exchanges with under-age pages will likely be unable to show that the opposition party orchestrated the scandal now roiling the GOP just a month away from the midterm elections.

Rep. Patrick McHenry (R-N.C.) yesterday called for House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (D-Ill.) to testify about what and when they knew of Foley's contact with former pages (see related story).

House GOP leadership aides have said they would like to see investigations of Foley examine how the story became public. ABC News's website first reported the e-mails just as Congress was about to recess for the election.

The explosive disclosures about Foley's communications with teenage pages have overshadowed Republican legislative accomplishments during their final week in town. They have become the preoccupation of a capital press corps that has little else to write about now that Congress is in recess and Election Day is still a month away.

Republicans say the timing of the scandal is evidence of a political dirty trick orchestrated by Democrats. They have drawn comparisons to negative reports about President Bush that surfaced before the 2000 and 2004 campaigns.

Shortly before the 2000 election, it was reported that Bush had been arrested for driving under the influence of alcohol, and before Election Day 2004, forged documents surfaced calling into question Bush's National Guard service.

That Foley's scandalous communications came to public light during Congress's final week in Washington was largely determined by the media outlets which obtained the suspicious e-mails in the middle of the summer, said the person who provided them to reporters several months ago.

In an August 2005 e-mail exchange between Foley and a former page, given to reporters this summer, Foley asks the teenager his age, asks him to send a picture of himself, and describes his own work-out activities, including a 25-mile bike ride. The e-mails given to reporters included one sent by the page to a House staffer in which the page described Foley's e-mail as "sick" and said it "freaked me out." The page also informs the staffer that Foley asked what the teen wanted for his birthday.

The e-mails were alarming enough to prompt the page's parents in the fall of 2005 to ask their son's congressional sponsor, Rep. Rodney Alexander (R-La.), to take steps to stop Foley's correspondence.

Alexander's chief of staff then told aides in Speaker Dennis Hastert's (R-Ill.) office about the communication and showed the e-mails to Jeff Trandahl, clerk of the House. That fall, Trandahl and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, met Foley and told him to stop contacting the former page.

But while the e-mails were concerning enough to prompt this action, editors and reporters at various publications did not consider them remarkable enough to write about.

The person who provided the e-mails to several D.C.-based news outlets in July claimed to have no knowledge of who gave them to two Florida papers last year.

D.C.-based media organizations declined to report on the e-mails. But one, ABC News, reported on the e-mails last week after a Weblog, stopsexpredators.blogspot.com, published a few of the exchanges between Foley and the former page. But those blog-reported e-mails did not include correspondence between the page and a House aide in which the teen expressed anxiety about Foley's intentions.

After ABC News disclosed the e-mails exchanged last year between Foley and a former page, it reported about much more sexually explicit communications between Foley and a different former page over an "instant messaging" (IM) software program in 2003.

The first Web report of the relatively tame e-mails appears to have prompted someone to share the explicit IM messages. After ABC News obtained those messages, in which Foley discussed sexual acts with the second former page, a scandal mushroomed on Capitol Hill, and Foley resigned.

The source who provided the e-mails that ABC News first reported on its blog, denied sharing the more explicit IMs.

So while the primary source of the e-mails which kicked off the scandal was a House GOP aide, the trigger of the news coverage was the weblog.

The creator of stopsexpreditors.blogspot.com is unknown. An interview request e-mailed to the site was not returned.

Early Warning On Foley Cited By Former Aide (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, October 5, 2006

DOJ_NMG_0075971

WASHINGTON, Oct. 4 — A former Congressional aide said Wednesday that Speaker J. Dennis Hastert's office knew about reports of "inappropriate behavior" by Representative Mark Foley far earlier than Mr. Hastert's office has acknowledged.

Mr. Hastert's chief of staff, Scott Palmer, denied the account of the former aide, Kirk Fordham, who said in an interview that he had informed Mr. Palmer of the concerns about Mr. Foley before 2004. Mr. Hastert's office had previously said it first learned of concerns about Mr. Foley in the fall of 2005.

Mr. Fordham worked in Mr. Foley's office until January 2004, and on Wednesday, he resigned as chief of staff to Representative Thomas M. Reynolds of New York, chairman of the House Republican campaign committee. Mr. Fordham said he had become a political liability in Mr. Reynolds's re-election campaign.

Mr. Fordham's assertion about early reports raised more questions about whether Mr. Hastert and his staff had failed to respond quickly and forcefully enough to multiple warnings about the conduct of Mr. Foley, the Florida Republican who resigned from the House on Friday after being confronted with sexually explicit messages he had sent to teenage pages.

The statement further clouded Mr. Hastert's prospects of retaining his position as speaker as his party reached for a strategy to deal with a controversy that seems to have undermined its chances of keeping control of Congress on Election Day.

"I had more than one conversation with senior staff at the highest levels of the House of Representatives, asking them to intervene when I was informed of Mr. Foley's inappropriate behavior," Mr. Fordham said after resigning from Mr. Reynolds's staff. "I have no congressman and no office to protect."

Mr. Fordham said he had informed Mr. Palmer of the concerns while working for Mr. Foley, after the House clerk, Jeff Trandahl, approached him. Mr. Trandahl told him, Mr. Fordham said, that pages had come forward with accounts about Mr. Foley's behavior. Mr. Trandahl, who resigned his position last year, did not return calls on Wednesday.

The accounts did not include accusations of overtly sexual advances and did not involve e-mail or instant messages of the sort that surfaced last week, Mr. Fordham said. Instead, they encompassed reports that Mr. Foley had been "way too friendly" toward the pages, he said.

Mr. Fordham said that he could not recall the specific date of his meeting with Mr. Palmer, but that it was between 2001 and the end of 2003.

A spokesman for Mr. Hastert, Ron Bonjean, issued a statement in Mr. Palmer's name saying, "What Kirk Fordham said did not happen."

Earlier Wednesday, Mr. Hastert's allies thought they were making progress in solidifying the rank and file behind the speaker as lawmakers issued generally supportive remarks.

Republicans here and across the country not only expressed anger, but also feared that the latest disclosures would drag the controversy over Mr. Foley into a second week and eclipse a critical campaign period in their effort to retain their House majority.

At the same time, Republicans said in interviews that the disclosures solidified worries in the party that Mr. Foley's conduct — hardly a secret — might have been kept quiet because Republicans were facing a tight election year.

Other suggestions surfaced on Wednesday that Mr. Foley's undue interest in pages had previously been known. Representative Deborah Pryce of Ohio, a member of the leadership, asked the current clerk of the House, Karen L. Hass, to investigate reports raised this week in a party conference call that Mr. Foley was once turned away from the pages' living quarters and that the staff in the page program had raised concerns about him with the former clerk.

In a sign of the strains in the House leadership, Representative Roy Blunt, Republican of Missouri, the majority whip, said Wednesday that he had not been told about Mr. Foley's case until last week. Mr. Blunt criticized the handling of the inquiry into the initial e-mail messages.

He added that the matter should have been more vigorously pursued when an e-mail message from Mr. Foley to a former page was first brought to the attention of Mr. Hastert's office last year.

"I think I could have given some good advice here, which is you have to be curious, you have to ask all the questions you can think of," Mr. Blunt told reporters in Missouri, The Associated Press reported. "You absolutely can't decide not to look into activities because one individual's parents don't want you to."

Other Republicans also said the initial inquiry fell short.

"As the father of a 2-year-old boy and a 4-year-old girl, I believe that we must always err on the side of caution when it comes to protecting our children," Representative Jeb Hensarling, Republican of Texas, said. "And it is clear that what appeared to some to be innocuous e-mails at the time should have been investigated further."

Word of the new disclosures rattled lawmakers, many of whom remained quiet late Wednesday as they sought to digest the developments and learn more before deciding whether to continue supporting Mr. Hastert.

Federal prosecutors sent a letter on Wednesday to the general counsel of the House, directing Congressional authorities to safeguard all relevant records in Mr. Foley's former office.

In the letter, obtained by The New York Times, the acting United States attorney in Washington, Jeffrey A. Taylor, asked for the safekeeping of "documents and items" in Mr. Foley's former offices "including his computer, electronic storage materials, hard copy documents and other items."

The F.B.I. is conducting a preliminary investigation, officials said, and the request was intended to preserve records pending a decision by prosecutors on opening a full criminal inquiry into whether Mr. Foley violated federal sex crime laws.

The letter said House officials had already agreed to several actions, including changing the locks on Mr. Foley's former office, stopping his remote access to computers and warning staff members not to delete or shred any documents.

Representative Nancy Pelosi, Democrat of California and minority leader, said Mr. Fordham's statement was more evidence that House leaders needed to be brought before the ethics committee for a thorough investigation.

"Conflicting stories between Republican leadership and Republican staff about their cover-up of Mark Foley's abhorrent behavior," Ms. Pelosi said, "underscore the urgency for the Republican leadership to be immediately questioned under oath by the ethics committee."

The committee, long criticized for lacking teeth and as failing to treat accusations of Congressional wrongdoing with urgency, is scheduled to have its initial meeting on the Foley controversy on Thursday.

The furor seeped even deeper into political races. In debates and on the campaign trails, Democrats asked their Republican opponents whether they supported the Republican leadership in Congress.

Washington was consumed by what Mr. Hastert would and should do. Republicans said he continued to weigh remaining in his post or announcing that he would step aside.

Mr. Fordham, 39, who had risen through the ranks of Republican politics and gained a reputation as a strategist, said he felt maligned by suggestions that he tried to participate in a cover-up for Mr. Foley. He decided, he said, to confront Mr. Hastert about his assertion that he was not aware of Mr. Foley's circling too closely to young people.

In an interview, Mr. Fordham said he had hired a lawyer and intended to give his account to the F.B.I. on Thursday.

Mr. Bonjean, Mr. Hastert's spokesman, denied that the speaker's office had been aware of Mr. Foley's conduct for at least three years.

"This matter has been referred to the Standards Committee, and we fully expect that the bipartisan panel will do what it needs to do to investigate this matter and protect the integrity of the House," Mr. Bonjean said in a statement.

Foley Allegedly Had Shown Up Drunk At Dorm (AZREP)

By Gannett News Service

Arizona Republic, October 5, 2006

WASHINGTON - A senior House Republican has asked the House clerk to look into allegations that then-Rep. Mark Foley was turned away from the congressional page dorm on Capitol Hill after arriving there intoxicated one night.

Lawmakers have been talking about the alleged incident since Friday, when Foley resigned amid reports he sent sexually explicit Internet messages to underage former congressional pages.

The request for an investigation came from Rep. Deborah Pryce of Ohio, chairwoman of the House Republican Conference, the organizational vehicle for all Republican House members and their staff.

"Congresswoman Pryce contacted the clerk and asked her to look into this rumor," said Geoff Embler, a spokesman for Pryce.

Rep. Roger Wicker, a Mississippi Republican, asked Pryce and other House leaders, including House Speaker Dennis Hastert, about the alleged incident during a conference call Monday evening, Embler said.

Until Wicker raised the issue, Pryce was not aware of any reports Foley had tried to gain entrance to the page dorm, Embler said.

Foley's attorney, David Roth, could not be reached for comment.

Pryce also will send a letter to all Republican House members urging them to contact the proper authorities if they have specific information about allegedly inappropriate behavior by any House member, staffer or employee, Embler said.

A spokesman for Wicker declined to comment.

A search of official incident reports logged by the U.S. Capitol Police, who provide security at the dorm, turned up no mention of Foley, said Jeffrey Scruggs, an officer in the department's reports processing division.

And no complaints have been filed against Foley by anyone at the page dorm, said Salley Collins, a spokeswoman for the House Administration Committee, which oversees both the clerk's office and the page program.

Collins declined to make available any of the adult supervisors at the page residence.

Rep. Ginny Brown-Waite, a Republican from Florida, also heard about the alleged incident and was asking fellow lawmakers about it Friday, said Charlie Keller, her spokesman.

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"She commented that people on the (House) floor were definitely talking about this," Keller said.

The clerk of the House, Karen Haas, oversees the page program, along with many other daily legislative and operational activities of the House.

A Complex And Hidden Life Behind Foley's Public Persona (NYT)

By Abby Goodnough And Kate Zernike

The New York Times, October 5, 2006

PALM BEACH, Fla., Oct. 3 — Mark Foley, until last week a fixture on this town's lofty social circuit, once recounted a party at Mar-a-Lago, Donald Trump's fabled estate.

"Miss Germany was my date," he told a writer at Washingtonian magazine for an article about "How to Date a Congressman."

It was one of the many hints Mr. Foley dropped to mask the realities of a deeply compartmentalized life. Over 12 years in Congress, he became extraordinarily adept at projecting a magnetic public persona — helped along by loyal aides and a sister he breezily called his surrogate wife — while conducting a private life fraught with more secrets than anyone imagined.

Whatever whispers there might have been about his sexuality — friends in South Florida and Washington knew Mr. Foley was gay but never discussed it with him — no one fathomed that he was sending sexually explicit e-mail messages to Congressional pages as young as 16, news of which led him to resign last week.

Mr. Foley's subsequent confessions that he is an alcoholic and was molested by a clergyman as a teenager left friends even more stunned, and skeptical.

Here in Florida, where people knew him longest and best, friends said he kept his sexuality quiet because the most influential forces in his life, his parents and the political world he thrived in, would not accept him otherwise.

The high-octane congressman who loved name dropping and photo shoots went to excruciating lengths, it seems, to keep probing questions at bay.

"I never asked outright because I thought it would be inappropriate," said Billy Brooks, a town council member in Palm Beach who was Mr. Foley's high school guidance counselor. "I suppose if I had my druthers, I would have said, 'Let's get it out and get it over with.' It was always bubbling under the surface."

Now, other things seem odd. Some of Mr. Foley's associates questioned his molestation claim, saying that even if true it sounded too much like excuse-making. And while Mr. Foley's lawyer said Monday that he was an alcoholic who had sent the inappropriate messages to teenagers while drunk, everyone interviewed was doubtful, and some said they had rarely seen him holding a drink.

"It sounds more like the advice of a top-notch criminal defense lawyer," said Rodney Romano, a former mayor of Lake Worth, the scrappy town where Mr. Foley grew up.

Friends and colleagues say that in Washington, Mr. Foley excelled at grabbing public attention and seemed to take particular pleasure in access to celebrities. While he was known for his efforts to protect children, he was also one of the best-known champions of Hollywood.

He came into office as part of the Republican Revolution of 1994 and was determined to make Republican inroads with the entertainment industry. He boasted of showing Julia Roberts and Melanie Griffith around the Capitol, dining out with Clint Eastwood and visiting Arnold Schwarzenegger at the Kennedy compound in Cape Cod.

Representative Mary Bono, who replaced her husband, Sonny, in Congress, nicknamed Mr. Foley "Hollywood." "He'd have a photo taken of him with any star," she said this week.

When Ms. Bono was selling her husband's red Jeep after his death, Mr. Foley jumped to buy it, and shipped it — including the leopard-print floor mats — to Florida, where he would drive it in parades. For getting around Capitol Hill, he favored a convertible BMW.

In Washington, he loved to go to parties and to throw them — he once told an interviewer he kept two tuxedos, one in each hometown. For several years running, he and other members of Congress who lived in a historic row of town houses behind the House office buildings gave a boozy block party. They offered a different drink — bourbon, margaritas, martinis, and in Mr. Foley's case, a wine tasting — for donors willing to pay $1,000 at each town house.

He was known for arriving up to four hours early to the State of the Union address so he could appear shaking the president's hand in photographs beamed back home. His friendliness with pages seemed just another part of that outgoing personality.

"He's a very, very charming person, very captivating to talk to," Ms. Bono said.

Early on, he signaled to pages that he was willing to pay attention to them, though many members of Congress do not.

Matt Kummernuss, a page in 1996-97, recalls a group of pages going out before curfew and standing in front of Mr. Foley's yellow town house near their dorm, trying to work up the courage to knock on his door.

"I didn't know we were allowed to have contact," Mr. Kummernuss said. But pages, politically hungry at a young age, were eager to make connections. "There's the allure of congressmen," Mr. Kummernuss said, "and he was one who talked to them."

In remarks on the House floor to mark the pages' graduations, Mr. Foley called out to several by name, joking about their mutating hair color and reliance on styling gel.

"I did not know you wore an earring," Mr. Foley said in 2001, recalling his inside jokes with pages. "Does your dad know, or mom? No, not really." He confessed to them that he welled up to think of them leaving.

Back home in Lake Worth, Fla., a town of bungalows and homegrown businesses where Mr. Foley's family moved when he was 3, friends said he had a longtime companion, a Palm Beach dermatologist, with whom he was not afraid to be seen publicly.

"About a month ago," said Sid Dinerstein, chairman of the Palm Beach County Republican Party, "my wife and I wound up at dinner in the same restaurant as Mark and his companion and his sister and her husband."

But his friends said Mr. Foley had never discussed his sexual identity with them.

Mr. Romano, who had Mr. Foley's father as a high school teacher, said he decided a long time ago that Mr. Foley had an unspoken contract with the Republican Party to keep it quiet.

"I think they were willing to overlook it as long as he stayed in the closet," he said. "I don't know how he behaved in Washington, but down here the topic was always public issues and not personal lives."

Tom Ramiccio, a Lake Worth resident who has known Mr. Foley since high school, said he thought Mr. Foley had also not wanted his parents to know he was gay. His father, a gregarious former marine who taught science, and mother, a quiet woman who would cook meals for priests, are Catholics who were intensely proud of their son's success, Mr. Ramiccio said.

"I think they just brushed it off and didn't think it was ever true," he said. "I think his sister helped keep it from them. They're just so straiht-laced. Everyone always wondered, even during the fly-in to his office in Washington this past year, 'You think his parents know?' "

When Mr. Foley dropped out of Palm Beach Community College at 20, his doting parents helped him open a restaurant in downtown Lake Worth, where Mr. Romano said he honed his people skills before running for the city commission a few years later.

"Mom and Dad worked like slaves," he said, "and Mark's job was to press the flesh and be the frontman. He was a natural."

Mr. Foley, the fourth of five children, proved equally adept at politics, handily winning elections as a Republican in a county that was majority Democrat.

His family eagerly participated in his political life; his sister Donna Winterson even managed his campaigns. She also helped decorate the condominium Mr. Foley recently moved into in Fort Pierce, an hour's drive north of here, according to a local paper.

His colleagues in Washington liked him — if they had to tolerate him trampling them on his way to the nearest camera. He was known for his sense of humor and his imitations of politicians — including Bill Clinton's famous "I did not have sexual relations with that woman" line.

He cultivated the good life, wearing impeccable suits, French cuff shirts and pocket kerchief. Campaign accounts show bills for dinners with constituents at trendy and expensive Washington restaurants.

He paid close attention to constituents back home, spending thousands to send chocolates and other gifts to them, as well as birthday cards to people he met along his political travels.

In 2003, he ran for the Senate, quickly winning donations and support, but abruptly dropped out a few months later, saying he needed to spend more time with his cancer-stricken father.

But friends said he was concerned that he could not run without being outed.

When ann alternative newspaper in South Florida ran an article headlined, "Why won't U.S. Congressman Mark Foley just say that he's gay?" Mr. Foley held a news conference to complain about the "revolting and unforgivable" speculation and to say he would not discuss his sexual orientation.

"My mother and father raised me and the rest of my family to believe that there are certain things we shouldn't discuss in public," he said at the time.

Another time, questioned about his sexuality, he told a local paper, "I like women."

While Mr. Foley voted for the Defense of Marriage Act in 1996, he later supported many gay rights initiatives. But he still went to lengths to hide his sexuality.

When he became a leading critic of Mr. Clinton's during impeachment, and the president's supporters were poking around in the private lives of Republicans, several people said they recalled hearing that Mr. Foley told people he was engaged.

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Still, in recent years, some friends said he grew less skittish about hiding his sexual orientation.

When he realized that he would not become a Senator, friends of Mr. Foley said, he considered leaving the House. One of the jobs he coveted was head of the Motion Picture Association of America. But House Republican leaders persuaded him to stay.

On his last day in Congress, he was in the garden of his town house with his sister Donna trying to craft a strategy to respond to reports of the first e-mail message — sexually suggestive but perhaps not career-ending — when he got a call from a staff member who said ABC News had more e-mail messages.

They drafted a three-sentence statement and a letter of resignation, packed some bags, and got in his BMW. By the time the cameras that Mr. Foley had so long sought out had arrived to stake out his town house, he was driving South through Virginia, on a slow trip home to Florida.

Assertion By Foley Angers Victims Of Abuse By Clergymen (NYT)

By Laurie Goodstein

The New York Times, October 5, 2006

Former Representative Mark Foley's declaration that he was sexually abused as a teenager by a cleric has angered many victims of sexual abuse by clergy members, who say that being victimized as a youth is no excuse for victimizing others.

If Mr. Foley was abused, they said, he has a responsibility to report his abuser to the police immediately and to identify the cleric publicly.

"You certainly don't wait," said Peter Isely, a clinical social worker in Minneapolis who was abused by a priest as a teenager and is an official of a national advocacy group for victims. "It's extremely important that the secrecy be pierced immediately, because there could be kids at risk."

Mr. Foley, 52, resigned from his Florida Congressional seat last Friday after news reports revealed that he had been sending sexually suggestive e-mail to high school students who worked as pages in the House of Representatives. On Tuesday Mr. Foley's lawyer, David Roth, said in a news conference that the former congressman is gay and had been sexually abused from age 13 to 15 by a member of the clergy. Mr. Roth said Mr. Foley did not blame his conduct on the abuse he suffered as a teenager. Mr. Roth did not identify the cleric or even the denomination, saying, "I cannot comment on whether the clergyman was a priest, a minister, an imam or a rabbi."

Mr. Roth did say, however, that Mr. Foley was raised a Roman Catholic and attended Catholic schools in Lake Worth, Fla. That information led members of the extensive support networks for abuse victims to speculate that if Mr. Foley indeed had been abused, the abuser was most likely a Catholic priest.

Officials of both the Archdiocese of Miami and the Diocese of Palm Beach, which was established in 1984 and now includes the area where Mr. Foley grew up, said that Mr. Foley's assertions were too vague to merit a response.

"Mr. Foley has not reported any sexual abuse to the Diocese of Palm Beach," said Alexis Walkenstein, director of communications, "and if he has been hurt by anyone in the Catholic Church, we would encourage him to report it to the appropriate entity and to law enforcement."

After days of revelations about Mr. Foley's e-mail messages to young pages, victims of sexual abuse said in interviews yesterday that while his claim of abuse could be genuine, it was infuriating because it reinforced the idea that victims of child abuse grew up to abuse others.

Melissa Lucia, 57, who said she had been abused by a priest in Interlachen, Fla., said she was furious as she heard Mr. Foley, through his lawyer, attribute his problems to alcoholism and then disclose his homosexuality and abuse as a child.

"There are thousands of us out there who are alcoholics, or who are gay or who were molested by clergy, that do not do this to other people," said Ms. Lucia, who said she had been molested by a priest at a Catholic boarding school. "That is not your justification to mess up other people's lives."

David Clohessy, national director of the Survivors Network of Those Abused by Priests, said that Mr. Foley's decision to proclaim a history of victimization at a moment of crisis was common.

"There is no ideal time to disclose this stuff," Mr. Clohessy said. "Most survivors disclose it after their eighth drunk driving arrest or their wife saying she wants a divorce, or their fifth bar fight."

"Childhood trauma doesn't excuse criminal behavior," Mr. Clohessy added. "I hope he will find the strength to do what thousands of other victims have done, which is publicly expose the predator — whether he's alive or dead."

Getting Beyond Foley (WSJ)

The Wall Street Journal, October 5, 2006

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Now that Mark Foley's carcass has gone over the side, the political waters are filling with sharks fighting over the remnants. We're going to find out how fast Denny Hastert can swim.

First to the site as always was House Minority Leader Nancy Pelosi. Republican leaders "failed to protect the children in their trust," intoned Parson Pelosi, last seen on this issue voting to revoke the Boy Scouts' charter for its ban on gay scoutmasters. So exercised is Ms. Pelosi that she wants the GOP leadership "immediately questioned under oath" by the Ethics Committee.

One can hardly blame the Minority Leader for diving toward the jugular of a Republican Party already on its knees and on the brink of losing control of the House. More difficult to explain are the cultural conservatives and others on the political right swimming alongside Ms. Pelosi.

The call for Mr. Hastert's head by the editorialists at the Washington Times has by now been prominently featured by the same media who usually dismiss them as conservative cranks. They were suddenly joined in the mainstream spotlight by Richard Viguerie -- he once claimed Ronald Reagan was insufficiently conservative -- who also called for the resignation of any House "enablers who made it possible."

A statement on behalf of the executive committee of the family-coalition Arlington Group, including cultural conservative leaders Don Wildmon, Tony Perkins, Gary Bauer and Paul Weyrich, wants the "whole truth," which apparently consists of "when House Leadership or other members from either party knew of this situation." The group demands that "legal authorities prosecute any person who had knowledge of any such activity but did not report it immediately." And of course while the House Speaker was taking this public beating, his No. 2, Majority Leader John Boehner, pulled down the shades and turned away with his now-famous dismissal: "It's in his corner; it's his responsibility."

And so with an election weeks away and its troops already at the edge of the cliff, the Republican elites decided to jump into the sea over Mr. Foley.

We doubt that Messrs. Boehner, Wildmon, Perkins, Bauer and Weyrich will feel as politically cleansed as they seem to be this week if they wake up November 8 to a House run by Ms. Pelosi and Messrs. Rangel, Murtha, Dingell, Waxman, Obey and Frank. And if the pundits are right, the Foley wilding may even give them a Harry Reid Senate.

Certainly there are plenty of reasons for the right to be upset with this Congress. As these columns described Monday in "The GOP Record," the flops of the party now in control of Congress have been significant: Taxes, health care, Social Security, immigration, earmarks, Abramoff. All this is enough to bring the charge that Speaker Hastert has been an absentee landlord. But if it's enough to justify his removal -- and it may well be -- the time for doing so is after the election, win or lose. We are hard put to see what these conservatives think will be gained by burning down the entire coalition before the election over Mark Foley.

What is Mr. Hastert's supposed firing offense, anyway? We've seen no evidence to date that he lied or attempted a cover-up. His office responded to complaints from the parents of a former page by having the head of the page board and clerk of the House speak with Mr. Foley and order him to stop communicating with the minor.

Republicans should also have alerted the Democrat on the page board to the warning, but to force a Speaker's resignation because he didn't demand an investigation into every communication between Mr. Foley and current and former pages is politically convenient hindsight. Two newspapers also saw the same emails and declined to publish a story on them, no doubt for similar reasons of privacy and fairness.

On current course, the Hastert-must-resign conservatives are likely to wash away even the moral victory of the past week. Discounting for political calculation, prominent figures across the spectrum have repudiated and vilified Mr. Foley's behavior with minors. Melanie Sloan of the liberal Citizens for Responsibility and Ethics in Washington said lax oversight of Mr. Foley had left "a potential sexual predator on the loose." This sounds like a consensus standard. But it will be a minor footnote if the get-Denny posse enables a larger Democratic victory next month.

Let's imagine, for instance, that a seat on the Supreme Court opens up next year with a Democratic House and GOP Senate majority called Lincoln Chafee. Approve another Alito? The diminished GOP Senate would be lucky if it got someone as conservative as Harriet Miers. Think Son of Souter.

Want to choke down more gall? Try this: Making Mark Foley the fulcrum of defeat will let the spendthrift GOP appropriators off the hook. Reforming the earmark caucus was never going to be easy, but it'll be nigh impossible -- in or out of power -- if every political writer in America is describing how Republican elites pulled down the temple in 2006 over one Congressman's moral turpitude.

It's possible cooler Republican heads have begun to notice that joining the Democrats' Foley bonfire makes no sense. On Tuesday, Mr. Boehner sent a letter to the Washington Times realigning himself with Speaker Hastert. Perhaps Republicans are regaining their political balance. We hope so. The war on terror, and Iraq, really are the largest issues in front of the American people. We need a clear reading on that in November, not on the personal ruin of Mark Foley.

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Real Scandals, And Fake Ones (NYT)

The New York Times, October 5, 2006

When it comes to sexual scandal, American voters tend to be more rational than American politicians. The House Republicans raced to impeach President Clinton over the Monica Lewinsky episode. But the people, shocked as they were, showed no desire to punish him by upending the national government. Conservative politicians frequently try to score political points by railing against homosexuality, but voters from very conservative areas often support politicians who are living out their private — and often not particularly secret — lives as gay men and women. Lawmakers from both parties have announced they were gay over the last generation, and they were almost always re-elected.

That tolerance obviously does not extend to Representative Mark Foley's e-mail pursuit of under-age Congressional pages, an unforgivable — and very possibly illegal — abuse of public trust. But there's reason to worry that the scandal could tempt Republican politicians and their defenders to try to turn it into an anti-gay witch hunt in the Capitol.

The Republicans' fear of the political consequences of the scandal has already caused them to turn on each other with stunning speed. The finger-pointing at Speaker Dennis Hastert became a chorus. The Republicans, who have shown a remarkable degree of patience when it comes to investigating the Bush administration, are fairly racing to investigate their leadership.

The desire to turn Mr. Hastert into a sacrificial victim is self-serving. But the party is right to demand that the people in charge explain why they ignored glaring danger signs for so long. The Republicans, who have the ear of the voters who are likely to be the most disturbed by this scandal, should be equally aggressive in making it clear that none of this has anything to do with the sizable number of gay men who work in the Capitol, both as elected officials and members of their staffs.

Pat Buchanan helped point everyone in exactly the wrong direction when he announced on MSNBC that "there's a proclivity" toward child abuse among homosexuals. "Is it a coincidence that 90 percent of the victims of the priests and the other folks who abuse those altar boys and others, 90 percent of the victims were boys, 90 percent of the perpetrators were men?" he asked.

What Mr. Foley did was not about his sexual orientation. Anyone who imagines that gay men pose a particular threat to American children need only contemplate the grisly crimes recently perpetrated on young girls in schoolhouse assaults by psychotic heterosexuals. The last time Congress went through a page sex scandal, two House members were censured — one gay and one straight.

When one party is humiliated this way, there's a tendency to look for culprits in the ranks of the opposition as well. After the Lewinsky scandal broke, the public was barraged with examples of Republican members of Congress who had committed adultery. While some of the embarrassed lawmakers retreated to private life, virtually none of them were sent there by the voters.

If there is a Democratic member of Congress guilty of sins similar to Mr. Foley's, it is likely we will hear about it soon. But convincing the public that Mr. Foley's disgusting behavior is widespread in Washington, or trying to create the impression that the presence of gays in the highest levels of government is something to worry about, is not likely to get any Republican elected this fall. What it will do is further degrade an already depressing election year, and create cynicism among a public that really is cynical enough already.

The Warning Signs About Hastert's Leadership Were There October 5, 2006 (RC)

By Norman Ornstein,

Roll Call, October 5, 2006

My deep dismay and disillusionment with Speaker Dennis Hastert (R-Ill.) began with the 2003 House vote on the Medicare prescription drug plan — the infamous three-hour vote, from 3 to 6 a.m.

The Speaker engineered the time and length of the vote, despite the House norm of finishing votes within 15 minutes. Going against tradition, the Speaker went to the floor to lobby during the vote. Even more shocking, he escorted a Cabinet officer, the secretary of Health and Human Services, onto the floor to twist arms.

Those acts showed that he was a Speaker who put raw partisan politics above the dignity and constraints of a constitutional office that makes him leader of the entire institution and only secondarily the leader of a party. This was not a passive Speaker, an amiable glad-hander who was a puppet to then-Majority Leader Tom DeLay (R-Texas); this was an aggressive Speaker who took charge, with an ends-justify-the-means, win-at-any-cost mentality.

The Medicare vote was deeply troubling, but it was nothing compared to the ethics committee fiasco at the start of the 109th Congress. After the panel did its duty and issued three rebukes to DeLay, the Speaker fired Standards of Official Conduct Chairman Joel Hefley (R-Colo.), and two GOP panel members, Reps. Kenny Hulshof (Mo.) and Steven LaTourette (Ohio). The Speaker's excuse for firing Hefley, a conservative with flinty integrity, was that he'd reached his term limit. Yet Hastert had

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waived the term limit for Rules Chairman David Dreier (R-Calif.). And neither Hulshof nor LaTourette had reached any term limit; they were flat-out canned for doing their job.

Hastert then picked loyalist Rep. Doc Hastings (R-Wash.) to replace Hefley, with the obvious prospect that Hastings could move up to chair Rules if he did not stray on ethics. Hastert also added Rep. Lamar Smith (R-Texas), a DeLay loyalist who had contributed to the DeLay legal defense fund, at a time when the only pending ethics matter was related to DeLay. What Hastert did with the ethics panel was a direct affront to propriety and a clear sign that the integrity of the House took a back seat to protecting DeLay and other Republicans from ethics charges.

The Speaker also pushed the House Republican Conference to alter its rules so DeLay could stay as Majority Leader even if he were indicted in Texas. Some GOP Members have tried to defend the Speaker to me by suggesting that he was only acting on the advice of his counsel, Ted Van Der Meid. That may or may not be true — but he is the Speaker, and he knew the implications full well (or should have).

I have written repeatedly over the past few years about Hastert's behavior as Speaker, but few other news outlets have altered the common story line — that is, good ol' boy Denny Hastert, amiable, a real House guy, passive, simply a front man for Tom DeLay.

To anyone who did connect the dots, it was not a shock that the Speaker would react to the news that then-Rep. Mark Foley (R-Fla.) had engaged in highly questionable exchanges with a young male page by pushing it to the side, ignoring it and hoping it would go away until after November. This is simply not a man whose first impulse would be to protect the integrity of the House, or to put pages above the political expediency of preventing yet another scandal in an election year.

The Foley scandal is a pivotal event — very likely the tipping point in the elections, and another stiff test for the House to demonstrate some trace elements of institutional integrity. This is about Mark Foley, a dynamic, savvy and capable Member of Congress who shattered the trust imparted in him as a lawmaker. Even more, though, it is about the Speaker and other Republican leaders who showed why Congress genuinely is the broken branch.

Look at all the explanations given for Hastert, Reps. Tom Reynolds (R-N.Y.) and John Shimkus (R-Ill.), among others, sitting on the information they had for months on end, including who knew what and when, talking about the innocuous nature of the e-mails they knew about and blaming subordinates or superiors. They do not wash. This was a cover-up, plain and simple.

Those initial e-mails may not have been graphic or sexually explicit, but they had flashing neon "danger" signs all over them. There have been page scandals before, just as there have been scandals involving priests and young parishioners and youngsters preyed upon by people in positions of authority. How could any of these leaders have known the bare bones of this story and not acted — at minimum, to demand of Foley any additional e-mails or other communications he had had with pages, and an accounting of any activities he had engaged in with them, such as dinner or other contact outside the official setting? And how could a Speaker not demand at least that the full page board be assembled to deal with this problem?

For a Speaker who openly and repeatedly has said that what mattered was the majority of the majority — not the majority of the House — it was wholly predictable that he would not bring Democratic Rep. Dale Kildee (Mich.) into the deliberations, but rather rely on his home-state buddy Shimkus. And that partisan-first mentality did not end with the explosion of revelations; when Hastert and Shimkus issued a call for reform of the page system a couple of days ago, they still did not notify or bring in Kildee!

Only once during his tenure as Speaker has Hastert leapt to protect the integrity of the legislative branch — when he joined with Minority Leader Nancy Pelosi (D-Calif.) to take on the FBI and Justice Department for raiding the office of Rep. William Jefferson (D-La.). He was right, in my view. But I am now left to believe that he did so not because of a visceral reaction to protect the House, but rather out of fear that the Jefferson raid would be followed by lots of others, targeting many Republicans.

It has been fascinating to watch Republicans and conservatives rally behind the Speaker the past few days, especially after The Washington Times called for his resignation. From President Bush to Rush Limbaugh, the defense of the Speaker has ranged from "he didn't know" to "he has been a good Speaker — the good cop to Tom DeLay's bad cop" to "even if he knew, rally behind him and the others anyway, because the Supreme Court is at stake."

How foolish and misguided. Where are minimal standards of acceptable conduct by the people who lead Congress? Whatever those standards may be, neither the Speaker nor the other lawmakers who sat on the Foley revelations measured up. Period.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

A Tear In Our Fabric (NYT)

By David Brooks

The New York Times, October 5, 2006

This is a tale of two predators. The first is a congressman who befriended teenage pages. He sent them cajoling instant messages asking them to describe their sexual habits, so he could get his jollies.

The second is a secretary, who invited a 13-year-old girl from her neighborhood into her car and kissed her. Then she invited the girl up to her apartment, gave her some vodka, took off her underwear and gave her a satin teddy to wear.

Then she had sex with the girl, which was interrupted when the girl's mother called. Then she made the girl masturbate in front of her and taught her some new techniques.

The first predator, of course, is Mark Foley, the Florida congressman. The second predator is a character in Eve Ensler's play, "The Vagina Monologues."

Foley is now universally reviled. But the Ensler play, which depicts the secretary's affair with the 13-year-old as a glorious awakening, is revered. In the original version of the play, the under-age girl declares, "I say, if it was a rape, it was a good rape, then, a rape that turned my [vagina] into a kind of heaven." When I saw Ensler perform the play several years ago in New York, everyone roared in approval. Ensler has since changed the girl's age to 16 — the age of Foley's pages — and audiences still embrace the play and that scene at colleges and in theaters around the world.

But why is one sexual predator despised and the other celebrated?

The first and obvious reason is that male predators are more disturbing than female predators. But the second and more important reason is that they exist in different moral universes.

Ensler's audiences are reacting to the exuberant voice of the young girl, who narrates the scene. They're embracing — at least in the fantasy world of the theater — a moral code that's been called expressive individualism. Under this code, the core mission of life is to throw off the shackles of social convention and to embark on a journey of self-discovery. Behavior is not wrong if it feels good and doesn't hurt anybody else. Sex is not wrong so long as it is done by mutual consent.

By the rules of expressive individualism, Ensler's characters did nothing wrong. They performed an act that was mutually pleasurable and fulfilling.

This code dominated cosmopolitan culture during the 1970's and 1980's. When Congressman Gerry Studds was censured in 1983 for his relationship with a 17-year-old page, he argued that the sex was consensual, and he was re-elected several more times.

But there's another and older code, and people seem to be returning to this older code to judge Mark Foley. Under this older code, we are defined not by our individual choices but by our social roles.

Under this code, when an adult seduces a child, it tears the social fabric that joins all adults and all children. When a congressman flirts with a page, it tears the social trust that undergirds the entire page program. When an adult seduces a teenager, it ruptures the teenagers' bond with his family, and harms the bonds joining all families.

This older code emphasizes not so much individual exploration as social ecology. It's based on the idea that people are primarily shaped by the moral order around them, which is engraved upon their minds via a million events and habits. Individuals are not defined by their lifestyle preferences but by their social functions as parents, job-holders and citizens, and the way they contribute to the shared moral order.

In this view, the social fabric is a precious thing, always in danger. And what Foley, and the character in the Ensler play, did was wrong, consent or no consent, because of the effects on the wider ecology.

In discussing the Foley case, the political class, with its unerring instinct for the aspect of any story that will be the least important to average Americans, has shifted attention from Foley's act to Denny Hastert's oversight of it. It has fled morality to talk about management.

But the real import of the Foley story is Foley's act itself. In a country filled with parents looking for a way to raise their children in a morally disordered environment, Foley's act is just one more symptom of a contagious disease.

In the long run, the party that benefits from events like the Foley scandal will be the party that defines the core threats to the social fabric, and emerges as the most ardent champion of moral authority.

An Amish Community Grieves For Its Little Ones (WP)

By Raymond McCaffrey And Michael E. Ruane

The Washington Post, October 5, 2006

BART TOWNSHIP, Pa., Oct. 4 -- All day they trudged across the dusty farm fields here -- white-bearded Amish patriarchs, women in black dresses and white bonnets, strapping young men with cropped hair and tanned arms.

They came, too, in their metal-wheeled black buggies, drawn by lathered horses that built clouds of gray dust on the gravel byways, somber but dutiful people on timeless missions of grief.

Across the meadows and back roads of the village of Nickel Mines, clusters of the black-clad mourners could be seen Wednesday gathering outside the homes where the bodies of the five Amish children slain Monday lay. They gathered to pay respect, offer hope and have the one last encounter with the departed that is Amish tradition.

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"Go ahead and touch her," a family friend said a mother told the sister of one of the dead girls. "She's cold now, but she's in Heaven."

Three days after Charles C. Roberts IV, 32, a local truck driver, walked into a nearby one-room schoolhouse, shackled and shot 10 Amish schoolgirls before killing himself, the close-knit community began gathering for rituals honoring the dead. Roberts killed five of the girls.

Thursday, four of the girls -- Naomi Rose Ebersol, 7; Marian Fisher, 13; and two sisters, Mary Liz Miller, 8, and Lina Miller, 7 -- are to be borne in handmade wooden coffins from their homes to the cemetery. The fifth, Anna Mae Stoltzfus, 12, is to be buried Friday.

The five surviving girls -- a 6-year-old, three 8-year olds and a 13-year-old -- are recovering from grievous gunshot wounds in two Pennsylvania hospitals. Police have not released their names.

Meanwhile, the Pennsylvania State Police announced Wednesday that the two female relatives whose abuse Roberts said tormented him had no recollection of being attacked by him. Roberts said in a last phone call to his wife and in a series of suicide notes that he had molested the two relatives when he was about 12 and that he had been haunted by dreams that he was going to molest again.

That, he suggested, was part of the rationale for his schoolhouse assault, police said. Police said the relatives, whom they did not identify, would have been about 4 or 5 at the time. Police did not say whether they believed the attacks never happened, but they had sounded skeptical of the story since it was revealed Tuesday.

The funerals Thursday, in accordance with Amish tradition, will last about two hours and will be conducted at the victims' homes. Afterward, family members will join in a procession to the cemetery, where they will bury the youngsters and fill in the graves by hand.

The community assembled Wednesday for the viewings, several of which were held at the same time, in homes within sight of each other. The girls were placed in open coffins, according to Rita Rhoads, a Mennonite nurse/midwife who had delivered two of the victims. "It's important to touch the body," Rhoads said.

She recalled the joy that the Ebersol family felt when Naomi was born, her parents' first daughter after five sons. "They finally got their girl," Rhoads said.

She said the families are aware of the revelations by police that the killer brought materials to the schoolhouse that suggested to police that he had intended to sexually assault the girls after tying them up. Rhoads said Naomi's father, who owns a woodworking shop, told her that, on the day of the shootings, "there was a fight between good and evil in the school, and good won." His view -- reflected elsewhere in the community -- was that it was better the girls died than for them to have met what some consider a worse fate.

"They feel it was better to be dead than to be sexually molested and tortured," Rhoads said. "They feel that God won. [Roberts] didn't get to do what he wanted to do, and the girls are in Heaven."

Rhoads remembered Naomi as "so cute and innocent and starting to blossom."

The Fisher family was touched by the tragedy in more than one way. In addition to mourning the loss of Marian, they are praying for the recovery of her 12-year-old sister, who was among the girls shot at the school and is listed in serious condition at Children's Hospital in Philadelphia. At the same time, they are rejoicing over the survival of their 10-year-old daughter, the only girl to escape from the school.

Rhoads said that the child managed to escape with some adult women who were let go by Roberts as he carefully selected his targets. The women told the girl to "tiptoe" out of the schoolhouse while Roberts was busy tying up the other girls, Rhoads said. The child ran to a nearby farm with the other escapees.

"Of course, the family is just thanking the Lord she got out," Rhoads said. But they are also concerned about the long-term effect of the ordeal on their daughter.

Still, the little girl managed to follow tradition, going up to her sister's coffin and touching her a last time, Rhoads said the child's mother told her. She said her mother told the child that her sister was in Heaven even though she felt cold.

John Fisher, a relative of Marian Fisher's, said Wednesday that he was grateful for all the support of the community but that preserving the privacy of the families was important. He said the relatives of the victims have spent a lot of time together since the shooting.

"We have the viewing [Wednesday] and the funeral [Thursday], and we're just trying to focus on that right now," said Fisher, standing on his front porch surrounded by his children. "This is a hard thing."

Fisher said Marian was in eighth grade and had attended the one-room school since first grade.

Investigators for the first time Wednesday allowed reporters close access to the schoolhouse. Aside from boards over the windows that the police SWAT teams smashed on their way in, all seemed in order.

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A double seesaw and a swing set sat outside, near two outhouses. A small baseball diamond had wear spots in the grass for the bases and home plate, and a simple chain-link backstop. There was a school bell in the cupola and a whitewashed board fence around the perimeter. Huge gray draft horses grazed in a field out back.

About noon, a group of Amish women from Michigan, visiting the area for a wedding, walked down the road and paused by the fence to pay their respects.

They looked anguished and spoke quietly to each other. Some buried their faces in their hands.

"This really hurts," said one of the women, Katie Weaver, 54. "But, see, at a very young age our parents teach us to forgive like Christ did, not man-made forgiveness. . . . Jesus still takes care of us, even if bad things happen. These children are in Heaven. We still weep and cry just like everybody else, but then we go to Christ.

"My mom and dad taught me, and now we teach our children the same, to forgive people if they hurt us or wrong us," she said. "Things are going to happen in life. We're going to get hurt. But . . . we have to forgive. . . . If we give it to God, he'll take it and make something good out of it."

Also Wednesday, Janice Ballenger, a deputy coroner in Lancaster County, clarified comments she had made Tuesday about the number of wounds suffered by the children. She had said that she counted two dozen wounds in the body of one victim, whereas state police had said Roberts fired 17 or 18 shots from a pistol and a shotgun.

Ballenger said there was no discrepancy between the police and coroner's reports. Police said Wednesday for the first time that some of the victims were hit by several of the shotgun pellets, which left multiple wounds.

Amish School Survivors Struggle After Killings (NYT)

By Shaila Dewan

The New York Times, October 5, 2006

NICKEL MINES, Pa., Oct. 4 — In the past two days, Leroy Zook has talked his way into a bloodied schoolyard to free a nervous carriage horse, visited wounded children in hospital gowns and viewed dead ones dressed in white, shaken the hand of a killer's father-in-law, prayed, sung and milked his cows.

Seven members of Mr. Zook's family were in the one-room Amish schoolhouse on Monday morning when Charles C. Roberts IV rapped on the door armed with chains, clamps and guns. Mr. Roberts shot 10 girls — aged 6 to 13 — killing 5 of them and then committing suicide. All the Zooks — Mr. Zook's wife, two daughters, one of whom was the teacher, two daughters-in-law and two baby grandchildren got out unharmed, but not unshaken.

The police have praised Emma Mae Zook, the 20-year-old teacher who, with her mother, slipped out to call 911. Less has been said about the three women who were left behind as the gunman separated the girls from the boys and lined them up.

"They're actually hurting about as bad as anybody else," said Mr. Zook, standing on the driveway of the family farm just before supper, wearing suspenders and a straw hat with a papery black band around the brim. "I didn't realize that until I talked to them today. They were there when he was tying the girls up, and they were telling the children to stay calm, and he come down the line and turned them loose."

Mr. Zook said one of the wounded girls had been removed from her ventilator on Tuesday night and had told her parents about what happened after the children, who according to Amish custom are insulated from violence, had been left alone with Mr. Roberts.

"They talked with this gunman and asked him why he was doing this," Mr. Zook said. "And he told them why: he's angry at God, he's just bitter. He told them that they're supposed to pray for him that he wouldn't do this."

He also said, "The oldest girl there, she said 'Shoot me, and leave the others alone.' "

Investigators are still trying to determine the motive of Mr. Roberts, who was not Amish but drove a milk truck in the neighborhood of the West Nickel Mines School. Mr. Roberts, 32, left suicide notes that said he had never been the same since he and his wife's first child, Elise, died 20 minutes after birth nine years ago. Shortly before the shootings, he told his wife that he had molested two young relatives 20 years before.

On Tuesday, the state police said the two relatives had been interviewed and did not recall ever being sexually assaulted by Mr. Roberts. They would have been 4 or 5 at the time, said Linette Quinn, a spokeswoman for the state police. Mr. Roberts had never been the subject of any child molestation investigation, Ms. Quinn said.

She said the police had not yet interviewed any of the surviving girls.

As the community struggled to comprehend the killer's actions, families prepared for funerals. Horse-drawn buggies used by the Amish filled the field next to the home where a wake was being held for Naomi Rose Ebersole, 7. Children in bonnets clustered quietly in the yard, and women in long aprons carried casseroles to the door.

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Mr. Zook said he and Emma Mae — his daughter — had gone to visit one of the wounded girls in the hospital that day. "That perked her right up," he said. But at the sight of her in the hospital bed, with tubes attached to her body, Emma Mae fainted, he said. "She's weak. She just went and sat down in a chair."

Behind him, Emma Mae's twin brother and a sister listened shyly to their father's conversation. Mr. Zook's wife, dressed in rubber boots, tended to chores.

Throughout this ordeal, the Amish, whose avoidance of vanity extends even to buttons and zippers, have been the object of fascination not just because of their old-fashioned dress and rejection of modern conveniences like cars and electricity, but because of their stoicism, faith and capacity for forgiveness.

Rita Rhoads, a midwife who helped in the births of two of the murdered girls, said the father of one told her that God had helped his daughter. "He said there was a battle between good and evil Monday, and good won," Ms. Rhoads said. "He felt that way because the shooter was killed before he was able to carry out all of his plans."

Investigators said they believed Mr. Roberts intended to sexually molest the girls but was interrupted by the arrival of the police.

Lil Nissley, whose daughters had been playmates with one of the victims, said she was at the farm where those fleeing the schoolhouse — the male students and the adult women — had taken refuge. "Any outsider would have said, what's wrong with these calm people?" she said. "I mean, we were crying, we were praying, but we weren't hysterical."

But Ms. Nissley and her husband, David, who are not Amish, said the composure was a matter of culture and training, not suppression. "Their blood runs red," Mr. Nissley said.

Still, it is not unusual for the Amish to reach out to those who hurt them. When an Amish dies in a car accident, for example, the motorist is often invited to the funeral. Mr. Zook said he had shaken hands with Mr. Roberts's father-in-law, whom he encountered at the home of the Fisher family, who had three daughters in the school. One escaped, another was wounded and the third was killed. Mr. Zook said such encounters helped the survivors victims heal.

"I think it's helping him to meet people too, and see that there's no grudge," he said of the father-in-law. "How could you hold a grudge against the wife, the family?"

As satellite trucks and reporters descended on the area, many residents said they felt protective of the Amish, who shun publicity. And many Amish said they did not blame the English, as they call their non-Amish neighbors, for what happened.

But the shootings still meant a loss of trust between the Amish and the modern world, especially for the young. One 34-year-old Amish man, who said he would not give his name because he did not want to attract attention, said that the day after the shooting he had to ask a reporter parked near an Amish schoolhouse to move along because her presence was scaring the children.

"She was just sitting there doing bookwork, but the kids were all hiding behind the school peeping around the side," he said.

After all, they had just learned that the recent carnage occurred after an "Englishman" had parked his pickup truck in front of a school.

"It's going to be a scar on them for some time," the man said.

Shooter's Relatives: No Recall Of Being Molested (USAT)

By Alan Levin And Mimi Hall

USA Today, October 5, 2006

BART TOWNSHIP, Pa. — Two family members of the man who shot 10 girls in an Amish schoolhouse say they have no recollection that he molested them 20 years ago, as the gunman claimed, Pennsylvania state police said Wednesday.

Moments before he began firing at the schoolgirls in Monday's attack, Charles Carl Roberts IV called his wife and told her he was haunted by memories of molesting two young relatives. Roberts wrote in a suicide note that he had been dreaming he would molest again.

Investigators on Wednesday located the female relatives, both of whom had been named by Roberts during the phone call to his wife, police said. "Both of them have no recollection of being sexually assaulted by Roberts" when they were 4 or 5 years old, trooper Linette Quinn said.

Roberts, a distraught milk truck driver, killed five girls and wounded five more in the attack. He arrived at the Amish school armed with guns, ammunition, plastic ties and lubricating jelly that police said he likely planned to use to sexually assault the girls. He killed himself as police stormed the schoolhouse.

On Wednesday, the Amish community released its first public statement since the shootings, pleading with the news media to show respect during the girls' funerals and burials, which begin today.

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“We don't know or understand why this happened, but we do believe that God allowed this to happen,” said the statement released by state police. “The rest of us … will go on.”

State police added additional details about the gruesome shooting Wednesday. Besides firing 13 to 15 shots from a 9mm handgun, Roberts fired four shots from a 12-gauge shotgun, three of which struck the schoolgirls.

Donations and support poured into this picturesque farming community as the Amish debated whether to destroy the one-room schoolhouse, now boarded up. The Amish families are considering destroying it, said Rita Rhodes, a midwife who delivered two of the girls who died.

Amish Bishop Reuben Fisher, a grandfather to three of the victims, is leaning toward tearing down or burning the school, said Rhodes, a spokeswoman for the Amish families.

“It doesn't really surprise me,” said Kim Fortney, an expert on Amish culture at the Heritage Center of Lancaster County. “It's more of a human reaction than a cultural one.”

Capital BlueCross, an area health insurance company, announced it had created a fund with $500,000 to pay for medical care and other needs of the families involved.

The Amish elders asked Kevin King of the Mennonite Disaster Service to run a local committee formed to oversee the donations.

King said the elders did not want to say how much money had poured in because they considered it “boastful.” He predicted millions of dollars would be donated. (The Mennonite Disaster Service website is www.mds.mennonite.net.)

Kin Say Amish Gunman Didn't Molest Them (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, October 5, 2006

(AP) - NICKEL MINES, Pa.-Two relatives of the man who attacked an Amish school said they were not molested by him 20 years ago as he had claimed, investigators said Wednesday.

Charles Carl Roberts IV, 32, revealed to his family in notes he left behind and in a cell phone call to his wife from inside the West Nickel Mines Amish School that he was tormented by memories of molesting his two young relatives 20 years ago. He also spoke of having dreams about doing it again.

Investigators spoke to the two women, who would have been 4 or 5 at the time, and they said there was no such abuse.

"Both of them have no recollection of being sexually assaulted by Roberts," state police Trooper Linette Quinn said. "They were absolutely sure they had no contact with Roberts."

Roberts stormed the school Monday and shot 10 girls before turning the gun on himself. Five of the girls died. Investigators said Roberts, who brought lubricating jelly and plastic restraints with him, may have been planning to sexually assault the Amish girls.

As they struggle with the slayings, the Amish in this Lancaster County village are turning the other cheek, urging forgiveness of the killer and quietly accepting what comes their way as God's will.

"They know their children are going to heaven. They know their children are innocent ... and they know that they will join them in death," said Gertrude Huntington, a Michigan researcher and expert on children in Amish society.

"The hurt is very great," Huntington said. "But they don't balance the hurt with hate."

In the aftermath of Monday's violence, the Amish are looking inward, relying on themselves and their faith, just as they have for centuries. They hold themselves apart from the modern world, and have as little to do with civil authorities as possible.

Amish mourners have been going from home to home for two days to attend viewings for the five victims, all little girls laid out in white dresses made by their families. Such viewings occur almost immediately after the bodies arrive at the parents' homes.

Typically, they are so crowded, "if you start crying, you've got to figure out whose shoulder to cry on," said Rita Rhoads, a Mennonite midwife who delivered two of the five girls slain in the attack.

At some Amish viewings, upwards of 1,000 to 1,500 people might visit a family's home to pay respects, according to Jack Meyer, 60, a buggy operator in Bird in Hand. Such visits are important, given the lack of e-mail and phone communication, Meyer said.

The Amish have also been reaching out to the family of the gunman. Dwight Lefever, a Roberts family spokesman, said an Amish neighbor comforted the Roberts family hours after the shooting and extended forgiveness to them.

"I hope they stay around here and they'll have a lot of friends and a lot of support," Daniel Esh, a 57-year-old Amish artist and woodworker whose three grandnephews were inside the school during the attack, said of the Robertses.

Huntington, the authority on the Amish, predicted they will be very supportive of the killer and his wife, "because judgment is in God's hands: `Judge not, that ye be not judged."

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A deputy county coroner on Wednesday described a gruesome scene at the school, with blood on every desk, every window broken and the body of a girl slumped beneath the chalkboard, below a sign that read "Visitors Brighten People's Days." Roberts' body was face-down next to the teacher's desk.

"It was horrible. I don't know how else to explain it," said Amanda Shelley, a deputy coroner in Lancaster County.

Funerals for four of the victims - Naomi Rose Ebersole, 7; Marian Fisher, 13; Mary Liz Miller, 8; and her sister Lena Miller, 7 - are scheduled for Thursday at three homes. The funeral for the fifth girl, Anna Mae Stoltzfus, 12, is Friday.

About 300 to 500 people are expected at each funeral, said Philip W. Furman, an undertaker. The church-led services typically last about two hours before mourners travel in horse-drawn buggies to a cemetery for a short graveside service.

In keeping with custom, the Amish use simple wooden caskets - narrow at the head and feet and wider in the middle. An Amish girl is typically laid to rest in a white dress, a cape, and a white prayer-covering on her head, Furman said.

Five other girls remained hospitalized - three in critical condition and two in serious condition. They ranged in age from 6 to 13.

Enos Miller, the grandfather of the two Miller sisters, was with both of the girls when they died. He was out walking near the schoolhouse before dawn Wednesday - he said he couldn't sleep - when he was asked by a reporter for WGAL-TV whether he had forgiven the gunman.

"In my heart, yes," he said, explaining it was "through God's help."

Memorial contributions can be sent to the Nickel Mine School Victims Fund, c/o Hometown Heritage Bank, P.O. Box 337, Strasburg, PA 17579

Associated Press writers Mark Scolforo, Adam Geller and Martha Raffaele contributed to this story.

Schools On Guard After Recent Shootings (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, October 5, 2006

CHICAGO, Oct. 4 -- After a spate of bloody schoolhouse attacks in the past month, school districts around the country are reviewing their emergency plans. Some are looking for ways to tighten security even as they acknowledge the limits on their ability to stop a determined killer.

"We want to harden the target," said William Lassiter, manager of North Carolina's Center for the Prevention of School Violence. Noting that two recent cases involved outsiders looking for a place to make a gruesome statement, he said administrators should do small things -- limiting access, making sure all doors are locked -- "to make it at least look like the school would be a less vulnerable target."

The Anne Arundel County superintendent of schools, Kevin M. Maxwell, asked county police to show a stronger presence at school. The school district also expects to hold four drills before the end of the semester to rehearse emergency responses.

Each Maryland school district and school is required to have a crisis plan to cope with events such as a school shooting or a large-scale disaster like the Sept. 11, 2001, attacks.

In Seattle, schools have installed telephones in classrooms so that in an emergency someone could call 911.

In Wyoming, even small schools are locking doors and channeling visitors through a single entrance.

In rural Pontiac, Ill., the superintendent issued a bulletin instructing teachers not to prop open any side doors.

A recent letter from Jefferson County, Colo., Superintendent Cynthia Stevenson reminded parents that children are far more likely to fall victim to a crime outside of school than inside. But she reported on recent security steps and urged parents to talk to their children about what kids should do if they spot a stranger at school. She said counselors would reinforce the message.

The stepped-up emphasis on security comes after four incidents that have shocked the country.

On Monday, a gunman in Nickel Mines, Pa., burst into a one-room schoolhouse, lined up 10 girls at a blackboard and shot them. Five have died.

On Sept. 27, a drifter near Bailey, Colo., took six teenage girls hostage, sexually assaulted them, then shot and killed one girl as police stormed into the school.

Last month, a plot to blow up Green Bay East High School in Wisconsin, spread napalm at the exits and shoot fleeing students was thwarted when an acquaintance of two 17-year-old conspirators told an assistant principal. Police said later that the two seniors, who each weighed 300 pounds, planned the attack in revenge for being harassed by other students.

And last week, in rural Cazenovia, Wis., a teenager brought two guns to school and shot the principal to death after a struggle with adults and other students.

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Unlike the Columbine High School attack in Littleton, Colo., in 1999 and last year's deadly assault on a school in Red Lake, Minn., two of the recent incidents apparently involved adults with grievances unrelated to the schools.

"They're extremely difficult to predict, and when you start getting into a rural setting, it is much more challenging to call on law enforcement for a rapid response," said Ronald Stephens, executive director of the National School Safety Center, a California advocacy group. "When you talk to school administrators, they all thought 'it never could happen here.' "

Stephens pointed out that outsiders have committed violence at schools before. "Just crazy, demented people doing these kinds of things," he said. They sometimes seem to occur in waves.

Lassiter of the Center for the Prevention of School Violence says the gunmen chose rural schools because they were vulnerable, a stark contrast to the environment surrounding many urban schools.

Stronger security measures and improved vigilance by students and staff alike have made urban schools less common targets, according to experts. They say one key ingredient in school safety is the development of solid connections to law enforcement agencies and the surrounding neighborhood.

"When we know things are going on in the community, we beef things up," said James E. Breashears, principal of Paul Robeson High School, in a poor neighborhood on Chicago's South Side. "And it takes more than security. We know our students very well. Our security staff are involved with them after school in athletic programs or jobs or clubs."

Each morning at Robeson, students efficiently strip off their jackets and load their backpacks and purses onto the moving belt of an X-ray machine. They step through tall twin metal detectors -- one for boys, one for girls -- and head to class.

"We have guns all over here," said Donnell Ross, 16, "but not in the school."

School shootings are rare in Chicago, one of the nation's largest school systems. The last fatality on school grounds came in 2002, when a high school basketball player was shot in the back in a feud over a girl. And Breashears said it has been more than a decade since a gun was found at his school.

Bush Offers Sympathy To Keyeses, Vows To Address Problem (DENP)

By Chris Frates, Denver Post Staff Writer

Denver Post, October 5, 2006

President Bush on Wednesday expressed his sympathy to the family of Emily Keyes and said he has asked experts to determine how the federal government can help locals deal with school shootings.

"A lot of Americans, and I know a lot of folks in Colorado, express our deepest sympathy to the folks in that good community about the tragic loss of Emily Keyes," said Bush, referring to the 16-year-old who was killed last week at Platte Canyon High School in Bailey. "She died one week ago of an unspeakable act of violence. It wasn't necessary. We join her family in prayer. We extend our deepest sympathies to those good people."

Bush said he asked Attorney General Alberto Gonzales and Secretary of Education Margaret Spellings to convene a meeting of experts next week to determine how federal officials can help respond to school shootings.

"We wanted to make us certain around the country that the schoolhouse is a safe place for children to learn. And so I'm looking forward to the results of that meeting, how we can facilitate help, and how we can help these communities heal and recover from the tragic events like those that have taken place in three states over the past couple of weeks," Bush said. "May God bless Emily's family."

Staff writer Chris Frates can be reached at 303-954-1633 or cfrates@denverpost.com.

Spellings Say Religious Leaders Will Have Role At Conference (AP)

By Matt Curry

AP, October 5, 2006

GRAPEVINE, Texas - Religious leaders will be asked to participate in a conference next week on safeguarding the nation's children after the recent rash of school violence, Education Secretary Margaret Spellings said Wednesday.

The Bush administration announced this week that it plans to bring education and law enforcement experts together Tuesday to discuss federal action that can help communities prevent violence and deal with its aftermath. The announcement came after tragedies that included Monday's deadly shooting in an Amish schoolhouse that killed five girls.

Spellings, Attorney General Alberto Gonzales and Bush's domestic policy adviser, Karl Zinsmeister, met Monday at the White House to discuss the conference.

"We certainly plan to ask faith-based leaders into these meetings on Tuesday," Spellings said Wednesday after speaking to the predominantly black Church Development Conference, conducted by Dallas megachurch pastor Tony Evans.

Spellings, citing the aftermath of Sept. 11 and Hurricane Katrina, said the violence will provide an opportunity for agencies to come together and work toward solutions.

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Evans agreed.

"I believe these kinds of tragedies, as tragic as they are, create opportunities. Just like Katrina, it creates opportunities for people to come together in a way they haven't come together," the pastor said. "At the bottom, fundamental level of this is moral choices people are making."

Three schools have been hit by deadly attacks recently. A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania; a 15-year-old Wisconsin student shot and killed his principal Friday; and a man took six girls hostage in Colorado on Sept. 27, sexually assaulting them before fatally shooting one girl and killing himself.

Spellings encouraged parents to take advantage of a "teachable moment" and check up on safety procedures at their children's schools.

"This is the time for parents to ask school leaders and principals, 'What plans are being made? ...What should we do?' " she said. "With young children, don't bombard them with information. Turn off the TV."

Earlier, speaking to about 700 church leaders, Spellings lauded the No Child Left Behind law but said more strides must be made to lift the academic performances of minority students.

She praised efforts by Evans that have led to churches adopting schools in their communities.

Before the speech, the audience was shown a video in which President Bush praised Evans, pastor of the 7,000-member Oak Cliff Bible Fellowship. Spellings called the pastor one of the "inventors" of the administration's faith-based initiative.

Pellet Gun Leaves 6 Hurt At Md. School (FINDLAW/AP)

AP, October 5, 2006

(AP) - PIKESVILLE, Md.-A student fired a pellet gun in a courtyard during lunch at a high school Wednesday, leaving six boys with minor injuries, police said.

The boys, ages 14 to 16, reported hearing six popping sounds and then feeling a stinging sensation where they were struck by the pellets - on their chests, arms and legs. They were treated by the school nurse, and none was seriously injured.

The incident came after a string of violent shootings at high schools in Colorado and Wisconsin and at an Amish school in Pennsylvania.

Authorities later found the pellet gun under a bush on school grounds, said Sgt. Vickie Warehime, a spokeswoman for Baltimore County police.

Police said they believe it was a student because no one was seen entering Pikesville High. Three officers were at the school on an unrelated matter before the shootings.

Police planned to check the gun for fingerprints. Detectives were interviewing the victims' friends, other students and faculty for any leads on a possible suspect.

Also Wednesday, more than a dozen schools in three Nebraska counties were locked down after someone called a local newspaper and said there would be a school shooting. There were no reports of violence, though some schools told parents to come and pick up their children.

When Schools Turn Deadly (BOS)

The Boston Globe, October 5, 2006

ONE WONDERS what President Bush expects the nation to learn from his proposed summit on violence in US schools that isn't already painfully obvious. Widespread gun culture, desensitization brought on by incessant media violence, and deep social isolation make a deadly blend.

The murders this week of five schoolgirls in rural Lancaster County, Pennsylvania, are especially hard to fathom because they occurred in an Amish community that carefully eschewed what residents saw as the corrupting influences of the outside world. A 32-year-old gunman, Charles Carl Roberts, invaded the schoolhouse in Bart Township, a farming community about 60 miles west of Philadelphia. According to news reports, he brought a handgun, shotgun, illegal stun gun, several knives, and more than 100 rounds of ammunition to dispatch a group of defenseless girls. But first, according to police, he had plans to assault them sexually.

Criminologists are compiling a growing list of typologies of mass murderers: the payback killer; the hater; the classroom avenger; the sexual deviant; the copycat killer; the family annihilator; the psychotic; and the criminal opportunist. Yet the responses on the part of law enforcement and school officials often seem confused and ineffective. Perhaps Attorney General Alberto Gonzales and Education Secretary Margaret Spellings will surprise the public this time with a sound strategy to stop the carnage, one that doesn't blanch at the sight of the gun lobby -- or the TV producers who feed children so much gratuitous violence.

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Parents shouldn't wait for a federal response. They can, and must, insist that their children's schools have a safety plan and inquire how it works and who is responsible for implementing it. Next, put an end at home to the kind of prolonged viewing of mass media violence that reputable researchers, including the Office of the Surgeon General of the United States, have linked to increases in aggressive behavior. Corrections officials must also find funds to treat the high rate of mental illness among prisoners. More than half of state prisoners suffer from such illnesses, according to the US Justice Department.

Most important, Congress must put an end to the callous efforts by the gun lobby to protect shady gun dealers. Mass murderers have no trouble stockpiling weapons. Yet police officers who want to share gun trace data with their counterparts in other states for the purpose of ferreting out rogue gun dealers face continued interference from the gun lobby and its partners in Congress.

The slaughter of the Amish girls was the third incident of deadly school violence in just a week. It shows that no one is beyond the reach of mass murderers. The best hope is to reach them first.

Justice Dept. Aims To Block Taiwan In Spy Probe (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, October 5, 2006

The Justice Department is urging a federal judge to block an unusual attempt by Taiwan to prevent the use of its diplomatic cables in the prosecution of a Virginia man who was one of the State Department's top Asia experts.

The American diplomat, Donald Keyser, admitted last year to having thousands of classified documents at his home and failing to report his intimate relationship with a Taiwanese intelligence agent, Isabelle Cheng.

After the FBI confronted Keyser, Ms. Cheng, and her boss at a Washington-area restaurant in 2004, Ms. Cheng provided American investigators with cables, e-mail messages, and other documents about her dealings with Keyser.

The Taiwanese mission filed a court motion in August demanding the return of the records, as well as an order barring the use of the information by American officials. The Taiwanese claim the taking of the records violated promises of diplomatic immunity in a 1980 accord on relations between the two countries. America does not officially recognize Taiwan, whose presence here is known euphemistically as the Taipei Economic and Cultural Representative Office.

In a court filing yesterday, prosecutors said they were willing to give Taiwan copies of all of the allegedly seized records. However, the government said it "objects to returning the original documents provided by Cheng to the FBI because they might constitute evidence in a criminal trial." Prosecutors also said the papers had been distributed to various American intelligence agencies and retrieving them would be "impracticable."

Prosecutors contend Taiwan waited too long to file a legal objection over the document removal, though they conceded that the State Department fielded two protests from the island's diplomats.

Taiwan's unusual legal maneuver, which its attorneys sought to keep secret, was first reported last week by The New York Sun.

A former legal adviser to the State Department, Abraham Sofaer, said Taiwan might have the legal right to the return of its documents. "If we had an embassy and an embassy employee took stuff out of an embassy and took it to somebody, we would want to be able to get it back," the lawyer told the Sun. "We'd still have the right to get it back. … You can't have a waiver of sovereign immunity by that kind of conduct."

Keyser pleaded guilty to three felonies last year, but prosecutors, who claim he has failed to cooperate with the investigation, are seeking to bring new espionage-related charges against him. His lawyers are fighting the move and insist he has cooperated fully.

Fee-office Inquiry Yields No Charges (KCS)

By Steve Kraske

The Kansas City Star, October 5, 2006

The federal inquiry into how Missouri license fee offices are awarded has ended without the filing of any indictments, officials said Wednesday.

In publicly acknowledging the investigation's existence for the first time, Bud Cummins, the U.S. attorney for eastern Arkansas, where the case had been assigned, singled out one individual, Gov. Matt Blunt, who he said was never a "target, subject or witness" in the investigation.

"… Nor was he implicated in any allegation being investigated," Cummins said in a statement. "Any allegations or inferences to the contrary are uninformed and erroneous."

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Blunt spokesman Spence Jackson said Cummins' finding, which comes 10 months after the investigation began, "affirms what we said all along, which is that we've overseen this process with integrity and a clear focus on providing good customer service and reducing cost to taxpayers."

Jackson said federal authorities never interviewed Blunt or anyone in his administration.

For decades, the awarding of contracts to run any of the license offices, which now number 182, has been a patronage plum for governors of both parties. Some of the offices, where citizens renew their driver's licenses and obtain license plates, are especially lucrative, generating six-figure profits in a few cases.

In return for the contracts, fee agents often donate generously to governors' campaigns. Complaints about the system are typically made by whichever party is out of power.

U.S. attorneys rarely comment on their investigations. But Cummins, who got the case after the U.S. attorney for the Eastern District of Missouri recused herself, said he did so because of the media attention the investigation had received. The Kansas City Star disclosed the existence of the inquiry in April, although authorities refused to comment publicly at the time.

The U.S. attorney in eastern Missouri is Catherine Hanaway, a Republican and former speaker of the Missouri House. She has declined to comment on the case.

Blunt's handling of the offices has been the source of considerable attention because of who received fee-office contracts and how he altered the system.

Among those who received contracts was Tracy Graves, wife of former Western District U.S. Attorney Todd Graves, a prominent Republican. She received the Gladstone office, regarded as one of the most profitable in the state, and her brother received the contract for the Sugar Creek office.

Democrats criticized the Tracy Graves appointment as a conflict of interest for the federal prosecutor, although the Justice Department did not agree. At the time, Blunt defended the choice, saying Todd Graves would recuse himself from any case if necessary. Since then Graves has left the federal post.

In the St. Louis area, Blunt awarded a contract to Garrett Lott, who had been fined two years earlier for violating campaign finance laws.

When he came into office, Blunt quickly expanded the system by privatizing the remaining 11 state-run offices. State workers are no longer employed in any of the offices, including the one in downtown Kansas City that the state had operated for years.

Another change was the creation of private umbrella companies that hire workers for the fee offices and handle the offices' cash flow.

Democrats contended Wednesday that the investigation was an embarrassment to the state and that serious ethics violations might have occurred even though Cummins declined to pursue charges. Jack Cardetti, a Missouri Democratic Party spokesman, said the allegations swirling around the fee offices were so serious that federal investigators "had to come into this state and look really hard at what they were doing."

However, Jared Craighead, executive director of the Missouri GOP, said Cummins' finding was an indictment of a "corrupt" Democrat Party and a "liberal media that prefers sensational headlines, unnamed sources and disgruntled Democrat claims to journalistic integrity and political independence."

Expert: Internet Ban A Boon To Gambling Industry (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, October 5, 2006

CARSON CITY, Nev. (AP) - Advocates of a bill targeting Internet gambling wanted it passed so badly that they "sold their souls" in agreeing to numerous exemptions that will generally help rather than hinder the gambling industry, an expert said Wednesday.

Attorney Tony Cabot, founding editor of the Internet Gambling Report and coeditor of the Gaming Law Review, said in an interview that the bill, long sought by congressional conservatives opposed to online gambling, "opens up huge opportunities" for the industry.

The measure had appeared dead, but Senate Majority Leader Bill Frist, R-Tenn., had it slipped into a port security bill that passed the House and Senate early Saturday. President Bush plans to sign the measure, a White House spokeswoman said.

Online gambling is generally illegal in most circumstances, but it's difficult to control - Americans bet an estimate $6 billion a year online, according to industry figures. The new measure targets online gambling by prohibiting the use of credit cards, checks and electronic fund transfers to settle illegal online wagers.

Republican lawmakers were eager to find issues that would please conservatives in advance of the Nov. 7 elections, but Cabot said, "In order to get this bill passed, they sold their souls. They gave so many exceptions that it's now a wide-open area."

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Cabot agreed that the act may hurt MGM Mirage and Harrah's Entertainment, which host the world's largest poker tournaments and rely heavily on entrants who play in tournaments hosted by online gambling sites. The legislation has left the online gambling sector, based mainly in Britain or in the Caribbean, in turmoil by apparently cutting off at least half their gamblers.

But Cabot said the measure exempts state-licensed casinos, which could conduct online poker or casino-style wagering within their states once authorized to do so - and also could link up with other states or even foreign jurisdictions where such gambling isn't prohibited.

"The casino lobbyists in Washington, D.C., thought this was a pretty good deal. It's actually better than that," Cabot said. "It really opens up the field. It knocks out the offshore companies, and leaves the legal licensees open to take their positions."

The bill also exempts the horse race industry, state lotteries and fantasy sports betting, Cabot said, adding, "This clearly opens up a lot of doors."

"For fantasy sports, they have to be ecstatic because this completely takes any taint of illegality away from them, and gives them an opportunity to grow maybe three-, four-, five-fold," Cabot said.

Cabot said an obvious benefit for casinos would be online links between their progressive slot machines in one state with similar devices in other states. When casino activity is coupled with online betting on such devices, he said jackpots could swell to hundreds of millions of dollars and rival major multistate lotteries.

Several states, including Nevada, prohibit Internet gambling, and such ventures may take years to develop. But Cabot said the new law "is the seed for this to happen."

Some gambling foes have said the 1961 Wire Act, which prohibits making bets on sporting events over the phone, should be applied to Internet betting. Cabot said the Justice Department has contended that the act does apply to nonsports betting, but that argument has been successfully challenged in federal court.

The ports security bill, which contains the gambling act, is H.R. 4954.

Law Is Unlikely To Corral Internet Gambling (WSJ)

By David Wessel

The Wall Street Journal, October 5, 2006

Oh what a tangled web we weave when we seek to make the Net do as we please.

Politicians often proclaim that government should keep its hands off the Internet lest it be strangled. But almost any issue that draws congressional scrutiny -- pornography, privacy, piracy, prescription-drug prices, taxes, consumer-lending practices -- is now intertwined with the Internet.

Last week's passage of a federal law to explicitly restrict Internet gambling -- a ban on using banks, credit cards and online money transfers to pass money between bettor and "unlawful" gambling site -- shows how tricky regulating the Internet can be.

Applying old laws to new technologies is messy: The Justice Department and the gambling industry disagree on whether existing federal law permits or bans Internet betting on horse racing. Ignoring the reach of the Internet can expose vulnerable consumers to rip-offs by unscrupulous Web sites: Requiring licenses for barbers and bricks-and-mortar casinos but letting Internet gambling sites take billions from Americans without any oversight is somewhere between foolish and irresponsible.

Passing new laws, however, can be messy, too. Make them too tough, and businesses move offshore. Make them too loose, and they make lofty promises without practical effect.

The Internet gambling saga is rich. There's the tension between the puritanical and libertarian strains among Republicans. There's maneuvering by U.S. casino companies eyeing what is said to be a $12 billion global market, which is regulated and taxed in other countries. There's the stench of scandal: Disgraced lobbyist Jack Abramoff helped thwart earlier legislative assaults on Internet gambling, and some Republicans backed the new law to show that Mr. Abramoff is history. And there's presidential politics: Senate leader Bill Frist is courting antigambling social conservatives.

So what did Congress do?

It did not resolve the contentious issue of what constitutes "unlawful Internet gambling."

Under presidents Clinton and Bush, the Justice Department has said the 1961 Wire Act, written in the days before telephone lines morphed into an information highway, prohibits all forms of Internet gambling. But a 2002 federal appeals-court decision ruled that the statute applies only to sports betting, not poker or casino games. That allowed online gambling to flourish in the U.S. -- until American authorities arrested a couple of foreign Internet-gambling executives.

Internet horse-race betting sites say another federal law makes their business lawful. The Justice Department says otherwise but has done nothing to thwart Youbet.com, a Woodland Hills, Calif., horse-betting site.

The new Unlawful Internet Gambling Enforcement Act applies to any "bet or wager...unlawful under any applicable federal or state law," without acknowledging that it's murky what is unlawful. The Senate did not embrace Virginia Republican Rep. Bob

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Goodlatte's bill to amend the Wire Act to explicitly apply it to the Internet. (Note to Wall Street: Relax. Congress explicitly excluded over-the-counter derivatives.)

Publicly traded European betting sites got the message and cut off U.S. customers. As Britain's PartyGaming PLC put it: As "the first piece of federal legislation dealing explicitly with Internet gaming, it does make clear that the U.S. government intends to stop the flow of funds from Americans to online gaming operators through criminal sanctions."

Because the Internet doesn't respect national boundaries, banning something in the U.S. can be a hollow act. ("Traditional law enforcement mechanisms," the bill says, "are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses state or national borders.") So the new law goes after the lifeblood of gambling sites: money. It will be a civil and criminal offense to move money between bettor and "unlawful" gambling site. (The new law specifically excludes horse betting from its ban.)

Major credit cards already ban their use for Internet gambling, as does eBay Inc.'s PayPal service, but other online outfits, such as Neteller.com, based in the Isle of Man, sprang up to move money to the sites. This bill takes aim at them.

Although Congress resisted the temptation to require search engines such as Google Inc. and Yahoo Inc. to scan the Web to identify gambling sites, it empowered federal prosecutors and state attorneys general to go to court to force search engines to remove links to specific gambling sites, just as the sites now do for child porn. Of course, this is the sort of thing that brings howls when Google is told to do it by the French (to sites selling Nazi paraphernalia) or the Chinese (to sites questioning the Chinese government).

So the big publicly traded Internet gambling sites have left the U.S., disappointed that their plea -- "regulate us and tax us to make our business legit" -- has been rejected. Determined American bettors are bound to seek technological back doors to keep betting at those sites or, more likely, at shadier, less scrupulous underground betting sites. And big U.S. casino companies have pushed out potential foreign competitors in case, someday, Internet gambling becomes legal in the land where lotteries are seen by governments as a smart way to raise revenue.

In days before the Internet, Prohibition didn't stop drinking, and gambling bans didn't stop the numbers runners. Despite the headlines, my bet is that Congress hasn't yet stomped out Internet gambling.

Earth Liberation Front Members Plead Guilty In 2001 Firebombing (SEATT)

By Hal Bernton And Christine Clarridge, Seattle Times staff reporters

Seattle Times, October 5, 2006

TACOMA — Lacey Phillabaum was a champion high-school debater who majored in art history at the University of Oregon. Jennifer Kolar's scientific bent took her to the University of Colorado, where she pursued a doctorate degree and attended climate conferences.

They were both members of the elusive underground of the Earth Liberation Front, which early on the morning of May 21, 2001, set off a firebomb that caused $7 million in damages at the University of Washington's Center for Urban Horticulture.

On Wednesday in U.S. District Court in Tacoma, Phillabaum and Kolar pled guilty to participating in the UW arson and other crimes. They pledged their cooperation in a continuing federal investigation into a series of other arsons and attacks on property by Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) across the West.

Under the terms of separate plea agreements, prosecutors will recommend that Kolar, 33, of Seattle, receive a federal prison sentence of five-to-seven years, and a three-to-five-year term for Phillabaum, 31, of Spokane. The two were released without bail following their pleas.

"These violent acts of destruction are not a valid form of political speech," said U.S. Attorney John McKay. "We hope that these significant prison terms will dissuade others."

Both women faced a minimum of 30 years in prison if they had gone to trial and been convicted of all counts listed in their plea agreements.

The separate court hearings and briefings by the U.S. attorneys Wednesday offered the most detailed accounts yet of the people and events that led to one of the most high-profile and controversial of the Earth Liberation Front attacks.

The ELF sought to target genetically-engineered poplar trees at the UW. But the attacks ended up destroying other research projects, include wetlands restoration and endangered stickweed plants.

The attack reflected a shift in focus from earlier eco-sabotage acts. The FBI had ranked the ELF and the ALF as among the nation's top domestic terrorism threats after a string of attacks beginning in 1996 against U.S. Forest Service buildings, a Vail, Colo., ski resort, a wild horse slaughterhouse and other targets.

In 2000, in an attempt to recruit more people to join their attacks, the ELF held a series of secret meetings in Oregon, California, Arizona and Washington. At those meetings, they agreed to target companies and government facilities involved in genetic engineering, according to court documents.

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The biggest strike was a planned, early morning double-hit on May 21, 2001, against genetically-engineered poplar, fast-growing trees used for pulp and lumber.

The targets were an Oregon poplar farm owned by a timber firm and the Center for Urban Horticulture office of UW professor Toby Bradshaw, who received timber-industry funding for poplar research.

The ELF's news release, issued five days after the arson attacks, said the poplars pose "an ecological nightmare" for the diversity of native forests.

The UW attack was planned at a secret meetings in Olympia, where a garage had been fashioned into a "clean room," to manufacture time-delayed fire bombs, according to Andy Friedman, a U.S. assistant attorney for Western Washington.

At the hearing, Kolar admitted she used a knife to cut glass so others could get into Bradshaw's office. Phillabaum admitted to being on-scene, but her role in the attack was not detailed.

Three other people were at the scene of the attack, according to federal prosecutors.

· Bill Rodgers, 40, considered to be one of the top organizers of the ELF and a hands-on participant who allegedly help set the fire bombs inside the UW horticulture center. Rodgers, a bookstore operator in Prescott, Ariz., was taken into federal custody last December, then committed suicide in an Arizona jail. He has been implicated in at least nine attacks, including the 1998 fire bombing in Vail that caused $12 million worth of damage.

· Justin Solondz, 27, who once lived on the Olympic Peninsula, allegedly helped assemble the fire bombs in an Olympia garage converted into a clean room, and joined Rodgers in setting the devices inside Bradshaw's office. Solondz is now a fugitive.

· Briana Waters, 30, of California, served as a lookout and has been indicted for her role in the arson. She is expected to face trial on charges that include use of a destructive device in a crime of violence. If convicted of that charge, she faces a minimum of 30 years in prison.

Bradshaw, the professor who was the target of the attack, said Wednesday that the fire burned his office, but his main loss was books and personal effects, rather than research. He had some 80 genetically-engineered poplar trees stored in a separate greenhouse that was undamaged by the fire.

The fire took the biggest toll on the work of some two dozen colleagues involved in a wide range of plant research destroyed by the fire.

"The truth is that we're dealing with a bunch of misinformed ... folks who don't understand the research that was being carried out," Bradshaw said. "Even though I was the target, I am the one who was least affected."

The rebuilding of a new, $7.2 million horticultural center was completed in 2004.

At separate hearings in Tacoma, Kolar and Phillabaum offered short answers to questions from a judge reviewing the details of the plea agreement.

Kolar was composed throughout her hearing. Phillabaum offered a long silence and choked back tears before her first response. Soon, her voice grew stronger.

Both Kolar and Phillabaum graduated from Shadle Park High School in Spokane, but it is unclear whether the two women knew each other there.

Kolar is the daughter of a contract writer for a publishing company and became an activist after moving to Boulder, Colo., to attend college there, said her ex-husband Dominik Minier, of Spokane.

"She had been a vegetarian, but she started getting a lot more serious about veganism. She said she couldn't wear leather sandals or leather jackets," Minier said. "It seemed like more and more she was going off the edge with it."

Phillabaum is "bright, articulate and passionate about what she believes in," said her father, Steve Phillabaum, of Spokane.

He said his daughter has spoken frankly about the arson.

"Everybody realizes that Lacey made a mistake years ago and we're proud of her for acknowledging that, and dealing with what she did openly, honestly and appropriately," he said.

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Material from The Associated Press was used in this report.

2 Plead Guilty In UW Arson (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 5, 2006

Both will testify against comrades in lab bombing

TACOMA -- Five ecoterrorists allegedly gathered in an Olympia home five years ago to hammer out details of their planned attack on the University of Washington.

In a garage turned into a bomb factory, one man carefully put together the incendiary devices, authorities say.

The next day, in the wee hours of May 21, authorities contend they converged on the UW's Center for Urban Horticulture, broke into the office of biologist Toby Bradshaw, set their firebombs and made their escape before the place was immolated. It was the biggest ecoterrorist attack in Western Washington history.

The shadowy Earth Liberation Front took credit for the 2001 attack, saying it was aimed at destroying what they wrongly believed to be genetically engineered poplar trees in Bradshaw's lab.

Two of the five -- Jennifer Kolar, 33, of Seattle and Lacey Phillabaum, 31, of Spokane -- pleaded guilty Wednesday in U.S. District Court in Tacoma to arson, conspiracy to commit arson and use of a destructive device during a crime of violence.

The destructive device charge carries a mandatory minimum sentence of 30 years and up to life in a federal prison. But they won't see anything near that kind of hard time.

That the government "flipped" Kolar and Phillabaum, an environmental journalist, turning them into witnesses for the prosecution, became evident Wednesday when Assistant U.S. Attorney Andrew Friedman read portions of a sealed plea agreement to the court.

The agreement details how Kolar and Phillabaum met with co-defendants Briana Waters, 30, of Berkeley, Calif.; Justin Solondz, 27, most recently of Jefferson County on the Olympic Peninsula; and William Rogers, who killed himself in an Arizona jail cell last year while facing extradition to Seattle.

When the five arrived near the horticulture center not far from the University Village shopping center, Waters stayed at the car to act as a lookout while the others headed for the center building.

Kolar used a tool to cut the glass to a window at Bradshaw's office, Friedman told the court. Rogers and one other went inside and placed one or more firebombs inside.

After the fire, it cost more than $7 million to rebuild the facility, but no dollar figure can be put on the rare and endangered plants that were destroyed or the research that was lost.

Both women -- before pleading guilty -- admitted the account read by Friedman was accurate. Both admitted other ecoterrorism crimes, too.

Kolar and another person sought to firebomb a gun club in Colorado in October 1998. The firebombs failed to ignite.

Phillabaum and others also tried to destroy what they thought were genetically engineered poplar trees at an Oregon State University site near Corvallis in March 2001. Phillabaum got spooked and called it off. But others returned a few days later and finished the job, Friedman said.

Wednesday, Bradshaw praised the persistence of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and local police.

"I'm certainly ecstatic -- beyond happy -- that the people who were involved in the firebombing were caught and brought to justice," he said.

Bradshaw noted the horrible irony that these ecoterrorists -- who are motivated by an intense desire to save the planet -- caused so much damage to research designed to benefit the environment.

The fire consumed about a quarter of the population of a rare and endangered plant species found only near Wenatchee.

Researcher Sarah Reichard had planned to reintroduce the "showy stickseed" plants back into the environment. Attempts to reach her for comment Wednesday weren't successful.

"There were a lot of victims," said Bradshaw, whose own research went largely unscathed. Several graduate students working on their theses saw research go up in smoke. "But that's the nature of violence when it's perpetrated by ignorant people. The environment certainly didn't benefit."

Waters faces trial next year. Solondz is a fugitive.

The five allegedly responsible for the UW fire are considered to be part of a larger ecoterrorism cell that also includes Joseph Dibee, 38, formerly of Seattle. He was indicted by a federal grand jury last week on charges including possession of a destructive device in connection to a crime of violence. The device was allegedly used in the arson of the federally owned Litchfield Wild Horse and Burro Corrals in Susanville, Calif. Dibee is a fugitive.

At least three others are linked to the group. Two are in custody in Oregon, and one is a fugitive.

As part of the plea agreement, Kolar and Phillabaum will have to help the government by testifying against their former comrades at trial. Under the terms of the agreement, Kolar faces five to seven years in prison. Phillabaum faces a three- to five-year term.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

2 Women Plead Guilty In UW Ecoterrorism (AP)

By CURT WOODWARD, Associated Press Writer

AP, October 5, 2006

(10-04) 19:06 PDT Tacoma, Wash. (AP) -- Two women pleaded guilty Wednesday to conspiracy, arson and bomb charges in the 2001 firebombing of the University of Washington's horticulture center, one of the Northwest's most notorious acts of ecoterrorism.

Jennifer Kolar, 33, and Lacey Phillabaum, 31, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Under their plea agreements, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

The plea deals instead will ask that Kolar serve five to seven years and Phillabaum face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Neither woman commented to reporters after leaving the courtroom.

After the hearings, U.S. Attorney John McKay said the women had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

The fire on May 21, 2001, severely damaged the building, which was rebuilt at a cost of about $7 million. The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility and issued a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

Kolar also pleaded guilty Wednesday to an attempted arson charge for a failed 1998 firebombing that damaged a Colorado gun club that organized a multistate turkey shoot.

Under the plea deal, the two women will not face additional prosecution for other attacks, including Phillabaum's admitted role in destroying five acres of canola in Eastern Washington and Kolar's alleged part in arsons in Oregon in 1997 and California in 2001.

At least three others were involved in the UW firebombing, court documents allege.

Briana Waters of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May. William Rodgers of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

A fifth suspect, Justin Solondz, formerly of Jefferson County, Wash., remains at large.

Seattle Woman Pleads Guilty In 2001 UW Firebombing Attack (AP)

By Curt Woodward, The Associated Press

AP, October 5, 2006

TACOMA, Wash. - Two women who helped carry out an ecoterrorism firebombing at the University of Washington pleaded guilty to felony charges Wednesday in deals that could drastically reduce their prison time.

Jennifer Kolar, 33, of Seattle, and Lacey Phillabaum, 31, of Spokane, were released without bail after entering the pleas in U.S. District Court in Tacoma. Authorities said the two turned themselves in and have cooperated with ongoing investigations.

Neither woman commented to reporters after leaving the courtroom.

Federal prosecutors said they were part of a five-person team behind the May 21, 2001, firebombing that destroyed the UW's Center for Urban Horticulture. The blaze, one of the Northwest's most notorious acts of ecoterrorism, caused some $7 million in damage.

The center had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log. The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility five days after the fire, issuing a statement saying the poplars pose "an ecological nightmare" for the diversity of native forests.

After the hearings, U.S. Attorney John McKay said the conspirators had "the misguided belief that they would influence public policy. They have not."

"These violent acts of destruction are not a valid form of political speech," he said, calling the arson an act of domestic terrorism.

Kolar and Phillabaum each pleaded guilty to charges of conspiracy, arson and use of a destructive device.

Kolar also pleaded guilty to an attempted arson charge for a failed 1998 firebombing that damaged a Wray, Colo., gun club that organized a multistate turkey shoot.

Under the plea agreement, prosecutors will ask U.S. District Judge Franklin Burgess to waive mandatory minimum sentences on the charges of arson, attempted arson and use of a destructive device. That bomb charge alone would otherwise carry a statutory minimum of 30 years, and a maximum term of life.

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The plea deal instead will ask that Kolar serve five to seven years. Phillabaum will face a recommended sentence of three to five years. Sentencing is scheduled for Jan. 5.

Authorities allege three others were primarily involved in the UW firebombing.

Briana Waters, of Berkeley, Calif., has pleaded not guilty and is scheduled for trial in May 2007. William Rodgers, of Prescott, Ariz., committed suicide in jail after being charged with other acts of ecoterrorism.

Authorities Wednesday said the fifth person named in the case, Justin Solondz, formerly of Jefferson County, Wash., is still at large.

Kolar remained composed during Wednesday's hearing, answering "Yes, your honor" to a series of routine questions about her understanding of the plea deal. She and attorney Michael Martin declined comment outside the courtroom, and Kolar turned her back on news reporters as she entered an elevator.

Phillabaum was more emotional in court, crying when she first spoke in response to Burgess' questions about her age and education. She paused a few times to confer with her attorney, Gil Levy, and thanked Assistant U.S. Attorney Andrew Friedman as he left the courtroom. Phillabaum declined to make any statement afterward.

The Justice Department has said a nine-year investigation into vandalism, arson and ecoterrorism eventually uncovered a conspiracy involving at least two dozen people who held secret meetings around the West to plan their attacks.

Most have been charged in Washington state or Oregon.

Pressure Builds In Probe Of Bryant (PHI)

By Dwight Ott

The Philadelphia Inquirer, October 5, 2006

New Jersey Sen. Wayne Bryant's problems deepened yesterday as FBI investigators swooped into Camden with a fresh subpoena for records involving the powerful legislator's law firm.

Bryant (D., Camden) already had been under federal investigation in a scandal involving his no-work job at the University of Medicine and Dentistry of New Jersey. A subpoena delivered yesterday to the Camden Redevelopment Agency demanded records relating to contracts between the agency and Bryant's law firm, Zeller & Bryant, dating to 2004, according to Camden's chief operating officer, Melvin R. "Randy" Primas Jr.

The subpoena from the U.S. Attorney's Office orders the redevelopment agency to surrender the records by Oct. 18 and signals a swarm of federal and state criminal investigations involving Bryant and various Camden agencies.

"It's our intention to comply completely with the federal subpoena," Primas said.

Primas said city workers yesterday supplied other documents sought by the state attorney general in a subpoena issued last week. That probe sought documents involving the Cramer Hill redevelopment and a $1 million account held by Primas' office. Bryant, as state senator, helped steer the money to Camden.

Primas said state investigators indicated they might seek further information.

On Friday, the Camden Housing Authority also received a subpoena from the state attorney general, requesting information on grants and other funding since 2004. Primas, who has veto power over the Housing Authority, said he expected Housing Authority officials to comply with that subpoena.

One of the Camden Redevelopment Agency board members asked at yesterday's meeting if a subpoena from the U.S. attorney was routine.

"No," answered Primas. "There have been a number of circumstances that have made their way into the media about Sen. Bryant's role as budget chairman and procuring $1 million for the city budget."

He also cited Bryant's job at the university, which he said also could have spawned the probe.

"We feel that report prompted the request by the FBI," he said, adding: "We are obligated and happy to provide all the data."

Redevelopment agency attorney Martin McKernan said the FBI had also asked for e-mails. He wouldn't elaborate.

"We told them all our files are open, and we anticipate they will be sending an investigator down to review the documents," he said.

2 More Plead In A.C. Corruption Case (AP)

By Geoff Mulvihill, Associated Press Writer

AP, October 5, 2006

CAMDEN (AP) -- An Atlantic City corruption scandal widened today as one current and one former city council member each pleaded guilty to attempted extortion.

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Councilman Ramon Rosario pleaded guilty in U.S. District Court to an attempted extortion charge, admitting he took $14,000 from an undercover FBI agent posing as a Wall Street financier and from an FBI informant who wanted to win city contracts.

Gibb Jones, who resigned his city council seat in August, pleaded to similar charges, admitting he took more than $5,000 from unidentified businessmen between 2003 and January 2006 in exchange for help getting city contracts.

They were the second and third city officials convicted in the operation in the resort city, a development hotspot with a history of raucous politics and corruption.

Prosecutors say the investigation is continuing, which may be a reason some details, such as the identities of the businessmen in Jones' case, were not revealed.

Rosario admitted to a crime similar to the one then-City Council President Craig Callaway pleaded guilty to in August. That same month the informant, Terry Jacobs, pleaded guilty to drug charges.

Rosario, 48, admitted that he took payments in 2004 and 2005 as a thank-you for supporting a developer's bid to get work in redeveloping the former site of a department store and in return for future support of a developer seeking work to redevelop Bader Field, the old municipal airport that closed last week.

That 190-acre plot not far from the Boardwalk is coveted by developers who envision anything from another casino to an amusement park there.

Rosario said he did not know that when he was accepting bribes, Callaway was also.

After his plea today, Rosario was contrite.

"I'll take the full responsibility for it," he said, adding that he was resigning his seat on the 9-member city council.

Jones, 79, declined to comment after his court proceeding. Assistant U.S. Attorney Thomas Eicher said Jones was caught in the same operation as the other officials, but he hinted that Jones got his bribes from someone other than Jacobs and the FBI agent.

"If we're involved in making the payments, we know exactly what it is," Eicher said.

Federal prosecutors said both men would likely receive prison sentences of 2 to 2“ years. Both are scheduled to be sentenced Feb. 1.

Two Atlantic City Councilmen Plead Guilty To Bribery (PAC)

Press of Atlantic City, October 5, 2006

CAMDEN – Atlantic City Councilman Gibb Jones pleaded guilty in federal court this afternoon to taking more than $5,000 in bribes from 2003 to January 2006 to steer city contracts two unidentified businessmen.

Jones declined comment as he left the courtroom. Officials refused to identify the businessmen because the investigations are continuing.

Earlier in the day, Atlantic City Councilman Ramon Rosario pleaded guilty today to taking $14,000 in bribes between August 2004 and August 2005.

Both men face a 20-year maximum sentence , though is expected to receive 24 to 30 months in federal prison at his Feb. 1, 2007 sentencing.

Rosario apologized to constituents, residents and others in a courthouse steps statement after the plea. Rosario also said he will resign his council seat.

In his plea, Rosario said he took $5,000 from a contractor, later identified as Terry Jacobs, and an FBI agent posing as a Wall Street financier. The plea said the $5,000 was in exchange for development work and contracts at Atlantic City’s Garwood Mills site. It was also for political support at the Bader Field site.

Two More Plead In A.C. Corruption Case (PHI)

By George Anastasia

The Philadelphia Inquirer, October 5, 2006

Two more Atlantic City politicos pleaded guilty to bribery-related charges yesterday as part of a federal corruption investigation dubbed "Operation Steal Pier."

The pleas, from Councilman Ramon Rosario and former Councilman Gibb Jones, came just five weeks after the former president of City Council in Atlantic City pleaded guilty to similar charges.

In separate hearings before U.S. District Court Judge Joseph Rodriguez in Camden, Rosario, 48, admitted to accepting $14,000 in bribes in a cash-for-contracts scheme that was part of an FBI sting operation, and Jones, 79, acknowledged that he received more than $5,000 in bribes.

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On Aug. 30, Council President Craig Callaway and two others entered guilty pleas in the same corruption probe. Callaway resigned that day. Rosario announced yesterday that he also was stepping down.

"I apologize to the people of Atlantic City and to my family," Rosario said outside the federal courthouse in Camden yesterday after being released on $25,000 bail. "I made a mistake... . I'll take full responsibility, and I'll pay the consequences."

Both Rosario and Jones, who resigned from the council last month for health reasons, face prison terms of about two years. They are to be sentenced in February.

According to federal prosecutors, Rosario was caught in the same FBI sting operation that netted Callaway. The councilmen admitted accepting a series of payments from an FBI undercover agent posing as a Wall Street financier.

In exchange for the cash, Rosario promised to steer city construction contracts to Terry Jacobs, an Atlantic County contractor who was posing as an associate of the financier and secretly working with the FBI.

Both Jacobs and the undercover agent taped conversations in which the cash-for-contracts schemes were discussed.

Jacobs, who was originally a target of the FBI probe, began cooperating after he was arrested on cocaine-trafficking charges in January 2004.

He pleaded guilty to drug charges on the same day that Callaway and former Camden City Councilman Ali Sloan El pleaded guilty to extortion charges, admitting that they had accepted cash from Jacobs and the FBI undercover agent.

Rosario pleaded guilty to a one-count extortion charge alleging that he accepted a $5,000 payment on Aug. 31, 2004. But in details of the investigation outlined in court by federal prosecutors Thomas J. Eicher and Judith Germano, authorities charged that Rosario had received three additional payments totaling $9,000.

Jones, on the other hand, pleaded guilty to receiving payments of more than $5,000 from two individuals identified only as "businessman 1" and "businessman 2" in 2003.

Neither Eicher nor Germano would provide more details, but they indicated that the payments were not made by the FBI undercover agent. The charges stem from a "related" investigation, they said, adding to speculation in Atlantic City that at least two other businessmen had been targeted in the probe and had agreed to cooperate.

The guilty pleas are part of the FBI's "Operation Steal Pier," a play on words that evokes both a famous former Boardwalk landmark and the city's long-standing reputation for corruption.

3rd Prison Guard Pleads Guilty In Sex-for-contraband Scandal That Ended In Florida Shootout (AP)

Associated Press

AP, October 5, 2006

TALLAHASSEE, Fla. – A third prison guard charged in a sex-for-contraband scandal that ended in a deadly shootout between a corrections officer and federal agents pleaded guilty to mail fraud.

E. Lavon Spence told a federal court Tuesday: “I had sexual contact with inmates and brought in contraband.” He said that contraband included cigarettes.

In exchange for his guilty plea, the government dropped other charges including witness tampering, bribery and intimidation of witnesses.

Spence could face up to 20 years in prison, a $250,000 fine and three years of supervised released. Sentencing was scheduled for December.

He was arrested June 21 along with four other guards at the Tallahassee Federal Correctional Institution. A sixth officer, Ralph Hill, was killed in a shootout after he opened fire on federal agents. Justice Department special agent William “Buddy” Sentner was also killed.

The six were accused of a scheme in which guards paid female inmates for sex with alcohol, food, money and marijuana over a two-year period, and intimidated inmates and witnesses to ensure their silence.

Two of the guards, Alfred Barnes and Vincent Johnson, pleaded guilty to mail fraud in September. Two others, Gregory Dixon and Alan Moore, are scheduled to go to trial Oct. 30. Dixon's attorney filed a motion Friday to dismiss an indictment against him.

Judge Won't Throw Out Porn Case Against Karr (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

SANTA ROSA, Calif., Oct. 4 -- A judge declined Wednesday to grant a second request by the defense to dismiss the child pornography case against the onetime suspect in the JonBenet Ramsey murder case.

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John Mark Karr's attorneys had argued that prosecutors deliberately withheld information they learned from one of Karr's ex-wives. Lara Knutson had said she was not sure that the computer on which the images in question were found was working at the time investigators seized it.

A prosecutor said she had not deliberately withheld anything, and Sonoma County Superior Court Judge Rene Chouteau agreed, saying Karr "should have had knowledge of the state of the computers," making the defense's reliance on Knutson unnecessary.

Last week, a different judge declined to toss out the misdemeanor case after the defense sought a dismissal based on a loss of evidence.

Investigators have acknowledged they lost Karr's computer but said they found a "mirror image" of Karr's hard drive on a Sheriff's Department computer. Defense attorneys have since moved to exclude that evidence, but a judge has not heard arguments on that request.

The lawyers also want the judge to exclude a computer printout cataloguing the evidence found on Karr's hard drive and to invalidate the search warrant that led to the confiscation of the computer, saying investigators were relying on information from a confidential informant who was mentally ill and unreliable.

Chouteau is expected to hear arguments Thursday on those motions.

Defense attorney Robert Amparan revealed Wednesday that the printout showed that the computer had not been used since 1998, three years before Karr was charged in the pornography case.

Parents Of 21-year-old Charged With Kidnapping Bride-to-be (USAT)

By Emily Bazar

USA Today, October 5, 2006

Sometimes a bride or groom has second thoughts as the Big Day approaches.

In this case, it was the bride's parents.

Utah prosecutors have charged Julia and Lemuel Redd with kidnapping their daughter Julianna, 21, the day before her Aug. 5 wedding and driving her from Provo, Utah, to Grand Junction, Colo., to prevent her marriage.

They took her home the next day, after the wedding time had come and gone, Utah County Attorney Kay Bryson said. “You can't take an adult child against their will, even if you don't agree with the course of action or the path they're taking in their life,” he said.

Bryson's office filed the second-degree felony charges against the Redds with the support of their daughter. A few days after she returned, she married her fiancé, Perry Myers, 23.

Bryson doesn't think the bride's parents attended the ceremony.

The ordeal began Aug. 4, the day before the couple was to wed at the Salt Lake Temple of the Church of Jesus Christ of Latter-day Saints.

The Redds told their daughter they were taking her shopping. She later told investigators she realized something was wrong when her parents drove south instead of north toward the store, Provo Police Capt. Rick Healey said. They ended up about 240 miles away in Grand Junction.

“The bride-to-be discovered she wasn't going to be allowed to return,” Healey said.

When Julianna didn't show up for a dinner that night, Myers called police to report her missing.

The Redds and their daughter spent the night at a hotel in Grand Junction. The next day, Julianna told her parents that she agreed not to get married, Bryson said. “She was able to convince them she would not marry this young man if they brought her back,” he said. “She told them what they wanted to hear.”

As soon as they got back, though, Julianna “left with the groom-to-be, and from that point, I don't think there was a lot of contact” with her parents, Healey said.

The Redds and the Myerses did not return messages requesting comment. Utah's maximum penalty for kidnapping is 15 years in prison, but Bryson said that if the Redds are convicted or plead guilty, he doesn't expect them to go to prison. They would probably get probation and might serve jail time, he said. Their first court appearance is scheduled for Oct. 26.

Julianna said she hopes her parents get help.

“It has nothing to do with Perry,” she told The Salt Lake Tribune. “It was just problems our family has been dealing with our whole lives. Control issues. Communication issues.”

Limited Duty, Full-Time Pay (WP)

By Mary Pat Flaherty And Sari Horwitz

The Washington Post, October 5, 2006

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Anthony Medoro had troubles with his boss. His supervisor was "dictatorial and micromanaging" and undermined his self-confidence, Medoro said. The stress was so oppressive he couldn't bear going to work.

Medoro, then 44 and a D.C. police sergeant with 20 years on the force, filed for sick leave due to job-related stress. Medical staff noted that Medoro had long-standing problems with weight gain, high blood pressure and domestic strife that also could have accounted for his anxiety, but D.C. police administrators accepted Medoro's arguments and concluded that his stress came from his job.

That decision in 2002 put Medoro in a remarkable position: For more than a year, he did no work but collected his full salary of $71,000, tax-free. Medoro used none of his own sick leave and continued to qualify for raises, vacation time and credit toward his pension, personnel records show.

Medoro returned to a new assignment and a new supervisor in September 2003, but within a month, he filed another stress claim and then, a third. By then, the department had narrowed its definition of on-the-job stress and rejected his new claims.

Now a lieutenant in the 5th District in Northeast, Medoro is among hundreds of police officers who have collected full pay but not worked full duty -- some for years at a time. The gap left in the force prompted the city two years ago to tighten rules governing medical claims. Since then, the number of officers away from full duty has dropped. But with crime among the District's most pressing problems, police officials still struggle to keep enough officers on the streets.

More than 4 percent of the city's nearly 3,800 officers are unavailable for full duty because of injury or illness. After a string of homicides this summer, D.C. Police Chief Charles H. Ramsey spent $10 million in overtime and resorted to six-day workweeks and vacation restrictions to beef up police presence in neighborhoods. Last week, homicides spiked again.

The illness and injury claims have cost the city millions in salaries, medical care, disability payments and lost work hours. And the department's tolerance for long-running absences -- whether illnesses are genuine or exaggerated -- has left residents without the full police protection they were funding.

One officer who hurt his knee at the police academy without ever making it on patrol did limited work at full pay for five years. Another officer who injured his legs in an off-duty motorcycle accident earned full pay but worked partial duty for 14 years. Told he would have to retire, the officer made a videotape of himself running and said he was fit for work.

"Shame on us," Ramsey said, when asked to look over a collection of injury reports that his department had approved. "If you're going to fight crime, you have to have people on the street, and this problem means I don't have as many as I could."

In late 2003, 11 percent of the force was out, the equivalent of an entire police district. In the years since, Ramsey said, the department has made "good progress."

But some neighborhoods are still disproportionately affected. Early this year, for example, two areas of Northeast, including the Trinidad and Michigan Park neighborhoods, were without 15 percent of their patrol officers because of injury and illness, staffing records show.

Baltimore has driven the number of its unavailable officers far lower, and faster -- from 5 percent of its 3,200-member force a year ago to about 1 percent, according to the city's Office of the Labor Commissioner.

Within the D.C. department, some officers say they resent having to compensate for missing colleagues. But outside the department, the cases draw little scrutiny because decisions are made behind closed doors.

The Washington Post reviewed hundreds of public and private documents, including court cases, retirement hearing transcripts, medical assessments and police records since 2003. That review shows that officers with little or no chance of being able to patrol were kept on the force for years, preventing the department from hiring able-bodied officers to replace them. A cumbersome process caused long delays in forcing officers to retire. In a few cases, claims continued to be covered even after the department learned officers were lying about injuries.

The fastest-growing type of claim was from officers who said they couldn't work because of extreme stress. But of 135 stress cases reviewed by The Post -- all of those active in late 2004 and 14 more from court files and other documents -- the majority cited common workplace tensions. Only 12 cases involved a shooting or being threatened with a gun. Just four described a single traumatic event as the source of stress.

The remaining claims included officers who said they were too stressed to work because of arguments with colleagues, shift changes, disciplinary actions, the end of an affair with a supervisor or being forced to teach an unpopular class at the academy. Each of those claims was approved, and the officers received full pay while away from full duty for at least a year.

Despite tighter standards, the department still has a generous benefit "unheard of in private industry and public service," an internal department memo said. Commonly, employees on workers' compensation collect two-thirds of their salary and pay no federal or state income tax. But District officers hurt on the job who can't go to work collect all of their salary tax-free -- meaning they lose money by returning to work.

For years, officers were loosely monitored once they were off, records show. One D.C. officer on sick leave worked for a Pennsylvania police force until he was discovered by the District and submitted his resignation.

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Medoro, who described his job stress as "way beyond the commonplace," said the department paid little attention when he was on leave. "I could have fallen off the face of the Earth for the first six months I was off."'We've Been Too Easy on This'

Each day, on average, four D.C. officers file claims of illness or injury.

In addition to sick leave, the District allows recuperating officers to work limited duty, mainly doing clerical work and often for restricted hours. Those arrangements were meant to be temporary to give officers time to recover or, if they could not return to the rigors of regular police duty, to be retired on disability.

"The overwhelming majority do it right. They get hurt. They come in. They get treatment. They go back to work," said Ira Stohlman, medical services manager for the department.

Stephen M. Strader, however, never made it past being a recruit. In 1998, Strader injured his left knee during training runs. For most of the next five years, while still listed as a recruit, he delivered mail and did office work until he was forced to retire in 2004, records show. Strader did not respond to requests to discuss his case but, under the department formula, he is eligible for a lifetime tax-free disability payment of at least $19,278 annually.

Officer Debra A. Domino collected full, tax-free pay for 18 months while off work -- roughly $80,000, according to city pay records. She had been a crossing guard coordinator in the 6th District in Northeast but was reassigned to a beat in late 2002, a change she objected to. When she confronted her supervisors with her objections, their reaction added to Domino's stress, she said, and left her unable to work. Domino, 41, returned to full duty in July 2005 after being threatened with retirement, according to records.

Domino did not respond to interview requests, and police officials said they would not discuss individual cases. But Ramsey and others say the department's lax approach in the past rewarded underperformance.

"We've been too easy on this, and we would have been remiss if we let it continue," said Assistant Police Chief Shannon P. Cockett, who oversees human services for the department.

Under controls promoted by D.C. Council member Kathy Patterson (D-Ward 3) and adopted by the council, officers away from full duty for more than 172 work days in a two-year period are considered disabled and can be processed for forced retirement. The law took full effect in June 2005.

Officers who want to stay on the job must be capable of patrolling. If officers "can't do what we need . . . they should not be carried on the force," Cockett said. "This is not a lifetime hire."

In spring 2005, the department told 166 officers that they were approaching the 172-day cutoff and could be forcibly retired. Forty-three officers immediately said they would return to work, raising questions about why they had not done so earlier.

"Malingering is hard to prove," Cockett said. But those notices, she said, spurred "some miraculous recoveries."

" 'Miraculous' is cynical," said Gary Hankins, a former officer and labor consultant to the police union. "When the department holds an ax over people's heads, it could be forcing back officers who aren't ready to return but are afraid of losing their jobs -- and not doing them or the public much good."

The process remains complicated by multiple layers of review: Officials within the department initially decide whether a claim is job-related. Medical personnel on contract to the city at a police clinic determine whether an officer stays on sick leave, works limited duty, returns to full duty or should be considered for disability retirement.

An independent retirement board either orders a disability retirement or tells the department it must retain the officer.

The stakes are high, because injuries that are deemed to be work-related draw higher payments and free care from the clinic. The department recently fired an officer who forged the date on a clinic report to get more time off. A few officers have been so belligerent during clinic visits that medical workers asked for armed officers to be stationed outside their doors. One officer threatened physical retaliation if a medical staffer did not back up his injury claim.New Standards for Stress

When the number of unavailable D.C. officers peaked in 2003, one of every five was claiming stress as the problem, police records show.

Officers and the union attribute the stress to several factors, including poorly trained managers, heightened terrorism fears and the cumulative effect of a difficult job on an aging force.

But also, Cockett said, "word got out that you could get away with just about anything, and they thought there was a gravy train rolling, and they jumped on it. "

Department officials say it is difficult to separate officers who are slacking from those who are genuinely ill. "Once an officer cites stress, it's a hard one to knock down," said Diana Haines Walton, deputy director of human services. "It makes it really hard on commanders, because you can't risk it. You have to take the officer's account at that point."

Injury reports show that officers have been out on stress claims because they were facing investigation for wrongdoing. One cited personal bankruptcy. Another said that after she was reassigned to a new unit, she couldn't find her way to crime scenes. Still others said they were too stressed to work because their hours had changed.

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"If you're under investigation, it's supposed to be stressful," Ramsey said. "If you go out sick saying, 'My sergeant yelled at me,' that's juvenile, and trying to justify it is appalling. And we all were grown-ups when we took this job, and we get paid pretty darn well for it. So, c'mon, we're the police -- someone has to work midnights."

In mid-2003, Cockett ordered a review of the stress cases and concluded that a large number were workplace complaints that, even if legitimate, should not be resolved as medical claims.

The department then moved from having "no standard," in Cockett's words, to a much tighter set of rules. Now, stress claims can be approved as job-related only for officers who are assaulted or suffer a life-threatening injury on duty or those who kill or seriously injure someone.

The department reclassified 37 cases as unrelated to work. The officers then had to use their sick leave, pay for private medical care and pay taxes on their salary if they wanted to remain off.

From a high of 75 in 2003, the department has slashed the number of stress cases to five and ruled just one job-related, said Cockett, who calls that a success. But union officials say the department has gone too far.

The Fraternal Order of Police challenged the stress policy as illegal, and an arbiter ruled in the union's favor last year. The department has appealed that finding and in the meantime is sticking with its new standard.

"It's a draconian measure that gets the department out from under the hard work of delving into these case by case," said William B. Sarvis Jr., an attorney with the police union. "You penalize everyone because you suspect you have a problem with a few."

The requirement that the problem stem from a single incident ignores how stress builds in officers until it finally cripples some, said Beverly J. Anderson, a psychologist with the police employee assistance program. "The work can wear away until they reach a kindling point."A Fight Over Fairness

Pamela Bartles, who was injured on the job in 2002, is among officers who say the new rules forced them to battle for fair treatment.

Bartles was hurt when a police academy instructor grabbed her knee in a self-defense class, knocking her to the ground in an unsanctioned maneuver and leaving her with a torn ligament, according to testimony and medical records. Within weeks of the injury, Bartles, then 35, showed signs of depression and anxiety. She had been a runner and hiker, activities she had to give up even as she saw her future as an officer threatened.

Over four years, she had three knee surgeries. She was able to go back full time on patrol in the 7th District in Southeast -- for a total of six months -- until she was injured chasing a suspect and later fell after her knee buckled on stairs.

With her career in jeopardy, she experienced nightmares, insomnia and a racing heart beat, according to psychologists' reports. Her anxiety was ratcheted up when police supervisors docked her sick time, including time off for medical visits arranged by the police clinic.

In May 2005, with the new standards in place, the department notified her that she might be forced to retire. Within a week, Bartles overdosed on pills and was hospitalized. She overdosed three more times, according to the testimony of psychologist Mitchell H. Hugonnet at her retirement hearing. "Frankly, I fear for her life," he said.

Within hours of Hugonnet's testimony, the retirement board overruled the department, saying that Bartles's psychological problems had been caused by the job. And in a rare ruling June 30, the board found that the problems left her totally disabled. As a result, her lifetime disability payment of $37,666 a year is tax-free. Bartles is not working and continues to receive psychological treatment at the city's expense.

"I fought as long as I could," she said in a recent phone interview. "I consider what happened to me an assault. That was upsetting. I'm hoping my talking could help another officer or get someone to listen to them. But I feel like I wasn't strong enough. That's embarrassing."Continuing Challenges

Since the new law took effect, the retirement board has been overwhelmed, causing "a rapidly growing backlog of cases needing opinions," Alma L. Hicks, board chairperson, said in an e-mail.

Last year, the clinic sent 88 new disability retirement cases to the board, four times the number it handled in 2003, board records show. The number of hearings increased nearly fivefold. Staffing for the board -- officially known as the Police and Firefighters' Retirement and Relief Board -- has fallen from five to three in the past year.

Ramsey and other officials also acknowledge a loophole in the law: the 172-day rule applies to a single injury or illness, so an officer who claims a succession of injuries could be off work indefinitely.

Even with the tighter standards it remains difficult for the department to catch officers faking or exaggerating injuries. After a years-long hiatus, the department two years ago reinvigorated what it calls "casualty surveillance" within its internal affairs office. About 20 officers have been investigated, and at least six have been disciplined or fired, with other cases pending, said Assistant Chief William R. Ponton, who heads the office. The team has found officers moonlighting without permission and others playing basketball while they said they were too injured to work full duty.

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But surveillance is time-consuming, and the cases "are really hard to prove," Ponton said. "If we're looking at a guy who is supposed to be able to lift his arm shoulder-height but not over his head, is it then suspicious that we're watching him prune a tree?"

CIVIL LAW:

Privacy Group Sues FBI (AP-YBIZ)

By Dan Caterinicchia, Ap Business Writer

AP, October 5, 2006

Privacy Group Files Suit Against FBI Over Disclosure of Electronic Surveillance Programs

WASHINGTON (AP) -- A privacy advocacy group this week filed a lawsuit against the Department of Justice after the FBI failed to respond to a Freedom of Information Act request for records concerning electronic surveillance tools, including one that appears to have evolved from the now defunct Carnivore program.

The Electronic Frontier Foundation is seeking information on the DCS-3000 and Red Hook programs. DCS-3000 is an interception system that apparently evolved out of Carnivore, a system later renamed DCS-1000, that the FBI developed to read e-mails and other online communications among suspected criminals, terrorists and spies. But privacy groups and lawmakers complained that the FBI system had the potential to collect more information than allowed by a warrant.

A Justice Department Inspector General report in March said the FBI spent about $10 million on DCS-3000, which was developed "as an interim solution to intercept personal communication services delivered via emerging digital technologies used by wireless carriers" before any Communications Assistance for Law Enforcement Act (CALEA) solutions were deployed.

CALEA is federal wiretap law passed in 1994 that Internet phone companies and broadband Internet access providers must comply with by next year.

According to the same Inspector General report, the FBI spent more than $1.5 million to develop Red Hook, "a system to collect voice and data calls and then process and display the intercepted information in the absence of a CALEA solution."

The Electronic Frontier Foundation filed the five-page lawsuit Tuesday in the U.S. District Court for the District of Columbia after the FBI acknowledged receipt of the group's FOIA request in August, but did not respond within the time limit required by law.

"The lawsuit is to force the FBI to release information about this to the public," Marcia Hofmann, staff attorney for the Electronic Frontier Foundation, said Wednesday. She added that the group would be exploring further legal action in the coming weeks.

The FOIA response deadline is usually 20 working days, unless an agency asks for more time, but the FBI did not do that in this case, Hofmann said.

FBI spokesman Paul Bresson said it was the bureau's policy "not to comment on the merits of litigation wherein the FBI is a party."

The FBI performed a total of 13 Internet wiretaps in fiscal 2002 and 2003, but none used the software initially called Carnivore, according to bureau oversight reports submitted to Congress and obtained last year under a FOIA request by the Washington-based Electronic Privacy Information Center, a civil liberties group that criticized the surveillance software after it was first disclosed in 2000. The FBI also said then that the part of its budget containing information on the cost to produce Carnivore was classified, but outside experts estimated it to be between $6 million and $15 million.

Feds Recoup Nearly $1.5 Billion In Fraud Cases (HILL)

By Jeffrey Young

The Hill, October 5, 2006

An interdepartmental program designed to curb waste, fraud and abuse in federal healthcare programs will collect $1.47 billion as a result of criminal or civil cases brought in the most recent year reviewed, according to a federal report issued this week.

The Department of Justice and the Office of the Inspector General (OIG) at the Department of Health and Human Services (HHS) also announced that they jointly have deposited $8.85 billion into the Medicare trust fund since their joint program began in 1997.

Lawmakers, such as Sens. Chuck Grassley (R-Iowa) and Tom Coburn (R-Okla.), have repeatedly pressed federal agencies to do more to recover funds lost due to fraud and abuse.

DOJ_NMG_0076002

The defendants in the fraud and abuse cases outlined in the latest report range from individual schemers to some of the largest healthcare companies in the country.

Among the companies appearing in the OIG-Justice report are the drug maker GlaxoSmithKline, the pharmacy-benefit manager AdvancePCS, the clinic and lab services firm HealthSouth Corp. and the kidney-dialysis provider Gambro Healthcare.

Several individuals, small groups and small companies settled charges in a variety of cases, including several involving the illegal distribution of strictly controlled narcotic medicines and one person charged with selling a date-rape drug over the Internet.

The government won numerous multimillion-dollar financial settlements, including two worth more than $300 million, and individual defendants will serve prison sentences as high as 10 years.

The report reviews actions taken by the agencies in fiscal year 2005.

Budget hawks routinely maintain that addressing waste, fraud and abuse in federal programs is key to lowering the deficit. With massive and rapidly growing entitlement programs such as Medicare, Medicaid and Social Security, the need to take all possible steps to control spending is viewed as even more urgent.

Congress created the Health Care Fraud and Abuse Control Program in a 1996 statute that boosts the two agencies' budgets using dollars from the Medicare trust fund but directs them to return money attained through settlements, fines, recoveries and other penalties to the trust fund. The program is intended to coordinate the anti-fraud activities of federal, state and local law-enforcement authorities.

The program also is meant to provide guidance to healthcare companies and individuals doing business with federal programs on how to avoid running afoul of anti-fraud laws and regulations.

In FY 2005, the OIG and Justice spent $240.6 million from the Medicare trust fund to deposit $1.55 billion (including monies from cases settled in prior years but excluding funds from cases settled in FY 2005 that will be paid in future years).

In cases involving fraud in other federal healthcare programs, the funds are returned to the respective agencies. The federal government also shares money claimed in cases related to the jointly funded Medicaid program; the federal government's share totaled $63.64 million in FY 2005.

In addition to the $1.55 billion that went into the Medicare trust fund, other agencies received $23.6 million as a result of the Justice-OIG program's activities. The OIG got $9.4 million of that amount to cover the costs of its investigating, auditing and monitoring activities.

The Office of Personnel Management, which oversees federal employee and retiree health benefits, received $4 million, the Department of Defense's Tricare program for military service members and their families received $3.4 million. Other HHS agencies and the Department of Labor divided the remainder.

During the year under review, federal prosecutors secured the convictions of 523 people.

U.S. attorneys launched 935 new criminal investigations into healthcare fraud and have a total of 1,689 pending cases, while Justice began 778 criminal investigations for a total of 1,334 pending cases. Justice also participated in 266 civil cases.

Under federal law, private citizens — including whistleblowers — can file fraud and abuse lawsuits on behalf of federal programs and keep a portion of the financial settlements. In FY 2005, these individuals collected a total of $136.8 million.

Federal authorities had already announced all of the individual cases used as examples in the report but the document compiles the statistics for the fiscal year and offers a glimpse into the variety of schemes — alleged or admitted — employed in attempts to cheat dollars from the gigantic federal healthcare programs.

The HealthSouth settlement might be the best known. The company agreed to pay $327 million to settle charges that it had conducted three separate strategies to overcharge Medicare. Among the accusation levied by prosecutors was that the company tried to pass off to the Medicare program its expenses for a large corporate meeting held at Disney World in Florida.

Gambro agreed to a $310 million settlement over allegedly submitting false claims to Medicare and paying kickbacks to physicians who referred patients to Gambro facilities.

The largest individual prison sentence detailed in the report was 120 months for 17 felony counts. A Las Vegas-based individual, using a company the individual opened in Germany, had been selling the date-rape drug Rohypnol over the Internet. The government also seized the defendant's $285,000 home.

Another would-be Internet pharmacist was handed down a 51-month prison sentence in what the report describes as "one of the largest Internet pharmacy schemes ever prosecuted." The California man was convicted of using the web to sell counterfeit versions of prescription drugs, including erectile dysfunction medicines. The defendant's website also purported to include online consultations with nonexistent physicians.

U.S. To Stop Seizing Prescription Drugs Imported For Personal Use (WP)

By Christopher Lee

The Washington Post, October 5, 2006

DOJ_NMG_0076003

The federal government is scaling back its efforts to intercept personal prescription orders mailed from Canada and other countries, a step that could make it easier for consumers to obtain cheaper drugs from abroad.

Beginning Monday, the U.S. Customs and Border Protection agency will end an 11-month-old policy under which agents seized about 40,000 prescription drug packages at international mail centers as of July, said Lynn Hollinger, a spokeswoman for the agency. Under that policy, the government notified intended recipients by mail that the purchases violated laws against importing drugs.

"We were physically detaining it and destroying it," Hollinger said. "We're going to stop that part."

Starting next week, agents will focus on intercepting only counterfeit medicines, narcotics and illegal drugs, she said, and the Food and Drug Administration will resume the primary enforcement role on personal drug importation. Such importing of drugs is still illegal, she noted.

Before the seizure policy took effect last Nov. 17, federal officials tolerated small personal mail orders of medicines from Canada, generally interpreting U.S. laws against the importation of drugs as applying to wholesalers and distributors.

FDA spokeswoman Cathy McDermott said the agency had "limited resources" to devote to the importation of drugs for personal use but remains concerned about safety. In August, the FDA found that of 1,700 drug parcels purported to be from Canada and intercepted at airports in New York, Miami and Los Angeles, 85 percent actually came from other countries.

"Importing drugs from foreign countries is risky," McDermott said in a statement.

Still, for many Americans, the lure of Canadian drugs is strong because the Canadian government negotiates lower prices under its national health care system. Some members of Congress have been critical of the U.S. seizures, saying the government should target illegal drug traffickers rather than senior citizens seeking blood pressure and cholesterol medications.

Earlier this year, Sen. Bill Nelson (D-Fla.) persuaded the Senate Committee on Homeland Security and Governmental Affairs to investigate the seizure policy and its impact on consumers. Nelson, who with Sen. David Vitter (R-La.) sponsored legislation to block the seizures, called next week's change a "huge victory."

"For nearly a year, the White House has been punishing seniors for filling their prescriptions at lower Canadian prices," Nelson said in a statement. "Now it looks like the government is getting out of the business of harassing these consumers."

Congress last week decided to allow Americans returning from Canada to carry in a 90-day supply of prescription drugs for personal use. But the provision did not allow the drugs to be sent by mail.

Vitter has said he will block Andrew von Eschenbach's nomination as FDA commissioner until the Bush administration allows imports of some prescription drugs. It was unclear yesterday whether Vitter will now lift his "hold," and his spokesman did not return two calls seeking comment.

Ken Johnson, a senior vice president for the Pharmaceutical Research and Manufacturers of America, said the trade group remains "adamantly opposed to any attempts that would relax importation of drugs into this country outside of the FDA safety system."

"We shouldn't be playing Russian roulette with people's health," Johnson said. "We know that counterfeit drugs are pouring into Canada from countries like Thailand, China and Pakistan. People should be concerned when they either order drugs from Canada online or they bring them across the border. There's no way to guarantee their safety."

The end of the seizure policy comes as millions of Americans enrolled in the Medicare drug benefit are hitting the "doughnut hole," a gap in coverage during which seniors must pay 100 percent of their drug costs. It also comes about a month before the congressional elections as Republicans fight to retain control of the House and Senate.

Hollinger said neither event was a factor in the reversal, but she offered no concrete reason for the change in policy. "We want it to continue, but there's other parties involved and issues, so we've now modified the policy," she said, declining to be more specific.

Pressed for an explanation, Hollinger said: "I'm sorry, I don't have a comment. It's just that there's no easy answers here. . . . We are concerned that consumers receive safe and effective pharmaceuticals in this combined enforcement effort that we have with the FDA, and we are using our resources to most effectively do that."

Election Commission Alters Rule On Money Used For Recounts (NYT/AP)

By The Associated Press

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 (AP) — Changing nearly 30 years of election policy, federal regulators said Wednesday that money used to pay for vote recounts and legal challenges was subject to campaign finance restrictions on contributions and expenditures.

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The 4-to-2 decision by the Federal Election Commission affects House and Senate candidates as well as state parties. It could be especially significant this year when both political parties are bracing for potential postelection challenges to results in tight Congressional races.

"This is going to make them work a little harder to raise the money," said Ellen L. Weintraub, a commissioner and a Democrat, who offered a compromise to break a 3-to-3 deadlock. "But it's doable."

At issue was whether a 2002 campaign finance law that did away with unrestricted and unlimited giving to the political parties altered regulations adopted in 1977. The decision redefined those regulations.

The commission's chairman, Michael E. Toner, the commission chairman, and Hans von Spakovsky, a commissioner, both Republicans, voted against the compromise, saying that the campaign finance law applied only to the election, not recounts. Mr. Toner also objected to the timing of the change, noting that it came only five weeks before the Nov. 7 elections.

In making its decision, the commission recognized that recounts were expensive. As a result, the contributions that candidates raise from individuals for their recount accounts will not count against their fund-raising for the election. Under current law, a candidate can receive donations up to $2,100 from an individual for each election.

Now a contributor who had already reached the donation limit with a candidate could contribute also to the recount account.

Similarly, while the state parties would have to abide by the $10,000 contribution limits that apply to them, they would not have to live within limitations on spending for so-called coordinated expenditures with federal candidates.

As before, neither candidates nor state parties will be able to raise money from labor unions, corporations or foreign citizens.

CIVIL RIGHTS:

2 Plead Guilty In Fatal Cuban Migrant Smuggling Case (FINDLAW/AP)

AP, October 5, 2006

(AP) - KEY WEST, Florida-Two men have pleaded guilty to a 68-count indictment charging them with manslaughter and other offenses stemming from a Cuban migrant smuggling trip that resulted in a woman's death.

Heinrich Castillo Diaz, 28, and Rolando Gonzalez Delgado, 20, face a maximum of life in prison following their guilty pleas Tuesday in federal court. U.S. District Judge K. Michael Moore scheduled sentencing for Jan. 8.

A third defendant, 32-year-old Amil Gonzalez Rodriguez, decided to go to trial beginning next week. Gonzalez has said he is not a smuggler but was a migrant like the others who were intercepted about 4 miles (6.5 kilometers) south of Boca Chica in the Florida Keys on July 8.

The charges against the three include one count of involuntary manslaughter for the death of 24-year-old Anay Machado Gonzalez, who suffered a head injury after the 36-foot (11-meter) speedboat carrying her and 28 other migrants tried to evade Coast Guard vessels. The chase ended when the Coast Guard fired shots to disable the boat's engines.

Prosecutors claim that the Gonzalez Rodriguez orchestrated the pickup in Cuba by waving a flashlight to signal the boat. They say he tried to get another migrant to act as a human shield to prevent the Coast Guard from shooting at the engines.

"He's innocent," said his attorney, Irving Gonzalez.

Utah To Receive $900,000 To Combat Human Trafficking (DESERET)

By Deborah Bulkeley, Deseret Morning News

Deseret Morning News, October 5, 2006

Efforts to prepare for potential cases of human trafficking in Utah got a boost Tuesday with the announcement of nearly $1 million in federal grants.

The U.S. Department of Justice announced Tuesday that Salt Lake City and victim service organizations will each receive $450,000 for a new Human Trafficking Task Force.

The grants to Salt Lake City and nine other communities nationwide were announced at the 2006 National Conference on Human Trafficking in New Orleans. There are currently more than 32 such task forces nationwide, according to the Justice Department.

The Utah task force, expected to have its first meeting next month, will be a collaboration of local, state and federal law enforcement, and prosecutors along with victim service organizations.

While no case in Utah has risen to the level of federal human trafficking charges, there have been cases that prosecutors and human rights activists say have come close. And they say it's probably only a matter of time until Utah sees such a case.

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Melodie Rydalch, spokeswoman for the U.S. Attorney for Utah, said it's important to establish protocols for helping victims once they're rescued. There's an equal need, she said, to educate those who might come into contact with victims and not know it.

"One of the big needs is training of basically everyone from law enforcement to first responders to anyone who could be in a position to identify a case of human trafficking," Rydalch said. "We are convinced there are cases out there. We just need to look closer and ask more questions."

The majority human trafficking victims are women who are usually forced into prostitution, commercial marriages or occupations such as domestic work, according to a recent United Nations Population Fund report. As many as half of all trafficking victims are children, the report said.

"Human trafficking is a violation of the human body, mind and spirit," Attorney General Alberto Gonzales said in a statement. "For this vile practice to be taking place in a country that the world looks to as a beacon of freedom is a terrible irony and an utter tragedy."

Efforts to identify and prosecute human traffickers are being stepped up. The 79 convictions involving human trafficking in fiscal year 2006 were more than double the convictions the previous year, the Justice Department said.

Mollie Murphy Dale, community programs director for the Utah Health and Human Rights Project, said "it takes a lot of education and a lot of training" to adequately serve trafficking victims.

The Utah Health and Human Rights project is coordinating nonprofit efforts under the $450,000 grant, which is fiscally sponsored by the Tides Center, a San Francisco-based nonprofit organization.

The federal grants require $150,000 in matching funds from Salt Lake City, and the nonprofit organizations will also work to raise matching funds for their grant.

Reception of the grant by Salt Lake City will require approval by the City Council, said Mayor Rocky Anderson's spokesman, Patrick Thronson. He said the city had yet to receive an award document from the Justice Department.

Charges In Fatal Arrest Involving Seven (AP)

By John K. Wiley

AP, October 5, 2006

Spokane officers await FBI

SPOKANE — Spokane County Prosecutor Steve Tucker said Wednesday he will delay a decision on possible charges against police officers in a fatal arrest after learning that the FBI may have new evidence from its own investigation.

Tucker called a news conference to announce postponement of his decision on whether any of seven Spokane police officers involved in the fatal March arrest of Otto Zehm would face criminal charges.

The prosecutor said he had not yet made a decision but "was leaning toward" declining to file charges because of insufficient evidence when he learned recently of a parallel federal investigation.

"If they find something where I can make a charging decision under state law, we will. We will charge," Tucker told reporters.

The case has become a central issue in the re-election campaign of Tucker, a Republican, against Democratic challenger Bob Caruso.

The case also prompted an independent review of Spokane Police Department policies and procedures and resulted in changes in the way Spokane Fire Department paramedics treat patients involved in police scuffles.

The FBI said it may have new evidence from a witness interview and wants to review surveillance videotapes of the March 18 event in a Spokane convenience store, Tucker said.

Zehm, a 36-year-old mentally disabled janitor, stopped breathing and lapsed into a coma after being beaten, shocked with a Taser weapon and placed on his stomach for an extended period of time while hogtied. He never regained consciousness and died two days later.

Medical Examiner Dr. Sally Aiken ruled the death a homicide resulting from lack of oxygen to the brain as a result of heart failure while Zehm was being restrained on his stomach.

Tucker said the FBI told him its investigation will take at least 30 days to complete.

Race Cited As Boys Town Barrier (WT)

By Jim McElhatton

The Washington Times, October 5, 2006

Former D.C. Deputy Mayor Carolyn Graham told Justice Department attorneys that she felt there were racial undertones to community opposition on Capitol Hill against a proposed group home for children, new court records show.

DOJ_NMG_0076006

Miss Graham made her comments in a sworn deposition in connection with a civil rights lawsuit filed against the District by the Justice Department and the nonprofit Father Flanagan's Girls and Boys Home, which is known as Boys Town.

The lawsuit states that the District broke federal housing laws by discriminating against Boys Town by preventing it from opening a group home proposed more than five years ago for disabled children on Potomac Avenue in Southeast.

Citing opposition from city officials, Boys Town ultimately sold the property at Pennsylvania and Potomac avenues to a developer for a profit of about $8 million, court records show.

According to portions of her deposition made public last week in federal court in the District, Miss Graham quoted civic activist Ellen Opper-Weiner as referring to children to be served by the proposed Boys Town project as "these kinds of kids."

"Because I interpreted Ms. Opper-Weiner's comments to be racially loaded, I was greatly offended, and responded that I remembered a time when people who looked like me would not be welcomed in certain neighborhoods, in her neighborhood," Miss Graham, who is black, said in her deposition before Justice Department and Boys Town attorneys.

"She, in turn, explained to me that she had no racial intent associated with a comment, that, in fact, she had been a social worker, working on the lower east side of New York with special populations. And that was the extent of that conversation," Miss Graham said.

Miss Opper-Weiner, who is white, disputed Miss Graham's statement.

"Such a conversation never took place," said Miss Opper-Weiner, a founding member of the Southeast Citizens for Smart Development, which opposed the Boys Town project. "That kind of charge is absolutely absurd."

Miss Graham, who is running for president of the D.C. Board of Education, could not be reached for comment.

Formerly the District's deputy mayor for children, youth, families and elders, Miss Graham said in her February deposition that she encouraged the Boys Town project because too many of the city's foster children were living in Maryland and Virginia.

In response to questions concerning purported racial undertones to community opposition, Miss Graham testified that "it was just the whole tenor. Just everything associated with the opposition to the project."

However, Miss Opper-Weiner said Miss Graham "was never involved directly" in the project and that there was no racial component to the community's objections to the project.

"It was a zoning issue," she said.

Excerpts of Miss Graham's deposition were among hundreds of pages of legal filings submitted by the Justice Department and Boys Town last week in response to a recent motion by the District for a summary judgment.

In its motion, the District argued that Boys Town and the federal government failed to prove that the District violated the federal Fair Housing Act by delaying project applications by Boys Town.

Boys Town sued D.C. officials in 2001 in a case that was later consolidated with the Justice Department's lawsuit, which separately sued the District two years ago.

In 2002, a federal judge dismissed Miss Opper-Weiner and Wilbert Hill, another community activist, as defendants in the case.

LULAC Investigates Man's Arrest (ARN)

By Celinda Emison

Abilene (TX) Reporter-News, October 5, 2006

The League of United Latin American Citizens (LULAC) is investigating an incident involving the arrest of a Brownwood man in May for possible federal civil and voting rights violations.

On May 13, Eddie T. Gomez, 34, was charged with two counts of aggravated assault of a public servant following an altercation with police that occurred during the municipal election at the Brownwood Coliseum annex.

LULAC voted to conduct the investigation during a meeting on Aug. 12, but did not issue a statement until Tuesday.

"It is hard to believe that in the 21st Century, a Hispanic and former Marine Corps Sergeant of the Gulf War and numerous other campaigns would be treated with such outrageous disrespect when exercising his right to vote," LULAC District 5 Executive Director Ruben Ramirez and Civil Rights Director Christine Salazar said a joint statement. "LULAC will be contacting the United States Department of Justice for a complete investigation of the violations of Mr. Gomez's voting rights and civil rights." The case goes before the Brown County Grand Jury today, and Gomez could face a felony indictment. Michael Murray, 35th district attorney, confirmed Wednesday that the case will be presented today.

"There has been a thorough investigation by the Texas Rangers, and all sides have had an opportunity to present their evidence in this case," Murray said.

As show of support for Gomez, members of the Hispanic community in Brownwood are planning a peaceful demonstration the Brown County Courthouse today as the case goes before the grand jury.

DOJ_NMG_0076007

According to reports taken by Brownwood police, Gomez was leaving the polling area when he got into an argument with Elections Administrator Suzy Young.

As he left the polling place, police say Gomez continued to yell at Young, and officers stepped in. Officer Brian Keith said he advised Gomez to leave.

Keith reported he told Gomez he was under arrest, and Cpl. Mitch Slaymaker then sprayed him with pepper spray. According to the report, Gomez struck Slaymaker twice in the face. Keith reported that Slaymaker hit Gomez twice with a baton. The report states the two officers asked Gomez to stop resisting, and when he did not, Slaymaker summoned help from witnesses to restrain him.

The altercation began when Young confronted Gomez about using a cell phone while in line to vote, according to the statement. Gomez was taken to the Brown County Jail following the incident and was also charged with criminal trespass, failure to identify to a police officer and disorderly conduct. He was released that day on bonds totaling $17,500. Gomez has no prior arrests or convictions according to Brown County officials.

The LULAC statement alleges Gomez was severely beaten during the altercation and suffered bruising all over his body as a result. LULAC officials are asking the Justice Department to question the competence of elections officials and charge that Gomez was provoked and threatened by elections officials and later assaulted by police and civilians.

According to the LULAC statement, Gomez is a decorated combat veteran who served in the Gulf War and was honorably discharged as a Marine Corps sergeant in 1994.

Gomez is 100 percent combat disabled, and a felony conviction could cost him his military benefits, according to Gomez' lawyer, John Lee Blagg.

"He is totally dependent on those benefits to support his wife and two children," Blagg said. "He earned those benefits by serving in combat in the Gulf War."

Gomez declined to comment on Wednesday.

Court Filing Says Worley Not Cooperating On Voter Project (AP)

By Bob Johnson

AP, October 5, 2006

MONTGOMERY, Ala. - Secretary of State Nancy Worley is not fully cooperating as Gov. Bob Riley attempts to comply with a court mandate to develop an overdue statewide voter registration system, the governor's attorney said in a federal court filing.

The filing Tuesday by the governor's legal adviser, Ken Wallis, complains that Worley at one point refused to cooperate with a committee set up by Riley to manage development of the voter registration system, saying she would only deal directly with the governor. The filing describes the way Worley later responded to a request for documents as "extreme inadequacy and non-responsiveness."

Worley said she is cooperating with the governor's office, but said she believes she should deal directly with the governor and not with individual members of the governor's committee.

U.S. District Judge Keith Watkins in August gave the Republican governor the title "special master" and put him in charge of developing the database, which is required by the federal Help America Vote Act. The judge's decision came after Worley, a Democrat, was sued by the Justice Department for failing to meet a Jan. 1, 2006, federal deadline for implementing the computerized file.

Watkins has given Riley until Aug. 31, 2007, to set up the statewide voter registration database. As part of the court order, Riley is required to file monthly reports with the court showing progress being made in setting up the file.

The October report, filed Tuesday by Wallis, says the governor's first priority is to conduct a public hearing to receive comments and suggestions from the public on implementing the project. The hearing has been scheduled for 10 a.m. Oct. 17 in the old House chamber at the Alabama Capitol.

Much of the six-page report deals with the efforts of the committee set up by the governor to work with the secretary of state on the project. The committee includes former Secretary of State Jim Bennett, and former state Finance Director Sid McDonald serves as chairman.

The report says the committee made a formal request to Worley for all documents and other items related to development of the voter registration system and gave her a specific deadline.

"One hour before the appointed time, the letter from the secretary of state was hand delivered to a committee member indicating, in substance, that the secretary of state would only deal with the special master," the report said. It said the governor then informed Worley that the court order requires her full cooperation.

Worley said she was initially contacted by an individual member of the committee, Trey Granger, and asked to provide him with documents.

"I said I would turn over the materials to the special master (the governor) because I was directed by the court to work with the special master," Worley said Wednesday. Granger is an attorney who previously worked in Worley's office and now helps supervise elections for Montgomery County.

Concerning the documents, Worley said her office has turned over everything that's available.

"I don't know what they think is missing. I guess they'll do anything to politically charge this and cast blame on me," Worley said.

Granger said the committee wanted to see records of what the secretary of state's office has done previously on developing the voter list.

"We felt like it was important to look at what had been done," Granger said. "We remain optimistic that information will be forthcoming."

Granger said the committee wants to make sure "we can provide voters of Alabama with an outstanding voter registration system."

Riley's communications director, Jeff Emerson, said the governor "is not seeking any conflict with the secretary of state. He's just hoping she will comply with the court order."

The report said the secretary of state later provided copies of four proposals made by vendors seeking to develop the voter registration list and a notebook kept by Granger, when he was her attorney.

The report also said that the governor learned from federal government officials that the state was eligible to receive a federal grant to provide "election assistance for individuals with disabilities," but that the secretary of state had decided not to apply for the money. The report said Riley as special master decided to apply for the grant and the state has been approved to receive more than $134,000.

Group Honors Noted Crusader Against Quotas (NYT)

By JESSE McKINLEY

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 4 — To celebrate the 10th anniversary of his best-known achievement, the friends of Ward Connerly, a crusader against affirmative action, did not buy him a cake, give him a party, or pop some Champagne.

They filed a lawsuit.

For the unacquainted, Mr. Connerly, 67, is the political godfather of Proposition 209, a 1996 ballot measure that prohibited state and local governments from using racial and sexual preferences in contracting, hiring and college admissions.

It is a role that earned Mr. Connerly, a wealthy black businessman, no small number of critics, as well as ardent supporters like the Pacific Legal Foundation, which filed suit on Wednesday against the Berkeley Unified School District. The suit accuses the district of using race to determine which elementary schools students attend and whether high school students have access to certain classes.

In announcing the suit, the foundation put out a news release calling it a way of “marking the 10-year anniversary of Proposition 209,” and the accomplishments of Mr. Connerly, whom Paul Beard, the lead lawyer for the case, called “the spokesperson for racial equality, in our viewpoint.”

But Michele Lawrence, the Berkeley district’s superintendent, said the suit was simply a retread of a similar case filed by the foundation three years ago and later dismissed by an Alameda County judge.

“I think they’re looking at trying to use Berkeley in response to their anniversary of 209,” Ms. Lawrence said. “But its more about celebration than it is about merit.”

For his part, Mr. Connerly, who was an outspoken presence with the University of California Board of Regents for 12 years before retiring in 2005, said the suit was yet another front in his fight against “the mythical goal of integration and diversity.”

He has kept busy since retiring, most recently lobbying in Michigan for a ballot measure similar to Proposition 209. And while Mr. Connerly said he thought the Berkeley suit would be victorious this time around, he sounded as though he might still have liked a cake. “There’s other ways I probably would have celebrated the birthday,” he said.

City Council To Settle 6 Lawsuits Against LAPD For Nearly $3.6 Million (LAT)

By Patrick McGreevy

The Los Angeles Times, October 5, 2006

The City Council agreed Wednesday to pay $3.57 million to settle six lawsuits alleging that Los Angeles police officers violated the civil rights of residents, including a man who was wrongly arrested and convicted for the murder of three women.

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David Allen Jones spent 11 years in prison before he was released in 2004, after the Los Angeles Police Department determined that DNA evidence linked another man to the deaths of 12 women — many of whom were prostitutes or homeless — including two that Jones had been convicted of killing.

The council agreed to pay $720,000 to Jones, with President Eric Garcetti saying that case and the others represented past problems with the LAPD.

"We have consistently voted for these settlements to make sure that justice is served and we turn a new page at the LAPD to win the public trust," Garcetti said after the vote.

Glen E. Tucker, the attorney for Jones, declined to discuss specifics of the settlement but said it was a fair agreement.

"The Jones family is satisfied with the settlement. It was a long time coming," Tucker said.

Although LAPD detectives came under criticism for arresting Jones, Tucker credited the department's Cold Case Unit with "getting the ball rolling that got Jones out" of prison.

Jones was convicted in 1995 of killing Tammie Christmas, Mary Edwards and Debra Williams and raping a fourth woman.

He was arrested after a much-criticized investigation into the possibility that a serial killer was involved in the deaths of more than a dozen women in South Los Angeles.

Jones was held even though there were no witnesses, no clues leading to Jones and blood evidence argued against his involvement.

A part-time janitor who one psychiatrist described as having the mental capacity of an 8-year-old, Jones was in jail at the time, charged with the attempted rape of a prostitute near the school where three bodies had been found.

He waived his right to a lawyer and was interrogated by police three times. He denied killing anyone, but admitted under the prodding of detectives to having sex and smoking crack cocaine with the victims at the places where their bodies were found.

Despite evidence that hair, blood and semen samples collected at the scenes did not come from Jones, he was convicted.

Authorities have since charged Chester D. Turner with killing two of the women. Turner has pleaded not guilty.

The council also voted 9 to 1 to pay $2.85 million to settle five federal civil rights suits filed by attorney Stephen Yagman on behalf of clients, including two men who said they were framed by officers involved in the Rampart Division police corruption scandal.

David Diaz alleged that Rampart officers fabricated evidence and conspired to obtain a false conviction against him for assault with a deadly weapon.

A settlement check was also approved for Louie Guerrero, who alleged he was wrongfully arrested by Rampart officers in 1997.

Councilman Greig Smith voted against the Diaz settlement. "I just thought it was inappropriate for us to settle," Smith said. "I think we should have continued to fight it. I think we would have won at the higher courts."

The council also settled a lawsuit by the family of Daniel Soly, who was fatally shot by the LAPD's Special Investigations Section. The unit, which often puts suspected robbers under surveillance, has been sued for watching as robberies occurred before stepping in and killing the suspects.

The lawsuit alleged that unit members violated Soly's rights when he was killed in 1995 after he and a partner robbed a Newbury Park liquor store.

Two cases brought by Yagman involving lawsuits against the department under the tenure of former Police Chief Daryl F. Gates also were settled.

Governor Declares State Of Emergency For Calif. Prisons (LAT)

By Jenifer Warren

The Los Angeles Times, October 5, 2006

Sacremento — Gov. Arnold Schwarzenegger on Wednesday declared a state of emergency in California's severely overcrowded prisons, a move his aides said would allow the transfer of inmates to other states without their consent.

Corrections Secretary James Tilton said Wednesday that prison crowding was so severe he could not wait. Tilton said it will allow him to skirt the state's cumbersome competitive bidding process, which will make the beds available more quickly. He said officials would begin by transferring volunteers and, if necessary, create more space later through mandatory transfers.

While overcrowding has long been an issue in the state's lock-ups, it has reached crisis levels this year, with most of California's 33 prisons packed to twice their intended capacity.

Of the 173,000 men and women behind bars, about 17,000 are bunking in areas not designed as living space. In addition to converted gyms, prisoners now sleep in hallways, lounges and in triple-decker bunks. For a time, the chapel at San Quentin housed convicts.

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"Our prisons are now beyond maximum capacity and we must act immediately and aggressively to resolve this issue," Schwarzenegger said in a statement.

Tilton said the state is poised to sign three-to-five-year contracts with private prisons in four states — Oklahoma, Indiana, Arizona and Tennessee -- that would provide 2,200 beds. He said he hoped to begin the transfers with 200 male inmates next month and continue transferring another 100 or more weekly after the screening process occurs.

Tilton said a recent survey circulated by authorities in the prisons suggested that as many as 19,000 convicts were interested in a voluntary transfer, though he cautioned that the number may not be solid.

Lawyers for inmates said that while they support voluntary transfers, they would challenge any involuntary moves, which they called a violation of state law that requires a convict's consent.

At the Prison Law Office, a nonprofit firm that has successfully sued the state on inmate health care and other issues, director Donald Specter called the emergency declaration "political theater" by a governor running for reelection.

"This is an idiotic thing to be spending time on, because the number of beds they will be able to find in other states will amount to a grain of sand on a beach," Specter said. "In terms of serious reform, there is nothing about this that makes sense."

Democrats also criticized the Republican governor, saying he had sat on his hands despite repeated warnings about the crisis. Last fall, for instance, the chief of adult prisons said in a memo that a "population crisis" was creating "an imminent and substantial threat to the public safety."

"If he had listened to his own people back then, we wouldn't be in this crisis," said Assemblyman Mark Leno (D-San Francisco), chairman of the Assembly Public Safety Committee.

Leno said the Schwarzenegger Administration could have alleviated the crowding through parole reform, specifically, by allowing thousands of low-level parole violators face sanctions in the community rather than returning them to prison.

Corrections officials said they have been working on short-term and long-term solutions to the crowding crisis, but noted that their plans were rejected by lawmakers during the recent special session Schwarzenegger called on prisons.

That session ended in August with legislators rejecting a $6-billion package of proposals from the governor, including forcible transfers out of state of 5,000 illegal immigrant felons facing deportation, and the use of private facilities in California to house 4,000 low-security inmates.

Schwarzenegger also proposed moving 4,500 non-violent female inmates — about 40% of the total of incarcerated women — to regional correctional centers.

Legislators described the governor's package as hastily assembled, and some Democrats said the mandatory out-of-state transfers could be unconstitutional. They asked the administration to return next year with a new set of proposals.

"It was apparent … that the governor's ideas weren't ready for prime time," state Sen. Mike Machado (D-Linden) said at the time.

Wardens and officers say the crowding makes a violent explosion a real possibility. Small disturbances already are routine throughout the system, resulting in the "lockdown" of entire prisons or certain housing blocks. Under lockdown, inmates are confined to their cells and denied privileges, including education, regular recreation time and visitors.

Recent projections show the prison population continued to rise steeply, with more than 23,000 additional felons expected over the next five years. By 2011, the forecast shows, California would have more than 193,000 inmates, equal to the population of the city of Irvine. Already, the state's incarcerated population is large enough to fill the Rose Bowl's seats more than two times over.

Poor, Black And Dumped On (NYT)

By Bob Herbert

The New York Times, October 5, 2006

Most of the carnage — the terrible illnesses and the premature deaths — is hidden.

“The people in those agencies who issue the permits, and then do very little monitoring and very little enforcement in our communities, they don’t go with us to the emergency rooms where the children are suffering from serious asthma attacks. And they certainly don’t go with us to the funeral homes where we bury people who are 40 years old and have died of cancer. They don’t see the terrible damage that this stuff is doing.”

Monique Harden, a lawyer and director of a human rights agency in New Orleans, was talking about a problem that will get no attention at all in the Congressional elections, which are primarily about foolishness and the compulsion to deceive.

The evidence has been before us for decades that black people, other ethnic minorities and some poor whites have been getting sick and enduring horrible deaths from the filth that they breathe, eat, drink and otherwise ingest from the garbage dumps, landfills, incinerators, toxic waste sites, oil refineries, petrochemical plants and other world-class generators of pollution that have been deliberately and relentlessly installed in the neighborhoods where they live, work, worship and go to school.

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Two colossal environmental debacles occurred, for example, in West Anniston, Ala., a neighborhood that is mostly black and mostly poor. A chemical plant conveniently located there produced thousands of pounds of potentially deadly polychlorinated biphenyls (PCB's) each year. For years after the danger was apparent, residents were left uninformed. Some were later found to have the highest concentrations of PCB's in their bloodstreams of anyone ever tested.

But the PCB's from the chemical plant were just one of many risks faced by the residents. In 2003 the military began burning deadly chemical weapons stored at the Anniston Army Depot in West Anniston. Emissions associated with burning chemical weapons include dioxins, PCB's, furans, heavy metals and trace amounts of nerve and mustard gas agents.

The Rev. Henry Sterling, a pastor in Anniston, told me with great sadness how he had buried his niece who had died from cancer when she was just 30, and then two days later had to bury two other women in their 20's, and then the following week two more women in their late 20's.

He added, "My secretary was from here, and she was just 32 when she died from cancer. We have young men dying, too. But during that short period it just happened to be all women. "

We've known — or should have known — since at least 1987, when a landmark study was published by the Commission on Racial Justice of the United Church of Christ, that wildly disproportionate numbers of hazardous waste sites have been placed in communities with large concentrations of black and Latino residents.

Since then an enormous amount of data has been compiled showing that government and industry alike have used black and poor neighborhoods as dumping grounds for the vilest and most dangerous of pollutants. You go to these communities, where the air can be thick enough to make you gag, and you find that the rates of cancer, heart disease, stroke and the like are off the charts.

The largest hazardous waste landfill in America is near the small, rural town of Emelle, in Sumter County, which is part of the so-called "black belt" of Alabama. It takes in hazardous materials from 48 states and some foreign countries. More than 70 percent of the Sumter County population, and more than 90 percent of the population of Emelle, is black.

The systematic placement of garbage dumps, chemical plants, oil refineries and other hazardous facilities in communities inhabited primarily by blacks and other disadvantaged groups is nothing less than an unconscionable extension of the devastating Jim Crow policies that have existed in one form or another, legally or illegally, since slavery.

More than 70 environmental, human rights and public health groups participated in a bus tour last week — dubbed "The Environmental Justice for All Tour" — that visited communities across the country that have suffered terrible damage from these blatantly discriminatory policies.

The tour was enthusiastically received at each stop, but got hardly any attention from the larger society. The message to blacks and others struggling with these hideous policies could not have been clearer: we are not in the least interested in you.

Censoring Ourselves Is No Way To Fight Terrorism (LAT)

By Timothy Garton Ash

The Los Angeles Times, October 5, 2006

ALMOST EVERY DAY brings a new threat to free expression. A French philosopher is in hiding, running for his life from death threats on Islamist websites, because he published an article in a French newspaper saying that Muhammad is revealed in the Koran as a "master of hate." A production of Mozart's "Idomeneo," which at one point displays the severed (plastic? papier mache?) head of Muhammad alongside those of Jesus, Buddha and Poseidon, is pulled off the stage of the Deutsche Oper in Berlin after an anonymous telephone call to the local police raises fears of violence. And that's just the last week.

Going slightly further back, there's the murder of Dutch filmmaker Theo van Gogh and the murderous hounding of Ayaan Hirsi Ali and Salman Rushdie. A British anti-fascist activist is beaten following the publication of his photograph and address on a far-right website called Redwatch. Animal-rights activists make death threats against medical researchers and their families. Sikh extremists force a play they dislike to be taken off the British stage. Christian extremists threaten BBC executives because they broadcast "Jerry Springer: The Opera." Need I go on?

Fanatiques sans frontieres are on the march. It's wrong to describe this as a single "war on terror"; our adversaries and their ideologies are so diverse. But if you think we are not engaged in a struggle against manifold enemies of freedom as potentially deadly as those we faced in the 1930s, you are living in a fool's paradise. In the first decade of the 21st century, the spaces of free expression are being eroded and — if we don't summon ourselves to the fight — will continue to be eroded.

The erosion comes in many different ways. Most obviously, there is violence or the threat of violence: "If you say that, we will kill you." This is dramatically facilitated in our time by the Internet, e-mail and cellphones. That French philosopher, Robert Redeker, went into hiding after an Islamist website called for him — "the pig" — to be "punished by the lions of France" as "the lion of Holland, Mohammed al-Bouyeri, did," and then gave Redeker's address, photograph and phone number. Bouyeri was the slayer of Theo van Gogh.

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Down the scale, there is peaceful public protest, sometimes with an implicit threat of violence. There are also other forms of less visible pressure, including the use of economic weapons — the boycott of Danish goods in some Islamic countries following the Danish cartoons scandal, for example.

Then there's self-censorship in the face of such threats. Chancellor Angela Merkel aptly described the Deutsche Oper's decision to pull "Idomeneo" as "self-censorship out of fear." But self-censorship can also flow from a well-intentioned notion of multicultural harmony, on the lines of "you respect my taboo, and I'll respect yours." And there are misguided attempts by democratic governments to ensure domestic peace by legislating to curb free expression. The British government's original proposal for a law banning "incitement to religious hatred" was a case in point.

The threats come from diverse quarters. It would be absurd to pretend that Islamist extremists are not among the current leaders in intimidation.

But the jihadists are not alone.

Even as I write, news reaches me of a friend, Tony Judt, a historian and outspoken critic of recent Israeli policy, finding that a talk he was to give about "the Israel lobby and U.S. foreign policy" at the Polish Consulate in New York was canceled after phone calls to the host institution from "a couple of Jewish groups," including the Anti-Defamation League, according to the Polish consul. Such phone calls are, of course, not comparable with death threats. But this is all part of a many-fronted, incremental erosion of free expression, even in the classic lands of the free such as the U.S., France and Britain.

What is to be done? First, we need to wake up to the seriousness of the danger. We need a debate about what the law should and should not allow to be said or written. Even John Stuart Mill did not suggest that everyone should be allowed to say anything any time and anywhere. We also need a debate about what it is prudent and wise to say in a globalized world where people of different cultures live so close together, like roommates separated only by thin curtains.

I believe, for example, that Redeker's article in Le Figaro was an intemperate and unwise one, with its claim that Islam (not just Islamism or jihadism) is today's equivalent of Soviet-style world communism, and his denunciation of Muhammad as a "pitiless warlord, pillager, massacrer of Jews and polygamist." But once the fanatiques sans frontieres respond by proposing to kill him, we must stand in total solidarity with the threatened writer — in the spirit of Voltaire.

Never mind that Voltaire probably never said exactly what is so often attributed to him: "I disapprove of what you say, but I will defend to the death your right to say it." This was Voltaire's spirit nonetheless. Too many recent responses in such cases, from the Rushdie affair onward, have had this syntax reversed: "Of course I defend his/her freedom of expression, but … "

Voltaire got it right: first the dissent, but then the unconditional solidarity. Now we are all called upon to play our part. The future of freedom depends on words prevailing over knives.

Timothy Garton Ash is professor of European studies at Oxford University and a senior fellow at the Hoover Institution at Stanford University.

ANTITRUST:

Court Weighs MedImmune Bid To Sue Genentech Over Patent (WSJ)

By Mark H. Anderson

The Wall Street Journal, October 5, 2006

WASHINGTON -- A Justice Department lawyer urged the Supreme Court to allow MedImmune Inc. to sue Genentech Inc. over the validity of a patent without first violating a licensing agreement between the two companies, a position several justices appeared to support.

MedImmune, a Gaithersburg, Md., biotech company, has been fighting patent claims by Genentech, of South San Francisco, Calif., over methods MedImmune uses to make Synagis, a drug designed to prevent respiratory-tract infections in infants. MedImmune, which says it signed the licensing agreement to reduce its exposure to patent-infringement claims, was barred from challenging the patent in lower courts.

The U.S. Federal Circuit Court of Appeals, a special patent court, ruled a company can't sue at the same time it has agreed to make royalty payments.

Deanne Maynard, an assistant to the U.S. Solicitor General, part of the Justice Department, urged the justices to strike down the Federal Circuit's ruling, arguing MedImmune was wrongly being denied a legal avenue to challenge Genentech's claims. "The parties here actually have a concrete dispute about the validity of the patent," she said.

The outcome of the case is important for companies that rely on few products or patents for revenue because it will determine how far companies can go in limiting their risks when challenging a patent. If MedImmune wins its appeal, companies will be able to pay royalties under protest until a court rules under federal declaratory-judgment laws on the validity of the patent.

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If Genentech wins, companies will have to refuse to pay royalties before they can challenge a patent, exposing themselves to patent-infringement claims.

The high court closely questioned both sides in the case with an eye toward the practicalities of licensing contracts, and a majority of justices sounded skeptical of arguments made by Genentech's attorney, Maureen Mahoney.

"The argument you just made really isn't relevant for us," Justice Anthony Kennedy told Ms. Mahoney after she said the licensing agreement was a compromise settlement that precluded court action.

Justice Antonin Scalia said the outcome of the appeal became clearer to him when he realized the licensing agreement between the two companies turned in part on whether the patent was determined to be valid.

Throughout the litigation brought by MedImmune, Genentech has maintained that one of several patent applications it licensed to MedImmune was approved in 2001 and required royalty payment on sales of Synagis.

A U.S. District Court judge dismissed MedImmune's case in 2004, saying it couldn't proceed because MedImmune was making royalty payments. The Federal Circuit upheld that decision in October 2005.

MedImmune Asks For Right To Sue (WP)

By Charles Lane

The Washington Post, October 5, 2006

A lawyer for MedImmune Inc. asked the Supreme Court yesterday to let the company sue to overturn a patent owned by Genentech Inc. on a component of MedImmune's blockbuster drug Synagis, even though MedImmune is paying royalties to use it.

The U.S. Court of Appeals for the Federal Circuit, which has jurisdiction over patent law, blocked MedImmune from suing in 2004, ruling that a 1998 deal that MedImmune agreed to with Genentech amounted to a recognition of its patent's validity, leaving no genuine conflict for the courts to resolve.

MedImmune maintains that it always questioned the patent, and agreed to license it "under protest" because its only alternatives were to give up a huge piece of business or face the threat of a triple-damages infringement suit by Genentech.

"What we are presenting in this case is a dispute about money," MedImmune's lawyer, John G. Kester, told the court. "It is not abstract. It is not hypothetical. It is not conjectural."

Comments and questions from the justices left little indication of how they might rule, with the court's main concern seeming to be that, even if the justices grant MedImmune a right to sue Genentech, patent holders might simply ask licensees to sign away their right to sue.

"At some point, either in this case or some later case, we may have to address the question of whether or not such a provision is enforceable," Justice Anthony M. Kennedy noted. "If it is, we may not be talking about much. It's just going to be boilerplate in every license agreement, and that's the end of it."

But Kester argued that the "licensee cannot, by contract, be [stopped] from challenging the patent."

That seemed not to convince Chief Justice John G. Roberts Jr. If firms could always sue over patents they had agreed to respect, he said, "How do you ever end these things?"

Genentech's lawyer, Maureen E. Mahoney, reinforced that point in her argument, saying MedImmune is essentially seeking the right to back out of a deal that both sides made in good faith, and that "it has been settled [law] forever that . . . an agreement for making payments pursuant to an agreement in the nature of a compromise, you can't come and say that it has been coerced or is some form of duress."

But MedImmune contends that a federal law enacted in 1936 permits a party to take a contract dispute to court without having to break the agreement first. It argues that the Federal Circuit's recent rulings, including its decision against MedImmune, reversed years of precedent that favored what some call the "pay and sue" strategy.

The case has potentially wide implications for other technology firms, since it will affect the ability of patent holders to deflect challenges to their monopolies over inventions.

MedImmune is supported in the case by the Generic Pharmaceutical Association and by the Bush administration -- which told the court in its brief that "there is a strong federal policy . . . in ridding the economy" of invalid patents.

Genentech is backed by the Pharmaceutical Research and Manufacturers of America, Qualcomm Inc., 3M Co., General Electric Co., Procter & Gamble Co. and DuPont Co.

Genentech is the world's top biotechnology company, with an estimated market capitalization of $88.3 billion. MedImmune, with a market cap of $6.9 billion and more than 2,400 employees, is the eighth-largest biotech firm in the world, measured by stock value, and by far the biggest in the Washington region.

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About 80 percent of its revenue comes from sales of Synagis, which prevents certain respiratory infections in premature babies. In 2005, worldwide Synagis sales exceeded $1 billion for the first time. Still, the company reported a loss of $16.6 million in part because of poor sales of its inhaled flu vaccine, FluMist.

Synagis is made with the use of an antibody synthesis technology on which Genentech holds a patent, known as the Cabilly II patent after the inventor Shmuel Cabilly.

The patent runs through 2018, though MedImmune says it is invalid and the U.S. Patent and Trademark Office is reviewing it.

Because of a confidentiality agreement with Genentech, MedImmune does not disclose how much it pays in royalties on Synagis. Kester said yesterday, however, that the quarterly payments cause "major injury" to MedImmune.

The case is MedImmune v. Genentech , No. 05-608. A decision is expected by July.

Supreme Court Hears Biotech Patent Case (AP-YBIZ)

By Stephen Manning, Associated Press Writer

AP, October 5, 2006

Supreme Court Hears Biotech Case That Could Expand Patent Lawsuits

WASHINGTON (AP) -- The U.S. Supreme Court on Wednesday heard drug maker MedImmune's patent dispute with biotechnology company Genentech, a case that could help determine the ability companies have to challenge patents in court.

The companies are fighting over a Genentech patent that MedImmune licenses for one of its top sellers -- Synagis, a children's respiratory drug with more than $1 billion in sales last year.

The original patent was set to expire this year, making it available for free. But Genentech Inc. of California acquired another patent in 2001 through a deal with another drug company holding a similar patent, extending it to 2018.

The case before the court Wednesday didn't deal with the merits of the case, focusing instead on whether MedImmune had a right to dispute the new patent in court under federal laws.

MedImmune Inc. of Gaithersburg, Md., filed a lawsuit in 2003, claiming the deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

MedImmune was using a "pay and sue" strategy under patent law because it didn't want to stop royalty payments and be liable for violating the terms of the license on the Cabilly patent. Named for the researcher that discovered it, the Cabilly patent is used by MedImmune to make Synagis.

MedImmune pays a set percentage of its Synagis sales to Genentech under the licensing deal. MedImmune spokeswoman Jamie Lacey would not reveal that percentage, but said each percentage point is worth $10 million.

In court filings, MedImmune contended it would be put at great risk of large financial penalties if it were forced to break a patent agreement to challenge what it thought was a bad patent. It was backed by the Justice Department, which said the dispute between the two warranted resolution in court.

Genentech countered that federal law does not allow companies to challenge patents without shouldering the risk of violating the deals.

"The reason they entered into this agreement was to avoid the costs and risks of litigation," Genentech attorney Maureen Mahoney said Wednesday of MedImmune's patent with Genentech.

Chief Justice John Roberts appeared to be concerned that companies could make continuous patent challenges if they were allowed to file lawsuits but not face stiff penalties for breaking license agreements by stopping royalty payments.

"How do you ever end these things? Let's say they have this dispute, they bring it to litigation, and they settle it," he said. "Instead of paying a license fee of 50 cents, it's going to be 40 cents, and we'll go on. Then they can sue again, I take it."

Patent attorneys said if the case is decided in MedImmune's favor, it could lead to a flood of patent lawsuits because companies could challenge patents without risking legal penalties. But Washington attorney Harold C. Wegner, who watched Wednesday's arguments, said Roberts did not seem convinced by MedImmune's case.

"The chief justice was very troubled by the idea," Wegner said. "What would stop the licensees from suing again and again?"

Along with legal action, the validity of the second Cabilly patent is still under review by the U.S. Patent and Trademark office. The office initially rejected the patent, but agreed to re-examine its decision.

Shaw Group Pays For Westinghouse Stake (AP-Y)

By Alan Sayre, Ap Business Writer

DOJ_NMG_0076015

AP, October 5, 2006

Shaw Group Inc., a provider of engineering and construction services for the energy, chemical and construction industries, announced Wednesday that it plans to pay $1.08 billion for a 20 percent stake in the group acquiring Westinghouse Electric Co., a producer of atomic power plant equipment.

Under the plan, Japan's Toshiba Corp. will own 77 percent of Westinghouse and the remaining 3 percent will be owned by Ishikawajima-Harima Heavy Industries Co. Ltd. Shaw said it would finance its part of the acquisition through a private placement of bonds.

Shaw also said Wednesday it would book a fourth-quarter charge related to cost overruns on a clean fuels project. The company, which did not specify the size of the charge, blamed the overruns on escalating expenses related to hurricanes Katrina and Rita, as well as delays. Shaw said some of the extra expense may be recoverable.

Toshiba agreed earlier this year to acquire Westinghouse, based in Monroeville, Pa., from British Nuclear Fuels Ltd. for $5.4 billion. Toshiba said Wednesday that it expected to complete the deal by the end of this month.

Toshiba said Wednesday in Tokyo that it had cleared all antitrust reviews and completed all the necessary regulatory filings in both the U.S. and the European Union as of the end of September.

During a conference call with analysts, Shaw chairman James Bernhard said the combination of Shaw's engineering and design services in the nuclear industry, along with Westinghouse's expertise in nuclear power equipment, would "help solve the world's long-term energy needs."

Under the deal, Shaw said it would get certain exclusive agreements for engineering, procurement and construction services on future Westinghouse AP 1000 nuclear power plants, the chosen design for 10 proposed new power units in the United States and four in China.

For the three months ended Aug. 31, Shaw now forecasts earnings from continuing operations between 15 cents and 18 cents per share. Analysts polled by Thomson Financial are looking for profit of 28 cents per share, on average. Consensus estimates typically exclude one-time charges and gains.

Shaw also issued guidance for the current fiscal year, pegging profit between $1.30 and $1.60 per share. That brackets the average Wall Street estimate of $1.53 per share. In addition, the company forecasts 2007 operating cash flow of $300 million to $350 million, and said it will report a record backlog of more than $9 billion as of Aug. 31.

Shaw said its fiscal 2007 guidance reflects the planned investment the Westinghouse acquisition.

Shaw Group shares rose $2.67, or 11.3 percent, to close at $26.33 on the New York Stock Exchange. The shares have traded in a 52-week range of $19.55 to $36.08.

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On the Net:

Shaw Group Inc.: http://www.shawgrp.com

EU Pledges More Trade Deals (AP)

By Aoife White, Ap Business Writer

AP, October 5, 2006

BRUSSELS, Belgium — The EU pledged Wednesday to pursue more individual trade deals to expand its links around the world and called on Europe to reject protectionism at home if it is to successfully sell its products abroad.

It insisted it was still committed to striking a global deal through the World Trade Organization and that bilateral agreements were an added extra that could strengthen rules and deal with issues such as investment, public procurement and intellectual property rights.

"We are talking about a wide, progressive process of boosting world trade, of keeping markets opening and putting in place strong bulwarks ... against protectionism," EU Trade Commissioner Peter Mandelson said.

The risk of nations becoming more protectionist has increased since the latest round of global trade talks fell apart over disputes on farm tariffs and subsidies, he said.

Mandelson set out a range of initiatives for the coming months, including a review of the EU's trade links with China, a re-examination of trade protection measures against illegal dumping, a push for trade partners to crack down on counterfeiting and asking EU companies to identify barriers they face to trade.

The aim is to keep Europe competitive as it calls for more investment in research and development to make products the rest of the world wants and patent protection to guard the fruits of that work.

European and U.S. business groups welcomed the EU's initiative. Europe's major business lobby, UNICE, said it would complement moves to create growth and jobs in Europe. The U.S. Chamber of Commerce said the plan would attack trade barriers, particularly in Asia, that affected American businesses as well.

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The EU is preparing bilateral trade deals with India and South Korea, as well as and laying the groundwork for agreements with other nations in South America and the Middle East. The goal is to keep trade links open even if a WTO deal proves impossible in the short term.

"Free trade agreements can build on WTO rules by tackling issues that are not ready for multilateral discussion and by preparing the ground for the next level" of global trade deals, EU Trade Commissioner Peter Mandelson said.

European Commission President Jose Manuel Barroso said last month that these deals would be more ambitious than the agreement the EU was trying to reach in the Doha round of WTO talks. They would call for other nations to open up government contracts to foreign companies and push open other sectors such as banking and telecommunications.

Mandelson said EU trade partners such as India were keen to open markets to help expand their economies and pull people out of poverty.

But if Europe is to lead this process, its work needs to begin at home, he said: "Europe's policy needs to be clear: rejection of protectionism at home; activism in opening markets abroad."

"There is no future for Europe that is looking inwards or is trying to cut itself or shelter from the rest of the global economy," he said.

Keeping Europe "ahead of the curve" means protecting European business interests abroad and making sure its exporters do not face unfair regulatory or antitrust barriers. Europe would open its markets to trading partners and demand the same from them "under gentle pressure," he said.

Op-ed: Eurocrats' Anti-competitive Agenda (WT)

By Dick Armey

The Washington Times, October 5, 2006

Two weeks ago, European Commissioner of Competition Neelie Kroes arrived in the United States on a mission of economic cooperation. Increasingly, however, that cooperation is hard to find, especially for American firms doing business in Europe. More often than not, the European vision of cooperation is capitulation, with American companies forced to accept onerous conditions or else abandon the European marketplace altogether.

Recent history provides a clear view of Europe's "not so competitive" competition policy. Apple recently ran into a buzzsaw in France over iTunes, and other European nations smell blood in the water. The European Union has blocked the merger of American companies such as GE and Honeywell and Sprint and MCI, and Microsoft has been under constant fire for its products in Europe. The problem is not that consumers are being harmed; rather, the problem is that European firms do not like the competition.

In the United States, the antitrust laws are premised on consumer harm. No consumer harm, no antitrust violation. Vibrant competition is the gold standard for U.S. authorities. Europe has a completely different take, as suggested by the fact that they require a "Commissioner of Competition." For Europe, managed competition is the ideal, with regulators taking an active role in designing the market and products that consumers ultimately can purchase. Dominant firms can compete, but not too hard. This world diminishes innovation for the sake of protecting big business, leaving consumers to bear the cost.

This distinction between Europe and the United States is more than a cultural quirk. It has substantial implications for American companies trying to survive in a global economy and a significant impact on consumers. Rather than consumer sovereignty, the European market is ruled by a web of regulations that undermines the efforts of American firms trying to design better products that attract customers.

The software industry is vibrant and dynamic. New applications and new products are constantly developed to meet growing consumer demand. Within this environment, Microsoft must compete by innovating and incorporating new features into Windows. Regulatory micromanagement by the European Union makes this business strategy all but impossible, as EU bureaucrats determine which features are "pro-competitive" and which are "anti-competitive."

Initially, European regulators determined that consumers would be better off if Microsoft did not bundle a media player with its operating system. Under orders from the EU, Microsoft stripped out the media player to release Windows N for Europe. The "N" might as well stand for "Not" — consumers had no interest in the downsized operating system, which accounted for only 0.005 percent of Windows sales.

Despite the lack of consumer interest in software designed by bureaucrats, EU regulators are threatening aggressive actions against Microsoft if it fails to incorporate its latest "designs" in its new operating system. As it prepares to launch its newest version of Windows, European regulators are again threatening to take action. Security problems have been a concern to anyone using the Internet, yet the European Union has warned Microsoft about bundling new security features with the products it sells to consumers. In a networked world, the diminished security capacity of computers in Europe would be felt globally. In

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addition, new handwriting recognition technologies in the operating system are being viewed as a threat, rather than a benefit for consumers.

Now, rather than worrying about innovation, Microsoft is bogged down in lengthy bureaucratic negotiations that threaten to delay the release of the new Windows. These regulatory skirmishes reverberate well beyond Microsoft, as computer manufacturers, investors and the broader technology industry hold their breath and await the outcome.

This issue gets to the heart of the European problem. The perceived threat is not to consumers, but to other companies that compete with Microsoft. When American companies begin to worry more about pacifying regulators than benefiting consumers, innovation takes a back seat to lawyers, legal fees and red tape. Firms become more adept at working the regulators than pleasing consumers, which may explain why European firms are struggling to compete for consumers in the first place.

Rather than listening quietly to European pleas for economic cooperation, U.S. officials should take the opportunity to expound on our own version of competition, which is a world dominated by consumers, not big business operating hand in glove with regulators. In an increasingly global marketplace, the United States cannot afford to capitulate to cooperate.

Dick Armey, who served as House majority leader between 1995 and 2002, is chairman of FreedomWorks.

GM Ends Renault-Nissan Alliance Talks (FT)

By James Mackintosh And Bernard Simon

Financial Times, October 5, 2006

General Motors, the world's biggest carmaker, called off talks on Wednesday with Renault and Nissan on a global automotive alliance after concluding that a proposed deal was skewed in favour of its French and Japanese rivals.

The failure of the talks clears the way for Carlos Ghosn, chief executive of Renault and Nissan, to open negotiations with Ford Motor, GM's Detroit arch-rival. Discussions are unlikely to start immediately, one person familiar with the situation said.

GM ended the talks following a long board meeting on Tuesday that decided unanimously it could not allow the Renault-Nissan alliance to take a 20 per cent stake and become the company's biggest shareholder without paying compensation to reflect its degree of control.

GM also wanted compensation to make up for the tilt in savings towards Renault-Nissan, which one person close to the situation said would see "billions of dollars" more benefits than the US company.

"The value was heavily skewed towards Nissan", GM's chief executive Rick Wagoner said on Wednesday "We needed to look at good value for GM shareholders."

He added that "Renault-Nissan made it clear they would not pay any market premium, nor compensate GM to balance the disproportionate impact of expected synergies". In addition, the proposed structure would have blocked GM from pursuing other alliances "without adequate compensation".

GM was nudged into the talks in June by Kirk Kerkorian, the octogenarian billionaire who is the company's biggest individual shareholder. His chief financial adviser Jerry York is a GM director.

Mr York joined the rest of the board in voting against the Renault-Nissan proposals. Nonetheless, Tracinda, Mr Kerkorian's holding company, said on Wednesday that a deal would have given GM "substantial synergies and cost savings".

"We regret that the board did not obtain its own independent evaluation of the alliance," Tracinda added.

The board was shown calculations by both sides of the benefits available, and the assumptions made that allowed Renault-Nissan to estimate savings for GM far higher than GM calculated itself.

Two investment banks, Goldman Sachs and Morgan Stanley, also made presentations on the structure of a possible deal.

The decision to end talks marks an expression of confidence by GM directors in Mr Wagoner and his plan for recovering from a disastrous $10.6bn loss last year.

Fritz Henderson, chief financial officer, said in an interview that the company was not looking for another partner. "We have a plan that we think is robust and will help get GM turned around," he said.

He said GM was unfazed by the threat of a Ford-Renault-Nissan alliance, which would leapfrog GM to become the world's biggest, and had not considered that as a factor in its decision to reject a tie-up.

Talks are now likely between Ford and Renault-Nissan, after a pause "to let the dust settle", one person familiar with the situation said. Mr Ghosn has repeatedly expressed an interest in adding a north American partner to the alliance.

G.M.'s Talks On A Partner Fall Apart (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, October 5, 2006

DOJ_NMG_0076018

Paris may be a city for lovers, but it is where General Motors broke up with Renault and Nissan. Officially, talks between the companies on a three-way alliance ended yesterday with a phone call from G.M.'s chief executive, Rick Wagoner, to Carlos Ghosn, who runs both the French and Japanese auto companies.

But any real chance for a deal ended a week earlier, when G.M. effectively demanded the equivalent of a dowry from the two other companies in a meeting at Renault headquarters in a Paris suburb.

G.M. executives seemed to be operating on the notion that the two other companies would enjoy great benefits from an alliance, and therefore wanted to be paid billions of dollars before going ahead.

That was untenable to Mr. Ghosn, whose fame had spread after the quick turnaround he achieved at Nissan, in which Renault holds a controlling interest.

Still, the two sides had continued the pretense that they would keep talking up to an Oct. 15 deadline — until Mr. Wagoner called Mr. Ghosn in Paris yesterday to bid him goodbye.

The call came a day after G.M.'s board voted unanimously to end the discussions, Mr. Wagoner said yesterday. Those votes to stop the talks included one from Jerome B. York, an associate of Kirk Kerkorian, G.M.'s biggest individual shareholder, who had pushed for the talks.

A joint statement issued by the companies said in part, "Renault and Nissan consider that the principle of compensation is contrary to the spirit of any successful alliance."

Mr. Wagoner said yesterday, "We all agreed the synergy levels were significantly in favor of Renault and Nissan."

G.M.'s chief financial officer, Frederick Henderson, said Nissan and Renault would have benefited three or four times as much as his company. He would not disclose dollar amounts discussed. "Whether you used our numbers or their numbers," Mr. Henderson added, "the skew was very substantial."

Mr. Wagoner said neither he nor anyone else at G.M. had misled Nissan and Renault into thinking that an alliance was imminent, even though officials at those companies had indicated the talks were going well. "I can see why they would have been excited," he said. "It would have been very good for them."

Although it appears that G.M. and Nissan-Renault had contrasting ideas from the beginning for how an alliance would be structured, Mr. Wagoner said that a difference of opinion only recently became clear. The companies first worked to determine the potential value of a partnership before discussing structure.

Mr. Ghosn declined to be interviewed yesterday.

With their brief dalliance over, Mr. Wagoner and Mr. Ghosn each face questions. In Mr. Wagoner's case, what will Mr. Kerkorian do? And for Mr. Ghosn, will Nissan and Renault turn next to the Ford Motor Companyfor a possible alliance?

Mr. Kerkorian, who began buying the first of his 56 million shares about 18 months ago, essentially has two choices, analysts said: increase his aggressive tactics in an effort to raise G.M.'s stock price or throw in the towel on G.M. and sell the shares.

In a statement, Mr. Kerkorian's Tracinda Corporation said an alliance "would have enabled G.M. to realize substantial synergies and cost savings, adding, "We regret that the board did not obtain its own independent evaluation of the alliance."

Mr. Kerkorian's choice will in turn affect the role of Mr. York as a G.M. director.

An automotive analyst at Merrill Lynch in New York, John Murphy, said he did not think that G.M. had heard the last from Mr. Kerkorian. Mr. Kerkorian attempted a hostile, and ultimately unsuccessful, takeover of Chrysler in 1994 with its former chairman, Lee A. Iacocca.

"I think Kerkorian will turn up the heat," said Mr. Murphy, who while not surprised that the alliance talks ended, was taken aback by how they fell apart, with Mr. York voting against a deal during Tuesday's G.M. board meeting. "I can't imagine, with his track record, that he backs off."

Mr. Kerkorian could wage a proxy fight against G.M.'s leadership, nominate new directors or try to build support among other shareholders, Mr. Murphy said.

All those actions became more difficult under bylaw changes the G.M. board approved Tuesday, although Mr. Wagoner said the modifications were in response to concerns raised at the last shareholders' meeting and not directed at Mr. Kerkorian.

Thus far, Mr. Wagoner has shown in these talks that he is an expert at getting his way.

He took only some of the actions recommended by Mr. Kerkorian's holding company. And he has fended off Mr. Ghosn, an executive whose luster helped camouflage his own companies' recent struggles.

Mr. Wagoner also threw down conditions that were all but impossible for Mr. Ghosn to accept.

G.M. wanted Renault and Nissan to pay a premium on top of its share price for a significant stake in the company, and it wanted the flexibility to conclude alliances with other companies, something that Renault and Nissan presumably felt would have been precluded by an alliance with G.M.

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The demand for the compensation payment was the deal breaker. Mr. Ghosn has called the idea “ridiculous” especially since the market value of his companies’ shares was higher than that of G.M.

A Nissan spokeswoman, Frederique LeGreves, reiterated those objections yesterday. Explaining why the deal fell apart, Ms. LeGreves said, “We had a fundamental disagreement on the compensation payment.”

G.M.’s executives said yesterday that they took part in the negotiations with an open mind and that they welcomed any opportunity to join a project that added value to G.M.

But while Mr. Ghosn clearly wanted a partnership on a grand scale, G.M. decided it was only interested in working with Nissan and Renault on a “project-by-project” basis, Mr. Wagoner said. Nissan and Renault have said they will not pursue any minor level of collaboration with G.M., according to Mr. Wagoner.

During the talks, G.M. consulted with two investment banks, Goldman Sachs and Morgan Stanley. As recently as last week, Mr. Kerkorian had pushed G.M. to hire independent advisers to analyze a possible partnership.

Mr. Wagoner said an alliance would have been a distraction to his company’s turnaround efforts, which executives say are gaining momentum. “We felt that the complexities of working with three companies could in fact slow us down,” he said.

Despite the view of some analysts that a request for a compensation payment was akin to the slur against the French icon Zinédine Zidane in this summer’s World Cup final, Ms. LeGreves said Mr. Ghosn did not take it to heart.

“I don’t think we are offended or shocked,” she said. “It’s a business decision.”

Whether Ford might be more open to a deal with Renault and Nissan is open to debate. In an effort to pull itself out of its own financial tailspin, Ford recently named a Boeing executive, Alan R. Mulally, as chief executive, meaning that Mr. Ghosn would be unlikely to get that job in an alliance.

But Ford, whose market share has been sinking all this decade, could use the small cars that Renault and Nissan have in their lineups.

Ms. LeGreves emphasized that Mr. Ghosn was not planning to approach Ford. But he does not have to, since he received an earlier invitation from William Clay Ford Jr., the company’s chairman, to hold discussions if things did not pan out.

What might happen first, said John Casesa, a longtime auto analyst, is a smaller deal that could involve joint car development, something Ford and Nissan did in the past with a minivan project that produced the Mercury Villager and the Nissan Quest. (The Villager has since been discontinued and Nissan now builds Quest on its own.)

That is less grand than what Mr. Ghosn’s companies discussed with G.M., but such a project could give them a chance to size each other up — and still leave time for Mr. Ghosn, 52, to succeed Mr. Mulally, 61, a few years hence, allowing him to finally run the three-part company he has envisioned.

Mr. Mulally, who had been accustomed to operating on a global scale at Boeing, might turn out to be a better personality fit with Mr. Ghosn.

Mr. Wagoner and Mr. Ghosn had some shared backgrounds. Both once worked in Brazil, and the two men could hold private conversations in Portuguese, Mr. Ghosn disclosed last week. Even though the two men spoke the same languages, they were never on the same wavelength.

How Wagoner Wins As Ghosn Alliance Talks Fail (WSJ)

By Monica Langley And Joseph B. White

The Wall Street Journal, October 5, 2006

The collapse of alliance talks between General Motors Corp. and partners Renault SA and Nissan Motor Co. marks a victory for GM Chief Executive Rick Wagoner, but it won't mean the end of consolidation talk or alliances among big global auto makers.

In a phone call yesterday morning, Mr. Wagoner and Carlos Ghosn, chief executive of both Nissan and Renault, decided the two sides were too far apart on the value of the potential tie-up and decided to stop the high-stakes talks which had been under way for two months, after an initiative by big GM shareholder Kirk Kerkorian. Mr. Kerkorian and his representative on GM's board, Jerome York, broached the idea of an alliance with Mr. Ghosn in late June and reiterated their support for it last week.

But in the end, Mr. York joined other GM board members in a unanimous decision to end the talks, GM said. Tracinda Corp., Mr. Kerkorian's investment company, said it regretted "that the board did not obtain its own independent evaluation," as it had requested. The billionaire investor and his advisers yesterday were considering their options.

On the call yesterday morning, Mr. Wagoner explained to Mr. Ghosn the multiple problems his management and board had with the alliance as proposed, said people familiar with the matter. Mr. Ghosn replied: "It's clear the two sides have completely different appetites for an alliance." Calling the payments totaling several billion dollars demanded by GM "contrary to the spirit of an alliance," Mr. Ghosn was blunt: "Let's just end it."

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Mr. Wagoner agreed and asked Mr. Ghosn if Nissan-Renault would issue a joint news release with GM, these people said. Mr. Ghosn agreed, adding that he wanted to conclude the talks "on cordial terms."

The collapse of the discussions reversed a rally in GM's stock. GM shares fell slightly, dropping nine cents to $33.32 in 4 p.m. New York Stock Exchange composite trading.

Pressure on auto makers to consider previously radical cost-cutting solutions remains intense. Detroit's three auto giants are struggling to make money and stop market-share losses in North America. Western European champions such as Renault are dealing with relentless attack from lower-cost Asian and Eastern European rivals. A slowdown in the U.S. economy could ratchet up pressure on GM, Ford Motor Co. and DaimlerChrysler AG to look for partnerships or alliances to share the burdens of developing more fuel-efficient engines or new kinds of vehicles.

Ford, for example, has said it is open to discussions with rivals about potential alliances, or deals to offload brands such as Aston Martin. DaimlerChrysler has said it is looking for a partner, possibly Chinese, to help it speed a new small vehicle to the U.S. market. GM already has alliances to share hybrid gasoline-electric drive technology with BMW AG and DaimlerChrysler.

In remarks prepared for his press conference, Mr. Wagoner said GM is open to the idea of pursuing individual projects with Renault-Nissan, similar to a commercial vehicle venture the companies already have. 5

The end of the discussions leaves Mr. Ghosn, one of the global auto industry's stars, to focus on boosting sales and profits at Renault, which has been losing share in Western Europe. In a statement yesterday, Renault and Nissan said the two companies still believe that there is a "significant value creation" to be had by "expanding its alliance to a motivated North American partner."

Investors have speculated that partner could be Ford, which is struggling with widening automotive losses. But in interviews in Paris last week, Mr. Ghosn said he is "not in a hurry" to initiate a new round of discussions. Ford spokesman Oscar Suris, asked if Ford might enter talks with Renault-Nissan, said "We're not going to speculate."

With the Renault-Nissan proposal off the table, Mr. Wagoner can now focus on persuading investors that his turnaround strategy for GM can start to deliver profits in the company's core North American auto business.

In his press conference, Mr. Wagoner argued that a Renault-Nissan deal "would have potentially been a distraction to our current turnaround efforts. For example, it unfortunately doesn't help in key areas like our huge U.S. legacy cost competitive disadvantage, and it could impede our fast-moving efforts to evolve to a global management system."

At a dinner Monday at GM headquarters, Mr. Wagoner and his chief financial officer, Frederick "Fritz" Henderson, presented their work on the potential alliance to GM's board, say people familiar with the matter. The executives said Renault-Nissan would gain three to four times more savings than GM. That is why Mr. Wagoner last week told Mr. Ghosn GM would need an "equalizing contribution," probably a multibillion dollar cash payment, to consider the alliance.

Mr. Wagoner focused on another big problem -- the possible block stock purchase by Nissan-Renault, these people said. Under Mr. Ghosn's alliance plan, Nissan and Renault, which is 15% controlled by the French government, would buy 20% of GM stock. Messrs. Wagoner and Henderson told the board its investment banks recommended GM obtain a "control premium" for such a block. Also they said GM should be entitled to a further premium because it would be effectively precluded from working on joint ventures with other auto makers.

After the late dinner, during which the slide presentations continued, several directors moved their conversations into the hotel lounge nearby and talked later into the night, said a person familiar with the matter.

The next morning, at the board meeting, discussions resumed. "There were no fireworks," said a person familiar with the matter. It became increasingly clear directors would support GM management. Many of them concluded that GM's turnaround had kicked in. Another common refrain: Mr. Henderson, who has been chief financial officer since January, is making a "hugely positive addition" on thorny issues including labor buyouts, Delphi talks and the agreed-upon sale of General Motors Acceptance Corp., this person said.

Mr. Wagoner recommended that GM tell Mr. Ghosn that it was open to pursuing specific joint ventures with Nissan-Renault, but that it would not pursue the alliance structure currently under consideration, said a person familiar with the matter. The directors unanimously approved the recommendation. There was one caveat: if Mr. Ghosn showed an interest in changing the structure of the tie-up, Mr. Wagoner must return to the board, according to people familiar with the situation.

Wednesday's developments appear to be a setback for Messrs. Kerkorian and York. At one extreme, Mr. Kerkorian could sell this stock for a profit and be done with the drama, but he is typically a long-term investor. At the other extreme, he could launch a proxy contest to replace the board of directors next spring.

Mr. York could resign from the GM board in the near future, if he decides that he can be more effective and less constrained. When Mr. York worked with Mr. Kerkorian more than a decade ago on Chrysler, he worked from the outside to force change. Ultimately, Mr. Kerkorian made a $3 billion profit when Daimler-Benz AG bought Chrysler in 1999.

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GM Won't Join Nissan, Renault (WP)

By Sholnn Freeman

The Washington Post, October 5, 2006

General Motors Corp. rejected an alliance with Nissan Motor Co. and Renault SA yesterday, contending that it still has the size and strength to fight on its own.

GM chairman and chief executive G. Richard Wagoner Jr. said joining an alliance would distract the automaker from its turnaround. He said at a news conference yesterday in Detroit that the board voted unanimously to terminate the alliance talks. Even board member Jerome B. York, an adviser to billionaire investor Kirk Kerkorian -- who instigated the discussions -- was in favor of ending them.

The unanimity was a surprise given Kerkorian's strong interest in a deal. He owns 9.9 percent of GM's shares through Tracinda Corp.

Ending the talks was a blow to Carlos Ghosn, who heads both Renault and Nissan. An alliance was seen by some as a ploy by Kerkorian to put Ghosn in a leadership role at GM.

Wagoner said GM has made a "shocking amount of progress" in executing its turnaround plans. In the past year, GM has cut billions of dollars in overhead costs, reorganized operations, cut employee medical and retirement benefits, sold large parts of the company and eliminated 30,000 jobs. Wagoner and the company's directors have also taken pay cuts.

GM lost $10.6 billion last year, the most since 1992. Most of the loss was in the company's North American division, where executives bet heavily on continued profits from large pickup trucks and sport-utility vehicles before the market stalled.

Gary N. Chaison, professor of industrial relations at Clark University, said GM is giving the impression that it has turned the corner. "All you can really say with any confidence is that they are not in as bad a shape as they were before," he said.

Chaison said GM's long-term performance will hinge on future dealings with labor. He said GM's portrayal of itself as strong enough to stand alone will make it more difficult to seek concessions from the United Auto Workers union next year during contract talks.

"They still have to go to the UAW and make the case for a special break," Chaison said. "This is going to be extremely difficult for them to do because the UAW is not in the mood for further concessions."

Wagoner said the advantages of an alliance would have unfairly favored Nissan, making it a bad deal for GM's shareholders.

Dominique Thormann, a senior vice president at Nissan's U.S. division, argued yesterday that GM negotiators did not understand the concept of an alliance. He said the discussions were terminated because of a fundamental disagreement on how to split up the billions of dollars that could have been saved.

In short, Thormann said GM was looking to get paid. GM wanted "equalizing payments," he said. GM asked for a "control premium" because company executives thought that by entering the alliance, they might lose the ability to make deals with other companies, effectively giving up control to chart GM's future. Thormann said the demands were contrary to the "spirit of the alliance."

"They are just seeing something in black and white and very easy to measure," Thormann said. "Ultimately, it's not a shared vision. They keep talking about short-term recovery. We are talking about the long-term -- a strategic vision. The alliance doesn't fix your short-term problems. It isn't what runs the company. The alliance just gives you a competitive advantage."

Ghosn and other executives have repeatedly said they saw value for all parties in an alliance. Executives also said a GM-Nissan-Renault alliance would create a company with the power to take on the growing worldwide clout of Toyota Motor Corp. Toyota reported a 25 percent increase in U.S. sales for September, as sales by most other major automakers, including Nissan, sputtered.

GM executives think they can take on Toyota on its own. Under the leadership of Robert A. Lutz, GM has consolidated all its international operations. That could mean the end to the costly overlap of product development, design and purchasing. GM consolidation is saving $10.2 billion a year, about the same as a GM-Nissan-Renault alliance was predicted to save.

For GM, a partnership with Renault and Nissan represented only risk and downside, said an industry executive, who asked not to be identified because of the delicacy of the talks. He said GM and Renault are big rivals in Europe. Nissan is a dangerous competitor in North America, where it, Toyota and Honda Motor Co. have been taking GM market share. An alliance could have entailed GM giving up factory space to Nissan, the executive said, and Nissan would have in turn "hit GM between the eyes with product."

"What was GM to do?" the executive said. "Take the lion in the den and get eaten in the process?"

In Palo Alto, Calif., yesterday, Nissan workers expressed relief that there would not be an alliance. "Look at GM's track record," one said. "GM would've taken everything we have."

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GM Drops Alliance Talks Over Lack Of Compensation (USAT)

By Sharon Silke Carty

USA Today, October 5, 2006

DETROIT — General Motors Wednesday called off its talks with Renault and Nissan about forming an alliance because the automakers couldn't agree on GM's demands for compensation.

GM's studies showed benefits of an alliance would be skewed in Renault and Nissan's favor, with the most going to Nissan, GM CEO Rick Wagoner said. GM wanted compensation for that and for the fact that an alliance would preclude GM from making deals with other automakers.

In the end, he said, an alliance "was not in the best interest of GM shareholders."

Nissan spokeswoman Frederique Le Greves said Renault and Nissan's analysis showed "there were good synergies for everybody." She said the discussions broke down over the additional compensation issue, "which is not really part of the alliance principle."

Wagoner said GM's board, meeting Tuesday, voted unanimously to back out of the discussions.

Board member Jerry York represents GM's biggest individual shareholder, Kirk Kerkorian. Kerkorian pushed GM to consider teaming up with Renault and Nissan, going public with the idea over the summer when he felt the automaker wasn't moving fast enough.

In a filing with the Securities and Exchange Commission last week, Kerkorian said he intended to increase his shares in GM from 9.9% to 12% and asked the company to consider hiring outside consultants to independently review the Renault-Nissan plan.

"We believe General Motors' participation in a global alliance with Renault and Nissan would have enabled GM to realize substantial synergies and cost savings," said Carrie Bloom, spokeswoman for Kerkorian's investment firm. "We regret that the board did not obtain its own independent evaluation of the alliance."

The board's unanimous vote is a sign of confidence in Wagoner and his turnaround plan, said David Cole, chairman for the Center for Automotive Research. The automaker lost $10.6 billion last year and $2.9 billion in the first half of this year, but many expect upcoming third-quarter earnings will be significantly improved.

"Obviously, the board has got confidence in him," Cole said. "They know where things are going. They see everything of importance. If they don't like the direction the company is going in, they're going to put a lot of heat on him. And they're not."

The door now is open for possible discussions between Renault-Nissan and Ford Motor. Carlos Ghosn, CEO of the French and Japanese automakers, said last week he would be interested in another North American partner if a deal with GM fell through.

Ford had no comment on possible talks.

GM shares closed down 9 cents to $33.32.

VW Buys Stake In Rival MAN, Girding For Tie-Up (WSJ)

By Christoph Rauwald, Stephen Power And Jason Singer

The Wall Street Journal, October 5, 2006

Auto maker Volkswagen AG said it acquired a 15.06% stake in German commercial-truck maker MAN AG, increasing pressure for a three-way tie-up between MAN, Swedish rival Scania AB and parts of VW's own commercial-vehicle business.

The stake is valued at about €1.5 billion, or about $1.9 billion, at market prices. Volkswagen, of Wolfsburg, Germany, said it doesn't plan to fully acquire MAN but bought a stake in the Munich-based company to secure its "strategic interest."

Volkswagen's move is the latest in a series of maneuvers that could accelerate consolidation in the global heavy-vehicle industry amid growing pressures such as stricter emission standards and an expected slowdown in demand next year for new trucks in key global markets. Last month, MAN made a hostile takeover offer for Scania of 442 Swedish kronor ($60.33) a share, valuing it at €9.6 billion.

A MAN spokesman said the truck maker is "very happy" with Volkswagen's investment because it gives the company a major investor with an understanding of the commercial-vehicle business. "VW is someone from our same industry and is basically in favor of our strategy," he said. "They understand us."

MAN officials yesterday didn't disclose how they would respond to Volkswagen's proposal, originally made last week, to include Volkswagen's Brazilian truck business in a combination of MAN and Scania.

A spokeswoman for Scania declined to comment on Volkswagen's announcement. A spokesman for Swedish investment company Investor AB, Scania's second-largest shareholder, said it remains focused on finding "the best possible way forward for Scania and its shareholders.... What that is, one will see."

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On Germany's Xetra exchange, MAN shares fell 7.5% to €68.44 ($87.10), while Volkswagen shares rose 1.3% to €68.85. In Stockholm, Scania's Class B shares rose 5.2% to 462 kronor.

Many industry analysts praised MAN's offer last month as a logical step capable of generating hundreds of millions of dollars in cost savings. A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB, of Sweden, and DaimlerChrysler AG, of Germany.

MAN's offer was later rejected by Scania's board as well as by Volkswagen, whose 34% of the voting rights in Scania makes it the largest shareholder. Volkswagen said its holdings in Scania are a strategic asset and that accepting MAN's bid "would not be in line" with VW's industrial interests. Investor AB also rejected the bid as too low, saying it "did not reflect the fair value and potential of Scania."

Last week, Volkswagen Chief Executive Bernd Pischetsrieder, who is also chairman of Scania's board, said he favored combining Scania and MAN with VW's Brazilian heavy-truck operations. Some industry analysts said the auto maker's decision to invest in MAN appeared to be intended to prod MAN's CEO, Hakan Samuelsson, to include parts of VW's commercial-vehicle business in a MAN-Scania combination.

In a research note yesterday, Stephen Cheetham, an analyst with Sanford C. Bernstein Ltd. in London, argued that "We believe VW is attempting with this stake to exert pressure on MAN management to do a deal on its terms."

A Volkswagen statement said its purchase of a stake in MAN should allow a "friendly and jointly developed solution" with "maximum synergies" -- and that it was a response to signs that third parties planned a hostile bid and is "not intended in any way to be hostile." The auto maker said it had acted in response to "indications in the market of a hostile takeover attempt of MAN by third-parties."

A spokeswoman for Volkswagen declined to elaborate on the statement, but people familiar with the matter said a resolution of its differences with MAN over Scania could come as early as next week, when Volkswagen is scheduled to hold a conference call with analysts.

With Vista, Microsoft Gets Tough On Piracy (WP/AP)

By Allison Linn, Associated Press

The Washington Post, October 5, 2006

SEATTLE, Oct. 4 -- In an effort to curb software piracy, Microsoft Corp. said Wednesday that people running an unlicensed copy of its future Windows Vista operating will initially be denied access to some of the most anticipated features of the operating system, including Windows Aero, an improved graphics technology.

If a legitimate copy is not bought within 30 days, the system's functions will be reduced further by restricting users to just the Web browser for an hour at a time, said Thomas Lindeman, Microsoft senior product manager.

Under that scenario, a person could use the browser to surf the Web, access documents on the hard drive or log onto Web-based e-mail. But the user would not be able to directly open documents from the computer desktop or run other programs, such as Outlook e-mail software, Lindeman said.

Microsoft said that it would not stop a computer running pirated Vista software from working completely and that it would continue to deliver critical security updates. Still, the much harsher tactics contrast Microsoft's earlier anti-piracy measures, which have involved instituting tougher piracy checks for Windows XP users who want free add-ons, such as anti-spyware programs. In most cases, these were seen as annoying rather than debilitating.

Analyst Roger Kay with Endpoint Technologies Associates said Microsoft has a right to curtail illegal distribution of its software. The new piracy measures, he said, "seem harsh only in comparison to how lenient it has been."

Nevertheless, Kay said he expects that the anti-piracy tactics will keep some people from upgrading to Vista from the current operating system, Windows XP.

"There will be an XP backlash, which is to say people clinging to XP in order to avoid this," he said.

Kay also does not expect the new piracy measures to be that effective against those who have built de facto businesses selling illegal Windows copies. But he thinks it will stop some lower-level piracy.

Windows Vista also will include more sophisticated technology for monitoring whether a system is pirated. For example, the system will be able to perform some piracy checks internally, without contacting Microsoft, Lindeman said.

Microsoft also is adding ways to more closely monitor for piracy among corporate users, who tend to buy licenses in bulk.

Microsoft plans to take similar measures with the forthcoming version of its Windows server software, dubbed "Longhorn," and to incorporate it into other products down the road.

The crackdown shows how much more seriously Microsoft has started taking Windows piracy, which for years has been extremely widespread in areas such as Russia and China. The Business Software Alliance, a software industry group, estimates that 35 percent of software installed on PCs worldwide is pirated.

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In recent years, the market for Windows, one of Microsoft's biggest revenue producers, has become more saturated. That has left the company eager to make money from users who may otherwise have obtained illegal copies of the operating system.

Cori Hartje, director of Microsoft's Genuine Software Initiative, said the company wants users to notice the difference between legal and pirated copies of Vista.

"Our goal is to really make a differentiated experience for genuine and non-genuine users," Hartje said.

After many delays, Microsoft is expected to release Vista to businesses in November and consumers in January.

ENVIRONMENT/INDIAN AFFAIRS:

FBI Executes Search Warrants On California Spinach Companies (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy News, October 5, 2006

SAN JOSE, Calif. - In a startling twist to the E. coli outbreak that has flummoxed federal and state investigators, agents for the FBI and FDA on Wednesday executed two search warrants on two Salinas area companies, saying they were looking for evidence of a crime.

The two companies were Growers Express of Salinas, Calif., and Natural Selection Foods of San Juan Bautista, Calif. - the company whose bagged spinach is at the center of the outbreak. It was unclear how Growers Express - which grows and packs produce in the western United States and Latin America - fits into the probe.

An FBI spokesman said agents from the bureau had been involved in the case "for quite some time."

"There's no indication this was tampering. There's no indication this was terrorism or anything like that," said Special Agent Joseph Schadler. But in a clue as to why the two businesses were raided, Schadler said there could be criminal violations if growers or distributors did not take steps required to ensure the spinach was safe.

Schadler said investigators may look into possible violations of environmental laws as well as parts of the federal Food, Drug and Cosmetic Act.

News of the FBI's involvement raised echoes of the 1996 E. coli outbreak linked to juice produced by Odwalla Inc., a Northern California company that was convicted on criminal charges for not preventing contamination of its products. The company paid $1.5 million after pleading guilty to 16 misdemeanors stemming from an outbreak that killed a toddler and caused dozens of others to become sick in several Western states and Canada.

Joseph John, the federal prosecutor in that case, said courts have ruled that food suppliers have "strict liability" in contamination cases, meaning they can be found guilty of a misdemeanor simply for distributing contaminated food across state lines, knowingly or not. The intent of the law is to make suppliers take responsibility for ensuring the safety of their food.

Depending on the statutes involved, Schadler said, authorities may not have to show intentional violation of the law to prove a crime. Still, he emphasized that that the U.S. attorney's office could end up filing no charges in the case.

The latest E. coli outbreak has so far killed one person and sickened at least 192 others in 26 states and Canada.

FBI and Food and Drug Administration officials were mum on what they might have found on Wednesday. But Charles Sweat, Natural Selection's chief operating officer, said agents had requested paperwork, including documents already provided to the FDA and the California Department of Health Services.

Bill Marler, a Seattle attorney whose firm is representing 93 victims in the E. coli outbreak, said the federal agents could have been looking for "missing quality assurance documents."

"It would be a problem for the company if they are lost or, worse, destroyed," he said.

In the statement, however, Sweat vigorously defended the plant's integrity and food-safety practices.

"All tests performed on our processing facilities, both those done by independent scientists and government investigators, have been . . clean," he said. "We continue to believe that the source of the contamination was in the fields from which we buy our spinach."

Sweat made a similar statement at a news conference last week at which he announced that all spinach, lettuce and other leafy greens entering the company's processing plant are now undergoing random sampling for E. coli, salmonella and other pathogens.

Several farmers said they were shocked to hear of the FBI's involvement.

"This is just very disturbing. Just the indication that they've taken this step is bad," said Andrew Cumming, president of MetzFresh, a spinach grower in King City and Salinas.

Many spinach growers have suffered severe financial losses since the contamination outbreak surfaced last month. "We've had a really bad two or three weeks now, and this just piles on."

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Cumming said "If something was done illegally, that's not the standard of our industry."

Officials at Growers Express did not issue any comment on the raids. The company grows and packs iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. It has 40,000 acres of fields in California, Arizona, Mexico and Peru.

While many food-safety cases are handled administratively, criminal prosecutions have increased since the Odwalla case. The exact cause of the spinach outbreak has yet to be found, but in the Odwalla case, authorities never determined the source of the contamination either. They suspected it originated in the feces of workers or cattle that had migrated into the orchards. While the government did not contend that Odwalla acted maliciously, it said the company failed to take adequate precautions. Odwalla has since started a flash-pasteurization process.

The same strain of E. coli was also implicated in a food contamination case involving hamburgers sold by Jack In the Box restaurants in 1993. No one was prosecuted in that case, linked to the death of four children in the Pacific Northwest.

Under the federal Food, Drug and Cosmetic Act, it can be a misdemeanor to distribute any contaminated food through interstate commerce. It can be a felony if authorities can show evidence of intent or a previous violation of the act. Penalties for a felony can include a $10,000 fine, three years in prison or both.

Authorities also have prosecuted farmers under federal clean-water laws and other environmental statutes.

In the same year as the Odwalla convictions, a California dairyman was convicted on misdemeanor charges after authorities accused him of dumping thousands of gallons of wastewater contaminated with animal feces and urine into nearby creeks.

Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis, said that kind of prosecution is "a really good deterrent" for other food producers who might be tempted to cut corners.

2 Produce-Packing Plants Searched In Spinach Probe (WP)

By Annys Shin

The Washington Post, October 5, 2006

Agents with the FBI and the Food and Drug Administration searched two produce-packing plants in California's Salinas Valley yesterday morning in connection with last month's outbreak of E. coli in fresh spinach that so far has sickened 193 people and killed at least one.

One search took place at San Juan Bautista facilities operated by Natural Selection Foods LLC, a processor linked to the outbreak, which last month recalled all of its spinach products. The other search was of a Salinas, Calif., plant operated by Growers Express LLC, a grower and packer that had not been previously associated with the outbreak.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," said Kevin V. Ryan, U.S. attorney for the Northern District of California.

"There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," he added.

The FDA last week declared spinach safe to eat again, after investigators narrowed down the source of the outbreak to 12 fields on nine Salinas Valley farms.

About two dozen FDA and California state health officials have been combing those fields for the past three weeks, looking for ways E. coli could have gotten into spinach crops. On Tuesday, California state health officials said they found a toxic form of E. coli in cattle feces collected near two of the farms, which they said was similar to the one implicated in the outbreak.

"We will continue to cooperate fully with the investigation and welcome all efforts to trace this problem back to its source," Charles Sweat, Natural Selection chief operating officer, said in a written statement.

Woody Johnson, Growers Express vice president of sales and marketing, said he had no idea why the FBI and the FDA had searched his company's plant, which he said does not handle spinach. Its Web site says it does, however, under the Farm Day brand. The company sells greens and vegetables under the Green Giant Fresh, Western Express and Challenger brands.

The FDA, which regulates the food supply except for meat and poultry, can levy tens of thousands of dollars in civil penalties for distributing across state lines "adulterated" food.

Federal prosecutors can also pursue similar criminal charges punishable by up to a year in prison and a fine of $1,000 for each violation. They don't have to prove the food was intentionally adulterated. "If you did it, you can be subject to these criminal and civil penalties," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

In 1998, the FDA imposed a $1.5 million fine -- one of the biggest fines it ever levied -- on juicemaker Odwalla Inc. in connection with a 1996 E. coli outbreak spread through apple juice that killed one toddler and seriously sickened at least 14 other children. In 2001, Sara Lee Corp. agreed to pay a fine of $200,000 after at least 21 people died and about 100 others became ill from eating products contaminated with Listeria monocytogenes.

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FBI Seeks E. Coli Clues At 2 Produce Firms (LAT)

By Michael Muskal

The Los Angeles Times, October 5, 2006

Federal agents today searched two Salinas Valley produce companies in connection with the nationwide E. coli outbreak, the U.S. attorney's office for the Northern District of California announced.

The searches were the first indication that authorities were looking at potential criminal charges in last month's outbreak of tainted spinach. At least one person was killed by the contaminated vegetables that sickened about 193 people in 26 states.

The FBI was joined by agents from the Food and Drug Administration's criminal investigations office. The warrants were executed at the Natural Selection Foods LLC plant in San Juan Bautista and at Growers Express in Salinas to see whether food safety rules were violated, according to a statement from the U.S. attorney's office in San Francisco.

There is no indication that the spinach was deliberately contaminated, U. S. Atty. Kevin V. Ryan said in the statement.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce. Moreover, the investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan stated.

Natural Selection packages spinach sold under more than two dozen brands. It was implicated in the spinach outbreak after bags of Dole spinach tested positive for E. coli. Growers Express grows and packs produce.

Last month, the federal government warned consumers not to eat fresh spinach after reports of contamination surfaced. Companies, including Natural Selection, voluntarily pulled the product from supermarket shelves.

The federal warning was lifted Sept. 29.

Agents Search 2 Spinach Facilities (USAT)

By Julie Schmit And Kevin Johnson

USA Today, October 5, 2006

Federal agents from the FBI and Food and Drug Administration searched two spinach-packing companies in California on Wednesday in connection with the outbreak of E. coli in fresh spinach.

The San Francisco U.S. Attorney's Office said warrants were served on Natural Selection Foods and Growers Express. Agents are investigating whether companies took appropriate safety measures, said U.S. Attorney Kevin Ryan in a statement. He also said there is no indication the spinach was intentionally contaminated.

FBI spokesman Joe Schadler said authorities are investigating possible felony violations of federal environmental laws.

The FDA said Friday that all spinach implicated in the nationwide outbreak traced back to Natural Selection Foods of San Juan Bautista. Calls to that company were not returned Wednesday. In a statement, its CEO, Charles Sweat, defended his plant's cleanliness. Natural Selection is now testing incoming product.

Growers Express, a grower and packer in Salinas, had no immediate comment. Until Wednesday, it had not been named in the investigation.

Also on Friday, the FDA said fresh spinach was as safe to eat as it was before the outbreak — except for products that had already been recalled and should no longer be in circulation.

Ryan said the investigation has not revealed any evidence of a new or continuing threat. But the news of the FBI involvement — and search for criminal action — comes just as grocers start to restock shelves with fresh spinach.

Despite the FDA's clearance, consumers may have to hunt for spinach. Some grocers, including Wal-Mart and Costco Wholesale, have yet to make plans to reintroduce fresh spinach. Other grocers have started but supplies may be limited. And major spinach processors say it'll take weeks or months to fully ramp up production.

“We'll be back into spinach, I just cannot tell you when,” says Jeff Lyons, senior vice president for fresh foods for Costco. Given the outstanding question of how the outbreak started, Lyons says consumers are still too wary.

Kroger, with 2,500 stores, expects to have packaged and bulk product in most stores by Saturday. Food Lion, with 1,200 stores, is aiming for early next week, if supplies are available, spokesman Jeff Lowrance says.

Publix, with 883 stores, could not give a time frame. It intended to get spinach from Canada, but the growing season was ending and product wasn't available, spokeswoman Maria Brous says.

Other Salinas Valley processors resumed production in recent days. Fresh Express, the leading packaged salad processor, hopes to be at full production within weeks, President Tanios Viviani says. It resumed processing on Monday. Viviani says it'll take time for customers to reassure themselves that their suppliers are good and for consumers to understand the safety of the product, despite the outbreak.

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River Ranch Fresh Foods resumed shipping spinach on Tuesday. It cannot say when it'll be at 100%.

"We're starting very, very slowly," company spokesman Barry Eisenberg says. Eisenberg says the company's primary customers, supermarkets, "are just not sure what the consumer response will be."

Whole Foods, a leading retailer of natural and organic foods, might provide cause for optimism. It resumed sales of fresh bunched spinach late last week in some stores. Weekend sales were almost at normal levels, spokeswoman Kate Lowery says.

US Opens Criminal Inquiry On Health Measures Taken By Spinach Growers (NYT)

By Gardiner Harris And Libby Sander

The New York Times, October 5, 2006

Federal investigators have opened a criminal investigation into accusations that some California spinach growers and distributors failed to take adequate measures to ensure that their spinach was safe before selling it.

Yesterday, agents of the Federal Bureau of Investigation and the Office of Criminal Investigations in the Food and Drug Administration carried out search warrants at Natural Selection Foods of San Juan Bautista and Growers Express of Salinas.

Natural Selection, a large distributor of fresh produce, had previously recalled its packages of fresh spinach. Its chief operating officer, Charles Sweat, said in a statement that all tests at the Natural Selection plant showed no contamination.

"We continue to believe that the source of the contamination was in the fields from which we buy our spinach," Mr. Sweat said.

A person who answered the phone at Growers Express said the company would not comment.

The criminal investigation is surprising in a scare that sickened 193 people in 26 states and Canada, resulting in the death of a Wisconsin woman and 98 being people hospitalized, the food and drug agency said.

All the victims had a virulent strain of E. coli bacteria, O157:H7.

With the focus of the investigation narrowing to spinach grown in the Salinas Valley, the agency told consumers last week that they could again eat fresh spinach.

Eleven bags of fresh spinach have tested positive for E. coli O157:H7, the agency reported yesterday. The United States attorney for the Northern District of California, Kevin V. Ryan, said investigators had no evidence that the contamination was deliberate or that it continued.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before it was placed into interstate commerce," Mr. Ryan said.

Investigators have also visited Primus Labs of Santa Maria, Calif., which performs routine testing for E. coli among growers, Juan Muniz, Primus operations manager, said.

Mr. Muniz refused to discuss the specifics of the inquiry but said one challenge is the lack of definitive rules on what is an unacceptable E. coli level.

"I can eat something where my immune system is not affected, but my son or my father — one or two colonies could affect them," Mr. Muniz said.

Growers usually ask Primus to test for general E. coli levels, Mr. Muniz said. If the results are a problem, growers may ask for follow-up tests that look specifically at O157:H7, Mr. Muniz said. But there is no definitive guideline for the level of general E. coli that would initiate the second test, he added.

Farm practices are governed by a voluntary code of good practices that tells growers to "maximize their efforts to minimize contamination," Mr. Muniz said.

"What does that mean?" he added. "It's complicated."

On Tuesday, a top California food safety official announced that eight fecal samples from cattle pastures near the affected spinach fields had tested positive for O157:H7.

"This is not really an unexpected finding," the official, Kevin Reilly of the Health Services Department, said. "We do know that E. coli O157:H7 can be found in healthy cattle, and that it is something that if we look, we are able to find it. The real thing here is to see if the strain type matches up with the outbreak strain."

Five companies have voluntarily recalled their spinach products since the outbreak was reported nearly three weeks ago. Natural Selection was first, recalling on Sept. 15 all products containing spinach. The company processes and packages spinach for more than 20 brands, including Dole, Nature's Basket, Trader Joe's, Ready Pac and Riverside Farms.

Another company in Salinas, River Ranch, followed two days later, having obtained some of its spinach from Natural Selection. In the next week, companies in Portland, Ore.; Seattle; and West Caldwell, N.J., recalled spinach products.

Some grocery chains began re-stocking fresh spinach last week, taking pains to show that the spinach was grown in places like Colorado and Canada. In the last 11 years, 20 E. coli outbreaks have been linked to "leafy products" grown in the region, including two related to spinach, Dr. Reilly said.

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FBI, FDA Search Spinach Facilities In E. Coli Probe (Update1) (BLOOM)

By Margot Habiby

Bloomberg, October 5, 2006

Oct. 4 (Bloomberg) -- FBI and U.S. Food and Drug Administration agents today searched two California spinach producers -- Natural Selection Foods LLC and Growers Express -- for links to a national outbreak of E. coli bacterial infection.

The FBI and the FDA's Office of Criminal Investigations executed search warrants at Growers Express in Salinas and Natural Selection in San Juan Batista, seeking evidence connecting them to the outbreak that has sickened at least 193 people in the U.S. and Canada and killed at least one person.

``There is no indication in this investigation that leaf spinach was deliberately or intentionally contaminated," U.S. Attorney Kevin V. Ryan in San Francisco said in a statement. ``We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce."

The FDA said on Sept. 29 that spinach on store shelves was again safe for consumption after it narrowed the contamination to products from Natural Selection. The vegetable grower and processor recalled its affected spinach products on Sept. 15.

Natural Selection spokeswoman Samantha Cabaluna didn't immediately return a call for comment. A spokesman for Growers Express, who declined to be identified, had no comment.

Growers Express's Web site says it sells spinach under its Farm Day brand. Its other brands are Green Giant Fresh and Western Express, though it wasn't immediately clear whether it sells spinach under the other two brands. None of the brands were specifically listed in recalls announced by the FDA during the past three weeks.

No New Threat

``The investigation has not revealed any evidence of a new or continuing threat to public health in connection with the matters under investigation," Ryan's statement said.

One adult died in Wisconsin, and the deaths of a child in Idaho and an adult in Maryland are being investigated in connection with the outbreak, according to the U.S. Centers for Disease Control and Prevention in Atlanta.

Ninety-eight people have been hospitalized in the U.S. in connection with this outbreak, and 30 have developed a type of kidney failure known as hemolytic-uremic syndrome. Seventy-one percent of those with confirmed cases of E. coli are women and girls, and 11 percent are children under 5 years old, CDC said in its latest tally, announced yesterday.

Compliance Questions

``I find it very surprising that they had such a big outbreak, and that makes me wonder if they were really in compliance" with current agricultural guidelines, Alejandro Castillo, an associate professor of food microbiology at Texas A&M University, said in an interview before the search was announced. ``Something makes me think that they were not."

In addition to making sure that irrigation water doesn't get contaminated and that manure is properly composted to prevent the spread of E. coli, it's important that growers see that workers have good hygiene, he said.

``Make sure that you have toilets for them and hand-washing facilities close to the fields with soap, water and towels," Castillo said. ``You need to clean and sanitize the field utensils" before workers touch them again, he said.

Wisconsin continues to lead the nation, with more than a quarter of the E. coli cases associated with the outbreak. Five states -- Wisconsin, Ohio, Utah, Indiana and New York -- account for almost 60 percent of the cases. Twenty-six states have reported confirmed cases.

California's Department of Health Services is conducting its own probe into the outbreak and is not a part of today's federal action, spokeswoman Norma Arceo said in an interview.

``We still have not found the source of the contamination," she said in an interview today. Arceo said the state has taken spinach samples from the growers that were served with federal warrants today, though she declined to provide further details.

FDA spokeswomen Susan Bro and Julie Zawisza didn't return calls for comment. The U.S. Justice Department, which oversees the FBI, deferred questions to Ryan's office. Luke Macaulay, Ryan's spokesman, didn't return a call for comment.

2 Firms Searched In FBI Spinach Probe (FINDLAW/AP)

By Paul Elias, Associated Press Writer

AP, October 5, 2006

(AP) - SAN JUAN BAUTISTA, Calif.-The FBI searched two produce companies Wednesday for evidence of a crime in the nationwide E. coli outbreak that killed one person and sickened at least 191 others.

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Agents from the FBI and the Food and Drug Administration used warrants to search a Natural Selection Foods LLC plant in San Juan Bautista and a Growers Express plant in Salinas to determine whether they followed food safety procedures.

"We are investigating allegations that certain spinach growers and distributors may not have taken all necessary or appropriate steps to ensure that their spinach was safe before they were placed into interstate commerce," U.S. Attorney Kevin Ryan said in a statement.

Federal officials do not think anyone at the plants deliberately contaminated spinach with the virulent bacteria and said the searches do not mean there is an ongoing or new threat to public health.

The searches were the first indication that authorities suspect a crime may have been committed in the outbreak that killed a Wisconsin woman, sickened people in 26 states and prompted the FDA to issue a two-week consumer warning on fresh spinach last month.

FBI spokesman Joe Schadler said authorities were investigating possible felony violations of federal environmental laws. He would not disclose what agents sought or seized at the two plants.

Natural Selection, which packages spinach sold under 34 brand names and supplies spinach to other food processors, was implicated in the E. coli outbreak after 11 bags of Dole brand baby spinach tested positive for the same bacteria strain found in people who feel ill after eating the leafy greens.

Natural Selection CEO Charles Sweat said agents requested paperwork, including documents already provided to the FDA and the California Department of Health Services. In a statement, he defended his plant's cleanliness.

"We have believed from the outset that our facilities were not the source of the contamination," Sweat said. "We have been concerned that the contamination may have originated in the fields where the product is grown."

Growers Express grows and packs produce, including iceberg lettuce sold under the Green Giant Fresh label and Farm Day packaged spinach. Until Wednesday, the company had not been named in the investigation of how the tainted spinach ended up in bags and on store shelves.

A representative for Growers Express did not immediately return a call seeking comment.

Since E. coli is found in animal and human feces, state and federal inspectors trying to pinpoint the source of contamination have focused on irrigation water, fertilization methods, worker hygiene and the proximity of fields to livestock.

Federal and state officials previously had said they had narrowed their search for the E. coli's source to nine farms in Monterey, San Benito and Santa Clara counties that grew spinach for Natural Selection Foods.

The federal Food, Drug and Cosmetic Act provides criminal penalties for companies involved in the production or sale of "adulterated foods," said Andy Weisbecker, a Seattle lawyer whose firm is representing dozens of people who got sick eating spinach in the last two months.

Companies can be convicted if they are shown to have been negligent in preventing tainted foods from entering the market, even if they were unaware of the contamination, Weisbecker said.

Associated Press Writer Lisa Leff in San Francisco contributed to this report.

BP Takes Royalty Fight To Court (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, October 5, 2006

WASHINGTON — Oil and gas company BP America took the federal government to the Supreme Court Wednesday, arguing that an effort by the Department of the Interior to recover higher royalties from BP for natural gas extracted from federal lands is limited by a statute of limitations provision in federal law.

The case stems from a letter written by Interior's Minerals Management Service in 1997, which sought to recover royalties from Amoco and other oil and gas firms. Amoco merged with another company in 2001 to form BP America. BP America's parent is the British petroleum firm BP.

The letter said that Amoco owed higher royalty payments due to a change in accounting rules that made it and other oil and gas firms liable for the cost of removing carbon dioxide from natural gas extracted from the San Juan Basin in New Mexico and Colorado. The letter said that as a result of the change, Amoco owed the government royalties of $4,117,607 for the period of January 1989 through May 1997.

BP, however, responded that under federal law there is a statute of limitations on such claims of six years. As a result, the government cannot recover royalties for the 29 months between January 1989 and May 2001, the company said.

Daryl Josefer, assistant to the Justice Department's Solicitor General, represented the government and argued before the justices that the statute of limitations only applies to judicial actions. The letter seeking increased royalties was an administrative action by a government agency, Josefer said, and therefore is not bound by the six-year limit.

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BP America's lawyer, Jeffery A. Lamken, a partner at the law firm Baker Botts, said a close reading of the law demonstrated that the statute of limitations also applied to administrative proceedings by the federal government.

Justice Antonin Scalia, for one, seemed to agree with some of Lamken's points during the oral arguments.

The wording of one section of the federal law in question "certainly suggests...it does apply to administrative proceedings," Scalia said.

"I could not have said it better, and I will not attempt to," Lamken said.

GAO: Feds Lose Money On Salvage Logging (AP-Y)

By Matthew Daly

AP, October 4, 2006

The federal government spent nearly $11 million to salvage timber from an Oregon wildfire in 2002, yet it stands to get less than $9 million from selling the wood, congressional investigators say.

The Bush administration and its Republican allies in Congress have said lawsuits filed by environmentalists caused delays that added to the cost of the fire.

The report by the Government Accountability Office acknowledged that the delays cost money, but said the administration's decision to dramatically increase logging, coupled with the size of the fire and the complexity of environmental laws, were actually to blame for the delays.

The study by the GAO, the investigative arm of Congress, was being released Wednesday. The Associated Press obtained a copy of it in advance.

The wildfire, dubbed the "Biscuit fire" because of its proximity to a nearby waterway, burned almost 500,000 acres in Oregon and California in 2002, making it largest wildfire in the continental United States since 1997.

Overall, 12 salvage sales in the burned areas were completed by the end of 2005, resulting in harvests of about 67 million board feet of timber, the GAO report said. The total was less than one-fifth of the 367 million board feet proposed for sale in an environmental impact statement issued by the Bush administration in 2004.

A board foot is the volume of a piece of wood 1-foot square and 1-inch thick. It takes about 10,000 board feet to build a modest two-bedroom home.

"Forest staff overestimated the timber available for harvest," the report said, adding that administration estimates that salvage logging would create about 6,900 local jobs and $240 million in regional economic activity now appear overly optimistic.

The Forest Service and other agencies have spent $5 million and expect to spend an additional $5.7 million on the salvage sale of wood and other related costs, the report said. Timber sales from the logging are expected to generate about $8.8 million in revenue, GAO investigators said.

While final answers are premature, "we would expect the actual economic results to be less than the (2004) estimate," the report said.

New Mexico Sen. Jeff Bingaman, ranking Democrat on the Senate Energy and Natural Resources Committee, said the GAO report demonstrated that the Bush administration overreached in its efforts to log large areas burned by the Biscuit fire.

"Taxpayers are going to have to spend millions more just cleaning up the damage from the logging than the government made from the timber sales," Bingaman said. "At the same time, promises of community fire protection, habitat restoration and scientific analyses remain unscheduled and unfulfilled."

The report comes as Congress considers a bill to speed up the logging of burned forests and planting of new trees after storms and wildfires. The bill, which has been approved by the House and is pending in the Senate, would order that federal land hit by disasters that involve more than 1,000 acres be restored within months, rather than years — before insects and rot set in, diminishing the commercial value of fire-killed timber.

The measure's co-sponsors, Reps. Greg Walden, R-Ore., and Brian Baird, D-Wash., call it a commonsense plan that will be good for the environment and the economy. They cite the Biscuit fire as a prime example of the need for the legislation.

Environmental groups and a majority of House Democrats oppose the bill, arguing that cutting large old trees and planting new ones makes forests more vulnerable to new fires and less valuable as habitat for fish and wildlife. They say it is better to allow forests to come back on their own.

Sen. Mike Crapo, R-Idaho, chairman of a Senate forestry subcommittee, has said he wants a vote on the logging bill before the end of the year.

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On the Net:

GAO: http://www.gao.gov

Information on the logging bill, H.R. 4200: http://thomas.loc.gov

DOJ_NMG_0076031

Interior Dept. Reports Computer Abuse (AP-Y)

By Jennifer Talhelm

AP, October 4, 2006

Interior Department employees aren't just using their computers to oversee parks and wildlife, an investigation found. They're spending thousands of hours a week visiting shopping, sex and gambling Web sites.

A report made public Wednesday on an internal investigation examining a week of computer use found more than more than 1 million log entries in which 7,700 employees visited game and auction sites.

More than 4,700 log entries were to sexually explicit and gambling Web sites.

The findings are "egregious" and "alarming," the department's inspector general, Earl Devaney, wrote in the report.

"Computer users at the department have continued to access sexually explicit and gambling Web sites due to the lack of consistency in department controls over Internet use," he wrote.

Devaney titled his report, "Excessive Indulgences." Its cover illustration is a photo montage of the types of Web sites employees have visited. One picture includes a shot of a woman's bare stomach.

Department officials say they are taking action to cut back on abuses by the agency's almost 80,000 employees with Internet access.

Devaney said in his report that he wanted to test the effectiveness of the department's rules on Internet usage. He looked primarily for visits to sexually explicit, gambling, gaming and auction sites because they are time-consuming and obviously not work-related, he said.

The investigation also found:

_A number of computers accessed sexually explicit Web sites for 30 minutes to an hour.

_One computer had 2,369 log entries at two game sites for about 12 hours.

_At least one computer accessed an Internet auction for almost eight hours.

Despite the findings, Devaney noted that since 1999, the department has taken just 177 disciplinary actions, 112 of which were for accessing pornographic or sexually explicit Web sites.

"Without strong and effective controls, we believe that this activity will continue and possibly increase," Devaney wrote.

In response, department officials issued a memo to all employees on Sept. 27 reminding them that some of the activities Devaney found "have significant legal and administrative consequences" and that violators could be fired or turned over to the police.

The department is working on blocking inappropriate Internet sites, the memo said. But it reminded employees that "just because an inappropriate site is not blocked does not mean that it is authorized for access."

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On the Web: http://www.doioig.gov/

Pollution Investigation Scours The Toilets Of The Upper Crust (USAT/AP)

By Noaki Schwartz, The Associated Press

USA Today, October 5, 2006

MALIBU, Calif. — Los Angeles County officials want to know who, or what, is responsible for the waste fouling the most star-studded stretch of the Southern California coast. Their investigation could lead them into the toilets of the rich and famous.

Environmentalists and health officials suspect that Malibu homeowners' leaky septic tanks could be allowing what gets flushed down the toilet to flow down the hills into Santa Monica Bay. To identify which tanks are to blame, authorities intend to use DNA testing and, if necessary, get warrants to inspect septic tanks, including those of Hollywood celebrities.

Malibu's spectacular seaside cliffs, canyons and beaches have attracted numerous environmentally minded celebrities such as Sting, Tom Hanks and clean-water activists Ted Danson and Pierce Brosnan. The city was incorporated in 1991 specifically to stop a county proposal to build a sewer line; residents feared that the sewer extension would encourage large-scale development. Today, there are about 2,400 septic tanks in the city of multimillion-dollar homes strung along 25 miles of coast.

Under pressure from Southern California environmental regulators, investigators will begin testing seawater over the next few months. If DNA shows that the waste is human and not from, say, raccoons or coyotes, they will follow the trail back through the creeks that run across Malibu neighborhoods.

Where the tests show a concentration of human waste, inspectors will seek the source by taking samples from septic tanks. Though they will not request DNA samples from residents to match waste with its human source, they may ask a judge for authority to inspect tanks of property owners who bar them from taking samples.

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"It is a big deal that the county is now saying, 'We're willing to go onto properties to see what the source of fecal contamination is,' " says Mark Gold, director of the environmental group Heal the Bay.

Malibu leaders and residents have pointed to an array of possible sources for the pollution, including a wastewater treatment plant, storm runoff and bird droppings. Actress and animal rights activist Pamela Anderson contends the real polluter is animal agriculture, such as chicken farms.

"When the results of these tests come back, I'll bet that once again we'll find that it's people's meat addiction, not their septic tanks, is causing this pollution," Anderson wrote in an e-mail.

County officials initially will focus on properties with heavier toilet use, such as restaurants and Barbra Streisand's old estate, which is now owned by the Santa Monica Mountains Conservancy.

In 1993, the singer donated her property to the conservancy, which has held weddings, conferences and public tours at the 22-acre estate. Conservancy spokeswoman Dash Stolarz said the site has a sophisticated septic system.

If county officials find suspect systems, they will inform the Los Angeles Water Quality Board. The board could fine homeowners or require them to upgrade systems.

Board President H. David Nahai says he is optimistic that residents will comply with the investigation. "The very cachet of Malibu and the high property values they enjoy are dependent upon a clean ocean."

House Panel Prods EPA To Speed Probe Of Pollutants, Abnormal Fish (WP)

By David A. Fahrenthold

The Washington Post, October 5, 2006

A panel of U.S. representatives criticized the Environmental Protection Agency yesterday for the slow pace of research on pollutants that may be causing male fish in the Potomac River to grow eggs.

In a hearing before the House Government Reform Committee triggered by a news report that the abnormal fish have been discovered in new locations, Virginia and Maryland lawmakers quizzed EPA officials about why their agency hadn't yet met a requirement from 1996, which ordered them to identify chemicals that disrupt hormone systems.

"Why is it taking so long?" asked committee Chairman Thomas M. Davis III (R-Va.).

Benjamin H. Grumbles, an EPA official overseeing water quality, said the job turned out to be much more difficult than first imagined and required federal scientists to create a set of tests from scratch.

"The agency is being as proactive and protective as we can," Grumbles said. "The science needs to drive the solutions."

Grumbles did, however, offer a promise that the EPA would try to accelerate its efforts, and he said he hoped that it could begin the process of testing chemicals for hormonelike effects by the end of next year.

Still, the delay was criticized by Rep. James P. Moran Jr. (D-Va.), who said the 1996 order was "timely, it was important, it should have been done."

The "intersex" fish, which were growing eggs in male sex organs or producing egg-related proteins, have been found throughout the Potomac watershed in recent years, including at one site near the Woodrow Wilson Bridge.

Scientists with the U.S. Geological Survey who discovered the fish believe the culprit comes from a class of endocrine disruptors. These chemicals, found in hand soap and waste such as sewage and runoff from farms, are chemically similar to natural hormones and can fool animals' natural signaling systems.

Even less well understood than the problems in animals are the consequences for human health. Lawmakers pressed for ways to explain the risks: Rep. Elijah E. Cummings (D-Md.) asked Gregory Masson, a scientist at the Fish and Wildlife Service, if he would eat one of the abnormal fish. Masson said yes.

Cummings also asked federal scientists to rate their concerns from one to 10, with 10 being the most alarming. Masson said seven.

Grumbles offered assurances that, so far, there are no links to human health problems. But he gave the problem an eight.

"Fish are sentinels," he said. "They are warning signs, and they need to be taken very seriously."

CAHOKIA: Suit Seeks Payback For Landfill Cleanup (SLPD)

St. Louis Post-Dispatch, October 5, 2006

The federal government sued 21 companies and a dead man's estate Wednesday in federal court in East St. Louis, asking them to pay back more than $3.5 million spent to investigate and partly clean up a landfill in Cahokia.

The suit says that in 1972-73, Paul Sauget and Sauget & Co. accepted various wastes from industries at the property, known as Sauget Area 2, Southern Site Q, situated along the Mississippi River. The U.S. Environmental Protection Agency pulled more than 3,700 drums and 17,000 tons of contaminated soil out of the landfill in 1999 and 2000 and then temporarily covered the site with soil, the lawsuit says.

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Soil samples show chemical, PCB and heavy metal contamination, and groundwater samples also show contamination by chemicals and heavy metals, the suit says.

As of May, the EPA and the Justice Department had spent $3.5 million and received no money from the companies, the suit says.

Under federal environmental law, the current owner, any former owners during the use of the property as a landfill and anyone who dumped waste there is potentially responsible for the entire amount of the cleanup.

The defendants include current owner Eagle Marine, Afton Chemical Corp., Union Carbide, Dow Chemical, Exxon Mobil, Mallinckrodt, Merck and the estate of Paul Sauget, who died in 2004.

Topping 2006 Ballots: Eminent Domain (CSM)

By Ben Arnoldy

The Christian Science Monitor, October 5, 2006

BOSTON

A backlash among voters this November against an unpopular Supreme Court decision on eminent domain could dramatically curtail the ability of officials to manage growth and development in parts of the western United States.

Libertarian activists, tapping into voter anger as well as outside money, have helped propel property rights referendums onto 12 state ballots - making it the single biggest ballot issue this November.

Most of the measures aim to overrule a 2005 US Supreme Court decision that homes can be seized and handed over to private developers. But in some Western states, the eminent domain issue is coupled with other far reaching provisions that would force governments to pay landowners when regulations harm property values.

At stake is the momentum of "smart growth" planning in recent decades that has provided public interests like open space and environmental protection at the expense of private property owners. Supporters of the changes say they want those costs made transparent, while opponents argue that individual property rights, if unfettered, will trample on the rights of neighbors and the collective good.

"Urban growth boundaries, agricultural protection ordinances, wetlands regulations, historic district rules - just about any kind of land-use rule would be more vulnerable to litigation if the [regulatory takings] measures were adopted," says John Echeverria, executive director of the Georgetown Environmental Law and Policy Institute in Washington. "[The West] would be a lot more polluted, it would be a lot more congested, and it would be a lot less green if these measures were enacted."

Prior to the high court's decision on eminent domain in Kelo v. New London last year, Oregon, in 2004, enacted Measure 37, a law requiring local and state governments to compensate landowners when regulations decreased the value of their properties. Ballot initiatives in California, Arizona, Idaho, and Washington are loosely based on Measure 37. If governments cannot pay, some measures call for granting individuals exemptions from the rules.

In Oregon, the 2,446 claims already filed with the state would cost more than $5.7 billion to reimburse, according to the Department of Land Conservation and Development. None have been paid, says Michael Morrissey with the department. "Measure 37 didn't identify any new revenue source to pay for claims. So that means for those claims we judge to be valid, the issue is only waiver of regulation."

Such waivers have created some unusual dilemmas.

In Clackamas County, a landowner used Measure 37 to get a waiver for agricultural zoning restrictions that prevented a commercial gravel pit operation. One neighbor suddenly faced the prospect of a rock crusher just a few hundred feet from his home.

Another neighbor, an elderly couple trying to sell their adjacent farm, saw a $1.3 million offer collapse on account of the proposed pit, says their son, Scott Lay. He had voted for Measure 37, but now finds himself ambivalent. He warns voters in other states to "really consider how far that measure could extend into the property rights of the neighbor. The impact doesn't stop with that property, it extends beyond."

In another case, a pumice mine and power plant may be built inside Newberry National Volcanic Monument in Oregon if one longtime landowner gets his way.

"If putting up mining operations in national monuments seems too bizarre to contemplate, look again at Oregon because that's what [voters elsewhere] could get," says Bob Stacey, executive director of 1000 Friends of Oregon, a land-use watchdog group.

Supporters of laws like Measure 37 cite the Constitution's Fifth Amendment, which prohibits taking private property for public use without just compensation. Land-use restrictions, they say, unfairly "take" part of the property's value without paying the owner.

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"By not compensating landowners ... you are essentially forcing a minority of landowners - the private property owners - to bear the cost of providing [a] public benefit," says Leonard Gilroy, a senior policy analyst with the libertarian Reason Foundation in Los Angeles.

In recent decades, land-use restrictions have burgeoned in many states as strategies to manage growth. Oregon stood at the forefront of that movement before Measure 37. Mr. Gilroy says the measure is an indication that urban planning isn't sustainable without incorporating property rights into the policy framework.

"Measure 37 was passed by the Oregon voters who still strongly support their state's system of land-use regulation. They've just realized that it's had these severe economic consequences on private property owners ... [and] they wanted to rebalance the equation," says Gilroy.

But critics of laws like Measure 37 argue that they create profound imbalances by putting the rights of a few developers over those of the great majority: homeowners. Zoning rules and other land-use protections, they say, protect the value of homes.

The court decision that evicted Susette Kelo from her Connecticut home has helped campaigners connect with voters.

"As soon as I brought up the little old lady in New London, Connecticut, it just clicked with everybody," says Eric Dondero, a libertarian Republican consultant from Texas who gathered signatures for Montana's 'Kelo-plus' ballot measure.

He received payments from an outside group chaired by New York City real estate magnate Howie Rich. "But there were a lot of people that wanted to read the whole wording and I said, 'Here it is.' And they would read everything."

Mr. Dondero says the regulatory takings aspect wasn't controversial for any of the voters with whom he interacted. But he did meet stiff resistance, he says, from local officials and other operatives whom he claims tried to physically block and intimidate signature gatherers.

Countercharges of signature-gathering fraud prompted a Montana judge to throw out the property rights ballot measure. Dondero denies that there were irregularities from his camp, noting also that out-of-state money was used to gather signatures for liberal measures. The case is under appeal.

Federal Court Dismisses Suit On Navajo Employment Preferences (AP)

AP, October 5, 2006

PHOENIX - A federal court has dismissed a U.S. Equal Employment Opportunity Commission lawsuit against a coal company and the Navajo Nation for alleged discrimination against other American Indians.

Navajo Nation President Joe Shirley Jr. on Wednesday commended the U.S. District Court here for upholding Navajo preference in employment but braced for a possible appeal.

The Sept. 30 ruling by federal Judge Mary Murguia dismissed EEOC's complaint against Peabody Western Coal Co. and the Navajo Nation and also entered a summary judgment on the merits in favor of the tribe.

The EEOC suit, filed in June 2005, contended that Peabody discriminated against two Hopi workers and a member of the Otoe Tribe.

Peabody, one of the world's largest coal producers, leases mining rights from the Navajo Nation for its Black Mesa mines in northeastern Arizona.

The EEOC sought punitive damages and guarantees from Peabody that discrimination will not continue against non-Navajo workers.

Under federal law, tribes and tribally owned businesses are allowed to restrict employment to their own members. Businesses on or near reservations can give preference to American Indian workers but not to a specific tribe, according to the EEOC.

Peabody has said in previous legal arguments that its lease agreements, which date back to the 1960s, require that preference be given to Navajo workers.

EEOC officials did not immediately return telephone calls for comment on the judge's ruling.

"I am advised that the EEOC can seek reconsideration or an appeal," Shirley said. "Whatever EEOC chooses to do, my instruction to the Navajo Justice Department is to do what it takes to defend the sovereignty of Navajoland."

FBI/DEA/ATF/USMS:

Bonds' Trainer May Get Out Of Prison (AP)

By The Associated Press

AP, October 5, 2006

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SAN FRANCISCO (AP) -- A federal appeals court ordered that Barry Bonds' personal trainer be released from prison Thursday unless a lower court reissues its contempt ruling for his refusal to testify against the Giants slugger.

Greg Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He also served a three-month prison sentence after pleading guilty to steroid distribution and money-laundering charges in the BALCO case.

Mark Geragos, Anderson's lawyer, has been demanding Anderson's release. The 9th U.S. Circuit Court of Appeals agreed Wednesday, giving U.S. District Judge William Alsup a day to issue another contempt ruling or to set Anderson free.

Alsup responded by setting a 9 a.m. Thursday hearing.

"I'm hopeful and optimistic about tomorrow," Geragos said Wednesday.

The U.S. attorney's office in San Francisco declined comment.

In its Wednesday order, the appeals court did not rule on the merits of Anderson's challenge to his latest contempt order. Federal rules of court prohibit a person from being imprisoned on a civil contempt charge for more than 30 days unless the charge is affirmed by a federal appeals court.

Anderson's latest stint in prison has lasted 36 days, and the San Francisco-based appeals court neither has upheld nor rejected the contempt order issued Aug. 28. A three-judge panel last week sent the case back to the trial judge to clarify the contempt order.

Authorities suspect Bonds might have perjured himself in 2003 when he testified before a grand jury investigating the Bay Area Laboratory Co-Operative that he never knowingly used performance-enhancing drugs. Bonds said Anderson gave him flaxseed oil and arthritic balm.

A new grand jury wants Anderson to address that statement, but Anderson twice has refused.

Anderson, who also had three months' home confinement as a result of his BALCO guilty plea, served 15 days prison in July for refusing to testify about Bonds.

Geragos also has said he will ask to withdraw Anderson's BALCO guilty plea on the basis that authorities built the case against Anderson on an illegal tape recording, an allegation prosecutors have denied.

BALCO Chemist Subpoenaed (CNN)

CNN, October 5, 2006

Steroid creator Arnold to appear before grand jury

Patrick Arnold, the Illinois chemist who created the designer steroid at the center of the BALCO scandal, has been subpoenaed to appear before the grand jury investigating San Francisco Giants slugger Barry Bonds, a source close to Arnold told SI.com.

The source said that Arnold received the subpoena and should appear in a San Francisco courtroom in the next few weeks. Arnold's lawyer, Rick Collins, would neither confirm nor deny that his client had been subpoenaed.

"I can't say anything on that subject," Collins said and declined further comment. Arnold also declined to comment.

What information, if any, Arnold possess pertaining to Bonds' alleged steroid use is unknown. In a story in this week's Sports Illustrated, Arnold details for the first time his involvement in the BALCO scandal. He discuses his relationship with BALCO founder Victor Conte, tells how he created THG -- the steroid reportedly used by Bonds, Jason Giambi and others -- and traces his rise in the supplement industry.

Arnold told SI earlier that he has no direct knowledge of steroid use by Bonds but did disclose that Conte updated him on the progress of the athletes he was doping, telling Arnold how they were responding to THG and a cocktail of other performance-enhancers. An ESPN.com story two weeks ago stated that Arnold had disclosed to a media outlet that Conte told him Bonds knew he was taking steroids. The story was later updated with that reference omitted.

In addition to supplying Conte, Arnold gave drugs to athletes and coaches not connected to BALCO and has long been concerned that federal prosecutors would force him to name them. In a plea agreement with the government negotiated last spring, he conceded that he manufactured three designer steroids, including THG, and was sentenced to three months in a federal prison and three months' house arrest.

But Arnold was not required to name the athletes and coaches he gave drugs to as part of that agreement. It is not known if a grand jury reportedly focusing on whether Bonds committed perjury would seek information about others who allegedly doped.

Arnold met with SI last month in Champaign, Ill., where he lives. The lab he co-owns, Proviant Technologies, is located near Champaign and continues to manufacture supplements. In addition to the disclosures in the SI story, Arnold talked about where he saw doping going now that there has been a crackdown on steroid use.

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"There is a future beyond steroids, and it's gene doping," he said. "It's the next step. The only way it can be detected now is through a muscle biopsy, though they may be looking for blood markers. They are making great advances, and how they keep that out of the hands of people with healthy muscles who use it for performance-enhancing reasons, I don't know.

"As drug and performance-enhancing science becomes more and more complicated, it is going to get to a point where you can't police it anymore. People might just have to stop taking sports so seriously."

Feds Raid Bay Area Pot Clubs (KGO)

KGO-TV, October 4, 2006

Federal drug agents yesterday raided eight locations, arrested 15 people and confiscated almost 5,000 marijuana plants. But their biggest catch was Sparky Rose.

Xavier Pena, D.E.A. special agent in charge: "We're alleging right now, he was the ringleader."

Authorities say the 36 year old was profiting from his non-profit medical marijuana clubs. ABC7 obtained the DEA's affidavit which shows the lucrative money trail.

Kevin Ryan, U.S. Attorney: "There is a connection to Los Angeles and the central district of California."

The criminal complaint said Rose first operated Compassionate Caregivers, a cannabis club in southern California and the Bay Area. Last year, police raided its store in Los Angeles. They were shocked at the amount of money the club was making.

At least $2 million dollars in 2004 alone. In December, authorities say Compassionate Care changed its name to New Remedies Cooperative. Early this year, DEA agents began surveying its huge indoor pot farm on Tennessee Street in San Francisco, which they raided yesterday.

PG&E records showed that New Remedies Cooperative paid enormous PG&E bills between February and April alone. Almost $58,000 dollars for electricity, ostensibly for 24 hour lighting to grow the plants.

DEA agents also began checking New Remedies' bank records. They found that in a seven month period between last December and July of this year, Rose's operation made cash deposits totaling millions of dollars.

Xavier Pena: "We're documenting over $2.3 million dollars in cash going out of this club. So it's ongoing trafficking. This is not in any shape of the word, a non profit organization."

The complaint says Sparky Rose was the largest recipient of the club's proceeds. In that same seven months period, he received checks totaling more than $300,000 dollars.

This affidavit also says Rose ran an Oakland based subsidiary called Potent Employment Solutions which trained and hired workers to grow the pot and run the clubs. Rose and the other suspects were arraigned today.

California: Marijuana Seized (NYT)

By Carolyn Marshall

The New York Times, October 5, 2006

Drug Enforcement Agency officials searched five Bay Area sites linked to a marijuana dispensary in the San Francisco Mission District on Tuesday, seizing thousands of plants and arresting 15 people, the federal authorities said. The dispensary, known as Compassionate Caregivers, was a distributor of medical marijuana to patients with prescriptions under state law. Selling medical marijuana, however, is illegal under federal laws, which have been cited in a string of raids and arrests in the Bay Area.

MARIJUANA RAID DEFENDANTS APPEAR IN U.S. COURT (BCN)

Bay City News Service, October 4, 2006

Fifteen people who were arrested in federal marijuana raids in San Francisco and Oakland on Tuesday were brought before a U.S. magistrate in San Francisco today for an initial appearance on marijuana distribution charges.

The defendants were arrested at a marijuana dispensary known as New Remedies Cooperative on Mission Street in San Francisco as well as at related locations including alleged cultivation sites and an administrative office.

U.S. Magistrate Elizabeth Laporte informed the defendants of the charges. She released several on bail but ordered most retained in custody while awaiting detention hearings in her court next Tuesday.

Laporte instructed prosecutors to let her know if they acquire information before then that would support a bail release of any of the jailed defendants.

The dispensary operation was formerly known as Compassionate Caregivers, a group that aimed to provide medical marijuana to patients under the terms of a California law passed by state voters in 1996.

Federal drug laws do not allow an exception for California's medical marijuana law.

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The director of the cooperative, Sparky Rose, 36, of San Francisco, was among those arrested. The other defendants are from San Francisco and several East Bay cities.

Frederico Pena, the chief of the U.S. Drug Enforcement Administration's San Francisco office, said after the raids on Tuesday that anyone who breaks the federal marijuana laws "is not compassionate; they're criminal."

Pena and U.S. Attorney Kevin Ryan said federal agents seized a total of 12,743 marijuana plants in the raids.

Agents Raid Medical Marijuana Dispensary (KCAL)

KCAL-TV, October 4, 2006

(CBS) PALM SPRINGS Federal and local officers converged on a medical marijuana dispensary in Palm Springs Wednesday to execute a search warrant, authorities said.

The warrant was being served at 1733 N. Palm Canyon Drive by officers with the Palm Springs Narcotics Task Force and agents from the U.S. Drug Enforcement Administration, according to the DEA's Sarah Pullen.

The raid came one day after the Riverside County Board of Supervisors voted 4-1 to formally ban marijuana dispensaries in unincorporated county areas, which does not apply to city areas like Palm Springs.

Supervisor Roy Wilson, who represents the area around Palm Springs and eastward to Blythe, was the lone dissenter. He said the county ban is in defiance of state law that requires local governments to establish ways for patients to obtain "medical" marijuana.

The supervisors stopped short of an outright prohibition on marijuana-growing cooperatives, but did ban the distribution of marijuana to "caregivers," qualified patients or patients with a state identification card even at marijuana-growing co-ops that are legal under California law.

Riverside County also joined San Diego and San Bernardino counties in a court challenge of state medical marijuana laws, which are at odds with federal law, which bans the sale of marijuana.

Supervisor Jeff Stone, a former pharmacist, said the board is seeking clarity in the courts about conflicting state and federal laws.

Voters in 12 states, including California, have decriminalized medical marijuana.

The AP contributed to this report.

Police Raid Local Legal Marijuana Dispensary (KESQ)

KESQ-TV, October 5, 2006

Federal agents and local police raid a legal marijuana dispensary in Palm Springs. The drug enforcement agency says it's the department's latest move here in the Coachella Valley in enforcing a federal ban on all narcotics.

According to the DEA, a worker here at Palm Canyon Caregivers, named Josh Aleck allegedly visited the Spa Resort And Casino and left an unusual tip for one of the casino workers.

Instead of cash, Alleck allegedly left "edible marijuana" as token of his gratitude, according to the DEA. That's considered "illegally distributing narcotics."

Though Californians voted for medicinal marijuana, federal law considers all cannabis illegal. The DEA also adds that Alleck did not pass off his unusual tip as medicinal marijuana.

So far, no arrest has been made.

DEA Raid Of Palm Springs Caregivers (DS)

The Desert Sun, October 4, 2006

A medical marijuana-laced “tip” left for an employee at Palm Springs’ Spa Resort & Casino in September ended with a search- and-seizure raid on a Palm Springs medical marijuana dispensary on Wednesday.

Agents from the Palm Springs Narcotics Task Force, an arm of the U.S. Drug En forcement Administration, served a search warrant on the Palm Springs Caregivers dis pensary located at 2001 N. Palm Canyon Drive.

The agents found and seized “a substantial quantity of marijuana and marijuana prod ucts,” said Sarah Pullen, public information officer for the DEA. “They also seized an amount of U.S. currency.”

The raid closed the dispensary and left many clients temporarily without a safe source for the drug.

“The dispensary, you can count on it being there. You can’t count on people on the street,” said Johnny Ortiz of Desert Hot Springs, a client at Palm Springs Caregivers who had previously bought the drug from il legal street dealers.

Toting his doctor’s recommendation, Ortiz said he may go to one of the Coachella Val ley’s other dispensaries — one in Palm Springs and one in Palm Desert — or back to the street.

Under California's medical marijuana laws, first passed in 1996, qualified patients with a doctor's recommendation may legally use the drug. The state law conflicts with a federal ban on any use, cultivation or distribution of marijuana.

Wednesday's search was triggered by an in cident in September, when Joshua Aleck of Valencia — who, according to the search warranta release from the Palm Springs Police Department "has a working relationship" with the dispensary — was at the Spa Resort and allegedly left edible items containing marijuana as a "tip" for a hotel employee.

Aleck was at the dispensary at the time of the search and may be an employee, Pullen said. He may also be the brother of the dis pensary's owner, she said.

As of Wednesday afternoon, no arrests had been made, but the investigation was con tinuing, said Sgt. Mitch Spike of the Palm Springs Police Department, which also took part in the search.

Efforts to contact representatives of Palm Springs Caregivers on Wednesday were un successful.

The raid added to ongoing uncertainties for medical marijuana users and dispensaries in the Coachella Valley.

Riverside County District Attorney Grover Trask last month issued an white paper,opinion arguingstating that dispensaries are illegal under both federal and state law.

The county Board of Supervisors followed suit last week when theyit rejected an ordinance — the result of months of work between county staffers and medical marijuana advocates — to permit dispensaries in unincorporated ar eas such as Bermuda Dunes and Sky Valley.

The board passed a dispensary ban Tues day.

Trask was aware of the Palm Springs in vestigation, said Ingrid Wyatt, a spokeswom an for Trask's office.

"We were involved in the search warrant in an advisory capacity," Wyatt said. "We're there to review the language of the search war rant and make sure everything that is going to be searched is a legal search."

Wyatt said she could not comment on whether Trask would be filingfile charges against the dispensary or Aleck in the case until the DEA completes its investigation.

But she said the county would not be targeting individual patients.

"We're not going to go after the suffering cancer patient; we aren't that insensitive," Wyatt said. "We're concerned about these dispensaries that disguise themselves as they're selling marijuana illegally."

Jitters about the raid and county policy tem porarily closed down Palm Springs' other dis pensary, the Collective Apothecary of Palm Springs, or CAPS, and CannaHelp, the dis pensary in Palm Desert.

CannaHelp reopened Wednesday after noon, and owner Stacy Hochanadel said the dispensary was seeing many Palm Springs pa tients.

"A lot of patients were upset," Hochanadel said. "They're a little scared and hoping that we're going to be here tomorrow."

Calls to CAPS were not returned.

The impact on dispensary ordinances cur rently under consideration in Palm Springs and Palm Desert are another concern.

The Palm Springs Medical Marijuana Task Force is scheduled to meet Friday to work on a draft law that it put on hold after publication of Trask's white paperopinion.

Task force member Joy Meredith, who is president of Palm Springs' Main Street downtown business association of downtown businesses, said neither the raid nor county actions should affect the city.

"It depends on how much courage the de cision-makers have," she said.

Carmi Man Sentenced For Role In Meth Conspiracy; Springerton Man Pleads (CT)

Carmi Times, October 4, 2006

A Carmi man has been sentenced in federal court at Benton for his role in a methamphetamine conspiracy, while a Springerton man has pleaded guilty to similar charges.

Randy G. Massey, Acting U.S. Attorney for the Southern District of Illinois, made the announcements Tuesday. Leslie L. McKitrick, 37, Carmi, was sentenced Monday in U.S. District Court in Benton to 20 years imprisonment for his role in a large methamphetamine manufacturing and distribution conspiracy centered in Wayne and White counties.

McKitrick was charged by a federal grand jury in July 2005 with conspiring with at least 31 other people to manufacture and distribute 500 grams or more of methamphetamine between 1995 and 2004. He pleaded guilty to that charge May 30.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the term of imprisonment, McKitrick was also ordered to pay fines and special assessments totaling $600 and was placed on a term of 10 years supervised release to follow his incarceration.

Massey also announced that Mark E. Malone, 35, Springerton, pleaded guilty Monday to one count of conspiring to manufacture and distribute 500 grams or more of meth. Malone was charged with that offense by a grand jury on April 18, 2006.

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His bond was revoked and he was remanded to the custody of the U.S. Marshal pending his sentencing, which was set for Jan. 22. Malone faces a term of imprisonment from 10 years to life, a fine of up to $4 million and a term of supervised release to follow incarceration of at least 5 years.

The convictions and sentence in these cases resulted from a long-term investigation into the manufacture of meth in Wayne and White counties. Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the state's attorneys in Wayne and White counties, said Massey.

The investigation into the case is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Carmi and Fairfield police departments, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the state's attorneys of White and Wayne counties, the Federal Bureau of Investigation and the U.S. Drug Enforcement Administration.

The cases were prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Bikers Arrested On Drug Charges (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 4, 2006

Twenty-two members and associates of the Highwaymen Outlaw Motorcycle Organization have been indicted on drug charges, the U.S. Attorney's Office in Detroit said Tuesday.

The indictment said the defendants had conspired to distribute cocaine, marijuana and ecstasy in and around metro Detroit since 2005.

The defendants, most of whom are from the Detroit area, face up to 40 years in prison and a $1-million fine if convicted of the charges. Other defendants live in Florida, New York and Tennessee.

Several members of the group were arrested Tuesday and entered not-guilty pleas in U.S. District Court in Detroit.

The lead defendant, Aref Nagi, 43, of Sterling Heights, was charged with operating a continuing criminal enterprise. If he's convicted, the charge carries a mandatory penalty of 30 years in prison.

FBI agents executed 12 search warrants Tuesday on homes and clubhouses in metro Detroit and seized 18 assault rifles, 14 pistols, four shotguns and a .30-caliber machine gun. It's unclear whether drugs were confiscated.

The FBI, the Brownstown Township Police Department and other police agencies investigated the case.

22 Charged And Dozens Of Weapons Seized In Crackdown Of Motorcycle Gang (DN)

Detroit News, October 5, 2006

The FBI and Brownstown Township police raided 12 homes and clubhouses around Metro Detroit on Tuesday in a crackdown on alleged drug operations of the Highwaymen motorcycle gang, the U.S. Attorney's Office announced.

The government brought three sets of indictments against 22 people, alleging drug conspiracy involving cocaine, marijuana and ecstasy.

Agents seized 18 assault rifles, 14 pistols, four shotguns and a machine gun. They didn't announce the seizure of drugs.

Charged were: Aref Nagi, 43, of Sterling Heights; Nat Sanchez, 36, of Detroit; James Gebara, 36, of Fort Lauderdale, Fla.; Erick Manners, 29, of Newport, .; Michael Cicchetti, 51, of Taylor; Leonard Moore, 36, of Lincoln Park; Donald Gill, 30, of Detroit; Miseal Gonzalez, 28, of Detroit; Monica Zuk, 30, of Westland; Mary Lou Rodgers of Buffalo, N.Y.; Michael Watson, 27, of Jackson; Aaron Roberts, 22, of Lansing; Nicholas Jackson, 33, of Memphis, Tenn.; Tamara Swiden, 24, of Pontiac; Johnny Jarrell, 42, of Taylor; Nasser Nagi, 20, of Sterling Heights; and Gary Ball, Jr., 41, of Dearborn.

Each faces up to 40 years in prison and fines of up to $1 million. Aref Nagi faces another charge of operating a continuing criminal enterprise, which carries a 30-year minimum prison sentence.

Indicted separately on conspiracy charges were Robert Burton, 37, of Allen Park; Steve Rhoads, 34, and Edward Gabbard, 30, both of Detroit; Anthony Smerigan, 44, of Melvindale; and John McGinn, 44, of Lincoln Park.

Kiel In Practice (AP)

AP, October 5, 2006

SAN DIEGO (AP) - Chargers safety Terrence Kiel, facing five felony drug charges, went through his first full-scale practice since being arrested last week at team headquarters.

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Free on a $160,000 bond, Kiel practiced Wednesday and could return to the starting lineup on Sunday night against the Pittsburgh Steelers, Chargers coach Marty Schottenheimer said.

"It feels good to be running around," Kiel said. "It's always been a blessing to play football. Any time I can get out there on the field, I think you should take advantage of it."

Kiel has been charged with shipping and possession of large quantities of prescription cough syrup, which is a controlled substance. Although Drug Enforcement Administration investigators said Kiel admitted he shipped at least two packages and knew of the contents, he pleaded not guilty at his arraignment on Tuesday.

Kiel, who has started 38 games for the Chargers, wasn't allowed to practice last week or play in Sunday's loss to Baltimore.

"It was hard for me to watch," Kiel said. "I wasn't out there, but I felt like I was out there mentally and physically with the team. I wish I was out there of course. I didn't want to be watching it on TV. I'd rather be playing it. But other than that I was there mentally with them."

Kiel's teammates have been supportive.

"That's my brother," cornerback Quentin Jammer said. "This is a family away from home because we spend so much time with these guys, they become family. You put your arm around him and you just let him know that everything will work itself out."

Kiel Pleads Not Guilty In Drug Case; Feds Hint Drugs Stolen (SDUT)

By Brent Schrotenboer, Staff Writer

The San Diego Union-Tribune, October 4, 2006

The codeine-based cough syrup in the criminal case of Chargers safety Terrence Kiel apparently was “stolen or otherwise misappropriated” from a medical care facility, according to a sworn affidavit requesting a search of Kiel's home last week.

Kiel, who is free on a $160,000 bond, pleaded not guilty yesterday in San Diego County Superior Court to five felony charges involving the shipment and possession of the cough syrup, a controlled substance.

Drug Enforcement Administration investigators said the bottles of codeine in question contain identifying numbers that indicated they came from a medical care facility, according to the affidavit of a DEA special agent.

Prosecutor James Fontaine yesterday said investigators are still trying to find out exactly where Kiel obtained the drug. Kiel's attorney, Bob Grimes, declined to comment on specifics of the case.

After his brief arraignment, Kiel walked through a crowd of reporters outside the courtroom and down the escalator without offering comment.

If convicted, Kiel could face up to seven years, four months in prison, Fontaine said. But most cases are settled before trial. His trial readiness hearing is set for Nov. 14.

“At the next hearing, we'll talk with Mr. Grimes and discuss settling the case,” Fontaine said.

Kiel, 25, was arrested last week after DEA agents intercepted two FedEx packages containing 18 pint bottles of the drug. Agents found two more plastic bottles filled with codeine in Kiel's Serra Mesa condo under the stairs, according to the affidavit. The bottles sell for up to $325 on the street in Texas, where the bottles were being shipped. It is mixed with soda to form a drink called “purple drank” or “lean,” agents said.

The affidavit said that a licensed provider rarely would prescribe a pint of the liquid, and even if it were prescribed, “it would never be dispensed in the factory bottle, but rather poured into another (smaller) prescription bottle.”

The DEA said last week Kiel admitted to shipping the two parcels and to knowing the content.

Baltimore Has A New Way To Treat Heroin Addicts (USAT)

By Donna Leinwand, Usa Today

USA Today, October 5, 2006

Baltimore officials are launching a plan they hope will change the way thousands of heroin addicts in the city are treated and free up space in local treatment programs for other addicts.

The city's public health commissioner, Joshua Sharfstein, said Wednesday the idea is to shift addicts from drug treatment into regular primary care facilities by training doctors to prescribe the anti-addiction drug buprenorphine.

If the plan works, it could inspire similar programs elsewhere and dramatically change the lives of heroin addicts who now go to methadone clinics every day or every other day for a dose of the medicine, Sharfstein says. Methadone blocks addicts' cravings for heroin and their withdrawal symptoms, but it also can be addictive and abused easily, so it must be dispensed in small doses at special clinics.

Buprenorphine — a prescription drug used to treat addictions to heroin and other opioids such as the prescription drug OxyContin — also blocks cravings and withdrawal symptoms without making the user high. Buprenorphine is difficult to abuse, so patients can get a 30-day supply from any primary care physician trained to prescribe it.

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Baltimore's plan is being watched by drug specialists nationwide because the city, long plagued by rampant drug use, has become something of a laboratory for various experiments aimed at getting addicts into treatment and cracking down on drug dealing.

Nationwide, about 1.5% of people 12 or older have used heroin in their lifetime, according to the 2005 National Survey on Drug Use and Health, the most comprehensive government assessment of the nation's drug use. Marijuana is far more popular: 46% of those 12 or older reported some use.

In Baltimore, however, heroin has been among the most abused drugs for years, Sharfstein says. In 2003, 71% of the 24,700 Baltimore residents who sought drug treatment said they had abused heroin.

Sharfstein said the city has allocated $250,000 to train primary care doctors how to prescribe buprenorphine. Eventually, the city hopes to treat 10,000 of the city's estimated 40,000 heroin addicts through the program.

"I'll be the first to say this is a somewhat risky endeavor," Sharfstein said in an interview. "We're really trying to engage the medical community in something they haven't done before."

Baltimore can treat about 23,000 uninsured people a year for drug addictions, Sharfstein says. Moving 10,000 recovering addicts to buprenorphine treatment with primary care doctors after they have been stabilized by drug treatment specialists would clear space in traditional treatment programs for more patients, he says.

All doctors practicing in the Baltimore Medical System, a group of private, non-profit community health centers, will receive the training, says Kyu Rhee, the group's chief medical officer. BMS sees 41,000 patients a year at 12 primary care clinics in the area.

Historically, addicts receive intensive treatment in specialty clinics but may not receive follow-up care, says Rhee, who supports Baltimore's plan. By shifting addicts to primary care doctors, the addicts' overall health can be managed along with their recovery, he says.

Gov. Robert Ehrlich, a Republican, has criticized Baltimore Mayor Martin O'Malley for his police department's aggressive neighborhood policing. O'Malley, Ehrlich's Democratic opponent in the election Nov. 7, has said his community policing program is intended to clean up open-air drug markets and improve quality of life.

About 7,500 of the half-million ambulatory care doctors nationwide are trained to prescribe buprenorphine, says Daniel Alford, medical director of the opioid treatment program at Boston Medical Center. "If there's a big push from a state or a city, it will help ease the barrier for doctors and will improve access for patients," he said.

Baltimore To Train Doctors In Addiction Treatment (AP)

AP, October 4, 2006

BALTIMORE - A new medication to cure heroin addiction requires that doctors undergo an eight-hour training program before prescribing it, and Baltimore will subsidize 100 doctors' training in hopes of getting the treatment to more patients.

Buprenorphine is being used instead of methadone to wean addicts off heroin because it can be taken at home, is less prone to abuse and is easier to stop when the patient is ready. The medication allows patients to treat their addiction through a primary-care doctor rather than by visiting a methadone clinic.

To reduce misuse, the federal government requires the extensive training and limits individual doctors to no more than 30 buprenorphine patients at a time.

Fewer than 90 doctors in Baltimore, where by most estimates thousands of residents are addicted to heroin, have completed the training required to prescribe the drug.

"In a city like Baltimore, where we have a lot of doctors, this really offers a potential for a major expansion of access to care," Dr. Joshua Sharfstein, Baltimore's health commissioner, said. "Getting doctors trained is just incredibly important."

Mayor Martin O'Malley's administration is expected to announce the program Wednesday when the Board of Estimates votes on a $10,000 contract with Clinical Tools Inc. to cover the cost of training the first 100 doctors. The North Carolina-based company will provide the training, free to the doctors, through an Internet-based program.

The money is part of a $250,000 appropriation made from last year's city budget surplus that Sharfstein said will be used to subsidize training, help patients find primary-care doctors and, in some cases, pay for the cost of the drug. Sharfstein said he expects the program to begin in the fall and hopes it will eventually train any doctor who requests it.

Sharfstein said about 4,500 people in Baltimore are treated daily with methadone and believes that about 1,000 residents are being treated with buprenorphine. He said the Health Department's goal is to treat 10,000 patients with the new drug.

Buprenorphine, commonly referred to as "bupe," is manufactured by the British company Reckitt Benckiser and sold under the brand name Suboxone.

Information from: The (Baltimore) Sun, http://www.baltimoresun.com

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Colombia Asks US To Extend Trade Preferences (WSJ/DJ)

Wall Street Journal/Dow Jones, October 4, 2006

BOGOTA (Dow Jones)--The Colombian government has asked the U.S. Congress to extend trade preferences granted to the Andean country until a free-trade agreement agreed to between the two countries comes into effect, the Colombian trade minister said Wednesday in a statement.

The trade pact still requires ratification by the Colombian and U.S. legislatures. The pact will replace an existing act, which unilaterally grants some Colombian exporters easier access to the U.S. market, that is scheduled to expire at the end of this year.

Jorge Humberto Botero, Colombia's trade minister, said in a statement his country will work to get the U.S. to extend the unilateral preferences until the two countries ratify the free-trade agreement.

Botero said "protectionist sectors" in the U.S. are demanding to change the text of the free-trade pact to toughen labor and environmental standards on Colombian companies that export to the U.S.

The minister added that Colombia will oppose any changes to the agreed-upon text.

Besides making broadening and making permanent the trade preferences already granted to Colombia, the new free-trade pact will ease U.S. exporters' access to the Colombian market.

The U.S. in 1991 granted trade preferences to help Colombia, Ecuador, and Peru diversify their economies away from the production of coca leaf - the raw material used for cocaine production.

Peru in December 2005 reached a free-trade agreement with the U.S., and the Peruvian Congress ratified it in June.

Negotiations with Ecuador stalled after the Ecuadorean government in May seized the oil fields operated by U.S.-based Occidental Petroleum's Corp. (OXY).

Two Sides To Body Search (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), October 5, 2006

At center of storm is whether ATF actions offended onlookers

Jonathan Hayes made no bones about it: He had crack cocaine stowed in his "private parts."

A U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives agent's resulting search of Hayes, handcuffed and standing in the parking lot of an East Knoxville store, has spurred a complaint from both politicians and community members.

At a press conference Wednesday, community leaders including Knoxville Vice Mayor Mark Brown and Knox County Commissioner Diane Jordan took aim at the ATF for what they contend was a shocking abuse - a cavity search conducted in the view of women and children of Hayes.

Ron Davis, executive director for the grassroots police watchdog group Citizens for Police Review, pointed to footage from an in-cruiser Knoxville Police Department video as "irrefutable evidence" of the strip search.

The video, however, does not show what witnesses insist they saw. For instance, store clerk Betty Turner is recorded in a CPR video as saying Hayes' pants and underwear were pulled down and the young man forced to bend over.

"They're pulling this young man's pants down, opening up the crack of his behind," Turner said, adding that the incident was witnessed by "30 to 40 people," including women and children.

On the video, Hayes' head remains upright and his boxer shorts remain up. His pants are pulled down by the ATF agent, who can be seen placing his hand inside Hayes' boxer shorts.

Davis disagrees.

"The young man's boxer shorts were being yanked down," Davis said. "Just look at the video."

"The shorts are being tugged," said a man who identified himself as Babington-Johnson, an investigator of sorts of the incident. "Granted, you can't see them coming down."

Davis and Babington-Johnson insisted that officers' own words captured on the video reveal that a cavity search was conducted.

Specifically, the pair referred to comments by a KPD investigator after ATF Agent Steve Paris abandoned his search of Hayes' boxers that Hayes' stash of crack could not be found because it was "too far up in" Hayes' body.

The search also has not yielded a complaint from Hayes, who has denied being victimized and who has not been interviewed or questioned by members of CPR, Brown or Jordan.

"Mr. Hayes is in jail, and we are unable to talk with him," Davis said.

Babington-Johnson remarked, "Mr. Hayes is obviously intimidated."

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When informed that neither Hayes nor his attorney believed Hayes was the victim of brutality or an inappropriate search, Babington-Johnson said that Hayes' defenders were "uncooperative."

"Mr. Hayes was obviously denying it for whatever reasons were prudent for him," Babington-Johnson said.

Vice Mayor Brown and County Commissioner Jordan insisted that Hayes was not even the real victim in this incident. It was, instead, the community, they said.

"Would this have happened somewhere else?" Brown asked. "Is this acceptable? I think this was not appropriate. This is not an exigent circumstance. This is not an acceptable circumstance."

Brown reserved blame, however, solely for the ATF, despite the presence of KPD officers during the search and the agency's backing of the ATF's contention that Hayes' boxer shorts were never pulled down.

"I think the ATF is the entity we should be focusing on," Brown said when asked whether KPD could be accused of covering up or ignoring the issue.

ATF Special Agent in Charge James M. Cavanaugh wrote in a letter to CPR that Paris did not disrobe Hayes in public.

"The recording does not show the suspect being turned around and bent over during the search and (instead) shows the boxer shorts covering his private areas," Cavanaugh wrote. "The video offers conclusive evidence that an invasive strip search of the suspect's private areas did not occur."

KPD spokesman Darrell DeBusk said his agency agreed with Cavanaugh's assessment.

"We feel after looking at the videotape that the video does not show his underwear being pulled to his ankles," DeBusk said. "That did not occur."

Here's how Hayes wound up handcuffed in the parking lot of the Dandridge Avenue Stop and Go Market, according to court records:

In October 2005, Hayes and his girlfriend were involved in a dispute in the Walter P. Taylor Homes housing project, and Hayes allegedly fired a gun at the girlfriend and another woman. KPD officers arrested Hayes, who was wounded in an altercation with the officers. He had crack in the waistband of his pants and ammunition in his vehicle.

A search of the apartment where Hayes was staying led to the discovery of loaded weapons and more crack cocaine.

Hayes actually lodged a complaint about how KPD officers treated him during that arrest but never followed through with it. Federal prosecutors later sought an indictment against Hayes on drug and gun charges.

It was on that indictment that Paris sought to arrest Hayes on Jan. 26, when the disputed search occurred. He had summoned KPD officers to serve as back up.

The in-cruiser video shows Paris abandoning the search of Hayes before any drugs were found. Federal court records show that a later search of Hayes at the Blount County Jail, where federal inmates are housed pending trial, yielded the discovery of more than 10 grams of crack inside his boxer shorts.

Hayes has since pleaded guilty to possession of that crack cocaine and a gun charge from the October 2005 incident. He is awaiting sentencing.

Brown and CPR representatives are demanding a thorough investigation by the Department of Justice and some form of punishment for Paris.

"We feel they need to move a little faster," Brown said in explaining why a press conference was held Wednesday.

Paris remains on duty, and Cavanaugh, who declined comment outside the letter, wrote that higher-ups at ATF have reviewed evidence in the case and found no grounds to support the group's claims.

Jamie Satterfield may be reached at 865-342-6308.

Strip Search Leads To Calls For Dept. Of Justice Investigation (WATE-TV)

By Catharyn Campbell, 6 News Reporter

WATE-TV, News 6, Knoxville, TN, October 5, 2006

KNOXVILLE (WATE) -- Caught on tape, an Alcohol, Tobacco and Firearms (ATF) agent strip searched a man on public property in front of a large crowd. Now, the vice mayor and several citizens are calling for the U.S. Department of Justice to investigate.

Witnesses say at least 30 people were standing in a parking area at the Stop and Go Market on Dandridge Avenue when an ATF agent pulled the pants of a suspect, Johnathan Hayes, down, exposing the lower half of his body.

A police cruiser's camera was rolling during the search.

The officer asked the suspect, "You got drugs on you?" The suspect said, "Yeah, in my privates."

The officer asked, "What you got, rock? Crack or rock? Want me to get it for you?" The suspect said, "No."

The cruiser camera tape shows the ATF agent pulling Hayes' pants down and starting to shake his boxer shorts as he checked for drugs and weapons. Then, the view is blocked by Knoxville police officers.

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A group known as Citizens for Police Review (CPR) says members talked to witnesses who were there. One woman said, "We were standing there. Kids were standing there. And they pulled a man's pants down."

The Justice Department defended the search in a letter to CPR, saying the agent knew that Hayes had a history with drugs and weapons. Its policy states that agents are not trained for cavity searches and should not do so, with public safety as the only exception.

The letter says, "We believe the search was a reasonable response by the agent, given safety, location and evidentiary concerns at the time."

Hayes is not filing the complaint but people who saw the police video are outraged.

"If they were going to do a cavity search, they could of taken him somewhere private. If you get arrested and taken to jail, it's only the officer and that person back there so that's privacy there," Gail Carter says.

"Regardless of his criminal background, he is still a human being. We're not saying that the man is perfect. We're not saying that he didn't have what they say he had," Jay Mazon says.

Representatives from the ATF say their Office of Professional Responsibility is reviewing the complaint. They also say agents were able to recover drugs Hayes was carrying.

Community Members Voice Concerns Over Suspect's Arrest In East Knoxville (WBIR-TV)

WBIR-TV, Knoxville, TN, October 5, 2006

Community Members Are Upset Over How A Suspect Was Searched.

Several people have come forward saying they saw a partially nude suspect being searched by Federal Agents last January.

Now, they want tougher policies for those agents.

Concerned community members say it's about 4th Amendments rights and a search they shouldn't have seen.

While the Alcohol Tobacco and Firearm Agents say the actions were appropriate.

"This is not rocket science here. It's pretty straight forward, " says James Babington-Johnson with the Citizens for Police Review.

The Citizens for Police Review called Wednesday's meeting to call out what they say was a blatant disregard for human dignity caught on an in car police camera.

Jay Mazon, Concerned Community member says, "It's not a question of whether he is guilty or innocent. It's the procedure that's so alarming to the community because this was done in public. There were woman and children there that saw this going on. That's what the issue is."

Jonathan Hayes was wanted on federal drug and weapons charges when ATF agents spotted him at an East Knoxville gas station in January 26, 2006.

He's since pled guilty to the charges.

Knoxville Police Officers helped make the traffic stop.

Mark Brown, Vice Mayor says, "KPD was called as back up and stood peripheral. From what I understand this is an ATF issue."

"People need to draw their own conclusions when they look at the video tape. We looked at tape many times and I don't think there's any basis for an investigation at this point," says Darrell DeBusk, KPD Spokesman.

The video shows an ATF Agent pulling down Hayes' pants and shaking his boxers shorts but what you can't see from the angle is what witnesses claim was the agent searching Hayes' cavities for drugs.

They hope their concerns will eventually mean policy changes.

"You've got an opportunity where you could have asked to use the convenience store 10 feet away. There were several options to be utilized opposed to taking this man's pants down at 12:30 noon in front of the public, " says Brown.

James M. Cavanaugh, Special Agent in Charge said in a written statement, "It does not appear the suspect's shorts were removed or his private area exposed. The actions by the Special Agent appear to be appropriate given the circumstances involved. In addition, Mr. Hayes has not filed any complaint through his attorney or himself concerning his arrest or search."

Several community members went to the Citizens for Police Review requesting the group look into the matter.

The group is hoping for a full investigation by US Department of Justice and Office of Inspector General.

"Outrageous Stripping Of Dignity"? (WVLT-TV)

WVLT-TV, CBS 8, Knoxville, TN, October 5, 2006

Knoxville (WVLT) - A 21-year-old Knoxville man is serving time for dealing cocaine and using guns.

But a citizens group claims the search that led to his arrest should outrage you.

Volunteer TV's Gordon Boyd explains why the group may sue the Federal Bureau of Alcohol, Tobacco, and Firearms.

We want to warn you, parts of what you're about to read are pretty graphic. The claim is that Jonathan Lamar Hayes was strip searched in public, in front of children and perfect strangers.

But Hayes isn't who's filing the complaint. In fact, the group who is, has never talked to him.

"My daughter doesn't see her Daddy's private parts, let alone in public! I mean, come on," says activist Jay Mazon.

What outrages community activists and the Citizens for Police Review Board, isn't what you can see on this Knoxville Police cruiser cam video.

But what they claim customers and clerks saw, at the Dandridge Avenue Stop and Go when the federal ATF had a warrant to search Jonathan Hayes for drugs and weapons.

"He pulls them all the way down the boy's ankles with him handcuffed. Turned him around and opened up his crack, pulled him open, like you'd open up a baby's crack to wipe him clean," says Betty Turner, a clerk at the Stop and Go.

A letter from the ATF's Tennessee agent in charge, calls the Hayes search a reasonable response, given concerns about safety, location and evidence.

"It could have been done privately somewhere, I mean you go to jail, that's where it's done," says one Knoxville resident.

ATF admits its agents aren't trained to conduct strip or body cavity searches, and doesn't do them except in unusual circumstances where public safety's in jeopardy.

"No violence, he didn't resist, he'd already been patted down, several officers around, he was cooperative, says Knoxville Vice Mayor Mark Brown.

The Citizen's Board says enhanced audio the reveals agents found no drugs on Jonathan Hayes during the public search.

The ATF takes it further, saying the cruiser tape doesn't back witness claims that a public cavity or strip search even occurred.

Activist Jay Mazon wasn't there, but "You can't deny what happened, I mean people saw what happened, you can't deny that."

Knoxville police say the complaint has no basis.

But the Citizen's Review Board is asking the fed's Office of Professional Responsibility, to check the tapes, and talk to those who claim they saw the strip search.

Beyond that, the board may go to federal prosecutors.

NYPD On Alert Over World's Smallest Gun (WABC-TV)

WABC-TV, ABC 7, New York, October 5, 2006

Just 2.5 inches long, the Swiss Mini Gun's causing concern Eyewitness News' Stacey Sager

Cops in New York are on alert for the world's smallest gun -- just 2.5 inches long -- and small enough to fit in the palm of your hand and on a key chain.

Now, federal agents and the NYPD have serious concerns about a gun that can be so easily concealed.

The pictures of the gun are seen on the Internet -- a gun so small that it fits into the palm of your hand. And while its firing power may be minuscule, the ability to conceal the gun is what concerns security experts the most.

Stacey Sager: "You have never seen a revolver this small."

Joe Green, ATF: "No, not an operating revolver."

Law enforcement in Virginia stumbled upon the Web site of the weapon, called a Swiss Mini gun, about seven months ago. Memos and alerts throughout the ATF and the NYPD followed, as recently as this week, urging officers to be more vigilant out on the streets and certainly anywhere there's a metal detector.

"This is something that could be tossed into a bin if you're going through an airport or a security checkpoint ..." David Harville, of Criterion Strategies Inc., said.

Although the gun is so small, experts say the ammunition would have to be tiny. For example, a paint ball carries 15 times the energy when fired.

"It's more a novelty I think than an intent on it being a weapon used for a threat," Harville said.

Still, the mini gun could be missed, especially in the airport when thrown in with key chains, pens and cell phones. By the way, alerts about those have gone out this year as well. A pen we found is actually a .22 caliber gun and another weapon we uncovered looks exactly like a cell phone.

"It doesn't just have to be the airport, it could be anywhere. It's a firearm and it's here. And in the wrong hands, it could be deadly," Harville adds.

None of the Swiss Mini guns have been recovered in the United States. It is illegal to have them here, but what they lack in size, they make up for in price. We're told the cost of one is around $5,000 dollars.

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Five Arrested For Gun Sales At Flea Market (AP)

AP, October 5, 2006

GAINESVILLE, Ga. -- A federal grand jury has indicted an Athens man and four others on charges of selling guns without licenses at the J & J Flea Market in Jackson County.

Indictments unsealed Monday in U.S. District Court in Gainesville say over the course of a 17-month investigation, undercover agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives bought guns sold illegally. The indictment says at least one agent told a gun seller he was not a Georgia resident.

ATF agents arrested four of the men Saturday at the flea market, which is just over the Clarke County line. Special agent Marc Jackson of the ATF's field division in Atlanta says the fifth man later surrendered to authorities.

The indictments allege that some of the unlicensed dealers also sold weapons to convicted felons and illegal immigrants.

Jackson says he does not know if the suspects worked together or separately at the flea market.

A court clerk says all five appeared Monday at the federal courthouse in Gainesville, where each was given a $10,000 bond and released. They are to be arraigned Friday morning.

Beer Drinkers Beware: 4 Percent Of U.S. Hops Crop Burns (AP)

AP, October 5, 2006

YAKIMA, Washington (AP) -- Federal investigators were set Tuesday to begin an investigation into a fire that ruined about 4 percent of America's yield of hops, used as flavoring in the brewing of beer and ale.

The fire started shortly before noon Monday in a 40,000-square-foot (3,600-square-meter) warehouse operated by S.S. Steiner Inc., one of the four largest hop buyers in the Yakima Valley of central Washington. By mid-afternoon flames engulfed most of the building, sending up plumes of smoke and a pungent aroma.

Municipal fire crews, aided by regional firefighters, ripped away metal siding to shoot water directly onto the hops.

Based on an industry official's estimate of the quantity of hops in the warehouse, the loss could amount to $3.5 million to $4 million. The impact on brewers and beer prices was unclear early Tuesday.

Company President Paul Signorotti would not comment.

The United States produces 24 percent of the world's hops, and about three-fourths of the U.S. crop comes from the Yakima Valley. Hops were a $77 million crop in Washington state in 2004. More than 40 families grow hops in the valley, which is dotted with orchards, vineyards and farms.

Fires have long been an expensive danger at hop warehouses, largely because of the potential for spontaneous combustion from heat buildup in bales of resin-loaded varieties.

"That's just a possibility that we'll look at," East Valley Deputy Chief Mike Riel told the Yakima Herald-Republic, "but it is very high on the list."

No one was in the warehouse when the fire started, Riel said.

With the fire under control Monday night, authorities told the newspaper an investigation into the cause would be led by the U.S. Bureau of Alcohol, Tobacco and Firearms.

Steiner is part of the Steiner Group of Germany, one of the largest international hop growing, trading and processing companies in the world. The Yakima branch manages Steiner's North American buying and processing, according to the company Web site.

Besides being one of the largest growers in the valley, Steiner is one of three large merchants that buy from other growers in the area. The others are John I. Haas Inc., the grower-owned cooperative Yakima Chief and Hop Union, which specializes in sales to craft brewers.

The fire destroyed or ruined about 10,000 bales, each weighing about 200 pounds (90 kilograms) and likely worth $1.75 to $2 a pound, Ann George, administrator of the Washington Hops Commission in nearby Moxee, told the Herald-Republic.

Seventeen varieties of hops are grown in the United States, including aroma varieties which are added for flavor or fragrance and the bitter alpha varieties.

IMMIGRATION:

Bush's Megaphone Unable To Reach Above The Din (NYT)

By Jim Rutenberg

The New York Times, October 5, 2006

DOJ_NMG_0076047

SCOTTSDALE, Ariz., Oct. 4 — Through disappointing polls and bad news in Iraq, intraparty squabbling over immigration and bipartisan broadsides on port security, President Bush has been able to use the megaphone of his office to shout above the din and shape the national debate.

But the Mark Foley scandal is rendering that megaphone practically useless, just as the president is trying to turn up the volume to help his party beat back Democratic efforts to take control of Congress this November.

During his three-day campaign swing out West this week, Mr. Bush's carefully honed attacks on Democrats as soft on terrorism have been drowned out by the Foley case and its political repercussions.

In interviews this week, White House officials expressed a sense of resignation, saying they were left with few options to help their party emerge intact from a scandal that appears to further threaten the Republicans' hold on Congress.

For now, they said, they have little choice but to sit on the sidelines, watch it play out and hope that the House Republican leadership, starting with Speaker J. Dennis Hastert, finds an adroit way to extricate itself from the matter.

More than anything else, officials said, they are hemmed in by the unknown, girding for still more unwelcome developments in the Foley saga that could make any sort of full-throated defense or criticism of the House leadership now seem ill considered later. Mr. Foley, a Florida Republican, resigned his House seat on Friday after being confronted by ABC News with sexually explicit text messages he had sent to teenage Congressional pages.

"We're not the keepers of the facts," said a senior official, who was granted anonymity to speak candidly about internal deliberations on the Foley scandal.

Referring to the president's decision to express dismay at the reports about Mr. Foley, and calibrated support for Mr. Hastert as a father, teacher and coach, this official said, "We felt that it was important that the president speak out on this issue — it's a shocking revelation and warrants his comments."

But, the official added, "That can help mitigate an aspect of the story, but the story itself still has legs, because the story itself hasn't been fully reported yet." And, he indicated the president would not have much more to say on the matter any time soon.

White House strategists said they were hoping that the president's statement of dismay on Tuesday had at least sent a signal to voters that the titular head of the party was just as concerned about the reports as they were.

But allies said that what the president said or did would have little effect as new details trickled out. All he can really do, they said, is try to keep hammering home his case against the Democrats, calling on the Republican faithful to vote against what he termed "the party of cut and run."

Charles Black, a longtime Republican strategist with close ties to the White House who has been in contact with the president's top political strategist, Karl Rove, said that at this point he did not think the White House would intervene by getting involved in the debate over Mr. Hastert's future.

"Every time the White House gets involved in internal party stuff on the Hill it has a bad result," Mr. Black said, referring to the White House's involvement in the ouster of Senator Trent Lott of Mississippi from the majority leader's post in 2002, which bred resentment within the party.

Mr. Bush pressed ahead this week on a fund-raising and campaign trip through the West. He joined on Wednesday with Senator Jon Kyl, Representatives J. D. Hayworth and Rick Renzi, and Gov. Janet Napolitano, all of Arizona, to sign a homeland security appropriations bill that will help pay for new border security initiatives. Still, the prickliness of the immigration issue within the party was on display: Mr. Bush renewed his calls for a guest worker program; Mr. Hayworth told reporters afterward that instituting such a program before the border was secured would be putting "the cart before the horse."

Mr. Bush's remarks in the afternoon at a reception for Representative Bob Beauprez, who is running for governor of Colorado, were not carried for very long on Fox News Channel. Fox switched away from them before the president got into his attacks against Democrats as good people who "just happen to be wrong people" when it comes to terrorism.

Soon after Mr. Bush's remarks concluded, Fox News Channel was back to the Foley scandal, featuring a discussion about how much it was hurting the party's prospects this fall.

Bush Throws Red Meat To Faithful In Red State (MINNST)

By Mark Silva

Minneapolis Star Tribune, October 5, 2006

SCOTTSDALE, ARIZ. - President Bush has launched an aggressive October campaign to protect Republican control of Congress with claims that the GOP is "tough" on terrorism and the Democrats "soft," but the scandal surrounding former Rep. Mark Foley threatens to obscure his party's message.

DOJ_NMG_0076048

Campaigning across the West, and raising nearly $4 million for his party's candidates during the past three days, the president on Wednesday delivered a message here that will serve as the fabric of an intensive monthlong campaign aimed at underscoring a Republican resolve for national security. Democrats called it a "fear and smear" campaign.

"We just think differently," Bush said of the two parties Wednesday. "There is a difference between rhetoric and action in Washington, D.C. And the votes of the Democrats to deny the tools necessary to protect you speak loud and clear about their vision of the world in which we live."

As he did during appearances at California fundraisers Tuesday, Bush cast the midterm congressional election as a battle between the competing philosophies of Democrats and Republicans, saying that only Republicans can keep the country safe from terrorism.

On Wednesday, he charged that the Democratic leadership had failed to endorse programs like the National Security Agency's warrantless wiretapping of terrorist suspects, a program that he said prevented attacks on the United States.

'Baseless claims'

In response, Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, issued a statement calling on Bush to acknowledge failed policies in Iraq.

"Instead of making baseless claims, the president should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," Schumer said.

After the fundraiser, Bush signed the Department of Homeland Security Appropriations Act, flanked by Sen. Jon Kyl, R-Ariz., and Arizona Gov. Janet Napolitano, a Democrat. He praised the bill, which covers the costs of additional Border Patrol agents, border fencing and technology, but also repeated his call earlier this year for a guest-worker program that would allow foreigners to legally come to the United States for jobs that he said U.S. citizens won't take.

But the fact is it's growing difficult for the president and rivals to debate the nuances of national security in a political environment consumed by the scandal that erupted Friday with Foley's resignation from Congress amid reports of his sexually explicit communications with pages, experts say.

Bush Ties Campaign To National Security (AP-Y)

By Nedra Pickler

AP, October 4, 2006

President Bush tried to drown out political anxieties about war and sex Wednesday by sounding alarm bells on national security and urging people to "vote Republican for the safety" of the country.

This week has put the Republicans' bid to keep control of Congress in further jeopardy and brought even more bad news for the president. Republicans on Capitol Hill have been damaged by one member's online sexual advances against teenage boys, while military commanders in Iraq are grappling with a rash of troop casualties and allegations of police corruption.

New polls show Americans are increasingly unhappy with Bush's leadership and the war in Iraq. And even after months of campaigning on immigration reform, he had to sign a bill Wednesday with only a fraction of the changes he wanted.

Still, Bush persisted with the strategy that has brought Republican victory in the last two elections — campaigning on national security with some tax talk thrown in. With Republicans down, he tried to bring Democrats down even farther.

"If the other bunch gets elected, they're going to raise your taxes," Bush charged during a breakfast fundraiser for Rep. Rick Renzi at the posh Camelback Inn near Phoenix.

Worse yet, Bush said, some Democrats are putting national security at risk by voting against bills that would allow secret eavesdropping on phone calls and tough measures to interrogate prisoners to try to detect terror plots.

"If you want to make sure those on the front line of protecting you have the tools necessary to do so, you vote Republican for the safety of the United States of America," Bush said to applause from the donors who together gave $450,000 to see him speak and support Renzi.

Democrats said Bush was just trying to distract from his failed management of the war on terror.

"Instead of making baseless claims, the President should focus on the facts and discuss what he's doing to improve the situation on the ground in Iraq," said New York Sen. Chuck Schumer, head of the Democratic effort to win seats in the Senate.

After his remarks, Bush stepped outside on a patio with a view of Camelback Mountain to sign a $34.8 billion bill to fund homeland security. The bill includes $1.2 billion for fencing along the U.S.-Mexico border, along with vehicle barriers, lighting and infrared cameras to help catch people sneaking across.

But Bush has been saying for months that the country's immigration problems cannot be solved just by tightening border security. U.S. employers need cheap foreign labor, and immigrants will continue to sneak in to take the jobs, Bush said, so Congress should authorize temporary work permits to match those workers with low-paying jobs that other Americans don't want. He also wanted to give citizenship to millions of illegal immigrants already in the United States.

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But Republicans in Congress took a tougher stance against immigration and have refused to give Bush the more comprehensive legislation he wanted.

"We'll continue to work with Congress to pass comprehensive immigration reform that secures this border, upholds the laws, and honors our nation's proud heritage as a land of immigrants," Bush said just before putting his pen to the bill's paper.

Later, Bush flew to Colorado to raise $550,000 for Rep. Bob Beauprez, who is running for governor. Then he was heading back to Washington after a three-day swing through four Western states that brought more than $3.6 million to GOP coffers.

At the Beauprez fundraiser, Bush mourned the death of 16-year-old Emily Keyes, a Colorado student killed by a gunman who stormed her school and took six girls hostage. Bush said he hoped the federal government can find ways to help the community recover during a conference next Tuesday in Washington.

"We wanted to make it certain around the country that the schoolhouse is a safe place for children to learn," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Signs Homeland Security Bill (AP-Y)

By Deb Riechmann

AP, October 4, 2006

President Bush on Wednesday signed a homeland security bill that includes an overhaul of the Federal Emergency Management Agency and $1.2 billion for fencing along the U.S.-Mexico border to stem illegal immigration.

Standing before a mountainous backdrop in Arizona, a state that has been the center of much debate over secure borders, Bush signed into law a $35 billion homeland security spending bill that could bring hundreds of miles of fencing to the busiest illegal entry point on the U.S.-Mexican border.

Bush said enforcement alone will not stop illegal immigration, and urged Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's estimated 11 million illegal immigrants a shot at U.S. citizenship.

"The funds that Congress has appropriated are critical for our efforts to secure this border and enforce our laws, yet we must also recognize that enforcement alone is not going to work," Bush said at the bill-signing ceremony tucked into his three-day campaign fundraising trip to the West. "We need comprehensive reform that provides a legal way for people to work here on a temporary basis."

Among other things, Bush said the homeland security funding bill deploys nuclear detection equipment to points of entry, raises safety security standards at chemical plants, provides better tools to enforce immigration laws and provides vehicle barriers, lighting and infrared cameras to help catch illegals trying to cross the border.

"It's what the people in this country want," Bush said. "They want to know that we are modernizing the border so we can better secure the border."

Outgoing Mexican President Vicente Fox, who has spent his six-year term lobbying for a new guest worker program and an amnesty for the millions of Mexicans working illegally in the United States, has called the barrier "shameful." He compares it to the Berlin Wall.

Some Democrats criticized the homeland security spending bill as too meager.

Rep. Ed Markey, D-Mass., a senior member of the House Homeland Security Committee, said the homeland security spending bill does not improve screening of cargo carried on passenger planes, does not provide money to buy and install advanced explosive-detection equipment and does not include strong enough security requirements to protect against a terrorist attack on chemical plants.

"There are nightclubs in New York City that are harder to get into than some of our chemical plants," Markey said.

Bush Signs The Fence Bill (WT)

By Stephen Dinan

The Washington Times, October 5, 2006

SCOTTSDALE, Ariz. -- President Bush yesterday signed into law the annual homeland-security spending bill that provides the first down payment for 700 miles of fence along the U.S.-Mexico border.

The $33.8 billion spending measure boosts the number of U.S. Border Patrol agents to 14,800, funds 27,500 detention beds for illegal aliens, or an increase of 6,700, and includes $1.2 billion for a fence, vehicle barriers and other infrastructure.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill in Scottsdale before a bipartisan group of elected officials in Arizona.

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While the bill funds hundreds of programs, including transportation and port security, it has become a key symbol of the debate over illegal entry into the U.S.

Mr. Bush took time in his remarks to press for a broad immigration bill -- he advocates legalization of most illegal aliens as well as a new temporary-worker program. But Republicans fighting for re-election this year called the bill "a great victory" for enforcement first, a position Mr. Bush had opposed.

"As a result of this signature today, it puts in place funding for the first steps, really, of enforcement first," said Rep. J.D. Hayworth, Arizona Republican, who joined Mr. Bush for the ceremony.

Still to come is Mr. Bush's signature on a bill to build 700 miles of fencing along the border, which House Republicans authored and pushed through Congress. The president has said he will sign that bill, too, though an aide yesterday said it's unlikely he will have a public signing ceremony.

There is no official estimate of the cost of that bill. Republican backers said the 700 miles would cost about $2 billion, while Democratic opponents said the cost could be $9 billion.

Sen. Jon Kyl, Arizona Republican, said yesterday's down payment will build roughly 150 miles of fence, as well as vehicle barriers and other infrastructure. Mr. Kyl was the sponsor of the Senate's fence proposal, which called for 371 miles of fencing, and said the Homeland Security secretary told him they could complete that length within three years.

Before signing the bill, Mr. Bush campaigned for Rep. Rick Renzi, Arizona Republican, and, later in the day flew to Colorado to campaign for Rep. Bob Beauprez, who is running for governor there.

In both places the president repeated his charge that Democrats have tried to block key tools in the war on terrorism, from the CIA interrogation program to the National Security Agency wiretaps.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush was just "ranting and raving."

"The American people are tired of the president's empty tough talk," Mr. Reid said. "They want leaders who are tough and smart."

On the spending bill, the Democratic National Committee said Mr. Bush has not made homeland security a "real priority," citing places where funding has fallen short of Democrats' goals.

But their argument was undercut somewhat by the presence of Arizona Gov. Janet Napolitano, a Democrat, at yesterday's signing ceremony.

She joined Mr. Hayworth, Mr. Renzi, Rep. Trent Franks and Mr. Kyl -- even though both Mr. Hayworth and Mr. Kyl face stiff re-election challenges from Miss Napolitano's own Democrats.

Interest groups are now begging Mr. Bush not to sign the fence bill, saying it would show Mr. Bush has changed his position.

"For years, President Bush has supported a comprehensive approach to immigration reform. Yet now he is considering signing an enforcement-only bill into law with no comprehensive immigration reform on the horizon," said the National Council of La Raza, which advocates for Hispanics' and illegal aliens' rights.

The homeland security spending bill covers fiscal year 2007, which began Oct. 1.

It is $2.3 billion more than the 2006 measure, and $2.1 billion of that increase goes to immigration and border security.

In passing the bill, Congress directed that the administration come back within 60 days with a plan for how to spend the border-infrastructure money.

In a report accompanying the bill Congress said it would withholding $950 million of the money until that plan is approved. But Mr. Bush, in a statement accompanying his signature, said that intrudes on executive powers and he will ignore that requirement and treat it as a request for notification.

The bill passed by voice vote in the Senate, and 412-6 in the House.

One of those opponents in the House was Rep. John Hostettler, Indiana Republican, who was disappointed the bill delays the Western Hemisphere Travel Initiative. That program, which was designed to increase security at ports of entry by requiring U.S. citizens and visitors alike to show a passport when crossing into the country, now goes into effect June 1, 2009, or 17 months later than planned.

Bush Speaks In PV At GOP Fund-raiser (AZREP)

By Diana Balazs

The Arizona Republic, October 5, 2006

PARADISE VALLEY - Armed with slogans, signs and solidarity, as many as 300 people lined Lincoln Drive on Wednesday to protest President Bush's policies, particularly the war in Iraq.

Inside Marriott's Camelback Inn Resort, Golf Club & Spa,Republican Party faithful listened to the president speak at a $500-a-plate breakfast fund-raiser for U.S. Rep. Rick Renzi, R-Ariz.

DOJ_NMG_0076051

Renzi, who is seeking a third two-year term representing northern and eastern Arizona's District 1, is in an uncertain race against Democrat Ellen Simon, a Sedona attorney. Renzi leads in recent polls, but Democrats have a voter registration advantage over the GOP, 41 percent to 34 percent.

advertisement

Libertarian David Schlosser, a Flagstaff writer and public relations consultant, also is on the Nov. 7 ballot.

The 400 people in attendance raised more than $500,000, according to the Renzi campaign. Some paid as much as $2,100 to have their photo taken with the president.

Outside the Paradise Valley resort, the protesters stood for several hours on the southern side of Lincoln. A steady stream of passing motorists honked horns in support or flashed peace signs, while a few gave thumb's down in disapproval.

"I'm very frustrated with the way the country is being run at the moment," said Mike Gasparek, 58, of Phoenix, who arrived about 6 a.m. to join the protest.

Gasparek, a Vietnam-era Air Force veteran, said he has not heard of a plan to end the war in Iraq with a victory for the United States.

"We don't have any picture of what victory even looks like, and, yet, we send people over there to . . . let's start killing and bombing even though we don't have an idea of what it is we're trying to accomplish," he said.

Cheri Lippmann, 51, of Mesa, had to leave the protest early to get her daughters, Suzy, 16, and Lauren, 14, to school.

Lippmann, a member of the group Code Pink Women for Peace, said the urgent need to stop violence is what brought the family out.

"I just think that for our children's sake, children of the world, it's got to stop. The violence has got to stop. And not only war, but violence in homes, violence in our schools," she said.

"We are just bombarded with it all the time," her daughter, Suzy, added. "I don't know, our people who are supposed to be leading us don't do anything about it," she said.

Her sister, Lauren, wore a necklace that included peace symbol-shaped beads.

"It doesn't solve anything," she said of war.

The "Shame on George Bush" protest was sponsored by a number of groups, including the End of the War Coalition, Code Pink, Progressive Democrats of America, Women in Black and Arizona Veterans for Peace.

As Bush headed to Phoenix Sky Harbor International Airport, the president waved to the protesters, delighting a trio of young girls, but not making everyone happy.

"He had the nerve to wave," one woman remarked.

Babe Moerkerke, a Bush supporter who lives across the street from the resort, said it was an honor to have the president in town.

"We think he's a real man of character. In spite of the malicious criticism he gets, he always retains his dignity and has a spirit of kindness," Moerkerke said.

Michele Kocour, 51, also lives across from the resort and was awakened by protesters who arrived as early as 4 a.m. While she missed her sleep, Kocour said she respects the protesters' right to speak out.

"Freedom of speech, and they're showing it right here. I may not agree with them on every topic. I just wish they had been a little quieter," she said.

Bush Gaffe Points To Munsil's Lack Of Name Recognition (PBJ)

By Mike Sunnucks

The Business Journal Of Phoenix, October 5, 2006

Low name identification continues to be a major challenge to Len Munsil's underdog bid against Gov. Janet Napolitano in this year race for governor.

Munsil's lack of name recognition manifested itself during President Bush's Wednesday visit to Phoenix.

Bush called the candidate "Lee Munsil" during remarks at a morning fundraiser for rural Arizona Congressman Rick Renzi.

Munsil laughed off the presidential muff, pointing other verbal gaffes made by Bush in the past.

Munsil is the former head of the Center for Arizona Policy, a Scottsdale-based Christian conservative group. He is know within political and conservative circles but not much beyond that.

Polls show healthy leads for the Democratic governor, who is heavily courting independent, business leaders and moderates in her bid for a second-term.

Did Bush's California Visit Shore Up Safe Members? (RC)

By David M. Drucker

DOJ_NMG_0076052

Roll Call, October 5, 2006

President Bush's visit this week to California to rally support for Reps. John Doolittle and Richard Pombo indicates the two Golden State Republicans are working harder to win re-election than should be necessary based on the politics of their districts.

While Doolittle and Pombo appear headed for another term, their decision to host Bush at this late stage of the campaign suggests they don't believe the political makeup of their solidly Republican districts are enough to guarantee victory. In 2004, Doolittle's 4th district re-elected the president with 61 percent of the vote, while Pombo's 11th district gave Bush 54 percent.

In interviews Wednesday, spokesmen for the Doolittle and Pombo campaigns acknowledged running more active re-election efforts this year than in recent cycles. They attributed the need to do so to several outside factors, saying the political standing of their candidates have not diminished within their districts.

"The media has run a smear campaign against the Congressman for almost a year now, so we need to raise the resources to combat that," Doolittle campaign spokesman Richard Robinson said, explaining why Bush was stumping with his candidate in the conservative 4th district, which encompasses the eastern suburbs and foothills of Sacramento.

Pombo's chief strategist, Wayne Johnson, had a similar explanation.

"The [Defenders of Wildlife Action Fund] have spent over $1 million, and they say they'll spend another half a million," he said. "And that's just one group."

Bush's fundraiser for Pombo raked in $400,000. The president raised more than $600,000 for Doolittle.

Of the two districts, Pombo's 11th is the more politically attractive target for Democrats. It's located just south of Sacramento, in California's central valley, and it includes a portion of the liberal-leaning San Francisco Bay Area suburbs.

Carrying the flag for Democrats in the race is wind turbine manufacturer Jerry McNerney, who lost to Pombo by 22 points in 2004. This time out, however, the Democrat is better funded and has the strong financial support of environmental groups, who are spending heavily to oust Pombo, the chairman of the House Resources Committee and a longtime foe on environmental policy.

In addition to the DWAF, the League of Conservation Voters and the Sierra Club are after the seven-term Congressman.

McNerney spokesman Robert Caughlan said there is no comparison between the 2004 race and this one. He noted that McNerney has raised more than $1 million for the cycle and is now an experienced candidate. McNerney, a political novice in 2004, spent only $154,701 in that contest, compared to Pombo's $1 million-plus.

But Caughlan predicted that Pombo would be the source of his own undoing.

"Pombo has gotten into all sorts of extra trouble. We can't even make a list of all the scandals he's been in," Caughlan said. "Pombo's giving us our best ammunition."

Pombo has been linked to disgraced GOP lobbyist Jack Abramoff, and weathered his own mini-scandal when it was learned he billed the federal government for a family vacation to national parks. The Congressman contended there wasn't anything wrong with the trip because the parks fall under his jurisdiction as the Resources chairman.

Johnson said Pombo is responding appropriately to the onslaught by the environmental groups, advertising on television, radio, and through the mail, while deploying a strong get-out-the-vote effort. As for McNerney, his conventionally liberal-Democratic views on taxes, cultural issues and national security will ensure Pombo wins re-election, Johnson said.

Also key to a Pombo victory, Republicans believe, is a ground game that Johnson described as one of the most effective ever deployed in California, courtesy of GOP Gov. Arnold Schwarzenegger's re-election campaign. Johnson said it will help lift all Republican boats in the state this year and could be worth two or three points alone for Pombo.

A number of veterans of Bush's 2004 re-election are running the Schwarzenegger campaign.

"The governor's [ground game] is like nothing you've ever seen in California. It's enormous," Johnson said. Democrats "have to run with [state Treasurer Phil Angelides] at the top of ticket, who's not exciting anybody."

Doolittle, whose 4th district is among the most staunchly Republican in the country, is more secure than Pombo. By a distinct majority, his constituents lean culturally and socially conservative, and favor the GOP's approach to taxes and national security.

This should protect Doolittle from his connections to Abramoff, and the attention given to the fact that his wife — while acting as his campaign's fundraising consultant — ostensively enabled the Congressman to personally profit from his political fundraisers.

Todd Stenhouse, spokesman for Democratic candidate Charlie Brown, said Doolittle is vulnerable on issues of family values and fiscal responsibility because of his ethically questionable behavior and the federal deficit.

For these reasons, as well as Brown's status as a military combat veteran, Stenhouse said a growing number of Republicans are backing Brown. He said 450 supporters showed up at an event Tuesday to counter Bush's appearance for Doolittle.

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"When Charlie Brown was flying rescue helicopters in Vietnam, John Doolittle was working on his tennis game in the [San Francisco] Bay Area," Stenhouse said. "The bottom line is, this is about moral leadership."

Clearly, Brown is trying to compete with Doolittle on the Republican's ideological turf.

However, his positions on abortion and same-sex marriage — he's for keeping the first legal and OK with legalizing the second — and his willingness to raise taxes, will hurt him in the 4th district. These are visceral issues for conservative Republican voters, and likely to matter more to them than any of Doolittle's unseemly behavior — at least as long as it remains unseemly and doesn't veer into the illegal.

Robinson said Doolittle will use his significant financial advantage to ensure that voters are aware of Brown's liberal positions. Bringing Bush in on Tuesday was all about guaranteeing that Doolittle has the resources to do so.

"We'll run a hard-hitting campaign that will let voters know that Charlie Brown has been life-long member of the ACLU and supports raising taxes," Robinson said. "I think voters will come to realize that he is not the conservative candidate he says he is."

TAX:

2nd Circuit Grants Stay In KPMG Trial Over Legal Fees (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 5, 2006

A temporary stay has been granted in the legal compensation case involving accounting company KPMG and ex-employees facing tax fraud charges.

The 2nd U.S. Circuit Court of Appeals on Friday granted KPMG's request for a delay of an Oct. 17 trial date over whether it must advance legal fees to the ex-employees, pending a hearing by the circuit into KPMG's appeal of Southern District of New York Judge Lewis Kaplan's dismissal of the company's motion to compel arbitration of the issue.

The stay, which was issued by Judge Guido Calabresi, reverses a previous determination by Kaplan.

In his Sept. 25 ruling, Kaplan said KPMG was "faced with no immediate threat of irreparable injury" should the fee trial proceed on Oct. 17.

The ex-employees are set to go to trial in January on the fraud charges, and Kaplan said that the harm to KPMG was "very substantially outweighed" by that to the ex-employees and the public's interest in a speedy determination of the advancement claims.

In response, KPMG said that the need for a stay was urgent because it was incurring "enormous expense and disruption of its business, and its ability to defend against these claims is jeopardized."

CONGRESS-ADMINISTRATION:

Lawmaker Defends Page Program (CHIT)

By Ray Long

Chicago Tribune, October 5, 2006

SPRINGFIELD -- The Illinois lawmaker who oversees the Congressional page program said Wednesday that teens who participate are "safer in our program than in a lot of homes."

Rep. John Shimkus (R-Ill.) defended his actions as chairman of the page board in an interview with the Tribune on Wednesday, saying he moved quickly to confront former Rep. Mark Foley of Florida based only on information about 2005 e-mail traffic that wasn't sexually explicit.

Shimkus acknowledged he did not ask Foley if there were any other electronic exchanges with pages, such as the sexually suggestive instant messages from 2003 that first surfaced on Friday and led to Foley's swift resignation.

"The thing that's frustrating to me is that I'm not the bad guy here," Shimkus said. "Leadership's not the bad guy. The bad guy is whoever had these explicit instant messages that were done in 2003 and held them. That's the bad guy.... because those instant messages are what put these kids at risk."

He insisted the page program is safe. "They are as safe there as they are at home," he said. "In fact, in a lot of homes—they're safer in our program than they are in a lot of homes."

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Shimkus has spoken sparingly to reporters about the events leading to the Foley resignation after he read a written statement last week during a press conference in Washington, D.C. with U.S. House Speaker Dennis Hastert, a fellow Illinois Republican under scrutiny over questions about who knew what when and what could have been done sooner.

Shimkus said he does not know who had knowledge of the 2003 instant messages.

In seeking to distance himself from political fallout, Shimkus noted two Florida newspapers that looked into the 2005 matter had found little more than he did.

"Hindsight's always 20-20 in this environment of now what we know," Shimkus said. He added that there was no trail to follow that would have indicated other, more aggressive behavior.

"I'm not a savant," he said.

Shimkus said he did not talk to other congressmen about the Foley matter because of the request by the parents to keep the matter confidential.

"I did what was asked: We intervened," Shimkus said. "There's a responsibility of leadership and it was on my shoulders. I think the biggest question is, if I wouldn't have done anything."

Shimkus said he couldn't pinpoint the time of the meeting with Foley because it was unscheduled but that it followed Hurricane Katrina, which was referenced in one of the e-mails.

Shimkus recalled his office received a call from the House clerk, who wished to speak to the congressman, and they met side by side during a floor debate over legislation.

At that point, Clerk Jeff Trandahl showed Shimkus excerpts of emails on an 8-and-½- by 11-inch paper. There were not references showing who sent the email and who received it.

"He says, 'We've been approached by the parents of a former page, that their son has received an email from Congressman Mark Foley which we think is not appropriate and we want him to stop.' "

Last week Shimkus said in a statement that he "took immediate action to investigate the matter."

In Wednesday's interview, Shimkus recalled, "I think it was almost immediately, we said, 'well, let's go after the vote, and we'll go talk to former Congressman Foley,' which we did. We went into his office."

After some discussion, Shimkus recalled, Foley said something like, "'If I'm being accused of being overly friendly with the pages, then I'm guilty. I am. I care, you know,' he said, 'but there's nothing illicit or immoral or wrong about this relationship.'"

Shimkus also recalled Foley saying he tried to be a good friend and mentor to encourage youngsters to go into public service because someone took an interest in him when he was young.

"I said, 'That's fine. Stay away from this page, and stay away from the pages.' And that really ended the debate."

Nothing since then indicated Foley was more involved with pages, Shimkus said.

"We're all sick (with concern). . And we all say, 'What did we do? What did we miss?' ... And I think, given the (information) that I had, I would do the same thing—not having last Friday's information" about the sexually explicit instant messages.

He also said he didn't talk to other congressmen for advice.

"I'm 48 years old," Shimkus said. "I have three small boys. I've been an Army officer, I've been a schoolteacher, I'm in a position of responsibility, and I did my job."

He dismissed calls for him to step down from the page board as "ridiculous."

Ally Calls For Hastert To Suspend Page Program (WT)

By Amy Fagan

The Washington Times, October 5, 2006

A key ally of Rep. J. Dennis Hastert said yesterday that the House speaker should temporarily shut down the congressional page program in light of reports of former Rep. Mark Foley's sexually explicit messages to former teenage pages.

Young assistants known as congressional pages have been running errands on Capitol Hill for more than 150 years.

"I think we need to take some serious looks at this and try to come up with a program for the 21st century," said Rep. Ray LaHood, Illinois Republican. "When you have a page that's approached by a member of Congress through e-mails in a very salacious way, that's a serious problem. If that was my child, I'd want them to come home."

Mr. Foley, Florida Republican, abruptly resigned Friday after ABC reported about overly friendly e-mails and more lurid instant messages that he had sent to teenage boys serving as pages. With Mr. Foley now in a rehabilitation facility seeking treatment for alcoholism, House Republican leaders have scrambled to deal with the scandal's aftermath.

Under the prestigious page program, about 100 high school juniors from all over the country serve as House and Senate pages at any given time, delivering documents, running errands for lawmakers and helping with day-to-day operations of each chamber, according to the Congressional Research Service. There are 63 House pages, 45 nominated by Republicans and 18 nominated by Democrats, according to the Committee on House Administration.

Mr. LaHood said that the current group of youngsters should be sent home and that the program should be evaluated by outside scholars, who then would recommend changes to leaders. Mr. LaHood said he shared his idea with Mr. Hastert's chief of staff over the weekend and with about 100 Republican House members in a conference call discussion of the scandal.

Mr. Hastert, Illinois Republican, hasn't responded to the suggestion, Mr. LaHood said. Some members said they would consider suspending the program, he added.

Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the House's Office of the Clerk and the page program, said there are strict security policies for the high school students involved in the program.

The students attend school on Capitol Hill every weekday starting at 6:45 a.m. and then report for duty at the Capitol. They have a 10 p.m. curfew and must take another student along whenever they leave their supervised dormitory building near the Capitol.

The students are given an orientation briefing during which they review codes of conduct, program rules and general sexual harassment policy, both among the students and with people outside the program, Miss Collins said.

"Students are encouraged to report anything that's inappropriate," she said.

The House page program is supervised by an advisory board led by Rep. John Shimkus, Illinois Republican.

Mr. Hastert has called for federal and state investigations of Mr. Foley's conduct. The House ethics panel is set to meet today on the matter.

Although Mr. Hastert has been criticized for his handling of the scandal, Mr. LaHood said yesterday that "the speaker has the unanimous support of our conference." But, he added, the scandal is "a big political mess for us."

Mr. Shimkus' office didn't return calls, but the lawmaker said Monday that the page program in recent years has tightened security and supervision of the youngsters and instituted new travel and notification policies after the September 11 terrorist attacks. He said he met with the House pages last week to assure them that "we are committed to their safety and protection."

Leaders set up a toll-free telephone number for current and former pages to report any concerns. Mr. Hastert said, "We obviously need to do more, including providing assistance to these kids after they return home."

Mr. Shimkus and Mr. Hastert said the program was a valuable part of the Capitol Hill institution. Sen. Daniel Webster appointed the first Senate page in 1829, according to the Congressional Research Service, and the Senate has 30 pages. House pages began their service in 1842.

The program was the subject of a scandal in the early 1980s when two House members were punished for sexual involvement with pages.

Current and former pages have defended the program in the wake of the Foley scandal.

"It was completely surreal," said Adam Estes, 22, who served as a page in 2000 and 2001 and was sponsored by Rep. John J. "Jimmy" Duncan Jr., Tennessee Republican. "I learned about the politicians of America by actually having lunch with them."

LaHood: Send The Pages Home (RC)

By John McArdle

Roll Call, October 5, 2006

With some Members calling on House leaders to suspend the chamber's page program following revelations of ex-Rep. Mark Foley's (R-Fla.) graphic e-mails to former pages, several lawmakers and Congressional officers rushed to the program's defense Wednesday, offering varying reform ideas for the centuries-old program.

Rep. Ray LaHood (R-Ill.) acknowledged that he has recommended to Speaker Dennis Hastert (R-Ill.) and other lawmakers that the current group of high school students should be sent home and that the program should be sus- pended until a full evaluation is completed to determine whether Congress should continue to employ pages, which it has done for more than 200 years.

LaHood, who has long been known as one of the more committed institutionalists in the House, called the page system a "flawed program," in an interview Wednesday, noting not just the revelations surrounding Foley's e-mails and instant messages to former pages but also incidents involving former Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.), who engaged in sexual relationships with underage pages in the 1970s and early 1980s.

"This program was a flawed program under Democrats ... and now we've got problems under our watch," LaHood said. "I just think it's a program that we should take a good hard serious look at and see if it makes sense in the 21st century."

A review should be undertaken with the assistance of outside Congressional scholars such as Norman Ornstein of the American Enterprise Institute and Thomas Mann of The Brookings Institution, LaHood said. He added that the review panel should evaluate the program and "even make a recommendation as to whether the program should continue. ... I think everything should be on the table."

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LaHood, who brought up the idea of ending the page program while participating on a Monday-night conference call involving more than 100 GOP Members, said he's already received calls of support from other offices.

"This is a hundred-year-old program," LaHood said. "It was started when Congress was quite different and there've been just too many problems and too many vulnerabilities for these young people."

But while every Member who has spoken out about the Foley scandal has agreed that a thorough review of the House page system is necessary, some leadership officials said any talk of ending the program goes too far.

"It sends a message that Congress can't control itself and so we can't be trusted with children. That's just crazy. It's crazy talk," said Republican Policy Committee Chairman Adam Putnam (Fla.). "What a terrible legacy that we would have responded to the Foley sleaze by ending an opportunity for young people to come to Washington and be a part of history. ... It would be unfair to the current pages and it would deny them their opportunity to be a part of something that is a terrific experience."

Putnam said he supports a "top to bottom" review of the page system, adding that "we need to make sure there are adequate safeguards in place so that pages and page supervisors feel comfortable with a chain of command that would allow them to report incidents or experiences involving Members that they think need to be passed along but may otherwise feel uncomfortable doing."

On Wednesday, Rep. Mark Kirk (R-Ill.), co-chairman of the moderate Tuesday Group, sent House Rules Chairman David Dreier (R-Calif.) several proposed amendments to the House rules that would increase protection for "minors in temporary employ of the House."

The proposed changes lay out a process for investigating alleged misconduct involving a minor and includes penalties for not immediately reporting credible evidence of such violations. It also proposes adding as co-chairmen of the House Page Board retired majority and minority Members "in good standing who have been approved by the Committee on Standards of Official Conduct."

In a joint statement Wednesday, Republican Study Committee Chairman Mike Pence (Ind.) and Rep. Joe Pitts (R-Pa.) offered their own ideas on reviewing the page system, and seemed to indicate it should be maintained but improved.

"We trust that House leadership will cooperate with law enforcement in this matter. We urge House Leadership to institute more comprehensive protections for House pages," they wrote. "We believe also that there should be a zero-tolerance policy for any inappropriate interaction between Members of this House and the students in the Page Program."

The program is managed by the Clerk of the House and a three-Member page board, which was established in late 1982 amid the House's last major page scandal. A spokeswoman for the House Administration Committee, which oversees the Clerk's office, said Wednesday that investigations are already under way, but that it is too soon to speculate as to how drastic any proposed changes to the program will be.

"The committee finds there to be a great deal of value in this program," the spokeswoman said. "That having been said, while these multiple investigations are under way certainly the Office of the Clerk is going to work with the page board and leadership to reexamine the program and make any necessary changes."

Putnam said he would oppose any legislation calling for ending the page program and would be working with his fellow Members and through the Rules Committee, on which he sits, to implement improvements to the system once the House Page Board's review is completed.

In the meantime, Putnam cautioned his fellow Members to "not overreact to this situation by taking it out on these outstanding young people and denying them this tremendous educational opportunity."

The House page program also received support from the other side of Capitol Hill on Wednesday from Senate Sergeant-at-Arms Bill Pickle, who along with Secretary of the Senate Emily Reynolds manages that chamber's page program.

"I know the House program gets accolades from a lot of people and it really is an outstanding program over there," Pickle said. "So when people criticize a program because of one aberration that's probably very unfair. I think they have an outstanding program. ... What I'm hearing is we have one person who has done something that is not correct. I don't think you throw out the whole program because of one aberration. Now if the people on the House side investigate it and find it to be systemic, I'm sure that they will take aggressive action. But from what I know I've heard nothing but great things about the House page program."

Pickle said that last week's revelations of Foley's e-mails to former pages did lead to concern by some parents of Senate pages, who questioned whether similar incidents could take place in the Senate program.

"I have been told that the principal of our school has received some calls from parents just wanting assurances that our program is sound and the problems they have read about in the paper do not exist here and we have assured them that they do not," Pickle said.

Alumni Of Page Program Emerge As Some Of Its Biggest Defenders (WSJ)

By Sarah Lueck

DOJ_NMG_0076057

The Wall Street Journal, October 5, 2006

WASHINGTON -- Since it was established almost two centuries ago, the page program on Capitol Hill has withstood wars, terrorist attacks and even a sex scandal.

But the program, which brings more than 100 high-school students to Washington each year to serve as messengers for lawmakers, may not survive Mark Foley.

As details have unfolded about the former Florida Republican congressman's sexually explicit emails to former pages, those overseeing the program say they will review what changes might be needed to protect the pages -- as well as the program's reputation.

The clerk of the House and the page program's board are "going to step back and evaluate how the program is run," said Salley Collins, a spokeswoman for the Committee on House Administration, which oversees the program.

Some lawmakers have called for suspending or eliminating it. But the program isn't likely to go down without a fight from one particularly impassioned group: the close-knit network of former congressional pages themselves. Despite anger at the way former Rep. Foley used the program to make sexual overtures to young men, the former pages profess deep attachment to the program and their experiences in it.

So, while former pages are the ones who have stepped forward with the most damning information on former Rep. Foley, some are the program's most ardent defenders. Many of them stay in touch with each other long after leaving Washington. They value the contacts of the page network and have reacted with dismay over the possibility that the program could be scrapped.

"It's a wonderful program, and my big fear now is they're going to discontinue it, and a lot of kids are going to miss out," says Alex McKay, a sophomore at Randolph Macon Women's College in Lynchburg, Va., who served as a page in the summer of 2003. She says that she was thrilled to see how the government works up close, and that she jotted down her experiences in a "page notebook."

Jonathan Turley, a law professor at George Washington University in Washington, worked as a House page in 1977, when Congress debated historically important issues such as affirmative action. "What I remember most is listening to my heroes," including the late Sen. Hubert Humphrey, Mr. Turley says.

The program has been an early step in the career of many current and former politicians, including Rep. John Dingell (D., Mich.).

The first Senate page was appointed by Sen. Daniel Webster in 1829, and House pages began serving in 1842. For most of the program's history, only boys served, filling inkwells and stoking the fireplaces in the Capitol. In 1971, women were admitted.

Now, pages, who must be at least 16 years old to qualify, primarily work as messengers, delivering documents around the handful of buildings that comprise the Capitol complex. They answer phones or hold the doors open for lawmakers entering the floor. Dressed in uniforms of navy blue suits or skirts -- plus ties for the males and nylons for females -- several can always be spotted standing silently on the floor, waiting to be summoned by a lawmaker in need of assistance.

Ms. McKay recalls hearing pages being compared to wallpaper. "When there's a vote, your job is to stand on the back wall and not interrupt anything," she says.

The teenagers have a grueling schedule, attending a special page school starting as early as 6:45 a.m., then heading to the Capitol to work, often until lawmakers adjourn for the day and sometimes into the wee hours.

It used to be that pages had to find their own housing and largely fend for themselves during their stint in Washington. That changed after the program became embroiled in a sex scandal in 1983, which resulted in two members of Congress, one Democrat and one Republican, being censured for having sexual relationships with two teenagers.

Today, the pages live in dormitories on Capitol Hill and go on group trips, supervised by adults, to such places as Hershey amusement park in Hershey, Pa. Those venturing out on their own must go with a "buddy," and sign back in, says James Kotecki, a Georgetown University senior who was a page for six months in 2003.

Among the page program's network of adoring alumni are some prominent lawmakers who don't want to see it end. Rep. Tom Davis (R., Va.) served four years as a Senate page, allowing him to be a "witness to history" and to "interact with numerous political icons," he said in a statement on his Web site. "Countless young men and women continue to come to Washington through the page program to share similar experiences; this should continue."

A Page Protection Act: The Path To Saving A Historic Program (RC)

By Jonathan Turley

Roll Call, October 5, 2006

DOJ_NMG_0076058

Immortalized in movies such as "Mr. Smith Goes to Washington," Congressional pages always have represented the youthful idealism of the country. Perhaps it is that very image that attracts people like former Rep. Mark Foley (R-Fla.), who resigned after admitting he sent improper e-mails to a House page.

For those of us who served as pages, our greatest concern is not with Members like Foley (who likely will be brought to account), but with the future of this unique institution. Whatever we learn about these allegations, one thing should be clear: The system failed, yet again, to protect pages from the Members they serve. It is time to pass a Page Protection Act that creates an independent body to oversee, maintain and protect the page service.

It is time to be blunt. The greatest threat to pages have been the Members themselves. The young, uniformed pages are open invitations for pedophiliac or predatorial lawmakers — a small number, but a population that dates back at least two decades. In a place controlled by partisan alliances and raw power, a deviant Member can operate for years with little threat of detection or deterrence. The only time real attention is paid to the page service is when one of the pages ends up in the news as a victim. Thus, in the 1980s, when then-Reps. Dan Crane (R-Ill.) and Gerry Studds (D-Mass.) were found to have had affairs with pages, Members suddenly responded to a public outcry for reform.

If Congress is motivated to stop these periodic scandals, it should enact a Page Protection Act that includes four needed changes.

First, we should scrap the House and Senate page boards and create a single Congressional Page Board.

Following the Crane-Studds scandal, the current House Page Board was established, consisting of "two Members from the Majority party selected by the Speaker, one Member from the Minority party selected by the Minority Leader, the Clerk of the House and the Sergeant-at-Arms of the House." There are two obvious problems with the board: 1) dominant control by the majority party for a task that should be entirely apolitical, and 2) the only two non-Members on the board ultimately depend on the majority for their jobs.

At a minimum, board members have an appearance of a conflict of interest when dealing with scandals that could embarrass their party, particularly in a closely divided House before an election. Moreover, with members serving on oversight and appropriation committees, the House Page Board can be a relatively low priority when important votes are pending or budgets are in play. Finally, it is extremely difficult for a teenage page to go to a Member of Congress and accuse a colleague of that lawmaker of improper conduct.

(The Senate avoided some of these problems by creating a board composed of only the Secretary of the Senate and the Sergeant-at-Arms. However, both of them ultimately are dependent on the Senate for their jobs and the board lacks both clout with Senators and camaraderie with the pages themselves.)

To resolve this problem, the current structure should be replaced by a single board primarily composed of former pages, but it also could include a Member of Congress from each party from each chamber. The fact is that the greatest resource and protection for the page academy can be found in its alumni. Former pages now hold positions of considerable power throughout the legal, business and media worlds. These are individuals who are neither intimidated by nor particularly concerned with individual Members of Congress. More importantly, it is far easier for pages to speak with former pages than Members of Congress or a Sergeant-at-Arms.

Second, the board should be given offices in both chambers with a small staff to oversee the page academy and page service. These offices also would be a point of contact for families in an emergency, as well as a resource for educational and cultural events for the pages.

Third, the board should have the ability to conduct its own initial investigations of allegations and have the ability to refer such matters to the appropriate ethics committee or, when presented with evidence of a crime, to the Justice Department. In the former case, the House or Senate ethics committees would be required to investigate and issue an initial report on any such allegation to the Speaker and Minority Leader (or the Senate Majority and Minority Leaders) within 10 days.

Fourth, we should create a United States Page Foundation that would be supported by federal and private funds. This foundation eventually could become entirely self-supporting and offer financial and other forms of support for current and former pages.

With such a system, we finally could create a lasting structure for the page service as it enters its third century of existence. Congress has few traditions or institutions as old or as redeeming as the pages. Crooks such as former Rep. Duke Cunningham (R-Calif.) and (allegedly) Rep. William Jefferson (D-La.) always have worked these halls, but so have the pages — young idealists who understand better than they what Congress means to this nation. For those of us disgusted with the current hypocrisy and corruption in Congress, the pages represent one of the few unsullied institutions remaining on Capitol Hill.

Before the 109th Congress departs, it is possible to achieve a final redeeming moment out of a scandal-laden session. It is time to create a United States Page Foundation and a Congressional Page Board to guarantee that this unique institution can flourish, undaunted and unmolested, for another two centuries.

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Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and served as a House page in 1977 and 1978.

Energy Dept. Scales Back Polygraph Tests (AP)

By H. Josef Hebert

AP, October 4, 2006

The Energy Department is ending required polygraph tests for thousands of workers at its nuclear weapons facilities, including most scientists at the government's national research labs.

The department no longer will require polygraph tests as part of a general screening of new applicants, or automatically for employees in areas of high security. Tests will be required for narrow purposes where there is specific cause, the department said.

Applicants still will undergo broad security reviews, as will current workers on a periodic basis. But, with narrow exceptions, these workers will no longer automatically be subject to a lie detector test, department officials said.

The new requirements, to go into effect Oct. 30, "will significantly reduce the number of individuals who will undergo polygraph examinations," the department said in a summary printed in the Federal Register.

The widespread use of polygraphs at federal nuclear weapons labs and elsewhere within the Energy Department has been the subject of intense resentment, especially among scientists at the national laboratories.

Critics of the polygraph program have argued that it has kept good scientists from working at federal labs, such as Lawrence Livermore in California and Los Alamos in New Mexico, and caused others to quit.

There are an estimated 20,000 high-risk security positions at the Energy Department and among its contractors that under the old rules have been routinely subject to polygraphs, according to the department.

Officials could not provide numbers Wednesday on how many workers will still be subject to polygraphs under the new criteria.

But the new rules say mandatory polygraphs would be limited to workers whose jobs require them to work with or in other agencies that require polygraphs; those where there is "a specific indication" of a clandestine relationship with a foreign country, organization or terrorist group; and those where a test is ordered in response to a specific incident of concern.

The department said a polygraph may also be administered as part of random counterintelligence evaluations.

"This is a significant retreat from the (more widespread) use of the polygraph," said Steven Aftergood, director of the project on government secrecy at the Federation of American Scientist.

"DOE deserves credit for responding to the scientific critique and employee concerns" about the uncertainties surrounding polygraph tests, Aftergood said, adding that's not been the case at some other government agencies including the FBI and intelligence community.

In fact, earlier this week, the FBI and U.S. Secret Service won a legal victory when a federal judge ruled those two agencies could continue to use polygraphs for across-the-board screening of prospective employees.

The Energy Department rejected a call by representatives of some DOE scientists and others to stop using polygraph tests altogether. Critics of the technology long have argued that such tests are not reliable and can ruin a person's career if erroneously interpreted by technicians.

Congress responded to a series of security concerns, mainly at the Los Alamos National Laboratory in New Mexico, in the late 1990s and required the Energy Department to expand its use of polygraph tests on workers in high-security jobs.

The call for greater polygraph use was enflamed by the alleged espionage scandal surrounding Los Alamos computer scientist Wen Ho Lee. Lee, who was under investigation for years, was never charged with espionage and eventually was largely exonerated.

Responding to the Lee case and a string of unrelated security lapses, Congress in 1999 directed the department to use polygraphs as a broad screening tool for high-security workers including scientists at the national labs. That brought outrage from some weapons lab workers, who argued that polygraphs were not needed to assure security and were hurting morale.

In 2002, a National Academy of Sciences study said that polygraphs should not be used as the sole reason for judging an applicant for employment. The study said it should be only used in conjunction with a broader review.

As a result, Congress directed the Energy Department to revamp its policy on polygraph use and take into account the NAS findings, resulting in the revised regulations that will go into effect at the end of this month.

Jobs Search Process Frustrates Many Young Recruits (WP)

By Stephen Barr

The Washington Post, October 5, 2006

DOJ_NMG_0076060

To learn what is right and wrong about federal recruiting, listen to young people.

James Hedrick , in the government for two months, came to the Housing and Urban Development Department because it strives to improve the nation's communities.

April Torikai , hired by the State Department seven months ago, saw long-term opportunities to grow professionally in jobs that support U.S. diplomacy overseas.

Sonya Phillips moved 18 months ago from Tennessee to join the Government Accountability Office here because its work meshed with her education and experience in state government.

Katie Santo , a graduate student at George Washington University, hopes to find a job in government where she "can make a difference."

In all their cases, job decisions were not based on salary but on a sense of public service and other factors, such as training and opportunities for professional development offered by their agencies, they said.

Some of the perks of federal employment -- Hedrick's gym membership for $20 a month or time out of the office to help Hurricane Katrina victims -- also make the government a worthy employer, in their view.

The four offered their perspectives on federal recruitment practices at a summit yesterday sponsored by the Partnership for Public Service, a nonprofit group working with the Office of Personnel Management to promote government service to college students.

But they also recounted some frustrations with their job searches.

Hedrick, a presidential management fellow at HUD, found it difficult to follow up with agencies after a job fair. "The problem was finding someone to talk to," he said. Many college graduates, facing deadlines to start repaying student loans, want to know when they will start work and what kind of training they will receive, he said.

Torikai's first encounter with the government came after she was accepted as an intern and then waited five months for a security clearance. While waiting, she said, some one-on-one contact with a program official "would have calmed my nerves" about the internship.

In contrast, Phillips said, the GAO "did a good job of staying in contact" while she was being hired and showed an interest in her as a professional to keep for the long term.

Santo said college friends who were recruited by companies knew before graduation that they had landed their jobs. Most had completed internships that were a stepping stone to their jobs, she said.

Santo's sense that companies use internships more effectively to evaluate talent is supported by a survey conducted by the Partnership for Public Service. Max Stier , the group's president and chief executive, told federal officials gathered for the summit at the Ronald Reagan Building that only 15 percent of federal interns are hired where they had their internship, while the proportion in the private sector is 35 percent.

Contrary to popular impressions, the government stacks up fairly well against the private sector when college students are asked about their employment interests, he said.

But the partnership's survey also found that most students don't know what types of jobs exist in the government, don't know how to find federal jobs and don't know how to apply for them, he said.

Most college graduates, Stier said, are willing to wait only four weeks to hear back on their job applications. That survey finding suggests that agencies need to give students more detailed job information and streamline their hiring procedures, he said.

Dan Blair , deputy director at the OPM, told the summit that the government is stepping up recruitment efforts. The office has launched a television advertising campaign in about a dozen cities and plans to hold "federal career days" at Louisiana State University, Ohio State University, New Mexico State University and Carnegie Mellon University aimed at attracting students in medicine, engineering and foreign languages into the government, he said.

Bush administration officials are starting to focus on how to speed up federal hiring -- the OPM yesterday posted a "hiring makeover tool kit" on its Web site to guide agencies -- because projections show that the government could lose about 900,000 of 1.8 million employees through resignations and retirements in the next six years.

For additional perspectives on federal hiring, read the Sept. 27 and Oct. 4 transcripts of Federal Diary Live athttp://www.washingtonpost.com. My e-mail address isbarrs@washpost.com.

A Blow To Labor (WP)

The Washington Post, October 5, 2006

MEMBERSHIP IN labor unions is falling across the industrialized world, and some of this fall may be inevitable. With a few exceptions, such as the hotel industry, it's become hard for unions to negotiate substantial pay raises without endangering the viability of companies: The companies have to compete against rivals that aren't unionized, frequently because they're overseas.

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Some of the decline, though, is not inevitable but rather is due to one-sided political and legal decisions, such as Tuesday's disturbing ruling from the National Labor Relations Board.

In a split decision, the three board members appointed by President Bush outvoted the two originally appointed by President Bill Clinton in ruling that relatively junior workers can be defined as "supervisors," thus restricting their right to join a union. The case involved "charge nurses" who assign colleagues to care for particular patients but who lack the power to promote, discipline or influence the pay of the other nurses. As the dissenting opinion argued, this minimalist definition of supervision could deprive whole categories of workers of the ability to organize: Teachers, for example, direct teachers' aides.

The decision exacerbates a legal environment that makes organizing workers unduly difficult. In other recent cases, the labor relations board has narrowed the definition of workers who may organize, excluding graduate students who work as teaching assistants and disabled people who work full time but whose contracts could be said to be rehabilitative. In industries where the right to organize is not yet disputed, employers nonetheless block attempts to establish unions by firing workers who favor them; although this is illegal, the penalties are too small and tardy to serve as a deterrent.

Critics of unions are right that they can bring disadvantages. They can impede innovation and slow the introduction of new technology. But in an age of growing inequality, the decline of unions also has disadvantages: De-unionization explains about 15 percent of the increase in wage inequality among men over the past quarter-century, according to David Card of the University of California at Berkeley. In sum, the costs and benefits of unions vary from industry to industry, which is all the more reason why workers should be free to decide whether to join one.

Not Separate, But Ecumenical (LAT)

The Los Angeles Times, October 5, 2006

WOODY ALLEN OFTEN RECOUNTED how his life was saved by his habit of carrying a bullet in his left breast pocket. A "berserk evangelist" once threw a Bible out of a second-story window, and it struck him in the chest, he said. "That Bible would have gone through my heart if it wasn't for that bullet."

Allen's joke is more deft than the way a House-Senate conference committee resolved a divisive debate about whether military chaplains should be allowed to pray "in Jesus' name" before a religiously mixed audience.

In approving a defense authorization bill, the conference committee dodged a bullet — and a Bible — by rejecting language in the House version saying that "each chaplain shall have the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible."

That language, the result of a lobbying campaign by some evangelical Christian groups, would have threatened the sensible status quo. Currently, Protestant, Catholic, Jewish and Muslim chaplains may conduct denominational services for their own flocks, but they employ more generic language when called upon to solemnize occasions attended by service members of all faiths. This arrangement was defended by the National Conference on Ministry to the Armed Forces, which represents most military chaplains.

The proposed change in the law came after some evangelicals objected to recent guidelines issued by the Air Force and Navy designed to curb aggressive proselytizing. The Air Force guidelines said that "public prayer should not imply government endorsement of religion and should not usually be a part of routine official business." The Navy guidelines said that "every religious ministry professional must be willing to function in a pluralistic environment in the military, where diverse religious traditions exist side-by-side with tolerance and respect."

Unfortunately, although it resisted the effort to allow more denominational prayer at mixed gatherings, the conference committee gave evangelical activists a consolation prize: It nullified these Navy and Air Force guidelines, sending officials in those branches back to the drawing board.

This is mischievous micromanagement. Having rightly decided not to disturb current federal statutes that govern chaplains, Congress should have refused to tinker with guidelines designed to preserve the law's distinction between a chaplain's sectarian role and his larger duty to the armed services. It's hard to say "Amen" to that mixed message.

The Irony Of NASA's Nobel (NYT)

The New York Times, October 5, 2006

NASA is basking in the glow of a Nobel Prize awarded to one of its scientists and to a Berkeley astronomer for research performed on a satellite built by NASA. The award is richly deserved, and the agency deserves great credit for making the work possible. Too bad the program that yielded these pioneering discoveries was reined in not long ago so that NASA could pour billions of dollars into resuming shuttle flights, finishing the international space station, and developing spacecraft to pursue the Bush administration's ambitious space exploration program.

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The research that won this year's Nobel Prize in Physics was performed using instruments aboard the Cosmic Background Explorer, or COBE satellite, which was launched in 1989. Huge teams of government and academic researchers measured and analyzed the cosmic microwave background radiation that permeates the universe. Their findings provided strong support for the Big Bang theory of the origins of the universe, and turned cosmology, previously rather speculative, into a precise science. The discoveries have been hailed as one of the greatest scientific advances of the past century.

The COBE satellite was part of NASA's Explorers Program, which uses small satellites to conduct important studies that don't need gigantic, costly space platforms. Yet these and similar small-scale missions were disproportionately cut to free up money for more grandiose programs. The Nobel award suggests that NASA needs to rebalance its portfolio, a task the agency says is in progress.

OTHER NEWS:

Wall St Rally Sends Dow To Record Close (FT)

By John O'Doherty

Financial Times, October 5, 2006

The Dow Jones Industrial Average closed at a new all-time high on Wednesday for a second consecutive day, extending the rally on Wall Street.

Consumer stocks were at the forefront of the gainers. Recruitment company Robert Half International climbed 3.2 per cent to $34.45, while Starbucks gained 5.7 per cent to $35.96. Casino company Wynn Resorts added 6.2 per cent to $71.29.

Technology stocks also rallied. Graphics chipmaker Nvidia jumped 9.8 per cent to $31.08 on rumours that it would be bought out by Intel.

Sandisk added 5.8 per cent to $56.38 after it announced a deal to distribute its flash-memory products through 2,000 retail outlets in India in the coming weeks, and expand its presence to 14,000 outlets by the end of 2007.

Other tech stocks also pushed higher. Microsoft climbed 2.1 per cent to a seven-month high of $27.94, and Ebay added 6.1 per cent to $29.90.

At the close, the S&P 500 was up 1.2 per cent, or 16.11 points, at a fresh five-and-a-half-year high of 1350.22. The Nasdaq Composite was up 2.1 per cent, or 47.30 points, at 2,290.95.

The Dow Jones Industrial Average gained 1.1 per cent, or 123.27 points, to a new record close of 11,850.61, just shy of its new intra-day record of 11,851.25.

Philip Roth, chief technical market analyst at Miller Tabak, said the Dow was not likely to surge from this point. "I don't think the market is going to go off on a long sustained move here," he said. "But it should be enough to press some of the bears [back] into the market."

Crude oil prices fell earlier in the day, but recovered after attacks near oil installations in the Niger delta. ExxonMobil rose 1.8 per cent to $66.61, and Valero added 4 per cent to $50.10.

The mining sector had some rare losers, depressed by falling copper prices. Phelps Dodge sank 1.8 per cent to $78.65 and Freeport McMoran dipped 0.9 per cent to $49.04.

Ford Motor ticked up 4 per cent to $8.56. General Motors and Nissan-Renault on Wednesday ended talks about forming a possible alliance, increasing the likelihood that Nissan and Renault would now seek to form a partnership with Ford.

Medical device maker Medtronic added 3.8 per cent to $48.92 – its best day in four months – after regulators in Australia approved the sale of its Endeavour heart stent, used to keep arteries open.

ImClone gained 8 per cent to $29.33 after it said it had received a $36-a-share take-over offer from a big pharmaceutical group last month. Billionaire investor Carl Icahn, who is on the company's board, rejected the offer.

Genentech dipped 1.7 per cent to $82.40 after an analyst said third-quarter sales of the company's cancer drugs may have fallen short of estimates.

Shares Surge Amid Hopes For Lower Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

Stocks rallied the most in seven weeks yesterday after the biggest part of the economy slowed and the Federal Reserve chairman, Ben S. Bernanke, acknowledged a housing slump, encouraging speculation that benchmark interest rates may decline next year.

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The Standard & Poor's 500-stock index set a five-year high and the Dow Jones industrial average climbed above 11,800 for the first time.

Technology shares led the gains as Nvidia, the maker of computer graphics chips, surged on speculation that Intel may buy the company. Ford Motor rose on the prospect that Renault and Nissan may seek an alliance after ending talks with General Motors.

The S.& P. 500 jumped 16.11 points, or 1.2 percent, to 1,350.22. The Dow climbed 123.27 points, or 1.1 percent, to 11,850.61. The Nasdaq composite index increased 47.30 points, or 2.1 percent, to 2,290.95. All three measures had the biggest advance since Aug. 15.

About 1.87 billion shares changed hands on the Big Board.

Service industries, accounting for about 90 percent of the economy, expanded in September at the slowest pace in more than three years and a gauge of inflation plunged.

Mr. Bernanke said a housing slump would lop about a percentage point off economic growth in the second half and limit expansion next year. His remarks yesterday reaffirmed a view that the central bank was done raising borrowing costs.

Crude oil for November delivery rebounded from a seven-month low to close 0.7 percent higher at $59.41 in New York.

Nvidia shares surged $2.78, or 9.8 percent, to $31.08 for the biggest gain in the S.& P. 500.

Ford rallied 33 cents to $8.56. G.M. ended talks aimed at forming an alliance with Renault and Nissan.

Procter & Gamble, the consumer goods maker, jumped $1.04, to $63.34. Home Depot, the home improvement retailer, added 66 cents, to $37.49.

Wal-Mart Stores, the world's largest retailer, gained even after it cut its estimate of United States same-store sales growth in September to 1.3 percent, from 1.8 percent. The company, which made an initial sales estimate on Sept. 30, said it discovered mistakes in calculations at 235 locations. The stock added 9 cents, to $49.55.

Boeing, the commercial jet maker, advanced $2.18, or 2.7 percent, to $83.96, for the biggest advance in the Dow. Boeing gained after its chief rival, Airbus, said delays to deliveries of the A380 jet would cut 4.8 billion euros ($6.1 billion) from its parent company's earnings through 2010.

Microsoft advanced 57 cents, or 2.1 percent, to $27.94, for the second largest gain in the Dow average. A Goldman Sachs analyst, Richard G. Sherlund, wrote in a note that Microsoft's Windows Vista operating system was likely to be ready on time, reversing a previous view that the product could be months late. Windows runs almost 95 percent of the world's personal computers.

ImClone Systems, the biotechnology company, rose $2.16, to $29.33. In a filing, management said the billionaire investor Carl C. Icahn blocked a September buyout bid by a large drug maker it did not identify. Mr. Icahn, the company's second-largest shareholder, said yesterday that ImClone was worth more than the $36-a-share takeover offer.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.56 percent, from 4.61 percent. The price, which moves in the opposite direction of the yield, rose 14/32, to 10215/32.

Blue Chips Hit Another Record, Climb Past 11850 (WSJ)

By E.S. Browning

The Wall Street Journal, October 5, 2006

A day after the Dow Jones Industrial Average broke through its six-year-old record, the floodgates opened.

In heavy trading, the blue-chip average yesterday jumped 123.27 points, or 1.05%, to 11850.61, a second consecutive record. It was the biggest point or percentage gain since Aug. 15, and left the average up 10.6% for 2006.

Other major indexes also rose strongly. Although the other indexes remain short of their own records, the Standard & Poor's 500-stock index finished at its highest level in 5½ years.

The gains were driven in part by new data reinforcing hopes that the economy is in a "Goldilocks" environment, with inflation not too hot and growth not too cold.

In addition, Federal Reserve Chairman Ben Bernanke said in response to a question after a speech in Washington that the U.S. housing market is experiencing a "substantial correction" that will trim economic growth by about a percentage point in the second half of this year and weigh on growth next year. The comment reinforced hopes that the Fed won't raise rates anytime soon, which is good news both for consumers and for corporate profits.

Stocks had been bouncing around for a week, as the Dow average repeatedly pushed toward its record, only to fall back. After it finally edged past the record on Tuesday, some skeptical investors apparently threw in the towel and decided to put new money into stocks.

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Among the buyers were short sellers -- bearish investors who had been betting on stock declines and decided it was time to cover their bets in the face of the rising market. Short sellers borrow stock and sell it, in hopes of buying it back cheaper after a pullback. To cover their bets, they must buy back the borrowed stock, and that temporarily contributes to market gains.

"Once they see the market break through and see that it can sustain itself, the shorts rush in to cover" their bets, because stock gains cost them money, said senior trader Bob Basel at Citigroup's New York brokerage arm.

Among the day's biggest gainers were stocks that have been trailing the market in recent weeks, such as small stocks and transportation stocks, which had been targets of short sellers. Technology stocks, also frequent short-seller targets, also surged.

The day's data suggested that the economy is continuing to advance, but at a slower pace than early this year. That reinforced hopes that the Fed will continue to leave interest rates unchanged when policy makers meet Oct. 24 and 25.

A monthly report showed that activity in the nation's service businesses, representing two-thirds of the economy, grew in September at the slowest pace in three years. The Commerce Department reported that orders for manufactured goods were unchanged in August.

Treasury-bond prices rose on the soft economic news, sending bond-yields down, as bond investors continued to speculate that the Fed might actually cut short-term interest rates next year. Falling bond yields have been pulling down other market interest rates in recent weeks, including those of many fixed-rate mortgages. Perhaps reflecting the lower mortgage rates, a weekly report on mortgage applications showed the strongest gains since June, helping calm worries about the slumping housing market.

Crude-oil futures prices, whose recent declines have reinforced optimism about consumer spending, rebounded 73 cents to $59.41 a barrel, remaining below $60.

Wal-Mart Stores Inc. said September sales were weaker than it had thought, but in the excitement investors shrugged off the news and even that stock rose.

Investors now are looking ahead to September employment data, due tomorrow, which will give the latest indication about the economy's health. After that, they will focus on quarterly corporate profit reports, due in the following three weeks.

Yesterday, the Nasdaq Composite Index, laden with technology stocks, rose 2.11%, or 47.30 points, to 2290.95, up 3.9% this year. The broad Standard & Poor's 500-stock index advanced 1.21%, or 16.11 points, to 1350.22, ahead 8.2% in 2006.

The Russell 2000 small-stock index jumped 2.1% to 733.47, up 9% this year. The Dow Jones Transportation Average gained 2.24% to 4569.78, up 8.9% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.15%, or 0.33 point, to 219.95.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.97 billion shares, as 2,614 stocks rose and 717 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.559%. The 30-year bond was up 22/32 to yield 4.715%.

The dollar was mixed. Late in New York, it traded at 117.88 yen, down from 117.92, while the euro fell against the dollar to $1.2713 from $1.2726.

Dow Bounds To Another High, Inspiring Other Indexes (USAT)

By Adam Shell

USA Today, October 5, 2006

NEW YORK — After posting its second-consecutive record close on Wednesday, the Dow Jones industrial average continued to downplay its image as a dowdy blue-chip index that delivers doglike returns.

Instead, the 110-year-old Dow is looking more like Wall Street's leading thoroughbred that virtually overnight has sped up the price appreciation of all types of stocks.

The Dow is no one-day wonder. A day after eclipsing its all-time high set nearly seven years ago in January 2000, the 30-stock index made up of America's most famous blue-chip companies, blasted 123.27 points higher to 11,850.61, setting yet another record.

“Did somebody say ‘melt up?' ” Edward Yardeni, chief investment strategist at Oak Associates, quipped Wednesday in a note to clients that captured the pioneering spirit of the Dow's bull run.

The Dow's ability to enter record territory has gotten investors juiced up enough about stocks to put money to work and join the party, says Chris Johnson, director of quantitative research at Schaeffer's Investment Research.

“You ask people what the market is, and they will say, ‘The Dow,' ” Johnson says. “When it breaks through to a new record, the psychology of investors starts to kick in, and they start to ask, ‘Is the train leaving the station without me?' ” As a result,

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Johnson adds, “Investors start to come back into the market. And when people like my mom start looking to invest, she is not looking to invest in names like Research In Motion. She is looking to buy well-known companies like Microsoft, Dell and Starbucks.”

Wednesday, Microsoft gained 2.1%, Dell jumped 1.9%, and Starbucks rallied 5.7%.

Indeed, the jolt of adrenaline provided by the Dow has spread to areas of the market that have been lagging behind. The Dow has sparked a broad rally that includes tech names, small stocks and long-forgotten large-company shares.

Wednesday, the big winners were the down-and-out Nasdaq composite and the Russell 2000 small-company index, which has been a market leader since 2000 but has been trending lower this year. Both the Nasdaq and Russell 2000 gained 2.1%, topping the Dow's 1.1% gain and the 1.2% jump by the Standard & Poor's 500.

But the Dow can't take all the credit for the stock market's recent vitality, says Dick Hoey, chief economist at Dreyfus. Instead, the rally is being driven by a growing sense among Wall Street traders that the slowdown in the economy won't result in a “full-scale recession,” he says.

A sharp drop in the yield on the 10-year Treasury note (closing Wednesday at a stock market-friendly 4.56%) is making stock prices more attractive to investors. The big beneficiaries, Hoey says, are megacap stocks, such as Microsoft, which are “valued not on hope but on real-world earnings.”

The stock market is also benefiting because two of the main headwinds — an aggressive monetary policy by the Federal Reserve and a surge in energy prices — have been eliminated, says John Caldwell, chief investment strategist at McDonald Investments.

Wall Street is betting the Fed is done raising its target for short-term rates, and oil prices have dipped 25% since mid-July. “There's strong evidence that investors are more willing to have riskier assets in their portfolios,” Caldwell says.

Dow Blasts Beyond Record-High Close (WP/AP)

By Associated Press

The Washington Post, October 5, 2006

NEW YORK, Oct. 4 -- Wall Street rose even higher Wednesday, propelling the Dow Jones industrial average to its second straight record close.

The Dow soared 123.27, or 1.05 percent, to close at 11,850.61. It hit 11,851.25 in trading, which stands as its trading high. On Tuesday, the iconic average of 30 blue-chip stocks reached new closing and trading highs, wiping out records that had stood since Jan. 14, 2000.

The Standard & Poor's 500-stock index was up 16.11, or 1.21 percent, at 1350.22, and the Nasdaq composite index rose 47.30, or 2.11 percent, to 2290.95.

The impetus for Wednesday's big push was a growing feeling on Wall Street that the Federal Reserve might begin lowering rates soon. Investors appeared to take comfort in comments by Fed Chairman Ben S. Bernanke that the slowing housing market could be a drag on the economy, perhaps shaving a percentage point off of gross domestic product growth in the second half this year and into next year.

The government surprised Wall Street by reporting a rise in crude oil inventories, and investors were also heartened by news that Saudi Arabia said it wanted to keep prices lower. That brought crude prices down, though they rebounded and were up 73 cents, at $59.41.Movers

Wal-Mart Stores rose 9 cents, to $49.55, after spending much of the day down. It said September sales at stores open at least a year rose 1.3 percent, not the 1.8 percent it had forecast.

ImClone Systems gained $2.16, to close at $29.33, after saying an unidentified international pharmaceutical company was willing to make an all-stock offer of $36 per share for the company.

Ford Motor rose 33 cents, to $8.56, as Bear Stearns cut its rating.

General Motors fell 9 cents, to $33.32, as talks ended about an alliance between GM, France's Renault and Japan's Nissan.

TiVo fell 85 cents, to $6.67, after it said an appellate court had given EchoStar Communications a reprieve in a patent fight between the companies.Indexes

New York Stock Exchange composite index rose 90.84, to 8538.67.

American Stock Exchange index rose 4.86, to 1875.20.

Russell 2000 index of smaller-company stocks rose 15.12, to 733.47.Volume

NYSE: 2.99 billion shares, up from 2.68 billion on Tuesday. Advancers outnumbered decliners 7 to 2.

Nasdaq: 2.22 billion shares, up from 1.99 billion. Advancers outnumbered decliners 5 to 2.Commodities

Crude oil for November delivery: $59.41, up 73 cents.

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Gold for current delivery: $562.00 a troy ounce, down from $576.30 on Tuesday.

Wall Street's New High Buoys Main Street (CSM)

By Ron Scherer

The Christian Science Monitor, October 5, 2006

NEW YORK

Marcia Brier of Needham, Mass., is relieved that the Dow Jones Industrial Average has finally surpassed the high of 6-1/2 years ago. With two children in college, she says the strong market showing "gives me a larger cushion."

Jana Skewes of Chattanooga, Tenn., hopes a resurgent stock market helps her small business, SharedHealth. "Potential customers might be a little looser" with their money, says the president and CEO, "and young companies need that."

And retiree Fred Bona of Boonton, N.J., says the Dow hitting a new record will help his retirement nest egg. "When it's going up, it's wonderful. And when it's going down, it makes you nervous."

Yes, the reaction on Main Street to a new Dow record - 11,727.34, only 4.36 points over the old record - is one of relief. A hurdle cleared. Perhaps an indication that the gloom and doom that often emanates from Wall Street professionals may not come true. And, perhaps a way to make money even if home valuations are now going the opposite way.

"It helps to remind people why they own stocks," says Alec Young, a strategist at Standard & Poor's in New York. "It's a good thing psychologically."

The Dow's resurgence, some analysts believe, reflects the shifting investment landscape and perhaps some improvement in the investment climate.

"There is some shifting away from real estate and into the stock market," says Peter Morici, a professor at the Robert Smith School of Business at the University of Maryland in College Park. "If you're not buying houses and your personal income is up, you have to be doing something with your money."

At the same time, says Mr. Young, the international geopolitical climate has improved. So far, many of the dire predictions of war spreading in the Middle East have not come to pass. The relative peace in the region has helped to bring down oil prices. Wednesday, oil was trading below $60 a barrel. "If it continues to fall, that helps," says Young. If it falls to $55 a barrel, stock prices could rise more, he adds.

The Dow's rise also comes at a time when Wall Street is anticipating a change in course by the Federal Reserve Board. By this spring, some analysts believe the Fed will start to cut interest rates as the economy slows. "The consensus is for the first rate cut in early 2007," says Lew Piantedosi, co-manager of the Eaton Vance Large-Cap Growth Fund in Boston. "Typically, when the Fed eases off the short-term rates, it's a pretty bullish indicator for stocks."

In the recent past, the Fed has lowered interest rates in late 2002 and after 9/11. Before that, it was in 1994 and in the early 1990s. Most of those cuts led to significant market gains, says Mr. Piantedosi.

However, there are also plenty of investment professionals who are skeptical of the market's rise. One of those is J. Michael Barron, CEO of Knott Capital in Exton, Pa. He's concerned about the deterioration of the housing market, the increased cost of servicing debt as more adjustable rate mortgages are reset, and slower job growth in the general economy.

"The market has basically ignored these risks and continued to work higher," he says, adding, "We think it's a time when most investors should be more cautious."

In Greenville, S.C., Hugh Moore, a partner at Guerite Advisors, doesn't see the stock market moving much higher. His measure is corporate profits as a percentage of gross domestic product. He says that historically corporate profits are 4.5 to 6.5 percent of GDP. Today, they are at 9 percent of GDP. "Unless we're in completely uncharted territory, we're at maximum earnings peak right now," he says. "That means there's not a lot of room for the market on the upside."

While the Dow average is hitting a high, the broader stock market as measured by Standard & Poor's 500 index is still 12 percent below its all-time high. The Dow average is up 9 percent for the year but the S&P average is up only 7 percent.

"The S&P and the NASDAQ had higher highs and steeper drops," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "So, I don't think the stock market as a whole is exploding here."

Industrials Revolution (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, October 5, 2006

On Tuesday, the Dow Jones Industrial Average finally closed above its all-time high on Jan. 14, 2000. Although this accomplishment gained significant media coverage, the milestone brought forth little applause from market analysts. They maintained that "virtually no one indexes to the Dow," and many called the Dow industrials an archaic price-weighted index of a bygone era. These cynics claimed that the capitalization-weighted S&P 500 or Russell 3000 indices were much better indicators

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of the market, and these yardsticks were still 10% below their record highs reached in March 2000. The naysayers should wise up. Not only has the "outdated" industrials given investors better returns than such widely watched benchmarks as the S&P 500 Index, but it better reflects what the market has done over the past decade than the more popular capitalization-weighted indices.

The members of the DJIA are chosen by an index committee to be broadly representative of blue-chip companies that dominate American industry. Since 1980, the return on Dow industrials has averaged 13.89% per year, significantly above the 13.06% recorded for the S&P 500, a benchmark that many active money managers find difficult to beat.

But more importantly, the stock market has already reached, by many other more representative measures of market return, an all-time high. The only reason why capitalization-weighted indices such as the S&P 500 are still lower is because of the insane valuations investors gave to the technology sector six years ago. Tech companies with little earnings, such as JDS Uniphase, Nortel, Sun Microsystems, EMC and others reached huge and unprecedented valuations that dominated capitalization-weighted indices. Despite widespread pressure, the Dow wisely excluded these and other tech stocks (particularly Cisco, which for a time was the world's largest company by stock market value) from the industrial average. (They added Microsoft and Intel, far more reasonably priced tech stocks, to their list in 1999.)

The outsized influence of the tech sector in 2000 greatly distorted the capitalization-weighted indices. There are 10 sectors in the S&P 500 Index: technology, financials, health care, utilities, industrials, energy, consumer discretionary, consumer staples, and materials and telecom. If we exclude the tech sector, the S&P 500 would be 16% above its level reached in 2000. Seven of the 10 other sectors (excluding tech, telecom and consumer discretionary) are significantly higher than their 2000 levels. Even within the S&P 500, more than two-thirds of stocks are above the price they reached in 2000, but the big cap tech stocks had so much weight then that their collapse forced the whole index lower now.

Even other capitalization-weighted stock market indices have long ago hit all-time highs. The Russell 2000 Index, a benchmark for the small cap sector, broke into new all-time high territory in 2004. And EAFE, the international benchmark stock index, representing Europe, Australia and the Far East, broke into new high ground in March of this year.

The Dow industrials, while containing only 30 blue chip companies, is more representative of the performance of investors who shied away from the tech and Internet mania that gripped the markets in 2000. Let's not downplay the significance of this oldest but most venerable index of stock market values.

Mr. Siegel is professor of finance at Wharton.

Fed Chairman Urges Entitlement Program Reforms (MCT)

By Kevin G. Hall

McClatchy Newspapers, October 5, 2006

WASHINGTON - Federal Reserve Chairman Ben Bernanke called Wednesday for urgent reform of Social Security and Medicare, warning that failure to do so soon could lead to dire economic consequences for future generations.

Speaking to the Economic Club of Washington, Bernanke said that projected funding shortfalls for Social Security and Medicare threaten "large and unavoidable" fiscal consequences.

Absent action soon, he warned, the nation could be forced to raise taxes sharply, trim retiree benefits, cut deeply into other government programs, and run up the national debt - or some combination of all.

Beginning in 2008, the first wave of baby boomers - 76 million Americans born between 1946 and 1964 - begin taking early retirement. Progressively, there will be a smaller number of active workers available to fund promised benefits to what will be a swelling number of retirees.

To meet promises made under Social Security and Medicare, Bernanke said, taxes would have to rise by about 33 percent. That would take taxes from their current level, 18 percent of the nation's total output, to about 24 percent of total output in 2030.

If politicians opted to spend less on other federal programs to channel the savings into covering promised retirement benefits, they'd have to cut all other government spending in half, the Fed chairman said.

Bernanke's long-serving predecessor Alan Greenspan, who retired in January, frequently warned that a fiscal crisis looms because of the impending flood of retirees. Bernanke offered new numbers Wednesday to help frame the coming debate on an issue that politicians frequently dodge.

Citing an unpublished Fed research paper, Bernanke said that if today's savings rates remain constant, future generations of workers would be forced to consume 14 percent less than they do now because they'll have to shift their money to pay for boomers' retirement benefits.

But if today's Americans cut their current consumption by 4 percent and put that money into savings, that could expand the economic pie over time enough to stave off the 14 percent reduction in American consumption two decades from now.

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"These numbers shouldn't be taken literally but the basic lesson is surely right - that the decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said.

The Fed chief advocated reducing federal budget deficits and called for changes to Social Security and Medicare rules to ensure that baby boomers needed in the work force won't be penalized for working during their retirement years.

In a question-and-answer session, Bernanke said a more liberal immigration policy would ease some of the burden of a shrinking work force. But, he cautioned, it would take annual flows close to 3.5 million immigrants, not today's 1 million, to adequately replace retiring baby boomers.

To read Bernanke's address, go to:

http://www.federalreserve.gov/boarddocs/speeches/2006/20061004/default.htm

Bernanke: Savings Situation Getting Dire (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that unless the current generation is willing to sacrifice, by cutting consumption or increasing savings, future generations could face a heavier reduction in living standards.

In a speech to the Economic Club of Washington, Bernanke said the gradual aging of the population has major implications not only for federal programs for the elderly, such as Social Security and Medicare, but the broader economy.

"We can mitigate the adverse effect of the aging population on future generations, but only by forgoing consumption or leisure today," Bernanke said. He added that as the population ages, the nation must choose among higher taxes, fewer government programs, cuts in Social Security and Medicare, a higher deficit or some combination of those options.

In 2008, when the 79 million baby boomers start to retire, people over the age of 65 will make up 12% of the population. By 2030, that will rise to 19%. The change will affect living standards because a smaller share of the population will be working age, 16 to 64, and, most likely, a thinner slice of the population will be employed. Future workers are likely to be more productive, but their production will be shared by more people.

Bernanke said the impact can be softened if private savings rise and the federal deficit, which the CBO estimates was $260 billion in fiscal 2006, is cut. The savings rate has been negative in recent months, while the United States is borrowing heavily from overseas to cover its budget deficits.

But Bernanke admitted that economists had found "no silver bullet" to boost household savings.

The Fed chief said Congress could not avoid hard choices to reform what he called "unsustainable" Medicare and Social Security benefits. If Congress shores up the programs solely through higher revenue, taxes would have to rise by 25% by 2030, with further increases needed down the line. Funding the programs solely by cutting other federal spending would require about $700 billion in reductions by 2030.

Bernanke did not make explicit recommendations, but he suggested Congress adopt measures that encourage older people to stay in the workforce and improve education to make the economy more productive.

"The decisions that we make over the next few decades will matter greatly for the living standards of our children and grandchildren," Bernanke said, citing research showing early action could dramatically reduce the long-run economic impact.

Higher levels of immigration can help the situation, but probably can't solve it. To overcome the effects of an aging population, immigration would have to rise to 3.5 million people annually, Bernanke said.

Fed Chiefs See 'correction' In US Housing (FT)

By Krishna Guha And Ben White

Financial Times, October 5, 2006

A "substantial correction" in the US housing market is under way but so far it has not had a big effect on the rest of the economy, the two top officials at the Federal Reserve said on Wednesday.

In separate remarks Ben Bernanke, the Fed chairman, and Don Kohn, the Fed vice-chairman, each said it was very difficult to predict what the ultimate impact of the housing slowdown on growth and consumption would be. They noted that new residential construction had already fallen sharply and housing weakness could spill over into other sectors in the months ahead.

But both said that for now at least, there was substantial off-setting strength in other sectors, including non-residential construction. At the same time, the two top Fed officials stressed that they remain concerned about inflation.

Mr Bernanke said that while he expects inflation to decline "it is something that we have to watch very carefully to make sure that it does not rise or even remain where it is".

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Mr Kohn went further, restating that “in the current circumstances, the upside risks to inflation are of greater concern” than the downside risks to growth from housing.

While the analysis presented by the two is consistent, Mr Kohn’s more detailed remarks raise the possibility that he is a little less concerned about the housing slowdown than Mr Bernanke.

Taken together, the comments undermine any suggestion that the Fed is already leaning towards interest rate cuts. Rather, they suggest it is likely to remain on pause for what could be an extended period while policymakers evaluate incoming data on growth and inflation.

Breaking more than a month of silence on the US economy, Mr Bernanke told the Economic Club of Washington that the decline in US residential construction would subtract “about one percentage point” from growth in the second half of this year and “probably something going into next year as well”.

However, he said that up to this point, non-housing related sectors remained “relatively strong”.

Mr Bernanke said the key questions for the Fed were how far the housing market correction would go and the extent to which it would spill over into other sectors of the economy.

He said it was “very difficult” to predict when the housing market would stabilise, with would-be buyers remaining on the sidelines because of fears that prices might decline. But he said there were “strong fundamentals” underpinning the housing market, including low unemployment, rising wages and demographic shifts.

Mr Bernanke’s remarks were made after a speech in which he called for a national effort to raise US savings to minimise the cost of an ageing population to future generations.

Meanwhile Mr Kohn, in a speech to the Money Marketeers association of New York, argued that the housing adjustment, though painful, could be brief and the US economy was heading for a soft landing.

He said the sharp decline in residential construction should help rebalance supply and demand and said population dynamics suggested “starts may be closer to their trough than their peak”.

Historically, moderate interest rates and rising real incomes should also underpin the market, he said.

Bernanke Expects Housing Slide To Rein In Second-Half Growth (WSJ)

By Greg Ip, Brian Blackstone And Christopher Conkey

The Wall Street Journal, October 5, 2006

The Federal Reserve's top two officials yesterday highlighted the risk that the sinking housing market could put a significant dent in U.S. economic growth in the second half of the year.

Remarks by Fed Chairman Ben Bernanke and Vice Chairman Donald Kohn suggest the central bank's job has become more complicated and the outlook for interest rates more uncertain in recent months. While risks to economic growth appear to have increased, inflation remains a concern and thus cuts to short-term interest rates -- a growth tonic the market now expects -- appear unlikely for now.

Nonetheless, the perceived concern about housing's impact prompted investors, who already foresee the Fed cutting rates sometime next year, to further drive down long-term interest rates in the bond market and sent stocks sharply higher. The Dow Jones Industrial Average rose 123.27 points, or 1.05%, to a record 11850.61. (See related article2.)

Mr. Bernanke, answering questions after a speech in Washington, said the housing sector is undergoing a "substantial correction" that will likely shave about "a percentage point off growth in the second half of the year" from what it would otherwise have been "and probably something going into next year as well," estimates close to private forecasters' views. Mr. Bernanke also said there is "limited evidence" the falloff in housing activity had spilled over to other parts of the economy. "To this point, other parts of the economy are remaining relatively strong."

But he also said it is tough to predict how the "dynamics" of housing and its impact on the overall economy "will play out....How far will this correction go? It is very difficult to tell, is the honest answer."

Mr. Kohn echoed those remarks in a speech to the Money Marketeers of New York University, a group that promotes economic education and discussion. The falloff in housing construction and home sales has "proven to have been more rapid and deeper than many economists had predicted." Nonetheless, he too said there is "little evidence" of a spillover to the rest of the economy. Once the overhang of unsold houses and cars is worked off, growth should return closer to its long-term trend rate, Mr. Kohn said. (Economists generally put that trend rate at about 3%) He added: "The risks...seem to me to be weighted toward a weaker outcome."

Both Mr. Bernanke and Mr. Kohn, however, reiterated that they remain concerned about inflation, which is at worrisomely high levels. Mr. Kohn said while he is concerned about both weaker economic growth and higher inflation, "the upside risks to inflation are of greater concern." In response to questions after the speech, he reinforced that, adding: "Don't sell the Fed's

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concern about inflation short." Mr. Bernanke reiterated previous comments that inflation "is still above what we would consider price stability" and bears careful monitoring, but that the Fed expects inflationary pressures to ease as the economy slows.

Markets in recent months have begun to predict that the Fed will cut its short-term interest-rate target, now at 5.25%, several times over the next year, starting perhaps as soon as December, reflecting investor concerns that a sizable housing slump would erode consumer spending. (It is expected to remain unchanged at the Fed's Oct. 24-25 meeting.) But that seemed at odds with Fed officials' stated concern about inflation. Their remarks yesterday suggest their assessment of the risks are shifting closer to the market's, but not enough to make a near-term rate cut likely.

Indeed, Mr. Kohn, while not directly challenging investors' rate expectations, did suggest they may be overconfident in their views, as reflected by low volatility in fixed-income markets. "I am surprised at how little market participants seem to share my sense that the uncertainties [about growth, inflation and interest rates] are fairly sizable," he said.

Mr. Bernanke's remarks are indicative of "a Fed on hold versus a Fed on the verge of cutting rates," said Drew Matus, economist at Lehman Brothers.

Former Fed governor Laurence Meyer said the central bank likely believes housing will have a bigger negative impact on growth than it previously anticipated. Mr. Meyer, now with forecasting firm Macroeconomic Advisers, expects the economy to grow at an annual rate of 2.2% over the second half after growing at a 4.1% rate in the first half. But the bond and futures markets may be even more pessimistic, he said. "I think the market's expecting more than a substantial correction," Mr. Meyer said. "The markets don't seem to get that the slowdown is perfect -- it's just what the doctor ordered."

Stock and bond markets rallied after Mr. Bernanke's comments, which were seen as more evidence that the next move at the Fed -- despite officials' public protests that inflation remains very much a worry -- will be to cut interest rates sometime next year.

Financial markets are still getting used to Mr. Bernanke's style. His willingness to put a figure on the expected impact of housing on growth may have been interpreted as a sign of his concern, but it may be more a result of his greater willingness to put precise numbers on his views than his predecessor, Alan Greenspan, generally did.

Yesterday's economic data offer a hint that the "soft landing" Mr. Bernanke and his colleagues are seeking -- where growth eases and inflation retreats -- appears to be unfolding.

The Institute for Supply Management, a group of corporate purchasing managers, said its index of service-sector activity fell to 52.9, its lowest in more than three years, from 57.0 in August. Readings above 50 still indicate expansion, but its pace is cooling. The Institute's measure of prices paid by service companies plunged in September, largely from a big drop in the price of oil. "Business conditions getting better on lower oil prices," a purchasing manager for one company in the agriculture and forestry industry said. Measures of hiring increased last month, however, suggesting business may pick up in coming months.

The Commerce Department, meanwhile, reported that factory orders were essentially unchanged in August from July following a decrease the previous month, confirming a slowdown is under way for manufacturers.

Mr. Kohn said the housing correction could be "more abrupt and destabilizing" and "overshoot," and consumers could be hit hard if their spending has relied heavily on housing-backed loans. But he considers that scenario unlikely. Housing starts "may be closer to their trough than to their peak," based on what demographic factors suggest is the sustainable level of new construction. Long-term interest rates are "unusually low" and short-term rates are "normal," in contrast to the high levels that accompanied other housing slumps.

He said several factors that have boosted "core" inflation, which excludes food and energy prices, are likely to fade. The "pass-through" of rising energy prices to other goods and services may have added half a percentage point to core inflation, he said, and if energy prices stop rising, core inflation should decline. He noted that consumers' and the bond market's expectations of inflation have also fallen recently, small steps "in the right direction."

In his prepared remarks to the Washington Economic Club, Mr. Bernanke noted as the U.S. ages and the portion of its population that works shrinks, the economy -- and Americans' standard of living -- will have to grow more slowly. One way to mitigate that, he said, is for Americans to consume less now and save more to finance investment that generates future income. But he said the longer it takes Americans to save more, the worse the impact on future generations will be.

If the country saves as little as it does today for 20 more years, future generations' consumption would be 14% lower than in a scenario where the population didn't age. A more equitable scenario, he said, would be for the U.S. to boost its savings rate today by three percentage points. Then, both the current and future generations would consume only 4% less than under a scenario with no aging. One way to boost national saving, he said, would be for households to sock away more, but "the most straightforward way" is for the government to cut its budget deficit.

Separately, Timothy Geithner, president of the Federal Reserve Bank of New York, speaking elsewhere in Washington yesterday, praised the progress emerging markets have made since the crisis almost a decade ago that nearly brought the

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global financial system to its knees. "The direction of change in the emerging world seems fundamentally reassuring," Mr. Geithner said in a speech at the Johns Hopkins School of Advanced International Studies.

Recalling the meltdown that swept emerging economies in 1997-98, when he was a top international official at the U.S. Treasury, Mr. Geithner said "emerging markets have established a record of credible fiscal- and monetary-policy management, built more-substantial cushions of insurance against potential shocks in external reserves, restructured the currency denomination, maturity and composition of their debts to make them less vulnerable to volatility, and begun to build deeper and stronger domestic financial systems."

In answer to a question, Mr. Geithner said he believes China is "committed to a more flexible [exchange rate] regime over time" while wisely making related changes in financial policy.

Housing Correction Worries Fed (USAT)

By Sue Kirchhoff

USA Today, October 5, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Wednesday that the housing market is in the midst of a "substantial correction" that will cut U.S. economic growth by about a percentage point in the second half of 2006 and "probably" dampen expansion into 2007.

In a speech to the Washington Economic Club, Bernanke also said the Fed remains concerned about inflation, which remains "above what we would consider price stability."

While the central bank expects price pressures to moderate as the economy slows, Bernanke emphasized the Fed will watch carefully to "make sure that (inflation) doesn't rise or even remain where it is."

Bernanke's remarks came during a question and answer session following a speech in which he warned the gradual aging of the U.S. population raises significant economic and fiscal issues.

The central bank is closely monitoring growth and inflation as it debates interest rate policy. The Fed has held short-term rates at 5.25% since June, ending two years of steady rate increases. Short-term rates influence the rates commercial banks charge for consumer and business loans.

The stock market and bond prices have risen in recent weeks on the expectation the Fed is done raising rates, and stocks rallied more Wednesday.

But the economic outlook is still murky. Core inflation, which excludes food and energy, ran at a 2.8% rate in the 12 months ended in August, well above the Fed's 1% to 2% informal comfort zone. At the same time, growth has slowed from the rapid 5.6% annual rate of the first quarter to a 2.6% pace in the second.

Housing is a big variable in growth. Bernanke admitted it is "very difficult to tell" how far the correction will go as buyers appear to be "sitting on the sidelines." Still he expects a good job market and low interest rates to underpin housing, adding that the Fed had not, as yet, seen many spillover effects from the housing slowdown. New home construction is down about 20% from last year, but commercial building is strong.

"We'll be watching to see what extent this decline in construction and moderation in housing prices affects consumer behavior and behavior in related industries … that's a key," Bernanke said.

The Mortgage Bankers Association said Wednesday that mortgage applications jumped nearly 12% in the week ended Sept. 29, helped by lower interest rates.

Bernanke said a recent sharp decline in energy prices should help the economy, though noting with markets tight, "There is always the potential for greater fluctuations or increase again."

Housing Hurts, Bernanke Says (WP)

By Nell Henderson

The Washington Post, October 5, 2006

The "substantial" slump in the housing market is likely to slow U.S. economic growth by about a third in the second half of this year and dampen growth early next year, Federal Reserve Chairman Ben S. Bernanke said yesterday.

Growth in the nation's output of goods and services will probably be shaved by a full percentage point, Bernanke said in response to questions after a speech at the Economic Club of Washington. Assuming that means the economy grows at a 2 percent annual rate during those months rather than at its average pace of around 3 percent, the value of domestic output will be about $15 billion less, adjusted for inflation.

"As you know, a substantial correction is going on in the housing market," Bernanke said, using stronger language than he had in recent months, when he described the real estate cool-down as "orderly." The process is one of the "major drags causing the economy to slow," he said.

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But Bernanke said "other parts of the economy remain very strong." And he emphasized that despite the slowdown in economic growth, "the Federal Reserve remains concerned about inflation," which is above the central bank's desired level. He reiterated his position that overall, inflationary pressures are a greater risk to the economy than the housing slowdown.

His remarks yesterday helped boost stock prices, which had been rising even before his midday speech. Wall Street traders were relieved that Bernanke expects only limited economic damage. But his comments also doused some investors' hopes that the Fed might cut interest rates in coming months to prevent the housing market from dragging down the rest of the economy.

Bernanke's comments were the first in which he has publicly put a number on the likely economic effects of recent drops in home sales, spending on home construction and the rate of home-price appreciation.

The economy slowed sharply to a 2.6 percent annual rate of growth in the third quarter, from a 5.6 percent annual rate in the first quarter. Much of the decline reflected a slowdown in consumer spending, which was crimped by rising fuel prices and interest rates, as well as a plunge in housing construction.

The housing market continued to weaken through the summer, prompting debate among economists about how long the slide will continue and how large a toll it will take on the rest of the economy.

The optimists, including many Fed policymakers, think the economy will rebound next year with little serious damage. The pessimists worry that a deep, protracted downturn in housing will cause consumers to cut their spending, pushing the Fed to lower interest rates early next year to prevent a recession.

"How far will the correction go?" Bernanke said, posing the obvious question before appearing to duck it. "It's very difficult to tell, is the honest answer."

But Bernanke gave several reasons to expect the housing market to level off and eventually bounce back, including low unemployment, rising incomes and low mortgage rates. The Mortgage Bankers Association reported yesterday that the number of loan applications rose strongly last week.

Although sales of previously owned homes fell in August, some analysts saw signs that the market might be stabilizing, noting increases that month in both new-home sales and pending sales, in which contracts have been signed but the deals have not yet closed.

Bernanke said the housing market has not hurt the rest of the economy so far. He cited robust spending on the construction of factories, offices, hospitals and other nonresidential projects.

Other analysts who share his view say consumer spending has slowed this year but has held up pretty well given the spring and summer surge in fuel prices. Oil and gasoline prices have fallen since mid-August, which should give households more cash to spend and help cushion the economy's slowdown. Vehicle sales, for example, rose in September after falling in August.

Bernanke said the Fed would watch closely to see how the housing downturn affects consumer and business behavior. But when asked about the greatest risks facing the economy, Bernanke ranked inflation above the housing market. Consumer prices rose 2.5 percent in the 12 months ended in August, as measured by the Fed's preferred Commerce Department inflation index, which excludes food and fuel prices. Before he became chairman, Bernanke often said the Fed should strive to keep inflation to 1 to 2 percent.

Bernanke said he and his Fed colleagues think inflation will come down gradually over time, but he would not want to let it stay where it is or to rise.

Among the challenges facing the economy in the long run, he said, is the aging of the population -- the topic of his speech. By 2030, when most of the baby-boom generation will have retired, 19 percent of Americans will be 65 or older, he said.

And the population will continue to age after the baby boomers have retired because of rising life expectancy, he said.

"In coming decades, many forces will shape our economy and our society, but in all likelihood, no single factor will have as pervasive an effect as the aging of our population," Bernanke said. He said Americans should save more to prepare for the change.

Fed Chief Says Housing Is In A 'Correction' (NYT/BLOOM)

By Bloomberg News

The New York Times, October 5, 2006

By Bloomberg News

The Federal Reserve chairman, Ben S. Bernanke, said yesterday that the United States housing market was in a "substantial correction" that would lop about a percentage point off economic growth in the second half and would restrain the expansion next year.

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Mr. Bernanke also said in response to questions after a speech in Washington that the central bank remained "concerned about inflation" because it was above "what we would consider price stability."

Taken together, the remarks reaffirm the view of some investors that the central bank will keep the benchmark lending rate unchanged at 5.25 percent for the remainder of the year.

Stocks extended their advance after his comments, and Treasury notes remained higher.

"There is currently a substantial correction going on in the housing market," Mr. Bernanke said. The decline in residential housing construction is one of the "major drags that is causing the economy to slow."

The Federal Open Market Committee has left the federal funds rate unchanged since August after two years of increases, betting on an internal forecast that slowing growth and a decline in energy prices will reduce inflation. The committee officials will next meet on Oct. 24 and 25.

"We do believe that inflation is going to be coming down gradually over time," Mr. Bernanke said after addressing the Economic Club of Washington. "But it is something that we have to watch very carefully to make sure that it doesn't rise or even remain where it is."

His speech was devoted to the challenges faced by fiscal policy makers as the nation's work force ages, and to the need to overhaul entitlement programs, increase taxes or cut spending. Failure to do so, he predicted, will place the burden on future generations and erode the productive potential of the economy.

Part of the Fed's economic forecast appears to be panning out. The economy expanded at a 2.6 percent annual rate in the second quarter, down from a 5.6 percent pace in the first three months. Crude oil prices are down 9 percent from a year ago.

Service industries in the United States expanded at the slowest pace in more than three years in September as the housing slump deepened. The Institute for Supply Management's index of nonmanufacturing businesses fell to 52.9, the lowest since April 2003. Home construction fell at an annual rate of 11.1 percent in the second quarter, the biggest decline since the same three months in 1995, the government said last week.

Still, inflation has remained stubbornly high, rising 2.5 percent for the 12-month period that ended Aug. 31. That is above Mr. Bernanke's "comfort zone" of a 1 percent to 2 percent rise in the personal consumption expenditures price index minus food and energy.

Mr. Bernanke also said that the Fed should share its economic outlook and the risks that surround that outlook, and called the central bank's communication strategy "a work in progress."

Gasoline Prices Could Fall More (WSJ)

By Steve Levine And Christopher Conkey

The Wall Street Journal, October 5, 2006

Gasoline prices have dropped more than 20% in the past two months, providing relief to consumers and potentially propping up an economy that is showing signs of slowing. Industry experts say further price declines are likely.

The big driver is oil, which accounts for more than half the cost of a retail gallon of gasoline. Oil prices have been sliding since early August, tumbling 3% Monday and a further 4% Tuesday. Yesterday, oil futures settled at $59.41 a barrel in New York Mercantile Exchange trading, up 1.2%. Behind the drop in oil prices: easing geopolitical tensions in oil-producing countries like Iran, the end of the summer driving season and the exodus of some financial investors who had bid up energy prices.

But there are other factors afoot. Fuel prices were pushed up by hurricanes last year, which smashed into the U.S.'s refining belt, and by a bumpy transition to new federal requirements that gasoline have more ethanol content. Now, most of these supply interruptions have vanished, and inventories are at high levels.

The retreat in energy prices cuts across the entire sector. Along with oil and gas, heating-oil-futures prices on the New York Mercantile Exchange are 17% lower than a year ago and natural-gas futures are down 58% in the past year. Crude oil has dropped 5.4% and gasoline futures have fallen 21% over that same period.

A sustained drop in gasoline prices could give a hand to retailers, particularly those catering to lower-income customers. Still, despite a drop in fuel prices last month, Wal-Mart Stores Inc. said yesterday that it expects to report just a 1.3% increase in September same-store sales, or stores open at least a year. Wal-Mart's shares yesterday rose nine cents, or 0.2%, to $49.55 as of 4 p.m. in New York Stock Exchange composite trading.

Cheaper gasoline could also play a role in the coming elections. Nearly one-third of participants in a recent Wall Street Journal/NBC News poll said the dip in gasoline prices made them feel either somewhat more confident or much more confident about the economy.

Gasoline prices are volatile, and any number of factors -- ranging from refinery outages to geopolitical tensions in oil-producing countries -- could put them on an upward march again.

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For now, most of the forces seem to be downward. The nation's refineries are operating at about 90% capacity, compared with 75% capacity at the same time last year after the hurricanes. U.S. gasoline stockpiles rose to 215.1 million barrels this week, 9.6% higher than the same week last year, according to the Energy Information Administration. "You can expect prices to keep falling. There is nothing in the fundamentals to indicate anything but a further decline," said Paul Sankey, an analyst with Deutsche Bank AG.

The average price of regular gasoline early this week was $2.31 a gallon. The 24% decline in gasoline prices since their peak of $3.03 in early August was the second largest since the Energy Information Administration began tracking data in 1990. Industry analysts say pump prices could dip as much as 25 cents in the next week or two as lower wholesale gasoline and oil prices work their way through the system.

The bulge in fuel inventories developed largely because of gasoline imports from Europe, attracted by soaring gasoline prices and high refining profits in the U.S. The imports arrived at about the same time the summer driving season ended around Labor Day, creating a glut of gasoline.

Many analysts also attribute much of the volatility in the gasoline market to speculators. Doug Leggate, an analyst with Citigroup Inc., says gasoline prices have closely tracked bets by futures traders over the past several years. In July, speculators expecting hurricane damage to Gulf of Mexico refineries placed heavy bets on a further surge in gasoline prices. But starting at the beginning of August, they began to unwind their positions, according to the Commodity Futures Trading Commission. When no storms had hit the coast by September, "a massive liquidation of gasoline contracts" began, says Larry Goldstein, president of the Petroleum Industry Research Foundation in New York, a consulting firm.

A chief influence on the selloff, analysts say, has been a decision by Goldman Sachs Group Inc. to reduce the weighting of gasoline futures in its Goldman Sachs Commodity Index, the market's largest commodities index.

At its meeting last month, the Organization of Petroleum Exporting Countries agreed to abandon output quotas for the time being, giving them flexibility to cut production as needed. This also postponed any decision on a new set of quotas, if needed, until OPEC's next meeting in December -- a process that could be contentious. Many of OPEC's influential members see the need to cut output only when prices fall below $55 a barrel or it looks as if prices are sliding uncontrollably. Yesterday, Saudi Arabia's ambassador to the U.S. said he didn't expect the cartel to hold an emergency meeting to discuss prices ahead of the December gathering.

Until recently, supply shortages had allowed U.S. refiners to get fatter-than-normal margins for turning crude into gasoline and other refined products. But the glut in gas has changed that. Independent refiners are earning an average of 65% less per barrel of gasoline than they were in July, according to a weighted average computed by Citigroup. The "crack spread," or the difference between the spot prices of crude oil and gasoline, fell to $6.61 a barrel last month from $19.13 in July.

The drop, while bad news for refiners, is good for the economy because it helps consumers save money and eases inflationary pressures. "Consumers will perceive their own financial situation more favorably, and it takes pressure off businesses to raise prices," said Richard Curtin, director of the University of Michigan's Surveys of Consumers.

For the typical American, relief at the pump will boost disposable personal income, a welcome development at a time when the broader economy is cooling under the weight of higher interest rates and a weakening housing market. Consumer confidence jumped last month when retail gas prices started to retreat, because money that used to go toward filling up the gas tank can now be used to buy other things. That won't necessarily boost the overall level of spending, but it will mean more is getting transferred from the oil industry to retail and other sectors of the economy.

Mass merchandisers and discount chains like Wal-Mart and Target Corp. may stand to benefit the most, because lower-income consumers spend a greater share of their income on gas, home-heating oil and other energy costs than wealthier households do. Recent research by economists at the Federal Reserve Bank of Chicago found that the poorest 25% of wage earners spend 9.2% of their income on energy costs, versus 6.7% for those in the top 25% income bracket. Thus, the recent drop in oil prices could help reverse a trend seen earlier this year when luxury goods were flying off the shelves, while discount chains complained gas prices were crimping sales.

Nigel Gault, an economist at the Massachusetts consultancy Global Insight, estimated consumer spending will get a $1 billion monthly boost for every sustained, 10-cent drop in the retail price of gasoline. That means the recent 70-cent drop in gas prices from August to September, if sustained, will free up $7 billion per month.

Still, energy prices have less effect on consumers than they did a couple of decades ago. The Chicago Fed study, for example, found energy costs accounted for 8.5% of total household spending last year, down from 11% in the early 1980s.

By contrast, economists expect the drop in oil prices to have a direct impact on inflation, perhaps producing a decline in prices for a short period. In leaving interest rates unchanged for the second consecutive time last month, the Federal Reserve's rate-setting board cited "reduced impetus from energy prices" as a reason why inflation will ease in the months ahead. Lower oil

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prices mean consumers could see fuel surcharges start to evaporate, and reduced prices on everything from airfares to plastic products made from petroleum.

Opec Set To Back Production Cut (FT)

By Carola Hoyos

Financial Times, October 5, 2006

Opec has agreed informally that it needs to cut production by at least 1m barrels a day – at least 4 per cent – in order to boost the falling price of oil.

The majority of the cartel's members back a voluntary reduction over the coming weeks and the deal could be ratified as early as the group's mid-December meeting in the Nigerian capital of Abuja.

"Opec is going to defend a price floor for its oil of $50-$55 a barrel," said one Opec official. The price of Opec's crude oil on Wednesday fell to $55.27 while Brent oil futures traded in London slipped 33 cents to $58 a barrel, 26 per cent below their July peak.

Prices have fallen as demand in the US has waned and the likelihood of a supply shortage caused by Iran's stand-off with the west has diminished.

Saudi Arabia, Opec's most important member, is unhappy with the move towards voluntary cuts, but at the same time the kingdom has already quietly cut its production by 200,000 barrels a day over the past two months. It would rather reach a clear public position at the cartel's meeting in Abuja.

However, on Wednesday the kingdom sharply increased the price it charges European refineries for its oil, making it likely that there will be a further drop in volumes in November.

Kuwait on Wednesday became the first Persian Gulf state to herald production cuts after Nigeria and Venezuela announced on Friday that they would reduce output by a total of 170,000 b/d.

Sheikh Ali al Jarrah al Sabah, Kuwait's energy minister, publicly confirmed only that Kuwait might cut production, saying: "We are currently in negotiations with fellow Opec members. Matters have been left that these voluntary reductions undertaken by some Opec countries will calm the markets, at least for the current period."

But Opec insiders said on Wednesday that Kuwait, Iran, Venezuela, Nigeria and Libya had informally agreed to voluntary cuts and the UAE had said it was likely to join in.

The discussions are still fluid, but the voluntary reductions are most likely to be formalised at the cartel's Abuja meeting, the insiders said. Opec members worry most about next year's second quarter when they foresee a sizeable glut unless production is reduced well in advance.

The cartel is expecting new oil production from other parts of the world to hit prices and displace demand for its own oil.

The cartel's Vienna-based secretariat forecasts the need for Opec oil in the second quarter of 2007 to fall to 26.97m b/d, 2m b/d, 10 per cent less than the average demand for Opec oil in 2006.

Adding to Opec's concerns yesterday was news from the US energy department that US oil inventories rose by 3.3m barrels last week, indicating that supply far outweighed immediate need for oil.

"There is an abundance of production and countries have better managed to collect more oil for their inventories," Prince Turki Al-Faisal, Saudi Arabia's ambassador to the US, said.

Grandparents Enrich Kids (USAT)

By Traci Truly

USA Today, October 5, 2006

Though it is undoubtedly true that the rights of the parents in a grandparent visitation dispute are important, it is also true that they are not the only people whose rights and desires should be considered.

Most states have some version of a statute that gives grandparents the right to seek visitation with their grandchildren, and this right should not be overlooked. There are many reasons that parents and grandparents find themselves unable to agree on visitation, and those reasons can have more to do with issues in the relationship between the grandparents and their adult children than with the quality of the relationship between grandparent and grandchild. It is naive to assume that parents who are not abusive or neglectful will always make the right decision where their children are concerned.

Too often, the forgotten people in the equation are the grandchildren themselves. When an otherwise fit parent denies children access to their fit grandparents, the children are denied the many benefits that come from that relationship.

In fact, it is arguable that harm occurs to the child simply by virtue of losing access to grandparents. When a child gets caught in between in a battle between parents and grandparents, the child loses.

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Grandparents are important sources of love and support for grandchildren and bring a wealth of knowledge and experience to bear. Given the choice, most children would rather have an ongoing relationship with their grandparents, and parents should not be able to unilaterally prevent this relationship without good reasons for doing so.

It is important for children and grandparents to have a forum in which their voices can be heard. Judges must be allowed to consider the best interest of the child so that the child's interests and the grandparent's rights can be balanced against the parent's right to make decisions for the child. Having the parent's decision be absolute and final without any real opportunity for review does a disservice to the children and grandparents, and takes away their ability to seek relief from an arbitrary denial of visitation.

Traci Truly is a Dallas attorney and the author of Grandparents' Rights.

How Can The Democrats NOT Win The House ... And The Senate? (RC)

By Stuart Rothenberg

Roll Call, October 5, 2006

After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate.

The national atmospherics don't merely favor Democrats; they set the stage for a blowout of cosmic proportions next month.

No, that's not a prediction, since Republicans still have a month to "localize" enough races to hold onto one or both chambers of Congress. But you don't have to be Teddy White or V.O. Key to know that the GOP is now flirting with disaster.

Let's forget all of the niceties and diplomatic language and cut to the obvious truth: From the White House to Capitol Hill, Republicans look inept. And that assertion is based on what Republicans are saying. Democratic rhetoric is much harsher and, therefore, easier to dismiss as partisan claptrap.

The Iraq War is going poorly, with daily reports of mounting casualties and little evidence that American policy is achieving its goals. Bob Woodward's book and the leaked National Intelligence Estimate give more fodder to critics of the White House, undercutting President Bush's fundamental argument about the war against terror. If Iraq indeed is the front line of the war against terror, then the war on terror isn't going well, is it?

Republicans failed to produce anything meaningful over the past couple of years on the president's top priorities, Social Security reform and immigration. And now in the wake of the scandal surrounding former Rep. Mark Foley (R-Fla.), the House leadership looks like the Keystone Cops.

You can be sure that the Foley mess will percolate for a while, as Democrats and journalists ask House Republicans what they knew and when they knew it. Instead of being able to focus on their accomplishments in office or their challengers' warts, Republican House Members running for re-election will have to spend too much of their time answering questions about the scandal.

Even before the Foley eruption and the Woodward book, the president's job rating stood at 42 percent, with fewer than one in three Americans believing the country was headed in the right direction.

The Woodward book is a serious problem for Republicans, even though many conservatives and supporters of the White House will dismiss it as the product of a biased media. Once again, the administration looks divided, and the "who said what to whom" discussion reminds Americans of the policy's failures.

On the campaign front, Sen. George Allen (R-Va.) has turned an easy re-election victory into a nail-biter. Allen still may win, but that certainly is not a foregone conclusion. Because Democratic challenger Jim Webb has no legislative record to dissect, it isn't clear that Allen has enough ammunition to demonize his opponent. The idea that Allen is trying to regain his footing in the race by portraying Webb as someone who doesn't favor treating women equally qualifies as either strange or funny.

Over in Tennessee, the general election campaign of Republican Bob Corker has been underwhelming. Unlike Webb in Virginia, Rep. Harold Ford Jr. (D), Corker's opponent, does have a voting record that allows Republicans to paint him as a liberal. (Yes, Ford also has votes that allow him to make the opposite case.) But so far, Republicans haven't made the headway I'd expected them to make, and Ford surely is running a better race than Corker is.

The Pennsylvania Senate race now looks nearly impossible for Republican Sen. Rick Santorum to win. He is stuck around 40 percent in the ballot test, and the gubernatorial race has become a blowout for Gov. Ed Rendell (D). I see no possible roadmap for a Santorum victory, unless, of course, challenger Bob Casey Jr. (D) does something that is mind-bogglingly stupid. And I don't anticipate that happening.

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The National Republican Congressional Committee, which over the past 10 years or so has been the most consistently effective campaign committee, is once again doing everything it can to demolish strong Democratic challengers and open-seat hopefuls. This time, however, its efforts may not be enough, given the national environment.

At this point in the cycle, with four weeks to go, Democrats have enough credible candidates and enough resources to win both the House and the Senate. It's quite possible that a handful of lower-second-tier, and even some third-tier, Democrats could be swept into the House by an anti-Republican wave, giving Democrats a bigger gain than I had heretofore been estimating.

Republicans may counter that while they have messed up, Democrats haven't done anything to deserve control of Congress. Sure, I can buy that. But that's not how our system works. Democrats don't have to offer an agenda. They don't have to offer a list of unquestionably able committee chairmen. They don't have to understand that their election isn't a mandate for anything — except change.

Given that the past two years produced little good news for the GOP, and the past week has produced even worse news, it's hard to see how Democrats can fall short in their bid to win at least one chamber of Congress. They are sitting with a lot of very high cards in their hand. A true blowout is now possible.

GOP Forced Off Issues It Wants To Run On (USAT)

By Judy Keen

USA Today, October 5, 2006

ROCHESTER, Ind. — Republican House members, scattered across the USA for their first week of full-time campaigning, want to talk to voters about the reasons they believe they should be re-elected.

Instead, they are dealing with issues they would prefer to avoid: Florida congressman Mark Foley's alleged sexual Internet messages to teenage male pages and their own party's handling of the matter. The messages, first reported by ABC, have not been independently authenticated.

Audiences at debates are buzzing about the controversy. Democratic challengers are trying to put GOP incumbents on the defensive. Interviewers press them to take a stand on Foley's actions and whether House Speaker Dennis Hastert of Illinois waited too long to do something about them.

Hastert maintains that he does not remember being told about a complaint from the parents of a 16-year-old former page about Foley's e-mails to their son, which were described as of a non-sexual nature. Hastert says he knew nothing of subsequent ABC allegations that Foley had sent salacious instant messages to male pages.

The first campaign ad focusing on the Foley episode is airing in Minnesota. "It shocks the conscience," an announcer says as images of Foley headlines fill the screen in an ad for Patty Wetterling, a Democrat running for an open House seat. The ad says GOP leaders "have admitted covering up the predatory behavior of a congressman who used the Internet to molest children." Foley's lawyer says the congressman never had inappropriate sexual contact with a page.

Wetterling, whose son Jacob was abducted in 1989 and has not been found, will focus on child safety when she delivers the Democratic response to President Bush's weekly radio address on Saturday.

Other Democrats also are keeping the issue in the headlines. The campaign website for Mary Jo Kilroy, a Democrat challenging Rep. Deborah Pryce, R-Ohio, notes that Pryce recently said that Foley was "one of her five friends in Washington" and this year gave her "more money than ANY other House Republican." Pryce, a member of the House GOP leadership, has said she'll return the donations.

In Tennessee, Republicans are running an ad that says Democratic Rep. Harold Ford, who's running for the Senate, attended a party with Playboy bunnies. "I'm not going to take a lecture on morality from a party that took hush money from a child predator," he said in Memphis.

Foley "engaged in reprehensible conduct," Rep. Chris Chocola, R-Ind., said at a debate here Tuesday night after Joe Donnelly, his Democratic opponent, said in his opening remarks that people were "horrified" to learn about the Foley scandal. Corruption is endemic in the Republican-controlled Congress, Donnelly said later: "It's time to clean out the barn."

"This shouldn't be a political issue," Chocola said. "This should be an issue of right and wrong."

Rep. Roy Blunt, R-Mo., a member of the House leadership, said Wednesday in Springfield, Mo., that he's "disappointed, disgusted and outraged at Mark Foley's conduct."

The issue won't go away, predicted Rep. Jeff Flake, R-Ariz., and it could hurt Republicans in close races. "It's election season, and things this big don't tend to blow over easily," he said in an interview. His constituents, Flake said, are asking, "How could this happen? Why didn't you guys do anything?"

Foley, a Florida Republican, resigned Friday. He is in an alcohol treatment program.

Laura Bush appeared Wednesday at a fundraiser in Amherst, N.Y., for Rep. Tom Reynolds, House GOP campaign chief, who says he told Hastert months ago about Foley. She called Reynolds "a wonderful leader."

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Voters are paying close attention to the controversy. At the Chocola-Donnelly debate, Ed Smoker, 63, said it might prompt some voters in this evenly divided district to vote for Democrats. “Some people think the top Republican leaders knew about it and didn't do anything,” he said.

Barbara Niester, 81, questioned whether the disclosure of Foley's conduct was timed to affect the election. “Why is it coming out now?” she asked.

Cal Wadsworth, 82, a retired researcher attended a debate Tuesday in Davenport, Iowa, between Democratic congressional candidate Bruce Braley and Republican Mike Whalen. Wadsworth said Hastert “ought to know better” than to have delayed action on Foley's inappropriate messages.

Rep. Ron Lewis, R-Ky., on Wednesday canceled a fundraiser with Hastert. “Until this is cleared up, I want to know the facts,” Lewis told the Associated Press.

Some Republicans warned that disputes within the party over how the matter was handled by Hastert and other leaders could make it more difficult to retain control of the House. Democrats need to add 15 House seats to gain control.

Blunt said he would have handled things differently. Flake said calls for Hastert's resignation are premature, but “obviously, with the benefit of hindsight, it should have been investigated further.”

Democrats Hop On Foley Scandal (SPTIMES)

By Wes Allison And Adam Smith

St. Petersburg Times, October 5, 2006

That didn’t take long.

Days after the e-mail scandal ensnared Rep. Mark Foley and raised questions about how House Republicans handled it, Democrats across the country have worked the matter into campaign ads, debates and political attacks aimed at depicting Republican leaders as more interested in protecting their own than in serving voters.

From Tampa Bay to the Midwest to the West, Democratic challengers are demanding that their Republican opponents return money Foley donated to their campaigns and denounce House Speaker Dennis Hastert for his office’s handling of the matter.

“Call congressman Young at (727) 893-3191, and demand he stop the coverup. The answer is arrests, resignations and a new congressional leadership,’’ said a recorded message hitting St. Petersburg area homes in the district of Rep. C.W. Bill Young, R-Indian Shores.

Similar “robo-calls” by a Washington, D.C., liberal group, American Family Voices, are reaching constituents of Florida Republican Reps. Ginny Brown- Waite, Clay Shaw, Ric Keller and Tom Feeney, as well as residents of 45 other congressional districts across the country.

With Democrats needing just a 15-seat gain to win the House and six to take the Senate, and with tight races across the country, turning Republican voters their way on Election Day — or at least getting them to stay home — could be deadly for the GOP.

“It’s voter suppression. It’s the classic role of calls like this to reduce Republican turnout,” said Republican political consultant Rick Wilson. “But the Democrats are getting out on cliff here and better be careful before it comes back to bite them, being too partisan with this.”

Foley resigned Friday after ABC News made public a series of sexually explicit messages he sent to teenage boys who had served as congressional pages.

House Republican leaders say they knew nothing of those messages but acknowledged they had spoken with Foley in November after a former page complained of "overly friendly” e-mails Foley had sent him. The leaders did not talk to other pages or investigate further.

Ninth Congressional District Democratic candidate Phyllis Busansky fired at Republican rival Gus Bilirakis on Wednesday, noting that Hastert recently helped raise about $60,000 for Bilirakis.

“It has been well documented that Hastert knew about congressman Foley’s reprehensible e-mails and still enabled Foley to remain chair of the Caucus on Missing and Exploited Children,’’ Busansky said in a statement. “It is time for Gus Bilirakis — not his spokespeople — to step forward and speak for himself for once: Does he support Dennis Hastert as speaker of the House?”

Bilirakis said he supported a full investigation into the matter, but he doubted Hastert would brush off serious evidence of improper behavior by Foley.

“Let’s see what the facts are. … Whoever tried to cover it up should be prosecuted,” Bilirakis said.

Similar political spats are taking place across the country, particularly in races where Democratic challengers are close to unseating Republican incumbents.

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In Nebraska, a debate between Rep. Jeff Fortenberry, the Republican incumbent, and Democrat Maxine Moul became an argument over whether Hastert should resign over the scandal.

In Pennsylvania, embattled Rep. Jim Gerlach, a Republican, canceled a scheduled fundraiser with House Majority Leader John Boehner until more was known about who in the leadership knew what about the Foley messages, and when.

And in Albuquerque, Republican Rep. Heather Wilson, in a tight race against Democrat Patricia Madrid, is being challenged for not doing enough to protect pages when she served as a member of the House Page Board in the last congressional session, when Foley sent messages to former pages he had met in Washington.

But perhaps the most cutting use of the scandal is in Minnesota by Democrat Patty Wetterling, a nationally known advocate for exploited children whose son, Jacob, was abducted by a masked gunman 16 years ago. He has been missing since.

Wetterling is challenging Rep. Mark Kennedy, a Republican. This week, she launched TV ads calling for an investigation and the expulsion of any members "involved in this crime and coverup."

"Congressional leaders have admitted covering up the predatory behavior of a congressman who used the Internet to molest children," her advertisement says. "For over a year they knowingly ignored the welfare of children to protect their own power."

Wetterling, because of her personal history, is one Democrat who can get away with hammering at the Foley scandal without being accused of politicizing it, but analysts for both parties said other Democrats best be careful.

The party's congressional leaders, Rep. Nancy Pelosi of California and Harry Reid of Nevada, have called for an investigation into how Republican leaders handled the initial allegations against Foley last year.

But they continued to pour most of their criticism on other matters, especially the Republican handling of the war in Iraq. Democratic strategists said that while they expected other candidates to allude to the scandal in more TV ads to come, it would probably be tangential — discussing the importance of protecting children from predators, for instance.

Democrats have scandals of their own, including bribery allegations against Rep. William Jefferson, D-La., and America still hasn't forgotten about the sexual scandal, and attempted coverup, involving former President Bill Clinton and a White House intern.

Democratic pollster Dave Beattie said Democrats should be wary of looking too partisan.

"I don't think Nancy Pelosi or Harry Reid should talk about it," he said. "Don't hold a lot of press conferences on it."

Analysis:Democrats Not Charging Ahead (AP-Y)

By Liz Sidoti

AP, October 4, 2006

Usually out front in force, national Democrats expressed outrage over the Mark Foley scandal and its aftermath but largely let their candidates and allied groups do the tough talking.

Party leaders showed restraint as Republicans beat up each other amid accusations of a less-than-agressive initial response into flirtatious e-mails the GOP congressman sent to teenage male pages.

"There's no need for Democrats to drive this," said James Ruvolo, a former state Democratic Party chairman in Ohio, a state with hard-fought House and Senate races.

Foley abruptly resigned last week as reports surfaced of sexually explicit instant messages he had written to boys, setting off infighting among House Republicans about whether they did enough to address the tawdry situation.

The scandal continued to unfold Wednesday when Kirk Fordham resigned as chief of staff to Rep. Tom Reynolds, R-N.Y., and later disclosed that he told House Speaker Dennis Hastert's office more than three years ago about worrisome conduct by Foley.

In the minority, Democratic leaders in the House and Senate are known for setting the tone for their rank-and-file by hammering Republicans on the issue of the day, even when Congress is not in session.

Senate Minority Leader Harry Reid, House Minority Leader Nancy Pelosi and Democratic Party Chairman Howard Dean have issued a handful of written statements. The topics: Congress has a moral obligation to protect children, Republican leaders covered up Foley's behavior and investigations are warranted.

For the most part, the leaders have avoided commenting publicly. Pelosi, D-Calif., has been the exception. She introduced a resolution on the House floor Friday and has spoken about the scandal when asked at public events on other issues.

Also largely absent from the daily discourse on Foley — the seemingly ever-present Sen. Chuck Schumer, D-N.Y., and Rep. Rahm Emanuel, D-Ill., who lead the party's campaign committees. It's rare for the pair to turn down an opportunity to add their two cents.

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If Democrats go to far, "they run the risk of doing what the Republicans are already guilty of, which is worrying more about what the political ramifications are instead of the fact that what happened, happened," said Ken Snyder, a Democratic consultant in Pennsylvania, home to several competitive House and Senate races.

So, Democrats have sought to strike a balance — emphasizing the protection of children, expressing disgust at Foley's behavior, and criticizing Republicans' response to it while trying not to be overly aggressive. None of the Democratic leaders in the House and Senate have called for Hastert's resignation.

Nevertheless, Democratic leadership staffs are active behind the scenes, working to keep the media aware of the latest developments in the scandal and pointing out inconsistencies in Republican versions of events.

The GOP has started accusing the opposition party of seeking political gain by leaking Foley's e-mails and instant messages. "It's absolutely not true," Pelosi says.

"The Democrats have to be awful careful not to overplay this," Rep. Tom Cole, a Republican from Oklahoma, said. "I don't think the defenders of Bill Clinton and Gerry Studds can all of a sudden become the moral paradigms on Capitol Hill. They run the risk of looking hypocritical."

The two Democrats were scarred by sex scandals.

Of Democrats in general, Cole said: "If I were them, I would stay out of it and let the media focus on it ... You can always count on the Democrats to overreach."

Outside Washington, Democratic congressional candidates are seizing on the scandal to argue that voters should put them in charge of the House and Senate on Nov. 7. Democrats need to gain 15 House seats and six Senate seats to win control.

Several Democrats in competitive races have called for Hastert to resign — and challenged their Republican opponents to do the same — while accusing the highest rungs of the GOP leadership of putting political interests above all else.

Republican leaders maintain they did nothing wrong.

Patty Wetterling, a Democrat running for an open House seat in Minnesota, is airing a hard-hitting television ad charging that Republicans "knowingly ignored the welfare of children to protect their own power."

A candidate whose son disappeared 17 years ago, Wetterling will deliver the Democratic response to President Bush's radio address on Saturday. Her address will focus on protecting children, including Internet safety.

In the meantime, Democratic allies also are pressuring Republicans.

American Family Voices, an independent nonprofit group run by a former aide to President Clinton, made recorded phone calls Tuesday and Wednesday to voters in congressional districts of 50 Republican incumbents, including Rep. John Boehner of Ohio and others in tough congressional races, demanding resignations of Hastert and other leaders.

"Congressman Mark Foley was shielded by Republican leaders for at least nine months after they knew Foley was trying to seduce a 16 year-old boy, a congressional page," the recorded calls say. "Call Congressman (name of member and phone number) and demand he stop the cover-up. The answer is arrests, resignations and a new congressional leadership"

Another pro-Democratic group, FaithfulDemocrats.com, collected signatures from 29 members of the clergy on a letter calling for the "repentance and resignation of all members of Congress who knew about Mr. Foley's misdeeds yet failed to stop them."

GOP Mishandled Crisis Management, Say Experts (HILL)

By Jackie Kucinich

The Hill, October 5, 2006

The public relations response to the scandal involving former Rep. Mark Foley (R-Fla.) has been mismanaged by Foley's legal team and the House Republican leadership, according to several top crisis communications consultants.

But the experts disagree about whether quick admissions are more important than making sure the defense has all the facts before it begins its public relations barrage.

Foley staff's shrugs last Thursday about merely "friendly" e-mail exchanges were blown apart the next day by revelations that the lawmaker had exchanged sexually explicit instant messages with a 16-year-old page boy. This news prompted Foley's resignation on Sept. 29.

Yesterday, Foley's lawyer David Roth said Foley had entered a rehabilitation center for alcoholism, was gay, and had been sexually molested as a teenager by "a member of the clergy."

"I'd say they are moving very aggressively to try to limit the damage, which is normally a good practice," said former President Clinton spokesman Joe Lockhart. "What would concern me is have they taken the time to really understand the extent of the problem and just how bad this could get?"

Lockhart suggested that the speed of the Foley camp's revelations could be a problem if they do not have all the facts of the case.

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"If they have all the facts available to them, their strategy makes sense," he said, but "if they are still doing fact finding, they are pursuing a very dangerous strategy."

A former leadership aide agreed, saying Roth should start preparing for what will most likely be a long legal battle.

"It's better to be unavailable to fill 24 hours of news than to screw up and make way for another cycle to cover your tracks," the aide said. "The first rule of crisis communication is to be armed with the full truth so you can be prepared to make the proper argument. When you sit around waiting for the other shoe to drop, it'll likely kick you in the ass."

Several of Foley's close friends and associates reacted skeptically to the congressman's revelations about having an alcohol problem, saying they had no knowledge of it and appearing to imply that the move into rehabilitation may have been an excuse.

Dr. Lauren Williams, a psychiatrist who specializes in addiction at the University of Miami's Miller School of Medicine, told the Associated Press, however, that many alcoholics in positions of power hide their addictions.

"It really permeates the person's life at different stages, and until something drastic happens, they don't own up and say, `I have a problem,'" Williams said.

The former leadership aide said, "The number one PR problem — there has been no act of contrition. … Whether it's a letter or a simple statement, the public needs to know that he's torn up over this, and placing the blame on booze and bad judgment only prolongs the news cycle ... and the fury."

A second former leadership aide said Foley's lawyer appeared to be less concerned about image repair and more focused on legal defense.

"It's purely a legal strategy and purely for a legal defense," the aide said.

Attending a rehab and the revelations about childhood molestation could serve as a defense and create doubt in a jury's mind should Foley's alleged indiscretions land him in court, the aide said.

Former Clinton administration aide Lanny Davis, author of "Scandal: How 'Gotcha' Politics Is Destroying America" and head of the Legal Crisis Communications group of Orrick, Herrington & Sutcliffe, would not comment on Foley but said that continuing to admit failures after the initial apology is a bad crisis management move.

"A general rule is to apologize, take responsibility, seek help and be quiet," he said.

Davis said Republicans could end up badly tarnished by the Foley scandal, but Democrats also needed to be careful.

"When the other side forms a circle and starts shooting into the center of it, get out of the way," he said. "The Democrats' worst mistake is to try and exploit this issue in a partisan way."

He advised Democrats to do only two things for political advantage: let the facts come out and call for a full investigation. Democratic leadership has largely stepped aside since the scandal broke last week.

Republicans have, however, broken several "rules" of crisis communication, Davis said.

"The way to handle a crisis is to get out in front, be proactive, take responsibility and move on," he said.

When Speaker Dennis Hastert (R-Ill.) first received or gained knowledge of the e-mails, the party should have taken care of the problem by addressing Foley, Davis added, saying, "Instead, he's defensive, he's not acknowledging [wrong doing] and going on Rush Limbaugh. He is in a defensive crouch trying to ignore the obvious."

Hastert has been heavily criticized for his handling of the scandal. He maintains that he addressed the problem as best he could with the information he had at the time. The Speaker says he did not know about the sexually explicit instant message exchange until it was reported last week by ABC news.

"People forgive individuals who take responsibility, they do not forgive people who duck," the second leadership aide said.

What Goeth Before The Fall (WP)

By George F. Will

The Washington Post, October 5, 2006

The Reverend Elmer Gantry was reading an illustrated pink periodical devoted to prize-fighters and chorus girls in his room at Elizabeth J. Schmutz Hall late of an afternoon when two large men walked in without knocking.

"Why, good evening, Brother Bains -- Brother Naylor! This is a pleasant surprise. I was, uh -- Did you ever see this horrible rag? . . . I was thinking of denouncing it next Sunday. I hope you never read it."

-- Sinclair Lewis, "Elmer Gantry"

In life as in literature, Elmer Gantry is a recurring American figure. He is making yet another appearance in the matter of former representative Mark Foley.

Sinclair Lewis's "Elmer Gantry," like most of his novels, is dreadful as literature but splendid as a symptom. Published in 1927, the year Charles Lindbergh flew the Atlantic and Babe Ruth hit 60 home runs and the American craft of ballyhoo was being perfected, the novel was a cartoonish blast of contempt for tub-thumping evangelists who were doing well for themselves

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while pretending to do good works to redeem this naughty world. Gantry succumbed to temptations of the flesh and the real estate market. The modern twist to the fall of Foley -- public protector and private predator of children -- is the warp speed with which it moved from exposÃ© to therapy: Foley, who has entered alcohol rehab, says he takes "responsibility" for what he has become as a result of abusive priests and demon rum.

Having so quickly exhausted the Oprah approach, the Foley story moved on to who knew what, and when. That drove Speaker Dennis Hastert to the un-Oprah broadcasting couch on which Republicans recline when getting in touch with their feelings. To Rush Limbaugh's 20 million receptive listeners, Hastert, referring to Republicans as "we," said:

"We have a story to tell, and the Democrats have -- in my view have -- put this thing forward to try to block us from telling the story. They're trying to put us on defense."

It is difficult to read that as other than an accusation: He seems to be not just confessing a coverup but also complaining that the coverup was undone by bad manners. Were it not for Democrats' unsportsmanlike conduct in putting "this thing" forward, it would not be known and would not be disrupting Republicans' storytelling.

Their story, of late, has been that theirs is the lonely burden of defending all that is wholesome. But the problem with claiming to have cornered the market on virtue is that people will get snippy when they spot vice in your ranks. This is one awkward aspect of what is supposed to have been the happy fusion between, but which involves unresolved tensions between, two flavors of conservatism -- Western and Southern.

The former is largely libertarian, holding that pruning big government will allow civil society -- and virtues nourished by it and by the responsibilities of freedom -- to flourish. The Southern, essentially religious, strand of conservatism is explained by Ryan Sager in his new book, "The Elephant in the Room: Evangelicals, Libertarians, and the Battle to Control the Republican Party":

"Whereas conservative Christian parents once thought it was inappropriate for public schools to teach their kids about sex, now they want the schools to preach abstinence to children. Whereas conservative Christians used to be unhappy with evolution being taught in public schools, now they want Intelligent Design taught instead (or at least in addition). Whereas conservative Christians used to want the federal government to leave them alone, now they demand that more and more federal funds be directed to local churches and religious groups through Bush's faith-based initiatives program."

To a Republican Party increasingly defined by the ascendancy of the religious right, the Foley episode is doubly deadly. His behavior was disgusting, and some Republican reactions seem more calculating than indignant.

Foley's name remains on the ballot in Florida's 16th Congressional District, which means that Democrats, who needed 15 seats to capture the House, now need just 14. Thirteen, actually: In Arizona's 8th, where Republican Rep. Jim Kolbe is retiring, Republicans used the primary to vent, nominating a probably unelectable fire-breather on the immigration issue.

After the 1936 election, in which President Franklin Roosevelt shellacked the Republican nominee in all but two states, a humorist wrote: "If the outcome of this election hasn't taught you Republicans not to meddle in politics, I don't know what will." If, after the Foley episode -- a maraschino cherry atop the Democrats' delectable sundae of Republican miseries -- the Democrats cannot gain 13 seats, they should go into another line of work.

Dumping The GOP Too Facile (SEAPI)

By Marianne Means

Seattle Post-Intelligencer, October 5, 2006

WASHINGTON -- For decades, Republicans have paraded as the moral party, the one that stands for "family values" -- in contrast to the other party, the one stuffed with liberals who have the morals of puppy dogs.

It has been a successful strategy. Until now. Suddenly the GOP is discovering that if you claim ownership of strict religious and cultural standards, you'd better have some.

Rep. Mark Foley, R-Fla., spectacularly flunked that test and hastily resigned on Friday after the surfacing of sexually oriented e-mails and instant messages -- some suggestive, some explicit -- he sent to teenaged male House pages.

But one of the most horrifying aspects of this scandal is that the office of Speaker Dennis Hastert had known about Foley's predatory behavior for roughly a year -- and did virtually nothing.

A Hastert aide spoke to Foley privately about the problem and ordered him not to contact any page again. There is no evidence that anyone in the GOP leadership followed up to see if indeed Foley took the message seriously. And why should he? His party didn't seem to care, as long as it wasn't public.

No Democrat, not even minority leader Nancy Pelosi, D-Calif., was alerted to the page problem. She furiously charged the GOP with being more concerned about protecting a House seat in a tough election year than protecting the pages. Hard to see how she could be wrong.

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Only the GOP chairman of the bipartisan six-member committee authorized to oversee and protect the pages was told -- the others were ignored. Foley was not stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

When the story broke, Hastert shifted his recollection of events several times, ultimately conceding that he could not deny that a fellow Republican congressman, Rep. Thomas Reynolds, R-N.Y., had told him in advance about the problem. He called for an investigation, but only after the magnitude of public revulsion became overwhelming.

This is a political earthquake for Republican hopes of holding on to a majority status in both House and Senate. So what to do? The obvious answer is to dump the GOP, but that is too facile.

This is a Congress adverse to political oversight, but this time an independent investigation should be serious, open, bipartisan -- and speedy. Stalling to drag this out past the election is going to make the situation worse.

The heat is on Hastert, with House Majority Leader John Boehner of Ohio publicly separating himself from the leadership position by acknowledging that Foley's seat would now certainly go to his Democratic rival.

The Washington Times, a reliably conservative newspaper, called on Hastert to resign. A few organized conservative groups did likewise. After all, a leader is expected to lead, and Hastert didn't do so. He said he was "duped." Religious conservatives fear their folks are so offended they will stay home in November.

President Bush came to Hastert's defense, praising him as a father, teacher and coach "who cares about children. ... I know he wants the facts to come out."

It was not a wild endorsement of Hastert's leadership, but a prudent move that cost Bush nothing. He avoided the image of betraying a speaker who has meekly done the White House bidding.

If the House majority is lost, an internal congressional rebellion will throw out Hastert anyway.

Other vulnerable GOP candidates are also feeling the pain. Virginia Sen. George Allen, once a prohibitive favorite for re-election but now running neck-and-neck with Democratic challenger James Webb, ostentatiously gave back $2,000 in campaign contributions he had received from Foley.

It was actually no sacrifice for Allen, who had $6.6 million in the bank in June compared with Webb's roughly $3 million. Allen returned the money because character issues are not the automatic winner for Republicans that they used to be, and particularly not for Allen.

He broadcast an unusual television ad urging voters to cast their ballots on the basis of his record, not his character -- which has been battered by public outrage over a racially ambiguous phrase he used against an American man of Indian descent, as well as past evidence of racism. The last thing Allen needs is any financial association with another dysfunctional Republican.

Democrats need a net gain of 15 House seats and six Senate seats to take control. Toward that goal, Republicans had planned attack ads in October painting Democrats as soft on sexual predators. Guess those ads won't be running now.

Marianne Means is a Washington, D.C., columnist with Hearst Newspapers. Copyright 2006 Hearst Newspapers. She can be reached at 202-263-6400 or means@hearstdc.com.

Ballot Battle Brews Over Foley's GOP Replacement (MH)

By Beth Reinhard

The Miami Herald, October 5, 2006

In an escalating conflict tinged by the 2000 presidential election, the Florida Democratic Party is accusing state election officials of playing favorites in the nationally watched contest to replace former U.S. Rep. Mark Foley.

The GOP tapped state Rep. Joe Negron to run in Foley's place after the congressman's lurid computer messages to teenage boys became public and he resigned. But under Florida law, Foley's name will still appear on the ballot.

The state is recommending that election supervisors in the eight counties comprising Foley's district send notices to absentee voters and post signs in every voting booth that say, ``any vote cast for Mark Foley (REP) shall be counted as a vote for Joe Negron (REP)."

Negron -- a little-known lawmaker from Stuart tasked with holding on to a scandal-plagued Republican seat at a time when Congress could change hands -- said the state's recommendation would ensure a fair contest between him and Democrat Tim Mahoney.

But in a letter Wednesday to the state Division of Elections, Karen Thurman, chairwoman of the Florida Democratic Party, said the notice ``would clearly constitute favoritism.

"In fact, any ballot sent to a voter with this statement should be deemed invalid," Thurman said in the letter, addressed to state elections chief Dawn Roberts.

Some election supervisors are also questioning the state's recommendation, saying they are wary of appearing to promote one candidate over another. Voters booted former Palm Beach Supervisor of Elections Theresa LePore out of office in a

backlash against her "butterfly ballot" in 2000, and grudges linger against Rep. Katherine Harris, who was secretary of state in 2000, for her role in the contested election.

"I definitely think we feel a little sensitive," said Charlotte County Supervisor of Elections Mac Horton, noting that the law forbids any campaign literature within 100 feet of the polls. ``We don't want to do anything that will bring the election in our county under attack."

The 16th congressional district includes parts of Palm Beach and Charlotte counties, and most or all of Martin, St. Lucie, Hendry, Glades, Highlands and Okeechobee counties. Of the eight election supervisors, Horton said only two are Republicans: he and Vicki Davis of Martin County.

The recommendation from the state is just that: a recommendation. It is not an order.

"There's nothing in the law that says a supervisor has to post a notice or doesn't have to post a notice," said Sterling Ivey, a spokesman for the Florida secretary of state. ``It's really going to be up to local supervisors of elections."

The Democrat elected to replace LePore in Palm Beach County, Arthur Anderson, said Wednesday that he would not post notices because they would appear to promote Negron's candidacy. But later in the day, after receiving the state's recommendation, he said he was reassessing the matter.

"It's a potential litigious situation," Anderson said. ``It's not a simple matter."

Election chiefs are seeking advice from the Tallahassee attorney for their statewide association, Ron Labasky. He said he thinks the law does not allow election supervisors to send notices with absentee ballots.

A decision about alerting absentee voters must be made immediately, because many of the 17,000 ballots requested have already been sent out. Labasky said a review of state law ``would lead me to conclude that including any notices in those absentee ballots is not what is contemplated by the statute."

He added: ``Now that the Democratic Party has seen the memorandum, we ought to be in court in a matter of days anyway."

The campaign for Negron's Democratic opponent, Mahoney, issued a statement Wednesday evening saying the state should insure that voters in the eight counties are all treated the same.

"We certainly expect the state of Florida to require uniform voting procedures throughout Florida's 16th District," said Mahoney spokeswoman Jessica Santillo.

Mahoney catapulted from long shot to contender after Foley resigned Friday. On Wednesday, he met with Port Charlotte residents concerned about rising hurricane insurance costs.

Meanwhile, Negron opened his campaign office in Stuart with less than five weeks before Election Day. The national committee responsible for helping Republicans get elected to Congress dispatched a campaign manager the night before, and the state party was sending staffers to alert absentee voters to Negron's campaign.

Negron argued that the state's recommendation to election supervisors made sense.

"I think it is a very fair to make sure voters are fully informed about the candidates before they vote," Negron said. ``The notice is not a statement of support."

McHenry Seeks Sworn Dem Account (HILL)

By Josephine Hearn

The Hill, October 5, 2006

North Carolina Republican Rep. Patrick McHenry called on Democratic leaders yesterday to testify under oath about when they knew of former Rep. Mark Foley's (R-Fla.) Internet communications with a House page.

Writing to House Minority Leader Nancy Pelosi (D-Calif.) and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.), McHenry questioned whether Democrats had a role in publicizing the e-mails, which broke in the middle of the fall election season creating a furor rarely seen in congressional politics.

"Is the American public to believe that neither of you nor your staffs nor anyone associated with your staffs had prior knowledge or involvement with the release of Foley's e-mails and/or explicit instant messages? Is the American public to believe that ABC News stumbled haphazardly on this story without Democratic assistance?" wrote McHenry, a freshman Republican who has emerged as an attack dog for the GOP.

He asked that Pelosi and Emanuel offer a "yes or no" answer as to whether they would go under oath "to assure the American people that neither you nor your staffs had prior knowledge or involvement — at the strategic or tactical levels — with the release of Foley's e-mails and/or instant messages."

Spokespeople for Pelosi and the DCCC dismissed McHenry's demand as political posturing.

"Republicans just don't get it; every mother in America is asking how Republican's could choose partisan politics over protecting kids, and the Republicans are asking who could have blown their cover-up," said Pelosi spokeswoman Jennifer

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Crider. "If we had seen Mark Foley's horrific e-mails or instant messages, we would have immediately acted to protect these kids."

DCCC spokeswoman Sarah Feinberg said, "Of course we did not have the e-mails or instant messages. Give me a break. If you recall, they also blamed us for indicting [former Majority Leader Tom DeLay [R-Texas]. Speaker Hastert and his staff have known about Foley's inappropriate behavior for years and their attempt to deflect their responsibility is absurd."

A handful of House Republicans have admitted that they knew about the original Foley e-mails in late 2005. In those e-mails, Foley asked a male House page for a picture of himself but was not overtly sexual. No member of Congress or congressional staff member has admitted to knowing about the more explicit series of instant messages that surfaced Friday and led to Foley's resignation.

Pelosi dismissed speculation that Democratic leadership knew about the e-mails prior to Thursday, when ABC News broke the story in the media.

"It's absolutely not true," she said. The e-mails appeared on a blog, stopsexpredators.blogspot.com, earlier in September.

Democrats have called for a full investigation of "when the Republican leadership was notified" of the e-mails and what action they took, suggesting Republican leaders had covered up the e-mails to avoid political repercussions in a tough election cycle.

As the scandal ballooned this week, several House Republicans sought to gain control of the media frenzy by questioning whether Democrats themselves knew about the emails and had sought to use them to political advantage by waiting until just before the elections to give them to the news media.

Although political observers agree that the timing of the story could not have been better, ABC News reporter Brian Ross told The New York Times on Tuesday that his source was a Republican.

"I hate to give up sources, but to the extent that I know the political parties of any of the people who helped us, it would be the same party," Ross said.

ABC News investigative producer Maddy Sauer worked on the story with Ross.

"They were passed to a colleague of mine from a source, not someone from a Democratic campaign, a source on the Hill," Sauer told Democracy Now Tuesday.

At least two other news organizations, The Miami Herald and The St. Petersburg Times, knew of the email exchange but opted not to publish it.

Still, Republican operatives point out that an ethics watchdog group, Citizens for Responsibility and Ethics in Washington (CREW) had a copy of the emails as early as July 21 and passed them on to the FBI. They note that several of CREW's staff members previously worked on Capitol Hill for Democrats.

But a spokeswoman for CREW, Naomi Seligman Steiner, told The Hill Tuesday that the group did not pass the emails to any other entity and was not the source of the ABC News story.

Washington Wire (WSJ)

Wall Street Journal, October 5, 2006

October 4, 2006, 6:23 pm

No Green Light in Pennsylvania

It's no longer a three-way Senate race in Pennsylvania. The state Supreme Court rejected an appeal to allow Green Party candidate Carl Romanelli to "rehabilitate" 3,000 petition signatures he needs to get on the November ballot, and upheld an earlier ruling that Romanelli needs a total of 67,070 signatures.

"I am devastated," Romanelli said. "All I have left is to declare a write-in candidacy."

Romanelli isn't the only one distressed. State Republicans have been hoping the Green Party candidate would siphon votes from Democratic contender Bob Casey Jr., the state treasurer, thus helping Republican incumbent Sen. Rick Santorum.

"Obviously some people thought this might help Rick in this race," said Michael Barley, deputy political director for the Republican State Committee. "But we didn't know how [the court] was going to rule. We can only affect what we have control of."

Santorum made no secret of the fact that Republicans wanted Romanelli on the ballot. "We thought it was very important to have another person on the ballot who was willing to speak out," said Santorum spokeswoman Virginia Davis. "Casey has run an illusive, under-the radar-campaign. Romanelli wanted to be a part of the process."

Democrats, on the other hand, cheered. "This means that we're going to have a one-on-one, head-to-head campaign," said Pennsylvania Democratic Committee spokesman Abe Amoros, citing Republicans for using Romanelli to divert votes from the Democrats. "We feel confident that in a one-to-one match, Mr. Casey can defeat Mr. Santorum."

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Romanelli's lawyer suggested they might take the case to the U.S. Supreme Court. "There are some due process issues here," said the attorney, Lawrence Otter, who complained that the court didn't allow him to present evidence in his client's defense. "There is something fundamentally wrong with that. We may be headed to the U.S. Supreme Court."

The court has yet to decide if Romanelli, a railroad industry consultant from Wilkes-Barre, will be slapped with the estimated $90,000 in court costs. – Erika Lovley

Read more: Global, Campaign 2006, Congress

Permalink | Comments | Trackbacks October 4, 2006, 5:32 pm

Perhaps Fox Meant "D" for Disgraced

As if the liberals needed another propellant fueling their belief that Fox News is mouthpiece for Republicans, the blogosphere notes that Fox has occasionally referred to former Rep. Mark Foley as a Democrat. The Florida Republican quit last Friday after sexually explicit computer messages involving teenage House pages came to light.

"Three Different Video Cutaways, 15 Seconds or More Each, Credit Disgraced REPUBLICAN Congressman as Being a Florida DEMOCRAT!" declares the Brad Blog. Brad Blog also notes that AP has slipped up, too.

"It's just a misplaced letter, but what a misplaced letter: Swapping a 'D' for an 'R' last night, Fox News and 'The O'Reilly Factor' labeled disgraced pedophile Congressman Mark Foley, longtime Republican, as a Democrat," says the Huffington Post.

Read more: Global, Congress

Permalink | Comments (4) | Trackbacks October 4, 2006, 4:52 pm

More Foley Fallout

The pressure on House Speaker Dennis Hastert grew even more intense this afternoon as Kirk Fordham, a former top aide to Rep. Mark Foley, said he warned the speaker's office more than three years ago about Foley's inappropriate conduct with teenage male pages. That's a full year earlier than Republican leaders say the matter was brought to their attention.

Fordham, who resigned today as the top aide to Rep. Tom Reynolds, told the Associated Press he had "more than one conversation with senior staff at the highest level of the House of Representatives asking them to intervene." The AP reported that Fordham spoke after ABC News, quoting unidentified Republicans, suggested he had tried to stop any inquiry into Foley's behavior. "This is categorically false," Fordham said. "At no point ever did I ask anyone to block any inquiries into Foley's actions or behavior."

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:33 pm

No Criminal Jeopardy for Foley?

Unless new evidence emerges showing former Rep. Mark Foley acting upon some of the messages he sent underage pages, legal experts say he may not be in criminal jeopardy at the federal level but could face state charges.

"For the most part, the law is going to allow you to be a dirty old man," says Roscoe C. Howard, the former U.S. Attorney in Washington D.C. "The reality of the law here is if you're going to put somebody in jail, they have to do something. If they punished us for what we thought and most things we say out loud, there'd be a lot of people in jail."

The legal vulnerability changes, however, if there's been physical contact or an exchange of pornographic material through the Internet, Howard says. Foley has denied having sexual contact with any of the minors.

Among the issues being examining: Did Foley have obscene conversations with anyone under 16? Did he transmit pornographic images to a minor or suggest a juvenile engage in sexually explicit conduct and photograph it for him? Those acts would violate a variety of federal sexual exploitation and obscenity laws.

Agents also are examining whether Foley enticed or pressured minors to rendezvous with him across state lines to meet for sexual activity. One FBI official familiar with the investigation said that for the enticement to be considered criminal, it has to be more substantial than words. "It has to be a ticket or sending money for a plane ticket, something like that," the official said. – Gary Fields

Read more: Global

Permalink | Comments (1) | Trackbacks October 4, 2006, 4:01 pm

Relative Burden

As Alan Greenspan used to do repeatedly, the new Federal Reserve chairman is loudly calling attention to the fact that the nation has made promises to future retirees that it can't easily afford to keep. "If we don't begin soon to provide for the coming demographic transition, the relative burden on future generations may be significantly greater than it otherwise could have been," Fed Chairman Ben Bernanke said in a speech today. (Read the full text or watch the video.)

Bernanke tried to put some numbers on the problem to illustrate its severity. Citing Federal Reserve economists' calculations, he said that if the nation continues to save at its current, profligate rate for the next 20 years — "thereby largely

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insulating the baby-boom generation from the effects of the coming demographic transition," then per capita consumer of future generations will be about 14% less than it would have been in the absence of demographic change.

Equal burden-sharing across generations would require an immediate reduction in per capita consumption on the order of 4% (or, since consumption is about two-thirds of output, by an increase in national saving of about 3 percentage points.), he said. "This case obviously involves greater sacrifice by the current generation, but the payoff is that all future generations enjoy per capita consumption that is only 4%, rather than 14%, below what it would have been in the absence of population aging." The living standards of future generations are higher because of the extra capital bequeathed to them by virtue of the current generation's saving more.

It won't be the Fed's call, he said. "At the heart of the choices our elected representatives will have to make regarding the distribution of these costs across generations will be an issue of fairness: What responsibility do we, who are alive today, have to future generations? What will constitute ethical and fair treatment of those generations, who are not present today to speak for themselves? If current trends continue, the typical U.S. worker will be considerably more productive several decades from now. Thus, one might argue that letting future generations bear the burden of population aging is appropriate, as they will likely be richer than we are even taking that burden into account. On the other hand, I suspect that many people would agree that a fair outcome should involve the current generation shouldering at least some of that burden, especially in light of the sacrifices that previous generations made to give us the prosperity we enjoy today." – David Wessel

Read more: Global, Budget, Spending and Taxes, Economy

Permalink | Comments | Trackbacks October 4, 2006, 3:16 pm

A New Airing for Sherwood Scandal

Speaking of scandals, embattled Republican Rep. Don Sherwood of Pennsylvania has a new advertisement directly addressing his own affair. Last year, the 65-year-old Sherwood acknowledged an extra-marital relationship after his much younger mistress filed a lawsuit alleging that he choked her; he apologized and said he only gave her a backrub. The suit was later settled.

Sitting in front of a bookcase with family pictures prominently displayed, Sherwood faces the camera: "I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this, because of my deep regret, our love and the fact that the allegation of abuse was never true. While I am truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share… ."

The unusual plea follows a series of ads from his Democratic rival, Chris Carney, that strike the family values theme. In one, Joseph Lech of Tunkhannock, Pa., who describes himself as a Republican and a father, and says: "This incident with Don Sherwood cuts right at the core values of our district" as the lawsuit case number and a couple of choice excerpts — "REPEATEDLY CHOKING" and "ATTEMPTING TO STRANGLE PLAINTIFF" –appear on the screen. – Mary Lu Carnevale

Read more: Global, Campaign 2006

Permalink | Comments (1) | Trackbacks October 4, 2006, 12:05 pm

Saudi to U.S.: Stop the Hectoring

Prince Turki al-Faisal, Saudi Arabia's ambassador to the U.S. and its ex-head of intelligence, has had enough American lecturing. He said U.S.-Saudi ties "have never been stronger," but his country is tired of being badgered by U.S. officials, think tanks and human-rights groups over its domestic affairs.

Faisal

"We are not going to change just because you tell us to," he said in a speech to a packed house at the Center for Strategic and International Studies, the sort of public engagement that his longtime predecessor, Prince Bandar bin Sultan, meticulously eschewed. "We are going to change, but at our own pace."

He advised that Americans drop "the political rhetoric and bombast" in favor of more constructive dialogue. "The type of discourse between the United States and Saudi Arabia needs to change," he said, adding that he and others "find the analysis of Saudi Arabia lacking. It does not have a clear and real understanding of what is going on in the Kingdom, and appears to be emotionally driven."

On the lecture theme, the ambassador made sure to point out that Saudi Arabia also wants some changes in the U.S. "Your reform of campaign contributions is essential and needed, yesterday, not tomorrow," he said. The U.S. also had to change its Middle East policies to overcome what he describes as America's "lowest standing ever" in terms of regional public opinion. And lastly, the U.S. should open direct talks with Iran.

"For the United States not to talk to Iran is a mistake," he said, taking pains not to badger. –Neil King Jr

Read more: Global

Permalink | Comments (4) | Trackbacks October 4, 2006, 11:13 am

What to Do With the House Page Program?

DOJ_NMG_0076088

No sooner had Rep. Mark Foley resigned on Friday setting off the Page Scandal of '06, than Rep. Ray LaHood, an Illinois Republican and an ally of beleaguered House Speaker Dennis Hastert, called for a permanent solution to put a stop to further page scandals: scrapping the page program altogether.

LaHood has backed off a bit, suggesting a suspension of the program is in order until problems of predatory lawmakers can be solved. "Some members betray their trust by taking advantage of [pages]," he said on CNN. "We should not subject young men and women to this kind of activity, this kind of vulnerability."

Still, for high school students interested in the House page program, LaHood has information on the program right on his Web site. – Mary Lu Carnevale

Video: John Harwood reports that the scandal has split Republicans and forced Bush to speak on behalf of Dennis Hastert.

Page One: Hastert Faces Intense Pressure as Foley Mess Roils Republicans

Read more: Global, Congress

Permalink | Comments (1) | Trackbacks October 4, 2006, 7:59 am

Orchestrated by Democrats? ABC's Ross Says No

A question has vexed Washington insiders for days: Why did the Foley story, which had circulated months before to several news outlets, break just five weeks before the election? The timing of the news, which emerged too late for the Republican Party to put a different candidate's name on the ballot in Foley's congressional district — has led some Republicans to question whether the sources had partisan political motives.

Brian Ross, chief investigative correspondent at ABC News, said a nonpartisan source provided the "tamer" emails that the network posted on its Web site "The Blotter." Within hours of that posting, "numerous" former House pages emailed ABC with additional allegations about Foley, Ross said. Two former pages — one who had been sponsored by a Republican member of Congress and one by a Democrat — offered ABC texts of sexually explicit instant messages purportedly sent by Foley. Ross said the network then tracked down the original recipients of those messages and got firsthand confirmation of their authenticity.

Ross said that, in his opinion, ABC's path to the story was too convoluted to be part of a broader partisan conspiracy. "The chain of events that just doesn't hold up…in terms of being from a political party," Ross said. "I know how that works. This was not it." Read the full article. – Sarah Lueck

Also in today's WSJ:

Those IMs Aren't as Private as You Think

Disclosures Could Undermine Libby Case

Read more: Global, Congress

Permalink | Comments (3) | Trackbacks

Lieberman Assails Lamont Over Commitment To Israel (NYT)

By Jennifer Medina

The New York Times, October 5, 2006

Senator Joseph I. Lieberman questioned his opponent's commitment to Israel at a fund-raiser in Manhattan yesterday, saying he had received important support from several Democrats who have been critical of Israel.

Speaking to a largely Jewish group of a few dozen supporters, Mr. Lieberman said that Ned Lamont, who defeated him in the Democratic primary, had been "surrounded by people who are either naïve or are isolationists or, frankly, some more explicitly against Israel."

Mr. Lieberman, who is running on his own party line, pointed to Representative Maxine Waters, a Democrat from Los Angeles, who campaigned for Mr. Lamont during the primary. This summer, Ms. Waters was one of a dozen Democrats who did not vote in favor of a resolution condemning Hezbollah for attacking Israel during the war in Lebanon.

Ms. Waters, who abstained from the vote, said she objected to some language in the resolution praising the Bush administration.

Mr. Lamont has said he would have backed the measure.

"So far I would say my opponent is saying basically a pro-Israel line," Mr. Lieberman said at the fund-raiser. "But look, the position he's taking on Iraq is not good for America and not good for the Middle East. Secondly, you know to some extent you've got to judge people by their friends. I'm glad to be judged by my friends like Ed Koch and all of you."

He was referring to former Mayor Edward I. Koch of New York City, who appeared alongside Mr. Lieberman yesterday at the breakfast fund-raiser, held at the Loews Regency Hotel, at Park Avenue and 61st Street, after campaigning with him on Tuesday.

In his remarks, Mr. Lieberman also recalled the appearance of the Rev. Al Sharpton at Mr. Lamont's side on primary night, calling it "a remarkable moment."

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Since primary night, Mr. Lieberman and his aides have repeatedly raised questions about Mr. Lamont's alliance with Mr. Sharpton, whom they have described as divisive. Mr. Lieberman, however, has been on friendly terms with Mr. Sharpton in the past, particularly when the two ran for the most recent Democratic presidential nomination. This summer, Mr. Lieberman also asked Mr. Sharpton not to campaign for Mr. Lamont.

Tom Swan, Mr. Lamont's campaign manager, said that Mr. Lieberman's campaign was playing "racial politics."

"Joe Lieberman — who can count as his supporters Ann Coulter, Dick Cheney and Rush Limbaugh — should be ashamed himself for stooping to such gutter politics," he said. "He is playing on people's fear and attempting to divide and conquer, from our gaining support from people who have provided their support in the past and he took with pride."

Mr. Lamont, Mr. Swan said, has been "steadfast in his strong support for Israel, its right to defend itself and its importance as an ally of the United States."

Mr. Koch, a Democrat who endorsed President Bush in 2004, said a win for Mr. Lieberman in November would "help save the Democratic party and make it stronger."

"The leadership in this party right now does not represent the centrist views of most of America," Mr. Koch said. "We cannot be taken over by the radical left. We have to understand that we are fighting to protect ourselves."

Later in the day, Mr. Lieberman spoke to Realtors in Wolcott, Conn., where he proposed creating a $2,000 tax credit to help first-time home buyers pay for property closing costs. Mr. Lieberman said it would be the first in a series of proposals aimed at helping the middle class.

Mr. Lieberman said the plan would cost about $4 billion and could be paid for by cutting back tax breaks from those with annual incomes of more than $1 million. He also called for a plan to reform health insurance for small businesses, which he said would allow owners to buy into larger pools.

Mr. Lamont campaigned in Bridgeport yesterday with Dianne Farrell, the Democrat in a tight battle to unseat the Republican incumbent, Representative Christopher R. Shays, and Senator Edward M. Kennedy of Massachusetts.

Mr. Kennedy repeatedly said he was looking forward to Mr. Lamont's arrival in Washington and praised his proposal for universal health care.

"We need that voice, we'll need that vote, we'll need that leadership," Mr. Kennedy said of Mr. Lamont. He steered clear of criticizing Mr. Lieberman directly, but added, "People have spoken in favor of Ned Lamont, and that's what the democratic process is all about."

Mr. Lieberman also denounced former Representative Mark Foley of Florida, who resigned late last week. But unlike scores of other Democrats, Mr. Lieberman did not call on J. Dennis Hastert, the speaker of the House, to resign in response to allegations that he knew about the harassment for months. Mr. Lieberman cautioned against turning the incident into a partisan issue.

"The truth is, unless he knows what he saw and he saw something he should have acted on, he deserves to have a fact-finder come in," Mr. Lieberman said, adding that an independent investigator could determine what was known.

Mr. Lamont responded in a statement: "The fact that Joe Lieberman says calling for Hastert's resignation is too 'partisan' demonstrates that he's been in Washington so long that he can't recognize the difference between what's right and what's partisan."

Murtha Accused Of Bribe Cover-up (WT)

By Eric Pfeiffer

The Washington Times, October 5, 2006

Rep. John P. Murtha's Republican challenger has accused him of negotiating a $50,000 bribe and of trying to cover it up for 26 years.

A recently released FBI video recorded in 1980 shows the Pennsylvania Democrat talking with an FBI agent posing as a representative to an Arab sheik who offers Mr. Murtha $50,000 in cash in exchange for private immigration legislation.

"When you see the video, there was every intent of taking the bribe," said Diana Irey, a Washington County, Pa., commissioner who is running to unseat Mr. Murtha. "For 26 years, John Murtha has been living a lie."

Six members of the House and one senator were forced to resign because of their involvement in what became known as the "Abscam" scandal.

The video was released last week on the American Spectator Web site (www.spectator.org), a conservative publication. The magazine says it received the video from a source close to the Abscam investigation.

"It was widely reported that he provided testimony against others," Mrs. Irey said, when asked why Mr. Murtha was not prosecuted for his ties to the Abscam investigation.

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Mr. Murtha cooperated with officials in the prosecution of former Democratic Reps. Frank Thompson of New Jersey and John Murphy of New York. In July 1981, the House ethics committee ruled there was no evidence Mr. Murtha acted improperly, although E. Barrett Prettyman Jr., the special counsel assigned to the committee, resigned in protest. The FBI listed Mr. Murtha as an "unindicted co-conspirator" in the scandal.

Near the end of the 54-minute video of the meeting, Mr. Murtha and Philadelphia lawyer Howard Criden return to the room after a brief absence. Mr. Criden then begins speaking to undercover FBI agent Anthony Amoroso, who posed as "Tony DeVito," the purported sheik's representative.

"John says it's OK for you to give me what's in the drawer," Mr. Criden says, according to the Spectator's transcript of the video.

"Is that all right, Tony?" Mr. Murtha asks Mr. Amoroso. Then, referring to Thompson and Murphy, Mr. Murtha says: "Let me make it very clear. The other two guys do expect to be taken care of. ... And you're gonna have to deal through [Mr. Criden]. Me, you've got my deal."

Mrs. Irey played excerpts from the video at a press conference in Washington yesterday. "Leaving a room where one has just been offered $50,000 in cash, only to return two minutes later with a bag man saying, 'John says that it is OK for you to give me what's in the drawer,' is not something done by a man who's not aware he's trying to take a bribe," Mrs. Irey said.

Mr. Murtha has long maintained he only met with the undercover agents to pursue legitimate investment in his district. Mr. Murtha can be seen in the video rejecting an offer to accept the $50,000 personally. The Irey campaign says Mr. Murtha wanted to use Mr. Criden as his middleman to accept the cash on his behalf.

"I'm not interested," Mr. Murtha says in the video.

"OK," Mr. Amoroso responds.

"At this point," Mr. Murtha adds: "You know, we do business for a while, maybe I'll be interested, maybe I won't, you know."

After the video was posted online Friday, the Murtha campaign issued a statement from the congressman denouncing the move as "nothing but a political stunt."

"I am the guy that didn't take the money," Mr. Murtha said. "I have been re-elected to Congress 13 times since this tape was made 25 years ago. I will not be distracted."

Rep. Sherwood Apologizes In Ad (HILL)

By Jeffrey Young

The Hill, October 5, 2006

In advance of his first debate against a political newcomer threatening his congressional seat, Rep. Don Sherwood (R-Pa.) debuted a television spot this week aiming directly at the controversy that has made the four-term lawmaker vulnerable.

In the ad, Sherwood faces the camera and apologizes to his constituents for his role in an extramarital affair with a woman who later sued him, claiming he choked her. They settled the case and Sherwood denies assaulting the woman.

“I made a mistake that nearly cost me the love of my wife Carol and our daughters,” Sherwood says, opening the 30-second spot.

He was scheduled to debate Navy Reserve officer and college professor Chris Carney (D) last night.

In the ad, Sherwood states, “While I’m truly sorry for disappointing you, I never wavered from my commitment to reduce taxes, create jobs and bring home our fair share. Should you forgive me, you can count on me to keep fighting hard for you and your family.”

Sherwood is running behind Carney, according to a recent poll. A survey released by Lycoming College in Williamsport, Pa., on Monday shows Carney ahead with 47 percent to Sherwood’s 38 percent; 15 percent were undecided.

Long Odds (WSJ)

By Chuck Muth

The Wall Street Journal, October 5, 2006

CARSON CITY, Nev. -- The Democrats are placing a lot of faith in Nevada's demographic and political currents for 2008: The party shoehorned a Nevada presidential caucus in between Iowa and New Hampshire. Meanwhile, however, come the November elections. If the Democrats can't secure big wins this year in Nevada -- in an evenly divided state that President Bush barely carried in 2004 with 50.5% of the vote -- they aren't likely to score big anywhere.

First off, the Senate, where local politics is frustrating national ambition. Incumbent Republican John Ensign, an alumnus of the class of '94, is seeking a second term. Mr. Ensign lost a bid for the Senate to now-Senate Minority Leader Harry Reid in 1998 by a razor-thin margin of just 428 votes -- only to come back and win the seat of retiring Democrat Sen. Richard Bryan two years later.

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Shortly thereafter, Messrs. Ensign and Reid put behind them all lingering bitterness from that campaign and now operate under an unwritten non-aggression pact. Mr. Ensign reportedly discouraged a number of credible candidates interested in taking on Mr. Reid in 2004, and barely acknowledged the eventual GOP nominee. Mr. Reid, for his part, gives every appearance of returning the favor this year.

The Democrat nominee is Jack Carter, Jimmy Carter's son. Mr. Carter has lived in Las Vegas for only a couple years and jumped into the fray after a number of high-profile Democrats with more extensive Nevada roots opted out. Mr. Reid reportedly discouraged all credible challengers to his colleague from the other side of the aisle. Indeed, much was made of Mr. Reid humiliating Mr. Carter at the Democratic Convention last April, when he dressed him down during a press conference with some sharp comments.

Some polls have shown Mr. Carter running surprisingly close to Mr. Ensign, and stumping by his famous father has kept his name in front of the public. But only the most rabid partisans believe Mr. Carter will unseat the widely popular Mr. Ensign. Especially with the Senate minority leader quietly in the Republican's corner, this one, in Vegas parlance, is a "lock."

The Democrats have a more realistic chance in Nevada's third congressional district against Republican House incumbent Jon Porter. Tessa Hafen, his 30-year-old challenger, is looking to capitalize on the demographics of the district, which includes Clark County and parts of suburban Las Vegas. Democrats enjoy a slight registration advantage, though President Bush barely carried it in 2004.

Ms. Hafen spent eight years working for Harry Reid in Washington. By all accounts he recruited her for this race after Mr. Porter publicly criticized the minority leader for failing to return campaign contributions from Jack Abramoff. It is widely believed that Mr. Reid is pulling out all the stops behind the scenes -- unlike his lackluster effort on behalf of Jack Carter -- to make sure Ms. Hafen has enough money to get the job done.

Ms. Hafen may be "green," but she's tough, holding her own in a vicious and increasingly petty campaign. Venturing into territory usually avoided by seasoned campaign pros, Ms. Hafen (and Mr. Reid) has raised questions about Mr. Porter's marital woes (he's recently divorced, for the second time). The Porter campaign has responded in kind, focusing on the dubious issue of Ms. Hafen's residency. Her eight years in Washington, they impute, makes her a feckless carpetbagger (despite being born and raised in the district).

"Tessa Hafen is trying to tie President Bush around Jon Porter's neck," former Nevada GOP executive director Dan Burdish explains. "But Harry Reid's poll numbers are even worse than the president's. The Porter campaign should stop focusing on this silly matter of her residency and instead focus on her ties to that albatross of a former boss she has. If Mr. Porter loses this race, his campaign strategists will have a lot to answer for."

Should an anti-Republican or anti-Bush backlash develop along the lines of 1994, which the Mark Foley contretemps may have catalyzed, Mr. Porter is in exactly the kind of swing district that could, well, swing. In a city that loves playing the odds, however, at this point they remain in the incumbent's favor. The vaunted GOP 72-hour get-out-the-vote machine would make the difference in a race this close.

Still, Democrats hoping to take the House would do well to consider Nevada's second district. The seat is being vacated by Republican Rep. Jim Gibbons for a gubernatorial run.

The Republican candidate, Dean Heller, is the sitting secretary of state who has won three successive statewide races for that position. He's telegenic, well-funded and more populist than hard-core conservative -- meaning he will attract considerable crossover votes from nonideological Democrats in November, especially in this mostly rural district. It encompasses most of the Silver State besides Las Vegas, and has a huge Republican registration advantage of almost 50,000 votes. President Bush won handily at 57% in 2004.

In this light, opponent Jill Derby has been very careful not to let voters know she's a Democrat. Ms. Derby is an experienced politico with 18 years on the state Board of Regents. She's also well-funded and enjoys old-line family ties to the rural community.

But while early polls show Ms. Derby to be closer than expected, once Mr. Heller refills his campaign coffers -- drained by a particularly competitive August primary -- and unloads his paid media campaign, this one will be over. It's sheer numbers: Even a 1994-style Democratic tsunami won't propel Ms. Derby into office.

Democratic aspirations for a major congressional victory in 2006 necessarily hinge on flipping districts like Nevada's second. Don't put the champagne on ice just yet.

Mr. Muth, a former executive director for the Nevada Republican Party, is president of Citizen Outreach, a nonpartisan limited-government public policy organization.

McCain Allies Plot For 2008 (RC)

By Emily Pierce,

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Roll Call, October 5, 2006

In preparation for a likely 2008 presidential run, Sen. John McCain (R-Ariz.) has been meeting quietly for the past several months with a group of Republican Senate supporters to plot campaign strategy and build a wider base of support among influential party figures.

Sen. Gordon Smith (Ore.), who regularly attends the biweekly meetings, called the group "sort of a Senate kitchen cabinet," while Sen. Trent Lott (Miss.) noted that participants are "a diverse group, philosophically and regionally."

Notably, New Hampshire Sen. John Sununu, whose state has one of the most influential roles in presidential nominating contests, has attended a few of the meetings, though he was careful to say he has not yet endorsed McCain, or anyone else, for president.

"I haven't given any thought to supporting or endorsing a candidate," Sununu said.

Though Sununu is trying to remain neutral in the early stages of the '08 primary fight, his endorsement, along with that of Sen. Judd Gregg (N.H.), undoubtedly will be one of the most sought-after in Granite State politics, given that the current governor is a Democrat. (There is no indication that Gregg has attended any of the McCain meetings.) Sununu said he was giving McCain the same type of counsel he gives to other prospective presidential candidates.

"Like anyone in New Hampshire, I'm going to visit with and talk to candidates," Sununu said. "I want to make sure that Republican candidates get a fair hearing in New Hampshire." Besides Smith and Lott, the group, which began meeting early this spring, is rounded out by a pair of longtime McCain supporters, Sens. Lindsey Graham (S.C.) and Susan Collins (Maine).

Sen. Mike DeWine (Ohio), who is close to McCain, would not confirm or deny whether he attends.

"I'm focused on my re-election at the moment, but you know I am a pretty good friend of Sen. McCain's," DeWine said.

A spokesman for Sen. Jon Kyl (Ariz.) said he did not know whether Kyl attends the meetings. Both DeWine and Kyl backed McCain in 2000, when few other Senators did, and they are expected to again support his efforts in 2008.

Though the group now consists mainly of a handful of past supporters, "efforts are currently being made to increase the numbers of this group, and outreach is currently taking place," said a source with knowledge of the meetings.

Meanwhile, Lott said the gatherings are "an effort by John to get input from some of the people who are supporting him" and that participants are hopeful McCain would seek their "counsel before he takes a [policy] position" in his nascent campaign.

Senate supporters said the meetings are part of McCain's effort to build his primary campaign from inside the GOP, rather than running as a maverick party outsider like he did in 2000. In that campaign, McCain's wins in New Hampshire and Michigan were seen more as spoilers for a united party establishment behind then-Texas Gov. George W. Bush. But this time around, McCain already has more public endorsements for his undeclared presidential campaign than he did as an official candidate in 2000.

"The difference of the John McCain campaign last time and this time is the presence of groups like this," Smith said. "It's really important to a good grass-roots effort."

Graham added that McCain "has to prove that he's running to be a leader of a party, and not of a movement. ... Last time, Bush was the institutional candidate. I think John McCain, this time, is going to get his fair share of institutional support."

John Weaver, McCain's senior political strategist, declined to comment specifically on the meetings, saying, "We're not going to talk about any private meetings that the Senator has with his colleagues."

But Weaver did say that McCain "is encouraged by the number of Senators who've encouraged [him] to run for president."

By running the early stages of his campaign as the GOP insider, McCain has become one of the most sought-after surrogates for Republican candidates on the campaign trail, whether in challenger races such as New Jersey state Sen. Tom Kean Jr.'s battle against Sen. Bob Menendez (D) or in Virginia, where potential '08 rival Sen. George Allen (R) is airing commercials with McCain appearing next to him.

In addition, McCain's Straight Talk America political action committee has raised more than $6.8 million in the 2006 election cycle, doling out more than $600,000 to House and Senate candidates and even more to state and local GOP candidates, according to Federal Election Commission reports.

Is Obama Ready To Roll? (NSWK)

By Jonathan Alter

Newsweek, October 5, 2006

Ask Washington insiders about Sen. Barack Obama's presidential hopes, and you'll get a pat response: great idea, a cycle or three from now--or maybe this time as veep. But they need to get out more. I've talked to Democrats in 10 cities in the last four months and found Obama fever throughout the Democratic Party. Besides an online Al Gore boomlet, no one else raises a reaction anything like it. More impressively, there's now a distinct possibility that Obama may seize the moment and run in '08. A close associate introduces a note of caution: "I'd put the chances right now at no better than 50 percent," he told me Tuesday, as

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Obama taped Oprah's show in Chicago. Fifty percent? For Obama-hungry Democrats, those are much better odds than they've assumed. Whatever happens in the midterms, '08 could get very exciting, very fast.

Among a few prominent Democrats, the conversation has changed from "we wish he would" to "we hear he will." Obama has made no formal decision and probably won't until the end of the year. By then, his new book, "The Audacity of Hope," which hits bookstores Oct. 17, is almost certain to be a best seller. Both Colin Powell in 1995 and John McCain in 1999 used books to launch feverish speculation about presidential bids. In Powell's case, he decided not to run, largely for family reasons.

If Obama declines to make a bid, the explanation will be along the same lines. He has two young daughters and a formidable wife, Michelle, who is no Nancy Reagan, Hillary Clinton or Elizabeth Edwards. In other words, she will not push her husband to run, though it's not likely she will prevent him from doing so, says a source close to the senator, who declines to be identified talking about family matters. It will be a decision between the two of them. You have to be a bit nuts to run for president, and in the end the Obamas might be too normal and grounded to put their family through it.

But contrary to popular assumption, Obama's aides see no political reasons not to make the race. His advisers believe his mere four years in the Senate will not be a liability (Abraham Lincoln ran after two years in the House, Woodrow Wilson after two years as governor, and Franklin D. Roosevelt, Jimmy Carter and now Mitt Romney after four years as governor.) "The Senate is a political tomb," says one. The longer one stays, the more controversial votes one casts. Gravitas and knowledge about the issues are not problems for Obama, who is plenty fluent on the issues, even if he hasn't established much of a record yet. He has emerged as an unlikely friend and ally of GOP Sen. Richard Lugar, who will acknowledge Obama's depth on foreign policy.

The Obama campaign right now was described to me as a "concept" rather than a "plan." The concept is that Obama is a positive, aspirational figure who appeals to a yearning in the country for a unifying, almost spiritual vision that moves beyond the tired arguments of left versus right. At a more prosaic level, the "concept" would call for a massive black-voter-registration campaign in the South while continuing his crossover appeal to moderate white voters. On the Iraq war, the critical issue for Democratic primary voters, Obama is perfectly positioned. He opposed the war from the beginning, with an articulate denunciation of the Bush policy as a distraction from the war on terror. In other words, he was four years ahead of the curve. By contrast, John Edwards is in the uncomfortable position of having said he was wrong to support the war. Hillary Clinton is even worse off. She has yet to acknowledge the obvious: that if she knew then what she knows now, she would have voted against the war instead of for it. If both Obama and Clinton run, he would quickly best her on this issue, which all of her "early money" would do little to counteract.

In the primaries, Obama would run as a moderate who is unsullied by connection to the old Democratic Party. In fact, his new book will be a bit critical of Democrats, calling them "confused" and "the party of reaction." (Obama wrote it himself, as he did his first book. He is one of the best writers to enter modern politics.) Rather than being defensive about that depiction, many Democrats know it's true. They want to be transported to a new place. They admire Hillary but don't see her doing that. And in my anecdotal experience, they like his chances in a general election better than hers—though running as the first African-American Democratic nominee would obviously be a challenge.

Obama knows that if he runs, some of the allure will immediately fade. That argues for delaying as long as possible, in order to remain the shimmering hope out over the horizon. The argument for deciding sooner is that he would need to build a national organization to compete with Clinton's. Hillary enjoys a formidable advantage in fund-raising. But if he gets going in early 2007, he could close the gap quickly. The demand for him to come in to raise money and campaign for Democratic candidates this year far outstrips the demand for the same from Hillary or anyone else. And his handlers are already keeping close tabs on Edwards's early success in organizing Iowa Democrats.

As a rookie presidential candidate, Obama would have little margin for error. One false move and he's done. But the man's got brains and political talent to burn. The chatter about him within the party grows louder by the day.

Of Pain And Campaigns (WP)

By Jennifer Frey

The Washington Post, October 5, 2006

She found it in the shower, in one of those interchangeable hotel bathrooms that are a staple of campaign life. It was October 2004, and Elizabeth Edwards was in Kenosha, Wis., stumping for her husband, Democratic vice presidential nominee John Edwards. She felt the outline of a lump -- so large, how could she have missed it before? -- and, wrapping a towel around herself, called in her close friend Hargrave McElroy to feel it.

McElroy immediately asked how long it had been since Edwards's last mammogram.

"I hated to admit it," Edwards writes in her new memoir, "Saving Graces: Finding Solace and Strength From Friends and Strangers," "but it had been too long, much too long."

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Thirteen days later, the day John Kerry conceded the presidency to George W. Bush -- much to the frustration, Edwards says, of her husband, who wanted to wait until all the votes were counted in Ohio -- Elizabeth's verdict came in as well. Cancer.

For most people, a cancer diagnosis is a life-defining moment, a point that will forever become the dividing line between before and after. It wasn't like that for Edwards. It couldn't be. Her before and after had been frozen, permanently, more than eight years earlier, the day her 16-year-old son, Wade, died in a car accident. Once you lose a child, nothing is ever the same.

* * *

Edwards arrives at Union Station for an interview -- and photographs -- with no makeup on and her hair undone. Her flight out of Raleigh, N.C. (she lives in Chapel Hill) was delayed by an hour. She was supposed to have gone straight to CNN for a taping, where she'd get professionally done up. But that's now postponed, so she's clutching the one see-through plastic bag of toiletries she'd been allowed to take onto the plane.

"Mind if I take this into the bathroom for a minute?" she says, laughing. She emerges moments later, hastily fixed.

Why does this matter? There's no escaping the fact that while Edwards, 57, is currently a woman on a book tour -- she has a book signing tonight at 7 at Olsson's Books & Records on Seventh Street NW -- she is also a woman who might be the first lady someday. And being a potential first lady means living a life of scrutiny. Will you be an asset or an appendage? Do you have your own political ambitions, like Hillary Rodham Clinton? Or are you more like Laura Bush, a consummate helpmate, someone who knowingly married into a political family?

John Edwards describes his wife of 29 years as approachable and smart. She's the kind of person who knows her mailman's life story, who can't check out at the grocery store without striking up a conversation with the person in line behind her. Trained as a lawyer, she's also an astute political wife and supportive partner in her husband's presumptive run for the 2008 Democratic presidential nomination.

"It's exactly who she is," Edwards says, by phone from their home. "She loves people and loves interacting with people. And that, married to the fact that she's about as big a policy wonk as you're going to find. She loves the details. She loves all of it."

So she wants him to run?

"I think that's a fair statement," he says.

What kind of first lady would Edwards be? She says she'd make it a priority to work with military families -- she grew up in one herself, her father a Navy pilot. McElroy says she doesn't have political ambitions of her own -- "she wants it for John," she says -- but both Elizabeth and her husband acknowledge she actively participates in his policy planning discussions.

She also won't be someone who worries about whether the viewing public thinks she looks fat in a particular pair of pants.

This is the other thing to know about Edwards. After her son died, there were a lot of things she stopped worrying about. Like the makeup. Or the comments about her weight. ("People would say I weigh too much, and I weigh too much," she says. "So it's pretty much hard to argue with that!") Or the musings about how, exactly, her relationship with her youthful, handsome John Kennedyesque husband works.

"Oh, and of course, he must have someone on the side, because look at her !" she says, mimicking her critics. "You just have to let it go."

Once you lose a child, your world hinges on the relationships that keep you standing, keep you breathing, and -- eventually -- give you the strength to help someone else stand up and breathe.

Once you lose a child, the fat jokes are, well, a joke.

* * *

"Saving Graces" is a memoir rich with the stories of a woman who has lived, loved and suffered more than any little girl born in Jacksonville, Fla., could ever have imagined. But the chapters Edwards writes about her grief over Wade's death eclipse all else in the book.

"By any unspeakably vast margin there is no part of my life, or any life, that speaks more to what this book is about," she writes. "I found a community that stood by me in the worst of times and allowed me to emerge, eventually, from a place of profound pain."

That community came largely from an online chat group for grief survivors that became Edwards's lifeline. She would stay up almost all night, leaning on others and allowing them to lean on her -- "naked," she writes, "and needing each other's warmth." She went to the cemetery every day for more than two years. She obtained what would have been Wade's school reading list, just as she had in previous years when they would read side by side until he fell asleep. She read every book, most at his graveside.

John admits he worried. His grief, too, was crippling. But he eventually went back to work as a victims' rights lawyer. Cate, their then-14-year-old daughter, slept on two chairs pulled together with an ottoman in her parents' room for two years, but went back to school. Elizabeth never went back to work in a law firm.

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"It's about surviving, I knew that," John says. "But I was concerned whether some of the things she was doing were helping her or hurting."

She emerged slowly. The birth of two more children, Emma Claire (now 8) and Jack (now 6), helped. John ran for the Senate and won. Cate graduated and went off to Princeton. And then came the presidential campaign, which Elizabeth threw herself into.

* * *

The current book tour is about Elizabeth's life, not her husband's. It wasn't timed or written for political purposes -- even the suggestion of that seems to take her aback -- but given that her husband is clearly planning to run in 2008, it does provide a public platform to reacquaint America with the Edwards name and values.

A family appearance (John, Elizabeth and Cate) on Oprah Winfrey's show last week helped bump her book temporarily to No. 2 on Amazon.com. And she confirms what her husband has said; she wants him to run.

"I have tremendous confidence in him," she says, "because I know this man, and I know how principled he is."

Charlie Cook, a political columnist for National Journal, sees John Edwards as the front-runner against Hillary Clinton in the race for the nomination: "He came out of 2004 about as unscathed as is possible for a nominee."

In her book, Edwards writes about the frustration felt in their Boston hotel room on election night, when the pattern of returns changed and her husband was pressed to speak to the mobs of supporters in Copley Square. He didn't want to say anything that made it easier for Bush to declare victory.

From the bedroom, exhausted, Elizabeth -- who had been campaigning with a possible breast cancer diagnosis hanging over her head for nearly two weeks and who had an appointment for a biopsy the next day -- called out to her husband. "We've waited this long; we can wait a little bit longer," she said.

It's the line he used.

* * *

John, Elizabeth says, is the one who took the lead when it came to figuring out her treatment. He took care of her. Of course, she also took care of him.

Back when she had found the lump in Kenosha, when the election was still 12 days away, Elizabeth had convinced herself that it was just a cyst. She'd had one a few years before.

So she told John nothing. "I really felt he didn't need that then," she says.

She did, however, schedule an appointment with her hometown doctor for a week later. At that ultrasound, Elizabeth knew the minute she saw the technician's face that "it was bad."

She immediately called John, who was just returning to Raleigh. There would be no confirmation of cancer until she had a needle biopsy. Should they drop everything? John received reassurances from the doctor that waiting a few more days wouldn't matter. They made plans to do it in Boston the day after the election, and pressed on.

"I looked straight at her -- we were sitting on her little front stoop -- and said, 'Can you really do this?' " McElroy says. " 'You've seen where you have to go and what you have to do in the next few days, can you do this?' And she paused, then said, 'Yeah, I can.' "

Immediately after the diagnosis, Edwards began treatment in Washington. Luckily, the cancer hadn't metastasized. She had chemotherapy, followed by a lumpectomy, followed by radiation. It all lasted seven brutal months, until the end of May 2005. Her joints swelled. She lost her hair. She admits some days she was knocked flat.

"She didn't complain," says former neighbor Chris Downey, who uses the term "life-changing" to describe her friendship with Edwards. Downey, who is the ex-wife of former congressman Tom Downey, says, "I guess if you have adversity, you grow. She's so strong."

* * *

Now happily describing herself as "cancer-free," Edwards recently accepted the Congressional Families Leadership Award at the 14th annual Action for Cancer Awareness Awards luncheon, held on the Hill last week.

"I had melanoma, and it looms large in your life, and it is what you make of it," says Marcelle Leahy, wife of Sen. Patrick Leahy (D-Vt.).

As the lunch breaks up, Leahy is one of legions who come up to talk to Edwards. Though she has a plane to New Hampshire to catch, Edwards poses for picture after picture, not caring that her makeshift makeup job is fading fast.

Her upcoming schedule is going to be hectic. She isn't fazed in the least. New Hampshire? A chance to catch up with the families who invited her into their living rooms two years ago. Then a quick overnight to stay on Cate's couch in New York, where her daughter is now working. Then back to Chapel Hill to see the kids; then a book tour that takes her to Iowa and Illinois, Georgia, California -- the list goes on.

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She's undaunted. Actually, she's happy. No, you never really move on, she explains. Once you lose a child, moving on sounds too much like leaving him behind. But, eventually, with difficulty, you find your way.

This is hers.

Feingold Puckers Up To 527s (RC)

By Mary Ann Akers

Roll Call, October 5, 2006

Big deal if he tried to shut them down! That was then, this is now and with the 2008 presidential campaign right around the corner, Sen. Russ Feingold (D-Wis.) wants their donor list.

Feingold, the champion of campaign finance reform who railed against 527s, is trying to get his hands on the golden egg of Democratic political fundraising: the donor list for the now-defunct but extraordinarily influential 527 group America Coming Together.

"ACT's list is gold," explains one source familiar with Feingold's attempt to "rent" the list.

ACT has had numerous requests from various Democratic and left-leaning entities seeking access to its vast database of wealthy liberal donors. And naturally, since the soft-money group is still paying off bills and cleaning house as it continues the process of officially closing shop, it happily rents the coveted list.

But not to Feingold. Uh-uh. No way.

Feingold's political action committee, the Progressive Patriots Fund, asked for the ACT list back in August and was turned down, sources say. Then, more recently, Feingold's Senate campaign, through a broker, asked to buy access to ACT's high-dollar donors. The broker's e-mail request, a copy of which was obtained by HOH, asked for "10,000 High $ donors" on behalf of Feingold for Senate.

In a word, ACT's reply was, "Nope."

"He was declined through the broker," someone familiar with Feingold's request told HOH, suggesting the Wisconsin lawmaker was engaging in a wee bit of hypocrisy. "Feingold's not a friendly person to 527s. He basically said 'Stop what you're doing, we want to shut you down,' but now it's 'You guys are incredible, I'm willing to take part of your gravy.'"

Even though it sure would have meant a lot of dough — the going rate is about $120 per 1,000 names — ACT couldn't handle the thought of giving the list to Mr. Campaign Finance Reform.

"This brings new meaning to 'Do as I say, not as I do,'" another source familiar with the request said. "In some ways, I see this as the true kickoff to the '08 season. You know, because someone is clearly selling his soul."

Ouch.

The Feingold folks declined to defend themselves against charges of hypocrisy.

Feingold's request at least provides insight to those who doubted whether he has his eye on the White House. Though clearly, it doesn't look like he'll get any help from ACT, which, not so incidentally, was created in part by folks who have close ties to Sen. Hillary Rodham Clinton (D-N.Y.). We'll leave it up to our readers to determine whether that may have had something to do with ACT's answer to Feingold.

Smells Like Teen Spirit. Folks, we swear, we couldn't make this stuff up if we tried. Disgraced former Rep. Mark Foley (R-Fla.), whose creepy online chats with former House pages now threatens to topple the GOP majority, last month set up a joint fundraising committee with a bunch of his Republican colleagues. The name of that fund? PROM.

Spelled out, it's Physicians to Retain Our Majority, because Foley and others hoped to use it to gather campaign dollars from doctors. But HOH prefers the acronym, and wonders what might have been if only Foley had been allowed to stay and really get PROM going.

The fund is used by multiple campaigns to raise money, usually at large, high-profile events. The fund covers the cost of the event and splits the proceeds with the candidate committees that make it up. To his credit, Foley had a lot of fellow House Republicans going to PROM with him, including Jeb Bradley (N.H.), Barbara Cubin (Wyo.), Nancy Johnson (Conn.), Ric Keller (Fla.), Sue Kelly (N.Y.), Joe Pitts (Pa.), Jon Porter (Nev.), Clay Shaw (Fla.), Rob Simmons (Conn.), Cliff Stearns (Fla.), and noted party-boy John Sweeney (N.Y.).

Rep. Shelley Moore Capito (R-W.Va.), one of two members of the House Page Board left in the dark earlier this year when questions about Foley's contact with pages first arose, also is involved in the new fund.

Let's just call her the chaperone.

Remembering Foley. At the 1996 GOP convention in San Diego, HOH, in another incarnation, rode on the back of a Harley-Davidson with ex-Rep. Foley in a motorcycle parade led by then-Sen. Ben Nighthorse Campbell (Colo.). Also riding in the pack: jailed former Rep. Duke Cunningham (Calif.), who wore star-spangled boots.

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It was surreal, not because we were riding on the back of Foley's "borrowed metallic green Heritage Softail," as we wrote at the time for the National Journal's Convention Daily, but because, as we said, "the entourage looked like a comedy of horrors."

Sen. Trent Lott (Miss.) ditched his Ole Miss cheerleader image for the day to don cowboy boots, a "Live to Ride" T-shirt and a black leather biker's cap with a fake pony tail. He rode with Campbell.

Then-House Majority Leader Dick Armey of Texas refused to let Lott ride on the back with him. "I don't carry dead weight, and I don't want anybody saying Trent Lott is my 'old lady' either," he said.

Foley apparently didn't want an old lady riding with him, either.

Tory Newmeyer contributed to this report.

City Considers Plan To Let Outsiders Run Schools (NYT)

By David M. Herszenhorn

The New York Times, October 5, 2006

In what would be the biggest change yet to the way New York City's school system is administered, officials are considering plans to hire private groups at taxpayer expense to manage scores of public schools.

The money paid to the private groups would replace millions of dollars in grants from the Bill and Melinda Gates Foundation, which supported dozens of these groups in opening more than 180 small schools in the city since 2003.

The four-year grants, typically worth $100,000 a year per school, will run out for more than 50 schools in June.

The move would further Chancellor Joel I. Klein's earlier efforts to tear apart the traditional bureaucracy of the nation's largest school system, giving principals greater autonomy and increasing the role of the private sector. It could put private entities like the College Board, the Urban Assembly and Expeditionary Learning-Outward Bound on contract to manage networks of schools as soon as the 2007-8 school year.

Although city officials stress that the plans are preliminary, they have been talking to the outside groups to gauge their interest. The proposal is already generating vigorous debate within the Education Department and among the outside groups over where to draw the line between public and private control of schools.

It is also certain to draw opposition from critics already questioning the school system's reliance on private consultants as well as the educational credentials of outside groups. State law will also pose heavy obstacles to such contracts, officials in Albany said.

The private management plan is among a few options the department is weighing in an effort to formalize, and finance, its relationship with groups that are already helping run individual schools. While the groups have heavy influence over how children learn — recruiting staff, training teachers and offering an array of other support — their work is done on a handshake.

Under the new arrangement, the groups would oversee the schools and be held responsible for their results. They would be locked into contract terms and could be fired if student achievement lags.

Kristen Kane, Mr. Klein's chief of staff, said the department considered the groups crucial to the early success of the new schools. "What happens to that success when there is no more private money?" she asked. "Will there be more private money or will we need to explore other ways to continue this partnership if we believe that is a critical success factor?"

Ms. Kane and other officials said they were also exploring the possibility of new private grants, or negotiating with the City Council to pay the groups with public money, allowing them to continue their work without expanding their authority.

"The conversations have been continuing with all of these organizations," Ms. Kane said.

Marie Groark, a spokeswoman for the Gates Foundation, said that the grants to help start schools were not intended for renewal and that New York City had not asked for more money. "Our funding is devised to be catalytic, but long-term sustainability requires public support," she said.

Randi Weingarten, the teachers' union president, urged the administration to make its discussions more public. "I have been concerned about the sub rosa debate on whether to privatize the management of the school system for quite a while," she said. "On an issue that is this transcendent there has to be a real public debate."

One of the most hotly debated questions is whether the city would hire profit-making companies like Edison Schools Inc., which manages more than 20 schools in Philadelphia and has expressed interest in bidding on a city contract.

In 2001, an effort by Chancellor Harold O. Levy to hire Edison to run five failing schools collapsed after educators complained and furious parents voted it down.

Such opposition, to even the nonprofit groups, is likely to rise again. "Can you imagine these people picking what they want to do in instruction?" said a veteran education official who asked not to be identified, fearing retribution for not supporting the chancellor's agenda. "They don't know what they are doing."

The educator added: "This is a way to crush public education. This is not a way to improve a school system."

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Within the department, one question is how big a role private groups should have in running public schools. "We are not abdicating any of our responsibility, but what we are doing is sharing some of that management responsibility," said Garth Harries, the chief executive of the department's Office of New Schools. "What we are trying to accomplish is greater accountability for partners that are involved in the schools over time and an alignment of management."

Groups like Expeditionary Learning-Outward Bound, the Asia Society and New Visions for Public Schools all say they have been involved in recent discussions with city education officials seeking to gauge their interest in bidding for contracts as "educational management organizations." In turn, some groups say they have had intense discussions with their boards about whether to participate.

A prototype management contract is already in place for 17 schools operated by the Urban Assembly, a nonprofit group led by Richard Kahan, the former head of the state's Urban Development Corporation.

A three-page contract gives the group a large role, including a say in hiring principals and other administrators. It also says the city can end the deal if the schools fail to perform.

While no money is involved in the prototype, the contract attaches a figure of $650,000 plus benefits to the cost of city-paid staff that oversee the network of schools.

To turn Urban Assembly into a hired educational management organization, the city might simply allocate the money and let the group handle all personnel issues.

Mr. Kahan said he wanted a larger management role because he had grown frustrated that schools created by his group could fail or succeed depending on how they were treated by city-hired superintendents.

A school in Bushwick suffered tremendously, he said, while others in the Bronx and Manhattan flourished.

Some private groups said they were worried that a more formal arrangement with the city could ensnare them in bureaucracy. Even some supporters of the administration have misgivings, saying their goal was to improve public education, not reduce government responsibility.

New Visions for Public Schools, a nonprofit group that has created the largest number of schools, declined in the spring to join Urban Assembly as a prototype.

"We haven't made a determination yet as to whether to apply" for a contract, said Robert Hughes, the president of New Visions. He added that the group was "interested in exploring what the department may eventually propose."

Officials from other groups said they were unlikely to seek contracts because their infrastructures were not prepared to handle bigger roles.

Still other groups said they were intrigued by the idea but concerned about ironing out exactly which services they would provide and which operations would still be handled by the city.

Some groups are interested only in instruction, while others want a say in everything from teacher training to the lunchroom menu.

Richard Stopol, the executive director of New York City Outward Bound, said the group's top officials had been discussing the idea and trying to figure out where the organization might fit in, from serving as a consultant to schools to being a contract manager.

"The different arrangements that are being considered would clear away some of the lack of clarity that exists now," he said. "We have decisions like who hires the principal and who supervises the principal and who decides the course of professional development and the curriculum. In the state that we're in now, I would characterize those as partnership decisions — us as the partner, and the Department of Education work those out jointly. But that's probably not very efficient."

Mr. Stopol added: "There is a lot of appeal in clearing up what our authority is and what our accountability is. We want to be accountable for these schools."

At Harvard, Religion Course May Be Required (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 5, 2006

A Harvard University committee charged with revising curriculum proposed that undergraduates be compelled to take a course in religion as part of a new set of course requirements that breaks sharply from the school's peer institutions.

A preliminary report distributed to faculty yesterday recommends scrapping much of the current curriculum in favor of new "general education" requirements spanning the humanities and sciences. The most striking proposals address criticism that Harvard's liberal education fails to adequately prepare students for lives after graduation.

The proposed requirement in religion, dubbed "Reason and Faith," has little parallel in higher education, authors of the report said. It would address topics from personal beliefs to foreign policy to the interplay between science and religion. The

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report, which calls traditional academics "profoundly secular," seeks to place Harvard's students and faculty in the center of contemporary religious debates.

"I think 30 years ago," when the school's curriculum was last overhauled, "people would have said that religion is not something that everyone needs to know," said Louis Menand, a Harvard professor and co-chairman of the committee that drafted the report. "But today, few would disagree that religion is supremely important to modern life."

Harvard's faculty of arts and sciences will now consider the report, and significant changes could be made before voting on the proposals. They are the centerpiece of a broader curricular review, launched four years ago, that has suffered from delays, criticism and the upheaval of Harvard's administration. Lawrence H. Summers stepped down as the school's president this year under pressure from faculty, and a former president, Derek C. Bok, is serving in the interim until a successor is found.

Mr. Summers had pushed strongly for a renewed focus on the sciences, but the report issued yesterday doesn't significantly alter the school's requirements in that area. Students would still have to take one course each in life science and physical science.

In all, the report establishes 10 requirements for students to fulfill outside of their majors. They include ethics, culture, U.S. history and foreign societies. The current curriculum requires study in more-specific academic disciplines.

"The role of general education, as we conceive it, is to connect what students learn at Harvard to life beyond Harvard, and to help them understand and appreciate the complexities of the world and their role in it," says the report. It notes that 53% of graduating seniors at Harvard say they expect to enter professional school in business, medicine or law, while just 18% plan to pursue a Ph.D.

Prof. Menand, in an interview, likened the report to the curricular reform instituted in 1945 by James Bryant Conant, then Harvard's president. That reform, known as the "Red Book," also stressed civic values in undergraduate education and led many of Harvard's peers to adopt similar changes.

Academic requirements vary widely across the Ivy League, from Columbia University's strictly defined "great books" curriculum to Brown University's "open curriculum" with few requirements outside of students' majors. An earlier version of Harvard's general-education report, issued in 2004, proposed "distribution requirements" similar to Yale University's system, which is more closely grounded in academic disciplines.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 5, 2006

Daddy's Diplomatic Excuse

Poor Poppy ! Former president George H.W. Bush had every intention of getting to his daughter's book party Tuesday night -- after all, Doro Bush Koch 's "My Father, My President" is about, well, him. But he had a prior commitment -- the German Embassy's 16th anniversary of East-West reunification, where he and former chancellor Helmut Kohl spoke to some 2,500 guests washing down yummy Schnudendunker with yummy Riesling -- and the crush of people and traffic and security on Foxhall Road made party-hopping impossible. So Doro was kept company at 701 restaurant downtown with a crowd that included Laura Bush , Josh Bolten , and former national security adviser Brent Scowcroft (who was also supposed to go to the German Embassy but couldn't wait out the stupendously long lines). And daughter and dad met up to tape an episode of "Larry King Live," airing tonight.

Buchanan's Favorite Tactic: Immigration Fear-mongering (USAT)

By Ruben Navarrette

USA Today, October 5, 2006

When Pat Buchanan left the Republican Party in 2000 to run for president under the banner of the Reform Party, Sen. John McCain of Arizona sent him off with the lyrics of an old country song: “Thank God and Greyhound you're gone.”

Well, Buchanan's back — and talking about some of his favorite topics: immigration, race and national identity. He's even hawking a new book, State of Emergency: The Third World Invasion and Conquest of America.

According to Buchanan, immigration from Latin America, Asia and the Third World is destroying the USA. And it's not just illegal immigration that bothers him. He wants a “time-out” on legal immigration as well, especially from Mexico.

What concerns me is the way Buchanan mixes immigration and race. In a 1993 column, he fretted that by 2050, “whites may be near a minority in an America of 81 million Hispanics, 62 million blacks and 41 million Asians.” He preferred America in 1950, when 90% of its population was “of European stock.”

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In his new book, Buchanan again broods over the question of what the "face of America" will look like in 2050, when demographers predict that a quarter of the USA will be Hispanic. He trembles at the thought that "the America our grandchildren will live in will be another country, a nation unrecognizable to our parents."

What is recognizable is Buchanan's fear-mongering. Examples in U.S. history:

·In the mid-18th century, Benjamin Franklin worried about German immigrants who will "be so numerous as to Germanize us instead of our Anglifying them, and will never adopt our Language or Customs, any more than they can acquire our Complexion."

·In the mid-19th century, the popular view in the West was that Chinese immigrants were "unassimilable." The hysteria led to the Chinese Exclusion Act of 1882. In 1943, the act was repealed, and the Chinese were assigned an annual quota of 105 immigrants.

·In the early 20th century, amid worries that southern Europeans (Italians) were predisposed to criminality and practiced a superstitious religion (Roman Catholicism), Congress set quotas and reduced the number of immigrants from each country in proportion to their percentage of the U.S. population in 1890 — when most immigrants came from northern and western Europe.

Now Buchanan wants to stop immigration from Mexico — legal and illegal — because he claims that Mexicans aren't assimilating and that the Mexican government has an elaborate scheme to launch a "reconquista" of the American Southwest.

That's loco. Mexico doesn't want to reclaim the Southwest. Why own, when you can lease to another party? Mexican workers in the USA send home almost $16 billion annually in remittances. Why mess with a good thing?

Besides, there's no need to worry. Assimilation happens. Immigrants change America, but America changes the immigrants right back. Latino immigrants and their children stand a much better chance of losing Spanish than of not learning English.

So says a study published last month in the journal Population and Development Review. Sociologists Rubén Rumbaut and Frank Bean, from the University of California, Irvine, and Douglas Massey, from Princeton University's Woodrow Wilson School, found that while immigrants and their children had no trouble maintaining some fluency in Spanish, the language was doomed in the long run. In the third generation, only 17% of descendants of Mexican immigrants still speak Spanish fluently. And in the fourth generation, it's 5%.

And what about those who claim otherwise, including a certain Scots-Irish blowhard? "It's fear," Rumbaut said. "And fear doesn't listen to facts."

Respondents who said they spoke Spanish "not very well" and spoke mostly English at home were categorized as "linguistically dead" in terms of native language.

Hey, that's me. As a Mexican-American, I grew up listening to my grandmothers speaking in Spanish and answering them in English. As a teenager, I knew that I spoke Spanish badly, and four years of high school Spanish didn't change that.

Now, my wife is determined that our daughter know Spanish because it's a given she'll master English. We decided one parent would speak to her in English and the other in Spanish. Guess which assignment I got.

So I'm not sure where Buchanan gets his information. Or what good it does to poison the immigration debate with racism and nativism. Or how people can substitute fear for facts and speak so authoritatively about things they don't understand.

Say, what time does the next Greyhound leave?

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Deeper And Deeper (NYT)

The New York Times, October 5, 2006

There is fresh evidence, if any more were needed, that excessive borrowing during the Bush years will make the nation poorer.

For most of the past five and a half years, interest rates have been low, allowing the government to borrow more and more — to cut taxes while fighting two expensive wars — without having to shoulder higher interest payments.

That's over now. For the first time during President Bush's tenure, the government's interest bill is expected to rise in 2006, from $184 billion in 2005 to $220 billion this year, up nearly 20 percent. That increase — $36 billion — makes interest the fastest-growing component of federal spending, and continued brisk growth is likely. According to projections by Congress's budget office, the interest bill will grow to $249 billion in 2007, and $270 billion in 2008.

All of that is money the government won't have available to spend on other needs and priorities. And much of it won't even be recycled back into the United States economy. That's because borrowing from foreign countries has exploded during the Bush years. In 2005, the government paid about $77 billion in interest to foreign creditors in China, Japan and elsewhere.

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And that's not the worst of it. While foreign investors were putting up most of the $1.5 trillion the federal government has borrowed since 2001, they were also snapping up hundreds of billions of dollars in private sector securities, transactions that have been a big source of the easy money that allowed Americans to borrow heavily against their homes.

The result, as The Wall Street Journal reported last week, is that for the first time in at least 90 years, the United States is now paying noticeably more to foreign creditors than it receives from its investments abroad. That is a momentous shift. It means that a growing share of America's future collective income will flow abroad, leading to a lower standard of living in the United States than would otherwise have been achieved. Americans deserve better than this financial mess.

Schwarzenegger's Cynicism On HIV Prevention (LAT)

The Los Angeles Times, October 5, 2006

RIBBON CUTTING IS NICE. Inspirational speeches from the bully pulpit can be useful too. But on a list of priorities for elected officials, protecting public health ranks near the top. That's why Gov. Arnold Schwarzenegger's veto last week of a bill that would have allowed condoms in prisons is more than just another cynical political maneuver: It's a fundamentally irresponsible choice to make the world more dangerous for inmates and civilians alike.

The landmark legislation would have allowed healthcare and nonprofit agencies to hand out condoms to prison inmates. Research shows that male prisoners are three to five times more likely to be infected with HIV than the rest of the population. Prison officials' denials to the contrary, many become infected while incarcerated.

A study released last year by the U.S. Centers for Disease Control and Prevention documented 88 men who became infected after entering Georgia state prisons, most of them through consensual sex. Because prisons only rarely test for HIV, infected ex-cons frequently go on to have unprotected sex and spread the disease to their unknowing wives or girlfriends.

The resulting damage has been most devastating to minority communities. Because two-thirds of prisoners are black or Latino men, and one out of three black men will serve time behind bars in their lifetime, minority HIV rates have skyrocketed, especially among the female partners of ex-cons. In 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States, according to federal statistics.

Conservative lawmakers have been trying to kill the condom bill all year — for the head-in-the-sand reason that the program would effectively endorse the crime of having sex in prison. It's a logic the governor rejected two years ago when he legalized the sale of hypodermic needles without a prescription in order to reduce transmission of HIV among heroin users. But two years ago, Schwarzenegger wasn't seeking reelection while trying to lock up a restive Republican base.

In a recent Field poll, 70% of Californians favored distributing condoms in prison. Many foreign countries, and AIDS-impacted municipalities such as Los Angeles and San Francisco, pass out prophylactics in their jails. Stopping the spread of HIV in one of the places where it grows the fastest is a far more pressing issue than reelecting a governor who should know better than to let public health be held hostage by moral hysterics.

Pyongyang Warned On Weapon Testing (WP)

By Dafna Linzer

The Washington Post, October 5, 2006

The Bush administration delivered a secret message to North Korea yesterday warning it to back down from a promised nuclear test, and it said publicly that the United States would not live with a nuclear-armed Pyongyang government.

North Korea "can have a future or it can have these weapons. It cannot have both," Assistant Secretary of State Christopher R. Hill said yesterday in remarks at Johns Hopkins University's U.S.-Korea Institute. It was the toughest response yet from the Bush administration, coming two days after Pyongyang announced plans to conduct its first nuclear test.

Hill did not explain how the administration would respond to a test, but he said it is willing to sit with North Korean officials and diplomats from the region to discuss the crisis. "We will do all we can to dissuade [North Korea] from this test," he said. State Department officials said Hill is considering a trip to Asia to discuss options with key allies.

"We are not going to live with a nuclear North Korea, we are not going to accept it," Hill said. He said the United States had passed along a private warning through North Korea's diplomatic mission to the United Nations in New York.

North Korea is believed to have enough plutonium for as many as 11 nuclear bombs. It announced in February that it had succeeded in building a weapon, although intelligence analysts believe it is still years away from being able to deliver one.

Tuesday's statement did not set a date for a test. Senior intelligence officers and some administration officials said they had no clear signs indicating when one might occur.

"In terms of how much time they need and how far along they are, we don't know if it's even realistic" to test in the near term, said one official who spoke on the condition of anonymity in discussing classified intelligence estimates. State Department deputy spokesman Tom Casey said U.S. officials are looking at "all kinds of information" related to the possibility of a test.

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Topographical changes resulting from a test would be visible to U.S. satellites, officials said. The test could also be detected by ground-based seismic sensors, some owned by U.S. intelligence and others by international monitoring stations set up to detect and deter nuclear tests around the world.

Several government analysts suggested that a test could come as early as Sunday, the anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, in 1997. It may also be timed to coincide with an election at the United Nations on Monday during which Ban Ki Moon, South Korea's foreign minister, is expected to be chosen as the next U.N. secretary general.

In a private phone conversation with Secretary of State Condoleezza Rice yesterday, Ban offered to mediate between Washington and Pyongyang should he be selected as the next U.N. chief, according to an official briefed on the call.

Bush's top advisers held an emergency meeting about North Korea on Tuesday to review a number of strategies under consideration but came away with little agreement. Officials briefed on the meeting, chaired by national security adviser Stephen J. Hadley, said the participants discussed a range of options for restarting talks with Pyongyang and coaxing allies such as China and South Korea to adopt a tough line in the face of threats. "It was the first in a series of meetings we're going to have to hold," said one official who agreed to discuss it on the condition of anonymity. "There has been no major policy shift or change in anything at this point," the official said.

The State Department issued a worldwide communique to foreign governments afterward reiterating the administration's belief that a test would destabilize the region.

At the United Nations, U.S. Ambassador John R. Bolton discussed the matter with the Security Council, Casey said. The United States hopes "to see some action there in the near future," he added.

But Bolton said that, already, there are disagreements among council members about how to respond and that a Japanese initiative to send a council warning to Pyongyang lacks support.

North Korea's nuclear capabilities have grown significantly during Bush's presidency. When he came into office six years ago, intelligence agencies estimated that North Korea had the capability to make one or two nuclear weapons. As the potential arsenal has grown to as high as 11, the administration has rebuffed calls to sit down directly with North Korea.

U.S. Sternly Warns North Korea Not To Conduct A Nuclear Test (NYT)

By David E. Sanger And Jim Yardley

The New York Times, October 5, 2006

WASHINGTON, Oct. 4 — The Bush administration sent a direct message to North Korea on Wednesday warning it not to set off a nuclear test, and later declared that the United States “is not going to live with” a nuclear-armed North.

The statement came in a speech late Wednesday by Christopher Hill, the assistant secretary of state for Asia. “We are not going to live with a nuclear North Korea, we are not going to accept it,” he said, according to [a news organization]. He was speaking at the newly created U.S.-Korea Institute, which is part of Johns Hopkins University.

Mr. Hill did not suggest what the American response would be, and gave no hit of economic or military response. But in the speech on North Korea, he said: “It can have a future or it can have these weapons. It cannot have both.”

Mr. Hill’s comments were in sharp contrast to Washington’s muted initial reaction on Tuesday to the North Korean announcement that it would set off an underground test. Secretary of State Condoleezza Rice said a test would be “provocative,” and the National Security Council released a statement saying that it would ’’severely undermine our confidence in North Korea’s commitment to denuclearization.’’

Mr. Hill said the direct message to North Korea, delivered to its mission at the United Nations, was in keeping with Tuesday’s responses.

Some inside the administration complained that the responses were so soft that North Korea would read them as an invitation to proceed.

Meanwhile, American officials were pressing China to intervene, though it is unclear how much influence Chinese authorities have; Beijing asked the North not to conduct a missile test in July, but it did so anyway.

On Wednesday, China urged North Korea to exercise restraint and pursue a course of diplomacy rather than “taking actions that may intensify the situation.”

That message was a clear statement of disapproval from the country considered North Korea’s strongest regional ally as well as its chief economic patron.

“We hope that North Korea will exercise necessary calm and restraint over the nuclear test issue,” China’s Foreign Ministry spokesman, Liu Jianchao, said in a statement on Wednesday.

China was host to the six-nation talks over the North Korea nuclear crisis until North Korea broke off the discussions a year ago because of a dispute with Washington. China has sought to bring both sides back to the talks with itself, Japan, South Korea

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and Russia, but North Korea's announcement on Tuesday about plans to conduct a nuclear test "in the future" has again raised tensions in the standoff.

In Russia, the foreign minister, Sergey V. Lavrov, spoke with his South Korean counterpart, Ban Ki-moon, and "stressed the unacceptability" of a North Korean test, according to a statement. A test, the ministry's statement said, "can only aggravate this situation."

The Foreign Ministry in South Korea, one of the North's biggest providers of aid, said a nuclear test could alter its policy of engagement, The Associated Press reported.

"If North Korea pushes ahead with a nuclear test, North Korea should take full responsibility for all consequences," a spokesman, Choo Kyu-ho said, after South Korean security ministers held an emergency meeting, according to The A.P.

On Wednesday, Mr. Liu, the Chinese spokesman, focused on diplomacy as a solution and, in a statement aimed at North Korea, called on "all relevant parties" to "address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

In a telephone conversation Wednesday evening, Mr. Hill said that he wanted to convince North Korea that it could not follow Pakistan's model. Pakistan tested a nuclear weapon in 1998, endured three years of sanctions, and then emerged after the Sept. 11 attacks as a major American ally.

"This," Mr. Hill said, "ain't Pakistan."

The timing of North Korea's announcement comes at what had been a hopeful diplomatic moment in East Asia. On Wednesday morning, China announced that the new Japanese prime minister, Shinzo Abe, would visit Beijing on Sunday, the first official visit between leaders of the two Asian powers since 2001. Relations between the countries have deteriorated since then, largely over former Prime Minister Junichiro Koizumi's visits to the Yasukuni Shrine, a memorial honoring Japan's war dead, including convicted war criminals from World War II.

Mr. Abe will then travel to South Korea to meet with President Roh Moo-hyun.

N Korean Nuclear Test 'just Matter Of Time' (FT)

By Anna Fifield And Guy Dinmore

Financial Times, October 5, 2006

A North Korean nuclear test is now a just matter of time, a growing number of analysts say, as an increasingly desperate Pyongyang tries to ease the external pressures that are crippling the economy and might even be threatening Kim Jong-il's leadership.

A nuclear test has always been considered North Korea's trump card, a last-ditch option that would invite the strongest of responses, not just from the US and Japan but potentially from benefactors China and South Korea.

Although Mr Kim's regime has often made provocative threats without following through, many observers were confounded by the test launch of seven ballistic missiles in July and are now reluctant to dismiss Pyongyang's latest threat, made on Tuesday.

"The reality is that US policies over the last decade have failed to stop North Korea from becoming a nuclear state and now they are ready to take the next step and prove it," said Jon Wolfsthal, a nuclear specialist at the Center for Strategic and International Studies in Washington, predicting a test would take place within two years.

North Korea's neighbours on Wednesday urged restraint. But many analysts said it was a case of when, not if, a test was carried out, some saying there was an even chance it would come this year.

Daniel Pinkston of the Center for Nonproliferation Studies in Monterey, California, said, if it was this year, a test would almost certainly have to take place before mid-November to avoid heavy snow falls.

"I think they have been pretty clear in describing what they will do," Mr Pinkston said. "As this crisis has been stretching out over time, they have taken the opportunity to use salami tactics," he said, referring to Nobel prizewinner Thomas Schelling's theory for defeating threats by incremental escalation.

North Korea's foreign ministry said on Tuesday that the US's "threat of a nuclear war and its vicious sanctions and pressure" had put the state in danger, its boldest declaration yet.

North Korea's leadership is under severe economic pressure. Financial sanctions imposed by the US in September last year appear to have had a tougher than expected effect.

Pyongyang has condemned the sanctions, refused to return to six-party talks, conducted the missile tests, and threatened to extract more spent plutonium fuel rods from its Yongbyon reactor.

"They look at this as an act of war," Mr Pinkston said. "They are unhappy with the US strategy of imposing sanctions and the impact that is having on legitimate trade."

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But analysts said pressure had increased on North Korea in other ways since July. The missile tests came despite public warnings from Wen Jiabao, the Chinese prime minister. This prompted Beijing, Pyongyang's closest ally, to express its displeasure in several ways, including giving its support to a United Nations Security Council resolution condemning North Korea and imposing limited sanctions.

According to an official from the World Food Programme, China has cut back food deliveries to North Korea this year by as much as two-thirds. This comes on top of widespread food shortages following floods, a worse than expected harvest, and other aid cutbacks.

Although there is no proof of nuclear weapons capability, North Korea has the material and claims to have already "weaponised" the 8,000 rods initially withdrawn from its nuclear reactor at Yongbyon. By most estimates, the rods would yield enough fissile material for six to 10 nuclear devices, a number that would probably give North Korea the freedom to test one without worrying about significantly diminishing its arsenal.

Bruce Klingner of the Eurasia Group, a political consultancy, said: "North Korea is feeling cornered so there is a greater chance than in the past of something happening. It's an internationally nerve-wracking time."

Marcus Noland, senior analyst at the Institute for International Economics, wrote recently: "North Korea could suffer a noticeable, self-inflicted and direct trade shock from a nuclear test."

However, Pyongyang may calculate that additional sanctions would be short-lived. Noting how the international community quickly backpedalled after Pakistan's nuclear test in 1998, Mr Noland said China and South Korea, fearing mass instability and regime collapse in the North, might "encounter both domestic and diplomatic motivations to ease such restrictions".

Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, last night warned North Korea that "we are not going to live with a nuclear North Korea. We are not going to accept it."

The US would "have no choice but to act resolutely", he told the School of Advanced International Studies of John Hopkins University in Washington.

He refused to say what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Warnings To Pyongyang Underline Global Concern (FT)

By Guy Dinmore, Anna Fifield And Richard Mcgregor

Financial Times, October 5, 2006

North Korea's neighbours on Wednesday cautioned the state against carrying out its threat to conduct a nuclear test, with China urging its long-time ally to exercise restraint and Japan and South Korea warning of grave consequences.

In Washington, Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, warned Pyongyang that "it can have a future or it can have these weapons. It cannot have both. We are not going to live with a nuclear North Korea. We are not going to accept it".

The US would "have no choice but to act resolutely", he added.

The reactions underline how seriously North Korea's threat to conduct a nuclear test is being taken.

Kim Jong-il's regime has long used threats as a bargaining tool, so its colourful words are often dismissed as rhetoric. However, since it launched seven missiles in July, its neighbours have become reluctant to call Pyongyang's bluff.

Liu Jianbao, China's foreign ministry spokesman, said: "We hope that [North Korea] will exercise the necessary calm and restraint on the nuclear test issue."

But he said: "All relevant parties must address their concerns through dialogues and consultations instead of taking actions that may intensify the situation."

The statement is a sign from Beijing, North Korea's biggest provider of food and energy aid, that it still opposes sanctions on Pyongyang.

However, Japan, which has joined the US in imposing sanctions on North Korea, said any test would be unacceptable and a serious threat to peace. "North Korea should listen earnestly to the world's voices and exercise maximum self-restraint," said Hakubun Shimomura, deputy chief cabinet secretary. "I hope it will stop foolish behaviour that would only bring it into further isolation."

In Seoul, Yu Myung-hwan, vice-foreign minister, said it was "necessary to send a grave warning to North Korea so it does not misjudge the situation and conduct a nuclear test".

Saying it needed to bolster its war deterrent for self-defence, North Korea's foreign ministry said on Tuesday that it would "in the future conduct a nuclear test" because the US was threatening it with nuclear war and "vicious sanctions".

The announcement flies in the face of Beijing's policy in support of a nuclear-free Korean peninsula. It is also the latest in a series of recent repudiations by North Korea of Chinese entreaties to return to multilateral negotiations on the issue.

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Seoul Continues Outreach To North Korea (WSJ)

By Evan Ramstad

The Wall Street Journal, October 5, 2006

Roh Stays the Course Amid Possible Test Of a Nuclear Bomb

SEOUL, South Korea -- North Korea's declaration that it will test a nuclear bomb might be expected to turn South Korea from its program of assistance and economic outreach to its communist neighbor. But Seoul isn't parting with the policy quite yet.

South Korean President Roh Moo Hyun told his cabinet to prepare a "cool-headed and stern" response to the North's latest provocation. "We need measures to let North Korea know clearly what consequences it will cause if it really goes ahead with a test," he said.

Government officials gave no indication of what measures they might take, although they have had since mid-August -- when U.S. military intelligence revealed that North Korea appeared to be preparing a bomb test -- to come up with ideas. South Korea went ahead with an aid shipment of cement and other materials to the North yesterday.

The South's ambiguous signals contrast with the sharp criticism the U.S. and Japan leveled at North Korea in the wake of its statement Tuesday that it would test a nuclear bomb. Analysts believe the two countries will ask the United Nations to invoke sanctions against North Korea that can be backed up militarily if it proceeds with a test.

A similar division became apparent in July, when North Korea test-fired seven missiles, including a long-range one that failed. While political leaders in Japan, the U.S. and elsewhere quickly condemned North Korea, Mr. Roh said nothing about the tests for a week. Last month, on a visit to Finland, he told a reporter he considered the missile tests to be a "tool for political purposes" and not a military threat.

In the U.S. a few days later, Mr. Roh said a nuclear test by the North would mean "the situation will become a totally different one from what it has been."

President Roh has continued the "engagement policy" started in 1998 by his predecessor, Kim Dae Jung, to promote economic and political change and eventual reunification with the North. Under the policy, Seoul eliminated harsh rhetoric toward the North, halted propaganda broadcasts and leaflets and built an industrial park in the North Korean border city of Kaesong and a mountain resort in the North for South Koreans to visit.

Just a year ago, the policy seemed to be working, when North Korea agreed -- in negotiations with the South, three other neighbors and the U.S. -- to give up its nuclear-weapons program in return for economic and energy assistance. The North walked away from the agreement a short time later and, more recently, proceeded with plans to test its weapons.

Conservative politicians and news media in South Korea say the engagement policy has become an embarrassment for the country. "This is the time for a stick, not a carrot," said Lew Seok Choon, a university professor in Seoul who is active in conservative politics. "As soon as we hear this [bomb test] news, the government should speak out and say here is our plan, so our citizens will feel comfortable."

Mr. Roh and other proponents of the engagement policy fear harsh measures may cause the North to collapse suddenly, leaving the South to cope with the chaos and expense of rebuilding its neighbor.

In one sign the South hopes to stick with engagement, the government yesterday sought a change in a wire-service news report that quoted an official as saying the policy could be abandoned if Pyongyang tested a nuclear bomb. In a new version of the story, the official was quoted as saying the policy may shift but not necessarily be abandoned.

Abe Aims To Flex Japan's Muscles (WSJ)

By Sebastian Moffett

The Wall Street Journal, October 5, 2006

Premier's Visits to Beijing, Seoul May Help Unify North Korea Policy

TOKYO -- New Japanese Prime Minister Shinzo Abe's coming summits with the leaders of China and South Korea could improve Tokyo's relations with both and help the region form a more-unified front to rein in North Korea's nuclear-weapon ambitions.

Mr. Abe's visits to Beijing Sunday and Seoul Monday mark a quick start to his ambition to give Japan greater influence in regional affairs.

The trip will include the first summit meeting between the Japanese and Chinese leaders in five years. China refused to hold summits with Junichiro Koizumi because of the former prime minister's annual visits to Tokyo's Yasukuni war shrine, which honors war criminals as well as conscripted soldiers.

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Tuesday, North Korea said it will test a nuclear bomb. While there is no clear evidence Pyongyang can do it, the announcement increased worry about the North. The announcement also could present an opportunity for Mr. Abe, 52 years old, on his first trip as prime minister.

Japan has aligned itself with Washington's hard line toward Pyongyang, and it imposed sanctions on North Korea after it test-fired missiles in July. But China is a traditional ally of the communist state, and South Korea has been trying to build better relations with the North through economic incentives. If Mr. Abe's talks with Chinese President Hu Jintao and South Korean President Roh Moo Hyun improve Japan's relations with those countries, that could help foster progress in forming a joint strategy toward Pyongyang. (See related article on page 10.)

"The road to solving North Korea problems is through better relations with Beijing," said Jeff Kingston, director of Asian Studies at Temple University Japan.

More widely, Mr. Abe's trip could add momentum to the long-term push by Japan -- an economic power -- for a bigger role in world affairs. Starting 15 years ago, the U.S. made strong calls to Tokyo to play a greater role in maintaining regional security. Despite a pacifist constitution adopted after World War II, Japan from the 1990s began sending troops to participate in United Nations peacekeeping operations. In 2004, it sent a contingent of troops to Iraq to join reconstruction efforts.

Another reason for Japan's shift is the economic rise of other Asian nations, which has led to competition for regional dominance.

Under Mr. Koizumi, Japan began to be more assertive. Starting in 2002, his government -- with Mr. Abe as its chief negotiator -- took North Korea to task for kidnapping Japanese citizens a quarter of a century ago. Japan eventually obtained the return of five of its citizens and their families. After North Korea test-fired missiles into the Sea of Japan in July, Japan led calls for a U.N. resolution to condemn the launches. Tokyo then imposed its own sanctions on Pyongyang.

Mr. Koizumi angered China and South Korea over Yasukuni, which most previous prime ministers hadn't visited for fear of the reaction it would provoke. In 2005, tens of thousands of young Chinese staged demonstrations against Japan, complaining that it hadn't sufficiently atoned for its invasion of China in the 1930s.

Mr. Abe has visited the shrine in the past, though he hasn't said whether he will while prime minister. But he told Japan's Parliament last week that "strengthening bonds of trust with [China and Japan] is extremely important for the Asian region and the entire international community."

The economies of Japan and China are increasingly intertwined, as Japanese companies build factories all over China, from where they export electronics products around the world. In 2004, China, including Hong Kong, eclipsed the U.S. to become Japan's biggest trading partner.

China's leaders appear to have decided they, too, have much to gain by meeting the Japanese premier and from having better ties. "The summit is coming so fast," said Zhou Yongsheng of the Institute for International Relations at China Foreign Affairs University. "It shows that China is sincere about improving the relationship between the two countries."

--Kersten Zhang in Beijing contributed to this article.

Asia Confronts North Korea On Nuke Test (AP)

By Hans Greimel, Associated Press Writer

AP, October 5, 2006

North Korea's neighbors scrambled Wednesday to forge a common front against Pyongyang's threatened nuclear test, with South Korea warning of a regional atomic arms race that could upend the regional balance of power.

The cooperative efforts displayed by Japan, China and South Korea marked a sharp contrast with the fractured reaction to a series of North Korean missile tests in July. In that incident, China and South Korea accused Japan of overreacting.

On Wednesday, China — the North's main ally and key benefactor — appealed to Pyongyang to show calm and restraint, issuing an unusually pointed statement that referred to North Korea by name, instead of its usual appeals for all sides to remain calm.

Japan, China and South Korea announced a series of summit meetings over the next week to repair damaged ties and coordinate a strategy. Japanese Prime Minister Shinzo Abe will meet with Chinese President Hu Jintao on Sunday and South Korean President Roh Moo-hyun on Monday. Roh will then visit Beijing for talks with Hu and other officials on Oct. 13.

The three countries are key players — along with the United States and Russia — in the long-stalled six-nation talks aimed at persuading the impoverished communist regime to give up its nuclear ambitions in return for badly needed economic aid.

Japan also took its case to the United Nations, pressing a divided Security Council to adopt a statement urging the North to cancel the test and return immediately to talks. Japan's draft text warned that a test would "jeopardize peace, stability and security in the region and beyond." U.S. Ambassador John Bolton told reporters that members were divided on how to respond to the North.

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The joint effort came a day after North Korea triggered global alarm by saying it will undertake an unprecedented nuclear test in a step toward building the atomic arsenal it views as a deterrent against any U.S. attack.

It was the first time the North has publicly announced plans to conduct a nuclear test, though recent reports have said it may be preparing one. North Korea claims to have nuclear weapons, but detonating one would be the first proof of its atomic capabilities.

Russia's defense minister voiced concern about the environmental consequences in neighboring Russian territory. "The nuclear tests in North Korea, if they take place, could cause ecological damage in Russia," Sergei Ivanov said on a visit to a Russian air base in Kyrgyzstan.

The United States said it has warned the communist nation not to stage a nuclear test.

"We are not going to live with a nuclear North Korea," Assistant Secretary of State Christopher Hill said Wednesday.

Hill, the chief envoy to disarmament talks, said the United States has passed a message of "deep concern" through diplomatic channels at the United Nations but has yet to hear back from North Korea.

A U.S. intelligence official, speaking on condition of anonymity, said the United States is now seeing the movement of people, materials, automobiles and other activity around one possible test site, but it could be similar to the activity that was seen a couple months ago. At that time, no test occurred.

The official noted that international observers don't have a baseline for comparison, because North Korea has never performed a nuclear test.

South Korea's top official on dealings with the North, Unification Minister Lee Jong-seok, said Wednesday there were no signs of an imminent test. And Japan's Asahi newspaper reported that two Japanese spy satellites focusing on a suspected underground test site had not observed any activities apparently connected to test preparations as of Tuesday.

Adding to uncertainty, North Korean leader Kim Jong Il has dropped from public view and has not been seen for nearly three weeks, South Korea's Chosun Ilbo reported Thursday. The leader often drops out of sign when tensions heat up only to resurface when things calm down.

While North Korea's Kim may decide to hold the test, it cannot be ruled out that the announcement is saber-rattling, an effort to force a change in the stalled diplomatic negotiations or some other motivating factor.

Lee, however, warned there was "a high possibility" North Korea would go ahead with a test if "efforts to resume the six-party talks fail."

North Korea has boycotted six-nation nuclear talks for nearly a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Any display of Pyongyang's nuclear force could prompt Japan to go nuclear and trigger a regional arms race, South Korean Vice Foreign Minister Yu Myung-hwan warned. Speaking to lawmakers, Yu said such a North Korean nuclear test "could provide a pretext for Japan's nuclear armament."

"This will prompt countermoves by China or Russia and lead to a change in the balance of power in Northeast Asia," Yu said.

In a worst-case scenario, analysts have speculated, a test could push Japan to seek its own nuclear deterrent, intensifying historical tensions with China and South Korea, both of which suffered under Japanese colonial rule in the early 20th century.

Just last month, a think tank run by former Japanese Prime Minister Yasuhiro Nakasone proposed in a policy paper that Tokyo "consider the nuclear option."

The South Korean president called Wednesday for a "cool-headed and stern" response to the North's announcement, while Foreign Ministry spokesman Choo Kyu-ho said a test could cause Seoul to change its engagement policy toward the communist regime.

But a test could strain the alliance between South Korea and the United States, which has adopted a harder-line toward Pyongyang.

South Korea has consistently pursued dialogue with North Korea since their leaders first met in a historic summit in 2000. Seoul is also a main aid provider. On Wednesday it was shipping previously promised flood relief aid, including 6,400 tons of cement, despite the nuclear test threat.

"As North Korea has yet to conduct a nuclear test, it is difficult to immediately halt sending flood relief aid, which is being provided on a humanitarian basis," a ministry official said on condition of anonymity, citing official policy.

Other issues could also splinter a common front against North Korea.

Japan, the top U.S. ally in East Asia, has been the most hard-line against Pyongyang, especially since North Korea fired a test missile over its territory in 1998.

China, meanwhile, sees Pyongyang as a counterbalance to U.S. influence in its own backyard.

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"North Korea's next step may be to do nothing at all, other than to sit back and watch the rest of the world argue about what to do next," Ralph Cossa, president of the Honolulu-based Pacific Forum, wrote in a report on the latest threat.

Some experts believe the North has enough fissile material to build at least a half-dozen nuclear bombs, though there are doubts about whether it could deliver them accurately on a warhead.

U.S. Asks U.N. To Condemn Threat (WT)

By David R. Sands

The Washington Times, October 5, 2006

The Bush administration yesterday pressed the United Nations for a strong condemnation of North Korea's threat to test a nuclear weapon, as Pyongyang's Northeast Asian neighbors warned the North against exploding an atomic bomb.

John R. Bolton, U.S. ambassador to the United Nations, said the U.N. Security Council was divided over how to deal with the North's threat, but that the United States would push for a "broad strategic approach" to heading off a nuclear test that could destabilize the region.

"It's going to be quite important for the [Security Council] to speak very firmly, very resolutely on this," he said, "and not just in a knee-jerk reaction with another piece of paper."

North Korea on Tuesday announced plans to conduct a nuclear test at an unnamed date, calling it a "self-defense measure" in the face of the "U.S. extreme threat of a nuclear war and sanctions and pressure."

The closed regime of North Korean dictator Kim Jong-il has boycotted regional talks hosted by China on its nuclear programs for nearly a year, and ignored warnings from Washington and neighboring capitals by conducting a provocative missile test in early July. The Security Council at the time imposed weapons-related sanctions.

China and South Korea yesterday issued calls for the North to refrain from a nuclear test. The statement by China's foreign ministry, in a break with past practice, singled out North Korea by name in urging "restraint," while a South Korean minister said a nuclear test by Pyongyang could cause Seoul to reconsider its policy of engagement with the North.

Japan, which sharply criticized the July missile tests, circulated a draft resolution at the Security Council yesterday. The measure warns North Korea that a nuclear test would jeopardize peace in the region and holds out the prospect of new action if North Korea goes ahead with the test.

Russia, also a participant in the stalled "six-party talks" over the North's nuclear programs, said a nuclear test could present an ecological threat to its own territory.

In Washington, the U.S. assistant secretary of state for East Asia, Christopher R. Hill, said, "We are not going to live with a nuclear North Korea, we are not going to accept it."

Speaking at the U.S.-Korea Institute, part of Johns Hopkins University, Mr. Hill declined to specify what steps the United States might take to halt a weapons test.

New Japanese Prime Minister Shinzo Abe embarks on a previously planned diplomatic tour of South Korea and China next week, a trip that could help coordinate a response to the North's threat.

Officials said intelligence signs conflicted over whether Pyongyang was serious about a nuclear test.

Japanese press reports said that Japanese satellites had not seen any unusual activity at a site where a nuclear test might be conducted.

But a U.S. intelligence official, briefing reporters on background, said the United States is seeing the movement of people, materials and automobiles around one potential test site.

Mr. Bolton said he did not think Pyongyang was bluffing.

"We do think this is a serious threat," he said. "We don't think this is a diplomatic ploy or an attention-getting device."

Security Council Mulls Response To North Korea Nuclear Test Threat (AFP-Y)

By Gerard Aziakou

AFP, October 4, 2006

The UN Security Council sought agreement on a firm response to a North Korean plan to test an atom bomb, hoping to push Pyongyang back to talks over its nuclear program.

After morning closed-door consultations on the issue, the council's 15 ambassadors tasked their experts to meet again Thursday to pore over a Japanese draft statement asking North Korea "not to undertake such a test and to refrain from any action that might aggravate tension."

The statement, a copy of which was obtained by AFP, also urges Pyongyang to "return immediately to the six-party talks (on ending its nuclear weapons program) without precondition."

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The Stalinist state has boycotted the talks -- involving China, Japan, the two Koreas, Russia and the United States -- since last November in response to US sanctions against a bank linked to the regime of Kim Jong-Il.

Emerging from a 90-minute experts' meeting Wednesday, a Japanese diplomat told reporters: "We had a a very good exchange of views" on the text.

"We tentatively agree to have another expert-level meeting some time tomorrow," said the diplomat, who spoke on condition of anonymity. Japan presides over the council for this month.

The Japanese diplomat said most members supported the draft, including some delegations such as China and Russia which had not yet received instructions from their governments on how to proceed.

Earlier Thursday, US Ambassador to the UN John Bolton spoke of "division" within the council, suggesting "North Korea's protectors" -- implying Moscow and Beijing -- opposed his call for a tough line against Pyongyang.

"We cannot simply respond with a piece of paper," Bolton said. "I fear that if we do not have a strong response now to this clear signal from the North Koreans ... that they will misread the council. ... I'm not sure everybody on the council shares that view," he added.

But Chinese Ambassador Wang Guangya took exception to Bolton's comments, particularly his reference to North Korea's protectors on the council.

"We are all concerned about the North Korean announcement. On this issue, everybody is unanimous. ... No one is going to protect them (the North Koreans)," he added.

The Chinese envoy also said that all council members support the idea that "the six-party talks (should) be the main channel to address the issue". Other diplomats concurred with that view.

Wang urged "less mistrust" between Washington and Pyongyang.

"If there could be some progress made between the United States and North Korea, if there could be less mistrust between the two, certainly I think it would lead to good results," Wang told reporters.

"This is not an issue between China and North Korea. I do hope that others will also contribute," Wang said.

In Washington, US officials strongly slammed the North Korean nuclear test announcement as provocative, but both in public and private avoided talking about ramping up sanctions against Pyongyang to discourage the test.

Instead, the State Department urged North Korea to return to the six-nation negotiations.

"The right thing is to end these kind of provocations and end these kind of threats and to go back to the six-party talks, which is where we all want to be to come up with a viable solution to North Korea's nuclear program," State Department deputy spokesman Tom Casey told reporters.

Pyongyang triggered global jitters Monday when it announced plans to test a nuclear device at an unspecified date and under safe conditions, in response to what it called a "threat of nuclear war and sanctions" from the United States.

In Washington, a UN official said US intelligence had detected unusual movement at a suspected North Korean nuclear site and a bomb test could be carried out at any time.

"We've seen some activity in the area," said the official. "When I say activity, I mean personnel, vehicles, materials, things of that nature."

"We need to make it clear that the (North Korean) threat has to be withdrawn," Bolton said, warning that if the North Koreans did proceed with a test, the council should pass a resolution mandating sanctions going beyond those imposed on the North in a Security Council resolution passed in July.

That resolution was passed after the North launched seven missiles, including a long-range Taepodong-2 believed to be capable of striking US soil.

China, North Korea's main political ally and chief supplier of food and energy, and Russia have both appealed for "restraint" from the North, while South Korea warned it would cut off vital economic aid if the test went ahead.

The United States has warned North Korea directly of international repercussions if it proceeds with a nuclear test, Christopher Hill, the US envoy to nuclear talks with the Stalinist state, said.

The diplomat said the North Koreans were contacted through their United Nations mission in New York.

"Yesterday we sent the message directly to the DPRK (North Korea) through the New York channel of what such a test would mean," said Hill.

"We have spoken consistently that we will meet them bilaterally, but through the context of the six-party talks."

Hill spoke at the launching of the US-Korea Institute at the Johns Hopkins School of Advanced International Studies in Washington.

A North Korean nuclear test "would be a very highly provocative act, and the international community cannot be indifferent to that," he said.

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"It will invite the prospect of proliferation ... and we have no choice but to act resolutely to make sure the DPRK and every other country understand" the implications of such a move, said Hill.

What If North Korea Tests A Nuclear Bomb? (CSM)

By Howard LaFranchi And Donald Kirk

The Christian Science Monitor, October 5, 2006

WASHINGTON AND SEOUL

In all its years of saber rattling and boasts of nuclear-weapons capabilities, North Korea has never gone beyond talk to proving that it has the bomb.

Now Pyongyang says it will conduct a nuclear test - a move that would remove any doubt about the accession of the secretive and volatile regime of dictator Kim Jong Il to the nuclear club. With no international inspectors having set foot in the country for four years, a test would provide clues about the kind and power of weapons and the level of technology it possesses.

"At a minimum, a test would be a clarifying moment," says Jonathan Pollack, director of the Strategic Research Department at the Naval War College in Newport, R.I.

In addition, a test would hold geopolitical ramifications for the northeast Asian region, experts say, and for international efforts to keep the proliferation genie in its bottle. "The political effects of a nuclear test would be at least as consequential - and destabilizing - as any technological leap it might provide the North Korean nuclear program," says Daryl Kimball, executive director of the Arms Control Association in Washington.

A test would shake up northeast Asia, sending shock waves through South Korea and possibly inciting a regional arms race - causing Japan and even South Korea to consider it a necessity to reverse course and develop their own nuclear deterrents. That, experts say, would very likely mean that the international nonproliferation regime is dead. North Korea's ability to do harm

North Korea has claimed since 2005 that it has a nuclear arsenal, and intelligence specialists believe Pyongyang probably possesses enough plutonium for as many as 10 average-size plutonium bombs. A missile test Pyongyang conducted this summer demonstrated its continuing progress in missile technology, but experts say it still does not have the capability - or a miniaturized weapon - to deliver a weapon by missile.

The only way North Korea at this stage could stage a nuclear attack would be to drop a bomb from an airplane that might be detected as it left North Korean airspace. Besides, notes Mr. Kimball, the North does not possess anything like the B-29 the US used to deliver the first nuclear weapon to its target.

"Their bomb is a standard bomb comparable to the one on Hiroshima," says Kim Tae Woo, senior fellow at the Korea Institute for Defense Analyses, an adjunct of the defense ministry in Seoul. The Hiroshima bomb, dropped on the Japanese city of Hiroshima on Aug. 6, 1945, had an explosive effect of 12.5 kilotons, while the one dropped three days later on Nagasaki had an impact of 20 kilotons.

"They have missiles capable of mounting nuclear weapons," says Mr. Kim, "but they should continually minimize the size of weight" so the warheads are small enough for missiles to be able to carry them long distances.

Analysts in South Korea say a nuclear test by the North could cause Seoul to reconsider its policy of reconciliation with Pyongyang.

Still, many observers say North Korea's new threat is primarily directed at the United States - designed to pressure the US into calling off financial sanctions that have been hurting the North, and accepting the direct talks, and the security guarantees, that Pyongyang wants. Washington's careful response

Washington's response since North Korea announced its intentions Tuesday has been deliberate but nonreactive, with Secretary of State Condoleezza Rice saying a test would be "provocative."

The United Nations Security Council was to take up the North Korean issue Wednesday. Some experts see UN Ambassador John Bolton's call for "preventive diplomacy" toward the North as a desire by Washington to use Pyongyang's threatened test to fortify the international front of powers, including China and Russia, to deal more forcefully with the Kim regime.

Alarm over North Korea's nuclear program stems mainly from its more advanced plutonium-weapon development. But Pyongyang is also working on uranium enrichment technology, though less is known about its progress in that area, say intelligence and weapons experts.

"Nobody has a clue where the uranium program is, how big it is, or how far along it is," says John Pike of GlobalSecurity.org.

The Bush administration confronted the regime with evidence of uranium enrichment activities, which the regime reportedly acknowledged - then denied.

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The US and other nations need to think in terms of North Korea's global threat as much for its potential to sell nuclear technology and materials as for its future ability to deliver a weapon to a target, says Mr. Kimball of the Arms Control Association. North Korea's regime has already shown a willingness to sell technology and materials - in particular involving its missile program - in return for cash to keep afloat, he adds.

That concern is what stands behind President Bush's focus on keeping weapons of mass destruction out of the wrong hands, says the Naval War College's Mr. Pollack. "Bush has said since at least the 2002 national security estimate that there is no higher priority than preventing a so-called rogue regime from developing such weapons - or acquiring one," he says.

Still, Pyongyang-as-proliferator, though worrying, is a long-term problem - while the likelihood that a nuclear test will set off an Asian arms race is more immediate, experts say. Worries about regional proliferation

North Korea gave no hint of when it planned to conduct a nuclear test, leading some experts to suggest that it may be a bluff to draw international attention. But just the threat may be enough to set off a chain reaction in the region, others note.

"The most serious impact would be what this would be likely to cause in the region, prompting other countries to reverse their nuclear nonproliferation policies," says Kimball. In that sense, the North Korea issue parallels the challenge of Iran's nuclear program, since many experts believe a nuclear Iran would tempt other Middle Eastern nations to "go nuclear."

Even now, just because North Korea is threatening to test a nuclear weapon, Japan may well do away with Article Nine of the post-World War II "peace" constitution that bans Japan from sending its "self-defense" forces to fight foreign wars.

If North Korea goes through with a test, Japanese scientists are likely to complete the process of building nuclear weapons. Kim, the Korean defense analyst, estimates that Japan could become a nuclear power within months, despite its aversion to any form of nuclear warfare carried over from the bombing of Hiroshima and Nagasaki.

Such eventualities explain why some experts insist that the real impact of North Korea's test threat would be on global nonproliferation efforts.

"The real challenges are yet to come," says Pollack. "We have to ask if the fact of a North Korea test triggers other responses that fundamentally mean that the nonproliferation regime as we know it has ceased to exist."

Answering North Korea (WP)

The Washington Post, October 5, 2006

NORTH KOREA'S threat to conduct a nuclear test is first and foremost a threat to its closest neighbors, China and South Korea. Pyongyang's emergence as a nuclear power would create a grave danger for their people and would probably transform regional security in East Asia in ways that both Beijing and Seoul would find harmful. Among other consequences, Japan might choose to build its own nuclear arsenal. South Korea's policy of seeking closer relations with the North and China's complementary strategy of propping up the totalitarian dictatorship of Kim Jong Il will have produced not stability but a potentially far-reaching destabilization.

The United States would be threatened, too, because of the 30,000 U.S. troops stationed in South Korea. But North Korea appears to be a long way from developing a missile that can reach the United States. Its provocative test in July, like a previous one in 1998, was a flop. A North Korean bomb test, meanwhile, is likely to empower those in the Bush administration who have been arguing for much tougher steps to isolate the North.

It follows that the South Korean and Chinese governments ought to be leading the effort to stop North Korea from going forward. They, more than the United States or the United Nations, have the means to exert pressure. Without the energy and food aid they supply, and China's willingness to close its borders to North Korean refugees, the Kim dictatorship would almost certainly collapse. Most experts believe the North is not bluffing when it says it could detonate a nuclear warhead, but whether it does will probably depend on international reaction to this week's threat.

So far the Chinese and South Korean responses look weak. A spokesman in Seoul said a test would cause a "shift" in the government's engagement policy but hastened to add that it wouldn't abandon the policy altogether. Beijing, meanwhile, seemed to resist a U.S. and Japanese effort to have the U.N. Security Council issue a strong warning to Pyongyang. It's not hard to imagine Mr. Kim reading such reactions as a virtual green light.

The North's latest provocation produced the usual claims that the United States was somehow at fault for failing to "engage" the dictatorship. Yet the Bush administration has made it clear that it will be open to a broad security dialogue if the North returns to the multiparty negotiations it has boycotted for the past year. Just last month the senior U.S. negotiator again offered to meet his North Korean counterpart to discuss how talks could resume. There was no response.

Instead of demanding that Washington answer the threats of a criminal regime with appeasement or bribery, those who want to prevent a North Korean bomb test should be insisting on action by the governments that now shirk their responsibility to stand up to that regime -- South Korea and China.

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The North Korea Nuclear Puzzle (LAT)

The Los Angeles Times, October 5, 2006

IF THERE IS ANYTHING MORE UNCLEAR than what North Korea is up to, it is what the rest of the world should do about it. The reclusive nation announced Tuesday that it intends to test a nuclear weapon. Even as diplomats raised doubts about its ability to carry out such a test, they were warning North Korea not to try.

That's a sensible if unsatisfying response to the latest provocation by the Stalinist nation, which tested a long-range missile in July (it failed about 40 seconds into its flight) and last year abandoned negotiations with the U.S., China, Russia, Japan and South Korea over its nuclear program. But if the North Koreans do conduct a nuclear test, the world will need to have a better response at the ready.

Part of the difficulty, however, is knowing what the truth is. So little is known about Pyongyang's program — the North Koreans kicked out international inspectors in 2002 — that the threat is just plausible enough to be worrisome. Satellite monitoring reportedly shows increased activity around possible test sites, but there has been increased activity in the past. And because North Korea has never conducted a nuclear test, it's hard for analysts to know exactly what to look for. There is also the possibility, always present with the North Koreans, that they are simply bluffing to gain negotiating leverage.

Diplomatically, the answers are no easier. The U.S., China, South Korea, Russia and Japan have always agreed on a core principle: They don't want nuclear weapons on the Korean peninsula. Beyond that, however, the consensus has shown signs of strain.

North Korea's latest announcement will bolster that consensus, at least temporarily — as demonstrated by the wave of denunciations that rolled from Washington to Beijing. Yet as the U.N. Security Council takes up the issue, tensions will surely return. U.S. Ambassador John R. Bolton urged the council Wednesday not to "simply issue statements for the sake of issuing statements." Russia's ambassador, meanwhile, struck a more cautious note, saying there was "a need for brainstorming" and that the council "should heavily focus on the first part of that term."

With diplomacy like that, who needs crises? The present (if not quite clear) danger is not just that North Korea could test a nuclear weapon, upsetting the delicate balance of the region and offering hope to prospective terrorist clients around the world. It's also that the diplomatic response will devolve into the usual maneuvering.

That can't be allowed to happen. Diplomacy is rarely satisfying, especially as the stakes get higher — and nuclear diplomacy is the art of choosing among least-bad options (as the Bush administration is finding in Iran). A certain amount of posturing is inevitable. Even if they don't really mean it, nuclear nations have to say they will do everything they can to prevent another nation from gaining nuclear weapons — because once another nation has them, there is very little they can do about it. The challenge now for the U.S., China, South Korea, Japan and Russia is as simple as it is difficult: to convince North Korea that they really mean what they say.

Pyongyang Phooey (WSJ)

By Nicholas Eberstadt

The Wall Street Journal, October 5, 2006

With Pyongyang's announcement that it intends to "conduct a nuclear test" to "bolster its war deterrent for self-defense," the world has been given yet another reminder of the North Korean game plan. Paradoxically, for all its preternatural secretiveness, the regime has been practically spelling out its nuclear objectives for years, and has all but telegraphed the steps it would take to achieve them. As it has patiently explained, nuclear weapons -- and the ballistic missiles necessary for delivering these into the U.S. heartland -- are instrumental to achieving three goals: shattering the U.S. security architecture in Northeast Asia; breaking the U.S. military alliance with South Korea; and pursuing the reunification of the peninsula on Pyongyang's terms. The latest nuclear gambit moves Kim Jong Il's regime methodically closer to each of these goals. Scarcely less significant, the leadership sends a signal of confidence in its improbable contest against the American colossus.

North Korea has been called a "rogue state" by some, a "terrorist state" by others, and fair enough -- but while those terms carry opprobrium, they lack real descriptive content. The North is better understood as a "revisionist state" -- bitterly dissatisfied with the international environment it faces, and intent upon overturning that order. Its main grievances with the international system are: (1) the predominance and success of the capitalist world economy, particularly its global trade and financial arrangements, which are fundamentally incompatible with Pyongyang's Stalin-style economy; (2) the Northeast Asian security structure of military alliances built and maintained by its superpower enemy, the U.S.; and (3) the florescence of a prosperous, democratic South Korean state on the landmass that the Kim family claims the right to rule unconditionally.

These grievances are not merely aesthetic. Since each of these features of the international system places the survival of their own system in jeopardy, North Korea is exceedingly unlikely to be reconciled to them through "international dialogue."

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Making the world safe for Kim Jong Il requires nothing less than upending the contemporary economic, political and military order in Northeast Asia -- preposterous as such an outcome may sound to South Korean, Japanese or American ears.

Nevertheless, North Korean policy is relentlessly focused on achieving just such an upending. The carefully chosen tools for the job are nuclear weapons and long-range ballistic missiles. The point of vulnerability -- the focus of these WMD -- is the U.S.-South Korea military alliance. By training missiles on U.S. territory, Pyongyang's goal of breaking the alliance would be promoted most efficiently -- and its objective of unconditional unification with South Korea would be directly advanced. Why? Because placing U.S. territory in North Korea's nuclear crosshairs inescapably undermines the credibility of American security guarantees in a time of crisis on the Korean peninsula. If U.S. policy makers were deemed unwilling to expose Seattle in order to honor commitments to Seoul, the security alliance would be worthless, America's unparalleled military might notwithstanding.

For over half a century, Pyongyang has endured the reality of U.S.-imposed "deterrence." For Kim Jong Il, the geopolitical keys to the kingdom lie in deterring the deterrer -- and North Korea's otherwise puzzling and bellicose behavior should be regarded through the prism of this long-term project.

The seemingly stalled six-party talks, for example, are actually not stalled at all: North Korea's missile and nuclear weapons programs have apparently been progressing quite nicely during the three-plus years of conferencing. There is an eerie similarity between the "conference diplomacy" involving North Korea today and earlier episodes of "conference diplomacy" in Europe between World Wars I and II. While the particulars are obviously different -- Germany was the strongest state in its region, while North Korea is the weakest -- the dynamics are almost exactly the same: The status quo powers want to talk; the revisionist powers want to arm -- and both parties get their wish.

When North Korea launched its missiles in July, the move was judged in many quarters to be impetuous, even irrational. In fact, it was coolly calculated, displaying the regime's confidence that it could manage subsequent international events while pushing its game up to a potentially much more dangerous level.

Even so, Pyongyang could not have known how much its own project -- inflaming the U.S.-South Korea military alliance -- would be abetted by the hapless Roh Moo Hyun government. In the immediate aftermath of the launches, South Korea's President Roh studiously avoided criticism of North Korea -- and instead harshly scolded the Japanese for (among other things) bringing the matter before the U.N., averring that Tokyo's actions could "lead to a critical situation in the peace over Northeast Asia"! The Roh administration also stated that its multibillion dollar joint-venture scheme within North Korea, the Kaesong Industrial Complex, should be insulated against any political fallout from the missile episode. It continued the subsidies for the project and insisted that North Korean products "made in Kaesong" should receive privileged treatment in the pending U.S.-South Korea Free Trade Agreement.

Most portentously of all, Mr. Roh fixated on switching wartime operational control (Opcon) of the U.S-South Korea combined forces command from U.S. to South Korean hands. It seemed to matter little to him that many military specialists in South Korea itself -- including a large number of retired generals and former ministers of national defense -- went on record to warn that the South's forces were not prepared for such a transition, and that readiness might suffer. The true reasoning behind Mr. Roh's adamant Opcon lobbying may have been revealed by one of his advisers at a public seminar in Seoul last month. He argued that South Korea's control of troops during wartime is critical to maintain security on the peninsula as it prevents the U.S. military from unilaterally conducting military operations in the case of an emergency on the peninsula.

Opcon, in other words, was a proxy for the Roh government's distrust of its U.S. ally -- a feeling evidently so powerful that it could not be restrained even under the pressure of North Korea's missile tests. In the light of such official South Korean reactions, Pyongyang made its own calculations about the risks and benefits in moving its agenda on to nuclear tests. * * *

If the flower children in charge of South Korean national security policy these days have acquitted themselves poorly, the record of the self-proclaimed grownups who took charge of Washington's policies in 2001 does not look that much better. Passive-aggressive in the face of North Korean brinkmanship, irritable and reactive in the face of mounting frictions in the relationship with Seoul, the Bush administration's main achievement to date in "alliance management" seems to have been the drawdown of U.S. forces in South Korea, with more in store. It is not even clear that our statesmen understand the stakes of the game they are embroiled in. All this, of course, will hardly dissuade Pyongyang from pressing the U.S.-South Korea alliance ever harder.

With his latest nuclear gambit, Kim Jong Il has just reset the clock on the U.S.-South Korean military alliance, moving the hands palpably closer to midnight. If we listen closely, we can hear the ticking.

Mr. Eberstadt, the Henry Wendt scholar at the American Enterprise Institute, is author of "The North Korean Economy Between Crisis and Catastrophe," forthcoming from Transaction Publishers.

Mistrust Set To Scupper Iran Talks (FT)

By Guy Dinmore And Najmeh Bozorgmehr

DOJ_NMG_0076114

Financial Times, October 5, 2006

The US and Iran appear to be on the brink of missing what analysts see as an historic opportunity to engage in comprehensive, high-level talks because of a complete lack of trust on both sides.

Javier Solana, the EU foreign policy chief who is trying to find conditions to bring the two sides together, warned on Wednesday that his mediation efforts could not go on forever.

He said he had so far failed to persuade Iran to suspend its uranium enrichment – the key pre-condition for the US to join negotiations over the future of Iran's nuclear programme.

The US is set to resume its efforts this week to get a United Nations Security Council resolution that would impose limited sanctions against Iran for failing to heed an August 31 deadline set by the council to suspend enrichment.

However, the US still doubts that China and Russia will back such a measure. American hardliners are also voicing concerns that France is backing away because its forces in Lebanon are "hostage" to Iran.

There are suspicions that President Jacques Chirac of France sought a compromise with Iran in a Paris meeting with a top aide to the Iranian president Mahmoud Ahmadi-Nejad on September 12.

A French official strongly denied that Mr Chirac had sought to make a deal with Iran that would guarantee safety for French forces in southern Lebanon from attack by Iranian-backed Hizbollah in exchange for a softer approach on sanctions and the nuclear issue.

In spite of the move towards sanctions and the clamour from Washington neo-conservatives who want to see early military action against Iran, officials and analysts say US president George W. Bush and Condoleezza Rice, his secretary of state, have concluded that a negotiated settlement is the only way forward.

"Regime change" is no longer considered viable, and the military option is too dangerous, say allied diplomats. Both Mr Bush's decision to give the process more time and Ms Rice's offer to meet her Iranian counterpart were indications of genuine goodwill, they said.

The disaster of Iraq, mounting problems in Afghanistan and serious tensions in transatlantic relations have helped Ms Rice overcome opposition from hardliners in Washington, who were publicly rebuked by her senior aide Philip Zelikow last month in a key speech which advocated diplomacy.

Even while pursuing a sanctions resolution – which would be very mild at first if approved at all – the Bush administration is hoping that a unified international front backed by some punitive measures will induce Iran's leadership to make concessions and start negotiating on the package of incentives on offer.

Sanctions would buttress "pragmatic" forces in Tehran who argue that the cost of Iran's nuclear programme is too high, a senior US official told the Financial Times. However, such an approach backfired with North Korea, and it is far from clear how the Iranian leadership will respond under duress.

Those seeking engagement say this is a more opportune moment than 2000, when the then US president Bill Clinton and Iran's reformist president Mohammad Khat-ami failed to establish a meaningful dialogue, with both sides facing serious resistance from hardliners.

Now the leadership in both countries is in a position to direct events, and negotiations would have the support of both Democrats in the US and the ousted reformists in Iran. A weakened US is more inclined to negotiate than in May 2003 when, having just conquered Baghdad, it rebuffed an offer of talks from Iran.

Still, the White House does not believe the Iranian leadership is serious about negotiations. And in Tehran there is intense suspicion about US motives and an understandable reluctance to throw away one of its strongest cards – the ongoing enrichment programme – before talks even begin.

Iran: Sanctions Won't Derail Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 5, 2006

President Mahmoud Ahmadinejad warned Wednesday that sanctions will not stop Iran from enriching uranium after a European negotiator conceded "endless hours" of talks had made little progress and suggested the dispute could wind up at the U.N. soon.

The talks had been seen as a last-ditch attempt to avoid a full-blown confrontation between Iran and the U.N. Security Council after Tehran ignored an Aug. 31 deadline to suspend enrichment — a key step toward making nuclear weapons — or face punishment.

The latest comments — and the view of senior U.N. diplomats who told The Associated Press on Tuesday that nearly two years of intermittent negotiations had failed — suggested an emerging consensus that the time has finally come to consider Security Council sanctions.

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Iran maintains its nuclear program is for peaceful purposes and does not violate international law. Its refusal to give up enrichment compounds the failure of more than three years of U.N. inspections to banish suspicions that Tehran might have a secret weapons program. The conflict picked up steam after last year's election of the hard-line Ahmadinejad, whose tough stance on the nuclear issue is wildly popular in Iran — even among moderates.

Javier Solana, the European official who has been negotiating with the Iranians, told the European Parliament on Wednesday that the Iranians had made "no commitment to suspend." The dialogue with the Iranians "cannot last forever" and it was up to Tehran "to decide whether its time has come to end," he said.

Solana said his talks had found "common ground" on some issues "but we have not agreed in what is the key point, which is the question of suspension of activities before the start of the negotiations." He suggested that if the talks ended, the standoff should be moved to the Security Council.

In a speech shortly afterward, Ahmadinejad warned that sanctions would not dissuade his country from pursuing nuclear technology, including the enrichment of uranium.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he told the West, speaking to a crowd of supporters outside Iran's capital.

"For 27 years they haven't allowed us to use technologies that they possess," Ahmadinejad added. "This nation is powerful and won't give in to one iota of coercion."

In an apparent response to Solana, the Iranian president said his nation favored continued negotiations.

"We are for talks. We can talk with each other and remove ambiguities. We have logic. We want talks to continue," he said.

Secretary of State Condoleezza Rice and foreign ministers from five other major powers were expected to meet, possibly Friday in London, to discuss the situation.

Diplomats said the Security Council could meet as early as Monday to start work on a resolution imposing the first of a series of sanctions meant to make Iran roll back its program.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency, the U.N. nuclear watchdog, which said Tehran's suspicious activities represented breaches of the Nuclear Nonproliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The United States insisted that Tehran halt enrichment as a precondition for further talks on its nuclear program, but Iran ignored the Aug. 31 deadline set by the Security Council.

The Americans then agreed to let Solana hold more talks with the Iranians after Russia, China and France spoke out against a rush to sanctions.

At first, both Solana and Iran's top negotiator, Ali Larijani, had signaled progress in the talks.

On Tuesday, however, diplomats said Larijani told Solana that the hard-line Iranian leadership had rejected even a limited enrichment freeze.

One diplomat said Western council members — the United States, Britain and France — favor an embargo on sales of nuclear or missile technology to Tehran as a first sanctions step. That would be followed by other sanctions, including travel bans on Iranian officials and the freezing of their assets.

Iran has so far shown little concern about the prospect of such sanctions — perhaps because such limited sanctions would not greatly hurt the country overall.

Russia and China, both veto-wielding council members, traditionally oppose sanctions, and the United States could still face a tough fight getting them to agree to any truly punitive measures.

U.S. officials have said they intend to start with trying for relatively lower-level punishments as a way to persuade Russia and China to sign on.

China's U.N. Ambassador Wang Guangya, asked whether Beijing would support possible sanctions if Iran doesn't suspend uranium enrichment, said Wednesday that over the last few weeks "there has been some progress" in the Solana-Larijani talks so the door isn't completely shut.

"But I do hope that diplomatic means is still the best way to achieve a solution on this Iranian nuclear issue," he said.

Russia's U.N. Ambassador Vitaly Churkin said he hadn't heard Solana's comments, but if Solana was saying that Iran now had a choice of whether to suspend enrichment or face sanctions "it will be a very sad moment."

"We were very supportive of Mr. Solana's efforts and still are if he intends to continue those efforts. Of course, it was our hope that those efforts would be successful and things will be resolved diplomatically," Churkin said. "We do not want any extra work load here in the Security Council anyway, and of course, it's a very important matter and we are hoping Mr. Solana will be successful."

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U.S. Ambassador John Bolton, asked about the possibility of the U.N. Security Council discussing sanctions against Iran, said: "We haven't discussed sanctions here in New York for weeks, many weeks, lots of weeks. But as soon as I'm instructed, I'm prepared to begin as soon as the cable comes in."

Associated Press writers Edith M. Lederer at the United Nations and George Jahn in New York contributed to this report.

U.S., Europe Seek Sanctions Against Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 5, 2006

WASHINGTON - The United States and Europe launched a new push for sanctions against Iran on Wednesday, after the European Union's envoy reported that four months of nuclear talks have failed to persuade Tehran to halt its uranium enrichment program.

The envoy, Javier Solana, stopped short of declaring his talks dead, but senior U.S. officials said that the effort had failed and that it was time to make good on a threat to punish Iran if it didn't halt suspected nuclear weapons work.

Secretary of State Condoleezza Rice, traveling in the Middle East, said the United States favors "bringing to a close the open-ended negotiations with the Iranians ... It's become quite evident that that's what we're going to have to do."

Iranian President Mahmoud Ahmadinejad on Wednesday again rejected suspending uranium enrichment.

"You are mistaken if you assume that the Iranian nation will stop for even a moment from the path toward using nuclear energy, due to your nagging," he was quoted as telling a crowd of supporters in Iran.

Initial sanctions against Iran would include travel restrictions and financial measures against Iranian government officials, along with curbs on trade in technology that could benefit Iran's nuclear research, U.S. and foreign diplomats have said. U.S. and European officials want to avoid imposing sanctions that would hurt the Iranian people and cause them to direct their anger at the West rather than at their own government.

Still, it remains far from clear whether Russia and China, which have balked at sanctions on Iran, will go along with even carefully targeted sanctions - or whether the measures will persuade Iran to change course. Iran denies that it's seeking nuclear weapons, but it insists on its right to enrich uranium for civilian nuclear power.

Russia and China haven't agreed to meet with Rice and her European colleagues this weekend to discuss next steps on Iran, U.S. and European diplomats said. They spoke on condition of anonymity because of the negotiations' sensitivity.

Solana's report that his "endless hours" of negotiations had proved fruitless was the second blow in as many days to U.S. efforts to stop two members of President Bush's "axis of evil" - Iran and North Korea - from acquiring or expanding nuclear arsenals.

North Korea, which is believed to have enough plutonium for four to 13 nuclear devices, announced on Tuesday that it would conduct its first underground nuclear test, sparking alarm in northeast Asia and beyond.

The United States is pushing for a strong response, such as a deadline for North Korea to rescind the threat, return to a moratorium on ballistic missile launches and rejoin international talks on its nuclear program.

But China, North Korea's main ally, and other members of the U.N. Security Council want more talks, diplomats said.

"At this stage I think there is division" on dealing with North Korea, said John Bolton, the U.S. ambassador to the United Nations.

With the Bush administration already challenged by wars in Iraq and Afghanistan, the simultaneous nuclear crises pose a growing challenge for American diplomacy.

Two State Department officials said Wednesday that North Korean leader Kim Jong Il may have ordered the dramatic nuclear test announcement out of pique that Iran's nuclear ambitions were dominating international attention.

Others, including European Union envoy Solana, noted that Kim's move coincided with a straw poll cementing the candidacy of a South Korean, Foreign Minister Ban Ki-Moon, as the next secretary-general of the United Nations.

And in a further mingling of the two nuclear crises, China is reluctant to agree to U.N. sanctions on Iran because it fears that doing so would create a precedent for sanctions on North Korea, diplomats said.

On Iran, Bush has repeatedly said he won't rule out using U.S. military force to stop Tehran from acquiring nuclear weapons.

While U.S. intelligence agencies don't expect Iran to master nuclear weapons technology for several years, some Bush administration hawks favor using overt and covert measures to topple Ahmadinejad's regime.

"If we failed and Rice failed with us" in trying to use diplomacy, the arguments of hardliners in Washington would be strengthened, said one of the European diplomats.

For its part, Iran appears to be betting that the United States, the European Union, Russia and China won't remain united and carry through on repeated threats of sanctions.

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Discussions on sanctions aren't expected to begin at the United Nations until next week at the earliest, the U.S. and European diplomats said.

As a hedge against the possibility that only weak U.N. sanctions will be agreed, the United States is pushing other countries to cut their financial ties with Iran. The Treasury Department recently barred one large Iranian bank from operating in American financial markets.

But Rice, in her Middle East travels, appears to have gotten only a polite reception from Sunni Muslim Arab countries for a united front against Shiite, Persian Iran.

"For the United States not to talk to Iran is a mistake," Saudi Arabia's ambassador, Prince Turki al-Faisal, said Wednesday in Washington.

New Nuclear Debate In Iran (NYT)

By Nazila Fathi

The New York Times, October 5, 2006

TEHRAN, Oct. 4 — A forgotten letter in which the founder of the Iranian revolution, Ayatollah Ruhollah Khomeini, cited a need for nuclear weapons has stoked a debate over whether to negotiate with the West and raised questions about Iran's nuclear intentions today.

Within hours after the letter appeared Friday on the Web site of the news agency ILNA, the word "nuclear" was removed, apparently after a call from the Iranian National Security Council.

President Mahmoud Ahmadinejad, who has repeatedly insisted that Iran's nuclear program is peaceful, sharply criticized the release of the letter. "Those who think they can weaken the will of the people for construction and development by questioning their values will fail," he said Sunday, "and they only show their lack of wisdom and commitment."

The letter, which had been previously published elsewhere, was written in 1988, near the end of Iran's eight-year war with Iraq. It was brought to light again on Friday by the former Iranian president, Ali Akbar Hashemi Rafsanjani, to defend himself against hard-line critics who accuse him of ending the war when Iran was on the brink of victory.

But the letter has also been used by moderates to bolster the case for nuclear talks with the West. Iran faces sanctions for defying the United Nations Security Council's demand that it halt its uranium enrichment, which the United States says is part of a weapons program.

In the letter, Ayatollah Khomeini outlined the reasons Iran had to accept the bitter prospect of a cease-fire in the war, which had ground down to a stalemate, with about 250,000 Iranians dead and 200,000 disabled. It did not specifically call for Iran to develop nuclear weapons, but referred indirectly to the matter by citing a letter written by the officer leading the war effort, Mohsen Rezai.

"The commander has said we can have no victory for another five years, and even by then we need to have 350 infantry bridges, 2,500 tanks, 300 fighter planes," the ayatollah wrote, adding that the officer also said he would need "a considerable number of laser and nuclear weapons to confront the attacks."

Ayatollah Khomeini determined that the nation could not afford, politically or economically, to continue the war, and in a famous public statement compared the decision to "drinking a chalice of poison."

ILNA, the Iranian Labor News Agency, removed the word "nuclear" within a few hours of putting the letter on the Web, after receiving a call from the Iranian National Security Council, according to a reporter with the agency. The reporter insisted on anonymity for fear of retribution.

The letter was released as part of a debate about who was most instrumental in persuading Ayatollah Khomeini to end the war. That argument, in turn, reflects growing tensions between moderates, led by Mr. Rafsanjani, and military figures, who are expanding their power in the government of President Ahmadinejad.

"The letter is purely part of a domestic argument," said Mohammad Atrianfar, the director of the daily Shargh, an opposition paper that was shut down last month, and a close aide to Mr. Rafsanjani. "Mr. Rafsanjani is very worried because he feels that military and intelligence figures are coming to power and want to alienate the clergy by blaming them for the damages caused during the war."

Hard-liners have criticized Mr. Rafsanjani for disclosing what they said was a classified document and casting doubt over what was termed by many a holy war. He has denied the accusations, saying the letter was made public in 1988 and later published in a book.

But the letter has provided an opportunity for moderate voices to warn about the risks Iran takes in defying the United Nations, comparing the consequences to what happened during the war with Iraq. They argue that, when confronted with the realities of the war, Ayatollah Khomeini decided that the confrontation was not sustainable.

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On Saturday the daily Kargozaran, a paper aligned with Mr. Rafsanjani, called the letter evidence of "Iran's realistic understanding of the international situation," and concluded that the "experience should become a basis in the decision makings, including Iran's nuclear plans."

Mohsen Armin, a reformist politician, said hard-line politicians who welcomed confrontation with the West should learn a lesson from the letter so they would not have to "drink a chalice of poison" themselves, ILNA reported.

Rice Cites Concern For Palestinians, But Low Expectations Mark Visit (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 5, 2006

RAMALLAH, West Bank, Oct. 4 -- Secretary of State Condoleezza Rice pledged Wednesday to "redouble" U.S. efforts to alleviate the economic plight of Palestinians facing escalating tensions and the threat of a humanitarian crisis. But U.S. officials cautioned not to expect any significant breakthroughs as prospects for a renewed Arab-Israeli peace process seem further away than ever.

At a joint news conference here with the president of the Palestinian Authority, Mahmoud Abbas, Rice said the Bush administration was "very concerned" about humanitarian conditions and the economic situation in the Palestinian territories. "It is a great sadness, during this time of Ramadan, that Palestinians, many of them, are deprived of basic needs," she said.

Abbas, underscoring the dire state of the peace process, said talks with the Hamas movement on formation of a national unity government are dead and suggested he may dissolve the Palestinians' seven-month-old government.

"The dialogue now does not exist," Abbas said. If Hamas continues to balk at forming a unity government, which would force it to recognize Israel's right to exist, Abbas said, he was prepared to use his constitutional powers to resolve the political deadlock. "All options are open," he said.

"The only option I reject is civil war," Abbas said, noting that clashes between Hamas and his Fatah party over the past week have been the deadliest since the Palestinian Authority was created in 1994.

On Wednesday, a Hamas official in the West Bank town of Qalqilya was assassinated by four masked gunmen who fled the scene. Asked about the killing and the recent violence, a senior Palestinian police official at the presidential compound in Ramallah called Hamas "donkeys," reflecting the deep-rooted antipathy between the two largest Palestinian factions.

Rice, on her sixth trip to Israel and the Palestinian territories as secretary of state, has come with fewer prospects for major progress in the near future than on any previous visit. She is struggling just to revive an agreement to open border crossings between the Gaza Strip and the outside world that she brokered in November after all-night negotiations.

The agreement gave Palestinians some control over their own border for the first time since the 1967 Middle East war. But according to Palestinian and U.S. sources, the border has been closed for all but about seven days since June 25, when Palestinian guerrillas captured an Israeli soldier. It reopened Wednesday and was scheduled to be open Thursday, U.S. and Arab sources said, coinciding with Rice's trip and Palestinian requests for relief during the Muslim holy month of Ramadan.

During their one-on-one discussions, Abbas gave Rice a lengthy document detailing the Palestinians' needs on cross-border movement and ways to push implementation of the 11-month-old accord, according to the Palestinian president's chief of staff, Rafiq Husseini.

Rice is trying to win agreement from the Israelis to ensure that the pivotal Karni crossing between Gaza and Israel is open for Palestinian exports in time for the harvest, which begins in about three weeks, according to U.S. and Western sources.

After she held talks over dinner with Israeli Prime Minister Ehud Olmert in Jerusalem on Wednesday night, the Israelis indicated willingness to open Karni in the near future but did not give a date. Rice is scheduled to hold talks Thursday morning with Israeli Foreign Minister Tzipi Livni and Defense Minister Amir Peretz.

Another Palestinian proposal on the table, backed by the United States and its allies, calls for almost doubling Abbas's presidential guard to about 6,000 members and widening the force's mandate for security purposes. A senior State Department official said the presidential guard has proved to be the Palestinians' most effective security force and is already deployed at the Rafah crossing between Gaza and Egypt.

Abbas Says Talks With Hamas On Unity Government Falter (NYT)

By Philip Shenon And Greg Myre

The New York Times, October 5, 2006

RAMALLAH, West Bank, Oct. 4 — The Palestinian Authority president, Mahmoud Abbas, said Wednesday that talks with the radical Islamic group Hamas on a unity government had ground to a halt and warned Secretary of State Condoleezza Rice that the West Bank and Gaza could face the possibility of civil war.

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Mr. Abbas's Fatah party and Hamas announced a tentative power-sharing agreement on Sept. 11, but since then talks have broken off, prompting outbreaks of violence. On Sunday and Monday, factional violence left 10 people dead and more than 100 injured in the Palestinian territories, which have been cut off from Western aid and their own tax revenues since Hamas gained control of the government in legislative elections in January. On Wednesday, masked gunmen killed a local Hamas leader near the West Bank town of Qalqiliya.

"There is no dialogue," Mr. Abbas said at a news conference with Ms. Rice. Unless Hamas and Fatah agree on a unity government, he said, "We will have fewer options and we will also face the risk of civil war. That is something that we need to avoid by all means possible."

Mr. Abbas hinted that he might invoke his presidential powers to dismiss the Hamas-dominated cabinet and appoint an emergency government. Hamas has rejected demands that it renounce violence and accept previous agreements between Israel and the Palestinians. "The dialogue cannot be endless," he said. "I will use my constitutional powers at the appropriate time."

Ms. Rice's trip through the Middle East this week — first to Saudi Arabia, then Cairo and now Israel and the West Bank — has focused largely on trying to bolster Mr. Abbas.

Aides said the most important support she had offered Mr. Abbas was a grant of up to $9 million for a $26 million plan to bolster the Palestinian presidential guard, a security force that answers to Mr. Abbas, not to the Hamas government, and to improve border crossing stations used by Palestinians to move their goods from Gaza. A senior State Department official traveling with Ms. Rice said the project was likely to be announced this week.

Ms. Rice said the Bush administration was eager to help Mr. Abbas establish a government that would work with the United States on "a two-state solution, a solution in which a democratic Palestine and a democratic Israel can live side by side."

But while Ms. Rice did not acknowledge it directly, officials at the State Department concede the United States has relatively few options available in assisting Mr. Abbas, because Washington classifies Hamas as a terrorist group and refuses to deal with it. The Palestinian prime minister, Ismail Haniya, and most government ministers are members of Hamas.

"Obviously we would like to be able to do more, and I have been discussing ways with the president that we might be able to better address the great needs of the Palestinian people" and to end the "kind of daily humiliations that we know have been associated with the occupation," she said.

Ms. Rice, who was scheduled to have dinner with Prime Minister Ehud Olmert in Jerusalem, said she would press Israel to open border stations, through which Palestinians must also pass to get to jobs in Israel, "longer and more frequently."

No Palestinian faction claimed responsibility for the killing of the local Hamas leader, Muhammad Oudeh. The Israeli military said it was not involved. On Tuesday, Al Aksa Martyrs Brigades, an armed group linked to Fatah, threatened to kill a trio of more senior Hamas leaders.

Rice Bolsters Abbas Amid Palestinian Crisis (FT)

By Harvey Morris

Financial Times, October 5, 2006

Condoleezza Rice, US secretary of state, yesterday held talks with Mahmoud Abbas, whose leadership of the Palestinian Authority Washington is attempting to bolster in the face of the worst internal conflict in a decade.

Ms Rice acknowledged in a joint news conference with the PA president that the Palestinians were facing a "time of considerable difficulty".

She travelled to Ramallah in the West Bank following days of violence between forces linked to Hamas and Mr Abbas's Fatah movement that have claimed at least 14 lives.

Before her arrival, Mr Abbas said that his talks with Hamas, the ruling government party, about replacing its cabinet with a national unity government had broken down. He hinted that he might dissolve the present cabinet.

"There are many bloody events now and we need to end this crisis as soon as possible, reach a solution and form a new cabinet," he said.

The talks foundered over Hamas's refusal to accept three conditions set by the international community for lifting financial restrictions and a diplomatic boycott of Hamas – recognition of Israel, an end to violence and acceptance of agreements previously signed with Israel.

Mr Abbas said on Wednesday: "Up to this moment, there is no indication that these conditions are going to be met."

Hamas's isolation has hampered its ability to govern and to pay public sector salaries, prompting strikes and protests by employees and security force personnel predominantly linked to Fatah.

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Ms Rice, who was due to hold talks with Israeli leaders, said she would make an effort to improve the economic situation of the Palestinian people by trying to ensure greater freedom of movement through crossing points between Israel and the Palestinian territories.

Palestinian officials said George W. Bush, US president, had warned Mr Abbas last month that the US administration would remove its support for him if a national unity government was formed without Hamas's agreement to the three conditions.

Mr Abbas told Mr Bush that in the absence of an agreement with Hamas, his options were to continue with the present political impasse, dissolve the present government or resign.

Diplomats said there might still be room for agreement on a government of technocrats with whom the international community could do business.

They warned that the imposition of a new government without Hamas's consent was likely to exacerbate existing tensions.

The breakdown of the inter-party talks raised tensions in the Palestinian territories, leading to gun battles in the Gaza Strip at the weekend when a Hamas-run police force attempted to quell a street protest by Fatah-linked security personnel.

Witnesses blamed the bloodshed in part on the heavy-handed tactics of the Hamas force, which used guns and grenades to confront the protesters. The violence spread to parts of the West Bank where Fatah is the dominant force on the streets.

The parliament building in Ramallah was torched for the second time since Hamas came to power in March.

Many of the victims of the violence were bystanders, including a waiter shot through the head when gunmen forced a restaurant to shut in the West Bank town of Jericho. On Wednesday, unidentified gunmen killed a Hamas political activist near Nablus in the West Bank.

The shooting followed threats by a Fatah militia to assassinate Hamas leaders.

The Israeli army denied claims that the dead man was the victim of an Israeli assassination operation.

Washington's policy appears to be to bolster Mr Abbas and encourage him not to compromise with Hamas, which the US regards as a terrorist organisation.

Some diplomats of the US's international Quartet partners – the European Union, United Nations and Russia – said the Palestinians must be offered a realistic prospect of statehood if the peace process was to stand a chance.

Palestinian Unity Talks Collapse (AP)

By Mohammed Daraghmeh, Associated Press Writer

AP, October 5, 2006

Palestinian President Mahmoud Abbas said Wednesday his efforts to reach a power-sharing agreement with the militant group Hamas have collapsed, raising concerns a deadlock will lead to more factional fighting after deadly weekend clashes.

But the Palestinian leader received a boost from Secretary of State Condoleezza Rice, who promised the United States would do more to alleviate the plight of Palestinians.

"I told the president (Abbas) that we are very concerned, of course, about the humanitarian conditions in the Palestinian territories," she said. "I said to him that we would redouble our efforts to improve the conditions for the Palestinian people."

However, she gave few specifics on what steps the U.S. was prepared to take.

Rice is in the region to try to bolster the moderate Abbas and revive peace efforts. She met with Israeli Prime Minister Ehud Olmert later Wednesday.

A statement from Olmert's office after the meeting said Israel will not release Palestinian prisoners until an Israeli soldier, Cpl. Gilad Shalit, is freed. Shalit was captured on June 25 by militants linked to Hamas.

Israel kept up its pressure on Palestinian militants in Gaza. Early Thursday an Israeli aircraft targeted a car in southern Gaza, killing two Islamic Jihad militants, Palestinian security and hospital officials said. The Israeli military said the militants were planning a terror attack.

Conditions in the West Bank and Gaza have rapidly deteriorated since Hamas defeated Abbas' Fatah Party in January elections and Western countries cut off funds to the Palestinian government.

Despite the sanctions, Hamas has refused to accept international demands that it renounce violence, recognize Israel and accept previous Israeli-Palestinian peace agreements.

Abbas, who was elected separately in a presidential vote last year, has been trying to broaden and moderate the government to make it acceptable to the international community. But after Hamas and Abbas announced a tentative coalition deal last month, Abbas said Wednesday that the talks have broken down.

"There is no dialogue now," Abbas said at a news conference with the Bahraini foreign minister. He said the coalition deal "is over now, and we have to start from square one."

The negotiations have foundered over Hamas' refusal to recognize Israel, even implicitly. The tensions spilled over into Hamas-Fatah violence this week, with 10 people killed and more than 100 wounded. The fighting heightened fears of civil war.

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Abbas holds wide-ranging powers that include the authority to disband the government. But he has sought to avoid confrontation, and he signaled talks with Hamas could be renewed later.

In Gaza, Prime Minister Ismail Haniyeh of Hamas accused Rice of trying to "rearrange" the Middle East to suit American and Israeli interests.

Haniyeh said Hamas considers dialogue "the only way" to solve its disagreements with Abbas and would do everything possible to avoid further violence. "I don't think turning back on this dialogue can serve the higher interests of the Palestinian people," he said.

Public Works Minister Abdel Rahman Zaidan of Hamas said a compromise could be to form a government of technocrats, headed by a prime minister who is not from Hamas.

"There is serious thinking within Hamas to form a national unity government which is composed of professionals, basically, not political faces," Zaidan told The Associated Press. "This government would not be headed by a Hamas leader."

However, it was not clear whether Hamas would agree to have such a government recognize Israel.

Fatah lawmaker Saeb Erekat said no new government would be able to avoid recognizing Israel. "What matters is the program of the government," he said.

An Abbas confidant, speaking on condition of anonymity because he was not authorized to speak to the media, concurred that a government of professionals could be a way out of the current crisis.

Another person involved in Hamas-Fatah negotiations said the sides were considering a Qatari initiative to establish a Cabinet with members from various Palestinian factions, headed by an independent prime minister.

The negotiator, who declined to be identified because the talks are continuing, said the plan already had been presented to Abbas and Hamas' top leader, Khaled Mashaal, who lives in exile in Syria. Qatar's foreign minister is expected in Syria this week to meet with Mashaal.

Rice reiterated at her news conference with Abbas that a Palestinian government must accept the international conditions. But in the meantime, she said the U.S. was ready to step up efforts to improve the humanitarian situation for the Palestinians and bolster Abbas.

The situation is especially dire in Gaza, which has been hurt by Israeli closures of key border crossings and an Israeli military offensive launched after Palestinian militants captured an Israeli soldier in June. The closures have led to shortages of food and prevented Gazans from traveling to neighboring Egypt.

Rice, Abbas Discuss Ways To Ease Crisis In Middle East (USAT)

By Barbara Slavin

USA Today, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice on Wednesday launched a new drive to ease the humanitarian crisis in the Palestinian territories — an effort to shore up the fractured Palestinian government and stop a worsening cycle of violence.

Rice, on her fifth trip to the region as secretary of State, met with Palestinian President Mahmoud Abbas, who has been trying to form a coalition with the militant Hamas-led government. Hamas has rebuffed his efforts.

Abbas, who leads the secular Fatah faction, has sought a coalition to create conditions that make it possible to resume negotiations with Israel. Hamas, a fundamentalist Islamic group that won parliamentary elections in January, rejects Israel's right to exist.

The United States and the European Union, which consider Hamas a terrorist organization, have said that recognizing Israel is a condition for resuming aid that was cut off after Hamas took office in March. Israel also has refused to turn over $50 million in customs duties and taxes collected each month for the Palestinians.

Speaking Wednesday at his Ramallah headquarters, Abbas said talks on forming a unity government had collapsed. “There is no dialogue at this stage,” he said.

In Gaza City, Palestinian Prime Minister Ismail Haniyeh — a Hamas leader — said Rice “cares only to rearrange the Palestinian scene in a way that serves the American and Israeli agenda.”

The political split between the Palestinians has led to escalating violence. Fighting between members of Fatah and the Hamas-led government in the West Bank and Gaza killed at least 10 Palestinians and wounded more than 100 on Sunday and Monday. On Tuesday, members of Abbas' Fatah faction threatened to assassinate senior Hamas officials. On Wednesday, a Hamas leader in the West Bank town of Hableh, Mohammad Odah, 37, was gunned down on his way to a mosque.

Abbas has said he might try to call new Palestinian elections. It isn't clear whether he has the authority to do so. It also isn't clear that new elections would boost Abbas' Fatah over Hamas. A poll of 1,200 Palestinians conducted last month by the

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Jerusalem Media and Communications Center found that Fatah would get 32% of the vote if elections were held now, while Hamas would get 30.5%. The difference was within the margin of error of 3 percentage points.

At the same time, Israeli Prime Minister Ehud Olmert's government has faced criticism from Israelis for the military's poor performance during a 34-day war in Lebanon against the militant Hezbollah movement. The conflict, which started after Hezbollah captured two Israeli soldiers in a cross-border raid, ended only under intense international pressure and without the disarming of Hezbollah guerrillas demanded by Israel. A poll last month in the Israeli newspaper Yedioth Ahronoth showed only 7% of Israelis support Olmert.

Rice met with Olmert late Wednesday and was seeing other Israeli officials today to discuss salvaging an agreement to ease the movement of 1.4 million Palestinians in Gaza — a modest move that could alleviate what Rice called "the kind of daily humiliations that we know are associated with (the Israeli) occupation."

The restrictions were imposed on Gaza after Israel withdrew settlers and soldiers a year ago. Palestinians have largely been barred from leaving Gaza to enter Israel or Egypt in response to Palestinian rocket attacks on Israel and the June kidnapping of an Israeli soldier.

Rice said she hopes a modest improvement in Palestinians' daily lives will prevent a total collapse of authority in the territories and allow a functioning government to emerge that can negotiate with Israel.

"Security, movement and access, economic development and well-being are all interlinked," Rice said. "Sometimes it is necessary to go step by step and try on the ground to improve conditions."

Rice's task has become more complicated, however, because the Israeli and Palestinian governments are far weaker than they were a year ago, says Rob Malley, a Middle East expert at the International Crisis Group, a Brussels-based organization that seeks to end conflicts. Malley compares Rice to the mythological Greek figure Sisyphus, whose fate is to roll a rock up a hill only to have it tumble back down.

Rice: U.S. Wants To Help Palestinians (AP)

By Anne Gearan

AP, October 4, 2006

Secretary of State Condoleezza Rice said Wednesday the United States wants to help improve the daily lives of Palestinians as violence, deprivation and political chaos reach threatening levels in the Palestinian territories.

After meeting with Palestinian President Mahmoud Abbas, the top U.S. diplomat said she is looking for ways to revitalize and expand agreements made last year to allow freer movement of people and goods across the Palestinians' borders with Israel and Egypt.

"Those are the kinds of on-the-ground things that make it easier for the Palestinian people," Rice said after her session with Abbas. He is trying to resolve a nine-month political stalemate with Hamas radicals who control part of the Palestinian government.

Rice said she would like to increase resources for humanitarian relief, but made no specific pledge of U.S. aid. The United States has been trying to prompt Arab countries to increase their financial support for the Palestinians.

Rice is in the Middle East this week to drum up Arab support for the moderate Abbas and to test ways that the United States and other powers might help from afar. The United States hopes that Abbas will benefit from any ease in the rising tension and hardship in the territories, but the United States is also worried that the situation could spin out of control.

A senior State Department official, speaking on condition of anonymity because Rice's discussion with Abbas was private, said the United States supports an expansion of Abbas' security force, the presidential guard, as part of a multimillion-dollar plan to strengthen and streamline overlapping Palestinian security forces.

Underscoring the gulf remaining with the militant group Hamas, which controls the Palestinian Authority, Palestinian Prime Minister Ismail Haniyeh accused the U.S. of trying to "rearrange" the Middle East for its own purposes.

Rice "cares only to rearrange this region and to rearrange the Palestinian scene in a way that serves the American and Israeli agenda," Haniyeh, a Hamas member, said in Gaza City.

Rice is putting gentle pressure on Israel to loosen what Palestinians claim is a blockade of their separate territories in the West Bank and Gaza Strip. The territories are not economically viable without extensive trade across their borders with Israel and Egypt and without the daily passage of Palestinians to jobs elsewhere.

"We are very concerned, of course, about the humanitarian conditions in the Palestinian territories, about the economic situation," Rice said following a meeting with Abbas at his West Bank headquarters.

"We understand that some of the economic hardships are of course caused by the lack of mobility, the lack of movement and access, and I will of course see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return," Rice said.

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The border crossings were a major topic during a dinner Rice Wednesday with Israeli Prime Minister Ehud Olmert, the State Department said. Rice planned further meetings with Israeli officials on Thursday.

Abbas himself raised the specter of civil war during a press conference with Rice, as he declared compromise talks with Hamas dead for now.

"There is no dialogue now" and it is time to consider the next step, Abbas said.

Earlier Wednesday, Abbas said a new Cabinet must be formed to end a recent surge in violence that claimed 10 lives in three days. He did not elaborate, but Abbas holds wide-ranging constitutional powers that include the authority to disband the current government.

The Hamas victory in Palestinian elections in January set up a divided and ineffectual government and shelved active efforts for peace with Israel.

The United States and Israel consider Hamas a terrorist group and refuse any dealings with it.

In the past, U.S. officials have made little secret of frustration that Abbas has not shown greater leadership, while Fatah leaders complain that the United States has done next to nothing to support Abbas.

Abbas is the only leader with whom the United States can deal, however, and Rice gave him a wholehearted endorsement Wednesday. President Bush called him a "man of courage" last month.

After the Hamas-led Cabinet took office in late March, the United States and European Union, the two biggest donors to the Palestinian Authority, cut off hundreds of millions of dollars in aid.

The perpetually cash-strapped Palestinian government has been unable to fully pay the salaries of 165,000 government workers. The government is the largest employer in the West Bank and Gaza Strip, and many families are scraping by on dwindling savings, loans and handouts.

Abbas, whose Fatah Party lost badly to Hamas, retains his position as president. But he has been unable either to persuade Hamas to moderate its anti-Israeli policies and enter the political mainstream, or to capitalize on the radicals' eroding popularity and clout. He wants to resolve the political stalemate in hopes of restarting the flow of international aid.

Hamas has rejected the demands from the U.S. and others to renounce violence, recognize Israel and agree to abide by commitments made by the previous Palestinian leaders.

Rice Focuses On Small Steps To Mideast Peace (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, October 5, 2006

RAMALLAH, West Bank — Secretary of State Condoleezza Rice, meeting with Palestinian Authority President Mahmoud Abbas, on Wednesday expressed sympathy for the deepening suffering of Palestinians, but signaled that her efforts toward Mideast peace now focus on a handful of narrow issues.

Rice said at a news conference that she hoped to reach agreements to open restricted border crossings, provide new humanitarian aid and improve the weak and fractured Palestinian security agencies.

Her effort, while welcomed by the Palestinians, was far more limited than what had been urged on her by European allies and moderate Arab regimes. In the aftermath of the war in Lebanon, they have been calling on the Bush administration to intensify its efforts to settle Israeli-Palestinian issues.

Nearly a year ago, Rice brokered a deal that promised to open key transit points and improve the Palestinian territories' vital commercial ties to Israel and Egypt. But in the face of security threats to Israel, and other complications, two key crossings have been mostly closed.

Rice said she hoped that "we can come to some understanding about how to make the agreement on movement and access more functional." To that end, she said, the Palestinians and Americans were working "very closely" on the security issues, including through Lt. Gen. Keith Dayton, the U.S. security coordinator in the region. She said U.S. officials also would talk about ways in which they might make available more humanitarian aid for Palestinians.

Western aid has been largely stalled since the electoral victory in January of the Islamic militant group Hamas, which does not recognize Israel's right to exist and remains on the State Department's list of terrorist organizations.

Rice said American envoys were looking for ways to end the violence and "to make possible a life for the Palestinian people that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

In the last week, top officials of Pakistan, Saudi Arabia and Egypt have called on the Bush administration to make new peace efforts. Rice also has faced pointed questions during this trip about Washington's intentions in the region.

Asked about the goals of her trip, Rice said that "sometimes what is necessary is to go step by step on the ground to really improve conditions."

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Some Palestinians held out hope that the trip, Rice's sixth to Israel and the territories in her 21 months as secretary of State, could produce a breakthrough in the Palestinian political stalemate. They also hoped it might bring progress in efforts to exchange prisoners, or lead to the Israelis' turning over Palestinian tax and customs revenue withheld since Hamas took over.

But Israelis had lower expectations for the trip. Rice dined Wednesday night with Israeli Prime Minister Ehud Olmert and was to meet this morning with Foreign Minister Tzipi Livni and Defense Minister Amir Peretz. She did not schedule a news conference after the sessions, an unusual step that suggested the American side had limited ambitions for the visit.

Abbas said talks with Hamas leaders over a "national unity government" were at an impasse, and said Palestinians would need to consider whether additional efforts were worthwhile. But he did not close the door on further talks.

In Gaza City, Palestinian Authority Prime Minister Ismail Haniyeh, a Hamas member, accused Rice of seeking to "rearrange" the Middle East.

Haniyeh said there was no deadline for forming a unity government with Abbas' Fatah movement, but he invited Abbas to resume talks soon. The two announced agreement last month on a coalition government, but that deal dissolved quickly and no talks have taken place in weeks.

A coalition with Fatah, which does recognize Israel, is seen as crucial to ending an international aid embargo that has left the government broke and thousands of public employees largely unpaid for seven months.

The donor nations also demand that the Hamas-led government renounce violence and honor past agreements between the Palestinians and Israel.

The power struggle between Hamas and Fatah erupted in serious violence this week, leaving at least 10 people dead and more than 100 injured. The confrontations have abated, but the climate remains tense, particularly in the Gaza Strip.

It was not clear how Abbas planned to move next to address the political impasse with Hamas.

One idea under discussion is for Abbas to settle the power struggle by dissolving the Hamas government and naming a Cabinet composed of technocrats and political independents. Dumping the government, however, probably would be regarded by Hamas hard-liners as an overthrow and could spark more violence.

Meanwhile, a poll suggested that new elections for parliament and president wouldn't assure victory for Fatah, despite declining support for Hamas. The poll, by the Jerusalem Media & Communication Center, showed that 32% of respondents would support Fatah in a hypothetical vote, whereas 30.5% would back Hamas.

But the poll also indicated that Hamas' Haniyeh was trusted by a higher percentage of respondents than was Abbas. And more than half of those questioned said they favored creation of a unity government.

The Persian Gulf nation of Qatar, meanwhile, has proposed a plan for a Palestinian unity government that would accept a two-state solution to the Middle East conflict and agree to a mutual truce between Israel and Palestinian fighters, the daily Haaretz newspaper in Israel reported.

Abbas Declares Failure Of Talks With Hamas (WT)

By Nicholas Kralev

The Washington Times, October 5, 2006

RAMALLAH, West Bank -- Palestinian Authority President Mahmoud Abbas declared yesterday that talks on forming a unity government with Hamas are dead, and visiting Secretary of State Condoleezza Rice said the focus now should be on improving humanitarian conditions in the Palestinian territories.

Mr. Abbas said after meeting with Miss Rice at his Ramallah office that he might dissolve the Hamas-led government, using his "constitutional powers" as Palestinian Authority president, and might call for new elections.

He said he also would consider other options to avoid civil war, a growing threat after two days of heavy fighting between Hamas and Fatah forces in the Gaza Strip this week.

Nabil Amr, a top aide to Mr. Abbas, told The Washington Times on Tuesday that the factions were "centimeters" away from civil war. "It could happen at any time."

Miss Rice, after meeting with Mr. Abbas, stressed the need to find ways to help the Palestinian people, who are running short of food, medicine and other necessities in the Gaza Strip after more than six months without paychecks and a partial closing of their borders.

"I've been discussing with the president ways that we might be able to better address some of the great needs that are there with the Palestinian people," Miss Rice said. She did not explain who would supply those resources, and U.S. officials traveling with her said she did not offer any American aid.

The United States and the European Union cut off assistance to the Palestinian government after a January election that brought Hamas to power, saying it would not be restored until the new Palestinian government recognized Israel, renounced violence and agreed to honor past agreements with Israel.

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Hamas has refused to meet the conditions, but Miss Rice said Washington has "found a way to get humanitarian assistance to the Palestinian people by reprogramming some of our assistance for the Palestinians."

She said she would ask Israel to make "movement and access" easier for the Palestinians and "to make possible a life ... that is not subject to the kind of daily humiliations that we know have been associated with the occupation."

However, she did not address a call by members of the Middle East Quartet, meeting in New York last week, for Israel to release Palestinian customs duties that have been withheld since early this year. The Quartet consists of the United States, Russia, the European Union and the United Nations.

"It's still important" that people and goods be able to move through the Karni crossing into the Gaza Strip, Miss Rice said, and that "there be at least some openings" at the Rafah crossing, near where an Israeli soldier was kidnapped in June. A spokesman for Israeli Prime Minister Ehud Olmert said later that Israel would soon open Karni, the main commercial crossing into Gaza.

Israel has kept Gaza crossing points closed most of the time since the June abduction of Cpl. Gilad Shalit, a 19-year-old tank gunner who is still being held.

"I'm glad to know that [Rafah] was opened a couple of times during Ramadan," the secretary said. "I will, of course, see what I can do to make sure that some of those crossings are indeed open longer and more frequently so that economic activity can return."

Mr. Abbas expressed frustration with Hamas' refusal to compromise in talks on a unity government. He said in New York last month that he had reached a tentative deal with Hamas for a government that would recognize Israel, but the deal quickly collapsed.

The cash-strapped Hamas Cabinet has been unable to pay salaries and address many of the Palestinians' daily needs. In the worst internal violence in the territories, 12 Palestinians have been killed in fighting between rival factions in the past week.

A senior State Department official said Mr. Abbas' guard "did some of the fighting" with Hamas.

"The dialogue now does not exist," Mr. Abbas said in reference to the talks with Hamas on forming a unity government. "If this doesn't happen in the near future, all options are open. ... But the only option I reject is civil war."

He did not specifically call for new elections but did not rule them out when asked about them at the press conference with Miss Rice. Before the meeting with her, he said he would use his "constitutional powers."

Palestinian, Israeli and U.S. officials were not certain whether Palestinian law permits Mr. Abbas to dissolve the government and call elections. Most appear to agree that he can do the former, but there were questions about the latter.

Limits on the Palestinian Authority president's powers were imposed under U.S. pressure while Yasser Arafat occupied the office.

Frustration As U.S.-India Nuke Deal Languishes (HILL)

By Roxana Tiron

The Hill, October 5, 2006

Some supporters of a U.S. nuclear-technology deal with India are cautioning that any more delays in the congressional approval of the White House's agreement could prompt New Delhi to walk out of it.

The White House had pushed for a vote in the Senate on the legislation needed to start implementing the deal by the end of last week, but partisan squabbling delayed passage until after the midterm election.

Now supporters of the pact are making last-ditch efforts to ensure that the Senate bill will be considered among the first issues when the Senate returns Nov. 13, so the upper chamber has time to reconcile its bill with the one the House passed this summer.

If that is not done by the end of the year, legislation will have to be marked up again in a new Congress next year, perhaps controlled by the Democrats in either or both chambers.

That kind of a delay would deal a blow to the Bush administration, which has sought to expedite congressional approval but has faced roadblocks.

The controversial civilian nuclear deal has well-built support on both sides of the aisle in Congress, but the Indian government is more evenly divided between supporters and detractors, according to a source closely working the issue.

"This is a very controversial issue in India," said the source, on condition of anonymity, "It is more controversial there [than it is here] with people accusing the government of giving too much to the United States."

With delay or a significant change to the agreement "it is possible that New Delhi will walk out of it," the source added.

Russia, France, Australia and Canada have lined up to offer civil nuclear cooperation with India, hoping Washington would fail to deliver the deal, said Ron Somers, president of the U.S. Chamber of Commerce's U.S.-India Business Council.

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"This is not an American gift to India," said the source. "It is a balance of mutual interests. There are huge potential benefits to the United States," both for business and non-proliferation reasons.

It could generate $100 billion in energy sales for American companies. But at stake are not only the profits directly linked to the nuclear energy deal, Somers cautioned.

The deal helps the United States create a deeper strategic partnership as India develops and overhauls its infrastructure. This could mean a half-trillion dollars over the next decade, Somers said, as India builds roads, ports, airports and water development projects.

"This would result in the creation of hundreds of thousands of American jobs," said Somers. "I am not suggesting that we are getting all those [contracts], but U.S. companies would be able to compete on a level playing field.

"We need to focus on achieving this initiative and aligning our two democracies for the 21st century. It is in the U.S. interest to do so."

The agreement has mobilized an intense lobbying campaign, with the U.S. Chamber of Commerce in the vanguard.

President Bush signed the U.S.-India joint statement with Indian Prime Minister Manmohan Singh to pursue civilian nuclear cooperation last July.

Bush is seeking changes in U.S. law and international regulations to allow energy-starved India to obtain restricted items, including nuclear fuel.

The United States has fought for years to deny India access to nuclear technology because it developed and tested nuclear weapons. Although a nuclear power, India is not a signatory of the 1970 Nuclear Non-Proliferation Treaty. But Bush reversed the U.S. stance by signing the U.S.-India agreement on nuclear cooperation.

The deal would require India to open some of power plants to United Nations inspectors for the first time.

The Indo-American deal must mesh with India's efforts to separate its civilian and military nuclear facilities, thus ensuring that it helps New Delhi's civilian energy program but not its weapons development.

India's hawks say that Washington requires unacceptably invasive inspections that could damage national security.

"Public opinion is very split in India," the source said. "India is one of the most pro-American countries." But even some in the coalition government oppose the deal, the source said.

Senate Majority Leader Bill Frist (R-Tenn.) says the Senate will take up the bill marked up in the Foreign Relations Committee. Senate Minority Leader Harry Reid (D-Nev.) says a vote on the legislation is one of his top priorities in November.

"This is supposed to be a priority for the administration as well, so it's a little puzzling why the majority leader failed to bring it to the floor after it was reported out of the committee in July," said Jim Manley, Reid's spokesman. "The fact is that we could have acted on this bill a long time ago, yet we were unable to do so because of serious objections from the Republican side of the aisle."

Before adjourning last week, Reid proposed that the debate on the bill be limited to a handful of amendments and a short-time agreement, but the GOP leadership objected to that, said Manley.

It is possible that Frist will invoke cloture on the bill, said a source.

Moscow Takes Harsh Action Against Georgia (WT/AP)

By Henry Meyer, Associated Press

The Washington Times, October 5, 2006

MOSCOW -- President Vladimir Putin told lawmakers yesterday that no country should get away with threatening Russia, setting the stage for passage of a motion fiercely condemning Georgia's pro-Western leadership.

Georgian authorities arrested four Russian military officers last week, accusing them of espionage. Moscow responded with harsh measures Tuesday, slapping transportation and postal sanctions on Georgia, even though the four officers were released.

The Kremlin has refused to back down despite Western calls for an end to the punitive measures.

"I would not counsel anyone to talk to Russia in the language of provocations and blackmail," Mr. Putin said, adding that he was speaking specifically about Georgia.

Lawmakers in Russia's lower house of parliament, meanwhile, passed a resolution strongly condemning the Georgian government, accusing it of "anti-Russian" behavior and signaling "harsher measures" if the situation worsens.

Russian police targeted the large Georgian diaspora in Moscow with raids of businesses and restaurants.

Parliament was to vote later this week on a motion aimed at money sent home by Georgians -- a move that would deal a huge blow to the struggling economy in Georgia, whose 4.4 million people rely heavily on the hundreds of millions of dollars in annual remittances sent back by the nearly 1 million Georgians living in Russia.

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The moves appeared aimed at punishing Georgian President Mikhail Saakashvili for defying Russia by arresting the officers. More broadly, Moscow has been alarmed by Georgia's goal of joining NATO and the growing U.S. influence in Russia's former Soviet back yard.

A State Department official said Washington continues to back Georgia's aim to join NATO, despite Russia's objections, and wants both countries to solve their dispute peacefully.

"We want to do what we can to keep the door to NATO open for Georgia," said Mark Pekala, deputy assistant secretary in the State Department's Bureau of European and Eurasian affairs.

Mr. Pekala told reporters in Tallinn, Estonia, that the United States wanted Russia to withdraw its troops from Georgia as agreed five years ago at a summit in Istanbul.

Russia has rejected Western calls to end the transportation and postal blockade, imposed despite Georgia's release Monday of the Russian officers.

Authorities Tuesday closed two popular casinos run by Georgians in the Russian capital, saying the casino tables and slot machines did not have authorization. They also raided a hotel and two restaurants run by Georgians, saying they could be closed for legal violations.

The Kommersant daily quoted police officials as saying that 40 Georgian restaurants and shops in downtown Moscow would be raided in the next few days.

The Russian Consulate in Tbilisi, meanwhile, has stopped issuing visas to Georgians.

Dispute With Russia Threatens Georgia (NYT)

By Daria Vaisman, International Herald Tribune

The New York Times, October 5, 2006

TBILISI, Georgia, Oct. 4 — Marina Tutberidze's husband works in Moscow, illegally, at a construction site, sending home much of the money he earns. Now an escalating confrontation between Georgia and Russia has left that support in doubt, along with much of Georgia's economy.

Russia's decision to sever transportation links — including flights, trains and ferries between the countries — has left Georgians and their businesses scrambling to cope with the disappearance of their country's biggest and closest market. Millions of dollars in Georgian goods are languishing at customs terminals, even as Moscow-bound travelers seek ways around the transportation disruptions.

"Nothing has changed yet," said Gia Bolkvadze, general director of A. P. Moller-Maersk Group, the Danish shipping giant. "We have to wait for a few days to talk to anyone."

In Russia, Georgians faced investigations that have already closed several businesses, including a second Georgian-owned casino on Wednesday. The Russian news media have been almost universally hostile to Georgia in their reports, comparing Georgia's president, Mikheil Saakashvili, to Hitler or to Lavrenti P. Beria, the secret police chief in the Stalin era. President Vladimir V. Putin of Russia also made the Beria comparison this week.

Russian newspapers reported that the authorities were checking lists of Georgian migrants and would soon raid dozens of businesses.

Ms. Tutberidze, speaking through an interpreter, said her husband feared arrest and deportation if he left his living quarters.

Russia has shown no sign that it intends to ease the pressure, despite the release Monday of four Russian military officers, whose arrests last week precipitated the latest deterioration of relations. In Moscow on Wednesday, Mr. Putin warned Georgia in unusually harsh terms.

"I would not allow anyone to talk to Russia in the language of provocation and blackmail," he told parliamentary leaders.

The Organization for Security and Cooperation in Europe appealed to each country to tone down the war of words and actions, but Russian lawmakers vowed to toughen, not ease, the economic sanctions against Georgia, their southern neighbor.

Additional steps could include a ban on all money transfers to Georgia, which could hit hardest the poorest Georgians, who rely on money from an estimated 500,000 Georgians who live and work in Russia. The World Bank has estimated that that money amounts to 10 percent of Georgia's gross domestic product. In Georgia, officials sounded defiant and resigned. Mr. Saakashvili and others have said that the country would learn to do without Russian trade, if necessary. The chief of the central bank, Roman Gotsiridze, told [a news organization] that Georgia would seek to block Russia's bid to join the World Trade Organization as long as the sanctions were in effect.

The current sanctions followed several punitive trade barriers, including a Russian ban on wine and mineral water, the major Georgian exports to Russia. "Businesses were ready for the worst-case scenario after the problems with wine and water,"

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said Giorgi Isakadze, the leader of the Georgian Business Association. Russia closed the principal land crossing into Georgia, Kazbegi, in July, forcing Georgian exporters to find other ways.

"The border has been closed for some time," said Esben Emborg, the Georgia country director for Nestlé.

Amy Denman, executive director of the American Chamber of Commerce in Tbilisi, said that Russia's new sanctions would raise shipping costs for international companies like Nestlé, Colgate, Motorola and Philip Morris. "The embargo has definitely irritated them and made their life more difficult," she said.

The sanctions could force companies to look outside Russia for markets and supplies, she said, adding, "The feeling is that Russia is shooting itself in the foot a little here."

Even so, Georgians fear that Russia could exert more pressure, particularly on the gas supply. Russia's gas monopoly, Gazprom, has promised to maintain supplies to Georgia, but many here recall the brief shut-off last winter after a mysterious explosion on a gas pipeline that Mr. Saakashvili blamed on the Russians.

But for now Russia's tough stance has strengthened support for Mr. Saakashvili, who has vowed to steer Georgia free of Russia's influence, at times with provocative words and actions of his own, like the arrests of the Russian officers last week.

Even opposition groups that have previously attacked Mr. Saakashvili have portrayed Russia's actions as a punitive response to Georgia's desire to be integrated into Europe and NATO. That, some say, could build Mr. Saakashvili's political support.

"Having Russia as an enemy was used before and is used now as a unifying factor and a symbol of strength," said Tinatin Khidasheli, leader of the rival Republican Party. "The higher voice you use against Russia, the braver you appear."

Turkish Hijacker Acted Alone, Officials Say, Rejecting A Larger Plot (NYT)

By Peter Kiefer And Sebnem Arsu

The New York Times, October 5, 2006

ROME. Oct. 4 — After a day of conflicting details and speculation regarding a possible accomplice, Italian and Turkish authorities agreed on Wednesday that Hakan Ekinci acted alone in hijacking a Turkish airliner to Italy on Tuesday. Turkish officials said they would seek his extradition.

Late Wednesday, Turkish authorities said they had identified a second hijacker and gave a name, saying they believed the suspect had flown back to Istanbul after leaving the hijacked plane, thus going undetected by Italian authorities at the Brindisi airport, where the forced landing of the Boeing 737 took place. All 107 passengers and five crew members walked out of the plane unharmed.

Turkey later said that the man named as the second hijacker had no ties to the case and that the original announcement had been based on an erroneous report originating from Interpol.

Italy sought to play down the incident on Wednesday, saying authorities concluded that it had been carried out by an individual and not as a plot by any larger group.

Addressing a special session of the Italian Senate on Wednesday, Interior Minister Giuliano Amato also sought to allay concerns over the implications of the incident for Pope Benedict XVI's plan to visit Turkey next month. Mr. Amato said that while the pope's coming visit was a concern of his, it was "difficult to see in this episode something that will aggravate these security problems."

He described how Mr. Ekinci, an unarmed 28-year-old, was able to divert the Turkish Airlines plane from its original Istanbul destination to Italy by muscling his way into the cockpit and falsely claiming to have accomplices on board who were prepared to blow up the plane if his orders went unheeded.

The pilot of the hijacked plane, Mursel Gokalp, said at a news conference in Istanbul on Wednesday that the hijacker was surprisingly well versed in flight emergency codes. "The person who hijacked the plane was very well informed," Mr. Gokalp said. "He was informed enough to know which codes are used in case of an emergency.

"He has trained himself well enough to know which direction the plane points at after takeoff. After he came in, he said 'I won't harm you,' pushed the cabin attendant out and closed the door."

The hijacking was initially suspected to be a protest against the pope's coming trip because of anger among Muslims after he cited a quotation calling Islam "evil and inhuman" and linking the religion to violence in a speech last month. But Mr. Ekinci is a convert to Christianity who wrote to the pope in August to seek his help in avoiding compulsory military service, Italian officials said Tuesday.

Mr. Gokalp said the hijacker had entered the cockpit with a piece of paper and said he wanted his message conveyed to the pope. "He said that his only aim was to send a message to the pope and that once it's done, he was going to turn himself in to the security officials."

"If not," Mr. Gokalp added, "he said his friends would blow up the plane."

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An official statement from the Turkish Justice Ministry said Mr. Ekinci had a record of three convictions for corruption, false bankruptcy and forgery of official documents, and a fourth as a fugitive from military duty since Sept. 1.

The statement included no details as to how he reached Albania, where the flight of the hijacked plane originated. Mr. Ekinci is seeking asylum in Italy.

Commission Says I.R.A. Has Halted Terror Activity (NYT)

By Sarah Lyall

The New York Times, October 5, 2006

LONDON, Oct. 4 — The Irish Republican Army has all but ceased its terrorist operations and is no longer sponsoring criminal enterprises, the independent group monitoring the cease-fire in Northern Ireland said in a report on Wednesday.

The report by the group, the Independent Monitoring Commission, potentially removes an obstacle to the eventual restoration of Northern Ireland's legislature, which was suspended in 2003. The British and Irish governments, along with the province's rival Roman Catholic and Protestant groups, are scheduled to hold talks in Scotland next week aimed at breaking the impasse.

Until now, the Democratic Unionists, the largest Protestant party, led by the Rev. Ian Paisley, have refused to meet with Sinn Fein, the political arm of the I.R.A. and the province's largest Catholic party. If the various groups are unable to reach an agreement by Nov. 24, the legislature and Northern Ireland's brief experiment in self-government risk being disbanded indefinitely.

Mr. Paisley responded to the report with customary caution. If the I.R.A. had improved — and he was not conceding that it had, exactly — it had done so only because of pressure from Protestant, or unionist, groups, which want to retain Britain's control of Northern Ireland, he said.

"The days of pushover unionists are gone, and Sinn Fein/I.R.A. know that they can no longer expect to be engaged in terrorist and criminal activity and be in government in Northern Ireland," he said Wednesday.

The I.R.A. formally renounced violence in July 2005. But earlier reports by the monitoring group said that it had not gone far enough in ceasing its criminal activities and spying on public officials.

Wednesday's report, by contrast, said that the I.R.A. "has taken further steps to run down its terrorist capability" and that it did not appear to be engaging in terrorism, undergoing terrorist training, recruiting new members or organizing criminal enterprises.

The Irish and British governments welcomed the report as a significant step forward.

"The door is now open to a final settlement," Prime Minister Tony Blair said in a statement. "I hope all parties understand that and seize that opportunity to create a future for the people of Northern Ireland."

In Ireland, Prime Minister Bertie Ahern said: "The report confirms that the I.R.A. is not engaged in paramilitary activity — no terrorism, training, recruiting, targeting, procurement, intelligence gathering, engineering — and that it is not involved, and continues to direct its members not to engage, in criminal activity."

Gerry Adams, the president of Sinn Fein, said that if no agreement was reached about restoring the legislature, the Democratic Unionists would be to blame.

"If they don't participate, they are condemning people here, but particularly their own constituents, to second-class public services, run by second-class fly-in, fly-out British ministers."

Report Says IRA Has Ended Paramilitary Activity (FT)

By Christopher Adams

Financial Times, October 5, 2006

An independent report on the IRA's efforts to end its terrorist campaign on Wednesday said that the group has largely ceased paramilitary and criminal activity, paving the way for fresh talks on restoring devolved power to Northern Ireland.

"We do not believe that IRA is now engaged in terrorism ... the IRA leadership has committed itself to following the political path," the Independent Monitoring Commission said.

Tony Blair, prime minister, and Bertie Ahern, his Irish counterpart, will seek to capitalise on the findings of the IMC, an expert body set up by the two governments to monitor paramilitary activity, by attempting to strike a deal in the coming days between republicans and unionists over power-sharing.

Responding to the announcement on Wednesday afternoon, Mr Blair that the "door is now open to a final settlement" in Northern Ireland."

The premiers are due to host several days of negotiations next week in St Andrews, Scotland, in what is being described as a critical moment in the stalled peace process.

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Mr Blair has made securing peace in Northern Ireland a priority during his remaining months in office, as he tries to establish a political legacy before he quits sometime next year. But the odds remain heavily stacked against him, with little sign yet of an end to the deadlock between Ian Paisley's Democratic Unionists and Sinn Féin, the IRA's political wing.

The prime minister's official spokesman told reporters on Tuesday that the report would be "significant". It was hoped it would provide "a definitive answer" to whether the IRA's campaign was over. "We need an end to all paramilitary activity," he said

Wednesday's findings follow a quiet summer in the province and come just weeks before the November 24 deadline set by London for the political parties to agree a cross-party executive. One senior Whitehall insider predicted last night there would be a positive assessment of the IRA's efforts to end its campaign, although there may also be caveats in the report. The group's command and control structure, which the DUP wants dismantled, is still in place.

Mr Blair, who wants to use them as the basis for next week's talks and is due to meet Gerry Adams, Sinn Féin leader, on Friday. But past reports from the commission have failed to break the political deadlock.

The DUP leader said of the most recent report, when it was published in April, that it showed the IRA had continued "to engage in terror and criminal activities".

Talks aimed at restoring devolution were kick-started in May when Peter Hain, Northern Ireland secretary, recalled the Stormont assembly almost four years after the power-sharing institutions were suspended amid claims of an IRA spy ring.

The DUP and Sinn Féin were then invited to sit on a special committee set up to discuss the mechanisms for restoring devolution, but could not agree on who would be chairman.

Mr Hain, frustrated by the lack of progress and angry at the intransigence of the DUP, set the November deadline for the parties to agree on the appointment of a first minister, a deputy first minister and the cross-party executive. If the deadline is not met, the government has said it will shut down the assembly.

IRA Ends Terrorism, Panel Finds (WT/AP)

By Shawn Pogatchnik, Associated Press

The Washington Times, October 5, 2006

DUBLIN -- The Irish Republican Army is no longer engaged in terrorist activity and has shut down key units for weapons making, arms smuggling and training, a panel of specialists reported yesterday in findings designed to spur a revival of Catholic-Protestant cooperation in Northern Ireland.

The British and Irish governments warmly welcomed the 60-page assessment of the Independent Monitoring Commission, which also concluded the IRA has begun reducing its membership.

The four-man panel, including former directors of the CIA and the anti-terrorist unit of Scotland Yard, reported the IRA had recently shut down three command units and "run down its terrorist capability."

Last year, the group declared a formal end to its campaign to end British control of Northern Ireland by force and handed its weapons stockpiles to disarmament chiefs.

In a surprise development, the specialists said the IRA "has disbanded 'military' structures," including its headquarters units that direct weapons smuggling, bomb making, training and recruitment. They said IRA commanders also had begun cutting their rank-and-file membership and had stopped making payments to them.

"We do not believe that PIRA is now engaged in terrorism," it added, using the group's full formal name, the Provisional IRA.

The commission said the leadership of the IRA does not consider a return to terrorism as in any way a viable option.

"These positive and clear-cut findings are of the utmost importance and significance. They are evidence that the security landscape in Northern Ireland has been radically altered," Irish Prime Minister Bertie Ahern said.

British Prime Minister Tony Blair lauded the IRA moves as likely to spur a new power-sharing agreement between leaders of Northern Ireland's Protestant majority and Sinn Fein, the IRA-linked party that represents most Catholics.

He said negotiations in Scotland Oct. 11-13 involving all Northern Ireland factions would determine whether a Catholic-Protestant administration -- the central aim of Northern Ireland's Good Friday accord of 1998 -- could be revived.

"The IRA's campaign is over. ... The door is now open to a final settlement," Mr. Blair told reporters at his Downing Street office in London.

And in Belfast, Secretary Peter Hain called on Protestant leaders "to recognize that the paramilitary situation, in particular the situation of the IRA, has changed absolutely fundamentally and radically."

"Is there now a security threat from the IRA? The answer's no," Mr. Hain said.

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Both governments have given Protestants and Sinn Fein a Nov. 24 deadline to revive power sharing in line with the complex Good Friday pact. Otherwise, Britain says it will dissolve Northern Ireland's legislature and instead intensify cooperation with the Republic of Ireland.

Panel Says IRA Has Halted Terrorism (USAT)

By Jeffrey Stinson

USA Today, October 5, 2006

LONDON — The Irish Republican Army has abandoned terrorist and criminal activity after fighting British rule in Northern Ireland for more than three decades, the commission monitoring paramilitary groups in the province said Wednesday.

"We do not believe that PIRA is now engaged in terrorism," the Independent Monitoring Commission said in a report, using the group's formal name of Provisional IRA. "We believe that the leadership does not consider a return to terrorism as in any way a viable option and that it continues to direct its members not to engage in criminal activity."

The commission's findings were considered key to trying to restore shared power between Catholics and Protestants in governing Northern Ireland. The report's release comes a week before crucial power-sharing talks sponsored by the British and Irish governments resume in Scotland.

The opposing Catholic and Protestant political parties in Northern Ireland face a Nov. 24 deadline to agree to a power-sharing arrangement.

The Northern Ireland Assembly, a 108-member legislature with the power to elect a Catholic-Protestant administration, will be dissolved if there is no accord.

British Prime Minister Tony Blair, who will direct the Oct. 11-13 talks with Bertie Ahern, Ireland's prime minister, said the commission's report provides "the basis for the final settlement of the conflict in Northern Ireland."

"The context for political engagement has never been better," Ahern said.

Peter Hain, the British minister who oversees the province, told the British Broadcasting Corp., "There has been a historic, seismic and, I believe, an irreversible shift on the part of the IRA away from terror … toward a democratic future."

The commission found that although the IRA's leadership had disarmed, halted its criminal activities and sought to make its members do the same, some renegade groups continued to operate.

The panel said some shootings and attacks on Protestant schools and unionist gatherings since July 2005, when the IRA pledged to hand in its weapons, were the work of dissidents who continue to be involved in crimes such as drug dealing, smuggling and robbery.

Halting IRA criminal activity was a key requirement imposed by the main Protestant political party, the Democratic Unionist Party (DUP), for restoring power sharing with the IRA's political arm, Sinn Fein.

Ian Paisley, the DUP leader, said in a statement that the commission's findings are "welcomed by all of those who wish to see an exclusively peaceful and democratic basis for (shared government) in Northern Ireland."

He said his party would not share power until Sinn Fein accepts the authority of Northern Ireland's police force.

Sinn Fein leader Gerry Adams said the IRA's moves removed any excuse for the Democratic Unionists not to form a joint Cabinet. "We could do a deal tonight. We could do it tomorrow. It's all up to Ian Paisley," Adams said.

One question the commission couldn't answer: Who killed Denis Donaldson in April? The former Sinn Fein official was shot to death after he confessed to being a spy for British intelligence.

Before that revelation, Donaldson was arrested in October 2002 for allegedly operating an IRA spy ring in the Northern Ireland government.

The allegations resulted in the collapse of the power-sharing relationship established after the 1998 Good Friday Agreement brokered by the United States. The accord largely ended the conflict between Catholic nationalists and pro-British Protestants that had killed 3,600 people since 1969.

IRA No Longer Terror Threat, Monitors Say (LAT)

By Janet Stobart

The Los Angeles Times, October 5, 2006

LONDON — The Irish Republican Army has disbanded its units that bought and built weapons, stopped training recruits and ceased intelligence gathering, committing itself to a path of peace, says a periodic report made public Wednesday by a panel monitoring peace efforts in Northern Ireland.

The militants have, in effect, closed down their paramilitary and criminal activities, said John Alderdice, a member of the Independent Monitoring Commission who presented the report to the media in Belfast, the Northern Irish provincial capital.

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"Three years ago, it was the most sophisticated and potentially the most dangerous of the [paramilitary] groups, possessed of the largest arsenal of guns and other material," the report says. "It is now firmly set on a political strategy, eschewing terrorism and other forms of crime."

Politicians and government leaders welcomed the report as offering hope for breaking a political logjam and opening the door to a lasting and constructive peace in the beleaguered British province. British officials have imposed a deadline of late next month for talks aimed at ending the political deadlock over Northern Ireland's future.

"The IRA's campaign is over," said British Prime Minister Tony Blair in a statement broadcast Wednesday afternoon. "There is now consensus across all main players in the politics of Northern Ireland that change can only come through persuasion and not through violence of any sort."

Irish Prime Minister Bertie Ahern welcomed "the conclusion that there is convincing evidence of the Provisional IRA's continuing commitment to an exclusively political path."

The commission's reports have focused on the IRA and its offshoots as well as the activities of Protestant paramilitary groups and the two sides' violations of an uneasy peace since the 1998 Good Friday agreement. That accord, brokered with U.S. help, brought largely pro-British Protestant and pro-republican Roman Catholic political parties together after three decades of terrorism and sought to create a Northern Irish home-rule parliament and a power-sharing executive.

There is no guarantee that members of dissident groups, such as the Continuity IRA and the Real IRA, would cease their campaigns of terrorism, the report says. Protestant loyalist groups, such as the Ulster Volunteer Force and the Loyalist Volunteer Force, also were still "involved in violent activities," it says.

However, the report's findings for the most part are positive enough to give momentum to negotiations planned next week in Scotland to revive the Northern Ireland Assembly, which was suspended in 2002.

"It's very, very clear that the republicans have kept to all their commitments," said Gerry Adams, leader of Sinn Fein, the IRA's political ally. "A deal could be done tonight."

Protestant leaders were less sanguine about the prospects of quickly restoring the parliament. The Rev. Ian Paisley, head of the Democratic Unionist Party and chief opponent of Sinn Fein's participation in a Northern Irish government, demanded further proof of the IRA's commitment to demilitarize and end the criminal activity believed to have funded its rebellion.

He called for Sinn Fein and the IRA "to now support the police, the courts and the rule of law."

The monitors' report alludes to still-unsolved crimes such as the April slaying of Denis Donaldson, a former Sinn Fein official who had spied for Britain. Paisley said there were "real and serious doubts about the murder of Denis Donaldson, and this report has not ruled out the possibility that the Provisional IRA were behind the killing."

Other observers said Wednesday that although the report raised hopes that political progress could be made in Northern Ireland, that did not mean the parliament would be revived as soon as next month.

Paul Bew, a historian at Queen's University in Belfast and a longtime watcher of the peace process, said the report showed real progress.

"One very important point is that there is no more recruitment," he said. "It shows that this is an army in decay."

"It really looks as if the command-and-control structure which remains will be used to impose a political direction," Bew said.

The crucial point of any agreement would be the acceptance by republicans of the province's police force. The present-day Police Service of Northern Ireland replaced the predominantly Protestant Royal Ulster Constabulary, or RUC, after the 1998 pact.

Catholics historically were reluctant to join the RUC, and in the days of violence before the 1998 agreement those who did were often targeted for reprisal.

Bew predicted that "policing will be the new issue." Eventually the republican side will soften toward the new force, he said, but maybe not in time for the Nov. 24 deadline imposed by Peter Hain, Britain's secretary for Northern Ireland, for the resumption of the legislature.

Hain called the report a "unique opportunity for this generation of politicians to reach that final solution, an opportunity the government hopes the parties will now seize and not miss a fantastic window."

Nations To Form Land-Mine Removal Center (AP)

By Julie Watson

AP, October 4, 2006

MANAGUA, Nicaragua -- Defense ministers from across the Americas agreed Wednesday to create an international land-mine removal center and many called for joint military missions for disaster relief and peacekeeping worldwide.

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After a decade of relative stability across the region, Latin American officials wrapping up a three-day Western Hemisphere's Defense Ministers Conference said their militaries should do more than simply protect their borders.

Throughout the 1980s, civil wars raged in Central America. Now defense ministers want to show that their militaries have been transformed into model forces.

"We believe that we can support, as a region, the strengthening of world peace, democracy and respect for human rights, as our fundamental mission," Guatemalan Defense Minister Gen. Francisco Bermudez said.

Guatemala already has 218 soldiers in Congo, Haiti, Burundi and other countries on humanitarian missions.

U.S. Defense Secretary Donald Rumsfeld joined ministers from more than 30 Latin American and Caribbean nations in approving Nicaragua's proposal to open an international center in Managua for removing land mines around the globe, Nicaraguan Defense Minister Avil Ramirez said.

"In this way we can give back to the countries who helped us when we needed it most," Ramirez said.

Central American soldiers have removed thousands of anti-personnel and anti-tank mines since their civil wars ended in the 1990s.

The ministers also expressed support for the region's armed forces assuming a larger role in peacekeeping missions with the United Nations and for disaster relief worldwide.

Ramirez said Nicaragua signed bilateral agreements with Peru, Uruguay and Canada for joint humanitarian missions.

The ministers also promised to cooperate on fighting international terrorism and drug and migrant trafficking.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, October 06, 2006 8:14 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, October 06, 2006
Attachments:	agnb061006.pdf; agnb061006.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 6, 2006 7:45 AM EDT

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Holiday Publishing Notice. In observance of the federal Columbus Day holiday, the Attorney General's News Briefing will not be published on Monday, October 9. News from the holiday will be included in your Tuesday, October 10 briefing.

US Objects To Release Of Cuban Militant. The AP (10/6, Caldwell) reports, "Anti-Castro Cuban militant Luis Posada Carriles, who was arrested in Miami, will remain in an El Paso detention center for now, despite a federal magistrate's ruling that he be set free pending his deportation, a spokeswoman for U.S. Immigration and Customs said Thursday." The AP continues, "Spokeswoman Leticia Zamarripa said the ICE decision to continue holding Posada was based on several factors, including Posada's potential flight risk, 'danger to the community and also Posada's failure to show, to demonstrate that there is no significant likelihood of removal for the foreseeable future.' … ICE officials informed Posada, a former CIA operative and U.S. soldier, of the interim decision Thursday morning, Zamarripa said." The AP adds, "Zamarripa said Posada, 78, was also told that the U.S. Department of Homeland Security 'is considering, in consultation with the Department of State, whether his detention should be continued based on the ground that his release may have serious adverse foreign policy consequences for the United States.' … Thursday's decision comes less than a month after U.S. Magistrate Judge Norbert Garney ruled that Posada should be set free while the federal government continues to look for a country to deport him to." The AP notes, "Posada, who has been jailed on an immigration violation since his May 2005 arrest, was ordered deported last year. But a federal immigration judge ruled last year that Posada, wanted in Venezuela and Cuba for the plotting of the Oct. 6, 1976, bombing of a Cuban jetliner, could not be sent to either country because of the fear that he could be tortured. … Justice Department lawyers also filed a 22-page objection to Garney's recommendation Thursday, saying that the magistrate 'erred in both his factual and legal findings, as well as by accepting Posada's grossly insufficient assertion that there was no significant likelihood that he could be removed from the United States within the reasonable foreseeable future.' … Ethan B. Kanter, the Justice Department lawyer in the case, also wrote that Posada had failed to exhaust a series of high-level foreign government contacts in several countries to help find a country that would accept him. … Kanter argued that Posada is a flight risk who

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is a danger to the community and national security. … 'Luis Posada Carriles is an admitted mastermind of terrorist plots and attacks,' Justice Department spokeswoman Tasia Scolinos said Thursday in a statement. 'The Department of Justice believes that Posada is a flight risk and that his release would be a danger to the community. The Department of Justice is committed to defending the Department of Homeland Security's decision to detain him under the Immigration and Nationality Act.'" AFP (10/6) also reports this story.

British Judge Approves Extradition Of Alleged al-Qaida Supporter To US. The AP (10/6, Fretland) reports, "A British judge on Thursday approved the extradition of an American accused of supplying al-Qaida operatives with money and military equipment." The AP continues, "Syed Hashmi, 26, who lived in the New York borough of Queens before moving to Britain in 2003, will face trial in the United States if the Home Office gives final approval for the extradition. … It was not immediately clear if Hashmi would appeal the judge's ruling." The AP adds, 'Hashmi was indicted in a New York federal court in May for allegedly providing military equipment to people who took it to members of Osama bin Laden's terrorist organization in 2004. … The military gear was 'to be used by al-Qaida to fight against United States forces in Afghanistan,' the indictment said, without elaborating on what the equipment was. … Hashmi has lived in Britain since 2003 although his student visa has expired. He was arrested in June as he boarded a plane bound for Pakistan at London's Heathrow Airport. … Washington announced Monday that the U.S. Senate unanimously approved a revised extradition treaty with Britain that critics say greatly reduces the level of evidence U.S. authorities must show to request the extradition of a British citizen."

Federal Judge Refuses To Dismiss Terror Financing Suit Against Credit Lyonnais. The AP (10/6, Hays) reports, "For the second time in a week, a U.S. judge has refused to throw out a lawsuit accusing a European bank of knowingly providing financial services to charities allegedly controlled by a terrorist organization." The AP continues, "The ruling on Thursday by U.S. District Judge Charles P. Sifton in Brooklyn denied a defense motion by a French bank, Credit Lyonnais, to dismiss the suit brought by families of Americans who were victims of terrorist bombings and shootings in Israel between 2001 and 2003. Nine of the victims were killed in the attacks, which included suicide bombings linked to Hamas. … Last week, Sifton denied a motion to dismiss a similar suit against a British bank, National Westminster Bank." The AP adds, "The French bank 'should be put on notice by this decision, which again affirms the civil remedies available to American victims of terrorism,' said Gary M. Osen, a lead attorney for the plaintiffs. … The suit - which was filed in February under the Anti-Terrorism Act and seeks unspecified damages - accuses Credit Lyonnais of improperly doing business with a French-based charity that has been designated a terrorist organization by the Israeli and U.S. governments. The plaintiffs allege the bank knew the charity was funneling millions of dollars to Hamas to finance terrorism. … In court papers, the bank claimed it suspected the charity, CBSP, might be involved in money laundering, but not terrorism. It cited investigations in France that cleared the group of any wrongdoing."

Two Lawsuits Challenge Terror Detainee Legislation. The Christian Science Monitor (10/6, Richey, 58K) reports that though President Bush "has yet to sign into law Congress's new terror-detainee legislation," two lawsuits filed by the Center for Constitutional Rights ask federal judges "to strike down key parts of the measure as unconstitutional. ... At issue: Whether the new antiterror legislation retroactively strips the courts of jurisdiction to hear detainee cases, and if so, would that amount to an unconstitutional suspension of the writ of habeas corpus."

Bolton Objects To Media Report About UN Sanctions On Terrorists. John R. Bolton, US Ambassador to the United Nations, writes in a letter to the editor of the Wall Street Journal (10/6, 2.03M), "David Crawford's Oct. 2 Politics & Economics article 'The Black Hole of a UN Blacklist' is short on fact and long on opinion; it should have appeared as an editorial. The UN Security Council has rightly imposed sanctions on hundreds of al Qaeda members and the Taliban. These sanctions have made it harder for terrorists to acquire weapons, move freely around the world, and finance their plots. Member states have frozen $150 million in terrorist assets, which Mr. Crawford fails to acknowledge." Crawford "is wrong when he claims that individuals under UN sanctions cannot appeal the decision. In the United States, those designated have the right to challenge the decision through administrative channels or

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by turning directly to the court system, and many have done so. However, every challenged designation has been upheld by U.S. courts, including at the appellate level. The U.N. has also lifted sanctions, in cases where the individual severed his ties to al Qaeda." Crawford is "also wrong in stating that the Security Council does not debate designations."

WPost Blasts Government's Failure To Read Imprisoned Terrorists' Mail. The Washington Post (10/6, A22, 748K) editorializes, "The Bush administration has pushed aggressively for expanded surveillance powers, military commissions and rough interrogation techniques. When it comes to fighting the war on terrorism, just about anything goes. Except, that is, those routine steps with no civil liberties implications at all that might significantly interrupt terrorism -- such as, say, reading the mail of convicted terrorists housed in American prisons. … This should be the easy part of fighting terrorism. It is simply a question of devoting adequate resources to making happen something that everyone agrees needs to happen."

HOMELAND RESPONSE:

Bush Says He Can Edit DHS Privacy Reports. The AP (10/5, Miller) reported, "President Bush, again defying Congress," said in a signing statement attached to the Department of Homeland Security's spending bill that he has the power to edit the agency's "reports about whether it obeys privacy rules while handling background checks, ID cards and watchlists." The appropriations bill said "no one but the privacy officer could alter, delay or prohibit the mandatory annual report on Homeland Security department activities that affect privacy, including complaints. But Bush, in a signing statement attached to the agency's 2007 spending bill, said he will interpret that section 'in a manner consistent with the President's constitutional authority to supervise the unitary executive branch.'" Privacy advocate Marc Rotenberg said it was an attempt by Bush "to subvert lawmakers' ability to accurately monitor activities of the executive branch of government." He said DHS "has the most significant impact on citizens' privacy of any agency in the federal government."

The Boston Globe (10/6, Savage) reports, "President Bush this week asserted that he has the executive authority to disobey a new law in which Congress has set minimum qualifications for future heads of the Federal Emergency Management Agency." The Globe continues, "Congress passed the law last week as a response to FEMA's poor handling of Hurricane Katrina. The agency's slow response to flood victims exposed the fact that Michael Brown, Bush's choice to lead the agency, had been a politically connected hire with no prior experience in emergency management. … To shield FEMA from cronyism, Congress established new job qualifications for the agency's director in last week's homeland security bill. The law says the president must nominate a candidate who has 'a demonstrated ability in and knowledge of emergency management' and 'not less than five years of executive leadership.' … Bush signed the homeland-security bill on Wednesday morning. Then, hours later, he issued a signing statement saying he could ignore the new restrictions. Bush maintains that under his interpretation of the Constitution, the FEMA provision interfered with his power to make personnel decisions. … The law, Bush wrote, 'purports to limit the qualifications of the pool of persons from whom the president may select the appointee in a manner that rules out a large portion of those persons best qualified by experience and knowledge to fill the office.' … The homeland-security bill contained measures covering a range of topics, including terrorism, disaster preparedness, and illegal immigration. One provision calls for authorizing the construction of a 700-mile fence along the Mexican border."

Ashcroft Says 9/11 Panel "Seemed Obsessed" With Blaming Bush For 9/11. The Washington Times (10/6, Waterman, 88K) reports, "Former Attorney General John Ashcroft this week became the only Cabinet-level Bush official to criticize the September 11 commission, writing in a memoir that it 'seemed obsessed with trying to lay the blame for the terrorist attacks at the feet of the Bush administration, while virtually absolving the previous administration of responsibility.'" In the book, Ashcroft also "writes that the hearings of the National Commission on Terrorist Attacks Upon the United States 'were not so much about discovering the truth as they were about assessing blame and grandstanding.' He added that the hearings 'degenerated into show trials.'" Slade Gorton, "a former Republican senator from Washington state who was a member of the commission, said yesterday that he found the charges 'extraordinary,' recalling that President Bush had personally repudiated Mr. Ashcroft's tactics in his sparring with the commission."

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FBI Has Learned Much About Anthrax Used In Attack, But No Leads On Suspect. NBC Nightly News(10/5, story 6, 2:45, Williams, 9.87M) reported in its "In Depth" segment, "One of the often forgotten anniversaries in the war on terror -- it was five years ago today that a photographer in Florida became the first person to die in what was to become a wave of anthrax attacks throughout the US mail. Five people were killed and 17 others were made sick." NBC (P. Williams) added, "Five years later not a single arrest. Some, who have worked the case, complained the trail has gone cold. It's one of the largest FBI investigations ever, with more than 9,000 interviews, 6,000 subpoenas and 67 separate searches. The FBI insists this case remains active. The spores recovered have yielded a surprising amount of information," but "one possible clue evaporated. The FBI concluded the spores were not coated with any chemical to make them hang longer in the air. … As for Steven Hatfill, once called a person of interest in the case, his lawyers are now gathering evidence for his case against the government for leaking his name. Tonight, officials say no arrests are near in a case where even cutting-edge science has yet to produce a breakthrough."

DHS IG Report Questions TSA Disaster Planning. USA Today (10/6, Frank, 2.27M) reports on its front page that the TSA "may not be able to secure the nation's airports, transit systems and other vital operations during a terrorist attack," according to a report released yesterday by DHS's inspector general. "The report criticizes the TSA for having inadequate plans to keep itself running in a terrorist attack, disaster or other emergency. Such planning 'has not been a priority for TSA nor have adequate resources been available,' Inspector General Richard Skinner wrote. The TSA disputed the predictions, saying it could continue to operate during an emergency."

FEMA Responsibility Disputed. The Washington Times (10/6, Hudson, 88K) reports that FEMA is responsible for overseeing TSA's continuity-of-operations plan, "but 'has provided only limited oversight,' because it 'does not currently 'have the authority to serve as a regulatory agent responsible for ensuring' that agencies have a viable" plan, according to the report. "In his response to the audit, FEMA Director R. David Paulison disputed whether his agency is responsible for oversight, rather than assistance. The order says FEMA 'shall coordinate and support' national emergency preparedness and does not specify the COOP program, Mr. Paulison said."

Agreement Reached On US-EU Passenger Data Sharing. The AP (10/6, Wielaard) reports EU diplomats speaking on condition of anonymity said Friday that a deal had been reached "on the sharing of trans-Atlantic air passenger data" between the EU and the US. … Negotiations collapsed last week when EU negotiators - seeking a simple replacement accord - could not agree to Homeland Security Secretary Michael Chertoff's request for a more routine sharing of passenger data among US law enforcement agencies. Reaching a new deal had been an EU priority to ensure airlines can continue to legally submit 34 pieces of data about passengers flying from Europe to US destinations."

The Christian Science Monitor (10/6, Sachs, 58K) had reported earlier that an agreement "could be reached Friday," resolving "a murky situation for European airlines, which risked being in violation of EU laws if they provided passenger data to the United States, and risked being barred from US airports if they refused. 'We have an initial agreement, and we will be negotiating with them today,' Friso Roscam Abbing, a spokesman for the European Commission, said on Thursday." Under the draft agreement, airlines would provide the US government with "up to 34 different types of passenger information, most of it collected when a reservation is made and the rest gathered just before takeoff."

WAR NEWS:

Rice Makes Unannounced Visit To Iraq. Iraq coverage last night and this morning is dominated by Secretary of State Condoleezza Rice's unannounced visit. CBS and NBC reported the visit in brief items. CBS Evening News (10/5, story 5, 0:25, Couric, 7.66M) said Rice "stepped up the pressure today on Iraq's new government with some in-person diplomacy. ... On a surprise visit to Baghdad, Rice told the Iraqis to stop debating and work out differences between factions to stop the violence." NBC Nightly News (10/5, story 4, Williams, 9.87M) reported Rice "saw for herself today just how bad the situation has become there," and "warned the Iraqi government that it needs to make faster progress to stop the violence." Both CBS and NBC reported Rice's landing was delayed due to mortar fire near the Baghdad airport.

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ABC World News (10/5, story 5, 2:40, Gibson, 8.78M) used the Rice story as a lead-in to an update on Baghdad violence, saying it "is perhaps telling her landing in Baghdad was delayed due to hostile fire near the airport and the security system seems to be deteriorating by the day." ABC (McCarthy) added, "In the past two months, US forces have raided almost 100,000 buildings in Baghdad, seeking insurgents and death squad members. And yet the violence is only increasing. Last week, Baghdad had more car bombs and roadside bombs than at any time this year. In the last five days, 14 US troops have been killed in the capital. The reason, say US commanders is that the US is being more aggressive and Iraqi security forces aren't doing their part."

CNN's The Situation Room (10/5, Verjee) also briefly reported on the trip and Rice's delay in landing, while Fox News' Special Report (10/5, Angle) said Rice "met with Prime Minister Maliki who has an effort to unite Sunnis and Shiites to stop violence. But the Shiites and Sunnis are dragging their feet, and so Rice is firmly telling them that these are urgent matters that must be addressed now."

In a fairly negative report, the New York Times (10/6, Shenon, 1.21M) says Rice, "wearing a helmet and a flak jacket and flanked by machine-gun-toting bodyguards to defend against insurgents," came to Baghdad "insisting that there were new signs of progress in Iraq and that the Bush administration had never sugarcoated its news about the American occupation." Rice said, "What the American people see on their television screens is the struggle. It is harder to show the political process that is going on at local levels, at provincial levels and indeed at the national level." But "signs of progress were not much in evidence in the first hours of her visit," which "began inauspiciously" with the delay in landing.

A more straightforward report appears in the Washington Post (10/6, A18, Wright, 748K), which says Rice "urged the embattled Iraqi government on Thursday to accelerate efforts to foster national reconciliation and help end sectarian violence." Rice told reporters, "The security situation is not one that can be tolerated and is not one that is helped by political inaction." The Washington Times (10/6, Kralev, 88K) also runs a straightforward story saying Rice "warned Iraqi leaders" that they "have limited time to end the factional wrangling that has produced political paralysis while violence in Baghdad rises to new heights." The AP (10/5, Gearan) and the Financial Times (10/6, Negus) report on the visit as well.

Former President Bush Discusses Iraq, Woodward Book. ABC World News (10/5, story 7, 3:35, 8.78M) anchor Charles Gibson interviewed former President George H.W. Bush, with much of the conversation dealing with Iraq and Bob Woodward's new book. Gibson said Woodward "quotes Mrs. Bush as having said that you were losing sleep over whether" the 2003 invasion "was the right thing to do and your feeling that perhaps it was not." Bush: "I'm familiar with this. I haven't read the book and I don't think I'm going to read the book. But in that incident it was a conversation that Barbara allegedly had with David Boren, who has sent me a letter that said it didn't take place. It's Kitty Kelley journalism, and he can get away with it. He's a very famous journalist." Gibson: "Didn't lose sleep over going into Iraq?" Bush: "Do I worry about when our country's at war, sure." Regarding his son, Bush said, "He's a man of strength of character, he's a strong person. You look at his hair, might have changed him, he looks a lot grayer than when he came into the presidency, but he's got his mother's DNA, I think. And of course, to some degree, any experience like his would change a person if you had the responsibility for it. But he's not a whiner. He doesn't go around wringing his ands saying 'What do I do now? What about this, what about that?' He knows what he has to do and does it. And doesn't put his finger up in the wind, 'uh-oh, ABC poll is down, I have to do something else.' You can't do that when you're president and he hasn't done it."

Bush Declines To Comment On Rumsfeld. Bush, also appearing on CNN's Larry King Live (10/5, 9:06 p.m.) was asked about "claims" in Woodward's new book that "you did not like Donald Rumsfeld very much." Bush said, "I can't comment on that, no. ... I don't go into this anymore. ... We have got a president that is working these problems. And he has my full confidence."

Bush Denies Claim He Does Not Like Rice. Bush was asked on CNN's Larry King Live (10/5) about the claim in Woodward's book that he does not like Secretary of State Condoleezza Rice. Bush said, "Well, if that's a quote it's a lie. … I can't make it any more clearer than that because I like Condoleezza Rice. She worked for me. I have great respect for Condoleezza Rice. I can't believe Woodward I haven't read the book, that he actually said I said that."

Navy To Christen USS George H.W. Bush. The Washington Times (10/6, Gertz, Scarborough, 88K) "Inside The Ring" column reports the Navy "will christen its new Nimitz-class aircraft carrier, the USS George H.W. Bush," in

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Newport News, Virginia, on Saturday. President Bush "will speak at the ceremony for the ship named after his father."

Warner Expresses Pessimism After Return From Iraq. Under the headline "Warner Downbeat After Iraq Trip," the Washington Post (10/6, A3, White, 748K) reports Senate Armed Services Chairman John Warner "offered a stark assessment of the situation in Iraq after a trip there this week," saying parts of Iraq "have taken 'steps backwards'" and that the US "is at risk of losing the campaign to control an increasingly violent Baghdad. ... Echoing the sentiments of several leading Democrats on his committee, Warner said he believes the United States may have to reevaluate its approach in Iraq if the situation does not improve dramatically over the next several months." The New York Times (10/6, Cloud, 1.21M) says Warner, speaking at a Capitol Hill news conference, "did not specify what shift might be necessary in Iraq, but he said that the American military had done what it could to stabilize Iraq and that no policy options should be taken 'off the table.'"

Letter Suggests Al Qaeda Sees US Iraq Presence As Boon. The Christian Science Monitor (10/6, Murphy, 58K) reports that a "letter that has been translated and released by the US military indicates" al Qaeda "sees the continued American presence in Iraq as a boon for the terror network, which has recently shown signs of expanding into the Palestinian territories and North Africa. 'The most important thing is that the jihad continues with steadfastness...indeed, prolonging the war is in our interest,' says the writer, who goes by the name Atiyah." The letter was recovered from the site of the June bombing that killed Abu Musab al-Zarqawi, and was released last week. The Monitor says if the "letter is accurate, it provides a window into the group's strategic thinking on Iraq that differs starkly from the one the Bush administration has been expressing publicly -- a view the president reiterated Wednesday when he said that Al Qaeda believes that 'America is weak, and if they can kill enough innocent people we'll retreat.'"

Krauthammer Says Question Posed By NIE Impossible To Answer. In his Washington Post (10/6, A23, 748K) column, Charles Krauthammer writes that the "question posed" in the recently leaked NIE – "does the Iraq war increase or decrease the world supply of jihadists? -- is itself an exercise in counting angels on the head of a pin. Any answer would require a complex calculation involving dozens of unmeasurable factors, as well as construction of a complete alternate history of the world had the U.S. invasion of 2003 not happened. ... Does the war in Iraq make us more or less safe today? And what about tomorrow? The fact is that no definitive answer is possible. Except for the following truism: During all wars we are by definition less safe -- and the surest way back to safety is victory."

Kurdish Member Of Iraqi Parliament Assassinated In Baghdad. The New York Times (10/6, Luo, Al-Ansary, 1.21M) reports Mohammad Redha Mohammad, a Kurdish member of the National Assembly, became the "first Parliament member in the current government to be assassinated" after being slain along with his driver in Baghdad. Mohammad "was an Islamist Sunni" and his "background raises the possibility that his killing was yet another example" of the sectarian violence sweeping Iraq.

Insurgent Attack Videos Appearing On Popular US Internet Sites. The New York Times (10/6, Wyatt, 1.21M) reports videos showing insurgent attacks against US troops in Iraq, "long available in Baghdad shops and on Jihadist Web sites, have steadily migrated in recent months to popular Internet video-sharing sites" like Google Video and YouTube. Many of the videos "have been posted not by insurgents or their official supporters but apparently by Internet users in the United States and other countries, who have passed along videos found elsewhere."

Clark Says Hanging Saddam Would Lead To "Bloodbath" And "Chaos." The AP (10/5, Mann) reports ex-Attorney General Ramsey Clark, who is a member of Saddam Hussein's defense team, predicted a "bloodbath would follow should an Iraqi court trying the former president have him executed. At a news conference, Clark said he feared that should Saddam and the others be hanged, 'catastrophic violence' would follow that would lead to 'the end of civilization as we know it in the birthplace of civilization, Mesopotamia. Total, unmitigated chaos.'" He said Sunnis "would be enraged over what they would consider the revenge killing of the former president by the Shiite-controlled and U.S.-sponsored government."

Sailor To Plead Guilty To Reduced Charges, Testify In Hamandiya Murder Case. The Los Angeles Times (10/6, Perry, 918K) reports Navy Petty Officer 3rd Class Melson Bacos will plead guilty to reduced charges

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in the April 26 killing of Hashim Ibrahim Awad in Hamandiya and "provide testimony that can be used against seven Marines charged in the case." His lawyer said murder and conspiracy counts against Bacos will be dropped.

NATO Expands Afghanistan Command As Japan Extends Mission. The AP (10/5, Krane) reports NATO took command of 12,000 US troops as it "extended its security mission Thursday to all of Afghanistan nearly five years after the West began its war to defeat the Taliban. ... The handover diminishes the Pentagon's role in Afghanistan and gives the Europe-based military alliance its biggest test yet." The Los Angeles Times (10/6, Watson, 918K) adds that "8,000 U.S. troops will remain under direct American command to serve as a counter-terrorism force and to support reconstruction projects, as well as to help train and equip the Afghan army and police." Meanwhile, the AP (10/5) reports Japan's Cabinet "approved a one-year extension of the law that allows the country's support of coalition forces in Afghanistan."

Afghan Economy Minister Says People Need Alternative To Opium Production. The Washington Times (10/6, Motlagh, 88K) reports Afghan Minister of Economy Mohammad Jalil Shams said in an interview that his country "must provide an economic alternative to producing opium and win the hearts and minds of the rural poor." Shams said, "There is no real alternative livelihood for the people who are cultivating poppy at the moment in Afghanistan."

Group Sends Care Packages, Children's Letters To Soldiers Abroad. NBC Nightly News (10/5, story 10, 2:10, Williams, 9.87M) continued it series on the "Home Front" with a profile of a Mississippi group that makes care packages for soldiers abroad that include letters from schoolchildren. NBC (Teague) added, "This is a patriotic town, the type of place where you expect strong support for the military, but many of the sentiments expressed are universal. They are written by kids from all across the country."

CORPORATE SCANDALS:

Dunn Testimony To Congress Could Hurt Her At Trial. The Wall Street Journal (10/6, Waldman) reports that former Hewlett-Packard Co. chairman Patricia Dunn was booked in California yesterday on four felony counts of fraud and conspiracy related to the H-P spying scandal. The Journal adds, "It was Ms. Dunn's testimony in Washington at last week's hearing by a U.S. House subcommittee that has lawyers befuddled. In 33 pages of written testimony and a half-day of questioning by congressmen, Ms. Dunn flouted the golden rules of criminal defense: Never say anything under oath you may regret -- and never say anything at all until you've seen all the evidence. Now Ms. Dunn, who lawyers said could be the highest-ranking executive ever prosecuted for privacy violations -- and one of the few independent directors of a major company ever prosecuted at all for corporate misdeeds -- must live in a legal box she built before prosecutors had even charged her with a crime."

The Washington Post (10/6, D1, Noguchi) reports that Dunn "surrendered to authorities yesterday and, after a three-minute court hearing in which she agreed to return Nov. 17 for her arraignment, was released on her own recognizance. Today she will begin chemotherapy for her fourth bout with cancer. She has survived not just ovarian cancer, but also melanoma and breast cancer. … On Tuesday, the day before her indictment, Dunn was told her Stage 4 ovarian cancer had come back. Still, she's maintaining a tough front."

Bloomberg (10/6, Rosenblatt, Gullo) reports, "The felony charges filed by Lockyer -- conspiracy, wire fraud, identity theft and illegal use of computer data -- each carry a maximum sentence of 3 years in prison and a $10,000 or $25,000 fine. … The prosecution came on the same day that Dunn, who stepped down from the world's second-largest personal computer maker last month, announced she had advanced ovarian cancer and was to undergo chemotherapy this week. Her lawyer said yesterday that she would fight the charges 'with everything she has.'"

Dunn Says Every Company has Intrusive Investigations. CBS Evening News (10/5, story 4, 2:20, Mason) reported, "Patricia Dunn surrendered in San Jose today. The former chairman of the board of Hewlett-Packard is accused of leading a corporate spying campaign at one of the country's biggest computer companies." Bill Lockyer, California Attorney General: "One of our states most venerable corporate institution, lost its way as its board sought to find out who leaked confidential company information to the press." Mason: "Dunn, who was subpoenaed to testify before Congress last week, is accused, along with four others, of lying to obtain personal phone records and other

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data about company directors, employees, and journalists." Patricia Dunn: "If you think that Hewlett-Packard is the only company that has an investigations force, you're being naive. Every company has investigations. Investigations by their nature are intrusive."

H-P, Apple Counsels Hire California Defense Attorney. The Wall Street Journal (10/6, Koppel) reports that criminal defense attorney Cristina Arguedas "has landed in the middle of two tempests, as the go-to lawyer for lawyers. Ann Baskins, Hewlett-Packard Co.'s former general counsel, hired Ms. Arguedas to defend her in a criminal probe into H-P's leak investigation. Ms. Arguedas is also representing Nancy Heinen, the former general counsel of Apple Computer Inc., who left the company not long before it announced 'irregularities' in options grants from 1997 to 2001." Arguedas "is one of several lawyers who have been tapped in the last several weeks to represent people involved in the H-P matter. … Other attorneys include Viet Dinh, a Georgetown University law professor who is representing former board member Tom Perkins; James Brosnahan of Morrison & Foerster LLP, counsel to chairman Patricia Dunn; and Reginald Brown of Washington firm Wilmer Cutler Pickering Hale and Dorr LLP, who is advising board member George Keyworth."

Former Chief Executive Outlines Conflicts On H-P's Board. The Wall Street Journal (10/6, Clark) reports on the book "Tough Choices," by former H-P chief executive Carly Fiorina. The book "traces her ouster at Hewlett-Packard Co. to veteran technologists on its board, including two of the same names associated with the recent fall of former H-P Chairman Patricia Dunn following the company's leak-investigation scandal." It also "describes her concerns about leaks from within the company during her tenure, starting with H-P's purchase of Compaq Computer Corp., completed in 2002. Ms. Fiorina played no direct role in the most recent leak investigations at H-P in 2005 and 2006, in which private phone records of directors, reporters and employees were obtained, and doesn't mention the incidents in her book."

MySpace Founder Wants Probe Of Sale To News Corp. Bloomberg (10/6, Daurat) reports, "MySpace.com founder Brad Greenspan demanded a federal probe into the sale of the networking Web site to News Corp., the media company led by Rupert Murdoch, claiming the deal defrauded shareholders of more than $20 billion." Bloomberg continues, "In a report at Freemyspace.com, Greenspan alleges the sale defrauded shareholders of MySpace.com parent Intermix Media Inc. He is seeking an investigation by the U.S. Securities and Exchange Commission, the Justice Department and U.S. Senate. … Greenspan sued MySpace.com in February, saying the $580 million paid by New York-based News Corp.'s Fox unit last year didn't reflect the growth prospects. Registered users at the social networking Web site have more than doubled this year. Greenspan said in his report MySpace would be worth billions of dollars had it stayed independent and sold shares to the public."

The Los Angeles Times (10/6, Chmielewski) reports, "For a guy who walked away from MySpace with $47 million, Brad Greenspan might not seem to have much to be angry about. … But the founder of the Los Angeles company that created the popular social networking site on Thursday railed against his former company and demanded a federal investigation of News Corp.'s 2005 acquisition of MySpace, calling it 'one of the largest merger and acquisition scandals in U.S. history.'" The Times continues, "Greenspan, who was ousted from Intermix Media in 2003, alleged that News Corp. 'bilked' shareholders out of tens of billions of dollars and said the Securities and Exchange Commission, the U.S. Justice Department and U.S. Senate should investigate the $580 million deal. … The 33-year-old entrepreneur leveled allegations of insider trading and options manipulation on the Web site FreeMySpace.com, in which he quotes e-mail exchanges that purport to show how Intermix engineered a quick sale to News Corp. … 'It wasn't about what's the best deal,' Greenspan said. 'It was about getting the deal done at any cost and jamming it home. That's just not a fair way to play.' … Greenspan's complaints amplify the claims he made in a February lawsuit filed against Intermix and VantagePoint Venture Partners in Los Angeles Superior Court. The complaint claims that News Corp. acquired Intermix as the result of an unfair process and at an unfair price that did not reflect its growth and prospects."

Judge Allows Fastow's Release For Deposition. The Houston Chronicle (10/6, Hays) reports, "Former Enron finance chief Andrew Fastow can be released from prison during daylight hours through Halloween to give a deposition in shareholder liitigation, a judge ruled today. … However, U.S. District Judge Melinda Harmon ruled that Fastow, 44, who has been federal inmate No. 14343-179 for

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more than a week, must be in custody of the U.S. Marshals Service when outside the walls of the federal prison in Houston. … 'We're pleased that the judge issued her ruling today,' University of California spokesman Trey Davis said. The university is the lead plaintiff in a conglomerate of lawsuits slated to go to trial in April next year. … 'We expect that the deposition, which should take place soon, we hope, will provide further information and understanding about the role of the banks as active and knowing participants in the Enron fraud.'" The Chronicle adds, "The university has racked up $7.3 billion in settlements with various banks, including titans Citigroup and J.P. Morgan Chase & Co. But others, including Merrill Lynch & Co. and Credit Suisse First Boston remain as defendants. … On Sept. 26 U.S. District Judge Kenneth Hoyt sentenced Fastow to six years in prison for his role in cooking Enron's books while enriching himself with millions of dollars on the side. Fastow had originally agreed to serve 10 years when he pleaded guilty in January 2004 to two counts of conspiracy, but Hoyt deemed him deserving of mercy. … Hoyt also ordered Fastow to go immediately to prison, denying requests from plaintiffs' attorneys, Fastow's attorneys and prosecutors to let the ex-CFO remain free until late October so he could give the deposition. About 80 lawyers are expected to participate."

Judge Wants To Examine Conrad Black's Secret Agreement With Hollinger. The AP (10/6, Robinson) reports, "A federal judge told attorneys for former newspaper baron Conrad M. Black on Thursday to try to get her a copy of a secret financial agreement he made with the Canadian holding company he once ran." The AP continues, "U.S. District Judge Amy J. St. Eve said she wants to review the agreement worked out between Black's attorneys and those of Toronto-based Hollinger Inc. that limits his access to millions of dollars in assets. … The secret agreement has become a battleground in skirmishing between the beleaguered former press lord and prosecutors who say he is trying to maneuver his way out of a promise to secure his $20 million bond." The AP adds, "The bond is secured partly with a $35 million Palm Beach, Florida, house that has a $10 million mortgage. Black initially had said he would secure the bond by paying off the mortgage but has not and is in default. … If the mortgage company were to foreclose and take possession of the house, the value of the assets securing the bond would be sharply reduced." The AP notes, "Black is charged with plundering millions of dollars belonging to shareholders of Hollinger International Inc., which he controlled through the Hollinger Inc. holding company. He also is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. … Prosecutors told St. Eve on Thursday that Black appears to be claiming he cannot pay the mortgage because the secret agreement has frozen the funds."

SEC Will Not Recommend Enforcement Action Against Pequot. The New York Times (10/6, Morgenson, Bogdanich) reports that the SEC has notified Pequot Capital Management "that it will not recommend an enforcement action against the firm or its employees relating to an insider trading investigation, according to a letter sent yesterday by the fund to its clients." The $7 billion hedge fund "came under regulatory scrutiny in late 2004, when Gary J. Aguirre, a staff lawyer at the S.E.C., began investigating a number of profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission."

The Washington Post (10/6, D2, Johnson) reports, "Arthur J. Samberg, founder and chairman of Pequot, said in his letter addressed 'to clients and friends' that regulators had not formally closed the two-year-old investigation but that all signs pointed to its quick end. Jonathan Gasthalter, a spokesman for the fund, declined to comment further, as did SEC spokesman John Nester."

Former Official Says SEC Should Pay Bounties For Tips On Financial Fraud Cases. Richard Sauer, a former administrator in the Securities and Exchange Commission's enforcement division, writes in the New York Times (10/6) that Congress "should provide the S.E.C. with discretion to pay bounties, similar to those available in insider trading cases, for tips resulting in successful financial fraud cases. This would give some degree of recognition to those contrarians who help keep the market honest by flagging problems concealed by companies — and missed by institutional analysts."

CRIMINAL LAW:

CREW Disputes FBI's Claim ON Foley E-Mails. The Washington Post (10/6, A4, Eggen) reports, "The watchdog group that first provided the FBI with

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suspicious e-mails from then-Rep. Mark Foley (R-Fla.) said yesterday that FBI and Justice Department officials are attempting to cover up their inaction in the case by making false claims about the group." The Post continues, "Law enforcement officials said the allegations by Citizens for Responsibility and Ethics in Washington (CREW) are without merit, and they stood by allegations that the group had refused to provide some information to the FBI. … The dispute is the latest controversy this week for CREW, a liberal-leaning group that has come under attack from House Speaker J. Dennis Hastert (R-Ill.) and other Republicans because it has received money from a foundation funded by liberal financier George Soros." The Post adds, "CREW held a news conference Monday to announce that in July it had provided the FBI suspicious e-mails between Foley and a former House page. The group criticized the bureau for not taking more aggressive action and asked Justice Department Inspector General Glenn A. Fine to investigate the FBI's handling of the case. … Law enforcement officials said then that the e-mails did not provide enough evidence of a possible crime to warrant a full investigation. In the e-mails, Foley praises the physical attributes of one page and asks another teenager for his picture. … In subsequent days, unidentified Justice and FBI officials told reporters that the e-mails provided by CREW were heavily redacted and that the group refused to provide unedited versions to the FBI. One law enforcement official -- speaking on the condition of anonymity to discuss an ongoing investigation -- also told The Washington Post the FBI believed that CREW may have received the e-mails as early as April and that the group refused to tell the FBI how they were obtained." The Post notes, "Justice Department spokesman Brian Roehrkasse declined to comment on that issue but defended the FBI's handling of the original e-mails: 'The e-mails, while inappropriate, did not contain a criminal predicate to allow the FBI to move forward in an investigation.'"

Minnesota Public Radio (10/6, Stawicki) reports that Attorney General Alberto Gonzales, talking to reporters in Minneapolis, "deftly fielded questions about whether the FBI has launched an investigation into Foley's, and whether the congressional leadership took part in covering up Foley's behavior. Gonzales would say only that the FBI is in the preliminary stages of the investigation and that House Speaker Dennis Hastert is cooperating. … When questions turned to whether the FBI had knowledge in July of Foley's activity, Gonzales responded this way. … 'There was some information received by the (Justice) Department in the summer and this is all going to be looked at. We're going to be looking at everything that's related to this investigation and to ensure that if there's any criminal activity, any criminal wrongdoing, appropriate steps will be taken by the Department of Justice,' he said."

CNN's The Situation Room (9/5, 4:09 p.m.) reported, "Federal authorities are pressing ahead with their preliminary investigation of Mark Foley. That includes interviews with the former congressional aide Kurt Fordham, who claims he warned republicans about Foley's behavior before five. Government sources say prosecutors so far haven't found enough evidence to launch what is called a full-blown criminal investigation. Attorney general Alberto Gonzales today emphasized that the probe right now is preliminary." Alberto Gonzales said, "Again, I'm not going to get into the discussions about possible crimes. Let us get information. Let us get the facts before we make an announcement about possible crimes."

FNC's Fox Report (9/5, 7:26 p.m.) reported, "Former Congressman Mark Foley right now hold-up in an alcohol rehab facility somewhere, or so we are told. But there could be a whole world of trouble waiting for him if he ever gets out. The feds are conducting a preliminary investigation into Foley's communications with teenage pages, as that list of them seems to continue to grow even as reports surface of new and disturbing messages. We know his actions were inappropriate to say the least. But the big question did Mark Foley break a law? Megyn Kendall with the news, live from D.C. Megyn?" Megyn said, "Legal experts say the answer to that question is maybe. Attorney general Alberto Gonzales says a grand jury inquiry could be the next step. Here among other state and federal crimes, officials are focused on whether he might be guilty of a federal offense that has the following elements: One must use the internet to entice a minor into sexual acts. But whether Foley's conduct was meant to entice is unclear. Legal experts say Foley's lawyer is already preparing to challenge that one, telling reporters Foley was drunk for those conversations, his client didn't mean to entice anything. One former prosecutor says Foley could argue it this way." Former federal prosecutor William Sullivan said, "This was just a misunderstanding, playful, horrible error in judgment, but no one was ever in jeopardy." Megyn said, "Moreover, legal experts say that particular federal charge designed to protect children from online predators is typically only brought when the internet chat

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leads to something more, which Foley's lawyer says didn't happen." Foley's attorney, David Roth, said, "There never has been any sexual contact with a minor." Megyn added, "Another big question is whether any of these boys were actually minors at the time Foley was talking to them. The federal law puts the age of majority at 18. But some state laws, which could be relevant, say one becomes an adult at 16 or 17, and that could wind up helping Foley." Shep said, "'Playful,' the word of the day."

House Ethics Panel Issues Dozens Of Subpoenas In Foley Investigation. In Washington, the probe of former Rep. Mark Foley's conduct with teenage pages moved ahead on two fronts. CBS Evening News (10/5, story 2, 2:00, Attkisson, 7.66M) reported the House ethics panel "held an emergency session behind closed doors where they approved nearly four dozen subpoenas." The FBI is "doing its own probe. Tyson Vivian has already had a visit. He says Foley sent him sexually charged instant messages, but only after he left the page program." Since Vivian "wasn't a minor, the FBI told him it didn't appear Foley had violated any laws in his case. The FBI also interviewed former Foley aide, Kirk Fordham, today. That's him on the right with his lawyer."

NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) reported the committee "will look into whether anyone impeded the investigation but has no authority to investigate Foley because he is no longer in Congress. The FBI moved ahead with its investigation interviewing Kirk Fordham, a former Foley aide who says he warned Hastert's office several years ago about Foley's inappropriate conduct with pages, a claim Hastert denies.

USA Today (10/6, Kiely, Johnson, 2.27M) reports the ethics committee "no longer has jurisdiction over Foley, a Florida Republican, because he resigned from Congress last week. Instead, the panel will focus on whether members of Congress or its employees mishandled reports that Foley had sent overly friendly e-mails to a page."

ABC World News (10/5, lead story, 2:30, Tapper, 8.78M) showed Rep. Doc Hastings, Chairman of Official Conduct Committee, saying, "We pledge to you that our investigation will go wherever the evidence leads us." The Washington Post (10/6, A1, Babington, 748K) reports Chairman Hastings "said his committee will focus on the 'conduct of House members, officers and staff related to information concerning improper conduct involving members and current and former pages.'"

The New York Times (10/6, Hulse, 1.21M) reports that in a "sign that a Justice Department inquiry is moving ahead, Mr. Fordham and his lawyer, Tim Heaphy, appeared briefly before reporters on Thursday. Mr. Fordham said nothing while Mr. Heaphy said Mr. Fordham had answered questions from the F.B.I." The FBI was "also checking reports that one or more of the pages Mr. Foley had communicated with had, as a joke, pretended to respond in kind to Mr. Foley's suggestive instant messages, said government officials who were briefed on the case."

CNN's The Situation Room (10/5, Blitzer) reported, "Federal authorities, meanwhile, are pressing ahead with their preliminary investigation of Mark Foley. That includes interviews with the former congressional aide Kirk Fordham, who claims he warned top Republicans about Foley's behavior before 2005. Government sources say prosecutors so far haven't found enough evidence to launch what is called a full-blown criminal investigation. The Attorney General Alberto Gonzales today emphasized that the probe right now is preliminary."

The Washington Times (10/6, Hurt, 88K) reports that in Monroe, La., CNN "obtained a statement from the family of the page who got the e-mails from Mr. Foley. The parents appear to support for the most part the Republican leadership's version of when they learned of the Foley matter and how they responded, according to the statement."

Scripps Howard (10/6, Hoffman) reports, "Hastert, whose own actions are certain to form a central part of the ethics probe of Foley's conduct and GOP leaders' responses, promised to cooperate in the investigation. .. He also said he wants to appoint a prominent figure to lead an examination of the congressional page program, which brings high school students from across the country to serve as messengers for lawmakers and learn about Congress first hand. A suggestion that former FBI Director Louis Freeh could be recruited was nixed by House Democrats, according to the Associated Press."

Republicans On Investigating Committee Have Links To Hastert. USA Today (10/6, Jackson, Kelley, 2.27M) reports both Republicans "on the House ethics subcommittee investigating the Mark Foley scandal have financial ties to Speaker Dennis Hastert, whose handling of the former congressman's lurid Internet messages to House pages is under scrutiny." Ethics Chairman Doc Hastings "received $2,500 during the 2000 campaign from Hastert's political action committee, Keep Our Majority, according to

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PoliticalMoneyLine, which tracks money in politics." Rep. Judy Biggert of Illinois "received $6,000 from Hastert's PAC and $2,000 from Hastert's own re-election fund during the 2002 campaign, according to PoliticalMoneyLine."

McClatchy (10/6, Blumenthal) reports, "After a rough start, Hastings seems to have found his footing as the chairman of the Committee on Standards of Official Conduct. But Hastert, R-Ill., picked the Washington state Republican for the post and Hastings has been a longtime supporter of the speaker." Norman Ornstein of the American Enterprise Institute said, "It's an extremely difficult task for him [Hastings]. If he doesn't do it the right way it will destroy him."

Boehner Reports Rumor Of Drunken Foley Visit To Page Dorm To House Clerk. CBS Evening News (10/5, story 2, 2:00, Attkisson, 7.66M) reported, "Proof that as tawdry as any scandal may seem, there's always room for it to get worse. The atmosphere is so charged, House Majority Leader John Boehner apparently feels compelled to pass along even the rumor of bad conduct. In a letter to the House Clerk, Boehner writes there are reports Foley was once caught drunk outside the House page dorm, perhaps trying to get in, that from a fellow Republican. A former Foley staffer calls it nonsense, but just add it to the list of salacious allegations from members of the House ethics committee to sort out."

Former Page Says Foley Contacted Him In 1997. The AP (10/6, Bluestein) reports a "former congressional page said Thursday he received sexually suggestive messages from then-Rep. Mark Foley in 1997." Tyson Vivyan's "account appears to show the earliest exchange of suggestive messages reported so far between Foley and teens who had served in the Capitol page program. Previous accounts placed the earliest contacts in 2003."

Three Former Pages Report "Sexual Approaches" From Foley. ABCNews.com (10/6, Ross, Schwartz, Sauer) reports, "Three more former congressional pages have come forward to reveal what they call 'sexual approaches' over the Internet from former Congressman Mark Foley." The pages served in the classes of 1998, 2000 and 2002. They independently approached ABC News after the Foley resignation through the Brian Ross & the Investigative Team's tip line on ABCNews.com. None wanted their names used because of the sensitive nature of the communications." The second page "who talked with ABC News, a graduate of the 2000 page class, says Foley actually visited the old page dorm and offered rides to events in his BMW."

Page Working For Istook Campaign Linked To Foley Instant Messages. USA Today (10/6, Kiely, Johnson, 2.27M) reports, "A former page, now working on the gubernatorial campaign of Republican Rep. Ernest Istook, has retained a lawyer. Lawyer Stephen Jones said he is representing the page in matters related to his work as a page and in reference to Foley."

ABC Mistakenly Posted Screen Name Of Former Page. The AP (10/6) reports ABC News' "fleeting, inadvertent publishing of a computer screen name enabled a blogger to track down and make public the supposed identity of a former congressional page who traded salacious messages with former Rep. Mark Foley."

Victims' Advocates Say Foley Should Identify Clergyman He Says Molested Him. The AP (10/6, Skoloff) reports Foley's "refusal to identify the clergyman he says molested him as a boy is reckless and could put other children at risk, say victims' advocates and a former priest who knows the ex-congressman. If Foley has information about a child molester, especially one who is still living, he should come forward with that immediately, they say."

IM Conversations Can Linger. The AP (10/6, Jesdanun) reports, "Instant-messaging conversations, though quick, aren't always fleeting. … Rep. Mark Foley's salacious chats with teenage pages emerged along with e-mails last week, as the Florida Republican abruptly resigned. ABC News, which broke the story, has said former pages were the source of the revelations about IMs from 2003. … Most likely, the pages who corresponded with Foley either manually saved messages or used IM software with built-in logging capabilities, allowing time-stamped chat sessions to be kept indefinitely on one's computer. The programs vary in whether the features are initially on or off and how well they notify users. … 'Computers are really, really good at saving things, unlike a dumb telephone,' said Richard M. Smith, an Internet security and privacy consultant at Boston Software Forensics. 'If you don't want something to get out, don't put it in any computer form at all.'"

Foley Scandal, Others Highlight Impact Of Internet Media. The Washington Post (10/6, A1, Harris, 748K) reports the "three uproars that buffeted American politics in recent weeks have little in common. Former congressman Mark Foley (R-Fla.) ended his political career over sexually charged e-mails to former House pages. Sen. George Allen (R-Va.) stumbled over his puzzling use of the word 'macaca' and his clumsy response to revelations about his Jewish

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ancestry. Former president Bill Clinton had a televised temper fit when an interviewer challenged his terrorism record." But "all three episodes, however, were in their own ways signs of the unruly new age in American politics. Each featured an arresting personal angle. Each originally percolated in the world of new media -- Web sites and news outlets that did not exist a generation ago -- before charging into the traditional world of newspapers and television networks. In each case, the accusations quickly pivoted into a debate about the motivations and alleged biases of the accusers." In interviews, "figures as diverse as Clinton, Vice President Cheney and White House strategist Karl Rove spoke about their experiences navigating the highly polarized and often downright toxic political and media environment that blossomed in the 1990s and reached full flower in recent years." Cheney said he "often starts his day by listening to radio host Don Imus, whose trash-talking style has given him legions of fans and made his show a frequent stop of politicians. Cheney's wife, Lynne, people close to her say, is an avid consumer of Matt Drudge's online Drudge Report, which often either breaks or promotes stories with a salacious angle and in recent days has bannered every new disclosure in the Foley case." Rove said he "has benefited on occasion from the new-media echo chamber. When he gave a speech last year saying liberals want to give terrorists understanding and therapy, he delighted when Democrats howled in protest. This guaranteed that the story would stay alive for days." Rove said, "I was sort of amused by it because it struck me, well, they're just simply repeating my argument, which was good." The Post adds Clinton – "who regards Rove with a mixture of admiration and disdain as the most effective modern practitioner of polarizing politics -- said in an interview that he has become fixated on the problem of how Democrats can learn to fight more effectively against the kind of attack President Bush's top political aide leveled."

Local Television. Former Congressman Mark Foley's fallout remained the focus on all local television newscasts. The reporting centered around U.S. attorney general Alberto Gonzales' comment that a grand jury investigation could soon follow, as well as the FBI interview of Foley's former aide, Kirk Fordham, and some former pages. Numerous local newscasts noted that many questions remain unanswered by the federal government. Some examples: WCCO-TV Minneapolis, (9/5, 12:06 p.m.) reported, "Gonzales would not go on record about the potential impact of this scandal on speaker Dennis Hastert. He also would not say whether the justice department is investigating other members of Congress, or taking potential evidence from other offices. He did, however, acknowledge that the justice department first learned about the Foley allegations this summer, though he did not comment on why it didn't launch an investigation back then. A lot of questions remain at this point, and the US attorney general saying we have to wait for investigators to do their work before we could get more answers."

WEAR-TV Mobile, (9/5, 05:59 p.m.) reported, "Alberto Gonzales: 'we're in the process now of just gathering up facts. There's a lot of information swirling out there, and so our job as prosecutors, investigators is to get to the facts; and that's what we intend to do."

KHON-TV Honolulu, (9/5, 05:3 p.m.) reported, "Attorney general Alberto Gonzales says a grand jury inquiry could soon follow. … Attorney general Gonzales says, 'We're trying to learn what's happening here, to make an assessment as to whether or not we should begin a full-fledged investigation.'"

KSFY-TV Sioux Falls, (9/5, 05:10 p.m.) reported, "The FBI also continued its criminal investigation, meeting with former pages and one time Foley aide Kirk Fordham. Fordham resigned as Congressman Tom Reynolds' chief of staff Wednesday over the scandal, but says he warned Hastert and his senior staff about Foley's inappropriate behavior with pages 3 years ago. Reynolds says he also alerted Hastert to the Foley situation last spring."

WRAL-TV Raleigh, (9/5, 5:05 p.m.) reported, "FBI investigators talked with Foley's former Chief of Staff Thursday. Kirk Fordham insists he told Hastert's staff about Foley's interactions with pages more than 3 years ago. A statement the speaker's office denies."

KKFX-TV Santa Barbara, (9/5, 09:59 p.m.) reported, "Government sources confirm the FBI has been talking to pages beyond just the initial two that were previously reported. Those pages described electronic conversations in which Foley talked about 'sexual acts.'"

WPVI-TV Philadelphia, (9/5, 05:37 p.m.) reported, "The FBI is investigating a possible physical threat against one of the former pages who received some of Foley's sick email."

NC8-TV Washington, DC, (9/5, 12:04 p.m.) reported, "The unfolding FBI investigation keeps Mark Foley's office under lock and key. The political impact widened. The question: Who knew?"

More Commentary. In his Wall Street Journal (10/6, 2.03M), Daniel Henninger says, "It's hard to believe that the Foley/instant message/congressional-page/GOP meltdown

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story has run for a week. Other than the slaughter in Amish country, is anyone aware of anything else of note in the world that happened the past seven days? Dive deep enough beneath the Foley flotsam and you discover reports that North Korea may be preparing to conduct an underground nuclear test. China and South Korea are at this hour trying to forestall the Hermit Kingdom's nuke test and no doubt could use an expression of support and outrage from the American political establishment. Sorry, they're busy reading Congressman Foley's 1995 email traffic."

In his Washington Post column (10/6, A23), Eugene Robinson says, "The basic story line -- powerful man exploits children -- would be the same if Foley were straight and underage girls had been the subject of his lurid attentions. But would the intensity of the scandal be the same? Would there be all this unseemly finger-pointing and hand-washing among the House leadership? Would Dennis Hastert be fighting to keep his job; would Christian conservatives be so apoplectic; would the whole Republican Party look as if it were on the verge of a nervous breakdown? I doubt it. There would still be a scandal, but I think Foley's now-acknowledged homosexuality was crucial in turning a crisis for the party into a potential catastrophe."

UK-Listed Gaming Companies Had Links To Abramoff. The Financial Times (10/6, Kirchgaessner) reports, "PartyGaming, SportingBet and other online UK-listed gaming companies paid millions of dollars to Washington lobbyists linked to Jack Abramoff, the notorious super-lobbyist, to help them thwart US anti-gambling legislation." Abramoff's "highly public fall from grace and conviction on criminal corruption charges this year – and the downfall of many of his associates – opened the door for the passage last weekend of a law that he and the companies staunchly opposed." The passage by Congress of the Unlawful Gambling Enforcement Act "has drawn accusations of US protectionism and the suggestion that the law was driven through by conservative Republicans." However, "lobbying records analysed by the Financial Times show that the companies were closely connected to Mr Abramoff and his team – the same men whose political ties, for years, played a central part in helping insulate the gambling industry from laws and regulations. The demise of Mr Abramoff and his colleagues substantially weakened the gambling companies' political hand in Washington, paving the way for the bill's passage."

Funeral Services Held For Four OF Five Girls Killed In Amish School Shootings. The New York Times (10/6, Urbina) reports that funerals were held yesterday for four of the five girls killed by a gunman in an Amish schoolhouse in Pennsylvania. The Times reports that the services "were a somber close to a New World horror visited upon an Old World people." The Times adds that the gunman "shot a total of 10 young girls. One was taken off life support on Tuesday and brought home to die, officials said. Two others remained in critical condition and two in serious condition."

CBS Evening News (10/5, story 9, 0:35, Couric) reported, "Ironically, the procession passed by the home of Charles Roberts, the truck driver who killed them and wounded five others. Roads leading to the burial site were closed to allow the Amish to grieve in private."

The Washington Post (10/6, A14, Partlow, McCaffrey) also reports on the funerals, noting, "Few people but reporters and camera crews turned out to witness the somber parades. The morning broke cold, and a brisk wind ruffled the cornstalks and blew leaves off the trees." The Post adds, "A typical Amish funeral is set in the family home or barn and will include long sermons in German, along with German hymns from the 16th and 17th centuries that sound much like Gregorian chants, said Ervin R. Stutzman, vice president of Eastern Mennonite University in Virginia and dean of its seminary. … There is typically a short service at the grave site, and mourners often participate in throwing dirt onto the coffin, he said."

Gunman Asked Girls To Pray For Him Before He Started Shooting. ABC World News (10/5, story 3, 2:15, Gibson) reported, "As the children were being buried we learned more about what went on in the schoolhouse and just how brave were the young girls?" ABC (Muir) added, "We now know [Roberts] asked them to pray for him because one of the surviving schoolgirls, Barbie Fisher, was taken off a ventilator and is now able to talk. She also told her family it was her 13-year-old sister who tried to save the other girls."

NBC Nightly News (10/5, story 5, 2:30, Ellis) reported, "We know more about what happened in the last moments before the shooting. The father of one of the wounded says the oldest girl in the room said, 'Shoot me and leave the others alone.' The gunman shot her and nine other young girls." NBC added, "Tonight four other girls remain hospitalized and another student reportedly has been taken off life support. There is one more funeral tomorrow.

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Members of this Amish community fear that may not be the last."

Colorado School Reopens After Shootings. ABC World News (10/5, story 4, 0:15, Gibson) reported, "At another school hit by violence, classes resumed today, students returned to high school in Bailey, Colorado. Where a gunman last week took six girls hostage then killing one and them himself. Some students said they felt uneasy today but only ten out of 460 were absent."

Bomb Threat Closes Culpepper County Schools. The Washington Post (10/6, B1, Brulliard, Aratani, Jackman) reports that officials closed eight of Culpepper County, Virginia's public schools, three private schools and four day care centers Thursday following a phone threat saying schools would be bombed. The Post reports, "Local and federal officers swept into the rural county, about 70 miles southwest of Washington, to comb each campus for explosives but turned up nothing suspicious." The Post adds, "Although it is not unusual for the region's school systems to receive bomb threats, Culpeper's response was. After a recent rash of small-town shootings that made it clear that any school could be targeted…jittery school officials are acting with heightened vigilance to protect students and reassure parents."

The Washington Times (10/6, Emerling) reports, "The threat was phoned in to the county's Emergency Operations Center at about 11:30 p.m. Wednesday. The caller did not mention a specific school, but did talk about blowing up schools, officials said. 'The individual had a lengthy conversation, and in this conversation he said he was going to blow up schools,' county Sheriff H. Lee Hart said. 'We do not know which schools, or his plans. We don't know a lot about this individual.' Sheriff Hart would not say whether authorities have a suspect but said they are following several leads."

DOJ Names Sex Offender Website After Slain UND Student. The AP (10/6) reports, "A national sex offender database has been named for a slain University of North Dakota student whose mother worked for a new law to protect against child predators." The AP continues, "The Justice Department on Thursday announced the designation of the Dru Sjodin National Sex Offender Public Web Site. The site provides information about sex offenders throughout the country." The AP adds, "Sjodin's mother, Linda Walker, spent the last two years persuading lawmakers to pass the bill that includes the database. That portion of the bill is known as 'Dru's Law.' … The Web site can be found at http://www.nsopr.gov. … Alfonso Rodriguez Jr., a convicted sex offender from Crookston, Minn., was found guilty in federal court of kidnapping resulting in Sjodin's death. A jury sentenced him to death last month."

New Hampshire Law Enforcement Officials Seek Statewide Anti-Gang Strategy. The Manchester (NH) Union Leader (10/6, Beale) reports, "New Hampshire law enforcement officials said yesterday they want a statewide plan to combat gang activity before it becomes a serious problem in the state. … 'There's a little here and we're trying to address it before it becomes worse,' said Thomas Colantuono, the U.S. Attorney for New Hampshire. … His office and the Department of Health and Human Services hosted the first state conference on gang prevention yesterday at the Wayfarer Conference Center in Bedford that drew about 300 law enforcement officials from across New Hampshire to hear talks on strategies they can use to clamp down on gangs." The Union Leader adds, "Colantuono said that most gang activity is concentrated in cities like Manchester and Nashua, but it is popping up in other communities such as Dover, Rochester, Salem, and the Seacoast in the summer. He said the problem has been steadily increasing during the several years that he has been U.S. Attorney. … 'What we hope will come out of today is the beginnings of a state strategy,' Colantuono said. … That strategy will be a broad-based approach that will include law enforcement officials, community groups, and social services, said Clyde Garrigan, an assistant U.S. Attorney in New Hampshire. … Garrigan is the state coordinator for Project Safe Neighborhoods, a $1.5-billion federal program created in 2001 that targets gun crime and emphasizes community outreach efforts. … On Feb. 15, U.S. Attorney General Alberto Gonzales launched a new nationwide initiative specifically targeted at gang violence, known as Gang Reduction Through Investigation and Prosecution, or Operation GRIP. Garrigan said that Project Safe would be spearheading the effort in New Hampshire."

Federal Investigators Examining Allegations Of Mortgage Fraud In Indiana. The New York Times (10/6, Bajaj, Creswell) reports, "On May 18, 2005, a small Indiana company bought 184 duplex homes in a down-and-out neighborhood in northeast Indianapolis for an average price of $50,000 each. Less than a month later, the

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company, Land Economics, began selling the properties, which were built mostly in the 1940's, for $120,000 apiece to church secretaries, truckers, retirees and factory workers — sometimes as many as three a day to a single individual — all of them 577 miles away in Martinsville, Va. As recently as September 2004, homes in this neighborhood sold in a range of $20,000 to $65,000. … A week after the details of those suspicious transactions emerged — and the accusations by lenders and borrowers that they had been defrauded — federal investigators are still trying to sort out the scope of what some are describing as one of the largest cases of mortgage fraud in recent years."

Two Charged In Walter Reed Kickback Scheme. The Washington Post (10/6, B4, Londoano) reports, "A former civilian employee at Walter Reed Army Medical Center and a Silver Spring man who did business with the center have been charged in a kickback scheme, according to a federal indictment unsealed yesterday. The two-count indictment, handed up in federal court in Greenbelt, alleges that from 1999 to 2004, then-contract specialist Kevin R. Roach was paid to give preferential treatment to bids that Louis Pisani Jr. submitted for two companies. Typically, Pisani paid Roach about 10 percent of the value of the work the companies performed at Walter Reed, authorities said." Prosecutors "are trying to seize $211,296 from the defendants, who are charged with conspiracy to defraud the government and obstruction of agency proceedings. The men face the second charge because they lied to Army investigators about the payments, authorities said."

Prosecutors Asking Whether William Bulger Knew Of Whitey's Support Network. The Boston Herald (10/6, Sweet, Carr, Gelzinis, 203K) reports, "Former state Senate President William M. Bulger is caught up in an investigation into why a Senate court officer lied to a federal grand jury probing the 1995 flight of James 'Whitey' Bulger. In a fight that reached the U.S. Supreme Court, sources tell the Herald, prosecutors are actively pursuing whether William Bulger knows anything about a suspected support network that was meant to keep his fugitive brother in money and in 'real-time information' about the manhunt for him." The Herald notes, "Bulger has repeatedly denied having any contact with his brother save for one telephone conversation the Southie siblings had days after Whitey hit the road."

Suburban Chicago Mayor Indicted In Alleged Kickback Scheme. The Chicago Tribune (10/6, O'Connor, 623K) reports, "Nearly four months after his arrest on corruption charges, longtime Niles Mayor Nicholas Blase was indicted Thursday in federal court for allegedly forcing village businesses to buy insurance from one of his friends. The kickback scheme involved more than $420,000 in bribes, authorities disclosed. Two others who were connected to the insurance agency were also indicted, and both are cooperating with authorities against the mayor and expect to plead guilty, U.S. Atty. Patrick Fitzgerald announced." The AP (10/6) and Crain's Chicago Business (10/5) also report on the indictments.

$1,500 Check To Blagojevich's Daughter Resonating With Voters. In a widely-distributed story, the AP (10/6) reports, "For months, Gov. Rod Blagojevich has been fending off accusations he bungled government programs and awarded jobs and contracts to contributors and cronies. But suddenly, one issue has cut through the clutter: a $1,500 gift to one of his daughters. The check came from a lifelong Blagojevich friend, and it arrived soon after the friend's wife got a state job. The governor has said he is unsure whether it was a birthday gift for one daughter or a christening gift for another, but he insisted it had no connection to the job. At the same time, he acknowledged asking his chief of staff to help the woman." The AP notes that the election "is playing out against a backdrop of political corruption, with convictions at Chicago's City Hall, an FBI raid on Cook County's government offices and the recent sentencing of Blagojevich's predecessor, Republican Gov. George Ryan, to more than six years in prison for graft. Blagojevich's GOP opponent, Judy Baar Topinka, is using the $1,500 check to paint him as corrupt."

Prosecutor Subpoenas Pirro Financial Disclosure Forms. The New York Daily News (10/6, Smith, 729K) reports, "There's no trace of a love boat in Jeanine Pirro's financial disclosure forms, but there are plenty of signs of her troublesome husband, Albert. Federal prosecutors subpoenaed Pirro's disclosure forms to make sure she didn't claim ownership of the infamous boat, sources familiar with the ongoing FBI probe said. … The boat…is in her husband's name, but her lawyer, Paul

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Shechtman, says it's really co-owned as marital property. If the boat was technically not her property, investigators theorized that it could bolster their case that onboard intercepted conversations would be illegal." The Daily News notes, "A review of the records…showed no sign of the boat being owned by Jeanine or Albert Pirro."

Texas Nurse Sentenced To Life In Prison For Murdering Patients. The AP (10/6, Brown) reported, "A former nurse was sentenced Thursday to life in prison on charges that she killed 10 hospital patients with drug injections because she found them too demanding." Vickie Dawn Jackson of Houston "pleaded no contest on Wednesday and was sentenced after prosecutors presented their evidence to a judge. Investigators believe Jackson injected the patients through their intravenous lines with a drug normally used to temporarily stop breathing when doctors insert a breathing tube. FBI agent David Burns testified that the patients had been hospitalized for minor ailments -- including a foot sore, diarrhea or dementia -- and were about to be released. 'In general, they were the kind of patients who needed more care,' Burns said at the sentencing. … 'It seemed to make her angry.'" The AP adds, "Authorities discovered at least 20 vials of the drug were missing. And officers searching garbage at Jackson's home found a syringe that contained traces of it, Burns said."

Former Louisiana Newspaper Editor Pleads Guilty To Child Porn Charges. The AP (10/6) reports, "The former managing editor of a LaPlace weekly newspaper faces up to 20 years in prison, a $250,000 fine and a lifetime of supervised probation after pleading guilty to two federal counts of possessing child pornography. … Gray, who worked for L'Observateur, was arrested when he showed up for what he thought would be a sexual encounter with a 16-year-old girl with whom he had exchanged instant messages over the Internet. The girl turned out to be an FBI agent. Agents used that arrest to get a search warrant for Gray's Waggaman home and computer, where they said they found numerous images of children being sexually victimized."

FBI Joins Investigation Of Unsolved 1989 New Jersey Murder. The Trenton Times (10/5, Shea) reported, "The FBI has joined the investigation into the 1989 killing of Princeton Borough matriarch Emily 'Cissy' Stuart, one of Mercer County's most notorious unsolved murders. The agency has assigned to the case a top agent, Special Agent John Mulligan, a 19-year veteran and seasoned homicide investigator who was the bureau's lead agent probing the murder of Daniel Pearl," and "forensic specialists in Quantico, Va., are examining evidence gathered from the home of the 74-year-old socialite using modern technology, profilers are analyzing the case and agents plan to start reinterviewing witnesses and sus pects. The entry of the FBI into the Stuart probe is a major step for ward for the investigation, said Borough Police Chief Anthony Fe derico. Bill Evanina, special agent in charge of the Trenton FBI, said the bureau has resources that simply were not available to borough police and the Mercer County Prosecutor's Office the past 17 years."

Child Porn Charges Against Karr Dismissed. ABC World News (10/5, story 8, 0:15, Gibson) reported that a judge has dismissed the child pornography charges against John Mark Karr, who was briefly a suspect in the JonBenet Ramsey murder case. Prosecutors "said they didn't have enough evidence because investigators lost computer files seized from Karr in 2001."

NBC Nightly News (10/5, story 7, 0:15, Williams) reported, "Prosecutors admit they lost crucial computer evidence that they needed to bring the case to trial." CBS Evening News(10/5, story 7, 0:20, Couric) also reported the story last evening.

USA Today (10/6, Ritter) reports, "Judge Rene Chouteau ordered Karr to be immediately released from jail. He was not in court for the hearing." Laurie Levenson, a professor at Loyola Law School in Los Angeles, "says Karr now becomes 'a headache' for law enforcement. 'What I think everyone recognizes is that this guy on some level is a threat,' she says. 'He's a threat, but he's not yet a criminal.'"

The AP (10/6, Curtis) reports, "Karr, 41, was returned to California last month to face the five-year-old pornography case after DNA evidence cleared him of killing the girl in her Boulder, Colorado, home in 1996. … The misdemeanor pornography case fell apart almost as quickly, as investigators admitted losing vital computer evidence that was seized from Karr in April 2001 when he was working as a substitute teacher in Sonoma and Napa counties. … Defense lawyers tried unsuccessfully to get the charges dismissed and were seeking to have evidence barred from trial when prosecutors

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said they could not establish when the child porn images had been downloaded on Karr's computer."

Serial Rapist Striking On Arizona Indian Reservation. USA Today (10/6, Bazar) reports, "A serial rapist posing as a police officer has attacked at least 11 young women, mostly teenagers, on the Fort Apache Indian Reservation in Arizona. The rapist, wearing a dark shirt and hat emblazoned with 'POLICE,' stopped each of the victims as they walked between two housing projects and told them they were under arrest, says Warren Youngman, assistant special agent in charge of the Bureau of Indian Affairs (BIA) office in Phoenix. He then restrained their hands and 'took them to a remote area where he told the victims they were going to be met by a police car,' Youngman says. The assaults all took place between 10 p.m. and 2 a.m. The first was in March. The most recent occurred Sept. 6. All but one of the victims were juveniles, Youngman says."

Ohio Law Skirts Statute Of Limitations For Sex Crimes. USA Today (10/6, Coolidge) reports on an Ohio law that could result in the names of people who have never been convicted of a sex offense being placed on a public registry. The law, which took effect in August, "targets alleged sex offenders who can no longer face charges or be sued because the time allowed for either action — the statute of limitations — has expired. The new law allows prosecutors, the state's attorney general or alleged victims to seek to put a person on the registry." USA adds, "Whoever makes the request must try to present enough evidence to convince a judge that the crime was more likely than not to have occurred. If a judge, after hearing testimony and reviewing evidence from both sides, determines that the abuse is likely to have taken place, then the alleged offender must register with the Ohio Attorney General's Internet Civil Registry."

Prosecution Rests In Farmer's Market Vehicular Homicide Case. The Los Angeles Times (10/6, Spano) reports that prosecutors closed their prosecution of George Weller for 10 counts of vehicular manslaughter with gross negligence for driving his car through a farmer's market three years ago. The Times reports that jurors "were urged to believe dozens of Santa Monica residents who saw George Weller repeatedly turn the wheel, hit the brakes and accelerate as his car plowed through a farmer's market three years ago." The defense "contended that the elderly man committed only 'pedal error' -- hitting the accelerator when he meant to hit the brakes -- which caused unexpected acceleration and panic so extreme that he could not reverse course before leaving almost 1,000 feet of carnage along Arizona Avenue. … Defense lawyer Mark Overland was scheduled to close this afternoon, following a taut, well-organized prosecution presentation in which Ambrose urged jurors to trust their neighbors. She suggested that eyewitnesses at the market are more reliable than experts who only studied reports on the incident after the fact."

Domestic Violence Cases In Prince George's County Are Second Highest In Maryland. The Washington Times (10/6, Washington) reports, "'You'd think that after everything that has happened in the county with domestic-violence cases that judges would take a little more time to think about these things more carefully,' says an 'outraged' Denise C. McCain, executive director of the Family Crisis Center of Prince George's County. Ms. McCain was reacting to yet another death of a Prince George's County domestic-violence victim, who reportedly sought help from the court system before her boyfriend killed her and then himself this week." The Times adds, "Domestic-violence incidents in Prince George's, second in the state only to Baltimore, have become such a hot topic that this month's issue of Essence -- a magazine geared primarily to black women -- published 'The Secret Shame of Prince George's County.' The article presents a negative portrayal of the county, comparing its designation as the most wealthy enclave of blacks in the country with its high domestic-violence rates."

CIVIL LAW:

DOJ Settles Ambulance Billing Claims With EMS Corp. Bloomberg (10/6, O'Reilly) reports, "Emergency Medical Services Corp., a supplier of ambulance services in 36 states, agreed to pay $9 million to settle U.S. claims it gave discounts to medical facilities in exchange for referrals." Bloomberg continues, "The settlement relates to allegations that a unit of the Greenwood, Colorado-based company offered discounts to Texas hospitals in exchange for referrals on ambulance transports of patients being discharged, which were billed to Medicare.

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… The Justice Department sued AMR, accusing it of unlawfully providing the discounted transportation from 1994 through 2001. Under terms of the settlement, AMR will enter into a corporate integrity agreement to prevent such activity in the future. … 'Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds,' said Assistant U.S. Attorney General Peter D. Keisler, in a statement."

The AP (10/6) reports, "Two former employees who raised allegations against the ambulance company will get $1.62 million in the settlement. … The government alleged that Greenwood Village, Colo.-based American Medical Response provided or offered inducements to Texas hospitals in contracts known as 'swapping arrangements.' … The arrangements gave discounts to the hospitals in exchange for referrals for transporting patients who were being discharged, the Justice Department said. The ambulance rides were billed to Medicare." The AP adds, "American Medical Response said it didn't admit wrongdoing and that the company's prior owner agreed to pay "a significant portion" of the settlement."

Japanese Court Rejects US Appeal For Base Bid-Rigging Damages. The AP (10/6) reports, "A Tokyo court on Thursday rejected an appeal by the U.S. government seeking compensation from Japanese companies over the alleged rigging of bids in dozens of construction projects at a U.S. Navy base." The AP continues, "The Tokyo High Court dismissed Washington's appeal against 13 Japanese construction companies, upholding a lower court decision in 2002 that the U.S. government failed to prove the contractors were selected as a result of bid-rigging, a court spokeswoman said on condition of anonymity, citing protocol." The AP adds, "The U.S. government initially filed the lawsuit in 1994 with the Tokyo District Court against 53 Japanese construction companies, demanding 680 million yen (US$5.7 million). The AP notes, "Washington accused the companies of inflating costs for nearly 100 construction projects at Atsugi base, southwest of Tokyo, by allegedly rigging bids from 1984 through 1990. The U.S. later dropped its claim against most of the companies after reaching separate settlements."

CIVIL RIGHTS:

Gonzales Pledges Continuing Action On Disability Rights. The Minneapolis Star Tribune (10/6, Browning) reports, "U.S. Attorney General Alberto Gonzales praised executives attending a Minneapolis conference on disabled workers Thursday for recognizing the skills and marketing opportunities in the disabled community." The Tribune continues, "The Justice Department is committed to ensuring that everyone has an opportunity to succeed, regardless of 'the circumstances of birth or the challenges of life,' said Gonzales, who grew up poor in Texas." The Tribune adds, "Considerable progress has been made since the Americans with Disabilities Act (ADA) was signed in 1990, Gonzales told about 300 people attending the ninth annual conference of the U.S. Business Leadership Network at the Marriott Hotel. 'But we are not done by a long shot.' … The group promotes best employment practices and job opportunities for workers with disabilities. More than 400 disabled high school and college students attended a career fair Wednesday at the conference center. Gonzales praised company mentors for recognizing a good opportunity. … 'You appreciate the business case for tapping into the disability market and bringing on board qualified men and women whose abilities and perspectives will help your businesses succeed,' he said. … And he congratulated the students for their fortitude, commitment to excellence and dedication to getting the kind of experience that will help them contribute to the community."

The AP (10/6, Freed) reports, "In nine of every 10 cases, the Justice Department forced government agencies and businesses to comply with federal disability laws during the past five years by using mediation and not imposing penalties." The AP continues, "Attorney General Alberto Gonzales said Thursday that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments. … 'We have accomplished this through an aggressive program of enforcement and public education,' Gonzales said at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities." The AP notes, "The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues,

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hotels and other destinations where large numbers of people gather. … It is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those include making cuts into sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing test telephone systems for deaf people making 911 calls."

Minnesota Public Radio (10/6, Stawicki) reports, "Gonzales came to Minneapolis to tout a Department of Justice report about governmental enforcement of the ADA, which bans discrimination based on disability. Congress passed the ADA in 1990 under George Bush Sr.'s administration. The report says that during the last five years, Justice Department has resolved 1800 out of 2000 cases through mediation rather than going to court." MPR continues, "Gonzales said the department forced governmental and private employers to comply with the law by aggressive enforcement and public education: … 'We've made good progress in ensuring that the American dream is available to everyone in this country, no matter their physical condition, their race, their religion. We have an obligation as government officials to create an environment where the American dream is available to everyone.'"

Local Television. At least five local television networks mentioned U.S. attorney general Alberto Gonzales' trip to Minneapolis, where he touched on the Americans with Disabilities Act. They, however, noted that Foley's scandal was the main topic during the Q&A session. WCCO-TV Minneapolis, (9/5, 12:06 p.m.) reported, "The Attorney general wanted to focus on the Americans with Disabilities Act, how much is done for Americans, and what more needs to be done to increase impact. But Gonzales just couldn't dodge all the questions about the status of the investigation into former Congressman Mark Foley and how those allegations against him might affect the Republican leadership. Gonzales first addressed participants of the U.S. Business Leadership Network in Minneapolis, but then, he faced the media and questions about the Foley case."

KMSP-TV Minneapolis, (9/5, 5:02 p.m.) reported, "Attorney general Alberto Gonzales talked about the scandal while in the twin cities today. Gonzales was appearing at a conference of U.S. Business Leadership Networks, but was fully prepared for the questions lobbed at him. The main one: Will the department of justice launch a full-scale investigation?"

KDLH-TV Duluth, (9/5, 5:30 p.m.) reported, "Attorney general Alberto Gonzales delivered remarks at the annual conference of the U.S. Business Leadership Network today in Minneapolis. There, he reacted to questions about the ongoing investigation into resigned Congressman Mark Foley's inappropriate contacts with teenage pages. Alberto Gonzalez said, 'we've advised the speaker and we have publicized the fact that investigators at the FBI and prosecutors at the dept. are involved in gathering up information.'"

KVRR-TV Fargo, (9/5, 6:04 p.m.) reported, "In Minneapolis, attorney general Alberto Gonzales says he has received a letter from Hastert looking into possible criminal behavior by Foley."

KMSP-TV Minneapolis, (9/5, 5:35 p.m.) reported, "Attorney General Alberto Gonzales spent the day in Minneapolis speaking at an unrelated conference. But the Foley scandal was on the mind of many reporters."

DOJ Urged To Probe Florida Police Shooting Death. The AP (10/6, Davis) reports, "The family of a man who killed a Polk County (FL) sheriff's deputy and was subsequently riddled with 68 bullets called on Florida Gov. Jeb Bush Thursday to order an independent investigation of the shooting." The AP continues, "Nine SWAT officers fired a total of 110 bullets at 27-year-old Angilo Freeland last week after he fatally shot a Polk County deputy and his dog and wounded another deputy after fleeing from a traffic stop. … 'This is not about a lawsuit. Nobody is suing anybody,' the family's attorney, Grady Irvin, said at a Thursday afternoon new conference. 'What this is all about is this death is uncommon in the means and manner by which Mr. Freeland died - 68 bullet holes. His family just wants to put this issue to rest and they want a search for the truth, that's all.'" The AP adds, "An Orlando-based civil rights group also on Thursday called on U.S. Attorney Alberto Gonzales to look into the circumstances surrounding Freeland's death. … Irvin said race isn't an issue in the shooting. But he was concerned by Polk County Sheriff's Grady Judd's tough talk to reporters before and after Freeland's death."

HUD Sends Manassas Housing Case To DOJ. The Washington Post (10/6, B07, Miroff) reports, "Federal housing officials who claim that a campaign by Manassas against crowded housing has illegally targeted Hispanic families have turned their investigation over to the

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Justice Department, saying the city has failed to adequately settle complaints. … 'We made an extensive effort to resolve the matter, but it was unsuccessful,' said Bryan Greene, the deputy assistant secretary for enforcement and programs at the Department of Housing and Urban Development. 'We conducted a full investigation and attempted to conciliate with many parties involved, which included many individuals, civil rights groups and the City of Manassas. In the end, conciliation has failed.'" The Post continues, "The investigation focused on anti-crowding measures initiated by the city over the past two years. Those included a hotline that allowed residents to anonymously file a complaint about neighbors they suspected of violating city ordinances and a measure passed by the City Council in December that essentially banned extended family members from living together by narrowing the legal definition of 'family.' That ordinance was repealed in January under threats from civil rights groups and concerns about a federal investigation. … Although HUD cannot bring charges against a municipality under the Fair Housing Act, it can forward cases to the Department of Justice for possible litigation if the agency's investigation does not produce an agreement 'and provide relief to the aggrieved people,' Greene said. … Eleven complaints have been forwarded to the Department of Justice -- eight from Manassas residents, two from civil rights organizations and one from HUD, Greene said. The complaints allege that Manassas has illegally targeted the city's growing Hispanic population for selective enforcement of its zoning laws."

EEOC Plans Events To Increase Number Of Federal Employees With Disabilities. The Washington Post (10/6, D4, Barr) reports in its "Federal Diary" column, "The Equal Employment Opportunity Commission plans to sponsor educational events and seminars aimed at reversing the steady decline in the number of federal employees with severe disabilities. The agency this week launched a special section on its Web site (http://www.eeoc.gov/initiatives/lead), where announcements and information on federal hiring of the disabled will be posted. The initiative -- Leadership for the Employment of Americans With Disabilities, or LEAD -- will be headed by EEOC Commissioner Christine M. Griffin ." The Post adds, "People with severe disabilities have dropped to less than 1 percent of the full-time federal workforce, according to data released by the EEOC in June. Targeted disabilities include blindness, deafness, paralysis, mental retardation, mental illness, convulsive disorders, and distortion of limbs or the spine."

State Court Upholds California Ban On Same-Sex Marriage. The Los Angeles Times (10/6, 918K) reports, "A state appeals court today upheld a ban on same-sex marriages, ruling that only the Legislature or voters can change California's traditional definition of marriage. 'Courts simply do not have the authority to create new rights, especially when doing so involves the definition of so fundamental an institution as marriage,' Presiding Justice William McGuiness wrote for the majority."

The AP (10/6, Leff) reports, "The ruling does not guarantee, however, that same-sex couples will not ultimately be able to get married in California. Gay marriage advocates said beforehand that they would appeal to the California Supreme Court if the intermediate court did not decide in their favor." The New York Times (10/6, McKinley, 1.21M) also reports the story.

Professor Makes Case Against Voter ID Laws. Annette Fuentes, an adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (10/6, 2.27M) that a movement is afoot that threatens the essence of the Voting Rights Act of 1965 "with backdoor approaches to suppress voter participation. Voter ID laws are at the heart of this strategy. … Proponents of voter ID laws cite fraud in their calls for reform. But how widespread is voter fraud? There is little documentation, but a 2005 study by a commission on election reform headed by former president Jimmy Carter and former secretary of State James Baker offered some evidence. … The report stated that the Justice Department had investigated 180 reports of election fraud since 2002. … Out of the millions of votes cast in federal elections, that's hardly cause for alarm." Fuentes adds, "Electoral reforms clearly are needed, and that includes voting machines not vulnerable to tampering or miscounts. But voter ID laws are just a distraction from the real challenges to electoral integrity."

Cancer Victim Warns Other Black Men. A front page story in the Washington Post (10/6, A1, Fears) reports on Damu Smith, who, at age 54, died before his time of colorectal cancer. The Post reports, "Black men have a life expectancy of 69 years, six years less than white men and far shorter than men of other ethnic group. They are more than

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twice as likely to die from cancer as white men, according to the National Cancer Institute, and nine times as likely as white men to die of AIDS. They suffer from lung disease, heart disease, hypertension, stroke, diabetes and other chronic illnesses in disproportionate numbers that alarm health-care professionals." By the time Smith was tested for cancer "it was far too late. Colorectal cancer had developed to its most advanced and lethal stage. Doctors told him there was nothing they could do. They gave him three months to live." Smith "wanted his story -- this story -- to serve as a cautionary tale, a warning to other black men to seek regular medical care: 'Go to the doctor. Get your colon checked. Get a colonoscopy.'"

Supreme Court Urged To Rule On Student Speech Rights. Clay Calvert and Robert D. Richards, co-directors of the Pennsylvania Center for the First Amendment and professors of communications and law at Pennsylvania State University, write in the Washington Times (10/6), "Can the nation's public high schools stop students from displaying messages that promote or advocate illegal drug use without violating the First Amendment-protected right of free speech? That's the gist of the question that the U.S. Supreme Court now is being asked to consider in a case called Frederick v. Morse coming out of the liberal-leaning 9th Circuit Court of Appeals. … The Supreme Court has ruled directly only three times in its history in cases affecting student speech rights in public school settings. … In the absence of any clear guidelines from the nation's high court, federal judges have attempted, with varying results, to balance minors' constitutional rights with the schools' ability to maintain order in the classroom. … The Supreme Court should now begin to settle the choppy seas of speech, and the case of Frederick v. Morse is an appropriate place to begin this difficult task."

ANTITRUST:

Snuff Suit Alleges Smokeless Tobacco Price Manipulation. The Legal Intelligencer (10/6, Duffy) reports, "Most of the class action tobacco suits focus on the diseases it causes. But a suit in federal court in Philadelphia adds a new twist: It's a consumer suit brought by Pennsylvania purchasers of snuff and chewing tobacco who complain that the leading manufacturer used its monopoly power to drive up prices." The Intelligencer continues, "In the suit, Hunt v. United States Tobacco Co., the plaintiffs are seeking to capitalize on a massive verdict against the nation's No. 1 snuff maker, in which a Kentucky federal court jury awarded $350 million to rival Conwood Co. -- an award that was automatically trebled to $1.05 billion and later upheld by the 6th U.S. Circuit Court of Appeals. … In a decision handed down earlier this month, a federal judge refused to dismiss the consumer suit, rejecting defense lawyers' arguments that the plaintiffs lacked standing to bring an antitrust claim under the Pennsylvania Unfair Trade Practices and Consumer Protection Law. … Now the defense team is asking Senior U.S. District Judge Ronald L. Buckwalter to certify an immediate appeal, arguing that the complaint should have been dismissed because there is no 'direct relationship' between the plaintiff and the defendants; and that the plaintiffs' claim is essentially an antitrust claim, and antitrust violations do not state a claim under the UTPCPL."

ArvinMeritor Sues To Stop Eaton Venture. The AP (10/6) reports, "Auto supplier ArvinMeritor Inc. on Thursday said its Meritor Transmission Corp. business, along with ZF Meritor LLC, the company's joint venture with Germany's ZF Friedrichshafen AG, filed an antitrust lawsuit against Eaton Corp." The AP continues, "The suit, filed in the U.S. District Court for the District of Delaware, seeks an injunction to stop the Cleveland-based diversified industrial manufacturer from engaging in anticompetitive conduct in the heavy-duty truck transmissions markets. It also asks the court to award triple damages." The AP adds, "The lawsuit claims Eaton has harmed competition in the markets for heavy-duty truck transmissions by limiting consumer choice, eliminating competitive checks on pricing and suppressing innovation, ArvinMeritor said."

Key Test For AT&T-BellSouth Merger To Come Next Week. The Chicago Tribune (10/6) reports, "The drive by AT&T Inc. to take over BellSouth Corp. by New Year's will be tested next week when the Federal Communications Commission will either rule on the merger or decide to delay taking action." The Tribune continues, "Congressional leaders from both houses and both parties have cautioned federal regulators against haste in deciding the fate of AT&T's deal, which could provide a speed bump in what had appeared to be a smooth course." The Tribune adds, "Last month Kevin Martin, the FCC chairman, circulated a proposed order to his colleagues that would

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approve AT&T's deal without imposing any conditions, a move interpreted to open negotiations with the FCC's two Democrats. … Following Martin's actions, Republican and Democratic leaders of key committees in the House and the Senate sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T and SBC Communications Inc. to form the new AT&T and that merged Verizon Communications Inc. with MCI. … That review by U.S. District Judge Emmet Sullivan is required by the federal Tunney Act, under which the courts must examine mergers approved by the Department of Justice to assure they protect the public interest."

Ryanair Makes Hostile Bid For Aer Lingus. Bloomberg (10/6, Fletcher) reports, "Ryanair Holdings Plc, Europe's biggest discount airline, made a hostile 1.48 billion-euro ($1.88 billion) bid for Aer Lingus Plc to combine Ireland's dominant carriers and add long-haul routes to the U.S." Bloomberg continues, "Ryanair acquired a 16 percent stake and offered 2.80 euros a share for the rest of Aer Lingus, 12 percent more than yesterday's closing price in Dublin. The Irish government, owner of 28.3 percent of Aer Lingus, rejected the bid, which comes eight days after the company's initial public offering. … 'This is going to be such a huge deal in Ireland that I think they'll have to increase the bribery and pay significantly more,' said Mike Powell, a Madrid-based analyst for Dresdner Kleinwort with an 'add' rating on Ryanair shares." Bloomberg adds, "Chief Executive Officer Michael O'Leary said Ryanair would reduce fares at Aer Lingus and acquire planes at lower cost by combining orders. The enlarged group would have 50 million passengers a year, helping it compete with British Airways Plc and its partner Iberia SA, which have 63 million. … Together, Ryanair and Aer Lingus handle about 70 percent of the passengers at Dublin airport. The takeover would face scrutiny from Irish and European regulators. Cathal Hanley, a spokesman for the Competition Authority in Dublin, declined to comment."

Irish Government Vows To Fight Bid. The Wall Street Journal (10/6, Johnson) reports, "The surprise €1.48 billion ($1.88 billion) bid by Ryanair Holdings for recently privatized Irish flag carrier Aer Lingus underscores how onetime budget upstarts are increasingly calling the shots in an industry long dominated by state carriers. If successful, the takeover could create one of Europe's biggest and most profitable airline groups. But it won't be smooth sailing: Aer Lingus's board unanimously rejected the offer. Chairman John Sharman called the approach 'unsolicited and wholly opportunistic' and said it 'significantly undervalues the group's businesses.' In addition, the Irish government, still Aer Lingus's biggest shareholder, and unions lambasted the proposed takeover and vowed to fight it." The Journal adds, "Ryanair's bid, announced yesterday morning, is the latest example of how feisty budget carriers are revolutionizing an airline industry still recovering from the shocks of deregulation, terrorist threats and volatile oil prices."

Tata Steel Considering A Bid For Corus. The Financial Times (10/6, Willman, Editor) reports, "Tata Steel of India confirmed on Thursday that it is considering a bid for Corus, the Anglo-Dutch steel producer, as part of a review of global opportunities for industry consolidation. However, it added that there was no certainty that any move would be made, or that if it did, it would be for Corus. Tata's move may also draw out other potential bidders." Corus "is the seventh largest steel producer, with output of around 20m tonnes a year, but Tata's statement is bound to reignite speculation over its future. It has long been rumoured as a takeover target, and has been searching for a merger partner for six months."

The Wall Street Journal (10/6, Wonacott, Singer) reports, "Tata Steel executives declined to elaborate on the statement. A Corus spokeswoman declined to comment. Details of a potential bid for Corus have yet to be determined, said the people familiar with the matter. Wednesday, before Tata Steel's interest was disclosed, Corus had a market value of about £3.6 billion ($6.8 billion)." The Journal adds, "A takeover of Corus -- among the world's 10 largest steel producers -- would far exceed anything Tata Steel has attempted. Its biggest deal to date was last year's $286 million acquisition of Singapore's NatSteel Asia Pte. Ltd. Now ranked 56th among global steel producers, Tata Steel would likely have to load up on debt to make a bid for Corus, according to analysts."

EU Could Fine Vodafone, Rivals Over Roaming Charges. Bloomberg (10/6, Newman) reports, "European Union regulators are recommending a fine against Vodafone Group Plc, the world's largest mobile phone operator, and two rivals for overcharging international travelers, people with knowledge of the case said." Bloomberg continues, "Staff for the European Commission,

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the EU's executive arm, have written a draft ruling that may also lead to fines against Vodafone's German unit, the U.K.'s O2 Plc and Deutsche Telekom AG's T-Mobile International, according to four people who declined to be identified because the draft isn't public. … 'An antitrust case is an additional point of pressure,' Michelle de Lussanet, an analyst at Forrester Research Inc. in Amsterdam, said in an interview. 'There are other challenges such as regulation cutting roaming fees and more price competition.'" Bloomberg adds, "The penalties would follow France's record 534-million euro fine ($678 million) last year against the mobile-phone units of France Telecom SA, Vivendi Universal SA and Bouygues SA for colluding on prices over a six-year period. The EU typically fines companies from 2 percent to 3 percent of annual sales. The largest monopoly fine was 497 million euros levied against Microsoft Corp."

ENVIRONMENT/INDIAN AFFAIRS:

Spinach Producer Shocked By FBI-FDA Raid. In a story distributed by McClatchy, the San Jose Mercury News (10/6, McLaughlin, Bailey, 242K) reports, "The Salinas Valley, already rocked by weeks of economic havoc, was further jolted by the" FBI and FDA "raids at Growers Express and Natural Selection Foods…whose bagged spinach has tested positive for the particular strain of E. coli involved in the outbreak. Particularly surprising was the raid at Growers Express, often hailed as a model of food safety in the valley. Another fact that had farmers scratching their heads: Growers Express doesn't process any fresh bagged spinach, the only product found to have E. coli contamination." Growers Express sales and marketing vice president Woody Johnson "said the company was shocked by the raid because Growers Express has 'a policy of having our records available.'" He added, "We were surprised they chose to do it with a sledgehammer and not just pick up the phone." The Mercury News adds, "Spokesmen for the U.S. Attorney's office and the FBI declined to discuss the case in detail, but FBI Special Agent Joseph Schadler noted that agents could not get a warrant without convincing a judge there was reason to expect they might find evidence of a crime."

Federal Investigation Focused On Possible Negligence. In a widely-distributed story, the AP (10/6, Leff) reports, "Federal officials do not think anyone deliberately contaminated the spinach with E. coli," and "the probe is focused on whether the companies took appropriate steps to make sure their products were OK to eat. To be convicted of criminal charges, the companies need not have known their products were contaminated, but merely negligent in their duties to keep tainted foods from the market, legal experts said. … 'We are looking more toward the food safety issue at this point,' FBI spokesman Joseph Schadler said Thursday, adding that the investigation was in its early stages and may or may not lead to criminal charges. It could also spread to other spinach producers, he said."

Second Death Linked To Tainted Spinach. CBS Evening News (10/5, story 6, 0:15, Couric) reported, "A second death has now been linked to tainted spinach. A two-year-old Idaho boy who died last month was infected with the same strain of E. Coli bacteria that made merely 200 people sick nationwide."

The Washington Post/AP (10/6, D2, Boone) reports, "Kyle Allgood's was the second confirmed death in the outbreak, which also killed an elderly Wisconsin woman and sickened at least 190 other people. … The boy died Sept. 20 in Salt Lake City after developing a type of kidney failure caused by E. coli. Health officials had to wait for the results of genetic testing on the bacteria to determine whether his illness was from spinach."

The New York Times (10/6, Sander) reports, "Scientists conducted tests since the death at a state laboratory in Boise to determine whether the E. coli strain in Kyle's system matched the strain that killed an elderly Wisconsin woman and sickened 192 others. The Federal Centers for Disease Control and Prevention considered Kyle's death, as well as that of an elderly Maryland woman who died on Sept. 13 after eating fresh spinach, as suspect cases possibly linked to the outbreak. Health officials in Maryland said this week that they had not reached a finding on the woman's death."

Western Judges Irked By Administration's Environmental Policies. The Washington Post (10/6, A3, Harden) reports, "Using language that suggests they are fed up with the Bush administration, federal judges across the West have issued a flurry of rulings in recent weeks, chastising the government for repeated and sometimes willful failure to enforce laws protecting fish, forests, wildlife and clean air." The Post continues, "In decisions in Oregon, California, Montana and Wyoming, judges have criticized the judgment, expertise and, in some cases, integrity of the federal agencies that manage natural

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resources on public lands." The Post adds, "The rulings come at a time when an emerging bipartisan coalition of western politicians, hunters, anglers and homeowners has joined conservation groups in objecting to the rapid pace and environmental consequences of President Bush's policies for energy extraction on federal land. … Specialists in environmental law cite a noticeable increase in the number of recent court rulings in which federal judges in the West have ruled against the administration, using blunt language that shows impatience and annoyance. … The most scathing and exasperated of the recent court orders came late last month out of Portland, where U.S. District Judge James A. Redden has presided for six years over a stalled federal effort to prevent endangered salmon from going extinct in the Columbia and Snake rivers. … Federal agencies 'have repeatedly and collectively failed to demonstrate a willingness to do what is necessary' under the Endangered Species Act to save fish at risk of extinction, wrote Redden, who was appointed in 1980 by President Jimmy Carter. … Responding to Redden's language and to other recent critical comments by federal judges in the West, Justice Department spokeswoman Cynthia J. Magnuson said: 'It is regrettable whenever a court chooses to examine and speculate about the motives of a federal agency rather than applying the applicable laws to the facts of the case.'"

Report Says Rising Temperatures Will Have Pervasive Effects On West. The Los Angeles Times (10/6, Hotz, 918K) reports, "Rising temperatures in the 11 Western states from global warming will cause more pervasive droughts, a four-fold increase in wildfires and extensive die-offs in regional plant, fish and game habitats, according to a report Thursday by the National Wildlife Federation. … To avoid the consequences of climate change, the 1 million-member wildlife organization urged national limits, following those recently adopted in California, on the greenhouse gases responsible for rising temperatures, such as carbon dioxide and methane."

US Charges DC Yacht Club With Illegal River Dumping. The Washington Times (10/6, McElhatton) reports, "Federal authorities have filed a criminal charge against a yacht club along the Anacostia River for illegal dumping months after D.C. officials said the club was in the running for a prestigious environmental award." The Times continues, "The District Yacht Club illegally discharged 240 square feet of concrete debris into the river in 2003, according to recent misdemeanor charges filed by the U.S. Attorney's Office in federal court in the District." The Times adds, "According to the charging documents, which do not name any yacht club members or officers , the club dumped the concrete into the Anacostia without seeking a permit. … Criminal prosecution under the federal Refuse Act, which the yacht club is accused of violating, includes penalties of up to $2,500 for each violation and/or imprisonment ranging from a month to a year. … The U.S. Army Corps of Engineers, which monitors discharge permits, yesterday referred questions about the investigation to the Justice Department." The Times notes, "Justice Department spokeswoman Cynthia Magnuson said that a hearing in the case is scheduled Dec. 5. A plea deal is expected in the case, according to court records."

Interior To Study Environmental Impact Of Proposed Indian Casino. USA Today (10/6) reports, "The Interior Department will examine a proposal for a casino the Mississippi Band of Choctaw Indians hopes to build in Jackson County. In a notice in the Federal Register on Wednesday, the Bureau of Indian Affairs (BIA) said it intends to study the potential environmental impact of the casino, which would consist of a hotel, shops and parking near the intersection of Highway 57 and Interstate 10." The environmental impact study "will assess the proposed casino's effects on traffic and wildlife, air quality and sewage and water systems. Possible social and economic impacts also will be reviewed."

Washington Areas Bald Eagle Eulogized. An editorial in the Washington Post (10/6, A22) eulogizes Martha, "the bald eagle who with her mate, George, captured the imagination of the Washington area." The Post says that "rather than feeling sad for what has been lost, we prefer to focus on the lessons that this improbable pair imparted about the beauty and value of the natural world. … George and Martha showed thousands of commuters a better side to a lousy ride over a bridge. As a result, many drove away with a new respect for wildlife."

Study Says 1959 Nuclear Accident Caused Hundreds Of Cancers. The Los Angeles Times (10/6, Covarrubias) reports, "Radioactive emissions from a 1959 nuclear accident at a research lab near Simi Valley appear to have been much greater than previously suspected and could have resulted in hundreds of cancers in

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surrounding communities, according to a study released Thursday. Chemical contamination from rocket engine testing at the site continues to threaten soil and groundwater in the area around Rocketdyne's Santa Susana Field Laboratory, the study also found. The nuclear meltdown, which remained virtually unknown to the public until 1979, could have caused between 260 and 1,800 cases of cancer 'over a period of many decades,' the study concluded. … Boeing officials vigorously disputed the findings, saying the study was based on miscalculations and faulty information."

US Indicts Utah Firm For Pollution Violations. The Salt Lake Tribune (10/6, Fahys) reports, "Lawyers for a West Valley company and two of its managers say local water officials bungled the pollution limits that are behind a 29-count federal indictment against their clients." The Tribune continues, "Accused of tampering with pollution readings, the three have filed suit in 3rd District Court in hopes of proving the limits on selenium were illegal and, consequently, that a dozen of the charges should be dismissed from the federal pollution case. … The selenium cap at the Central Valley Water Reclamation Facility 'was not properly set, and therefore, we shouldn't be held criminally responsible,' said Max Wheeler, one of the three defense attorneys on the case." The Tribune notes, "The U.S. Justice Department indicted the Pennsylvania-based Johnson Matthey Inc. in March and charged John David McKelvie, the former general manager of the West Valley plant, and Plant Manager Paul Card Greaves with violations of the Clean Water Act. … The indictment includes charges of conspiracy to discharge pollutants in excess of permit limits, selective sampling, concealment and manipulating wastewater discharges. One time, the indictment alleges, freshwater from a hose was added to discharge water to dilute the selenium. … The company faces maximum penalties of $12.5 million. McKelvie faces fines of $4.5 million and 90 years in prison. Greaves faces 125 years in prison and nearly $6.3 million in fines."

NYTimes Criticizes Bomar. The New York Times (10/6, 1.21M) editorializes, "Just before it made tracks out of town, the Senate confirmed Mary Bomar's appointment as the new head of the National Park Service. Ms. Bomar testified in person in late September before the Senate Energy and Natural Resources Committee, but the bulk of her testimony took the form of written answers to written questions posed by members of the committee. Her answers were intently managerial in tone — not particularly evasive and not particularly helpful." The Times adds, "Ms. Bomar had a chance to send a message about her intention to manage impartially, in her written responses. She missed the opportunity. The Interior Department has recently approved a strong set of management policies that put preservation first. Ms. Bomar would do well to put those policies first and put an end, at last, to snowmobiles in Yellowstone."

FBI/DEA/ATF/USMS:

Citing Court Error, Judge Releases Bonds' Trainer. Bloomberg (10/6, Gullo) reports, "Greg Anderson, baseball player Barry Bonds's trainer, will be released from jail today after being held for contempt for refusing to testify in a federal steroid probe, a judge said, citing a court error." Bloomberg continues, "U.S. District Court Judge William Alsup, noting a 'snafu' in his handling of Anderson's case, said U.S. marshals in San Francisco should release Anderson today at 5 p.m. local time." Bloomberg adds, "Yesterday a three-judge panel of a San Francisco-based appeals court said Anderson must be released under a law that requires contempt appeals to be resolved within 30 days. Anderson was jailed Aug. 28 for refusing to answer grand jury questions about whether Bonds and other athletes lied to a grand jury about using steroids. He could have been jailed for months. … 'This snafu has arisen because of an apparent failure of this court to be clear in its findings,' said Alsup in a ruling today. 'He will be released on his own recognizance.' … Anderson was ordered to appear at an Oct. 19 hearing. The appeals court could order Anderson back to jail after reviewing Alsup's findings concerning the legality of a government tape of Anderson. Alsup has not issued a written ruling on his findings. Anderson said the tape, which the government refused to turn over, is illegal and tainted the grand jury proceedings."

The AP (10/6) reports, "Bonds told a grand jury investigating the Bay Area Laboratory Co-Operative steroid ring in 2003 that Anderson gave him what he believed were flaxseed oil and arthritic balm. Anderson later pleaded guilty to distributing steroids and money laundering. … Anderson, who served three months in prison and three months of home detention for his conviction, has appealed his contempt jailing on several fronts." The AP adds, "His main contention is that a secret, illegally recorded tape of him discussing

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Bonds' steroid use is the basis for grand jury questions he faces. … Although Alsup dismissed that claim and others, the 9th U.S. Circuit Court of Appeal last week sent Anderson's appeal back to the judge, saying Alsup's ruling regarding the tape was not clear enough."

The New York Times (10/6, Pogash) reports Alsup "blamed himself for 'the apparent failure of this court to be clear in its findings' and the government for not supplying evidence. 'Mr. Anderson should not bear the burden of these omissions,' the judge said before releasing him on his own recognizance."

Cable TV Coverage. ESPN (10/5, 8:00 p.m.) reported, "Greg Anderson has been freed from prison, for now. A federal judge ordered Barry Bonds' personal trainer released because of a legal snafu. Apparently a federal appeals court did not affirm Anderson's contempt order within 30 days."

CNN (10/5, 3:00 p.m.) reported, "A federal judge has ordered Barry Bonds' personal trainer released from prison. A federal appeals court had not affirmed Greg Anderson's contempt of court order within the required 30 days. Anderson has twice refused to testify against the San Francisco Giants' slugger in the federal investigation of Bonds, and twice has been put behind bars for contempt. Anderson also spent three months in prison earlier as part of the BALCO steroid scandal."

FOX News (10/5, 6:00 p.m.) reported, "Barry Bonds' personal trainer is out of prison again, but he could go back any day now. A federal judge has ordered Greg Anderson's release because of what he called a legal snafu, but he could return to prison once that snafu is resolved. Anderson has been imprisoned twice for contempt of court after he refused to answer a federal grand jury's questions about Bonds' potential steroid use."

Local TV Coverage.

KGO-TV, San Francisco-Oakland-San Jose (10/5, 11:00 a.m.) reported, "A judge has ordered Barry Bonds' personal trainer released from jail. It's required that Greg Anderson be let out by this afternoon. He is jailed on a contempt of court citation for refusing to testify about Bonds' alleged steroid use."

21 Alleged Oklahoma City Crips Members Indicted On Drugs, Weapons Charges. The AP (10/6) reports, "Federal officials in Oklahoma City say 21 gang members and their associates face a total of 85 conspiracy, gun and drug-related charges in a federal indictment that was unsealed" Thursday. "US Attorney John C. Richter says the defendants are members or associates of the Walnut Gangster Crips. They're accused of conspiring with four unindicted co-conspirators to possess with intent to distribute more than 30 kilograms of cocaine, cocaine powder and over 1,000 tablets of ecstasy." The AP notes, "The indictment seeks forfeiture of firearms, ammunition, cash and some property."

Two Men Convicted In Arizona Of Conspiring To Transport Drugs. The Tucson Citizen (10/5) reports two Tucson men "have been convicted in U.S. District Court of conspiracy to transport drugs. Prosecutors said the men plotted to move the drugs between Tucson and Ohio. During the investigation, officials seized about 1,500 pounds of marijuana while it was being transported between the states." The Tucson Citizen says Mark A. Simmons and Ernest R. Washington were convicted Wednesday and could get 40-year prison terms during their scheduled sentencing in December.

Convicted Maryland Ecstasy Dealer Gets 13-Year Sentence. The AP (10/5) reports a New Jersey man who "operated an Ecstasy drug ring and tried to have an informant killed has been sentenced in Baltimore. U.S. Attorney Rod Rosenstein said Fred Caruso was sentenced to 13 years and seven months in prison, followed by five years of supervised release. … Rosenstein said Caruso began selling in 2000 to a man named Thomas Dixon. Dixon was under police surveillance when he received the first delivery of about 41,000 tablets. Dixon was arrested and agreed to cooperate with law enforcement."

Nine Arrested In California Drug Ring Investigation. The San Diego Union-Tribune (10/5) reports authorities said the arrest of nine people Wednesday "has dismantled a major drug trafficking organization operating in San Diego. Agents with the Drug Enforcement Administration arrested the group, seized three pounds of methamphetamine and confiscated about $30,000 after serving seven search warrants, said Dan Simmons, a spokesman for the DEA. … The organization reportedly distributed several pounds of methamphetamine several times a week to buyers in San Diego County, Las Vegas and Omaha, Neb., and sold more than $100,000 worth of methamphetamine a month."

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In Miami, Detectives Ask To Wear Disguises During Testimony In Ecstasy Case. The Jerusalem Post (10/5) reports six Israel detectives who "are due to testify at the trial of suspected drug dealer Ze'ev Rosenstein in Miami requested permission on Thursday to appear in court wearing wigs and makeup…so that their identities would not be exposed." They "made the request out of fear that they would be targeted by Rosenstein's [associates] when they continued to work in Israel after the trial." Rosenstein, "identified by federal prosecutors as one of the world's biggest distributors of Ecstasy has pleaded not guilty."

The AP (10/5) reports as many as six surveillance officers of the Israel National Police "also want to appear in the U.S. federal trial of Zeev Rosenstein using only an 'officer identification number' rather than their names. They want to limit defense cross-examination that might reveal confidential tactics and spy technology." Rosenstein "is scheduled to go to trial in November on charges of conspiracy to distribute in the U.S. more than 1 million pills of the synthetic drug MDMA, more commonly known as Ecstasy. Rosenstein is on the U.S. list of 44 top worldwide drug traffickers."

The South Florida Sun-Sentinel (10/5, Blum) reports prosecutors "filed a motion Monday requesting the special measures, which are mandated by Israeli law but go against a fundamental principle of American justice -- a defendant's right to confront witnesses at trial. … However, judges sometimes bend the rules when important considerations are at stake."

Georgia Man Pleads Not Guilty In Marijuana Conspiracy Case. The AP (10/6) reports a northwest Georgia businessman "pleaded not guilty Thursday to charges of conspiring to distribute more than a ton of marijuana. Mario Armas, 45, also entered a not guilty plea to a related charge of money laundering. A federal indictment and a search warrant affidavit unsealed Thursday morning alleges that Armas conspired with Lonnie Merren and Kevin Redstrom…between January 2003 and November 2004 to distribute at least 1,000 kilograms _ 2,200 pounds _ of marijuana in the Rome area." DEA and FBI agents "have been investigating and gathering evidence at Armas' home and office." Georgia's Rome News-Tribune posted the AP story on its Web site.

UN Official Expects Increase In Fatal Overdoses Due To Afghan Opium Trade. UPI (10/5) reports the U.N. Office on Drugs and Crime "warns the robust Afghan opium trade will likely cause a dramatic increase of heroin-overdose fatalities. In a letter sent to nearly 90 health ministers…UNODC Executive Director Antonio Maria Costa advised health authorities to prepare for 'a substantial increase in the number of deaths by overdose.' … He called on the Afghan government to take strong action against opium traffickers and trade violators and encouraged local health authorities 'to take every possible measure in the period ahead and to alert practitioners to the possible risk increase.'"

Colombian President Hints At Talks With FARC. The Miami Herald (10/6, Dudley) reports from Bogata, Colombia, "Despite a strong mandate validating his first four years of waging all-out war against leftist rebels, Colombian President Alvaro Uribe has opted for a more peaceful beginning to his second term." The Herald continues, "Since his inauguration in August, Uribe has reached out to leaders of the hemisphere's largest rebel group, the Revolutionary Armed Forces of Colombia or FARC, by offering to swap imprisoned rebels for kidnapped politicians, citizens and soldiers in guerrilla hands. … 'The result of this security campaign can't just be of scorched earth, killing guerrillas and putting at risk our soldiers,' Uribe said on local radio this week, referring to his so-called Democratic Security plan. 'This policy of Democratic Security is a way to achieve total reconciliation among us Colombians.'" The Herald adds, "The seeming about-face by Uribe comes just months after the president and his allies won landslide victories in this year's presidential and congressional elections. The elections were seen as a validation of Uribe's policy to strengthen the country's armed forces and police, and launch unprecedented military offensives in various parts of the country, which forced the guerrillas to seek hiding and lowered rebel violence and kidnapping rates. … But results in the war have been waning of late. Uribe also has been hit by scandals in the military and recent reports that the production of coca, the raw material for cocaine, continues apace despite years of concerted attack on what many consider the principal funding source for warring groups in this country of 42 million people."

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Woman Sentenced To 15 Years For Setting Apartment Fire. The Washington Post (10/6, B7, Londoano) reports that Roxana Benavides, a Germantown, Maryland woman "who set her apartment building on fire when she tried to burn her boyfriend's clothes was sentenced yesterday to 15 years in prison -- a punishment three times longer than the one sought by prosecutors." The December 18 fire "displaced 75 families the week before Christmas. … No one was injured in the fire, which caused about $2.5 million in damage." The Post adds, "Assistant State's Attorney Sherri D. Koch urged the judge to impose a five-year sentence, and defense attorney Jeffrey B. Henry asked for an unspecified more lenient sentence. It is unusual for Montgomery judges to give a substantially stiffer sentence than the one the state seeks."

IMMIGRATION:

Congress Puts Barriers In Way Of Implementing Border Fence. The Washington Post (10/6, A1, Hsu, 748K) reports, "No sooner did Congress authorize construction of a 700-mile fence on the U.S.-Mexico border last week than lawmakers rushed to approve separate legislation that ensures it will never be built, at least not as advertised, according to Republican lawmakers and immigration experts." Many lawmakers "plan to highlight their $1.2 billion down payment on its construction as they campaign in the weeks before the midterm elections. But shortly before recessing late Friday, the House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'"

Mexico Upset About Border Fence Plan. The AP (10/6, Rodriguez) reports, "Mexico lobbied for six years for a comprehensive immigration reform that would allow millions to cross into the United States legally. Instead, they're getting a fence. Mexicans -- from leading politicians to migrants preparing to cross illegally -- consider the U.S. plan to fence off much of the border shameful, offensive and ill-conceived." The AP also reports "migrants resting at a Tijuana shelter after being deported from the United States said more walls wouldn't deter them."

Sensenbrenner Does "Victory Lap" For Immigration Enforcement Win. The Washington Times (10/6, Dinan, 88K) reports Rep. James Sensenbrenner, the House's "top immigration negotiator says the House won the first round in the debate over the issue, and he is on a 'victory tour' of the Southwest border states to drive that message home." Sensenbrenner, the "primary author of the House's immigration-enforcement bill, said that by getting the president to sign a funding bill that included a down payment on the border fence and other enforcement measures, the House position on enforcement first has prevailed."

TAX:

Former US Attorney To Plead Guilty In NC Tax Fraud Scheme. The AP (10/6, Dunbar) reports, "A former U.S. Attorney, state judge and state Republican chairman has agreed to plead guilty to charges related to a tax fraud conspiracy, federal prosecutors in Raleigh, N.C., said Wednesday." The AP continues, "Samuel T. Currin will plead guilty to conspiring to launder $1.45 million through his law firm's client trust account and to lying on his taxes by failing to report an offshore debit card account, prosecutors said. Three others also have been charged." The AP adds, "Currin, 57, will also plead guilty in a related case to obstructing a grand jury investigation into securities fraud, in which he conspired to withhold documents and provide false testimony, U.S. Attorney Gretchen Shappert said. … He could be sentenced to as many as 43 years in prison."

Texas Doctor, Wife Charged In Tax-Shelter Scheme. The San Antonio Express-News (10/6, Contreras) reports, "A former San Antonio doctor and his wife have been indicted on charges that they hid more than $656,000 from the Internal Revenue Service in an offshore tax-shelter investment scheme." The Express-News continues, "A federal grand jury on Wednesday indicted Daniel Luczkow, 40, and his wife, Mary Luczkow. They are accused of using fake entities offshore to reduce their total income by $490,080 in 1999 and $166,824 in 2000." The Express-News adds, "Luczkow was an emergency room physician at Baptist Health System in San Antonio in the late 1990s and is now practicing in Massachusetts, where he went to medical school, according to his lawyer, Van Hilley. … The pair are charged with conspiracy to defraud the IRS, punishable by up to five years in prison, and three counts of

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subscribing to a materially false tax return for a potential refund. Those counts each carry a maximum of three years in prison."

CONGRESS-ADMINISTRATION:

Hastert Takes Responsibility For Foley Scandal, Says He Won't Resign. The Chicago Tribune (10/6, Dorning, Zajac, 623K) reports, "House Speaker Dennis Hastert offered a public apology Thursday for his handling of a complaint about a congressman's suggestive electronic messages to an underage page as the House ethics committee opened an investigation into former Rep. Mark Foley's contacts with pages. … The political damage from the cyber-sex scandal that Republican candidates already had sensed began to show up in polling data, indicating a sharp drop in support for the GOP and public distrust of congressional leaders' explanations for their handling of a complaint about Foley." However, "it is not yet clear how lasting the falloff in support will be as lawmakers and the FBI pursue separate investigations of the six-term Florida Republican. Foley abruptly resigned his seat last week."

The story continued to receive extensive media coverage, leading all three network newscasts. As NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) put it , "This scandal has simply enveloped official Washington from Capitol Hill to the FBI." All three network reports note the Speaker's assertion that "the buck stops here," with CBS Evening News(10/5, lead story, 3:10, Couric, 7.66M) noting the GOP leader "said he's deeply sorry for what happened and reiterated he did not know the suggestive nature of those instant messages between Florida Congressman Mark Foley and congressional pages until last Friday." ABC World News (10/5, lead story, 2:30, Gibson, 8.78M) showed Hastert saying, "I'm deeply sorry that this has happened. The bottom line is that we're taking responsibility because ultimately, as someone has said in Washington before, the buck stops here. Could we have done it better? Could the page board have handled it better? In retrospect, probably, yes."

On ABC World News (10/5, story 2, 0:30, 8.78M), George Stephanopoulos said of Hastert's statement, "I think he was pretty effective today and President Bush must have thought so, too, because he called him for the first time. By apologizing, accepting responsibility, getting statements of support from his fellow leaders and promising to fix the problem, he lays the groundwork for a political defense and that ethics committee investigation gives all other Republicans a reason to say 'Hastert can stay for now, wait until the investigation is done.'" The New York Times (10/6, Zeleny, 1.21M) reports that "earlier in the day, officials said Mr. Bush would not go further than the measured comments of support he delivered on Tuesday, but they later said they saw Mr. Hastert's appearance as an important step toward cooling the furor." The AP (10/6, Hunt) says the Bush-Hastert phone call lasted "several minutes." White House deputy press secretary Dana Perino said, "The president thanked him for going out and making a clear public statement that said the House leadership takes responsibility and is accountable. … He said he appreciated that when they got the information, they swiftly took action making clear that Rep. Foley should step down and promptly requested a Department of Justice investigation. And he expressed his support for the speaker."

Commentators are suggesting Republicans have made a political calculation not to press for Hastert's resignation. On NBC Nightly News(10/5, story 3, 2:00, 9.87M), Tim Russert said, "Many Republicans actually gamed out a potential resignation by Hastert. They concluded if he resigned it would magnify the crisis with headlines all across the country and in the world that the top Republican in Congress resigned. They thought it would be an admission of wrongdoing and they didn't think it would stop the investigation or political difficulties, so they decided for the time being to continue to support Speaker Hastert." Also on NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) conservative activist Paul Weyrich, who's previously asked the Speaker to step down but now opposes that move, was shown saying, "If Hastert resigns, there will be a feeding frenzy."

MSNBC's Hardball (10/5, Shuster) reported, "According to several members of Congress and a GOP activist, who was in contact with Denny Hastert, the Speaker felt that if he were to resign, there would not be a smooth transition. John Boehner, who is next in line, faces his own set of questions in the Foley scandal and Hastert was convinced that allegations of a GOP cover up are going to stick around for a couple of weeks anyway. So, according to these sources, Hastert felt it was better to draw the line today, make it clear to everybody that he is not going anywhere and try to unify the Republican Party behind a counterattack against Democrats and the media."

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The Wall Street Journal (10/6, Calmes, 2.03M) reports Republicans "have had to consider two separate paths. One is for the party to hang tough and blame Democrats for the timing of the disclosures. The other is to take full responsibility and move on -- while presumably sacrificing a top leader, like Mr. Hastert. Yesterday, officials seemed to be gravitating toward the first choice." Along similar lines, McClatchy (10/6, Talev, Douglas) says House Majority Leader John Boehner and third-ranking House Republican Roy Blunt, "who a day earlier were critical of Hastert's handling of the matter, issued strong statements of support for him Thursday. 'I believe strongly he should remain our speaker,' Boehner said. Said Blunt: 'We all now realize that this terrible situation could have been handled differently. We are all upset; we are all horrified; but we all stand together with our speaker.'" In Florida, Rep. Clay Shaw, a Republican "locked in a tight re-election contest in a district beside Foley's, also voiced support for Hastert."

The Washington Post (10/6, A4, VandeHei, Abramowitz, 748K) runs a similar report under the headline "House Republicans Move To Back Hastert," in which it says "several GOP lawmakers in tough races said voters are not reacting as harshly to the scandal as they first feared, buying Hastert even more room to save his job. Still, lawmakers are privately furious with how Hastert and other leaders have handled the scandal."

Snow's "Fancy Footwork" On Foley Scandal Noted. CNN's The Situation Room (10/5, Koch) reported that White House press secretary Tony Snow "used some pretty fancy footwork as he tried to downplay the impact of the Foley controversy. It was a delicate dance. First step, distance the White House from the Foley scandal on the hill. … Step two, build in wiggle room in case an investigation shows more wrongdoing or a cover-up. … Step three, reiterate President Bush's insistence that Hastert not resign." CNN added, "Punctuating the dance, sharp condemnations of Congressman Mark Foley's behavior. … A clear re-choreographing of Monday's dismissal of the matter as, quote, naughty e-mails. But the White House couldn't dance around the fact that President Bush's message is being drowned out by the furor over the scandal."

Dean Says Republicans Putting Party Ahead Of Children. CNN's The Situation Room (10/5, Blitzer) reported, "The Democratic Party Chairman, Howard Dean, meanwhile, is blasting the Speaker Dennis Hastert's suggestions that Democrats had a role in breaking the Foley scandal. Dean tells CNN that Hastert's claims, in his words, is a disgrace and a Republican lie and he's accusing the Republicans of putting their party ahead of America's children."

Another Democrat, House Minority Whip Steny Hoyer, said on MSNBC's Hardball (10/5), "The fact of the matter is here, we have an issue where clearly the responsibility for the administration of this program and the response to the issues raised were in the Speaker's office and not on anybody else's office. So blaming anybody else is simply, I think denying reality."

Hastert Leadership Put In Negative Light. NBC Nightly News (10/5, story 2, 1:55, Williams, 9.87M) analyzed Hastert's leadership style. Jim Warren, Chicago Tribune, said, "Tom Delay was the power behind the throne. The real enforcer. The guy to twist arms in a way that simply doesn't come naturally to Dennis Hastert." NBC (Mitchell) added, "Despite his nice guy image, critics say Hastert been an effective infighter using his power to bottle up ethics charges against DeLay and others. With a huge staff, Hastert is also no slouch when it comes to pork. Critics say he netted $2 million personal profit for property he sold near a highway project he backed in his own district. The transaction was legal and Hastert denies any wrongdoing."

The New York Times (10/6, Zeleny, 1.21M) reports Hastert "has no distinct power base in Congress, not much of a national reputation and, in an age of television politics, little polish in front of the camera."

Meanwhile, the Los Angeles Times (10/6, 918K), in an editorial, urges Hastert to resign, "not necessarily because" of the Foley story, but "because he's an unimaginative politician and an uninspired legislator. Unfortunately, these days that just makes him a typical congressional Republican."

In a more positive portrayal, USA Today (10/6, Welch, 2.27M) describes Hastert as "a quiet, hulking Midwesterner who rose to power over the misfortune and missteps of fellow Republicans." Throughout "his adult life, Hastert has been a successful organizer to whom colleagues eventually turned for leadership."

The Washington Post (10/6, A22, 748K) says in an editorial that Speaker Hastert "came up with yet another ploy to shield himself and his colleagues from scrutiny while pretending to do the opposite. The issue is how House leaders dealt with warnings that Rep. Mark Foley (R-Fla.) had sent inappropriate e-mail to a teenage page. The speaker announced with considerable satisfaction that he hopes to

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appoint an independent 'person of high caliber' -- but not to do what is obviously needed, which is investigate whether the House botched the response, thereby endangering more pages."

Former President Bush Defends Hastert. ABC World News (10/5, story 7, 3:35, Gibson, 8.78M) reported, "We are in Philadelphia tonight, the birth place of the US Constitution. Liberty Medals are to be presented here tonight to Presidents Bush the elder and Clinton. George HW Bush is now 82 years old and we talked this afternoon about the current political scene. Mr. President, what's your take on what's going on right now with Speaker Hastert and the House? He's told people that you called him to express your support." Former President Bush: "I know him so well, I just wanted to express my strong conviction that he's a good man and hope he hangs in there. If I thought the Speaker or somebody was protecting the status quo and not protecting the kids, I would be very upset about that. I'm sure there were some maybe that fit that description, but I don't think that's the Speaker."

Soros Dismisses Hastert Claim He Is Behind Foley Leaks. George Soros was asked on Fox News' Your World with Neil Cavuto (10/5) about House Speaker Dennis Hastert's claim that he is behind the leaks about Foley. Soros said, "The implication that I had something to do with this scandal is so far off the mark that it's really laughable. … It's a feeble attempt to deflect responsibility. He's done it before. To me. But this time, I don't think he can get away with it."

GOP Said To Have Grown "More Hostile To Gays." The Los Angeles Times (10/6, Reynolds, Jarvie, 918K) reports, "Gays hold many prominent positions in government and business in Washington. But in the GOP ranks, homosexuality is still politically risky. In fact, with the exception of the military, perhaps no institution in America has as strong a 'don't ask, don't tell' approach as the Republican Party. … One reason for the secrecy, gay Republicans say, is that their party has grown more hostile to gays in recent years."

GOP Tries To Limit Political Fallout From Foley Scandal. The political fallout of the scandal continues to be pondered in the media. The Washington Times (10/6, Curl, Hallow, 88K) reports, "Republican lawmakers inside the Beltway are using a multipronged strategy to limit fallout from the Foley scandal: Focus on national security, keep congressional races on local issues and blame Democrats -- even operatives of former President Bill Clinton." Another Washington Times (10/6, Fagan, 88K) story says "the Democratic Party is using the unfolding scandal involving Rep. Mark Foley to bash Republican candidates and raise support for their party, arguing that Republicans have too much power and mishandled the situation. From Virginia to New Mexico, Democrats have demanded the resignation of House Speaker J. Dennis Hastert of Illinois and challenged Republicans to return money donated by Mr. Foley."

On CBS Evening News (10/5, story 3, 2:15, Couric, 7.66M), Nicole Wallace, former communications director for President Bush and now a CBS analyst, said, "As long as there is new information coming up on the election…the Republicans are likely to stay on the defensive. But look, if the Democrats…point fingers…blaming Republicans without offering any ideas of their own, they're not going to gain much anyway. So no doubt, this is not a good development for the Republicans. They are not enjoying this phase. They're eager to get back to the issues."

The Washington Post (10/6, A21, Kamen, 748K) reports in its "In the Loop" column, "Foleygate complicates things for Republican efforts on Nov. 7. Will this enable the Dems to take over the House? A National Journal poll of insiders released yesterday found that 71 GOP insiders estimated the fallout would cost an average of 2.6 seats while 73 Democrats predicted they'd capture an additional 3.4 seats."

Election Supervisors Can Inform Voters That Negron Is GOP Candidate For Foley's Seat. The AP (10/6) reports, "Supervisors of elections in former Rep. Mark Foley's district may post signs telling voters that Joe Negron is the Republican candidate even though it will be Foley's name on the ballot, Florida elections officials said Thursday. An e-mail from the State Division of Elections to election supervisors in counties that are part of Foley's district said that 'preferably, the notice would be placed in every voting booth' and in absentee ballot mailings. The suggestion angered some Democrats who said it gives Negron unfair help." Gov. Jeb Bush "said the move would help alleviate confusion. 'Joe Negron is, by law, the candidate,' Bush said. 'You can't have his name on the ballot because of state law but to inform people is more than fair. ... To provide information is more than appropriate.'"

The Wall Street Journal (10/6, Dreazen, 2.03M) reports on the fight for Foley's district, in a story titled "Foley Foe Was Long Shot, Now Has Big Shot." The Journal says that "while

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Democrats are celebrating the likely gain of a solidly Republican House seat, the choice of Mr. Mahoney illustrates the ideological compromises the party is making to retake the House. A self-described conservative Democrat, Mr. Mahoney is a former Republican who didn't switch his party affiliation until 2005." He "describes Ronald Reagan as a political hero and himself as a 'conservative Christian.'" He "talks about the need to reduce abortions, though he doesn't favor banning them."

Meanwhile, the Palm Beach Post (10/6, Sorentrue) reports that "an informal survey of a dozen Republicans in Foley's former congressional district Thursday shows the experts may be wrong. Despite the scandal, most still plan to check Foley's name when they go to the polls, according to unscientific results. … Although some political observers have suggested the allegations may cause Republicans to stay home on election day, many of those surveyed said they still planned to vote Republican straight through their ballot."

Pelosi Vows To Restore Integrity, Civility. The AP (10/6, Sidoti) reports, "Relishing the prospects of a triumph, Democratic leader Nancy Pelosi on Thursday promised to restore integrity and civility to the House if voters put her party in control this fall. 'We'll turn the most closed and corrupt Congress into the most open and honest Congress,' Pelosi, D-Calif., told The Associated Press in an interview. … 'The only way you can make the change that needs to be made for our country -- a new direction where we're there for the many and not the few -- is to drain the swamp,' said Pelosi, who is in line to be the nation's first female House speaker if Democrats ascend to power."

David Ignatius writes in the Washington Post (10/6, A23, 748K), "It's too late for the Democrats to forge coherent positions on Iraq or tax policy before the November elections. But fortune has presented them with a mission that can be summed up in a simple sentence: They must be the party of accountability and reform."

9th Circuit Judge Objects To Breakaway Circuit Proposal. The National Law Journal (10/6, Maclean) reports, "The long-simmering debate over splitting the nation's largest federal appellate court heated up last month when one 9th Circuit judge complained that a new breakaway circuit would have no Hispanic judges." The Journal continues, "The Senate Judiciary Committee is currently considering S. 1845, a bill that would split the 9th U.S. Circuit Court of Appeals, with California, Hawaii and Guam in a new, shrunken 9th Circuit. A new 12th Circuit would be composed of Arizona, Nevada, Oregon, Washington state, Idaho, Montana and Alaska. … 'I'm a Republican and an appointee of President Bush, and it dawned on me that the resulting 12th Circuit would be without a single Hispanic judge. Nobody is focused on this,' said Judge Carlos T. Bea of San Francisco. … Bea joined the court in 2003. He was raised in Spain and is one of six Hispanic judges among the 9th Circuit's 49 active and senior judges." The Journal adds, "In general, Republican lawmakers have pushed the split efforts while Democratic legislators generally oppose the move. A majority of the circuit's judges oppose a split, according to Chief Judge Mary Schroeder. … Arizona, with a population that is 25 percent Hispanic, and Nevada, with a 20 percent Hispanic population, would join the Pacific Northwest states, but without Hispanic judges, Bea said. … The circuit's Hispanic judges, Arthur Alarcon, Ferdinand Fernandez, Kim Wardlaw (whose mother is from Mexico), Richard Paez, Consuelo Callahan and Bea, all California-based judges, would remain on the split 9th Circuit."

Bush Says Reauthorization Of No Child Left Behind Is High Priority. The AP (10/6, Pickler) reports, "President Bush said Thursday that renewing the No Child Left Behind law will be a priority for him next year." He described requirements that schools not meeting standards offer transfers after two years and tutors after three years as "promises to parents" that "aren't working as they should." He pledged to "work with Congress to clarify the law and to strengthen the law to make sure our parents get timely information and useful information.'" Bush "outlined a series of ways in which the law could be improved, such as by expanding testing in high schools" and offering to pay private school tuition for "28,000 low income students across the country."

The Washington Post (10/6, B4, Labbé, 748K) reports that speaking at Friendship-Woodridge Elementary and Middle School, a Washington, D.C. charter school, "against a backdrop of No Child Left Behind posters featuring smiling children waving American flags, Bush proposed that teachers who raise student scores or decide to teach in hard-to-serve urban or rural school districts be paid bonuses under a new incentive fund for teachers. High schools, which now graduate 75 percent of their freshmen on time, would offer more rigorous courses through a new Advanced Placement training program for 70,000 teachers." Bush also "toured a

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'smart lab,' a classroom where middle school students made music on an Apple computer and demonstrated robotic vehicles that started and stopped at the sound of a handclap. He encouraged students to study and asked about their college plans." The president said that "he chose Friendship-Woodridge for a visit because it had met the academic benchmarks on standardized tests for the past three years." And "student reviews of Bush's speech were overwhelmingly positive."

The Los Angeles Times (10/6, Gerstenzang, Havemann, 918K) described the president's appearance as part of "two days of speaking out on domestic policy" with "education" being "the theme Thursday, with a visit to the Education Department headquarters in Washington and then to a District of Columbia charter school." After recounting a now two-week-old report by the Education Department's inspector general on the Reading First program that "found the selection of reading curricula to be rife with conflict of interest," the Times added that the president "acknowledged room for improvement" in the law, saying that "parents are not necessarily getting information about students' progress quickly enough to switch a child's enrollment to another school if they think a change is necessary." He "also suggested school districts were not taking advantage of federal help providing tutoring for students, or were using the money for other purposes."

Fox News Special Report (10/5, Faulkner) reported President Bush "says that improved math and reading scores show that the program is working." The Administration is "urging Congress to extend the act when it comes up for a vote."

Neil Bush Said To Be Profiting From NCLB. BusinessWeek (10/16, Epstein) reports, "The President's younger brother Neil" is "selling to the test." With "five years of development and backing by investors like Saudi Prince Alwaleed Bin Talal and onetime junk-bond king Michael R. Milken, Neil Bush aims to roll his high-tech teacher's helpers into classrooms nationwide. He calls them 'curriculum on wheels,' or COWs. The $3,800 purple plug-and-play computer/projectors display lively videos and cartoons" that "are supposed to aid the memorization of the 22 rivers of Texas or other facts that might crop up in state tests of 'essential knowledge.' Bush's Ignite! Inc. has sold 1,700 COWs since 2005, mainly in Texas." Neil Bush is called the first presidential brother to "seek profit from a hallmark Presidential crusade." He "attributes his interest in education to his struggles with dyslexia. His son, Pierce, also had difficulties in school, he says."

Hackers Target Commerce Department Computers. The Washington Post (10/6, A21, Sipress, 748K) reports, "Hackers operating through Chinese Internet servers have launched a debilitating attack on the computer system of a sensitive Commerce Department bureau, forcing it to replace hundreds of workstations and block employees from regular use of the Internet for more than a month, Commerce officials said yesterday." The attack "targeted the computers of the Bureau of Industry and Security, which is responsible for controlling U.S. exports of commodities, software and technology having both commercial and military uses. The bureau has stepped up its activity in regulating trade with China in recent years as the United States increased its exports of such dual-use items to the growing Chinese market." This "marked the second time in recent months that US officials confirmed that a major attack traced to China had succeeded in penetrating government computers." Commerce Department spokesman Richard Mills said, "Through established security procedures, BIS discovered a targeted effort to gain access to BIS user accounts. … We have no evidence that BIS data has been lost or compromised."

Supreme Court Seen As Often Telegraphing Views During Oral Arguments. USA Today (10/6, Biskupic, 2.27M) reports that at the Supreme Court, oral arguments, which begin this week with the start of the new term, "provide one of the few times each week that all nine justices are together and presumably open to persuasion. As the justices fire questions at lawyers at the court's lectern, they also telegraph their views to one another. It's a routine that is likely to become more intriguing this year on the divided court. Conservative Justice Samuel Alito begins his first full term after replacing the more moderate Sandra Day O'Connor, and Chief Justice John Roberts, who replaced the late William Rehnquist a year ago, continues to establish his presence." USA adds, "Today, with the exception of the typically silent Clarence Thomas, who is perhaps the court's most conservative member, the justices each ask many questions and make known their concerns about a case."

Former Official Says Bush Not Committed To Faith-Based Initiative. The Wall Street Journal (10/6,

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Harwood, 2.03M) reports, "Former White House official David Kuo will publish a book this month slamming administration's commitment to 'faith-based' programs. A person familiar with book's content says it will characterize centerpiece of Bush's compassionate conservatism as 'big talk, little action.'"

Bolton Could Be Named "Acting UN Ambassador." The Washington Times (10/6, Gertz, Scarborough, 88K) "Inside The Ring" column reports "some congressional staffers are talking up a fallback position" in case UN Ambassador John Bolton is not confirmed by the Senate. With "confirmation prospects looking dim, Mr. Bolton's recess appointment will expire when a new Congress convenes Jan. 3. The fallback: Mr. Bush could name Mr. Bolton as a deputy U.N. representative, a non-confirmable position, and then name him 'acting' U.N. ambassador."

Protesters Demand End Of "Bush Regime." The Chicago Tribune (10/6, McCarthy, Fitzsimmons, 623K) reports, "Many of the protesters marching through downtown Thursday against the Bush administration were veteran activists," with police estimating that "about 1,500 people attended Chicago's march from Grant Park to Federal Plaza Thursday afternoon during a day of national protests in more than 100 cities called 'World Can't Wait – Drive Out the Bush Regime.'" The Tribune added, "Although the protesters had a shared distaste for the Bush administration, the name of the march held a different meaning for each one. Latinovich said it meant criminal investigations into Bush policies such as the Iraq war, wiretapping and the use of torture. For others, it meant everything from impeachment to the Democrats winning November congressional elections." The Seattle Post-Intelligencer (10/6, Barber, 129K) and Seattle Times (10/6, Vinh, 217K) report on a similar protest in Seattle.

Size Of Federal Workforce, Contractors Rising. The Washington Post (10/6, A21, Lee, 748K) reports the Republican Party's "oft-stated affinity for smaller government has not applied during the Bush administration. According to a recent study, not only is the number of federal civil servants on the rise, but so are the numbers of employees working for government-funded contractors and for organizations that receive government grants." Including "the numbers of postal workers and military personnel on the federal payroll -- and the 'true size' of the federal government stands at 14.6 million employees, said Paul C. Light, the study's author and a government professor at New York University." That "compares with 12.1 million employees in 2002, said Light, who has tracked the growth of government for years and has data for as far back as 1990. The latest increase is almost entirely due to contractors, whose ranks swelled by 2.5 million since 2002, Light wrote in his 10-page research brief."

WSJournal Says Falling Deficit Due To Increase In Tax Revenues. An editorial in the Wall Street Journal (10/6, 2.03M) says "the government will soon report that the federal budget deficit for the just-completed 2006 fiscal year fell to about $260 billion. … The main cause of the deficit decline -- 90% of it, says White House budget director Rob Portman -- is a tidal wave of tax revenue. Tax collections have increased by $521 billion in the last two fiscal years, the largest two-year revenue increase -- even after adjusting for inflation -- in American history. If you're surprised to hear that, it's probably because inside Washington this is treated as the only secret no one wants to print." The Journal adds that "we thought our taxpaying readers might like to know how much you've all been contributing to the falling deficit -- the best-kept secret in Washington."

NYTimes Blames Medicare "Doughnut Hole" On "Political" Aims Of Drug Program. The New York Times (10/6, 1.21M) editorializes, "Millions of elderly Americans enrolled in the new Medicare prescription drug program are approaching the notorious 'doughnut hole,' a gap in coverage that will force them to pay for their medicines out of pocket until they qualify for catastrophic coverage. Many of the heaviest users of prescription medications have already fallen into the hole — an unwelcome surprise for the many who do not pay much attention to the fine print of their policies. The hole makes little sense from a medical or insurance perspective. Rather, it is the inevitable result of designing a program with political rather than programmatic aims in mind."

OTHER NEWS:

Dow Closes At Record High Again. The AP (10/6) reports, "Wall Street rose modestly Thursday, nudging the Dow Jones industrial average to its third straight record high close as investors welcomed upbeat retail sales and

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jobless claims figures." The Dow "closed at 11,866.69, surpassing the record of 11,850.61 set Wednesday. The blue chip index traded up to 11,870.06, which stands as its trading high." NBC Nightly News (10/5, story 8,0:10, Williams, 9.87M) was the only network newscast to note the Dow. NBC also said the "NASDAQ was up 15 points [to close at 2,306.34]." The Wall Street Journal (10/6, McKay, 2.03M) reports the "broad Standard & Poor's 500-stock index gained three points, or 0.2%, to end at 1353.22, a fresh 5½-year high and now up 8.4% so far this year." The Journal also said the Nasdaq close was "its highest close in five months and now up 4.6% on the year."

Paul Krugman writes in the New York Times (10/6, 1.21M), "Should we be cheering over the fact that the Dow Jones Industrial Average has finally set a new record? No. The Dow is doing well largely because American employers are waging a successful war against wages."

Weekly Jobless Claims At Lowest Level Since July. The Wall Street Journal (10/6, Christie, 2.03M) reports, "The number of new applicants for unemployment insurance fell last week to the lowest level since July, suggesting some recent improvement in the U.S. job market." Initial jobless claims "dropped 17,000 to a seasonally adjusted 302,000 in the week ended Sept. 30, the Labor Department said Thursday. New claims for the week ended Sept. 23 were revised upward to 319,000 from a previously reported 316,000. Last week's claims were at the lowest level since July 22, when 299,000 new claims were reported." The "latest drop in claims was bigger than expected."

Retail Sales Strong. The Wall Street Journal (10/6, Kang, Covert, 2.03M) reports, "Many of the nation's retailers rang up strong apparel sales last month, helped by chillier-than-average weather, late back-to-school spending and a drop in gasoline prices. High-end department stores and teen-specialty shops reaped the biggest gains, while Wal-Mart Stores Inc. and other discount chains turned in poor to lackluster performances overall in comparison with strong year-earlier sales figures." The Journal adds, "An index of 57 major U.S. retailers compiled by the International Council of Shopping Centers showed same-store sales -- or sales at stores open at least a year -- rose 3.8% in September. That was shy of the year-earlier increase of 4%, as well as the trade group's forecast for a 4% gain." The Washington Post (10/6, D1, Henderson, 748K) runs a similar story under the headline "Retail Sales Strong As Gas Prices Fall," in which it says "the money people are saving at the gas pump is finally showing up somewhere else: department store cash registers."

OPEC Push For Output Cut Sends Oil Prices Higher. The Financial Times (10/6, Flood) reports, "Crude oil rallied on Thursday after officials from the [OPEC] said the cartel had informally agreed to cut output by at least 1m barrels a day. ICE November Brent rose 91 cents to $60.13 a barrel after having sunk to $57.70 a barrel in the previous session, its lowest level this year." The Times says, "A move by Opec to cut production for the first time since 2004 has been widely anticipated by the market after Nigeria and Venezuela announced they would reduce output recently. ... The announcement drew a negative reaction from Sam Bodman, the US energy secretary who said that the global market still needed Opec's supplies." The Times adds, "Concerns over disruptions to supplies from Nigeria also provided support for prices yesterday."

The Wall Street Journal (10/6, Bahree, 2.03M) reports, "OPEC's president is scrambling to broker an agreement among the cartel's members to cut oil output in an attempt to shore up tumbling crude prices, according to people familiar with the matter. But contentious issues need to be resolved before ministers of [OPEC] reach an agreement." The Journal says, "By talking about tightening the spigot now, OPEC...is signaling that it will try to prevent prices from falling further, even if demand for oil slackens as the world economy slows." The Journal reports, "reports that OPEC was seeking to withhold oil from markets ahead of the peak winter heating season alarmed major consumers... . In the U.S.,... a spokesman for Energy Secretary Samuel Bodman said the American energy czar had urged some OPEC ministers to keep crude markets well supplied."

The Washington Post (10/6, D3, Mufson, 748K) reports, "it remained unclear how big the cuts would be and whether they would ever take effect." The Post says, "An oil trader in Europe who had talked to oil officials in three key OPEC countries said that if the cartel cut output, the reduction is unlikely to exceed 400,000 barrels a day... ." Cartel members "are torn between the desire to pump more versus propping up prices. Many members have pressing needs. Nigeria has already shut down about a third of its output because of insurgent activity. High oil revenue has helped bolster the influence of Venezuela's president, Hugo Chavez. And the windfall for Iran has helped it aid Hezbollah in Lebanon and raise wages at home."

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Gasoline Prices Falling At Slower Rate. USA Today (10/6, Hagenbaugh, 2.27M) reports, "Many drivers who are hoping for sub-$2-a-gallon gasoline in the near future will likely be disappointed. The price at the pump, which until recently was rapidly plunging, has been falling at a slower rate. Such a slowdown suggests retail gasoline prices will likely still be above $2 a gallon in most of the USA at the end of October, say energy analysts... ." The nationwide average, which "was $2.290 Thursday, down a half-cent from the day before and 44 cents below a month ago," "isn't likely to drop much further... ." USA Today says oil prices increased Thursday and notes, "Some refineries typically reduce production in the fall for maintenance. With gas prices lower, refineries may scale back even more than usual... ."

Fall In Gasoline Prices Fuels Conspiracy Theories. The Washington Post (10/6, Mufson, 748K) reports many Americans think the steep decline in gasoline prices as the elections approach is no coincidence. Sober analysts, however, are skeptical of the conspiracy theories. The Post describes "some of the leading theories, and some possible explanations, for what is happening in the volatile oil markets." According to one theory, Saudi Arabia "is doing Bush a favor by trying to bring down prices before the election." Another theory posits that "Treasury Secretary Henry M. Paulson Jr. has asked his former partners at Goldman Sachs to dump gasoline futures to drive down pump prices and boost GOP prospects in November." A third theory suggests that "the Bush administration is secretly selling stocks from the Strategic Petroleum Reserve." The Post adds that "in April, Bush said he would take the unusual step of suspending additions to the reserve in the face of soaring gasoline prices."

Slew Of New Polls Said To Bode Ill For GOP.

A number of polls out this morning show Democrats poised to do well in the upcoming elections. The Washington Times (10/6, Hallow, 88K) reports the new Battleground polls shows "Democratic candidates enjoy an advantage 'in almost every campaign' and now stand a better than even chance of winning a House majority." The poll's "conclusions closely resemble dismal predictions of a nearly certain net loss of at least 15 and as many as 30 House seats for the GOP that other top-rated Republican campaign pollsters and strategists confided earlier this week to The Washington Times." Nienaber "cited Republican Sens. Mike DeWine of Ohio, Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania as three particularly threatened incumbents."

The Christian Science Monitor (10/6, Cook, 58K) reports on a Monitor breakfast with pollsters Brian Nienaber of the Tarrance Group, a Republican firm, and Celinda Lake of Lake Research Partners, a Democratic firm, who discussed the latest GWU Battleground Poll and see "trouble ahead for Republicans in the 2006 elections." Nienaber, "asked about Republican prospects for retaining control of Congress," said, "The trend here is negative ... if this continues and election day was tomorrow, I think control of both houses of Congress would be in jeopardy, not only the House but the Senate." Lake said, "The most important number to watch is Bush's job approval number. In this poll he had popped up a little bit. He had gotten to 45 percent. In the most recent public polls in the last couple of days he is back down to 40 percent, 39 percent ... if his job approval is 38 or 39 percent ... it looks like we are guaranteed to take back the House. If his job approval is 44-45 percent, [a Democratic victory] becomes in jeopardy." The Monitor adds the poll was "conducted September 24-27 among 1,000 registered voters and has a margin of error of 3.1 percent. Given the survey's timing, it does not capture voter reaction to the House page scandal. But the scandal's effects will not be good for Republicans, both pollsters agreed."

A series of Gallup polls, meanwhile, show Democrats within "striking distance" of winning the Senate. USA Today (10/6, Page, 2.27M) reports Democrats are "within striking distance of winning control of the Senate in the Nov. 7 elections, USA TODAY/Gallup Polls in six key states show as the campaigns head into their final month." The "number of Republican-held seats with competitive Democratic challengers has expanded to include Virginia and Tennessee, where Democrat Harold Ford Jr. now holds a 5-percentage-point lead over Republican Bob Corker among likely voters." In Missouri, GOP Sen. Jim Talent "narrowly trails Democrat Claire McCaskill, and in Rhode Island, Sen. Lincoln Chafee faces a double-digit deficit against Democrat Sheldon Whitehouse. The surveys, taken Sept. 27 to Oct. 1, have error margins of +/-5 percentage points for the likely-voter samples." President Bush "is a liability in the six states polled. In mostly Democratic Rhode Island, likely voters say by more than 3-to-1 that they are more likely to back a candidate who opposes Bush than one who supports him. Even in Republican-leaning Virginia, voters by 3-2 favor a candidate who would challenge Bush." One "trouble spot for

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Democrats: New Jersey. Democratic Sen. Robert Menendez, appointed in December, holds only a 3-point lead over Republican Tom Kean Jr."

A NBC/WSJ poll finds Democrats have edge on voter intensity. The Wall Street Journal (10/6, Harwood, 2.03M) reports, "Democrats hold intensity edge as Foley scandal reverberates. In new Wall Street Journal/NBC News poll, 51% of Democrats express highest possible level of interest in the elections, compared with 43% of Republicans. Democratic edge on that harbinger of motivation to vote is up slightly from 51%-46% edge in early September." Senior citizens "back Democrats to control Congress by 48%-43% -- smaller than party's overall edge among all voters."

The Wall Street Journal (10/6, Harwood, 2.03M) reports, "Among independents, just 29% express high confidence that Democratic Party policies will keep America safe from terrorism, matching 29% who have little or no confidence. A 47% plurality of independents lack confidence in Republicans on Social Security and Medicare; Democrats hope to elevate those issues in campaign dialogue." Two-thirds "of the electorate, including 47% of Republicans, say they would be more likely to vote for a Democratic candidate who backs a minimum-wage increase. Six in 10 independents would be more likely to support a Democrat calling for 'phased withdrawal' from Iraq. By 47%-26%, voters are more likely to back a Republican who supports a Mexican border fence."

Also, a Pew poll suggests Republicans could lose their edge with Evangelical Christians. The Washington Post (10/6, A6, Cooperman, 748K) reports, "Even a small shift in the loyalty of conservative Christian voters" could "spell trouble for the GOP this fall. In 2004, white evangelical or born-again Christians made up a quarter of the electorate, and 78 percent of them voted Republican, according to exit polls. But some pollsters believe that evangelical support for the GOP peaked two years ago and that what has been called the 'God gap' in politics is shrinking." A Pew Research Center poll of 1,500 registered voters "found that 57 percent of white evangelicals are inclined to vote for Republican congressional candidates in the midterm elections, a 21-point drop in support among this critical part of the GOP base. Even before the Foley scandal, the portion of white evangelicals with a 'favorable' impression of the Republican Party had fallen sharply this year, from 63 percent to 54 percent, according to Pew polls."

Pew Poll Finds Iraq Remains Top Issue For Midterm Voters. AFP (10/6, Griffith) reports the Pew survey finds "Iraq remains the top issue for US voters ahead of next month's crucial midterm elections," but Americans were "surprisingly unmoved by the congressional sex scandal currently dominating Washington." The poll "found that 58 percent of the US public believes the US military effort in Iraq is not going well, 47 percent say the war is hurting, not helping, the fight against terrorism." The Pew Center "found that Democrats had a 51 percent to 38 percent advantage over Republicans before last week's scandal broke, and 50 percent to 37 percent edge after."

Bush 41 Says Democratic Takeover Of Congress Would Be "Ghastly." The AP (10/6) reports former President George H.W. Bush "said Thursday that a Democratic takeover of Congress would be a 'ghastly thing for our country.'" Bush, "speaking at a fundraiser for Sen. Rick Santorum, R-Pa., warned that the Republican majority of the Senate is at risk." Bush said, "This is more than party versus party, it is the idea that if we have some of these wild Democrats in charge of these committees it will be a ghastly thing for our country." The AP adds the "fundraiser raised about $270,000 for Santorum,"

Chafee, Whitehouse Discuss Rhode Island Senate Race. Newsweek (10/6, Teslik, 3.12M) reports in a Web exclusive that in Rhode Island, a Senate victory by Democrat Sheldon Whitehouse over Republican Lincoln Chafee "could spell a political sea change. Whitehouse, who was formerly the state's attorney general, has campaigned on an aggressively national platform, saying not just Rhode Island's future but 'the structure of power in Washington' is at stake." Opponents have 'criticized Whitehouse for telling people to vote for the Democratic Party without presenting any specific platform of his own. Chafee, for his part, has touted his independent voting record -- with limited success -- and analysts have said a Chafee loss could signal the decline of the distinctly northeastern brand of Rockefeller Republicanism." Asked if it was a "legitimate criticism" to say Whitehoues is "telling people to vote for a party, not a man," Chafee said, "I think eventually Rhode Island voters are going to want something more from the candidates than just to vote for a party. He has no other message. I call it the Peggy Lee campaign: 'Is that all there is?'" Newsweek also interviewed Whitehouse, asking if it was "disingenuous to pin him too

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closely politically to President Bush." Whitehouse replied, "Not a bit, because the key factor is that he votes to put the Republican leadership in charge that drives that agenda. He may have voted against Iraq, but we are in Iraq notwithstanding. He may have voted against Alito, but we have Alito on the Supreme Court notwithstanding. The ultimate decision is who's driving. Democratic leadership will lead us in a much better direction."

Ohio Republicans Face Difficult Homestretch To November. The Financial Times (10/6, Yeager) reports that in Ohio, the "polls are clear evidence that the series of scandals that have engulfed Ohio Republicans at home and in Washington, including congressman Bob Ney's guilty plea in a scandal involving the lobbyist Jack Abramoff, have made a difficult political year even more troublesome for them." Ohio is "ground zero for the November 7 mid-term elections: the outcome of" Republican Sen. Mike DeWine's race "and several other closely watched House contests are likely to determine which party wins control of Congress." Perhaps "most worrying for Republican activists is the poor performance to date of Ken Blackwell, the conservative Republican who hopes to take over from Robert Taft, the unpopular Republican governor who pleaded guilty to ethics charges." Recent polls "show him trailing Ted Strickland, his Democratic opponent, by more than 15 percentage points, and party officials fear that having such a weak candidate at the top of the ticket could help to put several top jobs in the hands of Democrats."

Washington Senate Campaign Ads Criticized. In his Washington Post column (10/6, A23), Michael Kinsley says, "If you knew nothing about" Republican Senate candidate Mike McGavick "except what is in his TV commercials and on his Web site, you would conclude either that he is a moron or that he thinks you are a moron. Democratic incumbent Maria Cantwell's ads aren't so wonderful either. They're mainly about all the federal money and other favors she's brought to the state. But if any of this is part of the 'pork barrel . . . wasteful, out-of-control spending' that upsets McGavick, he doesn't say so." The media "do a better and better job each election cycle at pointing out and analyzing these campaign constructs. But by doing so, in a way, they legitimize it all. By raising up the subtext, they diminish the importance of the text. Don't be naive: You're not supposed to take this stuff literally. Politicians are trying to push your buttons. They aren't trying to communicate with you."

Democrats Hope To Win Majority Of State Houses. USA Today (10/6, 2.27M) reports thirty-six states "will elect governors in November, and Democrats hope to gain a majority of the USA's governorships for the first time since 1994. Republicans now hold 28 seats nationwide, Democrats 22. More GOP-held seats are up this fall: 22 vs. 14 now held by Democrats. Taxes, charter schools, gas prices and embryonic stem cell research are among the issues defining the contests." Democrats are "confident of winning back governorships in two of the USA's biggest states. In New York, Attorney General Eliot Spitzer has a yawning lead in statewide polls over Republican John Faso, former state Assembly minority leader. In Ohio, Democratic congressman Ted Strickland leads Republican Secretary of State Ken Blackwell by double digits in statewide polls."

Federal Subsidies Maintain Flights To Small Towns. The New York Times (10/6, Bailey, 1.21M) reports that more than 100 locales around the country "receive federally subsidized airline service." The Times adds that the program "is a good case study of how poorly the government sometimes keeps pace with the free market and consumer tastes, and how entrenched interests, even in the face of some creative map-drawing, can keep such a program aloft in the face of efforts to ground it. Mike Boyd, a consultant to airports, said truly remote routes — those in Alaska, northern Maine, parts of the Western states — should be retained. But he said that most routes should be eliminated. 'The Essential Air Service program is one of those well-meaning federal programs that often results in money wasted on trying to recreate those wonderful days of the 1950's,' Mr. Boyd said in a recent note to clients. 'Somebody needs to tell Congress that Ozzie and Harriet are gone.'"

DC Charity Allows Donations Of Professional Skills. The Washington Times (10/6, Summers, 88K) reports on Greater DC Cares, a District-based nonprofit, which allows "donations of professional skills through pro bono consulting to hundreds of new nonprofits in the region. Spokeswoman Dee Ellison said accountants, Web designers and college professors with communications expertise have viable skills that could help new nonprofits get started. … Founded in 1989, Greater DC Cares has 16,000 volunteers

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working with more than 400 nonprofits. Officials estimate that volunteers provide more than 60,000 hours of service annually in the region. Under the pro bono consulting program, about 200 professionals are working with new nonprofits on about 30 projects, in which they help to develop Web sites, craft mission statements, create budgets, write grants and market their organizations."

Evangelicals Worry Youth Are Abandoning Faith. The New York Times (10/6, Goodstein, 1.21M) reports, "Despite their packed megachurches, their political clout and their increasing visibility on the national stage, evangelical Christian leaders are warning one another that their teenagers are abandoning the faith in droves." At an "unusual series of leadership meetings in 44 cities this fall, more than 6,000 pastors are hearing dire forecasts from some of the biggest names in the conservative evangelical movement." Their "alarm has been stoked by a highly suspect claim that if current trends continue, only 4 percent of teenagers will be 'Bible-believing Christians' as adults. That would be a sharp decline compared with 35 percent of the current generation of baby boomers, and before that, 65 percent of the World War II generation." While some critics "say the statistics are greatly exaggerated (one evangelical magazine for youth ministers dubbed it 'the 4 percent panic attack'), there is widespread consensus among evangelical leaders that they risk losing their teenagers."

Friedman Makes Case Against Protectionism. Thomas Friedman writes in the New York Times (10/6, 1.21M), "Right now, with the Republicans in charge, free trade is secure. Yet, while everyone is watching the front of the line, out back in the country, an erosion of support for free trade is under way. The 'Doha' trade talks have stalled, because of opposition by U.S. farmers, and the White House's 'fast-track' authority to negotiate free trade agreements expires soon. With protectionist-leaning Democrats likely to take the House or Senate, any new free-trade accords will probably be stalled. I hope Democrats won't go this route. I've always believed in free trade, accompanied by better pension and health care safety nets. But I'm not a free trader anymore. I'm now a radical free trader. … The way you keep good jobs in this country is not by building big walls, but by attracting people with big ideas -- and then giving them the freedom to do whatever can be done with anyone, anywhere, anytime."

LATimes Urges California Voters To Reject Budgeting Proposition. An editorial in the Los Angeles Times (10/6, 918K) says, "Of the package of measures, from 1A to 1E, that the Legislature placed on the November ballot, Proposition 1A is the odd man out. All the others are multibillion-dollar bond issues intended to shore up the state's crumbling infrastructure; 1A is a tweak to the Legislature's budgeting authority and a 'fix' to a similar initiative from four years ago. It would tie Sacramento's hands and ensure that future fiscal emergencies cut more deeply into vital state services. Californians should vote no on Proposition 1A." The Times adds, "Instead of taking sensible steps, such as gradually raising the gas excise tax, indexing it to inflation or mustering the legislative will to direct more money to transportation, Proposition 1A simply puts a straitjacket on the Legislature. Voters should reject it."

North Korean Nuclear Test Could Lead Administration To Impose "Penalties." ABC World News (10/5, story 6, 0:15, Gibson, 8.78M) reported, "Pentagon officials tell ABC News that a US military plane has been dispatched to monitor radiation over the Korean 11th peninsula following North Korea's announcement Tuesday it will conduct a nuclear test. Meanwhile, the Bush Administration said there will be consequences if North Korea moves ahead with that test."

The New York Times (10/6, Sanger, 1.21M) reports the Administration "is developing an extensive list of possible new sanctions against North Korea in the event that it carries through with its threat to conduct a nuclear test." Those "measures" might "include renewing efforts that have been unsuccessful in the past -- persuading South Korea and China to cut off energy supplies and trade -- and potentially confrontational steps that include intercepting and inspecting sea shipments into and out of the country." While "many of the sanctions have been considered before," the Times says US officials "on each side of that debate said a nuclear test would end the argument about whether the United States should emphasize rewards or penalties." While "Administration officials concede that the United States has been living with a nuclear North Korea for years," the "fact that North Korea has not yet tested its weapons has created enough diplomatic ambiguity that President Bush has not had to confront how he would enforce his own declaration in 2003 that he would never tolerate a nuclear-armed North Korea." The Times says "the question of sanctions is an enormously

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delicate one," however, Administration officials "appeared unified in sending North Korea a warning that a test would galvanize Washington into actions that some administration hawks have proposed for years." Discussing concrete measures, the Times says Washington "is seeking to win agreement on a 'president's statement' from the [UNSC] warning North Korea against a test," and Undersecretary Burns "said in a telephone interview on Thursday that he did not believe the Council was growing either weary or leery of threatening sanctions."

The AP (10/6, Lederer) adds, "Security Council experts reached agreement late Thursday on a statement urging North Korea to cancel its planned nuclear test and return immediately to talks on scrapping its nuclear weapons program, but the text needs final approval from council members." Japanese PermRep Kenzo Oshima "said a statement 'most likely' would be approved and read out on Friday morning after capitals give final approval." The AP says the Japanese draft "warns Pyongyang that a nuclear test would bring international condemnation, 'jeopardize peace, stability and security in the region and beyond,' and lead to further unspecified council action." It "also urges North Korea to return immediately to [the] six-party talks."

Separate AP (10/6, Chang) coverage focuses on South Korean and Russian efforts to "stop" Pyongyang. South Korean President Roh Moo-hyun "reportedly ordered his government to send a 'grave warning' to North Korea about the consequences of a nuclear test, and Russia said it was trying to dissuade Pyongyang from conducting it." Roh "also ordered the government to draw up a 'contingency plan' if the nuclear standoff with North Korea worsens," and at the same time "instructed his government to step up diplomatic efforts to forestall a North Korean test."

The Financial Times (10/6, Fifield) keys its coverage on the willingness of South Korean Foreign Minister and presumptive UNSYG Ban Ki-Moon to "use his UN mandate directly to tackle North Korea over its nuclear programme." Ban told the Times "he would visit North Korea in a bid to convince the rogue state to join diplomatic negotiations rather than indulge in 'negative activities.'" Ban is quoted saying, "As I have gained a much deeper understanding and experience into the inter-Korean relationship, including North Korea, I think I will be in a much better position to handle this issue as secretary-general."

Rumsfeld Says Test Would Reveal International Community's Weakness. The AP (10/6, Baldor) reports, "Defense Secretary Donald H. Rumsfeld said Thursday if North Korea successfully tests a nuclear weapon, it will show weakness on the part of the international community. 'And that failure ... is something that the international community would have to register and ask itself how comfortable are we being that ineffective in this situation,' Rumsfeld told reporters at the Pentagon during a visit by Croatian Defense Minister Berislav Roncevic."

More Commentary. The New York Times (10/6, 1.21M) editorializes, "Here's a scenario to keep you up nights. North Korea tests a nuclear weapon, and Japan, South Korea and Taiwan start thinking they need one too. Meanwhile, over in the Middle East, Iran's neighbors start asking themselves why they should even wait for Tehran to go nuclear before starting their own programs. Which is why the Bush administration, and other critical players, need to do a lot more to talk North Korea back from the nuclear ledge -- and to keep it there." The Times adds, "While you're contemplating nuclear dominoes, here's another reason to stay up at night. In its search for cash, North Korea has become expert at selling pretty much anything to anyone: counterfeit dollars, bootlegged cigarettes, ballistic missiles. Can plutonium be far behind? The dangers are very real. What's needed now is real pressure and real diplomacy to get the North out of the nuclear weapons business -- preferably before a nuclear test shows potential buyers just how well its weapons work."

Rice, Allies May Seek Sanctions Against Iran In London Meeting Today. USA Today/AP (10/6, Lederer) reports Secretary Rice, British Foreign Secretary Margaret Beckett and French Foreign Minister Philippe Douste-Blazy will "confer" today "in London to assess Iran's defiant refusal to suspend uranium enrichment." Berlin, Moscow and Beijing "will also send high-level officials to the talks," and the six powers "are expected to refer the nuclear case to the [UNSC] for talks next week on possible sanctions." British PermRep Emyr Jones Parry "said he expects 'the Iran dossier' to return to the council 'in the course of next week.' He said Britain 'will be discussing with its partners and with members of the council the basis for action by the council to adopt measures under Article 41 against Iran.'" However, Russian Foreign Minister Sergey Lavrov "said he believes it is too soon to impose sanctions on Iran and that further efforts are needed to push Tehran to negotiate." The AP that, in order "to avoid alienating the Russians and the Chinese, any

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sanctions are likely to be relatively mild, including embargoes on missile and nuclear technology, and possible travel bans and other penalties on Iranian officials involved in their country's nuclear program."

The Washington Post (10/6, A20, Wright, 748K) notes, "Months of intense negotiations with Iran about its nuclear program have failed and the United States and its diplomatic partners will meet in London on Friday to discuss which punitive actions to include in a new" UNSCR. Assistant Secretary McCormack "announced in Baghdad that [Rice] and [her] counterparts…will hold talks." Washington "wants to impose sanctions on Iran, but divisions are still deep among the six countries over whether to go that far and, if so, in what form." The Post says "the first stage of sanctions could include a travel ban on Iranian officials involved in the nuclear program and a ban on selling Iran so-called dual-use equipment that can be adopted for weapons. Tougher actions could follow if Iran continues to balk."

Fox News' Special Report (10/5, Hume) reported, "Major world powers will meet tomorrow in London to decide how to deal with Iran's nuclear program. They say that Secretary of State Rice will join counterparts from Russia, China and Britain and Germany. They urged the west to continue with talks. And Iran insists that the program is only for power generation but the west is convinced that Iran wants to build a nuclear bomb."

US Nuclear Experts Visit Egypt. AFP (10/6) reports, "US nuclear experts are to offer technical advice to their counterparts in Egypt, which last month announced it was relaunching its civil nuclear program after a 20-year freeze, official media said." The experts "were to arrive in Egypt 'soon to share their experience,' according to US ambassador to Egypt Francis Ricciardone, quoted by the MENA news agency."

Experts Estimate There Are One Million Unexploded Israeli Bomblets In Lebanon. The New York Times (10/6, Slackman, 1.21M) reports, "Since the war between Israel and Hezbollah ended in August, nearly three people have been wounded or killed each day by cluster bombs Israel dropped in the waning days of the war, and officials now say it will take more than a year to clear the region of them." United Nations officials "estimate that southern Lebanon is littered with one million unexploded bomblets, far outnumbering the 650,000 people living in the region. They are stuck in the branches of olive trees and the broad leaves of banana trees. They are on rooftops, mixed in with rubble and littered across fields, farms, driveways, roads and outside schools. As of Sept. 28, officials here said cluster bombs had severely wounded 109 people -- and killed 18 others." The Times adds, "The United Nations Mine Action Coordination Center in southern Lebanon recorded 745 locations across the south where unexploded bombs had been found. Of the million estimated to be scattered around, so far 4,500 have been disposed of, according to the center."

New Israeli Ambassador Ideologically Close To Olmert. The Washington Times (10/6, Mitnick, 88K) reports, "Sallai Meridor, Israel's newly appointed ambassador to the United States, is not known to be a close associate of his boss, Prime Minister Ehud Olmert. But whatever they lack in a personal friendship may be offset by the understanding that comes from traveling a parallel ideological journey." Both "come from the same political lineage of prominent revisionist Zionist families who dreamed of a Jewish state stretching from the Mediterranean eastward beyond the Jordan River. In recent years, both have departed with that mind-set, moving to Israel's pragmatic center and acknowledging that holding on to all of the West Bank and Gaza Strip doesn't square with the concept of a Jewish state."

UK's Straw Criticized For Asking Muslim Constituents To Remove Veils. The Washington Times (10/6, Haddon, 88K) reports former British Foreign Secretary Jack Straw "triggered a dispute yesterday by revealing that he asks Muslim women to remove veils from their faces when they visit his constituency office to seek his help." Straw, whose constituency "has a 22 percent ethnic minority population, said he had expected that his request would cause problems but has found that most women are 'relieved' to comply." The AP (10/5, Hegstad) reports Straw "wrote in a column for the Lancashire Telegraph newspaper that he feels uncomfortable talking with someone whose face he cannot see, and described the veil as a 'visible statement of separation and difference.'" He continued, "I explain that this is a country built on freedoms. I defend absolutely the right of any women to wear a headscarf." But "the value of a meeting, as opposed to a letter or phone call, is so that you can -- almost literally -- see what the other person means, and not just hear what they say."

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Backers Of US-India Nuclear Deal Plan Lobbying Push. The Washington Times (10/6, Sands, 88K) reports, "US backers of a civilian nuclear deal with India say they plan a major lobbying push over the next month to ensure a final vote on the bill before Congress adjourns for the year, after the Senate failed to take up the measure before it left town last week." Bush "administration officials, calling the deal a centerpiece of a new strategic relationship with India, are hoping the Senate will vote on the enabling legislation for the pact early in the planned lame-duck session set to take place soon after the Nov. 7 congressional elections." Sanjay Puri, executive director of the US India Political Action Committee, "said his group was 'obviously disappointed' about the Senate's failure to act, but he added he was 'cautiously optimistic' that the deal remained on track for passage this year."

Former President Bush Calls Chavez "An Ass." Former President George Bush was asked on CNN's Larry King Live (10/5) about Venezuelan President Hugo Chavez's claim that the current President is the devil. Bush said, "He's an ass and it's a joke for him to come up here and do that and that demeans the UN. You were talking about the UN for him to get up there and then some people applauding when he makes it personal like that, it's just sad. He's got oil at 60 bucks a barrel. He's going to do what he wants to do. But somehow these tyrants have a way of falling."

Moscow Seen As Reasserting Hegemony Over Former Soviet Republics. In a 1,404-word analysis piece, the Wall Street Journal (10/6, A1, Champion, Chazan, 2.03M) reports, "In the struggle over influence, energy and the spread of democracy in its former empire, Moscow has scored big gains and is taking off the gloves at a time when the West is increasingly preoccupied." The Journal notes, "Hosting Russian minorities and pipelines taking Siberian and Caspian Sea oil and gas to markets in the West, the former Soviet region has become the front line of conflict between an increasingly assertive Russia and the West." While "just two years ago, it looked like Russia was losing its grip over what had been part of its empire for centuries," Moscow has since "reasserted its influence in a region the Kremlin openly refers to as its backyard." The Journal says "the West's willingness to confront Russia over" issues of hegemony "has waned. Preoccupied with problems in Iraq, Washington also needs Russia's support on critical priorities such as moving to control Iran's nuclear program." In addition, "key European countries, many heavily dependent on Russian natural gas for energy, are reluctant to pick fights with Moscow."

Javanese Mud Volcano Buries Villages, Raising Accountability Issue. The New York Times (10/6, Bonner, Suhartono, 1.21M) reports, "It started as a natural gas well. It has become geysers of mud and water, and in a country plagued by earthquakes, volcanoes and tsunamis another calamity in the making, though this one is largely man-made." The "muck" buried with villages, forced 13,000 people from their homes and destroyed highway and rail lines in East Java, "an area vital to the country's economy." The "area's commerce has already been devastated." The "mud is rising by the hour, and now spewing forth at the rate of about 170,000 cubic yards a day, or about enough to cover Central Park." The Times says many analysts "are now watching closely to see whether the government will hold the company that drilled the well accountable for the costs of the cleanup, which could easily reach $1 billion. The company is part of a conglomerate controlled by Aburizal Bakrie, a cabinet member and billionaire who was a major contributor to the campaign of President Susilo Bambang Yudhoyono." Notably, "so far there does not appear to be any government investigation into what set off the mud eruptions."

Dutch Muslim-Only Hospital Draws Criticism. The Washington Times (10/6, Rennie, 88K) reports, "Plans for a Muslim-only hospital in the Netherlands have sparked a heated debate over its separate all-male and all-female wings, halal food and roster of duty imams." The "sexes will be segregated, with male patients treated by an exclusively male nursing and medical staff and similar arrangements for female patients." The concept "is the brainchild of a health industry entrepreneur, Paul Sturkenboom, who plans to employ 45 doctors and 275 nurses. Staff will not have to be Muslims." The Times notes the hospital "has been attacked by the Rotterdam-based Leefbaar Rotterdam, or Liveable Rotterdam party," as a step in the wrong direction, and adds, "The Netherlands' once proud multicultural model, which promoted tolerance of a rapidly growing immigrant population, has been questioned in recent years, especially after the slaying of filmmaker Theo van Gogh by an Islamist."

Milton Friedman Laments Government Intervention In Hong Kong Economy. In an

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opinion piece in today's Wall Street Journal (10/6, 2.03M), Nobel laureate Milton Friedman lauds the laissez-faire underpinnings on Hong Kong's economy and says it was "sadly unsurprising to see" current leader Donald Tsang begin to reverse those policies. "The really amazing phenomenon is that, for half a century, [Tsang's] predecessors resisted the temptation to tax and meddle." Friedman says "the results" of long-time finance secretary John Cowperthwaite's policies "were remarkable. At the end of World War II, Hong Kong was a dirt-poor island with a per-capita income about one-quarter that of Britain's. By 1997, when sovereignty was transferred to China, its per-capita income was roughly equal to that of the departing colonial power, even though Britain had experienced sizable growth over the same period. That was a striking demonstration of the productivity of freedom, of what people can do when they are left free to pursue their own interests." Friedman says Hong Kong's success "was a major factor in encouraging China and other countries to move away from centralized control," and derides Tsang's criticisms of the current system. While "Hong Kong is likely to remain wealthy and prosperous for many years to come, …it will no longer be such a shining symbol of economic freedom." Cowperthwaite's framework "provides a lasting model of good economic policy for others who wish to bring similar prosperity to their people."

WSJournal Says Singapore's FEER Ban Rooted In Leaders' Paranoia. A Wall Street Journal (10/6, 2.03M) editorial this morning examines Singapore's banning of the Far Eastern Economic Review. "Anyone with a passing understanding of how Singapore operates will understand that" the founding Lee family's filing of libel suits and "the Ministry of Information's ban are no coincidence. In any event, the idea that a journal of opinion published 10 times a year in Hong Kong with a Singapore circulation of approximately 1,000 is interfering in the country's domestic politics -- the underlying basis for the ban -- is absurd. So, too, is the Singapore government's apparent belief that the free flow of information is not essential for a first-world economy." The Journal notes the FEER's publication of an "offending column" in which opposition politician Chee Soon Juan claimed "the elder Mr. Lee is the man behind Singapore's suppression of dissent." The Journal calls the Lees' libel complaints "preposterous, all the more so given Singapore's justifiable reputation for efficient, clean government. We certainly don't believe -- nor do we think any reasonable reader of the Review would infer from the article -- that the Lees are personally corrupt." The Journal adds, "Socrates observed that old men are themselves, only more so, and we can only assume that Singapore will remain locked in its old ways until Mr. Lee passes from the scene." It concludes, "Virtually every foreign publication that circulates in Singapore has faced the government's wrath at one time or another, starting with a contempt action against this newspaper in 1985, when Singapore's inferiority complex was perhaps more understandable. This is not the behavior of a prosperous, self-confident nation."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"At Home On The Range With Romer."
"Times Publisher, Who Resisted Cuts, Ousted."
"Path Is Risky For Gay GOP Politicians."
"Study Says Lab Meltdown Caused Cancer."
"Crash Narrowly Averted At LAX."
"Africans Lash Out At Chinese Employers."

USA Today:

"Race For Senate Control Tightens."
"Report Rips TSA's Plans For Crisis."
"Gas Prices Dropping More Slowly ."
"'I Can Still Cause Trouble.'"

New York Times:

"Hastert, A Political Survivor, Vows To Overcome Scandal."
"Israeli Bomblets Plague Lebanon."
"Subsidies Keep Airlines Flying To Small Towns."
"Evangelicals Fear The Loss Of Their Teenagers."
"New Indonesia Calamity, A Mud Bath, Is Man-Made."
"Hedge Fund Added To The Cuomo Coffers."
"Anti-U.S. Attack Videos Spread On The Internet."

Washington Post:

"Inquiry To Look At House, Not Foley."
"In Border Fence's Path, Congressional Roadblocks."
"His Last, Best Cause."
"A Mark Of Infamy."
"New Media A Weapon In New World Of Politics."

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Washington Times:
"Ethics Committee To Probe Foley Scandal."
"Rice Urges To 'Endless Debate' On Iraqi Division."
"D.C. Validity Of CPR Cards."
"Democrats Hit For Lack Of Black Candidates."
"Truck Makers Vie To be Lone At Texas Fair."

Detroit Free Press:
"Pumped Up."
"Gloom To Sway Vote Either Way."
"Why Cosby Wants To Return To Detroit."

Atlanta Journal-Constitution:
"No Room For Sutton In Braves Booth."
"'Deeply Sorry' Hastert Digs In."
"Amish Bury Their Dead."

Story Lineup From Last Night's Network News:
ABC: Hastert Under Fire; Foley Aftermath; Amish School Shooting; Colorado School Shooting; Iraq-Sectarian Violence; North Korea Threat; Former President Bush-Interview; Karr Cleared; Gas Prices; Magnificent Cats.
CBS: Hastert Under Fire; Foley Investigation; Political Analysis; HP Scandal; Rice Iraq Visit; E. Coli Outbreak; Karr Cleared; More Airbags; Amish School Shooting; Iraq-Sectarian Violence; Mans best Friend.
NBC: Foley Aftermath; Hastert Under Fire; Political Analysis; Iraq-Sectarian Violence; Amish School Shooting; Anthrax Scare Of 2001; Karr Cleared; Stock Market; Rose Kennedy Papers; Care Letters For Soldiers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Hastert Says He Won't Resign; Amish School Shootings Funerals; Karr-Child Porn Charges Dismissed; E-Coli Outbreak.
CBS: Hastert Says He Won't Resign; Amish School Shootings Funerals; Karr-Child Porn Charges Dismissed; CA-Same Sex Marriage Ban Upheld.
NPR: Hastert Says He Won't Resign; NATO Takes Control In Eastern Afghanistan; Iran-Nuclear Program; North Korea-Nuclear Test; Wall Street; Bonds' Trainer Released From Prison; Study-Smoking In Cars.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a roundtable on job growth and the economy, FedEx Express DCA facility, participates in photo opportunity with members of the Supreme Headquarters Allied Expeditionary Force, Headquarters European Theater of Operations, US Army Veterans Association, Oval Office; makes remarks at Hispanic Heritage Month celebration, East Room.

VICE PRESIDENT CHENEY — Speaks at a luncheon for congressional candidate Vern Buchanan, Hyatt Sarasota; arrives at Newport News/Williamsburg International Airport, Newport News, Va.; attends a dinner and reception honoring the christening of the aircraft carrier George H.W. Bush CVN77.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: SPAIN'S CROWN PRINCE OF ASTURIAS, FELIPE DE BORBON _ Highlights: 11 a.m. Particpates in the Convention of Young Hispanic Leaders. Inter-American Development Bank, 1300 New York Ave. NW. 2 p.m. Visits the White House to attend a ceremony celebrating Hispanic heritage month.

SOUTHEASTERN EUROPE _ The Center for Strategic and International Studies holds a conference on economic cooperation and investment opportunities in Southeast Europe. Highlights: 9 a.m. Sesison on banking and the financial sector. 12 p.m. Keynote presentation - Richard Priebe, Director Western Balkans, European Commission. Location: B-1 conference level, 1800 K St. NW.

NUCLEAR POWER _ 9 a.m. - 3:30 p.m. The American Enterprise Institute sponsors a discussion of the environmental and financial prospects for nuclear energy as the threat of global warming and soaring fuel costs dominate the news. Highlights: 9 a.m. Welcome and introduction by Jon Entine, AEI. 9:15 a.m. Panel 1: Nuclear Power and Climate Change. Panelists: Judi Greenwald, Pew Center on Global Climate Change; Ernest J. Moniz, Massachusetts Institute of Technology; William Tucker, author of Terrestrial Energy. 11 a.m. Panel 2: Economic and Regulatory Concerns. Panelists: Thomas B. Cochran, National Resources Defense Council; Paul Joskow, Massachusetts Institute of Technology; Richard J. Myers, Nuclear Energy Institute. 12:30 p.m. Luncheon. 1 p.m. Keynote Address: Dale E. Klein, Nuclear Regulatory Commission. 2 p.m. Panel 3: Next Generation Nuclear. Panelists: Edward Cummins, Westinghouse Nuclear; Edwin Lyman, Union of Concerned Scientists; Charles W. Pennington, NAC International. 3:30

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p.m. Adjournment. Location: Wohlstetter Conference Center, 12th Floor, AEI, 1150 17th St. NW.

PENTAGON-IRAQ POLICE _ 9 a.m. Army Maj. Gen. Joseph Peterson, commander of the Civilian Police Assistance Training Team in Iraq, will brief live from Iraq to provide an update on civilian police training in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

ECONOMIC BRIEFING _ 9:30 a.m. Acting Assistant Treasury Secretary Robert Stein holds a briefing for economic media. Location: Room 4121, main Treasury.

MARS ROVER _ 11 a.m. NASA holds a news briefing to present new images from the Opportunity rover from the Victoria crater on Mars. Location: NASA auditorium, 300 E St. SW.

EUROPE-MIDEAST _ 12:15 p.m. The New America Foundation holds a program on Europe's evolving stakes in the Mideast, with European Parliament member Alexander Graf Lambsdorff, others. Location: 7th floor, 1630 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Columbus Day holiday, the Attorney General's News Briefing will not be published on Monday, October 9. News from the holiday will be included in your Tuesday, October 10 briefing.

US Objects To Release Of Cuban Militant. The AP (10/6, Caldwell) reports, "Anti-Castro Cuban militant Luis Posada Carriles, who was arrested in Miami, will remain in an El Paso detention center for now, despite a federal magistrate's ruling that he be set free pending his deportation, a spokeswoman for U.S. Immigration and Customs said Thursday." The AP continues, "Spokeswoman Leticia Zamarripa said the ICE decision to continue holding Posada was based on several factors, including Posada's potential flight risk, 'danger to the community and also Posada's failure to show, to demonstrate that there is no significant likelihood of removal for the foreseeable future.' … ICE officials informed Posada, a former CIA operative and U.S. soldier, of the interim decision Thursday morning, Zamarripa said." The AP adds, "Zamarripa said Posada, 78, was also told that the U.S. Department of Homeland Security 'is considering, in consultation with the Department of State, whether his detention should be continued based on the ground that his release may have serious adverse foreign policy consequences for the United States.' … Thursday's decision comes less than a month after U.S. Magistrate Judge Norbert Garney ruled that Posada should be set free while the federal government continues to look for a country to deport him to." The AP notes, "Posada, who has been jailed on an immigration violation since his May 2005 arrest, was ordered deported last year. But a federal immigration judge ruled last year that Posada, wanted in Venezuela and Cuba for the plotting of the Oct. 6, 1976, bombing of a Cuban jetliner, could not be sent to either country because of the fear that he could be tortured. … Justice Department lawyers also filed a 22-page objection to Garney's recommendation Thursday, saying that the magistrate 'erred in both his factual and legal findings, as well as by accepting Posada's grossly insufficient assertion that there was no significant likelihood that he could be removed from the United States within the reasonable foreseeable future.' … Ethan B. Kanter, the Justice Department lawyer in the case, also wrote that Posada had failed to exhaust a series of high-level foreign government contacts in several countries to help find a country that would accept him. … Kanter argued that Posada is a flight risk who is a danger to the community and national security. … 'Luis Posada Carriles is an admitted mastermind of terrorist plots and attacks,' Justice Department spokeswoman Tasia Scolinos said Thursday in a statement. 'The Department of Justice believes that Posada is a flight risk and that his release would be a danger to the community. The Department of Justice is committed to defending the Department of Homeland Security's decision to detain him under the Immigration and Nationality Act.'" AFP (10/6) also reports this story.

British Judge Approves Extradition Of Alleged al-Qaida Supporter To US. The AP (10/6, Fretland) reports, "A British judge on Thursday approved the extradition of an American accused of supplying al-Qaida operatives with money and military equipment." The AP continues, "Syed Hashmi, 26, who lived in the New York borough of Queens before moving to Britain in 2003, will face trial in the United States if the Home Office gives final approval for the extradition. … It was not immediately clear if Hashmi would appeal the judge's ruling." The AP adds, 'Hashmi was indicted in a New York federal court in May for allegedly providing military equipment to people who took it to members of Osama bin Laden's terrorist organization in 2004. … The military gear was 'to be used by al-Qaida to fight against United States forces in Afghanistan,' the indictment said, without elaborating on what the equipment was. … Hashmi has lived in Britain since 2003 although his student visa has expired. He was arrested in June as he boarded a plane bound for Pakistan at London's Heathrow Airport. … Washington announced Monday that the U.S. Senate unanimously approved a revised extradition treaty with Britain that critics say greatly reduces the level of evidence U.S. authorities must show to request the extradition of a British citizen."

Federal Judge Refuses To Dismiss Terror Financing Suit Against Credit Lyonnais. The AP (10/6, Hays) reports, "For the second time in a week, a U.S. judge has refused to throw out a lawsuit accusing a European bank of knowingly providing financial services to charities allegedly controlled by a terrorist organization." The AP continues, "The ruling on Thursday by U.S. District Judge Charles P. Sifton in Brooklyn denied a defense motion by a French bank, Credit Lyonnais, to dismiss the suit brought by families of Americans who were victims of terrorist bombings and shootings in Israel between 2001 and 2003. Nine of the victims were killed in the attacks, which included suicide bombings linked to Hamas. … Last week, Sifton denied a

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motion to dismiss a similar suit against a British bank, National Westminster Bank." The AP adds, "The French bank 'should be put on notice by this decision, which again affirms the civil remedies available to American victims of terrorism,' said Gary M. Osen, a lead attorney for the plaintiffs. … The suit - which was filed in February under the Anti-Terrorism Act and seeks unspecified damages - accuses Credit Lyonnais of improperly doing business with a French-based charity that has been designated a terrorist organization by the Israeli and U.S. governments. The plaintiffs allege the bank knew the charity was funneling millions of dollars to Hamas to finance terrorism. … In court papers, the bank claimed it suspected the charity, CBSP, might be involved in money laundering, but not terrorism. It cited investigations in France that cleared the group of any wrongdoing."

Two Lawsuits Challenge Terror Detainee Legislation. The Christian Science Monitor (10/6, Richey, 58K) reports that though President Bush "has yet to sign into law Congress's new terror-detainee legislation," two lawsuits filed by the Center for Constitutional Rights ask federal judges "to strike down key parts of the measure as unconstitutional. ... At issue: Whether the new antiterror legislation retroactively strips the courts of jurisdiction to hear detainee cases, and if so, would that amount to an unconstitutional suspension of the writ of habeas corpus."

Bolton Objects To Media Report About UN Sanctions On Terrorists. John R. Bolton, US Ambassador to the United Nations, writes in a letter to the editor of the Wall Street Journal (10/6, 2.03M), "David Crawford's Oct. 2 Politics & Economics article 'The Black Hole of a UN Blacklist' is short on fact and long on opinion; it should have appeared as an editorial. The UN Security Council has rightly imposed sanctions on hundreds of al Qaeda members and the Taliban. These sanctions have made it harder for terrorists to acquire weapons, move freely around the world, and finance their plots. Member states have frozen $150 million in terrorist assets, which Mr. Crawford fails to acknowledge." Crawford "is wrong when he claims that individuals under UN sanctions cannot appeal the decision. In the United States, those designated have the right to challenge the decision through administrative channels or by turning directly to the court system, and many have done so. However, every challenged designation has been upheld by U.S. courts, including at the appellate level. The U.N. has also lifted sanctions, in cases where the individual severed his ties to al Qaeda." Crawford is "also wrong in stating that the Security Council does not debate designations."

WPost Blasts Government's Failure To Read Imprisoned Terrorists' Mail. The Washington Post (10/6, A22, 748K) editorializes, "The Bush administration has pushed aggressively for expanded surveillance powers, military commissions and rough interrogation techniques. When it comes to fighting the war on terrorism, just about anything goes. Except, that is, those routine steps with no civil liberties implications at all that might significantly interrupt terrorism -- such as, say, reading the mail of convicted terrorists housed in American prisons. … This should be the easy part of fighting terrorism. It is simply a question of devoting adequate resources to making happen something that everyone agrees needs to happen."

HOMELAND RESPONSE:

Bush Says He Can Edit DHS Privacy Reports. The AP (10/5, Miller) reported, "President Bush, again defying Congress," said in a signing statement attached to the Department of Homeland Security's spending bill that he has the power to edit the agency's "reports about whether it obeys privacy rules while handling background checks, ID cards and watchlists." The appropriations bill said "no one but the privacy officer could alter, delay or prohibit the mandatory annual report on Homeland Security department activities that affect privacy, including complaints. But Bush, in a signing statement attached to the agency's 2007 spending bill, said he will interpret that section 'in a manner consistent with the President's constitutional authority to supervise the unitary executive branch.'" Privacy advocate Marc Rotenberg said it was an attempt by Bush "to subvert lawmakers' ability to accurately monitor activities of the executive branch of government." He said DHS "has the most significant impact on citizens' privacy of any agency in the federal government."

The Boston Globe (10/6, Savage) reports, "President Bush this week asserted that he has the executive authority to disobey a new law in which Congress has set minimum qualifications for future heads of the Federal Emergency Management Agency." The Globe continues, "Congress passed the law last week as a response to FEMA's poor handling of Hurricane Katrina. The agency's slow response to flood victims exposed the fact that Michael Brown, Bush's choice to lead the agency, had been a politically connected hire with no prior experience in emergency management. … To shield FEMA from cronyism, Congress established new job qualifications for the agency's director in last week's homeland security bill. The law says the president must nominate a candidate who has 'a demonstrated ability in and knowledge of emergency management'and 'not less than five years of executive leadership.' … Bush signed the homeland-security bill on Wednesday morning. Then, hours later, he

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issued a signing statement saying he could ignore the new restrictions. Bush maintains that under his interpretation of the Constitution, the FEMA provision interfered with his power to make personnel decisions. … The law, Bush wrote, 'purports to limit the qualifications of the pool of persons from whom the president may select the appointee in a manner that rules out a large portion of those persons best qualified by experience and knowledge to fill the office.' … The homeland-security bill contained measures covering a range of topics, including terrorism, disaster preparedness, and illegal immigration. One provision calls for authorizing the construction of a 700-mile fence along the Mexican border."

Ashcroft Says 9/11 Panel "Seemed Obsessed" With Blaming Bush For 9/11. The Washington Times (10/6, Waterman, 88K) reports, "Former Attorney General John Ashcroft this week became the only Cabinet-level Bush official to criticize the September 11 commission, writing in a memoir that it 'seemed obsessed with trying to lay the blame for the terrorist attacks at the feet of the Bush administration, while virtually absolving the previous administration of responsibility.'" In the book, Ashcroft also "writes that the hearings of the National Commission on Terrorist Attacks Upon the United States 'were not so much about discovering the truth as they were about assessing blame and grandstanding.' He added that the hearings 'degenerated into show trials.'" Slade Gorton, "a former Republican senator from Washington state who was a member of the commission, said yesterday that he found the charges 'extraordinary,' recalling that President Bush had personally repudiated Mr. Ashcroft's tactics in his sparring with the commission."

FBI Has Learned Much About Anthrax Used In Attack, But No Leads On Suspect. NBC Nightly News(10/5, story 6, 2:45, Williams, 9.87M) reported in its "In Depth" segment, "One of the often forgotten anniversaries in the war on terror -- it was five years ago today that a photographer in Florida became the first person to die in what was to become a wave of anthrax attacks throughout the US mail. Five people were killed and 17 others were made sick." NBC (P. Williams) added, "Five years later not a single arrest. Some, who have worked the case, complained the trail has gone cold. It's one of the largest FBI investigations ever, with more than 9,000 interviews, 6,000 subpoenas and 67 separate searches. The FBI insists this case remains active. The spores recovered have yielded a surprising amount of information," but "one possible clue evaporated. The FBI concluded the spores were not coated with any chemical to make them hang longer in the air. … As for Steven Hatfill, once called a person of interest in the case, his lawyers are now gathering evidence for his case against the government for leaking his name. Tonight, officials say no arrests are near in a case where even cutting-edge science has yet to produce a breakthrough."

DHS IG Report Questions TSA Disaster Planning. USA Today (10/6, Frank, 2.27M) reports on its front page that the TSA "may not be able to secure the nation's airports, transit systems and other vital operations during a terrorist attack," according to a report released yesterday by DHS's inspector general. "The report criticizes the TSA for having inadequate plans to keep itself running in a terrorist attack, disaster or other emergency. Such planning 'has not been a priority for TSA nor have adequate resources been available,' Inspector General Richard Skinner wrote. The TSA disputed the predictions, saying it could continue to operate during an emergency."

FEMA Responsibility Disputed. The Washington Times (10/6, Hudson, 88K) reports that FEMA is responsible for overseeing TSA's continuity-of-operations plan, "but 'has provided only limited oversight,' because it 'does not currently 'have the authority to serve as a regulatory agent responsible for ensuring' that agencies have a viable" plan, according to the report. "In his response to the audit, FEMA Director R. David Paulison disputed whether his agency is responsible for oversight, rather than assistance. The order says FEMA 'shall coordinate and support' national emergency preparedness and does not specify the COOP program, Mr. Paulison said."

Agreement Reached On US-EU Passenger Data Sharing. The AP (10/6, Wielaard) reports EU diplomats speaking on condition of anonymity said Friday that a deal had been reached "on the sharing of trans-Atlantic air passenger data" between the EU and the US. … Negotiations collapsed last week when EU negotiators - seeking a simple replacement accord - could not agree to Homeland Security Secretary Michael Chertoff's request for a more routine sharing of passenger data among US law enforcement agencies. Reaching a new deal had been an EU priority to ensure airlines can continue to legally submit 34 pieces of data about passengers flying from Europe to US destinations."

The Christian Science Monitor (10/6, Sachs, 58K) had reported earlier that an agreement "could be reached Friday," resolving "a murky situation for European airlines, which risked being in violation of EU laws if they provided passenger data to the United States, and risked being barred from US airports if they refused. 'We have an initial agreement, and we will be negotiating with them today,' Friso Roscam Abbing, a spokesman for the European Commission, said on Thursday." Under the draft agreement, airlines would provide the US government with "up to 34

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different types of passenger information, most of it collected when a reservation is made and the rest gathered just before takeoff."

WAR NEWS:

Rice Makes Unannounced Visit To Iraq. Iraq coverage last night and this morning is dominated by Secretary of State Condoleezza Rice's unannounced visit. CBS and NBC reported the visit in brief items. CBS Evening News (10/5, story 5, 0:25, Couric, 7.66M) said Rice "stepped up the pressure today on Iraq's new government with some in-person diplomacy. ... On a surprise visit to Baghdad, Rice told the Iraqis to stop debating and work out differences between factions to stop the violence." NBC Nightly News (10/5, story 4, Williams, 9.87M) reported Rice "saw for herself today just how bad the situation has become there," and "warned the Iraqi government that it needs to make faster progress to stop the violence." Both CBS and NBC reported Rice's landing was delayed due to mortar fire near the Baghdad airport.

ABC World News (10/5, story 5, 2:40, Gibson, 8.78M) used the Rice story as a lead-in to an update on Baghdad violence, saying it "is perhaps telling her landing in Baghdad was delayed due to hostile fire near the airport and the security system seems to be deteriorating by the day." ABC (McCarthy) added, "In the past two months, US forces have raided almost 100,000 buildings in Baghdad, seeking insurgents and death squad members. And yet the violence is only increasing. Last week, Baghdad had more car bombs and roadside bombs than at any time this year. In the last five days, 14 US troops have been killed in the capital. The reason, say US commanders is that the US is being more aggressive and Iraqi security forces aren't doing their part."

CNN's The Situation Room (10/5, Verjee) also briefly reported on the trip and Rice's delay in landing, while Fox News' Special Report (10/5, Angle) said Rice "met with Prime Minister Maliki who has an effort to unite Sunnis and Shiites to stop violence. But the Shiites and Sunnis are dragging their feet, and so Rice is firmly telling them that these are urgent matters that must be addressed now."

In a fairly negative report, the New York Times (10/6, Shenon, 1.21M) says Rice, "wearing a helmet and a flak jacket and flanked by machine-gun-toting bodyguards to defend against insurgents," came to Baghdad "insisting that there were new signs of progress in Iraq and that the Bush administration had never sugarcoated its news about the American occupation." Rice said, "What the American people see on their television screens is the struggle. It is harder to show the political process that is going on at local levels, at provincial levels and indeed at the national level." But "signs of progress were not much in evidence in the first hours of her visit," which "began inauspiciously" with the delay in landing.

A more straightforward report appears in the Washington Post (10/6, A18, Wright, 748K), which says Rice "urged the embattled Iraqi government on Thursday to accelerate efforts to foster national reconciliation and help end sectarian violence." Rice told reporters, "The security situation is not one that can be tolerated and is not one that is helped by political inaction." The Washington Times (10/6, Kralev, 88K) also runs a straightforward story saying Rice "warned Iraqi leaders" that they "have limited time to end the factional wrangling that has produced political paralysis while violence in Baghdad rises to new heights." The AP (10/5, Gearan) and the Financial Times (10/6, Negus) report on the visit as well.

Former President Bush Discusses Iraq, Woodward Book. ABC World News (10/5, story 7, 3:35, 8.78M) anchor Charles Gibson interviewed former President George H.W. Bush, with much of the conversation dealing with Iraq and Bob Woodward's new book. Gibson said Woodward "quotes Mrs. Bush as having said that you were losing sleep over whether" the 2003 invasion "was the right thing to do and your feeling that perhaps it was not." Bush: "I'm familiar with this. I haven't read the book and I don't think I'm going to read the book. But in that incident it was a conversation that Barbara allegedly had with David Boren, who has sent me a letter that said it didn't take place. It's Kitty Kelley journalism, and he can get away with it. He's a very famous journalist." Gibson: "Didn't lose sleep over going into Iraq?" Bush: "Do I worry about when our country's at war, sure." Regarding his son, Bush said, "He's a man of strength of character, he's a strong person. You look at his hair, might have changed him, he looks a lot grayer than when he came into the presidency, but he's got his mother's DNA, I think. And of course, to some degree, any experience like his would change a person if you had the responsibility for it. But he's not a whiner. He doesn't go around wringing his ands saying 'What do I do now? What about this, what about that?' He knows what he has to do and does it. And doesn't put his finger up in the wind, 'uh-oh, ABC poll is down, I have to do something else.' You can't do that when you're president and he hasn't done it."

Bush Declines To Comment On Rumsfeld. Bush, also appearing on CNN's Larry King Live (10/5, 9:06 p.m.) was asked about "claims" in Woodward's new book that "you did not like Donald Rumsfeld very much." Bush said, "I can't comment on that, no. ... I don't go into this anymore. ... We have got a president that is working these problems. And he has my full confidence."

Bush Denies Claim He Does Not Like Rice. Bush was asked on CNN's Larry King Live (10/5) about the claim in

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Woodward's book that he does not like Secretary of State Condoleezza Rice. Bush said, "Well, if that's a quote it's a lie. … I can't make it any more clearer than that because I like Condoleezza Rice. She worked for me. I have great respect for Condoleezza Rice. I can't believe Woodward I haven't read the book, that he actually said I said that."

Navy To Christen USS George H.W. Bush. The Washington Times (10/6, Gertz, Scarborough, 88K) "Inside The Ring" column reports the Navy "will christen its new Nimitz-class aircraft carrier, the USS George H.W. Bush," in Newport News, Virginia, on Saturday. President Bush "will speak at the ceremony for the ship named after his father."

Warner Expresses Pessimism After Return From Iraq. Under the headline "Warner Downbeat After Iraq Trip," the Washington Post (10/6, A3, White, 748K) reports Senate Armed Services Chairman John Warner "offered a stark assessment of the situation in Iraq after a trip there this week," saying parts of Iraq "have taken 'steps backwards'" and that the US "is at risk of losing the campaign to control an increasingly violent Baghdad. ... Echoing the sentiments of several leading Democrats on his committee, Warner said he believes the United States may have to reevaluate its approach in Iraq if the situation does not improve dramatically over the next several months." The New York Times (10/6, Cloud, 1.21M) says Warner, speaking at a Capitol Hill news conference, "did not specify what shift might be necessary in Iraq, but he said that the American military had done what it could to stabilize Iraq and that no policy options should be taken 'off the table.'"

Letter Suggests Al Qaeda Sees US Iraq Presence As Boon. The Christian Science Monitor (10/6, Murphy, 58K) reports that a "letter that has been translated and released by the US military indicates" al Qaeda "sees the continued American presence in Iraq as a boon for the terror network, which has recently shown signs of expanding into the Palestinian territories and North Africa. 'The most important thing is that the jihad continues with steadfastness...indeed, prolonging the war is in our interest,' says the writer, who goes by the name Atiyah." The letter was recovered from the site of the June bombing that killed Abu Musab al-Zarqawi, and was released last week. The Monitor says if the "letter is accurate, it provides a window into the group's strategic thinking on Iraq that differs starkly from the one the Bush administration has been expressing publicly -- a view the president reiterated Wednesday when he said that Al Qaeda believes that 'America is weak, and if they can kill enough innocent people we'll retreat.'"

Krauthammer Says Question Posed By NIE Impossible To Answer. In his Washington Post (10/6, A23, 748K) column, Charles Krauthammer writes that the "question posed" in the recently leaked NIE – "does the Iraq war increase or decrease the world supply of jihadists? -- is itself an exercise in counting angels on the head of a pin. Any answer would require a complex calculation involving dozens of unmeasurable factors, as well as construction of a complete alternate history of the world had the U.S. invasion of 2003 not happened. ... Does the war in Iraq make us more or less safe today? And what about tomorrow? The fact is that no definitive answer is possible. Except for the following truism: During all wars we are by definition less safe -- and the surest way back to safety is victory."

Kurdish Member Of Iraqi Parliament Assassinated In Baghdad. The New York Times (10/6, Luo, Al-Ansary, 1.21M) reports Mohammad Redha Mohammad, a Kurdish member of the National Assembly, became the "first Parliament member in the current government to be assassinated" after being slain along with his driver in Baghdad. Mohammad "was an Islamist Sunni" and his "background raises the possibility that his killing was yet another example" of the sectarian violence sweeping Iraq.

Insurgent Attack Videos Appearing On Popular US Internet Sites. The New York Times (10/6, Wyatt, 1.21M) reports videos showing insurgent attacks against US troops in Iraq, "long available in Baghdad shops and on Jihadist Web sites, have steadily migrated in recent months to popular Internet video-sharing sites" like Google Video and YouTube. Many of the videos "have been posted not by insurgents or their official supporters but apparently by Internet users in the United States and other countries, who have passed along videos found elsewhere."

Clark Says Hanging Saddam Would Lead To "Bloodbath" And "Chaos." The AP (10/5, Mann) reports ex-Attorney General Ramsey Clark, who is a member of Saddam Hussein's defense team, predicted a "bloodbath would follow should an Iraqi court trying the former president have him executed. At a news conference, Clark said he feared that should Saddam and the others be hanged, 'catastrophic violence' would follow that would lead to 'the end of civilization as we know it in the birthplace of civilization, Mesopotamia. Total, unmitigated chaos.'" He said Sunnis "would be enraged over what they would consider the revenge killing of the former president by the Shiite-controlled and U.S.-sponsored government."

Sailor To Plead Guilty To Reduced Charges, Testify In Hamandiya Murder Case. The Los Angeles Times (10/6, Perry, 918K) reports Navy Petty Officer 3rd Class Melson Bacos will plead guilty to reduced charges in the April 26 killing of Hashim Ibrahim Awad in Hamandiya

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and "provide testimony that can be used against seven Marines charged in the case." His lawyer said murder and conspiracy counts against Bacos will be dropped.

NATO Expands Afghanistan Command As Japan Extends Mission. The AP (10/5, Krane) reports NATO took command of 12,000 US troops as it "extended its security mission Thursday to all of Afghanistan nearly five years after the West began its war to defeat the Taliban. ... The handover diminishes the Pentagon's role in Afghanistan and gives the Europe-based military alliance its biggest test yet." The Los Angeles Times (10/6, Watson, 918K) adds that "8,000 U.S. troops will remain under direct American command to serve as a counter-terrorism force and to support reconstruction projects, as well as to help train and equip the Afghan army and police." Meanwhile, the AP (10/5) reports Japan's Cabinet "approved a one-year extension of the law that allows the country's support of coalition forces in Afghanistan."

Afghan Economy Minister Says People Need Alternative To Opium Production. The Washington Times (10/6, Motlagh, 88K) reports Afghan Minister of Economy Mohammad Jalil Shams said in an interview that his country "must provide an economic alternative to producing opium and win the hearts and minds of the rural poor." Shams said, "There is no real alternative livelihood for the people who are cultivating poppy at the moment in Afghanistan."

Group Sends Care Packages, Children's Letters To Soldiers Abroad. NBC Nightly News (10/5, story 10, 2:10, Williams, 9.87M) continued it series on the "Home Front" with a profile of a Mississippi group that makes care packages for soldiers abroad that include letters from schoolchildren. NBC (Teague) added, "This is a patriotic town, the type of place where you expect strong support for the military, but many of the sentiments expressed are universal. They are written by kids from all across the country."

CORPORATE SCANDALS:

Dunn Testimony To Congress Could Hurt Her At Trial. The Wall Street Journal (10/6, Waldman) reports that former Hewlett-Packard Co. chairman Patricia Dunn was booked in California yesterday on four felony counts of fraud and conspiracy related to the H-P spying scandal. The Journal adds, "It was Ms. Dunn's testimony in Washington at last week's hearing by a U.S. House subcommittee that has lawyers befuddled. In 33 pages of written testimony and a half-day of questioning by congressmen, Ms. Dunn flouted the golden rules of criminal defense: Never say anything under oath you may regret -- and never say anything at all until you've seen all the evidence. Now Ms. Dunn, who lawyers said could be the highest-ranking executive ever prosecuted for privacy violations -- and one of the few independent directors of a major company ever prosecuted at all for corporate misdeeds -- must live in a legal box she built before prosecutors had even charged her with a crime."

The Washington Post (10/6, D1, Noguchi) reports that Dunn "surrendered to authorities yesterday and, after a three-minute court hearing in which she agreed to return Nov. 17 for her arraignment, was released on her own recognizance. Today she will begin chemotherapy for her fourth bout with cancer. She has survived not just ovarian cancer, but also melanoma and breast cancer. … On Tuesday, the day before her indictment, Dunn was told her Stage 4 ovarian cancer had come back. Still, she's maintaining a tough front."

Bloomberg (10/6, Rosenblatt, Gullo) reports, "The felony charges filed by Lockyer -- conspiracy, wire fraud, identity theft and illegal use of computer data -- each carry a maximum sentence of 3 years in prison and a $10,000 or $25,000 fine. … The prosecution came on the same day that Dunn, who stepped down from the world's second-largest personal computer maker last month, announced she had advanced ovarian cancer and was to undergo chemotherapy this week. Her lawyer said yesterday that she would fight the charges 'with everything she has.'"

Dunn Says Every Company has Intrusive Investigations. CBS Evening News (10/5, story 4, 2:20, Mason) reported, "Patricia Dunn surrendered in San Jose today. The former chairman of the board of Hewlett-Packard is accused of leading a corporate spying campaign at one of the country's biggest computer companies." Bill Lockyer, California Attorney General: "One of our states most venerable corporate institution, lost its way as its board sought to find out who leaked confidential company information to the press." Mason: "Dunn, who was subpoenaed to testify before Congress last week, is accused, along with four others, of lying to obtain personal phone records and other data about company directors, employees, and journalists." Patricia Dunn: "If you think that Hewlett-Packard is the only company that has an investigations force, you're being naive. Every company has investigations. Investigations by their nature are intrusive."

H-P, Apple Counsels Hire California Defense Attorney. The Wall Street Journal (10/6, Koppel) reports that criminal defense attorney Cristina Arguedas "has landed in the middle of two tempests, as the go-to lawyer for lawyers. Ann Baskins, Hewlett-Packard Co.'s former general counsel, hired Ms. Arguedas to defend her in a criminal probe into H-P's leak investigation. Ms. Arguedas is also representing Nancy Heinen, the former general counsel of Apple Computer Inc., who left the company not long before it announced 'irregularities' in options grants from 1997 to

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2001." Arguedas "is one of several lawyers who have been tapped in the last several weeks to represent people involved in the H-P matter. … Other attorneys include Viet Dinh, a Georgetown University law professor who is representing former board member Tom Perkins; James Brosnahan of Morrison & Foerster LLP, counsel to chairman Patricia Dunn; and Reginald Brown of Washington firm Wilmer Cutler Pickering Hale and Dorr LLP, who is advising board member George Keyworth."

Former Chief Executive Outlines Conflicts On H-P's Board. The Wall Street Journal (10/6, Clark) reports on the book "Tough Choices," by former H-P chief executive Carly Fiorina. The book "traces her ouster at Hewlett-Packard Co. to veteran technologists on its board, including two of the same names associated with the recent fall of former H-P Chairman Patricia Dunn following the company's leak-investigation scandal." It also "describes her concerns about leaks from within the company during her tenure, starting with H-P's purchase of Compaq Computer Corp., completed in 2002. Ms. Fiorina played no direct role in the most recent leak investigations at H-P in 2005 and 2006, in which private phone records of directors, reporters and employees were obtained, and doesn't mention the incidents in her book."

MySpace Founder Wants Probe Of Sale To News Corp. Bloomberg (10/6, Daurat) reports, "MySpace.com founder Brad Greenspan demanded a federal probe into the sale of the networking Web site to News Corp., the media company led by Rupert Murdoch, claiming the deal defrauded shareholders of more than $20 billion." Bloomberg continues, "In a report at Freemyspace.com, Greenspan alleges the sale defrauded shareholders of MySpace.com parent Intermix Media Inc. He is seeking an investigation by the U.S. Securities and Exchange Commission, the Justice Department and U.S. Senate. … Greenspan sued MySpace.com in February, saying the $580 million paid by New York-based News Corp.'s Fox unit last year didn't reflect the growth prospects. Registered users at the social networking Web site have more than doubled this year. Greenspan said in his report MySpace would be worth billions of dollars had it stayed independent and sold shares to the public."

The Los Angeles Times (10/6, Chmielewski) reports, "For a guy who walked away from MySpace with $47 million, Brad Greenspan might not seem to have much to be angry about. … But the founder of the Los Angeles company that created the popular social networking site on Thursday railed against his former company and demanded a federal investigation of News Corp.'s 2005 acquisition of MySpace, calling it 'one of the largest merger and acquisition scandals in U.S. history.'" The Times continues, "Greenspan, who was ousted from Intermix Media in 2003, alleged that News Corp. 'bilked' shareholders out of tens of billions of dollars and said the Securities and Exchange Commission, the U.S. Justice Department and U.S. Senate should investigate the $580 million deal. … The 33-year-old entrepreneur leveled allegations of insider trading and options manipulation on the Web site FreeMySpace.com, in which he quotes e-mail exchanges that purport to show how Intermix engineered a quick sale to News Corp. … 'It wasn't about what's the best deal,' Greenspan said. 'It was about getting the deal done at any cost and jamming it home. That's just not a fair way to play.' … Greenspan's complaints amplify the claims he made in a February lawsuit filed against Intermix and VantagePoint Venture Partners in Los Angeles Superior Court. The complaint claims that News Corp. acquired Intermix as the result of an unfair process and at an unfair price that did not reflect its growth and prospects."

Judge Allows Fastow's Release For Deposition. The Houston Chronicle (10/6, Hays) reports, "Former Enron finance chief Andrew Fastow can be released from prison during daylight hours through Halloween to give a deposition in shareholder liitigation, a judge ruled today. … However, U.S. District Judge Melinda Harmon ruled that Fastow, 44, who has been federal inmate No. 14343-179 for more than a week, must be in custody of the U.S. Marshals Service when outside the walls of the federal prison in Houston. … 'We're pleased that the judge issued her ruling today,' University of California spokesman Trey Davis said. The university is the lead plaintiff in a conglomerate of lawsuits slated to go to trial in April next year. … 'We expect that the deposition, which should take place soon, we hope, will provide further information and understanding about the role of the banks as active and knowing participants in the Enron fraud.'" The Chronicle adds, "The university has racked up $7.3 billion in settlements with various banks, including titans Citigroup and J.P. Morgan Chase & Co. But others, including Merrill Lynch & Co. and Credit Suisse First Boston remain as defendants. … On Sept. 26 U.S. District Judge Kenneth Hoyt sentenced Fastow to six years in prison for his role in cooking Enron's books while enriching himself with millions of dollars on the side. Fastow had originally agreed to serve 10 years when he pleaded guilty in January 2004 to two counts of conspiracy, but Hoyt deemed him deserving of mercy. … Hoyt also ordered Fastow to go immediately to prison, denying requests from plaintiffs' attorneys, Fastow's attorneys and prosecutors to let the ex-CFO remain free until late October so he could give the deposition. About 80 lawyers are expected to participate."

Judge Wants To Examine Conrad Black's Secret Agreement With Hollinger. The AP (10/6, Robinson) reports, "A federal judge told attorneys for former newspaper baron Conrad M. Black on Thursday to try to get

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her a copy of a secret financial agreement he made with the Canadian holding company he once ran." The AP continues, "U.S. District Judge Amy J. St. Eve said she wants to review the agreement worked out between Black's attorneys and those of Toronto-based Hollinger Inc. that limits his access to millions of dollars in assets. … The secret agreement has become a battleground in skirmishing between the beleaguered former press lord and prosecutors who say he is trying to maneuver his way out of a promise to secure his $20 million bond." The AP adds, "The bond is secured partly with a $35 million Palm Beach, Florida, house that has a $10 million mortgage. Black initially had said he would secure the bond by paying off the mortgage but has not and is in default. … If the mortgage company were to foreclose and take possession of the house, the value of the assets securing the bond would be sharply reduced." The AP notes, "Black is charged with plundering millions of dollars belonging to shareholders of Hollinger International Inc., which he controlled through the Hollinger Inc. holding company. He also is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. … Prosecutors told St. Eve on Thursday that Black appears to be claiming he cannot pay the mortgage because the secret agreement has frozen the funds."

SEC Will Not Recommend Enforcement Action Against Pequot. The New York Times (10/6, Morgenson, Bogdanich) reports that the SEC has notified Pequot Capital Management "that it will not recommend an enforcement action against the firm or its employees relating to an insider trading investigation, according to a letter sent yesterday by the fund to its clients." The $7 billion hedge fund "came under regulatory scrutiny in late 2004, when Gary J. Aguirre, a staff lawyer at the S.E.C., began investigating a number of profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission."

The Washington Post (10/6, D2, Johnson) reports, "Arthur J. Samberg, founder and chairman of Pequot, said in his letter addressed 'to clients and friends' that regulators had not formally closed the two-year-old investigation but that all signs pointed to its quick end. Jonathan Gasthalter, a spokesman for the fund, declined to comment further, as did SEC spokesman John Nester."

Former Official Says SEC Should Pay Bounties For Tips On Financial Fraud Cases. Richard Sauer, a former administrator in the Securities and Exchange Commission's enforcement division, writes in the New York Times (10/6) that Congress "should provide the S.E.C. with discretion to pay bounties, similar to those available in insider trading cases, for tips resulting in successful financial fraud cases. This would give some degree of recognition to those contrarians who help keep the market honest by flagging problems concealed by companies — and missed by institutional analysts."

CRIMINAL LAW:

CREW Disputes FBI's Claim ON Foley E-Mails. The Washington Post (10/6, A4, Eggen) reports, "The watchdog group that first provided the FBI with suspicious e-mails from then-Rep. Mark Foley (R-Fla.) said yesterday that FBI and Justice Department officials are attempting to cover up their inaction in the case by making false claims about the group." The Post continues, "Law enforcement officials said the allegations by Citizens for Responsibility and Ethics in Washington (CREW) are without merit, and they stood by allegations that the group had refused to provide some information to the FBI. … The dispute is the latest controversy this week for CREW, a liberal-leaning group that has come under attack from House Speaker J. Dennis Hastert (R-Ill.) and other Republicans because it has received money from a foundation funded by liberal financier George Soros." The Post adds, "CREW held a news conference Monday to announce that in July it had provided the FBI suspicious e-mails between Foley and a former House page. The group criticized the bureau for not taking more aggressive action and asked Justice Department Inspector General Glenn A. Fine to investigate the FBI's handling of the case. … Law enforcement officials said then that the e-mails did not provide enough evidence of a possible crime to warrant a full investigation. In the e-mails, Foley praises the physical attributes of one page and asks another teenager for his picture. … In subsequent days, unidentified Justice and FBI officials told reporters that the e-mails provided by CREW were heavily redacted and that the group refused to provide unedited versions to the FBI. One law enforcement official -- speaking on the condition of anonymity to discuss an ongoing investigation -- also told The Washington Post the FBI believed that CREW may have received the e-mails as early as April and that the group refused to tell the FBI how they were obtained." The Post notes, "Justice Department spokesman Brian Roehrkasse declined to comment on that issue but defended the FBI's handling of the original e-mails: 'The e-mails, while inappropriate, did not contain a criminal predicate to allow the FBI to move forward in an investigation.'"

Minnesota Public Radio (10/6, Stawicki) reports that Attorney General Alberto Gonzales, talking to reporters in Minneapolis, "deftly fielded questions about whether the FBI has launched an investigation into Foley's, and whether the congressional leadership took part in covering up Foley's

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behavior. Gonzales would say only that the FBI is in the preliminary stages of the investigation and that House Speaker Dennis Hastert is cooperating. … When questions turned to whether the FBI had knowledge in July of Foley's activity, Gonzales responded this way. … 'There was some information received by the (Justice) Department in the summer and this is all going to be looked at. We're going to be looking at everything that's related to this investigation and to ensure that if there's any criminal activity, any criminal wrongdoing, appropriate steps will be taken by the Department of Justice,' he said."

CNN's The Situation Room (9/5, 4:09 p.m.) reported, "Federal authorities are pressing ahead with their preliminary investigation of Mark Foley. That includes interviews with the former congressional aide Kurt Fordham, who claims he warned republicans about Foley's behavior before five. Government sources say prosecutors so far haven't found enough evidence to launch what is called a full-blown criminal investigation. Attorney general Alberto Gonzales today emphasized that the probe right now is preliminary." Alberto Gonzales said, "Again, I'm not going to get into the discussions about possible crimes. Let us get information. Let us get the facts before we make an announcement about possible crimes."

FNC's Fox Report (9/5, 7:26 p.m.) reported, "Former Congressman Mark Foley right now hold-up in an alcohol rehab facility somewhere, or so we are told. But there could be a whole world of trouble waiting for him if he ever gets out. The feds are conducting a preliminary investigation into Foley's communications with teenage pages, as that list of them seems to continue to grow even as reports surface of new and disturbing messages. We know his actions were inappropriate to say the least. But the big question did Mark Foley break a law? Megyn Kendall with the news, live from D.C. Megyn?" Megyn said, "Legal experts say the answer to that question is maybe. Attorney general Alberto Gonzales says a grand jury inquiry could be the next step. Here among other state and federal crimes, officials are focused on whether he might be guilty of a federal offense that has the following elements: One must use the internet to entice a minor into sexual acts. But whether Foley's conduct was meant to entice is unclear. Legal experts say Foley's lawyer is already preparing to challenge that one, telling reporters Foley was drunk for those conversations, his client didn't mean to entice anything. One former prosecutor says Foley could argue it this way." Former federal prosecutor William Sullivan said, "This was just a misunderstanding, playful, horrible error in judgment, but no one was ever in jeopardy." Megyn said, "Moreover, legal experts say that particular federal charge designed to protect children from online predators is typically only brought when the internet chat leads to something more, which Foley's lawyer says didn't happen." Foley's attorney, David Roth, said, "There never has been any sexual contact with a minor." Megyn added, "Another big question is whether any of these boys were actually minors at the time Foley was talking to them. The federal law puts the age of majority at 18. But some state laws, which could be relevant, say one becomes an adult at 16 or 17, and that could wind up helping Foley." Shep said, "'Playful,' the word of the day."

House Ethics Panel Issues Dozens Of Subpoenas In Foley Investigation. In Washington, the probe of former Rep. Mark Foley's conduct with teenage pages moved ahead on two fronts. CBS Evening News (10/5, story 2, 2:00, Attkisson, 7.66M) reported the House ethics panel "held an emergency session behind closed doors where they approved nearly four dozen subpoenas." The FBI is "doing its own probe. Tyson Vivian has already had a visit. He says Foley sent him sexually charged instant messages, but only after he left the page program." Since Vivian "wasn't a minor, the FBI told him it didn't appear Foley had violated any laws in his case. The FBI also interviewed former Foley aide, Kirk Fordham, today. That's him on the right with his lawyer."

NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) reported the committee "will look into whether anyone impeded the investigation but has no authority to investigate Foley because he is no longer in Congress. The FBI moved ahead with its investigation interviewing Kirk Fordham, a former Foley aide who says he warned Hastert's office several years ago about Foley's inappropriate conduct with pages, a claim Hastert denies.

USA Today (10/6, Kiely, Johnson, 2.27M) reports the ethics committee "no longer has jurisdiction over Foley, a Florida Republican, because he resigned from Congress last week. Instead, the panel will focus on whether members of Congress or its employees mishandled reports that Foley had sent overly friendly e-mails to a page."

ABC World News (10/5, lead story, 2:30, Tapper, 8.78M) showed Rep. Doc Hastings, Chairman of Official Conduct Committee, saying, "We pledge to you that our investigation will go wherever the evidence leads us." The Washington Post (10/6, A1, Babington, 748K) reports Chairman Hastings "said his committee will focus on the 'conduct of House members, officers and staff related to information concerning improper conduct involving members and current and former pages.'"

The New York Times (10/6, Hulse, 1.21M) reports that in a "sign that a Justice Department inquiry is moving ahead, Mr. Fordham and his lawyer, Tim Heaphy, appeared briefly before reporters on Thursday. Mr. Fordham said nothing while Mr. Heaphy said Mr. Fordham had answered questions from the F.B.I." The FBI was "also checking reports that one or more of the pages Mr. Foley had communicated with had, as a joke, pretended to respond in kind to Mr. Foley's suggestive instant messages, said government officials who were briefed on the case."

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CNN's The Situation Room (10/5, Blitzer) reported, "Federal authorities, meanwhile, are pressing ahead with their preliminary investigation of Mark Foley. That includes interviews with the former congressional aide Kirk Fordham, who claims he warned top Republicans about Foley's behavior before 2005. Government sources say prosecutors so far haven't found enough evidence to launch what is called a full-blown criminal investigation. The Attorney General Alberto Gonzales today emphasized that the probe right now is preliminary."

The Washington Times (10/6, Hurt, 88K) reports that in Monroe, La., CNN "obtained a statement from the family of the page who got the e-mails from Mr. Foley. The parents appear to support for the most part the Republican leadership's version of when they learned of the Foley matter and how they responded, according to the statement."

Scripps Howard (10/6, Hoffman) reports, "Hastert, whose own actions are certain to form a central part of the ethics probe of Foley's conduct and GOP leaders' responses, promised to cooperate in the investigation. .. He also said he wants to appoint a prominent figure to lead an examination of the congressional page program, which brings high school students from across the country to serve as messengers for lawmakers and learn about Congress first hand. A suggestion that former FBI Director Louis Freeh could be recruited was nixed by House Democrats, according to the Associated Press."

Republicans On Investigating Committee Have Links To Hastert. USA Today (10/6, Jackson, Kelley, 2.27M) reports both Republicans "on the House ethics subcommittee investigating the Mark Foley scandal have financial ties to Speaker Dennis Hastert, whose handling of the former congressman's lurid Internet messages to House pages is under scrutiny." Ethics Chairman Doc Hastings "received $2,500 during the 2000 campaign from Hastert's political action committee, Keep Our Majority, according to PoliticalMoneyLine, which tracks money in politics." Rep. Judy Biggert of Illinois "received $6,000 from Hastert's PAC and $2,000 from Hastert's own re-election fund during the 2002 campaign, according to PoliticalMoneyLine."

McClatchy (10/6, Blumenthal) reports, "After a rough start, Hastings seems to have found his footing as the chairman of the Committee on Standards of Official Conduct. But Hastert, R-Ill., picked the Washington state Republican for the post and Hastings has been a longtime supporter of the speaker." Norman Ornstein of the American Enterprise Institute said, "It's an extremely difficult task for him [Hastings]. If he doesn't do it the right way it will destroy him."

Boehner Reports Rumor Of Drunken Foley Visit To Page Dorm To House Clerk. CBS Evening News (10/5, story 2, 2:00, Attkisson, 7.66M) reported, "Proof that as tawdry as any scandal may seem, there's always room for it to get worse. The atmosphere is so charged, House Majority Leader John Boehner apparently feels compelled to pass along even the rumor of bad conduct. In a letter to the House Clerk, Boehner writes there are reports Foley was once caught drunk outside the House page dorm, perhaps trying to get in, that from a fellow Republican. A former Foley staffer calls it nonsense, but just add it to the list of salacious allegations from members of the House ethics committee to sort out."

Former Page Says Foley Contacted Him In 1997. The AP (10/6, Bluestein) reports a "former congressional page said Thursday he received sexually suggestive messages from then-Rep. Mark Foley in 1997." Tyson Vivyan's "account appears to show the earliest exchange of suggestive messages reported so far between Foley and teens who had served in the Capitol page program. Previous accounts placed the earliest contacts in 2003."

Three Former Pages Report "Sexual Approaches" From Foley. ABCNews.com (10/6, Ross, Schwartz, Sauer) reports, "Three more former congressional pages have come forward to reveal what they call 'sexual approaches' over the Internet from former Congressman Mark Foley." The pages served in the classes of 1998, 2000 and 2002. They independently approached ABC News after the Foley resignation through the Brian Ross & the Investigative Team's tip line on ABCNews.com. None wanted their names used because of the sensitive nature of the communications." The second page "who talked with ABC News, a graduate of the 2000 page class, says Foley actually visited the old page dorm and offered rides to events in his BMW."

Page Working For Istook Campaign Linked To Foley Instant Messages. USA Today (10/6, Kiely, Johnson, 2.27M) reports, "A former page, now working on the gubernatorial campaign of Republican Rep. Ernest Istook, has retained a lawyer. Lawyer Stephen Jones said he is representing the page in matters related to his work as a page and in reference to Foley."

ABC Mistakenly Posted Screen Name Of Former Page. The AP (10/6) reports ABC News' "fleeting, inadvertent publishing of a computer screen name enabled a blogger to track down and make public the supposed identity of a former congressional page who traded salacious messages with former Rep. Mark Foley."

Victims' Advocates Say Foley Should Identify Clergyman He Says Molested Him. The AP (10/6, Skoloff) reports Foley's "refusal to identify the clergyman he says molested him as a boy is reckless and could put other children at risk, say victims' advocates and a former priest who knows the ex-congressman. If Foley has information about a child molester, especially one who is still living, he should come forward with that immediately, they say."

IM Conversations Can Linger. The AP (10/6, Jesdanun) reports, "Instant-messaging conversations, though quick, aren't always fleeting. … Rep. Mark Foley's salacious

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chats with teenage pages emerged along with e-mails last week, as the Florida Republican abruptly resigned. ABC News, which broke the story, has said former pages were the source of the revelations about IMs from 2003. … Most likely, the pages who corresponded with Foley either manually saved messages or used IM software with built-in logging capabilities, allowing time-stamped chat sessions to be kept indefinitely on one's computer. The programs vary in whether the features are initially on or off and how well they notify users. … 'Computers are really, really good at saving things, unlike a dumb telephone,' said Richard M. Smith, an Internet security and privacy consultant at Boston Software Forensics. 'If you don't want something to get out, don't put it in any computer form at all.'"

Foley Scandal, Others Highlight Impact Of Internet Media. The Washington Post (10/6, A1, Harris, 748K) reports the "three uproars that buffeted American politics in recent weeks have little in common. Former congressman Mark Foley (R-Fla.) ended his political career over sexually charged e-mails to former House pages. Sen. George Allen (R-Va.) stumbled over his puzzling use of the word 'macaca' and his clumsy response to revelations about his Jewish ancestry. Former president Bill Clinton had a televised temper fit when an interviewer challenged his terrorism record." But "all three episodes, however, were in their own ways signs of the unruly new age in American politics. Each featured an arresting personal angle. Each originally percolated in the world of new media -- Web sites and news outlets that did not exist a generation ago -- before charging into the traditional world of newspapers and television networks. In each case, the accusations quickly pivoted into a debate about the motivations and alleged biases of the accusers." In interviews, "figures as diverse as Clinton, Vice President Cheney and White House strategist Karl Rove spoke about their experiences navigating the highly polarized and often downright toxic political and media environment that blossomed in the 1990s and reached full flower in recent years." Cheney said he "often starts his day by listening to radio host Don Imus, whose trash-talking style has given him legions of fans and made his show a frequent stop of politicians. Cheney's wife, Lynne, people close to her say, is an avid consumer of Matt Drudge's online Drudge Report, which often either breaks or promotes stories with a salacious angle and in recent days has bannered every new disclosure in the Foley case." Rove said he "has benefited on occasion from the new-media echo chamber. When he gave a speech last year saying liberals want to give terrorists understanding and therapy, he delighted when Democrats howled in protest. This guaranteed that the story would stay alive for days." Rove said, "I was sort of amused by it because it struck me, well, they're just simply repeating my argument, which was good." The Post adds Clinton – "who regards Rove with a mixture of admiration and disdain as the most effective modern practitioner of polarizing politics -- said in an interview that he has become fixated on the problem of how Democrats can learn to fight more effectively against the kind of attack President Bush's top political aide leveled."

Local Television. Former Congressman Mark Foley's fallout remained the focus on all local television newscasts. The reporting centered around U.S. attorney general Alberto Gonzales' comment that a grand jury investigation could soon follow, as well as the FBI interview of Foley's former aide, Kirk Fordham, and some former pages. Numerous local newscasts noted that many questions remain unanswered by the federal government. Some examples: WCCO-TV Minneapolis, (9/5, 12:06 p.m.) reported, "Gonzales would not go on record about the potential impact of this scandal on speaker Dennis Hastert. He also would not say whether the justice department is investigating other members of Congress, or taking potential evidence from other offices. He did, however, acknowledge that the justice department first learned about the Foley allegations this summer, though he did not comment on why it didn't launch an investigation back then. A lot of questions remain at this point, and the US attorney general saying we have to wait for investigators to do their work before we could get more answers."

WEAR-TV Mobile, (9/5, 05:59 p.m.) reported, "Alberto Gonzales: 'we're in the process now of just gathering up facts. There's a lot of information swirling out there, and so our job as prosecutors, investigators is to get to the facts; and that's what we intend to do."

KHON-TV Honolulu, (9/5, 05:3 p.m.) reported, "Attorney general Alberto Gonzales says a grand jury inquiry could soon follow. … Attorney general Gonzales says, 'We're trying to learn what's happening here, to make an assessment as to whether or not we should begin a full-fledged investigation.'"

KSFY-TV Sioux Falls, (9/5, 05:10 p.m.) reported, "The FBI also continued its criminal investigation, meeting with former pages and one time Foley aide Kirk Fordham. Fordham resigned as Congressman Tom Reynolds' chief of staff Wednesday over the scandal, but says he warned Hastert and his senior staff about Foley's inappropriate behavior with pages 3 years ago. Reynolds says he also alerted Hastert to the Foley situation last spring."

WRAL-TV Raleigh, (9/5, 5:05 p.m.) reported, "FBI investigators talked with Foley's former Chief of Staff Thursday. Kirk Fordham insists he told Hastert's staff about Foley's interactions with pages more than 3 years ago. A statement the speaker's office denies."

KKFX-TV Santa Barbara, (9/5, 09:59 p.m.) reported, "Government sources confirm the FBI has been talking to pages beyond just the initial two that were previously reported. Those pages described electronic conversations in which Foley talked about 'sexual acts.'"

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WPVI-TV Philadelphia, (9/5, 05:37 p.m.) reported, "The FBI is investigating a possible physical threat against one of the former pages who received some of Foley's sick email."

NC8-TV Washington, DC, (9/5, 12:04 p.m.) reported, "The unfolding FBI investigation keeps Mark Foley's office under lock and key. The political impact widened. The question: Who knew?"

More Commentary. In his Wall Street Journal (10/6, 2.03M), Daniel Henninger says, "It's hard to believe that the Foley/instant message/congressional-page/GOP meltdown story has run for a week. Other than the slaughter in Amish country, is anyone aware of anything else of note in the world that happened the past seven days? Dive deep enough beneath the Foley flotsam and you discover reports that North Korea may be preparing to conduct an underground nuclear test. China and South Korea are at this hour trying to forestall the Hermit Kingdom's nuke test and no doubt could use an expression of support and outrage from the American political establishment. Sorry, they're busy reading Congressman Foley's 1995 email traffic."

In his Washington Post column (10/6, A23), Eugene Robinson says, "The basic story line -- powerful man exploits children -- would be the same if Foley were straight and underage girls had been the subject of his lurid attentions. But would the intensity of the scandal be the same? Would there be all this unseemly finger-pointing and hand-washing among the House leadership? Would Dennis Hastert be fighting to keep his job; would Christian conservatives be so apoplectic; would the whole Republican Party look as if it were on the verge of a nervous breakdown? I doubt it. There would still be a scandal, but I think Foley's now-acknowledged homosexuality was crucial in turning a crisis for the party into a potential catastrophe."

UK-Listed Gaming Companies Had Links To Abramoff. The Financial Times (10/6, Kirchgaessner) reports, "PartyGaming, SportingBet and other online UK-listed gaming companies paid millions of dollars to Washington lobbyists linked to Jack Abramoff, the notorious super-lobbyist, to help them thwart US anti-gambling legislation." Abramoff's "highly public fall from grace and conviction on criminal corruption charges this year – and the downfall of many of his associates – opened the door for the passage last weekend of a law that he and the companies staunchly opposed." The passage by Congress of the Unlawful Gambling Enforcement Act "has drawn accusations of US protectionism and the suggestion that the law was driven through by conservative Republicans." However, "lobbying records analysed by the Financial Times show that the companies were closely connected to Mr Abramoff and his team – the same men whose political ties, for years, played a central part in helping insulate the gambling industry from laws and regulations. The demise of Mr Abramoff and his colleagues substantially weakened the gambling companies' political hand in Washington, paving the way for the bill's passage."

Funeral Services Held For Four OF Five Girls Killed In Amish School Shootings. The New York Times (10/6, Urbina) reports that funerals were held yesterday for four of the five girls killed by a gunman in an Amish schoolhouse in Pennsylvania. The Times reports that the services "were a somber close to a New World horror visited upon an Old World people." The Times adds that the gunman "shot a total of 10 young girls. One was taken off life support on Tuesday and brought home to die, officials said. Two others remained in critical condition and two in serious condition."

CBS Evening News (10/5, story 9, 0:35, Couric) reported, "Ironically, the procession passed by the home of Charles Roberts, the truck driver who killed them and wounded five others. Roads leading to the burial site were closed to allow the Amish to grieve in private."

The Washington Post (10/6, A14, Partlow, McCaffrey) also reports on the funerals, noting, "Few people but reporters and camera crews turned out to witness the somber parades. The morning broke cold, and a brisk wind ruffled the cornstalks and blew leaves off the trees." The Post adds, "A typical Amish funeral is set in the family home or barn and will include long sermons in German, along with German hymns from the 16th and 17th centuries that sound much like Gregorian chants, said Ervin R. Stutzman, vice president of Eastern Mennonite University in Virginia and dean of its seminary. … There is typically a short service at the grave site, and mourners often participate in throwing dirt onto the coffin, he said."

Gunman Asked Girls To Pray For Him Before He Started Shooting. ABC World News (10/5, story 3, 2:15, Gibson) reported, "As the children were being buried we learned more about what went on in the schoolhouse and just how brave were the young girls?" ABC (Muir) added, "We now know [Roberts] asked them to pray for him because one of the surviving schoolgirls, Barbie Fisher, was taken off a ventilator and is now able to talk. She also told her family it was her 13-year-old sister who tried to save the other girls."

NBC Nightly News (10/5, story 5, 2:30, Ellis) reported, "We know more about what happened in the last moments before the shooting. The father of one of the wounded says the oldest girl in the room said, 'Shoot me and leave the others alone.' The gunman shot her and nine other young girls." NBC added, "Tonight four other girls remain hospitalized and another student reportedly has been taken off life support. There is one more funeral tomorrow.

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Members of this Amish community fear that may not be the last."

Colorado School Reopens After Shootings. ABC World News (10/5, story 4, 0:15, Gibson) reported, "At another school hit by violence, classes resumed today, students returned to high school in Bailey, Colorado. Where a gunman last week took six girls hostage then killing one and them himself. Some students said they felt uneasy today but only ten out of 460 were absent."

Bomb Threat Closes Culpepper County Schools. The Washington Post (10/6, B1, Brulliard, Aratani, Jackman) reports that officials closed eight of Culpepper County, Virginia's public schools, three private schools and four day care centers Thursday following a phone threat saying schools would be bombed. The Post reports, "Local and federal officers swept into the rural county, about 70 miles southwest of Washington, to comb each campus for explosives but turned up nothing suspicious." The Post adds, "Although it is not unusual for the region's school systems to receive bomb threats, Culpeper's response was. After a recent rash of small-town shootings that made it clear that any school could be targeted…jittery school officials are acting with heightened vigilance to protect students and reassure parents."

The Washington Times (10/6, Emerling) reports, "The threat was phoned in to the county's Emergency Operations Center at about 11:30 p.m. Wednesday. The caller did not mention a specific school, but did talk about blowing up schools, officials said. 'The individual had a lengthy conversation, and in this conversation he said he was going to blow up schools,' county Sheriff H. Lee Hart said. 'We do not know which schools, or his plans. We don't know a lot about this individual.' Sheriff Hart would not say whether authorities have a suspect but said they are following several leads."

DOJ Names Sex Offender Website After Slain UND Student. The AP (10/6) reports, "A national sex offender database has been named for a slain University of North Dakota student whose mother worked for a new law to protect against child predators." The AP continues, "The Justice Department on Thursday announced the designation of the Dru Sjodin National Sex Offender Public Web Site. The site provides information about sex offenders throughout the country." The AP adds, "Sjodin's mother, Linda Walker, spent the last two years persuading lawmakers to pass the bill that includes the database. That portion of the bill is known as 'Dru's Law.' … The Web site can be found at http://www.nsopr.gov. … Alfonso Rodriguez Jr., a convicted sex offender from Crookston, Minn., was found guilty in federal court of kidnapping resulting in Sjodin's death. A jury sentenced him to death last month."

New Hampshire Law Enforcement Officials Seek Statewide Anti-Gang Strategy. The Manchester (NH) Union Leader (10/6, Beale) reports, "New Hampshire law enforcement officials said yesterday they want a statewide plan to combat gang activity before it becomes a serious problem in the state. … 'There's a little here and we're trying to address it before it becomes worse,' said Thomas Colantuono, the U.S. Attorney for New Hampshire. … His office and the Department of Health and Human Services hosted the first state conference on gang prevention yesterday at the Wayfarer Conference Center in Bedford that drew about 300 law enforcement officials from across New Hampshire to hear talks on strategies they can use to clamp down on gangs." The Union Leader adds, "Colantuono said that most gang activity is concentrated in cities like Manchester and Nashua, but it is popping up in other communities such as Dover, Rochester, Salem, and the Seacoast in the summer. He said the problem has been steadily increasing during the several years that he has been U.S. Attorney. … 'What we hope will come out of today is the beginnings of a state strategy,' Colantuono said. … That strategy will be a broad-based approach that will include law enforcement officials, community groups, and social services, said Clyde Garrigan, an assistant U.S. Attorney in New Hampshire. … Garrigan is the state coordinator for Project Safe Neighborhoods, a $1.5-billion federal program created in 2001 that targets gun crime and emphasizes community outreach efforts. … On Feb. 15, U.S. Attorney General Alberto Gonzales launched a new nationwide initiative specifically targeted at gang violence, known as Gang Reduction Through Investigation and Prosecution, or Operation GRIP. Garrigan said that Project Safe would be spearheading the effort in New Hampshire."

Federal Investigators Examining Allegations Of Mortgage Fraud In Indiana. The New York Times (10/6, Bajaj, Creswell) reports, "On May 18, 2005, a small Indiana company bought 184 duplex homes in a down-and-out neighborhood in northeast Indianapolis for an average price of $50,000 each. Less than a month later, the company, Land Economics, began selling the properties, which were built mostly in the 1940's, for $120,000 apiece to church secretaries, truckers, retirees and factory workers — sometimes as many as three a day to a single individual — all of them 577 miles away in Martinsville, Va. As recently as September 2004, homes in this neighborhood sold in a range of $20,000 to $65,000. … A week after the details of those suspicious transactions emerged — and the accusations by lenders and borrowers that they had been defrauded — federal investigators are still trying to sort out the scope of what some are describing as one of the largest cases of mortgage fraud in recent years."

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Two Charged In Walter Reed Kickback Scheme. The Washington Post (10/6, B4, Londoano) reports, "A former civilian employee at Walter Reed Army Medical Center and a Silver Spring man who did business with the center have been charged in a kickback scheme, according to a federal indictment unsealed yesterday. The two-count indictment, handed up in federal court in Greenbelt, alleges that from 1999 to 2004, then-contract specialist Kevin R. Roach was paid to give preferential treatment to bids that Louis Pisani Jr. submitted for two companies. Typically, Pisani paid Roach about 10 percent of the value of the work the companies performed at Walter Reed, authorities said." Prosecutors "are trying to seize $211,296 from the defendants, who are charged with conspiracy to defraud the government and obstruction of agency proceedings. The men face the second charge because they lied to Army investigators about the payments, authorities said."

Prosecutors Asking Whether William Bulger Knew Of Whitey's Support Network. The Boston Herald (10/6, Sweet, Carr, Gelzinis, 203K) reports, "Former state Senate President William M. Bulger is caught up in an investigation into why a Senate court officer lied to a federal grand jury probing the 1995 flight of James 'Whitey' Bulger. In a fight that reached the U.S. Supreme Court, sources tell the Herald, prosecutors are actively pursuing whether William Bulger knows anything about a suspected support network that was meant to keep his fugitive brother in money and in 'real-time information' about the manhunt for him." The Herald notes, "Bulger has repeatedly denied having any contact with his brother save for one telephone conversation the Southie siblings had days after Whitey hit the road."

Suburban Chicago Mayor Indicted In Alleged Kickback Scheme. The Chicago Tribune (10/6, O'Connor, 623K) reports, "Nearly four months after his arrest on corruption charges, longtime Niles Mayor Nicholas Blase was indicted Thursday in federal court for allegedly forcing village businesses to buy insurance from one of his friends. The kickback scheme involved more than $420,000 in bribes, authorities disclosed. Two others who were connected to the insurance agency were also indicted, and both are cooperating with authorities against the mayor and expect to plead guilty, U.S. Atty. Patrick Fitzgerald announced." The AP (10/6) and Crain's Chicago Business (10/5) also report on the indictments.

$1,500 Check To Blagojevich's Daughter Resonating With Voters. In a widely-distributed story, the AP (10/6) reports, "For months, Gov. Rod Blagojevich has been fending off accusations he bungled government programs and awarded jobs and contracts to contributors and cronies. But suddenly, one issue has cut through the clutter: a $1,500 gift to one of his daughters. The check came from a lifelong Blagojevich friend, and it arrived soon after the friend's wife got a state job. The governor has said he is unsure whether it was a birthday gift for one daughter or a christening gift for another, but he insisted it had no connection to the job. At the same time, he acknowledged asking his chief of staff to help the woman." The AP notes that the election "is playing out against a backdrop of political corruption, with convictions at Chicago's City Hall, an FBI raid on Cook County's government offices and the recent sentencing of Blagojevich's predecessor, Republican Gov. George Ryan, to more than six years in prison for graft. Blagojevich's GOP opponent, Judy Baar Topinka, is using the $1,500 check to paint him as corrupt."

Prosecutor Subpoenas Pirro Financial Disclosure Forms. The New York Daily News (10/6, Smith, 729K) reports, "There's no trace of a love boat in Jeanine Pirro's financial disclosure forms, but there are plenty of signs of her troublesome husband, Albert. Federal prosecutors subpoenaed Pirro's disclosure forms to make sure she didn't claim ownership of the infamous boat, sources familiar with the ongoing FBI probe said. … The boat…is in her husband's name, but her lawyer, Paul Shechtman, says it's really co-owned as marital property. If the boat was technically not her property, investigators theorized that it could bolster their case that onboard intercepted conversations would be illegal." The Daily News notes, "A review of the records…showed no sign of the boat being owned by Jeanine or Albert Pirro."

Texas Nurse Sentenced To Life In Prison For Murdering Patients. The AP (10/6, Brown) reported, "A former nurse was sentenced Thursday to life in prison on charges that she killed 10 hospital patients with drug injections because she found them too demanding." Vickie Dawn Jackson of Houston "pleaded no contest on Wednesday and was sentenced after prosecutors presented their evidence to a judge. Investigators believe Jackson injected the patients through their intravenous lines with a drug normally used to temporarily stop breathing when doctors insert a breathing tube. FBI agent David Burns testified that the patients had been hospitalized for minor ailments -- including a foot sore, diarrhea or dementia -- and were about to be released. 'In general, they were the kind of patients who needed more care,' Burns said at the sentencing. … 'It seemed to make her angry.'" The AP adds, "Authorities discovered at least 20 vials of the drug were missing. And officers searching garbage at Jackson's home found a syringe that contained traces of it, Burns said."

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Former Louisiana Newspaper Editor Pleads Guilty To Child Porn Charges. The AP (10/6) reports, "The former managing editor of a LaPlace weekly newspaper faces up to 20 years in prison, a $250,000 fine and a lifetime of supervised probation after pleading guilty to two federal counts of possessing child pornography. … Gray, who worked for L'Observateur, was arrested when he showed up for what he thought would be a sexual encounter with a 16-year-old girl with whom he had exchanged instant messages over the Internet. The girl turned out to be an FBI agent. Agents used that arrest to get a search warrant for Gray's Waggaman home and computer, where they said they found numerous images of children being sexually victimized."

FBI Joins Investigation Of Unsolved 1989 New Jersey Murder. The Trenton Times (10/5, Shea) reported, "The FBI has joined the investigation into the 1989 killing of Princeton Borough matriarch Emily 'Cissy' Stuart, one of Mercer County's most notorious unsolved murders. The agency has assigned to the case a top agent, Special Agent John Mulligan, a 19-year veteran and seasoned homicide investigator who was the bureau's lead agent probing the murder of Daniel Pearl," and "forensic specialists in Quantico, Va., are examining evidence gathered from the home of the 74-year-old socialite using modern technology, profilers are analyzing the case and agents plan to start reinterviewing witnesses and sus pects. The entry of the FBI into the Stuart probe is a major step for ward for the investigation, said Borough Police Chief Anthony Fe derico. Bill Evanina, special agent in charge of the Trenton FBI, said the bureau has resources that simply were not available to borough police and the Mercer County Prosecutor's Office the past 17 years."

Child Porn Charges Against Karr Dismissed. ABC World News (10/5, story 8, 0:15, Gibson) reported that a judge has dismissed the child pornography charges against John Mark Karr, who was briefly a suspect in the JonBenet Ramsey murder case. Prosecutors "said they didn't have enough evidence because investigators lost computer files seized from Karr in 2001."

NBC Nightly News (10/5, story 7, 0:15, Williams) reported, "Prosecutors admit they lost crucial computer evidence that they needed to bring the case to trial." CBS Evening News(10/5, story 7, 0:20, Couric) also reported the story last evening.

USA Today (10/6, Ritter) reports, "Judge Rene Chouteau ordered Karr to be immediately released from jail. He was not in court for the hearing." Laurie Levenson, a professor at Loyola Law School in Los Angeles, "says Karr now becomes 'a headache' for law enforcement. 'What I think everyone recognizes is that this guy on some level is a threat,' she says. 'He's a threat, but he's not yet a criminal.'"

The AP (10/6, Curtis) reports, "Karr, 41, was returned to California last month to face the five-year-old pornography case after DNA evidence cleared him of killing the girl in her Boulder, Colorado, home in 1996. … The misdemeanor pornography case fell apart almost as quickly, as investigators admitted losing vital computer evidence that was seized from Karr in April 2001 when he was working as a substitute teacher in Sonoma and Napa counties. … Defense lawyers tried unsuccessfully to get the charges dismissed and were seeking to have evidence barred from trial when prosecutors said they could not establish when the child porn images had been downloaded on Karr's computer."

Serial Rapist Striking On Arizona Indian Reservation. USA Today (10/6, Bazar) reports, "A serial rapist posing as a police officer has attacked at least 11 young women, mostly teenagers, on the Fort Apache Indian Reservation in Arizona. The rapist, wearing a dark shirt and hat emblazoned with 'POLICE,' stopped each of the victims as they walked between two housing projects and told them they were under arrest, says Warren Youngman, assistant special agent in charge of the Bureau of Indian Affairs (BIA) office in Phoenix. He then restrained their hands and 'took them to a remote area where he told the victims they were going to be met by a police car,' Youngman says. The assaults all took place between 10 p.m. and 2 a.m. The first was in March. The most recent occurred Sept. 6. All but one of the victims were juveniles, Youngman says."

Ohio Law Skirts Statute Of Limitations For Sex Crimes. USA Today (10/6, Coolidge) reports on an Ohio law that could result in the names of people who have never been convicted of a sex offense being placed on a public registry. The law, which took effect in August, "targets alleged sex offenders who can no longer face charges or be sued because the time allowed for either action — the statute of limitations — has expired. The new law allows prosecutors, the state's attorney general or alleged victims to seek to put a person on the registry." USA adds, "Whoever makes the request must try to present enough evidence to convince a judge that the crime was more likely than not to have occurred. If a judge, after hearing testimony and reviewing evidence from both sides, determines that the abuse is likely to have taken place, then the alleged offender must register with the Ohio Attorney General's Internet Civil Registry."

Prosecution Rests In Farmer's Market Vehicular Homicide Case. The Los Angeles Times (10/6, Spano) reports that prosecutors closed their

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prosecution of George Weller for 10 counts of vehicular manslaughter with gross negligence for driving his car through a farmer's market three years ago. The Times reports that jurors "were urged to believe dozens of Santa Monica residents who saw George Weller repeatedly turn the wheel, hit the brakes and accelerate as his car plowed through a farmer's market three years ago." The defense "contended that the elderly man committed only 'pedal error' -- hitting the accelerator when he meant to hit the brakes -- which caused unexpected acceleration and panic so extreme that he could not reverse course before leaving almost 1,000 feet of carnage along Arizona Avenue. … Defense lawyer Mark Overland was scheduled to close this afternoon, following a taut, well-organized prosecution presentation in which Ambrose urged jurors to trust their neighbors. She suggested that eyewitnesses at the market are more reliable than experts who only studied reports on the incident after the fact."

Domestic Violence Cases In Prince George's County Are Second Highest In Maryland. The Washington Times (10/6, Washington) reports, "'You'd think that after everything that has happened in the county with domestic-violence cases that judges would take a little more time to think about these things more carefully,' says an 'outraged' Denise C. McCain, executive director of the Family Crisis Center of Prince George's County. Ms. McCain was reacting to yet another death of a Prince George's County domestic-violence victim, who reportedly sought help from the court system before her boyfriend killed her and then himself this week." The Times adds, "Domestic-violence incidents in Prince George's, second in the state only to Baltimore, have become such a hot topic that this month's issue of Essence -- a magazine geared primarily to black women -- published 'The Secret Shame of Prince George's County.' The article presents a negative portrayal of the county, comparing its designation as the most wealthy enclave of blacks in the country with its high domestic-violence rates."

CIVIL LAW:

DOJ Settles Ambulance Billing Claims With EMS Corp. Bloomberg (10/6, O'Reilly) reports, "Emergency Medical Services Corp., a supplier of ambulance services in 36 states, agreed to pay $9 million to settle U.S. claims it gave discounts to medical facilities in exchange for referrals." Bloomberg continues, "The settlement relates to allegations that a unit of the Greenwood, Colorado-based company offered discounts to Texas hospitals in exchange for referrals on ambulance transports of patients being discharged, which were billed to Medicare. … The Justice Department sued AMR, accusing it of unlawfully providing the discounted transportation from 1994 through 2001. Under terms of the settlement, AMR will enter into a corporate integrity agreement to prevent such activity in the future. … 'Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds,' said Assistant U.S. Attorney General Peter D. Keisler, in a statement."

The AP (10/6) reports, "Two former employees who raised allegations against the ambulance company will get $1.62 million in the settlement. … The government alleged that Greenwood Village, Colo.-based American Medical Response provided or offered inducements to Texas hospitals in contracts known as 'swapping arrangements.' … The arrangements gave discounts to the hospitals in exchange for referrals for transporting patients who were being discharged, the Justice Department said. The ambulance rides were billed to Medicare." The AP adds, "American Medical Response said it didn't admit wrongdoing and that the company's prior owner agreed to pay "a significant portion" of the settlement."

Japanese Court Rejects US Appeal For Base Bid-Rigging Damages. The AP (10/6) reports, "A Tokyo court on Thursday rejected an appeal by the U.S. government seeking compensation from Japanese companies over the alleged rigging of bids in dozens of construction projects at a U.S. Navy base." The AP continues, "The Tokyo High Court dismissed Washington's appeal against 13 Japanese construction companies, upholding a lower court decision in 2002 that the U.S. government failed to prove the contractors were selected as a result of bid-rigging, a court spokeswoman said on condition of anonymity, citing protocol." The AP adds, "The U.S. government initially filed the lawsuit in 1994 with the Tokyo District Court against 53 Japanese construction companies, demanding 680 million yen (US$5.7 million). The AP notes, "Washington accused the companies of inflating costs for nearly 100 construction projects at Atsugi base, southwest of Tokyo, by allegedly rigging bids from 1984 through 1990. The U.S. later dropped its claim against most of the companies after reaching separate settlements."

CIVIL RIGHTS:

Gonzales Pledges Continuing Action On Disability Rights. The Minneapolis Star Tribune (10/6, Browning) reports, "U.S. Attorney General Alberto Gonzales praised executives attending a Minneapolis conference on disabled workers Thursday for recognizing the skills and marketing opportunities in the disabled community." The Tribune continues, "The Justice Department is committed to ensuring that everyone has an opportunity to succeed,

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regardless of 'the circumstances of birth or the challenges of life,' said Gonzales, who grew up poor in Texas." The Tribune adds, "Considerable progress has been made since the Americans with Disabilities Act (ADA) was signed in 1990, Gonzales told about 300 people attending the ninth annual conference of the U.S. Business Leadership Network at the Marriott Hotel. 'But we are not done by a long shot.' … The group promotes best employment practices and job opportunities for workers with disabilities. More than 400 disabled high school and college students attended a career fair Wednesday at the conference center. Gonzales praised company mentors for recognizing a good opportunity. … 'You appreciate the business case for tapping into the disability market and bringing on board qualified men and women whose abilities and perspectives will help your businesses succeed,' he said. … And he congratulated the students for their fortitude, commitment to excellence and dedication to getting the kind of experience that will help them contribute to the community."

The AP (10/6, Freed) reports, "In nine of every 10 cases, the Justice Department forced government agencies and businesses to comply with federal disability laws during the past five years by using mediation and not imposing penalties." The AP continues, "Attorney General Alberto Gonzales said Thursday that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments. … 'We have accomplished this through an aggressive program of enforcement and public education,' Gonzales said at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities." The AP notes, "The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather. … It is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those include making cuts into sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing test telephone systems for deaf people making 911 calls."

Minnesota Public Radio (10/6, Stawicki) reports, "Gonzales came to Minneapolis to tout a Department of Justice report about governmental enforcement of the ADA, which bans discrimination based on disability. Congress passed the ADA in 1990 under George Bush Sr.'s administration. The report says that during the last five years, Justice Department has resolved 1800 out of 2000 cases through mediation rather than going to court." MPR continues, "Gonzales said the department forced governmental and private employers to comply with the law by aggressive enforcement and public education: … 'We've made good progress in ensuring that the American dream is available to everyone in this country, no matter their physical condition, their race, their religion. We have an obligation as government officials to create an environment where the American dream is available to everyone.'"

Local Television. At least five local television networks mentioned U.S. attorney general Alberto Gonzales' trip to Minneapolis, where he touched on the Americans with Disabilities Act. They, however, noted that Foley's scandal was the main topic during the Q&A session. WCCO-TV Minneapolis, (9/5, 12:06 p.m.) reported, "The Attorney general wanted to focus on the Americans with Disabilities Act, how much is done for Americans, and what more needs to be done to increase impact. But Gonzales just couldn't dodge all the questions about the status of the investigation into former Congressman Mark Foley and how those allegations against him might affect the Republican leadership. Gonzales first addressed participants of the U.S. Business Leadership Network in Minneapolis, but then, he faced the media and questions about the Foley case."

KMSP-TV Minneapolis, (9/5, 5:02 p.m.) reported, "Attorney general Alberto Gonzales talked about the scandal while in the twin cities today. Gonzales was appearing at a conference of U.S. Business Leadership Networks, but was fully prepared for the questions lobbed at him. The main one: Will the department of justice launch a full-scale investigation?"

KDLH-TV Duluth, (9/5, 5:30 p.m.) reported, "Attorney general Alberto Gonzales delivered remarks at the annual conference of the U.S. Business Leadership Network today in Minneapolis. There, he reacted to questions about the ongoing investigation into resigned Congressman Mark Foley's inappropriate contacts with teenage pages. Alberto Gonzalez said, 'we've advised the speaker and we have publicized the fact that investigators at the FBI and prosecutors at the dept. are involved in gathering up information.'"

KVRR-TV Fargo, (9/5, 6:04 p.m.) reported, "In Minneapolis, attorney general Alberto Gonzales says he has received a letter from Hastert looking into possible criminal behavior by Foley."

KMSP-TV Minneapolis, (9/5, 5:35 p.m.) reported, "Attorney General Alberto Gonzales spent the day in Minneapolis speaking at an unrelated conference. But the Foley scandal was on the mind of many reporters."

DOJ Urged To Probe Florida Police Shooting Death. The AP (10/6, Davis) reports, "The family of a man who killed a Polk County (FL) sheriff's deputy and was subsequently riddled with 68 bullets called on Florida Gov. Jeb Bush Thursday to order an independent investigation of the shooting." The AP continues, "Nine SWAT officers fired a

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total of 110 bullets at 27-year-old Angilo Freeland last week after he fatally shot a Polk County deputy and his dog and wounded another deputy after fleeing from a traffic stop. … 'This is not about a lawsuit. Nobody is suing anybody,' the family's attorney, Grady Irvin, said at a Thursday afternoon new conference. 'What this is all about is this death is uncommon in the means and manner by which Mr. Freeland died - 68 bullet holes. His family just wants to put this issue to rest and they want a search for the truth, that's all.'" The AP adds, "An Orlando-based civil rights group also on Thursday called on U.S. Attorney Alberto Gonzales to look into the circumstances surrounding Freeland's death. … Irvin said race isn't an issue in the shooting. But he was concerned by Polk County Sheriff's Grady Judd's tough talk to reporters before and after Freeland's death."

HUD Sends Manassas Housing Case To DOJ. The Washington Post (10/6, B07, Miroff) reports, "Federal housing officials who claim that a campaign by Manassas against crowded housing has illegally targeted Hispanic families have turned their investigation over to the Justice Department, saying the city has failed to adequately settle complaints. … 'We made an extensive effort to resolve the matter, but it was unsuccessful,' said Bryan Greene, the deputy assistant secretary for enforcement and programs at the Department of Housing and Urban Development. 'We conducted a full investigation and attempted to conciliate with many parties involved, which included many individuals, civil rights groups and the City of Manassas. In the end, conciliation has failed.'" The Post continues, "The investigation focused on anti-crowding measures initiated by the city over the past two years. Those included a hotline that allowed residents to anonymously file a complaint about neighbors they suspected of violating city ordinances and a measure passed by the City Council in December that essentially banned extended family members from living together by narrowing the legal definition of 'family.' That ordinance was repealed in January under threats from civil rights groups and concerns about a federal investigation. … Although HUD cannot bring charges against a municipality under the Fair Housing Act, it can forward cases to the Department of Justice for possible litigation if the agency's investigation does not produce an agreement 'and provide relief to the aggrieved people,' Greene said. … Eleven complaints have been forwarded to the Department of Justice -- eight from Manassas residents, two from civil rights organizations and one from HUD, Greene said. The complaints allege that Manassas has illegally targeted the city's growing Hispanic population for selective enforcement of its zoning laws."

EEOC Plans Events To Increase Number Of Federal Employees With Disabilities. The Washington Post (10/6, D4, Barr) reports in its "Federal Diary" column, "The Equal Employment Opportunity Commission plans to sponsor educational events and seminars aimed at reversing the steady decline in the number of federal employees with severe disabilities. The agency this week launched a special section on its Web site (http://www.eeoc.gov/initiatives/lead), where announcements and information on federal hiring of the disabled will be posted. The initiative -- Leadership for the Employment of Americans With Disabilities, or LEAD -- will be headed by EEOC Commissioner Christine M. Griffin ." The Post adds, "People with severe disabilities have dropped to less than 1 percent of the full-time federal workforce, according to data released by the EEOC in June. Targeted disabilities include blindness, deafness, paralysis, mental retardation, mental illness, convulsive disorders, and distortion of limbs or the spine."

State Court Upholds California Ban On Same-Sex Marriage. The Los Angeles Times (10/6, 918K) reports, "A state appeals court today upheld a ban on same-sex marriages, ruling that only the Legislature or voters can change California's traditional definition of marriage. 'Courts simply do not have the authority to create new rights, especially when doing so involves the definition of so fundamental an institution as marriage,' Presiding Justice William McGuiness wrote for the majority."

The AP (10/6, Leff) reports, "The ruling does not guarantee, however, that same-sex couples will not ultimately be able to get married in California. Gay marriage advocates said beforehand that they would appeal to the California Supreme Court if the intermediate court did not decide in their favor." The New York Times (10/6, McKinley, 1.21M) also reports the story.

Professor Makes Case Against Voter ID Laws. Annette Fuentes, an adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (10/6, 2.27M) that a movement is afoot that threatens the essence of the Voting Rights Act of 1965 "with backdoor approaches to suppress voter participation. Voter ID laws are at the heart of this strategy. … Proponents of voter ID laws cite fraud in their calls for reform. But how widespread is voter fraud? There is little documentation, but a 2005 study by a commission on election reform headed by former president Jimmy Carter and former secretary of State James Baker offered some evidence. … The report stated that the Justice Department had investigated 180 reports of election fraud since 2002. … Out of the millions of votes cast in federal elections, that's hardly cause for alarm." Fuentes adds, "Electoral reforms clearly are needed, and that includes voting machines not vulnerable to tampering or miscounts.

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But voter ID laws are just a distraction from the real challenges to electoral integrity."

Cancer Victim Warns Other Black Men. A front page story in the Washington Post (10/6, A1, Fears) reports on Damu Smith, who, at age 54, died before his time of colorectal cancer. The Post reports, "Black men have a life expectancy of 69 years, six years less than white men and far shorter than men of other ethnic group. They are more than twice as likely to die from cancer as white men, according to the National Cancer Institute, and nine times as likely as white men to die of AIDS. They suffer from lung disease, heart disease, hypertension, stroke, diabetes and other chronic illnesses in disproportionate numbers that alarm health-care professionals." By the time Smith was tested for cancer "it was far too late. Colorectal cancer had developed to its most advanced and lethal stage. Doctors told him there was nothing they could do. They gave him three months to live." Smith "wanted his story -- this story -- to serve as a cautionary tale, a warning to other black men to seek regular medical care: 'Go to the doctor. Get your colon checked. Get a colonoscopy.'"

Supreme Court Urged To Rule On Student Speech Rights. Clay Calvert and Robert D. Richards, co-directors of the Pennsylvania Center for the First Amendment and professors of communications and law at Pennsylvania State University, write in the Washington Times (10/6), "Can the nation's public high schools stop students from displaying messages that promote or advocate illegal drug use without violating the First Amendment-protected right of free speech? That's the gist of the question that the U.S. Supreme Court now is being asked to consider in a case called Frederick v. Morse coming out of the liberal-leaning 9th Circuit Court of Appeals. … The Supreme Court has ruled directly only three times in its history in cases affecting student speech rights in public school settings. … In the absence of any clear guidelines from the nation's high court, federal judges have attempted, with varying results, to balance minors' constitutional rights with the schools' ability to maintain order in the classroom. … The Supreme Court should now begin to settle the choppy seas of speech, and the case of Frederick v. Morse is an appropriate place to begin this difficult task."

ANTITRUST:

Snuff Suit Alleges Smokeless Tobacco Price Manipulation. The Legal Intelligencer (10/6, Duffy) reports, "Most of the class action tobacco suits focus on the diseases it causes. But a suit in federal court in Philadelphia adds a new twist: It's a consumer suit brought by Pennsylvania purchasers of snuff and chewing tobacco who complain that the leading manufacturer used its monopoly power to drive up prices." The Intelligencer continues, "In the suit, Hunt v. United States Tobacco Co., the plaintiffs are seeking to capitalize on a massive verdict against the nation's No. 1 snuff maker, in which a Kentucky federal court jury awarded $350 million to rival Conwood Co. -- an award that was automatically trebled to $1.05 billion and later upheld by the 6th U.S. Circuit Court of Appeals. … In a decision handed down earlier this month, a federal judge refused to dismiss the consumer suit, rejecting defense lawyers' arguments that the plaintiffs lacked standing to bring an antitrust claim under the Pennsylvania Unfair Trade Practices and Consumer Protection Law. … Now the defense team is asking Senior U.S. District Judge Ronald L. Buckwalter to certify an immediate appeal, arguing that the complaint should have been dismissed because there is no 'direct relationship' between the plaintiff and the defendants; and that the plaintiffs' claim is essentially an antitrust claim, and antitrust violations do not state a claim under the UTPCPL."

ArvinMeritor Sues To Stop Eaton Venture. The AP (10/6) reports, "Auto supplier ArvinMeritor Inc. on Thursday said its Meritor Transmission Corp. business, along with ZF Meritor LLC, the company's joint venture with Germany's ZF Friedrichshafen AG, filed an antitrust lawsuit against Eaton Corp." The AP continues, "The suit, filed in the U.S. District Court for the District of Delaware, seeks an injunction to stop the Cleveland-based diversified industrial manufacturer from engaging in anticompetitive conduct in the heavy-duty truck transmissions markets. It also asks the court to award triple damages." The AP adds, "The lawsuit claims Eaton has harmed competition in the markets for heavy-duty truck transmissions by limiting consumer choice, eliminating competitive checks on pricing and suppressing innovation, ArvinMeritor said."

Key Test For AT&T-BellSouth Merger To Come Next Week. The Chicago Tribune (10/6) reports, "The drive by AT&T Inc. to take over BellSouth Corp. by New Year's will be tested next week when the Federal Communications Commission will either rule on the merger or decide to delay taking action." The Tribune continues, "Congressional leaders from both houses and both parties have cautioned federal regulators against haste in deciding the fate of AT&T's deal, which could provide a speed bump in what had appeared to be a smooth course." The Tribune adds, "Last month Kevin Martin, the FCC chairman, circulated a proposed order to his colleagues that would approve AT&T's deal without imposing any conditions, a move interpreted to open negotiations with the FCC's two Democrats. … Following Martin's actions, Republican and Democratic leaders of key committees in the House and the

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Senate sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T and SBC Communications Inc. to form the new AT&T and that merged Verizon Communications Inc. with MCI. … That review by U.S. District Judge Emmet Sullivan is required by the federal Tunney Act, under which the courts must examine mergers approved by the Department of Justice to assure they protect the public interest."

Ryanair Makes Hostile Bid For Aer Lingus. Bloomberg (10/6, Fletcher) reports, "Ryanair Holdings Plc, Europe's biggest discount airline, made a hostile 1.48 billion-euro ($1.88 billion) bid for Aer Lingus Plc to combine Ireland's dominant carriers and add long-haul routes to the U.S." Bloomberg continues, "Ryanair acquired a 16 percent stake and offered 2.80 euros a share for the rest of Aer Lingus, 12 percent more than yesterday's closing price in Dublin. The Irish government, owner of 28.3 percent of Aer Lingus, rejected the bid, which comes eight days after the company's initial public offering. … 'This is going to be such a huge deal in Ireland that I think they'll have to increase the bribery and pay significantly more,' said Mike Powell, a Madrid-based analyst for Dresdner Kleinwort with an 'add' rating on Ryanair shares." Bloomberg adds, "Chief Executive Officer Michael O'Leary said Ryanair would reduce fares at Aer Lingus and acquire planes at lower cost by combining orders. The enlarged group would have 50 million passengers a year, helping it compete with British Airways Plc and its partner Iberia SA, which have 63 million. … Together, Ryanair and Aer Lingus handle about 70 percent of the passengers at Dublin airport. The takeover would face scrutiny from Irish and European regulators. Cathal Hanley, a spokesman for the Competition Authority in Dublin, declined to comment."

Irish Government Vows To Fight Bid. The Wall Street Journal (10/6, Johnson) reports, "The surprise €1.48 billion ($1.88 billion) bid by Ryanair Holdings for recently privatized Irish flag carrier Aer Lingus underscores how onetime budget upstarts are increasingly calling the shots in an industry long dominated by state carriers. If successful, the takeover could create one of Europe's biggest and most profitable airline groups. But it won't be smooth sailing: Aer Lingus's board unanimously rejected the offer. Chairman John Sharman called the approach 'unsolicited and wholly opportunistic' and said it 'significantly undervalues the group's businesses.' In addition, the Irish government, still Aer Lingus's biggest shareholder, and unions lambasted the proposed takeover and vowed to fight it." The Journal adds, "Ryanair's bid, announced yesterday morning, is the latest example of how feisty budget carriers are revolutionizing an airline industry still recovering from the shocks of deregulation, terrorist threats and volatile oil prices."

Tata Steel Considering A Bid For Corus. The Financial Times (10/6, Willman, Editor) reports, "Tata Steel of India confirmed on Thursday that it is considering a bid for Corus, the Anglo-Dutch steel producer, as part of a review of global opportunities for industry consolidation. However, it added that there was no certainty that any move would be made, or that if it did, it would be for Corus. Tata's move may also draw out other potential bidders." Corus "is the seventh largest steel producer, with output of around 20m tonnes a year, but Tata's statement is bound to reignite speculation over its future. It has long been rumoured as a takeover target, and has been searching for a merger partner for six months."

The Wall Street Journal (10/6, Wonacott, Singer) reports, "Tata Steel executives declined to elaborate on the statement. A Corus spokeswoman declined to comment. Details of a potential bid for Corus have yet to be determined, said the people familiar with the matter. Wednesday, before Tata Steel's interest was disclosed, Corus had a market value of about £3.6 billion ($6.8 billion)." The Journal adds, "A takeover of Corus -- among the world's 10 largest steel producers -- would far exceed anything Tata Steel has attempted. Its biggest deal to date was last year's $286 million acquisition of Singapore's NatSteel Asia Pte. Ltd. Now ranked 56th among global steel producers, Tata Steel would likely have to load up on debt to make a bid for Corus, according to analysts."

EU Could Fine Vodafone, Rivals Over Roaming Charges. Bloomberg (10/6, Newman) reports, "European Union regulators are recommending a fine against Vodafone Group Plc, the world's largest mobile phone operator, and two rivals for overcharging international travelers, people with knowledge of the case said." Bloomberg continues, "Staff for the European Commission, the EU's executive arm, have written a draft ruling that may also lead to fines against Vodafone's German unit, the U.K.'s O2 Plc and Deutsche Telekom AG's T-Mobile International, according to four people who declined to be identified because the draft isn't public. … 'An antitrust case is an additional point of pressure,' Michelle de Lussanet, an analyst at Forrester Research Inc. in Amsterdam, said in an interview. 'There are other challenges such as regulation cutting roaming fees and more price competition.'" Bloomberg adds, "The penalties would follow France's record 534-million euro fine ($678 million) last year against the mobile-phone units of France Telecom SA, Vivendi Universal SA and Bouygues SA for colluding on prices over a six-year period. The EU typically fines companies from 2 percent to 3 percent of annual sales. The largest monopoly fine was 497 million euros levied against Microsoft Corp."

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ENVIRONMENT/INDIAN AFFAIRS:

Spinach Producer Shocked By FBI-FDA Raid. In a story distributed by McClatchy, the San Jose Mercury News (10/6, McLaughlin, Bailey, 242K) reports, "The Salinas Valley, already rocked by weeks of economic havoc, was further jolted by the" FBI and FDA "raids at Growers Express and Natural Selection Foods…whose bagged spinach has tested positive for the particular strain of E. coli involved in the outbreak. Particularly surprising was the raid at Growers Express, often hailed as a model of food safety in the valley. Another fact that had farmers scratching their heads: Growers Express doesn't process any fresh bagged spinach, the only product found to have E. coli contamination." Growers Express sales and marketing vice president Woody Johnson "said the company was shocked by the raid because Growers Express has 'a policy of having our records available.'" He added, "We were surprised they chose to do it with a sledgehammer and not just pick up the phone." The Mercury News adds, "Spokesmen for the U.S. Attorney's office and the FBI declined to discuss the case in detail, but FBI Special Agent Joseph Schadler noted that agents could not get a warrant without convincing a judge there was reason to expect they might find evidence of a crime."

Federal Investigation Focused On Possible Negligence. In a widely-distributed story, the AP (10/6, Leff) reports, "Federal officials do not think anyone deliberately contaminated the spinach with E. coli," and "the probe is focused on whether the companies took appropriate steps to make sure their products were OK to eat. To be convicted of criminal charges, the companies need not have known their products were contaminated, but merely negligent in their duties to keep tainted foods from the market, legal experts said. … 'We are looking more toward the food safety issue at this point,' FBI spokesman Joseph Schadler said Thursday, adding that the investigation was in its early stages and may or may not lead to criminal charges. It could also spread to other spinach producers, he said."

Second Death Linked To Tainted Spinach. CBS Evening News (10/5, story 6, 0:15, Couric) reported, "A second death has now been linked to tainted spinach. A two-year-old Idaho boy who died last month was infected with the same strain of E. Coli bacteria that made merely 200 people sick nationwide."

The Washington Post/AP (10/6, D2, Boone) reports, "Kyle Allgood's was the second confirmed death in the outbreak, which also killed an elderly Wisconsin woman and sickened at least 190 other people. … The boy died Sept. 20 in Salt Lake City after developing a type of kidney failure caused by E. coli. Health officials had to wait for the results of genetic testing on the bacteria to determine whether his illness was from spinach."

The New York Times (10/6, Sander) reports, "Scientists conducted tests since the death at a state laboratory in Boise to determine whether the E. coli strain in Kyle's system matched the strain that killed an elderly Wisconsin woman and sickened 192 others. The Federal Centers for Disease Control and Prevention considered Kyle's death, as well as that of an elderly Maryland woman who died on Sept. 13 after eating fresh spinach, as suspect cases possibly linked to the outbreak. Health officials in Maryland said this week that they had not reached a finding on the woman's death."

Western Judges Irked By Administration's Environmental Policies. The Washington Post (10/6, A3, Harden) reports, "Using language that suggests they are fed up with the Bush administration, federal judges across the West have issued a flurry of rulings in recent weeks, chastising the government for repeated and sometimes willful failure to enforce laws protecting fish, forests, wildlife and clean air." The Post continues, "In decisions in Oregon, California, Montana and Wyoming, judges have criticized the judgment, expertise and, in some cases, integrity of the federal agencies that manage natural resources on public lands." The Post adds, "The rulings come at a time when an emerging bipartisan coalition of western politicians, hunters, anglers and homeowners has joined conservation groups in objecting to the rapid pace and environmental consequences of President Bush's policies for energy extraction on federal land. … Specialists in environmental law cite a noticeable increase in the number of recent court rulings in which federal judges in the West have ruled against the administration, using blunt language that shows impatience and annoyance. … The most scathing and exasperated of the recent court orders came late last month out of Portland, where U.S. District Judge James A. Redden has presided for six years over a stalled federal effort to prevent endangered salmon from going extinct in the Columbia and Snake rivers. … Federal agencies 'have repeatedly and collectively failed to demonstrate a willingness to do what is necessary' under the Endangered Species Act to save fish at risk of extinction, wrote Redden, who was appointed in 1980 by President Jimmy Carter. … Responding to Redden's language and to other recent critical comments by federal judges in the West, Justice Department spokeswoman Cynthia J. Magnuson said: 'It is regrettable whenever a court chooses to examine and speculate about the motives of a federal agency rather than applying the applicable laws to the facts of the case.'"

Report Says Rising Temperatures Will Have Pervasive Effects On West. The Los Angeles Times (10/6, Hotz, 918K) reports, "Rising temperatures in the 11 Western states from global warming will cause more pervasive droughts, a four-fold increase in wildfires and extensive die-offs in regional plant, fish and game habitats, according to a

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report Thursday by the National Wildlife Federation. … To avoid the consequences of climate change, the 1 million-member wildlife organization urged national limits, following those recently adopted in California, on the greenhouse gases responsible for rising temperatures, such as carbon dioxide and methane."

US Charges DC Yacht Club With Illegal River Dumping. The Washington Times (10/6, McElhatton) reports, "Federal authorities have filed a criminal charge against a yacht club along the Anacostia River for illegal dumping months after D.C. officials said the club was in the running for a prestigious environmental award." The Times continues, "The District Yacht Club illegally discharged 240 square feet of concrete debris into the river in 2003, according to recent misdemeanor charges filed by the U.S. Attorney's Office in federal court in the District." The Times adds, "According to the charging documents, which do not name any yacht club members or officers , the club dumped the concrete into the Anacostia without seeking a permit. … Criminal prosecution under the federal Refuse Act, which the yacht club is accused of violating, includes penalties of up to $2,500 for each violation and/or imprisonment ranging from a month to a year. … The U.S. Army Corps of Engineers, which monitors discharge permits, yesterday referred questions about the investigation to the Justice Department." The Times notes, "Justice Department spokeswoman Cynthia Magnuson said that a hearing in the case is scheduled Dec. 5. A plea deal is expected in the case, according to court records."

Interior To Study Environmental Impact Of Proposed Indian Casino. USA Today (10/6) reports, "The Interior Department will examine a proposal for a casino the Mississippi Band of Choctaw Indians hopes to build in Jackson County. In a notice in the Federal Register on Wednesday, the Bureau of Indian Affairs (BIA) said it intends to study the potential environmental impact of the casino, which would consist of a hotel, shops and parking near the intersection of Highway 57 and Interstate 10." The environmental impact study "will assess the proposed casino's effects on traffic and wildlife, air quality and sewage and water systems. Possible social and economic impacts also will be reviewed."

Washington Areas Bald Eagle Eulogized. An editorial in the Washington Post (10/6, A22) eulogizes Martha, "the bald eagle who with her mate, George, captured the imagination of the Washington area." The Post says that "rather than feeling sad for what has been lost, we prefer to focus on the lessons that this improbable pair imparted about the beauty and value of the natural world. … George and Martha showed thousands of commuters a better side to a lousy ride over a bridge. As a result, many drove away with a new respect for wildlife."

Study Says 1959 Nuclear Accident Caused Hundreds Of Cancers. The Los Angeles Times (10/6, Covarrubias) reports, "Radioactive emissions from a 1959 nuclear accident at a research lab near Simi Valley appear to have been much greater than previously suspected and could have resulted in hundreds of cancers in surrounding communities, according to a study released Thursday. Chemical contamination from rocket engine testing at the site continues to threaten soil and groundwater in the area around Rocketdyne's Santa Susana Field Laboratory, the study also found. The nuclear meltdown, which remained virtually unknown to the public until 1979, could have caused between 260 and 1,800 cases of cancer 'over a period of many decades,' the study concluded. … Boeing officials vigorously disputed the findings, saying the study was based on miscalculations and faulty information."

US Indicts Utah Firm For Pollution Violations. The Salt Lake Tribune (10/6, Fahys) reports, "Lawyers for a West Valley company and two of its managers say local water officials bungled the pollution limits that are behind a 29-count federal indictment against their clients." The Tribune continues, "Accused of tampering with pollution readings, the three have filed suit in 3rd District Court in hopes of proving the limits on selenium were illegal and, consequently, that a dozen of the charges should be dismissed from the federal pollution case. … The selenium cap at the Central Valley Water Reclamation Facility 'was not properly set, and therefore, we shouldn't be held criminally responsible,' said Max Wheeler, one of the three defense attorneys on the case." The Tribune notes, "The U.S. Justice Department indicted the Pennsylvania-based Johnson Matthey Inc. in March and charged John David McKelvie, the former general manager of the West Valley plant, and Plant Manager Paul Card Greaves with violations of the Clean Water Act. … The indictment includes charges of conspiracy to discharge pollutants in excess of permit limits, selective sampling, concealment and manipulating wastewater discharges. One time, the indictment alleges, freshwater from a hose was added to discharge water to dilute the selenium. … The company faces maximum penalties of $12.5 million. McKelvie faces fines of $4.5 million and 90 years in prison. Greaves faces 125 years in prison and nearly $6.3 million in fines."

NYTimes Criticizes Bomar. The New York Times (10/6, 1.21M) editorializes, "Just before it made tracks out of town, the Senate confirmed Mary Bomar's appointment as the new head of the National Park Service. Ms. Bomar testified in person in late September before the Senate Energy and Natural Resources Committee, but the bulk of

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her testimony took the form of written answers to written questions posed by members of the committee. Her answers were intently managerial in tone — not particularly evasive and not particularly helpful." The Times adds, "Ms. Bomar had a chance to send a message about her intention to manage impartially, in her written responses. She missed the opportunity. The Interior Department has recently approved a strong set of management policies that put preservation first. Ms. Bomar would do well to put those policies first and put an end, at last, to snowmobiles in Yellowstone."

FBI/DEA/ATF/USMS:

Citing Court Error, Judge Releases Bonds' Trainer. Bloomberg (10/6, Gullo) reports, "Greg Anderson, baseball player Barry Bonds's trainer, will be released from jail today after being held for contempt for refusing to testify in a federal steroid probe, a judge said, citing a court error." Bloomberg continues, "U.S. District Court Judge William Alsup, noting a 'snafu' in his handling of Anderson's case, said U.S. marshals in San Francisco should release Anderson today at 5 p.m. local time." Bloomberg adds, "Yesterday a three-judge panel of a San Francisco-based appeals court said Anderson must be released under a law that requires contempt appeals to be resolved within 30 days. Anderson was jailed Aug. 28 for refusing to answer grand jury questions about whether Bonds and other athletes lied to a grand jury about using steroids. He could have been jailed for months. … 'This snafu has arisen because of an apparent failure of this court to be clear in its findings,' said Alsup in a ruling today. 'He will be released on his own recognizance.' … Anderson was ordered to appear at an Oct. 19 hearing. The appeals court could order Anderson back to jail after reviewing Alsup's findings concerning the legality of a government tape of Anderson. Alsup has not issued a written ruling on his findings. Anderson said the tape, which the government refused to turn over, is illegal and tainted the grand jury proceedings."

The AP (10/6) reports, "Bonds told a grand jury investigating the Bay Area Laboratory Co-Operative steroid ring in 2003 that Anderson gave him what he believed were flaxseed oil and arthritic balm. Anderson later pleaded guilty to distributing steroids and money laundering. … Anderson, who served three months in prison and three months of home detention for his conviction, has appealed his contempt jailing on several fronts." The AP adds, "His main contention is that a secret, illegally recorded tape of him discussing Bonds' steroid use is the basis for grand jury questions he faces. … Although Alsup dismissed that claim and others, the 9th U.S. Circuit Court of Appeal last week sent Anderson's appeal back to the judge, saying Alsup's ruling regarding the tape was not clear enough."

The New York Times (10/6, Pogash) reports Alsup "blamed himself for 'the apparent failure of this court to be clear in its findings' and the government for not supplying evidence. 'Mr. Anderson should not bear the burden of these omissions,' the judge said before releasing him on his own recognizance."

Cable TV Coverage. ESPN (10/5, 8:00 p.m.) reported, "Greg Anderson has been freed from prison, for now. A federal judge ordered Barry Bonds' personal trainer released because of a legal snafu. Apparently a federal appeals court did not affirm Anderson's contempt order within 30 days."

CNN (10/5, 3:00 p.m.) reported, "A federal judge has ordered Barry Bonds' personal trainer released from prison. A federal appeals court had not affirmed Greg Anderson's contempt of court order within the required 30 days. Anderson has twice refused to testify against the San Francisco Giants' slugger in the federal investigation of Bonds, and twice has been put behind bars for contempt. Anderson also spent three months in prison earlier as part of the BALCO steroid scandal."

FOX News (10/5, 6:00 p.m.) reported, "Barry Bonds' personal trainer is out of prison again, but he could go back any day now. A federal judge has ordered Greg Anderson's release because of what he called a legal snafu, but he could return to prison once that snafu is resolved. Anderson has been imprisoned twice for contempt of court after he refused to answer a federal grand jury's questions about Bonds' potential steroid use."

Local TV Coverage.

KGO-TV, San Francisco-Oakland-San Jose (10/5, 11:00 a.m.) reported, "A judge has ordered Barry Bonds' personal trainer released from jail. It's required that Greg Anderson be let out by this afternoon. He is jailed on a contempt of court citation for refusing to testify about Bonds' alleged steroid use."

21 Alleged Oklahoma City Crips Members Indicted On Drugs, Weapons Charges. The AP (10/6) reports, "Federal officials in Oklahoma City say 21 gang members and their associates face a total of 85 conspiracy, gun and drug-related charges in a federal indictment that was unsealed" Thursday. "US Attorney John C. Richter says the defendants are members or associates of the Walnut Gangster Crips. They're accused of conspiring with four unindicted co-conspirators to possess with intent to distribute more than 30 kilograms of cocaine, cocaine powder and over 1,000 tablets of ecstasy." The AP notes, "The indictment seeks forfeiture of firearms, ammunition, cash and some property."

Two Men Convicted In Arizona Of Conspiring To Transport Drugs. The Tucson Citizen (10/5) reports

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two Tucson men "have been convicted in U.S. District Court of conspiracy to transport drugs. Prosecutors said the men plotted to move the drugs between Tucson and Ohio. During the investigation, officials seized about 1,500 pounds of marijuana while it was being transported between the states." The Tucson Citizen says Mark A. Simmons and Ernest R. Washington were convicted Wednesday and could get 40-year prison terms during their scheduled sentencing in December.

Convicted Maryland Ecstasy Dealer Gets 13-Year Sentence. The AP (10/5) reports a New Jersey man who "operated an Ecstasy drug ring and tried to have an informant killed has been sentenced in Baltimore. U.S. Attorney Rod Rosenstein said Fred Caruso was sentenced to 13 years and seven months in prison, followed by five years of supervised release. … Rosenstein said Caruso began selling in 2000 to a man named Thomas Dixon. Dixon was under police surveillance when he received the first delivery of about 41,000 tablets. Dixon was arrested and agreed to cooperate with law enforcement."

Nine Arrested In California Drug Ring Investigation. The San Diego Union-Tribune (10/5) reports authorities said the arrest of nine people Wednesday "has dismantled a major drug trafficking organization operating in San Diego. Agents with the Drug Enforcement Administration arrested the group, seized three pounds of methamphetamine and confiscated about $30,000 after serving seven search warrants, said Dan Simmons, a spokesman for the DEA. … The organization reportedly distributed several pounds of methamphetamine several times a week to buyers in San Diego County, Las Vegas and Omaha, Neb., and sold more than $100,000 worth of methamphetamine a month."

In Miami, Detectives Ask To Wear Disguises During Testimony In Ecstasy Case. The Jerusalem Post (10/5) reports six Israel detectives who "are due to testify at the trial of suspected drug dealer Ze'ev Rosenstein in Miami requested permission on Thursday to appear in court wearing wigs and makeup…so that their identities would not be exposed." They "made the request out of fear that they would be targeted by Rosenstein's [associates] when they continued to work in Israel after the trial." Rosenstein, "identified by federal prosecutors as one of the world's biggest distributors of Ecstasy has pleaded not guilty."

The AP (10/5) reports as many as six surveillance officers of the Israel National Police "also want to appear in the U.S. federal trial of Zeev Rosenstein using only an 'officer identification number' rather than their names. They want to limit defense cross-examination that might reveal confidential tactics and spy technology." Rosenstein "is scheduled to go to trial in November on charges of conspiracy to distribute in the U.S. more than 1 million pills of the synthetic drug MDMA, more commonly known as Ecstasy. Rosenstein is on the U.S. list of 44 top worldwide drug traffickers."

The South Florida Sun-Sentinel (10/5, Blum) reports prosecutors "filed a motion Monday requesting the special measures, which are mandated by Israeli law but go against a fundamental principle of American justice -- a defendant's right to confront witnesses at trial. … However, judges sometimes bend the rules when important considerations are at stake."

Georgia Man Pleads Not Guilty In Marijuana Conspiracy Case. The AP (10/6) reports a northwest Georgia businessman "pleaded not guilty Thursday to charges of conspiring to distribute more than a ton of marijuana. Mario Armas, 45, also entered a not guilty plea to a related charge of money laundering. A federal indictment and a search warrant affidavit unsealed Thursday morning alleges that Armas conspired with Lonnie Merren and Kevin Redstrom…between January 2003 and November 2004 to distribute at least 1,000 kilograms _ 2,200 pounds _ of marijuana in the Rome area." DEA and FBI agents "have been investigating and gathering evidence at Armas' home and office." Georgia's Rome News-Tribune posted the AP story on its Web site.

UN Official Expects Increase In Fatal Overdoses Due To Afghan Opium Trade. UPI (10/5) reports the U.N. Office on Drugs and Crime "warns the robust Afghan opium trade will likely cause a dramatic increase of heroin-overdose fatalities. In a letter sent to nearly 90 health ministers…UNODC Executive Director Antonio Maria Costa advised health authorities to prepare for 'a substantial increase in the number of deaths by overdose.' … He called on the Afghan government to take strong action against opium traffickers and trade violators and encouraged local health authorities 'to take every possible measure in the period ahead and to alert practitioners to the possible risk increase.'"

Colombian President Hints At Talks With FARC. The Miami Herald (10/6, Dudley) reports from Bogata, Colombia, "Despite a strong mandate validating his first four years of waging all-out war against leftist rebels, Colombian President Alvaro Uribe has opted for a more peaceful beginning to his second term." The Herald continues, "Since his inauguration in August, Uribe has reached out to leaders of the hemisphere's largest rebel group, the Revolutionary Armed Forces of Colombia or

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FARC, by offering to swap imprisoned rebels for kidnapped politicians, citizens and soldiers in guerrilla hands. … 'The result of this security campaign can't just be of scorched earth, killing guerrillas and putting at risk our soldiers,' Uribe said on local radio this week, referring to his so-called Democratic Security plan. 'This policy of Democratic Security is a way to achieve total reconciliation among us Colombians.'" The Herald adds, "The seeming about-face by Uribe comes just months after the president and his allies won landslide victories in this year's presidential and congressional elections. The elections were seen as a validation of Uribe's policy to strengthen the country's armed forces and police, and launch unprecedented military offensives in various parts of the country, which forced the guerrillas to seek hiding and lowered rebel violence and kidnapping rates. … But results in the war have been waning of late. Uribe also has been hit by scandals in the military and recent reports that the production of coca, the raw material for cocaine, continues apace despite years of concerted attack on what many consider the principal funding source for warring groups in this country of 42 million people."

Woman Sentenced To 15 Years For Setting Apartment Fire. The Washington Post (10/6, B7, Londoano) reports that Roxana Benavides, a Germantown, Maryland woman "who set her apartment building on fire when she tried to burn her boyfriend's clothes was sentenced yesterday to 15 years in prison -- a punishment three times longer than the one sought by prosecutors." The December 18 fire "displaced 75 families the week before Christmas. … No one was injured in the fire, which caused about $2.5 million in damage." The Post adds, "Assistant State's Attorney Sherri D. Koch urged the judge to impose a five-year sentence, and defense attorney Jeffrey B. Henry asked for an unspecified more lenient sentence. It is unusual for Montgomery judges to give a substantially stiffer sentence than the one the state seeks."

IMMIGRATION:

Congress Puts Barriers In Way Of Implementing Border Fence. The Washington Post (10/6, A1, Hsu, 748K) reports, "No sooner did Congress authorize construction of a 700-mile fence on the U.S.-Mexico border last week than lawmakers rushed to approve separate legislation that ensures it will never be built, at least not as advertised, according to Republican lawmakers and immigration experts." Many lawmakers "plan to highlight their $1.2 billion down payment on its construction as they campaign in the weeks before the midterm elections. But shortly before recessing late Friday, the House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'"

Mexico Upset About Border Fence Plan. The AP (10/6, Rodriguez) reports, "Mexico lobbied for six years for a comprehensive immigration reform that would allow millions to cross into the United States legally. Instead, they're getting a fence. Mexicans -- from leading politicians to migrants preparing to cross illegally -- consider the U.S. plan to fence off much of the border shameful, offensive and ill-conceived." The AP also reports "migrants resting at a Tijuana shelter after being deported from the United States said more walls wouldn't deter them."

Sensenbrenner Does "Victory Lap" For Immigration Enforcement Win. The Washington Times (10/6, Dinan, 88K) reports Rep. James Sensenbrenner, the House's "top immigration negotiator says the House won the first round in the debate over the issue, and he is on a 'victory tour' of the Southwest border states to drive that message home." Sensenbrenner, the "primary author of the House's immigration-enforcement bill, said that by getting the president to sign a funding bill that included a down payment on the border fence and other enforcement measures, the House position on enforcement first has prevailed."

TAX:

Former US Attorney To Plead Guilty In NC Tax Fraud Scheme. The AP (10/6, Dunbar) reports, "A former U.S. Attorney, state judge and state Republican chairman has agreed to plead guilty to charges related to a tax fraud conspiracy, federal prosecutors in Raleigh, N.C., said Wednesday." The AP continues, "Samuel T. Currin will plead guilty to conspiring to launder $1.45 million through his law firm's client trust account and to lying on his taxes by failing to report an offshore debit card account, prosecutors said. Three others also have been charged." The AP adds, "Currin, 57, will also plead guilty in a related case to obstructing a grand jury investigation into securities fraud, in which he conspired to withhold documents and provide false testimony, U.S. Attorney Gretchen Shappert said. … He could be sentenced to as many as 43 years in prison."

Texas Doctor, Wife Charged In Tax-Shelter Scheme. The San Antonio Express-News (10/6, Contreras) reports, "A former San Antonio doctor and his wife have been indicted on charges that they hid more than $656,000 from the Internal Revenue Service in an offshore tax-shelter investment scheme." The Express-News continues, "A federal grand jury on Wednesday indicted

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Daniel Luczkow, 40, and his wife, Mary Luczkow. They are accused of using fake entities offshore to reduce their total income by $490,080 in 1999 and $166,824 in 2000." The Express-News adds, "Luczkow was an emergency room physician at Baptist Health System in San Antonio in the late 1990s and is now practicing in Massachusetts, where he went to medical school, according to his lawyer, Van Hilley. … The pair are charged with conspiracy to defraud the IRS, punishable by up to five years in prison, and three counts of subscribing to a materially false tax return for a potential refund. Those counts each carry a maximum of three years in prison."

CONGRESS-ADMINISTRATION:

Hastert Takes Responsibility For Foley Scandal, Says He Won't Resign. The Chicago Tribune (10/6, Dorning, Zajac, 623K) reports, "House Speaker Dennis Hastert offered a public apology Thursday for his handling of a complaint about a congressman's suggestive electronic messages to an underage page as the House ethics committee opened an investigation into former Rep. Mark Foley's contacts with pages. … The political damage from the cyber-sex scandal that Republican candidates already had sensed began to show up in polling data, indicating a sharp drop in support for the GOP and public distrust of congressional leaders' explanations for their handling of a complaint about Foley." However, "it is not yet clear how lasting the falloff in support will be as lawmakers and the FBI pursue separate investigations of the six-term Florida Republican. Foley abruptly resigned his seat last week."

The story continued to receive extensive media coverage, leading all three network newscasts. As NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) put it , "This scandal has simply enveloped official Washington from Capitol Hill to the FBI." All three network reports note the Speaker's assertion that "the buck stops here," with CBS Evening News(10/5, lead story, 3:10, Couric, 7.66M) noting the GOP leader "said he's deeply sorry for what happened and reiterated he did not know the suggestive nature of those instant messages between Florida Congressman Mark Foley and congressional pages until last Friday." ABC World News (10/5, lead story, 2:30, Gibson, 8.78M) showed Hastert saying, "I'm deeply sorry that this has happened. The bottom line is that we're taking responsibility because ultimately, as someone has said in Washington before, the buck stops here. Could we have done it better? Could the page board have handled it better? In retrospect, probably, yes."

On ABC World News (10/5, story 2, 0:30, 8.78M), George Stephanopoulos said of Hastert's statement, "I think he was pretty effective today and President Bush must have thought so, too, because he called him for the first time. By apologizing, accepting responsibility, getting statements of support from his fellow leaders and promising to fix the problem, he lays the groundwork for a political defense and that ethics committee investigation gives all other Republicans a reason to say 'Hastert can stay for now, wait until the investigation is done.'" The New York Times (10/6, Zeleny, 1.21M) reports that "earlier in the day, officials said Mr. Bush would not go further than the measured comments of support he delivered on Tuesday, but they later said they saw Mr. Hastert's appearance as an important step toward cooling the furor." The AP (10/6, Hunt) says the Bush-Hastert phone call lasted "several minutes." White House deputy press secretary Dana Perino said, "The president thanked him for going out and making a clear public statement that said the House leadership takes responsibility and is accountable. … He said he appreciated that when they got the information, they swiftly took action making clear that Rep. Foley should step down and promptly requested a Department of Justice investigation. And he expressed his support for the speaker."

Commentators are suggesting Republicans have made a political calculation not to press for Hastert's resignation. On NBC Nightly News(10/5, story 3, 2:00, 9.87M), Tim Russert said, "Many Republicans actually gamed out a potential resignation by Hastert. They concluded if he resigned it would magnify the crisis with headlines all across the country and in the world that the top Republican in Congress resigned. They thought it would be an admission of wrongdoing and they didn't think it would stop the investigation or political difficulties, so they decided for the time being to continue to support Speaker Hastert." Also on NBC Nightly News (10/5, lead story, 2:10, Reid, 9.87M) conservative activist Paul Weyrich, who's previously asked the Speaker to step down but now opposes that move, was shown saying, "If Hastert resigns, there will be a feeding frenzy."

MSNBC's Hardball (10/5, Shuster) reported, "According to several members of Congress and a GOP activist, who was in contact with Denny Hastert, the Speaker felt that if he were to resign, there would not be a smooth transition. John Boehner, who is next in line, faces his own set of questions in the Foley scandal and Hastert was convinced that allegations of a GOP cover up are going to stick around for a couple of weeks anyway. So, according to these sources, Hastert felt it was better to draw the line today, make it clear to everybody that he is not going anywhere and try to unify the Republican Party behind a counterattack against Democrats and the media."

The Wall Street Journal (10/6, Calmes, 2.03M) reports Republicans "have had to consider two separate paths. One is for the party to hang tough and blame Democrats for the timing of the disclosures. The other is to take full

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responsibility and move on -- while presumably sacrificing a top leader, like Mr. Hastert. Yesterday, officials seemed to be gravitating toward the first choice." Along similar lines, McClatchy (10/6, Talev, Douglas) says House Majority Leader John Boehner and third-ranking House Republican Roy Blunt, "who a day earlier were critical of Hastert's handling of the matter, issued strong statements of support for him Thursday. 'I believe strongly he should remain our speaker,' Boehner said. Said Blunt: 'We all now realize that this terrible situation could have been handled differently. We are all upset; we are all horrified; but we all stand together with our speaker.'" In Florida, Rep. Clay Shaw, a Republican "locked in a tight re-election contest in a district beside Foley's, also voiced support for Hastert."

The Washington Post (10/6, A4, VandeHei, Abramowitz, 748K) runs a similar report under the headline "House Republicans Move To Back Hastert," in which it says "several GOP lawmakers in tough races said voters are not reacting as harshly to the scandal as they first feared, buying Hastert even more room to save his job. Still, lawmakers are privately furious with how Hastert and other leaders have handled the scandal."

Snow's "Fancy Footwork" On Foley Scandal Noted. CNN's The Situation Room (10/5, Koch) reported that White House press secretary Tony Snow "used some pretty fancy footwork as he tried to downplay the impact of the Foley controversy. It was a delicate dance. First step, distance the White House from the Foley scandal on the hill. … Step two, build in wiggle room in case an investigation shows more wrongdoing or a cover-up. … Step three, reiterate President Bush's insistence that Hastert not resign." CNN added, "Punctuating the dance, sharp condemnations of Congressman Mark Foley's behavior. … A clear re-choreographing of Monday's dismissal of the matter as, quote, naughty e-mails. But the White House couldn't dance around the fact that President Bush's message is being drowned out by the furor over the scandal."

Dean Says Republicans Putting Party Ahead Of Children. CNN's The Situation Room (10/5, Blitzer) reported, "The Democratic Party Chairman, Howard Dean, meanwhile, is blasting the Speaker Dennis Hastert's suggestions that Democrats had a role in breaking the Foley scandal. Dean tells CNN that Hastert's claims, in his words, is a disgrace and a Republican lie and he's accusing the Republicans of putting their party ahead of America's children."

Another Democrat, House Minority Whip Steny Hoyer, said on MSNBC's Hardball (10/5), "The fact of the matter is here, we have an issue where clearly the responsibility for the administration of this program and the response to the issues raised were in the Speaker's office and not on anybody else's office. So blaming anybody else is simply, I think denying reality."

Hastert Leadership Put In Negative Light. NBC Nightly News (10/5, story 2, 1:55, Williams, 9.87M) analyzed Hastert's leadership style. Jim Warren, Chicago Tribune, said, "Tom Delay was the power behind the throne. The real enforcer. The guy to twist arms in a way that simply doesn't come naturally to Dennis Hastert." NBC (Mitchell) added, "Despite his nice guy image, critics say Hastert been an effective infighter using his power to bottle up ethics charges against DeLay and others. With a huge staff, Hastert is also no slouch when it comes to pork. Critics say he netted $2 million personal profit for property he sold near a highway project he backed in his own district. The transaction was legal and Hastert denies any wrongdoing."

The New York Times (10/6, Zeleny, 1.21M) reports Hastert "has no distinct power base in Congress, not much of a national reputation and, in an age of television politics, little polish in front of the camera."

Meanwhile, the Los Angeles Times (10/6, 918K), in an editorial, urges Hastert to resign, "not necessarily because" of the Foley story, but "because he's an unimaginative politician and an uninspired legislator. Unfortunately, these days that just makes him a typical congressional Republican."

In a more positive portrayal, USA Today (10/6, Welch, 2.27M) describes Hastert as "a quiet, hulking Midwesterner who rose to power over the misfortune and missteps of fellow Republicans." Throughout "his adult life, Hastert has been a successful organizer to whom colleagues eventually turned for leadership."

The Washington Post (10/6, A22, 748K) says in an editorial that Speaker Hastert "came up with yet another ploy to shield himself and his colleagues from scrutiny while pretending to do the opposite. The issue is how House leaders dealt with warnings that Rep. Mark Foley (R-Fla.) had sent inappropriate e-mail to a teenage page. The speaker announced with considerable satisfaction that he hopes to appoint an independent 'person of high caliber' -- but not to do what is obviously needed, which is investigate whether the House botched the response, thereby endangering more pages."

Former President Bush Defends Hastert. ABC World News (10/5, story 7, 3:35, Gibson, 8.78M) reported, "We are in Philadelphia tonight, the birth place of the US Constitution. Liberty Medals are to be presented here tonight to Presidents Bush the elder and Clinton. George HW Bush is now 82 years old and we talked this afternoon about the current political scene. Mr. President, what's your take on what's going on right now with Speaker Hastert and the House? He's told people that you called him to express your support." Former President Bush: "I know him so well, I just wanted to express my strong conviction that he's a good man and hope he hangs in there. If I thought the Speaker or somebody was protecting the status quo and not protecting the kids, I would be very upset about that. I'm sure there

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were some maybe that fit that description, but I don't think that's the Speaker."

Soros Dismisses Hastert Claim He Is Behind Foley Leaks. George Soros was asked on Fox News' Your World with Neil Cavuto (10/5) about House Speaker Dennis Hastert's claim that he is behind the leaks about Foley. Soros said, "The implication that I had something to do with this scandal is so far off the mark that it's really laughable. … It's a feeble attempt to deflect responsibility. He's done it before. To me. But this time, I don't think he can get away with it."

GOP Said To Have Grown "More Hostile To Gays." The Los Angeles Times (10/6, Reynolds, Jarvie, 918K) reports, "Gays hold many prominent positions in government and business in Washington. But in the GOP ranks, homosexuality is still politically risky. In fact, with the exception of the military, perhaps no institution in America has as strong a 'don't ask, don't tell' approach as the Republican Party. … One reason for the secrecy, gay Republicans say, is that their party has grown more hostile to gays in recent years."

GOP Tries To Limit Political Fallout From Foley Scandal. The political fallout of the scandal continues to be pondered in the media. The Washington Times (10/6, Curl, Hallow, 88K) reports, "Republican lawmakers inside the Beltway are using a multipronged strategy to limit fallout from the Foley scandal: Focus on national security, keep congressional races on local issues and blame Democrats -- even operatives of former President Bill Clinton." Another Washington Times (10/6, Fagan, 88K) story says "the Democratic Party is using the unfolding scandal involving Rep. Mark Foley to bash Republican candidates and raise support for their party, arguing that Republicans have too much power and mishandled the situation. From Virginia to New Mexico, Democrats have demanded the resignation of House Speaker J. Dennis Hastert of Illinois and challenged Republicans to return money donated by Mr. Foley."

On CBS Evening News (10/5, story 3, 2:15, Couric, 7.66M), Nicole Wallace, former communications director for President Bush and now a CBS analyst, said, "As long as there is new information coming up on the election…the Republicans are likely to stay on the defensive. But look, if the Democrats…point fingers…blaming Republicans without offering any ideas of their own, they're not going to gain much anyway. So no doubt, this is not a good development for the Republicans. They are not enjoying this phase. They're eager to get back to the issues."

The Washington Post (10/6, A21, Kamen, 748K) reports in its "In the Loop" column, "Foleygate complicates things for Republican efforts on Nov. 7. Will this enable the Dems to take over the House? A National Journal poll of insiders released yesterday found that 71 GOP insiders estimated the fallout would cost an average of 2.6 seats while 73 Democrats predicted they'd capture an additional 3.4 seats."

Election Supervisors Can Inform Voters That Negron Is GOP Candidate For Foley's Seat. The AP (10/6) reports, "Supervisors of elections in former Rep. Mark Foley's district may post signs telling voters that Joe Negron is the Republican candidate even though it will be Foley's name on the ballot, Florida elections officials said Thursday. An e-mail from the State Division of Elections to election supervisors in counties that are part of Foley's district said that 'preferably, the notice would be placed in every voting booth' and in absentee ballot mailings. The suggestion angered some Democrats who said it gives Negron unfair help." Gov. Jeb Bush "said the move would help alleviate confusion. 'Joe Negron is, by law, the candidate,' Bush said. 'You can't have his name on the ballot because of state law but to inform people is more than fair. ... To provide information is more than appropriate.'"

The Wall Street Journal (10/6, Dreazen, 2.03M) reports on the fight for Foley's district, in a story titled "Foley Foe Was Long Shot, Now Has Big Shot." The Journal says that "while Democrats are celebrating the likely gain of a solidly Republican House seat, the choice of Mr. Mahoney illustrates the ideological compromises the party is making to retake the House. A self-described conservative Democrat, Mr. Mahoney is a former Republican who didn't switch his party affiliation until 2005." He "describes Ronald Reagan as a political hero and himself as a 'conservative Christian.'" He "talks about the need to reduce abortions, though he doesn't favor banning them."

Meanwhile, the Palm Beach Post (10/6, Sorentrue) reports that "an informal survey of a dozen Republicans in Foley's former congressional district Thursday shows the experts may be wrong. Despite the scandal, most still plan to check Foley's name when they go to the polls, according to unscientific results. … Although some political observers have suggested the allegations may cause Republicans to stay home on election day, many of those surveyed said they still planned to vote Republican straight through their ballot."

Pelosi Vows To Restore Integrity, Civility. The AP (10/6, Sidoti) reports, "Relishing the prospects of a triumph, Democratic leader Nancy Pelosi on Thursday promised to restore integrity and civility to the House if voters put her party in control this fall. 'We'll turn the most closed and corrupt Congress into the most open and honest Congress,' Pelosi, D-Calif., told The Associated Press in an interview. … 'The only way you can make the change that needs to be made for our country -- a new direction where we're there for the many and not the few -- is to drain the swamp,' said Pelosi, who is in line to be the nation's first female House speaker if Democrats ascend to power."

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David Ignatius writes in the Washington Post (10/6, A23, 748K), "It's too late for the Democrats to forge coherent positions on Iraq or tax policy before the November elections. But fortune has presented them with a mission that can be summed up in a simple sentence: They must be the party of accountability and reform."

9th Circuit Judge Objects To Breakaway Circuit Proposal. The National Law Journal (10/6, Maclean) reports, "The long-simmering debate over splitting the nation's largest federal appellate court heated up last month when one 9th Circuit judge complained that a new breakaway circuit would have no Hispanic judges." The Journal continues, "The Senate Judiciary Committee is currently considering S. 1845, a bill that would split the 9th U.S. Circuit Court of Appeals, with California, Hawaii and Guam in a new, shrunken 9th Circuit. A new 12th Circuit would be composed of Arizona, Nevada, Oregon, Washington state, Idaho, Montana and Alaska. … 'I'm a Republican and an appointee of President Bush, and it dawned on me that the resulting 12th Circuit would be without a single Hispanic judge. Nobody is focused on this,' said Judge Carlos T. Bea of San Francisco. … Bea joined the court in 2003. He was raised in Spain and is one of six Hispanic judges among the 9th Circuit's 49 active and senior judges." The Journal adds, "In general, Republican lawmakers have pushed the split efforts while Democratic legislators generally oppose the move. A majority of the circuit's judges oppose a split, according to Chief Judge Mary Schroeder. … Arizona, with a population that is 25 percent Hispanic, and Nevada, with a 20 percent Hispanic population, would join the Pacific Northwest states, but without Hispanic judges, Bea said. … The circuit's Hispanic judges, Arthur Alarcon, Ferdinand Fernandez, Kim Wardlaw (whose mother is from Mexico), Richard Paez, Consuelo Callahan and Bea, all California-based judges, would remain on the split 9th Circuit."

Bush Says Reauthorization Of No Child Left Behind Is High Priority. The AP (10/6, Pickler) reports, "President Bush said Thursday that renewing the No Child Left Behind law will be a priority for him next year." He described requirements that schools not meeting standards offer transfers after two years and tutors after three years as "promises to parents" that "aren't working as they should." He pledged to "work with Congress to clarify the law and to strengthen the law to make sure our parents get timely information and useful information.'" Bush "outlined a series of ways in which the law could be improved, such as by expanding testing in high schools" and offering to pay private school tuition for "28,000 low income students across the country."

The Washington Post (10/6, B4, Labbé, 748K) reports that speaking at Friendship-Woodridge Elementary and Middle School, a Washington, D.C. charter school, "against a backdrop of No Child Left Behind posters featuring smiling children waving American flags, Bush proposed that teachers who raise student scores or decide to teach in hard-to-serve urban or rural school districts be paid bonuses under a new incentive fund for teachers. High schools, which now graduate 75 percent of their freshmen on time, would offer more rigorous courses through a new Advanced Placement training program for 70,000 teachers." Bush also "toured a 'smart lab,' a classroom where middle school students made music on an Apple computer and demonstrated robotic vehicles that started and stopped at the sound of a handclap. He encouraged students to study and asked about their college plans." The president said that "he chose Friendship-Woodridge for a visit because it had met the academic benchmarks on standardized tests for the past three years." And "student reviews of Bush's speech were overwhelmingly positive."

The Los Angeles Times (10/6, Gerstenzang, Havemann, 918K) described the president's appearance as part of "two days of speaking out on domestic policy" with "education" being "the theme Thursday, with a visit to the Education Department headquarters in Washington and then to a District of Columbia charter school." After recounting a now two-week-old report by the Education Department's inspector general on the Reading First program that "found the selection of reading curricula to be rife with conflict of interest," the Times added that the president "acknowledged room for improvement" in the law, saying that "parents are not necessarily getting information about students' progress quickly enough to switch a child's enrollment to another school if they think a change is necessary." He "also suggested school districts were not taking advantage of federal help providing tutoring for students, or were using the money for other purposes."

Fox News Special Report (10/5, Faulkner) reported President Bush "says that improved math and reading scores show that the program is working." The Administration is "urging Congress to extend the act when it comes up for a vote."

Neil Bush Said To Be Profiting From NCLB. BusinessWeek (10/16, Epstein) reports, "The President's younger brother Neil" is "selling to the test." With "five years of development and backing by investors like Saudi Prince Alwaleed Bin Talal and onetime junk-bond king Michael R. Milken, Neil Bush aims to roll his high-tech teacher's helpers into classrooms nationwide. He calls them 'curriculum on wheels,' or COWs. The $3,800 purple plug-and-play computer/projectors display lively videos and cartoons" that "are supposed to aid the memorization of the 22 rivers of Texas or other facts that might crop up in state tests of

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'essential knowledge.' Bush's Ignite! Inc. has sold 1,700 COWs since 2005, mainly in Texas." Neil Bush is called the first presidential brother to "seek profit from a hallmark Presidential crusade." He "attributes his interest in education to his struggles with dyslexia. His son, Pierce, also had difficulties in school, he says."

Hackers Target Commerce Department Computers. The Washington Post (10/6, A21, Sipress, 748K) reports, "Hackers operating through Chinese Internet servers have launched a debilitating attack on the computer system of a sensitive Commerce Department bureau, forcing it to replace hundreds of workstations and block employees from regular use of the Internet for more than a month, Commerce officials said yesterday." The attack "targeted the computers of the Bureau of Industry and Security, which is responsible for controlling U.S. exports of commodities, software and technology having both commercial and military uses. The bureau has stepped up its activity in regulating trade with China in recent years as the United States increased its exports of such dual-use items to the growing Chinese market." This "marked the second time in recent months that US officials confirmed that a major attack traced to China had succeeded in penetrating government computers." Commerce Department spokesman Richard Mills said, "Through established security procedures, BIS discovered a targeted effort to gain access to BIS user accounts. … We have no evidence that BIS data has been lost or compromised."

Supreme Court Seen As Often Telegraphing Views During Oral Arguments. USA Today (10/6, Biskupic, 2.27M) reports that at the Supreme Court, oral arguments, which begin this week with the start of the new term, "provide one of the few times each week that all nine justices are together and presumably open to persuasion. As the justices fire questions at lawyers at the court's lectern, they also telegraph their views to one another. It's a routine that is likely to become more intriguing this year on the divided court. Conservative Justice Samuel Alito begins his first full term after replacing the more moderate Sandra Day O'Connor, and Chief Justice John Roberts, who replaced the late William Rehnquist a year ago, continues to establish his presence." USA adds, "Today, with the exception of the typically silent Clarence Thomas, who is perhaps the court's most conservative member, the justices each ask many questions and make known their concerns about a case."

Former Official Says Bush Not Committed To Faith-Based Initiative. The Wall Street Journal (10/6, Harwood, 2.03M) reports, "Former White House official David Kuo will publish a book this month slamming administration's commitment to 'faith-based' programs. A person familiar with book's content says it will characterize centerpiece of Bush's compassionate conservatism as 'big talk, little action.'"

Bolton Could Be Named "Acting UN Ambassador." The Washington Times (10/6, Gertz, Scarborough, 88K) "Inside The Ring" column reports "some congressional staffers are talking up a fallback position" in case UN Ambassador John Bolton is not confirmed by the Senate. With "confirmation prospects looking dim, Mr. Bolton's recess appointment will expire when a new Congress convenes Jan. 3. The fallback: Mr. Bush could name Mr. Bolton as a deputy U.N. representative, a non-confirmable position, and then name him 'acting' U.N. ambassador."

Protesters Demand End Of "Bush Regime." The Chicago Tribune (10/6, McCarthy, Fitzsimmons, 623K) reports, "Many of the protesters marching through downtown Thursday against the Bush administration were veteran activists," with police estimating that "about 1,500 people attended Chicago's march from Grant Park to Federal Plaza Thursday afternoon during a day of national protests in more than 100 cities called 'World Can't Wait – Drive Out the Bush Regime.'" The Tribune added, "Although the protesters had a shared distaste for the Bush administration, the name of the march held a different meaning for each one. Latinovich said it meant criminal investigations into Bush policies such as the Iraq war, wiretapping and the use of torture. For others, it meant everything from impeachment to the Democrats winning November congressional elections." The Seattle Post-Intelligencer (10/6, Barber, 129K) and Seattle Times (10/6, Vinh, 217K) report on a similar protest in Seattle.

Size Of Federal Workforce, Contractors Rising. The Washington Post (10/6, A21, Lee, 748K) reports the Republican Party's "oft-stated affinity for smaller government has not applied during the Bush administration. According to a recent study, not only is the number of federal civil servants on the rise, but so are the numbers of employees working for government-funded contractors and for organizations that receive government grants." Including "the numbers of postal workers and military personnel on the federal payroll -- and the 'true size' of the federal government stands at 14.6 million employees, said Paul C. Light, the study's author and a government professor at New York University." That "compares with 12.1 million employees in 2002, said Light, who has tracked the growth of government for years and has data for as far back as 1990. The latest increase is almost entirely due to contractors, whose ranks swelled by 2.5 million since 2002, Light wrote in his 10-page research brief."

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WSJournal Says Falling Deficit Due To Increase In Tax Revenues. An editorial in the Wall Street Journal (10/6, 2.03M) says "the government will soon report that the federal budget deficit for the just-completed 2006 fiscal year fell to about $260 billion. … The main cause of the deficit decline -- 90% of it, says White House budget director Rob Portman -- is a tidal wave of tax revenue. Tax collections have increased by $521 billion in the last two fiscal years, the largest two-year revenue increase -- even after adjusting for inflation -- in American history. If you're surprised to hear that, it's probably because inside Washington this is treated as the only secret no one wants to print." The Journal adds that "we thought our taxpaying readers might like to know how much you've all been contributing to the falling deficit -- the best-kept secret in Washington."

NYTimes Blames Medicare "Doughnut Hole" On "Political" Aims Of Drug Program. The New York Times (10/6, 1.21M) editorializes, "Millions of elderly Americans enrolled in the new Medicare prescription drug program are approaching the notorious 'doughnut hole,' a gap in coverage that will force them to pay for their medicines out of pocket until they qualify for catastrophic coverage. Many of the heaviest users of prescription medications have already fallen into the hole — an unwelcome surprise for the many who do not pay much attention to the fine print of their policies. The hole makes little sense from a medical or insurance perspective. Rather, it is the inevitable result of designing a program with political rather than programmatic aims in mind."

OTHER NEWS:

Dow Closes At Record High Again. The AP (10/6) reports, "Wall Street rose modestly Thursday, nudging the Dow Jones industrial average to its third straight record high close as investors welcomed upbeat retail sales and jobless claims figures." The Dow "closed at 11,866.69, surpassing the record of 11,850.61 set Wednesday. The blue chip index traded up to 11,870.06, which stands as its trading high." NBC Nightly News (10/5, story 8,0:10, Williams, 9.87M) was the only network newscast to note the Dow. NBC also said the "NASDAQ was up 15 points [to close at 2,306.34]." The Wall Street Journal (10/6, McKay, 2.03M) reports the "broad Standard & Poor's 500-stock index gained three points, or 0.2%, to end at 1353.22, a fresh 5½-year high and now up 8.4% so far this year." The Journal also said the Nasdaq close was "its highest close in five months and now up 4.6% on the year."

Paul Krugman writes in the New York Times (10/6, 1.21M), "Should we be cheering over the fact that the Dow Jones Industrial Average has finally set a new record? No. The Dow is doing well largely because American employers are waging a successful war against wages."

Weekly Jobless Claims At Lowest Level Since July. The Wall Street Journal (10/6, Christie, 2.03M) reports, "The number of new applicants for unemployment insurance fell last week to the lowest level since July, suggesting some recent improvement in the U.S. job market." Initial jobless claims "dropped 17,000 to a seasonally adjusted 302,000 in the week ended Sept. 30, the Labor Department said Thursday. New claims for the week ended Sept. 23 were revised upward to 319,000 from a previously reported 316,000. Last week's claims were at the lowest level since July 22, when 299,000 new claims were reported." The "latest drop in claims was bigger than expected."

Retail Sales Strong. The Wall Street Journal (10/6, Kang, Covert, 2.03M) reports, "Many of the nation's retailers rang up strong apparel sales last month, helped by chillier-than-average weather, late back-to-school spending and a drop in gasoline prices. High-end department stores and teen-specialty shops reaped the biggest gains, while Wal-Mart Stores Inc. and other discount chains turned in poor to lackluster performances overall in comparison with strong year-earlier sales figures." The Journal adds, "An index of 57 major U.S. retailers compiled by the International Council of Shopping Centers showed same-store sales -- or sales at stores open at least a year -- rose 3.8% in September. That was shy of the year-earlier increase of 4%, as well as the trade group's forecast for a 4% gain." The Washington Post (10/6, D1, Henderson, 748K) runs a similar story under the headline "Retail Sales Strong As Gas Prices Fall," in which it says "the money people are saving at the gas pump is finally showing up somewhere else: department store cash registers."

OPEC Push For Output Cut Sends Oil Prices Higher. The Financial Times (10/6, Flood) reports, "Crude oil rallied on Thursday after officials from the [OPEC] said the cartel had informally agreed to cut output by at least 1m barrels a day. ICE November Brent rose 91 cents to $60.13 a barrel after having sunk to $57.70 a barrel in the previous session, its lowest level this year." The Times says, "A move by Opec to cut production for the first time since 2004 has been widely anticipated by the market after Nigeria and Venezuela announced they would reduce output recently. ... The announcement drew a negative reaction from Sam Bodman, the US energy secretary who said that the global market still needed Opec's supplies." The Times adds, "Concerns over disruptions to supplies from Nigeria also provided support for prices yesterday."

The Wall Street Journal (10/6, Bahree, 2.03M) reports, "OPEC's president is scrambling to broker an agreement

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among the cartel's members to cut oil output in an attempt to shore up tumbling crude prices, according to people familiar with the matter. But contentious issues need to be resolved before ministers of [OPEC] reach an agreement." The Journal says, "By talking about tightening the spigot now, OPEC...is signaling that it will try to prevent prices from falling further, even if demand for oil slackens as the world economy slows." The Journal reports, "reports that OPEC was seeking to withhold oil from markets ahead of the peak winter heating season alarmed major consumers... . In the U.S.,... a spokesman for Energy Secretary Samuel Bodman said the American energy czar had urged some OPEC ministers to keep crude markets well supplied."

The Washington Post (10/6, D3, Mufson, 748K) reports, "it remained unclear how big the cuts would be and whether they would ever take effect." The Post says, "An oil trader in Europe who had talked to oil officials in three key OPEC countries said that if the cartel cut output, the reduction is unlikely to exceed 400,000 barrels a day... ." Cartel members "are torn between the desire to pump more versus propping up prices. Many members have pressing needs. Nigeria has already shut down about a third of its output because of insurgent activity. High oil revenue has helped bolster the influence of Venezuela's president, Hugo Chavez. And the windfall for Iran has helped it aid Hezbollah in Lebanon and raise wages at home."

Gasoline Prices Falling At Slower Rate. USA Today (10/6, Hagenbaugh, 2.27M) reports, "Many drivers who are hoping for sub-$2-a-gallon gasoline in the near future will likely be disappointed. The price at the pump, which until recently was rapidly plunging, has been falling at a slower rate. Such a slowdown suggests retail gasoline prices will likely still be above $2 a gallon in most of the USA at the end of October, say energy analysts... ." The nationwide average, which "was $2.290 Thursday, down a half-cent from the day before and 44 cents below a month ago," "isn't likely to drop much further... ." USA Today says oil prices increased Thursday and notes, "Some refineries typically reduce production in the fall for maintenance. With gas prices lower, refineries may scale back even more than usual... ."

Fall In Gasoline Prices Fuels Conspiracy Theories. The Washington Post (10/6, Mufson, 748K) reports many Americans think the steep decline in gasoline prices as the elections approach is no coincidence. Sober analysts, however, are skeptical of the conspiracy theories. The Post describes "some of the leading theories, and some possible explanations, for what is happening in the volatile oil markets." According to one theory, Saudi Arabia "is doing Bush a favor by trying to bring down prices before the election." Another theory posits that "Treasury Secretary Henry M. Paulson Jr. has asked his former partners at Goldman Sachs to dump gasoline futures to drive down pump prices and boost GOP prospects in November." A third theory suggests that "the Bush administration is secretly selling stocks from the Strategic Petroleum Reserve." The Post adds that "in April, Bush said he would take the unusual step of suspending additions to the reserve in the face of soaring gasoline prices."

Slew Of New Polls Said To Bode Ill For GOP. A number of polls out this morning show Democrats poised to do well in the upcoming elections. The Washington Times (10/6, Hallow, 88K) reports the new Battleground polls shows "Democratic candidates enjoy an advantage 'in almost every campaign' and now stand a better than even chance of winning a House majority." The poll's "conclusions closely resemble dismal predictions of a nearly certain net loss of at least 15 and as many as 30 House seats for the GOP that other top-rated Republican campaign pollsters and strategists confided earlier this week to The Washington Times." Nienaber "cited Republican Sens. Mike DeWine of Ohio, Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania as three particularly threatened incumbents."

The Christian Science Monitor (10/6, Cook, 58K) reports on a Monitor breakfast with pollsters Brian Nienaber of the Tarrance Group, a Republican firm, and Celinda Lake of Lake Research Partners, a Democratic firm, who discussed the latest GWU Battleground Poll and see "trouble ahead for Republicans in the 2006 elections." Nienaber, "asked about Republican prospects for retaining control of Congress," said, "The trend here is negative ... if this continues and election day was tomorrow, I think control of both houses of Congress would be in jeopardy, not only the House but the Senate." Lake said, "The most important number to watch is Bush's job approval number. In this poll he had popped up a little bit. He had gotten to 45 percent. In the most recent public polls in the last couple of days he is back down to 40 percent, 39 percent ... if his job approval is 38 or 39 percent ... it looks like we are guaranteed to take back the House. If his job approval is 44-45 percent, [a Democratic victory] becomes in jeopardy." The Monitor adds the poll was "conducted September 24-27 among 1,000 registered voters and has a margin of error of 3.1 percent. Given the survey's timing, it does not capture voter reaction to the House page scandal. But the scandal's effects will not be good for Republicans, both pollsters agreed."

A series of Gallup polls, meanwhile, show Democrats within "striking distance" of winning the Senate. USA Today (10/6, Page, 2.27M) reports Democrats are "within striking distance of winning control of the Senate in the Nov. 7 elections, USA TODAY/Gallup Polls in six key states show as the campaigns head into their final month." The "number of Republican-held seats with competitive Democratic challengers has expanded to include Virginia and Tennessee, where Democrat Harold Ford Jr. now holds a 5-percentage-point lead over Republican Bob Corker among likely voters."

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In Missouri, GOP Sen. Jim Talent "narrowly trails Democrat Claire McCaskill, and in Rhode Island, Sen. Lincoln Chafee faces a double-digit deficit against Democrat Sheldon Whitehouse. The surveys, taken Sept. 27 to Oct. 1, have error margins of +/-5 percentage points for the likely-voter samples." President Bush "is a liability in the six states polled. In mostly Democratic Rhode Island, likely voters say by more than 3-to-1 that they are more likely to back a candidate who opposes Bush than one who supports him. Even in Republican-leaning Virginia, voters by 3-2 favor a candidate who would challenge Bush." One "trouble spot for Democrats: New Jersey. Democratic Sen. Robert Menendez, appointed in December, holds only a 3-point lead over Republican Tom Kean Jr."

A NBC/WSJ poll finds Democrats have edge on voter intensity. The Wall Street Journal (10/6, Harwood, 2.03M) reports, "Democrats hold intensity edge as Foley scandal reverberates. In new Wall Street Journal/NBC News poll, 51% of Democrats express highest possible level of interest in the elections, compared with 43% of Republicans. Democratic edge on that harbinger of motivation to vote is up slightly from 51%-46% edge in early September." Senior citizens "back Democrats to control Congress by 48%-43% -- smaller than party's overall edge among all voters."

The Wall Street Journal (10/6, Harwood, 2.03M) reports, "Among independents, just 29% express high confidence that Democratic Party policies will keep America safe from terrorism, matching 29% who have little or no confidence. A 47% plurality of independents lack confidence in Republicans on Social Security and Medicare; Democrats hope to elevate those issues in campaign dialogue." Two-thirds "of the electorate, including 47% of Republicans, say they would be more likely to vote for a Democratic candidate who backs a minimum-wage increase. Six in 10 independents would be more likely to support a Democrat calling for 'phased withdrawal' from Iraq. By 47%-26%, voters are more likely to back a Republican who supports a Mexican border fence."

Also, a Pew poll suggests Republicans could lose their edge with Evangelical Christians. The Washington Post (10/6, A6, Cooperman, 748K) reports, "Even a small shift in the loyalty of conservative Christian voters" could "spell trouble for the GOP this fall. In 2004, white evangelical or born-again Christians made up a quarter of the electorate, and 78 percent of them voted Republican, according to exit polls. But some pollsters believe that evangelical support for the GOP peaked two years ago and that what has been called the 'God gap' in politics is shrinking." A Pew Research Center poll of 1,500 registered voters "found that 57 percent of white evangelicals are inclined to vote for Republican congressional candidates in the midterm elections, a 21-point drop in support among this critical part of the GOP base. Even before the Foley scandal, the portion of white evangelicals with a 'favorable' impression of the Republican Party had fallen sharply this year, from 63 percent to 54 percent, according to Pew polls."

Pew Poll Finds Iraq Remains Top Issue For Midterm Voters. AFP (10/6, Griffith) reports the Pew survey finds "Iraq remains the top issue for US voters ahead of next month's crucial midterm elections," but Americans were "surprisingly unmoved by the congressional sex scandal currently dominating Washington." The poll "found that 58 percent of the US public believes the US military effort in Iraq is not going well, 47 percent say the war is hurting, not helping, the fight against terrorism." The Pew Center "found that Democrats had a 51 percent to 38 percent advantage over Republicans before last week's scandal broke, and 50 percent to 37 percent edge after."

Bush 41 Says Democratic Takeover Of Congress Would Be "Ghastly." The AP (10/6) reports former President George H.W. Bush "said Thursday that a Democratic takeover of Congress would be a 'ghastly thing for our country.'" Bush, "speaking at a fundraiser for Sen. Rick Santorum, R-Pa., warned that the Republican majority of the Senate is at risk." Bush said, "This is more than party versus party, it is the idea that if we have some of these wild Democrats in charge of these committees it will be a ghastly thing for our country." The AP adds the "fundraiser raised about $270,000 for Santorum,"

Chafee, Whitehouse Discuss Rhode Island Senate Race. Newsweek (10/6, Teslik, 3.12M) reports in a Web exclusive that in Rhode Island, a Senate victory by Democrat Sheldon Whitehouse over Republican Lincoln Chafee "could spell a political sea change. Whitehouse, who was formerly the state's attorney general, has campaigned on an aggressively national platform, saying not just Rhode Island's future but 'the structure of power in Washington' is at stake." Opponents have 'criticized Whitehouse for telling people to vote for the Democratic Party without presenting any specific platform of his own. Chafee, for his part, has touted his independent voting record -- with limited success -- and analysts have said a Chafee loss could signal the decline of the distinctly northeastern brand of Rockefeller Republicanism." Asked if it was a "legitimate criticism" to say Whitehoues is "telling people to vote for a party, not a man," Chafee said, "I think eventually Rhode Island voters are going to want something more from the candidates than just to vote for a party. He has no other message. I call it the Peggy Lee campaign: 'Is that all there is?'" Newsweek also interviewed Whitehouse, asking if it was "disingenuous to pin him too closely politically to President Bush." Whitehouse replied, "Not a bit, because the key factor is that he votes to put the Republican leadership in charge that drives that agenda. He

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may have voted against Iraq, but we are in Iraq notwithstanding. He may have voted against Alito, but we have Alito on the Supreme Court notwithstanding. The ultimate decision is who's driving. Democratic leadership will lead us in a much better direction."

Ohio Republicans Face Difficult Homestretch To November. The Financial Times (10/6, Yeager) reports that in Ohio, the "polls are clear evidence that the series of scandals that have engulfed Ohio Republicans at home and in Washington, including congressman Bob Ney's guilty plea in a scandal involving the lobbyist Jack Abramoff, have made a difficult political year even more troublesome for them." Ohio is "ground zero for the November 7 mid-term elections: the outcome of" Republican Sen. Mike DeWine's race "and several other closely watched House contests are likely to determine which party wins control of Congress." Perhaps "most worrying for Republican activists is the poor performance to date of Ken Blackwell, the conservative Republican who hopes to take over from Robert Taft, the unpopular Republican governor who pleaded guilty to ethics charges." Recent polls "show him trailing Ted Strickland, his Democratic opponent, by more than 15 percentage points, and party officials fear that having such a weak candidate at the top of the ticket could help to put several top jobs in the hands of Democrats."

Washington Senate Campaign Ads Criticized. In his Washington Post column (10/6, A23), Michael Kinsley says, "If you knew nothing about" Republican Senate candidate Mike McGavick "except what is in his TV commercials and on his Web site, you would conclude either that he is a moron or that he thinks you are a moron. Democratic incumbent Maria Cantwell's ads aren't so wonderful either. They're mainly about all the federal money and other favors she's brought to the state. But if any of this is part of the 'pork barrel . . . wasteful, out-of-control spending' that upsets McGavick, he doesn't say so." The media "do a better and better job each election cycle at pointing out and analyzing these campaign constructs. But by doing so, in a way, they legitimize it all. By raising up the subtext, they diminish the importance of the text. Don't be naive: You're not supposed to take this stuff literally. Politicians are trying to push your buttons. They aren't trying to communicate with you."

Democrats Hope To Win Majority Of State Houses. USA Today (10/6, 2.27M) reports thirty-six states "will elect governors in November, and Democrats hope to gain a majority of the USA's governorships for the first time since 1994. Republicans now hold 28 seats nationwide, Democrats 22. More GOP-held seats are up this fall: 22 vs. 14 now held by Democrats. Taxes, charter schools, gas prices and embryonic stem cell research are among the issues defining the contests." Democrats are "confident of winning back governorships in two of the USA's biggest states. In New York, Attorney General Eliot Spitzer has a yawning lead in statewide polls over Republican John Faso, former state Assembly minority leader. In Ohio, Democratic congressman Ted Strickland leads Republican Secretary of State Ken Blackwell by double digits in statewide polls."

Federal Subsidies Maintain Flights To Small Towns. The New York Times (10/6, Bailey, 1.21M) reports that more than 100 locales around the country "receive federally subsidized airline service." The Times adds that the program "is a good case study of how poorly the government sometimes keeps pace with the free market and consumer tastes, and how entrenched interests, even in the face of some creative map-drawing, can keep such a program aloft in the face of efforts to ground it. Mike Boyd, a consultant to airports, said truly remote routes — those in Alaska, northern Maine, parts of the Western states — should be retained. But he said that most routes should be eliminated. 'The Essential Air Service program is one of those well-meaning federal programs that often results in money wasted on trying to recreate those wonderful days of the 1950's,' Mr. Boyd said in a recent note to clients. 'Somebody needs to tell Congress that Ozzie and Harriet are gone.'"

DC Charity Allows Donations Of Professional Skills. The Washington Times (10/6, Summers, 88K) reports on Greater DC Cares, a District-based nonprofit, which allows "donations of professional skills through pro bono consulting to hundreds of new nonprofits in the region. Spokeswoman Dee Ellison said accountants, Web designers and college professors with communications expertise have viable skills that could help new nonprofits get started. … Founded in 1989, Greater DC Cares has 16,000 volunteers working with more than 400 nonprofits. Officials estimate that volunteers provide more than 60,000 hours of service annually in the region. Under the pro bono consulting program, about 200 professionals are working with new nonprofits on about 30 projects, in which they help to develop Web sites, craft mission statements, create budgets, write grants and market their organizations."

Evangelicals Worry Youth Are Abandoning Faith. The New York Times (10/6, Goodstein, 1.21M) reports, "Despite their packed megachurches, their political clout and their increasing visibility on the national stage, evangelical Christian leaders are warning one another that their teenagers are abandoning the faith in droves." At an "unusual series of leadership meetings in 44 cities this fall, more than 6,000 pastors are hearing dire forecasts from

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some of the biggest names in the conservative evangelical movement." Their "alarm has been stoked by a highly suspect claim that if current trends continue, only 4 percent of teenagers will be 'Bible-believing Christians' as adults. That would be a sharp decline compared with 35 percent of the current generation of baby boomers, and before that, 65 percent of the World War II generation." While some critics "say the statistics are greatly exaggerated (one evangelical magazine for youth ministers dubbed it 'the 4 percent panic attack'), there is widespread consensus among evangelical leaders that they risk losing their teenagers."

Friedman Makes Case Against Protectionism. Thomas Friedman writes in the New York Times (10/6, 1.21M), "Right now, with the Republicans in charge, free trade is secure. Yet, while everyone is watching the front of the line, out back in the country, an erosion of support for free trade is under way. The 'Doha' trade talks have stalled, because of opposition by U.S. farmers, and the White House's 'fast-track' authority to negotiate free trade agreements expires soon. With protectionist-leaning Democrats likely to take the House or Senate, any new free-trade accords will probably be stalled. I hope Democrats won't go this route. I've always believed in free trade, accompanied by better pension and health care safety nets. But I'm not a free trader anymore. I'm now a radical free trader. … The way you keep good jobs in this country is not by building big walls, but by attracting people with big ideas -- and then giving them the freedom to do whatever can be done with anyone, anywhere, anytime."

LATimes Urges California Voters To Reject Budgeting Proposition. An editorial in the Los Angeles Times (10/6, 918K) says, "Of the package of measures, from 1A to 1E, that the Legislature placed on the November ballot, Proposition 1A is the odd man out. All the others are multibillion-dollar bond issues intended to shore up the state's crumbling infrastructure; 1A is a tweak to the Legislature's budgeting authority and a 'fix' to a similar initiative from four years ago. It would tie Sacramento's hands and ensure that future fiscal emergencies cut more deeply into vital state services. Californians should vote no on Proposition 1A." The Times adds, "Instead of taking sensible steps, such as gradually raising the gas excise tax, indexing it to inflation or mustering the legislative will to direct more money to transportation, Proposition 1A simply puts a straitjacket on the Legislature. Voters should reject it."

North Korean Nuclear Test Could Lead Administration To Impose "Penalties." ABC World News (10/5, story 6, 0:15, Gibson, 8.78M) reported, "Pentagon officials tell ABC News that a US military plane has been dispatched to monitor radiation over the Korean 11th peninsula following North Korea's announcement Tuesday it will conduct a nuclear test. Meanwhile, the Bush Administration said there will be consequences if North Korea moves ahead with that test."

The New York Times (10/6, Sanger, 1.21M) reports the Administration "is developing an extensive list of possible new sanctions against North Korea in the event that it carries through with its threat to conduct a nuclear test." Those "measures" might "include renewing efforts that have been unsuccessful in the past -- persuading South Korea and China to cut off energy supplies and trade -- and potentially confrontational steps that include intercepting and inspecting sea shipments into and out of the country." While "many of the sanctions have been considered before," the Times says US officials "on each side of that debate said a nuclear test would end the argument about whether the United States should emphasize rewards or penalties." While "Administration officials concede that the United States has been living with a nuclear North Korea for years," the "fact that North Korea has not yet tested its weapons has created enough diplomatic ambiguity that President Bush has not had to confront how he would enforce his own declaration in 2003 that he would never tolerate a nuclear-armed North Korea." The Times says "the question of sanctions is an enormously delicate one," however, Administration officials "appeared unified in sending North Korea a warning that a test would galvanize Washington into actions that some administration hawks have proposed for years." Discussing concrete measures, the Times says Washington "is seeking to win agreement on a 'president's statement' from the [UNSC] warning North Korea against a test," and Undersecretary Burns "said in a telephone interview on Thursday that he did not believe the Council was growing either weary or leery of threatening sanctions."

The AP (10/6, Lederer) adds, "Security Council experts reached agreement late Thursday on a statement urging North Korea to cancel its planned nuclear test and return immediately to talks on scrapping its nuclear weapons program, but the text needs final approval from council members." Japanese PermRep Kenzo Oshima "said a statement 'most likely' would be approved and read out on Friday morning after capitals give final approval." The AP says the Japanese draft "warns Pyongyang that a nuclear test would bring international condemnation, 'jeopardize peace, stability and security in the region and beyond,' and lead to further unspecified council action." It "also urges North Korea to return immediately to [the] six-party talks."

Separate AP (10/6, Chang) coverage focuses on South Korean and Russian efforts to "stop" Pyongyang. South Korean President Roh Moo-hyun "reportedly ordered his government to send a 'grave warning' to North Korea about the consequences of a nuclear test, and Russia said it was trying to dissuade Pyongyang from conducting it." Roh "also

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ordered the government to draw up a 'contingency plan' if the nuclear standoff with North Korea worsens," and at the same time "instructed his government to step up diplomatic efforts to forestall a North Korean test."

The Financial Times (10/6, Fifield) keys its coverage on the willingness of South Korean Foreign Minister and presumptive UNSYG Ban Ki-Moon to "use his UN mandate directly to tackle North Korea over its nuclear programme." Ban told the Times "he would visit North Korea in a bid to convince the rogue state to join diplomatic negotiations rather than indulge in 'negative activities.'" Ban is quoted saying, "As I have gained a much deeper understanding and experience into the inter-Korean relationship, including North Korea, I think I will be in a much better position to handle this issue as secretary-general."

Rumsfeld Says Test Would Reveal International Community's Weakness. The AP (10/6, Baldor) reports, "Defense Secretary Donald H. Rumsfeld said Thursday if North Korea successfully tests a nuclear weapon, it will show weakness on the part of the international community. 'And that failure ... is something that the international community would have to register and ask itself how comfortable are we being that ineffective in this situation,' Rumsfeld told reporters at the Pentagon during a visit by Croatian Defense Minister Berislav Roncevic."

More Commentary. The New York Times (10/6, 1.21M) editorializes, "Here's a scenario to keep you up nights. North Korea tests a nuclear weapon, and Japan, South Korea and Taiwan start thinking they need one too. Meanwhile, over in the Middle East, Iran's neighbors start asking themselves why they should even wait for Tehran to go nuclear before starting their own programs. Which is why the Bush administration, and other critical players, need to do a lot more to talk North Korea back from the nuclear ledge -- and to keep it there." The Times adds, "While you're contemplating nuclear dominoes, here's another reason to stay up at night. In its search for cash, North Korea has become expert at selling pretty much anything to anyone: counterfeit dollars, bootlegged cigarettes, ballistic missiles. Can plutonium be far behind? The dangers are very real. What's needed now is real pressure and real diplomacy to get the North out of the nuclear weapons business -- preferably before a nuclear test shows potential buyers just how well its weapons work."

Rice, Allies May Seek Sanctions Against Iran In London Meeting Today. USA Today/AP (10/6, Lederer) reports Secretary Rice, British Foreign Secretary Margaret Beckett and French Foreign Minister Philippe Douste-Blazy will "confer" today "in London to assess Iran's defiant refusal to suspend uranium enrichment." Berlin, Moscow and Beijing "will also send high-level officials to the talks," and the six powers "are expected to refer the nuclear case to the [UNSC] for talks next week on possible sanctions." British PermRep Emyr Jones Parry "said he expects 'the Iran dossier' to return to the council 'in the course of next week.' He said Britain 'will be discussing with its partners and with members of the council the basis for action by the council to adopt measures under Article 41 against Iran.'" However, Russian Foreign Minister Sergey Lavrov "said he believes it is too soon to impose sanctions on Iran and that further efforts are needed to push Tehran to negotiate." The AP that, in order "to avoid alienating the Russians and the Chinese, any sanctions are likely to be relatively mild, including embargoes on missile and nuclear technology, and possible travel bans and other penalties on Iranian officials involved in their country's nuclear program."

The Washington Post (10/6, A20, Wright, 748K) notes, "Months of intense negotiations with Iran about its nuclear program have failed and the United States and its diplomatic partners will meet in London on Friday to discuss which punitive actions to include in a new" UNSCR. Assistant Secretary McCormack "announced in Baghdad that [Rice] and [her] counterparts…will hold talks." Washington "wants to impose sanctions on Iran, but divisions are still deep among the six countries over whether to go that far and, if so, in what form." The Post says "the first stage of sanctions could include a travel ban on Iranian officials involved in the nuclear program and a ban on selling Iran so-called dual-use equipment that can be adopted for weapons. Tougher actions could follow if Iran continues to balk."

Fox News' Special Report (10/5, Hume) reported, "Major world powers will meet tomorrow in London to decide how to deal with Iran's nuclear program. They say that Secretary of State Rice will join counterparts from Russia, China and Britain and Germany. They urged the west to continue with talks. And Iran insists that the program is only for power generation but the west is convinced that Iran wants to build a nuclear bomb."

US Nuclear Experts Visit Egypt. AFP (10/6) reports, "US nuclear experts are to offer technical advice to their counterparts in Egypt, which last month announced it was relaunching its civil nuclear program after a 20-year freeze, official media said." The experts "were to arrive in Egypt 'soon to share their experience,' according to US ambassador to Egypt Francis Ricciardone, quoted by the MENA news agency."

Experts Estimate There Are One Million Unexploded Israeli Bomblets In Lebanon. The New York Times (10/6, Slackman, 1.21M) reports, "Since the war between Israel and Hezbollah ended in August, nearly three people have been wounded or killed each day by cluster bombs Israel dropped in the waning days of the war,

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and officials now say it will take more than a year to clear the region of them." United Nations officials "estimate that southern Lebanon is littered with one million unexploded bomblets, far outnumbering the 650,000 people living in the region. They are stuck in the branches of olive trees and the broad leaves of banana trees. They are on rooftops, mixed in with rubble and littered across fields, farms, driveways, roads and outside schools. As of Sept. 28, officials here said cluster bombs had severely wounded 109 people -- and killed 18 others." The Times adds, "The United Nations Mine Action Coordination Center in southern Lebanon recorded 745 locations across the south where unexploded bombs had been found. Of the million estimated to be scattered around, so far 4,500 have been disposed of, according to the center."

New Israeli Ambassador Ideologically Close To Olmert. The Washington Times (10/6, Mitnick, 88K) reports, "Sallai Meridor, Israel's newly appointed ambassador to the United States, is not known to be a close associate of his boss, Prime Minister Ehud Olmert. But whatever they lack in a personal friendship may be offset by the understanding that comes from traveling a parallel ideological journey." Both "come from the same political lineage of prominent revisionist Zionist families who dreamed of a Jewish state stretching from the Mediterranean eastward beyond the Jordan River. In recent years, both have departed with that mind-set, moving to Israel's pragmatic center and acknowledging that holding on to all of the West Bank and Gaza Strip doesn't square with the concept of a Jewish state."

UK's Straw Criticized For Asking Muslim Constituents To Remove Veils. The Washington Times (10/6, Haddon, 88K) reports former British Foreign Secretary Jack Straw "triggered a dispute yesterday by revealing that he asks Muslim women to remove veils from their faces when they visit his constituency office to seek his help." Straw, whose constituency "has a 22 percent ethnic minority population, said he had expected that his request would cause problems but has found that most women are 'relieved' to comply." The AP (10/5, Hegstad) reports Straw "wrote in a column for the Lancashire Telegraph newspaper that he feels uncomfortable talking with someone whose face he cannot see, and described the veil as a 'visible statement of separation and difference.'" He continued, "I explain that this is a country built on freedoms. I defend absolutely the right of any women to wear a headscarf." But "the value of a meeting, as opposed to a letter or phone call, is so that you can -- almost literally -- see what the other person means, and not just hear what they say."

Backers Of US-India Nuclear Deal Plan Lobbying Push. The Washington Times (10/6, Sands, 88K) reports, "US backers of a civilian nuclear deal with India say they plan a major lobbying push over the next month to ensure a final vote on the bill before Congress adjourns for the year, after the Senate failed to take up the measure before it left town last week." Bush "administration officials, calling the deal a centerpiece of a new strategic relationship with India, are hoping the Senate will vote on the enabling legislation for the pact early in the planned lame-duck session set to take place soon after the Nov. 7 congressional elections." Sanjay Puri, executive director of the US India Political Action Committee, "said his group was 'obviously disappointed' about the Senate's failure to act, but he added he was 'cautiously optimistic' that the deal remained on track for passage this year."

Former President Bush Calls Chavez "An Ass." Former President George Bush was asked on CNN's Larry King Live (10/5) about Venezuelan President Hugo Chavez's claim that the current President is the devil. Bush said, "He's an ass and it's a joke for him to come up here and do that and that demeans the UN. You were talking about the UN for him to get up there and then some people applauding when he makes it personal like that, it's just sad. He's got oil at 60 bucks a barrel. He's going to do what he wants to do. But somehow these tyrants have a way of falling."

Moscow Seen As Reasserting Hegemony Over Former Soviet Republics. In a 1,404-word analysis piece, the Wall Street Journal (10/6, A1, Champion, Chazan, 2.03M) reports, "In the struggle over influence, energy and the spread of democracy in its former empire, Moscow has scored big gains and is taking off the gloves at a time when the West is increasingly preoccupied." The Journal notes, "Hosting Russian minorities and pipelines taking Siberian and Caspian Sea oil and gas to markets in the West, the former Soviet region has become the front line of conflict between an increasingly assertive Russia and the West." While "just two years ago, it looked like Russia was losing its grip over what had been part of its empire for centuries," Moscow has since "reasserted its influence in a region the Kremlin openly refers to as its backyard." The Journal says "the West's willingness to confront Russia over" issues of hegemony "has waned. Preoccupied with problems in Iraq, Washington also needs Russia's support on critical priorities such as moving to control Iran's nuclear program." In addition, "key European countries, many heavily dependent on Russian natural gas for energy, are reluctant to pick fights with Moscow."

Javanese Mud Volcano Buries Villages, Raising Accountability Issue. The New York Times (10/6, Bonner, Suhartono, 1.21M) reports, "It started as a natural gas well. It has become geysers of mud and water, and in a country plagued by earthquakes, volcanoes and tsunamis

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another calamity in the making, though this one is largely man-made." The "muck" buried with villages, forced 13,000 people from their homes and destroyed highway and rail lines in East Java, "an area vital to the country's economy." The "area's commerce has already been devastated." The "mud is rising by the hour, and now spewing forth at the rate of about 170,000 cubic yards a day, or about enough to cover Central Park." The Times says many analysts "are now watching closely to see whether the government will hold the company that drilled the well accountable for the costs of the cleanup, which could easily reach $1 billion. The company is part of a conglomerate controlled by Aburizal Bakrie, a cabinet member and billionaire who was a major contributor to the campaign of President Susilo Bambang Yudhoyono." Notably, "so far there does not appear to be any government investigation into what set off the mud eruptions."

Dutch Muslim-Only Hospital Draws Criticism. The Washington Times (10/6, Rennie, 88K) reports, "Plans for a Muslim-only hospital in the Netherlands have sparked a heated debate over its separate all-male and all-female wings, halal food and roster of duty imams." The "sexes will be segregated, with male patients treated by an exclusively male nursing and medical staff and similar arrangements for female patients." The concept "is the brainchild of a health industry entrepreneur, Paul Sturkenboom, who plans to employ 45 doctors and 275 nurses. Staff will not have to be Muslims." The Times notes the hospital "has been attacked by the Rotterdam-based Leefbaar Rotterdam, or Liveable Rotterdam party," as a step in the wrong direction, and adds, "The Netherlands' once proud multicultural model, which promoted tolerance of a rapidly growing immigrant population, has been questioned in recent years, especially after the slaying of filmmaker Theo van Gogh by an Islamist."

Milton Friedman Laments Government Intervention In Hong Kong Economy. In an opinion piece in today's Wall Street Journal (10/6, 2.03M), Nobel laureate Milton Friedman lauds the laissez-faire underpinnings on Hong Kong's economy and says it was "sadly unsurprising to see" current leader Donald Tsang begin to reverse those policies. "The really amazing phenomenon is that, for half a century, [Tsang's] predecessors resisted the temptation to tax and meddle." Friedman says "the results" of long-time finance secretary John Cowperthwaite's policies "were remarkable. At the end of World War II, Hong Kong was a dirt-poor island with a per-capita income about one-quarter that of Britain's. By 1997, when sovereignty was transferred to China, its per-capita income was roughly equal to that of the departing colonial power, even though Britain had experienced sizable growth over the same period. That was a striking demonstration of the productivity of freedom, of what people can do when they are left free to pursue their own interests." Friedman says Hong Kong's success "was a major factor in encouraging China and other countries to move away from centralized control," and derides Tsang's criticisms of the current system. While "Hong Kong is likely to remain wealthy and prosperous for many years to come, …it will no longer be such a shining symbol of economic freedom." Cowperthwaite's framework "provides a lasting model of good economic policy for others who wish to bring similar prosperity to their people."

WSJournal Says Singapore's FEER Ban Rooted In Leaders' Paranoia. A Wall Street Journal (10/6, 2.03M) editorial this morning examines Singapore's banning of the Far Eastern Economic Review. "Anyone with a passing understanding of how Singapore operates will understand that" the founding Lee family's filing of libel suits and "the Ministry of Information's ban are no coincidence. In any event, the idea that a journal of opinion published 10 times a year in Hong Kong with a Singapore circulation of approximately 1,000 is interfering in the country's domestic politics -- the underlying basis for the ban -- is absurd. So, too, is the Singapore government's apparent belief that the free flow of information is not essential for a first-world economy." The Journal notes the FEER's publication of an "offending column" in which opposition politician Chee Soon Juan claimed "the elder Mr. Lee is the man behind Singapore's suppression of dissent." The Journal calls the Lees' libel complaints "preposterous, all the more so given Singapore's justifiable reputation for efficient, clean government. We certainly don't believe -- nor do we think any reasonable reader of the Review would infer from the article -- that the Lees are personally corrupt." The Journal adds, "Socrates observed that old men are themselves, only more so, and we can only assume that Singapore will remain locked in its old ways until Mr. Lee passes from the scene." It concludes, "Virtually every foreign publication that circulates in Singapore has faced the government's wrath at one time or another, starting with a contempt action against this newspaper in 1985, when Singapore's inferiority complex was perhaps more understandable. This is not the behavior of a prosperous, self-confident nation."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"At Home On The Range With Romer."
"Times Publisher, Who Resisted Cuts, Ousted."
"Path Is Risky For Gay GOP Politicians."
"Study Says Lab Meltdown Caused Cancer."

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"Crash Narrowly Averted At LAX."
"Africans Lash Out At Chinese Employers."

USA Today:
"Race For Senate Control Tightens."
"Report Rips TSA's Plans For Crisis."
"Gas Prices Dropping More Slowly ."
"'I Can Still Cause Trouble.'"

New York Times:
"Hastert, A Political Survivor, Vows To Overcome Scandal."
"Israeli Bomblets Plague Lebanon."
"Subsidies Keep Airlines Flying To Small Towns."
"Evangelicals Fear The Loss Of Their Teenagers."
"New Indonesia Calamity, A Mud Bath, Is Man-Made."
"Hedge Fund Added To The Cuomo Coffers."
"Anti-U.S. Attack Videos Spread On The Internet."

Washington Post:
"Inquiry To Look At House, Not Foley."
"In Border Fence's Path, Congressional Roadblocks."
"His Last, Best Cause."
"A Mark Of Infamy."
"New Media A Weapon In New World Of Politics."

Washington Times:
"Ethics Committee To Probe Foley Scandal."
"Rice Urges To 'Endless Debate' On Iraqi Division."
"D.C. Validity Of CPR Cards."
"Democrats Hit For Lack Of Black Candidates."
"Truck Makers Vie To be Lone At Texas Fair."

Detroit Free Press:
"Pumped Up."
"Gloom To Sway Vote Either Way."
"Why Cosby Wants To Return To Detroit."

Atlanta Journal-Constitution:
"No Room For Sutton In Braves Booth."
"'Deeply Sorry' Hastert Digs In."
"Amish Bury Their Dead."

Story Lineup From Last Night's Network News:
ABC: Hastert Under Fire; Foley Aftermath; Amish School Shooting; Colorado School Shooting; Iraq-Sectarian Violence; North Korea Threat; Former President Bush-Interview; Karr Cleared; Gas Prices; Magnificent Cats.
CBS: Hastert Under Fire; Foley Investigation; Political Analysis; HP Scandal; Rice Iraq Visit; E. Coli Outbreak; Karr Cleared; More Airbags; Amish School Shooting; Iraq-Sectarian Violence; Mans best Friend.
NBC: Foley Aftermath; Hastert Under Fire; Political Analysis; Iraq-Sectarian Violence; Amish School Shooting; Anthrax Scare Of 2001; Karr Cleared; Stock Market; Rose Kennedy Papers; Care Letters For Soldiers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Hastert Says He Won't Resign; Amish School Shootings Funerals; Karr-Child Porn Charges Dismissed; E-Coli Outbreak.
CBS: Hastert Says He Won't Resign; Amish School Shootings Funerals; Karr-Child Porn Charges Dismissed; CA-Same Sex Marriage Ban Upheld.
NPR: Hastert Says He Won't Resign; NATO Takes Control In Eastern Afghanistan; Iran-Nuclear Program; North Korea-Nuclear Test; Wall Street; Bonds' Trainer Released From Prison; Study-Smoking In Cars.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a roundtable on job growth and the economy, FedEx Express DCA facility, participates in photo opportunity with members of the Supreme Headquarters Allied Expeditionary Force, Headquarters European Theater of Operations, US Army Veterans Association, Oval Office; makes remarks at Hispanic Heritage Month celebration, East Room.

VICE PRESIDENT CHENEY — Speaks at a luncheon for congressional candidate Vern Buchanan, Hyatt Sarasota; arrives at Newport News/Williamsburg International Airport, Newport News, Va.; attends a dinner and reception honoring the christening of the aircraft carrier George H.W. Bush CVN77.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: SPAIN'S CROWN PRINCE OF ASTURIAS, FELIPE DE BORBON _ Highlights: 11 a.m. Particpates in the Convention of Young Hispanic Leaders. Inter-American Development Bank, 1300 New York Ave. NW. 2 p.m. Visits the White House to attend a ceremony celebrating Hispanic heritage month.

SOUTHEASTERN EUROPE _ The Center for Strategic and International Studies holds a conference on economic cooperation and investment opportunities in Southeast Europe. Highlights: 9 a.m. Sesison on banking and the financial sector. 12 p.m. Keynote presentation - Richard Priebe, Director Western Balkans, European Commission. Location: B-1 conference level, 1800 K St. NW.

NUCLEAR POWER _ 9 a.m. - 3:30 p.m. The American Enterprise Institute sponsors a discussion of the environmental and financial prospects for nuclear energy as the threat of global warming and soaring fuel costs dominate the news. Highlights: 9 a.m. Welcome and introduction by Jon Entine, AEI. 9:15 a.m. Panel 1: Nuclear Power and

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Climate Change. Panelists: Judi Greenwald, Pew Center on Global Climate Change; Ernest J. Moniz, Massachusetts Institute of Technology; William Tucker, author of Terrestrial Energy. 11 a.m. Panel 2: Economic and Regulatory Concerns. Panelists: Thomas B. Cochran, National Resources Defense Council; Paul Joskow, Massachusetts Institute of Technology; Richard J. Myers, Nuclear Energy Institute. 12:30 p.m. Luncheon. 1 p.m. Keynote Address: Dale E. Klein, Nuclear Regulatory Commission. 2 p.m. Panel 3: Next Generation Nuclear. Panelists: Edward Cummins, Westinghouse Nuclear; Edwin Lyman, Union of Concerned Scientists; Charles W. Pennington, NAC International. 3:30 p.m. Adjournment. Location: Wohlstetter Conference Center, 12th Floor, AEI, 1150 17th St. NW.

PENTAGON-IRAQ POLICE _ 9 a.m. Army Maj. Gen. Joseph Peterson, commander of the Civilian Police Assistance Training Team in Iraq, will brief live from Iraq to provide an update on civilian police training in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

ECONOMIC BRIEFING _ 9:30 a.m. Acting Assistant Treasury Secretary Robert Stein holds a briefing for economic media. Location: Room 4121, main Treasury.

MARS ROVER _ 11 a.m. NASA holds a news briefing to present new images from the Opportunity rover from the Victoria crater on Mars. Location: NASA auditorium, 300 E St. SW.

EUROPE-MIDEAST _ 12:15 p.m. The New America Foundation holds a program on Europe's evolving stakes in the Mideast, with European Parliament member Alexander Graf Lambsdorff, others. Location: 7th floor, 1630 Connecticut Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Government Objects To Federal Court Ruling To Release Posada (AP)

By Alicia A. Caldwell

AP, October 6, 2006

EL PASO, Texas - Anti-Castro Cuban militant Luis Posada Carriles, who was arrested in Miami, will remain in an El Paso detention center for now, despite a federal magistrate's ruling that he be set free pending his deportation, a spokeswoman for U.S. Immigration and Customs said Thursday.

Spokeswoman Leticia Zamarripa said the ICE decision to continue holding Posada was based on several factors, including Posada's potential flight risk, "danger to the community and also Posada's failure to show, to demonstrate that there is no significant likelihood of removal for the foreseeable future."

ICE officials informed Posada, a former CIA operative and U.S. soldier, of the interim decision Thursday morning, Zamarripa said.

Zamarripa said Posada, 78, was also told that the U.S. Department of Homeland Security "is considering, in consultation with the Department of State, whether his detention should be continued based on the ground that his release may have serious adverse foreign policy consequences for the United States."

Thursday's decision comes less than a month after U.S. Magistrate Judge Norbert Garney ruled that Posada should be set free while the federal government continues to look for a country to deport him to.

Posada, who has been jailed on an immigration violation since his May 2005 arrest, was ordered deported last year. But a federal immigration judge ruled last year that Posada, wanted in Venezuela and Cuba for the plotting of the Oct. 6, 1976, bombing of a Cuban jetliner, could not be sent to either country because of the fear that he could be tortured.

Justice Department lawyers also filed a 22-page objection to Garney's recommendation Thursday, saying that the magistrate "erred in both his factual and legal findings, as well as by accepting Posada's grossly insufficient assertion that there was no significant likelihood that he could be removed from the United States within the reasonable foreseeable future."

Ethan B. Kanter, the Justice Department lawyer in the case, also wrote that Posada had failed to exhaust a series of high-level foreign government contacts in several countries to help find a country that would accept him.

In an August hearing challenging his continued detention, a deportation officer said no country approached by the U.S. government will accept Posada, a Cuban-born naturalized citizen of Venezuela.

Canada, Guatemala, Mexico, Costa Rica and El Salvador have all rejected official requests.

A friend of Posada's said he also made contact with some of those countries, in an informal capacity, and was repeatedly denied help.

Kanter argued that Posada is a flight risk who is a danger to the community and national security.

"Luis Posada Carriles is an admitted mastermind of terrorist plots and attacks," Justice Department spokeswoman Tasia Scolinos said Thursday in a statement. "The Department of Justice believes that Posada is a flight risk and that his release would be a danger to the community. The Department of Justice is committed to defending the Department of Homeland Security's decision to detain him under the Immigration and Nationality Act."

Posada's El Paso lawyer, Felipe D.J. Millan, said Posada's legal team would respond to the government's objection by Friday.

He said he expects a federal district judge in El Paso, who will decide if Garney's recommendation should be followed, to make a fair decision that will ultimately mean that Posada can return to Miami to live with his wife and children.

"We have the utmost faith in the federal judiciary," Millan said.

Posada has declared that he wants nothing more to do with violence against ailing Cuban President Fidel Castro. In a written statement released last month by his Miami lawyer, Posada said, "I consider that the Cuban government is in a very

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deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns and actions to precipitate its fall."

"It is now time to use other methods, political, diplomatic or otherwise that may accelerate the fall of the Castro regime and thus shall free my country," he added. The statement was written before Castro temporarily relinquished power to his brother in July as he recovered from abdominal surgery.

Posada has applied for U.S. citizenship. That status of that application was unclear Thursday.

US Opposes Release Of Anti-Castro Militant (AFP-Y)

AFP, October 6, 2006

The US government opposed releasing Luis Posada Carriles, an anti-Castro militant wanted by Venezuela in the 1976 bombing of a Cuban airliner that killed 73 people, court papers show.

A judge last month recommended that Posada Carriles, who is being held on immigration charges, be freed because no country was found to accept him, other than Cuba and Venezuela, both of which want to try him for a series of bombings.

The US Justice Department said in its filing Thursday that Posada Carriles, 78, should look harder for a country that will receive him, given his "uncommon ability to facilitate his own removal through high-level government connections in multiple Latin American countries."

"Posada identified an extraordinary range of foreign high profile contacts and prospects for removal that he only partially pursued," it said.

The court filing comes on the eve of the Cuban airline bombing's 30th anniversary.

Venezuela, of which Posada Carriles is a citizen, said the United States should extradite him to stand trial in the bombing.

But it has also failed to find another third country that would accept him.

The United States refused, saying he might then be handed over to Cuba, which also says he committed terrorist bombings and killed an Italian citizen in the process.

Posada Carriles has been in a Texas jail since May 2005 for entering the United States illegally.

Judge Approves Extradition To U.S. Of Alleged Al-Qaida Supporter (FINDLAW/AP)

By Katie Fretland, Associated Press Writer

AP, October 6, 2006

(AP) - LONDON-A British judge on Thursday approved the extradition of an American accused of supplying al-Qaida operatives with money and military equipment.

Syed Hashmi, 26, who lived in the New York borough of Queens before moving to Britain in 2003, will face trial in the United States if the Home Office gives final approval for the extradition.

It was not immediately clear if Hashmi would appeal the judge's ruling.

Hashmi was indicted in a New York federal court in May for allegedly providing military equipment to people who took it to members of Osama bin Laden's terrorist organization in 2004.

The military gear was "to be used by al-Qaida to fight against United States forces in Afghanistan," the indictment said, without elaborating on what the equipment was.

Hashmi has lived in Britain since 2003 although his student visa has expired. He was arrested in June as he boarded a plane bound for Pakistan at London's Heathrow Airport.

He appeared Thursday at City of Westminster Magistrates' Court before District Judge Nicholas Evans.

Washington announced Monday that the U.S. Senate unanimously approved a revised extradition treaty with Britain that critics say greatly reduces the level of evidence U.S. authorities must show to request the extradition of a British citizen.

"No person should be taken from the United Kingdom to face trial in another country without a British court being satisfied that there is evidence a person could be found guilty," said Gareth Crossman, policy director at London-based human rights group Liberty.

Hashmi's lawyer, Mark Summers, said the United States should not be involved in the case.

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"The defendant was arrested here, he was here and, save in the most tenuous way, this case has absolutely nothing to do with the Americans," Summers said.

"Their interest in it is an interest in bringing terrorism suspects in general to book," he said.

Hashmi is believed to be associated with Mohammed Junaid Babar, a naturalized American from Pakistan who pleaded guilty in August 2004 to smuggling money and military supplies to a senior member of al-Qaida in Pakistan who was setting up a jihad training camp, American law enforcement officials have said.

Babar, from Queens, New York, had admitted to providing night-vision goggles, sleeping bags, waterproof socks and ponchos to an al-Qaida official in Waziristan, a Pakistani region near the Afghan border.

U.S. Judge Refuses To Dismiss Terror Finance Suit Vs French Bank (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, October 6, 2006

(AP) - NEW YORK-For the second time in a week, a U.S. judge has refused to throw out a lawsuit accusing a European bank of knowingly providing financial services to charities allegedly controlled by a terrorist organization.

The ruling on Thursday by U.S. District Judge Charles P. Sifton in Brooklyn denied a defense motion by a French bank, Credit Lyonnais, to dismiss the suit brought by families of Americans who were victims of terrorist bombings and shootings in Israel between 2001 and 2003. Nine of the victims were killed in the attacks, which included suicide bombings linked to Hamas.

Last week, Sifton denied a motion to dismiss a similar suit against a British bank, National Westminster Bank.

The French bank "should be put on notice by this decision, which again affirms the civil remedies available to American victims of terrorism," said Gary M. Osen, a lead attorney for the plaintiffs.

A call to the New York attorney for Credit Lyonnais, a subsidiary of Credit Agricole, was not immediately returned.

The suit - which was filed in February under the Anti-Terrorism Act and seeks unspecified damages - accuses Credit Lyonnais of improperly doing business with a French-based charity that has been designated a terrorist organization by the Israeli and U.S. governments. The plaintiffs allege the bank knew the charity was funneling millions of dollars to Hamas to finance terrorism.

In court papers, the bank claimed it suspected the charity, CBSP, might be involved in money laundering, but not terrorism. It cited investigations in France that cleared the group of any wrongdoing.

The judge said in his ruling that "it is reasonable to believe that when the bank noticed 'unusual activity' on CBSP's accounts in 2000, in the form of large transfers of money to the West Bank and Gaza strip during a highly publicized intifada, the bank would have investigated the organizations receiving the large transfers, including designations of terrorist organizations made by the government whose country was experiencing the terrorism."

The ruling, while preserving a claim that the bank knowingly provided material support to a foreign terrorist organization, dismissed another claim that it aided and abetted the murder and wounding of U.S. citizens. On the latter claim, the judge found that "maintenance of a bank account and the receipt of transfer of funds does not constitute substantial assistance."

New Lawsuits Challenge Congress's Detainee Act (CSM)

By Warren Richey

The Christian Science Monitor, October 6, 2006

WASHINGTON

President Bush has yet to sign into law Congress's new terror-detainee legislation, but defense lawyers are already asking federal judges to strike down key parts of the measure as unconstitutional.

Two suits were filed this week in US District Court here. At issue: Whether the new antiterror legislation retroactively strips the courts of jurisdiction to hear detainee cases, and if so, would that amount to an unconstitutional suspension of the writ of habeas corpus.

Lawyers rushed to file suit before the measure, the Military Commissions Act of 2006, was signed into law.

"By filing when we did, we wanted to make sure that at least we preserved the retroactivity argument," says Michael Ratner of the New York-based Center for Constitutional Rights, which filed both suits.

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The new legislation, passed a week ago Friday, bars judges from hearing detainee lawsuits. Instead, it sets up a much more limited appeals process for detainees who are seeking to challenge their designation as an enemy combatant or to challenge a war crimes conviction by a military commission.

One suit was filed on behalf of Majid Khan, one of the 14 so-called high value Al Qaeda suspects recently transferred from secret Central Intelligence Agency prisons to the terrorist detention camp at Guantánamo Bay, Cuba. The other was filed on behalf of 25 detainees being held among some 500 men at Bagram Air Force Base in Afghanistan.

The new suits join more than 400 other detainee cases filed on behalf of prisoners at Guantánamo currently pending before US district or appeals court judges in Washington. Lawyers in each of those cases are also expected to mount legal challenges to the Military Commissions Act.

All of the Guantánamo suits had been put on hold pending the US Supreme Court's ruling in the Hamdan case, which was announced last June. In that particular case, the high court struck down the Bush administration's military commission process as illegal and ruled that a December 2005 law, the Detainee Treatment Act, had not retroactively stripped the Supreme Court of authority to decide the Hamdan case.

While preserving its own jurisdiction in the Hamdan case, the high court did not make clear whether other courts retained jurisdiction to hear and decide existing detainee cases.

The Military Commissions Act seeks to eliminate any ambiguity on the issue. It says no court, justice, or judge shall have jurisdiction to consider a writ of habeas corpus or any other action by a non-US citizen detained by the US as an enemy combatant. The law says it applies "to all cases, without exception, pending on or after the date of enactment of this act."

If upheld, it would mean the elimination of hundreds of lawsuits.

Bush administration officials have long complained that the suits were becoming a major distraction in the war on terror. They argued that Al Qaeda suspects are no more entitled to litigate legal claims against the US in American courts than were German POWs in World War II.

Lawyers for the detainees say that many of those being held in US custody are innocent and are only seeking a fair opportunity to demonstrate their innocence before a neutral judge.

The Military Commissions Act doesn't just bar suits challenging an individual's detention. It also limits the ability to obtain an independent probe of alleged abusive treatment, including torture.

The two new lawsuits seek to challenge these procedures in different ways.

The Bagram Air Force Base suit tests the scope of a 2004 Supreme Court ruling that extended habeas protections to detainees at Guantánamo. Prior to that ruling, habeas suits filed by noncitizens were only permitted by those detained within US sovereign territory.

The Bagram suit argues that the 2004 ruling made habeas protections available any place in the world under US jurisdiction and control.

The issue is significant because the Military Commissions Act seeks to overturn the 2004 high court ruling by eliminating habeas protections for all non- citizen enemy combatants, regardless of their geographical location.

The Guantánamo suit filed on behalf of Mr. Khan is also aimed at testing the habeas-stripping provisions. The suit says that despite being held in secret CIA detention for 3-1/2 years, Khan, whose family lives in Baltimore, has never had a hearing before a neutral judge or military panel to determine the legality of his detention.

The lawsuit says that as a CIA prisoner Khan was subjected to torture and cruel, inhuman, or degrading treatment. He was coerced into making false and unreliable statements, the suit says. "Khan has not, nor has he ever been, an enemy alien, a lawful or unlawful belligerent, or a combatant of any kind," the suit says.

The US government has a different view of Khan. A declassified profile of Khan by American intelligence officials says he was an Al Qaeda operative selected by 9/11 mastermind Khalid Sheikh Mohammad to participate in a plan to blow up gas stations in the US and poison US water reservoirs. He was also considered for an Al Qaeda attempt to assassinate Pakistani President Musharraf, the profile says.

U.N. Rightly Imposed Sanctions On Terrorists (Letter) (WSJ)

DOJ_NMG_0076234

By John R. Bolton

The Wall Street Journal, October 6, 2006

David Crawford's Oct. 2 Politics & Economics article "The Black Hole of a U.N. Blacklist" is short on fact and long on opinion; it should have appeared as an editorial. The U.N. Security Council has rightly imposed sanctions on hundreds of al Qaeda members and the Taliban. These sanctions have made it harder for terrorists to acquire weapons, move freely around the world, and finance their plots. Member states have frozen $150 million in terrorist assets, which Mr. Crawford fails to acknowledge.

Mr. Crawford's central argument is that terrorists are stripped of their assets without hearings or the right to appeal. He profiles three men under U.N. sanctions for supporting al Qaeda and highlights that none of them has been criminally convicted by a court. Obviously, the U.N. is not a court, and sanctions are not a criminal punishment. Terrorist designations made by the Security Council are based on international security and policy considerations, and they are designed as a preventive tool to cripple terrorists and their networks.

Mr. Crawford is wrong when he claims that individuals under U.N. sanctions cannot appeal the decision. In the United States, those designated have the right to challenge the decision through administrative channels or by turning directly to the court system, and many have done so. However, every challenged designation has been upheld by U.S. courts, including at the appellate level. The U.N. has also lifted sanctions, in cases where the individual severed his ties to al Qaeda.

Mr. Crawford is also wrong in stating that the Security Council does not debate designations. In fact, they are debated extensively, usually over a period of many months. By way of example, we approved sanctions for Saad al-Fagih, a known associate of Osama bin Laden, Abdelghani Mzoudi, a member of the Hamburg cell that planned 9/11, and Mamoun Darkazanli, a known al Qaeda financier. These are the same three people Mr. Crawford cites to prove the system is broken. I believe they prove the system is working. Mr. Crawford would have known these facts if he had called the U.S. Mission to the U.N. to ask. But he didn't.

John R. Bolton

U.S. Ambassador to the United Nations

New York

Blowing The Easy Ones (WP)

The Washington Post, October 6, 2006

THE BUSH administration has pushed aggressively for expanded surveillance powers, military commissions and rough interrogation techniques. When it comes to fighting the war on terrorism, just about anything goes. Except, that is, those routine steps with no civil liberties implications at all that might significantly interrupt terrorism -- such as, say, reading the mail of convicted terrorists housed in American prisons. The federal Bureau of Prisons, Justice Department Inspector General Glenn Fine wrote, "does not read all the mail for terrorist and other high-risk inmates on its mail monitoring lists." It is also "unable to effectively monitor high-risk inmates' verbal communications," including phone calls. So while the administration won't reveal the circumstances under which it spies on innocent Americans, the communications of imprisoned terrorists, at least, appear sadly secure.

This is not a hypothetical problem. Jailed terrorists and organized-crime figures try to communicate with confederates outside of prison walls. Three inmates involved in the 1993 World Trade Center bombing, while housed at the federal government's highest-security prison, managed to exchange around 90 letters with Islamist extremists between 2002 and 2004, including with terrorists in Spain who were planning attacks there. Just last month, federal prosecutors accused a drug lord at the same facility of running a huge distribution network in Los Angeles using coded conversations and messages. Imprisoned people can direct major crimes from behind bars.

Yet somehow, the bureau leaves unread a lot of mail to and from inmates it designates as warranting monitoring. What's more, at some federal institutions, the amount of mail monitored is going down. Part of the problem is that the bureau "does not have enough proficient translators to translate inmate mail written in foreign languages" -- a government-wide deficiency. Even

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when officers eyeball mail, they are not sufficiently "trained in intelligence techniques to evaluate whether terrorists' communications contain suspicious content," the report said.

This should be the easy part of fighting terrorism. It is simply a question of devoting adequate resources to making happen something that everyone agrees needs to happen. When a lawyer for the imprisoned Sheikh Omar Abdel Rahman helped him covertly send messages to his followers, federal prosecutors rightly pressed charges and won a conviction against her. How ironic that other terrorists need only set pen to paper and their exhortations can slip through unread.

HOMELAND RESPONSE:

Bush Says He Can Edit Security Reports (AP)

By Leslie Miller

The AP, October 6, 2006

WASHINGTON -- President Bush, again defying Congress, says he has the power to edit the Homeland Security Department's reports about whether it obeys privacy rules while handling background checks, ID cards and watchlists.

In the law Bush signed Wednesday, Congress stated no one but the privacy officer could alter, delay or prohibit the mandatory annual report on Homeland Security department activities that affect privacy, including complaints.

But Bush, in a signing statement attached to the agency's 2007 spending bill, said he will interpret that section "in a manner consistent with the President's constitutional authority to supervise the unitary executive branch."

White House spokeswoman Dana Perino said it's appropriate for the administration to know what reports go to Congress and to review them beforehand.

"There can be a discussion on whether to accept a change or a nuance," she said. "It could be any number of things."

The American Bar Association and members of Congress have said Bush uses signing statements excessively as a way to expand his power.

The Senate held hearings on the issue in June. At the time, 110 statements challenged about 750 statutes passed by Congress, according to numbers combined from the White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act.

Privacy advocate Marc Rotenberg said Bush is trying to subvert lawmakers' ability to accurately monitor activities of the executive branch of government.

"The Homeland Security Department has been setting up watch lists to determine who gets on planes, who gets government jobs, who gets employed," said Rotenberg, executive director of the Electronic Privacy Information Center.

He said the Homeland Security Department has the most significant impact on citizens' privacy of any agency in the federal government.

Homeland Security agencies check airline passengers' names against terrorist watch lists and detain them if there's a match. They make sure transportation workers' backgrounds are investigated. They are working on several kinds of biometric ID cards that millions of people would have to carry.

The department's privacy office has put the brakes on some initiatives, such as using insecure radio-frequency identification technology, or RFID, in travel documents. It also developed privacy policies after an uproar over the disclosure that airlines turned over their passengers' personal information to the government.

The last privacy report was submitted in February 2005.

Bush's signing statement Wednesday challenges several other provisions in the Homeland Security spending bill.

Bush, for example, said he'd disregard a requirement that the director of the Federal Emergency Management Agency must have at least five years experience and "demonstrated ability in and knowledge of emergency management and homeland security."

His rationale was that it "rules out a large portion of those persons best qualified by experience and knowledge to fill the office."

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Bush Cites Authority To Bypass FEMA Law (BOS)

By Charlie Savage, Globe Staff

The Boston Globe, October 6, 2006

Signing statement is employed again

WASHINGTON -- President Bush this week asserted that he has the executive authority to disobey a new law in which Congress has set minimum qualifications for future heads of the Federal Emergency Management Agency.

Congress passed the law last week as a response to FEMA's poor handling of Hurricane Katrina. The agency's slow response to flood victims exposed the fact that Michael Brown, Bush's choice to lead the agency, had been a politically connected hire with no prior experience in emergency management.

To shield FEMA from cronyism, Congress established new job qualifications for the agency's director in last week's homeland security bill. The law says the president must nominate a candidate who has ``a demonstrated ability in and knowledge of emergency management'' and ``not less than five years of executive leadership.''

Bush signed the homeland-security bill on Wednesday morning. Then, hours later, he issued a signing statement saying he could ignore the new restrictions. Bush maintains that under his interpretation of the Constitution, the FEMA provision interfered with his power to make personnel decisions.

The law, Bush wrote, ``purports to limit the qualifications of the pool of persons from whom the president may select the appointee in a manner that rules out a large portion of those persons best qualified by experience and knowledge to fill the office.''

The homeland-security bill contained measures covering a range of topics, including terrorism, disaster preparedness, and illegal immigration. One provision calls for authorizing the construction of a 700-mile fence along the Mexican border.

But Bush's signing statement challenged at least three-dozen laws specified in the bill. Among those he targeted is a provision that empowers the FEMA director to tell Congress about the nation's emergency management needs without White House permission. This law, Bush said, ``purports . . . to limit supervision of an executive branch official in the provision of advice to the Congress.'' Despite the law, he said, the FEMA director would be required to get clearance from the White House before telling lawmakers anything.

Bush said nothing of his objections when he signed the bill with a flourish in a ceremony Wednesday in Scottsdale, Ariz. At the time, he proclaimed that the bill was ``an important piece of legislation that will highlight our government's highest responsibility, and that's to protect the American people.''

The bill, he added, ``will also help our government better respond to emergencies and natural disasters by strengthening the capabilities of the Federal Emergency Management Agency.''

Bush's remarks at the signing ceremony were quickly e-mailed to reporters, and the White House website highlighted the ceremony. By contrast, the White House minimized attention to the signing statement. When asked by the Globe on Wednesday afternoon if there would be a signing statement, the press office declined to comment, saying only that any such document, if it existed, would be issued in the ``usual way.''

The press office posted the signing-statement document on its website around 8 p.m. Wednesday, after most reporters had gone home. The signing statement was not included in news reports yesterday on the bill-signing.

Senator Susan Collins, a Republican from Maine and chairwoman of the Senate Homeland Security and Government Affairs Committee, who has been one of the harshest critics of FEMA's performance during Katrina, yesterday rejected Bush's suggestion that he can bypass the new FEMA laws.

Responding to questions from the Globe, Collins said there are numerous precedents for Congress establishing qualifications for executive branch positions, ranging from the solicitor general's post to the director of the Fish and Wildlife Service.

She also said that Congress has long authorized certain officials from a variety of departments ``to go directly to Congress with recommendations,'' pointing out that the FEMA director statute was modeled after a law that gives similar independence to the chairman of the Joint Chiefs of Staff at the Pentagon.

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``I believe it is appropriate to extend this authority to the official tasked with leading the nation's response to disasters," she said.

Georgetown Law School professor Martin Lederman said Congress clearly has the power to set standards for positions such as the FEMA director, so long as the requirements leave a large enough pool of qualified candidates that the White House has ``ample room for choice."

``It's hard to imagine a more modest and reasonable congressional response to the Michael Brown fiasco," said Lederman, who worked in the Justice Department's Office of Legal Counsel from 1994 to 2002.

The White House did not respond to requests for comment about its signing statement.

In the past, the administration has defended the legality of its signing statements. It has also argued that because Congress often lumps many laws into a single package, it is sometimes impractical to veto a large bill on the basis of some parts being flawed .

At a June hearing before the Senate Judiciary Committee, a Bush administration attorney, Michelle Boardman , noted that other US presidents have also used signing statements. She asserted that Bush's statements ``are not an abuse of power."

Bush's use of signing statements has attracted increasing attention over the past year. In December 2005, Bush asserted that he can bypass a statutory ban on torture. In March 2006, the president said he can disobey oversight provisions in the Patriot Act reauthorization bill.

In all, Bush has challenged more than 800 laws enacted since he took office, most of which he said intruded on his constitutional powers as president and commander in chief. By contrast, all previous presidents challenged a combined total of about 600 laws.

At the same time, Bush has virtually abandoned his veto power, giving Congress no chance to override his judgments. Bush has vetoed just one bill since taking office, the fewest of any president since the 19th century.

Earlier this year, the American Bar Association declared that Bush's use of signing statements was ``contrary to the rule of law and our constitutional separation of powers."

Last month, the nonpartisan Congressional Research Service concluded that Bush's signing statements are ``an integral part" of his ``comprehensive strategy to strengthen and expand executive power" at the expense of the legislative branch.

Ashcroft Says 9/11 Panel Obsessed With Bush Blame (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, October 6, 2006

Former Attorney General John Ashcroft this week became the only Cabinet-level Bush official to criticize the September 11 commission, writing in a memoir that it "seemed obsessed with trying to lay the blame for the terrorist attacks at the feet of the Bush administration, while virtually absolving the previous administration of responsibility."

In the book, Mr. Ashcroft also writes that the hearings of the National Commission on Terrorist Attacks Upon the United States "were not so much about discovering the truth as they were about assessing blame and grandstanding." He added that the hearings "degenerated into show trials."

Slade Gorton, a former Republican senator from Washington state who was a member of the commission, said yesterday that he found the charges "extraordinary," recalling that President Bush had personally repudiated Mr. Ashcroft's tactics in his sparring with the commission.

"Most of the criticism [the commission received] was the exact opposite: that we didn't blame anyone," he said. "Our job was to write a factual account, which readers could use to assess blame for themselves."

In the memoir, "Never Again: Securing America and Restoring Justice," Mr. Ashcroft also accuses the commission of trying to "stimulate media interest" in its hearings by leaking "juicy tidbits" beforehand. He writes that this was why he alone of all the serving and former senior officials who were witnesses for the commission did not provide them with advance copies of his testimony.

Mr. Gorton dismissed that explanation, saying, "The reason, I'm convinced, is that he intended to and did use his testimony to launch a disingenuous and underhanded personal attack on a member of the commission."

At his April 14, 2003, appearance, Mr. Ashcroft reported to the commission a just-declassified memo written by commission member and former Clinton administration Justice Department official Jamie S. Gorelick in 1995. The memo, Mr. Ashcroft said, was "the basic architecture" for what became known as the "wall" that hindered cooperation between U.S. intelligence and law-enforcement agencies.

Before September 11, 2001, a variety of laws, court rulings and departmental regulations strictly separated intelligence from criminal investigations, out of concern that prosecutors should not be allowed to use the much less restrictive rules about wiretapping and other kinds of surveillance that applied in intelligence operations to gather material for criminal cases.

The commission's report, however, concluded that the wall grew up during the 1980s, primarily as a response to a series of court rulings, and noted that a memo from Mr. Ashcroft's deputy in August 2001 had effectively ratified the policy laid out by Miss Gorelick in 1995.

Two weeks later, on April 28, Mr. Ashcroft declassified more memos written by or receiving comment by Miss Gorelick, posting them on the Justice Department Web site, even though they had not been made available to the commission.

Mr. Ashcroft, who was traveling in Europe yesterday, did not respond to a request for a comment. The White House, the Justice Department and Miss Gorelick all declined to comment.

Report Rips TSA's Plans For Crisis (USAT)

By Thomas Frank

USA Today, October 6, 2006

WASHINGTON — The Transportation Security Administration may not be able to secure the nation's airports, transit systems and other vital operations during a terrorist attack, a government report released Thursday says.

The administration's ability to perform “essential functions” during an attack or other emergency “is at risk” and “could be impaired or fail,” according to the report, filed after an investigation by the Homeland Security Department inspector general.

The report criticizes the TSA for having inadequate plans to keep itself running in a terrorist attack, disaster or other emergency.

Such planning “has not been a priority for TSA nor have adequate resources been available,” Inspector General Richard Skinner wrote.

The TSA disputed the predictions, saying it could continue to operate during an emergency.

In a statement Thursday, the TSA called its contingency plans effective and said they got high marks during a recent test of how the agency would respond to an attack.

In a July letter to Skinner, the TSA said it has made contingency plans a “high priority” and is rewriting the plan to address shortcomings.

The TSA's potential problems suggest a fundamental flaw with national security, said Clark Kent Ervin, Skinner's predecessor. “If an agency that's designed to help the rest of the country recover can't itself recover from an attack, how helpful can it be to the rest of the country?”

Federal agencies must have plans enabling them to function for 30 days after an emergency.

The TSA's plan is “cumbersome” because it includes too many activities and people instead of focusing on priorities, Skinner's report said.

Some of the actions called for in TSA's current emergency plan include answering routine complaints and collecting customer feedback.

The TSA doesn't prioritize its plans and never completed a review of them, the report says.

Report Hits Preparedness To Protect Transport Systems (WT)

By Audrey Hudson

The Washington Times, October 6, 2006

Homeland Security officials still lack a continuity-of-operations plan to ensure that the nation's transportation systems are not interrupted in the wake of a terrorist attack, according to an inspector general report released yesterday.

DOJ_NMG_0076239

Without the plan, the Transportation Security Administration's (TSA) "ability to support, coordinate, and direct intermodal transportation security during an emergency could be impaired or fail," the report said.

The Federal Emergency Management Agency has the task of overseeing the plan, but "has provided only limited oversight," because it "does not currently "have the authority to serve as a regulatory agent responsible for ensuring" that agencies have a viable Continuity of Operations Plan (COOP), the report said.

In his response to the audit, FEMA Director R. David Paulison disputed whether his agency is responsible for oversight, rather than assistance.

The order says FEMA "shall coordinate and support" national emergency preparedness and does not specify the COOP program, Mr. Paulison said.

Mr. Paulison noted that nearly 30,000 employees have taken advantage of emergency courses offered by his agency.

According to federal guidelines, the TSA must be capable of implementing an emergency plan without warning and be fully operational within 12 hours.

The current program "only partially" addresses 11 key elements required in a plan, including alternate operating facilities, delegation of authority, orders of succession, protecting vital records, interoperable communications and reconstruction.

The TSA is a key component of homeland security and oversees security for highways, railroads, buses, mass transit systems, ports and 450 U.S. airports with 50,000 employees.

"TSA has developed a cumbersome COOP plan that would require more than 200 agency personnel to conduct 138 mission-essential functions at two or more different locations during the most extreme emergency situations," the report said.

The report questions some functions considered "essential," such as investigating routine complaints, paperwork, and collecting customer and airline feedback.

The specific "mission-essential" functions not addressed in the plan were redacted from the report, as well as some parts of the TSA's response to the investigations.

"TSA officials agreed that COOP planning has not been a TSA priority, as evidenced by the ...," one redacted statement in the report said.

The response from Robert Jamison, TSA deputy assistant secretary, completely redacted how the agency plans to address the 11 elements cited by the inspector general.

"However, TSA has made several significant changes to the program in recent months that are not reflected in the report," Mr. Jamison said. "For example, the assistant secretary has made COOP a high priority, and COOP management has begun developing a detailed and comprehensive program management plan and multi-year strategy."

The inspector general's report recommended more funding be allocated and stronger oversight from top homeland officials. After the audit began, the Department of Homeland Security allocated $10 million in funding for the program.

EU, U.S. Agree On Air Passenger Data (AP)

By Robert Wielaard

The AP, October 6, 2006

LUXEMBOURG - European Union and U.S. negotiators reached a deal on sharing trans-Atlantic air passenger data for anti-terror investigations, diplomats said Friday, concluding arduous talks that highlighted divisions over privacy rights.

Details of the agreement - reached a week after the two sides missed an Oct. 1 deadline - were not immediately revealed. It followed a trans-Atlantic video conference lasting at least seven hours, said EU diplomats who spoke on condition of anonymity because EU government representatives had not yet been formally notified of the deal.

Negotiators were briefing the 25 EU ambassadors about the deal before more discussions by EU justice and interior ministers later Friday.

The EU ministers were expected to endorse the accord, which replaces a 2004 trans-Atlantic air passenger privacy deal that the EU high court voided last May for technical reasons. The re-negotiated deal is an interim agreement; the EU and the U.S. hope to conclude a permanent one next year.

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Negotiations collapsed last week when EU negotiators - seeking a simple replacement accord - could not agree to a request by U.S. Homeland Security Secretary Michael Chertoff for more routine sharing of passenger data among U.S. law enforcement agencies. Washington also wanted the right to access airline reservation systems.

Under the lapsed agreement, passenger data is relayed to U.S. Customs and Border Protection officials who cannot routinely share it with other Department of Homeland Security agencies or the FBI.

Reaching a new deal had been an EU priority to ensure airlines could continue to legally submit 34 pieces of data about passengers flying from Europe to the United States. Such data - including passengers' names, addresses and credit card details - must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States.

Washington had warned that airlines failing to share passenger data faced fines of up to $6,000 per passenger and the loss of landing rights.

The talks reflected disagreements between the United States and the European Union over how far governments should go in curbing personal freedoms to prevent terror attacks.

During the negotiations, EU officials stressed they shared Washington's concerns about terrorism, but demanded strict data protection guarantees in return for more routine sharing of passengers' personal details among U.S. government law enforcement officials.

Washington and Brussels have already faced off over the U.S. administration's use of secret CIA detention centers in Europe to interrogate terror suspects.

European governments are also annoyed over a secret deal between the U.S. Treasury and the Belgium-based money transfer company SWIFT, which has for years secretly supplied U.S. authorities with massive amounts of personal data for use in anti-terror investigations, violating EU privacy rules.

Privacy restrictions tend to be stricter in Europe than in the United States.

EU, US Try To Nail Down Agreement On Sharing Air-travel Data (CSM)

By Susan Sachs

The Christian Science Monitor, October 6, 2006

PARIS

The European Union and American antiterrorism officials are close to resolving longstanding differences over sharing personal information about airline passengers.

An agreement could be reached Friday to clear up a murky situation for European airlines, which risked being in violation of EU laws if they provided passenger data to the United States, and risked being barred from US airports if they refused.

"We have an initial agreement, and we will be negotiating with them today," Friso Roscam Abbing, a spokesman for the European Commission, said on Thursday. "We hope that things go well."

The EU, citing privacy concerns, had objected to demands by the US Department of Homeland Security that airlines turn over data that might reveal a passenger's ethnicity or religion. It also balked at the US plan to keep the passenger information indefinitely.

The International Air Transport Association says about 105,000 people fly between Europe and the United States each day.

The draft agreement under discussion would require airlines to provide the US government up to 34 different types of passenger information, most of it collected when a reservation is made and the rest gathered just before takeoff.

Data that could indicate a passenger's religion - say, a request for a meal without pork, which is forbidden in Islam and Judaism - would not be transmitted. In addition, the US government would have to remove the passenger data received from European airlines from its databases after 11 years.

Answering another EU concern, the proposed new agreement would also specify that the US Customs and Border Protection agency could share the passenger information with other agencies, but only after notifying the EU on a case-by-case basis.

After 9/11, the US required all airlines using its airports to provide data about their passengers, including e-mail addresses, credit card numbers, and information about how and when they bought their tickets.

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The measure was presented as an antiterror tool that could help US investigators spot suspicious activity.

The European Parliament was hostile to the US demand from the start, with some members complaining that the Americans wanted too much personal information on passengers that could be used for purposes other than antiterror investigations.

A temporary accord between the EU commission and the US was reached in 2004, but the European Court of Justice invalidated it earlier this year.

European governments have objected to other US counterterror actions, including the use of European airspace and airports for secretly transporting terror suspects.

Last month, the EU also said it would investigate allegations that the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT, violated European privacy laws by sharing confidential banking records with American antiterror officials.

WAR NEWS:

Rice, In Baghdad, Insists That Iraqis Are 'Making Progress' (NYT)

By Philip Shenon

The New York Times, October 6, 2006

BAGHDAD, Oct. 5 — Wearing a helmet and a flak jacket and flanked by machine-gun-toting bodyguards to defend against insurgents, Secretary of State Condoleezza Rice came here Thursday, insisting that there were new signs of progress in Iraq and that the Bush administration had never sugarcoated its news about the American occupation.

"It is a quite critical time for the Iraqi government," Ms. Rice said of the reasons for her brief unannounced visit to the Iraqi capital.

"What the American people see on their television screens is the struggle," she said. "It is harder to show the political process that is going on at local levels, at provincial levels and indeed at the national level." Iraqis, she said, are "making progress."

Ms. Rice said she was in Iraq to offer support to Prime Minister Nuri Kamal al-Maliki and to urge him to move faster to settle political differences that are seen as having prevented actions to curb the insurgents' violence.

Ms. Rice met twice with Mr. Maliki on Thursday and praised him for his "excellent leadership of Iraq."

Yet signs of progress were not much in evidence in the first hours of her visit.

It began inauspiciously when the military transport plane that brought her to Baghdad was forced to circle the city for about 40 minutes because of what a State Department spokesman later said was either mortar fire or rockets at the airport.

On Thursday evening, during her meeting with President Jalal Talabani, the lights went out, forcing Ms. Rice to continue the discussion in the dark. It was a reminder of the city's erratic — and sometimes nonexistent — electrical service.

She arrived in the midst of an especially bloody few days for American troops. At least 21 American soldiers have been killed in Iraq since Saturday, most in Baghdad. Two car bombings in the city on Thursday left at least four Iraqi civilians dead.

The extraordinary security precautions for Ms. Rice's trip here — her first to Iraq in six months, her fifth as secretary of state — were evidence of continuing turmoil in Iraq three years after the American ouster of Saddam Hussein.

Traveling from Israel on Thursday morning, Ms. Rice had to abandon her comfortable official jet at an American air base in Turkey and to board a C-17A cargo plane equipped with antimissile technology for the final, 90-minute leg into Baghdad; that procedure has become routine for all high-ranking Bush administration officials visiting Iraq.

From the airport in Baghdad, Ms. Rice flew by military helicopter to the heavily fortified American-controlled Green Zone, bypassing the dangerous, explosives-strewn airport highway into the city.

Reporters traveling with her were told of the Baghdad trip only hours before departure and were instructed not to share details with anyone, including their editors and families, until she had arrived safely. They were barred from reporting how long she would stay in Iraq until after she had left the country.

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Meeting with reporters en route to Baghdad, Ms. Rice defended Prime Minister Maliki against recent criticism from senior Iraqi and American officials that he has failed to show the political muscle needed to prevent a full civil war.

"I do think he has the strength," she said. "I think he's a very good and strong prime minister."

She said that Mr. Maliki's government was "starting to really take some actions" to end the insurgency and restore order, including the move this week to suspend a brigade of about 800 Iraqi policemen for suspected complicity in death squads.

"That's a very positive thing, because we've said many times that the Interior Ministry in the prior government, before the permanent government was put in place, was not active enough" in dealing with police collusion with militias, she said.

"The security situation is not one that can be tolerated and it's not one helped by political inaction," she said. "That is a message that Prime Minister Maliki is trying to send."

While trying to put a brave face on the situation here, Ms. Rice defended the administration from accusations at home that President Bush and his closest advisers — Ms. Rice has been singled out among them — have not been truthful about Iraq.

The criticism has grown sharper since the disclosure of details last week of a book by the reporter Bob Woodward of The Washington Post, who has been granted extraordinary access to President Bush's inner circle in the past, that depicts the administration as dysfunctional and deceitful about the American invasion and occupation of Iraq.

In the book, Ms. Rice is described as having ignored warnings about a possible terrorist attack before Sept. 11, 2001, when she was the national security adviser, and as having discouraged debate about national security issues. Ms. Rice and the White House have disputed many of the book's assertions.

The book reports that President Bush's father, former President George Bush, who employed Ms. Rice on his National Security Council in the early 1990's, had said recently that she had been a "disappointment" and "not up to the job."

The senior Mr. Bush disputed that account during an interview on CNN with Larry King on Thursday. "That quote, that's a lie — I can't make it any more clear than that because I like Condoleezza Rice," he said. I can't believe Woodward — I haven't read the book — that he actually said I said that."

Mr. Bush said he spoke to Ms. Rice himself on Wednesday and added, "I guess there were some hurt feelings." He said he told her not to believe the account.

Meeting with reporters en route to Baghdad, Ms. Rice refused to be drawn into a discussion about the book. "Look, I'm not going to address Bob Woodward," she said.

Rice Pushes Iraqis To Defuse Violence (WP)

By Robin Wright

The Washington Post, October 6, 2006

BAGHDAD, Oct. 5 -- Secretary of State Condoleezza Rice urged the embattled Iraqi government on Thursday to accelerate efforts to foster national reconciliation and help end sectarian violence.

Rice, on an unannounced visit to the Iraqi capital, warned that Prime Minister Nouri al-Maliki's six-month-old administration has reached a "critical time" and needs to make faster progress to defuse the turmoil. A day earlier, U.S. military officials announced that the number of planted bombs in Iraq had reached "an all-time high" and that at least 24 U.S. soldiers had been killed since Saturday.

"The security situation is not one that can be tolerated and is not one that is helped by political inaction," Rice told reporters traveling with her.

Although Rice did not give a timeline, Sen. John W. Warner (R-Va.) warned Thursday that the United States should explore a "change of course" if the security situation in Iraq does not improve over the next 90 days.

"If these movements now being taken by the Iraqi leadership and their government do not bring about a reduction in the killings and all of the other disruption and do not point to a clear direction that Iraq is going . . . then I think we have to make some bold decisions here in our country, but make them in a way so that we don't allow this land of Iraq to be torn up and fall into the hands of terrorists," Warner, chairman of the Senate Armed Services Committee, said at a news conference in Washington after returning from his own trip to Iraq.

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After talks with Rice, Iraqi Foreign Minister Hoshyar Zebari acknowledged that Washington is expressing growing impatience with Iraq and asking for more tangible progress in both security and reconciliation of the country's divided religious, political and ethnic factions.

Over a dinner breaking the dawn-to-dusk fast during the holy month of Ramadan, Rice told Maliki and other Iraqi leaders that it was time for ordinary Iraqis to feel a difference, Zebari said. But he said she also confirmed the Bush administration's full support for the fragile young government.

Iraqi officials told Rice that they need time to make "slow but steady progress" on political reconciliation, for example, before they can act against factional militias, particularly the Shiite militias that might undercut Maliki's own support base, Zebari said. Maliki is a Shiite.

"Our role is not to resolve those issues for them. They are going to have to resolve those issues among themselves," Rice had earlier told reporters traveling with her. "Our role is to support all the parties, indeed to press all the parties to work toward that resolution quickly."

During the dinner, Iraq's parliamentary speaker, Mahmoud al-Mashhadani, suggested to Rice that U.S. troops reoccupy Baghdad, where the government's new security plan has made limited progress, according to both Iraqi and U.S. participants. Mashhadani, the leading Sunni Arab in government, until recently had denounced the continued U.S. military presence in Iraq.

Though U.S. officials rejected such a move, they took the exchange as a positive development because it reflected the changing Sunni attitude and a realization that the United States is not the enemy, a senior State Department official told reporters.

In a reflection of the deteriorating security situation here, Rice's plane was forced to circle Baghdad for nearly an hour before landing because of a mortar attack near the airport.

Violence continued to rage across Iraq, with at least 35 people killed or found dead in separate incidents across the country, police said.

The U.S. military announced that two Marines assigned to Regimental Combat Team 7 were killed in combat Wednesday in Anbar province, the volatile Sunni insurgent stronghold. And a Kurdish member of parliament, Mohammed Ridah Sinkawi, was assassinated by militia members in northeast Baghdad on Thursday night, according to Mohammed Abu Bakr, another Kurdish legislator.

Despite growing concern, even among some U.S. officials, about whether Iraq's leadership has the ability to take the firm steps required, Rice said she believes Maliki can do the job. "I think he has the strength. He's a good and strong prime minister," she said.

Rice praised Maliki for his "excellent leadership."

She also praised Iraqis as a strong people capable of facing the current political, economic and military problems. "This is an important time and a challenge for the Iraqi people . . . and we know that they will overcome these challenges," Rice said.

Rice, who is playing the dominant role in Iraq policy during President Bush's second term, also talked to the Iraqi leadership about the national compact aimed at settling outstanding and divisive issues in Iraq's new constitution. The compact seeks to resolve such problems as dealing with militias, distributing Iraq's oil revenue among its three major sectarian and ethnic groups, and determining how much autonomy to grant areas of the country under a federal system.

Rice made clear that the United States opposes a proposal by Kurds to channel oil revenue from Kirkuk, a disputed northern city, into the country's three primarily Kurdish provinces. "We believe that oil has to be a resource for the Iraqi people as a whole and benefits the people as a whole," Rice said. "Our only view, which we have communicated, is that oil needs to be a unifying factor, not one that makes the country less unified."

"The core of getting a stable security environment really does rest on getting some of these political issues resolved," Rice said.

Rice Urges Limit To 'Endless Debate' On Iraqi Division (WT)

By Nicholas Kralev

The Washington Times, October 6, 2006

DOJ_NMG_0076244

BAGHDAD -- Secretary of State Condoleezza Rice warned Iraqi leaders during an unannounced visit yesterday that they have limited time to end the factional wrangling that has produced political paralysis while violence in Baghdad rises to new heights.

A month before the U.S. midterm elections in which the Iraq war is a major issue, Miss Rice decried "what the American people see on their television screens."

Iraqi leaders "don't have time for endless debate of these issues," she told reporters during the flight to Baghdad, citing the division of oil wealth, changes to the national constitution and the desire for greater regional autonomy.

"They have really got to move forward," she said. "That is one of the messages that I'll take, but it will also be a message of support and what can we do to help."

A senior U.S. official said later that Miss Rice had told the Iraqis that most Americans, when looking at Iraq, "don't see the fine print" and are unaware of the country's "historical narrative."

"What they see is Iraqis killing Iraqis," he said. "This is not a good picture."

U.S. military spokesman Maj. Gen. William B. Caldwell announced a day before Miss Rice's arrival that the number of planted bombs in Baghdad was "at an all-time high," while U.S. military fatalities in the capital had jumped to 22 in four days.

The tense security situation was driven home when Miss Rice's plane was forced to circle for close to an hour before landing because of what U.S. officials described as "indirect" fire against the Baghdad airport complex.

The Sunni speaker of Parliament, Mahmoud Mashadani, suggested to Miss Rice that the United States "reoccupy" Baghdad, U.S. and Iraqi officials said. The senior U.S. official said that Miss Rice took that to reflect the view of many Sunnis, who once rejected the U.S. presence but now look to the Americans for protection.

The secretary praised a decision by Iraqi authorities on Wednesday to pull a brigade of about 700 policemen out of service because of suspected ties to death squads that have largely targeted Sunnis.

"That's a very positive thing, because we've said many times that the Interior Ministry in the prior government ... was not active enough in really rooting out potential corruption and potential violence within the ministry itself or of the ministry forces," she said.

She credited Nouri al-Maliki's government for acting against the police brigade and called him "a very good and strong prime minister." She met with Mr. al-Maliki, President Jalal Talabani and other Shi'ite and Sunni leaders. She had a second meeting with Mr. al-Maliki at the end of the evening.

"Our role is to support all the parties and, indeed, to press all the parties to work toward that resolution quickly, because obviously the security situation is not one that can be tolerated, and it is not one that is being helped by political inaction," Miss Rice said.

She urged her hosts "to get a national reconciliation plan, to get everybody to understand precisely how their interests are going to be represented." She also told them to "pull more people into the political process and out of the insurgency."

On Monday, Mr. al-Maliki announced a new security plan for Baghdad, creating local committees in which Sunnis and Shi'ites are meant to work together to stop the violence on a district-by-district level. Details of the plan have yet to be fleshed out.

Miss Rice declined to offer specific advice on how Iraqis should amend their constitution or sort out the autonomy issues, but she weighed in on a dispute over the ownership of oil in the Kurdish north.

"We believe that oil has to be a resource for the Iraqi people as a whole, and it has to benefit the Iraqi people as a whole," she said. "The relationship between the regions, the localities and the center on how exploration is done, how decisions are made, I think that's what the hydrocarbon law has to address."

Miss Rice was to visit the Kurdish north today, concluding her fifth visit to Iraq since she became secretary of state in January 2005. She was here twice in April -- first with then-British Foreign Secretary Jack Straw to push for the formation of a Cabinet, and then with Defense Secretary Donald H. Rumsfeld to lend support to Mr. al-Maliki.

Iraq Leaders Urged To Settle Differences (AP)

By Anne Gearan

AP, October 5, 2006

DOJ_NMG_0076245

Secretary of State Condoleezza Rice warned Iraqi leaders on Thursday they have limited time to settle their differences and that the escalating waves of violence are intolerable.

On a visit five weeks before congressional elections in the U.S., Rice also insisted the Bush administration has been honest with Americans about the costs and stakes in Iraq.

Administration officials recently have found themselves defending their conduct of the war, and Rice's remarks reflected the political toll for the White House from an unpopular conflict.

"This is really hard going," Rice told reporters during her stop in the Iraqi capital. "Not only do I believe that the president has been clear with the American people that this is a struggle, he's been clear with the American people why he thinks it's a struggle that needs to be waged."

After meetings in the Mideast with Arab and Israeli leaders, the top U.S. diplomat came to Iraq to tell sometimes squabbling leaders they have a short window to resolve disputes that she said are spurring sectarian and insurgent violence.

While killings among Iraqis have not abated, American casualties also have spiked recently.

Car bombs killed four people and wounded 28 in Baghdad on Thursday. At least 23 U.S. soldiers have died since Saturday; most were in Baghdad amid a massive security sweep by U.S. and Iraqi forces.

Rice said the U.S. role is "to support all the parties and indeed to press all the parties to work toward that resolution quickly because obviously the security situation is not one that can be tolerated and it is not one that is being helped by political inaction."

In a series of meetings with leaders representing most ethnic and religious factions, Rice delivered a blunt message about how Americans do not see the history behind ethnic and sectarian splits, said a senior State Department official present at the sessions.

The official, who spoke on condition of anonymity because the meetings were confidential, said Rice also said Americans need to see Iraqis working together rather than killing one another.

Rice met with Prime Minister Nouri al-Maliki and other officials as the sectarian cycle of revenge killings between Shiites and Sunnis threatened to undermine his government. Shiite and Sunni parties in al-Maliki's coalition accuse each other of backing militias.

Al-Maliki told Iraqi state TV on Thursday that the country is in the final stage of "confronting the security challenge" and that security would be achieved "within the two or three months to come."

Rice said Iraqis themselves must settle difficult problems such as the division of oil wealth, possible changes to the constitution and the desire for greater autonomy in various regions.

"Obviously the security side and the political side are linked," Rice told reporters.

In an interview with The Associated Press, al-Maliki said that once the Iraqis work out their differences, "the political solution must be obligatory, one that all parties adhere to. The presence of parties with militias in the government is not acceptable."

Rice described the task as "the ability to get everybody to understand precisely how their interests are going to be represented and how their interests are going to be served in this political process."

Al-Maliki made curbing Baghdad violence his first priority after taking office in the spring. But curfews and other measures have failed to make much difference.

On Monday, al-Maliki announced a security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts at quelling the violence on a district-by-district level.

Contentious details of the plan must be worked out, and Shiite and Sunni parties twice have put off negotiations.

"This is, of course, a time of challenge for the Iraqi people," Rice said after a brief meeting with al-Maliki. "They are a committed people and we know they will overcome these challenges."

Rice's plane circled the Baghdad airport for 35 minutes before landing because of a threat from "indirect fire" — mortar rounds or rockets — in the airport area, State Department spokesman Sean McCormack told reporters.

In Washington, U.S. Senate Democrats issued a press release Thursday calling attention to the growing number of U.S. casualties and a record level of bomb attacks in Baghdad.

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In AP-Ipsos polling last month, more than half of Americans said the United States was losing ground in Iraq. About 40 percent approved of President Bush's job performance.

Rice disputed that the administration has been less than candid about Iraq. Now in its fourth year, the conflict has claimed more than 2,700 American lives and cost more than $300 billion.

A new book by journalist Bob Woodward about the wartime White House, asserts that the administration routinely has understated the difficulties and fudged hard truths in Iraq.

"I would say, go back and look at any presidential speech in the last year and the discussion of the fact that this is very tough going is in there," Rice said.

Rice In Iraq Visit (FT)

By Steve Negus

Financial Times, October 6, 2006

Condoleezza Rice, US secretary of state, made a surprise visit to Iraq on Thursday, pressing the country's leaders to move more quickly to deal with sectarian violence.

"They don't have time for endless debate of these issues," Ms Rice said before meeting Nouri al-Maliki, the prime minister.

Ms Rice said Iraqis must resolve for themselves divisive issues such as control of oil wealth and formation of autonomous regions.

The visit came just three days after Mr Maliki had announced an initiative setting up local committees to oversee the security forces.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 6, 2006

Bolton fallback

Some congressional staffers are talking up a fallback position in the event that John R. Bolton, U.S. ambassador to the United Nations, is not confirmed by the Senate in his current post.

President Bush made a recess appointment in August 2005, after Democrats and one Republican blocked his confirmation. Senate Foreign Relations Committee Chairman Richard G. Lugar, Indiana Republican, wants another committee vote. But now Sen. Lincoln Chafee, Rhode Island Republican, who is in a tight re-election battle in a liberal-leaning state, is balking.

With confirmation prospects looking dim, Mr. Bolton's recess appointment will expire when a new Congress convenes Jan. 3.

The fallback: Mr. Bush could name Mr. Bolton as a deputy U.N. representative, a non-confirmable position, and then name him "acting" U.N. ambassador. Such a move would require some musical chairs of current deputies in the U.S. representative office in New York.

During a meeting at The Washington Times this week, we asked R. Nicholas Burns, undersecretary of state for political affairs, about such a deal. "We want confirmation," he said. "We do not discuss fallback positions."

Iran option

A former Navy intelligence officer weighs in on how the world will stop Iran from building nuclear bombs:

"I really believe the Israelis are going to strike [Iran's] several uranium processing factories soon. They cannot survive a first strike. This time, unlike when they sent eight F-16s to destroy the Iraqi reactor Osirak, I think they will use the Jericho missiles and the submarine-launched, nuclear-tipped Tomahawks to do nuclear strikes. Most of the factories are 150 meters underground and too deep for bunker busters."

SLAM-ER

Boeing recently conducted a successful flight test of the Navy's extremely accurate Standoff Land Attack Missile-Expanded Response, known by the appropriate acronym, SLAM-ER. The test was against a simulated Iranian Shahab-3 mobile missile and a Russian-made SA-10 air defense missile.

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The SLAM-ER scored a direct hit against the moving SA-10 target at the Navy's China Lake, Calif., air warfare test center on Sept. 13, the company said.

That test followed a June 1 flight test missile attack against a Shahab-3 missile launcher mock-up.

"SLAM-ER now has the flexibility to engage both fixed and moving land targets," said Jan Browne, Boeing's naval weapons director. "This demonstrated capability greatly enhances the Navy's ability to engage high-interest mobile targets in today's varied threat environment."

The latest test-firing was carried out from a Navy F/A-18 jet, which was able to relay targeting data to the SLAM-ER after it was launched.

The next test will involve firing the missile at a SA-3 missile launcher, and the SLAM-ER will attempt to hit the target as it changes speed and maneuvers.

The satellite-guided missile has a range of up to 155 miles and is extremely accurate.

Rummy on war

Defense Secretary Donald H. Rumsfeld told journalist Bob Woodward that the global war on terrorism will be won like the Cold War, without a final traditional military battle.

"The Cold War was won not by some buildup to a crescendo of a military battle," Mr. Rumsfeld said July 7. "It was won economic, political and military. And the war on terror, the struggle against violent extremists, is going to be won the same way, over an sustained period of time."

Viewing the war as purely a military battle is wrong and winning will take "patience and persistence."

"And ultimately it will take what helped us prevail in the Cold War, and that is the fact that through successive administrations of both political parties, people recognized the threat and they were willing to invest and persevere, and they were willing to work with other countries in Western Europe, in this case, and make tough decisions."

Mr. Rumsfeld also expressed his doubts about the reliability of U.S. intelligence assessments.

Asked about a May intelligence assessment that the Sunni insurgency in Iraq was gaining strength, Mr. Rumsfeld said: "I read so many of those intelligence reports and they are all over the lot.

"In a given day, you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it or Pete Pace, 'Is that your view?' and trying to triangulate and see what people think, but it changes from month to month. I'm not going to get tied to saying I agree or don't agree with something like that."

He was referring to Gen. George Casey, the top commander in Iraq; Gen. John Abizaid, the head of U.S. Central Command; and Gen. Peter Pace, Joint Chiefs chairman.

Mr. Rumsfeld last week told reporters he is a not a fan of Mr. Woodward and has not read his earlier books, "so I wouldn't hold your breath on this one."

USS Bush

The Navy tomorrow will christen its new Nimitz-class aircraft carrier, the USS George H.W. Bush, at a ceremony in Newport News, Va.

President Bush will speak at the ceremony for the ship named after his father, former President George Bush.

The USS George H.W. Bush will be the last of the Navy's Nimitz-class carriers and will honor the former World War II naval aviator. Mr. Bush was shot down while flying an Avenger torpedo during an attack on enemy installations near Chichi Jima in September 1944.

"Although the plane was on fire and heavily damaged, he completed a strafing run on the target before bailing out of the doomed aircraft," the Navy said in announcing the christening.

Mr. Bush parachuted into the sea and later was rescued by the Navy submarine USS Finback. He was awarded the Distinguished Flying Cross and three Air Medals.

The 97,000-ton ship, when commissioned and operational, will carry 5,000 crew members and about 75 warplanes.

Warner Downbeat After Iraq Trip (WP)

By Josh White

DOJ_NMG_0076248

The Washington Post, October 6, 2006

The Republican chairman of the Senate Armed Services Committee yesterday offered a stark assessment of the situation in Iraq after a trip there this week, saying that parts of the country have taken "steps backwards" and that the United States is at risk of losing the campaign to control an increasingly violent Baghdad.

Sen. John W. Warner (Va.) told reporters on Capitol Hill that the Iraqi government is having trouble making strides and is incapable of providing even basic human necessities to people in certain areas of the country. Though Warner praised U.S. efforts to keep Iraq under control, he was far less optimistic about the situation there than he had been over the past three years.

Echoing the sentiments of several leading Democrats on his committee, Warner said he believes the United States may have to reevaluate its approach in Iraq if the situation does not improve dramatically over the next several months.

"I assure you, in two or three months, if this thing hasn't come to fruition and if this level of violence is not under control and this government able to function, I think it's a responsibility of our government internally to determine: Is there a change of course that we should take?" Warner said. "And I wouldn't take off the table any option at this time."

Warner and other senators traveled to Jordan, Iraq and Israel this week to discuss the security situation and to evaluate the progress of the Iraqi government. He said U.S. military commanders believe there is no way to reduce the number of U.S. troops in the region in the foreseeable future because of a steady increase in the level of violence, and he added that it is important to acknowledge the civil insurrection, sectarian violence, "unacceptable level" of killings and "heavy casualties" among U.S. forces there.

Sen. Carl M. Levin (Mich.), the committee's ranking Democrat, who was on the same trip, called yesterday for a change in dynamic in Iraq if the government continues to falter in the coming months.

Warner blamed the Iraqi leaders for failing to improve conditions. "You do not see them taking the levers of sovereignty and pulling and pushing them and doing what is necessary to bring about a situation in Iraq whereby the people are able to live, have sufficient food and fresh water, and have a sense of confidence in their government that they're going forward," Warner said.

But he said the situation is not beyond repair. "We're not going to give up hope yet. Let's give it more time to work."

Warner acknowledged that, before the invasion of Iraq, there was a lack of understanding among members of Congress about how much it would take to give Iraq full sovereignty. He blamed himself for not aggressively asking such questions before the war.

Senator Says U.S. Should Rethink Iraq Strategy (NYT)

By David S. Cloud

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — The Republican chairman of the Senate Armed Services Committee warned Thursday that the situation in Iraq was “drifting sideways” and said that the United States should consider a “change of course” if violence did not diminish soon.

The chairman, Senator John W. Warner of Virginia, expressed particular concern that Prime Minister Nuri Kamal al-Maliki had not moved decisively against sectarian militias.

“In two or three months if this thing hasn’t come to fruition and this level of violence is not under control, I think it’s a responsibility of our government to determine: Is there a change of course we should take?” Senator Warner said.

He did not specify what shift might be necessary in Iraq, but he said that the American military had done what it could to stabilize Iraq and that no policy options should be taken “off the table.” He was speaking at a Capitol Hill news conference after returning from a Middle East trip that included a one-day visit to Baghdad.

His comments underscored the growing misgivings of even senior Republicans about the situation in Iraq. They also appeared to be a warning to the Bush administration that it might have to consider different approaches after the November midterm elections.

Mr. Warner, whose term as chairman expires at the end of the year, said he hoped his committee would be able to hold hearings in November on policy options recommended by an independent panel, led by former Representative Lee H. Hamilton of Indiana and former Secretary of State James A. Baker III.

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Mr. Warner said the idea of partitioning Iraq along ethnic and sectarian lines would have "very serious consequences," and he refused to endorse the idea of setting a timetable for a phased withdrawal of American troops.

In a separate news conference, Senator Carl Levin of Michigan, the top Democrat on the committee, said he told Iraqi officials during the trip that he favored setting a date for a drawdown of troops.

Mr. Levin described a plan that Mr. Maliki announced Monday to increase security in Baghdad as "very tenuous." The plan has no provisions for disarming sectarian militias, he said.

Mr. Levin added that the American ambassador in Baghdad, Zalmay Khalilzad, had told him during the trip that such warnings were a "useful message" to send to Mr. Maliki, though the administration had not endorsed the idea.

"I think the time is coming when the administration is going to deliver that message," he said, "because it's the only way, I believe, to change the dynamic in Iraq."

How Al Qaeda Views A Long Iraq War (CSM)

By Dan Murphy

The Christian Science Monitor, October 6, 2006

CAIRO

In appearances across the US, President Bush has been campaigning against withdrawing troops from Iraq, arguing that to leave now would hand a historic victory to Al Qaeda and inspire new generations of jihadists to attack the US.

But a letter that has been translated and released by the US military indicates that Al Qaeda itself sees the continued American presence in Iraq as a boon for the terror network, which has recently shown signs of expanding into the Palestinian territories and North Africa.

"The most important thing is that the jihad continues with steadfastness ... indeed, prolonging the war is in our interest," says the writer, who goes by the name Atiyah. The letter, released last week, was recovered in the rubble of the Iraqi house where Abu Musab al-Zarqawi, former leader of Al Qaeda in Iraq, was killed by a US bomb in June.

If the letter is accurate, it provides a window into the group's strategic thinking on Iraq that differs starkly from the one the Bush administration has been expressing publicly - a view the president reiterated Wednesday when he said that Al Qaeda believes that "America is weak, and if they can kill enough innocent people we'll retreat. That's precisely what they want."

While the letter was released only recently, Atiyah, thought to be a senior Al Qaeda leader whose full name Atiyah Abd al-Rahman, apparently wrote it last December from the Pakistani region of Waziristan. It has surfaced among a flurry of other communiqués from Al Qaeda.

Al Qaeda's No. 2, Ayman al-Zawahiri, released a videotape this week in which he lashed out at Mr. Bush and Pope Benedict XVI. On Sept. 28, Abu Hamza al-Muhajir, believed to have replaced Mr. Zarqawi as the leader of Al Qaeda in Iraq, published an Internet statement in which he reached out to Sunni tribal leaders who have been in conflict with Al Qaeda. And a new group claiming to be Al Qaeda in Palestine issued a video attacking Palestinian political leaders.

But the Atiyah letter, reflecting as it does the candid opinions of Al Qaeda, rather than the group's propaganda statement crafted for public consumption, appears to offer the most insight. It is largely focused on the fact that Zarqawi's tactics were alienating Iraqi Sunni leaders, and urges him to move with more caution.

He strongly warned Zarqawi against assassinating Sunni leaders. Al Qaeda is a Sunni organization that has been trying to use minority Sunni anxiety in Iraq to build support. The letter also called the Zarqawi-organized bombing of three hotels in Jordan in 2005 a "mistake," arguing that expanding Iraq's jihad beyond its borders too soon will cost them public support.

At one point, Atiyah muses that perhaps Zarqawi should step down from his leadership role, "if you find at some point someone who is better and more suitable than you." Since Zarqawi's death, a "more suitable" figure from Al Qaeda's standpoint has indeed emerged.

"In order to understand this letter one has to see the circumstances of when this letter was released," says Rita Katz, the director of the SITE Institute, which is devoted to tracking Islamist militant groups. "This followed after Zarqawi had an audio message ... in which he threatened the tribes of the Sunnis who wouldn't cooperate with him. That was a real turning point.

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"The letter from Atiyah is basically his response to this. He's telling him that instead of fighting Sunni opponents, you should reach out with more peaceful solutions."

Ms. Katz says Mr. Muhajir's Sept. 28 statement shows he has taken that advice to heart. She points out that a number of Sunni tribes in Iraq's turbulent Anbar Province have turned against Al Qaeda's main umbrella group in Iraq, the Mujahideen Shura Council (MSC), in recent months.

"Al-Muhajir's latest speech was quite interesting, because he basically said sorry to the heads of the Sunni tribes. 'We need you. We'll work together to defeat the enemy.' "

The day before his speech, Al Jazeera reported a statement it said was delivered by Ahmad Naji al-Juburi, head of the tribal council in Salahuddin Province north of Baghdad, in which he lashed out at Al Qaeda for killing "civilians, defenseless people, police and security men ... Al Qaeda said it came to Iraq for jihad and to liberate it from occupation [but] what Al Qaeda is doing is utterly at odds with what it announced."

Katz and others say Muhajir is eager to mend fences with Sunni leaders, because he knows that if Al Qaeda loses the support of Sunni tribes, it will be in a very tenuous position.

"Al-Muhajir took another step toward undoing some of the alienation Abu Musab al-Zarqawi had created in Iraq's Sunni community," Michael Scheuer, who ran the CIA's bin Laden unit from 1996 to 1999 and is now a senior fellow at the Jamestown Foundation in Washington wrote in a commentary on Muhajir's and other recent Al Qaeda communications.

How long Muhajir will be in charge of Al Qaeda in Iraq is unclear. Earlier this week, Iraqi National Security Adviser Mowaffak al-Rubaie said security forces are close to catching him. On Sept. 28, the US military caught a man it described as his driver. But given the ease with which Al Qaeda in Iraq weathered the killing of Zarqawi, analysts are skeptical that killing Muhajir will have much impact on Iraq's war.

"When Zarqawi was killed, people said that was the end of the insurgency and the end of the mass killings. But in fact we've seen mass killings increase dramatically since," says Katz. "Al Qaeda in Iraq played an important role at the beginning of the war. Zarqawi set up something that hadn't existed before, but at this stage the infrastructure is set up very nicely."

Angels And Intelligence Estimates (WP)

By Charles Krauthammer

The Washington Post, October 6, 2006

Lost between the Foley tsunami and the Woodward hurricane is the storm that began the great Republican collapse of 2006. It was only a few weeks ago that the Republicans were clawing their way back to contention for the November elections, their prospects revived by the president's strong speeches on terrorism around the Sept. 11 anniversary, the landmark legislation on treating and trying captured terrorists, and a serendipitous fall in gas prices.

Then came the momentum stopper, the leaked National Intelligence Estimate that was trumpeted as definitive evidence that the war in Iraq had made terrorism worse. Mark Foley's folly and Bob Woodward's history have overwhelmed that story, but it will remain an unrebutted charge long after Foley is forgotten and Woodward is remaindered. It demands debunking.

The question posed -- does the Iraq war increase or decrease the world supply of jihadists? -- is itself an exercise in counting angels on the head of a pin. Any answer would require a complex calculation involving dozens of unmeasurable factors, as well as construction of a complete alternate history of the world had the U.S. invasion of 2003 not happened.

Ah, but those seers in the U.S. "intelligence community," speaking through a leaked National Intelligence Estimate -- the most famous previous NIE, mind you, concluded that Saddam Hussein had weapons of mass destruction, slam-dunk -- have peered deep into the hypothetical past and found the answer. As spun by Iraq war critics, the conclusion is that Iraq has made us less safe because it has become a "cause celebre" and a rallying cry for jihad.

Become? Everyone seems to have forgotten that Iraq was already an Islamist cause celebre and rallying cry long before 2003. When Osama bin Laden issued his declaration of war against America in 1998, his two principal justifications for the jihad that exploded upon us on Sept. 11, 2001, centered on Iraq: America's alleged killing of more than 1 million Iraqis through the post-Gulf War sanctions and, even worse, the desecration of Islam's holiest cities of Mecca and Medina by the garrisoning of infidel U.S. soldiers in Saudi Arabia (as post-Gulf War protection from the continuing threat of invasion by Hussein).

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The irony is that the overthrow of Hussein eliminated these two rallying cries: Iraqi sanctions were lifted and U.S. troops were withdrawn from the no-longer-threatened Saudi Arabia. But grievances cured are easily replaced. The jihadists wasted no time in finding new justifications for fury and reviving old ones. The supply is endless: Danish cartoons, papal pronouncements, the liberation of women, the existence of Israel, the licentiousness of Western culture, the war in Afghanistan. And, of course, Iraq -- again.

How important is Iraq in this calculus? The vaunted National Intelligence Estimate -- unspun -- offers a completely commonplace weighing of the relationship between terrorism and Iraq. On the one hand, the American presence does inspire some to join the worldwide jihad. On the other hand, success in the Iraq project would blunt the most fundamental enlistment tool for terrorism -- the political oppression in Arab lands that is deflected by cynical dictators and radical imams into murderous hatred of the West. Which is why the Bush democracy project embodies the greatest hope for a reduction of terrorism and why the NIE itself concludes that were the jihadists to fail in Iraq, their numbers would diminish.

It is an issue of time frame. The bombing of the Japanese home islands may have increased short-term recruiting for the kamikazes. But success in the Pacific war put a definitive end to the whole affair.

Moreover, does anyone imagine that had the jihadists in Iraq remained home they would now be tending petunias rather than plotting terror attacks? Omar al-Farouq, leader of al-Qaeda in Southeast Asia, escaped from a U.S. prison in Afghanistan a year ago and was apparently drawn to the "cause celebre" in Iraq. Last month he was killed by British troops in a firefight in Basra. In an audiotape released Sept. 28, the leader of al-Qaeda in Iraq said that more than 4,000 of its recruits have been killed there since the American invasion. Like Omar al-Farouq and Abu Musab al-Zarqawi, they went to Iraq to die in Iraq.

It is clear that one of the reasons we have gone an astonishing five years without a second attack on the American homeland is that the most dedicated and virulent jihadists have gone to Iraq to fight us, as was said during World War I, "over there."

Does the war in Iraq make us more or less safe today? And what about tomorrow? The fact is that no definitive answer is possible. Except for the following truism: During all wars we are by definition less safe -- and the surest way back to safety is victory.

Kurdish Lawmaker Killed In An Attack In Baghdad (NYT)

By Michael Luo, Khalid Al-ansary

The New York Times, October 6, 2006

BAGHDAD, Oct. 5 — A Kurdish lawmaker, along with his driver, was shot and killed here Thursday afternoon. He was the first Parliament member in the current government to be assassinated, officials said.

The lawmaker, Mohammad Redha Mohammad, was an Islamist Sunni in the mostly secular Kurdistan Alliance, which represents the second-largest bloc in the Iraqi National Assembly.

Mr. Mohammad's religious background raises the possibility that his killing was yet another example of the sectarian violence that has riven this country since February's bombing of a Shiite shrine in Samarra.

An Interior Ministry official said the two bodies had been found by the Iraqi police in northern Baghdad, just a few yards from offices of the Sunni Endowment, a government organization that administers Sunni mosques. It is in Slaikh, a neighborhood that has been troubled by sectarian violence. Both men had been shot in the head.

Members of Parliament are permitted to hire up to 20 bodyguards, but Mr. Mohammad had none with him on Thursday, said Arif Tayfoor, deputy speaker of the Kurdistan Alliance, who confirmed the discovery of the body. Mr. Mohammad probably felt comfortable visiting the organization without his personal security detail because of his Islamist credentials, Mr. Tayfoor said.

Over the summer, a prominent Sunni lawmaker was kidnapped and held for nearly two months by men she described as religious Shiites. Her kidnapping prompted others in her Sunni political party, the Iraqi Islamic Party, to boycott Parliament for weeks, complaining that the Shiite-led government was not doing enough to rein in Shiite militias.

American officials have been increasing pressure on the Iraqi government to take concrete steps to rein in both Sunni and Shiite militias, which have close ties to the political parties.

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A flurry of news reports earlier in the day briefly raised hopes that Al Qaeda's new leader in Iraq, Abu Ayyub al-Masri, had been killed. American military and Iraqi government officials later said that the reports were probably not true, but that to make sure, DNA tests would be performed on the body of a man killed in a recent firefight in Anbar Province. Mr. Masri is believed to have taken over Al Qaeda in Mesopotamia after Abu Musab al-Zarqawi was killed in June.

On Wednesday, Maj. Gen. William B. Caldwell IV, the chief American military spokesman in Iraq, told reporters that a former driver and personal assistant to Mr. Masri had been captured in a recent raid in Baghdad. The former driver was the second close associate of Mr. Masri, an Egyptian explosives expert who is said to have trained at a Qaeda camp in Afghanistan in 1999, to be captured in the past month.

Days earlier, Iraq's national security adviser, Mowaffak al-Rubaie, had boasted at a news conference that the government was closing in on Mr. Masri, showing captured videotape of a man identified as Mr. Masri demonstrating how to rig a car bomb.

The skirmish in Anbar occurred within the last few days, said Lt. Col. Barry Johnson, a military spokesman, declining to be more specific. A group of American troops came under fire and fought back, killing several insurgents, he said. The military believes they were affiliated with Al Qaeda, he said, but has determined that it is "highly unlikely" that Mr. Masri was among them.

The DNA results will be available within days, said Ali al-Dabbagh, a spokesman for the Iraqi prime minister's office.

Violence continued elsewhere in the capital, where American troops and their Iraqi counterparts have been in the midst of a stepped-up military campaign, going neighborhood by neighborhood to search buildings and secure areas. Despite these efforts, General Caldwell said Wednesday that bombings were at an all-time high since the war began in March 2003.

On Thursday, a roadside bomb detonated at 6 a.m. near Bab al-Sharji, a busy commercial district. About 20 construction workers gathered in the area were wounded. Later in the morning, a car bomb exploded in Huriya, a mixed neighborhood in northern Baghdad rife with sectarian violence, killing two people and injuring two others.

A car bomb exploded in the afternoon in the town of Abu Ghraib, west of Baghdad, near an Iraqi police and army convoy. The blast killed a woman and wounded seven other people, including a soldier.

At least 35 bodies were found dumped in various parts of the city between 6 a.m. Thursday and midnight. Most of them showed signs of torture and had been handcuffed, blindfolded and shot in the head at close range, an Interior Ministry official said.

Anti-U.S. Attack Videos Spread On The Internet (NYT)

By Edward Wyatt

The New York Times, October 6, 2006

LOS ANGELES, Oct. 5 — Videos showing insurgent attacks against American troops in Iraq, long available in Baghdad shops and on Jihadist Web sites, have steadily migrated in recent months to popular Internet video-sharing sites, including YouTube and Google Video.

Many of the videos, showing sniper attacks against Americans and roadside bombs exploding under American military vehicles, have been posted not by insurgents or their official supporters but apparently by Internet users in the United States and other countries, who have passed along videos found elsewhere.

Among the scenes being viewed daily by thousands of users of the sites are sniper attacks in which Americans are felled by snipers as a camera records the action and of armored Humvees or other military vehicles being hit by roadside bombs.

In some videos, the troops do not appear to have been seriously injured; in one, titled "Sniper Hit" and posted on YouTube by a user named 69souljah, a serviceman is knocked down by a shot but then gets up to seek cover. Other videos, however, show soldiers bleeding on the ground, vehicles exploding and troops being loaded onto medical evacuation helicopters.

At a time when the Bush administration has restricted photographs of the coffins of military personnel returning to the United States and the Pentagon keeps close tabs on videotapes of combat operations taken by the news media, the videos give average Americans a level of access to combat scenes rarely available before, if ever.

Their availability has also produced some backlash. In recent weeks, YouTube has removed dozens of the videos from its archives and suspended the accounts of some users who have posted them, a reaction, it said, to complaints from other users.

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More than four dozen videos of combat in Iraq viewed by The New York Times have been removed in recent days, many after The Times began inquiries.

But many others remain, some labeled in Arabic, making them difficult for American users to search for. In addition, new videos, often with the same material that had been deleted elsewhere, are added daily.

Russell K. Terry, a Vietnam veteran who founded the Iraq War Veterans Organization, said he had mixed feelings about the videos.

"It's unfortunate there's no way to stop it," Mr. Terry said, even though "this is what these guys are over there fighting for: freedom of speech."

One YouTube user, who would not identify himself other than by his account name, facez0fdeath, and his location, in Britain, said by e-mail that he posted a video of a sniper attack "because I felt it was information the U.K. news was unwilling to tell."

"I was physically sickened upon seeing it," he said, adding, "I am wholly opposed to any form of censorship."

The video he posted, which had been viewed more than 33,000 times, was removed earlier this week.

Another YouTube user, who said he was a 19-year-old in Istanbul and who posted more than 40 videos of Iraq violence, said via e-mail that "anti-war feelings and Muslim beliefs (the religion of peace) motivates me."

Neal O. Newbill, a freshman at the University of Memphis who viewed some of the YouTube videos and posted comments on them, said in an interview that he was enraged by the recorded chants of "Allahu Akbar," Arabic for "God is great," that follow some of the sniper attacks.

But Mr. Newbill added that he was awed by the size of the blasts from the improvised explosive devices, or I.E.D.'s, used against American vehicles. A son, nephew and grandson of American veterans, Mr. Newbill said he had sought out the videos, searching on YouTube for "I.E.D.," "because I like watching stuff blow up."

The Web sites also contain a growing number of video clips taken by American soldiers. One shows the view from the back of a truck containing several members of a platoon, whose vehicle then hits an I.E.D. and is turned on its side. A few videos also show American servicemen or private security guards firing at attackers, and one shows an American rocket-propelled grenade hitting a building from which insurgents are firing.

A spokesman for United States Central Command, which oversees troops in Iraq, said the military was aware of the use of common Internet sites by both insurgent groups and American military personnel.

"Centcom is aware we are facing an adaptive enemy that uses the Internet as a force multiplier and as a means of connectivity," Maj. Matt McLaughlin, the spokesman, said by e-mail.

While posting of Web logs, pictures and videos by American troops is subject to military regulations, Major McLauglin said, "Al Qaeda uses the Internet and media to foster the perception that they are more capable than they are."

Some of the videos are obvious propaganda, with Arabic subtitles and accompanying music, while others simply have scenes without sound or graphics. They appear to be real, though the results of attacks are not always clear.

One frequently posted video shows individual photographs of several hundred American soldiers allegedly killed by a Baghdad sniper referred to as Juba. But a television news report from the German weekly Der Spiegel that also has been posted on the video sites shows an interview with one American soldier whom the insurgent group claimed to have killed but whose protective vest stopped the sniper's bullet.

Geoffrey D. W. Wawro, director of the Center for the Study of Military History at the University of North Texas and a former instructor at the United States Naval War College, said the erosion of the command structure of terrorist and insurgent groups had led them to increase their reliance on the Internet and videos to gain recruits.

American troops, too, have always sent snapshots home from the front, Mr. Wawro said, and digital pictures and video are simply a new incarnation of that.

"This is how the new generation does things," he said.

"It results in a continued trivialization of combat and its effects," Mr. Wawro added, "but no one feels completely comfortable saying, Don't do it."

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YouTube does feel comfortable saying so, however, as does Google Video. Both have user guidelines that prohibit the posting of videos with graphic violence, a measure that spokeswomen for each service said was violated by many of the Iraq videos.

Julie Supan, senior director of marketing for YouTube, said the company removed videos after they were flagged by users as having inappropriate content and were reviewed by the video service.

In an e-mail message, Ms. Supan said that among the videos removed were those that "display graphic depictions of violence in addition to any war footage (U.S. or other) displayed with intent to shock or disgust, or graphic war footage with implied death (of U.S. troops or otherwise)."

Clark: Hanging Saddam Would Cause Chaos (AP)

By William C. Mann

AP, October 6, 2006

Former U.S. Attorney General Ramsey Clark, a member of Saddam Hussein's defense team, predicted on Thursday that a bloodbath would follow should an Iraqi court trying the former president have him executed.

At a news conference, Clark said he feared that should Saddam and the others be hanged, "catastrophic violence" would follow that would lead to "the end of civilization as we know it in the birthplace of civilization, Mesopotamia. Total, unmitigated chaos."

Saddam's Sunni Muslim tribe of 1.5 million would be enraged over what they would consider the revenge killing of the former president by the Shiite-controlled and U.S.-sponsored government, Clark said.

Clark, 78, was attorney general under President Johnson despite opposing the Vietnam War and has been best known since for defending people with unpopular causes. Besides Saddam, he has worked with blind Egyptian cleric Sheik Omar Abdel-Rahman, a planner of the 1993 World Trade Center bombing, and American Indian activist Leonard Peltier, convicted in a 1975 gunfight at the Pine Ridge Indian Reservation in which two FBI agents died.

Saddam and the other defendants, who include his vice president, Taha Yassin Ramadan, are being tried for genocide in the deaths of tens of thousands of Iraqi Kurds during the late 1980s. They already have been tried for murder and torture in the deaths of 148 Iraqi Shiites from the Iraqi town of Dujail who allegedly conspired to kill Saddam in 1981.

The court that tried them was to have returned its verdict on Oct. 16, but it announced this week it will not do so. A new date was not set.

Clark said the defendants are at Camp Cropper near Baghdad's airport in a new $60 million detention center. The Army says it oversees about 13,000 prisoners in Iraq at Cropper, Camp Bucca in the southern desert and Fort Suse in the Kurdish north.

The United States has said it transferred Saddam to Iraqi custody some time ago, but his whereabouts have not been divulged.

In March, an AP-Ipsos poll in the United States and several other countries found that two out of three Americans felt Saddam was getting a fair trial and if convicted should be executed. Lesser majorities in eight other countries polled said he was being tried fairly and should be jailed for life if convicted.

Sailor Charged In Iraqi's Slaying To Testify Against 7 Codefendants (LAT)

By Tony Perry

The Los Angeles Times, October 6, 2006

SAN DIEGO — A Navy corpsman will plead guilty to reduced charges in the April killing of an Iraqi man and provide testimony that can be used against seven Marines charged in the case, his lawyer said Thursday.

Murder and conspiracy counts against Navy Petty Officer 3rd Class Melson Bacos, 21, will be dropped today in exchange for a guilty plea to lesser charges, attorney Jeremiah Sullivan III said.

At the hearing set for Camp Pendleton, Bacos will answer the judge's questions about the April 26 killing in Hamandiya, west of Baghdad. The seven Marines face charges of murder, conspiracy and kidnapping.

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Sullivan declined to disclose what Bacos' sentence would be but said he would remain in the Navy and have a "bright future ahead of him." The North County Times, which first published news of the plea bargain Wednesday, said Bacos would be sentenced to a year in the brig. Bacos was not accused of firing his M-16 rifle.

The eight defendants have been behind bars since being ordered back to Camp Pendleton in May. After the plea deal was reached, Bacos was moved to the brig at Miramar Marine Corps Air Station in San Diego, Marine officials said.

Marine Pfc. John Jodka also was moved Wednesday from the brig at Camp Pendleton, but a gag order issued by the judge in his case keeps attorneys from saying whether he, too, has reached a plea bargain.

The eight, all members of the 3rd Battalion, 5th Regiment, 1st Marine Division, are accused of dragging Hashim Ibrahim Awad, 52, from his home, tying his hands and feet, fatally shooting him and then planting an AK-47 rifle and shovel near his body to suggest he was an insurgent caught burying a roadside bomb.

At an Aug. 30 hearing, a prosecutor said that two defendants, Sgt. Lawrence G. Hutchins III and Cpl. Trent D. Thomas, had confessed to the slaying and that a third, Lance Cpl. Robert Pennington, provided details about a conspiracy to cover up the crime.

Defense attorneys said the comments were statements, not confessions.

As a member of the battalion, Bacos accompanied Marines into combat to provide additional firepower and emergency medical care. He received a Purple Heart for his first deployment in late 2004, when the battalion was a key part of the fight against insurgents in Fallouja. The battalion suffered 19 deaths and more than 50 wounded.

In a video posted on his lawyer's website, Bacos talked of the aftermath of one daylong battle in December 2004. He recalled how he tried to save the lives of Marines, their blood smearing his hands.

"Everyone was tired, but there were Marines to take care of because of the firefight," he said.

NATO Takes Control Of Afghan Security (AP)

By Jim Krane

AP, October 5, 2006

NATO extended its security mission Thursday to all of Afghanistan nearly five years after the West began its war to defeat the Taliban, taking command of 12,000 U.S. troops in the war-battered country's east.

The handover diminishes the Pentagon's role in Afghanistan and gives the Europe-based military alliance its biggest test yet.

The transfer of command "illustrates the enduring commitment of NATO and its international partners to the future of this great country," said British Gen. David Richards. He was promoted to the military's top rank hours before a handover ceremony at the NATO compound in Kabul attended by President Hamid Karzai and U.S. Lt. Gen. Karl Eikenberry.

The takeover caps an already historic expansion for the military alliance that was created as a Cold War bulwark against the Soviet Union. The mission in Afghanistan is the biggest ground combat operation in NATO history, and gives Richards command of the largest number of U.S. troops fighting under a foreign commander since World War II.

The move comes during a rapid spread of the Taliban insurgency, with close to 100 suicide attacks this year, a nearly fivefold increase over 2005. Almost 200 civilians and soldiers have been killed. According to an Associated Press count based on Afghan, NATO and U.S. figures, more than 3,000 people have died in violence this year, mostly militants.

"NATO has never been tested like this, ever," said Seth Jones, a RAND Corp. expert on Afghanistan. "They've got an extraordinarily difficult task ahead of them."

With NATO handed the lead role, Washington has shed some responsibility for a stability project that appears to be headed in the wrong direction. U.S. voters readying for midterm elections have expressed fatigue with the Bush administration's twin wars in Iraq and Afghanistan.

Increasing the international role in Afghanistan — which America has been unable to do in Iraq — could disarm critics who say President Bush mishandled the war. But few Muslim countries have joined the international effort, with fewer than 500 troops from Muslim nations.

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On Friday, Bush acknowledged setbacks in the training of Afghan police to fight the Taliban resurgence but predicted eventual victory.

Richards pledged a reversal of Afghanistan's deteriorating security, joking that he would appear in front of a firing squad if the country isn't safer when his command ends in February.

"If by next spring these improvements are not evident, then I will be surrendering to whoever wants to put me up against a wall," he told reporters after the ceremony.

But analysts say NATO will be hard-pressed to reverse the deepening insurgency and lawlessness plaguing Afghanistan, since the alliance lacks the troops to maintain a strong presence across volatile regions and halt militant incursions from Pakistan, where Taliban leaders and fighters are believed to hide.

"It's hard to imagine that the situation will improve. We've got to have sufficient security forces to seal the border or at least better patrol it," said Bruce Hoffman, a counterinsurgency expert who teaches at Georgetown University in Washington.

Richards may be better suited to seek help from Pakistan. The British general said his promotion Thursday to four-star general — Britain's top rank — signifies a more intense international commitment to the country and gives him a bigger role dealing with regional governments.

An immediate task will be to persuade members of the 37-nation NATO coalition to deliver thousands of promised troops and weapons that have been withheld, and to ship them into combat in the country's southern and eastern battle zones.

Germany, Spain and Italy have been reluctant to send troops to southern Afghanistan, where soldiers from Canada, Britain, the United States and the Netherlands have borne the brunt of the fighting. NATO also has forces in the more stable northern and western regions of Afghanistan and in Kabul.

"There are NATO countries that appeared to want a peacekeeping mission and now they're in the middle of an insurgency," Jones said. "This isn't the mission they signed up for."

In Canada and the Netherlands, public pressure is building to bring soldiers home. Calls to withdraw could succeed if either country suffers more casualties, Jones said.

With about 12,000 troops, the U.S. is the biggest contributor to the more than 31,000-strong NATO mission. Britain has 5,200 troops and Germany has 2,750 troops here.

Eikenberry will remain the top U.S. commander in Afghanistan, with administrative and legal responsibility for all American forces, including those led by NATO. Eikenberry will continue to lead some 8,000 U.S. troops functioning outside NATO who are tracking al-Qaida terrorists, helping train Afghan security forces and doing reconstruction work.

Eikenberry said that consolidating the command under Richards would streamline military cooperation and effectiveness. Direct U.S. control is now centered on the sprawling American base at Bagram. Most air operations in the Afghan theater also remain under American oversight.

U.S.-operated prisons and interrogation centers at Bagram will remain under American command, while NATO will continue to transfer its detainees to Afghan police.

The alliance's leadership takes command of U.S. troops responsible for 11 mountainous eastern provinces just two months after being handed control of restive southern Afghanistan, where NATO has struggled to stem rising violence.

A 10-day NATO offensive in Kandahar province last month was the largest ground operation the alliance has ever undertaken.

Hundreds of Taliban fighters were killed and more than 100 taken prisoner in NATO's coordinated ground and air assaults. Few NATO soldiers were killed or wounded. Richards said the operation prevented the Taliban from holding valuable ground that might have allowed it to attack Kandahar, Afghanistan's second-largest city.

"The significant defeat of the Taliban is probably the greatest single defeat they suffered since 2001," Richards said. "We have unequivocally proved our mettle in military operations."

An American four-star general, Army Gen. Dan K. McNeil, will take charge of both U.S. and NATO forces in February, pending confirmation by the Senate.

NATO Takes Security Helm (LAT)

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By Paul Watson

The Los Angeles Times, October 6, 2006

KABUL, Afghanistan — The North Atlantic Treaty Organization on Thursday took command of U.S. troops fighting insurgents in eastern Afghanistan, putting the Western alliance in charge of security across the country amid an increase in fighting.

British army Lt. Gen. David Richards, NATO's commander in Afghanistan, called the transition historic for both the alliance and Afghanistan and said the transfer of U.S. forces to his command would not mean a reduction in capability.

"By bringing all of these forces under unified command, we enhance the effectiveness of the operation, as we have far greater flexibility in the use of our assets," Richards said at a ceremony attended by Afghan President Hamid Karzai. "Throughout Afghanistan we will continue to confront insurgents when and where necessary.

"But the overarching purpose of our security operations is to enable improvements in government capacity and to accelerate reconstruction and development, for real benefit to the lives of all Afghans."

NATO has about 31,000 troops from 37 countries under its command in Afghanistan. About 10,000 of those are U.S. forces in eastern provinces bordering Pakistan.

Cross-border attacks are on the rise there despite Pakistani President Pervez Musharraf's repeated commitments to rein in militants.

About 8,000 U.S. troops will remain under direct American command to serve as a counter-terrorism force and to support reconstruction projects, as well as to help train and equip the Afghan army and police.

"As a NATO member, the United States will remain the largest contributor of troops and capability," said Army Lt. Gen. Karl Eikenberry, commander of American troops in Afghanistan. "We will maintain our strong national capability in support of our counter-terrorism mission to strike Al Qaeda and its associated movements wherever and whenever they are found."

NATO originally agreed to deploy troops in Afghanistan as peacekeepers in support of aid projects, but the alliance is now waging its first ground war in its 57-year history. And as the violence escalates, NATO commanders are struggling to persuade the 26 member nations to fulfill a request for an additional 2,500 troops.

NATO commanders also have complained that some member governments place restrictions on what their troops can do in Afghanistan, making it more difficult to launch coordinated combat operations.

Richards took command of forces in southern Afghanistan on July 31. Since then, at least 16 foreign soldiers have died in hostile fire, including seven Americans.

U.S. troops have suffered the highest number of combat deaths among foreign forces this year, with at least 50 killed in hostile fire. Canadian forces have had 27 combat deaths, the second-highest number among the foreign contingents.

Together, Americans and Canadians account for almost three-quarters of the foreign forces' deaths from hostile fire this year.

The insurgents' heavy toll on Canadian troops is putting political heat on Canada's Conservative Party government. In a recent poll, 59% of respondents agreed with the statement that Canadian soldiers were "dying for a cause we cannot win." In an earlier poll, more than half of Canadian respondents said they thought their country was more likely to be attacked by terrorists because its forces were in Afghanistan.

NATO's supreme allied commander, U.S. Marine Gen. James L. Jones, said he was confident the alliance could handle any military challenge. But he added that he thought the strife in "Afghanistan will not be resolved by military means."

Defeating the insurgency depends more on "how well the reconstruction mission, the international aid mission, is focused," he was quoted Wednesday as saying at the Council on Foreign Relations in Washington. "And on that score I think there is a requirement to do more, to bring more focus, more clarity, more purpose and more results in a shorter period of time."

U.S. and NATO commanders say they have killed hundreds of insurgents in recent weeks. But Afghan police, soldiers and civilians have borne the brunt of the war, which is causing increasing dismay among Afghans almost five years after the Taliban regime was ousted.

More than 800 members of the Afghan security forces have died in those years, compared with 337 foreign members of the U.S.-led coalition, Eikenberry said Thursday.

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Once-rare suicide bombings are now relatively common, even in the capital, Kabul. A suicide attacker killed at least 12 people outside the Interior Ministry on Saturday. Two days later, a man threw himself in front of a NATO convoy in the capital while detonating hand grenades strapped to his body, wounding three soldiers and three civilians.

Japan Extends Afghan Coalition Support (AP)

AP, October 6, 2006

Japan's Cabinet on Friday approved a one-year extension of the law that allows the country's support of coalition forces in Afghanistan, the government's top spokesman said.

Japan's navy has provided fuel for coalition warships in the Indian Ocean since November 2001 under a special anti-terrorism law set to expire on Nov. 1. It had already been extended in 2003 for two years and again for a year in 2005.

"The international community is continuing its activities to eliminate international terrorism and its efforts are expected to continue ... (It) is important for Japan to continue its cooperation in accordance with our anti-terrorism measure," Chief Cabinet Secretary Yasuhisa Shiozaki told reporters.

The government is expected to submit the bill to parliament for planned enactment by the end of October.

Prime Minister Shinzo Abe earlier this week expressed his support for extending the law, which allows Japan to refuel naval ships from the U.S.-led coalition forces in the region as part of the anti-terror effort.

The Indian Ocean dispatch has been part of Tokyo's recent attempts to raise its international profile. Under former Prime Minister Junichiro Koizumi, who stepped down last week, Japan also sent non-combat troops to southern Iraq to assist in U.S.-led reconstruction efforts.

Both operations were criticized by some in Japan as violating the nation's pacifist constitution, which prohibits the use of force in solving international disputes.

Abe has pledged to follow an assertive foreign policy and military role. He has voiced support for amending the constitution to join more peacekeeping missions and work more closely with U.S. forces.

Official Pushes Opium Alternative (WT)

By Jason Motlagh

The Washington Times, October 6, 2006

KABUL, Afghanistan -- Afghanistan must provide an economic alternative to producing opium and win the hearts and minds of the rural poor, the economy minister says.

"That Afghanistan is producing the largest amount of opium in the world is a fact nobody can deny. It is also true that there is no real alternative livelihood for the people who are cultivating poppy at the moment in Afghanistan," Minister of Economy Mohammad Jalil Shams told The Washington Times.

Afghan drug production grew by almost 60 percent compared with last year, according to U.N. figures. Drug production now accounts for more than 50 percent of Afghanistan's gross domestic product.

The booming drug economy supports the Taliban, which is wagingits fiercest campaign since being ousted by U.S.-led coalition forces five years ago for sheltering Osama bin Laden and al Qaeda.

Mr. Shams said in an interview this week that to resolve the drug problem, Afghanistan's economy must be rebuilt.

Establishing electrical power is a top priority, he said.

Once energy and electricity are in place to sustain industries and attract foreign investment, Mr. Shams said, it is a matter of identifying areas where Afghanistan has a competitive advantage and capitalizing on untapped native resources such as copper and iron.

He said the biggest challenge will be the economic integration of farmers in the countryside who depend on poppy cultivation for a livelihood.

Mr. Shams said alternative crops being tested include saffron in Herat province and roses in Jalalabad.

Mr. Shams said that "small steps" were being taken now and dramatic changes are not likely in the near future.

"It takes time, as we can see in other countries such as Pakistan, which has been successful maybe because a part of their [drug] industry has been transferred to Afghanistan," Mr. Shams said.

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"They now have alternatives for farmers. It took them at least eight to 10 years. It took Thailand about 20 years to get rid of drug cultivation."

The minister insisted his country was not doomed to become a narco-state, saying it is "only a matter of time before the situation improves."

A recent report by the Senlis Council, a British think tank, said the Taliban has regained control of the southern half of the country largely because of misguided U.S.-led counternarcotics and military policies.

The report charges there has been a "dramatic under-funding of aid and development programs."

Afghan President Hamid Karzai met with President Bush in Washington last week to appeal for greater military and development aid.

"We shall try to win the confidence of the people, but without that, even if we are the strongest possible militarily, it is not possible to establish security," he said.

CORPORATE SCANDALS:

H-P's Dunn Could Face Risks From Testimony (WSJ)

By Peter Waldman

The Wall Street Journal, October 6, 2006

When former Hewlett-Packard Co. Chairman Patricia Dunn testified on Capitol Hill last week on the H-P spying scandal, one congressman asked her about some handwritten notes taken by H-P's former general counsel. The notes indicated Ms. Dunn had been briefed on a ruse by H-P's investigators to obtain people's personal phone records in June 2005. Ms. Dunn's response: "I've seen this for the first time now."

Yesterday, Ms. Dunn was booked in the Santa Clara, Calif., sheriff's office on four felony counts of fraud and conspiracy and released on her own recognizance. A judge scheduled her arraignment for Nov. 17. California Attorney General Bill Lockyer filed charges Wednesday against Ms. Dunn and four others linked to the H-P affair. The charges included fraudulently obtaining private information from a public utility, accessing computer data without permission, identity theft and conspiracy to commit those crimes.

It was Ms. Dunn's testimony in Washington at last week's hearing by a U.S. House subcommittee that has lawyers befuddled. In 33 pages of written testimony and a half-day of questioning by congressmen, Ms. Dunn flouted the golden rules of criminal defense: Never say anything under oath you may regret -- and never say anything at all until you've seen all the evidence.

Now Ms. Dunn, who lawyers said could be the highest-ranking executive ever prosecuted for privacy violations -- and one of the few independent directors of a major company ever prosecuted at all for corporate misdeeds -- must live in a legal box she built before prosecutors had even charged her with a crime. "The textbook approach is to avoid having your client testify under oath in any context, when a criminal investigation is pending," said William Keane, a white-collar defense attorney and partner with Farella Braun & Martel in San Francisco.

Ms. Dunn's lawyer, James Brosnahan of Morrison & Foerster in San Francisco, said "every case is different" and some of his best results, spanning a 45-year career, have gone "against the grain" in tactics. "You make different tactical decisions when a client is innocent than when they are guilty," he said. "Pattie Dunn is innocent."

Ms. Dunn, who associates say was determined to explain herself in public, didn't make any obvious gaffes that could come back to haunt her at trial. But lawyers say her extensive statements under oath -- which the California prosecutors referenced in their court affidavit Wednesday -- likely will limit how the defense team can address the evidence at trial.

Lawyers for other people linked to the H-P scandal played it by the book. Ann Baskins, the former H-P general counsel, pleaded her Fifth Amendment right against self-incrimination at the congressional hearing. She was forced to resign from H-P but hasn't been charged with any crimes. "I didn't want her first explanation to be in what I considered to be the middle of a chaotic football game," said Ms. Baskins's attorney, Cris Arguedas of Berkeley, Calif.

Kevin Hunsaker, the former H-P ethics attorney who oversaw the company's leak probe this year, also pleaded the Fifth in Congress but is now facing the same charges as Ms. Dunn. His lawyer, Michael Pancer of San Diego, issued a statement

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yesterday, asserting Mr. Hunsaker's innocence, in part because he "took no actions related to obtaining information about phone calls that were not known and authorized by his superiors after they had obtained an attorney's opinion that the investigative tactics were legal."

Mr. Pancer, in an interview, said he had his client plead the Fifth last week because it was clear they hadn't seen all the evidence H-P was giving the subcommittee right up until a day before the hearing. "I told Kevin I wouldn't even represent him if he insisted on going forward, because you need to explain every document, and you can't explain what you don't have."

Ms. Dunn, and Mr. Brosnahan, took a different approach. The crux of the prosecutors' case against Ms. Dunn is that, from the start of the boardroom leak probes she first launched in 2005, she allegedly knew H-P's investigators were using pretexting, a form of fraudulent impersonation, to obtain the personal phone records of certain H-P board members and journalists. She maintains she had no idea fraud may have been involved and that she relied on H-P lawyers and security personnel to ensure everything was done legally.

Though expansive and confident in most of her answers on Capitol Hill, Ms. Dunn seemed to trip up when congressmen confronted her with several documents suggesting she had been briefed early on about the pretexting work. The key evidence, cited by California prosecutors in their court affidavit Wednesday, comes from documents about a June 15, 2005, conference call that apparently took place among Ms. Dunn, Ms. Baskins and Ronald DeLia, the Massachusetts investigator who ran H-P's leak probes.

The documents include a seven-page progress report on the probe by Mr. DeLia, dated June 14, 2005, mentioning "pretext calls" in a footnote; an email sent on that same day from Ms. Dunn to Mr. DeLia, setting up the conference call for the next day; and Ms. Baskins's handwritten notes apparently taken during the call itself.

If there is any smoking gun in this case, it may be the Baskins notes. Written under the title "Kona" -- H-P's code name for the investigation -- Ms. Baskins's notes, dated June 15, 2005, record how investigators, in a "time-consuming process," obtain phone records from call carriers "via pretexts to extract info." On the next line, she wrote, "i.e. I didn't make the call."

Further down on the same page, Ms. Baskins scrawled what appear to be a series of brief questions posed by "PCD" -- or Patricia Cecile Dunn -- suggesting she participated actively in the call: "How to speed up? Ramp up? New tactics?" Ms. Baskins wrote under Ms. Dunn's initials.

Confronted with the Baskins notes, Ms. Dunn testified she had never seen them before, and she claimed not to have any recollection of the conference call. She also testified she couldn't remember Mr. DeLia -- who took the Fifth at the hearing and is also being prosecuted in the case -- briefing her on pretexting, while other documents suggest that he did.

"I do not recall the June 15th discussion," she testified, though she added about the documents, "If I connect these dots, it took place."

A Lifelong Fighter's Toughest Round (WP)

By Yuki Noguchi

The Washington Post, October 6, 2006

Even her detractors acknowledge that Patricia C. Dunn, the person at the center of Hewlett-Packard's spying scandal, is one tough woman.

At age 12, she lost her father. She later dropped out of college to support her mother. Dunn nevertheless rose to the rarefied upper ranks of the mostly male finance industry. She ousted the former HP chairman and chief executive -- another tough woman -- and assumed the chairman's seat. Dunn fought bitterly with others on HP's board, and despite her avowed preference for privacy, has gained notoriety for backing a rigorous hunt that included accessing private phone records to smoke out the source of news media leaks from the board.

This week, the 53-year-old former HP chairman faced another major blow: She found out she has a recurrence of advanced ovarian cancer the day before the California attorney general charged her and four others with fraud and conspiracy in the corporate leak probe.

Circumstances required Dunn to be self-reliant from an early age, her friends and business associates said, and her diligence and willingness to learn delivered her from poverty to the top echelons of business. That same tenacity and conviction

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may have provoked the ire of her enemies on the HP board, who say her strong sense of mission -- plug the leak -- led her down an unethical path.

Now she must rely on that same tough quality to survive her two-front battle. She surrendered to authorities yesterday and, after a three-minute court hearing in which she agreed to return Nov. 17 for her arraignment, was released on her own recognizance. Today she will begin chemotherapy for her fourth bout with cancer. She has survived not just ovarian cancer, but also melanoma and breast cancer.

"She's strong," said Alison Davis, who for three years served as chief financial officer when Dunn was chief executive of Barclays Global Investors. "People can be threatened by a strong woman who represents a challenge to their will," she said. "She will stand up to defend herself."

Dunn's personality earned her her number one critic, venture capitalist Thomas J. Perkins, who pinned the blame for the investigative tactics on her, calling it "a Pattie Dunn program, 100 percent."

Sources close to Perkins and his friend and fellow HP board member George A. Keyworth II say the deep rifts between Dunn and Perkins provoked a witch hunt focused on trying to get Perkins and Keyworth off the board.

Dunn, in turn, shot back. "I won't indulge in a chronology of the intimidation, pressure, rudeness and criticism that Tom directed at me, but I will simply say that I have never had remotely similar experiences with anyone," she wrote in an Aug. 17 letter to members of the HP board. The personality differences were "compounded by a fundamental difference in philosophy between me and Tom" about corporate governance, she wrote.

Members of Congress last week hammered Dunn for not accepting responsibility for an overzealous leak investigation, and for failing to heed red flags that the investigation was moving into unethical and potentially illegal territory. Among other things, documents showed that Dunn had authorized a surveillance and sting operation designed to trace the e-mail, phone and in-person communications between reporters and board members.

On Tuesday, the day before her indictment, Dunn was told her Stage 4 ovarian cancer had come back. Still, she's maintaining a tough front. An e-mail she sent to several friends yesterday morning said she found out she'd been indicted while shopping for a suit at Nordstrom's.

Dunn called her new diagnosis a nasty surprise and said that the state attorney general now considered her "a public threat," said John C. "Sandy" Walker, a close friend who has worked as the architect for her two houses. But, she joked, she was engaging in "retail therapy," and talked about her upcoming interview on the CBS News program "60 Minutes."

"She's been through some extraordinary treatments" for her various cancers, Walker said, "but every time she says, 'But I'm fine.' "

Dunn's older sister, Debbie Lammers, said that toughness was forged in her early years.

"What we've been through since we were small children has put her in good stead to deal with these current circumstances," said Lammers, who talks to Dunn every day. "She is determined, she is focused, she is steady."

Their father, Henry Dunn, a Las Vegas entertainer, was a gregarious and upbeat businessman who preached the stiff upper lip, Lammers said. He was 25 years older than their showgirl mother, Ruth, and he died when Patricia Dunn was 12. That left the girls and their infant brother with their bereaved mother, who was isolated from other family support.

Dunn nevertheless always appeared pretty and poised, and was elected to the student council her senior year, a role she took so seriously she read the handbook of rules after she was elected, said Barbara Rosenberg, her honors English teacher at Terra Linda High School in San Rafael, Calif. Dunn absorbed books so quickly that Rosenberg got special permission to expand her reading assignments to college-level literature, and Dunn often talked about her desire to pursue journalism, she said.

"This is a student you never forget," said Rosenberg, who keeps in touch with Dunn. She attended Dunn's wedding, her 50th birthday party and her Christmas parties.

Dunn's academic career was interrupted because her mother was overwhelmed by financial and emotional problems, forcing Dunn to drop out of the University of Oregon. She finished her degree by commuting on three buses to the University of California at Berkeley, according to a life history Dunn provided to the Congress during her testimony last week.

Dunn has been married for 25 years to William W. Jahnke, whom she calls "the best husband in the world," and helped raise his four children from a previous marriage.

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Although Dunn's rise to the top job at Barclays made her one of a small group of female business executives, she has never championed herself as a role model for women. Her sister said Dunn never thought of herself as fitting the typical profile of a hard-nosed businesswoman.

"You may find this hard to believe, but I have never been ambitious for career success," Dunn told an audience gathered last month to honor her induction into the Bay Area Business Hall of Fame. In fact, she fell into the financial services industry almost by mistake; a temporary secretarial job at Wells Fargo Investment Advisors turned into a permanent one, and she abandoned her dream of becoming a journalist.

HP's former chairman and chief executive Carly Fiorina disputes Dunn's portrayal of herself in a memoir, "Tough Choices," to be published Monday. Dunn called for board meetings behind Fiorina's back and presided over the key meeting during which the board fired her, Fiorina wrote. When Dunn suggested Fiorina and the company "position" her firing as a personal decision to move on, Fiorina said she believed "truth is always the best answer," Fiorina wrote.

Dunn's breast cancer was first diagnosed in September 2001, and her medical treatments forced her resignation from the top job at Barclays the next year. She has since had three lumpectomies and radiation therapy for breast cancer. She also has undergone surgeries to remove separate cancers, including a malignant melanoma on her face, and for the ovarian cancer earlier this year.

"When we were kids, we didn't think we had all these problems, because it wasn't in us to complain," Lammers said. "At the time we didn't think it was so tough, but looking back on it, it really was." It is that training that has produced the fighter in her sister. "What we're seeing now," she said, "is the best of Pattie."

Ex-Hewlett-Packard Chair Dunn Released After Hearing (Update1) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Former Hewlett-Packard Co. Chairwoman Patricia Dunn, charged with conspiracy and fraud for directing an internal leak probe at the computer maker, was released after surrendering to authorities today in San Jose, California.

Dunn, 53, promised to return for her Nov. 17 arraignment. California Attorney General Bill Lockyer yesterday charged her and four others with using illegal tactics to monitor the phone calls of board members and journalists.

``The attorney general has indicated they have no objection to you being released on your own recognizance," Santa Clara County Superior Court Judge Alfonso Fernandez told Dunn during a 20-minute hearing. The judge said he would release her if she promised to appear at the arraignment. ``Do you understand?" the judge asked. ``Yes," Dunn replied.

The former chairwoman authorized the internal probe at Hewlett-Packard, which used fake identities, or pretexting, to obtain private call records. The felony charges filed by Lockyer -- conspiracy, wire fraud, identity theft and illegal use of computer data -- each carry a maximum sentence of 3 years in prison and a $10,000 or $25,000 fine.

The prosecution came on the same day that Dunn, who stepped down from the world's second-largest personal computer maker last month, announced she had advanced ovarian cancer and was to undergo chemotherapy this week. Her lawyer said yesterday that she would fight the charges ``with everything she has."

Investigation

Last week, Dunn faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses. The former executive has said she relied on investigators and isn't responsible for their conduct. Palo Alto-based Hewlett- Packard is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

Dunn, of Orinda, California, arrived at the courthouse today with her husband Bill Jahnke surrounded by lawyers and more than 20 reporters and photographers. When she left, the crowd had almost doubled, and at least one person approached Dunn yelling at her, holding a copy of the local paper with her picture on it.

The ex-chairwoman, Jehnke and her spokesman Terry Fahn got into a black Lincoln Continental with tinted windows and drove a few blocks to the Santa Clara County Sheriff's office, where the car entered a back gate. Dunn was booked, fingerprinted and photographed, a sheriff's deputy said. Fahn declined to comment.

Deputy Sheriff Serg Palanov said Dunn was ``calm and collected'' during her booking, and that she was allowed to use the non-public entrance because she was a high-profile defendant.

Internal Probe

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters to obtain their phone records.

The company also sought the call logs of former Chief Executive Officer Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

As part of the conspiracy charge, prosecutors claimed Dunn gave private investigators home, cellular and office telephone numbers for board members.

Hundreds of Calls

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hewlett-Packard CEO Mark Hurd to review the company's conduct, said Sept. 22. Hurd, 49, wasn't charged. Lockyer said his investigation is continuing.

According to court papers filed yesterday, pretexting compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Hewlett-Packard said in a statement yesterday that it's cooperating with state and federal investigators.

Jim Brosnahan, Dunn's attorney, didn't return a call seeking comment.

Kevin Hunsaker, 41, of Menlo Park, California, a lawyer and former ethics director at Hewlett-Packard who was also charged yesterday, has already surrendered and been booked, Lockyer spokesman Tom Dresslar said. He is scheduled to be arraigned Dec. 6 and is free on his own recognizance.

`Not Guilty'

``It will be clear, when all the facts are aired in this case, Mr. Hunsaker is not guilty of any of the charges,'' said Michael Pancer, his lawyer, in a statement. ``Neither Kevin Hunsaker nor HP ever authorized, encouraged or knew of any unlawful activity.''

Two other defendants, investigator Ron DeLia, 56, of East Sandwich, Massachusetts, who heads Boston-based Security Outsourcing Solutions Inc., and Bryan Wagner, 29, a Littleton, Colorado investigator, have also agreed to surrender. They are expected to travel to California to turn themselves in within a week, Dresslar said.

Lockyer has asked for $50,000 bail for both Delia and Wagner. DeLia's lawyer, John Kiernan, and Wagner didn't return calls seeking comment.

The fifth defendant, Matthew Depante, 27, a West Melbourne, Florida investigator, was also charged yesterday. Dresslar said prosecutors haven't been contacted by his attorney, Richard Preira, who didn't return a call seeking comment.

Hewlett-Packard shares fell 33 cents to $37.51 at 6:19 p.m. after the close of regular trading on the New York Stock Exchange. The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Former H-P, Apple General Counsels Hire The Go-To Lawyer For Lawyers (WSJ)

By Nathan Koppel

The Wall Street Journal, October 6, 2006

Cristina Arguedas says she loathes the spotlight. If so, she has chosen the wrong line of work.

In recent weeks, the Berkeley, Calif. criminal-defense lawyer has landed in the middle of two tempests, as the go-to lawyer for lawyers. Ann Baskins, Hewlett-Packard Co.'s former general counsel, hired Ms. Arguedas to defend her in a criminal probe

into H-P's leak investigation. Ms. Arguedas is also representing Nancy Heinen, the former general counsel of Apple Computer Inc., who left the company not long before it announced "irregularities" in options grants from 1997 to 2001.

Last week, she appeared with Ms. Baskins before a congressional committee looking into H-P's investigation of board leaks. Ms. Baskins, who resigned from H-P the day before her appearance, refused to testify to the committee, citing her constitutional right against self incrimination. California Attorney General Bill Lockyer filed criminal charges Wednesday against former H-P Chairman Patricia Dunn and others allegedly involved in the matter, but Ms. Baskins wasn't charged.

"There is no basis to charge her," Ms. Arguedas said in an interview Thursday. "There is no evidence to suggest she committed a crime. This was not me as a mad genius ... . There is no evidence for which you could reasonably make accusations."

Representing corporate counsel may seem like a strange assignment for Ms. Arguedas. While building a reputation as one of the top criminal defense attorneys in the country, she has maintained the liberal leanings that drove her law career from the start, right down to her small firm's Berkeley address, outside the Northern California power centers of San Francisco and Palo Alto.

"I'm your basic liberal Democrat. I'm usually on the side of people who write regulations," Ms. Arguedas says. But, she says, "There is now an over-criminalization of regulated businesses." Despite her experience with white-collar defense, Ms. Arguedas stresses that she represents only business people, not corporations. "I don't want to represent corporations -- the attorney-client relationship is too diffused." In the H-P and Apple matters, she says, "My job is to protect Ann Baskins and Nancy Heinen. It is a one-on-one personal relationship."

Ms. Arguedas is one of several lawyers who have been tapped in the last several weeks to represent people involved in the H-P matter, in which improper means were used to obtain board members' phone records. Other attorneys include Viet Dinh, a Georgetown University law professor who is representing former board member Tom Perkins; James Brosnahan of Morrison & Foerster LLP, counsel to chairman Patricia Dunn; and Reginald Brown of Washington firm Wilmer Cutler Pickering Hale and Dorr LLP, who is advising board member George Keyworth.

The 52-year-old head of Arguedas, Cassman & Headley LLP, a seven-lawyer criminal-defense firm, belongs to an elite strata of seemingly ubiquitous lawyers. She represented Timothy Belden, the former head of Enron Corp.'s energy trading desk in Portland, Ore., who cooperated with the government in its prosecution of Jeffrey Skilling and Kenneth Lay. Mr. Belden pled guilty to one count of fraud, but hasn't yet been sentenced. She is one of the lawyers defending David Bershad, who was indicted in May on fraud charges along with his law firm Milberg, Weiss, Bershad & Schulman LLP. And she is one of the counsels to Greg Ritchie, a former KPMG LLP partner charged with having allegedly assisted in marketing fraudulent tax shelters.

Her practice hasn't always been so corporate in nature. While still in law school at Rutgers University, Ms. Arguedas volunteered to work on cases for battered women charged with crimes against their attackers. After graduating, the New Jersey native joined the San Francisco Federal Public Defender's Office, which has trained some of the area's top defense lawyers, such as John Keker, former counsel to Frank Quattrone when the then-investment banker was charged with criminal obstruction. (The government conditionally dropped all charges against Mr. Quattrone.) Traditionally, the public-defender's office has been "a breeding ground for left-oriented lawyers," says Nanci Clarence, who worked as a public defender with Ms. Arguedas. "Cris is very progressive."

Ms. Arguedas continues to represent indigent clients on a pro bono basis. The attorney has a yoga center at her house and takes yearly retreats to the Tassajara Zen Mountain Center in San Francisco.

As her career has taken off, Ms. Arguedas has increasingly focused her energies on a well-heeled clientele. In 1989, in her first white-collar case, she helped defend W. Franklyn Chinn against charges he received illegal bribes as a board member of Wedtech Corp., a defunct defense contractor. Ms. Arguedas counts the case as one of the low points in her career. "We won on half the counts [at trial] but lost on half the counts," she says. On appeal, though, she says, she scored a full victory for Mr. Chinn. "Like any defense lawyer, I've had plenty of losses," she says.

The attorney has developed a thriving subspecialty in the sports arena. In 1995, Johnnie Cochran and Barry Sheck, counsel to football star O.J. Simpson, asked Ms. Arguedas to join the Simpson defense team to prepare the accused murderer

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for what he might expect on cross examination at trial. Mr. Simpson didn't take the stand in his defense. Ms. Arguedas is known as an expert cross-examiner, who listens intently and can quickly pick up stray details that might impeach a witness's credibility.

Later, Ms. Arguedas was hired to conduct a mock cross-examination of Kobe Bryant, the basketball player accused in 1993 of rape. The case against Mr. Bryant was later dismissed. Ms. Arguedas has successfully defended former Oakland Raiders coach John Gruden on drunken-driven charges, and she helped sprinter Tim Montgomery avoid criminal charges for his alleged use of steroids.

The ironic thing "is that it is hard to go through life knowing as little about sports as Cris does," says Los Angeles attorney Steven Madison, head of the white-collar practice at Quinn Emmanuel Urquhart Oliver & Hedges LLP. "Cris is also one of the truly outstanding white-collar lawyers in the United States."

It's an arena that remains largely male. Ms. Arguedas describes a Los Angeles court hearing she attended last month on behalf of Mr. Bershad in the Milberg Weiss case. The prosecutors and the other defense lawyers were all men, as was the judge, who addressed the attorneys, collectively, as "gentlemen," says Ms. Arguedas. She stood up to gently prod the judge away from the word, she says, when he noticed his error and corrected himself. (Two calls to the judge's chambers weren't returned.)

"I felt like I had gone back in time 20 years," she says. "It's still largely male-only in elite white-collar cases."

Fiorina Memoir Details H-P Board Conflicts Preceding Her Ouster (WSJ)

By Don Clark

The Wall Street Journal, October 6, 2006

Carly Fiorina's new memoir traces her ouster at Hewlett-Packard Co. to veteran technologists on its board, including two of the same names associated with the recent fall of former H-P Chairman Patricia Dunn following the company's leak-investigation scandal.

The book, "Tough Choices," which breaks Ms. Fiorina's long silence since her firing as H-P's chief executive in February 2005, describes her concerns about leaks from within the company during her tenure, starting with H-P's purchase of Compaq Computer Corp., completed in 2002. Ms. Fiorina played no direct role in the most recent leak investigations at H-P in 2005 and 2006, in which private phone records of directors, reporters and employees were obtained, and doesn't mention the incidents in her book.

Ms. Fiorina, who joined H-P in 1999, describes conflicts with Tom Perkins, George "Jay" Keyworth and Dick Hackborn, board members with longtime ties to H-P who loved to talk about technology. When they strayed into other areas, they were disruptive, she writes, "and they didn't know what they didn't know."

Just how disruptive things would get would become apparent in early 2005, Ms. Fiorina says in her book, which is scheduled to arrive in most bookstores next week. After a stumble in financial results for its 2004 fiscal third quarter, the former CEO contends that H-P was poised for an upturn.

But two days before a January 2005 meeting of the H-P board, Mr. Keyworth, Mr. Hackborn and Ms. Dunn -- then a director only -- expressed concern about the company's stock price and gave Ms. Fiorina a precise prescription for how to reorganize the company. "From my perspective, their suggestions came out of left field and were half-baked," she says.

Heated discussions followed. She opposed the suggestion that Mr. Perkins, a well-known Silicon Valley venture capitalist who had left in 2004 after reaching a mandatory retirement age for directors, should return on the board. He attended the January meeting as an observer but started making waves, voicing "very strong opinions about everything from personnel to acquisitions," she writes.

Days after the meeting, Ms. Fiorina writes, she was outraged when she learned The Wall Street Journal was preparing an article that would focus on a possible reorganization. "It is hard to convey how violated I felt," she writes, deducing that the article came from leaks from the board.

She convened a Saturday morning meeting with directors via a conference call, but no one admitted to talking to the press. The board requested that Larry Sonsini, H-P's longtime outside attorney, interview board members -- not just about the leak, but to provide their assessment of the board. She says she didn't intend to ask leakers to resign.

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"I thought this would be a useful wake-up call to several board members who were not as smart as they thought they were," Ms. Fiorina writes. "It turns out I wasn't as smart as I needed to be. Somehow, at some point, during the next two weeks, certain board members would decide to fire me."

The firing came in Chicago the next month, Ms. Fiorina writes. Surprisingly, Ms. Dunn -- not then the head of any committee -- led the fateful board meeting.

After providing directors a statement about her performance, Ms. Fiorina was asked to leave; when she returned three hours later, only Ms. Dunn and another director remained in the conference room to tell her she was fired. "I expected the board to look me in the eye and tell me why," she writes.

They didn't have the courage, Ms. Fiorina writes, saying she declined Ms. Dunn's suggestion the departure be characterized as Ms. Fiorina's own decision.

Ms. Dunn couldn't be reached for comment, nor could Mr. Hackborn. A spokesman for Mr. Perkins declined to comment, as did Mr. Keyworth's attorney. Ms. Fiorina, who received a $21 million severance package, was succeeded as CEO by Mark Hurd in March 2005. Ms. Dunn, who became chairman, recently resigned after disclosures about her role in leak investigations that used a controversial tactic, called pretexting, to obtain private phone records. Mr. Perkins complained about the tactics to state and federal authorities.

MySpace.com Founder Seeks Probe Of Sale To News Corp. (Update5) (BLOOM)

By Cecile Daurat

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- MySpace.com founder Brad Greenspan demanded a federal probe into the sale of the networking Web site to News Corp., the media company led by Rupert Murdoch, claiming the deal defrauded shareholders of more than $20 billion.

In a report at Freemyspace.com, Greenspan alleges the sale defrauded shareholders of MySpace.com parent Intermix Media Inc. He is seeking an investigation by the U.S. Securities and Exchange Commission, the Justice Department and U.S. Senate.

Greenspan sued MySpace.com in February, saying the $580 million paid by New York-based News Corp.'s Fox unit last year didn't reflect the growth prospects. Registered users at the social networking Web site have more than doubled this year. Greenspan said in his report MySpace would be worth billions of dollars had it stayed independent and sold shares to the public.

``If MySpace had stayed independent it wouldn't be worth as much as now," said Laura Martin, an analyst at Pasadena, California-based Soleil Securities, who rates News Corp. shares ``hold" and doesn't own them. ``Fox created the value."

News Corp. offered $12 a share for Intermix Media in July 2005. Greenspan, who owned 10 percent of Intermix, offered $13.50 a share three months later in an attempt to block the purchase. His offer was turned down by Intermix's board, which said it was unclear Greenspan could raise the money. News Corp., which paid cash, completed the acquisition later that month.

$20 billion

Greenspan today reported on what he calls ``deliberate steps" taken by MySpace's management to ``withhold and manipulate information." He also calls for an unwinding of the purchase.

In July 2005, Intermix Chief Executive Officer Richard Rosenblatt and Ross Levinsohn, the head of Fox's Internet unit, ``knew MySpace was well on its way to being worth $20 billion at the time they struck the deal to sell," Greenspan said his report. He quoted e-mails between the two executives dated July 13, 2005, and July 18, 2005, on the day of the sale agreement, to back up his allegation.

``It doesn't strike me as credible," said Joe Bonner, an analyst at Argus Research in New York, who has a ``buy" rating on News Corp. shares.

Class A shares of News Corp. rose 17 cents to $19.74 at 4:01 p.m. in New York Stock Exchange composite trading. They have gained 27 percent this year.

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``This is simply a case of sour grapes making for loud complaints," MySpace spokeswoman Julie Henderson said in an e-mailed statement. ``We've strategically built this business since the acquisition and are just now beginning to realize real financial value."

Fast Growing

News Corp. snatched MySpace over a weekend after Viacom Inc. offered $500 million for the business, a sign that Intermix managers didn't make a fire sale to News Corp., as Greenspan alleged, Bonner said.

Missing the purchase was one reason behind the ouster of Viacom CEO Tom Freston, Chairman Sumner Redstone said yesterday in an interview with Charlie Rose.

MySpace.com and other sites run by News Corp.'s Fox Interactive division ranked as the sixth most-popular in the U.S. in August and were the fastest-growing among the top 15 tracked by ComScore Networks Inc., a market researcher.

Murdoch in the past year spent more than $1.2 billion on Internet companies including MySpace.com to take a bigger share of the online advertising market.

In August, News Corp. signed a deal making Google Inc., the world's most-used search engine, the exclusive provider of search and keyword advertising software for Fox Interactive sites including MySpace. The deal will generate at least $900 million in sales over three years.

Ex-MySpace Chief Calls For Probe Of News Corp.'s Purchase (LAT)

By Dawn C. Chmielewski

The Los Angeles Times, October 6, 2006

For a guy who walked away from MySpace with $47 million, Brad Greenspan might not seem to have much to be angry about.

But the founder of the Los Angeles company that created the popular social networking site on Thursday railed against his former company and demanded a federal investigation of News Corp.'s 2005 acquisition of MySpace, calling it "one of the largest merger and acquisition scandals in U.S. history."

Greenspan, who was ousted from Intermix Media in 2003, alleged that News Corp. "bilked" shareholders out of tens of billions of dollars and said the Securities and Exchange Commission, the U.S. Justice Department and U.S. Senate should investigate the $580 million deal.

The 33-year-old entrepreneur leveled allegations of insider trading and options manipulation on the Web site FreeMySpace.com, in which he quotes e-mail exchanges that purport to show how Intermix engineered a quick sale to News Corp.

"It wasn't about what's the best deal," Greenspan said. "It was about getting the deal done at any cost and jamming it home. That's just not a fair way to play."

Greenspan's complaints amplify the claims he made in a February lawsuit filed against Intermix and VantagePoint Venture Partners in Los Angeles Superior Court. The complaint claims that News Corp. acquired Intermix as the result of an unfair process and at an unfair price that did not reflect its growth and prospects.

MySpace is the most popular social networking site, populated by more than 50 million people who create personal Web pages. But Rupert Murdoch's News Corp. raised eyebrows with what many critics said was an overly generous offer.

The deal came loaded with baggage -- including concerns about sexual predators stalking children on the social networking site and Los Angeles-based Intermix's practice of installing spyware on home computers.

"It's unfortunate that Mr. Greenspan continues to issue press releases complaining about a deal that many industry experts initially believed was a risk for News Corp. to take," said Julie Henderson, a spokeswoman for Fox Interactive Media. "We've strategically built this business since the acquisition and are just now beginning to realize real financial value. This is simply a case of sour grapes making for loud complaints."

News Corp. has worked for a year to profit on MySpace's traffic without alienating its youthful audience. A deal worth at least $900 million makes Google Inc. the exclusive provider of search and keyword advertising for Fox Interactive sites, including MySpace.

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A report from RBC Capital analyst Jordan Rohan predicted that the social networking site could be worth $15 billion to $20 billion within a few years, based on its unprecedented usage growth, international appeal, scale and management team.

Greenspan claims that Intermix's executives failed to tell shareholders how MySpace's ad impressions and revenues were climbing, growing 35 percent month over month. Nor did it seek a fresh valuation to reflect this double-digit growth, he said.

Greenspan said the only ones with knowledge of MySpace's breakneck growth were the News Corp. executives with whom Intermix's chief executive, Richard Rosenblatt, communicated via e-mail, including one message sent just before midnight on July 13, in which he wrote, "I am looking forward to supporting the 20 (billion) dream!"

The company was founded by Greenspan in 1999 under the name EUniverse Inc. It began selling music CDs online but quickly shifted strategies and began running entertainment and game sites, the most popular of which is Grab.com.

Greenspan, then chairman, was ousted during a bruising proxy battle after the company was forced to restate two years of earnings results and Nasdaq suspended trading of its stock. He retained an approximately 10 percent share in the company.

New York state attorney general Eliot Spitzer began investigating Intermix in the fall of 2004 for distributing spyware to unsuspecting users. In June of 2005, the company agreed to pay $7.5 million over three years to settle a lawsuit brought by Spitzer. Greenspan paid $750,000 for his portion of the settlement.

Judge: Jailed Fastow Can Get Out For Deposition (HC)

By Kristen Hays

Houston Chronicle, October 6, 2006

Former Enron finance chief Andrew Fastow can be released from prison during daylight hours through Halloween to give a deposition in shareholder liitigation, a judge ruled today.

However, U.S. District Judge Melinda Harmon ruled that Fastow, 44, who has been federal inmate No. 14343-179 for more than a week, must be in custody of the U.S. Marshals Service when outside the walls of the federal prison in Houston.

``We're pleased that the judge issued her ruling today," University of California spokesman Trey Davis said. The university is the lead plaintiff in a conglomerate of lawsuits slated to go to trial in April next year.

`` We expect that the deposition, which should take place soon, we hope, will provide further information and understanding about the role of the banks as active and knowing participants in the Enron fraud."

The university has racked up $7.3 billion in settlements with various banks, including titans Citigroup and J.P. Morgan Chase & Co. But others, including Merrill Lynch & Co. and Credit Suisse First Boston remain as defendants.

On Sept. 26 U.S. District Judge Kenneth Hoyt sentenced Fastow to six years in prison for his role in cooking Enron's books while enriching himself with millions of dollars on the side. Fastow had originally agreed to serve 10 years when he pleaded guilty in January 2004 to two counts of conspiracy, but Hoyt deemed him deserving of mercy.

Hoyt also ordered Fastow to go immediately to prison, denying requests from plaintiffs' attorneys, Fastow's attorneys and prosecutors to let the ex-CFO remain free until late October so he could give the deposition. About 80 lawyers are expected to participate.

Earlier this week, Hoyt denied a request that Fastow be released in custody of his lawyers to do the deposition, and left the final decision to Harmon, who presides over the civil litigation.

She ruled he can be released in custody of U.S. marshals from 8 a.m. to 6 p.m. Oct. 9 through the end of the month to conduct deposition sessions at a downtown Houston office building where the litigants have long had a deposition center.

Hoyt did recommend that the U.S. Bureau of Prisons assign Fastow to serve his term at a federal prison in Bastrop.

Judge Wants To See Former News Mogul's Secret Agreement (FINDLAW/AP)

By Mike Robinson, Ap Legal Affairs Writer

AP, October 6, 2006

(AP) - CHICAGO-A federal judge told attorneys for former newspaper baron Conrad M. Black on Thursday to try to get her a copy of a secret financial agreement he made with the Canadian holding company he once ran.

U.S. District Judge Amy J. St. Eve said she wants to review the agreement worked out between Black's attorneys and those of Toronto-based Hollinger Inc. that limits his access to millions of dollars in assets.

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The secret agreement has become a battleground in skirmishing between the beleaguered former press lord and prosecutors who say he is trying to maneuver his way out of a promise to secure his $20 million (â,¬15.72 million) bond.

The bond is secured partly with a $35 million (â,¬27.51 million) Palm Beach, Florida, house that has a $10 million (â,¬7.86 million) mortgage. Black initially had said he would secure the bond by paying off the mortgage but has not and is in default.

If the mortgage company were to foreclose and take possession of the house, the value of the assets securing the bond would be sharply reduced.

Black is charged with plundering millions of dollars belonging to shareholders of Hollinger International Inc., which he controlled through the Hollinger Inc. holding company. He also is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes.

Prosecutors told St. Eve on Thursday that Black appears to be claiming he cannot pay the mortgage because the secret agreement has frozen the funds.

While terms of the secret agreement are not known, attorneys said in court Thursday that it would keep the money in Canada and not allow it to be moved south of the border where it could be used to pay the mortgage.

Black attorney Edward M. Genson said the mortgage company has said it would not foreclose if the mortgage interest alone is paid every month.

Genson said that on Thursday a payment of $1,285,961 (â,¬1,010,896) representing the back interest on the mortgage, had been paid. He said the interest would be paid every month from now on, meaning the bond was effectively secured.

That irked lead prosecutor Eric H. Sussman who said Black had "rewritten at his discretion the mortgage agreement."

"He has contracted his way around having to meet is obligations to the government in court," Sussman told St. Eve.

Genson said he didn't know if he could obtain a copy of the secret agreement but would ask Black's Canadian lawyers if it would be possible.

St. Eve said if she could obtain a copy of the agreement she would not show it to the prosecution.

As for the contents of the agreement, Genson said: "I don't know what it says - and I don't want to know what it says."

Pequot Says S.E.C. Won't Take Action (NYT)

By Gretchen Morgenson And Walt Bogdanich

The New York Times, October 6, 2006

The staff of the Securities and Exchange Commission has notified Pequot Capital Management, a prominent hedge fund run by Arthur J. Samberg, that it will not recommend an enforcement action against the firm or its employees relating to an insider trading investigation, according to a letter sent yesterday by the fund to its clients.

Saying that Pequot was "gratified by the staff's determination," the letter noted that the S.E.C. had not yet closed the investigation. The commission, as is its custom, declined to comment on Pequot's disclosure. The fund has maintained that its trading was proper at all times.

The $7 billion hedge fund and its founder, Mr. Samberg, came under regulatory scrutiny in late 2004, when Gary J. Aguirre, a staff lawyer at the S.E.C., began investigating a number of profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission.

One focus of the investigation was the hedge fund's July 2001 purchases of shares in Heller Financial, a commercial lender that was acquired by GE Capital for $5.25 billion at the end of that month. While speculation of a possible deal had percolated earlier that year, Heller's stock soared 50 percent the day the merger was announced, producing significant profits for the fund.

Mr. Aguirre has said his investigation into Pequot's trading led to his firing in September 2005, roughly a year after he had been hired.

Last summer, Mr. Aguirre testified to Congress that his investigation into the fund was supported by senior S.E.C. officials until he sought the testimony of John J. Mack, now the chief executive of Morgan Stanley and a friend of Mr. Samberg's.

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Mr. Aguirre was fired, he has said, after he lost the argument with his superiors over whether he could interview Mr. Mack, who was chief executive of Credit Suisse First Boston at the time of the Heller takeover. Credit Suisse was one of the advisers in the Heller deal.

The S.E.C. reversed its position and took Mr. Mack's deposition in the case in July. Details of his testimony have not been disclosed.

Jeanmarie McFadden, a spokeswoman for Morgan Stanley, confirmed that the S.E.C. had also advised Mr. Mack that he would not face enforcement action in connection with the Pequot matter. Beyond that, she declined to comment.

"It's exactly what I expected," Mr. Aguirre said yesterday. "The S.E.C. has been pretending to conduct an investigation over the last few months and now they've stopped pretending."

Officials at the Senate Finance Committee continue to investigate the circumstances surrounding Mr. Aguirre's firing in September 2005, shortly after he had received praise for his work on the Pequot matter and a two-step merit pay increase.

The S.E.C.'s decision not to file enforcement actions in the case was first reported yesterday by CNBC.

S.E.C. officials were working against the clock in investigating Pequot, based in Westport, Conn., over its 2001 trades. The period of time that prosecutors have to bring a criminal insider trading case is five years from the date of the transaction in question. Last summer that statute in the Heller case expired.

While the S.E.C. can still bring a civil case seeking disgorgement of illicit profits five years after the transaction, in the past judges have frowned on cases brought that long after the questionable transactions were made.

Hedge Fund Escapes Charges (WP)

By Carrie Johnson

The Washington Post, October 6, 2006

Securities and Exchange Commission staff will recommend that the agency not pursue insider trading charges against $7 billion hedge fund Pequot Capital Management Inc., its management team, and former chairman John J. Mack, according to a letter sent to the fund's investors yesterday and three sources familiar with the investigation.

Regulators had been investigating whether Mack, who now serves as chief executive of investment bank Morgan Stanley, improperly tipped Pequot officials five years ago to a looming merger between General Electric Capital Corp. and Heller Financial Inc.

The investigation became public this summer after former SEC enforcement lawyer Gary J. Aguirre told a congressional committee that he was dismissed last year for pressing to interview Mack under oath. A different agency lawyer ultimately deposed Mack a few weeks after the hearing.

Arthur J. Samberg, founder and chairman of Pequot, said in his letter addressed "to clients and friends" that regulators had not formally closed the two-year-old investigation but that all signs pointed to its quick end. Jonathan Gasthalter, a spokesman for the fund, declined to comment further, as did SEC spokesman John Nester.

The investigation of Pequot, whose headquarters are in Westport, Conn., was one of several the agency is conducting into the trading practices of hedge funds, lightly regulated investment pools designed for wealthy and sophisticated investors. Earlier this year, a federal appeals court invalidated a rule that would have required hedge funds to open their books for inspection and to provide basic information to the SEC. Administration officials are studying hedge funds, which have multiplied rapidly and which now appeal to public pension funds and retail investors, not only the financial elite.

SEC enforcement chief Linda Chatman Thomsen told the Senate Judiciary Committee last week that insider trading by hedge funds is "an area of significant concern to the commission." Thomsen testified that the agency had brought five such cases against hedge funds or their advisers in the fiscal year that ended last week.

But without e-mails, documents or an outright admission by someone involved in a case, insider trading charges can be difficult for regulators to prove.

Mack, a longtime friend of Pequot's founder who for a time served as chairman of the fund, had for months denied through a Morgan Stanley spokeswoman that he engaged in wrongdoing. A Morgan Stanley representative declined to comment on the

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apparent resolution of the probe. The sources who spoke about the status of the investigation spoke on condition of anonymity because it has not been completed.

Bring On The Bears (NYT)

By Richard Sauer

The New York Times, October 6, 2006

Arlington, Va.

SHORT sellers occupy a position in the stock market like that of predators in nature: necessary but unloved. Corporations, which like to see their stock always rising, despise these traders, who borrow shares and sell them in the expectation that the price will fall soon and they'll make a profit. There are signs, however, that these vilified traders might be coming into a measure of respect for the critical balance they provide in a market frequently dominated by the puffery of companies and sell-side analysts.

The short sellers' skeptical scrutiny of companies they feel are overpriced has led them to uncover many of the major financial frauds of recent years. Yet they continue to be burdened by a regulatory scrutiny of their own actions that springs more from rumors than fact. In the 1930's, short selling was hobbled by restrictions intended to prevent the "bear raids" many thought then (but few think now) underlay the market collapse of 1929. These included the "uptick rule," which prohibits short sales when the price of a stock is in decline.

In an unusual (and laudable) effort to measure whether a long-lived regulation actually works, the Securities and Exchange Commission recently completed a pilot program to suspend the uptick rule for a third of the stocks on the Russell 3000 index and compare their performance to stocks still subject to the rule.

At a meeting of prominent economists held by the commission last month, consensus held that price restrictions on short selling were a regulatory anachronism of no benefit to the market. Stocks freed from the uptick rule had shown no greater vulnerability to momentum selling than the control group. A few panelists, in fact, uttered the heresy that bear raids are now so uncommon that they no longer need be of concern to regulators.

No such view was expressed, however, regarding the flip side of the bear raid: the "pump and dump," a scheme in which someone promotes a worthless stock he owns, then sells it as gullible investors fall for the promotion. Panelists noted that these schemes remain commonplace, particularly among small-cap stocks, with fax and spam e-mail messages joining more traditional methods to tout toxic stocks.

They also suggested that the first line of defense against such schemes has not been the S.E.C., which acts slowly when it acts at all, but rather the much disdained short seller. By putting their money where their mouths are, short sellers are the only market participants with an incentive to deflate bubbles and inject pessimistic information into the market.

As an enforcement lawyer at the S.E.C., I received from short sellers early warnings on certain companies that led to the capture and return to investors of hundreds of millions of dollars taken by stock frauds. Such information came from no other source — certainly not from institutional stock analysts, whose failures of objectivity were made notorious by the Attorney General Eliot Spitzer of New York. Representing short-biased hedge funds as a part of my practice as a private lawyer, I continued to be impressed by their ability to spot stock frauds in the early stages.

But if short sellers are friends to the S.E.C., the commission has been no friend to short sellers. The agency has saddled short sellers with trading restrictions and has looked the other way when companies have taken potentially illegal actions to silence short sellers' criticism.

One of the tools of the pump-and-dump scheme is the "short squeeze," in which companies contrive to goose their share prices or restrict the supply of stock that can be lent out for shorting, thereby increasing the cost of maintaining a short position. The S.E.C. and the courts have recognized that such activities can constitute market manipulation. Yet the S.E.C. has shown so little interest in remedying such abuses that companies blatantly promote actions explicitly intended to force the wholesale covering of short positions. Average investors are also taken for a ride when a company's share price spikes as a result of a short squeeze.

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In addition, the S.E.C. staff has been willing, indeed eager, to pursue investigations against short sellers based on complaints from companies that the shorts have said mean things about them. One recent case made national news: the S.E.C. staff sent subpoenas to financial journalists suspected of using short sellers as sources for their articles — as if that were somehow improper.

These investigations seem never to lead to enforcement actions against established funds, suggesting that shorting a stock and then spreading false rumors about the company is not a common investment strategy.

The number of short-biased funds is in decline. Those still operating are less likely than before to bring contrarian information about companies to the attention of regulators and the press, in part because of the S.E.C.'s stance toward a group that should actually merit its gratitude, and also because of the recent trend among troubled companies to sue those who have the temerity to short their stock.

This is not to propose a program of affirmative action for short-sellers, or to deny the possibility that misconduct can occur. But the S.E.C. can and should take a more balanced approach toward the only actors in the marketplace who share its interest in exposing financial fraud.

It can begin by jettisoning the antiquated uptick rule. It should view with greater skepticism companies that attribute their woes to conspiracies by short sellers. It should take appropriate enforcement action against companies that retaliate against critics through defamation campaigns and manipulative short squeezes.

Finally, Congress should provide the S.E.C. with discretion to pay bounties, similar to those available in insider trading cases, for tips resulting in successful financial fraud cases. This would give some degree of recognition to those contrarians who help keep the market honest by flagging problems concealed by companies — and missed by institutional analysts.

Richard Sauer, a former administrator in the Securities and Exchange Commission's enforcement division, joined the management at a short-biased hedge fund this week.

CRIMINAL LAW:

Watchdog Group Disputes FBI's Claims On E-Mails (WP)

By Dan Eggen

The Washington Post, October 6, 2006

The watchdog group that first provided the FBI with suspicious e-mails from then-Rep. Mark Foley (R-Fla.) said yesterday that FBI and Justice Department officials are attempting to cover up their inaction in the case by making false claims about the group.

Law enforcement officials said the allegations by Citizens for Responsibility and Ethics in Washington (CREW) are without merit, and they stood by allegations that the group had refused to provide some information to the FBI.

The dispute is the latest controversy this week for CREW, a liberal-leaning group that has come under attack from House Speaker J. Dennis Hastert (R-Ill.) and other Republicans because it has received money from a foundation funded by liberal financier George Soros.

CREW held a news conference Monday to announce that in July it had provided the FBI suspicious e-mails between Foley and a former House page. The group criticized the bureau for not taking more aggressive action and asked Justice Department Inspector General Glenn A. Fine to investigate the FBI's handling of the case.

Law enforcement officials said then that the e-mails did not provide enough evidence of a possible crime to warrant a full investigation. In the e-mails, Foley praises the physical attributes of one page and asks another teenager for his picture.

In subsequent days, unidentified Justice and FBI officials told reporters that the e-mails provided by CREW were heavily redacted and that the group refused to provide unedited versions to the FBI. One law enforcement official -- speaking on the condition of anonymity to discuss an ongoing investigation -- also told The Washington Post the FBI believed that CREW may have received the e-mails as early as April and that the group refused to tell the FBI how they were obtained.

Melanie Sloan, CREW's executive director, said copies of the original e-mails she sent to an FBI agent show those assertions to be wrong. Sloan said the agent called to confirm receipt of the e-mails and to ask if one of the parties was Foley.

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Sloan said the group sent unedited e-mails to the FBI because "we wanted them to commence an investigation. We're sort of outraged that they're saying anything differently." The group has asked Fine's office to look into the FBI's assertions.

Justice Department spokesman Brian Roehrkasse declined to comment on that issue but defended the FBI's handling of the original e-mails: "The e-mails, while inappropriate, did not contain a criminal predicate to allow the FBI to move forward in an investigation."

Gonzales Discusses FBI's Congressional E-mail Inquiry (MPR)

By Elizabeth Stawicki, Minnesota Public Radio

Minnesota Public Radio, October 6, 2006

U.S. Attorney General Alberto Gonzales told a business group in Minneapolis Thursday that the Bush Administration has aggressively enforced the Americans with Disabilities Act. The ADA bars discrimination aimed at people with disabilities. Later speaking

Minneapolis, Minn. — Gonzales showed no surprise when reporters at a press conference asked him about the FBI's investigation into former Congressman Foley, rather than the Americans with Disabilities Act;

"I'm shocked that you would ask me about that question in Minnesota," he joked.

Gonzales deftly fielded questions about whether the FBI has launched an investigation into Foley's, and whether the congressional leadership took part in covering up Foley's behavior. Gonzales would say only that the FBI is in the preliminary stages of the investigation and that House Speaker Dennis Hastert is cooperating.

When questions turned to whether the FBI had knowledge in July of Foley's activity, Gonzales responded this way.

"There was some information received by the (Justice) Department in the summer and this is all going to be looked at. We're going to be looking at everything that's related to this investigation and to ensure that if there's any criminal activity, any criminal wrongdoing, appropriate steps will be taken by the Department of Justice," he said.

The Attorney General also took a question about the Bush Administration's warrantless surveillance program. A Detroit federal judge ruled the program unconstitutional. But on Wednesday, a federal appeals court ruled the Bush adminstration could continue its program while the president appeals:

"The president believes it's a very important program. It's been important for securing the national security of our country. It's a limited program targeted at communications with Al-Qaeda and members of Al-Qaeda."

Gonzales came to Minneapolis to tout a Department of Justice report about governmental enforcement of the ADA, which bans discrimination based on disability. Congress passed the ADA in 1990 under George Bush Sr.'s administration. The report says that during the last five years, Justice Department has resolved 1800 out of 2000 cases through mediation rather than going to court.

Gonzales said the department forced governmental and private employers to comply with the law by aggressive enforcement and public education:

"We've made good progress in ensuring that the American dream is available to everyone in this country, no matter their physical condition, their race, their religion. We have an obligation as government officials to create an environment where the American dream is available to everyone."

Gonzales' spoke to the U.S. Business Leadership Network, which promotes employing persons with disabilities.

Ethics Panel Begins Inquiry Of Foley Scandal (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, October 6, 2006

WASHINGTON — The House ethics committee launched an investigation Thursday into former congressman Mark Foley's lurid Internet communications with teenage pages to determine whether the situation was handled properly by House leadership.

Amid signs that the Foley scandal is broadening, the normally secretive committee announced it has issued nearly four dozen subpoenas for documents and testimony. Chairman Doc Hastings, R-Wash., said the committee will interrogate members and officers of Congress as well as staff.

"Our investigation will go wherever the evidence leads us," Hastings said, declining to mention by name anyone who will testify.

The announcement came as House Speaker Dennis Hastert, R-Ill., took responsibility for a scandal that could threaten his party's control of the House. Some Republicans, such as Rep. Roy Blunt of Missouri, have criticized Hastert for not being more alert to warnings about Foley's inappropriate friendships with pages.

"The buck stops here," said Hastert, quoting former Democratic president Harry Truman. Still, Hastert insisted he has no intention of stepping down as his party's House leader.

"I haven't done anything wrong," he said at a news conference outside his office in Batavia, Ill.

Hastert has been on a media blitz to retain his post in the face of calls for his resignation from conservatives such as Richard Viguerie.

The ethics committee no longer has jurisdiction over Foley, a Florida Republican, because he resigned from Congress last week. Instead, the panel will focus on whether members of Congress or its employees mishandled reports that Foley had sent overly friendly e-mails to a page.

"The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled," Hastings said.

Members of a four-person investigating subcommittee, evenly divided between Republicans and Democrats, expressed a determination to move swiftly.

"We're talking about a matter of weeks, not months," said Rep. Howard Berman, D-Calif.

Meanwhile, Hastert tried unsuccessfully to win Democratic support for an examination of House page security by former FBI director Louis Freeh.

Brendan Daly, a spokesman for House Minority Leader Nancy Pelosi, said the California Democrat objected to the former FBI director's appointment because "the page program isn't the problem."

Hastert spokesman Ron Bonjean said that the speaker still hopes to enlist Freeh but that the former FBI director wants a commitment of "bipartisan cooperation" before agreeing to the assignment.

Though he is out of the ethics committee's reach, Foley faces the possibility of prosecution for illegal sexual contact with minors.

In another development: A former page, now working on the gubernatorial campaign of Republican Rep. Ernest Istook, has retained a lawyer. Lawyer Stephen Jones said he is representing the page in matters related to his work as a page and in reference to Foley.

FBI agents in Washington interviewed Kirk Fordham, a former Foley aide who has said he warned top Hastert staffers of Foley's contacts with pages at least two years ago. Fordham was "forthcoming," his attorney Timothy Heaphy said.

Foley's offices, here and in Florida, are now run by the House clerk. They remain open to constituents, though a reporter who stopped by the Washington office, dominated by a large tank of colorful tropical fish, was shooed away.

Steps are being taken to preserve potential evidence. Salley Collins, a spokeswoman for the House Administration Committee, said officials are in the process of complying with "every request made" by the Justice Department. This week, the department asked House officials to secure Foley's computers, documents and archives.

To facilitate the investigations, Hastert announced the creation of a toll-free hotline for pages and parents to phone in tips about concerns and possible abuses. The number of the tip line is 866-348-0481.

Hastert canceled an appearance at a Monday fundraiser for Republican congressional candidate Joy Padgett, an Ohio state senator, but remained upbeat at his Illinois news conference.

"I am going to run, and presumably win, in this election," Hastert said. "And when we do, I expect to run for leader — for speaker."

Inquiry To Look At House, Not Foley (WP)

By Charles Babington

The Washington Post, October 6, 2006

DOJ_NMG_0076275

The House ethics committee launched a wide-ranging investigation into Congress's handling of information about a Florida lawmaker and teenage pages yesterday, as Speaker J. Dennis Hastert (R-Ill.) vowed to keep his job, saying, "I haven't done anything wrong."

The ethics panel approved nearly four dozen subpoenas for documents and testimony from House members, officers and aides. Its leaders said they plan to complete the inquiry in a matter of weeks, but not necessarily before the Nov. 7 congressional elections.

"Our investigation will go wherever the evidence leads us," Chairman Doc Hastings (R-Wash.) told reporters at the Capitol. The committee is evenly divided between the two parties, and Hastings and Rep. Howard L. Berman (Calif.), the top Democrat, promised to conduct an impartial investigation into the House's handling of warnings about the conduct of then-Rep. Mark Foley (R-Fla.).

The committee's inquiry will proceed in tandem with investigations by the FBI and Florida officials. Unlike those agencies, the ethics committee has no jurisdiction over Foley, who resigned last week as ABC News was publishing sexually graphic electronic messages between him and teenage former congressional pages. Hastings said his committee will focus on the "conduct of House members, officers and staff related to information concerning improper conduct involving members and current and former pages."

Democrats and some Republicans have accused Hastert and his leadership team of brushing off early indications of a problem -- including what they called an "over-friendly" e-mail that Foley sent to a Louisiana boy in 2005 -- that might have led investigators to find the explicit instant-message exchanges that had occurred in previous years. Two high-ranking House Republicans have said they told Hastert about that e-mail, and another lawmaker says he told Hastert's staff.

Kirk Fordham, Foley's former chief of staff, said this week that he repeatedly alerted Hastert's staff in 2003 to complaints that the Florida lawmaker was showing inappropriate interest in male pages, who are high-schoolers spending a semester or two working for Congress. The FBI spent more than three hours yesterday interviewing Fordham.

Some Republicans said they are most concerned about Fordham's assertions. Scott Palmer, the speaker's top aide, has denied the allegations and spent much of Wednesday night rummaging through old e-mails and files to determine whether he ever corresponded with Fordham, a source close to Hastert said. Palmer, who was described as very emotional, told Hastert that Fordham's assertions are false, the source said.

Hastert's office has been on edge. Deputy Chief of Staff Mike Stokke, who handles politics for the speaker, has offered to resign, two sources close to Hastert said, and several aides have expressed frustration that Ted Van Der Meid, the top counsel in the office, did not do a better job monitoring the Foley situation. Hastert did not accept Stokke's resignation offer, the source said.

Hastert, addressing reporters in Batavia, Ill., reasserted that he knew nothing of complaints about Foley's behavior until the day the Floridian resigned last week. The speaker rejected calls for his resignation by a handful of conservative groups, saying: "I haven't done anything wrong, obviously. And we need to come back." At the same time, he said, "We're taking responsibility, because ultimately, as someone has said in Washington before, the buck stops here."

Hastert suggested that Democrats may have known about the lewd instant messages and leaked them for partisan advantage, but he said he had no evidence.

Hastert had hoped to announce the bipartisan appointment of former FBI director Louis J. Freeh to look into ways to improve the page program, in which teenagers live in a Capitol Hill dorm and attend a special school. But when he called Minority Leader Nancy Pelosi (D-Calif.) early in the afternoon, she declined to go along with the plan.

Pelosi saw the Freeh proposal as a ploy to burnish the GOP's image, aides said. She told the speaker that investigators should examine whether existing rules and procedures were followed before the House considers new rules, the aides said.

Rather than presenting Freeh as an appointee backed only by Republicans, Hastert delayed his remarks and dropped the idea.

At the ethics committee's news conference, Hastings said he thinks Hastert "has done an excellent job" as speaker but added that as committee chairman he would be able to render impartial judgments on the Foley affair.

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The committee has a stormy history, in part because Hastert replaced key members in early 2005 as the panel was investigating then-Majority Leader Tom DeLay (R-Tex.). The committee was essentially paralyzed, but public furor over the Foley scandal forced it into action on a high-profile issue.

The four-person subcommittee handling the Foley matter consists of Hastings, Berman, Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio). Berman said that "we are dealing with a fundamental institutional issue" concerning the handling of information and warnings about Foley.

As he had done before, Hastert described the Foley chronology yesterday in ways that some Republican colleagues challenge. "Could the Page Board have handled it better?" he said. "In retrospect, probably, yes."

But only two of the Page Board's six members -- three lawmakers and three staffers -- knew anything about the e-mail to the Louisiana boy. Among those kept in the dark were Reps. Shelley Moore Capito (R-W.Va.) and Dale E. Kildee (D-Mich.). They have said they should have been brought into the decision-making process earlier this year.

Hastert was feistier in a Chicago Tribune interview published yesterday. "The people who want to see this thing blow up," he said, "are ABC News and a lot of Democratic operatives, people funded by George Soros," a major contributor to liberal causes. "I saw Bill Clinton's adviser Richard Morris was saying these guys knew about this all along."

Morris is a former Clinton consultant who was been sharply at odds with the former president for years. Hastert offered no proof for his assertions, and Democrats called them absurd and laughable.

High-ranking House Republicans, after challenging Hastert's handling of the Foley matter in recent days, issued statements of support yesterday.

President Bush called Hastert last night to offer his support. "He's saying at this point that the speaker should not resign," spokesman Tony Snow said.

Meanwhile yesterday, a 26-year-old Atlanta man says Foley began sending him sexually suggestive messages and invited him to his Washington home after he served as a congressional page nine years ago. Tyson Vivyan said Foley began sending him online instant messages a month or two after his nine-month stint as a page ended in June 1997. Foley entered Congress in January 1995.

Vivyan's account appears to show the earliest exchange of suggestive messages reported so far between Foley and former pages. Vivyan said he played along at first, thinking it was someone he knew. After weeks of peppering the anonymous message sender with questions, he said he figured out who it was and refused to engage in the sexual banter that Foley tried to instigate.

"I had absolutely no sexual interest in him. He was a man twice my age," said Vivyan, who added: "I don't call my self gay, I don't call myself straight."

Vivyan, who is divorced, said he found the congressman's behavior "morally reprehensible" but tried to maintain a platonic professional relationship in which they talked about legislation and "votes on the Hill."

He said that in 1999 Foley invited him and another former page over to his home for pizza. Vivyan said they went and "everything was completely platonic and nonsexual."

Also yesterday, ABC News reported that three more former congressional pages have come forward to reveal what they call "sexual approaches" over the Internet from Foley. The pages served in the classes of 1998, 2000 and 2002, ABC said, and they do not want their names used.

Panel Vows Hard Look At House Page Scandal (NYT)

By Carl Hulse

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — Leaders of the House ethics committee on Thursday promised a thorough investigation into the circumstances surrounding former Representative Mark Foley's electronic messages to Congressional pages and approved nearly four dozen subpoenas for an inquiry they said would take "weeks, not months."

"The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled, and we are determined to answer their questions," said Representative Doc Hastings, Republican of Washington, who is chairman of the panel.

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Mr. Hastings said that the committee, which is evenly divided between Republicans and Democrats, would question lawmakers, House officers and staff members and "go wherever the evidence leads us."

The committee, which had been paralyzed by partisan conflict until recently, no longer has jurisdiction over Mr. Foley, who resigned from Congress last Friday.

The panel can, however, investigate whether lawmakers failed to take adequate steps to protect pages and whether they and staff members properly pursued the initial report of Mr. Foley's e-mail messages to a Louisiana page whose parents were alarmed by their content.

"First of all, we have to establish the facts," said Representative Judy Biggert, Republican of Illinois, who will conduct the inquiry with Mr. Hastings and two Democrats, Howard L. Berman of California and Stephanie Tubbs Jones of Ohio. "And the facts will lead us to who — if there is someone — who perhaps did a cover-up."

The ethics committee action came just before Speaker J. Dennis Hastert, whose handling of the matter has been severely criticized, made an appearance in his north-central Illinois district, where he said he accepted responsibility for the way accusations involving Mr. Foley were investigated while restating that he would not resign.

Mr. Hastert had been prepared to announce that he was naming a former F.B.I. director, Louis J. Freeh, to lead a study into the security of the Congressional page program but dropped the plan because Democrats balked when told about it.

Mr. Hastert and his allies were hoping his acceptance of responsibility could begin to turn the tide in a controversy that has become a threat to Republican control of the House.

Representative Joe L. Barton, Republican of Texas and chairman of the Energy and Commerce Committee, circulated a letter of support that compared Mr. Hastert's position to that of the defenders of the Alamo.

"Today, our speaker, Dennis Hastert, is suddenly surrounded by a besieging army, but of a different sort," said Mr. Barton, who urged his colleagues to stand with the speaker. "It is not a military army, but a political and ideological army of the left, demanding his unconditional surrender."

Other Republicans raised new concerns about Mr. Hastert, particularly after Kirk Fordham, a senior Congressional aide who once worked for Mr. Foley, said Wednesday that he had warned Scott Palmer, Mr. Hastert's chief of staff, that Mr. Foley was acting inappropriately with pages well before the first e-mail surfaced. Mr. Palmer denied that.

"I'm very concerned with the news reports from last night that indicate leadership in the House of Representatives, including Speaker Hastert, may have had advance knowledge of this wrongdoing," said Representative Jeb Bradley, Republican of New Hampshire. "If these allegations prove true, Speaker Hastert should resign."

In a sign that a Justice Department inquiry is moving ahead, Mr. Fordham and his lawyer, Tim Heaphy, appeared briefly before reporters on Thursday. Mr. Fordham said nothing while Mr. Heaphy said Mr. Fordham had answered questions from the F.B.I.

"He can't comment further," Mr. Heaphy said, because of the inquiry.

The F.B.I. was also checking reports that one or more of the pages Mr. Foley had communicated with had, as a joke, pretended to respond in kind to Mr. Foley's suggestive instant messages, said government officials who were briefed on the case.

Aides to the minority leader, Representative Nancy Pelosi of California, said the speaker called her earlier Thursday to advise her of his idea to bring in Mr. Freeh. The aides said Ms. Pelosi objected, asserting that the issue was not the future of the page program but whether Republicans reacted properly to Mr. Foley's contacts with a former page.

Ms. Pelosi herself said Mr. Hastert, in his remarks on Thursday, again said that the initial complaint had been handled by the House page board when only its Republican chairman and the person who was then clerk of the House had been involved rather than the full board, including the Democratic member.

"They still don't get it," Ms. Pelosi said.

Mr. Hastert also said Thursday that the head of the board, Representative John Shimkus, Republican of Illinois, had confronted Mr. Foley over the Louisiana e-mail and "asked him if there were any other messages."

"He said no," Mr. Hastert said.

On Monday, Mr. Hastert said he did not know whether Mr. Shimkus had pressed Mr. Foley on messages to others. Mr. Shimkus, in an interview on Wednesday with The Chicago Tribune, said he did not ask Mr. Foley about other messages.

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The ethics committee would not disclose the intended recipients of the subpoenas. Mr. Hastings said he hoped those sought would cooperate voluntarily "because we believe that most of these individuals share our desire to get quick and truthful answers to the questions that are being asked by so many Americans."

The ethics panel had been the center of a partisan fight after Mr. Hastert proposed changes in 2005 that Democrats said were intended to gut the panel in retaliation for a series of rebukes to Tom DeLay, who was then the majority leader. But Mr. Berman, who was named senior Democrat on the panel this year when his predecessor was forced to step aside, said he and Mr. Hastings worked well together.

"We have ideological and philosophical differences," Mr. Berman said, "but on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside."

Some groups called on the ethics committee to bring in outside counsel to handle the inquiry as it has done in some cases involving Congressional leaders. But Mr. Berman and other panel members expressed confidence that they could conduct a credible investigation.

"My reputation is too important to put it aside for purposes of some friendship," said Ms. Tubb Jones, a former judge and prosecutor.

Ethics Committee To Probe Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 6, 2006

The House ethics committee yesterday opened an investigation into the congressional page scandal, vowing to follow the evidence and spare no one based on politics as it approved "nearly four dozen" subpoenas for members, Capitol officials and staffers.

"The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled, and we are determined to answer their questions," Rep. Doc Hastings, Washington Republican and chairman of the committee, said yesterday. "We pledge to you that our investigation will go wherever the evidence leads us."

The committee of five Republicans and five Democrats voted unanimously during an emergency meeting yesterday morning to approve dozens of subpoenas for documents and testimony related to former Rep. Mark Foley, Florida Republican, the page program and the steps taken by Republican leaders after the parents of a former page complained about e-mails Mr. Foley had written their teenage son, Mr. Hastings said.

Moments after the investigation was announced, House Speaker J. Dennis Hastert, Illinois Republican, flatly dismissed calls from some conservatives that he resign the top House position for not investigating the situation more swiftly and thoroughly when he first learned of Mr. Foley's contact with the former page.

"I'm going to run, presumably win this election," he told reporters gathered in his hometown of Batavia, Ill. "And when we do, I expect to run for leader -- for speaker."

Mr. Hastert began his remarks on a note of contrition. "I'm deeply sorry that this has happened, and the bottom line is that we're taking responsibility," he said. "Ultimately, as someone has said in Washington before: The buck stops here."

But by the end of his remarks, he again denied any wrongdoing.

Mr. Hastert also announced the creation of a confidential toll-free hot line -- 866/384-0481 -- for information about abuses related to the congressional page program.

President Bush spoke last night with Mr. Hastert, thanking him for making a clear public statement and taking responsibility for the situation. The president said he appreciated that when House leaders learned of the lurid instant messages, they took swift action to persuade Mr. Foley to resign, and called for an investigation. He also reiterated his support for the speaker.

Meanwhile, the FBI continued its preliminary investigation into the matter. Yesterday, investigators interviewed Kirk Fordham, a former Foley staffer who resigned this week amid charges he tried to keep from the public some of the most salacious Internet messages Mr. Foley sent teenage boys. Upon resigning Wednesday, Mr. Fordham told reporters that House Republican leadership officials knew more about Mr. Foley's behavior much earlier than they are acknowledging.

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Mr. Fordham and his attorney appeared briefly before news cameras yesterday to say that he had testified but declined to comment further.

In Monroe, La., CNN obtained a statement from the family of the page who got the e-mails from Mr. Foley.

The parents appear to support for the most part the Republican leadership's version of when they learned of the Foley matter and how they responded, according to the statement.

After learning of the suggestive e-mails last fall, Rep. Rodney Alexander, Louisiana Republican, contacted the family, they said.

"He explained that his office had been made aware of these e-mails by our son and that while he thought the e-mails were overly friendly, he did not think, nor did we think, that they were offensive enough to warrant an investigation," they said, according to the statement.

The parents asked that Mr. Foley be ordered to stop contacting their son but, wanting to avoid a "media frenzy," they also asked that the matter be dropped.

The matter will be closely reviewed by the ethics committee, both Democrats and Republicans on the panel promised.

"I wanted no part of an incumbent protection agency," Rep. Howard L. Berman, California Democrat, said of joining the committee earlier this year. "We all have strong partisan feelings, we have passionate concerns about issues, we have ideological and philosophical differences, but on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside, as we have seen and witnessed from the chairman during the past five and a half months."

During the ethics committee press conference, Mr. Hastings said, "I think the speaker has done an excellent job."

Asked whether that assessment might not taint his objectivity during the upcoming probe of how Mr. Hastert handled the Foley matter, Mr. Hastings paused for a moment.

"Listen, I don't want to get into all of that," he said. "We are here to talk about what the ethics committee is going to do regarding the incidents that happened in the last week, and that's what we want to focus on."

Questions also were asked about whether Rep. Judy Biggert, an Illinois Republican on the committee whose district borders Mr. Hastert's, could remain objective.

"It makes no difference," she said. "The evidence will lead us, as the chairman said, to find the facts as they stand and take action that is needed."

House Minority Leader Nancy Pelosi said she is "pleased" that the committee is investigating the "cover-up" of Mr. Foley's electronic dalliances.

"I expect that the Republican members, officers of the House and staff will be questioned under oath so that this scandal will be resolved fairly and quickly," she said.

Earlier yesterday, Republican aides said Mr. Hastert intended to ask former FBI Director Louis J. Freeh to evaluate the page program and make recommendations for how to improve it. But, the aides said, Mrs. Pelosi nixed the proposal.

"The speaker reached out to Democrat Leader Pelosi and shared with her that Louis Freeh would be a great choice to strengthen the security of the House page program," said one House Republican leadership aide. "Pelosi rejected the idea because she wanted to focus attention on the investigation."

Mr. Hastert's future all week has been in question with calls for his resignation coming from the right. But by yesterday, those doubts appeared to clear.

Senate Majority Leader Bill Frist, Tennessee Republican, and House Deputy Whip Eric Cantor, Virginia Republican, both issued statements supporting Mr. Hastert.

"Calls for Speaker Hastert to resign are ridiculous," Mr. Cantor said. "Speaker Hastert is an honest man who would never put a child in harm's way. Of that, I am confident, as I am of his leadership."

House Ethics Panel Moves To Probe Foley Case (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 6, 2006

WASHINGTON - Opening a new investigative front in the Mark Foley sex scandal, the House ethics panel Thursday authorized a barrage of nearly 48 subpoenas for witnesses and documents, while, back home in Illinois, the besieged House speaker vowed to keep his post.

After a two-hour, closed-door meeting, the bipartisan House ethics committee announced a unanimous decision to cast a wide net across the House of Representatives to examine a swirl of allegations surrounding the case of the former Florida GOP lawmaker and his X-rated e-mails with young male congressional pages.

"Like all Americans, we are ... appalled at the revelations of highly improper communications," panel chairman Rep. Doc Hastings, of Washington state, told reporters.

He and the top Democrat on the committee, Rep. Howard Berman of California, promised an expeditious probe, with results expected within weeks. In an ironic coincidence, the panel met in a room just three doors down in the Capitol building from the House pages' locker room.

In Batavia, Ill., House Speaker Dennis Hastert, whose own actions are certain to form a central part of the ethics probe of Foley's conduct and GOP leaders' responses, promised to cooperate in the investigation.

Hastert said the committee should focus on the source of transcripts of sexually graphic Instant Message conversations between Foley and the young men, which first surfaced publicly last Friday. A six-term House lawmaker and member of the GOP leadership, Foley, 52, abruptly resigned that same day.

Hastert and other Republicans are suspicious that Democrats leaked the salacious messages to influence the coming elections. But The Hill newspaper Thursday reported that a former House Republican staffer was the one who first shared the documents with the news media.

The speaker has been urged to resign his post by several angry GOP lawmakers but also defended by many more. He quashed rumors of an imminent announcement that he was stepping down. Instead, he said he was willing to take the blame for whatever lapses occurred.

"The bottom line is, I am taking responsibility for it because ultimately the buck stops here," Hastert said. Even so, he added, "I haven't done anything wrong."

He also said he wants to appoint a prominent figure to lead an examination of the congressional page program, which brings high school students from across the country to serve as messengers for lawmakers and learn about Congress first hand. A suggestion that former FBI Director Louis Freeh could be recruited was nixed by House Democrats, according to the Associated Press.

Meanwhile, a skirmish between the FBI and one of the Foley whistleblowers erupted Thursday over how seriously the federal agents took transcripts of suggestive conversations between Foley and one of the pages, whose parents ultimately reported their desire last year to the page's House sponsor that the communications end.

Citizens for Responsibility and Ethics in Washington, a self-described "progressive" advocacy group, said it gave the FBI the transcripts in July after interpreting the messages as a classical ploy by a sexual predator on the prowl for an innocent young victim.

CREW executive director Melanie Sloan said that the FBI spoke to her once thereafter but never again. On Monday, her group called on the Department of Justice to probe the FBI's failure to investigate.

News reports this week quoted unnamed FBI officials as saying Sloan had given them copies of e-mails with pertinent information, such as the name of the recipient, blacked out. The officials also said CREW ignored a request to give the FBI more information.

Sloan called the FBI account a "cover-up story" to mask its inattention to the matter, and said the documents she forwarded were not blacked out. CREW never refused to provide anything to the federal agents, she said, and blasted the FBI for "lying."

Several telephone requests for comment from the FBI and the Justice Department were not returned.

Scripps Foundation reporter Hannah Guillaume contributed to this report.

Republicans On Panel Have Ties To Hastert (USAT)

By David Jackson And Matt Kelley

USA Today, October 6, 2006

WASHINGTON — Both Republicans on the House ethics subcommittee investigating the Mark Foley scandal have financial ties to Speaker Dennis Hastert, whose handling of the former congressman's lurid Internet messages to House pages is under scrutiny.

Ethics Chairman Doc Hastings received $2,500 during the 2000 campaign from Hastert's political action committee, Keep Our Majority, according to PoliticalMoneyLine, which tracks money in politics. The six-term Washington Republican, who became ethics chairman last year, will lead the Foley investigation.

Rep. Judy Biggert of Illinois received $6,000 from Hastert's PAC and $2,000 from Hastert's own re-election fund during the 2002 campaign, according to PoliticalMoneyLine.

Biggert, whose district neighbors Hastert's, said personal relationships and financial ties will not affect the investigation: "I think that all of us on this committee were chosen because we are thought to be fair."

Fred Wertheimer, president of the watchdog group Democracy 21, said the Hastert contributions undermine the subcommittee's credibility. "They should have brought in an outside counsel," he said.

Two Democrats, Howard Berman of California and Stephanie Tubbs Jones of Ohio, round out the Foley investigative panel.

Berman, who is in his 12th term, is the top Democrat on the full ethics committee. Berman recently replaced Rep. Alan Mollohan, D-W.Va., on the ethics panel. Mollohan stepped down amid charges that he funneled federal money to home-state foundations and increased his own wealth. He has denied wrongdoing.

Tubbs Jones is a former municipal and county judge in Cleveland and served as the elected Cuyahoga County prosecutor.

Ethics members have a job to do "regardless of relationships," she said. "My reputation is too important to put it aside for purposes of some friendship."

The panel will be aided by William O'Reilly, the committee's staff director and counsel.

Chairman Of House Ethics Committee Faces Daunting Task (MCT)

By Les Blumenthal

McClatchy Newspapers, October 6, 2006

WASHINGTON - As the chairman of the House of Representatives ethics committee, Rep. Doc Hastings finds himself at the center of the congressional page scandal and allegations that Republican leaders, including House Speaker Dennis Hastert, may have handled the case improperly.

After a rough start, Hastings seems to have found his footing as the chairman of the Committee on Standards of Official Conduct. But Hastert, R-Ill., picked the Washington state Republican for the post and Hastings has been a longtime supporter of the speaker.

"It's an extremely difficult task for him," Norm Ornstein, a respected political analyst with the American Enterprise Institute, a policy-research center, said of Hastings' role in the looming investigation. "If he doesn't do it the right way it will destroy him."

A low-key and loyal Republican from a central Washington state district in which he consistently rolls up margins of more than 60 percent, Hastings announced Thursday that his committee had launched an investigation and would issue four dozen subpoenas. He declined to say whether Hastert would be among those subpoenaed.

Hastings said the committee had decided not to hire an outside counsel as it had in its investigations of two previous speakers, Democrat Jim Wright and Republican Newt Gingrich.

"We are going to do what we feel we are charged to do," said Hastings, who'd flown back to the capital from his district this week as the scandal deepened and the pressure grew on Hastert to contain it with the November elections approaching.

The ethics committee usually acts in secret. But Hasting and the other committee members held a news conference to announce their investigation.

Asked whether he personally supported Hastert, Hastings said, "I think the speaker has done an excellent job."

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Asked whether he questioned the speaker's leadership, Hastings said, "Listen, I don't want to get into all of that. We are here to talk about what the ethics committee is going to do regarding the incidents in the last week, and that's where we are. That's what we want to focus on."

Hastings was named the chairman of the committee in February 2005 after Hastert declined to reappoint Rep. Joel Hefley, R-Colo. Hastert also removed the two other Republican members of the committee who along with Hefley had voted twice to admonish then-House Majority Leader Tom DeLay for ethical lapses.

Over the next 16 months, a partisan stalemate stymied any new committee investigations, including new allegations involving DeLay. Hastings and West Virginia Rep. Alan Mollohan, then the top Democrat on the committee, were at loggerheads over a number of issues, including the makeup of the committee staff.

Earlier this year, Mollohan stepped down from the committee under his own ethics cloud and was replaced by Rep. Howard Berman, D-Calif.

Since then, the committee, which is divided equally between Republicans and Democrats, has launched four investigations, including one involving convicted lobbyist Jack Abramoff.

Berman said Thursday that when he was appointed he made it clear that he didn't want to be part of an "incumbent protection agency," and that he and Hastings had been working well together over the past five and a half months. He said he expected that committee members would set aside their "strong partisan feelings" in conducting the new investigation.

Ornstein, who earlier had been highly critical of Hastings, said the committee had improved since Berman was appointed.

"Hastings started very badly, helping to emasculate the committee," Ornstein said. "I think that has changed. We now have a functioning committee."

Ex-page Says He Got Messages From Foley (AP-Y)

By Greg Bluestein

AP, October 5, 2006

A former congressional page said Thursday he received sexually suggestive messages from then-Rep. Mark Foley in 1997.

Tyson Vivyan's account appears to show the earliest exchange of suggestive messages reported so far between Foley and teens who had served in the Capitol page program. Previous accounts placed the earliest contacts in 2003.

Vivyan, 26, told The Associated Press that Foley began sending him instant messages about a month or two after his nine-month stint as a page ended in June 1997.

Vivyan, who gave interviews this week to other media, said he never met Foley personally during his stint as a page, other than brief greetings while working in the cloakroom beside the House chamber where members take breaks.

A few months later, he said, he started getting instant messages via computer from a person with the screen name MAF54, which has been linked in news reports to Foley. He said he wasn't sure who it was, but the person knew his name and physical description. He said the person asked personal questions, such as his sexual orientation.

Vivyan said he figured the person had to be on Capitol Hill, and began looking up initials in a congressional guide. He said that when he found Foley's initials — MAF, born in 1954 — he realized who it was.

"It was almost surreal. Not only was I conversing with a congressman in a personal manner, I was conversing in a sexual manner," Vivyan said.

After he guessed it was Foley, the person continued to contact him. Vivyan said he tried to turn the talk to politics. Foley would often stop talking and contact him a week later with suggestive messages.

Vivyan also said he was invited to Foley's brownstone in Washington. Vivyan said he didn't want to go alone, so brought a fellow page with him. He said they had pizza and soft drinks, and nothing sexual happened.

David Roth, attorney for the Florida Republican former congressman, declined to comment on the allegations.

Foley, 52, resigned Friday. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

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Vivyan said he was nominated as a page by Rep. John. J. Duncan, R-Tenn. Don Walker, Duncan's deputy chief of staff, confirmed Thursday to the AP that Vivyan was a page from Duncan's district.

"We did not get any complaints form him while he was a page or after he was a page or anytime thereafter until Monday," Walker said. "As soon as we learned of it we turned it over to the authorities."

Vivyan said he was interviewed this week by the FBI. FBI spokesman Stephen Emmett in Atlanta declined comment.

Three More Former Pages Accuse Foley Of Online Sexual Approaches (ABC)

By Brian Ross, Rhonda Schwartz & Maddy Sauer

ABC News.com, October 5, 2006

Three more former congressional pages have come forward to reveal what they call "sexual approaches" over the Internet from former Congressman Mark Foley.

The pages served in the classes of 1998, 2000 and 2002. They independently approached ABC News after the Foley resignation through the Brian Ross & the Investigative Team's tip line on ABCNews.com. None wanted their names used because of the sensitive nature of the communications.

"I was seventeen years old and just returned to [my home state] when Foley began to e-mail me, asking if I had ever seen my page roommates naked and how big their penises were," said the page in the 2002 class.

The former page also said Foley told him that if he happened to be in Washington, D.C., he could stay at Foley's home if he "would engage in oral sex" with Foley.

The page told ABC News he was interviewed this week by FBI agents who had a six-page list of questions about Foley and the exchanges.

The second page who talked with ABC News, a graduate of the 2000 page class, says Foley actually visited the old page dorm and offered rides to events in his BMW.

"His e-mails developed into sexually explicit conversations, and he asked me for photographs of my erect penis," the former page said.

The page said Foley maintained e-mail contact with him even after he started college and arranged a sexual liaison after the page had turned 18.

The third page interviewed by ABC News, a graduate of the 1998 page class, said Foley's instant messages began while he was a senior in high school.

"Foley would say he was sitting in his boxers and ask what I was wearing," the page said.

"It became more weird, and I stopped responding," the page said.

All three pages described similar instant message and e-mail patterns, with remarkably similar escalations of provocative questions.

"He didn't want to talk about politics," the page said. "He wanted to talk about sex or my penis," the page said.

The three new verbal accounts are in addition to two sets of sexually explicit instant messages provided to ABC News by former pages.

An online story on the Drudge Report Thursday claimed one set of the sexually explicit instant messages obtained by ABC News was part of a "prank" on the part of the former page, who reportedly says he goaded the congressman into writing the messages.

"This was no prank," said one of the three former pages who talked to ABC News today about his experience with the congressman.

ABC Mistakenly Releases ID In Page Probe (AP-Y)

AP, October 5, 2006

ABC News' fleeting, inadvertent publishing of a computer screen name enabled a blogger to track down and make public the supposed identity of a former congressional page who traded salacious messages with former Rep. Mark Foley.

In breaking the story of the now-burgeoning scandal, the network last Friday posted on its Web site a series of instant message exchanges between Foley and the teen-ager. The name of the page was not included.

But in one exchange the network inadvertently left the victim's screen name on. It was quickly discovered and removed, replaced by a version with the name redacted.

However, ABC said Thursday that a blogger was able to retrieve the deleted file. The blogger, known as "Wild Bill' from the "Passionate America" site, went on a computer detective mission he describes in detail on his site to discover the name.

"To be clear, no one visiting our Web site would have simply stumbled on the old version," ABC News spokesman Jeffrey Schneider said. "We thank the blogger and (Matt) Drudge for bringing this to our attention."

ABC has taken additional steps to make sure no one can access the deleted messages, he said.

Victims Say Foley Should Name Abuser (AP-Y)

By Brian Skoloff

AP, October 5, 2006

Former Rep. Mark Foley's refusal to identify the clergyman he says molested him as a boy is reckless and could put other children at risk, say victims' advocates and a former priest who knows the ex-congressman.

If Foley has information about a child molester, especially one who is still living, he should come forward with that immediately, they say.

"To simply say, `I can't tell you the name,' in my judgment, that's despicable," said William Brooks, a former Roman Catholic priest at Cardinal Newman High School in Lake Worth where Foley was briefly a student in 1969. "It casts a dark cloud of suspicion over all the clergy who worked during those days. I just think it's wrong."

The Florida Republican abruptly resigned last week over sexually explicit Internet communications he had with teenage boys who worked as pages on Capitol Hill. He has since gone into rehab for treatment of alcoholism and "other behavioral problems."

Earlier this week, Foley's attorney, David Roth, announced that his client was molested between the ages of 13 and 15. He declined to identify the clergyman or the church, but Foley is Roman Catholic. Roth also said that Foley was gay, something that friends had known but the lawmaker had kept secret from the public.

Roth said that the announcements were part of Foley's "recovery" and that Foley would not disclose the name of the alleged abuser until after he is released from treatment, in 30 days, at the earliest.

"If this perpetrator is still alive, then there's a very good chance that he's still molesting minors," said Anne Barrett Doyle of the Web site BishopAccountability.org, which tracks clergy abuse cases.

Roth declined to comment Thursday.

Mark Serrano of the Survivors Network of those Abused by Priests, or SNAP, echoed the call for Foley to reveal his abuser. He said it was a "great tragedy" that Foley did not reveal this sooner, when he could have worked on behalf of those abused by clergy in his capacity as a congressman.

"As a clergy abuse survivor, it angers me because Congressman Foley, of all people, should know the trauma and pain and anguish that comes from the effects of child sexual abuse," he said.

The accusations have also cast a wider shadow over the Diocese of Palm Beach, which in the past 10 years has seen two bishops admit to molesting boys, and a third accused of abuse. Authorities also recently issued arrest warrants for two priests accused of misappropriating hundreds of thousands of dollars at a Delray Beach church.

Foley was an altar boy at Sacred Heart Catholic Church in Lake Worth and attended Cardinal Newman High School for his freshman year before transferring to Lake Worth High School.

His father was an assistant football coach at Cardinal Newman, and the Foley family was deeply involved in the church, often having priests at their home, said Joan Arsenault, whose children attended school with Foley.

"They were friendly with the priests," Arsenault said Thursday.

The Palm Beach Diocese has declined to comment on any aspect of the accusations, given that Foley has not said where the abuse occurred.

Watch What You Write! IM Conversations Can Linger For Years (AP)

By Anick Jesdanun, Associated Press

DOJ_NMG_0076285

AP, October 6, 2006

NEW YORK -- Instant-messaging conversations, though quick, aren't always fleeting.

Rep. Mark Foley's salacious chats with teenage pages emerged along with e-mails last week, as the Florida Republican abruptly resigned. ABC News, which broke the story, has said former pages were the source of the revelations about IMs from 2003.

Most likely, the pages who corresponded with Foley either manually saved messages or used IM software with built-in logging capabilities, allowing time-stamped chat sessions to be kept indefinitely on one's computer. The programs vary in whether the features are initially on or off and how well they notify users.

``Computers are really, really good at saving things, unlike a dumb telephone," said Richard M. Smith, an Internet security and privacy consultant at Boston Software Forensics. ``If you don't want something to get out, don't put it in any computer form at all."

Chat programs from Yahoo Inc. and Microsoft Corp. are among those with logging capabilities. Microsoft's installs with the ``off" button initially selected, while Yahoo's automatically records chats but clears them when a user signs off (users can choose to turn it off or record forever).

AOL Instant Messenger, the most popular IM service in the United States, doesn't offer logging in its current consumer versions but does in its business-oriented AIM Pro software. AOL's service also can be accessed by Trillian and other third-party software with built-in logging.

Computer-indexing programs such as Google Desktop also have options to retain chats on a personal computer. Some computers also may have keystroke-recording programs secretly installed by a boss or a spouse.

In some cases, the services themselves retain chats.

Google Inc. offers users the ability to store such conversations online, so they can be accessed just like e-mail. You need a password to see conversations, although Google and other service providers typically disclose such information to law enforcement when issued a subpoena or court order.

Time Warner Inc.'s AOL, Yahoo and Microsoft all say they do not retain chat sessions at all. Once a message is sent, it should exist only on the sender's and recipient's computer.

The Foley investigation comes as Attorney General Alberto Gonzales seeks a federal law requiring that Internet providers preserve customer records, asserting that prosecutors need them to fight child pornography. However, Justice officials have said that any proposal would not call for the content of IM and other communications to be preserved.

Some employers have software in place to record traffic through their networks, and some business-grade IM systems have centralized logging.

Conversations may also remain on Foley's home or work computers, even if he did not have automated logging. Some computers temporarily store their memory's contents on the disk drive, but the data could take awhile to get overwritten, said Kristin Nimsger, vice president of legal technologies with Kroll Inc.'s Kroll Ontrack.

``Delete does not mean delete, and a hard drive by its very function is going to retain all sorts of information about a person's computer that they may not be aware of," she said.

The Justice Department has ordered House officials to preserve all records in the case.

The tougher part may be proving the messages' authenticity, particularly when the evidence comes from the recipients. Logs are generally plain text files that can be easily altered.

Mark Rasch, a former Justice Department computer crimes prosecutor, said prosecutors must also prove that Foley was on the other end, not someone else using his IM account.

``We've got to prove that the instant-messaging session occurred and that Foley's hands ... (were) on his keyboard," Rasch said.

New Media A Weapon In New World Of Politics (WP)

By John F. Harris

The Washington Post, October 6, 2006

DOJ_NMG_0076286

At first glance, three uproars that buffeted American politics in recent weeks have little in common.

Former congressman Mark Foley (R-Fla.) ended his political career over sexually charged e-mails to former House pages. Sen. George Allen (R-Va.) stumbled over his puzzling use of the word "macaca" and his clumsy response to revelations about his Jewish ancestry. Former president Bill Clinton had a televised temper fit when an interviewer challenged his terrorism record.

All three episodes, however, were in their own ways signs of the unruly new age in American politics. Each featured an arresting personal angle. Each originally percolated in the world of new media -- Web sites and news outlets that did not exist a generation ago -- before charging into the traditional world of newspapers and television networks. In each case, the accusations quickly pivoted into a debate about the motivations and alleged biases of the accusers.

Cumulatively, the stories highlight a new brand of politics in which nearly any revelation in the news becomes a weapon or shield in the daily partisan wars, and the aim of candidates and their operatives is not so much to win an argument as to brand opponents as fundamentally unfit.

In interviews, figures as diverse as Clinton, Vice President Cheney and White House strategist Karl Rove spoke about their experiences navigating the highly polarized and often downright toxic political and media environment that blossomed in the 1990s and reached full flower in recent years. Their comments, and those of their associates, underscore just how dramatically changes in media culture have influenced the strategies and daily routines of leading political figures.

Cheney said he often starts his day by listening to radio host Don Imus, whose trash-talking style has given him legions of fans and made his show a frequent stop of politicians. Cheney's wife, Lynne, people close to her say, is an avid consumer of Matt Drudge's online Drudge Report, which often either breaks or promotes stories with a salacious angle and in recent days has bannered every new disclosure in the Foley case.

Rove said he has benefited on occasion from the new-media echo chamber. When he gave a speech last year saying liberals want to give terrorists understanding and therapy, he delighted when Democrats howled in protest. This guaranteed that the story would stay alive for days. "I was sort of amused by it because it struck me, well, they're just simply repeating my argument, which was good," he said.

Clinton -- who regards Rove with a mixture of admiration and disdain as the most effective modern practitioner of polarizing politics -- said in an interview that he has become fixated on the problem of how Democrats can learn to fight more effectively against the kind of attack President Bush's top political aide leveled. Associates of the former president said he thinks that Democrats Al Gore in 2000 and Sen. John F. Kerry (Mass.) in 2004 lost the presidency because they could not effectively respond to a modern media culture that places new emphasis on politicians' personalities and provides new incentives for personal attack.

While the Foley and Allen episodes burned Republicans, Clinton said in an interview earlier this year that he thinks the proliferation of media outlets, as well as the breakdown of old restraints in both media and politics, on balance has favored Republicans. Without mentioning Gore or Kerry by name, he complained that many Democrats have allowed themselves to become unnerved and even paralyzed in response.

"All of this is a head game, you know. . . . All great contests are head games," Clinton said. "Our candidates have to get to a point where they don't allow other people to define them as either people or as political leaders. Our people have got to be more psychologically prepared for it, and there has to be more distance between them and these withering attacks."

Associates said he regards this as his most important advice to his wife, Sen. Hillary Rodham Clinton (D-N.Y.), if she runs for president in 2008.

In any generation, the disclosure of Foley's sexual overtures to teenage boys would have been a big story and ended his public career. But it was the confluence of new media trends and a trench-warfare mentality pervading national politics that turned the story into a round-the-clock furor.

House Speaker J. Dennis Hastert (R-Ill.), fighting for his career amid allegations that he did not respond properly when told of Foley's e-mails, has gone to conservative media outlets to make his case. On Rush Limbaugh's radio show, Hastert agreed when the host said the Foley story was driven by Democrats "in some sort of cooperation with some in the media" to suppress turnout of conservative voters before the Nov. 7 elections.

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Limbaugh offered no evidence. But the same accusation was leveled in Hastert's interview with Hugh Hewitt, another prominent conservative radio host and blogger, who said the speaker is a "target right now of the left-wing media machine."

Those comments are a reminder that a changed media culture that creates new perils for politicians also provides new forms of refuge. For a full generation on the conservative side, and more recently among liberals, ideologues have created a menu of new media alternatives, including talk radio and Web sites. New media have also elevated flamboyant political entrepreneurs such as Ann Coulter on the right and Michael Moore on the left to prominent places in the political dialogue. New media platforms make criticism of traditional "mainstream media" part of their stock in trade.

This development usually ensures that any politician in trouble can count on some sympathetic forums to make his or her case. It often ensures that any controversy is marked by intense disagreement over the basic facts or relevance of the story, and obscured by clouds of accusation over the opposition's motives.

Clinton benefited from this phenomenon during his recent showdown with Fox News. Appearing on a network that many liberals regard as enemy terrain, he said interviewer Chris Wallace and his bosses were distorting his terrorism record to carry water for conservatives.

Kerry advisers think the most important factor in his loss was the group Swift Boat Veterans for Truth, which attacked his war record. The group initially received scant attention in old media outlets, but its accusations were fanned by the Drudge Report, Fox News and other new media platforms. By the end, the accusations dominated coverage in both old and new media.

Each time a similar episode occurs, it is often covered as an isolated and even eccentric event. But Clinton, in an earlier interview, said his party should understand that the ideological and financial incentives among politicians and media organizations mean that every election cycle will feature such episodes -- and it should plan accordingly.

But he said Democrats of his generation tend to be naive about new media realities. There is an expectation among Democrats that establishment old media organizations are de facto allies -- and will rebut political accusations and serve as referees on new-media excesses.

"We're all that way, and I think a part of it is we grew up in the '60s and the press led us against the war and the press led us on civil rights and the press led us on Watergate," Clinton said. "Those of us of a certain age grew up with this almost unrealistic set of expectations."

Few conservatives would make a similar miscalculation. Many of the first generation of new media platforms, including Limbaugh's show and Drudge's Web site, first flourished because of a conviction among conservatives that old media were unfair.

All this has given Republicans a comfort and skill at using new media to political advantage that most Democrats have not matched. At the Republican National Committee, leaking items to the Drudge Report is an official part of communications strategy.

During the 2004 campaign, current and former RNC staff members said, opposition research nuggets on Kerry were almost always leaked first to the Web site. Sometimes they were trivial -- such as the fact that Kerry got expensive haircuts at the Christophe salon -- other times they were controversial quotes from his days as a Vietnam War protester. All together, these and other items contributed to Kerry losing control of his public image.

Ken Mehlman, the RNC chairman and head of Bush's reelection campaign, said his operatives leaked to Drudge because it inevitably drove wider coverage, including to old media organizations: "He puts something up and they have to follow it."

Last year, a delegation of RNC officials flew to Miami Beach, where Drudge lives, for a dinner at the Forge steakhouse to introduce the Internet maven to Tim Griffin, the party's new opposition research director.

One of those who salutes the changing landscape -- with as much passion as Clinton deplores it -- is Cheney, who said he considers the breakdown of what he called an old media "monopoly" as among the most favorable trends of his years in politics. He said the change requires politicians to grow a thicker skin. Once while shaving, he heard Imus referring to someone as "Pork Chop." Only after a few minutes did he realize the host "was talking about me. I'm Pork Chop. And I laughed like hell."

"Sometimes it's pretty trashy," he said of new media's rise. "But I guess I'd put the proposition that there's more time and opportunity for policy discussions and debate than there used to be."

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The next several weeks -- in which Republicans will bear the heat of an intense media-driven scandal in the Foley case -- may test Cheney's faith in that proposition.

Tides Of Confusion Have Washed Up Mark Foley (WSJ)

By Daniel Henninger

The Wall Street Journal, October 6, 2006

Is this Mark Foley thing really happening?

I woke up early the other morning after a bad dream about Muslims routinely blowing up and torturing other innocent Muslims. You know the world has turned upside down when your dreams spill over with real problems and your working hours are filled with the most fantastic stories.

It's hard to believe that the Foley/instant message/congressional-page/GOP meltdown story has run for a week. Other than the slaughter in Amish country, is anyone aware of anything else of note in the world that happened the past seven days? Dive deep enough beneath the Foley flotsam and you discover reports that North Korea may be preparing to conduct an underground nuclear test. China and South Korea are at this hour trying to forestall the Hermit Kingdom's nuke test and no doubt could use an expression of support and outrage from the American political establishment. Sorry, they're busy reading Congressman Foley's 1995 email traffic.

We see also where Europe's envoy to Iran, Javier Solana, threw in the towel after "endless hours" of talks with Iranian President Mahmoud Ahmadinejad, who on Wednesday told a crowd screaming "Death to America" that sanctions wouldn't stop Iran from enriching uranium. Whatever. The big news in Washington yesterday morning was that the House Ethics Committee sat down "behind closed doors" to think about Mark Foley.

We know when we're beaten. Bowing to the gods of the news cycle, let us undertake the great questions of the moment. Where does post-modern American ethics place Mark Foley's homosexuality on a scale of 1 to 10 -- a 1 being just another gay guy and a 10 being a compulsive, predatory sex offender? What might fall in between seems to have confused Denny Hastert, two newspapers, one TV network and the FBI. In the event, Mr. Hastert, as the point man, is being driven from office for having failed, in hindsight, to recognize the obvious.

On this score, Mr. Hastert has our sympathy. There is much in American life that doesn't seem "obvious" anymore. Call it the transgendering of reality.

This compulsion to ambiguity is the reason that both the politicians and the reporters writing about the Foley affair have been describing what the congressman did as "inappropriate." Inappropriate is the word you use when describing behavior that falls on the scale between 3 to 7. Mark Foley seems to be the kind of guy who runs up a high phone bill calling 1-800-SEX-GUYS. That might have qualified as a 10 some 50 years, but not anymore. Former Congressman Gerry Studds had sex in 1973 with a House page. He said it was consensual. Even now, this is a 10. In Florida, doing a 10 probably earns you a johnboat trip to the swamps. But in Mr. Studds's Massachusetts district, it earned him five more trips to Congress.

Mark Foley is on his way to oblivion after his 15 minutes of infamy. As luck would have it, the originator of the increasingly true prediction that in the future everyone would be famous for 15 minutes, Andy Warhol, was the subject of an excellent American Masters documentary a few weeks ago. It was impossible to watch this unsparingly honest account of Warhol's career and the era spawned from the 1960s onward without thinking about the culture we inhabit today.

Andy Warhol didn't create the culture we have today. He was merely among the first to recognize that the magic carpets were arriving, and always a fast learner, he knew how to ride them. Whatever older, earthly restraints on personal behavior existed, they were falling away fast back then. You could get away with things. So you did. And did. And did.

As a result, we live now in an era awash in cultural confusions. The tides bring in weird phenomena, like the Mark Foley story, leave them on the beach overnight, then drag them back out to sea before there's time to make much sense of what we saw. As often as not, we don't even try. The Web and digital technology have ramped up the cultural velocity to warp speed. MySpace, YouTube -- the once-bright line between the private and public spheres has evaporated.

This has had an effect on the way we think, or don't. Clarity -- thinking clearly -- is harder than ever to achieve, because clarity assumes a degree of general social agreement about things. For instance, time was that most people would agree that

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putting a crucifix in urine and calling it art doesn't qualify as anything but bad thinking. But no, we had to have a big argument over that. At the end of her current stage act, Madonna makes herself the central figure in a crucifixion scene. No problem. Most reviewers simply describe it, and move on.

Challenge over the past 40 years became a more powerful social value than clarity. One of the byproducts of challenge is that you don't have to think very much -- about the point or the consequences. Just do it. The act of challenge is its own justification. And one of the byproducts of constant challenge is aggressive confusion. Another seer of the Sixties, Bob Dylan, saw what was happening by 1967: "There's too much confusion here, I can't get no relief." Denny Hastert, meet the joker.

Looking back again at Ric Burns's Warhol documentary, it is hard not to see in retrospect the inexorable dominance over time of the cultural frivolousness that emerged in those years. Politics is especially vulnerable. A political culture -- the politicians and their attendant media -- that would allow itself to set aside everything else to spend a week with the Mark Foley "scandal" is frivolous. They look like dupes.

So the Foley comet hurtles forward, no doubt into the weekend, like some black star sucking all of Washington's loose debris into its vortex. Within hours of convening yesterday, the Ethics Committee issued nearly four dozen subpoenas. An 866-number "tipline" has been opened to solicit -- if one may use that word -- more page complaints about Mr. Foley or . . .

By midafternoon yesterday, a rumor emerged that in fact Mark Foley had been pranked by the House pages. It is the first plausible thing I've heard in seven days. Four weeks from the election, I have an idea: Let's fire the Members and replace them with the pages. We could do worse. We are.

GOP Bigotry That Backfired (WP)

By Eugene Robinson

The Washington Post, October 6, 2006

Let's deal with the circumstance that dares not speak its name: How much of the Mark Foley scandal's impact is due to the fact that he's a gay man who preyed on young boys?

The basic story line -- powerful man exploits children -- would be the same if Foley were straight and underage girls had been the subject of his lurid attentions. But would the intensity of the scandal be the same? Would there be all this unseemly finger-pointing and hand-washing among the House leadership? Would Dennis Hastert be fighting to keep his job; would Christian conservatives be so apoplectic; would the whole Republican Party look as if it were on the verge of a nervous breakdown?

I doubt it. There would still be a scandal, but I think Foley's now-acknowledged homosexuality was crucial in turning a crisis for the party into a potential catastrophe. In a perfect world that wouldn't be the case, but you might have noticed there's not a lot of perfection in Washington these days.

It's tempting to put it all down to hypocrisy. The Republican Party has gone to such lengths to demonize homosexuality that it must pain the leadership to reveal that such a thing as a gay Republican congressman could even exist. The party has stigmatized gay people as "them," not "us" -- as a class of people whose "lifestyle" is unsavory and whose committed relationships must never be recognized, lest the republic instantly crumble to dust.

There had been warning signs about Foley's enthusiastic interest in young male pages for years, and the inaction of House leaders is just about impossible to explain -- either they ignored the situation, which would be an act of stunning cynicism, or they genuinely didn't know about it, which would suggest woeful incompetence. Not an attractive choice of stories to tell for a party that preaches so much about moral standards and personal responsibility.

Still, I don't think hypocrisy alone is enough to explain why the Foley mess is such a big deal. I think it goes deeper.

One of the central tenets of anti-homosexual doctrine is the notion of "recruitment" -- that adult gay people lure young people into homosexuality as a way of increasing their numbers. The most extreme anti-gay activists perceive a full-fledged conspiracy. The Traditional Values Coalition, a group whose homophobia can only be called rabid, goes so far as to claim that, after being enticed into sexual acts, the "young 'initiates' into the strange world of homosexuality are to be trained to reject the moral beliefs of their parents."

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This is complete bunk, of course -- most new research has tended to support the idea that homosexuality is more a matter of nature than nurture, and in any event the notion of an organized "recruitment" drive is far beyond ridiculous.

There are people, though, who are not consciously bigoted against gay people but who find homosexuality difficult to comprehend. There aren't many things more primal and specific, after all, than an individual's sexual desires. For some people who have no base of knowledge about gayness -- and, often, whose pastors routinely denounce homosexuality from the pulpit as a sin -- the basic idea of recruitment, without all the paranoid conspiracy trappings, seems to explain the inexplicable.

Foley's lawyer explained the former congressman's behavior by saying that Foley was drunk and, by the way, had been molested by a clergyman when he was in his early teens. Was he laying the foundation for a possible legal defense? Or does Mark Foley, until this week still at least nominally closeted at age 52, actually believe that's why he's gay?

In any event, the recruitment myth helps explain why social conservatives, who make up perhaps the most loyal and energetic segment of the Republican Party's base, are so up in arms. And that outrage, in turn, helps explain why the party has been so frantic all week, so uncharacteristically slow to come up with a game plan for responding to the scandal. Social conservatives were already grumbling that the Republicans talk a good game but never get around to addressing their core issues. Now comes this.

In pre-feminist times, people thought of young girls as particularly delicate and vulnerable. We worried about their being compromised or corrupted by older men. It's fascinating that much of today's America seems to be more viscerally worried about young boys.

Online Gaming Had Ties To US 'super-lobbyists' (FT)

By Stephanie Kirchgaessner

Financial Times, October 6, 2006

PartyGaming, SportingBet and other online UK-listed gaming companies paid millions of dollars to Washington lobbyists linked to Jack Abramoff, the notorious super-lobbyist, to help them thwart US anti-gambling legislation.

Mr Abramoff's highly public fall from grace and conviction on criminal corruption charges this year – and the downfall of many of his associates – opened the door for the passage last weekend of a law that he and the companies staunchly opposed.

The passage by Congress of the Unlawful Gambling Enforcement Act has drawn accusations of US protectionism and the suggestion that the law was driven through by conservative Republicans.

However, lobbying records analysed by the Financial Times show that the companies were closely connected to Mr Abramoff and his team – the same men whose political ties, for years, played a central part in helping insulate the gambling industry from laws and regulations.

The demise of Mr Abramoff and his colleagues substantially weakened the gambling companies' political hand in Washington, paving the way for the bill's passage.

SportingBet spent $2.2m from 1998 to 2005 lobbying Washington lawmakers on issues involving online gaming, according to figures compiled by the Center for Public Integrity, which tracks lobbying, and other public filings.

Among other lobbyists, the company hired Tony Rudy, the former aide to ex-congressman Tom DeLay, and Neil Volz, a former congressional chief of staff. Mr Rudy has pleaded guilty to bribery charges in connection to the Abramoff scandal, while Mr Volz has also pleaded guilty to bribing Congressman Bob Ney, his former boss. SportingBet declined to comment.

PartyGaming, the largest online gaming website, initially declined to disclose who its lobbyists in Washington were, but when presented with evidence it acknowledged that the company was and is currently represented by Gibraltar-based International Interactive Alliance (IIA), a company that formerly had close ties to Mr Abramoff.

Although most of the public scrutiny of Mr Abramoff's wheeling and dealing in Washington has been centred on his work on behalf of Native Americans' gambling interests, records show that the IIA, which hired Mr Abramoff in 2003, was a lucrative client of the former lobbyist. Over one and a half years, the IIA paid Mr Abramoff's firm, Greenberg Traurig, $1.3m for Mr Abramoff's services. In all, the IIA has spent at least $1.9m on its lobbying campaign, and continues to be represented by Greenberg Traurig.

When asked directly whether PartyGaming lobbied in Washington through the IIA, a spokesperson for the company initially defended the IIA by saying it was an "industry group" with high standards.

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"It has not been lobbying like the horseracing industry in that it has not put money into congressional races. [Instead, it uses] good old-fashioned talking to people and presenting the arguments," a spokesman said.

But in the exhaustive investigations into Mr Abramoff by Republican Senator John McCain, there is evidence that the IIA had a particularly close relationship with Mr Abramoff.

In 2003, the IIA transferred $1.25m to Greenberg Traurig, Mr Abramoff's former firm. According to congressional testimony, the payment was later passed on to KayGold, a company Mr Abramoff controlled.

Asked about the payment, PartyGaming said: "Jack Abramoff's actions made the IIA one of his victims. Hindsight is easy, if we knew what we know now, then we wouldn't have even taken Jack Abramoff out for a cup of coffee."

An Old World Close To A New World Horror (NYT)

By Ian Urbina

The New York Times, October 6, 2006

NICKEL MINES, Pa., Oct. 5 — As is customary in Amish tradition, guests brought food, not flowers. A hymn was read in 16th-century German, but there was no singing. The dead were laid in simple pine coffins and dressed in homemade white dresses, symbolizing purity. Two sermons were given, both in Pennsylvania Dutch.

Three days after a grisly attack on an Amish schoolhouse here, funerals were held Thursday for four of the five girls killed by a gunman who wrote of being forever changed by the death of his newborn daughter and driven over the edge by fantasies of sexually assaulting young girls. A truck driver, he was paid to collect the milk of local dairy farmers. Instead, he took their children.

The services were a somber close to a New World horror visited upon an Old World people. The first began at 9 a.m. in the woodworking shop of the father of a victim, Naomi Rose Ebersol, 7.

"We are here facing the unexpected," said one of the two Amish pastors who spoke and whose remarks were relayed by a Mennonite minister who attended, David Nissley. "We know and believe that these girls are in heaven with the Lord Jesus Christ." The man said the pastor read from the Book of Matthew about the importance of innocence.

"Unless you become like these little children, you cannot enter the kingdom of heaven," the pastor said, emphasizing the need for the faithful left behind to regain the purity and innocence threatened by the killings.

After the 90-minute service, about 300 men with long beards and women in white bonnets climbed into their black and gray buggies and clip-clopped in quiet procession to Bart Amish Cemetery. Along the way, they passed the house of Charles C. Roberts IV, the 32-year-old killer.

A few hours later, a similar ceremony was held in the barn of the family of the oldest victim, Marian Fisher, 13, who told Mr. Roberts during the attack on Monday to kill her and spare her classmates. And in late afternoon, the service for Mary Liz Miller, 8; and her sister Lena Miller, 7, started. Another victim, Anna Mae Stoltzfus, 12, is to be buried Friday.

Mr. Roberts shot a total of 10 young girls. One was taken off life support on Tuesday and brought home to die, officials said. Two others remained in critical condition and two in serious condition.

At times, the tragedy was overpowering. On Wednesday, a stone-faced deputy county coroner, Amanda Shelley, described for reporters the blood on the walls of the one-room schoolhouse where the rampage occurred. But her composure dissolved when she mentioned a sign hanging beneath the chalkboard. It read, "Visitors Brighten People's Days."

Since Tuesday, Amish mourners had attended viewings of the victims at the families' homes.

Rita Rhoads, a midwife who delivered two of the victims, said that in the gatherings, in which coffins were open, young mourners were encouraged to touch the bodies.

"It is part of the realization that the person is no longer in the body," said Ms. Rhoads, a Mennonite who has attended many Amish funerals. "It's part of the reality of life."

In Georgetown, not far from the shooting, no one knew what to say about the man whose inconceivable actions were made only more confusing by his last words. Mr. Roberts, who ended his siege by killing himself, wrote in a suicide note that he was tormented by memories of molesting two young relatives 20 years ago. The police later interviewed the two women they suspected had been his victims, and both said they had never been sexually assaulted.

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The news media intrusion was only one element preventing even a semblance of closure for this insular community, whose members have been comforting the family of the girl expected to die and traveling to Philadelphia and Hershey to visit the four wounded girls who remain hospitalized.

"This is an awful time because it keeps coming," said Philip W. Furman, an undertaker in Leola who serves the Amish community.

But the strain of having hundreds of reporters, photographers and their high-tech equipment descend on an area that often seems as if it is from an earlier century was apparent.

"I'd just as soon not give you any information about our culture to send out to the world," said Ammon Fisher Jr., who helped his father carve tombstones for the girls. 'What good does that do?"

Driving on Mine Road in Georgetown, an Amish man in his 20's swerved his large mule-drawn hay cutter toward a crowd of reporters. "We all wish you would just pack up and leave," he told one.

Yet, when asked about the killings, most people here seemed focused on forgiveness, faith and a determination to move forward.

"You think about them, you cry about them, you pray for them," said Lizzy Fisher, an Amish grandmother who is close to several great-grandparents of the slain girls. "And then you have to let go of things you can't explain."

Asked whether anyone in the community felt angry about the killing, Ms. Fisher seemed aghast.

"Oh, no, no, definitely not," she said shaking her head vigorously, standing behind a screen door at her house along Bachman Town Road in Ronk. "People don't feel that around here. We just don't."

Barbara Beiler, a friend of a pregnant teacher who was in the classroom but was released by Mr. Roberts, said the woman, whose name has not been released, had told her, "Even when the gunman was in the room, she felt like there were angels present."

"These are people," Ms. Beiler said, "with unshakable faith."

A Plain And Profound Farewell (WP)

By Joshua Partlow And Raymond McCaffrey

The Washington Post, October 6, 2006

BART TOWNSHIP, Pa. Oct. 5 -- The train of wagons passed through town three times on the same grim errand. And still they were not done burying the girls.

The funeral processions for four of the five Amish girls killed in their schoolhouse left their homes in Bart Township on Thursday and moved down the same narrow streets to the small fenced-in graveyard on a little rise amid the fields.

The black-clad men and women, girls and boys, in the wagons did not stop and barely turned to look as they rolled past the flag at half-staff outside the post office and the crude sign taped to the sawhorse in a driveway: "Our thoughts and prayers to all the families."

The wagons, following the hand-crafted wooden coffins, kept going past the home of the man who caused the bloodshed -- Charles C. Roberts IV, or "Charlie" to his friends -- who bound 10 girls and shot them with bullets and buckshot Monday before shooting himself.

Few people but reporters and camera crews turned out to witness the somber parades. The morning broke cold, and a brisk wind ruffled the cornstalks and blew leaves off the trees. But town resident Jacquie Hess felt she had to watch.

"It's hard to accept what has happened," she said, standing outside the homes of Roberts and other relatives. "I feel sympathy for them. I feel sorry for them that it happened this way, that they lost children, also."

Hess is the aunt of Roberts's wife, Marie, and she is one thread in the close weave between killer and victims. Her family, including Charles Roberts, drove the trucks that carried the milk from the dairy farm of the Fisher family, who had three daughters at the school the day Roberts shot it up. One of the daughters escaped, another was wounded, and the third -- 13-year-old Marian -- was killed. She was buried Thursday.

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In the classroom Monday, Marian was among those students who asked that Roberts kill her first and spare the younger girls, according to Rita Rhoads, a Mennonite nurse and midwife who delivered two of the girls buried Thursday. She cited an account from one of the survivors.

Marian's sister Barbie Fisher, 12, who was hospitalized, told relatives she recognized Roberts as the milk truck driver when he entered the school. According to Rhoads, she said Roberts talked to the students about himself and his anger at God -- an anger police said was partly fueled by the loss of his firstborn infant daughter nine years ago.

"He asked them to pray for him," said Rhoads, who has emerged as a leading spokeswoman for the Amish community.

Barbie said that the girls asked Roberts, 32, why he could not pray himself, but instead of praying, Roberts tied up the girls, who never screamed despite knowing their fate, Rhoads said.

"They just stood there with courage," she said.

Police said that Roberts might have been planning to sexually assault the girls but that there is no evidence he did so.

The day after the shooting, Hess, the aunt, visited Marian Fisher's father to offer her condolences.

"They were very caring and felt that we had a harder part to go through than what they did. And they had told us that there was no hard feelings, that all was forgiven. That we just keep pushing forward and asking God to help us get through it," Hess said.

Marie Roberts was invited to Marian Fisher's funeral, Hess said, but Hess didn't know if Roberts planned to attend. In addition to Marian's service, funerals were held for Naomi Rose Ebersol, 7, and sisters Mary Liz Miller, 8, and Lina Miller, 7. The funeral for the fifth slain girl, Anna Mae Stoltzfus, 12, was planned for Friday. Hess said there are no set plans for Roberts's funeral.

One additional child, who was not identified, had been taken off a ventilator, according to Rhoads, the midwife.

"The family was interested in taking the child home," she said. "It appeared to doctors as if she would die."

Most of the funeral ritual, from the services inside the homes to the burials, was blocked from public view by Pennsylvania State Police troopers intent on preserving the families' privacy.

A typical Amish funeral is set in the family home or barn and will include long sermons in German, along with German hymns from the 16th and 17th centuries that sound much like Gregorian chants, said Ervin R. Stutzman, vice president of Eastern Mennonite University in Virginia and dean of its seminary. He was raised Amish.

"There is a strong emphasis on what God's will is, that people are in a better place now. That God's will has allowed this kind of thing," Stutzman said.

There is typically a short service at the grave site, and mourners often participate in throwing dirt onto the coffin, he said.

"Even for just processing the trauma of something like that, it's very, very powerful," said Earl Zimmerman, a religion professor at Eastern Mennonite University who has attended Amish funerals. "It brings the community together."

The Amish deceased are usually buried in white, after the admonition in the New Testament's Book of Revelations: "He that conquers shall be clad thus in white garments." By custom, the grave is dug by hand by Amish friends and relatives.

As the first procession of 34 buggies passed down Georgetown Road on Thursday, a neighbor who declined to give her name began to cry.

"You learn a lot from [the Amish], how they deal with things," she said. "It's just amazing. It's not just words."

Randy Fischer, 52, who flew in from Minnesota to be with the Roberts family, said he had difficulty reconciling the man he had known with what he had done.

"I remember Charlie as a good man, a kind man, a man that loved his wife and family," Fischer said. "We may never know what truly caused him to snap."

As the wagons rolled by, Mike Young, 44, took off his green baseball cap and watched the procession.

"It's just a real sad situation all around," he said. "This is our own little 9/11."

Threat Shuts All Culpeper Schools (WP)

By Karin Brulliard, Lori Aratani And Tom Jackman

The Washington Post, October 6, 2006

DOJ_NMG_0076294

CULPEPER, Va. -- The call came in to the Culpeper County communications center at 11:31 Wednesday night. The caller spoke in vague terms and named no buildings. But his threat, authorities said, was clear: Schools would be bombed.

By Thursday morning, school officials had shut the county's eight public schools, three private schools and four day-care centers, keeping more than 7,000 students out of the classroom for the entire day. Local and federal officers swept into the rural county, about 70 miles southwest of Washington, to comb each campus for explosives but turned up nothing suspicious.

Although it is not unusual for the region's school systems to receive bomb threats, Culpeper's response was. After a recent rash of small-town shootings that made it clear that any school could be targeted -- including an attack Monday on a Pennsylvania schoolhouse that left five Amish girls dead and five others wounded -- jittery school officials are acting with heightened vigilance to protect students and reassure parents.

Across the region this week, several superintendents visited schools and drafted letters advising parents to use crime tip lines and to talk to their children about school violence. School officials dispatched additional police to campuses and reviewed school security plans. In Front Royal, Va., a vehicle roaming the parking lot of a middle school was deemed suspicious by officials, prompting a 34-minute lockdown of all county schools. The all-day, countywide school closure was a first for Culpeper.

"With what's going on in our country today . . . the timing just really raises the alert," Culpeper Sheriff H. Lee Hart said. Culpeper public schools will be open Friday, schools spokeswoman Marla McKenna said Thursday night. She did not know whether private schools and day-care centers would be open.

"Naturally, every parent is concerned when something like this happens," said Brian Edwards, spokesman for the Montgomery County school system. "It's a reminder that we have to work every day to maintain a safe school environment."

The amplified attention to security comes after three recent incidents of school violence nationwide. On Monday, a gunman in Bart Township, Pa., lined up 10 girls at the blackboard of an Amish schoolhouse and shot them, killing five. On Sept. 27, a man took six teenage girls hostage at a school near Bailey, Colo., sexually assaulted them, then shot and killed one girl. Last week, a teenager in Cazenovia, Wis., fatally shot his school principal.

Bomb threats are phoned in occasionally to schools or district offices -- often during testing periods, officials said -- and police said they analyze each call to determine whether it is a credible threat, although the response varies by school system. In Alexandria, for example, if police think a bomb threat during school hours might be credible, "we quietly lock the school down, we send a lot of officers, and we do a comprehensive search" with bomb-sniffing dogs and other bomb detection devices, Sgt. Tom Magyar said.

In the District schools, unspecific bomb threats typically result in staff members making detailed walk-throughs before opening schools, said Theodore C. Tuckson, chief of school security in the District. Although he did not know the specifics of the Culpeper threat, Tuckson said he was "kind of surprised that they closed the whole system."

Although high-profile events often prompt systems to reassess their plans, school officials said, most planning occurs over time.

Working with police, area school systems have developed and honed sophisticated school violence emergency plans over several years, the byproduct of the bloody 1999 Columbine school shootings, the Sept. 11, 2001, terrorist attacks, and the 2002 sniper shootings, which paralyzed the region. State laws in Virginia and Maryland require such plans.

"What you do is you train continuously in preparation for what you hope never occurs," said John White, spokesman for the Prince George's County school system. "When these kinds of random acts of violence happen somewhere else, you hopefully can learn something from the response there in order to respond even quicker if you're put in that situation."

Some safety measures are high-tech. Fairfax and Arlington police have used digital cameras to photograph their county schools' classrooms, hallways and exteriors. Technicians link those photos to school maps, then copy them onto compact discs so officers can quickly prepare themselves before entering an unfamiliar area during a crisis, according to a publication by the International Association of Chiefs of Police.

Fairfax police used the technology in a mock siege staged at Centreville High School, in which officers were tasked with tracking down two armed men who were shooting inside the school, according to the chiefs association. Fairfax police declined to comment on their tactics or technology.

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School officials there also use aerial photographs of schools and surrounding neighborhoods to map out ways to respond to threats. The system also has begun to add electronic locks at all elementary and middle schools. Staff members enter with key cards, and visitors must be buzzed in by a receptionist, who can see them on a video monitor.

Other techniques are simple. At several area school systems, police officers and marked cars are regularly stationed at high schools and some middle schools. Most schools require visitors to sign in at the main office and wear prominent tags while on campus. Schools also regularly drill students and teachers on what to do in emergencies. At Severna Park Middle School in Anne Arundel County, anyone entering the front door must get past a table staffed all day by parent volunteers.

Even with all the safety efforts in place, the recent spasm of violence has left some with a sense of helplessness.

"I don't know if having a table there makes us feel better or not," said Steve Anstett, president of the school's parent teacher organization. "The governor of Pennsylvania, he said something about random acts of violence, things you can't do anything about. And I understand exactly what he meant."

Kenneth S. Trump, a school security consultant in Cleveland, said he has received many e-mails recently from school principals asking how to obtain federal grants to improve their security. But he also sounded a warning: In his travels, he said, he has come across many schools that drafted emergency plans after Columbine but never updated, practiced or read them.

Seven years after Columbine, Trump said, he hears local officials say, "We never thought it could happen here."

In Culpeper, where some schools sit across the road from cornfields, parents echoed that sentiment Thursday.

At the Frost Cafe on Main Street, homemaker Kristi King sat in a booth with her visiting mother and her three school-age sons, who happily dined on pancakes and home fries for lunch at an hour they usually would have been at their desks. The decision to call off school was fine with King.

"Safety is a big issue," she said.

But she acknowledged that she was shocked Thursday morning when she tried to drop off her children at school and was turned away by officials talking about explosives.

"It's a little bit scary to think about what could have happened," King, 31, said. "It's coming further and further out of the city."

Schools Close After Bomb Threat (WT)

By Gary Emerling

The Washington Times, October 6, 2006

A bomb threat in Culpeper County, Va., forced officials yesterday to close area schools and cancel classes for thousands of students as police swept through buildings searching for an explosive device.

By late afternoon, investigators had found nothing harmful in any of the schools.

"You simply can't be too cautious," Culpeper County Schools Superintendent David A. Cox said yesterday morning. "The safety of our students and our employees is our No. 1 concern."

Officials said classes will resume today.

The threat was phoned in to the county's Emergency Operations Center at about 11:30 p.m. Wednesday. The caller did not mention a specific school, but did talk about blowing up schools, officials said.

"The individual had a lengthy conversation, and in this conversation he said he was going to blow up schools," county Sheriff H. Lee Hart said. "We do not know which schools, or his plans. We don't know a lot about this individual."

Sheriff Hart would not say whether authorities have a suspect but said they are following several leads.

Classes were canceled for 7,263 students at the county's eight public schools. Seven private schools and day care centers also closed.

The threat "didn't identify any specific school as a target, which is the rationale between closing all schools public and private," schools spokeswoman Marla McKenna said. "But it was definitely a bomb threat."

Culpeper Sheriff's officials were receiving assistance from Virginia State Police, the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives and other local agencies in searching the buildings and investigating the threat.

State police spokesman Sgt. F.L. Tyler said the agency provided resources including explosive-detection dogs, bomb disposal technicians and special investigative agents to assist the county sheriff's office.

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"We're just providing assistance," Sgt. Tyler said. "They're handling the investigation."

The threat in Culpeper, which is about 70 miles southwest of the District, comes after a spate of deadly school shootings across the country over the past 10 days.

On Monday, milk-truck driver Charles Carl Roberts IV, 32, killed five girls and himself in a one-room Amish schoolhouse in Nickel Mines, Pa. Last Friday, 15-year-old Eric Hainstock fatally shot his principal at a school in Cazenovia, Wis.

On Sept. 27, Duane Morrison, 53, sexually assaulted six girls at a Colorado high school and held them as human shields for hours before fatally shooting one girl and then himself.

"The timing, what's going on through our country, is of real concern," Sheriff Hart said at a press conference yesterday.

Threats, weapons on campuses and rumors of violence have sparked alarm at other schools across the country. On Wednesday, six students at Pikesville High School in Baltimore County suffered minor injuries after being hit with shots from a pellet gun.

In Culpeper County, Mrs. McKenna said school officials likely would have made the decision to shut down the system even without the surge in school shootings.

"Even without all the recent episodes of school violence, we would have taken this threat seriously," she said. "I think the same determination would have been made."

Feds Name Web Site For Slain UND Student (AP)

AP, October 6, 2006

WASHINGTON -- A national sex offender database has been named for a slain University of North Dakota student whose mother worked for a new law to protect against child predators.

The Justice Department on Thursday announced the designation of the Dru Sjodin National Sex Offender Public Web Site. The site provides information about sex offenders throughout the country.

Sjodin's mother, Linda Walker, spent the last two years persuading lawmakers to pass the bill that includes the database. That portion of the bill is known as "Dru's Law."

The Web site can be found at http://www.nsopr.gov.

Alfonso Rodriguez Jr., a convicted sex offender from Crookston, Minn., was found guilty in federal court of kidnapping resulting in Sjodin's death. A jury sentenced him to death last month.

Walker said after the trial that "Dru's Law" is a step in the right direction, but more work needs to be done to protect women and children.

"I think it has to stay in the forefront of our nation's agenda," she said.

Push On For Statewide Strategy On Gangs (MANUL)

By Stephen Beale

Manchester (NH) Union Leader, October 6, 2006

Bedford – New Hampshire law enforcement officials said yesterday they want a statewide plan to combat gang activity before it becomes a serious problem in the state.

"There's a little here and we're trying to address it before it becomes worse," said Thomas Colantuono, the U.S. Attorney for New Hampshire.

His office and the Department of Health and Human Services hosted the first state conference on gang prevention yesterday at the Wayfarer Conference Center in Bedford that drew about 300 law enforcement officials from across New Hampshire to hear talks on strategies they can use to clamp down on gangs.

Colantuono said that most gang activity is concentrated in cities like Manchester and Nashua, but it is popping up in other communities such as Dover, Rochester, Salem, and the Seacoast in the summer. He said the problem has been steadily increasing during the several years that he has been U.S. Attorney.

"What we hope will come out of today is the beginnings of a state strategy," Colantuono said.

That strategy will be a broad-based approach that will include law enforcement officials, community groups, and social services, said Clyde Garrigan, an assistant U.S. Attorney in New Hampshire.

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"It is a wide-ranging effort to reduce gang violence," Garrigan said. "Simply prosecuting people, simply arresting people isn't a long-term solution." Community organizations, officials at the conference said, can help reduce the appeal of gangs to youths, while effective social services can remove many of the economic incentives that drive them to organized crime.

Garrigan is the state coordinator for Project Safe Neighborhoods, a $1.5-billion federal program created in 2001 that targets gun crime and emphasizes community outreach efforts.

On Feb. 15, U.S. Attorney General Alberto Gonzales launched a new nationwide initiative specifically targeted at gang violence, known as Gang Reduction Through Investigation and Prosecution, or Operation GRIP. Garrigan said that Project Safe would be spearheading the effort in New Hampshire.

"We're trying to get ahead of the problem-nip it in the bud, so to speak," Garrigan said.

The conference yesterday featured experts from the U.S. Department of Justice, the Federal Bureau of Investigation, and other agencies who spoke about gang culture and strategies other cities and states have used against the problem.

"I think it's opening up a lot of eyes among everybody here," Colantuono said of the conference.

Suit Says Neighborhood's Boom Was Built On Mortgage Fraud (NYT)

By Vikas Bajaj And Julie Creswell

The New York Times, October 6, 2006

Even by the frothy standards of the housing boom, it was a great deal.

On May 18, 2005, a small Indiana company bought 184 duplex homes in a down-and-out neighborhood in northeast Indianapolis for an average price of $50,000 each.

Less than a month later, the company, Land Economics, began selling the properties, which were built mostly in the 1940's, for $120,000 apiece to church secretaries, truckers, retirees and factory workers — sometimes as many as three a day to a single individual — all of them 577 miles away in Martinsville, Va. As recently as September 2004, homes in this neighborhood sold in a range of $20,000 to $65,000.

Amid the boom, those details hardly seemed to matter.

A week after the details of those suspicious transactions emerged — and the accusations by lenders and borrowers that they had been defrauded — federal investigators are still trying to sort out the scope of what some are describing as one of the largest cases of mortgage fraud in recent years. Countrywide Financial, which bought the Indianapolis loans soon after they were written, has filed a lawsuit seeking damages from Land Economics, its principals and others involved in the deals. .

The Indianapolis situation may prove to be the most vivid example yet of how the boom in housing has provided fertile ground for mortgage fraud, industry experts and regulators say. Rising home prices served as cover for quick-flip plans and an easy hook to recruit investors.

And the boom created incentives for the mortgage industry not to look too closely. As the appetite for home loans soared on Main Street and Wall Street, the industry came to increasingly rely on networks of independent mortgage brokers, appraisers and other officials to keep the lending assembly line well supplied. All had incentives to minimize hold-ups.

"If the deal doesn't go through, nobody gets paid," said Bill Matthews, a senior vice president at the Conference of State Bank Supervisors.

Still, the apparent inability of lenders to spot suspicious transactions is puzzling to some. Information about the value of the homes and the borrowers' modest financial positions could have been easily discovered had someone sought the information.

William A. Birkle, a county assessor in Indianapolis, caught wind of the home sales in the northeast neighborhood, Windsor Village, when a fraud analyst at Wells Fargo Home Mortgage called last year to ask him about them. When Mr. Birkle started looking into the transactions he was flabbergasted at the sales prices.

"It's just the worst neighborhood in my township," he said. "At one point in time, the police barricaded the neighborhood with concrete so there was only one way in and one way out so they could control the drug trade."

The mortgage industry has access to extensive property databases and sophisticated computer models that can flag potentially fraudulent loans.

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Industry experts say databases can sometimes provide contradictory information. But they believe that the larger problem is that companies too often rely on the representations of mortgage brokers or correspondent bankers without seeking independent verification.

"It's symptomatic of a faceless origination process," said Arthur J. Prieston, chairman of the Prieston Group, a consulting and insurance firm that specializes in mortgage fraud. "As the industry has matured, we don't have the situation where you walk into the bank and the banker knows you and your family and where you work."

Countrywide, the nation's biggest mortgage lender, disputes that it did not do enough to detect any problems earlier, noting that the bank that originated the loans, People's Choice, was contractually obligated to vet and check the loans.

"Countrywide is a victim in this case," the company said. "We have a zero-tolerance policy against fraud, and dedicate considerable resources toward identifying and investigating possible incidents through our systems, technology and fraud investigation unit."

The system employed by Countrywide and other lenders has undoubtedly delivered a number of benefits by creating new kinds of mortgages, expanding access to credit for minorities and providing a boost to the national economy.

But the benefits have been accompanied by a growing amount of fraud, forcing state and federal regulators to scramble to get ahead of it. The Federal Bureau of Investigation estimates that mortgage fraud totaled $1 billion in 2005, up from $429 million in 2004 but still a tiny fraction of the $3 trillion mortgage business.

In April, the New York attorney general, Eliot Spitzer, announced the indictment of eight people accused of involvement in mortgage fraud that he said cost banks as much as $200 million during the five years the ring operated, primarily in Brooklyn and Queens and in Suffolk County on Long Island. In Atlanta, Chalana McFarland was sentenced last year to 30 years for a flipping operation that netted $20 million from 1999 to 2002.

The most profitable schemes are run by well-coordinated groups and include mortgage brokers, appraisers, real estate brokers and title agents. They require several things: unwitting borrowers, inflated property appraisals and lax oversight.

The person accused in the Countrywide lawsuit of being the mastermind behind the Indiana real estate scheme is Robert Penn, who, with his wife, Tamara Penn, operated a number of real estate holding companies, including Land Economics.

Though estimates vary, people with knowledge of the accusations say the scheme involved at least $40 million in loans, and possibly twice that amount. At least one other mortgage company may have suffered losses in the suspected fraud, which also involved more expensive homes in suburban Indianapolis.

Investors were lured in by a pair of Martinsville residents: Mr. Penn's mother, Beulah Penn, and his sister Sharon Penn. The two encouraged people to participate in what they called a real estate investment club, rushing them through the paperwork and telling them that they were signing loan applications.

The deals have left the borrowers with large debts and potential indelible marks on their credit histories.

Their applications were forwarded to another couple, Robert and Amy Pollard, who worked as loan officers and processors for People's Choice, a unit of People's Trust Mortgage in Kentucky, the lawsuit says.

As a "correspondent" banker, People's Choice made loans using standards and practices prescribed by Countrywide in hopes of selling them to the larger company. At the height of the housing boom, correspondent institutions generated up to 40 percent of Countrywide's loans; they now account for about 35 percent.

In the lawsuit, Countrywide asserts that the Pollards did not follow its underwriting practices. Borrowers were said to have significant bank account balances when in fact, those assets belonged to a company controlled by an associate of Mr. Penn, Countrywide's lawsuit says.

Mr. Penn also relied on appraisers to provide inflated property assessments and title agents to sanction and execute fund transfers, according to the lawsuit.

The Countrywide suit asserts that the company was defrauded of the difference between the true value of the homes and the inflated prices at which the loans were taken out.

In a court filing in mid-September, the Pollards, who declined to comment, denied Countrywide's accusations. Calls to Mr. Penn and his lawyer were not returned.

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Douglas Grothjan, who worked at another People's Choice office until 2003, said the company did not monitor or audit branch operations. The company's chief executive, Jerry Connor, could not be reached for comment.

"It should have been mandatory that you take 10 percent of the loans and completely reverify them, order a credit report from a different bureau, an appraisal from a different company, send documentation to the people again," Mr. Grothjan said. "Good brokers do that. Jerry just churned out loans and people."

Most of the homes in Windsor Village were built for sailors and soldiers returning from World War II. The neighborhood is anchored by a former naval air installation that is now home to Raytheon, the military contractor. The neighborhood has a median household income of $27,000, and residents there owned only about 40 percent of its homes, according to the 2000 census.

Mr. Birkle, the assessor for the area, said he had given records for suspicious sales to the Marion County prosecutor's office, which referred questions to the United States attorney's office in Indianapolis. Officials with a federal mortgage fraud task force declined to comment.

As Mr. Birkle remembers it, the local prosecutor felt "we don't have a victim here."

"We didn't have these people from out of town saying, 'We were defrauded'; we didn't have the mortgage company saying, 'We were defrauded.' "

Another mortgage company, Argent, has said that it, too, bought loans in which Mr. Penn and his associates were involved. But it would not say how many it had acquired or when it had become aware of problems with the loans. "We are aggressively pursuing criminal and civil actions," said Chris Orlando, an Argent spokesman.

Mr. Matthews of the state bank supervisors's group said regulators and law enforcement officials deserve some blame for not tightening licensing requirements and pursuing fraud more aggressively. This week, his group and other state regulators said they would establish national standards for registering mortgage brokers, bankers and others.

"Crimes by the pen get a whole lot lighter treatment than crimes with a gun," he said.

Two Indicted In Alleged Walter Reed Kickback Scheme (WP)

By Ernesto Londoã±o

The Washington Post, October 6, 2006

A former civilian employee at Walter Reed Army Medical Center and a Silver Spring man who did business with the center have been charged in a kickback scheme, according to a federal indictment unsealed yesterday.

The two-count indictment, handed up in federal court in Greenbelt, alleges that from 1999 to 2004, then-contract specialist Kevin R. Roach was paid to give preferential treatment to bids that Louis Pisani Jr. submitted for two companies. Typically, Pisani paid Roach about 10 percent of the value of the work the companies performed at Walter Reed, authorities said.

One of Pisani's companies, Platinum Contractors Inc., in Silver Spring, received a contract in 1999 worth more than $205,000 to do landscaping at Walter Reed, in the District. The other, Home Sweet Home Moving and Storage Inc., in Hyattsville, was awarded a $16,800 contract in 2001 to move office furniture.

Roach, 45, of Fredericksburg, received kickbacks in connection with other contracts as well, according to the indictment.

Pisani, 40, also sought to unlawfully influence Roach in an effort to win a contract worth as much as $1.2 million, prosecutors said.

Roach was paid in cash and checks and through the use of a Ford F-150 truck, according to the indictment.

Prosecutors are trying to seize $211,296 from the defendants, who are charged with conspiracy to defraud the government and obstruction of agency proceedings. The men face the second charge because they lied to Army investigators about the payments, authorities said.

Attempts to reach the two men at home last night were unsuccessful.

Pisani's business partner at Home Sweet Home, Leon L. Krachyna, is described in the indictment as a conspirator, but he has not been charged in the case. He was convicted of four types of deceptive practices in Montgomery County District Court in 2003, according to the county Office of Consumer Protection.

Whitey Panel Asks: Did Billy Help Brother After Flight (BOSH)

By Laurel J. Sweet, Howie Carr And Peter Gelzinis

Boston Herald, October 6, 2006

Former state Senate President William M. Bulger is caught up in an investigation into why a Senate court officer lied to a federal grand jury probing the 1995 flight of James "Whitey" Bulger.

In a fight that reached the U.S. Supreme Court, sources tell the Herald, prosecutors are actively pursuing whether William Bulger knows anything about a suspected support network that was meant to keep his fugitive brother in money and in "real-time information" about the manhunt for him.

Senate court officer Paul Dooley, Bulger's onetime State House aide-de-camp and campaign worker, has already recanted his false testimony before a federal grand jury, according to sources and court documents. It is unknown what Dooley specifically lied about.

According to court documents, attorney Thomas Finnerty, Bulger's ex-law partner and counsel to both Bulger and Dooley, "directed (Dooley) to commit perjury in testifying before the grand jury."

But it was Finnerty's refusal before a grand jury to tell prosecutors about attorney-client conversations he may have had with Bulger, 72, prior to giving Dooley the illegal guidance in the late 1990s that launched a legal war after the First Circuit Appeals Court ruled last year that Finnerty's communications with Bulger would not be protected in this case.

In his decision to uphold a 2004 U.S. District Court ruling compelling Finnerty to testify, Appeals Court Chief Judge Michael Boudin said, "Learning of the perjury, the government is now investigating the possible involvement of others with that perjury and with other possible crimes."

What Finnerty, a former Plymouth County district attorney, may recall about events surrounding Dooley's grand jury testimony "are matters assuredly of interest to (Bulger), given government suspicions of him," Boudin wrote. He noted, "The compelled testimony of (Finnerty) or other evidence could turn out to vindicate (Bulger) entirely and inculpate someone or no one else."

The attorney-client privilege may be pierced, Boudin explained, "where the client sought or employed legal representation in order to commit or facilitate a crime or fraud."

Boudin found reasonable cause to pierce the privilege between Finnerty and Bulger, while expressly making no finding that Bulger acted wrongfully.

In his failed petition for review to the Supreme Court - where justices earlier this year refused to get involved - Bulger's legal team argued, "The government's ultimate proposition - that (Bulger) used the privileged communications between himself and (Finnerty) to further a crime - could only be arrived at by piling inference upon inference."

It is unknown if Finnerty has broken his silence for prosecutors. He has not been indicted for telling Dooley to lie before the grand jury, an act Boudin called "corrupt." The South Boston resident continues to practice law.

Niles Mayor Indicted In Kickback Scheme (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, October 6, 2006

Nearly four months after his arrest on corruption charges, longtime Niles Mayor Nicholas Blase was indicted Thursday in federal court for allegedly forcing village businesses to buy insurance from one of his friends.

The kickback scheme involved more than $420,000 in bribes, authorities disclosed.

Two others who were connected to the insurance agency were also indicted, and both are cooperating with authorities against the mayor and expect to plead guilty, U.S. Atty. Patrick Fitzgerald announced.

The indictment contained few new details beyond what had been disclosed in the initial charges in June when the mayor was arrested on his 79th birthday at his home in front of his family.

Blase, who has been mayor of the northwest suburb for 45 years, was charged with steering local business owners to buy insurance from Ralph Weiner & Associates in return for kickbacks from the agency for more than 30 years.

The indictment also charged Steven Weiner, 53, president of the insurance agency. Paul Zdon, 61, an employee, was implicated for the first time Thursday.

Weiner's lawyer, Jeffrey Steinback, confirmed that his client is cooperating and expects to plead guilty. Zdon's lawyer, Joseph DiNatale, said he expects his client to plead guilty and that he too has been cooperating with authorities.

Blase's lawyer, Harvey Silets, said the mayor intends to fight the charges and expects to be vindicated.

He plans to remain in office, Silets said.

Blase allegedly acted to benefit the Niles businesses that purchased their insurance through the Weiner agency.

The charges allege that the kickback scheme originated with Weiner's father, Ralph, a close friend of the mayor's, and after the father's death in 2005, Steven Weiner began delivering the monthly kickback checks to Blase.

The Weiner agency allegedly gave secretly about 25 percent of its commissions from the Niles businesses to a shell company controlled by Blase.

The charges allege that Blase, who is an attorney, used the $421,450 in bribes to pay the salaries of two employees at his law firm.

When one of the employees cut back his work schedule, Blase instructed him to share the kickbacks with a Blase relative who was an attorney at Blase's firm.

The indictment charged Blase and Weiner with five counts of mail fraud each. Zdon was indicted on three counts of mail fraud.

According to court papers obtained by the Tribune, Zdon had been secretly tape-recorded by an insider at the insurance agency who cooperated with authorities early in the investigation.

mo'connor@tribune.com

Niles Mayor Indicted In Insurance Scheme (BVND)

The Belleville News Democrat, October 6, 2006

CHICAGO - Four months after his arrest on corruption charges, the mayor of Niles was indicted in federal court Thursday for allegedly coercing businesses in this northwest suburb to buy insurance from his friend.

Mayor Nicholas B. Blase, 79, is charged with leading local business owners to purchase insurance from Ralph Weiner & Associates in exchange for kickbacks from the agency. Blase, who has been mayor of Niles for 45 years, was arrested in June.

The scheme, run over the last 30 years, involved more than $420,000 in bribes, according to authorities.

Two other men with ties to the insurance agency also were indicted.

Both the agency's president Steven Weiner, 53, and employee Paul Zdon, 61, are cooperating with authorities and are expected to plead guilty, according to the U.S. Attorney Patrick Fitzgerald.

Weiner's lawyer, Jeffrey Steinback, and Zdon's lawyer, Joseph DiNatale, confirmed in a story posted on the Chicago Tribune's Web site that their clients are cooperating and expect to plead guilty.

Harvey Silets, Blase's lawyer, said the mayor plans to fight the charges and remain in office.

Niles Mayor Indicted On Fraud Charges (CBB)

Crain's Chicago Business, October 6, 2006

(Crain's) — Niles Mayor Nicholas Blase was indicted Thursday on corruption charges, accused of accepting bribes and kickbacks from an insurance agency in exchange for using his position to steer business to the company.

A federal grand jury indicted Mr. Blase, 78, on five counts of mail fraud, according to a statement from the U.S. attorney for the Northern District of Illinois. He had been first arrested and charged in June.

Mr. Blase's lawyer, Harvey Silets of Chicago law firm Katten Muchin Rosenman LLP, said Mr. Blase "feels the charges are unjustified and he will be vindicated."

The grand jury also indicted Steven Weiner, president of Ralph Weiner & Associates of Wheeling, and Paul Zdon, a state-licensed insurance producer with the agency, on charges of mail fraud.

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Messrs. Weiner and Zdon are cooperating with the government and are expected to plead guilty, the statement said.

The statement says that according to the indictment, Mr. Blase used his post as mayor to directly and indirectly steer Niles businesses to buy insurance from Ralph Weiner & Associates.

In exchange, according to the statement, Ralph Weiner and later Steven Weiner paid about 25% of the commissions from Niles customers to a shell corporation controlled by Mr. Blase called SMP Insurance Services Inc.

From 1997 to 2006, Ralph and Steve Weiner made and caused payments to SMP of about $421,450, according to the statement. (Ralph Weiner has died.)

The statement says that "as part of the fraud scheme, Blase allegedly took, and failed to take, actions in his capacity as mayor to benefit the interests of Niles businesses that purchased their insurance through the Weiner agency. Blase allegedly provided material information to Ralph and Steven Weiner and Zdon concerning the village's regulation of Niles businesses, and they, in turn, touted their ability to provide access to and receive favors from Blase to potential and existing insurance clients to advance their solicitation and sale of insurance."

Mr. Blase has been mayor of Niles since being first elected in 1961. He also is an attorney, running the law offices Nicholas B. Blase Ltd. in Niles, according to the statement.

A person who answered the phone at Ralph Weiner & Associates' offices referred questions for Mr. Weiner to his attorney, who did not immediately return a call. The person declined to take a message for Mr. Zdon.

$1,500 Check For Governor's Daughter Stirring Controversy In Illinois Race (AP)

AP, October 6, 2006

CHICAGO - For months, Gov. Rod Blagojevich has been fending off accusations he bungled government programs and awarded jobs and contracts to contributors and cronies. But suddenly, one issue has cut through the clutter: a $1,500 gift to one of his daughters.

The check came from a lifelong Blagojevich friend, and it arrived soon after the friend's wife got a state job.

The governor has said he is unsure whether it was a birthday gift for one daughter or a christening gift for another, but he insisted it had no connection to the job. At the same time, he acknowledged asking his chief of staff to help the woman.

With just weeks to go before Election Day, the $1,500 check has gotten voters' attention in a way some of the other allegations - involving audits, contracts and bureaucratic procedure - haven't.

"People think, 'My kid never got $1,500; there must be something wrong here,'" said Cindi Canary, executive director of the Illinois Campaign for Political Reform.

Blagojevich, a Democrat running for a second term, got elected four years ago as a reformer promising to clean up state government, but his administration has been mired in controversy for doling out jobs and contracts to the politically connected.

The race is playing out against a backdrop of political corruption, with convictions at Chicago's City Hall, an FBI raid on Cook County's government offices and the recent sentencing of Blagojevich's predecessor, Republican Gov. George Ryan, to more than six years in prison for graft.

Blagojevich's GOP opponent, Judy Baar Topinka, is using the $1,500 check to paint him as corrupt. She is running an ad that shows Blagojevich fumbling to answer questions about the money. And at a recent debate, her supporters held up huge, fake checks and shouted, "Hooray for birthdays!"

While it is not illegal in itself for Blagojevich's family to accept a gift from a friend, it would be if the money was a thank-you for the new job.

The governor's office initially said the check was a gift for his older daughter, Amy, on her seventh birthday in 2003. Blagojevich later told reporters it might have been a gift for his younger daughter, Annie, who was christened about the same time.

Blagojevich said there is nothing odd about his close friend Michael Ascaridis giving such a large gift. At the same time, pleading a faulty memory, he would not say whether Ascaridis has given similar gifts in the past.

Ascaridis has told the Chicago Tribune, which first reported the gift Sept. 10, that the money had no connection to his wife's new state job.

Still, the notion of a $1,500 check for a child seems fishy to some voters.

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"You can go buy her something, or a gift card or whatever," said Matthew Sardo, owner of a Chicago comic book shop.

Chicagoan Robert Douglas said he doesn't believe Blagojevich, especially given Illinois' tawdry history of political corruption. [continue]

Jeanine Up Creek On Boat? (NYDN)

By Greg B. Smith, Daily News Staff Writer

New York Daily News, October 6, 2006

There's no trace of a love boat in Jeanine Pirro's financial disclosure forms, but there are plenty of signs of her troublesome husband, Albert.

Federal prosecutors subpoenaed Pirro's disclosure forms to make sure she didn't claim ownership of the infamous boat, sources familiar with the ongoing FBI probe said.

Pirro was caught on tape discussing with disgraced ex-NYPD Commissioner Bernard Kerik about planting a bug in the 26-foot "family boat" to catch her husband fooling around in the summer of 2005.

The boat - named Cristine, after the couple's daughter - is in her husband's name, but her lawyer, Paul Shechtman, says it's really co-owned as marital property.

If the boat was technically not her property, investigators theorized that it could bolster their case that onboard intercepted conversations would be illegal - a contention that Shechtman disputes.

Prosecutors sought the financial disclosure records Pirro filed from 1998 to 2005 when she was Westchester County district attorney.

A review of the records obtained under the Freedom of Information Act showed no sign of the boat being owned by Jeanine or Albert Pirro. In fact, there was no evidence of the boat at all.

"I wouldn't have thought it would take a subpoena for financial disclosure records to know that the boat is in his name," Shechtman said.

Shechtman contends that Manhattan U.S. Attorney Michael Garcia's investigation appears to be focused solely on the discussion about planting the bug.

While the boat wasn't in the records, Pirro's financial ties to her husband showed up in numerous ways - even though she repeatedly says "I'm my own woman," and began filing income tax independently of her husband after Albert Pirro's 2000 conviction on tax fraud charges.

Pirro continued to co-own several properties with him, including a second home in Palm Beach, Fla., and vacant land in Coral Gables, Fla.

She and her husband also have co-owned a time share at an exclusive Marriott resort in Palm Desert, Calif., since 1987.

There's no mention of this on her disclosure forms until 2004. Pirro's campaign spokesman, John Gallagher, said Pirro was not required to show it, but decided to go "above and beyond" what the law requires.

A law firm that employed her husband also helped out in March 2002 when Jeanine Pirro tried her hand as an entrepreneur. She opened up JP Styles Inc., a distributor of homemade jewelry she designed.

The law firm Collier, Halpern, Newberg, Nolletti & Bock handled the incorporation. On her 2003 forms, Pirro noted that her spouse received income from Collier, Halpern. She described the nature of his work as "miscellaneous."

At the time, Albert Pirro's law license was suspended due to his tax conviction. His lawyer, Philip Halpern of Collier, Halpern, did not respond to questions about the nature of Pirro's work for the firm.

Police Search For Suspect In Shooting Of Two Sheriff's Deputies And A Police Dog. (AP)

By ANGELA K. BROWN

AP, October 6, 2006

(AP) A former nurse was sentenced Thursday to life in prison on charges that she killed 10 hospital patients with drug injections because she found them too demanding.

Vickie Dawn Jackson, 40, pleaded no contest on Wednesday and was sentenced after prosecutors presented their evidence to a judge.

Investigators believe Jackson injected the patients through their intravenous lines with a drug normally used to temporarily stop breathing when doctors insert a breathing tube.

FBI agent David Burns testified that the patients had been hospitalized for minor ailments _ including a foot sore, diarrhea or dementia _ and were about to be released.

"In general, they were the kind of patients who needed more care," Burns said at the sentencing. "I think that's probably why. They're verbose. They want this. They're thirsty. It seemed to make her angry."

Authorities became suspicious after nearly two dozen deaths were reported at Nocona General Hospital in late 2000 and early 2001, a stretch of time when the hospital should have seen only five to 10 deaths.

Authorities discovered at least 20 vials of the drug were missing. And officers searching garbage at Jackson's home found a syringe that contained traces of it, Burns said.

Jackson's attorney, Bruce Martin, said Jackson maintained her innocence and pleaded no contest to avoid a trial so her daughter would not be called to testify.

In a statement issued through her attorney, Jackson said she was "sympathetic to the families of the deceased" and "acutely aware that closure for them is necessary, if, indeed, closure can ever come for them."

John Fitch, whose grandmother Dorothy Vanderburg was 79 when she died, said Jackson had taken "the easy way out."

"I wonder if this is your twisted way of thumbing your nose at those of us you have hurt," Fitch said in court. "May (God) have mercy on your soul."

Prosecutors did not seek the death penalty, meaning Jackson would have been sentenced to life in prison if convicted by a jury.

The case was moved from Nocona, 90 miles northwest of Dallas, to this West Texas town because of publicity surrounding the deaths.

Former Newspaper Editor Pleads Guilty To Child Porn (AP)

AP, October 6, 2006

NEW ORLEANS -- The former managing editor of a LaPlace weekly newspaper faces up to 20 years in prison, a $250,000 fine and a lifetime of supervised probation after pleading guilty to two federal counts of possessing child pornography.

Five years is the minimum sentence for the charges to which Leonard Gray, 52, pleaded guilty, U.S. Attorney Jim Letten said Wednesday.

Gray, who worked for L'Observateur, was arrested when he showed up for what he thought would be a sexual encounter with a 16-year-old girl with whom he had exchanged instant messages over the Internet. The girl turned out to be an FBI agent.

Agents used that arrest to get a search warrant for Gray's Waggaman home and computer, where they said they found numerous images of children being sexually victimized.

Letten said Gray, who also worked for The Herald-Guide newspaper in St. Charles Parish, pleaded guilty Wednesday.

FBI To Probe Cissy Stuart Death (TTNJ)

By Kevin Shea

Trenton Times (NJ), October 6, 2006

The FBI has joined the investigation into the 1989 killing of Princeton Borough matriarch Emily "Cissy" Stuart, one of Mercer County's most notorious unsolved murders.

The agency has assigned to the case a top agent, Special Agent John Mulligan, a 19-year veteran and seasoned homicide investiga tor who was the bureau's lead agent probing the murder of Daniel Pearl, The Wall Street Journal reporter who was kidnapped and killed in Pakistan in 2002.

Forensic specialists in Quantico, Va., are examining evidence gathered from the home of the 74-year-old socialite using modern technology, profilers are analyzing the case and agents plan to start reinterviewing witnesses and sus pects.

The entry of the FBI into the Stuart probe is a major step for ward for the investigation, said Borough Police Chief Anthony Fe derico.

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Bill Evanina, special agent in charge of the Trenton FBI, said the bureau has resources that simply were not available to borough police and the Mercer County Prosecutor's Office the past 17 years.

"We believe we have solid ave nues to pursue in the investiga tion," Evanina said.

The killing of Stuart has baffled investigators since she was found stabbed in the back in the basement of her Mercer Street home on April 4, 1989.

The crime sent a shockwave through the Ivy League town and brought intense media attention. Stuart was active with the Trinity Episcopal Church across the street from her home, was popular in Princeton social circles, and was still active with the Town Topics, a weekly newspaper her husband, Donald Stuart, had founded in 1946 and her son Jeb Stuart edited at the time.

The borough has not had a murder since then.

"To solve this unsolved crime, all of the resources of the bureau are available," Evanina said yesterday. He said testing will include DNA analysis, "to see if any poten tially new DNA evidence exists" and the bureau's famed behavioral sciences unit is working the case.

"We have a list of suspects, of which some date back to (1989), and we are going to revisit them as part of the investigation to see if any new suspects or witnesses arise," he said.

While technically a cold case, the investigation into the murder is far from frozen.

Federico reopened the case in January 2003 while a captain and continues to work on it personally. He was the first officer on scene at the Stuart's Mercer Street home the day her body was found. To this day, the chief keeps a wanted posted from the case in his office for motivation.

In 2004, Federico told The Times, "Things have come up we did not know in '89...Things were discovered in this phase of the investigation that's led us in a direction we had not gone before."

Federico seized an opportunity to enlist the FBI last month when he met Evanina, who was assig ned to lead the Trenton office earlier this year, at a meeting of the Mercer County Chiefs of Police Association.

At the Sept. 14 meeting, Eva nina made a presentation about how the Trenton FBI was starting a new violent crimes task force and one of its missions was to work cold case homicides.

Federico perked up, he said yesterday, and approached Evanina after the meeting and told him point blank: "I've got the hottest of the cold cases."

Since then the case has been a hot priority for both agencies, but still a joint endeavor. "We're not taking over the investigation, but we are getting involved to solve a cold case homicide," Evanina said firmly.

"I gladly, gladly, accepted their offer of assistance and hopefully with that partnership we will have a succe ssful conclusion," said Fede rico.

Federico and Evanina declined to discuss the progress of the case in detail but over the years borough police have painted a picture of a sparse crime scene but one that yielded clues.

Stuart was found face down, clothed, stabbed five times across the upper back in a room in her cellar that had been padlocked shut. She was clutching her glasses. No weapons were found and her gardening tools were in neat order.

The door at the top of the basement stairs, in the kitchen, was also locked from the kitchen side with an old skeleton key. Police have theorized that someone familiar with the home locked it.

Investigators believe Stuart was killed two days earlier, April 2, after she was last seen tending to her garden in the rear of her home at about 4 p.m. on an unseasonably warm spring day. Family members searched the home several times from April 2 to the moment she was found, but apparently never went into the basement, police say.

Initially, police investigators fo cused part of their attention on a 22-year-old Haitian immigrant who had been charged with stabbing a Princeton Township woman in her bathtub around the same time. But borough police investigators do not believe any more that he had anything to do with the case.

A reward was posted by the Stuart family that eventually grew to $50,000, but after several years of investigating, which included the use of a linguist and a psychic, police gave back the money in late 1991 and admitted the case was growing cold.

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Jeb Stuart sold the Town Topics newspaper in 2001. In 2003, after Federico reopened the probe, Jeb Stuart told The Times he does not speak about the case any more, offering only, "Been there, done that." He could not be reached for comment yesterday.

Emily Stuart also had another son, Charles Stuart, a documentary filmmaker who lived then and now in Massachusetts. He made a film about the unsolved killing, called "My Mother's Murder," that was broadcast on HBO in 1992. He also could not be reached for comment yesterday.

Kevin Shea can be reached at (609) 989-5705 or kshea@njtimes.com.

Case Dismissed Against Ex-JonBenét Suspect (USAT)

By John Ritter

USA Today, October 6, 2006

SAN FRANCISCO — Nearly two months after his arrest as a suspect in one of the USA's most lurid unsolved slayings, John Mark Karr was freed Thursday after prosecutors said they don't have enough evidence to try him on child pornography charges.

Judge Rene Chouteau ordered Karr to be immediately released from jail. He was not in court for the hearing.

Karr was briefly held in the 1996 death of child beauty queen JonBenét Ramsey but was cleared when Boulder, Colo., authorities said in August that DNA tests failed to link him to the crime.

He was extradited to Sonoma County, Calif., last month to face 5-year-old misdemeanor charges of possessing illicit computer images and had been in jail awaiting trial. The sheriff's department admitted it lost original computer evidence, leading to Thursday's dismissal.

The 41-year-old former schoolteacher, who jumped bail in 2001, ended up in Thailand, where he was arrested Aug. 16.

“Hasn't this been a colossal waste of the taxpayers' money,” said Laurie Levenson, a professor at Loyola Law School in Los Angeles.

Levenson says Karr now becomes “a headache” for law enforcement. “What I think everyone recognizes is that this guy on some level is a threat,” she says. “He's a threat, but he's not yet a criminal.”

The apparent mishandling of evidence between Karr's 2001 arrest and his return to California “probably happens more often than people think,” Levenson says. “It's an embarrassment, but it usually doesn't happen in a case under the limelight.”

Karr's lawyers had tried to get the charges thrown out and were asking the judge to bar evidence when prosecutors said they couldn't establish when the child porn images had been downloaded on Karr's computer.

“The impression that we've had all along is that the prosecution had every intention of getting this case to trial, regardless of the evidence,” said defense lawyer Robert Amparan. “I am pleasantly surprised by them having done the right thing.”

Even if Karr had been convicted of the charges, he likely wouldn't have served any additional time. Prosecutors admitted as much. Karr had spent six months in jail after his 2001 arrest before fleeing.

“We probably will hear from him again in some way or another,” Levenson says. “Either the criminal justice system will initiate it or he will.”

Thai authorities took him into custody after he wrote e-mails and made telephone calls describing how he was with JonBenét in her home when she died.

“Here's a guy who thrived at the world's attention,” Levenson says. “It's very hard for me to believe that he's just going to go back to obscurity.”

Judge Dismisses Porn Charges Against Former JonBenet Ramsey Suspect Karr (FINDLAW/AP)

By Kim Curtis, Associated Press Writer

AP, October 6, 2006

(AP) - SANTA ROSA, California-A judge dismissed child pornography charges Thursday against John Mark Karr, the former suspect in the murder of child beauty queen JonBenet Ramsey, after prosecutors said they did not have enough evidence to take the case to trial.

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Sonoma County Superior Court Judge Rene Chouteau ordered Karr released immediately, bringing an end to his two-month odyssey in the U.S. criminal justice system after he was extradited from Thailand on suspicion of killing the 6-year-old beauty queen.

Karr, 41, was returned to California last month to face the five-year-old pornography case after DNA evidence cleared him of killing the girl in her Boulder, Colorado, home in 1996.

The misdemeanor pornography case fell apart almost as quickly, as investigators admitted losing vital computer evidence that was seized from Karr in April 2001 when he was working as a substitute teacher in Sonoma and Napa counties.

Defense lawyers tried unsuccessfully to get the charges dismissed and were seeking to have evidence barred from trial when prosecutors said they could not establish when the child porn images had been downloaded on Karr's computer.

"The impression that we've had all along is that the prosecution had every intention of getting this case to trial, regardless of the evidence," said defense lawyer Robert Amparan. "I am pleasantly surprised by them having done the right thing."

Prosecutors acknowledged that if Karr were convicted he would not have served any additional time in jail, because he spent several months behind bars awaiting trial in 2001. They said they were seeking to have him register as a sex offender.

Karr fled the state after being released from jail and had been on the lam until his arrest in Bangkok, which caused a sensation when he told reporters he was with JonBenet when she died.

Karr, who moved to California from Alabama with his wife and three sons, first came to the attention of Sonoma County officials after an informant told authorities about alarming e-mails he had been sending her.

Investigators looked at Karr in connection with the unsolved 1997 murder of 12-year-old Georgia Moses, whose body was found dumped along a highway in Sonoma County, Karr's lawyers said.

The sexually explicit pictures of children were later found during a search of his home, authorities said.

His arrest led school officials to strip him of his teaching credential, and his marriage ended in divorce later that year.

Serial Rapist Preying On Ariz. Reservation (USAT)

By Emily Bazar

USA Today, October 6, 2006

A serial rapist posing as a police officer has attacked at least 11 young women, mostly teenagers, on the Fort Apache Indian Reservation in Arizona.

The rapist, wearing a dark shirt and hat emblazoned with “POLICE,” stopped each of the victims as they walked between two housing projects and told them they were under arrest, says Warren Youngman, assistant special agent in charge of the Bureau of Indian Affairs (BIA) office in Phoenix.

He then restrained their hands and “took them to a remote area where he told the victims they were going to be met by a police car,” Youngman says.

The assaults all took place between 10 p.m. and 2 a.m. The first was in March. The most recent occurred Sept. 6. All but one of the victims were juveniles, Youngman says.

Collette Altaha, a spokeswoman for the White Mountain Apache Tribe's vice chairwoman, Margaret Baha-Walker, says the attacks have raised fears on the reservation, which is near the New Mexico state line. “A lot of people are doing things differently,” she says. “I know of women who don't go on walks anymore. They're sticking close to home.”

Some parents aren't letting their children go out unless they're in groups or supervised, she says.

When the BIA learned about the attacks from tribal police in August, it created a special task force of police officers and federal agents to investigate, says Chris Chaney, deputy director of BIA's Office of Justice Services. The BIA is offering a $10,000 reward for information leading to an arrest or indictment.

The victims have described the rapist as a Native American man age 20 to 40. Investigators don't know if he belongs to the White Mountain Apache Tribe or if there are other victims who have yet to come forward.

Chaney says Native Americans suffer disproportionately from sexual assault. The rate of rape and sexual assault for the general public is two per 1,000 people, he says. For Native Americans, it's five per 1,000.

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Residents of the reservation have become less trusting of police because of the nature of the attacks, Youngman says. "The community is cautious of people identifying themselves as officers," he says.

Ohio Law Dodges Statute Of Limitations For Sex Crimes (USAT)

By Sharon Coolidge

USA Today, October 6, 2006

CINCINNATI — People who have never been convicted of a sex offense still could end up on a public registry in Ohio.

A law that went into effect in August targets alleged sex offenders who can no longer face charges or be sued because the time allowed for either action — the statute of limitations — has expired.

The new law allows prosecutors, the state's attorney general or alleged victims to seek to put a person on the registry.

Whoever makes the request must try to present enough evidence to convince a judge that the crime was more likely than not to have occurred. If a judge, after hearing testimony and reviewing evidence from both sides, determines that the abuse is likely to have taken place, then the alleged offender must register with the Ohio Attorney General's Internet Civil Registry.

No other state has a civil registry or is even considering one, said Blake Harrison, a policy analyst with the National Conference of State Legislatures.

The law creating the registry was a substitute for a proposed law that would have allowed people to file lawsuits in old cases that otherwise would have been barred by the two-year statute of limitations.

Hamilton County, Ohio, prosecutor Joe Deters is the first to test the new law.

In September, he filed a motion in Hamilton County Common Pleas Court asking that David J. Kelley, a priest who served at St. Therese the Little Flower in Mount Airy, Ohio, be ordered to register with the state's civil registry.

Kelley, who lives in Nashville, is accused of sexually abusing a student at the Ohio church's elementary school in the early 1980s, according to court documents.

"People deserve to know if they live near sexual offenders," Deters said. "The statute of limitations may have expired, but this allows for notification."

A hearing is set for Dec. 6. Kelley, who is on administrative leave from the Archdiocese of Cincinnati, could not be reached for comment.

"This raises a lot of questions for me," said Jonathan Entin, a law professor at Case Western Reserve University who specializes in constitutional law and civil rights issues. "At least in criminal registries, there is some sort of formal determination a person committed a sex offense."

Survivors Network of those Abused by Priests (SNAP), a group that lobbies for abuse victims' rights, supported the bill that would have extended the statute of limitations because hundreds of people who have claimed priests abused them as children are unable to file lawsuits or pursue criminal charges.

"I don't think it will work, and it won't deter the abuse," Christy Miller, SNAP's Cincinnati co-leader, said of the new law. "These people won't be financially responsible, and they're not criminally responsible. All that will happen is their name will go on a list that nobody will see because nobody knows about it."

The registry's creator, state Rep. Bill Seitz, said he knows it is controversial but said it accomplishes the same goal as retroactively extending the statute of limitations.

The Ohio ACLU's legal director, Jeff Gamso, called the civil registry troubling.

"It is a dangerous, troublesome law," Gamso said. "This is punishment without the protection of a criminal proceeding."

Jurors Urged To Heed Farmers' Market Witness Accounts (LAT)

By John Spano

The Los Angeles Times, October 6, 2006

Jurors today were urged to believe dozens of Santa Monica residents who saw George Weller repeatedly turn the wheel, hit the brakes and accelerate as his car plowed through a farmer's market three years ago.

If Weller could see and steer, he could have stopped before killing 10 pedestrians, Deputy Dist. Atty. Ann Ambrose said in closing arguments in Weller's trial for 10 counts of vehicular manslaughter with gross negligence.

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The prosecution of Weller, now 89, closed this morning in the courtroom of Los Angeles County Superior Court Judge Michael Johnson.

The defense in the three-week trial contended that the elderly man committed only "pedal error" — hitting the accelerator when he meant to hit the brakes — which caused unexpected acceleration and panic so extreme that he could not reverse course before leaving almost 1,000 feet of carnage along Arizona Avenue.

"The defendant is charged with driving his vehicle in a grossly negligent manner, for whatever reason," Ambrose said. She said the cause — pedal error, or running from a minor accident, as some witnesses testified — is unimportant.

Jurors should determine "what could he do on that day, what did he do on that day and what he failed to do as he drove to that market and through that market in taking the lives of ten victims."

"Whether or not you believe pedal error is the best explanation, it is only an explanation," Ambrose said. "The law doesn't say you can kill 10 people if you did it because you weren't paying attention because you stepped on the wrong pedal."

Ambrose projected large pictures of the dead and dying victims at the death scene, interspersed with the expression, "OOPS!", to reinforce her point that Weller committed a crime.

Defense lawyer Mark Overland was scheduled to close this afternoon, following a taut, well-organized prosecution presentation in which Ambrose urged jurors to trust their neighbors. She suggested that eyewitnesses at the market are more reliable than experts who only studied reports on the incident after the fact.

A total of 68 people were injured at the Santa Monica Farmers' Market in July 2003.

Ambrose liberally quoted a bevy of witnesses who said Weller was intent, calm, unconcerned and dismissive as he stood on the sidewalk after his car came to a stop .

In a statement hours later to police, Weller apologized and expressed concern for the victims, but "his attitude was one of complete indifference," Ambrose argued.

He spoke knowing at least eight persons had died.

"He's relaxed, he laughs, he laughs out loud at different times," Ambrose said. "He says 'those poor, poor people,' but he spends much more time talking about what [epithets] people called him."

"He spent more time reminiscing about the building of the 101 Freeway than he does about the people he left on the street, bloodied."

In a major victory for the prosecution, Johnson ruled that jurors will be allowed to reach a verdict on felony manslaughter, as well as the lesser crime of misdemeanor manslaughter. The former requires a finding of gross negligence, but the latter only common negligence or carelessness.

Only a handful of victims attended the trial in the criminal courts building downtown.

A lawsuit filed by a group of victims suffered a setback last summer when a judge ruled that the city of Santa Monica was not liable for alleged substandard security at the market.

Weller's $500,000 in auto insurance has been made available for victims, as well as more than $5 million in insurance coverage on several other public entities involved in the market's operations at the time of the tragedy.

Time To Judge The System In Domestic Violence (WT)

By Adrienne Washington

The Washington Times, October 6, 2006

"You'd think that after everything that has happened in the county with domestic-violence cases that judges would take a little more time to think about these things more carefully," says an "outraged" Denise C. McCain, executive director of the Family Crisis Center of Prince George's County.

Ms. McCain was reacting to yet another death of a Prince George's County domestic-violence victim, who reportedly sought help from the court system before her boyfriend killed her and then himself this week.

"It's nonstop. It's unbelievable," Ms. McCain said. "I'm completely at a loss for words."

Not really. She found plenty with which to vent.

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Ironically, Ms. McCain and Prince George's County State's Attorney Glenn F. Ivey were on their way to appearances Wednesday morning to promote this weekend's public events highlighting Domestic Violence Awareness Month when they were confronted with the latest tragedy.

Jackie M. Lewis, 57, was killed by her boyfriend, Arthur Comer, 57, who then killed himself after calling 911 to come to the home the couple shared in Fort Washington, police reported.

Based on reports about the protective orders she unsuccessfully sought, Miss Lewis had tried to get Comer to leave because she was so frightened for her safety that she couldn't sleep.

As in other highly publicized cases in the county, Miss Lewis sought protective orders that were denied by District Court Judge Crystal D. Mittelstaedt six weeks ago. This plea for help was rejected twice by the judge, who has been on the bench for little more than a year.

Here's the rub: Another judge wrote on the first temporary peace order that he granted in August that Comer was "to be removed from [Miss Lewis'] home immediately." Yesterday, Mr. Ivey said he had not read the orders, but he cautioned against a rush to judgment about Judge Mittelstaedt's ruling. She has not commented publicly.

However, Mr. Ivey suggested that state legislators may want to reconsider changing the legal standards required for issuing protective orders and to find ways to make the judicial process easier for domestic-violence victims and their advocates.

"This is clearly a tragic situation," Mr. Ivey said. "We need to make a careful review to see if things could have been done differently to avoid this." For starters, Mr. Ivey and Ms. McCain agree, more resources should be made available to victims, including someone to help them navigate the system.

To deny the orders and then "send them out in the street without helping them to develop a safety plan is irresponsible," Ms. McCain said.

Domestic-violence incidents in Prince George's, second in the state only to Baltimore, have become such a hot topic that this month's issue of Essence -- a magazine geared primarily to black women -- published "The Secret Shame of Prince George's County."

The article presents a negative portrayal of the county, comparing its designation as the most wealthy enclave of blacks in the country with its high domestic-violence rates.

But Ms. McCain says the county, especially under the leadership of Mr. Ivey, may be a victim of its own efforts to address this issue, which was once swept under the rug.

The increased numbers of domestic-violence calls and cases can be attributed to more victims feeling safe enough now to come forward given the county's initiatives to reduce this problem.

After the brutal death of Ernestine Bunn Dyson, who was killed at her Oxon Hill home in March 2003 in a murder-suicide -- hours after her estranged husband's court appearance on domestic-violence charges -- county officials formed a task force that made recommendations that were put into place to help women and men seeking refuge from volatile relationships.

Mr. Ivey's office now has a prosecutorial unit devoted to domestic-violence cases. The sheriff's department instead of the police department handles all such calls now, and there is a special court to handle cases.

To further their public awareness efforts, Mr. Ivey has enlisted the help of the faith community with this month's Project Safe Sunday campaign, which begins this weekend. With more than 800 churches in the county, the prosecutor is asking them to devote at least one sermon to the topic of domestic violence.

Today, for example, Mr. Ivey and Yvette Cade -- the woman who was badly burned last October when her estranged husband doused her with gasoline and set her on fire -- will discuss domestic violence with a coalition of churches at the First Baptist Church of Glenarden.

Mr. Ivey was so upset by Mrs. Cade's case that he took the rare step of being the co-prosecutor.

Tomorrow morning, Ms. McCain's organization, which provides what little shelter the county offers for abused homeless women, expects about 300 people to participate in its annual 5K walk from their administrative offices at 3601 Taylor St. in Brentwood to the courthouse in Hyattsville.

"We can't keep [domestic violence] behind closed doors anymore," she said.

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In view of this week's tragedy in Fort Washington, Ms. McCain expressed concern that cases are still not taken seriously in the criminal justice system. They need to "dig deeper, ask more questions" rather than accept what's presented on the surface, she said.

Most of all, Ms. McCain wants judges held accountable for what happens to domestic-violence victims. Insensitive judges such as Richard A. Palumbo, who was forced into retirement after the Cade case, "don't get it," as Ms. McCain said.

In fairness, at least some judges "get it" some of the time.

But Mr. Ivey acknowledges that throughout the judicial and legislative systems, "We still have work to do."

Ms. McCain asked, "What's it going to take? More women like Jackie Lewis losing their lives?"

For more information about the Family Crisis Center walk, call 301/779-2100 or go to www.familycrisiscenter-pgco.org. For more information about Project Safe Sunday, call 301/952-3933. The national hot line for domestic violence is 800/799-7233.

CIVIL LAW:

Emergency Medical Settles Probe Of Ambulance Billing (Update1) (BLOOM)

By Cary O'Reilly

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Emergency Medical Services Corp., a supplier of ambulance services in 36 states, agreed to pay $9 million to settle U.S. claims it gave discounts to medical facilities in exchange for referrals.

The settlement relates to allegations that a unit of the Greenwood, Colorado-based company offered discounts to Texas hospitals in exchange for referrals on ambulance transports of patients being discharged, which were billed to Medicare.

The Justice Department sued AMR, accusing it of unlawfully providing the discounted transportation from 1994 through 2001. Under terms of the settlement, AMR will enter into a corporate integrity agreement to prevent such activity in the future.

``Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds," said Assistant U.S. Attorney General Peter D. Keisler, in a statement.

The settlement arose out of ``whistleblower" lawsuits filed in 2000 and 2001 by two former AMR employees, Daniel Block and Adam Wightman. Under the False Claims Act, private individuals or firms can file suit on behalf of the government and may share in the recovery. As a result of today's settlement, the two men will receive $1.62 million.

The incidents investigated at Emergency Medical's American Medical Response unit occurred before 2002 when it was under different ownership, Emergency Medical said in a statement.

``AMR cooperated fully with the government during the course of its inquiry into prior conduct of the company," Chief Executive Officer William Sanger said. ``We believe it is in AMR's best interest to put this matter behind us."

Sanger has been making acquisitions to expand in the markets for ambulance services and emergency room staffing. The company completed the acquisition of Air Ambulance Specialists, a manager of medical transport services on airplanes, in July.

Emergency Medical, which posted net income of $18 million in the six months ended June 30, said it set aside money for the settlement in previous reporting periods. A ``significant portion" was indemnified by AMR's prior owner, it said.

Shares of Emergency Medical fell 5 cents to $16.40 in composite trading on the New York Stock Exchange. They have risen 25 percent since the company first sold stock in December.

The cases are U.S. ex rel. Block v. Laidlaw Medical Transport, et al. and U.S. ex rel. Wightman v. Laidlaw, Inc., et al., U.S. District Court for the Southern District of Texas (Houston).

Ambulance Provider Pays U.S. To Resolve Allegations (AP)

AP, October 6, 2006

DALLAS — One of the nation's largest ambulance providers is paying the federal government more than $9 million to settle charges that it offered kickbacks to Texas hospitals in exchange for referrals, the Justice Department said Thursday.

Two former employees who raised allegations against the ambulance company will get $1.62 million in the settlement.

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The government alleged that Greenwood Village, Colo.-based American Medical Response provided or offered inducements to Texas hospitals in contracts known as "swapping arrangements."

The arrangements gave discounts to the hospitals in exchange for referrals for transporting patients who were being discharged, the Justice Department said. The ambulance rides were billed to Medicare.

"Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds, among other things," said Assistant Attorney General Peter D. Keisler of the department's civil division.

American Medical Response said it didn't admit wrongdoing and that the company's prior owner agreed to pay "a significant portion" of the settlement.

Chairman and Chief Executive William A. Sanger said the company was pleased to settle the matter and had cooperated with the government.

Shares of American Medical's parent, Emergency Medical Services Corp., fell 5 cents, to $16.40, in trading on the New York Stock Exchange.

Two former employees of the ambulance company will share in the settlement. They filed whistleblower lawsuits in 2000 and 2001.

Under the federal False Claims Act, private individuals or firms can sue on behalf of the government and share in the recovery.

Tokyo Court Rejects US Appeal For Damages Over Bid-rigging At Base (FINDLAW/AP)

AP, October 6, 2006

(AP) - TOKYO-A Tokyo court on Thursday rejected an appeal by the U.S. government seeking compensation from Japanese companies over the alleged rigging of bids in dozens of construction projects at a U.S. Navy base.

The Tokyo High Court dismissed Washington's appeal against 13 Japanese construction companies, upholding a lower court decision in 2002 that the U.S. government failed to prove the contractors were selected as a result of bid-rigging, a court spokeswoman said on condition of anonymity, citing protocol.

The U.S. government initially filed the lawsuit in 1994 with the Tokyo District Court against 53 Japanese construction companies, demanding 680 million yen (US$5.7 million; â‚¬4.5 million).

Washington accused the companies of inflating costs for nearly 100 construction projects at Atsugi base, southwest of Tokyo, by allegedly rigging bids from 1984 through 1990. The U.S. later dropped its claim against most of the companies after reaching separate settlements.

The Japanese contractors had denied the allegations.

Bid-rigging scandals constantly surface in Japan, which has long been criticized for virtually excluding foreign competitors from public works projects.

In a separate case, another court in July sentenced a Japanese defense official to 18 months in prison and two others to suspended sentences for rigging bids on construction projects at U.S. bases in 2004-2005.

Japan is home to some 50,000 U.S. troops under a bilateral defense pact.

CIVIL RIGHTS:

Disability Rights In The Middle Of Difficult Journey (MINNST)

By Dan Browning, Star Tribune

Minneapolis Star Tribune, October 6, 2006

U.S. Attorney General Alberto Gonzales says disability rights have come a long way, but not nearly far enough.

U.S. Attorney General Alberto Gonzales praised executives attending a Minneapolis conference on disabled workers Thursday for recognizing the skills and marketing opportunities in the disabled community.

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The Justice Department is committed to ensuring that everyone has an opportunity to succeed, regardless of "the circumstances of birth or the challenges of life," said Gonzales, who grew up poor in Texas.

Considerable progress has been made since the Americans with Disabilities Act (ADA) was signed in 1990, Gonzales told about 300 people attending the ninth annual conference of the U.S. Business Leadership Network at the Marriott Hotel. "But we are not done by a long shot."

The group promotes best employment practices and job opportunities for workers with disabilities. More than 400 disabled high school and college students attended a career fair Wednesday at the conference center. Gonzales praised company mentors for recognizing a good opportunity.

"You appreciate the business case for tapping into the disability market and bringing on board qualified men and women whose abilities and perspectives will help your businesses succeed," he said.

And he congratulated the students for their fortitude, commitment to excellence and dedication to getting the kind of experience that will help them contribute to the community.

Gonzales said he wanted to remind everyone about the kind of people they were there to help. Justin Tokioka, a 10-year-old, profoundly deaf boy whom everyone calls Pono, played second base on a community baseball team in Lihue, Hawaii.

"Pono had excelled at second base with the assistance of a sign-language interpreter in the dugout," Gonzales said. "But when he traveled to the state all-star's tournament last summer, Pono was told the tournament rules prohibited the team from having an interpreter in the dugout.

"I could tell you from my experience playing baseball as a young boy that even something that might seem so small can make a tremendous difference in a young boy's life," Gonzales said.

The Department of Justice negotiated a settlement in August with Pony Baseball Inc., which has about 3,500 leagues nationwide. Pono played in the all-star tournament this summer, Gonzales said. "He played very well."

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U.S. Gets Agencies To Adapt For Disabled (AP)

By Joshua Freed, Associated Press Writer

AP, October 6, 2006

In nine of every 10 cases, the Justice Department forced government agencies and businesses to comply with federal disability laws during the past five years by using mediation and not imposing penalties.

Attorney General Alberto Gonzales said Thursday that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

Gonzales cited as an example the case of 10-year-old Justin Tokioka, a deaf baseball player from Hawaii who played second base with the help of a sign-language interpreter in the dugout. Justin, nicknamed Pono, was told he could not use a sign-language interpreter during a tournament last year. The youth baseball association running the tournament finally agreed to allow him the use of one.

"I can tell you, from my own experience playing baseball when I was young, that even something that might seem so small can make a tremendous difference in a young boy's life," Gonzales said.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

It is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those include making cuts into sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing test telephone systems for deaf people making 911 calls.

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In Hennepin County, Minn., which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependancy treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and hard of hearing in its two jails.

The report did include a few cases in which offenders faced penalties, including one where movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

The carrot-and-stick approach had some wishing for a little more stick, though.

"I think there's room for more enforcement, but I'm very pleased with the cases they have taken," said John Kemp, a Washington lawyer who has worked on disabilities law for more than 30 years and heard Gonzales present his report.

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Family Of Man Killed After Deputy Shooting Wants Investigation (AP)

By Phil Davis, Associated Press Writer

AP, October 6, 2006

The family of a man who killed a Polk County sheriff's deputy and was subsequently riddled with 68 bullets called on Florida Gov. Jeb Bush Thursday to order an independent investigation of the shooting.

Nine SWAT officers fired a total of 110 bullets at 27-year-old Angilo Freeland last week after he fatally shot a Polk County deputy and his dog and wounded another deputy after fleeing from a traffic stop.

"This is not about a lawsuit. Nobody is suing anybody," the family's attorney, Grady Irvin, said at a Thursday afternoon new conference. "What this is all about is this death is uncommon in the means and manner by which Mr. Freeland died - 68 bullet holes. His family just wants to put this issue to rest and they want a search for the truth, that's all."

An Orlando-based civil rights group also on Thursday called on U.S. Attorney Alberto Gonzales to look into the circumstances surrounding Freeland's death.

Irvin said race isn't an issue in the shooting. But he was concerned by Polk County Sheriff's Grady Judd's tough talk to reporters before and after Freeland's death.

"I suspect the only reason 110 rounds was all that was fired was that's all the ammunition they had," Judd said after Freeland's death. "We were not going to take any chance of him shooting back."

Freeland's mother, Janice, and two siblings, Nikki and Corey, stood beside the lawyer in a Tampa law office, but made only brief remarks.

Janice Freeland leaned heavily on a desk as she read a prepared statement.

"On behalf of our family, I would like to publicly express our sympathy for the losses of the families and the people of Polk County have suffered," she said. "We do not condone the killing of anyone. Any wrong committed by my son does not have the blessing of me and my family. All we want is for all questions surrounding why this happened to be answered."

Irvin said the family had not seen Freeland's body, which was picked up from the morgue Thursday, because it was so badly mangled by the bullets.

"There were bullet holes everywhere," Irvin said, noting one of Freeland's hands was shot off. "They were in his head. In his face. I understand he had perfect teeth. Those were unbelievable when I saw them."

Kristy Campbell, a spokeswoman for Gov. Bush, said the office had not received any request from the Freeland family late Thursday. She said it would be "premature" for the governor to order an investigation while the Polk County Sheriff's Office and the Florida Department of Law Enforcement are still reviewing the shooting.

The Polk County Sheriff's Office declined to comment on the request.

On Sept. 28, Deputy Vernon "Matt" Williams, 39, and his dog were shot while pursuing Freeland, who fled from a traffic stop. Deputy Doug Speirs, also 39, was shot in the leg moments later during an exchange of gunfire with Freeland.

Williams was shot eight times, including one shot fired at close range to his temple and another behind his ear, authorities said. Diogi was shot once.

Freeland also traded shots with Lakeland police officers.

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The shootings triggered a massive manhunt with more than 500 officers converging on the area from around the state. The all-night manhunt ended almost 24 hours later when a SWAT team fatally shot Freeland 68 times.

Authorities later said the nine SWAT officers fired a total of 110 rounds at Freeland. He had been hiding under a log not far from where Williams was killed a day earlier.

Williams was mourned by more than 4,500 people at his funeral Tuesday.

Case Goes To Justice Department (WP)

By Nick Miroff, Washington Post Staff Writer

The Washington Post, October 6, 2006

City Targets Latinos in Crowding Enforcement, Complaints Allege

Federal housing officials who claim that a campaign by Manassas against crowded housing has illegally targeted Hispanic families have turned their investigation over to the Justice Department, saying the city has failed to adequately settle complaints.

"We made an extensive effort to resolve the matter, but it was unsuccessful," said Bryan Greene, the deputy assistant secretary for enforcement and programs at the Department of Housing and Urban Development. "We conducted a full investigation and attempted to conciliate with many parties involved, which included many individuals, civil rights groups and the City of Manassas. In the end, conciliation has failed."

The investigation focused on anti-crowding measures initiated by the city over the past two years. Those included a hotline that allowed residents to anonymously file a complaint about neighbors they suspected of violating city ordinances and a measure passed by the City Council in December that essentially banned extended family members from living together by narrowing the legal definition of "family." That ordinance was repealed in January under threats from civil rights groups and concerns about a federal investigation.

Although HUD cannot bring charges against a municipality under the Fair Housing Act, it can forward cases to the Department of Justice for possible litigation if the agency's investigation does not produce an agreement "and provide relief to the aggrieved people," Greene said.

Eleven complaints have been forwarded to the Department of Justice -- eight from Manassas residents, two from civil rights organizations and one from HUD, Greene said. The complaints allege that Manassas has illegally targeted the city's growing Hispanic population for selective enforcement of its zoning laws.

Greene said HUD opened its investigation in January after published reports detailed the city's anti-crowding efforts, which included an enforcement officer who made visits at night to homes and informed residents that aunts, uncles, cousins and other extended family members could not share the same residence, regardless of whether occupancy limits had been exceeded.

Greene said HUD has sent letters to city officials and others involved notifying them of the decision, but city manager Lawrence D. Hughes said officials have yet to receive notification and could not comment.

"We didn't realize conciliation had failed," Hughes said.

"I'm not sure how they draw conclusions like that," he added. "We just need to see what HUD communicates to us and where the process goes from here."

Manassas City Attorney Robert W. Bendall told the city council last week that the investigation had stalled because a changing cast of investigators was going over similar ground and repeating questions. Bendall was unavailable yesterday for comment.

Lawyers who have been monitoring the case said that HUD's decision was a "serious" matter.

"An investigation of this magnitude will certainly get the attention of the [Department of Justice] and means it's more likely that they will proceed with a lawsuit," said Kent Willis, executive director of the American Civil Liberties Union of Virginia, one of the groups that threatened to sue the city after it passed its anti-crowding ordinance.

"If the judge or jury determines that the City of Manassas conspired to discriminate against Latino families, the punitive damages could be hefty."

Willis added that a federal lawsuit also raised the possibility that individual parties could bring civil suits against the city.

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According to HUD, 342 complaints were made to the city's "overcrowding hotline" before the investigation began, and more than half turned up no violations.

Of the 145 calls that resulted in violations, 71 percent involved families with Hispanic surnames, although only 15 percent of the city's population is Hispanic, according to 2000 Census data.

Department of Justice spokeswoman Cynthia Magnuson said the agency would review the case and determine how to proceed but would not comment on the possibility of a federal suit.

EEOC Moves To Stem Decline In Disabled Workforce (WP)

By Stephen Barr

The Washington Post, October 6, 2006

The Equal Employment Opportunity Commission plans to sponsor educational events and seminars aimed at reversing the steady decline in the number of federal employees with severe disabilities.

The agency this week launched a special section on its Web site (http://www.eeoc.gov/initiatives/lead), where announcements and information on federal hiring of the disabled will be posted. The initiative -- Leadership for the Employment of Americans With Disabilities, or LEAD -- will be headed by EEOC Commissioner Christine M. Griffin .

"In order to improve the overall employment rate for people with targeted disabilities, we have to begin with the federal government," Griffin said in a statement. "Congress directed the federal government to set the example for all other employers. Our example needs improvement."

People with severe disabilities have dropped to less than 1 percent of the full-time federal workforce, according to data released by the EEOC in June. Targeted disabilities include blindness, deafness, paralysis, mental retardation, mental illness, convulsive disorders, and distortion of limbs or the spine.

About 10 percent of U.S. residents have a severe disability, according to the Department of Health and Human Services.

From fiscal 2001 to 2005, disabled federal employees left the government at more than twice the rate at which they were hired, the EEOC said.

In fiscal 2005, for example, there were 810 newly hired employees with severe disabilities, while 2,197 severely disabled employees left the government's workforce.

Data suggest that federal employment of the disabled peaked in fiscal 1994, when there were 31,337 such employees in government. By 2005, the number of severely disabled workers had dropped to 24,086, the EEOC said. The federal workforce has remained relatively stable, at about 1.8 million, over the past two decades.

Experts do not know what accounts for the decline, in part because of a lack of research and data. Some suggest that more disabled workers are retiring, as the baby-boom generation leaves the workforce. Some think that federal hiring practices work against the disabled, and some think the private sector has opened more doors to the disabled over the past decade.

The EEOC said LEAD will try to increase awareness among federal hiring officials about the drop-off in employment of the disabled and educate agencies on how to use special rules to bring the disabled on board.

LEAD also will seek to educate job applicants with severe disabilities on how to apply under the special rules.

Focus groups will be set up with federal hiring officials, managers and experts to explore the issue of declining employment of the disabled, the EEOC said.

The 1973 Rehabilitation Act banned discrimination against people with disabilities in federal hiring and required agencies to develop affirmative-action plans to hire and promote more people with disabilities.Retirements

Robert F. Lake , an airspace specialist for the National Guard Bureau, retired Oct. 1 after 30 years of federal service.

Rosemarie Tolson , a technology specialist with the Transportation Department's office of the inspector general, will retire Oct. 13 after 36 years of federal service. She spent 32 years at the State Department in various offices.

Tim Twinam , a program manager and contracting representative for technology at the CIA, retired Sept. 29 after 31 years of federal service.Talk Shows

Mark Maxin and Chris Kuczynski , experts on the 1990 Americans With Disabilities Act and the 1973 Rehabilitation Act, will be the guests on "FEDtalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

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David Bowen , chief information officer at the Federal Aviation Administration, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

State Ban On Same-Sex Marriage Upheld (LAT)

By Maura Dolan

The Los Angeles Times, October 6, 2006

SAN FRANCISCO — A state appeals court today upheld a ban on same-sex marriages, ruling that only the Legislature or voters can change California's traditional definition of marriage.

"Courts simply do not have the authority to create new rights, especially when doing so involves the definition of so fundamental an institution as marriage," Presiding Justice William McGuiness wrote for the majority.

"The time may come when California chooses to expand the definition of marriage to encompass same-sex unions," he added. "That change must come from democratic processes, however, not by judicial fiat."

Justice J. Anthony Kline, in a dissent, complained that the ruling diminished "the humanity of the lesbians and gay men whose rights are defeated."

The ruling is expected to be appealed to the California Supreme Court.

Gay Marriage Dealt Defeat In California (AP-Y)

By Lisa Leff

AP, October 5, 2006

A state appeals court upheld California's ban on gay marriage Thursday, a critical defeat for a movement hungry for a win after similar losses in two other states.

In reversing the March 2005 ruling of a San Francisco trial judge, the 1st District Court of Appeal agreed with the state's attorney general, who argued it is up to the Legislature, not the courts, to change the traditional definition of marriage as a union between a man and a woman.

"We conclude California's historical definition of marriage does not deprive individuals of a vested fundamental right or discriminate against a suspect class," the court said in a 2-1 decision. "The time may come when California chooses to expand the definition of marriage to encompass same-sex unions. That change must come from democratic processes, however, not by judicial fiat."

The justices, in their 128-page opinion, noted that California's ban on same-sex marriage does not discriminate against gays and lesbians because of the state's strong domestic partner law, which gives registered couples most of the same rights as married spouses in California.

The ruling does not guarantee, however, that same-sex couples will not ultimately be able to get married in California. Gay marriage advocates said beforehand that they would appeal to the California Supreme Court if the intermediate court did not decide in their favor.

"Though we are disappointed, we always knew this issue was going to be decided by the California Supreme Court," said Molly McKay, a spokeswoman for Marriage Equality USA. "We believe that the California Supreme Court will enforce the constitutional guarantee of equality under the law and strike down the discriminatory barriers denying same-sex couples access to civil marriage."

Opponents of gay marriage praised the decision.

"This is a victory for the right of the people of California to make fundamental policy decisions through democratic processes," said Monte Stewart, President of the Marriage Law Foundation, a Utah-based group that opposes same-sex marriage. "It is also a victory for society's most consequential social institution, and that is marriage."

In 2004, Massachusetts became the first state to legalize same-sex marriage after gay and lesbian couples in that state successfully sued for the right to wed. In the aftermath of that change, 19 states passed constitutional amendments barring gay marriage. Another 26 have statues limiting marriage to a man and a woman. Connecticut and Vermont allow civil unions.

Advocates of same-sex unions had seen California as one of their best chances to expand their marriage rights after recent high court rulings in New York and Washington state upheld bans in those states.

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Thursday's ruling came three months after the appeals court heard six hours of arguments in as many related cases — four of them filed by the city and lawyers for 20 couples seeking the right to wed, and two brought by groups that want to maintain the status quo barring same-sex unions.

The lawsuits arose out of the 2004 same-sex marriage spree that San Francisco Mayor Gavin Newsom ignited when he instructed city officials to issue marriage licenses to gay and lesbian couples. Hundreds of couples from across the country flocked to City Hall to marry, but groups opposed to gay marriage persuaded the state Supreme Court to invalidate the licenses.

"This is a disappointing second round in what we've always known is a three-round fight," San Francisco City Attorney Dennis Herrera said of Thursday's ruling.

In March 2005, San Francisco Superior Court Judge Richard Kramer ruled that the state's existing marriage laws violated the civil rights of gays and lesbians by denying them "the basic human right to marry a person of one's choice" and by discriminating on the basis of gender and sexual orientation.

Following Kramer's decision, the Legislature last year became the first lawmaking body in the nation to legalize gay marriage. Gov. Arnold Schwarzenegger vetoed the bill, saying it was up to voters or the courts, not lawmakers, to settle the contentious issue.

With a gubernatorial election next month, Thursday's ruling is sure to put the issue squarely back in the state's political arena. The bill's sponsor, Assemblyman Mark Leno, plans to reintroduce the measure to allow gay marriage at the end of the year.

California Court Upholds State's Ban On Same-Sex Marriage (NYT)

By Jesse McKinley

The New York Times, October 6, 2006

SAN FRANCISCO, Oct. 5 — In the latest turn to a long and winding legal fight over same-sex marriage, a California appeals court on Thursday upheld the state's ban against it.

The 2-to-1 decision, which reversed a lower court's finding that the ban violated the California Constitution, said the plaintiffs in the case were asking the courts "to recognize a new right," a step it said only the Legislature or the voters could take.

"Courts simply do not have the authority to create new rights," said the decision, written by Justice William McGuiness, "especially when doing so involves changing the definition of so fundamental an institution as marriage."

Justice J. Anthony Kline dissented, taking issue in part with the majority's contention that because of domestic partnership laws, same-sex couples had rights comparable to those of married heterosexuals.

Domestic partnership and marriage are inherently unequal, Justice Kline said.

Dennis Herrera, the city attorney for San Francisco, said that the decision was a disappointment but that the city and other plaintiffs would appeal to the California Supreme Court.

San Francisco threw one of the first punches in the gay-marriage battle in February 2004, when Mayor Gavin C. Newsom directed the city's clerk to begin issuing marriage licenses for same-sex couples. The move was almost immediately challenged in court.

Those challenges were upheld in 2004 by the State Supreme Court, which said Mr. Newsom had overstepped his authority but which stopped short of ruling on the constitutionality of state marriage laws, including a 2000 ballot measure, Proposition 22, that defined marriage as the union of man and a woman.

A decision on the constitutionality of the laws was not long in coming, however. In April 2005, Judge Richard A. Kramer of San Francisco County Superior Court ruled that limiting marriage to people of the opposite sex impinged on a fundamental right to marry, and declared the ban unconstitutional.

Like previous decisions, Judge Kramer's ruling was immediately appealed. It was this appeal that led to Thursday's decision.

Groups opposed to gay marriage characterized the appellate court's ruling as a "crushing defeat to the same-sex-marriage agenda."

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In a statement, Matthew D. Staver, the founder and chairman of Liberty Counsel, which argued the case for an anti-gay-marriage group, said: "The marital union of a man and a woman uniquely fosters responsible procreation, contributes to the continuing well-being of men and women, to society, to children and to the state. Same-sex relationships by definition and nature cannot constitute marriage."

The mood among supporters of a right to same-sex marriage, meanwhile, was still optimistic, despite a series of earlier legal setbacks around the nation, including defeats at the high-court level in New York and Washington State and Gov. Arnold Schwarzenegger's veto of a bill, adopted by the Democratic-controlled Legislature, that would have lifted California's ban.

Jon W. Davidson, legal director of the gay rights group Lambda Legal, said the organization had always believed that the issue was bound for the State Supreme Court.

"Many of these cases around the country have been very close," Mr. Davidson said. "It's hard to know for sure what the California Supreme Court would do, but I think we would get a fair shake there."

Voter ID Laws Target The Vulnerable (USAT)

By Annette Fuentes

USA Today, October 6, 2006

The Voting Rights Act of 1965 came to life at a time when laws in the Jim Crow South disenfranchised African-Americans. Earlier this year, Congress and President Bush renewed the legislation, and so it will continue to protect the franchise for America's most vulnerable citizens.

But a movement is afoot at the state and federal level that threatens the essence of that law with backdoor approaches to suppress voter participation. Voter ID laws are at the heart of this strategy.

The House just passed a bill to require government-issued photo IDs to vote in the federal election in 2008. The Senate has yet to act on it. At the state level, 24 voter ID laws have been adopted — 13 of them in the past four years.

Voter ID foes argue that these laws affect poor, minority, elderly and young voters who are least likely to possess the kinds of documentation needed to obtain an ID. That includes birth certificates, which many seniors might no longer possess, and driver's licenses, which many without cars don't have.

Proponents of voter ID laws cite fraud in their calls for reform. But how widespread is voter fraud? There is little documentation, but a 2005 study by a commission on election reform headed by former president Jimmy Carter and former secretary of State James Baker offered some evidence. "While election fraud is difficult to measure, it occurs," the commission said. The report stated that the Justice Department had investigated 180 reports of election fraud since 2002, which resulted in convictions of 52 people for "a variety of election fraud offenses, from vote buying to submitting false voter registration information and voting-related offenses by non-citizens."

Out of the millions of votes cast in federal elections, that's hardly cause for alarm. Judges in several state courts seem to agree that voter IDs would cause more harm than good. On Sept. 19, a Georgia Superior Court judge tossed out that state's voter ID law as a violation of the state's constitution, which has no such requirement. Five days earlier, a Missouri circuit court judge voided that state's law, saying it placed an unconstitutional burden on voters because the ID wasn't free.

And then there's the issue of the day: immigration reform. Even anti-immigrant sentiment has driven at least some of the voter ID movement. In Arizona, a 2004 law was partially directed at illegal immigrants.

Electoral reforms clearly are needed, and that includes voting machines not vulnerable to tampering or miscounts. But voter ID laws are just a distraction from the real challenges to electoral integrity.

Annette Fuentes is an adjunct professor at the Columbia University Graduate School of Journalism and a member of USA TODAY'S board of contributors.

His Last, Best Cause (WP)

By Darryl Fears

The Washington Post, October 6, 2006

Damu Smith looked handsome in his coffin.

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His face, with its high cheekbones and sharp jaw, seemed full again. His hair had a soft sheen, having been freshly oiled and woven into small, braidlike twists by his beautician at the funeral home the night before. His unblemished skin was the brown of a honey graham cracker.

The women who loved him most sat on the wood pews at the front of Plymouth Congregational United Church of Christ, a few steps from where he lay. His sweetheart, Adeleke Foster, lovingly touched his face one last time. His sister, Sylnice Williams, dabbed at tears until her tissue was soaked. His 13-year-old daughter, Asha, stared blankly ahead with sad, dry eyes.

In his final days, as he underwent grueling chemotherapy, Smith said he was fighting for Asha -- "I've got to see the man she marries," he cried. But in the end, he was no match for colorectal cancer -- or his own failure to seek medical treatment.

Smith, 54, like many other black men, died before his time. Black men have a life expectancy of 69 years, six years less than white men and far shorter than men of other ethnic group. They are more than twice as likely to die from cancer as white men, according to the National Cancer Institute, and nine times as likely as white men to die of AIDS. They suffer from lung disease, heart disease, hypertension, stroke, diabetes and other chronic illnesses in disproportionate numbers that alarm health-care professionals.

"From cradle to grave, African Americans have the worst statistics in almost every area of health," said Khan Nedd, founder of the Grand Rapids African American Health Institute in Michigan.

At the funeral, Monique Harden of Louisiana lauded Smith's social activism, crediting him with stopping two major corporations from building chemical plants in historic black communities between Baton Rouge and New Orleans, a stretch of highway nicknamed "Cancer Alley" because of its high cancer mortality rate, possibly caused by emissions belching from chemical refineries there.

But Harden left an important anecdote out of her eulogy. One day in 2001, as she and Smith drove along Cancer Alley, he told her about stabbing pains in his stomach. Harden practically begged him to see a doctor. Smith politely brushed her off. "He told me I was right, said that he should do it, the way a person says 'Yeah, right, I should quit smoking,' " Harden recalled days after the funeral.

By the time Smith was tested -- four years after Harden's plea -- it was far too late. Colorectal cancer had developed to its most advanced and lethal stage. Doctors told him there was nothing they could do. They gave him three months to live.

In March, six weeks before his death, Smith had admitted that Harden was right. The pain in his stomach was almost certainly cancer, he said. He should have seen a doctor rather than attribute the cramps to stress.

"Stupid self-diagnosis," he said.

He made this critical self-evaluation seated in one of his favorite restaurants, La Tomate in Dupont Circle, with his elbows on the table near his favorite meal, spaghetti with marinara sauce.

Smith took only a bite or two. He could no longer easily digest food. He would suffer through the night. The day before, during a hospital visit, his doctor gave him grim news about his cancer. Tumors had spread from his colon to his liver and were moving toward his lungs.

Faced with this prognosis, Smith desperately wanted his death to matter as much as his life had. He sipped ginger tea in the low restaurant light and talked to a reporter who he allowed to chronicle the last weeks of his life. It would be his final activist effort. He wanted his story -- this story -- to serve as a cautionary tale, a warning to other black men to seek regular medical care: "Go to the doctor. Get your colon checked. Get a colonoscopy."

Smith knew this warning might be delivered from his grave.

* * *The Father's Story

Sylvester Smith was dying. Colorectal cancer had eaten away his 6-foot-5-inch, 250-pound body until he was practically skin and bone. His son Damu, who rushed home to St. Louis in 1981 to be with him during the last moments of his life, could hardly believe his eyes.

"Man, it was bad," Smith said. "He was in grueling pain."

Growing up in the tough Carr Square Village housing project, Smith idolized his father, one of the city's few black firefighters. At age 5, when Smith answered to his given name, Leroy Wesley, he organized a water-bucket brigade, scurrying

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around a neighborhood where drugs were sold and fights broke out between rival gangs, so that he could be a good Samaritan like his dad.

When Sylvester divorced Smith's mother, Vernice, father and son grew apart, but they still kept in touch, sharing conversations whenever they could.

On his deathbed, Sylvester was in constant agony, and full of regrets. He wished he had done more to prevent cancer. His diet wasn't as good as it should had been.

His son vowed that he would learn from his father's remorse. He refined his own strict diet, shunning red meat, poultry and dairy products. He embraced clean living, eating organic vegetables, drinking only filtered water. His holistic, vegetarian lifestyle became his health-care plan.

Here and there, acquaintances questioned whether Smith's diet and lifestyle were enough. Cancer is a killer that is known to stalk its victims through the family bloodline, hiding in DNA.

Gail Christopher, an acquaintance of Smith's, talked to him when they both won a free trip to a New Mexico health resort in 1994.

"I learned about his family history and his fear of disease," she said. "He was very afraid of dying, even then, of something horrible."

Smith felt that medicine and drugs were inferior to a carefully constructed diet using natural foods.

Christopher, who went on to become executive director of the Health Policy Institute at the Joint Center for Political and Economic Studies, admired Smith's devotion to pure living, but offered some friendly advice.

"You can't diet cancer away," she said.

* * *Early Warnings

In 2001, Smith felt a twinge of pain in his gut.

He ignored it. There was too much to do; there were too many injustices to fight.

He had been shuttling back and forth between Baton Rouge and New Orleans for almost 10 years. Often, he was so busy that he did not sleep. "I would drive down the road on the Louisiana coast at 3 in the morning, slapping the side of my face, blasting the radio, trying to stay awake," he recalled.

As an organizer for Greenpeace USA, Smith was responsible for rallying residents in Cancer Alley against the Japanese chemical company Shintech and Shell Oil Co. It was one of the few jobs he held that offered medical coverage. Smith could afford to see a doctor to check out the mysterious pains in his gut. But he didn't.

After Shintech and Shell abandoned their plans to build chemical plants, Smith became a premier black environmentalist. He left Greenpeace and founded the National Black Environmental Justice Network, linking black people to what was virtually an all-white movement. The move also meant he no longer had health insurance.

When the United States invaded Iraq, he started an antiwar group, Black Voices for Peace. He also hosted a talk show on WPFW public radio called "Spirit in Action."

As his stature grew, so did the stomach pains.

"They would come about every six weeks, but when they came, they really came," he said.

One day in Pittsburgh in 2003, as he prepared to deliver a speech to hundreds of people, the pains cut through his soul.

"I leaped up in the air," he said. "They kept coming. I had to act like nothing was happening."

Mindful of the disease that killed their father, Smith's younger brother, Leslie, got a colonoscopy in 2003. Doctors use the procedure to probe deep into the colon, searching for cancerous polyps. It was surprisingly painless, Leslie told his brother. You should get tested.

"He said it only takes you a few minutes, so go ahead and do it," Smith recalled. Once again he brushed off the advice.

"I did get my prostate checked," he said. "I did do that."

The prostate exam was a step forward, but it was a stutter-step.

* * *'I Need to See a Doctor'

By the beginning of 2005, Damu Smith's stomach was tied in knots. When he used the bathroom, he would bleed. He lost his appetite, shed pounds, noticed a reddish tint in his stool.

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"I need to see a doctor," he said to himself in February. "Something's wrong."

He scheduled a colonoscopy at Providence Hospital. It cost $760, cash he didn't have.

But, Smith often found money to attend speeches and demonstrations, even those halfway around the world.

In March, he came up with enough money to send himself and a companion, the Rev. Carolyn Boyd, to Israel, where demonstrators planned to protest that nation's treatment of Palestinians. The colonoscopy, he thought, could wait.

"I said just let me go on this trip, and I'll handle it when I come back," Smith recalled.

He barely made the flight. He called Boyd on her cellphone as she sat on the plane at Reagan National Airport. His voice sounded weak on the other end of the line.

"I don't know if I'm going to make it."

But he did, stepping into the cabin at the very last minute, struggling to stand on his own. On the way to his seat, Smith leaned heavily on Boyd.

On a hot, dusty street in Bethlehem, Smith drifted away from the main group of protesters and slumped on a nearby car. The thud of his fall brought people scampering toward him, some praying loudly as he convulsed on the ground.

Smith might have died in the Holy Land if a nurse had not been in the protest group. She shoved candy and other sweets down his throat to raise his blood sugar as an ambulance roared toward them. The source of Smith's stomach pain was discovered by Palestinian doctors.

"They told me Damu had cancer of the rectum, cancer of the liver and cancer of the colon," Boyd said. "They couldn't bear to tell him. They told me to take him home."

Boyd kept quiet as well. She didn't know how to break that kind of news. She thought it would be better for her friend to hear it from doctors in the United States. Boyd relentlessly pressed Smith to get tested when they arrived in Washington.

Smith finally heard the news at Providence Hospital.

"You have Stage IV colon cancer," the examining doctor said. "It doesn't look good."

A second doctor chimed in.

"I know you didn't ask me," he said, "but people with your condition only have about three to six months to live. You should get your things in order. Don't sleep on this."

Smith gritted his teeth, curled himself into a ball on the hospital bed and asked to be alone.

"Why me?" he said in the silent hospital room.

* * *Conventional and Holistic

After his cancer diagnosis in April 2005, Smith embraced all forms of medical treatment.

"I'm now very clear," he said. "You have to use conventional medicine, too. You can't know what's lurking inside of you. I didn't make going to the doctor part of my lifestyle."

Psychologists, sociologists, health-care professionals and economists all proffer reasons why black men shun doctors. They lack insurance. They don't want to be seen as weak. Doctors are insensitive. Fear. Ignorance. Irresponsibility. Racism. Distrust of the medical system born of injustices such as the Tuskegee syphilis experiment, in which, to study the progression of the disease, doctors allowed it to grow untreated in mostly illiterate black sharecroppers between 1932 and 1972. In the end, 128 men died of the infection.

In addition to his reliance on his healthful diet, Smith indicated that fear was a factor. "I have to be honest with you, I used to think about going to get a checkup and I'd say to myself, 'I don't want to find out anything bad,' " he told a reporter for the Washington Afro-American three months after his diagnosis.

In his final weeks, Smith would not address the question head-on when anyone dared to ask. As he battled cancer, he did not want to dwell on past mistakes. He used the power of positive thinking to gracefully manage the pain.

But his inner eye wasn't blind. The past played over and over in his head. In a rare moment at La Tomate on a frosty night in March, about six weeks before he died, he shared some of his thoughts.

"It's not that I'm macho, or that I think I'm invincible," Smith said. "I actually thought that living the healthy lifestyle I was living, it would take care of me, help me through everything."

Smith recalled his conversation with Monique Harden in Louisiana five years earlier, almost word for word.

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"Had I gone to the doctor when she said . . .," he started to say, but the sentence trailed off.

* * *After 11 Months

It was cold, white and sterile in the boxy examination room at Johns Hopkins Hospital where Smith sat, but he seemed oblivious to his surroundings.

He lifted his shirt and gingerly stroked the right side of his stomach, just under the ribs, the way a pregnant woman sweetly rubs her swollen belly.

"I can feel them," Smith said softly to himself. "I can feel them growing."

He was talking about the tumors.

It was now 11 months since his cancer diagnosis. He had undergone radiation treatments, chemotherapy, MRI scans and blood tests. Holistic doctors gave him vitamin shakes to drink and other forms of care.

His medical bills surpassed $400,000, an amount he couldn't hope to pay. Add more CAT scans, MRI images, blood tests, lab results, radiation and chemotherapy, and the cost could balloon even higher.

Smith had Medicaid, but that barely made a dent in what he owed. Friends held fundraisers in Washington and Atlanta that brought in about $70,000 -- not nearly enough.

Bill collectors were after him. One day in April, Smith answered the speakerphone in his Adams Morgan apartment and heard a voice yell on the other end of the line: "Sir, we need to talk to you! You need to resolve this . . ."

He coolly dropped the phone on the hook. "He doesn't have to talk to me that way," he said. Debt was the least of his problems.

Smith was still stroking his stomach when Wells A. Messersmith, his cancer specialist, strolled into the examination room around 3:30 p.m.

"How are you feeling, man?"

It was a rhetorical question. The patient did not look well. He had jaundice because of his failing liver. His eyes were as green as the meat of a lime. He weighed about 150 pounds, about eight pounds lighter than the previous week.

"I have a lot of pain in my abdomen," Smith said, holding up his shirt. "I have dry mouth." He was afraid to eat. "I know when I eat there is going to be so much pain and discomfort," he said.

Messersmith nodded.

There was good news, the doctor said. The chemotherapy was working. There were no more tumors in Smith's rectal area.

But other news was far worse. Smith was right about the tumors. They were growing and spreading. On the long drive home to Washington, he finally talked about the possibility of his death.

"I guess the point is that my life is in imminent danger," he said. "I can't play around. What's happening to me right now can kill me sooner rather than later."

Messersmith knew that death would likely come sooner.

"I feel sad knowing that this probably could have been prevented," he said in April, a week after his consultation with Smith, who waived his doctor-patient privilege so that Messersmith could talk about his cancer. "He really should have been screened at age 50."

* * *A Daughter's Perspective

Asha Moore Smith strutted into her father's bedroom and folded her teenage body into a narrow space between the bed and a window covered by thick, leafy houseplants. She kicked back in socked feet until they were almost parallel with her almond-shaped head. Using a remote, she flicked on the TV.

On popped one of her favorite cartoons, "The Grim Adventures of Billy and Mandy," a show about a little girl and boy who can force the Grim Reaper, complete with hooded robe and scythe, to be their personal servant, cleaning their bedrooms, washing dishes and performing funny magic tricks.

Her father lay on the fluffy double bed, face up, barely moving. Their trips to the park had stopped, and there were no more happy excursions to Disney World and Disneyland.

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Asha, an eighth-grader, hardly seem to care, as long as she was near her dad. "My dad still does stuff with me," she said. "It's not like he has cancer and he doesn't do anything with me."

On the bed, he struggled to sit up, exhausted by both the illness and its treatment, which felt just as bad. Smith endured the pain without complaint, sometimes with a smile, but it was clear in those last days that his condition was worsening.

A circle was closing. Twenty-five years ago, Smith saw his father lying on a bed much like the one he was on. And now Asha was watching her father die.

Sometimes when they were together, she took stock of his illness with a child's curious mind.

"Daddy, your eyes are green," Asha would say.

"Daddy, I can see your cheeks."

"Daddy, I can see your ribs."

Smith and Asha's mother, Lynn Moore, thought long and hard about how to tell their only daughter that her father had cancer.

They decided to tell her the truth, leaving out the ugly details.

"As I recall, we were at the hospital, at Providence," Smith said, voice weak.

Asha lowered the sound of the television set.

"No," she said, "it was here." She looked at him with searching eyes. "Don't you remember?"

Asha was right.

Later, she tried to recall what Smith told her about the stages of cancer the way some kids try to recite the alphabet.

"There are five stages," she said, "and you were somewhere in the middle, at Stage III. That was not as bad. That is curable."

In reality, Smith was at the very top, Stage IV.

"I told her that people with Stage IV cancer live for years," Smith said. "It's not a death sentence."

What Asha wanted to know, he said, was 'Am I going to die soon?' " "I'm still here, right?" he said.

Asha nodded.

A short time later, Smith drifted off to sleep, and Asha turned up the sound on a cartoon where a little girl could boss death around.

* * *In the End

On a captivatingly pretty spring morning in May, Adeleke Foster arose at 7 and walked into the living room where her boyfriend slept. "Damu," she said softly. He did not stir. "Damu?" she said again, voice rising. "Damu!"

Foster called for an ambulance, and then she called one of Smith's closest friends, Sandy Rattley. Within minutes, dozens of Smith's friends heard the news and rushed to George Washington University Hospital, where doctors tried to revive him.

As he went in and out of consciousness, Smith groggily looked up at Asha, who had hustled to the hospital with her mom. She leaned her ear close to his whispering mouth. "I love you," he said. Minutes later, he faded into a coma.

A call went out all over the city, and by 8 p.m. the waiting room in the intensive-care ward was filled with friends and activists, about 30 people in all.

Dera Tompkins, who shared Smith's love for protest and reggae music, reminisced about the fundraising parties Smith threw. Milagros Phillips, who joined the "Spirit in Action" radio program as a co-host when Smith became sick, talked about how he soldiered on.

They lined the hallway outside Smith's room, going in one by one for a few private last words. Early on the morning of May 5, Smith took his final breath.

J.T. Lawson, a close friend, sped to Washington from Norfolk after hearing the news and arrived too late. He stepped into the room, grabbed a chair and sat near the bed where his friend lay.

"Damu, it's J.T. I know you can hear me," he said. "I'm sorry I'm late. I want you to know that I'm here. And I love you. And I will miss you."

Later, he reflected on Smith, their friendship and why he did not seek medical treatment.

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"In black communities, Lawson said, "there's so much negative reinforcement when you tell someone you're going to see the doctor. No one says 'I'm glad you're taking care of yourself.' They say 'Are you okay?' 'Are you sick?' "God forbid you get a colonoscopy," Lawson said. "They ask 'Why you do that?' "

Another friend, Ayo Handi Kendi, a plain-spoken woman with sage eyes, stood in the hospital waiting room on that somber night.

"Damu was a wonderful man," Kendi said. "He was a very good leader," she said, one of the best she had ever seen. He was different because he truly cared for black people. He wanted to revolutionize their diets, turn them away from fatty foods.

Damu knew about the disparities in illness that afflict black men and worked against them. Which is why his death to her did not make sense.

"You know, we were a little upset with him for not seeing a doctor," Kendi said, keeping her voice low in the hospital waiting room. In a room full of friends and admirers, only Kendi volunteered a plain truth --though it pained her to say it.

"We thought he should have known better."

Freedom Of Expression (WT)

By Clay Calvert And Robert D. Richards

The Washington Times, October 6, 2006

Can the nation's public high schools stop students from displaying messages that promote or advocate illegal drug use without violating the First Amendment-protected right of free speech?

That's the gist of the question that the U.S. Supreme Court now is being asked to consider in a case called Frederick v. Morse coming out of the liberal-leaning 9th Circuit Court of Appeals.

In this dispute, the 9th Circuit ruled in March in favor of a Juneau, Alaska, high school senior named Joseph Frederick, who unfurled a banner reading "Bong Hits 4 Jesus" while standing on a sidewalk adjacent to school property as the Olympic torch relay passed by back in 2002. The students had the school's permission to be there, under faculty supervision.

In tossing out the suspension given to Mr. Frederick, the appellate court rejected the school's assertion that the suppression of his speech was justified because the banner was "inconsistent with the district's basic educational mission to promote a healthy, drug-free life style."

Although the message on the banner may seem silly and even nonsensical, the Supreme Court should grant the school's motion to hear the case filed in late August by former Independent Counsel Kenneth W. Starr and his firm, Kirkland & Ellis.

In particular, the case should be considered not simply to resolve the question about pro-drug speech in public schools, but perhaps more importantly to resuscitate the high court's moribund and muddled jurisprudence of student free-expression rights.

The Supreme Court has ruled directly only three times in its history in cases affecting student speech rights in public school settings. The most recent of those decisions came nearly 20 years ago, in 1988, and involved a traditional high-school newspaper that was produced as part of the school curriculum.

In the meantime, schools have grappled with a multitude of new problems, including violent on-campus outbursts like that at Columbine High School, technology such as the Internet that provides students with fingertip access to questionable content -- on and off campus -- and a generation of minors that engage, perhaps too early, in both behavior and speech once reserved for the adult population.

In addition, students are now creating their own Web sites and using social networks like MySpace.com to make disparaging remarks about school officials, teachers and fellow students.

In brief, it's totally different landscape today than it was the last time the Supreme Court considered a high-school speech case.

In the absence of any clear guidelines from the nation's high court, federal judges have attempted, with varying results, to balance minors' constitutional rights with the schools' ability to maintain order in the classroom. The lower courts are forced to try to squeeze current controversies into the framework of the trio of Supreme Court precedents -- a task that is far from easy given that most of the new disputes do not fit squarely into those precedents.

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In August, for instance, another federal appellate court, the 2nd Circuit Court of Appeals, dealt with a drug-related message case, albeit one with a far more clear political message than the "Bong Hits 4 Jesus" banner.

In particular, the Second Circuit upheld the First Amendment right of a seventh grader in Vermont to wear to school a T-shirt with images of cocaine and a martini glass that, through text and images, accused President Bush of being a "Lying Drunk Driver" and an "AWOL Draft Dodger." The images of drugs and alcohol were meant to impugn Mr. Bush's character, who long ago gave up drinking.

In ruling in favor of the student and what it called his "anti-drug political message," the appellate court aptly summed up the current status of school speech law: "The case requires us to sail into the unsettled waters of free speech rights in public schools, waters rife with shoals and uncertain currents."

The Supreme Court should now begin to settle the choppy seas of speech, and the case of Frederick v. Morse is an appropriate place to begin this difficult task.

Ultimately, while Mr. Frederick's bong-hits banner may be childish and inane -- he contends the only real purpose of it was to get on TV -- the case nonetheless raises larger issues of free speech, drugs and the authority of public schools that are ripe for review.

Clay Calvert and Robert D. Richards are co-directors of the Pennsylvania Center for the First Amendment and professors of communications and law at Pennsylvania State University.

ANTITRUST:

Court Doesn't Snuff Out Consumer Antitrust Litigation Over Snuff Prices (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, October 6, 2006

Most of the class action tobacco suits focus on the diseases it causes. But a suit in federal court in Philadelphia adds a new twist: It's a consumer suit brought by Pennsylvania purchasers of snuff and chewing tobacco who complain that the leading manufacturer used its monopoly power to drive up prices.

In the suit, Hunt v. United States Tobacco Co., the plaintiffs are seeking to capitalize on a massive verdict against the nation's No. 1 snuff maker, in which a Kentucky federal court jury awarded $350 million to rival Conwood Co. -- an award that was automatically trebled to $1.05 billion and later upheld by the 6th U.S. Circuit Court of Appeals.

In a decision handed down earlier this month, a federal judge refused to dismiss the consumer suit, rejecting defense lawyers' arguments that the plaintiffs lacked standing to bring an antitrust claim under the Pennsylvania Unfair Trade Practices and Consumer Protection Law.

Now the defense team is asking Senior U.S. District Judge Ronald L. Buckwalter to certify an immediate appeal, arguing that the complaint should have been dismissed because there is no "direct relationship" between the plaintiff and the defendants; and that the plaintiffs' claim is essentially an antitrust claim, and antitrust violations do not state a claim under the UTPCPL.

In the Kentucky suit, Conwood, whose snuff brands include Kodiak and Cougar, accused UST Inc., which sells the Skoal and Copenhagen brands, of misleading retailers to secure prime display space for its brands.

Conwood claimed that UST's conduct was aimed at stifling competition, and that its salesmen obscured competitors' brands or removed their display racks altogether.

In the Pennsylvania suit, attorneys Alan M. Sandals and Joseph M. Gordon of Sandals & Associates in Philadelphia, along with Kenneth G. Gilman of Gilman & Pastor in Boston, contend that the same deceptive conduct that was found by the Kentucky jury also caused injury to Pennsylvania consumers.

By engaging in "fraudulent and deceptive conduct" that allowed UST to "monopolize the market for moist smokeless tobacco products," the suit alleges that UST also deceived consumers in Pennsylvania "into paying artificially high prices for such products."

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In paying those inflated prices, the suit says, the consumers were relying on "a presumption that they were paying prices set by an efficient market, when in fact they were paying prices artificially inflated by defendants' anti-competitive and deceptive conduct."

According to the suit, UST and its affiliated companies are the world's largest manufacturers of moist smokeless tobacco, enjoying a monopoly share of up to 87 percent of the $1.5 billion market.

That monopoly, the suit says, was maintained "through illegal and exclusionary conduct that has suppressed competition, raised prices, stifled innovation, and reaped hundreds of millions of dollars in profits every year."

In a motion to dismiss, UST's lawyers -- James R. Kahn of Margolis Edelstein in Philadelphia and Margaret M. Zwisler and Charles H. Samel of Latham & Watkins in Washington, D.C. -- argued that the claim was fatally flawed.

Since the plaintiffs purchased smokeless tobacco products from Pennsylvania retailers and not directly from UST, they cannot state a private cause of action under the UTPCPL, the defense team argued.

Buckwalter disagreed, saying the UTPCPL includes a private cause of action for "any person who purchases or leases goods or services primarily for personal, family or household purposes" and who "suffers any ascertainable loss of money or property, real or personal, as a result of the use or employment by any person of a method, act or practice declared unlawful" elsewhere in the statute.

"Strict privity," Buckwalter said, "is not always an element of the private cause of action" under the UTPCPL.

The claim is a valid one, Buckwalter said, because the plaintiff alleges that he purchased a good for personal use and that he suffered an "ascertainable loss of money" as the result of UST's conduct.

The defense team also argue that since there is no "direct relationship" between the plaintiffs and UST, they cannot establish that they relied on UST's alleged conduct.

But Buckwalter found that the plaintiffs were relying on the UTPCPL's "catch-all" provision.

The state and federal courts in Pennsylvania, Buckwalter found, are "divided as to the governing standard for a claim under the catch-all provision of the UTPCPL."

Some courts, he said, require a plaintiff asserting a claim under the catch-all provision to meet all the elements of common law fraud, while others read the inclusion of the term "deceptive" in the catch-all provision as "creating an alternative, less rigorous level of proof that falls short of actual fraud."

Buckwalter sided with the second camp, finding that "since the UTPCPL should be liberally construed .... and in light of the 1996 amendment to the catch-all provision, this court agrees with prior decisions holding that the catch-all provision does not require a plaintiff to prove all the elements of common law fraud."

As a result, Buckwalter said, the plaintiffs do not need to establish reliance under the catch-all provision.

Finally, Buckwalter rejected the defense argument that alleged antitrust violations do not state claims under the UTPCPL.

Buckwalter found that the defense team was taking too broad a reading of a pair of decisions that rejected the plaintiffs' claims.

"These cases do not state that antitrust violations can never state a cause of action under the UTPCPL," Buckwalter wrote, "but [instead], that antitrust violations can never state a cause of action under the UTPCPL in the absence of fraudulent, deceptive or disparaging conduct committed by a defendant."

Buckwalter concluded that although the complaint "sounds in anticompetitive conduct characteristic of an antitrust violation," the plaintiff "also alleges sufficient fraudulent, deceptive and/or disparaging conduct under the UTPCPL."

As a result, Buckwalter said he "agrees with plaintiff that a plaintiff can allege conduct that is actionable under the UTPCPL regardless of whether the conduct at issue may also give rise to antitrust liability."

Now the defense team has asked Buckwalter to issue a stay and certify an interlocutory appeal.

Since Buckwalter recognized that the courts are divided on the issue of whether the UTPCPL requires proof of reliance, the defense team argues that the case clearly involves "a question of law about which there are substantial grounds for difference of opinion."

An immediate appeal, the defense argues, would promote efficiency since discovery has not yet begun and the plaintiffs have not yet moved for class certification.

"An appellate ruling now," they argue, "would save the parties and the judicial system considerable time and expense."

And a decision from the 3rd Circuit "would provide much needed clarity on the law, removing some uncertainty in assessing the claims in this case, and thereby potentially facilitate a settlement."

ArvinMeritor Sues Eaton (AP)

AP, October 6, 2006

TROY, Mich. --Auto supplier ArvinMeritor Inc. on Thursday said its Meritor Transmission Corp. business, along with ZF Meritor LLC, the company's joint venture with Germany's ZF Friedrichshafen AG, filed an antitrust lawsuit against Eaton Corp.

The suit, filed in the U.S. District Court for the District of Delaware, seeks an injunction to stop the Cleveland-based diversified industrial manufacturer from engaging in anticompetitive conduct in the heavy-duty truck transmissions markets. It also asks the court to award triple damages.

The lawsuit claims Eaton has harmed competition in the markets for heavy-duty truck transmissions by limiting consumer choice, eliminating competitive checks on pricing and suppressing innovation, ArvinMeritor said.

The lawsuit also claims Eaton's conduct forced ZF Meritor to cease operations.

ArvinMeritor shares rose 2 cents to $14.42 in aftermarket trading on the INET, after closing up 10 cents at $14.40 on the New York Stock Exchange. Eaton shares closed up 80 cents at $70.50 on the NYSE.

AT&T Faces Key Test Next Week In Bid To Take Over BellSouth (CHIT)

Chicago Tribune, October 6, 2006

CHICAGO - The drive by AT&T Inc. to take over BellSouth Corp. by New Year's will be tested next week when the Federal Communications Commission will either rule on the merger or decide to delay taking action.

Congressional leaders from both houses and both parties have cautioned federal regulators against haste in deciding the fate of AT&T's deal, which could provide a speed bump in what had appeared to be a smooth course.

Last month Kevin Martin, the FCC chairman, circulated a proposed order to his colleagues that would approve AT&T's deal without imposing any conditions, a move interpreted to open negotiations with the FCC's two Democrats.

Following Martin's actions, Republican and Democratic leaders of key committees in the House and the Senate sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T and SBC Communications Inc. to form the new AT&T and that merged Verizon Communications Inc. with MCI.

That review by U.S. District Judge Emmet Sullivan is required by the federal Tunney Act, under which the courts must examine mergers approved by the Department of Justice to assure they protect the public interest.

In their letters, lawmakers expressed concern that last year's telecom mergers were approved and closed before the Tunney Act review was begun. They suggest regulators should withhold further action at least until the review of the past mergers is completed.

``It's very unusual for lawmakers to intervene in a matter like this at this level," said Shane Greenstein, a professor at Northwestern University's Kellogg School of Management. ``Usually, they discuss things more at a higher policy level."

In their letter, Sen. Mike DeWine, R-Ohio, and Sen. Herb Kohl, D-Wis., got very specific, mentioning that when merged, AT&T/BellSouth will hold considerable radio spectrum suitable for wireless broadband.

Because AT&T will be the largest wired phone company in the country and will also own the largest cell phone carrier, Cingular, the senators suggested the company may have little financial incentive to rollout a new broadband wireless service to compete with itself. Requiring the companies to sell their spectrum before approving the merger was mentioned.

``The lawmakers have a legitimate point," said Andrew Klevorn, a partner with the Chicago law firm Eimer Stahl. ``This probably means a delay in approval."

Congress passed the Tunney Act because of concerns dating back to the Nixon administration that the Department of Justice's antitrust lawyers didn't sufficiently protect the public interest when reviewing giant mergers, Klevorn said.

Two years ago, Congress strengthened Tunney by making judicial reviews mandatory rather than voluntary, he noted.

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It's not clear when Sullivan may issue his findings on the previous mergers, but Daniel Berninger, an analyst with Tier 1 Research, said the judge's statements so far haven't commended the Justice Department's handling of the matter.

``He's said they've done a crummy job justifying their actions," Berninger said.

Dave Pacholczyk, an AT&T spokesman, said the carrier sees no reason why review of the merger announced last March should be delayed any longer.

``The reasons for the merger are no different now than they were when we announced it," he said. ``The competitive environment is more strenuous, cable companies are jumping into our business, there's a convergence of technologies and networks."

Pacholczyk said that regulators in 18 states have reviewed the merger and approved it without imposing conditions.

``All 18 states looked at the same record we have now before the FCC," he said.

In a research report issued by the Prudential Equity Group this week, Susan A. Lynner and Erin Dwyer wrote they doubt that congressional intervention will significantly delay regulatory approval of AT&T's deal, but they said that it's likely conditions aimed at promoting competition will be imposed.

Jason Oxman, a spokesman for a group opposing the merger, the Competition Coalition, called the matter ``a test of AT&T's political power. It will be interesting to see if that power can overcome bipartisan concerns about harms to the nation in this deal."

Jim Speta, a member of Northwestern University's law faculty specializing in telecom issues, said that ``AT&T has pushed very hard for merger approval. I'm sure that the Justice Department and FCC will listen to what influential lawmakers say, but I couldn't predict what effect it'll have.

``One thing is sure, though. If the Bush administration goes ahead to give approval, these congressional leaders will know they've been ignored."

Ryanair Makes Hostile EU1.48 Billion Aer Lingus Bid (Update8) (BLOOM)

By Matthew Fletcher

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Ryanair Holdings Plc, Europe's biggest discount airline, made a hostile 1.48 billion-euro ($1.88 billion) bid for Aer Lingus Plc to combine Ireland's dominant carriers and add long-haul routes to the U.S.

Ryanair acquired a 16 percent stake and offered 2.80 euros a share for the rest of Aer Lingus, 12 percent more than yesterday's closing price in Dublin. The Irish government, owner of 28.3 percent of Aer Lingus, rejected the bid, which comes eight days after the company's initial public offering.

``This is going to be such a huge deal in Ireland that I think they'll have to increase the bribery and pay significantly more," said Mike Powell, a Madrid-based analyst for Dresdner Kleinwort with an ``add" rating on Ryanair shares.

Chief Executive Officer Michael O'Leary said Ryanair would reduce fares at Aer Lingus and acquire planes at lower cost by combining orders. The enlarged group would have 50 million passengers a year, helping it compete with British Airways Plc and its partner Iberia SA, which have 63 million.

``It makes sense to combine the two Irish airlines so that we can compete with the likes of British Airways, Lufthansa and Air France," O'Leary said in an interview. ``We can boost Aer Lingus's growth and profits and produce a better return than putting our spare cash on deposit." The two carriers will have separate operations and brands, he said.

Shares of Ryanair, founded in 1985 with one 15-seat plane, fell as much as 37 cents, or 4.3 percent, to 8.33 euros and were down 0.6 percent at 3:27 p.m. in Dublin. Aer Lingus surged 15 percent to 2.89 euros.

Government Reaction

Together, Ryanair and Aer Lingus handle about 70 percent of the passengers at Dublin airport. The takeover would face scrutiny from Irish and European regulators. Cathal Hanley, a spokesman for the Competition Authority in Dublin, declined to comment.

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``The government is fully committed to competition in the aviation market and it will not be selling its shares in Aer Lingus," Irish Prime Minister Bertie Ahern told lawmakers in Dublin today. ``It was always the intention to maintain a significant minority shareholding."

Aer Lingus's board is considering Ryanair's announcement and urged shareholders ``strongly" not to take any action until the board makes an announcement, the company said in a statement.

Ryanair on Sept. 29 raised its full-year profit forecast and ordered an additional 32 Boeing Co. planes. Discount airlines are expanding in Europe, with a 24 percent share of the market compared with 5 percent in 2001. Ryanair has introduced a new base at Bremen, Germany, and expansion of the Barcelona-Girona base in Spain in the past two weeks.

Higher Price

``We're happy to see this offer," said Colin McLean, managing director of SVM Asset Management, who holds shares in Ryanair and Aer Lingus. The airline ``might have to up their offer and there is the possibility of someone else entering" with a rival bid, he said.

Aer Lingus Chief Executive Officer Dermot Mannion has said he plans to use the proceeds of the IPO to double Aer Lingus's long-haul fleet to 14 jets, expand the 28-plane short-haul fleet by 50 percent and spend about 2 billion euros adding U.S. and Asian routes.

Gillian Culhane, an Aer Lingus spokeswoman in Dublin, declined to comment. Employees owned 9.9 percent of the airline following the initial public offering.

Ryanair has a strategy of taking market share from national carriers, while defending its Irish market. Unlike Aer Lingus, Ryanair has no long-haul routes. The Ryanair bid would be the largest airline transaction in the past 12 months if successful, according to Bloomberg data.

Competition Regulator

``It's hard to see how the Irish competition regulator can permit such a concentration of capacity at Dublin airport," said Chris Avery, an analyst at J.P. Morgan with an ``overweight" rating on Ryanair stock. ``If the regulator objects, it is then hard to see what Ryanair hopes to achieve."

The combined group would operate on about 500 routes, competing on only 17, Ryanair said. Ryanair will combine purchasing with Aer Lingus to drive down fares and costs. The airline had about 2.2 billion euros of cash before buying a stake in the carrier, said O'Leary.

``We can comfortably fund this from our own resources," said O'Leary. ``We're happy to work with the Irish government as a significant minority shareholder if they decide not to sell," O'Leary said, adding he didn't anticipate antitrust or regulatory difficulties.

Ryanair History

O'Leary joined the Dublin-based company in 1988 from accounting firm KPMG LLP. Ryanair for the first time in August 2005 carried more passengers than British Airways.

When O'Leary was asked to head what was then an unprofitable local airline, he said it should be shut down. He changed his mind after flying to Dallas to pick Herb Kelleher's brain on how he built Southwest into the world's largest low-fare carrier. O'Leary typically targets his route expansion at state-owned or former national airlines which often struggle with higher costs.

O'Leary and Ahern's government have had a strained relationship, particularly over landing fees at state-owned Dublin airport. O'Leary said Ahern was treating Irish people as ``fools" for allowing the Dublin Airport Authority to raise car parking charges by 50 percent, the Irish Times said on April 1 2005. He has routinely described Ireland as ``Bertie's blunder land," citing overruns on infrastructure including the Port Tunnel in the capital.

Aer Lingus slashed 2,100 jobs, more than a third of the workforce, to avoid bankruptcy and return the carrier to profit after the Sept. 11, 2001, attacks on the U.S. hurt demand for trans-Atlantic travel.

Ryanair Strategy

Ryanair plans to accelerate Aer Lingus's strategy of cutting fares on short-haul routes, as well as adding beds on transatlantic routes, O'Leary said.

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``Our strategy for Aer Lingus is to speed up their own business plan, which has already been signed off by the Irish government," he said. Ryanair has no plans to start its own long-haul service, he said.

``Ryanair has a well-known history of hostility to its staff and shabby treatment of its customers," IMPACT, a Dublin-based union which represents about 2,000 airline employees including pilots and cabin crew, said in a statement. The union said it was opposed to the proposed takeover.

``If accepted, the government will have realized over 500 million euros from the sale of its shares in Aer Lingus just four years after the company nearly went bankrupt," said O'Leary. ``The staff would realize over 220 million, which averages just over 60,000 euros."

Aer Lingus and the Irish government raised an additional 96.6 million euros by selling extra shares on Oct. 3, taking the total raised by the airline's initial public offering to 740.7 million euros.

Ryanair Steps Up Industry Shakeout (WSJ)

By Keith Johnson

The Wall Street Journal, October 6, 2006

The surprise €1.48 billion ($1.88 billion) bid by Ryanair Holdings for recently privatized Irish flag carrier Aer Lingus underscores how onetime budget upstarts are increasingly calling the shots in an industry long dominated by state carriers.

If successful, the takeover could create one of Europe's biggest and most profitable airline groups. But it won't be smooth sailing: Aer Lingus's board unanimously rejected the offer. Chairman John Sharman called the approach "unsolicited and wholly opportunistic" and said it "significantly undervalues the group's businesses." In addition, the Irish government, still Aer Lingus's biggest shareholder, and unions lambasted the proposed takeover and vowed to fight it.

Ryanair's bid, announced yesterday morning, is the latest example of how feisty budget carriers are revolutionizing an airline industry still recovering from the shocks of deregulation, terrorist threats and volatile oil prices. Traditionally, large state-run airlines have started or bought their own low-cost airlines in an effort to tap into a profitable market they can't tackle on their own, because of their cumbersome legacy costs. Now, Ryanair Chief Executive Michael O'Leary wants to do the opposite: tack Aer Lingus's long-haul routes onto his budget carrier's operations.

Mr. O'Leary said that if the deal were successful, he would keep Ryanair and Aer Lingus as separate brands within "one strong airline group for Ireland" that would have "the ambition, expertise, financial strength and cost base to take on European and global competitors." Buying Aer Lingus offers the best way to get returns for Ryanair's €2.2 billion cash reserve, he said, and wouldn't affect Ryanair's business or aggressive expansion.

Ryanair said it had acquired 19.2% of Aer Lingus shares on the open market. The Irish government kept a 28% stake in the airline after its Monday initial public offering, while its employees hold 15%. The Irish government said yesterday that it wouldn't sell to Ryanair and was "firmly committed to competition in aviation markets."

Ryanair's unsolicited cash offer for all of Aer Lingus prices the carrier's shares at €2.80, a 12% premium to the closing price Wednesday and a 27% premium to the share price when the airline was listed Monday. For 2005, Aer Lingus reported revenue of €883 million and net profit of €72.4 million.

It was unclear what type of regulatory hurdles a deal could face. Though it would create a monopoly inside Ireland, antitrust authority will almost certainly rest with the European Union, because most of the two airlines' business is outside Ireland. Ryanair argued that several airlines in the EU have merged and that the U.K., Spain, and France have seen domestic consolidation.

"We're pretty confident of regulatory clearance" from the EU, said Ryanair Chief Operating Officer Michael Cawley. But political opposition to losing the flag carrier to Ryanair, a rapacious, cost-slashing airline, is fierce in Ireland, a country with a strong trade-union history. Impact, a union representing pilots and cabin staff, has already voiced its opposition to the bid and cited Ryanair's "well-known hostility to its staff" and "shabby treatment of customers." Ryanair declined to comment.

Even the nuts-and-bolts of the operation may prove problematic. Aer Lingus's former management turned the airline from a basket case to one of the continent's most-profitable carriers, but it still has much higher costs, lower profit margins and a vastly different corporate culture than Ryanair.

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"We said we'd never wave the white flag" when the Irish government privatized Aer Lingus, said Michael Halpenny, general secretary of Ireland's Siptu union, which represents about 1,800 Aer Lingus employees. "We warned everybody this is exactly what would happen," he said in an interview.

Win or lose, Ryanair's bid puts Aer Lingus in a bind. The bid is conditioned on securing 50.1% of Aer Lingus, making it all but impossible for the government to block if Ryanair's offer seduces minority shareholders. If for some reason it is unsuccessful, analysts said, Ryanair may aggressively attack Aer Lingus's Irish operations.

In the past 15 years, Ryanair transformed itself from an unprofitable Irish puddle-jumper to Europe's biggest budget airline. It offers hundreds of short, inexpensive, no-frills flights throughout Europe and carried 34.8 million passengers last year.

Ryanair's relentless focus on lowering costs helped maintain industry-leading profit margins in recent years despite higher oil prices and a belated counterattack by traditional airlines. The market has rewarded those efforts, pushing Ryanair shares up 29% during the past year.

Buying Aer Lingus could open up another potential revenue stream for Ryanair: lucrative long-haul passengers, which have so far been an elusive goal for Mr. O'Leary. Entering the long-haul market was virtually impossible, given Ryanair's spartan service and business model based on flying planes as long as 12 hours a day on different routes. Aer Lingus, which flies between Ireland and Boston, Chicago and Los Angeles, would bring long-haul passengers and the chance to funnel them into Ryanair's extensive European network.

Tata Steel Considering Corus Merger (FT)

By John Willman

Financial Times, October 6, 2006

Tata Steel of India confirmed on Thursday that it is considering a bid for Corus, the Anglo-Dutch steel producer, as part of a review of global opportunities for industry consolidation.

However, it added that there was no certainty that any move would be made, or that if it did, it would be for Corus. Tata's move may also draw out other potential bidders.

The announcement came after days of stock market speculation over an offer of 580p a share that led to heavy trading in Corus shares on Wednesday. Nearly 90m shares shares changed hands by later afternoon on Thursday, taking the price up 50¼p to 458p, at which price the group is valued at £4.08bn.

Corus is the seventh largest steel producer, with output of around 20m tonnes a year, but Tata's statement is bound to reignite speculation over its future. It has long been rumoured as a takeover target, and has been searching for a merger partner for six months.

Tata Steel is a subsidiary of Tata Group, India's largest privately owned company, and produced 5m tonnes last year. It has ambitious plans to quadruple its output in India, and has expanded into Singapore and Thailand.

In an interview with the Financial Times earlier this week, B Mutharaman, managing director, refused to comment on whether it was interested in a deal with Corus.

However, the €26.9bn takeover of Luxembourg-based Arcelor by Lakshmi Mittal's Mittal Steel in June merged the two largest steel producers to create a business with capacity of more than 110m tonnes – three times more than its closest rival. This has prompted speculation over further consolidation in the industry.

For profiles of other potential Corus bidders, click here

Tata Steel Might Bid $10 Billion For U.K.'s Corus (WSJ)

By Peter Wonacott And Jason Singer

The Wall Street Journal, October 6, 2006

India's Tata Steel Ltd. is in talks with Corus Group PLC on a potential bid of about $10 billion for the British steelmaker, according to people familiar with the matter. The talks come amid a wave of consolidation reshaping the steel industry and a broader rush overseas among Indian companies.

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Tata Steel, India's largest privately owned steelmaker by output, said it is exploring a possible bid for Corus in a drive to pick up customers and technology in the fragmented global steel industry. While no formal bid has emerged, Tata Steel is likely to make an offer in coming days, according to people familiar with the matter.

Tata Steel, of Mumbai, said in a statement it is "reviewing various opportunities," but added that "there can be no certainty that an approach will be made and if made that it will result in an offer."

Tata Steel executives declined to elaborate on the statement. A Corus spokeswoman declined to comment. Details of a potential bid for Corus have yet to be determined, said the people familiar with the matter. Wednesday, before Tata Steel's interest was disclosed, Corus had a market value of about £3.6 billion ($6.8 billion).

Shares of Corus shot up 16% to a six-year high yesterday in London to 473.75 pence ($8.90). Tata Steel rose 2.7% to 537.35 rupees ($11.79) on the Bombay Stock Exchange, outpacing the 1.5% rise in the exchange's benchmark index.

A takeover of Corus -- among the world's 10 largest steel producers -- would far exceed anything Tata Steel has attempted. Its biggest deal to date was last year's $286 million acquisition of Singapore's NatSteel Asia Pte. Ltd. Now ranked 56th among global steel producers, Tata Steel would likely have to load up on debt to make a bid for Corus, according to analysts.

While Corus is more than three times the size of Tata Steel in terms of output, the Indian company is part of a larger industrial group controlled by Ratan Tata, who wants to expand the conglomerate globally. The family-controlled company made almost $1 billion in acquisitions last year, including in hotels, chemicals and software services.

Many Indian companies are joining counterparts in China and Russia in expanding globally. The buying binge by Indian companies still is small -- $5 billion through the end of August, according to Ernst & Young consultants. But the pace and size of deals are growing rapidly. Last year, Indian companies made a record $3.7 billion in foreign acquisitions.

"Indian companies want to drive the top line up -- they are looking to buy companies much larger than themselves," says Arindam Bhattacharya, a director of Boston Consulting Group in Gurgaon, India.

Many analysts say the global steel industry is poised for a shake-up. This year, Mittal Steel Co., based in the Netherlands but controlled by the family of Indian-born tycoon Lakshmi Mittal, acquired Arcelor SA of Luxembourg for about $34 billion.

Tata Steel is no stranger to overseas forays. In addition to Singapore's NatSteel, it has acquired a controlling stake in Thailand's Millennium Steel PCL and has entered joint-venture pacts with companies in South Africa, Australia and Iran.

Corus, meanwhile, has put itself on the block. A tie-up with Tata Steel would offer one clear cost advantage: inexpensive iron ore from Tata's mines.

If Tata Steel makes a bid, Corus would likely draw attention from other buyers, analysts said. Russian metals companies have shown interest in Corus.

Vodafone, Rivals Face EU Roaming Fine, People Say (Update3) (BLOOM)

By Matthew Newman

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- European Union regulators are recommending a fine against Vodafone Group Plc, the world's largest mobile phone operator, and two rivals for overcharging international travelers, people with knowledge of the case said.

Staff for the European Commission, the EU's executive arm, have written a draft ruling that may also lead to fines against Vodafone's German unit, the U.K.'s O2 Plc and Deutsche Telekom AG's T-Mobile International, according to four people who declined to be identified because the draft isn't public.

``An antitrust case is an additional point of pressure," Michelle de Lussanet, an analyst at Forrester Research Inc. in Amsterdam, said in an interview. ``There are other challenges such as regulation cutting roaming fees and more price competition."

The penalties would follow France's record 534-million euro fine ($678 million) last year against the mobile-phone units of France Telecom SA, Vivendi Universal SA and Bouygues SA for colluding on prices over a six-year period. The EU typically fines companies from 2 percent to 3 percent of annual sales. The largest monopoly fine was 497 million euros levied against Microsoft Corp.

Roaming Fees

DOJ_NMG_0076334

The commission is stepping up its push to lower so-called roaming charges, the fee that one operator pays another to allow its clients to make calls outside the home market. In July, the agency proposed rules that would force companies to cut the fees by as much as 70 percent. About 147 million EU citizens pay roaming charges that average five times the cost of providing the service, according to the Brussels-based commission.

A final decision on the fines will be made by the commission as early as next month, the people said. Under EU law, the commission can fine companies as much as 10 percent of their annual sales.

Jonathan Todd, a commission spokesman, said, ``We have an ongoing antitrust investigation."

Jon Earl, a spokesman at Vodafone, declined to comment.

David Nicholas, a spokesman at Telefonica SA's O2, said the company has filed a complaint about the commission's probe to the European Ombudsman, which reviews complaints by EU citizens and companies about administration at public institutions.

``The nature of the investigation has changed a number of times," Nicholas said. ``The way the investigation has been conducted by the EU hasn't been proper."

Christian Schwolow, a spokesman for T-Mobile, said the company shares O2's concerns.

Five-Year Probe

``The process isn't very transparent," he said. ``We can't understand why this investigation isn't finished."

Vodafone shares fell 1.25 pence, or 1 percent, to 126 pence as of 12:05 p.m. in London. Deutsche Telekom's shares rose 8 cents to 12.68 euros in Frankfurt, while Telefonica's stock rose 7 cents to 13.78 euros in Madrid.

The ruling will cap an investigation that has lasted more than five years. EU investigators raided the offices of Vodafone and eight competitors in July 2001, searching for evidence that they violated cartel rules by fixing prices on calls between networks in Germany and the U.K.

The commission didn't find evidence of illegal collusion between network operators. The probe then shifted to possible abuse of monopoly positions in national markets.

In July 2004, Mario Monti, the former competition commissioner, charged Vodafone and O2 with ``unfair and excessive prices." The commission said at the time that the two companies' international roaming charges contrast ``sharply" with the rates used on domestic calls.

Market Definition

In February 2005, the regulator said Vodafone and T-Mobile made international travelers pay ``unfair and excessive prices" to connect calls in Germany.

``It is clear that the outcome of these two investigations will have far-reaching effects for all mobile operators in Europe and should send a clear message to all operators whose wholesale roaming prices may also be excessive," the commission said then.

The alleged infringement of antitrust law covered 1999 to 2003, the people said. A key point in the probe was how the commission defined the market.

The commission's argument is based on a legal theory -- untested in an EU court -- that each mobile operator is a monopoly unto itself because roaming users have little choice of connections and networks don't compete on price, the people said.

Foreign Operators

Regulators determined that when a network provider was indispensable for a foreign operator to have roaming in a country, then that nation was considered a separate market, the people said. Under those circumstances, the agency found that the operators dominated their national markets.

Foreign operators were forced to sign up with all national companies to get the best coverage. The commission determined that the national operators overcharged the foreign companies for that service, the people said.

Charlie McCreevy, the EU's internal market commissioner, will rule on the case because Neelie Kroes, the top competition official, excused herself because she was formerly a board member at O2. Kroes was a director at the company from 1998 to 2004.

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In March 2005, O2 changed its name from MMO2. Telefonica, Spain's biggest phone company, bought O2 in 2005 for 17.7 billion pounds ($22.5 billion).

ENVIRONMENT/INDIAN AFFAIRS:

Spinach Companies Taken Aback By FBI Searches (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy, October 6, 2006

SAN JOSE, Calif. - When the first of the dozen or so federal agents arrived Wednesday about 9:30 a.m. at Growers Express in Salinas, Calif., equipped with side arms and search warrants, some employees initially thought it was some kind of sick joke.

It wasn't.

The FBI and Food and Drug Administration agents spent the next six hours meticulously sifting through paper and computer records looking for evidence of violations of federal law that might have led to an E. coli outbreak in bagged spinach that has now led to two confirmed deaths.

"They told us we were free to stay, but they locked down our computers and told us if we left we couldn't come back into the building," said Woody Johnson, the company's vice president of sales and marketing.

The Salinas Valley, already rocked by weeks of economic havoc, was further jolted by the raids at Growers Express and Natural Selection Foods of San Juan Bautista - whose bagged spinach has tested positive for the particular strain of E. coli involved in the outbreak.

Particularly surprising was the raid at Growers Express, often hailed as a model of food safety in the valley. Another fact that had farmers scratching their heads: Growers Express doesn't process any fresh bagged spinach, the only product found to have E. coli contamination. And the company says the small amount of bagged spinach it markets is purchased from processors not connected to the recent recall.

Johnson on Thursday tried to unravel the mystery, maintaining that the company's system for ensuring that food is safe to eat is what led to the raid - not spinach.

Growers Express, he said, serves as a sales and marketing service for independent growers, many of whom don't have the will or know-how to run a sophisticated food-safety program. So, he said, the firm provides protocol and policy procedures for ensuring the safety of their customers' products. It also contracts with third-party auditors such as Primus Labs of Santa Maria, which does E. coli testing for growers.

"We provide the independents with the price of admission to sell to national retailers," Johnson said. "We have internal audits, external audits, and there's a lot of documentation here."

Johnson said the company was shocked by the raid because Growers Express has "a policy of having our records available," saying the company doesn't have the sophistication to hide the records.

"We were surprised they chose to do it with a sledgehammer and not just pick up the phone," he said.

It was unclear if investigators were acting on suspicions involving Growers Express or one or more of its clients. Natural Selection says independent and government tests at its processing facility have come up "clean" and says it suspects the E. coli problem started "in the fields."

Spokesmen for the U.S. Attorney's office and the FBI declined to discuss the case in detail, but FBI Special Agent Joseph Schadler noted that agents could not get a warrant without convincing a judge there was reason to expect they might find evidence of a crime. Meanwhile, Idaho officials on Thursday announced that genetic tests have confirmed that the Sept. 20 death of a toddler was caused by the same strain of E. coli involved in the nationwide outbreak. Federal officials say the outbreak has sickened 192 people and also caused the death of a 77-year-old Wisconsin woman.

The Idaho case involved a 2-year-old boy, Kyle Allgood, who became ill and died after drinking a "smoothie" that his mother made from spinach, juice and berries on Sept. 12. Ross Mason, a spokesman for the Idaho Department of Health and Welfare, said the boy's mother and older sister also became ill after having some of the drink, but they have recovered.

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Health officials had suspected the death was linked to the contaminated spinach, but they had to wait for lab tests to confirm the connection, Mason said.

While the original source of E. coli is still a mystery, California health officials said they are awaiting results from tests that could answer the question.

Investigators announced this week that they detected E. coli bacteria in samples of manure found in cattle pastures next to spinach fields where officials suspect the contaminated vegetables may have grown. They are now conducting genetic tests to see if the bacteria in the manure is a genetic match to the strain found on the spinach.

If the strain is the same, state officials said they also want to know how the E. coli found its way into the spinach fields. Some environmental and consumer groups say that contaminated water runoff from livestock operations is a serious potential threat to food safety.

"It's very common and very difficult to control all the time," said Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis. She suggested a likely source of the outbreak could be contaminated water or compost containing manure that had not fully decomposed.

Federal Agents Looking For Signs Of Negligence At Spinach Plants (AP)

By Lisa Leff

AP, October 6, 2006

SAN FRANCISCO - Federal investigators trying to build a criminal case against two produce companies in the contaminated spinach outbreak are following a script first used a decade ago to prosecute a company whose E. coli-tainted apple juice killed a baby and sickened dozens of other people.

Federal officials do not think anyone deliberately contaminated the spinach with E. coli, which has killed two and sickened at least 193 others. Instead, the probe is focused on whether the companies took appropriate steps to make sure their products were OK to eat.

To be convicted of criminal charges, the companies need not have known their products were contaminated, but merely negligent in their duties to keep tainted foods from the market, legal experts said.

FBI and Food and Drug Administration agents spent 11 hours Wednesday searching Natural Selection Foods LLC and Growers Express.

The raids largely involved sifting through records for evidence indicating the spinach producers skirted proper food safety procedures. Those records included agricultural testing results, sales information, regulatory compliance information, training records, meeting logs and employment records, according to Natural Selection.

"We are looking more toward the food safety issue at this point," FBI spokesman Joseph Schadler said Thursday, adding that the investigation was in its early stages and may or may not lead to criminal charges. It could also spread to other spinach producers, he said.

Lawyers involved in previous food poisoning cases said the government likely will try to charge the companies under the 1938 Federal Food Drug and Cosmetics Act, which makes it a crime to sell or distribute "adulterated" products - defined as any item deemed unsafe for human or animal consumption.

Distributing contaminated food through interstate commerce is usually a misdemeanor, but it can rise to a felony if authorities find evidence that company officials knowingly took action to compromise the safety of the food supply. Penalties can then include jail time.

That would be hard to prove in this case, said Fred Pritzker, a food safety lawyer in Minneapolis who represents several victims in the recent spinach scare.

"If they charge it out, it would be unusual, and could signal an egregious set of facts," he said.

Tests on spinach recalled from grocers in the affected states point to nine spinach farms that supplied produce to Natural Selection, one of the nation's largest distributors of bagged salads. The company has repeatedly asserted their plant is clean, and that they're cooperating fully with government officials investigating the case.

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Growers Express operates a food-safety program in which small-scale farmers pay the company to provide health and safety inspections and maintain databases of audit reports. The company turned over these audit reports to the FDA and FBI on Wednesday.

"We make a policy of having our records available," said Vice President Woody Johnson. "It's not like we have a Web site where you can see an audit, but it's all very transparent. We're not sophisticated enough to even try to hide this."

The federal Food Drug and Cosmetic Act is unusual because simply allowing contaminated foods into interstate commerce could result in criminal charges, even if there was no intent to violate the law, said Eric Greenberg, a food safety lawyer.

"The result of prosecution under this statute is that you can be considered a criminal, and you may even go to jail, and it may simply be because you made a mistake, or one of your employees made a mistake," he said.

The government has most often used the law to go after importers who sell foreign products that don't conform to FDA standards or manufacturers who substitute inferior, cheaper ingredients in their products. After ignoring repeated warnings, for example, members of a family run business in Mississippi were sent to prison for using corn syrup to sweeten maple syrup and honey they marketed as 100 percent pure.

The 1996 Odwalla apple juice case was the first criminal conviction stemming from mass food poisoning. Although investigators never determined how the E. coli got into the apple juice, the company was held criminally liable because its juice was unpasteurized, which allowed the bacteria to thrive. Odwalla pleaded guilty and paid a $1.5 million fine - at the time the largest food injury fine in FDA history. The outbreak also led to new pasteurization and labeling requirements for fruit juices.

Since then, the act has been used to prosecute other companies. In 2001, Sara Lee Corp. pleaded guilty to selling adulterated hot dogs and lunch meats and paid a $200,000 fine after a nationwide outbreak of listeriosis killed 15 people and caused six miscarriages.

Bill Marler, a Seattle lawyer who has represented dozens of clients in lawsuits connected to contaminated greens, said the government also could prosecute farmers and processors under federal clean water laws and other environmental statutes if they failed to safeguard irrigation water.

"When you have cows in such close proximity to fields and the cows are upstream, it doesn't take a rocket scientist to find that since cows are the biggest reservoir for (E. coli) and cows poop, maybe the outbreaks have something to do with cows," Marler said.

There have been outbreaks involving greens in the past, but industry observers said this contamination's reach and the government's reaction might lead the fresh produce industry to really tighten enforcement and avoid similar incidents in the future.

"My hope is that this is the tipping point for the spinach and lettuce industry in California," Marler said. "It's time for them to come to terms with what issues they need to deal with."

Toddler's Death Linked To E. Coli Outbreak (WP/AP)

By Rebecca Boone, Associated Press

The Washington Post, October 6, 2006

BOISE, Idaho -- A 2-year-old boy who died from kidney failure last month had been infected with the same strain of E. coli bacteria that prompted a nationwide consumer warning on fresh spinach, health officials said Thursday.

Kyle Allgood's was the second confirmed death in the outbreak, which also killed an elderly Wisconsin woman and sickened at least 190 other people.

"This confirms what we suspected for quite some time," said Ross Mason, a spokesman for the Idaho Department of Health and Welfare.

The boy died Sept. 20 in Salt Lake City after developing a type of kidney failure caused by E. coli. Health officials had to wait for the results of genetic testing on the bacteria to determine whether his illness was from spinach.

The sample taken from the boy was fairly small, so technicians had to let it grow for several days at a laboratory before analyzing it, officials said.

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The toddler got sick after having a fresh spinach smoothie, according to his mother, Robyn Allgood.

Last week, the Food and Drug Administration lifted a two-week consumer warning on fresh spinach. On Wednesday, the FBI searched two California produce companies for evidence of possible felony violations of federal environmental laws.

E. coli lives in the intestines of cattle and other animals and typically is linked to contamination by fecal material. It causes an estimated 73,000 infections each year in the United States, including 61 deaths, according to the federal Centers for Disease Control and Prevention.

Sources can include uncooked produce, raw milk, unpasteurized juice, contaminated water and meat, the agency said.

Idaho Lab Ties Death Of Boy, 2, To Spinach Drink (NYT)

By Libby Sander

The New York Times, October 6, 2006

The 2-year-old who died of kidney failure set off by E. coli last month ate a spinach blend tainted with the same strain of the bacteria that has sickened nearly 200 people since mid-September, making his the second confirmed death in the outbreak, health officials say.

"It's not a surprise," a spokesman for the Idaho Department of Health and Welfare, Ross Mason, said Wednesday of the conclusion that the death of the toddler, Kyle Allgood of Chubbuck, Idaho, on Sept. 20 was linked to the outbreak. "We figured that would be the case."

Scientists conducted tests since the death at a state laboratory in Boise to determine whether the E. coli strain in Kyle's system matched the strain that killed an elderly Wisconsin woman and sickened 192 others.

The Federal Centers for Disease Control and Prevention considered Kyle's death, as well as that of an elderly Maryland woman who died on Sept. 13 after eating fresh spinach, as suspect cases possibly linked to the outbreak. Health officials in Maryland said this week that they had not reached a finding on the woman's death.

Tests to compare E. coli strains start with stool samples. By the time Kyle's doctors knew that he had E. coli, the kidney failure had flushed his system so completely that obtaining a sample to test was impossible, Mr. Mason said.

After Kyle died, health officials at the state laboratory in Boise found a small sample that a hospital had taken before he was transferred to Primary Children's Medical Center in Salt Lake City, where he died, Mr. Mason said.

Bush Policy Irks Judges In West (WP)

By Blaine Harden

The Washington Post, October 6, 2006

SEATTLE, Oct. 5 -- Using language that suggests they are fed up with the Bush administration, federal judges across the West have issued a flurry of rulings in recent weeks, chastising the government for repeated and sometimes willful failure to enforce laws protecting fish, forests, wildlife and clean air.

In decisions in Oregon, California, Montana and Wyoming, judges have criticized the judgment, expertise and, in some cases, integrity of the federal agencies that manage natural resources on public lands.

The rulings come at a time when an emerging bipartisan coalition of western politicians, hunters, anglers and homeowners has joined conservation groups in objecting to the rapid pace and environmental consequences of President Bush's policies for energy extraction on federal land.

Specialists in environmental law cite a noticeable increase in the number of recent court rulings in which federal judges in the West have ruled against the administration, using blunt language that shows impatience and annoyance.

"You are seeing frustration in the federal judiciary," said Dan Rohlf, a law professor at Lewis & Clark Law School, in Portland, Ore. The law school has the nation's oldest environmental law program. "When judges express that frustration on paper, which is not all that often, they are often reflecting what they see as a systematic effort to get around the law."

The most scathing and exasperated of the recent court orders came late last month out of Portland, where U.S. District Judge James A. Redden has presided for six years over a stalled federal effort to prevent endangered salmon from going extinct in the Columbia and Snake rivers.

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Federal agencies "have repeatedly and collectively failed to demonstrate a willingness to do what is necessary" under the Endangered Species Act to save fish at risk of extinction, wrote Redden, who was appointed in 1980 by President Jimmy Carter.

Responding to Redden's language and to other recent critical comments by federal judges in the West, Justice Department spokeswoman Cynthia J. Magnuson said: "It is regrettable whenever a court chooses to examine and speculate about the motives of a federal agency rather than applying the applicable laws to the facts of the case."

The agencies that Redden said are refusing to enforce the law include the National Oceanic and Atmospheric Administration, which leads the salmon-recovery program, as well as the Army Corps of Engineers, the Bureau of Reclamation and the Bonneville Power Administration, which markets power from federal dams on the rivers.

Bob Lohn, regional head of NOAA Fisheries, declined to comment on Redden's criticism of his agency's work. Through a spokesman, Lohn said that any comment would be inappropriate because of legal disputes pending before Redden and other judges.

In his court last year, Redden said the administration's plans to protect fish had been proposed "more in cynicism than in sincerity." He noted in his order last month that federal agencies now "seem to be more concerned with ensuring" that Idaho irrigators get water for their crops than with mitigating the damage that dams and water diversions do to endangered fish.

Having tossed out two earlier federal plans for running the river system (one was proposed late in the Clinton era), Redden warned that he "will not allow another invalid" plan to remain in place while urgent action is needed to protect salmon. The warning suggests that the judge might halt the operation of federal dams on the Snake River -- dams that Bush has described as vital to the economy of the Northwest.

U.S. District Judge Charles R. Breyer ruled in San Francisco in late August that the "Forest Service's interest in harvesting timber has trampled" environmental laws protecting timberland in and around California's Giant Sequoia National Monument. He was appointed by President Bill Clinton in 1997.

In a much broader ruling, another federal judge in California used scolding language two weeks ago in tossing out a Bush administration plan that allowed governors to decide what national forest land is suited for logging, mining or energy development.

U.S. Magistrate Judge Elizabeth D. Laporte largely reinstated a Clinton-era "roadless rule," which had put nearly a third of the national forests off-limits to development.

Laporte chastised the administration for changing the 2001 roadless rule without regard to consequences for endangered species, and for failure to cite "any new evidence" justifying the junking of land protections that had been years in the making.

Laporte was selected as a magistrate judge in 1998 by other judges in the northern district of California.

In Montana last week, U.S. District Judge Donald W. Molloy wrote that the Fish and Wildlife Service had lost touch with science when it declined to investigate whether the North American wolverine is at risk of extinction.

Molloy, appointed by Clinton in 1996, found "a dramatic loss" in the range of wolverines, a decrease in their population and growing threats to the weasel-like scavenger from genetic isolation and human encroachment.

The Fish and Wildlife Service, he ruled, had ignored "substantial scientific information that would lead a reasonable person to conclude" that listing wolverines as endangered or threatened may be warranted. He ordered the agency to look into the matter for a year.

In western Wyoming, the Bureau of Land Management ignored air-quality and wildlife data when it sold energy leases on national forest land in western Wyoming, according to a September ruling by Bruce R. Harris, a deputy chief administrative judge who works for the land appeals board in the Interior Department.

The ruling temporarily halted energy development on 20,000 acres in the Wyoming Range, where hiking outfitters and conservation groups have fought the encroachment of oil and natural gas exploration.

Specifically, Harris wrote that the BLM had not made itself aware of a recent study showing that endangered lynx were living within the leased parcel. He said that "little, if any, attention was given to air quality issues" before granting the lease. In the nearby Pinedale region, extensive gas drilling on BLM land has caused widespread air pollution.

Federal court rulings in much of the West are appealed to the San Francisco-based U.S. Court of Appeals for the 9th Circuit. Like lower courts in the West, it has often been caustically critical of the Bush administration.

DOJ_NMG_0076340

Wildlife Report Paints 'Bleak Picture' Of West (LAT)

By Robert Lee Hotz

The Los Angeles Times, October 6, 2006

Rising temperatures in the 11 Western states from global warming will cause more pervasive droughts, a four-fold increase in wildfires and extensive die-offs in regional plant, fish and game habitats, according to a report Thursday by the National Wildlife Federation.

"The American West is truly on the front line," said Patty Glick, the federation's global warming specialist. "The latest science is painting a bleak picture."

To avoid the consequences of climate change, the 1 million-member wildlife organization urged national limits, following those recently adopted in California, on the greenhouse gases responsible for rising temperatures, such as carbon dioxide and methane.

The national appetite for energy, fed by carbon-rich coal, oil and natural gas, imposes a double penalty on the ecological health of the West, the group said. The search for fossil fuels -- drilling permits on public lands have tripled in six years -- disrupts fragile habitats, even as the rising levels of carbon dioxide alter the regional climate in ways that will make it impossible for many species to survive.

The federation report, called "Fueling The Fire," brings a regional focus to climate research findings from federal agencies, academic reports and science journals.

The researchers offered growing evidence that rising regional temperatures already have had an effect, causing warmer winters, earlier springs, less snow and more rain. That, in turn, has raised the risk of floods in winter and the likelihood of diminished water supplies in summer.

The winter snow pack, the source of 75 percent of the water supply in the West, has declined by almost a third in the northern Rocky Mountain region and more than 50 percent in the Cascades since 1950, the federation reported.

As the Western landscape becomes ever more desiccated, wildfires consequently become more common, more widespread and harder to control, experts said.

This past wildfire season was the most severe on record, said ecologist Steven Running at the University of Montana College of Forestry and Conservation. During the past summer, more than 9.6 million acres burned -- twice the seasonal average -- and firefighters spent a record $1.5 billion to control them.

"The warming trend we are under is clearly accelerating and expanding the wildfire activity," Running said. "There is no reason we can see that it will reverse anytime soon."

Anacostia Club Charged With Illegal Dumping (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 6, 2006

Federal authorities have filed a criminal charge against a yacht club along the Anacostia River for illegal dumping months after D.C. officials said the club was in the running for a prestigious environmental award.

The District Yacht Club illegally discharged 240 square feet of concrete debris into the river in 2003, according to recent misdemeanor charges filed by the U.S. Attorney's Office in federal court in the District.

According to the charging documents, which do not name any yacht club members or officers , the club dumped the concrete into the Anacostia without seeking a permit.

Criminal prosecution under the federal Refuse Act, which the yacht club is accused of violating, includes penalties of up to $2,500 for each violation and/or imprisonment ranging from a month to a year.

The U.S. Army Corps of Engineers, which monitors discharge permits, yesterday referred questions about the investigation to the Justice Department.

Justice Department spokeswoman Cynthia Magnuson said that a hearing in the case is scheduled Dec. 5. A plea deal is expected in the case, according to court records.

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The charges come four months after D.C. officials announced that the District Yacht Club was one of four yacht clubs and marinas in the District being considered for an official designation in the "Clean Marina Award" program.

Yacht club officials could not be reached for comment yesterday.

A volunteer at the club, who asked that his name not be published, said that the concrete ended up in the river in connection with a project to install a rail system used to help lift boats in and out of the water.

The volunteer said that the concrete was being used as a foundation to provide support for the rail system, but that the government's investigation mostly centered on the failure to obtain a permit from the Army Corps of Engineers.

The volunteer also said that the yacht club is a small organization with about three dozen members. He said that club members plan to meet to discuss the case this weekend.

It's not clear what prompted the investigation. Under federal law, tipsters who provide information leading to successful prosecution under the federal Refuse Act can receive half of whatever amount a judge determines violators should pay in fines.

Interior Dept. To Study Potential Impact Of Choctaw Casino Project In Mississippi (USAT)

By Ana Radelat, Gannett News Service

USA Today, October 6, 2006

WASHINGTON — The Interior Department will examine a proposal for a casino the Mississippi Band of Choctaw Indians hopes to build in Jackson County.

In a notice in the Federal Register on Wednesday, the Bureau of Indian Affairs (BIA) said it intends to study the potential environmental impact of the casino, which would consist of a hotel, shops and parking near the intersection of Highway 57 and Interstate 10.

State officials oppose the project.

“The governor campaigned against it and consistently said he opposes the expansion of gaming beyond where it is today,” said Pete Smith, Gov. Haley Barbour's spokesman.

Sen. Trent Lott, R-Miss., says the project would pose unfair competition for Gulf Coast casinos that, unlike tribal enterprises, aren't exempt from state taxes and other regulations.

The complex would be built on 40 acres the tribe owns in Jackson County and 61 adjoining acres the Choctaws have asked the federal government to put into trust, which would take it out of state control.

The environmental impact study will assess the proposed casino's effects on traffic and wildlife, air quality and sewage and water systems. Possible social and economic impacts also will be reviewed.

The BIA established a 30-day period for the public to comment on the proposal and has scheduled a public meeting Oct. 18 on the project in the Ocean Springs Civic Center.

It called the Choctaws' plan a “preferred alternative” for the land, saying it would “maximize potential economic benefits” for the tribe and create jobs. Otherwise, the BIA notice said, the Choctaws would close two county businesses: First American Printing and Direct Mail and First American Plastic Molding, which together employ more than 100 people.

Kurt Chandler, the BIA's regional environmental scientist in Nashville, said Choctaw Chief Phillip Martin decided to pay at least $2 million for the environmental impact statement to convince residents and Mississippi officials that it would not have any negative consequences.

Choctaw representatives could not be reached for comment.

HAZCLEAN Environmental Consultants of Jackson will do most of the work on the environmental impact study under the supervision of the BIA.

“Nothing is going to get past me,” Chandler said. He said the study will take six to nine months.

Farewell, Martha (WP)

The Washington Post, October 6, 2006

HOLLYWOOD WOULD have scripted a different ending for the saga of Martha, the bald eagle who with her mate, George, captured the imagination of the Washington area. But rather than feeling sad for what has been lost, we prefer to focus on the lessons that this improbable pair imparted about the beauty and value of the natural world.

DOJ_NMG_0076342

Martha was put to sleep this week after veterinarians wisely concluded that it would be cruel to keep her alive in captivity following injuries that would have prevented her from ever flying again. Martha and George were so named by workers building a replacement for the Wilson Bridge, which the two bald eagles nested near in spite of the noise and commotion. They became mascots, and a public eager to imbue animals with human qualities saw love and loyalty as they stayed together and, over the years, produced 16 eaglets. Martha was injured in an attack by another bird in April, and her struggle to recover and rejoin George became national news.

That attack epitomizes both the good and bad news about the state of bald eagles today. Once threatened with extinction, the bald eagles' population has rebounded to a point where some are suggesting they no longer need to be on the endangered species list. The eagle that attacked Martha is a sign of that increase; the battle, which was over territory, is evidence of the loss of habitat to urban encroachment.

George and Martha showed thousands of commuters a better side to a lousy ride over a bridge. As a result, many drove away with a new respect for wildlife.

Study Says Lab Meltdown Caused Cancer (LAT)

By Amanda Covarrubias, Times Staff Writer

The Los Angeles Times, October 6, 2006

Scientists say details about the 1959 accident near Simi Valley continue to be withheld. Other contamination at the site is much clearer.

Radioactive emissions from a 1959 nuclear accident at a research lab near Simi Valley appear to have been much greater than previously suspected and could have resulted in hundreds of cancers in surrounding communities, according to a study released Thursday.

Chemical contamination from rocket engine testing at the site continues to threaten soil and groundwater in the area around Rocketdyne's Santa Susana Field Laboratory, the study also found.

The nuclear meltdown, which remained virtually unknown to the public until 1979, could have caused between 260 and 1,800 cases of cancer "over a period of many decades," the study concluded.

But the advisory panel that oversaw the five-year study, conducted by an independent team of scientists and health experts, said it could not offer more specifics about potential exposure to carcinogens because the Department of Energy and Rocketdyne's owner, Boeing Co., did not provide key information.

"This lack of candor … makes characterization of the potential health impacts of past accidents and releases extremely difficult," the panel concluded.

Boeing officials vigorously disputed the findings, saying the study was based on miscalculations and faulty information.

"We disagree entirely with the report's conclusion," said Phil Rutherford, a health, safety and radiation manager for the company. He cited a Boeing-commissioned study released last year that found overall cancer deaths among employees at the field lab and at Canoga Park facilities between 1949 and 1999 were lower than in the general population.

The Boeing report contradicted findings from an earlier UCLA study that found elevated cancer deaths among workers exposed to high levels of radiation.

Critics chided Boeing officials Thursday for failing to provide information for the new study.

"The pattern of secrecy and misrepresentation that began at the time of the accident continues to this day, where sloppy practices are done under a cover of darkness," said Dan Hirsch, a physicist and co-chairman of the advisory panel.

The lab was opened on a craggy plateau in easternmost Ventura County in 1948 as the nearby San Fernando and Simi valleys were on the cusp of a postwar population boom. Originally operated by North American Rockwell, it conducted nuclear research for the federal government for more than four decades before ceasing those operations in the late 1980s. It has also been the site of more than 30,000 rocket engine tests, the thunderous explosions serving as a Cold War-era hallmark for nearby residents.

The 2,850-acre site has been the source of much controversy since the nuclear accident was first widely publicized in 1979. A team of UCLA graduate students obtained documents through the Freedom of Information Act detailing the meltdown.

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The disclosure resulted in a number of environmental studies that found widespread radioactive and chemical contamination at the lab. In turn, several investigations into the potential impact on the health of lab workers and area residents were triggered.

The advisory panel was created by local legislators in the early 1990s to oversee some of the studies. Its new report specifically focuses on how the lab's operations, which included decades of rocket engine testing, may have affected the health of people in nearby communities.

The study, paid with federal funding, asserted that the rocket engine tests had caused chemical contamination of water and soil in nearby areas in recent years and "may indicate pathways for other contaminants."

Among the scientists' other key findings:

• As much as 30% of the most worrisome compounds associated with nuclear testing at the lab, iodine-131 and cesium-137, may have been released into the air. But Boeing's Rutherford said data from the site's own airborne monitoring system refutes that claim.

• Unable to obtain weather data from Boeing, scientists made calculations based on varying assumptions about wind speed and direction and estimated the number of potential cancers at 260, with the rare possibility that the number could be as high as 1,800, within 62 square miles surrounding the field lab.

"These cancers, if they occurred, would have been amidst a population of several million people and over a period of many decades," the report said. "The ability of epidemiological studies to identify these cancers, if they exist, in a population that large, is limited, given the uncertainty of where the exposures occurred."

• For years, in violation of restrictions prohibiting such activity, radioactive and chemically contaminated components were disposed of at an open-air sodium burn pit at the field lab, polluting soil and groundwater.

• Perchlorate, a component of rocket fuel, migrated off the lab site, toward populated areas, in surface water runoff. Other contaminants may have spread off site in this manner as well, the report said.

The report also disclosed little-known information about lab operations: It was home to 10 nuclear reactors and numerous low-power reactors, plutonium and uranium carbide fabrication plants and a "hot lab" used for remotely cutting up irradiated nuclear fuel shipped in from other federal nuclear plants.

About 150 people attended a public meeting Thursday night to discuss the report's findings. Many of those in the audience are residents or former residents of the area surrounding the field lab.

They said they appreciated the findings and hoped the report would spur regulators to force a thorough cleanup of the site.

Marjorie Weems, who lives on property adjoining the site, said her daughter, Priscilla, 34, had to have part of her thyroid removed 13 years ago and worries about a possible connection to the lab's operations.

"It's been such a coverup for so many years," said Weems, 62, whose husband, now retired, worked at the lab. "They lied and lied and lied and said there was no contamination. But now we know that's not true."

At the time of the 1959 nuclear accident, little information appeared in the media. Lab officials released a statement saying "no release of radioactive materials to the plant or its environs occurred, and operating personnel were not exposed to harmful conditions."

The advisory panel overseeing the most recent study accused the lab's operators of maintaining a pattern of deception and secrecy ever since.

For instance, it said researchers discovered that a meteorological station was atop the nuclear reactor on July 13, 1959, when fuel rods ruptured and partially melted, emitting radioactive gases into the plant and the atmosphere.

When the researchers requested the station's weather data to try to determine how far radioactive gases may have traveled from the hilltop lab, Boeing officials refused, asserting that the information was "proprietary — a trade secret," the panelists said in the report.

"How can you possibly declare a trade secret which way the wind blew on a certain day?" Hirsch said.

Boeing officials said they do not recall any specific requests for weather data, adding that such information might not even exist.

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(INFOBOX BELOW)

Santa Susana Field Laboratory timeline

1959: Fuel rods in the first nuclear reactor in the country to produce electricity for a commercial power grid rupture and partially melt, releasing radioactive gases into the atmosphere. But the accident is not widely publicized until 1979.

1989: A Department of Energy study finds widespread radioactive and chemical contamination at the 2,850-acre Rocketdyne field lab.

1997: A UCLA health study, which reviewed the records of employees of Rocketdyne and predecessor North American Aviation from 1949 to 1994, finds elevated cancer deaths among workers exposed to high levels of radiation.

2005: A health study by lab owner Boeing Corp. concludes that overall cancer deaths among nearly 47,000 employees who worked at the Rocketdyne lab and its Canoga Park facilities between 1949 and 1999 were lower than in the general population.

2006: An independent panel of scientists releases a report that finds the 1959 nuclear accident appears to have been much worse than previously suspected and could have resulted in hundreds of cancers in surrounding communities. It also finds that chemical contamination from rocket engine testing at the site continues to threaten area soil and groundwater.

Source: Santa Susana Field Laboratory Advisory Panel

Los Angeles Times

Firm Fights Pollution Charges (SLT)

By Judy Fahys, The Salt Lake Tribune

Salt Lake Tribune, October 6, 2006

Lawyers for a West Valley company and two of its managers say local water officials bungled the pollution limits that are behind a 29-count federal indictment against their clients.

Accused of tampering with pollution readings, the three have filed suit in 3rd District Court in hopes of proving the limits on selenium were illegal and, consequently, that a dozen of the charges should be dismissed from the federal pollution case.

The selenium cap at the Central Valley Water Reclamation Facility "was not properly set, and therefore, we shouldn't be held criminally responsible," said Max Wheeler, one of the three defense attorneys on the case.

The U.S. Justice Department indicted the Pennsylvania-based Johnson Matthey Inc. in March and charged John David McKelvie, the former general manager of the West Valley plant, and Plant Manager Paul Card Greaves with violations of the Clean Water Act.

The indictment includes charges of conspiracy to discharge pollutants in excess of permit limits, selective sampling, concealment and manipulating wastewater discharges. One time, the indictment alleges, freshwater from a hose was added to discharge water to dilute the selenium.

The company faces maximum penalties of $12.5 million. McKelvie faces fines of $4.5 million and 90 years in prison. Greaves faces 125 years in prison and nearly $6.3 million in fines.

Reed Fisher of the Central Valley Water Reclamation Facility referred comments on the case to the Justice Department. The Justice Department did not return a telephone call seeking comment.

In past statements, Fisher has noted that even with the allegedly high discharges from Johnson Matthey into the Jordan River, the district kept within its own discharge limits for selenium.

Selenium is a naturally occurring element. Small amounts of it are required for good nutrition, but too much can cause havoc with human health and wildlife. A state task force is looking at curbing the human sources of selenium in the Great Salt Lake, which some suspect is harming waterfowl reproduction.

Wheeler called Johnson Matthey's selenium discharges "a zero-impact situation" because of the "inconsequential" amounts that wound up in the Jordan River.

He said the water reclamation district used the wrong chart from the U.S. Environmental Protection Agency to set its limits. Had it used the correct table, the limits would have been nearly three times higher, and 12 counts of the indictment would be invalidated.

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A Bad Start In The Parks (NYT)

The New York Times, October 6, 2006

Just before it made tracks out of town, the Senate confirmed Mary Bomar's appointment as the new head of the National Park Service. Ms. Bomar testified in person in late September before the Senate Energy and Natural Resources Committee, but the bulk of her testimony took the form of written answers to written questions posed by members of the committee. Her answers were intently managerial in tone — not particularly evasive and not particularly helpful.

At one point, for instance, Ms. Bomar was asked to list the "three greatest challenges facing the Park Service." Number one, she said, is "re-energizing the support of the American people," and number three is "preparing a new generation of leadership." (Two is improving the park service's "capabilities.")

In reality, the biggest challenge facing the service is to take politics out of parks management. Again and again over the past six years, demoralized career park service employees have been forced to watch sensible decisions overturned or bad decisions made on a political basis. They have witnessed a brazen attempt to break the parks wide open in favor of commercial interests. They've seen the integrity of park service science compromised and its results disregarded.

If Ms. Bomar can put the national park system back on a sound managerial footing, she will not need to re-energize the support of the American people.

There are a lot of ways Ms. Bomar could set a new tone and demonstrate her commitment to apolitical good management. One opportunity involves the problem of snowmobiles in Yellowstone. Ms. Bomar said recent experience has demonstrated that snowmobiles "may be operated without unacceptable impacts to park resources and visitors" under the current limits and requirements. That is exactly what has not happened.

For the past two winters, snowmobile numbers have been running about 250 a day in Yellowstone — roughly a third of the maximum allowed under a temporary plan. Even that smaller number exceeds the weakened noise standards established by the Bush administration in 2003, and the National Park Service has rejected two environmental impact statements that find the presence of snowmobiles in Yellowstone unacceptable.

But Senator Conrad Burns, who is facing a tough battle for re-election in Montana, has proposed legislation that would force the park to continue admitting up to 720 snowmobiles a day and strip the courts of their ability to rule on the issue. It is a classic face-off between the forces of politics and parks stewardship. Ms. Bomar had a chance to send a message about her intention to manage impartially, in her written responses. She missed the opportunity.

The Interior Department has recently approved a strong set of management policies that put preservation first. Ms. Bomar would do well to put those policies first and put an end, at last, to snowmobiles in Yellowstone.

FBI/DEA/ATF/USMS:

Judge Order Bonds's Trainer Released, Citing `Snafu' (Update1) (BLOOM)

By Karen Gullo

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Greg Anderson, baseball player Barry Bonds's trainer, will be released from jail today after being held for contempt for refusing to testify in a federal steroid probe, a judge said, citing a court error.

U.S. District Court Judge William Alsup, noting a ``snafu" in his handling of Anderson's case, said U.S. marshals in San Francisco should release Anderson today at 5 p.m. local time.

Yesterday a three-judge panel of a San Francisco-based appeals court said Anderson must be released under a law that requires contempt appeals to be resolved within 30 days. Anderson was jailed Aug. 28 for refusing to answer grand jury questions about whether Bonds and other athletes lied to a grand jury about using steroids. He could have been jailed for months.

``This snafu has arisen because of an apparent failure of this court to be clear in its findings," said Alsup in a ruling today. ``He will be released on his own recognizance."

Mark Geragos, Anderson's attorney, couldn't be reached. Anderson was ordered to appear at an Oct. 19 hearing. The appeals court could order Anderson back to jail after reviewing Alsup's findings concerning the legality of a government tape of

Anderson. Alsup has not issued a written ruling on his findings. Anderson said the tape, which the government refused to turn over, is illegal and tainted the grand jury proceedings.

The government is seeking Anderson's testimony to determine whether any athletes, including Bonds, lied to a federal grand jury about taking steroids. Bonds has denied using them.

Anderson was jailed for 15 days in July for refusing to testify and released when the grand jury's term expired. A new grand jury then resumed the probe. Anderson again refused to testify about Bonds when brought before the panel on Aug. 17, prosecutors said.

The grand jury probes stem from a U.S. investigation into Bay Area Laboratory Cooperative, a California lab, and steroid use among athletes.

Anderson pleaded guilty last year to distributing steroids to unidentified athletes and served three months in jail. He is trying to withdraw the guilty plea.

The case is Greg Anderson v U.S., 06-90292, U.S. District Court, San Francisco.

Bonds' Trainer Released From Jail (AP)

AP, October 6, 2006

Greg Anderson's newfound freedom may be short-lived.

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer Greg Anderson walked out of prison Thursday hours after a federal judge ordered him released because of a "legal snafu."

U.S. District Judge William Alsup told marshals to free Anderson because a federal appeals court hadn't affirmed his contempt order within the required 30 days after he was jailed for refusing to testify to a grand jury investigating the Giants slugger.

Anderson, 40, could be returned to prison if the appeals court affirms Anderson's Aug. 28 contempt citation for refusing to answer questions before the panel probing whether Bonds committed perjury when he said he never knowingly used steroids.

Bonds told a grand jury investigating the Bay Area Laboratory Co-Operative steroid ring in 2003 that Anderson gave him what he believed were flaxseed oil and arthritic balm. Anderson later pleaded guilty to distributing steroids and money laundering.

Anderson, who served three months in prison and three months of home detention for his conviction, has appealed his contempt jailing on several fronts.

His main contention is that a secret, illegally recorded tape of him discussing Bonds' steroid use is the basis for grand jury questions he faces.

Although Alsup dismissed that claim and others, the 9th U.S. Circuit Court of Appeal last week sent Anderson's appeal back to the judge, saying Alsup's ruling regarding the tape was not clear enough.

"This snafu has arisen by an apparent failure by the court to be clear of its findings," Alsup said.

In clarifying his order Thursday, Alsup said he agreed with prosecutors that there was ample evidence beyond the tape to question Anderson. Prosecutors on Thursday said the questions they want answered are based on athletes' secret testimony in the BALCO case and a search of Anderson's house that turned up drug records, some with Bonds' name on it.

The appeals court could rule any day.

Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He served 15 days in July and was let out because the grand jury probing the Giants slugger had expired and a new grand jury was formed.

Other than the tape dispute, the 9th U.S. Circuit Court of Appeals has rejected the merits of Anderson's appeal. Among them, Anderson claimed his BALCO plea deal prevented him from cooperating with the government's steroid investigation.

Anderson will seek to withdraw his 2005 guilty plea because the tape amounts to an illegal wiretap and may have been the basis for the BALCO case against Anderson, defense lawyer Mark Geragos said.

Prosecutors claim the tape is legal and was made in a face-to-face meeting with Anderson.

The case is United States v. Anderson, 06-90292.

Bonds's Trainer Is Released From Prison (NYT)

By Carol Pogash

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 5 — Barry Bonds's personal trainer, Greg Anderson, was released from prison Thursday after what Judge William Alsup of the United States District Court called "a snafu."

Anderson, 40, was being held in contempt of court for refusing to answer grand jury questions about Bonds in connection with the ongoing investigation of the Bay Area Laboratory Co-Operative. Anderson, who has been jailed three times in connection with the case, most recently on Aug. 28, could be returned to prison.

In the late morning, the somber-looking Anderson, who had come to work wearing an ill-fitting tan prison uniform, strode out of the federal building here sporting a new navy extra-large navy sweatshirt, large gray sweatpants and laced black shoes with the tag still attached. After his release, his lawyer, Mark Geragos, had rushed to a Levi's store in the rain to purchase clothes for his client.

On Sept. 28, a federal appeals court heard six claims from Geragos challenging the contempt order. The court sent the case back to Judge Alsup for clarification on one of those claims: that the grand jury questions Anderson refused to answer were based on an illegally recorded tape of Anderson discussing steroid use by Bonds.

A person in prison on federal civil contempt charges is entitled to bail if his appeal is not disposed of in 30 days. Thursday marked Anderson's 37th day in jail. On Wednesday, the appeals court ordered that Anderson be released by 5 p.m. the next day.

Judge Alsup blamed himself for "the apparent failure of this court to be clear in its findings" and the government for not supplying evidence. "Mr. Anderson should not bear the burden of these omissions," the judge said before releasing him on his own recognizance.

Anderson is still not free of the investigation. If he is called before the grand jury again and refuses to answer questions about Bonds, he could be returned to prison.

85-count Indictment Charges 21 Gang Members (AP)

AP, October 6, 2006

OKLAHOMA CITY Federal officials in Oklahoma City say 21 gang members and their associates face a total of 85 conspiracy, gun and drug-related charges in a federal indictment that was unsealed today.U-S Attorney John C. Richter says the defendants are members or associates of the Walnut Gangster Crips. They're accused of conspiring with four unindicted coconspirators to possess with intent to distribute more than 30 kilograms of cocaine, cocaine powder and over 1,000 tablets of ecstasy.The indictment alleges that members of the street gang associated themselves with others who acquired the cocaine powder in Los Angeles to manufacture the crack for redistribution in the Oklahoma City area.The indictment seeks forfeiture of firearms, ammunition, cash and some property.

Local Men May Get 40-year Terms In Marijuana Case (TUCCIT)

Tucson Citizen, October 6, 2006

Two Tucson men have been convicted in U.S. District Court of conspiracy to transport drugs.

Mark A. Simmons, 35, and Ernest R. Washington, 37, were found guilty by a Tucson jury Wednesday.

Prosecutors said the men plotted to move the drugs between Tucson and Ohio. During the investigation, officials seized about 1,500 pounds of marijuana while it was being transported between the states.

Evidence at the trial showed the men used rental cars and tractor trailers in 2003 and 2004 to transport the drugs. Three kilograms of cocaine seized in Philadelphia were also linked to the two, authorities said.

A drug conspiracy conviction carries a maximum penalty of 40 years in prison. Sentencing for the men is scheduled for Dec. 14.

Man Sentenced For Dealing Ecstasy, Conspiracy (AP)

AP, October 6, 2006

BALTIMORE, Md. -- A New Jersey man who operated an Ecstasy drug ring and tried to have an informant killed has been sentenced in Baltimore.

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U.S. Attorney Rod Rosenstein said Fred Caruso was sentenced to 13 years and seven months in prison, followed by five years of supervised release.

Caruso was charged with conspiracy to distribute Ecstasy, conspiracy to retaliate against a witness and conspiracy to commit kidnapping, police said.

Caruso pleaded guilty to distributing ecstasy in Maryland and New Jersey from 1999 to 2000.

Rosenstein said Caruso began selling in 2000 to a man named Thomas Dixon. Dixon was under police surveillance when he received the first delivery of about 41,000 tablets. Dixon was arrested and agreed to cooperate with law enforcement, officials said.

After agreeing to testify against Caruso in 2002, Dixon was shot six times as he left his home but survived.

Rosenstein said court documents showed Caruso admitted hiring individuals to shoot Dixon.

DEA Rounds Up Nine In Suspected Drug Ring (SDUT)

Union-tribune Breaking News Team

The San Diego Union-Tribune, October 5, 2006

SAN DIEGO – The arrest of nine people Wednesday by drug enforcement officials has dismantled of a major drug trafficking organization operating in San Diego, authorities said.

Agents with the Drug Enforcement Administration arrested the group, seized three pounds of methamphetamine and confiscated about $30,000 after serving seven search warrants, said Dan Simmons, a spokesman for the DEA.

The suspects lived in Chula Vista, El Cajon, San Diego and National City.

Officials believe that their arrests, combined with others in the recent past, dismantled the organization.

The organization reportedly distributed several pounds of methamphetamine, several times a week to buyers in San Diego County, Las Vegas and Omaha, Neb., and sold more than $100,000 worth of methamphetamine a month, officials said.

Also seized were three weapons, two vehicles and bullet-proof gear.

Rosenstein Case Witnesses Ask For Disguises (JERP)

The Jerusalem Post, October 5, 2006

The six Israel Police detectives who are due to testify at the trial of suspected drug dealer Ze'ev Rosenstein in Miami requested permission on Thursday to appear in court wearing wigs and make up fake so that their identities would not be exposed.

In addition, the detectives also asked to be identified in court by their police numbers only, not by name.

The detectives made the request out of fear that they would be targeted by Rosenstein's associated when they continued to work in Israel after the trial.

Rosenstein, identified by federal prosecutors as one of the world's biggest distributors of Ecstasy has pleaded not guilty to charges that could put him in prison for up to 40 years.

The 51-year-old entered the plea in May, nearly three months after he was extradited from Israel to face charges that he conspired to distribute more than 1 million Ecstasy pills in the US between summer 1999 and November 2001.

Israeli Agents Want Disguises To Testify At Miami Drug Trial (AP)

AP, October 5, 2006

MIAMI Israeli undercover agents want to wear wigs, fake facial hair and makeup so they can testify without revealing their true identities at the upcoming trial of a man charged with running a worldwide Ecstasy distribution ring.

As many as six surveillance officers of the Israel National Police also want to appear in the U.S. federal trial of Zeev Rosenstein using only an "officer identification number" rather than their names. They want to limit defense cross-examination that might reveal confidential tactics and spy technology.

"The underlying principle behind these procedures is that in order to operate effectively in a country like Israel, an undercover surveillance officer must preserve his or her complete anonymity," U.S. prosecutors Michael Sullivan and Ben Greenberg said in a motion filed in federal court this week.

Rosenstein, 51, is scheduled to go to trial in November on charges of conspiracy to distribute in the U.S. more than 1 million pills of the synthetic drug MDMA, more commonly known as Ecstasy. Rosenstein is on the U.S. list of 44 top worldwide drug traffickers. He has pleaded not guilty and has been held without bail since his extradition from Israel in March.

The prosecutors' motion says that the Israeli agents' testimony "goes to the heart" of the U.S. case because they witnessed numerous meetings Rosenstein allegedly had with other conspirators in the Ecstasy ring. There was no audio surveillance, making these eyewitness accounts even more critical, the motion said.

In the U.S. justice system, a defendant has a right to confront and cross-examine accusers, and courts have ruled both ways on whether witnesses may testify in disguises because of concerns about that right and about the impact on jurors. The Israeli government, however, said cover for these agents would be forever blown if they are not disguised.

"In stressing the importance of these protections, we wish to note that Israel is a very small country, with a relatively small and close-knit organized criminal community," the Israeli Ministry of Justice said in a letter to U.S. prosecutors. "The exposure of the identity of any surveillance officer thus inevitably means the end of his or her effectiveness."

The motion asks U.S. District Judge William Dimitrouleas to approve a "light disguise" for the Israeli agents "including makeup, wigs and/or other facial hair for men" as well as the restrictions on questioning about methods and use of numbers instead of names. Dimitrouleas had not ruled on the motion as of Thursday.

Rosenstein's attorney, Howard Srebnick, did not immediately return telephone and e-mail messages seeking comment about the request.

Undercover Agents May Testify In Disguises At Trial Of Accused Israeli Drug Lord (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

Prosecutors in the case of accused Israeli drug lord Ze'ev Rosenstein want Israeli undercover agents testifying at his Miami trial to wear disguises and use numbers instead of names to protect their identities.

They filed a motion Monday requesting the special measures, which are mandated by Israeli law but go against a fundamental principle of American justice -- a defendant's right to confront witnesses at trial.

That right is part of the Sixth Amendment. However, judges sometimes bend the rules when important considerations are at stake.

In their brief, prosecutors Michael Sullivan and Benjamin Greenberg said their requests would not violate Rosenstein's right to a fair trial.

They proposed the agents be referred to by identification numbers and appear in court wearing "light" disguises such as wigs, makeup and artificial facial hair.

"Rosenstein will still have the opportunity for a virtually unfettered face-to-face encounter with the undercover surveillance officers," the brief states. The prosecutors also asked U.S. District Judge William Dimitrouleas to bar defense lawyers from asking the agents probing questions about their investigative techniques or devices.

Rosenstein, a suspected mob boss whom some Israelis liken to Al Capone , was extradited to South Florida in March on charges he conspired to import and distribute Ecstasy in the United States.

He pleaded not guilty and his trial is scheduled to start in November.

Sullivan and Greenberg plan to put on the stand six current and former Israeli agents to testify about their surveillance of meetings involving Rosenstein and his alleged associates.

The disguises worn by the agents would not obscure their eyes or distort their voices, so jurors would still be able to assess their credibility, the lawyers stated.

The agents' true names are not relevant because jurors would be informed the witnesses are undercover officers employed by the Israeli government, the lawyers said.

Howard Srebnick, Rosenstein's defense attorney, could not be reached.

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Miami defense lawyer Jane Moscowitz, who is not involved in the case, said the government's request should be rejected because it violates one of the basic tenets of a fair trial.

"I understand Israel's concern, but if these agents are going to testify in U.S. courts, they should testify under our rules," Moscowitz said.

In June, an Illinois federal judge agreed to close the courtroom during testimony from two Israeli intelligence agents in a terrorism fundraising case.

The agents will also use code names and wear light disguises when they appear in court.

While such cases are the exception, judges have permitted witnesses to use fictitious names or testify in disguise.

Rome Businessman Indicted In Marijuana Distribution Case (AP)

AP, October 6, 2006

ROME, Ga. _ A northwest Georgia businessman and real estate investor pleaded not guilty Thursday to charges of conspiring to distribute more than a ton of marijuana.

Mario Armas, 45, also entered a not guilty plea to a related charge of money laundering.

A federal indictment and a search warrant affidavit unsealed Thursday morning alleges that Armas conspired with Lonnie Merren and Kevin Redstrom, both of Rockmart, between January 2003 and November 2004 to distribute at least 1,000 kilograms _ 2,200 pounds _ of marijuana in the Rome area, U.S. Attorney David E. Nahmias said.

The drug dealing was allegedly linked to other crimes, including kidnapping, burglary and laundering the profits of drug deals. Search warrants were executed Thursday at business and residential properties related to Armas and the alleged drug scheme.

Armas owns multiple businesses and properties in the Rome area.

"The indictment unsealed today is the result of a two-year investigation into allegations of drug trafficking and money laundering of at least $2 million generated by marijuana sales in Northwest Georgia," Nahmias said in a statement. He called Armas the "principal financier," using his business, N & A Corporation, as a front. He said Redstrom and Merren allegedly were money couriers for Armas.

Armas remains in federal custody, and a bond hearing is scheduled for him Wednesday.

Agents from the Federal Bureau of Investigation and Drug Enforcement Administration have been investigating and gathering evidence at Armas' home and office. More than a dozen cars were parked out front of Armas' home Thursday, and officers and agents were seen entering and leaving with boxes and tools.

Merren and Redstrom are both expected to be arrested in separate locations outside Georgia and will make their initial appearances before the magistrate judge next week.

U.N.: Afghan Opium May Up Heroin Deaths (UPI)

UPI, October 5, 2006

VIENNA, Oct. 5 (UPI) -- The U.N. Office on Drugs and Crime warns the robust Afghan opium trade will likely cause a dramatic increase of heroin-overdose fatalities.

In a letter sent to nearly 90 health ministers, the text of which was released Thursday, UNODC Executive Director Antonio Maria Costa advised health authorities to prepare for "a substantial increase in the number of deaths by overdose."

The 2006 Afghan Opium Survey released last month revealed a record production of 6,100 tons of opium, an increase of 49 percent from 2005.

"The abundant supply of Afghan heroin is likely to result in dramatic increases in the purity of street heroin," Costa said in the letter sent from UNODC headquarters in Vienna. "Addicts are not used to injecting doses containing such high concentrations of the drug."

He called on the Afghan government to take strong action against opium traffickers and trade violators and encouraged local health authorities "to take every possible measure in the period ahead and to alert practitioners to the possible risk increase." In order to effect change, the director proposed penalizing governors and police officials presiding over opium-growing provinces and suggested drug-free areas be rewarded.

Western countries must also help, he said, adding "heroin habits in the West put huge sums of money into the pockets of criminals and insurgents, who destabilize Afghanistan and kill soldiers and civilians alike."

Uribe Hinting At Talks With FARC (MH)

By Steven Dudley

The Miami Herald, October 6, 2006

BOGOTA - Despite a strong mandate validating his first four years of waging all-out war against leftist rebels, Colombian President Alvaro Uribe has opted for a more peaceful beginning to his second term.

Since his inauguration in August, Uribe has reached out to leaders of the hemisphere's largest rebel group, the Revolutionary Armed Forces of Colombia or FARC, by offering to swap imprisoned rebels for kidnapped politicians, citizens and soldiers in guerrilla hands.

"The result of this security campaign can't just be of scorched earth, killing guerrillas and putting at risk our soldiers," Uribe said on local radio this week, referring to his so-called Democratic Security plan. ``This policy of Democratic Security is a way to achieve total reconciliation among us Colombians."

The seeming about-face by Uribe comes just months after the president and his allies won landslide victories in this year's presidential and congressional elections. The elections were seen as a validation of Uribe's policy to strengthen the country's armed forces and police, and launch unprecedented military offensives in various parts of the country, which forced the guerrillas to seek hiding and lowered rebel violence and kidnapping rates.

But results in the war have been waning of late. Uribe also has been hit by scandals in the military and recent reports that the production of coca, the raw material for cocaine, continues apace despite years of concerted attack on what many consider the principal funding source for warring groups in this country of 42 million people.

"Initially, Uribe insisted on ending the guerrillas by fighting them," said former Inspector General Jaime Bernal Cuéllar. ``But now he has two things going against him: the impossibility of winning the war against the guerrillas, and the polls that show the majority of Colombians are for a prisoner swap."

Yet, some analysts say Uribe has always had it in his mind to negotiate. Uribe has already negotiated with right-wing paramilitaries -- who also fought the guerrillas -- leading to the demobilization of more than 32,000 illegally armed troops and the surrender of the group's top commanders.

Uribe also began preliminary peace talks with guerrillas from the country's second-largest rebel group, the National Liberation Army, or ELN, in Cuba.

"At the end of the day, Uribe is a political realist," said Fernando Cubides, a sociology professor at the National University in Bogotá.

IMPOSSIBLE TASK

``Inside he knew that a military defeat of the guerrillas was never a possibility. What he wanted was to strengthen the state for an eventual negotiation."

Regardless of when the president's plan began, Uribe officially authorized his peace commissioner, Luis Carlos Restrepo, this week to contact FARC commanders to begin negotiations on the prisoner swap.

The FARC is holding 59 Colombian politicians, police and soldiers as well as three United States military contractors it captured after shooting down their airplane in 2003. The government is holding some 500 rebels in jails across the country.

One of the FARC's prisoners is Ingrid Betancourt, a Colombian and French national and former presidential candidate here, who has sparked European nations such as France, Switzerland and Spain to take a strong interest in backing the swap.

The United States, however, has been playing coy -- stating only that it supports the liberation of all kidnap victims. Still, the State Department has declared the FARC a terrorist group, and U.S. officials have always said they are against negotiating with terrorists.

What's more, there are several guerrillas in United States' prisons facing drug trafficking and kidnapping charges, and the Justice Department has recently stepped up its efforts to indict FARC members at large in Colombia for drug trafficking, money laundering, kidnapping and terrorism.

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For its part, the FARC has made a point of mentioning two of these U.S.-based rebel prisoners as part of the possible prisoner swap.

REBEL DEMANDS

The guerrillas have also demanded the demilitarization of two municipalities to make room for the negotiations and possible deal, something the government seems unwilling to do. Uribe's predecessor, Andrés Pastrana, demilitarized an area in the south the size of Switzerland to negotiate with the FARC.

The guerrillas used the territory to talk peace, but also to regroup and retrain, hold kidnap victims and launch attacks on nearby military sites and police stations.

"It cannot be a zone of refuge for crime," Uribe said of the area where talks may take place. ``It can't be a point to regroup for terrorist acts that serve to put political pressure [on us]."

Uribe's recent declarations in favor of a prisoner swap have surprised some and consoled others. Others have seen a transformation of the president since he began his tenure in 2002.

"I see a lot of change with regard to his rhetoric, especially toward the FARC," Fabiola Perdomo, the wife of a local assemblyman taken hostage by the FARC in 2002, said of Uribe. ``He's become more flexible."

So flexible, in fact, that Uribe has even mentioned the possibility that a prisoner swap could lead to peace talks and possibly a National Assembly, which the FARC has long demanded.

Special correspondent Jenny Carolina González contributed to this report.

Woman Given 15 Years For Setting Apartments On Fire (WP)

By Ernesto Londoño

The Washington Post, October 6, 2006

A 25-year-old Germantown woman who set her apartment building on fire when she tried to burn her boyfriend's clothes was sentenced yesterday to 15 years in prison -- a punishment three times longer than the one sought by prosecutors.

The fire set at the Oak Hill apartments by Roxana L. Benavides on Dec. 18 displaced 75 families the week before Christmas.

"It really is an absolute miracle that there were not more people seriously injured or perhaps even killed," Montgomery County Circuit Court Judge Eric M. Johnson said. "What you did was very selfish."

No one was injured in the fire, which caused about $2.5 million in damage.

Benavides, who pleaded guilty to first-degree arson in July, cried as she read a statement in court.

"There isn't a day that goes by that I don't feel guilt for causing the turmoil, not only in the victims' lives, but my family's as well," she said. "That night, a lot of innocent people as well as myself could have died because of my stupidity."

Assistant State's Attorney Sherri D. Koch urged the judge to impose a five-year sentence, and defense attorney Jeffrey B. Henry asked for an unspecified more lenient sentence. It is unusual for Montgomery judges to give a substantially stiffer sentence than the one the state seeks.

Henry said he was taken aback by the sentence, especially coming from Johnson, whom he and other lawyers consider a judge more likely to give relatively low sentences.

"This girl doesn't deserve 15 years," Henry said. "I've had actual violent rapists get 10 years. I've had a mother who murdered her 4-year-old daughter with a pillow who got 15 years."

He said he would ask the judge to reconsider.

Tammy Krogmann, 48, a building resident who lost property in the fire, admonished Benavides during her victim-impact statement. She lamented the loss of her notes, drafts of her thesis and photos that belonged to her grandmother.

"You do not set someone's clothes on fire," Krogmann said.

That night, Benavides, 25, was arguing with her boyfriend, Kenneth Ray, because he wanted to dance and she didn't feel like it. Enraged, she lighted a pile of his clothes on fire in her bedroom, attempted to extinguish the blaze and then went to sleep thinking it was out.

Ray has since left the area, Henry said.

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"Unfortunately, they have broken up," he said, quickly adding: "Which is probably a good thing in light of the facts."

IMMIGRATION:

In Border Fence's Path, Congressional Roadblocks (WP)

By Spencer S. Hsu

The Washington Post, October 6, 2006

No sooner did Congress authorize construction of a 700-mile fence on the U.S.-Mexico border last week than lawmakers rushed to approve separate legislation that ensures it will never be built, at least not as advertised, according to Republican lawmakers and immigration experts.

GOP leaders have singled out the fence as one of the primary accomplishments of the recently completed session. Many lawmakers plan to highlight their $1.2 billion down payment on its construction as they campaign in the weeks before the midterm elections.

But shortly before recessing late Friday, the House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and "tactical infrastructure" to support the Department of Homeland Security's preferred option of a "virtual fence."

What's more, in a late-night concession to win over wavering Republicans, GOP congressional leaders pledged in writing that Native American tribes, members of Congress, governors and local leaders would get a say in "the exact placement" of any structure, and that Homeland Security Secretary Michael Chertoff would have the flexibility to use alternatives "when fencing is ineffective or impractical."

The loopholes leave the Bush administration with authority to decide where, when and how long a fence will be built, except for small stretches east of San Diego and in western Arizona. Homeland Security officials have proposed a fence half as long, lawmakers said.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," said Sen. John Cornyn (R-Tex.). The fine-print distinction between what Congress says it will do and what it actually pays for is a time-honored result of the checks and balances between lawmakers who oversee agencies and those who hold their purse strings.

In this case, it also reflects political calculations by GOP strategists that voters do not mind the details, and that key players -- including the administration, local leaders and the Mexican government -- oppose a fence-only approach, analysts said.

President Bush signed the $34.8 billion homeland security budget bill Wednesday in Scottsdale, Ariz., without referring to the 700-mile barrier. Instead, he highlighted the $1.2 billion that Congress provided for an unspecified blend of fencing, vehicle barriers, lighting and technology such as ground-based radar, cameras and sensors.

"That's what the people of this country want," the president said. "They want to know that we're modernizing the border so we can better secure the border."

Bush and Chertoff have said repeatedly that enforcement alone will not work and that they want limited dollars spent elsewhere, such as on a temporary-worker program to ease pressure on the border. At an estimated $3 million to $10 million per mile, the double-layered barrier will cost considerably more than $1.2 billion.

Judd Gregg (R-N.H.), who chairs the Senate subcommittee that funds the Department of Homeland Security, said that before the legislation was approved, the department had planned to build 320 miles of fencing, secure 500 miles of hard-to-traverse areas by blocking roads and monitor electronically the rest of the 2,000-mile-long southern frontier.

"I think there'll be fencing where the department feels that it makes sense," Gregg said, estimating that "at least 300 to 400 miles" will be built.

Congress withheld $950 million of the $1.2 billion, pending a breakdown by Chertoff of how he plans to spend the money. It is due in early December, after the midterm elections.

Asked whether Homeland Security would build 700 miles of fence, department spokesman Russ Knocke would not say. Instead, he noted that department leaders announced last month that they will spend $67 million to test a remote-sensing "virtual fence" concept on a 28-mile, high-traffic stretch of border south of Tucson over eight months, and then adjust their plans.

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"We plan to build a little and test a little. . . . Stay tuned," Knocke said. "We're optimistic that Congress is going to provide the department with flexibility."

The split between GOP leaders hungry for a sound-bite-friendly accomplishment targeting immigration and others who support a more comprehensive approach also means that the fence bill will be watered down when lawmakers return for a lame-duck session in November, according to congressional aides and lobbyists.

The office of Sen. Kay Bailey Hutchison (R-Tex.) yesterday released a letter from House Speaker J. Dennis Hastert (R-Ill.) and Senate Majority Leader Bill Frist (R-Tenn.) promising to ensure that Chertoff has discretion over whether to build a fence or choose other options. Homeland Security officials must also consult with U.S., state and local representatives on where structures are placed.

The letter was inserted in the Congressional Record on Friday night because Congress ran out of time to reach a final deal, aides said.

"State and local officials in California, Arizona, New Mexico and Texas should not be excluded from decisions about how to best protect our borders with their varying topography, population and geography," Hutchison said in a statement added to the record.

Congress also hedged on when a fence would be completed. The law mandating it said Homeland Security officials should gain "operational control" of the border in 18 months. But the law funding it envisions five years. Chertoff has set a goal of two to three years, but only after completion of an immigration overhaul.

U.S. Border Fence Plan Upsets Mexicans (AP)

By Olga R. Rodriguez

AP, October 5, 2006

Mexico lobbied for six years for a comprehensive immigration reform that would allow millions to cross into the United States legally. Instead, they're getting a fence.

Mexicans — from leading politicians to migrants preparing to cross illegally — consider the U.S. plan to fence off much of the border shameful, offensive and ill-conceived.

President Bush on Wednesday signed a bill that would allot $1.2 billion for hundreds of miles of fencing along the U.S.-Mexican border and for more vehicle barriers, lighting and infrared cameras.

But migrants resting at a Tijuana shelter after being deported from the United States said more walls wouldn't deter them. Alfonso Martinez, a 32-year-old from southern Mexico, had been working as a farmhand for six months in Vista, Calif., when he was arrested and deported last week.

"Wall or no wall, I will try at least three times," said Martinez, who said he would try to cross by himself through Tecate, a mountainous town about 35 miles east of Tijuana. "I have three girls that I have to support, and in Mexico there is no work."

Mexican immigrants in the United States and the Mexican government had lobbied lawmakers for more ways to cross the border and work legally.

While Bush had proposed a temporary worker program, it didn't garner enough support in Congress for passage. The idea has been dropped by Washington, at least until after the November congressional elections.

Congress focused on security over immigration, arguing that the porous border could be used by terrorists who want to sneak into the U.S. undetected. There is no evidence that has happened, however.

The Mexican government this week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. Foreign Secretary Luis Ernesto Derbez called it an "offense" and said Wednesday his office was considering taking the issue to the United Nations.

But Ruben Aguilar, the spokesman for President Vicente Fox, said Thursday that Mexico had ruled out that possibility. He added he was "confident" the additional fencing would never become a reality because an immigration accord would eventually replace it.

President-elect Felipe Calderon Thursday criticized the U.S. plan, but said the case is a bilateral issue that should not be taken to any international organization.

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"I think it is a deplorable decision that has been made by the United States Congress for the construction of this wall, and it does not solve our common problem, which is emigration," Calderon told a news conference in Santiago, Chile.

Guillermo Alonzo, a migration expert at the Tijuana-based Colegio de La Frontera Norte, said fences instead will force migrants to look for new ways to sneak into the United States and find new routes through deadlier terrain.

"When migrants are determined to cross, they find a way to jump the fences," Alonzo said. "Walls don't stop anything."

Alonzo cited the construction of a fence between Tijuana and San Diego, known in Mexico as "the tortilla wall." It was completed in the 1990s and forced migrants into the sparsely populated and dangerous Arizona desert.

While there are walls at various points along the border, the one in Tijuana is the longest stretch, running 14 miles west from the Otay border crossing and plunging into the Pacific Ocean.

It has become a symbol of the divisive immigration issue, a blank slate for graffiti, crosses, photos and other remembrances of those who have lost their lives trying to sneak into the United States. Some families, divided by the border, even meet at the fence, talking through the metal wires.

While the wall downgraded Tijuana from the illegal migration mecca it was in the 1990s, hundreds of migrants still come here, Alonzo said.

"Now smugglers hide migrants in trunks of cars or get false documents," he said.

Luis Kendzierski, a priest who directs a Tijuana migrant shelter, said building a wall is an unfriendly gesture that will lead to a hike in smugglers' fees and more migrant deaths.

Between 2001 and 2006, almost 2,000 migrants died while trying to sneak into the United States, according to El Colegio de la Frontera Norte.

"We are supposed to be neighbors and friends, and instead of building bridges and doors, we're building obstacles," Kendzierski said.

House Immigration Bill's Author On 'Victory Tour' (WT)

By Stephen Dinan

The Washington Times, October 6, 2006

SCOTTSDALE, Ariz. -- The House's top immigration negotiator says the House won the first round in the debate over the issue, and he is on a "victory tour" of the Southwest border states to drive that message home.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and primary author of the House's immigration-enforcement bill, said that by getting the president to sign a funding bill that included a down payment on the border fence and other enforcement measures, the House position on enforcement first has prevailed.

"I want the American public to know that we won on this, and the House Republicans were able to not only pass, but fund important border security measures," the chairman of the House Judiciary Committee said.

The Mexican government this week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the U.S.-Mexico border. Foreign Secretary Luis Ernesto Derbez called it an "offense" and said Wednesday that his office was considering taking the issue to the United Nations.

But Ruben Aguilar, a spokesman for outgoing President Vicente Fox, said yesterday that Mexico had ruled out that possibility. He added that he was "confident" the additional fencing would never become a reality because an immigration accord eventually would replace it.

President-elect Felipe Calderon yesterday criticized the U.S. plan but said the case is a bilateral issue that should not be taken to any international organization.

"I think it is a deplorable decision that has been made by the United States Congress for the construction of this wall, and it does not solve our common problem, which is emigration," Mr. Calderon said.

The House and Senate had been deadlocked all year over whether to pass immigration enforcement legislation, as the House wanted, or a broader bill that also legalized most undocumented aliens and created a temporary-worker program.

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Congress adjourned last week having passed a bill to build the border fence and a funding measure that includes the first down payment for that fence, as well as money for an additional 1,500 Border Patrol agents and 6,700 new detention beds to hold illegal aliens awaiting deportation.

That, Mr. Sensenbrenner said, was a victory for the House. He held a press conference here yesterday at a technology company's headquarters to drive home provisions the increased funding for technology in the bill. On Wednesday, he was in San Diego at the site of a drug-smuggling tunnel that had run under the border. The funding bill also established stiff prison time for tunneling under the border.

President Bush signed the spending bill in Scottsdale on Wednesday.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," he said as he signed the bill.

The president has yet to sign the 700-mile fence bill, though he has said he will do so.

Some lawmakers said they don't know whether the fence will ever be funded.

Sen John Cornyn, Texas Republican, told reporters this week that the fence bill was a symbol of Congress' commitment to enforcement, but that he wasn't sure the rest of the money would be forthcoming.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," he said, according to reports.

But Mr. Sensenbrenner said that was misguided.

He pointed out that spending bills start in the House, not the Senate, and urged Mr. Cornyn to work with the House to get the funding done.

TAX:

Former U.S. Attorney To Plead Guilty In Tax Fraud Scheme (AP)

By Elizabeth Dunbar, The Associated Press

AP, October 6, 2006

A former U.S. Attorney, state judge and state Republican chairman has agreed to plead guilty to charges related to a tax fraud conspiracy, federal prosecutors in Raleigh, N.C., said Wednesday.

Samuel T. Currin will plead guilty to conspiring to launder $1.45 million through his law firm's client trust account and to lying on his taxes by failing to report an offshore debit card account, prosecutors said. Three others also have been charged.

Currin, 57, will also plead guilty in a related case to obstructing a grand jury investigation into securities fraud, in which he conspired to withhold documents and provide false testimony, U.S. Attorney Gretchen Shappert said.

He could be sentenced to as many as 43 years in prison.

Prosecutors allege Currin and his conspirators sent out fraudulent promotional materials on several publicly traded Nevada companies. When stock prices and trading volumes increased, those participating in the scheme profited on the sale of the securities, they say.

Prosecutors said Currin received more than $240,000.

"At the end of the day, I hope the public will recognize that Sam has had a long and distinguished career as an attorney and public servant," Currin attorney Mark Calloway said in a statement. "Sam recognizes he has made a serious mistake, and he is doing what he can to make it right."

Tax attorney Ricky Graves; Howell Way Woltz, president of Sterling Trust in the Bahamas; and his wife, Vernice Woltz, a director of Sterling Trust, are also charged.

Currin was an aide to U.S. Sen. Jesse Helms; U.S. Attorney for eastern North Carolina from 1981-87; state GOP chairman from 1996-99; and a Superior Court judge until 1990.

Doctor, Wife Indicted In Tax-shelter Scheme (SAEN)

By Guillermo Contreras, Express-News Staff

San Antonio Express-News, October 6, 2006

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A former San Antonio doctor and his wife have been indicted on charges that they hid more than $656,000 from the Internal Revenue Service in an offshore tax-shelter investment scheme.

A federal grand jury on Wednesday indicted Daniel Luczkow, 40, and his wife, Mary Luczkow. They are accused of using fake entities offshore to reduce their total income by $490,080 in 1999 and $166,824 in 2000.

Luczkow was an emergency room physician at Baptist Health System in San Antonio in the late 1990s and is now practicing in Massachusetts, where he went to medical school, according to his lawyer, Van Hilley.

The pair are charged with conspiracy to defraud the IRS, punishable by up to five years in prison, and three counts of subscribing to a materially false tax return for a potential refund. Those counts each carry a maximum of three years in prison.

Hilley said the couple attended a seminar put on by people associated with Anderson's Ark and Associates.

The government contends in the indictment that Anderson's promoted offshore "investment" opportunities that helped people dodge taxes.

With administrative offices in Hoodsport, Wash., the organization spanned five countries and had more than 1,500 clients, according to a Justice Department news release.

Hilley said the Luczkows filed amended tax returns and tried to repay the money. He said his clients plan to plead not guilty.

CONGRESS-ADMINISTRATION:

Hastert Takes Responsibility, But Won't Step Down (CHIT)

By Mike Dorning And Andrew Zajac

Chicago Tribune, October 6, 2006

WASHINGTON -- House Speaker Dennis Hastert offered a public apology Thursday for his handling of a complaint about a congressman's suggestive electronic messages to an underage page as the House ethics committee opened an investigation into former Rep. Mark Foley's contacts with pages.

"I'm deeply sorry this has happened and the bottom line is we're taking responsibility," Hastert told a news conference outside his district office in Batavia, Ill. "The buck stops here."

The political damage from the cyber-sex scandal that Republican candidates already had sensed began to show up in polling data, indicating a sharp drop in support for the GOP and public distrust of congressional leaders' explanations for their handling of a complaint about Foley. However, it is not yet clear how lasting the falloff in support will be as lawmakers and the FBI pursue separate investigations of the six-term Florida Republican. Foley abruptly resigned his seat last week.

President Bush again offered his support for Hastert (R-Ill.). But Republicans were nervously assessing polls for a broader measure of the damage, and some were distancing themselves from the speaker by canceling scheduled campaign events with him.

A Time magazine poll released on Thursday found two-thirds of Americans aware of the page scandal believe Republican leaders tried to cover it up. Fox News reported that internal Republican polling indicates the party could now lose as many as 50 seats in the House in the Nov. 7 elections, giving the Democrats control.

An AP/Ipsos poll showed that half of likely voters say the Foley scandal will be "very or extremely important" when they vote. By nearly a 2-1 ratio, voters say Democrats are better at combating corruption.

Rep. Doc Hastings (R-Wash.), chairman of the House ethics committee, said a subcommittee formed to look into the scandal already had approved nearly four dozen subpoenas for witnesses and documents and he pledged the investigation "will go wherever our evidence leads us."

The committee's senior Democrat, Rep. Howard Berman of California, said the panel's investigation should take "weeks, not months," holding out the possibility of answers before the elections.

Hastert's office also floated the idea of appointing former FBI Director Louis Freeh, who is reviled by many Democrats because of his clashes with the Clinton White House, to examine procedures for protecting pages. House Democratic Leader Nancy Pelosi of California objected, however, arguing that the ethics committee should first examine whether current procedures were followed, a spokeswoman said.

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The FBI is moving deliberately in its inquiry, mindful of congressional anger last May when agents raided the Capitol Hill office of Rep. William Jefferson (D-La.) in a bribery investigation.

The Justice Department is still negotiating access to Foley's House office computer and other evidence, according to a law enforcement source familiar with the inquiry. "There's clearly sensitivity there," the source said.

Another difficulty is determining whether Foley's electronic messages, though possibly offensive to some people, meet the test for a criminal solicitation of sex. Through his attorney, Foley has denied having sexual contact with minors.

Former Foley chief of staff Kirk Fordham, who has said he warned Hastert's office of Foley's inappropriate behavior with pages more than two years ago, was interviewed Thursday by FBI agents at his lawyer's office in Washington.

Fordham's attorney, Tim Heaphy, said his clientdecided to warn Hastert chief of staff Scott Palmer because of "one particular incident" involving Foley and pages. Heaphy declined to elaborate. Palmer has denied receiving the warning.

In the fall of 2005, an aide to Rep. Rodney Alexander (R-La.) complained to Hastert's office about an inappropriate e-mail Foley sent to a former page. The office's quiet handling of that complaint—Foley received only a private warning to cease contact with pages—has been the focus of criticism since more explicit electronic messages were revealed last week.

"I don't know who knew what when," Hastert said Thursday. "If it's members of my staff or they didn't do the job, we will act appropriately."

Hastert declared at his news conference that he had no thoughts of resigning over his handling of the matter and anticipated remaining the Republican Party leader in the next Congress.

After nearly a week of not making any direct contact with either Hastert or other House GOP leaders, Bush called the speaker Thursday night to voice his support.

"He thanked him for making a clear public statement today in which the speaker said he takes responsibility and reiterated that House leadership is accountable," White House spokeswoman Dana Perino said.

Still, the national Republican establishment remained divided on whether Hastert should stay as speaker, with no clear consensus emerging. A national Republican leader described two camps in discussions, with one arguing that the departure of Hastert would provide the public a catharsis for the scandal but the other contending that the departure of the party's highest-ranking congressional leader would only further feed the frenzy.

Comments that Hastert made in a Tribune interview suggesting the scandal had been orchestrated by ABC News, Democratic political operatives aligned with the Clinton White House and liberal activist George Soros were considered a serious misstep in national Republican circles, an official said. Senior Republican officials contacted Hastert's office before his news conference Thursday to urge that he not repeat the charges and he backed away from them in his press conference.

"The Chicago Tribune interview last night—the George Soros defense—was viewed as incredibly inept," a national Republican official said. "It could have been written by [comedian] Jon Stewart."

Democrats ridiculed assertions that party operatives arranged the scandal.

Democratic National Committee Chairman Howard Dean called the allegations "a Republican lie. It's a disgrace. They are blaming everyone but themselves for what happened."

Clinton spokesman Jay Carson said, "By pointing fingers at everyone but himself, Speaker Hastert certainly has an interesting definition of 'The buck stops here.'"

Soros told Fox News in an interview that any suggestion that he is involved in orchestrating the Foley revelations "is so far off the mark, it's really laughable."

A Soros-funded foundation provided a grant to a liberal-leaning ethics group that had obtained a copy of a suggestive e-mail from Foley to an underage page and forwarded it in July to the FBI with a request for an investigation. At the time, the FBI declined to investigate.

ABC News, which broke the Foley story, has said it obtained the e-mail from a Republican source.

The identity of a former page who had communicated with Foley though instant messages was revealed after a mistake by ABC News resulted in the former page's screen name being shown in a transcript posted on its Web site. Researchers were then able to use this information to learn the identity of the now 21-year-old former page.

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Hastert, A Political Survivor, Vows To Overcome Scandal (NYT)

By Jeff Zeleny

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — J. Dennis Hastert, who was installed as House speaker eight years ago through backroom maneuvering in a moment of crisis for his party, has no distinct power base in Congress, not much of a national reputation and, in an age of television politics, little polish in front of the camera.

But Mr. Hastert has survived and survived to become the longest-serving Republican speaker. And on Thursday, standing outside his district office in Batavia, Ill., he made it clear that he did not intend to become a casualty of the Mark Foley scandal, saying he expected to win re-election to his seat and run for speaker again when the new Congress convenes in January.

Mr. Hastert made his statement soon after the leaders of the House ethics committee promised a vigorous investigation into the handling of the Foley case, approved dozens of subpoenas and said they expected to finish their work in weeks. [Page A23.]

Mr. Foley, a Florida Republican, resigned from the House last Friday after being confronted by ABC News with sexually explicit messages he had sent to teenage pages.

With both parties still trying to adapt to the fallout from the case with less than five weeks until Election Day, Mr. Hastert moved to squelch speculation that he would step down in response to suggestions that he and his staff had failed to heed warning signs about Mr. Foley.

Without acknowledging any shortcomings by himself or his aides, Mr. Hastert said he took responsibility for the matter. But he seemed to concede that leaders in times of crisis could sometimes fall victim to perceptions as much as to any wrongdoing or bad judgments on their part.

"Any time that a person has to, as a leader, be on the hot seat and he is a detriment to the party, you know, there ought to be a change," Mr. Hastert said, answering a question at the news conference about whether he had become a drag on Republican election prospects. "I became speaker in a situation like that."

Mr. Hastert got his job in 1998 after the party's first choice to replace Newt Gingrich, Robert Livingston of Louisiana, pulled out at the last minute amid revelations about an extramarital affair. Since then, Mr. Hastert has endured a number of crises, in part by staying more in the background while higher-profile colleagues, particularly his one-time sponsor, Tom DeLay, plunged into the partisan fray.

Mr. DeLay is now gone, under indictment in Texas in a campaign finance case and under investigation in the Jack Abramoff lobbying case. And now Mr. Hastert has been thrust front and center, forcing him to confront the biggest threat to his hold on the speaker's post, and to do so at a time when his party was already nervous about losing control of the House and perhaps the Senate.

Mr. Hastert, who had a busy October of campaign travel penciled into his calendar, is suddenly seen as a liability for the first time since being elected speaker. Republican candidates across the nation were canceling, postponing or reconsidering appearances with him, fund-raisers said, wary of campaigning with Mr. Hastert, even though pollsters say he carries no more than a 40 percent name recognition.

For nearly a week, Republicans said they saw the need for Mr. Hastert publicly to concede that mistakes had been made on his watch. While he stopped short of issuing a direct apology Thursday, saying he still was not aware of the extent of Mr. Foley's inappropriate behavior toward pages, Mr. Hastert did declare, "The buck stops here."

Hours later, President Bush called Mr. Hastert to offer his support, thanking him for "taking responsibility and for saying the House leadership is accountable," said a White House spokeswoman, Dana Perino.

Earlier in the day, officials said Mr. Bush would not go further than the measured comments of support he delivered on Tuesday, but they later said they saw Mr. Hastert's appearance as an important step toward cooling the furor.

The speaker also won support from former President George Bush on Thursday. In an interview with Larry King of CNN, Mr. Bush said: "I'm very, very fond and think very highly of Hastert."

When Mr. King asked, "Don't you think he should quit?" Mr. Bush responded, "Oh no. No, no, no."

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The signs of support were part of a carefully woven effort to bring worried Republicans back on board as the party fights to hold control of the House and the Senate. To do so, Republicans sought to stir suspicions among conservatives that revelations about Mr. Foley were delivered as part of a media conspiracy to influence the election.

The strategy largely played out under-the-radar, with Mr. Hastert conducting interviews from his home in Plano, Ill., speaking to conservative talk-radio hosts on Thursday, including William J. Bennett, Mike Gallagher and Laura Ingraham. Earlier this week, he told his version of events to Rush Limbaugh.

Since leaving Washington on Tuesday, Mr. Hastert has remained in his home in the Fox River Valley nearly 60 miles west of downtown Chicago, surrounded by his wife, Jean, and close friends. He took calls from several Republican members of Congress, aides said, and held a conference call with his House leadership team before his afternoon news conference.

Mr. Hastert, a former schoolteacher and wrestling coach, is more at home in Illinois than in Washington, traveling back to the state almost every weekend with Scott Palmer, his chief of staff, and Mike Stokke, his deputy chief of staff. When Congress is in session, the two aides and Mr. Hastert share a townhouse near the Capitol, living a bachelorlike existence. The speaker once boasted that neither he nor his roommates had cooked a meal since 1986, preferring to dine out.

It is Mr. Palmer and Mr. Stokke who are now at the center of a House inquiry into when the speaker's office became aware of Mr. Foley's conduct. Mr. Stokke offered his resignation this week, an aide said, but Mr. Hastert declined to accept it.

In Washington, the resignation of Mr. Foley has opened the door to the biggest crisis of Mr. Hastert's tenure as speaker, a position he neither planned for nor was particularly eager to take over back in 1998. Even after he assumed the speaker's chair, he was seen widely viewed inside the Republican leadership circle as a figurehead to Mr. DeLay.

He was neither the leader of a revolution, like his predecessor, Mr. Gingrich, nor was he a brash dealmaker like Mr. DeLay. His power base, associates say, simply turns on the good will he has earned among the members of Congress. And the Congressional page scandal has been his first solo test since the departure of Mr. DeLay in June at holding together a worried Republican caucus.

"The essence of Denny Hastert's leadership is that you lead by letting other people take credit for things," said Ken Mehlman, the chairman of the Republican National Committee. "That's a strength of his. He's not a limelight seeker."

Mr. Hastert's penchant for avoiding the limelight also illustrated a weakness, Republicans said, as he refused initially to accept responsibility for the uproar surrounding Mr. Foley's case. He spoke to reporters on Monday, but did not take questions in front of television cameras, a decision that proved to be a mistake, aides said. His remarks on Thursday were televised live.

"It shows he's a specialist at the game of inside politics, not the outside game of public relations," said John J. Pitney, who studies Congress and teaches government at Claremont McKenna College in California. "He's very good at dealing with members one on one, but focusing on a public message is not his strength."

But in his own district, where Mr. Hastert faces a little-known Democratic challenger who is half his age, he responded to the scandal on several fronts, including placing recorded telephone calls to the homes of constituents across the 14th Congressional District.

The calls were quickly ordered up by Mr. Hastert's campaign, and recorded by a local announcer, to respond to a telephone recording placed by a liberal group this week that accused the speaker of protecting pedophiles in Congress.

Mr. Hastert has largely escaped controversy during two decades in Congress, particularly the kind that has befallen many House leaders before him.

In recent years, though, his steady accumulation of wealth through land deals has been scrutinized, particularly after he sold a parcel of land near a federally financed highway project he supported. His net worth, according to a Chicago Tribune analysis this summer, has risen to more than $6 million from $290,000 during his time in Washington.

His aides have dismissed suggestions that Mr. Hastert has used his position to leverage financial gain, saying that he, like others in his fast-developing district, invested during a real estate upswing. At 64, he is looking toward retirement, which he flirted with after the last election.

The president, however, wanted Mr. Hastert to stay on and push his agenda through Congress.

"I hope you're going to run again," Mr. Bush said at the close of 2004, said Andrew H. Card Jr., who at the time was the White House chief of staff. "We need you."

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Despite Scandal, Bush Supports Hastert (AP)

By Terence Hunt

The Associated Press, October 5, 2006

A week into a sex scandal involving teenage House pages, President Bush called House Speaker Dennis Hastert on Thursday to thank the embattled Republican leader for how he has handled the situation.

In a phone call lasting several minutes, Bush expressed support for Hastert, under fire from conservatives unhappy with what he did and didn't do about former Rep. Mark Foley's sexually suggestive messages to teens.

"The president thanked him for going out and making a clear public statement that said the House leadership takes responsibility and is accountable," White House deputy press secretary Dana Perino said.

"He said he appreciated that when they got the information, they swiftly took action making clear that Rep. Foley should step down and promptly requested a Department of Justice investigation. And he expressed his support for the speaker," Perino said.

Earlier in the day, the White House tried to distance Bush from any political backlash, saying that House Republicans were dealing with the matter and do not need to be told what to do.

"Everybody here wants the president to come in and tell the House how to do its business," said presidential spokesman Tony Snow, emphasizing that Congress and the White House are separate branches of government.

Some conservatives have called for Hastert's resignation on grounds that he and his staff did not act quickly enough on warnings about the conduct of Foley, R-Fla., who resigned last week after the disclosure that he sent sexually explicit messages to teenage pages.

Bush and Vice President Dick Cheney support the speaker and do not want him to resign, Snow said, although the spokesman acknowledged that the facts of the case are unclear.

"In absence of full information, we're sticking with what we've got," Snow said of Hastert. "We don't think that Denny Hastert's the kind of guy who says, 'Man, that's great stuff; we're really glad Foley was doing that on the sly.'"

Republicans are worried the scandal could cost them control of the House and possibly the Senate in next month's elections. That would throw a huge cloud over the remaining two years of Bush's presidency, giving Democrats power to probe his administration's decisions and derail his priorities.

An Associated Press-Ipsos poll found that about half of likely voters say recent disclosures of corruption and scandal in Congress will be very or extremely important when they cast their vote next month.

"I don't think you should hold every member of Congress responsible for what happened in the case of Mark Foley," Snow said. "Come Election Day, the question is whether people are going to be voting on the basis of disgusting IMs (instant messages) between a grown man and a young man or something that's probably more important to everybody, which is safety, security and prosperity."

Snow also took a shot at the media over the coverage of the scandal.

"Have you been reading the press? Of course, it's a trial," he said. "They've got a hanging jury out there and everything." Later, he said he was being glib.

Hot Seat In Foley Scandal, Republican Leader Comes Under Fire (WSJ)

By Jackie Calmes

The Wall Street Journal, October 6, 2006

When reporters in suburban Buffalo, N.Y., gathered Monday night to hear local Rep. Tom Reynolds explain his role in the House page sex scandal, they were surprised to see the local congressman flanked by dozens of children, some squirming in their parents' arms.

"I'm not going to ask any of my supporters to leave," a defiant Mr. Reynolds told reporters, who had suggested that the topic -- about former Florida Republican Rep. Mark Foley's sexually charged computer messages to a male page -- wasn't appropriate for children. For 45 minutes, the crowd stood by as the coos and occasional cries of the children provided background noise and Mr. Reynolds fielded questions.

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As much as anybody, Mr. Reynolds is in the hot seat over the Foley scandal. As chairman of the House Republicans' campaign committee, he's responsible for protecting the party's majority. That tough task has become tougher, in part because Mr. Reynolds finds himself among the most vulnerable candidates.

He is tainted, like other House leaders, for having been privy to early concerns about Mr. Foley. Mr. Reynolds hopes one day to be speaker of the House. But he first must figure out how to handle the delicate balance between self-preservation and party preservation. He professes to support the current speaker, Dennis Hastert, even as he has tried to shift the blame to him.

The Reynolds dilemma shows the broader tensions among House Republicans brought to the surface by the Foley matter. Republicans have traditionally been known for a discipline that fractious Democrats have long envied. Now that united front is shattered. The controversy is stoking Republican fears that they will lose control of the House on Nov. 7.

As they grapple with how to contain the escalating political crisis, Mr. Reynolds and his fellow Republicans have had to consider two separate paths. One is for the party to hang tough and blame Democrats for the timing of the disclosures. The other is to take full responsibility and move on -- while presumably sacrificing a top leader, like Mr. Hastert.

Yesterday, officials seemed to be gravitating toward the first choice, and Mr. Hastert brushed aside calls he should step down. "I haven't done anything wrong," he said at a news conference from his home in Batavia, Ill. "Republicans dealt with it immediately" he said, and are now "trying to correct the problem" through new investigations and a review of the page program.

Hang-Tough Strategy

The hang-tough strategy is being urged by former House Speaker Newt Gingrich, conservative talk-show hosts such as Rush Limbaugh, and increasingly, according to several Republicans, by party Chairman Ken Mehlman and White House political advisers. "Get indignant," as one former House Republican and top party strategist put it. "We don't have to take any lectures from Democrats."

Advocates of this approach call for avoiding responsibility for not taking action against Mr. Foley, while reminding the public about past Democratic sex scandals, notably President Clinton's, involving former White House intern Monica Lewinsky. They suggest -- so far without evidence -- that Democrats held on to information about the Foley emails and instant messages until close to Election Day. "As much as we'd love to take credit for chasing a child predator out of Congress, their charges are ridiculous," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

In the days since last Friday's disclosure of Mr. Foley's lurid instant messages to house pages and the congressman's resignation, Republican House leaders and their staffs have turned on each other. In disputing who was responsible for dealing with the Floridian's behavior, they have contradicted each other, and sometimes themselves.

Mr. Reynolds began the back-and-forth last Saturday, suggesting he'd acted responsibly by telling the speaker last spring, after he had learned from a Louisiana congressman about some "overly-friendly" electronic messages to a 16-year-old page. That, as Mr. Reynolds knew, contradicted the speaker's own comments that he only learned of the matter the day before through news reports. "I stand by my Saturday statement," Mr. Reynolds said in an interview yesterday.

At his Monday news conference, Mr. Reynolds said that upon learning of the "despicable" Foley messages last Friday, "I immediately began to work for his resignation." That conflicts with Speaker Hastert's account. "I think Foley resigned almost immediately upon the outbreak of this information, and so we really didn't have a chance to ask him to resign," Mr. Hastert has said.

But Mr. Reynolds, in the interview, said, "I did not talk to Foley but I asked Kirk Fordham" -- then Mr. Reynolds's chief of staff -- "to go down and secure his resignation."

On Wednesday, Mr. Fordham resigned, saying that he had repeatedly urged the speaker's staff as far back as 2003 to stop Mr. Foley's inappropriately personal contacts with male pages. The speaker's office denied that claim.

Mr. Fordham's contention raises questions for Mr. Reynolds as well. While Mr. Reynolds insists he knew nothing until last spring, Republicans privately say they can't believe Mr. Fordham wouldn't have made Mr. Reynolds aware as well. "Monday morning quarterbacking is great," Mr. Reynolds quipped.

At a news conference, Mr. Hastert yesterday took his own swipe back at Mr. Fordham. "It's interesting, Kirk Fordham also said, just about three or four days ago, that he worked for this guy for 10 years and he never did anything wrong."

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Even before the Foley scandal broke, nonpartisan handicappers were predicting the Democrats could net the 15 seats needed for a House majority, and perhaps gain the six needed to take the Senate. The news came on the last day of a Congressional term that was unusually unproductive and contentious.

For example, the Republican-led Congress rejected the president's top-priority Social Security and immigration proposals. It also weathered corruption scandals that forced out the majority leader, Tom DeLay.

Now the Foley affair is providing new grist for Democrats as well as a controversy that voters can easily understand. "If you had a teacher [engaged in inappropriate contact with] a high school student, and the principal knew, and they had taken no action, what would happen to both the teacher and the principal once word got out?" asks Rep. Rahm Emanuel of Illinois, Mr. Reynolds's counterpart as head of House Democrats' campaign committee. "Well, that's how the American people see this."

The Republican leaders' sniping at each other, meanwhile, keeps the story alive, even for far-removed Republican members back home campaigning. "The more the spotlight shines on the dysfunction in Congress, that makes it very hard for these members to change the subject," says Amy Walter, who analyzes House races for the nonpartisan Cook Political Report.

The Foley fallout is especially dangerous, Ms. Walter adds, for incumbents already under clouds of their own. One is Pennsylvania Rep. Don Sherwood, who stars in his own campaign ad asking voters' forgiveness for an extramarital affair. Republicans now expect to lose the seat Mr. Foley gave up, which was considered fairly safe until last week.

On Monday night, a group of House Republicans held a strategy conference call to brainstorm over how to respond to the Foley situation. Though he's in charge of the Republican House campaigns, Mr. Reynolds didn't phone in, as he was busy with his own race. But participation was high. "I guarantee you it was the largest one of these we've ever had," said Republican Rep. Patrick McHenry of North Carolina.

Rep. Judy Biggert of Illinois suggested every member contact the parents of the pages they'd sponsored, to provide reassurance and perhaps learn of other problems. "We seem to be forgetting that this is all about the children. We keep talking about who did what to whom, and who's covering up," she said yesterday in an interview. Mrs. Biggert says she has reached the mothers of three of the five pages she has sponsored, and none reported problems, only delight with the program.

Republicans have also discussed deflecting the scandal by talking up youth programs and education initiatives. Those issues were the focus this week when Reps. Reynolds, John Sweeney of New York, and Curt Weldon of Pennsylvania had campaign visits from First Lady Laura Bush, who remains hugely popular with voters. And Republicans have talked about surrounding themselves with children in public events -- just as Mr. Reynolds did at his Monday news conference.

As Mr. Reynolds prepared the party for the fall campaign, he took credit for an election strategy that had Republicans emphasizing local issues, and the federal funds they've brought home. That was to help them overcome the hostile national climate.

But now Mr. Reynolds's "all-politics-is-local" strategy is overwhelmed by the page scandal. That's particularly true in his own race. His district is a western New York stretch of suburbs, small towns and farms from Buffalo nearly to Rochester. It's traditionally Republican but less so as manufacturing job losses have unsettled voters. His rival is Republican-turned-Democrat Jack Davis, a 73-year-old businessman who took 44% of the vote against Mr. Reynolds two years ago, and says he will spend $2 million on this race.

On the Defensive

Several links to Mr. Foley have Mr. Reynolds on the defensive. He talked the reluctant congressman into running for a seventh term -- at a time when critics say he may have been aware of suspicions surrounding Mr. Foley. "I don't recall if I had a conversation with him before or after I learned about the overly-friendly emails," he said in an interview yesterday.

After learning of the emails 52-year-old Mr. Foley sent to the 16-year-old, the campaign contributed $5,000 to Mr. Foley, according to campaign finance documents. Once it was clear the Floridian likely was safe for re-election, Mr. Reynolds accepted $100,000 from Mr. Foley for his National Republican Congressional Committee coffers.

Mr. Reynolds's now-departed chief of staff, Mr. Fordham, has said that, as a friend, he counseled his former boss Mr. Foley prior to the congressman's resignation Friday. Mr. Reynolds has said he wasn't aware of his chief of staff's role.

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Even as a seasoned politician, Mr. Reynolds is tested by the recent events. "Ah, politics is what it is," he says. He's been at it for a long time. Starting as a town councilman at 23, Mr. Reynolds moved on to the Erie county legislature, then the New York state assembly, where he was the Republican minority leader. He was elected to Congress in 1998.

Mr. Reynolds was immediately marked as a comer among House Republicans. Party leaders put him on the prestigious tax-writing Ways and Means Committee. He raised significant sums for the party, and for Mr. Bush's 2000 campaign. Nearly four years ago, he was elected to chair the National Republican Congressional Committee, where he seemed to work closely with Mr. Hastert. "Not bad for a kid from Springfield," he said on the drive to another campaign event last month.

On the recent campaign trip, Mr. Reynolds proudly said at one point, "I am a member of the House Republican leadership." But at Monday's news conference, he took a different tone when a reporter challenged him on why, as a leader, he didn't do more to confront Mr. Foley earlier.

"I did due diligence by talking to the speaker" in the spring, he reiterated. "I heard something, I took it to my supervisor." Asked if Mr. Hastert should have done more, he replied, "That's a question you have to ask the speaker."

Yesterday, two other House leaders who had likewise laid responsibility for the Foley issue on the speaker -- Majority Leader John Boehner of Ohio and Roy Blunt of Missouri -- issued press releases of support for him as calls for the speaker's departure built. Mr. Reynolds did not.

Hastert Takes Responsibility For Page Scandal, But Refuses To Resign (MCT)

By Margaret Talev And William Douglas

McClatchy Newspapers, October 6, 2006

WASHINGTON - House Speaker Dennis Hastert and the House ethics committee moved Thursday to contain political damage from the congressional page scandal, mixing words of contrition with promises to complete a bipartisan ethics investigation within weeks.

Hastert made it clear that he wouldn't resign.

Republican ranks appeared to be firming behind him after days of second-guessing and finger-pointing over whether he and other leaders in the House of Representatives had acted quickly and responsibly enough after learning that former Rep. Mark Foley, R-Fla., had exchanged inappropriate emails with teenage congressional pages. Foley resigned last week.

Barring explosive new revelations, Hastert seemed likely to avoid being forced out before Nov. 7's midterm elections. A new Pew Research Center poll showed that the scandal so far isn't moving voters.

Hastert, in a news conference from his Illinois district that was televised nationwide, said he was "deeply sorry" about any actions that might have jeopardized the safety of congressional pages and that he was taking responsibility, and he added "the buck stops here."

He also expressed optimism that Republicans would maintain control of the House and would choose him to remain their leader. "I'm going to run and presumably win in this election, and when we do I expect to run for speaker," he said.

Hastert maintained that he never attempted to cover up anything related to Foley, but he acknowledged mistakes. "Could we have done it better? Could the page board have handled it better? In retrospect, probably yes," he said.

House Majority Leader John Boehner, R-Ohio, and third-ranking House Republican Roy Blunt, R-Mo., who a day earlier were critical of Hastert's handling of the matter, issued strong statements of support for him Thursday. "I believe strongly he should remain our speaker," Boehner said. Said Blunt: "We all now realize that this terrible situation could have been handled differently. We are all upset; we are all horrified; but we all stand together with our speaker."

In Florida, Rep. Clay Shaw, a Republican locked in a tight re-election contest in a district beside Foley's, also voiced support for Hastert.

On Capitol Hill, the House ethics committee had a closed-door hearing on the matter. Then its members held a news conference to outline the panel's coming investigation into what lawmakers and their staff knew about Foley's involvement with pages, when they knew it and what they did with the information. Committee Chairman Rep. Doc Hastings, R-Wash., said the panel already had approved nearly four dozen subpoenas for documents and testimony.

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Rep. Howard Berman, D-Calif., the panel's top Democrat, said of the investigation's expected timeline: "We are looking at weeks, not months." But neither he nor Hastings would commit to producing a report before the elections.

House Minority Leader Nancy Pelosi, D-Calif., rejected a plan by Hastert to bring in former FBI director Louis Freeh to investigate the page program. A Pelosi spokesman said the minority leader was concerned that the move could interrupt the ethics investigation and become a public relations ploy.

The Pew Research Center poll suggested that the Foley scandal isn't moving voters much. Before the news broke, voters were telling Pew surveyors that they preferred Democrats to Republicans by 51-38 percent, and after the scandal broke they said the same by 50-37 percent. The differences are statistically insignificant. The Iraq war dominated voters' thinking, not Foley. The survey was conducted Sept. 21-Oct. 4.

ABC News reported Thursday that three more former pages had contacted the network to say that Foley had made advances to them. They weren't identified.

House Republican leaders maintain that they had no knowledge of sexually explicit instant messages between Foley and former pages until ABC News published them last week.

Kirk Fordham, a former chief of staff to Foley and to Rep. Tom Reynolds, R-N.Y., charged Wednesday that he'd told Hastert's chief of staff three years ago that Foley's relationships with pages could be a problem. Hastert's chief of staff denies that.

Timothy Heaphy, Fordham's attorney, said the FBI interviewed his client Thursday, though he declined to say what was discussed. Heaphy said Fordham stood by his statement that he'd warned Hastert's staff three years ago: "He's not backtracking from that at all."

House Republicans Move To Back Hastert (WP)

By Jim Vandehei And Michael Abramowitz

The Washington Post, October 6, 2006

Republicans are calculating that the smartest way to survive the Mark Foley sex scandal is to rally around House Speaker J. Dennis Hastert (R-Ill.) and hope that no new evidence surfaces before Election Day that shows GOP leaders could have done more to prevent the congressman from preying on young male pages, according to several GOP lawmakers and strategists.

The White House and top House Republicans remain deeply nervous that the scandal will hurt them politically, and that additional information will come out contradicting statements by Hastert and others that they were unaware of Foley's sexual messages to underage boys, the lawmakers and officials said.

For now, they said, it would be politically disastrous for Republicans to oust Hastert because it would be viewed as akin to a public admission of guilt in the scandal, as well as a pre-election victory that would buoy Democrats and help their turnout efforts.

"Calls for resignation are just inappropriate," said Rep. Jeb Hensarling (R-Tex.). "I would be absolutely shocked if the facts led us to that he knew more than he says he knew."

Rep. Paul Ryan (R-Wis.) said every Republican lawmaker is rejecting calls from some conservative leaders to oust Hastert. "You are seeing a rally-around-the-speaker effort more than anything else," he said.

Several GOP lawmakers in tough races said voters are not reacting as harshly to the scandal as they first feared, buying Hastert even more room to save his job. Still, lawmakers are privately furious with how Hastert and other leaders have handled the scandal. It has created tension among GOP leaders who have sometimes viewed each other suspiciously since House Majority Leader John A. Boehner (R-Ohio) took over after the resignation of Tom DeLay (R-Tex.). And many expect that the worst is still to come.

Top advisers to Hastert have accused Boehner of undermining the speaker's campaign to save his job. They pointed to Boehner's comments earlier in the week that it was Hastert's responsibility to fully investigate charges that Foley was making improper contact with underage boys. "That still stings," said one top adviser, who believed that the remark "was pretty close" to an insurrection.

Kevin Madden, a spokesman for Boehner, said his boss was "in no way trying to blame Hastert. It was merely a description" of responsibility for the page program, which the speaker's office technically oversees.

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Ron Bonjean, a spokesman for Hastert, played down alleged tensions. "We are all sticking together through this. This has been a tough time for the House Republican majority, and we are going to make it through," he said.

A top Boehner adviser said the majority leader wanted to make it clear he is not to blame for the leadership's handling of allegations against Foley. "This has opened up and made more obvious some managerial problems in the speaker's office," the adviser said. Boehner has made it clear to colleagues that he plans to run for speaker if Hastert steps down or for minority leader if Republicans lose the House in November.

House Majority Whip Roy Blunt (R-Mo.), in a phone call to Hastert this week, told him that critical comments Blunt made about Hastert were taken out of context.

"Those who are trying to create the appearance of disunity between myself and the speaker should know: There is not, and has not been, any daylight between the speaker and me," Blunt said in a statement yesterday.

Even if some GOP leaders turn on him, Hastert has a very powerful ally in President Bush. White House aides are nervous that the controversy has clouded, at least for now, Bush's effort to try to shape the midterm elections around the issue of terrorism.

But they are warning against a quick ouster of Hastert. Bush called Hastert last night to offer support and to thank him for his public statement taking responsibility for the situation, a White House spokeswoman said.

This approach comes as a sharp contrast to the administration's handling of the controversy in 2002 over Sen. Trent Lott's comments about then-Sen. Strom Thurmond (R-S.C.) -- which cost Lott (Miss.) his post as Senate GOP leader. In Lott's case, Bush was quick to nudge him out of power. The president, however, feels deeply indebted to Hastert, who has pushed through his agenda and has quietly provided advice on how to deal with a restive Republican Congress.

Still, many Republicans accused Hastert of badly bungling the political fallout of the Foley scandal and waiting until yesterday to take responsibility and decisive action to investigate the matter.

"I don't think anyone has handled this particularly well," said a top House Republican, who requested anonymity in order to speak candidly. Hastert and other leaders "are having to focus on staying clear of this scandal individually, and not thinking about reelecting people."

Others complained that Hastert's blame-the-media-and-Democrats strategy looks odd when conservatives are leading the charge for his resignation.

Rep. Rob Simmons (R-Conn.), who faces one of the toughest reelection fights in the country, said lawmakers will stand by Hastert -- at least until all the facts are known. "He is not the kind of guy you would think would condone this kind of behavior," he said. "Calling for someone's resignation is simply a political stunt if you don't have all the facts."

Hastert Must Go (LAT)

The Los Angeles Times, October 6, 2006

DENNIS HASTERT SHOULD RESIGN as speaker of the House of Representatives. Not necessarily because he failed to act quickly when shown evidence suggesting that Rep. Mark Foley (R-Fla.) was abusing his power with teenagers — not all the details are known, though the ones that are don't look good. No, the Illinois Republican should resign because he's an unimaginative politician and an uninspired legislator. Unfortunately, these days that just makes him a typical congressional Republican.

At his job-preserving news conference Thursday, Hastert said, "The buck stops here," then proceeded to blame some of this Republican scandal on the Democratic Party. "I haven't done anything wrong, obviously," he added.

That sound you hear is Harry Truman rolling over in his grave. Still, it was an improvement over the speaker's contention Monday that critiquing his oversight amounted to nothing more than "woulda, coulda, shoulda." To repeat: Even disregarding the well-documented rumors of Foley's unhealthy obsession with young interns dating to at least 1995, and accepting Hastert's insistence that his office first heard about Foley's misbehavior last fall, the speaker had more than enough information to launch an investigation. Instead, he was more interested in protecting his party's fortunes than the safety of minors.

Is that reason enough for Hastert to resign? Perhaps. But let's give Hastert the benefit of the doubt, on the principle that it's unfair to judge a man for a single mistake. Looking at his record only makes the case for his resignation stronger.

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Start with his laugh-out-loud assertion Thursday that the Republican Party has been "holding the line on spending." From 1999, when Hastert was elected speaker, to 2005, non-defense discretionary spending increased 34%, according to the Heritage Foundation. Pork-barrel line items have grown exponentially on Hastert's watch, and ballyhooed attempts at reform have largely fizzled. Instead of trying to prevent his colleagues from raiding the public purse, Hastert has saved his scorn for judges who authorize the FBI to search the offices of fellow lawmakers charged with crimes.

The same Republican Party that swept into a House majority 12 years ago amid fire-breathing promises to clean house and inject new blood is now led by a 19-year veteran whose oldest son is a lobbyist.

On policy, Hastert's no better. He's presided over the House's becoming a fever swamp of immigration rhetoric that even some Bush administration officials see as xenophobic and damaging. He has suggested that New Orleans might be better off "bulldozed." And he has allowed the House to become a rubber stamp for the Bush administration's expansion of executive-branch power.

If he has a compelling vision for the nation, or frankly any vision at all, it has escaped our attention. The 109th Congress can't do any more harm, thankfully. But Hastert shouldn't head the 110th.

Hastert Career Has Milestones In Misfortune (USAT)

By William M. Welch

USA Today, October 6, 2006

He's been called the accidental speaker.

Dennis Hastert, the Republican speaker of the House of Representatives, is a quiet, hulking Midwesterner who rose to power over the misfortune and missteps of fellow Republicans.

And just as a colleague's sex scandal propelled him into the job, a sex-related scandal involving another House Republican has threatened his hold on power.

It was one week ago that Rep. Mark Foley resigned his seat under pressure from fellow Republicans amid reports that he had sent overtly sexual messages to a teenage male congressional page.

Since that day, Hastert has been besieged by the news media and been the target of finger-pointing by other Republicans — among them Rep. Thomas Reynolds of New York — who said they had tried to bring the Foley problem to his attention well before last week.

On Thursday, Hastert, 64, returned to his district office in Batavia, Ill. — a conservative, far-western suburb of Chicago — for a news conference in which he defended his handling of the matter.

Hastert accepted responsibility but insisted he had done what he should — if not all that he might have — to end Foley's inappropriate contacts with the high school boys working in Congress.

“I am deeply sorry this has happened,” Hastert said. “When Congress found out about the explicit messages, Republicans dealt with it immediately, and the culprit was gone. We are now trying to correct the problem.”

Known to friends as “Denny,” Hastert is a former high school wrestling coach who has held the highest constitutional job in Congress longer than anyone since Massachusetts Democrat Thomas “Tip” O'Neill left the post in 1987 after 10 years.

Nevertheless, Hastert has been largely unknown to average Americans. A CBS poll in April 2005 found that only 13% had an opinion about Hastert, good or bad — far less than others who have held the job, such as O'Neill and Hastert's predecessor, Newt Gingrich.

He has never been comfortable in front of cameras or reporters. He appears more at ease chatting with blue-collar workers at a tool-and-die factory in his district than publicly representing his party in Washington. Rather than attending to the Washington social circuit, Hastert goes home to Illinois every weekend, where he tinkers with old cars and his 1954 fire engine.

Yet throughout his adult life, Hastert has been a successful organizer to whom colleagues eventually turned for leadership.

As a coach, Hastert turned a start-up high-school program into a winner, and organized coaches of the minor sport into a national association, which he led. Married to a colleague — his wife Jean was a physical education teacher at the same high school — Hastert developed a taste for politics and ran for the Illinois Legislature in 1980.

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He finished third in the primary. When the winning candidate fell mortally ill, party leaders turned to Hastert to take the nomination. He won the election and spent six years in Springfield.

When his congressman was fatally stricken with cancer in 1986, party leaders placed Hastert's name on the ballot. He won narrowly, with 52% of the vote, but has never had a tough race since.

By the time Republicans won a majority in 1994, Hastert had already become a confidant of the party's leadership. He was a floor leader in the push to pass the GOP's "Contract with America" early in 1995, and he managed the campaign of Texan Tom DeLay to become House GOP whip.

DeLay immediately made Hastert his chief deputy, putting Hastert in position to count noses, and twist arms, on every important vote the House took. He had a chummy approach — his bear-like arm around a colleague was usually more welcome than the tough-guy approach that earned DeLay the nickname "The Hammer."

When Gingrich quit after the 1998 elections shrunk the GOP's majority, the speaker's job fell into Hastert's lap. Rep. Bob Livingston, R-La., had been selected for the job, but before he could take it, he quit Congress, admitting he had had an extramarital affair.

"He was just handed the keys," said National Journal's Hotline editor Chuck Todd. "You sort of wonder if that's coming home to roost."

Rep. Ray LaHood, R-Ill., credits Hastert with delivering the tough news to DeLay and two other GOP congressmen when scandal meant they had to resign, and says he's taken charge now.

"I believe he probably gets it behind him now," LaHood said. "He did what he should have done two or three days ago."

The Speaker's Feint (WP)

The Washington Post, October 6, 2006

HOUSE SPEAKER J. Dennis Hastert (R-Ill.) yesterday came up with yet another ploy to shield himself and his colleagues from scrutiny while pretending to do the opposite.

The issue is how House leaders dealt with warnings that Rep. Mark Foley (R-Fla.) had sent inappropriate e-mail to a teenage page. The speaker announced with considerable satisfaction that he hopes to appoint an independent "person of high caliber" -- but not to do what is obviously needed, which is investigate whether the House botched the response, thereby endangering more pages. Instead, Mr. Hastert said, he wants someone "to advise us on the page program." He floated the idea of naming former FBI director Louis J. Freeh but pulled back when Minority Leader Nancy Pelosi (D-Calif.) wouldn't go along.

Let's save the speaker, and whoever his eminent person turns out to be, some time by offering advice right now: No congressman should harass pages. No one should send them what White House press secretary Tony Snow dismissed as "naughty e-mails." And if there's even a hint that one of your colleagues is doing so, or wants to, don't brush it off. "The buck stops here," the speaker said yesterday, declaring that "we're taking responsibility." But announcing that doesn't make it so.

Yesterday's gambit followed an earlier tack, which was to turn the matter over to the FBI. The FBI has a role to play in determining whether criminal violations occurred, but the appropriate constraints on the bureau -- in the scope of its investigation and its ability to share information with the House and the public -- make it an ill-suited vehicle "for us to try to find out what happened," as the speaker put it. Meanwhile, responding to the uproar with finger-pointing suggestions that the other side leaked the matter, as Mr. Hastert did yesterday, isn't going to fly. Would he be happier if the information hadn't come out?

The House ethics committee's announcement yesterday of an investigation is a development to be taken more seriously. As we've said previously, there are legitimate questions about the panel's ability to handle something with this much political sensitivity, given Republican efforts to undermine its power and independence and given its dysfunction during the Abramoff scandal. That's why an independent investigator -- a "person of high caliber," in the speaker's phrase -- would have been the best way to ensure a thorough investigation and unsparing conclusions.

That apparently wasn't seriously considered, though, so now the ethics committee's integrity is on the line. It should resist calls for haste (including from Ms. Pelosi, who risks appearing more interested in electoral timelines than a thorough inquiry), but it also must work briskly and without regard for political fallout.

Path Is Risky For Gay GOP Politicians (LAT)

By Maura Reynolds And Jenny Jarvie

The Los Angeles Times, October 6, 2006

WASHINGTON — At the Republican National Convention in 2000, Rep. Mark Foley hosted a late-night bash at a Philadelphia gay bar, where an acquaintance snapped a photo of an attractive young intern sitting on the Florida congressman's lap.

Months later, according to the acquaintance, when she offered to send him the photo, Foley looked anxious.

The intern, "male or female?" he inquired.

"Female" was the reply.

"Oh, thank God," Foley responded. "Send me that photo, I might need it someday."

For most Republicans, being photographed in a compromising position with a young woman could be scandalous. But in the sometimes strained world of gay Republicans, it was an asset.

Foley resigned a week ago over revelations that he had engaged in sexually explicit online banter with male teenagers. And though it was the age of those House pages that forced his downfall and a criminal investigation, Foley's sexual orientation had been a huge political liability for him for years.

Gays hold many prominent positions in government and business in Washington. But in the GOP ranks, homosexuality is still politically risky. In fact, with the exception of the military, perhaps no institution in America has as strong a "don't ask, don't tell" approach as the Republican Party.

"Obviously, the far right has kind of got a stranglehold on the Republican Party," said Minnesota state Rep. Paul Koering, a Republican who came out publicly last year. "The very first time I ran, I literally almost made myself sick worrying about somebody finding out I was gay."

Congress has three openly gay members, one of them a Republican — Jim Kolbe of Arizona, who is retiring when this term ends. Kolbe acknowledged his sexual orientation in 1996 after a gay magazine was about to "out" him for voting against government recognition of same-sex marriages.

Staffers from both parties say they think that several other Republican members of Congress are gay but, at least officially, in the closet.

"It's kind of like a secret society," said a gay former congressional staffer who, like others interviewed for this article, spoke on condition of anonymity because of the sensitivity of the issue.

One reason for the secrecy, gay Republicans say, is that their party has grown more hostile to gays in recent years. The trend began with the 2002 congressional election, when GOP leaders made the strategic decision to use religious conservative groups' opposition to gay marriage to turn out voters. For those groups, which consider homosexuality a deviant "lifestyle," few issues rile their membership more.

"While pro-homosexual activists like to claim that pedophilia is a completely distinct orientation from homosexuality, evidence shows a disproportionate overlap between the two," Family Research Council President Tony Perkins said this week in a message to supporters.

David Catania, who serves on the District of Columbia city council and is gay, said he left the Republican Party over its opposition to gay marriage. He expressed sympathy for his gay friends who remained active Republicans.

"They've hitched their stars to the party, hoping to hunker down and ride out the Taliban-esque wing, hoping their views will come back into the mainstream," Catania said. "It's got to be very demoralizing for them."

A gay Democratic staffer said gay Republican friends tended to walk a narrow line.

"It's difficult for them," the staffer said. "For the most part, they grew up in Republican households and families. It's like a religion to them. They may even be out to their families. But they are not out professionally."

Early in Foley's congressional career, friends and associates say, he took measures to deflect attention from his sexual orientation. He showed up at parties with a woman on his arm, made references to girlfriends, and used photos of himself with his sister and niece in campaign literature. Many voters assumed the photo showed him with a wife and daughter.

In Florida, Foley had a host of glamorous and wealthy female companions, including Petra Levin, a former model and philanthropist, and Nancy Jean Davis, the Miami heir to the McArthur Dairy fortune.

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"He always had a knockout woman on his arm," said Jack Furnari, president of the Boca Raton Republican Club. "People would say, 'See that woman Mark was with?' and chuckle. It was all a show."

At times and in certain circles, however, Foley was less reticent about being seen with his longtime male partner, friends and associates say. In Palm Beach, the luxury winter resort island that some describe as fiscally conservative but socially liberal, Foley would arrive at fundraisers and galas with his companion, a local dermatologist. But they always sat at separate tables.

Sid Dinerstein, chairman of the Republican Party of Palm Beach County, who says he saw Foley a month ago at a restaurant with Foley's companion as well as his sister and her husband, said the congressman's sexuality was not an issue in Palm Beach.

"Nobody cared," Dinerstein said. "Liberals think all Republicans are stupid bigots, but we knew. It just wasn't talked about. We cared about his political skills, his legislative skills."

Rand Hoch, former chairman of the Democratic Party of Palm Beach County and openly gay, remembers speaking at length with Foley in 1997, when some gay newspapers were outing public officials.

"I tried and tried to persuade him to come out," Hoch said. "But ultimately he thought that at that time in Washington, D.C., and nationally, an up-and-coming Republican politician could not be openly gay."

Foley was a tireless socializer, a trait that served him well politically. He won plaudits from charities for his willingness to help raise money, and he earned the loyalty of fellow Republicans in Washington and Florida for his ability to shake donor trees in Hollywood and elsewhere.

In the House's tightknit Republican caucus, he rose to the rank of deputy whip, a junior member of the leadership. In 2003, Foley was considered the GOP front-runner to succeed then-Sen. Bob Graham (D-Fla.), who had decided to run for president.

Though Foley had a campaign fund worth millions, the White House moved aggressively to recruit a different candidate, then-Housing and Urban Development Secretary Mel Martinez. Party strategists worried about what a Foley candidacy would mean for President Bush's 2004 reelection campaign in the state that had decided the election four years earlier.

Foley eventually dropped out of the race, citing his father's bout with cancer. Few doubted the real reason was that his sexual orientation might become an issue. (Martinez won.)

Foley, it seemed, had gone as far in politics as he could as a gay Republican. And in a way, acquaintances said, the failure of his Senate bid appears to have freed him to be somewhat more open about his homosexuality. For instance, he began appearing more often at social events with his partner; if you invited one to dinner, socialites learned, you invited both.

For gay Republicans, staffers say, discretion is the key. And Foley, it seems, had trouble being discreet.

In Washington, he was known as someone who liked to stay out late. And at parties, he did not hide his interest in young men.

Friends and colleagues urged Foley to take steps to avoid scrutiny. He resigned his membership at a popular gay gym on the advice of his former longtime political advisor and chief of staff Kirk Fordham, according to one former Capitol Hill staffer.

Fordham also was known to follow Foley to parties, in some cases intervening to stop the congressman from inviting partygoers back to his apartment.

"Kirk told him to knock it off," said the former staffer, who is a Democrat.

In recent days, gay political staffers and activists have expressed anger with Foley.

"Thanks a lot, Mark," said Catania, the District of Columbia councilman. "You weren't any help to us when you were in the closet, and you've really hurt us now.

"It leaves the impression that we're all predators."

Rep. Barney Frank (D-Mass.), one of the two openly gay Democratic members of Congress, expressed concern this week that the Foley scandal could lead to a "real purge of gays in the Republican Party."

"Republicans," Frank said in an interview posted on TheAdvocate.com, the website of the Boston-based gay newspaper, "will now be more nervous having gay people in positions of power."

GOP Pushes Issues To Deflect Fallout (WT)

By Joseph Curl And Ralph Z. Hallow

DOJ_NMG_0076371

The Washington Times, October 6, 2006

Republican lawmakers inside the Beltway are using a multipronged strategy to limit fallout from the Foley scandal: Focus on national security, keep congressional races on local issues and blame Democrats -- even operatives of former President Bill Clinton.

"We will do the same thing we have been doing -- spending tens of millions of dollars reminding voters this election is about local issues and local personalities and not a national referendum," said Carl Forti, spokesman for the National Republican Senatorial Committee.

Mr. Forti said average voters want to know where candidates stand on immigration and taxes, and they aren't daily bombarded in their local newspapers with dire predictions for Republicans' chances of keeping control of Congress in November.

"We built these House races in 2002 and 2004 on these issues because we knew President Bush wasn't going to have coattails," Mr. Forti said.

New polls, taken after Rep. Mark Foley of Florida resigned last week amid charges he sent sexually explicit e-mails to an underage male congressional page, show about half of likely voters said that recent disclosures will be very or extremely important in their vote next month.

One former senior administration official who remains close with top Bush advisers said the White House strategy is clear:

"We've got to start going back on the offense, doing what the president did in September, when he began to deliver a series of speeches on national security and the war on terror."

Republicans, the official said, will continue to address the scandal by saying "this is not endemic to the Republican Party, this is one bad guy ... and he's gone. Then, we pivot, say enough's enough, it's under investigation, we're not saying any more about it. ... If Democrats try to localize what is a national story, they do it at their peril."

At the White House, the strategy is simply to not talk about it, with press secretary Tony Snow telling reporters yesterday, "I will be maddeningly but consistently nonresponsive beyond what you are about to hear."

But outside the Beltway, some state Republican leaders say the party remains in disarray, with no cohesive message on how to deal with the daily sordid developments and keep the races from becoming a national indictment on the party.

"We haven't really seen much of a plan" for how to deal with the scandal, said Saul Anuzis, chairman of the Michigan Republican Party.

The state leader said there was an early talking-points e-mail to state leaders from the House Republican Conference, but that simply pointed out that the Democrat-controlled House in 1983 "was embroiled in scandal after two Members of Congress were found to have engaged in inappropriate sexual relations with teenage congressional pages."

Celinda Lake, a top Democratic pollster, said if Mr. Bush's job-approval rating remains in the 30s, then Republicans have a near-zero chance of holding the House and will probably lose the Senate as well.

But, said Miss Lake, an approval rating up around 44 percent will make it more difficult for Democrats to make the net gain of 15 seats to take control of the House and six seats to take over the Senate.

Republican analysts say the national party has been slow off the mark to deal with the developing Foley story.

Asked whether there was a plan to communicate with the nation outside the Beltway, Republican pollster Frank Luntz said, "No, and that's the problem."

"Back in the days of [former House Majority Leader] Tom DeLay, there would have been an immediate conference call, not to defend the position of the leadership, but to articulate what needs to be said from this point forward. There would have been sample releases, there would have been sample talking points, there would have been an op-ed produced -- none of that's happening," Mr. Luntz said.

The silence from Republican Party leaders has given Democrats locked in tight races across the country an edge. For instance, in Minnesota's 6th Congressional District race, Democrat Patty Wetterling, a children's-safety advocate, rushed a TV ad onto the air on Tuesday calling for a criminal investigation of Mr. Foley.

On Wednesday, Mrs. Wetterling, who says in the ad that the Republican Party "knowingly ignored the welfare of children to protect their power," was chosen to the give the national Democratic response to tomorrow's weekly radio address by Mr. Bush.

Democrats, who for a year floundered to find a message to run on this year, say the Foley scandal illustrates that the Republicans are preoccupied with protecting their congressional majority at the expense of public interest, even the safety of young pages.

John Zogby, a Democratic pollster, said this scandal has legs because it is far more understandable than normal Washington scandals over policy or White House access.

"The bottom line is that married voters, parents and grandparents, are the ones who vote for Republicans, and there's damage out there, real damage."

He said that his recent polling shows a high number of evangelicals undecided, "and frankly, if they're undecided, they may not vote. ... Voters not showing up could be devastating."

House Speaker J. Dennis Hastert, who some conservatives have said should resign over his handling of the scandal, on Wednesday suggested that operatives aligned with Mr. Clinton knew about the Foley accusations and might have been behind the disclosures in the closing weeks before the Nov. 7 elections.

The Illinois Republican offered no proof, and yesterday said he was merely citing press reports.

Democrats Use Foley Scandal To Hit GOP (WT)

By Amy Fagan

The Washington Times, October 6, 2006

The Democratic Party is using the unfolding scandal involving Rep. Mark Foley to bash Republican candidates and raise support for their party, arguing that Republicans have too much power and mishandled the situation.

From Virginia to New Mexico, Democrats have demanded the resignation of House Speaker J. Dennis Hastert of Illinois and challenged Republicans to return money donated by Mr. Foley, who resigned last week after it was reported that he had sent sexually explicit electronic messages to teenage boys in the congressional page program. Meanwhile, the Democratic National Committee cited the scandal in two e-mails to supporters this week -- one asking for volunteers, the other asking for money.

In yesterday's fund-raising e-mail, DNC Chairman Howard Dean said Democratic operatives were ready to defeat Florida's Mr. Foley and Republicans long before the scandal, but stressed that "Democrats are fighting in important races up and down the ballot on the idea that the culture of corruption and cover-up just won't stand up against a message of real change."

The seemingly boldest attack on Republicans so far has come from House Democratic candidate Patty Wetterling in Minnesota, who began airing television ads contending Republican leaders "admitted covering up the predatory behavior of a congressman," and "knowingly ignored the welfare of children to protect their own power." Mrs. Wetterling, a child safety advocate, was chosen by Democrats to deliver their weekly radio address tomorrow.

House Republican leaders have denied covering up the scandal. After resigning, Mr. Foley checked into a rehabilitation program for alcohol abuse, leaving Republican leaders scrambling to fend off critics who accuse them of covering up his behavior.

Mr. Hastert said yesterday he was "deeply sorry" the situation occurred, called for several investigations and a review of the page program, but denied any wrongdoing.

Democratic leaders quickly slammed him.

"The problem today isn't the page program," said Senate Minority Leader Harry Reid of Nevada. "The problem today is that House Republican leaders had evidence of a sexual predator in their ranks and chose to cover it up instead of choosing to protect these children."

Jonathan Collegio, spokesman for the National Republican Congressional Committee, counted 33 House campaigns so far in which the Democratic candidate has either called for Mr. Hastert to resign, urged the Republican candidate to return Mr. Foley's donations or made politically charged statements about the scandal.

He called such efforts "the type of election year antics that voters can see right through," and will reject.

The Democratic Senatorial Campaign Committee this week blasted key Republican senators for refusing to acknowledge a Republican cover-up and lashed out at others, such as Sen. George Allen, Virginia Republican, for campaign contributions made by Mr. Foley.

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Mr. Allen's office donated the amount Mr. Foley had given them to a Virginia nonprofit group that protects children.

New Mexico's Attorney General Patricia Madrid, a House Democratic candidate, called for Mr. Hastert to resign, then demanded her Republican opponent, Rep. Heather A. Wilson, join her -- a tactic used by other Democrats.

"They're using it to their benefit," said Jennifer Duffy, political analyst for the Cook Political Report. "Republicans would, too."

She warned it's premature to say the scandal will put Democrats over the top in the midterm elections because "voters have a fairly short attention span."

In the Loop (WP)

By Al Kamen

The Washington Post, October 6, 2006

The controversy over whether embattled House Speaker J. Dennis Hastert (R-Ill.) should remain in office has divided hard-line anti-pedophiles such as conservatives Richard Viguerie , David Bossie and the Washington Times, who demanded Hastert's head, from moderate anti-pedophiles such as President Bush and Vice President Cheney and some talk-show types, who can better appreciate the larger implications of this matter.

One problem for the hard-liners is that there is no mechanism to force Hastert to quit, to give him the standard option of resigning or being fired. The House is not in session, so there's no way to have a vote until lawmakers return Nov. 9, after the election. (Bush could call them back in a true emergency, as he did in the Terri Schiavo case, but that doesn't appear likely.) What's more, House experts say there's no historical guide -- there has not been a vote to kick out a speaker in at least a century, maybe ever. (There is a provision that if the speaker doesn't show up for three days, the chair can be deemed vacant and a motion would be in order for the election of a new speaker.) Were the House around, presumably someone who voted for Hastert last time could call for a new vote.

One reason this situation may be unprecedented, a House official said, could be that a speaker, who technically doesn't have to be a member of the House, is only chosen for one Congress, or two years. Usually it would take someone a year or so to really mess up, and then their term would be almost up anyway. In the past, the House could "usually wait them out," he said.

Signs To Say Negron Will Get Foley Votes (AP-Y)

AP, October 6, 2006

Supervisors of elections in former Rep. Mark Foley's district may post signs telling voters that Joe Negron is the Republican candidate even though it will be Foley's name on the ballot, Florida elections officials said Thursday.

An e-mail from the State Division of Elections to election supervisors in counties that are part of Foley's district said that "preferably, the notice would be placed in every voting booth" and in absentee ballot mailings. The suggestion angered some Democrats who said it gives Negron unfair help.

Counties do not need to post such notices, but the agency sent out its recommendations after being asked by local elections officials, spokeswoman Jenny Nash said.

Foley had been heavily favored to beat Democrat Tim Mahoney in November before a scandal involving inappropriate messages to young pages led to his high-profile resignation. Republican leaders picked Negron, a state legislator, to replace him, but it was too late to put his name on the ballot.

State Democratic Party Chairwoman Karen Thurman sent a letter to state officials noting that state laws prohibit signs from being posted at polling places.

Nash said that the clarifying notices were meant to help voters, not any particular candidate, and that such notices have been used in past elections when a candidate has been replaced after ballots have already been printed.

Gov. Jeb Bush said the move would help alleviate confusion.

"Joe Negron is, by law, the candidate," Bush said. "You can't have his name on the ballot because of state law but to inform people is more than fair. ... To provide information is more than appropriate."

Foley Foe Was Long Shot, Now Has Big Shot (WSJ)

By Yochi J. Dreazen

DOJ_NMG_0076374

The Wall Street Journal, October 6, 2006

WEST PALM BEACH, Fla. -- As Republican leaders in Washington work to contain the Mark Foley scandal, Democratic challenger Tim Mahoney is hoping it will propel him into Congress.

Mr. Mahoney has gone from long shot to strong contender because of Mr. Foley's resignation after news reports that he sent sexually explicit communications to teenagers who were House pages. It is a dramatic reversal for a political newcomer who had trailed Mr. Foley in most polls despite spending nearly $400,000 of his own money on the race.

But while Democrats are celebrating the likely gain of a solidly Republican House seat, the choice of Mr. Mahoney illustrates the ideological compromises the party is making to retake the House. A self-described conservative Democrat, Mr. Mahoney is a former Republican who didn't switch his party affiliation until 2005. He describes Ronald Reagan as a political hero and himself as a "conservative Christian." He talks about the need to reduce abortions, though he doesn't favor banning them. Mr. Mahoney owns a gun and says he supports the right to firearms and doesn't want stricter gun laws. He also favors eliminating the estate tax on family farms and securing the nation's borders better.

Whatever his ideological leanings, there is little question that Mr. Mahoney's campaign slogan -- "to restore integrity to public office" -- was prescient. "My message hasn't changed. I was talking about morals and values and what's wrong with Washington a year ago," he says in an interview after a lunch-time campaign event here. "What's happened is that national events have caught up."

Aides to Mr. Mahoney say the campaign's fund raising has surged in the days since the Foley scandal broke. High-profile Democrats such as former Virginia Gov. Mark Warner are showing up to campaign with Mr. Mahoney.

Republicans aren't conceding the seat, and Joe Negron, the Republican state representative appointed to succeed Mr. Foley in the race, is pledging a fight. Mr. Negron's nascent campaign received a boost Tuesday when Florida's Division of Elections recommended that election supervisors in this affluent, Republican-leaning district post notices in voting booths and send letters to absentee voters indicating that votes for Mr. Foley count for Mr. Negron. Democrats are likely to challenge that recommendation in court since they are hoping to capitalize on the fact that Florida law requires Mr. Foley's name to stay on the ballot.

Still, strategists from both parties say Mr. Mahoney stands a better than even chance of winning the race, a sharp shift in electoral fortunes that is contributing to Democrats' optimism about taking the House next month.

Democrats need 15 seats to gain the majority, and have strong chances in three races once seen as firmly in Republican control. Besides the Foley seat, the others are those of former House Majority Leader Tom DeLay of Texas, who resigned amid fund-raising investigations, and of Rep. Bob Ney of Ohio, who pleaded guilty to bribery charges and isn't running for re-election.

"Those three seats are gifts for the Democrats," says nonpartisan political analyst Stuart Rothenberg. "The Republicans have wrapped them up with nice wrapping paper, put bows on them, and handed them to the Democrats."

Mr. Negron disputes that analysis, saying Mr. Mahoney is a "liberal Democrat" out of step with the values of a district that has elected Republican congressmen for the past 25 years. With $600,000 left over from his previous campaigns, Mr. Negron expects to raise at least $400,000 more in the final weeks of the campaign. Florida Gov. Jeb Bush will campaign with him next week, the first of a series of visits by prominent Republicans designed to distance Mr. Negron from the Foley scandal. "This election is not a referendum on Mark Foley, even though Tim Mahoney wants it to be," Mr. Negron says in an interview.

Within hours of Mr. Negron's selection, the Republican National Committee sent out talking points that quoted from a negative appraisal of Mr. Mahoney's candidacy by Mr. Rothenberg, who in October 2005 described the Democratic challenger as "an unpolished second- or third-tier House candidate who is not yet prepared for a U.S. House race."

Mr. Rothenberg says candidates like Mr. Mahoney generally improve over time and added that he now has the opportunity to run a positive, issues-based campaign because the scandal removed his strongest opponent.

"He's not being compared to a veteran Republican who won with 70% of the vote anymore; now the implicit comparison is with a disgraced Republican congressman," Mr. Rothenberg says.

Mr. Mahoney is saying little publicly about the scandal. "People don't want their congressmen out there continuing to fan the flames of this salacious thing," he says.

Instead, the 50-year-old financier is playing up his business background and the fact that he isn't a career politician. He grew up in a large Irish-Catholic family in New Jersey that venerated John F. Kennedy, but became a strong supporter of Mr. Reagan after graduating from college. He made his fortune in finance, running a small investment-banking firm out of his house. The firm grew into an investment-banking and private-equity company called vFinance Inc., which has more than 200 employees and $1 billion in assets.

Last year, Mr. Mahoney was in Washington trying to build support for an effort to promote job creation in small and midsize firms. He found himself in the office of Rep. Rahm Emanuel, the Illinois Democrat leading the party's effort to win back the House, and was surprised when Mr. Emanuel asked him to run for Congress. "I thought he wanted a donation," Mr. Mahoney says.

These days, Mr. Mahoney wakes at 6 a.m. to devote a few hours to vFinance business before starting a full day of fund raisers and campaign events like a meeting with the local chapter of the American-Israel Public Affairs Committee, where he faced questions about Iran's nuclear program. He says he expects to raise at least $2 million dollars, with much of that money coming from Democrats outside Florida who are energized about winning a race once written off as hopeless.

Mr. Negron says Democrats can only win in this district by tying the race to Mr. Foley, but Mr. Mahoney says he has a different Republican target in mind. "George W. Bush's approval rating in our district is 33%," he notes. "Even Mark Foley was trying to run away from the president."

Area Republicans Won't Hesitate To Vote Foley/Negron (PALMBEACHP)

By Jennifer Sorentrue

Palm Beach Post (FL), October 6, 2006

If you listen to the political pundits or even some Washington Republicans, it's going to be an uphill battle for the GOP to convince voters that a mark on their ballot for former U.S. Rep. Mark Foley is really a vote for replacement candidate Joe Negron.

With less than five weeks for Negron to raise money and campaign before the Nov. 7 election, some have even said it could even be an impossible feat. Negron, a state representative from Stuart, was chosen by Republican Party officials to replace Foley, who resigned in disgrace.

"To vote for this candidate (Negron), you have to vote for Mark Foley. How many people are going to hold their nose to do that?" House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity this week.

But an informal survey of a dozen Republicans in Foley's former congressional district Thursday shows the experts may be wrong. Despite the scandal, most still plan to check Foley's name when they go to the polls, according to unscientific results.

"To me, it's the person — Foley — not the Republican Party," Stuart resident Mary Emrick said, referring to allegations that Foley exchanged sexually explicit Internet messages with teenage boys.

"You can't condemn the whole party," said Emrick, who typically votes Republican and plans to vote for Negron by marking Foley's name on her ballot. "There are people everywhere, in every walk of life, doing things. I think it's just the person."

Like Emrick, all of those surveyed said despite the allegations against Foley, they would have no problem recognizing that a vote for Foley is actually a vote for Negron. However, some said they don't know enough about Negron and haven't made up their minds in the race.

Although some political observers have suggested the allegations may cause Republicans to stay home on election day, many of those surveyed said they still planned to vote Republican straight through their ballot.

"I will turn out," said Martin County resident Renee Nesbit. "I will vote.... I'll just go ahead and vote Foley/Negron."

Nesbit, 58, said that any Republican who shies away from voting in the race because of Foley's actions is "just not using their head."

"I think that's really immature," Nesbit said. "There are using emotions over intellect."

Foley's former district, which includes parts of eight counties, stretching from Wellington to Fort Pierce and west to Port Charlotte, voted 54 percent for President Bush in 2004.

It was seen as a safe GOP seat until Foley's resignation last week. Now, Negron is expected to face a difficult race against Democrat Tim Mahoney.

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Martin County resident Kurt Schaeffler, 40, said he needs to know more about Negron before deciding whether to vote for him. He will likely wait until the last minute before making a decision in the race, he said.

"I don't know anything about the man," Schaeffler said. "He is jumping into a situation where he is behind the ball.... Up until this new enlightenment, as far as I could tell Mark Foley was in there, and he was doing a good job. I would have left him right there."

Like Schaeffler, Stuart resident Chip DuBois doesn't know anything about Negron, but he plans to vote for him. He said there's no way he would vote for Mahoney.

"I would vote for my dog instead of Mahoney," DuBois said. "I just don't like him."

Royal Palm Beach resident Dana Hepworth said Negron seemed "capable," but didn't think he had enough time to reach voters before the election.

Still, he plans to vote for Negron. Most voters who select Foley's name will be doing it because they want to vote Republican, Hepworth said.

"The focus now is on Mark Foley, not the issues at hand," said Hepworth, 55, a certified addictions counselor. "I think (Negron) is in a real difficult situation. I think that anyone that is going to be voting for Negron is going to be voting strictly Republican."

Wellington resident Susan Gordon also made up her mind. She says she'll check Foley's name "just because I want to see a Republican in office."

While all of the Republicans surveyed were familiar with the scandal surrounding Foley, several said they knew little about the party's candidate for the U.S. Senate — Katherine Harris, who received at least as much publicity in 2000 as Foley is now. Harris, now a congresswoman from Longboat Key, was Florida's secretary of state, responsible for overseeing the disputed presidential election between Bush and Al Gore.

Harris is seeking to unseat U.S. Sen. Bill Nelson, a Democrat.

Royal Palm Beach resident Suzy Crawford said she'll probably vote for every Republican on her ballot. Asked about Harris, she said, "Don't know anything about her. But a woman could probably do a better job."

Rep. Pelosi Envisions A Better-run House (AP-Y)

By Liz Sidoti

AP, October 5, 2006

Relishing the prospects of a triumph, Democratic leader Nancy Pelosi on Thursday promised to restore integrity and civility to the House if voters put her party in control this fall.

"We'll turn the most closed and corrupt Congress into the most open and honest Congress," Pelosi, D-Calif., told The Associated Press in an interview.

She spoke five weeks before the midterm elections as the House ethics committee opened an investigation into an unfolding sex scandal that led to Rep. Mark Foley's resignation and calls for House Speaker Dennis Hastert, R-Ill., to step down.

"The only way you can make the change that needs to be made for our country — a new direction where we're there for the many and not the few — is to drain the swamp," said Pelosi, who is in line to be the nation's first female House speaker if Democrats ascend to power.

With Nov. 7 looming, an AP-Ipsos poll released Thursday found the majority of likely voters favoring Democrats to win control of the House and half of likely voters saying recent disclosures of corruption and scandal in Congress will be very or extremely important when they cast their vote.

Republicans are scrambling to try to stop the political bleeding that began last week when Foley resigned amid reports that he sent sexually explicit communications to teenage boys who once worked as House pages. That set off finger-pointing among House Republican leaders who were accused of failing to react quickly when they were warned of Foley's behavior.

Hastert spurned calls from the party's conservative base for his resignation. After days of cracks in support, House Republicans and others, including Senate Majority Leader Bill Frist, rallied around the speaker. Still, some Republicans expressed fears that the scandal could cost the GOP the House.

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In Idaho, Republican Rep. Mike Simpson said he was no longer confident that Republicans would retain power, a shift from a week ago when he was "fairly confident we were going to keep the majority." Now, he said, it's "a real tossup."

Republicans outside of Washington, meanwhile, chastised Democrats for criticizing House leaders while ignoring what Republicans called a long and tawdry history of Democratic impropriety and sex scandals.

"What we don't have to do is allow our friends on the left to lecture us on morality," former House Speaker Newt Gingrich, R-Ga., said at a party fundraiser in South Carolina. "There's a certain stench of hypocrisy."

On Capitol Hill, Pelosi expressed confidence that Democrats would gain the 15 seats they need to seize control of the House from Republicans who have ruled for a dozen years.

Should Democrats win, she promised they would approve rules to "break the link between lobbyists and legislation" and enact legislation adopting all the recommendations of the bipartisan commission that investigated the Sept. 11, 2001 terrorist attacks. The party's agenda also includes raising the minimum wage to $7.25 an hour and cutting the student loan interest rate.

The Foley scandal, Pelosi said, cuts to the heart of Democrats' argument that a change in power is needed and resonates with voting groups that will be crucial to who wins on Nov. 7 — senior citizens and women.

"This is an issue, though, that just highlights so clearly the fact that they don't play by the rules," Pelosi said, questioning why Republican leaders did not notify the bipartisan committee that oversees the page program when questions about Foley's behavior first arose.

"You would think if you knew of something like this, your best defense is to inform the Democrat on the committee," Pelosi said. "But they just don't see it that way."

"What could have been going through their heads, where they have an over-50-year-old man making these overtures to a kid" who was under the responsibility of Congress, Pelosi asked. "They chose not to address it."

How The Democrats Can Step Up (WP)

By David Ignatius

The Washington Post, October 6, 2006

It's too late for the Democrats to forge coherent positions on Iraq or tax policy before the November elections. But fortune has presented them with a mission that can be summed up in a simple sentence: They must be the party of accountability and reform.

The pollsters report that nearly two-thirds of the country now believes that America is heading in the wrong direction. The events of the past several weeks offer a devastating argument for the Democrats of why that is so. With the Republicans in control of the executive and legislative branches, arrogance has become a way of life. In a series of widely disparate cases -- from ignoring the ethics problems of former House majority leader Tom DeLay to refusing recommendations to fire Defense Secretary Donald Rumsfeld to covering up the egregious conduct of Rep. Mark Foley -- the Republican leadership's instinct has been political self-protection rather than accountability and effective government.

The Democrats are talking about a culture of corruption in Washington, but what are they going to do about it? That's the question Democrats should address over the next month if they want a mandate for change. If they win the House of Representatives, will the Democrats embark on a two-year binge of investigations and score-settling? Or will they get serious about solving the country's problems?

The challenge for the Democrats, if they do triumph in November, will be to break out of the partisan straitjacket that constricts American politics. That has been the real inner demon of the Republicans -- they appeared to care more about their party and its prerogatives than about the country's welfare. The Democrats, in recent years, have drunk deep from that same poisoned chalice, and they need to stop.

The Democrats' first priority next year should be ethics reforms that address the gross misconduct that surfaced in the DeLay and Jack Abramoff scandals. They should start by seeking GOP co-sponsorship for new legislation on lobbying and campaign finance. The Republicans will try to paint Democrats in the next Congress as liberal fanatics bent on revenge. The Democrats should answer with a spirit of bipartisanship -- an offer to work with the Republicans on effective oversight of the

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executive branch and congressional reform. If a Democratic victory in November becomes an exercise in "payback," the public rightly will be angry.

To see how far the Republicans have strayed from accountability, it's useful to recall their response to the DeLay scandal. At every opportunity, they tried to evade, obstruct and bully. When the House ethics committee admonished DeLay in late 2004 for ethics violations, the GOP leaders stonewalled. First they changed the Republican caucus rules so that DeLay could remain as leader even if he was later indicted. The leaders were forced to back down on that one, but they then fired the conscientious Rep. Joel Hefley as chairman of the ethics committee and purged two other Republican members and several staffers. The effect was to gut the committee, which didn't function at all during 2005.

Even after the Abramoff influence-peddling investigation brought a string of indictments, the GOP-controlled Congress failed to pass lobbying reforms. "These are the worst congressional scandals in three decades, and Congress has done absolutely nothing about it," argues Fred Wertheimer, president of the campaign watchdog group Democracy 21.

The case of Rumsfeld partakes of the same circle-the-wagons spirit that has sapped the GOP. Rumsfeld should have resigned after the Abu Ghraib scandal in mid-2004. (Imagine what that signal of accountability might have done to help America's image.) But by early this year, it was obvious even to those in the Bush White House that Rumsfeld had to go. They were moving to ease him out this spring when a parade of retired generals called publicly for his resignation. I'm told that the White House, fearful of being seen as caving in to pressure, backed off at that point and left Rumsfeld in place.

And now we have the Foley scandal, which, even by Washington standards, is a remarkable piece of hypocrisy and cronyism. For at least a year senior House Republicans knew or should have known that Foley had inappropriate communications with House pages. They did nothing -- and the only possible explanation is that they were afraid of political damage. Indeed, they allowed Foley to remain co-chairman of the House caucus on missing and exploited children until the day his revolting messages were disclosed.

The Democrats will benefit from the GOP meltdown to the extent that they offer the country a genuine alternative: In place of scandal, reform; in place of partisanship, cooperation; in place of arrogance, accountability.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

9th Circuit Judge Protests Proposal For New Breakaway Circuit (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, October 6, 2006

The long-simmering debate over splitting the nation's largest federal appellate court heated up last month when one 9th Circuit judge complained that a new breakaway circuit would have no Hispanic judges.

The Senate Judiciary Committee is currently considering S. 1845, a bill that would split the 9th U.S. Circuit Court of Appeals, with California, Hawaii and Guam in a new, shrunken 9th Circuit. A new 12th Circuit would be composed of Arizona, Nevada, Oregon, Washington state, Idaho, Montana and Alaska.

"I'm a Republican and an appointee of President Bush, and it dawned on me that the resulting 12th Circuit would be without a single Hispanic judge. Nobody is focused on this," said Judge Carlos T. Bea of San Francisco.

Bea joined the court in 2003. He was raised in Spain and is one of six Hispanic judges among the 9th Circuit's 49 active and senior judges.

In general, Republican lawmakers have pushed the split efforts while Democratic legislators generally oppose the move. A majority of the circuit's judges oppose a split, according to Chief Judge Mary Schroeder.

Arizona, with a population that is 25 percent Hispanic, and Nevada, with a 20 percent Hispanic population, would join the Pacific Northwest states, but without Hispanic judges, Bea said.

The circuit's Hispanic judges, Arthur Alarcon, Ferdinand Fernandez, Kim Wardlaw (whose mother is from Mexico), Richard Paez, Consuelo Callahan and Bea, all California-based judges, would remain on the split 9th Circuit.

Diarmuid O'Scannlain, a Portland, Ore.-based 9th Circuit judge who has backed a circuit split since the mid-1990s, declined to comment on Bea's concern.

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O'Scannlain, who testified on Sept. 20 before the Senate Judiciary Committee in support of the split, said his concern is with effective judicial administration. He believes the circuit has become too large to manage. The restructuring of the court should not be based on Supreme Court "batting averages and public perception of any of our decisions.

"I am quite confident the circuit will be split someday ... but I have no idea when that may be," he said.

Bea said his concern "is important to the Hispanic bar and the Hispanic community." He said Hispanics "like to be represented the same as blacks. It is a sign you are accepted in the community. People I talk to are upset ... they want to see Hispanics achieve and be recognized."

TIED TO IMMIGRATION?

"We see this as tied to the immigration debate," said James Reyna, president of the Hispanic National Bar Association and an international trade partner at Williams & Mullen in Washington, D.C.

"The bill as it is now written would take the most integrated and diverse circuit, with good representation of Hispanics, and split it with a new 12th Circuit with no Hispanics," he said. "The concentration of Hispanics has a direct adverse impact on the Hispanic community.

Reyna said the split would also impose a larger caseload on the remaining judges in a new California-centered 9th Circuit because it would retain 80 percent of the caseload, more than 500 cases per judge, as opposed to 350 for the 12th Circuit.

Among the circuit's district courts, which would be divided along the same state lines, half the 5,700 immigration-related criminal offenses in 2005, such as illegal re-entry, come from Arizona and Nevada, while most of the rest came from Southern California. Among the 6,200 asylum and other immigration appeals to the 9th Circuit so far in fiscal year 2006, more than 5,000 arise in California alone, according to circuit statistics.

Bush Making Education Bill A Priority (AP)

By Nedra Pickler, The Associated Press

AP, October 6, 2006

WASHINGTON -- President Bush said Thursday that renewing the No Child Left Behind law will be a priority for him next year but acknowledged the law isn't working as well for parents as it should.

The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

Bush acknowledged, however, that those promises to parents aren't working as they should.

For example, many schools report their test scores late. So many parents don't find out that their children have a right to transfer until a new school year has begun.

"It kind of looks like people are afraid to put out results for some reason," Bush said in a speech at the Woodridge Elementary and Middle Campus, a thriving charter school in a run-down neighborhood five miles from the White House. "And so we'll work with Congress to clarify the law and to strengthen the law to make sure our parents get timely information and useful information."

Of more than 2.2 million children eligible for tutoring, only 19 percen't of them got it in 2004-05, according to auditors at the congressional Government Accountability Office.

Even fewer kids take advantage of the option to transfer to another school _ about 1 or 2 percent of those eligible, according to national estimates.

It is unsurprising that Bush would tout the No Child Left Behind law, considered the centerpiece of his first-term domestic agenda. As a matter of timing, though, making the law's renewal a priority could be significant.

The law is scheduled to be reauthorized by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election.

The sooner the better _ that's the view among dozens of education groups that are seeking changes in the law, such as how kids are tested and how schools are graded.

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Bush outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for 28,000 low income students across the country to transfer to private schools, an initiative he has in the current budget request at a cost of $100 million.

His comments come after Education Secretary Margaret Spellings recently told reporters that that law is "like Ivory soap: It's 99.9 percent pure or something." Spellings later said she was referring to the core principles of the law and is willing to consider improvements to the law.

The law was passed with support of some leading Democrats who now say Bush has not provided enough funding to carry out the goals. Sen. Ted Kennedy, D-Mass., said he welcomes the opportunity to "get these essential reforms back on track."

"This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath it was intended to be to our nation's students, parents, and teachers," Kennedy said.

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Associated Press Education Writer Ben Feller contributed to this report.

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On the Net:

http://www.whitehouse.gov

Bush Pitches Incentive Pay For Teachers (WP)

By Theola Labbé

The Washington Post, October 6, 2006

President Bush visited a high-performing charter school in Northeast Washington yesterday to call for changes to the No Child Left Behind education law that he said would help teachers raise student performance and give more choice to parents whose children attend failing schools.

Bush said Friendship-Woodridge Elementary and Middle School, which serves 550 students, meets the high academic standards that are demanded by the federal education law. The law, scheduled to be reauthorized by Congress next year, has been hotly debated. Critics charge that it focuses too much on test-taking and does not provide enough funding to address the underlying social and academic factors that affect the quality of education.

"I know people say that we test too much, but how can you solve a problem until you measure?" Bush said in the school's gymnasium to an audience of schoolchildren and officials in suits. "Measuring is the gateway to success."

Against a backdrop of No Child Left Behind posters featuring smiling children waving American flags, Bush proposed that teachers who raise student scores or decide to teach in hard-to-serve urban or rural school districts be paid bonuses under a new incentive fund for teachers. High schools, which now graduate 75 percent of their freshmen on time, would offer more rigorous courses through a new Advanced Placement training program for 70,000 teachers, Bush said.

Students smiled and pointed at the buzz of activity in school hallways as security officers and explosives-sniffing dogs milled about during Bush's visit. Bush toured a "smart lab," a classroom where middle school students made music on an Apple computer and demonstrated robotic vehicles that started and stopped at the sound of a handclap. He encouraged students to study and asked about their college plans.

The charter school, which is publicly funded, opened in 1998 and serves students in pre-K and up to eighth grade. The school, in the 2900 block of Carlton Avenue NE, is 99 percent African American, and 81 percent of its students are considered low-income. Bush said he chose Friendship-Woodridge for a visit because it had met the academic benchmarks on standardized tests for the past three years.

On the latest test, the D.C. Comprehensive Assessment, Friendship-Woodridge was among just four of 37 charter schools under the authority of the D.C. Public Charter School Board to make the grade. Many parents place importance on the scores, but D.C. school leaders say the results do not fully reflect how much a student may have improved.

Ross Wiener, policy analyst at the Education Trust, a national nonprofit that advocates for public education, praised Bush's ideas on teacher training. But he said the speech was focused on schools that are doing well and offered little guidance on how to help struggling schools turn around.

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"That's what's on a lot of people's minds right now," Wiener said in a telephone interview.

Student reviews of Bush's speech were overwhelmingly positive. The president won over even Shawntese Gunner, 10, of Northeast. She said before his speech that she liked him "just a little bit" and was surprised to hear that he was visiting her school. She said she's a fifth-grader in Mr. Lakis's class. Andrew Lakis said his class calls itself the "307 A-Team," a reference to the class's room number and to the idea that all students can make A grades.

Shawntese gave the president's speech an A. "He explained that no child should be left behind," she said. "I like him a lot now."

Bush Says He'll Strengthen Education Policy (LAT)

By James Gerstenzang And Joel Havemann, Times Staff Writers

The Los Angeles Times, October 6, 2006

Focusing on domestic issues for a couple of days, the president visits a school before tackling the economy today.

WASHINGTON — With his centerpiece education policy up for renewal, President Bush said Thursday that reauthorizing and strengthening the program was one of his top priorities for next year.

The law, known as "No Child Left Behind," which he signed one year after taking office, has divided educators, drawn sharp criticism recently from the Department of Education's inspector general, and prompted Democrats to complain that the administration has not put enough money into helping school districts meet its demands.

Bush, shifting his public focus away from the war in Iraq and the campaign against terrorism, is in the midst of two days of speaking out on domestic policy. Education was the theme Thursday, with a visit to the Education Department headquarters in Washington and then to a District of Columbia charter school. Today it's the economy, to be highlighted in a speech at a FedEx distribution facility.

But neither topic is a sure winner, even as he suggests they are reason to vote Republican in the upcoming elections.

In the first of six reports on No Child Left Behind, the Education Department's inspector general found the selection of reading curricula to be rife with conflict of interest — persons with financial stakes in reading programs are deciding which programs states can use.

In the report dated last month on the Reading First component of the program, the inspector general's office examined the panel chosen to assess the states' proposals for grants. It found that six of the 25 panelists had "significant professional connections" to a particular reading program.

Three of those six had links to the Reading Mastery program published by SRA/McGraw-Hill. Rep. George Miller (D-Martinez), said McGraw-Hill's chairman and previous chairman had between them contributed more than $23,000 to Bush and the Republican National Committee since 1999.

The president's remarks today on the economy will follow the announcement of monthly job figures and Allan B. Hubbard, chairman of the White House National Economic Council, forecast an upbeat tenor. He told reporters Thursday that despite the slowdown in housing prices, the still-high price of gasoline, and the ongoing problems of the Big 3 auto manufacturers, voters had reason to be optimistic about the economy.

Hubbard said the growth of the economy in the third and fourth quarters was likely to be in the 1% to 2% range, with growth for the year at 3%, which he presented as sustainable figures. "We feel very good about the economy," Hubbard said.

With Republicans struggling against the fallout of the scandal involving former Rep. Mark Foley (R-Fla.) and the continuing political weight of the Iraq war, such events as the visit to the Woodridge Elementary and Middle School in a rundown section of the nation's capital give Bush an opportunity to focus on a domestic policy issue that's far from the political spotlight. It was his second visit to a school this week, following his stop at George W. Bush Elementary School in Stockton.

Even involving a program that was a top priority when he took office, Bush acknowledged room for improvement. The measure expires at the end of the 2007-2008 school year but can be extended automatically if no changes are made.

The president said that parents are not necessarily getting information about students' progress quickly enough to switch a child's enrollment to another school if they think a change is necessary.

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"We've got to improve options," the president said. He said that in some cases, parents were not being notified about how a child was performing until a new school year had begun.

"That doesn't help," he said, adding: "It kind of looks like people are afraid to put out results for some reason."

He also suggested school districts were not taking advantage of federal help providing tutoring for students, or were using the money for other purposes.

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No Bush Left Behind (BSWK)

By Keith Epstein

BusinessWeek, October 16, 2006

The President's brother Neil is making hay from school reform

Across the country, some teachers complain that President George W. Bush's makeover of public education promotes "teaching to the test." The President's younger brother Neil takes a different tack: He's selling to the test. The No Child Left Behind Act compels schools to prove students' mastery of certain facts by means of standardized exams. Pressure to perform has energized the $1.9 billion-a-year instructional software industry.

Now, after five years of development and backing by investors like Saudi Prince Alwaleed Bin Talal and onetime junk-bond king Michael R. Milken, Neil Bush aims to roll his high-tech teacher's helpers into classrooms nationwide. He calls them "curriculum on wheels," or COWs. The $3,800 purple plug-and-play computer/projectors display lively videos and cartoons: the XYZ Affair of the late 1790s as operetta, the 1828 Tariff of Abominations as horror flick. The device plays songs that are supposed to aid the memorization of the 22 rivers of Texas or other facts that might crop up in state tests of "essential knowledge."

Bush's Ignite! Inc. has sold 1,700 COWs since 2005, mainly in Texas, where Bush lives and his brother was once governor. In August, Houston's school board authorized expenditures of up to $200,000 for COWs. The company expects 2006 revenue of $5 million. Says Bush about the impact of his name: "I'm not saying it hasn't opened any doors. It may have helped with some sales." (In September, the U.S. Education Dept.'s inspector general accused the agency of improperly favoring at least five publishers, including The McGraw-Hill Companies, which owns BusinessWeek. A company spokesman says: "Our reading programs have been successful in advancing student achievement for decades; that's why educators hold them in such high regard.")

The stars haven't always aligned for Bush, but at times financial support has. A foundation linked to the controversial Reverend Sun Myung Moon has donated $1 million for a COWs research project in Washington (D.C.)-area schools. In 2004 a Shanghai chip company agreed to give Bush stock then valued at $2 million for showing up at board meetings. (Bush says he received one-fifth of the shares.) In 1988 a Colorado savings and loan failed while he served on its board, making him a prominent symbol of the S&L scandal. Neil calls himself "the most politically damaged of the [Bush] brothers."

While hardly the first brother to embarrass a President -- remember Billy Carter's Billy Beer or Roger Clinton's cocaine? -- Neil could be the first to seek profit from a hallmark Presidential crusade. And also that of a governor: Jeb makes school standards a centerpiece in Florida, too.

Neil says he never talks shop with his brothers. He attributes his interest in education to his struggles with dyslexia. His son, Pierce, also had difficulties in school, he says. "Not one of our investors has ever asked for any kind of special access -- a visa, a trip to the Lincoln Bedroom, an autographed picture, or anything."

Computer System Under Attack (WP)

By Alan Sipress

The Washington Post, October 6, 2006

Hackers operating through Chinese Internet servers have launched a debilitating attack on the computer system of a sensitive Commerce Department bureau, forcing it to replace hundreds of workstations and block employees from regular use of the Internet for more than a month, Commerce officials said yesterday.

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The attack targeted the computers of the Bureau of Industry and Security, which is responsible for controlling U.S. exports of commodities, software and technology having both commercial and military uses. The bureau has stepped up its activity in regulating trade with China in recent years as the United States increased its exports of such dual-use items to the growing Chinese market.

This marked the second time in recent months that U.S. officials confirmed that a major attack traced to China had succeeded in penetrating government computers.

"Through established security procedures, BIS discovered a targeted effort to gain access to BIS user accounts," said Commerce Department spokesman Richard Mills. "We have no evidence that BIS data has been lost or compromised."

The significance of the attacks was underscored in a series of e-mails sent to BIS employees by acting Undersecretary of Commerce Mark Foulon since July, informing them of "a number of serious threats to the integrity of our systems and data." In an August e-mail, Foulon reported that the bureau had "identified several successful attempts to attack unattended BIS workstations during the overnight hours." Then, early last month, he wrote: "It has become clear that Internet access in itself is a vulnerability that we cannot mitigate. We have tried incremental steps and they have proven insufficient."

A source familiar with the security breach said the hackers had penetrated the computers with a "rootkit" program, a stealthy form of software that allows attackers to mask their presence and then gain privileged access to the computer system. The attacks were traced to Web sites registered on Chinese Internet service providers, Commerce officials said. "We determined they were owned by the Chinese," a senior Commerce official said. He did not say who in China was responsible or whether officials had even been able to identify the culprits. Although bureau employees were informed of the problem in July, commerce officials declined to say when the attacks were discovered and how long they had been going on. Only over time did bureau officials realize the extent of the damage from the breach.

"The more we learned, the more we did," the senior official said.

Since Sept. 1, the bureau has blocked employees from accessing the Internet from their own computers. Instead, several separate computers unconnected to the BIS computer network have been set up so employees can try to continue carrying out their duties.

Commerce officials have also decided they cannot salvage the workstations that employees had been using and instead will build an entirely new system for the bureau in the coming months with "clean hardware and clean software," the senior official said. Foulon told employees in late August that they hoped to replace all the bureau's workstations within three months.

The official acknowledged that some of the emergency measures have made it more difficult for the bureau to communicate with other government agencies and the public, including companies that turn to BIS for export licenses.

In July, the State Department confirmed that hackers in China had broken into its computers in Washington and overseas. Last year, U.S. officials reported that the Defense Department and other U.S. agencies were under relentless attack from unidentified computers in China.

China has long been a focus of high-level attention at BIS and was the destination for the largest number of licenses approved by the bureau in 2004, according to the bureau's most recent annual report. In weighing applications for licenses, bureau officials seek to protect U.S. national security interests without hamstringing legitimate commercial trade.

Commerce officials recently reported that they had taken significant steps to enhance computer security at the department, both by deploying new software and improving the management of the system.

These steps came after the General Accounting Office (since renamed the Government Accountability Office) issued a scathing report five years ago, which concluded that "significant and pervasive computer security weaknesses place Department of Commerce systems at risk." The report found that outsiders could gain unauthorized access to the computer system and access confidential data. "Intruders could disrupt the operations of systems that are critical to the mission of the department," the report found.

Justices Make Points By Questioning Lawyers (USAT)

By Joan Biskupic

USA Today, October 6, 2006

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WASHINGTON — At the Supreme Court, oral arguments give the justices a chance to hear lawyers' best lines of reasoning. The hour-long sessions in the ornate courtroom also offer the justices a chance to make their own case — to each other.

Oral arguments, which began anew this week with the start of the 2006-07 term, provide one of the few times each week that all nine justices are together and presumably open to persuasion. As the justices fire questions at lawyers at the court's lectern, they also telegraph their views to one another.

It's a routine that is likely to become more intriguing this year on the divided court. Conservative Justice Samuel Alito begins his first full term after replacing the more moderate Sandra Day O'Connor, and Chief Justice John Roberts, who replaced the late William Rehnquist a year ago, continues to establish his presence.

"It's like a highly stylized Japanese theater," says Ted Olson, a former U.S. solicitor general who has argued frequently before the court. "The justices use questions to make points to their colleagues."

During a sex-discrimination case, conservative Justice Antonin Scalia asked a lawyer a question about why U.S. law protects workers who allege bias from retaliation.

As the lawyer started to answer, Justice Stephen Breyer, one of the four members of the court's liberal wing, jumped in.

"Well, the answer would be because Congress is worried that people won't comply. That's why," Breyer said. "And there are millions of ways of harassing people. They start issuing a complaint. … You freeze them out."

Liberal Justice Ruth Bader Ginsburg then asked about a hypothetical worker whose work hours were changed after she filed a discrimination complaint, forcing the worker to choose between her job and caring for her disabled child. Scalia was not satisfied with the lawyer's response and offered his own.

"I mean, to be sure, that's a possibility," the lawyer said when Scalia was done. "That's a possible answer."

(In the end, Scalia — who initially had seemed skeptical of a worker's discrimination claim in the case — joined an 8-1 ruling that enhanced workers' ability to bring claims for a range of actions by employers. Alito was the lone dissenter.)

In many oral arguments, lawyers "need to be speaking with not only the justice who has asked the question, but the one to whom the question is actually addressed," says Walter Dellinger, a former U.S. solicitor general, which is the government's top lawyer before the high court.

Roberts and Alito are relatively new to the court, so the justices also use oral arguments to get a sense of their colleagues' positions.

"They seemed to be listening more" when Roberts and Alito came on the bench last term, says Thomas Goldstein, a lawyer who argues frequently before the Supreme Court.

Goldstein notes that until the 2005-06 term, the court had gone 11 years without a change in membership, and the justices seemed to instinctively know each other's general approach, as well as what the court's overall view was likely to be.

During the 1970s and 1980s, oral arguments were not as spirited. A lawyer could talk on and on without getting a question or comment from the bench.

The court's veterans then, including William Brennan, Thurgood Marshall, Harry Blackmun and Lewis Powell, had few queries, says lawyer Beth Brinkmann, a former Blackmun clerk who is in private practice and argues before the court.

Today, with the exception of the typically silent Clarence Thomas, who is perhaps the court's most conservative member, the justices each ask many questions and make known their concerns about a case.

The appointment of the voluble Scalia in 1986 marked a change in the court's open sessions. During his first days on the bench, Scalia asked so many questions that Powell, according to biographer John Jeffries, leaned over to Marshall and whispered, "Do you think he knows that the rest of us are here?"

As other justices were appointed, the bench grew livelier.

During the same period, Rehnquist, who was chief justice from 1986 to 2005 and was known for running efficient sessions, limited the discussion among justices in their private conferences. So oral arguments became a way for justices to lay the groundwork for arguments they would be making on paper later.

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Cases ultimately are resolved through a series of memos and draft opinions that circulate among the justices. It's a written conversation, played out over weeks and sometimes months between the justices' preliminary private vote in the case and the public announcement of a ruling.

David Frederick, a Washington lawyer who argued four cases before the court last term, says he considers oral arguments a kind of "three-way" conversation, among a justice, the lawyer at the lectern and a potentially persuadable justice. With the Roberts court, he says, "it is at a slightly lower tone, because my sense is that the justices have more of a chance to flesh out their arguments in conference."

That does not stop justices from trying to make their case through lawyers who appear before the court. During one of his first sessions, Roberts — who often argued before the court as a lawyer for the government and then in private practice — tried to get a lawyer to alter her arguments in a dispute over public employees' speech rights. "I would have thought you might have argued that it's speech paid for by the government … so there's no First Amendment issue at all," Roberts said.

In the same case, Roberts posed a hypothetical question that involved "a memo from a law clerk that says, 'Justice So-and-So's jurisprudence is wacky.' "

Scalia cut in. "Nobody's wacko here."

Democrats Hold Edge In Election Interest (WSJ)

By John Harwood

The Wall Street Journal, October 6, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

DEMOCRATS HOLD intensity edge as Foley scandal reverberates.

In new Wall Street Journal/NBC News poll, 51% of Democrats express highest possible level of interest in the elections, compared with 43% of Republicans. Democratic edge on that harbinger of motivation to vote is up slightly from 51%-46% edge in early September.

A month before Election Day, timing of Foley turmoil is "as bad as it can be" for Bush's party, says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. Republicans hope cash and voter-turnout advantages will neutralize Democratic enthusiasm.

Poll has a margin of error of plus or minus 3.5 percentage points.

Senior citizens back Democrats to control Congress by 48%-43% -- smaller than party's overall edge among all voters.

REPUBLICANS WELCOME prediction of lower gasoline prices until spring.

The Energy Department plans to lower forecast next week from earlier fourth-quarter projection of $2.58 per gallon; economists expect drop in inflation as well. Though labor-market report could show weakness, falling pump prices reduce sting of Democratic attacks on economy.

Proportion of electorate calling gas prices a top voting issue plummets to 11% from 23% a month ago. Only 12% credit the president for lower prices, suggesting few share suggestions by Bush adversaries that White House has engineered price declines to help Republican candidates.

SECURITY REMAINS Democrats' vulnerability.

Among independents, just 29% express high confidence that Democratic Party policies will keep America safe from terrorism, matching 29% who have little or no confidence. A 47% plurality of independents lack confidence in Republicans on Social Security and Medicare; Democrats hope to elevate those issues in campaign dialogue.

Two-thirds of the electorate, including 47% of Republicans, say they would be more likely to vote for a Democratic candidate who backs a minimum-wage increase. Six in 10 independents would be more likely to support a Democrat calling for "phased withdrawal" from Iraq.

By 47%-26%, voters are more likely to back a Republican who supports a Mexican border fence.

ANONYMOUS: State Department will award more than 20 grants of as much as $1.5 million for Iran-related democracy and human-rights work, most of it outside Iran. Since U.S. fears Iranian meddling, "don't expect a lot of transparency" on who gets awards, a State official says.

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MORE FLAK: Former White House official David Kuo will publish a book this month slamming administration's commitment to "faith-based" programs. A person familiar with book's content says it will characterize centerpiece of Bush's compassionate conservatism as "big talk, little action."

BULL MARKET? Six in 10 say rising stock market hasn't affected their view of the economy. Retirees and Midwesterners applaud Wall Street's climb the most, with a third of each group reporting greater confidence.

FALLEN STAR: Rep. Foley's exit sets back Republican effort to build political and fund-raising ties to Hollywood. He worked with lobbying group dubbed "entertaining Republicans" that courted studio heads with an argument that the party is stronger than Democrats on protecting intellectual property.

SENATE PROBE of prewar Iraq intelligence won't conclude before elections.

"It's a massive task," says spokeswoman for the Senate Intelligence chairman. Among three sections not yet finished, one compares administration statements with underlying intelligence, and another looks at Pentagon's "Office of Special Plans."

By 52%-28%, conservatives say Iraq war is helping U.S. win antiterror fight, while 72% of liberals and 48% of moderates say it's hurting. Women say it's hurting instead of helping by 48%-27%; men are more evenly divided.

Majorities in all regions and income groups say Iraq is in civil war.

MINOR MEMOS: Southerners and Midwesterners narrowly approve of new law on terror tribunals, while Westerners and Northeasterners disapprove....Just 40% of voters hold favorable view of President Bush, but 66% feel warm toward the first lady.

Anti-Bush Protesters Hold Loop March (CHIT)

By Brendan McCarthy And Emma Graves Fitzsimmons

Chicago Tribune, October 6, 2006

Many of the protesters marching through downtown Thursday against the Bush administration were veteran activists, but the demonstration was a first for Gina Latinovich.

After learning of the event from a leaflet at a farmers market, the housewife from River Forest and her 11-year-old daughter attended their first protest together.

"I've been feeling hopeless about the war and global warming, and I realized I couldn't wait anymore," said Latinovich, 49. "We're actually the silent majority. Maybe this is the turning point."

Police estimated that about 1,500 people attended Chicago's march from Grant Park to Federal Plaza Thursday afternoon during a day of national protests in more than 100 cities called "World Can't Wait—Drive Out the Bush Regime."

Although the protesters had a shared distaste for the Bush administration, the name of the march held a different meaning for each one. Latinovich said it meant criminal investigations into Bush policies such as the Iraq war, wiretapping and the use of torture. For others, it meant everything from impeachment to the Democrats winning November congressional elections.

Rebecca Miller, a freshman at Columbia College, missed her afternoon cultural anthropology class to attend the rally because she said she feared the Iraq war was only breeding more terrorism. She said she hoped young people would vote to push the Republicans out of Congress to put a check on the president.

"It's just one class. I can always make up the homework," Miller, 18, said as the march left Grant Park. "This is more important."

But Miller was one of many protesters disappointed with the turnout, which had "more police than protesters," she said. Police were prepared for a march of more than 10,000 people, the figure protest organizers had expected. Several protesters theorized that turnout was low because the people who shared their views weren't willing to leave school or work in the middle of the day.

More than 100 state, county and city police officers, some wearing riot gear, lined the 3½-block parade route along Jackson Boulevard. There were no problems with protesters or street closures, officials said.

The march turned out to be much shorter than planned because the group's permit application for a 2-mile route through downtown along North Michigan Avenue was denied by city officials two weeks ago.

In a last-minute effort, organizers appealed the city's decision in federal court Thursday morning. Just hours before the march began, U.S. Magistrate Judge Nan Nolan denied the group's request for a temporary restraining order against the city. She

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said the request for a restraining order came too late—that it would be unfeasible at the 11th hour to reroute CTA buses and make alternate plans for emergency vehicles.

Protesters started gathering shortly before noon in Grant Park at Jackson and Columbus Drives. Speakers including actors, poets and political activists addressed the crowd on subjects ranging from the response to Hurricane Katrina to the Bush administration's policies in Iraq.

Tribal drummers performed, participants carried protest signs reading "Out of Iraq" and "No War in Iran," and one man wore a mask of Bush, devil horns and a cape. The march arrived around 3 p.m. at Federal Plaza, where speeches and performances continued into the evening.

Thyandrea Adams, 29, who arrived at the protest with two busloads of people from the Cabrini-Green housing complex, said she shut down her moving business for the day to attend the march. Adams, who said she wants the president impeached, said her biggest issue is how funding for the Iraq war is keeping money from poor neighborhoods like hers.

"I told them not to come into work today," Adams said of her 15 employees. "This is a day that's important. It was worth it to show support from our community."

Hundreds Protest 'Bush Regime' (SEAPI)

By Mike Barber

Seattle Post-Intelligencer, October 6, 2006

One was Linda Boyd, a Clyde Hill mom and housewife. Another was Linda Strader, a West Seattle real estate agent. Patricia Thompson, a Seattle legal assistant, turned out with her law firm.

They were among several hundred protesters who rallied all day in Seattle against President Bush on Thursday, one of about 200 coordinated demonstrations nationwide organized by World Can't Wait -- Drive Out the Bush Regime. The day began at the University of Washington, moved to 11th Avenue and Olive Way on Capitol Hill and eventually to an all-night rally in front of the federal building downtown.

Police arrested five people.

Police arrested three protesters at the Capitol Hill rally and booked them into the King County Jail for obstructing and resisting arrest, including one for investigation of assault, Seattle police spokeswoman Deborah Brown said.

Police, who also guarded protesters' safety, arrested a fourth person possessing an illegal fixed blade knife.

As the protest moved downtown, police arrested a fifth person near 12th and Olive who was carrying a rifle wrapped in a blanket.

"We don't know what his intentions were," Brown said.

Police reports with details of the arrests were not available Thursday night.

Asked what motivated them to protest, nearly everyone in attendance cited a litany of reasoned, passionate concerns -- the conduct of the war in Iraq, domestic spying, erosion of civil liberties and the botched federal response to Hurricane Katrina. They said Bush's recent signing of a bill authorizing tough detainee interrogation amounts to legalizing torture.

"I'm probably the only Realtor out here," Strader, 53, said of the first demonstration she has attended in her life. "I just decided today to put my convictions where my mouth is."

Having grown up an "Army brat," Strader said she has sympathy for troops she thinks are being misused by being ordered to fight in Iraq. She also said she is "mad and scared that someone could come into my home due to my convictions," referring to her fears of domestic spying and that the Constitution has been eroded during the Bush administration.

"It makes me so emotional. I feel very frustrated, and I love my country," Strader said.

Gilbert W. Arias / P-I

Seattle police officers scuffle with an unidentified man before arresting him at Cal Anderson Park during a protest Thursday against President Bush.

Protesters chanted, waved signs and wore costumes mocking administration officials.

Boyd, in her late 40s, said: "What has galvanized me is the erosion of our Constitution -- of the 10 amendments in the Bill of Rights, seven have been eroded. As a housewife and mom, I felt I could no longer sit by and see our government destroyed."

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Boyd ticked off a list of concerns, calling the war in Iraq illegal and for Bush's impeachment.

"Torture is not an American value," she said, referring to abuses of Iraqi prisoners in the war on terrorism. "President Bush's disdain for the law is intolerable."

Patricia Thompson, 50, of Seattle, a legal assistant whose law firm turned out for the protest, said she had been joined earlier in the day by her 82-year-old father, a World War II veteran of the 10th Mountain Division. The demonstration "was a good thing for my father to come watch," Thompson said.

"He is horrified at the mess they made of Iraq. Weapons of mass destruction was a snow job. We never finished in Afghanistan. It's an absolute shambles of incompetency and profiteering," Thompson said.

One of the younger demonstrators, meanwhile, who gave her name only as Jackie, said she attended because: "I'm one person wanting to be with many. We can do a lot by being together."

Administration Foes Step Out Statewide (SEATIMES)

By Tan Vinh

The Seattle Times, October 6, 2006

Scores of anti-war activists, environmentalists and high-school students marched from the University of Washington campus to Capitol Hill and then to downtown Seattle Thursday, berating President Bush for everything from his management of the Iraq war to the handling of Hurricane Katrina.

Across the state, more than 250 related demonstrations were held, including rallies in Bellingham, Everett, Tacoma, Olympia, Wenatchee and Spokane, said organizers of the National Day of Mass Resistance. They said protests also were held as far away as Switzerland and Nepal.

In Seattle, police arrested three protesters for investigation of obstruction, resisting arrest and assault in connection with "some kind of altercation with officers at the scene," said police spokeswoman Debra Brown. Officers said one man carried a rifle wrapped in a blanket to a rally at Cal Anderson Park on Capitol Hill.

Overall, authorities called the rallies peaceful. Demonstrators did cause traffic congestion around 4 p.m. at the Federal Building in downtown Seattle, where the protest was to end at midnight with a sit-in.

In Seattle, protesters bashed Bush for his policies on the environment, abortion and in Iraq and Afghanistan, and criticized his administration for its hard stance against Iran and North Korea.

Conspiracy theorists also were on hand, accusing the administration of dynamiting levees in New Orleans and being complicit in the Sept. 11 attacks.

The rallies were organized by activists calling themselves The World Can't Wait, which called on students to walk out of class to join the protest. Dozens of high-school students, saying they were from Seattle, Woodinville and Vashon Island, joined in, holding "Impeach Bush" banners and "Drive out the Bush regime!" signs.

Event spokeswoman Maggie Lawless acknowledged principals and parents might be upset that some students cut classes but added, "It's a bigger sacrifice to not take a stand."

In Olympia, where a small group of protesters gathered on the Capitol lawn, Kenn Dzaman, 47, wore a "Got Fascism?" T-shirt and called Bush a "lunatic." Dzaman worries what will happen to the world if more people don't speak up.

"If you do not get off your couch and put on your walking shoes, there's something wrong," said Dzaman. "People need to wake up and start telling how they really feel."

Big Government Gets Bigger (WP)

By Christopher Lee

The Washington Post, October 6, 2006

The federal government keeps getting bigger.

The Republican Party's oft-stated affinity for smaller government has not applied during the Bush administration. According to a recent study, not only is the number of federal civil servants on the rise, but so are the numbers of employees working for government-funded contractors and for organizations that receive government grants.

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Roll all of those together -- and mix in the numbers of postal workers and military personnel on the federal payroll -- and the "true size" of the federal government stands at 14.6 million employees, said Paul C. Light, the study's author and a government professor at New York University.

That compares with 12.1 million employees in 2002, said Light, who has tracked the growth of government for years and has data for as far back as 1990. The latest increase is almost entirely due to contractors, whose ranks swelled by 2.5 million since 2002, Light wrote in his 10-page research brief.

"This time, almost all of the growth can be attributed from the war on terrorism, which boosted Defense spending for both goods and services systems and covered the continued cost of the wars in Afghanistan and Iraq," he wrote.

"The rest of the hidden workforce held steady at roughly 2.9 million grantees, while civil service employment inched up and postal employment fell."

Light calls the 10.5 million federal contractors and grantees the government's "hidden workforce" because politicians tend not to mention them when discussing the size of the federal bureaucracy. Yet such workers absorbed nearly $400 billion in federal contracting funds and $100 billion in federal grants in 2005. They often performed vital work such as researching new vaccines, running federal computer systems and making body armor, weapons and meals for the military.

The number of civil servants is increasing, too, up 54,000 since 2002 to 1.9 million workers. That is still fewer than the 2.2 million civil servants on the federal payroll in 1990, at the end of the Cold War.

Light acknowledges that his numbers of contractors and grantee employees are estimates from federal procurement and grant data, and are harder to nail down than the number of civil servants. But the trend is clear, he said.

Politicians who focus on the size of the civil service and fail to acknowledge the hidden workforce "encourage the public into believing that it truly can get more for less," Light said. And the heavy reliance on such workers, while sometimes necessary, makes it more difficult to figure out who is accountable when things go wrong, he said.

"The federal government often uses contractors and grantees to provide talent it cannot recruit, specialized services it cannot produce, competition it cannot generate among its own organizations, and equipment that it cannot and should not build itself," Light wrote.

"[I]t hardly matters who produces the goods and services as long as the federal government is honest with the public about the true cost of delivering on the promises it makes."

Tax Tidal Wave (WSJ)

The Wall Street Journal, October 6, 2006

Congress keeps breaking the Beltway Book of World Records for spending money, but the government will soon report that the federal budget deficit for the just-completed 2006 fiscal year fell to about $260 billion.

What's the secret of this deficit success that you aren't reading much about this election year? It isn't spending restraint. The federal budget expanded to $2.7 trillion last year, a 9% increase, or three times the inflation rate. Over the past six years the federal budget has increased by 49.2%.

The main cause of the deficit decline -- 90% of it, says White House budget director Rob Portman -- is a tidal wave of tax revenue. Tax collections have increased by $521 billion in the last two fiscal years, the largest two-year revenue increase -- even after adjusting for inflation -- in American history. If you're surprised to hear that, it's probably because inside Washington this is treated as the only secret no one wants to print. On the few occasions when the media pay attention to the rise in tax collections, they scratch their heads and wonder where this "surprising" and "unexpected windfall" came from.

One place it has come from are corporations, whose tax collections have climbed by 76% over the past two years thanks to greater profitability. Personal income tax payments are up by 30.3% since 2004 too, despite the fact that the highest tax rate is down to 35% from 39.6%. The IRS tax-return data just released last month indicates that a near-record 37% of those income tax payments are received from the top 1% of earners -- "the rich," who are derided regularly in Washington for not paying their "fair share."

More good news is that dividend-tax payments appear to be up as well, even though the tax rate was lowered to 15% from as high as 39.6%. A National Bureau of Economic Research study found that "after a continuous decline in dividend payments

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over more than two decades, total regular dividends have grown by nearly 20%" and that this reversal happened at "precisely the point at which the lower tax rate was proposed and subsequently applied retroactively." There hasn't been a purer validation of the Laffer Curve since Ronald Reagan rode off into the sunset.

As for the budget deficit, at $260 billion it is now about 2% of our $13 trillion economy, well below the 2.7% average of the last 40 years. Most states and localities are also afloat in tax collections, and including their revenue surpluses brings the total U.S. public sector borrowing down to roughly 1.5% of GDP. Not too shabby given that we're waging a war on terrorism and Congress spent $50 billion last year on Hurricane Katrina clean-up.

Anyway, we thought our taxpaying readers might like to know how much you've all been contributing to the falling deficit -- the best-kept secret in Washington.

Falling Into The Doughnut Hole (NYT)

The New York Times, October 6, 2006

Millions of elderly Americans enrolled in the new Medicare prescription drug program are approaching the notorious "doughnut hole," a gap in coverage that will force them to pay for their medicines out of pocket until they qualify for catastrophic coverage. Many of the heaviest users of prescription medications have already fallen into the hole — an unwelcome surprise for the many who do not pay much attention to the fine print of their policies.

The hole makes little sense from a medical or insurance perspective. Rather, it is the inevitable result of designing a program with political rather than programmatic aims in mind. And the danger is that some who are ailing, suddenly faced with higher drug bills than they expected, will forgo needed medications and get sicker.

The Medicare drug program was designed to serve three overlapping purposes. The two most important features are designed to help the elderly in greatest need. One subsidizes medication for low-income people. The other provides catastrophic coverage that pays the vast bulk of the bills for the heaviest users of prescription drugs, after they have paid $3,600 of their own money for their medications. Those elements alone justify the program and are the reason we endorsed it from the beginning.

But at the same time, Congress insisted that the program provide benefits to all eligible Americans by covering their initial drug purchases (except for deductibles and co-payments) up to a specified limit, at which point they fall into the "doughnut hole" until reaching the threshold for catastrophic coverage. In a perfect world, all elderly Americans should share in the benefits of the prescription drug plan. But given the fiscal realities in Washington, trying to include everyone was irresponsible.

The decision to offer shallow initial coverage to all beneficiaries was largely an effort to please the millions of middle-class elderly voters who had been led to expect they would benefit from the drug plan. But with nowhere near enough money in deficit-ridden Washington to pay for all this, the doughnut hole emerged as the only way to combine politics with some modicum of cost control.

A more rational approach would certainly have been to begin with complete coverage for the needy and spread that benefit to higher income levels as the money becomes available. As it stands now, reputable surveys suggest that at least three million Americans will fall into the hole by year's end.

Those who can afford to may want to pay an additional premium for a Medicare drug plan that provides coverage for the gap, although the plan frequently covers only generic drugs. The plan offerings for next year will include more options to buy coverage to fill the gap. The good news is that contrary to some analysts' expectations, the number of available plans are going to expand rather than shrink. The bad news for Medicare recipients who have become confused by the wide range of options is that beneficiaries in all but two states will be able to choose from among more than 50 free-standing drug plans for next year.

Despite the irritation over the doughnut hole and some serious start-up problems, the new program seems in general to have found its stride. It is delivering benefits at lower cost than initially projected and ranks high in surveys of consumer satisfaction. The average number of drugs covered by insurers next year will increase by 13 percent, to 4,390. And the average premium for those who remain in their current plan will remain at roughly the same level, about $24 a month. But those already enrolled in a plan would be wise to check for any changes when full details of next year's offerings are posted. In some cases, premiums are rising and drugs previously on the formularies have been dropped.

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OTHER NEWS:

Dow Hits 3rd Straight Record Close (AP)

By Ellen Simon

AP, October 5, 2006

NEW YORK (AP) - Wall Street rose modestly Thursday, nudging the Dow Jones industrial average to its third straight record high close as investors welcomed upbeat retail sales and jobless claims figures.

The Dow closed at 11,866.69, surpassing the record of 11,850.61 set Wednesday. The blue chip index traded up to 11,870.06, which stands as its trading high.

Rising oil prices didn't smother investors' good mood.

"Considering the distance we've come over the last three months and certainly the last three days, it's interesting we could have a data point like oil's climb and not have the market backup much," said Arthur Hogan, chief market analyst at Jefferies & Co. "It's certainly a scenario where the longer term prospects for the market are looking more positive."

(AP) Francis D'Aquila looks at a monitor on the trading floor at the New York Stock Exchange a minute...

Full ImageStocks pulled back briefly after Charles Plosser, the newly installed president of the Federal Reserve Bank of Philadelphia, signaled that further Fed interest rate hikes may be in the best interests of the economy's long-term performance.

The Dow rose 16.08, or 0.14 percent. The blue chips have gained 196.34 over the past three sessions; on Tuesday, the index shattered closing and trading highs that had stood since Jan. 24, 2000, toward the end of the dot-com boom.

Broader stock indicators were also higher Thursday. The S&P 500 index rose 3.00, or 0.22 percent, to 1,353.22, and the Nasdaq composite index rose 15.39, or 0.67 percent, to 2,306.34.

Advancing issues led decliners by roughly 2 to 1 on the New York Stock Exchange.

Bonds fell as stocks wavered, with the yield on the 10-year Treasury note at 4.61 percent, up from 4.56 percent Thursday. The U.S. dollar was mostly higher against other major currencies. Gold prices rose.

Crude oil futures rose. A barrel of light crude settled at $60.03, up 62 cents in trading on the New York Mercantile Exchange.

The day's economic news was stronger than expected, with retailers such as Target Corp. (TGT), Nordstrom Inc. (JWN) and Limited Brands Inc. (LTD) reporting their same-store sales in September surpassed analysts forecasts. Also, the number of new unemployment claims dropped to its lowest level in 10 weeks.

Still, just where stocks are in their long recovery from their 2002-03 lows remains a topic of debate on Wall Street.

Some traders have questioned the depth of the rally, saying technical markers such as the ratio of advancers to decliners are weaker than they've hoped. And while the Dow has recovered, the S&P 500 still remains more than 11 percent off its all-time high.

Other traders say the market's biggest fears - high energy prices and additional rate hikes by the Federal Reserve - are behind it, leaving room for a greater run-up in stock prices.

Hugh Johnson, chairman and chief investment officer of Johnson Illington Advisors, said he sees this as a stock market in the more advanced stages of a recovery that has been driven, in large part, by declining energy prices.

In company news, Wyeth fell 28 cents to $50.90 after a Philadelphia jury awarded a woman $1.5 million after finding that the drug company's hormone replacement drug was a factor in her breast cancer. This is the second such case against the company to go to trial; Wyeth won the first.

Wal-Mart Stores Inc. (WMT) dropped $1.14 to $48.41 after the world's largest retailer reported disappointing September sales. Rival discounter Target Corp. rose $1.05 to $58.68 after it reported a solid sales gain for the month and beat analyst estimates.

Nordstrom Inc. rose 25 cents to $45.44 and Limited Brands Inc. dropped 12 cents to $27.87.

Marriott International Inc. (MAR), the world's largest hotel company by revenue, said its third-quarter earnings weakened, falling 5.4 percent. But its 33 cents per share net income beat estimates of 30 cents and the stock rose $2.52 to $40.85.

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Class A Shares of Berkshire Hathaway Inc. (BRKA), Warren Buffett's investment company, crossed $100,000 a share for the first time Thursday, before retreating slightly. The shares closed up $1,301.00 at $99,000.

The Russell 2000 index of smaller companies rose 9.61, or 1.31 percent, to 743.08.

Consolidated volume on the New York Stock Exchange was 2.73 billion shares, compared with 2.99 billion Wednesday.

Overseas, Japan's Nikkei stock average surged, rising 2.28 percent as investors welcomed Thursday's advance on Wall Street. Britain's FTSE 100 rose 0.64 percent, Germany's DAX index gained 0.48 percent, and France's CAC-40 increased 0.61 percent.

On the Net:

New York Stock Exchange: http://www.nyse.com

Nasdaq Stock Market: http://www.nasdaq.com

Dow Rises To A Third Straight Record, Shaking Off Oil's Effect In Final Hour (WSJ)

By Peter A. McKay

The Wall Street Journal, October 6, 2006

The Dow Jones Industrial Average rallied modestly to a third straight record, despite a rise in oil prices that kept stocks underwater for much of the day.

The Dow industrials gained 16.08 points, or 0.1%, to 11866.69, up 10.7% so far for 2006. At its intraday low soon after midday, the industrial average was off nearly 30 points; it broke into positive territory for good in the final hour of trading. Caterpillar was the strongest of the blue-chip average's 30 components, as the equipment maker's shares jumped more than 4% on upbeat comments by Merrill Lynch about its prospects overseas.

Other major stock indexes are below their records, but are ascending nonetheless. The broad Standard & Poor's 500-stock index gained three points, or 0.2%, to end at 1353.22, a fresh 5½-year high and now up 8.4% so far this year. And the technology-stock-focused Nasdaq Composite Index rose 15.39, or 0.7%, to 2306.34, its highest close in five months and now up 4.6% on the year.

Treasurys eased, and the dollar was mixed.

Several retailers, including Target, Kohl's and J.C. Penney, announced better-than-expected September same-store sales, or sales at stores open at least a year.

Many investors were more curious to see job data due out today from the Labor Department. Such government releases have been closely watched lately for confirmation that a slowing economy won't result in steep employment drops or painful effects that might cut into corporate profits.

Traders bid up crude-oil prices yesterday on expectations that the Organization of Petroleum Exporting Countries soon will cut its production by a million barrels a day, a little less than 4% of the cartel's current output, to stem crude's slide from highs earlier this year of more than $75 a barrel. (Related article on page A2.)

Crude futures for November delivery gained 62 cents, or 1%, to $60.03 a barrel. But oil remains off 1.7% this year on the New York Mercantile Exchange, and down 22% from the Nymex record of $77.03 a barrel reached in July.

Some analysts remain skeptical that OPEC members will go through with the production cut, given that oil prices are still high in historic terms. In the past, the cartel's members have sometimes cheated on OPEC's stated production targets in order to book additional revenue.

"I've seen this movie before, and I don't have to stick around for the ending," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co., estimating that the cartel's members can sell oil profitably at any price higher than $45 a barrel. He added: "There's no way OPEC will actually cut production with oil at $60."

Outside the U.S., stocks rose in dollar terms, including a five-year high for stocks in Europe. The Dow Jones World Stock Index, excluding U.S. stocks, rose 2.42 points, or 1.1%, to 222.37.

In major U.S. market action:

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Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.79 billion shares, as 2,220 issues rose and 1,070 fell.

Bond prices fell. The 10-year Treasury note dropped 13/32 point, or $4.06 for each $1,000 invested, pushing the yield up to 4.61%. The 30-year bond declined 24/32 to yield 4.764%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 117.66 yen, compared with 117.88. The euro declined against the dollar to $1.2694, compared with $1.2713.

The War Against Wages (NYT)

By Paul Krugman

The New York Times, October 6, 2006

Should we be cheering over the fact that the Dow Jones Industrial Average has finally set a new record? No. The Dow is doing well largely because American employers are waging a successful war against wages. Economic growth since early 2000, when the Dow reached its previous peak, hasn't been exceptional. But after-tax corporate profits have more than doubled, because workers' productivity is up, but their wages aren't — and because companies have dealt with rising health insurance premiums by denying insurance to ever more workers.

If you want to see how the war against wages is being fought, and what it's doing to working Americans and their families, consider the latest news from Wal-Mart.

Wal-Mart already has a well-deserved reputation for paying low wages and offering few benefits to its employees; last year, an internal Wal-Mart memo conceded that 46 percent of its workers' children were either on Medicaid or lacked health insurance. Nonetheless, the memo expressed concern that wages and benefits were rising, in part "because we pay an associate more in salary and benefits as his or her tenure increases."

The problem from the company's point of view, then, is that its workers are too loyal; it wants cheap labor that doesn't hang around too long, but not enough workers quit before acquiring the right to higher wages and benefits. Among the policy changes the memo suggested to deal with this problem was a shift to hiring more part-time workers, which "will lower Wal-Mart's health care enrollment."

And the strategy is being put into effect. "Investment analysts and store managers," reports The New York Times, "say Wal-Mart executives have told them the company wants to transform its work force to 40 percent part-time from 20 percent." Another leaked Wal-Mart memo describes a plan to impose wage caps, so that long-term employees won't get raises. And the company is taking other steps to keep workers from staying too long: in some stores, according to workers, "managers have suddenly barred older employees with back or leg problems from sitting on stools."

It's a brutal strategy. Once upon a time a company that treated its workers this badly would have made itself a prime target for union organizers. But Wal-Mart doesn't have to worry about that, because it knows that these days the people who are supposed to enforce labor laws are on the side of the employers, not the workers.

Since 1935, U.S. workers considering whether to join a union have been protected by the National Labor Relations Act, which bars employers from firing workers for engaging in union activities. For a long time the law was effective: workers were reasonably well protected against employer intimidation, and the union movement flourished.

In the 1970's, however, employers began a successful campaign to roll back unions. This campaign depended on routine violation of labor law: experts estimate that by 1980 employers were illegally firing at least one out of every 20 workers who voted for a union. But employers rarely faced serious consequences for their lawbreaking, thanks to America's political shift to the right. And now that the shift to the right has gone even further, political appointees are seeking to remove whatever protection for workers' rights that the labor relations law still provides.

The Republican majority on the National Labor Relations Board, which is responsible for enforcing the law, has just declared that millions of workers who thought they had the right to join unions don't. You see, the act grants that right only to workers who aren't supervisors. And the board, ruling on a case involving nurses, has declared that millions of workers who occasionally give other workers instructions can now be considered supervisors.

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As the dissent from the Democrats on the board makes clear, the majority bent over backward, violating the spirit of the law, to reduce workers' bargaining power.

So what's keeping paychecks down? Major employers like Wal-Mart have decided that their interests are best served by treating workers as a disposable commodity, paid as little as possible and encouraged to leave after a year or two. And these employers don't worry that angry workers will respond to their war on wages by forming unions, because they know that government officials, who are supposed to protect workers' rights, will do everything they can to come down on the side of the wage-cutters.

Jobless Claims At Lowest Level Since July (WSJ)

By Rebecca Christie

The Wall Street Journal, October 6, 2006

WASHINGTON -- The number of new applicants for unemployment insurance fell last week to the lowest level since July, suggesting some recent improvement in the U.S. job market.

Initial jobless claims dropped 17,000 to a seasonally adjusted 302,000 in the week ended Sept. 30, the Labor Department said Thursday. New claims for the week ended Sept. 23 were revised upward to 319,000 from a previously reported 316,000. Last week's claims were at the lowest level since July 22, when 299,000 new claims were reported.

The latest drop in claims was bigger than expected. The median estimate of economists in a Dow Jones Newswires survey expected that jobless claims would be down 1,000 last week. This week, however, investors are more focused on the monthly employment report, due Friday. Economists expect the U.S. added 125,000 new jobs last month, about the same as in August.

The four-week moving average of new claims fell to 313,500 last week from a revised level of 316,250 in the previous week.

The Federal Reserve last month left interest rates unchanged at 5.25%, citing an apparent slowing in economic growth. But the Fed said core inflation readings have been elevated and price pressures could be sustained in part by high "resource utilization," a reference in part to tight jobs markets.

Thursday's report shows the number of workers drawing unemployment benefits for more than a week rose in the week ended Sept. 23, the latest week for which such data are available. These continuing jobless claims rose 15,000 to 2,448,000.

In the week ended Sept. 23, the jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week. During the same week, a total of 17 states and territories reported an increase in unadjusted claims, while 36 reported a decrease.

Michigan reported the biggest increase, citing layoffs in the automobile industry. Kentucky reported the biggest decline in new claims but didn't comment on the cause. North Carolina also reported a drop in new claims, citing fewer layoffs in the construction, service, lumber, textile and apparel industries.

Brisk Apparel Sales Give A Lift To Many Retailers (WSJ)

By Stephanie Kang And James Covert

The Wall Street Journal, October 6, 2006

Many of the nation's retailers rang up strong apparel sales last month, helped by chillier-than-average weather, late back-to-school spending and a drop in gasoline prices.

High-end department stores and teen-specialty shops reaped the biggest gains, while Wal-Mart Stores Inc. and other discount chains turned in poor to lackluster performances overall in comparison with strong year-earlier sales figures.

An index of 57 major U.S. retailers compiled by the International Council of Shopping Centers showed same-store sales -- or sales at stores open at least a year -- rose 3.8% in September. That was shy of the year-earlier increase of 4%, as well as the trade group's forecast for a 4% gain.

Cool September weather helped accelerate sales of back-to-school merchandise. But that brisk buying may take a toll on this month's sales, and some analysts remain cautious about the coming holiday season. Those analysts point to the cooling U.S. housing market, which could damp consumers' spending. On the positive side, the jobs market appears strong, and the recent decline in oil prices is expected to curb heating bills and gasoline prices this fall.

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Michael Niemira, chief economist at the International Council of Shopping Centers, said that, excluding Wal-Mart, same-store sales jumped 6% in September. "Wal-Mart and the discount segment holds back the overall picture," he said. "Overall, it's a steady and consistent performance from the rest of the industry."

Wal-Mart, based in Bentonville, Ark., said September same-store sales rose 1.3%. That fell short of Wall Street's forecast for a 2.2% increase, according to Thomson Financial. The chain's overall September sales rose 12% to $31.21 billion. Wal-Mart said clothing sales during the month were disappointing, but added that it expects better results this winter.

"Our apparel sales did not meet our expectations for the month," said Wal-Mart Chief Financial Officer Tom Schoewe, in a statement. "We're pleased, however, to see early response to seasonal merchandise for fall and the holidays. We are optimistic about holiday-related merchandise like toys and electronics." The company said it expects a same-store sales gain of 2% to 4% this month.

Department stores, particularly those that sell luxury goods, shined last month, as consumers flocked in to buy fall fashions like cigarette pants. Last year sales of fall apparel were hurt by one of the warmest Septembers on record. Mr. Niemira said same-store sales at luxury retailers rose 11% in September, the strongest performance since March 2004.

Seattle-based Nordstrom Inc. racked up a 13% same-store sales gain last month, double the consensus forecast of analysts polled by Thomson Financial. Same-store sales at Saks Inc., Birmingham, Ala., rose 10%, topping the 3.9% analysts were predicting. Federated Department Stores Inc., the Cincinnati-based operator of Macy's stores, also beat expectations, posting a same-store sales increase of 6.2%.

By contrast, big discount chains selling staples performed poorly in the face of tough comparisons with a year earlier, when sales surged from Gulf Coast consumers stocking up in preparation for hurricanes. Same-store sales at Costco Wholesale Corp., rose 4%, just missing analysts' forecasts.

However, discounter Target Corp., Minneapolis, said that favorable weather helped to lift its same-store sales by 6.7%, beating the 5% rise forecast by analysts.

Teen retailer Abercrombie & Fitch Co., New Albany, Ohio, and lower-priced rival American Eagle Outfitters Inc., Warrendale, Pa., benefited from late back-to-school shopping, as many students waited to see what peers wore to school before buying their fall wardrobes. The chains' same-store sales rose 10% and 19%, respectively. Same-store sales at Gap Inc., the San Francisco parent of Gap, Banana Republic and Old Navy, also were better than expected, falling 3%, less than the expected 3.9% decline.

Economists watch monthly same-store sales as an indicator of consumer spending, but some large retailers, such as Home Depot Inc., Sears Holdings Corp. and Best Buy Co., don't report sales on a monthly basis. The figures also exclude many online purchases and other spending.

Retail Sales Strong As Gas Prices Fall (WP)

By Nell Henderson

The Washington Post, October 6, 2006

The money people are saving at the gas pump is finally showing up somewhere else: department store cash registers.

Department stores yesterday reported booming sales for September, up 8.4 percent from September 2005 at stores open at least a year, a figure known as same-store sales.

Department stores are doing better than retailers overall. In a survey by the International Council of Shopping Centers of 57 retail chains, sales were up 3.8 percent last month from September 2005.

Retail chain-store sales growth in general has held up well this year, even as rising gasoline prices and interest rates restrained consumer spending on homes, cars and trucks, said Michael P. Niemira, the council's chief economist.

"Consumer spending has been relatively steady" at retail chain stores, said Niemira, who attributed that stability primarily to income growth, which has more influence on consumer spending at retail chains than fluctuating gasoline prices.

Still, the recent decline in oil prices, from more than $77 a barrel in mid-July to around $60 a barrel, has boosted consumer buying power and reduced the risks that economic growth might slow too much, said Nigel Gault, chief U.S. economist at Global

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Insight Inc., a financial forecasting firm. Falling oil prices "made a soft landing for the economy look a safer bet," he said, referring to a scenario in which the economy cools just enough to lower inflation without sliding into a recession.

The retailers' results, after reports that vehicle sales rebounded in September, supported Federal Reserve Chairman Ben S. Bernanke's statement Wednesday that the economy remains strong aside from the slumping housing market.

Enjoying that strength last month were such high-end retailers as Nordstrom Inc., which reported a 13.4 percent gain in same-store sales, and Saks Inc. with a 10 percent increase.

Other stores with strong same-store sales were J.C. Penney Co., Target Corp., Limited Brands Inc. and Federated Department Stores Inc., which reported results only for its Macy's and Bloomingdale's chains. The department-store increase of 8.4 percent for September was more than triple the August increase of 2.7 percent.

Several retailers that cater to lower-income customers posted much weaker results. Wal-Mart Stores Inc., the nation's biggest retailer, reported a relatively feeble 1.3 percent gain in sales at its Wal-Mart and Sam's Club stores open since last year. The company attributed some of the softness to the comparison with its results in September 2005, which were boosted by buying related to Hurricane Katrina in late August.

Gasoline prices affect retailers differently. Wholesalers that sell gasoline benefited as prices climbed above $3 a gallon in early August, but then they were hurt as prices fell to an average $2.31 a gallon nationwide earlier this week. BJ's Wholesale Club Inc., for example, reported a 0.9 percent decline in same-store sales in September.

A 10 percent increase in gasoline prices tends to reduce chain-store sales overall by about 0.4 percent over a year, Niemira has calculated. A similar drop in prices has the reverse effect.

But sales by retailers that cater to lower-income shoppers are more affected than average by changing gasoline prices, while there is little or no effect on high-end store sales, Niemira said. At Wal-Mart, for example, a 10 percent increase in gasoline prices cuts its sales by 0.9 percent.

Wal-Mart has blamed much of its disappointing sales this year on surging gasoline prices. But the company hasn't seen much of a bounce from falling prices.

"Where's the consumer slowdown? At Wal-Mart," Niemira said.

Oil Prices Jump After Opec Cuts Output (FT)

By Chris Flood

Financial Times, October 6, 2006

Crude oil rallied on Thursday after officials from the Organisation of the Petroleum Exporting Countries said the cartel had informally agreed to cut output by at least 1m barrels a day.

ICE November Brent rose 91 cents to $60.13 a barrel after having sunk to $57.70 a barrel in the previous session, its lowest level this year.

Nymex November West Texas Intermediate increased 78 cents to $60.19 a barrel.

A move by Opec to cut production for the first time since 2004 has been widely anticipated by the market after Nigeria and Venezuela announced they would reduce output recently.

All Opec countries are expected to take part in production cuts, with Saudi Arabia, the world's top exporter, reducing its output by 300,000 barrels a day.

The announcement drew a negative reaction from Sam Bodman, the US energy secretary who said that the global market still needed Opec's supplies.

The cartel has been moved to action as US stocks of crude oil stand well above their five year average, prompting concerns that prices would decline further if markets remained oversupplied.

"It's a clear signal that Opec wants to defend the $60 level and will provide good fundamental support for prices," said Kevin Norrish of Barclays Capital.

Concerns over disruptions to supplies from Nigeria also provided support for prices yersterday. Nigerian militants claimed they killed 17 soldiers in two separate gun battles on Wednesday and threatened further attacks on strategic oil facilities.

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The recovery for crude helped US natural gas prices strengthen. Nymex November Henry Hub rose almost 3 cents to $6.265 per million British thermal units after US weekly inventories data showed a 73bn cubic feet increase in stocks, in-line with market expectations. Stocks currently stand at more than 3.3 trillion cubic feet and on-track to surpass the record of 3.5 trillion by November 1.

Wheat prices reached a fresh 10-year high in Chicago, trading 14 cents higher at $4.79 a bushel on concerns about low stock levels and Brazil's move to become the latest grower to reduce its harvest forecast.

French wheat prices jumped to a 2½ year high, rising €3 to €152 a tonne after Ukraine imposed export licences which may slow export growth.

Copper rose 3.8 per cent to $7,300 a tonne supported by a decline of 2,550 tonnes in London Metal Exchange stocks, helping the price recover most of the sharp fall in the previous session.

Nickel gained 2.9 per cent at $28.900 a tonne while zinc increased 4 per cent to $3,435 a tonne a tonne after LME stocks fell 1,625 tonnes. Aluminium rose 2.9 per cent to $2,547.5.

OPEC Encounters Hurdles In Effort To Trim Output (WSJ)

By Bhushan Bahree

The Wall Street Journal, October 6, 2006

OPEC's president is scrambling to broker an agreement among the cartel's members to cut oil output in an attempt to shore up tumbling crude prices, according to people familiar with the matter. But contentious issues need to be resolved before ministers of the Organization of Petroleum Exporting Countries reach an agreement.

Still, OPEC's attempt to orchestrate an output reduction is raising alarm bells in major consuming countries.

Crude prices have dropped 22% since hitting an all-time nominal peak in mid-July, but they remain more than twice as expensive as three years ago. By talking about tightening the spigot now, OPEC -- which supplies more than a third of the world's daily oil needs -- is signaling that it will try to prevent prices from falling further, even if demand for oil slackens as the world economy slows.

Oil-futures prices went on a roller-coaster ride on the New York Mercantile Exchange yesterday. Crude oil for November delivery settled at $60.03 a barrel, up 62 cents, or 1%. (See related article1.)

After hours of confusion about whether OPEC had already cut a deal, Edmund Daukoru, the Nigerian oil minister, who is also OPEC's president, indicated that the cartel still had a ways to go. "We are toying with the idea of an emergency meeting" that would seek an elusive consensus, he told reporters.

Earlier reports by several news organizations had said OPEC had reached an agreement to cut output by a million barrels a day, or a little less than 4% of the cartel's current production of some 27.5 million barrels a day. But Mr. Daukoru dismissed these claims. Instead, he said, the cartel is hashing out contentious details.

"We agree that something needs to be done," Mr. Daukoru said, referring to output cuts. But "we will have to agree on how much, how soon and how we distribute [the reduction] among member countries."

Under the plan being mooted by some in OPEC, the cartel would slash its oil output by as much as one million barrels a day from current production levels, and each member would cut their output by a similar percentage.

But some members, especially those whose production is lagging, are resisting. There is no agreement on when such a cut should be made. Critically, not everyone agrees on how the cuts should be shared, which has been a major stumbling point in past negotiations about market shares.

The reports that OPEC was seeking to withhold oil from markets ahead of the peak winter heating season alarmed major consumers, who were beginning to breathe a sigh of relief as oil prices swooned in recent weeks.

In the U.S., the world's largest oil market, a spokesman for Energy Secretary Samuel Bodman said the American energy czar had urged some OPEC ministers to keep crude markets well supplied. "... At $60 a barrel, it's still among the historically high prices for crude," the spokesman said. In Paris, Jean-Claude Trichet, president of the European Central Bank, told reporters that an OPEC decision to cut output might damage the global economy by artificially raising energy prices.

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Despite the risk of a backlash, OPEC officials privately say the cartel is even more fearful of a price rout. They say that swelling commercial inventories of oil, and rising oil production in countries that don't belong to the cartel, could lead to an uncontrollable slide in oil prices in the months to come.

"We are not trying to set a floor at $60" a barrel, said one senior OPEC official. This official also asserted that OPEC was nearing an agreement on output cuts.

Even if OPEC can't reach a deal right away, it has other options. To quickly support prices, OPEC could fudge the issue of market share by not announcing output allocations for each member country. Under that scenario, the cartel could announce a big cut, then work out the shares later.

In any event, many industry officials expect that the bulk of the cuts will have to come from the strongest producers, those that have spare oil-pumping capacity: Saudi Arabia and neighbors such as Kuwait and the United Arab Emirates.

OPEC officials said Saudi Arabia, the cartel's largest exporter, was willing to reduce output in line with its current share of about a third of the total produced by 10 member countries, leaving out Iraq. But countries like Venezuela, Iran and Indonesia are loath to give up their shares, even if they are unused. Complicating this issue are special cases, such as Nigeria's low production levels amid domestic unrest.

All Eyes On OPEC's Actions (WP)

By Steven Mufson

The Washington Post, October 6, 2006

Oil prices jumped early yesterday on news reports that the Organization of the Petroleum Exporting Countries, which supplies about 40 percent of the world's oil, was preparing to cut output to bolster sagging prices. But prices closed virtually unchanged at $60.03 a barrel because it remained unclear how big the cuts would be and whether they would ever take effect.

Early yesterday, Dow Jones Newswires cited an unnamed "OPEC governor and a senior delegate" as saying that the organization had agreed to cut production by 1 million barrels a day.

But OPEC President Edmund Daukoru was quoted by Bloomberg News Service as denying that a formal agreement had been forged. "The consensus that we can all agree on is that the market is very soft," Daukoru said. "It's more or less a free fall."

An oil trader in Europe who had talked to oil officials in three key OPEC countries said that if the cartel cut output, the reduction is unlikely to exceed 400,000 barrels a day -- 75,000 barrels a day from Nigeria, 75,000 to 100,000 barrels a day from Venezuela, 150,000 barrels a day from Saudi Arabia, and between 50,000 and 100,000 barrels a day from Iran.

As is usually the case with OPEC when prices are falling, countries are torn between the desire to pump more versus propping up prices. Many members have pressing needs. Nigeria has already shut down about a third of its output because of insurgent activity. High oil revenue has helped bolster the influence of Venezuela's president, Hugo Chavez. And the windfall for Iran has helped it aid Hezbollah in Lebanon and raise wages at home.

Gas Prices Dropping More Slowly (USAT)

By Barbara Hagenbaugh

USA Today, October 6, 2006

WASHINGTON — Many drivers who are hoping for sub-$2-a-gallon gasoline in the near future will likely be disappointed.

The price at the pump, which until recently was rapidly plunging, has been falling at a slower rate. Such a slowdown suggests retail gasoline prices will likely still be above $2 a gallon in most of the USA at the end of October, say energy analysts from Wachovia, Oil Price Information Service (OPIS), Cameron Hanover and others.

The nationwide average price for a gallon of regular gasoline was $2.290 Thursday, down a half-cent from the day before and 44 cents below a month ago, according to motor club AAA. The U.S. average gasoline price is down nearly 25% from the peak of $3.036 two months ago.

But the nationwide average price isn't likely to drop much further for two main reasons:

•Oil. Oil prices have fallen 22% in three months and dipped below $60 a barrel for the first time in nearly eight months Tuesday.

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Oil prices rose Thursday amid reports that OPEC was preparing to cut production to stem falling prices, although the organization of oil producers has not announced any official cutbacks. The price of oil trading for November delivery rose 62 cents to $60.03 a barrel.

•Refineries. Some refineries typically reduce production in the fall for maintenance. With gas prices lower, refineries may scale back even more than usual, Moody's Economy.com economist Rakesh Shankar says, reducing gas supplies and propping up prices.

Still, some consumers may see gas prices below $2 a gallon. OPIS analyst Tom Kloza says there is "great diversity" in prices across the USA. "If you were traveling from Maine to New Orleans, you could almost plan your trip with stops where you could get gas below $2," Kloza says.

Poll Says Democrats Favored To Win House, Maybe Senate (WT)

By Ralph Z. Hallow

The Washington Times, October 6, 2006

Democratic candidates enjoy an advantage "in almost every campaign" and now stand a better than even chance of winning a House majority, the bipartisan Battleground Poll released yesterday concluded.

The poll's conclusions closely resemble dismal predictions of a nearly certain net loss of at least 15 and as many as 30 House seats for the GOP that other top-rated Republican campaign pollsters and strategists confided earlier this week to The Washington Times.

Democrats also now show an increased probability of taking the Senate, according to the Battleground survey by Democrat pollster Celinda Lake and Republican Ed Goeas.

"The numbers are just as troubling for the Senate, and this puts the Senate in big jeopardy" for Republicans, Brian Nienaber, vice president of Mr. Goeas' Republican polling firm, told reporters in a joint breakfast briefing with reporters convened by the Christian Science Monitor at the Sofitel Lafayette Square Hotel.

"As the national trend gets worse, that is a problem for a lot of our top endangered incumbents. As Republican voters are less motivated than Democratic voters, it does make it look like we could potentially lose the Senate as well," Mr. Nienaber said.

He cited Republican Sens. Mike DeWine of Ohio, Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania as three particularly threatened incumbents. Democrats need to a net gain of six seats to take the Senate.

He said an expected depressed turnout of social conservatives will have the "greatest impact on who controls the Senate."

Mr. Nienaber said the Northeast is the GOP's worst region for the November elections. It was 37 percent Republican and 36 percent Democrat in February on the congressional generic ballot but now is only 33 percent of voters saying they will vote for the Republican and 57 percent saying they will go for the Democrat.

The Sept. 24-27 Battleground Poll of 1,000 likely voters was conducted before the scandal surrounding Rep. Mark Foley, Florida Republican, began making headlines.

"The political environment is certainly a hindrance for Republicans in almost every campaign, and voters are much more resistant to hearing the Republicans' side of the story," Mr. Goeas said in a written analysis.

In 2000, Mr. Bush had been leading most polls before it was reported that he had hidden his youthful drunken-driving arrest. Miss Lake and Mr. Nienaber yesterday agreed that revelation cost Mr. Bush at least 4 million votes. The expectation now is that the Foley scandal -- in which the former congressman is accused of making sexually explicit comments to teenage congressional pages -- may similarly depress the GOP's religious conservative turnout this year.

The so-called "security moms" -- who worry about terrorism at home and gave Mr. Bush's party the advantage in the 2002 and 2004 elections -- "are not voting terrorism this time," said Miss Lake. "They give the administration a nine-point advantage on terrorism but give Democrats a 15-point advantage on the problems that matter most to them -- education, health care and the economy."

The Associated Press reported that an AP-Ipsos poll released yesterday, "found that about half of likely voters say recent disclosures of corruption and scandal in Congress will be very or extremely important" in their decisions when they cast their votes next month.

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Brian Nienaber And Celinda Lake (CSM)

By David Cook

The Christian Science Monitor, October 6, 2006

Often pollsters with different backgrounds look at the same data and come to different conclusions.

But that was not what happened when representatives from the Battleground Poll briefed reporters Thursday morning at a Monitor sponsored breakfast. Pollsters from both parties saw trouble ahead for Republicans in the 2006 elections.

What makes the Battleground Poll different from many others is its bipartisan nature. The poll, sponsored by George Washington University, is conducted jointly by the Tarrance Group, a Republican firm, and by Lake Research Partners, a company that serves Democratic clients.

When Tarrance Group vice president Brian Nienaber was asked about Republican prospects for retaining control of Congress, he said, "The trend here is negative ... if this continues and election day was tomorrow, I think control of both houses of Congress would be in jeopardy, not only the House but the Senate."

"It is a better day to be a Democrat than a Republican," said Celinda Lake, president of Lake Research Partners. "The most important number to watch is Bush's job approval number," she said. "In this poll he had popped up a little bit. He had gotten to 45 percent. In the most recent public polls in the last couple of days he is back down to 40 percent, 39 percent ... if his job approval is 38 or 39 percent ... it looks like we are guaranteed to take back the House. If his job approval is 44-45 percent, [a Democratic victory] becomes in jeopardy."

The latest version of the 15-year-old Battleground Poll was conducted September 24-27 among 1,000 registered voters and has a margin of error of 3.1 percent. Given the survey's timing, it does not capture voter reaction to the House page scandal. But the scandal's effects will not be good for Republicans, both pollsters agreed.

"The three issues on which Republicans polled a clear advantage are terrorism, safeguarding America from terrorism, keeping taxes low, and protecting moral values. I think moral values is not going to be part of our tool kit anymore," Nienaber said wryly.

"I think the turnout game is a big piece of this," Lake said. She was referring to the expectation that Christian conservatives, who are a key part of the Republican party's base, may not vote in the midterm election given their disappointment with Republican Congressional leaders.

Lake also noted that time Republicans spend dealing with the scandal, "is two weeks when the president can't get his message through except on the Woodward book and it is two weeks when the Republicans can't get their message through. It feeds the desire for change in Washington and checks and balances."

Complete details on the poll can be found at: http://www.gwu.edu/~newsctr/battleground.cfm

Race For Senate Control Tightens (USAT)

By Susan Page

USA Today, October 6, 2006

WASHINGTON — Democrats are within striking distance of winning control of the Senate in the Nov. 7 elections, USA TODAY/Gallup Polls in six key states show as the campaigns head into their final month.

The number of Republican-held seats with competitive Democratic challengers has expanded to include Virginia and Tennessee, where Democrat Harold Ford Jr. now holds a 5-percentage-point lead over Republican Bob Corker among likely voters.

In Missouri, GOP Sen. Jim Talent narrowly trails Democrat Claire McCaskill, and in Rhode Island, Sen. Lincoln Chafee faces a double-digit deficit against Democrat Sheldon Whitehouse. The surveys, taken Sept. 27 to Oct. 1, have error margins of +/-5 percentage points for the likely-voter samples.

The landscape has improved for Democrats since the USA TODAY/Gallup state polls taken just before Labor Day. “You'd have to say they have at least a 50-50 shot at winning control,” says political scientist Alan Abramowitz of Emory University. “That's certainly better than anybody expected a few weeks ago.”

Democrats must gain six seats to win control.

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Reports of more deadly violence in Iraq and the scandal involving a GOP lawmaker and congressional pages are factors, says Charlie Cook of the non-partisan Cook Political Report: “Clearly, we've seen momentum shift away from the Republicans and toward the Democrats.”

President Bush is a liability in the six states polled. In mostly Democratic Rhode Island, likely voters say by more than 3-to-1 that they are more likely to back a candidate who opposes Bush than one who supports him. Even in Republican-leaning Virginia, voters by 3-2 favor a candidate who would challenge Bush.

One trouble spot for Democrats: New Jersey. Democratic Sen. Robert Menendez, appointed in December, holds only a 3-point lead over Republican Tom Kean Jr.

But in Maryland, another Democratic seat targeted by the GOP, Ben Cardin leads Republican Michael Steele by a wide 15 points. Among other findings:

•In Missouri, McCaskill, who trailed Talent by 6 points in late August, now leads by 3.

•In Virginia, GOP Sen. George Allen, hit by allegations of racism, has a narrow 3-point lead over Democrat Jim Webb.

Democrats also are hopeful of ousting GOP incumbents in Ohio, Montana and Pennsylvania. Fewer than half of the 33 Senate seats on the ballot are considered competitive.

In the new polls, voters in all six states combined who said they would vote largely out of party loyalty supported Democrats by 2-1 — a sign that Democratic partisans are more energized than Republican ones.

GOP's Hold On Evangelicals Weakening (WP)

By Alan Cooperman

The Washington Post, October 6, 2006

ANOKA, Minn. -- Lynn Sunde, an evangelical Christian, is considering what for her is a radical step. Come November, she may vote for a Democrat for Congress.

Sunde, 35, manages a coffee shop and attends a nondenominational Bible church. "You're never going to agree with one party on everything, so for me the key has always been the religion issues -- abortion, the marriage amendment" to ban same-sex unions, she said.

That means she consistently votes Republican. But, she said, she is starting to worry about the course of the Iraq war, and she finds the Internet messages from then-Rep. Mark Foley (R-Fla.) to teenage boys "pretty sickening." When she goes into the voting booth this time, she said, "I'm going to think twice. . . . I'm not going to vote party line as much as to vote issues."

Even a small shift in the loyalty of conservative Christian voters such as Sunde could spell trouble for the GOP this fall. In 2004, white evangelical or born-again Christians made up a quarter of the electorate, and 78 percent of them voted Republican, according to exit polls. But some pollsters believe that evangelical support for the GOP peaked two years ago and that what has been called the "God gap" in politics is shrinking.

A nationwide poll of 1,500 registered voters released yesterday by the nonpartisan Pew Research Center found that 57 percent of white evangelicals are inclined to vote for Republican congressional candidates in the midterm elections, a 21-point drop in support among this critical part of the GOP base.

Even before the Foley scandal, the portion of white evangelicals with a "favorable" impression of the Republican Party had fallen sharply this year, from 63 percent to 54 percent, according to Pew polls.

In the latest survey, taken in the last 10 days of September and the first four days of October, the percentage of evangelicals who think that Republicans govern "in a more honest and ethical way" than Democrats has plunged to 42 percent, from 55 percent at the start of the year.

Here in Minnesota's conservative 6th Congressional District, the loosening of the GOP's hold on religious voters is helping Patty Wetterling, an antiwar Democrat, run an unexpectedly close race against Republican state Sen. Michele M. Bachmann, who has made opposition to abortion and same-sex marriage her signature issues.

This week, Wetterling became the first Democrat in the country to air a television advertisement about the Foley scandal.

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"It shocks the conscience. Congressional leaders have admitted covering up the predatory behavior of a congressman . . . ," the commercial said, adding that Wetterling is "demanding a criminal investigation and the immediate expulsion of any congressman involved in this crime and coverup."

Wetterling is best known as an advocate for missing children. Her 11-year-old son, Jacob, was abducted in 1989 and never found. The uproar over Foley's sexual correspondence with teenage employees of Congress has played into her political strength.

"This is something we all watched with churches years ago, where they didn't do anything. Congress has no excuse -- they know better," she said in a telephone interview.

The incumbent, Rep. Mark Kennedy (R), is vacating his seat to run for the Senate. The national GOP has spared no effort to bolster Bachmann. President Bush, Vice President Cheney, political strategist Karl Rove, House Speaker J. Dennis Hastert (R-Ill.) and Commerce Secretary Carlos M. Gutierrez all have been out to campaign for her.

Unlike some Republican candidates across the country, Bachmann is not running away from Bush. She says she is "thrilled" to be associated with him.

But the president's ratings have slipped even within his most loyal constituency. Since the start of his second term, Bush's favorability rating has dropped from 52 percent to 42 percent among all adults, and from 71 percent to 60 percent among white evangelical Protestants, according to Washington Post-ABC News polls.

"I think he's too set in his way to listen to what's really going on in Iraq," Sunde said. She noted that her rising concern about the war "possibly could" lead her to cross party lines and vote for Wetterling.

She is not alone in Anoka, Garrison Keillor's hometown and a place that, like the imaginary Lake Wobegon, defies stereotypes about religious conservatives.

"If you're pro-life and mad about the war, where do you go? That's the Bachmann-Wetterling race in a nutshell," said state Rep. Jim Abeler, 52, a Republican who represents part of the 6th district.

Jim Bernstein, 56, a Democrat who served as Minnesota's commerce commissioner under then-Gov. Jesse Ventura, agreed: "There are a lot of people here who say, 'I'm pro-life, but I'm also concerned about health care, about education, about jobs.' "

Across the country, many Democratic candidates are wooing religious voters by talking about their faith. Wetterling is not among them. Her campaign manager calls her "a very spiritual woman," but says: "We have her all over the district now, so much so that she's not able to attend church."

Bachmann, on the other hand, attends an evangelical megachurch and is known for her unsuccessful effort to put a state constitutional amendment against same-sex marriage on the November ballot. If same-sex marriage spreads, she has warned, "public schools would have to teach that homosexuality and same-sex marriages are normal, natural and that maybe children should try them."

Christopher P. Gilbert, a political scientist at Gustavus Adolphus College in central Minnesota, said there "haven't been a lot of candidates in Minnesota who closely associate themselves with the Christian right, but Bachmann has. She's the real deal when it comes to religion in politics."

Nationally, the Republicans' once formidable hold on churchgoing voters has begun to slip. Among those who say they attend church more than once a week, the GOP still holds a commanding lead. The main shift is among weekly churchgoers, about a quarter of all voters. Two years ago, they favored the GOP by a double-digit margin. But in the new Pew survey, 44 percent leaned toward Republicans and 43 percent toward Democrats, a statistical dead heat.

The slippage is particularly striking among evangelicals. According to Pew data, the portion of white evangelical Protestants who identify themselves as Republicans rose steadily from 2000 to 2004 but leveled off this year at about half. The percentage who support keeping troops in Iraq has dropped to 55 percent, from 68 percent in early September.

"The allegiance of evangelicals has been more in flux over the past 12 months, suggesting that the considerations going into their votes are changing," said Scott Keeter, Pew's director of survey research.

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In addition to the war and congressional scandals, those considerations may include a broader definition of religious issues. Some influential ministers, such as the Rev. Rick Warren, author of the bestselling "The Purpose-Driven Life," are urging evangelicals to fight poverty, safeguard the environment and oppose torture on biblical grounds.

To the extent that evangelicals now view these issues as "matters of conscience" alongside abortion and same-sex marriage, they could shift some votes into the Democratic column, said Ron Sider, head of the group Evangelicals for Social Action.

Another factor in evangelicals' changing loyalties may be the efforts of Democrats to reach out to them. In Michigan, evangelical pastors helped write the preamble to the state party's new platform. "Democrats in this state are seeking the Common Good -- the best life for each person of this state. The orphan. The family. The sick. The healthy. The wealthy. The poor. The citizen. The stranger. The first. The last," it says.

But before Democrats take credit for the shift, they might ponder one of the findings in a recent survey of 2,500 voters by the Center for American Values, a project of the left-leaning People for the American Way Foundation: Republicans have lost more support (14 percentage points) than Democrats have picked up (4 points) among frequent churchgoers.

That rings true to Michael Cromartie, an expert on evangelicals at the Ethics and Public Policy Center, a Washington think tank. "Erosion for evangelicals doesn't necessarily lead to Democratic voting. It leads to nonvoting," he said.

Republican strategists are hoping the drop will prove temporary.

"There is a dip in support for the GOP among religious conservatives, no question," said Leonard Leo, head of Catholic Outreach at the Republican National Committee.

"People of faith were disaffected over the summer, but I think they'll come back," he added. "It's like any other election season -- people get frustrated that they haven't achieved everything they want. But as you get close to the election, you begin to look at the alternatives and realize that staying home is going to make things worse rather than better."

Iraq Still Issue Number One For US Voters (AFP-Y)

By Stephanie Griffith

AFP, October 5, 2006

Iraq remains the top issue for US voters ahead of next month's crucial midterm elections according to a national poll, which also found Americans surprisingly unmoved by the congressional sex scandal currently dominating Washington.

"Iraq has become the central issue of the midterm elections," said researchers with the Pew Research Center, in a statement that accompanied the survey.

"There is more dismay about how the US military effort in Iraq is going than at any point since the war began more than three years ago," the statement read.

"The war is the dominant concern among the majority of voters who say they will be thinking about national issues, rather than local issues, when they cast their ballot for Congress this fall."

The comprehensive poll of 1,800 respondents sampled voter opinions on a broad range of top issues, from immigration, to the war in Iraq, to the falling price of energy.

The poll found found that 58 percent of the US public believes the US military effort in Iraq is not going well, 47 percent say the war is hurting, not helping, the fight against terrorism.

The survey also found Americans remarkably unaffected by the scandal over the handling of lurid sexual messages sent by former Republican lawmaker Mark Foley to teenage pages in Congress -- at least with respect to next month's legislative and gubernatorial balloting.

The Pew Center found that Democrats had a 51 percent to 38 percent advantage over Republicans before last week's scandal broke, and 50 percent to 37 percent edge after.

Among voters who said national issues were of paramount importance for them, about half -- 51 percent -- cited the deteriorating situation in Iraq as the most important concern. Terrorism came in second place at 37 percent while 35 of respondents cited the economy.

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Another important recent development -- the drop in the price of gasoline -- also appeared not to have impacted voter feelings greatly. The survey showed that while most respondents were aware of the recent fall in gas prices, they were also likely to complain about a faltering US economy.

The poll put US President George W. Bush's job approval rating at 37 percent, with 63 percent of respondents saying they are dissatisfied with the way things are going in the country.

As with earlier Pew surveys, an unusually high percentage of voters -- 39 percent -- envision their ballot as a vote "against" Bush rather than for him.

The survey found the current climate to be particularly treacherous for incumbents, with 27 percent of voters saying they do not want to see their own representative win reelection in the fall, down from 32 percent in June.

But anti-incumbent feeling seemed less pronounced than in the historic 1994 midterm elections, when voters ousted Democrats from the leadership of the House of Representatives, the Pew researchers noted.

The survey, conducted from September 21 to October 4, had a sampling error of plus or minus three percentage points.

Former President George H.W. Bush Warns Of 'Wild' Democrats (AP)

AP, October 5, 2006

GLADWYNE, Pa. - Former President George H.W. Bush said Thursday that a Democratic takeover of Congress would be a "ghastly thing for our country."

Bush, speaking at a fundraiser for Sen. Rick Santorum, R-Pa., warned that the Republican majority of the Senate is at risk.

"This is more than party versus party, it is the idea that if we have some of these wild Democrats in charge of these committees it will be a ghastly thing for our country," Bush said.

Democrats would need to gain six seats in the Senate and 15 in the House in the Nov. 7 general election to gain control of each chamber. Bush cited the effect of a Democratic takeover on GOP members of Congress, including Sen. Arlen Specter, R-Pa., as well as on the president.

"I would hate to think what Sen. Arlen's life would be like, what Rick's life would be like, and my son's life would be like if we lose control of the Congress," Bush said.

The Democrats, he said, "just have a very different view ... and they'd be pushing all kinds of crazy legislation."

The fundraiser raised about $270,000 for Santorum, who has trailed Democrat Bob Casey, the state treasurer, in polls. Casey received fundraising assistance Thursday from former President Bill Clinton. The event was closed to the press.

The two former presidents were in Philadelphia Thursday to receive the Liberty Medal for work on behalf of victims of Hurricane Katrina and the South Asian tsunami.

Rumble In Rhode Island (NSWK)

By Lee Hudson Teslik

Newsweek, October 6, 2006

In the increasingly binary world of American politics, Rhode Island has earned its nonconformist reputation. The state has more voters registered as “unaffiliated” than either Republican or Democrat. One of their senators, Lincoln Chafee, was the only Republican to vote against the Iraq war, opposed Samuel Alito’s nomination for the Supreme Court and refused to vote for President Bush in 2004 (he voted for the president's father as a write-in vote). But now, after eking out a primary victory last month with strong support from the national Republican Party, Chafee trails Democratic challenger Sheldon Whitehouse by about two points, according to the latest polls.

In a state whose symbol is “The Independent Man,” a Whitehouse victory could spell a political sea change. Whitehouse, who was formerly the state's attorney general, has campaigned on an aggressively national platform, saying not just Rhode Island's future but “the structure of power in Washington” is at stake. Opponents have criticized Whitehouse for telling people to vote for the Democratic Party without presenting any specific platform of his own. Chafee, for his part, has touted his independent voting record—with limited success—and analysts have said a Chafee loss could signal the decline of the distinctly northeastern brand of Rockefeller Republicanism.

As part of NEWSWEEK’s ongoing Face Off series, Lee Hudson Teslik interviewed both candidates. Excerpts:

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Republican Sen. Lincoln Chafee

NEWSWEEK: In the past you've taken some heat from your own party, essentially for not being "Republican enough." You voted against Alito, against the Iraq war—even against the president himself in 2004.

Lincoln Chafee: And his tax cuts. Don't forget that.

And the tax cuts, right. Given all this, was it surprising to have the Republican Party come out so strongly for you in your primary?

No, I'll take help from anybody who offers it. That was a tough primary, and I've worked hard at having good relations with my party, despite having differences on some issues.

Were you contacting them or did they reach out to you?

Well I just think that due to the relationships that I've worked on over the last six years, they wanted to help. They realize that I've voted my conscience, but they respect that.

Rhode Island isn't a particularly Red State. Does it worry you that support from leaders of the Republican Party could hurt you?

Well my message to the Rhode Island voters is that I excel at working with everybody. I work with Democrats, conservatives, liberals and independents, and that pays off for Rhode Island.

But there are three times as many Democrats as Republicans in the state. You don't think people could react negatively when they see the national Republican leadership so strongly in your camp?

Yes, Rhode Island is arguably the most Democratic state in the country, so I understand what you're saying. On the same token, I vote my conscience and I'm able to develop good relations with everybody and deliver for Rhode Island when it counts.

There are Democrats in the Senate with more conservative voting records than you. Ben Nelson of Nebraska is an example. Why do you consider yourself a Republican?

Well we northeastern Republicans are what I call the original Republican Party. Fiscal responsibility, that used to be a Republican issue. Certainly caring for the environment, that is a Republican issue. Supporting personal liberties, and the freedom of people to make very personal decisions on their own—I think that's traditional Republicanism; an aversion to foreign entanglements, that too. And we've been successful in the northeast at electing Republican governors, when you think about it. New York has had a long string; George Pataki has had a long run; the mayors of heavily Democratic New York City, first Mayor Giuliani, now Mayor Bloomberg; Connecticut has had a string of Republican governors, Massachusetts, even Vermont has had a Republican governor. So in the northeast, our brand of Republicanism is maybe different from the change that has swept the [national] party.

Given this shift, is there a future for these northeastern Republicans—some people call them Rockefeller Republicans. Are they dying out?

Well I think this election is going to be important to make a stand, to say we want people governing from the middle. Certainly my candidacy is one that's in the spotlight on that.

People have said that Sheldon Whitehouse, your opponent, is telling people to vote for a party, not a man. Do you think that's a legitimate criticism?

I think eventually Rhode Island voters are going to want something more from the candidates than just to vote for a party. He has no other message. I call it the Peggy Lee campaign: "Is that all there is?"

Rhode Island has more voters registered as "unaffiliated" than Republicans or Democrats—more than 350,000 of them. Why are there so many?

That's another thing that has changed with the times. People here don't register with parties as much as they used to. Before coming to the Senate, I was mayor of my city, and the board of canvassers office was right near the mayor's office, and I'd check in every once in a while to see how people were registering. It was overwhelmingly, as we call them in Rhode Island, "unaffiliated." They like the freedom to make their votes on primary day in the Republican primary or the Democratic primary. In the old days, these people were much more aligned with parties. I know when my dad [Sen. John Chafee] served in politics, in the '60s, the party endorsements were so influential in the outcome of elections, and that's just not the case now.

Have you ever considered billing yourself as an Independent?

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No, you have to caucus here in the Senate with one party. And so once you make that decision, you run under that label. And in Rhode Island, Republicans are seen as the party of reformers.

Democratic Challenger Sheldon Whitehouse

NEWSWEEK: Senator Chafee's father, John Chafee, was a Rhode Island senator before him, and the family has very prominent roots in the state. In a way you're running not just against Lincoln Chafee, but the family name and all the weight it carries in Rhode Island. Has that been frustrating for you?

Sheldon Whitehouse: I think it's an asset for Senator Chafee, and it's one that I'm very familiar with, as our families have been very friendly over the years. I knew his father extremely well. But in this particular race, I think that the voters in Rhode Island are so concerned and upset about the direction in Washington, that the question that will be in their minds in the voting booths won't be, "Is Senator Chafee a nice guy, and was his father a good guy before him?" but rather, "Is our country going in the right direction?" And clearly the answer to that question is no.

You have said many times that your race could be a key to Democrats regaining control of the Senate. Some critics have said that you've put this goal over anything specific to Sheldon Whitehouse. In other words, that you're telling people to vote for a party and not a man. Do you think that's unfair?

It's inaccurate if you actually look at how my campaign has developed. We've put out very clear policies on fixing the prescription-drug plan that is harming so many seniors. We've come out with a very specific new energy strategy. We've spoken extensively about the need for health-care reform and the role I would like to play in health-care reform. We've put forward a specific plan for shoring up Social Security. We've really been out there strong on the issues.

Senator Chafee has the most liberal voting record of any Republican in the Senate. Indeed, there are some Democrats who have more conservative records. Shouldn't those conservative Democrats be more of a concern to you than someone like Lincoln Chafee?

The game plan that Democrats will pursue in Washington is radically different from the failed course that the Bush administration has pursued. Whether individual senators might not be totally on board with every element of that game plan, that's really the ultimate determination here. Who sets the agenda, and what direction it takes us. And there's a colossal difference between what Democratic leadership would do, and what Republican leadership has shown us.

Senator Chafee voted against Samuel Alito for Supreme Court, he was the only Republican to not vote for the Iraq war—in 2004 he didn't even vote for Bush for re-election. Is it at all disingenuous to pin him too closely politically to President Bush?

Not a bit, because the key factor is that he votes to put the Republican leadership in charge that drives that agenda. He may have voted against Iraq, but we are in Iraq notwithstanding. He may have voted against Alito, but we have Alito on the Supreme Court notwithstanding. The ultimate decision is who's driving. Democratic leadership will lead us in a much better direction.

You've argued against the Republican course in Iraq and have argued for the withdrawal of U.S. troops. What kind of timetable would you want?

I think we need to announce as soon as we can that that's what we plan to do. Then it's a matter of troop safety, and getting them out as rapidly as makes practical sense, again with troop safety in mind. I think that creates a very significant diplomatic opportunity once the insurgency sees that we're not there to occupy their country, once the factions see that time is short and they're really going to have to get serious about making the decisions they have to make about their own country, and third that the international community sees that in fact we are on our way out, and it invests them in a whole different way in participating in a resolution of the Iraqi conflict. But I think the immediate thing that needs to happen to put all those things in motion is a clear and unequivocal decision that we are going to start withdrawing our troops as rapidly and sensibly as troop safety will permit.

What happens if when we're ready to go, to use a hackneyed expression, the mission isn't complete; if things are still going haywire over there. Should we still pull out?

Well the question you have to ask is: "Is the present strategy likely to lead to a better result?" My answer to that is no. Recently we've seen that confirmed by some of the internal reports that have been developed by analysts within the administration. I think we are on a path that leads toward a disaster over there, and it is pure stubbornness that keeps the administration from changing to a more effective policy.

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You have a personal connection to these diplomatic issues—your father was a Foreign Service officer. Where were you when you were growing up?

Cambodia, South Africa, Congo, although they were shooting at each other then so the family stayed home, Guinea on the west coast of Africa, the United Nations, Vietnam, Laos and Thailand.

Quite a list.

It was interesting. I'll tell you one thing that stands out from my time in Vietnam. You could see intact in Saigon essentially all the infrastructure that we're trying to build now in Iraq. Political infrastructure, utility infrastructure, public safety and military infrastructure: it all was there when I was living there with him in 1973. It wasn't too long later, less than two years I believe, that we had pulled out. All that infrastructure intact, and yet this happened. I think it's the kind of thing that should have given this administration a lot more pause before it ventured on its misguided war in Iraq.

Let me ask you about the war on terror. There hasn't been a major attack since 9/11, and some people say we've disrupted the financial networks of terrorist organizations. How do you think we've done on this front?

No president following 9/11 would not engage in trying to fight the elements that want to produce terror acts in the United States of America and elsewhere. But I think a lot of the judgments that have been made—in terms of failing to fund border, container and port security; in terms of putting so many resources into the Iraq war and taking them away from Afghanistan, which was a front where we seemed to be winning—I think there clearly was a better way. We've now really compromised our military capability and the asset of our standing in the world without really improving our standing in the war on terror.

So how do we move forward?

Extracting ourselves from Iraq will help. Shoring up the effort in Afghanistan will help. And focusing really hard on the terror cells, a lot of which requires working behind the scenes with other nations. But this requires better relations than we've been able to maintain, and a more thoughtful and aggressive diplomacy.

Times Get Tougher For Ohio's Republicans (FT)

By Holly Yeager

Financial Times, October 6, 2006

Standing in front of the fire department in Zanesville, a small Ohio town near the middle of the state, Republican Mike DeWine is doing his best to persuade voters to elect him to a third term in the US Senate.

Legislation he worked on has brought $100m (€79m, £53m) to fire departments in the state, Mr DeWine says.

A few minutes later he shifts the topic to national security, holding up a sheet of paper that he says contains evidence of his opponent's past votes to cut intelligence spending.

But Mr DeWine, clad in a white shirt and tie, is having a hard time getting his message across. Only a handful of people - active Republicans in the community - had been alerted to his visit. The whistle of a passing train makes it hard to hear some of what he says.

He takes questions from the two reporters on hand - about congressman Mark Foley's exchange of suggestive messages with a young page and the need for more jobs in the region - and then mingles with the firefighters, one of whom complains about all the negative adverts this campaign season.

"It is not a great political climate," Mr DeWine says before setting off with his wife and staff for Tom's, an ice-cream parlour, for a bowl of peach ice-cream.

Recent opinion polls show him in a virtual tie with Sherrod Brown, the liberal Democratic congressman - a surprise to many in the state.

But the polls are clear evidence that the series of scandals that have engulfed Ohio Republicans at home and in Washington, including congressman Bob Ney's guilty plea in a scandal involving the lobbyist Jack Abramoff, have made a difficult political year even more troublesome for them.

The state, long a bellwether in presidential politics, is ground zero for the November 7 mid-term elections: the outcome of Mr DeWine's race and several other closely watched House contests are likely to determine which party wins control of Congress.

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Perhaps most worrying for Republican activists is the poor performance to date of Ken Blackwell, the conservative Republican who hopes to take over from Robert Taft, the unpopular Republican governor who pleaded guilty to ethics charges.

Mr Blackwell gained national attention in 2004 when, as Ohio secretary of state, he drew criticism for the long lines and other troubles that some voters faced.

Recent opinion polls show him trailing Ted Strickland, his Democratic opponent, by more than 15 percentage points, and party officials fear that having such a weak candidate at the top of the ticket could help to put several top jobs in the hands of Democrats.

Democrats sense the opportunity. "We need change at the Statehouse, at the governor's house, and we need change in the United States Congress," said Mary Jo Kilroy, the Democratic candidate for Congress, at a campaign rally this week at Ohio State University. Some of the biggest cheers during her speech came for the school's top-ranked football team.

The other big cheers came when John Kerry, the 2004 Democratic presidential candidate, declared: "We need to get those troops out of Iraq".

Ms Kilroy frequently complains that Deborah Pryce, the seven-term House member she hopes to unseat, has been a "rubber stamp" for President George W. Bush and his Iraq policy.

The close contest in this district around Columbus, the state capital, has also caught the Republicans off guard.

Ms Pryce, a member of the Republican leadership team, was forced this week to answer questions about how Mr Foley's messages were handled, and, like Mr DeWine, she says the political climate is "a tough one".

But, she says, "the earth won't stand still" - she is hoping to return soon to a debate of issues such as the "war on terror", the economy and immigration.

With just a month until election day, Ms Pryce and her fellow Republicans have their work cut out if they are to boost the enthusiasm of voters.

Robert Sicuro, a retired attorney who has voted for her in the past, says he probably will support Ms Pryce again, but only grudgingly.

"I don't think she's the most effective person in the world," he says, adding that he worries more about Ms Kilroy's support for tax increases as a county commissioner.

Mr Sicuro is "not too happy" with Mr DeWine either. But he also expects to vote for him again, calling Mr Brown "too far left for my taste" and complaining that Democrats "don't really have a plan" for Iraq.

But Bonita Hall, an office worker who is eating her lunch on a bench on the capitol grounds, says that although she calls herself a Republican, she does not think she will be able to support the party's candidates this time around.

"Right now, they seem like the good 'ole boys, a club that protects one another no matter what they do," she says. "Maybe we need some new ideas."

A Senate Race's Ads Absurdum (WP)

By Michael Kinsley

The Washington Post, October 6, 2006

SEATTLE -- Here in Washington state we don't care for partisanship and negativity, which leaves our candidates with not much to talk about. "Look," says Republican Senate candidate Mike McGavick, "if the Republican Party came to me and said, 'Mike, we want you to vote against the families of your state,' I'd tell them to go jump. I'll choose the people of our state every time."

Wow. This must be one of those "hard choices" McGavick, a former insurance executive, says he is prepared to make if he is sent to the Senate. He does not supply any other examples. My idea of a hard choice would be having to choose between the short-term interests of the people -- yes, even the families -- of your state and the long-term interests of the nation. Through the fog of generalities, McGavick appears to see things differently.

A news release entitled "Mike Takes a Tough Line on Federal Spending Reforms" is mostly about federal grants to the University of Washington. But he supports this spending, of course, and deplores the cuts that have been made in it, which he attributes to "budget mismanagement." He made this point in a day spent campaigning with Commerce Secretary Carlos Gutierrez, who was here in his capacity as a Hispanic and not as anyone who might bear responsibility for the federal budget.

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If you knew nothing about Mike McGavick except what is in his TV commercials and on his Web site, you would conclude either that he is a moron or that he thinks you are a moron. Democratic incumbent Maria Cantwell's ads aren't so wonderful either. They're mainly about all the federal money and other favors she's brought to the state. But if any of this is part of the "pork barrel . . . wasteful, out-of-control spending" that upsets McGavick, he doesn't say so.

And of course there is a subtext to each of the inanities in McGavick's commercials. They have all been focus-grouped and market-tested. For example, in one news release expressing his "disappointment" (I bet) that Cantwell had voted against some tax cut, McGavick says, "This isn't really about Senator Cantwell." It's about "partisan nonsense." Cantwell is (the headline mentions) "Following Party Over State's Interests."

Now ask yourself: Why would she do that? Why would she put her party's interests over those of her constituents? Who cares enough about either party to actually put their own political futures in peril? Answer: no one. Taken literally, the charge is absurd. But it's not meant to be taken literally. It is just part of the miasma of themes and images that political professionals create around candidates. Cantwell is popular, partisanship is not. So blame partisanship and not Cantwell. Be for "families." Be for "change." Be against "Washington, D.C." and "lobbyists."

The media do a better and better job each election cycle at pointing out and analyzing these campaign constructs. But by doing so, in a way, they legitimize it all. By raising up the subtext, they diminish the importance of the text. Don't be naive: You're not supposed to take this stuff literally. Politicians are trying to push your buttons. They aren't trying to communicate with you.

In a radio spot this week called "Not Paying Attention," McGavick says, "Folks in Washington, D.C., you know they must not think we are paying attention" to "some of the things they are getting away with." In a rare particular, he blames "automatic pay raises" for creating bad incentives for members of Congress. "We've got to have change," he says, "but the only way to do that is to change who represents us."

Maria Cantwell hit it big in the dot-com boom and is a very rich woman. She has spent tens of millions of dollars on her election and reelection campaigns. Whatever her flaws, she cannot possibly care about a pay raise. Taken literally, the notion that any national politician assumes that the voters and media and opposition party are "not paying attention" is equally ridiculous. So what is her motivation? What is McGavick's, for that matter? (He's rich, too, having struck gold in just a few years in the insurance business.)

In an age when senators have almost no power to affect the actual course of events, and when most of them don't seem to have any particular notion of what they would do with that power if they had it -- McGavick certainly doesn't -- why anyone bothers to be a senator is a fascinating question. Is Cantwell devoting her life to betraying the families of Washington just for the fun of it?

McGavick has no explanation, except to say that "this stuff is nuts," that it is "partisan nonsense" and so on. But Maria Cantwell is not nuts. "Nuts" is not a plausible explanation. And without any specifics or a plausible explanation, McGavick's complaints are exceptionally empty.

Knowing virtually nothing about McGavick, I saw one of his 30-second spots last week and took an instant, personal and possibly unfair dislike to him. And I wonder why everyone doesn't have the same reaction to these patronizing, insulting commercials. Maybe some do -- McGavick is going to lose, apparently -- but more must be turned on than are turned off, because McGavick is not nuts either.

Dems Aim To Gain Majority Of Governorships (USAT)

USA Today, October 6, 2006

Thirty-six states will elect governors in November, and Democrats hope to gain a majority of the USA's governorships for the first time since 1994. Republicans now hold 28 seats nationwide, Democrats 22. More GOP-held seats are up this fall: 22 vs. 14 now held by Democrats. Taxes, charter schools, gas prices and embryonic stem cell research are among the issues defining the contests.

Big state takeovers:

Democrats are confident of winning back governorships in two of the USA's biggest states. In New York, Attorney General Eliot Spitzer has a yawning lead in statewide polls over Republican John Faso, former state Assembly minority leader. In Ohio, Democratic congressman Ted Strickland leads Republican Secretary of State Ken Blackwell by double digits in statewide polls.

DOJ_NMG_0076410

Minorities:

Three African-Americans have major-party nominations for governor. They are Democrat Deval Patrick in Massachusetts and Republicans Ken Blackwell in Ohio and former Pittsburgh Steeler Lynn Swann in Pennsylvania. The only African-American who has been elected governor in the USA is Virginia's Doug Wilder, in 1989. In New Mexico, Gov. Bill Richardson, who is Hispanic, is running for a second term.

Women:

A record five female incumbent governors are running for new terms, in Arizona, Connecticut, Hawaii, Kansas and Michigan. Three are Democrats, two Republicans. Five other female candidates have major-party nominations and are in competitive contests: Democrats in Alabama and Nevada and Republicans in Alaska, Illinois and Massachusetts.

Scandals:

The Jack Abramoff lobbying investigation that has affected some congressional races isn't a factor for governors, but local scandals have scarred some contests. In Ohio, the Republican establishment is entangled in charges of improprieties in handling state pension funds. That has complicated the campaign of GOP gubernatorial candidate Ken Blackwell. Among Democrats, Illinois Gov. Rod Blagojevich and Wisconsin Gov. Jim Doyle have had to deal with allegations of wrongdoing in their administrations. Both races are considered competitive.

Stepping down:

One Democratic and eight Republican governors are stepping down. Five of them didn't have a choice: governors in Arkansas, Colorado, Florida, Nevada and Ohio faced term limits.

Stepping up?

At least four governors who are stepping down are testing the waters for the 2008 presidential race. They are Democrat Tom Vilsack of Iowa and Republicans Mike Huckabee of Arkansas, George Pataki of New York and Mitt Romney of Massachusetts.

Alaska:

Gov. Frank Murkowski ran a dismal third in the GOP primary. Republicans hope former Wasilla mayor Sarah Palin can hold the seat. Democrat Tony Knowles, a former two-term governor, is trying to regain it.

Michigan:

Gov. Jennifer Granholm, a rising star in the Democratic Party, is in an unexpected tossup against Republican Dick DeVos. The Amway heir is spending millions of his personal fortune on ads that hammer Granholm over the state's economic woes.

Arkansas:

Democrats hope to regain the governorship that launched Bill Clinton in national politics. Democratic Attorney General Michael Beebe faces Republican Asa Hutchinson, a former House member and Homeland Security Department official.

California:

A year ago, Republican Arnold Schwarzenegger seemed imperiled as governor of the nation's largest state. He has rebounded, though he isn't considered a safe bet yet. State Treasurer Phil Angelides is the Democratic challenger.

Massachusetts:

Whoever wins will break new ground. Democrat Deval Patrick would be the first African-American governor in the Bay State; Republican Kerry Healey would be the first woman elected governor. Republicans have held the governorship in this Democratic stronghold for 16 years.

Florida:

Presidential brother Jeb Bush is barred by term limits from running again. After lively primaries in both parties, Republicans nominated state Attorney General Charlie Crist, Democrats Rep. Jim Davis. Both are political moderates from the Tampa Bay area.

Subsidies Keep Airlines Flying To Small Towns (NYT)

By Jeff Bailey

The New York Times, October 6, 2006

DOJ_NMG_0076411

PUEBLO, Colo. — Hoping for an empty seat beside you on your next flight? No problem — just schedule a trip to someplace like Kingman, Ariz.; Brookings, S.D.; or Pueblo.

They are among more than 100 locales around the country that receive federally subsidized airline service, and the average number of passengers on each flight is about three.

Most of these flights on 19-seat prop planes have plenty of elbow room — a rare luxury in this age of jampacked commercial jets. Some major airlines have cut their fleets about 20 percent since 2001 and have abandoned unprofitable routes, meaning planes are flying fuller than at any time since World War II.

The more tranquil cabins come courtesy of the Essential Air Service, put in place when the airline industry was deregulated in 1978. The idea was to help travelers in smaller cities adjust to the new competitive era of air travel. The intention was for the service to go away after 10 years, but it was renewed for a second decade — and then made permanent.

Over time, though, the program has come to seem mostly expensive and, to its critics, unessential.

After all, travelers adjusted very well after deregulation, and started driving the extra distance to busier regional airports nearby that offered increasingly cheap and plentiful jet service. That left the program with mostly empty planes, making them more costly to fly. Add in higher maintenance and fuel costs, and spending has more than quadrupled since 1996, to $110 million.

That, of course, is not a lot in the federal scheme of things. But the program is a good case study of how poorly the government sometimes keeps pace with the free market and consumer tastes, and how entrenched interests, even in the face of some creative map-drawing, can keep such a program aloft in the face of efforts to ground it.

Mike Boyd, a consultant to airports, said truly remote routes — those in Alaska, northern Maine, parts of the Western states — should be retained. But he said that most routes should be eliminated.

"The Essential Air Service program is one of those well-meaning federal programs that often results in money wasted on trying to recreate those wonderful days of the 1950's," Mr. Boyd said in a recent note to clients. "Somebody needs to tell Congress that Ozzie and Harriet are gone."

From Lewistown, Mont., Jerry Moline, the airport manager, is used to driving 110 miles to shop at the Wal-Mart in Great Falls. Likewise, most of his neighbors drive 125 miles to the airport in Billings, which has jet service, rather than fly there on the subsidized 19-seaters. The Lewistown flights attracted fewer than three people a day in 2005; each passenger's one-way ticket was subsidized with $472.78 paid by taxpayers.

The emptier the subsidized flights, it seems, the more cherished the program became. Members of Congress regularly pressured the Transportation Department to continue subsidies to towns they represented. A lobbying group sprang up solely to fight to preserve and expand the program.

To qualify for Essential Air Service, towns must have had scheduled commercial air service in October 1978 when deregulation occurred; be at least 70 miles from a large or medium hub airport; and be able to attract service from a regional airline with a one-way per passenger subsidy of no more than $200.

For towns more than 210 miles from a large or medium hub, however, there is no cap on the subsidy per passenger.

After Sept. 11, 2001, airlines withdrew from some smaller unsubsidized markets and more cities needed subsidies to maintain service. That pinched the Essential Air Service budget.

Over the next several years, the Transportation Department tried to weed out some locales.

The agency took a harder look at its map and decided that Brookings, S.D., was less than 210 miles from the Minneapolis-St. Paul International Airport; that Alamogordo, N.M., was similarly close to Albuquerque's airport; and that Lancaster, Pa., was less than 70 miles from Philadelphia's airport.

At those distances, Lancaster did not qualify for any subsidy and the two other markets qualified only for $200 or less per passenger, far less than needed to sustain service.

The towns made tempting targets. Flights from Brookings, which is less than an hour's drive from jet service at Sioux Falls, were attracting about three passengers a day. Alamogordo drew four or five a day. Both required big subsidies. And Lancaster is not that far from competitive airports, with Southwest Airlines bringing low fares to Philadelphia and Baltimore.

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The towns and a lobbyist, Maurice Parker, president of Regional Aviation Partners — it is financed by the Mesa Air Group, which flies subsidized routes — swung into action. The termination notices persuaded Senator Arlen Specter, Republican of Pennsylvania, and others in Congress to pass legislation that required the Transportation Department to measure the distances along the most commonly traveled routes. It also gave the governor of each state the final word on the matter.

"Lancaster is 66 miles from the Philadelphia International Airport if you travel along Route 30, which is the old Lincoln Highway, where there is a traffic light every other block," Senator Specter said in introducing the legislation in June 2003. He added that "any rational person" would take Interstate 222 to the Pennsylvania Turnpike, a faster route, at about 80 miles. Similar arguments were made for Alamogordo and for Brookings.

The termination efforts were dropped. And all three markets retained subsidized service. Transportation Department officials declined to comment. Michael W. Reynolds, an acting assistant secretary, in testimony before a Senate subcommittee last month, said towns had come to view the program as "an absolute entitlement."

Brookings, averaging 2.5 passengers a day in fiscal 2005, received a one-way subsidy of $677.11 per passenger.

Regional airlines in the program are paid a subsidy that, combined with fares they expect to collect from passengers, will allow for a profit. Fares vary widely. A recent one-way ticket from Pueblo to Denver, bought a few days before the flight, was $124.50.

Kerry Caruselle, a tax preparer for Army employees, was ready for the unexpected when she flew a Great Lakes 19-seater prop plane from Denver to her home in Pueblo last week. On her last flight on that route, a bumpy turboprop trip about a decade ago, she said, "My kids were in middle school and they both threw up."

Last week's 30-minute flight was smooth, yet Ms. Caruselle was the only passenger. "Just me," she said. There was also a pilot and a co-pilot but no flight attendant.

Colorado Springs Airport, offering nonstop jet service to 14 major cities, is about 40 miles away. Denver's huge hub is within about 110 miles. In fiscal 2005 Pueblo's two daily subsidized flights to Denver drew a combined five passengers a day.

"That may be generous," confided Jerry Brienza, manager of the Pueblo Memorial Airport. "We were close to three a day last year." The government calculated the one-way subsidy at $255.06 a passenger.

Traffic has picked up to about eight a day in 2006, Mr. Brienza said.

Excluding Alaska, where many air routes are subsidized, the Transportation Department paid out about $74 for each one-way passenger in the program in fiscal 2005. That is more than Amtrak's famously large per passenger subsidy, which is $19 to $52, depending on how it is calculated.

The Bush administration now wants to cut funding to $50 million. So, the Transportation Department is proposing changes to reduce the program costs. Towns more than 100 miles away from a large or medium hub would have to chip in on the subsidy. Towns closer than 100 miles would get a partial subsidy — for bus service to a hub.

But a perennial favorite with much of Congress, Essential Air Service seems unlikely to face cuts. Spending panels in each house of Congress favor a slight increase in funding for fiscal 2007, to $117 million. Many in Congress regard the program as a good way to connect remote towns to the air service system.

Probably the biggest beneficiary in recent years has been the Raytheon Company. It manufactured the 19-seat Beech 1900 prop planes that fly most of the subsidized routes. Tighter safety rules enacted in the mid-1990's made operating those more expensive. And the rapid spread of regional jets preferred by passengers forced Raytheon to halt production of the 1900 in 2002.

"The average untrained traveler equates jets to safety," said David Carter, a Raytheon spokesman. "They're not so sure about turboprops."

Having financed the acquisition of most of the 1900's by regional carriers and others, Raytheon faced huge losses. It in essence still owned 511 of the planes valued at $1.6 billion. It wrote the value of those planes down by $693 million in 2001. Since then, it has slowly been selling the planes in overseas markets, but is still stuck with 218 of them as of June 25 of this year, valued at $435 million.

Without the subsidies, most of the roughly 100 1900's remaining today in the United States could be idled, said Jonathan Ornstein, chief executive of Mesa Air, which once operated 122 of the planes and has cut its fleet to 20.

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"We don't make money in the program; we do it because we have the equipment" and owe more than $1 million on each of the planes, Mr. Ornstein said. Mesa, with annual revenue of more than $1 billion, mostly operates jets now. "No one I'm aware of has figured out how to operate the 1900 outside the Essential Air Service program."

D.C. Charity Specializes In Donations Of The Intangible (WT)

By Keyonna Summers

The Washington Times, October 6, 2006

For many, philanthropists are the rich and famous people who donate millions to projects.

But Greater DC Cares, a District-based nonprofit, is assigning a new definition to the word "philanthropy" by allowing donations of professional skills through pro bono consulting to hundreds of new nonprofits in the region.

Spokeswoman Dee Ellison said accountants, Web designers and college professors with communications expertise have viable skills that could help new nonprofits get started.

"People generally think of philanthropy as dollars," Ms. Ellison said. But "skilled volunteers [are] just as valuable as the dollars because they help increase the capacity of the nonprofits that serve our community. And the end result is we make the community stronger and healthier."

Founded in 1989, Greater DC Cares has 16,000 volunteers working with more than 400 nonprofits. Officials estimate that volunteers provide more than 60,000 hours of service annually in the region.

Under the pro bono consulting program, about 200 professionals are working with new nonprofits on about 30 projects, in which they help to develop Web sites, craft mission statements, create budgets, write grants and market their organizations.

The group also works with several large corporations, such as America Online, whose employees offer their professional services to build Web sites and laboratories for schools.

Noel Tieszen is a former teacher who last year founded Interstages Inc., an afterschool program that provides low-income middle school girls in the District's Ward 7 with lessons in music, history and self-esteem. The group also provides one-on-one academic help.

Ms. Tieszen called the consultation she received from a Greater DC Cares accountant, grant writer and publicist "fantastic."

"As a startup, this was a one-woman show," she said. "I know how to balance my checkbook, but you can't run a business that way. Greater DC Cares has been a great resource in helping us make our dollars go further, and it also helps me free up time to develop relationships with the students and do fundraising."

Today, about 10 Winston Educational Center girls gather each afternoon at the Hillcrest Recreation Center in Southeast for piano and voice lessons by volunteers attracted with the help of DC Cares' marketing consultant.

The grant writer is helping Ms. Tieszen develop proposals that will allow her to take the girls on field trips, buy musical instruments and school supplies, and hire more employees to help expand the program.

The girls in the class, who at a recent meeting played a game in which they named positive female role models of color, said Interstages has taught them problem-solving skills, about womanhood and respect for others.

"I learned to always be on time," said Shakiera Williams, 12. And "if you don't like somebody, it's best to write it down on a piece of paper [and talk it out]. Before, I just handled it by fighting."

Shauntice McCorkle, 12, an aspiring singer, agreed.

"They ask us what our goals are," she said.

Donny Tiengtum, director of programs at Greater DC Cares, said the group's goal is to stretch the funds of nonprofits in the region by including at least one or two pro bono volunteers.

"It would be intriguing to see if we could get any department of a nonprofit -- marketing, technical, financial -- to be completely run by a team of pro bono consultants, not having to spend [lots of] dollars on staffers in that regard," he said.

Evangelicals Fear The Loss Of Their Teenagers (NYT)

By Laurie Goodstein

The New York Times, October 6, 2006

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Despite their packed megachurches, their political clout and their increasing visibility on the national stage, evangelical Christian leaders are warning one another that their teenagers are abandoning the faith in droves.

At an unusual series of leadership meetings in 44 cities this fall, more than 6,000 pastors are hearing dire forecasts from some of the biggest names in the conservative evangelical movement.

Their alarm has been stoked by a highly suspect claim that if current trends continue, only 4 percent of teenagers will be "Bible-believing Christians" as adults. That would be a sharp decline compared with 35 percent of the current generation of baby boomers, and before that, 65 percent of the World War II generation.

While some critics say the statistics are greatly exaggerated (one evangelical magazine for youth ministers dubbed it "the 4 percent panic attack"), there is widespread consensus among evangelical leaders that they risk losing their teenagers.

"I'm looking at the data," said Ron Luce, who organized the meetings and founded Teen Mania, a 20-year-old youth ministry, "and we've become post-Christian America, like post-Christian Europe. We've been working as hard as we know how to work — everyone in youth ministry is working hard — but we're losing."

The board of the National Association of Evangelicals, an umbrella group representing 60 denominations and dozens of ministries, passed a resolution this year deploring "the epidemic of young people leaving the evangelical church."

Among the leaders speaking at the meetings are Ted Haggard, president of the evangelical association; the Rev. Jerry Falwell; and nationally known preachers like Jack Hayford and Tommy Barnett.

Genuine alarm can be heard from Christian teenagers and youth pastors, who say they cannot compete against a pervasive culture of cynicism about religion, and the casual "hooking up" approach to sex so pervasive on MTV, on Web sites for teenagers and in hip-hop, rap and rock music. Divorced parents and dysfunctional families also lead some teenagers to avoid church entirely or to drift away.

Over and over in interviews, evangelical teenagers said they felt like a tiny, beleaguered minority in their schools and neighborhoods. They said they often felt alone in their struggles to live by their "Biblical values" by avoiding casual sex, risqué music and videos, Internet pornography, alcohol and drugs.

When Eric Soto, 18, transferred from a small charter school to a large public high school in Chicago, he said he was disappointed to find that an extracurricular Bible study attracted only five to eight students. "When we brought food, we thought we could get a better turnout," he said. They got 12.

Chelsea Dunford, a 17-year old from Canton, Conn., said, "At school I don't have a lot of friends who are Christians."

Ms. Dunford spoke late last month as she and her small church youth group were about to join more than 3,400 teenagers in a sports arena at the University of Massachusetts in Amherst for a Christian youth extravaganza and rock concert called Acquire the Fire.

"A lot of my friends are self-proclaimed agnostics or atheists," said Ms. Dunford, who wears a bracelet with a heart-shaped charm engraved with "tlw," for "true love waits," to remind herself of her pledge not to have premarital sex.

She said her friends were more prone to use profanity and party than she was, and added: "It's scary sometimes. You get made fun of."

To break the isolation and bolster the teenagers' commitment to a conservative lifestyle, Mr. Luce has been organizing these stadium extravaganzas for 15 years. The event in Amherst was the first of 40 that Teen Mania is putting on between now and May, on a breakneck schedule that resembles a road trip for a major touring band. The "roadies" are 700 teenagers who have interned for a year at Teen Mania's "Honor Academy" in Garden Valley, Tex.

More than two million teenagers have attended in the last 15 years, said Mr. Luce, a 45-year-old, mop-headed father of three with a master's degree from the Graduate School of Business Administration at Harvard and the star power of an aging rock guitarist.

"That's more than Paul McCartney has pulled in," Mr. Luce asserted, before bounding onstage for the opening pyrotechnics and a prayer.

For the next two days, the teenagers in the arena pogoed to Christian bands, pledged to lead their friends to Christ and sang an anthem with the chorus, "We won't be silent." Hundreds streamed down the aisles for the altar call and knelt in front of the stage, some weeping openly as they prayed to give their lives to God.

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The next morning, Mr. Luce led the crowd in an exercise in which they wrote on scraps of paper all the negative cultural influences, brand names, products and television shows that they planned to excise from their lives. Again they streamed down the aisles, this time to throw away the "cultural garbage."

Trash cans filled with folded pieces of paper on which the teenagers had scribbled things like Ryan Seacrest, Louis Vuitton, "Gilmore Girls," "Days of Our Lives," Iron Maiden, Harry Potter, "need for a boyfriend" and "my perfect teeth obsession." One had written in tiny letters: "fornication."

Some teenagers threw away cigarette lighters, brand-name sweatshirts, Mardi Gras beads and CD's — one titled "I'm a Hustla."

"Lord Jesus," Mr. Luce prayed into the microphone as the teenagers dropped their notes into the trash, "I strip off the identity of the world, and this morning I clothe myself with Christ, with his lifestyle. That's what I want to be known for."

Evangelical adults, like believers of every faith, fret about losing the next generation, said the Rev. David W. Key, director of Baptist Studies at the Candler School of Theology of Emory University, in Atlanta.

"The uniqueness of the evangelical situation is the fact that during the 80's and 90's you had the Reagan revolution that was growing the evangelical churches," Mr. Key said.

Today, he said, the culture trivializes religion and normalizes secularism and liberal sexual mores.

The phenomenon may not be that young evangelicals are abandoning their faith, but that they are abandoning the institutional church, said Lauren Sandler, author of "Righteous: Dispatches from the Evangelical Youth Movement" (Viking, 2006). Ms. Sandler, who calls herself a secular liberal, said she found the movement frighteningly robust.

"This generation is not about church," said Ms. Sandler, an editor at Salon.com. "They always say, 'We take our faith outside the four walls.' For a lot of young evangelicals, church is a rock festival, or a skate park or hanging out in someone's basement."

Contradicting the sense of isolation expressed by some evangelical teenagers, Ms. Sandler said, "I met plenty of kids who told me over and over that if you're not Christian in your high school, you're not cool — kids with Mohawks, with indie rock bands who feel peer pressure to be Christian."

The reality is, when it comes to organizing youth, evangelical Christians are the envy of Roman Catholics, mainline Protestants and Jews, said Christian Smith, a professor of sociology at the University of Notre Dame, who specializes in the study of American evangelicals and surveyed teens for his book "Soul Searching: the Religious and Spiritual lives of American Teenagers" (Oxford, 2005).

Mr. Smith said he was skeptical about the 4 percent statistic. He said the figure was from a footnote in a book and was inconsistent with research he had conducted and reviewed, which has found that evangelical teenagers are more likely to remain involved with their faith than are mainline Protestants, Catholics, Jews and teenagers of almost every other religion.

"A lot of the goals I'm very supportive of," Mr. Smith said of the new evangelical youth campaign, "but it just kills me that it's framed in such apocalyptic terms that couldn't possibly hold up under half a second of scrutiny. It's just self-defeating."

The 4 percent is cited in the book "The Bridger Generation" by Thom S. Rainer, a Southern Baptist and a former professor of ministry. Mr. Rainer said in an interview that it came from a poll he had commissioned, and that while he thought the methodology was reliable, the poll was 10 years old.

"I would have to, with integrity, say there has been no significant follow-up to see if the numbers are still valid," Mr. Rainer said.

Mr. Luce seems weary of criticism that his message is overly alarmist. He said that a current poll by the well-known evangelical pollster George Barna found that 5 percent of teenagers were Bible-believing Christians. Some criticize Mr. Barna's methodology, however, for defining "Bible-believing" so narrowly that it excludes most people who consider themselves Christians.

Mr. Luce responded: "If the 4 percent is true, or even the 5 percent, it's an indictment of youth ministry. So certainly they're going to want different data."

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Outside the arena in Amherst, the teenagers at Mr. Luce's Acquire the Fire extravaganza mobbed the tables hawking T-shirts and CD's stamped: "Branded by God." Mr. Luce's strategy is to replace MTV's wares with those of an alternative Christian culture, so teenagers will link their identity to Christ and not to the latest flesh-baring pop star.

Apparently, the strategy can show results. In Chicago, Eric Soto said he returned from a stadium event in Detroit in the spring to find that other teenagers in the hallways were also wearing "Acquire the Fire" T-shirts.

"You were there? You're a Christian?" he said the young people would say to one another. "The fire doesn't die once you leave the stadium. But it's a challenge to keep it burning."

Big Ideas And No Boundaries (NYT)

By Thomas L. Friedman

The New York Times, October 6, 2006

My rabbi told this joke on Yom Kippur: At the front of the lunch line at a parochial school was a bowl of apples with a sign that read: "Take only one. God is watching." At the end of the lunch line, after the entrees, was a bowl of cookies, where a student had put up a sign: "Take all you want. God is watching the apples."

Somehow that joke reminds me of the debate about free trade in America today. Right now, with the Republicans in charge, free trade is secure. Yet, while everyone is watching the front of the line, out back in the country, an erosion of support for free trade is under way. The "Doha" trade talks have stalled, because of opposition by U.S. farmers, and the White House's "fast-track" authority to negotiate free trade agreements expires soon. With protectionist-leaning Democrats likely to take the House or Senate, any new free-trade accords will probably be stalled.

I hope Democrats won't go this route. I've always believed in free trade, accompanied by better pension and health care safety nets. But I'm not a free trader anymore. I'm now a radical free trader. Why? Because in this new era of globalization, so many people now have the communication and innovation tools to compete, connect and collaborate from anywhere. As a result, business rule No. 1 today is: Whatever can be done will be done by someone, somewhere. The only question is whether it will be done by you or to you. In such a world, the way our society flourishes is by being as educated, open and flexible as possible, so more of our people can do whatever can be done first. It matters that Google was invented here.

"That society which has the least resistance to the uninterrupted flow of ideas, diversity, concepts and competitive signals wins," says Nandan Nilekani, C.E.O. of the Indian tech giant Infosys. "And the society that has the efficiencies to translate whatever can be done quickly — from idea to market — also wins."

The old left thinks free trade is something that benefits only multinationals. In fact, it is now critical for small businesses and individuals, who can now act multinationally. They are the ones who create good jobs.

Last week, I was in Nebraska, where I met Doug Palmer. He and his partner, Pat Boeshart, make insulated concrete forms for buildings. The traditional way to insulate concrete with foam is to make the foam and then truck it around the country to building sites to be attached to concrete. Mr. Palmer's company, Lite-Form, found a Korean machine that, when combined with devices added by his firm, can make the foam and concrete together on site, saving big dollars in trucking. Today, Mr. Palmer's South Sioux City company imports these machines from Korea, attaches its devices and exports them to Kuwait. His company has an Arabic brochure that tells Kuwaitis how to use the device. The brochure was produced by a local ad agency owned by the Winnebago Indian tribe of Nebraska. The agency was started by the tribe's economic development corporation. Midwest Indians publishing Arabic brochures for Nebraskans importing from Koreans for customers in Kuwait ...

"Protectionism scares me," said Mr. Palmer, who has 28 employees. "If we put up a moat and keep doing what we're doing, thinking we're the smartest in the world, we're going to die. We have to have that flexibility to barter and trade."

A few days later, in Silicon Valley, I met Arijit Sengupta, a young Indian-American educated at Stanford, whose company, "BeyondCore," developed a software algorithm able to detect and reduce errors in outsourced back-office work. When I met Mr. Sengupta, he handed me a card with his logo, which, he explained, was designed by a graphic artist he found online in Romania. His database and Web server are freeware, and he has outsourced his marketing, sales support and patent filings to Indian firms. When I asked, "Where's your office?" he held up his BlackBerry, which takes calls forwarded from numbers in India, Boston and Palo Alto. He and his seven workers already have one Fortune 500 client.

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"When I started this company I never had to think about geography," he said. "All I had to think about was: Where was the best resource to get something done. ... What you need are the big ideas. That is the tough thing to come up with."

The way you keep good jobs in this country is not by building big walls, but by attracting people with big ideas — and then giving them the freedom to do whatever can be done with anyone, anywhere, anytime.

No On Proposition 1A (LAT)

The Los Angeles Times, October 6, 2006

OF THE PACKAGE OF MEASURES, from 1A to 1E, that the Legislature placed on the November ballot, Proposition 1A is the odd man out. All the others are multibillion-dollar bond issues intended to shore up the state's crumbling infrastructure; 1A is a tweak to the Legislature's budgeting authority and a "fix" to a similar initiative from four years ago. It would tie Sacramento's hands and ensure that future fiscal emergencies cut more deeply into vital state services. Californians should vote no on Proposition 1A.

The measure is the latest of many misguided efforts to dedicate state revenue toward a specific use — in this case, transportation. This is almost never a good idea. Such earmarks restrict the government's flexibility and leave the Legislature unable to react when the money is needed for something else.

At issue is the gasoline sales tax. There are several different taxes on gasoline — the federal government takes 18.4 cents a gallon; the state charges another 18 cents in excise tax and then adds 6% in sales tax to the total purchase price. The 18-cent excise tax is a straightforward user fee, rightly charging drivers for the cost of building and maintaining roads and public transit. The sales tax is a different matter.

Until 2002, it was treated much like the sales tax on any other product — most of the revenue raised went into the general fund. Then voters passed Proposition 42, which dedicated the funds to transportation while allowing legislators the safety valve of dipping into the till with a two-thirds vote and approval from the governor. This turned out to be a low hurdle; the Legislature, citing revenue shortfalls, raided the gas sales tax twice in the last three years.

Proposition 1A makes that more difficult. It specifies that any gas sales tax money shifted out of the transportation fund has to be repaid, with interest, within three years, and that such raids be allowed only twice in a decade. It also specifies that the money already taken has to be paid back by 2016.

The underlying problem is that California's spending on transportation infrastructure isn't keeping up with demand. The 18-cent gas excise tax hasn't been raised in more than a decade, hasn't kept up with inflation and hasn't been supplemented adequately by general budget funds. The legislative analyst's office estimates that between the 1998-99 fiscal year and today, inflation-adjusted gas tax revenues declined 8% while the number of vehicle miles traveled in the state rose 16%. This will only worsen over time as vehicles get more fuel efficient.

Proposition 1A does nothing to solve this. Instead of taking sensible steps, such as gradually raising the gas excise tax, indexing it to inflation or mustering the legislative will to direct more money to transportation, Proposition 1A simply puts a straitjacket on the Legislature. Voters should reject it.

U.S. Weighs Sanctions Against North Korea (NYT)

By David E. Sanger

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — The Bush administration is developing an extensive list of possible new sanctions against North Korea in the event that it carries through with its threat to conduct a nuclear test, senior officials said Thursday.

The measures under consideration include renewing efforts that have been unsuccessful in the past — persuading South Korea and China to cut off energy supplies and trade — and potentially confrontational steps that include intercepting and inspecting sea shipments into and out of the country.

Many of the sanctions have been considered before, as part of a long-running argument within the Bush administration over the best way to deal with North Korea. After a series of emergency meetings, including one on Tuesday at the White House, officials on each side of that debate said a nuclear test would end the argument about whether the United States should emphasize rewards or penalties.

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"If the test happens, all the arguments are over," said one senior official in the midst of the debate. "We'll end up going to full-scale sanctions; the only debate is what 'full-scale' means."

On Wednesday night, Christopher R. Hill, the assistant secretary of state for East Asia and Pacific affairs and a leading proponent of making new creative diplomatic offers to the North, announced that "we are not going to live with a nuclear North Korea."

Administration officials concede that the United States has been living with a nuclear North Korea for years. But the fact that North Korea has not yet tested its weapons has created enough diplomatic ambiguity that President Bush has not had to confront how he would enforce his own declaration in 2003 that he would never tolerate a nuclear-armed North Korea.

American intelligence agencies have long declared that North Korea has produced the fuel for nuclear weapons, but in recent days, their briefings have also included an assessment based on the expectation that the North is likely to make good on its threat to conduct an underground test.

The briefings include the important caveat that such assessments are based more on an evaluation of the political environment and North Korean strategy than on physical evidence that a test is imminent. The briefings were described by several government officials, who said they did not forecast a specific timetable.

The question of sanctions is an enormously delicate one, which officials will not discuss on the record because the issue is still under debate. The officials who did discuss them, however, came from both camps in the administration, and they appeared unified in sending North Korea a warning that a test would galvanize Washington into actions that some administration hawks have proposed for years.

Mr. Bush, several officials said, planned to call the president of China, Hu Jintao, in coming days to urge him to send an emissary to North Korea to deliver a sharp warning about the consequences of a test. They said Mr. Bush was also planning to call other leaders in the region.

Frederick Jones, a National Security Council spokesman, would only say, "Our objective is to try to use our influence, and the influence of others, to convince the North Koreans that they should not test a nuclear device."

But American officials are clearly concerned that the appeal to Beijing will not prove sufficient. "The last time the Chinese did this after the missile tests" that North Korea launched in early July, "their delegation was left cooling their heels for days," one senior official said. Others cautioned that China always shied away from the ultimate sanction, cutting off the North's oil, for fear that it could set off an economic or political collapse that would result in chaos along the border.

So for now the United States is seeking to win agreement on a "president's statement" from the United Nations Security Council warning North Korea against a test. But the threatened test comes as the administration is already trying to persuade the Security Council to make good on its threat to impose sanctions against Iran for defying a call for it to suspend uranium enrichment. That situation is the subject of a meeting in London on Friday that Secretary of State Condoleezza Rice will attend.

Some American officials are concerned that adding North Korea to the list of countries the United States wants punished could complicate those efforts and fracture a fragile coalition. But the under secretary of state for political affairs, R. Nicholas Burns, said in a telephone interview on Thursday that he did not believe the Council was growing either weary or leery of threatening sanctions.

"You haven't heard a single country support the North Koreans this week," Mr. Burns said. "And we have made it very clear that should they test, we will work for a Chapter VII resolution at the Council," a reference to the section of the United Nations Charter that declares a country's act to be a threat to peace and security, and can pave the way for retaliation.

The potential sanctions against North Korea are described in a series of classified options papers that have been circulating among senior administration officials.

The proposed sanctions, which are graduated, could begin with a significant tightening on economic transactions — a process that began last year with action against a small bank in Macao that is widely believed to have handled transactions for President Kim Jong-il and other leaders, and that American investigators say was involved in money laundering.

A more escalated measure would involve inspection of all shipping, using a provision of a Security Council resolution passed after the July missile tests that allows nations to block missile or missile-related transactions.

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But the reality is that North Korea receives most of its goods over the Chinese and Russian borders. Kurt Campbell, a former Defense Department official who specializes in Asia and is now at the Center for Strategic and International Studies, said, "Without leveraging the Chinese to put firm pressure on, very little can be accomplished by the U.S. through sanctions."

North Korea Urged To Cancel Nuclear Test (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 6, 2006

Security Council experts reached agreement late Thursday on a statement urging North Korea to cancel its planned nuclear test and return immediately to talks on scrapping its nuclear weapons program, but the text needs final approval from council members.

Japan's U.N. Ambassador Kenzo Oshima said a statement "most likely" would be approved and read out on Friday morning after capitals give final approval.

"There are some changes, new inputs from members, but basically the original draft that we presented for discussion — the thrust of it is maintained," he said.

The original Japanese draft expresses "deep concern" over North Korea's announcement Tuesday that it would conduct a nuclear test and urges the North not to carry it out.

It warns Pyongyang that a nuclear test would bring international condemnation, "jeopardize peace, stability and security in the region and beyond," and lead to further unspecified council action.

The Japanese draft also urges North Korea to return immediately to six-party talks on its nuclear program and work toward implementation of a September 2005 agreement in which the North pledged to give up its nuclear program in exchange for aid and security guarantees. The six-party talks involve the two Koreas, the United States, China, Japan and Russia.

North Korea has boycotted the six-nation talks for a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Oshima said still to be settled is whether the council will issue the text as a presidential statement or a press statement. Presidential statements become part of the council's official record, but press statements do not, though they reflect the council's unanimous thinking.

While all council members view the possibility of a North Korea test with alarm, there were different views on how to approach Pyongyang's announcement.

U.S. Ambassador John Bolton said the United States wanted "a strong response" from the Security Council, not just "a piece of paper." But China, Russia and Japan indicated they wanted a more moderate initial response.

S. Korea, Russia Try To Stop N. Korea (AP)

By Jae-Soon Chang, Associated Press Writer

AP, October 6, 2006

The president of South Korea reportedly ordered his government to send a "grave warning" to North Korea about the consequences of a nuclear test, and Russia said it was trying to dissuade Pyongyang from conducting it.

Amid the rising tensions, Japan's Kyodo News agency said a U.S. military plane capable of detecting radiation took off from southern Japan, believed to be part of U.S. efforts to monitor for signs of a North Korean test.

North Korea threatened Tuesday to conduct a nuclear test to prove it is a nuclear power. Pyongyang claims it has nuclear weapons and needs them to deter a U.S. attack, but hasn't performed any known test to verify that.

South Korean President Roh Moo-hyun huddled in Seoul with his top security adviser and ordered his government to send the "grave warning" to North Korea about the consequences of a test, Yonhap news agency reported.

Roh also ordered the government to draw up a "contingency plan" if the nuclear standoff with North Korea worsens, Yonhap reported, citing unidentified presidential staff. At the same time, he instructed his government to step up diplomatic efforts to forestall a North Korean test, the report said.

Calls to the presidential office went unanswered on the first day of a three-day holiday.

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In Warsaw, Poland, Russian Foreign Minister Sergey Lavrov said Moscow was trying to dissuade North Korea from testing a nuclear weapon.

"We must do everything so that that doesn't happen," Lavrov said at a news conference. "We are working with the leadership of North Korea to stop steps that could negatively impact the situation."

The North's announcement also prompted outcry from China, the North's main ally. Beijing's ambassador to the United Nations urged Pyongyang Wednesday not to go ahead with a test, warning of "serious consequences."

Wang Guangya said at the U.N. that "no one is going to protect" North Korea, if it goes ahead with "bad behavior."

"I think if North Koreans do have the nuclear test, I think that they have to realize that they will face serious consequences," Wang said Wednesday.

The comment was China's most forceful public response yet to its ally's announcement Tuesday, and a break with Beijing's usual conciliatory strategy of avoiding warnings to or criticism of the North.

Beijing — the North's main source of food and fuel aid — had previously appealed for restraint but hasn't said what it might do if Pyongyang detonates a bomb.

The rebuke could spell trouble for North Korea, which faces a relatively united front against its nuclear aspirations, in sharp contrast to the fractured reaction to a series of North Korean missile tests in July. At that time, China accused Japan of overreacting in calling for sanctions.

Kyodo reported the U.S. military plane had taken off from southern Japan, and public broadcaster NHK carried video of what it said was a U.S. plane taking off from the U.S. air base at Kadena, Okinawa.

Col. Anne Morris of U.S. Forces Japan refused to confirm the Kyodo report, saying she was not authorized to talk specifically about ongoing operations, but she said U.S. forces were on alert for any moves by the North.

"Of course, everybody is being vigilant. But the U.S. position remains that we hope North Korea will allow the situation to be resolved diplomatically," she said.

Earlier Thursday, a pro-North Korean newspaper based in Japan warned that Pyongyang was not bluffing.

"The nuclear test statement was not empty language, but announced on the premise of action," the Choson Sinbo said. "Carrying out a nuclear test is an inevitable conclusion ... under a condition where (the country) declared possession of nuclear weapons in February last year."

The paper, run by an association of North Korean residents in Japan, is not part of the North's official media but is considered one of its propaganda tools. Its articles are believed to reflect the country's position.

It hedged its warning by saying the crisis can be overcome if the U.S. begins to take action toward denuclearization of the Korean Peninsula with "the same goal" of North Korea.

In his first reaction to the North's announcement, Roh called Wednesday for a "cool-headed and stern" response and ordered his government to let the North know what the consequences would be if it goes ahead with a test.

Associated Press writers Edith M. Lederer at the United Nations and Ryan Lucas in Warsaw, Poland, contributed to this report.

New UN Leader To Tackle N Korea (FT)

By Anna Fifield

Financial Times, October 6, 2006

South Korean foreign minister Ban Ki-moon, who is set to be confirmed as the next United Nations secretary-general on Monday, said on Thursday he would use his UN mandate directly to tackle North Korea over its nuclear programme.

Amid the international uproar over Pyongyang's threat this week to conduct a nuclear test, Mr Ban told the Financial Times he would visit North Korea in a bid to convince the rogue state to join diplomatic negotiations rather than indulge in "negative activities".

"Secretary-general Kofi Annan has made a lot of contributions and taken initiatives by appointing a special envoy, but unfortunately during the last 10 years he has not been able to visit North Korea," Mr Ban said.

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"As I have gained a much deeper understanding and experience into the inter-Korean relationship, including North Korea, I think I will be in a much better position to handle this issue as secretary-general," he said.

"As the South Korean foreign minister there may be some limitations, but as secretary-general of UN, I think I will be able to handle this with North Korean authorities and South Korean authorities to facilitate inter-Korean co-operation and the six-party process."

"If necessary, I will take my own initiatives to visit both North and South Korea and I will try to engage [Pyongyang] myself," he said.

Japan and South Korea warned of severe consequences should Pyongyang undertake a nuclear test. China also warned North Korea of "serious consequences" – Beijing's sharpest rebuke yet in response to Pyongyang's stated intentions.

Wang Guangya, China's ambassador to the UN, said "no one is going to protect" North Korea, if it went ahead with "bad behaviour".

Rumsfeld Ponders Nuke Test Ramifications (AP-Y)

By Lolita C. Baldor

AP, October 5, 2006

Defense Secretary Donald H. Rumsfeld said Thursday if North Korea successfully tests a nuclear weapon, it will show weakness on the part of the international community.

"And that failure ... is something that the international community would have to register and ask itself how comfortable are we being that ineffective in this situation," Rumsfeld told reporters at the Pentagon during a visit by Croatian Defense Minister Berislav Roncevic.

His comments came as U.S. officials warned North Korea anew not to test a nuclear weapon.

"It isn't in their interest and it isn't in anyone's interest," Assistant Secretary of State Christopher Hill, the top U.S. negotiator on the communist country's nuclear program, told AP Television. "We will not accept a nuclear state."

Rumsfeld also said that a successful North Korean test could prompt other countries to pursue nuclear weapons.

"Because of the ineffectiveness, and the lack of cohesion and the inability to marshal sufficient leverage to prevent North Korea from proceeding toward a nuclear program ... it will kind of lower the threshold, and other countries will step forward with it," Rumsfeld said.

He added that depending on whether the test is above or below ground, the United States has as good a capability of detecting it as any country. But he declined to say whether or not it would trigger any U.S. military action.

"I wouldn't be the person who would make a decision like that. That's a decision for the country, and a decision for president," Rumsfeld said.

The United States has sent a message of "deep concern" to the North through diplomatic channels at the United Nations in New York, Hill said Wednesday, adding that the North Koreans had received it and had not yet responded.

The North Korean announcement gave no date for any test, but U.S. intelligence agencies are keeping close watch over activity at possible test sites in the North, even while cautioning against reading too much into every movement.

The United States and North Korea have no diplomatic relations outside deadlocked six-nation nuclear talks and rarely communicate with each other so directly.

Hill would not discuss policy options, but he said senior U.S. diplomats, including Secretary of State Condoleezza Rice, were in steady communication with their counterparts in Asia and Europe.

In the event of a nuclear test, Hill said, "We would have no choice but to act and act resolutely to make sure (North Korea) understood, and make sure every other country in the world understands, that this is a very bad mistake."

U.S. and international officials also said the U.N. Security Council would consider sanctions against the North if the test occurs.

A U.S. intelligence official, speaking on condition of anonymity because of the highly sensitive situation with North Korea, said the United States is now seeing the movement of people, materials and vehicles and other activity around one possible test site. But, the official said, it could be similar to activity seen a couple of months ago. No test occurred then.

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The United States has spy satellites and other eavesdropping equipment aimed at North Korea, including ground-based seismic sensors.

While North Korean leader Kim Jong Il may decide to hold the test, it cannot be ruled out that Tuesday's threat was saber-rattling, an effort to force a change in stalled nuclear negotiations or some other motivating factor.

North Korea And The Dominoes (NYT)

The New York Times, October 6, 2006

Here's a scenario to keep you up nights. North Korea tests a nuclear weapon, and Japan, South Korea and Taiwan start thinking they need one too. Meanwhile, over in the Middle East, Iran's neighbors start asking themselves why they should even wait for Tehran to go nuclear before starting their own programs.

Which is why the Bush administration, and other critical players, need to do a lot more to talk North Korea back from the nuclear ledge — and to keep it there.

It has been months since negotiators even sat down at a table. And the two countries with the most potential leverage — China and the United States — have found it easier to play down the urgency of the threat than to do what's needed to deal with Pyongyang's undeniable craziness.

In China's case, that means delivering an unambiguous warning to its longtime client that a nuclear test will be followed by an immediate and painful reduction in Chinese subsidies and aid. And President Bush will have to make his own unambiguous commitment that the United States will not try to overthrow the North Korean government — if it gives up its weapons program.

Experts still debate whether China got the North Koreans to the table by briefly cutting off oil deliveries — or doling out cash. There's no doubt China has the leverage. But China's autocrats are so enamored of any status quo — and so nervous about having to house and feed the North's refugees — that they have resisted using it. Instead, Chinese officials say that the North probably hasn't built a weapon, or if it has, wouldn't ever use it. That's what we call being in denial. It is a luxury Beijing can no longer indulge.

Mr. Bush cannot indulge his own ambivalence over whether it would be better to negotiate with Kim Jong-il or try to overthrow him. North Korea may have the most erratic, brutal and opaque leadership in the world. And it's impossible to know whether the "dear leader" would really trade away his weapons program for any price. But this White House has yet to test him. In the most recent whipsaw, Mr. Bush agreed to offer economic and security incentives to Pyongyang but then undercut the offer by imposing new sanctions on North Korean banks. Pyongyang has refused to come back to the table ever since.

While you're contemplating nuclear dominoes, here's another reason to stay up at night. In its search for cash, North Korea has become expert at selling pretty much anything to anyone: counterfeit dollars, bootlegged cigarettes, ballistic missiles. Can plutonium be far behind?

The dangers are very real. What's needed now is real pressure and real diplomacy to get the North out of the nuclear weapons business — preferably before a nuclear test shows potential buyers just how well its weapons work.

6-nation Talks Held In UK Today Over Possible Iran Sanctions (USAT/AP)

By Edith M. Lederer, The Associated Press

USA Today, October 6, 2006

LONDON — The United States, Britain, France, Germany, China and Russia will confer here today to assess Iran's refusal to suspend uranium enrichment.

They are expected to refer the nuclear case to the United Nations Security Council for talks next week on possible sanctions, Britain's U.N. Ambassador Emyr Jones Parry said Thursday. Russia's foreign minister, however, said he believes it is too soon to impose sanctions on Iran and that further diplomatic efforts are needed.

Iranian President Mahmoud Ahmadinejad reiterated Thursday that his country would not be intimidated by sanctions threats. "Those who threaten Iran by sanctions and embargo should know that this nation lived under the hardest situation in the past 27 years and achieved nuclear technology. This nation will not be frightened by the threats," state-run TV quoted him as saying.

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Iran insists its enrichment of uranium is for nuclear energy. The United States and many European nations believe Iran wants to produce nuclear weapons.

Britain's U.N. ambassador said he expects “the Iran dossier” to return to the Security Council “in the course of next week.” Jones Parry said Britain “will be discussing with its partners and with members of the council the basis for action by the council to adopt measures under Article 41 against Iran.”

Article 41 authorizes the Security Council to impose sanctions that do not involve the use of armed forces such as economic penalties, breaking diplomatic relations or banning air travel.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency. The U.N. nuclear watchdog said Iran's suspicious activities represented breaches of the Nuclear Non-Proliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The council gave Iran until Aug. 31 to suspend enrichment in return for incentives or face punishments under Article 41. The council has held off on any action because of talks between European foreign policy chief Javier Solana and Iran's negotiator Ali Larijani.

Solana conceded Wednesday that “endless hours” of talks with Larijani had made little progress and suggested the dispute could wind up at the U.N. soon. He stressed Thursday, however, that dialogue with Iran must continue even if the nuclear talks fail. “I think that even if we fail now, we should keep the doors open for dialogue with Iran,” Solana said in Rome.

Russia's Foreign Minister Sergey Lavrov said Moscow opposes sanctions against Iran. “Some members of the six nations already want to impose sanctions against Iran. We, however, think first we must continue multilateral actions,” he said.

World Powers To Discuss Sanctions Against Iran Over Nuclear Issue (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 6, 2006

BAGHDAD, Oct. 5 -- Months of intense negotiations with Iran about its nuclear program have failed and the United States and its diplomatic partners will meet in London on Friday to discuss which punitive actions to include in a new U.N. resolution, U.S. and European officials said Thursday.

State Department spokesman Sean McCormack announced in Baghdad that Secretary of State Condoleezza Rice and counterparts from Britain, France, Russia and China -- the four other permanent members of U.N. Security Council -- plus Germany will hold talks.

The United States wants to impose sanctions on Iran, but divisions are still deep among the six countries over whether to go that far and, if so, in what form. Russian Foreign Minister Sergei Lavrov said Thursday that his country does not back sanctions as a means to punish the Islamic republic for failing to comply with a U.N. resolution that requires it to suspend uranium enrichment. Iran maintains that the fuel program is part of a peaceful nuclear energy program, but U.S. officials and others worry that it could be subverted for making weapons.

"I believe that until diplomatic means are exhausted, sanctions would be too radical," Lavrov said at a news conference in Warsaw. "We have to do everything to persuade Iran to begin negotiations. . . . The issue needs to be resolved diplomatically."

European Union foreign affairs chief Javier Solana, who has taken the lead in recent last-ditch talks with Iran's chief nuclear negotiator, also said talks should not be closed off. "Even if we fail now, we should maintain the doors open to continue dialogue with Iran," he said Thursday in Rome.

China also has been reluctant to impose tough sanctions, while France has not been as adamant as the United States and Britain. "We've done the Solana effort and now we'll have to move to sanctions. That's the ministers' role," Rice said en route to Baghdad on Thursday.

The first stage of sanctions could include a travel ban on Iranian officials involved in the nuclear program and a ban on selling Iran so-called dual-use equipment that can be adopted for weapons. Tougher actions could follow if Iran continues to balk.

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At the United Nations, Britain's ambassador, Emyr Jones Parry, said the Security Council is likely to discuss specific language for a resolution on Iran next week that would include nonmilitary sanctions under Chapter 7, Article 41 of the U.N. Charter.

U.S. officials remain optimistic that they can win agreement -- in large part because of Iran itself. Iranian President Mahmoud Ahmadinejad has repeated several times in recent weeks, including during a trip to the United Nations last month, that Iran would not give up its enrichment program because it is operating within the rules of the nuclear Non-Proliferation Treaty.

During a visit to Spain, French Foreign Minister Philippe Douste-Blazy said that Iran is "gaining time" and that the time had come "to look at the consequences of Iran's attitude." But Douste-Blazy also said the route to dialogue would remain open if Tehran suspends its nuclear program.

US Nuclear Specialists To Visit Egypt (AFP)

AFP, October 5, 2006

US nuclear experts are to offer technical advice to their counterparts in Egypt, which last month announced it was relaunching its civil nuclear program after a 20-year freeze, official media said.

The experts were to arrive in Egypt "soon to share their experience," according to US ambassador to Egypt Francis Ricciardone, quoted by the MENA news agency.

Ricciardone did not specify when the nuclear experts would arrive but said Washington was prepared to help Egypt relaunch its civil nuclear program.

Ricciardone said last month that "the United States encourages the peaceful use of nuclear power for civilian purposes throughout the world."

Egypt's nuclear program was frozen in 1986 following the accident at the Chernobyl power plant in what was then the Soviet Union.

Egypt signed in 1968 the international nuclear non-proliferation treaty and officially supports the elimination of nuclear weapons in the region.

The Egyptian government regularly criticizes Israel over its alleged atomic arsenal, whose existence Israel has never acknowledged though the Jewish state is widely believed to possess hundreds of nuclear warheads.

Israeli Bomblets Plague Lebanon (NYT)

By Michael Slackman

The New York Times, October 6, 2006

BEIRUT, Lebanon, Sept. 29 — Since the war between Israel and Hezbollah ended in August, nearly three people have been wounded or killed each day by cluster bombs Israel dropped in the waning days of the war, and officials now say it will take more than a year to clear the region of them.

United Nations officials estimate that southern Lebanon is littered with one million unexploded bomblets, far outnumbering the 650,000 people living in the region. They are stuck in the branches of olive trees and the broad leaves of banana trees. They are on rooftops, mixed in with rubble and littered across fields, farms, driveways, roads and outside schools.

As of Sept. 28, officials here said cluster bombs had severely wounded 109 people — and killed 18 others.

Muhammad Hassan Sultan, a slender brown-haired 12-year-old, became a postwar casualty when the shrapnel from a cluster bomb cut into his head and neck. He was from Sawane, a hillside village with a panoramic view of terraced olive farms and rolling hills. Muhammad was sitting on a hip-high wall, watching a bulldozer clear rubble, when the machine bumped into a tree.

A flash of a second later he was fatally injured when a cluster bomblet dropped from the branches. “I took Muhammad to the hospital in my car, but he was already dead,” said Yousef Ftouni, a resident of the village.

The entire village was littered with the bomblets, and as Mr. Ftouni recounted Muhammad’s death, the Lebanese Army worked its way through an olive grove, blowing up unexploded munitions in a painfully slow process of clearance.

Cluster bombs are legal if aimed at military targets and are very effective, military experts say. Nonetheless, Israel has been heavily criticized by United Nations officials, Amnesty International and Human Rights Watch for using cluster bombs, because

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they are difficult to focus exclusively on military targets. Israel was also criticized because it fired most of its cluster bombs in the last days of the war, when the United Nations Security Council was negotiating a resolution to end the conflict.

Officials calculate that if they are lucky, and money from international donors does not run out, it will take 15 months to clear the area. There are now about 300 Lebanese Army soldiers and 30 other clearance teams, each of up to 30 experts, working on the problem of unexploded bomblets.

The United Nations Mine Action Coordination Center in southern Lebanon recorded 745 locations across the south where unexploded bombs had been found. Of the million estimated to be scattered around, so far 4,500 have been disposed of, according to the center.

"Our priority at the moment is to clean houses, main roads and gardens so that the displaced people can return to their villages," said Col. Mohammad Fahmy, head of the national mine clearing office. "The next stage will be cleaning agricultural lands."

In Lebanon there are two explanations of why Israel unleashed cluster bombs at the end of the war: to inflict as much damage as possible on Hezbollah before withdrawing, or to litter the south with unexploded cluster bombs as a strategy to keep people from returning right away.

The United States has sold cluster bombs to Israel in the past and says it is investigating whether Israel's use of cluster bombs in its war with Hezbollah violated a secret agreement that restricted when they could be used.

The final days of the war — a conflict that began when Hezbollah launched rockets from Lebanon into northern Israel and sent militiamen across the border to capture Israeli soldiers — were marked by a huge Israeli offensive. Israel hoped its final push would, in part, help force the Security Council to adopt a tougher resolution on Hezbollah than appeared to be taking shape.

Israel has said it leafleted areas before bombing and provided Lebanon with maps of potential cluster bomb locations to help with the clearing process. United Nations officials in Lebanon say the maps are useless.

The Israeli newspaper Haaretz published an article on Sept. 12 anonymously quoting the head of a rocket unit in Lebanon who was critical of the decision to use cluster bombs. "What we did was insane and monstrous; we covered entire towns in cluster bombs," Haaretz quoted the commander as saying.

Repeated efforts to get Israeli officials to explain the rationale behind the use of the bombs have proved fruitless, with spokesmen referring all queries to short official statements arguing that everything done conformed with international law.

In Lebanon the problem of the unexploded munitions is magnified by the desire to return to villages and lives in a region that is effectively booby-trapped. People want to begin rebuilding and harvest their crops. In some cases they have tried to clear the bomblets themselves, and some people have begun charging a small fee to clear away bombs — a practice that officials have discouraged as dangerous.

But the people are desperate.

"If I lost the season for olives and the wheat, I have no money for the winter,"' said Rida Noureddine, 54, who farms a small patch of land on the main road in the village of Kherbet Salem. There was a small black object at the entrance to his farm, and he thought it was a cluster bomb.

"I feel as if someone has tied my arms, or is holding me by my neck, suffocating me because this land is my soul," he said.

The bomblets, about the size of a D battery, can be packed into bombs, missiles or artillery shells. When the delivery system detonates, the bomblets spread like buckshot across a large area, making them difficult to aim with precision. A fact sheet issued by the Mine Action Coordination Center says cluster bombs have an official failure rate of 15 percent.

That means that 15 percent of the bomblets remain as hazards. According to the fact sheet, the failure rate in this war is estimated to be around 40 percent. "We estimate there are one million," said Dalya Farran, the community liaison officer of the mine action center.

Ms. Farran has worked at the center for nearly three years. It was set up in 2000 to help deal with the mines and unexploded ordnance left behind after the Israeli occupation of southern Lebanon and from other wars.

After this war, Ms. Farran said, there are two types of cluster bomb fragments across the south. The most commonly found type is known as M42, a deceptively small device resembling a light socket.

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She said a large percentage of the unexploded bomblets were made in America, while some were produced in Israel. Each one has a white tail dangling off the back, like the tail of a kite. As they fall to the ground, the tail spins and unscrews the firing pin.

When the device hits, the front end fires a huge slug while the casing blasts apart into a spray of deadly metal fragments. When they fail to detonate they cling to the ground, and with their white tails look deceptively like toys, so children are often those who are injured.

"This is what they are living with every day," said Simon Lovell, a supervisor with one of the clearance teams as he looked at five unexploded bomblets poking out of the soft, rocky soil of the Hussein family farm.

Across the street, Hussein Muhammad, 48, at home with his wife and four children, waited for the clearance team. His olive trees were heavy with fruit, but he could not tend to the harvest.

"I feel that the land has become my enemy," he said. "It represents a danger to my life and my kids' lives."

New Envoy Shares Olmert Views (WT)

By Joshua Mitnick

The Washington Times, October 6, 2006

TEL AVIV -- Sallai Meridor, Israel's newly appointed ambassador to the United States, is not known to be a close associate of his boss, Prime Minister Ehud Olmert. But whatever they lack in a personal friendship may be offset by the understanding that comes from traveling a parallel ideological journey.

Both come from the same political lineage of prominent revisionist Zionist families who dreamed of a Jewish state stretching from the Mediterranean eastward beyond the Jordan River. In recent years, both have departed with that mind-set, moving to Israel's pragmatic center and acknowledging that holding on to all of the West Bank and Gaza Strip doesn't square with the concept of a Jewish state.

To be sure, when Mr. Meridor, the consensus nomination for ambassador by Mr. Olmert and Foreign Minister Tzippi Livni, arrives in Washington in the coming weeks, his top duty will be keeping Israel in step with U.S. policy on confronting Iran's drive to nuclear power, analysts said.

The media-shy ambassador-appointee is the most genuine reflection of Mr. Olmert because of his recognition of the need for a Palestinian state and territorial compromise after years of activism in the right-wing Likud Party.

Mr. Meridor's transformation is perhaps even more complete because of his three-decade residency in the West Bank settlement of Ma'aleh Adumim.

"The prime minister views Sallai as a figure who can transcend his pro-settler orientation by putting a premium on some of the broader issues that confront Israel," said David Makovsky, a fellow at the Washington Institute for Near East Policy. "Judge him more by the positions he puts forward than where he lives."

After finishing a six-year tenure last year as head of the Jewish Agency -- the quasi-governmental agency that cultivates ties between Israel and the Jewish diaspora -- Mr. Meridor may hold his most valuable asset in the relationships forged with the United States rather than his geopolitical expertise.

The 51-year-old envoy-designate sharpened his diplomatic skills as a top aide to the Likud's Moshe Arens, who was defense minister during the 1991 Madrid Peace Conference.

The new Washington diplomat is less comfortable in the limelight than his father, who served in the first Israeli parliament, and an older brother, Dan, who was appointed as a minister in several Likud governments.

While on visits in the United States for the Jewish Agency, he was known to have preferred cabs to Lincoln Town Car limousines.

"As a human being he's shy and modest," said Michael Jankelowitz, the foreign press spokesman at the Jewish Agency.

"Everything he does is low-profile. Nothing he does is bombastic. He's not going to steal Olmert's thunder. Sallai is going to be behind the scene."

Straw Asks Muslim To Take Off Veils (WT)

By Katherine Haddon

DOJ_NMG_0076427

The Washington Times, October 6, 2006

LONDON -- Former British Foreign Secretary Jack Straw triggered a dispute yesterday by revealing that he asks Muslim women to remove veils from their faces when they visit his constituency office to seek his help.

Mr. Straw, whose Blackburn, northwest England, constituency has a 22 percent ethnic minority population, said he had expected that his request would cause problems but has found that most women are "relieved" to comply.

"I thought a lot before raising this matter a year ago," he said.

Two years ago, Muslim schoolgirl Shabina Begum lost a High Court battle for the right to wear a long Islamic dress, which does not include a veil, to school in Luton, central England.

"I defend absolutely the right of any women to wear a headscarf," Mr. Straw wrote in his regular column in the Lancashire Evening Telegraph newspaper. "As for the full veil, wearing it breaks no laws."

However, he wrote that "the conversation would be of greater value if the lady took the covering from her face."

"Indeed, the value of a meeting, as opposed to a letter or phone call, is so that you can -- almost literally -- see what the other person means and not just hear what they say."

He said he now ensures he has a female member of staff with him during meetings in his office.

"I can't recall a single occasion when the lady concerned had refused to lift her veil; and most I ask seem relieved to have done so."

The remarks, nevertheless, drew angry response from Muslim community leaders.

Massoud Shadjareh, chairman of the Islamic Human Rights Commission, said he was astonished that Mr. Straw does not realize his job "is to represent the interests of the constituency, not to selectively discriminate on the basis of religion."

Nasrullah Anwar, a spokesman for the Lancashire Council of Mosques, told Sky News that he was "shocked and dismayed" by the comments.

"You would think that someone in his position would be a little more sensitive," Mr. Anwar said.

Mr. Straw was appointed the leader of the House of Commons in May.

After Prime Minister Tony Blair, he is the politician most closely associated with Britain's decision to join the invasion of Iraq in 2003.

In March, when he was foreign secretary, Mr. Straw took Secretary of State Condoleezza Rice to Blackburn, where they were greeted by a series of anti-war demonstrations.

Straw Draws Criticism From Muslim Groups (AP)

By Maria Hegstad

AP, October 6, 2006

Former British Foreign Secretary Jack Straw said Thursday he asks Muslim women visiting his office to remove their veils, drawing criticism from some Muslim groups.

Straw wrote in a column for the Lancashire Telegraph newspaper that he feels uncomfortable talking with someone whose face he cannot see, and described the veil as a "visible statement of separation and difference."

"I explain that this is a country built on freedoms. I defend absolutely the right of any women to wear a headscarf," Straw wrote.

But, he said, "The value of a meeting, as opposed to a letter or phone call, is so that you can — almost literally — see what the other person means, and not just hear what they say."

Straw, who is now leader of the House of Commons, a senior Cabinet position, represents a low-income, heavily Muslim community in northwestern England.

He said in the column he worries that what he described as an increasing number of British Muslim women wearing the veil would hinder ties with non-Muslims.

Scarves that cover the face are "bound to make better, positive relations between the two communities more difficult," he wrote.

Straw said none of his constituents had refused to remove her veil, and thought most seemed relieved to do so.

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But a leader of the Islamic Human Rights Commission said Straw's position "put barriers" in the way of Muslim women at a time when they are encouraged to participate more in British society.

"We're really astonished that someone so senior and responsible as Mr. Straw would make such a statement," chairman Massoud Shadjareh said. "I'm sure many people go (to his office) with many different types of clothing and fashions. Why does he suddenly have a problem with this? It's outrageous."

But Daud Abdullah, of the Muslim Council of Britain, told Britain's Press Association news agency that he understood Straw's position.

"The veil does cause some discomfort to non-Muslims. One can understand this," he said.

Abdullah said Muslim scholars differ over whether it is obligatory for women to cover their faces, but agree that they should cover their hair, Press Association reported.

Backers To Lobby For Vote On India Deal (WT)

By David R. Sands

The Washington Times, October 6, 2006

U.S. backers of a civilian nuclear deal with India say they plan a major lobbying push over the next month to ensure a final vote on the bill before Congress adjourns for the year, after the Senate failed to take up the measure before it left town last week.

Bush administration officials, calling the deal a centerpiece of a new strategic relationship with India, are hoping the Senate will vote on the enabling legislation for the pact early in the planned lame-duck session set to take place soon after the Nov. 7 congressional elections.

Sanjay Puri, executive director of the U.S. India Political Action Committee, said his group was "obviously disappointed" about the Senate's failure to act, but he added he was "cautiously optimistic" that the deal remained on track for passage this year.

"There's good support on both sides of the aisle," he said. "The issue now is just to get the bill on the calendar for a vote."

Undersecretary of State R. Nicholas Burns said Monday that the administration was "sorry" the Senate vote did not come off last week.

"We were really hoping it would be voted on," Mr. Burns said in an interview with reporters and editors at The Washington Times. He described the nuclear pact as key to the burgeoning relationship between Washington and New Delhi, strongly backed by President Bush.

The agreement struck by Mr. Bush and Indian Prime Minister Manmohan Singh in July 2005 would end a U.S. ban on nuclear trade and cooperation with India, which has not signed the international treaty on nuclear nonproliferation. India, in turn, would open its nonmilitary nuclear sites to international inspection for the first time.

The House passed its version of the bill in July. Even if the Senate votes in the lame-duck session, lawmakers still must reconcile the differing House and Senate versions of the bill.

Failure to send the bill to the White House before the end of the year would mean the new Congress elected in November would have to start the process from the beginning next year.

Supporters such as Mr. Puri argue that the agreement could cement ties with an emerging South Asian economic and military power, while opening the way to billions of dollars in business for U.S. firms. The U.S. Chamber of Commerce also has lobbied energetically in support of the accord.

But opponents say the deal would blow a huge hole in efforts to contain nuclear weapons, spur a South Asian arms race and undermine U.S. efforts to rally support against the nuclear programs of Iran and other adversaries.

Senate Majority Leader Bill Frist, Tennessee Republican, said last week that Senate Democrats had failed to agree to an expedited debate on the bill in the closing days of the regular session. But Capitol Hill staffers said part of the delay was due to reservations by Republican lawmakers over an unrelated provision added to the bill regarding U.S. obligations to the International Atomic Energy Agency.

The delay has drawn criticism in India, where opposition groups say the Singh government gave up too much to secure the deal with Washington.

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Moscow Trumps West In Battle For Clout In Former Soviet States (WSJ)

By Marc Champion And Guy Chazan

The Wall Street Journal, October 6, 2006

In the struggle over influence, energy and the spread of democracy in its former empire, Moscow has scored big gains and is taking off the gloves at a time when the West is increasingly preoccupied.

Russia imposed a trade and transport embargo to pressure the pro-Western government in neighboring Georgia this week akin to the U.S. embargo on Cuba, following a nasty espionage dispute between the former Soviet states. The move laid bare the Kremlin's determination to reassert itself in what Russians call their "near abroad."

When Georgia's arrest of four Russian military officers on spy charges came up during a presidential phone call Monday, Vladimir Putin's message to George W. Bush was: Don't interfere.

Hosting Russian minorities and pipelines taking Siberian and Caspian Sea oil and gas to markets in the West, the former Soviet region has become the front line of conflict between an increasingly assertive Russia and the West. The Kremlin appears to have read the spy dispute as a sign that the West's willingness to intervene for Georgia is limited.

Just two years ago, it looked like Russia was losing its grip over what had been part of its empire for centuries. U.S. troops were based across energy-rich Central Asia, where Moscow was struggling to rebuild its influence. Pro-Western governments had swept to power in Georgia and Ukraine, emboldening the White House to talk about a wave of democratic change sweeping the region. Russian officials blamed the U.S. for orchestrating the revolutions and worried openly that Washington had similar plans to install a friendlier government in Moscow.

Since then, the most important of the uprisings, Ukraine's Orange revolution, has seen its leaders become mired in infighting, opening the way for the appointment of an openly pro-Russian prime minister in August. Last month, he said Ukraine was putting its NATO membership bid on hold. Central Asian governments that had sought to play the West off against Moscow have largely shifted into the Russian camp, ousting U.S. military bases and tightening security and other ties to Moscow. This year, Russia secured long-term contracts to purchase Central Asian gas, tightening its control over the supply to Europe.

The turning point in Central Asia came in May 2005, when Uzbekistan's government killed hundreds of protesters in Andijan. Criticized by the U.S., the Uzbek government turned to Moscow, which concurred that it had faced a terrorist threat. Uzbekistan then kicked U.S. troops out of a military base established to support the war in Afghanistan. This summer, it joined the Russian-led Collective Security Treaty Organization. Next door, Kyrgyzstan -- where the so-called Tulip Revolution toppled the government last year -- yesterday wound up joint military antiterrorist exercises with Russia. The U.S. still runs a military base in Kyrgyzstan, but the rent it pays increased sharply this year.

As Moscow has reasserted its influence in a region the Kremlin openly refers to as its backyard, the West's willingness to confront Russia over these issues has waned. Preoccupied with problems in Iraq, Washington also needs Russia's support on critical priorities such as moving to control Iran's nuclear program. Key European countries, many heavily dependent on Russian natural gas for energy, are reluctant to pick fights with Moscow.

Georgian President Mikheil Saakashvili has emerged as the most-conspicuous exception to the Russian tide in the region. The U.S.-educated lawyer has stuck to his pro-Western policies and anti-Russian rhetoric, despite Moscow's steadily increasing pressure on his government. His commitment to pull Georgia out of Russia's orbit and into Western institutions such as the North Atlantic Treaty Organization has made him a favorite in the White House. But at a time of rising assertiveness and national pride in Russia, it has also made him a figure of hate across the border.

"This is not about Russia's conflict with Georgia, but with the West in general. It's hard to strike at the West, but Georgia is in reach," Mr. Saakashvili said in an interview Wednesday.

Mr. Saakashvili says he believes that if push comes to shove, Western capitals will back him because "core Western values are at stake in Georgia."

But both U.S. and European officials have been trying to hold Mr. Saakashvili back from further actions that could provoke Moscow and precipitate a crisis, diplomats say.

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"Europe's reliance on Russian energy has given the Kremlin the confidence to risk trying to restore its status in the post-Soviet space," says Dmitry Rogozin, an influential Russian nationalist lawmaker. "Putin knows that Europe won't want to have an argument with Russia over Georgia."

Moscow's determination to make a showcase of Georgia and demonstrate the cost of defiance to its neighbors came through clearly when Russia imposed sanctions even after Georgia returned the detained servicemen under Western pressure.

"They knew from the very first moment that we would hand the soldiers over," said Mr. Saakashvili. A Western diplomat familiar with the matter confirmed that Russia was informed last Friday the soldiers would be returned. Georgia, Mr. Saakashvili added, had arrested others Russians on spying charges before and quickly handed them over, though without going public. "It looks like for months they had been looking for an excuse to do something" to Georgia, he said.

When Mr. Bush called his Russian counterpart to talk about the latest diplomatic moves on Iran, Mr. Putin brought up the Georgia dispute. Washington had hoped that with the immediate cause of the tensions resolved, both sides would step back and find ways to ease their differences, according to American officials.

Mr. Putin, however, had a different message for Mr. Bush. A terse Kremlin statement after the meeting said he had underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy."

Within hours Moscow was tightening the screws. It announced it was cutting off all flights, trains, shipping, roads and postal links to Georgia, which has a population of about 4.7 million. Since then, it has closed down Georgian-owned businesses, including a popular Moscow casino, and imposed restrictions on visas for Georgians. Parliament this week will consider a bill preventing Georgians making bank transfers to relatives back home. That could prove a powerful blow, because hundreds of thousands of Georgians rely on the transfers.

Russian officials have given no indication when they might ease the restrictions, insisting Georgia take a more deferential line. "Russia does not want to be provoked. Russia wants to be respected," deputy foreign minister Alexander Yakovenko said yesterday. "Russia wants the anti-Russian campaign to stop."

But the pressure could escalate much further. At a meeting with Russian parliamentary leaders in the Kremlin Wednesday, Mr. Putin discussed the possibility of Russia recognizing the independence of South Ossetia and Abkhazia, two areas of Georgia controlled by Russian-backed separatists since the early 1990s.

"I think we'll do it by the end of the year," said Sergei Baburin, a nationalist lawmaker who is deputy speaker of the Russian Parliament, and who took part in the Kremlin meeting. "If NATO wants Georgia at any price, then it can have it without Abkhazia and South Ossetia."

Some observers worry the confrontation could even lead to war, although both Georgian and Russian officials say that is highly unlikely and there are numerous pressures to deter it -- including U.S. influence over Mr. Saakashvili.

"There is a growing problem, with no real attempt at negotiations. The border is closed, there are trade embargoes, blockades. All this leads to war. There are clear military objectives on both sides," said Pavel Felgenhauer, a Moscow military analyst, naming the Russian objective as regime change, and the Georgian as retrieving Abkhazia and South Ossetia.

Mr. Felgenhauer described Russian Defense Minister Sergei Ivanov's suggestion this week that Russia would accelerate the withdrawal of some troops still based in Georgia -- but outside the enclaves -- as a worrisome sign. "Those troops aren't assets, but liabilities, potential hostages. You want to get them out before any conflict," he said.

Mr. Saakashvili said he is now trying to avoid doing or saying anything that could be seen as a provocation of Russia, something he hasn't always succeeded with. He said he is focusing on local elections, which took place yesterday and could prove a referendum on his popularity. And he opened two big new hospitals, one of them a teaching facility in Tbilisi, the capital. The language of the curriculum is English; it used to be Russian.

New Indonesia Calamity, A Mud Bath, Is Man-Made (NYT)

By Raymond Bonner And Muktita Suhartono

The New York Times, October 6, 2006

DOJ_NMG_0076431

KEDUNGBENDO, Indonesia, Oct. 5 — It started as a natural gas well. It has become geysers of mud and water, and in a country plagued by earthquakes, volcanoes and tsunamis another calamity in the making, though this one is largely man-made.

Eight villages are completely or partly submerged, with homes and more than 20 factories buried to the rooftops. Some 13,000 people have been evacuated. The four-lane highway west of here has been cut in two, as has the rail line, dealing a serious blow to the economy of this region in East Java, an area vital to the country's economy. The muck has already inundated an area covering one and a half square miles.

And it shows no signs of stopping.

The mud is rising by the hour, and now spewing forth at the rate of about 170,000 cubic yards a day, or about enough to cover Central Park.

Foreign companies, environmental groups and political observers are now watching closely to see whether the government will hold the company that drilled the well accountable for the costs of the cleanup, which could easily reach $1 billion.

The company is part of a conglomerate controlled by Aburizal Bakrie, a cabinet member and billionaire who was a major contributor to the campaign of President Susilo Bambang Yudhoyono.

The disaster occurred as the company, Lapindo Brantas, drilled thousands of feet to tap natural gas and used practices that geologists, mining engineers and Indonesian officials described as faulty.

But as the liabilities have escalated, Lapindo was sold — for $2 — last month to an offshore company, owned by the Bakrie Group, and many fear it will declare bankruptcy, allowing its owners to walk away.

Mr. Bakrie declined to be interviewed. A spokeswoman for Lapindo, Yunawati Teryana, said that it was too early to conclude that Lapindo had acted negligently. She noted that some geologists had said this was a natural disaster, a natural mud volcano, perhaps set off by seismic activity in the area.

Government officials and company engineers are not hopeful that they can contain the problem. In what Indonesian officials describe as the best of the worst options, the government plans to pump the mud into the Porong River, which flows into the sea 20 miles north of here.

"It will be the death of the ecosystem around that area," said Amien Widodo, an environmental geologist who teaches at the November 10 Institute of Technology in Surabaya. There is debate whether the mud is toxic. But the sheer volume alone will smother just about everything in its path, he said.

The area's commerce has already been devastated.

"We are angry because we were living comfortably in our own home and now we are forced to leave," Reni Matakupan said as she stood here looking across 200 yards of mud at her family's factory, DeBrima, which was filling with mud.

The problems began in late May when the company had reached about 9,000 feet, Mr. Widodo said. It continued to drill to this depth even though it had not installed what is known as a casing around the well to the levels required under Indonesian mining regulations, and good mining practices, he said.

The company experienced problems with the drilling that led to a loss of pressure in the well. That is when the mud started seeping in from the sides of the unprotected well bore, at a depth of about 6,000 feet.

The mud was stopped by cement plugs that the company had inserted into the well hole. The mud then sought other avenues of escape, eventually breaking through the earth, and creating mud volcanoes in several places that resemble the geysers of Yellowstone.

If the proper casing had been in place, the mud would not have entered the well, Mr. Widodo said, and would not have discovered these other avenues to the surface, a conclusion supported by mining engineers. Several Western and Indonesian mining engineers spoke about the matter, some offering graphs and mining details that have not been made public, but only on the condition that they not be identified, for fear of running afoul of Mr. Bakrie, the billionaire company owner.

So far there does not appear to be any government investigation into what set off the mud eruptions. After the first eruptions, in late May, the police in Sidoarjo, the district at the center of the disaster, began an investigation, but it appears to have languished. "I am not confident that anyone will ever be prosecuted," said H. Win Hendrarso, the regent for Sidoarjo, choosing his words carefully. In an interview in his high-ceilinged office, Mr. Hendrarso, who was elected a year ago, said he had no authority

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to investigate. Any investigations would have to be by the central government in Jakarta, he said. He added that he was not aware of any.

"I just want Lapindo to take responsibility," he said.

But Lapindo no longer exists, and the company to which it has been sold may not have any assets.

Last month, Lapindo's parent company announced that it was selling Lapindo for $2 to Lyte Ltd., a company that is registered in the offshore island of Jersey. The majority shareholder in the parent company is the Bakrie Group, and the Bakrie Group is also the sole owner of Lyte, according to public documents.

The Bakrie Group is owned by Aburizal Bakrie and his brothers.

Lapindo's parent company, Energi Mega Persada, had said in an official securities filing that it was selling Lapindo because of the huge costs it faced in cleaning up after the mud flow, and it was better to use its assets for its other oil and gas projects.

An Energi spokesman, Herwin Hidayat, said the Bakrie Group remained committed to cleaning up the mud, through Lyte. He declined to say what assets Lyte had, if any. He said it was a "functioning company." He declined to give any examples of any business that it had done.

A concern now is whether Lyte, which has been renamed Bakrie Oil & Gas, will declare bankruptcy, which seems almost inevitable.

"That's what I'm afraid of," said Mr. Hendrarso, the senior elected executive official in Sidoarjo, the district that is at the center of the mud disaster. If the Bakrie Group does not pay, the Indonesia government will be left with the bill, government officials said.

Dutch Hospital Plans For Muslims Only (WT)

By David Rennie, London Daily Telegraph

The Washington Times, October 6, 2006

BRUSSELS -- Plans for a Muslim-only hospital in the Netherlands have sparked a heated debate over its separate all-male and all-female wings, halal food and roster of duty imams.

A populist nationalist party described the plan for the clinic in south Rotterdam as "a step backwards to the Middle Ages."

The sexes will be segregated, with male patients treated by an exclusively male nursing and medical staff and similar arrangements for female patients.

The Netherlands' once proud multicultural model, which promoted tolerance of a rapidly growing immigrant population, has been questioned in recent years, especially after the slaying of filmmaker Theo van Gogh by an Islamist.

The latest dispute concerns plans for a private hospital aimed at the Netherlands' 1 million Muslims.

It is the brainchild of a health industry entrepreneur, Paul Sturkenboom, who plans to employ 45 doctors and 275 nurses. Staff will not have to be Muslims.

The plan has been attacked by the Rotterdam-based Leefbaar Rotterdam, or "Liveable Rotterdam" party, which controlled the local council until March.

Last month, the party unsuccessfully tried to have the hospital banned.

A nationalist member of parliament, Geert Wilders, has dubbed the hospital plan "apartheid."

Construction work is about to start, and the clinic aims to open by 2008.

Mr. Sturkenboom defended his project.

"If Mr. Wilders is saying in a xenophobic way that this will prohibit integration of Muslim Dutch citizens, we just point to the fact that 20 or 30 years ago, Jewish, Roman Catholic and Protestant Dutch people had their own schools, their own hospitals, their own trade unions and employers' organizations" he said.

"That autonomy helped those people integrate at their own speed into Dutch society. This compact hospital will give Muslims time to integrate at their own speed."

He said that 40 of the 100 hospitals in the Netherlands were run by Catholic or Protestant foundations.

No Muslim hospitals are operating, though Muslim immigrants make up 5 percent of the population.

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Mr. van Gogh, a relative of the famous painter Vincent Van Gogh, was killed in November 2004 while bicycling to work in Amsterdam after a film on Muslim women he had produced angered Islamist militants.

Ayaan Hirsi Ali, a Somali-born Dutch politician known for her outspoken criticism of Islam, partnered with Mr. van Gogh on the film. She went into hiding after Mr. van Gogh's murder and returned to parliament several months later. She still lives under heavy guard and is working on a sequel to the film she made with Mr. van Gogh, on Islam's treatment of homosexuality.

Another Dutch anti-immigration politician lived in a maximum-security prison to protect himself from attack owing to his criticism of radical Islam.

Geert Wilders went into hiding after the van Gogh killing and the subsequent arrest of a group of suspected radical Islamists who are accused of plotting to kill him and other prominent politicians.

"It feels like being trapped and the word freedom has become a totally different concept for me," Mr. Wilders said in an interview in the Dutch parliament, where he returned to work in December 2004.

Mr. Wilders is seen as an heir to populist anti-immigration politician Pim Fortuyn, who was killed in Rotterdam by an animal rights activist.

Hong Kong Wrong (WSJ)

By Milton Friedman

The Wall Street Journal, October 6, 2006

It had to happen. Hong Kong's policy of "positive noninterventionism" was too good to last. It went against all the instincts of government officials, paid to spend other people's money and meddle in other people's affairs. That's why it was sadly unsurprising to see Hong Kong's current leader, Donald Tsang, last month declare the death of the policy on which the territory's prosperity was built.

The really amazing phenomenon is that, for half a century, his predecessors resisted the temptation to tax and meddle. Though a colony of socialist Britain, Hong Kong followed a laissez-faire capitalist policy, thanks largely to a British civil servant, John Cowperthwaite. Assigned to handle Hong Kong's financial affairs in 1945, he rose through the ranks to become the territory's financial secretary from 1961-71. Cowperthwaite, who died on Jan. 21 this year, was so famously laissez-faire that he refused to collect economic statistics for fear this would only give government officials an excuse for more meddling. His successor, Sir Philip Haddon-Cave, coined the term "positive noninterventionism" to describe Cowperthwaite's approach.

The results of his policy were remarkable. At the end of World War II, Hong Kong was a dirt-poor island with a per-capita income about one-quarter that of Britain's. By 1997, when sovereignty was transferred to China, its per-capita income was roughly equal to that of the departing colonial power, even though Britain had experienced sizable growth over the same period. That was a striking demonstration of the productivity of freedom, of what people can do when they are left free to pursue their own interests.

The success of laissez-faire in Hong Kong was a major factor in encouraging China and other countries to move away from centralized control toward greater reliance on private enterprise and the free market. As a result, they too have benefited from rapid economic growth. The ultimate fate of China depends, I believe, on whether it continues to move in Hong Kong's direction faster than Hong Kong moves in China's.

Mr. Tsang insists that he only wants the government to act "when there are obvious imperfections in the operation of the market mechanism." That ignores the reality that if there are any "obvious imperfections," the market will eliminate them long before Mr. Tsang gets around to it. Much more important are the "imperfections" -- obvious and not so obvious -- that will be introduced by overactive government.

A half-century of "positive noninterventionism" has made Hong Kong wealthy enough to absorb much abuse from ill-advised government intervention. Inertia alone should ensure that intervention remains limited. Despite the policy change, Hong Kong is likely to remain wealthy and prosperous for many years to come. But, although the territory may continue to grow, it will no longer be such a shining symbol of economic freedom.

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Yet that doesn't detract from the scale of Cowperthwaite's achievement. Whatever happens to Hong Kong in the future, the experience of this past 50 years will continue to instruct and encourage friends of economic freedom. And it provides a lasting model of good economic policy for others who wish to bring similar prosperity to their people.

Mr. Friedman, the 1976 Nobel laureate in economics, is a senior research fellow at Stanford's Hoover Institution.

Sued In Singapore (WSJ)

The Wall Street Journal, October 6, 2006

Seems like old times. It's been a while since this newspaper or our sister publication, the Far Eastern Economic Review, has found itself in litigation in Singapore. Like virtually every other foreign publication that circulates there, we've had that dubious pleasure before, in actions brought by the government or by the city-state's famously litigious founding Prime Minister, now Minister Mentor, Lee Kuan Yew.

Review Publishing Co. and Editor Hugo Restall are now the subjects of defamation lawsuits brought by Mr. Lee and his dutiful son, Singapore Prime Minister Lee Hsien Loong. Review Publishing is a Hong Kong-based subsidiary of Dow Jones & Co., which publishes The Wall Street Journal.

In addition to being sued, the Review is also banned in Singapore per an edict by the Ministry of Information, Communications and the Arts handed down last week. It is now a criminal offense to subscribe to the Review or import or reproduce it for distribution. Starting with the October issue, which goes on sale everywhere else in Asia today, the Review will no longer circulate in Singapore.

Anyone with a passing understanding of how Singapore operates will understand that these two events -- the Lees' libel suits and the Ministry of Information's ban -- are no coincidence. In any event, the idea that a journal of opinion published 10 times a year in Hong Kong with a Singapore circulation of approximately 1,000 is interfering in the country's domestic politics -- the underlying basis for the ban -- is absurd. So, too, is the Singapore government's apparent belief that the free flow of information is not essential for a first-world economy. * * *

The offending column in the July issue of the Review was an interview Mr. Restall conducted with that rara avis in Singapore, an opposition politician. Chee Soon Juan criticized the Lees in the article, which also briefly mentioned the 2004 scandal at the country's largest charity, the National Kidney Foundation. "The scandal was a gift for the opposition," Mr. Restall wrote, "which naturally raised questions about why the government didn't do a better job of supervising the highly secretive NKF."

Mr. Restall reported Mr. Chee's view that the elder Mr. Lee is the man behind Singapore's suppression of dissent. "If we had parliamentary debates where the opposition could pry and ask questions, I think he [Mr. Lee] is actually afraid of something like that," he said.

Mr. Restall went on to raise several questions that are in the public interest, specifically having to do with the non-transparency of government institutions: "The government controls huge pools of public money in the Central Provident Fund and the Government of Singapore Investment Corp., both of which are highly nontransparent. It also controls spending on the public housing most Singaporeans live in, and openly used the funds for refurbishing apartment blocks as a bribe for districts that vote for the ruling party. Singaporeans have no way of knowing whether officials are abusing their trust as [NKF Chief Executive] Mr. Durai did."

The Review's editor also noted that "Singaporean officials have a remarkable record of success in winning libel suits against their critics." And he asked, "Are libel suits deliberately used as a tool to suppress questioning voices?"

These passages are the crux of paragraphs that the Lees allege are defamatory. Briefly, the Minister Mentor's lawsuit contends that the words "in their natural and ordinary meaning" mean "that the Plaintiff is unfit for office because he is corrupt and has set out to sue and suppress those who would question him as he fears such questions would expose his corruption." Similarly, the Prime Minister's pleading interprets the Review's article "to mean that the Plaintiff is unfit for office because. . . [he] has retained Minister Mentor Lee Kuan Yew, who is corrupt. . . ."

Huh? If English weren't an official language of Singapore, we'd wonder if something went missing in translation. The meaning the Lees allege is preposterous, all the more so given Singapore's justifiable reputation for efficient, clean government.

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We certainly don't believe -- nor do we think any reasonable reader of the Review would infer from the article -- that the Lees are personally corrupt.

Clearly, though, the Review article touched a defensive nerve. Last month a Singapore court ruled that Mr. Chee and his sister had defamed the Prime Minister and the Minister Mentor for linking the scandal at the National Kidney Foundation to the way the country is run. Three days later the World Bank issued its latest report on governance. "Singapore," the report says, "has one of the best rankings in the world on control of corruption, but it ranks in the middle of the pack on voice and accountability, below much poorer countries such as Brazil and Botswana."

Finally, let us turn our attention back to the publication ban and note another curious aspect of this case. The Lees' attorneys first wrote to the Review on July 13, indicating that their clients were contemplating bringing suit and demanding certain concessions, including damages. The Review has no assets in Singapore.

On August 3, the Ministry of Information announced changes in its interpretation and application of Singapore's Newspaper and Printing Presses Act, requiring the Review and four other international publications to appoint a local representative to accept service of legal process and to post a security deposit of S$200,000 ($126,000) that would be available to satisfy any legal judgments. The giveaway was that changes would be retrospective -- the money would go toward any damages obtained by the Ministers against the Review for the Chee interview.

How convenient. As the Review's counsel said in a letter to the Minister of Information on August 24, "the handling of this matter pointlessly exposes the Government of Singapore to the charge that it has acted in bad faith in altering the conditions regulating foreign publications because it will appear to have acted to benefit its two most powerful members." When the Review declined to comply with the retroactive regulations, it was banned.

As it happens, Singapore's Newspapers and Printing Presses Act does not cover the online version of the Review at www.feer.com1, where, the Review tells us, it will do its best to make its October issue available free of charge to Singaporeans. In addition -- and free to all readers -- the Review is posting the disputed article, the Lees' court pleadings and its correspondence with the Lees' attorneys and the Ministry of Information.

Among these documents is Appendix A to the Minister Mentor's lawsuit, which contains a list of defamation suits brought by the elder Mr. Lee and dating back to 1965. Socrates observed that old men are themselves, only more so, and we can only assume that Singapore will remain locked in its old ways until Mr. Lee passes from the scene.

Virtually every foreign publication that circulates in Singapore has faced the government's wrath at one time or another, starting with a contempt action against this newspaper in 1985, when Singapore's inferiority complex was perhaps more understandable. This is not the behavior of a prosperous, self-confident nation.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Government Objects To Federal Court Ruling To Release Posada (AP)

By Alicia A. Caldwell

AP, October 6, 2006

EL PASO, Texas - Anti-Castro Cuban militant Luis Posada Carriles, who was arrested in Miami, will remain in an El Paso detention center for now, despite a federal magistrate's ruling that he be set free pending his deportation, a spokeswoman for U.S. Immigration and Customs said Thursday.

Spokeswoman Leticia Zamarripa said the ICE decision to continue holding Posada was based on several factors, including Posada's potential flight risk, "danger to the community and also Posada's failure to show, to demonstrate that there is no significant likelihood of removal for the foreseeable future."

ICE officials informed Posada, a former CIA operative and U.S. soldier, of the interim decision Thursday morning, Zamarripa said.

Zamarripa said Posada, 78, was also told that the U.S. Department of Homeland Security "is considering, in consultation with the Department of State, whether his detention should be continued based on the ground that his release may have serious adverse foreign policy consequences for the United States."

Thursday's decision comes less than a month after U.S. Magistrate Judge Norbert Garney ruled that Posada should be set free while the federal government continues to look for a country to deport him to.

Posada, who has been jailed on an immigration violation since his May 2005 arrest, was ordered deported last year. But a federal immigration judge ruled last year that Posada, wanted in Venezuela and Cuba for the plotting of the Oct. 6, 1976, bombing of a Cuban jetliner, could not be sent to either country because of the fear that he could be tortured.

Justice Department lawyers also filed a 22-page objection to Garney's recommendation Thursday, saying that the magistrate "erred in both his factual and legal findings, as well as by accepting Posada's grossly insufficient assertion that there was no significant likelihood that he could be removed from the United States within the reasonable foreseeable future."

Ethan B. Kanter, the Justice Department lawyer in the case, also wrote that Posada had failed to exhaust a series of high-level foreign government contacts in several countries to help find a country that would accept him.

In an August hearing challenging his continued detention, a deportation officer said no country approached by the U.S. government will accept Posada, a Cuban-born naturalized citizen of Venezuela.

Canada, Guatemala, Mexico, Costa Rica and El Salvador have all rejected official requests.

A friend of Posada's said he also made contact with some of those countries, in an informal capacity, and was repeatedly denied help.

Kanter argued that Posada is a flight risk who is a danger to the community and national security.

"Luis Posada Carriles is an admitted mastermind of terrorist plots and attacks," Justice Department spokeswoman Tasia Scolinos said Thursday in a statement. "The Department of Justice believes that Posada is a flight risk and that his release would be a danger to the community. The Department of Justice is committed to defending the Department of Homeland Security's decision to detain him under the Immigration and Nationality Act."

Posada's El Paso lawyer, Felipe D.J. Millan, said Posada's legal team would respond to the government's objection by Friday.

He said he expects a federal district judge in El Paso, who will decide if Garney's recommendation should be followed, to make a fair decision that will ultimately mean that Posada can return to Miami to live with his wife and children.

"We have the utmost faith in the federal judiciary," Millan said.

Posada has declared that he wants nothing more to do with violence against ailing Cuban President Fidel Castro. In a written statement released last month by his Miami lawyer, Posada said, "I consider that the Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns and actions to precipitate its fall."

"It is now time to use other methods, political, diplomatic or otherwise that may accelerate the fall of the Castro regime and thus shall free my country," he added. The statement was written before Castro temporarily relinquished power to his brother in July as he recovered from abdominal surgery.

Posada has applied for U.S. citizenship. That status of that application was unclear Thursday.

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US Opposes Release Of Anti-Castro Militant (AFP-Y)

AFP, October 6, 2006

The US government opposed releasing Luis Posada Carriles, an anti-Castro militant wanted by Venezuela in the 1976 bombing of a Cuban airliner that killed 73 people, court papers show.

A judge last month recommended that Posada Carriles, who is being held on immigration charges, be freed because no country was found to accept him, other than Cuba and Venezuela, both of which want to try him for a series of bombings.

The US Justice Department said in its filing Thursday that Posada Carriles, 78, should look harder for a country that will receive him, given his "uncommon ability to facilitate his own removal through high-level government connections in multiple Latin American countries."

"Posada identified an extraordinary range of foreign high profile contacts and prospects for removal that he only partially pursued," it said.

The court filing comes on the eve of the Cuban airline bombing's 30th anniversary.

Venezuela, of which Posada Carriles is a citizen, said the United States should extradite him to stand trial in the bombing.

But it has also failed to find another third country that would accept him.

The United States refused, saying he might then be handed over to Cuba, which also says he committed terrorist bombings and killed an Italian citizen in the process.

Posada Carriles has been in a Texas jail since May 2005 for entering the United States illegally.

Judge Approves Extradition To U.S. Of Alleged Al-Qaida Supporter (FINDLAW/AP)

By Katie Fretland, Associated Press Writer

AP, October 6, 2006

(AP) - LONDON-A British judge on Thursday approved the extradition of an American accused of supplying al-Qaida operatives with money and military equipment.

Syed Hashmi, 26, who lived in the New York borough of Queens before moving to Britain in 2003, will face trial in the United States if the Home Office gives final approval for the extradition.

It was not immediately clear if Hashmi would appeal the judge's ruling.

Hashmi was indicted in a New York federal court in May for allegedly providing military equipment to people who took it to members of Osama bin Laden's terrorist organization in 2004.

The military gear was "to be used by al-Qaida to fight against United States forces in Afghanistan," the indictment said, without elaborating on what the equipment was.

Hashmi has lived in Britain since 2003 although his student visa has expired. He was arrested in June as he boarded a plane bound for Pakistan at London's Heathrow Airport.

He appeared Thursday at City of Westminster Magistrates' Court before District Judge Nicholas Evans.

Washington announced Monday that the U.S. Senate unanimously approved a revised extradition treaty with Britain that critics say greatly reduces the level of evidence U.S. authorities must show to request the extradition of a British citizen.

"No person should be taken from the United Kingdom to face trial in another country without a British court being satisfied that there is evidence a person could be found guilty," said Gareth Crossman, policy director at London-based human rights group Liberty.

Hashmi's lawyer, Mark Summers, said the United States should not be involved in the case.

"The defendant was arrested here, he was here and, save in the most tenuous way, this case has absolutely nothing to do with the Americans," Summers said.

"Their interest in it is an interest in bringing terrorism suspects in general to book," he said.

Hashmi is believed to be associated with Mohammed Junaid Babar, a naturalized American from Pakistan who pleaded guilty in August 2004 to smuggling money and military supplies to a senior member of al-Qaida in Pakistan who was setting up a jihad training camp, American law enforcement officials have said.

Babar, from Queens, New York, had admitted to providing night-vision goggles, sleeping bags, waterproof socks and ponchos to an al-Qaida official in Waziristan, a Pakistani region near the Afghan border.

U.S. Judge Refuses To Dismiss Terror Finance Suit Vs French Bank (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, October 6, 2006

(AP) - NEW YORK-For the second time in a week, a U.S. judge has refused to throw out a lawsuit accusing a European bank of knowingly providing financial services to charities allegedly controlled by a terrorist organization.

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The ruling on Thursday by U.S. District Judge Charles P. Sifton in Brooklyn denied a defense motion by a French bank, Credit Lyonnais, to dismiss the suit brought by families of Americans who were victims of terrorist bombings and shootings in Israel between 2001 and 2003. Nine of the victims were killed in the attacks, which included suicide bombings linked to Hamas.

Last week, Sifton denied a motion to dismiss a similar suit against a British bank, National Westminster Bank.

The French bank "should be put on notice by this decision, which again affirms the civil remedies available to American victims of terrorism," said Gary M. Osen, a lead attorney for the plaintiffs.

A call to the New York attorney for Credit Lyonnais, a subsidiary of Credit Agricole, was not immediately returned.

The suit - which was filed in February under the Anti-Terrorism Act and seeks unspecified damages - accuses Credit Lyonnais of improperly doing business with a French-based charity that has been designated a terrorist organization by the Israeli and U.S. governments. The plaintiffs allege the bank knew the charity was funneling millions of dollars to Hamas to finance terrorism.

In court papers, the bank claimed it suspected the charity, CBSP, might be involved in money laundering, but not terrorism. It cited investigations in France that cleared the group of any wrongdoing.

The judge said in his ruling that "it is reasonable to believe that when the bank noticed 'unusual activity' on CBSP's accounts in 2000, in the form of large transfers of money to the West Bank and Gaza strip during a highly publicized intifada, the bank would have investigated the organizations receiving the large transfers, including designations of terrorist organizations made by the government whose country was experiencing the terrorism."

The ruling, while preserving a claim that the bank knowingly provided material support to a foreign terrorist organization, dismissed another claim that it aided and abetted the murder and wounding of U.S. citizens. On the latter claim, the judge found that "maintenance of a bank account and the receipt of transfer of funds does not constitute substantial assistance."

New Lawsuits Challenge Congress's Detainee Act (CSM)

By Warren Richey

The Christian Science Monitor, October 6, 2006

WASHINGTON

President Bush has yet to sign into law Congress's new terror-detainee legislation, but defense lawyers are already asking federal judges to strike down key parts of the measure as unconstitutional.

Two suits were filed this week in US District Court here. At issue: Whether the new antiterror legislation retroactively strips the courts of jurisdiction to hear detainee cases, and if so, would that amount to an unconstitutional suspension of the writ of habeas corpus.

Lawyers rushed to file suit before the measure, the Military Commissions Act of 2006, was signed into law.

"By filing when we did, we wanted to make sure that at least we preserved the retroactivity argument," says Michael Ratner of the New York-based Center for Constitutional Rights, which filed both suits.

The new legislation, passed a week ago Friday, bars judges from hearing detainee lawsuits. Instead, it sets up a much more limited appeals process for detainees who are seeking to challenge their designation as an enemy combatant or to challenge a war crimes conviction by a military commission.

One suit was filed on behalf of Majid Khan, one of the 14 so-called high value Al Qaeda suspects recently transferred from secret Central Intelligence Agency prisons to the terrorist detention camp at Guantánamo Bay, Cuba. The other was filed on behalf of 25 detainees being held among some 500 men at Bagram Air Force Base in Afghanistan.

The new suits join more than 400 other detainee cases filed on behalf of prisoners at Guantánamo currently pending before US district or appeals court judges in Washington. Lawyers in each of those cases are also expected to mount legal challenges to the Military Commissions Act.

All of the Guantánamo suits had been put on hold pending the US Supreme Court's ruling in the Hamdan case, which was announced last June. In that particular case, the high court struck down the Bush administration's military commission process as illegal and ruled that a December 2005 law, the Detainee Treatment Act, had not retroactively stripped the Supreme Court of authority to decide the Hamdan case.

While preserving its own jurisdiction in the Hamdan case, the high court did not make clear whether other courts retained jurisdiction to hear and decide existing detainee cases.

The Military Commissions Act seeks to eliminate any ambiguity on the issue. It says no court, justice, or judge shall have jurisdiction to consider a writ of habeas corpus or any other action by a non-US citizen detained by the US as an enemy combatant. The law says it applies "to all cases, without exception, pending on or after the date of enactment of this act."

If upheld, it would mean the elimination of hundreds of lawsuits.

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Bush administration officials have long complained that the suits were becoming a major distraction in the war on terror. They argued that Al Qaeda suspects are no more entitled to litigate legal claims against the US in American courts than were German POWs in World War II.

Lawyers for the detainees say that many of those being held in US custody are innocent and are only seeking a fair opportunity to demonstrate their innocence before a neutral judge.

The Military Commissions Act doesn't just bar suits challenging an individual's detention. It also limits the ability to obtain an independent probe of alleged abusive treatment, including torture.

The two new lawsuits seek to challenge these procedures in different ways.

The Bagram Air Force Base suit tests the scope of a 2004 Supreme Court ruling that extended habeas protections to detainees at Guantánamo. Prior to that ruling, habeas suits filed by noncitizens were only permitted by those detained within US sovereign territory.

The Bagram suit argues that the 2004 ruling made habeas protections available any place in the world under US jurisdiction and control.

The issue is significant because the Military Commissions Act seeks to overturn the 2004 high court ruling by eliminating habeas protections for all non- citizen enemy combatants, regardless of their geographical location.

The Guantánamo suit filed on behalf of Mr. Khan is also aimed at testing the habeas-stripping provisions. The suit says that despite being held in secret CIA detention for 3-1/2 years, Khan, whose family lives in Baltimore, has never had a hearing before a neutral judge or military panel to determine the legality of his detention.

The lawsuit says that as a CIA prisoner Khan was subjected to torture and cruel, inhuman, or degrading treatment. He was coerced into making false and unreliable statements, the suit says. "Khan has not, nor has he ever been, an enemy alien, a lawful or unlawful belligerent, or a combatant of any kind," the suit says.

The US government has a different view of Khan. A declassified profile of Khan by American intelligence officials says he was an Al Qaeda operative selected by 9/11 mastermind Khalid Sheikh Mohammad to participate in a plan to blow up gas stations in the US and poison US water reservoirs. He was also considered for an Al Qaeda attempt to assassinate Pakistani President Musharraf, the profile says.

U.N. Rightly Imposed Sanctions On Terrorists (Letter) (WSJ)

By John R. Bolton

The Wall Street Journal, October 6, 2006

David Crawford's Oct. 2 Politics & Economics article "The Black Hole of a U.N. Blacklist" is short on fact and long on opinion; it should have appeared as an editorial. The U.N. Security Council has rightly imposed sanctions on hundreds of al Qaeda members and the Taliban. These sanctions have made it harder for terrorists to acquire weapons, move freely around the world, and finance their plots. Member states have frozen $150 million in terrorist assets, which Mr. Crawford fails to acknowledge.

Mr. Crawford's central argument is that terrorists are stripped of their assets without hearings or the right to appeal. He profiles three men under U.N. sanctions for supporting al Qaeda and highlights that none of them has been criminally convicted by a court. Obviously, the U.N. is not a court, and sanctions are not a criminal punishment. Terrorist designations made by the Security Council are based on international security and policy considerations, and they are designed as a preventive tool to cripple terrorists and their networks.

Mr. Crawford is wrong when he claims that individuals under U.N. sanctions cannot appeal the decision. In the United States, those designated have the right to challenge the decision through administrative channels or by turning directly to the court system, and many have done so. However, every challenged designation has been upheld by U.S. courts, including at the appellate level. The U.N. has also lifted sanctions, in cases where the individual severed his ties to al Qaeda.

Mr. Crawford is also wrong in stating that the Security Council does not debate designations. In fact, they are debated extensively, usually over a period of many months. By way of example, we approved sanctions for Saad al-Fagih, a known associate of Osama bin Laden, Abdelghani Mzoudi, a member of the Hamburg cell that planned 9/11, and Mamoun Darkazanli, a known al Qaeda financier. These are the same three people Mr. Crawford cites to prove the system is broken. I believe they prove the system is working. Mr. Crawford would have known these facts if he had called the U.S. Mission to the U.N. to ask. But he didn't.

John R. Bolton
U.S. Ambassador to the United Nations
New York

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Blowing The Easy Ones (WP)

The Washington Post, October 6, 2006

THE BUSH administration has pushed aggressively for expanded surveillance powers, military commissions and rough interrogation techniques. When it comes to fighting the war on terrorism, just about anything goes. Except, that is, those routine steps with no civil liberties implications at all that might significantly interrupt terrorism -- such as, say, reading the mail of convicted terrorists housed in American prisons. The federal Bureau of Prisons, Justice Department Inspector General Glenn Fine wrote, "does not read all the mail for terrorist and other high-risk inmates on its mail monitoring lists." It is also "unable to effectively monitor high-risk inmates' verbal communications," including phone calls. So while the administration won't reveal the circumstances under which it spies on innocent Americans, the communications of imprisoned terrorists, at least, appear sadly secure.

This is not a hypothetical problem. Jailed terrorists and organized-crime figures try to communicate with confederates outside of prison walls. Three inmates involved in the 1993 World Trade Center bombing, while housed at the federal government's highest-security prison, managed to exchange around 90 letters with Islamist extremists between 2002 and 2004, including with terrorists in Spain who were planning attacks there. Just last month, federal prosecutors accused a drug lord at the same facility of running a huge distribution network in Los Angeles using coded conversations and messages. Imprisoned people can direct major crimes from behind bars.

Yet somehow, the bureau leaves unread a lot of mail to and from inmates it designates as warranting monitoring. What's more, at some federal institutions, the amount of mail monitored is going down . Part of the problem is that the bureau "does not have enough proficient translators to translate inmate mail written in foreign languages" -- a government-wide deficiency. Even when officers eyeball mail, they are not sufficiently "trained in intelligence techniques to evaluate whether terrorists' communications contain suspicious content," the report said.

This should be the easy part of fighting terrorism. It is simply a question of devoting adequate resources to making happen something that everyone agrees needs to happen. When a lawyer for the imprisoned Sheikh Omar Abdel Rahman helped him covertly send messages to his followers, federal prosecutors rightly pressed charges and won a conviction against her. How ironic that other terrorists need only set pen to paper and their exhortations can slip through unread.

HOMELAND RESPONSE:

Bush Says He Can Edit Security Reports (AP)

By Leslie Miller

The AP, October 6, 2006

WASHINGTON -- President Bush, again defying Congress, says he has the power to edit the Homeland Security Department's reports about whether it obeys privacy rules while handling background checks, ID cards and watchlists.

In the law Bush signed Wednesday, Congress stated no one but the privacy officer could alter, delay or prohibit the mandatory annual report on Homeland Security department activities that affect privacy, including complaints.

But Bush, in a signing statement attached to the agency's 2007 spending bill, said he will interpret that section "in a manner consistent with the President's constitutional authority to supervise the unitary executive branch."

White House spokeswoman Dana Perino said it's appropriate for the administration to know what reports go to Congress and to review them beforehand.

"There can be a discussion on whether to accept a change or a nuance," she said. "It could be any number of things."

The American Bar Association and members of Congress have said Bush uses signing statements excessively as a way to expand his power.

The Senate held hearings on the issue in June. At the time, 110 statements challenged about 750 statutes passed by Congress, according to numbers combined from the White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act.

Privacy advocate Marc Rotenberg said Bush is trying to subvert lawmakers' ability to accurately monitor activities of the executive branch of government.

"The Homeland Security Department has been setting up watch lists to determine who gets on planes, who gets government jobs, who gets employed," said Rotenberg, executive director of the Electronic Privacy Information Center.

He said the Homeland Security Department has the most significant impact on citizens' privacy of any agency in the federal government.

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Homeland Security agencies check airline passengers' names against terrorist watch lists and detain them if there's a match. They make sure transportation workers' backgrounds are investigated. They are working on several kinds of biometric ID cards that millions of people would have to carry.

The department's privacy office has put the brakes on some initiatives, such as using insecure radio-frequency identification technology, or RFID, in travel documents. It also developed privacy policies after an uproar over the disclosure that airlines turned over their passengers' personal information to the government.

The last privacy report was submitted in February 2005.

Bush's signing statement Wednesday challenges several other provisions in the Homeland Security spending bill.

Bush, for example, said he'd disregard a requirement that the director of the Federal Emergency Management Agency must have at least five years experience and "demonstrated ability in and knowledge of emergency management and homeland security."

His rationale was that it "rules out a large portion of those persons best qualified by experience and knowledge to fill the office."

Bush Cites Authority To Bypass FEMA Law (BOS)

By Charlie Savage, Globe Staff

The Boston Globe, October 6, 2006

Signing statement is employed again

WASHINGTON -- President Bush this week asserted that he has the executive authority to disobey a new law in which Congress has set minimum qualifications for future heads of the Federal Emergency Management Agency.

Congress passed the law last week as a response to FEMA's poor handling of Hurricane Katrina. The agency's slow response to flood victims exposed the fact that Michael Brown, Bush's choice to lead the agency, had been a politically connected hire with no prior experience in emergency management.

To shield FEMA from cronyism, Congress established new job qualifications for the agency's director in last week's homeland security bill. The law says the president must nominate a candidate who has ``a demonstrated ability in and knowledge of emergency management'' and ``not less than five years of executive leadership.''

Bush signed the homeland-security bill on Wednesday morning. Then, hours later, he issued a signing statement saying he could ignore the new restrictions. Bush maintains that under his interpretation of the Constitution, the FEMA provision interfered with his power to make personnel decisions.

The law, Bush wrote, ``purports to limit the qualifications of the pool of persons from whom the president may select the appointee in a manner that rules out a large portion of those persons best qualified by experience and knowledge to fill the office.''

The homeland-security bill contained measures covering a range of topics, including terrorism, disaster preparedness, and illegal immigration. One provision calls for authorizing the construction of a 700-mile fence along the Mexican border.

But Bush's signing statement challenged at least three-dozen laws specified in the bill. Among those he targeted is a provision that empowers the FEMA director to tell Congress about the nation's emergency management needs without White House permission. This law, Bush said, ``purports . . . to limit supervision of an executive branch official in the provision of advice to the Congress.'' Despite the law, he said, the FEMA director would be required to get clearance from the White House before telling lawmakers anything.

Bush said nothing of his objections when he signed the bill with a flourish in a ceremony Wednesday in Scottsdale, Ariz. At the time, he proclaimed that the bill was ``an important piece of legislation that will highlight our government's highest responsibility, and that's to protect the American people.''

The bill, he added, ``will also help our government better respond to emergencies and natural disasters by strengthening the capabilities of the Federal Emergency Management Agency.''

Bush's remarks at the signing ceremony were quickly e-mailed to reporters, and the White House website highlighted the ceremony. By contrast, the White House minimized attention to the signing statement. When asked by the Globe on Wednesday afternoon if there would be a signing statement, the press office declined to comment, saying only that any such document, if it existed, would be issued in the ``usual way.''

The press office posted the signing-statement document on its website around 8 p.m. Wednesday, after most reporters had gone home. The signing statement was not included in news reports yesterday on the bill-signing.

Senator Susan Collins, a Republican from Maine and chairwoman of the Senate Homeland Security and Government Affairs Committee, who has been one of the harshest critics of FEMA's performance during Katrina, yesterday rejected Bush's suggestion that he can bypass the new FEMA laws.

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Responding to questions from the Globe, Collins said there are numerous precedents for Congress establishing qualifications for executive branch positions, ranging from the solicitor general's post to the director of the Fish and Wildlife Service.

She also said that Congress has long authorized certain officials from a variety of departments ``to go directly to Congress with recommendations," pointing out that the FEMA director statute was modeled after a law that gives similar independence to the chairman of the Joint Chiefs of Staff at the Pentagon.

``I believe it is appropriate to extend this authority to the official tasked with leading the nation's response to disasters," she said.

Georgetown Law School professor Martin Lederman said Congress clearly has the power to set standards for positions such as the FEMA director, so long as the requirements leave a large enough pool of qualified candidates that the White House has ``ample room for choice."

``It's hard to imagine a more modest and reasonable congressional response to the Michael Brown fiasco," said Lederman, who worked in the Justice Department's Office of Legal Counsel from 1994 to 2002.

The White House did not respond to requests for comment about its signing statement.

In the past, the administration has defended the legality of its signing statements. It has also argued that because Congress often lumps many laws into a single package, it is sometimes impractical to veto a large bill on the basis of some parts being flawed .

At a June hearing before the Senate Judiciary Committee, a Bush administration attorney, Michelle Boardman , noted that other US presidents have also used signing statements. She asserted that Bush's statements ``are not an abuse of power."

Bush's use of signing statements has attracted increasing attention over the past year. In December 2005, Bush asserted that he can bypass a statutory ban on torture. In March 2006, the president said he can disobey oversight provisions in the Patriot Act reauthorization bill.

In all, Bush has challenged more than 800 laws enacted since he took office, most of which he said intruded on his constitutional powers as president and commander in chief. By contrast, all previous presidents challenged a combined total of about 600 laws.

At the same time, Bush has virtually abandoned his veto power, giving Congress no chance to override his judgments. Bush has vetoed just one bill since taking office, the fewest of any president since the 19th century.

Earlier this year, the American Bar Association declared that Bush's use of signing statements was ``contrary to the rule of law and our constitutional separation of powers."

Last month, the nonpartisan Congressional Research Service concluded that Bush's signing statements are ``an integral part" of his ``comprehensive strategy to strengthen and expand executive power" at the expense of the legislative branch.

Ashcroft Says 9/11 Panel Obsessed With Bush Blame (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, October 6, 2006

Former Attorney General John Ashcroft this week became the only Cabinet-level Bush official to criticize the September 11 commission, writing in a memoir that it "seemed obsessed with trying to lay the blame for the terrorist attacks at the feet of the Bush administration, while virtually absolving the previous administration of responsibility."

In the book, Mr. Ashcroft also writes that the hearings of the National Commission on Terrorist Attacks Upon the United States "were not so much about discovering the truth as they were about assessing blame and grandstanding." He added that the hearings "degenerated into show trials."

Slade Gorton, a former Republican senator from Washington state who was a member of the commission, said yesterday that he found the charges "extraordinary," recalling that President Bush had personally repudiated Mr. Ashcroft's tactics in his sparring with the commission.

"Most of the criticism [the commission received] was the exact opposite: that we didn't blame anyone," he said. "Our job was to write a factual account, which readers could use to assess blame for themselves."

In the memoir, "Never Again: Securing America and Restoring Justice," Mr. Ashcroft also accuses the commission of trying to "stimulate media interest" in its hearings by leaking "juicy tidbits" beforehand. He writes that this was why he alone of all the serving and former senior officials who were witnesses for the commission did not provide them with advance copies of his testimony.

Mr. Gorton dismissed that explanation, saying, "The reason, I'm convinced, is that he intended to and did use his testimony to launch a disingenuous and underhanded personal attack on a member of the commission."

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At his April 14, 2003, appearance, Mr. Ashcroft reported to the commission a just-declassified memo written by commission member and former Clinton administration Justice Department official Jamie S. Gorelick in 1995. The memo, Mr. Ashcroft said, was "the basic architecture" for what became known as the "wall" that hindered cooperation between U.S. intelligence and law-enforcement agencies.

Before September 11, 2001, a variety of laws, court rulings and departmental regulations strictly separated intelligence from criminal investigations, out of concern that prosecutors should not be allowed to use the much less restrictive rules about wiretapping and other kinds of surveillance that applied in intelligence operations to gather material for criminal cases.

The commission's report, however, concluded that the wall grew up during the 1980s, primarily as a response to a series of court rulings, and noted that a memo from Mr. Ashcroft's deputy in August 2001 had effectively ratified the policy laid out by Miss Gorelick in 1995.

Two weeks later, on April 28, Mr. Ashcroft declassified more memos written by or receiving comment by Miss Gorelick, posting them on the Justice Department Web site, even though they had not been made available to the commission.

Mr. Ashcroft, who was traveling in Europe yesterday, did not respond to a request for a comment. The White House, the Justice Department and Miss Gorelick all declined to comment.

Report Rips TSA's Plans For Crisis (USAT)

By Thomas Frank

USA Today, October 6, 2006

WASHINGTON — The Transportation Security Administration may not be able to secure the nation's airports, transit systems and other vital operations during a terrorist attack, a government report released Thursday says.

The administration's ability to perform “essential functions” during an attack or other emergency “is at risk” and “could be impaired or fail,” according to the report, filed after an investigation by the Homeland Security Department inspector general.

The report criticizes the TSA for having inadequate plans to keep itself running in a terrorist attack, disaster or other emergency.

Such planning “has not been a priority for TSA nor have adequate resources been available,” Inspector General Richard Skinner wrote.

The TSA disputed the predictions, saying it could continue to operate during an emergency.

In a statement Thursday, the TSA called its contingency plans effective and said they got high marks during a recent test of how the agency would respond to an attack.

In a July letter to Skinner, the TSA said it has made contingency plans a “high priority” and is rewriting the plan to address shortcomings.

The TSA's potential problems suggest a fundamental flaw with national security, said Clark Kent Ervin, Skinner's predecessor. “If an agency that's designed to help the rest of the country recover can't itself recover from an attack, how helpful can it be to the rest of the country?”

Federal agencies must have plans enabling them to function for 30 days after an emergency.

The TSA's plan is “cumbersome” because it includes too many activities and people instead of focusing on priorities, Skinner's report said.

Some of the actions called for in TSA's current emergency plan include answering routine complaints and collecting customer feedback.

The TSA doesn't prioritize its plans and never completed a review of them, the report says.

Report Hits Preparedness To Protect Transport Systems (WT)

By Audrey Hudson

The Washington Times, October 6, 2006

Homeland Security officials still lack a continuity-of-operations plan to ensure that the nation's transportation systems are not interrupted in the wake of a terrorist attack, according to an inspector general report released yesterday.

Without the plan, the Transportation Security Administration's (TSA) "ability to support, coordinate, and direct intermodal transportation security during an emergency could be impaired or fail," the report said.

The Federal Emergency Management Agency has the task of overseeing the plan, but "has provided only limited oversight," because it "does not currently "have the authority to serve as a regulatory agent responsible for ensuring" that agencies have a viable Continuity of Operations Plan (COOP), the report said.

In his response to the audit, FEMA Director R. David Paulison disputed whether his agency is responsible for oversight, rather than assistance.

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The order says FEMA "shall coordinate and support" national emergency preparedness and does not specify the COOP program, Mr. Paulison said.

Mr. Paulison noted that nearly 30,000 employees have taken advantage of emergency courses offered by his agency.

According to federal guidelines, the TSA must be capable of implementing an emergency plan without warning and be fully operational within 12 hours.

The current program "only partially" addresses 11 key elements required in a plan, including alternate operating facilities, delegation of authority, orders of succession, protecting vital records, interoperable communications and reconstruction.

The TSA is a key component of homeland security and oversees security for highways, railroads, buses, mass transit systems, ports and 450 U.S. airports with 50,000 employees.

"TSA has developed a cumbersome COOP plan that would require more than 200 agency personnel to conduct 138 mission-essential functions at two or more different locations during the most extreme emergency situations," the report said.

The report questions some functions considered "essential," such as investigating routine complaints, paperwork, and collecting customer and airline feedback.

The specific "mission-essential" functions not addressed in the plan were redacted from the report, as well as some parts of the TSA's response to the investigations.

"TSA officials agreed that COOP planning has not been a TSA priority, as evidenced by the ...," one redacted statement in the report said.

The response from Robert Jamison, TSA deputy assistant secretary, completely redacted how the agency plans to address the 11 elements cited by the inspector general.

"However, TSA has made several significant changes to the program in recent months that are not reflected in the report," Mr. Jamison said. "For example, the assistant secretary has made COOP a high priority, and COOP management has begun developing a detailed and comprehensive program management plan and multi-year strategy."

The inspector general's report recommended more funding be allocated and stronger oversight from top homeland officials. After the audit began, the Department of Homeland Security allocated $10 million in funding for the program.

EU, U.S. Agree On Air Passenger Data (AP)

By Robert Wielaard

The AP, October 6, 2006

LUXEMBOURG - European Union and U.S. negotiators reached a deal on sharing trans-Atlantic air passenger data for anti-terror investigations, diplomats said Friday, concluding arduous talks that highlighted divisions over privacy rights.

Details of the agreement - reached a week after the two sides missed an Oct. 1 deadline - were not immediately revealed. It followed a trans-Atlantic video conference lasting at least seven hours, said EU diplomats who spoke on condition of anonymity because EU government representatives had not yet been formally notified of the deal.

Negotiators were briefing the 25 EU ambassadors about the deal before more discussions by EU justice and interior ministers later Friday.

The EU ministers were expected to endorse the accord, which replaces a 2004 trans-Atlantic air passenger privacy deal that the EU high court voided last May for technical reasons. The re-negotiated deal is an interim agreement; the EU and the U.S. hope to conclude a permanent one next year.

Negotiations collapsed last week when EU negotiators - seeking a simple replacement accord - could not agree to a request by U.S. Homeland Security Secretary Michael Chertoff for more routine sharing of passenger data among U.S. law enforcement agencies. Washington also wanted the right to access airline reservation systems.

Under the lapsed agreement, passenger data is relayed to U.S. Customs and Border Protection officials who cannot routinely share it with other Department of Homeland Security agencies or the FBI.

Reaching a new deal had been an EU priority to ensure airlines could continue to legally submit 34 pieces of data about passengers flying from Europe to the United States. Such data - including passengers' names, addresses and credit card details - must be transferred to U.S. authorities within 15 minutes of a flight's departure for the United States.

Washington had warned that airlines failing to share passenger data faced fines of up to $6,000 per passenger and the loss of landing rights.

The talks reflected disagreements between the United States and the European Union over how far governments should go in curbing personal freedoms to prevent terror attacks.

During the negotiations, EU officials stressed they shared Washington's concerns about terrorism, but demanded strict data protection guarantees in return for more routine sharing of passengers' personal details among U.S. government law enforcement officials.

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Washington and Brussels have already faced off over the U.S. administration's use of secret CIA detention centers in Europe to interrogate terror suspects.

European governments are also annoyed over a secret deal between the U.S. Treasury and the Belgium-based money transfer company SWIFT, which has for years secretly supplied U.S. authorities with massive amounts of personal data for use in anti-terror investigations, violating EU privacy rules.

Privacy restrictions tend to be stricter in Europe than in the United States.

EU, US Try To Nail Down Agreement On Sharing Air-travel Data (CSM)

By Susan Sachs

The Christian Science Monitor, October 6, 2006

PARIS

The European Union and American antiterrorism officials are close to resolving longstanding differences over sharing personal information about airline passengers.

An agreement could be reached Friday to clear up a murky situation for European airlines, which risked being in violation of EU laws if they provided passenger data to the United States, and risked being barred from US airports if they refused.

"We have an initial agreement, and we will be negotiating with them today," Friso Roscam Abbing, a spokesman for the European Commission, said on Thursday. "We hope that things go well."

The EU, citing privacy concerns, had objected to demands by the US Department of Homeland Security that airlines turn over data that might reveal a passenger's ethnicity or religion. It also balked at the US plan to keep the passenger information indefinitely.

The International Air Transport Association says about 105,000 people fly between Europe and the United States each day.

The draft agreement under discussion would require airlines to provide the US government up to 34 different types of passenger information, most of it collected when a reservation is made and the rest gathered just before takeoff.

Data that could indicate a passenger's religion - say, a request for a meal without pork, which is forbidden in Islam and Judaism - would not be transmitted. In addition, the US government would have to remove the passenger data received from European airlines from its databases after 11 years.

Answering another EU concern, the proposed new agreement would also specify that the US Customs and Border Protection agency could share the passenger information with other agencies, but only after notifying the EU on a case-by-case basis.

After 9/11, the US required all airlines using its airports to provide data about their passengers, including e-mail addresses, credit card numbers, and information about how and when they bought their tickets.

The measure was presented as an antiterror tool that could help US investigators spot suspicious activity.

The European Parliament was hostile to the US demand from the start, with some members complaining that the Americans wanted too much personal information on passengers that could be used for purposes other than antiterror investigations.

A temporary accord between the EU commission and the US was reached in 2004, but the European Court of Justice invalidated it earlier this year.

European governments have objected to other US counterterror actions, including the use of European airspace and airports for secretly transporting terror suspects.

Last month, the EU also said it would investigate allegations that the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT, violated European privacy laws by sharing confidential banking records with American antiterror officials.

WAR NEWS:

Rice, In Baghdad, Insists That Iraqis Are 'Making Progress' (NYT)

By Philip Shenon

The New York Times, October 6, 2006

BAGHDAD, Oct. 5 — Wearing a helmet and a flak jacket and flanked by machine-gun-toting bodyguards to defend against insurgents, Secretary of State Condoleezza Rice came here Thursday, insisting that there were new signs of progress in Iraq and that the Bush administration had never sugarcoated its news about the American occupation.

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"It is a quite critical time for the Iraqi government," Ms. Rice said of the reasons for her brief unannounced visit to the Iraqi capital.

"What the American people see on their television screens is the struggle," she said. "It is harder to show the political process that is going on at local levels, at provincial levels and indeed at the national level." Iraqis, she said, are "making progress."

Ms. Rice said she was in Iraq to offer support to Prime Minister Nuri Kamal al-Maliki and to urge him to move faster to settle political differences that are seen as having prevented actions to curb the insurgents' violence.

Ms. Rice met twice with Mr. Maliki on Thursday and praised him for his "excellent leadership of Iraq."

Yet signs of progress were not much in evidence in the first hours of her visit.

It began inauspiciously when the military transport plane that brought her to Baghdad was forced to circle the city for about 40 minutes because of what a State Department spokesman later said was either mortar fire or rockets at the airport.

On Thursday evening, during her meeting with President Jalal Talabani, the lights went out, forcing Ms. Rice to continue the discussion in the dark. It was a reminder of the city's erratic — and sometimes nonexistent — electrical service.

She arrived in the midst of an especially bloody few days for American troops. At least 21 American soldiers have been killed in Iraq since Saturday, most in Baghdad. Two car bombings in the city on Thursday left at least four Iraqi civilians dead.

The extraordinary security precautions for Ms. Rice's trip here — her first to Iraq in six months, her fifth as secretary of state — were evidence of continuing turmoil in Iraq three years after the American ouster of Saddam Hussein.

Traveling from Israel on Thursday morning, Ms. Rice had to abandon her comfortable official jet at an American air base in Turkey and to board a C-17A cargo plane equipped with antimissile technology for the final, 90-minute leg into Baghdad; that procedure has become routine for all high-ranking Bush administration officials visiting Iraq.

From the airport in Baghdad, Ms. Rice flew by military helicopter to the heavily fortified American-controlled Green Zone, bypassing the dangerous, explosives-strewn airport highway into the city.

Reporters traveling with her were told of the Baghdad trip only hours before departure and were instructed not to share details with anyone, including their editors and families, until she had arrived safely. They were barred from reporting how long she would stay in Iraq until after she had left the country.

Meeting with reporters en route to Baghdad, Ms. Rice defended Prime Minister Maliki against recent criticism from senior Iraqi and American officials that he has failed to show the political muscle needed to prevent a full civil war.

"I do think he has the strength," she said. "I think he's a very good and strong prime minister."

She said that Mr. Maliki's government was "starting to really take some actions" to end the insurgency and restore order, including the move this week to suspend a brigade of about 800 Iraqi policemen for suspected complicity in death squads.

"That's a very positive thing, because we've said many times that the Interior Ministry in the prior government, before the permanent government was put in place, was not active enough" in dealing with police collusion with militias, she said.

"The security situation is not one that can be tolerated and it's not one helped by political inaction," she said. "That is a message that Prime Minister Maliki is trying to send."

While trying to put a brave face on the situation here, Ms. Rice defended the administration from accusations at home that President Bush and his closest advisers — Ms. Rice has been singled out among them — have not been truthful about Iraq.

The criticism has grown sharper since the disclosure of details last week of a book by the reporter Bob Woodward of The Washington Post, who has been granted extraordinary access to President Bush's inner circle in the past, that depicts the administration as dysfunctional and deceitful about the American invasion and occupation of Iraq.

In the book, Ms. Rice is described as having ignored warnings about a possible terrorist attack before Sept. 11, 2001, when she was the national security adviser, and as having discouraged debate about national security issues. Ms. Rice and the White House have disputed many of the book's assertions.

The book reports that President Bush's father, former President George Bush, who employed Ms. Rice on his National Security Council in the early 1990's, had said recently that she had been a "disappointment" and "not up to the job."

The senior Mr. Bush disputed that account during an interview on CNN with Larry King on Thursday. "That quote, that's a lie — I can't make it any more clear than that because I like Condoleezza Rice," he said. I can't believe Woodward — I haven't read the book — that he actually said I said that."

Mr. Bush said he spoke to Ms. Rice himself on Wednesday and added, "I guess there were some hurt feelings." He said he told her not to believe the account.

Meeting with reporters en route to Baghdad, Ms. Rice refused to be drawn into a discussion about the book. "Look, I'm not going to address Bob Woodward," she said.

Rice Pushes Iraqis To Defuse Violence (WP)

By Robin Wright

The Washington Post, October 6, 2006

BAGHDAD, Oct. 5 -- Secretary of State Condoleezza Rice urged the embattled Iraqi government on Thursday to accelerate efforts to foster national reconciliation and help end sectarian violence.

Rice, on an unannounced visit to the Iraqi capital, warned that Prime Minister Nouri al-Maliki's six-month-old administration has reached a "critical time" and needs to make faster progress to defuse the turmoil. A day earlier, U.S. military officials announced that the number of planted bombs in Iraq had reached "an all-time high" and that at least 24 U.S. soldiers had been killed since Saturday.

"The security situation is not one that can be tolerated and is not one that is helped by political inaction," Rice told reporters traveling with her.

Although Rice did not give a timeline, Sen. John W. Warner (R-Va.) warned Thursday that the United States should explore a "change of course" if the security situation in Iraq does not improve over the next 90 days.

"If these movements now being taken by the Iraqi leadership and their government do not bring about a reduction in the killings and all of the other disruption and do not point to a clear direction that Iraq is going . . . then I think we have to make some bold decisions here in our country, but make them in a way so that we don't allow this land of Iraq to be torn up and fall into the hands of terrorists," Warner, chairman of the Senate Armed Services Committee, said at a news conference in Washington after returning from his own trip to Iraq.

After talks with Rice, Iraqi Foreign Minister Hoshyar Zebari acknowledged that Washington is expressing growing impatience with Iraq and asking for more tangible progress in both security and reconciliation of the country's divided religious, political and ethnic factions.

Over a dinner breaking the dawn-to-dusk fast during the holy month of Ramadan, Rice told Maliki and other Iraqi leaders that it was time for ordinary Iraqis to feel a difference, Zebari said. But he said she also confirmed the Bush administration's full support for the fragile young government.

Iraqi officials told Rice that they need time to make "slow but steady progress" on political reconciliation, for example, before they can act against factional militias, particularly the Shiite militias that might undercut Maliki's own support base, Zebari said. Maliki is a Shiite.

"Our role is not to resolve those issues for them. They are going to have to resolve those issues among themselves," Rice had earlier told reporters traveling with her. "Our role is to support all the parties, indeed to press all the parties to work toward that resolution quickly."

During the dinner, Iraq's parliamentary speaker, Mahmoud al-Mashhadani, suggested to Rice that U.S. troops reoccupy Baghdad, where the government's new security plan has made limited progress, according to both Iraqi and U.S. participants. Mashhadani, the leading Sunni Arab in government, until recently had denounced the continued U.S. military presence in Iraq.

Though U.S. officials rejected such a move, they took the exchange as a positive development because it reflected the changing Sunni attitude and a realization that the United States is not the enemy, a senior State Department official told reporters.

In a reflection of the deteriorating security situation here, Rice's plane was forced to circle Baghdad for nearly an hour before landing because of a mortar attack near the airport.

Violence continued to rage across Iraq, with at least 35 people killed or found dead in separate incidents across the country, police said.

The U.S. military announced that two Marines assigned to Regimental Combat Team 7 were killed in combat Wednesday in Anbar province, the volatile Sunni insurgent stronghold. And a Kurdish member of parliament, Mohammed Ridah Sinkawi, was assassinated by militia members in northeast Baghdad on Thursday night, according to Mohammed Abu Bakr, another Kurdish legislator.

Despite growing concern, even among some U.S. officials, about whether Iraq's leadership has the ability to take the firm steps required, Rice said she believes Maliki can do the job. "I think he has the strength. He's a good and strong prime minister," she said.

Rice praised Maliki for his "excellent leadership."

She also praised Iraqis as a strong people capable of facing the current political, economic and military problems. "This is an important time and a challenge for the Iraqi people . . . and we know that they will overcome these challenges," Rice said.

Rice, who is playing the dominant role in Iraq policy during President Bush's second term, also talked to the Iraqi leadership about the national compact aimed at settling outstanding and divisive issues in Iraq's new constitution. The compact seeks to resolve such problems as dealing with militias, distributing Iraq's oil revenue among its three major sectarian and ethnic groups, and determining how much autonomy to grant areas of the country under a federal system.

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Rice made clear that the United States opposes a proposal by Kurds to channel oil revenue from Kirkuk, a disputed northern city, into the country's three primarily Kurdish provinces. "We believe that oil has to be a resource for the Iraqi people as a whole and benefits the people as a whole," Rice said. "Our only view, which we have communicated, is that oil needs to be a unifying factor, not one that makes the country less unified."

"The core of getting a stable security environment really does rest on getting some of these political issues resolved," Rice said.

Rice Urges Limit To 'Endless Debate' On Iraqi Division (WT)

By Nicholas Kralev

The Washington Times, October 6, 2006

BAGHDAD -- Secretary of State Condoleezza Rice warned Iraqi leaders during an unannounced visit yesterday that they have limited time to end the factional wrangling that has produced political paralysis while violence in Baghdad rises to new heights.

A month before the U.S. midterm elections in which the Iraq war is a major issue, Miss Rice decried "what the American people see on their television screens."

Iraqi leaders "don't have time for endless debate of these issues," she told reporters during the flight to Baghdad, citing the division of oil wealth, changes to the national constitution and the desire for greater regional autonomy.

"They have really got to move forward," she said. "That is one of the messages that I'll take, but it will also be a message of support and what can we do to help."

A senior U.S. official said later that Miss Rice had told the Iraqis that most Americans, when looking at Iraq, "don't see the fine print" and are unaware of the country's "historical narrative."

"What they see is Iraqis killing Iraqis," he said. "This is not a good picture."

U.S. military spokesman Maj. Gen. William B. Caldwell announced a day before Miss Rice's arrival that the number of planted bombs in Baghdad was "at an all-time high," while U.S. military fatalities in the capital had jumped to 22 in four days.

The tense security situation was driven home when Miss Rice's plane was forced to circle for close to an hour before landing because of what U.S. officials described as "indirect" fire against the Baghdad airport complex.

The Sunni speaker of Parliament, Mahmoud Mashadani, suggested to Miss Rice that the United States "reoccupy" Baghdad, U.S. and Iraqi officials said. The senior U.S. official said that Miss Rice took that to reflect the view of many Sunnis, who once rejected the U.S. presence but now look to the Americans for protection.

The secretary praised a decision by Iraqi authorities on Wednesday to pull a brigade of about 700 policemen out of service because of suspected ties to death squads that have largely targeted Sunnis.

"That's a very positive thing, because we've said many times that the Interior Ministry in the prior government ... was not active enough in really rooting out potential corruption and potential violence within the ministry itself or of the ministry forces," she said.

She credited Nouri al-Maliki's government for acting against the police brigade and called him "a very good and strong prime minister." She met with Mr. al-Maliki, President Jalal Talabani and other Shi'ite and Sunni leaders. She had a second meeting with Mr. al-Maliki at the end of the evening.

"Our role is to support all the parties and, indeed, to press all the parties to work toward that resolution quickly, because obviously the security situation is not one that can be tolerated, and it is not one that is being helped by political inaction," Miss Rice said.

She urged her hosts "to get a national reconciliation plan, to get everybody to understand precisely how their interests are going to be represented." She also told them to "pull more people into the political process and out of the insurgency."

On Monday, Mr. al-Maliki announced a new security plan for Baghdad, creating local committees in which Sunnis and Shi'ites are meant to work together to stop the violence on a district-by-district level. Details of the plan have yet to be fleshed out.

Miss Rice declined to offer specific advice on how Iraqis should amend their constitution or sort out the autonomy issues, but she weighed in on a dispute over the ownership of oil in the Kurdish north.

"We believe that oil has to be a resource for the Iraqi people as a whole, and it has to benefit the Iraqi people as a whole," she said. "The relationship between the regions, the localities and the center on how exploration is done, how decisions are made, I think that's what the hydrocarbon law has to address."

Miss Rice was to visit the Kurdish north today, concluding her fifth visit to Iraq since she became secretary of state in January 2005. She was here twice in April -- first with then-British Foreign Secretary Jack Straw to push for the formation of a Cabinet, and then with Defense Secretary Donald H. Rumsfeld to lend support to Mr. al-Maliki.

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Iraq Leaders Urged To Settle Differences (AP)

By Anne Gearan

AP, October 5, 2006

Secretary of State Condoleezza Rice warned Iraqi leaders on Thursday they have limited time to settle their differences and that the escalating waves of violence are intolerable.

On a visit five weeks before congressional elections in the U.S., Rice also insisted the Bush administration has been honest with Americans about the costs and stakes in Iraq.

Administration officials recently have found themselves defending their conduct of the war, and Rice's remarks reflected the political toll for the White House from an unpopular conflict.

"This is really hard going," Rice told reporters during her stop in the Iraqi capital. "Not only do I believe that the president has been clear with the American people that this is a struggle, he's been clear with the American people why he thinks it's a struggle that needs to be waged."

After meetings in the Mideast with Arab and Israeli leaders, the top U.S. diplomat came to Iraq to tell sometimes squabbling leaders they have a short window to resolve disputes that she said are spurring sectarian and insurgent violence.

While killings among Iraqis have not abated, American casualties also have spiked recently.

Car bombs killed four people and wounded 28 in Baghdad on Thursday. At least 23 U.S. soldiers have died since Saturday; most were in Baghdad amid a massive security sweep by U.S. and Iraqi forces.

Rice said the U.S. role is "to support all the parties and indeed to press all the parties to work toward that resolution quickly because obviously the security situation is not one that can be tolerated and it is not one that is being helped by political inaction."

In a series of meetings with leaders representing most ethnic and religious factions, Rice delivered a blunt message about how Americans do not see the history behind ethnic and sectarian splits, said a senior State Department official present at the sessions.

The official, who spoke on condition of anonymity because the meetings were confidential, said Rice also said Americans need to see Iraqis working together rather than killing one another.

Rice met with Prime Minister Nouri al-Maliki and other officials as the sectarian cycle of revenge killings between Shiites and Sunnis threatened to undermine his government. Shiite and Sunni parties in al-Maliki's coalition accuse each other of backing militias.

Al-Maliki told Iraqi state TV on Thursday that the country is in the final stage of "confronting the security challenge" and that security would be achieved "within the two or three months to come."

Rice said Iraqis themselves must settle difficult problems such as the division of oil wealth, possible changes to the constitution and the desire for greater autonomy in various regions.

"Obviously the security side and the political side are linked," Rice told reporters.

In an interview with The Associated Press, al-Maliki said that once the Iraqis work out their differences, "the political solution must be obligatory, one that all parties adhere to. The presence of parties with militias in the government is not acceptable."

Rice described the task as "the ability to get everybody to understand precisely how their interests are going to be represented and how their interests are going to be served in this political process."

Al-Maliki made curbing Baghdad violence his first priority after taking office in the spring. But curfews and other measures have failed to make much difference.

On Monday, al-Maliki announced a security plan to unite the feuding parties, creating local committees in which Sunnis and Shiites will work together to manage efforts at quelling the violence on a district-by-district level.

Contentious details of the plan must be worked out, and Shiite and Sunni parties twice have put off negotiations.

"This is, of course, a time of challenge for the Iraqi people," Rice said after a brief meeting with al-Maliki. "They are a committed people and we know they will overcome these challenges."

Rice's plane circled the Baghdad airport for 35 minutes before landing because of a threat from "indirect fire" — mortar rounds or rockets — in the airport area, State Department spokesman Sean McCormack told reporters.

In Washington, U.S. Senate Democrats issued a press release Thursday calling attention to the growing number of U.S. casualties and a record level of bomb attacks in Baghdad.

In AP-Ipsos polling last month, more than half of Americans said the United States was losing ground in Iraq. About 40 percent approved of President Bush's job performance.

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Rice disputed that the administration has been less than candid about Iraq. Now in its fourth year, the conflict has claimed more than 2,700 American lives and cost more than $300 billion.

A new book by journalist Bob Woodward about the wartime White House, asserts that the administration routinely has understated the difficulties and fudged hard truths in Iraq.

"I would say, go back and look at any presidential speech in the last year and the discussion of the fact that this is very tough going is in there," Rice said.

Rice In Iraq Visit (FT)

By Steve Negus

Financial Times, October 6, 2006

Condoleezza Rice, US secretary of state, made a surprise visit to Iraq on Thursday, pressing the country's leaders to move more quickly to deal with sectarian violence.

"They don't have time for endless debate of these issues," Ms Rice said before meeting Nouri al-Maliki, the prime minister.

Ms Rice said Iraqis must resolve for themselves divisive issues such as control of oil wealth and formation of autonomous regions.

The visit came just three days after Mr Maliki had announced an initiative setting up local committees to oversee the security forces.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 6, 2006

Bolton fallback

Some congressional staffers are talking up a fallback position in the event that John R. Bolton, U.S. ambassador to the United Nations, is not confirmed by the Senate in his current post.

President Bush made a recess appointment in August 2005, after Democrats and one Republican blocked his confirmation. Senate Foreign Relations Committee Chairman Richard G. Lugar, Indiana Republican, wants another committee vote. But now Sen. Lincoln Chafee, Rhode Island Republican, who is in a tight re-election battle in a liberal-leaning state, is balking.

With confirmation prospects looking dim, Mr. Bolton's recess appointment will expire when a new Congress convenes Jan. 3.

The fallback: Mr. Bush could name Mr. Bolton as a deputy U.N. representative, a non-confirmable position, and then name him "acting" U.N. ambassador. Such a move would require some musical chairs of current deputies in the U.S. representative office in New York.

During a meeting at The Washington Times this week, we asked R. Nicholas Burns, undersecretary of state for political affairs, about such a deal. "We want confirmation," he said. "We do not discuss fallback positions."

Iran option

A former Navy intelligence officer weighs in on how the world will stop Iran from building nuclear bombs:

"I really believe the Israelis are going to strike [Iran's] several uranium processing factories soon. They cannot survive a first strike. This time, unlike when they sent eight F-16s to destroy the Iraqi reactor Osirak, I think they will use the Jericho missiles and the submarine-launched, nuclear-tipped Tomahawks to do nuclear strikes. Most of the factories are 150 meters underground and too deep for bunker busters."

SLAM-ER

Boeing recently conducted a successful flight test of the Navy's extremely accurate Standoff Land Attack Missile-Expanded Response, known by the appropriate acronym, SLAM-ER. The test was against a simulated Iranian Shahab-3 mobile missile and a Russian-made SA-10 air defense missile.

The SLAM-ER scored a direct hit against the moving SA-10 target at the Navy's China Lake, Calif., air warfare test center on Sept. 13, the company said.

That test followed a June 1 flight test missile attack against a Shahab-3 missile launcher mock-up.

"SLAM-ER now has the flexibility to engage both fixed and moving land targets," said Jan Browne, Boeing's naval weapons director. "This demonstrated capability greatly enhances the Navy's ability to engage high-interest mobile targets in today's varied threat environment."

The latest test-firing was carried out from a Navy F/A-18 jet, which was able to relay targeting data to the SLAM-ER after it was launched.

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The next test will involve firing the missile at a SA-3 missile launcher, and the SLAM-ER will attempt to hit the target as it changes speed and maneuvers.

The satellite-guided missile has a range of up to 155 miles and is extremely accurate.

Rummy on war

Defense Secretary Donald H. Rumsfeld told journalist Bob Woodward that the global war on terrorism will be won like the Cold War, without a final traditional military battle.

"The Cold War was won not by some buildup to a crescendo of a military battle," Mr. Rumsfeld said July 7. "It was won economic, political and military. And the war on terror, the struggle against violent extremists, is going to be won the same way, over an sustained period of time."

Viewing the war as purely a military battle is wrong and winning will take "patience and persistence."

"And ultimately it will take what helped us prevail in the Cold War, and that is the fact that through successive administrations of both political parties, people recognized the threat and they were willing to invest and persevere, and they were willing to work with other countries in Western Europe, in this case, and make tough decisions."

Mr. Rumsfeld also expressed his doubts about the reliability of U.S. intelligence assessments.

Asked about a May intelligence assessment that the Sunni insurgency in Iraq was gaining strength, Mr. Rumsfeld said: "I read so many of those intelligence reports and they are all over the lot.

"In a given day, you can see one from one agency, and one from another agency, and then I'll ask Casey or Abizaid what they think about it or Pete Pace, 'Is that your view?' and trying to triangulate and see what people think, but it changes from month to month. I'm not going to get tied to saying I agree or don't agree with something like that."

He was referring to Gen. George Casey, the top commander in Iraq; Gen. John Abizaid, the head of U.S. Central Command; and Gen. Peter Pace, Joint Chiefs chairman.

Mr. Rumsfeld last week told reporters he is a not a fan of Mr. Woodward and has not read his earlier books, "so I wouldn't hold your breath on this one."

USS Bush

The Navy tomorrow will christen its new Nimitz-class aircraft carrier, the USS George H.W. Bush, at a ceremony in Newport News, Va.

President Bush will speak at the ceremony for the ship named after his father, former President George Bush.

The USS George H.W. Bush will be the last of the Navy's Nimitz-class carriers and will honor the former World War II naval aviator. Mr. Bush was shot down while flying an Avenger torpedo during an attack on enemy installations near Chichi Jima in September 1944.

"Although the plane was on fire and heavily damaged, he completed a strafing run on the target before bailing out of the doomed aircraft," the Navy said in announcing the christening.

Mr. Bush parachuted into the sea and later was rescued by the Navy submarine USS Finback. He was awarded the Distinguished Flying Cross and three Air Medals.

The 97,000-ton ship, when commissioned and operational, will carry 5,000 crew members and about 75 warplanes.

Warner Downbeat After Iraq Trip (WP)

By Josh White

The Washington Post, October 6, 2006

The Republican chairman of the Senate Armed Services Committee yesterday offered a stark assessment of the situation in Iraq after a trip there this week, saying that parts of the country have taken "steps backwards" and that the United States is at risk of losing the campaign to control an increasingly violent Baghdad.

Sen. John W. Warner (Va.) told reporters on Capitol Hill that the Iraqi government is having trouble making strides and is incapable of providing even basic human necessities to people in certain areas of the country. Though Warner praised U.S. efforts to keep Iraq under control, he was far less optimistic about the situation there than he had been over the past three years.

Echoing the sentiments of several leading Democrats on his committee, Warner said he believes the United States may have to reevaluate its approach in Iraq if the situation does not improve dramatically over the next several months.

"I assure you, in two or three months, if this thing hasn't come to fruition and if this level of violence is not under control and this government able to function, I think it's a responsibility of our government internally to determine: Is there a change of course that we should take?" Warner said. "And I wouldn't take off the table any option at this time."

Warner and other senators traveled to Jordan, Iraq and Israel this week to discuss the security situation and to evaluate the progress of the Iraqi government. He said U.S. military commanders believe there is no way to reduce the number of U.S. troops in the region in the foreseeable future because of a steady increase in the level of violence, and he added that it is important to

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acknowledge the civil insurrection, sectarian violence, "unacceptable level" of killings and "heavy casualties" among U.S. forces there.

Sen. Carl M. Levin (Mich.), the committee's ranking Democrat, who was on the same trip, called yesterday for a change in dynamic in Iraq if the government continues to falter in the coming months.

Warner blamed the Iraqi leaders for failing to improve conditions. "You do not see them taking the levers of sovereignty and pulling and pushing them and doing what is necessary to bring about a situation in Iraq whereby the people are able to live, have sufficient food and fresh water, and have a sense of confidence in their government that they're going forward," Warner said.

But he said the situation is not beyond repair. "We're not going to give up hope yet. Let's give it more time to work."

Warner acknowledged that, before the invasion of Iraq, there was a lack of understanding among members of Congress about how much it would take to give Iraq full sovereignty. He blamed himself for not aggressively asking such questions before the war.

Senator Says U.S. Should Rethink Iraq Strategy (NYT)

By David S. Cloud

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — The Republican chairman of the Senate Armed Services Committee warned Thursday that the situation in Iraq was “drifting sideways” and said that the United States should consider a “change of course” if violence did not diminish soon.

The chairman, Senator John W. Warner of Virginia, expressed particular concern that Prime Minister Nuri Kamal al-Maliki had not moved decisively against sectarian militias.

“In two or three months if this thing hasn’t come to fruition and this level of violence is not under control, I think it’s a responsibility of our government to determine: Is there a change of course we should take?” Senator Warner said.

He did not specify what shift might be necessary in Iraq, but he said that the American military had done what it could to stabilize Iraq and that no policy options should be taken “off the table.” He was speaking at a Capitol Hill news conference after returning from a Middle East trip that included a one-day visit to Baghdad.

His comments underscored the growing misgivings of even senior Republicans about the situation in Iraq. They also appeared to be a warning to the Bush administration that it might have to consider different approaches after the November midterm elections.

Mr. Warner, whose term as chairman expires at the end of the year, said he hoped his committee would be able to hold hearings in November on policy options recommended by an independent panel, led by former Representative Lee H. Hamilton of Indiana and former Secretary of State James A. Baker III.

Mr. Warner said the idea of partitioning Iraq along ethnic and sectarian lines would have “very serious consequences,” and he refused to endorse the idea of setting a timetable for a phased withdrawal of American troops.

In a separate news conference, Senator Carl Levin of Michigan, the top Democrat on the committee, said he told Iraqi officials during the trip that he favored setting a date for a drawdown of troops.

Mr. Levin described a plan that Mr. Maliki announced Monday to increase security in Baghdad as “very tenuous.” The plan has no provisions for disarming sectarian militias, he said.

Mr. Levin added that the American ambassador in Baghdad, Zalmay Khalilzad, had told him during the trip that such warnings were a “useful message” to send to Mr. Maliki, though the administration had not endorsed the idea.

“I think the time is coming when the administration is going to deliver that message,” he said, “because it’s the only way, I believe, to change the dynamic in Iraq.”

How Al Qaeda Views A Long Iraq War (CSM)

By Dan Murphy

The Christian Science Monitor, October 6, 2006

CAIRO

In appearances across the US, President Bush has been campaigning against withdrawing troops from Iraq, arguing that to leave now would hand a historic victory to Al Qaeda and inspire new generations of jihadists to attack the US.

But a letter that has been translated and released by the US military indicates that Al Qaeda itself sees the continued American presence in Iraq as a boon for the terror network, which has recently shown signs of expanding into the Palestinian territories and North Africa.

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"The most important thing is that the jihad continues with steadfastness ... indeed, prolonging the war is in our interest," says the writer, who goes by the name Atiyah. The letter, released last week, was recovered in the rubble of the Iraqi house where Abu Musab al-Zarqawi, former leader of Al Qaeda in Iraq, was killed by a US bomb in June.

If the letter is accurate, it provides a window into the group's strategic thinking on Iraq that differs starkly from the one the Bush administration has been expressing publicly - a view the president reiterated Wednesday when he said that Al Qaeda believes that "America is weak, and if they can kill enough innocent people we'll retreat. That's precisely what they want."

While the letter was released only recently, Atiyah, thought to be a senior Al Qaeda leader whose full name Atiyah Abd al-Rahman, apparently wrote it last December from the Pakistani region of Waziristan. It has surfaced among a flurry of other communiqués from Al Qaeda.

Al Qaeda's No. 2, Ayman al-Zawahiri, released a videotape this week in which he lashed out at Mr. Bush and Pope Benedict XVI. On Sept. 28, Abu Hamza al-Muhajir, believed to have replaced Mr. Zarqawi as the leader of Al Qaeda in Iraq, published an Internet statement in which he reached out to Sunni tribal leaders who have been in conflict with Al Qaeda. And a new group claiming to be Al Qaeda in Palestine issued a video attacking Palestinian political leaders.

But the Atiyah letter, reflecting as it does the candid opinions of Al Qaeda, rather than the group's propaganda statement crafted for public consumption, appears to offer the most insight. It is largely focused on the fact that Zarqawi's tactics were alienating Iraqi Sunni leaders, and urges him to move with more caution.

He strongly warned Zarqawi against assassinating Sunni leaders. Al Qaeda is a Sunni organization that has been trying to use minority Sunni anxiety in Iraq to build support. The letter also called the Zarqawi-organized bombing of three hotels in Jordan in 2005 a "mistake," arguing that expanding Iraq's jihad beyond its borders too soon will cost them public support.

At one point, Atiyah muses that perhaps Zarqawi should step down from his leadership role, "if you find at some point someone who is better and more suitable than you." Since Zarqawi's death, a "more suitable" figure from Al Qaeda's standpoint has indeed emerged.

"In order to understand this letter one has to see the circumstances of when this letter was released," says Rita Katz, the director of the SITE Institute, which is devoted to tracking Islamist militant groups. "This followed after Zarqawi had an audio message ... in which he threatened the tribes of the Sunnis who wouldn't cooperate with him. That was a real turning point.

"The letter from Atiyah is basically his response to this. He's telling him that instead of fighting Sunni opponents, you should reach out with more peaceful solutions."

Ms. Katz says Mr. Muhajir's Sept. 28 statement shows he has taken that advice to heart. She points out that a number of Sunni tribes in Iraq's turbulent Anbar Province have turned against Al Qaeda's main umbrella group in Iraq, the Mujahideen Shura Council (MSC), in recent months.

"Al-Muhajir's latest speech was quite interesting, because he basically said sorry to the heads of the Sunni tribes. 'We need you. We'll work together to defeat the enemy.' "

The day before his speech, Al Jazeera reported a statement it said was delivered by Ahmad Naji al-Juburi, head of the tribal council in Salahuddin Province north of Baghdad, in which he lashed out at Al Qaeda for killing "civilians, defenseless people, police and security men ... Al Qaeda said it came to Iraq for jihad and to liberate it from occupation [but] what Al Qaeda is doing is utterly at odds with what it announced."

Katz and others say Muhajir is eager to mend fences with Sunni leaders, because he knows that if Al Qaeda loses the support of Sunni tribes, it will be in a very tenuous position.

"Al-Muhajir took another step toward undoing some of the alienation Abu Musab al-Zarqawi had created in Iraq's Sunni community," Michael Scheuer, who ran the CIA's bin Laden unit from 1996 to 1999 and is now a senior fellow at the Jamestown Foundation in Washington wrote in a commentary on Muhajir's and other recent Al Qaeda communications.

How long Muhajir will be in charge of Al Qaeda in Iraq is unclear. Earlier this week, Iraqi National Security Adviser Mowaffak al-Rubaie said security forces are close to catching him. On Sept. 28, the US military caught a man it described as his driver. But given the ease with which Al Qaeda in Iraq weathered the killing of Zarqawi, analysts are skeptical that killing Muhajir will have much impact on Iraq's war.

"When Zarqawi was killed, people said that was the end of the insurgency and the end of the mass killings. But in fact we've seen mass killings increase dramatically since," says Katz. "Al Qaeda in Iraq played an important role at the beginning of the war. Zarqawi set up something that hadn't existed before, but at this stage the infrastructure is set up very nicely."

Angels And Intelligence Estimates (WP)

By Charles Krauthammer

The Washington Post, October 6, 2006

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Lost between the Foley tsunami and the Woodward hurricane is the storm that began the great Republican collapse of 2006. It was only a few weeks ago that the Republicans were clawing their way back to contention for the November elections, their prospects revived by the president's strong speeches on terrorism around the Sept. 11 anniversary, the landmark legislation on treating and trying captured terrorists, and a serendipitous fall in gas prices.

Then came the momentum stopper, the leaked National Intelligence Estimate that was trumpeted as definitive evidence that the war in Iraq had made terrorism worse. Mark Foley's folly and Bob Woodward's history have overwhelmed that story, but it will remain an unrebutted charge long after Foley is forgotten and Woodward is remaindered. It demands debunking.

The question posed -- does the Iraq war increase or decrease the world supply of jihadists? -- is itself an exercise in counting angels on the head of a pin. Any answer would require a complex calculation involving dozens of unmeasurable factors, as well as construction of a complete alternate history of the world had the U.S. invasion of 2003 not happened.

Ah, but those seers in the U.S. "intelligence community," speaking through a leaked National Intelligence Estimate -- the most famous previous NIE, mind you, concluded that Saddam Hussein had weapons of mass destruction, slam-dunk -- have peered deep into the hypothetical past and found the answer. As spun by Iraq war critics, the conclusion is that Iraq has made us less safe because it has become a "cause celebre" and a rallying cry for jihad.

Become? Everyone seems to have forgotten that Iraq was already an Islamist cause celebre and rallying cry long before 2003. When Osama bin Laden issued his declaration of war against America in 1998, his two principal justifications for the jihad that exploded upon us on Sept. 11, 2001, centered on Iraq: America's alleged killing of more than 1 million Iraqis through the post-Gulf War sanctions and, even worse, the desecration of Islam's holiest cities of Mecca and Medina by the garrisoning of infidel U.S. soldiers in Saudi Arabia (as post-Gulf War protection from the continuing threat of invasion by Hussein).

The irony is that the overthrow of Hussein eliminated these two rallying cries: Iraqi sanctions were lifted and U.S. troops were withdrawn from the no-longer-threatened Saudi Arabia. But grievances cured are easily replaced. The jihadists wasted no time in finding new justifications for fury and reviving old ones. The supply is endless: Danish cartoons, papal pronouncements, the liberation of women, the existence of Israel, the licentiousness of Western culture, the war in Afghanistan. And, of course, Iraq -- again.

How important is Iraq in this calculus? The vaunted National Intelligence Estimate -- unspun -- offers a completely commonplace weighing of the relationship between terrorism and Iraq. On the one hand, the American presence does inspire some to join the worldwide jihad. On the other hand, success in the Iraq project would blunt the most fundamental enlistment tool for terrorism -- the political oppression in Arab lands that is deflected by cynical dictators and radical imams into murderous hatred of the West. Which is why the Bush democracy project embodies the greatest hope for a reduction of terrorism and why the NIE itself concludes that were the jihadists to fail in Iraq, their numbers would diminish.

It is an issue of time frame. The bombing of the Japanese home islands may have increased short-term recruiting for the kamikazes. But success in the Pacific war put a definitive end to the whole affair.

Moreover, does anyone imagine that had the jihadists in Iraq remained home they would now be tending petunias rather than plotting terror attacks? Omar al-Farouq, leader of al-Qaeda in Southeast Asia, escaped from a U.S. prison in Afghanistan a year ago and was apparently drawn to the "cause celebre" in Iraq. Last month he was killed by British troops in a firefight in Basra. In an audiotape released Sept. 28, the leader of al-Qaeda in Iraq said that more than 4,000 of its recruits have been killed there since the American invasion. Like Omar al-Farouq and Abu Musab al-Zarqawi, they went to Iraq to die in Iraq.

It is clear that one of the reasons we have gone an astonishing five years without a second attack on the American homeland is that the most dedicated and virulent jihadists have gone to Iraq to fight us, as was said during World War I, "over there."

Does the war in Iraq make us more or less safe today? And what about tomorrow? The fact is that no definitive answer is possible. Except for the following truism: During all wars we are by definition less safe -- and the surest way back to safety is victory.

Kurdish Lawmaker Killed In An Attack In Baghdad (NYT)

By Michael Luo, Khalid Al-ansary

The New York Times, October 6, 2006

BAGHDAD, Oct. 5 — A Kurdish lawmaker, along with his driver, was shot and killed here Thursday afternoon. He was the first Parliament member in the current government to be assassinated, officials said.

The lawmaker, Mohammad Redha Mohammad, was an Islamist Sunni in the mostly secular Kurdistan Alliance, which represents the second-largest bloc in the Iraqi National Assembly.

Mr. Mohammad's religious background raises the possibility that his killing was yet another example of the sectarian violence that has riven this country since February's bombing of a Shiite shrine in Samarra.

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An Interior Ministry official said the two bodies had been found by the Iraqi police in northern Baghdad, just a few yards from offices of the Sunni Endowment, a government organization that administers Sunni mosques. It is in Slaikh, a neighborhood that has been troubled by sectarian violence. Both men had been shot in the head.

Members of Parliament are permitted to hire up to 20 bodyguards, but Mr. Mohammad had none with him on Thursday, said Arif Tayfoor, deputy speaker of the Kurdistan Alliance, who confirmed the discovery of the body. Mr. Mohammad probably felt comfortable visiting the organization without his personal security detail because of his Islamist credentials, Mr. Tayfoor said.

Over the summer, a prominent Sunni lawmaker was kidnapped and held for nearly two months by men she described as religious Shiites. Her kidnapping prompted others in her Sunni political party, the Iraqi Islamic Party, to boycott Parliament for weeks, complaining that the Shiite-led government was not doing enough to rein in Shiite militias.

American officials have been increasing pressure on the Iraqi government to take concrete steps to rein in both Sunni and Shiite militias, which have close ties to the political parties.

A flurry of news reports earlier in the day briefly raised hopes that Al Qaeda's new leader in Iraq, Abu Ayyub al-Masri, had been killed. American military and Iraqi government officials later said that the reports were probably not true, but that to make sure, DNA tests would be performed on the body of a man killed in a recent firefight in Anbar Province. Mr. Masri is believed to have taken over Al Qaeda in Mesopotamia after Abu Musab al-Zarqawi was killed in June.

On Wednesday, Maj. Gen. William B. Caldwell IV, the chief American military spokesman in Iraq, told reporters that a former driver and personal assistant to Mr. Masri had been captured in a recent raid in Baghdad. The former driver was the second close associate of Mr. Masri, an Egyptian explosives expert who is said to have trained at a Qaeda camp in Afghanistan in 1999, to be captured in the past month.

Days earlier, Iraq's national security adviser, Mowaffak al-Rubaie, had boasted at a news conference that the government was closing in on Mr. Masri, showing captured videotape of a man identified as Mr. Masri demonstrating how to rig a car bomb.

The skirmish in Anbar occurred within the last few days, said Lt. Col. Barry Johnson, a military spokesman, declining to be more specific. A group of American troops came under fire and fought back, killing several insurgents, he said. The military believes they were affiliated with Al Qaeda, he said, but has determined that it is "highly unlikely" that Mr. Masri was among them.

The DNA results will be available within days, said Ali al-Dabbagh, a spokesman for the Iraqi prime minister's office.

Violence continued elsewhere in the capital, where American troops and their Iraqi counterparts have been in the midst of a stepped-up military campaign, going neighborhood by neighborhood to search buildings and secure areas. Despite these efforts, General Caldwell said Wednesday that bombings were at an all-time high since the war began in March 2003.

On Thursday, a roadside bomb detonated at 6 a.m. near Bab al-Sharji, a busy commercial district. About 20 construction workers gathered in the area were wounded. Later in the morning, a car bomb exploded in Huriya, a mixed neighborhood in northern Baghdad rife with sectarian violence, killing two people and injuring two others.

A car bomb exploded in the afternoon in the town of Abu Ghraib, west of Baghdad, near an Iraqi police and army convoy. The blast killed a woman and wounded seven other people, including a soldier.

At least 35 bodies were found dumped in various parts of the city between 6 a.m. Thursday and midnight. Most of them showed signs of torture and had been handcuffed, blindfolded and shot in the head at close range, an Interior Ministry official said.

Anti-U.S. Attack Videos Spread On The Internet (NYT)

By Edward Wyatt

The New York Times, October 6, 2006

LOS ANGELES, Oct. 5 — Videos showing insurgent attacks against American troops in Iraq, long available in Baghdad shops and on Jihadist Web sites, have steadily migrated in recent months to popular Internet video-sharing sites, including YouTube and Google Video.

Many of the videos, showing sniper attacks against Americans and roadside bombs exploding under American military vehicles, have been posted not by insurgents or their official supporters but apparently by Internet users in the United States and other countries, who have passed along videos found elsewhere.

Among the scenes being viewed daily by thousands of users of the sites are sniper attacks in which Americans are felled by snipers as a camera records the action and of armored Humvees or other military vehicles being hit by roadside bombs.

In some videos, the troops do not appear to have been seriously injured; in one, titled "Sniper Hit" and posted on YouTube by a user named 69souljah, a serviceman is knocked down by a shot but then gets up to seek cover. Other videos, however, show soldiers bleeding on the ground, vehicles exploding and troops being loaded onto medical evacuation helicopters.

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At a time when the Bush administration has restricted photographs of the coffins of military personnel returning to the United States and the Pentagon keeps close tabs on videotapes of combat operations taken by the news media, the videos give average Americans a level of access to combat scenes rarely available before, if ever.

Their availability has also produced some backlash. In recent weeks, YouTube has removed dozens of the videos from its archives and suspended the accounts of some users who have posted them, a reaction, it said, to complaints from other users.

More than four dozen videos of combat in Iraq viewed by The New York Times have been removed in recent days, many after The Times began inquiries.

But many others remain, some labeled in Arabic, making them difficult for American users to search for. In addition, new videos, often with the same material that had been deleted elsewhere, are added daily.

Russell K. Terry, a Vietnam veteran who founded the Iraq War Veterans Organization, said he had mixed feelings about the videos.

"It's unfortunate there's no way to stop it," Mr. Terry said, even though "this is what these guys are over there fighting for: freedom of speech."

One YouTube user, who would not identify himself other than by his account name, facez0fdeath, and his location, in Britain, said by e-mail that he posted a video of a sniper attack "because I felt it was information the U.K. news was unwilling to tell."

"I was physically sickened upon seeing it," he said, adding, "I am wholly opposed to any form of censorship."

The video he posted, which had been viewed more than 33,000 times, was removed earlier this week.

Another YouTube user, who said he was a 19-year-old in Istanbul and who posted more than 40 videos of Iraq violence, said via e-mail that "anti-war feelings and Muslim beliefs (the religion of peace) motivates me."

Neal O. Newbill, a freshman at the University of Memphis who viewed some of the YouTube videos and posted comments on them, said in an interview that he was enraged by the recorded chants of "Allahu Akbar," Arabic for "God is great," that follow some of the sniper attacks.

But Mr. Newbill added that he was awed by the size of the blasts from the improvised explosive devices, or I.E.D.'s, used against American vehicles. A son, nephew and grandson of American veterans, Mr. Newbill said he had sought out the videos, searching on YouTube for "I.E.D.," "because I like watching stuff blow up."

The Web sites also contain a growing number of video clips taken by American soldiers. One shows the view from the back of a truck containing several members of a platoon, whose vehicle then hits an I.E.D. and is turned on its side. A few videos also show American servicemen or private security guards firing at attackers, and one shows an American rocket-propelled grenade hitting a building from which insurgents are firing.

A spokesman for United States Central Command, which oversees troops in Iraq, said the military was aware of the use of common Internet sites by both insurgent groups and American military personnel.

"Centcom is aware we are facing an adaptive enemy that uses the Internet as a force multiplier and as a means of connectivity," Maj. Matt McLaughlin, the spokesman, said by e-mail.

While posting of Web logs, pictures and videos by American troops is subject to military regulations, Major McLauglin said, "Al Qaeda uses the Internet and media to foster the perception that they are more capable than they are."

Some of the videos are obvious propaganda, with Arabic subtitles and accompanying music, while others simply have scenes without sound or graphics. They appear to be real, though the results of attacks are not always clear.

One frequently posted video shows individual photographs of several hundred American soldiers allegedly killed by a Baghdad sniper referred to as Juba. But a television news report from the German weekly Der Spiegel that also has been posted on the video sites shows an interview with one American soldier whom the insurgent group claimed to have killed but whose protective vest stopped the sniper's bullet.

Geoffrey D. W. Wawro, director of the Center for the Study of Military History at the University of North Texas and a former instructor at the United States Naval War College, said the erosion of the command structure of terrorist and insurgent groups had led them to increase their reliance on the Internet and videos to gain recruits.

American troops, too, have always sent snapshots home from the front, Mr. Wawro said, and digital pictures and video are simply a new incarnation of that.

"This is how the new generation does things," he said.

"It results in a continued trivialization of combat and its effects," Mr. Wawro added, "but no one feels completely comfortable saying, Don't do it."

YouTube does feel comfortable saying so, however, as does Google Video. Both have user guidelines that prohibit the posting of videos with graphic violence, a measure that spokeswomen for each service said was violated by many of the Iraq videos.

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Julie Supan, senior director of marketing for YouTube, said the company removed videos after they were flagged by users as having inappropriate content and were reviewed by the video service.

In an e-mail message, Ms. Supan said that among the videos removed were those that "display graphic depictions of violence in addition to any war footage (U.S. or other) displayed with intent to shock or disgust, or graphic war footage with implied death (of U.S. troops or otherwise)."

Clark: Hanging Saddam Would Cause Chaos (AP)

By William C. Mann

AP, October 6, 2006

Former U.S. Attorney General Ramsey Clark, a member of Saddam Hussein's defense team, predicted on Thursday that a bloodbath would follow should an Iraqi court trying the former president have him executed.

At a news conference, Clark said he feared that should Saddam and the others be hanged, "catastrophic violence" would follow that would lead to "the end of civilization as we know it in the birthplace of civilization, Mesopotamia. Total, unmitigated chaos."

Saddam's Sunni Muslim tribe of 1.5 million would be enraged over what they would consider the revenge killing of the former president by the Shiite-controlled and U.S.-sponsored government, Clark said.

Clark, 78, was attorney general under President Johnson despite opposing the Vietnam War and has been best known since for defending people with unpopular causes. Besides Saddam, he has worked with blind Egyptian cleric Sheik Omar Abdel-Rahman, a planner of the 1993 World Trade Center bombing, and American Indian activist Leonard Peltier, convicted in a 1975 gunfight at the Pine Ridge Indian Reservation in which two FBI agents died.

Saddam and the other defendants, who include his vice president, Taha Yassin Ramadan, are being tried for genocide in the deaths of tens of thousands of Iraqi Kurds during the late 1980s. They already have been tried for murder and torture in the deaths of 148 Iraqi Shiites from the Iraqi town of Dujail who allegedly conspired to kill Saddam in 1981.

The court that tried them was to have returned its verdict on Oct. 16, but it announced this week it will not do so. A new date was not set.

Clark said the defendants are at Camp Cropper near Baghdad's airport in a new $60 million detention center. The Army says it oversees about 13,000 prisoners in Iraq at Cropper, Camp Bucca in the southern desert and Fort Suse in the Kurdish north.

The United States has said it transferred Saddam to Iraqi custody some time ago, but his whereabouts have not been divulged.

In March, an AP-Ipsos poll in the United States and several other countries found that two out of three Americans felt Saddam was getting a fair trial and if convicted should be executed. Lesser majorities in eight other countries polled said he was being tried fairly and should be jailed for life if convicted.

Sailor Charged In Iraqi's Slaying To Testify Against 7 Codefendants (LAT)

By Tony Perry

The Los Angeles Times, October 6, 2006

SAN DIEGO — A Navy corpsman will plead guilty to reduced charges in the April killing of an Iraqi man and provide testimony that can be used against seven Marines charged in the case, his lawyer said Thursday.

Murder and conspiracy counts against Navy Petty Officer 3rd Class Melson Bacos, 21, will be dropped today in exchange for a guilty plea to lesser charges, attorney Jeremiah Sullivan III said.

At the hearing set for Camp Pendleton, Bacos will answer the judge's questions about the April 26 killing in Hamandiya, west of Baghdad. The seven Marines face charges of murder, conspiracy and kidnapping.

Sullivan declined to disclose what Bacos' sentence would be but said he would remain in the Navy and have a "bright future ahead of him." The North County Times, which first published news of the plea bargain Wednesday, said Bacos would be sentenced to a year in the brig. Bacos was not accused of firing his M-16 rifle.

The eight defendants have been behind bars since being ordered back to Camp Pendleton in May. After the plea deal was reached, Bacos was moved to the brig at Miramar Marine Corps Air Station in San Diego, Marine officials said.

Marine Pfc. John Jodka also was moved Wednesday from the brig at Camp Pendleton, but a gag order issued by the judge in his case keeps attorneys from saying whether he, too, has reached a plea bargain.

The eight, all members of the 3rd Battalion, 5th Regiment, 1st Marine Division, are accused of dragging Hashim Ibrahim Awad, 52, from his home, tying his hands and feet, fatally shooting him and then planting an AK-47 rifle and shovel near his body to suggest he was an insurgent caught burying a roadside bomb.

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At an Aug. 30 hearing, a prosecutor said that two defendants, Sgt. Lawrence G. Hutchins III and Cpl. Trent D. Thomas, had confessed to the slaying and that a third, Lance Cpl. Robert Pennington, provided details about a conspiracy to cover up the crime.

Defense attorneys said the comments were statements, not confessions.

As a member of the battalion, Bacos accompanied Marines into combat to provide additional firepower and emergency medical care. He received a Purple Heart for his first deployment in late 2004, when the battalion was a key part of the fight against insurgents in Fallouja. The battalion suffered 19 deaths and more than 50 wounded.

In a video posted on his lawyer's website, Bacos talked of the aftermath of one daylong battle in December 2004. He recalled how he tried to save the lives of Marines, their blood smearing his hands.

"Everyone was tired, but there were Marines to take care of because of the firefight," he said.

NATO Takes Control Of Afghan Security (AP)

By Jim Krane

AP, October 5, 2006

NATO extended its security mission Thursday to all of Afghanistan nearly five years after the West began its war to defeat the Taliban, taking command of 12,000 U.S. troops in the war-battered country's east.

The handover diminishes the Pentagon's role in Afghanistan and gives the Europe-based military alliance its biggest test yet.

The transfer of command "illustrates the enduring commitment of NATO and its international partners to the future of this great country," said British Gen. David Richards. He was promoted to the military's top rank hours before a handover ceremony at the NATO compound in Kabul attended by President Hamid Karzai and U.S. Lt. Gen. Karl Eikenberry.

The takeover caps an already historic expansion for the military alliance that was created as a Cold War bulwark against the Soviet Union. The mission in Afghanistan is the biggest ground combat operation in NATO history, and gives Richards command of the largest number of U.S. troops fighting under a foreign commander since World War II.

The move comes during a rapid spread of the Taliban insurgency, with close to 100 suicide attacks this year, a nearly fivefold increase over 2005. Almost 200 civilians and soldiers have been killed. According to an Associated Press count based on Afghan, NATO and U.S. figures, more than 3,000 people have died in violence this year, mostly militants.

"NATO has never been tested like this, ever," said Seth Jones, a RAND Corp. expert on Afghanistan. "They've got an extraordinarily difficult task ahead of them."

With NATO handed the lead role, Washington has shed some responsibility for a stability project that appears to be headed in the wrong direction. U.S. voters readying for midterm elections have expressed fatigue with the Bush administration's twin wars in Iraq and Afghanistan.

Increasing the international role in Afghanistan — which America has been unable to do in Iraq — could disarm critics who say President Bush mishandled the war. But few Muslim countries have joined the international effort, with fewer than 500 troops from Muslim nations.

On Friday, Bush acknowledged setbacks in the training of Afghan police to fight the Taliban resurgence but predicted eventual victory.

Richards pledged a reversal of Afghanistan's deteriorating security, joking that he would appear in front of a firing squad if the country isn't safer when his command ends in February.

"If by next spring these improvements are not evident, then I will be surrendering to whoever wants to put me up against a wall," he told reporters after the ceremony.

But analysts say NATO will be hard-pressed to reverse the deepening insurgency and lawlessness plaguing Afghanistan, since the alliance lacks the troops to maintain a strong presence across volatile regions and halt militant incursions from Pakistan, where Taliban leaders and fighters are believed to hide.

"It's hard to imagine that the situation will improve. We've got to have sufficient security forces to seal the border or at least better patrol it," said Bruce Hoffman, a counterinsurgency expert who teaches at Georgetown University in Washington.

Richards may be better suited to seek help from Pakistan. The British general said his promotion Thursday to four-star general — Britain's top rank — signifies a more intense international commitment to the country and gives him a bigger role dealing with regional governments.

An immediate task will be to persuade members of the 37-nation NATO coalition to deliver thousands of promised troops and weapons that have been withheld, and to ship them into combat in the country's southern and eastern battle zones.

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Germany, Spain and Italy have been reluctant to send troops to southern Afghanistan, where soldiers from Canada, Britain, the United States and the Netherlands have borne the brunt of the fighting. NATO also has forces in the more stable northern and western regions of Afghanistan and in Kabul.

"There are NATO countries that appeared to want a peacekeeping mission and now they're in the middle of an insurgency," Jones said. "This isn't the mission they signed up for."

In Canada and the Netherlands, public pressure is building to bring soldiers home. Calls to withdraw could succeed if either country suffers more casualties, Jones said.

With about 12,000 troops, the U.S. is the biggest contributor to the more than 31,000-strong NATO mission. Britain has 5,200 troops and Germany has 2,750 troops here.

Eikenberry will remain the top U.S. commander in Afghanistan, with administrative and legal responsibility for all American forces, including those led by NATO. Eikenberry will continue to lead some 8,000 U.S. troops functioning outside NATO who are tracking al-Qaida terrorists, helping train Afghan security forces and doing reconstruction work.

Eikenberry said that consolidating the command under Richards would streamline military cooperation and effectiveness. Direct U.S. control is now centered on the sprawling American base at Bagram. Most air operations in the Afghan theater also remain under American oversight.

U.S.-operated prisons and interrogation centers at Bagram will remain under American command, while NATO will continue to transfer its detainees to Afghan police.

The alliance's leadership takes command of U.S. troops responsible for 11 mountainous eastern provinces just two months after being handed control of restive southern Afghanistan, where NATO has struggled to stem rising violence.

A 10-day NATO offensive in Kandahar province last month was the largest ground operation the alliance has ever undertaken.

Hundreds of Taliban fighters were killed and more than 100 taken prisoner in NATO's coordinated ground and air assaults. Few NATO soldiers were killed or wounded. Richards said the operation prevented the Taliban from holding valuable ground that might have allowed it to attack Kandahar, Afghanistan's second-largest city.

"The significant defeat of the Taliban is probably the greatest single defeat they suffered since 2001," Richards said. "We have unequivocally proved our mettle in military operations."

An American four-star general, Army Gen. Dan K. McNeil, will take charge of both U.S. and NATO forces in February, pending confirmation by the Senate.

NATO Takes Security Helm (LAT)

By Paul Watson

The Los Angeles Times, October 6, 2006

KABUL, Afghanistan — The North Atlantic Treaty Organization on Thursday took command of U.S. troops fighting insurgents in eastern Afghanistan, putting the Western alliance in charge of security across the country amid an increase in fighting.

British army Lt. Gen. David Richards, NATO's commander in Afghanistan, called the transition historic for both the alliance and Afghanistan and said the transfer of U.S. forces to his command would not mean a reduction in capability.

"By bringing all of these forces under unified command, we enhance the effectiveness of the operation, as we have far greater flexibility in the use of our assets," Richards said at a ceremony attended by Afghan President Hamid Karzai. "Throughout Afghanistan we will continue to confront insurgents when and where necessary.

"But the overarching purpose of our security operations is to enable improvements in government capacity and to accelerate reconstruction and development, for real benefit to the lives of all Afghans."

NATO has about 31,000 troops from 37 countries under its command in Afghanistan. About 10,000 of those are U.S. forces in eastern provinces bordering Pakistan.

Cross-border attacks are on the rise there despite Pakistani President Pervez Musharraf's repeated commitments to rein in militants.

About 8,000 U.S. troops will remain under direct American command to serve as a counter-terrorism force and to support reconstruction projects, as well as to help train and equip the Afghan army and police.

"As a NATO member, the United States will remain the largest contributor of troops and capability," said Army Lt. Gen. Karl Eikenberry, commander of American troops in Afghanistan. "We will maintain our strong national capability in support of our counter-terrorism mission to strike Al Qaeda and its associated movements wherever and whenever they are found."

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NATO originally agreed to deploy troops in Afghanistan as peacekeepers in support of aid projects, but the alliance is now waging its first ground war in its 57-year history. And as the violence escalates, NATO commanders are struggling to persuade the 26 member nations to fulfill a request for an additional 2,500 troops.

NATO commanders also have complained that some member governments place restrictions on what their troops can do in Afghanistan, making it more difficult to launch coordinated combat operations.

Richards took command of forces in southern Afghanistan on July 31. Since then, at least 16 foreign soldiers have died in hostile fire, including seven Americans.

U.S. troops have suffered the highest number of combat deaths among foreign forces this year, with at least 50 killed in hostile fire. Canadian forces have had 27 combat deaths, the second-highest number among the foreign contingents.

Together, Americans and Canadians account for almost three-quarters of the foreign forces' deaths from hostile fire this year.

The insurgents' heavy toll on Canadian troops is putting political heat on Canada's Conservative Party government. In a recent poll, 59% of respondents agreed with the statement that Canadian soldiers were "dying for a cause we cannot win." In an earlier poll, more than half of Canadian respondents said they thought their country was more likely to be attacked by terrorists because its forces were in Afghanistan.

NATO's supreme allied commander, U.S. Marine Gen. James L. Jones, said he was confident the alliance could handle any military challenge. But he added that he thought the strife in "Afghanistan will not be resolved by military means."

Defeating the insurgency depends more on "how well the reconstruction mission, the international aid mission, is focused," he was quoted Wednesday as saying at the Council on Foreign Relations in Washington. "And on that score I think there is a requirement to do more, to bring more focus, more clarity, more purpose and more results in a shorter period of time."

U.S. and NATO commanders say they have killed hundreds of insurgents in recent weeks. But Afghan police, soldiers and civilians have borne the brunt of the war, which is causing increasing dismay among Afghans almost five years after the Taliban regime was ousted.

More than 800 members of the Afghan security forces have died in those years, compared with 337 foreign members of the U.S.-led coalition, Eikenberry said Thursday.

Once-rare suicide bombings are now relatively common, even in the capital, Kabul. A suicide attacker killed at least 12 people outside the Interior Ministry on Saturday. Two days later, a man threw himself in front of a NATO convoy in the capital while detonating hand grenades strapped to his body, wounding three soldiers and three civilians.

Japan Extends Afghan Coalition Support (AP)

AP, October 6, 2006

Japan's Cabinet on Friday approved a one-year extension of the law that allows the country's support of coalition forces in Afghanistan, the government's top spokesman said.

Japan's navy has provided fuel for coalition warships in the Indian Ocean since November 2001 under a special anti-terrorism law set to expire on Nov. 1. It had already been extended in 2003 for two years and again for a year in 2005.

"The international community is continuing its activities to eliminate international terrorism and its efforts are expected to continue ... (It) is important for Japan to continue its cooperation in accordance with our anti-terrorism measure," Chief Cabinet Secretary Yasuhisa Shiozaki told reporters.

The government is expected to submit the bill to parliament for planned enactment by the end of October.

Prime Minister Shinzo Abe earlier this week expressed his support for extending the law, which allows Japan to refuel naval ships from the U.S.-led coalition forces in the region as part of the anti-terror effort.

The Indian Ocean dispatch has been part of Tokyo's recent attempts to raise its international profile. Under former Prime Minister Junichiro Koizumi, who stepped down last week, Japan also sent non-combat troops to southern Iraq to assist in U.S.-led reconstruction efforts.

Both operations were criticized by some in Japan as violating the nation's pacifist constitution, which prohibits the use of force in solving international disputes.

Abe has pledged to follow an assertive foreign policy and military role. He has voiced support for amending the constitution to join more peacekeeping missions and work more closely with U.S. forces.

Official Pushes Opium Alternative (WT)

By Jason Motlagh

The Washington Times, October 6, 2006

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KABUL, Afghanistan -- Afghanistan must provide an economic alternative to producing opium and win the hearts and minds of the rural poor, the economy minister says.

"That Afghanistan is producing the largest amount of opium in the world is a fact nobody can deny. It is also true that there is no real alternative livelihood for the people who are cultivating poppy at the moment in Afghanistan," Minister of Economy Mohammad Jalil Shams told The Washington Times.

Afghan drug production grew by almost 60 percent compared with last year, according to U.N. figures. Drug production now accounts for more than 50 percent of Afghanistan's gross domestic product.

The booming drug economy supports the Taliban, which is wagingits fiercest campaign since being ousted by U.S.-led coalition forces five years ago for sheltering Osama bin Laden and al Qaeda.

Mr. Shams said in an interview this week that to resolve the drug problem, Afghanistan's economy must be rebuilt.

Establishing electrical power is a top priority, he said.

Once energy and electricity are in place to sustain industries and attract foreign investment, Mr. Shams said, it is a matter of identifying areas where Afghanistan has a competitive advantage and capitalizing on untapped native resources such as copper and iron.

He said the biggest challenge will be the economic integration of farmers in the countryside who depend on poppy cultivation for a livelihood.

Mr. Shams said alternative crops being tested include saffron in Herat province and roses in Jalalabad.

Mr. Shams said that "small steps" were being taken now and dramatic changes are not likely in the near future.

"It takes time, as we can see in other countries such as Pakistan, which has been successful maybe because a part of their [drug] industry has been transferred to Afghanistan," Mr. Shams said.

"They now have alternatives for farmers. It took them at least eight to 10 years. It took Thailand about 20 years to get rid of drug cultivation."

The minister insisted his country was not doomed to become a narco-state, saying it is "only a matter of time before the situation improves."

A recent report by the Senlis Council, a British think tank, said the Taliban has regained control of the southern half of the country largely because of misguided U.S.-led counternarcotics and military policies.

The report charges there has been a "dramatic under-funding of aid and development programs."

Afghan President Hamid Karzai met with President Bush in Washington last week to appeal for greater military and development aid.

"We shall try to win the confidence of the people, but without that, even if we are the strongest possible militarily, it is not possible to establish security," he said.

CORPORATE SCANDALS:

H-P's Dunn Could Face Risks From Testimony (WSJ)

By Peter Waldman

The Wall Street Journal, October 6, 2006

When former Hewlett-Packard Co. Chairman Patricia Dunn testified on Capitol Hill last week on the H-P spying scandal, one congressman asked her about some handwritten notes taken by H-P's former general counsel. The notes indicated Ms. Dunn had been briefed on a ruse by H-P's investigators to obtain people's personal phone records in June 2005. Ms. Dunn's response: "I've seen this for the first time now."

Yesterday, Ms. Dunn was booked in the Santa Clara, Calif., sheriff's office on four felony counts of fraud and conspiracy and released on her own recognizance. A judge scheduled her arraignment for Nov. 17. California Attorney General Bill Lockyer filed charges Wednesday against Ms. Dunn and four others linked to the H-P affair. The charges included fraudulently obtaining private information from a public utility, accessing computer data without permission, identity theft and conspiracy to commit those crimes.

It was Ms. Dunn's testimony in Washington at last week's hearing by a U.S. House subcommittee that has lawyers befuddled. In 33 pages of written testimony and a half-day of questioning by congressmen, Ms. Dunn flouted the golden rules of criminal defense: Never say anything under oath you may regret -- and never say anything at all until you've seen all the evidence.

Now Ms. Dunn, who lawyers said could be the highest-ranking executive ever prosecuted for privacy violations -- and one of the few independent directors of a major company ever prosecuted at all for corporate misdeeds -- must live in a legal box she

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built before prosecutors had even charged her with a crime. "The textbook approach is to avoid having your client testify under oath in any context, when a criminal investigation is pending," said William Keane, a white-collar defense attorney and partner with Farella Braun & Martel in San Francisco.

Ms. Dunn's lawyer, James Brosnahan of Morrison & Foerster in San Francisco, said "every case is different" and some of his best results, spanning a 45-year career, have gone "against the grain" in tactics. "You make different tactical decisions when a client is innocent than when they are guilty," he said. "Pattie Dunn is innocent."

Ms. Dunn, who associates say was determined to explain herself in public, didn't make any obvious gaffes that could come back to haunt her at trial. But lawyers say her extensive statements under oath -- which the California prosecutors referenced in their court affidavit Wednesday -- likely will limit how the defense team can address the evidence at trial.

Lawyers for other people linked to the H-P scandal played it by the book. Ann Baskins, the former H-P general counsel, pleaded her Fifth Amendment right against self-incrimination at the congressional hearing. She was forced to resign from H-P but hasn't been charged with any crimes. "I didn't want her first explanation to be in what I considered to be the middle of a chaotic football game," said Ms. Baskins's attorney, Cris Arguedas of Berkeley, Calif.

Kevin Hunsaker, the former H-P ethics attorney who oversaw the company's leak probe this year, also pleaded the Fifth in Congress but is now facing the same charges as Ms. Dunn. His lawyer, Michael Pancer of San Diego, issued a statement yesterday, asserting Mr. Hunsaker's innocence, in part because he "took no actions related to obtaining information about phone calls that were not known and authorized by his superiors after they had obtained an attorney's opinion that the investigative tactics were legal."

Mr. Pancer, in an interview, said he had his client plead the Fifth last week because it was clear they hadn't seen all the evidence H-P was giving the subcommittee right up until a day before the hearing. "I told Kevin I wouldn't even represent him if he insisted on going forward, because you need to explain every document, and you can't explain what you don't have."

Ms. Dunn, and Mr. Brosnahan, took a different approach. The crux of the prosecutors' case against Ms. Dunn is that, from the start of the boardroom leak probes she first launched in 2005, she allegedly knew H-P's investigators were using pretexting, a form of fraudulent impersonation, to obtain the personal phone records of certain H-P board members and journalists. She maintains she had no idea fraud may have been involved and that she relied on H-P lawyers and security personnel to ensure everything was done legally.

Though expansive and confident in most of her answers on Capitol Hill, Ms. Dunn seemed to trip up when congressmen confronted her with several documents suggesting she had been briefed early on about the pretexting work. The key evidence, cited by California prosecutors in their court affidavit Wednesday, comes from documents about a June 15, 2005, conference call that apparently took place among Ms. Dunn, Ms. Baskins and Ronald DeLia, the Massachusetts investigator who ran H-P's leak probes.

The documents include a seven-page progress report on the probe by Mr. DeLia, dated June 14, 2005, mentioning "pretext calls" in a footnote; an email sent on that same day from Ms. Dunn to Mr. DeLia, setting up the conference call for the next day; and Ms. Baskins's handwritten notes apparently taken during the call itself.

If there is any smoking gun in this case, it may be the Baskins notes. Written under the title "Kona" -- H-P's code name for the investigation -- Ms. Baskins's notes, dated June 15, 2005, record how investigators, in a "time-consuming process," obtain phone records from call carriers "via pretexts to extract info." On the next line, she wrote, "i.e. I didn't make the call."

Further down on the same page, Ms. Baskins scrawled what appear to be a series of brief questions posed by "PCD" -- or Patricia Cecile Dunn -- suggesting she participated actively in the call: "How to speed up? Ramp up? New tactics?" Ms. Baskins wrote under Ms. Dunn's initials.

Confronted with the Baskins notes, Ms. Dunn testified she had never seen them before, and she claimed not to have any recollection of the conference call. She also testified she couldn't remember Mr. DeLia -- who took the Fifth at the hearing and is also being prosecuted in the case -- briefing her on pretexting, while other documents suggest that he did.

"I do not recall the June 15th discussion," she testified, though she added about the documents, "If I connect these dots, it took place."

A Lifelong Fighter's Toughest Round (WP)

By Yuki Noguchi

The Washington Post, October 6, 2006

Even her detractors acknowledge that Patricia C. Dunn, the person at the center of Hewlett-Packard's spying scandal, is one tough woman.

At age 12, she lost her father. She later dropped out of college to support her mother. Dunn nevertheless rose to the rarefied upper ranks of the mostly male finance industry. She ousted the former HP chairman and chief executive -- another

tough woman -- and assumed the chairman's seat. Dunn fought bitterly with others on HP's board, and despite her avowed preference for privacy, has gained notoriety for backing a rigorous hunt that included accessing private phone records to smoke out the source of news media leaks from the board.

This week, the 53-year-old former HP chairman faced another major blow: She found out she has a recurrence of advanced ovarian cancer the day before the California attorney general charged her and four others with fraud and conspiracy in the corporate leak probe.

Circumstances required Dunn to be self-reliant from an early age, her friends and business associates said, and her diligence and willingness to learn delivered her from poverty to the top echelons of business. That same tenacity and conviction may have provoked the ire of her enemies on the HP board, who say her strong sense of mission -- plug the leak -- led her down an unethical path.

Now she must rely on that same tough quality to survive her two-front battle. She surrendered to authorities yesterday and, after a three-minute court hearing in which she agreed to return Nov. 17 for her arraignment, was released on her own recognizance. Today she will begin chemotherapy for her fourth bout with cancer. She has survived not just ovarian cancer, but also melanoma and breast cancer.

"She's strong," said Alison Davis, who for three years served as chief financial officer when Dunn was chief executive of Barclays Global Investors. "People can be threatened by a strong woman who represents a challenge to their will," she said. "She will stand up to defend herself."

Dunn's personality earned her her number one critic, venture capitalist Thomas J. Perkins, who pinned the blame for the investigative tactics on her, calling it "a Pattie Dunn program, 100 percent."

Sources close to Perkins and his friend and fellow HP board member George A. Keyworth II say the deep rifts between Dunn and Perkins provoked a witch hunt focused on trying to get Perkins and Keyworth off the board.

Dunn, in turn, shot back. "I won't indulge in a chronology of the intimidation, pressure, rudeness and criticism that Tom directed at me, but I will simply say that I have never had remotely similar experiences with anyone," she wrote in an Aug. 17 letter to members of the HP board. The personality differences were "compounded by a fundamental difference in philosophy between me and Tom" about corporate governance, she wrote.

Members of Congress last week hammered Dunn for not accepting responsibility for an overzealous leak investigation, and for failing to heed red flags that the investigation was moving into unethical and potentially illegal territory. Among other things, documents showed that Dunn had authorized a surveillance and sting operation designed to trace the e-mail, phone and in-person communications between reporters and board members.

On Tuesday, the day before her indictment, Dunn was told her Stage 4 ovarian cancer had come back. Still, she's maintaining a tough front. An e-mail she sent to several friends yesterday morning said she found out she'd been indicted while shopping for a suit at Nordstrom's.

Dunn called her new diagnosis a nasty surprise and said that the state attorney general now considered her "a public threat," said John C. "Sandy" Walker, a close friend who has worked as the architect for her two houses. But, she joked, she was engaging in "retail therapy," and talked about her upcoming interview on the CBS News program "60 Minutes."

"She's been through some extraordinary treatments" for her various cancers, Walker said, "but every time she says, 'But I'm fine.' "

Dunn's older sister, Debbie Lammers, said that toughness was forged in her early years.

"What we've been through since we were small children has put her in good stead to deal with these current circumstances," said Lammers, who talks to Dunn every day. "She is determined, she is focused, she is steady."

Their father, Henry Dunn, a Las Vegas entertainer, was a gregarious and upbeat businessman who preached the stiff upper lip, Lammers said. He was 25 years older than their showgirl mother, Ruth, and he died when Patricia Dunn was 12. That left the girls and their infant brother with their bereaved mother, who was isolated from other family support.

Dunn nevertheless always appeared pretty and poised, and was elected to the student council her senior year, a role she took so seriously she read the handbook of rules after she was elected, said Barbara Rosenberg, her honors English teacher at Terra Linda High School in San Rafael, Calif. Dunn absorbed books so quickly that Rosenberg got special permission to expand her reading assignments to college-level literature, and Dunn often talked about her desire to pursue journalism, she said.

"This is a student you never forget," said Rosenberg, who keeps in touch with Dunn. She attended Dunn's wedding, her 50th birthday party and her Christmas parties.

Dunn's academic career was interrupted because her mother was overwhelmed by financial and emotional problems, forcing Dunn to drop out of the University of Oregon. She finished her degree by commuting on three buses to the University of California at Berkeley, according to a life history Dunn provided to the Congress during her testimony last week.

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Dunn has been married for 25 years to William W. Jahnke, whom she calls "the best husband in the world," and helped raise his four children from a previous marriage.

Although Dunn's rise to the top job at Barclays made her one of a small group of female business executives, she has never championed herself as a role model for women. Her sister said Dunn never thought of herself as fitting the typical profile of a hard-nosed businesswoman.

"You may find this hard to believe, but I have never been ambitious for career success," Dunn told an audience gathered last month to honor her induction into the Bay Area Business Hall of Fame. In fact, she fell into the financial services industry almost by mistake; a temporary secretarial job at Wells Fargo Investment Advisors turned into a permanent one, and she abandoned her dream of becoming a journalist.

HP's former chairman and chief executive Carly Fiorina disputes Dunn's portrayal of herself in a memoir, "Tough Choices," to be published Monday. Dunn called for board meetings behind Fiorina's back and presided over the key meeting during which the board fired her, Fiorina wrote. When Dunn suggested Fiorina and the company "position" her firing as a personal decision to move on, Fiorina said she believed "truth is always the best answer," Fiorina wrote.

Dunn's breast cancer was first diagnosed in September 2001, and her medical treatments forced her resignation from the top job at Barclays the next year. She has since had three lumpectomies and radiation therapy for breast cancer. She also has undergone surgeries to remove separate cancers, including a malignant melanoma on her face, and for the ovarian cancer earlier this year.

"When we were kids, we didn't think we had all these problems, because it wasn't in us to complain," Lammers said. "At the time we didn't think it was so tough, but looking back on it, it really was." It is that training that has produced the fighter in her sister. "What we're seeing now," she said, "is the best of Pattie."

Ex-Hewlett-Packard Chair Dunn Released After Hearing (Update1) (BLOOM)

By Joel Rosenblatt And Karen Gullo

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Former Hewlett-Packard Co. Chairwoman Patricia Dunn, charged with conspiracy and fraud for directing an internal leak probe at the computer maker, was released after surrendering to authorities today in San Jose, California.

Dunn, 53, promised to return for her Nov. 17 arraignment. California Attorney General Bill Lockyer yesterday charged her and four others with using illegal tactics to monitor the phone calls of board members and journalists.

``The attorney general has indicated they have no objection to you being released on your own recognizance," Santa Clara County Superior Court Judge Alfonso Fernandez told Dunn during a 20-minute hearing. The judge said he would release her if she promised to appear at the arraignment. ``Do you understand?" the judge asked. ``Yes," Dunn replied.

The former chairwoman authorized the internal probe at Hewlett-Packard, which used fake identities, or pretexting, to obtain private call records. The felony charges filed by Lockyer -- conspiracy, wire fraud, identity theft and illegal use of computer data -- each carry a maximum sentence of 3 years in prison and a $10,000 or $25,000 fine.

The prosecution came on the same day that Dunn, who stepped down from the world's second-largest personal computer maker last month, announced she had advanced ovarian cancer and was to undergo chemotherapy this week. Her lawyer said yesterday that she would fight the charges ``with everything she has."

Investigation

Last week, Dunn faced a congressional committee that put the computer maker at the center of a national debate over privacy abuses. The former executive has said she relied on investigators and isn't responsible for their conduct. Palo Alto-based Hewlett- Packard is also being investigated by the Justice Department and the U.S. Securities and Exchange Commission.

Dunn, of Orinda, California, arrived at the courthouse today with her husband Bill Jahnke surrounded by lawyers and more than 20 reporters and photographers. When she left, the crowd had almost doubled, and at least one person approached Dunn yelling at her, holding a copy of the local paper with her picture on it.

The ex-chairwoman, Jehnke and her spokesman Terry Fahn got into a black Lincoln Continental with tinted windows and drove a few blocks to the Santa Clara County Sheriff's office, where the car entered a back gate. Dunn was booked, fingerprinted and photographed, a sheriff's deputy said. Fahn declined to comment.

Deputy Sheriff Serg Palanov said Dunn was ``calm and collected" during her booking, and that she was allowed to use the non-public entrance because she was a high-profile defendant.

Internal Probe

DOJ_NMG_0076468

Hewlett-Packard's internal investigation, started last year to learn who leaked boardroom discussions to reporters, became a scandal in the weeks following the company's Sept. 6 disclosure that some of the tactics used may have been illegal. Company Director George Keyworth resigned last month after admitting he was the source of some of the leaks.

At least six investigators in Massachusetts, Florida, Colorado and Georgia hired by Hewlett-Packard faked the identities of directors, employees and reporters to obtain their phone records.

The company also sought the call logs of former Chief Executive Officer Carly Fiorina and Hewlett-Packard's outside attorney, Larry Sonsini, name partner of Palo Alto-based Wilson Sonsini Goodrich & Rosati.

As part of the conspiracy charge, prosecutors claimed Dunn gave private investigators home, cellular and office telephone numbers for board members.

Hundreds of Calls

Hundreds of telephone calls were gathered using pretexting for two current Hewlett-Packard employees, seven former or current board members or their families and nine journalists or their family members, Michael Holston, a lawyer hired by Hewlett-Packard CEO Mark Hurd to review the company's conduct, said Sept. 22. Hurd, 49, wasn't charged. Lockyer said his investigation is continuing.

According to court papers filed yesterday, pretexting compromised over 24 different individuals' telephone, fax and cellular accounts. During 33 months of call monitoring, there were approximately 1,750 calls made from all of the numbers.

Hewlett-Packard said in a statement yesterday that it's cooperating with state and federal investigators.

Jim Brosnahan, Dunn's attorney, didn't return a call seeking comment.

Kevin Hunsaker, 41, of Menlo Park, California, a lawyer and former ethics director at Hewlett-Packard who was also charged yesterday, has already surrendered and been booked, Lockyer spokesman Tom Dresslar said. He is scheduled to be arraigned Dec. 6 and is free on his own recognizance.

`Not Guilty'

``It will be clear, when all the facts are aired in this case, Mr. Hunsaker is not guilty of any of the charges," said Michael Pancer, his lawyer, in a statement. ``Neither Kevin Hunsaker nor HP ever authorized, encouraged or knew of any unlawful activity."

Two other defendants, investigator Ron DeLia, 56, of East Sandwich, Massachusetts, who heads Boston-based Security Outsourcing Solutions Inc., and Bryan Wagner, 29, a Littleton, Colorado investigator, have also agreed to surrender. They are expected to travel to California to turn themselves in within a week, Dresslar said.

Lockyer has asked for $50,000 bail for both Delia and Wagner. DeLia's lawyer, John Kiernan, and Wagner didn't return calls seeking comment.

The fifth defendant, Matthew Depante, 27, a West Melbourne, Florida investigator, was also charged yesterday. Dresslar said prosecutors haven't been contacted by his attorney, Richard Preira, who didn't return a call seeking comment.

Hewlett-Packard shares fell 33 cents to $37.51 at 6:19 p.m. after the close of regular trading on the New York Stock Exchange. The shares have remained unaffected by the scandal after analysts and investors said customers will likely continue to buy the company's PCs.

The case is People v. Dunn, Santa Clara County Superior Court in San Jose, 06-1027481.

Former H-P, Apple General Counsels Hire The Go-To Lawyer For Lawyers (WSJ)

By Nathan Koppel

The Wall Street Journal, October 6, 2006

Cristina Arguedas says she loathes the spotlight. If so, she has chosen the wrong line of work.

In recent weeks, the Berkeley, Calif. criminal-defense lawyer has landed in the middle of two tempests, as the go-to lawyer for lawyers. Ann Baskins, Hewlett-Packard Co.'s former general counsel, hired Ms. Arguedas to defend her in a criminal probe into H-P's leak investigation. Ms. Arguedas is also representing Nancy Heinen, the former general counsel of Apple Computer Inc., who left the company not long before it announced "irregularities" in options grants from 1997 to 2001.

Last week, she appeared with Ms. Baskins before a congressional committee looking into H-P's investigation of board leaks. Ms. Baskins, who resigned from H-P the day before her appearance, refused to testify to the committee, citing her constitutional right against self incrimination. California Attorney General Bill Lockyer filed criminal charges Wednesday against former H-P Chairman Patricia Dunn and others allegedly involved in the matter, but Ms. Baskins wasn't charged.

"There is no basis to charge her," Ms. Arguedas said in an interview Thursday. "There is no evidence to suggest she committed a crime. This was not me as a mad genius … . There is no evidence for which you could reasonably make accusations."

Representing corporate counsel may seem like a strange assignment for Ms. Arguedas. While building a reputation as one of the top criminal defense attorneys in the country, she has maintained the liberal leanings that drove her law career from the start, right down to her small firm's Berkeley address, outside the Northern California power centers of San Francisco and Palo Alto.

"I'm your basic liberal Democrat. I'm usually on the side of people who write regulations," Ms. Arguedas says. But, she says, "There is now an over-criminalization of regulated businesses." Despite her experience with white-collar defense, Ms. Arguedas stresses that she represents only business people, not corporations. "I don't want to represent corporations -- the attorney-client relationship is too diffused." In the H-P and Apple matters, she says, "My job is to protect Ann Baskins and Nancy Heinen. It is a one-on-one personal relationship."

Ms. Arguedas is one of several lawyers who have been tapped in the last several weeks to represent people involved in the H-P matter, in which improper means were used to obtain board members' phone records. Other attorneys include Viet Dinh, a Georgetown University law professor who is representing former board member Tom Perkins; James Brosnahan of Morrison & Foerster LLP, counsel to chairman Patricia Dunn; and Reginald Brown of Washington firm Wilmer Cutler Pickering Hale and Dorr LLP, who is advising board member George Keyworth.

The 52-year-old head of Arguedas, Cassman & Headley LLP, a seven-lawyer criminal-defense firm, belongs to an elite strata of seemingly ubiquitous lawyers. She represented Timothy Belden, the former head of Enron Corp.'s energy trading desk in Portland, Ore., who cooperated with the government in its prosecution of Jeffrey Skilling and Kenneth Lay. Mr. Belden pled guilty to one count of fraud, but hasn't yet been sentenced. She is one of the lawyers defending David Bershad, who was indicted in May on fraud charges along with his law firm Milberg, Weiss, Bershad & Schulman LLP. And she is one of the counsels to Greg Ritchie, a former KPMG LLP partner charged with having allegedly assisted in marketing fraudulent tax shelters.

Her practice hasn't always been so corporate in nature. While still in law school at Rutgers University, Ms. Arguedas volunteered to work on cases for battered women charged with crimes against their attackers. After graduating, the New Jersey native joined the San Francisco Federal Public Defender's Office, which has trained some of the area's top defense lawyers, such as John Keker, former counsel to Frank Quattrone when the then-investment banker was charged with criminal obstruction. (The government conditionally dropped all charges against Mr. Quattrone.) Traditionally, the public-defender's office has been "a breeding ground for left-oriented lawyers," says Nanci Clarence, who worked as a public defender with Ms. Arguedas. "Cris is very progressive."

Ms. Arguedas continues to represent indigent clients on a pro bono basis. The attorney has a yoga center at her house and takes yearly retreats to the Tassajara Zen Mountain Center in San Francisco.

As her career has taken off, Ms. Arguedas has increasingly focused her energies on a well-heeled clientele. In 1989, in her first white-collar case, she helped defend W. Franklyn Chinn against charges he received illegal bribes as a board member of Wedtech Corp., a defunct defense contractor. Ms. Arguedas counts the case as one of the low points in her career. "We won on half the counts [at trial] but lost on half the counts," she says. On appeal, though, she says, she scored a full victory for Mr. Chinn. "Like any defense lawyer, I've had plenty of losses," she says.

The attorney has developed a thriving subspecialty in the sports arena. In 1995, Johnnie Cochran and Barry Sheck, counsel to football star O.J. Simpson, asked Ms. Arguedas to join the Simpson defense team to prepare the accused murderer for what he might expect on cross examination at trial. Mr. Simpson didn't take the stand in his defense. Ms. Arguedas is known as an expert cross-examiner, who listens intently and can quickly pick up stray details that might impeach a witness's credibility.

Later, Ms. Arguedas was hired to conduct a mock cross-examination of Kobe Bryant, the basketball player accused in 1993 of rape. The case against Mr. Bryant was later dismissed. Ms. Arguedas has successfully defended former Oakland Raiders coach John Gruden on drunken-driven charges, and she helped sprinter Tim Montgomery avoid criminal charges for his alleged use of steroids.

The ironic thing "is that it is hard to go through life knowing as little about sports as Cris does," says Los Angeles attorney Steven Madison, head of the white-collar practice at Quinn Emmanuel Urquhart Oliver & Hedges LLP. "Cris is also one of the truly outstanding white-collar lawyers in the United States."

It's an arena that remains largely male. Ms. Arguedas describes a Los Angeles court hearing she attended last month on behalf of Mr. Bershad in the Milberg Weiss case. The prosecutors and the other defense lawyers were all men, as was the judge, who addressed the attorneys, collectively, as "gentlemen," says Ms. Arguedas. She stood up to gently prod the judge away from the word, she says, when he noticed his error and corrected himself. (Two calls to the judge's chambers weren't returned.)

"I felt like I had gone back in time 20 years," she says. "It's still largely male-only in elite white-collar cases."

Fiorina Memoir Details H-P Board Conflicts Preceding Her Ouster (WSJ)

By Don Clark

The Wall Street Journal, October 6, 2006

Carly Fiorina's new memoir traces her ouster at Hewlett-Packard Co. to veteran technologists on its board, including two of the same names associated with the recent fall of former H-P Chairman Patricia Dunn following the company's leak-investigation scandal.

The book, "Tough Choices," which breaks Ms. Fiorina's long silence since her firing as H-P's chief executive in February 2005, describes her concerns about leaks from within the company during her tenure, starting with H-P's purchase of Compaq Computer Corp., completed in 2002. Ms. Fiorina played no direct role in the most recent leak investigations at H-P in 2005 and 2006, in which private phone records of directors, reporters and employees were obtained, and doesn't mention the incidents in her book.

Ms. Fiorina, who joined H-P in 1999, describes conflicts with Tom Perkins, George "Jay" Keyworth and Dick Hackborn, board members with longtime ties to H-P who loved to talk about technology. When they strayed into other areas, they were disruptive, she writes, "and they didn't know what they didn't know."

Just how disruptive things would get would become apparent in early 2005, Ms. Fiorina says in her book, which is scheduled to arrive in most bookstores next week. After a stumble in financial results for its 2004 fiscal third quarter, the former CEO contends that H-P was poised for an upturn.

But two days before a January 2005 meeting of the H-P board, Mr. Keyworth, Mr. Hackborn and Ms. Dunn -- then a director only -- expressed concern about the company's stock price and gave Ms. Fiorina a precise prescription for how to reorganize the company. "From my perspective, their suggestions came out of left field and were half-baked," she says.

Heated discussions followed. She opposed the suggestion that Mr. Perkins, a well-known Silicon Valley venture capitalist who had left in 2004 after reaching a mandatory retirement age for directors, should return on the board. He attended the January meeting as an observer but started making waves, voicing "very strong opinions about everything from personnel to acquisitions," she writes.

Days after the meeting, Ms. Fiorina writes, she was outraged when she learned The Wall Street Journal was preparing an article that would focus on a possible reorganization. "It is hard to convey how violated I felt," she writes, deducing that the article came from leaks from the board.

She convened a Saturday morning meeting with directors via a conference call, but no one admitted to talking to the press. The board requested that Larry Sonsini, H-P's longtime outside attorney, interview board members -- not just about the leak, but to provide their assessment of the board. She says she didn't intend to ask leakers to resign.

"I thought this would be a useful wake-up call to several board members who were not as smart as they thought they were," Ms. Fiorina writes. "It turns out I wasn't as smart as I needed to be. Somehow, at some point, during the next two weeks, certain board members would decide to fire me."

The firing came in Chicago the next month, Ms. Fiorina writes. Surprisingly, Ms. Dunn -- not then the head of any committee -- led the fateful board meeting.

After providing directors a statement about her performance, Ms. Fiorina was asked to leave; when she returned three hours later, only Ms. Dunn and another director remained in the conference room to tell her she was fired. "I expected the board to look me in the eye and tell me why," she writes.

They didn't have the courage, Ms. Fiorina writes, saying she declined Ms. Dunn's suggestion the departure be characterized as Ms. Fiorina's own decision.

Ms. Dunn couldn't be reached for comment, nor could Mr. Hackborn. A spokesman for Mr. Perkins declined to comment, as did Mr. Keyworth's attorney. Ms. Fiorina, who received a $21 million severance package, was succeeded as CEO by Mark Hurd in March 2005. Ms. Dunn, who became chairman, recently resigned after disclosures about her role in leak investigations that used a controversial tactic, called pretexting, to obtain private phone records. Mr. Perkins complained about the tactics to state and federal authorities.

MySpace.com Founder Seeks Probe Of Sale To News Corp. (Update5) (BLOOM)

By Cecile Daurat

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- MySpace.com founder Brad Greenspan demanded a federal probe into the sale of the networking Web site to News Corp., the media company led by Rupert Murdoch, claiming the deal defrauded shareholders of more than $20 billion.

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In a report at Freemyspace.com, Greenspan alleges the sale defrauded shareholders of MySpace.com parent Intermix Media Inc. He is seeking an investigation by the U.S. Securities and Exchange Commission, the Justice Department and U.S. Senate.

Greenspan sued MySpace.com in February, saying the $580 million paid by New York-based News Corp.'s Fox unit last year didn't reflect the growth prospects. Registered users at the social networking Web site have more than doubled this year. Greenspan said in his report MySpace would be worth billions of dollars had it stayed independent and sold shares to the public.

``If MySpace had stayed independent it wouldn't be worth as much as now," said Laura Martin, an analyst at Pasadena, California-based Soleil Securities, who rates News Corp. shares ``hold" and doesn't own them. ``Fox created the value."

News Corp. offered $12 a share for Intermix Media in July 2005. Greenspan, who owned 10 percent of Intermix, offered $13.50 a share three months later in an attempt to block the purchase. His offer was turned down by Intermix's board, which said it was unclear Greenspan could raise the money. News Corp., which paid cash, completed the acquisition later that month.

$20 billion

Greenspan today reported on what he calls ``deliberate steps" taken by MySpace's management to ``withhold and manipulate information." He also calls for an unwinding of the purchase.

In July 2005, Intermix Chief Executive Officer Richard Rosenblatt and Ross Levinsohn, the head of Fox's Internet unit, ``knew MySpace was well on its way to being worth $20 billion at the time they struck the deal to sell," Greenspan said his report. He quoted e-mails between the two executives dated July 13, 2005, and July 18, 2005, on the day of the sale agreement, to back up his allegation.

``It doesn't strike me as credible," said Joe Bonner, an analyst at Argus Research in New York, who has a ``buy" rating on News Corp. shares.

Class A shares of News Corp. rose 17 cents to $19.74 at 4:01 p.m. in New York Stock Exchange composite trading. They have gained 27 percent this year.

``This is simply a case of sour grapes making for loud complaints," MySpace spokeswoman Julie Henderson said in an e-mailed statement. ``We've strategically built this business since the acquisition and are just now beginning to realize real financial value."

Fast Growing

News Corp. snatched MySpace over a weekend after Viacom Inc. offered $500 million for the business, a sign that Intermix managers didn't make a fire sale to News Corp., as Greenspan alleged, Bonner said.

Missing the purchase was one reason behind the ouster of Viacom CEO Tom Freston, Chairman Sumner Redstone said yesterday in an interview with Charlie Rose.

MySpace.com and other sites run by News Corp.'s Fox Interactive division ranked as the sixth most-popular in the U.S. in August and were the fastest-growing among the top 15 tracked by ComScore Networks Inc., a market researcher.

Murdoch in the past year spent more than $1.2 billion on Internet companies including MySpace.com to take a bigger share of the online advertising market.

In August, News Corp. signed a deal making Google Inc., the world's most-used search engine, the exclusive provider of search and keyword advertising software for Fox Interactive sites including MySpace. The deal will generate at least $900 million in sales over three years.

Ex-MySpace Chief Calls For Probe Of News Corp.'s Purchase (LAT)

By Dawn C. Chmielewski

The Los Angeles Times, October 6, 2006

For a guy who walked away from MySpace with $47 million, Brad Greenspan might not seem to have much to be angry about.

But the founder of the Los Angeles company that created the popular social networking site on Thursday railed against his former company and demanded a federal investigation of News Corp.'s 2005 acquisition of MySpace, calling it "one of the largest merger and acquisition scandals in U.S. history."

Greenspan, who was ousted from Intermix Media in 2003, alleged that News Corp. "bilked" shareholders out of tens of billions of dollars and said the Securities and Exchange Commission, the U.S. Justice Department and U.S. Senate should investigate the $580 million deal.

The 33-year-old entrepreneur leveled allegations of insider trading and options manipulation on the Web site FreeMySpace.com, in which he quotes e-mail exchanges that purport to show how Intermix engineered a quick sale to News Corp.

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"It wasn't about what's the best deal," Greenspan said. "It was about getting the deal done at any cost and jamming it home. That's just not a fair way to play."

Greenspan's complaints amplify the claims he made in a February lawsuit filed against Intermix and VantagePoint Venture Partners in Los Angeles Superior Court. The complaint claims that News Corp. acquired Intermix as the result of an unfair process and at an unfair price that did not reflect its growth and prospects.

MySpace is the most popular social networking site, populated by more than 50 million people who create personal Web pages. But Rupert Murdoch's News Corp. raised eyebrows with what many critics said was an overly generous offer.

The deal came loaded with baggage -- including concerns about sexual predators stalking children on the social networking site and Los Angeles-based Intermix's practice of installing spyware on home computers.

"It's unfortunate that Mr. Greenspan continues to issue press releases complaining about a deal that many industry experts initially believed was a risk for News Corp. to take," said Julie Henderson, a spokeswoman for Fox Interactive Media. "We've strategically built this business since the acquisition and are just now beginning to realize real financial value. This is simply a case of sour grapes making for loud complaints."

News Corp. has worked for a year to profit on MySpace's traffic without alienating its youthful audience. A deal worth at least $900 million makes Google Inc. the exclusive provider of search and keyword advertising for Fox Interactive sites, including MySpace.

A report from RBC Capital analyst Jordan Rohan predicted that the social networking site could be worth $15 billion to $20 billion within a few years, based on its unprecedented usage growth, international appeal, scale and management team.

Greenspan claims that Intermix's executives failed to tell shareholders how MySpace's ad impressions and revenues were climbing, growing 35 percent month over month. Nor did it seek a fresh valuation to reflect this double-digit growth, he said.

Greenspan said the only ones with knowledge of MySpace's breakneck growth were the News Corp. executives with whom Intermix's chief executive, Richard Rosenblatt, communicated via e-mail, including one message sent just before midnight on July 13, in which he wrote, "I am looking forward to supporting the 20 (billion) dream!"

The company was founded by Greenspan in 1999 under the name EUniverse Inc. It began selling music CDs online but quickly shifted strategies and began running entertainment and game sites, the most popular of which is Grab.com.

Greenspan, then chairman, was ousted during a bruising proxy battle after the company was forced to restate two years of earnings results and Nasdaq suspended trading of its stock. He retained an approximately 10 percent share in the company.

New York state attorney general Eliot Spitzer began investigating Intermix in the fall of 2004 for distributing spyware to unsuspecting users. In June of 2005, the company agreed to pay $7.5 million over three years to settle a lawsuit brought by Spitzer. Greenspan paid $750,000 for his portion of the settlement.

Judge: Jailed Fastow Can Get Out For Deposition (HC)

By Kristen Hays

Houston Chronicle, October 6, 2006

Former Enron finance chief Andrew Fastow can be released from prison during daylight hours through Halloween to give a deposition in shareholder liitigation, a judge ruled today.

However, U.S. District Judge Melinda Harmon ruled that Fastow, 44, who has been federal inmate No. 14343-179 for more than a week, must be in custody of the U.S. Marshals Service when outside the walls of the federal prison in Houston.

``We're pleased that the judge issued her ruling today," University of California spokesman Trey Davis said. The university is the lead plaintiff in a conglomerate of lawsuits slated to go to trial in April next year.

`` We expect that the deposition, which should take place soon, we hope, will provide further information and understanding about the role of the banks as active and knowing participants in the Enron fraud."

The university has racked up $7.3 billion in settlements with various banks, including titans Citigroup and J.P. Morgan Chase & Co. But others, including Merrill Lynch & Co. and Credit Suisse First Boston remain as defendants.

On Sept. 26 U.S. District Judge Kenneth Hoyt sentenced Fastow to six years in prison for his role in cooking Enron's books while enriching himself with millions of dollars on the side. Fastow had originally agreed to serve 10 years when he pleaded guilty in January 2004 to two counts of conspiracy, but Hoyt deemed him deserving of mercy.

Hoyt also ordered Fastow to go immediately to prison, denying requests from plaintiffs' attorneys, Fastow's attorneys and prosecutors to let the ex-CFO remain free until late October so he could give the deposition. About 80 lawyers are expected to participate.

Earlier this week, Hoyt denied a request that Fastow be released in custody of his lawyers to do the deposition, and left the final decision to Harmon, who presides over the civil litigation.

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She ruled he can be released in custody of U.S. marshals from 8 a.m. to 6 p.m. Oct. 9 through the end of the month to conduct deposition sessions at a downtown Houston office building where the litigants have long had a deposition center.

Hoyt did recommend that the U.S. Bureau of Prisons assign Fastow to serve his term at a federal prison in Bastrop.

Judge Wants To See Former News Mogul's Secret Agreement (FINDLAW/AP)

By Mike Robinson, Ap Legal Affairs Writer

AP, October 6, 2006

(AP) - CHICAGO-A federal judge told attorneys for former newspaper baron Conrad M. Black on Thursday to try to get her a copy of a secret financial agreement he made with the Canadian holding company he once ran.

U.S. District Judge Amy J. St. Eve said she wants to review the agreement worked out between Black's attorneys and those of Toronto-based Hollinger Inc. that limits his access to millions of dollars in assets.

The secret agreement has become a battleground in skirmishing between the beleaguered former press lord and prosecutors who say he is trying to maneuver his way out of a promise to secure his $20 million (â,¬15.72 million) bond.

The bond is secured partly with a $35 million (â,¬27.51 million) Palm Beach, Florida, house that has a $10 million (â,¬7.86 million) mortgage. Black initially had said he would secure the bond by paying off the mortgage but has not and is in default.

If the mortgage company were to foreclose and take possession of the house, the value of the assets securing the bond would be sharply reduced.

Black is charged with plundering millions of dollars belonging to shareholders of Hollinger International Inc., which he controlled through the Hollinger Inc. holding company. He also is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes.

Prosecutors told St. Eve on Thursday that Black appears to be claiming he cannot pay the mortgage because the secret agreement has frozen the funds.

While terms of the secret agreement are not known, attorneys said in court Thursday that it would keep the money in Canada and not allow it to be moved south of the border where it could be used to pay the mortgage.

Black attorney Edward M. Genson said the mortgage company has said it would not foreclose if the mortgage interest alone is paid every month.

Genson said that on Thursday a payment of $1,285,961 (â,¬1,010,896) representing the back interest on the mortgage, had been paid. He said the interest would be paid every month from now on, meaning the bond was effectively secured.

That irked lead prosecutor Eric H. Sussman who said Black had "rewritten at his discretion the mortgage agreement."

"He has contracted his way around having to meet is obligations to the government in court," Sussman told St. Eve.

Genson said he didn't know if he could obtain a copy of the secret agreement but would ask Black's Canadian lawyers if it would be possible.

St. Eve said if she could obtain a copy of the agreement she would not show it to the prosecution.

As for the contents of the agreement, Genson said: "I don't know what it says - and I don't want to know what it says."

Pequot Says S.E.C. Won't Take Action (NYT)

By Gretchen Morgenson And Walt Bogdanich

The New York Times, October 6, 2006

The staff of the Securities and Exchange Commission has notified Pequot Capital Management, a prominent hedge fund run by Arthur J. Samberg, that it will not recommend an enforcement action against the firm or its employees relating to an insider trading investigation, according to a letter sent yesterday by the fund to its clients.

Saying that Pequot was "gratified by the staff's determination," the letter noted that the S.E.C. had not yet closed the investigation. The commission, as is its custom, declined to comment on Pequot's disclosure. The fund has maintained that its trading was proper at all times.

The $7 billion hedge fund and its founder, Mr. Samberg, came under regulatory scrutiny in late 2004, when Gary J. Aguirre, a staff lawyer at the S.E.C., began investigating a number of profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission.

One focus of the investigation was the hedge fund's July 2001 purchases of shares in Heller Financial, a commercial lender that was acquired by GE Capital for $5.25 billion at the end of that month. While speculation of a possible deal had percolated earlier that year, Heller's stock soared 50 percent the day the merger was announced, producing significant profits for the fund.

Mr. Aguirre has said his investigation into Pequot's trading led to his firing in September 2005, roughly a year after he had been hired.

Last summer, Mr. Aguirre testified to Congress that his investigation into the fund was supported by senior S.E.C. officials until he sought the testimony of John J. Mack, now the chief executive of Morgan Stanley and a friend of Mr. Samberg's.

Mr. Aguirre was fired, he has said, after he lost the argument with his superiors over whether he could interview Mr. Mack, who was chief executive of Credit Suisse First Boston at the time of the Heller takeover. Credit Suisse was one of the advisers in the Heller deal.

The S.E.C. reversed its position and took Mr. Mack's deposition in the case in July. Details of his testimony have not been disclosed.

Jeanmarie McFadden, a spokeswoman for Morgan Stanley, confirmed that the S.E.C. had also advised Mr. Mack that he would not face enforcement action in connection with the Pequot matter. Beyond that, she declined to comment.

"It's exactly what I expected," Mr. Aguirre said yesterday. "The S.E.C. has been pretending to conduct an investigation over the last few months and now they've stopped pretending."

Officials at the Senate Finance Committee continue to investigate the circumstances surrounding Mr. Aguirre's firing in September 2005, shortly after he had received praise for his work on the Pequot matter and a two-step merit pay increase.

The S.E.C.'s decision not to file enforcement actions in the case was first reported yesterday by CNBC.

S.E.C. officials were working against the clock in investigating Pequot, based in Westport, Conn., over its 2001 trades. The period of time that prosecutors have to bring a criminal insider trading case is five years from the date of the transaction in question. Last summer that statute in the Heller case expired.

While the S.E.C. can still bring a civil case seeking disgorgement of illicit profits five years after the transaction, in the past judges have frowned on cases brought that long after the questionable transactions were made.

Hedge Fund Escapes Charges (WP)

By Carrie Johnson

The Washington Post, October 6, 2006

Securities and Exchange Commission staff will recommend that the agency not pursue insider trading charges against $7 billion hedge fund Pequot Capital Management Inc., its management team, and former chairman John J. Mack, according to a letter sent to the fund's investors yesterday and three sources familiar with the investigation.

Regulators had been investigating whether Mack, who now serves as chief executive of investment bank Morgan Stanley, improperly tipped Pequot officials five years ago to a looming merger between General Electric Capital Corp. and Heller Financial Inc.

The investigation became public this summer after former SEC enforcement lawyer Gary J. Aguirre told a congressional committee that he was dismissed last year for pressing to interview Mack under oath. A different agency lawyer ultimately deposed Mack a few weeks after the hearing.

Arthur J. Samberg, founder and chairman of Pequot, said in his letter addressed "to clients and friends" that regulators had not formally closed the two-year-old investigation but that all signs pointed to its quick end. Jonathan Gasthalter, a spokesman for the fund, declined to comment further, as did SEC spokesman John Nester.

The investigation of Pequot, whose headquarters are in Westport, Conn., was one of several the agency is conducting into the trading practices of hedge funds, lightly regulated investment pools designed for wealthy and sophisticated investors. Earlier this year, a federal appeals court invalidated a rule that would have required hedge funds to open their books for inspection and to provide basic information to the SEC. Administration officials are studying hedge funds, which have multiplied rapidly and which now appeal to public pension funds and retail investors, not only the financial elite.

SEC enforcement chief Linda Chatman Thomsen told the Senate Judiciary Committee last week that insider trading by hedge funds is "an area of significant concern to the commission." Thomsen testified that the agency had brought five such cases against hedge funds or their advisers in the fiscal year that ended last week.

But without e-mails, documents or an outright admission by someone involved in a case, insider trading charges can be difficult for regulators to prove.

Mack, a longtime friend of Pequot's founder who for a time served as chairman of the fund, had for months denied through a Morgan Stanley spokeswoman that he engaged in wrongdoing. A Morgan Stanley representative declined to comment on the apparent resolution of the probe. The sources who spoke about the status of the investigation spoke on condition of anonymity because it has not been completed.

Bring On The Bears (NYT)

By Richard Sauer

The New York Times, October 6, 2006

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Arlington, Va.

SHORT sellers occupy a position in the stock market like that of predators in nature: necessary but unloved. Corporations, which like to see their stock always rising, despise these traders, who borrow shares and sell them in the expectation that the price will fall soon and they'll make a profit. There are signs, however, that these vilified traders might be coming into a measure of respect for the critical balance they provide in a market frequently dominated by the puffery of companies and sell-side analysts.

The short sellers' skeptical scrutiny of companies they feel are overpriced has led them to uncover many of the major financial frauds of recent years. Yet they continue to be burdened by a regulatory scrutiny of their own actions that springs more from rumors than fact. In the 1930's, short selling was hobbled by restrictions intended to prevent the "bear raids" many thought then (but few think now) underlay the market collapse of 1929. These included the "uptick rule," which prohibits short sales when the price of a stock is in decline.

In an unusual (and laudable) effort to measure whether a long-lived regulation actually works, the Securities and Exchange Commission recently completed a pilot program to suspend the uptick rule for a third of the stocks on the Russell 3000 index and compare their performance to stocks still subject to the rule.

At a meeting of prominent economists held by the commission last month, consensus held that price restrictions on short selling were a regulatory anachronism of no benefit to the market. Stocks freed from the uptick rule had shown no greater vulnerability to momentum selling than the control group. A few panelists, in fact, uttered the heresy that bear raids are now so uncommon that they no longer need be of concern to regulators.

No such view was expressed, however, regarding the flip side of the bear raid: the "pump and dump," a scheme in which someone promotes a worthless stock he owns, then sells it as gullible investors fall for the promotion. Panelists noted that these schemes remain commonplace, particularly among small-cap stocks, with fax and spam e-mail messages joining more traditional methods to tout toxic stocks.

They also suggested that the first line of defense against such schemes has not been the S.E.C., which acts slowly when it acts at all, but rather the much disdained short seller. By putting their money where their mouths are, short sellers are the only market participants with an incentive to deflate bubbles and inject pessimistic information into the market.

As an enforcement lawyer at the S.E.C., I received from short sellers early warnings on certain companies that led to the capture and return to investors of hundreds of millions of dollars taken by stock frauds. Such information came from no other source — certainly not from institutional stock analysts, whose failures of objectivity were made notorious by the Attorney General Eliot Spitzer of New York. Representing short-biased hedge funds as a part of my practice as a private lawyer, I continued to be impressed by their ability to spot stock frauds in the early stages.

But if short sellers are friends to the S.E.C., the commission has been no friend to short sellers. The agency has saddled short sellers with trading restrictions and has looked the other way when companies have taken potentially illegal actions to silence short sellers' criticism.

One of the tools of the pump-and-dump scheme is the "short squeeze," in which companies contrive to goose their share prices or restrict the supply of stock that can be lent out for shorting, thereby increasing the cost of maintaining a short position. The S.E.C. and the courts have recognized that such activities can constitute market manipulation. Yet the S.E.C. has shown so little interest in remedying such abuses that companies blatantly promote actions explicitly intended to force the wholesale covering of short positions. Average investors are also taken for a ride when a company's share price spikes as a result of a short squeeze.

In addition, the S.E.C. staff has been willing, indeed eager, to pursue investigations against short sellers based on complaints from companies that the shorts have said mean things about them. One recent case made national news: the S.E.C. staff sent subpoenas to financial journalists suspected of using short sellers as sources for their articles — as if that were somehow improper.

These investigations seem never to lead to enforcement actions against established funds, suggesting that shorting a stock and then spreading false rumors about the company is not a common investment strategy.

The number of short-biased funds is in decline. Those still operating are less likely than before to bring contrarian information about companies to the attention of regulators and the press, in part because of the S.E.C.'s stance toward a group that should actually merit its gratitude, and also because of the recent trend among troubled companies to sue those who have the temerity to short their stock.

This is not to propose a program of affirmative action for short-sellers, or to deny the possibility that misconduct can occur. But the S.E.C. can and should take a more balanced approach toward the only actors in the marketplace who share its interest in exposing financial fraud.

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It can begin by jettisoning the antiquated uptick rule. It should view with greater skepticism companies that attribute their woes to conspiracies by short sellers. It should take appropriate enforcement action against companies that retaliate against critics through defamation campaigns and manipulative short squeezes.

Finally, Congress should provide the S.E.C. with discretion to pay bounties, similar to those available in insider trading cases, for tips resulting in successful financial fraud cases. This would give some degree of recognition to those contrarians who help keep the market honest by flagging problems concealed by companies — and missed by institutional analysts.

Richard Sauer, a former administrator in the Securities and Exchange Commission's enforcement division, joined the management at a short-biased hedge fund this week.

CRIMINAL LAW:

Watchdog Group Disputes FBI's Claims On E-Mails (WP)

By Dan Eggen

The Washington Post, October 6, 2006

The watchdog group that first provided the FBI with suspicious e-mails from then-Rep. Mark Foley (R-Fla.) said yesterday that FBI and Justice Department officials are attempting to cover up their inaction in the case by making false claims about the group.

Law enforcement officials said the allegations by Citizens for Responsibility and Ethics in Washington (CREW) are without merit, and they stood by allegations that the group had refused to provide some information to the FBI.

The dispute is the latest controversy this week for CREW, a liberal-leaning group that has come under attack from House Speaker J. Dennis Hastert (R-Ill.) and other Republicans because it has received money from a foundation funded by liberal financier George Soros.

CREW held a news conference Monday to announce that in July it had provided the FBI suspicious e-mails between Foley and a former House page. The group criticized the bureau for not taking more aggressive action and asked Justice Department Inspector General Glenn A. Fine to investigate the FBI's handling of the case.

Law enforcement officials said then that the e-mails did not provide enough evidence of a possible crime to warrant a full investigation. In the e-mails, Foley praises the physical attributes of one page and asks another teenager for his picture.

In subsequent days, unidentified Justice and FBI officials told reporters that the e-mails provided by CREW were heavily redacted and that the group refused to provide unedited versions to the FBI. One law enforcement official -- speaking on the condition of anonymity to discuss an ongoing investigation -- also told The Washington Post the FBI believed that CREW may have received the e-mails as early as April and that the group refused to tell the FBI how they were obtained.

Melanie Sloan, CREW's executive director, said copies of the original e-mails she sent to an FBI agent show those assertions to be wrong. Sloan said the agent called to confirm receipt of the e-mails and to ask if one of the parties was Foley.

Sloan said the group sent unedited e-mails to the FBI because "we wanted them to commence an investigation. We're sort of outraged that they're saying anything differently." The group has asked Fine's office to look into the FBI's assertions.

Justice Department spokesman Brian Roehrkasse declined to comment on that issue but defended the FBI's handling of the original e-mails: "The e-mails, while inappropriate, did not contain a criminal predicate to allow the FBI to move forward in an investigation."

Gonzales Discusses FBI's Congressional E-mail Inquiry (MPR)

By Elizabeth Stawicki, Minnesota Public Radio

Minnesota Public Radio, October 6, 2006

U.S. Attorney General Alberto Gonzales told a business group in Minneapolis Thursday that the Bush Administration has aggressively enforced the Americans with Disabilities Act. The ADA bars discrimination aimed at people with disabilities. Later speaking

Minneapolis, Minn. — Gonzales showed no surprise when reporters at a press conference asked him about the FBI's investigation into former Congressman Foley, rather than the Americans with Disabilities Act;

"I'm shocked that you would ask me about that question in Minnesota," he joked.

Gonzales deftly fielded questions about whether the FBI has launched an investigation into Foley's, and whether the congressional leadership took part in covering up Foley's behavior. Gonzales would say only that the FBI is in the preliminary stages of the investigation and that House Speaker Dennis Hastert is cooperating.

When questions turned to whether the FBI had knowledge in July of Foley's activity, Gonzales responded this way.

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"There was some information received by the (Justice) Department in the summer and this is all going to be looked at. We're going to be looking at everything that's related to this investigation and to ensure that if there's any criminal activity, any criminal wrongdoing, appropriate steps will be taken by the Department of Justice," he said.

The Attorney General also took a question about the Bush Administration's warrantless surveillance program. A Detroit federal judge ruled the program unconstitutional. But on Wednesday, a federal appeals court ruled the Bush adminstration could continue its program while the president appeals:

"The president believes it's a very important program. It's been important for securing the national security of our country. It's a limited program targeted at communications with Al-Qaeda and members of Al-Qaeda."

Gonzales came to Minneapolis to tout a Department of Justice report about governmental enforcement of the ADA, which bans discrimination based on disability. Congress passed the ADA in 1990 under George Bush Sr.'s administration. The report says that during the last five years, Justice Department has resolved 1800 out of 2000 cases through mediation rather than going to court.

Gonzales said the department forced governmental and private employers to comply with the law by aggressive enforcement and public education:

"We've made good progress in ensuring that the American dream is available to everyone in this country, no matter their physical condition, their race, their religion. We have an obligation as government officials to create an environment where the American dream is available to everyone."

Gonzales' spoke to the U.S. Business Leadership Network, which promotes employing persons with disabilities.

Ethics Panel Begins Inquiry Of Foley Scandal (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, October 6, 2006

WASHINGTON — The House ethics committee launched an investigation Thursday into former congressman Mark Foley's lurid Internet communications with teenage pages to determine whether the situation was handled properly by House leadership.

Amid signs that the Foley scandal is broadening, the normally secretive committee announced it has issued nearly four dozen subpoenas for documents and testimony. Chairman Doc Hastings, R-Wash., said the committee will interrogate members and officers of Congress as well as staff.

“Our investigation will go wherever the evidence leads us,” Hastings said, declining to mention by name anyone who will testify.

The announcement came as House Speaker Dennis Hastert, R-Ill., took responsibility for a scandal that could threaten his party's control of the House. Some Republicans, such as Rep. Roy Blunt of Missouri, have criticized Hastert for not being more alert to warnings about Foley's inappropriate friendships with pages.

“The buck stops here,” said Hastert, quoting former Democratic president Harry Truman. Still, Hastert insisted he has no intention of stepping down as his party's House leader.

“I haven't done anything wrong,” he said at a news conference outside his office in Batavia, Ill.

Hastert has been on a media blitz to retain his post in the face of calls for his resignation from conservatives such as Richard Viguerie.

The ethics committee no longer has jurisdiction over Foley, a Florida Republican, because he resigned from Congress last week. Instead, the panel will focus on whether members of Congress or its employees mishandled reports that Foley had sent overly friendly e-mails to a page.

“The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled,” Hastings said.

Members of a four-person investigating subcommittee, evenly divided between Republicans and Democrats, expressed a determination to move swiftly.

“We're talking about a matter of weeks, not months,” said Rep. Howard Berman, D-Calif.

Meanwhile, Hastert tried unsuccessfully to win Democratic support for an examination of House page security by former FBI director Louis Freeh.

Brendan Daly, a spokesman for House Minority Leader Nancy Pelosi, said the California Democrat objected to the former FBI director's appointment because “the page program isn't the problem.”

Hastert spokesman Ron Bonjean said that the speaker still hopes to enlist Freeh but that the former FBI director wants a commitment of “bipartisan cooperation” before agreeing to the assignment.

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Though he is out of the ethics committee's reach, Foley faces the possibility of prosecution for illegal sexual contact with minors.

In another development: A former page, now working on the gubernatorial campaign of Republican Rep. Ernest Istook, has retained a lawyer. Lawyer Stephen Jones said he is representing the page in matters related to his work as a page and in reference to Foley.

FBI agents in Washington interviewed Kirk Fordham, a former Foley aide who has said he warned top Hastert staffers of Foley's contacts with pages at least two years ago. Fordham was “forthcoming,” his attorney Timothy Heaphy said.

Foley's offices, here and in Florida, are now run by the House clerk. They remain open to constituents, though a reporter who stopped by the Washington office, dominated by a large tank of colorful tropical fish, was shooed away.

Steps are being taken to preserve potential evidence. Salley Collins, a spokeswoman for the House Administration Committee, said officials are in the process of complying with “every request made” by the Justice Department. This week, the department asked House officials to secure Foley's computers, documents and archives.

To facilitate the investigations, Hastert announced the creation of a toll-free hotline for pages and parents to phone in tips about concerns and possible abuses. The number of the tip line is 866-348-0481.

Hastert canceled an appearance at a Monday fundraiser for Republican congressional candidate Joy Padgett, an Ohio state senator, but remained upbeat at his Illinois news conference.

“I am going to run, and presumably win, in this election,” Hastert said. “And when we do, I expect to run for leader — for speaker.”

Inquiry To Look At House, Not Foley (WP)

By Charles Babington

The Washington Post, October 6, 2006

The House ethics committee launched a wide-ranging investigation into Congress's handling of information about a Florida lawmaker and teenage pages yesterday, as Speaker J. Dennis Hastert (R-Ill.) vowed to keep his job, saying, "I haven't done anything wrong."

The ethics panel approved nearly four dozen subpoenas for documents and testimony from House members, officers and aides. Its leaders said they plan to complete the inquiry in a matter of weeks, but not necessarily before the Nov. 7 congressional elections.

"Our investigation will go wherever the evidence leads us," Chairman Doc Hastings (R-Wash.) told reporters at the Capitol. The committee is evenly divided between the two parties, and Hastings and Rep. Howard L. Berman (Calif.), the top Democrat, promised to conduct an impartial investigation into the House's handling of warnings about the conduct of then-Rep. Mark Foley (R-Fla.).

The committee's inquiry will proceed in tandem with investigations by the FBI and Florida officials. Unlike those agencies, the ethics committee has no jurisdiction over Foley, who resigned last week as ABC News was publishing sexually graphic electronic messages between him and teenage former congressional pages. Hastings said his committee will focus on the "conduct of House members, officers and staff related to information concerning improper conduct involving members and current and former pages."

Democrats and some Republicans have accused Hastert and his leadership team of brushing off early indications of a problem -- including what they called an "over-friendly" e-mail that Foley sent to a Louisiana boy in 2005 -- that might have led investigators to find the explicit instant-message exchanges that had occurred in previous years. Two high-ranking House Republicans have said they told Hastert about that e-mail, and another lawmaker says he told Hastert's staff.

Kirk Fordham, Foley's former chief of staff, said this week that he repeatedly alerted Hastert's staff in 2003 to complaints that the Florida lawmaker was showing inappropriate interest in male pages, who are high-schoolers spending a semester or two working for Congress. The FBI spent more than three hours yesterday interviewing Fordham.

Some Republicans said they are most concerned about Fordham's assertions. Scott Palmer, the speaker's top aide, has denied the allegations and spent much of Wednesday night rummaging through old e-mails and files to determine whether he ever corresponded with Fordham, a source close to Hastert said. Palmer, who was described as very emotional, told Hastert that Fordham's assertions are false, the source said.

Hastert's office has been on edge. Deputy Chief of Staff Mike Stokke, who handles politics for the speaker, has offered to resign, two sources close to Hastert said, and several aides have expressed frustration that Ted Van Der Meid, the top counsel in the office, did not do a better job monitoring the Foley situation. Hastert did not accept Stokke's resignation offer, the source said.

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Hastert, addressing reporters in Batavia, Ill., reasserted that he knew nothing of complaints about Foley's behavior until the day the Floridian resigned last week. The speaker rejected calls for his resignation by a handful of conservative groups, saying: "I haven't done anything wrong, obviously. And we need to come back." At the same time, he said, "We're taking responsibility, because ultimately, as someone has said in Washington before, the buck stops here."

Hastert suggested that Democrats may have known about the lewd instant messages and leaked them for partisan advantage, but he said he had no evidence.

Hastert had hoped to announce the bipartisan appointment of former FBI director Louis J. Freeh to look into ways to improve the page program, in which teenagers live in a Capitol Hill dorm and attend a special school. But when he called Minority Leader Nancy Pelosi (D-Calif.) early in the afternoon, she declined to go along with the plan.

Pelosi saw the Freeh proposal as a ploy to burnish the GOP's image, aides said. She told the speaker that investigators should examine whether existing rules and procedures were followed before the House considers new rules, the aides said.

Rather than presenting Freeh as an appointee backed only by Republicans, Hastert delayed his remarks and dropped the idea.

At the ethics committee's news conference, Hastings said he thinks Hastert "has done an excellent job" as speaker but added that as committee chairman he would be able to render impartial judgments on the Foley affair.

The committee has a stormy history, in part because Hastert replaced key members in early 2005 as the panel was investigating then-Majority Leader Tom DeLay (R-Tex.). The committee was essentially paralyzed, but public furor over the Foley scandal forced it into action on a high-profile issue.

The four-person subcommittee handling the Foley matter consists of Hastings, Berman, Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio). Berman said that "we are dealing with a fundamental institutional issue" concerning the handling of information and warnings about Foley.

As he had done before, Hastert described the Foley chronology yesterday in ways that some Republican colleagues challenge. "Could the Page Board have handled it better?" he said. "In retrospect, probably, yes."

But only two of the Page Board's six members -- three lawmakers and three staffers -- knew anything about the e-mail to the Louisiana boy. Among those kept in the dark were Reps. Shelley Moore Capito (R-W.Va.) and Dale E. Kildee (D-Mich.). They have said they should have been brought into the decision-making process earlier this year.

Hastert was feistier in a Chicago Tribune interview published yesterday. "The people who want to see this thing blow up," he said, "are ABC News and a lot of Democratic operatives, people funded by George Soros," a major contributor to liberal causes. "I saw Bill Clinton's adviser Richard Morris was saying these guys knew about this all along."

Morris is a former Clinton consultant who was been sharply at odds with the former president for years. Hastert offered no proof for his assertions, and Democrats called them absurd and laughable.

High-ranking House Republicans, after challenging Hastert's handling of the Foley matter in recent days, issued statements of support yesterday.

President Bush called Hastert last night to offer his support. "He's saying at this point that the speaker should not resign," spokesman Tony Snow said.

Meanwhile yesterday, a 26-year-old Atlanta man says Foley began sending him sexually suggestive messages and invited him to his Washington home after he served as a congressional page nine years ago. Tyson Vivyan said Foley began sending him online instant messages a month or two after his nine-month stint as a page ended in June 1997. Foley entered Congress in January 1995.

Vivyan's account appears to show the earliest exchange of suggestive messages reported so far between Foley and former pages. Vivyan said he played along at first, thinking it was someone he knew. After weeks of peppering the anonymous message sender with questions, he said he figured out who it was and refused to engage in the sexual banter that Foley tried to instigate.

"I had absolutely no sexual interest in him. He was a man twice my age," said Vivyan, who added: "I don't call my self gay, I don't call myself straight."

Vivyan, who is divorced, said he found the congressman's behavior "morally reprehensible" but tried to maintain a platonic professional relationship in which they talked about legislation and "votes on the Hill."

He said that in 1999 Foley invited him and another former page over to his home for pizza. Vivyan said they went and "everything was completely platonic and nonsexual."

Also yesterday, ABC News reported that three more former congressional pages have come forward to reveal what they call "sexual approaches" over the Internet from Foley. The pages served in the classes of 1998, 2000 and 2002, ABC said, and they do not want their names used.

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Panel Vows Hard Look At House Page Scandal (NYT)

By Carl Hulse

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — Leaders of the House ethics committee on Thursday promised a thorough investigation into the circumstances surrounding former Representative Mark Foley's electronic messages to Congressional pages and approved nearly four dozen subpoenas for an inquiry they said would take "weeks, not months."

"The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled, and we are determined to answer their questions," said Representative Doc Hastings, Republican of Washington, who is chairman of the panel.

Mr. Hastings said that the committee, which is evenly divided between Republicans and Democrats, would question lawmakers, House officers and staff members and "go wherever the evidence leads us."

The committee, which had been paralyzed by partisan conflict until recently, no longer has jurisdiction over Mr. Foley, who resigned from Congress last Friday.

The panel can, however, investigate whether lawmakers failed to take adequate steps to protect pages and whether they and staff members properly pursued the initial report of Mr. Foley's e-mail messages to a Louisiana page whose parents were alarmed by their content.

"First of all, we have to establish the facts," said Representative Judy Biggert, Republican of Illinois, who will conduct the inquiry with Mr. Hastings and two Democrats, Howard L. Berman of California and Stephanie Tubbs Jones of Ohio. "And the facts will lead us to who — if there is someone — who perhaps did a cover-up."

The ethics committee action came just before Speaker J. Dennis Hastert, whose handling of the matter has been severely criticized, made an appearance in his north-central Illinois district, where he said he accepted responsibility for the way accusations involving Mr. Foley were investigated while restating that he would not resign.

Mr. Hastert had been prepared to announce that he was naming a former F.B.I. director, Louis J. Freeh, to lead a study into the security of the Congressional page program but dropped the plan because Democrats balked when told about it.

Mr. Hastert and his allies were hoping his acceptance of responsibility could begin to turn the tide in a controversy that has become a threat to Republican control of the House.

Representative Joe L. Barton, Republican of Texas and chairman of the Energy and Commerce Committee, circulated a letter of support that compared Mr. Hastert's position to that of the defenders of the Alamo.

"Today, our speaker, Dennis Hastert, is suddenly surrounded by a besieging army, but of a different sort," said Mr. Barton, who urged his colleagues to stand with the speaker. "It is not a military army, but a political and ideological army of the left, demanding his unconditional surrender."

Other Republicans raised new concerns about Mr. Hastert, particularly after Kirk Fordham, a senior Congressional aide who once worked for Mr. Foley, said Wednesday that he had warned Scott Palmer, Mr. Hastert's chief of staff, that Mr. Foley was acting inappropriately with pages well before the first e-mail surfaced. Mr. Palmer denied that.

"I'm very concerned with the news reports from last night that indicate leadership in the House of Representatives, including Speaker Hastert, may have had advance knowledge of this wrongdoing," said Representative Jeb Bradley, Republican of New Hampshire. "If these allegations prove true, Speaker Hastert should resign."

In a sign that a Justice Department inquiry is moving ahead, Mr. Fordham and his lawyer, Tim Heaphy, appeared briefly before reporters on Thursday. Mr. Fordham said nothing while Mr. Heaphy said Mr. Fordham had answered questions from the F.B.I.

"He can't comment further," Mr. Heaphy said, because of the inquiry.

The F.B.I. was also checking reports that one or more of the pages Mr. Foley had communicated with had, as a joke, pretended to respond in kind to Mr. Foley's suggestive instant messages, said government officials who were briefed on the case.

Aides to the minority leader, Representative Nancy Pelosi of California, said the speaker called her earlier Thursday to advise her of his idea to bring in Mr. Freeh. The aides said Ms. Pelosi objected, asserting that the issue was not the future of the page program but whether Republicans reacted properly to Mr. Foley's contacts with a former page.

Ms. Pelosi herself said Mr. Hastert, in his remarks on Thursday, again said that the initial complaint had been handled by the House page board when only its Republican chairman and the person who was then clerk of the House had been involved rather than the full board, including the Democratic member.

"They still don't get it," Ms. Pelosi said.

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Mr. Hastert also said Thursday that the head of the board, Representative John Shimkus, Republican of Illinois, had confronted Mr. Foley over the Louisiana e-mail and "asked him if there were any other messages."

"He said no," Mr. Hastert said.

On Monday, Mr. Hastert said he did not know whether Mr. Shimkus had pressed Mr. Foley on messages to others. Mr. Shimkus, in an interview on Wednesday with The Chicago Tribune, said he did not ask Mr. Foley about other messages.

The ethics committee would not disclose the intended recipients of the subpoenas. Mr. Hastings said he hoped those sought would cooperate voluntarily "because we believe that most of these individuals share our desire to get quick and truthful answers to the questions that are being asked by so many Americans."

The ethics panel had been the center of a partisan fight after Mr. Hastert proposed changes in 2005 that Democrats said were intended to gut the panel in retaliation for a series of rebukes to Tom DeLay, who was then the majority leader. But Mr. Berman, who was named senior Democrat on the panel this year when his predecessor was forced to step aside, said he and Mr. Hastings worked well together.

"We have ideological and philosophical differences," Mr. Berman said, "but on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside."

Some groups called on the ethics committee to bring in outside counsel to handle the inquiry as it has done in some cases involving Congressional leaders. But Mr. Berman and other panel members expressed confidence that they could conduct a credible investigation.

"My reputation is too important to put it aside for purposes of some friendship," said Ms. Tubb Jones, a former judge and prosecutor.

Ethics Committee To Probe Foley Scandal (WT)

By Charles Hurt

The Washington Times, October 6, 2006

The House ethics committee yesterday opened an investigation into the congressional page scandal, vowing to follow the evidence and spare no one based on politics as it approved "nearly four dozen" subpoenas for members, Capitol officials and staffers.

"The American people, and especially the parents of all current and former pages, are entitled to know how this situation was handled, and we are determined to answer their questions," Rep. Doc Hastings, Washington Republican and chairman of the committee, said yesterday. "We pledge to you that our investigation will go wherever the evidence leads us."

The committee of five Republicans and five Democrats voted unanimously during an emergency meeting yesterday morning to approve dozens of subpoenas for documents and testimony related to former Rep. Mark Foley, Florida Republican, the page program and the steps taken by Republican leaders after the parents of a former page complained about e-mails Mr. Foley had written their teenage son, Mr. Hastings said.

Moments after the investigation was announced, House Speaker J. Dennis Hastert, Illinois Republican, flatly dismissed calls from some conservatives that he resign the top House position for not investigating the situation more swiftly and thoroughly when he first learned of Mr. Foley's contact with the former page.

"I'm going to run, presumably win this election," he told reporters gathered in his hometown of Batavia, Ill. "And when we do, I expect to run for leader -- for speaker."

Mr. Hastert began his remarks on a note of contrition. "I'm deeply sorry that this has happened, and the bottom line is that we're taking responsibility," he said. "Ultimately, as someone has said in Washington before: The buck stops here."

But by the end of his remarks, he again denied any wrongdoing.

Mr. Hastert also announced the creation of a confidential toll-free hot line -- 866/384-0481 -- for information about abuses related to the congressional page program.

President Bush spoke last night with Mr. Hastert, thanking him for making a clear public statement and taking responsibility for the situation. The president said he appreciated that when House leaders learned of the lurid instant messages, they took swift action to persuade Mr. Foley to resign, and called for an investigation. He also reiterated his support for the speaker.

Meanwhile, the FBI continued its preliminary investigation into the matter. Yesterday, investigators interviewed Kirk Fordham, a former Foley staffer who resigned this week amid charges he tried to keep from the public some of the most salacious Internet messages Mr. Foley sent teenage boys. Upon resigning Wednesday, Mr. Fordham told reporters that House Republican leadership officials knew more about Mr. Foley's behavior much earlier than they are acknowledging.

Mr. Fordham and his attorney appeared briefly before news cameras yesterday to say that he had testified but declined to comment further.

In Monroe, La., CNN obtained a statement from the family of the page who got the e-mails from Mr. Foley.

The parents appear to support for the most part the Republican leadership's version of when they learned of the Foley matter and how they responded, according to the statement.

After learning of the suggestive e-mails last fall, Rep. Rodney Alexander, Louisiana Republican, contacted the family, they said.

"He explained that his office had been made aware of these e-mails by our son and that while he thought the e-mails were overly friendly, he did not think, nor did we think, that they were offensive enough to warrant an investigation," they said, according to the statement.

The parents asked that Mr. Foley be ordered to stop contacting their son but, wanting to avoid a "media frenzy," they also asked that the matter be dropped.

The matter will be closely reviewed by the ethics committee, both Democrats and Republicans on the panel promised.

"I wanted no part of an incumbent protection agency," Rep. Howard L. Berman, California Democrat, said of joining the committee earlier this year. "We all have strong partisan feelings, we have passionate concerns about issues, we have ideological and philosophical differences, but on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside, as we have seen and witnessed from the chairman during the past five and a half months."

During the ethics committee press conference, Mr. Hastings said, "I think the speaker has done an excellent job."

Asked whether that assessment might not taint his objectivity during the upcoming probe of how Mr. Hastert handled the Foley matter, Mr. Hastings paused for a moment.

"Listen, I don't want to get into all of that," he said. "We are here to talk about what the ethics committee is going to do regarding the incidents that happened in the last week, and that's what we want to focus on."

Questions also were asked about whether Rep. Judy Biggert, an Illinois Republican on the committee whose district borders Mr. Hastert's, could remain objective.

"It makes no difference," she said. "The evidence will lead us, as the chairman said, to find the facts as they stand and take action that is needed."

House Minority Leader Nancy Pelosi said she is "pleased" that the committee is investigating the "cover-up" of Mr. Foley's electronic dalliances.

"I expect that the Republican members, officers of the House and staff will be questioned under oath so that this scandal will be resolved fairly and quickly," she said.

Earlier yesterday, Republican aides said Mr. Hastert intended to ask former FBI Director Louis J. Freeh to evaluate the page program and make recommendations for how to improve it. But, the aides said, Mrs. Pelosi nixed the proposal.

"The speaker reached out to Democrat Leader Pelosi and shared with her that Louis Freeh would be a great choice to strengthen the security of the House page program," said one House Republican leadership aide. "Pelosi rejected the idea because she wanted to focus attention on the investigation."

Mr. Hastert's future all week has been in question with calls for his resignation coming from the right. But by yesterday, those doubts appeared to clear.

Senate Majority Leader Bill Frist, Tennessee Republican, and House Deputy Whip Eric Cantor, Virginia Republican, both issued statements supporting Mr. Hastert.

"Calls for Speaker Hastert to resign are ridiculous," Mr. Cantor said. "Speaker Hastert is an honest man who would never put a child in harm's way. Of that, I am confident, as I am of his leadership."

House Ethics Panel Moves To Probe Foley Case (SCRIPPS)

By Lisa Hoffman, Scripps Howard News Service

Scripps Howard, October 6, 2006

WASHINGTON - Opening a new investigative front in the Mark Foley sex scandal, the House ethics panel Thursday authorized a barrage of nearly 48 subpoenas for witnesses and documents, while, back home in Illinois, the besieged House speaker vowed to keep his post.

After a two-hour, closed-door meeting, the bipartisan House ethics committee announced a unanimous decision to cast a wide net across the House of Representatives to examine a swirl of allegations surrounding the case of the former Florida GOP lawmaker and his X-rated e-mails with young male congressional pages.

"Like all Americans, we are ... appalled at the revelations of highly improper communications," panel chairman Rep. Doc Hastings, of Washington state, told reporters.

He and the top Democrat on the committee, Rep. Howard Berman of California, promised an expeditious probe, with results expected within weeks. In an ironic coincidence, the panel met in a room just three doors down in the Capitol building from the House pages' locker room.

In Batavia, Ill., House Speaker Dennis Hastert, whose own actions are certain to form a central part of the ethics probe of Foley's conduct and GOP leaders' responses, promised to cooperate in the investigation.

Hastert said the committee should focus on the source of transcripts of sexually graphic Instant Message conversations between Foley and the young men, which first surfaced publicly last Friday. A six-term House lawmaker and member of the GOP leadership, Foley, 52, abruptly resigned that same day.

Hastert and other Republicans are suspicious that Democrats leaked the salacious messages to influence the coming elections. But The Hill newspaper Thursday reported that a former House Republican staffer was the one who first shared the documents with the news media.

The speaker has been urged to resign his post by several angry GOP lawmakers but also defended by many more. He quashed rumors of an imminent announcement that he was stepping down. Instead, he said he was willing to take the blame for whatever lapses occurred.

"The bottom line is, I am taking responsibility for it because ultimately the buck stops here," Hastert said. Even so, he added, "I haven't done anything wrong."

He also said he wants to appoint a prominent figure to lead an examination of the congressional page program, which brings high school students from across the country to serve as messengers for lawmakers and learn about Congress first hand. A suggestion that former FBI Director Louis Freeh could be recruited was nixed by House Democrats, according to the Associated Press.

Meanwhile, a skirmish between the FBI and one of the Foley whistleblowers erupted Thursday over how seriously the federal agents took transcripts of suggestive conversations between Foley and one of the pages, whose parents ultimately reported their desire last year to the page's House sponsor that the communications end.

Citizens for Responsibility and Ethics in Washington, a self-described "progressive" advocacy group, said it gave the FBI the transcripts in July after interpreting the messages as a classical ploy by a sexual predator on the prowl for an innocent young victim.

CREW executive director Melanie Sloan said that the FBI spoke to her once thereafter but never again. On Monday, her group called on the Department of Justice to probe the FBI's failure to investigate.

News reports this week quoted unnamed FBI officials as saying Sloan had given them copies of e-mails with pertinent information, such as the name of the recipient, blacked out. The officials also said CREW ignored a request to give the FBI more information.

Sloan called the FBI account a "cover-up story" to mask its inattention to the matter, and said the documents she forwarded were not blacked out. CREW never refused to provide anything to the federal agents, she said, and blasted the FBI for "lying."

Several telephone requests for comment from the FBI and the Justice Department were not returned.

Scripps Foundation reporter Hannah Guillaume contributed to this report.

Republicans On Panel Have Ties To Hastert (USAT)

By David Jackson And Matt Kelley

USA Today, October 6, 2006

WASHINGTON — Both Republicans on the House ethics subcommittee investigating the Mark Foley scandal have financial ties to Speaker Dennis Hastert, whose handling of the former congressman's lurid Internet messages to House pages is under scrutiny.

Ethics Chairman Doc Hastings received $2,500 during the 2000 campaign from Hastert's political action committee, Keep Our Majority, according to PoliticalMoneyLine, which tracks money in politics. The six-term Washington Republican, who became ethics chairman last year, will lead the Foley investigation.

Rep. Judy Biggert of Illinois received $6,000 from Hastert's PAC and $2,000 from Hastert's own re-election fund during the 2002 campaign, according to PoliticalMoneyLine.

Biggert, whose district neighbors Hastert's, said personal relationships and financial ties will not affect the investigation: “I think that all of us on this committee were chosen because we are thought to be fair.”

Fred Wertheimer, president of the watchdog group Democracy 21, said the Hastert contributions undermine the subcommittee's credibility. “They should have brought in an outside counsel,” he said.

Two Democrats, Howard Berman of California and Stephanie Tubbs Jones of Ohio, round out the Foley investigative panel.

Berman, who is in his 12th term, is the top Democrat on the full ethics committee. Berman recently replaced Rep. Alan Mollohan, D-W.Va., on the ethics panel. Mollohan stepped down amid charges that he funneled federal money to home-state foundations and increased his own wealth. He has denied wrongdoing.

Tubbs Jones is a former municipal and county judge in Cleveland and served as the elected Cuyahoga County prosecutor.

Ethics members have a job to do "regardless of relationships," she said. "My reputation is too important to put it aside for purposes of some friendship."

The panel will be aided by William O'Reilly, the committee's staff director and counsel.

Chairman Of House Ethics Committee Faces Daunting Task (MCT)

By Les Blumenthal

McClatchy Newspapers, October 6, 2006

WASHINGTON - As the chairman of the House of Representatives ethics committee, Rep. Doc Hastings finds himself at the center of the congressional page scandal and allegations that Republican leaders, including House Speaker Dennis Hastert, may have handled the case improperly.

After a rough start, Hastings seems to have found his footing as the chairman of the Committee on Standards of Official Conduct. But Hastert, R-Ill., picked the Washington state Republican for the post and Hastings has been a longtime supporter of the speaker.

"It's an extremely difficult task for him," Norm Ornstein, a respected political analyst with the American Enterprise Institute, a policy-research center, said of Hastings' role in the looming investigation. "If he doesn't do it the right way it will destroy him."

A low-key and loyal Republican from a central Washington state district in which he consistently rolls up margins of more than 60 percent, Hastings announced Thursday that his committee had launched an investigation and would issue four dozen subpoenas. He declined to say whether Hastert would be among those subpoenaed.

Hastings said the committee had decided not to hire an outside counsel as it had in its investigations of two previous speakers, Democrat Jim Wright and Republican Newt Gingrich.

"We are going to do what we feel we are charged to do," said Hastings, who'd flown back to the capital from his district this week as the scandal deepened and the pressure grew on Hastert to contain it with the November elections approaching.

The ethics committee usually acts in secret. But Hasting and the other committee members held a news conference to announce their investigation.

Asked whether he personally supported Hastert, Hastings said, "I think the speaker has done an excellent job."

Asked whether he questioned the speaker's leadership, Hastings said, "Listen, I don't want to get into all of that. We are here to talk about what the ethics committee is going to do regarding the incidents in the last week, and that's where we are. That's what we want to focus on."

Hastings was named the chairman of the committee in February 2005 after Hastert declined to reappoint Rep. Joel Hefley, R-Colo. Hastert also removed the two other Republican members of the committee who along with Hefley had voted twice to admonish then-House Majority Leader Tom DeLay for ethical lapses.

Over the next 16 months, a partisan stalemate stymied any new committee investigations, including new allegations involving DeLay. Hastings and West Virginia Rep. Alan Mollohan, then the top Democrat on the committee, were at loggerheads over a number of issues, including the makeup of the committee staff.

Earlier this year, Mollohan stepped down from the committee under his own ethics cloud and was replaced by Rep. Howard Berman, D-Calif.

Since then, the committee, which is divided equally between Republicans and Democrats, has launched four investigations, including one involving convicted lobbyist Jack Abramoff.

Berman said Thursday that when he was appointed he made it clear that he didn't want to be part of an "incumbent protection agency," and that he and Hastings had been working well together over the past five and a half months. He said he expected that committee members would set aside their "strong partisan feelings" in conducting the new investigation.

Ornstein, who earlier had been highly critical of Hastings, said the committee had improved since Berman was appointed.

"Hastings started very badly, helping to emasculate the committee," Ornstein said. "I think that has changed. We now have a functioning committee."

Ex-page Says He Got Messages From Foley (AP-Y)

By Greg Bluestein

AP, October 5, 2006

DOJ_NMG_0076485

A former congressional page said Thursday he received sexually suggestive messages from then-Rep. Mark Foley in 1997.

Tyson Vivyan's account appears to show the earliest exchange of suggestive messages reported so far between Foley and teens who had served in the Capitol page program. Previous accounts placed the earliest contacts in 2003.

Vivyan, 26, told The Associated Press that Foley began sending him instant messages about a month or two after his nine-month stint as a page ended in June 1997.

Vivyan, who gave interviews this week to other media, said he never met Foley personally during his stint as a page, other than brief greetings while working in the cloakroom beside the House chamber where members take breaks.

A few months later, he said, he started getting instant messages via computer from a person with the screen name MAF54, which has been linked in news reports to Foley. He said he wasn't sure who it was, but the person knew his name and physical description. He said the person asked personal questions, such as his sexual orientation.

Vivyan said he figured the person had to be on Capitol Hill, and began looking up initials in a congressional guide. He said that when he found Foley's initials — MAF, born in 1954 — he realized who it was.

"It was almost surreal. Not only was I conversing with a congressman in a personal manner, I was conversing in a sexual manner," Vivyan said.

After he guessed it was Foley, the person continued to contact him. Vivyan said he tried to turn the talk to politics. Foley would often stop talking and contact him a week later with suggestive messages.

Vivyan also said he was invited to Foley's brownstone in Washington. Vivyan said he didn't want to go alone, so brought a fellow page with him. He said they had pizza and soft drinks, and nothing sexual happened.

David Roth, attorney for the Florida Republican former congressman, declined to comment on the allegations.

Foley, 52, resigned Friday. He has since entered an alcohol rehabilitation facility at an undisclosed location. Through his lawyer, he has said he is gay but denied any sexual contact with minors.

Vivyan said he was nominated as a page by Rep. John. J. Duncan, R-Tenn. Don Walker, Duncan's deputy chief of staff, confirmed Thursday to the AP that Vivyan was a page from Duncan's district.

"We did not get any complaints form him while he was a page or after he was a page or anytime thereafter until Monday," Walker said. "As soon as we learned of it we turned it over to the authorities."

Vivyan said he was interviewed this week by the FBI. FBI spokesman Stephen Emmett in Atlanta declined comment.

Three More Former Pages Accuse Foley Of Online Sexual Approaches (ABC)

By Brian Ross, Rhonda Schwartz & Maddy Sauer

ABC News.com, October 5, 2006

Three more former congressional pages have come forward to reveal what they call "sexual approaches" over the Internet from former Congressman Mark Foley.

The pages served in the classes of 1998, 2000 and 2002. They independently approached ABC News after the Foley resignation through the Brian Ross & the Investigative Team's tip line on ABCNews.com. None wanted their names used because of the sensitive nature of the communications.

"I was seventeen years old and just returned to [my home state] when Foley began to e-mail me, asking if I had ever seen my page roommates naked and how big their penises were," said the page in the 2002 class.

The former page also said Foley told him that if he happened to be in Washington, D.C., he could stay at Foley's home if he "would engage in oral sex" with Foley.

The page told ABC News he was interviewed this week by FBI agents who had a six-page list of questions about Foley and the exchanges.

The second page who talked with ABC News, a graduate of the 2000 page class, says Foley actually visited the old page dorm and offered rides to events in his BMW.

"His e-mails developed into sexually explicit conversations, and he asked me for photographs of my erect penis," the former page said.

The page said Foley maintained e-mail contact with him even after he started college and arranged a sexual liaison after the page had turned 18.

The third page interviewed by ABC News, a graduate of the 1998 page class, said Foley's instant messages began while he was a senior in high school.

"Foley would say he was sitting in his boxers and ask what I was wearing," the page said.

"It became more weird, and I stopped responding," the page said.

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All three pages described similar instant message and e-mail patterns, with remarkably similar escalations of provocative questions.

"He didn't want to talk about politics," the page said. "He wanted to talk about sex or my penis," the page said.

The three new verbal accounts are in addition to two sets of sexually explicit instant messages provided to ABC News by former pages.

An online story on the Drudge Report Thursday claimed one set of the sexually explicit instant messages obtained by ABC News was part of a "prank" on the part of the former page, who reportedly says he goaded the congressman into writing the messages.

"This was no prank," said one of the three former pages who talked to ABC News today about his experience with the congressman.

ABC Mistakenly Releases ID In Page Probe (AP-Y)

AP, October 5, 2006

ABC News' fleeting, inadvertent publishing of a computer screen name enabled a blogger to track down and make public the supposed identity of a former congressional page who traded salacious messages with former Rep. Mark Foley.

In breaking the story of the now-burgeoning scandal, the network last Friday posted on its Web site a series of instant message exchanges between Foley and the teen-ager. The name of the page was not included.

But in one exchange the network inadvertently left the victim's screen name on. It was quickly discovered and removed, replaced by a version with the name redacted.

However, ABC said Thursday that a blogger was able to retrieve the deleted file. The blogger, known as "Wild Bill' from the "Passionate America" site, went on a computer detective mission he describes in detail on his site to discover the name.

"To be clear, no one visiting our Web site would have simply stumbled on the old version," ABC News spokesman Jeffrey Schneider said. "We thank the blogger and (Matt) Drudge for bringing this to our attention."

ABC has taken additional steps to make sure no one can access the deleted messages, he said.

Victims Say Foley Should Name Abuser (AP-Y)

By Brian Skoloff

AP, October 5, 2006

Former Rep. Mark Foley's refusal to identify the clergyman he says molested him as a boy is reckless and could put other children at risk, say victims' advocates and a former priest who knows the ex-congressman.

If Foley has information about a child molester, especially one who is still living, he should come forward with that immediately, they say.

"To simply say, `I can't tell you the name,' in my judgment, that's despicable," said William Brooks, a former Roman Catholic priest at Cardinal Newman High School in Lake Worth where Foley was briefly a student in 1969. "It casts a dark cloud of suspicion over all the clergy who worked during those days. I just think it's wrong."

The Florida Republican abruptly resigned last week over sexually explicit Internet communications he had with teenage boys who worked as pages on Capitol Hill. He has since gone into rehab for treatment of alcoholism and "other behavioral problems."

Earlier this week, Foley's attorney, David Roth, announced that his client was molested between the ages of 13 and 15. He declined to identify the clergyman or the church, but Foley is Roman Catholic. Roth also said that Foley was gay, something that friends had known but the lawmaker had kept secret from the public.

Roth said that the announcements were part of Foley's "recovery" and that Foley would not disclose the name of the alleged abuser until after he is released from treatment, in 30 days, at the earliest.

"If this perpetrator is still alive, then there's a very good chance that he's still molesting minors," said Anne Barrett Doyle of the Web site BishopAccountability.org, which tracks clergy abuse cases.

Roth declined to comment Thursday.

Mark Serrano of the Survivors Network of those Abused by Priests, or SNAP, echoed the call for Foley to reveal his abuser. He said it was a "great tragedy" that Foley did not reveal this sooner, when he could have worked on behalf of those abused by clergy in his capacity as a congressman.

"As a clergy abuse survivor, it angers me because Congressman Foley, of all people, should know the trauma and pain and anguish that comes from the effects of child sexual abuse," he said.

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The accusations have also cast a wider shadow over the Diocese of Palm Beach, which in the past 10 years has seen two bishops admit to molesting boys, and a third accused of abuse. Authorities also recently issued arrest warrants for two priests accused of misappropriating hundreds of thousands of dollars at a Delray Beach church.

Foley was an altar boy at Sacred Heart Catholic Church in Lake Worth and attended Cardinal Newman High School for his freshman year before transferring to Lake Worth High School.

His father was an assistant football coach at Cardinal Newman, and the Foley family was deeply involved in the church, often having priests at their home, said Joan Arsenault, whose children attended school with Foley.

"They were friendly with the priests," Arsenault said Thursday.

The Palm Beach Diocese has declined to comment on any aspect of the accusations, given that Foley has not said where the abuse occurred.

Watch What You Write! IM Conversations Can Linger For Years (AP)

By Anick Jesdanun, Associated Press

AP, October 6, 2006

NEW YORK -- Instant-messaging conversations, though quick, aren't always fleeting.

Rep. Mark Foley's salacious chats with teenage pages emerged along with e-mails last week, as the Florida Republican abruptly resigned. ABC News, which broke the story, has said former pages were the source of the revelations about IMs from 2003.

Most likely, the pages who corresponded with Foley either manually saved messages or used IM software with built-in logging capabilities, allowing time-stamped chat sessions to be kept indefinitely on one's computer. The programs vary in whether the features are initially on or off and how well they notify users.

``Computers are really, really good at saving things, unlike a dumb telephone," said Richard M. Smith, an Internet security and privacy consultant at Boston Software Forensics. ``If you don't want something to get out, don't put it in any computer form at all."

Chat programs from Yahoo Inc. and Microsoft Corp. are among those with logging capabilities. Microsoft's installs with the ``off" button initially selected, while Yahoo's automatically records chats but clears them when a user signs off (users can choose to turn it off or record forever).

AOL Instant Messenger, the most popular IM service in the United States, doesn't offer logging in its current consumer versions but does in its business-oriented AIM Pro software. AOL's service also can be accessed by Trillian and other third-party software with built-in logging.

Computer-indexing programs such as Google Desktop also have options to retain chats on a personal computer. Some computers also may have keystroke-recording programs secretly installed by a boss or a spouse.

In some cases, the services themselves retain chats.

Google Inc. offers users the ability to store such conversations online, so they can be accessed just like e-mail. You need a password to see conversations, although Google and other service providers typically disclose such information to law enforcement when issued a subpoena or court order.

Time Warner Inc.'s AOL, Yahoo and Microsoft all say they do not retain chat sessions at all. Once a message is sent, it should exist only on the sender's and recipient's computer.

The Foley investigation comes as Attorney General Alberto Gonzales seeks a federal law requiring that Internet providers preserve customer records, asserting that prosecutors need them to fight child pornography. However, Justice officials have said that any proposal would not call for the content of IM and other communications to be preserved.

Some employers have software in place to record traffic through their networks, and some business-grade IM systems have centralized logging.

Conversations may also remain on Foley's home or work computers, even if he did not have automated logging. Some computers temporarily store their memory's contents on the disk drive, but the data could take awhile to get overwritten, said Kristin Nimsger, vice president of legal technologies with Kroll Inc.'s Kroll Ontrack.

``Delete does not mean delete, and a hard drive by its very function is going to retain all sorts of information about a person's computer that they may not be aware of," she said.

The Justice Department has ordered House officials to preserve all records in the case.

The tougher part may be proving the messages' authenticity, particularly when the evidence comes from the recipients. Logs are generally plain text files that can be easily altered.

Mark Rasch, a former Justice Department computer crimes prosecutor, said prosecutors must also prove that Foley was on the other end, not someone else using his IM account.

``We've got to prove that the instant-messaging session occurred and that Foley's hands ... (were) on his keyboard," Rasch said.

New Media A Weapon In New World Of Politics (WP)

By John F. Harris

The Washington Post, October 6, 2006

At first glance, three uproars that buffeted American politics in recent weeks have little in common.

Former congressman Mark Foley (R-Fla.) ended his political career over sexually charged e-mails to former House pages. Sen. George Allen (R-Va.) stumbled over his puzzling use of the word "macaca" and his clumsy response to revelations about his Jewish ancestry. Former president Bill Clinton had a televised temper fit when an interviewer challenged his terrorism record.

All three episodes, however, were in their own ways signs of the unruly new age in American politics. Each featured an arresting personal angle. Each originally percolated in the world of new media -- Web sites and news outlets that did not exist a generation ago -- before charging into the traditional world of newspapers and television networks. In each case, the accusations quickly pivoted into a debate about the motivations and alleged biases of the accusers.

Cumulatively, the stories highlight a new brand of politics in which nearly any revelation in the news becomes a weapon or shield in the daily partisan wars, and the aim of candidates and their operatives is not so much to win an argument as to brand opponents as fundamentally unfit.

In interviews, figures as diverse as Clinton, Vice President Cheney and White House strategist Karl Rove spoke about their experiences navigating the highly polarized and often downright toxic political and media environment that blossomed in the 1990s and reached full flower in recent years. Their comments, and those of their associates, underscore just how dramatically changes in media culture have influenced the strategies and daily routines of leading political figures.

Cheney said he often starts his day by listening to radio host Don Imus, whose trash-talking style has given him legions of fans and made his show a frequent stop of politicians. Cheney's wife, Lynne, people close to her say, is an avid consumer of Matt Drudge's online Drudge Report, which often either breaks or promotes stories with a salacious angle and in recent days has bannered every new disclosure in the Foley case.

Rove said he has benefited on occasion from the new-media echo chamber. When he gave a speech last year saying liberals want to give terrorists understanding and therapy, he delighted when Democrats howled in protest. This guaranteed that the story would stay alive for days. "I was sort of amused by it because it struck me, well, they're just simply repeating my argument, which was good," he said.

Clinton -- who regards Rove with a mixture of admiration and disdain as the most effective modern practitioner of polarizing politics -- said in an interview that he has become fixated on the problem of how Democrats can learn to fight more effectively against the kind of attack President Bush's top political aide leveled. Associates of the former president said he thinks that Democrats Al Gore in 2000 and Sen. John F. Kerry (Mass.) in 2004 lost the presidency because they could not effectively respond to a modern media culture that places new emphasis on politicians' personalities and provides new incentives for personal attack.

While the Foley and Allen episodes burned Republicans, Clinton said in an interview earlier this year that he thinks the proliferation of media outlets, as well as the breakdown of old restraints in both media and politics, on balance has favored Republicans. Without mentioning Gore or Kerry by name, he complained that many Democrats have allowed themselves to become unnerved and even paralyzed in response.

"All of this is a head game, you know. . . . All great contests are head games," Clinton said. "Our candidates have to get to a point where they don't allow other people to define them as either people or as political leaders. Our people have got to be more psychologically prepared for it, and there has to be more distance between them and these withering attacks."

Associates said he regards this as his most important advice to his wife, Sen. Hillary Rodham Clinton (D-N.Y.), if she runs for president in 2008.

In any generation, the disclosure of Foley's sexual overtures to teenage boys would have been a big story and ended his public career. But it was the confluence of new media trends and a trench-warfare mentality pervading national politics that turned the story into a round-the-clock furor.

House Speaker J. Dennis Hastert (R-Ill.), fighting for his career amid allegations that he did not respond properly when told of Foley's e-mails, has gone to conservative media outlets to make his case. On Rush Limbaugh's radio show, Hastert agreed when the host said the Foley story was driven by Democrats "in some sort of cooperation with some in the media" to suppress turnout of conservative voters before the Nov. 7 elections.

Limbaugh offered no evidence. But the same accusation was leveled in Hastert's interview with Hugh Hewitt, another prominent conservative radio host and blogger, who said the speaker is a "target right now of the left-wing media machine."

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Those comments are a reminder that a changed media culture that creates new perils for politicians also provides new forms of refuge. For a full generation on the conservative side, and more recently among liberals, ideologues have created a menu of new media alternatives, including talk radio and Web sites. New media have also elevated flamboyant political entrepreneurs such as Ann Coulter on the right and Michael Moore on the left to prominent places in the political dialogue. New media platforms make criticism of traditional "mainstream media" part of their stock in trade.

This development usually ensures that any politician in trouble can count on some sympathetic forums to make his or her case. It often ensures that any controversy is marked by intense disagreement over the basic facts or relevance of the story, and obscured by clouds of accusation over the opposition's motives.

Clinton benefited from this phenomenon during his recent showdown with Fox News. Appearing on a network that many liberals regard as enemy terrain, he said interviewer Chris Wallace and his bosses were distorting his terrorism record to carry water for conservatives.

Kerry advisers think the most important factor in his loss was the group Swift Boat Veterans for Truth, which attacked his war record. The group initially received scant attention in old media outlets, but its accusations were fanned by the Drudge Report, Fox News and other new media platforms. By the end, the accusations dominated coverage in both old and new media.

Each time a similar episode occurs, it is often covered as an isolated and even eccentric event. But Clinton, in an earlier interview, said his party should understand that the ideological and financial incentives among politicians and media organizations mean that every election cycle will feature such episodes -- and it should plan accordingly.

But he said Democrats of his generation tend to be naive about new media realities. There is an expectation among Democrats that establishment old media organizations are de facto allies -- and will rebut political accusations and serve as referees on new-media excesses.

"We're all that way, and I think a part of it is we grew up in the '60s and the press led us against the war and the press led us on civil rights and the press led us on Watergate," Clinton said. "Those of us of a certain age grew up with this almost unrealistic set of expectations."

Few conservatives would make a similar miscalculation. Many of the first generation of new media platforms, including Limbaugh's show and Drudge's Web site, first flourished because of a conviction among conservatives that old media were unfair.

All this has given Republicans a comfort and skill at using new media to political advantage that most Democrats have not matched. At the Republican National Committee, leaking items to the Drudge Report is an official part of communications strategy.

During the 2004 campaign, current and former RNC staff members said, opposition research nuggets on Kerry were almost always leaked first to the Web site. Sometimes they were trivial -- such as the fact that Kerry got expensive haircuts at the Christophe salon -- other times they were controversial quotes from his days as a Vietnam War protester. All together, these and other items contributed to Kerry losing control of his public image.

Ken Mehlman, the RNC chairman and head of Bush's reelection campaign, said his operatives leaked to Drudge because it inevitably drove wider coverage, including to old media organizations: "He puts something up and they have to follow it."

Last year, a delegation of RNC officials flew to Miami Beach, where Drudge lives, for a dinner at the Forge steakhouse to introduce the Internet maven to Tim Griffin, the party's new opposition research director.

One of those who salutes the changing landscape -- with as much passion as Clinton deplores it -- is Cheney, who said he considers the breakdown of what he called an old media "monopoly" as among the most favorable trends of his years in politics. He said the change requires politicians to grow a thicker skin. Once while shaving, he heard Imus referring to someone as "Pork Chop." Only after a few minutes did he realize the host "was talking about me. I'm Pork Chop. And I laughed like hell."

"Sometimes it's pretty trashy," he said of new media's rise. "But I guess I'd put the proposition that there's more time and opportunity for policy discussions and debate than there used to be."

The next several weeks -- in which Republicans will bear the heat of an intense media-driven scandal in the Foley case -- may test Cheney's faith in that proposition.

Tides Of Confusion Have Washed Up Mark Foley (WSJ)

By Daniel Henninger

The Wall Street Journal, October 6, 2006

Is this Mark Foley thing really happening?

I woke up early the other morning after a bad dream about Muslims routinely blowing up and torturing other innocent Muslims. You know the world has turned upside down when your dreams spill over with real problems and your working hours are filled with the most fantastic stories.

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It's hard to believe that the Foley/instant message/congressional-page/GOP meltdown story has run for a week. Other than the slaughter in Amish country, is anyone aware of anything else of note in the world that happened the past seven days? Dive deep enough beneath the Foley flotsam and you discover reports that North Korea may be preparing to conduct an underground nuclear test. China and South Korea are at this hour trying to forestall the Hermit Kingdom's nuke test and no doubt could use an expression of support and outrage from the American political establishment. Sorry, they're busy reading Congressman Foley's 1995 email traffic.

We see also where Europe's envoy to Iran, Javier Solana, threw in the towel after "endless hours" of talks with Iranian President Mahmoud Ahmadinejad, who on Wednesday told a crowd screaming "Death to America" that sanctions wouldn't stop Iran from enriching uranium. Whatever. The big news in Washington yesterday morning was that the House Ethics Committee sat down "behind closed doors" to think about Mark Foley.

We know when we're beaten. Bowing to the gods of the news cycle, let us undertake the great questions of the moment. Where does post-modern American ethics place Mark Foley's homosexuality on a scale of 1 to 10 -- a 1 being just another gay guy and a 10 being a compulsive, predatory sex offender? What might fall in between seems to have confused Denny Hastert, two newspapers, one TV network and the FBI. In the event, Mr. Hastert, as the point man, is being driven from office for having failed, in hindsight, to recognize the obvious.

On this score, Mr. Hastert has our sympathy. There is much in American life that doesn't seem "obvious" anymore. Call it the transgendering of reality.

This compulsion to ambiguity is the reason that both the politicians and the reporters writing about the Foley affair have been describing what the congressman did as "inappropriate." Inappropriate is the word you use when describing behavior that falls on the scale between 3 to 7. Mark Foley seems to be the kind of guy who runs up a high phone bill calling 1-800-SEX-GUYS. That might have qualified as a 10 some 50 years, but not anymore. Former Congressman Gerry Studds had sex in 1973 with a House page. He said it was consensual. Even now, this is a 10. In Florida, doing a 10 probably earns you a johnboat trip to the swamps. But in Mr. Studds's Massachusetts district, it earned him five more trips to Congress.

Mark Foley is on his way to oblivion after his 15 minutes of infamy. As luck would have it, the originator of the increasingly true prediction that in the future everyone would be famous for 15 minutes, Andy Warhol, was the subject of an excellent American Masters documentary a few weeks ago. It was impossible to watch this unsparingly honest account of Warhol's career and the era spawned from the 1960s onward without thinking about the culture we inhabit today.

Andy Warhol didn't create the culture we have today. He was merely among the first to recognize that the magic carpets were arriving, and always a fast learner, he knew how to ride them. Whatever older, earthly restraints on personal behavior existed, they were falling away fast back then. You could get away with things. So you did. And did. And did.

As a result, we live now in an era awash in cultural confusions. The tides bring in weird phenomena, like the Mark Foley story, leave them on the beach overnight, then drag them back out to sea before there's time to make much sense of what we saw. As often as not, we don't even try. The Web and digital technology have ramped up the cultural velocity to warp speed. MySpace, YouTube -- the once-bright line between the private and public spheres has evaporated.

This has had an effect on the way we think, or don't. Clarity -- thinking clearly -- is harder than ever to achieve, because clarity assumes a degree of general social agreement about things. For instance, time was that most people would agree that putting a crucifix in urine and calling it art doesn't qualify as anything but bad thinking. But no, we had to have a big argument over that. At the end of her current stage act, Madonna makes herself the central figure in a crucifixion scene. No problem. Most reviewers simply describe it, and move on.

Challenge over the past 40 years became a more powerful social value than clarity. One of the byproducts of challenge is that you don't have to think very much -- about the point or the consequences. Just do it. The act of challenge is its own justification. And one of the byproducts of constant challenge is aggressive confusion. Another seer of the Sixties, Bob Dylan, saw what was happening by 1967: "There's too much confusion here, I can't get no relief." Denny Hastert, meet the joker.

Looking back again at Ric Burns's Warhol documentary, it is hard not to see in retrospect the inexorable dominance over time of the cultural frivolousness that emerged in those years. Politics is especially vulnerable. A political culture -- the politicians and their attendant media -- that would allow itself to set aside everything else to spend a week with the Mark Foley "scandal" is frivolous. They look like dupes.

So the Foley comet hurtles forward, no doubt into the weekend, like some black star sucking all of Washington's loose debris into its vortex. Within hours of convening yesterday, the Ethics Committee issued nearly four dozen subpoenas. An 866-number "tipline" has been opened to solicit -- if one may use that word -- more page complaints about Mr. Foley or . . .

By midafternoon yesterday, a rumor emerged that in fact Mark Foley had been pranked by the House pages. It is the first plausible thing I've heard in seven days. Four weeks from the election, I have an idea: Let's fire the Members and replace them with the pages. We could do worse. We are.

GOP Bigotry That Backfired (WP)

By Eugene Robinson

The Washington Post, October 6, 2006

Let's deal with the circumstance that dares not speak its name: How much of the Mark Foley scandal's impact is due to the fact that he's a gay man who preyed on young boys?

The basic story line -- powerful man exploits children -- would be the same if Foley were straight and underage girls had been the subject of his lurid attentions. But would the intensity of the scandal be the same? Would there be all this unseemly finger-pointing and hand-washing among the House leadership? Would Dennis Hastert be fighting to keep his job; would Christian conservatives be so apoplectic; would the whole Republican Party look as if it were on the verge of a nervous breakdown?

I doubt it. There would still be a scandal, but I think Foley's now-acknowledged homosexuality was crucial in turning a crisis for the party into a potential catastrophe. In a perfect world that wouldn't be the case, but you might have noticed there's not a lot of perfection in Washington these days.

It's tempting to put it all down to hypocrisy. The Republican Party has gone to such lengths to demonize homosexuality that it must pain the leadership to reveal that such a thing as a gay Republican congressman could even exist. The party has stigmatized gay people as "them," not "us" -- as a class of people whose "lifestyle" is unsavory and whose committed relationships must never be recognized, lest the republic instantly crumble to dust.

There had been warning signs about Foley's enthusiastic interest in young male pages for years, and the inaction of House leaders is just about impossible to explain -- either they ignored the situation, which would be an act of stunning cynicism, or they genuinely didn't know about it, which would suggest woeful incompetence. Not an attractive choice of stories to tell for a party that preaches so much about moral standards and personal responsibility.

Still, I don't think hypocrisy alone is enough to explain why the Foley mess is such a big deal. I think it goes deeper.

One of the central tenets of anti-homosexual doctrine is the notion of "recruitment" -- that adult gay people lure young people into homosexuality as a way of increasing their numbers. The most extreme anti-gay activists perceive a full-fledged conspiracy. The Traditional Values Coalition, a group whose homophobia can only be called rabid, goes so far as to claim that, after being enticed into sexual acts, the "young 'initiates' into the strange world of homosexuality are to be trained to reject the moral beliefs of their parents."

This is complete bunk, of course -- most new research has tended to support the idea that homosexuality is more a matter of nature than nurture, and in any event the notion of an organized "recruitment" drive is far beyond ridiculous.

There are people, though, who are not consciously bigoted against gay people but who find homosexuality difficult to comprehend. There aren't many things more primal and specific, after all, than an individual's sexual desires. For some people who have no base of knowledge about gayness -- and, often, whose pastors routinely denounce homosexuality from the pulpit as a sin -- the basic idea of recruitment, without all the paranoid conspiracy trappings, seems to explain the inexplicable.

Foley's lawyer explained the former congressman's behavior by saying that Foley was drunk and, by the way, had been molested by a clergyman when he was in his early teens. Was he laying the foundation for a possible legal defense? Or does Mark Foley, until this week still at least nominally closeted at age 52, actually believe that's why he's gay?

In any event, the recruitment myth helps explain why social conservatives, who make up perhaps the most loyal and energetic segment of the Republican Party's base, are so up in arms. And that outrage, in turn, helps explain why the party has been so frantic all week, so uncharacteristically slow to come up with a game plan for responding to the scandal. Social conservatives were already grumbling that the Republicans talk a good game but never get around to addressing their core issues. Now comes this.

In pre-feminist times, people thought of young girls as particularly delicate and vulnerable. We worried about their being compromised or corrupted by older men. It's fascinating that much of today's America seems to be more viscerally worried about young boys.

Online Gaming Had Ties To US 'super-lobbyists' (FT)

By Stephanie Kirchgaessner

Financial Times, October 6, 2006

PartyGaming, SportingBet and other online UK-listed gaming companies paid millions of dollars to Washington lobbyists linked to Jack Abramoff, the notorious super-lobbyist, to help them thwart US anti-gambling legislation.

Mr Abramoff's highly public fall from grace and conviction on criminal corruption charges this year – and the downfall of many of his associates – opened the door for the passage last weekend of a law that he and the companies staunchly opposed.

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The passage by Congress of the Unlawful Gambling Enforcement Act has drawn accusations of US protectionism and the suggestion that the law was driven through by conservative Republicans.

However, lobbying records analysed by the Financial Times show that the companies were closely connected to Mr Abramoff and his team – the same men whose political ties, for years, played a central part in helping insulate the gambling industry from laws and regulations.

The demise of Mr Abramoff and his colleagues substantially weakened the gambling companies' political hand in Washington, paving the way for the bill's passage.

SportingBet spent $2.2m from 1998 to 2005 lobbying Washington lawmakers on issues involving online gaming, according to figures compiled by the Center for Public Integrity, which tracks lobbying, and other public filings.

Among other lobbyists, the company hired Tony Rudy, the former aide to ex-congressman Tom DeLay, and Neil Volz, a former congressional chief of staff. Mr Rudy has pleaded guilty to bribery charges in connection to the Abramoff scandal, while Mr Volz has also pleaded guilty to bribing Congressman Bob Ney, his former boss. SportingBet declined to comment.

PartyGaming, the largest online gaming website, initially declined to disclose who its lobbyists in Washington were, but when presented with evidence it acknowledged that the company was and is currently represented by Gibraltar-based International Interactive Alliance (IIA), a company that formerly had close ties to Mr Abramoff.

Although most of the public scrutiny of Mr Abramoff's wheeling and dealing in Washington has been centred on his work on behalf of Native Americans' gambling interests, records show that the IIA, which hired Mr Abramoff in 2003, was a lucrative client of the former lobbyist. Over one and a half years, the IIA paid Mr Abramoff's firm, Greenberg Traurig, $1.3m for Mr Abramoff's services. In all, the IIA has spent at least $1.9m on its lobbying campaign, and continues to be represented by Greenberg Traurig.

When asked directly whether PartyGaming lobbied in Washington through the IIA, a spokesperson for the company initially defended the IIA by saying it was an "industry group" with high standards.

"It has not been lobbying like the horseracing industry in that it has not put money into congressional races. [Instead, it uses] good old-fashioned talking to people and presenting the arguments," a spokesman said.

But in the exhaustive investigations into Mr Abramoff by Republican Senator John McCain, there is evidence that the IIA had a particularly close relationship with Mr Abramoff.

In 2003, the IIA transferred $1.25m to Greenberg Traurig, Mr Abramoff's former firm. According to congressional testimony, the payment was later passed on to KayGold, a company Mr Abramoff controlled.

Asked about the payment, PartyGaming said: "Jack Abramoff's actions made the IIA one of his victims. Hindsight is easy, if we knew what we know now, then we wouldn't have even taken Jack Abramoff out for a cup of coffee."

An Old World Close To A New World Horror (NYT)

By Ian Urbina

The New York Times, October 6, 2006

NICKEL MINES, Pa., Oct. 5 — As is customary in Amish tradition, guests brought food, not flowers. A hymn was read in 16th-century German, but there was no singing. The dead were laid in simple pine coffins and dressed in homemade white dresses, symbolizing purity. Two sermons were given, both in Pennsylvania Dutch.

Three days after a grisly attack on an Amish schoolhouse here, funerals were held Thursday for four of the five girls killed by a gunman who wrote of being forever changed by the death of his newborn daughter and driven over the edge by fantasies of sexually assaulting young girls. A truck driver, he was paid to collect the milk of local dairy farmers. Instead, he took their children.

The services were a somber close to a New World horror visited upon an Old World people. The first began at 9 a.m. in the woodworking shop of the father of a victim, Naomi Rose Ebersol, 7.

"We are here facing the unexpected," said one of the two Amish pastors who spoke and whose remarks were relayed by a Mennonite minister who attended, David Nissley. "We know and believe that these girls are in heaven with the Lord Jesus Christ." The man said the pastor read from the Book of Matthew about the importance of innocence.

"Unless you become like these little children, you cannot enter the kingdom of heaven," the pastor said, emphasizing the need for the faithful left behind to regain the purity and innocence threatened by the killings.

After the 90-minute service, about 300 men with long beards and women in white bonnets climbed into their black and gray buggies and clip-clopped in quiet procession to Bart Amish Cemetery. Along the way, they passed the house of Charles C. Roberts IV, the 32-year-old killer.

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A few hours later, a similar ceremony was held in the barn of the family of the oldest victim, Marian Fisher, 13, who told Mr. Roberts during the attack on Monday to kill her and spare her classmates. And in late afternoon, the service for Mary Liz Miller, 8; and her sister Lena Miller, 7, started. Another victim, Anna Mae Stoltzfus, 12, is to be buried Friday.

Mr. Roberts shot a total of 10 young girls. One was taken off life support on Tuesday and brought home to die, officials said. Two others remained in critical condition and two in serious condition.

At times, the tragedy was overpowering. On Wednesday, a stone-faced deputy county coroner, Amanda Shelley, described for reporters the blood on the walls of the one-room schoolhouse where the rampage occurred. But her composure dissolved when she mentioned a sign hanging beneath the chalkboard. It read, "Visitors Brighten People's Days."

Since Tuesday, Amish mourners had attended viewings of the victims at the families' homes.

Rita Rhoads, a midwife who delivered two of the victims, said that in the gatherings, in which coffins were open, young mourners were encouraged to touch the bodies.

"It is part of the realization that the person is no longer in the body," said Ms. Rhoads, a Mennonite who has attended many Amish funerals. "It's part of the reality of life."

In Georgetown, not far from the shooting, no one knew what to say about the man whose inconceivable actions were made only more confusing by his last words. Mr. Roberts, who ended his siege by killing himself, wrote in a suicide note that he was tormented by memories of molesting two young relatives 20 years ago. The police later interviewed the two women they suspected had been his victims, and both said they had never been sexually assaulted.

The news media intrusion was only one element preventing even a semblance of closure for this insular community, whose members have been comforting the family of the girl expected to die and traveling to Philadelphia and Hershey to visit the four wounded girls who remain hospitalized.

"This is an awful time because it keeps coming," said Philip W. Furman, an undertaker in Leola who serves the Amish community.

But the strain of having hundreds of reporters, photographers and their high-tech equipment descend on an area that often seems as if it is from an earlier century was apparent.

"I'd just as soon not give you any information about our culture to send out to the world," said Ammon Fisher Jr., who helped his father carve tombstones for the girls. 'What good does that do?"

Driving on Mine Road in Georgetown, an Amish man in his 20's swerved his large mule-drawn hay cutter toward a crowd of reporters. "We all wish you would just pack up and leave," he told one.

Yet, when asked about the killings, most people here seemed focused on forgiveness, faith and a determination to move forward.

"You think about them, you cry about them, you pray for them," said Lizzy Fisher, an Amish grandmother who is close to several great-grandparents of the slain girls. "And then you have to let go of things you can't explain."

Asked whether anyone in the community felt angry about the killing, Ms. Fisher seemed aghast.

"Oh, no, no, definitely not," she said shaking her head vigorously, standing behind a screen door at her house along Bachman Town Road in Ronk. "People don't feel that around here. We just don't."

Barbara Beiler, a friend of a pregnant teacher who was in the classroom but was released by Mr. Roberts, said the woman, whose name has not been released, had told her, "Even when the gunman was in the room, she felt like there were angels present."

"These are people," Ms. Beiler said, "with unshakable faith."

A Plain And Profound Farewell (WP)

By Joshua Partlow And Raymond McCaffrey

The Washington Post, October 6, 2006

BART TOWNSHIP, Pa. Oct. 5 -- The train of wagons passed through town three times on the same grim errand. And still they were not done burying the girls.

The funeral processions for four of the five Amish girls killed in their schoolhouse left their homes in Bart Township on Thursday and moved down the same narrow streets to the small fenced-in graveyard on a little rise amid the fields.

The black-clad men and women, girls and boys, in the wagons did not stop and barely turned to look as they rolled past the flag at half-staff outside the post office and the crude sign taped to the sawhorse in a driveway: "Our thoughts and prayers to all the families."

The wagons, following the hand-crafted wooden coffins, kept going past the home of the man who caused the bloodshed -- Charles C. Roberts IV, or "Charlie" to his friends -- who bound 10 girls and shot them with bullets and buckshot Monday before shooting himself.

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Few people but reporters and camera crews turned out to witness the somber parades. The morning broke cold, and a brisk wind ruffled the cornstalks and blew leaves off the trees. But town resident Jacquie Hess felt she had to watch.

"It's hard to accept what has happened," she said, standing outside the homes of Roberts and other relatives. "I feel sympathy for them. I feel sorry for them that it happened this way, that they lost children, also."

Hess is the aunt of Roberts's wife, Marie, and she is one thread in the close weave between killer and victims. Her family, including Charles Roberts, drove the trucks that carried the milk from the dairy farm of the Fisher family, who had three daughters at the school the day Roberts shot it up. One of the daughters escaped, another was wounded, and the third -- 13-year-old Marian -- was killed. She was buried Thursday.

In the classroom Monday, Marian was among those students who asked that Roberts kill her first and spare the younger girls, according to Rita Rhoads, a Mennonite nurse and midwife who delivered two of the girls buried Thursday. She cited an account from one of the survivors.

Marian's sister Barbie Fisher, 12, who was hospitalized, told relatives she recognized Roberts as the milk truck driver when he entered the school. According to Rhoads, she said Roberts talked to the students about himself and his anger at God -- an anger police said was partly fueled by the loss of his firstborn infant daughter nine years ago.

"He asked them to pray for him," said Rhoads, who has emerged as a leading spokeswoman for the Amish community.

Barbie said that the girls asked Roberts, 32, why he could not pray himself, but instead of praying, Roberts tied up the girls, who never screamed despite knowing their fate, Rhoads said.

"They just stood there with courage," she said.

Police said that Roberts might have been planning to sexually assault the girls but that there is no evidence he did so.

The day after the shooting, Hess, the aunt, visited Marian Fisher's father to offer her condolences.

"They were very caring and felt that we had a harder part to go through than what they did. And they had told us that there was no hard feelings, that all was forgiven. That we just keep pushing forward and asking God to help us get through it," Hess said.

Marie Roberts was invited to Marian Fisher's funeral, Hess said, but Hess didn't know if Roberts planned to attend. In addition to Marian's service, funerals were held for Naomi Rose Ebersol, 7, and sisters Mary Liz Miller, 8, and Lina Miller, 7. The funeral for the fifth slain girl, Anna Mae Stoltzfus, 12, was planned for Friday. Hess said there are no set plans for Roberts's funeral.

One additional child, who was not identified, had been taken off a ventilator, according to Rhoads, the midwife.

"The family was interested in taking the child home," she said. "It appeared to doctors as if she would die."

Most of the funeral ritual, from the services inside the homes to the burials, was blocked from public view by Pennsylvania State Police troopers intent on preserving the families' privacy.

A typical Amish funeral is set in the family home or barn and will include long sermons in German, along with German hymns from the 16th and 17th centuries that sound much like Gregorian chants, said Ervin R. Stutzman, vice president of Eastern Mennonite University in Virginia and dean of its seminary. He was raised Amish.

"There is a strong emphasis on what God's will is, that people are in a better place now. That God's will has allowed this kind of thing," Stutzman said.

There is typically a short service at the grave site, and mourners often participate in throwing dirt onto the coffin, he said.

"Even for just processing the trauma of something like that, it's very, very powerful," said Earl Zimmerman, a religion professor at Eastern Mennonite University who has attended Amish funerals. "It brings the community together."

The Amish deceased are usually buried in white, after the admonition in the New Testament's Book of Revelations: "He that conquers shall be clad thus in white garments." By custom, the grave is dug by hand by Amish friends and relatives.

As the first procession of 34 buggies passed down Georgetown Road on Thursday, a neighbor who declined to give her name began to cry.

"You learn a lot from [the Amish], how they deal with things," she said. "It's just amazing. It's not just words."

Randy Fischer, 52, who flew in from Minnesota to be with the Roberts family, said he had difficulty reconciling the man he had known with what he had done.

"I remember Charlie as a good man, a kind man, a man that loved his wife and family," Fischer said. "We may never know what truly caused him to snap."

As the wagons rolled by, Mike Young, 44, took off his green baseball cap and watched the procession.

"It's just a real sad situation all around," he said. "This is our own little 9/11."

Threat Shuts All Culpeper Schools (WP)

By Karin Brulliard, Lori Aratani And Tom Jackman

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The Washington Post, October 6, 2006

CULPEPER, Va. -- The call came in to the Culpeper County communications center at 11:31 Wednesday night. The caller spoke in vague terms and named no buildings. But his threat, authorities said, was clear: Schools would be bombed.

By Thursday morning, school officials had shut the county's eight public schools, three private schools and four day-care centers, keeping more than 7,000 students out of the classroom for the entire day. Local and federal officers swept into the rural county, about 70 miles southwest of Washington, to comb each campus for explosives but turned up nothing suspicious.

Although it is not unusual for the region's school systems to receive bomb threats, Culpeper's response was. After a recent rash of small-town shootings that made it clear that any school could be targeted -- including an attack Monday on a Pennsylvania schoolhouse that left five Amish girls dead and five others wounded -- jittery school officials are acting with heightened vigilance to protect students and reassure parents.

Across the region this week, several superintendents visited schools and drafted letters advising parents to use crime tip lines and to talk to their children about school violence. School officials dispatched additional police to campuses and reviewed school security plans. In Front Royal, Va., a vehicle roaming the parking lot of a middle school was deemed suspicious by officials, prompting a 34-minute lockdown of all county schools. The all-day, countywide school closure was a first for Culpeper.

"With what's going on in our country today . . . the timing just really raises the alert," Culpeper Sheriff H. Lee Hart said. Culpeper public schools will be open Friday, schools spokeswoman Marla McKenna said Thursday night. She did not know whether private schools and day-care centers would be open.

"Naturally, every parent is concerned when something like this happens," said Brian Edwards, spokesman for the Montgomery County school system. "It's a reminder that we have to work every day to maintain a safe school environment."

The amplified attention to security comes after three recent incidents of school violence nationwide. On Monday, a gunman in Bart Township, Pa., lined up 10 girls at the blackboard of an Amish schoolhouse and shot them, killing five. On Sept. 27, a man took six teenage girls hostage at a school near Bailey, Colo., sexually assaulted them, then shot and killed one girl. Last week, a teenager in Cazenovia, Wis., fatally shot his school principal.

Bomb threats are phoned in occasionally to schools or district offices -- often during testing periods, officials said -- and police said they analyze each call to determine whether it is a credible threat, although the response varies by school system. In Alexandria, for example, if police think a bomb threat during school hours might be credible, "we quietly lock the school down, we send a lot of officers, and we do a comprehensive search" with bomb-sniffing dogs and other bomb detection devices, Sgt. Tom Magyar said.

In the District schools, unspecific bomb threats typically result in staff members making detailed walk-throughs before opening schools, said Theodore C. Tuckson, chief of school security in the District. Although he did not know the specifics of the Culpeper threat, Tuckson said he was "kind of surprised that they closed the whole system."

Although high-profile events often prompt systems to reassess their plans, school officials said, most planning occurs over time.

Working with police, area school systems have developed and honed sophisticated school violence emergency plans over several years, the byproduct of the bloody 1999 Columbine school shootings, the Sept. 11, 2001, terrorist attacks, and the 2002 sniper shootings, which paralyzed the region. State laws in Virginia and Maryland require such plans.

"What you do is you train continuously in preparation for what you hope never occurs," said John White, spokesman for the Prince George's County school system. "When these kinds of random acts of violence happen somewhere else, you hopefully can learn something from the response there in order to respond even quicker if you're put in that situation."

Some safety measures are high-tech. Fairfax and Arlington police have used digital cameras to photograph their county schools' classrooms, hallways and exteriors. Technicians link those photos to school maps, then copy them onto compact discs so officers can quickly prepare themselves before entering an unfamiliar area during a crisis, according to a publication by the International Association of Chiefs of Police.

Fairfax police used the technology in a mock siege staged at Centreville High School, in which officers were tasked with tracking down two armed men who were shooting inside the school, according to the chiefs association. Fairfax police declined to comment on their tactics or technology.

School officials there also use aerial photographs of schools and surrounding neighborhoods to map out ways to respond to threats. The system also has begun to add electronic locks at all elementary and middle schools. Staff members enter with key cards, and visitors must be buzzed in by a receptionist, who can see them on a video monitor.

Other techniques are simple. At several area school systems, police officers and marked cars are regularly stationed at high schools and some middle schools. Most schools require visitors to sign in at the main office and wear prominent tags while on campus. Schools also regularly drill students and teachers on what to do in emergencies. At Severna Park Middle School in Anne Arundel County, anyone entering the front door must get past a table staffed all day by parent volunteers.

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Even with all the safety efforts in place, the recent spasm of violence has left some with a sense of helplessness.

"I don't know if having a table there makes us feel better or not," said Steve Anstett, president of the school's parent teacher organization. "The governor of Pennsylvania, he said something about random acts of violence, things you can't do anything about. And I understand exactly what he meant."

Kenneth S. Trump, a school security consultant in Cleveland, said he has received many e-mails recently from school principals asking how to obtain federal grants to improve their security. But he also sounded a warning: In his travels, he said, he has come across many schools that drafted emergency plans after Columbine but never updated, practiced or read them.

Seven years after Columbine, Trump said, he hears local officials say, "We never thought it could happen here."

In Culpeper, where some schools sit across the road from cornfields, parents echoed that sentiment Thursday.

At the Frost Cafe on Main Street, homemaker Kristi King sat in a booth with her visiting mother and her three school-age sons, who happily dined on pancakes and home fries for lunch at an hour they usually would have been at their desks. The decision to call off school was fine with King.

"Safety is a big issue," she said.

But she acknowledged that she was shocked Thursday morning when she tried to drop off her children at school and was turned away by officials talking about explosives.

"It's a little bit scary to think about what could have happened," King, 31, said. "It's coming further and further out of the city."

Schools Close After Bomb Threat (WT)

By Gary Emerling

The Washington Times, October 6, 2006

A bomb threat in Culpeper County, Va., forced officials yesterday to close area schools and cancel classes for thousands of students as police swept through buildings searching for an explosive device.

By late afternoon, investigators had found nothing harmful in any of the schools.

"You simply can't be too cautious," Culpeper County Schools Superintendent David A. Cox said yesterday morning. "The safety of our students and our employees is our No. 1 concern."

Officials said classes will resume today.

The threat was phoned in to the county's Emergency Operations Center at about 11:30 p.m. Wednesday. The caller did not mention a specific school, but did talk about blowing up schools, officials said.

"The individual had a lengthy conversation, and in this conversation he said he was going to blow up schools," county Sheriff H. Lee Hart said. "We do not know which schools, or his plans. We don't know a lot about this individual."

Sheriff Hart would not say whether authorities have a suspect but said they are following several leads.

Classes were canceled for 7,263 students at the county's eight public schools. Seven private schools and day care centers also closed.

The threat "didn't identify any specific school as a target, which is the rationale between closing all schools public and private," schools spokeswoman Marla McKenna said. "But it was definitely a bomb threat."

Culpeper Sheriff's officials were receiving assistance from Virginia State Police, the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives and other local agencies in searching the buildings and investigating the threat.

State police spokesman Sgt. F.L. Tyler said the agency provided resources including explosive-detection dogs, bomb disposal technicians and special investigative agents to assist the county sheriff's office.

"We're just providing assistance," Sgt. Tyler said. "They're handling the investigation."

The threat in Culpeper, which is about 70 miles southwest of the District, comes after a spate of deadly school shootings across the country over the past 10 days.

On Monday, milk-truck driver Charles Carl Roberts IV, 32, killed five girls and himself in a one-room Amish schoolhouse in Nickel Mines, Pa. Last Friday, 15-year-old Eric Hainstock fatally shot his principal at a school in Cazenovia, Wis.

On Sept. 27, Duane Morrison, 53, sexually assaulted six girls at a Colorado high school and held them as human shields for hours before fatally shooting one girl and then himself.

"The timing, what's going on through our country, is of real concern," Sheriff Hart said at a press conference yesterday.

Threats, weapons on campuses and rumors of violence have sparked alarm at other schools across the country. On Wednesday, six students at Pikesville High School in Baltimore County suffered minor injuries after being hit with shots from a pellet gun.

In Culpeper County, Mrs. McKenna said school officials likely would have made the decision to shut down the system even without the surge in school shootings.

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"Even without all the recent episodes of school violence, we would have taken this threat seriously," she said. "I think the same determination would have been made."

Feds Name Web Site For Slain UND Student (AP)

AP, October 6, 2006

WASHINGTON -- A national sex offender database has been named for a slain University of North Dakota student whose mother worked for a new law to protect against child predators.

The Justice Department on Thursday announced the designation of the Dru Sjodin National Sex Offender Public Web Site. The site provides information about sex offenders throughout the country.

Sjodin's mother, Linda Walker, spent the last two years persuading lawmakers to pass the bill that includes the database. That portion of the bill is known as "Dru's Law."

The Web site can be found at http://www.nsopr.gov.

Alfonso Rodriguez Jr., a convicted sex offender from Crookston, Minn., was found guilty in federal court of kidnapping resulting in Sjodin's death. A jury sentenced him to death last month.

Walker said after the trial that "Dru's Law" is a step in the right direction, but more work needs to be done to protect women and children.

"I think it has to stay in the forefront of our nation's agenda," she said.

Push On For Statewide Strategy On Gangs (MANUL)

By Stephen Beale

Manchester (NH) Union Leader, October 6, 2006

Bedford – New Hampshire law enforcement officials said yesterday they want a statewide plan to combat gang activity before it becomes a serious problem in the state.

"There's a little here and we're trying to address it before it becomes worse," said Thomas Colantuono, the U.S. Attorney for New Hampshire.

His office and the Department of Health and Human Services hosted the first state conference on gang prevention yesterday at the Wayfarer Conference Center in Bedford that drew about 300 law enforcement officials from across New Hampshire to hear talks on strategies they can use to clamp down on gangs.

Colantuono said that most gang activity is concentrated in cities like Manchester and Nashua, but it is popping up in other communities such as Dover, Rochester, Salem, and the Seacoast in the summer. He said the problem has been steadily increasing during the several years that he has been U.S. Attorney.

"What we hope will come out of today is the beginnings of a state strategy," Colantuono said.

That strategy will be a broad-based approach that will include law enforcement officials, community groups, and social services, said Clyde Garrigan, an assistant U.S. Attorney in New Hampshire.

"It is a wide-ranging effort to reduce gang violence," Garrigan said. "Simply prosecuting people, simply arresting people isn't a long-term solution." Community organizations, officials at the conference said, can help reduce the appeal of gangs to youths, while effective social services can remove many of the economic incentives that drive them to organized crime.

Garrigan is the state coordinator for Project Safe Neighborhoods, a $1.5-billion federal program created in 2001 that targets gun crime and emphasizes community outreach efforts.

On Feb. 15, U.S. Attorney General Alberto Gonzales launched a new nationwide initiative specifically targeted at gang violence, known as Gang Reduction Through Investigation and Prosecution, or Operation GRIP. Garrigan said that Project Safe would be spearheading the effort in New Hampshire.

"We're trying to get ahead of the problem-nip it in the bud, so to speak," Garrigan said.

The conference yesterday featured experts from the U.S. Department of Justice, the Federal Bureau of Investigation, and other agencies who spoke about gang culture and strategies other cities and states have used against the problem.

"I think it's opening up a lot of eyes among everybody here," Colantuono said of the conference.

Suit Says Neighborhood's Boom Was Built On Mortgage Fraud (NYT)

By Vikas Bajaj And Julie Creswell

The New York Times, October 6, 2006

Even by the frothy standards of the housing boom, it was a great deal.

On May 18, 2005, a small Indiana company bought 184 duplex homes in a down-and-out neighborhood in northeast Indianapolis for an average price of $50,000 each.

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Less than a month later, the company, Land Economics, began selling the properties, which were built mostly in the 1940's, for $120,000 apiece to church secretaries, truckers, retirees and factory workers — sometimes as many as three a day to a single individual — all of them 577 miles away in Martinsville, Va. As recently as September 2004, homes in this neighborhood sold in a range of $20,000 to $65,000.

Amid the boom, those details hardly seemed to matter.

A week after the details of those suspicious transactions emerged — and the accusations by lenders and borrowers that they had been defrauded — federal investigators are still trying to sort out the scope of what some are describing as one of the largest cases of mortgage fraud in recent years. Countrywide Financial, which bought the Indianapolis loans soon after they were written, has filed a lawsuit seeking damages from Land Economics, its principals and others involved in the deals. .

The Indianapolis situation may prove to be the most vivid example yet of how the boom in housing has provided fertile ground for mortgage fraud, industry experts and regulators say. Rising home prices served as cover for quick-flip plans and an easy hook to recruit investors.

And the boom created incentives for the mortgage industry not to look too closely. As the appetite for home loans soared on Main Street and Wall Street, the industry came to increasingly rely on networks of independent mortgage brokers, appraisers and other officials to keep the lending assembly line well supplied. All had incentives to minimize hold-ups.

"If the deal doesn't go through, nobody gets paid," said Bill Matthews, a senior vice president at the Conference of State Bank Supervisors.

Still, the apparent inability of lenders to spot suspicious transactions is puzzling to some. Information about the value of the homes and the borrowers' modest financial positions could have been easily discovered had someone sought the information.

William A. Birkle, a county assessor in Indianapolis, caught wind of the home sales in the northeast neighborhood, Windsor Village, when a fraud analyst at Wells Fargo Home Mortgage called last year to ask him about them. When Mr. Birkle started looking into the transactions he was flabbergasted at the sales prices.

"It's just the worst neighborhood in my township," he said. "At one point in time, the police barricaded the neighborhood with concrete so there was only one way in and one way out so they could control the drug trade."

The mortgage industry has access to extensive property databases and sophisticated computer models that can flag potentially fraudulent loans.

Industry experts say databases can sometimes provide contradictory information. But they believe that the larger problem is that companies too often rely on the representations of mortgage brokers or correspondent bankers without seeking independent verification.

"It's symptomatic of a faceless origination process," said Arthur J. Prieston, chairman of the Prieston Group, a consulting and insurance firm that specializes in mortgage fraud. "As the industry has matured, we don't have the situation where you walk into the bank and the banker knows you and your family and where you work."

Countrywide, the nation's biggest mortgage lender, disputes that it did not do enough to detect any problems earlier, noting that the bank that originated the loans, People's Choice, was contractually obligated to vet and check the loans.

"Countrywide is a victim in this case," the company said. "We have a zero-tolerance policy against fraud, and dedicate considerable resources toward identifying and investigating possible incidents through our systems, technology and fraud investigation unit."

The system employed by Countrywide and other lenders has undoubtedly delivered a number of benefits by creating new kinds of mortgages, expanding access to credit for minorities and providing a boost to the national economy.

But the benefits have been accompanied by a growing amount of fraud, forcing state and federal regulators to scramble to get ahead of it. The Federal Bureau of Investigation estimates that mortgage fraud totaled $1 billion in 2005, up from $429 million in 2004 but still a tiny fraction of the $3 trillion mortgage business.

In April, the New York attorney general, Eliot Spitzer, announced the indictment of eight people accused of involvement in mortgage fraud that he said cost banks as much as $200 million during the five years the ring operated, primarily in Brooklyn and Queens and in Suffolk County on Long Island. In Atlanta, Chalana McFarland was sentenced last year to 30 years for a flipping operation that netted $20 million from 1999 to 2002.

The most profitable schemes are run by well-coordinated groups and include mortgage brokers, appraisers, real estate brokers and title agents. They require several things: unwitting borrowers, inflated property appraisals and lax oversight.

The person accused in the Countrywide lawsuit of being the mastermind behind the Indiana real estate scheme is Robert Penn, who, with his wife, Tamara Penn, operated a number of real estate holding companies, including Land Economics.

Though estimates vary, people with knowledge of the accusations say the scheme involved at least $40 million in loans, and possibly twice that amount. At least one other mortgage company may have suffered losses in the suspected fraud, which also involved more expensive homes in suburban Indianapolis.

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Investors were lured in by a pair of Martinsville residents: Mr. Penn's mother, Beulah Penn, and his sister Sharon Penn. The two encouraged people to participate in what they called a real estate investment club, rushing them through the paperwork and telling them that they were signing loan applications.

The deals have left the borrowers with large debts and potential indelible marks on their credit histories.

Their applications were forwarded to another couple, Robert and Amy Pollard, who worked as loan officers and processors for People's Choice, a unit of People's Trust Mortgage in Kentucky, the lawsuit says.

As a "correspondent" banker, People's Choice made loans using standards and practices prescribed by Countrywide in hopes of selling them to the larger company. At the height of the housing boom, correspondent institutions generated up to 40 percent of Countrywide's loans; they now account for about 35 percent.

In the lawsuit, Countrywide asserts that the Pollards did not follow its underwriting practices. Borrowers were said to have significant bank account balances when in fact, those assets belonged to a company controlled by an associate of Mr. Penn, Countrywide's lawsuit says.

Mr. Penn also relied on appraisers to provide inflated property assessments and title agents to sanction and execute fund transfers, according to the lawsuit.

The Countrywide suit asserts that the company was defrauded of the difference between the true value of the homes and the inflated prices at which the loans were taken out.

In a court filing in mid-September, the Pollards, who declined to comment, denied Countrywide's accusations. Calls to Mr. Penn and his lawyer were not returned.

Douglas Grothjan, who worked at another People's Choice office until 2003, said the company did not monitor or audit branch operations. The company's chief executive, Jerry Connor, could not be reached for comment.

"It should have been mandatory that you take 10 percent of the loans and completely reverify them, order a credit report from a different bureau, an appraisal from a different company, send documentation to the people again," Mr. Grothjan said. "Good brokers do that. Jerry just churned out loans and people."

Most of the homes in Windsor Village were built for sailors and soldiers returning from World War II. The neighborhood is anchored by a former naval air installation that is now home to Raytheon, the military contractor. The neighborhood has a median household income of $27,000, and residents there owned only about 40 percent of its homes, according to the 2000 census.

Mr. Birkle, the assessor for the area, said he had given records for suspicious sales to the Marion County prosecutor's office, which referred questions to the United States attorney's office in Indianapolis. Officials with a federal mortgage fraud task force declined to comment.

As Mr. Birkle remembers it, the local prosecutor felt "we don't have a victim here."

"We didn't have these people from out of town saying, 'We were defrauded'; we didn't have the mortgage company saying, 'We were defrauded.' "

Another mortgage company, Argent, has said that it, too, bought loans in which Mr. Penn and his associates were involved. But it would not say how many it had acquired or when it had become aware of problems with the loans. "We are aggressively pursuing criminal and civil actions," said Chris Orlando, an Argent spokesman.

Mr. Matthews of the state bank supervisors's group said regulators and law enforcement officials deserve some blame for not tightening licensing requirements and pursuing fraud more aggressively. This week, his group and other state regulators said they would establish national standards for registering mortgage brokers, bankers and others.

"Crimes by the pen get a whole lot lighter treatment than crimes with a gun," he said.

Two Indicted In Alleged Walter Reed Kickback Scheme (WP)

By Ernesto Londoã±o

The Washington Post, October 6, 2006

A former civilian employee at Walter Reed Army Medical Center and a Silver Spring man who did business with the center have been charged in a kickback scheme, according to a federal indictment unsealed yesterday.

The two-count indictment, handed up in federal court in Greenbelt, alleges that from 1999 to 2004, then-contract specialist Kevin R. Roach was paid to give preferential treatment to bids that Louis Pisani Jr. submitted for two companies. Typically, Pisani paid Roach about 10 percent of the value of the work the companies performed at Walter Reed, authorities said.

One of Pisani's companies, Platinum Contractors Inc., in Silver Spring, received a contract in 1999 worth more than $205,000 to do landscaping at Walter Reed, in the District. The other, Home Sweet Home Moving and Storage Inc., in Hyattsville, was awarded a $16,800 contract in 2001 to move office furniture.

Roach, 45, of Fredericksburg, received kickbacks in connection with other contracts as well, according to the indictment.

Pisani, 40, also sought to unlawfully influence Roach in an effort to win a contract worth as much as $1.2 million, prosecutors said.

Roach was paid in cash and checks and through the use of a Ford F-150 truck, according to the indictment.

Prosecutors are trying to seize $211,296 from the defendants, who are charged with conspiracy to defraud the government and obstruction of agency proceedings. The men face the second charge because they lied to Army investigators about the payments, authorities said.

Attempts to reach the two men at home last night were unsuccessful.

Pisani's business partner at Home Sweet Home, Leon L. Krachyna, is described in the indictment as a conspirator, but he has not been charged in the case. He was convicted of four types of deceptive practices in Montgomery County District Court in 2003, according to the county Office of Consumer Protection.

Whitey Panel Asks: Did Billy Help Brother After Flight (BOSH)

By Laurel J. Sweet, Howie Carr And Peter Gelzinis

Boston Herald, October 6, 2006

Former state Senate President William M. Bulger is caught up in an investigation into why a Senate court officer lied to a federal grand jury probing the 1995 flight of James "Whitey" Bulger.

In a fight that reached the U.S. Supreme Court, sources tell the Herald, prosecutors are actively pursuing whether William Bulger knows anything about a suspected support network that was meant to keep his fugitive brother in money and in "real-time information" about the manhunt for him.

Senate court officer Paul Dooley, Bulger's onetime State House aide-de-camp and campaign worker, has already recanted his false testimony before a federal grand jury, according to sources and court documents. It is unknown what Dooley specifically lied about.

According to court documents, attorney Thomas Finnerty, Bulger's ex-law partner and counsel to both Bulger and Dooley, "directed (Dooley) to commit perjury in testifying before the grand jury."

But it was Finnerty's refusal before a grand jury to tell prosecutors about attorney-client conversations he may have had with Bulger, 72, prior to giving Dooley the illegal guidance in the late 1990s that launched a legal war after the First Circuit Appeals Court ruled last year that Finnerty's communications with Bulger would not be protected in this case.

In his decision to uphold a 2004 U.S. District Court ruling compelling Finnerty to testify, Appeals Court Chief Judge Michael Boudin said, "Learning of the perjury, the government is now investigating the possible involvement of others with that perjury and with other possible crimes."

What Finnerty, a former Plymouth County district attorney, may recall about events surrounding Dooley's grand jury testimony "are matters assuredly of interest to (Bulger), given government suspicions of him," Boudin wrote. He noted, "The compelled testimony of (Finnerty) or other evidence could turn out to vindicate (Bulger) entirely and inculpate someone or no one else."

The attorney-client privilege may be pierced, Boudin explained, "where the client sought or employed legal representation in order to commit or facilitate a crime or fraud."

Boudin found reasonable cause to pierce the privilege between Finnerty and Bulger, while expressly making no finding that Bulger acted wrongfully.

In his failed petition for review to the Supreme Court - where justices earlier this year refused to get involved - Bulger's legal team argued, "The government's ultimate proposition - that (Bulger) used the privileged communications between himself and (Finnerty) to further a crime - could only be arrived at by piling inference upon inference."

It is unknown if Finnerty has broken his silence for prosecutors. He has not been indicted for telling Dooley to lie before the grand jury, an act Boudin called "corrupt." The South Boston resident continues to practice law.

Niles Mayor Indicted In Kickback Scheme (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, October 6, 2006

Nearly four months after his arrest on corruption charges, longtime Niles Mayor Nicholas Blase was indicted Thursday in federal court for allegedly forcing village businesses to buy insurance from one of his friends.

The kickback scheme involved more than $420,000 in bribes, authorities disclosed.

Two others who were connected to the insurance agency were also indicted, and both are cooperating with authorities against the mayor and expect to plead guilty, U.S. Atty. Patrick Fitzgerald announced.

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The indictment contained few new details beyond what had been disclosed in the initial charges in June when the mayor was arrested on his 79th birthday at his home in front of his family.

Blase, who has been mayor of the northwest suburb for 45 years, was charged with steering local business owners to buy insurance from Ralph Weiner & Associates in return for kickbacks from the agency for more than 30 years.

The indictment also charged Steven Weiner, 53, president of the insurance agency. Paul Zdon, 61, an employee, was implicated for the first time Thursday.

Weiner's lawyer, Jeffrey Steinback, confirmed that his client is cooperating and expects to plead guilty. Zdon's lawyer, Joseph DiNatale, said he expects his client to plead guilty and that he too has been cooperating with authorities.

Blase's lawyer, Harvey Silets, said the mayor intends to fight the charges and expects to be vindicated.

He plans to remain in office, Silets said.

Blase allegedly acted to benefit the Niles businesses that purchased their insurance through the Weiner agency.

The charges allege that the kickback scheme originated with Weiner's father, Ralph, a close friend of the mayor's, and after the father's death in 2005, Steven Weiner began delivering the monthly kickback checks to Blase.

The Weiner agency allegedly gave secretly about 25 percent of its commissions from the Niles businesses to a shell company controlled by Blase.

The charges allege that Blase, who is an attorney, used the $421,450 in bribes to pay the salaries of two employees at his law firm.

When one of the employees cut back his work schedule, Blase instructed him to share the kickbacks with a Blase relative who was an attorney at Blase's firm.

The indictment charged Blase and Weiner with five counts of mail fraud each. Zdon was indicted on three counts of mail fraud.

According to court papers obtained by the Tribune, Zdon had been secretly tape-recorded by an insider at the insurance agency who cooperated with authorities early in the investigation.

mo'connor@tribune.com

Niles Mayor Indicted In Insurance Scheme (BVND)

The Belleville News Democrat, October 6, 2006

CHICAGO - Four months after his arrest on corruption charges, the mayor of Niles was indicted in federal court Thursday for allegedly coercing businesses in this northwest suburb to buy insurance from his friend.

Mayor Nicholas B. Blase, 79, is charged with leading local business owners to purchase insurance from Ralph Weiner & Associates in exchange for kickbacks from the agency. Blase, who has been mayor of Niles for 45 years, was arrested in June.

The scheme, run over the last 30 years, involved more than $420,000 in bribes, according to authorities.

Two other men with ties to the insurance agency also were indicted.

Both the agency's president Steven Weiner, 53, and employee Paul Zdon, 61, are cooperating with authorities and are expected to plead guilty, according to the U.S. Attorney Patrick Fitzgerald.

Weiner's lawyer, Jeffrey Steinback, and Zdon's lawyer, Joseph DiNatale, confirmed in a story posted on the Chicago Tribune's Web site that their clients are cooperating and expect to plead guilty.

Harvey Silets, Blase's lawyer, said the mayor plans to fight the charges and remain in office.

Niles Mayor Indicted On Fraud Charges (CBB)

Crain's Chicago Business, October 6, 2006

(Crain's) — Niles Mayor Nicholas Blase was indicted Thursday on corruption charges, accused of accepting bribes and kickbacks from an insurance agency in exchange for using his position to steer business to the company.

A federal grand jury indicted Mr. Blase, 78, on five counts of mail fraud, according to a statement from the U.S. attorney for the Northern District of Illinois. He had been first arrested and charged in June.

Mr. Blase's lawyer, Harvey Silets of Chicago law firm Katten Muchin Rosenman LLP, said Mr. Blase "feels the charges are unjustified and he will be vindicated."

The grand jury also indicted Steven Weiner, president of Ralph Weiner & Associates of Wheeling, and Paul Zdon, a state-licensed insurance producer with the agency, on charges of mail fraud.

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Messrs. Weiner and Zdon are cooperating with the government and are expected to plead guilty, the statement said.

The statement says that according to the indictment, Mr. Blase used his post as mayor to directly and indirectly steer Niles businesses to buy insurance from Ralph Weiner & Associates.

In exchange, according to the statement, Ralph Weiner and later Steven Weiner paid about 25% of the commissions from Niles customers to a shell corporation controlled by Mr. Blase called SMP Insurance Services Inc.

From 1997 to 2006, Ralph and Steve Weiner made and caused payments to SMP of about $421,450, according to the statement. (Ralph Weiner has died.)

The statement says that "as part of the fraud scheme, Blase allegedly took, and failed to take, actions in his capacity as mayor to benefit the interests of Niles businesses that purchased their insurance through the Weiner agency. Blase allegedly provided material information to Ralph and Steven Weiner and Zdon concerning the village's regulation of Niles businesses, and they, in turn, touted their ability to provide access to and receive favors from Blase to potential and existing insurance clients to advance their solicitation and sale of insurance."

Mr. Blase has been mayor of Niles since being first elected in 1961. He also is an attorney, running the law offices Nicholas B. Blase Ltd. in Niles, according to the statement.

A person who answered the phone at Ralph Weiner & Associates' offices referred questions for Mr. Weiner to his attorney, who did not immediately return a call. The person declined to take a message for Mr. Zdon.

$1,500 Check For Governor's Daughter Stirring Controversy In Illinois Race (AP)

AP, October 6, 2006

CHICAGO - For months, Gov. Rod Blagojevich has been fending off accusations he bungled government programs and awarded jobs and contracts to contributors and cronies. But suddenly, one issue has cut through the clutter: a $1,500 gift to one of his daughters.

The check came from a lifelong Blagojevich friend, and it arrived soon after the friend's wife got a state job.

The governor has said he is unsure whether it was a birthday gift for one daughter or a christening gift for another, but he insisted it had no connection to the job. At the same time, he acknowledged asking his chief of staff to help the woman.

With just weeks to go before Election Day, the $1,500 check has gotten voters' attention in a way some of the other allegations - involving audits, contracts and bureaucratic procedure - haven't.

"People think, 'My kid never got $1,500; there must be something wrong here,'" said Cindi Canary, executive director of the Illinois Campaign for Political Reform.

Blagojevich, a Democrat running for a second term, got elected four years ago as a reformer promising to clean up state government, but his administration has been mired in controversy for doling out jobs and contracts to the politically connected.

The race is playing out against a backdrop of political corruption, with convictions at Chicago's City Hall, an FBI raid on Cook County's government offices and the recent sentencing of Blagojevich's predecessor, Republican Gov. George Ryan, to more than six years in prison for graft.

Blagojevich's GOP opponent, Judy Baar Topinka, is using the $1,500 check to paint him as corrupt. She is running an ad that shows Blagojevich fumbling to answer questions about the money. And at a recent debate, her supporters held up huge, fake checks and shouted, "Hooray for birthdays!"

While it is not illegal in itself for Blagojevich's family to accept a gift from a friend, it would be if the money was a thank-you for the new job.

The governor's office initially said the check was a gift for his older daughter, Amy, on her seventh birthday in 2003. Blagojevich later told reporters it might have been a gift for his younger daughter, Annie, who was christened about the same time.

Blagojevich said there is nothing odd about his close friend Michael Ascaridis giving such a large gift. At the same time, pleading a faulty memory, he would not say whether Ascaridis has given similar gifts in the past.

Ascaridis has told the Chicago Tribune, which first reported the gift Sept. 10, that the money had no connection to his wife's new state job.

Still, the notion of a $1,500 check for a child seems fishy to some voters.

"You can go buy her something, or a gift card or whatever," said Matthew Sardo, owner of a Chicago comic book shop.

Chicagoan Robert Douglas said he doesn't believe Blagojevich, especially given Illinois' tawdry history of political corruption. [continue]

Jeanine Up Creek On Boat? (NYDN)

By Greg B. Smith, Daily News Staff Writer

New York Daily News, October 6, 2006

There's no trace of a love boat in Jeanine Pirro's financial disclosure forms, but there are plenty of signs of her troublesome husband, Albert.

Federal prosecutors subpoenaed Pirro's disclosure forms to make sure she didn't claim ownership of the infamous boat, sources familiar with the ongoing FBI probe said.

Pirro was caught on tape discussing with disgraced ex-NYPD Commissioner Bernard Kerik about planting a bug in the 26-foot "family boat" to catch her husband fooling around in the summer of 2005.

The boat - named Cristine, after the couple's daughter - is in her husband's name, but her lawyer, Paul Shechtman, says it's really co-owned as marital property.

If the boat was technically not her property, investigators theorized that it could bolster their case that onboard intercepted conversations would be illegal - a contention that Shechtman disputes.

Prosecutors sought the financial disclosure records Pirro filed from 1998 to 2005 when she was Westchester County district attorney.

A review of the records obtained under the Freedom of Information Act showed no sign of the boat being owned by Jeanine or Albert Pirro. In fact, there was no evidence of the boat at all.

"I wouldn't have thought it would take a subpoena for financial disclosure records to know that the boat is in his name," Shechtman said.

Shechtman contends that Manhattan U.S. Attorney Michael Garcia's investigation appears to be focused solely on the discussion about planting the bug.

While the boat wasn't in the records, Pirro's financial ties to her husband showed up in numerous ways - even though she repeatedly says "I'm my own woman," and began filing income tax independently of her husband after Albert Pirro's 2000 conviction on tax fraud charges.

Pirro continued to co-own several properties with him, including a second home in Palm Beach, Fla., and vacant land in Coral Gables, Fla.

She and her husband also have co-owned a time share at an exclusive Marriott resort in Palm Desert, Calif., since 1987.

There's no mention of this on her disclosure forms until 2004. Pirro's campaign spokesman, John Gallagher, said Pirro was not required to show it, but decided to go "above and beyond" what the law requires.

A law firm that employed her husband also helped out in March 2002 when Jeanine Pirro tried her hand as an entrepreneur. She opened up JP Styles Inc., a distributor of homemade jewelry she designed.

The law firm Collier, Halpern, Newberg, Nolletti & Bock handled the incorporation. On her 2003 forms, Pirro noted that her spouse received income from Collier, Halpern. She described the nature of his work as "miscellaneous."

At the time, Albert Pirro's law license was suspended due to his tax conviction. His lawyer, Philip Halpern of Collier, Halpern, did not respond to questions about the nature of Pirro's work for the firm.

Police Search For Suspect In Shooting Of Two Sheriff's Deputies And A Police Dog. (AP)

By ANGELA K. BROWN

AP, October 6, 2006

(AP) A former nurse was sentenced Thursday to life in prison on charges that she killed 10 hospital patients with drug injections because she found them too demanding.

Vickie Dawn Jackson, 40, pleaded no contest on Wednesday and was sentenced after prosecutors presented their evidence to a judge.

Investigators believe Jackson injected the patients through their intravenous lines with a drug normally used to temporarily stop breathing when doctors insert a breathing tube.

FBI agent David Burns testified that the patients had been hospitalized for minor ailments _ including a foot sore, diarrhea or dementia _ and were about to be released.

"In general, they were the kind of patients who needed more care," Burns said at the sentencing. "I think that's probably why. They're verbose. They want this. They're thirsty. It seemed to make her angry."

Authorities became suspicious after nearly two dozen deaths were reported at Nocona General Hospital in late 2000 and early 2001, a stretch of time when the hospital should have seen only five to 10 deaths.

Authorities discovered at least 20 vials of the drug were missing. And officers searching garbage at Jackson's home found a syringe that contained traces of it, Burns said.

Jackson's attorney, Bruce Martin, said Jackson maintained her innocence and pleaded no contest to avoid a trial so her daughter would not be called to testify.

In a statement issued through her attorney, Jackson said she was "sympathetic to the families of the deceased" and "acutely aware that closure for them is necessary, if, indeed, closure can ever come for them."

John Fitch, whose grandmother Dorothy Vanderburg was 79 when she died, said Jackson had taken "the easy way out."

"I wonder if this is your twisted way of thumbing your nose at those of us you have hurt," Fitch said in court. "May (God) have mercy on your soul."

Prosecutors did not seek the death penalty, meaning Jackson would have been sentenced to life in prison if convicted by a jury.

The case was moved from Nocona, 90 miles northwest of Dallas, to this West Texas town because of publicity surrounding the deaths.

Former Newspaper Editor Pleads Guilty To Child Porn (AP)

AP, October 6, 2006

NEW ORLEANS -- The former managing editor of a LaPlace weekly newspaper faces up to 20 years in prison, a $250,000 fine and a lifetime of supervised probation after pleading guilty to two federal counts of possessing child pornography.

Five years is the minimum sentence for the charges to which Leonard Gray, 52, pleaded guilty, U.S. Attorney Jim Letten said Wednesday.

Gray, who worked for L'Observateur, was arrested when he showed up for what he thought would be a sexual encounter with a 16-year-old girl with whom he had exchanged instant messages over the Internet. The girl turned out to be an FBI agent.

Agents used that arrest to get a search warrant for Gray's Waggaman home and computer, where they said they found numerous images of children being sexually victimized.

Letten said Gray, who also worked for The Herald-Guide newspaper in St. Charles Parish, pleaded guilty Wednesday.

FBI To Probe Cissy Stuart Death (TTNJ)

By Kevin Shea

Trenton Times (NJ), October 6, 2006

The FBI has joined the investigation into the 1989 killing of Princeton Borough matriarch Emily "Cissy" Stuart, one of Mercer County's most notorious unsolved murders.

The agency has assigned to the case a top agent, Special Agent John Mulligan, a 19-year veteran and seasoned homicide investiga tor who was the bureau's lead agent probing the murder of Daniel Pearl, The Wall Street Journal reporter who was kidnapped and killed in Pakistan in 2002.

Forensic specialists in Quantico, Va., are examining evidence gathered from the home of the 74-year-old socialite using modern technology, profilers are analyzing the case and agents plan to start reinterviewing witnesses and sus pects.

The entry of the FBI into the Stuart probe is a major step for ward for the investigation, said Borough Police Chief Anthony Fe derico.

Bill Evanina, special agent in charge of the Trenton FBI, said the bureau has resources that simply were not available to borough police and the Mercer County Prosecutor's Office the past 17 years.

"We believe we have solid ave nues to pursue in the investiga tion," Evanina said.

The killing of Stuart has baffled investigators since she was found stabbed in the back in the basement of her Mercer Street home on April 4, 1989.

The crime sent a shockwave through the Ivy League town and brought intense media attention. Stuart was active with the Trinity Episcopal Church across the street from her home, was popular in Princeton social circles, and was still active with the Town Topics, a weekly newspaper her husband, Donald Stuart, had founded in 1946 and her son Jeb Stuart edited at the time.

The borough has not had a murder since then.

"To solve this unsolved crime, all of the resources of the bureau are available," Evanina said yesterday. He said testing will include DNA analysis, "to see if any poten tially new DNA evidence exists" and the bureau's famed behavioral sciences unit is working the case.

"We have a list of suspects, of which some date back to (1989), and we are going to revisit them as part of the investigation to see if any new suspects or witnesses arise," he said.

While technically a cold case, the investigation into the murder is far from frozen.

Federico reopened the case in January 2003 while a captain and continues to work on it personally. He was the first officer on scene at the Stuart's Mercer Street home the day her body was found. To this day, the chief keeps a wanted posted from the case in his office for motivation.

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In 2004, Federico told The Times, "Things have come up we did not know in '89...Things were discovered in this phase of the investigation that's led us in a direction we had not gone before."

Federico seized an opportunity to enlist the FBI last month when he met Evanina, who was assigned to lead the Trenton office earlier this year, at a meeting of the Mercer County Chiefs of Police Association.

At the Sept. 14 meeting, Eva nina made a presentation about how the Trenton FBI was starting a new violent crimes task force and one of its missions was to work cold case homicides.

Federico perked up, he said yesterday, and approached Evanina after the meeting and told him point blank: "I've got the hottest of the cold cases."

Since then the case has been a hot priority for both agencies, but still a joint endeavor. "We're not taking over the investigation, but we are getting involved to solve a cold case homicide," Evanina said firmly.

"I gladly, gladly, accepted their offer of assistance and hopefully with that partnership we will have a successful conclusion," said Fede rico.

Federico and Evanina declined to discuss the progress of the case in detail but over the years borough police have painted a picture of a sparse crime scene but one that yielded clues.

Stuart was found face down, clothed, stabbed five times across the upper back in a room in her cellar that had been padlocked shut. She was clutching her glasses. No weapons were found and her gardening tools were in neat order.

The door at the top of the basement stairs, in the kitchen, was also locked from the kitchen side with an old skeleton key. Police have theorized that someone familiar with the home locked it.

Investigators believe Stuart was killed two days earlier, April 2, after she was last seen tending to her garden in the rear of her home at about 4 p.m. on an unseasonably warm spring day. Family members searched the home several times from April 2 to the moment she was found, but apparently never went into the basement, police say.

Initially, police investigators fo cused part of their attention on a 22-year-old Haitian immigrant who had been charged with stabbing a Princeton Township woman in her bathtub around the same time. But borough police investigators do not believe any more that he had anything to do with the case.

A reward was posted by the Stuart family that eventually grew to $50,000, but after several years of investigating, which included the use of a linguist and a psychic, police gave back the money in late 1991 and admitted the case was growing cold.

Jeb Stuart sold the Town Topics newspaper in 2001. In 2003, after Federico reopened the probe, Jeb Stuart told The Times he does not speak about the case any more, offering only, "Been there, done that." He could not be reached for comment yesterday.

Emily Stuart also had another son, Charles Stuart, a documentary filmmaker who lived then and now in Massachusetts. He made a film about the unsolved killing, called "My Mother's Murder," that was broadcast on HBO in 1992. He also could not be reached for comment yesterday.

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Case Dismissed Against Ex-JonBenét Suspect (USAT)

By John Ritter

USA Today, October 6, 2006

SAN FRANCISCO — Nearly two months after his arrest as a suspect in one of the USA's most lurid unsolved slayings, John Mark Karr was freed Thursday after prosecutors said they don't have enough evidence to try him on child pornography charges.

Judge Rene Chouteau ordered Karr to be immediately released from jail. He was not in court for the hearing.

Karr was briefly held in the 1996 death of child beauty queen JonBenét Ramsey but was cleared when Boulder, Colo., authorities said in August that DNA tests failed to link him to the crime.

He was extradited to Sonoma County, Calif., last month to face 5-year-old misdemeanor charges of possessing illicit computer images and had been in jail awaiting trial. The sheriff's department admitted it lost original computer evidence, leading to Thursday's dismissal.

The 41-year-old former schoolteacher, who jumped bail in 2001, ended up in Thailand, where he was arrested Aug. 16.

“Hasn't this been a colossal waste of the taxpayers' money,” said Laurie Levenson, a professor at Loyola Law School in Los Angeles.

Levenson says Karr now becomes “a headache” for law enforcement. “What I think everyone recognizes is that this guy on some level is a threat,” she says. “He's a threat, but he's not yet a criminal.”

The apparent mishandling of evidence between Karr's 2001 arrest and his return to California “probably happens more often than people think,” Levenson says. “It's an embarrassment, but it usually doesn't happen in a case under the limelight.”

Karr's lawyers had tried to get the charges thrown out and were asking the judge to bar evidence when prosecutors said they couldn't establish when the child porn images had been downloaded on Karr's computer.

"The impression that we've had all along is that the prosecution had every intention of getting this case to trial, regardless of the evidence," said defense lawyer Robert Amparan. "I am pleasantly surprised by them having done the right thing."

Even if Karr had been convicted of the charges, he likely wouldn't have served any additional time. Prosecutors admitted as much. Karr had spent six months in jail after his 2001 arrest before fleeing.

"We probably will hear from him again in some way or another," Levenson says. "Either the criminal justice system will initiate it or he will."

Thai authorities took him into custody after he wrote e-mails and made telephone calls describing how he was with JonBenét in her home when she died.

"Here's a guy who thrived at the world's attention," Levenson says. "It's very hard for me to believe that he's just going to go back to obscurity."

Judge Dismisses Porn Charges Against Former JonBenet Ramsey Suspect Karr (FINDLAW/AP)

By Kim Curtis, Associated Press Writer

AP, October 6, 2006

(AP) - SANTA ROSA, California-A judge dismissed child pornography charges Thursday against John Mark Karr, the former suspect in the murder of child beauty queen JonBenet Ramsey, after prosecutors said they did not have enough evidence to take the case to trial.

Sonoma County Superior Court Judge Rene Chouteau ordered Karr released immediately, bringing an end to his two-month odyssey in the U.S. criminal justice system after he was extradited from Thailand on suspicion of killing the 6-year-old beauty queen.

Karr, 41, was returned to California last month to face the five-year-old pornography case after DNA evidence cleared him of killing the girl in her Boulder, Colorado, home in 1996.

The misdemeanor pornography case fell apart almost as quickly, as investigators admitted losing vital computer evidence that was seized from Karr in April 2001 when he was working as a substitute teacher in Sonoma and Napa counties.

Defense lawyers tried unsuccessfully to get the charges dismissed and were seeking to have evidence barred from trial when prosecutors said they could not establish when the child porn images had been downloaded on Karr's computer.

"The impression that we've had all along is that the prosecution had every intention of getting this case to trial, regardless of the evidence," said defense lawyer Robert Amparan. "I am pleasantly surprised by them having done the right thing."

Prosecutors acknowledged that if Karr were convicted he would not have served any additional time in jail, because he spent several months behind bars awaiting trial in 2001. They said they were seeking to have him register as a sex offender.

Karr fled the state after being released from jail and had been on the lam until his arrest in Bangkok, which caused a sensation when he told reporters he was with JonBenet when she died.

Karr, who moved to California from Alabama with his wife and three sons, first came to the attention of Sonoma County officials after an informant told authorities about alarming e-mails he had been sending her.

Investigators looked at Karr in connection with the unsolved 1997 murder of 12-year-old Georgia Moses, whose body was found dumped along a highway in Sonoma County, Karr's lawyers said.

The sexually explicit pictures of children were later found during a search of his home, authorities said.

His arrest led school officials to strip him of his teaching credential, and his marriage ended in divorce later that year.

Serial Rapist Preying On Ariz. Reservation (USAT)

By Emily Bazar

USA Today, October 6, 2006

A serial rapist posing as a police officer has attacked at least 11 young women, mostly teenagers, on the Fort Apache Indian Reservation in Arizona.

The rapist, wearing a dark shirt and hat emblazoned with "POLICE," stopped each of the victims as they walked between two housing projects and told them they were under arrest, says Warren Youngman, assistant special agent in charge of the Bureau of Indian Affairs (BIA) office in Phoenix.

He then restrained their hands and "took them to a remote area where he told the victims they were going to be met by a police car," Youngman says.

The assaults all took place between 10 p.m. and 2 a.m. The first was in March. The most recent occurred Sept. 6. All but one of the victims were juveniles, Youngman says.

Collette Altaha, a spokeswoman for the White Mountain Apache Tribe's vice chairwoman, Margaret Baha-Walker, says the attacks have raised fears on the reservation, which is near the New Mexico state line. “A lot of people are doing things differently,” she says. “I know of women who don't go on walks anymore. They're sticking close to home.”

Some parents aren't letting their children go out unless they're in groups or supervised, she says.

When the BIA learned about the attacks from tribal police in August, it created a special task force of police officers and federal agents to investigate, says Chris Chaney, deputy director of BIA's Office of Justice Services. The BIA is offering a $10,000 reward for information leading to an arrest or indictment.

The victims have described the rapist as a Native American man age 20 to 40. Investigators don't know if he belongs to the White Mountain Apache Tribe or if there are other victims who have yet to come forward.

Chaney says Native Americans suffer disproportionately from sexual assault. The rate of rape and sexual assault for the general public is two per 1,000 people, he says. For Native Americans, it's five per 1,000.

Residents of the reservation have become less trusting of police because of the nature of the attacks, Youngman says. “The community is cautious of people identifying themselves as officers,” he says.

Ohio Law Dodges Statute Of Limitations For Sex Crimes (USAT)

By Sharon Coolidge

USA Today, October 6, 2006

CINCINNATI — People who have never been convicted of a sex offense still could end up on a public registry in Ohio.

A law that went into effect in August targets alleged sex offenders who can no longer face charges or be sued because the time allowed for either action — the statute of limitations — has expired.

The new law allows prosecutors, the state's attorney general or alleged victims to seek to put a person on the registry.

Whoever makes the request must try to present enough evidence to convince a judge that the crime was more likely than not to have occurred. If a judge, after hearing testimony and reviewing evidence from both sides, determines that the abuse is likely to have taken place, then the alleged offender must register with the Ohio Attorney General's Internet Civil Registry.

No other state has a civil registry or is even considering one, said Blake Harrison, a policy analyst with the National Conference of State Legislatures.

The law creating the registry was a substitute for a proposed law that would have allowed people to file lawsuits in old cases that otherwise would have been barred by the two-year statute of limitations.

Hamilton County, Ohio, prosecutor Joe Deters is the first to test the new law.

In September, he filed a motion in Hamilton County Common Pleas Court asking that David J. Kelley, a priest who served at St. Therese the Little Flower in Mount Airy, Ohio, be ordered to register with the state's civil registry.

Kelley, who lives in Nashville, is accused of sexually abusing a student at the Ohio church's elementary school in the early 1980s, according to court documents.

“People deserve to know if they live near sexual offenders,” Deters said. “The statute of limitations may have expired, but this allows for notification.”

A hearing is set for Dec. 6. Kelley, who is on administrative leave from the Archdiocese of Cincinnati, could not be reached for comment.

“This raises a lot of questions for me,” said Jonathan Entin, a law professor at Case Western Reserve University who specializes in constitutional law and civil rights issues. “At least in criminal registries, there is some sort of formal determination a person committed a sex offense.”

Survivors Network of those Abused by Priests (SNAP), a group that lobbies for abuse victims' rights, supported the bill that would have extended the statute of limitations because hundreds of people who have claimed priests abused them as children are unable to file lawsuits or pursue criminal charges.

“I don't think it will work, and it won't deter the abuse,” Christy Miller, SNAP's Cincinnati co-leader, said of the new law. “These people won't be financially responsible, and they're not criminally responsible. All that will happen is their name will go on a list that nobody will see because nobody knows about it.”

The registry's creator, state Rep. Bill Seitz, said he knows it is controversial but said it accomplishes the same goal as retroactively extending the statute of limitations.

The Ohio ACLU's legal director, Jeff Gamso, called the civil registry troubling.

“It is a dangerous, troublesome law,” Gamso said. “This is punishment without the protection of a criminal proceeding.”

Jurors Urged To Heed Farmers' Market Witness Accounts (LAT)

By John Spano

DOJ_NMG_0076508

The Los Angeles Times, October 6, 2006

Jurors today were urged to believe dozens of Santa Monica residents who saw George Weller repeatedly turn the wheel, hit the brakes and accelerate as his car plowed through a farmer's market three years ago.

If Weller could see and steer, he could have stopped before killing 10 pedestrians, Deputy Dist. Atty. Ann Ambrose said in closing arguments in Weller's trial for 10 counts of vehicular manslaughter with gross negligence.

The prosecution of Weller, now 89, closed this morning in the courtroom of Los Angeles County Superior Court Judge Michael Johnson.

The defense in the three-week trial contended that the elderly man committed only "pedal error" — hitting the accelerator when he meant to hit the brakes — which caused unexpected acceleration and panic so extreme that he could not reverse course before leaving almost 1,000 feet of carnage along Arizona Avenue.

"The defendant is charged with driving his vehicle in a grossly negligent manner, for whatever reason," Ambrose said. She said the cause — pedal error, or running from a minor accident, as some witnesses testified — is unimportant.

Jurors should determine "what could he do on that day, what did he do on that day and what he failed to do as he drove to that market and through that market in taking the lives of ten victims."

"Whether or not you believe pedal error is the best explanation, it is only an explanation," Ambrose said. "The law doesn't say you can kill 10 people if you did it because you weren't paying attention because you stepped on the wrong pedal."

Ambrose projected large pictures of the dead and dying victims at the death scene, interspersed with the expression, "OOPS!", to reinforce her point that Weller committed a crime.

Defense lawyer Mark Overland was scheduled to close this afternoon, following a taut, well-organized prosecution presentation in which Ambrose urged jurors to trust their neighbors. She suggested that eyewitnesses at the market are more reliable than experts who only studied reports on the incident after the fact.

A total of 68 people were injured at the Santa Monica Farmers' Market in July 2003.

Ambrose liberally quoted a bevy of witnesses who said Weller was intent, calm, unconcerned and dismissive as he stood on the sidewalk after his car came to a stop .

In a statement hours later to police, Weller apologized and expressed concern for the victims, but "his attitude was one of complete indifference," Ambrose argued.

He spoke knowing at least eight persons had died.

"He's relaxed, he laughs, he laughs out loud at different times," Ambrose said. "He says 'those poor, poor people,' but he spends much more time talking about what [epithets] people called him."

"He spent more time reminiscing about the building of the 101 Freeway than he does about the people he left on the street, bloodied."

In a major victory for the prosecution, Johnson ruled that jurors will be allowed to reach a verdict on felony manslaughter, as well as the lesser crime of misdemeanor manslaughter. The former requires a finding of gross negligence, but the latter only common negligence or carelessness.

Only a handful of victims attended the trial in the criminal courts building downtown.

A lawsuit filed by a group of victims suffered a setback last summer when a judge ruled that the city of Santa Monica was not liable for alleged substandard security at the market.

Weller's $500,000 in auto insurance has been made available for victims, as well as more than $5 million in insurance coverage on several other public entities involved in the market's operations at the time of the tragedy.

Time To Judge The System In Domestic Violence (WT)

By Adrienne Washington

The Washington Times, October 6, 2006

"You'd think that after everything that has happened in the county with domestic-violence cases that judges would take a little more time to think about these things more carefully," says an "outraged" Denise C. McCain, executive director of the Family Crisis Center of Prince George's County.

Ms. McCain was reacting to yet another death of a Prince George's County domestic-violence victim, who reportedly sought help from the court system before her boyfriend killed her and then himself this week.

"It's nonstop. It's unbelievable," Ms. McCain said. "I'm completely at a loss for words."

Not really. She found plenty with which to vent.

Ironically, Ms. McCain and Prince George's County State's Attorney Glenn F. Ivey were on their way to appearances Wednesday morning to promote this weekend's public events highlighting Domestic Violence Awareness Month when they were confronted with the latest tragedy.

Jackie M. Lewis, 57, was killed by her boyfriend, Arthur Comer, 57, who then killed himself after calling 911 to come to the home the couple shared in Fort Washington, police reported.

Based on reports about the protective orders she unsuccessfully sought, Miss Lewis had tried to get Comer to leave because she was so frightened for her safety that she couldn't sleep.

As in other highly publicized cases in the county, Miss Lewis sought protective orders that were denied by District Court Judge Crystal D. Mittelstaedt six weeks ago. This plea for help was rejected twice by the judge, who has been on the bench for little more than a year.

Here's the rub: Another judge wrote on the first temporary peace order that he granted in August that Comer was "to be removed from [Miss Lewis'] home immediately." Yesterday, Mr. Ivey said he had not read the orders, but he cautioned against a rush to judgment about Judge Mittelstaedt's ruling. She has not commented publicly.

However, Mr. Ivey suggested that state legislators may want to reconsider changing the legal standards required for issuing protective orders and to find ways to make the judicial process easier for domestic-violence victims and their advocates.

"This is clearly a tragic situation," Mr. Ivey said. "We need to make a careful review to see if things could have been done differently to avoid this." For starters, Mr. Ivey and Ms. McCain agree, more resources should be made available to victims, including someone to help them navigate the system.

To deny the orders and then "send them out in the street without helping them to develop a safety plan is irresponsible," Ms. McCain said.

Domestic-violence incidents in Prince George's, second in the state only to Baltimore, have become such a hot topic that this month's issue of Essence -- a magazine geared primarily to black women -- published "The Secret Shame of Prince George's County."

The article presents a negative portrayal of the county, comparing its designation as the most wealthy enclave of blacks in the country with its high domestic-violence rates.

But Ms. McCain says the county, especially under the leadership of Mr. Ivey, may be a victim of its own efforts to address this issue, which was once swept under the rug.

The increased numbers of domestic-violence calls and cases can be attributed to more victims feeling safe enough now to come forward given the county's initiatives to reduce this problem.

After the brutal death of Ernestine Bunn Dyson, who was killed at her Oxon Hill home in March 2003 in a murder-suicide -- hours after her estranged husband's court appearance on domestic-violence charges -- county officials formed a task force that made recommendations that were put into place to help women and men seeking refuge from volatile relationships.

Mr. Ivey's office now has a prosecutorial unit devoted to domestic-violence cases. The sheriff's department instead of the police department handles all such calls now, and there is a special court to handle cases.

To further their public awareness efforts, Mr. Ivey has enlisted the help of the faith community with this month's Project Safe Sunday campaign, which begins this weekend. With more than 800 churches in the county, the prosecutor is asking them to devote at least one sermon to the topic of domestic violence.

Today, for example, Mr. Ivey and Yvette Cade -- the woman who was badly burned last October when her estranged husband doused her with gasoline and set her on fire -- will discuss domestic violence with a coalition of churches at the First Baptist Church of Glenarden.

Mr. Ivey was so upset by Mrs. Cade's case that he took the rare step of being the co-prosecutor.

Tomorrow morning, Ms. McCain's organization, which provides what little shelter the county offers for abused homeless women, expects about 300 people to participate in its annual 5K walk from their administrative offices at 3601 Taylor St. in Brentwood to the courthouse in Hyattsville.

"We can't keep [domestic violence] behind closed doors anymore," she said.

In view of this week's tragedy in Fort Washington, Ms. McCain expressed concern that cases are still not taken seriously in the criminal justice system. They need to "dig deeper, ask more questions" rather than accept what's presented on the surface, she said.

Most of all, Ms. McCain wants judges held accountable for what happens to domestic-violence victims. Insensitive judges such as Richard A. Palumbo, who was forced into retirement after the Cade case, "don't get it," as Ms. McCain said.

In fairness, at least some judges "get it" some of the time.

But Mr. Ivey acknowledges that throughout the judicial and legislative systems, "We still have work to do."

Ms. McCain asked, "What's it going to take? More women like Jackie Lewis losing their lives?"

For more information about the Family Crisis Center walk, call 301/779-2100 or go to www.familycrisiscenter-pgco.org. For more information about Project Safe Sunday, call 301/952-3933. The national hot line for domestic violence is 800/799-7233.

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CIVIL LAW:

Emergency Medical Settles Probe Of Ambulance Billing (Update1) (BLOOM)

By Cary O'Reilly

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Emergency Medical Services Corp., a supplier of ambulance services in 36 states, agreed to pay $9 million to settle U.S. claims it gave discounts to medical facilities in exchange for referrals.

The settlement relates to allegations that a unit of the Greenwood, Colorado-based company offered discounts to Texas hospitals in exchange for referrals on ambulance transports of patients being discharged, which were billed to Medicare.

The Justice Department sued AMR, accusing it of unlawfully providing the discounted transportation from 1994 through 2001. Under terms of the settlement, AMR will enter into a corporate integrity agreement to prevent such activity in the future.

``Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds,'' said Assistant U.S. Attorney General Peter D. Keisler, in a statement.

The settlement arose out of ``whistleblower'' lawsuits filed in 2000 and 2001 by two former AMR employees, Daniel Block and Adam Wightman. Under the False Claims Act, private individuals or firms can file suit on behalf of the government and may share in the recovery. As a result of today's settlement, the two men will receive $1.62 million.

The incidents investigated at Emergency Medical's American Medical Response unit occurred before 2002 when it was under different ownership, Emergency Medical said in a statement.

``AMR cooperated fully with the government during the course of its inquiry into prior conduct of the company,'' Chief Executive Officer William Sanger said. ``We believe it is in AMR's best interest to put this matter behind us.''

Sanger has been making acquisitions to expand in the markets for ambulance services and emergency room staffing. The company completed the acquisition of Air Ambulance Specialists, a manager of medical transport services on airplanes, in July.

Emergency Medical, which posted net income of $18 million in the six months ended June 30, said it set aside money for the settlement in previous reporting periods. A ``significant portion'' was indemnified by AMR's prior owner, it said.

Shares of Emergency Medical fell 5 cents to $16.40 in composite trading on the New York Stock Exchange. They have risen 25 percent since the company first sold stock in December.

The cases are U.S. ex rel. Block v. Laidlaw Medical Transport, et al. and U.S. ex rel. Wightman v. Laidlaw, Inc., et al., U.S. District Court for the Southern District of Texas (Houston).

Ambulance Provider Pays U.S. To Resolve Allegations (AP)

AP, October 6, 2006

DALLAS — One of the nation's largest ambulance providers is paying the federal government more than $9 million to settle charges that it offered kickbacks to Texas hospitals in exchange for referrals, the Justice Department said Thursday.

Two former employees who raised allegations against the ambulance company will get $1.62 million in the settlement.

The government alleged that Greenwood Village, Colo.-based American Medical Response provided or offered inducements to Texas hospitals in contracts known as "swapping arrangements."

The arrangements gave discounts to the hospitals in exchange for referrals for transporting patients who were being discharged, the Justice Department said. The ambulance rides were billed to Medicare.

"Illegal inducements corrupt the integrity of the Medicare program by freezing out competitors, masking the true costs of services, and misdirecting program funds, among other things," said Assistant Attorney General Peter D. Keisler of the department's civil division.

American Medical Response said it didn't admit wrongdoing and that the company's prior owner agreed to pay "a significant portion" of the settlement.

Chairman and Chief Executive William A. Sanger said the company was pleased to settle the matter and had cooperated with the government.

Shares of American Medical's parent, Emergency Medical Services Corp., fell 5 cents, to $16.40, in trading on the New York Stock Exchange.

Two former employees of the ambulance company will share in the settlement. They filed whistleblower lawsuits in 2000 and 2001.

Under the federal False Claims Act, private individuals or firms can sue on behalf of the government and share in the recovery.

DOJ_NMG_0076511

Tokyo Court Rejects US Appeal For Damages Over Bid-rigging At Base (FINDLAW/AP)

AP, October 6, 2006

(AP) - TOKYO-A Tokyo court on Thursday rejected an appeal by the U.S. government seeking compensation from Japanese companies over the alleged rigging of bids in dozens of construction projects at a U.S. Navy base.

The Tokyo High Court dismissed Washington's appeal against 13 Japanese construction companies, upholding a lower court decision in 2002 that the U.S. government failed to prove the contractors were selected as a result of bid-rigging, a court spokeswoman said on condition of anonymity, citing protocol.

The U.S. government initially filed the lawsuit in 1994 with the Tokyo District Court against 53 Japanese construction companies, demanding 680 million yen (US$5.7 million; â‚¬4.5 million).

Washington accused the companies of inflating costs for nearly 100 construction projects at Atsugi base, southwest of Tokyo, by allegedly rigging bids from 1984 through 1990. The U.S. later dropped its claim against most of the companies after reaching separate settlements.

The Japanese contractors had denied the allegations.

Bid-rigging scandals constantly surface in Japan, which has long been criticized for virtually excluding foreign competitors from public works projects.

In a separate case, another court in July sentenced a Japanese defense official to 18 months in prison and two others to suspended sentences for rigging bids on construction projects at U.S. bases in 2004-2005.

Japan is home to some 50,000 U.S. troops under a bilateral defense pact.

CIVIL RIGHTS:

Disability Rights In The Middle Of Difficult Journey (MINNST)

By Dan Browning, Star Tribune

Minneapolis Star Tribune, October 6, 2006

U.S. Attorney General Alberto Gonzales says disability rights have come a long way, but not nearly far enough.

U.S. Attorney General Alberto Gonzales praised executives attending a Minneapolis conference on disabled workers Thursday for recognizing the skills and marketing opportunities in the disabled community.

The Justice Department is committed to ensuring that everyone has an opportunity to succeed, regardless of "the circumstances of birth or the challenges of life," said Gonzales, who grew up poor in Texas.

Considerable progress has been made since the Americans with Disabilities Act (ADA) was signed in 1990, Gonzales told about 300 people attending the ninth annual conference of the U.S. Business Leadership Network at the Marriott Hotel. "But we are not done by a long shot."

The group promotes best employment practices and job opportunities for workers with disabilities. More than 400 disabled high school and college students attended a career fair Wednesday at the conference center. Gonzales praised company mentors for recognizing a good opportunity.

"You appreciate the business case for tapping into the disability market and bringing on board qualified men and women whose abilities and perspectives will help your businesses succeed," he said.

And he congratulated the students for their fortitude, commitment to excellence and dedication to getting the kind of experience that will help them contribute to the community.

Gonzales said he wanted to remind everyone about the kind of people they were there to help. Justin Tokioka, a 10-year-old, profoundly deaf boy whom everyone calls Pono, played second base on a community baseball team in Lihue, Hawaii.

"Pono had excelled at second base with the assistance of a sign-language interpreter in the dugout," Gonzales said. "But when he traveled to the state all-star's tournament last summer, Pono was told the tournament rules prohibited the team from having an interpreter in the dugout.

"I could tell you from my experience playing baseball as a young boy that even something that might seem so small can make a tremendous difference in a young boy's life," Gonzales said.

The Department of Justice negotiated a settlement in August with Pony Baseball Inc., which has about 3,500 leagues nationwide. Pono played in the all-star tournament this summer, Gonzales said. "He played very well."

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U.S. Gets Agencies To Adapt For Disabled (AP)

By Joshua Freed, Associated Press Writer

AP, October 6, 2006

In nine of every 10 cases, the Justice Department forced government agencies and businesses to comply with federal disability laws during the past five years by using mediation and not imposing penalties.

Attorney General Alberto Gonzales said Thursday that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

Gonzales cited as an example the case of 10-year-old Justin Tokioka, a deaf baseball player from Hawaii who played second base with the help of a sign-language interpreter in the dugout. Justin, nicknamed Pono, was told he could not use a sign-language interpreter during a tournament last year. The youth baseball association running the tournament finally agreed to allow him the use of one.

"I can tell you, from my own experience playing baseball when I was young, that even something that might seem so small can make a tremendous difference in a young boy's life," Gonzales said.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

It is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those include making cuts into sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing test telephone systems for deaf people making 911 calls.

In Hennepin County, Minn., which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependancy treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and hard of hearing in its two jails.

The report did include a few cases in which offenders faced penalties, including one where movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

The carrot-and-stick approach had some wishing for a little more stick, though.

"I think there's room for more enforcement, but I'm very pleased with the cases they have taken," said John Kemp, a Washington lawyer who has worked on disabilities law for more than 30 years and heard Gonzales present his report.

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Family Of Man Killed After Deputy Shooting Wants Investigation (AP)

By Phil Davis, Associated Press Writer

AP, October 6, 2006

The family of a man who killed a Polk County sheriff's deputy and was subsequently riddled with 68 bullets called on Florida Gov. Jeb Bush Thursday to order an independent investigation of the shooting.

Nine SWAT officers fired a total of 110 bullets at 27-year-old Angilo Freeland last week after he fatally shot a Polk County deputy and his dog and wounded another deputy after fleeing from a traffic stop.

"This is not about a lawsuit. Nobody is suing anybody," the family's attorney, Grady Irvin, said at a Thursday afternoon new conference. "What this is all about is this death is uncommon in the means and manner by which Mr. Freeland died - 68 bullet holes. His family just wants to put this issue to rest and they want a search for the truth, that's all."

An Orlando-based civil rights group also on Thursday called on U.S. Attorney Alberto Gonzales to look into the circumstances surrounding Freeland's death.

Irvin said race isn't an issue in the shooting. But he was concerned by Polk County Sheriff's Grady Judd's tough talk to reporters before and after Freeland's death.

"I suspect the only reason 110 rounds was all that was fired was that's all the ammunition they had," Judd said after Freeland's death. "We were not going to take any chance of him shooting back."

Freeland's mother, Janice, and two siblings, Nikki and Corey, stood beside the lawyer in a Tampa law office, but made only brief remarks.

Janice Freeland leaned heavily on a desk as she read a prepared statement.

"On behalf of our family, I would like to publicly express our sympathy for the losses of the families and the people of Polk County have suffered," she said. "We do not condone the killing of anyone. Any wrong committed by my son does not have the blessing of me and my family. All we want is for all questions surrounding why this happened to be answered."

Irvin said the family had not seen Freeland's body, which was picked up from the morgue Thursday, because it was so badly mangled by the bullets.

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"There were bullet holes everywhere," Irvin said, noting one of Freeland's hands was shot off. "They were in his head. In his face. I understand he had perfect teeth. Those were unbelievable when I saw them."

Kristy Campbell, a spokeswoman for Gov. Bush, said the office had not received any request from the Freeland family late Thursday. She said it would be "premature" for the governor to order an investigation while the Polk County Sheriff's Office and the Florida Department of Law Enforcement are still reviewing the shooting.

The Polk County Sheriff's Office declined to comment on the request.

On Sept. 28, Deputy Vernon "Matt" Williams, 39, and his dog were shot while pursuing Freeland, who fled from a traffic stop. Deputy Doug Speirs, also 39, was shot in the leg moments later during an exchange of gunfire with Freeland.

Williams was shot eight times, including one shot fired at close range to his temple and another behind his ear, authorities said. Diogi was shot once.

Freeland also traded shots with Lakeland police officers.

The shootings triggered a massive manhunt with more than 500 officers converging on the area from around the state. The all-night manhunt ended almost 24 hours later when a SWAT team fatally shot Freeland 68 times.

Authorities later said the nine SWAT officers fired a total of 110 rounds at Freeland. He had been hiding under a log not far from where Williams was killed a day earlier.

Williams was mourned by more than 4,500 people at his funeral Tuesday.

Case Goes To Justice Department (WP)

By Nick Miroff, Washington Post Staff Writer

The Washington Post, October 6, 2006

City Targets Latinos in Crowding Enforcement, Complaints Allege

Federal housing officials who claim that a campaign by Manassas against crowded housing has illegally targeted Hispanic families have turned their investigation over to the Justice Department, saying the city has failed to adequately settle complaints.

"We made an extensive effort to resolve the matter, but it was unsuccessful," said Bryan Greene, the deputy assistant secretary for enforcement and programs at the Department of Housing and Urban Development. "We conducted a full investigation and attempted to conciliate with many parties involved, which included many individuals, civil rights groups and the City of Manassas. In the end, conciliation has failed."

The investigation focused on anti-crowding measures initiated by the city over the past two years. Those included a hotline that allowed residents to anonymously file a complaint about neighbors they suspected of violating city ordinances and a measure passed by the City Council in December that essentially banned extended family members from living together by narrowing the legal definition of "family." That ordinance was repealed in January under threats from civil rights groups and concerns about a federal investigation.

Although HUD cannot bring charges against a municipality under the Fair Housing Act, it can forward cases to the Department of Justice for possible litigation if the agency's investigation does not produce an agreement "and provide relief to the aggrieved people," Greene said.

Eleven complaints have been forwarded to the Department of Justice -- eight from Manassas residents, two from civil rights organizations and one from HUD, Greene said. The complaints allege that Manassas has illegally targeted the city's growing Hispanic population for selective enforcement of its zoning laws.

Greene said HUD opened its investigation in January after published reports detailed the city's anti-crowding efforts, which included an enforcement officer who made visits at night to homes and informed residents that aunts, uncles, cousins and other extended family members could not share the same residence, regardless of whether occupancy limits had been exceeded.

Greene said HUD has sent letters to city officials and others involved notifying them of the decision, but city manager Lawrence D. Hughes said officials have yet to receive notification and could not comment.

"We didn't realize conciliation had failed," Hughes said.

"I'm not sure how they draw conclusions like that," he added. "We just need to see what HUD communicates to us and where the process goes from here."

Manassas City Attorney Robert W. Bendall told the city council last week that the investigation had stalled because a changing cast of investigators was going over similar ground and repeating questions. Bendall was unavailable yesterday for comment.

Lawyers who have been monitoring the case said that HUD's decision was a "serious" matter.

"An investigation of this magnitude will certainly get the attention of the [Department of Justice] and means it's more likely that they will proceed with a lawsuit," said Kent Willis, executive director of the American Civil Liberties Union of Virginia, one of the groups that threatened to sue the city after it passed its anti-crowding ordinance.

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"If the judge or jury determines that the City of Manassas conspired to discriminate against Latino families, the punitive damages could be hefty."

Willis added that a federal lawsuit also raised the possibility that individual parties could bring civil suits against the city.

According to HUD, 342 complaints were made to the city's "overcrowding hotline" before the investigation began, and more than half turned up no violations.

Of the 145 calls that resulted in violations, 71 percent involved families with Hispanic surnames, although only 15 percent of the city's population is Hispanic, according to 2000 Census data.

Department of Justice spokeswoman Cynthia Magnuson said the agency would review the case and determine how to proceed but would not comment on the possibility of a federal suit.

EEOC Moves To Stem Decline In Disabled Workforce (WP)

By Stephen Barr

The Washington Post, October 6, 2006

The Equal Employment Opportunity Commission plans to sponsor educational events and seminars aimed at reversing the steady decline in the number of federal employees with severe disabilities.

The agency this week launched a special section on its Web site (http://www.eeoc.gov/initiatives/lead), where announcements and information on federal hiring of the disabled will be posted. The initiative -- Leadership for the Employment of Americans With Disabilities, or LEAD -- will be headed by EEOC Commissioner Christine M. Griffin .

"In order to improve the overall employment rate for people with targeted disabilities, we have to begin with the federal government," Griffin said in a statement. "Congress directed the federal government to set the example for all other employers. Our example needs improvement."

People with severe disabilities have dropped to less than 1 percent of the full-time federal workforce, according to data released by the EEOC in June. Targeted disabilities include blindness, deafness, paralysis, mental retardation, mental illness, convulsive disorders, and distortion of limbs or the spine.

About 10 percent of U.S. residents have a severe disability, according to the Department of Health and Human Services.

From fiscal 2001 to 2005, disabled federal employees left the government at more than twice the rate at which they were hired, the EEOC said.

In fiscal 2005, for example, there were 810 newly hired employees with severe disabilities, while 2,197 severely disabled employees left the government's workforce.

Data suggest that federal employment of the disabled peaked in fiscal 1994, when there were 31,337 such employees in government. By 2005, the number of severely disabled workers had dropped to 24,086, the EEOC said. The federal workforce has remained relatively stable, at about 1.8 million, over the past two decades.

Experts do not know what accounts for the decline, in part because of a lack of research and data. Some suggest that more disabled workers are retiring, as the baby-boom generation leaves the workforce. Some think that federal hiring practices work against the disabled, and some think the private sector has opened more doors to the disabled over the past decade.

The EEOC said LEAD will try to increase awareness among federal hiring officials about the drop-off in employment of the disabled and educate agencies on how to use special rules to bring the disabled on board.

LEAD also will seek to educate job applicants with severe disabilities on how to apply under the special rules.

Focus groups will be set up with federal hiring officials, managers and experts to explore the issue of declining employment of the disabled, the EEOC said.

The 1973 Rehabilitation Act banned discrimination against people with disabilities in federal hiring and required agencies to develop affirmative-action plans to hire and promote more people with disabilities.Retirements

Robert F. Lake , an airspace specialist for the National Guard Bureau, retired Oct. 1 after 30 years of federal service.

Rosemarie Tolson , a technology specialist with the Transportation Department's office of the inspector general, will retire Oct. 13 after 36 years of federal service. She spent 32 years at the State Department in various offices.

Tim Twinam , a program manager and contracting representative for technology at the CIA, retired Sept. 29 after 31 years of federal service.Talk Shows

Mark Maxin and Chris Kuczynski , experts on the 1990 Americans With Disabilities Act and the 1973 Rehabilitation Act, will be the guests on "FEDtalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

David Bowen , chief information officer at the Federal Aviation Administration, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

State Ban On Same-Sex Marriage Upheld (LAT)

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By Maura Dolan
The Los Angeles Times, October 6, 2006

SAN FRANCISCO — A state appeals court today upheld a ban on same-sex marriages, ruling that only the Legislature or voters can change California's traditional definition of marriage.

"Courts simply do not have the authority to create new rights, especially when doing so involves the definition of so fundamental an institution as marriage," Presiding Justice William McGuiness wrote for the majority.

"The time may come when California chooses to expand the definition of marriage to encompass same-sex unions," he added. "That change must come from democratic processes, however, not by judicial fiat."

Justice J. Anthony Kline, in a dissent, complained that the ruling diminished "the humanity of the lesbians and gay men whose rights are defeated."

The ruling is expected to be appealed to the California Supreme Court.

Gay Marriage Dealt Defeat In California (AP-Y)

By Lisa Leff
AP, October 5, 2006

A state appeals court upheld California's ban on gay marriage Thursday, a critical defeat for a movement hungry for a win after similar losses in two other states.

In reversing the March 2005 ruling of a San Francisco trial judge, the 1st District Court of Appeal agreed with the state's attorney general, who argued it is up to the Legislature, not the courts, to change the traditional definition of marriage as a union between a man and a woman.

"We conclude California's historical definition of marriage does not deprive individuals of a vested fundamental right or discriminate against a suspect class," the court said in a 2-1 decision. "The time may come when California chooses to expand the definition of marriage to encompass same-sex unions. That change must come from democratic processes, however, not by judicial fiat."

The justices, in their 128-page opinion, noted that California's ban on same-sex marriage does not discriminate against gays and lesbians because of the state's strong domestic partner law, which gives registered couples most of the same rights as married spouses in California.

The ruling does not guarantee, however, that same-sex couples will not ultimately be able to get married in California. Gay marriage advocates said beforehand that they would appeal to the California Supreme Court if the intermediate court did not decide in their favor.

"Though we are disappointed, we always knew this issue was going to be decided by the California Supreme Court," said Molly McKay, a spokeswoman for Marriage Equality USA. "We believe that the California Supreme Court will enforce the constitutional guarantee of equality under the law and strike down the discriminatory barriers denying same-sex couples access to civil marriage."

Opponents of gay marriage praised the decision.

"This is a victory for the right of the people of California to make fundamental policy decisions through democratic processes," said Monte Stewart, President of the Marriage Law Foundation, a Utah-based group that opposes same-sex marriage. "It is also a victory for society's most consequential social institution, and that is marriage."

In 2004, Massachusetts became the first state to legalize same-sex marriage after gay and lesbian couples in that state successfully sued for the right to wed. In the aftermath of that change, 19 states passed constitutional amendments barring gay marriage. Another 26 have statues limiting marriage to a man and a woman. Connecticut and Vermont allow civil unions.

Advocates of same-sex unions had seen California as one of their best chances to expand their marriage rights after recent high court rulings in New York and Washington state upheld bans in those states.

Thursday's ruling came three months after the appeals court heard six hours of arguments in as many related cases — four of them filed by the city and lawyers for 20 couples seeking the right to wed, and two brought by groups that want to maintain the status quo barring same-sex unions.

The lawsuits arose out of the 2004 same-sex marriage spree that San Francisco Mayor Gavin Newsom ignited when he instructed city officials to issue marriage licenses to gay and lesbian couples. Hundreds of couples from across the country flocked to City Hall to marry, but groups opposed to gay marriage persuaded the state Supreme Court to invalidate the licenses.

"This is a disappointing second round in what we've always known is a three-round fight," San Francisco City Attorney Dennis Herrera said of Thursday's ruling.

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In March 2005, San Francisco Superior Court Judge Richard Kramer ruled that the state's existing marriage laws violated the civil rights of gays and lesbians by denying them "the basic human right to marry a person of one's choice" and by discriminating on the basis of gender and sexual orientation.

Following Kramer's decision, the Legislature last year became the first lawmaking body in the nation to legalize gay marriage. Gov. Arnold Schwarzenegger vetoed the bill, saying it was up to voters or the courts, not lawmakers, to settle the contentious issue.

With a gubernatorial election next month, Thursday's ruling is sure to put the issue squarely back in the state's political arena. The bill's sponsor, Assemblyman Mark Leno, plans to reintroduce the measure to allow gay marriage at the end of the year.

California Court Upholds State's Ban On Same-Sex Marriage (NYT)

By Jesse McKinley

The New York Times, October 6, 2006

SAN FRANCISCO, Oct. 5 — In the latest turn to a long and winding legal fight over same-sex marriage, a California appeals court on Thursday upheld the state's ban against it.

The 2-to-1 decision, which reversed a lower court's finding that the ban violated the California Constitution, said the plaintiffs in the case were asking the courts "to recognize a new right," a step it said only the Legislature or the voters could take.

"Courts simply do not have the authority to create new rights," said the decision, written by Justice William McGuiness, "especially when doing so involves changing the definition of so fundamental an institution as marriage."

Justice J. Anthony Kline dissented, taking issue in part with the majority's contention that because of domestic partnership laws, same-sex couples had rights comparable to those of married heterosexuals.

Domestic partnership and marriage are inherently unequal, Justice Kline said.

Dennis Herrera, the city attorney for San Francisco, said that the decision was a disappointment but that the city and other plaintiffs would appeal to the California Supreme Court.

San Francisco threw one of the first punches in the gay-marriage battle in February 2004, when Mayor Gavin C. Newsom directed the city's clerk to begin issuing marriage licenses for same-sex couples. The move was almost immediately challenged in court.

Those challenges were upheld in 2004 by the State Supreme Court, which said Mr. Newsom had overstepped his authority but which stopped short of ruling on the constitutionality of state marriage laws, including a 2000 ballot measure, Proposition 22, that defined marriage as the union of man and a woman.

A decision on the constitutionality of the laws was not long in coming, however. In April 2005, Judge Richard A. Kramer of San Francisco County Superior Court ruled that limiting marriage to people of the opposite sex impinged on a fundamental right to marry, and declared the ban unconstitutional.

Like previous decisions, Judge Kramer's ruling was immediately appealed. It was this appeal that led to Thursday's decision.

Groups opposed to gay marriage characterized the appellate court's ruling as a "crushing defeat to the same-sex-marriage agenda."

In a statement, Matthew D. Staver, the founder and chairman of Liberty Counsel, which argued the case for an anti-gay-marriage group, said: "The marital union of a man and a woman uniquely fosters responsible procreation, contributes to the continuing well-being of men and women, to society, to children and to the state. Same-sex relationships by definition and nature cannot constitute marriage."

The mood among supporters of a right to same-sex marriage, meanwhile, was still optimistic, despite a series of earlier legal setbacks around the nation, including defeats at the high-court level in New York and Washington State and Gov. Arnold Schwarzenegger's veto of a bill, adopted by the Democratic-controlled Legislature, that would have lifted California's ban.

Jon W. Davidson, legal director of the gay rights group Lambda Legal, said the organization had always believed that the issue was bound for the State Supreme Court.

"Many of these cases around the country have been very close," Mr. Davidson said. "It's hard to know for sure what the California Supreme Court would do, but I think we would get a fair shake there."

Voter ID Laws Target The Vulnerable (USAT)

By Annette Fuentes

USA Today, October 6, 2006

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The Voting Rights Act of 1965 came to life at a time when laws in the Jim Crow South disenfranchised African-Americans. Earlier this year, Congress and President Bush renewed the legislation, and so it will continue to protect the franchise for America's most vulnerable citizens.

But a movement is afoot at the state and federal level that threatens the essence of that law with backdoor approaches to suppress voter participation. Voter ID laws are at the heart of this strategy.

The House just passed a bill to require government-issued photo IDs to vote in the federal election in 2008. The Senate has yet to act on it. At the state level, 24 voter ID laws have been adopted — 13 of them in the past four years.

Voter ID foes argue that these laws affect poor, minority, elderly and young voters who are least likely to possess the kinds of documentation needed to obtain an ID. That includes birth certificates, which many seniors might no longer possess, and driver's licenses, which many without cars don't have.

Proponents of voter ID laws cite fraud in their calls for reform. But how widespread is voter fraud? There is little documentation, but a 2005 study by a commission on election reform headed by former president Jimmy Carter and former secretary of State James Baker offered some evidence. “While election fraud is difficult to measure, it occurs,” the commission said. The report stated that the Justice Department had investigated 180 reports of election fraud since 2002, which resulted in convictions of 52 people for “a variety of election fraud offenses, from vote buying to submitting false voter registration information and voting-related offenses by non-citizens.”

Out of the millions of votes cast in federal elections, that's hardly cause for alarm. Judges in several state courts seem to agree that voter IDs would cause more harm than good. On Sept. 19, a Georgia Superior Court judge tossed out that state's voter ID law as a violation of the state's constitution, which has no such requirement. Five days earlier, a Missouri circuit court judge voided that state's law, saying it placed an unconstitutional burden on voters because the ID wasn't free.

And then there's the issue of the day: immigration reform. Even anti-immigrant sentiment has driven at least some of the voter ID movement. In Arizona, a 2004 law was partially directed at illegal immigrants.

Electoral reforms clearly are needed, and that includes voting machines not vulnerable to tampering or miscounts. But voter ID laws are just a distraction from the real challenges to electoral integrity.

Annette Fuentes is an adjunct professor at the Columbia University Graduate School of Journalism and a member of USA TODAY'S board of contributors.

His Last, Best Cause (WP)

By Darryl Fears

The Washington Post, October 6, 2006

Damu Smith looked handsome in his coffin.

His face, with its high cheekbones and sharp jaw, seemed full again. His hair had a soft sheen, having been freshly oiled and woven into small, braidlike twists by his beautician at the funeral home the night before. His unblemished skin was the brown of a honey graham cracker.

The women who loved him most sat on the wood pews at the front of Plymouth Congregational United Church of Christ, a few steps from where he lay. His sweetheart, Adeleke Foster, lovingly touched his face one last time. His sister, Sylnice Williams, dabbed at tears until her tissue was soaked. His 13-year-old daughter, Asha, stared blankly ahead with sad, dry eyes.

In his final days, as he underwent grueling chemotherapy, Smith said he was fighting for Asha -- "I've got to see the man she marries," he cried. But in the end, he was no match for colorectal cancer -- or his own failure to seek medical treatment.

Smith, 54, like many other black men, died before his time. Black men have a life expectancy of 69 years, six years less than white men and far shorter than men of other ethnic group. They are more than twice as likely to die from cancer as white men, according to the National Cancer Institute, and nine times as likely as white men to die of AIDS. They suffer from lung disease, heart disease, hypertension, stroke, diabetes and other chronic illnesses in disproportionate numbers that alarm health-care professionals.

"From cradle to grave, African Americans have the worst statistics in almost every area of health," said Khan Nedd, founder of the Grand Rapids African American Health Institute in Michigan.

At the funeral, Monique Harden of Louisiana lauded Smith's social activism, crediting him with stopping two major corporations from building chemical plants in historic black communities between Baton Rouge and New Orleans, a stretch of highway nicknamed "Cancer Alley" because of its high cancer mortality rate, possibly caused by emissions belching from chemical refineries there.

But Harden left an important anecdote out of her eulogy. One day in 2001, as she and Smith drove along Cancer Alley, he told her about stabbing pains in his stomach. Harden practically begged him to see a doctor. Smith politely brushed her off. "He

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told me I was right, said that he should do it, the way a person says 'Yeah, right, I should quit smoking,' " Harden recalled days after the funeral.

By the time Smith was tested -- four years after Harden's plea -- it was far too late. Colorectal cancer had developed to its most advanced and lethal stage. Doctors told him there was nothing they could do. They gave him three months to live.

In March, six weeks before his death, Smith had admitted that Harden was right. The pain in his stomach was almost certainly cancer, he said. He should have seen a doctor rather than attribute the cramps to stress.

"Stupid self-diagnosis," he said.

He made this critical self-evaluation seated in one of his favorite restaurants, La Tomate in Dupont Circle, with his elbows on the table near his favorite meal, spaghetti with marinara sauce.

Smith took only a bite or two. He could no longer easily digest food. He would suffer through the night. The day before, during a hospital visit, his doctor gave him grim news about his cancer. Tumors had spread from his colon to his liver and were moving toward his lungs.

Faced with this prognosis, Smith desperately wanted his death to matter as much as his life had. He sipped ginger tea in the low restaurant light and talked to a reporter who he allowed to chronicle the last weeks of his life. It would be his final activist effort. He wanted his story -- this story -- to serve as a cautionary tale, a warning to other black men to seek regular medical care: "Go to the doctor. Get your colon checked. Get a colonoscopy."

Smith knew this warning might be delivered from his grave.

* * *The Father's Story

Sylvester Smith was dying. Colorectal cancer had eaten away his 6-foot-5-inch, 250-pound body until he was practically skin and bone. His son Damu, who rushed home to St. Louis in 1981 to be with him during the last moments of his life, could hardly believe his eyes.

"Man, it was bad," Smith said. "He was in grueling pain."

Growing up in the tough Carr Square Village housing project, Smith idolized his father, one of the city's few black firefighters. At age 5, when Smith answered to his given name, Leroy Wesley, he organized a water-bucket brigade, scurrying around a neighborhood where drugs were sold and fights broke out between rival gangs, so that he could be a good Samaritan like his dad.

When Sylvester divorced Smith's mother, Vernice, father and son grew apart, but they still kept in touch, sharing conversations whenever they could.

On his deathbed, Sylvester was in constant agony, and full of regrets. He wished he had done more to prevent cancer. His diet wasn't as good as it should had been.

His son vowed that he would learn from his father's remorse. He refined his own strict diet, shunning red meat, poultry and dairy products. He embraced clean living, eating organic vegetables, drinking only filtered water. His holistic, vegetarian lifestyle became his health-care plan.

Here and there, acquaintances questioned whether Smith's diet and lifestyle were enough. Cancer is a killer that is known to stalk its victims through the family bloodline, hiding in DNA.

Gail Christopher, an acquaintance of Smith's, talked to him when they both won a free trip to a New Mexico health resort in 1994.

"I learned about his family history and his fear of disease," she said. "He was very afraid of dying, even then, of something horrible."

Smith felt that medicine and drugs were inferior to a carefully constructed diet using natural foods.

Christopher, who went on to become executive director of the Health Policy Institute at the Joint Center for Political and Economic Studies, admired Smith's devotion to pure living, but offered some friendly advice.

"You can't diet cancer away," she said.

* * *Early Warnings

In 2001, Smith felt a twinge of pain in his gut.

He ignored it. There was too much to do; there were too many injustices to fight.

He had been shuttling back and forth between Baton Rouge and New Orleans for almost 10 years. Often, he was so busy that he did not sleep. "I would drive down the road on the Louisiana coast at 3 in the morning, slapping the side of my face, blasting the radio, trying to stay awake," he recalled.

As an organizer for Greenpeace USA, Smith was responsible for rallying residents in Cancer Alley against the Japanese chemical company Shintech and Shell Oil Co. It was one of the few jobs he held that offered medical coverage. Smith could afford to see a doctor to check out the mysterious pains in his gut. But he didn't.

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After Shintech and Shell abandoned their plans to build chemical plants, Smith became a premier black environmentalist. He left Greenpeace and founded the National Black Environmental Justice Network, linking black people to what was virtually an all-white movement. The move also meant he no longer had health insurance.

When the United States invaded Iraq, he started an antiwar group, Black Voices for Peace. He also hosted a talk show on WPFW public radio called "Spirit in Action."

As his stature grew, so did the stomach pains.

"They would come about every six weeks, but when they came, they really came," he said.

One day in Pittsburgh in 2003, as he prepared to deliver a speech to hundreds of people, the pains cut through his soul.

"I leaped up in the air," he said. "They kept coming. I had to act like nothing was happening."

Mindful of the disease that killed their father, Smith's younger brother, Leslie, got a colonoscopy in 2003. Doctors use the procedure to probe deep into the colon, searching for cancerous polyps. It was surprisingly painless, Leslie told his brother. You should get tested.

"He said it only takes you a few minutes, so go ahead and do it," Smith recalled. Once again he brushed off the advice.

"I did get my prostate checked," he said. "I did do that."

The prostate exam was a step forward, but it was a stutter-step.

* * *'I Need to See a Doctor'

By the beginning of 2005, Damu Smith's stomach was tied in knots. When he used the bathroom, he would bleed. He lost his appetite, shed pounds, noticed a reddish tint in his stool.

"I need to see a doctor," he said to himself in February. "Something's wrong."

He scheduled a colonoscopy at Providence Hospital. It cost $760, cash he didn't have.

But, Smith often found money to attend speeches and demonstrations, even those halfway around the world.

In March, he came up with enough money to send himself and a companion, the Rev. Carolyn Boyd, to Israel, where demonstrators planned to protest that nation's treatment of Palestinians. The colonoscopy, he thought, could wait.

"I said just let me go on this trip, and I'll handle it when I come back," Smith recalled.

He barely made the flight. He called Boyd on her cellphone as she sat on the plane at Reagan National Airport. His voice sounded weak on the other end of the line.

"I don't know if I'm going to make it."

But he did, stepping into the cabin at the very last minute, struggling to stand on his own. On the way to his seat, Smith leaned heavily on Boyd.

On a hot, dusty street in Bethlehem, Smith drifted away from the main group of protesters and slumped on a nearby car. The thud of his fall brought people scampering toward him, some praying loudly as he convulsed on the ground.

Smith might have died in the Holy Land if a nurse had not been in the protest group. She shoved candy and other sweets down his throat to raise his blood sugar as an ambulance roared toward them. The source of Smith's stomach pain was discovered by Palestinian doctors.

"They told me Damu had cancer of the rectum, cancer of the liver and cancer of the colon," Boyd said. "They couldn't bear to tell him. They told me to take him home."

Boyd kept quiet as well. She didn't know how to break that kind of news. She thought it would be better for her friend to hear it from doctors in the United States. Boyd relentlessly pressed Smith to get tested when they arrived in Washington.

Smith finally heard the news at Providence Hospital.

"You have Stage IV colon cancer," the examining doctor said. "It doesn't look good."

A second doctor chimed in.

"I know you didn't ask me," he said, "but people with your condition only have about three to six months to live. You should get your things in order. Don't sleep on this."

Smith gritted his teeth, curled himself into a ball on the hospital bed and asked to be alone.

"Why me?" he said in the silent hospital room.

* * *Conventional and Holistic

After his cancer diagnosis in April 2005, Smith embraced all forms of medical treatment.

"I'm now very clear," he said. "You have to use conventional medicine, too. You can't know what's lurking inside of you. I didn't make going to the doctor part of my lifestyle."

Psychologists, sociologists, health-care professionals and economists all proffer reasons why black men shun doctors. They lack insurance. They don't want to be seen as weak. Doctors are insensitive. Fear. Ignorance. Irresponsibility. Racism. Distrust of the medical system born of injustices such as the Tuskegee syphilis experiment, in which, to study the progression of

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the disease, doctors allowed it to grow untreated in mostly illiterate black sharecroppers between 1932 and 1972. In the end, 128 men died of the infection.

In addition to his reliance on his healthful diet, Smith indicated that fear was a factor. "I have to be honest with you, I used to think about going to get a checkup and I'd say to myself, 'I don't want to find out anything bad,' " he told a reporter for the Washington Afro-American three months after his diagnosis.

In his final weeks, Smith would not address the question head-on when anyone dared to ask. As he battled cancer, he did not want to dwell on past mistakes. He used the power of positive thinking to gracefully manage the pain.

But his inner eye wasn't blind. The past played over and over in his head. In a rare moment at La Tomate on a frosty night in March, about six weeks before he died, he shared some of his thoughts.

"It's not that I'm macho, or that I think I'm invincible," Smith said. "I actually thought that living the healthy lifestyle I was living, it would take care of me, help me through everything."

Smith recalled his conversation with Monique Harden in Louisiana five years earlier, almost word for word.

"Had I gone to the doctor when she said . . .," he started to say, but the sentence trailed off.

* * *After 11 Months

It was cold, white and sterile in the boxy examination room at Johns Hopkins Hospital where Smith sat, but he seemed oblivious to his surroundings.

He lifted his shirt and gingerly stroked the right side of his stomach, just under the ribs, the way a pregnant woman sweetly rubs her swollen belly.

"I can feel them," Smith said softly to himself. "I can feel them growing."

He was talking about the tumors.

It was now 11 months since his cancer diagnosis. He had undergone radiation treatments, chemotherapy, MRI scans and blood tests. Holistic doctors gave him vitamin shakes to drink and other forms of care.

His medical bills surpassed $400,000, an amount he couldn't hope to pay. Add more CAT scans, MRI images, blood tests, lab results, radiation and chemotherapy, and the cost could balloon even higher.

Smith had Medicaid, but that barely made a dent in what he owed. Friends held fundraisers in Washington and Atlanta that brought in about $70,000 -- not nearly enough.

Bill collectors were after him. One day in April, Smith answered the speakerphone in his Adams Morgan apartment and heard a voice yell on the other end of the line: "Sir, we need to talk to you! You need to resolve this . . ."

He coolly dropped the phone on the hook. "He doesn't have to talk to me that way," he said. Debt was the least of his problems.

Smith was still stroking his stomach when Wells A. Messersmith, his cancer specialist, strolled into the examination room around 3:30 p.m.

"How are you feeling, man?"

It was a rhetorical question. The patient did not look well. He had jaundice because of his failing liver. His eyes were as green as the meat of a lime. He weighed about 150 pounds, about eight pounds lighter than the previous week.

"I have a lot of pain in my abdomen," Smith said, holding up his shirt. "I have dry mouth." He was afraid to eat. "I know when I eat there is going to be so much pain and discomfort," he said.

Messersmith nodded.

There was good news, the doctor said. The chemotherapy was working. There were no more tumors in Smith's rectal area.

But other news was far worse. Smith was right about the tumors. They were growing and spreading. On the long drive home to Washington, he finally talked about the possibility of his death.

"I guess the point is that my life is in imminent danger," he said. "I can't play around. What's happening to me right now can kill me sooner rather than later."

Messersmith knew that death would likely come sooner.

"I feel sad knowing that this probably could have been prevented," he said in April, a week after his consultation with Smith, who waived his doctor-patient privilege so that Messersmith could talk about his cancer. "He really should have been screened at age 50."

* * *A Daughter's Perspective

Asha Moore Smith strutted into her father's bedroom and folded her teenage body into a narrow space between the bed and a window covered by thick, leafy houseplants. She kicked back in socked feet until they were almost parallel with her almond-shaped head. Using a remote, she flicked on the TV.

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On popped one of her favorite cartoons, "The Grim Adventures of Billy and Mandy," a show about a little girl and boy who can force the Grim Reaper, complete with hooded robe and scythe, to be their personal servant, cleaning their bedrooms, washing dishes and performing funny magic tricks.

Her father lay on the fluffy double bed, face up, barely moving. Their trips to the park had stopped, and there were no more happy excursions to Disney World and Disneyland.

Asha, an eighth-grader, hardly seem to care, as long as she was near her dad. "My dad still does stuff with me," she said. "It's not like he has cancer and he doesn't do anything with me."

On the bed, he struggled to sit up, exhausted by both the illness and its treatment, which felt just as bad. Smith endured the pain without complaint, sometimes with a smile, but it was clear in those last days that his condition was worsening.

A circle was closing. Twenty-five years ago, Smith saw his father lying on a bed much like the one he was on. And now Asha was watching her father die.

Sometimes when they were together, she took stock of his illness with a child's curious mind.

"Daddy, your eyes are green," Asha would say.

"Daddy, I can see your cheeks."

"Daddy, I can see your ribs."

Smith and Asha's mother, Lynn Moore, thought long and hard about how to tell their only daughter that her father had cancer.

They decided to tell her the truth, leaving out the ugly details.

"As I recall, we were at the hospital, at Providence," Smith said, voice weak.

Asha lowered the sound of the television set.

"No," she said, "it was here." She looked at him with searching eyes. "Don't you remember?"

Asha was right.

Later, she tried to recall what Smith told her about the stages of cancer the way some kids try to recite the alphabet.

"There are five stages," she said, "and you were somewhere in the middle, at Stage III. That was not as bad. That is curable."

In reality, Smith was at the very top, Stage IV.

"I told her that people with Stage IV cancer live for years," Smith said. "It's not a death sentence."

What Asha wanted to know, he said, was 'Am I going to die soon?' " "I'm still here, right?" he said.

Asha nodded.

A short time later, Smith drifted off to sleep, and Asha turned up the sound on a cartoon where a little girl could boss death around.

* * *In the End

On a captivatingly pretty spring morning in May, Adeleke Foster arose at 7 and walked into the living room where her boyfriend slept. "Damu," she said softly. He did not stir. "Damu?" she said again, voice rising. "Damu!"

Foster called for an ambulance, and then she called one of Smith's closest friends, Sandy Rattley. Within minutes, dozens of Smith's friends heard the news and rushed to George Washington University Hospital, where doctors tried to revive him.

As he went in and out of consciousness, Smith groggily looked up at Asha, who had hustled to the hospital with her mom. She leaned her ear close to his whispering mouth. "I love you," he said. Minutes later, he faded into a coma.

A call went out all over the city, and by 8 p.m. the waiting room in the intensive-care ward was filled with friends and activists, about 30 people in all.

Dera Tompkins, who shared Smith's love for protest and reggae music, reminisced about the fundraising parties Smith threw. Milagros Phillips, who joined the "Spirit in Action" radio program as a co-host when Smith became sick, talked about how he soldiered on.

They lined the hallway outside Smith's room, going in one by one for a few private last words. Early on the morning of May 5, Smith took his final breath.

J.T. Lawson, a close friend, sped to Washington from Norfolk after hearing the news and arrived too late. He stepped into the room, grabbed a chair and sat near the bed where his friend lay.

"Damu, it's J.T. I know you can hear me," he said. "I'm sorry I'm late. I want you to know that I'm here. And I love you. And I will miss you."

Later, he reflected on Smith, their friendship and why he did not seek medical treatment.

"In black communities, Lawson said, "there's so much negative reinforcement when you tell someone you're going to see the doctor. No one says 'I'm glad you're taking care of yourself.' They say 'Are you okay?' 'Are you sick?' "God forbid you get a colonoscopy," Lawson said. "They ask 'Why you do that?' "

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Another friend, Ayo Handi Kendi, a plain-spoken woman with sage eyes, stood in the hospital waiting room on that somber night.

"Damu was a wonderful man," Kendi said. "He was a very good leader," she said, one of the best she had ever seen. He was different because he truly cared for black people. He wanted to revolutionize their diets, turn them away from fatty foods.

Damu knew about the disparities in illness that afflict black men and worked against them. Which is why his death to her did not make sense.

"You know, we were a little upset with him for not seeing a doctor," Kendi said, keeping her voice low in the hospital waiting room. In a room full of friends and admirers, only Kendi volunteered a plain truth --though it pained her to say it.

"We thought he should have known better."

Freedom Of Expression (WT)

By Clay Calvert And Robert D. Richards

The Washington Times, October 6, 2006

Can the nation's public high schools stop students from displaying messages that promote or advocate illegal drug use without violating the First Amendment-protected right of free speech?

That's the gist of the question that the U.S. Supreme Court now is being asked to consider in a case called Frederick v. Morse coming out of the liberal-leaning 9th Circuit Court of Appeals.

In this dispute, the 9th Circuit ruled in March in favor of a Juneau, Alaska, high school senior named Joseph Frederick, who unfurled a banner reading "Bong Hits 4 Jesus" while standing on a sidewalk adjacent to school property as the Olympic torch relay passed by back in 2002. The students had the school's permission to be there, under faculty supervision.

In tossing out the suspension given to Mr. Frederick, the appellate court rejected the school's assertion that the suppression of his speech was justified because the banner was "inconsistent with the district's basic educational mission to promote a healthy, drug-free life style."

Although the message on the banner may seem silly and even nonsensical, the Supreme Court should grant the school's motion to hear the case filed in late August by former Independent Counsel Kenneth W. Starr and his firm, Kirkland & Ellis.

In particular, the case should be considered not simply to resolve the question about pro-drug speech in public schools, but perhaps more importantly to resuscitate the high court's moribund and muddled jurisprudence of student free-expression rights.

The Supreme Court has ruled directly only three times in its history in cases affecting student speech rights in public school settings. The most recent of those decisions came nearly 20 years ago, in 1988, and involved a traditional high-school newspaper that was produced as part of the school curriculum.

In the meantime, schools have grappled with a multitude of new problems, including violent on-campus outbursts like that at Columbine High School, technology such as the Internet that provides students with fingertip access to questionable content -- on and off campus -- and a generation of minors that engage, perhaps too early, in both behavior and speech once reserved for the adult population.

In addition, students are now creating their own Web sites and using social networks like MySpace.com to make disparaging remarks about school officials, teachers and fellow students.

In brief, it's totally different landscape today than it was the last time the Supreme Court considered a high-school speech case.

In the absence of any clear guidelines from the nation's high court, federal judges have attempted, with varying results, to balance minors' constitutional rights with the schools' ability to maintain order in the classroom. The lower courts are forced to try to squeeze current controversies into the framework of the trio of Supreme Court precedents -- a task that is far from easy given that most of the new disputes do not fit squarely into those precedents.

In August, for instance, another federal appellate court, the 2nd Circuit Court of Appeals, dealt with a drug-related message case, albeit one with a far more clear political message than the "Bong Hits 4 Jesus" banner.

In particular, the Second Circuit upheld the First Amendment right of a seventh grader in Vermont to wear to school a T-shirt with images of cocaine and a martini glass that, through text and images, accused President Bush of being a "Lying Drunk Driver" and an "AWOL Draft Dodger." The images of drugs and alcohol were meant to impugn Mr. Bush's character, who long ago gave up drinking.

In ruling in favor of the student and what it called his "anti-drug political message," the appellate court aptly summed up the current status of school speech law: "The case requires us to sail into the unsettled waters of free speech rights in public schools, waters rife with shoals and uncertain currents."

The Supreme Court should now begin to settle the choppy seas of speech, and the case of Frederick v. Morse is an appropriate place to begin this difficult task.

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Ultimately, while Mr. Frederick's bong-hits banner may be childish and inane -- he contends the only real purpose of it was to get on TV -- the case nonetheless raises larger issues of free speech, drugs and the authority of public schools that are ripe for review.

Clay Calvert and Robert D. Richards are co-directors of the Pennsylvania Center for the First Amendment and professors of communications and law at Pennsylvania State University.

ANTITRUST:

Court Doesn't Snuff Out Consumer Antitrust Litigation Over Snuff Prices (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, October 6, 2006

Most of the class action tobacco suits focus on the diseases it causes. But a suit in federal court in Philadelphia adds a new twist: It's a consumer suit brought by Pennsylvania purchasers of snuff and chewing tobacco who complain that the leading manufacturer used its monopoly power to drive up prices.

In the suit, Hunt v. United States Tobacco Co., the plaintiffs are seeking to capitalize on a massive verdict against the nation's No. 1 snuff maker, in which a Kentucky federal court jury awarded $350 million to rival Conwood Co. -- an award that was automatically trebled to $1.05 billion and later upheld by the 6th U.S. Circuit Court of Appeals.

In a decision handed down earlier this month, a federal judge refused to dismiss the consumer suit, rejecting defense lawyers' arguments that the plaintiffs lacked standing to bring an antitrust claim under the Pennsylvania Unfair Trade Practices and Consumer Protection Law.

Now the defense team is asking Senior U.S. District Judge Ronald L. Buckwalter to certify an immediate appeal, arguing that the complaint should have been dismissed because there is no "direct relationship" between the plaintiff and the defendants; and that the plaintiffs' claim is essentially an antitrust claim, and antitrust violations do not state a claim under the UTPCPL.

In the Kentucky suit, Conwood, whose snuff brands include Kodiak and Cougar, accused UST Inc., which sells the Skoal and Copenhagen brands, of misleading retailers to secure prime display space for its brands.

Conwood claimed that UST's conduct was aimed at stifling competition, and that its salesmen obscured competitors' brands or removed their display racks altogether.

In the Pennsylvania suit, attorneys Alan M. Sandals and Joseph M. Gordon of Sandals & Associates in Philadelphia, along with Kenneth G. Gilman of Gilman & Pastor in Boston, contend that the same deceptive conduct that was found by the Kentucky jury also caused injury to Pennsylvania consumers.

By engaging in "fraudulent and deceptive conduct" that allowed UST to "monopolize the market for moist smokeless tobacco products," the suit alleges that UST also deceived consumers in Pennsylvania "into paying artificially high prices for such products."

In paying those inflated prices, the suit says, the consumers were relying on "a presumption that they were paying prices set by an efficient market, when in fact they were paying prices artificially inflated by defendants' anti-competitive and deceptive conduct."

According to the suit, UST and its affiliated companies are the world's largest manufacturers of moist smokeless tobacco, enjoying a monopoly share of up to 87 percent of the $1.5 billion market.

That monopoly, the suit says, was maintained "through illegal and exclusionary conduct that has suppressed competition, raised prices, stifled innovation, and reaped hundreds of millions of dollars in profits every year."

In a motion to dismiss, UST's lawyers -- James R. Kahn of Margolis Edelstein in Philadelphia and Margaret M. Zwisler and Charles H. Samel of Latham & Watkins in Washington, D.C. -- argued that the claim was fatally flawed.

Since the plaintiffs purchased smokeless tobacco products from Pennsylvania retailers and not directly from UST, they cannot state a private cause of action under the UTPCPL, the defense team argued.

Buckwalter disagreed, saying the UTPCPL includes a private cause of action for "any person who purchases or leases goods or services primarily for personal, family or household purposes" and who "suffers any ascertainable loss of money or property, real or personal, as a result of the use or employment by any person of a method, act or practice declared unlawful" elsewhere in the statute.

"Strict privity," Buckwalter said, "is not always an element of the private cause of action" under the UTPCPL.

The claim is a valid one, Buckwalter said, because the plaintiff alleges that he purchased a good for personal use and that he suffered an "ascertainable loss of money" as the result of UST's conduct.

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The defense team also argue that since there is no "direct relationship" between the plaintiffs and UST, they cannot establish that they relied on UST's alleged conduct.

But Buckwalter found that the plaintiffs were relying on the UTPCPL's "catch-all" provision.

The state and federal courts in Pennsylvania, Buckwalter found, are "divided as to the governing standard for a claim under the catch-all provision of the UTPCPL."

Some courts, he said, require a plaintiff asserting a claim under the catch-all provision to meet all the elements of common law fraud, while others read the inclusion of the term "deceptive" in the catch-all provision as "creating an alternative, less rigorous level of proof that falls short of actual fraud."

Buckwalter sided with the second camp, finding that "since the UTPCPL should be liberally construed .... and in light of the 1996 amendment to the catch-all provision, this court agrees with prior decisions holding that the catch-all provision does not require a plaintiff to prove all the elements of common law fraud."

As a result, Buckwalter said, the plaintiffs do not need to establish reliance under the catch-all provision.

Finally, Buckwalter rejected the defense argument that alleged antitrust violations do not state claims under the UTPCPL.

Buckwalter found that the defense team was taking too broad a reading of a pair of decisions that rejected the plaintiffs' claims.

"These cases do not state that antitrust violations can never state a cause of action under the UTPCPL," Buckwalter wrote, "but [instead], that antitrust violations can never state a cause of action under the UTPCPL in the absence of fraudulent, deceptive or disparaging conduct committed by a defendant."

Buckwalter concluded that although the complaint "sounds in anticompetitive conduct characteristic of an antitrust violation," the plaintiff "also alleges sufficient fraudulent, deceptive and/or disparaging conduct under the UTPCPL."

As a result, Buckwalter said he "agrees with plaintiff that a plaintiff can allege conduct that is actionable under the UTPCPL regardless of whether the conduct at issue may also give rise to antitrust liability."

Now the defense team has asked Buckwalter to issue a stay and certify an interlocutory appeal.

Since Buckwalter recognized that the courts are divided on the issue of whether the UTPCPL requires proof of reliance, the defense team argues that the case clearly involves "a question of law about which there are substantial grounds for difference of opinion."

An immediate appeal, the defense argues, would promote efficiency since discovery has not yet begun and the plaintiffs have not yet moved for class certification.

"An appellate ruling now," they argue, "would save the parties and the judicial system considerable time and expense."

And a decision from the 3rd Circuit "would provide much needed clarity on the law, removing some uncertainty in assessing the claims in this case, and thereby potentially facilitate a settlement."

ArvinMeritor Sues Eaton (AP)

AP, October 6, 2006

TROY, Mich. --Auto supplier ArvinMeritor Inc. on Thursday said its Meritor Transmission Corp. business, along with ZF Meritor LLC, the company's joint venture with Germany's ZF Friedrichshafen AG, filed an antitrust lawsuit against Eaton Corp.

The suit, filed in the U.S. District Court for the District of Delaware, seeks an injunction to stop the Cleveland-based diversified industrial manufacturer from engaging in anticompetitive conduct in the heavy-duty truck transmissions markets. It also asks the court to award triple damages.

The lawsuit claims Eaton has harmed competition in the markets for heavy-duty truck transmissions by limiting consumer choice, eliminating competitive checks on pricing and suppressing innovation, ArvinMeritor said.

The lawsuit also claims Eaton's conduct forced ZF Meritor to cease operations.

ArvinMeritor shares rose 2 cents to $14.42 in aftermarket trading on the INET, after closing up 10 cents at $14.40 on the New York Stock Exchange. Eaton shares closed up 80 cents at $70.50 on the NYSE.

AT&T Faces Key Test Next Week In Bid To Take Over BellSouth (CHIT)

Chicago Tribune, October 6, 2006

CHICAGO - The drive by AT&T Inc. to take over BellSouth Corp. by New Year's will be tested next week when the Federal Communications Commission will either rule on the merger or decide to delay taking action.

Congressional leaders from both houses and both parties have cautioned federal regulators against haste in deciding the fate of AT&T's deal, which could provide a speed bump in what had appeared to be a smooth course.

Last month Kevin Martin, the FCC chairman, circulated a proposed order to his colleagues that would approve AT&T's deal without imposing any conditions, a move interpreted to open negotiations with the FCC's two Democrats.

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Following Martin's actions, Republican and Democratic leaders of key committees in the House and the Senate sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T and SBC Communications Inc. to form the new AT&T and that merged Verizon Communications Inc. with MCI.

That review by U.S. District Judge Emmet Sullivan is required by the federal Tunney Act, under which the courts must examine mergers approved by the Department of Justice to assure they protect the public interest.

In their letters, lawmakers expressed concern that last year's telecom mergers were approved and closed before the Tunney Act review was begun. They suggest regulators should withhold further action at least until the review of the past mergers is completed.

``It's very unusual for lawmakers to intervene in a matter like this at this level," said Shane Greenstein, a professor at Northwestern University's Kellogg School of Management. ``Usually, they discuss things more at a higher policy level."

In their letter, Sen. Mike DeWine, R-Ohio, and Sen. Herb Kohl, D-Wis., got very specific, mentioning that when merged, AT&T/BellSouth will hold considerable radio spectrum suitable for wireless broadband.

Because AT&T will be the largest wired phone company in the country and will also own the largest cell phone carrier, Cingular, the senators suggested the company may have little financial incentive to rollout a new broadband wireless service to compete with itself. Requiring the companies to sell their spectrum before approving the merger was mentioned.

``The lawmakers have a legitimate point," said Andrew Klevorn, a partner with the Chicago law firm Eimer Stahl. ``This probably means a delay in approval."

Congress passed the Tunney Act because of concerns dating back to the Nixon administration that the Department of Justice's antitrust lawyers didn't sufficiently protect the public interest when reviewing giant mergers, Klevorn said.

Two years ago, Congress strengthened Tunney by making judicial reviews mandatory rather than voluntary, he noted.

It's not clear when Sullivan may issue his findings on the previous mergers, but Daniel Berninger, an analyst with Tier 1 Research, said the judge's statements so far haven't commended the Justice Department's handling of the matter.

``He's said they've done a crummy job justifying their actions," Berninger said.

Dave Pacholczyk, an AT&T spokesman, said the carrier sees no reason why review of the merger announced last March should be delayed any longer.

``The reasons for the merger are no different now than they were when we announced it," he said. ``The competitive environment is more strenuous, cable companies are jumping into our business, there's a convergence of technologies and networks."

Pacholczyk said that regulators in 18 states have reviewed the merger and approved it without imposing conditions.

``All 18 states looked at the same record we have now before the FCC," he said.

In a research report issued by the Prudential Equity Group this week, Susan A. Lynner and Erin Dwyer wrote they doubt that congressional intervention will significantly delay regulatory approval of AT&T's deal, but they said that it's likely conditions aimed at promoting competition will be imposed.

Jason Oxman, a spokesman for a group opposing the merger, the Competition Coalition, called the matter ``a test of AT&T's political power. It will be interesting to see if that power can overcome bipartisan concerns about harms to the nation in this deal."

Jim Speta, a member of Northwestern University's law faculty specializing in telecom issues, said that ``AT&T has pushed very hard for merger approval. I'm sure that the Justice Department and FCC will listen to what influential lawmakers say, but I couldn't predict what effect it'll have.

``One thing is sure, though. If the Bush administration goes ahead to give approval, these congressional leaders will know they've been ignored."

Ryanair Makes Hostile EU1.48 Billion Aer Lingus Bid (Update8) (BLOOM)

By Matthew Fletcher

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Ryanair Holdings Plc, Europe's biggest discount airline, made a hostile 1.48 billion-euro ($1.88 billion) bid for Aer Lingus Plc to combine Ireland's dominant carriers and add long-haul routes to the U.S.

Ryanair acquired a 16 percent stake and offered 2.80 euros a share for the rest of Aer Lingus, 12 percent more than yesterday's closing price in Dublin. The Irish government, owner of 28.3 percent of Aer Lingus, rejected the bid, which comes eight days after the company's initial public offering.

``This is going to be such a huge deal in Ireland that I think they'll have to increase the bribery and pay significantly more," said Mike Powell, a Madrid-based analyst for Dresdner Kleinwort with an ``add" rating on Ryanair shares.

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Chief Executive Officer Michael O'Leary said Ryanair would reduce fares at Aer Lingus and acquire planes at lower cost by combining orders. The enlarged group would have 50 million passengers a year, helping it compete with British Airways Plc and its partner Iberia SA, which have 63 million.

``It makes sense to combine the two Irish airlines so that we can compete with the likes of British Airways, Lufthansa and Air France,'' O'Leary said in an interview. ``We can boost Aer Lingus's growth and profits and produce a better return than putting our spare cash on deposit.'' The two carriers will have separate operations and brands, he said.

Shares of Ryanair, founded in 1985 with one 15-seat plane, fell as much as 37 cents, or 4.3 percent, to 8.33 euros and were down 0.6 percent at 3:27 p.m. in Dublin. Aer Lingus surged 15 percent to 2.89 euros.

Government Reaction

Together, Ryanair and Aer Lingus handle about 70 percent of the passengers at Dublin airport. The takeover would face scrutiny from Irish and European regulators. Cathal Hanley, a spokesman for the Competition Authority in Dublin, declined to comment.

``The government is fully committed to competition in the aviation market and it will not be selling its shares in Aer Lingus,'' Irish Prime Minister Bertie Ahern told lawmakers in Dublin today. ``It was always the intention to maintain a significant minority shareholding.''

Aer Lingus's board is considering Ryanair's announcement and urged shareholders ``strongly'' not to take any action until the board makes an announcement, the company said in a statement.

Ryanair on Sept. 29 raised its full-year profit forecast and ordered an additional 32 Boeing Co. planes. Discount airlines are expanding in Europe, with a 24 percent share of the market compared with 5 percent in 2001. Ryanair has introduced a new base at Bremen, Germany, and expansion of the Barcelona-Girona base in Spain in the past two weeks.

Higher Price

``We're happy to see this offer,'' said Colin McLean, managing director of SVM Asset Management, who holds shares in Ryanair and Aer Lingus. The airline ``might have to up their offer and there is the possibility of someone else entering'' with a rival bid, he said.

Aer Lingus Chief Executive Officer Dermot Mannion has said he plans to use the proceeds of the IPO to double Aer Lingus's long-haul fleet to 14 jets, expand the 28-plane short-haul fleet by 50 percent and spend about 2 billion euros adding U.S. and Asian routes.

Gillian Culhane, an Aer Lingus spokeswoman in Dublin, declined to comment. Employees owned 9.9 percent of the airline following the initial public offering.

Ryanair has a strategy of taking market share from national carriers, while defending its Irish market. Unlike Aer Lingus, Ryanair has no long-haul routes. The Ryanair bid would be the largest airline transaction in the past 12 months if successful, according to Bloomberg data.

Competition Regulator

``It's hard to see how the Irish competition regulator can permit such a concentration of capacity at Dublin airport,'' said Chris Avery, an analyst at J.P. Morgan with an ``overweight'' rating on Ryanair stock. ``If the regulator objects, it is then hard to see what Ryanair hopes to achieve.''

The combined group would operate on about 500 routes, competing on only 17, Ryanair said. Ryanair will combine purchasing with Aer Lingus to drive down fares and costs. The airline had about 2.2 billion euros of cash before buying a stake in the carrier, said O'Leary.

``We can comfortably fund this from our own resources,'' said O'Leary. ``We're happy to work with the Irish government as a significant minority shareholder if they decide not to sell,'' O'Leary said, adding he didn't anticipate antitrust or regulatory difficulties.

Ryanair History

O'Leary joined the Dublin-based company in 1988 from accounting firm KPMG LLP. Ryanair for the first time in August 2005 carried more passengers than British Airways.

When O'Leary was asked to head what was then an unprofitable local airline, he said it should be shut down. He changed his mind after flying to Dallas to pick Herb Kelleher's brain on how he built Southwest into the world's largest low-fare carrier. O'Leary typically targets his route expansion at state-owned or former national airlines which often struggle with higher costs.

O'Leary and Ahern's government have had a strained relationship, particularly over landing fees at state-owned Dublin airport. O'Leary said Ahern was treating Irish people as ``fools'' for allowing the Dublin Airport Authority to raise car parking charges by 50 percent, the Irish Times said on April 1 2005. He has routinely described Ireland as ``Bertie's blunder land,'' citing overruns on infrastructure including the Port Tunnel in the capital.

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Aer Lingus slashed 2,100 jobs, more than a third of the workforce, to avoid bankruptcy and return the carrier to profit after the Sept. 11, 2001, attacks on the U.S. hurt demand for trans-Atlantic travel.

Ryanair Strategy

Ryanair plans to accelerate Aer Lingus's strategy of cutting fares on short-haul routes, as well as adding beds on transatlantic routes, O'Leary said.

``Our strategy for Aer Lingus is to speed up their own business plan, which has already been signed off by the Irish government," he said. Ryanair has no plans to start its own long-haul service, he said.

``Ryanair has a well-known history of hostility to its staff and shabby treatment of its customers," IMPACT, a Dublin-based union which represents about 2,000 airline employees including pilots and cabin crew, said in a statement. The union said it was opposed to the proposed takeover.

``If accepted, the government will have realized over 500 million euros from the sale of its shares in Aer Lingus just four years after the company nearly went bankrupt," said O'Leary. ``The staff would realize over 220 million, which averages just over 60,000 euros."

Aer Lingus and the Irish government raised an additional 96.6 million euros by selling extra shares on Oct. 3, taking the total raised by the airline's initial public offering to 740.7 million euros.

Ryanair Steps Up Industry Shakeout (WSJ)

By Keith Johnson

The Wall Street Journal, October 6, 2006

The surprise €1.48 billion ($1.88 billion) bid by Ryanair Holdings for recently privatized Irish flag carrier Aer Lingus underscores how onetime budget upstarts are increasingly calling the shots in an industry long dominated by state carriers.

If successful, the takeover could create one of Europe's biggest and most profitable airline groups. But it won't be smooth sailing: Aer Lingus's board unanimously rejected the offer. Chairman John Sharman called the approach "unsolicited and wholly opportunistic" and said it "significantly undervalues the group's businesses." In addition, the Irish government, still Aer Lingus's biggest shareholder, and unions lambasted the proposed takeover and vowed to fight it.

Ryanair's bid, announced yesterday morning, is the latest example of how feisty budget carriers are revolutionizing an airline industry still recovering from the shocks of deregulation, terrorist threats and volatile oil prices. Traditionally, large state-run airlines have started or bought their own low-cost airlines in an effort to tap into a profitable market they can't tackle on their own, because of their cumbersome legacy costs. Now, Ryanair Chief Executive Michael O'Leary wants to do the opposite: tack Aer Lingus's long-haul routes onto his budget carrier's operations.

Mr. O'Leary said that if the deal were successful, he would keep Ryanair and Aer Lingus as separate brands within "one strong airline group for Ireland" that would have "the ambition, expertise, financial strength and cost base to take on European and global competitors." Buying Aer Lingus offers the best way to get returns for Ryanair's €2.2 billion cash reserve, he said, and wouldn't affect Ryanair's business or aggressive expansion.

Ryanair said it had acquired 19.2% of Aer Lingus shares on the open market. The Irish government kept a 28% stake in the airline after its Monday initial public offering, while its employees hold 15%. The Irish government said yesterday that it wouldn't sell to Ryanair and was "firmly committed to competition in aviation markets."

Ryanair's unsolicited cash offer for all of Aer Lingus prices the carrier's shares at €2.80, a 12% premium to the closing price Wednesday and a 27% premium to the share price when the airline was listed Monday. For 2005, Aer Lingus reported revenue of €883 million and net profit of €72.4 million.

It was unclear what type of regulatory hurdles a deal could face. Though it would create a monopoly inside Ireland, antitrust authority will almost certainly rest with the European Union, because most of the two airlines' business is outside Ireland. Ryanair argued that several airlines in the EU have merged and that the U.K., Spain, and France have seen domestic consolidation.

"We're pretty confident of regulatory clearance" from the EU, said Ryanair Chief Operating Officer Michael Cawley. But political opposition to losing the flag carrier to Ryanair, a rapacious, cost-slashing airline, is fierce in Ireland, a country with a strong trade-union history. Impact, a union representing pilots and cabin staff, has already voiced its opposition to the bid and cited Ryanair's "well-known hostility to its staff" and "shabby treatment of customers." Ryanair declined to comment.

Even the nuts-and-bolts of the operation may prove problematic. Aer Lingus's former management turned the airline from a basket case to one of the continent's most-profitable carriers, but it still has much higher costs, lower profit margins and a vastly different corporate culture than Ryanair.

"We said we'd never wave the white flag" when the Irish government privatized Aer Lingus, said Michael Halpenny, general secretary of Ireland's Siptu union, which represents about 1,800 Aer Lingus employees. "We warned everybody this is exactly what would happen," he said in an interview.

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Win or lose, Ryanair's bid puts Aer Lingus in a bind. The bid is conditioned on securing 50.1% of Aer Lingus, making it all but impossible for the government to block if Ryanair's offer seduces minority shareholders. If for some reason it is unsuccessful, analysts said, Ryanair may aggressively attack Aer Lingus's Irish operations.

In the past 15 years, Ryanair transformed itself from an unprofitable Irish puddle-jumper to Europe's biggest budget airline. It offers hundreds of short, inexpensive, no-frills flights throughout Europe and carried 34.8 million passengers last year.

Ryanair's relentless focus on lowering costs helped maintain industry-leading profit margins in recent years despite higher oil prices and a belated counterattack by traditional airlines. The market has rewarded those efforts, pushing Ryanair shares up 29% during the past year.

Buying Aer Lingus could open up another potential revenue stream for Ryanair: lucrative long-haul passengers, which have so far been an elusive goal for Mr. O'Leary. Entering the long-haul market was virtually impossible, given Ryanair's spartan service and business model based on flying planes as long as 12 hours a day on different routes. Aer Lingus, which flies between Ireland and Boston, Chicago and Los Angeles, would bring long-haul passengers and the chance to funnel them into Ryanair's extensive European network.

Tata Steel Considering Corus Merger (FT)

By John Willman

Financial Times, October 6, 2006

Tata Steel of India confirmed on Thursday that it is considering a bid for Corus, the Anglo-Dutch steel producer, as part of a review of global opportunities for industry consolidation.

However, it added that there was no certainty that any move would be made, or that if it did, it would be for Corus. Tata's move may also draw out other potential bidders.

The announcement came after days of stock market speculation over an offer of 580p a share that led to heavy trading in Corus shares on Wednesday. Nearly 90m shares shares changed hands by later afternoon on Thursday, taking the price up 50¼p to 458p, at which price the group is valued at £4.08bn.

Corus is the seventh largest steel producer, with output of around 20m tonnes a year, but Tata's statement is bound to reignite speculation over its future. It has long been rumoured as a takeover target, and has been searching for a merger partner for six months.

Tata Steel is a subsidiary of Tata Group, India's largest privately owned company, and produced 5m tonnes last year. It has ambitious plans to quadruple its output in India, and has expanded into Singapore and Thailand.

In an interview with the Financial Times earlier this week, B Mutharaman, managing director, refused to comment on whether it was interested in a deal with Corus.

However, the €26.9bn takeover of Luxembourg-based Arcelor by Lakshmi Mittal's Mittal Steel in June merged the two largest steel producers to create a business with capacity of more than 110m tonnes – three times more than its closest rival. This has prompted speculation over further consolidation in the industry.

For profiles of other potential Corus bidders, click here

Tata Steel Might Bid $10 Billion For U.K.'s Corus (WSJ)

By Peter Wonacott And Jason Singer

The Wall Street Journal, October 6, 2006

India's Tata Steel Ltd. is in talks with Corus Group PLC on a potential bid of about $10 billion for the British steelmaker, according to people familiar with the matter. The talks come amid a wave of consolidation reshaping the steel industry and a broader rush overseas among Indian companies.

Tata Steel, India's largest privately owned steelmaker by output, said it is exploring a possible bid for Corus in a drive to pick up customers and technology in the fragmented global steel industry. While no formal bid has emerged, Tata Steel is likely to make an offer in coming days, according to people familiar with the matter.

Tata Steel, of Mumbai, said in a statement it is "reviewing various opportunities," but added that "there can be no certainty that an approach will be made and if made that it will result in an offer."

Tata Steel executives declined to elaborate on the statement. A Corus spokeswoman declined to comment. Details of a potential bid for Corus have yet to be determined, said the people familiar with the matter. Wednesday, before Tata Steel's interest was disclosed, Corus had a market value of about £3.6 billion ($6.8 billion).

Shares of Corus shot up 16% to a six-year high yesterday in London to 473.75 pence ($8.90). Tata Steel rose 2.7% to 537.35 rupees ($11.79) on the Bombay Stock Exchange, outpacing the 1.5% rise in the exchange's benchmark index.

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A takeover of Corus -- among the world's 10 largest steel producers -- would far exceed anything Tata Steel has attempted. Its biggest deal to date was last year's $286 million acquisition of Singapore's NatSteel Asia Pte. Ltd. Now ranked 56th among global steel producers, Tata Steel would likely have to load up on debt to make a bid for Corus, according to analysts.

While Corus is more than three times the size of Tata Steel in terms of output, the Indian company is part of a larger industrial group controlled by Ratan Tata, who wants to expand the conglomerate globally. The family-controlled company made almost $1 billion in acquisitions last year, including in hotels, chemicals and software services.

Many Indian companies are joining counterparts in China and Russia in expanding globally. The buying binge by Indian companies still is small -- $5 billion through the end of August, according to Ernst & Young consultants. But the pace and size of deals are growing rapidly. Last year, Indian companies made a record $3.7 billion in foreign acquisitions.

"Indian companies want to drive the top line up -- they are looking to buy companies much larger than themselves," says Arindam Bhattacharya, a director of Boston Consulting Group in Gurgaon, India.

Many analysts say the global steel industry is poised for a shake-up. This year, Mittal Steel Co., based in the Netherlands but controlled by the family of Indian-born tycoon Lakshmi Mittal, acquired Arcelor SA of Luxembourg for about $34 billion.

Tata Steel is no stranger to overseas forays. In addition to Singapore's NatSteel, it has acquired a controlling stake in Thailand's Millennium Steel PCL and has entered joint-venture pacts with companies in South Africa, Australia and Iran.

Corus, meanwhile, has put itself on the block. A tie-up with Tata Steel would offer one clear cost advantage: inexpensive iron ore from Tata's mines.

If Tata Steel makes a bid, Corus would likely draw attention from other buyers, analysts said. Russian metals companies have shown interest in Corus.

Vodafone, Rivals Face EU Roaming Fine, People Say (Update3) (BLOOM)

By Matthew Newman

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- European Union regulators are recommending a fine against Vodafone Group Plc, the world's largest mobile phone operator, and two rivals for overcharging international travelers, people with knowledge of the case said.

Staff for the European Commission, the EU's executive arm, have written a draft ruling that may also lead to fines against Vodafone's German unit, the U.K.'s O2 Plc and Deutsche Telekom AG's T-Mobile International, according to four people who declined to be identified because the draft isn't public.

``An antitrust case is an additional point of pressure," Michelle de Lussanet, an analyst at Forrester Research Inc. in Amsterdam, said in an interview. ``There are other challenges such as regulation cutting roaming fees and more price competition."

The penalties would follow France's record 534-million euro fine ($678 million) last year against the mobile-phone units of France Telecom SA, Vivendi Universal SA and Bouygues SA for colluding on prices over a six-year period. The EU typically fines companies from 2 percent to 3 percent of annual sales. The largest monopoly fine was 497 million euros levied against Microsoft Corp.

Roaming Fees

The commission is stepping up its push to lower so-called roaming charges, the fee that one operator pays another to allow its clients to make calls outside the home market. In July, the agency proposed rules that would force companies to cut the fees by as much as 70 percent. About 147 million EU citizens pay roaming charges that average five times the cost of providing the service, according to the Brussels-based commission.

A final decision on the fines will be made by the commission as early as next month, the people said. Under EU law, the commission can fine companies as much as 10 percent of their annual sales.

Jonathan Todd, a commission spokesman, said, ``We have an ongoing antitrust investigation."

Jon Earl, a spokesman at Vodafone, declined to comment.

David Nicholas, a spokesman at Telefonica SA's O2, said the company has filed a complaint about the commission's probe to the European Ombudsman, which reviews complaints by EU citizens and companies about administration at public institutions.

``The nature of the investigation has changed a number of times," Nicholas said. ``The way the investigation has been conducted by the EU hasn't been proper."

Christian Schwolow, a spokesman for T-Mobile, said the company shares O2's concerns.

Five-Year Probe

``The process isn't very transparent," he said. ``We can't understand why this investigation isn't finished."

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Vodafone shares fell 1.25 pence, or 1 percent, to 126 pence as of 12:05 p.m. in London. Deutsche Telekom's shares rose 8 cents to 12.68 euros in Frankfurt, while Telefonica's stock rose 7 cents to 13.78 euros in Madrid.

The ruling will cap an investigation that has lasted more than five years. EU investigators raided the offices of Vodafone and eight competitors in July 2001, searching for evidence that they violated cartel rules by fixing prices on calls between networks in Germany and the U.K.

The commission didn't find evidence of illegal collusion between network operators. The probe then shifted to possible abuse of monopoly positions in national markets.

In July 2004, Mario Monti, the former competition commissioner, charged Vodafone and O2 with ``unfair and excessive prices." The commission said at the time that the two companies' international roaming charges contrast ``sharply" with the rates used on domestic calls.

Market Definition

In February 2005, the regulator said Vodafone and T-Mobile made international travelers pay ``unfair and excessive prices" to connect calls in Germany.

``It is clear that the outcome of these two investigations will have far-reaching effects for all mobile operators in Europe and should send a clear message to all operators whose wholesale roaming prices may also be excessive," the commission said then.

The alleged infringement of antitrust law covered 1999 to 2003, the people said. A key point in the probe was how the commission defined the market.

The commission's argument is based on a legal theory -- untested in an EU court -- that each mobile operator is a monopoly unto itself because roaming users have little choice of connections and networks don't compete on price, the people said.

Foreign Operators

Regulators determined that when a network provider was indispensable for a foreign operator to have roaming in a country, then that nation was considered a separate market, the people said. Under those circumstances, the agency found that the operators dominated their national markets.

Foreign operators were forced to sign up with all national companies to get the best coverage. The commission determined that the national operators overcharged the foreign companies for that service, the people said.

Charlie McCreevy, the EU's internal market commissioner, will rule on the case because Neelie Kroes, the top competition official, excused herself because she was formerly a board member at O2. Kroes was a director at the company from 1998 to 2004.

In March 2005, O2 changed its name from MMO2. Telefonica, Spain's biggest phone company, bought O2 in 2005 for 17.7 billion pounds ($22.5 billion).

ENVIRONMENT/INDIAN AFFAIRS:

Spinach Companies Taken Aback By FBI Searches (MCT)

By Ken McLaughlin And Brandon Bailey, San Jose Mercury News

McClatchy, October 6, 2006

SAN JOSE, Calif. - When the first of the dozen or so federal agents arrived Wednesday about 9:30 a.m. at Growers Express in Salinas, Calif., equipped with side arms and search warrants, some employees initially thought it was some kind of sick joke.

It wasn't.

The FBI and Food and Drug Administration agents spent the next six hours meticulously sifting through paper and computer records looking for evidence of violations of federal law that might have led to an E. coli outbreak in bagged spinach that has now led to two confirmed deaths.

"They told us we were free to stay, but they locked down our computers and told us if we left we couldn't come back into the building," said Woody Johnson, the company's vice president of sales and marketing.

The Salinas Valley, already rocked by weeks of economic havoc, was further jolted by the raids at Growers Express and Natural Selection Foods of San Juan Bautista - whose bagged spinach has tested positive for the particular strain of E. coli involved in the outbreak.

Particularly surprising was the raid at Growers Express, often hailed as a model of food safety in the valley. Another fact that had farmers scratching their heads: Growers Express doesn't process any fresh bagged spinach, the only product found to

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have E. coli contamination. And the company says the small amount of bagged spinach it markets is purchased from processors not connected to the recent recall.

Johnson on Thursday tried to unravel the mystery, maintaining that the company's system for ensuring that food is safe to eat is what led to the raid - not spinach.

Growers Express, he said, serves as a sales and marketing service for independent growers, many of whom don't have the will or know-how to run a sophisticated food-safety program. So, he said, the firm provides protocol and policy procedures for ensuring the safety of their customers' products. It also contracts with third-party auditors such as Primus Labs of Santa Maria, which does E. coli testing for growers.

"We provide the independents with the price of admission to sell to national retailers," Johnson said. "We have internal audits, external audits, and there's a lot of documentation here."

Johnson said the company was shocked by the raid because Growers Express has "a policy of having our records available," saying the company doesn't have the sophistication to hide the records.

"We were surprised they chose to do it with a sledgehammer and not just pick up the phone," he said.

It was unclear if investigators were acting on suspicions involving Growers Express or one or more of its clients. Natural Selection says independent and government tests at its processing facility have come up "clean" and says it suspects the E. coli problem started "in the fields."

Spokesmen for the U.S. Attorney's office and the FBI declined to discuss the case in detail, but FBI Special Agent Joseph Schadler noted that agents could not get a warrant without convincing a judge there was reason to expect they might find evidence of a crime. Meanwhile, Idaho officials on Thursday announced that genetic tests have confirmed that the Sept. 20 death of a toddler was caused by the same strain of E. coli involved in the nationwide outbreak. Federal officials say the outbreak has sickened 192 people and also caused the death of a 77-year-old Wisconsin woman.

The Idaho case involved a 2-year-old boy, Kyle Allgood, who became ill and died after drinking a "smoothie" that his mother made from spinach, juice and berries on Sept. 12. Ross Mason, a spokesman for the Idaho Department of Health and Welfare, said the boy's mother and older sister also became ill after having some of the drink, but they have recovered.

Health officials had suspected the death was linked to the contaminated spinach, but they had to wait for lab tests to confirm the connection, Mason said.

While the original source of E. coli is still a mystery, California health officials said they are awaiting results from tests that could answer the question.

Investigators announced this week that they detected E. coli bacteria in samples of manure found in cattle pastures next to spinach fields where officials suspect the contaminated vegetables may have grown. They are now conducting genetic tests to see if the bacteria in the manure is a genetic match to the strain found on the spinach.

If the strain is the same, state officials said they also want to know how the E. coli found its way into the spinach fields. Some environmental and consumer groups say that contaminated water runoff from livestock operations is a serious potential threat to food safety.

"It's very common and very difficult to control all the time," said Christine Bruhn, a food scientist and director of the Center for Consumer Research at the University of California-Davis. She suggested a likely source of the outbreak could be contaminated water or compost containing manure that had not fully decomposed.

Federal Agents Looking For Signs Of Negligence At Spinach Plants (AP)

By Lisa Leff

AP, October 6, 2006

SAN FRANCISCO - Federal investigators trying to build a criminal case against two produce companies in the contaminated spinach outbreak are following a script first used a decade ago to prosecute a company whose E. coli-tainted apple juice killed a baby and sickened dozens of other people.

Federal officials do not think anyone deliberately contaminated the spinach with E. coli, which has killed two and sickened at least 193 others. Instead, the probe is focused on whether the companies took appropriate steps to make sure their products were OK to eat.

To be convicted of criminal charges, the companies need not have known their products were contaminated, but merely negligent in their duties to keep tainted foods from the market, legal experts said.

FBI and Food and Drug Administration agents spent 11 hours Wednesday searching Natural Selection Foods LLC and Growers Express.

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The raids largely involved sifting through records for evidence indicating the spinach producers skirted proper food safety procedures. Those records included agricultural testing results, sales information, regulatory compliance information, training records, meeting logs and employment records, according to Natural Selection.

"We are looking more toward the food safety issue at this point," FBI spokesman Joseph Schadler said Thursday, adding that the investigation was in its early stages and may or may not lead to criminal charges. It could also spread to other spinach producers, he said.

Lawyers involved in previous food poisoning cases said the government likely will try to charge the companies under the 1938 Federal Food Drug and Cosmetics Act, which makes it a crime to sell or distribute "adulterated" products - defined as any item deemed unsafe for human or animal consumption.

Distributing contaminated food through interstate commerce is usually a misdemeanor, but it can rise to a felony if authorities find evidence that company officials knowingly took action to compromise the safety of the food supply. Penalties can then include jail time.

That would be hard to prove in this case, said Fred Pritzker, a food safety lawyer in Minneapolis who represents several victims in the recent spinach scare.

"If they charge it out, it would be unusual, and could signal an egregious set of facts," he said.

Tests on spinach recalled from grocers in the affected states point to nine spinach farms that supplied produce to Natural Selection, one of the nation's largest distributors of bagged salads. The company has repeatedly asserted their plant is clean, and that they're cooperating fully with government officials investigating the case.

Growers Express operates a food-safety program in which small-scale farmers pay the company to provide health and safety inspections and maintain databases of audit reports. The company turned over these audit reports to the FDA and FBI on Wednesday.

"We make a policy of having our records available," said Vice President Woody Johnson. "It's not like we have a Web site where you can see an audit, but it's all very transparent. We're not sophisticated enough to even try to hide this."

The federal Food Drug and Cosmetic Act is unusual because simply allowing contaminated foods into interstate commerce could result in criminal charges, even if there was no intent to violate the law, said Eric Greenberg, a food safety lawyer.

"The result of prosecution under this statute is that you can be considered a criminal, and you may even go to jail, and it may simply be because you made a mistake, or one of your employees made a mistake," he said.

The government has most often used the law to go after importers who sell foreign products that don't conform to FDA standards or manufacturers who substitute inferior, cheaper ingredients in their products. After ignoring repeated warnings, for example, members of a family run business in Mississippi were sent to prison for using corn syrup to sweeten maple syrup and honey they marketed as 100 percent pure.

The 1996 Odwalla apple juice case was the first criminal conviction stemming from mass food poisoning. Although investigators never determined how the E. coli got into the apple juice, the company was held criminally liable because its juice was unpasteurized, which allowed the bacteria to thrive. Odwalla pleaded guilty and paid a $1.5 million fine - at the time the largest food injury fine in FDA history. The outbreak also led to new pasteurization and labeling requirements for fruit juices.

Since then, the act has been used to prosecute other companies. In 2001, Sara Lee Corp. pleaded guilty to selling adulterated hot dogs and lunch meats and paid a $200,000 fine after a nationwide outbreak of listeriosis killed 15 people and caused six miscarriages.

Bill Marler, a Seattle lawyer who has represented dozens of clients in lawsuits connected to contaminated greens, said the government also could prosecute farmers and processors under federal clean water laws and other environmental statutes if they failed to safeguard irrigation water.

"When you have cows in such close proximity to fields and the cows are upstream, it doesn't take a rocket scientist to find that since cows are the biggest reservoir for (E. coli) and cows poop, maybe the outbreaks have something to do with cows," Marler said.

There have been outbreaks involving greens in the past, but industry observers said this contamination's reach and the government's reaction might lead the fresh produce industry to really tighten enforcement and avoid similar incidents in the future.

"My hope is that this is the tipping point for the spinach and lettuce industry in California," Marler said. "It's time for them to come to terms with what issues they need to deal with."

Toddler's Death Linked To E. Coli Outbreak (WP/AP)

By Rebecca Boone, Associated Press

The Washington Post, October 6, 2006

DOJ_NMG_0076533

BOISE, Idaho -- A 2-year-old boy who died from kidney failure last month had been infected with the same strain of E. coli bacteria that prompted a nationwide consumer warning on fresh spinach, health officials said Thursday.

Kyle Allgood's was the second confirmed death in the outbreak, which also killed an elderly Wisconsin woman and sickened at least 190 other people.

"This confirms what we suspected for quite some time," said Ross Mason, a spokesman for the Idaho Department of Health and Welfare.

The boy died Sept. 20 in Salt Lake City after developing a type of kidney failure caused by E. coli. Health officials had to wait for the results of genetic testing on the bacteria to determine whether his illness was from spinach.

The sample taken from the boy was fairly small, so technicians had to let it grow for several days at a laboratory before analyzing it, officials said.

The toddler got sick after having a fresh spinach smoothie, according to his mother, Robyn Allgood.

Last week, the Food and Drug Administration lifted a two-week consumer warning on fresh spinach. On Wednesday, the FBI searched two California produce companies for evidence of possible felony violations of federal environmental laws.

E. coli lives in the intestines of cattle and other animals and typically is linked to contamination by fecal material. It causes an estimated 73,000 infections each year in the United States, including 61 deaths, according to the federal Centers for Disease Control and Prevention.

Sources can include uncooked produce, raw milk, unpasteurized juice, contaminated water and meat, the agency said.

Idaho Lab Ties Death Of Boy, 2, To Spinach Drink (NYT)

By Libby Sander

The New York Times, October 6, 2006

The 2-year-old who died of kidney failure set off by E. coli last month ate a spinach blend tainted with the same strain of the bacteria that has sickened nearly 200 people since mid-September, making his the second confirmed death in the outbreak, health officials say.

“It’s not a surprise,” a spokesman for the Idaho Department of Health and Welfare, Ross Mason, said Wednesday of the conclusion that the death of the toddler, Kyle Allgood of Chubbuck, Idaho, on Sept. 20 was linked to the outbreak. “We figured that would be the case.”

Scientists conducted tests since the death at a state laboratory in Boise to determine whether the E. coli strain in Kyle’s system matched the strain that killed an elderly Wisconsin woman and sickened 192 others.

The Federal Centers for Disease Control and Prevention considered Kyle’s death, as well as that of an elderly Maryland woman who died on Sept. 13 after eating fresh spinach, as suspect cases possibly linked to the outbreak. Health officials in Maryland said this week that they had not reached a finding on the woman’s death.

Tests to compare E. coli strains start with stool samples. By the time Kyle’s doctors knew that he had E. coli, the kidney failure had flushed his system so completely that obtaining a sample to test was impossible, Mr. Mason said.

After Kyle died, health officials at the state laboratory in Boise found a small sample that a hospital had taken before he was transferred to Primary Children’s Medical Center in Salt Lake City, where he died, Mr. Mason said.

Bush Policy Irks Judges In West (WP)

By Blaine Harden

The Washington Post, October 6, 2006

SEATTLE, Oct. 5 -- Using language that suggests they are fed up with the Bush administration, federal judges across the West have issued a flurry of rulings in recent weeks, chastising the government for repeated and sometimes willful failure to enforce laws protecting fish, forests, wildlife and clean air.

In decisions in Oregon, California, Montana and Wyoming, judges have criticized the judgment, expertise and, in some cases, integrity of the federal agencies that manage natural resources on public lands.

The rulings come at a time when an emerging bipartisan coalition of western politicians, hunters, anglers and homeowners has joined conservation groups in objecting to the rapid pace and environmental consequences of President Bush's policies for energy extraction on federal land.

Specialists in environmental law cite a noticeable increase in the number of recent court rulings in which federal judges in the West have ruled against the administration, using blunt language that shows impatience and annoyance.

"You are seeing frustration in the federal judiciary," said Dan Rohlf, a law professor at Lewis & Clark Law School, in Portland, Ore. The law school has the nation's oldest environmental law program. "When judges express that frustration on paper, which is not all that often, they are often reflecting what they see as a systematic effort to get around the law."

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The most scathing and exasperated of the recent court orders came late last month out of Portland, where U.S. District Judge James A. Redden has presided for six years over a stalled federal effort to prevent endangered salmon from going extinct in the Columbia and Snake rivers.

Federal agencies "have repeatedly and collectively failed to demonstrate a willingness to do what is necessary" under the Endangered Species Act to save fish at risk of extinction, wrote Redden, who was appointed in 1980 by President Jimmy Carter.

Responding to Redden's language and to other recent critical comments by federal judges in the West, Justice Department spokeswoman Cynthia J. Magnuson said: "It is regrettable whenever a court chooses to examine and speculate about the motives of a federal agency rather than applying the applicable laws to the facts of the case."

The agencies that Redden said are refusing to enforce the law include the National Oceanic and Atmospheric Administration, which leads the salmon-recovery program, as well as the Army Corps of Engineers, the Bureau of Reclamation and the Bonneville Power Administration, which markets power from federal dams on the rivers.

Bob Lohn, regional head of NOAA Fisheries, declined to comment on Redden's criticism of his agency's work. Through a spokesman, Lohn said that any comment would be inappropriate because of legal disputes pending before Redden and other judges.

In his court last year, Redden said the administration's plans to protect fish had been proposed "more in cynicism than in sincerity." He noted in his order last month that federal agencies now "seem to be more concerned with ensuring" that Idaho irrigators get water for their crops than with mitigating the damage that dams and water diversions do to endangered fish.

Having tossed out two earlier federal plans for running the river system (one was proposed late in the Clinton era), Redden warned that he "will not allow another invalid" plan to remain in place while urgent action is needed to protect salmon. The warning suggests that the judge might halt the operation of federal dams on the Snake River -- dams that Bush has described as vital to the economy of the Northwest.

U.S. District Judge Charles R. Breyer ruled in San Francisco in late August that the "Forest Service's interest in harvesting timber has trampled" environmental laws protecting timberland in and around California's Giant Sequoia National Monument. He was appointed by President Bill Clinton in 1997.

In a much broader ruling, another federal judge in California used scolding language two weeks ago in tossing out a Bush administration plan that allowed governors to decide what national forest land is suited for logging, mining or energy development.

U.S. Magistrate Judge Elizabeth D. Laporte largely reinstated a Clinton-era "roadless rule," which had put nearly a third of the national forests off-limits to development.

Laporte chastised the administration for changing the 2001 roadless rule without regard to consequences for endangered species, and for failure to cite "any new evidence" justifying the junking of land protections that had been years in the making.

Laporte was selected as a magistrate judge in 1998 by other judges in the northern district of California.

In Montana last week, U.S. District Judge Donald W. Molloy wrote that the Fish and Wildlife Service had lost touch with science when it declined to investigate whether the North American wolverine is at risk of extinction.

Molloy, appointed by Clinton in 1996, found "a dramatic loss" in the range of wolverines, a decrease in their population and growing threats to the weasel-like scavenger from genetic isolation and human encroachment.

The Fish and Wildlife Service, he ruled, had ignored "substantial scientific information that would lead a reasonable person to conclude" that listing wolverines as endangered or threatened may be warranted. He ordered the agency to look into the matter for a year.

In western Wyoming, the Bureau of Land Management ignored air-quality and wildlife data when it sold energy leases on national forest land in western Wyoming, according to a September ruling by Bruce R. Harris, a deputy chief administrative judge who works for the land appeals board in the Interior Department.

The ruling temporarily halted energy development on 20,000 acres in the Wyoming Range, where hiking outfitters and conservation groups have fought the encroachment of oil and natural gas exploration.

Specifically, Harris wrote that the BLM had not made itself aware of a recent study showing that endangered lynx were living within the leased parcel. He said that "little, if any, attention was given to air quality issues" before granting the lease. In the nearby Pinedale region, extensive gas drilling on BLM land has caused widespread air pollution.

Federal court rulings in much of the West are appealed to the San Francisco-based U.S. Court of Appeals for the 9th Circuit. Like lower courts in the West, it has often been caustically critical of the Bush administration.

Wildlife Report Paints 'Bleak Picture' Of West (LAT)

By Robert Lee Hotz

The Los Angeles Times, October 6, 2006

DOJ_NMG_0076535

Rising temperatures in the 11 Western states from global warming will cause more pervasive droughts, a four-fold increase in wildfires and extensive die-offs in regional plant, fish and game habitats, according to a report Thursday by the National Wildlife Federation.

"The American West is truly on the front line," said Patty Glick, the federation's global warming specialist. "The latest science is painting a bleak picture."

To avoid the consequences of climate change, the 1 million-member wildlife organization urged national limits, following those recently adopted in California, on the greenhouse gases responsible for rising temperatures, such as carbon dioxide and methane.

The national appetite for energy, fed by carbon-rich coal, oil and natural gas, imposes a double penalty on the ecological health of the West, the group said. The search for fossil fuels -- drilling permits on public lands have tripled in six years -- disrupts fragile habitats, even as the rising levels of carbon dioxide alter the regional climate in ways that will make it impossible for many species to survive.

The federation report, called "Fueling The Fire," brings a regional focus to climate research findings from federal agencies, academic reports and science journals.

The researchers offered growing evidence that rising regional temperatures already have had an effect, causing warmer winters, earlier springs, less snow and more rain. That, in turn, has raised the risk of floods in winter and the likelihood of diminished water supplies in summer.

The winter snow pack, the source of 75 percent of the water supply in the West, has declined by almost a third in the northern Rocky Mountain region and more than 50 percent in the Cascades since 1950, the federation reported.

As the Western landscape becomes ever more desiccated, wildfires consequently become more common, more widespread and harder to control, experts said.

This past wildfire season was the most severe on record, said ecologist Steven Running at the University of Montana College of Forestry and Conservation. During the past summer, more than 9.6 million acres burned -- twice the seasonal average -- and firefighters spent a record $1.5 billion to control them.

"The warming trend we are under is clearly accelerating and expanding the wildfire activity," Running said. "There is no reason we can see that it will reverse anytime soon."

Anacostia Club Charged With Illegal Dumping (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 6, 2006

Federal authorities have filed a criminal charge against a yacht club along the Anacostia River for illegal dumping months after D.C. officials said the club was in the running for a prestigious environmental award.

The District Yacht Club illegally discharged 240 square feet of concrete debris into the river in 2003, according to recent misdemeanor charges filed by the U.S. Attorney's Office in federal court in the District.

According to the charging documents, which do not name any yacht club members or officers , the club dumped the concrete into the Anacostia without seeking a permit.

Criminal prosecution under the federal Refuse Act, which the yacht club is accused of violating, includes penalties of up to $2,500 for each violation and/or imprisonment ranging from a month to a year.

The U.S. Army Corps of Engineers, which monitors discharge permits, yesterday referred questions about the investigation to the Justice Department.

Justice Department spokeswoman Cynthia Magnuson said that a hearing in the case is scheduled Dec. 5. A plea deal is expected in the case, according to court records.

The charges come four months after D.C. officials announced that the District Yacht Club was one of four yacht clubs and marinas in the District being considered for an official designation in the "Clean Marina Award" program.

Yacht club officials could not be reached for comment yesterday.

A volunteer at the club, who asked that his name not be published, said that the concrete ended up in the river in connection with a project to install a rail system used to help lift boats in and out of the water.

The volunteer said that the concrete was being used as a foundation to provide support for the rail system, but that the government's investigation mostly centered on the failure to obtain a permit from the Army Corps of Engineers.

The volunteer also said that the yacht club is a small organization with about three dozen members. He said that club members plan to meet to discuss the case this weekend.

It's not clear what prompted the investigation. Under federal law, tipsters who provide information leading to successful prosecution under the federal Refuse Act can receive half of whatever amount a judge determines violators should pay in fines.

DOJ_NMG_0076536

Interior Dept. To Study Potential Impact Of Choctaw Casino Project In Mississippi (USAT)

By Ana Radelat, Gannett News Service

USA Today, October 6, 2006

WASHINGTON — The Interior Department will examine a proposal for a casino the Mississippi Band of Choctaw Indians hopes to build in Jackson County.

In a notice in the Federal Register on Wednesday, the Bureau of Indian Affairs (BIA) said it intends to study the potential environmental impact of the casino, which would consist of a hotel, shops and parking near the intersection of Highway 57 and Interstate 10.

State officials oppose the project.

"The governor campaigned against it and consistently said he opposes the expansion of gaming beyond where it is today," said Pete Smith, Gov. Haley Barbour's spokesman.

Sen. Trent Lott, R-Miss., says the project would pose unfair competition for Gulf Coast casinos that, unlike tribal enterprises, aren't exempt from state taxes and other regulations.

The complex would be built on 40 acres the tribe owns in Jackson County and 61 adjoining acres the Choctaws have asked the federal government to put into trust, which would take it out of state control.

The environmental impact study will assess the proposed casino's effects on traffic and wildlife, air quality and sewage and water systems. Possible social and economic impacts also will be reviewed.

The BIA established a 30-day period for the public to comment on the proposal and has scheduled a public meeting Oct. 18 on the project in the Ocean Springs Civic Center.

It called the Choctaws' plan a "preferred alternative" for the land, saying it would "maximize potential economic benefits" for the tribe and create jobs. Otherwise, the BIA notice said, the Choctaws would close two county businesses: First American Printing and Direct Mail and First American Plastic Molding, which together employ more than 100 people.

Kurt Chandler, the BIA's regional environmental scientist in Nashville, said Choctaw Chief Phillip Martin decided to pay at least $2 million for the environmental impact statement to convince residents and Mississippi officials that it would not have any negative consequences.

Choctaw representatives could not be reached for comment.

HAZCLEAN Environmental Consultants of Jackson will do most of the work on the environmental impact study under the supervision of the BIA.

"Nothing is going to get past me," Chandler said. He said the study will take six to nine months.

Farewell, Martha (WP)

The Washington Post, October 6, 2006

HOLLYWOOD WOULD have scripted a different ending for the saga of Martha, the bald eagle who with her mate, George, captured the imagination of the Washington area. But rather than feeling sad for what has been lost, we prefer to focus on the lessons that this improbable pair imparted about the beauty and value of the natural world.

Martha was put to sleep this week after veterinarians wisely concluded that it would be cruel to keep her alive in captivity following injuries that would have prevented her from ever flying again. Martha and George were so named by workers building a replacement for the Wilson Bridge, which the two bald eagles nested near in spite of the noise and commotion. They became mascots, and a public eager to imbue animals with human qualities saw love and loyalty as they stayed together and, over the years, produced 16 eaglets. Martha was injured in an attack by another bird in April, and her struggle to recover and rejoin George became national news.

That attack epitomizes both the good and bad news about the state of bald eagles today. Once threatened with extinction, the bald eagles' population has rebounded to a point where some are suggesting they no longer need to be on the endangered species list. The eagle that attacked Martha is a sign of that increase; the battle, which was over territory, is evidence of the loss of habitat to urban encroachment.

George and Martha showed thousands of commuters a better side to a lousy ride over a bridge. As a result, many drove away with a new respect for wildlife.

Study Says Lab Meltdown Caused Cancer (LAT)

By Amanda Covarrubias, Times Staff Writer

The Los Angeles Times, October 6, 2006

Scientists say details about the 1959 accident near Simi Valley continue to be withheld. Other contamination at the site is much clearer.

DOJ_NMG_0076537

Radioactive emissions from a 1959 nuclear accident at a research lab near Simi Valley appear to have been much greater than previously suspected and could have resulted in hundreds of cancers in surrounding communities, according to a study released Thursday.

Chemical contamination from rocket engine testing at the site continues to threaten soil and groundwater in the area around Rocketdyne's Santa Susana Field Laboratory, the study also found.

The nuclear meltdown, which remained virtually unknown to the public until 1979, could have caused between 260 and 1,800 cases of cancer "over a period of many decades," the study concluded.

But the advisory panel that oversaw the five-year study, conducted by an independent team of scientists and health experts, said it could not offer more specifics about potential exposure to carcinogens because the Department of Energy and Rocketdyne's owner, Boeing Co., did not provide key information.

"This lack of candor … makes characterization of the potential health impacts of past accidents and releases extremely difficult," the panel concluded.

Boeing officials vigorously disputed the findings, saying the study was based on miscalculations and faulty information.

"We disagree entirely with the report's conclusion," said Phil Rutherford, a health, safety and radiation manager for the company. He cited a Boeing-commissioned study released last year that found overall cancer deaths among employees at the field lab and at Canoga Park facilities between 1949 and 1999 were lower than in the general population.

The Boeing report contradicted findings from an earlier UCLA study that found elevated cancer deaths among workers exposed to high levels of radiation.

Critics chided Boeing officials Thursday for failing to provide information for the new study.

"The pattern of secrecy and misrepresentation that began at the time of the accident continues to this day, where sloppy practices are done under a cover of darkness," said Dan Hirsch, a physicist and co-chairman of the advisory panel.

The lab was opened on a craggy plateau in easternmost Ventura County in 1948 as the nearby San Fernando and Simi valleys were on the cusp of a postwar population boom. Originally operated by North American Rockwell, it conducted nuclear research for the federal government for more than four decades before ceasing those operations in the late 1980s. It has also been the site of more than 30,000 rocket engine tests, the thunderous explosions serving as a Cold War-era hallmark for nearby residents.

The 2,850-acre site has been the source of much controversy since the nuclear accident was first widely publicized in 1979. A team of UCLA graduate students obtained documents through the Freedom of Information Act detailing the meltdown.

The disclosure resulted in a number of environmental studies that found widespread radioactive and chemical contamination at the lab. In turn, several investigations into the potential impact on the health of lab workers and area residents were triggered.

The advisory panel was created by local legislators in the early 1990s to oversee some of the studies. Its new report specifically focuses on how the lab's operations, which included decades of rocket engine testing, may have affected the health of people in nearby communities.

The study, paid with federal funding, asserted that the rocket engine tests had caused chemical contamination of water and soil in nearby areas in recent years and "may indicate pathways for other contaminants."

Among the scientists' other key findings:

· As much as 30% of the most worrisome compounds associated with nuclear testing at the lab, iodine-131 and cesium-137, may have been released into the air. But Boeing's Rutherford said data from the site's own airborne monitoring system refutes that claim.

· Unable to obtain weather data from Boeing, scientists made calculations based on varying assumptions about wind speed and direction and estimated the number of potential cancers at 260, with the rare possibility that the number could be as high as 1,800, within 62 square miles surrounding the field lab.

"These cancers, if they occurred, would have been amidst a population of several million people and over a period of many decades," the report said. "The ability of epidemiological studies to identify these cancers, if they exist, in a population that large, is limited, given the uncertainty of where the exposures occurred."

· For years, in violation of restrictions prohibiting such activity, radioactive and chemically contaminated components were disposed of at an open-air sodium burn pit at the field lab, polluting soil and groundwater.

· Perchlorate, a component of rocket fuel, migrated off the lab site, toward populated areas, in surface water runoff. Other contaminants may have spread off site in this manner as well, the report said.

The report also disclosed little-known information about lab operations: It was home to 10 nuclear reactors and numerous low-power reactors, plutonium and uranium carbide fabrication plants and a "hot lab" used for remotely cutting up irradiated nuclear fuel shipped in from other federal nuclear plants.

DOJ_NMG_0076538

About 150 people attended a public meeting Thursday night to discuss the report's findings. Many of those in the audience are residents or former residents of the area surrounding the field lab.

They said they appreciated the findings and hoped the report would spur regulators to force a thorough cleanup of the site.

Marjorie Weems, who lives on property adjoining the site, said her daughter, Priscilla, 34, had to have part of her thyroid removed 13 years ago and worries about a possible connection to the lab's operations.

"It's been such a coverup for so many years," said Weems, 62, whose husband, now retired, worked at the lab. "They lied and lied and lied and said there was no contamination. But now we know that's not true."

At the time of the 1959 nuclear accident, little information appeared in the media. Lab officials released a statement saying "no release of radioactive materials to the plant or its environs occurred, and operating personnel were not exposed to harmful conditions."

The advisory panel overseeing the most recent study accused the lab's operators of maintaining a pattern of deception and secrecy ever since.

For instance, it said researchers discovered that a meteorological station was atop the nuclear reactor on July 13, 1959, when fuel rods ruptured and partially melted, emitting radioactive gases into the plant and the atmosphere.

When the researchers requested the station's weather data to try to determine how far radioactive gases may have traveled from the hilltop lab, Boeing officials refused, asserting that the information was "proprietary — a trade secret," the panelists said in the report.

"How can you possibly declare a trade secret which way the wind blew on a certain day?" Hirsch said.

Boeing officials said they do not recall any specific requests for weather data, adding that such information might not even exist.

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(INFOBOX BELOW)

Santa Susana Field Laboratory timeline

1959: Fuel rods in the first nuclear reactor in the country to produce electricity for a commercial power grid rupture and partially melt, releasing radioactive gases into the atmosphere. But the accident is not widely publicized until 1979.

1989: A Department of Energy study finds widespread radioactive and chemical contamination at the 2,850-acre Rocketdyne field lab.

1997: A UCLA health study, which reviewed the records of employees of Rocketdyne and predecessor North American Aviation from 1949 to 1994, finds elevated cancer deaths among workers exposed to high levels of radiation.

2005: A health study by lab owner Boeing Corp. concludes that overall cancer deaths among nearly 47,000 employees who worked at the Rocketdyne lab and its Canoga Park facilities between 1949 and 1999 were lower than in the general population.

2006: An independent panel of scientists releases a report that finds the 1959 nuclear accident appears to have been much worse than previously suspected and could have resulted in hundreds of cancers in surrounding communities. It also finds that chemical contamination from rocket engine testing at the site continues to threaten area soil and groundwater.

Source: Santa Susana Field Laboratory Advisory Panel

Los Angeles Times

Firm Fights Pollution Charges (SLT)

By Judy Fahys, The Salt Lake Tribune

Salt Lake Tribune, October 6, 2006

Lawyers for a West Valley company and two of its managers say local water officials bungled the pollution limits that are behind a 29-count federal indictment against their clients.

Accused of tampering with pollution readings, the three have filed suit in 3rd District Court in hopes of proving the limits on selenium were illegal and, consequently, that a dozen of the charges should be dismissed from the federal pollution case.

The selenium cap at the Central Valley Water Reclamation Facility "was not properly set, and therefore, we shouldn't be held criminally responsible," said Max Wheeler, one of the three defense attorneys on the case.

The U.S. Justice Department indicted the Pennsylvania-based Johnson Matthey Inc. in March and charged John David McKelvie, the former general manager of the West Valley plant, and Plant Manager Paul Card Greaves with violations of the Clean Water Act.

DOJ_NMG_0076539

The indictment includes charges of conspiracy to discharge pollutants in excess of permit limits, selective sampling, concealment and manipulating wastewater discharges. One time, the indictment alleges, freshwater from a hose was added to discharge water to dilute the selenium.

The company faces maximum penalties of $12.5 million. McKelvie faces fines of $4.5 million and 90 years in prison. Greaves faces 125 years in prison and nearly $6.3 million in fines.

Reed Fisher of the Central Valley Water Reclamation Facility referred comments on the case to the Justice Department. The Justice Department did not return a telephone call seeking comment.

In past statements, Fisher has noted that even with the allegedly high discharges from Johnson Matthey into the Jordan River, the district kept within its own discharge limits for selenium.

Selenium is a naturally occurring element. Small amounts of it are required for good nutrition, but too much can cause havoc with human health and wildlife. A state task force is looking at curbing the human sources of selenium in the Great Salt Lake, which some suspect is harming waterfowl reproduction.

Wheeler called Johnson Matthey's selenium discharges "a zero-impact situation" because of the "inconsequential" amounts that wound up in the Jordan River.

He said the water reclamation district used the wrong chart from the U.S. Environmental Protection Agency to set its limits. Had it used the correct table, the limits would have been nearly three times higher, and 12 counts of the indictment would be invalidated.

A Bad Start In The Parks (NYT)

The New York Times, October 6, 2006

Just before it made tracks out of town, the Senate confirmed Mary Bomar's appointment as the new head of the National Park Service. Ms. Bomar testified in person in late September before the Senate Energy and Natural Resources Committee, but the bulk of her testimony took the form of written answers to written questions posed by members of the committee. Her answers were intently managerial in tone — not particularly evasive and not particularly helpful.

At one point, for instance, Ms. Bomar was asked to list the "three greatest challenges facing the Park Service." Number one, she said, is "re-energizing the support of the American people," and number three is "preparing a new generation of leadership." (Two is improving the park service's "capabilities.")

In reality, the biggest challenge facing the service is to take politics out of parks management. Again and again over the past six years, demoralized career park service employees have been forced to watch sensible decisions overturned or bad decisions made on a political basis. They have witnessed a brazen attempt to break the parks wide open in favor of commercial interests. They've seen the integrity of park service science compromised and its results disregarded.

If Ms. Bomar can put the national park system back on a sound managerial footing, she will not need to re-energize the support of the American people.

There are a lot of ways Ms. Bomar could set a new tone and demonstrate her commitment to apolitical good management. One opportunity involves the problem of snowmobiles in Yellowstone. Ms. Bomar said recent experience has demonstrated that snowmobiles "may be operated without unacceptable impacts to park resources and visitors" under the current limits and requirements. That is exactly what has not happened.

For the past two winters, snowmobile numbers have been running about 250 a day in Yellowstone — roughly a third of the maximum allowed under a temporary plan. Even that smaller number exceeds the weakened noise standards established by the Bush administration in 2003, and the National Park Service has rejected two environmental impact statements that find the presence of snowmobiles in Yellowstone unacceptable.

But Senator Conrad Burns, who is facing a tough battle for re-election in Montana, has proposed legislation that would force the park to continue admitting up to 720 snowmobiles a day and strip the courts of their ability to rule on the issue. It is a classic face-off between the forces of politics and parks stewardship. Ms. Bomar had a chance to send a message about her intention to manage impartially, in her written responses. She missed the opportunity.

The Interior Department has recently approved a strong set of management policies that put preservation first. Ms. Bomar would do well to put those policies first and put an end, at last, to snowmobiles in Yellowstone.

FBI/DEA/ATF/USMS:

Judge Order Bonds's Trainer Released, Citing `Snafu' (Update1) (BLOOM)

By Karen Gullo

DOJ_NMG_0076540

Bloomberg, October 6, 2006

Oct. 5 (Bloomberg) -- Greg Anderson, baseball player Barry Bonds's trainer, will be released from jail today after being held for contempt for refusing to testify in a federal steroid probe, a judge said, citing a court error.

U.S. District Court Judge William Alsup, noting a ``snafu" in his handling of Anderson's case, said U.S. marshals in San Francisco should release Anderson today at 5 p.m. local time.

Yesterday a three-judge panel of a San Francisco-based appeals court said Anderson must be released under a law that requires contempt appeals to be resolved within 30 days. Anderson was jailed Aug. 28 for refusing to answer grand jury questions about whether Bonds and other athletes lied to a grand jury about using steroids. He could have been jailed for months.

``This snafu has arisen because of an apparent failure of this court to be clear in its findings," said Alsup in a ruling today. ``He will be released on his own recognizance."

Mark Geragos, Anderson's attorney, couldn't be reached. Anderson was ordered to appear at an Oct. 19 hearing. The appeals court could order Anderson back to jail after reviewing Alsup's findings concerning the legality of a government tape of Anderson. Alsup has not issued a written ruling on his findings. Anderson said the tape, which the government refused to turn over, is illegal and tainted the grand jury proceedings.

The government is seeking Anderson's testimony to determine whether any athletes, including Bonds, lied to a federal grand jury about taking steroids. Bonds has denied using them.

Anderson was jailed for 15 days in July for refusing to testify and released when the grand jury's term expired. A new grand jury then resumed the probe. Anderson again refused to testify about Bonds when brought before the panel on Aug. 17, prosecutors said.

The grand jury probes stem from a U.S. investigation into Bay Area Laboratory Cooperative, a California lab, and steroid use among athletes.

Anderson pleaded guilty last year to distributing steroids to unidentified athletes and served three months in jail. He is trying to withdraw the guilty plea.

The case is Greg Anderson v U.S., 06-90292, U.S. District Court, San Francisco.

Bonds' Trainer Released From Jail (AP)

AP, October 6, 2006

Greg Anderson's newfound freedom may be short-lived.

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer Greg Anderson walked out of prison Thursday hours after a federal judge ordered him released because of a "legal snafu."

U.S. District Judge William Alsup told marshals to free Anderson because a federal appeals court hadn't affirmed his contempt order within the required 30 days after he was jailed for refusing to testify to a grand jury investigating the Giants slugger.

Anderson, 40, could be returned to prison if the appeals court affirms Anderson's Aug. 28 contempt citation for refusing to answer questions before the panel probing whether Bonds committed perjury when he said he never knowingly used steroids.

Bonds told a grand jury investigating the Bay Area Laboratory Co-Operative steroid ring in 2003 that Anderson gave him what he believed were flaxseed oil and arthritic balm. Anderson later pleaded guilty to distributing steroids and money laundering.

Anderson, who served three months in prison and three months of home detention for his conviction, has appealed his contempt jailing on several fronts.

His main contention is that a secret, illegally recorded tape of him discussing Bonds' steroid use is the basis for grand jury questions he faces.

Although Alsup dismissed that claim and others, the 9th U.S. Circuit Court of Appeal last week sent Anderson's appeal back to the judge, saying Alsup's ruling regarding the tape was not clear enough.

"This snafu has arisen by an apparent failure by the court to be clear of its findings," Alsup said.

In clarifying his order Thursday, Alsup said he agreed with prosecutors that there was ample evidence beyond the tape to question Anderson. Prosecutors on Thursday said the questions they want answered are based on athletes' secret testimony in the BALCO case and a search of Anderson's house that turned up drug records, some with Bonds' name on it.

The appeals court could rule any day.

Anderson has been imprisoned twice for refusing to testify whether Bonds used steroids. He served 15 days in July and was let out because the grand jury probing the Giants slugger had expired and a new grand jury was formed.

Other than the tape dispute, the 9th U.S. Circuit Court of Appeals has rejected the merits of Anderson's appeal. Among them, Anderson claimed his BALCO plea deal prevented him from cooperating with the government's steroid investigation.

Anderson will seek to withdraw his 2005 guilty plea because the tape amounts to an illegal wiretap and may have been the basis for the BALCO case against Anderson, defense lawyer Mark Geragos said.

Prosecutors claim the tape is legal and was made in a face-to-face meeting with Anderson.

The case is United States v. Anderson, 06-90292.

Bonds's Trainer Is Released From Prison (NYT)

By Carol Pogash

The New York Times, October 5, 2006

SAN FRANCISCO, Oct. 5 — Barry Bonds's personal trainer, Greg Anderson, was released from prison Thursday after what Judge William Alsup of the United States District Court called "a snafu."

Anderson, 40, was being held in contempt of court for refusing to answer grand jury questions about Bonds in connection with the ongoing investigation of the Bay Area Laboratory Co-Operative. Anderson, who has been jailed three times in connection with the case, most recently on Aug. 28, could be returned to prison.

In the late morning, the somber-looking Anderson, who had come to work wearing an ill-fitting tan prison uniform, strode out of the federal building here sporting a new navy extra-large navy sweatshirt, large gray sweatpants and laced black shoes with the tag still attached. After his release, his lawyer, Mark Geragos, had rushed to a Levi's store in the rain to purchase clothes for his client.

On Sept. 28, a federal appeals court heard six claims from Geragos challenging the contempt order. The court sent the case back to Judge Alsup for clarification on one of those claims: that the grand jury questions Anderson refused to answer were based on an illegally recorded tape of Anderson discussing steroid use by Bonds.

A person in prison on federal civil contempt charges is entitled to bail if his appeal is not disposed of in 30 days. Thursday marked Anderson's 37th day in jail. On Wednesday, the appeals court ordered that Anderson be released by 5 p.m. the next day.

Judge Alsup blamed himself for "the apparent failure of this court to be clear in its findings" and the government for not supplying evidence. "Mr. Anderson should not bear the burden of these omissions," the judge said before releasing him on his own recognizance.

Anderson is still not free of the investigation. If he is called before the grand jury again and refuses to answer questions about Bonds, he could be returned to prison.

85-count Indictment Charges 21 Gang Members (AP)

AP, October 6, 2006

OKLAHOMA CITY Federal officials in Oklahoma City say 21 gang members and their associates face a total of 85 conspiracy, gun and drug-related charges in a federal indictment that was unsealed today.U-S Attorney John C. Richter says the defendants are members or associates of the Walnut Gangster Crips. They're accused of conspiring with four unindicted coconspirators to possess with intent to distribute more than 30 kilograms of cocaine, cocaine powder and over 1,000 tablets of ecstasy.The indictment alleges that members of the street gang associated themselves with others who acquired the cocaine powder in Los Angeles to manufacture the crack for redistribution in the Oklahoma City area.The indictment seeks forfeiture of firearms, ammunition, cash and some property.

Local Men May Get 40-year Terms In Marijuana Case (TUCCIT)

Tucson Citizen, October 6, 2006

Two Tucson men have been convicted in U.S. District Court of conspiracy to transport drugs.

Mark A. Simmons, 35, and Ernest R. Washington, 37, were found guilty by a Tucson jury Wednesday.

Prosecutors said the men plotted to move the drugs between Tucson and Ohio. During the investigation, officials seized about 1,500 pounds of marijuana while it was being transported between the states.

Evidence at the trial showed the men used rental cars and tractor trailers in 2003 and 2004 to transport the drugs. Three kilograms of cocaine seized in Philadelphia were also linked to the two, authorities said.

A drug conspiracy conviction carries a maximum penalty of 40 years in prison. Sentencing for the men is scheduled for Dec. 14.

Man Sentenced For Dealing Ecstasy, Conspiracy (AP)

DOJ_NMG_0076542

AP, October 6, 2006

BALTIMORE, Md. -- A New Jersey man who operated an Ecstasy drug ring and tried to have an informant killed has been sentenced in Baltimore.

U.S. Attorney Rod Rosenstein said Fred Caruso was sentenced to 13 years and seven months in prison, followed by five years of supervised release.

Caruso was charged with conspiracy to distribute Ecstasy, conspiracy to retaliate against a witness and conspiracy to commit kidnapping, police said.

Caruso pleaded guilty to distributing ecstasy in Maryland and New Jersey from 1999 to 2000.

Rosenstein said Caruso began selling in 2000 to a man named Thomas Dixon. Dixon was under police surveillance when he received the first delivery of about 41,000 tablets. Dixon was arrested and agreed to cooperate with law enforcement, officials said.

After agreeing to testify against Caruso in 2002, Dixon was shot six times as he left his home but survived.

Rosenstein said court documents showed Caruso admitted hiring individuals to shoot Dixon.

DEA Rounds Up Nine In Suspected Drug Ring (SDUT)

Union-tribune Breaking News Team

The San Diego Union-Tribune, October 5, 2006

SAN DIEGO – The arrest of nine people Wednesday by drug enforcement officials has dismantled of a major drug trafficking organization operating in San Diego, authorities said.

Agents with the Drug Enforcement Administration arrested the group, seized three pounds of methamphetamine and confiscated about $30,000 after serving seven search warrants, said Dan Simmons, a spokesman for the DEA.

The suspects lived in Chula Vista, El Cajon, San Diego and National City.

Officials believe that their arrests, combined with others in the recent past, dismantled the organization.

The organization reportedly distributed several pounds of methamphetamine, several times a week to buyers in San Diego County, Las Vegas and Omaha, Neb., and sold more than $100,000 worth of methamphetamine a month, officials said.

Also seized were three weapons, two vehicles and bullet-proof gear.

Rosenstein Case Witnesses Ask For Disguises (JERP)

The Jerusalem Post, October 5, 2006

The six Israel Police detectives who are due to testify at the trial of suspected drug dealer Ze'ev Rosenstein in Miami requested permission on Thursday to appear in court wearing wigs and make up fake so that their identities would not be exposed.

In addition, the detectives also asked to be identified in court by their police numbers only, not by name.

The detectives made the request out of fear that they would be targeted by Rosenstein's associated when they continued to work in Israel after the trial.

Rosenstein, identified by federal prosecutors as one of the world's biggest distributors of Ecstasy has pleaded not guilty to charges that could put him in prison for up to 40 years.

The 51-year-old entered the plea in May, nearly three months after he was extradited from Israel to face charges that he conspired to distribute more than 1 million Ecstasy pills in the US between summer 1999 and November 2001.

Israeli Agents Want Disguises To Testify At Miami Drug Trial (AP)

AP, October 5, 2006

MIAMI Israeli undercover agents want to wear wigs, fake facial hair and makeup so they can testify without revealing their true identities at the upcoming trial of a man charged with running a worldwide Ecstasy distribution ring.

As many as six surveillance officers of the Israel National Police also want to appear in the U.S. federal trial of Zeev Rosenstein using only an "officer identification number" rather than their names. They want to limit defense cross-examination that might reveal confidential tactics and spy technology.

"The underlying principle behind these procedures is that in order to operate effectively in a country like Israel, an undercover surveillance officer must preserve his or her complete anonymity," U.S. prosecutors Michael Sullivan and Ben Greenberg said in a motion filed in federal court this week.

Rosenstein, 51, is scheduled to go to trial in November on charges of conspiracy to distribute in the U.S. more than 1 million pills of the synthetic drug MDMA, more commonly known as Ecstasy. Rosenstein is on the U.S. list of 44 top worldwide drug traffickers. He has pleaded not guilty and has been held without bail since his extradition from Israel in March.

DOJ_NMG_0076543

The prosecutors' motion says that the Israeli agents' testimony "goes to the heart" of the U.S. case because they witnessed numerous meetings Rosenstein allegedly had with other conspirators in the Ecstasy ring. There was no audio surveillance, making these eyewitness accounts even more critical, the motion said.

In the U.S. justice system, a defendant has a right to confront and cross-examine accusers, and courts have ruled both ways on whether witnesses may testify in disguises because of concerns about that right and about the impact on jurors. The Israeli government, however, said cover for these agents would be forever blown if they are not disguised.

"In stressing the importance of these protections, we wish to note that Israel is a very small country, with a relatively small and close-knit organized criminal community," the Israeli Ministry of Justice said in a letter to U.S. prosecutors. "The exposure of the identity of any surveillance officer thus inevitably means the end of his or her effectiveness."

The motion asks U.S. District Judge William Dimitrouleas to approve a "light disguise" for the Israeli agents "including makeup, wigs and/or other facial hair for men" as well as the restrictions on questioning about methods and use of numbers instead of names. Dimitrouleas had not ruled on the motion as of Thursday.

Rosenstein's attorney, Howard Srebnick, did not immediately return telephone and e-mail messages seeking comment about the request.

Undercover Agents May Testify In Disguises At Trial Of Accused Israeli Drug Lord (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, October 5, 2006

Prosecutors in the case of accused Israeli drug lord Ze'ev Rosenstein want Israeli undercover agents testifying at his Miami trial to wear disguises and use numbers instead of names to protect their identities.

They filed a motion Monday requesting the special measures, which are mandated by Israeli law but go against a fundamental principle of American justice -- a defendant's right to confront witnesses at trial.

That right is part of the Sixth Amendment. However, judges sometimes bend the rules when important considerations are at stake.

In their brief, prosecutors Michael Sullivan and Benjamin Greenberg said their requests would not violate Rosenstein's right to a fair trial.

They proposed the agents be referred to by identification numbers and appear in court wearing "light" disguises such as wigs, makeup and artificial facial hair.

"Rosenstein will still have the opportunity for a virtually unfettered face-to-face encounter with the undercover surveillance officers," the brief states. The prosecutors also asked U.S. District Judge William Dimitrouleas to bar defense lawyers from asking the agents probing questions about their investigative techniques or devices.

Rosenstein, a suspected mob boss whom some Israelis liken to Al Capone , was extradited to South Florida in March on charges he conspired to import and distribute Ecstasy in the United States.

He pleaded not guilty and his trial is scheduled to start in November.

Sullivan and Greenberg plan to put on the stand six current and former Israeli agents to testify about their surveillance of meetings involving Rosenstein and his alleged associates.

The disguises worn by the agents would not obscure their eyes or distort their voices, so jurors would still be able to assess their credibility, the lawyers stated.

The agents' true names are not relevant because jurors would be informed the witnesses are undercover officers employed by the Israeli government, the lawyers said.

Howard Srebnick, Rosenstein's defense attorney, could not be reached.

Miami defense lawyer Jane Moscowitz, who is not involved in the case, said the government's request should be rejected because it violates one of the basic tenets of a fair trial.

"I understand Israel's concern, but if these agents are going to testify in U.S. courts, they should testify under our rules," Moscowitz said.

In June, an Illinois federal judge agreed to close the courtroom during testimony from two Israeli intelligence agents in a terrorism fundraising case.

The agents will also use code names and wear light disguises when they appear in court.

While such cases are the exception, judges have permitted witnesses to use fictitious names or testify in disguise.

Rome Businessman Indicted In Marijuana Distribution Case (AP)

AP, October 6, 2006

DOJ_NMG_0076544

ROME, Ga. _ A northwest Georgia businessman and real estate investor pleaded not guilty Thursday to charges of conspiring to distribute more than a ton of marijuana.

Mario Armas, 45, also entered a not guilty plea to a related charge of money laundering.

A federal indictment and a search warrant affidavit unsealed Thursday morning alleges that Armas conspired with Lonnie Merren and Kevin Redstrom, both of Rockmart, between January 2003 and November 2004 to distribute at least 1,000 kilograms _ 2,200 pounds _ of marijuana in the Rome area, U.S. Attorney David E. Nahmias said.

The drug dealing was allegedly linked to other crimes, including kidnapping, burglary and laundering the profits of drug deals. Search warrants were executed Thursday at business and residential properties related to Armas and the alleged drug scheme.

Armas owns multiple businesses and properties in the Rome area.

"The indictment unsealed today is the result of a two-year investigation into allegations of drug trafficking and money laundering of at least $2 million generated by marijuana sales in Northwest Georgia," Nahmias said in a statement. He called Armas the "principal financier," using his business, N & A Corporation, as a front. He said Redstrom and Merren allegedly were money couriers for Armas.

Armas remains in federal custody, and a bond hearing is scheduled for him Wednesday.

Agents from the Federal Bureau of Investigation and Drug Enforcement Administration have been investigating and gathering evidence at Armas' home and office. More than a dozen cars were parked out front of Armas' home Thursday, and officers and agents were seen entering and leaving with boxes and tools.

Merren and Redstrom are both expected to be arrested in separate locations outside Georgia and will make their initial appearances before the magistrate judge next week.

U.N.: Afghan Opium May Up Heroin Deaths (UPI)

UPI, October 5, 2006

VIENNA, Oct. 5 (UPI) -- The U.N. Office on Drugs and Crime warns the robust Afghan opium trade will likely cause a dramatic increase of heroin-overdose fatalities.

In a letter sent to nearly 90 health ministers, the text of which was released Thursday, UNODC Executive Director Antonio Maria Costa advised health authorities to prepare for "a substantial increase in the number of deaths by overdose."

The 2006 Afghan Opium Survey released last month revealed a record production of 6,100 tons of opium, an increase of 49 percent from 2005.

"The abundant supply of Afghan heroin is likely to result in dramatic increases in the purity of street heroin," Costa said in the letter sent from UNODC headquarters in Vienna. "Addicts are not used to injecting doses containing such high concentrations of the drug."

He called on the Afghan government to take strong action against opium traffickers and trade violators and encouraged local health authorities "to take every possible measure in the period ahead and to alert practitioners to the possible risk increase." In order to effect change, the director proposed penalizing governors and police officials presiding over opium-growing provinces and suggested drug-free areas be rewarded.

Western countries must also help, he said, adding "heroin habits in the West put huge sums of money into the pockets of criminals and insurgents, who destabilize Afghanistan and kill soldiers and civilians alike."

Uribe Hinting At Talks With FARC (MH)

By Steven Dudley

The Miami Herald, October 6, 2006

BOGOTA - Despite a strong mandate validating his first four years of waging all-out war against leftist rebels, Colombian President Alvaro Uribe has opted for a more peaceful beginning to his second term.

Since his inauguration in August, Uribe has reached out to leaders of the hemisphere's largest rebel group, the Revolutionary Armed Forces of Colombia or FARC, by offering to swap imprisoned rebels for kidnapped politicians, citizens and soldiers in guerrilla hands.

"The result of this security campaign can't just be of scorched earth, killing guerrillas and putting at risk our soldiers," Uribe said on local radio this week, referring to his so-called Democratic Security plan. ``This policy of Democratic Security is a way to achieve total reconciliation among us Colombians."

The seeming about-face by Uribe comes just months after the president and his allies won landslide victories in this year's presidential and congressional elections. The elections were seen as a validation of Uribe's policy to strengthen the country's

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armed forces and police, and launch unprecedented military offensives in various parts of the country, which forced the guerrillas to seek hiding and lowered rebel violence and kidnapping rates.

But results in the war have been waning of late. Uribe also has been hit by scandals in the military and recent reports that the production of coca, the raw material for cocaine, continues apace despite years of concerted attack on what many consider the principal funding source for warring groups in this country of 42 million people.

"Initially, Uribe insisted on ending the guerrillas by fighting them," said former Inspector General Jaime Bernal Cuéllar. ``But now he has two things going against him: the impossibility of winning the war against the guerrillas, and the polls that show the majority of Colombians are for a prisoner swap."

Yet, some analysts say Uribe has always had it in his mind to negotiate. Uribe has already negotiated with right-wing paramilitaries -- who also fought the guerrillas -- leading to the demobilization of more than 32,000 illegally armed troops and the surrender of the group's top commanders.

Uribe also began preliminary peace talks with guerrillas from the country's second-largest rebel group, the National Liberation Army, or ELN, in Cuba.

"At the end of the day, Uribe is a political realist," said Fernando Cubides, a sociology professor at the National University in Bogotá.

IMPOSSIBLE TASK

``Inside he knew that a military defeat of the guerrillas was never a possibility. What he wanted was to strengthen the state for an eventual negotiation."

Regardless of when the president's plan began, Uribe officially authorized his peace commissioner, Luis Carlos Restrepo, this week to contact FARC commanders to begin negotiations on the prisoner swap.

The FARC is holding 59 Colombian politicians, police and soldiers as well as three United States military contractors it captured after shooting down their airplane in 2003. The government is holding some 500 rebels in jails across the country.

One of the FARC's prisoners is Ingrid Betancourt, a Colombian and French national and former presidential candidate here, who has sparked European nations such as France, Switzerland and Spain to take a strong interest in backing the swap.

The United States, however, has been playing coy -- stating only that it supports the liberation of all kidnap victims. Still, the State Department has declared the FARC a terrorist group, and U.S. officials have always said they are against negotiating with terrorists.

What's more, there are several guerrillas in United States' prisons facing drug trafficking and kidnapping charges, and the Justice Department has recently stepped up its efforts to indict FARC members at large in Colombia for drug trafficking, money laundering, kidnapping and terrorism.

For its part, the FARC has made a point of mentioning two of these U.S.-based rebel prisoners as part of the possible prisoner swap.

REBEL DEMANDS

The guerrillas have also demanded the demilitarization of two municipalities to make room for the negotiations and possible deal, something the government seems unwilling to do. Uribe's predecessor, Andrés Pastrana, demilitarized an area in the south the size of Switzerland to negotiate with the FARC.

The guerrillas used the territory to talk peace, but also to regroup and retrain, hold kidnap victims and launch attacks on nearby military sites and police stations.

"It cannot be a zone of refuge for crime," Uribe said of the area where talks may take place. ``It can't be a point to regroup for terrorist acts that serve to put political pressure [on us]."

Uribe's recent declarations in favor of a prisoner swap have surprised some and consoled others. Others have seen a transformation of the president since he began his tenure in 2002.

"I see a lot of change with regard to his rhetoric, especially toward the FARC," Fabiola Perdomo, the wife of a local assemblyman taken hostage by the FARC in 2002, said of Uribe. ``He's become more flexible."

So flexible, in fact, that Uribe has even mentioned the possibility that a prisoner swap could lead to peace talks and possibly a National Assembly, which the FARC has long demanded.

Special correspondent Jenny Carolina González contributed to this report.

Woman Given 15 Years For Setting Apartments On Fire (WP)

By Ernesto Londoño

The Washington Post, October 6, 2006

A 25-year-old Germantown woman who set her apartment building on fire when she tried to burn her boyfriend's clothes was sentenced yesterday to 15 years in prison -- a punishment three times longer than the one sought by prosecutors.

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The fire set at the Oak Hill apartments by Roxana L. Benavides on Dec. 18 displaced 75 families the week before Christmas.

"It really is an absolute miracle that there were not more people seriously injured or perhaps even killed," Montgomery County Circuit Court Judge Eric M. Johnson said. "What you did was very selfish."

No one was injured in the fire, which caused about $2.5 million in damage.

Benavides, who pleaded guilty to first-degree arson in July, cried as she read a statement in court.

"There isn't a day that goes by that I don't feel guilt for causing the turmoil, not only in the victims' lives, but my family's as well," she said. "That night, a lot of innocent people as well as myself could have died because of my stupidity."

Assistant State's Attorney Sherri D. Koch urged the judge to impose a five-year sentence, and defense attorney Jeffrey B. Henry asked for an unspecified more lenient sentence. It is unusual for Montgomery judges to give a substantially stiffer sentence than the one the state seeks.

Henry said he was taken aback by the sentence, especially coming from Johnson, whom he and other lawyers consider a judge more likely to give relatively low sentences.

"This girl doesn't deserve 15 years," Henry said. "I've had actual violent rapists get 10 years. I've had a mother who murdered her 4-year-old daughter with a pillow who got 15 years."

He said he would ask the judge to reconsider.

Tammy Krogmann, 48, a building resident who lost property in the fire, admonished Benavides during her victim-impact statement. She lamented the loss of her notes, drafts of her thesis and photos that belonged to her grandmother.

"You do not set someone's clothes on fire," Krogmann said.

That night, Benavides, 25, was arguing with her boyfriend, Kenneth Ray, because he wanted to dance and she didn't feel like it. Enraged, she lighted a pile of his clothes on fire in her bedroom, attempted to extinguish the blaze and then went to sleep thinking it was out.

Ray has since left the area, Henry said.

"Unfortunately, they have broken up," he said, quickly adding: "Which is probably a good thing in light of the facts."

IMMIGRATION:

In Border Fence's Path, Congressional Roadblocks (WP)

By Spencer S. Hsu

The Washington Post, October 6, 2006

No sooner did Congress authorize construction of a 700-mile fence on the U.S.-Mexico border last week than lawmakers rushed to approve separate legislation that ensures it will never be built, at least not as advertised, according to Republican lawmakers and immigration experts.

GOP leaders have singled out the fence as one of the primary accomplishments of the recently completed session. Many lawmakers plan to highlight their $1.2 billion down payment on its construction as they campaign in the weeks before the midterm elections.

But shortly before recessing late Friday, the House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and "tactical infrastructure" to support the Department of Homeland Security's preferred option of a "virtual fence."

What's more, in a late-night concession to win over wavering Republicans, GOP congressional leaders pledged in writing that Native American tribes, members of Congress, governors and local leaders would get a say in "the exact placement" of any structure, and that Homeland Security Secretary Michael Chertoff would have the flexibility to use alternatives "when fencing is ineffective or impractical."

The loopholes leave the Bush administration with authority to decide where, when and how long a fence will be built, except for small stretches east of San Diego and in western Arizona. Homeland Security officials have proposed a fence half as long, lawmakers said.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," said Sen. John Cornyn (R-Tex.). The fine-print distinction between what Congress says it will do and what it actually pays for is a time-honored result of the checks and balances between lawmakers who oversee agencies and those who hold their purse strings.

In this case, it also reflects political calculations by GOP strategists that voters do not mind the details, and that key players -- including the administration, local leaders and the Mexican government -- oppose a fence-only approach, analysts said.

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President Bush signed the $34.8 billion homeland security budget bill Wednesday in Scottsdale, Ariz., without referring to the 700-mile barrier. Instead, he highlighted the $1.2 billion that Congress provided for an unspecified blend of fencing, vehicle barriers, lighting and technology such as ground-based radar, cameras and sensors.

"That's what the people of this country want," the president said. "They want to know that we're modernizing the border so we can better secure the border."

Bush and Chertoff have said repeatedly that enforcement alone will not work and that they want limited dollars spent elsewhere, such as on a temporary-worker program to ease pressure on the border. At an estimated $3 million to $10 million per mile, the double-layered barrier will cost considerably more than $1.2 billion.

Judd Gregg (R-N.H.), who chairs the Senate subcommittee that funds the Department of Homeland Security, said that before the legislation was approved, the department had planned to build 320 miles of fencing, secure 500 miles of hard-to-traverse areas by blocking roads and monitor electronically the rest of the 2,000-mile-long southern frontier.

"I think there'll be fencing where the department feels that it makes sense," Gregg said, estimating that "at least 300 to 400 miles" will be built.

Congress withheld $950 million of the $1.2 billion, pending a breakdown by Chertoff of how he plans to spend the money. It is due in early December, after the midterm elections.

Asked whether Homeland Security would build 700 miles of fence, department spokesman Russ Knocke would not say. Instead, he noted that department leaders announced last month that they will spend $67 million to test a remote-sensing "virtual fence" concept on a 28-mile, high-traffic stretch of border south of Tucson over eight months, and then adjust their plans.

"We plan to build a little and test a little. . . . Stay tuned," Knocke said. "We're optimistic that Congress is going to provide the department with flexibility."

The split between GOP leaders hungry for a sound-bite-friendly accomplishment targeting immigration and others who support a more comprehensive approach also means that the fence bill will be watered down when lawmakers return for a lame-duck session in November, according to congressional aides and lobbyists.

The office of Sen. Kay Bailey Hutchison (R-Tex.) yesterday released a letter from House Speaker J. Dennis Hastert (R-Ill.) and Senate Majority Leader Bill Frist (R-Tenn.) promising to ensure that Chertoff has discretion over whether to build a fence or choose other options. Homeland Security officials must also consult with U.S., state and local representatives on where structures are placed.

The letter was inserted in the Congressional Record on Friday night because Congress ran out of time to reach a final deal, aides said.

"State and local officials in California, Arizona, New Mexico and Texas should not be excluded from decisions about how to best protect our borders with their varying topography, population and geography," Hutchison said in a statement added to the record.

Congress also hedged on when a fence would be completed. The law mandating it said Homeland Security officials should gain "operational control" of the border in 18 months. But the law funding it envisions five years. Chertoff has set a goal of two to three years, but only after completion of an immigration overhaul.

U.S. Border Fence Plan Upsets Mexicans (AP)

By Olga R. Rodriguez

AP, October 5, 2006

Mexico lobbied for six years for a comprehensive immigration reform that would allow millions to cross into the United States legally. Instead, they're getting a fence.

Mexicans — from leading politicians to migrants preparing to cross illegally — consider the U.S. plan to fence off much of the border shameful, offensive and ill-conceived.

President Bush on Wednesday signed a bill that would allot $1.2 billion for hundreds of miles of fencing along the U.S.-Mexican border and for more vehicle barriers, lighting and infrared cameras.

But migrants resting at a Tijuana shelter after being deported from the United States said more walls wouldn't deter them. Alfonso Martinez, a 32-year-old from southern Mexico, had been working as a farmhand for six months in Vista, Calif., when he was arrested and deported last week.

"Wall or no wall, I will try at least three times," said Martinez, who said he would try to cross by himself through Tecate, a mountainous town about 35 miles east of Tijuana. "I have three girls that I have to support, and in Mexico there is no work."

Mexican immigrants in the United States and the Mexican government had lobbied lawmakers for more ways to cross the border and work legally.

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While Bush had proposed a temporary worker program, it didn't garner enough support in Congress for passage. The idea has been dropped by Washington, at least until after the November congressional elections.

Congress focused on security over immigration, arguing that the porous border could be used by terrorists who want to sneak into the U.S. undetected. There is no evidence that has happened, however.

The Mexican government this week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. Foreign Secretary Luis Ernesto Derbez called it an "offense" and said Wednesday his office was considering taking the issue to the United Nations.

But Ruben Aguilar, the spokesman for President Vicente Fox, said Thursday that Mexico had ruled out that possibility. He added he was "confident" the additional fencing would never become a reality because an immigration accord would eventually replace it.

President-elect Felipe Calderon Thursday criticized the U.S. plan, but said the case is a bilateral issue that should not be taken to any international organization.

"I think it is a deplorable decision that has been made by the United States Congress for the construction of this wall, and it does not solve our common problem, which is emigration," Calderon told a news conference in Santiago, Chile.

Guillermo Alonzo, a migration expert at the Tijuana-based Colegio de La Frontera Norte, said fences instead will force migrants to look for new ways to sneak into the United States and find new routes through deadlier terrain.

"When migrants are determined to cross, they find a way to jump the fences," Alonzo said. "Walls don't stop anything."

Alonzo cited the construction of a fence between Tijuana and San Diego, known in Mexico as "the tortilla wall." It was completed in the 1990s and forced migrants into the sparsely populated and dangerous Arizona desert.

While there are walls at various points along the border, the one in Tijuana is the longest stretch, running 14 miles west from the Otay border crossing and plunging into the Pacific Ocean.

It has become a symbol of the divisive immigration issue, a blank slate for graffiti, crosses, photos and other remembrances of those who have lost their lives trying to sneak into the United States. Some families, divided by the border, even meet at the fence, talking through the metal wires.

While the wall downgraded Tijuana from the illegal migration mecca it was in the 1990s, hundreds of migrants still come here, Alonzo said.

"Now smugglers hide migrants in trunks of cars or get false documents," he said.

Luis Kendzierski, a priest who directs a Tijuana migrant shelter, said building a wall is an unfriendly gesture that will lead to a hike in smugglers' fees and more migrant deaths.

Between 2001 and 2006, almost 2,000 migrants died while trying to sneak into the United States, according to El Colegio de la Frontera Norte.

"We are supposed to be neighbors and friends, and instead of building bridges and doors, we're building obstacles," Kendzierski said.

House Immigration Bill's Author On 'Victory Tour' (WT)

By Stephen Dinan

The Washington Times, October 6, 2006

SCOTTSDALE, Ariz. -- The House's top immigration negotiator says the House won the first round in the debate over the issue, and he is on a "victory tour" of the Southwest border states to drive that message home.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and primary author of the House's immigration-enforcement bill, said that by getting the president to sign a funding bill that included a down payment on the border fence and other enforcement measures, the House position on enforcement first has prevailed.

"I want the American public to know that we won on this, and the House Republicans were able to not only pass, but fund important border security measures," the chairman of the House Judiciary Committee said.

The Mexican government this week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the U.S.-Mexico border. Foreign Secretary Luis Ernesto Derbez called it an "offense" and said Wednesday that his office was considering taking the issue to the United Nations.

But Ruben Aguilar, a spokesman for outgoing President Vicente Fox, said yesterday that Mexico had ruled out that possibility. He added that he was "confident" the additional fencing would never become a reality because an immigration accord eventually would replace it.

President-elect Felipe Calderon yesterday criticized the U.S. plan but said the case is a bilateral issue that should not be taken to any international organization.

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"I think it is a deplorable decision that has been made by the United States Congress for the construction of this wall, and it does not solve our common problem, which is emigration," Mr. Calderon said.

The House and Senate had been deadlocked all year over whether to pass immigration enforcement legislation, as the House wanted, or a broader bill that also legalized most undocumented aliens and created a temporary-worker program.

Congress adjourned last week having passed a bill to build the border fence and a funding measure that includes the first down payment for that fence, as well as money for an additional 1,500 Border Patrol agents and 6,700 new detention beds to hold illegal aliens awaiting deportation.

That, Mr. Sensenbrenner said, was a victory for the House. He held a press conference here yesterday at a technology company's headquarters to drive home provisions the increased funding for technology in the bill. On Wednesday, he was in San Diego at the site of a drug-smuggling tunnel that had run under the border. The funding bill also established stiff prison time for tunneling under the border.

President Bush signed the spending bill in Scottsdale on Wednesday.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," he said as he signed the bill.

The president has yet to sign the 700-mile fence bill, though he has said he will do so.

Some lawmakers said they don't know whether the fence will ever be funded.

Sen John Cornyn, Texas Republican, told reporters this week that the fence bill was a symbol of Congress' commitment to enforcement, but that he wasn't sure the rest of the money would be forthcoming.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," he said, according to reports.

But Mr. Sensenbrenner said that was misguided.

He pointed out that spending bills start in the House, not the Senate, and urged Mr. Cornyn to work with the House to get the funding done.

TAX:

Former U.S. Attorney To Plead Guilty In Tax Fraud Scheme (AP)

By Elizabeth Dunbar, The Associated Press

AP, October 6, 2006

A former U.S. Attorney, state judge and state Republican chairman has agreed to plead guilty to charges related to a tax fraud conspiracy, federal prosecutors in Raleigh, N.C., said Wednesday.

Samuel T. Currin will plead guilty to conspiring to launder $1.45 million through his law firm's client trust account and to lying on his taxes by failing to report an offshore debit card account, prosecutors said. Three others also have been charged.

Currin, 57, will also plead guilty in a related case to obstructing a grand jury investigation into securities fraud, in which he conspired to withhold documents and provide false testimony, U.S. Attorney Gretchen Shappert said.

He could be sentenced to as many as 43 years in prison.

Prosecutors allege Currin and his conspirators sent out fraudulent promotional materials on several publicly traded Nevada companies. When stock prices and trading volumes increased, those participating in the scheme profited on the sale of the securities, they say.

Prosecutors said Currin received more than $240,000.

"At the end of the day, I hope the public will recognize that Sam has had a long and distinguished career as an attorney and public servant," Currin attorney Mark Calloway said in a statement. "Sam recognizes he has made a serious mistake, and he is doing what he can to make it right."

Tax attorney Ricky Graves; Howell Way Woltz, president of Sterling Trust in the Bahamas; and his wife, Vernice Woltz, a director of Sterling Trust, are also charged.

Currin was an aide to U.S. Sen. Jesse Helms; U.S. Attorney for eastern North Carolina from 1981-87; state GOP chairman from 1996-99; and a Superior Court judge until 1990.

Doctor, Wife Indicted In Tax-shelter Scheme (SAEN)

By Guillermo Contreras, Express-News Staff

San Antonio Express-News, October 6, 2006

A former San Antonio doctor and his wife have been indicted on charges that they hid more than $656,000 from the Internal Revenue Service in an offshore tax-shelter investment scheme.

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A federal grand jury on Wednesday indicted Daniel Luczkow, 40, and his wife, Mary Luczkow. They are accused of using fake entities offshore to reduce their total income by $490,080 in 1999 and $166,824 in 2000.

Luczkow was an emergency room physician at Baptist Health System in San Antonio in the late 1990s and is now practicing in Massachusetts, where he went to medical school, according to his lawyer, Van Hilley.

The pair are charged with conspiracy to defraud the IRS, punishable by up to five years in prison, and three counts of subscribing to a materially false tax return for a potential refund. Those counts each carry a maximum of three years in prison.

Hilley said the couple attended a seminar put on by people associated with Anderson's Ark and Associates.

The government contends in the indictment that Anderson's promoted offshore "investment" opportunities that helped people dodge taxes.

With administrative offices in Hoodsport, Wash., the organization spanned five countries and had more than 1,500 clients, according to a Justice Department news release.

Hilley said the Luczkows filed amended tax returns and tried to repay the money. He said his clients plan to plead not guilty.

CONGRESS-ADMINISTRATION:

Hastert Takes Responsibility, But Won't Step Down (CHIT)

By Mike Dorning And Andrew Zajac

Chicago Tribune, October 6, 2006

WASHINGTON -- House Speaker Dennis Hastert offered a public apology Thursday for his handling of a complaint about a congressman's suggestive electronic messages to an underage page as the House ethics committee opened an investigation into former Rep. Mark Foley's contacts with pages.

"I'm deeply sorry this has happened and the bottom line is we're taking responsibility," Hastert told a news conference outside his district office in Batavia, Ill. "The buck stops here."

The political damage from the cyber-sex scandal that Republican candidates already had sensed began to show up in polling data, indicating a sharp drop in support for the GOP and public distrust of congressional leaders' explanations for their handling of a complaint about Foley. However, it is not yet clear how lasting the falloff in support will be as lawmakers and the FBI pursue separate investigations of the six-term Florida Republican. Foley abruptly resigned his seat last week.

President Bush again offered his support for Hastert (R-Ill.). But Republicans were nervously assessing polls for a broader measure of the damage, and some were distancing themselves from the speaker by canceling scheduled campaign events with him.

A Time magazine poll released on Thursday found two-thirds of Americans aware of the page scandal believe Republican leaders tried to cover it up. Fox News reported that internal Republican polling indicates the party could now lose as many as 50 seats in the House in the Nov. 7 elections, giving the Democrats control.

An AP/Ipsos poll showed that half of likely voters say the Foley scandal will be "very or extremely important" when they vote. By nearly a 2-1 ratio, voters say Democrats are better at combating corruption.

Rep. Doc Hastings (R-Wash.), chairman of the House ethics committee, said a subcommittee formed to look into the scandal already had approved nearly four dozen subpoenas for witnesses and documents and he pledged the investigation "will go wherever our evidence leads us."

The committee's senior Democrat, Rep. Howard Berman of California, said the panel's investigation should take "weeks, not months," holding out the possibility of answers before the elections.

Hastert's office also floated the idea of appointing former FBI Director Louis Freeh, who is reviled by many Democrats because of his clashes with the Clinton White House, to examine procedures for protecting pages. House Democratic Leader Nancy Pelosi of California objected, however, arguing that the ethics committee should first examine whether current procedures were followed, a spokeswoman said.

The FBI is moving deliberately in its inquiry, mindful of congressional anger last May when agents raided the Capitol Hill office of Rep. William Jefferson (D-La.) in a bribery investigation.

The Justice Department is still negotiating access to Foley's House office computer and other evidence, according to a law enforcement source familiar with the inquiry. "There's clearly sensitivity there," the source said.

Another difficulty is determining whether Foley's electronic messages, though possibly offensive to some people, meet the test for a criminal solicitation of sex. Through his attorney, Foley has denied having sexual contact with minors.

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Former Foley chief of staff Kirk Fordham, who has said he warned Hastert's office of Foley's inappropriate behavior with pages more than two years ago, was interviewed Thursday by FBI agents at his lawyer's office in Washington.

Fordham's attorney, Tim Heaphy, said his clientdecided to warn Hastert chief of staff Scott Palmer because of "one particular incident" involving Foley and pages. Heaphy declined to elaborate. Palmer has denied receiving the warning.

In the fall of 2005, an aide to Rep. Rodney Alexander (R-La.) complained to Hastert's office about an inappropriate e-mail Foley sent to a former page. The office's quiet handling of that complaint—Foley received only a private warning to cease contact with pages—has been the focus of criticism since more explicit electronic messages were revealed last week.

"I don't know who knew what when," Hastert said Thursday. "If it's members of my staff or they didn't do the job, we will act appropriately."

Hastert declared at his news conference that he had no thoughts of resigning over his handling of the matter and anticipated remaining the Republican Party leader in the next Congress.

After nearly a week of not making any direct contact with either Hastert or other House GOP leaders, Bush called the speaker Thursday night to voice his support.

"He thanked him for making a clear public statement today in which the speaker said he takes responsibility and reiterated that House leadership is accountable," White House spokeswoman Dana Perino said.

Still, the national Republican establishment remained divided on whether Hastert should stay as speaker, with no clear consensus emerging. A national Republican leader described two camps in discussions, with one arguing that the departure of Hastert would provide the public a catharsis for the scandal but the other contending that the departure of the party's highest-ranking congressional leader would only further feed the frenzy.

Comments that Hastert made in a Tribune interview suggesting the scandal had been orchestrated by ABC News, Democratic political operatives aligned with the Clinton White House and liberal activist George Soros were considered a serious misstep in national Republican circles, an official said. Senior Republican officials contacted Hastert's office before his news conference Thursday to urge that he not repeat the charges and he backed away from them in his press conference.

"The Chicago Tribune interview last night—the George Soros defense—was viewed as incredibly inept," a national Republican official said. "It could have been written by [comedian] Jon Stewart."

Democrats ridiculed assertions that party operatives arranged the scandal.

Democratic National Committee Chairman Howard Dean called the allegations "a Republican lie. It's a disgrace. They are blaming everyone but themselves for what happened."

Clinton spokesman Jay Carson said, "By pointing fingers at everyone but himself, Speaker Hastert certainly has an interesting definition of 'The buck stops here.'"

Soros told Fox News in an interview that any suggestion that he is involved in orchestrating the Foley revelations "is so far off the mark, it's really laughable."

A Soros-funded foundation provided a grant to a liberal-leaning ethics group that had obtained a copy of a suggestive e-mail from Foley to an underage page and forwarded it in July to the FBI with a request for an investigation. At the time, the FBI declined to investigate.

ABC News, which broke the Foley story, has said it obtained the e-mail from a Republican source.

The identity of a former page who had communicated with Foley though instant messages was revealed after a mistake by ABC News resulted in the former page's screen name being shown in a transcript posted on its Web site. Researchers were then able to use this information to learn the identity of the now 21-year-old former page.

Hastert, A Political Survivor, Vows To Overcome Scandal (NYT)

By Jeff Zeleny

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — J. Dennis Hastert, who was installed as House speaker eight years ago through backroom maneuvering in a moment of crisis for his party, has no distinct power base in Congress, not much of a national reputation and, in an age of television politics, little polish in front of the camera.

But Mr. Hastert has survived and survived to become the longest-serving Republican speaker. And on Thursday, standing outside his district office in Batavia, Ill., he made it clear that he did not intend to become a casualty of the Mark Foley scandal, saying he expected to win re-election to his seat and run for speaker again when the new Congress convenes in January.

Mr. Hastert made his statement soon after the leaders of the House ethics committee promised a vigorous investigation into the handling of the Foley case, approved dozens of subpoenas and said they expected to finish their work in weeks. [Page A23.]

Mr. Foley, a Florida Republican, resigned from the House last Friday after being confronted by ABC News with sexually explicit messages he had sent to teenage pages.

With both parties still trying to adapt to the fallout from the case with less than five weeks until Election Day, Mr. Hastert moved to squelch speculation that he would step down in response to suggestions that he and his staff had failed to heed warning signs about Mr. Foley.

Without acknowledging any shortcomings by himself or his aides, Mr. Hastert said he took responsibility for the matter. But he seemed to concede that leaders in times of crisis could sometimes fall victim to perceptions as much as to any wrongdoing or bad judgments on their part.

"Any time that a person has to, as a leader, be on the hot seat and he is a detriment to the party, you know, there ought to be a change," Mr. Hastert said, answering a question at the news conference about whether he had become a drag on Republican election prospects. "I became speaker in a situation like that."

Mr. Hastert got his job in 1998 after the party's first choice to replace Newt Gingrich, Robert Livingston of Louisiana, pulled out at the last minute amid revelations about an extramarital affair. Since then, Mr. Hastert has endured a number of crises, in part by staying more in the background while higher-profile colleagues, particularly his one-time sponsor, Tom DeLay, plunged into the partisan fray.

Mr. DeLay is now gone, under indictment in Texas in a campaign finance case and under investigation in the Jack Abramoff lobbying case. And now Mr. Hastert has been thrust front and center, forcing him to confront the biggest threat to his hold on the speaker's post, and to do so at a time when his party was already nervous about losing control of the House and perhaps the Senate.

Mr. Hastert, who had a busy October of campaign travel penciled into his calendar, is suddenly seen as a liability for the first time since being elected speaker. Republican candidates across the nation were canceling, postponing or reconsidering appearances with him, fund-raisers said, wary of campaigning with Mr. Hastert, even though pollsters say he carries no more than a 40 percent name recognition.

For nearly a week, Republicans said they saw the need for Mr. Hastert publicly to concede that mistakes had been made on his watch. While he stopped short of issuing a direct apology Thursday, saying he still was not aware of the extent of Mr. Foley's inappropriate behavior toward pages, Mr. Hastert did declare, "The buck stops here."

Hours later, President Bush called Mr. Hastert to offer his support, thanking him for "taking responsibility and for saying the House leadership is accountable," said a White House spokeswoman, Dana Perino.

Earlier in the day, officials said Mr. Bush would not go further than the measured comments of support he delivered on Tuesday, but they later said they saw Mr. Hastert's appearance as an important step toward cooling the furor.

The speaker also won support from former President George Bush on Thursday. In an interview with Larry King of CNN, Mr. Bush said: "I'm very, very fond and think very highly of Hastert."

When Mr. King asked, "Don't you think he should quit?" Mr. Bush responded, "Oh no. No, no, no."

The signs of support were part of a carefully woven effort to bring worried Republicans back on board as the party fights to hold control of the House and the Senate. To do so, Republicans sought to stir suspicions among conservatives that revelations about Mr. Foley were delivered as part of a media conspiracy to influence the election.

The strategy largely played out under-the-radar, with Mr. Hastert conducting interviews from his home in Plano, Ill., speaking to conservative talk-radio hosts on Thursday, including William J. Bennett, Mike Gallagher and Laura Ingraham. Earlier this week, he told his version of events to Rush Limbaugh.

Since leaving Washington on Tuesday, Mr. Hastert has remained in his home in the Fox River Valley nearly 60 miles west of downtown Chicago, surrounded by his wife, Jean, and close friends. He took calls from several Republican members of Congress, aides said, and held a conference call with his House leadership team before his afternoon news conference.

Mr. Hastert, a former schoolteacher and wrestling coach, is more at home in Illinois than in Washington, traveling back to the state almost every weekend with Scott Palmer, his chief of staff, and Mike Stokke, his deputy chief of staff. When Congress is in session, the two aides and Mr. Hastert share a townhouse near the Capitol, living a bachelorlike existence. The speaker once boasted that neither he nor his roommates had cooked a meal since 1986, preferring to dine out.

It is Mr. Palmer and Mr. Stokke who are now at the center of a House inquiry into when the speaker's office became aware of Mr. Foley's conduct. Mr. Stokke offered his resignation this week, an aide said, but Mr. Hastert declined to accept it.

In Washington, the resignation of Mr. Foley has opened the door to the biggest crisis of Mr. Hastert's tenure as speaker, a position he neither planned for nor was particularly eager to take over back in 1998. Even after he assumed the speaker's chair, he was seen widely viewed inside the Republican leadership circle as a figurehead to Mr. DeLay.

He was neither the leader of a revolution, like his predecessor, Mr. Gingrich, nor was he a brash dealmaker like Mr. DeLay. His power base, associates say, simply turns on the good will he has earned among the members of Congress. And the

Congressional page scandal has been his first solo test since the departure of Mr. DeLay in June at holding together a worried Republican caucus.

"The essence of Denny Hastert's leadership is that you lead by letting other people take credit for things," said Ken Mehlman, the chairman of the Republican National Committee. "That's a strength of his. He's not a limelight seeker."

Mr. Hastert's penchant for avoiding the limelight also illustrated a weakness, Republicans said, as he refused initially to accept responsibility for the uproar surrounding Mr. Foley's case. He spoke to reporters on Monday, but did not take questions in front of television cameras, a decision that proved to be a mistake, aides said. His remarks on Thursday were televised live.

"It shows he's a specialist at the game of inside politics, not the outside game of public relations," said John J. Pitney, who studies Congress and teaches government at Claremont McKenna College in California. "He's very good at dealing with members one on one, but focusing on a public message is not his strength."

But in his own district, where Mr. Hastert faces a little-known Democratic challenger who is half his age, he responded to the scandal on several fronts, including placing recorded telephone calls to the homes of constituents across the 14th Congressional District.

The calls were quickly ordered up by Mr. Hastert's campaign, and recorded by a local announcer, to respond to a telephone recording placed by a liberal group this week that accused the speaker of protecting pedophiles in Congress.

Mr. Hastert has largely escaped controversy during two decades in Congress, particularly the kind that has befallen many House leaders before him.

In recent years, though, his steady accumulation of wealth through land deals has been scrutinized, particularly after he sold a parcel of land near a federally financed highway project he supported. His net worth, according to a Chicago Tribune analysis this summer, has risen to more than $6 million from $290,000 during his time in Washington.

His aides have dismissed suggestions that Mr. Hastert has used his position to leverage financial gain, saying that he, like others in his fast-developing district, invested during a real estate upswing. At 64, he is looking toward retirement, which he flirted with after the last election.

The president, however, wanted Mr. Hastert to stay on and push his agenda through Congress.

"I hope you're going to run again," Mr. Bush said at the close of 2004, said Andrew H. Card Jr., who at the time was the White House chief of staff. "We need you."

Despite Scandal, Bush Supports Hastert (AP)

By Terence Hunt

The Associated Press, October 5, 2006

A week into a sex scandal involving teenage House pages, President Bush called House Speaker Dennis Hastert on Thursday to thank the embattled Republican leader for how he has handled the situation.

In a phone call lasting several minutes, Bush expressed support for Hastert, under fire from conservatives unhappy with what he did and didn't do about former Rep. Mark Foley's sexually suggestive messages to teens.

"The president thanked him for going out and making a clear public statement that said the House leadership takes responsibility and is accountable," White House deputy press secretary Dana Perino said.

"He said he appreciated that when they got the information, they swiftly took action making clear that Rep. Foley should step down and promptly requested a Department of Justice investigation. And he expressed his support for the speaker," Perino said.

Earlier in the day, the White House tried to distance Bush from any political backlash, saying that House Republicans were dealing with the matter and do not need to be told what to do.

"Everybody here wants the president to come in and tell the House how to do its business," said presidential spokesman Tony Snow, emphasizing that Congress and the White House are separate branches of government.

Some conservatives have called for Hastert's resignation on grounds that he and his staff did not act quickly enough on warnings about the conduct of Foley, R-Fla., who resigned last week after the disclosure that he sent sexually explicit messages to teenage pages.

Bush and Vice President Dick Cheney support the speaker and do not want him to resign, Snow said, although the spokesman acknowledged that the facts of the case are unclear.

"In absence of full information, we're sticking with what we've got," Snow said of Hastert. "We don't think that Denny Hastert's the kind of guy who says, 'Man, that's great stuff; we're really glad Foley was doing that on the sly.'"

Republicans are worried the scandal could cost them control of the House and possibly the Senate in next month's elections. That would throw a huge cloud over the remaining two years of Bush's presidency, giving Democrats power to probe his administration's decisions and derail his priorities.

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An Associated Press-Ipsos poll found that about half of likely voters say recent disclosures of corruption and scandal in Congress will be very or extremely important when they cast their vote next month.

"I don't think you should hold every member of Congress responsible for what happened in the case of Mark Foley," Snow said. "Come Election Day, the question is whether people are going to be voting on the basis of disgusting IMs (instant messages) between a grown man and a young man or something that's probably more important to everybody, which is safety, security and prosperity."

Snow also took a shot at the media over the coverage of the scandal.

"Have you been reading the press? Of course, it's a trial," he said. "They've got a hanging jury out there and everything." Later, he said he was being glib.

Hot Seat In Foley Scandal, Republican Leader Comes Under Fire (WSJ)

By Jackie Calmes

The Wall Street Journal, October 6, 2006

When reporters in suburban Buffalo, N.Y., gathered Monday night to hear local Rep. Tom Reynolds explain his role in the House page sex scandal, they were surprised to see the local congressman flanked by dozens of children, some squirming in their parents' arms.

"I'm not going to ask any of my supporters to leave," a defiant Mr. Reynolds told reporters, who had suggested that the topic -- about former Florida Republican Rep. Mark Foley's sexually charged computer messages to a male page -- wasn't appropriate for children. For 45 minutes, the crowd stood by as the coos and occasional cries of the children provided background noise and Mr. Reynolds fielded questions.

As much as anybody, Mr. Reynolds is in the hot seat over the Foley scandal. As chairman of the House Republicans' campaign committee, he's responsible for protecting the party's majority. That tough task has become tougher, in part because Mr. Reynolds finds himself among the most vulnerable candidates.

He is tainted, like other House leaders, for having been privy to early concerns about Mr. Foley. Mr. Reynolds hopes one day to be speaker of the House. But he first must figure out how to handle the delicate balance between self-preservation and party preservation. He professes to support the current speaker, Dennis Hastert, even as he has tried to shift the blame to him.

The Reynolds dilemma shows the broader tensions among House Republicans brought to the surface by the Foley matter. Republicans have traditionally been known for a discipline that fractious Democrats have long envied. Now that united front is shattered. The controversy is stoking Republican fears that they will lose control of the House on Nov. 7.

As they grapple with how to contain the escalating political crisis, Mr. Reynolds and his fellow Republicans have had to consider two separate paths. One is for the party to hang tough and blame Democrats for the timing of the disclosures. The other is to take full responsibility and move on -- while presumably sacrificing a top leader, like Mr. Hastert.

Yesterday, officials seemed to be gravitating toward the first choice, and Mr. Hastert brushed aside calls he should step down. "I haven't done anything wrong," he said at a news conference from his home in Batavia, Ill. "Republicans dealt with it immediately" he said, and are now "trying to correct the problem" through new investigations and a review of the page program.

Hang-Tough Strategy

The hang-tough strategy is being urged by former House Speaker Newt Gingrich, conservative talk-show hosts such as Rush Limbaugh, and increasingly, according to several Republicans, by party Chairman Ken Mehlman and White House political advisers. "Get indignant," as one former House Republican and top party strategist put it. "We don't have to take any lectures from Democrats."

Advocates of this approach call for avoiding responsibility for not taking action against Mr. Foley, while reminding the public about past Democratic sex scandals, notably President Clinton's, involving former White House intern Monica Lewinsky. They suggest -- so far without evidence -- that Democrats held on to information about the Foley emails and instant messages until close to Election Day. "As much as we'd love to take credit for chasing a child predator out of Congress, their charges are ridiculous," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

In the days since last Friday's disclosure of Mr. Foley's lurid instant messages to house pages and the congressman's resignation, Republican House leaders and their staffs have turned on each other. In disputing who was responsible for dealing with the Floridian's behavior, they have contradicted each other, and sometimes themselves.

Mr. Reynolds began the back-and-forth last Saturday, suggesting he'd acted responsibly by telling the speaker last spring, after he had learned from a Louisiana congressman about some "overly-friendly" electronic messages to a 16-year-old page. That, as Mr. Reynolds knew, contradicted the speaker's own comments that he only learned of the matter the day before through news reports. "I stand by my Saturday statement," Mr. Reynolds said in an interview yesterday.

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At his Monday news conference, Mr. Reynolds said that upon learning of the "despicable" Foley messages last Friday, "I immediately began to work for his resignation." That conflicts with Speaker Hastert's account. "I think Foley resigned almost immediately upon the outbreak of this information, and so we really didn't have a chance to ask him to resign," Mr. Hastert has said.

But Mr. Reynolds, in the interview, said, "I did not talk to Foley but I asked Kirk Fordham" -- then Mr. Reynolds's chief of staff -- "to go down and secure his resignation."

On Wednesday, Mr. Fordham resigned, saying that he had repeatedly urged the speaker's staff as far back as 2003 to stop Mr. Foley's inappropriately personal contacts with male pages. The speaker's office denied that claim.

Mr. Fordham's contention raises questions for Mr. Reynolds as well. While Mr. Reynolds insists he knew nothing until last spring, Republicans privately say they can't believe Mr. Fordham wouldn't have made Mr. Reynolds aware as well. "Monday morning quarterbacking is great," Mr. Reynolds quipped.

At a news conference, Mr. Hastert yesterday took his own swipe back at Mr. Fordham. "It's interesting, Kirk Fordham also said, just about three or four days ago, that he worked for this guy for 10 years and he never did anything wrong."

Even before the Foley scandal broke, nonpartisan handicappers were predicting the Democrats could net the 15 seats needed for a House majority, and perhaps gain the six needed to take the Senate. The news came on the last day of a Congressional term that was unusually unproductive and contentious.

For example, the Republican-led Congress rejected the president's top-priority Social Security and immigration proposals. It also weathered corruption scandals that forced out the majority leader, Tom DeLay.

Now the Foley affair is providing new grist for Democrats as well as a controversy that voters can easily understand. "If you had a teacher [engaged in inappropriate contact with] a high school student, and the principal knew, and they had taken no action, what would happen to both the teacher and the principal once word got out?" asks Rep. Rahm Emanuel of Illinois, Mr. Reynolds's counterpart as head of House Democrats' campaign committee. "Well, that's how the American people see this."

The Republican leaders' sniping at each other, meanwhile, keeps the story alive, even for far-removed Republican members back home campaigning. "The more the spotlight shines on the dysfunction in Congress, that makes it very hard for these members to change the subject," says Amy Walter, who analyzes House races for the nonpartisan Cook Political Report.

The Foley fallout is especially dangerous, Ms. Walter adds, for incumbents already under clouds of their own. One is Pennsylvania Rep. Don Sherwood, who stars in his own campaign ad asking voters' forgiveness for an extramarital affair. Republicans now expect to lose the seat Mr. Foley gave up, which was considered fairly safe until last week.

On Monday night, a group of House Republicans held a strategy conference call to brainstorm over how to respond to the Foley situation. Though he's in charge of the Republican House campaigns, Mr. Reynolds didn't phone in, as he was busy with his own race. But participation was high. "I guarantee you it was the largest one of these we've ever had," said Republican Rep. Patrick McHenry of North Carolina.

Rep. Judy Biggert of Illinois suggested every member contact the parents of the pages they'd sponsored, to provide reassurance and perhaps learn of other problems. "We seem to be forgetting that this is all about the children. We keep talking about who did what to whom, and who's covering up," she said yesterday in an interview. Mrs. Biggert says she has reached the mothers of three of the five pages she has sponsored, and none reported problems, only delight with the program.

Republicans have also discussed deflecting the scandal by talking up youth programs and education initiatives. Those issues were the focus this week when Reps. Reynolds, John Sweeney of New York, and Curt Weldon of Pennsylvania had campaign visits from First Lady Laura Bush, who remains hugely popular with voters. And Republicans have talked about surrounding themselves with children in public events -- just as Mr. Reynolds did at his Monday news conference.

As Mr. Reynolds prepared the party for the fall campaign, he took credit for an election strategy that had Republicans emphasizing local issues, and the federal funds they've brought home. That was to help them overcome the hostile national climate.

But now Mr. Reynolds's "all-politics-is-local" strategy is overwhelmed by the page scandal. That's particularly true in his own race. His district is a western New York stretch of suburbs, small towns and farms from Buffalo nearly to Rochester. It's traditionally Republican but less so as manufacturing job losses have unsettled voters. His rival is Republican-turned-Democrat Jack Davis, a 73-year-old businessman who took 44% of the vote against Mr. Reynolds two years ago, and says he will spend $2 million on this race.

On the Defensive

Several links to Mr. Foley have Mr. Reynolds on the defensive. He talked the reluctant congressman into running for a seventh term -- at a time when critics say he may have been aware of suspicions surrounding Mr. Foley. "I don't recall if I had a conversation with him before or after I learned about the overly-friendly emails," he said in an interview yesterday.

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After learning of the emails 52-year-old Mr. Foley sent to the 16-year-old, the campaign contributed $5,000 to Mr. Foley, according to campaign finance documents. Once it was clear the Floridian likely was safe for re-election, Mr. Reynolds accepted $100,000 from Mr. Foley for his National Republican Congressional Committee coffers.

Mr. Reynolds's now-departed chief of staff, Mr. Fordham, has said that, as a friend, he counseled his former boss Mr. Foley prior to the congressman's resignation Friday. Mr. Reynolds has said he wasn't aware of his chief of staff's role.

Even as a seasoned politician, Mr. Reynolds is tested by the recent events. "Ah, politics is what it is," he says. He's been at it for a long time. Starting as a town councilman at 23, Mr. Reynolds moved on to the Erie county legislature, then the New York state assembly, where he was the Republican minority leader. He was elected to Congress in 1998.

Mr. Reynolds was immediately marked as a comer among House Republicans. Party leaders put him on the prestigious tax-writing Ways and Means Committee. He raised significant sums for the party, and for Mr. Bush's 2000 campaign. Nearly four years ago, he was elected to chair the National Republican Congressional Committee, where he seemed to work closely with Mr. Hastert. "Not bad for a kid from Springfield," he said on the drive to another campaign event last month.

On the recent campaign trip, Mr. Reynolds proudly said at one point, "I am a member of the House Republican leadership." But at Monday's news conference, he took a different tone when a reporter challenged him on why, as a leader, he didn't do more to confront Mr. Foley earlier.

"I did due diligence by talking to the speaker" in the spring, he reiterated. "I heard something, I took it to my supervisor." Asked if Mr. Hastert should have done more, he replied, "That's a question you have to ask the speaker."

Yesterday, two other House leaders who had likewise laid responsibility for the Foley issue on the speaker -- Majority Leader John Boehner of Ohio and Roy Blunt of Missouri -- issued press releases of support for him as calls for the speaker's departure built. Mr. Reynolds did not.

Hastert Takes Responsibility For Page Scandal, But Refuses To Resign (MCT)

By Margaret Talev And William Douglas

McClatchy Newspapers, October 6, 2006

WASHINGTON - House Speaker Dennis Hastert and the House ethics committee moved Thursday to contain political damage from the congressional page scandal, mixing words of contrition with promises to complete a bipartisan ethics investigation within weeks.

Hastert made it clear that he wouldn't resign.

Republican ranks appeared to be firming behind him after days of second-guessing and finger-pointing over whether he and other leaders in the House of Representatives had acted quickly and responsibly enough after learning that former Rep. Mark Foley, R-Fla., had exchanged inappropriate emails with teenage congressional pages. Foley resigned last week.

Barring explosive new revelations, Hastert seemed likely to avoid being forced out before Nov. 7's midterm elections. A new Pew Research Center poll showed that the scandal so far isn't moving voters.

Hastert, in a news conference from his Illinois district that was televised nationwide, said he was "deeply sorry" about any actions that might have jeopardized the safety of congressional pages and that he was taking responsibility, and he added "the buck stops here."

He also expressed optimism that Republicans would maintain control of the House and would choose him to remain their leader. "I'm going to run and presumably win in this election, and when we do I expect to run for speaker," he said.

Hastert maintained that he never attempted to cover up anything related to Foley, but he acknowledged mistakes. "Could we have done it better? Could the page board have handled it better? In retrospect, probably yes," he said.

House Majority Leader John Boehner, R-Ohio, and third-ranking House Republican Roy Blunt, R-Mo., who a day earlier were critical of Hastert's handling of the matter, issued strong statements of support for him Thursday. "I believe strongly he should remain our speaker," Boehner said. Said Blunt: "We all now realize that this terrible situation could have been handled differently. We are all upset; we are all horrified; but we all stand together with our speaker."

In Florida, Rep. Clay Shaw, a Republican locked in a tight re-election contest in a district beside Foley's, also voiced support for Hastert.

On Capitol Hill, the House ethics committee had a closed-door hearing on the matter. Then its members held a news conference to outline the panel's coming investigation into what lawmakers and their staff knew about Foley's involvement with pages, when they knew it and what they did with the information. Committee Chairman Rep. Doc Hastings, R-Wash., said the panel already had approved nearly four dozen subpoenas for documents and testimony.

Rep. Howard Berman, D-Calif., the panel's top Democrat, said of the investigation's expected timeline: "We are looking at weeks, not months." But neither he nor Hastings would commit to producing a report before the elections.

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House Minority Leader Nancy Pelosi, D-Calif., rejected a plan by Hastert to bring in former FBI director Louis Freeh to investigate the page program. A Pelosi spokesman said the minority leader was concerned that the move could interrupt the ethics investigation and become a public relations ploy.

The Pew Research Center poll suggested that the Foley scandal isn't moving voters much. Before the news broke, voters were telling Pew surveyors that they preferred Democrats to Republicans by 51-38 percent, and after the scandal broke they said the same by 50-37 percent. The differences are statistically insignificant. The Iraq war dominated voters' thinking, not Foley. The survey was conducted Sept. 21-Oct. 4.

ABC News reported Thursday that three more former pages had contacted the network to say that Foley had made advances to them. They weren't identified.

House Republican leaders maintain that they had no knowledge of sexually explicit instant messages between Foley and former pages until ABC News published them last week.

Kirk Fordham, a former chief of staff to Foley and to Rep. Tom Reynolds, R-N.Y., charged Wednesday that he'd told Hastert's chief of staff three years ago that Foley's relationships with pages could be a problem. Hastert's chief of staff denies that.

Timothy Heaphy, Fordham's attorney, said the FBI interviewed his client Thursday, though he declined to say what was discussed. Heaphy said Fordham stood by his statement that he'd warned Hastert's staff three years ago: "He's not backtracking from that at all."

House Republicans Move To Back Hastert (WP)

By Jim Vandehei And Michael Abramowitz

The Washington Post, October 6, 2006

Republicans are calculating that the smartest way to survive the Mark Foley sex scandal is to rally around House Speaker J. Dennis Hastert (R-Ill.) and hope that no new evidence surfaces before Election Day that shows GOP leaders could have done more to prevent the congressman from preying on young male pages, according to several GOP lawmakers and strategists.

The White House and top House Republicans remain deeply nervous that the scandal will hurt them politically, and that additional information will come out contradicting statements by Hastert and others that they were unaware of Foley's sexual messages to underage boys, the lawmakers and officials said.

For now, they said, it would be politically disastrous for Republicans to oust Hastert because it would be viewed as akin to a public admission of guilt in the scandal, as well as a pre-election victory that would buoy Democrats and help their turnout efforts.

"Calls for resignation are just inappropriate," said Rep. Jeb Hensarling (R-Tex.). "I would be absolutely shocked if the facts led us to that he knew more than he says he knew."

Rep. Paul Ryan (R-Wis.) said every Republican lawmaker is rejecting calls from some conservative leaders to oust Hastert. "You are seeing a rally-around-the-speaker effort more than anything else," he said.

Several GOP lawmakers in tough races said voters are not reacting as harshly to the scandal as they first feared, buying Hastert even more room to save his job. Still, lawmakers are privately furious with how Hastert and other leaders have handled the scandal. It has created tension among GOP leaders who have sometimes viewed each other suspiciously since House Majority Leader John A. Boehner (R-Ohio) took over after the resignation of Tom DeLay (R-Tex.). And many expect that the worst is still to come.

Top advisers to Hastert have accused Boehner of undermining the speaker's campaign to save his job. They pointed to Boehner's comments earlier in the week that it was Hastert's responsibility to fully investigate charges that Foley was making improper contact with underage boys. "That still stings," said one top adviser, who believed that the remark "was pretty close" to an insurrection.

Kevin Madden, a spokesman for Boehner, said his boss was "in no way trying to blame Hastert. It was merely a description" of responsibility for the page program, which the speaker's office technically oversees.

Ron Bonjean, a spokesman for Hastert, played down alleged tensions. "We are all sticking together through this. This has been a tough time for the House Republican majority, and we are going to make it through," he said.

A top Boehner adviser said the majority leader wanted to make it clear he is not to blame for the leadership's handling of allegations against Foley. "This has opened up and made more obvious some managerial problems in the speaker's office," the adviser said. Boehner has made it clear to colleagues that he plans to run for speaker if Hastert steps down or for minority leader if Republicans lose the House in November.

House Majority Whip Roy Blunt (R-Mo.), in a phone call to Hastert this week, told him that critical comments Blunt made about Hastert were taken out of context.

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"Those who are trying to create the appearance of disunity between myself and the speaker should know: There is not, and has not been, any daylight between the speaker and me," Blunt said in a statement yesterday.

Even if some GOP leaders turn on him, Hastert has a very powerful ally in President Bush. White House aides are nervous that the controversy has clouded, at least for now, Bush's effort to try to shape the midterm elections around the issue of terrorism.

But they are warning against a quick ouster of Hastert. Bush called Hastert last night to offer support and to thank him for his public statement taking responsibility for the situation, a White House spokeswoman said.

This approach comes as a sharp contrast to the administration's handling of the controversy in 2002 over Sen. Trent Lott's comments about then-Sen. Strom Thurmond (R-S.C.) -- which cost Lott (Miss.) his post as Senate GOP leader. In Lott's case, Bush was quick to nudge him out of power. The president, however, feels deeply indebted to Hastert, who has pushed through his agenda and has quietly provided advice on how to deal with a restive Republican Congress.

Still, many Republicans accused Hastert of badly bungling the political fallout of the Foley scandal and waiting until yesterday to take responsibility and decisive action to investigate the matter.

"I don't think anyone has handled this particularly well," said a top House Republican, who requested anonymity in order to speak candidly. Hastert and other leaders "are having to focus on staying clear of this scandal individually, and not thinking about reelecting people."

Others complained that Hastert's blame-the-media-and-Democrats strategy looks odd when conservatives are leading the charge for his resignation.

Rep. Rob Simmons (R-Conn.), who faces one of the toughest reelection fights in the country, said lawmakers will stand by Hastert -- at least until all the facts are known. "He is not the kind of guy you would think would condone this kind of behavior," he said. "Calling for someone's resignation is simply a political stunt if you don't have all the facts."

Hastert Must Go (LAT)

The Los Angeles Times, October 6, 2006

DENNIS HASTERT SHOULD RESIGN as speaker of the House of Representatives. Not necessarily because he failed to act quickly when shown evidence suggesting that Rep. Mark Foley (R-Fla.) was abusing his power with teenagers — not all the details are known, though the ones that are don't look good. No, the Illinois Republican should resign because he's an unimaginative politician and an uninspired legislator. Unfortunately, these days that just makes him a typical congressional Republican.

At his job-preserving news conference Thursday, Hastert said, "The buck stops here," then proceeded to blame some of this Republican scandal on the Democratic Party. "I haven't done anything wrong, obviously," he added.

That sound you hear is Harry Truman rolling over in his grave. Still, it was an improvement over the speaker's contention Monday that critiquing his oversight amounted to nothing more than "woulda, coulda, shoulda." To repeat: Even disregarding the well-documented rumors of Foley's unhealthy obsession with young interns dating to at least 1995, and accepting Hastert's insistence that his office first heard about Foley's misbehavior last fall, the speaker had more than enough information to launch an investigation. Instead, he was more interested in protecting his party's fortunes than the safety of minors.

Is that reason enough for Hastert to resign? Perhaps. But let's give Hastert the benefit of the doubt, on the principle that it's unfair to judge a man for a single mistake. Looking at his record only makes the case for his resignation stronger.

Start with his laugh-out-loud assertion Thursday that the Republican Party has been "holding the line on spending." From 1999, when Hastert was elected speaker, to 2005, non-defense discretionary spending increased 34%, according to the Heritage Foundation. Pork-barrel line items have grown exponentially on Hastert's watch, and ballyhooed attempts at reform have largely fizzled. Instead of trying to prevent his colleagues from raiding the public purse, Hastert has saved his scorn for judges who authorize the FBI to search the offices of fellow lawmakers charged with crimes.

The same Republican Party that swept into a House majority 12 years ago amid fire-breathing promises to clean house and inject new blood is now led by a 19-year veteran whose oldest son is a lobbyist.

On policy, Hastert's no better. He's presided over the House's becoming a fever swamp of immigration rhetoric that even some Bush administration officials see as xenophobic and damaging. He has suggested that New Orleans might be better off "bulldozed." And he has allowed the House to become a rubber stamp for the Bush administration's expansion of executive-branch power.

If he has a compelling vision for the nation, or frankly any vision at all, it has escaped our attention. The 109th Congress can't do any more harm, thankfully. But Hastert shouldn't head the 110th.

Hastert Career Has Milestones In Misfortune (USAT)

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By William M. Welch
USA Today, October 6, 2006

He's been called the accidental speaker.

Dennis Hastert, the Republican speaker of the House of Representatives, is a quiet, hulking Midwesterner who rose to power over the misfortune and missteps of fellow Republicans.

And just as a colleague's sex scandal propelled him into the job, a sex-related scandal involving another House Republican has threatened his hold on power.

It was one week ago that Rep. Mark Foley resigned his seat under pressure from fellow Republicans amid reports that he had sent overtly sexual messages to a teenage male congressional page.

Since that day, Hastert has been besieged by the news media and been the target of finger-pointing by other Republicans — among them Rep. Thomas Reynolds of New York — who said they had tried to bring the Foley problem to his attention well before last week.

On Thursday, Hastert, 64, returned to his district office in Batavia, Ill. — a conservative, far-western suburb of Chicago — for a news conference in which he defended his handling of the matter.

Hastert accepted responsibility but insisted he had done what he should — if not all that he might have — to end Foley's inappropriate contacts with the high school boys working in Congress.

"I am deeply sorry this has happened," Hastert said. "When Congress found out about the explicit messages, Republicans dealt with it immediately, and the culprit was gone. We are now trying to correct the problem."

Known to friends as "Denny," Hastert is a former high school wrestling coach who has held the highest constitutional job in Congress longer than anyone since Massachusetts Democrat Thomas "Tip" O'Neill left the post in 1987 after 10 years.

Nevertheless, Hastert has been largely unknown to average Americans. A CBS poll in April 2005 found that only 13% had an opinion about Hastert, good or bad — far less than others who have held the job, such as O'Neill and Hastert's predecessor, Newt Gingrich.

He has never been comfortable in front of cameras or reporters. He appears more at ease chatting with blue-collar workers at a tool-and-die factory in his district than publicly representing his party in Washington. Rather than attending to the Washington social circuit, Hastert goes home to Illinois every weekend, where he tinkers with old cars and his 1954 fire engine.

Yet throughout his adult life, Hastert has been a successful organizer to whom colleagues eventually turned for leadership.

As a coach, Hastert turned a start-up high-school program into a winner, and organized coaches of the minor sport into a national association, which he led. Married to a colleague — his wife Jean was a physical education teacher at the same high school — Hastert developed a taste for politics and ran for the Illinois Legislature in 1980.

He finished third in the primary. When the winning candidate fell mortally ill, party leaders turned to Hastert to take the nomination. He won the election and spent six years in Springfield.

When his congressman was fatally stricken with cancer in 1986, party leaders placed Hastert's name on the ballot. He won narrowly, with 52% of the vote, but has never had a tough race since.

By the time Republicans won a majority in 1994, Hastert had already become a confidant of the party's leadership. He was a floor leader in the push to pass the GOP's "Contract with America" early in 1995, and he managed the campaign of Texan Tom DeLay to become House GOP whip.

DeLay immediately made Hastert his chief deputy, putting Hastert in position to count noses, and twist arms, on every important vote the House took. He had a chummy approach — his bear-like arm around a colleague was usually more welcome than the tough-guy approach that earned DeLay the nickname "The Hammer."

When Gingrich quit after the 1998 elections shrunk the GOP's majority, the speaker's job fell into Hastert's lap. Rep. Bob Livingston, R-La., had been selected for the job, but before he could take it, he quit Congress, admitting he had had an extramarital affair.

"He was just handed the keys," said National Journal's Hotline editor Chuck Todd. "You sort of wonder if that's coming home to roost."

Rep. Ray LaHood, R-Ill., credits Hastert with delivering the tough news to DeLay and two other GOP congressmen when scandal meant they had to resign, and says he's taken charge now.

"I believe he probably gets it behind him now," LaHood said. "He did what he should have done two or three days ago."

The Speaker's Feint (WP)

The Washington Post, October 6, 2006

HOUSE SPEAKER J. Dennis Hastert (R-Ill.) yesterday came up with yet another ploy to shield himself and his colleagues from scrutiny while pretending to do the opposite.

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The issue is how House leaders dealt with warnings that Rep. Mark Foley (R-Fla.) had sent inappropriate e-mail to a teenage page. The speaker announced with considerable satisfaction that he hopes to appoint an independent "person of high caliber" -- but not to do what is obviously needed, which is investigate whether the House botched the response, thereby endangering more pages. Instead, Mr. Hastert said, he wants someone "to advise us on the page program." He floated the idea of naming former FBI director Louis J. Freeh but pulled back when Minority Leader Nancy Pelosi (D-Calif.) wouldn't go along.

Let's save the speaker, and whoever his eminent person turns out to be, some time by offering advice right now: No congressman should harass pages. No one should send them what White House press secretary Tony Snow dismissed as "naughty e-mails." And if there's even a hint that one of your colleagues is doing so, or wants to, don't brush it off. "The buck stops here," the speaker said yesterday, declaring that "we're taking responsibility." But announcing that doesn't make it so.

Yesterday's gambit followed an earlier tack, which was to turn the matter over to the FBI. The FBI has a role to play in determining whether criminal violations occurred, but the appropriate constraints on the bureau -- in the scope of its investigation and its ability to share information with the House and the public -- make it an ill-suited vehicle "for us to try to find out what happened," as the speaker put it. Meanwhile, responding to the uproar with finger-pointing suggestions that the other side leaked the matter, as Mr. Hastert did yesterday, isn't going to fly. Would he be happier if the information hadn't come out?

The House ethics committee's announcement yesterday of an investigation is a development to be taken more seriously. As we've said previously, there are legitimate questions about the panel's ability to handle something with this much political sensitivity, given Republican efforts to undermine its power and independence and given its dysfunction during the Abramoff scandal. That's why an independent investigator -- a "person of high caliber," in the speaker's phrase -- would have been the best way to ensure a thorough investigation and unsparing conclusions.

That apparently wasn't seriously considered, though, so now the ethics committee's integrity is on the line. It should resist calls for haste (including from Ms. Pelosi, who risks appearing more interested in electoral timelines than a thorough inquiry), but it also must work briskly and without regard for political fallout.

Path Is Risky For Gay GOP Politicians (LAT)

By Maura Reynolds And Jenny Jarvie

The Los Angeles Times, October 6, 2006

WASHINGTON — At the Republican National Convention in 2000, Rep. Mark Foley hosted a late-night bash at a Philadelphia gay bar, where an acquaintance snapped a photo of an attractive young intern sitting on the Florida congressman's lap.

Months later, according to the acquaintance, when she offered to send him the photo, Foley looked anxious.

The intern, "male or female?" he inquired.

"Female" was the reply.

"Oh, thank God," Foley responded. "Send me that photo, I might need it someday."

For most Republicans, being photographed in a compromising position with a young woman could be scandalous. But in the sometimes strained world of gay Republicans, it was an asset.

Foley resigned a week ago over revelations that he had engaged in sexually explicit online banter with male teenagers. And though it was the age of those House pages that forced his downfall and a criminal investigation, Foley's sexual orientation had been a huge political liability for him for years.

Gays hold many prominent positions in government and business in Washington. But in the GOP ranks, homosexuality is still politically risky. In fact, with the exception of the military, perhaps no institution in America has as strong a "don't ask, don't tell" approach as the Republican Party.

"Obviously, the far right has kind of got a stranglehold on the Republican Party," said Minnesota state Rep. Paul Koering, a Republican who came out publicly last year. "The very first time I ran, I literally almost made myself sick worrying about somebody finding out I was gay."

Congress has three openly gay members, one of them a Republican — Jim Kolbe of Arizona, who is retiring when this term ends. Kolbe acknowledged his sexual orientation in 1996 after a gay magazine was about to "out" him for voting against government recognition of same-sex marriages.

Staffers from both parties say they think that several other Republican members of Congress are gay but, at least officially, in the closet.

"It's kind of like a secret society," said a gay former congressional staffer who, like others interviewed for this article, spoke on condition of anonymity because of the sensitivity of the issue.

One reason for the secrecy, gay Republicans say, is that their party has grown more hostile to gays in recent years. The trend began with the 2002 congressional election, when GOP leaders made the strategic decision to use religious conservative

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groups' opposition to gay marriage to turn out voters. For those groups, which consider homosexuality a deviant "lifestyle," few issues rile their membership more.

"While pro-homosexual activists like to claim that pedophilia is a completely distinct orientation from homosexuality, evidence shows a disproportionate overlap between the two," Family Research Council President Tony Perkins said this week in a message to supporters.

David Catania, who serves on the District of Columbia city council and is gay, said he left the Republican Party over its opposition to gay marriage. He expressed sympathy for his gay friends who remained active Republicans.

"They've hitched their stars to the party, hoping to hunker down and ride out the Taliban-esque wing, hoping their views will come back into the mainstream," Catania said. "It's got to be very demoralizing for them."

A gay Democratic staffer said gay Republican friends tended to walk a narrow line.

"It's difficult for them," the staffer said. "For the most part, they grew up in Republican households and families. It's like a religion to them. They may even be out to their families. But they are not out professionally."

Early in Foley's congressional career, friends and associates say, he took measures to deflect attention from his sexual orientation. He showed up at parties with a woman on his arm, made references to girlfriends, and used photos of himself with his sister and niece in campaign literature. Many voters assumed the photo showed him with a wife and daughter.

In Florida, Foley had a host of glamorous and wealthy female companions, including Petra Levin, a former model and philanthropist, and Nancy Jean Davis, the Miami heir to the McArthur Dairy fortune.

"He always had a knockout woman on his arm," said Jack Furnari, president of the Boca Raton Republican Club. "People would say, 'See that woman Mark was with?' and chuckle. It was all a show."

At times and in certain circles, however, Foley was less reticent about being seen with his longtime male partner, friends and associates say. In Palm Beach, the luxury winter resort island that some describe as fiscally conservative but socially liberal, Foley would arrive at fundraisers and galas with his companion, a local dermatologist. But they always sat at separate tables.

Sid Dinerstein, chairman of the Republican Party of Palm Beach County, who says he saw Foley a month ago at a restaurant with Foley's companion as well as his sister and her husband, said the congressman's sexuality was not an issue in Palm Beach.

"Nobody cared," Dinerstein said. "Liberals think all Republicans are stupid bigots, but we knew. It just wasn't talked about. We cared about his political skills, his legislative skills."

Rand Hoch, former chairman of the Democratic Party of Palm Beach County and openly gay, remembers speaking at length with Foley in 1997, when some gay newspapers were outing public officials.

"I tried and tried to persuade him to come out," Hoch said. "But ultimately he thought that at that time in Washington, D.C., and nationally, an up-and-coming Republican politician could not be openly gay."

Foley was a tireless socializer, a trait that served him well politically. He won plaudits from charities for his willingness to help raise money, and he earned the loyalty of fellow Republicans in Washington and Florida for his ability to shake donor trees in Hollywood and elsewhere.

In the House's tightknit Republican caucus, he rose to the rank of deputy whip, a junior member of the leadership. In 2003, Foley was considered the GOP front-runner to succeed then-Sen. Bob Graham (D-Fla.), who had decided to run for president.

Though Foley had a campaign fund worth millions, the White House moved aggressively to recruit a different candidate, then-Housing and Urban Development Secretary Mel Martinez. Party strategists worried about what a Foley candidacy would mean for President Bush's 2004 reelection campaign in the state that had decided the election four years earlier.

Foley eventually dropped out of the race, citing his father's bout with cancer. Few doubted the real reason was that his sexual orientation might become an issue. (Martinez won.)

Foley, it seemed, had gone as far in politics as he could as a gay Republican. And in a way, acquaintances said, the failure of his Senate bid appears to have freed him to be somewhat more open about his homosexuality. For instance, he began appearing more often at social events with his partner; if you invited one to dinner, socialites learned, you invited both.

For gay Republicans, staffers say, discretion is the key. And Foley, it seems, had trouble being discreet.

In Washington, he was known as someone who liked to stay out late. And at parties, he did not hide his interest in young men.

Friends and colleagues urged Foley to take steps to avoid scrutiny. He resigned his membership at a popular gay gym on the advice of his former longtime political advisor and chief of staff Kirk Fordham, according to one former Capitol Hill staffer.

Fordham also was known to follow Foley to parties, in some cases intervening to stop the congressman from inviting partygoers back to his apartment.

"Kirk told him to knock it off," said the former staffer, who is a Democrat.

In recent days, gay political staffers and activists have expressed anger with Foley.

"Thanks a lot, Mark," said Catania, the District of Columbia councilman. "You weren't any help to us when you were in the closet, and you've really hurt us now.

"It leaves the impression that we're all predators."

Rep. Barney Frank (D-Mass.), one of the two openly gay Democratic members of Congress, expressed concern this week that the Foley scandal could lead to a "real purge of gays in the Republican Party."

"Republicans," Frank said in an interview posted on TheAdvocate.com, the website of the Boston-based gay newspaper, "will now be more nervous having gay people in positions of power."

GOP Pushes Issues To Deflect Fallout (WT)

By Joseph Curl And Ralph Z. Hallow

The Washington Times, October 6, 2006

Republican lawmakers inside the Beltway are using a multipronged strategy to limit fallout from the Foley scandal: Focus on national security, keep congressional races on local issues and blame Democrats -- even operatives of former President Bill Clinton.

"We will do the same thing we have been doing -- spending tens of millions of dollars reminding voters this election is about local issues and local personalities and not a national referendum," said Carl Forti, spokesman for the National Republican Senatorial Committee.

Mr. Forti said average voters want to know where candidates stand on immigration and taxes, and they aren't daily bombarded in their local newspapers with dire predictions for Republicans' chances of keeping control of Congress in November.

"We built these House races in 2002 and 2004 on these issues because we knew President Bush wasn't going to have coattails," Mr. Forti said.

New polls, taken after Rep. Mark Foley of Florida resigned last week amid charges he sent sexually explicit e-mails to an underage male congressional page, show about half of likely voters said that recent disclosures will be very or extremely important in their vote next month.

One former senior administration official who remains close with top Bush advisers said the White House strategy is clear:

"We've got to start going back on the offense, doing what the president did in September, when he began to deliver a series of speeches on national security and the war on terror."

Republicans, the official said, will continue to address the scandal by saying "this is not endemic to the Republican Party, this is one bad guy ... and he's gone. Then, we pivot, say enough's enough, it's under investigation, we're not saying any more about it. ... If Democrats try to localize what is a national story, they do it at their peril."

At the White House, the strategy is simply to not talk about it, with press secretary Tony Snow telling reporters yesterday, "I will be maddeningly but consistently nonresponsive beyond what you are about to hear."

But outside the Beltway, some state Republican leaders say the party remains in disarray, with no cohesive message on how to deal with the daily sordid developments and keep the races from becoming a national indictment on the party.

"We haven't really seen much of a plan" for how to deal with the scandal, said Saul Anuzis, chairman of the Michigan Republican Party.

The state leader said there was an early talking-points e-mail to state leaders from the House Republican Conference, but that simply pointed out that the Democrat-controlled House in 1983 "was embroiled in scandal after two Members of Congress were found to have engaged in inappropriate sexual relations with teenage congressional pages."

Celinda Lake, a top Democratic pollster, said if Mr. Bush's job-approval rating remains in the 30s, then Republicans have a near-zero chance of holding the House and will probably lose the Senate as well.

But, said Miss Lake, an approval rating up around 44 percent will make it more difficult for Democrats to make the net gain of 15 seats to take control of the House and six seats to take over the Senate.

Republican analysts say the national party has been slow off the mark to deal with the developing Foley story.

Asked whether there was a plan to communicate with the nation outside the Beltway, Republican pollster Frank Luntz said, "No, and that's the problem."

"Back in the days of [former House Majority Leader] Tom DeLay, there would have been an immediate conference call, not to defend the position of the leadership, but to articulate what needs to be said from this point forward. There would have been sample releases, there would have been sample talking points, there would have been an op-ed produced -- none of that's happening," Mr. Luntz said.

The silence from Republican Party leaders has given Democrats locked in tight races across the country an edge. For instance, in Minnesota's 6th Congressional District race, Democrat Patty Wetterling, a children's-safety advocate, rushed a TV ad onto the air on Tuesday calling for a criminal investigation of Mr. Foley.

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On Wednesday, Mrs. Wetterling, who says in the ad that the Republican Party "knowingly ignored the welfare of children to protect their power," was chosen to the give the national Democratic response to tomorrow's weekly radio address by Mr. Bush.

Democrats, who for a year floundered to find a message to run on this year, say the Foley scandal illustrates that the Republicans are preoccupied with protecting their congressional majority at the expense of public interest, even the safety of young pages.

John Zogby, a Democratic pollster, said this scandal has legs because it is far more understandable than normal Washington scandals over policy or White House access.

"The bottom line is that married voters, parents and grandparents, are the ones who vote for Republicans, and there's damage out there, real damage."

He said that his recent polling shows a high number of evangelicals undecided, "and frankly, if they're undecided, they may not vote. ... Voters not showing up could be devastating."

House Speaker J. Dennis Hastert, who some conservatives have said should resign over his handling of the scandal, on Wednesday suggested that operatives aligned with Mr. Clinton knew about the Foley accusations and might have been behind the disclosures in the closing weeks before the Nov. 7 elections.

The Illinois Republican offered no proof, and yesterday said he was merely citing press reports.

Democrats Use Foley Scandal To Hit GOP (WT)

By Amy Fagan

The Washington Times, October 6, 2006

The Democratic Party is using the unfolding scandal involving Rep. Mark Foley to bash Republican candidates and raise support for their party, arguing that Republicans have too much power and mishandled the situation.

From Virginia to New Mexico, Democrats have demanded the resignation of House Speaker J. Dennis Hastert of Illinois and challenged Republicans to return money donated by Mr. Foley, who resigned last week after it was reported that he had sent sexually explicit electronic messages to teenage boys in the congressional page program. Meanwhile, the Democratic National Committee cited the scandal in two e-mails to supporters this week -- one asking for volunteers, the other asking for money.

In yesterday's fund-raising e-mail, DNC Chairman Howard Dean said Democratic operatives were ready to defeat Florida's Mr. Foley and Republicans long before the scandal, but stressed that "Democrats are fighting in important races up and down the ballot on the idea that the culture of corruption and cover-up just won't stand up against a message of real change."

The seemingly boldest attack on Republicans so far has come from House Democratic candidate Patty Wetterling in Minnesota, who began airing television ads contending Republican leaders "admitted covering up the predatory behavior of a congressman," and "knowingly ignored the welfare of children to protect their own power." Mrs. Wetterling, a child safety advocate, was chosen by Democrats to deliver their weekly radio address tomorrow.

House Republican leaders have denied covering up the scandal. After resigning, Mr. Foley checked into a rehabilitation program for alcohol abuse, leaving Republican leaders scrambling to fend off critics who accuse them of covering up his behavior.

Mr. Hastert said yesterday he was "deeply sorry" the situation occurred, called for several investigations and a review of the page program, but denied any wrongdoing.

Democratic leaders quickly slammed him.

"The problem today isn't the page program," said Senate Minority Leader Harry Reid of Nevada. "The problem today is that House Republican leaders had evidence of a sexual predator in their ranks and chose to cover it up instead of choosing to protect these children."

Jonathan Collegio, spokesman for the National Republican Congressional Committee, counted 33 House campaigns so far in which the Democratic candidate has either called for Mr. Hastert to resign, urged the Republican candidate to return Mr. Foley's donations or made politically charged statements about the scandal.

He called such efforts "the type of election year antics that voters can see right through," and will reject.

The Democratic Senatorial Campaign Committee this week blasted key Republican senators for refusing to acknowledge a Republican cover-up and lashed out at others, such as Sen. George Allen, Virginia Republican, for campaign contributions made by Mr. Foley.

Mr. Allen's office donated the amount Mr. Foley had given them to a Virginia nonprofit group that protects children.

New Mexico's Attorney General Patricia Madrid, a House Democratic candidate, called for Mr. Hastert to resign, then demanded her Republican opponent, Rep. Heather A. Wilson, join her -- a tactic used by other Democrats.

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"They're using it to their benefit," said Jennifer Duffy, political analyst for the Cook Political Report. "Republicans would, too."

She warned it's premature to say the scandal will put Democrats over the top in the midterm elections because "voters have a fairly short attention span."

In the Loop (WP)

By Al Kamen

The Washington Post, October 6, 2006

The controversy over whether embattled House Speaker J. Dennis Hastert (R-Ill.) should remain in office has divided hard-line anti-pedophiles such as conservatives Richard Viguerie , David Bossie and the Washington Times, who demanded Hastert's head, from moderate anti-pedophiles such as President Bush and Vice President Cheney and some talk-show types, who can better appreciate the larger implications of this matter.

One problem for the hard-liners is that there is no mechanism to force Hastert to quit, to give him the standard option of resigning or being fired. The House is not in session, so there's no way to have a vote until lawmakers return Nov. 9, after the election. (Bush could call them back in a true emergency, as he did in the Terri Schiavo case, but that doesn't appear likely.) What's more, House experts say there's no historical guide -- there has not been a vote to kick out a speaker in at least a century, maybe ever. (There is a provision that if the speaker doesn't show up for three days, the chair can be deemed vacant and a motion would be in order for the election of a new speaker.) Were the House around, presumably someone who voted for Hastert last time could call for a new vote.

One reason this situation may be unprecedented, a House official said, could be that a speaker, who technically doesn't have to be a member of the House, is only chosen for one Congress, or two years. Usually it would take someone a year or so to really mess up, and then their term would be almost up anyway. In the past, the House could "usually wait them out," he said.

Signs To Say Negron Will Get Foley Votes (AP-Y)

AP, October 6, 2006

Supervisors of elections in former Rep. Mark Foley's district may post signs telling voters that Joe Negron is the Republican candidate even though it will be Foley's name on the ballot, Florida elections officials said Thursday.

An e-mail from the State Division of Elections to election supervisors in counties that are part of Foley's district said that "preferably, the notice would be placed in every voting booth" and in absentee ballot mailings. The suggestion angered some Democrats who said it gives Negron unfair help.

Counties do not need to post such notices, but the agency sent out its recommendations after being asked by local elections officials, spokeswoman Jenny Nash said.

Foley had been heavily favored to beat Democrat Tim Mahoney in November before a scandal involving inappropriate messages to young pages led to his high-profile resignation. Republican leaders picked Negron, a state legislator, to replace him, but it was too late to put his name on the ballot.

State Democratic Party Chairwoman Karen Thurman sent a letter to state officials noting that state laws prohibit signs from being posted at polling places.

Nash said that the clarifying notices were meant to help voters, not any particular candidate, and that such notices have been used in past elections when a candidate has been replaced after ballots have already been printed.

Gov. Jeb Bush said the move would help alleviate confusion.

"Joe Negron is, by law, the candidate," Bush said. "You can't have his name on the ballot because of state law but to inform people is more than fair. ... To provide information is more than appropriate."

Foley Foe Was Long Shot, Now Has Big Shot (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, October 6, 2006

WEST PALM BEACH, Fla. -- As Republican leaders in Washington work to contain the Mark Foley scandal, Democratic challenger Tim Mahoney is hoping it will propel him into Congress.

Mr. Mahoney has gone from long shot to strong contender because of Mr. Foley's resignation after news reports that he sent sexually explicit communications to teenagers who were House pages. It is a dramatic reversal for a political newcomer who had trailed Mr. Foley in most polls despite spending nearly $400,000 of his own money on the race.

But while Democrats are celebrating the likely gain of a solidly Republican House seat, the choice of Mr. Mahoney illustrates the ideological compromises the party is making to retake the House. A self-described conservative Democrat, Mr.

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Mahoney is a former Republican who didn't switch his party affiliation until 2005. He describes Ronald Reagan as a political hero and himself as a "conservative Christian." He talks about the need to reduce abortions, though he doesn't favor banning them. Mr. Mahoney owns a gun and says he supports the right to firearms and doesn't want stricter gun laws. He also favors eliminating the estate tax on family farms and securing the nation's borders better.

Whatever his ideological leanings, there is little question that Mr. Mahoney's campaign slogan -- "to restore integrity to public office" -- was prescient. "My message hasn't changed. I was talking about morals and values and what's wrong with Washington a year ago," he says in an interview after a lunch-time campaign event here. "What's happened is that national events have caught up."

Aides to Mr. Mahoney say the campaign's fund raising has surged in the days since the Foley scandal broke. High-profile Democrats such as former Virginia Gov. Mark Warner are showing up to campaign with Mr. Mahoney.

Republicans aren't conceding the seat, and Joe Negron, the Republican state representative appointed to succeed Mr. Foley in the race, is pledging a fight. Mr. Negron's nascent campaign received a boost Tuesday when Florida's Division of Elections recommended that election supervisors in this affluent, Republican-leaning district post notices in voting booths and send letters to absentee voters indicating that votes for Mr. Foley count for Mr. Negron. Democrats are likely to challenge that recommendation in court since they are hoping to capitalize on the fact that Florida law requires Mr. Foley's name to stay on the ballot.

Still, strategists from both parties say Mr. Mahoney stands a better than even chance of winning the race, a sharp shift in electoral fortunes that is contributing to Democrats' optimism about taking the House next month.

Democrats need 15 seats to gain the majority, and have strong chances in three races once seen as firmly in Republican control. Besides the Foley seat, the others are those of former House Majority Leader Tom DeLay of Texas, who resigned amid fund-raising investigations, and of Rep. Bob Ney of Ohio, who pleaded guilty to bribery charges and isn't running for re-election.

"Those three seats are gifts for the Democrats," says nonpartisan political analyst Stuart Rothenberg. "The Republicans have wrapped them up with nice wrapping paper, put bows on them, and handed them to the Democrats."

Mr. Negron disputes that analysis, saying Mr. Mahoney is a "liberal Democrat" out of step with the values of a district that has elected Republican congressmen for the past 25 years. With $600,000 left over from his previous campaigns, Mr. Negron expects to raise at least $400,000 more in the final weeks of the campaign. Florida Gov. Jeb Bush will campaign with him next week, the first of a series of visits by prominent Republicans designed to distance Mr. Negron from the Foley scandal. "This election is not a referendum on Mark Foley, even though Tim Mahoney wants it to be," Mr. Negron says in an interview.

Within hours of Mr. Negron's selection, the Republican National Committee sent out talking points that quoted from a negative appraisal of Mr. Mahoney's candidacy by Mr. Rothenberg, who in October 2005 described the Democratic challenger as "an unpolished second- or third-tier House candidate who is not yet prepared for a U.S. House race."

Mr. Rothenberg says candidates like Mr. Mahoney generally improve over time and added that he now has the opportunity to run a positive, issues-based campaign because the scandal removed his strongest opponent.

"He's not being compared to a veteran Republican who won with 70% of the vote anymore; now the implicit comparison is with a disgraced Republican congressman," Mr. Rothenberg says.

Mr. Mahoney is saying little publicly about the scandal. "People don't want their congressmen out there continuing to fan the flames of this salacious thing," he says.

Instead, the 50-year-old financier is playing up his business background and the fact that he isn't a career politician. He grew up in a large Irish-Catholic family in New Jersey that venerated John F. Kennedy, but became a strong supporter of Mr. Reagan after graduating from college. He made his fortune in finance, running a small investment-banking firm out of his house. The firm grew into an investment-banking and private-equity company called vFinance Inc., which has more than 200 employees and $1 billion in assets.

Last year, Mr. Mahoney was in Washington trying to build support for an effort to promote job creation in small and midsize firms. He found himself in the office of Rep. Rahm Emanuel, the Illinois Democrat leading the party's effort to win back the House, and was surprised when Mr. Emanuel asked him to run for Congress. "I thought he wanted a donation," Mr. Mahoney says.

These days, Mr. Mahoney wakes at 6 a.m. to devote a few hours to vFinance business before starting a full day of fund raisers and campaign events like a meeting with the local chapter of the American-Israel Public Affairs Committee, where he faced questions about Iran's nuclear program. He says he expects to raise at least $2 million dollars, with much of that money coming from Democrats outside Florida who are energized about winning a race once written off as hopeless.

Mr. Negron says Democrats can only win in this district by tying the race to Mr. Foley, but Mr. Mahoney says he has a different Republican target in mind. "George W. Bush's approval rating in our district is 33%," he notes. "Even Mark Foley was trying to run away from the president."

Area Republicans Won't Hesitate To Vote Foley/Negron (PALMBEACHP)

By Jennifer Sorentrue

Palm Beach Post (FL), October 6, 2006

If you listen to the political pundits or even some Washington Republicans, it's going to be an uphill battle for the GOP to convince voters that a mark on their ballot for former U.S. Rep. Mark Foley is really a vote for replacement candidate Joe Negron.

With less than five weeks for Negron to raise money and campaign before the Nov. 7 election, some have even said it could even be an impossible feat. Negron, a state representative from Stuart, was chosen by Republican Party officials to replace Foley, who resigned in disgrace.

"To vote for this candidate (Negron), you have to vote for Mark Foley. How many people are going to hold their nose to do that?" House Majority Leader John Boehner, R-Ohio, said in a radio interview with conservative commentator Sean Hannity this week.

But an informal survey of a dozen Republicans in Foley's former congressional district Thursday shows the experts may be wrong. Despite the scandal, most still plan to check Foley's name when they go to the polls, according to unscientific results.

"To me, it's the person — Foley — not the Republican Party," Stuart resident Mary Emrick said, referring to allegations that Foley exchanged sexually explicit Internet messages with teenage boys.

"You can't condemn the whole party," said Emrick, who typically votes Republican and plans to vote for Negron by marking Foley's name on her ballot. "There are people everywhere, in every walk of life, doing things. I think it's just the person."

Like Emrick, all of those surveyed said despite the allegations against Foley, they would have no problem recognizing that a vote for Foley is actually a vote for Negron. However, some said they don't know enough about Negron and haven't made up their minds in the race.

Although some political observers have suggested the allegations may cause Republicans to stay home on election day, many of those surveyed said they still planned to vote Republican straight through their ballot.

"I will turn out," said Martin County resident Renee Nesbit. "I will vote.... I'll just go ahead and vote Foley/Negron."

Nesbit, 58, said that any Republican who shies away from voting in the race because of Foley's actions is "just not using their head."

"I think that's really immature," Nesbit said. "There are using emotions over intellect."

Foley's former district, which includes parts of eight counties, stretching from Wellington to Fort Pierce and west to Port Charlotte, voted 54 percent for President Bush in 2004.

It was seen as a safe GOP seat until Foley's resignation last week. Now, Negron is expected to face a difficult race against Democrat Tim Mahoney.

Martin County resident Kurt Schaeffler, 40, said he needs to know more about Negron before deciding whether to vote for him. He will likely wait until the last minute before making a decision in the race, he said.

"I don't know anything about the man," Schaeffler said. "He is jumping into a situation where he is behind the ball.... Up until this new enlightenment, as far as I could tell Mark Foley was in there, and he was doing a good job. I would have left him right there."

Like Schaeffler, Stuart resident Chip DuBois doesn't know anything about Negron, but he plans to vote for him. He said there's no way he would vote for Mahoney.

"I would vote for my dog instead of Mahoney," DuBois said. "I just don't like him."

Royal Palm Beach resident Dana Hepworth said Negron seemed "capable," but didn't think he had enough time to reach voters before the election.

Still, he plans to vote for Negron. Most voters who select Foley's name will be doing it because they want to vote Republican, Hepworth said.

"The focus now is on Mark Foley, not the issues at hand," said Hepworth, 55, a certified addictions counselor. "I think (Negron) is in a real difficult situation. I think that anyone that is going to be voting for Negron is going to be voting strictly Republican."

Wellington resident Susan Gordon also made up her mind. She says she'll check Foley's name "just because I want to see a Republican in office."

While all of the Republicans surveyed were familiar with the scandal surrounding Foley, several said they knew little about the party's candidate for the U.S. Senate — Katherine Harris, who received at least as much publicity in 2000 as Foley is now. Harris, now a congresswoman from Longboat Key, was Florida's secretary of state, responsible for overseeing the disputed presidential election between Bush and Al Gore.

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Harris is seeking to unseat U.S. Sen. Bill Nelson, a Democrat.

Royal Palm Beach resident Suzy Crawford said she'll probably vote for every Republican on her ballot. Asked about Harris, she said, "Don't know anything about her. But a woman could probably do a better job."

Rep. Pelosi Envisions A Better-run House (AP-Y)

By Liz Sidoti

AP, October 5, 2006

Relishing the prospects of a triumph, Democratic leader Nancy Pelosi on Thursday promised to restore integrity and civility to the House if voters put her party in control this fall.

"We'll turn the most closed and corrupt Congress into the most open and honest Congress," Pelosi, D-Calif., told The Associated Press in an interview.

She spoke five weeks before the midterm elections as the House ethics committee opened an investigation into an unfolding sex scandal that led to Rep. Mark Foley's resignation and calls for House Speaker Dennis Hastert, R-Ill., to step down.

"The only way you can make the change that needs to be made for our country — a new direction where we're there for the many and not the few — is to drain the swamp," said Pelosi, who is in line to be the nation's first female House speaker if Democrats ascend to power.

With Nov. 7 looming, an AP-Ipsos poll released Thursday found the majority of likely voters favoring Democrats to win control of the House and half of likely voters saying recent disclosures of corruption and scandal in Congress will be very or extremely important when they cast their vote.

Republicans are scrambling to try to stop the political bleeding that began last week when Foley resigned amid reports that he sent sexually explicit communications to teenage boys who once worked as House pages. That set off finger-pointing among House Republican leaders who were accused of failing to react quickly when they were warned of Foley's behavior.

Hastert spurned calls from the party's conservative base for his resignation. After days of cracks in support, House Republicans and others, including Senate Majority Leader Bill Frist, rallied around the speaker. Still, some Republicans expressed fears that the scandal could cost the GOP the House.

In Idaho, Republican Rep. Mike Simpson said he was no longer confident that Republicans would retain power, a shift from a week ago when he was "fairly confident we were going to keep the majority." Now, he said, it's "a real tossup."

Republicans outside of Washington, meanwhile, chastised Democrats for criticizing House leaders while ignoring what Republicans called a long and tawdry history of Democratic impropriety and sex scandals.

"What we don't have to do is allow our friends on the left to lecture us on morality," former House Speaker Newt Gingrich, R-Ga., said at a party fundraiser in South Carolina. "There's a certain stench of hypocrisy."

On Capitol Hill, Pelosi expressed confidence that Democrats would gain the 15 seats they need to seize control of the House from Republicans who have ruled for a dozen years.

Should Democrats win, she promised they would approve rules to "break the link between lobbyists and legislation" and enact legislation adopting all the recommendations of the bipartisan commission that investigated the Sept. 11, 2001 terrorist attacks. The party's agenda also includes raising the minimum wage to $7.25 an hour and cutting the student loan interest rate.

The Foley scandal, Pelosi said, cuts to the heart of Democrats' argument that a change in power is needed and resonates with voting groups that will be crucial to who wins on Nov. 7 — senior citizens and women.

"This is an issue, though, that just highlights so clearly the fact that they don't play by the rules," Pelosi said, questioning why Republican leaders did not notify the bipartisan committee that oversees the page program when questions about Foley's behavior first arose.

"You would think if you knew of something like this, your best defense is to inform the Democrat on the committee," Pelosi said. "But they just don't see it that way."

"What could have been going through their heads, where they have an over-50-year-old man making these overtures to a kid" who was under the responsibility of Congress, Pelosi asked. "They chose not to address it."

How The Democrats Can Step Up (WP)

By David Ignatius

The Washington Post, October 6, 2006

It's too late for the Democrats to forge coherent positions on Iraq or tax policy before the November elections. But fortune has presented them with a mission that can be summed up in a simple sentence: They must be the party of accountability and reform.

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The pollsters report that nearly two-thirds of the country now believes that America is heading in the wrong direction. The events of the past several weeks offer a devastating argument for the Democrats of why that is so. With the Republicans in control of the executive and legislative branches, arrogance has become a way of life. In a series of widely disparate cases -- from ignoring the ethics problems of former House majority leader Tom DeLay to refusing recommendations to fire Defense Secretary Donald Rumsfeld to covering up the egregious conduct of Rep. Mark Foley -- the Republican leadership's instinct has been political self-protection rather than accountability and effective government.

The Democrats are talking about a culture of corruption in Washington, but what are they going to do about it? That's the question Democrats should address over the next month if they want a mandate for change. If they win the House of Representatives, will the Democrats embark on a two-year binge of investigations and score-settling? Or will they get serious about solving the country's problems?

The challenge for the Democrats, if they do triumph in November, will be to break out of the partisan straitjacket that constricts American politics. That has been the real inner demon of the Republicans -- they appeared to care more about their party and its prerogatives than about the country's welfare. The Democrats, in recent years, have drunk deep from that same poisoned chalice, and they need to stop.

The Democrats' first priority next year should be ethics reforms that address the gross misconduct that surfaced in the DeLay and Jack Abramoff scandals. They should start by seeking GOP co-sponsorship for new legislation on lobbying and campaign finance. The Republicans will try to paint Democrats in the next Congress as liberal fanatics bent on revenge. The Democrats should answer with a spirit of bipartisanship -- an offer to work with the Republicans on effective oversight of the executive branch and congressional reform. If a Democratic victory in November becomes an exercise in "payback," the public rightly will be angry.

To see how far the Republicans have strayed from accountability, it's useful to recall their response to the DeLay scandal. At every opportunity, they tried to evade, obstruct and bully. When the House ethics committee admonished DeLay in late 2004 for ethics violations, the GOP leaders stonewalled. First they changed the Republican caucus rules so that DeLay could remain as leader even if he was later indicted. The leaders were forced to back down on that one, but they then fired the conscientious Rep. Joel Hefley as chairman of the ethics committee and purged two other Republican members and several staffers. The effect was to gut the committee, which didn't function at all during 2005.

Even after the Abramoff influence-peddling investigation brought a string of indictments, the GOP-controlled Congress failed to pass lobbying reforms. "These are the worst congressional scandals in three decades, and Congress has done absolutely nothing about it," argues Fred Wertheimer, president of the campaign watchdog group Democracy 21.

The case of Rumsfeld partakes of the same circle-the-wagons spirit that has sapped the GOP. Rumsfeld should have resigned after the Abu Ghraib scandal in mid-2004. (Imagine what that signal of accountability might have done to help America's image.) But by early this year, it was obvious even to those in the Bush White House that Rumsfeld had to go. They were moving to ease him out this spring when a parade of retired generals called publicly for his resignation. I'm told that the White House, fearful of being seen as caving in to pressure, backed off at that point and left Rumsfeld in place.

And now we have the Foley scandal, which, even by Washington standards, is a remarkable piece of hypocrisy and cronyism. For at least a year senior House Republicans knew or should have known that Foley had inappropriate communications with House pages. They did nothing -- and the only possible explanation is that they were afraid of political damage. Indeed, they allowed Foley to remain co-chairman of the House caucus on missing and exploited children until the day his revolting messages were disclosed.

The Democrats will benefit from the GOP meltdown to the extent that they offer the country a genuine alternative: In place of scandal, reform; in place of partisanship, cooperation; in place of arrogance, accountability.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com. His e-mail address isdavidignatius@washpost.com.

9th Circuit Judge Protests Proposal For New Breakaway Circuit (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, October 6, 2006

The long-simmering debate over splitting the nation's largest federal appellate court heated up last month when one 9th Circuit judge complained that a new breakaway circuit would have no Hispanic judges.

The Senate Judiciary Committee is currently considering S. 1845, a bill that would split the 9th U.S. Circuit Court of Appeals, with California, Hawaii and Guam in a new, shrunken 9th Circuit. A new 12th Circuit would be composed of Arizona, Nevada, Oregon, Washington state, Idaho, Montana and Alaska.

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"I'm a Republican and an appointee of President Bush, and it dawned on me that the resulting 12th Circuit would be without a single Hispanic judge. Nobody is focused on this," said Judge Carlos T. Bea of San Francisco.

Bea joined the court in 2003. He was raised in Spain and is one of six Hispanic judges among the 9th Circuit's 49 active and senior judges.

In general, Republican lawmakers have pushed the split efforts while Democratic legislators generally oppose the move. A majority of the circuit's judges oppose a split, according to Chief Judge Mary Schroeder.

Arizona, with a population that is 25 percent Hispanic, and Nevada, with a 20 percent Hispanic population, would join the Pacific Northwest states, but without Hispanic judges, Bea said.

The circuit's Hispanic judges, Arthur Alarcon, Ferdinand Fernandez, Kim Wardlaw (whose mother is from Mexico), Richard Paez, Consuelo Callahan and Bea, all California-based judges, would remain on the split 9th Circuit.

Diarmuid O'Scannlain, a Portland, Ore.-based 9th Circuit judge who has backed a circuit split since the mid-1990s, declined to comment on Bea's concern.

O'Scannlain, who testified on Sept. 20 before the Senate Judiciary Committee in support of the split, said his concern is with effective judicial administration. He believes the circuit has become too large to manage. The restructuring of the court should not be based on Supreme Court "batting averages and public perception of any of our decisions.

"I am quite confident the circuit will be split someday ... but I have no idea when that may be," he said.

Bea said his concern "is important to the Hispanic bar and the Hispanic community." He said Hispanics "like to be represented the same as blacks. It is a sign you are accepted in the community. People I talk to are upset ... they want to see Hispanics achieve and be recognized."

TIED TO IMMIGRATION?

"We see this as tied to the immigration debate," said James Reyna, president of the Hispanic National Bar Association and an international trade partner at Williams & Mullen in Washington, D.C.

"The bill as it is now written would take the most integrated and diverse circuit, with good representation of Hispanics, and split it with a new 12th Circuit with no Hispanics," he said. "The concentration of Hispanics has a direct adverse impact on the Hispanic community.

Reyna said the split would also impose a larger caseload on the remaining judges in a new California-centered 9th Circuit because it would retain 80 percent of the caseload, more than 500 cases per judge, as opposed to 350 for the 12th Circuit.

Among the circuit's district courts, which would be divided along the same state lines, half the 5,700 immigration-related criminal offenses in 2005, such as illegal re-entry, come from Arizona and Nevada, while most of the rest came from Southern California. Among the 6,200 asylum and other immigration appeals to the 9th Circuit so far in fiscal year 2006, more than 5,000 arise in California alone, according to circuit statistics.

Bush Making Education Bill A Priority (AP)

By Nedra Pickler, The Associated Press

AP, October 6, 2006

WASHINGTON -- President Bush said Thursday that renewing the No Child Left Behind law will be a priority for him next year but acknowledged the law isn't working as well for parents as it should.

The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

Bush acknowledged, however, that those promises to parents aren't working as they should.

For example, many schools report their test scores late. So many parents don't find out that their children have a right to transfer until a new school year has begun.

"It kind of looks like people are afraid to put out results for some reason," Bush said in a speech at the Woodridge Elementary and Middle Campus, a thriving charter school in a run-down neighborhood five miles from the White House. "And so we'll work with Congress to clarify the law and to strengthen the law to make sure our parents get timely information and useful information."

Of more than 2.2 million children eligible for tutoring, only 19 percen't of them got it in 2004-05, according to auditors at the congressional Government Accountability Office.

Even fewer kids take advantage of the option to transfer to another school _ about 1 or 2 percent of those eligible, according to national estimates.

It is unsurprising that Bush would tout the No Child Left Behind law, considered the centerpiece of his first-term domestic agenda. As a matter of timing, though, making the law's renewal a priority could be significant.

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The law is scheduled to be reauthorized by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election.

The sooner the better _ that's the view among dozens of education groups that are seeking changes in the law, such as how kids are tested and how schools are graded.

Bush outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for 28,000 low income students across the country to transfer to private schools, an initiative he has in the current budget request at a cost of $100 million.

His comments come after Education Secretary Margaret Spellings recently told reporters that that law is "like Ivory soap: It's 99.9 percent pure or something." Spellings later said she was referring to the core principles of the law and is willing to consider improvements to the law.

The law was passed with support of some leading Democrats who now say Bush has not provided enough funding to carry out the goals. Sen. Ted Kennedy, D-Mass., said he welcomes the opportunity to "get these essential reforms back on track."

"This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath it was intended to be to our nation's students, parents, and teachers," Kennedy said.

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Associated Press Education Writer Ben Feller contributed to this report.

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On the Net:
http://www.whitehouse.gov

Bush Pitches Incentive Pay For Teachers (WP)

By Theola Labbé

The Washington Post, October 6, 2006

President Bush visited a high-performing charter school in Northeast Washington yesterday to call for changes to the No Child Left Behind education law that he said would help teachers raise student performance and give more choice to parents whose children attend failing schools.

Bush said Friendship-Woodridge Elementary and Middle School, which serves 550 students, meets the high academic standards that are demanded by the federal education law. The law, scheduled to be reauthorized by Congress next year, has been hotly debated. Critics charge that it focuses too much on test-taking and does not provide enough funding to address the underlying social and academic factors that affect the quality of education.

"I know people say that we test too much, but how can you solve a problem until you measure?" Bush said in the school's gymnasium to an audience of schoolchildren and officials in suits. "Measuring is the gateway to success."

Against a backdrop of No Child Left Behind posters featuring smiling children waving American flags, Bush proposed that teachers who raise student scores or decide to teach in hard-to-serve urban or rural school districts be paid bonuses under a new incentive fund for teachers. High schools, which now graduate 75 percent of their freshmen on time, would offer more rigorous courses through a new Advanced Placement training program for 70,000 teachers, Bush said.

Students smiled and pointed at the buzz of activity in school hallways as security officers and explosives-sniffing dogs milled about during Bush's visit. Bush toured a "smart lab," a classroom where middle school students made music on an Apple computer and demonstrated robotic vehicles that started and stopped at the sound of a handclap. He encouraged students to study and asked about their college plans.

The charter school, which is publicly funded, opened in 1998 and serves students in pre-K and up to eighth grade. The school, in the 2900 block of Carlton Avenue NE, is 99 percent African American, and 81 percent of its students are considered low-income. Bush said he chose Friendship-Woodridge for a visit because it had met the academic benchmarks on standardized tests for the past three years.

On the latest test, the D.C. Comprehensive Assessment, Friendship-Woodridge was among just four of 37 charter schools under the authority of the D.C. Public Charter School Board to make the grade. Many parents place importance on the scores, but D.C. school leaders say the results do not fully reflect how much a student may have improved.

Ross Wiener, policy analyst at the Education Trust, a national nonprofit that advocates for public education, praised Bush's ideas on teacher training. But he said the speech was focused on schools that are doing well and offered little guidance on how to help struggling schools turn around.

"That's what's on a lot of people's minds right now," Wiener said in a telephone interview.

Student reviews of Bush's speech were overwhelmingly positive. The president won over even Shawntese Gunner, 10, of Northeast. She said before his speech that she liked him "just a little bit" and was surprised to hear that he was visiting her

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school. She said she's a fifth-grader in Mr. Lakis's class. Andrew Lakis said his class calls itself the "307 A-Team," a reference to the class's room number and to the idea that all students can make A grades.

Shawntese gave the president's speech an A. "He explained that no child should be left behind," she said. "I like him a lot now."

Bush Says He'll Strengthen Education Policy (LAT)

By James Gerstenzang And Joel Havemann, Times Staff Writers

The Los Angeles Times, October 6, 2006

Focusing on domestic issues for a couple of days, the president visits a school before tackling the economy today.

WASHINGTON — With his centerpiece education policy up for renewal, President Bush said Thursday that reauthorizing and strengthening the program was one of his top priorities for next year.

The law, known as "No Child Left Behind," which he signed one year after taking office, has divided educators, drawn sharp criticism recently from the Department of Education's inspector general, and prompted Democrats to complain that the administration has not put enough money into helping school districts meet its demands.

Bush, shifting his public focus away from the war in Iraq and the campaign against terrorism, is in the midst of two days of speaking out on domestic policy. Education was the theme Thursday, with a visit to the Education Department headquarters in Washington and then to a District of Columbia charter school. Today it's the economy, to be highlighted in a speech at a FedEx distribution facility.

But neither topic is a sure winner, even as he suggests they are reason to vote Republican in the upcoming elections.

In the first of six reports on No Child Left Behind, the Education Department's inspector general found the selection of reading curricula to be rife with conflict of interest — persons with financial stakes in reading programs are deciding which programs states can use.

In the report dated last month on the Reading First component of the program, the inspector general's office examined the panel chosen to assess the states' proposals for grants. It found that six of the 25 panelists had "significant professional connections" to a particular reading program.

Three of those six had links to the Reading Mastery program published by SRA/McGraw-Hill. Rep. George Miller (D-Martinez), said McGraw-Hill's chairman and previous chairman had between them contributed more than $23,000 to Bush and the Republican National Committee since 1999.

The president's remarks today on the economy will follow the announcement of monthly job figures and Allan B. Hubbard, chairman of the White House National Economic Council, forecast an upbeat tenor. He told reporters Thursday that despite the slowdown in housing prices, the still-high price of gasoline, and the ongoing problems of the Big 3 auto manufacturers, voters had reason to be optimistic about the economy.

Hubbard said the growth of the economy in the third and fourth quarters was likely to be in the 1% to 2% range, with growth for the year at 3%, which he presented as sustainable figures. "We feel very good about the economy," Hubbard said.

With Republicans struggling against the fallout of the scandal involving former Rep. Mark Foley (R-Fla.) and the continuing political weight of the Iraq war, such events as the visit to the Woodridge Elementary and Middle School in a rundown section of the nation's capital give Bush an opportunity to focus on a domestic policy issue that's far from the political spotlight. It was his second visit to a school this week, following his stop at George W. Bush Elementary School in Stockton.

Even involving a program that was a top priority when he took office, Bush acknowledged room for improvement. The measure expires at the end of the 2007-2008 school year but can be extended automatically if no changes are made.

The president said that parents are not necessarily getting information about students' progress quickly enough to switch a child's enrollment to another school if they think a change is necessary.

"We've got to improve options," the president said. He said that in some cases, parents were not being notified about how a child was performing until a new school year had begun.

"That doesn't help," he said, adding: "It kind of looks like people are afraid to put out results for some reason."

He also suggested school districts were not taking advantage of federal help providing tutoring for students, or were using the money for other purposes.

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No Bush Left Behind (BSWK)

By Keith Epstein

BusinessWeek, October 16, 2006

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The President's brother Neil is making hay from school reform

Across the country, some teachers complain that President George W. Bush's makeover of public education promotes "teaching to the test." The President's younger brother Neil takes a different tack: He's selling to the test. The No Child Left Behind Act compels schools to prove students' mastery of certain facts by means of standardized exams. Pressure to perform has energized the $1.9 billion-a-year instructional software industry.

Now, after five years of development and backing by investors like Saudi Prince Alwaleed Bin Talal and onetime junk-bond king Michael R. Milken, Neil Bush aims to roll his high-tech teacher's helpers into classrooms nationwide. He calls them "curriculum on wheels," or COWs. The $3,800 purple plug-and-play computer/projectors display lively videos and cartoons: the XYZ Affair of the late 1790s as operetta, the 1828 Tariff of Abominations as horror flick. The device plays songs that are supposed to aid the memorization of the 22 rivers of Texas or other facts that might crop up in state tests of "essential knowledge."

Bush's Ignite! Inc. has sold 1,700 COWs since 2005, mainly in Texas, where Bush lives and his brother was once governor. In August, Houston's school board authorized expenditures of up to $200,000 for COWs. The company expects 2006 revenue of $5 million. Says Bush about the impact of his name: "I'm not saying it hasn't opened any doors. It may have helped with some sales." (In September, the U.S. Education Dept.'s inspector general accused the agency of improperly favoring at least five publishers, including The McGraw-Hill Companies, which owns BusinessWeek. A company spokesman says: "Our reading programs have been successful in advancing student achievement for decades; that's why educators hold them in such high regard.")

The stars haven't always aligned for Bush, but at times financial support has. A foundation linked to the controversial Reverend Sun Myung Moon has donated $1 million for a COWs research project in Washington (D.C.)-area schools. In 2004 a Shanghai chip company agreed to give Bush stock then valued at $2 million for showing up at board meetings. (Bush says he received one-fifth of the shares.) In 1988 a Colorado savings and loan failed while he served on its board, making him a prominent symbol of the S&L scandal. Neil calls himself "the most politically damaged of the [Bush] brothers."

While hardly the first brother to embarrass a President -- remember Billy Carter's Billy Beer or Roger Clinton's cocaine? -- Neil could be the first to seek profit from a hallmark Presidential crusade. And also that of a governor: Jeb makes school standards a centerpiece in Florida, too.

Neil says he never talks shop with his brothers. He attributes his interest in education to his struggles with dyslexia. His son, Pierce, also had difficulties in school, he says. "Not one of our investors has ever asked for any kind of special access -- a visa, a trip to the Lincoln Bedroom, an autographed picture, or anything."

Computer System Under Attack (WP)

By Alan Sipress

The Washington Post, October 6, 2006

Hackers operating through Chinese Internet servers have launched a debilitating attack on the computer system of a sensitive Commerce Department bureau, forcing it to replace hundreds of workstations and block employees from regular use of the Internet for more than a month, Commerce officials said yesterday.

The attack targeted the computers of the Bureau of Industry and Security, which is responsible for controlling U.S. exports of commodities, software and technology having both commercial and military uses. The bureau has stepped up its activity in regulating trade with China in recent years as the United States increased its exports of such dual-use items to the growing Chinese market.

This marked the second time in recent months that U.S. officials confirmed that a major attack traced to China had succeeded in penetrating government computers.

"Through established security procedures, BIS discovered a targeted effort to gain access to BIS user accounts," said Commerce Department spokesman Richard Mills. "We have no evidence that BIS data has been lost or compromised."

The significance of the attacks was underscored in a series of e-mails sent to BIS employees by acting Undersecretary of Commerce Mark Foulon since July, informing them of "a number of serious threats to the integrity of our systems and data." In an August e-mail, Foulon reported that the bureau had "identified several successful attempts to attack unattended BIS workstations during the overnight hours." Then, early last month, he wrote: "It has become clear that Internet access in itself is a vulnerability that we cannot mitigate. We have tried incremental steps and they have proven insufficient."

A source familiar with the security breach said the hackers had penetrated the computers with a "rootkit" program, a stealthy form of software that allows attackers to mask their presence and then gain privileged access to the computer system. The attacks were traced to Web sites registered on Chinese Internet service providers, Commerce officials said. "We determined they were owned by the Chinese," a senior Commerce official said. He did not say who in China was responsible or whether

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officials had even been able to identify the culprits. Although bureau employees were informed of the problem in July, commerce officials declined to say when the attacks were discovered and how long they had been going on. Only over time did bureau officials realize the extent of the damage from the breach.

"The more we learned, the more we did," the senior official said.

Since Sept. 1, the bureau has blocked employees from accessing the Internet from their own computers. Instead, several separate computers unconnected to the BIS computer network have been set up so employees can try to continue carrying out their duties.

Commerce officials have also decided they cannot salvage the workstations that employees had been using and instead will build an entirely new system for the bureau in the coming months with "clean hardware and clean software," the senior official said. Foulon told employees in late August that they hoped to replace all the bureau's workstations within three months.

The official acknowledged that some of the emergency measures have made it more difficult for the bureau to communicate with other government agencies and the public, including companies that turn to BIS for export licenses.

In July, the State Department confirmed that hackers in China had broken into its computers in Washington and overseas. Last year, U.S. officials reported that the Defense Department and other U.S. agencies were under relentless attack from unidentified computers in China.

China has long been a focus of high-level attention at BIS and was the destination for the largest number of licenses approved by the bureau in 2004, according to the bureau's most recent annual report. In weighing applications for licenses, bureau officials seek to protect U.S. national security interests without hamstringing legitimate commercial trade.

Commerce officials recently reported that they had taken significant steps to enhance computer security at the department, both by deploying new software and improving the management of the system.

These steps came after the General Accounting Office (since renamed the Government Accountability Office) issued a scathing report five years ago, which concluded that "significant and pervasive computer security weaknesses place Department of Commerce systems at risk." The report found that outsiders could gain unauthorized access to the computer system and access confidential data. "Intruders could disrupt the operations of systems that are critical to the mission of the department," the report found.

Justices Make Points By Questioning Lawyers (USAT)

By Joan Biskupic

USA Today, October 6, 2006

WASHINGTON — At the Supreme Court, oral arguments give the justices a chance to hear lawyers' best lines of reasoning. The hour-long sessions in the ornate courtroom also offer the justices a chance to make their own case — to each other.

Oral arguments, which began anew this week with the start of the 2006-07 term, provide one of the few times each week that all nine justices are together and presumably open to persuasion. As the justices fire questions at lawyers at the court's lectern, they also telegraph their views to one another.

It's a routine that is likely to become more intriguing this year on the divided court. Conservative Justice Samuel Alito begins his first full term after replacing the more moderate Sandra Day O'Connor, and Chief Justice John Roberts, who replaced the late William Rehnquist a year ago, continues to establish his presence.

“It's like a highly stylized Japanese theater,” says Ted Olson, a former U.S. solicitor general who has argued frequently before the court. “The justices use questions to make points to their colleagues.”

During a sex-discrimination case, conservative Justice Antonin Scalia asked a lawyer a question about why U.S. law protects workers who allege bias from retaliation.

As the lawyer started to answer, Justice Stephen Breyer, one of the four members of the court's liberal wing, jumped in.

“Well, the answer would be because Congress is worried that people won't comply. That's why,” Breyer said. “And there are millions of ways of harassing people. They start issuing a complaint. … You freeze them out.”

Liberal Justice Ruth Bader Ginsburg then asked about a hypothetical worker whose work hours were changed after she filed a discrimination complaint, forcing the worker to choose between her job and caring for her disabled child. Scalia was not satisfied with the lawyer's response and offered his own.

“I mean, to be sure, that's a possibility,” the lawyer said when Scalia was done. “That's a possible answer.”

(In the end, Scalia — who initially had seemed skeptical of a worker's discrimination claim in the case — joined an 8-1 ruling that enhanced workers' ability to bring claims for a range of actions by employers. Alito was the lone dissenter.)

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In many oral arguments, lawyers "need to be speaking with not only the justice who has asked the question, but the one to whom the question is actually addressed," says Walter Dellinger, a former U.S. solicitor general, which is the government's top lawyer before the high court.

Roberts and Alito are relatively new to the court, so the justices also use oral arguments to get a sense of their colleagues' positions.

"They seemed to be listening more" when Roberts and Alito came on the bench last term, says Thomas Goldstein, a lawyer who argues frequently before the Supreme Court.

Goldstein notes that until the 2005-06 term, the court had gone 11 years without a change in membership, and the justices seemed to instinctively know each other's general approach, as well as what the court's overall view was likely to be.

During the 1970s and 1980s, oral arguments were not as spirited. A lawyer could talk on and on without getting a question or comment from the bench.

The court's veterans then, including William Brennan, Thurgood Marshall, Harry Blackmun and Lewis Powell, had few queries, says lawyer Beth Brinkmann, a former Blackmun clerk who is in private practice and argues before the court.

Today, with the exception of the typically silent Clarence Thomas, who is perhaps the court's most conservative member, the justices each ask many questions and make known their concerns about a case.

The appointment of the voluble Scalia in 1986 marked a change in the court's open sessions. During his first days on the bench, Scalia asked so many questions that Powell, according to biographer John Jeffries, leaned over to Marshall and whispered, "Do you think he knows that the rest of us are here?"

As other justices were appointed, the bench grew livelier.

During the same period, Rehnquist, who was chief justice from 1986 to 2005 and was known for running efficient sessions, limited the discussion among justices in their private conferences. So oral arguments became a way for justices to lay the groundwork for arguments they would be making on paper later.

Cases ultimately are resolved through a series of memos and draft opinions that circulate among the justices. It's a written conversation, played out over weeks and sometimes months between the justices' preliminary private vote in the case and the public announcement of a ruling.

David Frederick, a Washington lawyer who argued four cases before the court last term, says he considers oral arguments a kind of "three-way" conversation, among a justice, the lawyer at the lectern and a potentially persuadable justice. With the Roberts court, he says, "it is at a slightly lower tone, because my sense is that the justices have more of a chance to flesh out their arguments in conference."

That does not stop justices from trying to make their case through lawyers who appear before the court. During one of his first sessions, Roberts — who often argued before the court as a lawyer for the government and then in private practice — tried to get a lawyer to alter her arguments in a dispute over public employees' speech rights. "I would have thought you might have argued that it's speech paid for by the government … so there's no First Amendment issue at all," Roberts said.

In the same case, Roberts posed a hypothetical question that involved "a memo from a law clerk that says, 'Justice So-and-So's jurisprudence is wacky.' "

Scalia cut in. "Nobody's wacko here."

Democrats Hold Edge In Election Interest (WSJ)

By John Harwood

The Wall Street Journal, October 6, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

DEMOCRATS HOLD intensity edge as Foley scandal reverberates.

In new Wall Street Journal/NBC News poll, 51% of Democrats express highest possible level of interest in the elections, compared with 43% of Republicans. Democratic edge on that harbinger of motivation to vote is up slightly from 51%-46% edge in early September.

A month before Election Day, timing of Foley turmoil is "as bad as it can be" for Bush's party, says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. Republicans hope cash and voter-turnout advantages will neutralize Democratic enthusiasm.

Poll has a margin of error of plus or minus 3.5 percentage points.

Senior citizens back Democrats to control Congress by 48%-43% -- smaller than party's overall edge among all voters.

REPUBLICANS WELCOME prediction of lower gasoline prices until spring.

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The Energy Department plans to lower forecast next week from earlier fourth-quarter projection of $2.58 per gallon; economists expect drop in inflation as well. Though labor-market report could show weakness, falling pump prices reduce sting of Democratic attacks on economy.

Proportion of electorate calling gas prices a top voting issue plummets to 11% from 23% a month ago. Only 12% credit the president for lower prices, suggesting few share suggestions by Bush adversaries that White House has engineered price declines to help Republican candidates.

SECURITY REMAINS Democrats' vulnerability.

Among independents, just 29% express high confidence that Democratic Party policies will keep America safe from terrorism, matching 29% who have little or no confidence. A 47% plurality of independents lack confidence in Republicans on Social Security and Medicare; Democrats hope to elevate those issues in campaign dialogue.

Two-thirds of the electorate, including 47% of Republicans, say they would be more likely to vote for a Democratic candidate who backs a minimum-wage increase. Six in 10 independents would be more likely to support a Democrat calling for "phased withdrawal" from Iraq.

By 47%-26%, voters are more likely to back a Republican who supports a Mexican border fence.

ANONYMOUS: State Department will award more than 20 grants of as much as $1.5 million for Iran-related democracy and human-rights work, most of it outside Iran. Since U.S. fears Iranian meddling, "don't expect a lot of transparency" on who gets awards, a State official says.

MORE FLAK: Former White House official David Kuo will publish a book this month slamming administration's commitment to "faith-based" programs. A person familiar with book's content says it will characterize centerpiece of Bush's compassionate conservatism as "big talk, little action."

BULL MARKET? Six in 10 say rising stock market hasn't affected their view of the economy. Retirees and Midwesterners applaud Wall Street's climb the most, with a third of each group reporting greater confidence.

FALLEN STAR: Rep. Foley's exit sets back Republican effort to build political and fund-raising ties to Hollywood. He worked with lobbying group dubbed "entertaining Republicans" that courted studio heads with an argument that the party is stronger than Democrats on protecting intellectual property.

SENATE PROBE of prewar Iraq intelligence won't conclude before elections.

"It's a massive task," says spokeswoman for the Senate Intelligence chairman. Among three sections not yet finished, one compares administration statements with underlying intelligence, and another looks at Pentagon's "Office of Special Plans."

By 52%-28%, conservatives say Iraq war is helping U.S. win antiterror fight, while 72% of liberals and 48% of moderates say it's hurting. Women say it's hurting instead of helping by 48%-27%; men are more evenly divided.

Majorities in all regions and income groups say Iraq is in civil war.

MINOR MEMOS: Southerners and Midwesterners narrowly approve of new law on terror tribunals, while Westerners and Northeasterners disapprove....Just 40% of voters hold favorable view of President Bush, but 66% feel warm toward the first lady.

Anti-Bush Protesters Hold Loop March (CHIT)

By Brendan McCarthy And Emma Graves Fitzsimmons

Chicago Tribune, October 6, 2006

Many of the protesters marching through downtown Thursday against the Bush administration were veteran activists, but the demonstration was a first for Gina Latinovich.

After learning of the event from a leaflet at a farmers market, the housewife from River Forest and her 11-year-old daughter attended their first protest together.

"I've been feeling hopeless about the war and global warming, and I realized I couldn't wait anymore," said Latinovich, 49. "We're actually the silent majority. Maybe this is the turning point."

Police estimated that about 1,500 people attended Chicago's march from Grant Park to Federal Plaza Thursday afternoon during a day of national protests in more than 100 cities called "World Can't Wait—Drive Out the Bush Regime."

Although the protesters had a shared distaste for the Bush administration, the name of the march held a different meaning for each one. Latinovich said it meant criminal investigations into Bush policies such as the Iraq war, wiretapping and the use of torture. For others, it meant everything from impeachment to the Democrats winning November congressional elections.

Rebecca Miller, a freshman at Columbia College, missed her afternoon cultural anthropology class to attend the rally because she said she feared the Iraq war was only breeding more terrorism. She said she hoped young people would vote to push the Republicans out of Congress to put a check on the president.

"It's just one class. I can always make up the homework," Miller, 18, said as the march left Grant Park. "This is more important."

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But Miller was one of many protesters disappointed with the turnout, which had "more police than protesters," she said. Police were prepared for a march of more than 10,000 people, the figure protest organizers had expected. Several protesters theorized that turnout was low because the people who shared their views weren't willing to leave school or work in the middle of the day.

More than 100 state, county and city police officers, some wearing riot gear, lined the 3½-block parade route along Jackson Boulevard. There were no problems with protesters or street closures, officials said.

The march turned out to be much shorter than planned because the group's permit application for a 2-mile route through downtown along North Michigan Avenue was denied by city officials two weeks ago.

In a last-minute effort, organizers appealed the city's decision in federal court Thursday morning. Just hours before the march began, U.S. Magistrate Judge Nan Nolan denied the group's request for a temporary restraining order against the city. She said the request for a restraining order came too late—that it would be unfeasible at the 11th hour to reroute CTA buses and make alternate plans for emergency vehicles.

Protesters started gathering shortly before noon in Grant Park at Jackson and Columbus Drives. Speakers including actors, poets and political activists addressed the crowd on subjects ranging from the response to Hurricane Katrina to the Bush administration's policies in Iraq.

Tribal drummers performed, participants carried protest signs reading "Out of Iraq" and "No War in Iran," and one man wore a mask of Bush, devil horns and a cape. The march arrived around 3 p.m. at Federal Plaza, where speeches and performances continued into the evening.

Thyandrea Adams, 29, who arrived at the protest with two busloads of people from the Cabrini-Green housing complex, said she shut down her moving business for the day to attend the march. Adams, who said she wants the president impeached, said her biggest issue is how funding for the Iraq war is keeping money from poor neighborhoods like hers.

"I told them not to come into work today," Adams said of her 15 employees. "This is a day that's important. It was worth it to show support from our community."

Hundreds Protest 'Bush Regime' (SEAPI)

By Mike Barber

Seattle Post-Intelligencer, October 6, 2006

One was Linda Boyd, a Clyde Hill mom and housewife. Another was Linda Strader, a West Seattle real estate agent. Patricia Thompson, a Seattle legal assistant, turned out with her law firm.

They were among several hundred protesters who rallied all day in Seattle against President Bush on Thursday, one of about 200 coordinated demonstrations nationwide organized by World Can't Wait -- Drive Out the Bush Regime. The day began at the University of Washington, moved to 11th Avenue and Olive Way on Capitol Hill and eventually to an all-night rally in front of the federal building downtown.

Police arrested five people.

Police arrested three protesters at the Capitol Hill rally and booked them into the King County Jail for obstructing and resisting arrest, including one for investigation of assault, Seattle police spokeswoman Deborah Brown said.

Police, who also guarded protesters' safety, arrested a fourth person possessing an illegal fixed blade knife.

As the protest moved downtown, police arrested a fifth person near 12th and Olive who was carrying a rifle wrapped in a blanket.

"We don't know what his intentions were," Brown said.

Police reports with details of the arrests were not available Thursday night.

Asked what motivated them to protest, nearly everyone in attendance cited a litany of reasoned, passionate concerns -- the conduct of the war in Iraq, domestic spying, erosion of civil liberties and the botched federal response to Hurricane Katrina. They said Bush's recent signing of a bill authorizing tough detainee interrogation amounts to legalizing torture.

"I'm probably the only Realtor out here," Strader, 53, said of the first demonstration she has attended in her life. "I just decided today to put my convictions where my mouth is."

Having grown up an "Army brat," Strader said she has sympathy for troops she thinks are being misused by being ordered to fight in Iraq. She also said she is "mad and scared that someone could come into my home due to my convictions," referring to her fears of domestic spying and that the Constitution has been eroded during the Bush administration.

"It makes me so emotional. I feel very frustrated, and I love my country," Strader said.

Gilbert W. Arias / P-I

Seattle police officers scuffle with an unidentified man before arresting him at Cal Anderson Park during a protest Thursday against President Bush.

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Protesters chanted, waved signs and wore costumes mocking administration officials.

Boyd, in her late 40s, said: "What has galvanized me is the erosion of our Constitution -- of the 10 amendments in the Bill of Rights, seven have been eroded. As a housewife and mom, I felt I could no longer sit by and see our government destroyed."

Boyd ticked off a list of concerns, calling the war in Iraq illegal and for Bush's impeachment.

"Torture is not an American value," she said, referring to abuses of Iraqi prisoners in the war on terrorism. "President Bush's disdain for the law is intolerable."

Patricia Thompson, 50, of Seattle, a legal assistant whose law firm turned out for the protest, said she had been joined earlier in the day by her 82-year-old father, a World War II veteran of the 10th Mountain Division. The demonstration "was a good thing for my father to come watch," Thompson said.

"He is horrified at the mess they made of Iraq. Weapons of mass destruction was a snow job. We never finished in Afghanistan. It's an absolute shambles of incompetency and profiteering," Thompson said.

One of the younger demonstrators, meanwhile, who gave her name only as Jackie, said she attended because: "I'm one person wanting to be with many. We can do a lot by being together."

Administration Foes Step Out Statewide (SEATIMES)

By Tan Vinh

The Seattle Times, October 6, 2006

Scores of anti-war activists, environmentalists and high-school students marched from the University of Washington campus to Capitol Hill and then to downtown Seattle Thursday, berating President Bush for everything from his management of the Iraq war to the handling of Hurricane Katrina.

Across the state, more than 250 related demonstrations were held, including rallies in Bellingham, Everett, Tacoma, Olympia, Wenatchee and Spokane, said organizers of the National Day of Mass Resistance. They said protests also were held as far away as Switzerland and Nepal.

In Seattle, police arrested three protesters for investigation of obstruction, resisting arrest and assault in connection with "some kind of altercation with officers at the scene," said police spokeswoman Debra Brown. Officers said one man carried a rifle wrapped in a blanket to a rally at Cal Anderson Park on Capitol Hill.

Overall, authorities called the rallies peaceful. Demonstrators did cause traffic congestion around 4 p.m. at the Federal Building in downtown Seattle, where the protest was to end at midnight with a sit-in.

In Seattle, protesters bashed Bush for his policies on the environment, abortion and in Iraq and Afghanistan, and criticized his administration for its hard stance against Iran and North Korea.

Conspiracy theorists also were on hand, accusing the administration of dynamiting levees in New Orleans and being complicit in the Sept. 11 attacks.

The rallies were organized by activists calling themselves The World Can't Wait, which called on students to walk out of class to join the protest. Dozens of high-school students, saying they were from Seattle, Woodinville and Vashon Island, joined in, holding "Impeach Bush" banners and "Drive out the Bush regime!" signs.

Event spokeswoman Maggie Lawless acknowledged principals and parents might be upset that some students cut classes but added, "It's a bigger sacrifice to not take a stand."

In Olympia, where a small group of protesters gathered on the Capitol lawn, Kenn Dzaman, 47, wore a "Got Fascism?" T-shirt and called Bush a "lunatic." Dzaman worries what will happen to the world if more people don't speak up.

"If you do not get off your couch and put on your walking shoes, there's something wrong," said Dzaman. "People need to wake up and start telling how they really feel."

Big Government Gets Bigger (WP)

By Christopher Lee

The Washington Post, October 6, 2006

The federal government keeps getting bigger.

The Republican Party's oft-stated affinity for smaller government has not applied during the Bush administration. According to a recent study, not only is the number of federal civil servants on the rise, but so are the numbers of employees working for government-funded contractors and for organizations that receive government grants.

Roll all of those together -- and mix in the numbers of postal workers and military personnel on the federal payroll -- and the "true size" of the federal government stands at 14.6 million employees, said Paul C. Light, the study's author and a government professor at New York University.

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That compares with 12.1 million employees in 2002, said Light, who has tracked the growth of government for years and has data for as far back as 1990. The latest increase is almost entirely due to contractors, whose ranks swelled by 2.5 million since 2002, Light wrote in his 10-page research brief.

"This time, almost all of the growth can be attributed from the war on terrorism, which boosted Defense spending for both goods and services systems and covered the continued cost of the wars in Afghanistan and Iraq," he wrote.

"The rest of the hidden workforce held steady at roughly 2.9 million grantees, while civil service employment inched up and postal employment fell."

Light calls the 10.5 million federal contractors and grantees the government's "hidden workforce" because politicians tend not to mention them when discussing the size of the federal bureaucracy. Yet such workers absorbed nearly $400 billion in federal contracting funds and $100 billion in federal grants in 2005. They often performed vital work such as researching new vaccines, running federal computer systems and making body armor, weapons and meals for the military.

The number of civil servants is increasing, too, up 54,000 since 2002 to 1.9 million workers. That is still fewer than the 2.2 million civil servants on the federal payroll in 1990, at the end of the Cold War.

Light acknowledges that his numbers of contractors and grantee employees are estimates from federal procurement and grant data, and are harder to nail down than the number of civil servants. But the trend is clear, he said.

Politicians who focus on the size of the civil service and fail to acknowledge the hidden workforce "encourage the public into believing that it truly can get more for less," Light said. And the heavy reliance on such workers, while sometimes necessary, makes it more difficult to figure out who is accountable when things go wrong, he said.

"The federal government often uses contractors and grantees to provide talent it cannot recruit, specialized services it cannot produce, competition it cannot generate among its own organizations, and equipment that it cannot and should not build itself," Light wrote.

"[I]t hardly matters who produces the goods and services as long as the federal government is honest with the public about the true cost of delivering on the promises it makes."

Tax Tidal Wave (WSJ)

The Wall Street Journal, October 6, 2006

Congress keeps breaking the Beltway Book of World Records for spending money, but the government will soon report that the federal budget deficit for the just-completed 2006 fiscal year fell to about $260 billion.

What's the secret of this deficit success that you aren't reading much about this election year? It isn't spending restraint. The federal budget expanded to $2.7 trillion last year, a 9% increase, or three times the inflation rate. Over the past six years the federal budget has increased by 49.2%.

The main cause of the deficit decline -- 90% of it, says White House budget director Rob Portman -- is a tidal wave of tax revenue. Tax collections have increased by $521 billion in the last two fiscal years, the largest two-year revenue increase -- even after adjusting for inflation -- in American history. If you're surprised to hear that, it's probably because inside Washington this is treated as the only secret no one wants to print. On the few occasions when the media pay attention to the rise in tax collections, they scratch their heads and wonder where this "surprising" and "unexpected windfall" came from.

One place it has come from are corporations, whose tax collections have climbed by 76% over the past two years thanks to greater profitability. Personal income tax payments are up by 30.3% since 2004 too, despite the fact that the highest tax rate is down to 35% from 39.6%. The IRS tax-return data just released last month indicates that a near-record 37% of those income tax payments are received from the top 1% of earners -- "the rich," who are derided regularly in Washington for not paying their "fair share."

More good news is that dividend-tax payments appear to be up as well, even though the tax rate was lowered to 15% from as high as 39.6%. A National Bureau of Economic Research study found that "after a continuous decline in dividend payments over more than two decades, total regular dividends have grown by nearly 20%" and that this reversal happened at "precisely the point at which the lower tax rate was proposed and subsequently applied retroactively." There hasn't been a purer validation of the Laffer Curve since Ronald Reagan rode off into the sunset.

As for the budget deficit, at $260 billion it is now about 2% of our $13 trillion economy, well below the 2.7% average of the last 40 years. Most states and localities are also afloat in tax collections, and including their revenue surpluses brings the total U.S. public sector borrowing down to roughly 1.5% of GDP. Not too shabby given that we're waging a war on terrorism and Congress spent $50 billion last year on Hurricane Katrina clean-up.

Anyway, we thought our taxpaying readers might like to know how much you've all been contributing to the falling deficit -- the best-kept secret in Washington.

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Falling Into The Doughnut Hole (NYT)

The New York Times, October 6, 2006

Millions of elderly Americans enrolled in the new Medicare prescription drug program are approaching the notorious "doughnut hole," a gap in coverage that will force them to pay for their medicines out of pocket until they qualify for catastrophic coverage. Many of the heaviest users of prescription medications have already fallen into the hole — an unwelcome surprise for the many who do not pay much attention to the fine print of their policies.

The hole makes little sense from a medical or insurance perspective. Rather, it is the inevitable result of designing a program with political rather than programmatic aims in mind. And the danger is that some who are ailing, suddenly faced with higher drug bills than they expected, will forgo needed medications and get sicker.

The Medicare drug program was designed to serve three overlapping purposes. The two most important features are designed to help the elderly in greatest need. One subsidizes medication for low-income people. The other provides catastrophic coverage that pays the vast bulk of the bills for the heaviest users of prescription drugs, after they have paid $3,600 of their own money for their medications. Those elements alone justify the program and are the reason we endorsed it from the beginning.

But at the same time, Congress insisted that the program provide benefits to all eligible Americans by covering their initial drug purchases (except for deductibles and co-payments) up to a specified limit, at which point they fall into the "doughnut hole" until reaching the threshold for catastrophic coverage. In a perfect world, all elderly Americans should share in the benefits of the prescription drug plan. But given the fiscal realities in Washington, trying to include everyone was irresponsible.

The decision to offer shallow initial coverage to all beneficiaries was largely an effort to please the millions of middle-class elderly voters who had been led to expect they would benefit from the drug plan. But with nowhere near enough money in deficit-ridden Washington to pay for all this, the doughnut hole emerged as the only way to combine politics with some modicum of cost control.

A more rational approach would certainly have been to begin with complete coverage for the needy and spread that benefit to higher income levels as the money becomes available. As it stands now, reputable surveys suggest that at least three million Americans will fall into the hole by year's end.

Those who can afford to may want to pay an additional premium for a Medicare drug plan that provides coverage for the gap, although the plan frequently covers only generic drugs. The plan offerings for next year will include more options to buy coverage to fill the gap. The good news is that contrary to some analysts' expectations, the number of available plans are going to expand rather than shrink. The bad news for Medicare recipients who have become confused by the wide range of options is that beneficiaries in all but two states will be able to choose from among more than 50 free-standing drug plans for next year.

Despite the irritation over the doughnut hole and some serious start-up problems, the new program seems in general to have found its stride. It is delivering benefits at lower cost than initially projected and ranks high in surveys of consumer satisfaction. The average number of drugs covered by insurers next year will increase by 13 percent, to 4,390. And the average premium for those who remain in their current plan will remain at roughly the same level, about $24 a month. But those already enrolled in a plan would be wise to check for any changes when full details of next year's offerings are posted. In some cases, premiums are rising and drugs previously on the formularies have been dropped.

OTHER NEWS:

Dow Hits 3rd Straight Record Close (AP)

By Ellen Simon

AP, October 5, 2006

NEW YORK (AP) - Wall Street rose modestly Thursday, nudging the Dow Jones industrial average to its third straight record high close as investors welcomed upbeat retail sales and jobless claims figures.

The Dow closed at 11,866.69, surpassing the record of 11,850.61 set Wednesday. The blue chip index traded up to 11,870.06, which stands as its trading high.

Rising oil prices didn't smother investors' good mood.

"Considering the distance we've come over the last three months and certainly the last three days, it's interesting we could have a data point like oil's climb and not have the market backup much," said Arthur Hogan, chief market analyst at Jefferies & Co. "It's certainly a scenario where the longer term prospects for the market are looking more positive."

(AP) Francis D'Aquila looks at a monitor on the trading floor at the New York Stock Exchange a minute...

Full ImageStocks pulled back briefly after Charles Plosser, the newly installed president of the Federal Reserve Bank of Philadelphia, signaled that further Fed interest rate hikes may be in the best interests of the economy's long-term performance.

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The Dow rose 16.08, or 0.14 percent. The blue chips have gained 196.34 over the past three sessions; on Tuesday, the index shattered closing and trading highs that had stood since Jan. 24, 2000, toward the end of the dot-com boom.

Broader stock indicators were also higher Thursday. The S&P 500 index rose 3.00, or 0.22 percent, to 1,353.22, and the Nasdaq composite index rose 15.39, or 0.67 percent, to 2,306.34.

Advancing issues led decliners by roughly 2 to 1 on the New York Stock Exchange.

Bonds fell as stocks wavered, with the yield on the 10-year Treasury note at 4.61 percent, up from 4.56 percent Thursday. The U.S. dollar was mostly higher against other major currencies. Gold prices rose.

Crude oil futures rose. A barrel of light crude settled at $60.03, up 62 cents in trading on the New York Mercantile Exchange.

The day's economic news was stronger than expected, with retailers such as Target Corp. (TGT), Nordstrom Inc. (JWN) and Limited Brands Inc. (LTD) reporting their same-store sales in September surpassed analysts forecasts. Also, the number of new unemployment claims dropped to its lowest level in 10 weeks.

Still, just where stocks are in their long recovery from their 2002-03 lows remains a topic of debate on Wall Street.

Some traders have questioned the depth of the rally, saying technical markers such as the ratio of advancers to decliners are weaker than they've hoped. And while the Dow has recovered, the S&P 500 still remains more than 11 percent off its all-time high.

Other traders say the market's biggest fears - high energy prices and additional rate hikes by the Federal Reserve - are behind it, leaving room for a greater run-up in stock prices.

Hugh Johnson, chairman and chief investment officer of Johnson Illington Advisors, said he sees this as a stock market in the more advanced stages of a recovery that has been driven, in large part, by declining energy prices.

In company news, Wyeth fell 28 cents to $50.90 after a Philadelphia jury awarded a woman $1.5 million after finding that the drug company's hormone replacement drug was a factor in her breast cancer. This is the second such case against the company to go to trial; Wyeth won the first.

Wal-Mart Stores Inc. (WMT) dropped $1.14 to $48.41 after the world's largest retailer reported disappointing September sales. Rival discounter Target Corp. rose $1.05 to $58.68 after it reported a solid sales gain for the month and beat analyst estimates.

Nordstrom Inc. rose 25 cents to $45.44 and Limited Brands Inc. dropped 12 cents to $27.87.

Marriott International Inc. (MAR), the world's largest hotel company by revenue, said its third-quarter earnings weakened, falling 5.4 percent. But its 33 cents per share net income beat estimates of 30 cents and the stock rose $2.52 to $40.85.

Class A Shares of Berkshire Hathaway Inc. (BRKA), Warren Buffett's investment company, crossed $100,000 a share for the first time Thursday, before retreating slightly. The shares closed up $1,301.00 at $99,000.

The Russell 2000 index of smaller companies rose 9.61, or 1.31 percent, to 743.08.

Consolidated volume on the New York Stock Exchange was 2.73 billion shares, compared with 2.99 billion Wednesday.

Overseas, Japan's Nikkei stock average surged, rising 2.28 percent as investors welcomed Thursday's advance on Wall Street. Britain's FTSE 100 rose 0.64 percent, Germany's DAX index gained 0.48 percent, and France's CAC-40 increased 0.61 percent.

On the Net:

New York Stock Exchange: http://www.nyse.com

Nasdaq Stock Market: http://www.nasdaq.com

Dow Rises To A Third Straight Record, Shaking Off Oil's Effect In Final Hour (WSJ)

By Peter A. McKay

The Wall Street Journal, October 6, 2006

The Dow Jones Industrial Average rallied modestly to a third straight record, despite a rise in oil prices that kept stocks underwater for much of the day.

The Dow industrials gained 16.08 points, or 0.1%, to 11866.69, up 10.7% so far for 2006. At its intraday low soon after midday, the industrial average was off nearly 30 points; it broke into positive territory for good in the final hour of trading. Caterpillar was the strongest of the blue-chip average's 30 components, as the equipment maker's shares jumped more than 4% on upbeat comments by Merrill Lynch about its prospects overseas.

Other major stock indexes are below their records, but are ascending nonetheless. The broad Standard & Poor's 500-stock index gained three points, or 0.2%, to end at 1353.22, a fresh 5½-year high and now up 8.4% so far this year. And the

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technology-stock-focused Nasdaq Composite Index rose 15.39, or 0.7%, to 2306.34, its highest close in five months and now up 4.6% on the year.

Treasurys eased, and the dollar was mixed.

Several retailers, including Target, Kohl's and J.C. Penney, announced better-than-expected September same-store sales, or sales at stores open at least a year.

Many investors were more curious to see job data due out today from the Labor Department. Such government releases have been closely watched lately for confirmation that a slowing economy won't result in steep employment drops or painful effects that might cut into corporate profits.

Traders bid up crude-oil prices yesterday on expectations that the Organization of Petroleum Exporting Countries soon will cut its production by a million barrels a day, a little less than 4% of the cartel's current output, to stem crude's slide from highs earlier this year of more than $75 a barrel. (Related article on page A2.)

Crude futures for November delivery gained 62 cents, or 1%, to $60.03 a barrel. But oil remains off 1.7% this year on the New York Mercantile Exchange, and down 22% from the Nymex record of $77.03 a barrel reached in July.

Some analysts remain skeptical that OPEC members will go through with the production cut, given that oil prices are still high in historic terms. In the past, the cartel's members have sometimes cheated on OPEC's stated production targets in order to book additional revenue.

"I've seen this movie before, and I don't have to stick around for the ending," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co., estimating that the cartel's members can sell oil profitably at any price higher than $45 a barrel. He added: "There's no way OPEC will actually cut production with oil at $60."

Outside the U.S., stocks rose in dollar terms, including a five-year high for stocks in Europe. The Dow Jones World Stock Index, excluding U.S. stocks, rose 2.42 points, or 1.1%, to 222.37.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.79 billion shares, as 2,220 issues rose and 1,070 fell.

Bond prices fell. The 10-year Treasury note dropped 13/32 point, or $4.06 for each $1,000 invested, pushing the yield up to 4.61%. The 30-year bond declined 24/32 to yield 4.764%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 117.66 yen, compared with 117.88. The euro declined against the dollar to $1.2694, compared with $1.2713.

The War Against Wages (NYT)

By Paul Krugman

The New York Times, October 6, 2006

Should we be cheering over the fact that the Dow Jones Industrial Average has finally set a new record? No. The Dow is doing well largely because American employers are waging a successful war against wages. Economic growth since early 2000, when the Dow reached its previous peak, hasn't been exceptional. But after-tax corporate profits have more than doubled, because workers' productivity is up, but their wages aren't — and because companies have dealt with rising health insurance premiums by denying insurance to ever more workers.

If you want to see how the war against wages is being fought, and what it's doing to working Americans and their families, consider the latest news from Wal-Mart.

Wal-Mart already has a well-deserved reputation for paying low wages and offering few benefits to its employees; last year, an internal Wal-Mart memo conceded that 46 percent of its workers' children were either on Medicaid or lacked health insurance. Nonetheless, the memo expressed concern that wages and benefits were rising, in part "because we pay an associate more in salary and benefits as his or her tenure increases."

The problem from the company's point of view, then, is that its workers are too loyal; it wants cheap labor that doesn't hang around too long, but not enough workers quit before acquiring the right to higher wages and benefits. Among the policy changes the memo suggested to deal with this problem was a shift to hiring more part-time workers, which "will lower Wal-Mart's health care enrollment."

And the strategy is being put into effect. "Investment analysts and store managers," reports The New York Times, "say Wal-Mart executives have told them the company wants to transform its work force to 40 percent part-time from 20 percent." Another leaked Wal-Mart memo describes a plan to impose wage caps, so that long-term employees won't get raises. And the company is taking other steps to keep workers from staying too long: in some stores, according to workers, "managers have suddenly barred older employees with back or leg problems from sitting on stools."

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It's a brutal strategy. Once upon a time a company that treated its workers this badly would have made itself a prime target for union organizers. But Wal-Mart doesn't have to worry about that, because it knows that these days the people who are supposed to enforce labor laws are on the side of the employers, not the workers.

Since 1935, U.S. workers considering whether to join a union have been protected by the National Labor Relations Act, which bars employers from firing workers for engaging in union activities. For a long time the law was effective: workers were reasonably well protected against employer intimidation, and the union movement flourished.

In the 1970's, however, employers began a successful campaign to roll back unions. This campaign depended on routine violation of labor law: experts estimate that by 1980 employers were illegally firing at least one out of every 20 workers who voted for a union. But employers rarely faced serious consequences for their lawbreaking, thanks to America's political shift to the right. And now that the shift to the right has gone even further, political appointees are seeking to remove whatever protection for workers' rights that the labor relations law still provides.

The Republican majority on the National Labor Relations Board, which is responsible for enforcing the law, has just declared that millions of workers who thought they had the right to join unions don't. You see, the act grants that right only to workers who aren't supervisors. And the board, ruling on a case involving nurses, has declared that millions of workers who occasionally give other workers instructions can now be considered supervisors.

As the dissent from the Democrats on the board makes clear, the majority bent over backward, violating the spirit of the law, to reduce workers' bargaining power.

So what's keeping paychecks down? Major employers like Wal-Mart have decided that their interests are best served by treating workers as a disposable commodity, paid as little as possible and encouraged to leave after a year or two. And these employers don't worry that angry workers will respond to their war on wages by forming unions, because they know that government officials, who are supposed to protect workers' rights, will do everything they can to come down on the side of the wage-cutters.

Jobless Claims At Lowest Level Since July (WSJ)

By Rebecca Christie

The Wall Street Journal, October 6, 2006

WASHINGTON -- The number of new applicants for unemployment insurance fell last week to the lowest level since July, suggesting some recent improvement in the U.S. job market.

Initial jobless claims dropped 17,000 to a seasonally adjusted 302,000 in the week ended Sept. 30, the Labor Department said Thursday. New claims for the week ended Sept. 23 were revised upward to 319,000 from a previously reported 316,000. Last week's claims were at the lowest level since July 22, when 299,000 new claims were reported.

The latest drop in claims was bigger than expected. The median estimate of economists in a Dow Jones Newswires survey expected that jobless claims would be down 1,000 last week. This week, however, investors are more focused on the monthly employment report, due Friday. Economists expect the U.S. added 125,000 new jobs last month, about the same as in August.

The four-week moving average of new claims fell to 313,500 last week from a revised level of 316,250 in the previous week.

The Federal Reserve last month left interest rates unchanged at 5.25%, citing an apparent slowing in economic growth. But the Fed said core inflation readings have been elevated and price pressures could be sustained in part by high "resource utilization," a reference in part to tight jobs markets.

Thursday's report shows the number of workers drawing unemployment benefits for more than a week rose in the week ended Sept. 23, the latest week for which such data are available. These continuing jobless claims rose 15,000 to 2,448,000.

In the week ended Sept. 23, the jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week. During the same week, a total of 17 states and territories reported an increase in unadjusted claims, while 36 reported a decrease.

Michigan reported the biggest increase, citing layoffs in the automobile industry. Kentucky reported the biggest decline in new claims but didn't comment on the cause. North Carolina also reported a drop in new claims, citing fewer layoffs in the construction, service, lumber, textile and apparel industries.

Brisk Apparel Sales Give A Lift To Many Retailers (WSJ)

By Stephanie Kang And James Covert

The Wall Street Journal, October 6, 2006

Many of the nation's retailers rang up strong apparel sales last month, helped by chillier-than-average weather, late back-to-school spending and a drop in gasoline prices.

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High-end department stores and teen-specialty shops reaped the biggest gains, while Wal-Mart Stores Inc. and other discount chains turned in poor to lackluster performances overall in comparison with strong year-earlier sales figures.

An index of 57 major U.S. retailers compiled by the International Council of Shopping Centers showed same-store sales -- or sales at stores open at least a year -- rose 3.8% in September. That was shy of the year-earlier increase of 4%, as well as the trade group's forecast for a 4% gain.

Cool September weather helped accelerate sales of back-to-school merchandise. But that brisk buying may take a toll on this month's sales, and some analysts remain cautious about the coming holiday season. Those analysts point to the cooling U.S. housing market, which could damp consumers' spending. On the positive side, the jobs market appears strong, and the recent decline in oil prices is expected to curb heating bills and gasoline prices this fall.

Michael Niemira, chief economist at the International Council of Shopping Centers, said that, excluding Wal-Mart, same-store sales jumped 6% in September. "Wal-Mart and the discount segment holds back the overall picture," he said. "Overall, it's a steady and consistent performance from the rest of the industry."

Wal-Mart, based in Bentonville, Ark., said September same-store sales rose 1.3%. That fell short of Wall Street's forecast for a 2.2% increase, according to Thomson Financial. The chain's overall September sales rose 12% to $31.21 billion. Wal-Mart said clothing sales during the month were disappointing, but added that it expects better results this winter.

"Our apparel sales did not meet our expectations for the month," said Wal-Mart Chief Financial Officer Tom Schoewe, in a statement. "We're pleased, however, to see early response to seasonal merchandise for fall and the holidays. We are optimistic about holiday-related merchandise like toys and electronics." The company said it expects a same-store sales gain of 2% to 4% this month.

Department stores, particularly those that sell luxury goods, shined last month, as consumers flocked in to buy fall fashions like cigarette pants. Last year sales of fall apparel were hurt by one of the warmest Septembers on record. Mr. Niemira said same-store sales at luxury retailers rose 11% in September, the strongest performance since March 2004.

Seattle-based Nordstrom Inc. racked up a 13% same-store sales gain last month, double the consensus forecast of analysts polled by Thomson Financial. Same-store sales at Saks Inc., Birmingham, Ala., rose 10%, topping the 3.9% analysts were predicting. Federated Department Stores Inc., the Cincinnati-based operator of Macy's stores, also beat expectations, posting a same-store sales increase of 6.2%.

By contrast, big discount chains selling staples performed poorly in the face of tough comparisons with a year earlier, when sales surged from Gulf Coast consumers stocking up in preparation for hurricanes. Same-store sales at Costco Wholesale Corp., rose 4%, just missing analysts' forecasts.

However, discounter Target Corp., Minneapolis, said that favorable weather helped to lift its same-store sales by 6.7%, beating the 5% rise forecast by analysts.

Teen retailer Abercrombie & Fitch Co., New Albany, Ohio, and lower-priced rival American Eagle Outfitters Inc., Warrendale, Pa., benefited from late back-to-school shopping, as many students waited to see what peers wore to school before buying their fall wardrobes. The chains' same-store sales rose 10% and 19%, respectively. Same-store sales at Gap Inc., the San Francisco parent of Gap, Banana Republic and Old Navy, also were better than expected, falling 3%, less than the expected 3.9% decline.

Economists watch monthly same-store sales as an indicator of consumer spending, but some large retailers, such as Home Depot Inc., Sears Holdings Corp. and Best Buy Co., don't report sales on a monthly basis. The figures also exclude many online purchases and other spending.

Retail Sales Strong As Gas Prices Fall (WP)

By Nell Henderson

The Washington Post, October 6, 2006

The money people are saving at the gas pump is finally showing up somewhere else: department store cash registers.

Department stores yesterday reported booming sales for September, up 8.4 percent from September 2005 at stores open at least a year, a figure known as same-store sales.

Department stores are doing better than retailers overall. In a survey by the International Council of Shopping Centers of 57 retail chains, sales were up 3.8 percent last month from September 2005.

Retail chain-store sales growth in general has held up well this year, even as rising gasoline prices and interest rates restrained consumer spending on homes, cars and trucks, said Michael P. Niemira, the council's chief economist.

"Consumer spending has been relatively steady" at retail chain stores, said Niemira, who attributed that stability primarily to income growth, which has more influence on consumer spending at retail chains than fluctuating gasoline prices.

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Still, the recent decline in oil prices, from more than $77 a barrel in mid-July to around $60 a barrel, has boosted consumer buying power and reduced the risks that economic growth might slow too much, said Nigel Gault, chief U.S. economist at Global Insight Inc., a financial forecasting firm. Falling oil prices "made a soft landing for the economy look a safer bet," he said, referring to a scenario in which the economy cools just enough to lower inflation without sliding into a recession.

The retailers' results, after reports that vehicle sales rebounded in September, supported Federal Reserve Chairman Ben S. Bernanke's statement Wednesday that the economy remains strong aside from the slumping housing market.

Enjoying that strength last month were such high-end retailers as Nordstrom Inc., which reported a 13.4 percent gain in same-store sales, and Saks Inc. with a 10 percent increase.

Other stores with strong same-store sales were J.C. Penney Co., Target Corp., Limited Brands Inc. and Federated Department Stores Inc., which reported results only for its Macy's and Bloomingdale's chains. The department-store increase of 8.4 percent for September was more than triple the August increase of 2.7 percent.

Several retailers that cater to lower-income customers posted much weaker results. Wal-Mart Stores Inc., the nation's biggest retailer, reported a relatively feeble 1.3 percent gain in sales at its Wal-Mart and Sam's Club stores open since last year. The company attributed some of the softness to the comparison with its results in September 2005, which were boosted by buying related to Hurricane Katrina in late August.

Gasoline prices affect retailers differently. Wholesalers that sell gasoline benefited as prices climbed above $3 a gallon in early August, but then they were hurt as prices fell to an average $2.31 a gallon nationwide earlier this week. BJ's Wholesale Club Inc., for example, reported a 0.9 percent decline in same-store sales in September.

A 10 percent increase in gasoline prices tends to reduce chain-store sales overall by about 0.4 percent over a year, Niemira has calculated. A similar drop in prices has the reverse effect.

But sales by retailers that cater to lower-income shoppers are more affected than average by changing gasoline prices, while there is little or no effect on high-end store sales, Niemira said. At Wal-Mart, for example, a 10 percent increase in gasoline prices cuts its sales by 0.9 percent.

Wal-Mart has blamed much of its disappointing sales this year on surging gasoline prices. But the company hasn't seen much of a bounce from falling prices.

"Where's the consumer slowdown? At Wal-Mart," Niemira said.

Oil Prices Jump After Opec Cuts Output (FT)

By Chris Flood

Financial Times, October 6, 2006

Crude oil rallied on Thursday after officials from the Organisation of the Petroleum Exporting Countries said the cartel had informally agreed to cut output by at least 1m barrels a day.

ICE November Brent rose 91 cents to $60.13 a barrel after having sunk to $57.70 a barrel in the previous session, its lowest level this year.

Nymex November West Texas Intermediate increased 78 cents to $60.19 a barrel.

A move by Opec to cut production for the first time since 2004 has been widely anticipated by the market after Nigeria and Venezuela announced they would reduce output recently.

All Opec countries are expected to take part in production cuts, with Saudi Arabia, the world's top exporter, reducing its output by 300,000 barrels a day.

The announcement drew a negative reaction from Sam Bodman, the US energy secretary who said that the global market still needed Opec's supplies.

The cartel has been moved to action as US stocks of crude oil stand well above their five year average, prompting concerns that prices would decline further if markets remained oversupplied.

"It's a clear signal that Opec wants to defend the $60 level and will provide good fundamental support for prices," said Kevin Norrish of Barclays Capital.

Concerns over disruptions to supplies from Nigeria also provided support for prices yersterday. Nigerian militants claimed they killed 17 soldiers in two separate gun battles on Wednesday and threatened further attacks on strategic oil facilities.

The recovery for crude helped US natural gas prices strengthen. Nymex November Henry Hub rose almost 3 cents to $6.265 per million British thermal units after US weekly inventories data showed a 73bn cubic feet increase in stocks, in-line with market expectations. Stocks currently stand at more than 3.3 trillion cubic feet and on-track to surpass the record of 3.5 trillion by November 1.

Wheat prices reached a fresh 10-year high in Chicago, trading 14 cents higher at $4.79 a bushel on concerns about low stock levels and Brazil's move to become the latest grower to reduce its harvest forecast.

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French wheat prices jumped to a 2½ year high, rising €3 to €152 a tonne after Ukraine imposed export licences which may slow export growth.

Copper rose 3.8 per cent to $7,300 a tonne supported by a decline of 2,550 tonnes in London Metal Exchange stocks, helping the price recover most of the sharp fall in the previous session.

Nickel gained 2.9 per cent at $28.900 a tonne while zinc increased 4 per cent to $3,435 a tonne a tonne after LME stocks fell 1,625 tonnes. Aluminium rose 2.9 per cent to $2,547.5.

OPEC Encounters Hurdles In Effort To Trim Output (WSJ)

By Bhushan Bahree

The Wall Street Journal, October 6, 2006

OPEC's president is scrambling to broker an agreement among the cartel's members to cut oil output in an attempt to shore up tumbling crude prices, according to people familiar with the matter. But contentious issues need to be resolved before ministers of the Organization of Petroleum Exporting Countries reach an agreement.

Still, OPEC's attempt to orchestrate an output reduction is raising alarm bells in major consuming countries.

Crude prices have dropped 22% since hitting an all-time nominal peak in mid-July, but they remain more than twice as expensive as three years ago. By talking about tightening the spigot now, OPEC -- which supplies more than a third of the world's daily oil needs -- is signaling that it will try to prevent prices from falling further, even if demand for oil slackens as the world economy slows.

Oil-futures prices went on a roller-coaster ride on the New York Mercantile Exchange yesterday. Crude oil for November delivery settled at $60.03 a barrel, up 62 cents, or 1%. (See related article1.)

After hours of confusion about whether OPEC had already cut a deal, Edmund Daukoru, the Nigerian oil minister, who is also OPEC's president, indicated that the cartel still had a ways to go. "We are toying with the idea of an emergency meeting" that would seek an elusive consensus, he told reporters.

Earlier reports by several news organizations had said OPEC had reached an agreement to cut output by a million barrels a day, or a little less than 4% of the cartel's current production of some 27.5 million barrels a day. But Mr. Daukoru dismissed these claims. Instead, he said, the cartel is hashing out contentious details.

"We agree that something needs to be done," Mr. Daukoru said, referring to output cuts. But "we will have to agree on how much, how soon and how we distribute [the reduction] among member countries."

Under the plan being mooted by some in OPEC, the cartel would slash its oil output by as much as one million barrels a day from current production levels, and each member would cut their output by a similar percentage.

But some members, especially those whose production is lagging, are resisting. There is no agreement on when such a cut should be made. Critically, not everyone agrees on how the cuts should be shared, which has been a major stumbling point in past negotiations about market shares.

The reports that OPEC was seeking to withhold oil from markets ahead of the peak winter heating season alarmed major consumers, who were beginning to breathe a sigh of relief as oil prices swooned in recent weeks.

In the U.S., the world's largest oil market, a spokesman for Energy Secretary Samuel Bodman said the American energy czar had urged some OPEC ministers to keep crude markets well supplied. "... At $60 a barrel, it's still among the historically high prices for crude," the spokesman said. In Paris, Jean-Claude Trichet, president of the European Central Bank, told reporters that an OPEC decision to cut output might damage the global economy by artificially raising energy prices.

Despite the risk of a backlash, OPEC officials privately say the cartel is even more fearful of a price rout. They say that swelling commercial inventories of oil, and rising oil production in countries that don't belong to the cartel, could lead to an uncontrollable slide in oil prices in the months to come.

"We are not trying to set a floor at $60" a barrel, said one senior OPEC official. This official also asserted that OPEC was nearing an agreement on output cuts.

Even if OPEC can't reach a deal right away, it has other options. To quickly support prices, OPEC could fudge the issue of market share by not announcing output allocations for each member country. Under that scenario, the cartel could announce a big cut, then work out the shares later.

In any event, many industry officials expect that the bulk of the cuts will have to come from the strongest producers, those that have spare oil-pumping capacity: Saudi Arabia and neighbors such as Kuwait and the United Arab Emirates.

OPEC officials said Saudi Arabia, the cartel's largest exporter, was willing to reduce output in line with its current share of about a third of the total produced by 10 member countries, leaving out Iraq. But countries like Venezuela, Iran and Indonesia are loath to give up their shares, even if they are unused. Complicating this issue are special cases, such as Nigeria's low production levels amid domestic unrest.

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All Eyes On OPEC's Actions (WP)

By Steven Mufson

The Washington Post, October 6, 2006

Oil prices jumped early yesterday on news reports that the Organization of the Petroleum Exporting Countries, which supplies about 40 percent of the world's oil, was preparing to cut output to bolster sagging prices. But prices closed virtually unchanged at $60.03 a barrel because it remained unclear how big the cuts would be and whether they would ever take effect.

Early yesterday, Dow Jones Newswires cited an unnamed "OPEC governor and a senior delegate" as saying that the organization had agreed to cut production by 1 million barrels a day.

But OPEC President Edmund Daukoru was quoted by Bloomberg News Service as denying that a formal agreement had been forged. "The consensus that we can all agree on is that the market is very soft," Daukoru said. "It's more or less a free fall."

An oil trader in Europe who had talked to oil officials in three key OPEC countries said that if the cartel cut output, the reduction is unlikely to exceed 400,000 barrels a day -- 75,000 barrels a day from Nigeria, 75,000 to 100,000 barrels a day from Venezuela, 150,000 barrels a day from Saudi Arabia, and between 50,000 and 100,000 barrels a day from Iran.

As is usually the case with OPEC when prices are falling, countries are torn between the desire to pump more versus propping up prices. Many members have pressing needs. Nigeria has already shut down about a third of its output because of insurgent activity. High oil revenue has helped bolster the influence of Venezuela's president, Hugo Chavez. And the windfall for Iran has helped it aid Hezbollah in Lebanon and raise wages at home.

Gas Prices Dropping More Slowly (USAT)

By Barbara Hagenbaugh

USA Today, October 6, 2006

WASHINGTON — Many drivers who are hoping for sub-$2-a-gallon gasoline in the near future will likely be disappointed.

The price at the pump, which until recently was rapidly plunging, has been falling at a slower rate. Such a slowdown suggests retail gasoline prices will likely still be above $2 a gallon in most of the USA at the end of October, say energy analysts from Wachovia, Oil Price Information Service (OPIS), Cameron Hanover and others.

The nationwide average price for a gallon of regular gasoline was $2.290 Thursday, down a half-cent from the day before and 44 cents below a month ago, according to motor club AAA. The U.S. average gasoline price is down nearly 25% from the peak of $3.036 two months ago.

But the nationwide average price isn't likely to drop much further for two main reasons:

·Oil. Oil prices have fallen 22% in three months and dipped below $60 a barrel for the first time in nearly eight months Tuesday.

Oil prices rose Thursday amid reports that OPEC was preparing to cut production to stem falling prices, although the organization of oil producers has not announced any official cutbacks. The price of oil trading for November delivery rose 62 cents to $60.03 a barrel.

·Refineries. Some refineries typically reduce production in the fall for maintenance. With gas prices lower, refineries may scale back even more than usual, Moody's Economy.com economist Rakesh Shankar says, reducing gas supplies and propping up prices.

Still, some consumers may see gas prices below $2 a gallon. OPIS analyst Tom Kloza says there is “great diversity” in prices across the USA. “If you were traveling from Maine to New Orleans, you could almost plan your trip with stops where you could get gas below $2,” Kloza says.

Poll Says Democrats Favored To Win House, Maybe Senate (WT)

By Ralph Z. Hallow

The Washington Times, October 6, 2006

Democratic candidates enjoy an advantage "in almost every campaign" and now stand a better than even chance of winning a House majority, the bipartisan Battleground Poll released yesterday concluded.

The poll's conclusions closely resemble dismal predictions of a nearly certain net loss of at least 15 and as many as 30 House seats for the GOP that other top-rated Republican campaign pollsters and strategists confided earlier this week to The Washington Times.

Democrats also now show an increased probability of taking the Senate, according to the Battleground survey by Democrat pollster Celinda Lake and Republican Ed Goeas.

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"The numbers are just as troubling for the Senate, and this puts the Senate in big jeopardy" for Republicans, Brian Nienaber, vice president of Mr. Goeas' Republican polling firm, told reporters in a joint breakfast briefing with reporters convened by the Christian Science Monitor at the Sofitel Lafayette Square Hotel.

"As the national trend gets worse, that is a problem for a lot of our top endangered incumbents. As Republican voters are less motivated than Democratic voters, it does make it look like we could potentially lose the Senate as well," Mr. Nienaber said.

He cited Republican Sens. Mike DeWine of Ohio, Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania as three particularly threatened incumbents. Democrats need to a net gain of six seats to take the Senate.

He said an expected depressed turnout of social conservatives will have the "greatest impact on who controls the Senate."

Mr. Nienaber said the Northeast is the GOP's worst region for the November elections. It was 37 percent Republican and 36 percent Democrat in February on the congressional generic ballot but now is only 33 percent of voters saying they will vote for the Republican and 57 percent saying they will go for the Democrat.

The Sept. 24-27 Battleground Poll of 1,000 likely voters was conducted before the scandal surrounding Rep. Mark Foley, Florida Republican, began making headlines.

"The political environment is certainly a hindrance for Republicans in almost every campaign, and voters are much more resistant to hearing the Republicans' side of the story," Mr. Goeas said in a written analysis.

In 2000, Mr. Bush had been leading most polls before it was reported that he had hidden his youthful drunken-driving arrest. Miss Lake and Mr. Nienaber yesterday agreed that revelation cost Mr. Bush at least 4 million votes. The expectation now is that the Foley scandal -- in which the former congressman is accused of making sexually explicit comments to teenage congressional pages -- may similarly depress the GOP's religious conservative turnout this year.

The so-called "security moms" -- who worry about terrorism at home and gave Mr. Bush's party the advantage in the 2002 and 2004 elections -- "are not voting terrorism this time," said Miss Lake. "They give the administration a nine-point advantage on terrorism but give Democrats a 15-point advantage on the problems that matter most to them -- education, health care and the economy."

The Associated Press reported that an AP-Ipsos poll released yesterday, "found that about half of likely voters say recent disclosures of corruption and scandal in Congress will be very or extremely important" in their decisions when they cast their votes next month.

Brian Nienaber And Celinda Lake (CSM)

By David Cook

The Christian Science Monitor, October 6, 2006

Often pollsters with different backgrounds look at the same data and come to different conclusions.

But that was not what happened when representatives from the Battleground Poll briefed reporters Thursday morning at a Monitor sponsored breakfast. Pollsters from both parties saw trouble ahead for Republicans in the 2006 elections.

What makes the Battleground Poll different from many others is its bipartisan nature. The poll, sponsored by George Washington University, is conducted jointly by the Tarrance Group, a Republican firm, and by Lake Research Partners, a company that serves Democratic clients.

When Tarrance Group vice president Brian Nienaber was asked about Republican prospects for retaining control of Congress, he said, "The trend here is negative ... if this continues and election day was tomorrow, I think control of both houses of Congress would be in jeopardy, not only the House but the Senate."

"It is a better day to be a Democrat than a Republican," said Celinda Lake, president of Lake Research Partners. "The most important number to watch is Bush's job approval number," she said. "In this poll he had popped up a little bit. He had gotten to 45 percent. In the most recent public polls in the last couple of days he is back down to 40 percent, 39 percent ... if his job approval is 38 or 39 percent ... it looks like we are guaranteed to take back the House. If his job approval is 44-45 percent, [a Democratic victory] becomes in jeopardy."

The latest version of the 15-year-old Battleground Poll was conducted September 24-27 among 1,000 registered voters and has a margin of error of 3.1 percent. Given the survey's timing, it does not capture voter reaction to the House page scandal. But the scandal's effects will not be good for Republicans, both pollsters agreed.

"The three issues on which Republicans polled a clear advantage are terrorism, safeguarding America from terrorism, keeping taxes low, and protecting moral values. I think moral values is not going to be part of our tool kit anymore," Nienaber said wryly.

"I think the turnout game is a big piece of this," Lake said. She was referring to the expectation that Christian conservatives, who are a key part of the Republican party's base, may not vote in the midterm election given their disappointment with Republican Congressional leaders.

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Lake also noted that time Republicans spend dealing with the scandal, "is two weeks when the president can't get his message through except on the Woodward book and it is two weeks when the Republicans can't get their message through. It feeds the desire for change in Washington and checks and balances."

Complete details on the poll can be found at: http://www.gwu.edu/~newsctr/battleground.cfm

Race For Senate Control Tightens (USAT)

By Susan Page

USA Today, October 6, 2006

WASHINGTON — Democrats are within striking distance of winning control of the Senate in the Nov. 7 elections, USA TODAY/Gallup Polls in six key states show as the campaigns head into their final month.

The number of Republican-held seats with competitive Democratic challengers has expanded to include Virginia and Tennessee, where Democrat Harold Ford Jr. now holds a 5-percentage-point lead over Republican Bob Corker among likely voters.

In Missouri, GOP Sen. Jim Talent narrowly trails Democrat Claire McCaskill, and in Rhode Island, Sen. Lincoln Chafee faces a double-digit deficit against Democrat Sheldon Whitehouse. The surveys, taken Sept. 27 to Oct. 1, have error margins of +/-5 percentage points for the likely-voter samples.

The landscape has improved for Democrats since the USA TODAY/Gallup state polls taken just before Labor Day. “You'd have to say they have at least a 50-50 shot at winning control,” says political scientist Alan Abramowitz of Emory University. “That's certainly better than anybody expected a few weeks ago.”

Democrats must gain six seats to win control.

Reports of more deadly violence in Iraq and the scandal involving a GOP lawmaker and congressional pages are factors, says Charlie Cook of the non-partisan Cook Political Report: “Clearly, we've seen momentum shift away from the Republicans and toward the Democrats.”

President Bush is a liability in the six states polled. In mostly Democratic Rhode Island, likely voters say by more than 3-to-1 that they are more likely to back a candidate who opposes Bush than one who supports him. Even in Republican-leaning Virginia, voters by 3-2 favor a candidate who would challenge Bush.

One trouble spot for Democrats: New Jersey. Democratic Sen. Robert Menendez, appointed in December, holds only a 3-point lead over Republican Tom Kean Jr.

But in Maryland, another Democratic seat targeted by the GOP, Ben Cardin leads Republican Michael Steele by a wide 15 points. Among other findings:

·In Missouri, McCaskill, who trailed Talent by 6 points in late August, now leads by 3.

·In Virginia, GOP Sen. George Allen, hit by allegations of racism, has a narrow 3-point lead over Democrat Jim Webb.

Democrats also are hopeful of ousting GOP incumbents in Ohio, Montana and Pennsylvania. Fewer than half of the 33 Senate seats on the ballot are considered competitive.

In the new polls, voters in all six states combined who said they would vote largely out of party loyalty supported Democrats by 2-1 — a sign that Democratic partisans are more energized than Republican ones.

GOP's Hold On Evangelicals Weakening (WP)

By Alan Cooperman

The Washington Post, October 6, 2006

ANOKA, Minn. -- Lynn Sunde, an evangelical Christian, is considering what for her is a radical step. Come November, she may vote for a Democrat for Congress.

Sunde, 35, manages a coffee shop and attends a nondenominational Bible church. "You're never going to agree with one party on everything, so for me the key has always been the religion issues -- abortion, the marriage amendment" to ban same-sex unions, she said.

That means she consistently votes Republican. But, she said, she is starting to worry about the course of the Iraq war, and she finds the Internet messages from then-Rep. Mark Foley (R-Fla.) to teenage boys "pretty sickening." When she goes into the voting booth this time, she said, "I'm going to think twice. . . . I'm not going to vote party line as much as to vote issues."

Even a small shift in the loyalty of conservative Christian voters such as Sunde could spell trouble for the GOP this fall. In 2004, white evangelical or born-again Christians made up a quarter of the electorate, and 78 percent of them voted Republican, according to exit polls. But some pollsters believe that evangelical support for the GOP peaked two years ago and that what has been called the "God gap" in politics is shrinking.

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A nationwide poll of 1,500 registered voters released yesterday by the nonpartisan Pew Research Center found that 57 percent of white evangelicals are inclined to vote for Republican congressional candidates in the midterm elections, a 21-point drop in support among this critical part of the GOP base.

Even before the Foley scandal, the portion of white evangelicals with a "favorable" impression of the Republican Party had fallen sharply this year, from 63 percent to 54 percent, according to Pew polls.

In the latest survey, taken in the last 10 days of September and the first four days of October, the percentage of evangelicals who think that Republicans govern "in a more honest and ethical way" than Democrats has plunged to 42 percent, from 55 percent at the start of the year.

Here in Minnesota's conservative 6th Congressional District, the loosening of the GOP's hold on religious voters is helping Patty Wetterling, an antiwar Democrat, run an unexpectedly close race against Republican state Sen. Michele M. Bachmann, who has made opposition to abortion and same-sex marriage her signature issues.

This week, Wetterling became the first Democrat in the country to air a television advertisement about the Foley scandal.

"It shocks the conscience. Congressional leaders have admitted covering up the predatory behavior of a congressman . . . ," the commercial said, adding that Wetterling is "demanding a criminal investigation and the immediate expulsion of any congressman involved in this crime and coverup."

Wetterling is best known as an advocate for missing children. Her 11-year-old son, Jacob, was abducted in 1989 and never found. The uproar over Foley's sexual correspondence with teenage employees of Congress has played into her political strength.

"This is something we all watched with churches years ago, where they didn't do anything. Congress has no excuse -- they know better," she said in a telephone interview.

The incumbent, Rep. Mark Kennedy (R), is vacating his seat to run for the Senate. The national GOP has spared no effort to bolster Bachmann. President Bush, Vice President Cheney, political strategist Karl Rove, House Speaker J. Dennis Hastert (R-Ill.) and Commerce Secretary Carlos M. Gutierrez all have been out to campaign for her.

Unlike some Republican candidates across the country, Bachmann is not running away from Bush. She says she is "thrilled" to be associated with him.

But the president's ratings have slipped even within his most loyal constituency. Since the start of his second term, Bush's favorability rating has dropped from 52 percent to 42 percent among all adults, and from 71 percent to 60 percent among white evangelical Protestants, according to Washington Post-ABC News polls.

"I think he's too set in his way to listen to what's really going on in Iraq," Sunde said. She noted that her rising concern about the war "possibly could" lead her to cross party lines and vote for Wetterling.

She is not alone in Anoka, Garrison Keillor's hometown and a place that, like the imaginary Lake Wobegon, defies stereotypes about religious conservatives.

"If you're pro-life and mad about the war, where do you go? That's the Bachmann-Wetterling race in a nutshell," said state Rep. Jim Abeler, 52, a Republican who represents part of the 6th district.

Jim Bernstein, 56, a Democrat who served as Minnesota's commerce commissioner under then-Gov. Jesse Ventura, agreed: "There are a lot of people here who say, 'I'm pro-life, but I'm also concerned about health care, about education, about jobs.' "

Across the country, many Democratic candidates are wooing religious voters by talking about their faith. Wetterling is not among them. Her campaign manager calls her "a very spiritual woman," but says: "We have her all over the district now, so much so that she's not able to attend church."

Bachmann, on the other hand, attends an evangelical megachurch and is known for her unsuccessful effort to put a state constitutional amendment against same-sex marriage on the November ballot. If same-sex marriage spreads, she has warned, "public schools would have to teach that homosexuality and same-sex marriages are normal, natural and that maybe children should try them."

Christopher P. Gilbert, a political scientist at Gustavus Adolphus College in central Minnesota, said there "haven't been a lot of candidates in Minnesota who closely associate themselves with the Christian right, but Bachmann has. She's the real deal when it comes to religion in politics."

Nationally, the Republicans' once formidable hold on churchgoing voters has begun to slip. Among those who say they attend church more than once a week, the GOP still holds a commanding lead. The main shift is among weekly churchgoers, about a quarter of all voters. Two years ago, they favored the GOP by a double-digit margin. But in the new Pew survey, 44 percent leaned toward Republicans and 43 percent toward Democrats, a statistical dead heat.

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The slippage is particularly striking among evangelicals. According to Pew data, the portion of white evangelical Protestants who identify themselves as Republicans rose steadily from 2000 to 2004 but leveled off this year at about half. The percentage who support keeping troops in Iraq has dropped to 55 percent, from 68 percent in early September.

"The allegiance of evangelicals has been more in flux over the past 12 months, suggesting that the considerations going into their votes are changing," said Scott Keeter, Pew's director of survey research.

In addition to the war and congressional scandals, those considerations may include a broader definition of religious issues. Some influential ministers, such as the Rev. Rick Warren, author of the bestselling "The Purpose-Driven Life," are urging evangelicals to fight poverty, safeguard the environment and oppose torture on biblical grounds.

To the extent that evangelicals now view these issues as "matters of conscience" alongside abortion and same-sex marriage, they could shift some votes into the Democratic column, said Ron Sider, head of the group Evangelicals for Social Action.

Another factor in evangelicals' changing loyalties may be the efforts of Democrats to reach out to them. In Michigan, evangelical pastors helped write the preamble to the state party's new platform. "Democrats in this state are seeking the Common Good -- the best life for each person of this state. The orphan. The family. The sick. The healthy. The wealthy. The poor. The citizen. The stranger. The first. The last," it says.

But before Democrats take credit for the shift, they might ponder one of the findings in a recent survey of 2,500 voters by the Center for American Values, a project of the left-leaning People for the American Way Foundation: Republicans have lost more support (14 percentage points) than Democrats have picked up (4 points) among frequent churchgoers.

That rings true to Michael Cromartie, an expert on evangelicals at the Ethics and Public Policy Center, a Washington think tank. "Erosion for evangelicals doesn't necessarily lead to Democratic voting. It leads to nonvoting," he said.

Republican strategists are hoping the drop will prove temporary.

"There is a dip in support for the GOP among religious conservatives, no question," said Leonard Leo, head of Catholic Outreach at the Republican National Committee.

"People of faith were disaffected over the summer, but I think they'll come back," he added. "It's like any other election season -- people get frustrated that they haven't achieved everything they want. But as you get close to the election, you begin to look at the alternatives and realize that staying home is going to make things worse rather than better."

Iraq Still Issue Number One For US Voters (AFP-Y)

By Stephanie Griffith

AFP, October 5, 2006

Iraq remains the top issue for US voters ahead of next month's crucial midterm elections according to a national poll, which also found Americans surprisingly unmoved by the congressional sex scandal currently dominating Washington.

"Iraq has become the central issue of the midterm elections," said researchers with the Pew Research Center, in a statement that accompanied the survey.

"There is more dismay about how the US military effort in Iraq is going than at any point since the war began more than three years ago," the statement read.

"The war is the dominant concern among the majority of voters who say they will be thinking about national issues, rather than local issues, when they cast their ballot for Congress this fall."

The comprehensive poll of 1,800 respondents sampled voter opinions on a broad range of top issues, from immigration, to the war in Iraq, to the falling price of energy.

The poll found found that 58 percent of the US public believes the US military effort in Iraq is not going well, 47 percent say the war is hurting, not helping, the fight against terrorism.

The survey also found Americans remarkably unaffected by the scandal over the handling of lurid sexual messages sent by former Republican lawmaker Mark Foley to teenage pages in Congress -- at least with respect to next month's legislative and gubernatorial balloting.

The Pew Center found that Democrats had a 51 percent to 38 percent advantage over Republicans before last week's scandal broke, and 50 percent to 37 percent edge after.

Among voters who said national issues were of paramount importance for them, about half -- 51 percent -- cited the deteriorating situation in Iraq as the most important concern. Terrorism came in second place at 37 percent while 35 of respondents cited the economy.

Another important recent development -- the drop in the price of gasoline -- also appeared not to have impacted voter feelings greatly. The survey showed that while most respondents were aware of the recent fall in gas prices, they were also likely to complain about a faltering US economy.

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The poll put US President George W. Bush's job approval rating at 37 percent, with 63 percent of respondents saying they are dissatisfied with the way things are going in the country.

As with earlier Pew surveys, an unusually high percentage of voters -- 39 percent -- envision their ballot as a vote "against" Bush rather than for him.

The survey found the current climate to be particularly treacherous for incumbents, with 27 percent of voters saying they do not want to see their own representative win reelection in the fall, down from 32 percent in June.

But anti-incumbent feeling seemed less pronounced than in the historic 1994 midterm elections, when voters ousted Democrats from the leadership of the House of Representatives, the Pew researchers noted.

The survey, conducted from September 21 to October 4, had a sampling error of plus or minus three percentage points.

Former President George H.W. Bush Warns Of 'Wild' Democrats (AP)

AP, October 5, 2006

GLADWYNE, Pa. - Former President George H.W. Bush said Thursday that a Democratic takeover of Congress would be a "ghastly thing for our country."

Bush, speaking at a fundraiser for Sen. Rick Santorum, R-Pa., warned that the Republican majority of the Senate is at risk.

"This is more than party versus party, it is the idea that if we have some of these wild Democrats in charge of these committees it will be a ghastly thing for our country," Bush said.

Democrats would need to gain six seats in the Senate and 15 in the House in the Nov. 7 general election to gain control of each chamber. Bush cited the effect of a Democratic takeover on GOP members of Congress, including Sen. Arlen Specter, R-Pa., as well as on the president.

"I would hate to think what Sen. Arlen's life would be like, what Rick's life would be like, and my son's life would be like if we lose control of the Congress," Bush said.

The Democrats, he said, "just have a very different view ... and they'd be pushing all kinds of crazy legislation."

The fundraiser raised about $270,000 for Santorum, who has trailed Democrat Bob Casey, the state treasurer, in polls. Casey received fundraising assistance Thursday from former President Bill Clinton. The event was closed to the press.

The two former presidents were in Philadelphia Thursday to receive the Liberty Medal for work on behalf of victims of Hurricane Katrina and the South Asian tsunami.

Rumble In Rhode Island (NSWK)

By Lee Hudson Teslik

Newsweek, October 6, 2006

In the increasingly binary world of American politics, Rhode Island has earned its nonconformist reputation. The state has more voters registered as “unaffiliated” than either Republican or Democrat. One of their senators, Lincoln Chafee, was the only Republican to vote against the Iraq war, opposed Samuel Alito’s nomination for the Supreme Court and refused to vote for President Bush in 2004 (he voted for the president's father as a write-in vote). But now, after eking out a primary victory last month with strong support from the national Republican Party, Chafee trails Democratic challenger Sheldon Whitehouse by about two points, according to the latest polls.

In a state whose symbol is “The Independent Man,” a Whitehouse victory could spell a political sea change. Whitehouse, who was formerly the state's attorney general, has campaigned on an aggressively national platform, saying not just Rhode Island's future but “the structure of power in Washington” is at stake. Opponents have criticized Whitehouse for telling people to vote for the Democratic Party without presenting any specific platform of his own. Chafee, for his part, has touted his independent voting record—with limited success—and analysts have said a Chafee loss could signal the decline of the distinctly northeastern brand of Rockefeller Republicanism.

As part of NEWSWEEK’s ongoing Face Off series, Lee Hudson Teslik interviewed both candidates. Excerpts:

Republican Sen. Lincoln Chafee

NEWSWEEK: In the past you’ve taken some heat from your own party, essentially for not being “Republican enough.” You voted against Alito, against the Iraq war—even against the president himself in 2004.

Lincoln Chafee: And his tax cuts. Don’t forget that.

And the tax cuts, right. Given all this, was it surprising to have the Republican Party come out so strongly for you in your primary?

No, I’ll take help from anybody who offers it. That was a tough primary, and I’ve worked hard at having good relations with my party, despite having differences on some issues.

Were you contacting them or did they reach out to you?

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Well I just think that due to the relationships that I've worked on over the last six years, they wanted to help. They realize that I've voted my conscience, but they respect that.

Rhode Island isn't a particularly Red State. Does it worry you that support from leaders of the Republican Party could hurt you?

Well my message to the Rhode Island voters is that I excel at working with everybody. I work with Democrats, conservatives, liberals and independents, and that pays off for Rhode Island.

But there are three times as many Democrats as Republicans in the state. You don't think people could react negatively when they see the national Republican leadership so strongly in your camp?

Yes, Rhode Island is arguably the most Democratic state in the country, so I understand what you're saying. On the same token, I vote my conscience and I'm able to develop good relations with everybody and deliver for Rhode Island when it counts.

There are Democrats in the Senate with more conservative voting records than you. Ben Nelson of Nebraska is an example. Why do you consider yourself a Republican?

Well we northeastern Republicans are what I call the original Republican Party. Fiscal responsibility, that used to be a Republican issue. Certainly caring for the environment, that is a Republican issue. Supporting personal liberties, and the freedom of people to make very personal decisions on their own—I think that's traditional Republicanism; an aversion to foreign entanglements, that too. And we've been successful in the northeast at electing Republican governors, when you think about it. New York has had a long string; George Pataki has had a long run; the mayors of heavily Democratic New York City, first Mayor Giuliani, now Mayor Bloomberg; Connecticut has had a string of Republican governors, Massachusetts, even Vermont has had a Republican governor. So in the northeast, our brand of Republicanism is maybe different from the change that has swept the [national] party.

Given this shift, is there a future for these northeastern Republicans—some people call them Rockefeller Republicans. Are they dying out?

Well I think this election is going to be important to make a stand, to say we want people governing from the middle. Certainly my candidacy is one that's in the spotlight on that.

People have said that Sheldon Whitehouse, your opponent, is telling people to vote for a party, not a man. Do you think that's a legitimate criticism?

I think eventually Rhode Island voters are going to want something more from the candidates than just to vote for a party. He has no other message. I call it the Peggy Lee campaign: "Is that all there is?"

Rhode Island has more voters registered as "unaffiliated" than Republicans or Democrats—more than 350,000 of them. Why are there so many?

That's another thing that has changed with the times. People here don't register with parties as much as they used to. Before coming to the Senate, I was mayor of my city, and the board of canvassers office was right near the mayor's office, and I'd check in every once in a while to see how people were registering. It was overwhelmingly, as we call them in Rhode Island, "unaffiliated." They like the freedom to make their votes on primary day in the Republican primary or the Democratic primary. In the old days, these people were much more aligned with parties. I know when my dad [Sen. John Chafee] served in politics, in the '60s, the party endorsements were so influential in the outcome of elections, and that's just not the case now.

Have you ever considered billing yourself as an Independent?

No, you have to caucus here in the Senate with one party. And so once you make that decision, you run under that label. And in Rhode Island, Republicans are seen as the party of reformers.

Democratic Challenger Sheldon Whitehouse

NEWSWEEK: Senator Chafee's father, John Chafee, was a Rhode Island senator before him, and the family has very prominent roots in the state. In a way you're running not just against Lincoln Chafee, but the family name and all the weight it carries in Rhode Island. Has that been frustrating for you?

Sheldon Whitehouse: I think it's an asset for Senator Chafee, and it's one that I'm very familiar with, as our families have been very friendly over the years. I knew his father extremely well. But in this particular race, I think that the voters in Rhode Island are so concerned and upset about the direction in Washington, that the question that will be in their minds in the voting booths won't be, "Is Senator Chafee a nice guy, and was his father a good guy before him?" but rather, "Is our country going in the right direction?" And clearly the answer to that question is no.

You have said many times that your race could be a key to Democrats regaining control of the Senate. Some critics have said that you've put this goal over anything specific to Sheldon Whitehouse. In other words, that you're telling people to vote for a party and not a man. Do you think that's unfair?

It's inaccurate if you actually look at how my campaign has developed. We've put out very clear policies on fixing the prescription-drug plan that is harming so many seniors. We've come out with a very specific new energy strategy. We've spoken

extensively about the need for health-care reform and the role I would like to play in health-care reform. We've put forward a specific plan for shoring up Social Security. We've really been out there strong on the issues.

Senator Chafee has the most liberal voting record of any Republican in the Senate. Indeed, there are some Democrats who have more conservative records. Shouldn't those conservative Democrats be more of a concern to you than someone like Lincoln Chafee?

The game plan that Democrats will pursue in Washington is radically different from the failed course that the Bush administration has pursued. Whether individual senators might not be totally on board with every element of that game plan, that's really the ultimate determination here. Who sets the agenda, and what direction it takes us. And there's a colossal difference between what Democratic leadership would do, and what Republican leadership has shown us.

Senator Chafee voted against Samuel Alito for Supreme Court, he was the only Republican to not vote for the Iraq war—in 2004 he didn't even vote for Bush for re-election. Is it at all disingenuous to pin him too closely politically to President Bush?

Not a bit, because the key factor is that he votes to put the Republican leadership in charge that drives that agenda. He may have voted against Iraq, but we are in Iraq notwithstanding. He may have voted against Alito, but we have Alito on the Supreme Court notwithstanding. The ultimate decision is who's driving. Democratic leadership will lead us in a much better direction.

You've argued against the Republican course in Iraq and have argued for the withdrawal of U.S. troops. What kind of timetable would you want?

I think we need to announce as soon as we can that that's what we plan to do. Then it's a matter of troop safety, and getting them out as rapidly as makes practical sense, again with troop safety in mind. I think that creates a very significant diplomatic opportunity once the insurgency sees that we're not there to occupy their country, once the factions see that time is short and they're really going to have to get serious about making the decisions they have to make about their own country, and third that the international community sees that in fact we are on our way out, and it invests them in a whole different way in participating in a resolution of the Iraqi conflict. But I think the immediate thing that needs to happen to put all those things in motion is a clear and unequivocal decision that we are going to start withdrawing our troops as rapidly and sensibly as troop safety will permit.

What happens if when we're ready to go, to use a hackneyed expression, the mission isn't complete; if things are still going haywire over there. Should we still pull out?

Well the question you have to ask is: "Is the present strategy likely to lead to a better result?" My answer to that is no. Recently we've seen that confirmed by some of the internal reports that have been developed by analysts within the administration. I think we are on a path that leads toward a disaster over there, and it is pure stubbornness that keeps the administration from changing to a more effective policy.

You have a personal connection to these diplomatic issues—your father was a Foreign Service officer. Where were you when you were growing up?

Cambodia, South Africa, Congo, although they were shooting at each other then so the family stayed home, Guinea on the west coast of Africa, the United Nations, Vietnam, Laos and Thailand.

Quite a list.

It was interesting. I'll tell you one thing that stands out from my time in Vietnam. You could see intact in Saigon essentially all the infrastructure that we're trying to build now in Iraq. Political infrastructure, utility infrastructure, public safety and military infrastructure: it all was there when I was living there with him in 1973. It wasn't too long later, less than two years I believe, that we had pulled out. All that infrastructure intact, and yet this happened. I think it's the kind of thing that should have given this administration a lot more pause before it ventured on its misguided war in Iraq.

Let me ask you about the war on terror. There hasn't been a major attack since 9/11, and some people say we've disrupted the financial networks of terrorist organizations. How do you think we've done on this front?

No president following 9/11 would not engage in trying to fight the elements that want to produce terror acts in the United States of America and elsewhere. But I think a lot of the judgments that have been made—in terms of failing to fund border, container and port security; in terms of putting so many resources into the Iraq war and taking them away from Afghanistan, which was a front where we seemed to be winning—I think there clearly was a better way. We've now really compromised our military capability and the asset of our standing in the world without really improving our standing in the war on terror.

So how do we move forward?

Extracting ourselves from Iraq will help. Shoring up the effort in Afghanistan will help. And focusing really hard on the terror cells, a lot of which requires working behind the scenes with other nations. But this requires better relations than we've been able to maintain, and a more thoughtful and aggressive diplomacy.

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Times Get Tougher For Ohio's Republicans (FT)

By Holly Yeager

Financial Times, October 6, 2006

Standing in front of the fire department in Zanesville, a small Ohio town near the middle of the state, Republican Mike DeWine is doing his best to persuade voters to elect him to a third term in the US Senate.

Legislation he worked on has brought $100m (€79m, £53m) to fire departments in the state, Mr DeWine says.

A few minutes later he shifts the topic to national security, holding up a sheet of paper that he says contains evidence of his opponent's past votes to cut intelligence spending.

But Mr DeWine, clad in a white shirt and tie, is having a hard time getting his message across. Only a handful of people - active Republicans in the community - had been alerted to his visit. The whistle of a passing train makes it hard to hear some of what he says.

He takes questions from the two reporters on hand - about congressman Mark Foley's exchange of suggestive messages with a young page and the need for more jobs in the region - and then mingles with the firefighters, one of whom complains about all the negative adverts this campaign season.

"It is not a great political climate," Mr DeWine says before setting off with his wife and staff for Tom's, an ice-cream parlour, for a bowl of peach ice-cream.

Recent opinion polls show him in a virtual tie with Sherrod Brown, the liberal Democratic congressman - a surprise to many in the state.

But the polls are clear evidence that the series of scandals that have engulfed Ohio Republicans at home and in Washington, including congressman Bob Ney's guilty plea in a scandal involving the lobbyist Jack Abramoff, have made a difficult political year even more troublesome for them.

The state, long a bellwether in presidential politics, is ground zero for the November 7 mid-term elections: the outcome of Mr DeWine's race and several other closely watched House contests are likely todetermine which party wins control of Congress.

Perhaps most worrying for Republican activists is the poor performance to date of Ken Blackwell, the conservative Republican who hopes to take over from Robert Taft, the unpopular Republican governor who pleaded guilty to ethics charges.

Mr Blackwell gained national attention in 2004 when, as Ohio secretary of state, he drew criticism for the long lines and other troubles that some voters faced.

Recent opinion polls show him trailing Ted Strickland, his Democratic opponent, by more than 15 percentage points, and party officials fear that having such a weak candidate at the top of the ticket could help to put several top jobs in the hands of Democrats.

Democrats sense the opportunity. "We need change at the Statehouse, at the governor's house, and we need change in the United States Congress," said Mary Jo Kilroy, the Democratic candidate for Congress, at a campaign rally this week at Ohio State University. Some of the biggest cheers during her speech came for the school's top-ranked football team.

The other big cheers came when John Kerry, the 2004 Democratic presidential candidate, declared: "We need to get those troops out of Iraq".

Ms Kilroy frequently complains that Deborah Pryce, the seven-term House member she hopes to unseat, has been a "rubber stamp" for President George W. Bush and his Iraq policy.

The close contest in this district around Columbus, the state capital, has also caught the Republicans off guard.

Ms Pryce, a member of the Republican leadership team, was forced this week to answer questions about how Mr Foley's messages were handled, and, like Mr DeWine, she says the political climate is "a tough one".

But, she says, "the earth won't stand still" - she is hoping to return soon to a debate of issues such as the "war on terror", the economy and immigration.

With just a month until election day, Ms Pryce and her fellow Republicans have their work cut out if they are to boost the enthusiasm of voters.

Robert Sicuro, a retired attorney who has voted for her in the past, says he probably will support Ms Pryce again, but only grudgingly.

"I don't think she's the most effective person in the world," he says, adding that he worries more about Ms Kilroy's support for tax increases as a county commissioner.

Mr Sicuro is "not too happy" with Mr DeWine either. But he also expects to vote for him again, calling Mr Brown "too far left for my taste" and complaining that Democrats "don't really have a plan" for Iraq.

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But Bonita Hall, an office worker who is eating her lunch on a bench on the capitol grounds, says that although she calls herself a Republican, she does not think she will be able to support the party's candidates this time around.

"Right now, they seem like the good 'ole boys, a club that protects one another no matter what they do," she says. "Maybe we need some new ideas."

A Senate Race's Ads Absurdum (WP)

By Michael Kinsley

The Washington Post, October 6, 2006

SEATTLE -- Here in Washington state we don't care for partisanship and negativity, which leaves our candidates with not much to talk about. "Look," says Republican Senate candidate Mike McGavick, "if the Republican Party came to me and said, 'Mike, we want you to vote against the families of your state,' I'd tell them to go jump. I'll choose the people of our state every time."

Wow. This must be one of those "hard choices" McGavick, a former insurance executive, says he is prepared to make if he is sent to the Senate. He does not supply any other examples. My idea of a hard choice would be having to choose between the short-term interests of the people -- yes, even the families -- of your state and the long-term interests of the nation. Through the fog of generalities, McGavick appears to see things differently.

A news release entitled "Mike Takes a Tough Line on Federal Spending Reforms" is mostly about federal grants to the University of Washington. But he supports this spending, of course, and deplores the cuts that have been made in it, which he attributes to "budget mismanagement." He made this point in a day spent campaigning with Commerce Secretary Carlos Gutierrez, who was here in his capacity as a Hispanic and not as anyone who might bear responsibility for the federal budget.

If you knew nothing about Mike McGavick except what is in his TV commercials and on his Web site, you would conclude either that he is a moron or that he thinks you are a moron. Democratic incumbent Maria Cantwell's ads aren't so wonderful either. They're mainly about all the federal money and other favors she's brought to the state. But if any of this is part of the "pork barrel . . . wasteful, out-of-control spending" that upsets McGavick, he doesn't say so.

And of course there is a subtext to each of the inanities in McGavick's commercials. They have all been focus-grouped and market-tested. For example, in one news release expressing his "disappointment" (I bet) that Cantwell had voted against some tax cut, McGavick says, "This isn't really about Senator Cantwell." It's about "partisan nonsense." Cantwell is (the headline mentions) "Following Party Over State's Interests."

Now ask yourself: Why would she do that? Why would she put her party's interests over those of her constituents? Who cares enough about either party to actually put their own political futures in peril? Answer: no one. Taken literally, the charge is absurd. But it's not meant to be taken literally. It is just part of the miasma of themes and images that political professionals create around candidates. Cantwell is popular, partisanship is not. So blame partisanship and not Cantwell. Be for "families." Be for "change." Be against "Washington, D.C." and "lobbyists."

The media do a better and better job each election cycle at pointing out and analyzing these campaign constructs. But by doing so, in a way, they legitimize it all. By raising up the subtext, they diminish the importance of the text. Don't be naive: You're not supposed to take this stuff literally. Politicians are trying to push your buttons. They aren't trying to communicate with you.

In a radio spot this week called "Not Paying Attention," McGavick says, "Folks in Washington, D.C., you know they must not think we are paying attention" to "some of the things they are getting away with." In a rare particular, he blames "automatic pay raises" for creating bad incentives for members of Congress. "We've got to have change," he says, "but the only way to do that is to change who represents us."

Maria Cantwell hit it big in the dot-com boom and is a very rich woman. She has spent tens of millions of dollars on her election and reelection campaigns. Whatever her flaws, she cannot possibly care about a pay raise. Taken literally, the notion that any national politician assumes that the voters and media and opposition party are "not paying attention" is equally ridiculous. So what is her motivation? What is McGavick's, for that matter? (He's rich, too, having struck gold in just a few years in the insurance business.)

In an age when senators have almost no power to affect the actual course of events, and when most of them don't seem to have any particular notion of what they would do with that power if they had it -- McGavick certainly doesn't -- why anyone bothers to be a senator is a fascinating question. Is Cantwell devoting her life to betraying the families of Washington just for the fun of it?

McGavick has no explanation, except to say that "this stuff is nuts," that it is "partisan nonsense" and so on. But Maria Cantwell is not nuts. "Nuts" is not a plausible explanation. And without any specifics or a plausible explanation, McGavick's complaints are exceptionally empty.

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Knowing virtually nothing about McGavick, I saw one of his 30-second spots last week and took an instant, personal and possibly unfair dislike to him. And I wonder why everyone doesn't have the same reaction to these patronizing, insulting commercials. Maybe some do -- McGavick is going to lose, apparently -- but more must be turned on than are turned off, because McGavick is not nuts either.

Dems Aim To Gain Majority Of Governorships (USAT)

USA Today, October 6, 2006

Thirty-six states will elect governors in November, and Democrats hope to gain a majority of the USA's governorships for the first time since 1994. Republicans now hold 28 seats nationwide, Democrats 22. More GOP-held seats are up this fall: 22 vs. 14 now held by Democrats. Taxes, charter schools, gas prices and embryonic stem cell research are among the issues defining the contests.

Big state takeovers:

Democrats are confident of winning back governorships in two of the USA's biggest states. In New York, Attorney General Eliot Spitzer has a yawning lead in statewide polls over Republican John Faso, former state Assembly minority leader. In Ohio, Democratic congressman Ted Strickland leads Republican Secretary of State Ken Blackwell by double digits in statewide polls.

Minorities:

Three African-Americans have major-party nominations for governor. They are Democrat Deval Patrick in Massachusetts and Republicans Ken Blackwell in Ohio and former Pittsburgh Steeler Lynn Swann in Pennsylvania. The only African-American who has been elected governor in the USA is Virginia's Doug Wilder, in 1989. In New Mexico, Gov. Bill Richardson, who is Hispanic, is running for a second term.

Women:

A record five female incumbent governors are running for new terms, in Arizona, Connecticut, Hawaii, Kansas and Michigan. Three are Democrats, two Republicans. Five other female candidates have major-party nominations and are in competitive contests: Democrats in Alabama and Nevada and Republicans in Alaska, Illinois and Massachusetts.

Scandals:

The Jack Abramoff lobbying investigation that has affected some congressional races isn't a factor for governors, but local scandals have scarred some contests. In Ohio, the Republican establishment is entangled in charges of improprieties in handling state pension funds. That has complicated the campaign of GOP gubernatorial candidate Ken Blackwell. Among Democrats, Illinois Gov. Rod Blagojevich and Wisconsin Gov. Jim Doyle have had to deal with allegations of wrongdoing in their administrations. Both races are considered competitive.

Stepping down:

One Democratic and eight Republican governors are stepping down. Five of them didn't have a choice: governors in Arkansas, Colorado, Florida, Nevada and Ohio faced term limits.

Stepping up?

At least four governors who are stepping down are testing the waters for the 2008 presidential race. They are Democrat Tom Vilsack of Iowa and Republicans Mike Huckabee of Arkansas, George Pataki of New York and Mitt Romney of Massachusetts.

Alaska:

Gov. Frank Murkowski ran a dismal third in the GOP primary. Republicans hope former Wasilla mayor Sarah Palin can hold the seat. Democrat Tony Knowles, a former two-term governor, is trying to regain it.

Michigan:

Gov. Jennifer Granholm, a rising star in the Democratic Party, is in an unexpected tossup against Republican Dick DeVos. The Amway heir is spending millions of his personal fortune on ads that hammer Granholm over the state's economic woes.

Arkansas:

Democrats hope to regain the governorship that launched Bill Clinton in national politics. Democratic Attorney General Michael Beebe faces Republican Asa Hutchinson, a former House member and Homeland Security Department official.

California:

A year ago, Republican Arnold Schwarzenegger seemed imperiled as governor of the nation's largest state. He has rebounded, though he isn't considered a safe bet yet. State Treasurer Phil Angelides is the Democratic challenger.

Massachusetts:

Whoever wins will break new ground. Democrat Deval Patrick would be the first African-American governor in the Bay State; Republican Kerry Healey would be the first woman elected governor. Republicans have held the governorship in this Democratic stronghold for 16 years.

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Florida:

Presidential brother Jeb Bush is barred by term limits from running again. After lively primaries in both parties, Republicans nominated state Attorney General Charlie Crist, Democrats Rep. Jim Davis. Both are political moderates from the Tampa Bay area.

Subsidies Keep Airlines Flying To Small Towns (NYT)

By Jeff Bailey

The New York Times, October 6, 2006

PUEBLO, Colo. — Hoping for an empty seat beside you on your next flight? No problem — just schedule a trip to someplace like Kingman, Ariz.; Brookings, S.D.; or Pueblo.

They are among more than 100 locales around the country that receive federally subsidized airline service, and the average number of passengers on each flight is about three.

Most of these flights on 19-seat prop planes have plenty of elbow room — a rare luxury in this age of jampacked commercial jets. Some major airlines have cut their fleets about 20 percent since 2001 and have abandoned unprofitable routes, meaning planes are flying fuller than at any time since World War II.

The more tranquil cabins come courtesy of the Essential Air Service, put in place when the airline industry was deregulated in 1978. The idea was to help travelers in smaller cities adjust to the new competitive era of air travel. The intention was for the service to go away after 10 years, but it was renewed for a second decade — and then made permanent.

Over time, though, the program has come to seem mostly expensive and, to its critics, unessential.

After all, travelers adjusted very well after deregulation, and started driving the extra distance to busier regional airports nearby that offered increasingly cheap and plentiful jet service. That left the program with mostly empty planes, making them more costly to fly. Add in higher maintenance and fuel costs, and spending has more than quadrupled since 1996, to $110 million.

That, of course, is not a lot in the federal scheme of things. But the program is a good case study of how poorly the government sometimes keeps pace with the free market and consumer tastes, and how entrenched interests, even in the face of some creative map-drawing, can keep such a program aloft in the face of efforts to ground it.

Mike Boyd, a consultant to airports, said truly remote routes — those in Alaska, northern Maine, parts of the Western states — should be retained. But he said that most routes should be eliminated.

"The Essential Air Service program is one of those well-meaning federal programs that often results in money wasted on trying to recreate those wonderful days of the 1950's," Mr. Boyd said in a recent note to clients. "Somebody needs to tell Congress that Ozzie and Harriet are gone."

From Lewistown, Mont., Jerry Moline, the airport manager, is used to driving 110 miles to shop at the Wal-Mart in Great Falls. Likewise, most of his neighbors drive 125 miles to the airport in Billings, which has jet service, rather than fly there on the subsidized 19-seaters. The Lewistown flights attracted fewer than three people a day in 2005; each passenger's one-way ticket was subsidized with $472.78 paid by taxpayers.

The emptier the subsidized flights, it seems, the more cherished the program became. Members of Congress regularly pressured the Transportation Department to continue subsidies to towns they represented. A lobbying group sprang up solely to fight to preserve and expand the program.

To qualify for Essential Air Service, towns must have had scheduled commercial air service in October 1978 when deregulation occurred; be at least 70 miles from a large or medium hub airport; and be able to attract service from a regional airline with a one-way per passenger subsidy of no more than $200.

For towns more than 210 miles from a large or medium hub, however, there is no cap on the subsidy per passenger.

After Sept. 11, 2001, airlines withdrew from some smaller unsubsidized markets and more cities needed subsidies to maintain service. That pinched the Essential Air Service budget.

Over the next several years, the Transportation Department tried to weed out some locales.

The agency took a harder look at its map and decided that Brookings, S.D., was less than 210 miles from the Minneapolis-St. Paul International Airport; that Alamogordo, N.M., was similarly close to Albuquerque's airport; and that Lancaster, Pa., was less than 70 miles from Philadelphia's airport.

At those distances, Lancaster did not qualify for any subsidy and the two other markets qualified only for $200 or less per passenger, far less than needed to sustain service.

The towns made tempting targets. Flights from Brookings, which is less than an hour's drive from jet service at Sioux Falls, were attracting about three passengers a day. Alamogordo drew four or five a day. Both required big subsidies. And Lancaster is not that far from competitive airports, with Southwest Airlines bringing low fares to Philadelphia and Baltimore.

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The towns and a lobbyist, Maurice Parker, president of Regional Aviation Partners — it is financed by the Mesa Air Group, which flies subsidized routes — swung into action. The termination notices persuaded Senator Arlen Specter, Republican of Pennsylvania, and others in Congress to pass legislation that required the Transportation Department to measure the distances along the most commonly traveled routes. It also gave the governor of each state the final word on the matter.

"Lancaster is 66 miles from the Philadelphia International Airport if you travel along Route 30, which is the old Lincoln Highway, where there is a traffic light every other block," Senator Specter said in introducing the legislation in June 2003. He added that "any rational person" would take Interstate 222 to the Pennsylvania Turnpike, a faster route, at about 80 miles. Similar arguments were made for Alamogordo and for Brookings.

The termination efforts were dropped. And all three markets retained subsidized service. Transportation Department officials declined to comment. Michael W. Reynolds, an acting assistant secretary, in testimony before a Senate subcommittee last month, said towns had come to view the program as "an absolute entitlement."

Brookings, averaging 2.5 passengers a day in fiscal 2005, received a one-way subsidy of $677.11 per passenger.

Regional airlines in the program are paid a subsidy that, combined with fares they expect to collect from passengers, will allow for a profit. Fares vary widely. A recent one-way ticket from Pueblo to Denver, bought a few days before the flight, was $124.50.

Kerry Caruselle, a tax preparer for Army employees, was ready for the unexpected when she flew a Great Lakes 19-seater prop plane from Denver to her home in Pueblo last week. On her last flight on that route, a bumpy turboprop trip about a decade ago, she said, "My kids were in middle school and they both threw up."

Last week's 30-minute flight was smooth, yet Ms. Caruselle was the only passenger. "Just me," she said. There was also a pilot and a co-pilot but no flight attendant.

Colorado Springs Airport, offering nonstop jet service to 14 major cities, is about 40 miles away. Denver's huge hub is within about 110 miles. In fiscal 2005 Pueblo's two daily subsidized flights to Denver drew a combined five passengers a day.

"That may be generous," confided Jerry Brienza, manager of the Pueblo Memorial Airport. "We were close to three a day last year." The government calculated the one-way subsidy at $255.06 a passenger.

Traffic has picked up to about eight a day in 2006, Mr. Brienza said.

Excluding Alaska, where many air routes are subsidized, the Transportation Department paid out about $74 for each one-way passenger in the program in fiscal 2005. That is more than Amtrak's famously large per passenger subsidy, which is $19 to $52, depending on how it is calculated.

The Bush administration now wants to cut funding to $50 million. So, the Transportation Department is proposing changes to reduce the program costs. Towns more than 100 miles away from a large or medium hub would have to chip in on the subsidy. Towns closer than 100 miles would get a partial subsidy — for bus service to a hub.

But a perennial favorite with much of Congress, Essential Air Service seems unlikely to face cuts. Spending panels in each house of Congress favor a slight increase in funding for fiscal 2007, to $117 million. Many in Congress regard the program as a good way to connect remote towns to the air service system.

Probably the biggest beneficiary in recent years has been the Raytheon Company. It manufactured the 19-seat Beech 1900 prop planes that fly most of the subsidized routes. Tighter safety rules enacted in the mid-1990's made operating those more expensive. And the rapid spread of regional jets preferred by passengers forced Raytheon to halt production of the 1900 in 2002.

"The average untrained traveler equates jets to safety," said David Carter, a Raytheon spokesman. "They're not so sure about turboprops."

Having financed the acquisition of most of the 1900's by regional carriers and others, Raytheon faced huge losses. It in essence still owned 511 of the planes valued at $1.6 billion. It wrote the value of those planes down by $693 million in 2001. Since then, it has slowly been selling the planes in overseas markets, but is still stuck with 218 of them as of June 25 of this year, valued at $435 million.

Without the subsidies, most of the roughly 100 1900's remaining today in the United States could be idled, said Jonathan Ornstein, chief executive of Mesa Air, which once operated 122 of the planes and has cut its fleet to 20.

"We don't make money in the program; we do it because we have the equipment" and owe more than $1 million on each of the planes, Mr. Ornstein said. Mesa, with annual revenue of more than $1 billion, mostly operates jets now. "No one I'm aware of has figured out how to operate the 1900 outside the Essential Air Service program."

D.C. Charity Specializes In Donations Of The Intangible (WT)

By Keyonna Summers

The Washington Times, October 6, 2006

For many, philanthropists are the rich and famous people who donate millions to projects.

But Greater DC Cares, a District-based nonprofit, is assigning a new definition to the word "philanthropy" by allowing donations of professional skills through pro bono consulting to hundreds of new nonprofits in the region.

Spokeswoman Dee Ellison said accountants, Web designers and college professors with communications expertise have viable skills that could help new nonprofits get started.

"People generally think of philanthropy as dollars," Ms. Ellison said. But "skilled volunteers [are] just as valuable as the dollars because they help increase the capacity of the nonprofits that serve our community. And the end result is we make the community stronger and healthier."

Founded in 1989, Greater DC Cares has 16,000 volunteers working with more than 400 nonprofits. Officials estimate that volunteers provide more than 60,000 hours of service annually in the region.

Under the pro bono consulting program, about 200 professionals are working with new nonprofits on about 30 projects, in which they help to develop Web sites, craft mission statements, create budgets, write grants and market their organizations.

The group also works with several large corporations, such as America Online, whose employees offer their professional services to build Web sites and laboratories for schools.

Noel Tieszen is a former teacher who last year founded Interstages Inc., an afterschool program that provides low-income middle school girls in the District's Ward 7 with lessons in music, history and self-esteem. The group also provides one-on-one academic help.

Ms. Tieszen called the consultation she received from a Greater DC Cares accountant, grant writer and publicist "fantastic."

"As a startup, this was a one-woman show," she said. "I know how to balance my checkbook, but you can't run a business that way. Greater DC Cares has been a great resource in helping us make our dollars go further, and it also helps me free up time to develop relationships with the students and do fundraising."

Today, about 10 Winston Educational Center girls gather each afternoon at the Hillcrest Recreation Center in Southeast for piano and voice lessons by volunteers attracted with the help of DC Cares' marketing consultant.

The grant writer is helping Ms. Tieszen develop proposals that will allow her to take the girls on field trips, buy musical instruments and school supplies, and hire more employees to help expand the program.

The girls in the class, who at a recent meeting played a game in which they named positive female role models of color, said Interstages has taught them problem-solving skills, about womanhood and respect for others.

"I learned to always be on time," said Shakiera Williams, 12. And "if you don't like somebody, it's best to write it down on a piece of paper [and talk it out]. Before, I just handled it by fighting."

Shauntice McCorkle, 12, an aspiring singer, agreed.

"They ask us what our goals are," she said.

Donny Tiengtum, director of programs at Greater DC Cares, said the group's goal is to stretch the funds of nonprofits in the region by including at least one or two pro bono volunteers.

"It would be intriguing to see if we could get any department of a nonprofit -- marketing, technical, financial -- to be completely run by a team of pro bono consultants, not having to spend [lots of] dollars on staffers in that regard," he said.

Evangelicals Fear The Loss Of Their Teenagers (NYT)

By Laurie Goodstein

The New York Times, October 6, 2006

Despite their packed megachurches, their political clout and their increasing visibility on the national stage, evangelical Christian leaders are warning one another that their teenagers are abandoning the faith in droves.

At an unusual series of leadership meetings in 44 cities this fall, more than 6,000 pastors are hearing dire forecasts from some of the biggest names in the conservative evangelical movement.

Their alarm has been stoked by a highly suspect claim that if current trends continue, only 4 percent of teenagers will be “Bible-believing Christians” as adults. That would be a sharp decline compared with 35 percent of the current generation of baby boomers, and before that, 65 percent of the World War II generation.

While some critics say the statistics are greatly exaggerated (one evangelical magazine for youth ministers dubbed it “the 4 percent panic attack”), there is widespread consensus among evangelical leaders that they risk losing their teenagers.

“I’m looking at the data,” said Ron Luce, who organized the meetings and founded Teen Mania, a 20-year-old youth ministry, “and we’ve become post-Christian America, like post-Christian Europe. We’ve been working as hard as we know how to work — everyone in youth ministry is working hard — but we’re losing.”

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The board of the National Association of Evangelicals, an umbrella group representing 60 denominations and dozens of ministries, passed a resolution this year deploring "the epidemic of young people leaving the evangelical church."

Among the leaders speaking at the meetings are Ted Haggard, president of the evangelical association; the Rev. Jerry Falwell; and nationally known preachers like Jack Hayford and Tommy Barnett.

Genuine alarm can be heard from Christian teenagers and youth pastors, who say they cannot compete against a pervasive culture of cynicism about religion, and the casual "hooking up" approach to sex so pervasive on MTV, on Web sites for teenagers and in hip-hop, rap and rock music. Divorced parents and dysfunctional families also lead some teenagers to avoid church entirely or to drift away.

Over and over in interviews, evangelical teenagers said they felt like a tiny, beleaguered minority in their schools and neighborhoods. They said they often felt alone in their struggles to live by their "Biblical values" by avoiding casual sex, risqué music and videos, Internet pornography, alcohol and drugs.

When Eric Soto, 18, transferred from a small charter school to a large public high school in Chicago, he said he was disappointed to find that an extracurricular Bible study attracted only five to eight students. "When we brought food, we thought we could get a better turnout," he said. They got 12.

Chelsea Dunford, a 17-year old from Canton, Conn., said, "At school I don't have a lot of friends who are Christians."

Ms. Dunford spoke late last month as she and her small church youth group were about to join more than 3,400 teenagers in a sports arena at the University of Massachusetts in Amherst for a Christian youth extravaganza and rock concert called Acquire the Fire.

"A lot of my friends are self-proclaimed agnostics or atheists," said Ms. Dunford, who wears a bracelet with a heart-shaped charm engraved with "tlw," for "true love waits," to remind herself of her pledge not to have premarital sex.

She said her friends were more prone to use profanity and party than she was, and added: "It's scary sometimes. You get made fun of."

To break the isolation and bolster the teenagers' commitment to a conservative lifestyle, Mr. Luce has been organizing these stadium extravaganzas for 15 years. The event in Amherst was the first of 40 that Teen Mania is putting on between now and May, on a breakneck schedule that resembles a road trip for a major touring band. The "roadies" are 700 teenagers who have interned for a year at Teen Mania's "Honor Academy" in Garden Valley, Tex.

More than two million teenagers have attended in the last 15 years, said Mr. Luce, a 45-year-old, mop-headed father of three with a master's degree from the Graduate School of Business Administration at Harvard and the star power of an aging rock guitarist.

"That's more than Paul McCartney has pulled in," Mr. Luce asserted, before bounding onstage for the opening pyrotechnics and a prayer.

For the next two days, the teenagers in the arena pogoed to Christian bands, pledged to lead their friends to Christ and sang an anthem with the chorus, "We won't be silent." Hundreds streamed down the aisles for the altar call and knelt in front of the stage, some weeping openly as they prayed to give their lives to God.

The next morning, Mr. Luce led the crowd in an exercise in which they wrote on scraps of paper all the negative cultural influences, brand names, products and television shows that they planned to excise from their lives. Again they streamed down the aisles, this time to throw away the "cultural garbage."

Trash cans filled with folded pieces of paper on which the teenagers had scribbled things like Ryan Seacrest, Louis Vuitton, "Gilmore Girls," "Days of Our Lives," Iron Maiden, Harry Potter, "need for a boyfriend" and "my perfect teeth obsession." One had written in tiny letters: "fornication."

Some teenagers threw away cigarette lighters, brand-name sweatshirts, Mardi Gras beads and CD's — one titled "I'm a Hustla."

"Lord Jesus," Mr. Luce prayed into the microphone as the teenagers dropped their notes into the trash, "I strip off the identity of the world, and this morning I clothe myself with Christ, with his lifestyle. That's what I want to be known for."

Evangelical adults, like believers of every faith, fret about losing the next generation, said the Rev. David W. Key, director of Baptist Studies at the Candler School of Theology of Emory University, in Atlanta.

"The uniqueness of the evangelical situation is the fact that during the 80's and 90's you had the Reagan revolution that was growing the evangelical churches," Mr. Key said.

Today, he said, the culture trivializes religion and normalizes secularism and liberal sexual mores.

The phenomenon may not be that young evangelicals are abandoning their faith, but that they are abandoning the institutional church, said Lauren Sandler, author of "Righteous: Dispatches from the Evangelical Youth Movement" (Viking, 2006). Ms. Sandler, who calls herself a secular liberal, said she found the movement frighteningly robust.

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"This generation is not about church," said Ms. Sandler, an editor at Salon.com. "They always say, 'We take our faith outside the four walls.' For a lot of young evangelicals, church is a rock festival, or a skate park or hanging out in someone's basement."

Contradicting the sense of isolation expressed by some evangelical teenagers, Ms. Sandler said, "I met plenty of kids who told me over and over that if you're not Christian in your high school, you're not cool — kids with Mohawks, with indie rock bands who feel peer pressure to be Christian."

The reality is, when it comes to organizing youth, evangelical Christians are the envy of Roman Catholics, mainline Protestants and Jews, said Christian Smith, a professor of sociology at the University of Notre Dame, who specializes in the study of American evangelicals and surveyed teens for his book "Soul Searching: the Religious and Spiritual lives of American Teenagers" (Oxford, 2005).

Mr. Smith said he was skeptical about the 4 percent statistic. He said the figure was from a footnote in a book and was inconsistent with research he had conducted and reviewed, which has found that evangelical teenagers are more likely to remain involved with their faith than are mainline Protestants, Catholics, Jews and teenagers of almost every other religion.

"A lot of the goals I'm very supportive of," Mr. Smith said of the new evangelical youth campaign, "but it just kills me that it's framed in such apocalyptic terms that couldn't possibly hold up under half a second of scrutiny. It's just self-defeating."

The 4 percent is cited in the book "The Bridger Generation" by Thom S. Rainer, a Southern Baptist and a former professor of ministry. Mr. Rainer said in an interview that it came from a poll he had commissioned, and that while he thought the methodology was reliable, the poll was 10 years old.

"I would have to, with integrity, say there has been no significant follow-up to see if the numbers are still valid," Mr. Rainer said.

Mr. Luce seems weary of criticism that his message is overly alarmist. He said that a current poll by the well-known evangelical pollster George Barna found that 5 percent of teenagers were Bible-believing Christians. Some criticize Mr. Barna's methodology, however, for defining "Bible-believing" so narrowly that it excludes most people who consider themselves Christians.

Mr. Luce responded: "If the 4 percent is true, or even the 5 percent, it's an indictment of youth ministry. So certainly they're going to want different data."

Outside the arena in Amherst, the teenagers at Mr. Luce's Acquire the Fire extravaganza mobbed the tables hawking T-shirts and CD's stamped: "Branded by God." Mr. Luce's strategy is to replace MTV's wares with those of an alternative Christian culture, so teenagers will link their identity to Christ and not to the latest flesh-baring pop star.

Apparently, the strategy can show results. In Chicago, Eric Soto said he returned from a stadium event in Detroit in the spring to find that other teenagers in the hallways were also wearing "Acquire the Fire" T-shirts.

"You were there? You're a Christian?" he said the young people would say to one another. "The fire doesn't die once you leave the stadium. But it's a challenge to keep it burning."

Big Ideas And No Boundaries (NYT)

By Thomas L. Friedman

The New York Times, October 6, 2006

My rabbi told this joke on Yom Kippur: At the front of the lunch line at a parochial school was a bowl of apples with a sign that read: "Take only one. God is watching." At the end of the lunch line, after the entrees, was a bowl of cookies, where a student had put up a sign: "Take all you want. God is watching the apples."

Somehow that joke reminds me of the debate about free trade in America today. Right now, with the Republicans in charge, free trade is secure. Yet, while everyone is watching the front of the line, out back in the country, an erosion of support for free trade is under way. The "Doha" trade talks have stalled, because of opposition by U.S. farmers, and the White House's "fast-track" authority to negotiate free trade agreements expires soon. With protectionist-leaning Democrats likely to take the House or Senate, any new free-trade accords will probably be stalled.

I hope Democrats won't go this route. I've always believed in free trade, accompanied by better pension and health care safety nets. But I'm not a free trader anymore. I'm now a radical free trader. Why? Because in this new era of globalization, so many people now have the communication and innovation tools to compete, connect and collaborate from anywhere. As a result, business rule No. 1 today is: Whatever can be done will be done by someone, somewhere. The only question is whether it will be done by you or to you. In such a world, the way our society flourishes is by being as educated, open and flexible as possible, so more of our people can do whatever can be done first. It matters that Google was invented here.

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"That society which has the least resistance to the uninterrupted flow of ideas, diversity, concepts and competitive signals wins," says Nandan Nilekani, C.E.O. of the Indian tech giant Infosys. "And the society that has the efficiencies to translate whatever can be done quickly — from idea to market — also wins."

The old left thinks free trade is something that benefits only multinationals. In fact, it is now critical for small businesses and individuals, who can now act multinationally. They are the ones who create good jobs.

Last week, I was in Nebraska, where I met Doug Palmer. He and his partner, Pat Boeshart, make insulated concrete forms for buildings. The traditional way to insulate concrete with foam is to make the foam and then truck it around the country to building sites to be attached to concrete. Mr. Palmer's company, Lite-Form, found a Korean machine that, when combined with devices added by his firm, can make the foam and concrete together on site, saving big dollars in trucking. Today, Mr. Palmer's South Sioux City company imports these machines from Korea, attaches its devices and exports them to Kuwait. His company has an Arabic brochure that tells Kuwaitis how to use the device. The brochure was produced by a local ad agency owned by the Winnebago Indian tribe of Nebraska. The agency was started by the tribe's economic development corporation. Midwest Indians publishing Arabic brochures for Nebraskans importing from Koreans for customers in Kuwait ...

"Protectionism scares me," said Mr. Palmer, who has 28 employees. "If we put up a moat and keep doing what we're doing, thinking we're the smartest in the world, we're going to die. We have to have that flexibility to barter and trade."

A few days later, in Silicon Valley, I met Arijit Sengupta, a young Indian-American educated at Stanford, whose company, "BeyondCore," developed a software algorithm able to detect and reduce errors in outsourced back-office work. When I met Mr. Sengupta, he handed me a card with his logo, which, he explained, was designed by a graphic artist he found online in Romania. His database and Web server are freeware, and he has outsourced his marketing, sales support and patent filings to Indian firms. When I asked, "Where's your office?" he held up his BlackBerry, which takes calls forwarded from numbers in India, Boston and Palo Alto. He and his seven workers already have one Fortune 500 client.

"When I started this company I never had to think about geography," he said. "All I had to think about was: Where was the best resource to get something done. ... What you need are the big ideas. That is the tough thing to come up with."

The way you keep good jobs in this country is not by building big walls, but by attracting people with big ideas — and then giving them the freedom to do whatever can be done with anyone, anywhere, anytime.

No On Proposition 1A (LAT)

The Los Angeles Times, October 6, 2006

OF THE PACKAGE OF MEASURES, from 1A to 1E, that the Legislature placed on the November ballot, Proposition 1A is the odd man out. All the others are multibillion-dollar bond issues intended to shore up the state's crumbling infrastructure; 1A is a tweak to the Legislature's budgeting authority and a "fix" to a similar initiative from four years ago. It would tie Sacramento's hands and ensure that future fiscal emergencies cut more deeply into vital state services. Californians should vote no on Proposition 1A.

The measure is the latest of many misguided efforts to dedicate state revenue toward a specific use — in this case, transportation. This is almost never a good idea. Such earmarks restrict the government's flexibility and leave the Legislature unable to react when the money is needed for something else.

At issue is the gasoline sales tax. There are several different taxes on gasoline — the federal government takes 18.4 cents a gallon; the state charges another 18 cents in excise tax and then adds 6% in sales tax to the total purchase price. The 18-cent excise tax is a straightforward user fee, rightly charging drivers for the cost of building and maintaining roads and public transit. The sales tax is a different matter.

Until 2002, it was treated much like the sales tax on any other product — most of the revenue raised went into the general fund. Then voters passed Proposition 42, which dedicated the funds to transportation while allowing legislators the safety valve of dipping into the till with a two-thirds vote and approval from the governor. This turned out to be a low hurdle; the Legislature, citing revenue shortfalls, raided the gas sales tax twice in the last three years.

Proposition 1A makes that more difficult. It specifies that any gas sales tax money shifted out of the transportation fund has to be repaid, with interest, within three years, and that such raids be allowed only twice in a decade. It also specifies that the money already taken has to be paid back by 2016.

The underlying problem is that California's spending on transportation infrastructure isn't keeping up with demand. The 18-cent gas excise tax hasn't been raised in more than a decade, hasn't kept up with inflation and hasn't been supplemented adequately by general budget funds. The legislative analyst's office estimates that between the 1998-99 fiscal year and today, inflation-adjusted gas tax revenues declined 8% while the number of vehicle miles traveled in the state rose 16%. This will only worsen over time as vehicles get more fuel efficient.

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Proposition 1A does nothing to solve this. Instead of taking sensible steps, such as gradually raising the gas excise tax, indexing it to inflation or mustering the legislative will to direct more money to transportation, Proposition 1A simply puts a straitjacket on the Legislature. Voters should reject it.

U.S. Weighs Sanctions Against North Korea (NYT)

By David E. Sanger

The New York Times, October 6, 2006

WASHINGTON, Oct. 5 — The Bush administration is developing an extensive list of possible new sanctions against North Korea in the event that it carries through with its threat to conduct a nuclear test, senior officials said Thursday.

The measures under consideration include renewing efforts that have been unsuccessful in the past — persuading South Korea and China to cut off energy supplies and trade — and potentially confrontational steps that include intercepting and inspecting sea shipments into and out of the country.

Many of the sanctions have been considered before, as part of a long-running argument within the Bush administration over the best way to deal with North Korea. After a series of emergency meetings, including one on Tuesday at the White House, officials on each side of that debate said a nuclear test would end the argument about whether the United States should emphasize rewards or penalties.

"If the test happens, all the arguments are over," said one senior official in the midst of the debate. "We'll end up going to full-scale sanctions; the only debate is what 'full-scale' means."

On Wednesday night, Christopher R. Hill, the assistant secretary of state for East Asia and Pacific affairs and a leading proponent of making new creative diplomatic offers to the North, announced that "we are not going to live with a nuclear North Korea."

Administration officials concede that the United States has been living with a nuclear North Korea for years. But the fact that North Korea has not yet tested its weapons has created enough diplomatic ambiguity that President Bush has not had to confront how he would enforce his own declaration in 2003 that he would never tolerate a nuclear-armed North Korea.

American intelligence agencies have long declared that North Korea has produced the fuel for nuclear weapons, but in recent days, their briefings have also included an assessment based on the expectation that the North is likely to make good on its threat to conduct an underground test.

The briefings include the important caveat that such assessments are based more on an evaluation of the political environment and North Korean strategy than on physical evidence that a test is imminent. The briefings were described by several government officials, who said they did not forecast a specific timetable.

The question of sanctions is an enormously delicate one, which officials will not discuss on the record because the issue is still under debate. The officials who did discuss them, however, came from both camps in the administration, and they appeared unified in sending North Korea a warning that a test would galvanize Washington into actions that some administration hawks have proposed for years.

Mr. Bush, several officials said, planned to call the president of China, Hu Jintao, in coming days to urge him to send an emissary to North Korea to deliver a sharp warning about the consequences of a test. They said Mr. Bush was also planning to call other leaders in the region.

Frederick Jones, a National Security Council spokesman, would only say, "Our objective is to try to use our influence, and the influence of others, to convince the North Koreans that they should not test a nuclear device."

But American officials are clearly concerned that the appeal to Beijing will not prove sufficient. "The last time the Chinese did this after the missile tests" that North Korea launched in early July, "their delegation was left cooling their heels for days," one senior official said. Others cautioned that China always shied away from the ultimate sanction, cutting off the North's oil, for fear that it could set off an economic or political collapse that would result in chaos along the border.

So for now the United States is seeking to win agreement on a "president's statement" from the United Nations Security Council warning North Korea against a test. But the threatened test comes as the administration is already trying to persuade the Security Council to make good on its threat to impose sanctions against Iran for defying a call for it to suspend uranium enrichment. That situation is the subject of a meeting in London on Friday that Secretary of State Condoleezza Rice will attend.

Some American officials are concerned that adding North Korea to the list of countries the United States wants punished could complicate those efforts and fracture a fragile coalition. But the under secretary of state for political affairs, R. Nicholas Burns, said in a telephone interview on Thursday that he did not believe the Council was growing either weary or leery of threatening sanctions.

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"You haven't heard a single country support the North Koreans this week," Mr. Burns said. "And we have made it very clear that should they test, we will work for a Chapter VII resolution at the Council," a reference to the section of the United Nations Charter that declares a country's act to be a threat to peace and security, and can pave the way for retaliation.

The potential sanctions against North Korea are described in a series of classified options papers that have been circulating among senior administration officials.

The proposed sanctions, which are graduated, could begin with a significant tightening on economic transactions — a process that began last year with action against a small bank in Macao that is widely believed to have handled transactions for President Kim Jong-il and other leaders, and that American investigators say was involved in money laundering.

A more escalated measure would involve inspection of all shipping, using a provision of a Security Council resolution passed after the July missile tests that allows nations to block missile or missile-related transactions.

But the reality is that North Korea receives most of its goods over the Chinese and Russian borders. Kurt Campbell, a former Defense Department official who specializes in Asia and is now at the Center for Strategic and International Studies, said, "Without leveraging the Chinese to put firm pressure on, very little can be accomplished by the U.S. through sanctions."

North Korea Urged To Cancel Nuclear Test (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 6, 2006

Security Council experts reached agreement late Thursday on a statement urging North Korea to cancel its planned nuclear test and return immediately to talks on scrapping its nuclear weapons program, but the text needs final approval from council members.

Japan's U.N. Ambassador Kenzo Oshima said a statement "most likely" would be approved and read out on Friday morning after capitals give final approval.

"There are some changes, new inputs from members, but basically the original draft that we presented for discussion — the thrust of it is maintained," he said.

The original Japanese draft expresses "deep concern" over North Korea's announcement Tuesday that it would conduct a nuclear test and urges the North not to carry it out.

It warns Pyongyang that a nuclear test would bring international condemnation, "jeopardize peace, stability and security in the region and beyond," and lead to further unspecified council action.

The Japanese draft also urges North Korea to return immediately to six-party talks on its nuclear program and work toward implementation of a September 2005 agreement in which the North pledged to give up its nuclear program in exchange for aid and security guarantees. The six-party talks involve the two Koreas, the United States, China, Japan and Russia.

North Korea has boycotted the six-nation talks for a year, angered by American financial restrictions imposed over the North's alleged illegal activities such as money laundering and counterfeiting.

Oshima said still to be settled is whether the council will issue the text as a presidential statement or a press statement. Presidential statements become part of the council's official record, but press statements do not, though they reflect the council's unanimous thinking.

While all council members view the possibility of a North Korea test with alarm, there were different views on how to approach Pyongyang's announcement.

U.S. Ambassador John Bolton said the United States wanted "a strong response" from the Security Council, not just "a piece of paper." But China, Russia and Japan indicated they wanted a more moderate initial response.

S. Korea, Russia Try To Stop N. Korea (AP)

By Jae-Soon Chang, Associated Press Writer

AP, October 6, 2006

The president of South Korea reportedly ordered his government to send a "grave warning" to North Korea about the consequences of a nuclear test, and Russia said it was trying to dissuade Pyongyang from conducting it.

Amid the rising tensions, Japan's Kyodo News agency said a U.S. military plane capable of detecting radiation took off from southern Japan, believed to be part of U.S. efforts to monitor for signs of a North Korean test.

North Korea threatened Tuesday to conduct a nuclear test to prove it is a nuclear power. Pyongyang claims it has nuclear weapons and needs them to deter a U.S. attack, but hasn't performed any known test to verify that.

South Korean President Roh Moo-hyun huddled in Seoul with his top security adviser and ordered his government to send the "grave warning" to North Korea about the consequences of a test, Yonhap news agency reported.

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Roh also ordered the government to draw up a "contingency plan" if the nuclear standoff with North Korea worsens, Yonhap reported, citing unidentified presidential staff. At the same time, he instructed his government to step up diplomatic efforts to forestall a North Korean test, the report said.

Calls to the presidential office went unanswered on the first day of a three-day holiday.

In Warsaw, Poland, Russian Foreign Minister Sergey Lavrov said Moscow was trying to dissuade North Korea from testing a nuclear weapon.

"We must do everything so that that doesn't happen," Lavrov said at a news conference. "We are working with the leadership of North Korea to stop steps that could negatively impact the situation."

The North's announcement also prompted outcry from China, the North's main ally. Beijing's ambassador to the United Nations urged Pyongyang Wednesday not to go ahead with a test, warning of "serious consequences."

Wang Guangya said at the U.N. that "no one is going to protect" North Korea, if it goes ahead with "bad behavior."

"I think if North Koreans do have the nuclear test, I think that they have to realize that they will face serious consequences," Wang said Wednesday.

The comment was China's most forceful public response yet to its ally's announcement Tuesday, and a break with Beijing's usual conciliatory strategy of avoiding warnings to or criticism of the North.

Beijing — the North's main source of food and fuel aid — had previously appealed for restraint but hasn't said what it might do if Pyongyang detonates a bomb.

The rebuke could spell trouble for North Korea, which faces a relatively united front against its nuclear aspirations, in sharp contrast to the fractured reaction to a series of North Korean missile tests in July. At that time, China accused Japan of overreacting in calling for sanctions.

Kyodo reported the U.S. military plane had taken off from southern Japan, and public broadcaster NHK carried video of what it said was a U.S. plane taking off from the U.S. air base at Kadena, Okinawa.

Col. Anne Morris of U.S. Forces Japan refused to confirm the Kyodo report, saying she was not authorized to talk specifically about ongoing operations, but she said U.S. forces were on alert for any moves by the North.

"Of course, everybody is being vigilant. But the U.S. position remains that we hope North Korea will allow the situation to be resolved diplomatically," she said.

Earlier Thursday, a pro-North Korean newspaper based in Japan warned that Pyongyang was not bluffing.

"The nuclear test statement was not empty language, but announced on the premise of action," the Choson Sinbo said. "Carrying out a nuclear test is an inevitable conclusion ... under a condition where (the country) declared possession of nuclear weapons in February last year."

The paper, run by an association of North Korean residents in Japan, is not part of the North's official media but is considered one of its propaganda tools. Its articles are believed to reflect the country's position.

It hedged its warning by saying the crisis can be overcome if the U.S. begins to take action toward denuclearization of the Korean Peninsula with "the same goal" of North Korea.

In his first reaction to the North's announcement, Roh called Wednesday for a "cool-headed and stern" response and ordered his government to let the North know what the consequences would be if it goes ahead with a test.

Associated Press writers Edith M. Lederer at the United Nations and Ryan Lucas in Warsaw, Poland, contributed to this report.

New UN Leader To Tackle N Korea (FT)

By Anna Fifield

Financial Times, October 6, 2006

South Korean foreign minister Ban Ki-moon, who is set to be confirmed as the next United Nations secretary-general on Monday, said on Thursday he would use his UN mandate directly to tackle North Korea over its nuclear programme.

Amid the international uproar over Pyongyang's threat this week to conduct a nuclear test, Mr Ban told the Financial Times he would visit North Korea in a bid to convince the rogue state to join diplomatic negotiations rather than indulge in "negative activities".

"Secretary-general Kofi Annan has made a lot of contributions and taken initiatives by appointing a special envoy, but unfortunately during the last 10 years he has not been able to visit North Korea," Mr Ban said.

"As I have gained a much deeper understanding and experience into the inter-Korean relationship, including North Korea, I think I will be in a much better position to handle this issue as secretary-general," he said.

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"As the South Korean foreign minister there may be some limitations, but as secretary-general of UN, I think I will be able to handle this with North Korean authorities and South Korean authorities to facilitate inter-Korean co-operation and the six-party process."

"If necessary, I will take my own initiatives to visit both North and South Korea and I will try to engage [Pyongyang] myself," he said.

Japan and South Korea warned of severe consequences should Pyongyang undertake a nuclear test. China also warned North Korea of "serious consequences" – Beijing's sharpest rebuke yet in response to Pyongyang's stated intentions.

Wang Guangya, China's ambassador to the UN, said "no one is going to protect" North Korea, if it went ahead with "bad behaviour".

Rumsfeld Ponders Nuke Test Ramifications (AP-Y)

By Lolita C. Baldor

AP, October 5, 2006

Defense Secretary Donald H. Rumsfeld said Thursday if North Korea successfully tests a nuclear weapon, it will show weakness on the part of the international community.

"And that failure ... is something that the international community would have to register and ask itself how comfortable are we being that ineffective in this situation," Rumsfeld told reporters at the Pentagon during a visit by Croatian Defense Minister Berislav Roncevic.

His comments came as U.S. officials warned North Korea anew not to test a nuclear weapon.

"It isn't in their interest and it isn't in anyone's interest," Assistant Secretary of State Christopher Hill, the top U.S. negotiator on the communist country's nuclear program, told AP Television. "We will not accept a nuclear state."

Rumsfeld also said that a successful North Korean test could prompt other countries to pursue nuclear weapons.

"Because of the ineffectiveness, and the lack of cohesion and the inability to marshal sufficient leverage to prevent North Korea from proceeding toward a nuclear program ... it will kind of lower the threshold, and other countries will step forward with it," Rumsfeld said.

He added that depending on whether the test is above or below ground, the United States has as good a capability of detecting it as any country. But he declined to say whether or not it would trigger any U.S. military action.

"I wouldn't be the person who would make a decision like that. That's a decision for the country, and a decision for president," Rumsfeld said.

The United States has sent a message of "deep concern" to the North through diplomatic channels at the United Nations in New York, Hill said Wednesday, adding that the North Koreans had received it and had not yet responded.

The North Korean announcement gave no date for any test, but U.S. intelligence agencies are keeping close watch over activity at possible test sites in the North, even while cautioning against reading too much into every movement.

The United States and North Korea have no diplomatic relations outside deadlocked six-nation nuclear talks and rarely communicate with each other so directly.

Hill would not discuss policy options, but he said senior U.S. diplomats, including Secretary of State Condoleezza Rice, were in steady communication with their counterparts in Asia and Europe.

In the event of a nuclear test, Hill said, "We would have no choice but to act and act resolutely to make sure (North Korea) understood, and make sure every other country in the world understands, that this is a very bad mistake."

U.S. and international officials also said the U.N. Security Council would consider sanctions against the North if the test occurs.

A U.S. intelligence official, speaking on condition of anonymity because of the highly sensitive situation with North Korea, said the United States is now seeing the movement of people, materials and vehicles and other activity around one possible test site. But, the official said, it could be similar to activity seen a couple of months ago. No test occurred then.

The United States has spy satellites and other eavesdropping equipment aimed at North Korea, including ground-based seismic sensors.

While North Korean leader Kim Jong Il may decide to hold the test, it cannot be ruled out that Tuesday's threat was saber-rattling, an effort to force a change in stalled nuclear negotiations or some other motivating factor.

North Korea And The Dominoes (NYT)

The New York Times, October 6, 2006

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Here's a scenario to keep you up nights. North Korea tests a nuclear weapon, and Japan, South Korea and Taiwan start thinking they need one too. Meanwhile, over in the Middle East, Iran's neighbors start asking themselves why they should even wait for Tehran to go nuclear before starting their own programs.

Which is why the Bush administration, and other critical players, need to do a lot more to talk North Korea back from the nuclear ledge — and to keep it there.

It has been months since negotiators even sat down at a table. And the two countries with the most potential leverage — China and the United States — have found it easier to play down the urgency of the threat than to do what's needed to deal with Pyongyang's undeniable craziness.

In China's case, that means delivering an unambiguous warning to its longtime client that a nuclear test will be followed by an immediate and painful reduction in Chinese subsidies and aid. And President Bush will have to make his own unambiguous commitment that the United States will not try to overthrow the North Korean government — if it gives up its weapons program.

Experts still debate whether China got the North Koreans to the table by briefly cutting off oil deliveries — or doling out cash. There's no doubt China has the leverage. But China's autocrats are so enamored of any status quo — and so nervous about having to house and feed the North's refugees — that they have resisted using it. Instead, Chinese officials say that the North probably hasn't built a weapon, or if it has, wouldn't ever use it. That's what we call being in denial. It is a luxury Beijing can no longer indulge.

Mr. Bush cannot indulge his own ambivalence over whether it would be better to negotiate with Kim Jong-il or try to overthrow him. North Korea may have the most erratic, brutal and opaque leadership in the world. And it's impossible to know whether the "dear leader" would really trade away his weapons program for any price. But this White House has yet to test him. In the most recent whipsaw, Mr. Bush agreed to offer economic and security incentives to Pyongyang but then undercut the offer by imposing new sanctions on North Korean banks. Pyongyang has refused to come back to the table ever since.

While you're contemplating nuclear dominoes, here's another reason to stay up at night. In its search for cash, North Korea has become expert at selling pretty much anything to anyone: counterfeit dollars, bootlegged cigarettes, ballistic missiles. Can plutonium be far behind?

The dangers are very real. What's needed now is real pressure and real diplomacy to get the North out of the nuclear weapons business — preferably before a nuclear test shows potential buyers just how well its weapons work.

6-nation Talks Held In UK Today Over Possible Iran Sanctions (USAT/AP)

By Edith M. Lederer, The Associated Press

USA Today, October 6, 2006

LONDON — The United States, Britain, France, Germany, China and Russia will confer here today to assess Iran's refusal to suspend uranium enrichment.

They are expected to refer the nuclear case to the United Nations Security Council for talks next week on possible sanctions, Britain's U.N. Ambassador Emyr Jones Parry said Thursday. Russia's foreign minister, however, said he believes it is too soon to impose sanctions on Iran and that further diplomatic efforts are needed.

Iranian President Mahmoud Ahmadinejad reiterated Thursday that his country would not be intimidated by sanctions threats. "Those who threaten Iran by sanctions and embargo should know that this nation lived under the hardest situation in the past 27 years and achieved nuclear technology. This nation will not be frightened by the threats," state-run TV quoted him as saying.

Iran insists its enrichment of uranium is for nuclear energy. The United States and many European nations believe Iran wants to produce nuclear weapons.

Britain's U.N. ambassador said he expects "the Iran dossier" to return to the Security Council "in the course of next week." Jones Parry said Britain "will be discussing with its partners and with members of the council the basis for action by the council to adopt measures under Article 41 against Iran."

Article 41 authorizes the Security Council to impose sanctions that do not involve the use of armed forces such as economic penalties, breaking diplomatic relations or banning air travel.

Iran was initially referred to the Security Council in February by the International Atomic Energy Agency. The U.N. nuclear watchdog said Iran's suspicious activities represented breaches of the Nuclear Non-Proliferation Treaty. The Vienna-based agency also said it could not be sure Iran was not trying to make weapons.

The council gave Iran until Aug. 31 to suspend enrichment in return for incentives or face punishments under Article 41. The council has held off on any action because of talks between European foreign policy chief Javier Solana and Iran's negotiator Ali Larijani.

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Solana conceded Wednesday that “endless hours” of talks with Larijani had made little progress and suggested the dispute could wind up at the U.N. soon. He stressed Thursday, however, that dialogue with Iran must continue even if the nuclear talks fail. “I think that even if we fail now, we should keep the doors open for dialogue with Iran,” Solana said in Rome.

Russia's Foreign Minister Sergey Lavrov said Moscow opposes sanctions against Iran. “Some members of the six nations already want to impose sanctions against Iran. We, however, think first we must continue multilateral actions,” he said.

World Powers To Discuss Sanctions Against Iran Over Nuclear Issue (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 6, 2006

BAGHDAD, Oct. 5 -- Months of intense negotiations with Iran about its nuclear program have failed and the United States and its diplomatic partners will meet in London on Friday to discuss which punitive actions to include in a new U.N. resolution, U.S. and European officials said Thursday.

State Department spokesman Sean McCormack announced in Baghdad that Secretary of State Condoleezza Rice and counterparts from Britain, France, Russia and China -- the four other permanent members of U.N. Security Council -- plus Germany will hold talks.

The United States wants to impose sanctions on Iran, but divisions are still deep among the six countries over whether to go that far and, if so, in what form. Russian Foreign Minister Sergei Lavrov said Thursday that his country does not back sanctions as a means to punish the Islamic republic for failing to comply with a U.N. resolution that requires it to suspend uranium enrichment. Iran maintains that the fuel program is part of a peaceful nuclear energy program, but U.S. officials and others worry that it could be subverted for making weapons.

"I believe that until diplomatic means are exhausted, sanctions would be too radical," Lavrov said at a news conference in Warsaw. "We have to do everything to persuade Iran to begin negotiations. . . . The issue needs to be resolved diplomatically."

European Union foreign affairs chief Javier Solana, who has taken the lead in recent last-ditch talks with Iran's chief nuclear negotiator, also said talks should not be closed off. "Even if we fail now, we should maintain the doors open to continue dialogue with Iran," he said Thursday in Rome.

China also has been reluctant to impose tough sanctions, while France has not been as adamant as the United States and Britain. "We've done the Solana effort and now we'll have to move to sanctions. That's the ministers' role," Rice said en route to Baghdad on Thursday.

The first stage of sanctions could include a travel ban on Iranian officials involved in the nuclear program and a ban on selling Iran so-called dual-use equipment that can be adopted for weapons. Tougher actions could follow if Iran continues to balk.

At the United Nations, Britain's ambassador, Emyr Jones Parry, said the Security Council is likely to discuss specific language for a resolution on Iran next week that would include nonmilitary sanctions under Chapter 7, Article 41 of the U.N. Charter.

U.S. officials remain optimistic that they can win agreement -- in large part because of Iran itself. Iranian President Mahmoud Ahmadinejad has repeated several times in recent weeks, including during a trip to the United Nations last month, that Iran would not give up its enrichment program because it is operating within the rules of the nuclear Non-Proliferation Treaty.

During a visit to Spain, French Foreign Minister Philippe Douste-Blazy said that Iran is "gaining time" and that the time had come "to look at the consequences of Iran's attitude." But Douste-Blazy also said the route to dialogue would remain open if Tehran suspends its nuclear program.

US Nuclear Specialists To Visit Egypt (AFP)

AFP, October 5, 2006

US nuclear experts are to offer technical advice to their counterparts in Egypt, which last month announced it was relaunching its civil nuclear program after a 20-year freeze, official media said.

The experts were to arrive in Egypt "soon to share their experience," according to US ambassador to Egypt Francis Ricciardone, quoted by the MENA news agency.

Ricciardone did not specify when the nuclear experts would arrive but said Washington was prepared to help Egypt relaunch its civil nuclear program.

Ricciardone said last month that "the United States encourages the peaceful use of nuclear power for civilian purposes throughout the world."

Egypt's nuclear program was frozen in 1986 following the accident at the Chernobyl power plant in what was then the Soviet Union.

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Egypt signed in 1968 the international nuclear non-proliferation treaty and officially supports the elimination of nuclear weapons in the region.

The Egyptian government regularly criticizes Israel over its alleged atomic arsenal, whose existence Israel has never acknowledged though the Jewish state is widely believed to possess hundreds of nuclear warheads.

Israeli Bomblets Plague Lebanon (NYT)

By Michael Slackman

The New York Times, October 6, 2006

BEIRUT, Lebanon, Sept. 29 — Since the war between Israel and Hezbollah ended in August, nearly three people have been wounded or killed each day by cluster bombs Israel dropped in the waning days of the war, and officials now say it will take more than a year to clear the region of them.

United Nations officials estimate that southern Lebanon is littered with one million unexploded bomblets, far outnumbering the 650,000 people living in the region. They are stuck in the branches of olive trees and the broad leaves of banana trees. They are on rooftops, mixed in with rubble and littered across fields, farms, driveways, roads and outside schools.

As of Sept. 28, officials here said cluster bombs had severely wounded 109 people — and killed 18 others.

Muhammad Hassan Sultan, a slender brown-haired 12-year-old, became a postwar casualty when the shrapnel from a cluster bomb cut into his head and neck. He was from Sawane, a hillside village with a panoramic view of terraced olive farms and rolling hills. Muhammad was sitting on a hip-high wall, watching a bulldozer clear rubble, when the machine bumped into a tree.

A flash of a second later he was fatally injured when a cluster bomblet dropped from the branches. "I took Muhammad to the hospital in my car, but he was already dead," said Yousef Ftouni, a resident of the village.

The entire village was littered with the bomblets, and as Mr. Ftouni recounted Muhammad's death, the Lebanese Army worked its way through an olive grove, blowing up unexploded munitions in a painfully slow process of clearance.

Cluster bombs are legal if aimed at military targets and are very effective, military experts say. Nonetheless, Israel has been heavily criticized by United Nations officials, Amnesty International and Human Rights Watch for using cluster bombs, because they are difficult to focus exclusively on military targets. Israel was also criticized because it fired most of its cluster bombs in the last days of the war, when the United Nations Security Council was negotiating a resolution to end the conflict.

Officials calculate that if they are lucky, and money from international donors does not run out, it will take 15 months to clear the area. There are now about 300 Lebanese Army soldiers and 30 other clearance teams, each of up to 30 experts, working on the problem of unexploded bomblets.

The United Nations Mine Action Coordination Center in southern Lebanon recorded 745 locations across the south where unexploded bombs had been found. Of the million estimated to be scattered around, so far 4,500 have been disposed of, according to the center.

"Our priority at the moment is to clean houses, main roads and gardens so that the displaced people can return to their villages," said Col. Mohammad Fahmy, head of the national mine clearing office. "The next stage will be cleaning agricultural lands."

In Lebanon there are two explanations of why Israel unleashed cluster bombs at the end of the war: to inflict as much damage as possible on Hezbollah before withdrawing, or to litter the south with unexploded cluster bombs as a strategy to keep people from returning right away.

The United States has sold cluster bombs to Israel in the past and says it is investigating whether Israel's use of cluster bombs in its war with Hezbollah violated a secret agreement that restricted when they could be used.

The final days of the war — a conflict that began when Hezbollah launched rockets from Lebanon into northern Israel and sent militiamen across the border to capture Israeli soldiers — were marked by a huge Israeli offensive. Israel hoped its final push would, in part, help force the Security Council to adopt a tougher resolution on Hezbollah than appeared to be taking shape.

Israel has said it leafleted areas before bombing and provided Lebanon with maps of potential cluster bomb locations to help with the clearing process. United Nations officials in Lebanon say the maps are useless.

The Israeli newspaper Haaretz published an article on Sept. 12 anonymously quoting the head of a rocket unit in Lebanon who was critical of the decision to use cluster bombs. "What we did was insane and monstrous; we covered entire towns in cluster bombs," Haaretz quoted the commander as saying.

Repeated efforts to get Israeli officials to explain the rationale behind the use of the bombs have proved fruitless, with spokesmen referring all queries to short official statements arguing that everything done conformed with international law.

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In Lebanon the problem of the unexploded munitions is magnified by the desire to return to villages and lives in a region that is effectively booby-trapped. People want to begin rebuilding and harvest their crops. In some cases they have tried to clear the bomblets themselves, and some people have begun charging a small fee to clear away bombs — a practice that officials have discouraged as dangerous.

But the people are desperate.

"If I lost the season for olives and the wheat, I have no money for the winter,"' said Rida Noureddine, 54, who farms a small patch of land on the main road in the village of Kherbet Salem. There was a small black object at the entrance to his farm, and he thought it was a cluster bomb.

"I feel as if someone has tied my arms, or is holding me by my neck, suffocating me because this land is my soul," he said.

The bomblets, about the size of a D battery, can be packed into bombs, missiles or artillery shells. When the delivery system detonates, the bomblets spread like buckshot across a large area, making them difficult to aim with precision. A fact sheet issued by the Mine Action Coordination Center says cluster bombs have an official failure rate of 15 percent.

That means that 15 percent of the bomblets remain as hazards. According to the fact sheet, the failure rate in this war is estimated to be around 40 percent. "We estimate there are one million," said Dalya Farran, the community liaison officer of the mine action center.

Ms. Farran has worked at the center for nearly three years. It was set up in 2000 to help deal with the mines and unexploded ordnance left behind after the Israeli occupation of southern Lebanon and from other wars.

After this war, Ms. Farran said, there are two types of cluster bomb fragments across the south. The most commonly found type is known as M42, a deceptively small device resembling a light socket.

She said a large percentage of the unexploded bomblets were made in America, while some were produced in Israel. Each one has a white tail dangling off the back, like the tail of a kite. As they fall to the ground, the tail spins and unscrews the firing pin.

When the device hits, the front end fires a huge slug while the casing blasts apart into a spray of deadly metal fragments. When they fail to detonate they cling to the ground, and with their white tails look deceptively like toys, so children are often those who are injured.

"This is what they are living with every day," said Simon Lovell, a supervisor with one of the clearance teams as he looked at five unexploded bomblets poking out of the soft, rocky soil of the Hussein family farm.

Across the street, Hussein Muhammad, 48, at home with his wife and four children, waited for the clearance team. His olive trees were heavy with fruit, but he could not tend to the harvest.

"I feel that the land has become my enemy," he said. "It represents a danger to my life and my kids' lives."

New Envoy Shares Olmert Views (WT)

By Joshua Mitnick

The Washington Times, October 6, 2006

TEL AVIV -- Sallai Meridor, Israel's newly appointed ambassador to the United States, is not known to be a close associate of his boss, Prime Minister Ehud Olmert. But whatever they lack in a personal friendship may be offset by the understanding that comes from traveling a parallel ideological journey.

Both come from the same political lineage of prominent revisionist Zionist families who dreamed of a Jewish state stretching from the Mediterranean eastward beyond the Jordan River. In recent years, both have departed with that mind-set, moving to Israel's pragmatic center and acknowledging that holding on to all of the West Bank and Gaza Strip doesn't square with the concept of a Jewish state.

To be sure, when Mr. Meridor, the consensus nomination for ambassador by Mr. Olmert and Foreign Minister Tzippi Livni, arrives in Washington in the coming weeks, his top duty will be keeping Israel in step with U.S. policy on confronting Iran's drive to nuclear power, analysts said.

The media-shy ambassador-appointee is the most genuine reflection of Mr. Olmert because of his recognition of the need for a Palestinian state and territorial compromise after years of activism in the right-wing Likud Party.

Mr. Meridor's transformation is perhaps even more complete because of his three-decade residency in the West Bank settlement of Ma'aleh Adumim.

"The prime minister views Sallai as a figure who can transcend his pro-settler orientation by putting a premium on some of the broader issues that confront Israel," said David Makovsky, a fellow at the Washington Institute for Near East Policy. "Judge him more by the positions he puts forward than where he lives."

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After finishing a six-year tenure last year as head of the Jewish Agency -- the quasi-governmental agency that cultivates ties between Israel and the Jewish diaspora -- Mr. Meridor may hold his most valuable asset in the relationships forged with the United States rather than his geopolitical expertise.

The 51-year-old envoy-designate sharpened his diplomatic skills as a top aide to the Likud's Moshe Arens, who was defense minister during the 1991 Madrid Peace Conference.

The new Washington diplomat is less comfortable in the limelight than his father, who served in the first Israeli parliament, and an older brother, Dan, who was appointed as a minister in several Likud governments.

While on visits in the United States for the Jewish Agency, he was known to have preferred cabs to Lincoln Town Car limousines.

"As a human being he's shy and modest," said Michael Jankelowitz, the foreign press spokesman at the Jewish Agency.

"Everything he does is low-profile. Nothing he does is bombastic. He's not going to steal Olmert's thunder. Sallai is going to be behind the scene."

Straw Asks Muslim To Take Off Veils (WT)

By Katherine Haddon

The Washington Times, October 6, 2006

LONDON -- Former British Foreign Secretary Jack Straw triggered a dispute yesterday by revealing that he asks Muslim women to remove veils from their faces when they visit his constituency office to seek his help.

Mr. Straw, whose Blackburn, northwest England, constituency has a 22 percent ethnic minority population, said he had expected that his request would cause problems but has found that most women are "relieved" to comply.

"I thought a lot before raising this matter a year ago," he said.

Two years ago, Muslim schoolgirl Shabina Begum lost a High Court battle for the right to wear a long Islamic dress, which does not include a veil, to school in Luton, central England.

"I defend absolutely the right of any women to wear a headscarf," Mr. Straw wrote in his regular column in the Lancashire Evening Telegraph newspaper. "As for the full veil, wearing it breaks no laws."

However, he wrote that "the conversation would be of greater value if the lady took the covering from her face."

"Indeed, the value of a meeting, as opposed to a letter or phone call, is so that you can -- almost literally -- see what the other person means and not just hear what they say."

He said he now ensures he has a female member of staff with him during meetings in his office.

"I can't recall a single occasion when the lady concerned had refused to lift her veil; and most I ask seem relieved to have done so."

The remarks, nevertheless, drew angry response from Muslim community leaders.

Massoud Shadjareh, chairman of the Islamic Human Rights Commission, said he was astonished that Mr. Straw does not realize his job "is to represent the interests of the constituency, not to selectively discriminate on the basis of religion."

Nasrullah Anwar, a spokesman for the Lancashire Council of Mosques, told Sky News that he was "shocked and dismayed" by the comments.

"You would think that someone in his position would be a little more sensitive," Mr. Anwar said.

Mr. Straw was appointed the leader of the House of Commons in May.

After Prime Minister Tony Blair, he is the politician most closely associated with Britain's decision to join the invasion of Iraq in 2003.

In March, when he was foreign secretary, Mr. Straw took Secretary of State Condoleezza Rice to Blackburn, where they were greeted by a series of anti-war demonstrations.

Straw Draws Criticism From Muslim Groups (AP)

By Maria Hegstad

AP, October 6, 2006

Former British Foreign Secretary Jack Straw said Thursday he asks Muslim women visiting his office to remove their veils, drawing criticism from some Muslim groups.

Straw wrote in a column for the Lancashire Telegraph newspaper that he feels uncomfortable talking with someone whose face he cannot see, and described the veil as a "visible statement of separation and difference."

"I explain that this is a country built on freedoms. I defend absolutely the right of any women to wear a headscarf," Straw wrote.

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But, he said, "The value of a meeting, as opposed to a letter or phone call, is so that you can — almost literally — see what the other person means, and not just hear what they say."

Straw, who is now leader of the House of Commons, a senior Cabinet position, represents a low-income, heavily Muslim community in northwestern England.

He said in the column he worries that what he described as an increasing number of British Muslim women wearing the veil would hinder ties with non-Muslims.

Scarves that cover the face are "bound to make better, positive relations between the two communities more difficult," he wrote.

Straw said none of his constituents had refused to remove her veil, and thought most seemed relieved to do so.

But a leader of the Islamic Human Rights Commission said Straw's position "put barriers" in the way of Muslim women at a time when they are encouraged to participate more in British society.

"We're really astonished that someone so senior and responsible as Mr. Straw would make such a statement," chairman Massoud Shadjareh said. "I'm sure many people go (to his office) with many different types of clothing and fashions. Why does he suddenly have a problem with this? It's outrageous."

But Daud Abdullah, of the Muslim Council of Britain, told Britain's Press Association news agency that he understood Straw's position.

"The veil does cause some discomfort to non-Muslims. One can understand this," he said.

Abdullah said Muslim scholars differ over whether it is obligatory for women to cover their faces, but agree that they should cover their hair, Press Association reported.

Backers To Lobby For Vote On India Deal (WT)

By David R. Sands

The Washington Times, October 6, 2006

U.S. backers of a civilian nuclear deal with India say they plan a major lobbying push over the next month to ensure a final vote on the bill before Congress adjourns for the year, after the Senate failed to take up the measure before it left town last week.

Bush administration officials, calling the deal a centerpiece of a new strategic relationship with India, are hoping the Senate will vote on the enabling legislation for the pact early in the planned lame-duck session set to take place soon after the Nov. 7 congressional elections.

Sanjay Puri, executive director of the U.S. India Political Action Committee, said his group was "obviously disappointed" about the Senate's failure to act, but he added he was "cautiously optimistic" that the deal remained on track for passage this year.

"There's good support on both sides of the aisle," he said. "The issue now is just to get the bill on the calendar for a vote."

Undersecretary of State R. Nicholas Burns said Monday that the administration was "sorry" the Senate vote did not come off last week.

"We were really hoping it would be voted on," Mr. Burns said in an interview with reporters and editors at The Washington Times. He described the nuclear pact as key to the burgeoning relationship between Washington and New Delhi, strongly backed by President Bush.

The agreement struck by Mr. Bush and Indian Prime Minister Manmohan Singh in July 2005 would end a U.S. ban on nuclear trade and cooperation with India, which has not signed the international treaty on nuclear nonproliferation. India, in turn, would open its nonmilitary nuclear sites to international inspection for the first time.

The House passed its version of the bill in July. Even if the Senate votes in the lame-duck session, lawmakers still must reconcile the differing House and Senate versions of the bill.

Failure to send the bill to the White House before the end of the year would mean the new Congress elected in November would have to start the process from the beginning next year.

Supporters such as Mr. Puri argue that the agreement could cement ties with an emerging South Asian economic and military power, while opening the way to billions of dollars in business for U.S. firms. The U.S. Chamber of Commerce also has lobbied energetically in support of the accord.

But opponents say the deal would blow a huge hole in efforts to contain nuclear weapons, spur a South Asian arms race and undermine U.S. efforts to rally support against the nuclear programs of Iran and other adversaries.

Senate Majority Leader Bill Frist, Tennessee Republican, said last week that Senate Democrats had failed to agree to an expedited debate on the bill in the closing days of the regular session. But Capitol Hill staffers said part of the delay was due to reservations by Republican lawmakers over an unrelated provision added to the bill regarding U.S. obligations to the International Atomic Energy Agency.

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The delay has drawn criticism in India, where opposition groups say the Singh government gave up too much to secure the deal with Washington.

Moscow Trumps West In Battle For Clout In Former Soviet States (WSJ)

By Marc Champion And Guy Chazan

The Wall Street Journal, October 6, 2006

In the struggle over influence, energy and the spread of democracy in its former empire, Moscow has scored big gains and is taking off the gloves at a time when the West is increasingly preoccupied.

Russia imposed a trade and transport embargo to pressure the pro-Western government in neighboring Georgia this week akin to the U.S. embargo on Cuba, following a nasty espionage dispute between the former Soviet states. The move laid bare the Kremlin's determination to reassert itself in what Russians call their "near abroad."

When Georgia's arrest of four Russian military officers on spy charges came up during a presidential phone call Monday, Vladimir Putin's message to George W. Bush was: Don't interfere.

Hosting Russian minorities and pipelines taking Siberian and Caspian Sea oil and gas to markets in the West, the former Soviet region has become the front line of conflict between an increasingly assertive Russia and the West. The Kremlin appears to have read the spy dispute as a sign that the West's willingness to intervene for Georgia is limited.

Just two years ago, it looked like Russia was losing its grip over what had been part of its empire for centuries. U.S. troops were based across energy-rich Central Asia, where Moscow was struggling to rebuild its influence. Pro-Western governments had swept to power in Georgia and Ukraine, emboldening the White House to talk about a wave of democratic change sweeping the region. Russian officials blamed the U.S. for orchestrating the revolutions and worried openly that Washington had similar plans to install a friendlier government in Moscow.

Since then, the most important of the uprisings, Ukraine's Orange revolution, has seen its leaders become mired in infighting, opening the way for the appointment of an openly pro-Russian prime minister in August. Last month, he said Ukraine was putting its NATO membership bid on hold. Central Asian governments that had sought to play the West off against Moscow have largely shifted into the Russian camp, ousting U.S. military bases and tightening security and other ties to Moscow. This year, Russia secured long-term contracts to purchase Central Asian gas, tightening its control over the supply to Europe.

The turning point in Central Asia came in May 2005, when Uzbekistan's government killed hundreds of protesters in Andijan. Criticized by the U.S., the Uzbek government turned to Moscow, which concurred that it had faced a terrorist threat. Uzbekistan then kicked U.S. troops out of a military base established to support the war in Afghanistan. This summer, it joined the Russian-led Collective Security Treaty Organization. Next door, Kyrgyzstan -- where the so-called Tulip Revolution toppled the government last year -- yesterday wound up joint military antiterrorist exercises with Russia. The U.S. still runs a military base in Kyrgyzstan, but the rent it pays increased sharply this year.

As Moscow has reasserted its influence in a region the Kremlin openly refers to as its backyard, the West's willingness to confront Russia over these issues has waned. Preoccupied with problems in Iraq, Washington also needs Russia's support on critical priorities such as moving to control Iran's nuclear program. Key European countries, many heavily dependent on Russian natural gas for energy, are reluctant to pick fights with Moscow.

Georgian President Mikheil Saakashvili has emerged as the most-conspicuous exception to the Russian tide in the region. The U.S.-educated lawyer has stuck to his pro-Western policies and anti-Russian rhetoric, despite Moscow's steadily increasing pressure on his government. His commitment to pull Georgia out of Russia's orbit and into Western institutions such as the North Atlantic Treaty Organization has made him a favorite in the White House. But at a time of rising assertiveness and national pride in Russia, it has also made him a figure of hate across the border.

"This is not about Russia's conflict with Georgia, but with the West in general. It's hard to strike at the West, but Georgia is in reach," Mr. Saakashvili said in an interview Wednesday.

Mr. Saakashvili says he believes that if push comes to shove, Western capitals will back him because "core Western values are at stake in Georgia."

But both U.S. and European officials have been trying to hold Mr. Saakashvili back from further actions that could provoke Moscow and precipitate a crisis, diplomats say.

"Europe's reliance on Russian energy has given the Kremlin the confidence to risk trying to restore its status in the post-Soviet space," says Dmitry Rogozin, an influential Russian nationalist lawmaker. "Putin knows that Europe won't want to have an argument with Russia over Georgia."

Moscow's determination to make a showcase of Georgia and demonstrate the cost of defiance to its neighbors came through clearly when Russia imposed sanctions even after Georgia returned the detained servicemen under Western pressure.

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"They knew from the very first moment that we would hand the soldiers over," said Mr. Saakashvili. A Western diplomat familiar with the matter confirmed that Russia was informed last Friday the soldiers would be returned. Georgia, Mr. Saakashvili added, had arrested others Russians on spying charges before and quickly handed them over, though without going public. "It looks like for months they had been looking for an excuse to do something" to Georgia, he said.

When Mr. Bush called his Russian counterpart to talk about the latest diplomatic moves on Iran, Mr. Putin brought up the Georgia dispute. Washington had hoped that with the immediate cause of the tensions resolved, both sides would step back and find ways to ease their differences, according to American officials.

Mr. Putin, however, had a different message for Mr. Bush. A terse Kremlin statement after the meeting said he had underlined "the unacceptability and danger of any actions by third nations that could be interpreted by the Georgian leadership as an encouragement of its destructive policy."

Within hours Moscow was tightening the screws. It announced it was cutting off all flights, trains, shipping, roads and postal links to Georgia, which has a population of about 4.7 million. Since then, it has closed down Georgian-owned businesses, including a popular Moscow casino, and imposed restrictions on visas for Georgians. Parliament this week will consider a bill preventing Georgians making bank transfers to relatives back home. That could prove a powerful blow, because hundreds of thousands of Georgians rely on the transfers.

Russian officials have given no indication when they might ease the restrictions, insisting Georgia take a more deferential line. "Russia does not want to be provoked. Russia wants to be respected," deputy foreign minister Alexander Yakovenko said yesterday. "Russia wants the anti-Russian campaign to stop."

But the pressure could escalate much further. At a meeting with Russian parliamentary leaders in the Kremlin Wednesday, Mr. Putin discussed the possibility of Russia recognizing the independence of South Ossetia and Abkhazia, two areas of Georgia controlled by Russian-backed separatists since the early 1990s.

"I think we'll do it by the end of the year," said Sergei Baburin, a nationalist lawmaker who is deputy speaker of the Russian Parliament, and who took part in the Kremlin meeting. "If NATO wants Georgia at any price, then it can have it without Abkhazia and South Ossetia."

Some observers worry the confrontation could even lead to war, although both Georgian and Russian officials say that is highly unlikely and there are numerous pressures to deter it -- including U.S. influence over Mr. Saakashvili.

"There is a growing problem, with no real attempt at negotiations. The border is closed, there are trade embargoes, blockades. All this leads to war. There are clear military objectives on both sides," said Pavel Felgenhauer, a Moscow military analyst, naming the Russian objective as regime change, and the Georgian as retrieving Abkhazia and South Ossetia.

Mr. Felgenhauer described Russian Defense Minister Sergei Ivanov's suggestion this week that Russia would accelerate the withdrawal of some troops still based in Georgia -- but outside the enclaves -- as a worrisome sign. "Those troops aren't assets, but liabilities, potential hostages. You want to get them out before any conflict," he said.

Mr. Saakashvili said he is now trying to avoid doing or saying anything that could be seen as a provocation of Russia, something he hasn't always succeeded with. He said he is focusing on local elections, which took place yesterday and could prove a referendum on his popularity. And he opened two big new hospitals, one of them a teaching facility in Tbilisi, the capital. The language of the curriculum is English; it used to be Russian.

New Indonesia Calamity, A Mud Bath, Is Man-Made (NYT)

By Raymond Bonner And Muktita Suhartono

The New York Times, October 6, 2006

KEDUNGBENDO, Indonesia, Oct. 5 — It started as a natural gas well. It has become geysers of mud and water, and in a country plagued by earthquakes, volcanoes and tsunamis another calamity in the making, though this one is largely man-made.

Eight villages are completely or partly submerged, with homes and more than 20 factories buried to the rooftops. Some 13,000 people have been evacuated. The four-lane highway west of here has been cut in two, as has the rail line, dealing a serious blow to the economy of this region in East Java, an area vital to the country's economy. The muck has already inundated an area covering one and a half square miles.

And it shows no signs of stopping.

The mud is rising by the hour, and now spewing forth at the rate of about 170,000 cubic yards a day, or about enough to cover Central Park.

Foreign companies, environmental groups and political observers are now watching closely to see whether the government will hold the company that drilled the well accountable for the costs of the cleanup, which could easily reach $1 billion.

The company is part of a conglomerate controlled by Aburizal Bakrie, a cabinet member and billionaire who was a major contributor to the campaign of President Susilo Bambang Yudhoyono.

The disaster occurred as the company, Lapindo Brantas, drilled thousands of feet to tap natural gas and used practices that geologists, mining engineers and Indonesian officials described as faulty.

But as the liabilities have escalated, Lapindo was sold — for $2 — last month to an offshore company, owned by the Bakrie Group, and many fear it will declare bankruptcy, allowing its owners to walk away.

Mr. Bakrie declined to be interviewed. A spokeswoman for Lapindo, Yunawati Teryana, said that it was too early to conclude that Lapindo had acted negligently. She noted that some geologists had said this was a natural disaster, a natural mud volcano, perhaps set off by seismic activity in the area.

Government officials and company engineers are not hopeful that they can contain the problem. In what Indonesian officials describe as the best of the worst options, the government plans to pump the mud into the Porong River, which flows into the sea 20 miles north of here.

"It will be the death of the ecosystem around that area," said Amien Widodo, an environmental geologist who teaches at the November 10 Institute of Technology in Surabaya. There is debate whether the mud is toxic. But the sheer volume alone will smother just about everything in its path, he said.

The area's commerce has already been devastated.

"We are angry because we were living comfortably in our own home and now we are forced to leave," Reni Matakupan said as she stood here looking across 200 yards of mud at her family's factory, DeBrima, which was filling with mud.

The problems began in late May when the company had reached about 9,000 feet, Mr. Widodo said. It continued to drill to this depth even though it had not installed what is known as a casing around the well to the levels required under Indonesian mining regulations, and good mining practices, he said.

The company experienced problems with the drilling that led to a loss of pressure in the well. That is when the mud started seeping in from the sides of the unprotected well bore, at a depth of about 6,000 feet.

The mud was stopped by cement plugs that the company had inserted into the well hole. The mud then sought other avenues of escape, eventually breaking through the earth, and creating mud volcanoes in several places that resemble the geysers of Yellowstone.

If the proper casing had been in place, the mud would not have entered the well, Mr. Widodo said, and would not have discovered these other avenues to the surface, a conclusion supported by mining engineers. Several Western and Indonesian mining engineers spoke about the matter, some offering graphs and mining details that have not been made public, but only on the condition that they not be identified, for fear of running afoul of Mr. Bakrie, the billionaire company owner.

So far there does not appear to be any government investigation into what set off the mud eruptions. After the first eruptions, in late May, the police in Sidoarjo, the district at the center of the disaster, began an investigation, but it appears to have languished. "I am not confident that anyone will ever be prosecuted," said H. Win Hendrarso, the regent for Sidoarjo, choosing his words carefully. In an interview in his high-ceilinged office, Mr. Hendrarso, who was elected a year ago, said he had no authority to investigate. Any investigations would have to be by the central government in Jakarta, he said. He added that he was not aware of any.

"I just want Lapindo to take responsibility," he said.

But Lapindo no longer exists, and the company to which it has been sold may not have any assets.

Last month, Lapindo's parent company announced that it was selling Lapindo for $2 to Lyte Ltd., a company that is registered in the offshore island of Jersey. The majority shareholder in the parent company is the Bakrie Group, and the Bakrie Group is also the sole owner of Lyte, according to public documents.

The Bakrie Group is owned by Aburizal Bakrie and his brothers.

Lapindo's parent company, Energi Mega Persada, had said in an official securities filing that it was selling Lapindo because of the huge costs it faced in cleaning up after the mud flow, and it was better to use its assets for its other oil and gas projects.

An Energi spokesman, Herwin Hidayat, said the Bakrie Group remained committed to cleaning up the mud, through Lyte. He declined to say what assets Lyte had, if any. He said it was a "functioning company." He declined to give any examples of any business that it had done.

A concern now is whether Lyte, which has been renamed Bakrie Oil & Gas, will declare bankruptcy, which seems almost inevitable.

"That's what I'm afraid of," said Mr. Hendrarso, the senior elected executive official in Sidoarjo, the district that is at the center of the mud disaster. If the Bakrie Group does not pay, the Indonesia government will be left with the bill, government officials said.

Dutch Hospital Plans For Muslims Only (WT)

By David Rennie, London Daily Telegraph

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The Washington Times, October 6, 2006

BRUSSELS -- Plans for a Muslim-only hospital in the Netherlands have sparked a heated debate over its separate all-male and all-female wings, halal food and roster of duty imams.

A populist nationalist party described the plan for the clinic in south Rotterdam as "a step backwards to the Middle Ages."

The sexes will be segregated, with male patients treated by an exclusively male nursing and medical staff and similar arrangements for female patients.

The Netherlands' once proud multicultural model, which promoted tolerance of a rapidly growing immigrant population, has been questioned in recent years, especially after the slaying of filmmaker Theo van Gogh by an Islamist.

The latest dispute concerns plans for a private hospital aimed at the Netherlands' 1 million Muslims.

It is the brainchild of a health industry entrepreneur, Paul Sturkenboom, who plans to employ 45 doctors and 275 nurses. Staff will not have to be Muslims.

The plan has been attacked by the Rotterdam-based Leefbaar Rotterdam, or "Liveable Rotterdam" party, which controlled the local council until March.

Last month, the party unsuccessfully tried to have the hospital banned.

A nationalist member of parliament, Geert Wilders, has dubbed the hospital plan "apartheid."

Construction work is about to start, and the clinic aims to open by 2008.

Mr. Sturkenboom defended his project.

"If Mr. Wilders is saying in a xenophobic way that this will prohibit integration of Muslim Dutch citizens, we just point to the fact that 20 or 30 years ago, Jewish, Roman Catholic and Protestant Dutch people had their own schools, their own hospitals, their own trade unions and employers' organizations" he said.

"That autonomy helped those people integrate at their own speed into Dutch society. This compact hospital will give Muslims time to integrate at their own speed."

He said that 40 of the 100 hospitals in the Netherlands were run by Catholic or Protestant foundations.

No Muslim hospitals are operating, though Muslim immigrants make up 5 percent of the population.

Mr. van Gogh, a relative of the famous painter Vincent Van Gogh, was killed in November 2004 while bicycling to work in Amsterdam after a film on Muslim women he had produced angered Islamist militants.

Ayaan Hirsi Ali, a Somali-born Dutch politician known for her outspoken criticism of Islam, partnered with Mr. van Gogh on the film. She went into hiding after Mr. van Gogh's murder and returned to parliament several months later. She still lives under heavy guard and is working on a sequel to the film she made with Mr. van Gogh, on Islam's treatment of homosexuality.

Another Dutch anti-immigration politician lived in a maximum-security prison to protect himself from attack owing to his criticism of radical Islam.

Geert Wilders went into hiding after the van Gogh killing and the subsequent arrest of a group of suspected radical Islamists who are accused of plotting to kill him and other prominent politicians.

"It feels like being trapped and the word freedom has become a totally different concept for me," Mr. Wilders said in an interview in the Dutch parliament, where he returned to work in December 2004.

Mr. Wilders is seen as an heir to populist anti-immigration politician Pim Fortuyn, who was killed in Rotterdam by an animal rights activist.

Hong Kong Wrong (WSJ)

By Milton Friedman

The Wall Street Journal, October 6, 2006

It had to happen. Hong Kong's policy of "positive noninterventionism" was too good to last. It went against all the instincts of government officials, paid to spend other people's money and meddle in other people's affairs. That's why it was sadly unsurprising to see Hong Kong's current leader, Donald Tsang, last month declare the death of the policy on which the territory's prosperity was built.

The really amazing phenomenon is that, for half a century, his predecessors resisted the temptation to tax and meddle. Though a colony of socialist Britain, Hong Kong followed a laissez-faire capitalist policy, thanks largely to a British civil servant, John Cowperthwaite. Assigned to handle Hong Kong's financial affairs in 1945, he rose through the ranks to become the territory's financial secretary from 1961-71. Cowperthwaite, who died on Jan. 21 this year, was so famously laissez-faire that he refused to collect economic statistics for fear this would only give government officials an excuse for more meddling. His successor, Sir Philip Haddon-Cave, coined the term "positive noninterventionism" to describe Cowperthwaite's approach.

The results of his policy were remarkable. At the end of World War II, Hong Kong was a dirt-poor island with a per-capita income about one-quarter that of Britain's. By 1997, when sovereignty was transferred to China, its per-capita income was

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roughly equal to that of the departing colonial power, even though Britain had experienced sizable growth over the same period. That was a striking demonstration of the productivity of freedom, of what people can do when they are left free to pursue their own interests.

The success of laissez-faire in Hong Kong was a major factor in encouraging China and other countries to move away from centralized control toward greater reliance on private enterprise and the free market. As a result, they too have benefited from rapid economic growth. The ultimate fate of China depends, I believe, on whether it continues to move in Hong Kong's direction faster than Hong Kong moves in China's.

Mr. Tsang insists that he only wants the government to act "when there are obvious imperfections in the operation of the market mechanism." That ignores the reality that if there are any "obvious imperfections," the market will eliminate them long before Mr. Tsang gets around to it. Much more important are the "imperfections" -- obvious and not so obvious -- that will be introduced by overactive government.

A half-century of "positive noninterventionism" has made Hong Kong wealthy enough to absorb much abuse from ill-advised government intervention. Inertia alone should ensure that intervention remains limited. Despite the policy change, Hong Kong is likely to remain wealthy and prosperous for many years to come. But, although the territory may continue to grow, it will no longer be such a shining symbol of economic freedom.

Yet that doesn't detract from the scale of Cowperthwaite's achievement. Whatever happens to Hong Kong in the future, the experience of this past 50 years will continue to instruct and encourage friends of economic freedom. And it provides a lasting model of good economic policy for others who wish to bring similar prosperity to their people.

Mr. Friedman, the 1976 Nobel laureate in economics, is a senior research fellow at Stanford's Hoover Institution.

Sued In Singapore (WSJ)

The Wall Street Journal, October 6, 2006

Seems like old times. It's been a while since this newspaper or our sister publication, the Far Eastern Economic Review, has found itself in litigation in Singapore. Like virtually every other foreign publication that circulates there, we've had that dubious pleasure before, in actions brought by the government or by the city-state's famously litigious founding Prime Minister, now Minister Mentor, Lee Kuan Yew.

Review Publishing Co. and Editor Hugo Restall are now the subjects of defamation lawsuits brought by Mr. Lee and his dutiful son, Singapore Prime Minister Lee Hsien Loong. Review Publishing is a Hong Kong-based subsidiary of Dow Jones & Co., which publishes The Wall Street Journal.

In addition to being sued, the Review is also banned in Singapore per an edict by the Ministry of Information, Communications and the Arts handed down last week. It is now a criminal offense to subscribe to the Review or import or reproduce it for distribution. Starting with the October issue, which goes on sale everywhere else in Asia today, the Review will no longer circulate in Singapore.

Anyone with a passing understanding of how Singapore operates will understand that these two events -- the Lees' libel suits and the Ministry of Information's ban -- are no coincidence. In any event, the idea that a journal of opinion published 10 times a year in Hong Kong with a Singapore circulation of approximately 1,000 is interfering in the country's domestic politics -- the underlying basis for the ban -- is absurd. So, too, is the Singapore government's apparent belief that the free flow of information is not essential for a first-world economy. * * *

The offending column in the July issue of the Review was an interview Mr. Restall conducted with that rara avis in Singapore, an opposition politician. Chee Soon Juan criticized the Lees in the article, which also briefly mentioned the 2004 scandal at the country's largest charity, the National Kidney Foundation. "The scandal was a gift for the opposition," Mr. Restall wrote, "which naturally raised questions about why the government didn't do a better job of supervising the highly secretive NKF."

Mr. Restall reported Mr. Chee's view that the elder Mr. Lee is the man behind Singapore's suppression of dissent. "If we had parliamentary debates where the opposition could pry and ask questions, I think he [Mr. Lee] is actually afraid of something like that," he said.

Mr. Restall went on to raise several questions that are in the public interest, specifically having to do with the non-transparency of government institutions: "The government controls huge pools of public money in the Central Provident Fund and the Government of Singapore Investment Corp., both of which are highly nontransparent. It also controls spending on the public housing most Singaporeans live in, and openly used the funds for refurbishing apartment blocks as a bribe for districts that vote for the ruling party. Singaporeans have no way of knowing whether officials are abusing their trust as [NKF Chief Executive] Mr. Durai did."

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The Review's editor also noted that "Singaporean officials have a remarkable record of success in winning libel suits against their critics." And he asked, "Are libel suits deliberately used as a tool to suppress questioning voices?"

These passages are the crux of paragraphs that the Lees allege are defamatory. Briefly, the Minister Mentor's lawsuit contends that the words "in their natural and ordinary meaning" mean "that the Plaintiff is unfit for office because he is corrupt and has set out to sue and suppress those who would question him as he fears such questions would expose his corruption." Similarly, the Prime Minister's pleading interprets the Review's article "to mean that the Plaintiff is unfit for office because. . . [he] has retained Minister Mentor Lee Kuan Yew, who is corrupt. . . ."

Huh? If English weren't an official language of Singapore, we'd wonder if something went missing in translation. The meaning the Lees allege is preposterous, all the more so given Singapore's justifiable reputation for efficient, clean government. We certainly don't believe -- nor do we think any reasonable reader of the Review would infer from the article -- that the Lees are personally corrupt.

Clearly, though, the Review article touched a defensive nerve. Last month a Singapore court ruled that Mr. Chee and his sister had defamed the Prime Minister and the Minister Mentor for linking the scandal at the National Kidney Foundation to the way the country is run. Three days later the World Bank issued its latest report on governance. "Singapore," the report says, "has one of the best rankings in the world on control of corruption, but it ranks in the middle of the pack on voice and accountability, below much poorer countries such as Brazil and Botswana."

Finally, let us turn our attention back to the publication ban and note another curious aspect of this case. The Lees' attorneys first wrote to the Review on July 13, indicating that their clients were contemplating bringing suit and demanding certain concessions, including damages. The Review has no assets in Singapore.

On August 3, the Ministry of Information announced changes in its interpretation and application of Singapore's Newspaper and Printing Presses Act, requiring the Review and four other international publications to appoint a local representative to accept service of legal process and to post a security deposit of S$200,000 ($126,000) that would be available to satisfy any legal judgments. The giveaway was that changes would be retrospective -- the money would go toward any damages obtained by the Ministers against the Review for the Chee interview.

How convenient. As the Review's counsel said in a letter to the Minister of Information on August 24, "the handling of this matter pointlessly exposes the Government of Singapore to the charge that it has acted in bad faith in altering the conditions regulating foreign publications because it will appear to have acted to benefit its two most powerful members." When the Review declined to comply with the retroactive regulations, it was banned.

As it happens, Singapore's Newspapers and Printing Presses Act does not cover the online version of the Review at www.feer.com1, where, the Review tells us, it will do its best to make its October issue available free of charge to Singaporeans. In addition -- and free to all readers -- the Review is posting the disputed article, the Lees' court pleadings and its correspondence with the Lees' attorneys and the Ministry of Information.

Among these documents is Appendix A to the Minister Mentor's lawsuit, which contains a list of defamation suits brought by the elder Mr. Lee and dating back to 1965. Socrates observed that old men are themselves, only more so, and we can only assume that Singapore will remain locked in its old ways until Mr. Lee passes from the scene.

Virtually every foreign publication that circulates in Singapore has faced the government's wrath at one time or another, starting with a contempt action against this newspaper in 1985, when Singapore's inferiority complex was perhaps more understandable. This is not the behavior of a prosperous, self-confident nation.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

Documents: CIA Warned Of Plane Bomb Plot (MH)

By Andrew O. Selsky

The Miami Herald, October 10, 2006

SAN JUAN, Puerto Rico - An anti-Castro militant now in a Texas jail warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document.

The document shows that Luis Posada Carriles - who had worked for the CIA but was cut off by the agency earlier that year - was secretly telling the CIA that his fellow far-right Cuban exiles opposed to Fidel Castro's communist government were plotting to bring down a commercial jet.

The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday.

The CIA had extensive contacts with anti-Castro militants and trained some of them, but has denied involvement in the bombing.

The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University that seeks to declassify government files through the Freedom of Information Act.

The Cubana Airlines plane, on a flight from Venezuela to Cuba, blew up shortly after taking off from a stopover in Barbados on Oct. 6, 1976, killing all 73 aboard, including Cuba's Olympic fencing team.

The bombing remains an open wound in Cuba. Weeping relatives of the victims met in a Havana cemetery on Friday, the 30th anniversary of the bombing. They demanded that Posada - who is now 78 and in a Texas detention center on an immigration violation - be put on trial.

Venezuelan President Hugo Chavez is seeking the extradition of Posada, a naturalized Venezuelan who served as the country's counterintelligence chief. He accuses the U.S. government of protecting a terrorist.

The National Security Archive's Peter Kornbluh urged the U.S. government to tell everything it knows about Posada.

"Now is the time for the government to come clean on Posada's covert past and his involvement in international terrorism," Kornbluh said. "His victims, the public, and the courts have a right to know."

Separating deception from truth in the intelligence world is notoriously difficult, and the newly released documents contain mixed messages about Posada. Much remains murky.

In a report dated a month after the bombing, then FBI Director Clarence Kelly told Secretary of State Henry Kissinger that a confidential FBI source ascertained the bombing had been planned in Caracas by Posada, Venezuelan intelligence agency official Ricardo Morales Navarrete and Cuban exile Frank Castro, who is not related to the Cuban leader.

Two Venezuelan employees of Posada's private security agency were arrested in Trinidad the day after the bombing, and one of them - who said he had worked for the CIA - admitted the two had planted the bomb, documents posted by the National Security Archive show.

Posada trained with the CIA for the 1961 Bay of Pigs invasion and served in the U.S. Army in the early 1960s. In 1965, he allegedly plotted to overthrow the Guatemalan government and blow up a Soviet or Cuban freighter in Mexico, according to the FBI. In 1967, he moved to Venezuela, eventually leading its counterintelligence agency, and was running his own security firm in the mid-1970s.

In 1973, Posada was investigated by the CIA for allegedly smuggling cocaine, but was cleared after he convinced interrogators he was "guilty of only having the wrong kind of friends," a declassified document says. The same document says the CIA "formally terminated" its relationship with him on Feb. 13, 1976.

Yet Posada still contacted the agency.

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"After 2/76 contacts with (deleted by censors) were at Posada's own initiative to volunteer information in exchange for assistance U.S. visa for self and family," said the document, an annotated list of still-secret records on Posada's CIA career that was marked "sanitized."

It tells how Posada contacted the CIA in February 1976 to describe an assassination plot by Orlando Bosch and Frank Castro, two fellow right-wing Cuban exiles, against leftist Andres Pascal Allende, the nephew of slain Chilean President Salvador Allende. Posada worried that his allies would discover he was giving up their secrets.

"Posada concerned that Bosch will blame Posada for leak of plans," the report says. Andres Allende was not assassinated, and it is unclear whether the Cuban exiles ever made an attempt on his life.

Then, four months later, Posada came back to tell of a sinister plot to blow up an airliner.

On June 22, 1976, "Posada again contacts (deleted by censor) reptd info concerning possible exile plans to blow up Cubana Airliner leaving Panama and requested visa assistacne," read the document, filled with typographical errors.

Shortly after, a bomb aboard a Cubana Airlines plane leaving Panama failed to detonate, and the following month, a bomb in a suitcase exploded before being loaded onto a Cubana plane leaving Jamaica, according to a confidential State Department memo previously posted by the National Security Archive.

The day after the Cubana Airlines flight was bombed near Barbados, the CIA tried unsuccessfully to contact Posada, according to the annotated list. Five days later, Posada was arrested in Venezuela. He denied involvement in the bombing and escaped from prison in 1985 before a civilian trial was completed.

Allegations that he masterminded mass murder did not keep U.S. covert operatives from hiring Posada again. Within months, he was delivering weapons to Nicaraguan Contra rebels in an illegal Reagan administration operation. Posada also acknowledged, and then denied, a role in Havana hotel bombings in 1997 that killed a tourist.

And in 2000, Posada was arrested for allegedly plotting to assassinate Castro during a summit in Panama. He was pardoned in 2004 by then Panamanian President Mireya Moscoso.

Posada was detained in Florida in May 2005 for entering the United States illegally. A U.S. immigration judge has ruled that he cannot be sent to Cuba or Venezuela, citing fears that he would be tortured.

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On the Net:

National Security Archive: http://www.gwu.edu/nsarchiv/

Castro Foe Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 10, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

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"The fight against terrorism cannot be fought à la carte," said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. "A terrorist is a terrorist."

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as "an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites."

Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

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"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

"Mostly nature scenes," Mr. Soto said. "He's seen a lot of those."

Way Radical, Dude (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, October 9, 2006

Now Playing: Video Games With an Islamist Twist

A new video game lets players kill President Bush. It's called "Quest for Bush." It looks a lot like a game that hit the market three years ago, called "Quest for Saddam."

In the venerable shoot-'em-up genre, who's the hero and who's the enemy depends on who's programming the game.

"Quest for Bush," a.k.a. "Night of Bush Capturing," is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. Armed with a rifle, a shotgun or a grenade launcher, players navigate various missions that include "Jihad Growing Up," "Americans' Hell" and "Bush Hunted Like a Rat." In the final stage, you fight Bush.

It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles. Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history.

"There's a very interesting tit-for-tat going on here, a weird kind of dialogue," says Ed Halter, author of the book "From Sun Tzu to Xbox: War and Video Games," published in May, and a contributing writer for the Village Voice. "And what's disconcerting about it is that the conversation is often reduced to the lowest common denominator of violent action in games, which is in a way very reflective of the overall way things are going right now in real life."

Radwan Kasmiya, a 31-year-old gamer, can't stand titles such as "Counter-Strike," "Close Combat: First to Fight" and "America's Army," the free online game -- with more than 7.5 million users -- released in 2002 by the U.S. Army to help bolster recruitment.

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"We're the terrorist, the enemy, in these games," says Kasmiya. He runs the Syria-based Afkar Media, one of a handful of struggling commercial game publishers in the Islamic world. Speaking on the phone from his Damascus office, he's quick to distinguish his games from "Quest for Bush," which has been downloaded a few thousand times on the Internet. Two clips on the video-sharing site YouTube.com have been viewed nearly 11,000 times. "Nothing but propaganda," he says of that game. He's played it, he says, and calls it "hateful."

"UnderAsh," released by Afkar Media in 2002, views the first intifada from the eyes of Ahmad, a Palestinian teenager resisting the Israeli occupation. Last year a sequel was released. A teaser to "UnderSiege," which tells the stories of five Palestinian families during the second intifada, shows a Palestinian teenager being shot on the street; an Israeli soldier appears to pound him with a concrete block seconds later. "Our games are not propaganda," Kasmiya says. "Our games are a reflection of our history -- past or present. The fact is, most movies, most TV shows, most video games put Muslims in a bad light, so we have to try to tell our side of the story."

Retired Maj. Chris Chambers, deputy director of the Army Game Project, insists "America's Army" doesn't "pick on a single enemy." The country is at war, he says, and the terrorists depicted in "America's Army" come from "all over the world," including the Middle East. "There's no focus on one particular region or one particular people," says Chambers, who helped design the game.

But as with anything, people are free to interpret the game any way they want, he adds.

One of the first Islamic games to gain attention in the Middle East is a free online game called "The Stone Throwers," says Halter. It was created by a Syrian medical student and released in 2000, weeks after the start of the second intifada. According to its Web site, the game is "dedicated to those who lost their lives for the homeland and all those who are fighting for freedom." Other game publishers such as Techniat 3D and Imaginations -- the former based in Syria, the latter in the United Arab Emirates -- developed fantasy-based adventure games such as "Zoya" and "Legend of Zord." But both companies folded in the past five years, unable to find a sizable audience in the Middle East, where piracy is commonplace and U.S.-made games are popular, Kasmiya says. None of these games -- free or not -- have been purchased or downloaded "more than a few thousand times," he adds.

The Washington-based Middle East Media Research Institute, a nonpartisan group that translates Arabic language television and Web sites, says that in June, Sheik Nabil Al-Awadhi, who has a weekly show on the Kuwaiti channel Al-Rai TV called "Sa'at Saraha" ("An Hour of Sincerity"), spoke of the need for Islamic games that compete with Western games. He also suggested developing a game in which the Muslim player "slaughters the Jews and liberates the Al-Aqsa Mosque." In the West, they turn their wars against Muslims into games, he said, and Muslims should do the same.

Dennis McCauley, who runs the blog Gamepolitics.com, says: "There is a game design war taking place, at least in the sense that today's games are a mass communications vehicle for reaching young people. The Defense Department distributes 'America's Army' for free as both a recruiting tool and a way to market the image of our armed forces. The game is hugely popular. It's no surprise that Islamic extremists are trying to achieve the same goal and imitate that success."

This past summer, the Union of Islamic Student Societies, an Iranian political group, announced that it was developing a game -- as a retort to a U.S.-made game. Last year, the New York-based Kuma Games released a free online game called "Assault on Iran," in which players take on the role of a U.S. Special Forces soldier trying to destroy Iran's nukes. In the Iranian group's game, set for release this March, a fictional "Commander Bahman" fights U.S. Special Forces and rescues Iranian atomic scientists. In response to that response, Keith Halper, head of Kuma Games, said his company will create a sequel to the Iranian-made game from the United States' point of view.

"It's propaganda, but it's also a form of debate," Halper says. "We have made a point, they have responded."

The gunplay in "Quest for Bush" is crude, akin to "Doom," the godfather of shoot-'em-up games. The goal is to kill. It's in English and Arabic and takes about 30 minutes to play. In the beginning, the player goes around what looks like a U.S. military camp, with walls plastered with photos of President Bush, Secretary of Defense Donald Rumsfeld and British Prime Minister Tony Blair, among others.

"Quest for Bush" is a "mod"-- or modification -- of "Quest for Saddam," released by the California-based Petrilla Entertainment in 2003 for $14.95. The company sold about 3,000 copies of the game.

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"They say imitation is the highest form of flattery. But I'm not flattered," says Jesse Petrilla, who created "Quest for Saddam." Last year he founded the United American Committee, a political action group that has used techniques such as hanging Osama bin Laden in effigy in front of a mosque in Culver City, Calif. He says his group seeks to remind Americans of "the threat that radical Islam poses to all of us."

His latest response in this gaming war, says the 23-year-old, is to make "Quest for Saddam" free for players.

HOMELAND RESPONSE:

Treasury Weighs Broader Scrutiny Of Wire Transfers (WSJ)

By Damian Paletta

The Wall Street Journal, October 10, 2006

WASHINGTON -- The Treasury Department, amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year.

Financial institutions are required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide.

A senior Treasury Department official said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing.

Robert Werner, director of the Financial Crimes Enforcement Network, said his agency has sent the review on to Treasury Department officials and is waiting for a determination from Mr. Paulson. "Based on the work we've done, it's clear there is value" in this information, Mr. Werner said after a speech to the American Bankers Association. "The money trail is just going to be that much more robust."

The banking industry has objected to the planned data-collection regime. Now, banks and wire-transfer companies have to retain wire-transfer information only in case the government asks for it later. The new program would require companies to directly send information about each wire transfer to the government.

Mr. Werner said any program would take into account complaints registered by the banking industry. Specifically, banks have said that a massive government program could make it difficult to protect the privacy of each wire-transfer customer. It also could become costly for banks to comply with such a program, the banking industry has said.

"Our feasibility study will outline these issues and propose an approach for addressing them," Mr. Werner said.

An announcement from the Treasury Department regarding the program could come in the next few weeks.

Mr. Werner said the proposed program would be different from an existing program that allows the government to monitor thousands of wire transfers for links to terrorism through a database in Belgium, known as Swift.

Homeland Security Bill Helps 9/11 Lawsuits (WT)

By Shaun Waterman, United Press International

The Washington Times, October 9, 2006

A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system.

Section 525 of the conference report that is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA).

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The regulations, says the report, should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide "a rational reason," which will "identify and describe the specific risk to the national transportation system."

The regulations should also include a mechanism for SSI to be made available in civil court cases if the judge determines it is needed and if the party needing it cannot get it elsewhere without "undue hardship." The lawmakers say they "expect that a party will be able to demonstrate undue hardship to the judge if equivalent information is not available in one month's time."

To get access to the information, plaintiff's lawyers will have to pass a background check of criminal and terrorism-suspect watchlists like that any aviation worker with access to the information would require, according to the report. The language still allows officials to block the court's access to SSI, if they can "demonstrate" that it "presents a risk of harm to the nation."

The new law instructs Mr. Chertoff to report back to the Appropriations committees within 120 days on his compliance.

The provision was welcomed by relatives of victims of the September 11 attacks. Family members who support the lawsuits have long contended that the TSA is using restrictions on information to hide the culpability of the airlines and the federal authorities.

"We call on TSA to comply fully with both the letter and the spirit of this new law," said Alice Hoagland, mother of Mark Bingham.

Her son was one of the United Airlines Flight 93 passengers who stormed the cockpit, preventing the hijackers from striking their intended target -- thought to have been either the White House or the Capitol.

"This is information about a defunct aviation system," said former Federal Aviation Administration Special Agent Brian Sullivan of the documents that TSA is trying to protect. He accused officials of "protecting the FAA from embarrassment and the airlines from liability."

About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the U.S. District Court of New York. The plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks.

WAR NEWS:

G.O.P.'s Baker Hints Iraq Plan Needs Change (NYT)

By David E. Sanger

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to "stay the course," and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria.

"I believe in talking to your enemies," he said in an interview on the ABC News program "This Week," noting that he made 15 trips to Damascus, the Syrian capital, while serving Mr. Bush's father as secretary of state.

"It's got to be hard-nosed, it's got to be determined," Mr. Baker said. "You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Mr. Bush refused to deal with Iran until this spring, when he said the United States would join negotiations with Tehran if it suspended enriching nuclear fuel. Iran has so far refused. Contacts with both Syria and North Korea have also been sharply limited.

But the "Iraq Study Group," created by Mr. Baker last March with the encouragement of some members of Congress to come up with new ideas on Iraq strategy, has already talked to some representatives of Iran and Syria about Iraq's future, he said.

His comments Sunday offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. "I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of 'stay the course' and 'cut and run,' " Mr. Baker said.

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He explicitly rejected a rapid withdrawal from Iraq, saying that would invite Iran, Syria and "even our friends in the gulf" to fill the power vacuum. He also dismissed, as largely unworkable, a proposal by Senator Joseph R. Biden Jr., the ranking Democrat on the Senate Foreign Relations Committee, to decentralize Iraq and give the country's three major sectarian groups, the Kurds, Shiites and Sunnis, their own regions, distributing oil revenue to all. Mr. Baker said he had concluded "there's no way to draw lines" in Iraq's major cities, where ethnic groups are intermingled.

According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance.

"He's a very loyal Republican, and you won't see him go against Bush," said a colleague of Mr. Baker, who asked not to be identified because the study group is keeping a low profile before it formally issues recommendations. "But he feels that the yearning for some responsible way out which would not damage American interests is palpable, and the frustration level is exceedingly high."

At 76, Mr. Baker still enjoys a reputation as one of Washington's craftiest bureaucratic operators and as a trusted adviser of the Bush family, which has enlisted his help for some of its deepest crises, including the second President Bush's effort to win the vote recount in Florida after the 2000 presidential election. Mr. Baker served as White House chief of staff, as well as secretary of state under the first President Bush.

Andrew H. Card Jr., President Bush's former chief of staff, acknowledged recently that he had twice suggested that Mr. Baker would be a good replacement for Secretary of Defense Donald H. Rumsfeld. Mr. Bush rejected that advice, and some associates of Mr. Baker say they do not believe he is interested, at his age, in taking the job, which could put him in the position of having to carry out his group's advice.

Those proposals — which he has said must be both bipartisan and unanimous — could very well give Mr. Bush some political latitude, should he decide to adopt strategies that he had once rejected, like setting deadlines for a phased withdrawal of American forces.

Given his extraordinary loyalty to the Bush family — Mr. Baker was present on Saturday at the formal christening of a new aircraft carrier named for the first President Bush — it was notable on Sunday that Mr. Baker also joined the growing number of Republicans who are trying to create some space between themselves and the White House.

On Sunday, on "This Week," Mr. Baker was shown a video of the Republican chairman of the Senate Armed Services Committee, Senator John W. Warner of Virginia, who said last week that Iraq was "drifting sideways" and urged consideration of a "change of course" if the Iraqi government could not restore order in two or three months. The American ambassador to Iraq, Zalmay Khalilzad, has offered a similar warning to the Iraqi government.

Asked if he agreed with that timetable, Mr. Baker said, "Yes, absolutely. And we're taking a look at other alternatives."

The Iraq Study Group, created with the reluctant blessing of the White House, includes notable Republicans and Democrats, among them William J. Perry, a former defense secretary under President Clinton; former Mayor Rudolph W. Giuliani of New York; the former Supreme Court justice Sandra Day O'Connor; and Vernon E. Jordan Jr., a longtime civil rights leader. Mr. Baker's Democratic co-chairman is Lee H. Hamilton, the former Congressman who once served as the chairman of the House Foreign Affairs Committee and was co-chairman of the 9/11 commission.

In interviews, members of the study group have privately expressed concern that within months, whatever course the group recommended could be overtaken by the chaos in Iraq. "I think the big question is whether we can come up with something before it's too late," one member said late last month, after the group had met in Washington to assess its conclusions after a trip to Baghdad. "There's a real sense that the clock is ticking, that Bush is desperate for a change, but no one in the White House can bring themselves to say so with this election coming."

Like other members, he declined to speak on the record, saying public comments should come only from Mr. Baker or Mr. Hamilton.

Several members said they were struck during their visit to Baghdad by how many Americans based there — political and intelligence officers as well as members of the military — said they feared that the United States was stuck between two bad

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alternatives: pulling back and watching sectarian violence soar, or remaining a crucial part of the new effort to secure Baghdad, at the cost of much higher American casualties.

It was a measure of how much the situation had deteriorated that only one member of the group, former Senator Charles S. Robb of Virginia, ventured beyond the protected walls of the Green Zone, the American and government center of Baghdad. The study group is just now finishing its interviews, and Mr. Baker has not yet begun to draft the report, members said.

Some who have already met with the group, like Mr. Biden, who may seek the Democratic nomination for president, have emerged saying they think their ideas are being heard. On Friday, Mr. Biden said he thought he saw "heads nodding up and down" about his ideas on creating autonomous regions of the country, but Mr. Baker made clear on Sunday that he was not among them.

"Experts on Iraq have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

Mr. Baker has been critical of how the Bush administration conducted post-invasion operations, and he has not backed away from statements he made in his 1995 memoir, in which he described opposing the ouster of Saddam Hussein after the Persian Gulf war in 1991. In the book, he said he feared that such action might lead to a civil war, "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

On Sunday, the interviewer, George Stephanopoulos, said, "It's exactly what's happened now, isn't it?" Mr. Baker replied, "A lot of it."

Baker Predicts 'Civil War' If Iraq Divided (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, October 9, 2006

Iraq Study Group co-chairman James A. Baker III yesterday denied reports suggesting that his government-advisory group would recommend breaking up Iraq along ethnic lines, saying such a move could "trigger a huge civil war."

At the same time, Mr. Baker, who was secretary of state during the 1990-91 Persian Gulf War, agreed with assessments that Iraq has about "two or three months" to improve its security situation.

During an appearance yesterday on ABC's "This Week," Mr. Baker was asked whether a proposal by Sen. Joseph R. Biden Jr. for breaking up Iraq into semiautonomous regions is supported by members of the Iraq Study Group.

Mr. Biden, Delaware Democrat, recently told "This Week" moderator George Stephanopoulos that "he saw a lot of heads nodding in agreement" when he presented his plan to the group.

"A lot of the people we've talked to, particularly experts on Iraq, have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, "The Kurds already effectively have their own area. The federalisation of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

However, Mr. Baker appeared to reject such a proposal yesterday.

"There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq," Mr. Baker said. "And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

However, Mr. Baker also said his group has not rejected Mr. Biden's proposal.

"We haven't rejected a lot of suggestions. We simply haven't concluded our report yet."

During an appearance on CNN's "Late Edition" yesterday, Mr. Biden said his plan was more reasonable than Mr. Bush's Iraq strategy.

"I'm not a person calling for cut and run. The president of the United States has not given the military commanders all they've needed," Mr. Biden said.

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"The fact of the matter is, everyone from John Warner on," he said referring to the Republican chairman of the Senate Armed Services Committee, "knows there's a need for radical change in policy and a political settlement here. There needs to be a political solution."

After his recent trip to Baghdad, Mr. Warner, Virginia Republican, said, "In two to three months' time, if this thing hasn't come to fruition and this government [is not] able to function, I think it's a responsibility of our government internally to determine: Is there a change of course we should take?"

Although the Iraq Study Group is holding its findings until after the November elections, Mr. Baker has said he does not think an immediate withdrawal of U.S. forces from Iraq should be under consideration.

"I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," Mr. Baker said. "Every neighboring country would be involved in there, doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

A Capital Gumshoe Hits It Big (USNEWS)

By Liz Halloran

U.S. News and World Report, October 16, 2006

On its face, it looked like a Washington version of a "did not, did so" schoolyard standoff. But the stakes were a whole lot higher. At issue are the assertions in Bob Woodward's new book about what Bush administration officials knew about the terrorists' plans in the months leading up to 9/11.

Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting described in Woodward's State of Deial-a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA "on or around" that date-and added that she had instructed her staff to pass on the CIA's information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld.

Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal. "When Bob Woodward speaks," says John Walcott, chief of the McClatchy newspaper chain's Washington bureau, "the secretary of state has to respond."

Though it was overshadowed last week by the evolving congressional page scandal, the new book was instantly a No. 1 bestseller, like 10 of the 14 books he has either written or coauthored. Unlike his past two books on the Bush administration, State of Denial takes an unsparing look at the administration's bungled post-invasion policy in Iraq. "This is a do-over," said commentator Arianna Huffington, who is among those who say Woodward's reputation was damaged by his previous favorable "Bush at war" books. "He wants to make it appear that he hasn't changed, the facts on the ground have changed. That's simply not true." Woodward has responded to such criticism by saying his latest round of reporting simply turned up new information.

Hot topics. Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. There have been several illuminating books published in the past year about the Bush administration's prosecution of the war in Iraq-from Ron Suskind's One Percent Doctrine to Thomas Ricks's Fiasco: The American Military Adventure in Iraq. But only Woodward's drew a White House press-release rebuttal.

The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context. Woodward was given access to President Bush and other top officials for his first two books on the administration, but he was refused interviews with the president for State of Denial. (The administration has said it believed Woodward had an agenda.) Some dramatic scenes Woodward reported in previous books-a teary Richard Nixon praying with Secretary of State Henry Kissinger; CIA Director William Casey's deathbed admission of the Iran-contra scheme-have been questioned.

There are other criticisms, as well. Thomas Edsall, a retired Washington Post reporter now teaching at Columbia School of Journalism and writing for the New Republic, says his former colleague, along with some reporters for other A-list newspapers, has ready access to high-level government officials but often fails to check their accounts of events with secondary and tertiary sources.

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Old-fashioned. Woodward calls such criticisms unfounded. "I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names," he said last week. "This book makes me feel good about old-fashioned, straight journalism." Woodward defended his past glowing characterizations of the Bush administration as describing their actions during a different time. But he says he feels he erred in his earlier reporting on Rumsfeld, who comes off very poorly in State of Denial. "I should have looked at him sooner," he said.

Even his sternest critics, however, give Woodward credit for his work ethic and determination, his keen interviewing skill, his exhaustive knowledge of the nation's capital and how it works, and for not harboring a political agenda.

So what's Woodward's next book likely to be? "For the country's sake," he said, "I hope it's Bush at Peace." Whatever it is, it almost certainly will be a bestseller that will kick off yet another spirited dissection of one of the nation's most famous journalists.

Secret Iraq Meeting Included Journalists (NYT)

By Julie Bosman

The New York Times, October 9, 2006

It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, "State of Denial," he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11.

What was more unusual, Mr. Woodward reveals, was the presence of journalists at the meeting. Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened.

While members of policy research groups often dispense advice to administration officials, journalists do not typically attend secret meetings or help compile government reports. Indeed, many Washington journalists complain that the current administration keeps them at an unhealthy distance.

Mr. Zakaria takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced.

"I thought it was a brainstorming session," he said. "I was never told that there was going to be a document summarizing our views and I have never seen such a document." (Mr. Woodward wrote that the report, which supported the invasion of Iraq, caused Mr. Bush to focus on the "malignancy" of the Middle East situation.)

Mr. Kaplan said much of the meeting was spent drafting and reworking the document, which in the end carried the names of all 12 participants and was "a forceful summary of some of the best pro-war arguments at the time." Could any of the participants have been unaware there was a document in the making? "No, that's not possible," he said.

Mr. Kaplan, who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because "everybody was in a patriotic fervor."

Mr. Zakaria said he felt participating was appropriate because his views, as a columnist for Newsweek, were public, although he has never divulged his involvement to his readers.

"My column is an analytical column," he said, adding that he gives advice to policy makers and elected officials: "If a senator calls me up and asks me what should we do in Iraq, I'm happy to talk to him." JULIE BOSMAN

Death Squads Online (NSWK)

By Christian Caryl And Michael Hastings, Newsweek

Newsweek, October 9, 2006

As if things weren't bad enough, now Iraq's sectarian butchers are posting their execution lists on the Internet.

Not long ago, Mohammed Kika found out that his name had appeared on a London-based Web site run by Sunni exiles from Iraq. The Baghdad man was accused of betraying other Sunnis to a Shiite militia in the mixed neighborhood of Mansour, receiving a $200 bounty for each one he identified. The posting even disclosed the name of the barbershop where Kika could be

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found. He ran for his life, friends and family told NEWSWEEK. At first he hid out in the Shiite neighborhood of Karrada, and then he fled the country.

Iraq's sectarian war is spreading onto the Web. Some Iraqis, like Kika, have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. (NEWSWEEK has found at least eight of these sites, but we have decided not to publish their Web addresses.) The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites. "Some of the Web sites can be used to catch spies by tracking their movements," he told NEWSWEEK.

Rising sectarian violence has become the No. 1 threat to Iraq's stability, with more than 2,500 Iraqis killed violently in September. Much of the killing is linked to death squads in Iraq's heavily Shiite police force, an agency that would scarcely exist without U.S. training and funding. Last week the U.S. military removed an entire Iraqi national police brigade from duty after American soldiers received reports that the unit was involved in death-squad activities. Military investigators are tracing possible links to the notorious Mahdi Army militia, which is believed to be running Shiite death squads in Baghdad. Efforts to build a reliable Iraqi police force seem nearly hopeless anyway: this summer alone the Interior Ministry reportedly fired at least 1,700 bad cops.

And the violence in the streets keeps getting nastier. Until recently, death threats in Iraq arrived the old-fashioned way—a flier found on a family's doorstep, warning them to leave the neighborhood or suffer the consequences. Now Iraq's sectarian killers have discovered the anonymity and long reach of the Internet.

Sunni sites provide Arabic-speaking users with a place to swap information—true or not—about alleged collaborators with Shiite death squads in Baghdad. One site's Iraqi correspondents write in with news and views—as well as exposés of corrupt officials or snitches alleged to be aiding the death squads. One of the site's organizers, Ali Ahmad, denies that he promotes violence with his site, and says he just "publishes information to fill a vacuum that the authorities can't. People can't go to the police," says the 48-year-old, an Iraqi exile and British citizen. Last week the site published a warning "not to go to the Ministry of Higher Education to accept fellowships, because it is a trap by a death squad." Another site lists more than 300 names, birthdays and locations of suspected Shiite militia members. Shiites have sites of their own, where believers are urged to avenge suicide car-bomb attacks by slaughtering Sunnis. "Let's torture them and don't be silent," wrote one recent poster.

The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues. One post last week offered advice to members of the Mahdi Army on how to avoid capture by U.S. forces. "Don't wear black," the writer advised, referring to the standard Mahdi Army uniform. Other tips: "Hide your weapons," don't stand in groups, and "never admit you're a member of the militia." Just what Iraq needs: online hints for sectarian butchers.

Arrest Made In Iraq Food Poisoning Case (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, October 10, 2006

Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional.

Brig. Qassim al-Moussawi, a senior spokesman for the Iraqi military, denied that anyone had died after Sunday's evening meal breaking the daily Ramadan fast.

On Sunday night, an official in the Environment Ministry, Jassim al-Atwan, said 11 policemen had died. Wasit provincial Gov. Hamad al-Latif said "hundreds of soldiers were poisoned" at the police base in Numaniyah, but nobody had died.

Al-Moussawi put the number of poisoned policemen at 350 to 400, but said only four victims were hospitalized.

"A number of people have been arrested, including the man in charge of the mess hall," al-Moussawi said.

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He said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely."

The stronger possibility, he said, is that it was "intentional sabotage."

Al-Latif said the base's food and water are supplied by an Australian contractor working through Iraqi subcontractors. He did not identify the Australian company. The food is prepared elsewhere and brought to the base.

Al-Moussawi said the contractors, workers at the location where the food is prepared and others were under investigation, but would not say how many had been detained.

Sunni insurgents fighting the police and military have not been known to use poison as a weapon. The afflicted policemen belong to the 4th Division of the National Police, whose officers are mainly Shiites.

The division normally operates around the town of Salman Pak on the southeastern outskirts of Baghdad — an area of intense Shiite-Sunni fighting.

The division was sent to the base in Numaniyah, 60 miles southeast of the capital, for further training.

Poisoning Suspected After Hundreds Fall Ill At Iraqi Post (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 10, 2006

Officers Had Just Broken Ramadan Fast

BAGHDAD, Oct. 9 -- Hundreds of Iraqi army and police officers became violently ill after breaking their Ramadan fast Sunday evening at a base in southern Iraq, in what authorities are investigating as a possible mass poisoning attack.

At least 10 people died and 1,200 were sickened at a base in Numaniyah after eating a chicken dinner that may have been laced with cyanide, according to recruits and an army colonel with knowledge of the investigation. He said the food was undergoing laboratory tests.

Brig. Gen. Qassim al-Moussawi, a spokesman for the Iraqi armed forces, said the head of the base's mess hall and several other employees there had been arrested. But he said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died.

The U.S. military announced the deaths of four troops, a soldier who was killed Monday morning by small-arms fire in eastern Baghdad and three Marines assigned to Regimental Combat Team 7 who were killed Sunday in Anbar province, the volatile Sunni insurgent stronghold.

In the southern city Diwaniyah, clashes continued Monday between U.S. troops and militiamen loyal to Shiite cleric and political leader Moqtada al-Sadr. The two sides battled a day earlier in a skirmish that the American military said left 30 militiamen dead.

Abdul Razaq al-Nadawi, the head of Sadr's office in Diwaniyah, said three people were killed at sunset when an American convoy tried to arrest a cleric loyal to Sadr. Members of Sadr's Mahdi Army responded by detonating a roadside bomb and opening fire on the convoy.

Earlier in the day, armed men connected with the Mahdi Army attacked an Iraqi police checkpoint in the northern part of the city, killing 12 officers and wounding three others, according to Brig. Gen. Hazim Mohammed Ameen of the Interior Ministry. He said joint Iraqi-American patrols cordoned off the area and all roads leading into the city and arrested 20 suspected fighters.

In Baghdad, armed men assassinated the brother of Vice President Tariq al-Hashimi, one of the country's most prominent Sunni Arab politicians. The killing of Amir al-Hashimi makes him the third sibling of Hashimi to be assassinated this year.

Also in the capital, armed men in four pickup trucks without license plates kidnapped 11 Iraqi soldiers at a checkpoint in Sadr City, the sprawling Shiite Muslim slum, Ameen said.

The genocide trial of deposed president Saddam Hussein resumed Monday after a two-week break, with a 31-year-old Kurdish woman accusing Hussein's regime of burying her family alive. Prosecutors have accused Hussein of trying to annihilate the country's Kurdish population during the 1980s.

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In Diyala province, northeast of Baghdad, statements were distributed threatening widespread violence and civil disobedience if the government does not remove the commander of the 5th Iraqi Army Division and bring him to court for unspecified crimes allegedly committed during a military operation last week.

The statements, signed by "the Mujaheddin of Diyala," said that if these demands were not met, they would fire rockets and mortars at government buildings, force the closure of all schools, bar government officials from going to work and shutter all gas stations.

"And we call on all citizens who were robbed of any valuables to submit a complaint to the criminal court in the province," the statement concluded, "and they will find honorable, honest judges there who will give them back their rights."

Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Meal Sickens Hundreds Of Iraqi Police Recruits (LAT)

By Doug Smith And Zeena Kareem

The Los Angeles Times, October 10, 2006

BAGHDAD — Several hundred Iraqi police recruits were being treated today in an outbreak of severe food poisoning that triggered a mutinous episode in southern Iraq, and the capital was shaken by the assassination of the vice president's brother.

Officials in Numaniyah, about 75 miles southeast of Baghdad, said disorder broke out at a military base there today, the day after the recruits became ill. Angry recruits stoned the car of their commander. FOR THE RECORD:

'Iraq Food Poisoning': The chronology of events involving a food poisoning incident in Iraq have been corrected from an earlier online version of the story. —

Authorities said they had not yet established that the food poisoning, which broke out Sunday evening, was intentional. However, several people connected with the base dining facility were arrested, including the food supplier, military spokesman Brig. Gen. Khasim Mosawi said in a televised news conference.

Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date.

About 350 of the soldiers remained in two local hospitals today, officials said.

The soldiers began to collapse in pain Sunday while doing field drills after eating the large evening meal that breaks the day's fasting during the holy month of Ramadan.

"I thought someone hiding somewhere was sniping at them with a silencer," said a base security official who would only give the name Ali.

Soldiers who did not eat the evening meal were not sickened, officials said.

Several members of the Wasit provincial council and the mayor of Numaniyah, who all asked not to be named out of fear for their safety, said they had received complaints from soldiers about abuse by Col. Amer Flaih Hasoon Dulaimi, commander of the 1,800-member National Police brigade.

They said the colonel publicly reproached the recruits after they celebrated the birth date of one of the Muslim imams with a meal and the singing of religious anthems.

In Baghdad, meanwhile, armed men arriving in a convoy of about 10 vehicles stormed the house of Amer Hashimi, killed him and his guards and kidnapped his son. Hashimi was the eldest brother of Vice President Tariq Hashimi, a top-ranking Sunni Arab politician.

Some of the attackers wore uniforms and others were in civilian clothes, a spokesman for the Iraqi Interior Ministry said.

Amer Hashimi was the third sibling of the vice president to be assassinated. Their sister, Maysoon Hashimi, was killed along with her driver in April, two weeks after a brother, Mahmoud Hashimi, was killed while driving with friends.

Amer Hashimi was an officer in Saddam Hussein's army and became the army's chief of staff from April to September 2004. He and four subordinates were dismissed after the assassination of a high-ranking officer in the Defense Ministry.

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Sunni political leaders said they held the government of Prime Minister Nouri Maliki responsible for the killing because it had failed to bring Shiite Muslim militias under control. The militias have been widely accused of carrying out killings of minority Sunnis.

"What makes us wonder, is that why they make promises about the militias that they can't fulfill?" said Saleem Abdullah of the Iraqi Accordance Front. "Every time we think there is a solution it disappears."

The trial of former dictator Saddam Hussein resumed today after a nearly two-week recess. During testimony, a Kurdish woman accused the deposed government of burying her family alive after destroying her village, rounding up men, women and children and herding them into camps where they were tortured and left hungry and exposed to the elements.

"I want you to ask Saddam Hussein a question," the Kurdish woman said while testifying from behind a curtain in a heavily protected Baghdad courtroom. "What was the guilt of the women and children?"

The woman, who was 13 at the time of a large-scale counterinsurgency operation carried out by Hussein's forces in 1988, added, "I know what happened to my family. They were buried alive."

Hussein's defense attorneys again boycotted the trial, objecting to the court's decision to remove the first judge in case, who was widely perceived by Shiites and Kurds as too lenient toward the former president and the defense.

In addition to four witnesses, the prosecution presented identification cards of Kurdish victims of the 1988 campaign discovered in mass grave sites in southern Iraq. Though Iraqi security forces tried to seize the identification cards during the roundup of suspects, some victims managed to hide them on their person and smuggle them to their graves, giving forensic scientists valuable clues in building up the case.

In other developments today:

The U.S. military reported the deaths of three Marines and two Army soldiers. The Marines were killed by enemy fire in Al Anbar province in western Iraq. The soldier was killed by small-arms fire in Baghdad. Their names were not released.

Parliament set a vote for Wednesday on implementation of a federal system to transfer power from Baghdad to the provinces. The parliament will be choosing between four competing plans.

Disturbances continued in the southern city of Diwaniya where the U.S. Army said it killed 30 militants in a firefight Saturday, said Shiekh Abdul-Razaq Nadawi, manager of Shiite cleric Muqtada Sadr's office in the city. He said American forces raided a mosque attempting to arrest Sheik Khudair Ansari, a leader in Sadr moment in the city. The Americans withdrew after clashing with worshippers, several of whom were injured, he said.

Besides Hashimi, at least 35 violent deaths were reported in Baghdad and elsewhere in Iraq.

Eleven 11 Iraqi soldiers were reported kidnapped in a dawn raid on a checkpoint in a Sadr stronghold in the Baghdad neighborhood of Sadr City.

U.S. Gains In Parts Of Iraq In Jeopardy (WP/AP)

By Antonio Castaneda

The Washington Post/AP, October 10, 2006

BAGHDAD, Iraq -- For months, soldiers from the 172nd Stryker Brigade fought in riverside towns of western Iraq, trying to clamp off the flow of foreign fighters and suicide bombers that commanders said were terrorizing Baghdad. Now hundreds of these same U.S. soldiers have been sent to deal with what U.S. officials say is an even greater threat _ rising attacks between Sunnis and Shiites in the capital itself.

Left behind in the dusty towns along the Euphrates River in Anbar province are fewer U.S. troops _ and fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated.

"Seeing the fruits of your labor lost is frustrating," said Capt. David Ramirez of the 4th Squadron, 14th Cavalry Regiment, who was sent to Baghdad from western Iraq.

The shift from Anbar to Baghdad underscores the problems facing the overstretched, 140,000-strong U.S. military force in Iraq.

To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq.

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"We do not have sufficient troop strength to secure the entire country simultaneously," Andrew Krepinevich, a military analyst, said in an e-mail to The Associated Press. "Trying to be strong everywhere will lead us to being strong nowhere."

Krepinevich said he had personally recommended drawing down forces in western Anbar to U.S. Ambassador Zalmay Khalilzad and Vice President Dick Cheney's staff.

Lt. Gen. Peter Chiarelli, the No. 2 commander in Iraq, defended the new strategy, saying it was necessary to "winning the main effort" in Baghdad.

Chiarelli insisted the troops were moved from the less violent parts of Anbar province.

However, four Marines were killed July 29 by a suicide truck bombing in Rawah even as U.S. soldiers were pulling out of that area.

Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina and includes notoriously violent cities such as Haditha, Rawah and Haqlaniyah.

"Any time you reduce forces it's a concern," said Marine Lt. Col. Norm Cooling, commander of the 3rd Battalion, 3rd Regiment which is scattered across western Anbar.

Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war.

The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west from using the U.S. military drawdown there to gain strength.

About a third of the 102 U.S. troops who have died in Iraq since Sept. 1 have been killed in Anbar, according to Pentagon reports.

"Where we're not, the insurgency goes there. That's just how an insurgency works," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., who was among those relocated to Baghdad.

U.S. commanders have also said that the reshuffling of forces makes it difficult to build trust among civilians and convince them to cooperate with American forces.

For example, five different U.S. units were based in the western city of Hit last year.

"It's been like a transient area" in Hit, said Lt. Col. Ronald Gridley, the executive officer for Marine Regimental Combat Team 7.

"In a counterinsurgency," he said recently, "you can't throw someone in there for 45 days and expect them to understand the communities, the different tribes, the different personalities involved."

Iraq Fuel Shortages Buoy Separatists' Stance (WSJ)

By Philip Shishkin

The Wall Street Journal, October 10, 2006

Kurds in North Seek Solutions, Serve as Model for Southern Shiites; Sunnis Fear Being Shut Out

ERBIL, Iraq -- As governor of Erbil province in northern Iraq's Kurdish autonomous region, Nawzad Hadi Mawlood has spent months rationing fuel among public transport, government cars and -- supplies permitting -- regular motorists, whom he says he may have to advise to refrain from driving altogether.

The recurrent shortages are draining Kurdish officials' patience with the central government, which they accuse of fumbling fuel imports. Fuel interruptions also are aggravating the wider debate over how Iraq's abundant oil supplies are divided among its factionalized regions, and the resolution could determine whether the country splinters. In Baghdad last week, Secretary of State Condoleezza Rice said "oil needs to be a unifying factor."

But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. The Kurds' frustrations -- and ambitions -- are summed up by Ashti Hawrami, their newly appointed energy minister: "We are supposed to be an oil country, and we have this? Baghdad is failing us. We could do a better job."

The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is

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increasingly alarmed by Kurdistan's oil moves, fearful of being cut out of oil income that is currently apportioned by the central government.

When the central government's oil minister questioned the validity of exploration contracts signed by the Kurdistan regional government, Nechirwan Barzani, the region's prime minister, offered a strong response: "I resent [the oil minister's] efforts to sabotage investment in Kurdistan's oil sector. He would better spend his time getting his ministry working rather than tearing down our achievements." Mr. Barzani then warned that if Baghdad continues to impinge on the Kurdish region's autonomy, the Kurds may consider seceding from Iraq.

The thirst for independent fuel supplies -- and the broader autonomy that implies -- could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern.

While Iraq is among the world's largest oil producers, the country's refineries, often targeted by insurgents, can't keep up with the domestic demand for refined petroleum products, such as gasoline. So Iraq's State Oil Marketing Organization uses the crude-oil revenue to buy the shortfall from foreign suppliers, including Turkey, which has no oil reserves of its own but fields a vibrant refining industry.

Hobbled by the insurgency and poor management, Iraq's oil production stood at two million barrels a day in August, lower than the pre-invasion level of two and a half million barrels in February of 2003, according to the International Energy Agency. SOMO has been struggling to manage the oil trade, held back in part by obsolete technology.

Last year and early this year, SOMO ran up a debt of $980 million importing refined-petroleum products from Turkey, says Falah al-Amri, its director. Tanker trucks that used to stream across the border between Turkey and Northern Iraq stopped earlier this year, worsening the gasoline shortage.

Sirwan Osman, who drives a taxi in the Iraqi Kurdish city of Suleimania, often spends several days in a row living out of his battered cab as it inches its way through a giant gas line. As the shortage goes on, Iraqi Kurds are getting angry at their leaders.

The fuel crisis added urgency to Kurdish efforts to craft oil policies that would leave their region less reliant on the vagaries of Baghdad's oil management. "Unfortunately, the funding for fuel purchases is still in the hands of the federal authorities," Mr. Hawrami, Iraqi Kurdistan's oil minister, said in a recent email, warning that the fuel situation could become worse as the harsh winter approaches. He adds that the Kurds are planning to build two refineries to prevent similar crises in the future.

Those refineries would augment the region's nascent oil infrastructure that is gradually taking shape. Iraqi Kurdistan has no producing oil fields, but it has signed contracts with several foreign companies -- including Norway's DNO ASA, Genel Enerji of Turkey and Addax Petroleum Corp. of Canada -- to drill for oil. The first crude production could begin as early as next year. It is those contracts that provided fodder for a bitter dispute between Mr. Barzani and Iraq's oil ministry in Baghdad.

Iraq's constitution, approved in a referendum last year, is intentionally vague on how oil revenue should be allocated. Income distribution from existing fields is the purview of the federal government in Baghdad, but management of future discoveries isn't explicitly regulated by the constitution, allowing Iraqi Kurdistan to claim that authority for itself.

"We have the right to conduct new oil searches," says Mr. Mawlood, the Erbil governor.

The new petroleum law enacted by the regional Parliament says future oil revenue will be shared with Baghdad only on a voluntary basis. Iraqi Kurds also hope voters in the ethnically mixed, oil-rich province of Kirkuk will decide in a referendum next year to join Iraqi Kurdistan. Sunni Arabs worry that the loss of Kirkuk could deprive them of crucial oil revenue and further damage national unity.

Turkey, which has a problem with its own restive -- and sizable -- Kurdish minority, fears the annexation of Kirkuk could further stoke Kurdish separatism throughout the region. Northern Iraq has already become a safe heaven for bands of Kurdish guerrillas who stage attacks across the Turkish border.

Iraqi Kurdish officials, who depend on Turkey for refined petroleum products and other imports, suspect their neighbor is using its trade leverage to thwart the region's moves toward greater autonomy.

Mr. Mawlood says the fuel shipments from Turkey stopped not only for financial reasons, but because the Turkish government is trying to punish Iraqi Kurdistan for harboring anti-Turkey guerrillas and for making moves on Kirkuk, home not only to the Kurds, but also to Sunni Arabs and to Turkomans, who are ethnically linked to Turks.

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A Turkish trade official says shipments were curtailed only because of the Iraqis' debts, and once the payments resume, so will the flow of gasoline to Iraq. Mr. Amri, head of SOMO, says he is working hard with Turkish counterparts to pay the arrears through an installment plan.

Witness In Saddam Trial Details Abuse (USAT/AP)

USA Today, October 10, 2006

BAGHDAD — The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed.

Saddam and his six co-defendants are on trial for offenses allegedly committed against Iraqi Kurds during a crackdown in the late 1980s. If convicted, the defendants could be sentenced to death by hanging.

One woman, who testified behind a curtain and whose name was withheld apparently for fear of reprisal, told the court she was 13 years old when she was detained during the crackdown.

The woman said Iraqi troops destroyed her village in northern Iraq in 1988 and that she and some family members were imprisoned in southern Iraq.

A prison warden she identified as Hajaj "used to drag women, their hands and feet shackled, and leave them in scorching sun for several hours," she told the court.

"Soldiers used to watch us bathe," she added, saying the guards would also fire weapons over the women's heads as they washed.

The woman said several relatives disappeared during the offensive. "I know the fate of my family. They were buried alive," she testified.

The prosecution presented the court with documents showing that remains of the women's relatives turned up in a mass grave.

"I'd like to ask Saddam: 'What crime did women and children commit?' " the witness told the court.

Saddam has insisted that the crackdown, known as Operation Anfal, was directed against Kurdish rebels who were allied with Iran in the 1980-88 Iran-Iraq War.

The prosecution maintains that about 180,000 people, most of them civilians, were killed in the crackdown, during which Iraq forces used poison gas against Kurdish villages.

In other Iraq news:

•The brother of Iraqi Vice President Tariq al-Hashimi was assassinated Monday when gunmen wearing military uniforms broke into his north Baghdad home, said Brig. Qassim al-Moussawi, a military spokesman.

Lt. Gen. Amir al-Hashimi, a Defense Ministry adviser, was the third of the politician's four siblings to be slain this year. The vice president's sister and another brother were killed within two weeks of each other in April.

•Iraqi authorities arrested the head of the mess hall at a base in the southern town of Numaniyah, where up to 400 policemen suffered food poisoning at a Ramadan meal.

Al-Moussawi said the poisoning was likely intentional, though he did not rule out that spoiled food was used in the meal. The policemen — mainly Shiites — fell ill after eating their iftar, the meal that ends the sunrise-to-sunset fast in the holy month of Ramadan. The Iraqi contractor hired to provide food for the base and other people also were detained, al-Moussawi said.

•A car bomb ripped through a market in a Shiite district of Baghdad, killing at least 10 people and wounding 23.

•Gunmen kidnapped 11 policemen in an assault on their checkpoint in Sadr City, a Baghdad neighborhood dominated by the Mahdi Army, the country's most powerful Shiite militia.

Rules Of Engagement: What Were They At Haditha? (CSM)

By Richard Whittle

The Christian Science Monitor, October 10, 2006

WASHINGTON

On the morning of Nov. 19, 2005, after a roadside bomb killed a young US marine driving a Humvee through Haditha, Iraq, marines in his unit killed as many as 24 civilians.

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It's not clear why. The marines say they were fired upon. Iraqi witnesses say the marines went on a rampage. Now, as the marines await possible charges, a key question is: Were they following their rules of combat? These "rules of engagement" are under increasing scrutiny as American and civilian losses mount in Iraq.

The Haditha incident and other alleged atrocities by US troops in Iraq posed "some questions about leadership, about whether the military has done all that it can do to make it clear to troops on the ground what they're entitled to do," says John Sifton, a lawyer with Human Rights Watch, based in New York.

If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. "It's clear that that is the direction one must take," says attorney Gary Myers, if it's proved his client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation.

Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted "reasonably," even if they killed civilians, military law experts say.

"No soldier or marine is going to be tried for an honest mistake," says Gary Solis, a former Marine Corps lawyer who teaches the law of war at Georgetown University in Washington.

But if the marines knowingly gunned down innocent civilians, no rules of engagement would condone such behavior, experts say. Lt. Gen. James Mattis, commander of the 1st Marine Expeditionary Force at Camp Pendleton, Calif., is expected to decide in coming weeks whether to bring charges against any of the marines. Vary from war zone to war zone

Rules of engagement tell troops when they can apply force. They can vary from war zone to war zone, operation to operation, and even mission to mission. They're usually set by "combatant commanders" - those in charge of an entire region, such as Gen. John Abizaid, head of US forces in the Middle East. But some rules must be approved by the secretary of Defense or even the president.

In conflicts like the one in Iraq, applying the rules can be difficult, especially when troops must make split-second decisions. Sometimes, the rules even allow troops to shoot at civilians, if they can't be distinguished as such and appear to pose a threat.

The rules stem from the Joint Chiefs' Standing Rules of Engagement, which are based on laws of war that bar harming unarmed civilians who can be identified as such, says Lt. Col. John "Jay" Mannle, a Marine Corps lawyer. But firing on a car that contains civilians yet fails to slow or stop for a checkpoint - something US troops have done often in Iraq - is justified if those firing have a "reasonable" belief the car is a threat, he adds.

During the November 2004 battle of Fallujah, marines - including some from the unit under suspicion in Haditha - tossed hand grenades into houses or rooms where they believed insurgents to be. That's the tactic that was used in Haditha, too, according to Staff Sgt. Frank Wuterich, who led the squad accused of the killing.

In court papers filed last summer, Sergeant Wuterich said the squad - made up of about 10 marines - went into the houses after taking fire from them and accidentally killed the civilians while clearing rooms with grenades and rifles. (The papers were part of Wuterich's defamation lawsuit against Rep. John Murtha (D) of Pennsylvania, who said in May that the marines killed those civilians in cold blood.)

Residents of Fallujah, however, had been told to leave the city before US and allied forces went in, according to Mr. Solis of Georgetown. Anyone who didn't was regarded as hostile, and US forces were authorized to fire on them. No such warning had been issued in Haditha.

Iraqi witnesses in Haditha claim the marines went on a rampage after a roadside bomb killed Lance Cpl. Miguel Terrazas. The Iraqis say the marines killed four students when the young men happened upon the scene in a taxi, then massacred civilians in nearby houses, including women and children.

Human Rights Watch has asked the Pentagon for copies of the rules of engagement used in Iraq, and the American Civil Liberties Union has filed Freedom of Information Act requests seeking them, but rules of engagement are often classified. "We don't want to tell the bad guys what we might do," says Lt. Col. Scott Fazekas, a Marine Corps spokesman.

Such rules are usually general, Solis says, and, in any event, "are not tactical instructions on how to proceed in a combat situation." Practice and reminders

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Troops are instructed on the rules and practice using them during predeployment training. How such training is conducted falls to unit commanders to decide. Before going into combat, troops also are issued unclassified "ROE cards" as a reminder of the key rules.

The cards are next to useless, says Lt. Col. David "Bo" Bolgiano, an Air Force Reserve lawyer and former Baltimore police officer who teaches a course in rules of engagement to members of the military. Troops in combat "are not going to have time to consult them," he says. In any event, problems arise not from the rules "but rather their application," he adds, which makes training in how to respond to potential threats the key.

Generally speaking, "the rules are pretty simple," he says. Troops may respond "with force - to include deadly force - to an imminent threat of death or serious bodily harm."

Although defense lawyers are likely to use rules of engagement as a justification if Haditha charges are brought, the outcome is more likely to turn on the facts surrounding the killings, says retired Army Lt. Col. Geoffrey Corn, who teaches at South Texas College of Law in Houston.

If the civilians were killed by mistake as the marines went after insurgents, he said, the legal question is whether the mistake "was a reasonable one."

"The discipline of a military force in battle is built around the core principle that killing on the battlefield is not just permitted, it's required," Colonel Corn said. "But not all killings are justified."

The Realities Of Trying To Rebuild Iraq (WP)

By Dan Senor

The Washington Post, October 10, 2006

A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. Given that the article has prompted some senators to call for a government investigation into the hiring practices of the Coalition Provisional Authority (CPA), it's important to correct the record.

Chandrasekaran's thesis is that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq. In pinning the shortcomings of the reconstruction effort on the mishaps of a handful of low-level political appointees, he virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts.

His book makes no mention, for example, of Richard Jones, who was the CPA's chief of policy and Ambassador Paul Bremer's top deputy. A career diplomat, Jones had served as President Bill Clinton's ambassador to Lebanon and Kazakhstan, and he was ambassador to Kuwait when he relocated to Baghdad. He was at the center of practically every decision and every meeting about the Iraqi political process from the moment he arrived. Indeed, during the first major crisis in Fallujah, Jones was the CPA's lead negotiator with the city's Sunni leadership, as was reported widely.

Nor does Chandrasekaran discuss Ryan Crocker, a striking omission since Chandrasekaran once described Crocker as Bremer's "top political aide" [news story, July 13, 2003]. Crocker, the senior State Department official with responsibility for Iraq before the war, led the CPA's political reconstruction team. A fluent Arabic speaker widely regarded as among the State Department's most distinguished Arabists, Crocker had served as ambassador to Syria and Kuwait under Clinton. He is a consummate professional diplomat, neither inexperienced nor an ideologue. And he was extraordinarily influential in the early months of the occupation; along with Bremer and senior British envoy John Sawers (another Middle East expert, who had come to the CPA from his post as ambassador to Egypt), Crocker played the most influential role in selecting the Iraqi Governing Council in July 2003. But reading Chandrasekaran's book, you would be left with the impression that Crocker had nothing to with Iraq -- he does not even get a mention.

Chandrasekaran ignores countless other CPA leaders who also fail to substantiate his one-sided thesis, including Gen. Keith Kellogg, the CPA's chief of operations. Kellogg is a retired lieutenant general whose 32-year Army career included two tours in Vietnam and service as the 82nd Airborne Division's chief of staff during Operations Desert Shield and Desert Storm. He was succeeded by Vice Adm. Scott Redd, who served as director of strategic plans and policy for the Joint Chiefs of Staff under Clinton.

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David Oliver, the CPA's budget director, does appear in the book. But Chandrasekaran curiously omits any description of Oliver's background. Oliver, a retired Navy rear admiral, had served as a principal deputy undersecretary of defense for Clinton, and by the time he was sent to Baghdad he had already taken a role as a public and financial supporter of one of the Democratic candidates challenging President Bush in 2004. Other prominent Democrats recruited to work in Iraq included former Clinton senior defense official Walt Slocombe and constitutional experts Noah Feldman and Larry Diamond -- both of whom had publicly opposed the decision to go to war in Iraq.

Most of the CPA's senior officials came from the career ranks of the State Department or the military and had served in Republican and Democratic administrations. And whatever the politics of the non-career staff, the majority -- at all levels of the organization -- were dedicated and hardworking and risked their lives to serve.

That said, there is no question that CPA staffers, both senior and junior aides, made mistakes. And there were certainly some positions that were filled by less than perfect matches, as one would expect when a willingness to relocate to a war zone was a key criterion. But a fairer book would have simply critiqued our policy decisions without getting into personal attacks and lopsided analysis.

Speaking of policy, Chandrasekaran argues that the CPA should have listened more to professional civil servants and State Department Arabists. Yet his book concludes that the formal occupation of Iraq was itself America's biggest mistake. Instead of creating the CPA, he argues, the Bush administration should have moved quickly after Saddam Hussein's fall to empower a fully sovereign Iraqi government.

But that is precisely the policy that was vociferously opposed by the State Department's Middle East experts in the months leading up to the war. As Chandrasekaran himself points out earlier in the book, the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account.

The truth is that both approaches would have been problematic. So, too, was the compromise solution sought by Bremer. But in a country as complicated as Iraq, there were no simple answers at hand. It's unfortunate that instead of acknowledging the depths and ambiguities of the problem, Chandrasekaran chose to shoehorn carefully selected facts into a thesis that often seems all too pat.

The writer, who was based in Baghdad from April 2003 to June 2004, served as a senior adviser to the Coalition Provisional Authority.

Punctuated By Life And Death (WP)

By Richard Cohen

The Washington Post, October 10, 2006

On the day that The Post carried a story about how President Bush had characterized the present difficult period in Iraq as "just a comma," Matt Mendelsohn called me. He is a photographer who took the pictures for a new book by his brother Daniel, "The Lost." It is an attempt to find out what happened to six members of the Mendelsohn family who perished in the Holocaust -- the family of great-uncle Shmiel Jager, "killed by the Nazis," of which almost nothing else was known. There: You went right by it. Shmiel lived between the commas.

In between those commas, of course, is the life of a man. He was scared and he was brave, he was proud and he was shamed, he headed a family and ran a business and then hid from the Nazis until he, along with four daughters and his wife, was betrayed and shot right on the spot. Don't think of the bullet as a period. It was, worse, a comma.

So Daniel Mendelsohn set out to expand the commas, to push them open and let in a life. From what the reviewers say, he succeeded brilliantly, so when someone says that 6 million Jews died in the Holocaust or if someone mentions Auschwitz, you can understand that it is not a number that died but a person who was murdered. I say that also about Rwanda in 1994, or what happened to the Armenians in Turkey in 1915, or what is happening in Darfur today.

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Commas imprison us all. You see them in the headlines of obituaries: Joseph Smith, accountant, 81; Mildred Jones, housewife, 87; Frank Miller, longtime resident, dies. The brevity of it all, the compression of a life into a clause, is appalling, yet an unalterable fact. This is the way not just of newspapers but of history, too. You come across the mention of a war -- the Crimean, the Civil, the Vietnam, the Boer, the Algerian -- and then, like a cemetery dangling from two commas, comes a mention of the number of dead. They get the same prominence -- sometimes less -- as the amount of ordnance used or ships sunk or airplanes built.

Wars are fought with commas. They are essential. Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection. Still, he could not live without the succor of cliches: breaking eggs to make an omelet and all of that. In between his commas are all those broken eggs. As yet, there is no omelet.

Not too long ago, I embraced the commas myself. I favored this idiotic war because I thought that the deaths of some would improve -- even save -- the lives of many. I likened the about-to-die soldiers to firemen or cops, the people we summon to risk or lose their lives for the common good. I had the common good in mind when I supported the war, and I did not expect much space between the commas. Now, the space expands and expands, one comma marching away from the other. It seems we will need room for all of Iraq.

When he was alive, I didn't much care for Menachem Begin, the hard-line Israeli prime minister. But when he retired after the 1982 war in Lebanon and showed his grief, my view of him changed. He was despondent over all the lives wasted, and he went into seclusion. For Begin, somehow, the commas evaporated and the immensity of his mistake pitched him into a depression relieved only by death. Other world leaders, in similar circumstances, join consulting firms. The bigger their mistakes, it appears, the higher their fees.

Most of us yearn to escape our commas, to become something more than a profession (longtime lawyer) or resident (Washington native), to make our mark on the world. A president who has ineptly waged a foolish war instead seeks the solace of commas. It is not so much where he has deposited the wounded and dead but where he hopes he can hide from history. It can't be done, though: George W. Bush comma -- and then his failure in Iraq. The comma is his epitaph.

Bomb Kills Top Leaders Of Local Afghan District (NYT)

By Carlotta Gall

The New York Times, October 10, 2006

KABUL, Afghanistan, Oct. 9 — Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said.

The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province, as well as a driver and a bodyguard, a police spokesman, Col. Ghafoor Khan, said by telephone. Four policemen riding in the back of the pickup were wounded in the explosion.

The men were traveling to Kharawan, a village in the district, to investigate the burning of its school the previous night, Colonel Khan said. Khogyani, a mountainous district bordering Pakistan, is an area of insurgent activity. American and Afghan police officers and border troops had surrounded the village and were searching for suspects, but detained no one, Colonel Khan said.

NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours, according to a NATO news statement released in Kabul. The Afghan Defense Ministry said there were also clashes on Sunday in Helmand, a neighboring province.

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NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month, after the Taliban suffered a heavy defeat in Kandahar Province, in the south. They predicted the insurgents would switch to lower-level, guerrilla-style tactics like suicide bombs and roadside explosions.

The British commander of NATO troops in Afghanistan, Lt. Gen. David Richards, urged the government and Western donors to step in quickly to benefit from the relative lull in combat and deliver rapid assistance to the people of the south, warning that if residents did not see any benefits in the next six months they would turn to support the Taliban.

General Richards, who took overall command of foreign troops in Afghanistan last week, left for Pakistan on Monday to meet military officials and President Pervez Musharraf. According to the British newspaper The Sunday Times, he planned to present Pakistan with evidence that the Taliban leadership was working out of Quetta, in Pakistan.

CORPORATE SCANDALS:

Dunn Calls Allegations In HP Scandal A 'myth' (USAT)

By Del Jones And Michelle Kessler, Usa Today

USA Today, October 9, 2006

Former chairman declares innocence on '60 Minutes'

Former Hewlett-Packard chairman Patricia Dunn, facing charges of approving the practice of using private investigators to obtain the phone records of HP's board of directors, went on 60 Minutes Sunday to say she was innocent.

"The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth," she said. "It's a falsehood. It's a damaging lie."

Dunn, 53, has late-stage ovarian cancer and less than a 70% chance of living five years. She said her lawyers approved the 60 Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer.

The charges, filed in state court, allege that investigators working for HP impersonated board members and reporters to obtain their phone records without their consent, a practice known as pretexting. Dunn was aware the records were obtained under false pretenses, the attorney general alleged.

Dunn became HP's chairman in 2005 at a time when members of the board were leaking confidential information to the press regarding mergers and other sensitive topics. Those leaks destroyed trust on the board, Dunn said.

She said she approved investigating the board to find the leak but that she relied on HP lawyers to ensure everything was done legally. Dunn is one of five charged. HP declined to comment on 60 Minutes.

When asked if using pretexting was not at least unethical, Dunn said that people who sit on boards give up a lot of privacy. "Your life is much more an open book," she said. Dunn said it was wrong for HP to get reporters' records but that she did not learn that had happened until last month.

On the same 60 Minutes program, former HP CEO Carly Fiorina said that she was "shocked" by the depth and range of tactics used in the scandal, and shocked to learn that she may have been a target.

She implied that her firing was an act of sexism. Asked if a man would have been fired in the same manner, Fiorina said: "Somehow, men understand other men's need for respect differently than they understand it for a woman. I'm disappointed to have to say that, but I think it's undeniably true."

Fiorina said there were no "normal business reasons" for her firing. "I can only conclude that it was personal in some way."

Dunn said her cancer has made her philosophical and that being charged with crimes is not the worst thing that can happen.

"The Golden Gate Bridge is always out there," she said with a laugh during the interview.

"I have a story to tell," she said. "I need people to understand what happened, and I'm glad to have the chance to do it."

Boardroom Duel Behind H-P Chairman's Fall, Clash With A Powerful Director (WSJ)

By George Anders And Alan Murray

DOJ_NMG_0076648

The Wall Street Journal, October 9, 2006

PALO ALTO, Calif. -- Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins.

They argued over how the board should be run. He has called her a "stickler for process and procedure." She says he was a "controller." For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries.

They even bickered over Mr. Perkins's steamy novel, "Sex and the Single Zillionaire," which he wrote with the encouragement of his ex-wife Danielle Steel. The 74-year-old Mr. Perkins says he jokingly called for all H-P employees to buy the book. Ms. Dunn, 53, says she didn't hear anything playful in his tone and vetoed that plan. When Ms. Dunn told Mr. Perkins at a party that the book "isn't my thing," he angrily accused her of embarrassing him in public.

At heated moments, two witnesses say, Mr. Perkins would declare in front of board members: "We need a new chairman." Ms. Dunn says at other times he would poke her in the clavicle and say: "I made you chairman." Mr. Perkins's actions were, in the words of another director, former Medtronic Inc. executive Robert Ryan, "chairman abuse."

The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks.

TRACKING THE SCANDAL

A cache of internal H-P documents and emails shed light on the company's media-leak probe. In one email exchange1, former H-P ethics lawyer Kevin Hunsaker asks how detectives obtained personal phone records. When he is told that they used pretexting, he replies: "I shouldn't have asked…" • See other key documents2 and a graphical timeline of the H-P scandal.

• Read the full text3 of the felony charges (People of the State of Calif. v. Patricia Dunn, et al.)

WHO'S WHO

Read profiles4 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. • Complete coverage5

WALL STREET JOURNAL VIDEO

6

WSJ's Alan Murray discusses7 the risks former H-P CEO Patricia Dunn may face by testifying before Congress.

Mr. Perkins set the charges in motion by storming off the board and alerting authorities to the phone snooping. He contacted the Securities and Exchange Commission and California's attorney general, pressing them to take action. But their fight was much broader than that, reflecting a fundamental conflict over how to run big companies in the post-Enron world.

Ms. Dunn brought a careful, rules-based approach to life. She rose from a modest childhood and endured a three-bus commute to attend the University of California, Berkeley, on a scholarship. She become head of Barclays Global Investors, where she succeeded in the orderly world of index funds, which control risk and take the guesswork out of investing.

When asked to be H-P's chairman, she brought a similar diligence to her new job. She studied a British book on governance, attended directors' workshops at Stanford University and hired consultants to update board handbooks. Her first thought, she says, was: "How do I avoid screwing up? Failure-avoidance has been a large motivator my whole life." For Ms. Dunn, plugging the leaks became a crucial test of her ability to oversee the board.

Mr. Perkins, by contrast, is a boisterous Silicon Valley legend, in love with fast cars, large sailboats and getting his own way. He worked for H-P in the 1950s and 1960s and helped the company start its computer business. In 1972, he co-founded Kleiner Perkins Caufield & Byers, a leading venture-capital firm that made billions for partners and investors by bankrolling start-ups such as Genentech Inc. and Netscape Inc.

Mr. Perkins returned to H-P in 2002 as an outside director, serving until March 2004 before stepping down at retirement age. He was brought back 11 months later at the urging of fellow director George "Jay" Keyworth, who said the company needed Mr. Perkins's expertise. "I have been chairman of a hell of a lot of boards," Mr. Perkins said in an interview late last year. "I have

always been very, very active in the strategy and tactics of these companies." When the leak issue came to a head, Mr. Perkins tried to play down the matter and protect his friend, Mr. Keyworth, who was fingered as the leaker.

Center of the Probe

While it may take a court to assign legal culpability, internal H-P documents depict Ms. Dunn at the center of the leak probe at the computer and printer company. Imbued with zeal about directors' responsibilities, she focused on rooting out a boardroom traitor and failed to question or rein in investigators. They impersonated reporters and directors to pry personal records from phone companies. They used operatives to tail H-P directors and journalists. And they sprang a sting operation on an unsuspecting reporter in an effort to get her to reveal her source.

The charges are the culmination of a fierce boardroom battle that, in the end, Ms. Dunn lost. At the board's request, she quit as a director in late September. Ms. Dunn says she relied upon the advice of H-P lawyers and thought obtaining phone records was customary practice. She portrays herself as a victim and says she bears no responsibility for any misdeeds that were done.

"I think I've been at the nexus of a conflict between the old and new ways of governance," she said during a three-hour interview last week. "And I made a very rich and powerful enemy without meaning to. He was in a position to finance an extremely effective and elaborate campaign to get me off the board. It went beyond what he ever expected."

Mr. Perkins also saw their battle as a fight over how best to run the company. In a July 18 email to H-P CEO Mark Hurd, he worried that Ms. Dunn would " 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes. I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough."

In an interview with Newsweek last month, Mr. Perkins said: "My No. 1 thing was to get Pattie out as chairman, and I got that. So I'm happy."

As she fights her legal war, Ms. Dunn has been waging an increasingly serious medical battle. After brushes with breast cancer and melanoma, she was diagnosed with Stage IV ovarian cancer in January 2004. Intense chemotherapy, which lasted through August 2005, appeared to have beaten back the disease. But in August, Ms. Dunn had surgery to remove cancer that had spread to her liver. On Friday, she began a new six-month round of chemotherapy.

"I hope I live long enough to see my reputation cleared," she says.

The story of Ms. Dunn's undoing comes from interviews with her, her associates, other H-P directors and 700 pages of H-P documents, which include emails, presentations, lawyers' reports and written testimony submitted to a congressional committee investigating the matter.

Ms. Dunn spent her childhood in Las Vegas, where her father was an entertainment director at a casino and her mother was a retired showgirl. She says her formative experiences came as a teenager after her father died and her mother moved the family to Terra Linda, Calif.

Cash was tight. She won a National Merit Scholarship in 1970 to go to the University of Oregon but had to drop out when her mother lost Social Security death benefits. For a year, Ms. Dunn worked days as an apartment rental agent and evenings cooking and housecleaning for a family in return for room and board. Her mother was homeless and slept in her car for a while.

In 1973, Ms. Dunn got enough scholarship and grant money to return to college at the University of California, Berkeley, as a journalism major. Immediately after graduating, she won a temporary secretarial job at Wells Fargo & Co., the big San Francisco bank.

She had no interest in finance. "I thought I would rather drink chloroform and die than work for a bank," she recalls. But it was the only job available and she grew to like it. She met a senior banker, Bill Jahnke, whom she later married. And she became fascinated with the way Wells Fargo used academic theories to whittle away the role of human judgment in investment decisions. The bank championed low-cost money management that matched indexes like the Standard & Poor's 500. "I found there were revolutionaries at the bank," she says.

Ms. Dunn eventually became CEO of the business, which went through a series of owners before being sold to the United Kingdom's Barclays Bank PLC, which renamed it Barclays Global Investors. BGI wasn't flashy, but its methodical, process-driven approach to investment proved ultra-reliable.

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Former colleagues say Ms. Dunn was a superb listener who usually knew exactly what she wanted. "You underestimated her at your peril," recalls Jeffrey Skelton, a former investment specialist at the bank. "People who got booted out can attest to that."

In 1998, Ms. Dunn was invited onto the H-P board, which was looking for fresh faces. At that time it was dominated by people picked by the company's legendary founders, Dave Packard and Bill Hewlett. A year later, H-P recruited its first outsider as CEO, Carly Fiorina, a flashy telecommunications executive.

Betting Their Future

H-P and Ms. Fiorina bet their future on the hotly contested 2002 takeover of Compaq Computer Corp. During a shareholder suit over the deal, H-P considered using Ms. Dunn as a witness to affirm directors' confidence in the deal. The company instead opted to call another director, Phil Condit, then CEO of Boeing Co.

In her autobiography, which goes on sale today, Ms. Fiorina snipes at the low-key Ms. Dunn, writing that it was "frequently hard to discern" what point Ms. Dunn might be trying to make.

REBOOTED

Brief biography of Patricia Dunn: • March 27, 1953: Born in Burbank, Calif.

• 1975: Earns B.A. from UC Berkeley

• 1976: Joins Wells Fargo Investment Advisers; later rises to CEO

• 1998: Joins board of Hewlett-Packard

• 2004: Diagnosed with advanced ovarian cancer; has recurrence in 2006

• February 2005: Named nonexecutive chairman of H-P

• May: Initiates probe into board leaks

• January 2006: Initiates second probe

• Sept. 22: Resigns from H-P

• Oct. 4: Indicted, with four others, on four felony counts

"I never viewed myself as a leader on the board until late 2004," says Ms. Dunn. That's when some H-P directors started voicing dissatisfaction with their CEO. A rift developed between Ms. Fiorina's supporters and critics. As the board struggled to find agreement, Ms. Dunn helped negotiate a 500-word statement testifying to its concerns. "I was the scribe" who wrote down the emerging consensus, Ms. Dunn recalls.

On Jan. 10, 2005, Ms. Dunn and two other directors -- Mr. Keyworth and Richard Hackborn -- delivered the statement to Ms. Fiorina. The meeting surprised the embattled CEO who conceded little in talks over the next few days about her role, but seemed to recognize the need to be more open with her board. "We were getting somewhere with Carly," Ms. Dunn maintains. "She was taking on board what directors were saying."

Two weeks later, a detailed account of directors' qualms about Ms. Fiorina's leadership appeared in The Wall Street Journal. Ms. Fiorina was furious and started focusing on leaks instead of directors' concerns about her management. Her relations with the board disintegrated. At a Feb. 7 board meeting in Chicago, with Mr. Perkins among those pushing hard for change, Ms. Fiorina was voted out of office.

The leak "set the tone for distrust," Ms. Dunn recalls. "It threw a spanner into the whole process" of running the board.

At the same Chicago session, the board asked Ms. Dunn to become nonexecutive chairman. She says her elevation was due largely to the fact that "I was one of the few directors who was still talking to everyone." She saw herself as a peacemaker.

Ms. Dunn was in the midst of a 20-month chemotherapy regimen to battle ovarian cancer. Her face was bloated. Hair loss forced her to wear wigs. She adopted a macrobiotic diet and consulted a Chinese herbalist. Each day, she took more than a dozen nutritional supplements that she kept in a heart-shaped box.

Doctors told her she showed an astonishing ability to withstand nausea and other side effects. Tom Christopherson, a long-time BGI colleague, says he asked her about her medical stoicism and recalls being told: "I keep all of this in a corner. The quality of life I want has nothing to do with being a cancer patient."

As H-P chairman, Ms. Dunn helped lead a CEO search that recruited Mr. Hurd from NCR Corp. She paid house calls to other H-P directors, asking them how the H-P board could become more effective. What she heard disheartened her. Directors were wary of one another, Ms. Dunn recalls, because of the leaks and the Fiorina ouster, and pessimistic they could ever work

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well together. Seven of the nine directors with whom she talked said stopping the leaks should be a top priority, after finding a new CEO, she recalls.

Months before, Ms. Fiorina had tried unsuccessfully to find boardroom leakers. Ms. Dunn felt it was time to try afresh. It didn't matter whether indiscretions were big or small. They all were bad. As she testified to a House panel last month: "Even trivial information that finds its way from the boardroom to the press corrodes trust among directors."

Sympathetic directors urged Ms. Dunn onward. H-P board documents show that Mr. Ryan offered to hand over his phone records so she could see if he had called reporters. She demurred. Someone suggested that directors take lie-detector tests. Mr. Perkins declared: "I'll be the first in line." Ms. Dunn took that as a serious suggestion. Mr. Perkins through a spokesman says he was kidding. Such tests were never used.

To dig into boardroom conduct, Ms. Dunn turned to a former prosecutor, Ronald DeLia, whom H-P management recommended to her. He ran Security Outsourcing Solutions, a small firm in Needham, Mass. Ms. Dunn says she wondered if a bigger firm would be better, but opted to keep the job in-house.

Project Kona

Mr. DeLia, in a phone call, asked her to pick a code name for the project. Ms. Dunn was staying in Kona, Hawaii, at the time, where she has vacationed since her honeymoon. She decided to call the project "Kona" and said recently the word will never sound the same to her.

Mr. DeLia decided to get directors' phone records without their permission. This technique, called "pretexting," involves fooling phone companies into handing over call logs by impersonating a customer, which is illegal in California; it may be permissible in other jurisdictions.

Ms. Dunn said in her House testimony last month she didn't recall hearing the term pretexting during the 2005 probe. But according to meeting notes from H-P's then-general counsel, Ann Baskins, someone with the initials "PCD" asked direct questions about the matter. Ms. Dunn's full name is Patricia Cecile Dunn. A spokesman for Ms. Dunn declines to comment on Ms. Baskins's notes.

Later, low-level H-P managers squirmed about such deceit. "It's very unethical at the least and probably illegal," wrote Vincent Nye, an H-P security official, in a February 2006 email. His warnings seemed to fall on deaf ears, and there's no indication they ever reached Ms. Dunn. It's unclear how people reacted to pretexting in 2005.

By summer 2005, the Kona I team conceded failure; it hadn't pinpointed any board blabber. The leak issue receded in prominence until Jan. 23, 2006, when Dawn Kawamoto, a technology reporter for CNet.com, posted an online article headlined: "HP Outlines Long-Term Strategy."

It didn't matter that the actual contents were upbeat and bland, merely echoing what H-P had been telling Wall Street analysts for months. The story was cast as a summary of a closed-doors retreat for directors and top executives two weeks earlier -- and it was accurate.

"I thought: 'Here we go again,' " Ms. Dunn recalls. "You can't appreciate how raw the sensitivities were on the board. That a director would have disclosed this is staggering." Even H-P's CEO, Mr. Hurd, was outraged, Ms. Dunn later said, telling her that he couldn't run the company this way.

As the leak problems worsened, Ms. Dunn's relations with the powerful Mr. Perkins were also deteriorating. In the summer of 2005, she brought in consultants from Mercer Delta Inc. to suggest how H-P could tidy up its director guidelines. Mr. Perkins hated their meddling. As H-P General Counsel Ms. Baskins put it in a later interview with H-P's outside lawyers: "Perkins generally felt he could write a book on governance and didn't need any outside help."

Ms. Dunn chafed, too, when Mr. Perkins repeatedly brought up her $100,000 annual pay as chairman, insinuating -- to her ear, at least -- that she ought to be grateful to him. She wanted him to realize that while not a tycoon, she had a net worth that was in fine shape with or without the H-P stipend. At one point, she took Mr. Perkins aside for a five-minute chat about her financial position, hoping this would close what she called in a later interview "a respect gap."

Also on Ms. Dunn's gripe list was how Mr. Perkins, as a member of the board's powerful technology committee, was running high-level strategy discussions that belonged in front of all directors. "It was becoming a board within a board," she says.

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She didn't have a seat on the committee and while she was free to attend some of its events, lacked a vote there. A spokesman for Mr. Perkins says: "I wouldn't even know how to comment on that. Let's just let it go."

Did Mr. Perkins want an aggressive leaks probe? In an August 2006 interview with H-P's outside lawyers, Wilson Sonsini Goodrich & Rosatti, Ms. Dunn said she felt "under tremendous pressure from Perkins to find the leaker." Ms. Dunn reiterated in her interview last week that she thought Mr. Perkins was "the most hawkish of the directors" in pressing for action. Mr. Perkins's spokesman disputes that, saying the venture capitalist regarded the CNet article as harmless.

In any case, investigators had a likely suspect: Mr. Keyworth. He had given interviews to Ms. Kawamoto before and some of the quotes from the story's single anonymous source matched his cadence. He'd also been suspected of leaking to the press a year earlier. Ms. Dunn engaged H-P's chief ethics officer, Kevin Hunsaker, who agreed to supervise what became known as Kona II.

Within two weeks, Messrs. Hunsaker and DeLia had a whirlwind of spying initiatives in place. They paid surveillance teams to sit outside Mr. Keyworth's home. They hired other snoops to follow an H-P publicist at a conference, logging what time he visited the dessert stand. And they commandeered phone records of about a dozen people.

As one episode got under way, even the originally squeamish Mr. Nye emailed colleagues in all capital letters: "STRAP ON YOUR HELMETS, FELLAS, WE'RE GOIN IN!!!" Another investigator in an email likened one of his ploys to "waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon."

Ms. Dunn generally kept her emotions on tighter rein. In emails to the investigative team, she underscored the importance of keeping CEO Mr. Hurd in the loop. She wrote to Mr. Hunsaker on Feb. 3: "This effort is on the right track. I will count on you and the team." On Feb. 22, she wrote Mr. Hunsaker to tell him that an email sting involving Ms. Kawamoto, the CNet reporter, was "very clever."

During her testimony to the investigations subcommittee of the House Committee on Energy and Commerce, Ms. Dunn said she was sorry she used that phrase.

All told, H-P investigators spent more than $350,000 to establish that Mr. Keyworth and Ms. Kawamoto had spoken before her CNet story appeared. Nobody officially interviewed Mr. Keyworth until the entire draft report was complete. Instead, the company operated for about two months in a clandestine world that Rep. John Dingell later said "would make Richard Nixon blush."

On May 18, it was time to present the fruits of Kona II to the full H-P board. Mr. Ryan, head of the audit committee, revealed the results of the investigation to Mr. Keyworth that morning, and Mr. Keyworth confessed.

At the board meeting, Ms. Dunn informed fellow directors that a leaker had been found and Mr. Ryan filled in the details. Directors asked Mr. Keyworth to leave the room while directors deliberated his fate. Ultimately they decided to ask for his resignation.

Ms. Dunn, who thought this would smooth her rocky relations with Mr. Perkins, had a nasty surprise coming. Mr. Perkins said Mr. Keyworth's contributions to the board were so sizable that his longtime friend should be let off with a private apology and a promise not to hold unauthorized chats with reporters again. Ms. Dunn refused, she says. Mr. Perkins shouted at her and announced he was quitting the board.

Within weeks, Mr. Perkins was marshalling for a battle. He retained a high-powered lawyer, former White House attorney Viet Dinh. He asked the phone company to see if his records had been peeked into by "pretexters." When he discovered that they had, he brought the evidence to authorities in July, including California's attorney general.

Over the past three months, H-P has been coming to terms with the magnitude of the scandal. It began disclosing the leak investigation in early September. Two weeks later, it said Ms. Dunn would step down as chairman in January. As more details about the leak probe tumbled forth, H-P at the end of last month said Ms. Dunn would resign immediately.

From Ms. Dunn's testimony, emails and indirect comments, it's possible to piece together an explanation for how a well-regarded chairman could go so catastrophically off course. Adamant in her desire to "fix" the leak problem, she succumbed to tunnel vision.

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She had begun to see stopping leaks as one of the most crucial tasks in her chairmanship. In doing so, she neglected issues such as prudence, fairness and the potential impact on H-P's reputation. Even the extent to which the company had analyzed the legal issues or just glossed over them wasn't considered.

In interviews and in congressional testimony, Ms. Dunn says that while sorry for the embarrassment to H-P, she doesn't accept responsibility for the scandal. She says it wasn't her job to supervise the tactics involved in the investigation, and that she was assured its methods were lawful. She hasn't been precise as to who gave her that advice.

"If I had a crystal ball," Ms. Dunn says, "I would have used an outside firm" to run the investigations. Large security firms might have been more attuned to the possible hazards. With H-P management urging her to use in-house resources, she says she deferred to others.

Recently, Ms. Dunn has been busy with other things, including chemotherapy appointments, being arraigned and spending time with her step-grandchildren. After felony charges were filed, she offered to resign from board seats with various organizations and most of them -- including BGI -- immediately accepted. She says she was delighted that Larkin House, a social service for runaway teens, asked her to stay.

At one point in the House hearings, Ms. Dunn came close to acknowledging how much had been lost. When Rep. Edward Markey, a Massachusetts Democrat, asked about her boardroom credentials, she replied: "I was considered a financial expert and, ironic though it may seem to you now, also an expert in corporate governance."

Fiorina Says Her Next Role May Involve Politics (WSJ)

By Alan Murray And George Anders

The Wall Street Journal, October 10, 2006

Carly Fiorina, former chief executive of Hewlett-Packard Co., says she might want her next job to involve politics or some other form of "public service."

In an interview yesterday, Ms. Fiorina said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk.

Ms. Fiorina, 52 years old, is currently promoting her autobiography, "Tough Choices," which was released yesterday.

Ms. Fiorina also said that she had breakfast with her successor, current H-P CEO Mark Hurd, in April, and that he complained about some of his directors. "He said he was frustrated with this board," Ms. Fiorina said.

Ms. Fiorina blames what she calls a "dysfunctional board" for her firing as CEO in February of last year. In particular, she blames venture capitalist Tom Perkins and director George "Jay" Keyworth, a former science adviser to President Ronald Reagan, for pushing personal agendas on the board. "I think Jay clearly was a driving force, that Tom was his ally, and that Tom's entry in the board changed the dynamics," she said. "They were the most egregious in wanting to dominate the [board's] conversation with their pet projects."

Ms. Fiorina said Mr. Hurd's concerns about the board were similar to hers. An H-P spokesperson confirmed that the breakfast occurred, but said Mr. Hurd wouldn't comment on the discussion.

At the time of the breakfast, Mr. Hurd had received the results of a controversial investigation into boardroom leaks, completed in March, that identified Mr. Keyworth as a source for some of those leaks. Mr. Perkins subsequently contacted the California attorney general, who has brought charges against former H-P Chairman Patricia Dunn and others for their roles in the leak investigation. Mr. Hurd was not charged.

Concern over boardroom leaks at H-P began while Ms. Fiorina was still CEO. She launched an investigation into one leak, but she says that investigation only involved having attorney Larry Sonsini interview each director, and didn't involve obtaining private phone records or any of the other controversial tactics used in the later probe.

Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: "My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment."

Fiorina Blames Divisive HP Board (USAT)

By Michelle Kessler

USA Today, October 10, 2006

SAN FRANCISCO — Deep "dysfunctions" in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal, former CEO Carly Fiorina said Monday.

Fiorina, who ran HP from 1999 to 2005, says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back.

The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week.

Now, that same board is in trouble because it hired detectives that used trickery to obtain the private phone records of journalists, board members and employees — probably including Fiorina. That may be against the law. California Attorney General Bill Lockyer is seeking indictments against former HP chairman Patricia Dunn and four others involved in the scandal.

Fiorina, who left the company in the scandal's early days, says she has few inside details. She's still trying to figure out how many of her own personal records were accessed. But overall, "It appears that personal agendas overcame people's good judgment," she says.

It's a problem that Fiorina says she knows well. In her book, she describes repeated battles with a board that she says was usually polite and accommodating in person — and secretly scheming behind the scenes.

"That isn't the way business should be done," she says.

Some board members were particularly troublesome:

•George "Jay" Keyworth, a former science adviser to President Reagan, repeatedly proposed impractical mergers, then got angry when Fiorina didn't embrace his ideas, she writes. He has since confessed to leaking information to the press and has resigned.

•Venture capitalist Tom Perkins "clearly became a disruptive force in the boardroom during my tenure, and he apparently remains a disruptive force," Fiorina says.

Perkins, a close friend of Keyworth, played a key role in Fiorina's ouster. He resigned from the board this year after clashing with Dunn. He later forced HP to publicly reveal its phone-record swipe.

•Dunn, who became chairman after Fiorina's ouster, remained mysterious about the reasons for her decision to seek a change in CEO. "I never participated in a conversation with the board about why or how they chose to fire me," Fiorina says.

•Walter Hewlett, the son of an HP co-founder, initially supported a proposed $25 billion acquisition of Compaq Computer. Once the deal was announced, he stunned Fiorina by saying he would oppose it. He refused to even meet with her, she writes.

Fiorina says the problem with confrontation wasn't limited to the boardroom. The company's vaunted corporate culture, known as the HP Way, "had gotten a bit corrupted," Fiorina said Monday. "People tended to favor politeness and avoiding confrontation (over) direct talk."

That made HP slow and staid, putting it at a disadvantage to competitors such as Dell and Sun Microsystems. Fiorina worked hard to change it, and says she had some success. But the culture persisted in the board, in part because it met infrequently, she says.

HP has had a remarkable turnaround in spite of this, Fiorina says. Her successor, Mark Hurd, has gotten most of the praise.

"This isn't me vs. Mark," Fiorina says. But, she says, "The Hewlett-Packard company was transformed on my watch. … I don't deserve all of the credit, but I do deserve some."

Fiorina says the timing of her book is coincidental. She wanted to write it now, because she has time before her next venture, she says. Fiorina says she wrote the book herself, without the help of a professional writer, in about four months.

She hopes that the memoir, which describes her rise from temporary typist to AT&T executive to HP CEO, helps people see her as a real person. Through her difficult times at HP, "I became a caricature — too tough, too flashy," she says.

Fiorina says she doesn't yet know what her next move is. Politics are one option, though she wouldn't comment on reports that HP outside counsel and Silicon Valley icon Larry Sonsini urged her to run for governor.

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Another is heading a new company. She says she stays in close touch with the tech industry and still lives in Silicon Valley. As CEO, "I made choices I'm proud of. I would make those choices again," she says.

"It was a great experience," she says. "I'm proud of what I and tens of thousands (of HP employees) accomplished. I take great pleasure in seeing Hewlett-Packard (succeed)."

Civil Lawsuits Bigger Woe In Options Scandal (CNNM-YBIZ)

By Shaheen Pasha, Cnnmoney.com Staff Writer

CNN Money, October 10, 2006

Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle.

At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives.

Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders.

But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy.

"It takes an incredible amount of time, money and human capital to defend those type of cases regardless of the outcome," said Michael Koenig, a white-collar-criminal defense attorney at law firm Dewey Ballantine.

And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom.

Class action lawsuits, which usually lead the pack when it comes to most civil litigation, have a five-year statute of limitations - and many of the companies involved in the options scandal are looking at practices stemming from the late 1990s or 2000.

As a result, the complaint of choice has become derivative suits, in which shareholders sue the directors and officers of the company.

In a class-action suit, money in a settlement goes to the shareholders. In a derivative suit, a settlement goes to the company - which ultimately should benefit shareholders, though only indirectly.

Currently, attorneys have filed over 80 derivative lawsuits related to options backdating, while there have been only about 20 class-action suits against companies that include United Health Group and Apple.

Lawrence Kolker, partner at Wolf Haldenstein, has filed more than 20 complaints - mostly derivative lawsuits - in recent months against the directors and officers of companies like Comverse, Cablevision and Xilinx.

According to the civil complaints, shareholders are suing the officers and directors of the companies, claiming financial damage from falling stock prices following the announcement that the corporations were under investigation.

"The companies involved and shareholders have already lost billions of dollars in value as well as suffered reputational damage from being involved in this basic corporate malfeasance," Kolker said. "We're seeking recovery for the companies against the officers and directors."

Kolker said that shareholders sought monetary damages, disgorgement of profits executives made from backdating options as well as reform of corporate practices to make sure there will be better oversight in the future.

Critics of the mounting civil lawsuits say the barrage of derivative claims are just a way for ingenious plaintiff lawyers to profit from the scandal. Attorneys that file the derivative lawsuits can count on a solid fee -- sometimes as much as 25 percent of the ultimate settlement.

"Some people would say that these are lawyer-driven lawsuits and the point of filing these is to create fees for the lawyers," said William Sullivan, chair of the national securities litigation and enforcement at law firm Paul Hastings.

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"It's a three-pronged attack against corporations with the SEC, DOJ and the derivative suits," said Paul Hodgson, senior research association at The Corporate Library, a government research firm. "We don't think we've gotten to the end of the number of companies that are going to be investigated and it's likely that there are going to be even more derivative lawsuits ahead."

With so many cases already under investigation, Hodges said the SEC is already overwhelmed and the burden may fall more on the Department of Justice to bring criminal indictments.

But Hodgson said government prosecutors need to find tangible documentary evidence to prove that options were backdated knowingly in order to prosecute a company. And that's no easy task.

Plaintiff attorneys, however, just have to prove that stockholders lost money because the officers and directors failed to perform their fiduciary duty - making it more likely that civil lawsuits will be more successful in obtaining damages from any perceived wrongdoing, legal experts said.

"The derivative lawsuits in the long run could become a bigger headache for companies," said Paul Hastings' Sullivan.

Buffett Orders Crackdown On Unethical Practices (FT)

By Richard Beales And Francesco Guerrera In New York

Financial Times, October 10, 2006

Warren Buffett has ordered top managers at his Berkshire Hathaway group to redouble efforts to crack down on unethical behaviour, warning that practices such as stock options backdating cannot be justified because "everybody else is doing it".

In a strongly-worded memo dated September 27 and sent to an elite group of Berkshire managers dubbed "The All-Stars", the veteran investor says "bad behaviour" among the insurance and energy conglomerate's 200,000-plus employees is "inevitable".

"But we can have a huge effect in minimising such activities by jumping on anything immediately when there is the slightest odour of impropriety… Berkshire's reputation is in your hands," the memo – obtained by the Financial Times – says.

The "Sage of Omaha" warns that poor corporate governance cannot be forgiven just because the practice is widespread. "The five most dangerous words in business may be 'everybody else is doing it'," wrote Mr Buffett, who has long been sceptical of stock options as a means of remunerating executives.

"A lot of banks and insurance companies have suffered earnings disasters after relying on that rationale. Even worse have been the consequences from using that phrase to justify the morality of proposed actions," the memo continues.

Some lawyers and corporate experts have called for leniency towards executives and directors in the more than 100 companies being probed in the ongoing options backdating scandal, arguing that the practice was widespread and not necessarily illegal.

But Mr Buffett's intervention, his first since the onset of the scandal, will bolster the case of regulators and corporate governance campaigners who say options backdating unfairly enriched executives at the expense of shareholders.

Mr Buffett's memo argues that many of the perpetrators of recent corporate scandals such as the "accounting gimmicks" seen in recent years acted because they felt others were doing it as well.

"It's a seductive argument. But it couldn't be more wrong. In fact, every time you hear the phrase 'Everybody else is doing it' it should raise a huge red flag."

Mr Buffett says Berkshire should "start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper".

Buffett Says To Avoid Scandals, Managers Must Not Follow Herd (WSJ)

By Karen Richardson

The Wall Street Journal, October 10, 2006

Warren Buffett, known as the "Oracle of Omaha," has spoken on the recent scandals involving stock-options backdating and Hewlett-Packard Co.'s leak probe.

In a one-page memo dated Sept. 27, prompted by the recent scandals, Mr. Buffett exhorted the 45-plus top managers of his Berkshire Hathaway Inc. holding company -- whom he calls "The All-Stars" -- to resist temptation despite peer pressure or even

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industry practice. "The five most dangerous words in business may be 'Everybody else is doing it,'" wrote the 76-year-old chairman of Berkshire.

More than 100 companies have drawn scrutiny in federal probes of backdating -- that is, the practice of altering the date on which options were granted to executives and other employees to increase the potential value of the options. Backdating can run afoul of tax and securities laws.

Separately, former H-P Chairman Patricia Dunn was charged last week by the California attorney general in H-P's leak probe. She and several others are accused of committing criminal privacy violations by hiring investigators who impersonated others in a tactic called "pretexting" to access personal phone records. Ms. Dunn has said she will fight the charges.

With regard to backdating, Mr. Buffett wrote, "My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well." In his folksy style, he went on, "So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it."

Mr. Buffett sends out such "reminders" to his managers about once every two years, according to Debbie Bosanek, Mr. Buffett's assistant. As Berkshire continues acquiring new companies with new managers, Mr. Buffett decides "it's time for an update" once in a while," she added. Mr. Buffett wasn't available to comment. Sometimes Mr. Buffett's reminders take the form of passages in his annual letters to shareholders. In recent years, he has opined on hot-button corporate-governance issues including options expensing, executive compensation and hedge-fund fees.

Berkshire isn't a stranger to scandal. Four former executives of Berkshire's General Re reinsurance unit were indicted this year for conspiracy to commit fraud, and two others have pleaded guilty, in relation to a controversial transaction in 2000 with American International Group Inc. that federal prosecutors allege was a sham deal. The four former General Re executives and one former AIG executive are scheduled to stand trial in March in Connecticut.

In his latest memo, Mr. Buffett makes clear he is concerned about any blight on Berkshire's reputation. Acknowledging that the chance of the company's 200,000 staff will always behave properly "is nil," he adds, "We can have a huge effect in minimizing such activities by jumping on anything immediately when there is the slightest odor of impropriety."

Businesses With A Higher Purpose? (USAT)

By Alan M. Webber

USA Today, October 10, 2006

It must be a coincidence, right?

Here's Andrew Fastow, Enron's former chief financial officer, being sentenced to six years in prison — and on the same day, he names 10 prestigious Wall Street firms as his “co-conspirators”, including Merrill Lynch, RBS and Barclays.

Here's former Hewlett-Packard board chairwoman Patricia Dunn testifying before a congressional committee probing the company's use of “pretexting” to investigate its own board. “I do not accept personal responsibility for what happened,” she says. And then Ann Baskins, HP's former general counsel and nine other witnesses all take the Fifth Amendment.

Here's former WorldCom CEO Bernie Ebbers reporting to jail for his role in an $11 billion accounting fraud. These and other headlines are part of perhaps the biggest perp walk in business history.

Oh, and here's one more item — an interesting recent study by Donald McCabe, professor of management and global business at Rutgers University: Among all graduate students, MBA candidates are the biggest cheaters. That's right, it must be a coincidence. So let's dig a little deeper.

According to survey data from 623 students at 32 graduate business schools in the USA and Canada, 56% admitted cheating. But, as McCabe notes, it's not cheating for cheating's sake: These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?

Part of the answer could lie in the history of business graduate schools. The MBA is a fairly recent invention, unlike the other “professions” with graduate degrees. The oldest graduate school for business in the USA is a little more than 100 years old; Europe's oldest is only a bit more than 40 years old. Compare that with law and medicine. Law schools date to the Roman

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Republic. And though lawyers might not have the best reputation, at least the American Bar Association has issued its Model Rules of Professional Conduct. Medicine goes back farther, even if you consider only Western medicine. Hippocrates of Cos, who lived in the age of Pericles, is widely considered "the father of Medicine." Science might have advanced, but Hippocrates lives on today in the Hippocratic Oath, which proscribes a moral basis for doctors (unlike the hypocritical oath that evidently offers business school students a free pass).

So perhaps part of the difference between these schools is what it means to be a profession. But there is also a wider gap that separates business from medicine and law. Business school professors and leaders have yet to answer a question of the first order: What's the point of the exercise?

In the case of medicine and law, there are higher purposes. Doctors work to heal the sick and provide comfort to their patients. Lawyers are charged with representing their clients and also with upholding the nation's laws. What about business men and women? What's their higher purpose?

The ads in The Economist offer a good idea of the missions that leading business schools assign themselves. The ad for the University of Chicago's Graduate School of Business says, "You'll experience the people and ideas responsible for revolutionizing the business world." How perfectly it complements Harvard Business School's mission: "We educate leaders who make a difference in the world." Jeffrey Skilling, an HBS graduate, was after all, a leader who made a "difference." As President Bush, another HBS alum, would say, "Mission accomplished."

At least these ads are consistent with what today's businessmen have taken as their key responsibility: Increasing a company's share price. Or, as Jack Welch so succinctly put it in the title of his recent book, Winning. But winning, as we've seen with CEOs and now with business school students, can become a rationale for cheating.

What if, instead of seeking to create shareholder value as their definition of success, business men and women sought to establish well-articulated social values — and then applied them to their own careers and organizations? What if, instead of writing books called "Winning," they called their books "Contributing"? And what if, instead of measuring success only by their ability to amass financial capital, they also sought to grow social capital?

Because the real problem with business today isn't the few scoundrels who bring disgrace to so many honest managers. The real problem is that it needs to serve a higher purpose than making a lot of money. The challenge today is to answer a fundamental question: Is capitalism going to be the salvation of the world? Or the cause of its demise?

This is hardly an academic question, what with issues of global warming, the growing gap between the haves and have-nots, and the seeds of war and terrorism sown by divergent economic systems. Business leaders need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest.

MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them.

European Justice (WSJ)

By Hans-martin Tillack

The Wall Street Journal, October 9, 2006

For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts.

Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF.

The ruling surprised me. In my job, I could not -- just for example -- write that the director of OLAF, Franz-Hermann Brüner, "might be beating his dog." I could not write such a story, even if I really disliked Mr. Brüner, because I don't have the slightest evidence to back it up. A colleague might tell me that he had heard rumors that Mr. Brüner was beating his dog. But that would

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not allow me to write the story, either. Even if I had a witness who claimed to have seen Mr. Brüner beating his dog, I would prefer to wait until I had a second witness. And before publishing anything, I would try to confront Mr. Brüner and ask him whether he has really beaten his dog.

In fact, I wrote quite a few other stories about Mr. Brüner while I was correspondent for the German magazine Stern in Brussels from 1999 to 2004. These were stories for which I had proof -- stories about him and about the then EU anti-fraud commissioner, Michaele Schreyer. I was the first journalist to reveal, basing my stories on internal EU documents, that there were serious problems with fraud and possible corruption in the EU Commission's statistical agency, Eurostat. I was also able to prove in several cases that Commissioner Schreyer and Mr. Brüner seemed not to treat internal EU fraud cases seriously. Mr. Brüner, for example, flatly refused to forward evidence about a possible case of fraud to the Belgian public prosecutor in October 2003. I wrote that Mr. Brüner might act like this because he did not want to anger mighty politicians and EU officials who had to decide on his future career at the helm of OLAF.

In all these cases I had evidence. And I duly confronted the persons concerned before publishing my stories. Never did Mr. Brüner claim that any facts I mentioned were wrong. Still, Mr. Brüner and Ms. Schreyer were pretty unhappy about my reporting. Then something happened. After I benefited from a major leak in March 2002, Mr. Brüner and the EU Commission put out a press release saying the leaked document -- which I undeniably had quoted first -- might have been obtained by "a journalist" who bribed an official to get hold of this document. An OLAF spokesman even told a newspaper that OLAF had "prima facie evidence that a payment might have been made."

Only two years later did I learn what kind of "prima facie evidence" the spokesman was referring to. He relied on statements by the then-spokesman of Ms. Schreyer, Joachim Gross. Mr. Gross told OLAF that a third person told him that I had paid an official in order to obtain internal EU documents. Mr. Gross later made several conflicting statements about who his initial source was; the definite identity of this person is still unknown. What he told OLAF comprised nothing more than simple "rumors," as an OLAF spokesman noted in an internal memo that was leaked to me in April 2002. In any case, this former Commission spokesman did not want to be quoted. He had explicitly asked OLAF not to mention his name to anyone. It was only revealed by a German newspaper in June 2004.

I did not bribe or pay anyone to get these documents. But I had good sources and continued to receive internal OLAF documents. So in early 2004 Mr. Brüner went back on the warpath. His investigators put their allegations against me -- yes, still only the rumors spread by Mr. Gross -- in a report and sent complaints to the public prosecutors in Brussels and in Hamburg, Germany, where Stern has its headquarters. Two OLAF officials even traveled to Hamburg to ask the local prosecutor to act -- and to do this as a matter of "urgency" as I was about to move to Washington, D.C.

In fact I was about to move to Hamburg, and Mr. Brüner knew this. He did not ask me for my response to Mr. Gross's allegations before he filed his complaints. Nevertheless, while the German authorities refused to conduct a raid on the Stern headquarters in Hamburg, the Belgian police took the OLAF allegations seriously and, without examining them further, raided my home and office in March 2004. To this day they hold nearly 1,000 pages of my documents. During this entire time they have not brought any charges against me or any other person in this case.

So my magazine and I went to court: against Belgium, against Mr. Gross and against the EU Commission, of which OLAF is a part. The Belgian courts said they did not need to check the evidence that was delivered by the EU anti-fraud office and dismissed our complaints. Mr. Gross said he was protected by the statute of immunity of an EU official, and the German court to which we brought him said it had no jurisdiction over him.

On Wednesday, the EU Court of First Instance ruled on our main case against the Commission. The only people responsible for my problems were the Belgians, the three judges in Luxembourg found. OLAF's actions had no "binding" legal effect on me, they argued. Why? Because the Belgian authorities were -- according to the judges -- "free to decide" what to do after OLAF had pressed them for urgent action. So the court refused even to consider whether OLAF had breached the law and its own procedural rules. The judges also declined to discuss our argument that journalistic sources in EU institutions would be in danger of drying out if OLAF could send police to a journalist's home and office with the snap of a finger.

The anti-fraud office was not even to blame for its press releases and claims of alleged "prima facie" evidence that I had corrupted EU officials, the court said. OLAF had "formulated" all this "in a hypothetical way" without indicating my name or the

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name of my magazine and -- according to the court -- it did so with the necessary "cautiousness of the words used." So in the eyes of the court it was no problem if OLAF spread unjustified rumors or even openly misleading information.

Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. Strangely, Mr. Brüner welcomed the ruling, saying it gave "important guidance for the future work of OLAF."

What if I had written -- based on rumors -- that "a leading official" of the EU anti-fraud office might have beaten his dog, and consequently some neighbors broke down the door to the garden of the only "leading OLAF official" who owned a dog, and abducted the animal? Would I, too, have been cleared by the courts by arguing that my articles had no "binding legal effect" on the official concerned, and that I had mentioned the allegations only in a "hypothetical way" with the necessary "cautiousness of the words used"?

Of course not. If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this.

Mr. Tillack is a reporter in the Berlin office of Stern magazine.

CRIMINAL LAW:

U.S. Hoping To Quell School Violence (AP)

By Ben Feller

AP, October 10, 2006

WASHINGTON - Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety.

President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving.

Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies.

Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence.

Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak.

No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines.

On Monday, a 13-year-old student in Joplin, Mo., carried an AK-47 into his middle school and fired a shot into a ceiling. He left the building and was apprehended by police.

Preventing violence, and coping with tragedy, are the topics of the panel discussions.

Among the speakers will be Craig Scott, who survived the massacre at Columbine High School in Colorado in 1999. Student gunmen killed his sister and 12 others.

Another panelist is Park County Sheriff Fred Wegener. He responded in Bailey, Colo., on Sept. 27, when a man held several girls hostage in a school before killing one and himself.

Other speakers include educators, school administrators and crime prevention experts.

About 300 people are expected at the National 4-H Conference Center in Chevy Chase, Md.

"Bringing people together to talk about what's working - that can't hurt," said William Lassiter, manager of the Center for the Prevention of School Violence in Raleigh, N.C.

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"I think schools have gotten back into a comfort zone again," Lassiter said. "I'm not saying we should put barbed wire up around schools or take other drastic measures. What we really need to look at is basic safety steps you would take at your own house."

Lassiter also questioned the Bush's administration attempt to cut $347 million in school-safety grants for states this year. Bush's budget says the program is ineffective.

The White House says that beyond those state grants, the government spends larger amounts on successful school safety programs through its education, justice and health agencies.

Meanwhile, there is no pattern to deadly shootings at schools.

In the 2005-06 school year, 15 people were killed in school-related shootings, said Kenneth Trump, a national school safety expert who tracks violence data. That number of school-shooting deaths has ranged from three to 24 in recent years, Trump's records show.

In the period from 1992 to 2002, 462 students and adults died at school by homicide or suicide, according to the latest government figures. Most of those killed were children.

In the last two weeks, a gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania, and a 15-year-old Wisconsin student shot and killed his principal.

Colorado Residents To Play Role In National School Safety Summit (AP)

AP, October 10, 2006

DENVER - A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation.

Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton.

The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address on Saturday.

In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats.

A gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested in the shooting death of his principal. And on Sept. 27, 53-year-old Duane Morrison took six girls hostage at Platte Canyon High School in Bailey, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Colorado, Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference.

White House spokeswoman Dana Perino, a Colorado native, told reporters Friday that recent school violence "has broken America's collective heart."

"The president, in the wake of these events, asked Attorney General Gonzales and Secretary Spellings to bring together teachers and parents, administrators and law enforcement officials and other experts to discuss best practices and learn lessons about school safety," Perino said.

In 2002, the Secret Service and the Education Department studied school shootings and found clear patterns: School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance.

Overall, schools remain safe places.

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Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

School Security Plan Would Need Cash (QPL)

By Cory Hopkins, The Patriot Ledger

Quincy (MA) Patriot-Ledger, October 10, 2006

Local officials agree federal funds the key

If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program.

''They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?'' asked John Reilly, Hull selectmen chairman and school building committee member. ''I think that should be a priority along with everything else.''

President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe.

Most South Shore schools at the very least require all visitors to present identification upon entry and to sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures.

Braintree School Superintendent Peter Kurzberg said school security is important, but it is also expensive and competes for resources with traditional educational programs. He would like to see security money from the federal government.

''I think schools are struggling with limited resources to provide sound educational programs,'' Kurzberg said. ''Additional resources for security measures would certainly be helpful.''

Kurzberg also noted that in addition to security measures like cameras and electronic locks, other nonphysical security precautions, such as state-mandated Criminal Offender Record Information (CORI) background checks for all employees and volunteers, also cost schools money.

Schools also need money to create effective partnerships with local police departments, said John Creed, vice chairman of the Silver Lake school committee.

''If you're talking about security at schools, I hope (President Bush) gives the funds so local school departments can work with police departments to form partnerships,'' Creed said, ''but it cannot be done without money, and that has to come from the federal government.''

Scituate school committee member Michael Hayes said the federal government needs to back up any minimum requirements with money to help schools meet those requirements if it is serious about tightening school security.

''It's the function of the federal government to decide what would be minimally acceptable (in terms of security),'' Hayes said. ''The federal government has told schools a lot of things they've had to do, but the bottom line is they have to supply the money.''

Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week.

The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother.

Creed said he hopes President Bush will take the threats seriously and come out of tomorrow's meeting with a plan to seriously fund school security.

''If he's talking security and he's talking money, then we're on the same page,'' he said. ''If not, he's wasting his time.''

Cory Hopkins may be reached at chopkins@ledger.com .

On Summit Agenda: Making Schools Safer (USAT)

By Ledyard King, Gannett News Service

USA Today, October 9, 2006

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Bush, Cabinet members to attend Tuesday

WASHINGTON — Tom Mauser doesn't recall much about the youth violence summit President Clinton held in May 1999, three weeks after his 15-year-old son, Daniel, was gunned down in the Columbine High School massacre in Littleton, Colo.

To him, the summit turned out to be heavy on talk, light on action. So the transportation planner from suburban Denver expects the same result from the school safety conference that President Bush is convening Tuesday.

The summit comes after a series of school shootings, the most recent of which fatally wounded five Amish girls in a Pennsylvania schoolhouse last week.

Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer. The president and first lady Laura Bush also will participate, according to White House spokeswoman Dana Perino.

The summit comes as national statistics show a steady decline in school crime, including murder, over the past decade. Safety consultant Ken Trump warns that schools often under-report incidents and that the recent shootings in rural Wisconsin, Colorado and Pennsylvania show no classroom is absolutely safe.

"If it can happen in a one-room Amish schoolhouse, it can happen anywhere," said Trump, who is president of National School Safety and Security Services, a consulting firm in Cleveland.

Trump advocates that schools at least conduct "tabletop exercises" where they map out with local law enforcement responses to a potential crisis.

Mauser champions stricter gun-control laws but says ultimately school security is more about attitude than regulation.

"A lot of the things that need to be done are not things that can be done in Washington," he said. "People have to be vigilant about the people who commit these acts. No law is going to do that for us."

In Maine, about 40% of the 177 school districts have yet to draft a crisis response plan as required by state law, state Education Commissioner Susan Gendron said. Maine is contacting those districts.

"Random acts of violence can happen everywhere, and it's important to have thought through a crisis," she said.

Most schools get less than $10,000 in federal security aid, according to the U.S. Department of Education. Federal funding to combat crime and drugs in schools has steadily fallen since Bush entered the White House.

But Bill Modzeleski, who runs the U.S. Department of Education's Office of Safe and Drug-Free Schools, says there's plenty schools can do right now: limit access; keep areas well lit; monitor visitors; and train teachers, parents and students to report suspicious activity. Perhaps most of all, they should intervene with children early before emotional issues explode into violence.

"I don't think a lack of money should be used as an excuse not to do anything," he said.

Missouri Teen Fires Assault Rifle In School (WP/AP)

By Marcus Kabel

The Washington Post, October 10, 2006

JOPLIN, Mo., Oct. 9 -- A 13-year-old boy in a dark-green trench coat and mask carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt.

"Please don't make me do this," the boy said, according to school administrators, before police arrested him and thwarted what they called a "well-thought-out plan" to terrorize his school.

Police said a note in the student's backpack indicated he had planted an explosive device in the school, but no bombs were found.

Lt. Geoff Jones said the boy's motives were unclear. School officials said the student had no major disciplinary problems.

The seventh-grader, whose name was not released, pointed the rifle at two students inside Joplin Memorial Middle School but was confronted by an administrator who tried to talk him into putting it down, Jones said.

Instead, the boy fired a shot into the ceiling of an entryway, police said. He tried to continue firing but left the building when the rifle jammed, Jones said.

"We don't believe he was trying to fire at administrators or students," Officer Curt Farmer said.

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Officers arrested the teen behind a nearby building. Police described his weapon as a Mac-90, a replica of an AK-47 assault rifle.

Superintendent Jim Simpson said police told him the boy had a fascination with the Columbine High School shootings that left 15 people dead near Littleton, Colo., in 1999.

The student was wearing a trench coat -- like the student gunmen at Columbine -- and had a T-shirt over his head with eye holes cut out, Farmer said.

Farmer said the boy's backpack also held military manuals, instructions on assembling an improvised explosive device and detailed drawings of the school.

"This was quite well thought out," Farmer said. "He had been planning this for a long time."

Jones said the gun belonged to the boy's parents, who kept the weapon in a safe at home. Farmer said it is not uncommon for people in the area to own assault weapons.

Shot Fired In Mo. School; No Injuries, Explanations (USAT)

By Wendy Koch

USA Today, October 10, 2006

The 13-year-old boy had no previous run-ins with the law, police said. But 20 minutes before class Monday, he stood in the hall of Memorial Middle School in Joplin, Mo., wearing a green trench coat and a mask fashioned from a T-shirt, and aiming an assault rifle at the principal and other students, they said.

Assistant Superintendent Steve Doerr tried to calm the seventh-grader, who kept saying: "Get away. Don't make me do this," according to Joplin police Lt. Geoff Jones. The boy fired into the ceiling, hitting a pipe and causing a burst of water. No one was hurt.

The rifle jammed, and the boy fled the school. Principal Steve Gibreth followed and called police on his walkie-talkie. Within a block, Jones said, police found the boy, crouched with the gun and a duffel bag. Jones said the bag contained wire cutters, unidentified chemicals, a pellet gun, hand-drawn diagrams of the school and notes about bombs and napalm. The teen, whose name has not been released, was in police custody in a juvenile facility.

"We have no motive," Jones said.

Police searched the boy's home and bomb-sniffing dogs searched the school, which was evacuated, but they found nothing, Jones said.

When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets.

The incident followed deadly shootings in schools in three other states since Sept. 27, including an attack in Pennsylvania on Oct. 2 that left five Amish girls dead.

President Bush convenes a conference on school safety today.

The shootings, as well as a spate of threats that have forced schools in at least eight states to lock down or evacuate in the past two weeks, have contributed to parental jitters over school safety.

In a USA TODAY/Gallup Poll conducted over the weekend, 35% of parents with school-age children said they fear for their kids' safety when they're at school. That percentage was the highest since March 11, 2001, when 45% of parents voiced such concern after a shooting at a suburban San Diego high school killed two students and injured 13 others.

Although one-third of parents said they're anxious, most said their children are not: 88% said their kids expressed no worry about safety at school.

The telephone poll of 1,007 adults nationwide, conducted Friday through Sunday, has a margin of error of +/-3 percentage points.

Monday's incident in Joplin, a city of 49,000 in southwestern Missouri, occurred only 10 miles from Riverton, Kan., where five students were arrested April 20 — the seventh anniversary of the Columbine High School massacre in Colorado — on suspicion of plotting an armed attack on their high school. Two of the teens pleaded guilty to a reduced charge of conspiracy to riot, and the other three have pleaded innocent.

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Time To Talk Guns (WP)

The Washington Post, October 9, 2006

A summit on school violence must look at the role of weapons.

THE SLAUGHTER of five girls in a Pennsylvania classroom, closely following school shootings in Colorado and Wisconsin, has prompted President Bush to call a national summit on school violence. It is right that the nation not just mourn the heartbreak of last week's shootings but that its leaders and other citizens talk about how to prevent such tragedies. How useful tomorrow's conversation will be, however, depends on the administration's willingness to have all voices heard. And that must include those calling for a more rational approach to gun control.

The day after a gunman carried out the deadly assault in an Amish school, Mr. Bush said that he had asked Attorney General Alberto R. Gonzales and Education Secretary Margaret Spellings to convene a meeting to determine how the federal government can help states and local governments improve school safety. There was an unfortunate sense of deja vu to the president's announcement: After the mass shootings at Columbine High School, President Bill Clinton held a summit on youth violence in 1999. Useful strategies resulted from the attention paid to Columbine. Schools that thought they had no need for safety and evacuation plans moved quickly to put some in place. Bullying, once viewed as a rite of childhood passage, was finally treated as a problem not to be tolerated. There was a new awareness that threats should be treated seriously.

But while the Clinton administration showed a willingness to discuss the role of guns in these incidents, the current administration and the Republican Congress have put in place policies that make it too easy for too many people to get guns. Worse, the wrong people are getting more dangerous guns.

We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. Consider that President Bush signed a law that permits the destruction of gun check records within 24 hours (despite criticism from a Government Accountability Office report); let the federal assault weapons ban expire (despite evidence that it lowered the rate at which assault weapons were used in crime); is backing bills that prevent law enforcement from putting corrupt gun dealers out of business (over the objection of police groups); and restricted the ability of police to use crime gun trace data (again despite police objections).

It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared.

Editorial: Schools And Violence (STNIA)

Staten Island Advance (NY), October 9, 2006

During his Saturday address, President Bush lamented recent "shocking acts of violence" in schools and promised his administration will do what it can to keep centers of learning safe for students.

The immediate question that comes to mind is this: How does the president plan to accomplish that goal?

Perhaps tomorrow the nation's jittery parents will begin to learn the answer.

It has been a particularly brutal bloody heart-breaking two weeks that saw three schools in three states victimized by deadly gun attacks, the latest being a week ago today, when a gunman killed five girls and then himself in a one-room Amish schoolhouse in Pennsylvania. Charles Carl Roberts had five guns and 600 rounds of ammunition.

On Sept. 29, a 15-year-old Wisconsin student was arrested in the shooting death of his high school principal. Several days before that deadly incident, on Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts.

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Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said on Saturday.

No one would disagree with that statement nor the goal, regardless of partisan politics. But again, how is the task of making the nation's schools safe going to be accomplished?

One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks.

That's wrong. We feel that the issue should be No. 1 on the list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association.

Last year, the group reported as much in one of its publications: "The success rate of congressional candidates endorsed by the NRA's Political Victory Fund was 95 percent. That tops an 85 percent rate in the 2000 elections and 89 percent rate in the mid-term 2002 races."

Many of those who, the writer went on to explain, "earned the wrath of the NRA and the firearms industry for supporting the poison-pill amendments that prevented passage of Senate Bill 1805 that would have provided immunity to firearms manufacturers from 'junk' lawsuits, lost their seats, resulting in the Republicans capturing 55 seats in the Senate to the Democrats' 44 with one seat remaining independent."

The trend of politically targeting those who support stricter gun laws or longer waiting periods for gun purchases, has grown to include our own mayor, Mike Bloomberg, who has over the last eight months or so earned the wrath of the NRA due to his anti-gun-trafficking campaign, and his successful effort to bring other mayors on board.

Several months ago, it was reported by the mayor's office and the state Education department that New York City schools had seen a 500-percent jump in reported incidents of violence between 2004 and 2005, but that the majority were found to be cases of harassment without a weapon, assaults and minor altercations.

The city's incidences of violence were well below the average. Figures for Staten Island were uniformly low, especially for serious crimes. None of the schools on the Island had more than 10 cases of weapon possession, though McKee High School led the list with eight. However, those statistics have been challenged by the United Federation of Teachers President Randi Wingarten as being "too low," and a matter of "under-reporting."

Regardless, any incident of violence involving a weapon in this borough's schools is one too many.

The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head.

If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House.

Our children deserve better and parents and school officials should be demanding it.

Former Pages Surveyed In Foley Probe (AP-Y)

By Larry Margasak

AP-Yahoo, October 10, 2006

Lawmakers, following a request from the House ethics committee, are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages.

Charlie Keller, spokesman for Rep. Ginny Brown-Waite, R-Fla., said she contacted two pages before receiving the committee request and asked if they were aware of inappropriate behavior from Foley, any other lawmaker or staff members. Both said they were not.

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Aides for other House members reported similar results Monday.

The ethics committee leaders, in a letter to all House members, asked them to contact current and former pages they sponsored to learn whether any of them had "inappropriate communications or interactions" with Foley or any other House member.

The ethics panel, formally known as the Committee on Standards and Official Conduct, also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month. Foley resigned Sept. 29.

Meanwhile, the lawyer for Kirk Fordham, Foley's former chief of staff, said Monday his client could testify before the committee as early as this week. Fordham has said he informed House Speaker Dennis Hastert's staff in 2003 about Foley's inappropriate messages to pages.

Timothy Heaphy, Fordham's lawyer, said he contacted the ethics committee Friday and was told Fordham could appear this week to provide sworn testimony.

The ethics committee's four-person investigative subcommittee said it approved nearly four-dozen subpoenas for testimony and documents, although many witnesses are expected to testify voluntarily without the need for a subpoena.

J. Randolph Evans, Hastert's lawyer, said, "We are working to cooperate fully," but did not know when Hastert may appear.

Ethics Committee Starts Interviews In Foley Inquiry (WSJ)

By David Rogers

The Wall Street Journal, October 9, 2006

WASHINGTON -- Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself.

The inquiry will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel.

Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s. The 49-year-old attorney, who has declined to comment on the Foley matter, advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress.

Those changes set off a partisan uproar that paralyzed the committee because of Democrats' complaints that the changes were designed to protect then Majority Leader Tom DeLay (R., Texas). A new counsel, William O'Reilly, was announced late last year, and the arrival of California Rep. Howard Berman as the ranking Democrat changed the mood. In announcing the inquiry into the Foley matter last week, Mr. Berman joined with Chairman Doc Hastings (R., Wash.) in resisting calls for an outside counsel, and the situation gives the Democrat and Mr. O'Reilly extraordinary leverage in dealing with a tense situation for Republicans.

It has been 10 days since Mr. Foley, a six-term Republican congressman from Florida, resigned after the revelation of sexually explicit messages he sent to teenage former House pages. The scandal dominated television news shows yesterday even as Newsweek published a poll suggesting that more than half of Americans believe Mr. Hastert was aware of Mr. Foley's inappropriate messages and tried to cover up the matter.

The speaker has denied any coverup, while apologizing for the scandal on his watch. Republicans say they hope the ethics inquiry -- and a criminal probe by the Federal Bureau of Investigation -- will help them return the debate to "terror and taxes" in the weeks before elections.

In the ethics inquiry, four current and former House staff members may play large roles:

Kirk Fordham, a former chief of staff to Mr. Foley, has said he warned Mr. Hastert's office before leaving Mr. Foley's employ in late 2003. Mr. Fordham is uncertain about the precise timing of the warning, but recalls meeting with Mr. Hastert's chief of staff Scott Palmer in the Capitol and asking that he intervene with Mr. Foley to stop his overly friendly behavior to male pages and interns. Mr. Fordham also recalls that Mr. Palmer later advised him that he had spoken to Mr. Foley about the matter within days.

Scott Palmer, who came to Washington with Mr. Hastert in the late '80s, is one of the most powerful figures in the Capitol, not only because of his boss's position but because of their close relationship. For this reason, many say the 56-year-old aide

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would accept blame and resign if it would help the speaker. But instead Mr. Palmer is described by friends as distraught, unable to recall or find personal notes of any such meeting with Mr. Fordham. "What Kirk Fordham said, did not happen," Mr. Palmer said last week.

Jeff Trandahl, the House clerk until last fall, and someone with responsibility for the page program, also has declined to comment. But Mr. Fordham and others have said Mr. Trandahl, now in his early '40s, was aware that Mr. Foley at times was overly attentive to pages. Mr. Fordham said it was warnings from Mr. Trandahl that led him to go to Mr. Palmer. It isn't clear whether Mr. Trandahl took the same warnings to Mr. Van Der Meid, who oversaw administrative matters in the House for the speaker.

In 2005, a Louisiana couple complained about overly friendly email from Mr. Foley to their son, a former page. A Louisiana congressman forwarded the complaint to the Speaker's office and Mr. Trandahl went with Rep. John Shimkus (R., Ill.), the head of the House Page Board, to tell Mr. Foley to cease contact with the teenager.

That email was an important signal that Mr. Foley was using the Internet to contact former pages. However, Karen Haas, the new clerk, confirmed Mr. Trandahl left the House without telling her of the incident.

Mr. Van Der Meid came to the Capitol in the mid-'80s like Mr. Trandahl, and in the chain of command in the speaker's office, has the most direct oversight of the page program. While Mr. Fordham went to Mr. Palmer instead, it would have been logical for Mr. Palmer to tell Mr. Van Der Meid of any meeting he had about the pages.

Ex-Foley Aide To Testify At Ethics Panel (USAT)

By Jill Lawrence

USA Today, October 9, 2006

WASHINGTON — A former Capitol Hill aide who says he warned Republican leaders about Rep. Mark Foley's inappropriate conduct with teenage pages at least three years ago is scheduled to give sworn testimony to the House ethics committee this week.

Kirk Fordham, a longtime Foley aide and more recently chief of staff to Rep. Thomas Reynolds, R-N.Y., offered the panel his help on Friday, said his attorney, Tim Heaphy. The attorney said Sunday he didn't know what day Fordham will testify or whether the session will be public.

The Sunday news shows were dominated by talk of Foley's actions and the way House Speaker Dennis Hastert and other GOP leaders handled signs of trouble over the past few years. Conservatives debated Hastert's fate and politicians argued about the scandal's impact on the Nov. 7 elections.

Foley, R-Fla., quit Congress on Sept. 29 after ABC and other news outlets revealed lewd e-mails and instant messages he had sent to pages and former pages. None of the messages have been independently authenticated by USA TODAY.

Foley's lawyer announced soon after that Foley is an alcoholic and had been molested by clergy as a child.

Tom Kean Jr., the GOP Senate candidate in New Jersey, called for Hastert to step down. Republicans said Sunday such talk was premature until the bipartisan ethics panel sorts out who knew what when and what was done.

“Anybody that hindered this in any kind of way, that tried to step in the way, of hiding this or covering it up, is going to have to step down, whoever that is,” Rep. Tom Davis, R-Va., said on CBS' Face The Nation.

Fordham has said that he notified Hastert's office in 2003 or earlier about Foley's behavior and that Hastert's chief of staff, Scott Palmer, met with Foley at the time. Palmer has said the meeting did not happen. Fordham “continues to stand by everything that he has said about this and will have more to say under oath,” Heaphy said.

President Bush is set to appear with Hastert on Thursday at a Chicago fundraiser for two suburban House candidates, and White House press secretary Tony Snow is speaking at a Hastert fundraiser Saturday in Illinois, Hastert spokesman Ron Bonjean said.

Democrats need 15 seats for a House majority. Rep. Adam Putnam, R-Fla., said the scandal is not affecting most races. But he acknowledged on ABC's This Week that many members are facing “uncomfortable questions about tawdry deeds by a former colleague.”

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The GOP leaders in most immediate danger appear to be Reynolds, who says he notified Hastert's office last spring of a troubling e-mail exchange involving Foley, and Rep. Deborah Pryce, R-Ohio, who called Foley one of her five best friends in Congress in Columbus Monthly.

A Buffalo News poll showed Reynolds, head of the National Republican Congressional Committee, trailing Democrat Jack Davis 48%-33%. NRCC spokesman Carl Forti said the results are "not even in the same ballpark" as GOP polling, but would not divulge those numbers.

Reynolds canceled an appearance Sunday on ABC because he was sick, said his spokesman, L.D. Platt. A day earlier, Reynolds apologized in a TV ad for failing to pursue the Foley matter.

In an Ohio race that polls show is close, Democrat Mary Jo Kilroy is stressing Pryce's ties to Foley and Hastert in a radio ad. It says Pryce, the No. 4 GOP leader, "is protecting Hastert even though he protected a sex predator." Pryce said Kilroy "stooped to a new low by suggesting that I knew or should have known" that Foley was "a child predator."

'05 Meeting Could Clarify G.O.P. Role In Foley Case (NYT)

By Jeff Zeleny

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — For all the questions and curiosities, for all the contradictions and inconsistencies in the tale of Mark Foley, the investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office.

Jeff Trandahl, the clerk of the House, and Representative John Shimkus, an Illinois Republican who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill.

When they arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office, where oil paintings of the Everglades, done by his mother, were hanging alongside memorabilia from more than a decade of life in Washington. Elizabeth Nicolson, a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes.

What took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News.

"It was a brief meeting," said a senior Republican Congressional aide who was familiar with the session and spoke on condition of anonymity because the matter was under investigation. "Looking back, it was probably far too brief of a meeting."

Mr. Shimkus, who did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to "cease all contact" with the teenager. The scope of his questioning, however, is unclear. Last week, Mr. Shimkus said he had not asked Mr. Foley whether he had communicated with other pages by e-mail, but Speaker J. Dennis Hastert of Illinois has said Mr. Shimkus did.

This week, when a bipartisan, four-member panel deepens its inquiry, the meeting in Mr. Foley's office will be one critical point of entry. But investigators also intend to piece together a far broader timeline of events in the fall of Mr. Foley's political career, an examination that will take them back years, to when whispers began circulating about the gregarious congressman's behavior.

One of their main tasks will be to sort out conflicting versions of events on a range of fronts, including whether Mr. Hastert's chief of staff, Scott Palmer, was alerted to Mr. Foley's conduct in 2003 or earlier. Mr. Palmer has denied such a warning.

And the investigation is not limited to Mr. Foley, according to a letter that is to be distributed on Tuesday to each member of the House of Representatives.

"We request that you contact current and former House pages sponsored by your office for the purpose of learning whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House," said the letter, which was signed by the Republican and Democratic leaders of the investigation.

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The Congressional page scandal has overshadowed the final month of the midterm election campaign and threatened to upend Mr. Hastert's leadership. After spending last week trying to convince his own party that he had handled the situation appropriately, Mr. Hastert has yet to resolve questions about when he became aware of Mr. Foley's behavior.

Representative Thomas M. Davis III, Republican of Virginia, delivered an unusually critical assessment on Sunday of how Mr. Hastert had responded. The answers may not become clear, Mr. Davis said, until people are forced to testify under oath. In addition to the House inquiry, the Federal Bureau of Investigation is also examining Mr. Foley's conduct.

"They were slow out of the starting block, there's no question about it," Mr. Davis said on "Face the Nation" on CBS. He added, "It's taken a week of fumbling around to get to where we are."

Representative Ray LaHood, Republican of Illinois, once chief of staff to Robert H. Michel of Illinois, the former Republican leader, said he did not believe Mr. Hastert had been served well by members of his staff. Some members of the speaker's staff had been aware for at least a year — and others possibly longer — about Mr. Foley's attention toward the teenage pages.

"I'm sure he's very angry about the fact that they withheld this information," said Mr. LaHood, a close friend of Mr. Hastert's. "So I hope he's talked to his staff. He deserves better than that."

Indeed, employees in the speaker's office are emerging as leading characters in answering a question born a generation ago in the Watergate scandal: Who knew what, and when did they know it?

There are inconsistencies in the accounts of top Republicans in the House, particularly regarding whether members of the leadership team told Mr. Hastert about reports of Mr. Foley's conduct. Representative Thomas M. Reynolds, a New York Republican who leads the National Republican Congressional Committee, has said he informed the speaker in the spring. Representative John A. Boehner of Ohio, the majority leader, has said he also told Mr. Hastert.

"If Reynolds told me, it was in a line of things when we were in the middle of another crisis this spring," said Mr. Hastert, who spent much of the year dealing with the Jack Abramoff lobbying scandal. "So I just don't recall or remember that."

Differences have also emerged in describing Mr. Foley's departure. Republican Party talking points now suggest that Republican leaders took forceful steps to secure a quick resignation. Yet early on, Mr. Hastert said, "I think Foley resigned almost immediately upon the outbreak of this information, so we really didn't have a chance to ask him to resign."

But accounts of senior aides in the House, who have not spoken publicly, could help investigators determine whether there was a Republican cover-up, as some Democrats have asserted.

It is Mr. Palmer, the speaker's longtime chief of staff and closest adviser, and Mike Stokke, the deputy chief of staff, whose stories are of particular interest to investigators. A former aide to Mr. Foley, Kirk Fordham, said he was prepared to testify that he told Mr. Palmer of complaints about Mr. Foley's conduct in 2003 or earlier. Mr. Palmer rebuts the claim.

This week, Mr. Fordham is expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew.

Mr. Stokke, who oversees the political operation for Mr. Hastert, said he became aware that Mr. Foley had been "overfriendly" with pages a year ago. Even though Mr. Hastert and his two employees share a townhouse on Capitol Hill and fly back to Illinois most every weekend, the two aides said they did not tell each other or Mr. Hastert about Mr. Foley's troubles.

Finally, Ted Van Der Meid, the counsel to the speaker, also learned about a year ago that Mr. Foley had been exchanging e-mail messages with a former page from Louisiana. Mr. Van Der Meid and Mr. Stokke gave the information to the House clerk, Mr. Trandahl, who convened the meeting last fall in Mr. Foley's office that is now the focus of so much attention.

To investigators, Mr. Trandahl's story could be the most important piece in determining when Republican leaders learned of Mr. Foley's conduct.

As clerk, Mr. Trandahl was elected by the members of the House to oversee its operations, a powerful position that he attained after nearly two decades on the Hill. He also supervised the page program, handling issues as disparate as roommate disputes among the high school students and complaints about Mr. Foley's behavior.

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Mr. Trandahl, who has declined to comment, had been telling friends for months that he intended to leave the House last summer for a position in the private sector. In late September, he accepted an offer to become executive director of the National Fish and Wildlife Foundation.

On one of his final days in the House, in the first week of November, just hours before Democrats and Republicans had a farewell party for him, Mr. Trandahl made his way toward Room 104 in the Cannon Building to confront Mr. Foley.

Now, Mr. Trandahl is expected to return to the Hill in the coming days or weeks, to tell his story to the House ethics committee.

Inquiry May Test House's Legal Shields (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 9, 2006

WASHINGTON — Five months ago, the FBI touched off a legal and political firestorm when it raided the office of Rep. William J. Jefferson after wads of marked $100 bills were found in the Louisiana Democrat's freezer.

Now, with major questions about that search still unsettled, the right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.).

State and federal investigators are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides.

Authorities are now deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker.

Depending on what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe.

Lawyers for the House have taken an aggressive position in defending the right of members to limit investigators' access to official information in past cases. They have argued in the Jefferson case that even the contents of members' personal electronic devices deserve such protection.

House lawyers have already told prosecutors that they would want any requests for information to be channeled through their office. Officials did not return calls seeking comment.

"There is a potential tension between the ex-congressman's counsel who will want to restrict the ability of the FBI to look at his records, and the FBI's unwillingness to do a visibly inadequate job," said Charles Tiefer, a University of Baltimore law professor and a former deputy general counsel of the House.

Lawyers for Foley will try to keep the FBI's examination of e-mail to a minimum, Tiefer said. "But that is hardly the way to find out the full story."

Foley said through a lawyer in Florida last week that he had received no request for computers or e-mail files from investigators, but pledged to preserve the information.

The sensational two-day raid on Jefferson's office in May made headlines because it was the first time that the FBI had ever conducted a search of the office of a member of Congress. Jefferson is the target of a federal bribery probe.

The search triggered a constitutional brawl over the extent to which members of Congress must cooperate with criminal investigators. President Bush ordered the Justice Department and the House to work out rules over how to handle future requests from investigators. But no agreement was reached. The matter has been left to the courts, where it is pending.

The debate concerns the interpretation of a provision of the Constitution known as the "speech or debate" clause that gives members immunity for their legislative activities.

House lawyers contended in the Jefferson case that the law requires investigators to give members of Congress the opportunity to review their files to delete protected material before turning them over.

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Prosecutors have said that would give members a right not afforded ordinary citizens, and that giving lawmakers a chance to review files could lead to them being cleansed.

The case has not been decided, although in July, a federal appeals court ruled that Jefferson had a right, at least temporarily, to review the material sought by investigators, including paper documents and computer files.

Hundreds of pages that had been seized by investigators have been identified for review by Jefferson. But the process of turning over the computer files has proved highly cumbersome.

Though the FBI had seized the computers, an earlier court had barred agents from mining them for relevant evidence. Now, an independent, court-appointed computer forensics company has been assigned the task of trolling through the hard drives, using key words and other instructions from the FBI. The process could take months.

No one has argued yet that sexually tinged e-mail exchanges that Foley had with pages should be protected under the Constitution. Though he has resigned from Congress, Foley still has the right to determine which of his files will be turned over. "The privilege belongs to the former member. That is the historical understanding," Tiefer said.

But the lack of clear ground rules on how investigators obtain access to the material has left other aspects of the Foley case in uncharted territory.

Besides hunting for e-mail on Foley's computers, investigators may also want to plumb the backup computer servers that are operated by the House. Whether Foley has the right to limit access to those materials — or whether the right to do that belongs to the House as a whole — is unclear.

Experts in computer forensic analysis said the e-mails should be readily available on Foley's computers or through his Internet service provider, or, in the case of official e-mail, through the House e-mail system.

"E-mail is fairly easy, forensically, to look at," said Beryl Howell, a partner with Stroz Friedberg, a forensic computer analysis firm in Washington.

But retrieving instant messages can be tricky. Many online messaging services — such as AOL Instant Messenger, which Foley used — have features that allow users to disable their messages from being automatically saved on their computers. There are techniques for still obtaining the information, but that can pose problems for investigators. Instant messages "are more fleeting," Howell said.

In any event, Howell said that investigators probably would be able to retrieve the AOL "buddy list" of people with whom Foley exchanged messages. That could prove a crucial source of leads for investigators, she said.

Lawmaker Saw Foley Messages In 2000 (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, October 9, 2006

Page Notified GOP Rep. Kolbe

A Republican congressman knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications.

A spokeswoman for Rep. Jim Kolbe (R-Ariz.) confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said Kolbe's press secretary, Korenna Cline.

The revelation pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages. A timeline issued by House Speaker J. Dennis Hastert (R-Ill.) suggested that the first lawmakers to know, Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, and Rep. Rodney Alexander (R-La.), became aware of "over-friendly" e-mails only last fall. It also expands the universe of players in the drama beyond members, either in leadership or on the page board.

A source with direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted. But Cline denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said,

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"corrective action" was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley.

In interviews with The Post last week, multiple pages identified Kolbe as a close friend and personal confidante who was one of the only members of Congress to take any interest in them. A former page himself, Kolbe offered to mentor pages and kept in touch with some of them after they left the program, according to the interviews.

Kolbe once invited four former pages to make use of his Washington home while he was out of town, according to an instant message between Foley and another former page, Jordan Edmund, in January 2002. The pages planned to attend a first-year reunion of their page class. But because of a snowstorm, they did not take Kolbe up on his offer, according to one of the four pages.

Cline said one of the youths invited was a former page of Kolbe's. Because the congressman frequently travels on weekends, either to his Arizona ranch or abroad, the house is often available to friends, constituents, staffers and former staff members, such as a former page, she said.

Kolbe, the only openly gay Republican in Congress, is retiring at the end of the year.

The latest revelation in the growing House page scandal comes just a month before crucial midterm elections. Foley resigned Sept. 29 after ABC News confronted him with the sexually explicit messages that he exchanged with a former page, triggering investigations by the Justice Department, the House ethics committee and Florida authorities.

Hastert and his top aides have been sharply criticized by Democrats and some conservative Republicans for failing to act promptly after receiving warnings that Foley had been sexually predatory in dealing with pages and former pages. Ron Bonjean, the speaker's spokesman, said yesterday: "Allegations of inappropriate conduct by members of Congress towards pages need to be fully reviewed by the ethics committee and law enforcement."

In addressing the revelation about Kolbe, Bonjean said, "This allegation reiterates why the speaker has also called for a full review of the House page program to ensure that it is as safe and secure as possible."

A new poll by Newsweek indicates the Foley scandal is doing significant damage to the Republicans' political fortunes and could sink their chances of holding onto control of Congress on Election Day, Nov. 7. The poll found that 52 percent of Americans, including 29 percent of Republicans, believe Hastert was aware of Foley's Internet communications with underage pages and tried to cover up Foley's actions. More of those polled, 42 percent, now say they trust Democrats to do a better job handling moral values than Republicans; 36 percent favored Republicans on the values question.

In a sharp exchange on "Fox News Sunday," Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference, insinuated that Democrats were behind the revelations of Foley's actions and the release of electronic messages showing Foley having sexually graphic or highly suggestive conversations with former pages.

"What I don't understand is where have these e-mails been for three years? Are we saying that a 15-year-old child would have sat on e-mails that were triple-X-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Kingston said.

Rep. Martin T. Meehan (D-Mass.) shot back, "If there's any evidence that you need that the values in Washington have turned upside down, you could just hear what Jack had to say. Only in Washington, D.C., can you take a group of people in charge of the House and basically have evidence that they've been looking the other way while a predator has been . . . going after 15- and 16-year-old pages, [and] they somehow . . . have the audacity to turn that into a political attack against Democrats."

So far, only ABC News and The Washington Post are known to have obtained the sexually explicit instant messages between two former pages and Foley. The Post obtained its copies from a former page who served on Capitol Hill with the other two pages.

Staff writer James V. Grimaldi contributed to this report.

Evangelicals Blame Foley, Not Republican Party (NYT)

By David D. Kirkpatrick

The New York Times, October 9, 2006

DOJ_NMG_0076674

VIRGINIA BEACH, Oct. 7 — As word of Representative Mark Foley's sexually explicit e-mail messages to former pages spread last week, Republican strategists worried — and Democrats hoped — that the sordid nature of the scandal would discourage conservative Christians from going to the polls.

But in dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen.

"This is Foley's lifestyle," said Ron Gwaltney, a home builder, as he waited with his family outside a Christian rock concert last Thursday in Norfolk. "He tried to keep it quiet from his family and his voters. He is responsible for what he did. He is paying a price for what he did. I am not sure how much farther it needs to go."

The Democratic Party is "the party that is tolerant of, maybe more so than Republicans, that lifestyle," Mr. Gwaltney said, referring to homosexuality.

Most of the evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction.

All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote.

It is too soon to tell if the scandal will affect the turnout of evangelical Christians, who make up about a quarter of the electorate and more than a third of Republican voters. Some of President Bush's political advisers have said that pre-election reports in 2000 that Mr. Bush was once arrested for drunken driving depressed turnout among conservative Christians, nearly costing him the White House.

Pollsters and conservative leaders have said for months that grass-roots evangelicals were demoralized by what they felt was the Republicans' failure to live up to their talk about social issues — to say nothing of the economy, the Iraq war and other issues that weigh more broadly across the electorate. A recent poll by the Pew Research Center showed a steep drop in conservative Christian support for Republicans, albeit without a corresponding gain for the Democrats.

Some in the crowd waiting outside the concert, by the evangelical group MercyMe, said the revelations about Mr. Foley, Republican of Florida, had redoubled their previous concerns about the Republican Party.

"The Republicans need to tighten up their ship," said Wade Crane, a sign maker from Virginia Beach who said he usually voted Republican but had soured on the party in the last several months. "They need to stop covering themselves, using their power to protect themselves."

Charles W. Dunn, dean of the school of government at Regent University, founded here by the religious broadcaster Pat Robertson, said that so many conservative Christians were already in a funk about the party that "the Foley issue just opens up the potential floodgate for losses." The tawdry accusations, Mr. Dunn said, "give life" to the charges of Republican corruption that had been merely "latent" in the minds of many voters.

But as far as culpability in the Foley case, Mr. Dunn said, House Republicans may benefit from the evangelical conception of sin. Where liberals tend to think of collective responsibility, conservative Christians focus on personal morality. "The conservative Christian audience or base has this acute moral lens through which they look at this, and it is very personal," Mr. Dunn said. "This is Foley's personal sin."

To a person, those interviewed said that Speaker J. Dennis Hastert of Illinois should resign if he knew of the most serious claims against Mr. Foley and failed to stop him. They said the degree of Mr. Hastert's responsibility remained to be seen. Many said the issue had not changed their view of Congress because, in their opinion, it could not sink any lower.

But all also noted that the swift Democratic efforts to broaden the scandal to Mr. Hastert and other Republicans had added more than a whiff of partisanship to the stink of the scandal.

As the details were emerging last Tuesday, for example, Phil Kellam, the Democrat challenging Ms. Drake, called on her to demand Mr. Hastert's immediate resignation. In a statement, Mr. Kellam said the House Republican leaders' "lack of attention" was "perhaps more shocking" than what Mr. Foley had done.

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Drew Lankford, a spokesman for Mr. Kellam, said the attacks on Ms. Drake had "painted her into a corner" because she was unwilling to denounce Mr. Hastert. Ms. Drake has said she will wait for a thorough investigation into what Mr. Hastert knew. (The matter has come up less in the Senate race between Mr. Allen and Jim Webb, the Democrat.)

Brian Courtney, a Republican-leaning sales manager attending the concert, said the Foley affair had led to "the kind of mudslinging one would expect to see at an election time like this." He added that he was paying closer attention to the "values and character" of the candidates, and that he would probably vote Republican again.

Republicans have put up a vigorous defense, mainly through conservative allies and on talk radio. An e-mail message to talk-radio hosts from the Republican Party last week asked, "How would Democrats react if one of their own had a sexual relationship with an intern, was found out, then lied to a grand jury in an attempt to cover it up?"

Rush Limbaugh devoted much of his airtime to the Democrats' defense of President Bill Clinton in the Monica Lewinsky scandal. Sean Hannity focused on former Representative Gerry Studds, a Massachusetts Democrat who in 1983 admitted having sex with a teenage male page, won re-election and served several more terms with the support of his colleagues.

Still, many conservative churchgoers said that what stood out for them was not the politics but the individual sin. "It is not going to affect my vote because I don't live in Florida," said Scott O'Connell, a mechanical engineer who described himself as a fundamentalist. "But there is a bigger moral issue which I would say is the prism I view this through: I do not believe in homosexuality."

David Thomas, a father taking his family to the concert, said that he, too, was leaning toward voting Republican and that the scandal only reinforced his conservative Christian convictions. "That is the problem we have in society," Mr. Thomas said. "Nobody polices anybody. Everybody has a 'right' to do whatever."

In an interview on Friday, Pastor Anne Gimenez of the 15,000-member Rock Church here said the scandal "doesn't change the issues we are voting on," like abortion, public expression of religion and same-sex marriage.

The church has been actively registering parishioners and reminding them to vote. "Every Sunday already," Ms. Gimenez said.

Fugitive Doctor Charged In Wife's Cyanide Death Arrested Overseas (AP)

By Joe Milicia, Associated Press Writer

AP, October 10, 2006

CLEVELAND — A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday.

Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release.

Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland.

Essa disappeared three weeks after his wife, Rosemarie "Rosie" Essa, collapsed behind the wheel of her car and died Feb. 24, 2005.

She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills.

Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case.

Prosecutors say Essa, known as "Yaz," was a philanderer. They characterized the murder as "divorce substitute," saying he was having an affair with a nurse and wanted to be free of his 38-year-old wife.

His lawyer, Larry Zukerman, said he could not comment yet because he did not have all the facts about Essa's confinement.

Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said.

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Rosie Essa's family issued a statement that said, "We are hopeful that this development will lead to the answers that we have been seeking since Rosie's death and will mark the beginning of the end of this heartbreaking ordeal for our family."

The family said that largely out of concern for the Essa children they will have no further comment while they await the outcome of the legal process.

Rosie Essa's brother and sister-in-law took custody of the Essas' two children, who were 4 and 2 when their father disappeared in March 2005.

If convicted of aggravated murder, Essa could be sentenced to 20 years to life in prison.

Essa called his wife's brothers the day of her accident and they recalled he sounded genuinely worried and upset.

When they arrived at the hospital, Essa told them with a cold, clinical finality that she was dead, his wife's relatives said. He appeared to grieve and allowed her family to make all the funeral arrangements.

Authorities believe Essa traveled to Syria, Greece and Lebanon and possibly visited Florida. His family owns property in the Palestinian territories.

Wilson said he did not know details about Essa's extradition. U.S. Department of Justice spokesman Bryan Sierra said he could not provide details about Essa's return to the states because Monday was a federal holiday and the department was closed.

Associated Press writer M.R. Kropko in Cleveland contributed to this report.

FBI Looks At More Than Veco (ADN)

By Lisa Demer, Anchorage Daily News

Anchorage (AK) Daily News, October 10, 2006

INQUIRY: Officials show interest in a developer and the Department of Corrections.

When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections.

That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual.

No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases.

In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI.

Kohring, a Republican, is not the only Alaska lawmaker who hired an attorney within days of the search.

Senate President Ben Stevens, R-Anchorage, has hired a prominent Seattle criminal defense lawyer, John Wolfe.

Wolfe, who declined to comment last week, has been named as one of Seattle's top criminal defense lawyers by Seattle Magazine. He's represented the famous and the infamous, from Seattle Seahawks players and judges to strip club owners and a pawnshop associate. He has worked in Alaska, representing a former Doyon Drilling Inc. worker who pleaded guilty in 1998 to concealing the dumping of hazardous materials on the North Slope.

"I think it's probably fair to assume that everybody's lawyered up," said Kevin Fitzgerald, an Anchorage defense attorney representing another of the legislators, though he wouldn't say which one.

Fitzgerald was part of the team that earlier this year won not-guilty verdicts in the federal rocket launcher case in Anchorage involving Security Aviation. The other lead defense lawyers in that case -- Paul Stockler and former U.S. Attorney Bob Bundy -- also are representing separate parties in the new FBI investigation, though they wouldn't say whom, either.

Hiring an attorney is a common practice in criminal investigations even for people who don't believe they are targets. For instance, individuals may want a lawyer to talk to prosecutors about the status of an investigation, to recover evidence taken in searches or to advise them on whether to talk and what to say.

Efforts to reach Kohring on Friday were unsuccessful, but in the past he has said he's cooperating in the investigation, is not a target and has been careful to follow all ethics rules.

Ross said he doesn't see that Kohring has done anything wrong.

"He asked me to advise him what the procedures mean and just make sure he doesn't step on his nose. He was told that he's not a suspect and of course I told him that, to be real honest with you, you can't always believe what you are told," Ross said, adding that he didn't expect any criminal charges against Kohring.

According to an FBI receipt for the property, agents took a folder with information on Marlow, phone message books, a Gateway computer from Kohring's office, fundraising notes -- which Ross said were essentially required campaign reports to the state -- a box of canceled checks, a thank-you note from Veco, bank statements, bills and an unexplained "business application and dividend papers."

"It doesn't look like anything there, any smoking guns or anything," Ross said.

Kohring and Marlow have known each other for years. Marlow hired him in 2004, according to disclosure statements that Kohring was required to file as a legislator. He reported income of $5,400 from Marlow that year and $38,100 in 2005. Kohring continues to provide "business services" for Marlow, arranging and conducting meetings, performing research and developing plans and strategies, Kohring said in an e-mail to the Daily News last month. Marlow has said that Kohring was helping him with plans to build a power plant in the Mat-Su, and Kohring has said he worked on a total of about six projects.

Reached on the telephone Friday, Marlow said he had no idea why the FBI would be interested in his relationship with Kohring. The FBI hasn't interviewed him or searched his offices, he said.

Kohring agreed to the search of his office, but the agents came prepared with a warrant that sought, among other things, any documents concerning relationships, correspondence, giving or receiving "things of value of any nature," or acts or failures to act that involved Veco executives Bill Allen, Richard Smith, Peter Leathard, Roger Chan, Veco itself, The Petroleum Club, pollster David Dittman, pollster Marc Hellenthal and Marlow.

"Cool. I made the list," Marlow joked. "What a crowd to be associated with."

The warrant also sought all correspondence between Kohring and the Alaska Department of Corrections. Ross said Kohring was questioned by the FBI about efforts to build a private prison in Whittier.

"He indicated it was a facility that Cornell was hoping to build in the past and that's apparently all they asked about that," Ross said. Cornell Cos. had teamed with Veco in the private prison endeavor, which ultimately died last year after the city of Whittier dropped its support.

Along with those of Kohring and Stevens, FBI agents searched offices of Sen. John Cowdery, R-Anchorage; Sen. Donny Olson, D-Nome; Rep. Pete Kott, R-Eagle River; and Rep. Bruce Weyhrauch, R- Juneau. Messages left for them were not returned. Kohring is the only one of the six still facing an election battle in November. Kott lost in the primary, Stevens and Weyhrauch aren't running again and the others aren't up this year.

Much of the wording on the Kohring search warrant is identical to the language on one provided by Olson's office the day after the search. Both are five pages long. In the warrants, agents sought documents concerning "anything of value" provided by Allen, the Veco chief executive officer; Smith, a Veco vice president; or Veco itself to any public official. Agents were also looking for documents concerning the creation of a natural gas pipeline or the new petroleum production tax. They wanted financial documents related to the legislator, including bank records, wire transfers and credit card statements. They wanted to search computers, too. But where agents sought information on Marlow and the Department of Corrections from Kohring, they wanted documents on Olson Air Service including any payments or storage fees related to aircraft from Olson, a doctor who owns a flying service.

None of the other legislators provided warrants in response to requests from the Daily News.

Stevens' legislative office is the only one searched twice, according to the FBI. In a letter to the Daily News last month, the Anchorage Republican said he agreed to both searches but had been advised not to answer questions. He didn't provide the warrant, but his letter listed what was taken by the FBI.

Many of the items hauled away were seemingly innocuous public records such as presentations on the new petroleum profits tax and a copy of the state legislative handbook. But the materials also included letters from Stevens regarding the Alaska

Fisheries Marketing Board, which he had headed since its creation by his father, U. S. Sen. Ted Stevens, until he resigned earlier this year. The board provided federal grants totaling between $5 million to $10 million a year to companies to promote Alaska seafood. At least three of the grant beneficiaries paid consulting fees to Ben Stevens.

The FBI also took "unknown documents" of Ted Stevens with a June 5 cover page and a Jan. 23 faxed letter to "T. Stevens."

Ted Stevens has repeatedly declined to comment and last month explained why in an e-mail sent through his spokesman.

"I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben. Therefore, I am withholding comment about this matter and will not discuss it," Stevens said in the Sept. 27 e-mail.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

The FBI investigation at a glance

What's known:

• Dozens of FBI agents executed about two dozen search warrants Aug. 31 and Sept. 1, though in some cases individuals agreed to the search.

• Six legislative offices were searched, and so was Veco Corp. Searches were conducted in Anchorage, Juneau, Eagle River, Wasilla, Willow and Girdwood. The office of Senate President Ben Stevens was then searched a second time, on Sept. 18.

• One search warrant, provided by Sen. Donny Olson, said the FBI was looking for "any and all documents" related to Veco, four of its executives and two political pollsters, as well as information on Olson Air Service, among other matters. When agents searched Stevens' office, they seized materials related to controversial fisheries organizations. In the search of Rep. Vic Kohring's office, agents also sought information on developer Marc Marlow and on the state Department of Corrections.

• The lead prosecutors on the case are from the Justice Department's Public Integrity Section in Washington, D.C., which handles public corruption cases.

• No one has been charged.

What's not known:

• Perhaps the biggest of the many unanswered questions is this: Who or what is being targeted?

• Authorities also won't say how many FBI agents or prosecutors are working on the investigation, when it began, when it might end or how they are proceeding.

Schools Chief Tried To Get Work For His Pal (FREEP)

By Chastity Pratt And Jennifer Dixon, Free Press Staff Writers

Detroit Free Press, October 10, 2006

Friend focus of FBI probe

Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas.

Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. “This was a way to help an old friend, who's unemployed, to make a few dollars,” Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services.

“In hindsight, I guess that was a stupid decision.”

Late Monday afternoon, as the Free Press was to publish a story about Coleman's actions, he issued a statement recommending the district cancel and rebid the contract linked to Information Solutions.

Making reference to Bohochot without naming him, Coleman's statement defended both his friend and the contract award. But, Coleman wrote, “unjustified clouds of suspicion” now hang over the contract, causing “a needless distraction.”

It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in.

“Oh, my gosh,” said board vice president Joyce Hayes-Giles when told of Coleman's actions.

“There are a number of issues we have under review and that was just one of them,” she said. “We may have to rebid the whole thing.”

Board president Jimmy Womack said he didn't believe Bohuchot's friendship with Coleman affected who received work. But, he added:

“We certainly have to take into consideration any influence those relationships may have had on the recommendation that came from the superintendent to the board,” Womack said.

The district's actions Monday were but the latest controversy surrounding the recent award of $58 million in technology contracts. The district announced in July it was replacing Detroit-based Compuware, which had performed district technology work since 2001, with four smaller vendors. Compuware appealed and questioned the bidding process.

Compuware spokesman Doug Kuiper said the company “looks forward to a fair and open rebidding process.”

Ruben Bohuchot has been under investigation by the FBI since the summer of 2005, when the Dallas Morning News reported that Bohuchot, then technology chief for Dallas schools, routinely accepted the free use of a luxury sports-fishing yacht owned by Micro System Enterprises, a major computer vendor to the Dallas district. That probe has since been joined by the Federal Communications Commission.

Long-time friends

Coleman said Saturday that he has been friends with Bohuchot for a decade. They first met in San Francisco, where Coleman was that district's finance chief and Bohuchot the technology chief. They then landed in Dallas, where they held the same roles. The pair even traveled to Alaska together in 2001 to go fishing.

After the newspaper report last year, Bohuchot was placed on paid suspension by Dallas and eventually left the district.

Bohuchot's troubles were well publicized last fall when Coleman said he ran into Julius Bender, owner of Information Solutions Group.

Coleman said he casually asked Bender if he planned to bid on soon-to-expire technology contracts. Bender said he didn't know where to start with writing a proposal, and asked Coleman if he knew anyone who could help him, Coleman said.

Coleman recommended Bohuchot.

“I didn't know that it went any further than that,” Coleman said. He added: “I just don't believe there is a relationship” between Bohuchot and Bender. “But if I've been misled by Ruben before, perhaps I've been misled again.”

Bohuchot, who is still listed as living in Dallas, could not be reached for comment.

Bender confirmed Coleman's account of their meeting. But he said that while he may have spoken with Bohuchot by phone, he never hired him. “We didn't pursue a relationship,” Bender said. “He's not in this deal with us. I swear.”

While Bender's company never bid directly on technology contracts, it partnered in the winning bid of another company, GVC Networks LLC, for the district's telecommunications and information technology services. It's that bid, which was to pay $726,000 annually, that Coleman sought to cancel Monday.

Stephanie Grimes, a spokeswoman for GVC, said GVC was supposed to sign the contract Tuesday.

“We believe we provided a solid proposal.” she said.

Grimes confirmed that Bender's company was supposed to work with GVC when GVC bid on the technology work. But she said when GVC only secured the telecommunications portion of the contract, it no longer needed Bender's company “in no way, shape or form.”

Detroit school records show Bohuchot attended a pre-bid meeting in Detroit in January for companies interested in the technologies contracts.

He signed in using the address and phone number for Bender's company - though Bohuchot incorrectly listed the company as “Integrated” Solutions.

Bender said last week he has no idea why Bohuchot used his company's address to sign in.

Coleman said he did not know Bohuchot had traveled to Detroit until a board member inquired about Bohuchot at the July meeting when the contracts were approved. Coleman acknowledged that he did not tell the board about his ties to Bohuchot at the time.

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Coleman sat on a committee that recommended the four vendors, though the board made the final choice. Since the awards, Coleman had defended the bidding process and said the new vendors will save the district millions.

Two days after the four vendors were approved, Bohuchot set up a consulting company in Dallas, Portico Consulting LLC, records show. He lists himself as a manager. The following day, DPS issued a press release naming the companies that won the contracts.

Coleman also said he was recently interviewed by the FBI about his relationship with Bohuchot, but he said the questions related to his friend's activities in Dallas, not Detroit.

"The thing that's very, very troubling to me is that there's going to be some assumption that I'm corrupt," Coleman said. "I am not corrupt, there's no aura of corruption about Bill Coleman."

DPS Will Rebid Part Of IT Contract (DEN)

Detroit News, October 10, 2006

Superintendent said to be linked to businessman who is affiliated with firm that won part of bid.

Detroit Public Schools Superintendent William F. Coleman III said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and "influence peddling" surfaced in the bidding process.

Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used flawed methods. Allegations have also been made that link Coleman to a Dallas acquaintance Ruben Bohuchot, who is said to be affiliated with Detroit-based Information Solutions Group, which partnered with GVC Networks LLC to win a bid from the district.

In a statement issued by Coleman last month, Coleman defended the contract approval process, saying the new contract will save DPS "millions of dollars."

"It is unfortunate that some feel that they are entitled to the IT contract even though their proposals would have cost the district as much as $30 million more," he said.

Coleman said that at a school board meeting last month, "months after the contracts were awarded," he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review.

"His involvement has led to allegations and concerns of undue influence," Coleman said, adding that the claims are "completely and unequivocally false."

"My staff and I believed when we recommended that GVC/Information Solutions Group be awarded the contract that we were acting in the best interests of the district and the taxpayers of the city of Detroit. I still believe that," Coleman said in a statement issued Monday. "But it is clear that the GVC/Information Solutions Group contract is becoming a major distraction that has the potential to hamper our mission as an education institution."

GVC Networks LLC, one of four companies awarded a portion of the $58 million, five-year contract, ranked lowest in the evaluation process of 17 bidders.

Criteria included staffing plans, cost, past performance expertise and employment of minorities and women.

Representatives from GVC Networks could not be reached for comment. Julius Bender Jr., president of Information Solutions Group Inc., had no comment.

"Ever since the contracts were awarded to these companies, we've been under considerable attack," said district spokesman Lekan Oguntoyinbo.

"If there's a cloud of suspicion in anyone's mind, we need to go after that."

School Board President Jimmy Womack said the board is studying the evaluation process used to select the companies. He did not expect the board to make a decision at Thursday's school board meeting.

"Primarily, our concern is to understand more clearly the process in general and how it was applied to the IT contract," he said.

Vision IT, Management Systems Consultants, GVC Networks LLC/Information Solutions Group and Universal Sales share the technology contract.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Health Care Executive Faces New Indictment (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 9, 2006

The chief executive of a District-based mental health organization has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program.

The new charges add to the legal problems faced by Ricardo F. Henry, founder of Insight Therapeutic Services Inc. He pleaded not guilty to health care fraud charges after his indictment in March.

Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree.

Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering.

The new charges stem in part from more than $100,000 spent by Mr. Henry for a 2001 Porsche 911 Carrera. The money, prosecutors said, was obtained through health care fraud. Authorities also say he registered the car in another person's name in New York to hide the purchase from creditors.

Mr. Henry filed for bankruptcy last year, but the case was reopened earlier this year after federal authorities raided his D.C. apartment and seized the car and other assets.

Among the other assets Mr. Henry tried to conceal from creditors were $120,000 from the sale of a home in Silver Spring and at least six firearms, including a Winchester rifle set, according to the indictment.

A status report in the criminal case issued last week states that Mr. Henry faces two trials, one for bankruptcy fraud and another for health care fraud. Mr. Henry's attorney likely will seek separate trials, while prosecutors are expected to oppose the move.

Mr. Henry's attorneys have disputed the charges, according to the status report.

"It is the defense's position that rather than cleanly charging provable offenses, the government has thrown everything but the kitchen sink into the 62-count original indictment hoping something will stick with the jury under the 'where there's smoke there's fire' theory," the report states.

But prosecutors counter in the seven-page report that they have "carefully selected the indicted counts from literally thousands of possible charges."

Predators Build Trust With Children Online (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, October 9, 2006

Young children and teens can become sexually victimized -- especially via the Internet -- when they don't realize they are being "groomed" by canny adults, say experts on child exploitation.

To parents, "our basic message is get that [personal computer] out of the bedroom and put it in a public place and set some limits and know what your kids are doing," said Ernie Allen, president of the National Center for Missing and Exploited Children.

The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach, Mr. Allen said.

This means "don't use instant messaging in the middle of the night," he added.

The use of e-mails and instant messages as exploitation tools has been garnering attention since recent news reports of former Rep. Mark Foley's sexually explicit electronic messages with former congressional pages, who were teenagers at the time.

The Florida Republican resigned his office, has entered an alcoholism rehabilitation program and is being investigated by law-enforcement agencies.

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"Any suggestion that Mark Foley is a pedophile is false, categorically false," Mr. Foley's attorney, David Roth, told a televised press conference in Florida last week . "Mark Foley denies ever, ever having any sexual contact with a minor."

However, Mr. Foley's online conversations with several male pages, which focused on the teens' physical activities and genitals, sound like grooming practices employed by sexual predators, sex-abuse experts said.

Typically, a relationship starts out "in a very innocent way," with the predator acting like a friend to the victim, said Lynn Parrish, spokeswoman for the Rape, Abuse and Incest National Network (RAINN).

The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, "and because it happens gradually over time ... young people miss these cues."

"Teens don't recognize the grooming when they see it; the kid is totally oblivious to it until it's too late," said Patrick Trueman, the former head of the Justice Department's unit on child exploitation and obscenity.

Once sexual contact is made, the predator will "hold it over you," he said. He can pressure the child for more sexual contact, saying, "'Oh, if you don't do this again, I've got these pictures of you now. Your friends are going to know all about this. We're just alike. You're just like me.'"

Children and teens will feel shame and confusion and refuse to talk about what happened, even though they should, Mr. Trueman said. This, in turn, can lead to "a cycle of abuse," in which the youths become promiscuous or turn to substance abuse.

"The effects can last a lifetime unless you get help," said Ms. Parrish, who urged victims of sexual abuse to call RAINN's hot line, 800/656-HOPE.

More Calls For Death Penalty In Child Rapes (LAT)

By Lianne Hart

The Los Angeles Times, October 10, 2006

HOUSTON — With the election just a month away, politicians examining ways to stop violent sexual offenders from striking again are increasingly calling for laws that would allow states to execute repeat child molesters.

Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction.

If enacted, the measure "will protect the children of Texas, and let people know to get out of our state if this is your sickness," Dewhurst campaign spokesman Enrique Marquez said. "If that's something you want to do, not in our state you won't."

In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005.

This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana.

Critics say that if child sex crimes are a capital offense, victims might be reluctant to report abuse because the offenders often are family members. "If you've got a father or brother or uncle molesting a young person, a lot of people aren't going to turn them in if it means they'll be sent to jail or put to death," said Michael Mears, director of the Georgia Public Defender Standards Council.

Another concern is that the measures might give assailants an incentive to kill the victim. "If the penalty for murder and molestation is the same, why not go ahead and kill the only witness to the event?" Mears said.

David Bruck, a law professor who directs the Virginia Capital Case Clearinghouse at Washington and Lee University in Lexington, Va., has the same concern. "To the extent that this is meant to be a way of protecting children, it may well have the opposite effect," he said.

But legislators such as Jay Paul Gumm — the state senator who sponsored Oklahoma's child sex crime bill — said that a person who would rape a child has no regard for life under any circumstance. "Anybody who would prey on the innocence of a child and destroy a soul is more than deserving of the death penalty in my way of thinking," Gumm said. "These are crimes that have lifelong effects on the victims. Some never have a normal life. It destroys life as surely as a gun to the head."

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Louisiana houses the only death row inmate convicted of a child rape that did not result in murder. Patrick Kennedy, convicted in 2003 of raping an 8-year-old girl, was sentenced under a 1995 law that allows the death penalty for the rape of a child younger than 12. His case is on appeal.

In 1996, the Louisiana Supreme Court upheld the state's death penalty law for child rapists. But the Kennedy case could end in a showdown if it reaches the U.S. Supreme Court: In 1977, the high court held that a person convicted of the rape of a woman could not be sentenced to death because the punishment would be out of proportion with the crime.

"It's cruel and unusual punishment," Bruck said. "[Child rape] is a terrible crime, but it ain't murder."

Bruck said an attention-grabbing proposal to kill child sex offenders is like "political crack cocaine. It attracts publicity and people's attention at a very visceral level" but in the end, he said, does little good.

But Gumm, the Oklahoma legislator, denied that such legislation was an election-year gimmick. "Public opinion in my district and this state is extraordinarily positive toward this law," he said.

"People have grown sick and tired of instances where child molesters have gotten out of prison only to molest again," Gumm said. "This sends a message that this behavior will not be tolerated, and we are going to find you, prosecute you and exact the most severe punishment possible."

Star Witness's Cheating Ways Heating Up Trial (WP)

By Carol D. Leonnig

The Washington Post, October 10, 2006

Jaws dropped and even the judge cringed when the former D.C. government official told a jury about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends.

Michael Lorusso once got his bosses to hand over to him $1 million, and he used it to lease space that wasn't even usable. Besides giving contractors inflated profits, Lorusso said he gave them gifts at taxpayer expense -- including antique barbershop chairs from a city warehouse and laptop computers purchased with a city credit card.

He is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council.

In an administration that prided itself on running a clean, reform-minded government, the swaggering Lorusso, the deputy director of property management, said he approved hundreds of thousands of dollars in contractor payments for work that was never done.

Lorusso worked for the city from November 2000 to January 2003, when he was fired after the council raised questions about his deals. He later pleaded guilty to bribery conspiracy and is hoping for a reduced sentence in return for his cooperation against Jemal and two other executives from Douglas Development Corp.: Jemal's son, Norman, and Blake Esherick. He is scheduled to resume testifying today in the courtroom of Judge Ricardo M. Urbina.

Only when Lorusso took the stand last week did many details of his crimes, and the breadth and gall of his fraud, become publicly known.

Lorusso, 40, admitted arranging leases that paid Jemal yearly rent so exorbitant it equaled the developer's purchase price. Lorusso ran his own furniture and investment businesses from his District offices and computer and took hundreds of thousands of dollars in city property, including the chairs, the laptops and other items. But no one flagged it.

"On my signature, I could take anything I wanted in the District," Lorusso testified.

Until Lorusso pleaded guilty in 2004, Mayor Anthony A. Williams (D) was reluctant to admit that the city was cheated -- despite several independent audits the previous year which determined that millions were spent for construction work, authorized by Lorusso, that had never been done. In an interview with NewsChannel 8 in summer 2003, Williams questioned what proof anyone had of outright theft but acknowledged that the city needed stricter controls on contracts.

Administration officials say several loopholes Lorusso exploited have been tightened.

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Then-newly arrived Herbert R. Tillery, deputy mayor for operations, was tapped in 2003 to protect the city from another Lorusso. In an interview last week, Tillery said that the city largely had safeguards and good rules in place when Lorusso was working but that they needed to be diligently enforced. He said the city now has officials within each agency review all leases, contracts and routine price increases in contracts -- instead of continuing the unusual arrangement in which Lorusso single-handedly authorized such deals.

Each agency's contracting officer is now trained to spot fraud and given stern warnings about the responsibility to protect city money. Although the city had regulations allowing it to penalize such officers for losses and improper cost overruns, Tillery said, now it follows through. Similarly, the city had a computer system for tracking contracts before Lorusso, Tillery said, but now it has improved it and required that agencies monitor such contracts monthly.

"Now there are several extra eyes on the contracting process," Tillery said. "It takes longer . . . but when we take shortcuts on contracts, that's when we get into trouble."

Lorusso was fired after the council began challenging leases for office space with Jemal's company as well as a plan to buy an impoundment lot from Jemal in Prince George's County. Council members also looked into steep payments Lorusso arranged to a contractor at One Judiciary Square, a municipal building.

The first indications of trouble surfaced in fall 2002, when the council balked at the impound lease proposal. More was revealed in the summer of 2003, when Jim Graham (D-Ward 1) completed an extraordinary council investigation into Lorusso's dealmaking, revealing, among other things, that Lorusso had "cooked" an appraisal to suggest that the city should pay $12.5 million for the impound lot. It had cost Jemal just $1.5 million four years earlier. After a council outcry, the city did not buy the lot.

Lorusso is the only D.C. government employee charged in the case. But based on his testimony, D.C. officials have more digging to do. He asserted in court that other city workers helped him break the law. Lorusso told the jury, for example, that he invited two staff members to join in a plan designed to help him get rid of a burdensome car payment. Together, they fabricated a $25,000 bill to the city for moving services from a company that employed one of the staffer's relatives, Lorusso said. The moving company then cashed a city check for the staffers, Lorusso said. The staffers gave him most of the $25,000 in return for his Audi convertible, he said.

As of Friday, the staff member were still on the Office of Property Management payroll, although one is on leave. They did not return calls.

Carol Mitten, the new director of the office, said she was surprised by what surfaced in court. "The first I heard about this dummy invoice is from the trial," she said.

Lorusso's testimony raises questions about whether more protections are needed, according to council member Adrian M. Fenty (D-Ward 4), who likely will succeed Williams as mayor next year.

"This type of waste, fraud and abuse is inexcusable, and those responsible must be held accountable," Fenty said.

Council member Carol Schwartz (R-At Large), who was the first to balk at the impound lot proposal in September 2002, said she remains mystified at how top city leaders couldn't have known some of what Lorusso was doing.

Graham said the testimony vindicates his investigation but won't satisfy the larger question taxpayers should be asking the city: "Just how did he get away with all this?"

'Liberty Dollars' Can Buy Users A Prison Term, U.S. Mint Warns (WP)

By Elizabeth Williamson

The Washington Post, October 10, 2006

Once upon a time, a "monetary architect" named Bernard von NotHaus decided to make his own money.

He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them "Liberty Dollars." On his Web site, http://www.libertydollar.org , he said: "It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!"

True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term.

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Liberty Dollars were coined by von NotHaus and an Evansville, Ind.-based group called Norfed, which stands for (sort of) the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. In the late 1990s, the group began hawking its money as a hedge against inflation, and as a way to compete with the Fed. Von NotHaus makes the pitch online, using a raft of statistics and graphs that he says show the greenback is well nigh worthless.

Norfed Executive Director Michael Johnson says the group isn't aiming to overthrow the American monetary system. "We're not locking horns with the Fed. I mean, that's crazy," he said. Norfed simply wants "to offer a solution to the Federal Reserve Note," a.k.a. U.S. dollars.

Norfed struck the first gold- and silver-backed coins -- which, to avoid charges of making its own money it calls "rounds" -- in 1998 at its private mint in Idaho. Today the group claims to have more than $20 million in Liberty coins and notes in circulation, and about 2,500 merchants who accept Liberty Dollars for goods and services from doughnuts to tattoos.

But there's a potentially more sinister side to all this. A 1999 report by the Southern Poverty Law Center calls Norfed a far-right anti-government group that has "long claimed that American dollars are . . . part of a vast conspiracy by international bankers to defraud the rest of the world." The center links some Norfed devotees to far-right hate groups.

"That definitely is not the philosophy of the organization," Johnson said. "I've been a Republican for most of my life. . . . We are focused on the mainstream. . . . I guess we are libertarian. But definitely not anti-government."

The U.S. Mint acted after federal prosecutors around the country began forwarding inquiries about the coins. "We don't take these consumer alerts lightly," said spokeswoman Becky Bailey. "Merchants and banks are confronted by confused customers demanding they accept Liberty Dollars. These are not legal coin."

Norfed responded to the Mint on its Web site. "Here it is in plain sight . . . the Liberty Dollar is not a coin, not legal tender, and backed with inflation proof gold and silver!"

"Goliath just introduced David to millions of Americans as a nationally recognized underdog," the site continues. "Just as Pepsi went up against Coke with their 'take the Pepsi Challenge' campaign, the Liberty Dollar will take it to the people to decide which currency they should use."

Norfed encouraged people to keep doing "the drop," referring to its advice to drop the coin into merchants' hands so they can feel its weight.

That could land the dropper in prison, Bailey warns, for up to five years.

L.A. Police Say Killing Of 3-Year-Old In Gang Attack Was Intentional (LAT)

By Richard Winton And Erika Hayasaki, Times Staff Writers

The Los Angeles Times, October 10, 2006

Kaitlyn Avila, 3, was shot at point-blank range after her father was wounded in the gang-related attack in Baldwin Village, police say.

A 3-year-old girl, fatally shot as her family arrived home after a Sunday afternoon trip to McDonalds, was intentionally targeted by a teenage gang member who fired at point-blank range, police said Monday.

The announcement, which came as detectives sought the public's help in finding the killer, prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong.

A joint task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought.

LAPD Deputy Chief Charles Beck said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. He then aimed his gun at Kaitlyn and shot her once in the chest, police said.

"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

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Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

The LAPD's Beck and Kaitlyn's father, Cesar Avila, appealed Monday for the public's help in finding Banks, who is believed to be in the Los Angeles area.

"We're heartbroken, we're very heartbroken for the death of my daughter," Avila said.

"We ask the suspect to turn himself in," he said, his voice breaking.

"Even though it won't bring my daughter back, at least we know more innocent people won't get hurt," he said. "I don't care so much for what he did to me, but for what he did to my daughter."

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

"Something made me come back," he said. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

Police released a photo of Banks and described him as African American, 6 feet 4 and about 200 pounds. They said he should be considered armed and dangerous.

A $50,000 reward is being offered for information leading to arrests and convictions in the case.

Detectives can be reached at (213) 485-2417 or (877) 529-3855, a 24-hour toll-free number.

As police hunted for Banks, some Baldwin Village residents said they had had enough.

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Gabriela Vasquez, 21, walked her two nephews home from school Monday afternoon, past the spot where police found Kaitlyn's body.

"It's not hard to believe," Vasquez said. "They thought the little girl saw them. She's little, but if she [saw] them again she could point them out."

Vasquez said she planned to leave Baldwin Village this year because of the gang violence.

"These people out here, they just don't care," Vasquez said. "They kill little kids and even the elderly."

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Pirating Songs Of Praise (LAT)

By Geoff Boucher, Times Staff Writer

The Los Angeles Times, October 9, 2006

Some Christian music fans believe digital downloading is a way to spread the Word. Other voices tell them: Thou shalt not steal.

Regina Kennedy prides herself on being a good Christian, so when the pastor at her Pentecostal church in Delaware called it a sin to download gospel songs without paying for them, her heart began to race.

The out-of-work driver went home and stared at her download collection, which included artists such as Yolanda Adams, Kirk Franklin and others. "The songs are so beautiful, and I couldn't afford to buy them all," the 43-year-old said. "I just didn't know what to do."

In the end, she deleted every song. She's still not sure, though, that she was really stealing. "I don't know what to think, really."

Kennedy is hardly alone among conflicted fans of Christian music, but her decision to erase her library does set her apart from most of them, especially younger ones. Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad.

Take Matthew, a 13-year-old who attends Hewes Middle School in North Tustin and attends youth programs at nearby Red Hill Lutheran Church. Asked if it's wrong to take songs for free, he answered: "No, because the artists are making billions of dollars anyways." Another kid at Red Hill, 16-year-old Mike, a student at Beckman High, said that music is beyond commerce or at least beyond the cash register: "They should give it away 'cause it's art anyways."

Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal.

"We are all conflicted, it's true," said John Styll, president of the Gospel Music Trade Assn. "This is not a business first, but it still must be a business at some point to keep going."

Styll's association was behind a campaign called "Millions of Wrongs Don't Make a Right," which used well-known Christian artists as spokespeople against piracy, but Styll said the perception lingers that all music stars are fabulously wealthy, and he wonders how effective they are as voices in the debate anyway.

His association is preparing to go to youth events and organizations in coming months with presentations that frame the question of digital downloading as a purely ethical issue. That's a far different tack than the mainstream music industry, led by the Recording Industry Assn. of America, which has used legal action and language to spook young pirates.

"The RIAA feels it can't address it as a moral issue, but we certainly can, and our audience should be more receptive to that," said Styll, who seemed plainly exasperated with the notion of young churchgoers taking music illicitly. "It's like stealing. You wouldn't walk into a Christian bookstore and steal a Bible off the shelf.... some fans say, 'This music is made to spread the Word, and I'm just helping.' Well, this is also about people's livelihoods."

"Christian music" is an unwieldy and misleading name for a music market that is big enough to cover recent releases from artists as disparate as Ohio pop-punk band Relient K, smooth L.A. gospel singers Mary Mary, country singer Alan Jackson and P.O.D., a hip-hop and reggae tinged band from San Diego.

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It's hard to imagine fans with music tastes eclectic enough to embrace all the artists on that list. But as a collective, the sector just got some great news. Christian music sales, both on CD and via paid download, over the first six months of 2006 were 11% higher than during the same period in 2005. That double-digit surge stands in stark contrast to the rest of the music industry, which experienced a 4% decline during the same time period. And no other genre has a 2006 sales jump anywhere near the level of the Christian sector.

When the six-month numbers were released, industry leaders said the figures showed that efforts such as the "Millions of Wrongs" campaign were making in-roads. But that view may be a leap of faith, says Joe Fleischer, chief of marketing for Big Champagne, a top barometer of online media activity.

Fleischer said the uptick in Christian music sales was more than matched by a jump in Christian music that was traded on peer-to-peer networks, e-mailed as file attachments and (the new popular mode of youth distribution) via digital files tucked into instant messages.

While much new revenue came in, more was missed, Fleischer said, adding that the same zealous fans that are taking their music for free are also minting new stars for a genre that is amid a major crossover into mainstream rock.

"That increase in sales is driven by what's going on with these newer acts, and all of that is happening on the Internet," Fleischer said. "Bands like Underoath."

Underoath is a Florida hard-core band whose spiritual message is delivered with a sonic style not intended for the faint of heart. The messages too are far from the psalms or greeting-card sentiments that the term "Christian music" conjures up. Take its wrenching song on abortion, "Burden in Your Hands":

So they take your life before your first breath / When will it stop, the killings continue / Babies die every day because of a pro choice made / Helpless and innocent they are put to death.

The six-member band shocked the music industry in June when its most recent album debuted at No. 2 on the nation's pop charts despite zero airplay on mainstream commercial radio and no presence on MTV.

It wasn't a surprise to fans who visited the band's page on MySpace.com, the Internet portal that has become a pop culture echo chamber. On the Underoath page, the digital player shows their songs have been listened to close to 17 million times.

The upheaval in Christian music circles isn't limited to rock and edgy youngsters.

The traditional Nashville scene, with its country-tinged sound and its Heartland appeal with artists such as Amy Grant and Steven Curtis Chapman, has lost jobs, Styll said, especially because the revenues for artists are limited by lower royalty payments from church and religious outlet performances. That has made the trade association especially stern, but it's set the stage for maverick attitudes as well.

Take singer-songwriter Derek Webb, an up-and-coming Christian recording artist who has not only received good reviews for his tour but also a flurry of coverage in industry outlets such as Billboard magazine. The reason? He's opted to give away a full download of his new album for three months on the Internet. He had sold 17,000 copies (both as CDs and downloads) since its December release and has given away 50,000 more since the download offer began in September. In exchange for the free music, he asks only that fans give him the names of five more people to e-mail about his music.

The idea came to him after he sold enough copies to break even financially on the project. The free-music period will pay off in the long run, he says, by building his career and also spreading the spiritual message of his music. His concerts have, in recent weeks, jumped from audiences of about 100 to crowds of 500 and more, he said.

"I can't think that's a coincidence and all of this, it's a huge part of my future," he said. Webb categorizes his music as songs of protest in an industry more comfortable with shiny happy platitudes.

"I don't think most Christian music is very good — I don't like it and I don't listen to it," the 32-year-old Nashville singer said. He pointed to the growth of rock and metal acts with Christian messages that use the Internet to bond with young fans and sidestep the traditional industry mechanisms. "Forgive me for saying it this way, but that looks a lot more like Jesus to me than packaging some album and telling people what to do with their art. "

In a Times entertainment poll this summer, teens were asked about downloading songs from an unauthorized file-sharing network. Among those who identified themselves as religious (of any faith), 63% said they would never do it. Among teens who did not describe themselves as religious, it was a similar proportion at 61%.

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Those numbers didn't surprise Styll because he had seen even more distressing stats when his trade association commissioned a study in 2004 by the Barna Group, a Ventura research and strategy company that focuses on young Christian consumers.

That survey found that about 1 in 10 born-again Christian teens believe it is morally wrong to take and share songs. The ones who do have second thoughts often said that they felt the religious connection the music provided them made it all less objectionable.

"What we're seeing is young people and youth pastors are bringing this moral perspective that, well, it's not exactly right to download the music, but from their point of view they're doing it for greater good, and in their minds that offsets it to some degree," said David Kinnaman, vice president of Barna Group.

Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material. But the tougher rooms to win over are at church halls such as the one at Red Hill Lutheran Church.

At any given time there about 120 kids in the programs, from fourth-graders through college-age young adults. Isaiah Coughran, co-leader of the church's youth ministry, noted that the congregation is relatively affluent, so the youngsters who take music for free have other options.

"The kids here are split on it. We get both ends, for sure — the kid that has 7,000 songs and the kid that won't do it because it's stealing," Coughran said. "We want them to make their own decision, but at least be aware of the issues and talk about them."

Some of the kids chew on the debate for a minute but then swallow it with a shrug: "They're teenagers and they say, 'It's what I want to do,' and that sort of flattens the argument for them, just like with anything."

Coughran himself was in a Christian punk-pop band called Value Pac that got as far as a record contract on an indie label. That's when Coughran noticed that their music was available on Napster and pinging through the Internet for free.

"For me, I was actually thrilled, because part of what I wanted to do was share the message of the music," he said. "And one big way to spread the Word — any word — was Napster, right? I wasn't doing it so much for the money, so the message was more important to me. It's different if you need to do it for a living, though, isn't it? That changes everything."

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Threats Of Violence As Homes For Sex Offenders Cluster In Suffolk (NYT)

By Corey Kilgannon

The New York Times, October 10, 2006

MASTIC, N.Y. — Not long after four men moved into the small ranch-style home at 115 Eleanor Avenue this summer, one man is said to have readied a special greeting.

Donald Keegan, a fellow resident of this working-class Suffolk County town, prepared a concoction of paint thinner and road flares to burn the place and, the police said, kill the occupants, who had all recently served prison time for crimes including rape and sodomy.

The four housemates, ranging in age from 36 to 74, were all registered as Level 3 sex offenders, the highest rating, saved for those the state deems “most likely to re-offend.” One had attacked a man in a wheelchair; the others’ victims were girls ages 8, 9 and 11.

Mr. Keegan was arrested before the plot could be carried out, but his case has exposed a raw and widespread fear over spreading clusters of sex offenders in Suffolk County’s lower-income neighborhoods, like Mastic — where opponents say 76 offenders live within a five-mile radius — and nearby Coram and Gordon Heights, where 39 offenders, most having assaulted children, live within a square half-mile, many grouped in the same houses. This is the highest concentration of Level 2 and 3 offenders on Long Island.

As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children.

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Mr. Keegan, 36, is in the Suffolk County Jail in Riverhead, with bail set at $1 million, and is facing a sentence of up to 25 years on charges of attempted murder and attempted arson. A county maintenance worker, he lives with his wife and their 2-year-old daughter on Patchogue Avenue, whose residents include two convicted child rapists, state records show.

In a jailhouse interview, Mr. Keegan insisted on his innocence but said, "I would do anything to protect my daughter."

The situation at 115 Eleanor developed even as the authorities moved to evict the four men, having decided that after-school programs at the community center on the Poospatuck Indian Reservation — a block from the house — should have disqualified the site for sex offenders. A new county law took effect in June barring registered offenders from living within a quarter-mile of a school, playground or licensed day care center.

Though two of the four offenders have already moved out of the house, state and local politicians are now scrambling to reduce these clusters; one Suffolk County lawmaker has introduced legislation that would bar the Department of Social Services from putting more than one offender in a single house.

Charles Manolakos, who owns 115 Eleanor Avenue, defended his tenants as "citizens who have paid their debt and have a right to live there." But Joyce Pulliam, who lives across the street, complained that the authorities "protect the sex offenders more than us."

"They're letting four and five offenders gather in a single house to create little sex offender clubs to prey on our children," said Ms. Pulliam, who has worked strenuously to rally neighbors against the newcomers to her block. "The police have the manpower to arrest Keegan, but they don't have the manpower to protect us from sex offenders."

Situated between the high-priced Hamptons and the densely populated, upper-middle-class precincts of Nassau County, this area over the past decade has become a magnet for sex offenders upon their release from prison.

Of some 24,000 registered sex offenders in the state, 825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county's Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout.

"D.S.S. has seen this building for a long time in these neighborhoods, and they've never done anything to stop it," said Laura Ahearn, executive director of Parents for Megan's Law, a national group based on Long Island that works to prevent sexual abuse of children.

But given the number of sex offenders in Suffolk, "There is no way they could all be placed in neighborhoods without kids," said Dennis Nowak, a Social Services spokesman.

Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations.

"This is an issue that communities across the country are facing, and there's no easy solution," Mr. Nowak said. "We've become a lightning rod for the issue, but it's much bigger than us."

The lightning struck in Mastic this summer, when the four men moved into the Eleanor Avenue house, paying $550 each per month. It is next door to a family with seven young children, and across the avenue from a residence for 12 women recovering from drug and alcohol abuse.

"With all these kids on this block and 12 vulnerable women in a house, this is where they allow a house full of sex offenders?" said one of the women, Denise Mello, 32, a recovering heroin addict.

Soon, parents on the block began keeping their children indoors. Neighbors picketed in front of the house, and members of the Mastic Park Civic Association went door to door distributing fliers with the offenders' names, police photos and criminal records.

At one homeowners' meeting at the local library, a resident, not Mr. Keegan, stood up and said, "I'll burn the house down," recalled the civic association president, John Sicignano. In response, he said, "Fifty people stood up and started clapping."

"He definitely expressed it the wrong way, but who knows, if something threatened my kid, maybe I'd react the same way," Mr. Sicignano, 49, who runs an aircraft engineering firm, said of Mr. Keegan.

Mr. Manolakos commented ironically: "This guy was doing what the whole neighborhood wanted to do. He's a local hero."

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Mr. Keegan said that his lawyer had warned him not to talk about the case, and that he was a law-abiding man with no time for mischief.

"I have three jobs," said Mr. Keegan, who does private landscaping after his maintenance work with the county. "I come home exhausted every night and turn on the Discovery Channel."

Mr. Keegan denied plotting to burn down the house Sept. 9, when he was arrested with road flares on the front seat of his Ford Mustang. The police, acting on a tip, had sent a detective to befriend Mr. Keegan and caught his threats on tape.

Fred Hollman, 36, who served time for first-degree rape of an 11-year-old girl, moved into 115 Eleanor Avenue in June after living briefly in western Suffolk County, but said in an interview in September that he was looking for a new home because of the furor.

"The last place I was staying, in Brentwood, all the neighbors knew about my status and were friends with me," he said. "We all hung out together." But, Mr. Hollman added, he has four children and "wouldn't want them living around sex offenders either." Mr. Hollman said he saw Mr. Keegan "in and out of the neighbors' houses a bunch of times" before his arrest.

Mr. Manolakos, who co-owns a number of homes on Long Island and rents rooms mostly to mentally disabled tenants, says he plans to fight the mid-September order to remove the sex offenders within 45 days. He argued that that the Indian reservation, a 250-resident maze of scruffy suburban streets lined with smoke shops and trailer homes, has no legal bearing on the block, since it operates as its own sovereign territory, outside of many state laws and regulations.

Other landlords defend their right to rent to sex offenders.

"They just want to live their lives," said Bernadette Parks, whose mother, Mary Dodson, rents to 27 offenders in 11 houses in a small area in Coram and Gordon Heights nicknamed Dodsonville.

On a single block of Homestead Avenue, Mrs. Dodson owns homes filled with 15 offenders, said Mrs. Parks, who manages the properties. The extended Dodson family, with many young children, lives in the surrounding neighborhood.

"They're being closely watched, and they're more scared than the other folks here," said Mrs. Parks, a devout Christian who sees the family's thriving rental operation as a kind of religious mission, and invites the sex offenders to join her grandchildren in tending rabbits, for therapy.

"My grandchildren all play on this block," Mrs. Parks said, cradling a bowl of newborn bunnies in her living room. "That's how much I trust these people. They've been deemed to enter back into society and they'll have to suffer the rest of their lives with being labeled."

Don't tell that to Chief Harry Wallace, who runs the Poospatuck Indian Reservation. A Dartmouth-educated lawyer with a ponytail, he keeps two sets of business cards on his desk, one for his law practice, the other for his Poospatuck Smoke Shop and Trading Post.

"What these landlords are doing by renting out to sex offenders," Chief Wallace said, "are undermining communities trying to better themselves."

California Prosecutor's Novel Gets Her Bumped From A Case (NYT)

By Adam Liptak

The New York Times, October 9, 2006

A California prosecutor's fictional alter ego has gotten her kicked off a real-life case.

In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called "Intoxicating Agent." Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug.

Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line.

"She has a disabling conflict of interest," Justice Kenneth R. Yegan of the California Court of Appeal wrote of Ms. Dudley for a unanimous three-judge panel.

Ms. Dudley must be disqualified, Justice Yegan continued, because the defendant, Massey Haraguchi, "is being prosecuted for raping an intoxicated person while the prosecutor is promoting her novel involving the identical charge."

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Justice Yegan wrote that Ms. Dudley's desire for money and fame might tempt her to throw the book at the defendant, as it were.

"Dudley will garner no laurels, and the case will not generate favorable media publicity for her book," Justice Yegan wrote, "if she enters into a negotiated settlement."

The question of whether a lawyer's freelance fiction can require disqualification was both novel and important, Justice Yegan wrote. He said he hoped "that this case of first impression will make a lasting impression."

Ms. Dudley declined to comment. "The litigation is still pending," she said, "and it would be unethical for me to respond in any way."

In a sworn statement filed in opposition to the disqualification motion, Ms. Dudley said her book was not based on a real case.

"The fact that I have written and published this fictional book," she added, "has not affected or impacted any of my decisions in this case."

Robert M. Sanger, a lawyer for Mr. Haraguchi, declined to comment. In his own sworn statement, Mr. Sanger said that aspects of Ms. Dudley's book were based on a separate rape-by-intoxication case that twice ended in hung juries and was eventually dismissed.

Mr. Sanger was Ms. Dudley's adversary in the other case, too. In the Haraguchi case, Mr. Sanger wrote, Ms. Dudley refused to discuss a settlement though she conceded that no other prosecutor in her office was willing to pursue the case.

"Intoxicating Agent," which Ms. Dudley paid to have printed, is made notable by Ms. Dudley's acknowledgment to a local newspaper that her fictional heroine was "a pumped-up version" of herself.

Ms. Danner, Ms. Dudley writes, has "the poise and sexiness of a dancer, the brains of a scholar and the protective passion of a mother."

"She had always been attractive," Ms. Dudley continues, "but now, having reached middle age, experience, confidence and poise further enhanced her beauty."

Prosecutors in "Intoxicating Agent" are fearless champions of the truth; defense lawyers, unethical and manipulative; and defendants, despicable and unattractive. One is called "felony ugly."

Deborah L. Rhode, an authority on legal ethics at Stanford, said the appeals court's ruling was correct but too broad.

"There's a lot not to like in the way that this deputy district attorney traded on her office to promote her book," Professor Rhode said. "And the court could justifiably be concerned that her desire for publicity could affect her decision whether to try the case or accept a plea."

But the decision went on to seemingly ban all sorts of extracurricular writing.

"No current public employee," Justice Yegan wrote, "should be permitted to exploit his or her official position as a lever to earn extra income."

That prohibition may run afoul of the Constitution, Professor Rhode said. "Dudley has obvious First Amendment interests in being able to present her characters in whatever stereotypical form she chooses," she said.

Linda Fairstein, a former prosecutor in New York who has written nine successful crime novels, called that aspect of the decision overreaching and absurd.

But she expressed little sympathy for Ms. Dudley.

"It's not really a good judgment call to closely mirror the facts of a case while it's still pending," Ms. Fairstein said.

A New Glimpse Into Night Of D.C. Slaying (WP)

By Paul Schwartzman

The Washington Post, October 9, 2006

On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office.

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The Wones had rarely spent a night apart since 2002, when Robert surprised Kathy with rose petals leading to a silver fortune cookie and the message, "Will You Marry Me?" But Wone, a lawyer, planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle.

"I love you," Robert told his wife as they hung up about 9:30 p.m.

Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead.

The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time.

More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms.

Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved. "I feel like I've been holding my breath, waiting for a break in the investigation, hoping that this doesn't become a cold case," she wrote in an e-mail, her first public comments about the slaying.

Authorities have offered only the broadest outline of what transpired, saying that a resident told them an intruder came through the back door and killed Wone -- a theory that detectives have publicly questioned. Yet as police await the results of evidence testing, new details have emerged about Wone's final hours and what Price, Zaborsky and Ward have said occurred after their friend arrived.

In a city of more than 100 homicides this year, Wone's death captured public attention because he was a rising star in Washington's legal world, active in the Asian American community. He died in a neighborhood where homicides are rare, at the home of friends who are affluent, well-established professionals; one is prominent in the gay community.

The case took on greater notoriety when investigators asserted that the crime scene was cleaned before police arrived. And they expressed doubt that an intruder killed Wone, saying they found no sign of forced entry or anything taken.

Police Chief Charles H. Ramsey said detectives are waiting for the FBI to complete tests on blood and other items from the crime scene. Police want the FBI to treat the case with urgency, Ramsey said, and hope to get the results in a matter of weeks or months.

Police and prosecutors have sought to reconstruct what happened inside the house before and after the killing. According to sources with direct knowledge of the investigation, Price, Zaborsky and Ward have described a routine evening that began with a dinner at home before Wone arrived about 10:30 p.m. to sleep over.

The sources, who spoke on the condition of anonymity because the case is under investigation, said the men have given this account:

Wone first sat in the kitchen, chatting with Price, 35, a lawyer at a prominent law firm with whom he attended the College of William & Mary, and Ward, 36, who works for a software company. Zaborsky, 40, a marketing manager at the International Dairy Foods Association, was in the third-floor bedroom he shared with Price. A female tenant who lived in the basement was not home.

Price has said that he went upstairs to the third floor to sleep about 11 p.m. Ward retired to his bedroom, near the top of the stairs on the second floor, overlooking the back yard. He later told police that he took a sleeping pill that night, as he often did. Wone showered and went to a second-floor guest room facing Swann Street.

According to the sources, Price recalled falling asleep and then being awakened by a chime that the alarm system sets off when the front or back doors open. Price did not go downstairs because he assumed that his tenant was returning; she did not return home that night.

Price has said that minutes later, perhaps as many as 10, he heard the sound of deep, guttural moaning. He ran downstairs with Zaborsky and found the door to the guest room ajar and Wone on the sofa bed, bleeding. Price moved the knife from Wone --

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police later found it on a side table -- and tried to stanch the bleeding, the sources said. Zaborsky stood in the hallway, his screams waking Ward.

At 11:49 p.m., Zaborsky called 911. Paramedics arrived at 11:54, followed by police, who found Wone, wearing bed clothes, unconscious and showing no signs of life. He had been stabbed twice in the chest and once in the abdomen.

After Price phoned Kathy Wone, she picked up her husband's parents, who had recently moved nearby from Brooklyn to be closer to them, and his brother, Andrew, 27, who had flown in to visit. A doctor pronounced Robert Wone dead at 12:24 a.m., before his family reached George Washington University Hospital.

The next day, friends and family sat vigil with Kathy Wone, a crowd that included Price, Zaborsky and Ward. The men attended the funeral; Price was a pallbearer.

By then, investigators had taken over the Swann Street townhouse, obtaining search warrants to seize computers and phones there and from Price's law office. In an affidavit used to get one of the warrants, Detective William Xanten cast doubt on the idea that an intruder killed Wone, writing: "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken." Police technicians, using chemicals and artificial light, had determined that the crime scene was "tampered" with, the detective wrote.

Price hired a criminal defense lawyer, Kathleen Voelker, and Ward retained David Schertler, a former federal prosecutor. Zaborsky hired Thomas G. Connolly. Before they had hired lawyers, the three men submitted to hours of police questioning immediately after Wone died. Days later, they submitted their fingerprints and DNA samples.

In a statement issued Friday, the attorneys said the three men "continue to mourn the death of their dear friend" and remain hopeful that "the authorities will identify and apprehend the intruder who is responsible for the senseless murder."

Through their attorneys, the men declined to comment for this article. With their home in disarray, they are now living in Virginia. Their friends and associates are reluctant to speak about them publicly, seeking to protect their privacy.

Price, a lawyer at Arent Fox, also serves on the board of Equality Virginia, a gay rights group, where Ward formerly was development director.

In her e-mailed responses to questions, Kathy Wone cited the investigation in declining to share her view of the men, with whom she was friendly through her husband. She is being advised by Eric H. Holder Jr., a former U.S. deputy attorney general, and Benjamin J. Razi, who work at Covington & Burling, her husband's former firm.

Describing her emotional state in her e-mail, she said: "It hurts me a great deal to think that whoever took Robert's life is probably going on with life as usual while I'm struggling to close an enormous, gaping wound and move on; I can't help but shake my head at that picture of incredible unfairness."

The Wones met in January 2002 at a conference in Philadelphia, where they struck up a conversation that continued as they took a late-night stroll and ended up at a Cosi cafe eating s'mores. "It was cold that night," recalled Kathy Wone, a public-interest manager for the American Health Lawyers Association. "But we didn't feel it."

Until then, Robert Wone had concentrated on his career, pro bono work and keeping up with a wide network of friends, including Price. Small-framed and boyishly handsome, he often seemed more mature than his years, urging friends to buy life insurance and arrange their wills.

In interviews, friends described him as energetic and earnest, with a touch of street savvy born of growing up in New York. Jason Torchinsky, who had shared an Arlington apartment with Wone, said his friend had kept a baseball bat under his bed for self-defense and carried two wallets -- one of them an empty decoy in case he was mugged.

The son of a retired bank executive and teacher, Wone had always been serious. As a youngster growing up in Brooklyn, some classmates at his all-boys Catholic high school predicted that he would be the first Asian American president.

At William & Mary in the mid-1990s, he majored in public policy and immersed himself in student government, through which he became friendly with Price. At exam time, Wone liked to sneak around the library, handing out candy to unsuspecting students. "He was about random acts of kindness," said classmate Tara Ragone. "It was like a Disney movie."

Although he seemed a natural politician, remembering names and keeping in touch, Wone shunned the spotlight. "He often said he'd love to be chief of staff," classmate Michelle Kang said. "He wanted to be the person in the background who made it all happen."

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After graduating from the University of Pennsylvania law school, Wone clerked for a federal judge before landing a job at Covington & Burling. His work was his focus until he met Kathy. Within months, he was talking about marriage. "I was stunned," Torchinsky said. "I had never seen him so interested in anybody. It was like this instant thing."

They were married in 2003. Robert turned 30 the next year, an event marked by a party at the home of Price, Zaborsky and Ward, who were then living on Capitol Hill. The Wones bought a townhouse in Oakton and began talking about adopting a baby girl from China.

Then, in the first week of July, Wone started a new job as general counsel at Radio Free Asia, which broadcasts news in Asian countries that do not get free media. It was a dream position, allowing him to be the legal version of a jack-of-all trades.

More than a week before he died, Wone told his wife that he planned to work late Aug. 2, attending a seminar and then making a stop at Radio Free Asia to meet the night staff. He said he might stay over in the city and visit an old friend -- either Price or another William & Mary alum. "Robert was trying to kill three birds with one stone," Kathy Wone wrote. "Attend a class, get to know more of the Radio Free Asia staff and spend time with a friend."

"I thought it was a great idea," she recalled. "Our marriage was such that I completely trusted and supported pretty much anything he wanted to pursue."

A few days later, she said, her husband told her that he'd stay at Price's house. On the morning of Aug. 2, the couple worked out at their gym and then took Metro into the District. As usual, he walked her to her office, where they kissed goodbye.

At 6 p.m., he arrived at the seminar, after which he called his wife to say good night. At close to 10, he arrived at his office. He stayed for 15 minutes, introducing himself to the staff, before heading off to see his friends on Swann Street.

Activists Take To Prince George's Pulpits To Break A Pattern Of Domestic Violence (WP)

By Avis Thomas-Lester And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, October 9, 2006

Yvette Cade stepped up to the microphone and the church went silent.

"I am a victim of domestic violence. I was set on fire by my estranged husband," she said, head held high, looking out over the 350 or so people gathered inside the main sanctuary at Fort Foote Baptist Church in Fort Washington. "Take a look at my scars. I was burned at 1,500 degrees. . . . One year later, I am here as a witness, a survivor and a soldier on the battlefield for Christ. Stop the domestic violence. Please."

The church erupted in a thunderous ovation. It was more than two hours into the 11 a.m. church service, and Cade, along with other Prince George's County "soldiers" in the war against domestic violence, had come to the church as part of Project Safe Sunday, a program started four years ago to bring the clergy into the effort to fight the problem. Prince George's has more domestic violence than any other jurisdiction in Maryland.

According to statistics from the Maryland Network Against Domestic Violence, 5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show.

The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide.

Joining Cade yesterday were Prince George's State's Attorney Glenn F. Ivey (D), who has actively promoted the program, and Debra Williams, who conceived of the program in 2003 after the domestic violence slaying of her sister, Ernestine Bunn-Dyson. Dozens of churches participated in the program.

Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife.

"Silence has been one of the biggest contributions to the problem," Ivey said in an interview. "The faith community is the place where ministers talk about the private and intimate issues. A lot of women say they turn to the church, but to be candid,

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some ministers take the view that some degree of [abuse] is permissible. . . . We also wanted to have a dialogue with the ministerial community to address that mentality."

Domestic violence cases filed last year include the September attack on Cade, who was set on fire after a judge dismissed a protective order against her estranged husband, Roger B. Hargrave. Three weeks later, Hargrave went to the store in Clinton where Cade worked, doused her with gasoline and set her on fire. Cade, 33, suffered horrific burns to her face, head and torso. Her estranged husband was sentenced to life in prison for attempted murder.

The issue of domestic violence in Prince George's has been under the microscope in recent days, after the publication of an article in Essence magazine highlighting stories of women in the county who were abused for years and kept quiet.

Headlined "The Secret Shame of Prince George's County," the story was denounced by members of County Executive Jack B. Johnson's administration, who accused the magazine of unfairly painting the county as unresponsive to the issue. Aides to Johnson (D) have marshaled statistics showing that county spending on domestic violence issues has risen from $1.7 million to more than $3 million in the past three years.

"How is it possible that you would paint us as a county that doesn't talk about it when we're doing things every day?" said Jacqueline F. Brown, the county's chief administrative officer and top aide to Johnson. Brown, a former family therapist, said she has counseled abuse victims.

Brown cited county support for the Safe Sunday program as a sign that officials have been addressing domestic abuse, in addition to training for 911 operators and a computer system that alerts law enforcement when those accused of domestic violence are charged with unrelated offenses.

It is not the first time county officials have issued a prompt response when the county's reputation has come into question. Last year, Johnson held a news conference to denounce an episode of the ABC television show "Commander in Chief" that featured a fictional president sending U.S. marshals to Prince George's to quell crime.

Ivey, who was interviewed for the Essence story, said county leaders should use the story to raise awareness. He said the high incidence of protective orders and cases filed indicate that the county's pro-active approach has led to an increase in reporting, in victims seeking protective orders and a subsequent increase in the number of cases that go to court for prosecution.

In a case from last week, Jackie M. Lewis, 57, was shot to death in her Fort Washington home by a former boyfriend, Arthur Comer, law enforcement officials said. Comer, also 57, called 911, told a police dispatcher that he had shot Lewis and then killed himself, police said. The judge in the case had dismissed a temporary protective order against Lewis after she told the judge that Comer had not hurt her, according to a recording of the hearing.

The murder-suicide occurred almost a year after the attack on Cade.

Fort Foote Baptist's pastor, Joseph Lyles, said his church began participating in Project Safe Sunday four years ago because he has four sisters "who have each, in some way, experienced domestic violence."

As a minister, Lyles said one of his missions is to change the minds of other clergy, who sometimes play down the seriousness of the domestic violence problem and believe that the Bible justifies a man's right to "discipline" his wife if she disobeys or disrespects him.

"The Bible verse that people often misinterpret to mean that a man has a right to beat his wife is Ephesians 5:22-23, which says a wife should be submissive to her husband, and a man has authority over his wife just as He has authority over the church," Lyles said. "But if you look at Verse 25, it says that a man should love his wife as Christ loved the church. Love has no place in a relationship where someone is using violence to achieve dominance. Being submissive does not mean being abused."

Short Odds For Ignorance (NYT)

By Robert Hahn And Paul Tetlock

The New York Times, October 9, 2006

LATE last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites.

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The measure was attached to an unrelated bill on port security at the 11th hour. If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites.

While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere.

The bigger economic story is how this act, by effectively prohibiting Internet betting, could unintentionally slow the emergence of new tools that have the potential to improve the productivity of the private sector and the government. Sadly, this is an aspect of the measure that both its supporters and its opponents seem to have overlooked.

Representative Jim Leach, an Iowa Republican who was a co-sponsor of the bill, suggests that it will help reduce gambling addiction and money laundering. Not surprisingly, executives at online gambling companies argue that the bill unduly restricts consumer freedom.

What neither side has mentioned, however, is how the prohibition on Internet gambling could wind up putting the kibosh on several forms of Internet wagering that provide useful information.

For instance, we now have markets for predicting political and economic events, where you can wager on the monthly unemployment rate or the outcome of the presidential race. (If you visit TradeSports.com, you can bet on Hillary Clinton's chances of becoming the next president: a contract purchased for $1.91 would yield $10 if she wins — implying that the senator has about a 1 in 5 chance of winning.)

Why should we care? Because information markets, which essentially reflect the collective wisdom of savvy bettors, can help us make more accurate forecasts. Information markets have outperformed experts in a number of areas, whether it's predicting point spreads in football games or elections or printer sales. There are more than 20 Web sites that offer information-market securities, including those run by Goldman Sachs and the University of Iowa.

These markets work for several reasons: first, almost anyone can participate; second, people think hard when they have to back up their predictions with money — buy the right presidential contract and you win, buy the wrong one and you lose; third, the profit motive encourages people to look for better information.

Many academics across the political spectrum believe that information markets could be critical in improving decision making by governments, nonprofit organizations and the private sector. Yet, because of current regulatory restrictions, the Iowa market is the only place in the United States dedicated to improving our understanding of these markets. Also, those information markets whose purpose is to make money have generally based themselves offshore, partly in reaction to existing state and federal restrictions on Internet gambling.

So what can be done? Congress needs to draw a distinction between run-of-the-mill Internet gambling and information markets that can serve a broader economic purpose. To this end, it should empower the Commodities Futures Trading Commission to regulate information markets. The commission is already charged with regulating futures contracts, and information-market contracts can be thought of as futures contracts because they represent bets on what will happen down the road.

Congress should also impose a requirement that information-market contracts pass an economic purpose test. The futures commission should permit information market contracts that are likely to provide significant financial hedging opportunities or valuable information for improving economic decisions. Internet poker games and lotteries would not pass the test; contracts involving Gross Domestic Product, housing starts or expected annual rainfall would. So, too would predictions on who will be president: that would affect the economy.

For such regulation to work, it needs to be light-handed. To maximize innovation, Congress should allow for federal pre-emption of state and other federal regulatory authorities for information-market contracts that pass an economic purpose test. Such pre-emption would reduce uncertainty for innovators concerned about violating state gambling laws.

The regulation should also allow for broad exemptions where sensible. One could, for example, introduce exemptions for research where the size of individual investments does not exceed $1,000 per participant. The futures commission already has the power to encourage such research, but thus far it has only given its blessing to the Iowa markets.

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We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish.

The White House And Mr. Abramoff (NYT)

The New York Times, October 9, 2006

The sordid Mark Foley controversy has diverted public attention from another major Washington ethics scandal — the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit.

The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth.

A newly released report, prepared with unusual bipartisan backing by the House Government Reform Committee, paints a different reality. It reveals that between January 2001 and March 2004, Mr. Abramoff and members of his staff had some 485 contacts with key White House officials, including at least 10 direct contacts between Mr. Abramoff and Mr. Rove. Billing records and e-mail messages unearthed by the committee indicate that Mr. Abramoff and his colleagues spent nearly $25,000 on meals and tickets for White House officials.

The report belies Mr. Rove's description of Mr. Abramoff as merely a "casual acquaintance." An assistant to Mr. Rove, Susan Ralston, who resigned on Friday, had formerly worked for Mr. Abramoff. The report suggests that she sought Mr. Abramoff's help to obtain seats for Mr. Rove and his aides at popular sporting events, and often acted as a conduit, passing messages between the lobbyist and top White House officials, including Mr. Rove and Ken Mehlman, the current chairman of the Republican National Committee who was then a senior White House political strategist.

Indeed, it appears that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002, an occasion Mr. Abramoff memorialized in an e-mail message to a colleague. "Told me anytime we need something just let him know through Susan."

It is plain that Mr. Abramoff had unusual access. As for his effectiveness, Mr. Abramoff rated the results as "mixed." But he scored some important victories. In 2002, for example, the administration made the unusual decision to release $16.3 million to a Mississippi tribe Mr. Abramoff represented, notwithstanding the Justice Department's opposition to the project. The role campaign gifts and contacts between Mr. Abramoff and Mr. Mehlman may have played in this action is a matter warranting close scrutiny by prosecutors, and further digging by the committee.

As Tom Davis of Virginia, the Republican chairman of the committee, and Henry Waxman of California, the ranking Democrat, take pains to note, their report is based on documents that were provided under subpoena by Mr. Abramoff's firm and, for the most part, tell just one side of the story. The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim. Meanwhile, the idea that Mr. Abramoff exerted no influence with the administration seems about as believable as Mark Foley's early claim that his only interest in 16-year-old pages was "mentoring."

CIVIL LAW:

Judge Names Tower Records Liquidator (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, October 9, 2006

A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation.

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U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday.

On Friday, Trans World urged that its offer be given a second look, and said the court should take into consideration the jobs that would be saved if Tower Records wasn't handed over to the liquidators. Judge Shannon refused, however, and said he would approve the offer from Great American.

Big Tobacco Spending Big Money To Fight State Bans, Taxes (WSJ)

By Christopher Cooper

The Wall Street Journal, October 10, 2006

American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books.

The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. The measure, on the November ballot, would generate an estimated $2.1 billion in annual revenue for the state and make California's tobacco excise tax, currently at 87 cents a pack, the highest in the nation. Proceeds from the tax would be used to finance health programs, primarily for children.

The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market. Reynolds, the nation's No. 2 tobacco company, says the state accounts for about 6% of its cigarette sales. "Clearly, the impact of California would put pressure on earnings," said Dianne Neal, Reynolds's chief financial officer, during an analyst conference in late July. During the same conference, Ms. Neal said that, altogether, the company planned to spend $40 million to defeat tax increases and smoking bans on state ballots around the country this November.

A leader in citizen-driven proposition balloting, California has often seen pricey campaigns by big businesses seeking to defeat hostile ballot initiatives, and this year is no exception. Another measure, to raise taxes on oil, has sparked an expensive campaign by oil companies. In 2005, a group of pharmaceutical companies spent $73 million to defeat a proposed prescription-drug discount plan. And in 1998, insurance companies spent $66 million to defeat an auto-insurance measure. "Initiative campaigns are not cheap -- this is not an inexpensive venture," said Reynolds spokesman David Howard.

So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin. State records show that, a month before the election, Philip Morris had put $30.7 million into the campaign and Reynolds had donated nearly $24 million. As of the end of September, the antitax campaign had already spent more than $48 million.

The result has been a tidal wave of television advertising attacking the tax increase and its main backer, a California hospital association, whose members stand to benefit most from the new tax. "I was in California two days last week, and that's all I saw on TV," said Kristina Wilfore, executive director of the left-leaning Ballot Initiative Strategy Center. "They were even airing it on the Cartoon Network at midnight."

Beyond California, the companies are fighting similar tax measures in Missouri, Arizona, South Dakota and Ohio. In Missouri, the state's Supreme Court is considering whether to allow an 80-cent-a-pack tax increase to appear on the November ballot, over a legal challenge. If the measure survives, Mr. Howard said, "it's safe to say" the company will wage a multimillion-dollar campaign to defeat it.

Philip Morris spokeswoman Peggy Roberts said the company has begun consumer and vendor campaigns to defeat a proposed $1-a-pack tax increase in South Dakota and an 80-cent-a-pack increase in Arizona. She said the company was mounting a similar effort in Cuyahoga County, Ohio, where voters will be asked to approve a 30-cent-a-pack tax on cigarettes to finance a local arts program.

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Ms. Roberts declined to say how much the company was spending on the campaigns.

The ferocity that Big Tobacco has shown this year in opposing the cigarette taxes contrasts with the industry's relative inactivity on the issue in recent years. The two cigarette companies offered only token resistance to a 2002 proposal in Missouri to raise cigarette taxes 55 cents. They spent a combined $77,000 defeating the proposal, state records show, even as a group of health charities and others spent more than $5 million pushing the effort. That same year, a 60-cent tax increase proposed in Arizona passed with no money being spent by opponents, according to state records. In Florida in 2002, Philip Morris abruptly ended a drive to counter a smoking ban with a softer measure after spending $360,000 on a petition drive.

Political observers say they haven't seen tobacco interests spend so much money on a statewide proposition since 1994, when a cigarette-tax increase went down in defeat in Colorado after an $8 million campaign against it -- a sum that remains a record in that state.

Company spokesmen declined to discuss their reasons for increasing their political activities this year beyond saying that business considerations govern their decisions to enter the political fray.

Dan Smith, a University of Florida political-science professor who studies ballot issues, said the sheer number of proposals may have convinced the companies they need to counter the mushrooming antismoking activism that has taken over statehouses in recent years. Some 41 states have passed cigarette-tax increases in the past five years. A host of others have banned smoking in many public places.

"In the last political round, the tobacco giants basically conceded the issue," Mr. Smith said. "I think they've decided to make a last stand. These proposals are going to keep coming if they're not knocked down."

While Philip Morris has focused its efforts on taxes, Reynolds has mounted a sturdy resistance to proposed smoking limits in Ohio and Arizona this year. Both states are entertaining proposals to virtually eliminate smoking in public buildings.

Reynolds is bankrolling proposals in both states that critics say are designed to confuse voters. In Ohio, voters will be asked to consider two smoking-related measures. One, called SmokeFreeOhio, would change state statutes to ban smoking in most buildings other than private homes and a certain percentage of hotel rooms. It is supported by health charities such as the American Cancer Society.

A rival proposal on the ballot, backed by a group called Smoke Less Ohio, also purports to restrict smoking, through a constitutional amendment. But this proposal would exempt restaurants, bars, bowling alleys and similar establishments. If passed, it would actually unwind more restrictive existing municipal bans. It is being supported by a coalition of bars and restaurants, local retail outlets, Loews Corp.'s Lorillard Tobacco Co. and Reynolds.

Mr. Howard, the Reynolds spokesman, said his company supports the constitutional measure and is prepared to bankroll a multimillion-dollar campaign to see it passed. "We believe this is a way you can still provide a smoker-friendly environment for people who choose to smoke," he said.

Jacob Evans, a spokesman for Smoke Less Ohio, declined to say how much money Reynolds was providing for the campaign but acknowledged that the company was "our main supporter." State campaign-finance documents show Smoke Less Ohio spent $1.5 million through Aug. 9 gathering signatures to place it on the ballot.

Recent polling shows about 45% of the state's voters support the Reynolds-backed measure. Polling shows 58% support for the ban endorsed by the health groups. Both measures require simple-majority support to succeed. But if both pass, the Reynolds-sponsored measure would prevail.

Tracy Sabetta, of SmokeFreeOhio, admitted her group may have been politically outmaneuvered when it decided to pursue its measure as a statutory change in state law rather than a constitutional amendment. "We could get 90% of the vote and theirs could still trump ours," she said.

In Arizona, Reynolds has adopted a similar strategy of backing a rival to the proposed smoking ban. There, state records show, Reynolds had by mid-August funneled nearly $3 million to a local group called the Non-Smoker Protection Committee, which is backing Proposition 206. Though ostensibly a smoking ban, it would actually unwind existing prohibitions in Tempe and other cities by exempting bars and restaurants statewide. A rival proposal, Proposition 201, which is supported by several health charities, provides no such exceptions.

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In Arizona, the smoking measure with the most votes will become law. Recent polling showed the Reynolds-backed proposal had slightly more support than the one backed by the health charities.

Dueling smoking bans will also appear on the ballot in Nevada this year, but campaign-finance records suggest that tobacco companies have left that battle to convenience stores and liquor and gambling interests.

Mr. Smith, the political-science professor, said Reynolds's tactics in Ohio and Arizona are similar to those used by insurance companies to defeat the 1998 California auto-insurance measure. They clotted the ballot with five competing ballot questions on the subject. "Counterproposals confuse voters, and when voters are confused, they vote 'No,' " Mr. Smith said. "That's just the default position."

Suing Over The CIA's Red Pen (WP)

By Dana Priest, Washington Post Staff Writer

The Washington Post, October 9, 2006

Retired Operative Says Agency Unfairly Edited His Book

When Gary Berntsen sat down for dinner last year with the CIA's executive director, Kyle "Dusty" Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen.

But the Capital Grille meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences.

Foggo, according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials. Actually, according to a statement Berntsen filed last week in his ongoing lawsuit against the agency, Foggo's language was a little more colorful: "Mr. Foggo stated 'we will have no more books. I will redact the [expletive] out of your book so no one will want to read it.' "

Berntsen, who worked in the agency's operations and paramilitary branches for 23 years and led a CIA team in Afghanistan, responded that such a move would be illegal. Hundreds of former officers had written books, including some directors. One recent retiree, Gary Schroen, had even written several chapters about Berntsen, referring to him as "Gary 2."

"I just told him I'm preceding. I wasn't going to back down," Berntsen said in an interview last week. "It was very awkward."

Berntsen resigned, wrote his book and, as required, submitted "Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander" to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. "They were very efficient and thoughtful," he said last week.

Then the board sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, "Mr. Foggo made good on his word" and 70 pages were blacked out.

Berntsen's lawsuit, filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did.

His case rests, in part, on assertions that the information is virtually the same as information the PRB cleared for publication in a prior book by Schroen, or released upon the orders of then-director George J. Tenet to Washington Post reporters Steve Coll and Bob Woodward, whose separate books included sections on the CIA's work in Afghanistan.

Berntsen thinks the CIA's aim was to make his book "unreadable, so few would purchase it."

Foggo declined comment through his attorney.

CIA spokesman Mark Mansfield said he could not comment on Berntsen's specific allegations. But in an e-mail response to questions, he said that "for former employees, the sole yardstick for pre-publication review has been -- and remains -- the simple requirement that their writings contain no classified information."

In papers filed in the court case, the CIA said Berntsen's unredacted draft "reveals intelligence sources, methods and activities, foreign government information, and information impacting U.S. foreign relations." The information "reasonably could be expected to cause serious damage to national security" and none of the information in question "has been officially disclosed," which would give it a level of credibility beyond that written in nonfiction books by journalists.

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The agency says the information is more detailed and covers a different period of time than information the agency released for Schroen's book.

Berntsen published his book, with the redactions, in late December 2005. The paperback editions are due out soon. If he wins back some of the redacted material, he plans to publish an updated edition. "I'm not walking away," he said. "You can't have your First Amendment rights stamped on."

Berntsen's complaints about the agency's publication review decisions are shared by a half-dozen former CIA employees who, in the past two years, have sued or publicly criticized the agency for withholding information they believed would not damage national security but would, perhaps, embarrass the CIA or the White House.

Some administration officials and others in the national security world think Tenet allowed former employees to publish deeply critical books -- such as Michael Scheuer's "Imperial Hubris: Why the West Is Losing the War on Terror" -- in retaliation for the White House allowing the agency to take so much heat for the failed prewar judgments on Iraq and other missteps.

Asked for new CIA Director Gen. Michael V. Hayden's policy on book publishing, Mansfield wrote: "Director Hayden has emphasized the importance of responding in a timely way to employees who write books. And while he is committed to protecting intelligence sources, methods, and other classified information, the director also believes in a reasonable, common-sense approach to pre-publication review."

Berntsen said his legal appeal is being hampered because the CIA, with the court's approval, has refused to allow his lawyer, Mark Zaid, who is cleared to read some classified information, to see the unredacted text to prepare his case. Instead, Berntsen has had to prepare his own appeal, a 70-page rebuttal that documents, line by line, the previous publication of the information the CIA wants to deny him.

While he waits for his case to be adjudicated, Berntsen has written a second book, this one a policy book on "counterterrorism and human intelligence operations." The PRB redacted "only 1 to 2 percent" of the text, he said.

The tables will soon turn on Tenet, who is writing his own book. He has asked for and received access to agency records, including classified documents, "to refresh his memory about events that occurred during his tenure," Mansfield said. He said Tenet's book will be subject to CIA review and that appropriate sections will also be given to the offices where the information originated.

SEEKING THE CURE (ABAJ)

By John Gibeaut, FROM THE OCTOBER ABA JOURNAL

ABA Journal, October 10, 2006

With Health Care Fraud Rampant, States Are Urged to Pass Their Own False Claims Acts, But Foes Warn of Windfalls for Plaintiffs Lawyers

As if the Civil War hadn't started off badly enough for the Union on the battlefield, Abraham Lincoln soon found himself fighting a second enemy at home: war profiteers out to make a buck by cheating the government in just about every way imaginable.

Some would sell the same broken-down horses several times over to different cavalry units. Others would peddle gunpowder mixed with sawdust. Still others would slap a fresh coat of paint on some leaky old tub, then offer the vessel to the Navy as seaworthy. Traffic also was brisk in rotten rations and dead mules.

So at Lincoln's urging, Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court.

Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation.

The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers.

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As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board.

Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages.

WORLDS REMOVED

In Lincoln's day, qui tam was neither unusual nor controversial. The first Congress enacted citizen suit provisions to supplement scant federal law enforcement in a number of broad fields, such as bank regulation and copyright infringement. Fast-forward to today's tort reform-drenched political climate, however, and qui tam takes on an almost sinister tone.

The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements.

With health care fraud as the No. 1 drain on federal and state treasuries, supporters can't see how any state can reject an offer that's as good as the one Congress made in the Deficit Reduction Act. Supporters say the federal False Claims Act's success virtually ensures similar accomplishments at the state level.

"Given that the Department of Justice is so strapped for resources, the state agencies and attorneys general offices pose a formidable force in qui tam enforcement," says Janet L. Goldstein, a plaintiffs lawyer from Washington, D.C. "I think you'll see a real shift in focus toward state cases. We've got state attorneys general who are very excited about these cases."

Health care fraud is far and away the leading target of qui tam actions at the federal level. Health care scams accounted for 46 percent of 2,490 qui tam cases filed and $5 billion in recoveries from 1987 to 2005, according to the Government Accountability Office. Procurement fraud, exemplified by the proverbial $500 toilet seat, placed a distant second, accounting for 33 percent of cases and $1.4 billion in recoveries. Likewise, health care whistle-blowers were rewarded the most handsomely, taking home $842 million, nearly triple the $291 million won by their counterparts in procurement cases.

Health care fraud can be as simple as billing for services not performed or as elaborate as the 2005 admission by Swiss pharmaceutical company Serono SA that it tried to boost sales of a nearly worthless AIDS drug, partly by taking 10 physicians on an all-expenses-paid trip to a medical conference in Cannes, France. In exchange, each doctor was to write 30 new prescriptions for the drug Serostim. The medication costs $21,000 for each three-month course of treatment, totaling $630,000 in new prescriptions per doctor.

In the end, Serono wound up repaying $567 million in bogus claims covered by Medicaid and federal health plans for veterans and government workers as part of a $704 million civil and criminal settlement. The investigation also produced five criminal indictments against individuals.

Prosecutors say the fraud may well have gone undetected had an employee at a company laboratory in Rockland, Mass., been unable to file a secret qui tam complaint. Four other employees filed similar lawsuits in Maryland and Connecticut. The five whistle-blowers will share $51.8 million from the recovery.

But detractors can't resist pulling out familiar arguments that the incentives will do nothing more than line plaintiffs lawyers' pockets or serve as launch pads for politically ambitious state attorneys general who may be more interested in television exposure than building solid cases.

"The idea of being able to get in front of a camera and tell people how much money you are recovering and how tough you are on defrauders of the state is very appealing," says Washington, D.C., defense lawyer John T. Boese, author of one of the leading texts on the federal act and co-chair of this past June's ABA national institute on qui tam enforcement. "The idea of waiting four years for a case to develop is not so appealing."

Despite the tort reform arguments from some quarters, qui tam cases stand apart because they boil down to government actions to recover stolen tax money. While other plaintiffs lawyers can pick and choose their cases, a qui tam complaint obligates the government at least to investigate the matter.

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And unlike personal injury plaintiffs with nothing to lose and everything to gain, qui tam whistle-blowers risk their jobs and careers. Supporters say that highly detailed pleading requirements for fraud complaints and a battery of government lawyers to vet cases add further assurance against abuse.

"This is not a practice that lends itself to voluminous filings with the hope that some of it sticks to the wall," says New York City plaintiffs lawyer Neil V. Getnick. "These cases are not developed during the discovery phase. These cases are developed during the pre-pleading phase. The very nature of the practice does not lend itself to a blunderbuss approach."

Still, Boese says that qui tam plaintiffs lawyering in recent years has come to resemble what he describes as the "franchise model" of the highly criticized 1990s state tobacco litigation, where the handful of plaintiffs firms in control spread their costs and made billions of dollars in fees by farming out much of the actual work to local counsel.

Boese says he regularly encounters plaintiffs lawyers in false claims cases who appear to use a similar tag-team approach. "Will this become tobacco?" Boese asks. "It already has."

A STAUNCH SUPPORTER IN THE SENATE

That's not the kind of talk U.S. Senate Finance Committee Chairman Chuck Grassley wants to hear.

"It ought to be black and white as far as state legislators are concerned," says the Iowa Republican, the act's loudest supporter. "If you are a forward-looking state legislator, you should have passed this years ago, instead of waiting for an incentive from the federal government."

Grassley helped breathe new life into the False Claims Act in 1986 after it had fallen into disuse. He sponsored amendments that tilted the odds toward plaintiffs and prosecutors, and that receive most of the recognition for raising recoveries from close to zilch before enactment to more than $15 billion over the last two decades.

Grassley also was the leading sponsor of the Deficit Reduction Act's current state inducements, which take effect on Jan. 1.

Besides health care, the False Claims Act also deals with fraud in virtually any federal endeavor that involves outside contractors—from defense procurement to student loans and veterans benefits. The law also covers fraudulent Medicare payments. The federal government pays 100 percent of Medicare, so the new incentives apply only to the unique federal-state Medicaid partnership. The feds pick up almost 60 percent of Medicaid's cost, with the states responsible for the remainder.

No one disputes that fraud poses a monster problem in health care and other government programs. Government and private estimates of health care fraud losses range from 3 percent to 10 percent of state and federal outlays. And the Department of Health and Human Services, which administers Medicare and Medicaid, places fraud losses at 5 percent.

Even by conservative estimates, the potential losses are staggering, considering how much the government spends on health care.

Topping Social Security and the military, the federal and state governments spend more money on health care than just about anything else. For the 2006 budget year that ended Sept. 30, the feds expected to spend $343 billion on Medicare for senior citizens and another $192 billion on Medicaid coverage for poor people. Add an expected state Medicaid contribution of another $142 billion, and the two programs total $677 billion. By comparison, Social Security was expected to cost $550 billion at year's end, while the Pentagon was on track to spend $420 billion.

Though a handful of legislatures considered false claims statutes during the spring and summer, the Deficit Reduction Act's February passage came after bill-filing deadlines in many states. The issue promises to heat up considerably this fall with the approach of the deficit act's effective date, just ahead of the next round of legislative sessions.

Before deficit reduction passed, 15 states and the District of Columbia had false claims laws that allowed some form of qui tam litigation. Five of them deal only with health care fraud. If this year's limited experience is any indication, however, many legislators likely will balk at the qui tam provisions.

RESISTANCE FROM PROVIDERS

With strong bipartisan support that included a Republican governor and a Democratic attorney general, Missouri state Sen. Chris Koster figured his false claims act was a shoo-in. Though the Senate twice passed it unanimously, Koster could only watch as opposition to qui tam drowned his bill in May before the House Special Committee on Health Care Facilities, whose 11 members include six health care providers.

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"It was a hot bill," says Republican Koster, a former elected prosecutor from the Kansas City area. "It was very strongly worded. It had provisions in there that I think really shook the provider community."

To be sure, Koster's bill may not have received federal approval anyway, because it would have dismissed suits the state rejected, rather than let relators proceed alone as the federal act does. Though additional proposed criminal penalties also worried providers, even the limited qui tam section proved too much for House committee members. In an effort to keep money away from plaintiffs lawyers, they stripped out qui tam in favor of a straight reward system for tipsters. Neither that version nor the Senate's made it to a House floor vote before the session ended.

"We felt the attorney was going to get a huge chunk of the payout, just by referring the case to the attorney general," says Republican House committee chairman Dr. Rob Schaaf, a family physician from St. Joseph. "We just didn't think that was necessary."

Providers also are skeptical of President Bush's claim that the Deficit Reduction Act can save Medicare and Medicaid more than $48 billion by 2015 and not cut services. The administration aims to accomplish that by a combination of stepped-up fraud enforcement, higher Medicare premiums for some seniors and reduction of federal payments for prescription drugs.

But organized medicine in Missouri says already miserly Medicaid reimbursements don't justify the risk of doctors getting nailed for fraud to boot.

"They literally lose money on Medicaid," says Tom Holloway, lobbyist for the Missouri State Medical Association. "They get 30 to 35 cents on the dollar. They see it as charity care. A lot of them just point-blank told me they're going to get out."

In New York, plaintiffs lawyer Getnick reports similar reactions from legislators there, who passed a massive health care fraud bill in June sans qui tam. Costing $45 billion a year and eclipsing the entire budgets of most other states, New York's Medicaid program is the nation's largest and most generous. It's also a system repeatedly criticized as rife with fraud.

Opponents of qui tam conjure up visions of disgruntled employees clogging the courts and running up legal bills with meritless claims. But Getnick notes that rival providers in some competitive sectors, such as drug manufacturing, also can become qui tam plaintiffs.

"If a pharmaceutical company is able to make huge profits by cheating the government, it becomes much more difficult for a competitor to follow the law," says Getnick, who also serves as board chairman for Taxpayers Against Fraud. The influential lobbying organization also helps plaintiffs and their lawyers assemble qui tam cases and finances litigation.

Relators currently file qui tam actions under seal in federal court, usually along with corresponding state claims, while the Justice Department investigates the allegations to decide whether to intervene and take over the litigation before serving the defendant. The department on average accepts one in three cases. Though cases today typically wind up in a single federal court, the proposed state incentives hold the possibility of parallel proceedings across numerous jurisdictions.

As Justice investigates, defense lawyers scramble to learn the nature of the allegations, who filed them and where. Boese says it's like voting in Chicago.

"You show up early and often," he told an ABA conference on health care fraud in May. "I'm going to start calling state attorney general offices, and I'm going to talk to everyone as quickly as I can. You've got to figure out what's going on."

Though federal qui tam actions can continue without the government's participation, whistle-blowers who go it alone stand only about a 5 percent chance of success and average only $22,400 in payments when they do win, compared with a $175,754 average with government intervention.

The federal act hasn't always worked so efficiently. It saw only sporadic use until 1943, when Congress crippled it by severely curtailing qui tam in response to complaints of "parasitic suits" where whistle-blowers filed cases based on public knowledge, such as criminal indictments. For its success, the act depends on true inside information that normal investigative techniques often fail to reveal. The 1943 restrictions also applied to frauds the government knew about but didn't pursue.

Things changed in 1986 when Grassley assumed the lead in fighting fraud with amendments that changed the face of the False Claims Act.

Besides adding protection from retaliation for whistle-blowers, the amendments contained major financial plums. Included was an increase in relator shares, from a maximum of 10 percent, to at least 15 percent and up to 25 percent of the recovery, with government intervention and depending on the relator's contribution to the action's success. In the remedy department,

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lawmakers increased damages from double to triple the cost of the fraud, and upped other penalties from $2,000 to between $5,000 and $10,000 per false claim.

Moreover, because some courts demanded that plaintiffs produce clear and convincing evidence to prevail, Congress set a uniform standard of proof at the lower preponderance level. Lawmakers also expanded scienter from the knowing submission of a false claim to cover recklessness and deliberate ignorance.

This year, HHS Inspector General Daniel R. Levinson's office likely struck a nerve in the provider community when in late August it published guidelines for determining whether individual state false claims acts qualify for increased awards. Among other factors in evaluating compliance with the federal version, HHS, in consultation with the Justice Department, will consider whether state laws allow sealed complaints and contain qui tam provisions that permit relators to proceed solo should the government decline the case. HHS also recommends that states award relators at least 15 percent of any recovery from their shares and provide for assessments against defendants for costs and attorney fees.

'THE RIGHT THING TO DO'

Throughout the spring, Grassley had pressed HHS and Justice especially hard on the qui tam provisions.

"There's no doubt that this is the right thing to do, but if a state doesn't want to pass it, it doesn't have to," says Grassley. "But it's not worth doing if you don't have the qui tam provision. They can either pass it according to the intent of Congress or forget it."

Members of the defense bar had hoped that HHS would show some flexibility because the Deficit Reduction Act also states simply that state false claims statutes must be "at least as effective in rewarding and facilitating qui tam actions" as the federal law. Though HHS strongly suggests that states won't qualify for more money if they don't meet the minimum provisions laid out in the guidelines, the department also appeared to leave itself some wiggle room by saying it would evaluate more restrictive state laws on a case-by-case basis.

"No realistic evaluation of these guidelines will be possible until the OIG begins rendering decisions," Boese wrote in a client newsletter.

Texas could be an early testing ground for the HHS guidance. Though Texas has one of the nation's most successful state acts, it still may not qualify for larger recoveries, because a case dies and the relator gets thrown out of court if the state turns it down. Nevertheless, Congress and other states looked to Texas as a model in pondering the new weapons against health care fraud.

"No good deed goes unpunished," says Patrick J. O'Connell, civil Medicaid fraud chief for the Texas attorney general's office, which has recovered more than $100 million since 1999, when relators first began bringing qui tam cases after a change in the law. "We have become sort of a lightning rod for what a state can do if it uses its false claims act correctly."

Like New York, Texas sucks up Medicaid dollars big time. With about 30 percent of Texas residents lacking private insurance, the nation's highest rate, state Medicaid spending doubles every six to seven years. Today, Medicaid costs taxpayers $750 for each man, woman and child in the state, easily more than some families pay in premiums for private health insurance.

The Lone Star State's budget for Medicaid is expected to climb from the current $17 billion annually to $136 billion a year within 20 years, according to the nonpartisan Texas Public Policy Foundation. That's almost as much as the entire $138 billion state budget for the current year that began Sept. 1. So business is vigorous in O'Connell's office, which has grown from two to nine lawyers. "We've got more than we can do," O'Connell says. "We're working nonstop."

MORE THAN ENOUGH ENCOURAGEMENT

But defense lawyer Boese says the federal relator cut is more than enough to encourage the mega-national cases that yield global settlements responsible for much of the act's recent success, regardless of whether states have their own false claims acts. Of the top 25 federal cases that have settled since 1992 for $100 million or more, 21 involved pharmaceutical companies, hospital and nursing home chains, medical device makers and other medical providers or support industries.

Of greater concern to Boese is a separate provision in the Deficit Reduction Act that requires nearly every provider to conduct employee education programs on fraud and how to file false claims complaints. Besides their potential for increasing the number of new cases, Boese says such programs also undermine the stricter internal company compliance plans and financial controls that have become hallmarks of post-Enron corporate self-accountability.

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Worker training in the False Claims Act could become the functional equivalent of a company hiring a plaintiffs lawyer and suing itself, Boese complains.

Indeed, some states actually could lose money with their own statutes if they must pay at least a 15 percent relator's share. Washington state prosecutor David W. Waterbury says he's no math whiz, but a 15 percent relator's share sounds like more to him than the promised 10 percentage point increase in the state's share of damages.

"As portrayed, it looks like states are leaving money on the table," says Waterbury, Medicaid fraud control director for the state attorney general's office. What's more, he says, nothing would stop legislators from passing an even more ambitious false claims act aimed at all sorts of state contracts. Waterbury wonders who would pay for that.

"You have to take the blinders off," Waterbury says. "While this sounds seductive, it may cover the waterfront. If the statute covers everything, you're looking at replicating the Civil Division at the Department of Justice."

At the Civil Division, commercial litigation director Michael F. Hertz says his prosecutors likely will notice little difference in their jobs as state involvement increases.

"I'm not sure we know exactly how this is going to play out or work," Hertz says. "But I don't think it will change that much."

Though total damages are expected to increase and the distribution of awards will change, the states, as they now do, are expected to continue to divvy up recoveries among themselves through the National Association of Medicaid Fraud Control Units, which operates out of the attorney general's office in most states.

"Both of those are mathematical calculations," Hertz says. "The work for lawyers won't change that much."

Federal and state prosecutors say they already work together smoothly, though they expect to see much more of one another in the future. The national association already assembles state teams to assist in cases, and representatives from states with false claims acts meet by conference call every two weeks.

"It will intensify the relationship with DOJ," says Vermont fraud chief Linda A. Purdy, the outgoing association president. "It brings more people into the mix, which requires more efforts at coordination."

MORE TO CONSIDER

But though Justice Department lawyers publicly downplay problems the approaching era may cause, one former health care fraud prosecutor says Congress failed to appreciate the increased complexity that would accompany an explosion in parallel proceedings. Jonathan L. Diesenhaus served as a senior Justice Department trial counsel specializing in false claims cases from 1998 to 2005, when he left for private practice and defense work in Washington, D.C. He envisions control over qui tam sliding away from federal prosecutors to relators and their lawyers.

"Every step of the way, you have a national consortium of people in a case," Diesenhaus says. "The federal prosecutor's job becomes one of traffic cop, not law enforcer."

Besides creating new perils for defendants and administrative headaches for prosecutors, Diesenhaus says criminal enforcement may become a major victim of stepped-up state civil litigation in multiple forums. He cites the possibility of a rogue state unsealing a civil complaint on its own or allowing discovery and tipping off defendants who may be under criminal investigation elsewhere where complaints remain sealed.

"Those circumstances would present a real possibility that the relator could seek deposition testimony from witnesses the government would not want deposed or, of greater concern, individuals whose status in the criminal investigation dictated that they assert their Fifth Amendment rights and decline to testify," Diesenhaus writes in a recent analysis of the Deficit Reduction Act.

Career federal criminal prosecutors often single out New York's Eliot Spitzer as a prime specimen of a genus of political creatures that inhabit the offices of elected state attorneys general and just don't respect the integrity of other agencies' investigations.

As the Democratic gubernatorial candidate in the November election, Spitzer enjoys widespread recognition as the state prosecutor who embarrassed the feds by getting the jump on them in a string of high-profile Wall Street corruption cases. He also severely chastised New York legislators early in the summer for failing to include qui tam in this year's health care fraud legislation.

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"Having these state AGs ride along really can undermine federal criminal prosecutions," Diesenhaus says. "The problem is many times greater with state qui tam out there. Criminal prosecution would grind to a halt. Prosecutors would lose interest if there are too many players."

Grassley says in one way he's reliving the resistance to his 1986 amendments, which largely came from defense contractors. He says state legislators should expect more of the same from health care providers as they debate false claims acts.

"They're going to be fighting the same battle I fought 20 years ago," Grassley says. "But we're right, and right wins out—most of the time."

And he says he's not about to listen to federal prosecutors sing the blues about states crowding the field.

"If they want to do their jobs, then they should take these cases from the whistle-blowers," Grassley says. "Sometimes they don't want to. Sometimes it's workload, and sometimes there are more powerful forces at work. Sometimes they don't want a farmer from Iowa who knows something about fraud on the government telling them what to do."

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CIVIL RIGHTS:

FBI Arrests 2 In Alleged Sex Case In Samoa (AP)

AP, October 10, 2006

PAGO PAGO, American Samoa » Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution.

The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry.

After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI.

Fu Shen Kuo, 39, and Shenji Wang, 35, were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu, said Pamela Tamashiro, Wang's attorney.

The women told police they were recruited around Jan. 26 to work in American Samoa. But once they arrived in March, Wang threatened to beat them if they did not have sex with her customers.

Wang told one of the victims that her family's arms and legs would be cut off if she attempted to escape, according to the affidavit.

One victim told the FBI she was forced to have various forms of sex with between 60 and 70 customers during the six months she was held.

Ex-officers May Face U.S. Trials, Despite State Outcome (MJS)

By Gina Barton

Milwaukee Journal Sentinel, October 10, 2006

The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime.

So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely.

Bartlett already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him.

Such a hung jury is an exception to the double jeopardy rule.

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And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes.

Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin.

"There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution," he said.

Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said.

"The department is looking for particularly serious cases where there appears to have been a real injustice," he said.

One example is the Rodney King case in Los Angeles. In the 1992 state prosecution, three police officers were acquitted of beating King and the jury was unable to reach a verdict concerning a fourth officer. Federal prosecutors then filed charges, and two of the four officers were convicted.

One of the same Washington, D.C.-based prosecutors who worked on the King case is assisting in the Jude investigation.

U.S. Winning Access For The Disabled Through Mediation (WP)

The Washington Post, October 9, 2006

In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties.

Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said in Minneapolis on Thursday at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

The administration is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those efforts include modifying sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing telephone systems that assist deaf people in making 911 calls.

In Hennepin County, which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependency treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and the hard of hearing in its two jails.

The report included a few cases in which offenders faced penalties. In one, movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

John Wodatch, who runs the disability rights section at the Justice Department, said most employers are eager to fix problems. He estimated that as much as 70 percent of his staff spends time helping businesses and local governments comply with the law. Department lawyers try to reach a negotiated solution first. "We're not trying to get litigation. We're trying to get compliance," he said.

Former Partners Tied Up In Court (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Contractor Alleges Racial Bias

Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business.

DOJ_NMG_0076710

Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured.

The suit names as defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor.

"DynCorp's actions, clearly designed to force WWNS out of the Iraq and Afghanistan projects, were motivated by racial animus toward WWNS and its African American founders and owners," the suit contends. "Piling on DynCorp's racially discriminatory actions, DynCorp and EDO have conspired to defame WWNS, interfere with WWNS's contracts with its employees, and interfere with WWNS's prospective business relationships."

DynCorp spokesman Gregory Lagana disputed the suit's claims, saying that DynCorp chose not to renew WWNS's contracts because the firm was not getting its work done. "The charge of racial discrimination is outrageous. The issue with WWNS all along was performance," he said. "We will fight this all the way."

An EDO spokeswoman declined to comment because the company had not been served with the suit as of late Friday afternoon.

Lagana said that DynCorp, which had $2 billion in revenue last year, had been getting complaints from the State Department about poor performance by WWNS.

In the suit, WWNS defends its work, and points to e-mails from DynCorp employees and U.S. officials that praised the accomplishments of the communications firm.

It is not unusual for relationships between prime contractors and their subcontractors to turn bitter. But the suit against DynCorp casts light on an unusually acrimonious end to what WWNS said had been a harmonious partnership as recently as two years ago.

Founded in 1993, WWNS lately had been receiving more than 95 percent of its business from DynCorp subcontracts, amounting to approximately $30 million a year, according to WWNS senior vice president Reginald Bailey Sr.

Much of the work stemmed from State Department deals to train police officers and provide protection for dignitaries in Iraq and Afghanistan. DynCorp picked WWNS to provide information technology support for those deals, but the suit claims DynCorp soon decided it wanted to get rid of WWNS in favor of EDO.

One DynCorp official, according to the suit, told WWNS employees that they had been hired only because they were black. Another DynCorp manager used a well-known racial epithet in reference to a WWNS manager, the lawsuit says.

The suit claims that WWNS employees were banned from meetings and denied their identity cards, so they could not do their jobs. One WWNS employee was ordered out of Iraq without explanation, and another had to leave because of "his refusal to give [DynCorp] WWNS's proprietary employment information."

Since the relationship between the companies dissolved, the suit contends that DynCorp spread false information that WWNS was going bankrupt, and hired away many of WWNS's workers.

Bailey said that WWNS, which had nearly 100 employees in Iraq and Afghanistan at its peak, is now completely out of both countries and is fighting for its life with a skeleton staff. "Our business has been drained," he said. "DynCorp has essentially taken away our employees. And they were our company."

Asked how his business will survive, founder and president Walter L. Gray Jr. replied, "With a lot of prayer."

Don't Remove Safeguards (USAT)

By Rose Saxe

USA Today, October 9, 2006

Required consent, counseling aren't barriers to testing for HIV.

DOJ_NMG_0076711

The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed.

It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care.

Without pretest prevention counseling, we also lose a critical opportunity to educate. The reason people aren't getting tested is not consent requirements or even stigma about testing; it's because people still don't understand HIV. A recent survey found that 22% of Americans wrongly believe that you can get HIV from sharing a glass of water. And 25 years into the epidemic, people continue to lose jobs and housing because of prejudice. Can we really afford to abandon this chance to help people understand HIV?

The new recommendations also raise privacy concerns. Virtually every state now collects the names of those who test positive. If the government is going to collect names and deeply personal information, people tested deserve to know that this information is being collected and how it will be used.

Early in the epidemic, our government ignored AIDS until it was confronted by persistent protests by gay people. As the demographic of the disease shifts to include more women and people of color, why are we abandoning those safeguards? And why is the government so heavily focused on promoting testing, while continuing to fund misleading sex education and refusing to adequately support proven programs, such as needle exchange, that reduce the transmission of HIV in the first place?

Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health.

Rose Saxe is a staff attorney with the American Civil Liberties Union AIDS Project.

South Dakota Nears Vote On Abortion Ban (AP-Y)

By David Crary, Ap National Writer

AP, October 9, 2006

Circled around a living room, sipping coffee, five long-acquainted couples grappled with their stark differences on a topic they would have skirted in the past but now cannot avoid — abortion.

Like other South Dakotans, people in this tiny farming town are confronting a historic opportunity on Nov. 7. They'll sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions.

"None of us think abortion is a desirable thing," said Tom Dean, a family physician who hosted the discussion along with his wife, Kathy. "But it's not a problem for government to solve by passing a rigid law."

Yet Lynn Ogren, who helps her husband run a sheep and cattle ranch, choked up with emotion as she explained her support for the ban.

"I value every child's life, whether it's from a rape or not," she told her friends. "Who's fighting for these kids?"

The measure would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison.

The Legislature passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it.

Each side depicts the other as dominated by out-of-state groups — and indeed such forces are active, viewing the vote as an unprecedented gauge of public sentiment on abortion. The Rev. Jerry Falwell has urged his conservative followers to donate in support of the ban; Planned Parenthood and NARAL Pro-Choice America have raised funds to oppose it.

"We're David, they're Goliath," contended Leslee Unruh, head of the campaign group supporting the ban. Parked outside her VoteYesForLife.com office in Sioux Falls were cars with a blunt bumper sticker: "The Killing Stops Here."

DOJ_NMG_0076712

The most recent independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent.

Unruh, who had an abortion years ago that she now regrets, says momentum is turning as more voters hear her side's core message: Abortion hurts women. In the event of defeat, she vows to keep fighting.

"Sometimes it's not about votes — it's about the truth," she said.

Jan Nicolay, a former school principal and Republican state legislator, is co-chair of the campaign to keep abortion legal. She knows the stakes are high.

"People from other states are telling me, 'You're in the limelight. Good luck. Please do everything you can to defeat it,'" she said.

Among her colleagues is Russ Tarver, a retired Methodist minister who signed a statement against the abortion ban along with 16 other ministers. "Some legislators were stunned to learn there were pastors on the other side of the issue," he said.

If the ban is defeated, anti-abortion activists might try again later with a milder version making exceptions for rape and incest, but the outcome would be heralded nationally as a major victory for abortion rights. If the ban is approved, several other state legislatures might follow South Dakota's example — building momentum for a possible Supreme Court review of Roe v. Wade.

Each side has recruited South Dakota rape victims to aid their campaigns. Connie Pich, impregnated by a rapist as a teenager in 1973, said victims must be able to choose freely whether to bear the child. On the pro-ban side, Megan Barnett has spoken at the Legislature and in campaign videos about how glad she is to have borne a daughter resulting from a rape.

Barnett, in a telephone interview, expressed empathy with women in comparable plights, but said abortion shouldn't be an option. "Two wrongs don't make a right," she said. "It's a baby, whether you're raped or not. You need a choice both you and your baby can live with."

The ban's supporters note that the measure allows rape and incest victims to get emergency contraception, which is effective if taken within 72 hours. Opponents say emergency contraception isn't widely available in South Dakota, and argue that many victims are too overwrought to seek prompt help.

"It's a sham," Nicolay said of the contraception provision. She noted that anti-abortion lawmakers quashed a measure this year that would have required hospitals to inform raped women that emergency contraception is available.

One of the legislators responsible for the toughly worded measure is House Majority Leader Larry Rhoden, a Republican cattle rancher. He was swayed by women's testimony that their abortions left emotional scars, but now — aware of polls showing his side behind — he has second thoughts.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," he said. "We have a long row to hoe based on the numbers I've seen."

In some ways, South Dakota is an odd venue for the showdown. It has had no resident abortion provider for 10 years, and most of its 800 or so annual abortions are performed at an often-picketed Planned Parenthood clinic in Sioux Falls by doctors flying in once a week from Minnesota.

Sarah Stoesz, president of Planned Parenthood's Minnesota/Dakotas chapter, said even people on the sidelines of the abortion debate rallied to help the petition drive after lawmakers approved the ban.

"It was a political moment like I've never seen, a spontaneous uprising of grass-roots fury," she said. "Abortion isn't a subject people normally discuss, but this has forced ordinary mainstream people to talk about it."

A case in point is Wessington Springs, a town of 1,000 where pride in its seven churches and Shakespearean Gardens mingles with worries over business failures and an exodus of young people.

Tom Dean, whose family's local roots date to 1882, and his wife, Kathy, a nurse-midwife, decided to serve on the anti-ban campaign's statewide board, then placed a small ad in the local paper explaining their stance.

"We were a little concerned — not for our safety, but of offending our friends," said Kathy Dean, a longtime abortion-rights supporter.

For several years, the Deans have hosted a monthly discussion group, broaching an array of topics. Its members recently convened to wrestle with the abortion ban.

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Near the end, after listening in silence, Evelyn Bradley spoke out.

"Life isn't always black and white," said Bradley, the wife of an Air Force retiree. "There are situations where it would be really difficult to have another child, and I'd resent the law saying you have to have it. Shouldn't I be allowed to make that choice?"

The issue has been raised at the town's Roman Catholic church by the priest, Jim Friedrich, who fervently supports the ban.

"So far no one (in the parish) has spoken against it," he said quietly in his rectory. "The way I spoke, I doubt they'd have the guts to tell me otherwise."

John Paulson, minister at nearby Our Savior's Lutheran Church, takes a different tack.

"We can't read God's mind on this," he said. "As pastor, I'd support people voting their conscience with a prayerful heart."

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On the Net:

Anti-ban campaign: http://www.sdhealthyfamilies.org

Pro-ban campaign: http://www.voteyesforlife.com

Antiabortion Campaign Waves Feminist Flag (LAT)

By Stephanie Simon

The Los Angeles Times, October 9, 2006

SIOUX FALLS, S.D. — In the fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood.

Antiabortion activists here deliberately avoid the familiar slogans of their movement. They don't talk about the "murder of innocent babies" or quote the Bible on the sanctity of life. Instead, campaign manager Leslee Unruh has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped.

The bumper stickers and T-shirts that fill campaign headquarters spell out her message, in pink and blue: "Abortion Hurts Women."

"We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage," Unruh said. She speaks from personal experience; she had an abortion nearly 30 years ago and said her life since has been darkened with regret and longing. "If you don't do your job right as a mother," Unruh asked, "what good is everything else?"

Abortion-rights supporters call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance.

"Historically, this debate has been focused on fetal rights, fetal life. We have a lot of language about that," said Sarah Stoesz, president and chief executive of Planned Parenthood of Minnesota and North and South Dakota. "This adds an element we're not accustomed to. It's a different line of debate…. And that is something we struggle with politically."

The ban, passed overwhelmingly by the South Dakota Legislature in February, makes it a felony to help any woman terminate a pregnancy at any stage, unless an abortion is necessary to prevent her death. Women would not face criminal charges, but their doctors could get up to five years in prison.

Rather than challenge the law in court, Planned Parenthood chose to put it to a public referendum, gambling that people would vote to repeal it on Nov. 7. (South Dakota law permits interest groups to refer legislation to the ballot if they can collect enough signatures.)

If voters reject the ban, abortion-rights advocates hope it will deter states such as Ohio, Indiana, Missouri, Georgia and Rhode Island, which have been considering similar measures. If the ban is upheld, Planned Parenthood will challenge it in court. Antiabortion leaders would welcome that battle. They hope the U.S. Supreme Court will use the case to overturn Roe vs. Wade, the 1973 ruling that found a constitutional right to abortion.

Both sides call this election crucial and are putting out urgent appeals to raise millions of dollars for the fight.

But if this is the frontline of the abortion wars, the guns sound oddly muted.

DOJ_NMG_0076714

Attuned to the values of this very conservative state, abortion-rights activists have decided not to make a stand on a woman's right to choose. The big poster outside their campaign headquarters makes a much milder point: "This law simply goes too far." One of their TV ads starts out: "South Dakotans agree, honor and protect human life." The ad goes on to affirm support for reducing the number of abortions, but argues that the law is too inflexible.

The only exception in the law states physicians will not be prosecuted for procedures "intended to prevent the death of a pregnant mother." Even then, however, doctors must try their best to save "the life of her unborn child."

A provision allows women to use the morning-after pill, which can prevent pregnancy if taken within 72 hours of sex. But under South Dakota law, pharmacists are not required to dispense the pill — or refer women to a pharmacy that will. And the Legislature has repeatedly voted down a bill to require emergency rooms to stock the contraceptive.

Walking a neighborhood of gracious homes the other day to rally voters against the law, Emma Tupper, 20, made just one pitch, again and again. "Our main concern is the lack of exception for rape and incest," she said. Some residents nodded and pledged to vote against the ban. Nearly as many politely said they would support it.

"Even if there's no exception for rape and incest?" Tupper asked one elderly man.

"I've looked at the bill pretty closely, and I feel comfortable with my decision," he replied, and closed the door.

Tupper — who came from Seattle to work on this campaign — walked on, crunching through drifts of yellow leaves. "It's a tough state," she said.

An independent Mason-Dixon poll in June found voters opposed to the ban, 47% to 39%. But a Zogby International survey last month, commissioned by an antiabortion group in Washington, D.C., found that gap had narrowed to 47% to 44%. In another unsettling sign for abortion-rights supporters, four Republican state senators who opposed the ban lost their seats in the primary election this summer.

"I don't know if I want to say we have a lot of momentum," said Jan Nicolay, a former Republican legislator working to overturn the ban.

The antiabortion camp has attracted hundreds of activists; some have brought with them the strident language Unruh had hoped to avoid. A voter guide produced by the Roman Catholic Diocese of Sioux Falls refers to abortion as a "moral evil," part of "the culture of death." Last month, activists from Wisconsin waved photos of dismembered fetuses at a busy intersection in Rapid City.

Unruh says she hates such messages "with a passion." Banning abortion should be about "compassion and love," she says — not "anger and death."

On a recent afternoon, she spotted a family of volunteers wearing olive-green T-shirts that read "Abortion — the leading cause of death in America." Unruh sent an aide to get them official campaign shirts, which feature the cheery faces of three women and a bright-eyed baby.

One of the women on the shirt is Kayla Brandt, 29, who had an abortion four years ago. "My mind-set was, if it's OK for so many other people, it will be OK for me," she said. But she was so burdened with guilt and shame, she said, she could barely function. In a radio spot, she says mothers "weren't designed to abort our babies" and asks voters to spare other women "the pain of imagining a life that could have been."

Her voice catching, she adds: "Please, to protect women like me, vote yes on Referred Law 6."

The spot caught the attention of Dick Murphy, 58, a local shop owner. He thought at first it was intended to evoke sympathy for a woman's right to choose. "Then it flipped the other way around," he said. "I thought, 'That's a new twist.' " The ad did not change Murphy's mind; he still plans to vote against the ban.

But other voters are torn.

Roger Turnquist, 57, a rancher in town to take his wife and daughter out to lunch, said he could speak for the family: They all backed the ban. "We're Catholic," he explained. His wife, Helen, looked uneasy.

"I'm a little pro-choice," she said. "But I'll probably vote for the ban because I'm Catholic." She paused. "I really haven't decided."

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The South Dakota fight marks the first time antiabortion groups have built a public campaign around abortion's effect on women. But for the last few years, activists have tested the tactic as they lobby state legislatures for measures such as more counseling for women seeking abortions.

"It's been very helpful for the pro-life movement.... Who doesn't want to protect women?" said Daniel McConchie, vice president of Americans United for Life, a national group based in Chicago.

Unruh's campaign has made that point in several ways. Along with the radio spot, Brandt tells her story in an online video and campaign fliers. The campaign has also distributed a DVD with testimony from Brandt and three women who decided against abortion in tough circumstances. (One segment is titled, "I love my baby who was conceived by rape.")

Volunteers offer the DVD to voters as they canvass door to door; it's also been shown in churches and at dozens of house parties.

"The clips really hit me hard," said Jazmine Brown, 13, who was moved to volunteer for the campaign after seeing the DVD at church. "I knew women were hurt by abortion, but that implanted it in my heart."

The concept that women are exploited by abortion has been nurtured by the many "post-abortive support groups" around the nation. Unruh runs one such group in Sioux Falls; the women gather to mourn and to help one another through "side effects" as varied as substance abuse, anorexia and detached parenting.

Their stories have led to a shift in perspective that parallels the religious right's changing attitude toward homosexuality. After years of condemning homosexual behavior as evil, some ministries have begun to portray gay men and lesbians as victims of an immoral society, led astray by gay-pride parades, gay romances on TV, and other signals that same-sex relationships are normal.

Similarly, women who choose abortion are now increasingly treated as victims, let down by a society that keeps abortion legal and relatively accessible.

Abortion-rights supporters respond with exasperation. The American Psychological Assn. has found that abortion carries few long-term emotional risks. And clinic doctors routinely turn away women who are uncertain or seem to have been coerced.

Some women undoubtedly regret their abortions. "But women also marry someone who turns out to be an abusive spouse, and we don't therefore say that marriage hurts women," Stoesz said.

With so much at stake, political scientist Robert Burns says he expects both sides to turn up the rhetoric as the election draws near. Burns, who teaches at South Dakota State University, will not venture to predict the vote's outcome. But it's safe, he said, to foretell this much: "It will get down and dirty before it's all over."

Military Ballots Still Have Glitches (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, October 9, 2006

The system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000, election officials say.

But the Pentagon is releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots.

This year, Congress has heard from many sources, including the election commission and the Government Accountability Office, that problems remain less than a month before the Nov. 7 midterm elections.

Sen. Conrad Burns, Montana Republican, says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet.

Congress started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation.

But the senator says the Defense Department lost precious time.

"If the current bureaucracy can't do it, then we need to throw it out and start over with one that does," he said.

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By the Pentagon's own count, only nine states participate in IVAS. The system works by allowing personnel to go to an IVAS Web site and request a ballot from their home county. An election official sends an e-mail alert, and the person then logs on to a secure server, prints the ballot, fills it out and returns it by postal mail.

"This program eliminates the most time-consuming step in the process: getting the ballots to a potentially moving target," said a statement from the senator's office.

A Senate aide says Mr. Burns' attack on the bureaucracy was really criticism of David Chu, undersecretary of defense for personnel and readiness. The aide said Mr. Chu has shunned IVAS in favor of another Internet program.

The Pentagon is defending Mr. Chu's record on making registration and voting more accessible.

"I think we are working very hard here to carry out the [IVAS] initiative," said Maj. Stewart Upton, a Pentagon spokesman. "We support the IVAS program. We believe that it's working and this year has been very effective."

The main voting problem for military personnel away from home is meeting the ballot deadline.

It takes on average 45 days to get an absentee ballot to the troops, have them fill it out and then mail it back to the election board. The constraint has resulted in late, disqualified ballots. In the tight 2000 Florida recount, where a majority of overseas service members voted for President Bush, Democratic lawyers fanned out to election boards to challenge any military ballot that did not strictly meet requirements.

While the Pentagon talks of voter progress, other officials see persistent problems.

Paul DeGregorio, chairman of the U.S. Election Assistance Commission, told Congress that a summit of election officials last spring concluded that "the current voting process for military and overseas citizens is not working." He blamed the time it takes to mail out and then receive ballots from people thousands of miles away.

Still, the federal voter-assistance program reports a higher military participation rate.

Mr. Chu has told the Senate Armed Services Committee that 73 percent of military personnel voted by absentee ballot in 2004, compared with 57 percent in 2000. The 2004 rate exceeded the 60.4 percent turnout of the general public.

An unscientific poll by the Army Times Publishing Co. in 2004 garnered e-mail responses from more than 4,000 service members. The results: 73 supported Mr. Bush and 18 percent Sen. John Kerry, Massachusetts Democrat. Nearly 60 percent identified themselves as Republicans and 13 percent as Democrats.

Where Faith Abides, Employees Have Few Rights (NYT)

By Diana B. Henriques

The New York Times, October 9, 2006

J. Jeffrey Heck, a lawyer in Mansfield, Ohio, usually sits on management's side of the table. "The only employee cases I take are those that poke my buttons," he said. "And this one really did."

His client was a middle-aged novice training to become a nun in a Roman Catholic religious order in Toledo. She said she had been dismissed by the order after she became seriously ill — including a diagnosis of breast cancer.

In her complaint, the novice, Mary Rosati, said she had visited her doctor with her immediate supervisor and the mother superior. After the doctor explained her treatment options for breast cancer, the complaint continued, the mother superior announced: "We will have to let her go. I don't think we can take care of her."

Some months later Ms. Rosati was told that the mother superior and the order's governing council had decided to dismiss her after concluding that "she was not called to our way of life," according to the complaint. Along with her occupation and her home, she lost her health insurance, Mr. Heck said. Ms. Rosati, who still lacks health insurance but whose cancer is in remission, said she preferred not to discuss her experience because of her continuing love for the church.

In court filings, lawyers for the diocese denied her account of these events. If Ms. Rosati had worked for a business or almost any secular employer, she might have prevailed under the protections of the Americans With Disabilities Act. Instead, her complaint was dismissed in December 2002 by Judge James G. Carr of the United States District Court for the Northern District of Ohio, who decided that the order's decision to dismiss her "was an ecclesiastical decision" that was "beyond the reach of the court" because "the First Amendment requires churches to be free from government interference in matters of church governance and administration."

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Legislators and regulators are not the only people in government who have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers.

Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations — especially religious schools — to manage their affairs with less interference from the government and their own employees.

The most sweeping of these judicial protections, and the one that confronted the novice nun in Toledo, is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years.

As a rule, state and federal judges will handle any lawsuit that is filed in the right place in an appropriate, timely manner. But judges will almost never agree to hear a controversy that would require them to delve into the doctrines, governance, discipline or hiring preferences of any religious faith. Citing the protections of the First Amendment, they have ruled with great consistency that congregations cannot fully express their faith and exercise their religious freedom unless they are free to select their own spiritual leaders without any interference from government agencies or second-guessing by the courts.

To do otherwise would be an intolerable government intrusion into employment relationships that courts have called "the lifeblood" of religious life and the bedrock of religious liberty, explained Edward R. McNicholas, co-chairman of the national religious institutions practice in the Washington, D.C., office of Sidley Austin, a law firm with some of the country's largest religious organizations among its clients.

Judges have routinely invoked the ministerial exception to dismiss lawsuits against religious employers by rabbis, ministers, cantors, nuns and priests — those "whose ministry is a core expression of religious belief for that congregation," as Mr. McNicholas put it.

But judges also have applied the exception to dismiss cases filed by the press secretary at a Roman Catholic church, a writer for The Christian Science Monitor, administrators at religious colleges, the disgruntled beneficiaries of a Lutheran pension fund, the overseer of the kosher kitchen at a Jewish nursing home and a co-founder of Focus on the Family, run by the conservative religious leader James C. Dobson. Court files show that some of these people were surprised to learn that their work had been considered a "core expression of religious belief" by their employer.

Religious employers have long been shielded from all complaints of religious discrimination by an exemption that was built into the Civil Rights Act of 1964 and expanded in 1972. That historic exemption allows them to give preference in hiring to candidates who share their faith. In recent years, some judges have also refused to interfere when religious groups have dismissed lesbians, unwed mothers and adulterous couples, even if they profess the same faith, because they have violated their employers' religious codes.

A federal court decision has given religious broadcasters an exemption from some of the fair-hiring requirements of the Federal Communications Commission, even when they are hiring secretaries and receptionists. Two other decisions, one in federal court affecting a Mormon church and the other in a state court of appeals case involving a Roman Catholic nursing home, affirmed the right of religious employers to dismiss employees whose faith changed after they were hired.

"These are very difficult cases because they pull at some very fundamental heartstrings," said Steven C. Sheinberg, a lawyer at Outten & Golden, specializing in employment law. "There's our belief that employees should be free of discrimination in their work, versus our belief that religious organizations should be free to hire people who best help them fulfill their religious mission, without the intrusion of government."

Employees at religious institutions face other risks as well, thanks to pension law exemptions granted by Congress and upheld by the courts. Religious employers are exempt from Erisa, the federal pension law that establishes disclosure requirements and conflict-of-interest restrictions for employee pension plans. That exemption has given rise to several cases in which workers at religious hospitals found that their pensions had vanished because of practices that would not have been allowed under Erisa's rules.

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A related exemption frees religious employers from participating in the Pension Benefit Guaranty Corporation, the government-run insurance program that provides a safety net for corporate pension plans. And some significant court decisions in labor disputes in the last several years have made it easier for religious schools and colleges to resist collective bargaining efforts.

But for Mr. Heck, the question of whether these workplace exemptions are fair to religious employees was crystallized by the case of Ms. Rosati, the novice nun in Toledo.

He said the doctor involved in her case had been prepared to testify under oath on Ms. Rosati's behalf. The doctor "had quite a vivid memory about these events." In fact, Mr. Heck said, the doctor had cautioned the nuns who accompanied Ms. Rosati that it would be virtually impossible for the ailing novice to get affordable insurance anywhere else if she were dropped from the diocesan health.

Lawyers for the diocese disputed Ms. Rosati's account of that visit and denied that health reasons were the causes of her rejection by the order, the Sisters of the Visitation of Holy Mary, which is covered by the diocesan health plan. For the court "to even begin to inquire into that decision-making process, we believe, crosses the line set by the First Amendment," said Gregory T. Lodge, a lawyer for both the Toledo diocese and the order, which operates under papal authority.

"I understand and absolutely appreciate that in matters of religion, the state has no business meddling," Mr. Heck said. "It would be unthinkable for a judge to be able to say, 'Hey, I don't like the way you're interpreting the Book of Luke.' "

But what religious principle is offended when an employee simply grows old or becomes ill, he asked. If the answer is "none," he continued, judges should be more willing to "look behind the curtain."

Exemptions From Employee Suits

For 28 days last May, Lynette M. Petruska, a former nun who now lives in St. Louis, thought she had finally found judges willing to listen to her complaint against Gannon University, a coeducational Catholic college in downtown Erie, Pa. As it turned out, she was wrong.

Ms. Petruska was educated in Catholic schools from kindergarten to college commencement, graduated at the top of her law school class and practiced law for several years before deciding to become a nun. In 1999, as she was working toward taking her final vows, she became the first woman to serve as Gannon's chaplain.

Three years later she was demoted and, according to her complaint, effectively forced out. In her lawsuit, she said this action was in response to her having notified the administration of a case of sexual misconduct by a senior university official, resisted efforts to cover up that case and opposed proposals to weaken campus policies on sexual harassment. In 2004, she sued, accusing the university administration of forcing her out simply because she was a woman and because she had opposed the sexual harassment others experienced on campus.

Gender bias claims against religious employers have generally been dismissed under the ministerial exception. But some judges across the country have been less quick to dismiss cases where sexual harassment or abuse of an employee is involved. And unlike many other plaintiffs, Ms. Petruska claimed that her supervisor had actually acknowledged to her that she was being demoted solely because of her sex, not because of any religious doctrine.

Judge Sean J. McLaughlin of the United States District Court for the Western District of Pennsylvania nevertheless ruled that Gannon was protected by the First Amendment and the ministerial exception from any court interference in its choice of chaplain. Gannon itself argued that it had many women in leadership positions and that Ms. Petruska had resigned simply because she was unhappy with a staff reorganization. But its fundamental argument was that it would be unconstitutional for the court to second-guess these disputed decisions.

"You may ask, 'Why should these decisions go unquestioned?' The reason is plain and simple: The First Amendment protects a church's right to freely exercise its religion," said Evan C. Rudert, a lawyer for the university. "And that includes organizing itself as it chooses and selecting those who it believes will serve best as its leaders — without interference from the courts."

Then, last May, in a decision that caused considerable comment in legal circles around the country, a federal appeals court panel reversed the trial judge's decision.

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For four weeks, the prevailing law in Pennsylvania, New Jersey, Delaware and the Virgin Islands — the jurisdiction of the United States Court of Appeals for the Third Circuit — was that "employment discrimination unconnected to religious belief, religious doctrine, or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion."

Appellate Judge Edward R. Becker wrote that opinion; his colleague on the three-judge panel, Judge D. Brooks Smith, filed a stinging dissent. A few days later, Judge Becker died. On June 20, in a rare move, the Third Circuit granted Gannon's routine request to have the case reconsidered and named Judge Smith to the new three-judge panel that would do so.

On Sept. 6, the new panel swept the earlier decision away, unequivocally restoring the protections for religious employers that it had put in doubt. As Judge Smith put it, the ministerial exception "applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions."

Ms. Petruska, who has left her order and returned home to work at her old law firm, describes herself as a feminist who is "committed to peace and freedom." She has a long history of putting her words into action — she has been arrested at protest marches, most recently at an antiwar rally the day before the Iraq war began, she said. She plans to appeal the ruling against her.

"I think this issue needs to be decided by the Supreme Court," she said. And she has hopes that the justices will agree with Judge Becker that, absent some grounding in religious doctrine, sex discrimination by religious employers is wrong.

No Recourse On Age Bias

Add age discrimination to that wish list, the Rev. John Paul Hankins says.

At 73, Mr. Hankins can look back on 50 years in a loving marriage, 40 years as a minister in the United Methodist Church — and 3 years as the plaintiff in an uphill court fight over his denomination's mandatory retirement policy.

Eight months after he turned 70, that policy forced Mr. Hankins to leave his pulpit in the historic Stony Brook Community Church in Stony Brook, N.Y., where he had served for 37 years. He loved his flock and the feeling was mutual: the congregation withheld part of its annual contribution to the regional church that year to express its dismay.

"He had served for many, many years and wanted to continue to serve, and his congregation wanted that, too," said David S. Warren, a professor of computer science at Stony Brook University who had been a member of the congregation for more than 25 years but who left because of how Mr. Hankins was treated.

Mr. Hankins said he was suing because age discrimination is almost as hateful and senseless to him as the racial segregation and bias against women that used to be "mandatory policies" of his church.

"I feel, and have long felt, that discrimination in any form has no place in the life of a faith community," he said.

Under the federal age discrimination law, most employees of all but the smallest businesses can sue if they are forced to retire for no other reason than that they reached a certain birthday; increasingly, government and academic employees have the same protection. But Mr. Hankins knows his complaint will probably never come to trial simply because he is a clergy member trying to sue his church. Indeed, court rulings around the country suggest that if he had been forced out at any age and for almost any reason — for a deceptive reason, or even for no reason at all — he would face the same judicial roadblock.

"I never, ever thought that the last years of my ministry would be involved in a fight like this," Mr. Hankins said.

Lawrence H. McGaughey, the lawyer for the regional Methodist governing body and its bishop, acknowledged that there is a movement in the church to eliminate the retirement rule opposed by Rev. Hankins. But if the rule is ultimately changed, it should be the church's decision, not a court's, he said.

"Any private employer would feel the same way — they'd like to be able to make these decisions without having to face the courts," Mr. McGaughey said. "But the difference is the First Amendment."

He continued: "We're talking about worship here. Are you going to go into church and have someone standing there who was ordered to be there by the courts? There are certain things a government just cannot do in this country."

In September 2003, a federal trial judge on Long Island ruled that Mr. Hankins's complaint was barred by the ministerial exception. Last February, a federal appeals court panel sent the case back, directing the trial judge to decide the case by applying a 1993 federal law, the Religious Freedom Restoration Act, rather than the ministerial exception doctrine. But there was little in the instructions to the trial court to encourage Mr. Hankins.

He nevertheless thinks his complaint will eventually help his church see that its mandatory retirement rule is unfair.

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"I don't need to win the case," Mr. Hankins said. "I feel the movement of history at work here, I really do. Ideas find their feet, and start to walk."

State judges have been equally reluctant to interfere in disputes between religious employers and their staff members — to the sad frustration of Rabbi Isaac H. Celnik of Albuquerque.

Rabbi Celnik, one of the youngest men ever ordained in Conservative Judaism, was just 30 when he was hired in 1971 as the spiritual leader of Congregation B'nai Israel. Eight years later, he entered into a 30-year contract with the synagogue, an arrangement his congregation endorsed by a margin of almost nine to one, he said.

Then the medical problems began. In 1996, Rabbi Celnik was told he was in the early stages of Parkinson's disease; in April 2000, his wife, Peggy, was told she had breast cancer. In October 2000, he said, the president of the congregation's governing board at the time suggested he retire on disability.

But the rabbi did not consider himself disabled and did not want to retire, he said. He had two young children and a wife whose treatment required continuing health insurance. He "loved the work, and loved the congregation," he said. Indeed, when the synagogue's cantor resigned a month after the retirement discussion, Rabbi Celnik proposed, and the board agreed, that he would take on the cantor's duties as well, he said.

But the relationship deteriorated as he tried to negotiate retirement terms that would provide him and his family with adequate financial security. In January 2002, after those negotiations faltered, he was dismissed; in 2003, he sued. But last February, the state's court of appeals dismissed his case, based on the ministerial exception, also called the church autonomy doctrine.

"We are sympathetic to Rabbi Celnik's struggles with Parkinson's and the manifestation of the disease after so many years of service," the chief judge wrote. But he ruled that the dispute "is precisely the type of religious debate that the church autonomy doctrine is intended to protect from judicial review."

The congregation's current president, Alan M. Chodorow, declined to discuss the details of the dispute. "I do not want to talk about anything that might impair our search for reconciliation and forgiveness" with Rabbi Celnik, he said. "But I will say that we believe strongly in the separation of church and state, and that the state should not have any part in choosing our spiritual leaders."

But Mr. Chodorow said that he was sympathetic to the situation that this freedom for congregations created for employees and that he believed that religious institutions have to provide other protections by contract. Although clergy members in many faiths work without formal contracts, the model contract in wide use within Conservative Judaism provides that rabbis and cantors can terminate the agreement without cause and seek binding arbitration to resolve disputes, he said.

The church autonomy doctrine "takes away certain rights and this is put in specifically for the purpose of preserving rights," Mr. Chodorow said.

Rabbi Celnik and his wife continue to struggle with the financial and physical burdens of his deteriorating health and her second episode of cancer. "They don't teach this in rabbinical school," the rabbi said in a recent interview. Teach what? Mrs. Celnik answered before he could: "Don't get old. Don't get sick."

Mr. McNicholas, the Sidley Austin lawyer, acknowledged that some "unjust and sinful" treatment has been protected from litigation by the ministerial exception. But he argued that "the openness of the religious process" would remedy those situations, making it possible for a clergy member dismissed by one congregation to find a home in another.

But what if they are sick? "That's harder — and very troubling," Mr. McNicholas said. "But if you have a judge deciding it, that's just too much intervention in the process of deciding the hiring issues" at religious institutions. "There's no easy answer."

Protections Against Unionization

The University of Great Falls, in Montana, has a tidy urban campus, a bold crucifix-topped chapel, a master's program in criminal justice and, according to one student's Internet posting, a cafeteria that serves pretty good spaghetti.

What the small Roman Catholic college doesn't have is a faculty union.

It wasn't for lack of trying. In 1995, the Montana Federation of Teachers, which had unionized most of the public universities in Montana, asked the National Labor Relations Board to recognize it as the collective bargaining agent for the teaching staff at Great Falls.

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"Some of the faculty members there traveled in circles that included professors at the other schools," recalled James McGarvey, who was president of the Montana Federation of Teachers at the time. (It has since merged with the Montana Education Association.) Teachers at those other campuses had better pay and more favorable work rules, and some professors at Great Falls had expressed interest in seeing whether the federation could help them as well, according to Mr. McGarvey. "We felt we had a pretty strong showing," he said.

J. C. Weingartner, a union lawyer who worked on the campaign, said that while "pay did come into it, it wasn't what got it started." That spark was discontent among some professors over the president's appointing members to an important advisory council who "did not reflect the views of the majority of the faculty" in negotiations with the administration, he said. "So they felt their interests would be better served with collective bargaining."

The university, which has a new management team today, declined to comment on the long legal battle.

But when the labor board held a hearing on the union's request, the university's lawyers argued that the board had no jurisdiction because the university was a religious institution, and to force it to negotiate with the union would violate its religious liberty.

The university based its case largely on a 1979 decision in which the United States Supreme Court ruled that the labor board's jurisdiction did not extend to religious schools. After that decision, which resulted in what is called the Catholic Bishop doctrine, the board began case-by-case examinations to determine whether the schools that came before it were sufficiently religious — whatever their faith — to be exempt from its jurisdiction.

The University of Great Falls did not qualify, the board concluded in February 1996.

For the next seven years, the little Catholic college fought both the federal labor board and the faculty union, keeping lots of lawyers busy and incurring official charges of unfair labor practices in the process. In 2002, it won.

The federal appeals court panel in Washington ruled that a three-prong test should be the labor board's only standard for determining which schools were religious enough to be exempt from the nation's collective bargaining laws under the Catholic Bishop decision.

Any school that is nonprofit, has a religious affiliation and presents itself to the public as a religious institution must be exempted from jurisdiction, the court said. And that included the University of Great Falls.

And the court ruled that the labor board's old case-by-case approach had to stop immediately. For the board even to conduct such inquiries raised serious issues of religious freedom, the judges said.

Of course, some casually faithful or broadly tolerant schools that might previously have failed to win a labor board exemption would easily pass the court's new test.

The appellate judges anticipated that complaint, and dismissed it. "If the university is ecumenical and open-minded, that does not make it any less religious, nor N.L.R.B. interference any less a potential infringement of religious liberty," they said.

David Strom, general counsel of the American Federation of Teachers in Washington, doesn't mince words about the impact of the Great Falls decision. "It means that the difficulty of organizing a religiously affiliated college has become enormous."

Although federal statistics show that one of every seven colleges in the country describes itself as a religious institution, it is not clear how far-reaching the Great Falls decision will be. On its face, it would seem likely to reduce any union-driven salary pressures on exempt religious schools, allowing them to maintain more competitive tuition levels. However, some colleges that might be eligible for an exemption under the new rules may already have collective bargaining in place or may not oppose unions as fiercely as the Montana university did.

And the decision limits only the protections of the National Labor Relations Act. But last fall, in a case involving teachers at Catholic schools in Boston, a federal district judge in Massachusetts ruled that part of another federal labor statute called the Taft-Hartley Act could not be applied to church-operated schools without raising First Amendment issues.

Notwithstanding the protracted battle in Great Falls, Catholic institutions are not doctrinally opposed to collective bargaining, said Julie N. Secviar, senior vice president for strategic resources for the Franciscan Sisters of Chicago Service Corporation, which manages Catholic hospitals, nursing homes and retirement communities.

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In fact, the ethical health care directives of the United States Conference of Catholic Bishops require "recognition of the rights of employees to organize and bargain collectively without prejudice to the common good."

Next, Exemptions for Hospitals?

At the other end of the spectrum stand the Seventh Day Adventists, a Christian denomination with more than 14 million members worldwide. Like many denominations, it provides global humanitarian relief and maintains a large network of church schools and colleges, including Loma Linda University in California. But it also operates the largest Protestant nonprofit he alth care system in the country, with 38 hospitals in 10 states, 23 nursing homes and 44,000 employees.

And not one of those employees is in a union, for a very simple reason: The church believes that collective bargaining "defies Christ's admonitions that behavior must be directed by individual conscience" and "is inherently disruptive" of the c hurch's healing mission, as lawyers for the denomination first explained to the national labor board in 1998.

The lawyers were responding to a petition by the California Nurses Association to represent the nonsupervisory nurses employed at Ukiah Valley Medical Center.

As in the Great Falls case, the lawyers argued that the labor board had no jurisdiction because the hospital was a religious institution and to force it to recognize or bargain with a union would violate its freedom under the First Amendment and the Religious Freedom Restoration Act.

As in the Great Falls case, the labor board ruled otherwise. The next step should have been union balloting, explained Jeffrey A. Berman, the Sidley Austin lawyer who represented the hospital in the case. But the nursing association withdrew its petition and the case ended, he said.

According to the American Hospital Association, about one of every four of its members has a religious affiliation. But the Adventists' problem before the labor board was that hospitals, unlike religious schools, were specifically included in the board's jurisdiction by Congress. The only labor-law accommodation that Adventists have been able to win from Congress was a provision in 1974 allowing church members to pay the equivalent of their union dues to one of several agreed-upon secular charities, according to Mr. Berman.

Adventist hospitals are still waiting for their own Great Falls moment. As Mr. Berman put it, "We're not asking for carte blanche, for the ability to be exempt from all laws — just with respect to what is unique about these hospitals."

Cities Opt For Economics Instead Of Religion To Boost Downtown Areas (USAT)

By Emily Bazar, Usa Today

USA Today, October 9, 2006

Church advocates: Zoning rules unfair

Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base.

"There's more interest than ever in attempting to exclude churches and other houses of worship," says Kevin "Seamus" Hasson, president of the Becket Fund for Religious Liberty. "They say they don't want churches there. They want something tha t generates tax revenue."

The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations.

The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year.

Sasser's institute, the Becket Fund and others often go to court to fight the restrictions. A federal law passed in 2000 says zoning rules must treat a house of worship the same as any secular meeting place.

The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week.

Some recent examples:

•Kenly, N.C., adopted a moratorium on storefront churches in August and later expanded it to include halls, theaters and other gathering places.

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•Stafford, Texas, home to 51 places of worship in its 7 square miles, intends to tighten the zoning rules that govern church location, Mayor Leonard Scarcella says. Only 300 acres of empty land remain available for development.

"There has been this desire to locate these religious facilities in our city," he says. "That has precluded other types of development."

•Miramar, Fla., put a six-month hold on "places of public assembly," including churches, in June and is working on a permanent plan.

Miramar's leaders worry about storefront churches and other halls because they're "taking up parking at particular times and not contributing to the dynamism" of the area, says Wazir Ishmael, assistant city manager.

•The Liberty Counsel, a group that defends churches, sued Titusville, Pa., in July over zoning that prohibits churches in commercial zones where clubs and theaters are allowed. "If theaters or private clubs are permitted, then churches cannot be banned," Liberty Counsel President Anita Staver says.

Titusville Mayor Brian Sanford says the rule protects businesses that cannot be near churches. The Pennsylvania Liquor Control Board, for instance, may refuse to grant a liquor license application to an establishment within 300 feet of a church.

"When you establish a church in a commercial district, that changes the rules for everyone," he says.

Faith Embraces Pop Culture, Technology (USAT)

By Tom Krattenmaker

USA Today, October 9, 2006

Evangelical Christians have always used innovative outreach to spread their message, and the tech boom has given the movement new platforms to be 'culturally relevant.' It's a wave other faiths might want to catch.

If you want to understand why evangelical Christians are such an influential force in American culture these days, revisit a recent moment from the Steelroots television program on the i-Lifetv Christian cable channel.

The host, Ben Cerullo, is a youthful-looking skateboarder type in a T-shirt and backward ball cap who blows up objects on camera for the sheer entertainment value. "Awesome," he says as he interviews Chandler Brownlee of the outreach group Christian Surfers. Brownlee tells Cerullo and his viewers about the success of the Florida-based ministry bringing thousands of surfers into the Christian fold. He uses a telling phrase for his ministry's approach to evangelism. "Culturally relevant," he calls it.

Brownlee is talking about surfer outreach, but culturally relevant applies across the landscape of the evangelical Christian engagement with American popular culture. The basic idea: Identify the communications channels that have the attention of the public and use them to spread the message of Jesus. Skeptics might question the appropriateness of this melding of the sacred and "profane," but there's no doubting its effectiveness as a means of reaching people.

Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television — few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?

In Christian TV, the Inspiration Network — the parent company of i-Lifetv airing Steelroots programming — might be the most technologically forward. Like other well-known Christian TV networks, such as the Trinity Broadcasting Network and Pat Robertson's Christian Broadcasting Network, the Inspiration Network reaches its subscriber base (22 million households) via cable and satellite. But that's just the start. The network is making Steelroots and its other signature programs available on the Web. Click on the episode, and watch it on your computer.

Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte.

"One way we try to be 'fishers of men' is by seeking to be culturally relevant," says Inspiration Network spokeswoman Kristina Hill, "which means being sensitive to the needs and interests of different demographic groups." As Hill suggests, Steelroots is more likely to connect with its skateboarding, snowboarding audience than would a program featuring a sermon by

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a fiftysomething man in a gray suit. Blowing up objects on camera is more reminiscent of MTV's Jackass than Jesus, but it's sure to raise the show's cool quotient and improve the odds of a 15-year-old viewer listening to the religious message.

In the quest to market Christianity to the masses, is the Inspiration Network watering down the exclusive message of the evangelical faith? Judging from the network's name — note the conspicuous absence of the word "Christian" — I initially thought as much. Before I began sampling the network's offerings, I expected Oprah-style, vaguely Christian lifestyle programming.

Underneath the broad-appeal gift wrap, however, I found straight-up evangelical Christianity with heavy promotion of the imperative to accept Jesus and the Christian Right worldview. The shows condemn abortion and homosexuality. Guests on Inspiration Today! recently have included author John McTernan, who argues that God elevated America to supremacy but is turning away from our country because of its liberal direction. (Such talk on Christian TV is hardly rare. Think Robertson.)

Featured in recent appearances on the same program was evangelical preacher and writer John Hagee, whose book Jerusalem Countdown argues that the Bible demands that the United States stand squarely with Israel or incur God's wrath. The network hypes such guests, and their views, approvingly.

That's its right, of course. The difficulty of getting these messages taken seriously by mainstream media is a major reason why Christian media exist. If secularists lack the motivation to create their own media universe, it's because, in a sense, they already have it. Their outlets are known as CBS, CNN, USA TODAY and the like.

Except for the particulars, there is nothing new about the innovative outreach by evangelicals today. Entrepreneurship and energy have characterized the movement in this country for decades, which explains its continued vitality in a time when mainline Protestantism has waned. While claiming to represent an unchanging, timeless truth, evangelicals continue impressively to reinvent the language of the message and the means of delivering it. That is why fans will soon be able to watch Inspiration Network video on their iPods.

Certainly, liberal Christians — perhaps in recognition of the advances made by the competition — are starting to get in the game. The National Council of Churches, for example, produced a TV program on poverty for NBC affiliates that aired last month. On the other hand, you will be hard-pressed to find progressive Christian groups running skateboard outreach programs, proselytizing to snowboarders, or developing video games.

As Woody Allen famously said, 80% of success is just showing up. Evangelicals are definitely showing up, and with a lot of hustle and muscle. Those Americans who worry that conservative Christians go too far in imposing their religion and values on the rest of the country — and polls show they are many — will need to do more than complain if they're to counteract that influence. They will need to get very busy.

Tom Krattenmaker, who lives in Portland, Ore., specializes in religion in public life and is a member of USA TODAY's board of contributors. He is working on a book about the Christianization of professional sports.

In N.Y., Sparks Fly Over Israel Criticism (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 9, 2006

Polish Consulate Says Jewish Groups Called To Oppose Historian

NEW YORK -- Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here last week, saying the academic was too critical of Israel and American Jewry.

The historian, Tony Judt, is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate.

An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial.

"The phone calls were very elegant but may be interpreted as exercising a delicate pressure," Kasprzyk said. "That's obvious -- we are adults and our IQs are high enough to understand that."

Judt, who was born and raised in England and lost much of his family in the Holocaust, took strong exception to the cancellation of his speech. He noted that he was forced to cancel another speech later this month at Manhattan College in the

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Bronx after a different Jewish group had complained. Other prominent academics have described encountering such problems, in some cases more severe, stretching over the past three decades.

The pattern, Judt says, is unmistakable and chilling.

"This is serious and frightening, and only in America -- not in Israel -- is this a problem," he said. "These are Jewish organizations that believe they should keep people who disagree with them on the Middle East away from anyone who might listen."

The leaders of the Jewish organizations denied asking the consulate to block Judt's speech and accused the professor of retailing "wild conspiracy theories" about their roles. But they applauded the consulate for rescinding Judt's invitation.

"I think they made the right decision," said Abraham H. Foxman, national director of the Anti-Defamation League. "He's taken the position that Israel shouldn't exist. That puts him on our radar."

David A. Harris, executive director of the American Jewish Congress, took a similar view. "I never asked for a particular action; I was calling as a friend of Poland," Harris said. "The message of that evening was going to be entirely contrary to the entire spirit of Polish foreign policy."

Judt has crossed rhetorical swords with the Jewish organizations on two key issues. Over the past few years he has written essays in the New York Review of Books, the London Review of Books and in the Israeli newspaper Haaretz arguing that power in Israel has shifted to religious fundamentalists and territorial zealots, that woven into Zionism is a view of the Arab as the irreconcilable enemy, and that Israel might not survive as a communal Jewish state.

The solution, he argues, lies in a slow and tortuous walk toward a binational and secular state.

He has, of late, defended an academic paper -- co-authored by professor Stephen M. Walt of Harvard University's John F. Kennedy School of Government and John J. Mearsheimer, a professor at the University of Chicago -- which argues the American Israel lobby has pushed policies that are not in the United States' best interests and in fact often encourage Israel to engage in self-destructive behavior.

These are deeply controversial views -- Foxman of the ADL and writer Christopher Hitchens, among others, have attacked the Walt and Mearsheimer paper as anti-Semitic. And Judt's advocacy of a binational state has drawn a flock of critics, the more angry of whom accuse him of "pandering to genocide" as the Committee for Accuracy in Middle East Reporting in America put it. Former Bush speechwriter David Frum said Judt was pursuing "genocide liberalism."

Foxman has referred to Judt's views of Israel as "an offensive caricature."

The Mearsheimer and Walt paper, however, has drawn praise in some quarters in Israel, particularly on the left. So, too some Israeli writers, not least Israeli historian and social critic Amos Elon, have praised Judt's writings on Israel. Nor are Judt's arguments without historical precedent: Massachusetts Institute of Technology linguist and political philosopher Noam Chomsky, who is Jewish, has advocated a binational solution in Israel, a view that three decades ago sparked such anger that police stood guard at his college talks. More recently, the ADL repeatedly accused DePaul University professor Norman G. Finkelstein, who is Jewish and strongly opposes Israeli policies, of being a "Holocaust denier." These charges have proved baseless.

"There is an often organized and often spontaneous attempt to marginalize anyone in the Jewish world who offers a critique of Israeli policy," said Rabbi Michael Lerner, editor of the liberal magazine Tikkun. "It's equated with anti-Semitism and Israel denial."

Foxman says such complaints are silly. "Nobody has called Judt an anti-Semite," Foxman said. "People who are critical of Israel and of the Jewish people often flaunt their Jewishness. Why isn't that an issue?"

Judt replies that he only reluctantly talks of his Jewishness, in no small part to inoculate himself against charges of anti-Semitism. "For many, the way to be Jewish in this country is to aggressively assert that the Holocaust is your identification tag," Judt said. "I know perfectly well my history, but it never occurred to me that my most prominent identity was as a Jew."

A Vote We Can Believe In (WP)

By E. J. Dionne Jr.

The Washington Post, October 10, 2006

DOJ_NMG_0076726

Sometimes, paranoids are right. And sometimes even when paranoids are wrong, it's worth considering what they're worried about.

I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are.

I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately. And I also know that smart, computer-savvy people are concerned about these machines.

The perfectly obvious thing is for the entire country to do what a number of states have already done: require paper trails so that if we have a close election or suspect something went wrong, we have the option to go back and check the results.

So it is heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level.

The bill has been pushed by Rep. Rush Holt (D-N.J.), with strong support from Reps. Tom Davis (R-Va.) and Tom Cole (R-Okla.). It has 219 co-sponsors, which happens to be a majority of House members.

The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly.

It prohibits connecting any voting machine component to the Internet and bans political and financial conflicts of interest among manufacturers, test laboratories and political parties. It also includes protections for voters with disabilities.

Pretty much common sense, right? The problem is that the issue of protecting the right to vote has been mired in partisanship and in the suspicion that all who worry about electronic voting are crazy conspiracy-mongers who imagine the worst about everybody.

But Holt and Davis don't fit the stereotype. "I have steered clear of conspiracy theories because I'm not a conspiracist by nature," says Holt who has a PhD in physics and has no problem with innovation. "But I'm quick to say that you cannot disprove the conspiracy theories if you don't have a paper trail." Anyone with confidence in these machines should have faith that they'll pass any tests of how well they'd work.

Because of the bitter disputes over what happened in Florida in 2000 and Ohio in 2004, some Republicans are suspicious that all the noise surrounding the new voting machines is being generated by angry Democrats. "When I first introduced the bill a couple of sessions ago," Holt says, "a lot of Republicans stayed away from it because they believed that it was payback for Florida."

But over time, many Republicans have come to realize that machine errors are nonpartisan. Tom Davis is about as loyal a Republican as you'll find. He came to this cause in part because a result in a Virginia school board race not only defied everyone's expectations but seemed to him flatly wrong.

"Some people will call me paranoid," Davis chuckles, "but it was real clear to me that in that race, some votes weren't picked up." And the technology, he says, made it impossible to check the count.

In fact, as Davis notes, partisan splits on the new technologies vary sharply from state to state. Whichever party happened to control the election board that spent a lot of money on the new technologies tends to resist challenges to it. But defensiveness, by election officials or by vendors, should not get in the way of reforms and protections.

Nor, says Davis, should political polarization be allowed to stop even those reforms that have a lot of bipartisan support. "A lot of no-brainers that ought to be getting done," he says, "aren't getting done."

There are respectable studies -- for example, one released this summer by the Brennan Center for Justice at New York University School of Law -- suggesting that the new machines may be far easier to hack than we want to know. But Holt explains why even skeptics of such studies should favor technological safety nets just in case they someday prove to be right.

"The winners will always believe the results of elections," says Holt. "But it eats away at democracy if the loser thinks that something went wrong, for accidental or malicious reasons."

Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around.

DOJ_NMG_0076727

Real Bad ID (WSJ)

The Wall Street Journal, October 10, 2006

It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse.

In May of last year Congress passed the Real ID Act at the urging of House Judiciary Chairman James Sensenbrenner (R., Wis.). It was yet another border-security measure, intended to thwart illegal immigration by denying drivers' licenses to undocumented aliens. President Bush signed the legislation in hopes that Republicans then would meet him halfway on comprehensive immigration reform. Didn't happen. We now know that the Tom Tancredo "enforcement first" crowd has no intention of ever compromising with Mr. Bush.

We doubt Mexicans willing to risk their lives crossing hundreds of miles of desert on foot care much about not being able to obtain a drivers' license once here. Nor is deputizing Department of Motor Vehicle officials going to force many illegal aliens already in the country to return home. The most likely result is more unlicensed and uninsured motorists, which means more dangerous U.S. roads.

Real ID gets worse. According to a new analysis from the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, the law is also going to be costly and burdensome.

Under Real ID, all 245 million existing holders of drivers' licenses must apply -- in person -- for new, standardized identification cards. The report says that state motor vehicle department staffs will need to be more than doubled, and workers will have to be trained to verify copies of original birth certificates, Social Security cards and the like. Misplaced your Social Security card? Have fun getting a new one. We're pretty sure that voters don't elect Republicans to increase the size of their already bloated state bureaucracies.

And yes, you can expect longer lines at the DMV in the future. "Real ID will reduce efficiencies and increase wait times," according to the report. "Real ID will also effectively reverse state practices designed to ease an applicant's interaction with motor vehicle agencies (e.g., Internet, mail in renewal, over-the-counter issuance)." The deadline for compliance is May 2008. After that, identification from states that don't meet the new national requirements won't be accepted at federal agencies.

Proponents claim that standardizing drivers' licenses is essential to fighting terrorism on the domestic front. Mr. Sensenbrenner has said that Real ID will stop the next Mohamed Atta. But the 9/11 hijackers entered the country legally, which means they qualified for valid drivers' licenses. Nothing in the new law changes that reality, or the fact that you still don't need a driver's license to board a plane. Other forms of ID, such as a passport, will continue to suffice.

All this cost and inconvenience might be acceptable if the law did what its proponents claim. But like a 700-mile fence along a 2,000-mile border, Real ID amounts to one more anti-immigration measure that ignores the economic incentives that draw immigrants here in the first place.

State agencies put the total cost of standardizing drivers' licenses at upwards of $11 billion; Congress has so far appropriated all of $40 million. Again, this is from a Republican Congress that made its first legislation upon taking power in 1995 a bill against imposing "unfunded mandates." It included a pledge not to impose any burden on the states that wasn't fully financed from Washington. Now comes Real ID, transforming state departments of motor vehicles back into everyone's worst nightmare. Some accomplishment.

ANTITRUST:

Google To Buy YouTube For $1.65bn (FT)

By Kevin Allison And Aline Van Duyn

Financial Times, October 10, 2006

Google, the internet search giant, has agreed to acquire YouTube, the California-based video start-up, for $1.65bn in an all-stock transaction that will turn the company's 20-something co-founders into instant multi-millionaires.

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The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organise the world's information and make it universally accessible and useful," said Eric Schmidt, Google chief executive. "Our companies share similar values; we both always put our users first and are committed to innovating to improve their experience. Together, we are natural partners to offer a compelling media entertainment service to users, content owners and advertisers."

Google said the start-up would retain separate offices and all its 67 employees.

In spite of YouTube's popularity there have been questions about the sustainability of the company in light of the large amount of illegally copied material viewed on the site and limited advertising revenues to date.

However, YouTube has struck deals with big US media companies to legitimately distribute their video content – three were announced on Monday – reducing the threat of copyright lawsuits.

Chad Hurley, YouTube chief executive, said the acquisition would allow the company to "sharpen our focus" in working with content providers to overcome the copyright issue.

In addition, Google's technical expertise and clout with advertisers could turn YouTube into a highly profitable venture, especially as advertisers increasingly look to target the young audience which is spending less time watching television and more time watching videos on sites such as YouTube.

"Large advertisers are looking to spend more money with Google," said Ben Schachter, analyst at UBS. "Video is a major focus, and YouTube increases [Google's] inventory."

The deal is one of Google's biggest acquisitions in its eight-year history. It marks a tacit admission by Google that the search group's own video site has failed to gain the same traction among its audience as YouTube.

"When we looked at the marketplace, there was a clear winner in [the] networking and social networking side of video," said Mr Schmidt.

The deal follows the acquisition last year by Rupert Murdoch's News Corp of MySpace.com, the social networking site, for $580m in cash, at the time considered a hefty price for a media start-up but now widely regarded as having been a good investment in order to tap the online youth audience.

Facebook, another social networking site which has also grown hugely in terms of its online audience, has also had talks with media and internet companies about a possible acquisition.

YouTube signed deals on Monday to offer music videos from Vivendi's Universal Music Group and Sony BMG Music Entertainment, as well as television content from CBS, sharing any related advertising revenue.

YouTube has had acquisition talks with a number of media companies. A deal would make Mr Hurley and Steve Chen, its other co-founder, multi-millionaires.

Google, YouTube To Join Web Forces (WT)

By Kara Rowland

The Washington Times, October 10, 2006

Internet search behemoth Google Inc. said yesterday it would buy online video leader YouTube Inc. for $1.65 billion, vaulting the Mountain View, Calif., company to the forefront of the online video craze.

The much-anticipated deal, announced after the markets closed, confirmed press reports last week that Google, jockeying for a bigger slice of the online video business, was set on buying the 19-month-old YouTube.

"This is the next step in the evolution of the Internet," Eric Schmidt, chief executive officer of Google, told analysts and reporters on a conference call yesterday.

Mr. Schmidt and YouTube executives touted the potential of Google's search technology and advertising model combined with the loyal online community of YouTube, which receives 100 million video views per day.

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"Right now, we're in the middle of a shift in digital media entertainment," said Chad Hurley, chief executive officer and co-founder of YouTube. "Users are now in control of what they watch and when they want to watch it. They decide what rises to the top. By joining forces with Google, we'll be able to sharpen our focus on that vision."

Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter. Under the transaction, YouTube will retain its brand and continue to operate independently, officials said on the call.

In terms of market share, YouTube is the clear leader over Google's competing service: Last month, the video service posted a share of visits four times greater than Google Video, according to Hitwise, a New York Internet market research firm. YouTube ranked first in online video services with a share of 45.97 percent, ahead of MySpace Videos at 21.17 percent. Google Video came in third at 11.01 percent.

"This is an extremely volatile space when you consider the fact that YouTube didn't even exist a year ago in terms of having a launched service," said Bill Tancer, general manager of global research at Hitwise.

Mr. Schmidt stressed that Google Video will continue to exist, noting that it will become "even more integrated with Google overall."

Mr. Hurley, who in previous reports had said YouTube was not for sale, said the Google deal was the right fit.

"Those comments were made because we wanted to remain independent and continue on our mission to build great products for users," he said. "By working with Google, that's still the case."

YouTube, which just 20 months ago was running on credit-card debt, will keep its headquarters in San Bruno, Calif. All 67 employees will remain with the company.

Executives said it is too early to tell how the integration will take place and how user experiences might change.

"There's no shortage of projects in the weeks ahead," said Steve Chen, co-founder of YouTube.

Both companies stressed their dedication to protecting copyrights in response to analysts' concerns over potential lawsuits that could result as users incorporate copyrighted content into their creations.

By next month, YouTube plans to roll out new audio fingerprinting and search mechanisms to identify and protect copyrighted content, Mr. Chen said.

Dmitry Shapiro, chief executive officer and founder of Veoh Networks Inc. in La Jolla, Calif., said the Google-YouTube deal paves the way for thousands of similar peer-to-peer video-sharing sites.

YouTube "is much more than another Web site that shares video; what we're all trying to do is reinvent television broadcasting," said Mr. Shapiro, calling his company, which focuses on delivering longer, TV-grade content to viewers, "the next thing after YouTube."

"I think that traditional media companies very much understand that the world is changing right in front of their eyes and that they need to jump in and make some decisions and play or be disenfranchised."

The acquisition comes on the heels of announcements yesterday morning that both Google and YouTube are teaming up with major music labels to distribute music videos online and share in the advertising revenue.

Google inked deals with Warner Music Group Corp. and Sony BMG Music Entertainment, while YouTube teamed up with Universal Music Group, as well as Sony BMG.

YouTube also announced a partnership with CBS Corp. to air clips from popular shows such as "Survivor," "CSI" and "Late Show With David Letterman."

The companies described the new media partnerships as mutually beneficial to content producers, who can compensate artists and better enforce copyright protections, and video service providers, who can use the additional content to attract more viewers.

Users will be able to access streaming content and incorporate it into their own videos. In addition, Google Video will make Warner Music Group's content available for purchase at $1.99 per download.

Google Looks To Boost Ads With YouTube (WSJ)

By Kevin J. Delaney

The Wall Street Journal, October 10, 2006

DOJ_NMG_0076730

With its $1.65 billion agreement to acquire YouTube Inc., Google Inc. may be able to broaden its online-advertising business and boost its video offerings to meet the rapidly changing viewing habits of consumers.

The all-stock purchase announced yesterday of closely held YouTube, a 19-month-old, San Bruno, Calif., startup with 67 employees, highlights users' growing consumption of video online and the booming sales of Web advertising. The hefty price tag also reflects the interest of other media and technology companies in acquiring YouTube as a way to jump-start their online-video efforts.

The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts. YouTube has said that consumers view videos through its service, ranging from homemade videos to movie clips, more than 100 million times daily.

"This is going to allow us to continue to develop features for our community and our partners, allow us to sharpen our focus," said YouTube Chief Executive Chad Hurley in an interview. "We'll be able to leverage the technology and resources of Google to supercharge our efforts in those areas."

The acquisition could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online. The Web-search company places ads, often targeted by specific keywords such as "Chicago hotel," on its own and partner sites using an automated online system and has said it intends to also broker ads in radio, print media and television.

"We believe the combination of Google and YouTube will create this very new and interesting global media platform for users, content providers and advertisers all around the world," said Google CEO Eric Schmidt during a conference call announcing the deal.

The sale is a huge windfall for YouTube, which Mr. Hurley, 29, founded in Feb. 2005 in his garage along with chief technology officer Steve Chen, 28, and another former colleague from eBay Inc.'s PayPal electronic-payment unit. Mr. Hurley had said in a June interview that an initial public offering in the future was a possibility. But the offer from Google was attractive enough to lead YouTube to abandon that interest.

Some analysts raised questions about YouTube's price tag. Critics said Google could be exposing itself to liability for copyright violations, since videos posted by users without permission of content owners are available through YouTube's site. The start-up already faces one lawsuit related to this issue. YouTube has been racing to sign deals with media and entertainment companies to license their content and head off any additional litigation, generally agreeing to share online ad revenue with the content owners. "The YouTube commitment to enforcing copyrights is very consistent with Google's," said David Drummond, Google's senior vice president of corporate development. Mr. Drummond said the two companies remove any infringing content when notified by a copyright holder.

In a prelude to the acquisition announcement, YouTube early Monday announced agreements with Vivendi SA's Universal Music Group and Sony Corp. and Bertelsmann AG joint venture Sony BMG to make their music videos available through YouTube and to allow consumers to use music from the two companies as soundtracks for their own videos on YouTube. The video site also signed a content and ad-revenue-sharing agreement with CBS Corp. related to video from CBS Television Network, Showtime Networks Inc. and CSTV Networks Inc. Google separately announced agreements with Warner Music Group Corp. and Sony BMG to make music videos and other content available for free through its video service and on partner sites.

YouTube's deal with Universal Music is particularly significant since Universal Music Chief Executive Doug Morris told investors last month that YouTube violates copyright laws by allowing users to post music videos and other content. Universal Music has considered taking legal action against YouTube over that issue, say people familiar with the matter.

Yahoo Inc., News Corp. and Microsoft Corp. were among the other companies that expressed interest in acquiring YouTube, say people familiar with the matter. YouTube had earlier passed on a lower offer from Google and held acquisition discussions with Yahoo, which tendered an offer in recent weeks, say people familiar with the matter. Yahoo's offer, valid for 24-hours, expired amid its concerns about copyright- and revenue-related issues though talks continued after the expiration, one of the people says.

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A Microsoft spokeswoman said the company "evaluated acquiring this type of technology several months ago" but decided to build its own service, a test version of which opened recently.

Meanwhile, Google significantly increased its offer and deal talks between the two gathered intensity late Tuesday, when Google's Mr. Drummond and YouTube Chief Financial Officer Gideon Yu drafted a term sheet, a person familiar with the matter says. In parallel, the two companies worked to complete content and ad-revenue-sharing partnerships with the major music companies and CBS Corp. that were announced yesterday morning.

News Corp. sniffed around YouTube as recently as last week, but never made a firm offer because the start-up said it was not for sale, say people familiar with the matter. On Friday, when the news of the Google negotiations surfaced, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, according to the familiar people. YouTube didn't respond, these people said. Behind the scenes, Google's deal to purchase YouTube is threatening to create a rift between Google and News Corp., which jointly made headlines in August with an ad-brokering deal under which Google guaranteed revenue of $900 million over three and a half years to News Corp. for its MySpace social-networking service and other sites.

Over the weekend, News Corp. executives expressed their displeasure with the deal to Google and threatened to remove any links to YouTube videos placed by users on their MySpace blog pages, according to a person close to the situation. Google's Mr. Schmidt and Advertising Sales Vice President Tim Armstrong are scheduled to meet this week in Los Angeles with News Corp. Chairman Rupert Murdoch, President Peter Chernin and Ross Levinsohn, head of its Fox Interactive Media online unit, to discuss the matter.

News Corp. earlier this year held discussions with NBC Universal and Viacom about jointly building a YouTube rival, according to people familiar with the situation. The three media companies discussed putting their television videos on a new site, but ultimately the talks foundered, these people say. This month, News Corp. announced it would put video clips from its Fox television shows up on MySpace.

YouTube's sale could represent a significant financial gain for venture capital firm Sequoia Capital, which has provided funding to the start-up. Sequoia holds roughly 30% of YouTube, says a person familiar with the matter. Under the sale agreement, YouTube will retain some independence, keeping its brand, offices and management. Google will also continue to operate its separate Google Video service.

Google Cues Up With YouTube (USAT)

By Jefferson Graham

USA Today, October 10, 2006

Internet search giant Google on Monday snapped up red-hot video-sharing website YouTube for $1.65 billion in an all-stock deal.

Video “is the next step in the evolution of the Internet,” Google CEO Eric Schmidt told news reporters in a conference call.

YouTube, which launched in 2005, has grown overnight into the Internet's most popular place to watch videos, showing 100 million daily. Yet, along the way it became a hotbed for copyright infringement, with many contributors posting videos of TV shows or using copyrighted songs in homegrown productions.

YouTube, in clearing the way for a deal, announced an alliance with record label Universal Music — one of the site's harshest critics — that called for a filtering system that would automatically weed out videos with its songs.

By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders.

Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios.

Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results.

The addition of YouTube videos brings “a humongous amount of content that will be searchable” on Google, says John Battelle, who runs the Searchblog website. That makes Google that much more valuable, he says, because it can profit with more advertising from YouTube videos.

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Google reported $6.1 billion in revenue last year, virtually all from little text-based ads that appear near search results. It's been on a tear this year, trying to expand into video advertising and creating recent alliances with MTV Networks and MySpace.

Now, says Scott Kessler, an analyst at research firm Standard & Poor's, Google is "far and away the leader in video advertising."

Investors applauded Google's deal. Shares in the company rose $2.75 in after-hours trading after closing at $429, up $8.50 a share, in regular trading.

In less than a year, YouTube in San Bruno, Calif., quickly became a social phenomenon as a way for users to easily share — and discuss — homegrown videos. It has seen a 2,500% increase in its audience base, according to measurement firm ComScore Media Metrix.

The site had 72 million visitors in August, up from just 2.8 million visitors a year before. It's now the Internet's 14th-most-visited site. Google is No. 3 after Yahoo and MSN.

Google-YouTube Deal Joins Net Search And Video Forces (USAT)

By Kevin Maney

USA Today, October 10, 2006

A landmark in the future of media happened over a meal at Denny's.

Last week, as multiple offers swirled around YouTube, Google co-founder Larry Page and CEO Eric Schmidt met YouTube founders Chad Hurley and Steve Chen at a Silicon Valley Denny's.

"We discussed the possibilities and the excitement we both shared" for video on the Internet, Hurley says. "They have the resources to help us accelerate that."

Google is buying YouTube for $1.65 billion, the companies said Monday. The biggest force in search and Internet advertising is soaking up the biggest force in online video. But the combination means more than that.

The deal is part of a vision consistent across the technology and media landscape. It's the same vision that brought together YouTube and Google. Mass media — the grand media trend of the 20th century — is becoming personal media.

The Internet is making it possible for people to find and consume any song, TV program, video or movie anytime they want. That's because video content, from instructions on how to groom a poodle to clips from CBS' 60 Minutes, is increasingly available on the Net.

At the same time, cheap technology like video cameras and editing software is allowing just about anyone to create video content, adding ever more personal and esoteric media to the mix of offerings.

If you listen to YouTube's founders or Google's leaders, you can hear what that's going to be like. Search Google for "plumbing toilet flusher" and you'll probably find a how-to video on YouTube. "For queries like that, a lot of times video is the best result," Google's Page says.

Planning a vacation to Osaka, Japan? Search and find all the home videos taken by tourists and posted on the Web. Music videos, news and movie trailers will all be there. A few hours before Google said it will buy YouTube, YouTube announced deals to legally put music videos from Universal and Sony BMG on its site, and news and sports from CBS.

"This is the next step in the evolution of the Internet," Google CEO Schmidt says. On Monday, he kept noting that YouTube founders Chen and Hurley remind him of Google's founders in Google's early days — a couple of guys with a plan to alter the universe.

All of this helps explain an explosion in Internet video. Venture capital investments in video-sharing sites are on track to set a record this year. VCs pumped $156 million into such start-ups during the first half of this year vs. $267 million all of last year, says Dow Jones VentureOne.

Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo.

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Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away. “Google video doesn't go away ever — I want to make that clear,” Schmidt says. Meanwhile, Yahoo and AOL are aggressively moving into video. So is News Corp.-owned MySpace.

Advertisers in just the past six months have come to love Internet video and are increasingly pushing ad dollars that way.

“You've got more video being viewed on YouTube than you do on some cable channels,” says Ian Schafer, CEO of Deep Focus, a marketing firm that represents studios such as The Weinstein Co. He says that the marriage of Google and YouTube could form “another video network that in many ways eclipses the eyeballs of some mass media.”

“We are seeing the number of terabytes of video delivered doubling every three months,” says Alan Ramadan, a top executive at Macromedia, which makes the Flash player that shows video on both Google and YouTube. “I haven't seen this kind of demand before, and it's something that we all felt the Web could become one day — a distribution platform for rich content and experiences.”

At the center of the whirlwind stands YouTube, which actually moved its headquarters over the weekend from San Mateo to San Bruno in California's Silicon Valley — while the founders negotiated the Google deal. “It was a busy weekend,” Chen says with a laugh.

The company launched in the summer of 2005, and by March 2006 was the star at high-level tech conference PC Forum. In January of this year, YouTube had 9.5 million unique visitors, according to ComScore. In August, that had grown to 72 million. To those users, YouTube is streaming more than 100 million videos a day. Yes, a day.

“This was a company that was moving very, very quickly," says Mark Heesen, president of the National Venture Capital Association trade group. He compares YouTube's trajectory to Skype, the Internet phone company started in August 2003 and sold to eBay last year for $2.5 billion in cash and stock.

In the past few months, it seems that everyone in technology realized the power of the video trend on the Net and saw the movement toward personal media. That's when the suitors came calling.

“A lot of parties expressed interest,” Hurley says. Though he won't name them, Yahoo and News Corp. were among names that surfaced as suitors. “We wanted to remain independent, but as discussions progressed with Google, we saw an opportunity to remain independent and continue our vision, but with a lot more resources and experience behind us.”

Google did, in fact, promise to leave YouTube alone — it will keep all its employees, separate headquarters, its own brand.

“I've been pretty giddy over this,” Chen says. But he admits that he's not yet sure what, exactly, will change about the way YouTube or Google handles video. Right now, for instance, a search on Google Video will not find a video that's on YouTube. That will change.

“It all happened so quickly, the exact details of integrating the products are still up in the air,” Chen says. “We're forming integration teams right now.”

For Google, the deal means it now owns the top brand in Internet video and a backup plan for its own push into video. Google Video has failed to catch fire.

Some critics say Google just bought itself a boatload of potential lawsuits. A good deal of video on YouTube is snatched off TV programs and movies by individuals and posted there — and that could be infringing on copyrights. But Google and YouTube both waved that off on Monday, pointing to the day's deals with CBS and record labels as proof that content owners would rather work with YouTube than take it to court.

“The copyright concerns are overblown,” says Suranga Chandratillake, CEO of BlinkX, a video search engine that competes with Google Video. “Content owners are more interested in doing business than ever” for Internet video.

They see how powerful this new personal media can be. The rock band OK Go recently proved that. It made a simple video with a handheld video camera of its four members dancing on treadmills and posted the video on YouTube. In four weeks, the video was viewed more than 3.5 million times. As a result, OK Go's album saw a 182% jump on Billboard's Digital Album chart and shipped another 50,000 CDs.

“This is a paradigm smasher of the first order,” says OK Go manager Jamie Lincoln Kitman.

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In the grand scheme of things, the $1.65 billion Google is paying for YouTube doesn't rank high among the largest U.S. buyouts so far this year, tracker Dealogic says. The biggest was a deal in March by AT&T to buy BellSouth, valued at $67 billion at the time. Alcatel agreed to pay $13.4 billion for Lucent in April.

But when it comes to shaping the future, a couple billion dollars negotiated under Denny's fluorescent lights might be the winner.

Google Buys Video-Sharing Site YouTube (LAT)

By Jesus Sanchez

The Los Angeles Times, October 10, 2006

Google Inc. today agreed to purchase YouTube Inc. for $1.65 billion in stock in a deal that will combine the Internet's largest search engine and its most popular site to watch video.

The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day

"By joining forces with Google, we can benefit from its global reach and technology leadership to deliver a more comprehensive entertainment experience for our users and to create new opportunities for our partners," said YouTube Chief Executive Officer and co-founder Chad Hurley in a statement.

Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organize the world's information and make it universally accessible and useful," said Eric Schmidt, chief executive officer of Google, in a statement.

In addition to attracting hoards of viewers, YouTube has also drawn threats of lawsuits from music labels and TV studios for not adequately blocking copyrighted works. Meanwhile, the 60-person start-up is struggling to make enough money to offset its bandwidth costs.

The deal marks the first time Google, which prefers to fill in its product line with small acquisitions, has bought a technology company that makes a competing — and more successful — product.

It also would be a major acknowledgment by Google that its own video service, launched in January, failed to keep pace with the San Mateo, Calif.-based upstart, founded by Hurley and Steve Chen.

YouTube received 46% of all visits to online video websites in September, compared with 11% for Google, according to Hitwise, a market research firm.

Observers said Google could give YouTube the advertising connections, technology team and legitimacy it needed to dominate the video-sharing business in much the same way that social-networking site MySpace blossomed into an Internet heavyweight since it joined News Corp. last year.

YouTube is experimenting with ways to make money, including charging advertisers to feature videos on its home page, and to create branded channels for the content.

Also, Warner Music Group Inc. agreed to license its entire catalog of music and videos to YouTube in exchange for a cut of any revenue from advertising or sponsorships sold around its music.

Google Gambles On Web Video (WP)

By Sara Kehaulani Goo

The Washington Post, October 10, 2006

Google said yesterday that it will acquire Internet video phenomenon YouTube for $1.65 billion in stock, a deal that leaves the search giant betting on the future of online video as well as tackling some of the risks that come with managing a site built by a homegrown audience.

The deal, which Google called "the next step in the evolution of the Internet," is reminiscent of the late 1990s, when Web companies judged their success by the buzz they created more than by immediate profits. This time, YouTube, an as-yet-

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unprofitable Silicon Valley start-up with two founders in their twenties, grew a huge audience at a pace outdone only by MySpace.com.

In less than a year, YouTube attracted more than 72 million unique monthly visitors by allowing users to share short homemade video clips. Through word of mouth, the site became an instant Internet phenomenon, providing a huge library of entertaining videos and giving a voice to budding Internet stars every week.

"There's a new class of sites that have really developed very quickly, are very successful and very attractive to users and are obviously delivering value," Sergey Brin, a Google co-founder, said in a conference call. "It's kind of a next generation of Internet sites and companies. . . . It's a whole new ecosystem, and we're excited to be a part of it."

Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as "South Park," "The Daily Show with Jon Stewart" and "Laguna Beach" can be found on the site.

Also a factor is the fickleness of YouTube's online audience, which could migrate elsewhere or become turned off by the large amount of corporate advertising making its way onto the site. A year after online star MySpace.com, a social networking site, was acquired by News Corp. for $580 million, the core audience has shifted from teenagers to people in their thirties.

"The game back in the 1990s to 2001 was to attract as many eyeballs as possible. That hasn't changed," said Tim Bajarin, a longtime technology consultant and futurist with Creative Strategies. "The big difference today is the social network. One of the most powerful methods for spreading information is word of mouth, and the incredible explosion of that use, from spreading information and inviting people, especially within this young age group, is one huge difference."

Several analysts said they were surprised by the nature and price of YouTube's sale, which equates to about $22 per visitor, according to senior analyst Brian Haven of Forrester Research. That's a substantial jump from the roughly $10 per visitor in the MySpace acquisition. College-oriented networking site Facebook, which has about 14.7 million visitors monthly, has been said to be in acquisition talks with Yahoo for $1 billion -- about $67 per visitor.

Haven judged the YouTube price to be "a little high," but said "online video is really exploding. There's a lot of profit for it in the future."

Some analysts had cautioned Google not to purchase YouTube out of concern that online audiences could shift if they didn't like how a site was evolving. Earlier this year, several thousand members of social networking site Tribe.net left to start another site in protest of new restrictions put in place by new management.

"We would be cautions about [Google] paying up to buy a hot video site like Youtube.com because hot sites may fetch bubble-like valuations, and what is a fad today may be forgotten by next year," wrote Guzman & Co. analyst Phil Remek in a research note earlier this year.

After MySpace was acquired by News Corp., the Web site attracted more media companies, music labels and movie studios, which built their own pages as members of the group. But that gave the site a more corporate feel. Before the acquisition, teenagers made up 25 percent of the membership. Today, only 12 percent of the site's members are teens, according to ComScore Networks Inc.

Today, people over age 35 dominate, making up 40 percent of the membership. Overall, MySpace has gained 34 million members in the past year, according to ComScore.

MySpace "got a lot more people in the older age bracket, but not at the expense of losing people in the younger bracket. The buying power of the older people probably exceeds the younger people, so for advertisers, it's a positive," said Gian Fulgoni, chairman of ComScore. "It might turn out that News Corp. got a heck of a deal."

Google said it planned to keep YouTube separate from its own video site, though it would leverage Google search and other technology to enhance YouTube. Google declined to answer questions about how quickly it expected to earn profit from YouTube.

YouTube has received $11.5 million in venture funding from Sequoia Capital and is estimated to be spending at least $2 million monthly to operate the content-rich site. Sequoia owns roughly 30 percent of YouTube, according to the Associated Press. Google also will inherit a copyright-infringement lawsuit filed against YouTube by a journalist who operates the Los Angeles News Service. YouTube has been able to prevent more lawsuits by negotiating with media companies to provide their

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content on the site in revenue-sharing deals. So far, the site has announced deals with NBC Universal and Warner Music Group. Yesterday, deals were announced with Sony BMG, CBS and Universal Music Group.

Greg Kostello, a former executive at Mp3.com, which was sued for copyright infringement over its music content years ago, said YouTube has not been hit by more lawsuits because it has had few assets. "If you sue them [before they are acquired], you're not going to get much," Kostello said.

YouTube said yesterday that it is developing a technology that will scan keywords and audio in the uploaded clips for potential copyright infringements. YouTube and Google left open the possibility that the site could become more commercial. YouTube chief executive Chad Hurley said he planned to introduce new advertising platforms and ways to integrate search and advertising technologies into the video clips. But he was noncommittal when asked if he would allow "pre-roll" advertisements to run before certain videos begin playing, a move counter to YouTube's current policy.

"We're going to be exploring a lot of options," he said. Google's advertising technologies "present a good experience that benefits our users' experience and helps partners monetize their content."

But it could also upset members, who react when they feel that the site is heading in the wrong direction, such as what happened when rapper and hip-hop mogul Sean "P. Diddy" Combs was featured in a video.

Shortly after, member Lisa Donovan created her own video that mimicked the rap star's video clip.

"YouTube is very much a community. There's a community voice, and there's a group of people very protective of their space. They were turned off by P. Diddy. It was so apparent they were just being advertised to," Donovan said. "That's what you expect on TV."

Like it or not, though, this sort of site is attractive to larger companies.

For Google, the YouTube acquisition boosts its traction in the online video space, where it hasn't had much success. Google's own video site has consistently lagged behind YouTube. With more than 100 million videos being viewed on YouTube daily, it attracts about four times more traffic than Google Video, according to Hitwise.

Google To Acquire YouTube For $1.65 Billion (NYT)

By ANDREW ROSS SORKIN And JEREMY W. PETERS

The New York Times, October 9, 2006

Google announced this afternoon that it would buy YouTube, the popular video-sharing Web site, for stock that it valued at $1.65 billion.

Google beat out a number of other YouTube suitors, including Microsoft, Viacom, Yahoo and the News Corporation. By successfully negotiating the deal, Google has once again proved that it is the Internet's dominant player.

Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View.

Chad Hurley, YouTube's co-founder and chief executive, has repeatedly said he would prefer for his company to remain independent. Asked about such comments in a conference call with Wall Street analysts and investors held late this afternoon, Mr. Hurley said his company did want to stay independent, adding that "by working with Google, that's still the case."

Steve Chen, also a YouTube co-founder, said, "It is hard for me to imagine a better fit for two companies," both in terms of technology and company culture.

The rise of YouTube has been meteoric. The Internet start-up has been in operation for less than a year, yet it already has an estimated 50 million users worldwide.

The acquisition of the privately held YouTube will enable Google to thrive in one area of the Internet where it has so far failed to gain footing. According to Hitwise, which monitors Web traffic, has the lion's share of online video traffic. YouTube has a 46 percent share, MySpace has 23 percent and Google Video has 10 percent.

The deal will also greatly benefit YouTube, which would have Google's vast resources to help it navigate some sticky legal issues. Copyrighted videos often find their way onto YouTube's pages despite efforts by the site to prevent it. YouTube could also benefit from a Google alliance as it tries to develop new software to prevent copyright infringement.

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These copyright issues have led some in the technology industry to compare YouTube to Napster, the song file-sharing service that eventually had to shut down after a protracted legal fight with the recording industry.

Earlier today, YouTube signed three separate deals that should provide some legal protection from copyright infringement claims. One of the deals will allow YouTube to broadcast CBS programming. In addition, YouTube reached agreements with the Universal Music Group and Sony BMG Music Entertainment that will allow it to broadcast music videos.

YouTube, Google and Napster all share one common thread: a bootstraps success story of young technology buffs who started with nothing. Mr. Hurley and Mr. Chen started YouTube after the two struggled to share videos of a dinner party in January 2005. Still in their 20's and working from a garage, the two secured $3.5 million in capital from Sequoia Capital, the same firm that helped finance Google when it was still a fledgling company, as well as other Silicon Valley stars like Apple, Cisco, Oracle and Yahoo.

The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company.

Sequoia's stake in YouTube has been estimated at approximately 30 percent, which means it would be worth about $495 million based on the acquisition price.

Experts say Sequoia's go-it-alone investment in YouTube represents the kind of aggressive move for which Sequoia is known. A more typical, and safer, approach would have been to bring in other investors, especially for an early stage investment in a company at risk of becoming the target of costly lawsuits.

"They had an absurdly high level of confidence with what they were doing," said Paul Kedrosky, a venture capitalist and author of the blog Infectious Greed.

The fact that a Sequoia partner, Michael Moritz, sits on the board of Google, while his colleague, Roelof Botha, led the investment in YouTube, could have given Google more insights, and therefore, more confidence, into the legal risks associated with YouTube, Mr. Kedrosky said.

Google has experienced explosive growth in recent years, and in the past two years the value of its stock has more than quadrupled. Today, Google's shares gained $8.50, or 2 percent, to close at $429 following news reports about a deal with YouTube. The deal was announced after the stock market closed.

Google's most recent earnings report showed that the company's second-quarter profits more than doubled from a year earlier. Its employee base has grown by about a fifth during the first half of the year.<NYT_AUTHOR_ID>

Miguel Helft and Peter Edmonston contributed reporting for this story.</NYT_AUTHOR_ID> </NYT_TEXT>

Ready For Its Close-Up (NYT)

The New York Times, October 10, 2006

Even by the standards of the online world, YouTube has been something of an overnight sensation, spreading like a gale-driven wildfire almost from the moment it officially debuted last December. The Web site cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution.

That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion.

While it may be one of the most popular sites on the Internet, YouTube is not without detractors. The company has yet to turn a profit and could face significant legal challenges. It has often been likened to Napster, which was shut down by a federal court ruling in 2001 as an illegal file-swapping service.

But comparisons to the early days of music piracy are off the mark. Much of what is on the site is user-generated material, posted by pranksters and budding auteurs, politicians and video diarists seeking attention rather than money. YouTube has been working with professional content providers from the very beginning, however fitfully it may appear at times. In the site's first few months, publicity-seeking corporate marketing teams would post clips that were sometimes followed by cease-and-desist letters about the very same content from those companies' legal departments.

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The 10th-most-viewed video in the site's history is "Ronaldinho: Touch of Gold," a Nike commercial featuring fancy footwork by the Brazilian soccer star. Consumers have watched it on YouTube more than seven million times. Many companies see potential and are lining up to work with the site, rather than begging a court to shut it down. Yesterday, YouTube announced deals with CBS, Sony BMG Music Entertainment and Universal Music Group.

For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in.

Private-Equity Firms Face Anticompetitive Probe (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 10, 2006

U.S.'s Informal Inquiries Have Gone to Major Players Such as KKR, Silver Lake

The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter.

In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms.

These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003.

The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior.

It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment.

The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc.

For private-equity players, their daily battlefield is one of both fervent competition and cooperation-by-necessity.

At times the firms are avidly jostling with one another to gain an advantage in an auction. At other moments they are cooperating in "club" deals in which they combine their capital and know-how to pursue a given target.

A set of polite rules has largely applied to this dynamic. For instance, once a private-equity firm signs a definitive merger agreement with a target, competing buyout groups have shied from "jumping" the transaction with a competing bid.

The formation of the "clubs" -- which have drawn as many as seven members into one bidding team -- may at least theoretically depress prices because they limit the number of competing players in an auction.

Indeed, often these competitive auctions can have surprise endings as bidders who submitted a losing offer later join the winning group.

But the heads of private-equity firms say that such dynamics aren't evidence of collusion so much as the desire to share the risks with people who have already studied the business.

And at the heart of any inquiry into anticompetitive behavior is the nature of information -- how it is used, shared, and traded among a group of players.

If competing bidders were sharing information about their bids, for instance, or agreeing that the losers would later be invited to join in the winning group, that might represent suspect behavior, as it would artificially suppress prices that companies would fetch at auction.

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"The issue of anticompetitiveness is a live one. It is easy to wonder about whether auctions can be collusive," says Josh Lerner, a professor at Harvard Business School who focuses on the private-equity firms. "So much is a repeat game. There are bitter confrontations but then they do deals with each other again and that softens things."

It is nonetheless difficult to define what exactly collusive behavior means, let alone prove it in a world where a dozen top firms constantly are battling with one another.

Executives at private-equity firms say it is hard to imagine that there would be something as overt as an exchange of promises not to compete on respective deals. At the same time though, many are aware that one of the reasons the fabled KKR deal for RJR Nabisco wasn't so lucrative in the end was that undisciplined bidding drove up the price and say that they have absorbed the lesson, which is to exercise restraint in the bidding process.

"The buyout business has always been competitive," said Steve Pagliuca, a senior executive at Bain Capital, at a recent conference. "It is just that now it isn't one on one but team versus teams."

If anything, private-equity executives say, the implicit gentleman's code is coming under pressure as firms jockey to lead the next big transaction. Such was the case for Freescale Semiconductor Inc., which signed a $17.7 billion deal with KKR, Silver Lake and Bain Capital. A rival group from Blackstone was close to mounting its own offer but ultimately backed away.

Is that a sign of anticompetitive behavior? Most private-equity executives would say not. "It has been civil and I expect it to remain so." said David Rubenstein, co-founder of Carlyle Group in a recent speech.

-- John R. Wilke contributed to this article.

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Two Quit BA Amid Price-fixing Probe (FT)

By Kevin Done, Aerospace Correspondent

Financial Times, October 10, 2006

Martin George, commercial director of British Airways, resigned on Monday after admitting that “inappropriate conversations” had taken place in his department over the setting of fuel surcharges on long-haul air fares.

Iain Burns, BA head of communications, has also resigned.

Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK.

Mr George was a member of the BA board and was a candidate last year for the post of BA chief executive, a contest won by Willie Walsh, to replace Sir Rod Eddington.

BA premises were raided by the Office of Fair Trading in early June.

In a letter of resignation to Martin Broughton, BA chairman, Mr George said, “I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges. I was not involved in such conversations.

“Although the board of BA has not found, that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.”

Mr George said “I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course.”

Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations.

In June it emerged that Virgin Atlantic, the UK long-haul airline controlled by Sir Richard Branson, had helped the OFT with information about its rival BA, which helped to trigger the investigation of alleged price fixing by some long-haul airlines operating to and from the UK.

BA has a history of stormy relations with Virgin Atlantic. It is understood that Virgin Atlantic passed information to the OFT about an approach made by a BA executive last year about a possible raising of the fuel surcharge.

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BA said on Monday that it had emerged from work done by the airline in response to requests for information made by the regulators that "contacts took place with a competitor in respect of long-haul passenger fuel surcharges in breach of the company's compliance policy."

The airline said that it was continuing to assist the regulators in their investigations.

BA shares were 2 per cent lower at 429½ p in lunchtime trading.

The BA case is the first test that has become publicly known of the OFT's new powers, acquired under the 2002 Enterprise Act, to investigate criminal cartels.

The OFT has civil law powers to impose fines of up to 10 per cent of worldwide sales on companies guilty of price-fixing. Individuals found guilty of criminal cartel charges could face five years in prison or unlimited fines.

The BA surcharges, which have risen in steps to £35 per sector or flight leg on long-haul services (£70 for a return trip), were introduced two years ago in response to the rapid rise in oil prices. Many other airlines made similar moves.

According to legal sources in Washington the June inspection of BA's premises was triggered by documents and testimony uncovered during the separate ongoing global investigation into alleged price-fixing in the air cargo sector, which was launched in February.

The joint action on cargo started by the US Department of Justice and the European Commission against a number of airlines in Asia, Europe and the US has led to multiple class-action lawsuits from US and European freight companies and customers.

Lufthansa, the German national carrier, which triggered the cargo probe by agreeing to co-operate with the DoJ at the end of last year, agreed in September to pay $85m to settle an array of class-action suits pending in the US.

The German flag carrier has also sought leniency from cartel authorities in Europe, the US and elsewhere, and said last month it had received conditional immunity.

British Airways Commercial Director Quits Amid Probe (Update2) (BLOOM)

By Kamil Tchorek And Richard Blackden

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy.

George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned.

``Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges," George said in the statement. ``Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities."

British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers.

Shares of British Airways fell as much as 8.75 pence, or 2 percent, to 429.5 pence and were 1.9 percent down at 430 pence at 9:41 a.m. in London.

The investigation by the U.K. Office of Fair Trading is ``ongoing" said John Marciano, a spokesman for the U.K. agency. He declined to comment further.

Robert Boyle, British Airways' director of planning, has been appointed commercial director with immediate effect, the airline said. Thomas Coops, previously the communications director at Abbey National Plc, has been appointed interim head of corporate and media relations.

BA Executives Exit Over Long-haul Fuel Surcharges Violation (LONIND)

By James Daley

London Independent (UK), October 10, 2006

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Two senior British Airways executives quit yesterday after the airline revealed there had been a breach of its rules during the setting of its long-haul fuel surcharges earlier this year.

Martin George, the company's commercial director and an executive member of the board, resigned with immediate effect, conceding that "inappropriate conversations" may have taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect.

Mr George, who was paid £375,000 a year, stands to receive 12 months' pay in lieu of notice. Mr Burns is expected to receive six months' pay in lieu of his notice period.

The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector.

In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic.

Mr Burns and Mr George were sent on leave when the inquiry began in June. However, at the time, the BA chairman, Martin Broughton, said he was hopeful that he would have the pair back in their jobs, and the matter cleared up, very shortly.

In a letter to Mr Broughton yesterday, Mr George said it was with great regret he was resigning after 19 years with the company.

"I now recognise that, within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges," he wrote. "I was not involved in such conversations. Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.

"As you know, becoming a board member of British Airways has been the highlight of my career so far. I remain committed to doing what I can in the interests of the airline, to which I have dedicated my last 19 working years. I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Mr George is to be replaced with immediate effect by Robert Boyle, the airline's director of planning. Thomas Coops, a former communications director at Abbey National, will take over from Mr Burns on an interim basis. BA said its priority was to ensure it was abiding by all relevant competition rules, adding it was continuing to assist the regulators with their investigations. It admitted there had been a breach of its internal rules.

Two Top BA Executives Resign Amid Price Probe (AFP-Y)

AFP, October 10, 2006

British Airways has announced that two key executives have resigned amid a probe by British and American authorities into alleged cartel activity over fuel surcharges.

Martin George, commercial director, and Iain Burns, head of communications, have left their positions with immediate effect, BA said in an official statement to the London Stock Exchange on Monday.

George's resignation letter cited "inappropriate conversations" within his department over fuel surcharges, but noted that the director had not been involved in the discussions.

Both men had been on leave of absence since June when Britain's Office of Fair Trading and the US Department of Justice began an investigation focused on long-haul passenger fuel surcharges.

"It is with regret that I notify you of my decision to step down as Commercial Director of British Airways," George wrote in a letter which was quoted in the BA statement.

He continued: "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as Head of Department and as a Board Director."

BA said that Robert Boyle, BA's director of planning, has been appointed George's successor.

Thomas Coops, former communications director at banking group Abbey National, has meanwhile been appointed interim head of corporate and media relations.

BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines.

The Great Plane Robbery? (BBC)

By Nishi Bolakee, BBC Money Programme

BBC.com, October 10, 2006

Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies.

BA has been subject to a dawn raid

The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices.

Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete.

Higher prices for goods

The first alleged conspiracy concerns the prices of surcharges on cargo shipments.

BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate.

The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits.

What the air cargo carriers did was raise the prices over and above what they should have been

Michael Hausfeld, class action lawyer at Cohen, Milstein, Hausfeld and Toll

Bruce Simon, of class action lawyers Cotchett, Pitre, Simon, and McCarthy, says "It is simply extraordinary, that all the prices were the same at the same time."

"And of course, one of the allegations is that the prices shouldn't be the same if the operating costs are different for the airlines, and there's no economic reason why it should be that way."

So how does this affect the consumer?

US lawyers suing for compensation reckon that shippers were forced to pay more for exporting their goods leading to higher prices for products in the shops.

Michael Hausfeld, another class action lawyer from the firm Cohen, Milstein, Hausfeld and Toll, says: "They are definitely affecting every consumer literally in most purchases they make. It all goes into the price."

"And, what the air cargo carriers did was raise the prices over and above what they should have been."

Recently, Lufthansa - the German national carrier, agreed to pay $85 million in compensation to shippers to settle with lawyers in the cargo case.

Other airlines may follow suit with similar payments and the total compensation bill could top $1 billion.

Increased cost of flying

The second official investigation involves allegations of price-fixing of surcharges on passenger flights.

BA's offices have been raided, and there is a mystery surrounding BA's old enemy Virgin Atlantic, run by renowned consumer champion Richard Branson, and its role in the affair.

Virgin has increased its chances of going scot free by playing the game smartly

The allegations relate to passenger fuel surcharges which have risen from £5 return for long haul flights when they were introduced in May 2004, to £70 from April this year.

They were introduced to help the airlines with the rising cost of fuel.

While Virgin's offices have not been raided by official agencies, Richard Branson's company is being sued, along with BA, by class action lawyers in the US who allege that the two companies conspired to fix the price of the surcharges.

Immunity?

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"I have nothing to indicate that Mr Branson, was involved or knows anything about the situation

Bruce Simon, class action lawyer at Cotchett, Pitre, Simon, and McCarthy

Virgin is said to have played for advantage in the controversy by blowing the whistle and reporting its old adversary to the UK's Office of Fair Trading.

That could mean that Virgin would qualify for immunity in official legal proceedings.

Some reports suggest Virgin did no more than report an illegal approach by BA although class action lawyers believe it went further.

Bruce Simon is doubtful that Mr Branson had any knowledge of a price fixing scheme and says: "I have nothing to indicate that Mr Branson, was involved or knows anything about the situation.

"Those matters don't have to rise to the level of the board. They don't have to rise to the level of a chief executive officer for them to be implemented."

Meanwhile, BA has suspended the number two in the company, Commercial Director Martin George, and its Director of Communications Iain Burns.

And on Monday BA announced that the two men had resigned.

Virgin is being sued along with BA for price-fixing

The surcharges have hit consumers like Chris and Carolyn Wood, frequent travellers to the US on both Virgin and BA.

Four generations of the Woods, eight people in total, flew to visit relatives in Florida in September.

Chris paid for five members of his family to take this trip. He was shocked to find just how much was added to the price of his tickets to help airlines pay for taxes, airport fees and the rising cost of fuel.

Chris says: "I'd offered to pay for my mother-in-law as a special treat. I found that in terms of just my cost, which was my two boys, my wife, my mother in law, and myself, we'd got an extra seven hundred odd pounds or so".

'Dirty Tricks'

The current row is the latest chapter in a long history of bitter conflict between the two companies.

Jeff Randall, Editor-at-Large of the Daily Telegraph and former BBC Business Editor says: "This is yet another delicious chapter in a saga that's been going on the best part of twenty years."

If airlines are found to be guilty of price fixing then the consequences could be severe.

Pat Treacy, a competition lawyer for law firm Bristows, says "The legal worst case scenario for BA - the very worst thing that could possibly happen to a company under the law, is that it would be fined 10% of its global turnover."

BA's turnover is around £8bn, so the company could be fined £800m.

The class action lawyers are seeking yet more huge sums in compensation for customers whom, they allege, have been overcharged.

The Money Programme report is shown on BBC Two at 10pm on Monday 9 Ocotber.

Sanofi-Aventis Is Said To Be The Mystery Suitor For ImClone, And Icahn's Competitor (NYT)

By Andrew Ross Sorkin And Peter Edmonston

The New York Times, October 10, 2006

The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday.

Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a "major international pharmaceutical company" last month.

The disclosure of a would-be suitor, which ImClone did not identify, became the latest point of contention in an escalating battle between Mr. Icahn and the company. Mr. Icahn said last week that ImClone was worth more than $36 a share "if it is run by competent people."

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In trading yesterday, ImClone stock rose just over 1 percent, to $29.90, after Sanofi's identity was reported by DealBook, a Web log published by nytimes.com. ImClone licenses a patent for the cancer drug Erbitux from the Paris-based Sanofi-Aventis, one of the largest drug companies in the world.

Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets. The United States accounted for 35 percent of Sanofi's net sales in 2005, according to filings with the Securities and Exchange Commission.

Some analysts have said that Sanofi may be interested in Bristol-Myers Squibb, a company that has been seen as a potential takeover target since it ousted its chief executive, Peter R. Dolan, last month. Bristol markets Plavix, a best-selling drug used to fight blood clots, in partnership with Sanofi-Aventis. In a conference call with reporters last month, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company.

In Bristol-Myers, Sanofi or another acquirer would get a significant piece of ImClone. Bristol-Myers is ImClone's largest shareholder, with 17 percent. Bristol sells Erbitux in the United States and pays ImClone a royalty on these sales.

The emergence of Sanofi's interest may also give new life to ImClone's attempts to find a buyer. Earlier this year, ImClone put itself up for sale, but after a six-month search, the company announced in August that it would remain independent.

Calls to representatives of ImClone were not returned yesterday. Calls to Sanofi-Aventis were unsuccessful.

ImClone, meanwhile, continues to do battle with Mr. Icahn, who is known for trying to shake up companies that he thinks are underperforming.

Last month, ImClone shareholders voted Mr. Icahn and two allies onto the company's board. Since then, he has filed a proposal urging shareholders to remove 6 other members of the 12-member board and add one of his nominees.

In a proxy statement, ImClone has urged shareholders to reject Mr. Icahn's proposal, arguing that "a balanced board is better positioned than one dominated by Mr. Icahn."

Volkswagen Urges Scania And MAN To Reach An Amicable Deal (WSJ)

By Jason Singer And Christoph Rauwald And Stephen Power

The Wall Street Journal, October 10, 2006

An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal.

Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. Volkswagen is the largest shareholder in Scania and last week became the largest shareholder in MAN as well.

However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion.

MAN's bid for Scania has drawn some of Europe's largest industrial companies into a bitter feud, where competing interests and rival corporate strategies have clashed. To gain an edge, Volkswagen last week made a surprise purchase of 15.06% of truck and diesel-engine maker MAN.

Mr. Pischetsrieder's conference call was the first time he has outlined his views since Volkswagen became the key shareholder in both the bidder and the target. He said his comments were made as Volkswagen's CEO and not as chairman of Scania, a position he also holds. He said he has recused himself from Scania board meetings because of his conflicting interests. Mr. Pischetsrieder refused to take questions from reporters during the call.

"We need the best solution, and at the end of the day the best solution has to be in the interests of the shareholders," Mr. Pischetsrieder said. "What kind of structure a new company or a merged company would have, I don't want to speculate on."

He declined to rule out a possible reverse bid by Scania to try to take over MAN, something that would allow Volkswagen to retain its super-voting shares in Scania. Mr. Pischetsrieder had said he would like to see the super-voting shares valued more highly than common. MAN's bid values all shares at the same level.

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A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB of Sweden and DaimlerChrysler AG of Germany.

Scania's other large shareholder, Investor, said yesterday it saw some industrial logic in a tie-up between the Swedish truck maker and MAN, and it was open to all options when it comes to Scania's future. The Swedish holding company, which is controlled by the Wallenberg family, had said it would support the deal that produces the highest value for its own shareholders.

Just prior to Mr. Pischetsrieder's conference call, MAN said in a statement that it would consider withdrawing its hostile bid in favor of friendly negotiations, if certain conditions were met. Mr. Pischetsrieder welcomed the move and said he wasn't aware of what those conditions were. A MAN spokesman declined to elaborate.

PNC To Buy Mercantile In $6B Deal (USAT/BLOOM)

By Adrian Cox And Elizabeth Hester

USA Today, October 10, 2006

PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area.

PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares.

Mercantile owns 11 community banks and a mortgage lender with 240 branches in the Mid-Atlantic region, giving PNC more companies and wealthy individuals to serve in a market where the median income is 35% higher than the U.S. average. PNC, which entered Washington last year with the purchase of Riggs National, will become the 10th-largest U.S. bank after adding Mercantile's $17 billion in assets.

PNC “paid a premium for a premium franchise,” John McDonald, analyst at Banc of America Securities, wrote in a report to clients. “Mercantile has a strong franchise in an attractive and relatively faster growth footprint.”

Mercantile customers have a median income of more than $69,000 a year, 18% higher than PNC's customers, the bank said in a presentation to investors. Population is expected to surge 10% in the next five years in the counties where Mercantile does business, vs. 2.1% for PNC's population base.

Mercantile is “the jewel that fits between our Washington, D.C., franchise and our Philadelphia and Delaware and New Jersey franchise,” PNC CEO James Rohr said.

PNC expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings.

Mercantile rose $8.16, or 22%, to $44.94 Monday. PNC is giving Mercantile shareholders 0.4184 PNC shares and $16.45 in cash for each share they own. PNC shares fell $3.20 to $70.40.

Mercantile CEO Edward Kelly, who will be a PNC vice chairman after the deal closes, has been expanding the lender in the Mid-Atlantic region. Mercantile agreed to buy Community Bank of Northern Virginia for $212 million in January 2005 and James Monroe Bancorp for $143 million this March.

PNC had a gain of about $1.6 billion from division BlackRock's purchase of Merrill Lynch's money-management unit last month. Rohr said in February that the bank would consider using the money for acquisitions.

The area that encompasses Washington and Arlington, Va., is the eighth-most populous in the USA with 5.28 million residents, and is the third-wealthiest in the nation with a median household income of $76,248. Its population is projected to expand 10.8% from 2005 to 2010, according to U.S. Census estimates, compared with 6.3% for the nation overall.

“PNC recognized that if it was going to jump in deeper into this Washington, D.C., Northern Virginia, Maryland market, it was going to be an expensive market to get into,” says Gerard Cassidy, an analyst at RBC Capital Markets. “This is a Neiman Marcus market, not a K-Mart market, and as a result, you've got to pay Neiman Marcus prices, which is what they did here.”

PNC Plans To Purchase Baltimore's Mercantile (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, October 10, 2006

DOJ_NMG_0076746

PNC Financial Services Group Inc. said yesterday it would buy Maryland's largest independent bank, Mercantile Bankshares Corp., in a $6 billion deal that would make PNC the second-largest such institution in the state.

The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005.

Mercantile of Baltimore is the last independent commercial bank of substantial size in either Washington or Baltimore, and it is considered one of Maryland's leading business banks. It has a robust old-line trust business and 240 branches stretching from Hagerstown to Ocean City. "This puts us in some of the most affluent suburbs in Maryland," PNC chief executive James Rohr said.

Mercantile's banks operate under 11 different names in the state, such as Mercantile Potomac Bank in the Washington area, National Bank of Fredericksburg in Spotsylvania County and Fidelity Bank in Western Maryland. All those banks will be converted into PNC branches after the deal closes by March of next year.

The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses. Rohr did say that branch closings would be minimal because there is very little overlap between PNC's existing branches here, mostly old Riggs branches concentrated in the city and close-in areas, and Mercantile's largely suburban and outer-suburban branch network. Rohr said most of the cost savings will be in back-office expenses, such as duplicative software vendor contracts.

PNC is to pay Mercantile shareholders $2.1 billion in cash and about 52.5 million shares of PNC stock, which put the deal value at $47.24 a share, 28 percent higher than the closing price of Mercantile shares Friday. Mercantile stock rose 22 percent yesterday after the deal was announced, to close at $44.94, while PNC shares fell about 3.2 percent, to $70.40.

Friedman, Billings, Ramsey Group bank analyst Gary Townsend issued an "outperform" rating on PNC after the deal was announced, saying that while PNC was "paying a full price" for Mercantile, the long-term promise for the alliance is strong because of the growth prospects in the region. Washington in recent years has been one of the fastest-growing banking markets in the country in terms of the rate at which deposits are increasing and is central to the growth plans of most major East Coast banks that do business here.

Mercantile has long been known as one of the industry's most conservative banks, one that survived relatively untouched by the early 1990s commercial real estate crash and the subsequent decade of mega mergers when all of its main competitors went out of business or were sold to larger regional banks. Its strong base of business customers has made it one of the most consistently profitable banks because it pays less for deposits than many of its peers. Like all banks in the mid-Atlantic, it's biggest source of profit growth has been traditional small business and consumer banking as the region's economy and population boomed in the last 10 years.

"I think at the end of the day it was our retail banking franchise that most interested PNC," said Edward J. Kelly III, who has been chief executive of Mercantile since 2001 and is to become vice chairman of PNC's holding company, PNC Financial Service Group Inc., after the deal is completed in the first quarter of 2007.

Wall Street had been watching PNC closely since its $10 billion deal to sell part of its BlackRock Inc. wealth management unit to Merrill Lynch & Co. That put about $6 billion in cash on PNC's books and analysts expected PNC to go hunting for more mergers in its core banking business. Rohr said yesterday that PNC had wanted a bigger presence in the Washington-Baltimore market since the Riggs deal because the region was growing so fast.

"The BlackRock transaction gave us flexibility," Rohr said. "It's nice when plans come together."

Family Finance Investors Are Wary Of Buyout Offer For Cablevision (WSJ)

By Peter Grant

The Wall Street Journal, October 10, 2006

For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and Internet customers.

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That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening.

"I'm getting tired of management and private-equity firms trying to steal companies from underneath our noses, and I think this is another example of that," says John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares. "Shareholders have been asked to sit through a fairly fallow period of time. As things are beginning to look up, a lot of our upside is being taken away from us."

On Sunday, the Dolans -- who control 22.5% of the company's shares and hold 74% of the voting power -- offered $27 a share for all shares outstanding. Some investors contend the company's assets, which include a cable division servicing the New York City region, cable networks like AMC and the New York Knicks basketball team, would be valued at as much as $40 a share if sold separately. Shares closed yesterday at $26.50, up $2.57, or 11%, in 4 p.m. composite trading on the New York Stock Exchange.

After years in the doldrums, the stocks of Cablevision and other cable companies have performed better this year, and some investors predict that the gains will continue. The sector has been held back by investors' concerns about major capital-spending needs, competition from phone companies and new technologies for delivering TV programming over the Internet.

The Dolans have argued that Cablevision would be better off as a private company, which would allow it to make investment decisions without worrying about meeting quarterly earnings expectations. The cable industry sometimes requires large investments that cannot be recouped over the short-term.

In a letter Sunday to the company's board of directors, the Dolans described their offer price as "fair." They noted that it represented an 11.3% premium above Cablevision's 52-week closing high and a 14.9% premium to their unsuccessful 2005 offer for the company's cable division. A spokesman for the Dolans declined to comment further yesterday.

In buyouts and takeovers, investors are always eager to get higher prices, and they sometimes succeed. The fate of the Dolans' offer now rests with a special committee of Cablevision's board that consists of two independent directors, Thomas V. Reifenheiser, a retired banker, and retired Vice Admiral John R. Ryan. That was the same board committee that rejected the Dolans' earlier buyout offer, and the family has a better sense this time of how to appease them. A Cablevision spokesman said yesterday the two directors were unavailable for comment.

Investor griping about buyouts has intensified this year after the sales of several publicly traded companies generated quick profits for buyers. Earlier this year, for example, Fairmont Hotels & Resorts Inc. was acquired for $3.3 billion by Colony Capital LLC, a Los Angeles investment firm, and Saudi Prince Alwaleed bin Talal's Kingdom Hotels International. Fairmont recently announced the sale of seven hotels, far less than half of its portfolio, to a pension fund for $1.5 billion.

In recent years, the antics of the Dolan family have drawn far more attention than Cablevision's performance. Cablevision Chairman Charles F. Dolan and his son, Chief Executive James L. Dolan, fought openly and bitterly over the fate of Voom, a satellite television unit that the senior Mr. Dolan supported but that his son helped kill. The family also tussled with New York City Mayor Michael Bloomberg over a new stadium that was proposed for Manhattan, which would have competed with Cablevision's Madison Square Garden. Recently, the company was drawn into the federal investigation of options backdating, admitting that it gave backdated options to an executive after he died.

Along the way, Bethpage, N.Y.-based Cablevision quietly has become the envy of the cable industry, in part due to the efforts of Chief Operating Officer Thomas Rutledge. He has kept the company focused on the cutting edge of phone and video technology. That has helped Cablevision to add more than 60,000 subscribers, while many rival cable operators were losing subscribers to satellite-TV competitors. The company has signed up about one million Internet-phone-service customers since November 2003, making it the cable-industry leader in grabbing market share, according to analyst Aryeh Bourkoff of UBS AG.

"My clients would like to see the company stay public with Rutledge at the helm," says Mario Gabelli, chief executive of Gabelli Asset Management, one of Cablevision's largest shareholders. If that doesn't happen, he says, he would like other companies to be able to bid against the Dolans. Time Warner Inc.'s cable division, he says, has long been interested. Time Warner declined to comment on the matter.

Some investors think the offer will be accepted by the board committee, noting that it is higher than the buyout offer made by the family in June 2005, when adjusted for the $10-per-share dividend that Cablevision paid earlier this year.

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Other investors don't like what they see. The offer, they note, values the company at $19 billion, including debt. The Knicks, the cable-TV networks and additional assets other than the main cable unit are worth as much as $5 billion, they contend. That doesn't include the potential profits from a plan to redevelop Madison Square Garden, which the company is pursuing with Vornado Realty Trust.

That leaves a valuation of about $14 billion for the cable unit, they say, which is less than nine times the unit's earnings before interest, taxes, depreciation, and amortization, or Ebitda, a common metric in the cable industry. By contrast, Comcast Corp., the country's largest cable operator, is trading at more than nine times Ebitda. Many cable analysts contend that Cablevision's systems are more valuable than Comcast's because their average subscribers spend more.

Shares of Cablevision rose sharply yesterday but remained below the offer price, a sign that some investors think the buyout offer will collapse. That's what happened to the family's buyout attempt 20 months ago, after a special committee of directors found the price inadequate.

Cablevision's prospects looked bleaker in the summer of 2002. It was facing a cash crunch stemming from the debt it took on to finance cable-network upgrades, a perennial burden for the cable industry. In a presentation to investors, James Dolan outlined his plan for dealing with the financial problems that some investors criticized as rambling and unconvincing. The stock was trading below $5 a share.

To deal with its liquidity problems, the company laid off thousands of workers and sold noncore assets such as its Bravo cable network. It increased cash flow by steadily adding cable and high-speed Internet subscribers. By mid-2003, Cablevision's stock was over $20 a share.

Mr. Rutledge was one of the architects of the turnaround. He had joined the company in early 2002 after losing out in a struggle over strategy at Time Warner's cable unit, where he was president. He had extensive experience with customer service, network construction and other operational basics.

Cable operators were losing hundreds of thousands of subscribers to satellite TV companies. Mr. Rutledge pushed Cablevision to upgrade its technology. The company stopped using an advanced yet expensive set-top box manufactured by Sony Corp., opting for a more widely used device made by Scientific Atlanta Inc., now a unit of Cisco Systems Inc.

Cablevision increased spending on expensive network upgrades necessary to offer customers digital cable and high-speed Internet connections. "I found it painful personally to lay people off," says Mr. Rutledge. "But we had to manage the capital expenses for upgrades and get new businesses rolled out rapidly."

Verizon Communications Inc. targeted Cablevision's affluent New York City region for its rollout of TV and ultra-high-speed Internet. Last year, after James Dolan got mail from Verizon advertising its broadband speeds, he demanded that Cablevision match it, which it did.

Mr. Rutledge became the face of Cablevision on trade-show panels and on analyst calls, where James Dolan mostly discussed Madison Square Garden. He meets with Mr. Dolan every Monday, he says, to discuss everything from new technology to trimming trees in ways that don't anger homeowners. Together, they devised the "triple play" marketing strategy for selling phone, TV and high-speed Internet service in one package, which has been mimicked by much of the cable industry.

The Dolans had decided in the late 1990s to concentrate on the New York City market and had sold off their systems outside of it. That made it less expensive for the company to introduce new technology because just three distribution points served all its customers. The concentration on one region also made it easier to roll out phone service. Mr. Rutledge says he and the Dolans planned to do this as early as 2002, but were delayed by the wait for advances in Internet technology. The company avoided using traditional circuit-switch technology, which is more expensive.

The new phone service and the triple-play pricing plan, which costs customers $89.95 a month, caught on with customers. More than 20% of the homes reached by Cablevision's networks now take phone service from the cable operator, and most of those take TV and Internet service as well. Marketing experts say it is more difficult for rivals like Verizon to poach subscribers to Cablevision's three-service package than it is for them to steal traditional cable customers.

Mr. Rutledge also helped devise Cablevision's strategy for offering customers a service for recording live TV for later viewing. Most cable companies offered customers devices for their homes. While Cablevision does too, it's been reluctant to

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embrace that route, because the devices can cost more than $350 each -- a cost that was passed on to customers in the form of monthly fees.

Earlier this year, Cablevision announced a plan to build a recording capability into its network. Households that signed up for the service would be able to record programs without adding any special equipment to their homes.

The strategy raised questions about whether Cablevision would violate copyrights of programmers. Major movie and TV producers have filed suit against Cablevision, which is holding up the launch of the technology.

Glaxo Agrees To Acquire CNS Inc. For $566 Million (Update4) (BLOOM)

By Andrea Gerlin

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums.

Glaxo will pay $37.50 a share in cash for the Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades.

The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S.

``This outstanding business provides a great global growth opportunity for GSK," John Clarke, president of GSK Consumer Healthcare, said in the statement. ``Its two major brands, Breathe Right and FiberChoice, fit with our growth strategy and are great additions to our portfolio."

Shares Rise

Shares of CNS rose $8.38, or 29 percent, to $36.94 at 12:42 p.m. New York time in Nasdaq Stock Market composite trading. That's the stock's biggest increase in five years and its highest value since 1987. Shares of Glaxo rose 9 pence, or 0.6 percent, to 1454 pence in London.

The acquisition sends a message about Glaxo's intentions, according to analyst Gbola Amusa of Sanford C. Bernstein Ltd. in London.

``There are some people in the market who would like to see Glaxo spin off its consumer health-care division," Amusa said in a telephone interview. ``The signal is that Glaxo is serious about staying in consumer health."

CNS's board began investigating selling the company at the end of last year when it undertook an annual review of strategic options, CNS Chief Executive Officer Marti Morfitt said on a conference call. The board unanimously agreed to recommend approving the transaction to shareholders, Morfitt said.

`Good for Business'

``We believe this merger is good for the business, our stockholders and our customers," Morfitt said. ``We believe this is an excellent opportunity to maximize value for CNS stockholders."

The purchase is expected to be completed in early 2007, pending approval from CNS's shareholders and U.S. antitrust regulators, Glaxo said. The acquisition will have a neutral impact on earnings next year and a positive effect starting in 2008, Glaxo said.

Glaxo had sales of 21.66 billion pounds ($40.4 billion) in 2005, with almost $5 billion coming from consumer health-care products, according to the company's Web site. CNS had sales of $118.5 million in the 12 months ended June 30, an 18 percent increase from a year earlier, Glaxo said.

``It seems quite an expensive acquisition because they're paying $566 million for a business with sales of around $119 million," Max Herrmann, a health-care analyst at ING Financial Markets in London, said in a telephone interview. ``So they're paying quite a substantial multiple on sales."

GlaxoSmithKline Seeks Approval To Sell Cancer Drug (AP)

DOJ_NMG_0076750

AP, October 10, 2006

GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe.

Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia.

Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval.

Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies.

The company said it hopes to launch Tykerb, also known as lapatinib ditosylate, in both markets next year, but declined to comment on its sales prospects. The drug is one of the most promising in Glaxo's pipeline - analysts say it could bring in revenue of more than $1 billion each year.

"A few people have been skeptical about Tykerb because they saw a limited market, but oncologists will vote with their prescribing pen when they see good data," said Mike Ward, an analyst at Nomura Code.

Ward added that the drug's use was likely to widen to earlier stages of breast cancer, increasing its sales prospects.

The findings of an international study on the drug presented earlier this year to the American Society of Clinical Oncology found that it delayed the growth of advanced breast cancer in women who had stopped responding to rival Roche Holding AG's drug Herceptin and were out of treatment options.

Patients who received Tykerb plus the chemotherapy drug Xeloda had no growth of their tumors for 8 1/2 months. That compares to 4 1/2 months for those given only Xeloda, according to the team led by Dr. Charles Geyer Jr. of Allegheny General Hospital in Pittsburgh.

Tykerb is a pill taken daily while Herceptin in given intravenously every month.

Glaxo said that there are more than 360,000 new cases of breast cancer diagnosed every year in Europe.

"We hope that lapatinib (Tykerb) will offer these patients a much needed effective alternative treatment," Paolo Paoletti, senior vice president of Glaxo's oncology medicine development center, said in a statement.

Glaxo said it aims to have filed for approval to sell Tykerb in Australia, Canada and a number of countries in Asia, Latin America and the Middle East by the end of the year.

In a separate announcement on CNS, Glaxo said it will pay $37.50 per share in cash for the company - a premium of 31 percent on CNS' stock price at the close of trade on Friday.

CNS President and Chief Executive Marti Morfitt said Monday the company picked Glaxo after reviewing multiple offers.

"We are a company that's been growing, with a good pipeline of future growth, two strong brands, and I think it is a great fit for what they're doing and what they're building," Morfitt said.

"Their scale and their resources really do create greater opportunity there," Morfitt said.

CNS reported sales of $118.5 million in the 12 months to June 2006, an 18 percent rise over the previous 12 months. About 85 percent of the company's current sales are in the U.S. The company has wanted to expand its sales outside the U.S., and that can happen faster through Glaxo.

Breathe Right-branded products are marketed in 27 countries. FiberChoice fiber supplements are marketed solely in the United States.

Morfitt said it's not yet clear where Minneapolis-based CNS will be based or who the management team will be after the acquisition. CNS employs about 70 people, most of them in Minnesota. The Breathe Right strips are made by a separate company in Tennessee.

CNS has paid a licensing fee to the inventor of the Breathe Right strips, and that will continue after the sale, she said.

Glaxo said it expects to complete the purchase by early next year, dependent on shareholder approval and antitrust clearance.

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"The opportunity for growth through geographic expansion and pipeline innovation make this acquisition an exciting prospect," said John Clarke, the president of GSK Consumer Healthcare.

Glaxo shares rose 1 percent to 14.60 pounds ($27.22) on the London Stock Exchange.

Citigroup Sets Sights On Overseas Banks (FT)

By David Wighton In New York And Peter Thal Larsen In London

Financial Times, October 9, 2006

Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market.

He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years.

Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year.

"The pipeline is filling up nicely," he said in an interview with the Financial Times.

When he became chief executive three years ago, Mr Prince said he wanted to shift Citigroup from its historic reliance on acquisitions under his predecessor, Sandy Weill, to a balance between acquisitions and organic growth.

But a series of regulatory problems resulted in the US Federal Reserve banning the company from doing big deals until it improved its internal controls. That restriction was lifted six months ago.

The Fed ban left Mr Prince dependent on internal growth and he has come under increasing criticism for slower-than-expected returns from Citigroup's stepped-up investment in branch openings and for the relatively sluggish stock price.

Prince Alwaleed bin Talal, the Saudi prince who owns a 4.3 per cent stake in Citigroup worth $10bn, told the Financial Times in July that costs were out of control and called for "draconian" measures to curb expenses.

Sandy Weill, who constructed Citigroup through a series of acquisitions in the 1990s and stepped down as chairman in April, has told friends he agrees with Prince Alwaleed's criticisms. "He says the cost discipline has been lost," one said.

In an interview with the FT, Mr Weill said he had raised concerns about costs with Mr Prince. "I think Chuck definitely feels the need to rein in costs as well as invest for the future."

But Mr Prince insisted he would not cut back on investment. "We are on the cusp of organic growth showing through."

Some large investors say Mr Prince will need to show better progress in the third-quarter results, announced next Thursday, and for the rest of the year or the board will come under pressure to make changes.

Executives have become frustrated with the bank's share price, which has placed a limit on its ability to pay for large deals with stock.

Hollywood Warned About Piracy (FT)

By Matthew Garrahan In Los Angeles

Financial Times, October 9, 2006

Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned.

Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total international film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels.

David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy.

"The most important thing [the film industry] needs to do is give consumers a legal choice to buy content electronically," he said. "Studios have to keep looking at consumer needs to give them better alternatives [to buying illegal content]."

Failure to do this could lead to a repeat of the music industry's experience, when fast growth in illegal file sharing decimated record label returns, he added.

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Mr Sanderson also indicated that release "windows" – the time between theatrical release, DVD and pay-TV sale – would have to be compressed if the studios were to beat digital pirates.

The video-on-demand and DVD windows had already "collapsed", although making films available for digital download near, or shortly after, their theatrical release, "would have a big bearing on studio economics. Historically, windows have been a way to sell a piece of content as many times as you can."

One solution would be to sell a film digitally in a format that allowed the content to be played on multiple platforms, such as a PC, DVD player or hand-held device, and then charge consumers accordingly, he added.

"The studios have to figure out how the consumer is going to buy the content and move it around different devices."

The Bain warning comes amid a period of belt-tightening in Hollywood. Studios are increasingly bringing in financial partners, such as hedge funds and private equity firms to share the burden of escalating production costs.

Most studios have made their movies available for digital download on websites such as CinemaNow. However, these moves have had limited success. Walt Disney has enjoyed better results by making its content available on Apple's iTunes platform.

Rival studios are expected to follow next year, although concerns about the effect on DVD sales of downloading films continue to influence studios' thinking.

Danaher Is Close To Deal For Vision As Its Rivals Fade (WSJ)

By Dennis K. Berman

The Wall Street Journal, October 9, 2006

Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction.

Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems. The board of the Melbourne, Australia, company was expected to recommend Danaher's proposal, which is expected to come in the form of a tender offer, people familiar with the matter said.

Danaher, Washington, D.C., is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies.

Ventana, for instance, had originally announced a deal two months ago that valued Vision at A$2.13 a share. Then Cytyc waded into the battle, eventually offering A$3.25 a share for the company, a price that seemed a knockout bid. But it turned out to be insufficient, given Danaher's offer and the company's overwhelming financial firepower against the smaller Cytyc.

Danaher is paying up for Vision, though, because it sees an opportunity in combining Vision with its Leica Microsystems Inc. business, whose lab equipment and high-powered microscopes are used in the same pathology labs as Vision's equipment. People familiar with the transaction said that Danaher will be able to sell laboratories a full grouping of the equipment, integrating it to improve the processing time for the biopsies and cell cultures that cycle through pathology labs.

The people close to the transaction say that the acquisition still fits into Danaher's overall acquisition framework, in which it aims to notch a double-digit return on invested capital within five years of the original purchase.

A Vision purchase would mark the latest in a long line of acquisitions for Danaher, which sports a $21 billion market capitalization. During 2005, the company reported revenue of $7.98 billion and net income of $907.7 million.

ENVIRONMENT:

Company Searching For Recalled Lettuce (WP/AP)

By Juliana Barbassa

The Washington Post, October 10, 2006

DOJ_NMG_0076753

SAN FRANCISCO, Oct. 9 -- The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states.

On Sunday, Nunes Co. recalled more than 8,500 cartons of green leaf lettuce grown on one farm in the Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak that killed three people and made 199 others sick.

By Monday morning, all but 250 cartons of the lettuce distributed under the Foxy brand between Oct. 3 and Oct. 6 had been located and were being destroyed, Nunes President Tom Nunes said.

The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana.

"If we can get it all back, I'll be a happy camper," Nunes said, emphasizing that the recall was precautionary since there had been no evidence of E. coli on the lettuce, or any reports of illnesses.

The U.S. Food and Drug Administration commended the company for its action.

"Clearly, the company did the right thing in terms of taking the proper approach in not putting the public at risk and initiating a voluntary recall," said David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition.

Acheson said the lettuce recall does not appear to be related to the contaminated-spinach outbreak.

E. Coli Worry Spreads To Lettuce; California Grower Issues Recall (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

SAN FRANCISCO, Oct. 8 (AP) — Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in the Salinas Valley in California, a popular brand of lettuce grown there was recalled on Sunday over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company.

The recall comes amid warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause health risks.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said.

“We’re just reacting to a water test only,” he said. “We know there’s generic E. coli on it, but we’re not sure what that means.”

The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

The lettuce was packaged as “Green Leaf 24 Count, waxed carton,” and “Green Leaf 18 Count, cellophane sleeve, returnable carton.” Packaging is stamped with the lot code 6SL0024.

Julie Zawisza, an F.D.A. spokeswoman, said the agency was aware of the voluntary recall but had no details. Mr. Nunes said the bacteria in the lettuce fields probably did not share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

The recall at Nunes, a family-owned business with more than 20,000 acres of cropland in Arizona and California, comes days after federal agents searched two Salinas Valley produce companies connected to the nationwide spinach scare.

Epidemiologists also warned consumers last week to stay away from some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently from botulism poisoning.

On Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses had been reported from consumption of the beef.

The outbreaks have sparked demands to create a new federal agency in charge of food safety. Senators Charles E. Schumer and Hillary Rodham Clinton, both New York Democrats, are sponsoring legislation written by Senator Richard J. Durbin, Democrat of Illinois, to create a unified Food Safety Agency.

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The outbreaks have devastated the economy of the Salinas Valley, where farmers in the area began plowing spinach crops under and laying off workers last month.

Calif. Lettuce Recalled Over E. Coli Concerns (WP/AP)

By Rachel Konrad, Associated Press

The Washington Post, October 9, 2006

SAN FRANCISCO, Oct. 8 -- Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in California's Salinas Valley, a popular brand of lettuce grown there has been recalled over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, the president of Salinas-based Nunes Co. said.

The lettuce scare follows other federal warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause grave health risks -- including paralysis, respiratory failure and death.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company.

So far, company investigators have not found E. coli bacteria in the lettuce itself, Nunes stressed.

"We're just reacting to a water test only. We know there's generic E. coli on it, but we're not sure what that means," he said. "We're being extra careful. This is precautionary."

The recall covers green leaf lettuce purchased in grocery stores Oct. 3-6 in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

FDA spokeswoman Julie Zawisza said the agency is aware of the voluntary recall but had no details.

"As a standard course of action, we would expect the firm to identify the source of the contamination and take steps to . . . ensure that it doesn't happen again," Zawisza wrote in an e-mail.

It's unlikely, Nunes said, that the bacteria in the lettuce fields share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

Pathogenic Escherichia coli bacteria, or E. coli, can proliferate in uncooked produce, raw milk, unpasteurized juice, contaminated water and meat. When consumed, it may cause diarrhea and bloody stools.

Although most healthy adults recover within a week without long-term side effects, some people may develop a form of kidney failure.

That illness is most likely to occur in young children, senior citizens and people with compromised immune systems. In extreme cases, it can lead to kidney damage or death.

Epidemiologists also warned consumers last week to avoid some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently because of botulism poisoning.

Also on Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses have been reported from consumption of the beef.

'Foxy' Brand Lettuce Recalled; E. Coli Feared (USAT)

By William M. Welch, Usa Today

USA Today, October 9, 2006

LOS ANGELES - A California company is voluntarily recalling its "Foxy" brand of lettuce because of fears of E. coli contamination in produce sold last week.

The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area.

FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, "and we are looking into it."

Green leaf lettuce sold to distributors in seven western states under the "Foxy" brand is being recalled, according to the producer, The Nunes Co.

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The lettuce was distributed in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. No illnesses have been attributed to the lettuce thus far, said Tom Nunes Jr., president of the family-owned company.

All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday, he said.

Nunes called the recall a precaution ordered after the company discovered that water used to irrigate the lettuce crops had tested positive for E. coli bacteria in an initial test. “Samples of the recalled product are now being tested," he said.

E. coli can cause diarrheal illness and, in some patients, can lead to kidney damage and even death.

The lettuce was sold to stores and to distributors who may have resold it to restaurants. The produce were sold under lot code 6SL0024 and packaged as “Green Leaf 24 Count, waxed carton," and “Green Leaf 18 Count, cellophane sleeve, returnable carton."

Consumers who have purchased these products are urged to return it to the place of purchase for a full refund, said the company. Consumers with questions can reach the company at 1-800-695-5012.

Zawisza said the FDA was seeking to determine the scope of the problem.

“We would expect the firm to identify the source of the contamination and take steps to correct and prevent to ensure that it doesn't happen again," she said.

Outbreak Exposes Weakness In Food Chain (FWST)

By Libby Quaid

The Fort Worth Star-Telegram, October 10, 2006

WASHINGTON - The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria.

Like most food, spinach travels from the field to a central facility where it mixes with spinach from other fields. If any is tainted, the threat to people is amplified as leaves are washed, dried, bagged and shipped throughout the country.

Within days of the first reported E. coli-related case on Aug. 30, illness from the tainted California spinach had spread to two dozen states. Nearly 200 people were sickened - one-third of them in the first 72 hours. Two elderly women and a 2-year-old boy died.

"When you open a bag of spinach, do you wonder how many different plants are in there, and how many different fields it came from?" said Dr. Robert Tauxe, chief of foodborne diseases at the federal Centers for Disease Control and Prevention.

"If something went wrong on any one of those fields ... one rotten apple spoils the whole barrel," Tauxe said.

It was the 20th time lettuce or spinach has been blamed for an outbreak of illness since 1995.

On Sunday, green leaf lettuce from the same growing area, California's Salinas Valley, was recalled in more than half a dozen states after Nunes Co. Inc. discovered possible E. coli contamination of irrigation water. The bacteria hasn't been found in the company's Foxy brand lettuce. No illnesses have been reported.

Food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe.

"If you raise spinach in the Salinas Valley and it's in 40 states in a few days, you can't have a system that says we won't do anything until somebody gets sick," said Carol Tucker Foreman, director of food policy for Consumer Federation and a former USDA official.

"Because look how many people get sick before you can even know it," Foreman said.

The Food and Drug Administration has repeatedly told the entire industry to get the problem under control, but FDA does not have inspection or safety programs for produce like the Agriculture Department has for meat and poultry.

While the food system is vastly centralized, "what we don't have is a centralized agency that's really in charge of ensuring that the products are safe," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

An E. coli outbreak in 1993 was a painful demonstration of weakness in the highly centralized beef supply chain. Hundreds of people got sick and four children died after eating undercooked hamburgers from Jack in the Box restaurants.

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The outbreak prompted the Agriculture Department to tighten safety standards and expand government testing. And in 1996, it replaced its old visual inspection with one that requires a scientific look at vulnerable places in the production chain and constant monitoring of those points.

Today, illnesses from E. coli are down 29 percent from when the government tracking system began a decade ago, although illness rates inched up from 2004 to 2005.

"It took a few years, but I think we have a really good handle on how to control this organism," said Randy Huffman, vice president of science for the American Meat Institute, an industry group.

The company at the center of the spinach crisis, Natural Selection Foods, has begun sampling every lot of greens and holding shipments until test results come back.

"Even if we nail this particular problem down to a certain point, I think it's really important to have that firewall in place, so no matter where it might come from, we feel like we can catch it," company spokeswoman Samantha Cabaluna said.

With beef, an important step was figuring out just how contamination happened in the first place. Government scientists discovered the primary source entered the slaughterhouse on the hides of cattle, and that it could transfer directly to the surface of the meat.

Solving that mystery may be more critical for lettuce and spinach because - unlike beef - much of leafy produce is eaten raw and not cooked to temperatures that will kill E. coli.

So far, no one has determined the cause of nine outbreaks, including the one from late August, in lettuce and spinach grown in Salinas, Calif.

In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields.

In addition, it is unknown exactly where E. coli lurks in spinach and lettuce plants. Research suggests the bacteria can get inside the stems and leaves, Tauxe said, adding that more research is needed.

It's unlikely whether FDA will ever know if the E. coli bacteria was on the surface of the tainted spinach or inside the greens themselves, because it was ground up for testing, Dr. David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition, told reporters Monday.

Tauxe said: "It took the meat industry some years to get a grip on how contamination was occurring during slaughter, and it will take some time for the produce industry to get a better handle on this."

Voluntary Lettuce Recall Creates More Worry For Farmers (NYT)

By Jesse McKinley

The New York Times, October 10, 2006

SAN FRANCISCO, Oct. 9 — It is, in scope and severity, a fairly minor recall: about 8,500 cartons of lettuce, which may or may not have come into contact with irrigation water contaminated with E. coli bacteria. No one has gotten sick, the lettuce company involved emphasized, adding that the move was precautionary.

But for farmers in the Salinas Valley of California, already reeling from last month's deadly E. coli outbreak in spinach, the timing could not have been worse.

"It clearly has the potential to set back our effort to regain consumer confidence," said Bob Perkins, the executive director of the farm bureau in Monterey County, one of three counties to which the contaminated spinach was linked. "Right now, I don't know how the story is playing out with the general public, whether it's an example of another problem with the industry or it's an example of how the system works."

The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf lettuce sold under the Foxy label. Tom Nunes Jr., the company's president, said Monday that only 250 cartons could have reached consumers and that those were believed to be in one of seven Western states: Arizona, California, Idaho, Montana, Nevada, Oregon or Washington. Mr. Nunes said the other cartons had been found and were being destroyed.

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The recall was decided on, Mr. Nunes said, after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found "a dangerous concentration of generic E. coli." But he said there was no evidence yet that it was the potentially lethal strain E. coli O157:H7, which contaminated spinach last month, causing three deaths and sickening nearly 200.

"We don't know what kind of E. coli it is," said Mr. Nunes, who added that further test results on the E. coli were expected back Tuesday. "But it was enough to get our attention."

Federal health authorities commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water. Finding very low levels of E. coli in water is not unusual, said Dr. David Acheson, chief medical officer of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

Whether that will reassure customers or result in lettuce wilting at the salad bar remains to be seen. In downtown San Francisco, some delis posted signs informing customers that the shops were not using Foxy lettuce alongside notices that their spinach was safe.

Tina Lopez, an office worker at Washington Mutual here, said she was not worried about the salad she had just bought for lunch. "I figured if they had it out, it was probably O.K.," Ms. Lopez said. "If anything it's probably safer because they're scrutinizing everything."

That was exactly the kind of reaction farmers' groups were hoping for. Tim Chelling, a spokesman for Western Growers, which represents 3,000 farmers and shippers in California and Arizona, said the response to the lettuce recall had been more forceful than the one to the spinach.

"I've been hearing from everybody and their brother," Mr. Chelling said. "Everybody is communicating, trading information. People aren't stumbling around in the fields in shock, but very quickly trying to organize themselves as professionally and diligently as possible."

The lettuce recall is the latest in a series of food scares, including a recent recall of carrot juice linked to an outbreak of botulism in Georgia and Florida, and an Iowa company's recall of 5,200 pounds of ground beef thought to have been contaminated with E. coli.

And though the nationwide spinach warning has been lifted, the investigation continues. Last week, officials from the Federal Bureau of Investigation and the Office of Criminal Investigations at the F.D.A. searched two processing facilities in the Salinas Valley.

Even more than spinach, however, contaminated lettuce has long been a source of concern for health authorities. In August, the F.D.A. announced the Lettuce Safety Initiative, meant to address E. coli outbreaks in the past decade that had been linked to fields in the Salinas Valley, about 100 miles south of San Francisco.

Still, Dr. Acheson said that Americans safely consumed hundreds of thousands of pounds of leafy greens every year and that the recent outbreak tied to spinach was an agricultural anomaly.

"Every now and again something goes wrong," he said, "and the spinach example was one of the worst. Are we ever going to reach a point where we can say there is zero risk associated with fresh leafy greens? Probably not."

But food safety experts said the lettuce recall only affirmed the need for more governmental oversight of the fresh produce industry, and for the type of inspections that governed meat and poultry.

"There's no federal agency that deals with this," said Marion Nestle, a professor of nutrition, public health and food safety at New York University. "This falls through the cracks, and that needs to be fixed."

That need is even more acute, Dr. Nestle said, because many vegetables are eaten raw. "You could cook spinach, but you don't ever cook lettuce," she said.

Dave Kranz, a spokesman for the California Farm Bureau Federation, said it was premature to estimate what kind of economic damage the lettuce recall might inflict on farmers already hit hard by the spinach scare. Although the government warning on that crop was lifted, Mr. Kranz said, many farmers are still on hold, "waiting to see how much demand there will be, and how soon."

While the Salinas Valley has been the focus of the recent E. Coli investigations, the growing season is poised to shift south, and there, farmers are anxious.

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"It's a huge worry," said Jack Vessey, a vegetable farmer in El Centro, about 500 miles south of Salinas. Mr. Vessey grows 20 winter crops at his 7,000-acre ranch and just seeded green leaf lettuce fields for the mid-November harvest. Now, however, he is having second thoughts.

"The consumer confidence has to come back," Mr. Vessey said. "I'm putting seed in the ground. But I'm pretty much gambling on what I plant now."

Renewable Energy Conference Will Revisit Bush's Energy Goals (KCS/AP)

By Cheryl Wittenauer, The Associated Press

The Kansas City Star, October 10, 2006

ST. LOUIS - A national renewable energy conference this week in St. Louis will revisit energy goals and strategies President Bush set out in his State of the Union address in January, when he proclaimed America "addicted to oil."

Bush is scheduled to address the conference, which starts Tuesday, just before the three-day conference at America's Center winds down Thursday.

"Advancing Renewable Energy: An American Rural Renaissance" is co-hosted by the U.S. departments of energy and agriculture.

The conference is billed as an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities.

Bush's Advanced Energy Initiative, outlined in his State of the Union address, set a national goal of replacing 75 percent of U.S. oil imports from the Mideast by 2025.

He emphasized the need for more clean-energy research at the Energy Department to fast-track breakthroughs in how autos, homes and businesses are powered. The plan also called for additional funding to make "cellulosic ethanol" - a fuel made from agricultural waste products such as wood chips, stalks or weeds - cost-competitive by 2012.

Bush also called for investing more in zero-emission coal-fired plants, solar and wind technologies and clean, safe nuclear energy, and better batteries for hybrid and electric cars and hydrogen vehicles.

Speakers at the conference will include representatives of government - Department of Agriculture Secretary Mike Johanns and Department of Energy Secretary Samuel Bodman; renewable energy sources such as corn, soybeans and wind; financial investment in renewable energy; and environmental concerns.

On the sidelines of the conference Tuesday, DaimlerChrysler and the National Biodiesel Board will discuss new programs to promote clean diesel vehicles and the benefits of renewable biodiesel fuel.

Suspicion Surrounds Retreat In Gas Prices, Poll Finds (WP)

By Steven Mufson

The Washington Post, October 10, 2006

Gasoline prices are down about 75 cents in two months, but whether motorists will see further declines at the pump depends in part on whether the Organization of the Petroleum Exporting Countries can agree to cut production.

Members of the oil cartel have been negotiating to cut the group's output by 1 million barrels a day -- a move that could drive up oil prices and reverse the trend at the pumps. But most oil traders and experts doubt OPEC can achieve more than half the proposed reduction. A failure to cut output could keep supplies strong and oil and gas prices soft.

Pump prices -- now at a national average of $2.28 a gallon for regular unleaded -- already have fallen because of a slowdown in U.S. demand, a buildup in crude oil and gasoline inventories, the end of the summer driving season, a collapse in profit margins at oil refineries and a $17-a-barrel drop in crude oil prices since August.

"The supply was coming back, and I think consumers cut back on use," said Philip K. Verleger, an oil consultant. "The question is how far down it goes."

Though half a dozen countries have talked about production cuts, highly populated countries such as Iran, Nigeria and Venezuela are already producing well below capacity and their old quota levels, and face pressure to produce more because of heavy domestic-spending demands. Kuwait has not cut production since 1998. Saudi Arabia is reluctant to play the role of sole swing producer and has already trimmed output.

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"We do not expect any significant production cuts by OPEC at prices above $45 a barrel, the new target price," Fadel Gheit, oil analyst at Oppenheimer & Co., said in a report to investors. Oil markets seemed to agree. The price of crude oil on the New York Mercantile Exchange closed yesterday at $59.96, up 20 cents.

While motorists have welcomed the drop in gasoline prices, a Washington Post-ABC News poll released yesterday showed that many Americans remain suspicious about the reasons for the recent decline and skeptical about whether it will last.

Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday.

The survey also showed that suspicions about the steep drop in gasoline prices over the past two months aren't limited to the nation's liberal strongholds. Sixteen percent of people who identified themselves as conservative Republicans, 26 percent of white evangelical Protestants and 29 percent of Southern residents think the plunge in prices is linked to the coming election or other political reasons.

Those beliefs may be blunting the positive impact President Bush and the GOP hoped to get from falling fuel prices. "I think the president's party is lowering the gas prices until the people think the economy is settling down, and then they will raise the price again, blaming it on the Arabs for raising the price on barrels of oil," one respondent said.

"As you may know, gasoline prices have fallen recently in many parts of the country," the survey said before asking: "What do you think is the main reason gas prices have gone down?" The top four answers: increased supply, Bush/GOP efforts to affect the November election, the "upcoming election" and "market forces."

A large number of people interviewed pointed to the absence of disruptive hurricanes or simply "supply and demand," while one respondent said prices were falling "because the gasoline companies got what they wanted, the big bucks; and if they continue there will probably be an investigation."

Gasoline experts said there were some signs that prices were stabilizing. The pace of declines in the prices charged by wholesalers was slowing, and there were some tiny wholesale price increases late last week in the Gulf of Mexico region, said Trilby Lundberg, editor of the Lundberg Survey.

Lundberg warned that the sharp drop in prices could spur a resumption of increases in U.S. gasoline consumption. She also said that the closure of refineries for maintenance, not unusual at this time of year, could lead to a decline in inventories.

"Some analysts expect to see a fairly large amount of refinery maintenance this month, which could lead to product inventories being drawn down a little bit more than normal," said last week's report by the Energy Department's Energy Information Administration. "Large volumes of product inventories are one of the many reasons cited for declining prices in recent weeks, and should they begin to be drawn down significantly, this could stop prices from falling further."

But Verleger said he expected prices to remain weak through Thanksgiving or longer. He said that much of the increase in gasoline prices this year was the result of logistical problems oil companies encountered in adapting new government regulations. The companies have had to reduce sulfur content in diesel fuels and begin to mix gasoline with ethanol instead of methyl tertiary butyl ether, an additive that once made up about 3 percent of the content of gasoline.

Illegal Dumps Alter Western Landscapes (USAT)

By Benjamin Spillman, Usa Today

USA Today, October 9, 2006

States' costs mount as trash mounds grow

They rise from the Western landscape, but they're not purple mountains.

They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds.

The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes.

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“There is hardly a city in the West right now that isn't experiencing significant growth,” Felicia Probert, chief ranger of the BLM, said. “Typically, we haven't had the appropriation, the budget strength, to add rangers as these issues grow in the expanding West.”

Steve Kilpatrick, a BLM ranger in Las Vegas, one of the nation's fastest growing cities, said, “People are just going out to the desert and dumping stuff. I could take you in an area where there are boats, concrete … household trash.”

In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports.

In April, BLM used front-end loaders, dump trucks and volunteers to haul tons of trash from public land in Payette, Jerome, Ada and Madison counties in Idaho.

Karl Gebhardt, BLM environmental engineer, said a single incident of potentially hazardous material, such as an unidentified drum of liquid, can cost up to $10,000.

Gebhardt said the BLM in Idaho relies heavily on the public to report illegal dumping.

“This is their land. And people are trashing it,” he said.

The agency has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West.

Celia Boddington, spokeswoman for the agency, says it is difficult to come up with a comprehensive estimate of the cleanup cost because of differences in accounting procedures.

The agency figures don't include illegal dumping on private land, which also can cost taxpayers money.

In California alone, illegal dumping on private and public land costs at least $87 million annually, according to an ongoing survey of local governments. The estimate is based on the 61 of 415 city and county governments that have responded to the survey.

“People are really starting to realize what it means in California,” said Ken Stuart, who is conducting the survey for the California Integrated Waste Management Board.

In addition to the cleanup cost, there is the threat to public health.

Illegal dumps support rodents and can catch fire and spew toxic smoke.

“Catching people with illegal dumping is just as good as catching people with drugs because of the community impact,” said Sgt. George Lee of the Riverside County (Calif.) Sheriff's Department.

Cornering dumpers is difficult because dumping generally happens in remote areas, and proving guilt can require catching the culprit in the act.

In rural areas southeast of Palm Springs, two sheriff's deputies and a support staffer consider illegal dumping a big part of their beat.

On a recent day, the deputies pointed out illegal dumps that were among 20 the team had identified in a region known more for lush golf resorts than environmental hazards.

“There are obviously no residents, no reason to be back here,” said Deputy Sean Dusek, at one site where piles of furniture, car parts and yard waste lined both sides of a dirt road.

“You can see the tire tracks. This is a hot dumpsite,” Dusek said.

The deputies have experimented with hidden cameras, and they sift through trash piles for clues about the source.

They pick through household trash, construction debris, car batteries, appliances, furniture and landscaping waste for receipts, mail or anything else with a name.

If they identify a name, they find the person, sometimes write them a ticket and tell them to clean up the mess. A county ordinance also allows them to impound a suspect's car for 30 days.

In 2004, California passed a law that increased fines for commercial illegal dumping from $500 to a range between $1,000 and $3,000 for a first offense.

Dusek's partner, Deputy J.C. Garcia, looks at one of the dumpsites and suggests the punishment is justified.

“People come out here for the view. Then they have to look at this,” he said.

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Land Use Tops State Ballot Issues (WT)

By Joyce Howard Price

The Washington Times, October 10, 2006

State ballot measures to limit use of eminent domain, to bar same-sex "marriage" and to decide the fate of legislation passed in South Dakota outlawing nearly all abortions will be among those facing voters on Election Day, Nov. 7.

"The biggest issue this year is definitely property rights and land use," and voters in at least 11 states will consider measures that would bar governments from taking private property for another private use, said Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), which tracks ballot questions across the country.

The 11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation.

In a primary election Sept. 30, voters in a 12th state, Louisiana, approved a change in the state constitution that prohibits government from expanding eminent-domain power for economic development.

Mr. Morandi said four other states are seeking to prevent governments from engaging in a practice known as "regulatory taking," which restricts a landowner's ability to develop his property. The measures would require compensation for the loss of property value caused by such restrictions.

Mr. Morandi said three states -- Arizona, California and Idaho -- are seeking to combine limitations on regulatory taking with those on eminent domain. A measure in Washington state seeks only to restrict use of regulatory taking of property. Mr. Morandi said such cases typically involve land that adjoins wetlands or other environmentally sensitive tracts, and governments have a history of not paying when they seek to prevent development of property.

These ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a "public use" under the Constitution. That ruling also said that states could set their own restrictions on using the power of eminent domain, and many have followed suit.

In the 2004 general election, ballot measures were dominated by efforts to prohibit same-sex "marriage." Twenty states have approved constitutional amendments banning such "marriages," and voters in eight more states -- Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will consider them on Nov. 7.

Colorado voters also will consider a rival ballot measure that would legalize "domestic partnerships" or civil unions between same-sex couples, even if the marriage amendment passes.

Amendment 44 on the Colorado ballot would legalize the possession and use of up to 1 ounce of marijuana by people 21 or older, as long as it does not occur in public. Question 7 on the Nevada ballot would allow people 21 or older to purchase, possess, use and transport up to 1 ounce of marijuana.

Among proposals to be considered on Election Day:

•A Colorado measure would set term limits for state Supreme Court justices and state appellate court judges.

•An initiative in Oregon would limit terms of state representatives to six years and of state senators to eight years and cut off legislative service after 14 years.

•Proposition 103 on the Arizona ballot would make English that state's official language.

•Three states -- Maine, Nebraska and Oregon -- will have ballot measures that would cap how much revenue the state is allowed to keep. The Maine proposal, for instance, would limit growth in state spending to increases in population and inflation and would require that 80 percent of the excess paid to the General Fund and Highway Fund budgets go toward a tax-relief fund.

•A measure on the Florida ballot would require 60 percent voter support for passage of state constitutional amendments. Currently, amendments can pass with simple majorities, Ms. Bowser said.

At least 204 measures will be on the ballots of 39 states, Ms. Bowser said, making this a "gigantic" year in terms of ballot measures.

A Multipronged Tussle Over The Fate Of Herds Living In An Island Park (NYT)

By Felicity Barringer

DOJ_NMG_0076762

The New York Times, October 9, 2006

SANTA ROSA ISLAND, Calif., Oct. 3 — There are hunters who dream about places like this.

The game — unusually large Kaibab deer, Roosevelt elk that lope like thoroughbreds along the wind-scoured ridgelines — are trophy quality. All it takes to bag one is a 30-mile trip across the Santa Barbara Channel, a rifle, good aim, a minimum fee of about $8,000 and the existing agreement by the National Park Service to close 45,000 acres of parkland to the public, August through December.

Close a public park to make way for a private hunt? That is not the Park Service's preference. When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance.

An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone.

That was the deal until Representative Duncan Hunter came along. A powerful Congressional committee chairman who seems named, if not born, for this dispute, Mr. Hunter, Republican of California, believes the island's hunt must go on. But the Interior Department is not in his purview. The Defense Department is.

First, Mr. Hunter, the chairman of the House Armed Services Committee, suggested that military personnel and their guests should enjoy the hunt. Then he said it should continue for disabled veterans.

Neither of these proposals went over. But last week the huge military authorization bill emerged from a House-Senate conference committee with a vestige of the chairman's original proposal, as inscrutable as the Cheshire cat's smile. No disabled veterans were mentioned. Not even the word "hunt."

But by forbidding the park service to "exterminate or nearly exterminate" the animals, Mr. Hunter ensured that, unless someone shipped them out, the deer and elk would remain.

At whose expense? Presumably the Park Service's, since the families that sold the island ranch to the government will have no more presence here after the transition period ends in 2011.

For whose benefit? That remains unclear. Mr. Hunter's office is circulating an approving letter from a three-year-old Nebraska group called the Wounded Warriors Project. (A more established group, the Paralyzed Veterans of America, declined after their representative reported that the island's steep hills and angular drainages were not wheelchair accessible.)

What is clear is who is pleased with the turn of events: largely the descendants of the Vail family, who are heirs to the assets of the Vail & Vickers ranching company, which sold the land to the Park Service. Tim Vail, one of three cousins who played host to a gathering of California ranchers on the island last week, said, "We would not like to see the slaughter of those animals."

Asked to describe the difference between the Park Service's elimination of the herd and the private hunting, which benefits his family, Mr. Vail said: "Slaughter is removing all the animals. Hunting is maintaining their health as a herd."

It is also clear who is deeply disappointed: the Park Service, the conservation association and Representative Lois Capps, a Democrat who represents Santa Barbara and Channel Islands National Park. For them, preserving the park means restoring the landscape that existed before sheep, cattle, deer and elk were introduced.

"Now, nonnative species have priority over native species that are going to go extinct," said Russell Gallipeau, the park's superintendent.

Yvonne Menard, the park's chief of interpretation, argues that the park's mission is to restore the island's original landscape. Ms. Menard recounts with zest the news that, for the first time in decades, a bald eagle hatched on Santa Rosa. Moments later, she bends down sadly over a well-nibbled island oak shoot.

The bones of a pygmy mammoth and Arlington Man — at 13,000 years the oldest human skeleton found in North America — are part of the island's history. The ranching and hunting legacy of the past 170 years is also uniquely valuable, she said, but not as current practice.

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Under the new legislation, managing the deer and elk may well be part of the Park Service's job in five years. Practically, Mr. Gallipeau said, that means managing a hunt or paying the considerable costs of shipborne removal and taking on the burden of managing the skittish animals on the sometimes rough two-hour channel crossing.

The simplest management technique, shooting the animals en masse from helicopters, is forbidden by Mr. Hunter's legislation. The only simple alternative is some kind of traditional hunt — maybe something like the hunt now run by Vail & Vickers, although the Park Service has no budget for such activity.

Mr. Hunter said in an interview that, given that only 30,000 people a year visit any of the five islands in the park, accommodating some disabled veterans and their families a few weeks a year was not unreasonable. "We did this as a first step," he said.

Then, he said, he wants the Wounded Warriors group to put together a plan of use to suit their members. "You've got my commitment: I will never hunt there," Mr. Hunter said. "I only want disabled people who served their country in war. That won't ruin the day of these environmentalists whose freedom is guaranteed by their service."

The herds, he said, could be managed by the game management personnel at nearby mainland military bases.

Ms. Capps, who debated sharply with Mr. Hunter on the House floor the day the military authorization bill passed, said the chairman was showing "the arrogance of power" by including an amendment that could not be voted on in its own right.

"This is about what the park means to this country in terms of its values," she said, adding, "What if there were a hunting operation like this in Yosemite? The Grand Canyon?"

In the next Congress, Ms. Capps said, she plans to introduce legislation to undo Mr. Hunter's, assuming, as all parties do, that the Senate will follow the House and approve the military authorization bill when Congress reconvenes after the November election. Likewise, Mr. Hunter plans a follow-up to his bill.

The Vail descendants — the first cousins Tim Vail, Nita Vail and Will Woolley — say they believe that the Park Service goal of returning the island to its natural state is hopelessly utopian.

"They're trying to get it back to a period that never existed," Mr. Woolley said. Nita Vail added, "The reality is, any kind of ecosystem evolves."

Washington Wire (WSJ)

WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

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Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony "Armitage, however, denies it" way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: "The real hell of life is that everyone has his reasons." Read the full column.

FBI/DEA/ATF/USMS:

F.B.I. Struggling To Reinvent Itself To Fight Terror (NYT)

By Scott Shane And Lowell Bergman

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Last February, top F.B.I. officers from across the nation gathered in a high-security auditorium for the latest plan to reinvent the crime-fighting agency to take on terrorism.

Philip Mudd, who had just joined the bureau from the rival Central Intelligence Agency, was pitching a program called Domain Management, designed to get agents to move beyond chasing criminal cases and start gathering intelligence.

Drawing on things like commercial marketing software and the National Security Agency's eavesdropping without warrants, the program is supposed to identify threats. Mr. Mudd displayed a map of the San Francisco area, pocked with data showing where Iranian immigrants were clustered — and where, he said, an F.B.I. squad was "hunting."

Some F.B.I. officials found Mr. Mudd's concept vague and the implied ethnic targeting troubling. How were they supposed to go "hunting" without colliding with the Constitution? Would the C.I.A. man, whom some mocked privately as Rasputin, take the bureau back to the domestic spying scandals of the 1960's? And why neglect promising cases to, in Mr. Mudd's words, "search for the unknown"?

The skepticism is just one sign of unfinished business at the bureau. Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can.

Eight months after his talk, Mr. Mudd admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot.

"There's 31,000 employees in this organization and we're undergoing a sea-change," he said in an interview. "It's going to take a while for what is a high-end national security program to sink down to every officer."

The top counterterrorism job has turned over repeatedly — seven people in five years — filled mostly by veterans with little expertise on Islamist movements and terrorist networks. Many counterterrorism agents have minimal specialized training. A National Security Agency executive brought in to reshape the bureau's intelligence capabilities, Maureen Baginski, departed

after clashing with F.B.I. old-timers. The intelligence units Ms. Baginski created in the 56 field offices lack clear instructions and some are "struggling," a recent Congressional study found.

And some bureau traditionalists believe that Mr. Mudd, too, will move on from his job as second in command of the bureau's new National Security Branch. "They'll just wait him out," a counterterrorism official said.

After interviewing more than 60 intelligence officials for a new book on counterterrorism, Amy Zegart, of the University of California, Los Angeles, reached a dismal verdict on the F.B.I.

"If you look at, for example, the four key ingredients for counterterrorism success — agents, analysts, managers and computers — the F.B.I. is struggling to get the basics right on all of them," Ms. Zegart said. "New agents still get more time for vacation than they do for counterterrorism training. Analysts are still treated as glorified secretaries."

In interviews by The New York Times and the Public Broadcasting System documentary series "Frontline," even critics acknowledged the sweeping structural changes at the bureau under Robert S. Mueller III, who took over as director a week before the Sept. 11 attacks.

The number of Joint Terrorism Task Forces, in which F.B.I. agents collaborate with state and local agencies, has ballooned to 101, from 35. The number of intelligence analysts has doubled to 2,161, and the number of linguists has doubled to 1,371. And the F.B.I. points out that there has been no new terrorist attack.

Mr. Mudd said agents were encouraged to postpone the arrest of a terrorism suspect until his ties to other operatives, financial supporters and foreign networks were fully understood.

"I don't want to take him down too quickly," he said. "I want to understand what we know and what we don't know. If we're focused solely on cases, I can't have confidence that we know what's going on."

But the drive to bring criminal charges often eclipses the intelligence imperative. In cases from Lodi, Calif., where a 23-year-old man was convicted this year of training in a terrorist camp in Pakistan, to Miami, where seven Haitian men are charged with waging war against the United States government, defendants who seemed nowhere near ready to mount an attack were arrested with a news media splash rather than quietly kept under surveillance.

Christopher D. Hamilton, who retired last year after 22 years at the F.B.I., half of it working on counterterrorism, said agents still believed that their careers would rise or fall on the cases they brought.

"Supervisors will say, 'Why don't you have any cases?' " said Mr. Hamilton, now at the Washington Institute for Near East Policy. "Cases are good for getting resources, good for publicity and good for morale."

Even a Los Angeles case that federal officials describe as the most operationally advanced of post-2001 plots uncovered in the United States appears to show a gap between public relations and reality.

In that case, three men are charged with committing robberies to raise money for jihadist attacks on synagogues and military recruiting stations, in what Director Mueller has described as a bid to create "Al Qaeda in California." Their actions are said to have been directed by Kevin James, who headed a Muslim group behind bars.

But agents checked on more than 100 prisoners with links to Mr. James and charged none. And though Mr. James has been portrayed as the mastermind, reporters for The New York Times and "Frontline" were repeatedly able to visit him in jail in Santa Ana, Calif. Such access is almost never granted to people accused of terrorism because the authorities fear that they could direct a plot from prison.

But if making arrests is no longer the top priority, many agents fear that an ill-defined quest for domestic intelligence is likely to lead to political trouble, as the hunt for Communists in the 1960's led to surveillance on the Rev. Dr. Martin Luther King Jr. and John Lennon. Michael Rolince, a veteran F.B.I. counterterrorism official who retired last year, said the attorney general's investigative guidelines, first imposed as a reform in 1976, "are absolutely necessary to keep F.B.I. agents out of trouble."

But the guidelines, largely classified, have been loosened repeatedly in the last 30 years, most recently in 2003 to permit "threat assessments" without evidence of a crime. Officials say uncertainty in field offices about how the rules apply today has slowed the move to intelligence. They plan to issue new instructions to top agents from each field office this month.

Mr. Mudd said he knew that concern about civil liberties was "in the DNA" at the F.B.I., and he recently read a biography of J. Edgar Hoover, whose long tenure as director was marred by abuses, to recall the dangers of uncontrolled domestic spying.

Still, he said, "I do bristle a bit at people saying, 'You want to just go back to the 60's and 70's.' "

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Intelligence on the terrorist threat involves not just spying, Mr. Mudd said, but also building a close relationship with leaders in Muslim communities.

To help agents and analysts distinguish genuine threats from routine Islamist rhetoric, the bureau has just doubled its basic training on counterterrorism to about 80 hours. Skeptics note, however, that more time is devoted to firearms training.

"The F.B.I. needs to follow the lead of the small group of agents who've made themselves experts," said Evan F. Kohlmann, a consultant to the bureau and Scotland Yard and author of a book and Web site devoted to Al Qaeda.

Mr. Kohlmann said the dozen agents who knew international terror networks best were rarely brought in on local cases.

Knowledgeable employees say Muslim agents number no more than a dozen of the bureau's 12,664 agents. (The bureau says it does not track employees by religion.) And an F.B.I. tradition that values leadership and personal connections more than specialized knowledge has resulted in counterterrorism bosses with minimal background.

"You need leadership. You don't need subject-matter expertise," said Gary M. Bald, whom Mr. Mueller named last year as the first head of the National Security Branch, admitting in a 2005 deposition that he knew little about Islam. Mr. Bald has since left for a security job with a cruise line.

The awkward tension between intelligence and prosecution was on vivid display in the Lodi case. The investigation began in late 2001 as an intelligence operation to size up two imams from Pakistan whom the authorities believed had ties to extremists.

After four years of surveillance, agents had found no evidence of terrorism-related crimes by the imams, who were deported to Pakistan. Instead, the government prosecuted Hamid Hayat, 23, who faces a maximum sentence of 39 years in prison for attending a terrorist training camp in Pakistan. His father, Umer Hayat, 48, is free after a mistrial and a guilty plea to making a false statement.

The Lodi case produced worldwide headlines about an "Al Qaeda cell" in California, and John D. Negroponte, the director of national intelligence, called it the prime example of a "homegrown jihadist cell" in Congressional testimony. But critics of the case, including several former agents, say it has serious and revealing shortcomings.

The informant in the case, a convenience store clerk who was paid more than $200,000 over four years in salary and expenses, could be heard on tape angrily ordering Hamid Hayat to seek terrorist training. His claim that he saw Ayman al-Zawahri, Al Qaeda's second in command, at the Lodi mosque in 1998 or 1999 was admitted by the government to be inaccurate.

The video of Hamid Hayat's confession showed agents prompting his answers and sometimes insisting on their own version. And his account of the camp bore no resemblance to that of his father, who said it was an underground facility where would-be terrorists dressed as "Ninja turtles" and practiced pole-vaulting.

The interrogation tapes so outraged James J. Wedick, who retired in 2004 after 35 years as an F.B.I. agent, that he worked for the defense without charge. "It's shameful, because I've never seen the department do this before," Mr. Wedick said.

The Hayats, he concluded, were saying whatever they thought the agents wanted to hear, and little effort was made to corroborate their confessions.

The case also raised questions about agents' familiarity with Islam, as some scholars say agents misinterpreted a scrap of paper with a Muslim prayer as a jihadist vow.

Finally, several other Pakistani Americans whom the Hayats said had visited terrorist camps have not been charged, suggesting that the F.B.I. does not believe at least some parts of the Hayats' confessions. The management of the case appears at odds with the new philosophy of following up all leads before any public charges are brought.

A lingering question in the Lodi case is the effect on Pakistanis in the area. Some mosque leaders who saw the Pakistani imams as militant interlopers are glad they are gone. But few believe that the Hayats ever posed a threat.

Taj Khan, a retired engineer and leader among the Pakistanis in Lodi, said the Hayats' experience had made residents more reluctant to cooperate with the F.B.I.

"Everybody's clear that as soon as they talk to the F.B.I.," Mr. Khan said, "they might be, you know, put in the slammer."

There is, he added, "not much trust at all."

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Drew S. Parenti, the special agent in charge of the Sacramento office of the F.B.I., defended the case, saying, "Everything we did in this case was lawful, ethical, proper, was reviewed by a judge and was determined by a jury of peers to be sufficient evidence to sustain conviction."

But Mr. Scott, the United States attorney, now says it was a mistake to label the case as a Qaeda plot.

"We probably, at the end of the day, should not have used that term," he said. "One of the biggest mistakes that we can make is to overhype these cases on the front end. And if it is a widely held perception out there that we did that in this case, then I regret that, because that was never our intent."

An Attorney's 23-Year Quest For An Ex-Beatle (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, October 10, 2006

Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle.

Twenty-three years later, he's still digging.

A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s.

What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor.

The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, "The U.S. vs. John Lennon," in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book "Gimme Some Truth: The John Lennon FBI Files," and was a consultant for the film, in which he appears.

A CAUTIONARY TALE

Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion.

"It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance," he said.

Much of Wiener v. FBI, No. CV-83-1720 (C.D. Calif.), settled in 1997 during the Clinton administration.

In 1991, the issue of whether the FBI had sufficiently detailed its reasons for nondisclosure went up to the 9th U.S. Circuit Court of Appeals. In that decision, Wiener v. FBI, 943 F.2d 972 (1991), the appeals court reversed the lower court and determined that the FBI's degree of specificity was not adequate.

Today, the parties continue to spar over a handful of remaining documents that U.S. District Judge Robert Takasugi in 2004 said the FBI must release. Government attorneys argue that releasing them could jeopardize the national security of an unnamed foreign government. Lennon was a British citizen.

Although attorneys for the U.S. Department of Justice have filed a notice of an appeal to Takasugi's decision, it remains uncertain whether the U.S. Office of the Solicitor General, which must authorize the government's pursuit of an appeal, will do so.

A spokesman for the Office of Solicitor General said that, so far, no authorization had been granted. He declined to comment further.

A GRASSROOTS THREAT

Lennon drew the Nixon administration's scrutiny because of his protests over the Vietnam war. Lennon's ability to rally grassroots support for his views prompted FBI agents to document his whereabouts and monitor his appearances.

Lennon, 40, was assassinated in 1980 in New York by Mark David Chapman.

Other attorneys representing Wiener are Mark Rosenbaum and Peter Eliasberg, with the American Civil Liberties Union in Los Angeles.

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Since the case originally was filed, Marmalefsky has married and has a grown son. When he brought the suit in 1983, he was an associate at Hufstedler Miller Carlson & Beardsley in Los Angeles. Most of its attorneys, including Marmalefsky, joined Morrison & Foerster in 1995.

American University Washington College of Law professor Robert Vaughn, whose scholarship focuses on freedom-of-information issues, said that freedom-of-information disputes that go to litigation usually drag on a year or two.

"Twenty-three years is a very long time," he said.

Big Drug Smuggling Ring Busted (NADH)

Netherlands Antilles Daily Herald, October 10, 2006

56 indicted, 28 arrested, two here

PHILIPSBURG--Twenty-eight persons, including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation.

Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico.

De Vrieze also disclosed that detectives of the Kingdom Detective Cooperation Team RST had played a vital role in exposing the mastermind behind the operation, as a result of which some 56 indictments have been issued for persons involved, 28 of whom have already been arrested.

The Dutch national De G. was the first of the two persons arrested here. He was held Friday afternoon and the second suspect M.V. was held on Saturday as he was attempting to leave the island for Puerto Rico.

According to De Vrieze these two coordinated the transhipment of drugs through St. Maarten in collaboration with their Colombian counterparts who organised the delivery using six speedboats that have been confiscated.

Millions of dollars identified by the authorities as being laundered and drug money have also been confiscated from several US and offshore bank accounts.

In addition, the authorities have confiscated about 1,900 kilos of cocaine so far.

De Vrieze explained that RST detectives had stumbled on some information earlier this year that they had followed. The information led them to several groups that appeared at first to be independent operations, but which they later learnt were linked.

The authorities were also able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organisation and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping.

Pereira is believed to have orchestrated the kidnapping of a US citizen for whose release he demanded US $5 million in ransom. The victim managed to escape unharmed.

Giving additional details about the busted operation, De Vrieze explained that millions of dollars in drugs had been shipped from South America to Santo Domingo and then to the United States using St. Maarten as a transhipment island.

It seems that the cartel used a method called “the black market peso exchange” to “wash” their ill-gotten gains. They would exchange the money, or make investments with very little if any profit margins, as their prime concern was the return of funds through a legal channel.

The countries involved in the illegal operation were the USA, Puerto Rico, Colombia, St. Maarten, the United States Virgin Islands, the British Virgin Islands, and the Dominican Republic.

Arrests Made In Colombia Drug Case (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 10, 2006

WASHINGTON -- Twenty-seven people were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year.

The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called "Operation Green Traketon" and "Operation Watusi."

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An undercover agent for U.S. Immigration and Customs Enforcement, whose identify has not been disclosed, was kidnapped and held for a half-day, at times with a gun stuck in his mouth, authorities said.

The drug ring's leaders initially demanded a $2 million ransom but then chose to release him after they realized he was a U.S. government agent.

The Dec. 14 kidnapping had not been previously disclosed. It was announced by the Justice Department on Friday.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents," said Julie Myers, the assistant secretary at the Homeland Security Department. "In this case, our agent was fortunate to escape with his life," said Myers, who heads Immigration and Customs Enforcement.

Twenty-nine suspects were still at large late Friday. Among them is Luis Alberto Pena-Pena, a leader of the drug operation who ordered the agent's kidnapping from his hotel in Medellin, Colombia.

The agent had infiltrated the drug ring, which was smuggling cocaine from Colombia through Caribbean islands and Puerto Rico to the United States. Authorities said he was kidnapped, handcuffed and threatened with murder the morning after a conversation with Pena-Pena.

Authorities said Pena-Pena blamed the agent for the loss of 200 kilograms of cocaine that law enforcement officers in Puerto Rico had seized in July 2005. Pena-Pena also berated the agent, who had been taken to a ranch in Medellin, over several money seizures in Puerto Rico, officials said.

Meanwhile, immigration agents in Puerto Rico learned their colleague had been kidnapped and that Pena-Pena's organization was demanding $2 million for his release. That touched off frantic plans to rescue the agent, involving the FBI, the DEA and the U.S. Embassy in Bogota.

Before a rescue could be attempted, one of Pena-Pena's lieutenants found the agent's U.S. law enforcement credentials and badge in his abandoned hotel room and alerted the drug ring leader, officials said.

The agent was released shortly afterward, presumably because Pena-Pena and his confederates believed "killing a U.S. federal agent would've brought more attention to them than they wanted," said Immigration and Customs Enforcement spokesman Dean Boyd.

The indictments announced Friday were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States.

So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine.

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On the Net:

Justice Department: http://www.usdoj.gov/

U.S. Immigration and Customs Enforcement: http://www.ice.gov/

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

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According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

Arrest 3 Dominicans In Breakup Of A Major Drug Ring (DOMT)

Dominican Today, October 10, 2006

SANTO DOMINGO. - The National Drugs Control Agency (DNCD) assisted by authorities in 6 countries captured three Dominicans implicated in a powerful international network that introduced large shipments of cocaine to the United States, and which used Puerto Rico as springboard for its operations.

The international operation leading to the arrests included the U.S., Colombia, Saint Martin and Dominican Republic, helped by the DEA, to end the illicit maneuvers capturing 33 of 56 narcotics traffickers, including the Dominican-born Ramirez Santana Leon, Toribio Jiménez and Woady Audry Lopez.

DNCD president Rafael Ramirez made the announcement this morning. “The arrest of those individuals was possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States,” through Puerto Rico, he said

He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island, from were they were sent to different points of the American territory.

From the members of the international ring were seized 1,900 kilos of cocaine, US$3 million, 6 boats and 131 large bank accounts with high sums in dollars were frozen, in just one operation. They will face charges of conspiracy, drugs distribution and import, in addition to money laundering.

The Dominican detainees, who in the next hours will be given in extradition, were part of that band which directed and controlled the transport of cocaine to the U.S., coming from Colombia, task in which also used light boats, according to the investigation that culminated in the arrest of the fugitives. They face several charges in a San Juan Federal Court.

DNCD spokesman Roberto Lebrón said that from the exchange of information "we are convinced that those three individuals are the ringleaders in the country of that network of narcotics traffickers," which are being held in the DNCD compound. The arrests took place simultaneously in La Romana, Santiago and Puerto Plata, cities where the Agency’s special units went to capture them.

Lopez, detained in Santiago, had in his possession 8 cellphones, a pistol, two luxury SUVs, and several deeds of properties worth millions, whereas Jiménez was arrested in his vehicle in La Romana, and was carrying a pistol. In his house there were two nautical charts and several rental contracts of buildings located in the Bayahibe resort area.

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For his part, Santana de Leon, arrested in front of a restaurant in Puerto Plata's Malecon, had a pistol, among other personal documents.

"These three people will be extradited to the U.S.A. so that they face charges of drug shipments occupied in that country," Lebron said.

A federal Prosecutor in Puerto Rico, Rosa Emilia Rodriguez, and the Police confirmed that the ring was directed in Colombia by Gregorio González (El Flaco), who is under arrest in Bogota and would be extradited to the U.S.A.

Another ringleader is also the Colombian Luis Peña Peña.

Of the arrests 18 were conducted in San Juan, Puerto Rico, where the network had its operations center and 3 in Santo Domingo.

Up In Smoke (TRACYP)

By Written By Phil Hayworth

Tracy Press, October 10, 2006

Tracy joins the rank of NorCal towns with major marijuana busts, as four men are arrested for turning local houses into high-end pot farms.

Gutierrez/Tracy Press - CAUGHT:Three people were arrested at this house on Deer Run Lane this week for allegedly growing marijuana inside the house. Two other houses were also targeted by law enforcement for illegal drug activity.

Tracy police busted three sophisticated indoor marijuana growing operations this week, complete with grow lights, automatic watering systems, climate controls and ventilation systems.

The homes were nestled among some of Tracy's priciest and newest homes — and just yards from playgrounds packed with children.

"And at this point, we suspect there are more in Tracy," said Sgt. Mark Duxbury of the Tracy Police Department's Street Crimes Unit.

Investigators think the pot houses could be linked to a regional, organized pot-growing syndicate stretching from Sacramento to Tracy.

At dusk Tuesday and Wednesday, detectives from the Tracy Police Department's Street Crimes Unit swooped in on three homes in the neighborhoods of Glenbriar Circle, Whispering Wind Drive and Deer Run Lane, netting 666 marijuana plants and thousands of dollars in loose cash.

Four men were arrested and booked into the San Joaquin County Jail in French Camp for conspiracy, cultivation of marijuana and possession of marijuana for sale.

"Just based on the plants' sizes, they were growing for at least two months," Duxbury said. "The quality of the plant was very impressive, actually — well-groomed, well-maintained, to the point where they had maximum buds."

He said many of the plants were only weeks from harvest.

County officials generally estimate that a single pot plant can be worth up to $6,000 in harvested marijuana. That puts the haul from the Tracy busts at just under $4 million.

Sold on the street, potent pot can bring anywhere from $650 to $900 an ounce, Duxbury said.

Tracy police are investigating whether the Tracy operations are connected to 41 other home-based pot operations busted from late June through late September in Sacramento, Elk Grove and Stockton.

"It was so obvious," said a Deer Run neighbor. "The windows were all blacked out and they had water hoses coming out their front doors out onto the lawn."

The neighbor, who wished to remain anonymous, said that Tracy police knew about the pot operation and figured police were biding their time until they could make physical arrests, not just seizing plants.

The first house hit by police Tuesday evening was a new house in the 1600 block of Whispering Wind, where 260 plants were recovered and a 2006 Chevrolet panel van was seized.

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The second search warrant, executed on the 400 block of Glenbriar Circle, turned up 249 plants and about $1,000 in cash. A 2004 Audi was also seized. Wathanack Suon, 23, of Tracy, was arrested there and booked into county jail for the cultivation of marijuana, possession of marijuana for sale, and theft of utilities.

The third search warrant was executed on the 1500 block of Deer Run Lane where 157 plants were recovered and a Honda Civic was seized. Tung Nguyen, 30, of San Jose, was arrested inside of the residence; Christopher Truong, 18, of Sunnyvale and Hiep Tran, 19, of San Jose, were arrested after they fled the residence on foot and were located while hiding in nearby yards.

Nguyen, Truong and Tran were booked into San Joaquin County Jail for conspiracy, cultivation of marijuana and possession of marijuana for sale. Nguyen was also charged with violation of parole.

Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area.

The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento.

Meth arrest

In a separate incident, Street Crimes detectives arrested 45-year-old Alfred Santana on Sept. 29 for possession of a half-pound of methamphetamine at his home in the 300 block of Yosemite. Street value of the drug was about $10,000, Duxbury said.

Detectives also seized $2,655 in cash and Santana's methamphetamine price sheet. Santana was booked into county jail for possession of a controlled substance for sale and for committing a felony while out of custody on a pending felony matter. He is being held on $1 million bail.

It was the third time in a year that Street Crimes detectives arrested Santana while possessing more than a half-pound of methamphetamine during each incident.

Medical Pot Has Cities In A Bind (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, October 10, 2006

As Norco Mayor Pro Tem Harvey Sullivan voted for a 45-day moratorium on medical-marijuana dispensaries this month, it was with mixed emotions.

Sullivan is battling prostate cancer. More than ever, he understands the pain that drives patients to cannabis for relief. At the same time, he leads a city battling to deal with the drug and alcohol abuse that has led to an increase in traffic fatalities -- particularly among youths. Conflicting state and federal laws on the legality of medical-marijuana use further complicate the matter for city leaders.

"I'm not sure what to think," he said. "I could go either way."

His dilemma is not unique. It's playing out throughout the region and the state.

Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. California voters approved marijuana use for medical purposes in 1996, but it is still illegal at the federal level. The federal government has not determined that marijuana serves a medical purpose and views it as a "gateway drug," enticing users to harder drugs.

District Attorney Grover Trask has said he won't prosecute patients who use marijuana in accordance with state laws. A handful of Inland cities, including Palm Desert and Palm Springs, are considering ordinances to restrict or regulate cannabis distribution. Other cities such as Corona have already enacted moratoriums and have gone so far as to seek a restraining order against a dispensary within the city.

"The state has mandated cities and counties to find a way for it to be distributed without having illegal drug houses," Sullivan said. "The people voted on it. Now we need to find the right way for it to be dispensed under a doctor's supervision. I'd rather see it sold somewhere like Sav-on than some tattoo parlor on the corner."

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No one has currently sought a business license for a dispensary or cannabis co-op in Norco, but city officials hope to establish guidelines before one tries to come in.

Cities were looking to the county to establish regulations they could also adopt, but now that the county is challenging the state, the cities are left on their own to figure it out, said Ryan Michaels, of Inland Empire Patient Advocates. The group has worked with several Inland cities on ordinances that regulate while protecting patient rights.

Michaels is also the director of Healing Nations Collective, a Corona medical-marijuana dispensary fighting the city in court to stay open.

A lot of cities don't even know it's legal for patients with a medical-marijuana prescription to grow their own cannabis, he said. Michaels wants cities to encourage open communication between law enforcement and dispensaries. He advocates requiring business licenses for co-ops with seven or more members.

However, city leaders fear that such places attract crime, are difficult to regulate and are vulnerable to abuse.

Last week local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers.

Norco resident Pat Overstreet said she has trouble accepting the idea of medicinal-marijuana distribution because of the potential for abuse.

"As a (registered nurse), I know there are some situations where marijuana will help people with acute pain and nausea," she said. "But the potential for abuse is truly what's so scary about this."

$58,000 A Quarter For Electricity? (TIMESO)

By LA Notebook By Chris Ayres

Times Online, October 10, 2006

Stone me, now I remember why . . .

THE SMELL was musty and sour, enough to make your eyes water. “I think there might be a skunk in here,” I said, trying not to breathe.

“Not quite,” coughed the owner of the office building in which I was considering renting a cubicle. “We have the other kind of skunk here: marijuana. The medical stuff.” There was a long, pungent silence. Before I could ask for urgent clarification, my future landlord cut me off: “There’s a licensed dispensary on the floor below. Don’t worry: it’s completely legal. You might enjoy the odour after a while.” I took the cubicle.

And so, for a few relaxed, hungry, and generally unproductive months, my workspace was directly above one of LA’s hundred or so medical marijuana dispensaries, also known as clinics or “clubs”.

It has been exactly ten years since California made it legal for individuals to grow and use marijuana for medicinal purposes, thus creating the dubious legal no man’s land in which the dispensaries are tolerated. Owners of these outlets argue that growing pot plants (not to be confused with potted plants) is a difficult business, and that their 150,000 or so customers, many of them with terminal cancer, have little energy for horticulture.

Nevertheless, they’ve demonstrated considerable savvy in their marketing of the weed, such as marijuana-laced snacks and drinks with strangely familiar brand names: Pot Tarts, Munchy Way, Toka-Cola, Stoney Rancher. Not everyone believes they are in it entirely to help the infirm.

The problem, of course, is that while California might be all funky and liberal on this issue (Governor Arnold Schwarzenegger used to smoke marijuana openly before going to the gym) the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty. In an uncanny parallel with the popular TV sitcom Weeds (the protagonist is a dazed suburban mum who sells pot to maintain her Land Rover lifestyle), one of these raids took place at a house in the posh San Francisco suburb of Elk Grove.

Outside, the house looked like any other suburban box. Inside, it had been gutted to make way for an indoor pot farm: the skunk odour was vented and filtered in the attic, while electricity for the grow-lights was tapped illegally from the grid. The latter

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strategy was necessary because the Feds are often made suspicious by humungous electricity bills (another growhouse was raided last week after a quarterly meter reading showed that $58,000 was due).

It's tempting to see all this as a typical case of the Bush Administration versus the Left Coast. But predictions of a culture war are probably overdone. California's pot clubs have resulted in virtually zero extra demand overall for the drug. According to the Government's 2005 national survey on drug use and health, about 8 per cent of Americans aged 12 or older use illegal drugs, a figure that has remained unchanged over recent years. Meanwhile, the use of marijuana among kids between 12 and 17 is actually falling. Sociologists need only watch Weeds to see why: pot smokers are middle-aged; sometimes beyond middle-aged. Stoners are the new real ale bores. Marijuana is so inoffensive, you can find copies of High Times magazine in your dentist's waiting room.

Here's my theory: even conservatives now accept the theory that brain chemistry can be altered by just about anything, from a three-mile run to a slice of chocolate cake. And as the wealth, leisure time and age of the US population grows, so too does the desire to tinker with that chemistry, especially if it can make life more pleasant.

Aldous Huxley predicted all this in Brave New World, in which it was "soma" that kept everyone feeling hunky-dory. So why the raids by the Feds, or the lawsuits by certain counties to overturn California's liberal policy? The former is a case of going after the most obnoxious profiteers (one dispensary was making $2 million a year). The latter is usually a simple case of Not In My Back Yard.

Which brings me back to that cubicle I rented. I've never found much appeal in marijuana, so the novelty of the stink wore off quickly. I didn't stay long. Does that make me a Nimby? I like to think not. The People of California can get as baked as they want in my back yard.

But please, not under my desk.

Med Marijuana Moratorium Will Stay In Palm Springs, Dispensary Open (PSDS)

The Desert Sun, October 10, 2006

Springs Caregivers, the medical marijuana dispensary located next to Toucan's in North Palm Springs, is back open today after being closed by a Drug Enforcement Administration raid earlier this week.

About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting this evening at city hall to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215.

Palm Springs Caregivers reopened today about 11 a.m. DEA agents had served a search warrant on the dispensary after someone they say is connected to the dispensary left a "tip" of a marijuana edible for a worker at the Spa Resort Casino in downtown Palm Springs.

The Palm Springs Medical Marijuana Task Force is meeting to consider the city's approach to an ordinance regarding the drug. Currently, a moratorium in effect until March prohibits any new dispensaries from opening but "grandfathers in" the two existing Palm Springs sites, one on North Palm Canyon and one, Collective Apothocary of Palm Springs (CAPS) closer to the heart of downtown at 333 Palm Canyon Drive.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 10, 2006

A battle for the title of the finest neighborhood is brewing -- historic Georgetown versus suburban McLean -- although it's starting to smell of politics.

We turn to the current issue of the Georgetowner, a local newspaper that didn't take kindly to the New Republic's recent magazine headline: "So long, Georgetown. McLean is the new home of America's ruling class."

Wouldn't you know The Washington Post next ran with the story "and all but declared it official," the Georgetowner notes in an editorial.

Not to be outdone, the editors of the local paper are offering their own partisan perspective on the two diverse communities, stating in part: "When you enter McLean, Va., ... one of the first things you see is a huge green sign declaring, 'George Bush Center for Intelligence.' This is your clue to turn around and go no further. ...

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"When you grocery shop at the McLean Safeway, you run into Newt Gingrich, Ken Starr and Bill Kristol. When you shop at the Georgetown Safeway, you run into the likes of George Stephanopoulos, Elizabeth Taylor, Kitty Kelley, and Madeleine Albright. Now, I ask you, whom would you rather say hello to?"

The editors go on to recall that John F. Kennedy once lived in Georgetown, while "Dick Cheney and his wife lived in McLean when he was a top official at Halliburton. Colin Powell, secretary of state under George W. Bush, lives in McLean. Madeleine Albright, secretary of state under Bill Clinton, lives in Georgetown."

Finally, nobody should be surprised to read that Georgetown has a population of 14,000, 12,000 of whom are Democrats.

US Worries Opium From Afghanistan Will Enter US Market (VOA)

By Stephanie Ho

Voice of America, October 10, 2006

A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States.

Afghan boys tend a poppy field while their father supervises on the outskirts of LashkargahThe figures speak for themselves. In the past few years, as opium poppy eradication efforts in other countries have met with a measure of success, post-Taleban Afghanistan has emerged as the world's leading, and nearly only, supplier of heroin.

The U.N. Office on Drugs and Crime published a survey in September on opium poppy cultivation in Afghanistan, which it said has risen 59 percent since 2005. The report called the 6,100 tons of opium harvested in Afghanistan this year "unprecedented," and said revenue from the harvest will exceed $3 billion.

Opium is used to make the drug heroin. The White House drug control policy director, John Walters, said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could replaced by Afghanistan.

"It is a danger," said John Walters. "It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA [Drug Enforcement Administration] and other international enforcement agencies, in watching this."

He spoke in an interview shown Sunday on C-SPAN, a private, non-profit network that broadcasts Congressional proceedings and other Washington political events on cable television.

Walters said the United States has a two-pronged approach in dealing with heroin from Afghanistan.

"What we are trying to do is both be vigilant to cut off efforts to move it here, but, over time, if we are not successful in reducing supply, you would expect there would be some increased flow here - and there can be some flow here - but we are going to both try to cut off that flow and, of course, first and foremost, cut off that production source," he said.

Shortly after the U.N. report was released, the State Department's Thomas Schweich told reporters in Brussels that U.S. officials believe aggressive eradication of opium poppies in Afghanistan is crucial. He added that "it is very difficult to interdict heroin and opium paste," which he described as "hidden cargo" that moves through "porous borders" and through "rough, desolate terrain."

U.S. officials say the Taleban is encouraging opium growing in the southern Helmand Province, where American and NATO troops are battling a persistent insurgency.

The assistant secretary of state for narcotics and law enforcement, Anne Patterson, told Congress last month that the Taleban is also protecting drug routes and traffickers. She said, whether the Taleban is getting revenue from the drug trade, or just encouraging an anti-government statement is not clear.

Meanwhile, the White House's John Walters says the good news is that, as global eradication and interdiction efforts have been successful, the purity of heroin available worldwide has gone down. At the same time, another factor he pointed to as a positive sign is that prices for opium actually have gone up, suggesting diminished supply. E-mail This Article

IMMIGRATION:

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Court Tests Await Cities' Laws On Immigrants (USAT)

By Laura Parker, Usa Today

USA Today, October 9, 2006

Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them.

The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory.

The court action has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances.

More than 30 city councils have passed or are considering local measures aimed at curbing illegal immigrants' access to housing, voting and jobs. At the state level, lawmakers in 33 states have passed 78 bills, most of them imposing restrictions similar to the city measures, the National Conference of State Legislatures says.

The laws challenge a principle established by the U.S. Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police.

"I am prepared to fight this to the highest court in the country if we have to," says Hazelton Mayor Lou Barletta.

He says he gets calls every day from officials in other cities who want a copy of Hazleton's new law. "It's a good ordinance that other cities can model themselves after. The message is: Illegal aliens are not welcome here."

Barletta says he proposed Hazelton's new ordinance after a series of crimes allegedly involving illegal immigrants. "Our police department is stretched beyond its limits. I've had enough."

The ordinance penalizes business owners and landlords — not the immigrants they employ or rent to — by revoking their licenses to do business.

To defend Hazleton's law, Barletta put together a legal team that includes a Philadelphia law firm and lawyers from conservative groups such as the Mountain States Legal Foundation and the Federation for American Immigration Reform.

Michael Hethmon, a lawyer for the Immigration Reform Institute in Washington, D.C., helped Hazelton rewrite the ordinance that was passed in July to give it a better chance of surviving in court. Valley Park has since adopted the Hazelton model, and Riverside is considering whether to do so.

Hethmon says he thinks the revised ordinance will pass muster in court because it "respects the powers and authorities" of local and federal governments.

The original law was vague about how a resident's immigration status would be determined. Under the revised law, the city would determine immigration status by submitting information to the federal government for verification. The revised ordinance also gives landlords and business owners three to five days to correct violations before fines and other penalties are imposed.

Some legal experts say the cities face an uphill fight.

"The line of cases stretches back 150 years in a range of situations that are analogous to what is happening now," says Michael Wishnie, a Yale Law School professor who specializes in immigration law. The Supreme Court "has made it very clear that the regulation of immigration is exclusively a federal function."

N. Korea: Nuclear Test Was Success (USAT)

From Staff And Wire Reports

USA Today, October 9, 2006

Nearby nations denounce action

North Korea said today that it had successfully conducted its first nuclear weapons test, an underground explosion that, while unconfirmed, sent neighboring countries scrambling into emergency meetings.

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U.S. and South Korean intelligence detected a seismic event at a suspected nuclear test site in North Korea, White House spokesman Tony Snow said just before 2 a.m. ET today.

Snow declined to speculate on a possible U.S. response to a North Korean nuclear test.

"At this point we are not confirming a nuclear test. At this point we're still assessing the data and trying to figure out what happened," Snow said.

"We expect the U.N. Security Council to take immediate actions to respond to this unprovoked act," Snow said. "The United States is closely monitoring the situation and reaffirms its commitment to protect and defend our allies in the region."

The U.S. Geological Survey detected a magnitude-4.2 tremor late Sunday in the country's northeast region, about 240 miles from Pyongyang, the capital, according to the USGS website.

South Korea's Defense Ministry raised the alert level for its military upon hearing the news. South Korean stocks plunged following the announcement.

North Korea's official state-run Korean Central News Agency called the test "a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation."

"It marks a historic event as it greatly encouraged and pleased the … people that have wished to have powerful, self-reliant defense capability," it said.

The report of the test came as Japan's new prime minister, Shinzo Abe, was in China to discuss security issues. Japan said today that it would push for a tough resolution at the U.N. Security Council to force North Korea to end its nuclear program.

"If it is proven, it will be a grave threat to stability in northeast Asia, and we will file a strong protest," Chief Cabinet Secretary Yasuhisa Shiozaki said.

China said today that it firmly opposed North Korea's test, denounced it as "brazen" and demanded that the government in Pyongyang stop any action that would worsen the situation.

North Korea "has ignored the widespread opposition of the international community," China's Foreign Ministry said on its website.

Several countries have been holding talks to get the North to end its nuclear ambitions. The United States, South Korea, Japan, Russia and China had been urging North Korea to return to the six-nation talks it abandoned a year ago. The Security Council last week urged North Korea not to carry out a test.

The country pulled out of the Nuclear Non-Proliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, violating an earlier nuclear pact between Washington and Pyongyang.

Looking Over The Wall (NYT)

The New York Times, October 9, 2006

Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that.

With a better start, this election year could have featured a rational debate about immigration policy that went beyond xenophobia and the fear of disorder caused by the presence of immigrant day laborers on suburban street corners. Americans — particularly those struggling to find decent jobs themselves — have a reasonable concern about what effect the presence of so many unplanned-for workers has had on the economy. They deserved to hear that talked about in a realistic way.

Last month the Center for Immigration Studies, a group that wants to reduce immigration, released a study that found that a sharp immigration increase in the last five years corresponded with a steep decline in the employment of young native-born Americans, particularly black men without high school diplomas. Last week in The Times, Rachel Swarns reported on the ways the booming population of Latinos in the Deep South — particularly Georgia — had left many black Americans resentful of the immigrants' comparative success.

But there is compelling evidence that instead of harming the economy, unskilled immigrants prop it up, filling jobs that better-educated Americans do not want and giving everyone access to cheaper goods and services. The case made by the

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Center for Immigration Studies is rebutted by other studies that have found that there is no nationwide pattern of job displacement by illegal immigrants, and that immigration has broadly been a net plus to the nation. In Georgia, immigrant labor has kept textile mills, farms and service industries humming.

Right now across America, fruit is rotting on the ground because the crackdown along the border has created a shortage of immigrant workers needed for the harvest. Nevertheless, it is impossible to ignore stories of poor American workers who believe that their livelihoods were undermined by immigrants willing to work for below-subsistence wages, and of honest employers who could not compete with unscrupulous competitors using undocumented workers.

These serious problems will not be solved at the border with Mexico. Setting things right means adopting policies that fence-obsessed members of Congress have not exactly championed, like raising the minimum wage, improving public education, having a progressive income tax and making sure that workers' rights are protected.

These are only a few reasonable solutions. A host of others is offered in a new report by the Migration Policy Institute, in which Lee Hamilton, the former congressman, and Spencer Abraham, the former senator and energy secretary, argue that immigration needs to be seen as an integral element of a national economic policy. It is a resource to be embraced and managed, with a lawful, orderly flow of workers governed by flexible quotas set by a national commission advising Congress.

It's a comprehensive approach and then some. It offers a new way of framing a stalled debate. The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them.

Study: South Texas Leads In Taking Violators To Trial, But Hasn't Always (MON)

Monitor, October 10, 2006

McALLEN — Federal prosecutors in South Texas are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study.

The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas.

The majority of the local cases come from Department of Homeland Security agencies, such as the U.S. Border Patrol and U.S. Customs and Border Protection, for people apprehended on charges like illegally re-entering the country, impersonating a U.S. citizen and human smuggling.

In fact, Texas' Southern District, based in Houston, has led the country in the number of immigration prosecutions for five years, according to the study from the Transactional Records Clearing House.

TRAC, a research center that focuses on how government operates, specifically agencies like the FBI, Drug Enforcement Administration and the Department of Homeland Security, regularly looks at immigration data it requests from the government and analyzes it for patterns.

The latest numbers available are for June 2006.

The number of immigration cases taken to court could be even higher by next year.

President Bush recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts.

The Southern District has about 150 assistant U.S. attorneys who at any given moment manage as many as 100 cases.

When and how many will be added to Texas' Southern District is unclear, according to its spokesman, John Yembrick.

He referred all calls about immigration statistics to the Department of Justice.

But a high number of immigration convictions has not always been the case in South Texas.

According to TRAC, fiscal year 2004 proved to be a turning point for the district. The number of convictions in the district that were tied to immigration violations went from 304 in fiscal year 2003 to 13,778 in fiscal year 2004.

The majority of immigration cases originated with the DHS. As other federal agencies contribute fewer cases that lead to prosecution and conviction, DHS is contributing a growing number of cases, according to TRAC.

DHS referred 18,092 cases to federal prosecutors in South Texas — four times as many as Texas' Western District, which had the next largest number.

Mexico May Take Fence Dispute To U.N. (AP-Y)

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By Jenny Barchfield, Associated Press Writer

AP, October 10, 2006

Mexico's foreign secretary said Monday the country may take a dispute over U.S. plans to build a fence on the Mexican border to the United Nations.

Luis Ernesto Derbez told reporters in Paris, his first stop on a European tour, that a legal investigation was under way to determine whether Mexico has a case.

The Mexican government last week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. President-elect Felipe Calderon also denounced the plan, but said it was a bilateral issue that should not be put before the international community.

Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a "shame" U.S. immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the U.S. in November.

He said he discussed the issue with Douste-Blazy, and planned to bring it up in meetings with his Spanish and Italian counterparts during visits to Madrid and Rome. He vowed to work on the case until the "very last day" of President Vicente Fox's term, which ends Dec. 1.

The U.S. Senate approved the border fence bill last month and President Bush has said he will sign it into law — despite last-minute pleas from the Mexican government for a veto.

"What should be constructed is a bridge in relations between the two countries," Derbez said.

A Public Frustrated With Judges Who Use Their Benches As Thrones (WSJ)

WSJ, October 10, 2006

If "the breadth and intensity of rage currently being leveled at the judiciary" is "unmatched in American history," there is more than likely a reason, and that reason is more than likely expressed by Sandra Day O'Connor's praise for judicial minimalism in "The Threat to Judicial Independence" (editorial page, Sept. 27). Surely the judiciary's mission is broader than "checking the other two branches and protecting minority rights"; but from the perspective of heartland America, the courts have long abandoned that broader mission to engage in partisan advocacy against the majority's interests. It is simply disingenuous to argue that anger against judges is being stirred up by fanatics and opportunists while dismissing the judiciary's persistent undermining of fundamental constitutional protections, such as the right to life in Roe or private property rights in Kelo, as mere "erroneous decisions."

Justice O'Connor's argument ultimately rests on the false assumption that only the executive branch, legislature or public might pose a threat to "the complete independence of the courts." A more reasonable reading of Hamilton is that the responsibility for maintaining the distinction between the judiciary and the two other branches rests at least equally upon the judiciary. That has certainly been the opinion of the Supreme Court itself at least since Jefferson requested its advice on foreign policy and the court demurred, explaining to President Washington that there is a constitutional prohibition against such advisory opinions because they usurp legislative and executive powers.

Such reticence is hardly to be found in the commerce clause, religion clause, abortion rights or eminent domain doctrine of liberals on the current Supreme Court, or that of their most dependable ally, Sandra Day O'Connor. The result has too often been opinions like Kelo in which the rights of minorities or special interests are held to be pre-emptive and the usurpation of legislative and executive powers by the judiciary the means to a socially desirable end. Perhaps the public's anger toward the bench is simply a reasonable response to decades of unprincipled jurisprudence.

Edward H. Stewart Jr.

Austin, Texas

Justice O'Connor sets up a straw-man argument when she decries the intimidation of judges and quotes federal appeals-court judge David B. Sentelle as saying that "'Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families.'" Of course. Only those beyond the pale of reason would disagree.

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But there is a deeper issue embedded in her recognition that there is an all-too-pervasive lack of trust in judges -- both state and federal. All too many judges have lost sight of their responsibility of interpreting law, not making it. And, all too often, the appointing powers -- presidents, governors, and, in many states, the electorate -- select judges precisely because they expect those judges will "make law" favorable to appointing powers' political agendas.

True, it is frequently a fine line between improperly making law and interpreting it, especially when legislative dictates are purposely vague (so legislators can be all things to all people), or when judges fulfill their rightful responsibility of developing the common law, which, as the name denotes, grew out of what the community believed were proper rules for society.

While I join Justice O'Connor's decrying of threats to judges, I also recognize that many of those threats are largely -- and irrationally -- born of a frustration with judges who use their benches as thrones from which to impose their own social, religious or economic views.

Ralph Adam Fine

Judge

Wisconsin Court of Appeals

Milwaukee

I am a retired U.S. Bankruptcy Court judge. What has set this country apart from many other less free countries in the world, and has given us an unparalleled measure of prosperity, is the fact that we have a judicial system that has protected personal and property rights and enforced contractual obligations. I heard a former Nobel laureate in economics state that he declined to further consult in Russia because of that country's lack of a judicial system to enforce property and contract rights, calling Russia a "kleptocracy." In the U.S., groups such as the one discussed by Justice O'Connor in her commentary -- JAIL 4 Judges -- and members of Congress who seek to upset the delicate balance forged by our founding fathers attack the very thing which has set us apart from less successful societies. This proposed "cure" is much more dangerous than the imagined "malady".

Judge William T. Bodoh

Columbus, Ohio

Justice O'Connor sounds a trenchant alarm about modern threats to judicial independence, a bulwark of American democracy. She accurately admonishes that when judicial independence is compromised so is our system of government. One major threat in the federal system comes from the coordinate legislative and executive branches, a phenomenon witnessed by frayed relations between the courts and Congress. On Sept. 19, the judiciary took important steps to improve those relations. The Judicial Conference, the courts' policymaking arm, issued rules on "judicial junkets" and on computerized conflict of interest checks. The Breyer Committee simultaneously issued a thorough report on the judicial misconduct and discipline system, which included constructive suggestions for improvement. The judiciary must continue to institute measures for policing itself. If judges do not undertake self-regulation, Congress will enter the breach and legislate in ways that could jeopardize judicial independence.

Columbus, Ohio

Richmond, Va.

(The writer is a professor of law at the University of Richmond.)

The reality is that plenty of judges have taken on a lawmaking duties to shape the world to conform to their beliefs, opinions, and values. Ms. O'Connor fails to describe that the founders did not intend this, nor did they write it into the constitution. The activities of JAIL 4 Judges seem like a natural reaction to judges gone wild.

Jeffrey Ihnen

La Crosse, Wis.

Justice O'Connor cites Federalist No. 78 and Alexander Hamilton for the proposition that the Framers intended an independent judiciary. Maybe so, but I defy her to find in the Constitution a provision that states that the Supreme Court has the final say on what is constitutional. That power was arrogated to the Supreme Court by the legerdemain of John Marshall in McCullough v. Maryland. That was the first hole in the dike.

Ms. O'Connor finds it particularly troubling that other judges are critical of the Supreme Court. When the Supreme Court allows the use of race to achieve balance in an otherwise color blind society (University of Michigan case), and when the court

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cites foreign law for the proposition that it is uncivilized to execute a person under age 18 (Roper v. Simmons), the justices are not making judicial decisions but rather legislative ones.

Kenneth G. Coveney

San Diego

Build a Wall Big Enough to Keep the Illegals Out

In your Sept. 21 editorial "The Great Wall of America" you opposed my proposal for a wall on our southern border stating, "Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs." How do you know that? We have never tried to build an effective barrier across the border that is difficult to tunnel under or scale.

The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border.

The U.S. has no shortage of labor and would not have one if all illegals went home. Department of Labor statistics show that there are 69 million Americans between the ages of 16-74, who are simply not in the workforce. They represent 10 Americans for each illegal worker.

According to a research report compiled by the Pew Hispanic Center last March, the illegal workforce numbers 6.9 million. Illegals, then, represent 4.9% of our workforce of 141 million people, according to Labor. Because of lack of education and low skills, only 2.2% of our GDP is produced by illegal labor.

You took issue with my statement that we should install wire on top of the wall and electrify it as a deterrent because I said, "We do this with livestock all of the time." You contend I've equated "people with cattle." No, I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship.

Rep. Steve King (R., Iowa)

Washington

(Rep. King serves on Immigration Subcommittee of the House Judiciary Committee and the House Immigration Reform Caucus.)

Congress Accomplished More Than You Realize

Your Oct. 2 editorial "The GOP Record" says the 109th Congress didn't get much done. But from the business community's perspective, it was one of the most productive sessions in recent memory. Consider: transportation reauthorization directed much-needed resources to the nation's infrastructure; the Class Action Fairness Act discouraged frivolous lawsuits; the Dominican Republic-Central American Free Trade Agreement lowered trade barriers for U.S. companies; and legislation was passed that increased small business expensing, strengthened the pension system, stiffened anti-counterfeiting laws and reformed the bankruptcy code.

While achieving a great deal, this Congress did leave a lot on the table, including comprehensive immigration reform, extension of vital tax cuts and implementation of a national energy strategy. But on the whole, it was more "can do" than "do nothing."

Thomas J. Donohue

President and CEO

U.S. Chamber of Commerce

Washington

Group Formed to Stop Politicization of Science

Your Oct. 6 editorial "Under the Microscope" (Taste page, Weekend Journal) regarding Scientists and Engineers for America (SEA), a new 527 organization committed to restoring integrity to science policy, confuses nonpartisan with bipartisan -- SEA is a bipartisan group. The central thesis of the organization is that science has an established method of determining fact through an open process of debate and that no fact or theory is unassailable.

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We agree that the best science flows from questioning. Yet your editorial suggests that SEA's real mission is to close debate on science when the truth is exactly the opposite. That is why SEA's membership soared to more than 1,000 members in the first 24 hours of the group's launch. You are also dismissive of allegations that members of the White House and Congress are guilty of unscientific, special interest-driven policymaking on global warming, stem cell research and the "Plan B" morning-after pill. It complains that scientists have become political in their effort to stop the assault on fact-based decision-making at all of levels of government.

SEA was formed to stop the politicization of science and ensure that the scientific voice is heard in policy debates and not marginalized, misstated or censured.

College Fracas Over Minuteman; Questions About Paying For Wall (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, October 10, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

BAD EDUCATION: The appearance of Minuteman Project founder Jim Gilchrist was met with violence last week at Columbia University when the pro-enforcement hardliner attempted to address a Republican student group. The melee began just minutes after Mr. Gilchrist rose to speak, according to Columbia Spectator reporter Laura Brunts1. "Two students in the International Socialist Organization unfurled a yellow banner reading, 'No human being is illegal!'" she reports -- which in turn prompted other protestors and Minuteman supporters to rush the stage. (See video of the event here2.)

Mr. Gilchrist was ushered off before he could finish his speech, but he did manage to taunt the hostile audience before the riot began. "Who's a racist now?" he asked, while hugging an African-American Minuteman member. "I love the first amendment!"

After the riot, one unnamed protestor told Ms. Brunts that the disruption was planned: "I don't feel like we need to apologize or anything. It was fundamentally a part of free speech.... The Minutemen are not a legitimate part of the debate on immigration." Subsequently, as the student newspaper also reported, Columbia officials said they were using postings on the social-networking site Facebook.com as part of their investigation3.

New York City Mayor Michael Bloomberg chastised Columbia President Lee Bollinger, a lawyer and free-speech scholar, for failing to provide an open atmosphere on campus. "Bollinger's just got to get his hands around this," Mr. Bloomberg said on his weekly radio show4. "There's just too many incidents at the same school where people get censored." (Previously, Iranian President Mahmoud Ahmadinejad was forced to cancel a speech at Columbia when school officials said they couldn't coordinate his security.)

In a statement released5 by the Minutemen afterwards, Mr. Gilchrist described the incident as "yet another indication that those who support illegal immigration are happy to use communist tactics in their intolerant determination" to deny his group their First Amendment rights. * * *

BARRIER BAIT-AND-SWITCH? Opponents of the proposal for a fence on the U.S.-Mexico border widely predicted that the initiative would not see full funding. Now, according to a report in the Arizona Republic6, Sen. John Cornyn (R., Texas) believes those critics were right. "It's one thing to authorize," he said. "It's another thing to actually appropriate the money and do it." Instead, Mr. Cornyn speculated, the fence legislation would probably be used to create a "virtual fence" comprised of increased border patrols and high-tech sensors. Why the switch? The senator explained "that 700 miles of fencing would not solve the problem of illegal immigration because it would still leave about 1,300 miles of unfenced border," according to reporter Eunice Moscoso.

In the Washington Post, staff writer Spencer S. Hsu provides details on the gaping loopholes7 surrounding the $1.2 billion set aside for border security by the new law. "[T]he House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'" To win over some Republican votes for the bill, Mr. Hsu also reports, "congressional leaders pledged in writing that

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Native American tribes, members of Congress, governors and local leaders would get a say in 'the exact placement' of any structure."

Mr. Bush, for his part, made no reference8 to anything like a 700-mile fence while signing the Department of Homeland Security Appropriations Act in Scottsdale, Ariz.

What's going on here? Fence supporter Mickey Kaus thinks he sees a pocket veto coming9. An Associated Press report flagged on Mr. Kaus's blog makes it clear that a second bill, the Secure Fence Act, which categorically calls for 700 miles of double-layered fencing, has not yet received Mr. Bush's signature10. * * *

OLD TOWN, NEW RULES: An influx of moneyed Northern Virginia residents are moving into the once small town of Culpeper, Va. But Steve Jenkins, a longtime Culpeper man, is more concerned about illegal immigrants. "For me, it's been like a three-year root canal -- really horrible," says Mr. Jenkins in a Washington Post piece11 by Metro columnist Marc Fisher. "I'm just an old country boy who really liked going into the grocery and knowing who was who. Not like now, when the illegals are off to themselves."

The growing population is creating more traffic and luring big-box retailers such as Target and Lowe's to the countryside. "Those who've moved here from Northern Virginia -- to them, this immigration thing isn't something of great significance," Mr. Jenkins says. "They're not concerned about the urbanization of Culpeper, but for those of us who've been here a long time, well, it's driving people away..." While Mr. Jenkins knows he can't get rid of his new neighbors from the north, he does believe something can be done about those from the south. "It's a much easier issue, because it's black and white," he says. "You're either legal, or you're not. We need to help them be legal. I'm not for anything harsh. If they're willing to come forward and go through a process, we have an obligation to assist them in every way. But I'm about rules." * * *

MIXED FEELINGS IN MEXICO: South of the border, despite the common perception in the U.S., Mexicans are ambivalent about the northward migration of their fellow countrymen -- and, as a result, have mixed feelings about plans for a U.S. border fence. "Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather," reports L.A. Times staff writer Héctor Tobar12. "Everyone complains about it, but there's not much you can do about it." Some took the 700-mile fence authorized by the U.S. Congress as a "slap in the face that highlighted the failure of their country's leaders," Mr. Tobar reports.

There is also a widespread view that the fence initiative represents a rejection of Mexican cultural contributions to life in the U.S. And, as Mexican historian Lorenzo Meyer tells Mr. Tobar, some believe the plan runs counter the spirit of North American Free Trade agreement: "We see now that the idea of a united North America is fiction," Mr. Meyer says. "The reality is the wall."

Others, however, have expressed a more positive response to the fence plan. Guillermo Ortiz, the head of Mexico's central bank, made front-page news in his country after telling the editorial board of the Dallas Morning News13 that a fence "would not be altogether bad. It would certainly be better over the long run." The economist added: "I think Mexico needs its people." * * *

THE 'MUCHAS' MEME: Republicans have found a novel way to try to stick it to their Democratic rivals: thanking them in Spanish. Mac Collins displayed his sarcastic bilingual gratitude for incumbent Rep. Jim Marshall (D., Ga.) in this television ad14. Mr. Marshall, the ad's female announcer observes, "voted to waste our tax dollars printing election ballots in Spanish." Then, an accented male voice intones: "Muchas gracias Señor Jim Marshall."

The National Republican Senatorial Committee took the "gracias" gimmick one step further by creating an entire Web site15 devoted to thanking incumbent Sen. Debbie Stabenow (D., Mich.) in Spanish. Visitors to MuchasGraciasDebbie.com see Ms. Stabenow, decked out in a cartoon sombrero, respond to this profusion of Spanish praise with a "no problema" speech bubble. What's more, the NRSC's facetious Spanish-language Stabenow tribute site includes links to French16 and Chinese17 versions, each taking issue with different dimensions of the senator's purported voting record. * * *

CASELOAD CRUNCH: As the nation's immigration judges struggle to manage an ever-growing caseload, some judges are facing criticism over how they manage their crowded dockets. Studies highlight stark disparities in judgment, like 90% of asylum cases granted by one judge and 9% down the hall, writes New York Times reporter18 Nina Bernstein. One judge, Sandy K. Hom, is so quick and predictable in his denials of asylum that lawyers regularly advise people assigned to him to move to another state, the article says.

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"In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way," Ms. Bernstein writes.

"But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake..."

The nation's 218 immigration judges face 350,000 cases a year, with New York's 27 judges taking on about 20,000, the article says.

SOUND BITES

President Bush at a White House celebration of Hispanic Heritage Month on Friday: "We must understand that you can't kick 12 million people out of your country -- that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Enrique Morones, president of immigrant rights group Border Angels, on Arnold Schwarzenegger's immigration stance: "We always have to remember that he's an actor and ... without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not."

Good Fences And Such (USNEWS)

By Angie C. Marek

U.S. News and World Report, October 9, 2006

It was a telling moment. Last week when Speaker of the House Dennis Hastert faced a battering of press questions about the congressional page scandal, he reached for a life raft: President George W. Bush's promise to sign a bill that would create 700 miles of metal fencing on the U.S.-Mexico border. "A lot of people wanted us to address the issue about the border," he told reporters, "and we did exactly that."

Really? As is so often the case in Washington, the reality wasn't as tidy as the rhetoric. Congress passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing, but critics say backdoor deals have denied the project the necessary funding. In fact, the bill's fine print-and a flurry of last-minute compromises that paved the way for its passage-raise questions about what, if anything, will eventually be built. "This isn't the answer to our problems," says Angela Kelley of the National Immigration Forum. "It's empty symbolism."

On the face of it, the fence bill looks like an aggressive response. The measure adds 700 miles of fencing-split into five segments-to the roughly 75 miles of solid metal border walls already lining parts of the 1,951-mile U.S.-Mexico border. A 390-mile segment would stretch from mid-California across most of Arizona. Other chunks would block a cocaine-trafficking route near Laredo, Texas, and close a path through the Lower Rio Grande Valley once popular with Brazilian migrants. The fence is modeled on a stretch of 15-foot-high double fences-with a high-speed-access road running between them-that Rep. Duncan Hunter says slashed the number of attempted border crossings in his San Diego district after they were built in the mid-1990s. The number of arrests dropped there by almost two thirds.

Details. But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways. Some of the money could go to a project DHS was already working on: a plan to dot the border with up to 1,800 massive observation towers equipped with cameras. Michael Jackson, the No. 2 official at DHS, says the department plans "to refine and assess how much [steel fencing] we need with the new technology tool kit." DHS, he adds, will most likely build "somewhere in the ballpark" of 370 miles of San Diego-style fence.

The bill offers DHS other kinds of wiggle room on the fence as well. In a last-minute effort to appease two Republican holdouts-including Texas Sen. Kay Bailey Hutchison, who had concerns about local input on the location of fencing - congressional leaders committed in writing to changing some specific aspects of the legislation after the November elections. Those changes will ensure that local governments and American Indian tribes will be consulted "regarding the exact placement of the fence," according to a letter signed by Hastert and Senate Majority Leader Bill Frist. The letter also says DHS will have the "flexibility to use alternative physical infrastructure and technology when fencing is ineffective or impractical." Some say that

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means large portions of the fence bill are basically moot. Others disagree. "A letter is just a letter," says Carolyn Weyforth, Frist's press secretary. "What comes to the floor and passes is what matters."

TAX:

As Religious Programs Expand, Disputes Rise Over Tax Breaks (NYT)

By Diana B. Henriques

The New York Times, October 10, 2006

The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. The two retirement communities have the same simple gabled ranch houses, with the same touches of brick and stone, clustered around a pond with the same fountain funneling spray into the air and ducks waddling down the grassy bank.

But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court.

As the Brothers of Holy Cross, a Roman Catholic religious order, sees it, providing the elderly with the amenities of the village — a sense of security, social opportunities and various services to make independent living easier — is a charitable activity rooted in its pastoral mission to serve others.

Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people. The current residents of Holy Cross Village have an average net worth of $1 million. Those with deposits on the units under construction are even better off, averaging $1.6 million.

If Holy Cross Village is not taxed, members of the assessment board point out, a heavier burden will fall on the working families in the county that are struggling to pay the taxes on their small homes in careworn communities like the west side of South Bend.

“I was educated by the Brothers of Holy Cross” at St. Joseph’s High School, “and I have a great deal of respect, love and affection for them,” said Dennis J. Dillman, a longtime board member. “But I think what they’re doing is just not right. And that is based on the values they taught me at their schools.”

The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes.

The property tax exemption is one of the oldest tax breaks granted to religious organizations, but it is not the only one. Lawmakers and judges have also approved what amounts to special tax treatment for religious organizations and some of their employees, including exemptions on personal-income and payroll taxes, and have made it easier for them to get tax-exempt construction loans for purely religious projects.

Like the exemptions from federal and state regulations that have proliferated for religious groups in recent years, these tax breaks are widely defended both as an acknowledgment of religion’s contributions to society and as a barrier to unjustified government limitations on the liberty that religious organizations enjoy under the First Amendment.

But in some communities like South Bend, tolerance of religious tax breaks is fraying as local governments struggle to provide basic services with limited resources.

There are no national figures on how much money these tax breaks save religious organizations and on how much extra cost is shifted to other citizens. But a typical state, Colorado, reported that religious real estate valued at more than $1.1 billion was exempt from local property taxes there last year. Nationally, tax-exempt financing for religious organizations totaled at least $20 billion during the decade that ended last year.

Congressional budget records show that just the income tax breaks uniquely available for ministers, rabbis and other clergy members cost taxpayers just under $500 million a year.

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And the price is almost certainly increasing, experts on taxation and congregational growth agreed, because today's larger congregations need more land, employ more clergy members and pay them more money. Moreover, the definition of a religious mission is expanding beyond schools and hospitals to include operations as obscure as a biblical theme park in Florida and as upscale as a retirement community at Notre Dame.

Every state affords some type of property-tax exemption to churches, synagogues, mosques and other religious landowners, typically through statutes that also cover charities, libraries, museums, private schools and other secular nonprofit groups. Indeed, when the Supreme Court ruled on the constitutionality of this tax break in 1970 it noted approvingly that the benefits did not fall exclusively on churches.

But those venerable tax statutes did not envision the reality of modern congregations that operate athletic programs in their own gymnasiums or fitness centers, as well as bookstores, music and video production units, coffee shops, counseling services, ice cream parlors, child care programs and multimedia ministries that beam their messages from satellite dishes or television transmission towers.

Leonard A. Wychocki, president and chief executive of the Franciscan Sisters of Chicago Service Corporation, a Catholic organization hired to manage Holy Cross Village, says religious groups should not have to defend property tax exemptions. "When there were old people on the streets of New York City and Chicago, our sisters took them in," he said. The exemption recognizes "the service such groups provide to society."

No residents of Holy Cross Village will be coming in off the streets, of course. "People pay a lot of money to live in these places," Mr. Wychocki acknowledged. "But they have a need beyond just a place to live. It's around that need that we catalyze our services."

Financial projections show that the project, if managed well, could eventually generate a surplus. That money, the project's executives said, could help support other mission work of the Brothers of Holy Cross, including a ministry in Africa.

"If the county wants to argue that those dollars should go to west South Bend rather than West Africa, I can see their point," Mr. Wychocki said. "You may agree or disagree — but then it's your judgment, as opposed to the brothers' judgment."

He added, after an emphatic pause: "This is probably where religious freedom kicks in."

Breaks on Property Taxes

Neat homes in landscaped clusters make up the first phase of what will be 256 units at Holy Cross Village at Notre Dame. Among the new units will be additional assisted-living and skilled-nursing units to expand the existing "continuum of care," its management said. Three adjacent colleges, the University of Notre Dame among them, expand the cultural opportunities.

In style and luxury, the project compares favorably with competing retirement communities built by national developers nationwide. But there is a difference: Holy Cross Village describes itself as "a ministry of Brothers of Holy Cross." As such, it is seeking a property tax exemption from the Property Tax Assessment Board of Appeals for St. Joseph County.

That rankles Ralph J. Wolfe, an assessment board member who is a resident of Hermitage Estates, a 49-unit neighborhood of retirees whose homeowners association provides services including maintenance and lawn care.

Mr. Wolfe, 77, is a retired tax assessor and a longtime veteran of the close-knit appeals board. He said his community, like Holy Cross Village, offers its retirees some amenities. "So maybe we should get ourselves a property tax exemption."

He seemed to be teasing Terrance F. Wozniak, the deputy county attorney for St. Joseph County, who was listening. One of Mr. Wozniak's biggest worries about losing the pending battle with Holy Cross is the ripple effects on the retirement communities in the county that do pay taxes.

The Indiana courts recognize a broad definition of charity, and exemptions already have been granted to a few much smaller religious-affiliated projects that care primarily for less healthy people, Mr. Wozniak said. But this case is different, he said: "It's a case of escalation." An exemption for the charitable care of needy older citizens is being stretched to cover "more and more luxurious facilities for people who, by and large, can pay their fair share."

Each case lowers the hurdle for what constitutes a tax-exempt retirement community, he said.

The management of Holy Cross Village thinks the project's mission fits well within both the Indiana definition of a "charitable purpose" and the federal standards for tax-exempt housing providers. The federal test requires, in part, that the project

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"be committed by established policy" to maintaining people as residents even if they become unable to pay, as the project's investment documents explain.

There is nothing in writing that guarantees the project will keep indigent residents in place, said Lori McLaughlin, general counsel for the Franciscan Sisters management group. "It becomes a case of those guarantees bankrupting you," she said.

But in lieu of a guarantee, the management has "nuns or brothers on the board saying, 'We insist you provide care,' " Mr. Wychocki said. "It would be very rare for anybody to be asked to leave."

Holy Cross Village initially paid the taxes the county demanded, but subsequently got court permission to hold off on future payments while its appeals go forward, according to Kevin Rose, a spokesman for the project's management.

When the Brothers of Holy Cross appealed the county's ruling to the Indiana Board of Tax Review last year, it lost. "A charitable purpose involves something beyond merely successfully marketing one's services to seniors," the review board said. "It implies some level of sacrifice on the part of the entity providing those services. It is this sacrifice that separates an 'obviously charitable act' from the everyday purposes and activities of man in general."

The fight has now moved to the courts, where the project's management hopes to fare better. "We thought we were within the orbit of what was considered to merit that exemption," Mr. Wychocki said. "Now we just stand and shake our heads."

While local tax authorities have been inconsistent in their rulings, many untraditional uses of land by disparate religious organizations of many faiths have already qualified for property tax exemptions somewhere in the country.

In June, for example, the Florida Legislature passed, and Gov. Jeb Bush signed, a law that ended a five-year effort by Orange County tax authorities in Orlando to collect about $300,000 a year in property taxes from Holy Land Experience, a biblical museum and theme park that had sought exemption as a religious ministry but had been repeatedly turned down by the county.

The park, where a pass good for a week costs $35 for adults and $23 for school-age children, advertises itself as a place that "brings the world of the Bible alive." Its features include replicas of Calvary, the tomb of Jesus and the caves where the Dead Sea Scrolls were found. It also includes a period re-creation of a Jerusalem street market, with actors in costume as the merchants and buyers; and the KidVenture area, with a wilderness rock-climbing wall, a "misting station" and toy and gift shops. A cafe and two snack bars serve "real Middle Eastern fare" from couscous and falafel to Goliath Burgers.

The county property appraiser's office had insisted that the park, despite its biblical motif, was taxable, just like Disney World. The park's founder, the Rev. Marvin J. Rosenthal, argued that it was a religious mission from start to finish, aiming to introduce religion to people in an entertaining and enlightening way.

In July 2005, a local judge ruled against the county, saying the biblical park's intent was to "spread what it considers to be God's word," while the intent of Disney World "is indisputably to make money." When the county decided to appeal that decision, the ministry that operates the park lobbied successfully for relief in Tallahassee.

A spokeswoman for Governor Bush said he signed the bill "merely to prevent future legal action and provide clarification of the law" on exemptions for religious property.

In 2003, the Minnesota Tax Court granted an exemption to an elaborate fitness center owned by the Country Bible Church in Ashby, explaining that the center — which included a weight room, tanning bed, video arcade and bookstore, as well as a small auditorium and prayer room — was used to attract new church members.

The church, with about 250 members, has a broad range of programs for children and teenagers, including a day school and toddler program. But it decided in 1996 that its rural location simply did not offer enough for young people, and it conceived the Destiny Center as a place where young people could form healthy habits and "strong, godly friendships," according to its pastor.

"We've spent close to $1 million, including the building and staff, and we've never broken even," said the Rev. Steven R. Quernemoen, who founded the church 25 years ago. "But the goal is not to run a for-profit business. The goal was to open a facility that is a safe environment for young kids and families."

The two-story center, with a center gable soaring high over the entrance, opened in October 2000 a few miles from the church. Besides its fitness facilities, it has a gymnasium that offers room for rock concerts and for family events like wedding receptions, reunions or birthday parties. A day pass costs $4.69, including shower privileges. An annual family membership costs

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$500, but the elderly pay about half that. It is open most mornings and after school through the week, but is closed all day on Sunday.

Similarly, in 2002, the Washington State courts granted a tax exemption for the site of a religious broadcaster's transmission tower. And in January the Pennsylvania Supreme Court reversed a 1959 decision that had denied tax exemptions to parking lots that serve houses of worship.

Legislative Success

Some religious organizations have had equal success with state legislators.

The Anchorage Baptist Temple, which has grown to 4,500 members during the 35-year tenure of the Rev. Dr. Jerry Prevo, is a big, muscular church on a 20-acre campus in eastern Anchorage. Its complex includes a 2,100-seat auditorium, several gymnasiums, a television station and the Anchorage Christian Schools, which serve about 750 students from preschool to 12th grade. The church also owns an assortment of individual properties, 10 of them tax-exempt.

In April 2004, city tax assessors revoked the exemption for four church-owned homes they said did not qualify as "parsonages" because they housed church day-school teachers, not the pastors or other "spiritual leaders" specified by law.

"We are a high-profile church," said Pastor Prevo. "We were being picked on to make a public statement against tax exemptions generally."

Any group as large as Anchorage Baptist Temple would probably have no trouble getting help from state lawmakers, even if its pastor did not have his own television show and even if one of the 16 men on its pastoral staff were not treasurer of the state Republican Party. Last May, after vigorous lobbying by the congregation, the Republican-controlled Alaska Legislature passed and Gov. Frank H. Murkowski signed a bill that extends the parsonage exemption to church-owned residential property occupied by educators at private religious or parochial schools.

The exemption, which does not cover faculty housing at secular schools, has been challenged in court by the local American Civil Liberties Union.

It is a tough fight, a lawyer for several big churches said, because a legislature that can constitutionally exempt a parsonage from the tax rolls can surely extend that exemption to homes a church provides to its schoolteachers.

And back in St. Joseph County, Ind., the Granger Community Church, a large United Methodist group, took exception to the county's enforcement in 2001 of a long-overlooked law that limited the amount of tax-exempt acreage around a church to 15 acres — which left the church with 14.54 acres still on the tax rolls.

It lost in the courts but carried its fight to Indianapolis, and helped push through changes that eliminated the 15-acre cap.

Breaks on Borrowing

The Rev. Russell Lievers of the First Southern Baptist Church in Clarksville, Ind., a town of 22,000 across the Ohio River from Louisville, Ky., is understandably excited about the new fellowship hall his church is building.

At a price of roughly $2.5 million, the facility will contain a "middle-school-sized" gymnasium, he said, as well as a kitchen, meeting areas and classroom space. It will ease crowding at the 57-year-old church and open possibilities for new athletic ministries and outreach, he added.

Pastor Lievers is not familiar with the details for financing the new facility — but he knows the church has received a good interest rate on some of the money it is borrowing. That's important, he said, because "our people are giving sacrificially" to support the new facility.

"There are people who are delaying their retirement for a few years to help us build this," he continued. "Others are postponing purchases so they can give more."

The explanation for the church's low-cost financing is simple. It is relying on $1 million in tax-exempt revenue bonds sold on its behalf by the town of Clarksville, through its economic development commission.

"It is the first time we've had a church apply," said Samuel K. Gwin, the town attorney. "But most of us here on the town council and economic development commission were familiar with the church, and the folks in the church. It's a small town."

The church bond issue is structured like any economic development deal: the town sells tax-exempt bonds to an investor — in this case, a local bank — willing to accept a lower yield because the interest is tax-free. The town lends the lower-cost

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money to the church. The bank gets tax-free interest income, the church gets a lower-cost loan and the town gets — well, at the least, a new gymnasium the community can use when the church's calendar permits.

"That will be good," Mr. Gwin said. "Even the Y is pretty crowded."

In the evolving view of the courts, tax-exempt bonds for churches and other religious organizations do not involve any public money or government subsidy and do not run afoul of the First Amendment ban on government-sponsored religion.

But in fact, the subsidy provided by all tax-exempt bonds, while indirect, is real: buyers of the bonds do not have to pay income taxes on the interest they earn, which shifts some of the overall tax burden to other taxpayers. And the final beneficiary of the bond issue — in this case, the church — can hold on to money it would otherwise have paid in interest.

Of all the tools that an accommodating government can use to make life easier for religious organizations, perhaps none has changed more and been noticed less than tax-exempt bond financing.

State and local governments have long used tax-exempt bonds to finance public works like bridges and schools, pledging future tax income to repay the debt. In the 1970's, they began to rely heavily on revenue bonds, debt backed not by taxes but by the future revenues of the projects they were sold to finance, which ranged from airports to stadiums. Through economic development agencies, revenue bonds also were sold for the benefit of private businesses to finance factories or office buildings that would foster economic development.

In 1973, near the high-water mark of the doctrine of strict church-state separation that dominated the postwar decades, the United States Supreme Court gave its limited blessing to public revenue bond deals to benefit private religious colleges — so long as they were not "pervasively sectarian" and regarded education, not the promulgation of religion, as their primary purpose.

In a landmark case called Hunt v. McNair, the court reasoned that "aid normally may be thought to have a primary effect of advancing religion" — which would be unconstitutional — if it went to "an institution in which religion is so pervasive that a substantial portion of its functions are subsumed in the religious mission, or when it funds a specifically religious activity in an otherwise substantially secular setting."

As recently as 1991, the Virginia Supreme Court refused to approve tax-exempt financing for Liberty University in Lynchburg, Va., founded and run by the Rev. Jerry Falwell, because of its overarching religious purposes.

Then, over the next eight years, judicial and government policy made a U-turn.

Gradually, state bond statutes became less restrictive toward religious institutions and federal and state appeals courts started to permit tax-free financing at unabashedly religious universities — and later, religious high schools — so long as the money was used for firmly secular projects, like dormitories and dining halls. (California courts have held on to the "pervasively sectarian" standard, but three religious schools are currently challenging that approach before the State Supreme Court.)

Does Financing Count as Aid?

And the courts began to widely question whether tax-exempt financing even counted as government aid to religion at all, because the schools themselves had to repay the bonds and no public money was involved.

In June 2000, Justice Clarence Thomas, writing for himself and three other justices, expressed second thoughts about denying tax-free financing to institutions based on how religious they were. "There was a period when this factor mattered, particularly if the pervasively sectarian school was a primary or secondary school," he conceded. "But that period is one that the court should regret, and it is thankfully long past."

A few months later, the Virginia Supreme Court reversed the position it had taken nine years earlier in the Liberty University case and approved tax-exempt bond financing for the construction of a campus for Regent University, a thoroughly sectarian institution founded by Pat Robertson, the religious broadcaster who also founded the Christian Coalition. The Virginia justices did balk at permitting Mr. Robertson to use public bond financing for his department of divinity; that would have to be financed in some other way, they said.

But that reluctance seems quaint these days. Early 2005 brought the sale of $28.5 million worth of tax-exempt bonds issued by Cook County, Ill., to finance the construction of an academic center for the Catholic Theological Union, the largest Catholic graduate school of theology in the United States.

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The new building, which a seminary spokeswoman said would open this fall, includes space for the world-class Bechtold library of theology, spacious classrooms for religious study and "a worship area that has a sacred space for the entire community to gather," according to the news release about its grand opening.

According to Jeffrey O. Lewis, a lawyer with Ice Miller in Chicago and the seminary's bond counsel for that deal, "The 'pervasively sectarian' restriction began to fall apart in the late 1990's, and quite a few firms are very comfortable doing seminary financing now."

So it was perhaps inevitable that a local government would provide tax-exempt financing to an institution as indisputably sectarian and devoutly religious as the First Southern Baptist Church in Clarksville. "Nobody raised any questions about it at all," recalled Mr. Gwin, the town attorney.

A search of the Municipal Securities Rulemaking Board's database shows that more than $20 billion in tax-exempt bonds have been sold since the late 1980's on behalf of religious institutions or their affiliates, including deals benefiting a Jewish vocational workshop in Michigan, a Baptist retirement home in Arizona, a Presbyterian housing project in Missouri, Lutheran nursing homes and day care centers in Minnesota and Catholic schools in Rhode Island.

In one recent deal, the city of Olathe, Kan., agreed to sell more than $83.5 million in tax-free bonds to help an affiliate of the Archdiocese of Kansas City finance Santa Marta, described as a Catholic "continuing care retirement community" with 162 units for independent living, 32 assisted-living units, a 32-bed nursing home and a swimming pool.

Except for the swimming pool, Santa Marta sounds a lot like Holy Cross Village at Notre Dame, whose property tax status is being disputed by the tax assessment appeals board in St. Joseph County. They certainly have this in common: Most of the money needed to build Holy Cross Village has been borrowed at favorable interest rates through the sale of a $40 million tax-exempt bond — issued by the economic development commission of St. Joseph County.

A Tax Reprieve For Americans Working Abroad (WSJ)

By Tom Herman

The Wall Street Journal, October 10, 2006

NEW YORK -- Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase.

The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their U.S. income-tax returns. As a result, although numerous U.S. expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore.

The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many U.S. workers there because of high taxes imposed by numerous European nations.

The housing-cost numbers, which are based on a complex formula, vary widely from place to place. For example, the maximum amount of housing costs that an American working in Hong Kong may exclude for this year works out to $101,116, according to one Washington tax specialist. Previously, American expats in all overseas locations were allowed to exclude just $11,536. The Treasury says its table will be updated annually.

The tax increase stems from a law enacted in May that is retroactive to the start of this year. That new law mainly hits high-income Americans working in countries with a combination of low taxes and high housing costs and whose companies don't help cover the additional tax costs of living abroad.

The impact can vary widely depending on where someone lives and the details of their pay package. It isn't known exactly how many U.S. citizens work abroad. The Senate Finance Committee has said Americans working abroad filed about 306,000 individual income-tax returns for 2003 claiming what is known as the foreign-earned income exclusion. Of those, about 126,000 returns had a U.S. tax liability.

A congressional committee has estimated the new law's changes affecting U.S. expatriates will raise an estimated $2.1 billion in revenue for the U.S. Treasury over the next 10 years.

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Part of the new law slashes the maximum amount of housing costs that workers abroad could exclude or deduct when calculating their taxes. That new law also gave the U.S. Treasury Department authority to change those amounts for workers in nations with high housing costs.

After lobbying by U.S. expatriate groups, Treasury officials issued "Notice 2006-87," which gives new housing-cost limits for U.S. expatriates in some nations, but not all.

Under the new law, Americans working abroad are eligible to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing costs, when filing U.S. taxes. Income above that level now is subject to much higher tax rates under what is known as a "stacking" rule. That provision isn't affected by the new Treasury notice.

It's Taxing To Recruit Top Law Grads To IRS, But A New Push Betters Returns (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 10, 2006

NEW HAVEN, Conn. -- Donald Korb, chief counsel of the Internal Revenue Service, sits in a high-back chair in a meeting room lined with law books and prepares to talk to a small gathering of Yale Law School students about tax shelters.

But before delivering his lecture, he delivers a sales pitch -- for jobs at the IRS: Work a 40-hour week (more or less). Get into a courtroom within the first month. Choose the city where you work. "I can't say enough about the value to your career," he concludes, breathlessly. "And that's my commercial."

It isn't subtle, and it seems to work. A couple of students reach for the informational folders and CDs stacked on a coffee table.

For decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did. "All the good ones were gone by then," Mr. Korb says. When it did find promising candidates, it left many of them in limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms.

It's no wonder few of the smartest young minds in tax law considered starting their careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes.

Mr. Korb -- J.D., Case Western Reserve University School of Law; LL.M., Georgetown University Law Center -- is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months.

Deborah Egurrola, 28 years old, who graduated from Yale Law School in June, says she turned down a $125,000-a-year offer from a Washington D.C. law firm, and a $105,000 offer from a Miami law firm, to take a $66,000 offer to work in the IRS's chief counsel's office.

"The IRS really throws you right into the thick of things," Ms. Egurrola says. "At a lot of law firms, you have to start with more behind-the-scenes work. Here you start interacting with attorneys from outside." She says she can afford to take the lower-paying job because her parents have agreed to help her pay back her $75,000 in student loans.

Nina Kang, 26, a third-year USC law student, decided to join the IRS's Los Angeles office after working there as a summer intern. "For me, I didn't think that it was worth it to suffer for two years at a private firm and never see the light of day," she says. "I have heard of some people billing 15 to 20 hours a day for weeks on end. I have outside interests instead of working non-stop."

Ms. King, who has $140,000 in student loans, says the IRS would have an easier time recruiting if it offered ways to help students pay their debts. Some law schools give graduates more time to pay back loans if they go to work for a nonprofit; some private firms, as part of hiring packages, help recruits pay their loans. The IRS can't afford such largesse.

Mr. Korb's campaign has a few kinks. Lindsay Clayton, 24, a third-year law student at Yale, says Mr. Korb interviewed her last fall and sparked her interest. But the private firms where she interviewed called her back within a week for subsequent

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interviews. It took the IRS five weeks, and even then the agency wanted her to go to further interviews for a job that wasn't the one Mr. Korb had described. She declined. Another division within the IRS called her a few weeks later offering interviews for another job. Again she declined.

Brian Jenn, 29, is a third-year Yale law student with a graduate degree in economics who did a stint working on tax policy on the staff of the White House Council of Economic Advisers. He says he applied for a job with the IRS Chief Counsel's Office two years ago. When he called to inquire about his application after a few weeks, he recalls, "I was told if anyone was interested that they would have contacted me." He refused to apply again when the new-and-improved IRS came calling. He plans to join the Washington office of Skadden Arps Slate Meagher & Flom when he graduates.

Mr. Korb says it is true that a tendency to bungle applications caused the IRS to lose many promising applicants. He says he has hired a full-time recruiter and has set up a hiring committee to make sure no one else falls through the cracks.

Mary Maher, associate director for the Masters of Law in Taxation program at Northwestern University Law School, says the IRS is turning around its image. Last year, three graduates of the program took IRS jobs. "I heard back...and they have no regrets," she says. "All the marketing is sort of paying off."

Mr. Korb is especially proud of the IRS's slick marketing campaign and recruiting material. The bright green-and-purple folders and CDs contain something only tax geeks may find appealing: A list of famous -- at least in tax circles -- IRS alumni, including Jerry Reinsdorf, owner of the Chicago White Sox and the Chicago Bulls; Pam Olson, a former Treasury Department official and now a partner at Skadden Arps; and Ronald Pearlman, a former Treasury Department and congressional tax official and now a Georgetown professor.

CONGRESS-ADMINISTRATION:

'06 Federal Deficit Likely To Be Lower (WT)

By Stephen Dinan, The Washington Times

The Washington Times, October 9, 2006

The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target.

Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February.

It also is about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season.

"They overstated the deficit on the front end to claim success later in the year," Sen. Kent Conrad of North Dakota, the top Democrat on the Senate Budget Committee, said in July, according to McClatchy newspapers.

The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule.

"If you look at the numbers this year, they are already very close to the president's goal that he set out in 2004," Rob Portman, director of the Office of Management and Budget, told reporters Friday after the Congressional Budget Office gave its unofficial $250 billion estimate. The Treasury Department's figure, expected to be released this week, is considered the official tally.

Overall, spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005.

The driving force has been a 27 percent increase in corporate income taxes, coupled with a 13 percent increase in individual income taxes.

"We've seen this recovery be characterized by corporate profitability that is very strong, so the economic forecast, I think, is hard to do, and the government analysts are not the only ones who didn't predict profitability staying this strong this long," said former CBO Director Douglas Holtz-Eakin, who is with the Council on Foreign Relations.

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"The White House is often accused of starting with a big deficit and having it come down later," he said. "The reality is the CBO, which has no particular interest in highballing the deficit and then having it come down, has about the same difficulty in forecasting the deficit as the Treasury did."

In the past 25 years, the February estimates have been off by an average of nearly $70 billion, or 2.2 percent.

On four occasions in that period, the estimates were off by at least $100 billion. They were off by 15 percent or more for three straight years during the Reagan administration.

The errors aren't always good news -- the 1983 and 1985 estimates were more than $100 billion higher than actual revenues.

And although this year's smaller deficit may sound positive, Mr. Holtz-Eakin said the long-term budget problems -- a fix to the alternative minimum tax and Medicare doctor fees, the costs of the war in Iraq and the impending retirement of the baby boomers -- still remain.

"Nothing has changed on the fundamentals," he said.

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 10, 2006

Dean's mistake

"One-time 2004 presidential front-runner Howard Dean, now chairman of the Democratic National Committee, visited with us last week and made an unusual confession about why his White House bid soured: He failed to grow up during the campaign," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

" 'My biggest mistake was something that Bill Clinton actually told me, but it was too late down the track to do it,' he says. 'That I had to make a conversion from an insurgent candidate to a candidate who acted like a president.

" 'People won't elect you president if they don't see you as a president. They saw me as an insurgent, they loved me, I was able to push the party into standing up for itself again, but I never made the conversion into what people expected of a president of the United States, and I needed to make that conversion around September [2003], and I didn't do it.

" 'Part of it was we were too successful too fast. I was leading the polls in September, so the argument was, well, you should continue to do what you're doing. But that wasn't sufficient.' "

Still smarting

Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House.

Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports.

"We're not going to give them an ounce of daylight," said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008.

The senator said his response to the commercials in 2004 was not strong enough.

"We thought the fact that the truth was out there was enough," he said. "Clearly it wasn't."

Jet-setting greens

"They sit in economy class occasionally wiping their clammy hands. Their eyes dart furtively about. They wonder whether the stewardess or passenger next to them might have become suspicious. Some even grow moustaches or beards -- to cover the 'giveaway' sweating top lip," Peter C. Glover writes at www.tcsdaily.com.

"But they are not terrorists. At least not in the modern sense of wanting to blow up the airplanes they travel in. Far from it, for they love nothing more [than] the sense of self-importance international jet-setting offers. Traveling that delivers them in far-flung destinations where they can evangelize their ascetic ordinances to thousands of fellow worshippers. But while travelling their chief fear is that they will be found out. Who they are, what they preach -- and expose their moralistic hypocritical behavior," Mr. Glover said.

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"They are the Green Bigots, leading environmentalists, those at the vanguard of the fight to change our lifestyles, restrict our foreign flights, who insist we do our 'bit' to cut greenhouse gas emissions while they rack up thousands of airmiles on business and pleasure trips.

"As the UK's The Sunday Times has recently revealed, 'In the past year the directors and chief executives of groups such as WWF, Greenpeace, Friends of the Earth and the Soil Association have crisscrossed the globe, visiting the Falklands, Japan, Africa and Brazil.' The ST's environment editor points out, 'All are running high-profile campaigns to persuade people to change their lifestyles and cut emissions of carbon dioxide.'

"The article identifies a number of well-known examples. They included Bob Napier, chief executive of WWF, who through jetting to various destinations in Asia, the Americas and Europe helped generate more than 11 tons of carbon dioxide (CO2) last year."

In trouble

Worried California Democrats said Sunday that Phil Angelides failed to achieve the breakthrough he needed in the sole gubernatorial debate and expressed fear that his campaign's trajectory threatened others on the statewide ticket, the Los Angeles Times reports.

Fellow Democrat John Garamendi, in a tight race for lieutenant governor against Republican state Sen. Tom McClintock, has started to distance himself from Mr. Angelides. Mr. Garamendi said in a television interview that aired Sunday that he disagreed with an Angelides plan to raise taxes on corporations and the well-to-do.

"I don't think it's necessary," the insurance commissioner said on KNBC's "News Conference."

Though few thought Mr. Angelides did poorly in the debate, there was wide agreement that Gov. Arnold Schwarzenegger, a Republican, benefited the most from Saturday night's allotted 55-minute session, largely because nothing occurred to change the essential dynamic of the race.

Mr. Angelides, the state treasurer, entered the evening desperately needing to redefine a contest that by all measures -- polling, fundraising, party morale -- was going badly for him.

Turner's doubts

Former media mogul Ted Turner says he has a hard time deciding whether he is for or against the war on terrorism.

"There are a lot of things about this war that disturb me, and one of them is the attitude that was well-expressed by our president. He said it very clearly; he said, either you're with us or you're against us. And I had a problem with that because I really hadn't made my mind up yet," Mr. Turner said yesterday at the National Press Club.

"I mean, what if you haven't made your mind up? What if you're thinking about it, doing some studying, doing some reading? Because it's an important decision on whether to go to war or not to go to war. I mean, you're either with us or against us -- that's pretty black and white."

Blanco's plan

Louisiana Gov. Kathleen Babineaux Blanco, a Democrat, proposed a $1 billion plan yesterday to ease the post-hurricane insurance burden on Louisiana homeowners by sending them refund checks to cover recent rate increases.

Mrs. Blanco's plan requires legislative approval and a change in the state constitution, in part because some of the money would be raised by selling off what remains of Louisiana's share of a 1998 nationwide tobacco settlement.

The plan calls for the state to essentially refund the rate increases, averaging 15 percent, that private insurance companies imposed on Louisiana's 1 million policyholders after Hurricanes Katrina and Rita, the Associated Press reports.

Under Mrs. Blanco's plan, homeowners would be sent checks next year. A homeowner who pays $1,000 per year for property insurance would receive $100 to $150.

"We need insurance-rate relief, and we need it now," Mrs. Blanco said.

No Cabinet Member Left Behind In 'Jeopardy!' Challenge For Charity (USAT)

By Greg Toppo, Usa Today

USA Today, October 9, 2006

I'll take "Cabinet Members on Quiz Shows" for $200, Alex.

DOJ_NMG_0076795

This U.S. Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity.

Who is Margaret Spellings?

Spellings, 48, a former lobbyist and longtime education adviser to President Bush, is sworn to secrecy about how well she did — as are all contestants on the long-running syndicated game show, hosted by Alex Trebek.

She did say after the taping in New York: "I held my own … it wasn't a wipeout." The episode of Celebrity Jeopardy! on which she appears will air next month on ABC.

The Education secretary, who oversees the schooling of nearly 77 million U.S. students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show.

Unlike contestants on typical Jeopardy! episodes, celebrity contestants appear only once per tournament, and charities receive their winnings. Those charities selected by the runners-up receive $25,000 (or more if the players earn more); the winner's charity gets at least $50,000. Spellings' beneficiary: ProLiteracy Worldwide.

The invitation came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show.

A quiz show may be a walk in the park for Spellings, who, alongside the president, first lady Laura Bush and Attorney General Alberto Gonzales, will preside Tuesday over a summit on school safety.

It takes place after three deadly school shootings in the past few weeks. And next year, Spellings gears up for congressional hearings on both the Higher Education Act and No Child Left Behind, Bush's signature elementary and secondary education law.

No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration.

Asked repeatedly for details about the taping, executive producer Harry Friedman on Sunday finally said, "I can tell you she did fine and I can tell you … no, I really have to stop there."

Added Spellings: "I'm glad I did it. … Now I need to get back to business."

OMB Paper Aims To Clear Up Bush's Management Agenda (WP)

By Stephen Barr

The Washington Post, October 9, 2006

As federal employees understand all too well, it's sometimes hard to sort out myth and fact in Washington.

Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government.

That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the "facts" in this new paper will be disputed by federal unions and in some quarters of Congress.

Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda. Among the paper's points:

Â· Changes to the federal personnel systems are not intended to cut payroll expenses. "The amount of money spent overall on raises will not change, and employee benefits will not change," according to the paper. "If an employee is a good performer, he or she will attain higher pay levels faster."

Â· Additional money has been proposed for training and implementation of new personnel systems. (The paper does not stipulate how much, but officials said two departments -- Defense and Homeland Security -- plan to spend several million dollars.)

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Â· Projected savings from job competitions between federal employees and contractors, often in dispute, will be tracked and verified. "Agencies are establishing internal processes to independently validate results from completed competitions," according to the paper.

Â· Program assessment ratings, conducted by the OMB, are not used to eliminate federal programs that are out of favor with the administration. Ineffective programs, the paper noted, "may well need more money."

Asked if the paper had been posted with an eye to the November congressional elections, Robert Shea at the OMB said no. The paper had been in the works for some time, said Shea, who serves as counselor to Clay Johnson III , deputy director for management at the OMB.

The management agenda was drawn up shortly after President Bush took office, when administration officials assumed they could count on widespread support in Congress. But a series of events, including questions about the government's sluggish response to Hurricane Katrina, have slowed the administration's ability to overhaul key systems.

Federal unions and the OMB have battled annually over outsourcing, with Congress sometimes supporting unions. A pending House appropriations bill would block some funding for the OMB program assessment ratings. Federal court rulings have blocked personnel system changes that would sharply limit union rights.

Johnson and OMB Director Rob Portman , speaking at a recent luncheon sponsored by the IBM Center for the Business of Government, said that they plan to pick up their efforts to sell Congress on the president's management agenda.

"One of the reasons we are focused on this, and Clay and I are working a little bit more deliberately with Congress and trying to institutionalize more of this, is that we know these committees, some of the staff, some of the members, are going to outlive this administration," Portman said.Buying and Spending

In responding to the Sept. 11, 2001, terrorist attacks, the government has increasingly relied on contractors for support and solutions, the Government Accountability Office reported Friday.

From 2001 through 2005, federal acquisition spending increased more than 65 percent, to $388 billion in 2005, the GAO said.

But the government's acquisition workforce has remained steady, at about 106,000 employees. "Many have raised concerns that the increased workload has stretched this workforce to its limit," the GAO said.

The surge in spending also has renewed worries about contract abuse and mismanagement, and Charles Peters , the legendary editor of the Washington Monthly, has kicked off a debate on contracting issues at http://www.understandinggovernment.org . The Web site provides federal employees with a forum where they may remain anonymous.

Federal employees interested in government spending also might want to check out http://www.fedspending.org , sponsored by OMB Watch, an advocacy group founded in 1983 to promote increased government accountability. That site, which will contain data on $12 trillion in spending from 2000 to 2005, launches tomorrow.

Dr. Mark McClellan (CSM)

By David Cook

The Christian Science Monitor, October 10, 2006

Dr. Mark McClellan, who will step down Saturday as administrator of the Centers for Medicare and Medicaid Services, met with reporters at a Monitor-sponsored breakfast on Friday.

As head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal.

The questioning began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular.

McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging of the baby boom is putting big pressure on both."

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Turning first to the healthcare system as a whole, McClellan said, "the best thing that we can do is to take further steps to improve the efficiency in the way that it works, of getting more for the dollars that we spend. Steps like paying more for value, shifting benefits so that they are up to date and stay up to date, getting patients more involved because care is increasingly about prevention ... all of those steps can help us get the overall cost of care down...."

There is substantial waste in the healthcare system that can be eliminated, McClellan said. "Because of medical errors, misuse of treatments, overuse and underuse, by many estimates up to 30 percent or more of our healthcare spending is going for the wrong thing. We need to be making much more progress on getting that right."

McClellan, the older brother of former White House press secretary Scott McClellan, then turned to steps that could put the Medicare program on a sounder footing for the future. "Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability," he said.

But McClellan said he favored "reduced subsidy levels" from Medicare "for wealthier Americans."

"I do think we need to continue to take a close look at what Medicare can support for the long term. In 2007 we are implementing an income-related premium in Medicare. What that means is that the wealthiest beneficiaries will still get a significant subsidy for their Medicare benefits. The overall Medicare subsidy next year is going to be worth more than $7,000 a person, and even the wealthiest beneficiaries will continue to get most of that subsidy. But steps toward having people with the most means use their own savings and their own resources to pay for part of their care, while keeping the whole Medicare program up to date, making sure it is available and providing effective coverage for everyone, can be a very important step toward making the program sustainable," he said.

The challenge of making Medicare sustainable was a key part of a speech last week by Federal Reserve Board Chairman Ben S. Bernanke. The Fed chairman stressed the country's need to boost saving to pay for the effects of an aging population. He noted that Medicare's cost is projected to rise from 3 percent of gross domestic product (GDP) today to 9 percent in 2050. That is more than the country now spends on both Social Security and Medicare.

Bernanke said the choices for dealing with the financial costs of an aging population are higher taxes, less non-entitlement spending, a reduction in outlays for government programs, a sharply higher budget deficit, or some mix of all these.

McClellan cited the recently enacted Medicare prescription drug benefit as an example of the gains that can come from competition and from consumers making frugal choices.

"The average costs that the [providers] say they need for 2007, or their bids for providing the drug coverage, turned out to be about 10 percent lower on average than had been the case for 2006. So drug costs to taxpayers will be on average about 10 percent lower in 2007 than in 2006," McClellan said.

"Another way to look at it is that the bids the plans made for 2007 are about one third lower than had been predicted a little bit over a year ago in the middle of 2005 because of ... very strong and aggressive competition and people choosing low-cost plans," McClellan said. He noted that, "something like 75 percent plus of our beneficiaries chose plans which cost less than the average."

McClellan brings a strong academic background to his work. He earned his bachelor's degree from the University of Texas, his master's degree from Harvard University, his medical degree from Harvard-MIT Division of Health Sciences and Technology, and his PhD from Massachusetts Institute of Technology.

Not surprisingly, McClellan is optimistic about the role medicine will play in the country's future. "If you look ahead in the 21st century, this really should be what many experts have called and the economists have called the biomedical century. Healthcare and biotechnology and innovation in medicine are areas where the United States can lead the way for the world in innovation, can lead the way for the world in helping people live much longer and much better lives," he said.

Defense Managers Give New Personnel System A Good Grade (WP)

By Stephen Barr

The Washington Post, October 10, 2006

The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees.

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A year ago, she found it difficult to recruit employees for her staff at the Defense Threat Reduction Agency and had lost younger employees to consulting firms and contractors that paid more. But the new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said.

"We have been recruiting in the last six to nine months, and the quality of the individuals we are getting is much higher than a year ago because they are willing to apply to an agency that is pay banding," Vaughn said.

As part of its move to the new National Security Personnel System, Vaughn's agency adopted pay bands -- typically three broad salary scales for most occupations -- and tossed out the 15-grade, 10-step General Schedule, the decades-old system used across the government.

The shift to the NSPS, however, is about more than the mechanics of setting salaries.

The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials.

The NSPS calls on supervisors and employees to link their work to their agency's mission. At the DTRA, the goal is to safeguard the country from weapons of mass destruction. Employees and supervisors write up job objectives tied to the strategic plan of their agency, and employees are evaluated on how well they meet those objectives. The evaluations are turned into job ratings used to determine pay raises and bonuses.

Shari Durand , in charge of personnel policies and business-related activities at the DTRA, said the NSPS will help employees "get even more focused on specific outcomes. In the past, there wasn't a disciplined process to make that happen."

The first phase of the NSPS began in late April and covers 11,000 civil service employees in the Defense Department. The second wave of conversions, involving more than 66,000 employees, began this month and runs through January. Over time, the Pentagon hopes to move about 700,000 employees into the NSPS.

The new system has created some anxiety in the Defense workforce. The American Federation of Government Employees and other unions have questioned whether performance-based pay can be administered fairly and whether Congress will provide adequate funding for the NSPS.

The unions filed suit to stop implementation of some parts of the NSPS, including a provision that would limit contract negotiations, and won a court injunction. The Pentagon has filed an appeal and is converting only non-union employees to the NSPS until labor-management issues are clarified.

Like other agencies in the first wave, the DTRA held a practice run to help supervisors and employees understand the personnel system.

At the start of the dry run, supervisors and employees spent time together defining job objectives and expectations, Durand said. At the end, employees received information showing how they stacked up against co-workers for the rating cycle, she said.

"The mock has produced, I think, more realistic evaluations of employees and you see a better equity across the board," Durand said. "Dollar-wise for some folks, there could be a significant increase for them from what they got under the GS system."

The switch to a new system also has required several hours of training for supervisors and employees.

Mirna Flowers , a management analyst and aide to Vaughn, said the training was "overwhelming," adding that "I have to pull out my little reference book to make sense of it." She continued: "Just a lot of new language and terminology that we all have to get used to."

Still, Flowers called the NSPS "a good tool" and predicted that poor-performing employees will be held more accountable under the NSPS. "As harsh as it may sound, you have seen people get pay increases for just being in the system," she said. "And I think this system is going to allow us to be able to separate the performers from the non-performers."

An Inspector General? (WP)

The Washington Post, October 9, 2006

Rep. James Sensenbrenner's proposal to create a watchdog for the judiciary is a bad idea come too soon.

BEFORE LEAVING town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived.

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Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work. Just the other day the judiciary itself acknowledged as much; a commission led by Justice Stephen G. Breyer examined the recent history of judicial self-policing and found that the judiciary had mishandled a large percentage of high-profile misconduct cases. The Breyer commission made a series of recommendations for improving the management and investigation of such matters.

In addition, the administrative arm of the courts mandated the use of computer software to cross-check a judge's financial holdings to flag conflicts of interest. And it imposed new disclosure rules on judicial attendance at privately funded educational seminars. While we continue to think that the judiciary needs to do more, it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix.

This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event. Under Mr. Sensenbrenner's proposal, the office would investigate "waste, fraud and abuse" -- though the judiciary has little of these. It would also look into misconduct charges against judges of lower federal courts and report to Congress on them. It would have the power to subpoena documents and testimony in conducting these probes. To avoid running afoul of the constitutional separation of powers, however, the inspector general would be removable from office by the chief justice. It could not investigate the merits of a judge's decision or initiate an investigation before the judiciary's normal misconduct procedures had run their course. The result would be an office at once intrusive and too weak to be of much use, more likely to impinge on the independence of the judiciary than ferret out misuse of funds or uncover misdeeds.

An institution that could serve to harass judges who issue politically unpopular opinions with subpoenas for document production and testimony would be problematic under any circumstances. Mr. Sensenbrenner's habit of using his committee's powers to investigate federal judges -- some of whom merely acted in ways he did not like -- creates a particularly troubling context. While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment.

Good New Rules For Judges (LAT)

The Los Angeles Times, October 9, 2006

Measures will increase impartiality and stave off congressional intrusion.

IN A VARIATION ON THE BIBLICAL exhortation "Physician, heal thyself," critics of ethical lapses in the federal judiciary have long been saying, "Judges, judge yourselves." The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them.

Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings.

The first initiative is designed to make it harder for judges to inadvertently sit on cases in which their impartiality might be questioned. The conference will require federal courts to use computer software that sifts through cases in search of overlap between the parties and judges' financial holdings.

The second initiative addresses a malodorous practice in which federal judges attend seminars — some of them funded indirectly by corporate interests — at which they have the opportunity not only to bone up on trends in law and economics but also to swim, play golf, ride horses and otherwise frolic with captains of industries who have a lot at stake before courts. The Community Rights Counsel, an environmental watchdog group, has documented hundreds of such "judicial junkets."

New rules announced by the Judicial Conference will not do away with judges' participation in educational programs but will impose new disclosure requirements. Except for those offered by bar or judicial organizations, seminars that reimburse judges for more than $305 in expenses (greens fees included, presumably) must disclose sources of financial support. Information about which judges participated in which events will be available on the Internet.

Judges who take part in these programs are adamant that they aren't swayed in their rulings by the hosts' hospitality. But what matters is how the public might perceive the preferential access that flows from these junkets and the motivation — presumably not just charity — of those footing the bill.

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Welcome as they are in themselves, the new rules should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself.

OTHER NEWS:

Fed Official Sees Easing Inflation, But Concerns About Prices Remain (WSJ)

By Michael S. Derby

The Wall Street Journal, October 10, 2006

NEW YORK -- Federal Reserve Bank of San Francisco President Janet Yellen said Monday that while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time.

"I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity," Ms. Yellen said in comments prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.

She noted that "monetary policy makers again are doing a balancing act, seeking the best way to temper inflationary pressures while not exposing the business cycle expansion to undue risk." And against those risks, "holding the stance of policy steady for a time makes sense to me," especially since "we appear to be within range of the moderately restrictive policy," she said.

Ms. Yellen is currently a voting member of the interest rate-setting Federal Open Market Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year.

Ms. Yellen, who has been a frequent speaker on the economic outlook over recent weeks, offered views in her speech that were consistent with her past statements. Ms. Yellen's address Monday wasn't open to the press.

"Core consumer inflation has been uncomfortably high recently," she said. "I believe it is critical that inflation trend in a downward direction over the medium term" and "my expectation is that this is the most likely outcome," she said.

Ms. Yellen did acknowledge that she is "somewhat encouraged" by recent evidence of slowing price pressures. That said, "I am keenly aware that this pattern has yet to show up in the data on any sort of a sustained basis," she said.

And in a world where the outlook for price pressures is "highly uncertain," Ms. Yellen said that "until we actually see inflation begin to slow down, I will be focused on the upside risks in the outlook." Still, the official pointed to "well anchored" inflation expectations as a reason to be optimistic.

Ms. Yellen said that the Fed decided to hold rates steady in August in large part because of rising evidence that past rate increases were beginning to slow the economy. "Since then, there have been further signs of slowing," which allowed the Fed to again keep rates steady when it met in late September.

"The data we've been seeing in recent months point to a noticeable slowdown for this half of the year, with growth running at only a modest pace and clearly below the rate that is sustainable in the long run," Ms. Yellen said. Supporting the economy are a number of factors on the business side of the equation, while headwinds include energy prices and the cumulative impact of past interest-rate incresases, she said.

Ms. Yellen added to the list of factors weighing down growth the housing sector, where the pace of the slowdown there has been "a little surprising." She said "we have already seen that the pace of house-price appreciation has clearly moderated, and there are signs that it may continue." This will likely weigh on the consumer sector, Ms. Yellen said, as she warned that banks should be particularly wary of the impact of this shift on their industry.

Ms. Yellen also said "it has been something of a relief to see that oil prices have receded quite a bit in recent months," and if they stabilize, "the restraint we've felt this year should evaporate over 2007" and "would actually contribute to a pickup in growth next year."

DOJ_NMG_0076801

Dow, Nasdaq Shrug Off North Korea, While Dollar Increases On The Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 10, 2006

The U.S. stock market quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading.

The Dow Jones Industrial Average gained 7.60 points, or 0.1%, to end at 11857.81, up 11% on the year, just shy of its recent record.

The modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT.

Other indicators also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year. And the Nasdaq Composite Index rose 0.5%, or 11.78 points, to 2311.77, up 4.8% on the year.

Reacting to its neighbor's reported nuclear test, South Korea stocks dropped. The benchmark Kospi stock index tumbled 2.4%, or 32.60, to 1319.40, and is now off 4.4% on the year.

The dollar rallied on the yen, as the nuclear test added to pressures on the Japanese currency. The Japanese stock market was closed.

Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said that geopolitical events -- even dire ones -- have had decreasing influence on U.S. shares lately. He likened yesterday's reaction to the North Korea news to the market's relatively subdued moves following last year's transit bombings in London and this summer's conflict between Israel and Hezbollah.

"Investors' focus is on, 'What direction is economic growth headed?' " said Mr. Weissenstein. "At the same time, the market is growing less reactive to some of the other event-driven 'noise' that's out there."

He added that stocks had one less catalyst to generate significant moves yesterday, with the bond market closed. As trading resumes today, the 10-year Treasury yield stands at 4.7%.

In recent weeks, many investing pros have commented on the interplay -- and apparent disagreement -- between the bond and stock markets. Bond prices have generally been low, a possible sign that investors are worried about recession, according to some analysts' reading of the market.

By contrast, the Dow rallied last week to records, and stock investors generally remain confident that the economy is vibrant enough to sustain a strong run of corporate profits.

That theory will be put to a test today when the aluminum maker Alcoa, one of the Dow's 30 component stocks, releases third-quarter earnings after the market close. The company's profit announcement traditionally kicks off the earnings season, with a flurry of companies following suit.

In major U.S. market action:

Stocks rose; bonds were closed. Total trading volume for stocks listed on the New York Stock Exchange was 1.98 billion shares, as 1,976 issues rose and 1,275 fell.

The dollar was mixed. Against the Japanese currency, the dollar rose to 119.12 yen, compared with 119.01. The euro rose against the dollar to $1.2601, compared with $1.2595.

Small Businesses Again Gain Ground In Overall U.S. Employment (USAT)

By Jim Hopkins, Usa Today

USA Today, October 9, 2006

Trend may mean more employees will lack insurance as a result

SAN FRANCISCO — Reversing a long-term trend, small businesses are taking a growing share of U.S. employment, with possibly negative consequences for health care coverage of millions of workers.

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New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003. It was the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show.

As more Americans work for small firms, however, they are less likely to get medical coverage and other benefits such as retirement plans, because small firms are less likely to offer those benefits.

For example, 60% of companies with three to 199 workers offered health benefits this year vs. 98% of those with 200 or more workers, the Kaiser Family Foundation said last month .

Driving the employment trend:

•Shifting cycles. Big companies — defined by the SBA as those with 500 or more employees — are more likely than small businesses to shed workers during recessions and slow-growth economies, says Mark Zandi, chief economist at Moody's Economy.com.

"Layoff announcements are large and numerous," Zandi says, citing the period after 2001, when a short recession spurred many corporations to slash payrolls.

•Industry mix. Big corporations are more likely to be in manufacturing, a sector ripe for replacing workers with automation through investments in technology.

Small companies are often in service industries such as consulting and health care, fields that require workers rather than machinery, says Brian Headd, SBA's head of research.

In Omaha, Medical Solutions nearly doubled employment this year, to 250 workers, as more hospitals hired its registered nurses and other health care professionals. Started in 1997, the company now has contracts with 350 hospitals in 46 states, President Scott Anderson says.

•Outsourcing. As big companies downsize, they hand work to smaller outfits such as Total Asset Services in Tulsa. It installs voice and data cables, plus other equipment for big companies such as Capital One that are opening call centers in the Midwest, owner Sharon Marrs says.

The outlook for further shifts in employment is mixed. Zandi says big corporations may have taken the lead since 2004 as the economy started growing again after the recession.

Still, planned job cuts, especially in the automotive industry, soared 54%, to 100,315, last month from August, outplacement firm Challenger Gray & Christmas said last week.

Also, CEOs of Fortune 500 companies have grown more pessimistic about hiring, according to the Business Roundtable's most recent quarterly survey.

In that trade group survey, published last month, 32% of CEOs said they expected U.S. employment would be higher in the next six months, down from 41% in the previous survey.

The Worker Rally (WSJ)

The Wall Street Journal, October 9, 2006

The Labor Department released its September jobs report on Friday, and some wags are calling it the "whoops" report. The "whoops" is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006.

So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire. What's going on here?

Our hypothesis has been that, due to the changing nature of the U.S. economy, the Labor Department's business establishment survey has been undercounting job creation from small businesses and self-employed entrepreneurs. That job growth has been better captured in Labor's companion household survey, which reported 271,000 new jobs in September after 250,000 new jobs in August, and a very healthy total of 2.54 million new jobs in the past year.

The household survey is what is used to determine the unemployment rate, which fell in September to 4.6%, the lowest level in five years. The establishment survey, meanwhile, is used to announce the monthly "new jobs" numbers. Every year the

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Labor Department revises its job estimates from the previous year, in essence reconciling the figures from the two surveys, and the missing 810,000 jobs was the result through March 2006.

Getting out of the statistical weeds, the news here is that the U.S. has a very tight labor market -- which is now translating into significant wage gains. Over the past 12 months wages have climbed by 4%, which is the biggest gain since 2001 and which economist Brian Wesbury points out is higher than the 3.3% average annual wage growth of the last 25 years.

Most of the media has ignored all this and instead focused on the disappointing 51,000 "new jobs" number from the establishment survey for September. But even in that survey, the jobs number for August was revised upward by 62,000 and the U.S. jobs machine continues to roll out an average of about 150,000 additional hires each month. Even the loss of residential construction jobs in September, due to the housing market slowdown, was nearly matched by payroll gains in commercial construction.

This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm.

As Price Slips, OPEC Moves Toward Production Cuts (NYT)

By Jad Mouawad

The New York Times, October 10, 2006

A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output.

While more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place. It would be the first time OPEC had cut its quotas in two years.

OPEC, which accounts for about 40 percent of the world's oil exports, may call an emergency meeting later this month to hammer out the deal, according to the oil ministers from Iran and Algeria. Nigeria, which holds the presidency this year, did not rule out an emergency meeting ahead of OPEC's next scheduled gathering on Dec. 14 in the Nigerian capital, Abuja.

The Organization of the Petroleum Exporting Countries has not formally reduced its output ceiling since the second quarter of 2004, and any talk of how to divide the lower production may lead to acrimonious negotiations as countries fight for their market share.

But concerns over slumping prices may force OPEC to act.

Crude oil futures in New York are down 24 percent since touching a record trading price of $78.40 a barrel in mid-July. Last week, even as OPEC mulled reducing its output, prices fell 5 percent as traders doubted the cartel's resolve. Oil closed at $59.76 a barrel on Friday, near its lowest levels in seven months.

In recent days, Edmund Daukoru, OPEC's president and Nigeria's oil minister, has been making calls to all of the group's representatives to find a way to stem the slide and turn market sentiment around.

"I think there is more or less consensus for one million barrels a day," Mr. Daukoru told Reuters yesterday. He indicated that the cut would be made from OPEC's current quota of 28 million barrels a day.

Excluding Iraq, which does not have a production quota, OPEC produces about 27.5 million barrels a day, slightly less than its formal output ceiling.

Saudi Arabia, OPEC's most influential member, has not made any public comment in recent days, but is understood to back a production cut if other members reach a consensus to do so. The oil-rich kingdom has already pared its output to prop up prices.

In Algeria, the oil minister described the recent drop in oil prices as serious and warned that prices might fall another $25 if nothing was done. Chakib Khelil, the minister, told reporters there was agreement among the member countries to meet and decide on production cuts to face the "new market situation."

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"What is important is that the market find the OPEC position credible," he said. "That is why it is necessary to have a meeting to make a decision on the cut and to act on it."

As Oil Ebbs (WP)

The Washington Post, October 9, 2006

The nation still needs a sane energy policy.

THE DECLINE in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record.

The relief should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. The past year or so has vividly demonstrated the connection between surging oil demand and high prices on the one hand and noxious political trends on the other. High energy prices pumped money into the coffers of oil exporters such as Venezuela, Iran and Russia, emboldening their leaders to challenge the interests and values of the rich oil-importing democracies. Back in the 1990s, Russia depended on Western capital and made progress in embracing Western democratic values. In this decade, by contrast, the boom in oil and natural gas prices has left Russia with a surplus of capital. Freed of any need to humor Western creditors, Russia's leaders have hobbled democratic institutions at home and bullied democratic neighbors abroad.

Deflating petro-bullies is one good reason for the United States to reduce oil consumption and so bring oil prices down. Another reason is to reduce global warming, the evidence for which continues to strengthen. Again, the past year or so has provided a revealing natural experiment: High prices began to curb sales of gas-guzzling sport-utility vehicles and generated a flood of venture capital investment into alternative fuels such as ethanol made out of agricultural waste or grass. But with oil prices now down a bit, the commercial momentum behind energy conservation and alternative fuels may dissipate.

The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels.

The chief objection to this policy is that a new tax would burden the economy. But any such burden could be offset by reducing some other tax. The secondary objection is that a carbon tax is politically unfeasible. But the defeat of President Bill Clinton's proposal for a BTU tax, commonly cited as proof that a carbon tax is unthinkable, took place more than a decade ago. That was before oil states' extremism emerged as a leading security threat. It was before the evidence on climate change became overwhelming. It's time for the nation's political leaders to get beyond the circular conviction that they can't propose a carbon tax because nobody is proposing a carbon tax. What sort of leadership is that?

Va. Parents Trying To Unadopt Troubled Boy (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Mother Says Caseworkers Failed to Disclose Child's Stormy History

A talkative 9-year-old boy came to Helen Briggs on Valentine's Day 2000. She was a foster mother with years of tough love and scores of troubled kids behind her. But she grew to love this boy. Within the year, she'd talked her husband into adopting him.

Now, six years later, Briggs and her husband, James, a maintenance worker for the city of Alexandria, are taking the highly unusual step of trying to unadopt him.

In 2003, when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life.

The Washington Post generally does not name the subjects of juvenile court cases.

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Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time.

He'd been hospitalized seven times in psychiatric institutions and diagnosed as possibly psychotically bipolar. He'd thrown knives, kicked in walls, pulled out all his hair and threatened to kill himself. He'd heard voices telling him to do bad things. His confidential case file shows he most likely was sexually abused.

"I did not know any of that," Briggs said, though Virginia policy states that caseworkers should provide "full, factual information" about a child to adoptive parents. "They just told me he was hyperactive."

She said the state's failure to fully disclose the boy's background is tantamount to fraud.

State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support.

Still, a Fairfax County court has granted Briggs's petition to relinquish custody. The boy, who has lived in institutions since his conviction, is now officially back in foster care. He asked to be put on suicide watch, records show, when the judge's decision came down.

Briggs hired an attorney to terminate her parental rights. But in Virginia, a child older than 14 must give consent. The boy, now nearing 16, wants Briggs to be his mother forever, according to the voluminous confidential case file and e-mail and phone records Briggs subpoenaed for her lawsuit and provided to The Post.

Briggs sought to file a "wrongful adoption" lawsuit. But under Virginia law, she needed to file within two years of discovering the boy's history. Instead, she wavered.

First, she wanted him home after he had completed his sex offender treatment. But then psychologists deemed him a "sexual predator." That meant Briggs could no longer be a foster parent, which she considers her job. Nor could she allow her three grandchildren in her house. Nor could she keep a little girl she had cared for since the day she was born.

She had to choose.

"You don't want to throw somebody away," she said. "But sometimes you have to."

Her choice has left her with none of the rights and many of the responsibilities of a parent. Caseworkers forbid her from contacting the child because he becomes so violent and angry when she does. Yet state law requires that she pay $427 a month in child support and cover court costs when he appears before judges who now decide what's best for him.

With no legal recourse, she is asking politicians to help her find a way out.

"At first blush, you think, 'What, you're trying to give up your kid? You're a jerk,' " said Virginia Del. David B. Albo (R-Fairfax). "Then you find this lady has received awards for all the foster work she's done. And that she never would have adopted the boy and put other children in danger if she had had the information that was withheld from her."

The technical term for what Briggs is trying to do is "dissolve" the adoption, as if all the bonds of love and hurt could simply vanish into thin air.A Hopeful Start

When Briggs, 57, went to visit the boy for the first time, she said she saw a cute, happy child. She recalls caseworkers telling her that he was in a psychiatric hospital because he was too much of a handful for his great-aunt.

They were nearing desperation before they found Briggs, records show. Nobody wanted him.

A no-nonsense, old-school "professional parent," Briggs figured she could handle him. When the boy acted out, she gave him limits. When he began pulling his hair out, she had it shaved. And when he kept running away from school and her Lorton townhouse, she turned him over to her husband for a whupping, just like she got as a child -- until caseworkers called Child Protective Services.

Nonetheless, caseworkers noted that the boy thrived in her care. "The Briggs foster home is the most constructive and potentially successful placement option that this child has," they wrote.

Briggs hadn't planned on adopting anyone. There was just something special about this child. He was so thankful he had his own room, with the first bed he hadn't had to share in his whole life, she remembers him telling her.

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If she got sick, he'd make her soup and rub her feet. At school, if he heard an ambulance, he'd be beside himself until school workers let him call home to make sure Briggs was okay. She understood, she said. So many people had abandoned the child.

As she was signing the adoption papers, she remembers nothing about a background briefing, as required by state policy. Only a caseworker asking skeptically, "Are you sure you want to do this?"

"Yes," she recalled answering. "I love him."

When the boy came to her, he was taking medications for mental illness, depression, delusions, seizures and attention-deficit hyperactivity disorder. He was considered a "therapeutic" foster child, one that comes with extra emotional, medical or behavioral baggage and a heftier monthly subsidy.

Some case workers think she must have known, records show. One wrote that Briggs wasn't being "entirely honest." However, nothing in the case file indicates she was given an oral briefing or a written summary of the boy's background, or access to his records. In some reports, details such as his psychiatric hospitalizations and sexual abuse are left out.

There are also notations of alarm when Briggs began taking the child off his medications, that perhaps she did not understand the gravity of his condition.

Briggs said she thought the medications were for hyperactivity. When the child began complaining of headaches, she took him to a psychiatrist caseworkers recommended. She asked if the boy needed all the pills. The psychiatrist, records show, said no.

"When he told me he was hearing voices, I told him it was just his conscience talking," she said.

Records show that caseworkers are vehemently against Briggs terminating her parental rights. "At least, if his parents win the lottery and die, he will inherit," one wrote in an e-mail. Some think she has rejected the boy because she needs the money she gets from foster children.

"That's a lie," Briggs said angrily.

A religious woman and active in her Sword of Spirit Deliverance Ministry Pentecostal Church, Briggs said being a foster mother is a calling. She's on disability, she explained, so it's one of the few things she can do to supplement her husband's blue-collar wage.

"The system needs to be revised. That's why I'm doing this," she said. "I should have known about the child. Because people get hurt."

And then there is another reason, one that woke up late one recent morning and, yawning, shuffled downstairs in fluffy white slippers with bells on the toes and nestled onto Briggs's ample lap: a little girl of 5, the child of a former foster daughter and Briggs's legal ward.

"I can't take him back," Briggs said, stroking the hair of the child she chose to keep.

Wrongful Adoption

If it is true what Briggs says, that she really didn't know the full extent of the boy's difficult young life, it would not be the first time.

The first "wrongful adoption" lawsuit was won in Ohio in 1986. Parents were told the 16-month-old they adopted was a healthy infant born to a teenage mother. When the child later developed a fatal disease and exhibited mental disorders, the parents discovered he was born to two middle-age mental patients.

Since then, states have enacted a patchwork of laws and written disclosure policies. Some states, such as Texas and Ohio, give adoptive parents access to a child's entire case file. In Maryland, social workers are required to prepare a written background summary and ask adoptive parents to sign it. Virginia's disclosure policy has no written requirement.

"I have seen so many adoptive parents come back and feel so angry and cheated that we didn't tell them about a child. And we did tell them," said Judith Schagrin, a Maryland social worker. "It's just that at the time, they were so hopeful and looking through a lens of love that they couldn't hear what we were saying."

But sometimes, because of the high turnover of case workers, information gets lost, assumptions get made, mistakes happen -- especially if the child is older. Especially if they've bounced around foster care for years. And especially, Schagrin said, if their sad and broken histories might scare away potential foster or adoptive families.

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That pressure has intensified since 1997 because of a federal law that rewards states as much as $6,000 for every foster child adopted.

"I have seen caseworkers. They think, 'Oh, the family won't adopt the child if they know everything," Schagrin said.

Most adoptions take, especially for infants. But for children over 12, as many of 25 percent of the adoptions don't. They simply dissolve.Separate Paths

Briggs has seen her adopted son four times since he left her home in 2003 -- three brief visits to his out-of-town institution before she decided to give him up and once in court this summer. The child, by turns angry and despondent, had smashed his hand through glass.

"He feels unloved," a counselor noted in his file. "That he doesn't belong in the world."

Caseworkers came to Fairfax juvenile court to ask a judge to send the boy to a secure facility in another state. Though she had no say in the matter, Briggs came to see him.

After the hearing, she asked him for a hug. "Well, I'm grown up now," she remembers him saying before he gave in.

"Do you miss me?" she remembers asking.

"Yes," he said.

Then she returned home, to her grandchildren, her small ward and the new foster daughter who sleeps in the boy's old room.

House Afire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 9, 2006

Like the rest of their race, last week's debate between Connecticut Rep. Chris Shays and Democratic challenger Diane Farrell was supposed to be all about Iraq. Instead, the first question was about what should happen to the House Republican leadership in light of revelations of obscene electronic messages from ex-Rep. Mark Foley to teenage boys working as congressional pages. "This is one more illustration of what has been happening with the existing Republican leadership," said Farrell, who'd called for the resignation of House Speaker Dennis Hastert earlier in the day. "It has been one mistake or one scandal after another." Thrown on the defensive, Shays called Hastert a "very good and decent man" and argued that calls for his resignation were premature, since allegations that Hastert knew of Foley's lewd conduct for years had yet to be proven.

Then it was time to get back to Iraq. But the next questioner, a news anchor from New Haven, asked about the Foley scandal, saying, "I am not sure we have exhausted this topic." By the time the subject of Iraq surfaced, nearly a quarter of the hourlong debate was over.

That's bad news for Shays, and for Republican incumbents across the country who are trying to retain control of Congress in next month's midterm elections. As each day last week brought new questions about how the Republican leadership handled the Foley affair, the political implications came into sharper focus. An Associated Press-Ipsos Poll released late last week found that roughly half of likely voters said corruption and scandals in Congress would be very or extremely important in how they cast their ballots on November 7. The poll also found that voters trusted Democrats over Republicans to combat corruption by a margin of almost 2 to 1. Pollster John Zogby says his internal polls found a precipitous drop-off in Republican support. "When voters make a radical turnaround like this," Zogby says, "it could be the beginning of a free-fall."

"Tidal wave." Hastert stanched the bleeding at least temporarily with a press conference that managed to be both blunt and folksy. "The buck stops here," he vowed, and for the moment he seemed to get the benefit of the doubt (box). The House ethics committee quickly issued dozens of subpoenas for House members and personnel. But Republican concerns about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages. "Our one advantage over the Democrats had been money, but just how much money does it take to overcome this tidal wave of media attention?" asked Republican pollster Tony Fabrizio. Coupled with growing voter unease about the U.S. involvement in Iraq, the Foley revelations appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more

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inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control.

A Secret Life (NSWK)

By Evan Thomas, Newsweek

Newsweek, October 9, 2006

Mark Foley's explicit e-mails could bring down the GOP. His story, and the fallout.

In uptight, colorless Washington, Congressman Mark Foley, 52, Republican of Florida, was a bon vivant. He loved parties and making jokes; he did a wicked Bill Clinton imitation; he loved to talk about sex. He had to be a little bit careful, however. A gay man, he might bring a boyfriend to private parties, friends say, but when he appeared on the official cocktail circuit, he went alone or with a woman. He also hid, or tried to hide, his interest in younger men—much younger men, including the teenagers who can be seen scurrying around Capitol Hill toting the mail and taking in, at least in theory, a firsthand civics lesson. The House pages, the 70-or-so high-schoolers who spend up to a year in Washington running errands for congressmen, live in a squat red-brick dormitory at 501 First Street Southeast, less than five blocks from the Capitol. The building once housed Roman Catholic nuns who worked at a nearby hospital. The teenage pages are chaperoned by six staffers and are warned to stay away from drugs and alcohol. Only steps away from the pages' dorm is a bar called Bullfeathers, where lobbyists take Hill staffers to down martinis. Two blocks away is the Cannon House Office Building, where Congressman Foley had his office.

On one night in 2002 or 2003, an allegedly inebriated Foley showed up at the pages' dorm after a 10 p.m. curfew and tried to gain entry, according to an account provided by two congressional sources, who declined to be identified due to the sensitivity of the matter. Foley was turned away by a guard. It is not known if the pages were ever aware that Foley lurked outside their door, but word of the incident reached the House Clerk, who notified Foley's chief of staff, Kirk Fordham.

This was not the first time that Fordham had learned of his boss's behaving, in that modern all-purpose euphemism, "inappropriately." Fordham decided that it was time to go to a higher authority, so he went to see Scott Palmer, chief of staff to the Speaker of the House, Dennis Hastert. That, at least, is what Fordham is prepared to tell investigators, according to a knowledgeable source who requested anonymity in discussing the probe. Palmer has already accused Fordham of dissembling, and Washington is settling in for one of its periodic melodramas of moralizing and prurience.

The secret world of Mark Foley—and the denial and bumbling of the House leaders who possibly did not want to know too much about that world—is beginning to emerge in bits and pieces of lurid detail. What actually happened—from the moment that Hill staffers first became aware of Congressman Foley's unusual interest in teenage congressional pages—is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance.

Voters may not understand the legalistic ins-and-outs of campaign-finance scandals or know much about an influence peddler like Jack Abramoff beyond his name. But they can follow the details of a sex scandal, especially one that they can imagine harming their own children. It was not necessary to read Foley's leering (and worse) e-mails and instant messages to former congressional pages—in one, he asks "Do I make you a little horny?"—to be disgusted by an obvious abuse of power and trust. If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress.

It is too early to know exactly why the Republicans failed to heed the warning signs about Foley's interest in the pages. Staffers raised concerns, the Speaker's office was notified and Rep. John Shimkus, head of the House Page Board, was dispatched to caution Foley and warn him away from the pages. But nobody bothered to investigate further—a step that might have uncovered the broader pattern of predatory behavior now evident.

There are plenty of theories about why the leadership did not take the matter more seriously. In the Washington power culture, incumbents are generally protected from the consequences of their own actions. That's especially true in a Congress where one party has ruled both houses for years; the concept of meaningful oversight has been essentially forgotten. And in a party ruled largely by conservatives, and built with the help of evangelicals, many of whom view homosexuality as unnatural and

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homosexual acts as sinful, leaders may also have had a special reluctance to scrutinize the sexual behavior of their colleagues or their staffs.

Inevitably, Washington was rife with nasty rumors of a "Velvet Mafia" of gay Hill staffers conspiring to protect each other. But Foley's homosexuality should not be the central issue in the scandal. His wrongdoing was to sexually prey on teenagers. Sexual orientation has nothing to do with sexual predation, and to suggest otherwise is to dredge up ugly stereotypes that are factually wrong (according to a 2000 Justice Department study, 97 percent of adults who sexually assault 12- to 17-year-old children are male—and 90 percent of their victims are female). Nonetheless, it is relevant that Foley is both homosexual and a Republican.

A number of top GOP staffers on Capitol Hill are gay and, generally speaking, most do not advertise their sexual orientation. Some staffers may believe that their place at the pinnacle of power could be compromised if their private lives were publicly known. Republican leaders on the Hill may not want to know too much about the sexual orientation of a fellow Republican congressman, like Foley, or even their staffers. They may wish to be in a position to deny any knowledge. If there were any efforts among gay staffers to protect Foley, they may have been motivated by personal considerations, or an effort to protect the GOP's rule on Capitol Hill. "The notion that there's a cabal and they're closing ranks and protecting one another because they're gay is reprehensible," says Brian Bennett, who came out after serving as chief of staff to former congressman Bob Dornan, a fierce right-winger. "People protect each other because they're friends."

Republicans have been tripping over each other for days trying to get their stories straight on who knew what and when. The various explanations have only served to obfuscate. In the end, the Republicans may not be able to escape the irony of the Foley scandal. In 2004, the GOP helped get President George W. Bush re-elected by turning out the base, especially the Christian right, to vote for state bans on gay marriage. In 2006, the GOP may lose control of Congress because it didn't try harder to investigate a gay congressman who was also a sexual predator.

The man at the center of the scandal is, or was, by all accounts an unusually upbeat, buoyant politician. Raised in modest circumstances, Foley, the son of a Marine veteran of Guadalcanal, has been enamored with politics from the time he dropped out of Palm Beach Junior College to start a small restaurant. A moderate Republican, he became a fixture in the glitzy Palm Beach social scene, hobnobbing with the wealthy at places like Donald Trump's Mar-a-Lago estate. Foley was "just easy to like," says Sid Dinerstein, chair of the Palm Beach County Republican Party. "He loved his job. He loved waking up in the morning to find another event to go to."

Foley did not exactly hide his sexual orientation. He was often spotted with his longtime companion, a well-to-do Palm Beach dermatologist, though Dinerstein says the two were careful not to sit together at big charity functions. From time to time, however, Foley had to evade questions. Asked by a local radio host when he first ran for Congress in 1994 "Is it true you're gay?" Foley replied, "I have a girlfriend." He said the woman lived in Miami and spent time in Washington. In 2003, Foley backed out of a bid for the Senate, ostensibly to care for his sick father—but also, his friends suggested, because he did not want to withstand the inevitably increased scrutiny of his sexual orientation.

In Washington, Foley's homosexuality was an open secret. Gays active in Republican politics describe an informal "don't ask, don't tell" rule: gay staffers can be out of the closet, as long as they aren't too public about it. The party leadership apparently welcomed Foley: he raised hundreds of thousands of dollars for GOP campaign coffers. Radical gay groups sometimes try to out closeted GOP congressmen, but Foley believed he had some protection. He could not be accused of hypocrisy because he voted against a constitutional amendment banning same-sex marriage.

Still, Foley was subject to the jeers of at least one openly gay Democratic congressman. Last week Rep. Barney Frank of Massachusetts told the Advocate.com, a gay news site, "Once, at a congressional Christmas party at the White House, my ex-boyfriend Herb went up to Foley, who was with a female date, and said to him, 'Why don't you get a real date?' Foley didn't say anything."

Foley was sexually active in Washington, according to a gay Republican who declined to be identified discussing Foley's private life. Because he had a longtime partner, he told a friend, he preferred to have affairs with men who also had boyfriends. That way, he explained, they both had something to lose. Foley jokingly described this practice as "mutually assured destruction," said this friend.

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Foley was looked after, at least to a degree, by Kirk Fordham, who ran Foley's first campaign and came to Washington as his chief of staff. Fordham, who is openly gay, has said he warned Foley not to flirt too openly. If Fordham is to be believed, Foley began showing undue interest in congressional pages as early as 2001. The Clerk of the House, Jeff Trandahl, advised Fordham to warn Foley about his conduct. Fordham, a skilled and ambitious political operative, left Foley's staff after he bowed out of a Senate run in 2003 and moved on, ultimately becoming chief of staff to Rep. Tom Reynolds, the head of the Republican congressional campaign committee.

Foley sent the e-mails that ultimately led to his downfall beginning in July 2005. Foley e-mailed a former page to ask, "How old are you now?" He asked the page what he wanted for his birthday. In a later e-mail, after Hurricane Katrina had hit Louisiana, Foley asked after his safety and to send a picture of himself. The e-mails were very familiar, but not overtly sexually suggestive, though in one e-mail Foley noted that he was on his way to the gym and wrote, "I am just finished riding my bike on a 25-mile journey."

The e-mails "freaked me out," the page told a staffer for his congressman, Louisiana Rep. Rodney Alexander. Foley's request for an "e-mail pic" was "sick sick sick sick sick sick sick sick sick sick sick sick sick," the page told the staffer, scheduler Danielle Savoy. Representative Alexander's staff notified Speaker Hastert's staff, who in turn went to Representative Shimkus, the congressman who runs the Page Board, which acts as a kind of all-purpose den mother to the young pages.

A former Army Ranger, Shimkus is a tall, straight-talking West Pointer. He was shown at least parts of some of the e-mails, which he thought were disturbing, but ambiguous. In the fall of 2005, Shimkus marched over to Foley's office in the Cannon Building. Shimkus had been told by Clerk of the House Trandahl that the page's parents wanted the contact between Foley and their son to be stopped immediately. Fearing a media frenzy, they also wanted the matter to go no further.

Shimkus told Foley, "This is unacceptable. Stay away from the kid and stay away from the pages," according to a Shimkus staffer. Foley looked taken aback, the aide says. Foley said that he was merely acting as a "mentor." "Am I guilty of being too friendly?" Foley asked. "Yes," he answered his own question.

At the time, Shimkus was satisfied with Foley's response. He now refers to Foley as a "slimeball," and regrets he did not push further. He says he was fooled by Foley's performance and felt constrained by the parents' desire for discretion.

The e-mails from Foley to the page did not go away. They began showing up in newsrooms—at the St. Petersburg Times and The Miami Herald in Florida and some Washington news organizations. It is not clear how they got there. (A St. Petersburg Times editor told NEWSWEEK that the paper received the e-mails from a source in Alexander's office. The congressman's office did not return calls.) Journalists at several news organizations have identified the leaker as a "Republican whistle-blower." But it is also true that liberal and gay activist bloggers picked up the scent. While the newspapers did not believe that the e-mails revealed enough evidence of wrongdoing to publish them, the blogs had fewer compunctions. On Sept. 24, a site called stopsexpredators.blogspot.com published scanned images of Foley's e-mails to the pages, and within hours, the widely read liberal blog Daily Kos provided a link to the mystery blogger.

Over at ABC news, veteran investigative reporter Brian Ross had known about the Foley e-mails for some time, but he was distracted by more pressing stories. After the story was already out on the Internet, Ross published portions of the e-mails on his own blog, The Blotter.

The ABC blog seems to have opened the floodgates. Overnight, other former congressional pages began sending Ross much racier instant messages sent out by Foley, suggesting that the congressman had engaged in Internet sex and was angling for trysts. An ABC producer called Foley's office and read his staff some of the messages.

Foley was having lunch at his Capitol Hill town house with his old friend and former aide Kirk Fordham and other campaign advisers when they heard about the ABC inquiry. The congressman had already responded to the earlier, more benign e-mails with a statement brushing them off and accusing his Democratic opponent of smear tactics. On the phone, Foley told a friend, "It's worse. There are new e-mails and they're very graphic." Foley knew he was finished. Fordham walked over to GOP headquarters and shared the information with Reynolds and Hastert, according to a source who was present (and asked for anonymity given the delicacy of the situation). Fordham brought back a draft resignation letter; Foley signed it that evening. Fordham tried to win Foley some cover by offering ABC's Ross an exclusive on Foley's resignation if Ross agreed not to print the

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seamier messages. But Ross wasn't buying. Foley signed a short resignation letter and was in his car, a BMW, driving south for Florida by that evening.

Saying that he had an alcohol problem, Foley checked into rehab. His lawyer, David Roth, put out a statement that Foley had been abused by a clergyman as a teen—and said his client "unequivocally" denied having sex with a minor. These assertions were greeted with some skepticism, even by Foley's supporters. No one seemed to be able to recall seeing Foley drunk—though it is interesting that Foley was reportedly inebriated when he allegedly showed up outside the pages' dorm on that night three or four years ago. Foley did attend a parochial school, but so far no evidence has emerged that he was abused there. Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex.

The questions about Foley's past were accompanied by a furious round of accusations and denials by House Republican leaders. Hastert originally said he first heard about Foley's page problem from staff as the news broke. But House Republican leader John Boehner insisted that he had talked to Hastert himself last spring about Foley's contacts with the page. Republican operatives began predicting that Hastert would have to take the fall and resign. Last week, the Speaker, who has long been viewed as a figurehead installed by former House majority leader Tom DeLay, took "responsibility" for the Foley mess—without admitting that he had done anything wrong. In an attempt to quiet the speculation about his future, Hastert vowed that he would not step down. But the questions about what the GOP leadership knew about Foley—and what Hastert & Co. did or did not do—would not go away.

Behind the scenes, attention increasingly focused on Foley's after-hours visit to the pages' dorm several years ago. If Foley were really behaving that outrageously so long ago, why hadn't more been done to stop him? The answers may start with the testimony of Fordham, the former Foley chief of staff who is now cooperating with federal investigators.

Fordham had long worried about the behavior of his friend and boss. As early as in 2001, Fordham had received disturbing reports of Foley's "inappropriate" behavior toward the congressional pages. According to a knowledgeable source familiar with Fordham's account, who did not wish to be identified discussing such a sensitive matter, Fordham is prepared to tell investigators that he was warned "on two or three occasions" about Foley's "overly friendly" socializing with young male pages.

He was informed by Jeff Trandahl, then the Clerk of the House, who oversees the page program. On one occasion, sometime in 2002 or 2003, Trandahl told Fordham about Foley's nocturnal adventure to the pages' dorm. Trandahl told Fordham that Foley "appeared intoxicated," according to the source who provided Fordham's account to NEWSWEEK.

This incident prompted Fordham to go to Scott Palmer, Hastert's chief of staff, and tell him about Foley's behavior. Fordham called Palmer and told him that he wanted to speak with him privately, the source says. The two men met in a small office on Capitol Hill. (Palmer says the meeting never took place.)

Fordham did not tell Palmer about Foley's attempt to enter the pages' dormitory, but rather that he was generally concerned about his boss's excessive friendliness to the pages, according to the source. Palmer expressed surprise and concern, the source says, and wondered what this could mean to Foley's political future. Why would he endanger his career with such conduct?

Palmer assured Fordham that he would talk to Foley. A day or two later, Fordham called Palmer to ask what happened. Palmer told him that he "dealt with it" by talking to Foley and that he "informed the Speaker," according to the source familiar with Fordham's account. Months later Fordham had an awkward conversation with Foley in which his boss indicated that he had spoken to Palmer.

Last week, as House GOP leaders felt the waves of scandal breaking over their heads, a spokesman for Hastert insisted that Fordham had never warned the Speaker or his top aide, Palmer. "What Fordham said did not happen," said Palmer in a written statement. Trandhahl, who resigned for unknown reasons as Clerk of the House in November 2005, was not returning phone calls. Trandahl, who like Fordham is openly gay, could be an important witness as the House ethics committee begins an inquiry.

Foley's alleged late-night visit to the pages' dorm came up during a fraught conference call for all House Republican congressmen last week, and various Republican leaders were demanding a full investigation. One GOP member, Ginny Brown-Waite of Florida, said in a statement provided to NEWSWEEK that she had "learned" of the incident at the pages' dorm after she

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initiated her own investigation. One of her staff aides said that Brown-Waite had talked to a House official with direct knowledge of what had happened. Capitol Police were saying last week that they could find no records of Foley's alleged visit to the dorm.

At the White House, aides were straining to sound optimistic. "I think we've stabilized," said one senior Bush aide, operating under the usual White House requirement of anonymity. "Unless there's another circular firing squad or new information comes out." Others were gloomier. In Rep. Ray LaHood's Illinois district, the Foley scandal has been the lead story in the local paper every day for the past week. "We had this game plan of coming home and talking about our accomplishments on border security and the economy, and nobody wants to hear about it," says LaHood. "The only thing I hear from people is Foley ... It's all anybody wants to talk about, and I don't see that changing any time soon." According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values.

It's not just the voters who care about "family values" who might be driven away, said Matt Dowd, Bush's long time pollster. The brouhaha on the Hill threatens what Dowd calls "the gut values" relationship between voters and politicians they trust. "Values always determine elections," says Dowd. "Deep gut values, like 'Do I trust someone?'" Several leading party strategists worry that public trust in the House Republican leadership—never exactly ironclad, even among the truest Republicans—could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers.

The Democrats seemed happy to just get out of the way and let the Republicans devour themselves. "The story has plenty of energy on its own," said one Democratic strategist, who asked not to be identified as he crowed. "There's no need for us to draw attention to it." Minority Leader Nancy Pelosi has been strongly demanding an investigation, but she is seen as well positioned to take a public role, since her San Francisco district has a large gay population, and she runs little risk of being branded as insensitive. Republicans are furiously accusing the Democrats of timing the scandal to break just before the election. "This was a professional hit," says Grover Norquist, head of Americans for Tax Reform and a leading GOP activist. No evidence of Democratic Party involvement has turned up, though whether the blogs got any information from party sources is open to question.

There is a real risk that the Foley scandal could spur a vicious campaign to out closeted gay Republicans. Although many gay conservatives make little effort to hide their sexual orientation, they have to put up with a certain amount of disdain, if not outright hostility, from certain quarters. Some GOP lawmakers frowned on Foley's fraternization with younger male staffers. A House GOP aide remembers standing on the House floor with his boss when Foley came over to say hello. Afterward, the aide remembers, his boss turned to him with an air of disdain. "Do you hang around with that guy?" the congressman asked. If the Foley scandal continues its downward spiral, the atmosphere of suspicion will only get worse.

The Steady-Handed Hastert (USNEWS)

U.S. News and World Report, October 9, 2006

To many political observers, last week's drumbeat for Dennis Hastert's resignation as House speaker felt like 1998 all over again-the year that Speaker Newt Gingrich was forced out after the GOP was rocked by the loss of congressional seats in the midterm elections and sex scandals that came swift on its heels. From that chaos emerged Hastert: a farm kid and disheveled former wrestling coach from Illinois without a whiff of excitement to him.

In many ways, Hastert was the anti-Gingrich. He shied away from the spotlight, quieted the noise surrounding the contentious Contract With America, and pursued more personal, behind-the-scenes consensus building that allowed the rank-and-file to shine. "It's remarkable how he's been able to hold the [Republican] coalition together," says a former House aide. "Look at all the votes they won by one or two. That's a testament to his leadership." Critics have accused him of allowing former Rep. Tom DeLay to be his hatchet man while he made friends with a relatively hands-off approach. Whatever the case, the 64-year-old's quiet style has made Hastert the longest-serving Republican speaker.

Low key. But when the Mark Foley sex scandal exploded and put the speaker in the eye of the storm, some wondered whether the pragmatic, no-frills style that vaulted Hastert to power might ultimately prove to be his undoing. "One of the reasons

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he was elected was because you don't need to be a great communicator when your job is to run a train on time," says a former top GOP aide. "But when you get sucked into a whirlwind like this, a plodding approach is not the way to survive."

Indeed, it seemed as if Hastert had explaining to do. His version of when and what he knew about Foley's behavior seemed to contradict those of other Republicans touched by the scandal. Democrats, meanwhile, blasted House leaders for not sharing concerns about Foley with the Democrat on the House Page Board.

As the fallout from Foley spread, Hastert was slammed by conservatives like Paul Weyrich who called for his resignation. But by week's end, Hastert appeared to have won over some of the doubters. "Any Republican with half a brain realizes they cannot toss [Hastert] over," says a Senate Republican staffer. "They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself." Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP. After speaking personally with Hastert, Weyrich recanted his criticism, saying Hastert convinced him that he's telling the truth. In a press conference back home in Batavia, Hastert made clear he had no intention of resigning. But he struck a contrite tone. "The bottom line is ... the buck stops here," he said. President Bush, who has asked the veteran congressman to hold his leadership post through 2008, called to offer his support. Hastert's slow-and-steady approach seemed to have worked again.

The End Of A Revolution (TIME)

By Karen Tumulty

Time, October 16, 2006

Sex, lies and power games are just the latest symptoms of a Republican Party that has strayed from its ideals

Every revolution begins with the power of an idea and ends when clinging to power is the only idea left. The epitaph for the movement that started when Newt Gingrich and his forces rose from the back bench of the House chamber in 1994 may well have been written last week in the same medium that incubated it: talk radio. On conservative commentator Laura Ingraham's show, the longest-serving Republican House Speaker in history explained why he would not resign despite a sex scandal that has produced a hail of questions about his leadership and the failure to stop one of his members from cyberstalking teenage congressional pages. "If I fold up my tent and leave," Dennis Hastert told her, "then where does that leave us? If the Democrats sweep, then we'd have no ability to fight back and get our message out."

That quiet admission may have been the most damning one yet in the unfolding scandal surrounding Florida Congressman Mark Foley: holding on to power has become not just the means but also the end for the onetime reformers who in 1994 unseated a calcified and corrupted Democratic majority. Washington scandals, it seems, have been following a Moore's law of their own, coming at a faster clip every time there is a shift in control. It took 40 years for the House Democrats to exhaust their goodwill. It may take only 12 years for the Republicans to get there.

If you think politicians clinging to power isn't big news, then you may have forgotten the pure zeal of Gingrich's original revolutionaries. They swept into Washington on the single promise that they would change Capitol Hill. And for a time, they did. Vowing to finish what Ronald Reagan had started, they stood firm on the three principles that defined conservatism: fiscal responsibility, national security and moral values. Reagan, who had a few scandals in his day, didn't always follow his own rules. But his doctrine turned out to be a good set of talking points for winning elections in a closely divided country, and the takeover was completed with the inauguration of George W. Bush as President.

But after controlling both houses of Congress and the White House for most of Bush's six years in office, the party has a governing record that has come unmoored from those Grand Old Party ideals. The exquisite political machinery that aces the elections has begun to betray the platform. To win votes back home, lawmakers have been spending taxpayer money like sailors on leave, producing the biggest budget deficits in U.S. history. And the party's approach to national security has taken the country into a war that most Americans now believe was a mistake and that the government's own intelligence experts say has shaped "a new generation of terrorist leaders and operatives."

One of the problems is that after the Republicans got into power, the system began to change them, not just the other way around. Among the first promises the G.O.P. majority broke was the setting of term limits. Their longtime frustrations in the

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minority didn't necessarily make them any better at reaching across the aisle either. Compromise, that most central of congressional checks and balances, has been largely replaced by a kind of calculated cussedness that has left the G.O.P. isolated and exposed in times of crisis.

The current crisis arrived with a sex scandal that has muddied one of the G.O.P.'s few remaining patches of moral high ground: its defense of family values and personal accountability. Although Hastert and other Republican leaders say they heard last fall about the "overfriendly" approaches of a not-so-secretly-gay Congressman to a 16-year-old former page--both majority leader John Boehner and campaign chairman Tom Reynolds say they brought it up with Hastert last spring--they insist they never imagined anything like the more graphic instant messages that subsequently came to light. Boehner spokesman Kevin Madden said his boss was told only that there had been "contact" between Foley and a page, and that his knowledge of even that much came from a fleeting conversation on the House floor. But shouldn't someone have got chills at learning that a 52-year-old man had sent a teenager a creepy e-mail asking for a "pic of you"? Certainly the page understood what the e-mail meant, which is why he forwarded it in August 2005 to the office of Louisiana Congressman Rodney Alexander, who had sponsored him for the page program and who was alarmed enough to take his concern to Boehner. "This freaked me out," the teenager wrote. "Sick sick sick sick sick sick sick sick sick sick sick sick sick."

The House response was political from the start. Last November, Jeff Trandahl, then clerk of the House, told John Shimkus, the Republican head of the board that oversees the page program, about the less incriminating e-mails. But nobody bothered to inform the board's lone Democrat. Shimkus and Trandahl appear to have done nothing more than give Foley a private warning. When Alexander expanded the circle of those aware of the e-mails the following spring, one of the two people he chose to loop in was Reynolds, head of the National Republican Congressional Committee, whose job is managing the election. Foley wasn't even stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

Even after a batch of truly sleazy instant messages was discovered by ABC News, Reynolds' chief of staff Kirk Fordham, who was also a former aide to Foley, tried to solve the political problem by attempting to talk the network out of publishing the worst of the messages. Fordham resigned last week, but he didn't go quietly, the way House leaders had hoped. On his way out, he threw fuel on the political fire by announcing that he had warned Hastert's staff of Foley's "inappropriate behavior" at least three years ago--a charge that Hastert's chief of staff, Scott Palmer, denied.

All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism.

It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election. As conservative George F. Will, writing in the Washington Post last week, put it, the Foley affair is "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries." In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican--nearly a perfect reversal of the 51%-40% advantage the G.O.P. enjoyed as recently as August. There was even worse news in a poll by the nonpartisan Pew Research Center that showed a precipitous drop in Republican support among frequent churchgoers, one of the most important and loyal elements of the G.O.P. base. There's no indication that they are clamoring to be Democrats, but the risk is that they will simply stay home on Election Day.

One of the victims may turn out to be campaign chairman Reynolds, who suddenly found himself running as many as 8 points behind in his upstate New York House-seat re-election bid, which had appeared fairly safe a week earlier. Hastert's job seems secure for the moment, barring any big new revelations, in part because the House Speaker is not merely a party leader; the role was established under the Constitution. It would be difficult to replace Hastert without summoning Congress back into town from the campaign trail. Nor would an ugly fight over who would succeed him be good for the party's prospects in November. Still, Republicans are not particularly eager to be seen with him. His campaign schedule is starting to look a lot

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lighter, as House candidates across the country are turning down his offers to do fund raisers for them. Even the leadership's much vaunted discipline seems to be in tatters. Majority leader Boehner defended himself last week by attacking Hastert: "My position is, it's in his corner, it's his responsibility." And the third in command, whip Roy Blunt, suggested that things would have been different if he had been informed. Not incidentally, both men are expected to consider making a bid for the top job if Hastert ultimately steps down--and maybe if he doesn't. But by then the job description may be House minority leader.

G.O.P. leaders are so desperate to find someone else to blame that they have been reduced--with no indication that they see the irony--to blaming a vast left-wing conspiracy. "The people who want to see this thing blow up," Hastert told the Chicago Tribune, "are ABC News and a lot of Democratic operatives, people funded by George Soros," the liberal financier who has become a bogeyman of the right. Hastert went on to say, without producing any proof, that the revelation was the work of Bill Clinton's operatives. But that line of argument, of course, suggests that Republicans would have preferred to keep Foley's secrets locked away, presumably at the pages' peril. And the Democrats for once are showing the good sense to stay out of the way when the other side is self-destructing. Sighed one of the younger House Republican aides who sits in on key meetings: "Foul play on the Democrats' side? If that is the only card left to play, then we are in serious trouble."

THE "DON'T ASK, DON'T TELL" PROBLEM

As Hastert and his forces have been trumpeting their charges against the Democrats, a whisper campaign has been launched in Washington to blame an internal culprit: a "velvet mafia" at the upper levels of G.O.P. leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: "It looks like they may have tried to handle this among themselves because they were similarly situated."

In many ways, that story line is the product of the strains within the party over homosexuality. It's a tension nearly as deep and tortured as those the Democrats grappled with over race a half-century ago, when they tried--unsuccessfully--to keep an uneasy coalition of Southern segregationists and Northern civil rights advocates from tearing their party apart. Even though many of the G.O.P.'s policies have been hostile to gay rights, its leaders have long followed a "Don't ask, don't tell" policy with what pretty much everyone in Washington knows is a sizable number of closeted Republicans among members of Congress, upper-level staff and top party operatives. Says Patrick Sammon, executive vice president of the gay group Log Cabin Republicans: "There are a lot of gay Republicans who are working behind the scenes to advance the priorities of this party."

Until now, Republicans were able to manage the conflict. And they managed it by ignoring it. That even became part of an electoral strategy dating back to the 2000 election that suggested there was nothing to be gained by moderation. In a memo he wrote to Karl Rove, Bush pollster Matthew Dowd estimated that truly independent voters had fallen to a mere sliver of the electorate. There were, Dowd concluded, not enough percentage points in being "a uniter, not a divider." The key to winning in a polarized country was mobilizing the conservative base. That year, Bush refused to meet with the Log Cabin Republicans, choosing instead to see a handpicked group of gay Republicans, but only after the party's nomination was secured. In 2004, even as Vice President Dick Cheney's daughter Mary was a potential symbol of the party's openheartedness, Republicans put anti-gay-marriage measures on 11 state ballots to drive voter turnout.

But the Foley scandal is making it difficult for the party to look the other way. Last week some conservatives went so far as to insinuate that Foley proves that every gay person is a pedophile waiting to happen. "You don't need 'gaydar' to understand he has certain dispositions," Utah Congressman Chris Cannon told the Deseret News. Televangelist Pat Robertson recommended that G.O.P. leaders simply explain the situation this way: "Well, this man's gay. He does what gay people do."

The resignations of Foley and Fordham sparked fears that other gay Republicans would also soon be forced out of both their closets and their jobs. "Kirk is the fall guy," says gay-rights activist Hilary Rosen. "It's going to be open season on gay Republicans. It's the right wing's perfect storm. They never wanted gays in their party anyway."

RULING WITH AN IRON FIST

Oddly enough, it was a sex scandal in 1998 that brought Hastert from obscurity to the Speaker's chair in the first place. Gingrich had been ousted because his brand of fiery leadership had become such a drag on the party that it lost seats rather than gained them amid the Monica Lewinsky scandal. But his anointed successor, Robert Livingston of Louisiana, suddenly backed out amid revelations of an extramarital affair. That's when the party turned to Hastert, a former high school wrestling

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coach whose affability and low-key demeanor seemed to guarantee calmer times ahead. He was, after all, the man who said he was too humble to brag about being humble.

And yet the way the House has operated under Hastert has been anything but humble. He quickly came to be viewed as little more than a genial front for then majority leader Tom DeLay, whose nickname--the Hammer--pretty much summed up his leadership touch. "There has been no institutional rule, means, norm or tradition that cannot be set aside to advance a partisan political goal," says Brookings Institution political scientist Thomas Mann, co-author of the recently published book whose title describes Congress as The Broken Branch. In 2003, instead of fashioning a compromise that might woo a few Democrats, Hastert and DeLay held what was supposed to be a 15-min. vote open for three full hours as they squeezed the last Republican votes they needed to pass a bill to provide an expensive prescription drug benefit to the Medicare program. Far more than in the past, they brought bills to the floor with no chance of amendment and allowed the normal appropriations process to be circumvented so that pet projects could be funded without scrutiny. When DeLay faced indictment by a Texas grand jury, Hastert changed the Republican rules so that DeLay could stay on as leader--though in the ensuing outcry, he had to reverse himself. Hastert was successful, however, in purging the ethics committee of its chairman and two Republican members who had reprimanded DeLay for misconduct. Stretching the limits of arcane House rules and shuffling committees around may not seem like earthshaking offenses, but they are the same type of procedural strangleholds and power plays that the G.O.P. had hoped to excise from the body politic 12 years ago.

"The Republican Party of 2006 is a tired, cranky shell of the aggressive, reformist movement that was swept into office in 1994 on a wave of positive change," Frank Luntz, one of the strategists of the G.O.P. takeover, wrote this week in a column for TIME.com "I worked for them. They were friends of mine. These Republicans are not those Republicans."

On policy matters, Hastert's leadership approach has been to act as though the Democrats--and sometimes the Senate--simply do not exist. He squeezes hard-edged partisan bills through the House to please the G.O.P. base, even though they have no chance of ever getting through the Senate and reaching the President's desk. "There have been numerous occasions when bipartisan approaches, which would have benefited our conference more than Democrats, have been rebuffed by the Speaker," complains a senior Republican aide, who says he likes and respects the Speaker. "His strategy seems to be, 'Well, don't worry about it. We'll blame [Democratic Leader Nancy] Pelosi.' That might work in isolated circumstances, but when your party's numbers start to tank, and people want to see that you can govern, that approach is not a solid one."

Party leaders concede the point that their revolution hasn't lived up to everything they promised. But they say voters still see the difference between where the parties stand. Former Republican chairman Ed Gillespie--one of the authors of the Contract with America, on which House Republicans ran in 1994--says, "Our party is still better when it comes to spending than the Democrats, stronger on national security than the Democrats and more likely to share concerns about the coarsening of our culture that a majority of Americans share than the Democrats are." Strategists are putting an optimistic face even on the effects of the Foley scandal, saying their internal polling shows little movement against the G.O.P.

Will the Democrats behave any differently if they retake Congress in November? Some would undoubtedly try to use their majority power to exact revenge for Republican overreach. And history has shown them to be just as capable of the type of ideological drift that is tearing at the G.O.P.

For now, though, the question on everyone's mind is, How do the Republicans find their way from here? A number of conservatives have begun to wonder aloud if it wouldn't be better for the party to lose the House or Senate in November. If the revolutionaries have become the redcoats, then perhaps it's time for another uprising. Send the Republicans back into the wilderness so they can forage for the kind of fresh ideas and guerrilla tactics that made them such a force during their previous march on Washington. They could very well be ready in time for the presidential election in 2008. And while they're out there on the campaign trail, they just might rally around their old general, who will be looking to cap his own hardscrabble journey from political pariah to rehabbed revolutionary. That general, of course, is none other than former Speaker Gingrich, who has been spotted in Iowa, New Hampshire and other battleground states for more than a year now, taking potshots at the Establishment he helped create and rearming himself to storm the next barricade. TIME POLL THE PRESIDENT

Do you approve of the way George W. Bush is handling his job as President?

â€¢ Disapprove 57% â€¢ Approve 36%

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THE CONGRESS

Disapprove of the job the U.S. Congress is doing

â€¢ 57% disapprove â€¢ 31% approve â€¢ 12% Don't know Say they would vote for a Democrat if the congressional election were held today*

â€¢ 54% vote for a Democrat â€¢ 39% favor a Republican â€¢ 7% Other party/ don't know

Think the country would be better off if the Democrats won control of the House

â€¢ 49% agree â€¢ 38% disagree â€¢ 13% Don't know

THE FOLEY CASE 78% of poll respondents were aware of the scandal involving former G.O.P. Congressman Mark Foley. Their views:

Do you think Republican leaders in Congress handled the Foley situation properly, or do you think they tried to cover it up?

â€¢ Handled properly 16% â€¢ Covered it up 64%

Did the disclosure about Foley's sexually explicit instant messages to teenage congressional pages and the handling of this situation by the House Republican leadership make you less likely to vote for the Republican candidate in your district, more likely, or did it really have no effect on how you will vote?

Less likely 25% More likely 4% No effect 68%

Do you think Republican House Speaker Dennis Hastert should resign as Speaker because of his handling of the Foley case?

â€¢ Yes 39% â€¢ No 38% â€¢ Don't know 23%

This TIME poll was conducted by telephone Oct. 3-4 among 1,002 adult Americans by SRBI Public Affairs. The margin of error is 3 percentage points. "Don't know" responses omitted for some questions. *Asked of registered voters With reporting by With reporting by Mike Allen, Melissa August, Perry Bacon Jr., Brian Bennett, Timothy J. Burger, Massimo Calabresi, James Carney, Ana Marie Cox/ Washington, Jeffrey Ressner/Simi Valley

GOP Officials Brace For Loss Of Seven To 30 House Seats (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, October 10, 2006

Republican campaign officials said yesterday that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley.

Democrats need to pick up 15 seats in the election to take back control of the House after more than a decade of GOP leadership. Two weeks of virtually nonstop controversy over President Bush's war policy and House Speaker J. Dennis Hastert's handling of the page scandal have forced party leaders to recalculate their vulnerability and placed a growing number of Republican incumbents and open seats at much greater risk.

GOP officials are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease.

Still, GOP leaders privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates.

"If you are a Democrat, you have to like the atmosphere," said Rep. Thomas M. Davis III (Va.), a top campaign strategist for the GOP. Davis said Republicans could lose as many as 30 seats if conditions worsen.

With four weeks left in the campaign, GOP strategists, speaking on background, have begun to outline a highly gloomy view of the House election for their party.

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They are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator. "It is unquestionably closer than we would like," said Rep. Adam Putnam (R-Fla.).

In a sign that the political environment is getting worse for Republicans, political handicapper Charlie Cook now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands.

Unlike in most elections, when both parties defend several seats, Democrats are favored to win every seat they now occupy and are spending money to defend only a few. As a result, Democrats are not as vulnerable to the GOP's campaign finance advantage in the final weeks as they have been in past campaigns.

A Democratic takeover of the House is not a foregone conclusion, however. Because of congressional redistricting plans that gave huge advantages to incumbents, fewer than 50 of the 435 House seats are competitive. Democrats said internal polls show that the fallout from the Foley scandal is confined to half a dozen races. Moreover, House elections are traditionally shaped by local issues and personalities, and the closest races come down to which party can turn out its most loyal voters.

The page scandal erupted two weeks ago when Foley abruptly resigned after being confronted by ABC News with sexually explicit messages that he exchanged with a former page on the Internet. Investigations by the Justice Department, the House ethics committee and Florida authorities have ensued.

The GOP's emerging strategy on the Foley scandal is to try to limit losses among conservative voters who are expressing alarm about the scandal and about the apparent failure of GOP leaders to act on early warnings about Foley's behavior.

As part of that strategy, the Republican National Committee is seeking to convince conservatives that the debate is fundamentally centered on politics, not values. The RNC is shipping reams of information to conservative radio hosts, television commentators and bloggers. Those GOP talking points detail the Democratic connections of groups including the Center for Responsibility and Ethics in Washington and American Family Voices, which are working to turn the scandal into an issue with national implications.

The NRCC is highlighting Democratic leaders who supported former representative Gerry E. Studds (Mass.), who was censured by the House in 1983 after admitting to sexual contact with a male page a decade earlier; Studds went on to serve in Congress until 1997. "It is important to contrast how Republican leadership is handling the situation with problems with one of its own, and how Democrats did," said former RNC chairman Ed Gillespie, a close White House ally.

Still, the "Foley factor" has made GOP strategists nervous. Several officials said it has dramatically undermined the reelection prospects of several incumbents, including Rep. Thomas M. Reynolds (N.Y.), who was criticized by Democrats for not doing enough to stop Foley's advances on young male pages after learning about them this spring.

Several interest groups with Democratic ties are seeking to take advantage of Reynolds's newfound vulnerability. Majority Action, a group designed to help Democrats retake control of the House, is sponsoring a radio ad in which a narrator says: "Another scandal in Washington, and our Congressman Tom Reynolds is right in the middle." Two public polls show Reynolds trailing his Democratic challenger, Jack Davis, in a race neither side considered very competitive a few weeks ago.

Rep. Deborah Pryce (Ohio), the fourth-ranking GOP leader, is facing the toughest reelection race of her career. She has said she had no prior knowledge of Foley's behavior but has faced criticism for telling a reporter that the former congressman was one of her closest friends in Congress.

"I don't think this is personally sticking to Deborah Pryce, but it is certainly having people have a more jaundiced view of Washington, which is not good for Republicans," said George Rasley, Pryce's spokesman. Pryce had a slight lead over Mary Jo Kilroy in her internal polling before the Foley scandal, an aide said, but Republicans expect Pryce to suffer as much as any incumbent for the renewed scrutiny of congressional ethics.

Scandals are hurting Republicans elsewhere in Ohio, where charges of corruption have rocked the GOP at the local and state levels for the past two years. In the open seat vacated by indicted GOP Rep. Robert W. Ney, Joy Padgett is struggling to lock down a reliably GOP seat east of Columbus, the state capital. Polls show Democrat Zach Space, a liberal critic of the war, on top and GOP strategists agree Padgett is behind.

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"It is definitely a challenge to overcome," says Padgett spokesman Morgan Ortagus. "Voters are definitely in a throw-the-bums-out mood."

Space is calling for Hastert's resignation and is asking Padgett to do the same. Padgett canceled a fundraiser with Hastert last week.

In other races where Republican incumbents have been dogged by scandal, Democrats are pushing the Foley story hard.

Former representative Nick Lampson (D-Tex.) is asking Houston City Council member Shelley Sekula-Gibbs (R) to call for the resignation of any member of the House leadership who knew about the e-mails and instant messages exchanged between Foley and former congressional pages. The two candidates are competing for the seat from the 22nd Congressional District, left vacant by the departure of former House majority leader Tom DeLay (R), who is under indictment in Texas.

Elsewhere, the political debate is returning to traditional disputes over the war, taxes and health care, according to Democrats and Republicans. The Foley story "is getting a lot of attention now, but I don't think it will have the legs to last four weeks," said Ron Carey, chairman of the Minnesota Republican Party.

Scandal Pushes Voters To Dems (USAT)

By Jill Lawrence

USA Today, October 10, 2006

WASHINGTON — A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows.

Democrats had a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978.

Nearly three in 10 registered voters said their representative doesn't deserve re-election — the highest level since 1994. President Bush's approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%.

"It's hard to see how the climate is going to shift dramatically between now and Election Day," said John Pitney, a former GOP aide on Capitol Hill who now teaches at Claremont-McKenna College in California. He said Iraq remains the biggest problem for Republicans: "People just don't like inconclusive wars."

The plummeting GOP ratings in the poll of 1,007 adults, taken Friday through Sunday, come amid a series of events that have given Democrats ammunition to argue that the country needs a new direction.

Those include increased violence in Iraq; a National Intelligence Estimate that belied upbeat administration talk on Iraq; a new Bob Woodward book about internal White House discord over Iraq, and the Sept. 29 resignation of GOP Rep. Mark Foley. He quit hours after ABC News showed him sexually explicit instant messages he allegedly exchanged with a teenage former page.

Some Democrats call the scandal a tipping point. "It's the absolute crystallization for people of everything they dislike about Washington and congressional Republicans," Democratic strategist Anita Dunn said.

GOP pollster Ed Goeas said Republican fortunes are better in individual districts than nationally. Republicans remain energized and loyal, he said, but added he's monitoring whether the Foley matter fires up independents who normally don't vote. "Does this become a catalyst for their involvement?" he asked.

Two-thirds of those in the poll said they are following the page scandal very or somewhat closely. More than half — 54% — said GOP leaders who knew about Foley's actions for months or years did not act against Foley earlier "for political reasons." By 43%-36%, they said House Speaker Dennis Hastert should resign.

Government corruption, Iraq and terrorism were the three most important issues. Along with their lead on terrorism, Democrats had a 21-point advantage on corruption and a 17-point advantage on Iraq. A 56%-40% majority said sending troops to Iraq was a mistake — the widest disapproval margin in a year.

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Three other polls released Monday, by CNN, ABC News/Washington Post and CBS News/New York Times, showed Democrats leading the congressional ballot by 13 to 21 points.

Poll Shows Foley Case Is Hurting Congress's Image (NYT)

By Adam Nagourney And Janet Elder

The New York Times, October 10, 2006

Americans say that Republican Congressional leaders put their political interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley's sexually charged messages to pages well before he was forced to quit Congress, according to the latest New York Times/CBS News poll.

The poll, completed before North Korea announced that it had detonated its first nuclear test, also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism.

The number of Americans who approve of Mr. Bush's handling of the campaign against terrorism dropped to 46 percent from 54 percent in the past two weeks, suggesting that he failed to gain any political lift from an orchestrated set of ceremonies marking the fifth anniversary of the Sept. 11 attacks. In addition, the poll shows that Americans are now evenly divided over which party they think can better handle terrorism, the first time in the Bush presidency that Democrats have matched Republicans on national security, despite a concerted White House effort to seize the advantage on the issue this month.

With four weeks left before Election Day, the poll indicates that the scandal involving Mr. Foley, a former Republican congressman from Florida, is alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law.

"Politics goes to people's heads and they see themselves as their own little entity," said Donna Mummert, 68, a Republican from Marsing, Idaho, in a follow-up interview after participating in the poll. "They forget why they're there to represent us."

Seventy-nine percent of respondents said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages. About half of respondents said that the House Republican leadership had improperly handled the Foley case, compared with 27 percent who said they approved of how it was handled; 46 percent of respondents said Speaker J. Dennis Hastert of Illinois should step down. And Americans are more likely to say that Democrats, and not Republicans, share their moral values.

The nationwide telephone poll was conducted Thursday through Sunday with 983 adults, including 891 registered voters. The margin of sampling error for the entire sample is plus or minus three percentage points and is the same for the registered voters.

The poll describes what is by any measure a difficult political environment for the White House and Republican Congressional leaders. Still, it is a measure of national sentiment rather than the likely outcome in the approximately 40 House races and 8 Senate races that will determine which party controls Congress next January.

In many of the races where Republicans are in danger of losing seats, Democrats hold relatively slight leads, according to local polls and internal party polls. Republicans are counting on their strong voter turnout operation, and sizable financial advantage over Democrats, to compensate for the difficulties they face.

There has been no change since mid-September in the gap between Americans who said they planned to vote for a Democrat over a Republican in their district this November: 49 percent to 35 percent. But Democratic voters are more likely than Republicans to say they are enthusiastic about voting this November.

The public's view of Iraq is as dark as it has been since the war began in 2003, with two-thirds saying it is going somewhat or very badly, while only 3 percent are saying the war is going very well. Two-thirds said they disapproved of how Mr. Bush was handling Iraq.

Mr. Bush's job approval rating has slipped to 34 percent, from 37 percent in September. That is one of the lowest levels of his presidency and poses a complication for the White House as it seeks to send him out on the road to rally base voters. Mr.

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Bush's job approval rating has even slipped with his base: 75 percent of conservative Republicans approve of the way he has handled his job, compared with 96 percent in November 2004.

The president clearly faces constraints as he seeks to address the public concerns about Iraq that have shrouded this midterm election: 83 percent of respondents thought that Mr. Bush was either hiding something or mostly lying when he discussed how the war in Iraq was going. Fifty-seven percent of respondents said Mr. Bush was personally aware of intelligence reports before Sept. 11 that warned of possible domestic terrorist attacks using airplanes. When the same question was asked in May 2002, 41 percent said they believed Mr. Bush was aware.

"Iraq was a mistake, and even though he gets up and says it's going O.K., it hasn't been going O.K. since Day One," said Gertrude Knowles, a self-described independent voter from Quincy, Mass. "Now he's got to make it sound better than it is."

So far, at least, it appears that, at least nationally, Republicans have had little success in pressing what have been their two biggest lines of attacks against Democratic challengers this fall: taxes and terrorism. The poll found that 41 percent of respondents thought Republicans were stronger on handling terrorism, compared with 40 percent who named Democrats, a statistically insignificant difference. Before Labor Day, Republicans had a 42 percent to 34 percent edge on handling terrorism.

And in a month in which Republicans have sought to discredit Democratic challengers as advocates of big spending and high taxes, 52 percent of respondents said that Democrats would make the right decisions on how to spend taxpayers' money, while 29 percent said Republicans would.

Americans said that Democrats would do a better job than Republicans in making decisions on the war, on the economy and on taxes. Democrats are viewed more positively, or less negatively, than Republicans, with 39 percent saying they held a favorable view of Republicans, compared with 54 percent who said they held an unfavorable view. By contrast, 52 percent of respondents had a favorable view of the Democratic Party, compared with 40 percent who had an unfavorable view.

The problems for Congress have clearly been exacerbated by the Foley scandal. Eighty percent of Americans said they considered the Foley revelations either very serious or somewhat serious. Two-thirds said that House Republicans did not initially take the warnings seriously enough, and 62 percent said they believed House Republican leaders knew before last week that Mr. Foley had sent sexually explicit messages to teenagers.

"They just covered it up," said Charles Young, a Republican from upstate New York. "We put them in office to do what is right for the country. It should have been brought to their attention and disposed of. We don't need people in office who corrupt our children."

The poll found that 69 percent of Americans thought that members of Congress considered themselves above the law, and 69 percent thought that members of Congress did not live by the same rules of behavior that they did.

The poll found that 47 percent of respondents believed that Democrats came closer to sharing their moral values, compared with 38 percent who said Republicans did. The Democratic standing in this area included some unlikely groups: 26 percent of conservatives and 43 percent of people who live in the South named Democrats as the party that came closer to sharing their values.

Poll Shows Strong Shift Of Support To Democrats (WP)

By David S. Broder And Dan Balz

The Washington Post, October 10, 2006

Democrats have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll.

Apparent Republican gains in September have been reversed in the face of mounting U.S. casualties and gloomy forecasts from Iraq and the scandal involving Mark Foley (R-Fla.), who was forced to resign his congressional post over sexually graphic online conversations with former House pages.

Approval of Congress has plunged to its lowest level in more than a decade (32 percent), and Americans, by a margin of 54 percent to 35 percent, say they trust Democrats more than Republicans to deal with the biggest problems the nation is confronting. Fifty-five percent of those surveyed said congressional Democrats deserve to be reelected next month, but just 39 percent said Republicans deserve to return to office.

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The poll measures broad public attitudes and cannot be translated into individual House districts, but it sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month.

Since Congress adjourned 10 days ago, Republicans have been swamped by bad news, particularly from Iraq. The Foley scandal, while not a dominant voting issue for many, nonetheless has contributed to dissatisfaction with the majority party's performance, the survey found.

President Bush's approval rating, which rose to 42 percent in September after an anti-terrorism offensive marking the fifth anniversary of the Sept. 11 attacks, registered 39 percent in the latest poll. The percentage of respondents who said they strongly disapprove of his performance is about double the number who strongly approve. This disparity in voter intensity could have implications for turnout on Nov. 7, since impassioned voters are most likely to go to the polls.

The president's approval rating reached a low of 33 percent in May, but he has since regained support from Republicans who had expressed unhappiness with his performance. In the current poll, 82 percent of Republicans said they approve of how he is handling his job, compared with 68 percent in May.

Democrats and independents are almost as negative in their appraisals of the president now as they were five months ago.

Bush's ratings on the war in Iraq are among the lowest of his presidency, with 35 percent approving of how he is handling the situation and 64 percent disapproving (54 percent strongly disapprove). On terrorism, a majority (53 percent) said they disapprove of his performance. That is the lowest rating Bush has received on his signature issue.

Asked whether the war in Iraq has been worth fighting, 63 percent said no, the highest recorded during Bush's presidency. Fifty-one percent agreed with Bush's argument that Iraq is a front in the global campaign against terrorism, the lowest of his presidency. Fifty percent of those surveyed said that the country is safer today than it was before Sept. 11, 2001, but 42 percent, a new high, said the nation is now less safe.

Still, there is no significant support for withdrawing U.S. forces immediately. Half of those surveyed -- about the same percentage it has been throughout the year -- said they would like to see troop levels decrease. Despite the high number of casualties, only a fifth said they supported immediate withdrawal.

With the decline in gasoline prices, Americans are somewhat more positive about the economy, with 47 percent describing it as good or excellent -- the highest since July 2001 -- and 53 percent saying it is not so good or poor. Forty-one percent approve of how Bush has handled economic issues, about the same percentage as in August.

Bush's performance remains a potentially significant factor in the midterm elections, with 35 percent of those surveyed saying they will use their congressional votes to express opposition to the president, a new high on that question, and about twice the number who said they will use their votes to show support for him.

The Post-ABC News poll is based on interviews with 1,204 adults and was conducted Oct. 5-8. The margin of sampling error is plus or minus three percentage points.

The Foley scandal has remained a key news item over the past 10 days and the poll shows that Americans are reading and watching. Seven in 10 said they are following the story "very" or "somewhat" closely. But only about two in 10 said the issue will be very important in their votes next month.

The political fallout is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post.

There is broad dissatisfaction among voters this fall, with one-third saying the country is heading in the right direction. Similarly, Congress has proved to be a disappointment to most Americans, with two in three saying they disapprove of its performance, the highest number in a Post-ABC News poll since November 1995.

As bad as these findings are, they are not as bad as they were in the months before Democrats lost control of Congress in 1994. Congressional approval hit 18 percent in October of that year.

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On another measure, 60 percent of those surveyed in the new poll said they approve of the performance of their own House member. That compares with 49 percent in an October 1994 poll.

The new poll suggests that there are few issues on which Republicans can hope to appeal to voters in the next four weeks. When respondents were asked which party they trust to handle various issues, Democrats led on every subject, by 33 percentage points on health care, 19 points for ethics, 17 points for the economy, 13 points each for Iraq and immigration.

Even on terrorism, which Republicans hoped to turn into a powerful issue this fall, Democrats led in trustworthiness by six percentage points, reversing a seven-point deficit in September.

There are also modest signs that Democrats have improved their posture among voters. For the first time, a narrow majority, 52 percent, said Democrats are offering the country a clear alternative direction to Bush and Republicans. While Americans are split on the performance of congressional Democrats -- 48 percent approve, 50 percent disapprove -- they are overwhelmingly negative about GOP performance, with 63 percent disapproving and 35 percent approving.

Republicans are closely monitoring Christian conservatives for signs of disaffection that might contribute to lower voter turnout next month. The Post-ABC poll shows that they are not as strong in their support for Republican House candidates as they were in 2004, but it is unclear whether that is related to the Foley scandal. Forty-eight percent of white evangelical Christians said that House GOP leaders took the proper steps in responding to Foley's actions, compared with 60 percent of all conservative Republicans.

Robert Nelson, a machinist from Laurens, S.C., said the Iraq war is one of the issues that have turned him against the Republican Party. "I guess you could said I'm a Reaganite," he said. "Ronald Reagan got me interested in the Republican Party and I pretty much voted the party line." He did not support Bush two years ago, he said, and now thinks the country would be better off with Democrats in control of Congress. "The Republican Party has lost track, gone off in their own direction," he said.

Francis Jacobs, a computer tutor and technician from Grand Ledge, Mich., said he thinks Hastert should resign as speaker because "he knew more" about what was going on with Foley. Jacobs thinks that both parties "are having a field day" with the scandal but is highly critical of the Republican-controlled Congress.

"The question is, what have they accomplished?" he said. "They've accomplished nothing."

In the Post-ABC News poll, 71 percent agreed that Congress did little or nothing this year.

Polls: Hastert Should Resign As House Speaker (CHIT)

By Mike Dorning

Chicago Tribune, October 10, 2006

WASHINGTON -- Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since a GOP congressman's sexually explicit electronic messages to underage pages were disclosed late last month.

Few in the country previously had strong impressions of the speaker. But about half of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference.

Two of the polls, those by CNN-Gallup and ABC News-Washington Post, showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said.

While voters say such issues as the Iraq war, terrorism and the economy are more important to them than the handling of Foley's lurid messages, polls show a sharp drop in public support for GOP congressional candidates.

Among likely voters, 58 percent say they plan to vote for Democrats in November, versus 37 percent who say they will vote Republican, according to the CNN-Gallup poll. The 21 percentage point margin is 5 points wider than it was a week earlier in the same poll.

The ABC-Post poll found registered voters favor Democratic over Republican candidates 54 percent to 41 percent. The 13-point margin also is 5 points wider than the last ABC-Post poll, taken a month earlier.

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According to the CBS-New York Times poll, four out of five Americans think GOP leaders are more concerned with politics than the well-being of pages.

All three surveys were completed before the Washington Post reported on Monday that Rep. Jim Kolbe (R-Ariz.) had confronted Foley over inappropriate behavior toward pages in 2000, extending to at least six years the time period in which other members of Foley's party were aware of suspicious activity. Kolbe was a member of the House Page Board at the time, though it was unclear whether he informed other members.

On Monday, the House ethics committee sent a letter to congressional offices asking them to contact former pages and request they report inappropriate messages or contacts by Foley or other members of Congress.

National polls are of limited use in forecasting the outcome of mid-term elections, in which control of the House and Senate will be determined by a small number of individual elections.

Still, such a dramatic shift in national sentiments is a striking illustration of a changing political mood that would likely reverberate in voting on Nov. 7 if there is no change in public attitudes in the next four weeks.

A political strategist for a Republican-leaning business group said that a pollster who has been tracking competitive congressional races for the group has christened Sept. 29—the day the Foley messages were disclosed—as "Black Friday."

The group's polling showed a clear reversal on that day of a trend in which GOP fortunes were modestly improving amid a campaign by the White House to highlight lower gas prices and bolster the case for a connection between the Iraq war and the war on terror.

After slight improvements in President Bush's standing during September, all three polls showed a drop in public approval for the president.

Still, it was the shift in public attitudes toward Hastert that was most striking.

The CNN-Gallup Poll found those with an opinion strongly favoring Hastert's resignation, with 52 percent in support of a resignation and 31 percent against. The CBS-New York Times poll found 46 percent saying Hastert should go while 26 percent said he should stay. The ABC-Washington Post Poll showed a more even split, with 45 percent saying Hastert should step down and 47 percent saying he should remain.

Foley Probe To Focus On Who Knew, When (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 10, 2006

WASHINGTON — Witnesses will begin testimony behind closed doors this week in the sex scandal that has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House ethics committee in an otherwise quiet Capitol, will look into who knew what when about the contacts between then-Rep. Mark Foley (R-Fla.) and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned House Speaker J. Dennis Hastert's office in 2003 or earlier about the congressman's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's advances until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

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This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become a campaign issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages . Other possible witnesses include:

Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages;

Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

The panel has prepared about four dozen subpoenas for documents and testimony, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the Fifth Amendment against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Foley Scandal Drags Reynolds Into Underdog Role In N.Y. 26 (CQ Politics)

By Marie Horrigan

CQ Politics, October 10, 2006

The scandal surrounding resigned Florida Republican Rep. Mark Foley and the salacious messages he sent to underage congressional pages has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House.

And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The

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controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican.

That switch comes just one week after CQPolitics.com downgraded Reynolds to Leans Republican from Safe Republican — a position where Reynolds had comfortably resided prior to Foley's abrupt Sept. 29 resignation.

The Leans Democratic rating does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him.

But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted.

The contest is a rematch of the 2004 race in which Davis held Reynolds to an unexpectedly close 56 percent to 44 percent edge. Now, three separate polls since late last week showed Reynolds trails Davis by significant margins.

Reynolds' role in the Foley incident began in fall 2005, when Louisiana Republican Rep. Rodney Alexander told him a former page, a constituent of Alexander's district, had complained of receiving inappropriate e-mails and instant messages from Foley.

Reynolds — who has defended himself by saying that the e-mails in question were not the sexually explicit ones to other young men that were later revealed — says he mentioned the matter to the office of House Speaker J. Dennis Hastert of Illinois, a matter of serious dispute since the scandal broke.

But what appears clear is that Reynolds referred the matter to Illinois Republican Rep. John Shimkus, chairman of the House board that supervises the page program, who has said he held a conversation with Foley in which he instructed him to treat the pages with respect.

This has led many critics to demand to know why Reynolds didn't think the matter required a more thorough investigation,and whether he would not have been much more aggressive if — in his role as chairman of the National Republican Congressional Committee — the lawmaker making inappropriate contacts with pages had been a Democrat rather than a Republican.

In the past several days, Reynolds has moved rapidly to try to dissipate the building furor. He appeared at a press conference last Monday surrounded by young children and some of their parents, but also cancelled an appearance on a national Sunday morning talk show in which he was expected to discuss his role in the Foley scandal. A Reynolds spokesman said the congressman had to bow out because he was suffering from flu-like symptoms.

Reynolds' campaign, nonetheless, has released a TV ad in which the congressman, looking straight at the camera, talked about the steps he took as the more explicit electronic messages surfaced, contending that he was among those who forced Foley to resign.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Reynolds said in ad. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

But Democrats and allied groups are moving just as fast to leverage the scandal and Reynolds' precarious situation into another pick-up toward the net gain of at least 15 seats they need to win control of the House.

The political action group for the American Federation of State, County and Municipal Employees, the country's largest union of public employee and health care workers, on Thursday spent $111,000 on ads to be run against Reynolds in the 26th District. The union's analysis of House votes found Reynolds did not support its position on any of the eight votes it chose as key in 2005, and that he had a career record of voting with them 2 percent of the time.

Majority Action, a Democratic-affiliated group organized under Section 527 of the Internal Revenue Code, reported spending $12,000 on ads against Reynolds on Friday. The group had gone after Reynolds even before the controversy, spending $88,000 in early September for negative ads, but new radio and TV spots say Reynolds knew about the inappropriate Foley contacts and did nothing.

"Tell Tom Reynolds and Republican leaders to drop the politics," the TV ad said. "Stop the coverup. Tell the truth or resign."

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The increasing onslaught against Reynolds appears strongly connected to Davis's improved position. A Zogby International poll reported Sunday indicated that Davis leads Reynolds 48 percent to 33 percent, with 57 percent of respondents disapproving of how Reynolds handled the page scandal and 58 percent saying it is time to elect someone new.

In an indication that the shifting tide may be more about Reynolds than his challenger, Davis received his high polling numbers even though one-third of respondents did not know who he is.

Davis campaign spokesman Curtis Ellis said the low name ID indicated the campaign had more work to do, but that they were getting greater response from voters on both sides of the aisle. "We're hearing from Republican voters every day who are planning on voting for Jack Davis," Ellis told CQPolitics.com.

The Zogby poll indicated a widening lead from a SurveyUSA poll released Thursday that showed Davis led Reynolds by 50 percent to 45 percent. The state Democratic Party also publicized an internal poll from the Davis campaign that indicated Davis had an 8-point lead, 50 percent to 42 percent.

Reynolds spokesman L.D. Platt, however, told CQPolitics.com he was "not at all" concerned about the effect the scandal would have on the congressman's re-election campaign.

"This race isn't about scandal. This race is about the issues, and the fact that Jack Davis and the Democrats are afraid to talk about the issues and are trying to distract the voters from that," he said.

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Where is all the talk about impeachment now Bush and all repulicans have lied to the american people,the whole nation.Bill Clinton lied about sex,He almosted got impeached. Where are all the dogs now,most wont be reelected. We hope.

'Values' Choice For The GOP (WP)

By Eugene Robinson

The Washington Post, October 10, 2006

It's possible that the Mark Foley scandal could finally end the phony, trumped-up "culture war" that the Republican Party has so expertly exploited all these years -- possible, but not likely. I'm afraid the Foley episode will be remembered as just another bloody battle, one with lots of collateral damage.

The Republicans wouldn't be where they are today -- in control of the White House and all of Capitol Hill -- if they hadn't portrayed themselves as the stalwart defenders of moral standards and painted Democrats as a bunch of anything-goes libertines. Republicans promised social and religious conservatives that the values they treasure would not only be respected but written into law. Even if they didn't deliver on these promises, or even try very hard, Republicans paid enough lip service to moral issues to keep "values voters" inside the tent.

It was a political masterstroke, but it required creating and sustaining an illusion -- that Republican officeholders themselves not only talked the talk but walked the walk, that in their own lives they adhered to these deeply conservative moral standards. Human nature being what it is, there was no way this illusion could be sustained.

So for a party that crusades against gay marriage and welcomes voters that consider homosexuality a sin or a disease, headlines about a gay Republican congressman lusting after underage male congressional pages are a problem. The emerging outlines of a coverup -- allegations that the Republican speaker of the House, or at least his aides, got wind of Foley's little problem months or years ago -- are an even bigger problem.

And it will come as a surprise to some religious conservatives that so many Republicans involved in the scandal are gay -- Foley; his former aide Kirk Fordham; a former clerk of the House, Jeff Trandahl. The Post reported yesterday that Rep. Jim Kolbe of Arizona, the one openly gay Republican congressman, saw "inappropriate" e-mail correspondence between Foley and young pages as long ago as 2000.

It comes as no "October surprise" to the Republican leadership that there are gay men -- and, yes, lesbians, too -- working on Capitol Hill, some in high-ranking positions. Before the Foley scandal runs its course, we will probably learn of other gay staff members on the Hill. These people are good at their jobs, and their sexual orientation is, of course, irrelevant. The understanding, in these years of Republican hegemony, reportedly has been something akin to don't ask, don't tell.

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But some conservative activists are irate that the "values" party would allow such an arrangement. Cliff Kincaid of Accuracy in Media, a conservative watchdog, thundered on the group's Web site yesterday that "House leaders permitted homosexuals to infiltrate and manipulate the party apparatus while they publicly postured as friends of family values and traditional marriage. The facade is now in ruins."

In other words, Republican House leaders secretly harbored fairly modern attitudes toward homosexuality. How inexcusable.

The culture war is supposed to be about morality, but really it's a crusade to compel Americans to follow certain norms of private behavior that some social and religious conservatives believe are mandated by sociology, nature or God. Republican officeholders have paid lip service to this crusade, all the while knowing that the human family is diverse and fallible. They know that the gravest threat to marriage is the heterosexual divorce rate. They know that Republicans drink, swear, carouse and have affairs, just like Democrats. They know that homosexuals aren't devils.

Most Americans know all of this, too, by the way. Main Street hasn't been Hicksville for a long time.

But Republicans positioned themselves as our national Church Lady and were rewarded with the support of the staunchest religious conservatives, who now feel betrayed. Faced with the spreading Foley scandal, the party has a choice.

The party can look America in the face and say, "Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us weaker and poorer. As Barry Goldwater would have said, live and let live."

Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed.

Polled And Confused (NYT)

By John Tierney

The New York Times, October 10, 2006

You may have heard that American voters are disappointed. They are disappointed with Dennis Hastert and the rest of Congress. They are very disappointed with the war in Iraq. They are very, very disappointed with President Bush.

I share their unhappiness, but I must confess to one further regret. I am disappointed with the voters — or at least the ones who show up in public-opinion polls. They keep complaining that Washington doesn't understand what they want, but who on earth could?

Early in the Iraq war, Americans told pollsters they favored it and considered it a major part of the war on terrorism. Then they decided the war was a mistake and didn't reduce the risk of terrorism. Yet as they got angrier and angrier at Republicans for making a mess of Iraq, they kept telling pollsters that they didn't trust the Democrats to do a better job of dealing with terrorism.

Their feelings on the economy are even harder to fathom. In the New York Times/CBS News poll released yesterday, a solid majority of voters said the economy was doing well. When asked if they were making enough to pay their bills and sock away savings, they also sounded upbeat — more upbeat than the respondents 10 years ago who were asked that question when the White House was in Democratic hands.

Yet this year's respondents solidly disapproved of Bush's handling of the economy and said they trusted Democrats to do a better job of it. In part, the reaction reflected the generalized anger at Bush and Republicans. But there's another factor, too: the voters like each party for the wrong reasons.

They can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore.

The Republicans have become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like

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treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls.

Despite the Republican failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues.

On the domestic front, voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except "taxing the rich," which won't do the trick.

The G.O.P.'s Social Security plan last year would have left the poor better off than under the current system, but Republicans couldn't overcome their image as the cruel despoilers of the Democrats' New Deal. They did succeed (with President Clinton's grudging cooperation) in reforming welfare. That did more to break the cycle of poverty than anything done during the Great Society, but in voters' minds the Democrats remained the party of compassion.

Republicans fought to improve schools at the local level by giving more choices and power to students, parents and principals. These reforms (like vouchers and charter schools) were popular in places where Republicans overcame the resistance of Democrats and teachers' unions, but in national polls, voters preferred Democrats to deal with education.

So President Bush abandoned the party's principles and made a deal with Ted Kennedy to enact the No Child Left Behind law, a centralized Democratic-style plan that gave the Republicans a brief boost in the polls. Like previous Democratic plans for reviving education with regulations from Washington, it was an expensive flop, but voters still tell pollsters they trust the Democrats to fix the schools.

Maybe someday a candidate with Republican domestic policies and Democratic foreign policies will miraculously catch fire with voters. For now, the best hope is for a return to divided government and gridlock, so that each party can stop the other from fulfilling its poll-driven agenda.

Of course, if that happens, voters will be complaining to pollsters about how little gets done in Washington. But they won't be as disappointed as they are now.

Allen, Webb In Slashing, Wide-Ranging Debate (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Virginia Sen. George Allen and former Navy secretary James Webb clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night.

The 60-minute debate, held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election.

For Allen, the Republican, those issues are taxes, same-sex marriage and a dislike of liberals. Webb, running as a Democrat, stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans.

In a campaign marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government.

"My opponent doesn't stand with John Warner and me in keeping taxes low," Allen said in his opening statement, referring to Virginia's senior senator, also a Republican. "He stands with Hillary Clinton, John Kerry and the big-government Democrats who want to raise taxes."

Allen was hoping to align Webb with Clinton, of New York, and Kerry, of Massachusetts, two senators widely seen as too liberal for Virginia voters.

When it was his turn, Webb assailed the increase in corporate profits at the expense of wages. And Webb, a decorated veteran whose son is serving as a Marine in Iraq, lashed out, indirectly, at Allen's lack of foreign policy or wartime experience.

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"Very few of these leaders are willing to invest their own loved ones in this effort," he said of the war in Iraq. "America needs leaders who understand these divisions and want to repair them, leaders whose experience in foreign policy is formed by experience, not by sound bites."

Allen, who is a former governor and congressman, appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated.

Like the broader campaign being waged on both sides, the exchange provided a nasty, bickering forum for questions about personal honesty and character. Allen was pressed on questions about his racial sensitivity. Webb was confronted with allegations that he demeaned females by opposing women in combat in an article he wrote 27 years ago.

The Virginia Senate campaign has become a focal point in the national battle for control of Congress. On Tuesday, the national Democratic Senate Campaign Committee is expected to begin a nine-day, $1 million advertising blitz on behalf of Webb, according to sources in both campaigns. The committee's GOP counterpart already has paid to mail glossy campaign literature for Allen to hundreds of thousands of voters.

Webb, Navy secretary during Ronald Reagan's presidency, has closed a 16-point Allen advantage to a statistical dead heat. That's not how it was supposed to be. Allen started his reelection campaign this year brimming with confidence and with one eye on Iowa and New Hampshire, as he plotted a possible bid for the presidency in 2008.

The race tightened late this summer after Allen referred to a Democratic volunteer of Indian descent as "macaca," considered a racial slur in some cultures. The gaffe opened Allen up to scrutiny about his past, including his having once displayed a noose in his law office and his admiration as a young man for the Confederate flag.

Allen acknowledged that some of the trouble was his own doing, but he blasted as untrue allegations of racial insensitivity, including allegations that he used an offensive racial epithet about black people in the past.

The debate Monday offered viewers a chance to make direct -- if not particularly deep -- comparisons of the two candidates on many issues. The candidates continued to spar over the war in Iraq, responding to a question from the moderator, Russ Mitchell of CBS News, about the 2,700 Americans killed since the war began.

Allen has accused Webb of wanting to "cut and run" from Iraq. Allen says that he hopes U.S. troops can come home soon but that they must continue to fight in Iraq to prevent terrorists from operating there.

"We must persevere," Allen said. "We cannot be a country that just loses faith in our ability to protect ourselves. . . . Our goal is to make sure Iraq is a country that is on our side on the war on terror."

In past debates and on the campaign trail, Webb has called the war "a strategic blunder of historic proportions" and criticized Allen for not asking tougher questions about President Bush's conduct of the war and its aftermath.

During the debate, he responded to Allen's contention that Democrats would leave Iraq as a haven for terrorists. "Nobody wants to see terrorism in Iraq or elsewhere," Webb said. He reiterated his position that peace and stability could be achieved in Iraq through diplomacy involving other countries, including those in the region.

The debate gave Allen and Webb several opportunities to question each other directly, leading to several testy arguments that left Mitchell trying to restore order.

Allen repeatedly attacked Webb for what he said was his support for tax increases, citing Webb's statements questioning tax cuts championed by Bush. In an earlier debate, Webb said, "I don't understand how you can have a tax cut and be spending $500 billion on the war."

On Monday, Webb said the comment was meant to suggest only that he would roll back tax cuts for the wealthy, not tax cuts for married couples or cuts in estate taxes as Allen has contended in a television commercial and asserted again during the debate.

"I never said that I would agree with tax increases that you used in your ad," Webb said.

When Webb got the opportunity to question Allen, he went after what he has called Allen's lack of foreign policy knowledge.

Allen, who stumped Webb this summer during the first debate with a question about a port project on Craney Island in the Hampton Roads area, was left almost speechless Monday when Webb queried him about the Senkaku Islands off the coast of

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Taiwan. "I'll have to study it," a clearly baffled Allen said. Webb then lectured him about the island's strategic importance to Southeast Asia.

The candidates offered starkly different assessments of the proposed Virginia constitutional amendment on November's ballot that would ban same-sex marriage and civil unions.

Webb said he opposes gay marriage but believes the amendment would also affect contracts and agreements between heterosexual partners and friends.

Allen said he supports the amendment as a way to keep "elitist judges" from granting gays the right to marry despite Virginia laws to the contrary. "This is a way to protect the values and view of the people of Virginia," he said.

In response to a question about day-laborer centers in Herndon, Allen said Webb's positions on immigration would reward illegal behavior. "This is a country that that has been built by legal immigrants, and we should not be rewarding illegal behavior," Allen said.

Webb accused Bush and the Republican-controlled Congress of failing to secure the borders, making the day-laborer centers a necessary step for local governments.

Allen called for a balanced-budget amendment and a line-item veto to help control spending. Webb, who railed against corporate profits, said big companies should pay more.

Allen questioned Webb's commitment to the war on terrorism, asking whether he supported the National Security Agency's wiretappingWebb said he understands the need for such spying but would insist on oversight from Congress and judges.

Allen, Webb Spar One Last Time (WT)

By Christina Bellantoni

The Washington Times, October 10, 2006

RICHMOND -- U.S. Sen. George Allen and James H. Webb Jr. last night sparred over taxes and the war in Iraq during their last debate before next month's general election.

Mr. Allen, a Republican first elected to the Senate in 2000, opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000.

"If you allow me a second term ... I am going to make the best of it," Mr. Allen said, adding that he will be a senator "who will stand with John Warner and not Hillary Clinton."

Mr. Allen, who also is a former congressman and state delegate, repeatedly tried to paint his opponent as a liberal who would take his cues from "friends" such as Mrs. Clinton.

Mr. Webb, a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians.

"America needs leaders who understand these divisions and want to repair them," he said. "Leaders whose views on foreign policy are informed by experience, not sound bites."

Mr. Webb, a decorated Vietnam veteran whose own son is serving in Iraq, has portrayed Mr. Allen as a rubber stamp for President Bush who failed to prevent the country from going to war.

"We need to get a diplomatic solution," he said, criticizing Mr. Allen for using "propagandistic" phrases such as "Stay the course."

Mr. Allen repeated his campaign line that he wants U.S. troops "to come home as soon as possible ... in victory and not defeat." He added that he differs from Mr. Webb in thinking that "we're not occupiers, we're liberators in Iraq."

Mr. Webb said that Congress has failed to provide oversight of some of the Bush administration's programs, included the National Security Agency's terrorist surveillance program.

On torture, Mr. Webb said the U.S. should take the "moral high ground" and act according to the Geneva Convention. "I know what it's like to be out there worrying about if I was going to be taken prisoner," he said.

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The the League of Women Voters was host of the debate held at the Richmond studios of Community Idea Stations. It will be rebroadcast in the Richmond area at 9 p.m. Thursday, at 3 p.m. Oct. 22 and at 9 p.m. Oct. 31. It is also scheduled to be replayed on C-SPAN.

Independent candidate Gail Parker, whose main issue is securing funding for Metrorail in Northern Virginia, was not invited to participate. Last night she sat in the front row.

"If I wasn't in this race, there would be no candidate for me to vote for," she said before the debate.

Mr. Allen scored points when he called for a "taxpayers' bill of rights" and then asked Mr. Webb how many Virginians have benefited from Mr. Bush's tax cuts, which Mr. Webb has criticized and the senator wants to make permanent.

Mr. Webb did not answer, and Mr. Allen responded that 3 million residents have been helped by the cuts, which are set to expire.

However, Mr. Webb said the costly Iraq war makes tax cuts for the wealthy impractical. "You can't keep spending like this without increasing revenue," he said.

Republicans have given many of the wealthiest people and the largest companies tax breaks while health care and education costs for the poor and middle class have skyrocketed, Mr. Webb said.

Mr. Allen said that he favors a proposed state constitutional amendment that would define marriage as "a way to protect the values and views of the people of Virginia from judges who want to impose their own elitist views."

Mr. Webb said that he thinks marriage should be between one man and one woman but added that he opposes the measure because it is unnecessary and would harm unmarried heterosexual couples.

On immigration, Mr. Allen said he opposed the "comprehensive" Senate immigration bill because it rewards illegal aliens.

Mr. Webb said the Bush administration has "failed" to deal with immigration problems, and noted that day-laborer shelters such as the one in Herndon are a good short-term solution for businesses plagued by loitering.

Mr. Allen opened himself to scrutiny in August when he called an Indian-American Webb volunteer "macaca," which is considered a racial slur in some cultures.

After that, several people who knew Mr. Allen when he was a University of Virginia student accused him of regularly using a racial slur to describe blacks.

Last night, Mr. Allen dismissed the stories as "baseless," saying they don't reflect "who I am" or how he was raised. He added: "I don't recall using that word."

Mr. Allen has apologized frequently for the "macaca" comment, saying he made up the word.

Mr. Webb has been criticized for his 1979 article "Women Can't Fight," which questioned the role of women in military billets.

The debate was crucial for each candidate, as there is less than a month remaining before the election. Polls show Mr. Allen with a slight lead or tied with Mr. Webb.

Today is the deadline for Virginians to register to vote in the Nov. 7 election.

Stock Options Held By Allen Not Disclosed To Congress (WP)

By Michael D. Shear

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Sen. George Allen did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules.

Allen (R-Va.) received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday.

That failure to disclose, as first reported by the Associated Press, has prompted criticism of Allen as he battles for a second term in the Senate against Democratic challenger James Webb.

Webb spokeswoman Kristian Denny Todd called for an investigation of the allegations by Republican leaders in the Senate. "If true, these allegations represent a serious betrayal of the voters of Virginia," she said.

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Allen spokesman Dan Allen said Monday that the senator did not report the stock options after the first year because his attorneys interpreted the Senate's written rules to mean he did not have to.

"We were following guidelines based on the reporting disclosures," said Dan Allen, no relation to the senator. "It was a matter of public record. He certainly wasn't hiding anything."

All members of the Senate and the U.S. House of Representatives are required to report their finances annually to Congress. They must list their assets, such as homes, investment holdings and salaries, as well as liabilities.

Under terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each.

The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50. The Senate's disclosure instructions say that options that are not vested or are "contingent upon the occurrence of some future event" need not be disclosed.

But Dan Allen said the senator recently became aware that the Senate Ethics Manual requires annual disclosure of options, even when they are currently worthless. He said the senator will abide by the decision of the ethics committee.

"We have clearly, proactively gone to the ethics committee," Dan Allen said. "Of course, the Webb campaign is going to launch attacks on this. They understand if it gets away from the issues, ideas and Allen's past performance of service, they have a chance of winning this race."

Sheila Krumholz, acting executive director of the nonpartisan Center for Responsive Politics, said Allen's defense -- that the options were worthless -- should not excuse him from having to disclose that he owned them.

"It doesn't matter whether the exercise price is above or below the current stock price," she said. "What matters is you own it, you have it and at some point it may be worth money."

Krumholz said that public disclosure about ownership of such stock options helps voters decide whether lawmakers are making policy decisions that also enrich themselves. There is no evidence that Allen did anything to boost the stock price of Commonwealth.

"If it is worthless today, and then worth millions next year, then it's of enormous interest whether the representative or senator made decisions based on their potential financial gain," Krumholz said.

Allen's staff also acknowledged Monday that the senator had written a letter on behalf of another Virginia company in which he owned stock.

In the December 2001 letter, furnished by Allen campaign officials, the senator urged the Army to expedite a decision regarding a contract with Xybernaut, another Virginia high-tech company. Allen also has served on Xybernaut's board.

"Your immediate attention and expeditious assistance with the requests and concerns expressed in this case would be greatly appreciated," Allen wrote in the five-sentence letter to Army officials as Xybernaut vied for a Army with the service.

Campaign officials said that the request by Xybernaut was turned down and that Allen's only intervention was in a form letter. The office provided copies of similar letters written on behalf of other Virginia companies that contained the exact language. The AP also first reported about the Xybernaut letter.

This is not the first time Allen has faced inquiries about his corporate dealings.

In 2001, news reports surfaced that Allen had reported a $279,000, one-time payment from stock options he received as an advisory board member at Com-Net Ericsson, a high-tech company in Lynchburg, Va.

Allen joined the Com-Net board in 2000 after helping the company expand while governor.

The payment was made after Allen received a ruling from the Senate Ethics Committee that the compensation did not violate Senate rules.

"Senator Allen takes this very seriously," Dan Allen said. "He's always been open and honest."

Mr. Allen's Ethics (WP)

The Washington Post, October 10, 2006

After he left the Virginia governor's mansion in 1998 and before he entered the U.S. Senate in 2001, George F. Allen of Virginia did what out-of-office politicians often do: He tried to make some money. As it happens, a number of companies that he had assisted as a pro-business Republican governor returned the favor once he was a private citizen by inviting him to join their

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boards and furnishing him with potentially valuable stock options. One of them was a high-tech government contractor called Com-Net Ericsson, whose stock options translated into a one-time windfall for Mr. Allen worth $279,000 in 2001. As governor, Mr. Allen had helped Com-Net with its expansion plans.

It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government.

That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp. According to the Associated Press, Mr. Allen joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock. Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price might well have gone up.

The Army did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help. Eventually, Mr. Allen sold his Xybernaut stock at a loss, he told the Associated Press. Still, his aides didn't dispute that Mr. Allen, in his official capacity, intervened on behalf of a firm in which he had a financial interest.

The AP also reported that for the past five years -- years in which he filed annual disclosure reports -- Mr. Allen did not report his stock options in a firm called Commonwealth Biotechnologies Inc., on whose board Mr. Allen also served. The senator's explanation is that he believed the options were worthless, since the option purchase price exceeded the stock's market value. That is beside the point. What is relevant is that Mr. Allen has a financial stake in Commonwealth, which as a government contractor may have business before Congress.

Mr. Allen says his financial dealings have been aboveboard. But in these cases they appear to reflect at best an ethical sloppiness.

Allen Manages To Create A Diversion (WP)

By Marc Fisher

The Washington Post, October 10, 2006

Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again.

The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president.

How did the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject. All it took was a few moves, none of them particularly exotic:

Â· Allen launched an "Issues, Ideas and Record Tour" of friendly locales where he talked, albeit without many specifics, about "issues."

Â· The campaign announced that the senator would go on TV -- not to address claims that in college he regularly used racial slurs, not to justify his verbal attack on an Indian American working for his opponent's campaign and not to explain why he reacted so negatively when asked about his family's Jewish background. No, all the campaign said was that Allen would make a "major address." That the two-minute TV ad was neither major nor much of an address didn't matter; the moment became a turning point in the Allen campaign.

Â· Allen strategists rolled out the candidate's wife to stand by his side -- literally -- during the "major address," smiling admiringly. Then Susan Allen sat for a Washington Post interview that helped soften the senator's image.

Â· Day after day, Allen presented new endorsements from blacks -- a Democratic legislator, ministers, community leaders. Message: It's okay to go back in the water.

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All of this dovetailed beautifully with the Allen campaign's new offensive, a redoubled attack on Democratic challenger Jim Webb for being anti-woman because of a 27-year-old magazine piece Webb wrote arguing against enrolling women at the U.S. Naval Academy. Webb responded reasonably effectively to Allen's TV ad, but it hardly mattered. The subject had been changed.

Still, the Allen camp is hardly home free. Allen's lawyer has admitted this week that the senator failed to disclosed to Congress stock options he received after serving as a director of Commonwealth Biotechnologies Inc., a Virginia company. And even once the bleeding from macaca and the racial slurs was stanched, Allen seemed to remain on the wrong side of public opinion on the Iraq war.

Allen had taken the harshest imaginable, least independent stance in favor of the Bush policy in Iraq: Everything was going fine, no need to pull out, no need to second-guess the war effort. But now, he has used this shift in the campaign's subject matter to change direction. Here's George Allen tacking to the center, alertly taking advantage of Sen. John Warner's conversion to the skeptical side. In a conference call with reporters Friday, Allen awkwardly embraced his fellow Virginian's assessment that things are going poorly in Iraq.

Never mind that Allen's new stance -- the war is a failure, but we have to stay the course -- makes little sense. And Allen didn't go quite as far as Warner, who said that if U.S. forces don't show major progress in 30 to 60 days, it will be time for "bold action," presumably the old Monty Python battle call: "Run away!"

Despite the logical holes in his new position, Allen manages to come off as more independent and honest than many Republicans, such as Maryland Senate candidate Michael Steele (who resorted to a thinly veiled off-the-record lunch to slip in his critical comments about his party's failed foreign policy).

How has Allen been permitted to do all this? Why hasn't the Webb campaign taken advantage of the moment to raise further questions about Allen's credibility and character? Where are the stories trying to square the young man who relished using racial slurs with the senator who went on pilgrimages to absorb the story of the civil rights movement? How did Allen grow up to hold the archaic racial attitudes he seems to have proudly displayed through much of his life? What have his professional relationships with blacks been like through the years?

George Allen runs a savvy campaign and knows how to work the media and public opinion. But we still don't know what really goes on in the heart and head of Virginia's junior senator. Who will demand answers to these questions -- the Webb campaign? Editors and reporters? Virginia's voters?

National Democrats Give Webb A Boost (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch, October 10, 2006

National Democrats are placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment.

The ad could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia.

Sources said yesterday that the Democratic Senatorial Campaign Committee, political arm of the Senate Democratic caucus, is paying for the commercial. Spokesman Phil Singer had no comment.

The TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues.

This includes Allen's use of an obscure racial slur -- "macaca" to describe an Indian-American volunteer for Webb. Allen said he made up the word, which refers to a genus of monkey. Widely circulated video from the incident was woven into the Democratic ad.

The 30-second spot also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq.

The commercial, to be most heavily broadcast in vote-rich Northern Virginia, notes Allen's resistance to an increase in the federal minimum wage and contributions to his campaign from oil companies.

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The Allen campaign said the ad, running after U.S. Sen. Hillary Rodham Clinton, D-N.Y., pledged $2 million to the DSCC, is evidence that Webb is captive to liberal out-of-state interests.

"This is further proof that Jim Webb has been bought and paid for by Hillary Clinton," said Allen strategist Christopher J. LaCivita.

A spokeswoman for the Webb campaign could not be reached for comment.

The commercial was produced for the DSCC by Jim Mulhall, an adviser to then-U.S. Sen. Charles S. Robb, D-Va., in his losing campaign to Allen in 2000. Mulhall declined to comment.

Virginia Senator Did Not Disclose Stock Options (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

RICHMOND, Va., Oct. 8 (AP) — For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company.

Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Mr. Allen's stock options date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator.

The Associated Press reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies.

In interviews, Mr. Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock.

Mr. Allen's office said he had sold his Xybernaut stock at a loss and had not cashed in his Commonwealth options because they cost more than the stock is now worth. The senator also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless."

Mr. Allen's office said he did not report his Commonwealth options because their purchase price was higher than the current market value. Mr. Allen viewed them as worthless and believed he did not have to report them, aides said.

Kathleen Clark, a law professor at Washington University in St. Louis, a former prosecutor and a former Democratic Congressional aide, said, "As an ethical matter, it's irrelevant whether the exercise price of those stock options is above or below the current market price."

"If he owns stock options," Ms. Clark added, "he does have such a financial stake."

Mr. Allen's office acknowledged that he had met socially over the years with company executives and that his office had granted "routine courtesy meetings" to company lobbyists "to hear their opinion on legislation and issues before the federal government."

John Reid, a spokesman for Mr. Allen, said he was aware of only one instance in which Mr. Allen's office had helped a former company. That came in December 2001 when Mr. Allen asked the Army to resolve a lingering issue with Xybernaut. The company asked Mr. Allen to intervene, and he urged the Army to give Xybernaut an answer, Mr. Reid said. At the time, Mr. Allen still owned options to buy 110,000 shares of Xybernaut stock, which could have been affected by new federal contracts.

The Army answered but did not give Xybernaut what it wanted, and Mr. Allen did nothing more, Mr. Reid said.

As governor, Mr. Allen took representatives of Xybernaut and Ericsson on trade missions. He helped steer $4 million in tax-exempt bonds to Commonwealth for a new headquarters and announced an $800,000 state grant to help Lynchburg prepare a site for an Ericsson expansion.

Allen Broke Rules By Not Disclosing His Stock Options (WT/AP)

By Sharon Theimer And Bob Lewis, Associated Press

The Washington Times, October 9, 2006

DOJ_NMG_0076837

RICHMOND -- Sen. George Allen has failed for the past five years to tell Congress about the stock options he got for his work as a director of a high-tech company. Mr. Allen, a Virginia Republican running for re-election, also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking official action that could benefit them financially or appear to do so.

The requirements allow the public to police lawmakers for possible conflicts of interest, especially those involving companies with government business.

Mr. Allen has stock options from January 1998 to January 2001 when he was between political jobs and had plunged into the corporate world.

A review of his financial dealings from that time found that the senator:

•Joined three Virginia high-tech companies that he assisted as governor. Mr. Allen served on boards of directors for Xybernaut and Commonwealth Biotechnologies and advised Com-Net Ericsson, all government contractors.

•Twice failed to promptly alert the Securities and Exchange Commission of insider-stock transactions as a Xybernaut and Commonwealth director. The agency requires timely notification and can fine those who file late.

• Kept stock options for serving as a director of Xybernaut and Commonwealth, but steered other compensation from his board service to his law firm.

Mr. Allen, is running for re-election against Democrat James H. Webb Jr. and is a potential 2008 presidential candidate.

He also has served in the U.S. House and as governor. From 1998 through 2000, he worked as a private lawyer and businessman before his election to the Senate.

Mr. Allen and his staff have downplayed his corporate dealings, saying they were a good learning experience but did not lead to extraordinary riches -- except for a quarter-million-dollar windfall from Com-Net Ericsson stock.

Mr. Allen's office said the senator sold his Xybernaut stock at a loss and has not cashed in his Commonwealth options because they cost more than the stock is now worth. Mr. Allen also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it. I learned a lot on their board and enjoyed working with 'em, and they seem to be doing all right, I guess."

Mr. Allen's office also said the senator did not report his Commonwealth options on his past five Senate disclosure reports because their purchase price was higher than the market value. Mr. Allen viewed them as worthless and believed in "good faith" that he did not have to report them, aides said.

Mr. Allen disclosed the options once -- on an amendment to his 2000 ethics report filed three months after the normal filing period ended. He excluded the options from subsequent reports.

When Mr. Allen's lawyer was shown the Senate ethics manual requirement that such options must be reported each year regardless of value, the lawyer said he was unfamiliar with the provision. Mr. Allen has asked the Senate ethics committee for an opinion on whether he should have disclosed them.

"While we continue to believe that we have disclosed more than is required, we will abide by the formal ruling of the committee," Allen spokesman John Reid said.

Virginia's Sen. Allen Didn't Disclose His Stock Options (USAT/AP)

By Sharon Theimer And Bob Lewis, The Associated Press

USA Today, October 9, 2006

Says he acted correctly; ethics panel to review case

RICHMOND, Va. — For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options.

DOJ_NMG_0076838

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Options give the holder the future right to buy stock at a fixed price that could be lower than the market value at the time of purchase.

Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in "good faith" he did not have to report them, spokesman John Reid said.

Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options. "We continue to believe that we have disclosed more than is required. We will abide by the formal ruling of the committee," Reid said.

At issue are Allen's stock options from January 1998 to January 2001 when he was between political jobs.

The AP also found that Allen twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a Xybernaut and Commonwealth director. The SEC requires timely notification and can fine those who file late.

Allen joined Commonwealth's board about two months after leaving the governor's office in January 1998. Xybernaut named him a director that August, and he became a Com-Net Ericsson adviser in February 2000.

The senator said he saw no conflict in going to work for companies shortly after assisting them as governor. "I actually got no money out of Xybernaut. I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it," Allen said.

Reid said Allen asked the Army in December 2001 to resolve an issue with Xybernaut. At the time, Allen still owned stock options. The Army did not give Xybernaut what it wanted and Allen did nothing more, Reid said.

Sen. Allen Of Va. Didn't Disclose Stock Options (USAT)

USA Today, October 9, 2006

For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options. Congressional rules require senators to disclose all deferred compensation, such as stock options. Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in "good faith" he did not have to report them, spokesman John Reid said. Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options.

Mo. candidates spar on Iraq, scandal

Missouri Sen. Jim Talent clashed Sunday with Democratic challenger Claire McCaskill in a debate on NBC's Meet the Press that centered on Iraq and the congressional page scandal. Talent said he still would have voted to go to war in Iraq even if he had known in 2002 that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying U.S. troops out of Iraq over the next two years "give or take."

McCaskill also said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete.

Wanted: More election workers in Md.

Maryland elections officials are trying to find more Republican poll workers to avoid delayed poll openings that marred the Sept. 12 primary. GOP Gov. Robert Ehrlich sent a letter to state employees seeking volunteers, and the Baltimore mayor's office mailed letters last week to city Republicans. Mayor Martin O'Malley, a Democrat, is challenging Ehrlich. State law requires that precincts with more than 200 registered voters have at least two election judges present from each of the major parties.

Mo. Candidates Debate Foley, Iraq War (AP-Y)

By Sam Hananel, Associated Press Writer

AP, October 9, 2006

DOJ_NMG_0076839

Candidates in Missouri's hotly contested Senate race clashed Sunday over the congressional page sex scandal and the war in Iraq, with the Democratic challenger saying House Speaker Dennis Hastert should quit.

Missouri state auditor Claire McCaskill said Hastert, R-Ill., and other GOP leaders failed to properly investigate when they first learned of former Rep. Mark Foley's e-mails to congressional pages.

"When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee,' " McCaskill said.

Republican Sen. Jim Talent said it was premature to demand resignations until a formal investigation is complete. The House ethics committee is conducting a probe.

"We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may," Talent said.

The Missouri race is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even.

Much of the candidates' debate Sunday on NBC's "Meet the Press" focused on Iraq and national security. Talent described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period.

McCaskill, in turn, portrayed Talent's views as those of a politician who has spent too long in Washington.

Talent insisted that, had he been in the Senate in 2002, he would have voted to go to war in Iraq even if he had known that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. He said ousting Iraqi leader Saddam Hussein was necessary to eliminate him as a threat to the region, including any attempt to revive Iraq's nuclear program.

Asked whether the $300 billion spent on Iraq could have been better spent fighting terrorism elsewhere, Talent said the money represented just 1 percent of the U.S. gross domestic product.

"Clearly he's been in Washington too long if he doesn't think $300 billion is not a lot of money," McCaskill retorted.

Knowing what she knows now, McCaskill said, she would not have voted for war. She called for military leaders to consider redeploying U.S. troops out of Iraq over the next two years or so, and said she agreed with the assessment of Sen. John Warner, R-Va., that Iraq is "drifting sideways."

On other issues, Talent defended his opposition to embryonic stem cell research, which has become a major sticking point in the race. Missouri voters are weighing a ballot initiative that would amend the state constitution to protect all federally allowed forms of stem cell research.

McCaskill, who has made her support for the research a cornerstone of her campaign, said the ballot measure prohibits human cloning and offers hope for future treatment of various diseases.

McCaskill would not apologize for comments she made last month in which she claimed that Bush had "let people die on rooftops in New Orleans because they were poor and because they were black" during Hurricane Katrina.

"I was acknowledging what Americans believed at the time," she said, though she added that she "probably should have said it another way."

Talent, whose House voting record agrees with Bush's agenda 94 percent of the time, dismissed any notion that he could face a backlash from anti-Bush voters. Talent said he is independent and differs from Bush over immigration, farm policy, highway funding and other issues.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Talent said. "I've been in public life a lot longer than he has."

Tight Missouri Senate Race Takes 'Meet The Press' Spotlight (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 9, 2006

WASHINGTON — Republican Sen. Jim Talent and Democratic rival Claire McCaskill sparred over Iraq, terrorism, stem cell research, and the leadership of President George W. Bush in a 40-minute nationally televised debate on Sunday.

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Engaged in one of the tightest and most closely watched races in the country, Talent and McCaskill disagreed on the first question out of the box on NBC's "Meet the Press": Whether House Speaker Dennis Hastert, R-Ill., should resign amid questions about his handling of the congressional page sex scandal.

McCaskill, Missouri's state auditor, said yes.

She contended the scandal involving ex-Rep. Mark Foley's e-mails to House pages demonstrated "an arrogance of power."

"It is about holding on to power instead of about doing the right thing."

Talent asserted, however, that Hastert doesn't need to resign - at least not yet.

"I'm comfortable with the investigation moving forward," Talent said, "and the people who were responsible taking the consequences. And that's up to, and including, the speaker."

Polls show the race to be a dead heat, one of a handful of contests that will determine which party controls the Senate after November.

Sunday's exchange focused heavily on terrorism and Iraq, with commentator Tim Russert grilling both candidates about the war.

He asked Talent how he could assert, as the senator recently did, that the U.S. is making progress in Iraq and the mission is going well, when U.S. military and Iraqi civilian casualties are spiraling.

Talent responded that the level of violence was "unacceptable" but that he still believed the U.S. had made progress. "Saddam is gone and the threat he represented is gone," he said.

Talent accused McCaskill of being "weak" on the war against terrorism, saying she wants to set an "artificial" timeline for withdrawal from Iraq. He pointed to questions she has raised over the president's warrantless wiretapping program and a recent military trial bill that prevents terrorism suspects from challenging their detention in court.

McCaskill strongly rejected the suggestion that she was weak on terrorism, saying she supports giving the president the tools he needs to do proper surveillance. And she defended her call for a phased, two-year redeployment of U.S. troops from Iraq to other countries in the region.

"Iraq is a mess," she said. "If you're in a hole, you need to quit digging. We are breeding a culture of dependence. We are not breeding a democracy."

Talent said he still would have voted for the war even if he knew in advance that there were no weapons of mass destruction. Asked how long he would support keeping 145,000 U.S. troops there, he said "we have to be there until the mission is done."

Bush and Clinton

In response to a question from Russert, Talent also dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home. Talent said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was "an important front on the war on terror."

McCaskill quickly shot back: "Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money."

McCaskill accused Talent of not holding the administration accountable for mistakes in the war.

For Talent, one of the most uncomfortable moments of the debate seemed to come after Russert played a series of clips of Bush praising Talent and noted that Talent had voted with the president 94 percent of the time. Russert asked the senator whether Bush was a great president.

Talent wouldn't give a clear answer. "History judges presidents," Talent said, sitting beside a gleeful-looking McCaskill. "History is going to say there were some things he did that were right and some things he did that were wrong."

McCaskill ridiculed Talent's response, and when asked the same question about former President Bill Clinton, she quipped: "He's been a great leader, but I don't want my daughter near him."

McCaskill did a little squirming herself, when Russert asked her whether she would apologize for saying that Bush let people in New Orleans die "because they were poor and because they were black."

At first, she did not back down, saying that she was voicing how "millions of Americans felt," although she added, "I do not believe the president is a racist."

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Pressed again, she said, "Maybe I shouldn't have said it that way - but the feelings are real." She said "our citizens died because we couldn't get them food or water. This is not an administration that's ready to protect us."

Stem cell issue

The two candidates also exchanged sharp jabs over stem cell research - one of the hottest issues in the Missouri campaign.

Earlier this year, Talent withdrew his support for a federal human cloning ban that some critics said would also outlaw crucial stem cell research. But he opposes a Missouri referendum that would protect certain kinds of stem cell research.

Asked by Russert about his switch, Talent said the state referendum would "create an unqualified constitutional right to clone at the earliest stages of human life."

Russert asked McCaskill how she could support a form of research that some have said is equivalent to abortion.

"My faith directs me to heal the sick," she said. "I come down on the side of hope, hope for cures and for supporting science."

Talent And McCaskill Clash On Iraq And The Foley Case (GNN)

By Pamela Brogan

Gannett News Service, October 9, 2006

Washingon — Missouri's Senate candidates clashed today on NBC's "Meet the Press" over issues ranging from Iraq to the congressional page scandal.

"Iraq is a mess," Claire McCaskill, the Democratic state auditor said.

"We can either stay the course or we can change the course."

Republican Sen. Jim Talent insisted that that he still would have voted to go to war in Iraq even if he had known in 2002 that Iraqi leader Saddam Hussein did not have weapons of mass destruction.

"I think it was the only possible strategic choice," Talent said. "He represented a threat to us. That threat is now gone," Talent said.

Talent also said that the U.S. has to "finish the mission" but acknowledged that when Congress voted to go to war "the administration and many underestimated the time it would take to stabilize the central part of the country."

Both candidates, who are the parents of teens, expressed disgust over the scandal involving former Rep. Mark Foley, R-Fla.

McCaskill, a former prosecutor, said House Speaker Dennis Hastert, R-Ill., should resign because Republicans leaders failed to properly investigate when they learned that Foley was sending lurid Internet messages to teenage congressional pages.

"I know this: that when a 50-year-old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than, 'I better go tell the chairman of the Republican campaign committee,'" McCaskill said.

She said the scandal is about an "arrogance of power" and "about holding onto power instead of doing the right thing."

Talent said that Congress needs to have a "zero tolerance policy" for such behavior, but said it was too early to demand resignations before the House Ethics Committee completes its probe.

"This is something that transcends politics," Talent said. "This is a question of protecting these pages and making sure their parents and the public have confidence in the system."

The Missouri race is one of six Senate contests that are tossups. Democrats need six seats to regain control of the Senate, making those races top priorities for Republicans. A poll Friday by USA Today and Gallup Poll found that among 577 likely Missouri voters, 48 percent support McCaskill and 45 percent favor Talent. The poll's margin of error is 5 percentage points.

Both candidates fielded several questions about Iraq and national security.

Talent called McCaskill's views on the war against terror "comprehensively positions of weaknesses."

He criticized her for supporting a withdrawal of troops within two years and for opposing President Bush's domestic surveillance policy.

McCaskill said that Talent, a member of the Senate Armed Services Committee, has not asked the Bush administration enough tough questions about the war or held it accountable for its mistakes.

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"We should be saying, 'How do we get out of this mess?' Not, "this is a good policy, a sound policy, we need to continue down this road.'"

Moderator Tim Russert asked both candidates whether the $300 billion spent on the Iraq conflict could have been better spent in Afghanistan or on domestic programs.

"No, I think this is an important front on the war on terror," Talent said.

"What we've spent on Iraq and Afghanistan in total is one percent of the gross domestic product (the sum of all goods and services produced in the U.S.)," he added.

McCaskill said that she believed that Talent was implying that $300 billion "was not a lot of money."

"Clearly, he's been in Washington too long, if he doesn't think that $300 billion is a lot of money," she said.

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Talent Stresses Independence From Bush (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 9, 2006

Missouri Sen. Jim Talent tried to distance himself from President Bush yesterday in a nationally televised debate, during which he and his Democratic opponent, Claire McCaskill, argued over Iraq and stem-cell research.

Tim Russert, host of NBC's "Meet the Press," challenged both candidates on their past statements -- asking Mr. Talent about his ties to the poorly polling president and Mrs. McCaskill about her insinuating Mr. Bush is a racist.

Mr. Talent blanched when Mr. Russert noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Mr. Talent asked. "I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then."

Mr. Talent, first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding.

The senator opposed the "comprehensive" immigration plan that most senators and the president supported. He said it equates to amnesty for illegal aliens.

Mr. Russert also got tough on Mrs. McCaskill, the state auditor, over these September comments: "George Bush let people die on rooftops in New Orleans because they were poor and because they were black."

When asked whether she should apologize for her remark, first reported by St. Louis blog Pub Def Weekly, Mrs. McCaskill didn't back down.

"I was acknowledging what Americans believed at the time. I don't believe he's a racist," she said. "I probably should have said it another way, but the feelings are real."

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The two candidates are neck and neck in one of the nation's most closely watched races, a key race for Democrats hoping to regain Senate control.

The Iraq war provided sharp contrast between Mr. Talent and Mrs. McCaskill, with the incumbent saying the U.S. has "made progress" despite escalating troop casualties and the Democrat calling the prolonged conflict a "mess."

Mr. Talent, who called his challenger's views on wiretapping and detainee treatment "weak," said he would still have voted for the Iraq war had he known there were no weapons of mass destruction, because he thought removing Saddam Hussein from power was crucial to the war on terrorism. "It was the only possible strategic choice," he said.

Mrs. McCaskill said equating Iraq with the war on terrorism is an attempt to confuse voters in an election year and said she wants the U.S. to begin withdrawing troops.

"We are creating more terrorists around the world with this failed policy in Iraq," she said.

But Mr. Talent shot back: "It's not a question of politics, it's not a question of people's motives, it's a question of what's going to win this war. And positions of weakness are not going to do it."

Mr. Talent's vote against a bill to provide federal funding for embryonic stem-cell research is a hot topic in Missouri, where polls show strong support for the Stem Cell Research and Cures Initiative on the state's fall ballot. Actor Michael J. Fox, who has Parkinson's disease, recently raised $200,000 for Mrs. McCaskill, calling her a "champion" of stem-cell research.

Mr. Talent yesterday called stem-cell research a form of cloning and said the benefits of such research were "speculative."

"The ballot issue would create a constitutional right -- an unqualified constitutional right -- to clone the earliest stages of human life," something he said he is "not comfortable doing" as an evangelical Christian.

"Our country has never turned its back on medical research, and we shouldn't in Missouri," Mrs. McCaskill countered, adding that her religion teaches her to be a healer.

The Missouri measure would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

Missouri Debaters Battle For The Suburbs (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 9, 2006

Sen. James M. Talent of Missouri and Democratic challenger Claire McCaskill sparred over the war in Iraq, stem cell research and the House page scandal in a feisty debate yesterday, as the candidates fought for an edge in a race that polls show is a dead heat.

Talent's challenge is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies.

Tim Russert, who moderated the debate on NBC's "Meet the Press," noted that Talent sided with Bush on almost every major issue and counted four times that the president had visited Missouri on Talent's behalf. He then asked Talent to evaluate Bush's tenure.

"Certainly, he's going to end up better than Jimmy Carter, probably not as good as Ronald Reagan," the senator replied. "A lot depends on what happens on whether we can complete the mission in Iraq, and win the war on terror."

McCaskill, now serving as the state auditor, also is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City. She was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign.

"I certainly believe that abortion should remain safe, legal and rare," McCaskill said. "But why don't we concentrate on prevention? None of us want abortion, none of us support abortion."

Pressed by Talent and Russert, she said she supported a ban on so-called partial-birth abortion, with an exception for the life of the mother.

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McCaskill, meanwhile, has sought to paint Talent as a conservative extremist on the issue of embryonic stem cell research. Missouri voters will consider a proposed constitutional amendment on Nov. 7 to safeguard early stage stem cell research.

The initiative is supported by prominent moderate Republicans such as former senator John Danforth, along with Gov. Matt Blunt. Supporters believe the measure could be a boon to biomedical research, by making Missouri the first state to formally recognize a right for scientists to conduct the research and for patients to receive treatment.

Talent opposes the measure because he said it could lead to human cloning. "My faith directs me to heal the sick," McCaskill countered.

The candidates spent most of the 40-minute session arguing about national security. McCaskill sketched out the approach to Iraq that she favors: "We need to give them notice. We need to tell the Iraqi government that we're not going to build democracy at the barrel of a gun. It's time for them to stand up and begin taking responsibility for their country."

Talent defended the decision to go to war as "the only possible strategic choice" and said it was warranted even though Iraq did not have weapons of mass destruction. "Well, [Saddam Hussein] wanted them," Talent told Russert. He said the current level of sectarian violence "can't be sustained" and that the Iraqi government "needs to deal with it." But he said progress has been made. Setting a timetable for withdrawal "would be sending a notice to the terrorists that we're going to quit," Talent said.

The candidates also tangled over the Republican House leadership's response to the disclosure that former representative Mark Foley (R-Fla.) had sent questionable e-mails to teenage male congressional pages. House leaders have been criticized for failing to heed warnings that Foley's behavior was out of control. He resigned from the House when some messages became public.

"It is about holding on to power instead of doing the right thing," said McCaskill, who added that House Speaker J. Dennis Hastert (Ill.) -- whose office has been questioned for its response -- should resign.

Talent was more cautious. He said he would await the results of an ongoing investigation. "We need to find out who knew what. We need to have a zero-tolerance policy for this and then let the chips fall where they may," Talent said.

On Friday, a USA Today/Gallup survey of 577 likely voters, showed McCaskill leading Talent 48 percent to 45 percent, with 7 percent undecided. The margin of error was plus or minus five percentage points.

Santorum Keys On 'Islamic Fascism' (PTR)

By David M. Brown

Pittsburg Tribune-Review, October 10, 2006

President Bush lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against "Islamic fascism" -- a major threat to the nation's security -- U.S. Sen. Rick Santorum said Monday.

"He (Bush) is managing the public relations on this war very poorly," Santorum, the third-ranking Republican in the Senate, said during a meeting with editors and reporters of the Pittsburgh Tribune-Review.

Bush is more concerned about "making the State Department comfortable" than providing the American people with "a clear message and a clear understanding of what we are up against," said Santorum, in his sharpest criticism of the president to date.

Santorum, who faces an uphill battle for re-election against Democrat Bob Casey, said he discussed the issue with Bush several times and said the president "has given a few good speeches on it, but he does not continually do it."

Bush dropped references to Islamic fascists when the State Department "went ballistic because we are offending our allies in the Middle East," Santorum said. "I don't care if we offend our allies in the Middle East."

Santorum, 48, of Penn Hills, headed Bush's re-election campaign in Pennsylvania in 2004 and has been a strong ally for the White House on most key issues.

Casey, 46, of Scranton, has tried to portray Santorum as a lockstep backer of the Republican president, whose approval ratings in Pennsylvania have plummeted over the past two years.

"He's simply running a campaign that 'I'm Bob Casey, and Rick Santorum is George Bush,'" Santorum charged.

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Casey spokesman Larry Smar said: "If you look at Rick Santorum's voting record, it's easy to see why some folks would mistake him for George Bush.

"There is an old saying: 'A hit dog barks,' and Rick Santorum must be feeling the pressure if he's going out of his way to criticize President Bush, finally, 29 days before the election."

Santorum, who trails Casey, the state treasurer, in several recent public opinion polls, acknowledged that his support of an unpopular war will cost him votes.

"This war is more important than this Senate seat," he said.

Santorum said he supported going to war because he was "concerned about a rise of radical Islam as a trigger point to a larger war that, if we did not stop now, could threaten the very existence of freedom everywhere."

"I think we're facing the greatest threat this country has ever faced," he said.

Although Santorum is concerned about reports that North Korea tested a nuclear weapon, he said a greater potential threat would be for North Korea's nuclear capability to be transferred to Iran, which has ties with North Korea.

Iran is the "principal enemy" in the war on Islamic fascism, he said.

"I see Iran as a country that is very clear about their intention to dominate the Muslim world and then conquer the Christian world."

North Korean leader Kim Jong Il is "a little man, a paranoid man, who, if anything, wants to aggressively unite and control Korea, but he's a failing dictator" whose people are suffering and starving, Santorum said.

North Korea's nuclear weapons capability would be "a great regional threat," particularly to U.S. allies South Korea and Japan. "Every single option should be on the table" regarding what to do about that threat, but only in step with actions agreed upon by South Korea and Japan, Santorum said.

Many analysts consider the race between Santorum and Casey to be the hottest contest on Nov. 7, when Democrats, emboldened by Bush's sagging popularity, escalating violence in Iraq and the continuing fallout from a sex scandal involving former U.S. Rep. Mark Foley of Florida, hope to retake the House and perhaps even the Senate.

Santorum fears a Democratic majority in Congress will imperil the war effort.

"They will see an obligation to go in and create hell for this president, and they will try to get us to scale down our operations."

Santorum yesterday was endorsed by the 40,000-member Pennsylvania Fraternal Order of Police. Casey was endorsed by firefighters representing the western district of the Pennsylvania Professional Fire Fighters Association.

Casey will be in Pittsburgh Wednesday for a fundraiser headlined by U.S. Sen. Barack Obama, D-Ill., at the David L. Lawrence Convention Center, Downtown.

Santorum and Casey then square off Thursday during a televised debate in Pittsburgh. The hour-long debate will take place at the Downtown studios of KDKA-TV and will air at 7 p.m.

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Iraq, Foley Dog The GOP In A Key Race (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 10, 2006

MARCUS HOOK, PA.

The town of Marcus Hook turned out two fire trucks, three honor guards, and a brass band to honor Curt Weldon, now in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election.

The 10-term lawmaker got his political start as mayor here, where he drove the Pagan biker gang out of town. As the No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district.

But this year, knowing and serving the district may not be enough. Local issues, typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages.

"Curt has always done good for us, but a lot of people have turned against Bush because of the war. It's not fair, but it's going to be tough," says Chevelle Sipps, a Weldon supporter here.

Indeed, the Philadelphia region is now Ground Zero in the battle for control of the House, analysts say.

Democrats need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004.

"The reason the House Republicans have increased their numbers since 1995 was because they began to win the South, but they've run the string out. There aren't any more seats to win. So the battleground now are the suburbs in the north that used to be Republican and now are trending Democratic: in Ohio, Philadelphia, New York, and Connecticut," says Terry Madonna, a political scientist at Franklin Marshall, who directs the Keystone poll.

A recent Keystone poll now calls the Weldon-Sestak race a "dead heat" with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from "lean Republican" to a tossup.

In addition, Democrats are fielding - and financing - strong candidates in these races. "For the first time, voters in this district are being presented with a credible alternative to Weldon," writes Amy Walter, who analyzes House races for the Cook Political Report.

Sestak headquarters in Media, Pa., an upscale suburb of Philadelphia, churns with activity. The campaign claims some 2,000 volunteers, including a vast family network in Delaware County. With seven siblings - six still living in the district, "he has almost enough relatives to win," said President Clinton at a fundraiser for Sestak last week.

But what most distinguishes Sestak from former Weldon rivals is his ability to raise campaign funds, more than $1.14 million from July through Sept. 30, Sestak said Wednesday. That's $2.27 million since he announced his candidacy in February - more than all other previous Weldon rivals combined.

A former three-star admiral who conducted combat operations in Iraq and Afghanistan before retiring in January, Sestak calls the Iraq war a "tragic misadventure" and calls for the withdrawal of US troops by the end of next year.

"When we entered the race, we thought Iraq would be No. 5 or 6 [on the list of voters' concerns], but everywhere we go it's the first or second question," said Sestak, in an interview with the Monitor last week.

"There's such a feeling that something has to change. I respect Congressman Weldon's public service, but he's been there too long," he says.

Sestak served as President Clinton's director for defense policy for the National Security Council. He says that his time in the Navy taught him that "national security begins at home in the health, education, and economic promise of our people."

But since last week he is also discussing the recent sex scandal on Capitol Hill involving former Rep. Mark Foley (R) of Florida, who resigned from Congress Sept. 29 after being confronted with sexually explicit electronic messages that he sent to male former pages.

The Foley scandal is "another heavy stain that indicates what people feel already about this Congress: How accountable are Republicans when they can't take care of themselves ... they knew what was going on and did nothing," Sestak says.

Meanwhile, Weldon, like other GOP incumbents in the suburbs, is highlighting his independence from the GOP establishment. His campaign slogan - Curt Weldon...Independent Fighter for US - doesn't mention the Republican Party. But he's not backing away from the war in Iraq. (Weldon famously volunteered to go to Iraq to search for weapons of mass destruction.) "It's going to be a tough race, but I'm not going to run away from the president," he said in a Monitor interview.

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Citing former Democratic sex scandals involving pages and interns, Weldon says there's hypocrisy in the Foley scandal "you could cut with a knife." But he says it's not going to hurt his campaign. "People will see it for what it is," he says. "I'm swimming upstream, but the one thing I have is the people."

But analysts tracking this race say the issue can still hurt him, by depressing Republican turnout and detracting from his message of local service.

"All the momentum is with the Democrats, and it's up to Republicans to break that momentum and turn out their voters. The Foley scandal makes it that much harder for Republicans to get their message out and change that dynamic," says political analyst Stuart Rothenberg.

Sestak is hoping to benefit from the current focus on national issues, says David Landau, senior adviser to the Sestak campaign, who ran against Weldon in 1988. "In a normal election, you can get by with saying 'I'm the guy who saved Boeing,' but with the issues floating around in this election, a congressman has to have something more."

In response, the Weldon campaign says Sestak is a carpetbagger, who doesn't pay property taxes in the district and has missed voting in many recent elections.

"The district wants someone who lives here, not someone who rents a condo two weeks before he comes into the race or mispronounces the names of towns he was in," says Michael Puppio, Weldon's campaign manager.

Republicans Target 3 Senate Races (SFC)

By David Espo

San Francisco Chronicle, October 10, 2006

(10-09) 16:38 PDT WASHINGTON, (AP) --

In an unusual move, the Republican National Committee is investing heavily in television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority.

The move reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates.

The move also raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them.

Officials at both party committees said they were working together.

"We've anticipated a challenging cycle and have been working closely with the NRSC for the past year to strategically allocate our resources," said Tracey Schmitt, spokeswoman for the RNC.

"We've been working as a team for well over a year in planning how we were going to approach these races on every level," said Mark Stephens, executive director of the NRSC.

The RNC's targeted races are Sen. Mike DeWine's re-election effort in Ohio; Sen. Jim Talent's bid for a new term in Missouri, and Bob Corker's drive to hold the Tennessee seat of retiring Majority Leader Bill Frist.

It is not clear how they were chosen. All three races are close, according to public and private polls. They are among eight or nine competitive races around the country — most of them for seats currently in Republican hands — that will determine which party controls the Senate when it convenes in January.

The officials who described the firewall strategy did so on condition of anonymity, saying they were not authorized to speak publicly.

Yet the move is evident in reports filed with the Federal Election Commission. They show the Republican National Committee is paying for polling and television advertising independently. By law, those involved are not permitted to coordinate their activities with the candidates or their campaigns. Coordination is permitted between the two independent groups, though, and Stephens said they share pollsters and ad-making firms.

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According to the reports on file, the RNC has spent roughly $2.8 million to help DeWine in his race against Rep. Sherrod Brown and nearly $1 million so far in Tennessee, where Corker is running against Rep. Harold Ford Jr. The party has put about $150,000 into Talent's race against Claire McCaskill.

The NRSC, chaired by Sen. Elizabeth Dole, R-N.C., has also invested heavily in advertising and related expenses in those races, spending about $2.4 million so far in Missouri, $3 million in Ohio and $1.5 million in Tennessee.

While Stephens and Schmitt stressed the cooperation between the two committees, neither had a ready explanation when asked why the RNC had decided to step out on its own when it could simply have transferred funds directly to the senatorial committee.

Nor was it clear why the RNC had decided to scrap the division of responsibilities in use as recently as this summer's Rhode Island GOP senatorial primary. In that case, the RNC paid for get-out-the-vote operations, while the senatorial committee ran ads.

In the case of House campaigns, the RNC has not reported commissioning any polls or paying for any television advertising. Carl Forti, a spokesman for the House campaign committee, said he was not aware of any such effort.

The competitive situation is different in the Senate, though, where the GOP senatorial committee has been at a financial disadvantage with its Democratic counterpart in fundraising. In its most recent report, the National Republican Senatorial Committee said it had $18.6 million in the bank as of the end of August, compared to $29.8 million for the Democratic Senatorial Campaign Committee.

With Giuliani, G.O.P. Focuses On 9/11 Role (NYT)

By Richard Pérez-peña

The New York Times, October 9, 2006

At the Detroit Tigers' stadium last week, a visiting troop of children — many wearing Tiger orange and full of the fevered air of the playoffs — met Rudolph W. Giuliani, who declared his lifelong allegiance to their enemy of the moment, the Yankees.

But when the fourth and fifth graders had a chance to put questions to Mr. Giuliani, the first one had nothing to do with the Tigers-Yankees series. Instead, Cristina Sauceda asked, "How did you feel when they destroyed the towers, and what did you do to make people feel better?"

Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question, one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it.

Nearly as often, people ask its corollary: Will he run for president?

Mr. Giuliani has little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates.

He says he does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party.

Yet as Mr. Giuliani traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack.

And Mr. Giuliani has embraced that role as 9/11 hero and national security authority. At stop after stop, he delivers the same message: that the nation is still in grave danger, that the war in Iraq must be won, that measures like the Patriot Act and electronic eavesdropping are essential to defeating terrorists.

Never mind that Mr. Giuliani has come in for some sharp criticism back in New York — about workers sickened by toxic dust at ground zero, about his disgraced former police commissioner, Bernard B. Kerik, and even about his handling of the trade center attack.

There is little indication that his noble image from 9/11 has been tarnished in the heartland.

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For many loyal Republicans — and more than a few independents and Democrats — his national security message seems to work, blotting out the central question facing his candidacy: whether a supporter of legal abortion, gay civil unions, immigrants' rights and gun control; a thrice-married, Catholic New Yorker whose split with his second wife took place publicly and none too neatly, can win Republican presidential primaries and caucuses.

"I'm well to the right of Rudy on social issues," said Sid Dinerstein, chairman of the Republican Party in Palm Beach County, Fla., after an appearance there by Mr. Giuliani two weeks ago. "But this is a man who, when it comes to dealing with bad guys, has infinite courage."

In August, at a fund-raising dinner in Charleston for South Carolina's very conservative Republican Party, Mr. Giuliani spoke about port security. When the party faithful had a chance to pose questions, they did not ask him about abortion or gays — only reporters did that.

Mr. Giuliani is never asked about recent charges that he, among others, did not do enough to protect rescue workers at the trade center site from inhaling toxic dust.

Nor is he asked about his friend, former police commissioner and former business partner, Mr. Kerik, whom President Bush nominated to be homeland security secretary in December 2004, with Mr. Giuliani's support.

Mr. Kerik withdrew his nomination as questions were raised about unpaid taxes involving his nanny, ties to people accused of involvement in organized crime, an illegal gift and an unreported loan. Just 19 months after his cabinet nomination, he pleaded guilty to two misdemeanors.

Federal investigators are now looking into whether Mr. Kerik illegally taped the husband of Jeanine F. Pirro, the Republican candidate for attorney general, at Ms. Pirro's behest.

Asked whether he knew anything about Mr. Kerik and the heartache he may have caused Mr. Giuliani in New York, Chris Rants, the Republican speaker of the Iowa State House of Representatives, who has avidly been courted by presidential candidates, said, "I don't have any idea what you're talking about."

What about ground zero air quality? "I still don't know what you're talking about," he said.

But the doubts persist, including those about Mr. Giuliani's stand on social issues. Many Republicans and political analysts say the most pertinent question about Mr. Giuliani is whether polls showing him at or near the top of the presidential primary field reflect support that is broad but thin.

"My opinion of the mayor is completely centered around 9/11," Mr. Rants said. "That's how everybody has their impression, and it's a good impression.

"But to be honest," he added, "I don't have a clue what he thinks about India or China, or education, or immigration reform, or Social Security. I don't even know what he thinks about ethanol and renewable fuels."

Mr. Giuliani himself declines to answer questions about his political future, including handicapping how he might fare in Republican primaries, and instead offers praise for the other contenders and for this year's candidates for lesser offices.

"I don't want to get in the way of 2006," he said recently. "These are important elections that are coming up."

But when he is asked about 9/11, he talks effusively. Regarding Cristina Sauceda's question, Mr. Giuliani gave an answer that, even for an adult audience, would have been extremely long (10 minutes), grim ("We had to figure out how many body bags to order"), and emotionally wrenching ("Every time I was told" that someone he knew had been killed, "my heart would take a beat, and I would say to myself, 'I can't think about that right now' ").

He is often greeted like a star. But when the people who cheer Mr. Giuliani at rallies are asked what they know about him, some say he cleaned up a crime-ridden city, all of them talk about Sept. 11, and many concede that they can go no further.

"I can't forget the display of leadership and courage and compassion that day," said Mike Medina, a Miami-Dade County corrections officer who attended a rally on Sept. 27 for Republican candidates in nearby Dania Beach where Mr. Giuliani spoke. "That goes a long way."

Not far enough, according to Larry J. Sabato, director of the Center for Politics at the University of Virginia. He said that if Mr. Giuliani runs, his views on social issues, and his more recent travails, will find their way into attack ads, and the conventional wisdom will prevail.

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"Pro-choice is the heart of his problem with Republicans, just as it always was, and it cannot be overcome," Mr. Sabato said. Mr. Giuliani does well in polls "because the activists have no clue so far," he said. "If they've heard this stuff, they've forgotten it."

Mr. Sabato and other political analysts said that even if other contenders shied away from attacking Mr. Giuliani on abortion or gay rights, independent groups supporting those candidates would not. They might even try to undermine his security credentials, and cite the former mayor's decision to put the city's emergency operations center in the trade center.

But Frank Luntz, a Republican pollster, said the poll results are no illusion, and that no one should rule out Mr. Giuliani.

"The abortion issue will hurt him in Iowa, the gun control position will hurt him in New Hampshire, but both are less important than the character and the attributes of the man," said Mr. Luntz, who did some work for Mr. Giuliani in the 1990's but no longer works for campaigns. "In a senate race, they want to know where you stand on issues. In a presidential campaign, they want to know who you are."

In The Race For Governor Of Michigan, The Struggling Economy Is Topic A (NYT)

By Monica Davey

The New York Times, October 9, 2006

THREE RIVERS, Mich., Oct. 4 — If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts.

And so, while elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal, Michigan's races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it.

In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions. In other states with once-robust industrial bases, including Ohio, Indiana and Pennsylvania, economic worries are playing a similar, if far more subtle and layered, role this fall.

"We've thought about moving south," said Deb Hallock, 44, who said she had lived in Three Rivers for 20 years but lost her home about a year ago when she and her husband could no longer pay the mortgage. Ms. Hallock makes pizzas at a fast-food restaurant; her husband makes cargo trailers at a factory but had no job when they were evicted. "I don't really know what a governor can do to stop all of what's happening here, but I wish someone would do something."

Gov. Jennifer M. Granholm, an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder.

While campaigning, Mr. DeVos regularly ticks off dire statistics: with major cuts at the Detroit-area automobile companies, Michigan's unemployment rate of 7.1 percent is one of the worst in the nation; the state has lost 85,000 jobs in the last four years; and it has ranked second in the number of young people moving elsewhere.

In a testy first debate between the candidates in early October, the answers to questions on almost every topic seemed to circle back to this single issue. Mr. DeVos, who says his own business acumen is just the medicine Michigan needs, said Ms. Granholm was responsible for failing to create "the atmosphere" for job creation in Michigan despite the economic recovery plan she talked about at nearly every campaign stop.

"I find it amazing," Mr. DeVos said in the debate, "to hear the governor say the plan is working when the people of Michigan aren't."

Ms. Granholm, who said hers was the most aggressive economic recovery plan in the nation, seemed to sidestep responsibility for what has happened here, saying she had "stepped into this current" in a state that had long depended on cars for its livelihood.

"The question is, Why did we get here, and how are we going to get out?" Ms. Granholm said.

Elsewhere, the economic questions are less extreme, less consuming and, in some cases, far more ambiguous. For the most part, challengers in nearby states have bemoaned economic failures, while incumbents have pointed to opposing, upbeat economic signs or stayed mainly silent on the matter.

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In Ohio, the loss of manufacturing work, along with political corruption and scandal, has contributed to "a generally sour atmosphere" among voters, said Herbert Asher, a political science professor emeritus at Ohio State University.

Sherrod Brown, the Democratic challenger to Senator Mike DeWine, has worked to remind voters of their economic portrait, "a thriving manufacturing base dismantled piece by piece," in the words of Mr. Brown's spokeswoman, Joanna Kuebler.

Indiana's economy has improved. But Russell L. Hanson, a political scientist at Indiana University, said the recovery had been slow and spotty in parts of the state, especially where the auto industry's troubles had affected Indiana's component suppliers — something the challengers in several competitive House races have made an issue.

A complicated picture has also emerged in Pennsylvania, with candidates, even those from the same political party, pointing to opposing signs as evidence of the relative healthiness, or the horror, of the state's economy. Gov. Edward G. Rendell, a Democrat, has boasted of new job creation. But Bob Casey, another Democrat and an ally of Mr. Rendell, who is running against Senator Rick Santorum, a Republican, has complained of an environment in which tuition and health care costs are rising while incomes cannot keep up.

In Michigan, meanwhile, no candidate is boasting.

Mr. DeVos and Ms. Granholm pepper their speeches, commercials and Web sites with proposals for reversing the economic tide. Mr. DeVos has pressed for change, proposing that the state speed the granting of permits for businesses and that the tax on businesses known as the Single Business Tax be ended.

His campaign has scoffed at Ms. Granholm's efforts, like a Cool Cities program to give grants to cities for economic development, as too paltry. He has also suggested she did not try hard enough to persuade the Japanese to open a Honda factory in Michigan.

"A cool city is one where you get a job," said John Truscott, Mr. DeVos's director of communications. "We never thought we would surpass Mississippi in a race for the bottom, but we're there."

Mr. DeVos, a relative political newcomer from Ada who aides say has poured about $17 million of his own money into the race, began advertising in February, which helps explain how every voter interviewed in towns in the Kalamazoo area, like Three Rivers, and near Lansing said they knew his name.

For a time, polls showed Mr. DeVos even or slightly ahead of Ms. Granholm, but more recent surveys suggest she has pulled ahead slightly. In a survey of 600 likely voters taken this month for The Detroit News and several television stations, Ms. Granholm was leading, with 46 percent saying they would vote for her, compared with 40 percent for Mr. DeVos; the margin of error was four percentage points. But of those polled, 12 percent said they were undecided.

Ms. Granholm, a former federal prosecutor and a former state attorney general, said she was pressing to diversify the state's economy into fields like alternative energy, life sciences and domestic security; wanted to double the number of college graduates in Michigan within a decade; and hoped to change the way the state handles work force training for those without jobs.

And while Mr. DeVos has tried to blame Ms. Granholm for the state's struggles, in an interview, she directed the blame elsewhere: to circumstances beyond her control ("No other state is the automotive capital of the world"); to the Bush administration ("He has sat idly by while the industry reels"); and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck.

"If we had diversified our state 10 years ago, we wouldn't be here," Ms. Granholm said. "I'm going to go anywhere and do anything to change the economy of Michigan."

Similarly, in the Senate race here, Debbie Stabenow, the Democratic incumbent, and Mike Bouchard, a sheriff and her Republican challenger, have each touted economic recovery plans: "Jobs Agenda" for her and "Renewing Michigan's Economy" for him.

But at a Laundromat in Three Rivers, all the plans in the world could not convince Steve Brunn that Michigan could be turned around. Like others here, Mr. Brunn, 54, said he was doubtful that any campaign promise would add up to jobs after all the commercials were over and the votes were in.

"We're being batted back and forth between the Republicans and Democrats," he said. "DeVos is talking like everybody else — he wants to make change — but what is he really going to do to change this? We're competing with these other countries, and there are no answers."

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Thomas Lowry, who for 11 years has been mayor of Three Rivers, said this town of 7,400 still had its share of manufacturing companies, though the numbers, he said, seemed to shrink little by little each year. The echoes reach far beyond the factories, Mr. Lowry said. The diner downtown loses business. More and more “for sale” signs fill front yards along quiet streets.

Even his own business, a bookstore in the center of downtown, has seen the sale of magazines, a minor luxury item for many, fall off. “It ripples everywhere,” he said.

Mr. Lowry, who said he expected to vote for Ms. Granholm, said he was not sure to what extent the voters would hold their political leaders responsible for all that had happened — and all that had not. “There’s something about our species, though, that wants a scapegoat,” he said.

Firings Of State Workers Found To Violate Law (BSUN)

By Jennifer Skalka

The Baltimore Sun, October 10, 2006

ANNAPOLIS -- A legislative committee investigating the Ehrlich administration's personnel practices has concluded that workers were fired "based on political considerations in violation of constitutional rights and state law," and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters.

"Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process," says the 135-page report, the work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005.

The legislative committee, whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor.

The governor said Monday that the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities.

"They held more hearings on this particular issue than pedophiles, sex offenders and BGE combined ... all to conclude that our administration brought in people dedicated to carrying out the goals of this administration," Ehrlich said.

Taking office in January 2003 as Maryland first GOP governor in more than three decades, Ehrlich promised to shake up agencies accustomed to Democratic administrations.

"We must overturn the status quo in state government and whenever possible bring in fresh blood, with new ideas," the governor wrote to a state agency head in a confidential memorandum reviewed by the commission.

Leading Democrats soon heard complaints of indiscriminate firings and the targeting of low-level employees, and they began the inquiry after revelations arose about the activities of a longtime aide to the governor, Joseph F. Steffen Jr.

The committee's four Republicans issued a separate 40-page rebuttal Monday, criticizing Democrats for spending more than $1 million in taxpayer money on the investigation and accusing them of timing the report's release to potentially affect next month's gubernatorial election. Democrats dispute the cost estimate.

The minority report says that former workers who testified under oath "repeatedly misstated facts and failed to corroborate many aspects of their wrongful testimony with documents." It concludes that the committee did not find proof of "illegal personnel actions" by the Ehrlich administration.

Sen. J. Lowell Stoltzfus, the minority leader from the Eastern Shore and a committee member, acknowledged "stupid behavior" by some state workers who conducted firings. But he called the panel's work "a very expensive partisan joke."

"You can't legislate against crassness; you just can't do that," Stoltzfus said. "For the most part, this administration has bent over backward to incorporate the Democrats."

The report of the committee, which will meet Thursday in Annapolis to consider revisions, reserved particularly pointed language for Steffen, who left the administration in February 2005. Nicknamed "Prince of Darkness" by the governor, Steffen kept a grim reaper figurine on his desk. He told the committee that employee lists he was given included party affiliation.

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"Mr. Steffen was placed on the executive floors at [the Department of Human Resources] and the [Department of Juvenile Services], on the payroll of the Governor's Office and coordinated with the Appointments Office to identify candidates for termination," the report says.

"Placing a qualified consultant in the agencies to perform such a function would have been reasonable. ... Placing Mr. Steffen in such a role was not and the purpose was most likely to identify candidates for termination for political reasons."

The committee sought to determine whether state workers in an employment category called "at will" were terminated because they were Democrats or to make room for Ehrlich loyalists. About 7,000 state workers are at-will, according to the report, and can legally be fired without cause, though not for political beliefs.

Sixty people contacted the committee to share their stories, the report said. Not all testified, however. Some of those who appeared before the panel did so voluntarily. Others, including Steffen, were subpoenaed.

The committee also heard from Ehrlich administration officials, including three -- Steffen, Gregory J. Maddalone and Craig B. Chesek -- who declined under oath to answer many questions about their roles in firing state workers or instructions they were given by the state appointments office. The committee has since filed lawsuits compelling them to testify.

The report indicated that Maddalone and Chesek -- who were dispatched to state departments, much like Steffen, to target workers for firing -- are due in court Oct. 26. Steffen is scheduled to appear Oct. 25.

Sen. Thomas M. Middleton, a Southern Maryland Democrat who co-chaired the committee, said their testimony is crucial in shaping the committee's final recommendations.

"The main players, it just seemed like they had extreme memory loss," Middleton said. "We haven't found anything that is illegal, but we found stories that were conflicting so that alone causes extreme suspicion."

The report noted that under Ehrlich, the methods used in firing workers were inconsistent across departments and perhaps most "dramatic" at the Public Service Commission, where several employees were escorted from the building by security guards and their photographs were posted in the lobby.

"There was substantial evidence that most of the terminated employees who testified were doing a good job, and there was no evidence that any of them posed any security risk," the report says.

Middleton said he expects the committee to offer legislation during the General Assembly session that begins in January.

The report recommended 10 changes, including that the law should make clear that state workers cannot be fired to make room for someone else based on the new employee's "political affiliation, belief or opinion."

State law must also be changed, the report says, to clarify that only people in the employing agency, not the appointments office, can fire a state worker.

The report also suggests that state employees should be notified in writing of their rights when hired and that the state should study the need for the at-will designation.

Sen. Brian E. Frosh, a Montgomery County Democrat who sits on the committee, said state workers, especially those who have served with distinction for many years, deserve better from their employer than they have received from Ehrlich.

Investigation Faults Ehrlich In Firing Of State Workers (WP)

By Matthew Mosk

The Washington Post, October 10, 2006

The firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded.

An attorney hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers.

Among them:

· The governor dispatched loyalists into state agencies to identify people to fire.

· Several employees were fired for no reason other than their political views.

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· Officials in the Ehrlich administration were evasive or not credible in defending their personnel decisions while testifying before the legislature's Special Committee on State Employee Rights and Protections.

"The sudden and random terminations exacted a considerable human toll," committee counsel Ward B. Coe III wrote in his draft.

Ehrlich described the document as "farcical" and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it. "I think the people of Maryland need to hear what they paid over a million dollars for," Ehrlich said.

Republicans on the committee issued a "minority report," which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns.

"There's nothing substantive there," said Senate Minority Leader J. Lowell Stoltzfus (Somerset). "There is no definite finding. There was nothing proven that demonstrated that the law was broken."

Under Maryland law, "at will" employees -- about 6,000 of the 50,000 state workers -- may be hired and fired by the governor without explanation. With rare exception, though, the law requires that personnel decisions be made "without regard to the employee's political affiliation, belief, or opinion."

Coe's report, which will be released formally this week, marks the conclusion of a saga that began in early 2005, when Ehrlich fired a longtime political operative for boasting about a whisper campaign against the governor's chief political rival, Baltimore Mayor Martin O'Malley (D).

During the first two years of Ehrlich's tenure, that operative, Joseph Steffen, worked in three state agencies, fostering a reputation as a hatchet man by placing a figurine of the Grim Reaper on his desk and telling co-workers he had a "death list" of people who were marked for dismissal. He signed e-mails "POD," which stood for his nickname: "Prince of Darkness."

Firings followed. Ehrlich's top aides put the count last year at 284. Ehrlich's predecessor, Parris N. Glendening (D), fired 65 workers during the first three years of his administration.

Ehrlich administration officials have said the turnover was a natural byproduct of the 2002 election, which put a Republican in the governor's office for the first time in a generation.

No one was singled out for partisan views, Ehrlich officials said.

But some changes were made to help Ehrlich move the state in a new direction. "The governor has said he wants people on the same page," his communications director, Paul E. Schurick, said in a June 2005 interview.

The turnover concerned Democrats in the legislature. And the investigation that followed has validated those concerns, said Sen. Brian E. Frosh (D-Montgomery), who was one of the first to urge a review.

Coe, as committee counsel, interviewed more than 60 current and former state employees, taking sworn testimony from more than 20.

"It's not pretty for the Ehrlich administration," Frosh said yesterday. "It makes clear that many of the firings were illegal, and many more were inappropriate."

Coe's report makes its most direct case when addressing the termination of Vincent Gardina, a Democrat on the Baltimore County Council who was hired as a project manager at the Maryland Environmental Service.

Ehrlich aides learned that Gardina was on the payroll eight months after Ehrlich took office, the report says. Soon after, the report says, a deputy in the governor's appointments office called Gardina's boss and told him that "Gardina 'needs to go' because he is 'too political.' "

An e-mail exchange followed and ended with an e-mail from the governor's deputy, dated Sept. 9, 2003, saying: "you can let Vince Gardina go. We have signed off on this end." Gardina was dismissed by a letter dated Sept. 16, the report says. It concludes that "there is substantial evidence that the termination of Vincent Gardina was based on his political activities in violation of [state law] and his constitutional rights."

Other findings in the report focus on the dismissals' effects on the functioning of state government. In a number of instances, the report highlights dismissals of workers who had outstanding performance reviews.

At the state's Public Service Commission, which regulates utilities, five workers were dismissed on one day. The chairman, an Ehrlich appointee, defended those moves, but the review found his explanation wanting.

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"It is difficult to reconcile the Chairman's view that he was improving the Commission when he failed to consult with other commissioners regarding the terminations, failed to review personnel files and failed to consult with the supervisors of two of the employees who were terminated," the report says.

Stoltzfus said yesterday that although Coe was hired with support from both parties -- and had conducted a well-received review of the state's savings and loan crisis 20 years ago -- the lawyer was "snookered" this time by Democrats.

The investigation, based mostly on the testimony of disgruntled former state workers, was generated by Steffen's ill-advised boastings and the actions of a few other misguided aides, Stoltzfus said. "I saw some crass behavior by certain people who first came in to work for the governor," he said. "It was a new regime. They behaved in a way they shouldn't have. But you can't legislate for crass behavior."

Del. Luiz R.S. Simmons (Montgomery), a Democrat on the committee, said he agrees that the investigation did not uncover "a reign of terror." But there were "serious abuses," he said.

"Unfortunately, the Republicans decided at the outset that they did not want to be bothered with the facts," Simmons said. "They do not understand . . . it was wrong to dismiss these people."

Coe's report found two major flaws with the Ehrlich administration's handling of personnel matters. The firings "were not reasonably calculated to improve the performance of State government," the report says, and the firings demoralized the state workforce veterans.

"Employees who were the primary providers for their families were suddenly without jobs through no fault of their own," Coe wrote.

Out Of The Oval Office But Still In The Loop (WP)

By Peter Baker

The Washington Post, October 10, 2006

SECOND ACTS

Presidential Lives and Legacies After the White House

By Mark K. Updegrove

Lyons Press, 321 pp., $24.95

Franklin Pierce may have been a rather forgettable president, but the remainder of his life proved even more unsatisfying. "After the White House," he lamented, "what is there to do but drink?"

More and more, lately, as it turns out. In the modern era, there are books to write and corporate boards to serve on and the mashed potato circuit to travel. There are funds to raise, charities to aid, libraries to build and globes to trot. There's good to be done. And there's money to be made.

The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives. "Second Acts: Presidential Lives and Legacies After the White House" traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York.

The White House afterlife holds "more promise and potential than ever before," Updegrove argues. Former presidents "now often have their own agendas and aggressively pursue them independent of those in power," and, "With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly."

What to do with our former commanders in chief has often vexed a country that does not believe in permanent power. Until George Washington retired to Mount Vernon after two terms as president, the world had few examples of rulers voluntarily surrendering their thrones, but it has become a hallmark of American democracy.

A number of former presidents continued to play a role long before globalization, of course. John Quincy Adams served 18 years in the House of Representatives after his single term in the White House, arguably accomplishing more as an outspoken abolitionist. Andrew Johnson was appointed to the Senate after his broken presidency, though he died just months later. William Howard Taft realized his life's ambition by serving as chief justice of the United States following his reelection defeat.

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A few others tried to return to the office they left. Ulysses S. Grant maneuvered for the Republican nomination in 1880, only to be denied. Theodore Roosevelt, angered by his successor, Taft, bolted from the Republicans and ran as the Bull Moose candidate in 1912, only to hand the election to Democrat Woodrow Wilson. Just one former president managed a comeback, Grover Cleveland, who lost reelection in 1888 but won a second term four years later.

With the 22nd Amendment to the Constitution, that route is no longer available to two-term presidents such as Clinton and George W. Bush. Yet with actuarial tables being what they are, formers are emerging from office with more years of vigorous life still ahead of them. Each of them in his own way wrestles with how to remain relevant without crossing lines of propriety that only he sets.

Writing books has become de rigueur. Truman left office with only a $1,300 annual pension from his military service, since in those days former presidents had no retirement, much less the office allotments and Secret Service protection they get now. So he wrote a two-part autobiography for $600,000, though he estimated that after taxes and expenses he netted only $37,000. By the time Clinton wrote his memoirs -- one book that was so endless the publisher split it in two for the paperback version -- an ex-president could take in a reported $12 million.

Richard M. Nixon and Jimmy Carter both became prolific writers, churning out books that went beyond their personal stories in an effort to shape politics and policies -- and reinvent their legacies. Gerald R. Ford became the first to join corporate boards, a move that was seen as unseemly by some of his predecessors but has become more common. Ronald Reagan further broke barriers by accepting $2 million for appearances in Japan.

George H.W. Bush and Clinton both have second acts of another sort -- the first saw his son elected president while the second may yet see his wife win the job. But Updegrove also recounts the unusual friendship that seems to have developed between the 41st and 42nd presidents as they travel the world to help victims of the Asian tsunami and Hurricane Katrina.

Updegrove, a former publisher of Newsweek and executive at Time magazine who now works at Yahoo Inc., casts no judgment on any former president's choice and doesn't endorse any particular model. He seems to go along with the conventional wisdom that Carter's Nobel Prize-winning humanitarian efforts at home and abroad have made him the best former president, although he acknowledges that Carter's successors have all been irritated at one time or another with what they saw as grandstanding freelance diplomacy.

For the book, Updegrove had interviews with Ford, Carter and Bush, among others, but they don't seem to add all that much new. Many of the stories will feel familiar to Washington readers who follow the presidency closely. But they do peel back the curtain a bit on the lives of our former leaders in an entertaining and illuminating way.

And one Washington reader who may want to pick up "Second Acts" is the current occupant of the White House, who has just 27 months to go before he leaves office at age 62 and has to decide what to do with the rest of his life.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Different Bridges (WT)

By Claude R. Marx

The Washington Times, October 10, 2006

Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct.

Mr. Danforth, who served three terms as a Republican senator from Missouri before retiring in 1995, is a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries.

He discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together."

Mr. Danforth, an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews.

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He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones.

"[I]f we are less confident about our capacity to know and implement God's will, and if our faith brings modesty about ourselves and our politics, our effectiveness is more likely. I believe that such modesty is, or at least should be, Christianity's gift to American politics," he writes.

He cites the Republican Party's efforts to overturn court decisions allowing relatives to unplug the feeding tube of Terri Schiavo as evidence of an unhealthy mingling of religion and politics that betrays the party's true conservative heritage.

"It was a threat to some of our most heartfelt values. It was Big Brotherism in the extreme, an exercise of the raw and awesome power of the federal government,' he writes.

To avoid repeats of that approach, he calls for religious people in politics to practice a "ministry of reconciliation." This would, he maintains, focus on increasing reasoned dialogue aimed at finding common ground on, among other things, applying religious values to politics. He is careful to note, however, that there is a difference between allowing religious beliefs to form one's worldview and trying to write those ideas into public policy.

Mr. Danforth's goals are well intentioned and achievable on a limited basis, but current political dynamics probably preclude long-term change in the direction he seeks.

For starters, those at the ideological extremes have an easier time boiling down their views into a sound bite, an all-too-frequent means of political discourse. Besides, the certitude with which those on the far left and far right express their views has a certain appeal for those who like their solutions in neatly wrapped packages. The adage that the "squeaky wheel gets the grease' is an apt description of the current state of affairs, where noise and dogmatism often win out over reasoned discourse.

President Bush once famously said that "I don't do nuance," and that is a worldview shared by liberals and conservatives alike. The Danforth approach requires a great deal of nuance and splitting the difference.

Though current polls indicate that the public is displeased with both parties, that does not generally translate into electing more centrists who share Mr. Danforth's commitment to bridging the ideological divide.

Mr. Danforth's views on moral and social issues are neither strictly conservative nor liberal. He opposes abortion and gay marriage but is against a constitutional amendment banning the latter practice. At the same time, he favors expanding stem-cell research and opposes both the death penalty and mandatory school prayer.

Those positions make him hard to pigeonhole — not necessarily a bad thing — but also make him someone who is not completely comfortable in either political camp.

That is a good perspective from which to try to find a fresh approach to solving the nation's problems. Mr. Danforth does an admirable job of that in "Faith and Politics."

While it is not clear how effective the book will be in changing minds, those who care about improving the state of national affairs should welcome it as an important contribution to our political dialogue.

Claude R. Marx writes a political column for the Eagle-Tribune in North Andover, Mass. He is the author of a chapter on the presidential campaign of Howard Dean that appears in the book "The Divided States of America."

Read Spitzer's Lips (WSJ)

The Wall Street Journal, October 10, 2006

No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge.

Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, "There will be no tax increase in a Spitzer administration."

Plenty of politicians have made the same pledge to win elections, only to renege later. They include former Virginia Governor and possible Democratic Presidential candidate Mark Warner, current New Jersey Governor Jon Corzine and, most famously, George Herbert Walker Bush.

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It's nonetheless significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor. It's easy to play the scourge of business as AG when a Republican is in the state house. But as Governor, he will inherit the same miserable regulatory and tax climate that has made upstate New York a dead zone for new business and so difficult for young people to stay in the state.

Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City.

They Debate, We Nap (LAT)

The Los Angeles Times, October 10, 2006

You didn't miss much by not tuning into Saturday night's gubernatorial debate. And that's by design.

DEBATE? WHAT DEBATE? The Dodgers were playing, for Pete's sake (granted, not very well). Plus, it was a Saturday night, when hardly anyone watches TV anyway. Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it?

Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to "Angelides likes taxes." For Angelides, it was "Schwarzenegger likes Bush." And that was pretty much it.

Political debates have long been more about theater than substance, and they are a notoriously poor opportunity for viewers to bone up on the issues or delve deeply into policy. They are stage-managed affairs, full of well-rehearsed quips and zingers that the candidates try to make seem spontaneous. No one is ever swayed by a policy point uttered in a debate, although experts talk endlessly afterward about whether a candidate's performance might have impressed some mythical typical voter watching intently from the sofa.

But until now, debates at least held some practical and ritual significance. They were a way of separating the political nerds, who had been paying close attention anyway, from the vast majority of voters, who zero in on the campaign only when necessary. The subtext of debate night has typically been: For those of you who haven't paid attention until now, election season has begun and it's time for you to learn who the candidates are. So here they are. Here's how they look and act. Check them out and see if any of them strike you as leaders.

Recently, though, political debates have aimed for a lower profile. Campaign managers and political consultants like working with a relatively small and predictable population of voters. Through focus groups, demographic studies and voting statistics, the professionals know how these voters act and what to do to get their support. The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the unspoken message from the political establishment is "Just stay home."

The worst part of it is that the political professionals know how to dumb down the elections and keep us at home, and they know how to make that work for their candidates. Too bad it doesn't work so well for the rest of us.

The Cost Of An 'Adequate' Education (WSJ)

By Eric A. Hanushek

The Wall Street Journal, October 9, 2006

The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. This judgment is, however, unlikely to be the final statement. If the legislature must come up with an incredible sum of money close to the more than $5 billion currently on the table, it may well balk, precipitating a true constitutional crisis.

New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an "adequacy" case in their courts. Only five states have never faced a school-finance case during the past three

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decades. New York, however, is on center stage this week. Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country.

Earlier this year New York's intermediate court called for an added appropriation of $4.7 to $5.6 billion per year to go to New York City schools. The state, with Attorney General Eliot Spitzer helming the defense, appealed this decision. Final oral arguments will be given tomorrow, marking at least a culmination in the legal battle, though likely not the last word in the fight.

New Yorkers tend to view this case with righteous indignation: The legislature simply failed to provide the city schools with adequate resources. After all, they argue, the trial court, after listening to seven months of testimony, found this to be a clear violation of the state constitution and slapped a precise dollar value on what it saw to be the magnitude of that violation.

Unfortunately, in determining the cost of an "adequate" education, the court relied heavily on the questionable analysis of consultants hired by the plaintiffs. Their analysis, labeled a "professional judgment model," was advertised as a scientific determination of the amount of spending necessary to secure an "adequate" education for every New York City student. Yet, this analysis violates virtually every principle of science and, as a result, has produced a politically saleable but scientifically unsupportable answer to the problem.

The consultants' approach was to hire a series of New York school personnel to describe what a school that could meet the state's learning standards would look like. These school people were told explicitly to pay no attention to where the money might come from. They should just dream. The fact that they did their dreaming after the court had declared New York's funding formula to be unconstitutional gave an implicit legitimacy to any flights of fancy they might have. In addition, any recommendations they made would likely have a direct impact on their own schools, creating an inherent conflict of interest.

The consultants took the wish lists of these different panels and calculated what the various elements would cost. Perhaps worried that the school personnel did not dream big enough, the consultants did the cost calculations in a way designed to obtain the maximum spending needed. Any thoughtful trade-offs or proposals for different ways to achieve the state's student learning goals were eliminated by the consultants.

As one might expect, the final wish list came with a truly large dollar value attached to it. Spending an additional $5.6 billion on city schools amounts to an increase of $1,000 per year in the average tax bill of every household in New York state. This figure would require a 25% increase in tax rates if funded with the state income tax. Of course, the $1,000 per household figure is clearly an underestimate. It would be difficult to give the city alone such a big funding boost without Buffalo, Rochester, Syracuse and Yonkers lining up to demand their "adequate" share.

One would be hard pressed to overestimate the potential danger posed by these costing-out studies. Consultants are active in virtually every one of the adequacy cases in the nation. Even though they use a variety of methods to affix the dollar value of an adequate education, each clearly represents nothing more than junk science. Many courts are duped by the studies, perhaps not surprisingly given the politics of the cases. But the reality remains: Setting appropriate education funding amounts for New York, or any other state, is beyond the authority of science.

The New York Constitution, like those for the U.S. and for other states, vests the appropriations and spending functions in the political branches of government, not in the courts. Therefore, the New York legislature -- regardless of the exact appropriations set by the courts -- may choose to view any court judgment on appropriations as not binding. If this argument were to prevail, it would precipitate a clear constitutional crisis. If this were the case, however, New York's legislature would likely not seek any direct confrontation, but would instead drag out deliberations for as long as possible.

The parties may reach some sort of compromise. Certainly Eliot Spitzer, now New York's leading gubernatorial candidate, has hinted at bringing about a resolution if he assumes office.

Nonetheless, it will be a hollow victory. Extensive experience and scientific study shows that simply providing more money to schools is not likely to be a very effective policy. There is no reason to expect student achievement in New York City to improve if such a spending policy were enacted. Indeed, the consultants in these adequacy cases are always very careful to avoid claiming that added funds will have any effect on student outcomes. Unfortunately the political paralysis created by these cases stops any consideration of more productive reforms. Instead of talking about performance incentives to districts and schools or linking funding to student outcomes, discussion is stymied by debates over how to raise the money and which districts will be hurt by any change in funding.

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Courts in other states will be influenced by what happens in New York -- particularly because of the magnitude of this settlement. If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools.

There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies.

Mr. Hanushek is a member of the Hoover Institution's Koret Task Force on K-12 Education and editor of "Courting Failure" (Education Next Books, 2006).

Bush Warns N Korea But Options Are Limited (FT)

By Guy Dinmore

Financial Times, October 10, 2006

Although President George W. Bush delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened by the war in Iraq.

Critics say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq.

"The Bush administration deserves particular criticism," said Gary Samore, vice-president of the independent Council on Foreign Relations in New York. "They had unrealistic expectations of what they could achieve through pressure. The US ability to coerce North Korea is quite limited, especially in the middle of a war with Iraq."

US relations with China, already under strain over its support for Iran and Sudan, will be further tested as the US pushes for a tough response through the UN Security Council. Russia's drift towards war with a US-backed Georgia also complicates US efforts to get its way with Moscow.

Washington is seeking UN approval for 13 measures, most crucially inspections of cargo moving in and out of North Korea and a ban on trade in "dual use" materials that could be applied to development of weapons of mass destruction. Less controversial is the proposed ban on selling "luxury goods" to North Korea.

US ambitions to set up a global network of allied states willing to intercept suspect cargo by land, sea and air led to the formation in 2003 of the Proliferation Security Initiative. China has refused to join, however. It would be wary of giving a blanket approval for such interceptions, and analysts in Washington rule out a full naval blockade.

"That's an act of war that could get out of hand if challenged by North Korea," Mr Samore commented. "The US is not in a position to start a conflict on the Korean peninsula."

Wang Guangya, the Chinese envoy to the UN, called on the Security Council to respond "firmly, constructively and prudently". Ted Galen Carpenter of Washington's Cato Institute warned of a chill in Sino-US relations, saying the US might view "prudent" as "a synonym for weak".

North Korea may be calculating that the punishment it might suffer from China and South Korea will be short-lived as they weigh up the dangers of a nuclear-armed regime imploding under economic duress.

Minxin Pei, director of China studies at the Carnegie Endowment think-tank, said Beijing was angry at having its "face rubbed in the dirt" by North Korea but its priority was to "contain the fallout rather than punish". China might restrict energy supplies to North Korea but was unlikely to cut off all food supplies or support blanket interdictions, Mr Pei commented.

Even before the test, US officials did not hide their frustration with what they saw as China's foot-dragging. But some are starting to concede that the US might have overestimated China's influence and even the extent of its intelligence gathering.

The crisis over North Korea may also affect the impasse over Iran's nuclear ambitions. The failure of US policy towards Pyongyang had already influenced a shift towards a more pragmatic approach in dealing with Tehran.

For U.S., A Strategic Jolt After North Korea's Test (NYT)

By David E. Sanger

The New York Times, October 10, 2006

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WASHINGTON, Oct. 9 — North Korea may be a starving, friendless, authoritarian nation of 23 million people, but its apparently successful explosion of a small nuclear device in the mountains above the town of Kilju on Monday represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy.

North Korea is more than just another nation joining the nuclear club. It has never developed a weapons system it did not ultimately sell on the world market, and it has periodically threatened to sell its nuclear technology. So the end of ambiguity about its nuclear capacity foreshadows a very different era, in which the concern may not be where a nation's warheads are aimed, but in whose hands its weapons and skill end up.

As Democrats were quick to note on Monday, four weeks before a critical national election, President Bush and his aides never gave as much priority to countering a new era of proliferation as they did to overthrowing Saddam Hussein.

Mr. Bush and his aides contend that Iraq was the more urgent threat, in a volatile neighborhood. But the North's reported nuclear test now raises the question of whether it is too late for the president to make good on his promise that he would never let the world's "worst dictators" obtain the world's most dangerous weapons.

"What it tells you is that we started at the wrong end of the 'axis of evil,' " former Senator Sam Nunn, the Georgia Democrat who has spent his post-Congressional career trying to halt a new age of proliferation, said in an interview. "We started with the least dangerous of the countries, Iraq, and we knew it at the time. And now we have to deal with that."

Mr. Bush's top national security aides declined Monday to be interviewed about whether a different strategy over the past five years might have yielded different results. But Stephen J. Hadley, the national security adviser, has described the administration's approach to North Korea as the mirror image of its dealings with Iraq. "You'll recall that we were criticized daily for being too unilateral" in dealing with Saddam Hussein, Mr. Hadley said. "So here we are, working with our allies and friends, stressing diplomacy."

But at the same time, he said the administration had made a conscious decision not to draw "red lines" in dealing with Kim Jong-il's government because "the North Koreans just walk right up to them and then step over them," just to show they can. Other aides say that, lines or no lines, the North simply decided to race for a bomb — and finally made it.

North Korea announced its nuclear breakout in early 2003, kicking out international nuclear inspectors and very publicly beginning its drive to turn its stockpiles of spent nuclear fuel rods into a small arsenal of weapons. Focused then on the coming war with Iraq, Mr. Bush and his administration chose to set no limits.

But foreign policy, as Mr. Nunn says, is "all about priorities," and until Monday the closest Mr. Bush came to drawing a red line for the North was in May 2003, when he declared that the United States and South Korea "will not tolerate nuclear weapons in North Korea."

The Central Intelligence Agency's estimates in the years since have been that the United States has been tolerating exactly that — a small arsenal of nuclear fuel sufficient to produce six or more weapons.

Notably, Mr. Bush did not repeat that threat on Monday morning. Instead, he drew a new red line, one that appeared to tacitly acknowledge the North's possession of weapons. The United States would regard as a "grave threat," he said, any transfer by North Korea of nuclear material to other countries or terrorist groups, and would hold Mr. Kim's government "fully accountable for the consequences of such actions."

To critics of Mr. Bush's counterproliferation policy, this seemed a recognition that the North had successfully defied American, Chinese and Japanese warnings about building weapons and testing them, and was now simply trying to manage the aftermath. North Korea, it appears, is taking a page from Pakistan's strategic playbook: it exploded its first nuclear device in 1998, endured three years of sanctions, and now has emerged as a "major non-NATO ally" of the United States.

Mr. Bush's aides say that if Mr. Kim believes he, too, can expect the world to impose a few sanctions and then lose interest in the issue, he is wrong. "He is really going to rue the day he made this decision," Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said of Mr. Kim on Monday. But Mr. Bush's critics charge that the threat may be empty. As they see it, Mr. Kim watched the Iraq war and drew a simple lesson: that broken countries armed with nuclear weapons do not get invaded, and do not have to worry about regime change.

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"Think about the consequences of having declared something 'intolerable' and, last week, 'unacceptable,' and then having North Korea defy the world's sole superpower and the Chinese and the Japanese," said Graham Allison, the Harvard professor who has studied nuclear showdowns since the Cuban missile crisis. "What does that communicate to Iran, and then the rest of the world? Is it possible to communicate to Kim credibly that if he sells a bomb to Osama bin Laden, that's it?"

Mr. Allison was touching on the central dilemma facing Washington as it tries to extract itself from the morass of Iraq. Whether accurately or not, other countries around the world perceive Washington as tied down, unable or unwilling to challenge them while 140,000 troops are trying to tame a sectarian war.

Divining North Korea's true intentions is always difficult; there is no more closed society on earth. But the broad assumption inside and outside the United States government is that Mr. Kim's first priority is the survival of his government. And the second is that without a nuclear weapon, he believes his government would have no way of staving off the larger, richer powers around it: China, Japan, South Korea and the United States.

All have fought over control of the Korean Peninsula in decades past, and to Mr. Kim's mind, presumably, the prospect that the North could lash out is the only reason they have stayed at bay.

Mr. Kim may have calculated, many experts believe, that at this point there is little more that the Bush administration can do to him. The United States has imposed sanctions on his country since the end of the Korean War. The new crackdown on the banks through which the North conducts many of its illicit activities — counterfeiting, missile sales, trade in small arms — are being choked off, a step the North Korean leaders presumably see as part of a strategy of bringing them down.

It may be years, or decades, before historians know whether Iraq played into Mr. Kim's calculations about when to conduct a nuclear test. But clearly, managing simultaneous crises around the world is straining the system in Washington, and posing the Bush administration with more direct challenges than many believe it can handle at one moment.

That returns Mr. Bush to the problem he faced when he came to office, and that his aides have never stopped arguing about: whether the best way to contain North Korea is to further isolate it, or to draw it out of its paranoid shell. The nuclear test may force Washington to pick a strategy.

Bush's 'Axis Of Evil' Comes Back To Haunt United States (WP)

By Glenn Kessler And Peter Baker, Washington Post Staff Writers

The Washington Post, October 10, 2006

Nearly five years after President Bush introduced the concept of an "axis of evil" comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion.

Each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations, analysts and U.S. officials said. The deteriorating situation in Iraq has undermined U.S. diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program.

"Iran will follow very carefully what happens in the U.N. Security Council after the North Korean test," said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies (CSIS). "If the United Nations is not able to act forcefully, then Iran will think the path is clear to act with impunity."

Michael E. O'Hanlon, a Brookings Institution scholar and co-author of the new book "Hard Power: The New Politics of National Security," said the U.S. response to North Korea will have ripple effects. "Iran will certainly watch what happens. North Korea watched what happened with Pakistan and decided that the world didn't punish Pakistan too hard or too long," he said. "Iran will certainly notice if North Korea gets treated with kid gloves."

Political strategists debated the domestic implications of the North Korean test with midterm elections four weeks away. Some Republicans predicted it would take the focus off the Mark Foley congressional page scandal and remind voters that it is a dangerous world best confronted by tough-minded leaders. Some Democrats argued it would be seen as another failure of

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Bush's foreign policy and moved quickly to try to pin blame on the Republicans. "Is this going to help Republicans?" asked Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "The answer to that is absolutely not. This is another significant foreign policy failure for the administration."

In Bush's 2002 State of the Union address, a speech designed to shift the political debate from a battle against al-Qaeda to a possible confrontation with Iraq, the president mentioned North Korea, Iraq and Iran and declared: "States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. . . . In any of these cases, the price of indifference would be catastrophic."

All three issues came to a head in 2003: The United States invaded Iraq and discovered no weapons of mass destruction; North Korea began to obtain weapons-grade plutonium from fuel rods that had been under international observation; and Iran disclosed that it had made rapid progress with a previously secret uranium-enrichment program.

In contrast to its handling of Iraq, the administration has tried to resolve the North Korean and Iranian nuclear breakouts with diplomacy. But progress has been slow, in part because the United States has been reluctant to hold bilateral talks with either country except within the context of broader talks with other nations.

Former senator Sam Nunn (D-Ga.) faulted the administration for focusing on Iraq first, when greater threats loomed in North Korea and Iran. "We started with Iraq in the 'axis of evil' side, when we thought they did not yet have nuclear weapons, and that sent the signal to others that they better get them quick," he said. "I think we started on the wrong end of that."

The administration launched a full-court press yesterday at the Security Council, proposing elements of a tough resolution that would call for imposing an arms embargo and a series of legally binding U.N. financial and trade sanctions. The United States also called for international inspections of all trade in and out of North Korea to enforce the sanctions.

U.S. officials yesterday were focusing especially closely on the reaction of China, long North Korea's main benefactor. The Chinese government publicly denounced the test in unusually strong language, and a senior U.S. official said the private comments of Chinese officials were equally strong. While China has been reluctant to pressure North Korea, fearing a collapse of the government and mass refugees on its border, "the question is whether a chaotic North Korea is worse than a nuclear North Korea," the official said, speaking on the condition of anonymity because of the diplomatic sensitivities.

Secretary of State Condoleezza Rice appears likely to make a trip to the region soon to further build support for a tough response by China, Japan and South Korea. Several experts predicted that although China's leadership is angry enough to support some sanctions, it always will stop short of putting enough pressure on Pyongyang to force its collapse. "Full-up sanctions I don't see happening," said former White House Asia expert Michael J. Green, now at CSIS.

James B. Steinberg, President Bill Clinton's deputy national security adviser and now dean of the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, said the North Korea test will raise a larger question that echoes Ronald Reagan's most famous 1980 campaign line -- "With respect to the axis of evil," Steinberg said, "are you better off today than you were four years ago? . . . It's clear that the answer is we're worse off with respect to the nuclear proliferation problem in both North Korea and Iran than four to six years ago, and I would argue we're worse off in our overall security because of the situation in Iraq."

Staff writer Dafna Linzer contributed to this report.

Democrats Assail Bush's N. Korea Policy (AP-Y)

By Liz Sidoti, Associated Press Writer

AP, October 10, 2006

Democrats seized on North Korea's brazen act to criticize President Bush's record in confronting the communist regime, contending the administration's focus on Iraq ignored legitimate threats.

Democratic Sen. John Kerry, the president's rival in 2004 and a potential 2008 candidate, assailed Bush's policy as a "shocking failure," and said, "While we've been bogged down in Iraq where there were no weapons of mass destruction, a madman has apparently tested the ultimate weapon of mass destruction."

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One month before midterm elections, North Korea's reported nuclear test provided Republicans an opportunity to shift the focus from their embarrassing — and politically explosive — congressional page scandal to national security, an issue the GOP considers its strength.

Sen. Mitch McConnell of Kentucky, the Senate's second-ranking Republican, accused Democrats of playing partisan politics with a nuclear weapons threat. "Listening to some Democrats, you'd think the enemy was George Bush, not Kim Jong Il," he said.

Seizing on North Korea's actions to argue Republicans are stronger on security than Democrats is riddled with pitfalls and leaves the GOP's standard-bearer — Bush — as well as his rank-and-file vulnerable to criticism.

The president long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch.

In the nearly five years since Bush labeled North Korea part of an "axis of evil" with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2.

On Sunday, North Korea said it conducted its first-ever nuclear test.

"The Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject," said Senate Minority Leader Harry Reid, D-Nev.

"We had the opportunity to stop North Korea from increasing its nuclear power, but George Bush went to sleep at the switch while he pursued his narrow agenda in Iraq," added Sen. Bob Menendez, a Democrat in a tough campaign in New Jersey.

Republicans, in turn, sought to deflect the criticism by lodging some of their own. They voiced their frequent claim that Democrats are weak on security — and dredged up Democratic votes they said illustrated their point.

House Majority Leader John Boehner, R-Ohio, accused Democrats of standing in the way of work on a missile defense program. "It is now clear that such a position would weaken America's national defense and put Americans in danger," he said.

"Sherrod Brown's far left national security positions more troubling in light of North Korean missile test," the Senate Republicans' campaign committee said in a release that claims Brown voted a dozen times since 1993 to cut funding for ballistic missile defense.

Mindful of the tricky political subtext, some Republicans issued more carefully worded statements or refrained from attacking Democrats altogether.

GOP Sen. Rick Santorum, facing a bitter re-election battle, said in a barely veiled reference to Democrats — "North Korea's actions cause great concern. This is no time for inexperienced, weak leaders."

House Speaker Dennis Hastert, R-Ill., and others directed their anger at the North Koreans, with the speaker calling the test "a desperate act of a criminal regime."

The GOP's campaign to convince voters that Democratic rule is dangerous for the country was sidetracked when Rep. Mark Foley, R-Fla., resigned amid revelations that he sent sexually explicit electronic messages to teenage males who once worked as House pages. That set off infighting among Republicans — and knocked the party off its strong-on-safety message.

North Korea's Success Is Diplomacy's Failure (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - In the end, every strategy failed to slow North Korea's nuclear march.

The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test.

South Korea's "sunshine policy" provided the North with aid, but got nothing in return on nuclear policy.

China, a big brother to North Korea, thought Pyongyang would heed its advice not to roil the waters of East Asia, but it didn't.

"Everybody's a loser," said Moon Chung-in, a political scientist at Yonsei University in Seoul and a frequent adviser to South Korean President Roh Moo-hyun.

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North Korea trumpeted its new deterrent as "a great leap forward," casting itself as victorious. But analysts say pressure on the Hermit Kingdom will build, making Pyongyang a likely loser as well.

"North Korea succeeded in gaining nuclear weapons, but now it will get all kinds of sanctions from neighboring countries," Moon said.

In China, some analysts flayed Washington for not engaging Pyongyang directly in talks, and said North Korea had slid irreversibly into the global nuclear club.

"North Korea has succeeded in its nuclear ambition. The U.S. can do nothing at all now," said Shen Dingli, director of the U.S. Study Center at Fudan University in Shanghai.

Under the watch of the Bush administration, North Korea dropped out of the nuclear Nonproliferation Treaty, booted nuclear monitors, strengthened its missile capabilities, reprocessed nuclear fuel, and built what experts say is an arsenal of at least half a dozen nuclear bombs, maybe more.

North Korea now joins Russia, China, the United States, France, Britain, India and Pakistan in wielding nuclear weapons. Israel, though not an admitted nuclear power, is also believed to have hundreds of nuclear weapons.

In Seoul, President Roh publicly wrung his hands over the failure of policies toward North Korea, admitting that appeasement is unlikely to last in its present form.

"It could be said that the engagement policy has not been effective in resolving the North Korean nuclear crisis," South Korea's Yonhap news agency quoted Roh as saying.

Beijing issued a firm statement condemning North Korea for "brazenly" ignoring the worldwide opposition to its nuclear test, and demanded that it "abide by its pledges on denuclearization."

China in 2003 offered to host talks with the two Koreas, Russia, the United States and Japan on the nuclear crisis. It hosted five rounds of talks before they hit deadlock last year.

The nuclear test highlighted the fact that China, as a major supplier of energy and food to North Korea, never wanted to exercise its leverage to forestall the test. Indeed, some analysts say top Chinese leaders have a greater stomach for a nuclear-armed North Korea, with the turmoil it brings, than for the collapse of the Kim Jong Il regime, which could take away a key friendly buffer state and send refugees into China.

"Many people believe a nuclear North Korea is not necessarily a bad thing for China," said Jin Linbo of the China Institute of International Studies.

But China's public posture was different. It has long called for a nuclear-free peninsula, and its inability to achieve that goal will tie its hands as Washington and Tokyo push for severe sanctions against Pyongyang in the U.N. Security Council.

"China's efforts to solve the nuclear problem by peaceful talks has failed, the mechanism of the six-party talks has failed, and China's attempt to maintain security in the region has failed," said Zhang Liangui, a North Korea expert at the school for senior Communist Party officials in Beijing.

"There aren't many cards for China to play right now," Zhang added, saying he believes China will go along with U.N. sanctions against the North.

East Asia, unlike Europe, has no security architecture that links nations. In East Asia, countries only have bilateral alliances with the United States.

"It plays into the hands of (recently installed Japanese Prime Minister Shinzo) Abe, who can justify greater defense spending," said Peter M. Beck, a Northeast Asia expert for the International Crisis Group, which advocates peaceful crisis resolution.

"It also plays into the hands of hard-liners in Seoul, who say, 'What do we have to show for nine years of sunshine policy?'" he said.

The already-battered Nuclear Non-Proliferation Treaty (NPT), which limits nuclear development and calls for global disarmament, also took a new hit, Beck said. It is under the NPT cloak that Western powers are trying to curb Iran's nuclear program.

Pyongyang's nuclear test, Beck said, "sends a signal to the world that even the most failed regime can defy the will of the United Nations and the United States."

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The director of the International Atomic Energy Agency, Mohamed ElBaradei, said in a statement that the breaking of an international moratorium on nuclear testing, which had lasted for nearly a decade, and the emergency of another country with

nuclear weapons capacity was "a clear setback to international commitments to move towards nuclear disarmament." He said the test added new urgency to the need for a legally binding universal ban on nuclear testing. The Comprehensive Nuclear Test Ban Treaty has not been ratified by enough countries to bring it into force. The United States and North Korea are among those who have not ratified it.

Condemnation Swift, But Options Are Limited (USAT)

By Bill Nichols

USA Today, October 10, 2006

WASHINGTON — World leaders found themselves in a familiar position Monday: harshly condemning the reclusive communist regime in North Korea for thumbing its nose at the international community.

North Korea's latest provocation, an announcement it had conducted an underground nuclear test, prompted a flurry of tough talk from around the globe.

China, a key supplier of food and oil to North Korea, called the action "brazen." The United Nations Security Council went into emergency session to consider new sanctions. President Bush, the third in a succession of American presidents to try to forestall a North Korean nuclear arsenal, called the test "unacceptable."

Despite the hard-edged rhetoric, foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success.

"North Korea is really the land of bad options," said Kurt Campbell, a foreign affairs analyst at the Center for Strategic and International Studies, a Washington think tank, and a Pentagon official during the Clinton administration. "Horrible options."

The United States has signaled it won't mount a military response. An attack on North Korea

could prompt a counterattack on Seoul. That would suck in the 28,000 U.S. troops in South Korea and endanger millions of civilians.

An alternative is economic sanctions. North Korea's isolated populace of 22 million has already endured severe poverty and famine for decades, not to mention almost total isolation under a totalitarian regime. Researchers at Johns Hopkins University estimate that as many as 2 million North Koreans died of hunger and related diseases during the mid-1990s.

Even without ready options, the United Nations was a hub of activity Monday as diplomats on the 15-member Security Council tried to craft a resolution in response.

The United States circulated a draft resolution obtained by the Associated Press late Monday that demands North Korea return to six-party talks and imposes sanctions for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

Among the proposed draft measures: international inspection of all cargo to and from North Korea to limit the spread of nuclear, chemical and biological weapons; bans on luxury goods to and from the North; a ban on North Korean ships docking in any port, or any North Korean aircraft from taking off or landing in any country if they carried arms, nuclear or ballistic missile-related material or luxury goods; and travel restrictions on high-ranking North Korean officials.

In deliberations among council members, "No one defended (North Korea), no one even came close to defending it," said John Bolton, the U.S. ambassador to the United Nations.

North Korea remained defiant. Its ambassador, Pak Gil Yon, said the U.N. Security Council should congratulate North Korea for its test instead of passing "useless" resolutions.

North Korea has refused for a year to attend six-nation international talks aimed at coaxing it to disarm. Instead, Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

Ted Galen Carpenter, a foreign policy analyst with the Cato Institute, a Washington think tank, said North Korea's rationale for the test is to improve its bargaining position in future talks, as India and Pakistan appeared to after testing in 1998. "This is part

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of a long-term strategy," he said. North Korean officials "concluded a good many years ago that the way to retain clout is to have a nuclear arsenal. I suspect Pakistan is their model."

Some foreign policy analysts suggest that the apparent test should jar the United States and key allies to try new strategies.

"This is a terrible event," said Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington. "This is perhaps the worst non-proliferation event in the history of the nuclear age in the sense that it could have been avoided if … diplomacy had been more effective."

Possible options:

•Direct talks with the United States. Bush has refused North Korea's demand for one-on-one dialogue. Both New Mexico Gov. Bill Richardson, who dealt with Pyongyang as U.N. ambassador in the Clinton administration, and former secretary of State James Baker say it's time to rethink that strategy.

Richardson proposes direct talks in which the United States would promise not to attack North Korea and to give Pyongyang aid in exchange for its agreement to end its nuclear program. Baker, in a television interview Sunday, said, "It's not appeasement to talk to your enemies," including North Korea.

•Creative use of aid. Michael O'Hanlon, a foreign affairs analyst at the Brookings Institution, a Washington think tank, suggested specific offers of help to the impoverished North Korean people — tied to tougher restrictions on North Korean nukes.

•Pushing China. The United States could promise to withdraw all troops from South Korea if China can pressure the North to disarm, Carpenter said.

China, which has had influence with its communist neighbor in the past, has been cool about using strong-arm tactics because of fears that a collapse of North Korea could result in thousands of refugees streaming into China.

Most Korea watchers agree that Monday's apparent test would roil the region by adding North Korea to the group of nations with nuclear weapons: the United States, Russia, China, Britain, France, India and Pakistan.

(Israel, believed to possess nuclear weapons, has not acknowledged having an arsenal.)

The nuclear ambitions of North Korea and bizarre behavior of its leader, Kim Jong Il, have long rattled Japan, South Korea and China and prompted talk in Tokyo and Seoul that those nations should go nuclear as well.

The test will "transform the security environment in North Asia, and we will be entering a new, dangerous nuclear age," said Japanese Prime Minister Shinzo Abe.

Kimball said the controlled explosion would allow North Korea to test the performance of its nuclear weapons technology against design goals and make adjustments. He and other nuclear analysts said the fact that North Korea could explode a nuclear device was not surprising, given longtime suspicions about the advanced state of Pyongyang's nuclear program.

North Korea may have enough plutonium for as many as 13 nuclear weapons, according to the Institute for Science and International Security, a Washington think tank. Seismic data and air analysis aren't enough to tell experts whether North Korea is able to miniaturize a nuclear device to fit into a warhead on a missile.

North Korea tested seven missiles in July, including a long-range missile capable of reaching the United States. That missile, the Taepodong-2, failed within a minute. Six shorter-range missiles fell into the Sea of Japan.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, expressed surprise that the North Koreans staged only one explosion. Pakistan and India each carried out half a dozen tests over several days in 1998.

"You grab the opportunity when you can to test several times," Albright said. He called the North Korean test "more of a demonstration than an attempt to learn as much as they could about nuclear weapons."

He added: "They'll learn something even with one, but they could have learned more."

The reasons for the timing of the test weren't clear — made even more mysterious by Kim Jong Il's track record of unpredictability. Kim took power in 1994 after the death of his father, dictator Kim Il Sung.

The younger Kim is known for quirks, among them his passion for Hennessy cognac and James Bond films. "You never know how to take this guy, because he does erratic things," said Rep. Curt Weldon, R-Pa., who has talked with Kim seven times.

North Korea conducted some of its most recent missile tests on the evening of July 4 in the United States, suggesting it wanted to send a message. Monday's test came:

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•One day after the ninth anniversary of Kim's assuming his father's titles. While he became the de facto ruler in 1994, he didn't formally succeed him until Oct. 8, 1997.

•A day before South Korean Foreign Minister Ban Ki Moon was nominated as the next U.N. secretary-general.

Richardson said his big concern is that North Korea appears to have given up on the multiparty talks with the United States, China, Japan, Russia and South Korea and adopted "a bunker mentality." Hard-liners appear to have won debate in Pyongyang, he said. "Unless that changes, they're going to keep building more nuclear weapons."

Jim Walsh, a North Korea expert at the Massachusetts Institute of Technology, said Pyongyang apparently has decided it is willing to weather new sanctions in order to gain the status and respect of a nuclear nation.

"They've made a decision to bite the bullet," Walsh said of North Korea. "For all the brave talk by the U.S. and Japan, there isn't a hell of a lot they can do."

U.S. Urges Sanctions On North Korea (WP)

By Michael Abramowitz And Colum Lynch, Washington Post Staff Writers

The Washington Post, October 10, 2006

The White House pushed yesterday for aggressive new sanctions on North Korea, including measures to limit trade in military and luxury items, as Pyongyang's claim that it conducted an underground nuclear test defied the administration's efforts to stop the spread of weapons of mass destruction.

Japan, Russia, South Korea -- and, significantly, China, North Korea's closest ally -- joined the United States in condemning the reported test, giving the Bush administration hope that it might unify the international community against Pyongyang. But U.S. officials acknowledged uncertainty about whether that would translate into strict U.N. sanctions, given China's traditional reluctance to lean heavily on its ally.

There were questions yesterday about the strength and success of the reported North Korean explosion, but there was little doubt among White House officials, lawmakers and outside experts that the action added a volatile new ingredient to an already dangerous world environment.

President Bush, acknowledging he could not confirm that a nuclear test occurred early yesterday in North Korea, said that the claim was nonetheless a "provocative act" and that he is "committed to diplomacy." Noting that North Korea has transferred missile technology to Iran and Syria, Bush also seemed to draw a sharp line that he warned Pyongyang not to cross.

"The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Bush told reporters at the White House.

If the test is confirmed, North Korea will be the eighth member of the club of declared nuclear powers -- and one led by a reclusive Stalinist dictator known for cruelty and unpredictability.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the action could prod Japan to drop its non-nuclear position, encourage Iran to harden its stance in negotiations over its own reported nuclear program and make it difficult to stop North Korea from marketing weapons to "undesirable parties."

The new claim also promised to renew scrutiny of the Bush administration's handling of North Korea and more generally its efforts to confront rogue states, just as crucial midterm elections are approaching. North Korea has ignored repeated warnings from the Bush administration on nuclear and missile testing.

Democrats quickly seized on the new North Korean claim as evidence that Bush has bungled his foreign policy, and even some conservatives voiced concern that the initial White House response yesterday was not stern enough.

"Unfortunately, on the Bush Administration's watch, North Korea's nuclear arsenal has grown to as many as a dozen bombs," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "Distracted by Iraq and paralyzed by internal divisions, the Bush Administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject."

Sen. Mitch McConnell (R-Ky.), the majority whip, said of the Democrats: "It doesn't make any difference what [Bush] does, they just come out and trash him." McConnell said in an interview that he hopes that China might be encouraged to sign on to a

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plan for tough sanctions on North Korea, noting a Chinese Foreign Ministry statement that said Pyongyang "defied the universal opposition of international society and flagrantly conducted the nuclear test."

"For China, that's pretty tough language," McConnell said, echoing a statement voiced privately by Bush administration officials.

At the United Nations yesterday, the Bush administration proposed an arms embargo and financial and trade sanctions on North Korea, as well as international inspections of all trade going in and out of the country to enforce them. The measures were contained in a U.S. draft resolution presented to the 15-nation council yesterday.

John R. Bolton, the U.S. ambassador to the United Nations, told diplomats at a closed-door emergency session that the U.S. initiative is designed to limit North Korea's ability to import or export nuclear and ballistic missile technology and hinder its capacity to raise illicit money, citing the alleged manufacture of counterfeit U.S. dollars, senior council diplomats said.

The draft resolution would also bar the import of all luxury goods and demand that North Korea cease its nuclear activities and restart multiparty talks aimed at resolving the nuclear crisis. The resolution would give North Korea 30 days to comply with council demands or face "such further action as may be needed."

Britain and France voiced support for sanctions on North Korea but stopped short of endorsing the draft resolution.

Japan's U.N. ambassador, Kenzo Oshima, said his government "sees eye to eye" with the Americans on many of the proposals. The Japanese, in fact, offered amendments that in some cases go further; Japan called for a ban on all North Korean exports, for instance, and a ban on North Korean ships or aircraft calling on foreign countries.

China, meanwhile, cautioned that the Security Council should pursue only diplomatic means to persuade North Korea to stop its nuclear activities.

China's U.N. ambassador, Wang Guangya, said that Beijing opposes the North Korean test and that it is ready to discuss "how the Security Council could react firmly, constructively and prudently with regard to this challenge." But he declined to say whether Beijing would support a sanctions resolution. "The door to solve this issue from a diplomatic point of view is still open," he said.

Privately, U.S. officials said they are hopeful after private conversations with the Chinese that Beijing is sufficiently angry with North Korea to sign on to the U.S. plan.

"This was really a direct challenge to the Chinese, and indications are that they are not taking this lightly," said one senior U.S. official, who spoke on the condition of anonymity because of the sensitive deliberations. "We are hopeful that they will exert whatever influence they have left with the North Koreans."

Leach and Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, urged the administration to open direct talks with the North Koreans, which the White House has resisted except in the context of broader negotiations with China, Japan, Russia and South Korea.

"My impression is that the administration is profoundly divided in their approach to North Korea," Lantos said. "I am convinced that there are very senior people in the administration who agree with me that dialogue is needed."

But former House speaker Newt Gingrich (R-Ga.), who has been critical of the administration's efforts on North Korea, drew a different lesson.

"We keep trying to find an official diplomatic technique for dealing with a regime that violates every norm of human decency," he said, adding that the administration needs to step up efforts to undermine the government by trying to get food and supplies to North Koreans via unofficial channels.

Lynch reported from the United Nations.

Pentagon Assesses Responses, Including A Possible Blockade (NYT)

By Thom Shanker

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Now that North Korea seems to have made good on its threat with what appears to be a nuclear test, United States military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components.

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Senior officers say Navy and Air Force combat and surveillance equipment are already in the region, and more could be deployed rapidly.

Still, any unilateral effort by the United States to cordon off North Korea by sea and air could founder along the country's lengthy land border with China.

"This is a tough question," one senior official with years of experience in military planning said Monday, speaking as did others on the condition of anonymity because he was discussing classified war plans. "The only good options were before North Korea got the bomb. There are no good options now."

For five decades, the American military has written war plans and deployed forces for a worst-case situation in the Korean peninsula: a major artillery, missile and ground attack from north to south across the demilitarized zone.

But a conventional war is no longer the most pressing military threat. It is nuclear proliferation.

Many staff officers contend that North Korea's ballistic missile and nuclear programs are not primarily intended as part of a plan for a land attack on South Korea.

If anything, North Korea probably regards its effort to develop a nuclear arsenal as a deterrent against an attack by the United States.

The North Korean nuclear efforts could also be intended to press South Korea for diplomatic and economic gain, and to hold Japan, another important American ally, at risk, gaining even more leverage against the United States.

Given that geopolitical geometry, American military officers and senior policy makers say, the Pentagon's abilities in the region, along with those of South Korea and Japan, are sufficient against the shifting North Korean military threat.

While land combat is not an imminent threat, Pentagon and military officials say, the prolonged deployments of ground forces in Iraq and Afghanistan have doubtless complicated planning for the Korean Peninsula.

Should more ground forces be required for South Korea, only a handful of combat brigades stand ready in the United States, Pentagon and military officials say. To bolster the force, additional combat units now getting ready for tours in Iraq could be pointed to the Pacific instead, with troops already in Iraq staying there longer than planned.

Although the decision to move a full combat brigade of American ground forces from South Korea to Iraq in 2004 generated much public debate on the peninsula, the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest.

Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles. The most modern Patriot antimissile batteries have also been assigned to the region, as well as Aegis cruisers with abilities designed to track and shoot down missiles.

"Taken together, this has added a tremendous amount of capability more appropriate for the threat right now," a senior Defense Department official said.

Pentagon officials acknowledge that the sustained deployments to Iraq and Afghanistan have heightened the risks that would be faced if there were a Korean conflict because important equipment is committed to the Middle East.

Weapons systems that officers call "enablers" are routinely in short supply and are heavily engaged in Iraq and Afghanistan; they include intelligence equipment like the pilotless Predator surveillance aircraft. Likewise, large stockpiles of precision-guided munitions have been placed within striking range of Iraq and Afghanistan. While those weapons are also in the Pacific arsenals, senior officials would have to weigh the risk to both military theaters and decide how best to allocate limited resources.

Even senior commanders agree that the commitments to Iraq and Afghanistan have imposed risks on the American military, an assessment contained in a classified report to Congress last year from the departing chairman of the Joint Chiefs of Staff, Gen. Richard B. Myers.

General Myers wrote that the concentration of troops and advanced weapons in Iraq and Afghanistan limited the Pentagon's ability to deal with other potential armed conflicts.

Major combat operations elsewhere in the world, if ordered by the president, still would succeed — but would be more protracted and would produce higher casualties among American forces and foreign civilians, General Myers wrote. A range of senior officers have said that assessment still stands.

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One of the most significant and worrisome complications is that American intelligence agencies have no confidence that they can locate all of North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs — though American intelligence abilities are said to have worried the North Korean leadership in the past.

American intelligence officials concluded that Kim Jong-il, the North Korean leader, went into hiding during the final buildup to the invasion of Iraq in 2003 because he feared that he, too, might be tracked and attacked.

After North Korea's newest announcement, military analysts continued Monday to assess whether its announcement that it had tested a nuclear device, in defiance of international opinion, represented a calculation by Mr. Kim that he was less vulnerable now — or that he needed to join the elite club of declared nuclear powers to deter a possible American attack.

World Condemns North Korea (LAT)

By Maggie Farley And Mark Magnier, Times Staff Writers

The Los Angeles Times, October 10, 2006

Science: Seismic waves probably came from a nuclear explosion, but a weak one; Pressure: China may hold the key to forcing Pyongyang into serious negotiations; Impact: The test is seen as having a des

UNITED NATIONS — International condemnation poured down on North Korea on Monday for its announced nuclear test, as scientists tried to determine whether the underground blast was a successful nuclear explosion and diplomats conferred on how to contain the rogue regime.

The U.N. Security Council swiftly denounced the North Korean action and began work on a U.S.-sponsored resolution aimed at punishing the country for violating a moratorium on nuclear testing.

The measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds linked to North Korea's missile and nuclear programs or its suspected counterfeiting of U.S. dollars, and a ban on trade in luxury goods.

The U.S. proposal also would authorize international inspection of cargo to and from North Korea to prevent the regime in Pyongyang from selling nuclear technology to other countries or armed groups.

China and Russia, which had been North Korea's grudging protectors on the Security Council, seemed ready to join in at least some sanctions. Both nations hold veto power at the council, and China in particular would be key to any effort to enforce sanctions. Ambassadors of the five permanent council members worked on refining a resolution throughout the day, with meetings expected to continue today.

China has the greatest leverage over North Korea, its isolated and impoverished neighbor, because it supplies more than 70% of the nation's fuel and 40% of its food, according to intelligence analysts in the region. Beijing has been resistant to economic sanctions because officials fear that punishing North Korea too harshly could push the country — already subject to periodic famine — over the edge, resulting in a flood of refugees into China's neighboring Liaoning and Jilin provinces and spurring domestic instability.

U.S. intelligence officials accept the North Koreans' claim that they set off a nuclear device, but they note that the magnitude of the explosion was small by nuclear standards — less than a kiloton, a fraction of the power of the atomic bombs the United States dropped on Japan in World War II. The relatively small size of the explosion makes some scientists and intelligence experts believe there may have been a problem with the test or a flaw in the design of the device.

World leaders voiced their concern about the prospect of having North Korea as the latest entrant to the club of nuclear powers. They urged the North's leader, Kim Jong Il, to give up the country's nuclear program and return to negotiations.

Officials in Washington and other world capitals pointed to two potentially grim outcomes from North Korea's becoming a nuclear weapons state: a nuclear arms race in East Asia and an effort by Pyongyang to export atomic weapons.

Some U.S. military officials said Monday that Japan might come to believe that its only assurance against attack from North Korea would be to build its own nuclear bomb, reviving the Cold War doctrine of mutually assured destruction, often referred to by the acronym MAD. Even before the North Korean test, Japan's new prime minister, Shinzo Abe, had argued for a greater role for Japan's military.

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"The question is: Does Japan develop nuclear weapons?" said an Army officer with extensive experience in the Korean peninsula, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly. "Do you have MAD all over Asia?

"It is very much in China's interest and Russia's interest to get North Korea back in the box," the official said. "China does not want to see a nuclear Japan."

President Bush, in his response to the North Korean announcement, focused on the danger of a spread of nuclear technology.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said after speaking by phone to the leaders of China, South Korea, Russia and Japan.

"Today's claim by North Korea serves only to raise tensions, while depriving the North Korean people of increased prosperity and better relations with the world" through talks, Bush said.

Bush criticized North Korea for passing missile technology to Syria and Iran, calling the Pyongyang regime "one of the world's leading proliferators." He said that if North Korea passed on nuclear know-how, it would be "a grave threat to the United States, and we would hold North Korea fully accountable [for] the consequences of such action."

The Chinese Foreign Ministry issued a sharply worded statement Monday in which it termed North Korea's action "brazen" even as it called for calm.

"The Chinese side strongly demands the North Korean side to abide by its pledges on denuclearization and to stop any action that would worsen the situation," it said.

China rarely speaks bluntly in public about its neighbor. Nor does it tend to issue statements within hours of an event, as it did Monday. Both actions indicate the gravity Beijing attaches to North Korea's announcement.

China has used its leverage with North Korea in the past. In early 2003, it reportedly turned off North Korea's oil supply for a few days, ostensibly because of "technical problems." That move quickly brought Pyongyang back to international negotiations it had abandoned.

Russian leaders also denounced Pyongyang's news. In Moscow, President Vladimir V. Putin said he would coordinate actions with the United States.

"Russia definitely denounces the tests conducted by North Korea," Putin said at a Cabinet meeting, according to the Russian news agency Interfax. "And this is not just a question of Korea itself. It is a question of the enormous damage done to the process of nonproliferation of weapons of mass destruction in the world."

But the U.N. ambassadors from Russia and China cautioned against abandoning diplomacy in the heat of the crisis.

Russian Ambassador Vitaly Churkin called for "cool heads" in dealing with the crisis, and Chinese Ambassador Wang Guangya said his government would support a "firm, constructive but prudent reaction from the council." He pointedly did not mention sanctions, saying that "the door to solve this issue from a diplomatic point of view is still open."

In an emergency Security Council meeting Monday morning, U.S. Ambassador John R. Bolton presented 13 elements for a resolution aimed at punishing North Korea.

He said both China and Russia seemed ready to join the rest of the council in the punitive action. "No one defended it. No one even came close to defending it," he said of the declared nuclear test. "We'll see how the negotiations go, but I think we're off to an important start here," Bolton said.

The United States has been urging other countries to join it in economic sanctions imposed last year aimed at shutting down North Korea's alleged money laundering and counterfeiting of U.S. dollars.

Russian officials also said they could enforce sanctions if the U.N. adopted them. "We have a very small border with North Korea," Churkin said. "I assure you there is no problem monitoring that part of the border."

In the shadow of the North Korean crisis, the Security Council also formally nominated South Korean Foreign Minister Ban Ki-moon to be the U.N.'s next secretary-general. The nomination will be passed on to the General Assembly for approval this week. Ban would take office when Kofi Annan steps down Dec. 31.

Ban held a news conference in Seoul to accept the nomination amid the flurry of discussions about Pyongyang. He said the decision was an honor for him and his country.

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"This should be a moment of joy, but instead I stand here with a very heavy heart" because of the announcement of the nuclear test, he said.

Ban has said that as secretary-general, he would like to be personally involved in negotiations with North Korea, drawing on his expertise from three years of participation in international talks over the North's nuclear program.

He said he did not consider it a conflict of interest to be involved in an issue so integral to his country's well-being. "I would like to deal with North Korea personally, even go there, because I have experience and a deep understanding of this complex issue," he said in a recent interview. "I know I will be able to do my job as secretary-general with impartiality."

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Farley reported from the United Nations and Magnier from Beijing. Times staff writers Julian E. Barnes in Washington and David Holley in Moscow contributed to this report.

Bush Rebukes North Korea; U.S. Seeks New U.N. Sanctions (NYT)

By Warren Hoge And Sheryl Gay Stolberg

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The United States proposed tough new United Nations sanctions on North Korea on Monday after its reported test of a nuclear weapon, and President Bush warned the North that he considered its activity a potential threat to American national security.

At an emergency meeting of the United Nations Security Council, the United States pressed for international inspections of all cargo moving into and out of North Korea to detect weapons-related material and a ban on all trading in military goods and services with the country.

At the White House, President Bush called the North Korean test “a threat to international peace and security” and condemned it as a “provocative act.”

But Russia and China, which have veto power and have consistently opposed tough sanctions, did not signal that they were ready to go along with the American proposal. Britain, France and Japan said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days.

Coming just one month before the November midterm elections, North Korea’s reported test had immediate political ramifications. Democrats were already using their campaigns to argue that the war in Iraq had made the United States less secure by diverting attention away from threats like North Korea; now they are using the North’s claim to hammer away at their theme.

Mr. Bush also issued a pointed, albeit carefully worded, warning to the North not to export any nuclear technology it might have. In the past, North Korea has sold its weapons systems to other countries.

“The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States,” Mr. Bush said. “And we would hold North Korea fully accountable of the consequences of such action.”

The president has not used the phrase “grave threat” in the past with respect to North Korea, and analysts interpreted the remark as a signal that the White House was, in effect, raising the threshold on what kind of actions it would be willing to accept from the North, given that diplomacy has so far not worked.

“He has finally drawn a very clear red line, which is essentially: we know you have nukes, don’t even think about proliferating,” said Mike Chinoy, an expert in Korean security at the Pacific Council on International Policy, a research institution in Los Angeles.

“It’s kind of always been the unspoken administration red line,” Mr. Chinoy said, “because the reality is that, whatever the harshness of their rhetoric, the Bush administration has not been able to actually stop North Korea from staging this nuclear breakout.”

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Democratic Party strategists quickly circulated a "talking points" memorandum to Democratic candidates, urging them to cast the reported North Korean nuclear test as "a colossal foreign policy failure of the Bush administration." Several picked up on that theme.

Claire McCaskill, a Democratic candidate for the Senate from Missouri, convened a conference call with Richard Ben-Veniste, a member of the commission that investigated the Sept. 11 attacks, to talk to reporters about North Korea. Representative Harold E. Ford Jr., the Democratic Senate candidate in Tennessee, issued a statement to reporters, as did Senator Robert Menendez, the New Jersey Democrat in a tough re-election fight.

"Today's nuclear test by North Korea confirms our worst fears and illustrates just how much the Bush administration's incompetence has endangered our nation," Mr. Menendez said in the statement, adding, "While George Bush bogged our military down to topple a regime that had no weapons of mass destruction, a brutal dictator in North Korea has strengthened a nuclear arsenal that has the potential to threaten the West Coast of the United States."

Republicans were more muted in their reactions; Senator Mitch McConnell of Kentucky, the Republican whip, issued a brief statement that did not mention Mr. Bush's leadership at all, but simply called North Korea's claim a "confrontational move designed only to destabilize the region."

White House officials insisted that despite the talk of sanctions at the United Nations, the administration's goal remains persuading North Korea to return to the six-nation talks and give up its nuclear program. Those negotiations have dragged on for more than two years with no substantive results, and North Korea left them 13 months ago.

Mr. Bush spent more than an hour on the telephone Monday morning in separate calls to leaders of the four nations, aside from the United States and North Korea, that are participating in those talks: Japan, China, South Korea and Russia.

Asserting Washington's determination to protect Japan and South Korea, its principal allies in the region, Mr. Bush said the United States "will meet the full range of our deterrent and security commitments."

He was careful to say that intelligence officials were still working to confirm North Korea's statement about its test. But he said that "such a claim itself constitutes a threat to international peace and security."

China, North Korea's closest supporter and neighbor, called the action a "flagrant" violation of international opinion and said it "firmly opposes" North Korea's conduct. Russia's president, Vladimir V. Putin, said his country "absolutely condemns" the test.

John R. Bolton, the American ambassador to the United Nations, reported that the 15 members of the Security Council were "solid" in deploring the North Korean move, and he said he hoped for swift action. But by Monday evening the Council adjourned its deliberations and set further meetings for Tuesday while, Mr. Bolton said, they received instructions from their capitals.

Richard A. Grenell, Mr. Bolton's spokesman, said the United States was merging its suggestions with those from Japan and that a draft resolution was being composed on that basis.

In its 13-point proposal, the United States urged the Security Council to require North Korea to dismantle its nuclear program, suspend its building of ballistic missiles, freeze assets and transactions associated with the development of unconventional weapons, impose a ban on trade in luxury goods and prevent abuse of the international financial system, a reference to North Korean counterfeiting activities.

According to a draft amendment, the Japanese want to place additional restrictions on North Korean ships, aircraft and products, and prevent North Korean officials from being able to move outside the country's borders.

Japan is also suggesting that the secretary general "actively engage in this matter."

Earlier Monday, the Security Council formally nominated Ban Ki-moon, the foreign minister of South Korea, as the new secretary general, succeeding Kofi Annan when he retires Dec. 31. Mr. Ban had said in a Seoul news conference that he intended to make peace on the Korean Peninsula a high priority.

Mr. Bolton said the new resolution ought to be drawn up under Chapter VII of the United Nations Charter, which makes sanctions mandatory and militarily enforceable.

It is a procedure that China and Russia, both permanent members, traditionally resist. It was eliminated from the resolution passed in July condemning North Korean missile launchings.

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While Wang Guangya, the Chinese ambassador, said Beijing condemned the North Korean action, which it had warned North Korea against taking, he turned aside questions on whether China would now support a sanctions resolution.

He said only that the Council should “react firmly, constructively and prudently,” adding that “the door to solve this issue from a diplomatic point of view is still open.”

Vitaly I. Churkin, the Russian ambassador, also declined to state whether Moscow’s view on sanctions had changed. “I think the North Koreans will be facing a very serious attitude on the part of the Security Council,” he said, without elaborating.

Moscow and Beijing would be particularly affected by the American call for border inspections of shipments in and out of North Korea since the borders involved are theirs.

U.S., Japan Lead Push To Sanction Pyongyang (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The United States and Japan yesterday pressed the U.N. Security Council to approve tough new sanctions against North Korea, amid near-universal condemnation of Pyongyang's claim that it had tested a nuclear weapon.

Among the proposed steps was a forcible stopping and searching of ships traveling to and from North Korean ports to prevent the export of nuclear materials.

President Bush, speaking at the White House, said the North had "once again defied the will of the international community, and the international community will respond."

Mr. Bush warned that any attempt by Pyongyang to export its nuclear technology to rogue states "would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

The purported test was sharply criticized by all of North Korea's neighbors, U.N. Secretary-General Kofi Annan, the leaders of the five permanent members of the Security Council and Mohamed ElBaradei, head of the United Nations' International Atomic Energy Agency.

North Korean officials said yesterday that they had conducted an underground nuclear test at a barren location in the country's northeast, sparking an intense day of diplomacy in New York and in capitals around the world. The purported test came just three days after the Security Council unanimously denounced the idea.

U.N. Ambassador John R. Bolton said yesterday that Washington and Tokyo are seeking a resolution under Chapter 7 of the U.N. Charter, which allows the council to impose military, economic and diplomatic penalties on nations to protect international peace and security.

Mr. Bolton said he was impressed by the unanimity of the council's approach to the North, in a morning session that lasted barely half an hour.

"No one defended [the missile test]; no one even came close to defending it," the U.S. representative said.

The Security Council meets again today on the crisis.

China, North Korea's main ally, has been reluctant in the past to support harsh measures against the North. But Mr. Bolton said Beijing had not objected when the tough measures were first outlined to Security Council ambassadors at yesterday's closed emergency session.

"I didn't see any protectors of North Korea in that room this morning," Mr. Bolton said.

Wang Guangya, China's U.N. ambassador, said his country was "formally opposed to [North Korea's] nuclear test."

"China is ready to discuss with other council members to see how the Security Council could react firmly, constructively, and prudently with regard to this challenge," he said.

Mr. Wang did not say whether Beijing would support the coercive Chapter 7 measures, but he noted that "the door to solve this issue from diplomatic point of view is still open."

Christopher Hill, the State Department's point man on the North Korean nuclear issue, told CNN that U.S. policy now would be designed to "make [North Korean leader] Kim Jong-il rue the day he made the decision" to proceed with the test.

U.N. diplomats said privately that Mr. Bolton told the Security Council session that Washington would view a North Korean attack on South Korea or Japan as an attack on the United States.

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The U.S.-Japan draft resolution, in addition to urging North Korea to return to stalled regional talks on its nuclear program, proposed a range of sanctions against the secretive communist regime in Pyongyang, including:

•The inspection of all cargo shipped to and from North Korean ports to prevent nuclear proliferation.

•A travel ban on some North Korean officials.

•A ban on trade in luxury goods and military items with the North.

•A requirement that U.N. states freeze all assets related to North Korea's weapons and missile programs.

•Increased scrutiny and prohibitions on North Korean financial transactions that could support nuclear or military programs.

Pyongyang's U.N. ambassador, Pak Gil-yon, told reporters that the test would help "the maintenance and guarantee of peace and security in the Peninsula and the region." He said other nations should "congratulate" the North for its success.

A North Korean official said the United States should agree to hold direct talks with his government on security guarantees to avert a situation in which Pyongyang would feel compelled to launch nuclear-armed missiles, South Korea's Yonhap News Agency reported today.

"We want this situation to be concluded before the unhappy situation arises in which we fire nuclear missiles, and this depends on how the United States acts," the official was quoted as saying in Beijing on the condition of anonymity.

"What we want is North Korea's safety, including a guarantee of our regime," the official said.

North Korea did have one defender yesterday. Iran, which the United States and its European allies say is running its own clandestine nuclear weapons program, said on its state radio that U.S. "pressure and humiliation" had led North Korea to conduct the test.

North Korea's Political, Economic Gamble (WP)

By Anthony Faiola And Maureen Fan, Washington Post Foreign Service

The Washington Post, October 10, 2006

Analysts Say Risks Include Loss of Key Regional Aid

TOKYO, Oct. 9 -- North Korea may have gained bragging rights on Monday as the world's newest nuclear power, but the pivotal question now is whether the secretive communist government can survive the political fallout.

While the United States and Japan have long pushed for a hard line against North Korea, there were early indications Monday that South Korea and China, the North's chief benefactors, may be reconsidering their support for the government of Kim Jong Il. There were also concerns that Pyongyang's claims of a nuclear test could touch off an arms race in Northeast Asia.

Analysts said any major development would threaten stability in the strategically vital region, in which the United States has long maneuvered diplomatically among friend and foe.

China and South Korea have poured billions of dollars in aid and investment into the North, effectively propping up Kim's government under the assumption that any collapse there would send millions of desperate refugees pouring across the country's borders. The risk of such an economic calamity, they have gambled, has outweighed the risk of a nuclear-armed North Korea.

But the announcement of a test, analysts said, may have represented a tipping point. In a telephone call with U.S. Secretary of State Condoleezza Rice, China's foreign minister condemned North Korea for having "ignored universal opposition of the international community," the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was "resolutely opposed" to the nuclear test.

South Korea, meanwhile, immediately halted delivery of an emergency assistance package to help the North deal with recent floods. President Roh Moo Hyun suggested that his country's "sunshine policy" of engagement -- of which he was a vocal supporter -- had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised speech. "Ultimately, it is not something we should give up on, but objectively speaking, the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

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Any shift in policy by China or South Korea would be at least partly based on the anticipated reaction of Japan, the nation that today feels most threatened by North Korea's ballistic missiles. Analysts have assumed that a nuclear-armed North Korea would lead Tokyo to accelerate plans to redraft its pacifist constitution and rearm itself with a more aggressive military.

Last week, a U.S. congressional report went as far as to suggest that a test by the North could set in motion a domino effect in which Japan, South Korea and perhaps Taiwan pursue their own nuclear weapons, touching off an arms race that would dramatically escalate the consequences of any regional disputes.

Although some observers were quick to caution that China's criticism of North Korea might not necessarily translate into action, there was little question that the reported test had deeply embarrassed China. The Chinese government has taken the lead in the diplomatic effort to denuclearize North Korea at long-stalled six-party talks in Beijing, bringing the United States, Japan, Russia, and South Korea and North Korea to the table.

"It's a big slap to China," Zhu Feng, a professor of international studies at Peking University, said of the North's test. "It's time for a new approach, because we just got humiliated. For four years, we have been so good to North Korea, trying to make the right conditions for Kim Jong Il to abandon nuclear weapons in exchange for normalization with the U.S. and Japan and a lot of economic aid. China's goodwill has been relentlessly wasted."

Analysts said China will now be faced with heightened international pressure to accept tougher economic sanctions and reduce or even cut its aid -- including oil shipments -- to coerce Pyongyang back to the negotiating table. China's options are limited now, and although analysts say it will probably harden its stance against North Korea, it has in the past drawn the line at any action that would endanger Kim's government.

In effect, Beijing will have to make a difficult decision.

"If China votes for sanctions at the U.N., the China and North Korea relationship will break up," said Shi Yinhong, a professor of international relations at People's University in Beijing. "And if the United Nations really passes financial sanctions toward North Korea, the risk of a society collapse of North Korea is high."

For its part, Japan is likely to take an even harder line than before. The country's new prime minister, Shinzo Abe, on Monday vowed a tough response, saying he would "immediately consider taking stern measures."

Those are likely to include a ban on millions of dollars' worth of annual remittances sent home by North Korean nationals living in Japan.

But even coupled with sharper sanctions from the United States, analysts say, the pressure brought to bear on North Korea is unlikely to be enough without the full support of Beijing and Seoul.

Analysts say Kim has already succeeded in at least one way. With its declaration of a nuclear test, North Korea has made the price of a military solution to the standoff -- something Bush administration officials had largely dismissed given North Korea's arsenal of ballistic missiles and its million-man army -- even higher. Some suggested Monday that it may already be too late to turn back the clock.

"North Korea's message is that no matter how hard South Korea, Japan, the United States gang up on them, they won't budge," said Seung Joo Baek of the Seoul-based Korea Institute for Defense Analyses. "They want to be recognized as a nuclear power. They are assuming that it is the only thing that will keep them safe. We will have to wait and see if they are right."

Fan reported from Beijing. Special correspondent Joohee Cho in Seoul contributed to this report.

Angry China Likely To Toughen Korea Stand Somewhat (NYT)

By Joseph Kahn

The New York Times, October 10, 2006

BEIJING, Oct. 9 — China's punctilious Foreign Ministry reserves the word hanran, which translates as brazen or flagrant, for serious affronts to the nation's dignity by countries that have historically been rivals or enemies.

When the previous Japanese prime minister visited the Yasukuni Shrine, which China condemns as honoring Japan's World War II-era militarism, he was described as "brazen." When the United States bombed the Chinese Embassy in Belgrade in 1999, Beijing called that act "flagrant."

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North Korea, a longstanding ideological ally, has had increasingly testy relations with China in recent years. But it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a "brazen" violation of its international commitments.

The wording is just one indication that a nuclear test would cross a red line for China, which has devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea.

That policy, Chinese analysts say, seems to have failed, and North Korea's action leaves Beijing little choice but to take a tougher approach. But Chinese leaders still see highly punitive sanctions as unpalatable and counterproductive, and the country's elite remains sharply divided over how far to distance China from its neighbor, and how closely to embrace the Bush administration, several senior Chinese foreign policy experts said.

"Hanran" has been applied to North Korea for the first time. But Japan and the United States, which favor the sharpest response to North Korea's test, have been "hanran" for years.

"China is disappointed and angry and will be willing to support stronger sanctions," said Jin Canrong, a foreign policy expert at People's University in Beijing. "But I think that is different from saying there will be a drastic change. It is still a question of the right balance."

The reason there is unlikely to be a major policy change, Mr. Jin and other experts here said, is that North Korea has sharply increased tensions without fundamentally changing China's calculation of its national interests.

Its priorities remain, first and foremost, promoting internal economic development, the key to longevity for the ruling Communist Party. China's cautious, authoritarian leaders concluded long ago that generating high growth in its gross domestic product required a benign relationship with the world's major powers, secure borders and open markets — in a word, stability.

China would like to achieve a denuclearization of the Korean Peninsula but has shown few signs of accepting war or a forced change of government as an acceptable way to achieve that goal.

"The core of the issue is not nuclear weapons," said Shen Dingli, a leading security expert at Fudan University in Shanghai. "The core of the issue is peace and stability. That is still strongly in China's interest."

While China has begun to think like a big power in some respects, its foremost strategic priority has been reclaiming Taiwan, or at least preventing the island from becoming formally independent of mainland China.

Conflict in North Korea or the toppling of Kim Jong Il's government there could upset both of those goals, Chinese analysts say. A war is viewed as the worst outcome, potentially creating a wave of refugees into China and even risking a broader engagement that could threaten the extended period of harmony in Northeast Asia.

Even peaceful change in North Korea could bring a new pro-American government to China's northeastern border as it faces continuing uncertainty over how to handle the pro-American government in Taiwan, off its southeastern coast.

"China must continue to look at North Korea through the prism of Taiwan," Mr. Shen said. "You cannot expect China to abandon its ally completely while America continues to back Taiwan and allow the independence movement to thrive there."

But analysts say it also cannot afford to alienate the United States, and Beijing has recently taken steps to repair its frayed relationship with Japan. Those ties may well depend on moving to punish North Korea for its nuclear test, and at least experimenting to see if firm pressure on North Korea will bring it back to the bargaining table.

China provides, by some estimates, 70 percent of North Korea's fuel and food and could almost certainly create severe economic hardship there by slowing shipments across its long, barren border.

In addition, China has joined the United States in seeking to crack down on North Korean counterfeiting of American dollars and Chinese yuan, as well as on the use of Chinese banks to launder profits from illicit North Korean exports of drugs including amphetamines. Tighter financial sanctions could further deprive North Korea of already scarce hard currency.

The question is how far down that path China can go, to maintain its cooperation with the Bush administration without foreclosing the possibility of luring North Korea back to negotiations.

"China has tried to persuade North Korea that talking with the outside world is in its interest," said Zhang Liangui, an expert on North Korea at the Central Party School, a research organization in Beijing run by the Communist Party. "Now China will have to demonstrate that there is a price to pay for ignoring that advice."

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Mr. Zhang said North Korea's announcement amounted to a slap in the face for China. Even if the goal remains a negotiated solution, he said, China must first show that it is prepared to take a much tougher line before North Korea will bargain in earnest.

Susan L. Shirk, a State Department official responsible for East Asia during the Clinton administration, said she believed that the nuclear test could prove to be a turning point for China's approach to the problem. It will, she said, force China to choose between North Korea and a United States-led international consensus rather than split the difference between the two.

She said the timing of North Korea's announcement — the day after President Hu Jintao was visited by Japan's new prime minister, Shinzo Abe, and said they had made progress repairing troubled relations — also underscored the stakes for China's leadership.

"If they do not act strongly they could undo what they have worked to achieve with Japan, while also seriously straining relations with the U.S.," she said. "North Korea has really boxed them in."

Even so, many Chinese analysts still view North Korea as a strategic asset. It may be irresponsible and unruly, but it belongs more to China than to the United States. Sacrificing an ally to help achieve America's goals of stopping the spread of nuclear weapons may require a much stronger consensus within the Chinese elite.

"I do not believe that Chinese leaders are willing to expend major political capital on this issue," Mr. Jin of People's University said. "They would much prefer to follow the consensus. At the moment there is a heated debate, but no consensus of that kind."

U.N. Weighs Sanctions Against N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 10, 2006

The world lined up against North Korea on Monday for staging a nuclear test denounced even by key allies. President Bush called it "a threat to international peace and security," and the U.N. Security Council weighed severe sanctions to punish the impoverished communist nation.

There was no talk of military action. But the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test after the reclusive regime announced it had set off an underground atomic explosion.

Russia was the only country to say it had "no doubts" over the North Korean claim. The U.S. and other experts said the explosion was smaller than expected and they had yet to confirm it was nuclear.

But the reaction of world governments reflected little doubt that they were treating the announcement as fact.

The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Bush said the North Korean action "constitutes a threat to international peace and security" and requires "an immediate response" from the Security Council, though he stressed the U.S. remained committed to diplomacy.

The United States circulated a draft U.N. resolution late Monday that would condemn North Korea's nuclear test and impose tough sanctions on the reclusive communist nation for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

The draft, obtained by The Associated Press, incorporates proposals circulated by the U.S. earlier in the day to prohibit all trade in military and luxury goods and crack down on illegal financial dealings.

It adds new calls from Japan to ban all countries from allowing any North Korean ships in their ports or any North Korean aircraft from taking off or landing in their territory if they carried arms, nuclear or ballistic missile-related material or luxury goods.

In addition, the Japanese proposals would impose travel restrictions on high-ranking North Korean officials, create a Security Council committee to monitor implementation of the sanctions, and ask the secretary-general "to actively engage in this matter."

The U.S. draft also seeks to prevent any North Korean financial transactions resulting from illicit counterfeiting, money-laundering and narcotics, and "any abuses of the international financial system" that could contribute to the transfer or development of banned weapons.

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By comparison, the Security Council cut air links to Libya in 1992 to force Moammar Gadhafi's government to hand over two indicted men for trial in the 1988 bombing of a Pan Am jetliner over Lockerbie, Scotland. After Saddam Hussein's Iraq invaded Kuwait in 1990, the council banned the sale or supply of any commodities or products from either country using their flag vessels.

Japan's U.N. Ambassador Kenzo Oshima, the current council president, said earlier that all council members "emphasized that the response of the council should be strong, swift and very, very clear in its message and its action."

But just how long it will take members to agree on a resolution remains to be seen.

Council experts started discussing the proposals in meetings Monday afternoon and were expected to meet again Tuesday morning.

But it was unclear whether China and Russia — the North's closest allies — would support some of the tough measures, which also include international inspection of all cargo to and from North Korea to limit the proliferation of nuclear, chemical and biological weapons and to ban any material that could be used in the production of weapons of mass destruction.

Before the experts meeting, the ambassadors from the five veto-wielding council nations — the U.S., Britain, France, Russia and China — met with Oshima.

U.S. Ambassador John Bolton told reporters afterward that everybody agreed within 30 minutes that the council should condemn the action and respond quickly, saying "that's remarkable" to have such a unanimous decision.

But he wouldn't speculate when the council might act, noting that Japan and others already had other suggestions for the text.

"The fact is that in our half-hour, full council meeting this morning, there was no one who even came close to defending this test by North Korea," Bolton said.

The United States, France, Britain and Japan want the resolution under Chapter 7 of the U.N. Charter, which deals with threats to international peace, breaches of the peace and acts of aggression. It allows the council to authorize measures ranging from breaking diplomatic ties and imposing economic and military sanctions to taking military action to restore peace.

With U.S. forces strapped by the twin wars in Iraq and Afghanistan, the Bush administration repeatedly has said it has no plans to invade North Korea and discussion of military action was absent on Monday.

Neither Russia nor China would say whether they support a resolution that could pave the way for sanctions.

"I think we have to react firmly," China's U.N. Ambassador Wang Guangya said. "But also I believe that on the other hand the door to solve this issue from a diplomatic point of view is still open."

Russia's U.N. Ambassador Vitaly Churkin said the North Koreans "will be facing a very serious attitude on the part of the Security Council and the entire international community," but he said the council needs to discuss whether that will include sanctions.

South Korea's nuclear envoy said Tuesday after returning from Beijing that China appeared to have dropped opposition to tough U.N. sanctions.

"China seems to have different position than it had before on a Chapter 7 resolution," Chun Young-woo told The Associated Press

"I think (China) will employ all available means to prevent North Korea from further aggravating the situation and to bring them back into diplomatic efforts," Chun said after returning from a two-day trip and meetings with Chinese officials.

Still, he said Beijing reiterated its commitment to a peaceful diplomatic solution to the issue.

The reported test came one day after the ninth anniversary of reclusive North Korean leader Kim Jong Il's accession to power and a day before the 61st anniversary of the ruling North Korean Workers' Party.

There were no signs of heightened alert by security forces in Pyongyang. People also laid flowers by a statue of Kim Il Sung, the current leader's late father.

The test also coincided with the Security Council vote Monday to nominate South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as the next U.N. secretary-general. The 192-nation General Assembly is expected to approve the recommendation later this month.

Ban said one of his priorities, if approved, would be to work to resolve the North Korean crisis.

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North Korea remained defiant. Pak Gil Yon, the North's U.N. ambassador, said the Security Council should congratulate the Democratic People's Republic of Korea, known as the DPRK, instead of passing "useless" resolutions or statements.

"The nuclear test in the DPRK will greatly contribute in increasing the world deterrence of the DPRK" and will contribute "to the maintenance and guarantee of peace and security in the peninsula and the region," he said.

The United States and its allies, and many of North Korea's neighbors, took the exact opposite view.

"This shows why we need actions and not just words about North Korea," Bolton told The Associated Press.

Although North Korea has long claimed it had the capability to produce a bomb, the test would be the first proof that it had done so.

If the test is confirmed, North Korea would join the current members of the nuclear club — the United States, Russia, Britain, France, India, Pakistan and China. Israel is widely believed to have the bomb but has not publicly declared.

Officials worried that a nuclear armed North would dramatically alter the strategic balance of power in the Pacific, and would undermine already fraying global anti-proliferation efforts.

While voicing concerns, Japan's Prime Minister Shinzo Abe, after meeting with the South Korean leader in Seoul, called for a "calm, yet stern response." The situation marked his first major foreign policy test since his recent election.

South Korea said it had put its military on high alert, but it had noticed no unusual activity among North Korea's troops.

Bolton told the Security Council that Washington would consider an attack on Japan or South Korea an attack on the United States, according to U.N. diplomats who spoke on condition of anonymity because the remarks were made at a closed council meeting.

The United States has defense agreements with the two Asian allies and thousands of U.S. troops are stationed in South Korea and Japan.

China said the North "defied the universal opposition of international society and flagrantly conducted the nuclear test" and urged the North to return to six-party nuclear disarmament talks.

Russian President Vladimir Putin told his Cabinet that Moscow "certainly condemns the test conducted by North Korea."

British Prime Minister Tony Blair said the test was a "completely irresponsible act."

Only Iran, which also faces Security Council action over its disputed nuclear program, expressed understanding for North Korea's action.

Iranian state radio blamed the North's reported nuclear test on U.S. pressure, saying the test "was a reaction to America's threats and humiliation."

The North has refused for over a year to attend six-party international talks aimed at persuading it to disarm, demanding instead that the U.S. drop financial sanctions it has imposed to punish Pyongyang alleged counterfeiting and money laundering. It pulled out of the Nuclear Nonproliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, allegedly violating an earlier nuclear pact between Washington and Pyongyang.

Impoverished and isolated, North Korea has built up its military and nuclear programs while relying on foreign aid to feed its 23 million people since its state-run farming system collapsed in the 1990s following decades of mismanagement and the loss of Soviet subsidies.

South Korea said the nuclear test was conducted at 10:36 a.m. Monday (9:36 p.m. EDT Sunday) in Hwaderi near Kilju city on the northeast coast.

The North's official Korean Central News Agency said the test was successful, with no leak of radiation, and this was "a stirring time when all the people of the country are making a great leap forward in the building of a great prosperous powerful socialist nation."

South Korean officials said Tuesday they believe that North Korea tested a nuclear weapon as it claimed, but that it would take about two weeks to determine if the test was successful.

The North is believed to have enough radioactive material for a half-dozen bombs. It insists its nuclear program is necessary to deter a U.S. invasion.

The North has active missile programs, but it isn't believed to have an atomic bomb design small and light enough to be mounted on a long-range rocket that could strike targets as distant as the United States.

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Reports about the size of the explosion were conflicting, ranging from South Korea's geological institute estimating it was the equivalent of 550 tons of TNT to Russia's Defense Minister Sergei Ivanov saying it was the equivalent of 5,000 to 15,000 tons of TNT.

A U.S. government official, who spoke on condition of anonymity because of the political sensitivity of the situation, said the seismic event could have been a nuclear explosion, but its small size was making it difficult for authorities to pin down.

Global Fury At N Korea Nuclear Test Claim (FT)

By Anna Fifield, David Pilling And Mark Turner

Financial Times, October 10, 2006

The major powers united in their condemnation of North Korea's claim to have tested a nuclear weapon on Monday, but could not reach immediate agreement at an emergency session of the United Nations Security Council on the scope of punitive sanctions proposed by the US.

North Korea described the underground explosion in a northern province bordering China and Russia as an "historic event that brought happiness to our military and people". It said there had been no radioactive leakage.

US and South Korean experts measured the explosion as a earthquake of magnitude 4.2 on the Richter scale. Scientists were poring over seismic and other data but could not confirm a nuclear explosion. However, several said the blast appeared significantly smaller than would have been expected from a plutonium bomb and could have been a dud.

At the UN, the US presented a list of 13 proposed measures that included the authorisation of international inspections of cargo to and from North Korea and the blocking of illicit financing activities, such as counterfeiting.

John Bolton, US ambassador to the UN, said Monday night that Russia and China were not throwing up obstacles and there was no disagreement over the need for a binding "chapter seven" resolution.

Chris Hill, the US envoy to six-party negotiations with North Korea that have been mediated by China but stalled since last November, said: "We are not going to accept that North Korea with its starving population is going to join the nuclear club."

The US and its allies would ensure that Kim Jong-il, North Korea's leader, "rued the day" and would be made to pay, Mr Hill said. He refused to say what measures the US would take, admitting that China would be a "key country" in the outcome.

Hu Jintao, China's president, took a measured approach in his telephone conversation with George W. Bush, the US president. Mr Hu said no actions should be taken that would lead to escalation or loss of control of the situation and urged caution, dialogue and negotiation.

Delivering a brief televised statement from the White House, Mr Bush said he had spoken to the leaders of China, Russia, South Korea and Japan and that they agreed that North Korea's actions were "unacceptable and deserve an immediate response by the United Nations Security Council".

Mr Bush accused North Korea of having already provided missile technology to Iran and Syria.

Shinzo Abe, Japan's new prime minister said the development constituted a "serious threat [that] would transform in a major way the security environment of north east Asia."

Roh Moo-hyun, South Korea's president, said his government was "losing its momentum" for continued dialogue with North Korea.

Additional reporting by Richard McGregor in Beijing, Guy Dinmore in Washington and Stephen Fidler in London

North Korea Condemned For Nuclear Testing (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - Condemnation poured in from throughout the world Monday over North Korea's report that it has tested a nuclear weapon as financial markets wobbled in East Asia.

The United States and Japan pledged "decisive action" against Pyongyang at the U.N. Security Council.

In open defiance of the U.N. Security Council, which warned it on Friday not to test, North Korea said it conducted "a safe and successful underground nuclear test" which "caused absolutely no radiation" leakage. It called the test a "great leap forward" in its defensive capabilities.

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If true, the test would leave East Asia on the cusp of an arms race. North Korea previously declared it had nuclear weapons, but had never tested one to prove it.

The Security Council condemned the test. The U.S. ambassador to the United Nations, John Bolton, said the United States would push for tougher measures to prevent North Korea from producing or exporting weapons of mass destruction or missiles.

U.N. Secretary-General Kofi Annan said: "This action violates international norms of disarmament and non-proliferation, as well as the current international moratorium on nuclear testing. It aggravates regional tensions in and around the Korean Peninsula, and jeopardizes security both in the region and beyond."

South Korea called the test an "intolerable provocative act" and put its military on heightened alert. Its chief spy agency said another nuclear blast might be in the offing.

South Korean President Roh Moo-hyun's government suspended a shipment of emergency relief aid to North Korea and said the national security council was reviewing a "sunshine policy" that appeased North Korea with huge investment.

The projects under review include the Kaesong joint industrial zone and a tourism business at Mount Geumgang in the North, which draws hordes of cash-paying South Koreans.

Any freeze on those projects would be a blow to the cash-strapped North.

President Bush spent 15 minutes on the telephone with Japanese Prime Minister Shinzo Abe as Abe prepared to leave Seoul at the end of a two-day fence-mending trip to China and South Korea. The two vowed "decisive action," Japan's Kyodo news agency said.

At a news conference in Seoul, Abe called for "very strong measures" against North Korea and warned that the region may "be entering a new, dangerous nuclear age."

Experts around the world differed on the size of the nuclear blast, which reportedly occurred in an underground shaft near Kilju, a town near North Korea's northeastern coast not far from the border with China.

South Korea's semi-official Yonhap news agency said the blast triggered a tremor with a 3.58 to 3.7 magnitude, similar to what a nuclear explosion would cause.

It said the power of the explosion was equivalent to around 550 tons of TNT explosives, less than a twentieth of the size of the U.S. atomic bomb dropped on the Japanese city of Hiroshima during World War II. But Russian Defense Minister Sergei Ivanov said it was far more powerful, in the range of 5 to 15 kilotons.

China, Russia, Australia, Britain and a number of other countries condemned the nuclear test, calling on North Korea to return to six-nation disarmament talks.

China, which maintains a lifeline of oil supplies to North Korea, appeared stunned, describing the test as "brazen." "The Chinese government is firmly opposed to this," a government statement said.

British Prime Minister Tony Blair labeled it a "completely irresponsible act."

"This is a desperate act of a criminal regime," House Speaker J. Dennis Hastert said in Washington. "We are neither threatened nor impressed, but resolved to restore stability to the Pacific Rim."

But a policy expert in Seoul said he doubted that the world could coax North Korea's nuclear genie back in the bottle. "In the medium and long term, I think we have to learn to live with a nuclearized North Korea," said Moon Chung-in, a professor at Seoul's Yonsei University.

A Chinese scholar said North Korea believes it can get away with nuclear development, just as India and Pakistan did a decade ago, and weather tough sanctions.

"The North Korean leader believes that by testing a nuclear weapon, he will get a more favorable environment where he can survive," said Jin Linbo of the China Institute of International Studies, a Beijing think tank.

Despite its traditional support for North Korea, China may not oppose putting teeth in a new resolution, a security expert in Beijing said.

"If North Korea still refuses to back off from its nuclear ambitions, it is possible that China will agree with military sanctions. As China's ambassador to the U.N., Wang Guangya, said, no one can protect North Korea if it continues to develop nuclear weapons," said Zhang Liangui, a foreign affairs expert at China's ruling party Central Party School.

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The nuclear test jolted financial markets. The Japanese yen skidded to an eight-month low against the dollar. Stocks in Seoul slumped 2.6 percent, and shares slid in Hong Kong, Singapore and Sydney. Markets in Japan were closed for a holiday.

Ruled by Kim Jong Il, one of the world's last totalitarian leaders, North Korea said only last week that it would test a nuclear weapon. Pyongyang announced in February 2005 that it had succeeded in making a nuclear bomb. Foreign intelligence officials say North Korea may have at least six to eight nuclear bombs now.

A nuclear test, if confirmed, would generate pressure within the United States and from Japan to take military action to curb North Korea's military program.

North Korea has said it is building nuclear weapons to forestall a military attack by the United States to topple the Kim regime, which President Bush once described as part of an axis of evil.

News of the alleged test gave added urgency to Abe's visit to Seoul. Earlier Monday, Abe concluded a one-day summit with China's three top leaders that put a thaw in chilly relations between China and Japan, regional rivals. It was the first summit of its kind since 2001.

Abe, who has been in office for less than two weeks and is a staunch conservative, was given red carpet treatment in Beijing, in an apparent snub to North Korea. China and Japan capped the summit with a statement that they had reached "a turning point" in their tense relations.

Abe, who at 52 is Japan's first leader born after the war, used frank language about his nation's wartime role, saying that Japan's "deep remorse" had not ebbed.

"I said we shall look at past history squarely," Abe said, adding that Japan knew it "had caused tremendous damage and suffering to the people of countries, especially Asian countries, and left scars among those people."

Tough Talk From Seoul, If Little Will For A Fight (NYT)

By Norimitsu Onishi

The New York Times, October 10, 2006

SEOUL, South Korea, Tuesday, Oct. 10 — South Korea warned on Monday that it would “sternly deal” with North Korea’s announcement that it conducted a nuclear test, saying that the action could lead to a “nuclear arms buildup” in the region.

President Roh Moo-hyun said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country’s “sunshine policy” of engaging North Korea.

“This is a grave threat to peace, not only on the Korean Peninsula but in the region,” said Mr. Roh, whose government has been accused by critics both in and outside South Korea of coddling North Korea.

Mr. Roh said that South Korea “has lost ground in arguing for dialogue” against calls for stronger punitive measures, including economic sanctions, against North Korea.

The government’s response to the nuclear test was firmer and quicker than its reaction to North Korea’s missile launches in early July, when Mr. Roh remained silent for days and avoided harsh criticism.

Still, there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor.

The two Koreas were fierce cold war enemies until the late 1990’s. But the “sunshine policy” under Mr. Roh and his predecessor, Kim Dae-jung, has transformed South Korean attitudes. Increasingly, North Koreans have been viewed here as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront North Korea.

“There is a general consensus in South Korea, not only among politicians but also in the general population, that engagement is the right policy,” said Han Sung Joo, a former ambassador to the United States. “But it doesn’t mean we have to rationalize this nuclear test.”

Mr. Han said that in the near future, South Korea’s assistance to the North would probably have to be limited to humanitarian aid. He said that plans to expand major projects to help North Korea develop its economy would probably be put on hold.

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Analysts said that North Korea's action would weaken Mr. Roh and the governing Uri Party, but that the damage would not decisively help the opposition Grand National Party.

"When you look at the opposition's policies toward North Korea, you see that they are 95 percent in agreement with the ruling party's," said Choi Kang, a security expert at the Institute of Foreign Affairs and National Security in Seoul. "Both emphasize the need to push the North to democratize, to reform internally, by engaging it. What differs is the means. The opposition emphasizes the need for reciprocity — it shouldn't be unconditional."

"It's too premature to say this is the end of the engagement policy," Mr. Choi said.

South Korea's priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse. The United States, in contrast, is concerned about nuclear proliferation.

"Does South Korea share these concerns?" said Andrei Lankov, a Russian expert on North Korea at Kookmin University in Seoul. "No. If some crazy regime in Central America goes nuclear, or if terrorist groups or rogue states obtain nuclear arms, South Korea will never become a target.

"In the short term, South Korea will have to show solidarity with the international community and freeze exchanges with the North," he added. "But then they will start looking for a pretext to resume exchanges."

Others contend that the American unwillingness to negotiate directly with North Korea, as the North has sought, is to blame for the failure to soften North Korea's stance.

"That's why hard-liners in the North Korean government have gained a stronger voice," said Han Hong Koo, a historian at Sungkonghoe University in Seoul.

"There will be great pressure on the South Korean government to abandon its engagement policy," he added. But, "North Korea is already suffering from economic sanctions and is already isolated. There's no other card."

Japan Now Seems Likely To Rally Behind New Prime Minister's Call For A Stronger Military (NYT)

By Martin Fackler, International Herald Tribune

The New York Times, October 10, 2006

TOKYO, Oct. 9 — The last time North Korea tested a powerful new weapon, in 1998 when it fired a ballistic missile over the largest Japanese island, Japan reacted by upgrading its military and swinging politically to the right.

North Korea's claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role.

But could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself?

This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons.

"The nuclear test may prove to be an even bigger shock to public opinion" than the 1998 missile, said Yasunori Sone, a professor of political and policy analysis at Keio University in Tokyo. "It will get a minority of people here calling for Japan to build nuclear weapons."

The most likely result of North Korea's actions, analysts say, would be to rally public opinion around Japan's new prime minister, Shinzo Abe, and his calls for taking Japan in a more assertive direction. The crisis may also increase Mr. Abe's chances of revising the Constitution to allow Japan to possess full-fledged armed forces.

There have been no calls yet here to build atomic weapons. Still, that is not a far-fetched notion. Japan is known to have stockpiles of weapons-grade atomic material, used in its civilian nuclear power and research programs, and some studies have said it would be able to construct a bomb in a matter of months.

But Mr. Sone and other analysts say that despite North Korea's claim of a weapons test, Japanese proponents of acquiring nuclear weapons will remain a minority on the far-right fringe. Analysts say going nuclear would face broad and emotional opposition in Japan, which remains the only nation to have suffered atomic bomb attacks.

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The prospect of a nuclear Japan might also send shudders through the rest of Asia, where memories of Japan's wartime aggression are still raw. Some fear it could even set off a new Asian arms race.

Mr. Abe appeared to be trying to take a leading role in responding to the crisis, analysts here said. He and other Japanese leaders were quick to condemn the reported test, saying Japan was working closely with the United States, its closest ally, and Asian neighbors like South Korea and China to find a response.

Speaking in Seoul, where he was meeting with President Roh Moo-hyun, Mr. Abe criticized the test as a "serious threat to the security of Japan and South Korea, and of neighboring countries."

"We have agreed that we must respond resolutely," Mr. Abe said in a news conference after the meeting. "We have entered a new and more dangerous era."

He also said Japan was considering imposing economic sanctions against North Korea and increasing its participation in a missile defense shield that it is developing with the United States. He said Japan had requested an immediate meeting of the United Nations Security Council.

In Tokyo, Yasuhisa Shiozaki, the chief cabinet secretary and top government spokesman, said Japan would try to work with the United States to seek United Nations action, possibly including global economic sanctions. "We will lodge a stern protest and condemn" the test, he said.

If North Korea has exploded a nuclear device, analysts said the effects on Japanese public opinion might take time to appear. When North Korea test-fired a multistage Taepodong missile over Japan in 1998, Japan's initial reaction was muted, but public opinion ended up moving sharply in favor of building a stronger defense.

That allowed Japan to begin adding weapons that once would have been unthinkable, including Japan's first spy satellite, a troop transport ship now under construction that experts say could serve as a small aircraft carrier, and aerial tankers that would allow Japanese fighter jets to refuel in midair to reach North Korea and other countries.

For now, analysts said most of Japan's action was likely to come on the diplomatic front. They also said the crisis offered an unexpected chance for Japan to patch up its ties with South Korea and China.

"This crisis allows Mr. Abe to say that all three countries face a shared enemy," Mr. Sone of Keio University said. "This is a chance for him to improve relations with Asia."

U.S. Doubts Korean Test Was Nuclear (WT)

By Bill Gertz

The Washington Times, October 10, 2006

U.S. intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday.

U.S. officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation.

"We're still evaluating the data, and as more data comes in, we hope to develop a clearer picture," said one official familiar with intelligence reports.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives."

The underground explosion, which Pyongyang dubbed a historic nuclear test, is thought to have been the equivalent of several hundred tons of TNT, far short of the several thousand tons of TNT, or kilotons, that are signs of a nuclear blast, the official said.

The official said that so far, "it appears there was more fizz than pop."

A successful nuclear detonation requires a properly timed and triggered conventional blast that splits atoms, setting off the nuclear chain reaction that produces the massive explosions associated with atomic bombs.

White House spokesman Tony Snow said assessing the validity of North Korea's claim of a successful nuclear test could take several days.

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"We need to find out precisely what it is that took place yesterday, and that is something that's going to take awhile for the scientists and others to work through," Mr. Snow said.

"Nobody could give me with any precision how long it will take until they can say with certainty what happened."

Nuclear bombs make big waves, with clear signatures that make them fairly easy to detect, analyze and confirm that they were caused by splitting atoms. But smaller blasts -- as North Korea's appears to have been -- are trickier to break down, scientists told the Associated Press.

"It takes days, dozens of lab hours, to evaluate results. Now we can have only a rough estimate," said Russian nuclear physicist Vladimir Orlov of the Moscow-based Center for Policy Studies in Russia, a nonproliferation think tank.

Elements of the blast were detected by U.S. and allied sensors as it was set off in an underground tunnel in the north-central part of North Korea. U.S. intelligence agencies have been monitoring several tunnels thought to be nuclear test facilities and have not ruled out Pyongyang's conducting another test.

U.S. officials said the test was timed to coincide with several anniversaries in North Korea, including the end of mourning for the death of North Korean leader Kim Jong-il's father, Kim Il-sung. The test was thought to have been linked to the commemoration.

North Korea's military thinks that joining the world's seven other acknowledged nuclear powers is key to preserving the power of the communist regime.

There were wide variations in seismic data of the North Korean blast. The French atomic agency estimated about 1 kiloton, and South Korea's geological institute said half of that. But Russia's defense minister expressed "no doubt" that North Korea detonated a nuclear test and said the force of the underground blast was equivalent to 5,000 to 15,000 tons of TNT.

"People have different ways of cross-cutting the data and interpreting them," said Lassina Zerbo, director of the International Data Center at the nuclear-test-ban preparatory commission, which is based in Vienna, Austria.

The Bush administration is pushing for the United Nations to adopt economic sanctions against North Korea that would include a blockade of all goods moving into and out of the country.

Key to the imposition of the tough sanctions will be support from China and Russia, two states that in the past opposed sanctions.

The most immediate impact of the underground test is that U.S. officials fear Japan will take steps to develop nuclear weapons as a deterrent.

Official North Korean press for the past several years has been asserting that the United States is planning a pre-emptive nuclear attack on North Korea over its secret uranium-enrichment program.

Intelligence reports from several years ago indicated that North Korea was engaged in a covert program to develop a uranium-based nuclear program with the help of Pakistani nuclear scientist Abdul Qadeer Khan. The Khan network supplied centrifuges and nuclear-weapons design techniques to Libya, Iran and North Korea.

What U.S. officials have been unable to confirm is whether North Korea received small warhead design information from the Khan network.

Chinese-language documents on how to build a nuclear warhead for missiles were found in Libya and were supplied by Khan network associates. U.S. intelligence officials think Iran and North Korea received similar warhead design documents.

North Korea in July conducted flight tests of seven missiles including a long-range Taepodong-2.

U.S. officials think the plutonium for the pit of the North Korean device was produced by the reactor at Yongbyon, the regime's declared nuclear facility.

U.S. intelligence agencies estimate that North Korea has some 88 pounds of plutonium and that about 13 pounds were used in the recent test.

The remaining plutonium is enough for North Korea to make about six bombs.

Device Produced A Small Yield, Maybe Due To Flaw (LAT)

By Greg Miller And Karen Kaplan

The Los Angeles Times, October 10, 2006

DOJ_NMG_0076888

WASHINGTON — Shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, U.S. intelligence officials and weapons experts said.

Analysts believe the explosion produced about 3% of the power of the bombs dropped on Hiroshima and Nagasaki more than 60 years ago, raising questions about whether a bigger device malfunctioned, or the regime in Pyongyang was testing only a component of a larger weapon.

The combination of the low strength of the explosion and the failure in July of a missile test over the Sea of Japan is likely to reinforce intelligence assessments that North Korea remains years away from developing a nuclear warhead that could be fitted to a missile and delivered any significant distance, let alone to the shores of the United States.

Still, officials said Monday's test demonstrated that North Korea had crossed a dangerous technological threshold, and they added that the blast served as an experiment from which Pyongyang could garner valuable information it could use to improve its nuclear designs.

"Often you learn as much from a failure as you do a success," said Anthony Cordesman, a former Defense Department official and a military expert at the Center for Strategic and International Studies. "If you have a test, even if it is only partly successful, you've proven not only you can do it but that you're on the way to developing more sophisticated systems."

Cordesman and others said it could be days before U.S. intelligence agencies and independent scientists are able to reach firm conclusions as to the nature of the test. Experts will analyze the seismic signature of the explosion, and attempt to collect atmospheric samples by "sniffer" spy planes.

Estimates of the force of the explosion were based on comparisons of seismic readings taken from monitoring stations in nations surrounding North Korea with seismic measures of past nuclear explosions.

The characteristics of the "seismic pulse" have usually enabled officials to rule out earthquakes or natural phenomena. But officials said the relatively small size of Monday's blast might make it difficult to use seismic data to determine whether the explosion was caused by a nuclear device or conventional explosives. Analysts haven't ruled out that the seismic shock could have been caused by conventional explosives, but a consensus seemed to be forming Monday that a nuclear device had been detonated.

American and foreign intelligence agencies are expected to focus on detecting and measuring telltale radioactive particles in atmospheric samples collected by planes and unmanned aerial vehicles routinely patrolling the coastline of the Korean peninsula.

The Vienna-based Comprehensive Nuclear Test Ban Treaty Organization, which monitors the globe for possible nuclear activity, said it probably would take about 72 hours to gather all the information necessary to judge whether the seismic event in North Korea was a nuclear explosion.

North Korea claimed that it had completely contained the radioactive fallout from the explosion. But experts were skeptical, saying it would require a level of technical sophistication North Korea was unlikely to possess to prevent the release of any contamination into the atmosphere.

"Sooner or later something escapes," said Daniela Rozgonova, a spokeswoman for the test ban group. "Then we will know for sure."

The test was underground and probably carried out in a horizontal tunnel under a mountain, said David Albright, a former weapons inspector who now directs the Institute for Science and International Security. Unlike vertical tests, which leave a massive crater, he said, horizontal tests leave little external trace.

Experts said that using conventional explosives to create a blast of the magnitude recorded Monday — equivalent to about half a kiloton of TNT — would be difficult to accomplish.

"A kiloton would be 2 million pounds of TNT," said Arthur Lerner-Lam, associate director for seismology and geology at Lamont-Doherty Earth Observatory at Columbia University. "It takes a lot of technology to get all of that to go off at once."

As a result, officials and experts focused on other, more plausible, explanations for the small yield.

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Officials said North Korea could have detonated a small device in order to conserve fissile material. American intelligence agencies believe North Korea probably has enough plutonium for about eight nuclear weapons — other estimates suggest it could build between four and 13 weapons — and does not possess any enriched uranium.

Pyongyang also may have been testing a component of a larger system, but experts said such a step would be highly unusual because of its limited experimental value.

As a result, a consensus seemed to be emerging among analysts and experts that North Korea conducted a test of a full-scale device, but one that failed to compress the plutonium fuel at rates capable of producing maximum yield.

"The lower yield could be because of bad luck or bad design," said Michael Levi, a nuclear weapons expert at the Council on Foreign Relations.

"The fizzle of a 15- to 20-kiloton weapon would be about a kiloton or two," added Owen Cote, associate director of the security studies program at the Massachusetts Institute of Technology.

American intelligence agencies have struggled to collect meaningful data on North Korea's nuclear program, and have scant information on Pyongyang's ability to make a warhead small enough to mount on a medium- or long-range missile. North Korea's test in July of a long-range missile ended in failure.

Pakistan's nuclear bomb, built on a Chinese design, can be put atop a ballistic missile, but it is not clear whether these design details were passed on to the North Koreans as part of the proliferation network operated by Pakistani scientist Abdul Qadeer Khan.

Monday's test may not provide any answers because the weight of a nuclear weapon — as opposed to its yield — would not necessarily be detectible from an underground test.

"You could test a device as big as a house," said Gary Samore, who handled nuclear proliferation issues on the Clinton administration's National Security Council. "There is no way to verify that from the seismic activity we'll get."

Low Yield Of Blast Surprises Analysts (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, October 10, 2006

The explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating U.S. intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said.

A variety of seismic readings around the world yesterday appear to have resulted from no more than a half-kiloton explosion, three officials said -- equivalent to 500 tons of TNT and far smaller than the 21- to 23-kiloton plutonium bomb the U.S. military dropped on Nagasaki, Japan, in August 1945.

A senior intelligence official called it a "sub-kiloton" explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise. "For an initial test, a yield of several kilotons has been historically observed," the official said.

A U.S. government official said the North Koreans, in a call to the Chinese shortly before the test was conducted, said it would be four kilotons. The official said it is possible the explosive yield was as low as 200 tons. France and South Korea both issued sub-kiloton estimates, and officials dismissed as inaccurate an early Russian estimate that the blast resulted from a five-to-15-kiloton explosion.

President Bush said early yesterday that U.S. experts were "working to confirm North Korea's claim." By the end of the day, intelligence officials were still piecing together data and waiting to review intercepted communications that might shed light on what exactly the North Koreans set out to accomplish in the test and how it was conducted.

If confirmed, North Korea's ascension into a growing nuclear club -- joining the United States, Britain, France, Russia, China, India and Pakistan -- would likely have a major impact on efforts to halt the spread of nuclear weapons. (Israel is widely believed to have nuclear weapons, although it apparently has never conducted a test.) It is the only country to walk away from the nuclear Non-Proliferation Treaty and then violate its central tenet -- a commitment to refrain from building nuclear weapons.

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Intelligence and administration officials said yesterday they believed North Korea had managed a nuclear test of some sort, but because of the secrecy of the Pyongyang regime and the lack of scientific data, some observers would not eliminate the possibility that the blast was created by conventional explosives.

The relatively small size of the explosion, along with North Korea's public statement that the test did not produce any radioactive leakage, led some to question how well the test had gone. Small amounts of leakage are normal during nuclear tests, though it can take several days for the ventilation to register. One U.S. official said radiation detectors in the region were being monitored for any signs in the air from the nuclear test.

One analyst, who was not authorized to speak publicly about the topic, said North Korea's statement on leakage may have been political, rather than technical: "It could be their way of showing that they are a member of the nuclear club, as advanced, responsible and capable as other states." Another said the statement may have been intended to lessen environmental concerns in neighboring countries.

Intelligence officials were looking at four possibilities to explain the size of the blast, the most likely of which appeared to be that only a fraction of the device's core exploded. If that were the case, the test would still be considered successful, officials said, because some plutonium was exploded. But it may also lead the North Koreans to conduct additional tests to determine what went wrong.

It is also possible, two analysts said, that Pyongyang used less plutonium because it has less stockpiled than U.S. intelligence believed. Considered more unlikely by experts were theories that the North Koreans had succeeded in manufacturing a smaller, more sophisticated nuclear device or that engineers had set out to test the device's design rather than its yield.

"A low yield can be a failure in design or it can be bad luck," said Michael A. Levi, a nuclear expert at the Council on Foreign Relations. "Anything is possible," he said, including simulating a low-yield nuclear explosion by using large quantities of TNT, as the U.S. military had planned to do last summer.

"But you don't hear anyone who thinks it's a conventional [explosives] test," he said.

One senior government nuclear specialist said it is hard to discern a nuclear detonation from a conventional one just by looking at seismic data. "Explosions are explosions," the analyst said. "They push equally out in all directions and that's what you see at a distant seismic station; you just see the explosion force and you can't tell."

To discriminate between the two, intelligence experts also rely on a string of gas and radiation detectors.

The Bush administration had been expecting a nuclear test for months and was briefly relieved after a set of North Korean ballistic missile tests failed in July. Intelligence analysts in the U.S. government think Pyongyang is still years away from being able to marry a nuclear device to an advanced delivery system.

"I don't think we perceive a great threat that North Korea will attack anyone with nuclear weapons," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until 2001. "One of the main threats is that in desperation, it might sell its nuclear assets. Another danger is that eventually the government might collapse into chaos, and then we won't know who is in control of those assets."

Staff writer Peter Baker and staff researcher Julie Tate contributed to this report.

Bomb Fallout Explosion By North Koreans Imperils Nuclear-Control Effort (WSJ)

By Evan Ramstad , Jay Solomon And Gordon Fairclough

The Wall Street Journal, October 10, 2006

U.S. Pushes U.N. Sanctions, Including Military Steps; China to Play Critical Role Blast Smaller Than Expected

North Korea's claim that it successfully exploded a nuclear device signals a major failure of U.S. and Chinese diplomacy and threatens to unravel the international treaty system that has worked to contain the spread of nuclear bombs for nearly 40 years.

The blast, which took place near the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by U.S. pilots over Hiroshima 61 years ago.

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Although the U.S. and its allies already suspected that North Korea had produced a small number of nuclear weapons, a publicly announced test is frightening because it represents such a brazen flouting of the system for controlling the spread of nuclear arms. North Korea's action might encourage other states -- Iran, Japan, Taiwan, or even Saudi Arabia and Egypt -- to go nuclear.

"The biggest threat is not North Korean missiles hitting Hollywood," said Robert Alvarez, a former U.S. Energy Department adviser who worked on shutting down North Korea's nuclear program in the 1990s. "The real risk is the unraveling of the nonproliferation regime. That is not something we should take lightly."

U.S. diplomats are hoping to turn the announcement into a plus for American policy by bringing together nations that have previously hesitated to take a hard line on North Korea -- in particular China and South Korea. U.S. officials want the United Nations to back measures that would effectively cut off North Korea's interaction with the global financial system and its ability to import or export materials for weapons of mass destruction. Washington wants to ratchet up the pressure by having the U.N. authorize military force to back up sanctions. That could include a threat to inspect any vessel leaving or entering North Korea.

While the U.N. Security Council unanimously condemned the reported North Korean nuclear test, it is unclear whether the Security Council is ready to endorse the U.S. ideas -- which are precariously close to declaring war on North Korea. Until now, South Korea and China, which provide much of North Korea's food and energy, have favored negotiations over sanctions. Some Bush administration officials would like to see economic pressures topple the North Korean regime, but that is what China and South Korea -- which share borders with the country -- fear most.

Japan, which has taken the lead in calling for sanctions against North Korea, may now push harder to strengthen its military. "The test opens Pandora's box in Northeast Asia," said Han Seung Soo, a former South Korean ambassador to the U.S. and U.N. and former president of the U.N. General Assembly. "The strategic position of every country just took a dramatic change for the worse."

Another concern is that North Korea, a big exporter of missiles to Iran, Syria and Pakistan, could also sell nuclear weapons to other countries, or use its smuggling networks to provide weapons technologies to al Qaeda and other terrorist groups.

North Korea is the first state to withdraw from the Nuclear Nonproliferation Treaty and then follow up by declaring itself a nuclear power and claiming to test a weapon. Security Council members are also pressing Iran to halt sensitive nuclear activities that could produce fuel for nuclear weapons and were set to discuss possible actions against Tehran this week.

China's position on sanctions will be critical. Beijing fears losing a buffer zone against U.S. troops in South Korea and wants to avoid a North Korean collapse, which could send millions of impoverished refugees fleeing into China. The tradition of close ties between China and North Korea dates to the 1950-53 Korean War when China fought on North Korea's side against U.S.-led U.N. forces.

China's Foreign Ministry condemned the North Korean test but also called for a "peaceful resolution through consultation and dialogue" and said the response should be "cool-headed."

Some Chinese analysts said Beijing may be ready to take a tougher line against Pyongyang in the wake of the failure of six-party talks spearheaded by Beijing. The talks bringing together the two Koreas, the U.S., China, Japan and Russia have been held off and on since 2003.

"Chinese leaders have lost all hope in North Korea," said Chu Shulong, a professor at Tsinghua University in Beijing. "The soft approach didn't work, so they have to take a harder stance." Mr. Chu said China may back U.N. sanctions and could cut off its exports of oil, electricity and fertilizer to North Korea, although it would probably continue sending food and medicine on humanitarian grounds. In July, China voted in favor of limited sanctions after North Korea test-fired a long-range missile and six military rockets into the waters between the Korean peninsula and Japan.

China had set itself up as a mediator to work for a nuclear-free Korean peninsula, reflecting its ambitions in global diplomacy. Chinese leaders took great pride in the six-party talks, which were hosted in Beijing, the only place where North Korean negotiators felt comfortable.

Mei Renyi, director of the U.S. Studies Center of Beijing Foreign Studies University, said North Korea's announcement puts China in a difficult spot because it took a "leadership position" in the talks. "For a long time, all the countries in the Asia-Pacific region tolerated North Korea's nuclear threat, but its nuclear test today puts it in total isolation," he said.

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For the Bush administration, the claim of a nuclear test represents a failure for its goal of blocking the spread of weapons of mass destruction. For more than five years, the Bush administration has been split internally over how to handle North Korea. Betraying that lack of consensus, it has engaged in off-and-on multilateral negotiations with Pyongyang while pursuing limited pressure tactics aimed at discomfiting the regime there. The approach delivered neither a diplomatic breakthrough nor a breakdown of the regime of North Korean leader Kim Jong Il, as advocated by U.S. hard-liners.

President Bush condemns12 early reports of North Korea's nuclear testing, calling such testing is "a threat to international peace and security." Plus, reporter Gordon Fairclough discusses13 the announcement and senior special writer John Harwood explains14 the global implications for the North Korea's nuclear testing. FROM THE AP

John Bolton, ambassador to the U.N.,15 discusses the U.N. Security Council's immediate response to North Korea's actions.

The North Korean announcement likely has more symbolic than military value. North Korea already possesses a strong deterrent against military attacks through its arsenal of rockets and missiles aimed at the South Korean capital of Seoul, a city of 10 million just 30 miles from the Korean border.

Global markets yesterday largely ignored North Korea's announcement. U.S. and Japanese stocks were virtually unchanged, although South Korea's benchmark stock-market index closed down 2.4%.

North Korea's test device exploded with a force of 550 tons of TNT, according to an estimate by South Korean geologists. That is 200 times the size of the truck bomb that destroyed the federal building in Oklahoma City in 1995. Even if it is proved that North Korea tested a nuclear device and not conventional explosives, analysts say North Korea still probably has some more work to create a functioning nuclear weapon.

U.S. officials said they are trying to ascertain what was tested. The blast "was far smaller than most people would have predicted," a U.S. official said yesterday. Nonetheless, he said, "we have to take what the North Koreans say at face value."

During a midday television news program broadcast in North Korea yesterday, an anchorwoman read the official announcement with a smile. "The nuclear test was conducted with indigenous wisdom and technology, 100%," she declared.

North Korea's weakening economic position may have driven its decision to go ahead with the test. It is chronically short of food. Washington has also tried to limit North Korea's ability to use the international banking system. Mr. Kim may have concluded that a nuclear test will give North Korea the bargaining chip it needs to loosen the straitjacket tightening around it. It is the logic of an extortionist, but it has served North Korea well in the past.

"The tests are clearly in response to the financial sanctions and their comprehensive nature," said Selig Harrison, a Washington-based academic who met with senior North Korean officials in Pyongyang last month. "They see sanctions as moves toward forcing regime change." International aid organizations note that North Korea's food production has been reduced this year by extensive flooding that hit districts around Pyongyang.

Members of the World Food Program, the U.N. food aid agency, say they are seriously constrained in their ability to meet the food needs of more than six million vulnerable North Koreans. The WFP could largely run out of funds for North Korea early next year without more donations from member countries. The U.S. and Japan virtually stopped food aid in 2003, although South Korea and China have been providing significant assistance. "The public distribution system is under extraordinary stress," John Powell, a WFP deputy executive director, said in an interview late last month.

For years, North Korean leaders have believed their future hinges on reaching some type of accommodation with the U.S. After South Korea's economic and military strength surpassed the North's in the late 1970s, the North's longtime leader, Kim Il Sung, decided the country needed nuclear-weapons capability. He chose the small city of Yongbyon, 60 miles north of Pyongyang, for a nuclear-power plant in 1980.

North Korea signed the Nuclear Nonproliferation Treaty in 1985 but pulled out in 1993 as suspicions grew that the Yongbyon plant was part of a weapons program. The next year, North Korea agreed with the U.S. to close the Yongbyon reactor and store its spent fuel. In return, the U.S. promised to help build two nuclear reactors and move toward normalizing relations with the North. In October 2000, then-Secretary of State Madeleine Albright visited Pyongyang and met with Mr. Kim, raising hopes for a further thaw.

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Mr. Bush, however, has a deep personal dislike for Mr. Kim and his government, aides say. At a summit meeting last year, he lectured South Korean President Roh Moo Hyun over Seoul's willingness to engage with Pyongyang despite human-rights abuses in the North, diplomats say.

In his 2002 State of the Union address, Mr. Bush branded North Korea as part of an "axis of evil" along with Iraq and Iran. Relations rapidly soured as North Korea lifted the freeze on its nuclear program, reopened Yongbyon and reprocessed its spent fuel.

That was the latest threat to the international community's effort to contain the spread of nuclear weapons. The principal vehicle has been the nonproliferation treaty, which was concluded in 1968. While allowing five nations -- the U.S., Britain, France, Russia and China -- to have nuclear weapons, the treaty requires all other signatories to forswear them. Under the treaty, nations such as South Africa and Belarus have unilaterally dismantled their weapons programs.

In recent years nonsignatory countries, including Pakistan, India and Israel, have developed weapons systems independently, weakening the treaty. Meanwhile Iran has challenged the treaty's efficacy by carrying out a nuclear program that it says is for peaceful purposes but that Western nations believe is aimed at producing a weapon. A separate agreement, the Comprehensive Nuclear Test Ban Treaty, forbids nuclear tests but the U.S. hasn't signed it.

In September 2005, the six-party talks on North Korea produced a tentative agreement for the North to abandon its nuclear-weapons pursuit in exchange for economic and energy assistance from the five countries. At nearly the same time, the U.S. threatened penalties against a bank in Macau, China, suspected of helping the North engage in money laundering. About $24 million in North Korean money has been frozen in the bank while local authorities investigate, and U.S. officials believe some of the money may be Kim Jong Il's own.

North Korea then abandoned the September agreement and pulled out of the six-party talks. It insisted instead on two-way negotiations with the U.S., a proposal Washington rejects.

Some counterterrorism experts in Washington believe the threat of North Korean weapons proliferation is so acute that Washington should consider a virtual cordon sanitaire of North Korea.

"We'll have to do challenging inspections," says David Asher, who until last year helped lead a State Department effort to curb Pyongyang's illicit business. "We're trying to stop their transnational criminal activities. But they haven't stopped. We're going to have to be extremely good at what we do."

--Andrew Browne in Beijing and Bill Spindle in Tehran contributed to this article.

Blast May Be Only A Partial Success, Experts Say (NYT)

By William J. Broad And Mark Mazzetti

The New York Times, October 10, 2006

The North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday.

Throughout history, the first detonations of aspiring nuclear powers have tended to pack the destructive power of 10,000 to 60,000 tons — 10 to 60 kilotons — of conventional high explosives.

But the strength of the North Korean test appears to have been a small fraction of that: around a kiloton or less, according to scientists monitoring the global arrays of seismometers that detect faint trembles in the earth from distant blasts.

“It’s pretty remarkable that such a small explosion was promptly apparent on seismometers all over the world,” said Paul Richards, a seismologist at Columbia University’s Lamont-Doherty Earth Observatory in Palisades, N.Y. “The detection of this was really good. You can’t hide these kinds of things, even very small tests.”

A senior Bush administration official said he had learned through Asian contacts that the North Koreans had expected the detonation to have a force of about four kilotons. Because classified information was involved and there was lingering uncertainty, he would not let his name be used.

Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapons design center in California, said the small size of the test signaled the possibility of what might be described as a partial success or a partial failure.

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"As first tests go, this is smaller and less successful than those of the other nuclear powers," he said.

Perhaps the North Koreans wanted to keep it small, he added. "But if it turns out to be a kiloton or less," Dr. Coyle said, "that would suggest that they hoped for more than that and didn't get it."

The United States Geological Survey said it had detected a tremor on the Korean Peninsula of 4.2 magnitude, which translates into an explosive force of roughly 1,000 tons. The agency listed 20 seismic stations as having initially picked up the blast's shockwave, including nearby ones in China, Japan and South Korea as well as distant ones in Ukraine, Australia, Nevada and Wyoming.

The Russian defense minister, Sergei B. Ivanov, told the Itar-Tass news agency that the Russian government believed the strength of the blast to have been 5 to 15 kilotons. The basis for his claim was not immediately clear.

In Washington, intelligence officials said they were still in the early stages of evaluating the North Korean blast. But one said analysts had estimated its force at less than a kiloton.

"We have assessed that the explosion in North Korea was a sub-kiloton explosion," said the intelligence official, who, like others, spoke on condition of anonymity because they were discussing classified information.

It will probably take several days to determine with confidence if the explosion was in fact nuclear, the official said. He added that so far, sensors had not detected radiation leaking from the blast site. But federal and private experts said it seemed unlikely that the North Koreans had faked an underground nuclear blast with a large pile of conventional high explosives.

First, they said, the political risks involved would seem disproportionate. More important, federal and private analysts said, the United States has long had spy satellites observing the North Korean site and appears to have found no signs of chemical explosives being unloaded.

"It's difficult to fake it when you know people are looking down on you," said Dr. Richards of Columbia. "The execution of a chemical explosion would be hard to hide."

Dr. Coyle, the former director of nuclear testing at Livermore, said small tests were more likely to leak radioactivity than large ones, because the intense heat and gigantic shock waves of bigger blasts tended to melt and pulverize nearby rock into impregnable barriers.

Experts said the United States, Japan and the Comprehensive Nuclear Test Ban Treaty Organization had equipment that could sniff the air and water around North Korea for signs of radioactivity.

The South Koreans estimated the seismic magnitude of the blast at roughly 3.6. William Leith, the coordinator of seismic monitoring at the United States Geological Survey, said the South Korean method was different from and not comparable with the American technique. He added that the American estimate of 4.2 was unlikely to change.

In Vienna, the Comprehensive Nuclear Test Ban Treaty Organization estimated the blast's magnitude at 4.0, which is within the error margin of the American estimate.

An American intelligence official said the blast had shaken a North Korean site that the nation's spy agencies had long monitored — the flank of a mountain not far from the northeastern coast.

The small size of the explosion, he said, "tells you they have a lot of work to do in terms of weaponizing what they've got." He added, "If the lower-yield estimates are valid, then it's not a militarized system, but also not something a terrorist would reject."

North Korea's Nuclear Claim May Help U.S. Efforts On Iran (WSJ)

By Neil King Jr. And Bill Spindle

The Wall Street Journal, October 10, 2006

While a clear setback in itself, North Korea's claim of conducting an underground nuclear test could present the Bush administration with much-needed leverage on another challenge: Iran.

For months, Tehran has rejected international requests to enter discussions on its nuclear program -- which it insists is for peaceful purposes -- and has declined to suspend nuclear enrichment before even beginning such talks. Pyongyang's claims of a test Sunday also place it at odds with many in the international community.

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Administration officials say they hope North Korea's action will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions.

By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development.

U.S. officials say the key barometer in coming days will be how China responds to Pyongyang's action. Following the announcement, the Chinese Foreign Ministry called the test "brazen," a term Chinese diplomats say was meant to show the depths of Beijing's anger. Yet the official Chinese news agency Xinhua said Chinese President Hu Jintao told Mr. Bush that all countries should "avoid actions that may lead to escalation."

China hasn't made clear what measures it may support within the United Nations. U.S. officials hope that Chinese resolve in backing U.N. action on North Korea will bolster the chances for imposing similar measures on Iran.

"All eyes are on China -- and then Russia," a U.S. State Department official said.

The international struggle over both Iran's and North Korea's nuclear programs have reached the U.N. Security Council at the same time -- a collision of contrasting diplomatic efforts that the U.S. hopes to use to its advantage.

Germany along with the council's five permanent members -- the U.S., Britain, France, China and Russia -- decided last week to take up a sanctions resolution on Iran after Tehran turned down an incentives package and refused to give up its enrichment work.

North Korea last year also broke off international talks and turned down various incentives to give up its nuclear program.

The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran.

The cases of North Korea and Iran differ in many ways, as do China's interests in both countries. China long has been a close North Korean ally and economic lifeline. As a neighbor, Beijing fears the chaos of an economic collapse in North Korea at least as much as Pyongyang's new nuclear status. In Iran, China's interests are more sharply focused, since Tehran is China's largest single supplier of oil, accounting for nearly 18% of its oil imports.

The Security Council yesterday began to consider a sanctions package on North Korea that U.S. officials said would seek to block imports of nuclear and weapons technology and restrict a range of financial transactions. The proposed restrictions are very similar to ones the U.S. would like to see incorporated in a first Iran sanctions package.

With North Korea, the Bush administration is going to have to overcome deep concerns in China and South Korea that punitive measures will stir instability in the impoverished and isolated country.

The issues couldn't be more different in the case of Iran. All members of the Security Council except the U.S. have substantial trade and financial ties with Iran, which is one reason why they have had trouble agreeing on sanctions that would put pressure on Tehran. Sanctions that would really sting, such as blocking oil exports or substantial imports of gasoline, aren't being discussed.

Most experts believe Iran is several years away from mastering the technology needed to build a nuclear weapon.

Experts and officials inside Iran argue that Iran's leadership has become more determined not to accede to international demands, which they argue are driven by the U.S. "One of the places we have [internal] differences over is how to deal with the West, but those differences are fading," said Kazem Jalali, an Iranian legislator involved in foreign policy.

Iranian state radio responded to the incident by blaming it on the U.S., saying that North Korea was simply responding to the continued pressure of U.S. sanctions. "North Korea's nuclear test was a reaction to America's threats and humiliation," it said. U.S. officials insisted the tricky diplomacy involved in forging an agreement on a North Korea resolution shouldn't delay work on an Iranian package, which is expected to begin at the end of the week.

Experts: N. Korea Test May Embolden Iran (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 10, 2006

DOJ_NMG_0076896

North Korea's claim to have tested an atomic bomb could embolden Iran as it defies the U.N. Security Council and the United States over its own nuclear program, analysts said Monday.

For months, Iran has been under close scrutiny by the United States and Washington's allies, who claim the country is secretly developing nuclear weapons. Tehran insists its program is solely for generating electricity.

The world's attention turned abruptly from Iran to North Korea on Monday when the isolated communist nation announced it had set off an underground nuclear blast.

The announcement was met with a barrage of global condemnation, with President Bush saying it posed a threat to global peace and security. China, a longtime North Korea supporter, also strongly condemned the act.

How the Security Council reacts to North Korea will be watched "very carefully" in Tehran, said Robert Einhorn, a former U.S. assistant secretary of state for nonproliferation and a senior adviser at the Center for Strategic and International Studies in Washington.

"If the U.S. can't build consensus for a tough reaction to North Korea, Iran may see that it can go down the nuclear path with impunity," Einhorn said.

The international community's determination to confront Iran also may be diminished because the U.N. Security Council will be preoccupied with a new crisis, said Ray Takeyh, a senior fellow at the Council on Foreign Relations in Washington.

Hamid Reza Shokouhi, a political writer at the moderate Mardomsalari (Democracy) daily newspaper in Iran, said North Korea's reported test reduces pressure on Iran.

"The test doesn't mean Iran will pursue a similar path because Iran is not after a bomb, but will help Iran to buy time and pursue its program as the world concentrates on North Korea," he said.

Iranian President Mahmoud Ahmadinejad has repeatedly rejected Western calls to halt uranium enrichment, brushing aside an Aug. 31 Security Council deadline to stop enrichment or face possible sanctions.

But international sanctions against Iran have never been a sure bet, even after Tehran rebuffed the Security Council resolution. Strategic and political partnerships have pitted Washington and Britain calling for punitive measures on one side, and Russia and China urging negotiations on the other.

The Security Council was scheduled to discuss possible sanctions against Tehran this week.

Iran, meanwhile, has used the deadlock to continue its vocal confrontation with the United States and beef up its argument that under the Nuclear Nonproliferation Treaty, it has the right to have nuclear technology.

Elias Hanna, a former general of the Lebanese army and a military expert, said the North Korean test gives Iran further ammunition to go forward with its plans regardless if they are peaceful or not.

"The Iranians have the intention to go on with the program until the end. In Iran, the nuclear program is related to the nation's dignity, the continuation of the regime and the future Iranian role in the region," Hanna said.

Iran was not among the nations calling for harsh sanctions against North Korea on Monday, instead urging the U.N. not to punish Pyongyang and blaming the test on U.S. policies.

"Not only did the United States not lift the sanctions it had imposed on North Korea, it even increased the diplomatic pressure. Such pressure finally led North Korea to conduct its nuclear test," Iran's state-run radio said in a commentary.

"North Korea's nuclear test was a reaction to America's threats and humiliation," it said.

British Prime Minister Tony Blair's spokesman declined to speculate on whether the North Korean test made resolving the standoff over Iran's nuclear program a more pressing concern, saying the "process on Iran will continue."

Einhorn said North Korea's reported test may defer Security Council talks on Iran for "days, even weeks," but that it will become the subject of intense talks again soon.

But reaching a consensus on Iran may take longer than on North Korea, he said.

"It looks like it will be somewhat easier to get consensus on North Korea because the Chinese are somewhat furious at this stage," Einhorn said.

Iran Warns Of Retaliation If Sanctions Imposed (AFP)

By Farhad Pouladi

DOJ_NMG_0076897

AFP, October 10, 2006

President Mahmoud Ahmadinejad has vowed to impose retaliatory sanctions on world powers if the UN Security Council carries out threats to penalise Iran over its nuclear programme.

The warning came amid an intensifying global uproar Monday over North Korea's announcement of its first test of a nuclear weapon, a move which prompted Iran to declare it wanted a world free of atomic arms.

Ahmadinejad did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff.

"We will also impose sanctions on them," Ahmadinejad told reporters late Sunday in response to a question about a decision by the five Security Council permanent members plus Germany to discuss the prospect of sanctions.

"In the past 27 years they have always threatened us with sanctions and during this time they did everything they could," he said according to the student ISNA and semi-official ILNA news agencies.

"They do their thing and in return we will do ours."

Oil prices again spiked above 60 dollars a barrel in London trade as market players expressed fears the nuclear weapon test by North Korea might stiffen Iran's resolve in its standoff with the West.

Tehran, which is refusing to heed Western demands it suspend uranium enrichment, insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking nuclear weapons.

Iran's foreign ministry spokesman called for negotiations after the North Korean nuclear test but stopped short of issuing an explicit condemnation of Pyongyang's actions.

"Iran's position is clear and Iran on principle believes in a world free of nuclear weapons," Mohammad Ali Hosseini was quoted as saying by a state television anchor.

"Iran is hopeful that negotiations on North Korea's nuclear activities can go ahead in the interest of both North Korea and the international community," he added.

In a meeting late on Friday, representatives from Britain, China, Germany France, Russia and the United States agreed to discuss sanctions against Iran after it refused to heed a new deadline to halt uranium enrichment.

Considerable momentum towards drafting a sanctions resolution as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough.

But it remains to be seen whether this can be maintained amid the growing uproar over the announcement by North Korea early Monday it had conducted its first test of a nuclear weapon.

The UN Security Council was expected to hold an emergency meeting later Monday to weigh how to respond to North Korea's test, which came in brazen defiance of a previous UN resolution.

Such moves could take up precious time that was to be devoted to the Iranian nuclear issue and further stave off the threat of UN action.

It also remains unclear whether Russia and China will support sanctions measures proposed by the United States and its chief ally Britain. Moscow and Beijing have always insisted on a diplomatic solution to the crisis.

The question of Iran's right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

US Secretary of State Condoleezza Rice, who attended the London meeting, has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Republicans Stand To Profit From Nuclear Test 'fear Factor' (FT)

By Edward Luce

Financial Times, October 10, 2006

DOJ_NMG_0076898

Within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects.

"This reckless move by North Korea highlights the importance of a US missile defence shield capable of protecting America against madmen with weapons of mass destruction," said Mr Boehner. "It is time for the Democrats . . . to abandon their long-standing policy of voting against missile defence programmes. It is now clear that such a position would put Americans in danger."

Republicans almost always benefit from any rise in the "fear factor" among voters in the US. However, Monday's move by Pyongyang could cut both ways. "Democrats can point to the zero progress that George Bush has made on the 'Axis of Evil' states since he identified them almost five years ago," said Bob Einhorn, who was a senior official in the Clinton administration dealing with North Korea in the late 1990s. "Iraq is a fiasco, Iran is close to getting nuclear weapons, and North Korea already has them."

On Monday the US president was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate. In a statement condemning North Korea's "provocative action", Mr Bush hinted strongly that the US would take military action if it found evidence that Pyongyang was selling nuclear material or technology to terrorist groups or to other nation states.

Republican prospects have declined in the past two weeks following a scandal over a lawmaker's suggestive e-mails to teenage interns on Capitol Hill. The scandal, which has prompted calls for Mr Hastert's resignation as speaker, followed a revival in Republican fortunes in September that was linked to the "war on terror" after a series of speeches by Mr Bush around the fifth anniversary of the September 11 attacks.

Mr Bush's own approval ratings also rose in September in part because of public sympathy for the US president following attacks on him at the United Nations in New York by Presidents Hugo Chávez of Venezuela and Mahmoud Ahmadi-Nejad of Iran. There was also a rising focus on the Democratic party's divisions over the war in Iraq, with some party leaders calling for immediate withdrawal and others for a better military strategy on the ground.

Monday's tests could help the Republicans regain control of the news agenda. "Our message has been blown off course in the last few weeks," said Saul Anuzis, head of the Republicans in Michigan, one of the key battleground states. "To the extent this focuses people's minds on the dangers America faces it will help Republicans."

However, North Korea inhabits a far smaller space in the American mindset than Iran, in part because – unlike Tehran – Pyongyang poses no direct threat to Israel or to the increasingly combustible situation in Iraq. In addition, the Bush administration has come under attack from moderate Republicans for its reluctance to hold direct talks with either Iran or North Korea.

"The best thing both parties could do is issue a joint resolution condemning North Korea," said Michael Green, a former senior Bush official now at the Centre for Strategic International Studies. "North Korea misinterprets domestic criticism of Mr Bush as weakness. They do not understand our political system."

Republicans Point To Pyongyang In Bid To Garner Voter Support (WSJ)

By John D. McKinnon

The Wall Street Journal, October 10, 2006

WASHINGTON -- North Korea's claim of a successful underground nuclear test reverberated through U.S. politics, diverting attention from congressional scandals that have hurt Republicans' election chances.

Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security.

Republicans used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that "this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations." The national Republican Senate campaign issued a statement saying Mr. Casey has been endorsed by liberal foreign-policy groups and that he would oppose a national missile-defense system.

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Democrats said President Bush's hard-line policy on North Korea and on global threats more broadly has failed. In a statement, party chairman Howard Dean said the North Korean announcement was "further evidence that President Bush has taken his eye off the ball, allowing a member of the so-called 'axis of evil' to allegedly test a nuclear weapon."

Democrats also suggested the Bush administration has paid insufficient attention to the North Korean threat while spending most of its time on Iraq and Iran. Some said Mr. Bush exacerbated the North Korean problem through his policy of refusing to negotiate with its leaders directly.

Republican strategists say that if the party's candidates can get voters to focus on terrorism and national security above all else, they will gain a significant advantage. Indeed, recent polls show that, of all the issues, national security is the one that breaks the most often in Republicans' favor. In a Wall Street Journal/NBC News poll in September, voters said they preferred Republicans over Democrats in handling the war on terrorism, by 38% to 24%. But their margin slipped substantially during 2005, and while it has climbed in recent weeks, the party hasn't recovered to 2004 levels. An ABC News/Washington Post poll yesterday found Republicans further behind in the congressional race this close to Election Day than they have been for 20 years.

To be sure, polls indicate the war in Iraq remains a bigger concern for most voters than the global war against terrorism.

Still, in the hours after North Korea's announcement, most foreign-policy experts said the incident likely would give Republicans at least a short-term boost -- and not just by changing the subject from the House leadership's responses to the Mark Foley scandal. They said a test of a North Korean nuclear weapon -- which would be the first since 1998, when India and Pakistan both set off bombs -- also underscores the danger of nuclear proliferation among groups and nations hostile to the U.S. North Korea already is an exporter of missile technology to governments unfriendly to the U.S.

"The reaction quite broadly will be validation...of North Korea as a substantial threat," said Michael Levi, a fellow at the Council on Foreign Relations. "The big picture for Democrats is that this takes away attention from...the congressional scandals" where they had scored heavy political damage. By contrast, it will be difficult for Democrats to get much attention for their criticisms "because no one wants to hear anything but condemnation of [North Korean leader] Kim Jong Il."

But others played down the effect. "We now have evidence that the wildest and craziest regime in the world has working nuclear weapons," said Richard Betts, director of Columbia University's Saltzman Institute of War and Peace Studies. But, Mr. Betts added, "It's not a shocker -- we've known this could happen anytime."

In fact, the U.S. stock market shrugged off the news. The Dow Jones Industrial Average edged up 7.60 points to finish yesterday's session at 11857.81.

History has shown that a late-breaking national-security development -- the so-called October Surprise -- can affect U.S. elections. Al Qaeda circulated a videotape of Osama bin Laden just before the 2004 election in which the terrorist leader mocked Mr. Bush and warned American voters to stop electing candidates who harm Muslims, or risk another attack like 9/11. But the tape appeared to solidify voter support for Mr. Bush.

Bush: World Leaders United Over N. Korea (AP-Y)

By Deb Riechmann

AP-Yahoo, October 10, 2006

Facing the prospect of a nuclear-armed North Korea, President Bush on Monday called the communist regime's claim of a nuclear test a provocative act and warned Pyongyang against exporting nuclear materials.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said.

Other world leaders joined Bush in calling for an immediate and harsh rebuke from the United Nations against North Korean leader Kim Jong Il, who wants to join the club of nuclear-armed nations.

Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed.

The president called the leaders of South Korea, Russia, Japan and China, and he said they all reaffirmed a commitment to a nuclear-free Korean peninsula. At the United Nations, the U.S. proposed stringent sanctions, including a trade ban on military

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and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

While concerned that North Korea could use a nuclear weapon offensively, the United States is equally worried about it selling nuclear materials or weapons to others. North Korea is believed to have enough plutonium for as few as four and as many as a dozen nuclear bombs.

Bush said that North Korea already is one of the world's leading proliferators of missile technology, including transfers to Iran and Syria.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Bush said in a brief statement in the diplomatic reception room at the White House. "And we would hold North Korea fully accountable for the consequences of such action."

North Korea has been a major security problem for successive U.S. administrations. In 2002 the Bush administration accused the North of reneging on a 1994 nuclear freeze agreement by secretly undertaking a uranium enrichment program. That agreement became inoperative, and in the ensuing months, a defiant North Korea withdrew from the Nuclear Non-Proliferation treaty and ended the nuclear freeze.

In 2003, the United States joined with China, South Korea, Japan and Russia in an effort to negotiate the dismantlement of North Korea's nuclear weapons program in exchange for economic concessions. There have been no negotiations since November 2005 because of what Pyongyang describes as hostile U.S. policies.

Assistant Secretary of State Christopher Hill said a tough U.N. resolution would help protect the United States from the potential spread of nuclear technology and make it harder for North Korea to get the finances needed to fund a nuclear program.

"What the North Koreans have in mind is that if they go ahead and test, we may be angry now but at some point we'll get over it and we'll deal with them as a nuclear weapons state," Hill, the chief U.S. envoy to the North Korea nuclear talks, said in an Associated Press Television interview. "We're not going to deal with them as a nuclear weapons state. I don't think China will deal with them. I don't think any of their neighbors will deal with them."

Democrats condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions.

Senate Minority Leader Harry Reid, D-Nev, said the Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue.

Rep. Edward Markey, D-Mass., co-chairman of the House Bipartisan Task Force on Nonproliferation, said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically. "The Bush administration has spent six years without a coherent North Korea policy, leaving the United States rudderless in the face of Pyongyang's brinkmanship," he said.

Senate Majority Whip Mitch McConnell, R-Ky., said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea.

"The Democrats need to take a deep breath and realize that this is not about the election, and that Americans don't want anyone playing partisan politics with the threat of nuclear weapons. Rather than attack the president, we ought to be coming together to support his efforts to protect America," he said.

The United States has not yet confirmed the test.

"We're leaving it to the scientists," White House press secretary Tony Snow said Monday. "It could take as much as a couple of days. The scientists are still going through all of it."

One U.S. official, who spoke on condition of anonymity because of the politically sensitive situation with North Korea, said the working assumption among government experts is that, more likely than not, it was a nuclear test. However, various government agencies were still evaluating the data, the official said.

The official said it can't yet be ruled out that conventional explosives could have caused a seismic event of this size. It could also be that the test — or even one stage of it — failed. In addition, the official said, if the test was conducted in a particularly cavernous area, the shockwave could have been muffled.

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Bush Seeks Action From U.N., 6 Parties (WT)

By Joseph Curl

The Washington Times, October 10, 2006

President Bush yesterday called for an "immediate response" from the United Nations Security Council to North Korea's assertion that it had tested a nuclear weapon, as Senate Democrats demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il.

The White House rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea.

"There's strength in numbers," White House spokesman Tony Snow said.

Using carefully crafted diplomatic language, the president said in a brief statement yesterday morning that he spoke with the leaders of China, South Korea, Russia and Japan and that all agreed "that the proclaimed actions taken by North Korea are unacceptable."

Mr. Bush stopped short of threatening a direct U.S. response, instead saying "the United States remains committed to diplomacy."

"The United States condemns this provocative act. Once again, North Korea has defied the will of the international community, and the international community will respond," he said.

He said the United States and its allies will keep all options open.

"I reaffirmed to our allies in the region, including South Korea and Japan, that the United States will meet the full range of our deterrent and security commitments," he said.

Mr. Bush did not confirm that the North Korean test was nuclear, and early reports suggested that the blast may have been a failed nuclear test. "Nonetheless, such a claim itself constitutes a threat to international peace and security," he said.

In New York, John R. Bolton, the U.S. ambassador to the United Nations, said the United States would move quickly to seek a Security Council resolution condemning and possibly sanctioning North Korea.

"We've been working very, very closely with the government of Japan on this," Mr. Bolton said. "We're looking, as the president said in his comments, for very swift action by the Security Council."

Congressional Democrats, meanwhile, sought political advantage from the reported nuclear test.

"On North Korea, as in other national security policies, the Bush administration and the Republican-controlled Congress have made America less secure," said Senate Minority Leader Harry Reid, Nevada Democrat. "Now the White House must rally the international community and must directly speak with the North Koreans so they understand we will not continue to stand on the sidelines."

Sen. Joseph R. Biden Jr., Delaware Democrat, said: "We need a strategy that convinces the North to stop making bombs and put all of its fissile material under international monitoring. I believe that strategy must include direct engagement with the North."

Sen. John Kerry, Massachusetts Democrat, said, "Weapons of mass destruction pointed at our allies and strategic partners represents a shocking failure of President Bush's security policy, and a threat to the interests of peace and stability in the world."

House Majority Leader John A. Boehner, Ohio Republican, backed Mr. Bush. "It is critical that we support President Bush and our diplomats as they work with other members of the international community to demand North Korea's immediate disarmament," he said.

The reported test brings full circle the president's charge in his 2002 State of the Union address when he labeled Iraq, Iran and North Korea an "axis of evil."

Mr. Snow said the White House has been considering a "menu" of punitive sanctions for several weeks, but he did not indicate what action would be taken.

Earlier yesterday, he said the North Koreans alerted the Chinese about the test. The Chinese then notified the U.S. Embassy in Beijing, which passed the word to other U.S. officials.

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Down, But Flush With Cash (NYT)

By John M. Broder

The New York Times, October 10, 2006

With only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security.

But the footing for Republican incumbents is still treacherous. Details emerge every day in the scandal surrounding Mark Foley's sexually explicit messages to teenage House pages and the Republican House leadership's handling of the matter. Political handicappers say the number of competitive races is expanding, with virtually all of the movement favorable to Democrats. At least 40 Republican-held House seats are considered competitive, with Democrats needing to win 15 to take control.

Republicans are fighting back with their most potent remaining weapon: money. The National Republican Congressional Committee spent $7.8 million last Friday alone on behalf of endangered incumbents. The committee reported spending an additional $300,000 on Monday. The Democratic Congressional Campaign Committee spent $700,000 on Friday and over the weekend, according to finance reports.

North Korea And The Bomb (NYT)

The New York Times, October 10, 2006

Let us all agree: North Korea's government is too erratic, too brutal, and too willing to sell what it has built to have a nuclear bomb. There is also no military solution, not least because intelligence experts haven't a clue where Pyongyang has hidden its weapons labs or its stock of plutonium.

So after years of temporizing and denial, the world's leaders need to figure out how to force this terrible genie back into the bottle. It is a truism that no country that has tested a nuclear weapon has ever been pressured or cajoled into giving it up. But neither has any nuclear postulant been as vulnerable to outside pressure and bribery as this regime.

The Bush administration seems to want to impose limited sanctions on North Korea — and inspections of all cargo going into and out of the country — until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind — while key players like China won't sign on to never-ending punishments.

We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors.

In practice, the North Koreans are likely to back down only if China chokes off their oil supply and other essential trade. Until now Beijing has refused to use its enormous leverage, fearing that too much pressure could topple the North Korean government and unleash a mass of refugees over its border. When told they were enabling their neighbor's nuclear ambitions, Chinese diplomats blithely insisted that the North was likely bluffing about having a weapon. Now, Washington, Tokyo, Moscow and others have to make clear that China will be judged by its willingness to confront this problem.

The Security Council must also make clear that it is still demanding the complete dismantlement of Pyongyang's nuclear weapons program. For that, negotiations are the only hope. It is impossible to know whether North Korea will give up its weapons at any price. But it has never been tested — mainly because the Bush administration has not made the sort of serious offer, including security guarantees, that might make a bargain worthwhile.

The administration has indulged in its own denial and temporizing. Last year, Secretary of State Condoleezza Rice dismissed the North's declaration that it had nuclear weapons as a bid for attention. "I do think the North Koreans have been, frankly, a little bit disappointed that people are not jumping up and down and running around with their hair on fire," she told The Wall Street Journal.

Since then, United States policy has whipsawed between negotiations and posturing, incentives and sanctions. It has been months since negotiators even sat down at the table. Administration hawks suggested last week that perhaps the best thing would

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be for the North to test, so the world would know exactly what it was dealing with. The hawks appear to have gotten their way. So why don't we feel safer?

North Korea's Nukes (WSJ)

The Wall Street Journal, October 10, 2006

With great danger comes great clarity. By ordering his country's first-ever nuclear weapons test, Kim Jong Il lay bare this generation's greatest challenge: How far will the world go to impose order on rogue states intent on acquiring weapons of mass destruction?

History offers cold comfort. Only nine nations in the post-Soviet era possess nuclear weapons, but many more, including Tehran's mullahs, are seeking them. The U.S. and other responsible democracies have persuaded a few nations -- Ukraine, South Africa, Libya -- to disarm or abandon their weapons programs. In our globalized world, however, WMD proliferation is a potent threat, as proven by Pakistan's former nuclear-secrets merchant, A.Q. Khan.

Pyongyang, like Iran today, never hid its ambitions. For over a decade, the North has built up the world's fourth-largest military, threatened its neighbors and engaged in drug dealing, counterfeiting and WMD proliferation -- with little rebuke. At one point, the Hermit Kingdom threatened to turn Seoul into a "sea of fire." In 2002, Pyongyang announced it had nuclear weapons.

The world rolled over. After signing on to the nonproliferation treaty in 1985, Pyongyang later admitted to hiding additional nuclear reactors. China and South Korea continued to trade with the regime. In 1998 after North Korea lobbed a missile over Japan, the Clinton Administration agreed to food aid, and South Korea's then-President Kim Dae Jung began a policy of appeasement. After July's missile launches, the United Nations passed a resolution with limited sanctions.

South Korea shoulders much of the blame. By sticking to its "sunshine policy," Seoul undermined every diplomatic effort to exert nonviolent pressure on the North. Two-way trade between North and South Korea passed $1 billion last year, according to the U.S. State Department, a huge chunk of the North's total income. By tolerating Pyongyang's proliferation ambitions, President Roh Moo Hyun and his foreign minister, Ban Ki Moon, have allowed the current crisis to explode on its doorstep.

China, the North's largest trading partner, shares responsibility for this crisis. Fearing a torrent of refugees over its northeastern border -- and opposed to the idea of a strong, unified democratic Korean peninsula -- Beijing has provided 80% to 90% of the North's energy needs, plus critical food aid. Beijing likes to say in public that it doesn't have much leverage over the North. Privately, Chinese officials admit that they're not powerless.

Only with the drumbeat of a possible nuclear test had the public rhetoric of both begun to shift. Seoul warned last week that "North Korea should take full responsibility for all consequences" of a nuclear test. In a rare public rebuke, a Chinese spokesman told the North to "exercise necessary calm and restraint." It remains to be seen whether Beijing's post-test response will equal its pre-test rhetoric.

A nuclear North Korea may change both countries' strategic calculations. China fears a nuclear arms race in the region, particularly with Japan whose new Prime Minister warned yesterday that the world is entering a "dangerous nuclear age." He's right. South Korea, too, may finally acknowledge the threat, not least because yesterday's test will renew the debate in Washington about the wisdom of keeping U.S. troops in the South.

What to do now? South Korea and especially China should rethink appeasement. It has failed. A full cut-off of energy supplies and foreign aid would help pressure Kim Jong Il. Opening the Chinese border to North Korean refugees would do so as well. Most important, the world should tighten the screws it already has in place, with success, on the North's external financial accounts. No dictator can run a rogue state without money. Kim might give up the nukes if the alternative was regime collapse. And to encourage the world's actors to get real about North Korea, the U.S. should make clear that a military response is not off the table.

Yesterday's test marks a new reality that will change security calculations in Asia and the world. We're about to find out how responsible an actor China wants to be on the world stage, or if it prefers having one of its clients creating trouble for the U.S. and Japan. At the very least Kim Jong Il has to know, and will have to be told, that any use of nuclear weapons by his regime or by anyone who can be traced to North Korea will result in his government's annihilation. U.S. Assistant Secretary of State Christopher Hill said the other day that North Korea "can have a future or it can have these weapons."

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There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next "development" will be another nuclear nation, starting with Iran.

Kim has opened a Pandora's box. Closing it won't be easy. The effort needs to be made to avoid the alternative: a new world disorder.

Responding To North Korea (WP)

The Washington Post, October 10, 2006

NORTH KOREA'S objective in the aftermath of its reported nuclear test will undoubtedly be to force its neighbors and the world to accept it as an established nuclear power. India and Pakistan succeeded in riding out sanctions and winning acceptance as "strategic partners" of the United States after their bomb tests. Kim Jong Il will try to repeat that history. Whether he succeeds will depend, above all, on the outcome of what we hope will be some serious rethinking by the governments of South Korea and China.

North Korea's neighbors, and not the United States, bear the burden of the North's decision to proceed with what it said was a nuclear explosion -- the small yield raised questions yesterday about whether the test could have been a flop or a fake. Beijing and Seoul have propped up Mr. Kim's despotic regime with heavy subsidies of fuel and food, reasoning that keeping it alive was better than a collapse that could flood their countries with refugees. The underlying logic was that the North's nuclear program was little more than a bargaining chip with the United States and did not pose a genuine military threat.

Both countries have to recalculate now. Is an outlaw dictatorship with nuclear weapons on the border really tolerable? Is the possibility that Japan or Taiwan will respond by building nuclear weapons less of a threat than a tide of refugees? What poses a greater risk of war: the possible collapse of the Kim regime, or an attempt by that regime to use its new weapon either to extort concessions from the South or to achieve its stated goal of conquering the whole Korean Peninsula? Most important: If subsidies and bribes have failed to moderate North Korean behavior over the past few years, is it reasonable to bet that they will do so in the future?

The Bush administration's response to the test should be uncomplicated. It will rightly press hard for new U.N.-sponsored sanctions. It should take any further measures that could increase the pressure on the North or prevent it from exporting its technology. It also should be prepared to talk to Mr. Kim about disarmament in the unlikely event he elects to take up the framework that was agreed on a year ago in the "six-party" negotiations. That agreement promised him substantial economic aid, security guarantees and normal relations with the United States; it's fanciful to suggest that the United States hasn't been forthcoming enough.

In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long. Beijing and Seoul have said they would not accept the nuclearization of the Korean Peninsula. In fact, they do not have to. They do, however, have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the "instability" in the North that they have tried so hard to prevent.

Kim Jong Il's Challenge To China (LAT)

The Los Angeles Times, October 10, 2006

WHETHER NORTH KOREA'S self-proclaimed nuclear test turns out to have been a big bang or a little pop, it already has done incalculable damage to global security. Yet however radioactive the geopolitical fallout, it cannot be allowed to damage relations between Beijing and Washington.

Recriminations already have begun in Washington, with politicians and pundits simply adjusting their debate to take Monday's events into account. The question is no longer how to persuade North Korean leader Kim Jong Il to abandon his quest for nuclear weapons but whether he could have been persuaded — and whether the approach was too bellicose toward Kim or too obliging to China.

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This argument is now even more fruitless. But it could turn ugly if members of Congress already hostile to China because of its position on Taiwan or because of trade issues are joined by those who ask why Beijing didn't do more to stop North Korea from going nuclear.

The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese. But the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the U.S. for failing to do so.

Beijing has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the U.S. to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea — or better yet, persuade it to disarm.

Chinese officials are said to roll their eyes in private at North Korean intransigence and to downplay their influence over Kim. Their act isn't terribly convincing. China is North Korea's last friend and ally and its biggest supplier of food and fuel. In 2003, it briefly shut off gas pipelines to make the point that Pyongyang had better agree to six-party negotiations over nuclear disarmament.

Chinese and South Korean reluctance to punish North Korea economically, lest privation trigger floods of refugees across their borders, is understandable. But both nations must now realize that their interest would be far more threatened by a nuclear arms race in the region and beyond.

With South Korean Foreign Minister Ban Ki-moon poised to become the next United Nations secretary-general, the international community should begin planning for humanitarian assistance for North Korean refugees. Such plans would be wise in any case — in the event stiff international sanctions are applied or Kim's regime collapses because of its own suicidal economic and political policies.

Meanwhile, the best course for the U.S. and China is to present a united, anti-nuclear stance to the world. Beijing's denunciation Monday of North Korea's actions was its strongest and swiftest in years. May it soon be matched by Chinese action.

Talking With The Monsters (NYT)

By Nicholas D. Kristof

The New York Times, October 10, 2006

If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes.

It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran — where we may soon be facing a third military conflict in a Muslim country.

As former Secretary of State James Baker noted in an ABC News interview on Sunday: "I believe in talking to your enemies. ... It's not appeasement to talk to your enemies."

The administrations of both the first President Bush and of President Clinton talked to North Korea. That engagement sometimes seemed distasteful, but it averted war and created incentives for North Korea to moderate its behavior — just a bit.

The bottom line is reflected in the plutonium obtained by North Korea. Here's the scorecard: Amount obtained during the Clinton administration, zero; amount obtained under this administration, enough for about eight nuclear weapons. (North Korea has also tried since late in the Clinton administration to enrich uranium for a separate path to nuclear weapons, but apparently still hasn't succeeded and perhaps never will.)

"By not having any contact, we've lost any way of controlling or directing the outcome," noted James Laney, a longtime Korea specialist and former ambassador to South Korea. "As this test indicates, we're completely out of the picture."

The real culprit, of course, is not President Bush but Kim Jong-il, North Korea's "Dear Leader." That said, if Colin Powell and other administration moderates had been allowed to engage North Korea as they had wanted, we would not now be caught in this nuclear crisis.

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Administration hard-liners believe that North Korea's regime may collapse at any moment. Maybe. But when I visited last year, the regime seemed as solid (and repressive) as when I first visited in 1989. Sure, it will collapse at some point, but waiting for disintegration is not a strategy.

Indeed, North Korea may be less vulnerable now, partly because its economy has improved significantly since the late 1990's as a result of increasing trade with China. Last year, North Korea's trade with China was double the level of 2002 and quadruple that of 1999.

The China-North Korea border crossing at Sanhe has just expanded its operations, and trade could rise sharply if the two countries follow through on discussions to expand rail links and export Chinese containers from the North Korean port of Rajin.

Mr. Bush's push for tough U.N. resolutions is welcome but is no substitute for direct talks. The reality is that even if China and South Korea were willing to apply tough economic sanctions to the North — which they are not — the Dear Leader would stick to his guns. After all, this is a man who imported Mercedes-Benzes in the late 1990's while two million of his compatriots were dying in a famine.

So our huffing and puffing won't cause North Korea to back down, but we could drift toward greater dangers: If we move to enforce naval inspections of ships coming in and out of North Korea, the Dear Leader will threaten war. I doubt if he means it — but I still wouldn't buy real estate in Tokyo, Okinawa or Seoul right now.

So what should we do?

While proceeding with U.N. resolutions, we should also talk to North Korea directly. It's probably too late to persuade it to give up its nuclear arsenal, but it's plausible that it would freeze plutonium production and suspend missile and nuclear tests. Those are feasible goals that China might use its leverage to help achieve.

To show that talking with enemies doesn't mean rolling over, we can also insist on raising human rights issues. American conservatives have led the way in protesting brutality in North Korea, but the protests simply aren't effective. The U.S. government could add to the pressure by going public with satellite images of concentration camps and publicizing other intelligence about North Korean human rights abuses.

The challenge is larger than North Korea, though — it concerns how to stand up to all of the world's rogue regimes. Notably, in the two where Mr. Bush has tried engagement he has enjoyed bits of success. Those are Sudan and Libya.

Even though Mr. Bush says that Sudan is engaging in genocide in Darfur, we continue (quite properly) to negotiate with Khartoum — and that helped end the war between north and south Sudan, after two million deaths. Likewise, negotiations with Libya led it to give up its W.M.D. programs.

In contrast, we eschewed most direct diplomacy with North Korea and Iraq, and the result has been disastrous. So as we lurch ahead toward a showdown with Iran, let's remember the historical evidence: We sometimes do better talking to monsters than trying to slay them or wish them away.

Mutually Assured Disruption (NYT)

By David Frum

The New York Times, October 10, 2006

Washington

THE North Korean nuclear test — if that indeed is what it was — signals the catastrophic collapse of a dozen years of American policy. Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken.

It is, alas, an iron law of modern diplomacy that the failure of any diplomatic process only proves the need for more of the process that has just failed. Thus those who have long supported negotiating with North Korea are now calling for the Bush administration to begin direct talks with the Kim Jong-il regime. Sorry, but all this would accomplish would be to reward an actual proliferator in order to preserve the illusion that the world still has a meaningful nonproliferation regime.

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Some even suggest, in worried tones, that the North Korean test might provoke Japan to go nuclear, as if the worst possible consequence of nuclear weapons in the hands of one of America's direst enemies would be the acquisition of nuclear weapons by one of America's best friends.

A new approach is needed. America has three key strategic goals in the wake of the North Korean nuclear test. The first is to enhance the security of those American allies most directly threatened by North Korean nuclear weapons: Japan and South Korea.

The second is to exact a price from North Korea for its nuclear program severe enough to frighten Iran and any other rogue regimes considering following the North Korean path.

The last is to punish China. North Korea could not have completed its bomb if China, which provides the country an immense amount of food and energy aid, had strongly opposed it. Apparently, Beijing sees some potential gain in the uncertainty that North Korea's status brings. If China can engage in such conduct cost-free, what will deter Russia from aiding the Iranian nuclear program, or Pakistan someday aiding a Saudi or Egyptian one?

To meet these three goals, the United States should adopt four swift policy responses:

• Step up the development and deployment of existing missile defense systems.

The United States has already fielded 11 missile interceptors, nine in Alaska and two in California. The Navy has designed ship-based interceptors as well. As we well know, they are not perfect — but they are something.

Until now this lack of perfection has been allowed to block full deployment of the technology. But missile defenses do not need to be perfect to complicate any aggressive action by a comparatively weak power like North Korea against the United States or its allies.

And deploying a missile defense of growing effectiveness also helps achieve another goal — it would indirectly punish China by corroding the power of the missiles China uses to intimidate Taiwan.

• End humanitarian aid to North Korea and pressure South Korea to do the same.

Since 1995, the United States has provided more than two million tons of food aid to North Korea, plus considerable energy assistance. Officially, Washington says it has "delinked" its humanitarian aid from strategic concerns. Many United States officials believe that continuing this aid will sustain hopes for a better American-North Korean relationship in the future. Yet if the United States continues to send such aid even after an illicit nuclear test, North Korean leaders may well conclude that their aggressive actions have won them almost absolute impunity.

An end to humanitarian aid would not only exact a considerable direct price from North Korea, but it would also hurt China. Chinese leaders often justify their refusal to pressure North Korea by citing the risk of an economic collapse that would send millions of refugees northward into China. We could call that bluff: if a North Korean economic collapse is a thing China fears, why should the United States and South Korea shoulder the cost of helping to avert it? Let China pay the full cost of underwriting its aggressive client state.

• Invite Japan, South Korea, Australia, New Zealand and Singapore to join NATO — and even invite Taiwan to send observers to NATO meetings.

Perhaps North Korea and China imagine that the nuclear test has tilted the strategic balance in the Pacific in their favors. Now would be a good time to disabuse each of them of any such illusion. We need a tighter and stronger security arrangement in the Pacific region, one from which rogue states and those who support them are pointedly excluded. The NATO allies have agreed to expand the organization well beyond Western Europe; now we need to persuade them to make it global.

• Encourage Japan to renounce the Nuclear Nonproliferation Treaty and create its own nuclear deterrent.

World War II ended long ago, and it's time to put an end to the silly pretense that today's democratic Japan owes a burden of guilt to today's rising China. A nuclear Japan is the thing China and North Korea dread most (after, perhaps, a nuclear South Korea or Taiwan).

Not only would the nuclearization of Japan be a punishment of China and North Korea, but it would go far to meet our goal of dissuading Iran — it would show Tehran that the United States and its friends will aggressively seek to correct any attempt by rogue states to unsettle any regional nuclear balance. The analogue for Iran, of course, would be the threat of American aid to improve Israel's capacity to hit targets with nuclear weapons.

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Countries like North Korea and Iran seek nuclear weapons because they imagine that those weapons will enhance their security and power. The way to contain them is to convince them otherwise. When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions.

In A Test, A Reason To Talk (WP)

By Selig S. Harrison

The Washington Post, October 10, 2006

Bilateral Diplomacy Could Still Roll Back North Korea's Nuclear Arms Effort

"You have learned to live with other nuclear powers," said Vice Foreign Minister Kim Gye Gwan, North Korea's chief nuclear negotiator, leaning forward over the dinner table in Pyongyang. "So why not us? We really want to coexist with the United States peacefully, but you must learn to coexist with a North Korea that has nuclear weapons."

"That doesn't sound like you are serious when you talk about denuclearization," I replied.

"You misunderstand me," he said. "We are definitely prepared to carry out the Beijing agreement, step by step, but we won't completely and finally dismantle our nuclear weapons program until our relations with the United States are fully normalized. That will take some time, and until we reach the final target, we should find a way to coexist."

This exchange foreshadowed the North Korean test of a nuclear explosive device that has prompted demands for a naval blockade or military strikes against known North Korean nuclear facilities. But my conversations with six key North Korean leaders on a recent visit indicated that the test opens up new diplomatic opportunities and should not be viewed primarily as a military challenge.

Paradoxical as it may seem, Pyongyang staged the test as a last-ditch effort to jump-start a bilateral dialogue on the normalization of relations that the United States has so far spurned. Over and over, I was told that Pyongyang wants bilateral negotiations to set the stage for implementation of the denuclearization agreement it concluded in Beijing on Sept. 19, 2005, with the United States, China, Russia, Japan and South Korea.

Washington focuses on Article One of the accord, in which North Korea agreed to "abandon all nuclear weapons and existing nuclear programs." But what made the agreement acceptable to Pyongyang was the pledge in Article Two that the United States and North Korea would "respect each other's sovereignty, exist peacefully together and take steps to normalize relations."

In North Korean eyes, it was a flagrant violation when, four days after the agreement was signed, the United States in effect declared economic war on the Kim Jong Il regime. The Treasury Department imposed financial sanctions designed to cut off North Korean access to the international banking system, branding it a "criminal state" guilty of counterfeiting and money laundering.

The sanctions issue has given the initiative to hard-liners in Pyongyang, who can plausibly argue that the sanctions are the cutting edge of a calculated effort by dominant elements in the Bush administration to undercut the Beijing agreement, squeeze the Kim regime and eventually force its collapse.

To be sure, the United States should take action against any abuse of its currency. But the financial sanctions are not targeted solely against counterfeiting and any other illicit North Korean activity. They go much further by seeking to cut off all North Korean financial intercourse with the world. The United States has warned financial institutions everywhere, Treasury Undersecretary Stuart Levey said Aug. 23, "of the risks in holding any North Korean accounts."

Foreign businessmen and diplomats in Pyongyang told me of numerous cases in which legitimate imports of industrial equipment to make consumer goods have been blocked by the banking sanctions. This slows down the efforts of North Korean reformers to open up to the outside world and curtails economic growth. So far, the sanctions do not appear to be undermining the regime, but North Korean leaders can feel the noose tightening.

The Bush administration says that it is not pursuing a policy of "regime change," but the president did tell Bob Woodward that he would like to "topple" Kim Jong Il, according to Woodward's book "Bush at War." Recently, when a State Department official told Levey that the sanctions should distinguish between licit and illicit North Korean activity, Levey replied, "You know the

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president loves this stuff." Robert Joseph, John Bolton's successor as undersecretary of state for arms control, said at a recent State Department meeting that he hoped the sanctions would "put out all the lights in Pyongyang."

To advance U.S. security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join.

Playing games with "regime change" has become much too dangerous and should now give way to a sustained diplomatic effort to roll back North Korea's nuclear weapons program while it is still in its early stages.

The writer, a former Post bureau chief in Northeast Asia, is the director of the Asia program at the Center for International Policy and the author of "Korean Endgame."

Iran: Sanctions Threat A 'Rusty' Weapon (AP)

By Nasser Karimi

AP, October 9, 2006

Iran called the threat of international sanctions over its disputed nuclear program a "rusty" weapon and repeated Sunday that it would not abandon uranium enrichment.

The six countries at the center of efforts to persuade Iran to drop uranium enrichment — a key step toward making nuclear weapons — said Friday they have agreed to pursue possible sanctions.

However, all five permanent security council members — the U.S., France, Britain, Russia and China — along with Germany stopped short of demanding Iran be punished by the U.N. Security Council.

"Both officials and people in Iran have always viewed threats of sanctions as a rusty and derelict weapon," Foreign Ministry spokesman Mohammad Ali Hosseini said at a weekly news briefing. "They are accustomed to the threats."

However, Hosseini said Iran does not "welcome sanctions" and that they would damage both Iran and the countries that impose them.

Although he reiterated Iran's determination to continue enriching uranium, Hosseini said "negotiation is the best way."

He said Iran will resume negotiations with European nations, talks that are seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council. Hosseini did not offer specifics on the talks, such as when they might begin.

In September, European Union envoy Javier Solana and Iranian envoy Ali Larijani ended two days of talks in Berlin with no agreement on the enrichment issue. They insisted, however, that they had made progress on ways to open broader discussions.

Those talks came after Iran ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

President Mahmoud Ahmadinejad on Sunday told a cabinet meeting: "Some bullying powers, applying intimidation and threats, intend to confront Iran's nuclear rights but our nation has strongly and smartly resisted," according to state television.

Iran Refuses To Halt Enrichment Despite Sanctions Moves (AFP)

By Stuart Williams

AFP, October 9, 2006

Iran flatly refused to suspend uranium enrichment despite moves at the UN Security Council to draft a sanctions resolution against it for failing to halt the sensitive nuclear work.

"The suspension is completely unacceptable and we have rejected it," foreign ministry spokesman Mohammad Ali Hosseini told reporters. "It has no place in Iran's peaceful nuclear programme."

His comments marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment, a process which the West fears could be diverted towards making nuclear weapons.

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"The greatest sanction would be for a generation to deprive its own people and future generations of nuclear technology," he added.

In a meeting late on Friday, representatives of the five UN Security Council permanent members plus Germany agreed to discuss sanctions against Tehran after it failed to suspend sensitive uranium enrichment operations.

Senior US official Nicholas Burns said the so-called "5+1" group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult.

President Mahmoud Ahmadinejad also maintained his defiant stance, brushing off the intensifying moves to impose sanctions against Iran over its nuclear programme.

"The Islamic Republic of Iran is interested in talks and negotiations, and resorting to the language of force and threats will have no results with Iran," official media quoted him as saying.

Ahmadinejad also said in a meeting with his cabinet that Western powers "intend to achieve their aims through intimidation and threats".

"But our people are strong, wise and steadfast, and will not back down on their rightful position," he added, according to the ISNA news agency.

General Yahya Rahim Safavi, head of the Revolutionary Guards, warned that "in this sensitive situation we have to be ready to confront the probable foreign threats," ISNA also reported.

Alaedin Borujerdi, the head of parliament's foreign affairs committee, said any hasty measures by the West would spark "as a consequence a reaction by the parliament and national security council."

However the momentum towards imposing some kind of UN sanctions regime on Tehran appears strong after the London meeting, which gathered US Secretary of State Condoleezza Rice and top diplomats from the five other countries.

In a statement issued by host Britain, the group agreed to discuss sanctions and lamented Tehran's refusal to suspend uranium enrichment, but insisted that the door remains open to negotiations if Tehran were to back down.

Burns, the US under secretary of state for political affairs, said that work on a new Security Council resolution under Article 41 of the UN charter, which allows for diplomatic and economic sanctions, would start next week.

It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis.

Hosseini claimed the world powers were split over what action to take against Iran.

"Divisions have even appeared within the UN Security Council. With the policy of Iran's government, these divisions have become more apparent," he said.

Iran's insistence on its right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

Tehran insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking to manufacture nuclear weapons.

Rice has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran if it persists with its nuclear work.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Domino Effect Of N Korean Nuclear Test Will Harden Iran's Resolve (AFP)

By David Millikin

AFP, October 9, 2006

A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn.

North Korea's threat this week to carry out its first test of a nuclear bomb came just as the major world powers were finally on the verge of imposing timid sanctions against Iran over its far less developed nuclear program.

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Foreign ministers from the five permanent UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany were expected at a meeting in London Friday to set in motion a UN resolution punishing Iran for refusing to suspend its nascent uranium enrichment program.

Iran insists it has the right to enrich uranium for use as fuel for nuclear power stations, but the West fears the fuel could be further enriched to provide material for nuclear weapons -- a development experts say is in any case years away.

The United States is confident a UN vote imposing even limited sanctions will have a powerful symbolic impact on Iran, strengthening the hand of moderates worried about their country's relations with the world and eventually leading Tehran back to the negotiating table.

But if North Korea carries out its threat -- and some predict it may test a bomb as soon as this weekend -- it could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said.

"Iran is going to be watching the situation with North Korea very closely," said Joseph Cirincione, a foreign policy expert with the Center for American Progress in Washington.

"If North Korea is not deterred or punished, it will embolden Iran to accelerate its own nuclear efforts," he said.

More broadly, he said, a North Korean test would set off an "Asian nuclear chain reaction" that could spur an arms race from South Korea, Taiwan and Japan to India, Pakistan and Iran.

"You could let loose a dynamic that you're not going to be able to stop. The non-proliferation treaty will be in tatters," he said.

Even if North Korea can be dissuaded from going ahead with the test, the diplomatic capital spent on the effort by China and Russia -- the key players in both stand-offs -- could make them more reticent to act against Iran, said George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace.

"The Chinese are reluctant users of the Security Council and reluctant to be real tough on proliferation, so if you're going to want them to do something on North Korea, it's going to make them even more resistant to doing something on Iran," he said.

If dissuasion fails and North Korea goes ahead with a test, it remains uncertain how far China, and to a lesser extent Russia, are willing to go in shutting off the flow of oil and other goods that prop up their erratic and poverty-stricken neighbor.

"They fear a nuclear North Korea, but they fear an unstable nuclear North Korea even more," said Cirincione, echoing the widely held view that severe sanctions would cause the collapse of Kim Jong-il's regime and send millions of refugees over the country's borders.

Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks in President George W. Bush's administration.

The hardliners, led by Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld, say such a concession would reward "rogue states" for their bad behavior.

Proponents of talks, believed to include Secretary of State Condoleezza Rice, point to the success of secret negotiations which led Libya to renounce terrorism and give up its illicit weapons programs three years ago.

The New York Times threw its weight behind negotiations in an editorial Friday, calling on Bush to drop his "ambivalence over whether to negotiate with Kim Jong-il or try to overthrow him" and engage in "real diplomacy to get the north out of the nuclear weapons business".

There have been calls for Rice or her top aides to make an emergency trip to northeast Asia for talks aimed at forestalling a test by North Korea, but her spokesman said Friday there were no immediate plans for such travel.

Iran Arrests Outspoken Cleric Who Opposes Religious Rule (NYT)

By Nazila Fathi

The New York Times, October 9, 2006

TEHRAN, Oct. 8 — A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported.

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About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported. They were there apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him.

Another news agency, Entekhab, also reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them.

Ayatollah Boroujerdi said that he had written to the United Nations secretary general, Kofi Annan, to the European Union foreign policy chief, Javier Solana, and to Pope Benedict XVI and others seeking protection and asking them "to make efforts to spread traditional religion," separate from politics, ILNA reported.

"I believe people are fed up with political religion and want traditional religion to return," ILNA quoted Ayatollah Boroujerdi as saying.

Protesters who were interviewed on opposition radio and satellite television channels Saturday said that the supporters of Ayatollah Boroujerdi were prepared to die in his defense.

The Iranian authorities are wary of any challenge, particularly from top clerics, to the system of clerical rule that was established after the 1979 Islamic revolution by the revolutionary leader, Ayatollah Ruhollah Khomeini.

Iran has an elected president and Parliament, but final authority lies with the supreme leader, currently Ayatollah Ali Khamenei.

Iranian authorities had charged Ayatollah Boroujerdi with lacking sufficiently senior religious credentials to speak out on the matter. They also accused him of sacrilege.

He had been summoned over a month ago to the Special Court for the Clergy, but refused to surrender.

Haniyeh: Hamas Won't Recognize Israel (AP-Y)

By Sarah El Deeb, Associated Press Writer

AP, October 9, 2006

Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does.

International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence.

But Haniyeh repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah.

Haniyeh, addressing an "Iftar" feast at the end of a day of Ramadan fasting, said Hamas and the government "will not recognize or normalize" relations with Israel.

He also said the main problem with the Arab peace plan, presented in 2002 by Saudi Arabia and endorsed by an Arab summit, is that it recognizes Israel in exchange for an Israeli pullout from the West Bank, Gaza Strip, east Jerusalem and Golan Heights.

Haniyeh said he still hopes for a unity government with Fatah. But Palestinian President Mahmoud Abbas, who heads Fatah, said last week that negotiations have broken down. Abbas was expected to travel from the West Bank to Gaza Monday and may present Hamas a deadline for agreeing to a unity government. Otherwise, aides say, Abbas might call a new election.

Haniyeh hinted that peacemaking with Israel could be left up to Abbas. Haniyeh said the unity concept "leaves a lot of room for political maneuvering" for Abbas.

The U.S. has made it clear that the option of a Hamas-led government maintaining its militant policy while Abbas conducts peace talks is unacceptable.

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The United States and Europe have insisted that any Palestinian government must accept three basic conditions before the West resumes its aid: recognition of Israel, renunciation of violence and acceptance of previous Israeli-Palestinian peace deals.

Jordan's foreign minister warned Sunday that Palestinians face "a humanitarian tragedy" unless peacemaking with Israel resumes quickly.

"It is absolutely necessary to consolidate international efforts to provide assistance to the needy Palestinian people," Abdul-Ilah al-Khatib told visiting U.N. Mideast envoy Alvaro De Soto in Amman, the Jordanian capital.

Israeli Vice Premier Shimon Peres advised patience.

"In the end, (Palestinian) people will be disappointed" with Hamas' inability to govern and turn it out of office. "Hamas let people down" by its inability to pay its workers, Peres told Israel's Channel 10 TV.

The deteriorating financial situation and the political infighting spilled over into violence last week, killing 11 people in Gaza. Addressing 300 religious and political leaders in Gaza at a "unity and reconciliation" feast on Sunday, Haniyeh appealed for calm.

"We may criticize each other, raise our voices," he said. "However, it is certainly our concern and religious and moral commitment that matters don't come down to conflict, infighting and civil war."

The West imposed its aid cutoff in March, when Hamas formed a government after sweeping Fatah out of office in a parliamentary election. Since then, the government — the main Palestinian employer — has paid out little money to its 165,000 workers.

Angry workers threatened Sunday to widen their protests, paralyzing the West Bank and Gaza Strip by bringing employees of the petroleum authority into their strike and drying up local fuel supplies if the government does not pay them.

"In our hands are cards that have not been used yet," said Ahmad Assaf, a spokesman for the Union of Civil Servants.

In violence Sunday, two Palestinians were killed in the West Bank. Palestinian gunmen ambushed Israeli forces in a refugee camp next to Nablus, and a militant was killed, Palestinian security and the military said.

In the afternoon, a Palestinian man was shot and killed on his way to break the Ramadan fast with family, relatives said. Israeli media said he was circumventing an Israeli checkpoint. The army said it was unaware of any shooting incident in the area and its forces had not opened fire.

Qatar Emerges As A Mediator Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, October 10, 2006

JERUSALEM, Oct. 9 — Qatar, which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between the feuding Palestinian factions, Fatah and Hamas.

In Gaza City on Monday night, Qatar's foreign minister, Sheik Hamad bin Jassim al-Thani, shuttled between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas.

The Qatari diplomat was seeking to bring the Palestinian leaders back into face-to-face negotiations that fell apart after a tentative agreement was reached last month to form a united government.

Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah. The feud erupted into deadly street battles in Gaza on Oct. 1 and 2.

At about the same time, Qatar's role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state. While there was no indication that the two Palestinians met, both reportedly held talks with Qatari officials, including the foreign minister, who presented a six-point plan for the Palestinian unity government.

Last week's talks did not appear to yield progress. When Mr. Abbas returned to his headquarters in the West Bank city of Ramallah, he said that negotiations with Hamas had collapsed and that he was prepared to use his presidential powers to dismiss the government.

But Mr. Abbas traveled to Gaza, the Hamas stronghold, and met for 90 minutes on Monday night with Sheik Hamad. Immediately afterward, he met Mr. Haniya nearby.

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"Nothing has failed," Mr. Abbas said in brief comments to reporters after his meeting. "God willing, it will all be resolved."

Since assuming power in the spring, the Hamas government has barely functioned. Western countries cut off assistance, Israel has arrested dozens of Hamas legislators and cabinet ministers, and unpaid Palestinian government workers have gone on strike.

A unity government would seek a restoration of Western aid and could help end, or at least reduce, the Palestinian infighting. But the factions have been unable to agree on several core issues, including a formal recognition of Israel, which Fatah accepts and Hamas rejects.

Qatar's plan, as reported in the Palestinian media, calls for a two-state solution to the Israeli-Palestinian conflict, which could be viewed as an implicit recognition of Israel.

It also calls for a prime minister who is not directly connected to either Hamas or Fatah. Hamas has said it will not be pushed out of positions it holds based on its victories in the January elections.

While Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role, said Mkhaimar Abusada, a political science professor at Al Azhar University in Gaza City.

Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago, Mr. Abusada noted. "Qatar has long wanted to play this role as mediator," he said.

Meanwhile, in violence on Monday, a 15-year-old Palestinian boy, Mahmoud Nasser, was killed and four more Palestinians were wounded by an Israeli artillery strike in northern Gaza, Palestinian medical workers and the Israeli military said.

The military said that it launched artillery at a Palestinian who was retrieving a rocket launcher that had been used Saturday to fire into southern Israel. The militants fled after firing the rocket, leaving the launcher behind.

Palestinian medical workers said the youth had apparently been working in a farming field and approached the launcher. Mahmoud's father, Jamal Nasser, 50, was one of those wounded, the Palestinians said.

Near the West Bank city of Nablus, an Israeli soldier shot dead a Palestinian man who pulled a knife at a military checkpoint and tried to stab another soldier, the military said.

Danish Web Videos On Muhammad Taken Down (WP/AP)

By Jan M. Olsen

The Washington Post, October 10, 2006

COPENHAGEN, Oct. 9 -- Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East.

Muslim clerics from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps. A second drawing placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud.

In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented.

Prime Minister Anders Fogh Rasmussen condemned the youths in the video Sunday, saying that "their tasteless behavior does in no way represent the way the Danish people or young Danish people view Muslims or Islam."

Citing critical media reports from many Muslim regions, the Foreign Ministry cautioned against travel to the Gaza Strip, the West Bank, Saudi Arabia, Lebanon, Jordan, Egypt, Iraq, Iran, Syria and Turkey.

The video was produced by an artists' group, Defending Denmark. In a message posted along with the video, the group said it had infiltrated the Danish People's Party Youth for 18 months "to document [their] extreme right-wing associations."

"This is not an example of something that is meant to provoke. This is an example to show how things are in Danish politics," artist Martin Rosengaard Knudsen told Danish public radio.

In Jordan on Monday, a powerful umbrella group for about 200,000 professionals including engineers, doctors and journalists called on Muslims to sever relations with Denmark, saying the video "reveals hatred toward the Prophet who came to the world with a message to enlighten the people."

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Hard-line Muslims and leftists in these professional associations have repeatedly called on the government to abolish a 1994 peace treaty with Israel.

The episode comes in the aftermath of an outcry across the Muslim world over the September 2005 printing in a Danish newspaper of 12 cartoons portraying Muhammad. For most Muslims, any artistic rendition of Muhammad is taboo.

Venezuela Has Deficit As Chávez's Spending Outpaces Oil Gains (WSJ)

By Raul Gallegos

The Wall Street Journal, October 10, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures.

Venezuela's oil industry accounts for about one-third of gross domestic product and one-half of government revenue. "We expect to see a deficit of $7.7 billion this year," or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas.

Mr. Chávez has continued to fund popular social programs that include free health care, education and subsidized food, as he seeks another six-year term in office in December elections. He has raised salaries of state workers, continues to fund state enterprises and gives soft loans to favored industries. Many analysts expect total spending to surpass 120 trillion bolivars or almost 40% of GDP by year's end.

State spending has pushed up prices for goods and services, resulting in 12.5% inflation as of September.

The Venezuelan economy grew 9.6% during the first half of the year. Central bank officials expect the year to end with economic growth of 7% to 8%.

Most economists agree the Chávez administration has enough money to fend off fiscal trouble for at least 18 months in the unlikely case that prices for Venezuela's heavy crude basket fall significantly. Mr. Chávez has set aside an estimated $47 billion in discretionary funds.

Briefly: LA PAZ, Bolivia -- Bolivian Vice President Álvaro García Linera said he is confident his government and foreign energy companies can agree on new gas contracts before a Nov. 1 deadline. The "nationalization" decree signed by President Evo Morales on May 1 called for the transfer of a 51% ownership stake in all energy projects to a state-owned energy company, and said if new contracts aren't signed with six months, the companies -- including Brazil's Petrobras, France's Total SA and Spanish-Argentine Repsol-YPF -- would lose their concessions.

Arab League Nations Offer Peacekeeping Troops For Darfur (WP/AP)

Associated Press

The Washington Post, October 9, 2006

CAIRO, Oct. 8 -- Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region, diplomats said Sunday.

The Arab League diplomats said Sudan's president rejected the initial proposal -- as he has all suggestions for a U.N.-affiliated contingent, regardless of the makeup -- but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than other attempts to stop the humanitarian crisis.

"The situation is deteriorating and needs intervention," said Hesham Youssef, a top aide to the league's secretary general, Amr Moussa.

Youssef said the Arab negotiators believed that the world community and the United States should be flexible.

"The Americans should realize that there should be a compromise," he said.

The new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of a U.N. Security Council resolution that would let the United Nations take control of and significantly expand a peacekeeping force in the western Darfur region, run so far by the African Union.

The two sides are still far apart, however. And it was unclear how much leverage the Arab countries -- close neighbors and supporters of Sudan's Arab-dominated government -- have or how strongly they intended to press the proposal.

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The United States has asked its moderate Arab allies such as Egypt to take a greater role on Darfur, with Secretary of State Condoleezza Rice making it a key mission of her Mideast trip last week.

The violence began in 2003, when the Sudanese government, backed by a local Arab militia called the Janjaweed, mounted a bloody military campaign against civilians suspected of supporting Darfur rebel groups. War and disease have left as many as 450,000 people dead, and 2 million have been displaced.

Fears that the tensions could spread were highlighted this weekend when Sudanese soldiers crossed the border into eastern Chad to fight a group of Darfur rebels, leaving more than 300 people injured, an aid worker said Sunday, speaking on condition of anonymity because he was not allowed to divulge information to the news media.

Chadian government spokesman Hourmadji Moussa Doumgor said he had no information about the battle.

Some analysts have said they believe Arab countries will be loath to press their proposal too hard unless the United States makes progress on other issues important to them, such as Israeli-Arab peace efforts.

Another possible negotiator, China, is believed to have strong leverage with Sudan because it is Sudan's main oil partner. But China so far has indicated it believes Sudan has the right to keep the peacekeepers out.

African-Arab nations such as Algeria, Egypt and Mauritania already have small contingents operating in Darfur with the African Union peacekeepers.

Ruling Belgium Coalition Takes Hit (AP-Y)

By Constant Brand, Associated Press Writer

AP, October 9, 2006

Early results showed the party of Belgium's prime minister giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected.

Prime Minister Guy Verhofstadt sought to put a brave face on the losses of his Liberal Democrats.

"The average trend of the Flemish Liberal Democrats is not so good," Verhofstadt said. "We must acknowledge that the government has had a few bad months and we know that whoever leads faces the most fire."

The biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats.

"We have gone so far ahead. ... We have won spectacularly. We are the winners of this election," said Flemish Interest party Chairman Frank Vanhecke. The party made big gains in almost all the 308 municipal councils across the region of Flanders.

The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants.

It expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class.

Flemish Interest, which ran on an anti-immigrant platform, has been kept in opposition in Antwerp by an unlikely coalition whose only common cause is keeping the city out of the hands of the far right.

That scenario is likely to be repeated in other areas after Sunday's election. Despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council.

Early results also showed losses for Verhofstadt's Socialist coalition partners in the southern Wallonia region and in the capital region of Brussels.

Verhofstadt had hoped to stem major losses before national elections expected in either May or June and to keep in place his fragile coalition for a run at a third term in office.

Danish Tape Galls Muslims (NYT)

The New York Times, October 9, 2006

FRANKFURT, Oct. 8 — Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad.

The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members.

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Muslim leaders in Denmark condemned the video but said they would not be goaded into taking action. Last fall a Danish daily published derogatory cartoons of Muhammad that prompted protests.

Vietnam Trade Plan Upsets Some Retailers (USAT)

By David J. Lynch, Usa Today

USA Today, October 9, 2006

Officials want bill passed before Bush trip to Hanoi

WASHINGTON — An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers.

The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say. "We're pretty upset," says Eric Autor, vice president of the National Retail Federation.

The administration wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit. But Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills.

In response, trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of "whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam," said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the U.S. Trade Representative.

The letter also said any anti-dumping penalties could be applied "retroactively" to retailers such as Target, Liz Claiborne and The Gap, effectively encouraging them to buy from countries such as Cambodia or Bangladesh rather than Vietnam. If Vietnam exports sag, their ability to buy more U.S. products will be in doubt, Autor says.

Textile industry supporters insist they need new defenses. "Vietnam has a state-owned and state-subsidized textile and apparel sector. They can underprice not only our goods, but those of every other country in the world," says Cass Johnson, president of the National Council of Textile Organizations.

The industry, which blames foreign competition for the loss of 179,000 textile jobs in the past five years, worries that Vietnam will take clothing orders from Central American garment makers who use U.S. yarns and fabrics.

Under anti-dumping law, industries claiming damage from unfairly priced imports must petition the government for an investigation. But they can only complain about foreign makers of the same products they make. So North Carolina's fabric mills can't complain about Vietnamese clothing shipments.

The government has the authority to start investigations on its own, but rarely does. The last case, against Canadian softwood lumber shipments, was in 1991, the Commerce Department says.

Susan Esserman, who administered U.S. anti-dumping law as an assistant secretary of Commerce in the Clinton administration, says the new textile deal "is a very unusual move. It would create uncertainty and risk, and have a chilling effect on trade."

But Esserman, now a partner at Steptoe & Johnson, a Washington law firm, says anti-dumping investigations of Vietnamese shipments won't automatically mushroom. And Stephen Norton, a spokesman for the U.S. Trade Representative's office, rejected the idea that other industries might win similar protection.

"Our commitment is … specific to Vietnam and specific to this case," he said.

Johnson, however, says textile makers may seek similar protection against Chinese imports when current safeguard measures expire Jan. 1, 2009.

US Think-tank To Launch China Policy Centre (FT)

By Edward Luce In Washington

Financial Times, October 9, 2006

The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing.

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It will be funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years.

Brookings says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power.

"China's rise is the most important geopolitical event of our lifetime," said Mr Thornton during an interview.

"American policymakers need to acquire a much more sophisticated understanding of what is happening in China domestically and why – a grasp that is often lacking in Washington."

Strobe Talbott – the head of Brookings, who was deputy secretary of state during the Clinton administration – said that it would scrutinise China's growing diplomatic, economic and military power and analyse questions such as the impact of China on global warming.

"It is clear we are living in a post-Kyoto [the climate change agreement] world," said Mr Talbott.

"One of the most pressing questions is how and whether China will become part of the solution to the crunch between its energy needs and global warming. What we need is a Shanghai protocol on climate change."

Mr Talbott said the other two pressing questions about China were how it would manage its political system as it opened up to the world, and what impact China's rise would have on international institutions such as the United Nations and the World Trade Organisation.

Brookings is also planning a centre dedicated to India, the world's other emerging economic superpower.

"The triangular relationship between the US, China and India will shape the world in the coming decades," Mr Talbott said.

He said the evolution in the Bush administration's stance – from branding China a "strategic competitor" in 2001, to calling on it to become a "responsible stakeholder" – was positive.

"China talks of its own 'peaceful rise'," he said. "It is important America engages with China in a way that assists that process."

But the US should be wary of exaggerating China's military clout and painting it into a corner on other disputes, such as its currency overvaluation and growing trade surplus with the US, he said.

Mr Thornton said the approach of Hank Paulson, the US treasury secretary and a former colleague of his at Goldman Sachs, who visited China last month, set a benchmark for how US officials should interact with their Chinese counterparts.

China's Iron Grip (WP)

By Fred Hiatt

The Washington Post, October 9, 2006

It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world.

Less well known is that China feels so unconstrained that it is brazenly harassing dissidents in the suburbs of Washington, D.C., too.

Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents.

Of course, surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison.

Which leads to the question: Why would this 60-year-old grandmother with a sparkling smile arouse such fear and hatred in the powerful Communist rulers of Beijing? And what does that tell us about the nature of the regime that will be hosting the Olympics in less than two years?

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These questions have come to the fore because Rebiya Kadeer has been nominated for the Nobel Peace Prize, the winner of which will be announced this week. Of course scores of people are nominated every year, but the talk alone has so infuriated Chinese officials that they have taken to threatening Norwegian officials with grave consequences if Kadeer should win.

So who is she? Former laundress, self-made businesswoman, mother of 11, member of the Turkic minority known as Uighurs who live in far western China. In the 1990s, China's regime elevated her to the national parliament, where she behaved as though China's virtuous laws on ethnic rights and autonomy were meant to be enforced.

She found out otherwise, and in 1999 was imprisoned for providing "state secrets" to foreigners. The "secrets" were newspaper clippings. Last year she was freed early from her eight-year sentence and exiled to the United States on the condition that she keep quiet.

"I nodded my head, for fear they would not let me go," she told me in an interview last week. "I had no choice. But after I came out, I couldn't not speak out for my people."

Her people consist of about 9 million Uighurs in China and 2 million or so elsewhere, mostly in Central Asia. Like the Tibetans, they have been subjected to decades of grinding repression that has left them, as a group, "nearly in a comatose state," Kadeer said. Forced abortions; children taken away to be raised in what she calls "mainland China"; history falsified; native language disfavored; jobs and natural resources delivered to ethnic Chinese -- the story is familiar.

Repression intensified in 1997, Kadeer says, when the Chinese government felt that its rising power allowed it to stop even pretending about autonomy. It worsened again after the Sept. 11, 2001, attacks. The Uighurs are Muslim, and among them are a few violent separatists; the Chinese took advantage of the "war on terror" to imprison thousands of peaceful Uighurs as terrorists.

Kadeer has now been similarly labeled, though an official dispatch in June gave away the real Chinese objection. Kadeer "promised not to take part in any activities endangering the security of the People's Republic of China," the dispatch complained, but "immediately upon arriving overseas she shed her pretense" and became active with pro-democracy forces. Kadeer, in other words, is a threat because she is an effective, engaging spokeswoman for her cause.

Ten years ago, when Kadeer still had hope for the Chinese system, so did American officials: engagement, trade and rising prosperity would lead to openness and political freedom, or so the theory went.

Instead, as a rare open letter to President Hu Jintao from 54 China experts around the world noted on Sept. 29, there has been a "sharp increase in official retaliation" against human rights advocates and their families "through persistent harassment, banishment, detention, arrest, and imprisonment."

Even in Fairfax County.

Putin Promises Probe Of Journalist's Slaying (WP/AP)

The Washington Post, October 10, 2006

MOSCOW, Oct. 9 -- President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist who was a fierce critic of Kremlin policy toward Chechnya.

In a phone conversation, Putin said that "all necessary efforts will be made for an objective investigation into the tragic death" of Anna Politkovskaya, gunned down in an apparent contract killing Saturday.

Putin's remarks were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya.

Her newspaper has offered a reward of nearly $1 million for information that would help solve the crime, which provoked worldwide condemnation.

Colleagues said she had been working on a story about torture and abductions in the war-ravaged province -- abuses she blamed on the Moscow-backed prime minister, Ramzan Kadyrov. "I dream of seeing him tried," she said in an interview days before her death.

Moscow Rally Memorializes Slain Reporter (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 9, 2006

DOJ_NMG_0076920

MOSCOW, Oct. 8 -- Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its "particular importance and its wide resonance within society."

"The investigation will focus on possible links between the killing and Politkovskaya's work," said Marina Gridneva, a spokeswoman for the prosecutor general, Yuri Chaika, who is now heading the probe into the journalist's death.

The killing of Politkovskaya, a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved.

The two killings challenge the notion that President Vladimir Putin has eradicated the vicious score-settling that marked Russian society in the 1990s or that his centralization of power has fostered stability. The killings also raise questions about whether it is safe for journalists, bureaucrats or opposition activists to challenge the country's vested interests, whether public or private.

"The murder is a diagnosis for this society," Igor Yakovenko, head of the Russian Union of Journalists, said of Politkovskaya's death. "But our society is unconscious."

The Kremlin has issued no statements about the killing. Putin on Sunday held a government meeting that usually results in statements on any number of issues.

Politkovskaya, 48, was shot in the chest and head Saturday afternoon in the lobby of her apartment building in Moscow. The gunman threw the weapon at her feet, the signature of an assassin. Police say a surveillance camera just outside the building captured an image of a suspect, a young man who was wearing dark clothes and a baseball cap.

The killing of Politkovskaya, whose work had long focused on human rights abuses by Russian forces and their Chechen allies through two wars in Chechnya, generated a wave of domestic and international revulsion and calls for the Russian authorities to solve the crime -- something that signally failed to happen after the killings of other journalists here.

Politkovskaya, who worked for the Novaya Gazeta newspaper, was the 13th journalist killed since Putin came to power in 2000. She was the third Novaya Gazeta journalist slain in the past 15 years, according to the paper's deputy editor, Vitaly Yaroshevsky.

Politkovskaya had received numerous death threats in the past and at one point fled to Vienna after credible evidence of a plot against her surfaced. In her reporting in Chechnya, she braved the hostility of Russian officers, who feared and loathed her. In 2000, she was detained, beaten and subjected to a mock execution by her military captors. Last year, her daughter, one of two adult children, was nearly forced into oncoming traffic while driving Politkovskaya's car, which was then smashed by unknown assailants.

"It is extremely important to break the circle of inconclusive investigations . . . of the recent murders of journalists in Russia," Miklos Haraszti, a representative on media freedom for the Organization for Security and Cooperation in Europe, said in a statement. "The violent death of any member of the media stifles the free spirit of journalism. But in this case, the expediency of action is extremely important also because Anna Politkovskaya was an outspoken critic of government policies."

"It's amazing that we haven't heard a single word from Putin," said Vladimir Korsunsky, editor of the news site Grani.ru, who attended a roundtable discussion about the killing with other prominent journalists Sunday evening. The group called for a national day of mourning on Tuesday.

According to Novaya Gazeta, Politkovskaya was about to publish an exposÃ© of torture and kidnappings by forces allied with Chechnya's prime minister, Ramzan Kadyrov, a frequent subject of her work.

"We never got the article, but she had evidence . . . and there were photographs," Yaroshevsky told Echo Moscow radio.

Kadyrov told the Russian news agency Interfax that he was "deeply aggrieved to hear the news of Politkovskaya's murder. I was shocked by this bloody terror act."

But he added, "One cannot speak about any 'Chechen trail' based only on assumptions."

One of Novaya Gazeta's co-owners, Russian billionaire Alexander Lebedev, said he was offering a nearly $1 million reward for information leading to the capture of those who ordered and carried out the killing. Former Soviet leader Mikhail Gorbachev also owns a minority stake in the newspaper.

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The rally in Moscow on Sunday was originally organized to call attention to the plight of Georgians living in the city who have been harassed by authorities because of heightened tension between Russia and Georgia, according to human rights activists. But the Georgian focus of the event was overshadowed by Politkovskaya's death.

"Judging by the gathering today, there are people who are willing to do something," Georgy Satarov, head of the Indem Foundation, a nongovernmental organization that monitors corruption, said after speaking at the rally. "But there are not enough people to change the situation."

Slaying Of Russian Reporter Jolts Nation (WT)

By Michael Mainville, The Washington Times

The Washington Times, October 9, 2006

MOSCOW -- The slaying of investigative journalist Anna Politkovskaya sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin.

Russian Prosecutor General Yuri Chaika took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's "particular importance and its wide resonance within society."

Press reports said police were focusing on footage from a security camera in the lobby of her apartment building that showed the suspected killer, a tall young man wearing dark clothing and a black baseball cap.

A 48-year-old mother of two, Mrs. Politkovskaya was the 13th reporter to die in a contract-style killing since Mr. Putin came to power, according to the Committee to Protect Journalists. Most have gone unsolved.

Mrs. Politkovskaya had gained recognition at home and abroad for her relentless reporting of human rights abuses in Russia, particularly in Chechnya. She was one of the few remaining journalists in Russia willing to report on abuses in the southern province and openly criticize Mr. Putin.

She had been repeatedly threatened and had fled to Vienna, Austria, in 2001, before returning to Moscow after several months. She was convinced that she had been poisoned on a flight to cover the 2004 school siege in Beslan, in which more than 330 people died when troops stormed a school held by Chechen rebels.

Mrs. Politkovskaya had said she fell unconscious after drinking a cup of tea during the flight and woke up in intensive care.

Her colleagues in Russia said they have no doubt Mrs. Politkovskaya's killing was connected with her work.

"There can be no other reason she died [than] because of her duties as a journalist. This was a politically motivated killing," said Vitaly Yaroshevsky, a deputy editor at Mrs. Politkovskaya's newspaper, Novaya Gazeta.

Mr. Yaroshevsky said that in the days before her death, Mrs. Politkovskaya had been working on a story documenting new cases of kidnapping and torture in Chechnya. It was to be published today.

In a radio interview on Thursday, Mrs. Politkovskaya hinted at the explosive nature of her story, saying she would be appearing as a witness in an abduction and torture case directly implicating the Kremlin-backed prime minister of Chechnya, Ramzan Kadyrov.

Human rights groups have repeatedly accused Mr. Kadyrov's forces in Chechnya of widespread abuses, but Mr. Kadyrov has always denied any personal involvement in torture. In the interview, she called him the "Stalin of our times" and a "heavily armed coward."

Her killing came two days after Mr. Kadyrov's 30th birthday, prompting some speculation that the assassination was served up as a present. Saturday was also Mr. Putin's birthday.

Hundreds of people gathered in central Moscow yesterday to pay tribute to Mrs. Politkovskaya and denounce attacks on the press. "The Kremlin has killed freedom of speech," read one poster at the gathering.

Born in New York, where her parents were Soviet diplomats at the United Nations, Mrs. Politkovskaya began her journalism career at the newspaper Izvestia and started covering Chechnya for Novaya Gazeta in 1999.

Elegant, with large reading glasses and gray hair, Mrs. Politkovskaya hardly fit the picture of a war correspondent. Yet her detailed and harrowing accounts of killings, torture and beatings of civilians by Russian servicemen in Chechnya were considered some of the finest reporting from the region.

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"My notes are written for the future. They are the testimony of the innocent victims of the new Chechen war, which is why I record all the detail I can," she wrote in her 2003 book "A Dirty War: A Russian Reporter in Chechnya."

In 2004, she published "Putin's Russia" -- a highly critical political biography that accused Mr. Putin of failing to shake off his past as a KGB agent. "He persists in crushing liberty just as he did earlier in his career," she wrote in the book's introduction.

In a postscript written in July 2004, she said the killing a day earlier of Paul Klebnikov, the American-born editor of the Russian edition of Forbes, reflected the worst of what Russia had become under Mr. Putin.

"Yes, stability has come to Russia. It is a monstrous stability [in which] nobody in his or her right mind seeks protection from the institutions entrusted with maintaining law and order, because they are totally corrupt.

"Lynch law is the order of the day, both in people's minds and their actions. An eye for an eye, a tooth for a tooth."

No Suspects In Russian Journalist's Slaying (WSJ)

By Guy Chazan

The Wall Street Journal, October 9, 2006

MOSCOW -- The killing of investigative reporter Anna Politkovskaya has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power.

Ms. Politkovskaya, whose reporting on Russian atrocities in Chechnya won her numerous international awards but also made her a host of enemies, was shot dead in the elevator of her Moscow apartment block Saturday afternoon. Investigators said the contract-style killing appeared to be linked to her work as a journalist, but they haven't identified any suspects.

Ms. Politkovskaya's reporting had in recent years featured hard-hitting criticism of the pro-Russian authorities in Chechnya. Colleagues at her newspaper, Novaya Gazeta, said she had been working on an article for today's edition claiming torture of Chechen civilians by security forces loyal to the region's pro-Moscow prime minister, Ramzan Kadyrov.

Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved. Journalists have often been targeted: Two years ago the American reporter Paul Klebnikov, editor of the Russian edition of Forbes, was shot dead in downtown Moscow. Senior officials also aren't immune. Last month, Andrei Kozlov, a central banker who led a crusade to clean up Russia's crime-infested banking sector, was gunned down outside a Moscow sports stadium.

Such assassinations have persisted in Russia despite President Vladimir Putin's pledge to institute a "dictatorship of law." Although his crackdown on the opposition has ensured a measure of political stability, crime and corruption have eroded popular confidence in the state.

Ms. Politkovskaya's killing could have a chilling effect on a journalistic community already cowed by Mr. Putin's crackdown on the independent press. "Anna's murder was political," said Liudmila Alekseyeva, one of Russia's best-known human-rights campaigners and head of the Moscow Helsinki Group. "She wrote about the crimes of the state...and the only way the state could silence her was by killing her."

Ms. Politkovskaya's slaying "is a terrible murder, and it is being dealt with at the highest level," said Dmitry Peskov, a spokesman for Mr. Putin. "Police and investigators will spare no effort to find those responsible."

In Washington, State Department spokesman Sean McCormack said the U.S. was "shocked and profoundly saddened" by the murder and urged an immediate and thorough investigation to bring her killers to justice.

Some observers expressed skepticism that the perpetrators would be found. Few of the 12 murders of reporters in the past six years have been solved. "Russia is one of the most murderous places in the world for journalists, and it has a long history of impunity in these killings," said Joel Simon, executive director of the New York group Committee to Protect Journalists.

A mother of two grown children, Ms. Politkovskaya, 48, worked for Novaya Gazeta, a muckraking weekly publication partly owned by former Soviet President Mikhail Gorbachev. She joined in 1999, just before Russia sent troops into the southern region of Chechnya to crush a separatist revolt, and quickly made a name for herself with her dramatic reports from the war zone.

She was one of the only Russian journalists to travel regularly to Chechnya and chronicle the sufferings of Chechen civilians while also describing the hardships suffered by ill-fed and ill-equipped Russian soldiers. Her articles later came out in a

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book, "A Small Corner of Hell: Dispatches from Chechnya," which sealed her reputation in the West as one of the bravest voices in Russian journalism.

In 2001, Ms. Politkovskaya received death threats from a Siberian policeman, Sergei Lapin, whom she had accused of torturing and kidnapping civilians while stationed in Chechnya. Fearing for her safety, Ms. Politkovskaya's editors placed her under protective guard and later bundled her off to Austria for a few months. Meanwhile, on the basis of her reports, Mr. Lapin was tried in March 2005 and sentenced to 11 years in jail.

Then, in September 2004, Ms. Politkovskaya, who had by then emerged as one of the most outspoken domestic critics of Mr. Putin, claimed she was poisoned while flying to southern Russia to cover the seizure of hostages by militants at a school in Beslan. She was hospitalized and nearly died.

In recent years the focus of her reporting shifted to Mr. Kadyrov, the controversial Chechen strongman handpicked by the Kremlin to impose order in the rebel region. In her last published article, she claimed his security force -- known as the "Kadyrovtsy" -- was dominated by petty criminals and murderers who had switched to the pro-Russian camp solely to settle personal scores. Mr. Kadyrov has repeatedly denied claims that members of his forces have engaged in criminal activity or abused human rights.

In an article on its Web site yesterday on the slaying, Novaya Gazeta said one theory is that Ms. Politkovskaya may have been killed by enemies of Mr. Kadyrov in an attempt to discredit him. Mr. Kadyrov turned 30 last week, making him eligible for the Chechen presidency. He has many foes in a region where blood feuds often last generations.

"What's clear is that she somehow threatened the interests of very high-placed people in Russia, and as we can see, very dangerous people," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta.

Another Russian Journalist Murdered (WSJ)

The Wall Street Journal, October 9, 2006

On Saturday, one of the Russian President Vladimir Putin's fiercest critics was shot dead in her apartment block. Anna Politkovskaya was famous for her coverage of human rights abuses in Chechnya -- a conflict largely ignored by most of the increasingly state-controlled Russian media. She accused the region's Moscow-backed prime minister, Ramzan Kadyrov, of torture and abductions of civilians.

In her last interview, given to U.S.-run Radio Free Europe, Ms. Politkovskaya said she was a witness in a criminal case against the Kremlin's strongman in Chechnya. "These are cases of kidnappings, including one criminal case concerning an abduction personally involving Ramzan Kadyrov, a kidnapping of two people, whose photographs are now on my desk," the AP quoted from Sunday's rebroadcast on Ekho Moskvy.

Today, her newspaper Novaya Gazeta had planned to run her latest investigative report on the dirty war in Chechnya. Her death disrupted the publication. "We never got the article, but she had evidence about these (abducted) people and there were photographs," Deputy Editor Vitaly Yerushensky told Ekho Moskvy radio, according to the AP.

Prosecutor-General Yury Chaika personally took charge of the investigation of her murder, his office said Sunday. We'd have more confidence in the state's determination to find the killer and his contractors if the death of journalists, particularly critics of the Kremlin, wasn't such a routine affair. Ms. Politkovskaya is the 13th journalist murdered in Russia since former KGB agent Putin has become president. Among the many unsolved murder cases is that of American journalist Paul Klebnikov. The editor of Forbes Russia was gunned down in Moscow in 2004. Then-Prosecutor General Vladimir Ustinov also said he'd take "personal control" of the investigations. Two years later, the Klebnikov family is still waiting for any convictions.

Where lawlessness rules, reporters run a particular risk. According to the New York-based Committee to Protect Journalists, Russia is the third deadliest place in the world for journalists, behind Iraq and Algeria. Ms. Politkovskaya is the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia.

Anna Politkovskaya (WSJ)

By Garry Kasparov

The Wall Street Journal, October 9, 2006

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NEW YORK -- The news came when I was getting ready to sit down in front of an audience with the New Yorker's editor, David Remnick, at the New Yorker Festival on Saturday. Suddenly we had a tragic new topic for our talk about the crisis in Russia today. Anna Politkovskaya was dead, shot down in cold blood in her apartment building. One of the few remaining voices of independent journalism in Russia, Anna was a fearless journalist best known for her reporting on the government's atrocities in Chechnya.

To know Anna was to know how profoundly she cared. She felt the pain of others deeply and communicated that passion in her work. She documented the illegal acts of the Russian security forces in the Northern Caucasus and the brutality of Ramzan Kadyrov and other Kremlin proxies in the region. She tenaciously investigated the government cover-ups around the Beslan and the Nord-Ost theater terrorist attacks, in which hundreds of civilians were killed. She took on the most sensitive stories and the most painful subjects. She was an inspiration because she was never intimidated, because she never wrote a line she didn't believe in passionately.

And on Saturday -- President Vladimir Putin's 54th birthday -- Anna Politkovskaya was murdered. Her killers made no attempt to disguise what their act was, no attempt to make it look like anything other than a politically motivated assassination. Even Russian politicians who always worked to contradict and downplay her reports are calling it a political murder.

But what does that mean in a country where one person is in control of everything? This brutal episode cannot be taken outside the context of recent events in Russia. The forces in control here are facing an impending crisis and fault lines are beginning to appear in the Kremlin's vertical power structure. The authoritarian structure that Mr. Putin has built in Russia has been very profitable for his circle of friends and supporters. Income is siphoned off from every region of the country. Business and politics have been combined into a streamlined process for bleeding the nation dry. Now, however, Mr. Putin and his associates are approaching a dilemma. The president's term of office ends in 2008 and this efficient machine is threatening to explode. Should Mr. Putin stay or should he go?

The chaos that will surely occur if Mr. Putin leaves office is relatively easy to understand. Any mafia-like structure is based on the authority of the top man. If he leaves, or appears weak, there is a bloody scramble for his position. Whoever wins that battle must then eliminate the others to consolidate his grip, so the fighting is fierce. Perhaps only 10% of the combatants will pay in blood or incarceration and ruin, but nobody knows who will be in that 10%.

To avoid that dangerous uncertainty, some of Mr. Putin's closest lieutenants are dedicated to making sure the top man stays right where he is. The problem with this plan is that Mr. Putin is constitutionally prevented from staying in office beyond the end of his term in 2008. The main obstacle is not the Constitution, which can be easily adjusted to the Kremlin's requirements; the obstacle is that, after he has made so many statements about his intent to step down in 2008, Mr. Putin would lose almost all his legitimacy in the West if he exercised this option. Of course, his regime has never shown concern for the voices of America and Europe, and feeble indeed those voices have been. But the money his associates have become so adept at squeezing from Russian assets resides almost entirely in Western banks. If the Russian government loses its veneer of legitimacy, these accounts could begin to receive an unpleasant amount of scrutiny.

So what can the ruling elite do to avoid both the chaos of succession and the loss of easy relations with Europe and the U.S.? The answer is becoming clearer every day if you read the headlines and look at the big picture. The Kremlin is exaggerating and fabricating one crisis after another, all combining to create an image of imminent peril. Those who believe they have burned every bridge and cannot afford to see Mr. Putin step down are trying to build a case that he is the only alternative to anarchy.

The political showdown with Georgia has led to a government-sponsored racist campaign against Georgians living in Russia. Mr. Putin's latest statement on this issue was trumpeted as a major victory by Russian ultranationalists, who were delighted to hear his unequivocal endorsement of their platform. Inflammatory language of this sort is, of course, prohibited by our Constitution, which the president is sworn to protect. But what of that!

I am not even certain whether or not Mr. Putin himself desires to stay on. It's a stressful job and he certainly will not lack for material comforts when he retires, unless of course the next government finds itself in need of a scapegoat.

There is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's

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Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power. This is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world.

Mr. Kasparov, former world chess champion, is chairman of the United Civil Front in Russia.

A Moscow Murder Story (WP)

By Anne Applebaum

The Washington Post, October 9, 2006

She wasn't charismatic, she didn't fill lecture halls and she wasn't much good at talk shows either. Nevertheless, at the time of her murder in Moscow Saturday, Anna Politkovskaya was at the pinnacle of her influence. One of the best-known journalists in Russia and one of the best-known Russian journalists in the world, she was proof -- and more is always needed -- that there is still nothing quite so powerful as the written word.

The subject of Politkovskaya's writing was Russia itself, and in particular what she called Russia's " dirty war " in Chechnya. Long after the rest of the international press corps had abandoned Chechnya -- it was too dangerous for most of us, too complicated, too obscure -- she kept telling heartbreaking Chechen stories: The Russian army colonel who pulled 89 elderly people from the ruins of Grozny but received no medals, or the Chechen schoolboy who was ill from the aftereffects of torture but could get no compensation. A hallmark of her books and articles was the laborious descriptions of how she tried, and invariably failed, to get explanations from hostile and evasive Russian authorities. At the same time, she had no patience for the fanatical fringe of the Chechen independence movement either.

Over the years Politkovskaya won scores of international prizes. At home she was threatened, arrested and once nearly poisoned by the same Russian authorities who refused to respond to her questions. The only official acknowledgment of her status was backhanded: In 2002, when Chechen rebels stormed a Moscow theater, she was called upon to help negotiate the release of hostages. She failed to keep them alive, and now she is dead too.

Politkovskaya was not, it is true, the first Russian journalist to be murdered in murky circumstances since 2000, when President Vladimir Putin came to power. Among the worst crimes -- all, of course, unsolved -- were the murders of two provincial journalists from the city of Togliatti, probably for investigating local mafia; of Paul Klebnikov , the American editor of Forbes magazine's Russian edition, probably for knowing too much about Russia's oligarchs; and of a Murmansk television reporter who was critical of local politicians.

Nevertheless, Politkovskaya's murder marks a distinct turning point. There was no attempt to disguise the murder as a theft or an accident: Her assassin not only shot her in broad daylight, but he left her body in the elevator of her apartment building alongside the gun he used to kill her -- standard practice for Moscow's arrogant hit men. Nor can her murder be easily attributed to distant provincial authorities or the criminal mafia: Local businessmen had no motivation to kill her -- but officials of the army, the police and even the Kremlin did. Whereas local thieves might have tried to cover their tracks, Politkovskaya's assassin, like so many Russian assassins, did not seem to fear the law.

Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory. As Russian (and Eastern European) history well demonstrates, it isn't always necessary to kill millions of people to frighten all the others: A few choice assassinations, in the right time and place, usually suffice. Since the arrest of oil magnate Mikhail Khodorkovsky in 2003, no other Russian oligarchs have attempted even to sound politically independent. After the assassination of Politkovskaya on Saturday, it's hard to imagine many Russian journalists following in her footsteps to Grozny either.

There are jitters already: A few hours after news of Politkovskaya's death became public, a worried friend sent me a link to an eerie Russian Web site that displays photographs of "enemies of the people" -- all Russian journalists and human rights activists, some quite well known. Above the pictures is each person's birth date and a blank space where, it is implied, the dates

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of their deaths will soon be marked. That sort of thing will make many, and probably most, Russians think twice before criticizing the Kremlin about anything.

And there is, at the moment, a lot to criticize. With crises brewing in Iran, Iraq and North Korea, few have had time to notice the recent escalation of the political dispute between Russia and Georgia, or to ponder the political consequences of Europe's increasing reliance on Russian gas, or to worry much about minor matters such as the deterioration of press freedom in Russia. Critics of Anna Politkovskaya's writing did complain, on occasion, that her gloom could be overbearing: She was one of those journalists who saw harbingers of catastrophe in every story. Still, it is hard for me not to write about her murder in the same foreboding tone that she herself would have used. It is so much like one of the stories she would have written herself.

Another Killing In Moscow (NYT)

The New York Times, October 10, 2006

Anna Politkovskaya, gunned down over the weekend in Moscow, was the 13th Russian journalist killed since Vladimir Putin became president — and one of the bravest. We may never know who killed her because politically motivated crimes have a way of never being solved in Mr. Putin's Russia.

There is no question about whom Ms. Politkovskaya held responsible in years of unflinching reporting from Chechnya: the Russian Army and Mr. Putin himself. When he finally got around to acknowledging her death yesterday it was in a cold-blooded statement that the authorities "will take every step to investigate objectively the tragic death of the journalist Politkovskaya."

Ms. Politkovskaya was 48, the mother of two grown children. She lived alone, in part because of the dangers of her job. On Saturday, she was about to deliver a major report to her newspaper about torture in Chechnya when a killer ambushed her and fired four shots from a silenced Makarov pistol, one in her heart and three in her head.

Police investigators seized all her research materials from her home and her office at Novaya Gazeta, one of the few independent newspapers still functioning in Moscow. We hope they lead to arrests, and not a cover-up. It is hard to be optimistic.

The murder of Ms. Politkovskaya — like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system — had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others.

It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem. Yet the former K.G.B. officer has presided over a systematic degrading of Russians' freedoms.

According to the Committee to Protect Journalists, Russia has been the third deadliest country for journalists over the past 15 years, after Iraq and Algeria. Despite the active hostility of the state, and the clear and ever-present danger, reformers have continued to speak up. Ms. Politkovskaya believed, as did Mr. Kozlov and many others, that Russia could become a freer country. We hope that her terrible death will rally those who share her faith.

U.N. Security Council Nominates S. Korean As Secretary General (WP)

By Colum Lynch And Joohee Cho, Washington Post Staff Writers

The Washington Post, October 10, 2006

General Assembly Expected to Back Veteran Diplomat

UNITED NATIONS, Oct. 9 -- The U.N. Security Council voted unanimously Monday for South Korean Foreign Minister Ban Ki Moon to be secretary general, endorsing a discreet political survivor for the world's top diplomatic job. A formal vote by the 192-member U.N. General Assembly is expected to confirm Ban's selection, perhaps within a week.

The soft-spoken, patrician Korean functionary -- some call him "the man with no enemies" -- will take charge of a United Nations that is struggling to contain conflicts around the globe. Ban, 62, has expressed a desire to play a far more active role in resolving the nuclear standoff with North Korea than current Secretary General Kofi Annan, who will step down on Dec. 31 after a decade in the job.

Although he may lack the star power of Annan, a Nobel Peace Prize laureate once dubbed the secular pope, Ban is by most accounts a polished and patient diplomat who could help smooth over differences among the United Nations' most powerful members.

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Japan's U.N. envoy, Kenzo Oshima, said Ban's intimate knowledge of North Korean affairs would make him an asset in the campaign to persuade Pyongyang to back down. But some question whether Ban may be too diplomatic to take on powerful governments, including the United States, if they violate international norms, or to publicly scold noted human rights abusers, including North Korea, Burma and Sudan.

"He will not ruffle feathers," said Robert Einhorn, assistant secretary of state for nonproliferation in the Clinton administration, who has worked closely with Ban. "He is very diplomatic in the traditional sense of the word."

The U.N. body has never opposed a previous council choice. If approved, Ban will lead a $5 billion-a-year organization that carries out functions in virtually every corner of the world, ranging from the publishing of U.N. postage stamps to operating the world's second-largest expeditionary force, which will top 100,000 blue helmets in 18 conflicts by the end of the year.

In a series of interviews and public speeches, Ban said his chief priority will be to restore public confidence in an institution that has been buffeted by political squabbling among its members, mismanagement of a massive humanitarian program in Iraq, and sexual misconduct scandals involving U.N. peacekeepers.

But Ban sought to dash expectations that he would submit to U.S. insistence that the next secretary general devote most of his time to administrative tasks, saying he was eager to mediate conflicts in Sudan, the Middle East and North Korea.

"I intend to be more visibly engaged as a secretary general in addressing the regional conflict issue while trying to delegate the significant portion of my day-to-day managerial duties" to subordinates, Ban told an audience at the New York-based Asia Society.

His selection has already established Ban as something of a political lightning rod. James Kelly, the former U.S. assistant secretary of state for East Asian and Pacific affairs, said Ban's successful campaign for the top U.N. job may have played a role in the timing of North Korea's reported nuclear test. Pyongyang has long resented its southern neighbor's power and prosperity and may have been looking to overshadow Ban's election, Kelly said.

Some human rights advocates are cautious about Ban, saying he has taken a low-key approach to abuses in North Korea. But they credit Ban with backing key institutions, such as the International Criminal Court, that hold rights abusers to account.

"He says the right things when you speak to him," said Kenneth Roth, the executive director of Human Rights Watch. "The big open question is, he is studiously bland. He seems determined not to give offense, and sometimes to effectively promote human rights you have to give offense."

Ban's selection marks the first time since the United Nations' founding that a secretary general has come from a military ally of the United States. And Ban actively pressed his government to send Korean troops to Iraq, backing a U.S.-led invasion that was bitterly opposed by Annan and most U.N. members.

Still, Ban has persuaded China and Russia that he will show sufficient independence from the United States.

"For him to get U.S. support was easy. He's very well liked in Washington," said Richard C. Holbrooke, a former U.S. ambassador to the United Nations who heads the Asia Society. "The fact that he could get the Chinese on board, provided he didn't make a private arrangement with them, providing there is no secret understanding, is . . . an extremely impressive achievement."

Ban was born into a upper class family in South Korea's North Chungchong province. His entry into the world of international affairs began as a teenager in 1962, when he won an English-language speech contest that led to a visit to the United States and a meeting with President John F. Kennedy. The trip inspired Ban to pursue a career in diplomacy.

Ban has since developed extensive experience in the United Nations, where he served South Korea as a junior diplomat and later as chief of staff of former U.N. General Assembly President Han Seung Soo. Han, the former South Korean foreign minister, led the world body after the Sept. 11, 2001, terrorist attacks.

Han credits Ban with playing a key role in shaping the U.N. response to the terrorist attacks. "Ban appears to be soft-spoken, but he can be tough when needed," Han said.

Han described his former aide as "righteous man" who hails from a "very noble family that honors sacrifice for the greater good."

"When his son was drafted to one of the toughest divisions in the military, he could have used his power status to move his boy to a less dangerous post," Han said. "Ban flatly refused to do so, saying there's a line between public and private affairs."

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Cho reported from Seoul.

Security Council Approves South Korean As U.N. Chief (NYT)

By Warren Hoge And Choe Sang-hun

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The Security Council on Monday officially nominated Ban Ki-moon, the foreign minister of South Korea, to become the next secretary general of the United Nations, essentially assuring him the post.

While Mr. Ban said it was an honor for him and his country, he noted that North Korea's announcement of a nuclear test cast a shadow on his nomination.

"This should be a moment of joy, but instead I stand here with a very heavy heart," Mr. Ban said in a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Kenzo Oshima, the ambassador of Japan, the Council president, announced that Mr. Ban had been approved by all 15 members by acclamation. His nomination had been assured after he won four informal polls of the Council's members over the summer, leading to the withdrawal last week of the six other candidates.

Mr. Ban, 62, will succeed Kofi Annan, who retires Dec. 31 after two five-year terms. Mr. Annan released a statement affirming "the highest respect for Mr. Ban" and pledging to help ensure a smooth transition.

Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term.

The Council took its action on Mr. Ban before convening an emergency meeting on North Korea's nuclear test. Mr. Oshima noted, "I think the fact the candidate is current foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean Peninsula that we are facing."

In a similar reference, John R. Bolton, the American ambassador, said, "It's really quite an appropriate juxtaposition that today, 61 years after the temporary division of the Korean Peninsula at the end of World War II, that we're electing a foreign minister of South Korea secretary general of this organization and meeting, as well, to consider the testing by the North Koreans of a nuclear device."

He added, "I can't think of a better way to show the difference in the progress that those two countries — great progress in the South and great tragedy in the North."

Mr. Oshima said he was sending a letter on Monday to the 192-member General Assembly, which, under the United Nations Charter, is responsible for appointing a new secretary general on receiving the choice of the Security Council.

The General Assembly will draw up its own resolution on the appointment and circulate it to the membership for action, expected before the end of the week.

Only a simple majority is required for approval, and the last four secretaries general were appointed by the General Assembly through a resolution adopted by consensus, without a vote. The assembly has never rejected the Council's selection.

Mr. Ban said he would "contribute as much as I can to the resolution of all kinds of problems, including the North Korean nuclear issue, that may threaten international peace and security."

He said the test "directly challenged" a Security Council resolution against such an act and was "a unilateral abrogation and annulment" of a 1991 nonnuclear agreement between the Koreas. He also called it "a grave and direct threat to peace and stability on the Korean Peninsula and in Northeast Asia."

In campaigning for the job, Mr. Ban presented himself as a reformer who "will lead by example" and as a "harmonizer and bridge-builder" who will try to expel the widespread "mistrust" of the United Nations.

Specifically, Mr. Ban said he would focus on the need to guarantee human rights, on the special responsibilities the world body had to the developing world and on overhauling the management of the United Nations — a priority of the United States and its allies.

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"It is true that the U.N. has not lived up to the expectations of the international community in terms of efficiency, transparency and accountability," he said, adding, "I will do my best to make the U.N. Secretariat reborn into a more relevant and efficient organization."

South Korea's Ban Ki Moon Is Nominated For Top U.N. Position (WSJ/AP)

The Wall Street Journal, October 10, 2006

UNITED NATIONS -- South Korean Foreign Minister Ban Ki Moon was officially nominated as the next U.N. secretary-general hours after North Korea announced it had tested a nuclear weapon.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Mr. Ban told reporters in Seoul, South Korea. Mr. Ban pledged to work to resolve the North Korean nuclear crisis.

Mr. Ban, 62 years old, was nominated by the U.N. Security Council to succeed Kofi Annan, whose second five-year term ends at the end of the year. He faces likely confirmation by the U.N. General Assembly.

Japan's U.N. ambassador, Kenzo Oshima, asked the 192-nation world body to act promptly to give final approval to Mr. Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

U.S. Ambassador John Bolton called Mr. Ban's selection "a very significant event," saying the United States looks forward to quick approval by the General Assembly.

"I can't think of a better way to show the difference in the progress of those two countries -- great progress in the South and great tragedy in the North," Mr. Bolton said.

In Seoul, Mr. Ban told reporters that if the General Assembly appoints him, he would "contribute as much as I can to the resolution of all kinds of problems including the North Korean nuclear issue that may threaten international peace and security."

North Korea hasn't mentioned Mr. Ban's bid to become U.N. secretary-general. It previously has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic-weapons program.

Mr. Ban has been South Korea's foreign minister for more than two years and served as national security adviser to two presidents -- jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

Mr. Ban would be the eighth secretary-general in the United Nations' 60-year history, overseeing an organization with some 92,000 peacekeepers around the world and a $2 billion annual operating budget. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Ban Nominated For U.N. Secretary-general (AP)

By Nick Wadhams, Associated Press Writer

AP, October 10, 2006

The U.N. Security Council on Monday formally nominated South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as United Nations secretary-general, all but assuring that the quiet diplomat will become the eighth chief in the world body's 61-year history.

What would have been an event of major significance — Ban will become one of the world's best-known and most influential diplomats over his five-year term — was overshadowed by North Korea's claim that it had conducted a nuclear test.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Ban said at a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Ban, who participated in six-party talks with the North in 2005, vowed to help resolve the North Korean nuclear crisis after he becomes secretary-general. He must be approved by the 192-nation General Assembly, which has never rejected a Security Council nomination.

Japan's U.N. Ambassador Kenzo Oshima asked the General Assembly to act promptly to give final approval to Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1, after Annan's second five-year term ends.

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"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

Some diplomats speculated that North Korea may have conducted the test when it did partly to signal its disapproval for Ban. The North has not publicly commented on his bid but has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic weapons program.

Normally the 15-member council would vote on a nomination, but Britain's Ambassador Emyr Jones-Parry suggested in Monday's meeting that Ban be approved by acclamation, done when there are no dissenting votes. The idea was greeted with applause from the other ambassadors, diplomats who attended the meeting said.

Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy.

The final straw poll last week revealed that he had the support of all five veto-wielding members of the council, and the remaining five candidates quickly left the race.

U.S. State Department spokesman Sean McCormack said in a statement that Ban "is the right choice to lead the United Nations at this pivotal time in its history." U.S. Ambassador John Bolton called Ban's selection "a very significant event."

"It's really quite an appropriate juxtaposition that today 61 years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea as secretary-general of this organization and meeting as well to consider the testing by the North Koreans of a nuclear device," Bolton said.

Ban's selection now will give him more than two months to prepare to lead an organization that has deployed 92,000 peacekeepers around the world and has annual operating budget of $5 billion. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Annan "warmly welcomes" the decision nominate Ban, whom he has the "highest respect for," U.N. spokesman Stephane Dujarric said. Annan, who won the Nobel Peace Prize as secretary-general in 2001, urged the General Assembly to make a decision on Ban as soon as possible.

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

He had courted Security Council nations aggressively during his campaign and gave numerous speeches to make himself better known and counter the impression that he was too quiet or humble to inherit the job.

Yet the actual selection process was mostly conducted behind closed doors, adhering to a tradition that has drawn criticism from some members of the General Assembly and non-governmental organizations that believe the job is too important to be awarded in such secrecy.

Nonetheless, diplomats said they believed Ban was the right man to lead the organization that many believe is in desperate need of reform. Its procurement department has been saddled by allegations of corruption and mismanagement, while many world leaders believe its most powerful organ, the Security Council, must be revamped to reflect the realities of 2006 and not 1945, when it was created.

"We think that he has all those qualities that are necessary for a secretary-general that are probably hard to differentiate and count on your hands," Russia's U.N. Ambassador Vitaly Churkin said. "This is the person who, with our support, can tackle this difficult work."

Associated Press reporters Edith M. Lederer at the United Nations and Bo-Mi Lim in Seoul, South Korea, contributed to this story.

Ban Chosen To Succeed Annan As U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The U.N. Security Council unanimously selected South Korean diplomat Ban Ki-moon to be the organization's eighth secretary-general yesterday, acting just hours after North Korea declared it had tested a nuclear weapon.

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The 192 member-nations of the U.N. General Assembly are expected to affirm the choice later this week or early next week, giving the low-key South Korean foreign minister more than two months to prepare before beginning his five-year term.

"The Security Council has just recommended to the General Assembly that Ban Ki-moon [serve as secretary-general] from Jan. 1, 2007 to Dec. 31, 2011," said Japanese U.N. Ambassador Kenzo Oshima, president of the 15-nation council during the month of October.

The selection of a new secretary-general, normally a momentous occasion, was overshadowed by Pyongyang's nuclear test claim, which prompted an emergency session of the council immediately after the vote.

In Seoul, Mr. Ban called the nuclear test an "act of provocation" and acknowledged mixed emotions on the day of his selection.

"This should be a moment of joy. But instead, I stand here with a very heavy heart" because of the North's nuclear test, he told reporters in Seoul yesterday.

Last week, he told the Chosun Ilbo, a leading Seoul daily, he wants to visit North Korea sometime during his term, something outgoing U.N. chief Kofi Annan had never been able to do in his ten-year tenure.

Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security.

"The fact that the candidate is the current foreign minister of [South Korea] is an asset in dealing with the situation on the Korean peninsula," Mr. Oshima said.

U.N. Ambassador John R. Bolton, who has been pushing North Korea onto the council's agenda for months, described the selection of Mr. Ban as "quite an appropriate juxtaposition."

"Sixty-one years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea [as] secretary-general of this organization, and meeting as well to consider testing by North Korea of a nuclear device," Mr. Bolton said.

"I can't think of a better way to show great progress in the south, great tragedy in the north."

Mr. Ban's selection by the council had been assured after he emerged as the consensus choice in a series of four straw polls since this summer.

Council members stayed in session after the 15-0 vote, moving directly to the thornier issue of how to respond to North Korea's defiance of the council's demand late last week that it abandon its nuclear pursuits.

Emyr Jones Parry, Britain's U.N. ambassador, praised Mr. Ban's "very impressive credentials" and his "vast and long diplomatic experience" in South Korea's foreign service.

Jean-Marc de la Sabliere, France's U.N. ambassador, praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa.

"He has all the qualifications for this job," Mr. de la Sabliere said, stressing the possibility of renewed efforts to reform the world body's bureaucracy.

Mr. Ban, 62, was educated in Seoul and at the John F. Kennedy School of Government at Harvard University, where he studied public administration. He is married with three grown children.

The career diplomat twice served in his country's embassy in Washington, and ran the South Korean foreign ministry's American affairs division in the early 1990s. He has represented South Korea at the United Nations in New York and in Vienna, where he handled the nuclear portfolio.

Mr. Ban served as the chief of staff to the president of the U.N. General Assembly in 2001 and 2002, a session that was dominated by the September 11 attacks.

Mr. Annan offered his congratulations to Mr. Ban and promised his full cooperation.

"For his part, the secretary-general will do everything possible to assure a smooth transition," said Stephane Dujarric, spokesman for Mr. Annan.

Islamic Leader Urges Holy War In Somalia (WT/AP)

By Mohamed Sheikh Nor

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The Washington Times, October 10, 2006

MOGADISHU, Somalia -- An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, U.N.-backed government.

"I urge all the Somali people to wage holy war against the Ethiopians," said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle.

"Ethiopian troops have intentionally invaded our land," he said. "We will counter them soon."

His comments came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town.

Sheik Yusuf Indahaadde, the national security chairman for the Islamic group, said 35,000 Ethiopian troops were on Somali soil, but did not give any further details. Foreign observers, however, have put the number in the hundreds.

"This is a declaration of war," he said. "We will not wait anymore. We will defend the integrity of our land."

The Islamic courts have declared holy war against Ethiopia on a number of occasions in recent months but have so far avoided any direct military confrontation.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohammed Siad Barre and then turned on one another, throwing the country into anarchy.

A transitional government was formed in 2004 with U.N. help with the hope of restoring order after years of lawlessness. But it has struggled to assert authority, while the Islamic movement seized the capital, Mogadishu, in June and now controls much of the south.

Tensions between the Islamic movement, which is expanding control over large parts of the war-ravaged country, and the weakened government are high. Each side has accused the other of violating a tentative peace agreement signed last month in Khartoum, Sudan.

The Islamic group opposes any outside intervention and becomes particularly incensed about any role played by Ethiopia, Somalia's historic rival.

Somalia's weak but internationally recognized government publicly denies it is being supported by Ethiopian troops. However, government officials, speaking on the condition of anonymity because they were not authorized to speak to the press, said about 6,000 Ethiopian troops are in Somalia.

The reports from Bur Haqaba prompted another denial from Ethiopia.

Islamic officials said three Ethiopian battalions totaling 750 men alongside government militia rode into Bur Haqaba yesterday morning without firing a shot. The town was taken over by Islamic forces in late June.

Bur Haqaba is perched along six hilltops, allowing forces there to control the only road between Mogadishu, controlled by the Islamists, and Baidoa, the seat of the transitional government.

After Tsunami, Intentions To Build But No Road Yet (NYT)

By Jane Perlez

The New York Times, October 9, 2006

KEUTAPANG, Indonesia, Oct. 5 — A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery.

Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance.

Though villagers welcome the idea, some have reservations about an American-style thoroughfare with a wide shoulder on either side that will replace the existing ribbon of mostly churned dirt and mud.

Villagers say they fear speeding traffic — they have thrown rocks at fast-traveling cars of foreign aid workers — and want to be able to sell snacks and tea from stalls snug by the roadside, as they have always done.

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The difficulties of getting started on the road, one of the largest infrastructure projects in Indonesia, reflects the weariness among tsunami survivors with the long return to normality.

A demonstration outside the main Indonesian reconstruction agency turned violent last month when protesters complained that they still lacked basic services and demanded more financing for education.

The patience of American officials is wearing thin, too. They complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves.

Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon.

"It was threatened they would take the money away," said Kuntoro Mangkusubroto, the director of the Indonesian rehabilitation and reconstruction agency in Aceh. "That's standard," he added with a shrug.

The Indonesians say the Americans are imposing first-world standards of efficiency on a poor region that was pounded by civil war and then swamped by the tsunami, which killed more than 100,000 Indonesians. Records of land titles were washed away, and questions of inheritance among devastated families take a while to decide, they say.

The idea for the road evolved soon after the tsunami when the Bush administration wanted to show that the United States cared about Indonesia, the world's most populous Muslim country, in its moment of need.

It was decided early on to finance one substantial American project that would make a splash, rather than a number of smaller ones. At first, rebuilding a significant portion of the provincial capital, Banda Aceh, into a kind of "signature city" was discussed.

Instead, a well-engineered road from the capital to Meulaboh, the southernmost coastal town, which was nearly completely wiped out, was considered a more fruitful project that played to the American strength of fast and modern construction.

But the Americans did not anticipate the long negotiations over compensation for land or the strong local feelings about the graves.

Tucked under a grove of coconut trees, a pale-hued boulder and an ancient tree trunk represent this village's most mystical grave, the place where a white tiger is believed to stand guard. Nearby, red and yellow flags left by surveyors indicated the American road was set to plow right through the sacred spot.

A local elder, Mohammad Noor, 60, who forded a river and clambered over fences to show off the grave, says he cannot imagine that it could ever be moved.

The problems with the road also involve more than Indonesian sensibilities. An audit by the Inspector General of the United States Agency for International Development last March said that the design of the road was delayed because the development agency requested the contractor to modify the design plan at least four times. It also noted that when the contract for the engineering work was awarded to the American firm Parsons, it was awarded in November, four months late.

By May, when the process was bogged down, a veteran of building big American projects abroad, Roy R. Ventura Jr., was brought in to expedite things.

On June 29, Mr. Ventura said he presented the Indonesians with the final plan for where the road would run. He was told by Indonesian government officials, he said, that right of way would be ready so construction could begin for the first portion of the road to the village of Lhong by July 25, and by Oct. 3 in the area farther south to the town of Calang.

According to that schedule, American officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that.

But instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say.

"The Americans are arguing that there should have been land acquisition a year ago," Mr. Kuntoro said. "But how could that happen when we did not know from the Americans where the road was running until June 29?"

Mr. Kuntoro, a graduate in engineering from Stanford University, has become the point man for many of the problems.

He has been visited in his office in Banda Aceh by the American ambassador to Indonesia, B. Lynn Pascoe; by Mr. Ventura; and this week by investigators from the Government Accountability Office in Washington. They all ask the same thing: When will enough continuous land be ready so that bulldozers can begin clearing the way?

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In fact, Mr. Kuntoro said in an interview on Tuesday that he had just written a letter to Mr. Pascoe saying that his agency had gained title to about 3.5 miles worth of continuous land and that major construction could start.

But on Thursday, Mr. Ventura said that he was not satisfied that the titles were transferred and that work could begin only on a bridge involving a sliver of land.

"The road itself is no different to anyplace in the world," said Mr. Ventura, who was with the Montana Highway Department for 10 years and has managed construction sites in Saudi Arabia, Jordan and the Philippines. "The process of getting right to the land to get the road built is very different."

In an exchange with the governor of Banda Aceh, Mustafa Abu Bakar, the frustrated Americans suggested that the governor should consider using eminent domain procedures for speedy possession of the land. In reply, the governor said in a letter that in order to keep community support for the road he would use eminent domain only as a last resort.

"The government sees the people here as victims of the tsunami and very vulnerable," said Eddy Siregar, a construction manager for Wijaya Karya, the contractor, as he sat on the side of the old road in the village of Pasi. "It would be a big trauma if their land was taken. So they want to try the soft way."

Late Wednesday afternoon, Mr. Noor, the local elder, received word that his village leaders had agreed with the provincial authorities to move the grave the white tiger is believed to guard.

"I can't imagine how they will do it," a crestfallen Mr. Noor said. "Will they do it nicely, or will they do it roughly?"

Atoning For Lame Ducks (WSJ)

By Fania Oz-salzberger

The Wall Street Journal, October 9, 2006

HAIFA, Israel -- Israeli cities during Yom Kippur are the quietest in the world. No cars, no national television, not an open business in sight. The Jewish Day of Atonement offers calm reflection -- "accounting of the soul" -- for synagogue-goers and street-strolling seculars alike. This year almost everyone could agree at least on one thing: This country has seen better leadership. The shoes of Ben Gurion, Begin and Rabin have never looked larger, or emptier. As Palestinian government in Gaza totters on the verge of civil war, and Arab leaders across the Middle East softly offer peace talks, Israel's leaders hardly seem capable of dealing with either situation. If Israelis felt a little like sitting ducks last August, it is the set of lame ducks in Jerusalem that make us worry in October.

In the aftermath of the second Lebanon war, which underachieved its declared aims, Prime Minister Ehud Olmert is trying to cut his losses with a barrage of media interviews of the holiday supplement variety. In so many words, he said that Israel today has no vision. Disengagement in the West Bank? Definitely out. Bashar Assad's new talk of negotiation? Not worthy of an answer. Arab moderates promoting the Saudi peace plan? Merely a noise in the background. To be sure, all these may prove to be dead ends; but Mr. Olmert offers no initial exploration and no alternative horizon. What emerges is a self-defending lawyer-politician rather than an imaginative national leader. An opinion poll in Haaretz on Sept. 21 gave Mr. Olmert a mere 22% approval rating, with 68% voicing dissatisfaction from his conduct as prime minister.

Amir Peretz, the fiery social democrat miscast as minister of defense, has plunged even lower. Claiming the innocence of a novice, he says army chiefs misled him into believing that the eradication of Hezbollah missile launchers would be a far faster feat. In the meantime, Jews and Arabs in northern Israel suffer social and economic hardships that should have been the natural concern of a labor leader like Mr. Peretz. Instead of being led down the garden path by generals, he should have tended to his own backyard, Israel's growing economic gap. His recent poll score is, accordingly, 14% -- the lowest on record for a defense minister. Mr. Peretz insists he will not leave his job before mending what is broken. So do others. In a political culture unaccustomed to accountability resignations, rolling up one's sleeves is a reasonable alternative; but they will have to do it under the severe gaze of the public and the media.

Meantime, elsewhere in Jerusalem, the plot thickens: President Moshe Katzav is facing serious allegations of sexual misconduct. As many as eight female civil servants who worked with Mr. Katzav during his political and presidential career filed complaints against him, ranging from sexual harassment to rape. His protestations of innocence and "conspiracy" -- echoed by a battery of lawyers -- sound convincing to a few, pathetic to some, and infuriating to most Israeli citizens. Mr. Katzav refuses to

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resign or even to suspend himself temporarily. Regardless of the eventual juridical outcome, and unlike Messrs. Olmert and Peretz, there is little he can do to fix the damage to integrity. Israel's highest honorary post is being dragged through the mud.

So this must have been a hard Yom Kippur indeed for Israel's top echelon; there is a great deal, it seems, to atone for.

At this point it is tempting to remind readers -- and to break the news to some Europeans -- that the vast majority of the Israeli citizenry is honest, committed to democracy, and averse to both corruption and political flimsiness. And that most Israeli soldiers, regulars and reservists, are capable and moral. And that Palestinian politics and economy are in violent shambles, largely of their own making, while Israel's economy (and rule of law) is decent and successful. But it would be more to the point to suggest which parts of Israel's government are future-looking, and where they may be heading.

The Olmert government has been more open to international dialogue than many of its predecessors. Mr. Olmert and Foreign Minister Tzipi Livni reportedly began to work on an internationally moderated ceasefire from the early days of the war in Lebanon, and their care to comply with U.N. Resolution 1701 was capped by the retreat of the bulk of Israel's army from southern Lebanon on the eve of Yom Kippur. Unfortunately, Hezbollah does not respond in kind: The two captured Israeli soldiers, as well as the one held in Gaza, have not been freed. The full disarmament of militants throughout Lebanon so far exists mostly on U.N. stationery. Yet Israel's abiding by the international resolution is an important step in the right direction -- a moral high ground is often better than a mountaintop position in southern Lebanon (unless one's life depends on the latter, and only as long as it does).

To put it simply, Israelis are beginning to see the benefits of reversing Clausewitz's famous dictum: Diplomacy is now the continuation of war by other means, and the Lebanon clash may soon yield important benefits for Israel -- and for most Lebanese, and perhaps even for Palestinians -- on the diplomatic front.

One interesting sign of change is that the Israeli public has been relatively -- and surprisingly -- content with the management of its foreign affairs. Not only did Ms. Livni survive the governmental fall from grace rather impressively, scoring 51% support in the Haaretz poll and enjoying a consistently positive image in public opinion; she is also a widely preferred candidate for the prime minister's office, presenting the rare persona of a moderate, incorruptible, level-headed ex-Likudnik. If Ms. Livni does become our next leader, overcoming the predicted rise to power of more militant right-of-center parties, she may offer the right blend of pragmatic sobriety and creative vision typical of the more optimistic part of Israel's political center today. Young, pragmatic and -- by current local standards -- charismatic, Ms. Livni would be no Golda Meir, and so much the better. (It so happens that the brand new president of the Supreme Court, Dorit Beinish, is a woman, too. So is the Knesset's speaker, Dalia Itzik. Perhaps -- although this writer is biased on the issue -- a female touch would do Israel's three branches of government no harm. At the very least, Arab regimes may witness an example for tapping the resources of their nations' hidden halves.)

While Israel is wrestling with its own demons and hopes, both the EU and the U.S. face new Middle Eastern tests. Europe is the new active player in the Lebanese scene. It should flex its muscles, brains and, if possible, heart, to reverse decades of well-earned mistrust on part of the Israelis. Can we, as well as the Arabs, finally be persuaded that the European peace brokers have determination, imagination, compassion and staying power? Tough homework for Brussels here, and a crucial test for its international performance.

The U.S., too, has more steps to make up a long steep slope. Condoleezza Rice may have an easier job persuading Israel to give serious answers to moderate Arab peace initiatives than to prop up the wobbly Abu Mazen in his almost hopeless campaign to instill reason into Hamas; but both are worth trying. Syria's Bashar Assad may be acting cynically when saying that peace with Israel can be a done deal within six months, but the U.S. is the only power that can seriously challenge him to live up to his claims, first and foremost by kicking out of Syria the bloodiest of terror leaders, such as Khaled Mashal of Hamas. Mr. Olmert's present silence is justifiable up and until the Americans either clear the Road to Damascus, or show the world that it is obviously blocked.

Mr. Olmert's government is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted. One can only wish Lebanon and Gaza similar recovery, and some Israelis I know would be happy to lend a hand, in the spirit of Jewish atonement, especially after our three captured soldiers are safely home. As 7,000 peacekeeping European soldiers, alongside Lebanese troops, take over southern Lebanon, hope is surfacing that whatever took place in the summer of 2006 was not an Israeli defeat.

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The mood in Tel Aviv and Haifa today -- as the clever Hassan Nasrallah surely knows in his heart -- is somber but not depressed. Ehud Olmert's government is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the U.S., and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about.

Ms. Oz-Salzberger is director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Documents: CIA Warned Of Plane Bomb Plot (MH)

By Andrew O. Selsky

The Miami Herald, October 10, 2006

SAN JUAN, Puerto Rico - An anti-Castro militant now in a Texas jail warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document.

The document shows that Luis Posada Carriles - who had worked for the CIA but was cut off by the agency earlier that year - was secretly telling the CIA that his fellow far-right Cuban exiles opposed to Fidel Castro's communist government were plotting to bring down a commercial jet.

The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday.

The CIA had extensive contacts with anti-Castro militants and trained some of them, but has denied involvement in the bombing.

The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University that seeks to declassify government files through the Freedom of Information Act.

The Cubana Airlines plane, on a flight from Venezuela to Cuba, blew up shortly after taking off from a stopover in Barbados on Oct. 6, 1976, killing all 73 aboard, including Cuba's Olympic fencing team.

The bombing remains an open wound in Cuba. Weeping relatives of the victims met in a Havana cemetery on Friday, the 30th anniversary of the bombing. They demanded that Posada - who is now 78 and in a Texas detention center on an immigration violation - be put on trial.

Venezuelan President Hugo Chavez is seeking the extradition of Posada, a naturalized Venezuelan who served as the country's counterintelligence chief. He accuses the U.S. government of protecting a terrorist.

The National Security Archive's Peter Kornbluh urged the U.S. government to tell everything it knows about Posada.

"Now is the time for the government to come clean on Posada's covert past and his involvement in international terrorism," Kornbluh said. "His victims, the public, and the courts have a right to know."

Separating deception from truth in the intelligence world is notoriously difficult, and the newly released documents contain mixed messages about Posada. Much remains murky.

In a report dated a month after the bombing, then FBI Director Clarence Kelly told Secretary of State Henry Kissinger that a confidential FBI source ascertained the bombing had been planned in Caracas by Posada, Venezuelan intelligence agency official Ricardo Morales Navarrete and Cuban exile Frank Castro, who is not related to the Cuban leader.

Two Venezuelan employees of Posada's private security agency were arrested in Trinidad the day after the bombing, and one of them - who said he had worked for the CIA - admitted the two had planted the bomb, documents posted by the National Security Archive show.

Posada trained with the CIA for the 1961 Bay of Pigs invasion and served in the U.S. Army in the early 1960s. In 1965, he allegedly plotted to overthrow the Guatemalan government and blow up a Soviet or Cuban freighter in Mexico, according to the FBI. In 1967, he moved to Venezuela, eventually leading its counterintelligence agency, and was running his own security firm in the mid-1970s.

In 1973, Posada was investigated by the CIA for allegedly smuggling cocaine, but was cleared after he convinced interrogators he was "guilty of only having the wrong kind of friends," a declassified document says. The same document says the CIA "formally terminated" its relationship with him on Feb. 13, 1976.

Yet Posada still contacted the agency.

"After 2/76 contacts with (deleted by censors) were at Posada's own initiative to volunteer information in exchange for assistance U.S. visa for self and family," said the document, an annotated list of still-secret records on Posada's CIA career that was marked "sanitized."

It tells how Posada contacted the CIA in February 1976 to describe an assassination plot by Orlando Bosch and Frank Castro, two fellow right-wing Cuban exiles, against leftist Andres Pascal Allende, the nephew of slain Chilean President Salvador Allende. Posada worried that his allies would discover he was giving up their secrets.

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"Posada concerned that Bosch will blame Posada for leak of plans," the report says. Andres Allende was not assassinated, and it is unclear whether the Cuban exiles ever made an attempt on his life.

Then, four months later, Posada came back to tell of a sinister plot to blow up an airliner.

On June 22, 1976, "Posada again contacts (deleted by censor) reptd info concerning possible exile plans to blow up Cubana Airliner leaving Panama and requested visa assistacne," read the document, filled with typographical errors.

Shortly after, a bomb aboard a Cubana Airlines plane leaving Panama failed to detonate, and the following month, a bomb in a suitcase exploded before being loaded onto a Cubana plane leaving Jamaica, according to a confidential State Department memo previously posted by the National Security Archive.

The day after the Cubana Airlines flight was bombed near Barbados, the CIA tried unsuccessfully to contact Posada, according to the annotated list. Five days later, Posada was arrested in Venezuela. He denied involvement in the bombing and escaped from prison in 1985 before a civilian trial was completed.

Allegations that he masterminded mass murder did not keep U.S. covert operatives from hiring Posada again. Within months, he was delivering weapons to Nicaraguan Contra rebels in an illegal Reagan administration operation. Posada also acknowledged, and then denied, a role in Havana hotel bombings in 1997 that killed a tourist.

And in 2000, Posada was arrested for allegedly plotting to assassinate Castro during a summit in Panama. He was pardoned in 2004 by then Panamanian President Mireya Moscoso.

Posada was detained in Florida in May 2005 for entering the United States illegally. A U.S. immigration judge has ruled that he cannot be sent to Cuba or Venezuela, citing fears that he would be tortured.

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On the Net:

National Security Archive: http://www.gwu.edu/nsarchiv/

Castro Foe Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 10, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

“The fight against terrorism cannot be fought à la carte,” said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. “A terrorist is a terrorist.”

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as “an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites.”

Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

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"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

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Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

“Mostly nature scenes,” Mr. Soto said. “He’s seen a lot of those.”

Way Radical, Dude (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, October 9, 2006

Now Playing: Video Games With an Islamist Twist

A new video game lets players kill President Bush. It's called "Quest for Bush." It looks a lot like a game that hit the market three years ago, called "Quest for Saddam."

In the venerable shoot-'em-up genre, who's the hero and who's the enemy depends on who's programming the game.

"Quest for Bush," a.k.a. "Night of Bush Capturing," is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. Armed with a rifle, a shotgun or a grenade launcher, players navigate various missions that include "Jihad Growing Up," "Americans' Hell" and "Bush Hunted Like a Rat." In the final stage, you fight Bush.

It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles. Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history.

"There's a very interesting tit-for-tat going on here, a weird kind of dialogue," says Ed Halter, author of the book "From Sun Tzu to Xbox: War and Video Games," published in May, and a contributing writer for the Village Voice. "And what's disconcerting about it is that the conversation is often reduced to the lowest common denominator of violent action in games, which is in a way very reflective of the overall way things are going right now in real life."

Radwan Kasmiya, a 31-year-old gamer, can't stand titles such as "Counter-Strike," "Close Combat: First to Fight" and "America's Army," the free online game -- with more than 7.5 million users -- released in 2002 by the U.S. Army to help bolster recruitment.

"We're the terrorist, the enemy, in these games," says Kasmiya. He runs the Syria-based Afkar Media, one of a handful of struggling commercial game publishers in the Islamic world. Speaking on the phone from his Damascus office, he's quick to distinguish his games from "Quest for Bush," which has been downloaded a few thousand times on the Internet. Two clips on the video-sharing site YouTube.com have been viewed nearly 11,000 times. "Nothing but propaganda," he says of that game. He's played it, he says, and calls it "hateful."

"UnderAsh," released by Afkar Media in 2002, views the first intifada from the eyes of Ahmad, a Palestinian teenager resisting the Israeli occupation. Last year a sequel was released. A teaser to "UnderSiege," which tells the stories of five Palestinian families during the second intifada, shows a Palestinian teenager being shot on the street; an Israeli soldier appears to pound him with a concrete block seconds later. "Our games are not propaganda," Kasmiya says. "Our games are a reflection of our history -- past or present. The fact is, most movies, most TV shows, most video games put Muslims in a bad light, so we have to try to tell our side of the story."

Retired Maj. Chris Chambers, deputy director of the Army Game Project, insists "America's Army" doesn't "pick on a single enemy." The country is at war, he says, and the terrorists depicted in "America's Army" come from "all over the world," including the Middle East. "There's no focus on one particular region or one particular people," says Chambers, who helped design the game.

But as with anything, people are free to interpret the game any way they want, he adds.

One of the first Islamic games to gain attention in the Middle East is a free online game called "The Stone Throwers," says Halter. It was created by a Syrian medical student and released in 2000, weeks after the start of the second intifada. According to its Web site, the game is "dedicated to those who lost their lives for the homeland and all those who are fighting for freedom." Other game publishers such as Techniat 3D and Imaginations -- the former based in Syria, the latter in the United Arab Emirates -- developed fantasy-based adventure games such as "Zoya" and "Legend of Zord." But both companies folded in the past five years, unable to find a sizable audience in the Middle East, where piracy is commonplace and U.S.-made games are popular, Kasmiya says. None of these games -- free or not -- have been purchased or downloaded "more than a few thousand times," he adds.

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The Washington-based Middle East Media Research Institute, a nonpartisan group that translates Arabic language television and Web sites, says that in June, Sheik Nabil Al-Awadhi, who has a weekly show on the Kuwaiti channel Al-Rai TV called "Sa'at Saraha" ("An Hour of Sincerity"), spoke of the need for Islamic games that compete with Western games. He also suggested developing a game in which the Muslim player "slaughters the Jews and liberates the Al-Aqsa Mosque." In the West, they turn their wars against Muslims into games, he said, and Muslims should do the same.

Dennis McCauley, who runs the blog Gamepolitics.com, says: "There is a game design war taking place, at least in the sense that today's games are a mass communications vehicle for reaching young people. The Defense Department distributes 'America's Army' for free as both a recruiting tool and a way to market the image of our armed forces. The game is hugely popular. It's no surprise that Islamic extremists are trying to achieve the same goal and imitate that success."

This past summer, the Union of Islamic Student Societies, an Iranian political group, announced that it was developing a game -- as a retort to a U.S.-made game. Last year, the New York-based Kuma Games released a free online game called "Assault on Iran," in which players take on the role of a U.S. Special Forces soldier trying to destroy Iran's nukes. In the Iranian group's game, set for release this March, a fictional "Commander Bahman" fights U.S. Special Forces and rescues Iranian atomic scientists. In response to that response, Keith Halper, head of Kuma Games, said his company will create a sequel to the Iranian-made game from the United States' point of view.

"It's propaganda, but it's also a form of debate," Halper says. "We have made a point, they have responded."

The gunplay in "Quest for Bush" is crude, akin to "Doom," the godfather of shoot-'em-up games. The goal is to kill. It's in English and Arabic and takes about 30 minutes to play. In the beginning, the player goes around what looks like a U.S. military camp, with walls plastered with photos of President Bush, Secretary of Defense Donald Rumsfeld and British Prime Minister Tony Blair, among others.

"Quest for Bush" is a "mod"-- or modification -- of "Quest for Saddam," released by the California-based Petrilla Entertainment in 2003 for $14.95. The company sold about 3,000 copies of the game.

"They say imitation is the highest form of flattery. But I'm not flattered," says Jesse Petrilla, who created "Quest for Saddam." Last year he founded the United American Committee, a political action group that has used techniques such as hanging Osama bin Laden in effigy in front of a mosque in Culver City, Calif. He says his group seeks to remind Americans of "the threat that radical Islam poses to all of us."

His latest response in this gaming war, says the 23-year-old, is to make "Quest for Saddam" free for players.

HOMELAND RESPONSE:

Treasury Weighs Broader Scrutiny Of Wire Transfers (WSJ)

By Damian Paletta

The Wall Street Journal, October 10, 2006

WASHINGTON -- The Treasury Department, amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year.

Financial institutions are required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide.

A senior Treasury Department official said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing.

Robert Werner, director of the Financial Crimes Enforcement Network, said his agency has sent the review on to Treasury Department officials and is waiting for a determination from Mr. Paulson. "Based on the work we've done, it's clear there is value" in this information, Mr. Werner said after a speech to the American Bankers Association. "The money trail is just going to be that much more robust."

The banking industry has objected to the planned data-collection regime. Now, banks and wire-transfer companies have to retain wire-transfer information only in case the government asks for it later. The new program would require companies to directly send information about each wire transfer to the government.

Mr. Werner said any program would take into account complaints registered by the banking industry. Specifically, banks have said that a massive government program could make it difficult to protect the privacy of each wire-transfer customer. It also could become costly for banks to comply with such a program, the banking industry has said.

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"Our feasibility study will outline these issues and propose an approach for addressing them," Mr. Werner said.

An announcement from the Treasury Department regarding the program could come in the next few weeks.

Mr. Werner said the proposed program would be different from an existing program that allows the government to monitor thousands of wire transfers for links to terrorism through a database in Belgium, known as Swift.

Homeland Security Bill Helps 9/11 Lawsuits (WT)

By Shaun Waterman, United Press International

The Washington Times, October 9, 2006

A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system.

Section 525 of the conference report that is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA).

The regulations, says the report, should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide "a rational reason," which will "identify and describe the specific risk to the national transportation system."

The regulations should also include a mechanism for SSI to be made available in civil court cases if the judge determines it is needed and if the party needing it cannot get it elsewhere without "undue hardship." The lawmakers say they "expect that a party will be able to demonstrate undue hardship to the judge if equivalent information is not available in one month's time."

To get access to the information, plaintiff's lawyers will have to pass a background check of criminal and terrorism-suspect watchlists like that any aviation worker with access to the information would require, according to the report. The language still allows officials to block the court's access to SSI, if they can "demonstrate" that it "presents a risk of harm to the nation."

The new law instructs Mr. Chertoff to report back to the Appropriations committees within 120 days on his compliance.

The provision was welcomed by relatives of victims of the September 11 attacks. Family members who support the lawsuits have long contended that the TSA is using restrictions on information to hide the culpability of the airlines and the federal authorities.

"We call on TSA to comply fully with both the letter and the spirit of this new law," said Alice Hoagland, mother of Mark Bingham.

Her son was one of the United Airlines Flight 93 passengers who stormed the cockpit, preventing the hijackers from striking their intended target -- thought to have been either the White House or the Capitol.

"This is information about a defunct aviation system," said former Federal Aviation Administration Special Agent Brian Sullivan of the documents that TSA is trying to protect. He accused officials of "protecting the FAA from embarrassment and the airlines from liability."

About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the U.S. District Court of New York. The plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks.

WAR NEWS:

G.O.P.'s Baker Hints Iraq Plan Needs Change (NYT)

By David E. Sanger

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to "stay the course," and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria.

"I believe in talking to your enemies," he said in an interview on the ABC News program "This Week," noting that he made 15 trips to Damascus, the Syrian capital, while serving Mr. Bush's father as secretary of state.

"It's got to be hard-nosed, it's got to be determined," Mr. Baker said. "You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

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Mr. Bush refused to deal with Iran until this spring, when he said the United States would join negotiations with Tehran if it suspended enriching nuclear fuel. Iran has so far refused. Contacts with both Syria and North Korea have also been sharply limited.

But the "Iraq Study Group," created by Mr. Baker last March with the encouragement of some members of Congress to come up with new ideas on Iraq strategy, has already talked to some representatives of Iran and Syria about Iraq's future, he said.

His comments Sunday offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. "I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of 'stay the course' and 'cut and run,' " Mr. Baker said.

He explicitly rejected a rapid withdrawal from Iraq, saying that would invite Iran, Syria and "even our friends in the gulf" to fill the power vacuum. He also dismissed, as largely unworkable, a proposal by Senator Joseph R. Biden Jr., the ranking Democrat on the Senate Foreign Relations Committee, to decentralize Iraq and give the country's three major sectarian groups, the Kurds, Shiites and Sunnis, their own regions, distributing oil revenue to all. Mr. Baker said he had concluded "there's no way to draw lines" in Iraq's major cities, where ethnic groups are intermingled.

According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance.

"He's a very loyal Republican, and you won't see him go against Bush," said a colleague of Mr. Baker, who asked not to be identified because the study group is keeping a low profile before it formally issues recommendations. "But he feels that the yearning for some responsible way out which would not damage American interests is palpable, and the frustration level is exceedingly high."

At 76, Mr. Baker still enjoys a reputation as one of Washington's craftiest bureaucratic operators and as a trusted adviser of the Bush family, which has enlisted his help for some of its deepest crises, including the second President Bush's effort to win the vote recount in Florida after the 2000 presidential election. Mr. Baker served as White House chief of staff, as well as secretary of state under the first President Bush.

Andrew H. Card Jr., President Bush's former chief of staff, acknowledged recently that he had twice suggested that Mr. Baker would be a good replacement for Secretary of Defense Donald H. Rumsfeld. Mr. Bush rejected that advice, and some associates of Mr. Baker say they do not believe he is interested, at his age, in taking the job, which could put him in the position of having to carry out his group's advice.

Those proposals — which he has said must be both bipartisan and unanimous — could very well give Mr. Bush some political latitude, should he decide to adopt strategies that he had once rejected, like setting deadlines for a phased withdrawal of American forces.

Given his extraordinary loyalty to the Bush family — Mr. Baker was present on Saturday at the formal christening of a new aircraft carrier named for the first President Bush — it was notable on Sunday that Mr. Baker also joined the growing number of Republicans who are trying to create some space between themselves and the White House.

On Sunday, on "This Week," Mr. Baker was shown a video of the Republican chairman of the Senate Armed Services Committee, Senator John W. Warner of Virginia, who said last week that Iraq was "drifting sideways" and urged consideration of a "change of course" if the Iraqi government could not restore order in two or three months. The American ambassador to Iraq, Zalmay Khalilzad, has offered a similar warning to the Iraqi government.

Asked if he agreed with that timetable, Mr. Baker said, "Yes, absolutely. And we're taking a look at other alternatives."

The Iraq Study Group, created with the reluctant blessing of the White House, includes notable Republicans and Democrats, among them William J. Perry, a former defense secretary under President Clinton; former Mayor Rudolph W. Giuliani of New York; the former Supreme Court justice Sandra Day O'Connor; and Vernon E. Jordan Jr., a longtime civil rights leader. Mr. Baker's Democratic co-chairman is Lee H. Hamilton, the former Congressman who once served as the chairman of the House Foreign Affairs Committee and was co-chairman of the 9/11 commission.

In interviews, members of the study group have privately expressed concern that within months, whatever course the group recommended could be overtaken by the chaos in Iraq. "I think the big question is whether we can come up with something before it's too late," one member said late last month, after the group had met in Washington to assess its conclusions after a trip to Baghdad. "There's a real sense that the clock is ticking, that Bush is desperate for a change, but no one in the White House can bring themselves to say so with this election coming."

Like other members, he declined to speak on the record, saying public comments should come only from Mr. Baker or Mr. Hamilton.

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Several members said they were struck during their visit to Baghdad by how many Americans based there — political and intelligence officers as well as members of the military — said they feared that the United States was stuck between two bad alternatives: pulling back and watching sectarian violence soar, or remaining a crucial part of the new effort to secure Baghdad, at the cost of much higher American casualties.

It was a measure of how much the situation had deteriorated that only one member of the group, former Senator Charles S. Robb of Virginia, ventured beyond the protected walls of the Green Zone, the American and government center of Baghdad. The study group is just now finishing its interviews, and Mr. Baker has not yet begun to draft the report, members said.

Some who have already met with the group, like Mr. Biden, who may seek the Democratic nomination for president, have emerged saying they think their ideas are being heard. On Friday, Mr. Biden said he thought he saw "heads nodding up and down" about his ideas on creating autonomous regions of the country, but Mr. Baker made clear on Sunday that he was not among them.

"Experts on Iraq have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

Mr. Baker has been critical of how the Bush administration conducted post-invasion operations, and he has not backed away from statements he made in his 1995 memoir, in which he described opposing the ouster of Saddam Hussein after the Persian Gulf war in 1991. In the book, he said he feared that such action might lead to a civil war, "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

On Sunday, the interviewer, George Stephanopoulos, said, "It's exactly what's happened now, isn't it?" Mr. Baker replied, "A lot of it."

Baker Predicts 'Civil War' If Iraq Divided (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, October 9, 2006

Iraq Study Group co-chairman James A. Baker III yesterday denied reports suggesting that his government-advisory group would recommend breaking up Iraq along ethnic lines, saying such a move could "trigger a huge civil war."

At the same time, Mr. Baker, who was secretary of state during the 1990-91 Persian Gulf War, agreed with assessments that Iraq has about "two or three months" to improve its security situation.

During an appearance yesterday on ABC's "This Week," Mr. Baker was asked whether a proposal by Sen. Joseph R. Biden Jr. for breaking up Iraq into semiautonomous regions is supported by members of the Iraq Study Group.

Mr. Biden, Delaware Democrat, recently told "This Week" moderator George Stephanopoulos that "he saw a lot of heads nodding in agreement" when he presented his plan to the group.

"A lot of the people we've talked to, particularly experts on Iraq, have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, "The Kurds already effectively have their own area. The federalisation of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

However, Mr. Baker appeared to reject such a proposal yesterday.

"There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq," Mr. Baker said. "And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

However, Mr. Baker also said his group has not rejected Mr. Biden's proposal.

"We haven't rejected a lot of suggestions. We simply haven't concluded our report yet."

During an appearance on CNN's "Late Edition" yesterday, Mr. Biden said his plan was more reasonable than Mr. Bush's Iraq strategy.

"I'm not a person calling for cut and run. The president of the United States has not given the military commanders all they've needed," Mr. Biden said.

"The fact of the matter is, everyone from John Warner on," he said referring to the Republican chairman of the Senate Armed Services Committee, "knows there's a need for radical change in policy and a political settlement here. There needs to be a political solution."

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After his recent trip to Baghdad, Mr. Warner, Virginia Republican, said, "In two to three months' time, if this thing hasn't come to fruition and this government [is not] able to function, I think it's a responsibility of our government internally to determine: Is there a change of course we should take?"

Although the Iraq Study Group is holding its findings until after the November elections, Mr. Baker has said he does not think an immediate withdrawal of U.S. forces from Iraq should be under consideration.

"I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," Mr. Baker said. "Every neighboring country would be involved in there, doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

A Capital Gumshoe Hits It Big (USNEWS)

By Liz Halloran

U.S. News and World Report, October 16, 2006

On its face, it looked like a Washington version of a "did not, did so" schoolyard standoff. But the stakes were a whole lot higher. At issue are the assertions in Bob Woodward's new book about what Bush administration officials knew about the terrorists' plans in the months leading up to 9/11.

Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting described in Woodward's State of Deial-a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA "on or around" that date-and added that she had instructed her staff to pass on the CIA's information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld.

Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal. "When Bob Woodward speaks," says John Walcott, chief of the McClatchy newspaper chain's Washington bureau, "the secretary of state has to respond."

Though it was overshadowed last week by the evolving congressional page scandal, the new book was instantly a No. 1 bestseller, like 10 of the 14 books he has either written or coauthored. Unlike his past two books on the Bush administration, State of Denial takes an unsparing look at the administration's bungled post-invasion policy in Iraq. "This is a do-over," said commentator Arianna Huffington, who is among those who say Woodward's reputation was damaged by his previous favorable "Bush at war" books. "He wants to make it appear that he hasn't changed, the facts on the ground have changed. That's simply not true." Woodward has responded to such criticism by saying his latest round of reporting simply turned up new information.

Hot topics. Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. There have been several illuminating books published in the past year about the Bush administration's prosecution of the war in Iraq-from Ron Suskind's One Percent Doctrine to Thomas Ricks's Fiasco: The American Military Adventure in Iraq. But only Woodward's drew a White House press-release rebuttal.

The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context. Woodward was given access to President Bush and other top officials for his first two books on the administration, but he was refused interviews with the president for State of Denial. (The administration has said it believed Woodward had an agenda.) Some dramatic scenes Woodward reported in previous books-a teary Richard Nixon praying with Secretary of State Henry Kissinger; CIA Director William Casey's deathbed admission of the Iran-contra scheme-have been questioned.

There are other criticisms, as well. Thomas Edsall, a retired Washington Post reporter now teaching at Columbia School of Journalism and writing for the New Republic, says his former colleague, along with some reporters for other A-list newspapers, has ready access to high-level government officials but often fails to check their accounts of events with secondary and tertiary sources.

Old-fashioned. Woodward calls such criticisms unfounded. "I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names," he said last week. "This book makes me feel good about old-fashioned, straight journalism." Woodward defended his past glowing characterizations of the Bush administration as describing their actions during a different time. But he says he feels he erred in his earlier reporting on Rumsfeld, who comes off very poorly in State of Denial. "I should have looked at him sooner," he said.

Even his sternest critics, however, give Woodward credit for his work ethic and determination, his keen interviewing skill, his exhaustive knowledge of the nation's capital and how it works, and for not harboring a political agenda.

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So what's Woodward's next book likely to be? "For the country's sake," he said, "I hope it's Bush at Peace." Whatever it is, it almost certainly will be a bestseller that will kick off yet another spirited dissection of one of the nation's most famous journalists.

Secret Iraq Meeting Included Journalists (NYT)

By Julie Bosman

The New York Times, October 9, 2006

It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, "State of Denial," he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11.

What was more unusual, Mr. Woodward reveals, was the presence of journalists at the meeting. Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened.

While members of policy research groups often dispense advice to administration officials, journalists do not typically attend secret meetings or help compile government reports. Indeed, many Washington journalists complain that the current administration keeps them at an unhealthy distance.

Mr. Zakaria takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced.

"I thought it was a brainstorming session," he said. "I was never told that there was going to be a document summarizing our views and I have never seen such a document." (Mr. Woodward wrote that the report, which supported the invasion of Iraq, caused Mr. Bush to focus on the "malignancy" of the Middle East situation.)

Mr. Kaplan said much of the meeting was spent drafting and reworking the document, which in the end carried the names of all 12 participants and was "a forceful summary of some of the best pro-war arguments at the time." Could any of the participants have been unaware there was a document in the making? "No, that's not possible," he said.

Mr. Kaplan, who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because "everybody was in a patriotic fervor."

Mr. Zakaria said he felt participating was appropriate because his views, as a columnist for Newsweek, were public, although he has never divulged his involvement to his readers.

"My column is an analytical column," he said, adding that he gives advice to policy makers and elected officials: "If a senator calls me up and asks me what should we do in Iraq, I'm happy to talk to him." JULIE BOSMAN

Death Squads Online (NSWK)

By Christian Caryl And Michael Hastings, Newsweek

Newsweek, October 9, 2006

As if things weren't bad enough, now Iraq's sectarian butchers are posting their execution lists on the Internet.

Not long ago, Mohammed Kika found out that his name had appeared on a London-based Web site run by Sunni exiles from Iraq. The Baghdad man was accused of betraying other Sunnis to a Shiite militia in the mixed neighborhood of Mansour, receiving a $200 bounty for each one he identified. The posting even disclosed the name of the barbershop where Kika could be found. He ran for his life, friends and family told NEWSWEEK. At first he hid out in the Shiite neighborhood of Karrada, and then he fled the country.

Iraq's sectarian war is spreading onto the Web. Some Iraqis, like Kika, have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. (NEWSWEEK has found at least eight of these sites, but we have decided not to publish their Web addresses.) The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites. "Some of the Web sites can be used to catch spies by tracking their movements," he told NEWSWEEK.

Rising sectarian violence has become the No. 1 threat to Iraq's stability, with more than 2,500 Iraqis killed violently in September. Much of the killing is linked to death squads in Iraq's heavily Shiite police force, an agency that would scarcely exist without U.S. training and funding. Last week the U.S. military removed an entire Iraqi national police brigade from duty after American soldiers received reports that the unit was involved in death-squad activities. Military investigators are tracing possible

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links to the notorious Mahdi Army militia, which is believed to be running Shiite death squads in Baghdad. Efforts to build a reliable Iraqi police force seem nearly hopeless anyway: this summer alone the Interior Ministry reportedly fired at least 1,700 bad cops.

And the violence in the streets keeps getting nastier. Until recently, death threats in Iraq arrived the old-fashioned way—a flier found on a family's doorstep, warning them to leave the neighborhood or suffer the consequences. Now Iraq's sectarian killers have discovered the anonymity and long reach of the Internet.

Sunni sites provide Arabic-speaking users with a place to swap information—true or not—about alleged collaborators with Shiite death squads in Baghdad. One site's Iraqi correspondents write in with news and views—as well as exposés of corrupt officials or snitches alleged to be aiding the death squads. One of the site's organizers, Ali Ahmad, denies that he promotes violence with his site, and says he just "publishes information to fill a vacuum that the authorities can't. People can't go to the police," says the 48-year-old, an Iraqi exile and British citizen. Last week the site published a warning "not to go to the Ministry of Higher Education to accept fellowships, because it is a trap by a death squad." Another site lists more than 300 names, birthdays and locations of suspected Shiite militia members. Shiites have sites of their own, where believers are urged to avenge suicide car-bomb attacks by slaughtering Sunnis. "Let's torture them and don't be silent," wrote one recent poster.

The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues. One post last week offered advice to members of the Mahdi Army on how to avoid capture by U.S. forces. "Don't wear black," the writer advised, referring to the standard Mahdi Army uniform. Other tips: "Hide your weapons," don't stand in groups, and "never admit you're a member of the militia." Just what Iraq needs: online hints for sectarian butchers.

Arrest Made In Iraq Food Poisoning Case (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, October 10, 2006

Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional.

Brig. Qassim al-Moussawi, a senior spokesman for the Iraqi military, denied that anyone had died after Sunday's evening meal breaking the daily Ramadan fast.

On Sunday night, an official in the Environment Ministry, Jassim al-Atwan, said 11 policemen had died. Wasit provincial Gov. Hamad al-Latif said "hundreds of soldiers were poisoned" at the police base in Numaniyah, but nobody had died.

Al-Moussawi put the number of poisoned policemen at 350 to 400, but said only four victims were hospitalized.

"A number of people have been arrested, including the man in charge of the mess hall," al-Moussawi said.

He said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely."

The stronger possibility, he said, is that it was "intentional sabotage."

Al-Latif said the base's food and water are supplied by an Australian contractor working through Iraqi subcontractors. He did not identify the Australian company. The food is prepared elsewhere and brought to the base.

Al-Moussawi said the contractors, workers at the location where the food is prepared and others were under investigation, but would not say how many had been detained.

Sunni insurgents fighting the police and military have not been known to use poison as a weapon. The afflicted policemen belong to the 4th Division of the National Police, whose officers are mainly Shiites.

The division normally operates around the town of Salman Pak on the southeastern outskirts of Baghdad — an area of intense Shiite-Sunni fighting.

The division was sent to the base in Numaniyah, 60 miles southeast of the capital, for further training.

Poisoning Suspected After Hundreds Fall Ill At Iraqi Post (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 10, 2006

Officers Had Just Broken Ramadan Fast

BAGHDAD, Oct. 9 -- Hundreds of Iraqi army and police officers became violently ill after breaking their Ramadan fast Sunday evening at a base in southern Iraq, in what authorities are investigating as a possible mass poisoning attack.

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At least 10 people died and 1,200 were sickened at a base in Numaniyah after eating a chicken dinner that may have been laced with cyanide, according to recruits and an army colonel with knowledge of the investigation. He said the food was undergoing laboratory tests.

Brig. Gen. Qassim al-Moussawi, a spokesman for the Iraqi armed forces, said the head of the base's mess hall and several other employees there had been arrested. But he said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died.

The U.S. military announced the deaths of four troops, a soldier who was killed Monday morning by small-arms fire in eastern Baghdad and three Marines assigned to Regimental Combat Team 7 who were killed Sunday in Anbar province, the volatile Sunni insurgent stronghold.

In the southern city Diwaniyah, clashes continued Monday between U.S. troops and militiamen loyal to Shiite cleric and political leader Moqtada al-Sadr. The two sides battled a day earlier in a skirmish that the American military said left 30 militiamen dead.

Abdul Razaq al-Nadawi, the head of Sadr's office in Diwaniyah, said three people were killed at sunset when an American convoy tried to arrest a cleric loyal to Sadr. Members of Sadr's Mahdi Army responded by detonating a roadside bomb and opening fire on the convoy.

Earlier in the day, armed men connected with the Mahdi Army attacked an Iraqi police checkpoint in the northern part of the city, killing 12 officers and wounding three others, according to Brig. Gen. Hazim Mohammed Ameen of the Interior Ministry. He said joint Iraqi-American patrols cordoned off the area and all roads leading into the city and arrested 20 suspected fighters.

In Baghdad, armed men assassinated the brother of Vice President Tariq al-Hashimi, one of the country's most prominent Sunni Arab politicians. The killing of Amir al-Hashimi makes him the third sibling of Hashimi to be assassinated this year.

Also in the capital, armed men in four pickup trucks without license plates kidnapped 11 Iraqi soldiers at a checkpoint in Sadr City, the sprawling Shiite Muslim slum, Ameen said.

The genocide trial of deposed president Saddam Hussein resumed Monday after a two-week break, with a 31-year-old Kurdish woman accusing Hussein's regime of burying her family alive. Prosecutors have accused Hussein of trying to annihilate the country's Kurdish population during the 1980s.

In Diyala province, northeast of Baghdad, statements were distributed threatening widespread violence and civil disobedience if the government does not remove the commander of the 5th Iraqi Army Division and bring him to court for unspecified crimes allegedly committed during a military operation last week.

The statements, signed by "the Mujaheddin of Diyala," said that if these demands were not met, they would fire rockets and mortars at government buildings, force the closure of all schools, bar government officials from going to work and shutter all gas stations.

"And we call on all citizens who were robbed of any valuables to submit a complaint to the criminal court in the province," the statement concluded, "and they will find honorable, honest judges there who will give them back their rights."

Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Meal Sickens Hundreds Of Iraqi Police Recruits (LAT)

By Doug Smith And Zeena Kareem

The Los Angeles Times, October 10, 2006

BAGHDAD — Several hundred Iraqi police recruits were being treated today in an outbreak of severe food poisoning that triggered a mutinous episode in southern Iraq, and the capital was shaken by the assassination of the vice president's brother.

Officials in Numaniyah, about 75 miles southeast of Baghdad, said disorder broke out at a military base there today, the day after the recruits became ill. Angry recruits stoned the car of their commander. FOR THE RECORD:

'Iraq Food Poisoning': The chronology of events involving a food poisoning incident in Iraq have been corrected from an earlier online version of the story. —

Authorities said they had not yet established that the food poisoning, which broke out Sunday evening, was intentional. However, several people connected with the base dining facility were arrested, including the food supplier, military spokesman Brig. Gen. Khasim Mosawi said in a televised news conference.

Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date.

About 350 of the soldiers remained in two local hospitals today, officials said.

The soldiers began to collapse in pain Sunday while doing field drills after eating the large evening meal that breaks the day's fasting during the holy month of Ramadan.

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"I thought someone hiding somewhere was sniping at them with a silencer," said a base security official who would only give the name Ali.

Soldiers who did not eat the evening meal were not sickened, officials said.

Several members of the Wasit provincial council and the mayor of Numaniyah, who all asked not to be named out of fear for their safety, said they had received complaints from soldiers about abuse by Col. Amer Flaih Hasoon Dulaimi, commander of the 1,800-member National Police brigade.

They said the colonel publicly reproached the recruits after they celebrated the birth date of one of the Muslim imams with a meal and the singing of religious anthems.

In Baghdad, meanwhile, armed men arriving in a convoy of about 10 vehicles stormed the house of Amer Hashimi, killed him and his guards and kidnapped his son. Hashimi was the eldest brother of Vice President Tariq Hashimi, a top-ranking Sunni Arab politician.

Some of the attackers wore uniforms and others were in civilian clothes, a spokesman for the Iraqi Interior Ministry said.

Amer Hashimi was the third sibling of the vice president to be assassinated. Their sister, Maysoon Hashimi, was killed along with her driver in April, two weeks after a brother, Mahmoud Hashimi, was killed while driving with friends.

Amer Hashimi was an officer in Saddam Hussein's army and became the army's chief of staff from April to September 2004. He and four subordinates were dismissed after the assassination of a high-ranking officer in the Defense Ministry.

Sunni political leaders said they held the government of Prime Minister Nouri Maliki responsible for the killing because it had failed to bring Shiite Muslim militias under control. The militias have been widely accused of carrying out killings of minority Sunnis.

"What makes us wonder, is that why they make promises about the militias that they can't fulfill?" said Saleem Abdullah of the Iraqi Accordance Front. "Every time we think there is a solution it disappears."

The trial of former dictator Saddam Hussein resumed today after a nearly two-week recess. During testimony, a Kurdish woman accused the deposed government of burying her family alive after destroying her village, rounding up men, women and children and herding them into camps where they were tortured and left hungry and exposed to the elements.

"I want you to ask Saddam Hussein a question," the Kurdish woman said while testifying from behind a curtain in a heavily protected Baghdad courtroom. "What was the guilt of the women and children?"

The woman, who was 13 at the time of a large-scale counterinsurgency operation carried out by Hussein's forces in 1988, added, "I know what happened to my family. They were buried alive."

Hussein's defense attorneys again boycotted the trial, objecting to the court's decision to remove the first judge in case, who was widely perceived by Shiites and Kurds as too lenient toward the former president and the defense.

In addition to four witnesses, the prosecution presented identification cards of Kurdish victims of the 1988 campaign discovered in mass grave sites in southern Iraq. Though Iraqi security forces tried to seize the identification cards during the roundup of suspects, some victims managed to hide them on their person and smuggle them to their graves, giving forensic scientists valuable clues in building up the case.

In other developments today:

The U.S. military reported the deaths of three Marines and two Army soldiers. The Marines were killed by enemy fire in Al Anbar province in western Iraq. The soldier was killed by small-arms fire in Baghdad. Their names were not released.

Parliament set a vote for Wednesday on implementation of a federal system to transfer power from Baghdad to the provinces. The parliament will be choosing between four competing plans.

Disturbances continued in the southern city of Diwaniya where the U.S. Army said it killed 30 militants in a firefight Saturday, said Shiekh Abdul-Razaq Nadawi, manager of Shiite cleric Muqtada Sadr's office in the city. He said American forces raided a mosque attempting to arrest Sheik Khudair Ansari, a leader in Sadr moment in the city. The Americans withdrew after clashing with worshippers, several of whom were injured, he said.

Besides Hashimi, at least 35 violent deaths were reported in Baghdad and elsewhere in Iraq.

Eleven 11 Iraqi soldiers were reported kidnapped in a dawn raid on a checkpoint in a Sadr stronghold in the Baghdad neighborhood of Sadr City.

U.S. Gains In Parts Of Iraq In Jeopardy (WP/AP)

By Antonio Castaneda

The Washington Post/AP, October 10, 2006

BAGHDAD, Iraq -- For months, soldiers from the 172nd Stryker Brigade fought in riverside towns of western Iraq, trying to clamp off the flow of foreign fighters and suicide bombers that commanders said were terrorizing Baghdad. Now hundreds of

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these same U.S. soldiers have been sent to deal with what U.S. officials say is an even greater threat _ rising attacks between Sunnis and Shiites in the capital itself.

Left behind in the dusty towns along the Euphrates River in Anbar province are fewer U.S. troops _ and fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated.

"Seeing the fruits of your labor lost is frustrating," said Capt. David Ramirez of the 4th Squadron, 14th Cavalry Regiment, who was sent to Baghdad from western Iraq.

The shift from Anbar to Baghdad underscores the problems facing the overstretched, 140,000-strong U.S. military force in Iraq.

To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq.

"We do not have sufficient troop strength to secure the entire country simultaneously," Andrew Krepinevich, a military analyst, said in an e-mail to The Associated Press. "Trying to be strong everywhere will lead us to being strong nowhere."

Krepinevich said he had personally recommended drawing down forces in western Anbar to U.S. Ambassador Zalmay Khalilzad and Vice President Dick Cheney's staff.

Lt. Gen. Peter Chiarelli, the No. 2 commander in Iraq, defended the new strategy, saying it was necessary to "winning the main effort" in Baghdad.

Chiarelli insisted the troops were moved from the less violent parts of Anbar province.

However, four Marines were killed July 29 by a suicide truck bombing in Rawah even as U.S. soldiers were pulling out of that area.

Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina and includes notoriously violent cities such as Haditha, Rawah and Haqlaniyah.

"Any time you reduce forces it's a concern," said Marine Lt. Col. Norm Cooling, commander of the 3rd Battalion, 3rd Regiment which is scattered across western Anbar.

Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war.

The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west from using the U.S. military drawdown there to gain strength.

About a third of the 102 U.S. troops who have died in Iraq since Sept. 1 have been killed in Anbar, according to Pentagon reports.

"Where we're not, the insurgency goes there. That's just how an insurgency works," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., who was among those relocated to Baghdad.

U.S. commanders have also said that the reshuffling of forces makes it difficult to build trust among civilians and convince them to cooperate with American forces.

For example, five different U.S. units were based in the western city of Hit last year.

"It's been like a transient area" in Hit, said Lt. Col. Ronald Gridley, the executive officer for Marine Regimental Combat Team 7.

"In a counterinsurgency," he said recently, "you can't throw someone in there for 45 days and expect them to understand the communities, the different tribes, the different personalities involved."

Iraq Fuel Shortages Buoy Separatists' Stance (WSJ)

By Philip Shishkin

The Wall Street Journal, October 10, 2006

Kurds in North Seek Solutions, Serve as Model for Southern Shiites; Sunnis Fear Being Shut Out

ERBIL, Iraq -- As governor of Erbil province in northern Iraq's Kurdish autonomous region, Nawzad Hadi Mawlood has spent months rationing fuel among public transport, government cars and -- supplies permitting -- regular motorists, whom he says he may have to advise to refrain from driving altogether.

The recurrent shortages are draining Kurdish officials' patience with the central government, which they accuse of fumbling fuel imports. Fuel interruptions also are aggravating the wider debate over how Iraq's abundant oil supplies are divided among its factionalized regions, and the resolution could determine whether the country splinters. In Baghdad last week, Secretary of State Condoleezza Rice said "oil needs to be a unifying factor."

But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. The Kurds' frustrations -- and ambitions -- are summed up by Ashti Hawrami, their newly

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appointed energy minister: "We are supposed to be an oil country, and we have this? Baghdad is failing us. We could do a better job."

The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is increasingly alarmed by Kurdistan's oil moves, fearful of being cut out of oil income that is currently apportioned by the central government.

When the central government's oil minister questioned the validity of exploration contracts signed by the Kurdistan regional government, Nechirwan Barzani, the region's prime minister, offered a strong response: "I resent [the oil minister's] efforts to sabotage investment in Kurdistan's oil sector. He would better spend his time getting his ministry working rather than tearing down our achievements." Mr. Barzani then warned that if Baghdad continues to impinge on the Kurdish region's autonomy, the Kurds may consider seceding from Iraq.

The thirst for independent fuel supplies -- and the broader autonomy that implies -- could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern.

While Iraq is among the world's largest oil producers, the country's refineries, often targeted by insurgents, can't keep up with the domestic demand for refined petroleum products, such as gasoline. So Iraq's State Oil Marketing Organization uses the crude-oil revenue to buy the shortfall from foreign suppliers, including Turkey, which has no oil reserves of its own but fields a vibrant refining industry.

Hobbled by the insurgency and poor management, Iraq's oil production stood at two million barrels a day in August, lower than the pre-invasion level of two and a half million barrels in February of 2003, according to the International Energy Agency. SOMO has been struggling to manage the oil trade, held back in part by obsolete technology.

Last year and early this year, SOMO ran up a debt of $980 million importing refined-petroleum products from Turkey, says Falah al-Amri, its director. Tanker trucks that used to stream across the border between Turkey and Northern Iraq stopped earlier this year, worsening the gasoline shortage.

Sirwan Osman, who drives a taxi in the Iraqi Kurdish city of Suleimania, often spends several days in a row living out of his battered cab as it inches its way through a giant gas line. As the shortage goes on, Iraqi Kurds are getting angry at their leaders.

The fuel crisis added urgency to Kurdish efforts to craft oil policies that would leave their region less reliant on the vagaries of Baghdad's oil management. "Unfortunately, the funding for fuel purchases is still in the hands of the federal authorities," Mr. Hawrami, Iraqi Kurdistan's oil minister, said in a recent email, warning that the fuel situation could become worse as the harsh winter approaches. He adds that the Kurds are planning to build two refineries to prevent similar crises in the future.

Those refineries would augment the region's nascent oil infrastructure that is gradually taking shape. Iraqi Kurdistan has no producing oil fields, but it has signed contracts with several foreign companies -- including Norway's DNO ASA, Genel Enerji of Turkey and Addax Petroleum Corp. of Canada -- to drill for oil. The first crude production could begin as early as next year. It is those contracts that provided fodder for a bitter dispute between Mr. Barzani and Iraq's oil ministry in Baghdad.

Iraq's constitution, approved in a referendum last year, is intentionally vague on how oil revenue should be allocated. Income distribution from existing fields is the purview of the federal government in Baghdad, but management of future discoveries isn't explicitly regulated by the constitution, allowing Iraqi Kurdistan to claim that authority for itself.

"We have the right to conduct new oil searches," says Mr. Mawlood, the Erbil governor.

The new petroleum law enacted by the regional Parliament says future oil revenue will be shared with Baghdad only on a voluntary basis. Iraqi Kurds also hope voters in the ethnically mixed, oil-rich province of Kirkuk will decide in a referendum next year to join Iraqi Kurdistan. Sunni Arabs worry that the loss of Kirkuk could deprive them of crucial oil revenue and further damage national unity.

Turkey, which has a problem with its own restive -- and sizable -- Kurdish minority, fears the annexation of Kirkuk could further stoke Kurdish separatism throughout the region. Northern Iraq has already become a safe heaven for bands of Kurdish guerrillas who stage attacks across the Turkish border.

Iraqi Kurdish officials, who depend on Turkey for refined petroleum products and other imports, suspect their neighbor is using its trade leverage to thwart the region's moves toward greater autonomy.

Mr. Mawlood says the fuel shipments from Turkey stopped not only for financial reasons, but because the Turkish government is trying to punish Iraqi Kurdistan for harboring anti-Turkey guerrillas and for making moves on Kirkuk, home not only to the Kurds, but also to Sunni Arabs and to Turkomans, who are ethnically linked to Turks.

A Turkish trade official says shipments were curtailed only because of the Iraqis' debts, and once the payments resume, so will the flow of gasoline to Iraq. Mr. Amri, head of SOMO, says he is working hard with Turkish counterparts to pay the arrears through an installment plan.

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Witness In Saddam Trial Details Abuse (USAT/AP)

USA Today, October 10, 2006

BAGHDAD — The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed.

Saddam and his six co-defendants are on trial for offenses allegedly committed against Iraqi Kurds during a crackdown in the late 1980s. If convicted, the defendants could be sentenced to death by hanging.

One woman, who testified behind a curtain and whose name was withheld apparently for fear of reprisal, told the court she was 13 years old when she was detained during the crackdown.

The woman said Iraqi troops destroyed her village in northern Iraq in 1988 and that she and some family members were imprisoned in southern Iraq.

A prison warden she identified as Hajaj "used to drag women, their hands and feet shackled, and leave them in scorching sun for several hours," she told the court.

"Soldiers used to watch us bathe," she added, saying the guards would also fire weapons over the women's heads as they washed.

The woman said several relatives disappeared during the offensive. "I know the fate of my family. They were buried alive," she testified.

The prosecution presented the court with documents showing that remains of the women's relatives turned up in a mass grave.

"I'd like to ask Saddam: 'What crime did women and children commit?' " the witness told the court.

Saddam has insisted that the crackdown, known as Operation Anfal, was directed against Kurdish rebels who were allied with Iran in the 1980-88 Iran-Iraq War.

The prosecution maintains that about 180,000 people, most of them civilians, were killed in the crackdown, during which Iraq forces used poison gas against Kurdish villages.

In other Iraq news:

·The brother of Iraqi Vice President Tariq al-Hashimi was assassinated Monday when gunmen wearing military uniforms broke into his north Baghdad home, said Brig. Qassim al-Moussawi, a military spokesman.

Lt. Gen. Amir al-Hashimi, a Defense Ministry adviser, was the third of the politician's four siblings to be slain this year. The vice president's sister and another brother were killed within two weeks of each other in April.

·Iraqi authorities arrested the head of the mess hall at a base in the southern town of Numaniyah, where up to 400 policemen suffered food poisoning at a Ramadan meal.

Al-Moussawi said the poisoning was likely intentional, though he did not rule out that spoiled food was used in the meal. The policemen — mainly Shiites — fell ill after eating their iftar, the meal that ends the sunrise-to-sunset fast in the holy month of Ramadan. The Iraqi contractor hired to provide food for the base and other people also were detained, al-Moussawi said.

·A car bomb ripped through a market in a Shiite district of Baghdad, killing at least 10 people and wounding 23.

·Gunmen kidnapped 11 policemen in an assault on their checkpoint in Sadr City, a Baghdad neighborhood dominated by the Mahdi Army, the country's most powerful Shiite militia.

Rules Of Engagement: What Were They At Haditha? (CSM)

By Richard Whittle

The Christian Science Monitor, October 10, 2006

WASHINGTON

On the morning of Nov. 19, 2005, after a roadside bomb killed a young US marine driving a Humvee through Haditha, Iraq, marines in his unit killed as many as 24 civilians.

It's not clear why. The marines say they were fired upon. Iraqi witnesses say the marines went on a rampage. Now, as the marines await possible charges, a key question is: Were they following their rules of combat? These "rules of engagement" are under increasing scrutiny as American and civilian losses mount in Iraq.

The Haditha incident and other alleged atrocities by US troops in Iraq posed "some questions about leadership, about whether the military has done all that it can do to make it clear to troops on the ground what they're entitled to do," says John Sifton, a lawyer with Human Rights Watch, based in New York.

If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. "It's clear that that is the direction one must take," says attorney Gary Myers, if it's proved his

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client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation.

Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted "reasonably," even if they killed civilians, military law experts say.

"No soldier or marine is going to be tried for an honest mistake," says Gary Solis, a former Marine Corps lawyer who teaches the law of war at Georgetown University in Washington.

But if the marines knowingly gunned down innocent civilians, no rules of engagement would condone such behavior, experts say. Lt. Gen. James Mattis, commander of the 1st Marine Expeditionary Force at Camp Pendleton, Calif., is expected to decide in coming weeks whether to bring charges against any of the marines. Vary from war zone to war zone

Rules of engagement tell troops when they can apply force. They can vary from war zone to war zone, operation to operation, and even mission to mission. They're usually set by "combatant commanders" - those in charge of an entire region, such as Gen. John Abizaid, head of US forces in the Middle East. But some rules must be approved by the secretary of Defense or even the president.

In conflicts like the one in Iraq, applying the rules can be difficult, especially when troops must make split-second decisions. Sometimes, the rules even allow troops to shoot at civilians, if they can't be distinguished as such and appear to pose a threat.

The rules stem from the Joint Chiefs' Standing Rules of Engagement, which are based on laws of war that bar harming unarmed civilians who can be identified as such, says Lt. Col. John "Jay" Mannle, a Marine Corps lawyer. But firing on a car that contains civilians yet fails to slow or stop for a checkpoint - something US troops have done often in Iraq - is justified if those firing have a "reasonable" belief the car is a threat, he adds.

During the November 2004 battle of Fallujah, marines - including some from the unit under suspicion in Haditha - tossed hand grenades into houses or rooms where they believed insurgents to be. That's the tactic that was used in Haditha, too, according to Staff Sgt. Frank Wuterich, who led the squad accused of the killing.

In court papers filed last summer, Sergeant Wuterich said the squad - made up of about 10 marines - went into the houses after taking fire from them and accidentally killed the civilians while clearing rooms with grenades and rifles. (The papers were part of Wuterich's defamation lawsuit against Rep. John Murtha (D) of Pennsylvania, who said in May that the marines killed those civilians in cold blood.)

Residents of Fallujah, however, had been told to leave the city before US and allied forces went in, according to Mr. Solis of Georgetown. Anyone who didn't was regarded as hostile, and US forces were authorized to fire on them. No such warning had been issued in Haditha.

Iraqi witnesses in Haditha claim the marines went on a rampage after a roadside bomb killed Lance Cpl. Miguel Terrazas. The Iraqis say the marines killed four students when the young men happened upon the scene in a taxi, then massacred civilians in nearby houses, including women and children.

Human Rights Watch has asked the Pentagon for copies of the rules of engagement used in Iraq, and the American Civil Liberties Union has filed Freedom of Information Act requests seeking them, but rules of engagement are often classified. "We don't want to tell the bad guys what we might do," says Lt. Col. Scott Fazekas, a Marine Corps spokesman.

Such rules are usually general, Solis says, and, in any event, "are not tactical instructions on how to proceed in a combat situation." Practice and reminders

Troops are instructed on the rules and practice using them during predeployment training. How such training is conducted falls to unit commanders to decide. Before going into combat, troops also are issued unclassified "ROE cards" as a reminder of the key rules.

The cards are next to useless, says Lt. Col. David "Bo" Bolgiano, an Air Force Reserve lawyer and former Baltimore police officer who teaches a course in rules of engagement to members of the military. Troops in combat "are not going to have time to consult them," he says. In any event, problems arise not from the rules "but rather their application," he adds, which makes training in how to respond to potential threats the key.

Generally speaking, "the rules are pretty simple," he says. Troops may respond "with force - to include deadly force - to an imminent threat of death or serious bodily harm."

Although defense lawyers are likely to use rules of engagement as a justification if Haditha charges are brought, the outcome is more likely to turn on the facts surrounding the killings, says retired Army Lt. Col. Geoffrey Corn, who teaches at South Texas College of Law in Houston.

If the civilians were killed by mistake as the marines went after insurgents, he said, the legal question is whether the mistake "was a reasonable one."

"The discipline of a military force in battle is built around the core principle that killing on the battlefield is not just permitted, it's required," Colonel Corn said. "But not all killings are justified."

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The Realities Of Trying To Rebuild Iraq (WP)

By Dan Senor

The Washington Post, October 10, 2006

A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. Given that the article has prompted some senators to call for a government investigation into the hiring practices of the Coalition Provisional Authority (CPA), it's important to correct the record.

Chandrasekaran's thesis is that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq. In pinning the shortcomings of the reconstruction effort on the mishaps of a handful of low-level political appointees, he virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts.

His book makes no mention, for example, of Richard Jones, who was the CPA's chief of policy and Ambassador Paul Bremer's top deputy. A career diplomat, Jones had served as President Bill Clinton's ambassador to Lebanon and Kazakhstan, and he was ambassador to Kuwait when he relocated to Baghdad. He was at the center of practically every decision and every meeting about the Iraqi political process from the moment he arrived. Indeed, during the first major crisis in Fallujah, Jones was the CPA's lead negotiator with the city's Sunni leadership, as was reported widely.

Nor does Chandrasekaran discuss Ryan Crocker, a striking omission since Chandrasekaran once described Crocker as Bremer's "top political aide" [news story, July 13, 2003]. Crocker, the senior State Department official with responsibility for Iraq before the war, led the CPA's political reconstruction team. A fluent Arabic speaker widely regarded as among the State Department's most distinguished Arabists, Crocker had served as ambassador to Syria and Kuwait under Clinton. He is a consummate professional diplomat, neither inexperienced nor an ideologue. And he was extraordinarily influential in the early months of the occupation; along with Bremer and senior British envoy John Sawers (another Middle East expert, who had come to the CPA from his post as ambassador to Egypt), Crocker played the most influential role in selecting the Iraqi Governing Council in July 2003. But reading Chandrasekaran's book, you would be left with the impression that Crocker had nothing to with Iraq -- he does not even get a mention.

Chandrasekaran ignores countless other CPA leaders who also fail to substantiate his one-sided thesis, including Gen. Keith Kellogg, the CPA's chief of operations. Kellogg is a retired lieutenant general whose 32-year Army career included two tours in Vietnam and service as the 82nd Airborne Division's chief of staff during Operations Desert Shield and Desert Storm. He was succeeded by Vice Adm. Scott Redd, who served as director of strategic plans and policy for the Joint Chiefs of Staff under Clinton.

David Oliver, the CPA's budget director, does appear in the book. But Chandrasekaran curiously omits any description of Oliver's background. Oliver, a retired Navy rear admiral, had served as a principal deputy undersecretary of defense for Clinton, and by the time he was sent to Baghdad he had already taken a role as a public and financial supporter of one of the Democratic candidates challenging President Bush in 2004. Other prominent Democrats recruited to work in Iraq included former Clinton senior defense official Walt Slocombe and constitutional experts Noah Feldman and Larry Diamond -- both of whom had publicly opposed the decision to go to war in Iraq.

Most of the CPA's senior officials came from the career ranks of the State Department or the military and had served in Republican and Democratic administrations. And whatever the politics of the non-career staff, the majority -- at all levels of the organization -- were dedicated and hardworking and risked their lives to serve.

That said, there is no question that CPA staffers, both senior and junior aides, made mistakes. And there were certainly some positions that were filled by less than perfect matches, as one would expect when a willingness to relocate to a war zone was a key criterion. But a fairer book would have simply critiqued our policy decisions without getting into personal attacks and lopsided analysis.

Speaking of policy, Chandrasekaran argues that the CPA should have listened more to professional civil servants and State Department Arabists. Yet his book concludes that the formal occupation of Iraq was itself America's biggest mistake. Instead of creating the CPA, he argues, the Bush administration should have moved quickly after Saddam Hussein's fall to empower a fully sovereign Iraqi government.

But that is precisely the policy that was vociferously opposed by the State Department's Middle East experts in the months leading up to the war. As Chandrasekaran himself points out earlier in the book, the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account.

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The truth is that both approaches would have been problematic. So, too, was the compromise solution sought by Bremer. But in a country as complicated as Iraq, there were no simple answers at hand. It's unfortunate that instead of acknowledging the depths and ambiguities of the problem, Chandrasekaran chose to shoehorn carefully selected facts into a thesis that often seems all too pat.

The writer, who was based in Baghdad from April 2003 to June 2004, served as a senior adviser to the Coalition Provisional Authority.

Punctuated By Life And Death (WP)

By Richard Cohen

The Washington Post, October 10, 2006

On the day that The Post carried a story about how President Bush had characterized the present difficult period in Iraq as "just a comma," Matt Mendelsohn called me. He is a photographer who took the pictures for a new book by his brother Daniel, "The Lost." It is an attempt to find out what happened to six members of the Mendelsohn family who perished in the Holocaust -- the family of great-uncle Shmiel Jager, "killed by the Nazis," of which almost nothing else was known. There: You went right by it. Shmiel lived between the commas.

In between those commas, of course, is the life of a man. He was scared and he was brave, he was proud and he was shamed, he headed a family and ran a business and then hid from the Nazis until he, along with four daughters and his wife, was betrayed and shot right on the spot. Don't think of the bullet as a period. It was, worse, a comma.

So Daniel Mendelsohn set out to expand the commas, to push them open and let in a life. From what the reviewers say, he succeeded brilliantly, so when someone says that 6 million Jews died in the Holocaust or if someone mentions Auschwitz, you can understand that it is not a number that died but a person who was murdered. I say that also about Rwanda in 1994, or what happened to the Armenians in Turkey in 1915, or what is happening in Darfur today.

Commas imprison us all. You see them in the headlines of obituaries: Joseph Smith, accountant, 81; Mildred Jones, housewife, 87; Frank Miller, longtime resident, dies. The brevity of it all, the compression of a life into a clause, is appalling, yet an unalterable fact. This is the way not just of newspapers but of history, too. You come across the mention of a war -- the Crimean, the Civil, the Vietnam, the Boer, the Algerian -- and then, like a cemetery dangling from two commas, comes a mention of the number of dead. They get the same prominence -- sometimes less -- as the amount of ordnance used or ships sunk or airplanes built.

Wars are fought with commas. They are essential. Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection. Still, he could not live without the succor of cliches: breaking eggs to make an omelet and all of that. In between his commas are all those broken eggs. As yet, there is no omelet.

Not too long ago, I embraced the commas myself. I favored this idiotic war because I thought that the deaths of some would improve -- even save -- the lives of many. I likened the about-to-die soldiers to firemen or cops, the people we summon to risk or lose their lives for the common good. I had the common good in mind when I supported the war, and I did not expect much space between the commas. Now, the space expands and expands, one comma marching away from the other. It seems we will need room for all of Iraq.

When he was alive, I didn't much care for Menachem Begin, the hard-line Israeli prime minister. But when he retired after the 1982 war in Lebanon and showed his grief, my view of him changed. He was despondent over all the lives wasted, and he went into seclusion. For Begin, somehow, the commas evaporated and the immensity of his mistake pitched him into a depression relieved only by death. Other world leaders, in similar circumstances, join consulting firms. The bigger their mistakes, it appears, the higher their fees.

Most of us yearn to escape our commas, to become something more than a profession (longtime lawyer) or resident (Washington native), to make our mark on the world. A president who has ineptly waged a foolish war instead seeks the solace of commas. It is not so much where he has deposited the wounded and dead but where he hopes he can hide from history. It can't be done, though: George W. Bush comma -- and then his failure in Iraq. The comma is his epitaph.

Bomb Kills Top Leaders Of Local Afghan District (NYT)

By Carlotta Gall

The New York Times, October 10, 2006

DOJ_NMG_0076960

KABUL, Afghanistan, Oct. 9 — Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said.

The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province, as well as a driver and a bodyguard, a police spokesman, Col. Ghafoor Khan, said by telephone. Four policemen riding in the back of the pickup were wounded in the explosion.

The men were traveling to Kharawan, a village in the district, to investigate the burning of its school the previous night, Colonel Khan said. Khogyani, a mountainous district bordering Pakistan, is an area of insurgent activity. American and Afghan police officers and border troops had surrounded the village and were searching for suspects, but detained no one, Colonel Khan said.

NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours, according to a NATO news statement released in Kabul. The Afghan Defense Ministry said there were also clashes on Sunday in Helmand, a neighboring province.

NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month, after the Taliban suffered a heavy defeat in Kandahar Province, in the south. They predicted the insurgents would switch to lower-level, guerrilla-style tactics like suicide bombs and roadside explosions.

The British commander of NATO troops in Afghanistan, Lt. Gen. David Richards, urged the government and Western donors to step in quickly to benefit from the relative lull in combat and deliver rapid assistance to the people of the south, warning that if residents did not see any benefits in the next six months they would turn to support the Taliban.

General Richards, who took overall command of foreign troops in Afghanistan last week, left for Pakistan on Monday to meet military officials and President Pervez Musharraf. According to the British newspaper The Sunday Times, he planned to present Pakistan with evidence that the Taliban leadership was working out of Quetta, in Pakistan.

CORPORATE SCANDALS:

Dunn Calls Allegations In HP Scandal A 'myth' (USAT)

By Del Jones And Michelle Kessler, Usa Today

USA Today, October 9, 2006

Former chairman declares innocence on '60 Minutes'

Former Hewlett-Packard chairman Patricia Dunn, facing charges of approving the practice of using private investigators to obtain the phone records of HP's board of directors, went on 60 Minutes Sunday to say she was innocent.

"The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth," she said. "It's a falsehood. It's a damaging lie."

Dunn, 53, has late-stage ovarian cancer and less than a 70% chance of living five years. She said her lawyers approved the 60 Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer.

The charges, filed in state court, allege that investigators working for HP impersonated board members and reporters to obtain their phone records without their consent, a practice known as pretexting. Dunn was aware the records were obtained under false pretenses, the attorney general alleged.

Dunn became HP's chairman in 2005 at a time when members of the board were leaking confidential information to the press regarding mergers and other sensitive topics. Those leaks destroyed trust on the board, Dunn said.

She said she approved investigating the board to find the leak but that she relied on HP lawyers to ensure everything was done legally. Dunn is one of five charged. HP declined to comment on 60 Minutes.

When asked if using pretexting was not at least unethical, Dunn said that people who sit on boards give up a lot of privacy. "Your life is much more an open book," she said. Dunn said it was wrong for HP to get reporters' records but that she did not learn that had happened until last month.

On the same 60 Minutes program, former HP CEO Carly Fiorina said that she was "shocked" by the depth and range of tactics used in the scandal, and shocked to learn that she may have been a target.

She implied that her firing was an act of sexism. Asked if a man would have been fired in the same manner, Fiorina said: "Somehow, men understand other men's need for respect differently than they understand it for a woman. I'm disappointed to have to say that, but I think it's undeniably true."

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Fiorina said there were no “normal business reasons” for her firing. “I can only conclude that it was personal in some way.”

Dunn said her cancer has made her philosophical and that being charged with crimes is not the worst thing that can happen.

“The Golden Gate Bridge is always out there,” she said with a laugh during the interview.

“I have a story to tell,” she said. “I need people to understand what happened, and I'm glad to have the chance to do it.”

Boardroom Duel Behind H-P Chairman's Fall, Clash With A Powerful Director (WSJ)

By George Anders And Alan Murray

The Wall Street Journal, October 9, 2006

PALO ALTO, Calif. -- Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins.

They argued over how the board should be run. He has called her a "stickler for process and procedure." She says he was a "controller." For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries.

They even bickered over Mr. Perkins's steamy novel, "Sex and the Single Zillionaire," which he wrote with the encouragement of his ex-wife Danielle Steel. The 74-year-old Mr. Perkins says he jokingly called for all H-P employees to buy the book. Ms. Dunn, 53, says she didn't hear anything playful in his tone and vetoed that plan. When Ms. Dunn told Mr. Perkins at a party that the book "isn't my thing," he angrily accused her of embarrassing him in public.

At heated moments, two witnesses say, Mr. Perkins would declare in front of board members: "We need a new chairman." Ms. Dunn says at other times he would poke her in the clavicle and say: "I made you chairman." Mr. Perkins's actions were, in the words of another director, former Medtronic Inc. executive Robert Ryan, "chairman abuse."

The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks.

TRACKING THE SCANDAL

A cache of internal H-P documents and emails shed light on the company's media-leak probe. In one email exchange1, former H-P ethics lawyer Kevin Hunsaker asks how detectives obtained personal phone records. When he is told that they used pretexting, he replies: "I shouldn't have asked…" · See other key documents2 and a graphical timeline of the H-P scandal.

· Read the full text3 of the felony charges (People of the State of Calif. v. Patricia Dunn, et al.)

WHO'S WHO

Read profiles4 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. · Complete coverage5

WALL STREET JOURNAL VIDEO

6

WSJ's Alan Murray discusses7 the risks former H-P CEO Patricia Dunn may face by testifying before Congress.

Mr. Perkins set the charges in motion by storming off the board and alerting authorities to the phone snooping. He contacted the Securities and Exchange Commission and California's attorney general, pressing them to take action. But their fight was much broader than that, reflecting a fundamental conflict over how to run big companies in the post-Enron world.

Ms. Dunn brought a careful, rules-based approach to life. She rose from a modest childhood and endured a three-bus commute to attend the University of California, Berkeley, on a scholarship. She become head of Barclays Global Investors, where she succeeded in the orderly world of index funds, which control risk and take the guesswork out of investing.

When asked to be H-P's chairman, she brought a similar diligence to her new job. She studied a British book on governance, attended directors' workshops at Stanford University and hired consultants to update board handbooks. Her first thought, she says, was: "How do I avoid screwing up? Failure-avoidance has been a large motivator my whole life." For Ms. Dunn, plugging the leaks became a crucial test of her ability to oversee the board.

Mr. Perkins, by contrast, is a boisterous Silicon Valley legend, in love with fast cars, large sailboats and getting his own way. He worked for H-P in the 1950s and 1960s and helped the company start its computer business. In 1972, he co-founded Kleiner Perkins Caufield & Byers, a leading venture-capital firm that made billions for partners and investors by bankrolling start-ups such as Genentech Inc. and Netscape Inc.

Mr. Perkins returned to H-P in 2002 as an outside director, serving until March 2004 before stepping down at retirement age. He was brought back 11 months later at the urging of fellow director George "Jay" Keyworth, who said the company needed Mr. Perkins's expertise. "I have been chairman of a hell of a lot of boards," Mr. Perkins said in an interview late last year. "I have

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always been very, very active in the strategy and tactics of these companies." When the leak issue came to a head, Mr. Perkins tried to play down the matter and protect his friend, Mr. Keyworth, who was fingered as the leaker.

Center of the Probe

While it may take a court to assign legal culpability, internal H-P documents depict Ms. Dunn at the center of the leak probe at the computer and printer company. Imbued with zeal about directors' responsibilities, she focused on rooting out a boardroom traitor and failed to question or rein in investigators. They impersonated reporters and directors to pry personal records from phone companies. They used operatives to tail H-P directors and journalists. And they sprang a sting operation on an unsuspecting reporter in an effort to get her to reveal her source.

The charges are the culmination of a fierce boardroom battle that, in the end, Ms. Dunn lost. At the board's request, she quit as a director in late September. Ms. Dunn says she relied upon the advice of H-P lawyers and thought obtaining phone records was customary practice. She portrays herself as a victim and says she bears no responsibility for any misdeeds that were done.

"I think I've been at the nexus of a conflict between the old and new ways of governance," she said during a three-hour interview last week. "And I made a very rich and powerful enemy without meaning to. He was in a position to finance an extremely effective and elaborate campaign to get me off the board. It went beyond what he ever expected."

Mr. Perkins also saw their battle as a fight over how best to run the company. In a July 18 email to H-P CEO Mark Hurd, he worried that Ms. Dunn would " 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes. I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough."

In an interview with Newsweek last month, Mr. Perkins said: "My No. 1 thing was to get Pattie out as chairman, and I got that. So I'm happy."

As she fights her legal war, Ms. Dunn has been waging an increasingly serious medical battle. After brushes with breast cancer and melanoma, she was diagnosed with Stage IV ovarian cancer in January 2004. Intense chemotherapy, which lasted through August 2005, appeared to have beaten back the disease. But in August, Ms. Dunn had surgery to remove cancer that had spread to her liver. On Friday, she began a new six-month round of chemotherapy.

"I hope I live long enough to see my reputation cleared," she says.

The story of Ms. Dunn's undoing comes from interviews with her, her associates, other H-P directors and 700 pages of H-P documents, which include emails, presentations, lawyers' reports and written testimony submitted to a congressional committee investigating the matter.

Ms. Dunn spent her childhood in Las Vegas, where her father was an entertainment director at a casino and her mother was a retired showgirl. She says her formative experiences came as a teenager after her father died and her mother moved the family to Terra Linda, Calif.

Cash was tight. She won a National Merit Scholarship in 1970 to go to the University of Oregon but had to drop out when her mother lost Social Security death benefits. For a year, Ms. Dunn worked days as an apartment rental agent and evenings cooking and housecleaning for a family in return for room and board. Her mother was homeless and slept in her car for a while.

In 1973, Ms. Dunn got enough scholarship and grant money to return to college at the University of California, Berkeley, as a journalism major. Immediately after graduating, she won a temporary secretarial job at Wells Fargo & Co., the big San Francisco bank.

She had no interest in finance. "I thought I would rather drink chloroform and die than work for a bank," she recalls. But it was the only job available and she grew to like it. She met a senior banker, Bill Jahnke, whom she later married. And she became fascinated with the way Wells Fargo used academic theories to whittle away the role of human judgment in investment decisions. The bank championed low-cost money management that matched indexes like the Standard & Poor's 500. "I found there were revolutionaries at the bank," she says.

Ms. Dunn eventually became CEO of the business, which went through a series of owners before being sold to the United Kingdom's Barclays Bank PLC, which renamed it Barclays Global Investors. BGI wasn't flashy, but its methodical, process-driven approach to investment proved ultra-reliable.

Former colleagues say Ms. Dunn was a superb listener who usually knew exactly what she wanted. "You underestimated her at your peril," recalls Jeffrey Skelton, a former investment specialist at the bank. "People who got booted out can attest to that."

In 1998, Ms. Dunn was invited onto the H-P board, which was looking for fresh faces. At that time it was dominated by people picked by the company's legendary founders, Dave Packard and Bill Hewlett. A year later, H-P recruited its first outsider as CEO, Carly Fiorina, a flashy telecommunications executive.

Betting Their Future

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H-P and Ms. Fiorina bet their future on the hotly contested 2002 takeover of Compaq Computer Corp. During a shareholder suit over the deal, H-P considered using Ms. Dunn as a witness to affirm directors' confidence in the deal. The company instead opted to call another director, Phil Condit, then CEO of Boeing Co.

In her autobiography, which goes on sale today, Ms. Fiorina snipes at the low-key Ms. Dunn, writing that it was "frequently hard to discern" what point Ms. Dunn might be trying to make.

REBOOTED

Brief biography of Patricia Dunn: · March 27, 1953: Born in Burbank, Calif.

· 1975: Earns B.A. from UC Berkeley

· 1976: Joins Wells Fargo Investment Advisers; later rises to CEO

· 1998: Joins board of Hewlett-Packard

· 2004: Diagnosed with advanced ovarian cancer; has recurrence in 2006

· February 2005: Named nonexecutive chairman of H-P

· May: Initiates probe into board leaks

· January 2006: Initiates second probe

· Sept. 22: Resigns from H-P

· Oct. 4: Indicted, with four others, on four felony counts

"I never viewed myself as a leader on the board until late 2004," says Ms. Dunn. That's when some H-P directors started voicing dissatisfaction with their CEO. A rift developed between Ms. Fiorina's supporters and critics. As the board struggled to find agreement, Ms. Dunn helped negotiate a 500-word statement testifying to its concerns. "I was the scribe" who wrote down the emerging consensus, Ms. Dunn recalls.

On Jan. 10, 2005, Ms. Dunn and two other directors -- Mr. Keyworth and Richard Hackborn -- delivered the statement to Ms. Fiorina. The meeting surprised the embattled CEO who conceded little in talks over the next few days about her role, but seemed to recognize the need to be more open with her board. "We were getting somewhere with Carly," Ms. Dunn maintains. "She was taking on board what directors were saying."

Two weeks later, a detailed account of directors' qualms about Ms. Fiorina's leadership appeared in The Wall Street Journal. Ms. Fiorina was furious and started focusing on leaks instead of directors' concerns about her management. Her relations with the board disintegrated. At a Feb. 7 board meeting in Chicago, with Mr. Perkins among those pushing hard for change, Ms. Fiorina was voted out of office.

The leak "set the tone for distrust," Ms. Dunn recalls. "It threw a spanner into the whole process" of running the board.

At the same Chicago session, the board asked Ms. Dunn to become nonexecutive chairman. She says her elevation was due largely to the fact that "I was one of the few directors who was still talking to everyone." She saw herself as a peacemaker.

Ms. Dunn was in the midst of a 20-month chemotherapy regimen to battle ovarian cancer. Her face was bloated. Hair loss forced her to wear wigs. She adopted a macrobiotic diet and consulted a Chinese herbalist. Each day, she took more than a dozen nutritional supplements that she kept in a heart-shaped box.

Doctors told her she showed an astonishing ability to withstand nausea and other side effects. Tom Christopherson, a long-time BGI colleague, says he asked her about her medical stoicism and recalls being told: "I keep all of this in a corner. The quality of life I want has nothing to do with being a cancer patient."

As H-P chairman, Ms. Dunn helped lead a CEO search that recruited Mr. Hurd from NCR Corp. She paid house calls to other H-P directors, asking them how the H-P board could become more effective. What she heard disheartened her. Directors were wary of one another, Ms. Dunn recalls, because of the leaks and the Fiorina ouster, and pessimistic they could ever work well together. Seven of the nine directors with whom she talked said stopping the leaks should be a top priority, after finding a new CEO, she recalls.

Months before, Ms. Fiorina had tried unsuccessfully to find boardroom leakers. Ms. Dunn felt it was time to try afresh. It didn't matter whether indiscretions were big or small. They all were bad. As she testified to a House panel last month: "Even trivial information that finds its way from the boardroom to the press corrodes trust among directors."

Sympathetic directors urged Ms. Dunn onward. H-P board documents show that Mr. Ryan offered to hand over his phone records so she could see if he had called reporters. She demurred. Someone suggested that directors take lie-detector tests. Mr. Perkins declared: "I'll be the first in line." Ms. Dunn took that as a serious suggestion. Mr. Perkins through a spokesman says he was kidding. Such tests were never used.

To dig into boardroom conduct, Ms. Dunn turned to a former prosecutor, Ronald DeLia, whom H-P management recommended to her. He ran Security Outsourcing Solutions, a small firm in Needham, Mass. Ms. Dunn says she wondered if a bigger firm would be better, but opted to keep the job in-house.

Project Kona

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Mr. DeLia, in a phone call, asked her to pick a code name for the project. Ms. Dunn was staying in Kona, Hawaii, at the time, where she has vacationed since her honeymoon. She decided to call the project "Kona" and said recently the word will never sound the same to her.

Mr. DeLia decided to get directors' phone records without their permission. This technique, called "pretexting," involves fooling phone companies into handing over call logs by impersonating a customer, which is illegal in California; it may be permissible in other jurisdictions.

Ms. Dunn said in her House testimony last month she didn't recall hearing the term pretexting during the 2005 probe. But according to meeting notes from H-P's then-general counsel, Ann Baskins, someone with the initials "PCD" asked direct questions about the matter. Ms. Dunn's full name is Patricia Cecile Dunn. A spokesman for Ms. Dunn declines to comment on Ms. Baskins's notes.

Later, low-level H-P managers squirmed about such deceit. "It's very unethical at the least and probably illegal," wrote Vincent Nye, an H-P security official, in a February 2006 email. His warnings seemed to fall on deaf ears, and there's no indication they ever reached Ms. Dunn. It's unclear how people reacted to pretexting in 2005.

By summer 2005, the Kona I team conceded failure; it hadn't pinpointed any board blabber. The leak issue receded in prominence until Jan. 23, 2006, when Dawn Kawamoto, a technology reporter for CNet.com, posted an online article headlined: "HP Outlines Long-Term Strategy."

It didn't matter that the actual contents were upbeat and bland, merely echoing what H-P had been telling Wall Street analysts for months. The story was cast as a summary of a closed-doors retreat for directors and top executives two weeks earlier -- and it was accurate.

"I thought: 'Here we go again,' " Ms. Dunn recalls. "You can't appreciate how raw the sensitivities were on the board. That a director would have disclosed this is staggering." Even H-P's CEO, Mr. Hurd, was outraged, Ms. Dunn later said, telling her that he couldn't run the company this way.

As the leak problems worsened, Ms. Dunn's relations with the powerful Mr. Perkins were also deteriorating. In the summer of 2005, she brought in consultants from Mercer Delta Inc. to suggest how H-P could tidy up its director guidelines. Mr. Perkins hated their meddling. As H-P General Counsel Ms. Baskins put it in a later interview with H-P's outside lawyers: "Perkins generally felt he could write a book on governance and didn't need any outside help."

Ms. Dunn chafed, too, when Mr. Perkins repeatedly brought up her $100,000 annual pay as chairman, insinuating -- to her ear, at least -- that she ought to be grateful to him. She wanted him to realize that while not a tycoon, she had a net worth that was in fine shape with or without the H-P stipend. At one point, she took Mr. Perkins aside for a five-minute chat about her financial position, hoping this would close what she called in a later interview "a respect gap."

Also on Ms. Dunn's gripe list was how Mr. Perkins, as a member of the board's powerful technology committee, was running high-level strategy discussions that belonged in front of all directors. "It was becoming a board within a board," she says. She didn't have a seat on the committee and while she was free to attend some of its events, lacked a vote there. A spokesman for Mr. Perkins says: "I wouldn't even know how to comment on that. Let's just let it go."

Did Mr. Perkins want an aggressive leaks probe? In an August 2006 interview with H-P's outside lawyers, Wilson Sonsini Goodrich & Rosatti, Ms. Dunn said she felt "under tremendous pressure from Perkins to find the leaker." Ms. Dunn reiterated in her interview last week that she thought Mr. Perkins was "the most hawkish of the directors" in pressing for action. Mr. Perkins's spokesman disputes that, saying the venture capitalist regarded the CNet article as harmless.

In any case, investigators had a likely suspect: Mr. Keyworth. He had given interviews to Ms. Kawamoto before and some of the quotes from the story's single anonymous source matched his cadence. He'd also been suspected of leaking to the press a year earlier. Ms. Dunn engaged H-P's chief ethics officer, Kevin Hunsaker, who agreed to supervise what became known as Kona II.

Within two weeks, Messrs. Hunsaker and DeLia had a whirlwind of spying initiatives in place. They paid surveillance teams to sit outside Mr. Keyworth's home. They hired other snoops to follow an H-P publicist at a conference, logging what time he visited the dessert stand. And they commandeered phone records of about a dozen people.

As one episode got under way, even the originally squeamish Mr. Nye emailed colleagues in all capital letters: "STRAP ON YOUR HELMETS, FELLAS, WE'RE GOIN IN!!!" Another investigator in an email likened one of his ploys to "waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon."

Ms. Dunn generally kept her emotions on tighter rein. In emails to the investigative team, she underscored the importance of keeping CEO Mr. Hurd in the loop. She wrote to Mr. Hunsaker on Feb. 3: "This effort is on the right track. I will count on you and the team." On Feb. 22, she wrote Mr. Hunsaker to tell him that an email sting involving Ms. Kawamoto, the CNet reporter, was "very clever."

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During her testimony to the investigations subcommittee of the House Committee on Energy and Commerce, Ms. Dunn said she was sorry she used that phrase.

All told, H-P investigators spent more than $350,000 to establish that Mr. Keyworth and Ms. Kawamoto had spoken before her CNet story appeared. Nobody officially interviewed Mr. Keyworth until the entire draft report was complete. Instead, the company operated for about two months in a clandestine world that Rep. John Dingell later said "would make Richard Nixon blush."

On May 18, it was time to present the fruits of Kona II to the full H-P board. Mr. Ryan, head of the audit committee, revealed the results of the investigation to Mr. Keyworth that morning, and Mr. Keyworth confessed.

At the board meeting, Ms. Dunn informed fellow directors that a leaker had been found and Mr. Ryan filled in the details. Directors asked Mr. Keyworth to leave the room while directors deliberated his fate. Ultimately they decided to ask for his resignation.

Ms. Dunn, who thought this would smooth her rocky relations with Mr. Perkins, had a nasty surprise coming. Mr. Perkins said Mr. Keyworth's contributions to the board were so sizable that his longtime friend should be let off with a private apology and a promise not to hold unauthorized chats with reporters again. Ms. Dunn refused, she says. Mr. Perkins shouted at her and announced he was quitting the board.

Within weeks, Mr. Perkins was marshalling for a battle. He retained a high-powered lawyer, former White House attorney Viet Dinh. He asked the phone company to see if his records had been peeked into by "pretexters." When he discovered that they had, he brought the evidence to authorities in July, including California's attorney general.

Over the past three months, H-P has been coming to terms with the magnitude of the scandal. It began disclosing the leak investigation in early September. Two weeks later, it said Ms. Dunn would step down as chairman in January. As more details about the leak probe tumbled forth, H-P at the end of last month said Ms. Dunn would resign immediately.

From Ms. Dunn's testimony, emails and indirect comments, it's possible to piece together an explanation for how a well-regarded chairman could go so catastrophically off course. Adamant in her desire to "fix" the leak problem, she succumbed to tunnel vision.

She had begun to see stopping leaks as one of the most crucial tasks in her chairmanship. In doing so, she neglected issues such as prudence, fairness and the potential impact on H-P's reputation. Even the extent to which the company had analyzed the legal issues or just glossed over them wasn't considered.

In interviews and in congressional testimony, Ms. Dunn says that while sorry for the embarrassment to H-P, she doesn't accept responsibility for the scandal. She says it wasn't her job to supervise the tactics involved in the investigation, and that she was assured its methods were lawful. She hasn't been precise as to who gave her that advice.

"If I had a crystal ball," Ms. Dunn says, "I would have used an outside firm" to run the investigations. Large security firms might have been more attuned to the possible hazards. With H-P management urging her to use in-house resources, she says she deferred to others.

Recently, Ms. Dunn has been busy with other things, including chemotherapy appointments, being arraigned and spending time with her step-grandchildren. After felony charges were filed, she offered to resign from board seats with various organizations and most of them -- including BGI -- immediately accepted. She says she was delighted that Larkin House, a social service for runaway teens, asked her to stay.

At one point in the House hearings, Ms. Dunn came close to acknowledging how much had been lost. When Rep. Edward Markey, a Massachusetts Democrat, asked about her boardroom credentials, she replied: "I was considered a financial expert and, ironic though it may seem to you now, also an expert in corporate governance."

Fiorina Says Her Next Role May Involve Politics (WSJ)

By Alan Murray And George Anders

The Wall Street Journal, October 10, 2006

Carly Fiorina, former chief executive of Hewlett-Packard Co., says she might want her next job to involve politics or some other form of "public service."

In an interview yesterday, Ms. Fiorina said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk.

Ms. Fiorina, 52 years old, is currently promoting her autobiography, "Tough Choices," which was released yesterday.

Ms. Fiorina also said that she had breakfast with her successor, current H-P CEO Mark Hurd, in April, and that he complained about some of his directors. "He said he was frustrated with this board," Ms. Fiorina said.

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Ms. Fiorina blames what she calls a "dysfunctional board" for her firing as CEO in February of last year. In particular, she blames venture capitalist Tom Perkins and director George "Jay" Keyworth, a former science adviser to President Ronald Reagan, for pushing personal agendas on the board. "I think Jay clearly was a driving force, that Tom was his ally, and that Tom's entry in the board changed the dynamics," she said. "They were the most egregious in wanting to dominate the [board's] conversation with their pet projects."

Ms. Fiorina said Mr. Hurd's concerns about the board were similar to hers. An H-P spokesperson confirmed that the breakfast occurred, but said Mr. Hurd wouldn't comment on the discussion.

At the time of the breakfast, Mr. Hurd had received the results of a controversial investigation into boardroom leaks, completed in March, that identified Mr. Keyworth as a source for some of those leaks. Mr. Perkins subsequently contacted the California attorney general, who has brought charges against former H-P Chairman Patricia Dunn and others for their roles in the leak investigation. Mr. Hurd was not charged.

Concern over boardroom leaks at H-P began while Ms. Fiorina was still CEO. She launched an investigation into one leak, but she says that investigation only involved having attorney Larry Sonsini interview each director, and didn't involve obtaining private phone records or any of the other controversial tactics used in the later probe.

Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: "My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment."

Fiorina Blames Divisive HP Board (USAT)

By Michelle Kessler

USA Today, October 10, 2006

SAN FRANCISCO — Deep “dysfunctions” in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal, former CEO Carly Fiorina said Monday.

Fiorina, who ran HP from 1999 to 2005, says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back.

The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week.

Now, that same board is in trouble because it hired detectives that used trickery to obtain the private phone records of journalists, board members and employees — probably including Fiorina. That may be against the law. California Attorney General Bill Lockyer is seeking indictments against former HP chairman Patricia Dunn and four others involved in the scandal.

Fiorina, who left the company in the scandal's early days, says she has few inside details. She's still trying to figure out how many of her own personal records were accessed. But overall, “It appears that personal agendas overcame people's good judgment,” she says.

It's a problem that Fiorina says she knows well. In her book, she describes repeated battles with a board that she says was usually polite and accommodating in person — and secretly scheming behind the scenes.

“That isn't the way business should be done,” she says.

Some board members were particularly troublesome:

·George “Jay” Keyworth, a former science adviser to President Reagan, repeatedly proposed impractical mergers, then got angry when Fiorina didn't embrace his ideas, she writes. He has since confessed to leaking information to the press and has resigned.

·Venture capitalist Tom Perkins “clearly became a disruptive force in the boardroom during my tenure, and he apparently remains a disruptive force,” Fiorina says.

Perkins, a close friend of Keyworth, played a key role in Fiorina's ouster. He resigned from the board this year after clashing with Dunn. He later forced HP to publicly reveal its phone-record swipe.

·Dunn, who became chairman after Fiorina's ouster, remained mysterious about the reasons for her decision to seek a change in CEO. “I never participated in a conversation with the board about why or how they chose to fire me,” Fiorina says.

·Walter Hewlett, the son of an HP co-founder, initially supported a proposed $25 billion acquisition of Compaq Computer. Once the deal was announced, he stunned Fiorina by saying he would oppose it. He refused to even meet with her, she writes.

Fiorina says the problem with confrontation wasn't limited to the boardroom. The company's vaunted corporate culture, known as the HP Way, “had gotten a bit corrupted,” Fiorina said Monday. “People tended to favor politeness and avoiding confrontation (over) direct talk.”

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That made HP slow and staid, putting it at a disadvantage to competitors such as Dell and Sun Microsystems. Fiorina worked hard to change it, and says she had some success. But the culture persisted in the board, in part because it met infrequently, she says.

HP has had a remarkable turnaround in spite of this, Fiorina says. Her successor, Mark Hurd, has gotten most of the praise.

"This isn't me vs. Mark," Fiorina says. But, she says, "The Hewlett-Packard company was transformed on my watch. … I don't deserve all of the credit, but I do deserve some."

Fiorina says the timing of her book is coincidental. She wanted to write it now, because she has time before her next venture, she says. Fiorina says she wrote the book herself, without the help of a professional writer, in about four months.

She hopes that the memoir, which describes her rise from temporary typist to AT&T executive to HP CEO, helps people see her as a real person. Through her difficult times at HP, "I became a caricature — too tough, too flashy," she says.

Fiorina says she doesn't yet know what her next move is. Politics are one option, though she wouldn't comment on reports that HP outside counsel and Silicon Valley icon Larry Sonsini urged her to run for governor.

Another is heading a new company. She says she stays in close touch with the tech industry and still lives in Silicon Valley. As CEO, "I made choices I'm proud of. I would make those choices again," she says.

"It was a great experience," she says. "I'm proud of what I and tens of thousands (of HP employees) accomplished. I take great pleasure in seeing Hewlett-Packard (succeed)."

Civil Lawsuits Bigger Woe In Options Scandal (CNNM-YBIZ)

By Shaheen Pasha, Cnnmoney.com Staff Writer

CNN Money, October 10, 2006

Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle.

At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives.

Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders.

But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy.

"It takes an incredible amount of time, money and human capital to defend those type of cases regardless of the outcome," said Michael Koenig, a white-collar-criminal defense attorney at law firm Dewey Ballantine.

And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom.

Class action lawsuits, which usually lead the pack when it comes to most civil litigation, have a five-year statute of limitations - and many of the companies involved in the options scandal are looking at practices stemming from the late 1990s or 2000.

As a result, the complaint of choice has become derivative suits, in which shareholders sue the directors and officers of the company.

In a class-action suit, money in a settlement goes to the shareholders. In a derivative suit, a settlement goes to the company - which ultimately should benefit shareholders, though only indirectly.

Currently, attorneys have filed over 80 derivative lawsuits related to options backdating, while there have been only about 20 class-action suits against companies that include United Health Group and Apple.

Lawrence Kolker, partner at Wolf Haldenstein, has filed more than 20 complaints - mostly derivative lawsuits - in recent months against the directors and officers of companies like Comverse, Cablevision and Xilinx.

According to the civil complaints, shareholders are suing the officers and directors of the companies, claiming financial damage from falling stock prices following the announcement that the corporations were under investigation.

"The companies involved and shareholders have already lost billions of dollars in value as well as suffered reputational damage from being involved in this basic corporate malfeasance," Kolker said. "We're seeking recovery for the companies against the officers and directors."

Kolker said that shareholders sought monetary damages, disgorgement of profits executives made from backdating options as well as reform of corporate practices to make sure there will be better oversight in the future.

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Critics of the mounting civil lawsuits say the barrage of derivative claims are just a way for ingenious plaintiff lawyers to profit from the scandal. Attorneys that file the derivative lawsuits can count on a solid fee -- sometimes as much as 25 percent of the ultimate settlement.

"Some people would say that these are lawyer-driven lawsuits and the point of filing these is to create fees for the lawyers," said William Sullivan, chair of the national securities litigation and enforcement at law firm Paul Hastings.

"It's a three-pronged attack against corporations with the SEC, DOJ and the derivative suits," said Paul Hodgson, senior research association at The Corporate Library, a government research firm. "We don't think we've gotten to the end of the number of companies that are going to be investigated and it's likely that there are going to be even more derivative lawsuits ahead."

With so many cases already under investigation, Hodges said the SEC is already overwhelmed and the burden may fall more on the Department of Justice to bring criminal indictments.

But Hodgson said government prosecutors need to find tangible documentary evidence to prove that options were backdated knowingly in order to prosecute a company. And that's no easy task.

Plaintiff attorneys, however, just have to prove that stockholders lost money because the officers and directors failed to perform their fiduciary duty - making it more likely that civil lawsuits will be more successful in obtaining damages from any perceived wrongdoing, legal experts said.

"The derivative lawsuits in the long run could become a bigger headache for companies," said Paul Hastings' Sullivan.

Buffett Orders Crackdown On Unethical Practices (FT)

By Richard Beales And Francesco Guerrera In New York

Financial Times, October 10, 2006

Warren Buffett has ordered top managers at his Berkshire Hathaway group to redouble efforts to crack down on unethical behaviour, warning that practices such as stock options backdating cannot be justified because “everybody else is doing it”.

In a strongly-worded memo dated September 27 and sent to an elite group of Berkshire managers dubbed “The All-Stars”, the veteran investor says “bad behaviour” among the insurance and energy conglomerate’s 200,000-plus employees is “inevitable”.

“But we can have a huge effect in minimising such activities by jumping on anything immediately when there is the slightest odour of impropriety… Berkshire’s reputation is in your hands,” the memo – obtained by the Financial Times – says.

The “Sage of Omaha” warns that poor corporate governance cannot be forgiven just because the practice is widespread. “The five most dangerous words in business may be ‘everybody else is doing it’,” wrote Mr Buffett, who has long been sceptical of stock options as a means of remunerating executives.

“A lot of banks and insurance companies have suffered earnings disasters after relying on that rationale. Even worse have been the consequences from using that phrase to justify the morality of proposed actions,” the memo continues.

Some lawyers and corporate experts have called for leniency towards executives and directors in the more than 100 companies being probed in the ongoing options backdating scandal, arguing that the practice was widespread and not necessarily illegal.

But Mr Buffett’s intervention, his first since the onset of the scandal, will bolster the case of regulators and corporate governance campaigners who say options backdating unfairly enriched executives at the expense of shareholders.

Mr Buffett’s memo argues that many of the perpetrators of recent corporate scandals such as the “accounting gimmicks” seen in recent years acted because they felt others were doing it as well.

“It’s a seductive argument. But it couldn’t be more wrong. In fact, every time you hear the phrase ‘Everybody else is doing it’ it should raise a huge red flag.”

Mr Buffett says Berkshire should “start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper”.

Buffett Says To Avoid Scandals, Managers Must Not Follow Herd (WSJ)

By Karen Richardson

The Wall Street Journal, October 10, 2006

Warren Buffett, known as the "Oracle of Omaha," has spoken on the recent scandals involving stock-options backdating and Hewlett-Packard Co.'s leak probe.

In a one-page memo dated Sept. 27, prompted by the recent scandals, Mr. Buffett exhorted the 45-plus top managers of his Berkshire Hathaway Inc. holding company -- whom he calls "The All-Stars" -- to resist temptation despite peer pressure or

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even industry practice. "The five most dangerous words in business may be 'Everybody else is doing it,'" wrote the 76-year-old chairman of Berkshire.

More than 100 companies have drawn scrutiny in federal probes of backdating -- that is, the practice of altering the date on which options were granted to executives and other employees to increase the potential value of the options. Backdating can run afoul of tax and securities laws.

Separately, former H-P Chairman Patricia Dunn was charged last week by the California attorney general in H-P's leak probe. She and several others are accused of committing criminal privacy violations by hiring investigators who impersonated others in a tactic called "pretexting" to access personal phone records. Ms. Dunn has said she will fight the charges.

With regard to backdating, Mr. Buffett wrote, "My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well." In his folksy style, he went on, "So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it."

Mr. Buffett sends out such "reminders" to his managers about once every two years, according to Debbie Bosanek, Mr. Buffett's assistant. As Berkshire continues acquiring new companies with new managers, Mr. Buffett decides "it's time for an update" once in a while," she added. Mr. Buffett wasn't available to comment. Sometimes Mr. Buffett's reminders take the form of passages in his annual letters to shareholders. In recent years, he has opined on hot-button corporate-governance issues including options expensing, executive compensation and hedge-fund fees.

Berkshire isn't a stranger to scandal. Four former executives of Berkshire's General Re reinsurance unit were indicted this year for conspiracy to commit fraud, and two others have pleaded guilty, in relation to a controversial transaction in 2000 with American International Group Inc. that federal prosecutors allege was a sham deal. The four former General Re executives and one former AIG executive are scheduled to stand trial in March in Connecticut.

In his latest memo, Mr. Buffett makes clear he is concerned about any blight on Berkshire's reputation. Acknowledging that the chance of the company's 200,000 staff will always behave properly "is nil," he adds, "We can have a huge effect in minimizing such activities by jumping on anything immediately when there is the slightest odor of impropriety."

Businesses With A Higher Purpose? (USAT)

By Alan M. Webber

USA Today, October 10, 2006

It must be a coincidence, right?

Here's Andrew Fastow, Enron's former chief financial officer, being sentenced to six years in prison — and on the same day, he names 10 prestigious Wall Street firms as his “co-conspirators”, including Merrill Lynch, RBS and Barclays.

Here's former Hewlett-Packard board chairwoman Patricia Dunn testifying before a congressional committee probing the company's use of “pretexting” to investigate its own board. “I do not accept personal responsibility for what happened,” she says. And then Ann Baskins, HP's former general counsel and nine other witnesses all take the Fifth Amendment.

Here's former WorldCom CEO Bernie Ebbers reporting to jail for his role in an $11 billion accounting fraud. These and other headlines are part of perhaps the biggest perp walk in business history.

Oh, and here's one more item — an interesting recent study by Donald McCabe, professor of management and global business at Rutgers University: Among all graduate students, MBA candidates are the biggest cheaters. That's right, it must be a coincidence. So let's dig a little deeper.

According to survey data from 623 students at 32 graduate business schools in the USA and Canada, 56% admitted cheating. But, as McCabe notes, it's not cheating for cheating's sake: These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?

Part of the answer could lie in the history of business graduate schools. The MBA is a fairly recent invention, unlike the other “professions” with graduate degrees. The oldest graduate school for business in the USA is a little more than 100 years old; Europe's oldest is only a bit more than 40 years old. Compare that with law and medicine. Law schools date to the Roman Republic. And though lawyers might not have the best reputation, at least the American Bar Association has issued its Model Rules of Professional Conduct. Medicine goes back farther, even if you consider only Western medicine. Hippocrates of Cos, who lived in the age of Pericles, is widely considered “the father of Medicine.” Science might have advanced, but Hippocrates lives on today in the Hippocratic Oath, which proscribes a moral basis for doctors (unlike the hypocritical oath that evidently offers business school students a free pass).

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So perhaps part of the difference between these schools is what it means to be a profession. But there is also a wider gap that separates business from medicine and law. Business school professors and leaders have yet to answer a question of the first order: What's the point of the exercise?

In the case of medicine and law, there are higher purposes. Doctors work to heal the sick and provide comfort to their patients. Lawyers are charged with representing their clients and also with upholding the nation's laws. What about business men and women? What's their higher purpose?

The ads in The Economist offer a good idea of the missions that leading business schools assign themselves. The ad for the University of Chicago's Graduate School of Business says, "You'll experience the people and ideas responsible for revolutionizing the business world." How perfectly it complements Harvard Business School's mission: "We educate leaders who make a difference in the world." Jeffrey Skilling, an HBS graduate, was after all, a leader who made a "difference." As President Bush, another HBS alum, would say, "Mission accomplished."

At least these ads are consistent with what today's businessmen have taken as their key responsibility: Increasing a company's share price. Or, as Jack Welch so succinctly put it in the title of his recent book, Winning. But winning, as we've seen with CEOs and now with business school students, can become a rationale for cheating.

What if, instead of seeking to create shareholder value as their definition of success, business men and women sought to establish well-articulated social values — and then applied them to their own careers and organizations? What if, instead of writing books called "Winning," they called their books "Contributing"? And what if, instead of measuring success only by their ability to amass financial capital, they also sought to grow social capital?

Because the real problem with business today isn't the few scoundrels who bring disgrace to so many honest managers. The real problem is that it needs to serve a higher purpose than making a lot of money. The challenge today is to answer a fundamental question: Is capitalism going to be the salvation of the world? Or the cause of its demise?

This is hardly an academic question, what with issues of global warming, the growing gap between the haves and have-nots, and the seeds of war and terrorism sown by divergent economic systems. Business leaders need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest.

MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them.

European Justice (WSJ)

By Hans-martin Tillack

The Wall Street Journal, October 9, 2006

For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts.

Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF.

The ruling surprised me. In my job, I could not -- just for example -- write that the director of OLAF, Franz-Hermann Brüner, "might be beating his dog." I could not write such a story, even if I really disliked Mr. Brüner, because I don't have the slightest evidence to back it up. A colleague might tell me that he had heard rumors that Mr. Brüner was beating his dog. But that would not allow me to write the story, either. Even if I had a witness who claimed to have seen Mr. Brüner beating his dog, I would prefer to wait until I had a second witness. And before publishing anything, I would try to confront Mr. Brüner and ask him whether he has really beaten his dog.

In fact, I wrote quite a few other stories about Mr. Brüner while I was correspondent for the German magazine Stern in Brussels from 1999 to 2004. These were stories for which I had proof -- stories about him and about the then EU anti-fraud commissioner, Michaele Schreyer. I was the first journalist to reveal, basing my stories on internal EU documents, that there were serious problems with fraud and possible corruption in the EU Commission's statistical agency, Eurostat. I was also able to prove in several cases that Commissioner Schreyer and Mr. Brüner seemed not to treat internal EU fraud cases seriously. Mr. Brüner, for example, flatly refused to forward evidence about a possible case of fraud to the Belgian public prosecutor in October 2003. I wrote that Mr. Brüner might act like this because he did not want to anger mighty politicians and EU officials who had to decide on his future career at the helm of OLAF.

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In all these cases I had evidence. And I duly confronted the persons concerned before publishing my stories. Never did Mr. Brüner claim that any facts I mentioned were wrong. Still, Mr. Brüner and Ms. Schreyer were pretty unhappy about my reporting. Then something happened. After I benefited from a major leak in March 2002, Mr. Brüner and the EU Commission put out a press release saying the leaked document -- which I undeniably had quoted first -- might have been obtained by "a journalist" who bribed an official to get hold of this document. An OLAF spokesman even told a newspaper that OLAF had "prima facie evidence that a payment might have been made."

Only two years later did I learn what kind of "prima facie evidence" the spokesman was referring to. He relied on statements by the then-spokesman of Ms. Schreyer, Joachim Gross. Mr. Gross told OLAF that a third person told him that I had paid an official in order to obtain internal EU documents. Mr. Gross later made several conflicting statements about who his initial source was; the definite identity of this person is still unknown. What he told OLAF comprised nothing more than simple "rumors," as an OLAF spokesman noted in an internal memo that was leaked to me in April 2002. In any case, this former Commission spokesman did not want to be quoted. He had explicitly asked OLAF not to mention his name to anyone. It was only revealed by a German newspaper in June 2004.

I did not bribe or pay anyone to get these documents. But I had good sources and continued to receive internal OLAF documents. So in early 2004 Mr. Brüner went back on the warpath. His investigators put their allegations against me -- yes, still only the rumors spread by Mr. Gross -- in a report and sent complaints to the public prosecutors in Brussels and in Hamburg, Germany, where Stern has its headquarters. Two OLAF officials even traveled to Hamburg to ask the local prosecutor to act -- and to do this as a matter of "urgency" as I was about to move to Washington, D.C.

In fact I was about to move to Hamburg, and Mr. Brüner knew this. He did not ask me for my response to Mr. Gross's allegations before he filed his complaints. Nevertheless, while the German authorities refused to conduct a raid on the Stern headquarters in Hamburg, the Belgian police took the OLAF allegations seriously and, without examining them further, raided my home and office in March 2004. To this day they hold nearly 1,000 pages of my documents. During this entire time they have not brought any charges against me or any other person in this case.

So my magazine and I went to court: against Belgium, against Mr. Gross and against the EU Commission, of which OLAF is a part. The Belgian courts said they did not need to check the evidence that was delivered by the EU anti-fraud office and dismissed our complaints. Mr. Gross said he was protected by the statute of immunity of an EU official, and the German court to which we brought him said it had no jurisdiction over him.

On Wednesday, the EU Court of First Instance ruled on our main case against the Commission. The only people responsible for my problems were the Belgians, the three judges in Luxembourg found. OLAF's actions had no "binding" legal effect on me, they argued. Why? Because the Belgian authorities were -- according to the judges -- "free to decide" what to do after OLAF had pressed them for urgent action. So the court refused even to consider whether OLAF had breached the law and its own procedural rules. The judges also declined to discuss our argument that journalistic sources in EU institutions would be in danger of drying out if OLAF could send police to a journalist's home and office with the snap of a finger.

The anti-fraud office was not even to blame for its press releases and claims of alleged "prima facie" evidence that I had corrupted EU officials, the court said. OLAF had "formulated" all this "in a hypothetical way" without indicating my name or the name of my magazine and -- according to the court -- it did so with the necessary "cautiousness of the words used." So in the eyes of the court it was no problem if OLAF spread unjustified rumors or even openly misleading information.

Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. Strangely, Mr. Brüner welcomed the ruling, saying it gave "important guidance for the future work of OLAF."

What if I had written -- based on rumors -- that "a leading official" of the EU anti-fraud office might have beaten his dog, and consequently some neighbors broke down the door to the garden of the only "leading OLAF official" who owned a dog, and abducted the animal? Would I, too, have been cleared by the courts by arguing that my articles had no "binding legal effect" on the official concerned, and that I had mentioned the allegations only in a "hypothetical way" with the necessary "cautiousness of the words used"?

Of course not. If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this.

Mr. Tillack is a reporter in the Berlin office of Stern magazine.

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CRIMINAL LAW:

U.S. Hoping To Quell School Violence (AP)

By Ben Feller

AP, October 10, 2006

WASHINGTON - Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety.

President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving.

Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies.

Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence.

Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak.

No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines.

On Monday, a 13-year-old student in Joplin, Mo., carried an AK-47 into his middle school and fired a shot into a ceiling. He left the building and was apprehended by police.

Preventing violence, and coping with tragedy, are the topics of the panel discussions.

Among the speakers will be Craig Scott, who survived the massacre at Columbine High School in Colorado in 1999. Student gunmen killed his sister and 12 others.

Another panelist is Park County Sheriff Fred Wegener. He responded in Bailey, Colo., on Sept. 27, when a man held several girls hostage in a school before killing one and himself.

Other speakers include educators, school administrators and crime prevention experts.

About 300 people are expected at the National 4-H Conference Center in Chevy Chase, Md.

"Bringing people together to talk about what's working - that can't hurt," said William Lassiter, manager of the Center for the Prevention of School Violence in Raleigh, N.C.

"I think schools have gotten back into a comfort zone again," Lassiter said. "I'm not saying we should put barbed wire up around schools or take other drastic measures. What we really need to look at is basic safety steps you would take at your own house."

Lassiter also questioned the Bush's administration attempt to cut $347 million in school-safety grants for states this year. Bush's budget says the program is ineffective.

The White House says that beyond those state grants, the government spends larger amounts on successful school safety programs through its education, justice and health agencies.

Meanwhile, there is no pattern to deadly shootings at schools.

In the 2005-06 school year, 15 people were killed in school-related shootings, said Kenneth Trump, a national school safety expert who tracks violence data. That number of school-shooting deaths has ranged from three to 24 in recent years, Trump's records show.

In the period from 1992 to 2002, 462 students and adults died at school by homicide or suicide, according to the latest government figures. Most of those killed were children.

In the last two weeks, a gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania, and a 15-year-old Wisconsin student shot and killed his principal.

Colorado Residents To Play Role In National School Safety Summit (AP)

AP, October 10, 2006

DENVER - A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation.

Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton.

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The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address on Saturday.

In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats.

A gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested in the shooting death of his principal. And on Sept. 27, 53-year-old Duane Morrison took six girls hostage at Platte Canyon High School in Bailey, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Colorado, Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference.

White House spokeswoman Dana Perino, a Colorado native, told reporters Friday that recent school violence "has broken America's collective heart."

"The president, in the wake of these events, asked Attorney General Gonzales and Secretary Spellings to bring together teachers and parents, administrators and law enforcement officials and other experts to discuss best practices and learn lessons about school safety," Perino said.

In 2002, the Secret Service and the Education Department studied school shootings and found clear patterns: School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance.

Overall, schools remain safe places.

Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

School Security Plan Would Need Cash (QPL)

By Cory Hopkins, The Patriot Ledger

Quincy (MA) Patriot-Ledger, October 10, 2006

Local officials agree federal funds the key

If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program.

"They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?" asked John Reilly, Hull selectmen chairman and school building committee member. "I think that should be a priority along with everything else."

President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe.

Most South Shore schools at the very least require all visitors to present identification upon entry and to sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures.

Braintree School Superintendent Peter Kurzberg said school security is important, but it is also expensive and competes for resources with traditional educational programs. He would like to see security money from the federal government.

"I think schools are struggling with limited resources to provide sound educational programs," Kurzberg said. "Additional resources for security measures would certainly be helpful."

Kurzberg also noted that in addition to security measures like cameras and electronic locks, other nonphysical security precautions, such as state-mandated Criminal Offender Record Information (CORI) background checks for all employees and volunteers, also cost schools money.

Schools also need money to create effective partnerships with local police departments, said John Creed, vice chairman of the Silver Lake school committee.

"If you're talking about security at schools, I hope (President Bush) gives the funds so local school departments can work with police departments to form partnerships," Creed said, "but it cannot be done without money, and that has to come from the federal government."

Scituate school committee member Michael Hayes said the federal government needs to back up any minimum requirements with money to help schools meet those requirements if it is serious about tightening school security.

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"It's the function of the federal government to decide what would be minimally acceptable (in terms of security)," Hayes said. "The federal government has told schools a lot of things they've had to do, but the bottom line is they have to supply the money."

Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week.

The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother.

Creed said he hopes President Bush will take the threats seriously and come out of tomorrow's meeting with a plan to seriously fund school security.

"If he's talking security and he's talking money, then we're on the same page," he said. "If not, he's wasting his time."

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On Summit Agenda: Making Schools Safer (USAT)

By Ledyard King, Gannett News Service

USA Today, October 9, 2006

Bush, Cabinet members to attend Tuesday

WASHINGTON — Tom Mauser doesn't recall much about the youth violence summit President Clinton held in May 1999, three weeks after his 15-year-old son, Daniel, was gunned down in the Columbine High School massacre in Littleton, Colo.

To him, the summit turned out to be heavy on talk, light on action. So the transportation planner from suburban Denver expects the same result from the school safety conference that President Bush is convening Tuesday.

The summit comes after a series of school shootings, the most recent of which fatally wounded five Amish girls in a Pennsylvania schoolhouse last week.

Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer. The president and first lady Laura Bush also will participate, according to White House spokeswoman Dana Perino.

The summit comes as national statistics show a steady decline in school crime, including murder, over the past decade. Safety consultant Ken Trump warns that schools often under-report incidents and that the recent shootings in rural Wisconsin, Colorado and Pennsylvania show no classroom is absolutely safe.

"If it can happen in a one-room Amish schoolhouse, it can happen anywhere," said Trump, who is president of National School Safety and Security Services, a consulting firm in Cleveland.

Trump advocates that schools at least conduct "tabletop exercises" where they map out with local law enforcement responses to a potential crisis.

Mauser champions stricter gun-control laws but says ultimately school security is more about attitude than regulation.

"A lot of the things that need to be done are not things that can be done in Washington," he said. "People have to be vigilant about the people who commit these acts. No law is going to do that for us."

In Maine, about 40% of the 177 school districts have yet to draft a crisis response plan as required by state law, state Education Commissioner Susan Gendron said. Maine is contacting those districts.

"Random acts of violence can happen everywhere, and it's important to have thought through a crisis," she said.

Most schools get less than $10,000 in federal security aid, according to the U.S. Department of Education. Federal funding to combat crime and drugs in schools has steadily fallen since Bush entered the White House.

But Bill Modzeleski, who runs the U.S. Department of Education's Office of Safe and Drug-Free Schools, says there's plenty schools can do right now: limit access; keep areas well lit; monitor visitors; and train teachers, parents and students to report suspicious activity. Perhaps most of all, they should intervene with children early before emotional issues explode into violence.

"I don't think a lack of money should be used as an excuse not to do anything," he said.

Missouri Teen Fires Assault Rifle In School (WP/AP)

By Marcus Kabel

The Washington Post, October 10, 2006

JOPLIN, Mo., Oct. 9 -- A 13-year-old boy in a dark-green trench coat and mask carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt.

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"Please don't make me do this," the boy said, according to school administrators, before police arrested him and thwarted what they called a "well-thought-out plan" to terrorize his school.

Police said a note in the student's backpack indicated he had planted an explosive device in the school, but no bombs were found.

Lt. Geoff Jones said the boy's motives were unclear. School officials said the student had no major disciplinary problems.

The seventh-grader, whose name was not released, pointed the rifle at two students inside Joplin Memorial Middle School but was confronted by an administrator who tried to talk him into putting it down, Jones said.

Instead, the boy fired a shot into the ceiling of an entryway, police said. He tried to continue firing but left the building when the rifle jammed, Jones said.

"We don't believe he was trying to fire at administrators or students," Officer Curt Farmer said.

Officers arrested the teen behind a nearby building. Police described his weapon as a Mac-90, a replica of an AK-47 assault rifle.

Superintendent Jim Simpson said police told him the boy had a fascination with the Columbine High School shootings that left 15 people dead near Littleton, Colo., in 1999.

The student was wearing a trench coat -- like the student gunmen at Columbine -- and had a T-shirt over his head with eye holes cut out, Farmer said.

Farmer said the boy's backpack also held military manuals, instructions on assembling an improvised explosive device and detailed drawings of the school.

"This was quite well thought out," Farmer said. "He had been planning this for a long time."

Jones said the gun belonged to the boy's parents, who kept the weapon in a safe at home. Farmer said it is not uncommon for people in the area to own assault weapons.

Shot Fired In Mo. School; No Injuries, Explanations (USAT)

By Wendy Koch

USA Today, October 10, 2006

The 13-year-old boy had no previous run-ins with the law, police said. But 20 minutes before class Monday, he stood in the hall of Memorial Middle School in Joplin, Mo., wearing a green trench coat and a mask fashioned from a T-shirt, and aiming an assault rifle at the principal and other students, they said.

Assistant Superintendent Steve Doerr tried to calm the seventh-grader, who kept saying: “Get away. Don't make me do this,” according to Joplin police Lt. Geoff Jones. The boy fired into the ceiling, hitting a pipe and causing a burst of water. No one was hurt.

The rifle jammed, and the boy fled the school. Principal Steve Gibreth followed and called police on his walkie-talkie. Within a block, Jones said, police found the boy, crouched with the gun and a duffel bag. Jones said the bag contained wire cutters, unidentified chemicals, a pellet gun, hand-drawn diagrams of the school and notes about bombs and napalm. The teen, whose name has not been released, was in police custody in a juvenile facility.

“We have no motive,” Jones said.

Police searched the boy's home and bomb-sniffing dogs searched the school, which was evacuated, but they found nothing, Jones said.

When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets.

The incident followed deadly shootings in schools in three other states since Sept. 27, including an attack in Pennsylvania on Oct. 2 that left five Amish girls dead.

President Bush convenes a conference on school safety today.

The shootings, as well as a spate of threats that have forced schools in at least eight states to lock down or evacuate in the past two weeks, have contributed to parental jitters over school safety.

In a USA TODAY/Gallup Poll conducted over the weekend, 35% of parents with school-age children said they fear for their kids' safety when they're at school. That percentage was the highest since March 11, 2001, when 45% of parents voiced such concern after a shooting at a suburban San Diego high school killed two students and injured 13 others.

Although one-third of parents said they're anxious, most said their children are not: 88% said their kids expressed no worry about safety at school.

The telephone poll of 1,007 adults nationwide, conducted Friday through Sunday, has a margin of error of +/-3 percentage points.

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Monday's incident in Joplin, a city of 49,000 in southwestern Missouri, occurred only 10 miles from Riverton, Kan., where five students were arrested April 20 — the seventh anniversary of the Columbine High School massacre in Colorado — on suspicion of plotting an armed attack on their high school. Two of the teens pleaded guilty to a reduced charge of conspiracy to riot, and the other three have pleaded innocent.

Time To Talk Guns (WP)

The Washington Post, October 9, 2006

A summit on school violence must look at the role of weapons.

THE SLAUGHTER of five girls in a Pennsylvania classroom, closely following school shootings in Colorado and Wisconsin, has prompted President Bush to call a national summit on school violence. It is right that the nation not just mourn the heartbreak of last week's shootings but that its leaders and other citizens talk about how to prevent such tragedies. How useful tomorrow's conversation will be, however, depends on the administration's willingness to have all voices heard. And that must include those calling for a more rational approach to gun control.

The day after a gunman carried out the deadly assault in an Amish school, Mr. Bush said that he had asked Attorney General Alberto R. Gonzales and Education Secretary Margaret Spellings to convene a meeting to determine how the federal government can help states and local governments improve school safety. There was an unfortunate sense of deja vu to the president's announcement: After the mass shootings at Columbine High School, President Bill Clinton held a summit on youth violence in 1999. Useful strategies resulted from the attention paid to Columbine. Schools that thought they had no need for safety and evacuation plans moved quickly to put some in place. Bullying, once viewed as a rite of childhood passage, was finally treated as a problem not to be tolerated. There was a new awareness that threats should be treated seriously.

But while the Clinton administration showed a willingness to discuss the role of guns in these incidents, the current administration and the Republican Congress have put in place policies that make it too easy for too many people to get guns. Worse, the wrong people are getting more dangerous guns.

We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. Consider that President Bush signed a law that permits the destruction of gun check records within 24 hours (despite criticism from a Government Accountability Office report); let the federal assault weapons ban expire (despite evidence that it lowered the rate at which assault weapons were used in crime); is backing bills that prevent law enforcement from putting corrupt gun dealers out of business (over the objection of police groups); and restricted the ability of police to use crime gun trace data (again despite police objections).

It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared.

Editorial: Schools And Violence (STNIA)

Staten Island Advance (NY), October 9, 2006

During his Saturday address, President Bush lamented recent "shocking acts of violence" in schools and promised his administration will do what it can to keep centers of learning safe for students.

The immediate question that comes to mind is this: How does the president plan to accomplish that goal?

Perhaps tomorrow the nation's jittery parents will begin to learn the answer.

It has been a particularly brutal bloody heart-breaking two weeks that saw three schools in three states victimized by deadly gun attacks, the latest being a week ago today, when a gunman killed five girls and then himself in a one-room Amish schoolhouse in Pennsylvania. Charles Carl Roberts had five guns and 600 rounds of ammunition.

On Sept. 29, a 15-year-old Wisconsin student was arrested in the shooting death of his high school principal. Several days before that deadly incident, on Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts.

Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting.

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"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said on Saturday.

No one would disagree with that statement nor the goal, regardless of partisan politics. But again, how is the task of making the nation's schools safe going to be accomplished?

One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks.

That's wrong. We feel that the issue should be No. 1 on the list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association.

Last year, the group reported as much in one of its publications: "The success rate of congressional candidates endorsed by the NRA's Political Victory Fund was 95 percent. That tops an 85 percent rate in the 2000 elections and 89 percent rate in the mid-term 2002 races."

Many of those who, the writer went on to explain, "earned the wrath of the NRA and the firearms industry for supporting the poison-pill amendments that prevented passage of Senate Bill 1805 that would have provided immunity to firearms manufacturers from 'junk' lawsuits, lost their seats, resulting in the Republicans capturing 55 seats in the Senate to the Democrats' 44 with one seat remaining independent."

The trend of politically targeting those who support stricter gun laws or longer waiting periods for gun purchases, has grown to include our own mayor, Mike Bloomberg, who has over the last eight months or so earned the wrath of the NRA due to his anti-gun-trafficking campaign, and his successful effort to bring other mayors on board.

Several months ago, it was reported by the mayor's office and the state Education department that New York City schools had seen a 500-percent jump in reported incidents of violence between 2004 and 2005, but that the majority were found to be cases of harassment without a weapon, assaults and minor altercations.

The city's incidences of violence were well below the average. Figures for Staten Island were uniformly low, especially for serious crimes. None of the schools on the Island had more than 10 cases of weapon possession, though McKee High School led the list with eight. However, those statistics have been challenged by the United Federation of Teachers President Randi Wingarten as being "too low," and a matter of "under-reporting."

Regardless, any incident of violence involving a weapon in this borough's schools is one too many.

The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head.

If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House.

Our children deserve better and parents and school officials should be demanding it.

Former Pages Surveyed In Foley Probe (AP-Y)

By Larry Margasak

AP-Yahoo, October 10, 2006

Lawmakers, following a request from the House ethics committee, are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages.

Charlie Keller, spokesman for Rep. Ginny Brown-Waite, R-Fla., said she contacted two pages before receiving the committee request and asked if they were aware of inappropriate behavior from Foley, any other lawmaker or staff members. Both said they were not.

Aides for other House members reported similar results Monday.

The ethics committee leaders, in a letter to all House members, asked them to contact current and former pages they sponsored to learn whether any of them had "inappropriate communications or interactions" with Foley or any other House member.

The ethics panel, formally known as the Committee on Standards and Official Conduct, also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month. Foley resigned Sept. 29.

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Meanwhile, the lawyer for Kirk Fordham, Foley's former chief of staff, said Monday his client could testify before the committee as early as this week. Fordham has said he informed House Speaker Dennis Hastert's staff in 2003 about Foley's inappropriate messages to pages.

Timothy Heaphy, Fordham's lawyer, said he contacted the ethics committee Friday and was told Fordham could appear this week to provide sworn testimony.

The ethics committee's four-person investigative subcommittee said it approved nearly four-dozen subpoenas for testimony and documents, although many witnesses are expected to testify voluntarily without the need for a subpoena.

J. Randolph Evans, Hastert's lawyer, said, "We are working to cooperate fully," but did not know when Hastert may appear.

Ethics Committee Starts Interviews In Foley Inquiry (WSJ)

By David Rogers

The Wall Street Journal, October 9, 2006

WASHINGTON -- Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself.

The inquiry will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel.

Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s. The 49-year-old attorney, who has declined to comment on the Foley matter, advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress.

Those changes set off a partisan uproar that paralyzed the committee because of Democrats' complaints that the changes were designed to protect then Majority Leader Tom DeLay (R., Texas). A new counsel, William O'Reilly, was announced late last year, and the arrival of California Rep. Howard Berman as the ranking Democrat changed the mood. In announcing the inquiry into the Foley matter last week, Mr. Berman joined with Chairman Doc Hastings (R., Wash.) in resisting calls for an outside counsel, and the situation gives the Democrat and Mr. O'Reilly extraordinary leverage in dealing with a tense situation for Republicans.

It has been 10 days since Mr. Foley, a six-term Republican congressman from Florida, resigned after the revelation of sexually explicit messages he sent to teenage former House pages. The scandal dominated television news shows yesterday even as Newsweek published a poll suggesting that more than half of Americans believe Mr. Hastert was aware of Mr. Foley's inappropriate messages and tried to cover up the matter.

The speaker has denied any coverup, while apologizing for the scandal on his watch. Republicans say they hope the ethics inquiry -- and a criminal probe by the Federal Bureau of Investigation -- will help them return the debate to "terror and taxes" in the weeks before elections.

In the ethics inquiry, four current and former House staff members may play large roles:

Kirk Fordham, a former chief of staff to Mr. Foley, has said he warned Mr. Hastert's office before leaving Mr. Foley's employ in late 2003. Mr. Fordham is uncertain about the precise timing of the warning, but recalls meeting with Mr. Hastert's chief of staff Scott Palmer in the Capitol and asking that he intervene with Mr. Foley to stop his overly friendly behavior to male pages and interns. Mr. Fordham also recalls that Mr. Palmer later advised him that he had spoken to Mr. Foley about the matter within days.

Scott Palmer, who came to Washington with Mr. Hastert in the late '80s, is one of the most powerful figures in the Capitol, not only because of his boss's position but because of their close relationship. For this reason, many say the 56-year-old aide would accept blame and resign if it would help the speaker. But instead Mr. Palmer is described by friends as distraught, unable to recall or find personal notes of any such meeting with Mr. Fordham. "What Kirk Fordham said, did not happen," Mr. Palmer said last week.

Jeff Trandahl, the House clerk until last fall, and someone with responsibility for the page program, also has declined to comment. But Mr. Fordham and others have said Mr. Trandahl, now in his early '40s, was aware that Mr. Foley at times was overly attentive to pages. Mr. Fordham said it was warnings from Mr. Trandahl that led him to go to Mr. Palmer. It isn't clear whether Mr. Trandahl took the same warnings to Mr. Van Der Meid, who oversaw administrative matters in the House for the speaker.

In 2005, a Louisiana couple complained about overly friendly email from Mr. Foley to their son, a former page. A Louisiana congressman forwarded the complaint to the Speaker's office and Mr. Trandahl went with Rep. John Shimkus (R., Ill.), the head of the House Page Board, to tell Mr. Foley to cease contact with the teenager.

That email was an important signal that Mr. Foley was using the Internet to contact former pages. However, Karen Haas, the new clerk, confirmed Mr. Trandahl left the House without telling her of the incident.

Mr. Van Der Meid came to the Capitol in the mid-'80s like Mr. Trandahl, and in the chain of command in the speaker's office, has the most direct oversight of the page program. While Mr. Fordham went to Mr. Palmer instead, it would have been logical for Mr. Palmer to tell Mr. Van Der Meid of any meeting he had about the pages.

Ex-Foley Aide To Testify At Ethics Panel (USAT)

By Jill Lawrence

USA Today, October 9, 2006

WASHINGTON — A former Capitol Hill aide who says he warned Republican leaders about Rep. Mark Foley's inappropriate conduct with teenage pages at least three years ago is scheduled to give sworn testimony to the House ethics committee this week.

Kirk Fordham, a longtime Foley aide and more recently chief of staff to Rep. Thomas Reynolds, R-N.Y., offered the panel his help on Friday, said his attorney, Tim Heaphy. The attorney said Sunday he didn't know what day Fordham will testify or whether the session will be public.

The Sunday news shows were dominated by talk of Foley's actions and the way House Speaker Dennis Hastert and other GOP leaders handled signs of trouble over the past few years. Conservatives debated Hastert's fate and politicians argued about the scandal's impact on the Nov. 7 elections.

Foley, R-Fla., quit Congress on Sept. 29 after ABC and other news outlets revealed lewd e-mails and instant messages he had sent to pages and former pages. None of the messages have been independently authenticated by USA TODAY.

Foley's lawyer announced soon after that Foley is an alcoholic and had been molested by clergy as a child.

Tom Kean Jr., the GOP Senate candidate in New Jersey, called for Hastert to step down. Republicans said Sunday such talk was premature until the bipartisan ethics panel sorts out who knew what when and what was done.

"Anybody that hindered this in any kind of way, that tried to step in the way, of hiding this or covering it up, is going to have to step down, whoever that is," Rep. Tom Davis, R-Va., said on CBS' Face The Nation.

Fordham has said that he notified Hastert's office in 2003 or earlier about Foley's behavior and that Hastert's chief of staff, Scott Palmer, met with Foley at the time. Palmer has said the meeting did not happen. Fordham "continues to stand by everything that he has said about this and will have more to say under oath," Heaphy said.

President Bush is set to appear with Hastert on Thursday at a Chicago fundraiser for two suburban House candidates, and White House press secretary Tony Snow is speaking at a Hastert fundraiser Saturday in Illinois, Hastert spokesman Ron Bonjean said.

Democrats need 15 seats for a House majority. Rep. Adam Putnam, R-Fla., said the scandal is not affecting most races. But he acknowledged on ABC's This Week that many members are facing "uncomfortable questions about tawdry deeds by a former colleague."

The GOP leaders in most immediate danger appear to be Reynolds, who says he notified Hastert's office last spring of a troubling e-mail exchange involving Foley, and Rep. Deborah Pryce, R-Ohio, who called Foley one of her five best friends in Congress in Columbus Monthly.

A Buffalo News poll showed Reynolds, head of the National Republican Congressional Committee, trailing Democrat Jack Davis 48%-33%. NRCC spokesman Carl Forti said the results are "not even in the same ballpark" as GOP polling, but would not divulge those numbers.

Reynolds canceled an appearance Sunday on ABC because he was sick, said his spokesman, L.D. Platt. A day earlier, Reynolds apologized in a TV ad for failing to pursue the Foley matter.

In an Ohio race that polls show is close, Democrat Mary Jo Kilroy is stressing Pryce's ties to Foley and Hastert in a radio ad. It says Pryce, the No. 4 GOP leader, "is protecting Hastert even though he protected a sex predator." Pryce said Kilroy "stooped to a new low by suggesting that I knew or should have known" that Foley was "a child predator."

'05 Meeting Could Clarify G.O.P. Role In Foley Case (NYT)

By Jeff Zeleny

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — For all the questions and curiosities, for all the contradictions and inconsistencies in the tale of Mark Foley, the investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office.

Jeff Trandahl, the clerk of the House, and Representative John Shimkus, an Illinois Republican who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman

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from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill.

When they arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office, where oil paintings of the Everglades, done by his mother, were hanging alongside memorabilia from more than a decade of life in Washington. Elizabeth Nicolson, a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes.

What took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News.

"It was a brief meeting," said a senior Republican Congressional aide who was familiar with the session and spoke on condition of anonymity because the matter was under investigation. "Looking back, it was probably far too brief of a meeting."

Mr. Shimkus, who did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to "cease all contact" with the teenager. The scope of his questioning, however, is unclear. Last week, Mr. Shimkus said he had not asked Mr. Foley whether he had communicated with other pages by e-mail, but Speaker J. Dennis Hastert of Illinois has said Mr. Shimkus did.

This week, when a bipartisan, four-member panel deepens its inquiry, the meeting in Mr. Foley's office will be one critical point of entry. But investigators also intend to piece together a far broader timeline of events in the fall of Mr. Foley's political career, an examination that will take them back years, to when whispers began circulating about the gregarious congressman's behavior.

One of their main tasks will be to sort out conflicting versions of events on a range of fronts, including whether Mr. Hastert's chief of staff, Scott Palmer, was alerted to Mr. Foley's conduct in 2003 or earlier. Mr. Palmer has denied such a warning.

And the investigation is not limited to Mr. Foley, according to a letter that is to be distributed on Tuesday to each member of the House of Representatives.

"We request that you contact current and former House pages sponsored by your office for the purpose of learning whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House," said the letter, which was signed by the Republican and Democratic leaders of the investigation.

The Congressional page scandal has overshadowed the final month of the midterm election campaign and threatened to upend Mr. Hastert's leadership. After spending last week trying to convince his own party that he had handled the situation appropriately, Mr. Hastert has yet to resolve questions about when he became aware of Mr. Foley's behavior.

Representative Thomas M. Davis III, Republican of Virginia, delivered an unusually critical assessment on Sunday of how Mr. Hastert had responded. The answers may not become clear, Mr. Davis said, until people are forced to testify under oath. In addition to the House inquiry, the Federal Bureau of Investigation is also examining Mr. Foley's conduct.

"They were slow out of the starting block, there's no question about it," Mr. Davis said on "Face the Nation" on CBS. He added, "It's taken a week of fumbling around to get to where we are."

Representative Ray LaHood, Republican of Illinois, once chief of staff to Robert H. Michel of Illinois, the former Republican leader, said he did not believe Mr. Hastert had been served well by members of his staff. Some members of the speaker's staff had been aware for at least a year — and others possibly longer — about Mr. Foley's attention toward the teenage pages.

"I'm sure he's very angry about the fact that they withheld this information," said Mr. LaHood, a close friend of Mr. Hastert's. "So I hope he's talked to his staff. He deserves better than that."

Indeed, employees in the speaker's office are emerging as leading characters in answering a question born a generation ago in the Watergate scandal: Who knew what, and when did they know it?

There are inconsistencies in the accounts of top Republicans in the House, particularly regarding whether members of the leadership team told Mr. Hastert about reports of Mr. Foley's conduct. Representative Thomas M. Reynolds, a New York Republican who leads the National Republican Congressional Committee, has said he informed the speaker in the spring. Representative John A. Boehner of Ohio, the majority leader, has said he also told Mr. Hastert.

"If Reynolds told me, it was in a line of things when we were in the middle of another crisis this spring," said Mr. Hastert, who spent much of the year dealing with the Jack Abramoff lobbying scandal. "So I just don't recall or remember that."

Differences have also emerged in describing Mr. Foley's departure. Republican Party talking points now suggest that Republican leaders took forceful steps to secure a quick resignation. Yet early on, Mr. Hastert said, "I think Foley resigned almost immediately upon the outbreak of this information, so we really didn't have a chance to ask him to resign."

But accounts of senior aides in the House, who have not spoken publicly, could help investigators determine whether there was a Republican cover-up, as some Democrats have asserted.

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It is Mr. Palmer, the speaker's longtime chief of staff and closest adviser, and Mike Stokke, the deputy chief of staff, whose stories are of particular interest to investigators. A former aide to Mr. Foley, Kirk Fordham, said he was prepared to testify that he told Mr. Palmer of complaints about Mr. Foley's conduct in 2003 or earlier. Mr. Palmer rebuts the claim.

This week, Mr. Fordham is expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew.

Mr. Stokke, who oversees the political operation for Mr. Hastert, said he became aware that Mr. Foley had been "overfriendly" with pages a year ago. Even though Mr. Hastert and his two employees share a townhouse on Capitol Hill and fly back to Illinois most every weekend, the two aides said they did not tell each other or Mr. Hastert about Mr. Foley's troubles.

Finally, Ted Van Der Meid, the counsel to the speaker, also learned about a year ago that Mr. Foley had been exchanging e-mail messages with a former page from Louisiana. Mr. Van Der Meid and Mr. Stokke gave the information to the House clerk, Mr. Trandahl, who convened the meeting last fall in Mr. Foley's office that is now the focus of so much attention.

To investigators, Mr. Trandahl's story could be the most important piece in determining when Republican leaders learned of Mr. Foley's conduct.

As clerk, Mr. Trandahl was elected by the members of the House to oversee its operations, a powerful position that he attained after nearly two decades on the Hill. He also supervised the page program, handling issues as disparate as roommate disputes among the high school students and complaints about Mr. Foley's behavior.

Mr. Trandahl, who has declined to comment, had been telling friends for months that he intended to leave the House last summer for a position in the private sector. In late September, he accepted an offer to become executive director of the National Fish and Wildlife Foundation.

On one of his final days in the House, in the first week of November, just hours before Democrats and Republicans had a farewell party for him, Mr. Trandahl made his way toward Room 104 in the Cannon Building to confront Mr. Foley.

Now, Mr. Trandahl is expected to return to the Hill in the coming days or weeks, to tell his story to the House ethics committee.

Inquiry May Test House's Legal Shields (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 9, 2006

WASHINGTON — Five months ago, the FBI touched off a legal and political firestorm when it raided the office of Rep. William J. Jefferson after wads of marked $100 bills were found in the Louisiana Democrat's freezer.

Now, with major questions about that search still unsettled, the right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.).

State and federal investigators are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides.

Authorities are now deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker.

Depending on what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe.

Lawyers for the House have taken an aggressive position in defending the right of members to limit investigators' access to official information in past cases. They have argued in the Jefferson case that even the contents of members' personal electronic devices deserve such protection.

House lawyers have already told prosecutors that they would want any requests for information to be channeled through their office. Officials did not return calls seeking comment.

"There is a potential tension between the ex-congressman's counsel who will want to restrict the ability of the FBI to look at his records, and the FBI's unwillingness to do a visibly inadequate job," said Charles Tiefer, a University of Baltimore law professor and a former deputy general counsel of the House.

Lawyers for Foley will try to keep the FBI's examination of e-mail to a minimum, Tiefer said. "But that is hardly the way to find out the full story."

Foley said through a lawyer in Florida last week that he had received no request for computers or e-mail files from investigators, but pledged to preserve the information.

The sensational two-day raid on Jefferson's office in May made headlines because it was the first time that the FBI had ever conducted a search of the office of a member of Congress. Jefferson is the target of a federal bribery probe.

The search triggered a constitutional brawl over the extent to which members of Congress must cooperate with criminal investigators. President Bush ordered the Justice Department and the House to work out rules over how to handle future requests from investigators. But no agreement was reached. The matter has been left to the courts, where it is pending.

The debate concerns the interpretation of a provision of the Constitution known as the "speech or debate" clause that gives members immunity for their legislative activities.

House lawyers contended in the Jefferson case that the law requires investigators to give members of Congress the opportunity to review their files to delete protected material before turning them over.

Prosecutors have said that would give members a right not afforded ordinary citizens, and that giving lawmakers a chance to review files could lead to them being cleansed.

The case has not been decided, although in July, a federal appeals court ruled that Jefferson had a right, at least temporarily, to review the material sought by investigators, including paper documents and computer files.

Hundreds of pages that had been seized by investigators have been identified for review by Jefferson. But the process of turning over the computer files has proved highly cumbersome.

Though the FBI had seized the computers, an earlier court had barred agents from mining them for relevant evidence. Now, an independent, court-appointed computer forensics company has been assigned the task of trolling through the hard drives, using key words and other instructions from the FBI. The process could take months.

No one has argued yet that sexually tinged e-mail exchanges that Foley had with pages should be protected under the Constitution. Though he has resigned from Congress, Foley still has the right to determine which of his files will be turned over. "The privilege belongs to the former member. That is the historical understanding," Tiefer said.

But the lack of clear ground rules on how investigators obtain access to the material has left other aspects of the Foley case in uncharted territory.

Besides hunting for e-mail on Foley's computers, investigators may also want to plumb the backup computer servers that are operated by the House. Whether Foley has the right to limit access to those materials — or whether the right to do that belongs to the House as a whole — is unclear.

Experts in computer forensic analysis said the e-mails should be readily available on Foley's computers or through his Internet service provider, or, in the case of official e-mail, through the House e-mail system.

"E-mail is fairly easy, forensically, to look at," said Beryl Howell, a partner with Stroz Friedberg, a forensic computer analysis firm in Washington.

But retrieving instant messages can be tricky. Many online messaging services — such as AOL Instant Messenger, which Foley used — have features that allow users to disable their messages from being automatically saved on their computers. There are techniques for still obtaining the information, but that can pose problems for investigators. Instant messages "are more fleeting," Howell said.

In any event, Howell said that investigators probably would be able to retrieve the AOL "buddy list" of people with whom Foley exchanged messages. That could prove a crucial source of leads for investigators, she said.

Lawmaker Saw Foley Messages In 2000 (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, October 9, 2006

Page Notified GOP Rep. Kolbe

A Republican congressman knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications.

A spokeswoman for Rep. Jim Kolbe (R-Ariz.) confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said Kolbe's press secretary, Korenna Cline.

The revelation pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages. A timeline issued by House Speaker J. Dennis Hastert (R-Ill.) suggested that the first lawmakers to know, Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, and Rep. Rodney Alexander (R-La.),

DOJ_NMG_0076983

became aware of "over-friendly" e-mails only last fall. It also expands the universe of players in the drama beyond members, either in leadership or on the page board.

A source with direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted. But Cline denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said, "corrective action" was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley.

In interviews with The Post last week, multiple pages identified Kolbe as a close friend and personal confidante who was one of the only members of Congress to take any interest in them. A former page himself, Kolbe offered to mentor pages and kept in touch with some of them after they left the program, according to the interviews.

Kolbe once invited four former pages to make use of his Washington home while he was out of town, according to an instant message between Foley and another former page, Jordan Edmund, in January 2002. The pages planned to attend a first-year reunion of their page class. But because of a snowstorm, they did not take Kolbe up on his offer, according to one of the four pages.

Cline said one of the youths invited was a former page of Kolbe's. Because the congressman frequently travels on weekends, either to his Arizona ranch or abroad, the house is often available to friends, constituents, staffers and former staff members, such as a former page, she said.

Kolbe, the only openly gay Republican in Congress, is retiring at the end of the year.

The latest revelation in the growing House page scandal comes just a month before crucial midterm elections. Foley resigned Sept. 29 after ABC News confronted him with the sexually explicit messages that he exchanged with a former page, triggering investigations by the Justice Department, the House ethics committee and Florida authorities.

Hastert and his top aides have been sharply criticized by Democrats and some conservative Republicans for failing to act promptly after receiving warnings that Foley had been sexually predatory in dealing with pages and former pages. Ron Bonjean, the speaker's spokesman, said yesterday: "Allegations of inappropriate conduct by members of Congress towards pages need to be fully reviewed by the ethics committee and law enforcement."

In addressing the revelation about Kolbe, Bonjean said, "This allegation reiterates why the speaker has also called for a full review of the House page program to ensure that it is as safe and secure as possible."

A new poll by Newsweek indicates the Foley scandal is doing significant damage to the Republicans' political fortunes and could sink their chances of holding onto control of Congress on Election Day, Nov. 7. The poll found that 52 percent of Americans, including 29 percent of Republicans, believe Hastert was aware of Foley's Internet communications with underage pages and tried to cover up Foley's actions. More of those polled, 42 percent, now say they trust Democrats to do a better job handling moral values than Republicans; 36 percent favored Republicans on the values question.

In a sharp exchange on "Fox News Sunday," Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference, insinuated that Democrats were behind the revelations of Foley's actions and the release of electronic messages showing Foley having sexually graphic or highly suggestive conversations with former pages.

"What I don't understand is where have these e-mails been for three years? Are we saying that a 15-year-old child would have sat on e-mails that were triple-X-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Kingston said.

Rep. Martin T. Meehan (D-Mass.) shot back, "If there's any evidence that you need that the values in Washington have turned upside down, you could just hear what Jack had to say. Only in Washington, D.C., can you take a group of people in charge of the House and basically have evidence that they've been looking the other way while a predator has been . . . going after 15- and 16-year-old pages, [and] they somehow . . . have the audacity to turn that into a political attack against Democrats."

So far, only ABC News and The Washington Post are known to have obtained the sexually explicit instant messages between two former pages and Foley. The Post obtained its copies from a former page who served on Capitol Hill with the other two pages.

Staff writer James V. Grimaldi contributed to this report.

Evangelicals Blame Foley, Not Republican Party (NYT)

By David D. Kirkpatrick

The New York Times, October 9, 2006

VIRGINIA BEACH, Oct. 7 — As word of Representative Mark Foley's sexually explicit e-mail messages to former pages spread last week, Republican strategists worried — and Democrats hoped — that the sordid nature of the scandal would discourage conservative Christians from going to the polls.

But in dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen.

"This is Foley's lifestyle," said Ron Gwaltney, a home builder, as he waited with his family outside a Christian rock concert last Thursday in Norfolk. "He tried to keep it quiet from his family and his voters. He is responsible for what he did. He is paying a price for what he did. I am not sure how much farther it needs to go."

The Democratic Party is "the party that is tolerant of, maybe more so than Republicans, that lifestyle," Mr. Gwaltney said, referring to homosexuality.

Most of the evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction.

All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote.

It is too soon to tell if the scandal will affect the turnout of evangelical Christians, who make up about a quarter of the electorate and more than a third of Republican voters. Some of President Bush's political advisers have said that pre-election reports in 2000 that Mr. Bush was once arrested for drunken driving depressed turnout among conservative Christians, nearly costing him the White House.

Pollsters and conservative leaders have said for months that grass-roots evangelicals were demoralized by what they felt was the Republicans' failure to live up to their talk about social issues — to say nothing of the economy, the Iraq war and other issues that weigh more broadly across the electorate. A recent poll by the Pew Research Center showed a steep drop in conservative Christian support for Republicans, albeit without a corresponding gain for the Democrats.

Some in the crowd waiting outside the concert, by the evangelical group MercyMe, said the revelations about Mr. Foley, Republican of Florida, had redoubled their previous concerns about the Republican Party.

"The Republicans need to tighten up their ship," said Wade Crane, a sign maker from Virginia Beach who said he usually voted Republican but had soured on the party in the last several months. "They need to stop covering themselves, using their power to protect themselves."

Charles W. Dunn, dean of the school of government at Regent University, founded here by the religious broadcaster Pat Robertson, said that so many conservative Christians were already in a funk about the party that "the Foley issue just opens up the potential floodgate for losses." The tawdry accusations, Mr. Dunn said, "give life" to the charges of Republican corruption that had been merely "latent" in the minds of many voters.

But as far as culpability in the Foley case, Mr. Dunn said, House Republicans may benefit from the evangelical conception of sin. Where liberals tend to think of collective responsibility, conservative Christians focus on personal morality. "The conservative Christian audience or base has this acute moral lens through which they look at this, and it is very personal," Mr. Dunn said. "This is Foley's personal sin."

To a person, those interviewed said that Speaker J. Dennis Hastert of Illinois should resign if he knew of the most serious claims against Mr. Foley and failed to stop him. They said the degree of Mr. Hastert's responsibility remained to be seen. Many said the issue had not changed their view of Congress because, in their opinion, it could not sink any lower.

But all also noted that the swift Democratic efforts to broaden the scandal to Mr. Hastert and other Republicans had added more than a whiff of partisanship to the stink of the scandal.

As the details were emerging last Tuesday, for example, Phil Kellam, the Democrat challenging Ms. Drake, called on her to demand Mr. Hastert's immediate resignation. In a statement, Mr. Kellam said the House Republican leaders' "lack of attention" was "perhaps more shocking" than what Mr. Foley had done.

Drew Lankford, a spokesman for Mr. Kellam, said the attacks on Ms. Drake had "painted her into a corner" because she was unwilling to denounce Mr. Hastert. Ms. Drake has said she will wait for a thorough investigation into what Mr. Hastert knew. (The matter has come up less in the Senate race between Mr. Allen and Jim Webb, the Democrat.)

Brian Courtney, a Republican-leaning sales manager attending the concert, said the Foley affair had led to "the kind of mudslinging one would expect to see at an election time like this." He added that he was paying closer attention to the "values and character" of the candidates, and that he would probably vote Republican again.

Republicans have put up a vigorous defense, mainly through conservative allies and on talk radio. An e-mail message to talk-radio hosts from the Republican Party last week asked, "How would Democrats react if one of their own had a sexual relationship with an intern, was found out, then lied to a grand jury in an attempt to cover it up?"

Rush Limbaugh devoted much of his airtime to the Democrats' defense of President Bill Clinton in the Monica Lewinsky scandal. Sean Hannity focused on former Representative Gerry Studds, a Massachusetts Democrat who in 1983 admitted having sex with a teenage male page, won re-election and served several more terms with the support of his colleagues.

Still, many conservative churchgoers said that what stood out for them was not the politics but the individual sin. “It is not going to affect my vote because I don’t live in Florida,” said Scott O’Connell, a mechanical engineer who described himself as a fundamentalist. “But there is a bigger moral issue which I would say is the prism I view this through: I do not believe in homosexuality.”

David Thomas, a father taking his family to the concert, said that he, too, was leaning toward voting Republican and that the scandal only reinforced his conservative Christian convictions. “That is the problem we have in society,” Mr. Thomas said. “Nobody polices anybody. Everybody has a ‘right’ to do whatever.”

In an interview on Friday, Pastor Anne Gimenez of the 15,000-member Rock Church here said the scandal “doesn’t change the issues we are voting on,” like abortion, public expression of religion and same-sex marriage.

The church has been actively registering parishioners and reminding them to vote. “Every Sunday already,” Ms. Gimenez said.

Fugitive Doctor Charged In Wife's Cyanide Death Arrested Overseas (AP)

By Joe Milicia, Associated Press Writer

AP, October 10, 2006

CLEVELAND — A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday.

Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release.

Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland.

Essa disappeared three weeks after his wife, Rosemarie "Rosie" Essa, collapsed behind the wheel of her car and died Feb. 24, 2005.

She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills.

Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case.

Prosecutors say Essa, known as "Yaz," was a philanderer. They characterized the murder as "divorce substitute," saying he was having an affair with a nurse and wanted to be free of his 38-year-old wife.

His lawyer, Larry Zukerman, said he could not comment yet because he did not have all the facts about Essa's confinement.

Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said.

Rosie Essa's family issued a statement that said, "We are hopeful that this development will lead to the answers that we have been seeking since Rosie's death and will mark the beginning of the end of this heartbreaking ordeal for our family."

The family said that largely out of concern for the Essa children they will have no further comment while they await the outcome of the legal process.

Rosie Essa's brother and sister-in-law took custody of the Essas' two children, who were 4 and 2 when their father disappeared in March 2005.

If convicted of aggravated murder, Essa could be sentenced to 20 years to life in prison.

Essa called his wife's brothers the day of her accident and they recalled he sounded genuinely worried and upset.

When they arrived at the hospital, Essa told them with a cold, clinical finality that she was dead, his wife's relatives said. He appeared to grieve and allowed her family to make all the funeral arrangements.

Authorities believe Essa traveled to Syria, Greece and Lebanon and possibly visited Florida. His family owns property in the Palestinian territories.

Wilson said he did not know details about Essa's extradition. U.S. Department of Justice spokesman Bryan Sierra said he could not provide details about Essa's return to the states because Monday was a federal holiday and the department was closed.

Associated Press writer M.R. Kropko in Cleveland contributed to this report.

FBI Looks At More Than Veco (ADN)

By Lisa Demer, Anchorage Daily News

DOJ_NMG_0076986

Anchorage (AK) Daily News, October 10, 2006

INQUIRY: Officials show interest in a developer and the Department of Corrections.

When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections.

That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual.

No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases.

In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI.

Kohring, a Republican, is not the only Alaska lawmaker who hired an attorney within days of the search.

Senate President Ben Stevens, R-Anchorage, has hired a prominent Seattle criminal defense lawyer, John Wolfe.

Wolfe, who declined to comment last week, has been named as one of Seattle's top criminal defense lawyers by Seattle Magazine. He's represented the famous and the infamous, from Seattle Seahawks players and judges to strip club owners and a pawnshop associate. He has worked in Alaska, representing a former Doyon Drilling Inc. worker who pleaded guilty in 1998 to concealing the dumping of hazardous materials on the North Slope.

"I think it's probably fair to assume that everybody's lawyered up," said Kevin Fitzgerald, an Anchorage defense attorney representing another of the legislators, though he wouldn't say which one.

Fitzgerald was part of the team that earlier this year won not-guilty verdicts in the federal rocket launcher case in Anchorage involving Security Aviation. The other lead defense lawyers in that case -- Paul Stockler and former U.S. Attorney Bob Bundy -- also are representing separate parties in the new FBI investigation, though they wouldn't say whom, either.

Hiring an attorney is a common practice in criminal investigations even for people who don't believe they are targets. For instance, individuals may want a lawyer to talk to prosecutors about the status of an investigation, to recover evidence taken in searches or to advise them on whether to talk and what to say.

Efforts to reach Kohring on Friday were unsuccessful, but in the past he has said he's cooperating in the investigation, is not a target and has been careful to follow all ethics rules.

Ross said he doesn't see that Kohring has done anything wrong.

"He asked me to advise him what the procedures mean and just make sure he doesn't step on his nose. He was told that he's not a suspect and of course I told him that, to be real honest with you, you can't always believe what you are told," Ross said, adding that he didn't expect any criminal charges against Kohring.

According to an FBI receipt for the property, agents took a folder with information on Marlow, phone message books, a Gateway computer from Kohring's office, fundraising notes -- which Ross said were essentially required campaign reports to the state -- a box of canceled checks, a thank-you note from Veco, bank statements, bills and an unexplained "business application and dividend papers."

"It doesn't look like anything there, any smoking guns or anything," Ross said.

Kohring and Marlow have known each other for years. Marlow hired him in 2004, according to disclosure statements that Kohring was required to file as a legislator. He reported income of $5,400 from Marlow that year and $38,100 in 2005. Kohring continues to provide "business services" for Marlow, arranging and conducting meetings, performing research and developing plans and strategies, Kohring said in an e-mail to the Daily News last month. Marlow has said that Kohring was helping him with plans to build a power plant in the Mat-Su, and Kohring has said he worked on a total of about six projects.

Reached on the telephone Friday, Marlow said he had no idea why the FBI would be interested in his relationship with Kohring. The FBI hasn't interviewed him or searched his offices, he said.

Kohring agreed to the search of his office, but the agents came prepared with a warrant that sought, among other things, any documents concerning relationships, correspondence, giving or receiving "things of value of any nature," or acts or failures to act that involved Veco executives Bill Allen, Richard Smith, Peter Leathard, Roger Chan, Veco itself, The Petroleum Club, pollster David Dittman, pollster Marc Hellenthal and Marlow.

"Cool. I made the list," Marlow joked. "What a crowd to be associated with."

The warrant also sought all correspondence between Kohring and the Alaska Department of Corrections. Ross said Kohring was questioned by the FBI about efforts to build a private prison in Whittier.

"He indicated it was a facility that Cornell was hoping to build in the past and that's apparently all they asked about that," Ross said. Cornell Cos. had teamed with Veco in the private prison endeavor, which ultimately died last year after the city of Whittier dropped its support.

Along with those of Kohring and Stevens, FBI agents searched offices of Sen. John Cowdery, R-Anchorage; Sen. Donny Olson, D-Nome; Rep. Pete Kott, R-Eagle River; and Rep. Bruce Weyhrauch, R- Juneau. Messages left for them were not returned. Kohring is the only one of the six still facing an election battle in November. Kott lost in the primary, Stevens and Weyhrauch aren't running again and the others aren't up this year.

Much of the wording on the Kohring search warrant is identical to the language on one provided by Olson's office the day after the search. Both are five pages long. In the warrants, agents sought documents concerning "any thing of value" provided by Allen, the Veco chief executive officer; Smith, a Veco vice president; or Veco itself to any public official. Agents were also looking for documents concerning the creation of a natural gas pipeline or the new petroleum production tax. They wanted financial documents related to the legislator, including bank records, wire transfers and credit card statements. They wanted to search computers, too. But where agents sought information on Marlow and the Department of Corrections from Kohring, they wanted documents on Olson Air Service including any payments or storage fees related to aircraft from Olson, a doctor who owns a flying service.

None of the other legislators provided warrants in response to requests from the Daily News.

Stevens' legislative office is the only one searched twice, according to the FBI. In a letter to the Daily News last month, the Anchorage Republican said he agreed to both searches but had been advised not to answer questions. He didn't provide the warrant, but his letter listed what was taken by the FBI.

Many of the items hauled away were seemingly innocuous public records such as presentations on the new petroleum profits tax and a copy of the state legislative handbook. But the materials also included letters from Stevens regarding the Alaska Fisheries Marketing Board, which he had headed since its creation by his father, U. S. Sen. Ted Stevens, until he resigned earlier this year. The board provided federal grants totaling between $5 million to $10 million a year to companies to promote Alaska seafood. At least three of the grant beneficiaries paid consulting fees to Ben Stevens.

The FBI also took "unknown documents" of Ted Stevens with a June 5 cover page and a Jan. 23 faxed letter to "T. Stevens."

Ted Stevens has repeatedly declined to comment and last month explained why in an e-mail sent through his spokesman.

"I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben. Therefore, I am withholding comment about this matter and will not discuss it," Stevens said in the Sept. 27 e-mail.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

The FBI investigation at a glance

What's known:

· Dozens of FBI agents executed about two dozen search warrants Aug. 31 and Sept. 1, though in some cases individuals agreed to the search.

· Six legislative offices were searched, and so was Veco Corp. Searches were conducted in Anchorage, Juneau, Eagle River, Wasilla, Willow and Girdwood. The office of Senate President Ben Stevens was then searched a second time, on Sept. 18.

· One search warrant, provided by Sen. Donny Olson, said the FBI was looking for "any and all documents" related to Veco, four of its executives and two political pollsters, as well as information on Olson Air Service, among other matters. When agents searched Stevens' office, they seized materials related to controversial fisheries organizations. In the search of Rep. Vic Kohring's office, agents also sought information on developer Marc Marlow and on the state Department of Corrections.

· The lead prosecutors on the case are from the Justice Department's Public Integrity Section in Washington, D.C., which handles public corruption cases.

· No one has been charged.

What's not known:

· Perhaps the biggest of the many unanswered questions is this: Who or what is being targeted?

· Authorities also won't say how many FBI agents or prosecutors are working on the investigation, when it began, when it might end or how they are proceeding.

Schools Chief Tried To Get Work For His Pal (FREEP)

By Chastity Pratt And Jennifer Dixon, Free Press Staff Writers

Detroit Free Press, October 10, 2006

Friend focus of FBI probe

Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas.

Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. "This was a way to help an old friend, who's unemployed, to make a few dollars," Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services.

"In hindsight, I guess that was a stupid decision."

Late Monday afternoon, as the Free Press was to publish a story about Coleman's actions, he issued a statement recommending the district cancel and rebid the contract linked to Information Solutions.

Making reference to Bohochot without naming him, Coleman's statement defended both his friend and the contract award. But, Coleman wrote, "unjustified clouds of suspicion" now hang over the contract, causing "a needless distraction."

It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in.

"Oh, my gosh," said board vice president Joyce Hayes-Giles when told of Coleman's actions.

"There are a number of issues we have under review and that was just one of them," she said. "We may have to rebid the whole thing."

Board president Jimmy Womack said he didn't believe Bohuchot's friendship with Coleman affected who received work. But, he added:

"We certainly have to take into consideration any influence those relationships may have had on the recommendation that came from the superintendent to the board," Womack said.

The district's actions Monday were but the latest controversy surrounding the recent award of $58 million in technology contracts. The district announced in July it was replacing Detroit-based Compuware, which had performed district technology work since 2001, with four smaller vendors. Compuware appealed and questioned the bidding process.

Compuware spokesman Doug Kuiper said the company "looks forward to a fair and open rebidding process."

Ruben Bohuchot has been under investigation by the FBI since the summer of 2005, when the Dallas Morning News reported that Bohuchot, then technology chief for Dallas schools, routinely accepted the free use of a luxury sports-fishing yacht owned by Micro System Enterprises, a major computer vendor to the Dallas district. That probe has since been joined by the Federal Communications Commission.

Long-time friends

Coleman said Saturday that he has been friends with Bohuchot for a decade. They first met in San Francisco, where Coleman was that district's finance chief and Bohuchot the technology chief. They then landed in Dallas, where they held the same roles. The pair even traveled to Alaska together in 2001 to go fishing.

After the newspaper report last year, Bohuchot was placed on paid suspension by Dallas and eventually left the district.

Bohuchot's troubles were well publicized last fall when Coleman said he ran into Julius Bender, owner of Information Solutions Group.

Coleman said he casually asked Bender if he planned to bid on soon-to-expire technology contracts. Bender said he didn't know where to start with writing a proposal, and asked Coleman if he knew anyone who could help him, Coleman said.

Coleman recommended Bohuchot.

"I didn't know that it went any further than that," Coleman said. He added: "I just don't believe there is a relationship" between Bohuchot and Bender. "But if I've been misled by Ruben before, perhaps I've been misled again."

Bohuchot, who is still listed as living in Dallas, could not be reached for comment.

Bender confirmed Coleman's account of their meeting. But he said that while he may have spoken with Bohuchot by phone, he never hired him. "We didn't pursue a relationship," Bender said. "He's not in this deal with us. I swear."

While Bender's company never bid directly on technology contracts, it partnered in the winning bid of another company, GVC Networks LLC, for the district's telecommunications and information technology services. It's that bid, which was to pay $726,000 annually, that Coleman sought to cancel Monday.

Stephanie Grimes, a spokeswoman for GVC, said GVC was supposed to sign the contract Tuesday.

"We believe we provided a solid proposal." she said.

Grimes confirmed that Bender's company was supposed to work with GVC when GVC bid on the technology work. But she said when GVC only secured the telecommunications portion of the contract, it no longer needed Bender's company "in no way, shape or form."

Detroit school records show Bohuchot attended a pre-bid meeting in Detroit in January for companies interested in the technologies contracts.

He signed in using the address and phone number for Bender's company - though Bohuchot incorrectly listed the company as “Integrated” Solutions.

Bender said last week he has no idea why Bohuchot used his company's address to sign in.

Coleman said he did not know Bohuchot had traveled to Detroit until a board member inquired about Bohuchot at the July meeting when the contracts were approved. Coleman acknowledged that he did not tell the board about his ties to Bohuchot at the time.

Coleman sat on a committee that recommended the four vendors, though the board made the final choice. Since the awards, Coleman had defended the bidding process and said the new vendors will save the district millions.

Two days after the four vendors were approved, Bohuchot set up a consulting company in Dallas, Portico Consulting LLC, records show. He lists himself as a manager. The following day, DPS issued a press release naming the companies that won the contracts.

Coleman also said he was recently interviewed by the FBI about his relationship with Bohuchot, but he said the questions related to his friend's activities in Dallas, not Detroit.

“The thing that's very, very troubling to me is that there's going to be some assumption that I'm corrupt,” Coleman said. “I am not corrupt, there's no aura of corruption about Bill Coleman.”

DPS Will Rebid Part Of IT Contract (DEN)

Detroit News, October 10, 2006

Superintendent said to be linked to businessman who is affiliated with firm that won part of bid.

Detroit Public Schools Superintendent William F. Coleman III said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and "influence peddling" surfaced in the bidding process.

Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used flawed methods. Allegations have also been made that link Coleman to a Dallas acquaintance Ruben Bohuchot, who is said to be affiliated with Detroit-based Information Solutions Group, which partnered with GVC Networks LLC to win a bid from the district.

In a statement issued by Coleman last month, Coleman defended the contract approval process, saying the new contract will save DPS "millions of dollars."

"It is unfortunate that some feel that they are entitled to the IT contract even though their proposals would have cost the district as much as $30 million more," he said.

Coleman said that at a school board meeting last month, "months after the contracts were awarded," he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review.

"His involvement has led to allegations and concerns of undue influence," Coleman said, adding that the claims are "completely and unequivocally false."

"My staff and I believed when we recommended that GVC/Information Solutions Group be awarded the contract that we were acting in the best interests of the district and the taxpayers of the city of Detroit. I still believe that," Coleman said in a statement issued Monday. "But it is clear that the GVC/Information Solutions Group contract is becoming a major distraction that has the potential to hamper our mission as an education institution."

GVC Networks LLC, one of four companies awarded a portion of the $58 million, five-year contract, ranked lowest in the evaluation process of 17 bidders.

Criteria included staffing plans, cost, past performance expertise and employment of minorities and women.

Representatives from GVC Networks could not be reached for comment. Julius Bender Jr., president of Information Solutions Group Inc., had no comment.

"Ever since the contracts were awarded to these companies, we've been under considerable attack," said district spokesman Lekan Oguntoyinbo.

"If there's a cloud of suspicion in anyone's mind, we need to go after that."

School Board President Jimmy Womack said the board is studying the evaluation process used to select the companies. He did not expect the board to make a decision at Thursday's school board meeting.

"Primarily, our concern is to understand more clearly the process in general and how it was applied to the IT contract," he said.

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Vision IT, Management Systems Consultants, GVC Networks LLC/Information Solutions Group and Universal Sales share the technology contract.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Health Care Executive Faces New Indictment (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 9, 2006

The chief executive of a District-based mental health organization has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program.

The new charges add to the legal problems faced by Ricardo F. Henry, founder of Insight Therapeutic Services Inc. He pleaded not guilty to health care fraud charges after his indictment in March.

Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree.

Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering.

The new charges stem in part from more than $100,000 spent by Mr. Henry for a 2001 Porsche 911 Carrera. The money, prosecutors said, was obtained through health care fraud. Authorities also say he registered the car in another person's name in New York to hide the purchase from creditors.

Mr. Henry filed for bankruptcy last year, but the case was reopened earlier this year after federal authorities raided his D.C. apartment and seized the car and other assets.

Among the other assets Mr. Henry tried to conceal from creditors were $120,000 from the sale of a home in Silver Spring and at least six firearms, including a Winchester rifle set, according to the indictment.

A status report in the criminal case issued last week states that Mr. Henry faces two trials, one for bankruptcy fraud and another for health care fraud. Mr. Henry's attorney likely will seek separate trials, while prosecutors are expected to oppose the move.

Mr. Henry's attorneys have disputed the charges, according to the status report.

"It is the defense's position that rather than cleanly charging provable offenses, the government has thrown everything but the kitchen sink into the 62-count original indictment hoping something will stick with the jury under the 'where there's smoke there's fire' theory," the report states.

But prosecutors counter in the seven-page report that they have "carefully selected the indicted counts from literally thousands of possible charges."

Predators Build Trust With Children Online (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, October 9, 2006

Young children and teens can become sexually victimized -- especially via the Internet -- when they don't realize they are being "groomed" by canny adults, say experts on child exploitation.

To parents, "our basic message is get that [personal computer] out of the bedroom and put it in a public place and set some limits and know what your kids are doing," said Ernie Allen, president of the National Center for Missing and Exploited Children.

The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach, Mr. Allen said.

This means "don't use instant messaging in the middle of the night," he added.

The use of e-mails and instant messages as exploitation tools has been garnering attention since recent news reports of former Rep. Mark Foley's sexually explicit electronic messages with former congressional pages, who were teenagers at the time.

The Florida Republican resigned his office, has entered an alcoholism rehabilitation program and is being investigated by law-enforcement agencies.

"Any suggestion that Mark Foley is a pedophile is false, categorically false," Mr. Foley's attorney, David Roth, told a televised press conference in Florida last week . "Mark Foley denies ever, ever having any sexual contact with a minor."

However, Mr. Foley's online conversations with several male pages, which focused on the teens' physical activities and genitals, sound like grooming practices employed by sexual predators, sex-abuse experts said.

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Typically, a relationship starts out "in a very innocent way," with the predator acting like a friend to the victim, said Lynn Parrish, spokeswoman for the Rape, Abuse and Incest National Network (RAINN).

The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, "and because it happens gradually over time ... young people miss these cues."

"Teens don't recognize the grooming when they see it; the kid is totally oblivious to it until it's too late," said Patrick Trueman, the former head of the Justice Department's unit on child exploitation and obscenity.

Once sexual contact is made, the predator will "hold it over you," he said. He can pressure the child for more sexual contact, saying, "'Oh, if you don't do this again, I've got these pictures of you now. Your friends are going to know all about this. We're just alike. You're just like me.'"

Children and teens will feel shame and confusion and refuse to talk about what happened, even though they should, Mr. Trueman said. This, in turn, can lead to "a cycle of abuse," in which the youths become promiscuous or turn to substance abuse.

"The effects can last a lifetime unless you get help," said Ms. Parrish, who urged victims of sexual abuse to call RAINN's hot line, 800/656-HOPE.

More Calls For Death Penalty In Child Rapes (LAT)

By Lianne Hart

The Los Angeles Times, October 10, 2006

HOUSTON — With the election just a month away, politicians examining ways to stop violent sexual offenders from striking again are increasingly calling for laws that would allow states to execute repeat child molesters.

Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction.

If enacted, the measure "will protect the children of Texas, and let people know to get out of our state if this is your sickness," Dewhurst campaign spokesman Enrique Marquez said. "If that's something you want to do, not in our state you won't."

In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005.

This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana.

Critics say that if child sex crimes are a capital offense, victims might be reluctant to report abuse because the offenders often are family members. "If you've got a father or brother or uncle molesting a young person, a lot of people aren't going to turn them in if it means they'll be sent to jail or put to death," said Michael Mears, director of the Georgia Public Defender Standards Council.

Another concern is that the measures might give assailants an incentive to kill the victim. "If the penalty for murder and molestation is the same, why not go ahead and kill the only witness to the event?" Mears said.

David Bruck, a law professor who directs the Virginia Capital Case Clearinghouse at Washington and Lee University in Lexington, Va., has the same concern. "To the extent that this is meant to be a way of protecting children, it may well have the opposite effect," he said.

But legislators such as Jay Paul Gumm — the state senator who sponsored Oklahoma's child sex crime bill — said that a person who would rape a child has no regard for life under any circumstance. "Anybody who would prey on the innocence of a child and destroy a soul is more than deserving of the death penalty in my way of thinking," Gumm said. "These are crimes that have lifelong effects on the victims. Some never have a normal life. It destroys life as surely as a gun to the head."

Louisiana houses the only death row inmate convicted of a child rape that did not result in murder. Patrick Kennedy, convicted in 2003 of raping an 8-year-old girl, was sentenced under a 1995 law that allows the death penalty for the rape of a child younger than 12. His case is on appeal.

In 1996, the Louisiana Supreme Court upheld the state's death penalty law for child rapists. But the Kennedy case could end in a showdown if it reaches the U.S. Supreme Court: In 1977, the high court held that a person convicted of the rape of a woman could not be sentenced to death because the punishment would be out of proportion with the crime.

"It's cruel and unusual punishment," Bruck said. "[Child rape] is a terrible crime, but it ain't murder."

Bruck said an attention-grabbing proposal to kill child sex offenders is like "political crack cocaine. It attracts publicity and people's attention at a very visceral level" but in the end, he said, does little good.

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But Gumm, the Oklahoma legislator, denied that such legislation was an election-year gimmick. "Public opinion in my district and this state is extraordinarily positive toward this law," he said.

"People have grown sick and tired of instances where child molesters have gotten out of prison only to molest again," Gumm said. "This sends a message that this behavior will not be tolerated, and we are going to find you, prosecute you and exact the most severe punishment possible."

Star Witness's Cheating Ways Heating Up Trial (WP)

By Carol D. Leonnig

The Washington Post, October 10, 2006

Jaws dropped and even the judge cringed when the former D.C. government official told a jury about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends.

Michael Lorusso once got his bosses to hand over to him $1 million, and he used it to lease space that wasn't even usable. Besides giving contractors inflated profits, Lorusso said he gave them gifts at taxpayer expense -- including antique barbershop chairs from a city warehouse and laptop computers purchased with a city credit card.

He is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council.

In an administration that prided itself on running a clean, reform-minded government, the swaggering Lorusso, the deputy director of property management, said he approved hundreds of thousands of dollars in contractor payments for work that was never done.

Lorusso worked for the city from November 2000 to January 2003, when he was fired after the council raised questions about his deals. He later pleaded guilty to bribery conspiracy and is hoping for a reduced sentence in return for his cooperation against Jemal and two other executives from Douglas Development Corp.: Jemal's son, Norman, and Blake Esherick. He is scheduled to resume testifying today in the courtroom of Judge Ricardo M. Urbina.

Only when Lorusso took the stand last week did many details of his crimes, and the breadth and gall of his fraud, become publicly known.

Lorusso, 40, admitted arranging leases that paid Jemal yearly rent so exorbitant it equaled the developer's purchase price. Lorusso ran his own furniture and investment businesses from his District offices and computer and took hundreds of thousands of dollars in city property, including the chairs, the laptops and other items. But no one flagged it.

"On my signature, I could take anything I wanted in the District," Lorusso testified.

Until Lorusso pleaded guilty in 2004, Mayor Anthony A. Williams (D) was reluctant to admit that the city was cheated -- despite several independent audits the previous year which determined that millions were spent for construction work, authorized by Lorusso, that had never been done. In an interview with NewsChannel 8 in summer 2003, Williams questioned what proof anyone had of outright theft but acknowledged that the city needed stricter controls on contracts.

Administration officials say several loopholes Lorusso exploited have been tightened.

Then-newly arrived Herbert R. Tillery, deputy mayor for operations, was tapped in 2003 to protect the city from another Lorusso. In an interview last week, Tillery said that the city largely had safeguards and good rules in place when Lorusso was working but that they needed to be diligently enforced. He said the city now has officials within each agency review all leases, contracts and routine price increases in contracts -- instead of continuing the unusual arrangement in which Lorusso single-handedly authorized such deals.

Each agency's contracting officer is now trained to spot fraud and given stern warnings about the responsibility to protect city money. Although the city had regulations allowing it to penalize such officers for losses and improper cost overruns, Tillery said, now it follows through. Similarly, the city had a computer system for tracking contracts before Lorusso, Tillery said, but now it has improved it and required that agencies monitor such contracts monthly.

"Now there are several extra eyes on the contracting process," Tillery said. "It takes longer . . . but when we take shortcuts on contracts, that's when we get into trouble."

Lorusso was fired after the council began challenging leases for office space with Jemal's company as well as a plan to buy an impoundment lot from Jemal in Prince George's County. Council members also looked into steep payments Lorusso arranged to a contractor at One Judiciary Square, a municipal building.

The first indications of trouble surfaced in fall 2002, when the council balked at the impound lease proposal. More was revealed in the summer of 2003, when Jim Graham (D-Ward 1) completed an extraordinary council investigation into Lorusso's

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dealmaking, revealing, among other things, that Lorusso had "cooked" an appraisal to suggest that the city should pay $12.5 million for the impound lot. It had cost Jemal just $1.5 million four years earlier. After a council outcry, the city did not buy the lot.

Lorusso is the only D.C. government employee charged in the case. But based on his testimony, D.C. officials have more digging to do. He asserted in court that other city workers helped him break the law. Lorusso told the jury, for example, that he invited two staff members to join in a plan designed to help him get rid of a burdensome car payment. Together, they fabricated a $25,000 bill to the city for moving services from a company that employed one of the staffer's relatives, Lorusso said. The moving company then cashed a city check for the staffers, Lorusso said. The staffers gave him most of the $25,000 in return for his Audi convertible, he said.

As of Friday, the staff member were still on the Office of Property Management payroll, although one is on leave. They did not return calls.

Carol Mitten, the new director of the office, said she was surprised by what surfaced in court. "The first I heard about this dummy invoice is from the trial," she said.

Lorusso's testimony raises questions about whether more protections are needed, according to council member Adrian M. Fenty (D-Ward 4), who likely will succeed Williams as mayor next year.

"This type of waste, fraud and abuse is inexcusable, and those responsible must be held accountable," Fenty said.

Council member Carol Schwartz (R-At Large), who was the first to balk at the impound lot proposal in September 2002, said she remains mystified at how top city leaders couldn't have known some of what Lorusso was doing.

Graham said the testimony vindicates his investigation but won't satisfy the larger question taxpayers should be asking the city: "Just how did he get away with all this?"

'Liberty Dollars' Can Buy Users A Prison Term, U.S. Mint Warns (WP)

By Elizabeth Williamson

The Washington Post, October 10, 2006

Once upon a time, a "monetary architect" named Bernard von NotHaus decided to make his own money.

He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them "Liberty Dollars." On his Web site, http://www.libertydollar.org , he said: "It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!"

True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term.

Liberty Dollars were coined by von NotHaus and an Evansville, Ind.-based group called Norfed, which stands for (sort of) the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. In the late 1990s, the group began hawking its money as a hedge against inflation, and as a way to compete with the Fed. Von NotHaus makes the pitch online, using a raft of statistics and graphs that he says show the greenback is well nigh worthless.

Norfed Executive Director Michael Johnson says the group isn't aiming to overthrow the American monetary system. "We're not locking horns with the Fed. I mean, that's crazy," he said. Norfed simply wants "to offer a solution to the Federal Reserve Note," a.k.a. U.S. dollars.

Norfed struck the first gold- and silver-backed coins -- which, to avoid charges of making its own money it calls "rounds" -- in 1998 at its private mint in Idaho. Today the group claims to have more than $20 million in Liberty coins and notes in circulation, and about 2,500 merchants who accept Liberty Dollars for goods and services from doughnuts to tattoos.

But there's a potentially more sinister side to all this. A 1999 report by the Southern Poverty Law Center calls Norfed a far-right anti-government group that has "long claimed that American dollars are . . . part of a vast conspiracy by international bankers to defraud the rest of the world." The center links some Norfed devotees to far-right hate groups.

"That definitely is not the philosophy of the organization," Johnson said. "I've been a Republican for most of my life. . . . We are focused on the mainstream. . . . I guess we are libertarian. But definitely not anti-government."

The U.S. Mint acted after federal prosecutors around the country began forwarding inquiries about the coins. "We don't take these consumer alerts lightly," said spokeswoman Becky Bailey. "Merchants and banks are confronted by confused customers demanding they accept Liberty Dollars. These are not legal coin."

Norfed responded to the Mint on its Web site. "Here it is in plain sight . . . the Liberty Dollar is not a coin, not legal tender, and backed with inflation proof gold and silver!"

"Goliath just introduced David to millions of Americans as a nationally recognized underdog," the site continues. "Just as Pepsi went up against Coke with their 'take the Pepsi Challenge' campaign, the Liberty Dollar will take it to the people to decide which currency they should use."

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Norfed encouraged people to keep doing "the drop," referring to its advice to drop the coin into merchants' hands so they can feel its weight.

That could land the dropper in prison, Bailey warns, for up to five years.

L.A. Police Say Killing Of 3-Year-Old In Gang Attack Was Intentional (LAT)

By Richard Winton And Erika Hayasaki, Times Staff Writers

The Los Angeles Times, October 10, 2006

Kaitlyn Avila, 3, was shot at point-blank range after her father was wounded in the gang-related attack in Baldwin Village, police say.

A 3-year-old girl, fatally shot as her family arrived home after a Sunday afternoon trip to McDonalds, was intentionally targeted by a teenage gang member who fired at point-blank range, police said Monday.

The announcement, which came as detectives sought the public's help in finding the killer, prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong.

A joint task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought.

LAPD Deputy Chief Charles Beck said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. He then aimed his gun at Kaitlyn and shot her once in the chest, police said.

"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

The LAPD's Beck and Kaitlyn's father, Cesar Avila, appealed Monday for the public's help in finding Banks, who is believed to be in the Los Angeles area.

"We're heartbroken, we're very heartbroken for the death of my daughter," Avila said.

"We ask the suspect to turn himself in," he said, his voice breaking.

"Even though it won't bring my daughter back, at least we know more innocent people won't get hurt," he said. "I don't care so much for what he did to me, but for what he did to my daughter."

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

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"Something made me come back," he said. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

Police released a photo of Banks and described him as African American, 6 feet 4 and about 200 pounds. They said he should be considered armed and dangerous.

A $50,000 reward is being offered for information leading to arrests and convictions in the case.

Detectives can be reached at (213) 485-2417 or (877) 529-3855, a 24-hour toll-free number.

As police hunted for Banks, some Baldwin Village residents said they had had enough.

Gabriela Vasquez, 21, walked her two nephews home from school Monday afternoon, past the spot where police found Kaitlyn's body.

"It's not hard to believe," Vasquez said. "They thought the little girl saw them. She's little, but if she [saw] them again she could point them out."

Vasquez said she planned to leave Baldwin Village this year because of the gang violence.

"These people out here, they just don't care," Vasquez said. "They kill little kids and even the elderly."

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Pirating Songs Of Praise (LAT)

By Geoff Boucher, Times Staff Writer

The Los Angeles Times, October 9, 2006

Some Christian music fans believe digital downloading is a way to spread the Word. Other voices tell them: Thou shalt not steal.

Regina Kennedy prides herself on being a good Christian, so when the pastor at her Pentecostal church in Delaware called it a sin to download gospel songs without paying for them, her heart began to race.

The out-of-work driver went home and stared at her download collection, which included artists such as Yolanda Adams, Kirk Franklin and others. "The songs are so beautiful, and I couldn't afford to buy them all," the 43-year-old said. "I just didn't know what to do."

In the end, she deleted every song. She's still not sure, though, that she was really stealing. "I don't know what to think, really."

Kennedy is hardly alone among conflicted fans of Christian music, but her decision to erase her library does set her apart from most of them, especially younger ones. Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad.

Take Matthew, a 13-year-old who attends Hewes Middle School in North Tustin and attends youth programs at nearby Red Hill Lutheran Church. Asked if it's wrong to take songs for free, he answered: "No, because the artists are making billions of dollars anyways." Another kid at Red Hill, 16-year-old Mike, a student at Beckman High, said that music is beyond commerce or at least beyond the cash register: "They should give it away 'cause it's art anyways."

Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal.

"We are all conflicted, it's true," said John Styll, president of the Gospel Music Trade Assn. "This is not a business first, but it still must be a business at some point to keep going."

Styll's association was behind a campaign called "Millions of Wrongs Don't Make a Right," which used well-known Christian artists as spokespeople against piracy, but Styll said the perception lingers that all music stars are fabulously wealthy, and he wonders how effective they are as voices in the debate anyway.

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His association is preparing to go to youth events and organizations in coming months with presentations that frame the question of digital downloading as a purely ethical issue. That's a far different tack than the mainstream music industry, led by the Recording Industry Assn. of America, which has used legal action and language to spook young pirates.

"The RIAA feels it can't address it as a moral issue, but we certainly can, and our audience should be more receptive to that," said Styll, who seemed plainly exasperated with the notion of young churchgoers taking music illicitly. "It's like stealing. You wouldn't walk into a Christian bookstore and steal a Bible off the shelf…. some fans say, 'This music is made to spread the Word, and I'm just helping.' Well, this is also about people's livelihoods."

"Christian music" is an unwieldy and misleading name for a music market that is big enough to cover recent releases from artists as disparate as Ohio pop-punk band Relient K, smooth L.A. gospel singers Mary Mary, country singer Alan Jackson and P.O.D., a hip-hop and reggae tinged band from San Diego.

It's hard to imagine fans with music tastes eclectic enough to embrace all the artists on that list. But as a collective, the sector just got some great news. Christian music sales, both on CD and via paid download, over the first six months of 2006 were 11% higher than during the same period in 2005. That double-digit surge stands in stark contrast to the rest of the music industry, which experienced a 4% decline during the same time period. And no other genre has a 2006 sales jump anywhere near the level of the Christian sector.

When the six-month numbers were released, industry leaders said the figures showed that efforts such as the "Millions of Wrongs" campaign were making in-roads. But that view may be a leap of faith, says Joe Fleischer, chief of marketing for Big Champagne, a top barometer of online media activity.

Fleischer said the uptick in Christian music sales was more than matched by a jump in Christian music that was traded on peer-to-peer networks, e-mailed as file attachments and (the new popular mode of youth distribution) via digital files tucked into instant messages.

While much new revenue came in, more was missed, Fleischer said, adding that the same zealous fans that are taking their music for free are also minting new stars for a genre that is amid a major crossover into mainstream rock.

"That increase in sales is driven by what's going on with these newer acts, and all of that is happening on the Internet," Fleischer said. "Bands like Underoath."

Underoath is a Florida hard-core band whose spiritual message is delivered with a sonic style not intended for the faint of heart. The messages too are far from the psalms or greeting-card sentiments that the term "Christian music" conjures up. Take its wrenching song on abortion, "Burden in Your Hands":

So they take your life before your first breath / When will it stop, the killings continue / Babies die every day because of a pro choice made / Helpless and innocent they are put to death.

The six-member band shocked the music industry in June when its most recent album debuted at No. 2 on the nation's pop charts despite zero airplay on mainstream commercial radio and no presence on MTV.

It wasn't a surprise to fans who visited the band's page on MySpace.com, the Internet portal that has become a pop culture echo chamber. On the Underoath page, the digital player shows their songs have been listened to close to 17 million times.

The upheaval in Christian music circles isn't limited to rock and edgy youngsters.

The traditional Nashville scene, with its country-tinged sound and its Heartland appeal with artists such as Amy Grant and Steven Curtis Chapman, has lost jobs, Styll said, especially because the revenues for artists are limited by lower royalty payments from church and religious outlet performances. That has made the trade association especially stern, but it's set the stage for maverick attitudes as well.

Take singer-songwriter Derek Webb, an up-and-coming Christian recording artist who has not only received good reviews for his tour but also a flurry of coverage in industry outlets such as Billboard magazine. The reason? He's opted to give away a full download of his new album for three months on the Internet. He had sold 17,000 copies (both as CDs and downloads) since its December release and has given away 50,000 more since the download offer began in September. In exchange for the free music, he asks only that fans give him the names of five more people to e-mail about his music.

The idea came to him after he sold enough copies to break even financially on the project. The free-music period will pay off in the long run, he says, by building his career and also spreading the spiritual message of his music. His concerts have, in recent weeks, jumped from audiences of about 100 to crowds of 500 and more, he said.

"I can't think that's a coincidence and all of this, it's a huge part of my future," he said. Webb categorizes his music as songs of protest in an industry more comfortable with shiny happy platitudes.

"I don't think most Christian music is very good — I don't like it and I don't listen to it," the 32-year-old Nashville singer said. He pointed to the growth of rock and metal acts with Christian messages that use the Internet to bond with young fans and sidestep the traditional industry mechanisms. "Forgive me for saying it this way, but that looks a lot more like Jesus to me than packaging some album and telling people what to do with their art. "

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In a Times entertainment poll this summer, teens were asked about downloading songs from an unauthorized file-sharing network. Among those who identified themselves as religious (of any faith), 63% said they would never do it. Among teens who did not describe themselves as religious, it was a similar proportion at 61%.

Those numbers didn't surprise Styll because he had seen even more distressing stats when his trade association commissioned a study in 2004 by the Barna Group, a Ventura research and strategy company that focuses on young Christian consumers.

That survey found that about 1 in 10 born-again Christian teens believe it is morally wrong to take and share songs. The ones who do have second thoughts often said that they felt the religious connection the music provided them made it all less objectionable.

"What we're seeing is young people and youth pastors are bringing this moral perspective that, well, it's not exactly right to download the music, but from their point of view they're doing it for greater good, and in their minds that offsets it to some degree," said David Kinnaman, vice president of Barna Group.

Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material. But the tougher rooms to win over are at church halls such as the one at Red Hill Lutheran Church.

At any given time there about 120 kids in the programs, from fourth-graders through college-age young adults. Isaiah Coughran, co-leader of the church's youth ministry, noted that the congregation is relatively affluent, so the youngsters who take music for free have other options.

"The kids here are split on it. We get both ends, for sure — the kid that has 7,000 songs and the kid that won't do it because it's stealing," Coughran said. "We want them to make their own decision, but at least be aware of the issues and talk about them."

Some of the kids chew on the debate for a minute but then swallow it with a shrug: "They're teenagers and they say, 'It's what I want to do,' and that sort of flattens the argument for them, just like with anything."

Coughran himself was in a Christian punk-pop band called Value Pac that got as far as a record contract on an indie label. That's when Coughran noticed that their music was available on Napster and pinging through the Internet for free.

"For me, I was actually thrilled, because part of what I wanted to do was share the message of the music," he said. "And one big way to spread the Word — any word — was Napster, right? I wasn't doing it so much for the money, so the message was more important to me. It's different if you need to do it for a living, though, isn't it? That changes everything."

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Threats Of Violence As Homes For Sex Offenders Cluster In Suffolk (NYT)

By Corey Kilgannon

The New York Times, October 10, 2006

MASTIC, N.Y. — Not long after four men moved into the small ranch-style home at 115 Eleanor Avenue this summer, one man is said to have readied a special greeting.

Donald Keegan, a fellow resident of this working-class Suffolk County town, prepared a concoction of paint thinner and road flares to burn the place and, the police said, kill the occupants, who had all recently served prison time for crimes including rape and sodomy.

The four housemates, ranging in age from 36 to 74, were all registered as Level 3 sex offenders, the highest rating, saved for those the state deems “most likely to re-offend.” One had attacked a man in a wheelchair; the others’ victims were girls ages 8, 9 and 11.

Mr. Keegan was arrested before the plot could be carried out, but his case has exposed a raw and widespread fear over spreading clusters of sex offenders in Suffolk County’s lower-income neighborhoods, like Mastic — where opponents say 76 offenders live within a five-mile radius — and nearby Coram and Gordon Heights, where 39 offenders, most having assaulted children, live within a square half-mile, many grouped in the same houses. This is the highest concentration of Level 2 and 3 offenders on Long Island.

As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children.

Mr. Keegan, 36, is in the Suffolk County Jail in Riverhead, with bail set at $1 million, and is facing a sentence of up to 25 years on charges of attempted murder and attempted arson. A county maintenance worker, he lives with his wife and their 2-year-old daughter on Patchogue Avenue, whose residents include two convicted child rapists, state records show.

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In a jailhouse interview, Mr. Keegan insisted on his innocence but said, “I would do anything to protect my daughter.”

The situation at 115 Eleanor developed even as the authorities moved to evict the four men, having decided that after-school programs at the community center on the Poospatuck Indian Reservation — a block from the house — should have disqualified the site for sex offenders. A new county law took effect in June barring registered offenders from living within a quarter-mile of a school, playground or licensed day care center.

Though two of the four offenders have already moved out of the house, state and local politicians are now scrambling to reduce these clusters; one Suffolk County lawmaker has introduced legislation that would bar the Department of Social Services from putting more than one offender in a single house.

Charles Manolakos, who owns 115 Eleanor Avenue, defended his tenants as “citizens who have paid their debt and have a right to live there.” But Joyce Pulliam, who lives across the street, complained that the authorities “protect the sex offenders more than us.”

“They’re letting four and five offenders gather in a single house to create little sex offender clubs to prey on our children,” said Ms. Pulliam, who has worked strenuously to rally neighbors against the newcomers to her block. “The police have the manpower to arrest Keegan, but they don’t have the manpower to protect us from sex offenders.”

Situated between the high-priced Hamptons and the densely populated, upper-middle-class precincts of Nassau County, this area over the past decade has become a magnet for sex offenders upon their release from prison.

Of some 24,000 registered sex offenders in the state, 825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county’s Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout.

“D.S.S. has seen this building for a long time in these neighborhoods, and they’ve never done anything to stop it,” said Laura Ahearn, executive director of Parents for Megan’s Law, a national group based on Long Island that works to prevent sexual abuse of children.

But given the number of sex offenders in Suffolk, “There is no way they could all be placed in neighborhoods without kids,” said Dennis Nowak, a Social Services spokesman.

Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations.

“This is an issue that communities across the country are facing, and there’s no easy solution,” Mr. Nowak said. “We’ve become a lightning rod for the issue, but it’s much bigger than us.”

The lightning struck in Mastic this summer, when the four men moved into the Eleanor Avenue house, paying $550 each per month. It is next door to a family with seven young children, and across the avenue from a residence for 12 women recovering from drug and alcohol abuse.

“With all these kids on this block and 12 vulnerable women in a house, this is where they allow a house full of sex offenders?” said one of the women, Denise Mello, 32, a recovering heroin addict.

Soon, parents on the block began keeping their children indoors. Neighbors picketed in front of the house, and members of the Mastic Park Civic Association went door to door distributing fliers with the offenders’ names, police photos and criminal records.

At one homeowners’ meeting at the local library, a resident, not Mr. Keegan, stood up and said, “I’ll burn the house down,” recalled the civic association president, John Sicignano. In response, he said, “Fifty people stood up and started clapping.”

“He definitely expressed it the wrong way, but who knows, if something threatened my kid, maybe I’d react the same way,” Mr. Sicignano, 49, who runs an aircraft engineering firm, said of Mr. Keegan.

Mr. Manolakos commented ironically: “This guy was doing what the whole neighborhood wanted to do. He’s a local hero.”

Mr. Keegan said that his lawyer had warned him not to talk about the case, and that he was a law-abiding man with no time for mischief.

“I have three jobs,” said Mr. Keegan, who does private landscaping after his maintenance work with the county. “I come home exhausted every night and turn on the Discovery Channel.”

Mr. Keegan denied plotting to burn down the house Sept. 9, when he was arrested with road flares on the front seat of his Ford Mustang. The police, acting on a tip, had sent a detective to befriend Mr. Keegan and caught his threats on tape.

Fred Hollman, 36, who served time for first-degree rape of an 11-year-old girl, moved into 115 Eleanor Avenue in June after living briefly in western Suffolk County, but said in an interview in September that he was looking for a new home because of the furor.

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"The last place I was staying, in Brentwood, all the neighbors knew about my status and were friends with me," he said. "We all hung out together." But, Mr. Hollman added, he has four children and "wouldn't want them living around sex offenders either." Mr. Hollman said he saw Mr. Keegan "in and out of the neighbors' houses a bunch of times" before his arrest.

Mr. Manolakos, who co-owns a number of homes on Long Island and rents rooms mostly to mentally disabled tenants, says he plans to fight the mid-September order to remove the sex offenders within 45 days. He argued that that the Indian reservation, a 250-resident maze of scruffy suburban streets lined with smoke shops and trailer homes, has no legal bearing on the block, since it operates as its own sovereign territory, outside of many state laws and regulations.

Other landlords defend their right to rent to sex offenders.

"They just want to live their lives," said Bernadette Parks, whose mother, Mary Dodson, rents to 27 offenders in 11 houses in a small area in Coram and Gordon Heights nicknamed Dodsonville.

On a single block of Homestead Avenue, Mrs. Dodson owns homes filled with 15 offenders, said Mrs. Parks, who manages the properties. The extended Dodson family, with many young children, lives in the surrounding neighborhood.

"They're being closely watched, and they're more scared than the other folks here," said Mrs. Parks, a devout Christian who sees the family's thriving rental operation as a kind of religious mission, and invites the sex offenders to join her grandchildren in tending rabbits, for therapy.

"My grandchildren all play on this block," Mrs. Parks said, cradling a bowl of newborn bunnies in her living room. "That's how much I trust these people. They've been deemed to enter back into society and they'll have to suffer the rest of their lives with being labeled."

Don't tell that to Chief Harry Wallace, who runs the Poospatuck Indian Reservation. A Dartmouth-educated lawyer with a ponytail, he keeps two sets of business cards on his desk, one for his law practice, the other for his Poospatuck Smoke Shop and Trading Post.

"What these landlords are doing by renting out to sex offenders," Chief Wallace said, "are undermining communities trying to better themselves."

California Prosecutor's Novel Gets Her Bumped From A Case (NYT)

By Adam Liptak

The New York Times, October 9, 2006

A California prosecutor's fictional alter ego has gotten her kicked off a real-life case.

In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called "Intoxicating Agent." Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug.

Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line.

"She has a disabling conflict of interest," Justice Kenneth R. Yegan of the California Court of Appeal wrote of Ms. Dudley for a unanimous three-judge panel.

Ms. Dudley must be disqualified, Justice Yegan continued, because the defendant, Massey Haraguchi, "is being prosecuted for raping an intoxicated person while the prosecutor is promoting her novel involving the identical charge."

Justice Yegan wrote that Ms. Dudley's desire for money and fame might tempt her to throw the book at the defendant, as it were.

"Dudley will garner no laurels, and the case will not generate favorable media publicity for her book," Justice Yegan wrote, "if she enters into a negotiated settlement."

The question of whether a lawyer's freelance fiction can require disqualification was both novel and important, Justice Yegan wrote. He said he hoped "that this case of first impression will make a lasting impression."

Ms. Dudley declined to comment. "The litigation is still pending," she said, "and it would be unethical for me to respond in any way."

In a sworn statement filed in opposition to the disqualification motion, Ms. Dudley said her book was not based on a real case.

"The fact that I have written and published this fictional book," she added, "has not affected or impacted any of my decisions in this case."

Robert M. Sanger, a lawyer for Mr. Haraguchi, declined to comment. In his own sworn statement, Mr. Sanger said that aspects of Ms. Dudley's book were based on a separate rape-by-intoxication case that twice ended in hung juries and was eventually dismissed.

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Mr. Sanger was Ms. Dudley's adversary in the other case, too. In the Haraguchi case, Mr. Sanger wrote, Ms. Dudley refused to discuss a settlement though she conceded that no other prosecutor in her office was willing to pursue the case.

"Intoxicating Agent," which Ms. Dudley paid to have printed, is made notable by Ms. Dudley's acknowledgment to a local newspaper that her fictional heroine was "a pumped-up version" of herself.

Ms. Danner, Ms. Dudley writes, has "the poise and sexiness of a dancer, the brains of a scholar and the protective passion of a mother."

"She had always been attractive," Ms. Dudley continues, "but now, having reached middle age, experience, confidence and poise further enhanced her beauty."

Prosecutors in "Intoxicating Agent" are fearless champions of the truth; defense lawyers, unethical and manipulative; and defendants, despicable and unattractive. One is called "felony ugly."

Deborah L. Rhode, an authority on legal ethics at Stanford, said the appeals court's ruling was correct but too broad.

"There's a lot not to like in the way that this deputy district attorney traded on her office to promote her book," Professor Rhode said. "And the court could justifiably be concerned that her desire for publicity could affect her decision whether to try the case or accept a plea."

But the decision went on to seemingly ban all sorts of extracurricular writing.

"No current public employee," Justice Yegan wrote, "should be permitted to exploit his or her official position as a lever to earn extra income."

That prohibition may run afoul of the Constitution, Professor Rhode said. "Dudley has obvious First Amendment interests in being able to present her characters in whatever stereotypical form she chooses," she said.

Linda Fairstein, a former prosecutor in New York who has written nine successful crime novels, called that aspect of the decision overreaching and absurd.

But she expressed little sympathy for Ms. Dudley.

"It's not really a good judgment call to closely mirror the facts of a case while it's still pending," Ms. Fairstein said.

A New Glimpse Into Night Of D.C. Slaying (WP)

By Paul Schwartzman

The Washington Post, October 9, 2006

On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office.

The Wones had rarely spent a night apart since 2002, when Robert surprised Kathy with rose petals leading to a silver fortune cookie and the message, "Will You Marry Me?" But Wone, a lawyer, planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle.

"I love you," Robert told his wife as they hung up about 9:30 p.m.

Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead.

The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time.

More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms.

Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved. "I feel like I've been holding my breath, waiting for a break in the investigation, hoping that this doesn't become a cold case," she wrote in an e-mail, her first public comments about the slaying.

Authorities have offered only the broadest outline of what transpired, saying that a resident told them an intruder came through the back door and killed Wone -- a theory that detectives have publicly questioned. Yet as police await the results of evidence testing, new details have emerged about Wone's final hours and what Price, Zaborsky and Ward have said occurred after their friend arrived.

In a city of more than 100 homicides this year, Wone's death captured public attention because he was a rising star in Washington's legal world, active in the Asian American community. He died in a neighborhood where homicides are rare, at the home of friends who are affluent, well-established professionals; one is prominent in the gay community.

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The case took on greater notoriety when investigators asserted that the crime scene was cleaned before police arrived. And they expressed doubt that an intruder killed Wone, saying they found no sign of forced entry or anything taken.

Police Chief Charles H. Ramsey said detectives are waiting for the FBI to complete tests on blood and other items from the crime scene. Police want the FBI to treat the case with urgency, Ramsey said, and hope to get the results in a matter of weeks or months.

Police and prosecutors have sought to reconstruct what happened inside the house before and after the killing. According to sources with direct knowledge of the investigation, Price, Zaborsky and Ward have described a routine evening that began with a dinner at home before Wone arrived about 10:30 p.m. to sleep over.

The sources, who spoke on the condition of anonymity because the case is under investigation, said the men have given this account:

Wone first sat in the kitchen, chatting with Price, 35, a lawyer at a prominent law firm with whom he attended the College of William & Mary, and Ward, 36, who works for a software company. Zaborsky, 40, a marketing manager at the International Dairy Foods Association, was in the third-floor bedroom he shared with Price. A female tenant who lived in the basement was not home.

Price has said that he went upstairs to the third floor to sleep about 11 p.m. Ward retired to his bedroom, near the top of the stairs on the second floor, overlooking the back yard. He later told police that he took a sleeping pill that night, as he often did. Wone showered and went to a second-floor guest room facing Swann Street.

According to the sources, Price recalled falling asleep and then being awakened by a chime that the alarm system sets off when the front or back doors open. Price did not go downstairs because he assumed that his tenant was returning; she did not return home that night.

Price has said that minutes later, perhaps as many as 10, he heard the sound of deep, guttural moaning. He ran downstairs with Zaborsky and found the door to the guest room ajar and Wone on the sofa bed, bleeding. Price moved the knife from Wone -- police later found it on a side table -- and tried to stanch the bleeding, the sources said. Zaborsky stood in the hallway, his screams waking Ward.

At 11:49 p.m., Zaborsky called 911. Paramedics arrived at 11:54, followed by police, who found Wone, wearing bed clothes, unconscious and showing no signs of life. He had been stabbed twice in the chest and once in the abdomen.

After Price phoned Kathy Wone, she picked up her husband's parents, who had recently moved nearby from Brooklyn to be closer to them, and his brother, Andrew, 27, who had flown in to visit. A doctor pronounced Robert Wone dead at 12:24 a.m., before his family reached George Washington University Hospital.

The next day, friends and family sat vigil with Kathy Wone, a crowd that included Price, Zaborsky and Ward. The men attended the funeral; Price was a pallbearer.

By then, investigators had taken over the Swann Street townhouse, obtaining search warrants to seize computers and phones there and from Price's law office. In an affidavit used to get one of the warrants, Detective William Xanten cast doubt on the idea that an intruder killed Wone, writing: "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken." Police technicians, using chemicals and artificial light, had determined that the crime scene was "tampered" with, the detective wrote.

Price hired a criminal defense lawyer, Kathleen Voelker, and Ward retained David Schertler, a former federal prosecutor. Zaborsky hired Thomas G. Connolly. Before they had hired lawyers, the three men submitted to hours of police questioning immediately after Wone died. Days later, they submitted their fingerprints and DNA samples.

In a statement issued Friday, the attorneys said the three men "continue to mourn the death of their dear friend" and remain hopeful that "the authorities will identify and apprehend the intruder who is responsible for the senseless murder."

Through their attorneys, the men declined to comment for this article. With their home in disarray, they are now living in Virginia. Their friends and associates are reluctant to speak about them publicly, seeking to protect their privacy.

Price, a lawyer at Arent Fox, also serves on the board of Equality Virginia, a gay rights group, where Ward formerly was development director.

In her e-mailed responses to questions, Kathy Wone cited the investigation in declining to share her view of the men, with whom she was friendly through her husband. She is being advised by Eric H. Holder Jr., a former U.S. deputy attorney general, and Benjamin J. Razi, who work at Covington & Burling, her husband's former firm.

Describing her emotional state in her e-mail, she said: "It hurts me a great deal to think that whoever took Robert's life is probably going on with life as usual while I'm struggling to close an enormous, gaping wound and move on; I can't help but shake my head at that picture of incredible unfairness."

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The Wones met in January 2002 at a conference in Philadelphia, where they struck up a conversation that continued as they took a late-night stroll and ended up at a Cosi cafe eating s'mores. "It was cold that night," recalled Kathy Wone, a public-interest manager for the American Health Lawyers Association. "But we didn't feel it."

Until then, Robert Wone had concentrated on his career, pro bono work and keeping up with a wide network of friends, including Price. Small-framed and boyishly handsome, he often seemed more mature than his years, urging friends to buy life insurance and arrange their wills.

In interviews, friends described him as energetic and earnest, with a touch of street savvy born of growing up in New York. Jason Torchinsky, who had shared an Arlington apartment with Wone, said his friend had kept a baseball bat under his bed for self-defense and carried two wallets -- one of them an empty decoy in case he was mugged.

The son of a retired bank executive and teacher, Wone had always been serious. As a youngster growing up in Brooklyn, some classmates at his all-boys Catholic high school predicted that he would be the first Asian American president.

At William & Mary in the mid-1990s, he majored in public policy and immersed himself in student government, through which he became friendly with Price. At exam time, Wone liked to sneak around the library, handing out candy to unsuspecting students. "He was about random acts of kindness," said classmate Tara Ragone. "It was like a Disney movie."

Although he seemed a natural politician, remembering names and keeping in touch, Wone shunned the spotlight. "He often said he'd love to be chief of staff," classmate Michelle Kang said. "He wanted to be the person in the background who made it all happen."

After graduating from the University of Pennsylvania law school, Wone clerked for a federal judge before landing a job at Covington & Burling. His work was his focus until he met Kathy. Within months, he was talking about marriage. "I was stunned," Torchinsky said. "I had never seen him so interested in anybody. It was like this instant thing."

They were married in 2003. Robert turned 30 the next year, an event marked by a party at the home of Price, Zaborsky and Ward, who were then living on Capitol Hill. The Wones bought a townhouse in Oakton and began talking about adopting a baby girl from China.

Then, in the first week of July, Wone started a new job as general counsel at Radio Free Asia, which broadcasts news in Asian countries that do not get free media. It was a dream position, allowing him to be the legal version of a jack-of-all trades.

More than a week before he died, Wone told his wife that he planned to work late Aug. 2, attending a seminar and then making a stop at Radio Free Asia to meet the night staff. He said he might stay over in the city and visit an old friend -- either Price or another William & Mary alum. "Robert was trying to kill three birds with one stone," Kathy Wone wrote. "Attend a class, get to know more of the Radio Free Asia staff and spend time with a friend."

"I thought it was a great idea," she recalled. "Our marriage was such that I completely trusted and supported pretty much anything he wanted to pursue."

A few days later, she said, her husband told her that he'd stay at Price's house. On the morning of Aug. 2, the couple worked out at their gym and then took Metro into the District. As usual, he walked her to her office, where they kissed goodbye.

At 6 p.m., he arrived at the seminar, after which he called his wife to say good night. At close to 10, he arrived at his office. He stayed for 15 minutes, introducing himself to the staff, before heading off to see his friends on Swann Street.

Activists Take To Prince George's Pulpits To Break A Pattern Of Domestic Violence (WP)

By Avis Thomas-lester And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, October 9, 2006

Yvette Cade stepped up to the microphone and the church went silent.

"I am a victim of domestic violence. I was set on fire by my estranged husband," she said, head held high, looking out over the 350 or so people gathered inside the main sanctuary at Fort Foote Baptist Church in Fort Washington. "Take a look at my scars. I was burned at 1,500 degrees. . . . One year later, I am here as a witness, a survivor and a soldier on the battlefield for Christ. Stop the domestic violence. Please."

The church erupted in a thunderous ovation. It was more than two hours into the 11 a.m. church service, and Cade, along with other Prince George's County "soldiers" in the war against domestic violence, had come to the church as part of Project Safe Sunday, a program started four years ago to bring the clergy into the effort to fight the problem. Prince George's has more domestic violence than any other jurisdiction in Maryland.

According to statistics from the Maryland Network Against Domestic Violence, 5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show.

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The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide.

Joining Cade yesterday were Prince George's State's Attorney Glenn F. Ivey (D), who has actively promoted the program, and Debra Williams, who conceived of the program in 2003 after the domestic violence slaying of her sister, Ernestine Bunn-Dyson. Dozens of churches participated in the program.

Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife.

"Silence has been one of the biggest contributions to the problem," Ivey said in an interview. "The faith community is the place where ministers talk about the private and intimate issues. A lot of women say they turn to the church, but to be candid, some ministers take the view that some degree of [abuse] is permissible. . . . We also wanted to have a dialogue with the ministerial community to address that mentality."

Domestic violence cases filed last year include the September attack on Cade, who was set on fire after a judge dismissed a protective order against her estranged husband, Roger B. Hargrave. Three weeks later, Hargrave went to the store in Clinton where Cade worked, doused her with gasoline and set her on fire. Cade, 33, suffered horrific burns to her face, head and torso. Her estranged husband was sentenced to life in prison for attempted murder.

The issue of domestic violence in Prince George's has been under the microscope in recent days, after the publication of an article in Essence magazine highlighting stories of women in the county who were abused for years and kept quiet.

Headlined "The Secret Shame of Prince George's County," the story was denounced by members of County Executive Jack B. Johnson's administration, who accused the magazine of unfairly painting the county as unresponsive to the issue. Aides to Johnson (D) have marshaled statistics showing that county spending on domestic violence issues has risen from $1.7 million to more than $3 million in the past three years.

"How is it possible that you would paint us as a county that doesn't talk about it when we're doing things every day?" said Jacqueline F. Brown, the county's chief administrative officer and top aide to Johnson. Brown, a former family therapist, said she has counseled abuse victims.

Brown cited county support for the Safe Sunday program as a sign that officials have been addressing domestic abuse, in addition to training for 911 operators and a computer system that alerts law enforcement when those accused of domestic violence are charged with unrelated offenses.

It is not the first time county officials have issued a prompt response when the county's reputation has come into question. Last year, Johnson held a news conference to denounce an episode of the ABC television show "Commander in Chief" that featured a fictional president sending U.S. marshals to Prince George's to quell crime.

Ivey, who was interviewed for the Essence story, said county leaders should use the story to raise awareness. He said the high incidence of protective orders and cases filed indicate that the county's pro-active approach has led to an increase in reporting, in victims seeking protective orders and a subsequent increase in the number of cases that go to court for prosecution.

In a case from last week, Jackie M. Lewis, 57, was shot to death in her Fort Washington home by a former boyfriend, Arthur Comer, law enforcement officials said. Comer, also 57, called 911, told a police dispatcher that he had shot Lewis and then killed himself, police said. The judge in the case had dismissed a temporary protective order against Lewis after she told the judge that Comer had not hurt her, according to a recording of the hearing.

The murder-suicide occurred almost a year after the attack on Cade.

Fort Foote Baptist's pastor, Joseph Lyles, said his church began participating in Project Safe Sunday four years ago because he has four sisters "who have each, in some way, experienced domestic violence."

As a minister, Lyles said one of his missions is to change the minds of other clergy, who sometimes play down the seriousness of the domestic violence problem and believe that the Bible justifies a man's right to "discipline" his wife if she disobeys or disrespects him.

"The Bible verse that people often misinterpret to mean that a man has a right to beat his wife is Ephesians 5:22-23, which says a wife should be submissive to her husband, and a man has authority over his wife just as He has authority over the church," Lyles said. "But if you look at Verse 25, it says that a man should love his wife as Christ loved the church. Love has no place in a relationship where someone is using violence to achieve dominance. Being submissive does not mean being abused."

Short Odds For Ignorance (NYT)

By Robert Hahn And Paul Tetlock

DOJ_NMG_0077004

The New York Times, October 9, 2006

LATE last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites.

The measure was attached to an unrelated bill on port security at the 11th hour. If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites.

While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere.

The bigger economic story is how this act, by effectively prohibiting Internet betting, could unintentionally slow the emergence of new tools that have the potential to improve the productivity of the private sector and the government. Sadly, this is an aspect of the measure that both its supporters and its opponents seem to have overlooked.

Representative Jim Leach, an Iowa Republican who was a co-sponsor of the bill, suggests that it will help reduce gambling addiction and money laundering. Not surprisingly, executives at online gambling companies argue that the bill unduly restricts consumer freedom.

What neither side has mentioned, however, is how the prohibition on Internet gambling could wind up putting the kibosh on several forms of Internet wagering that provide useful information.

For instance, we now have markets for predicting political and economic events, where you can wager on the monthly unemployment rate or the outcome of the presidential race. (If you visit TradeSports.com, you can bet on Hillary Clinton's chances of becoming the next president: a contract purchased for $1.91 would yield $10 if she wins — implying that the senator has about a 1 in 5 chance of winning.)

Why should we care? Because information markets, which essentially reflect the collective wisdom of savvy bettors, can help us make more accurate forecasts. Information markets have outperformed experts in a number of areas, whether it's predicting point spreads in football games or elections or printer sales. There are more than 20 Web sites that offer information-market securities, including those run by Goldman Sachs and the University of Iowa.

These markets work for several reasons: first, almost anyone can participate; second, people think hard when they have to back up their predictions with money — buy the right presidential contract and you win, buy the wrong one and you lose; third, the profit motive encourages people to look for better information.

Many academics across the political spectrum believe that information markets could be critical in improving decision making by governments, nonprofit organizations and the private sector. Yet, because of current regulatory restrictions, the Iowa market is the only place in the United States dedicated to improving our understanding of these markets. Also, those information markets whose purpose is to make money have generally based themselves offshore, partly in reaction to existing state and federal restrictions on Internet gambling.

So what can be done? Congress needs to draw a distinction between run-of-the-mill Internet gambling and information markets that can serve a broader economic purpose. To this end, it should empower the Commodities Futures Trading Commission to regulate information markets. The commission is already charged with regulating futures contracts, and information-market contracts can be thought of as futures contracts because they represent bets on what will happen down the road.

Congress should also impose a requirement that information-market contracts pass an economic purpose test. The futures commission should permit information market contracts that are likely to provide significant financial hedging opportunities or valuable information for improving economic decisions. Internet poker games and lotteries would not pass the test; contracts involving Gross Domestic Product, housing starts or expected annual rainfall would. So, too would predictions on who will be president: that would affect the economy.

For such regulation to work, it needs to be light-handed. To maximize innovation, Congress should allow for federal pre-emption of state and other federal regulatory authorities for information-market contracts that pass an economic purpose test. Such pre-emption would reduce uncertainty for innovators concerned about violating state gambling laws.

The regulation should also allow for broad exemptions where sensible. One could, for example, introduce exemptions for research where the size of individual investments does not exceed $1,000 per participant. The futures commission already has the power to encourage such research, but thus far it has only given its blessing to the Iowa markets.

We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish.

The White House And Mr. Abramoff (NYT)

The New York Times, October 9, 2006

The sordid Mark Foley controversy has diverted public attention from another major Washington ethics scandal — the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit.

The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth.

A newly released report, prepared with unusual bipartisan backing by the House Government Reform Committee, paints a different reality. It reveals that between January 2001 and March 2004, Mr. Abramoff and members of his staff had some 485 contacts with key White House officials, including at least 10 direct contacts between Mr. Abramoff and Mr. Rove. Billing records and e-mail messages unearthed by the committee indicate that Mr. Abramoff and his colleagues spent nearly $25,000 on meals and tickets for White House officials.

The report belies Mr. Rove's description of Mr. Abramoff as merely a "casual acquaintance." An assistant to Mr. Rove, Susan Ralston, who resigned on Friday, had formerly worked for Mr. Abramoff. The report suggests that she sought Mr. Abramoff's help to obtain seats for Mr. Rove and his aides at popular sporting events, and often acted as a conduit, passing messages between the lobbyist and top White House officials, including Mr. Rove and Ken Mehlman, the current chairman of the Republican National Committee who was then a senior White House political strategist.

Indeed, it appears that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002, an occasion Mr. Abramoff memorialized in an e-mail message to a colleague. "Told me anytime we need something just let him know through Susan."

It is plain that Mr. Abramoff had unusual access. As for his effectiveness, Mr. Abramoff rated the results as "mixed." But he scored some important victories. In 2002, for example, the administration made the unusual decision to release $16.3 million to a Mississippi tribe Mr. Abramoff represented, notwithstanding the Justice Department's opposition to the project. The role campaign gifts and contacts between Mr. Abramoff and Mr. Mehlman may have played in this action is a matter warranting close scrutiny by prosecutors, and further digging by the committee.

As Tom Davis of Virginia, the Republican chairman of the committee, and Henry Waxman of California, the ranking Democrat, take pains to note, their report is based on documents that were provided under subpoena by Mr. Abramoff's firm and, for the most part, tell just one side of the story. The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim. Meanwhile, the idea that Mr. Abramoff exerted no influence with the administration seems about as believable as Mark Foley's early claim that his only interest in 16-year-old pages was "mentoring."

CIVIL LAW:

Judge Names Tower Records Liquidator (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, October 9, 2006

A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation.

U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday.

On Friday, Trans World urged that its offer be given a second look, and said the court should take into consideration the jobs that would be saved if Tower Records wasn't handed over to the liquidators. Judge Shannon refused, however, and said he would approve the offer from Great American.

Big Tobacco Spending Big Money To Fight State Bans, Taxes (WSJ)

By Christopher Cooper

The Wall Street Journal, October 10, 2006

DOJ_NMG_0077006

American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books.

The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. The measure, on the November ballot, would generate an estimated $2.1 billion in annual revenue for the state and make California's tobacco excise tax, currently at 87 cents a pack, the highest in the nation. Proceeds from the tax would be used to finance health programs, primarily for children.

The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market. Reynolds, the nation's No. 2 tobacco company, says the state accounts for about 6% of its cigarette sales. "Clearly, the impact of California would put pressure on earnings," said Dianne Neal, Reynolds's chief financial officer, during an analyst conference in late July. During the same conference, Ms. Neal said that, altogether, the company planned to spend $40 million to defeat tax increases and smoking bans on state ballots around the country this November.

A leader in citizen-driven proposition balloting, California has often seen pricey campaigns by big businesses seeking to defeat hostile ballot initiatives, and this year is no exception. Another measure, to raise taxes on oil, has sparked an expensive campaign by oil companies. In 2005, a group of pharmaceutical companies spent $73 million to defeat a proposed prescription-drug discount plan. And in 1998, insurance companies spent $66 million to defeat an auto-insurance measure. "Initiative campaigns are not cheap -- this is not an inexpensive venture," said Reynolds spokesman David Howard.

So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin. State records show that, a month before the election, Philip Morris had put $30.7 million into the campaign and Reynolds had donated nearly $24 million. As of the end of September, the antitax campaign had already spent more than $48 million.

The result has been a tidal wave of television advertising attacking the tax increase and its main backer, a California hospital association, whose members stand to benefit most from the new tax. "I was in California two days last week, and that's all I saw on TV," said Kristina Wilfore, executive director of the left-leaning Ballot Initiative Strategy Center. "They were even airing it on the Cartoon Network at midnight."

Beyond California, the companies are fighting similar tax measures in Missouri, Arizona, South Dakota and Ohio. In Missouri, the state's Supreme Court is considering whether to allow an 80-cent-a-pack tax increase to appear on the November ballot, over a legal challenge. If the measure survives, Mr. Howard said, "it's safe to say" the company will wage a multimillion-dollar campaign to defeat it.

Philip Morris spokeswoman Peggy Roberts said the company has begun consumer and vendor campaigns to defeat a proposed $1-a-pack tax increase in South Dakota and an 80-cent-a-pack increase in Arizona. She said the company was mounting a similar effort in Cuyahoga County, Ohio, where voters will be asked to approve a 30-cent-a-pack tax on cigarettes to finance a local arts program.

Ms. Roberts declined to say how much the company was spending on the campaigns.

The ferocity that Big Tobacco has shown this year in opposing the cigarette taxes contrasts with the industry's relative inactivity on the issue in recent years. The two cigarette companies offered only token resistance to a 2002 proposal in Missouri to raise cigarette taxes 55 cents. They spent a combined $77,000 defeating the proposal, state records show, even as a group of health charities and others spent more than $5 million pushing the effort. That same year, a 60-cent tax increase proposed in Arizona passed with no money being spent by opponents, according to state records. In Florida in 2002, Philip Morris abruptly ended a drive to counter a smoking ban with a softer measure after spending $360,000 on a petition drive.

Political observers say they haven't seen tobacco interests spend so much money on a statewide proposition since 1994, when a cigarette-tax increase went down in defeat in Colorado after an $8 million campaign against it -- a sum that remains a record in that state.

Company spokesmen declined to discuss their reasons for increasing their political activities this year beyond saying that business considerations govern their decisions to enter the political fray.

Dan Smith, a University of Florida political-science professor who studies ballot issues, said the sheer number of proposals may have convinced the companies they need to counter the mushrooming antismoking activism that has taken over statehouses in recent years. Some 41 states have passed cigarette-tax increases in the past five years. A host of others have banned smoking in many public places.

"In the last political round, the tobacco giants basically conceded the issue," Mr. Smith said. "I think they've decided to make a last stand. These proposals are going to keep coming if they're not knocked down."

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While Philip Morris has focused its efforts on taxes, Reynolds has mounted a sturdy resistance to proposed smoking limits in Ohio and Arizona this year. Both states are entertaining proposals to virtually eliminate smoking in public buildings.

Reynolds is bankrolling proposals in both states that critics say are designed to confuse voters. In Ohio, voters will be asked to consider two smoking-related measures. One, called SmokeFreeOhio, would change state statutes to ban smoking in most buildings other than private homes and a certain percentage of hotel rooms. It is supported by health charities such as the American Cancer Society.

A rival proposal on the ballot, backed by a group called Smoke Less Ohio, also purports to restrict smoking, through a constitutional amendment. But this proposal would exempt restaurants, bars, bowling alleys and similar establishments. If passed, it would actually unwind more restrictive existing municipal bans. It is being supported by a coalition of bars and restaurants, local retail outlets, Loews Corp.'s Lorillard Tobacco Co. and Reynolds.

Mr. Howard, the Reynolds spokesman, said his company supports the constitutional measure and is prepared to bankroll a multimillion-dollar campaign to see it passed. "We believe this is a way you can still provide a smoker-friendly environment for people who choose to smoke," he said.

Jacob Evans, a spokesman for Smoke Less Ohio, declined to say how much money Reynolds was providing for the campaign but acknowledged that the company was "our main supporter." State campaign-finance documents show Smoke Less Ohio spent $1.5 million through Aug. 9 gathering signatures to place it on the ballot.

Recent polling shows about 45% of the state's voters support the Reynolds-backed measure. Polling shows 58% support for the ban endorsed by the health groups. Both measures require simple-majority support to succeed. But if both pass, the Reynolds-sponsored measure would prevail.

Tracy Sabetta, of SmokeFreeOhio, admitted her group may have been politically outmaneuvered when it decided to pursue its measure as a statutory change in state law rather than a constitutional amendment. "We could get 90% of the vote and theirs could still trump ours," she said.

In Arizona, Reynolds has adopted a similar strategy of backing a rival to the proposed smoking ban. There, state records show, Reynolds had by mid-August funneled nearly $3 million to a local group called the Non-Smoker Protection Committee, which is backing Proposition 206. Though ostensibly a smoking ban, it would actually unwind existing prohibitions in Tempe and other cities by exempting bars and restaurants statewide. A rival proposal, Proposition 201, which is supported by several health charities, provides no such exceptions.

In Arizona, the smoking measure with the most votes will become law. Recent polling showed the Reynolds-backed proposal had slightly more support than the one backed by the health charities.

Dueling smoking bans will also appear on the ballot in Nevada this year, but campaign-finance records suggest that tobacco companies have left that battle to convenience stores and liquor and gambling interests.

Mr. Smith, the political-science professor, said Reynolds's tactics in Ohio and Arizona are similar to those used by insurance companies to defeat the 1998 California auto-insurance measure. They clotted the ballot with five competing ballot questions on the subject. "Counterproposals confuse voters, and when voters are confused, they vote 'No,' " Mr. Smith said. "That's just the default position."

Suing Over The CIA's Red Pen (WP)

By Dana Priest, Washington Post Staff Writer

The Washington Post, October 9, 2006

Retired Operative Says Agency Unfairly Edited His Book

When Gary Berntsen sat down for dinner last year with the CIA's executive director, Kyle "Dusty" Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen.

But the Capital Grille meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences.

Foggo, according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials. Actually, according to a statement Berntsen filed last week in his ongoing lawsuit against the agency, Foggo's language was a little more colorful: "Mr. Foggo stated 'we will have no more books. I will redact the [expletive] out of your book so no one will want to read it.' "

Berntsen, who worked in the agency's operations and paramilitary branches for 23 years and led a CIA team in Afghanistan, responded that such a move would be illegal. Hundreds of former officers had written books, including some directors. One recent retiree, Gary Schroen, had even written several chapters about Berntsen, referring to him as "Gary 2."

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"I just told him I'm preceding. I wasn't going to back down," Berntsen said in an interview last week. "It was very awkward."

Berntsen resigned, wrote his book and, as required, submitted "Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander" to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. "They were very efficient and thoughtful," he said last week.

Then the board sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, "Mr. Foggo made good on his word" and 70 pages were blacked out.

Berntsen's lawsuit, filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did.

His case rests, in part, on assertions that the information is virtually the same as information the PRB cleared for publication in a prior book by Schroen, or released upon the orders of then-director George J. Tenet to Washington Post reporters Steve Coll and Bob Woodward, whose separate books included sections on the CIA's work in Afghanistan.

Berntsen thinks the CIA's aim was to make his book "unreadable, so few would purchase it."

Foggo declined comment through his attorney.

CIA spokesman Mark Mansfield said he could not comment on Berntsen's specific allegations. But in an e-mail response to questions, he said that "for former employees, the sole yardstick for pre-publication review has been -- and remains -- the simple requirement that their writings contain no classified information."

In papers filed in the court case, the CIA said Berntsen's unredacted draft "reveals intelligence sources, methods and activities, foreign government information, and information impacting U.S. foreign relations." The information "reasonably could be expected to cause serious damage to national security" and none of the information in question "has been officially disclosed," which would give it a level of credibility beyond that written in nonfiction books by journalists.

The agency says the information is more detailed and covers a different period of time than information the agency released for Schroen's book.

Berntsen published his book, with the redactions, in late December 2005. The paperback editions are due out soon. If he wins back some of the redacted material, he plans to publish an updated edition. "I'm not walking away," he said. "You can't have your First Amendment rights stamped on."

Berntsen's complaints about the agency's publication review decisions are shared by a half-dozen former CIA employees who, in the past two years, have sued or publicly criticized the agency for withholding information they believed would not damage national security but would, perhaps, embarrass the CIA or the White House.

Some administration officials and others in the national security world think Tenet allowed former employees to publish deeply critical books -- such as Michael Scheuer's "Imperial Hubris: Why the West Is Losing the War on Terror" -- in retaliation for the White House allowing the agency to take so much heat for the failed prewar judgments on Iraq and other missteps.

Asked for new CIA Director Gen. Michael V. Hayden's policy on book publishing, Mansfield wrote: "Director Hayden has emphasized the importance of responding in a timely way to employees who write books. And while he is committed to protecting intelligence sources, methods, and other classified information, the director also believes in a reasonable, common-sense approach to pre-publication review."

Berntsen said his legal appeal is being hampered because the CIA, with the court's approval, has refused to allow his lawyer, Mark Zaid, who is cleared to read some classified information, to see the unredacted text to prepare his case. Instead, Berntsen has had to prepare his own appeal, a 70-page rebuttal that documents, line by line, the previous publication of the information the CIA wants to deny him.

While he waits for his case to be adjudicated, Berntsen has written a second book, this one a policy book on "counterterrorism and human intelligence operations." The PRB redacted "only 1 to 2 percent" of the text, he said.

The tables will soon turn on Tenet, who is writing his own book. He has asked for and received access to agency records, including classified documents, "to refresh his memory about events that occurred during his tenure," Mansfield said. He said Tenet's book will be subject to CIA review and that appropriate sections will also be given to the offices where the information originated.

SEEKING THE CURE (ABAJ)

By John Gibeaut, FROM THE OCTOBER ABA JOURNAL

ABA Journal, October 10, 2006

With Health Care Fraud Rampant, States Are Urged to Pass Their Own False Claims Acts, But Foes Warn of Windfalls for Plaintiffs Lawyers

DOJ_NMG_0077009

As if the Civil War hadn't started off badly enough for the Union on the battlefield, Abraham Lincoln soon found himself fighting a second enemy at home: war profiteers out to make a buck by cheating the government in just about every way imaginable.

Some would sell the same broken-down horses several times over to different cavalry units. Others would peddle gunpowder mixed with sawdust. Still others would slap a fresh coat of paint on some leaky old tub, then offer the vessel to the Navy as seaworthy. Traffic also was brisk in rotten rations and dead mules.

So at Lincoln's urging, Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court.

Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation.

The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers.

As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board.

Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages.

WORLDS REMOVED

In Lincoln's day, qui tam was neither unusual nor controversial. The first Congress enacted citizen suit provisions to supplement scant federal law enforcement in a number of broad fields, such as bank regulation and copyright infringement. Fast-forward to today's tort reform-drenched political climate, however, and qui tam takes on an almost sinister tone.

The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements.

With health care fraud as the No. 1 drain on federal and state treasuries, supporters can't see how any state can reject an offer that's as good as the one Congress made in the Deficit Reduction Act. Supporters say the federal False Claims Act's success virtually ensures similar accomplishments at the state level.

"Given that the Department of Justice is so strapped for resources, the state agencies and attorneys general offices pose a formidable force in qui tam enforcement," says Janet L. Goldstein, a plaintiffs lawyer from Washington, D.C. "I think you'll see a real shift in focus toward state cases. We've got state attorneys general who are very excited about these cases."

Health care fraud is far and away the leading target of qui tam actions at the federal level. Health care scams accounted for 46 percent of 2,490 qui tam cases filed and $5 billion in recoveries from 1987 to 2005, according to the Government Accountability Office. Procurement fraud, exemplified by the proverbial $500 toilet seat, placed a distant second, accounting for 33 percent of cases and $1.4 billion in recoveries. Likewise, health care whistle-blowers were rewarded the most handsomely, taking home $842 million, nearly triple the $291 million won by their counterparts in procurement cases.

Health care fraud can be as simple as billing for services not performed or as elaborate as the 2005 admission by Swiss pharmaceutical company Serono SA that it tried to boost sales of a nearly worthless AIDS drug, partly by taking 10 physicians on an all-expenses-paid trip to a medical conference in Cannes, France. In exchange, each doctor was to write 30 new prescriptions for the drug Serostim. The medication costs $21,000 for each three-month course of treatment, totaling $630,000 in new prescriptions per doctor.

In the end, Serono wound up repaying $567 million in bogus claims covered by Medicaid and federal health plans for veterans and government workers as part of a $704 million civil and criminal settlement. The investigation also produced five criminal indictments against individuals.

Prosecutors say the fraud may well have gone undetected had an employee at a company laboratory in Rockland, Mass., been unable to file a secret qui tam complaint. Four other employees filed similar lawsuits in Maryland and Connecticut. The five whistle-blowers will share $51.8 million from the recovery.

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But detractors can't resist pulling out familiar arguments that the incentives will do nothing more than line plaintiffs lawyers' pockets or serve as launch pads for politically ambitious state attorneys general who may be more interested in television exposure than building solid cases.

"The idea of being able to get in front of a camera and tell people how much money you are recovering and how tough you are on defrauders of the state is very appealing," says Washington, D.C., defense lawyer John T. Boese, author of one of the leading texts on the federal act and co-chair of this past June's ABA national institute on qui tam enforcement. "The idea of waiting four years for a case to develop is not so appealing."

Despite the tort reform arguments from some quarters, qui tam cases stand apart because they boil down to government actions to recover stolen tax money. While other plaintiffs lawyers can pick and choose their cases, a qui tam complaint obligates the government at least to investigate the matter.

And unlike personal injury plaintiffs with nothing to lose and everything to gain, qui tam whistle-blowers risk their jobs and careers. Supporters say that highly detailed pleading requirements for fraud complaints and a battery of government lawyers to vet cases add further assurance against abuse.

"This is not a practice that lends itself to voluminous filings with the hope that some of it sticks to the wall," says New York City plaintiffs lawyer Neil V. Getnick. "These cases are not developed during the discovery phase. These cases are developed during the pre-pleading phase. The very nature of the practice does not lend itself to a blunderbuss approach."

Still, Boese says that qui tam plaintiffs lawyering in recent years has come to resemble what he describes as the "franchise model" of the highly criticized 1990s state tobacco litigation, where the handful of plaintiffs firms in control spread their costs and made billions of dollars in fees by farming out much of the actual work to local counsel.

Boese says he regularly encounters plaintiffs lawyers in false claims cases who appear to use a similar tag-team approach. "Will this become tobacco?" Boese asks. "It already has."

A STAUNCH SUPPORTER IN THE SENATE

That's not the kind of talk U.S. Senate Finance Committee Chairman Chuck Grassley wants to hear.

"It ought to be black and white as far as state legislators are concerned," says the Iowa Republican, the act's loudest supporter. "If you are a forward-looking state legislator, you should have passed this years ago, instead of waiting for an incentive from the federal government."

Grassley helped breathe new life into the False Claims Act in 1986 after it had fallen into disuse. He sponsored amendments that tilted the odds toward plaintiffs and prosecutors, and that receive most of the recognition for raising recoveries from close to zilch before enactment to more than $15 billion over the last two decades.

Grassley also was the leading sponsor of the Deficit Reduction Act's current state inducements, which take effect on Jan. 1.

Besides health care, the False Claims Act also deals with fraud in virtually any federal endeavor that involves outside contractors—from defense procurement to student loans and veterans benefits. The law also covers fraudulent Medicare payments. The federal government pays 100 percent of Medicare, so the new incentives apply only to the unique federal-state Medicaid partnership. The feds pick up almost 60 percent of Medicaid's cost, with the states responsible for the remainder.

No one disputes that fraud poses a monster problem in health care and other government programs. Government and private estimates of health care fraud losses range from 3 percent to 10 percent of state and federal outlays. And the Department of Health and Human Services, which administers Medicare and Medicaid, places fraud losses at 5 percent.

Even by conservative estimates, the potential losses are staggering, considering how much the government spends on health care.

Topping Social Security and the military, the federal and state governments spend more money on health care than just about anything else. For the 2006 budget year that ended Sept. 30, the feds expected to spend $343 billion on Medicare for senior citizens and another $192 billion on Medicaid coverage for poor people. Add an expected state Medicaid contribution of another $142 billion, and the two programs total $677 billion. By comparison, Social Security was expected to cost $550 billion at year's end, while the Pentagon was on track to spend $420 billion.

Though a handful of legislatures considered false claims statutes during the spring and summer, the Deficit Reduction Act's February passage came after bill-filing deadlines in many states. The issue promises to heat up considerably this fall with the approach of the deficit act's effective date, just ahead of the next round of legislative sessions.

Before deficit reduction passed, 15 states and the District of Columbia had false claims laws that allowed some form of qui tam litigation. Five of them deal only with health care fraud. If this year's limited experience is any indication, however, many legislators likely will balk at the qui tam provisions.

RESISTANCE FROM PROVIDERS

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With strong bipartisan support that included a Republican governor and a Democratic attorney general, Missouri state Sen. Chris Koster figured his false claims act was a shoo-in. Though the Senate twice passed it unanimously, Koster could only watch as opposition to qui tam drowned his bill in May before the House Special Committee on Health Care Facilities, whose 11 members include six health care providers.

"It was a hot bill," says Republican Koster, a former elected prosecutor from the Kansas City area. "It was very strongly worded. It had provisions in there that I think really shook the provider community."

To be sure, Koster's bill may not have received federal approval anyway, because it would have dismissed suits the state rejected, rather than let relators proceed alone as the federal act does. Though additional proposed criminal penalties also worried providers, even the limited qui tam section proved too much for House committee members. In an effort to keep money away from plaintiffs lawyers, they stripped out qui tam in favor of a straight reward system for tipsters. Neither that version nor the Senate's made it to a House floor vote before the session ended.

"We felt the attorney was going to get a huge chunk of the payout, just by referring the case to the attorney general," says Republican House committee chairman Dr. Rob Schaaf, a family physician from St. Joseph. "We just didn't think that was necessary."

Providers also are skeptical of President Bush's claim that the Deficit Reduction Act can save Medicare and Medicaid more than $48 billion by 2015 and not cut services. The administration aims to accomplish that by a combination of stepped-up fraud enforcement, higher Medicare premiums for some seniors and reduction of federal payments for prescription drugs.

But organized medicine in Missouri says already miserly Medicaid reimbursements don't justify the risk of doctors getting nailed for fraud to boot.

"They literally lose money on Medicaid," says Tom Holloway, lobbyist for the Missouri State Medical Association. "They get 30 to 35 cents on the dollar. They see it as charity care. A lot of them just point-blank told me they're going to get out."

In New York, plaintiffs lawyer Getnick reports similar reactions from legislators there, who passed a massive health care fraud bill in June sans qui tam. Costing $45 billion a year and eclipsing the entire budgets of most other states, New York's Medicaid program is the nation's largest and most generous. It's also a system repeatedly criticized as rife with fraud.

Opponents of qui tam conjure up visions of disgruntled employees clogging the courts and running up legal bills with meritless claims. But Getnick notes that rival providers in some competitive sectors, such as drug manufacturing, also can become qui tam plaintiffs.

"If a pharmaceutical company is able to make huge profits by cheating the government, it becomes much more difficult for a competitor to follow the law," says Getnick, who also serves as board chairman for Taxpayers Against Fraud. The influential lobbying organization also helps plaintiffs and their lawyers assemble qui tam cases and finances litigation.

Relators currently file qui tam actions under seal in federal court, usually along with corresponding state claims, while the Justice Department investigates the allegations to decide whether to intervene and take over the litigation before serving the defendant. The department on average accepts one in three cases. Though cases today typically wind up in a single federal court, the proposed state incentives hold the possibility of parallel proceedings across numerous jurisdictions.

As Justice investigates, defense lawyers scramble to learn the nature of the allegations, who filed them and where. Boese says it's like voting in Chicago.

"You show up early and often," he told an ABA conference on health care fraud in May. "I'm going to start calling state attorney general offices, and I'm going to talk to everyone as quickly as I can. You've got to figure out what's going on."

Though federal qui tam actions can continue without the government's participation, whistle-blowers who go it alone stand only about a 5 percent chance of success and average only $22,400 in payments when they do win, compared with a $175,754 average with government intervention.

The federal act hasn't always worked so efficiently. It saw only sporadic use until 1943, when Congress crippled it by severely curtailing qui tam in response to complaints of "parasitic suits" where whistle-blowers filed cases based on public knowledge, such as criminal indictments. For its success, the act depends on true inside information that normal investigative techniques often fail to reveal. The 1943 restrictions also applied to frauds the government knew about but didn't pursue.

Things changed in 1986 when Grassley assumed the lead in fighting fraud with amendments that changed the face of the False Claims Act.

Besides adding protection from retaliation for whistle-blowers, the amendments contained major financial plums. Included was an increase in relator shares, from a maximum of 10 percent, to at least 15 percent and up to 25 percent of the recovery, with government intervention and depending on the relator's contribution to the action's success. In the remedy department, lawmakers increased damages from double to triple the cost of the fraud, and upped other penalties from $2,000 to between $5,000 and $10,000 per false claim.

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Moreover, because some courts demanded that plaintiffs produce clear and convincing evidence to prevail, Congress set a uniform standard of proof at the lower preponderance level. Lawmakers also expanded scienter from the knowing submission of a false claim to cover recklessness and deliberate ignorance.

This year, HHS Inspector General Daniel R. Levinson's office likely struck a nerve in the provider community when in late August it published guidelines for determining whether individual state false claims acts qualify for increased awards. Among other factors in evaluating compliance with the federal version, HHS, in consultation with the Justice Department, will consider whether state laws allow sealed complaints and contain qui tam provisions that permit relators to proceed solo should the government decline the case. HHS also recommends that states award relators at least 15 percent of any recovery from their shares and provide for assessments against defendants for costs and attorney fees.

'THE RIGHT THING TO DO'

Throughout the spring, Grassley had pressed HHS and Justice especially hard on the qui tam provisions.

"There's no doubt that this is the right thing to do, but if a state doesn't want to pass it, it doesn't have to," says Grassley. "But it's not worth doing if you don't have the qui tam provision. They can either pass it according to the intent of Congress or forget it."

Members of the defense bar had hoped that HHS would show some flexibility because the Deficit Reduction Act also states simply that state false claims statutes must be "at least as effective in rewarding and facilitating qui tam actions" as the federal law. Though HHS strongly suggests that states won't qualify for more money if they don't meet the minimum provisions laid out in the guidelines, the department also appeared to leave itself some wiggle room by saying it would evaluate more restrictive state laws on a case-by-case basis.

"No realistic evaluation of these guidelines will be possible until the OIG begins rendering decisions," Boese wrote in a client newsletter.

Texas could be an early testing ground for the HHS guidance. Though Texas has one of the nation's most successful state acts, it still may not qualify for larger recoveries, because a case dies and the relator gets thrown out of court if the state turns it down. Nevertheless, Congress and other states looked to Texas as a model in pondering the new weapons against health care fraud.

"No good deed goes unpunished," says Patrick J. O'Connell, civil Medicaid fraud chief for the Texas attorney general's office, which has recovered more than $100 million since 1999, when relators first began bringing qui tam cases after a change in the law. "We have become sort of a lightning rod for what a state can do if it uses its false claims act correctly."

Like New York, Texas sucks up Medicaid dollars big time. With about 30 percent of Texas residents lacking private insurance, the nation's highest rate, state Medicaid spending doubles every six to seven years. Today, Medicaid costs taxpayers $750 for each man, woman and child in the state, easily more than some families pay in premiums for private health insurance.

The Lone Star State's budget for Medicaid is expected to climb from the current $17 billion annually to $136 billion a year within 20 years, according to the nonpartisan Texas Public Policy Foundation. That's almost as much as the entire $138 billion state budget for the current year that began Sept. 1. So business is vigorous in O'Connell's office, which has grown from two to nine lawyers. "We've got more than we can do," O'Connell says. "We're working nonstop."

MORE THAN ENOUGH ENCOURAGEMENT

But defense lawyer Boese says the federal relator cut is more than enough to encourage the mega-national cases that yield global settlements responsible for much of the act's recent success, regardless of whether states have their own false claims acts. Of the top 25 federal cases that have settled since 1992 for $100 million or more, 21 involved pharmaceutical companies, hospital and nursing home chains, medical device makers and other medical providers or support industries.

Of greater concern to Boese is a separate provision in the Deficit Reduction Act that requires nearly every provider to conduct employee education programs on fraud and how to file false claims complaints. Besides their potential for increasing the number of new cases, Boese says such programs also undermine the stricter internal company compliance plans and financial controls that have become hallmarks of post-Enron corporate self-accountability.

Worker training in the False Claims Act could become the functional equivalent of a company hiring a plaintiffs lawyer and suing itself, Boese complains.

Indeed, some states actually could lose money with their own statutes if they must pay at least a 15 percent relator's share. Washington state prosecutor David W. Waterbury says he's no math whiz, but a 15 percent relator's share sounds like more to him than the promised 10 percentage point increase in the state's share of damages.

"As portrayed, it looks like states are leaving money on the table," says Waterbury, Medicaid fraud control director for the state attorney general's office. What's more, he says, nothing would stop legislators from passing an even more ambitious false claims act aimed at all sorts of state contracts. Waterbury wonders who would pay for that.

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"You have to take the blinders off," Waterbury says. "While this sounds seductive, it may cover the waterfront. If the statute covers everything, you're looking at replicating the Civil Division at the Department of Justice."

At the Civil Division, commercial litigation director Michael F. Hertz says his prosecutors likely will notice little difference in their jobs as state involvement increases.

"I'm not sure we know exactly how this is going to play out or work," Hertz says. "But I don't think it will change that much."

Though total damages are expected to increase and the distribution of awards will change, the states, as they now do, are expected to continue to divvy up recoveries among themselves through the National Association of Medicaid Fraud Control Units, which operates out of the attorney general's office in most states.

"Both of those are mathematical calculations," Hertz says. "The work for lawyers won't change that much."

Federal and state prosecutors say they already work together smoothly, though they expect to see much more of one another in the future. The national association already assembles state teams to assist in cases, and representatives from states with false claims acts meet by conference call every two weeks.

"It will intensify the relationship with DOJ," says Vermont fraud chief Linda A. Purdy, the outgoing association president. "It brings more people into the mix, which requires more efforts at coordination."

MORE TO CONSIDER

But though Justice Department lawyers publicly downplay problems the approaching era may cause, one former health care fraud prosecutor says Congress failed to appreciate the increased complexity that would accompany an explosion in parallel proceedings. Jonathan L. Diesenhaus served as a senior Justice Department trial counsel specializing in false claims cases from 1998 to 2005, when he left for private practice and defense work in Washington, D.C. He envisions control over qui tam sliding away from federal prosecutors to relators and their lawyers.

"Every step of the way, you have a national consortium of people in a case," Diesenhaus says. "The federal prosecutor's job becomes one of traffic cop, not law enforcer."

Besides creating new perils for defendants and administrative headaches for prosecutors, Diesenhaus says criminal enforcement may become a major victim of stepped-up state civil litigation in multiple forums. He cites the possibility of a rogue state unsealing a civil complaint on its own or allowing discovery and tipping off defendants who may be under criminal investigation elsewhere where complaints remain sealed.

"Those circumstances would present a real possibility that the relator could seek deposition testimony from witnesses the government would not want deposed or, of greater concern, individuals whose status in the criminal investigation dictated that they assert their Fifth Amendment rights and decline to testify," Diesenhaus writes in a recent analysis of the Deficit Reduction Act.

Career federal criminal prosecutors often single out New York's Eliot Spitzer as a prime specimen of a genus of political creatures that inhabit the offices of elected state attorneys general and just don't respect the integrity of other agencies' investigations.

As the Democratic gubernatorial candidate in the November election, Spitzer enjoys widespread recognition as the state prosecutor who embarrassed the feds by getting the jump on them in a string of high-profile Wall Street corruption cases. He also severely chastised New York legislators early in the summer for failing to include qui tam in this year's health care fraud legislation.

"Having these state AGs ride along really can undermine federal criminal prosecutions," Diesenhaus says. "The problem is many times greater with state qui tam out there. Criminal prosecution would grind to a halt. Prosecutors would lose interest if there are too many players."

Grassley says in one way he's reliving the resistance to his 1986 amendments, which largely came from defense contractors. He says state legislators should expect more of the same from health care providers as they debate false claims acts.

"They're going to be fighting the same battle I fought 20 years ago," Grassley says. "But we're right, and right wins out—most of the time."

And he says he's not about to listen to federal prosecutors sing the blues about states crowding the field.

"If they want to do their jobs, then they should take these cases from the whistle-blowers," Grassley says. "Sometimes they don't want to. Sometimes it's workload, and sometimes there are more powerful forces at work. Sometimes they don't want a farmer from Iowa who knows something about fraud on the government telling them what to do."

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CIVIL RIGHTS:

FBI Arrests 2 In Alleged Sex Case In Samoa (AP)

AP, October 10, 2006

PAGO PAGO, American Samoa » Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution.

The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry.

After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI.

Fu Shen Kuo, 39, and Shenji Wang, 35, were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu, said Pamela Tamashiro, Wang's attorney.

The women told police they were recruited around Jan. 26 to work in American Samoa. But once they arrived in March, Wang threatened to beat them if they did not have sex with her customers.

Wang told one of the victims that her family's arms and legs would be cut off if she attempted to escape, according to the affidavit.

One victim told the FBI she was forced to have various forms of sex with between 60 and 70 customers during the six months she was held.

Ex-officers May Face U.S. Trials, Despite State Outcome (MJS)

By Gina Barton

Milwaukee Journal Sentinel, October 10, 2006

The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime.

So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely.

Bartlett already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him.

Such a hung jury is an exception to the double jeopardy rule.

And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes.

Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin.

"There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution," he said.

Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said.

"The department is looking for particularly serious cases where there appears to have been a real injustice," he said.

One example is the Rodney King case in Los Angeles. In the 1992 state prosecution, three police officers were acquitted of beating King and the jury was unable to reach a verdict concerning a fourth officer. Federal prosecutors then filed charges, and two of the four officers were convicted.

One of the same Washington, D.C.-based prosecutors who worked on the King case is assisting in the Jude investigation.

U.S. Winning Access For The Disabled Through Mediation (WP)

The Washington Post, October 9, 2006

In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties.

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Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said in Minneapolis on Thursday at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

The administration is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those efforts include modifying sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing telephone systems that assist deaf people in making 911 calls.

In Hennepin County, which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependency treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and the hard of hearing in its two jails.

The report included a few cases in which offenders faced penalties. In one, movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

John Wodatch, who runs the disability rights section at the Justice Department, said most employers are eager to fix problems. He estimated that as much as 70 percent of his staff spends time helping businesses and local governments comply with the law. Department lawyers try to reach a negotiated solution first. "We're not trying to get litigation. We're trying to get compliance," he said.

Former Partners Tied Up In Court (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Contractor Alleges Racial Bias

Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business.

Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured.

The suit names as defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor.

"DynCorp's actions, clearly designed to force WWNS out of the Iraq and Afghanistan projects, were motivated by racial animus toward WWNS and its African American founders and owners," the suit contends. "Piling on DynCorp's racially discriminatory actions, DynCorp and EDO have conspired to defame WWNS, interfere with WWNS's contracts with its employees, and interfere with WWNS's prospective business relationships."

DynCorp spokesman Gregory Lagana disputed the suit's claims, saying that DynCorp chose not to renew WWNS's contracts because the firm was not getting its work done. "The charge of racial discrimination is outrageous. The issue with WWNS all along was performance," he said. "We will fight this all the way."

An EDO spokeswoman declined to comment because the company had not been served with the suit as of late Friday afternoon.

Lagana said that DynCorp, which had $2 billion in revenue last year, had been getting complaints from the State Department about poor performance by WWNS.

In the suit, WWNS defends its work, and points to e-mails from DynCorp employees and U.S. officials that praised the accomplishments of the communications firm.

It is not unusual for relationships between prime contractors and their subcontractors to turn bitter. But the suit against DynCorp casts light on an unusually acrimonious end to what WWNS said had been a harmonious partnership as recently as two years ago.

Founded in 1993, WWNS lately had been receiving more than 95 percent of its business from DynCorp subcontracts, amounting to approximately $30 million a year, according to WWNS senior vice president Reginald Bailey Sr.

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Much of the work stemmed from State Department deals to train police officers and provide protection for dignitaries in Iraq and Afghanistan. DynCorp picked WWNS to provide information technology support for those deals, but the suit claims DynCorp soon decided it wanted to get rid of WWNS in favor of EDO.

One DynCorp official, according to the suit, told WWNS employees that they had been hired only because they were black. Another DynCorp manager used a well-known racial epithet in reference to a WWNS manager, the lawsuit says.

The suit claims that WWNS employees were banned from meetings and denied their identity cards, so they could not do their jobs. One WWNS employee was ordered out of Iraq without explanation, and another had to leave because of "his refusal to give [DynCorp] WWNS's proprietary employment information."

Since the relationship between the companies dissolved, the suit contends that DynCorp spread false information that WWNS was going bankrupt, and hired away many of WWNS's workers.

Bailey said that WWNS, which had nearly 100 employees in Iraq and Afghanistan at its peak, is now completely out of both countries and is fighting for its life with a skeleton staff. "Our business has been drained," he said. "DynCorp has essentially taken away our employees. And they were our company."

Asked how his business will survive, founder and president Walter L. Gray Jr. replied, "With a lot of prayer."

Don't Remove Safeguards (USAT)

By Rose Saxe

USA Today, October 9, 2006

Required consent, counseling aren't barriers to testing for HIV.

The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed.

It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care.

Without pretest prevention counseling, we also lose a critical opportunity to educate. The reason people aren't getting tested is not consent requirements or even stigma about testing; it's because people still don't understand HIV. A recent survey found that 22% of Americans wrongly believe that you can get HIV from sharing a glass of water. And 25 years into the epidemic, people continue to lose jobs and housing because of prejudice. Can we really afford to abandon this chance to help people understand HIV?

The new recommendations also raise privacy concerns. Virtually every state now collects the names of those who test positive. If the government is going to collect names and deeply personal information, people tested deserve to know that this information is being collected and how it will be used.

Early in the epidemic, our government ignored AIDS until it was confronted by persistent protests by gay people. As the demographic of the disease shifts to include more women and people of color, why are we abandoning those safeguards? And why is the government so heavily focused on promoting testing, while continuing to fund misleading sex education and refusing to adequately support proven programs, such as needle exchange, that reduce the transmission of HIV in the first place?

Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health.

Rose Saxe is a staff attorney with the American Civil Liberties Union AIDS Project.

South Dakota Nears Vote On Abortion Ban (AP-Y)

By David Crary, Ap National Writer

AP, October 9, 2006

Circled around a living room, sipping coffee, five long-acquainted couples grappled with their stark differences on a topic they would have skirted in the past but now cannot avoid — abortion.

Like other South Dakotans, people in this tiny farming town are confronting a historic opportunity on Nov. 7. They'll sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions.

"None of us think abortion is a desirable thing," said Tom Dean, a family physician who hosted the discussion along with his wife, Kathy. "But it's not a problem for government to solve by passing a rigid law."

Yet Lynn Ogren, who helps her husband run a sheep and cattle ranch, choked up with emotion as she explained her support for the ban.

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"I value every child's life, whether it's from a rape or not," she told her friends. "Who's fighting for these kids?"

The measure would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison.

The Legislature passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it.

Each side depicts the other as dominated by out-of-state groups — and indeed such forces are active, viewing the vote as an unprecedented gauge of public sentiment on abortion. The Rev. Jerry Falwell has urged his conservative followers to donate in support of the ban; Planned Parenthood and NARAL Pro-Choice America have raised funds to oppose it.

"We're David, they're Goliath," contended Leslee Unruh, head of the campaign group supporting the ban. Parked outside her VoteYesForLife.com office in Sioux Falls were cars with a blunt bumper sticker: "The Killing Stops Here."

The most recent independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent.

Unruh, who had an abortion years ago that she now regrets, says momentum is turning as more voters hear her side's core message: Abortion hurts women. In the event of defeat, she vows to keep fighting.

"Sometimes it's not about votes — it's about the truth," she said.

Jan Nicolay, a former school principal and Republican state legislator, is co-chair of the campaign to keep abortion legal. She knows the stakes are high.

"People from other states are telling me, 'You're in the limelight. Good luck. Please do everything you can to defeat it,'" she said.

Among her colleagues is Russ Tarver, a retired Methodist minister who signed a statement against the abortion ban along with 16 other ministers. "Some legislators were stunned to learn there were pastors on the other side of the issue," he said.

If the ban is defeated, anti-abortion activists might try again later with a milder version making exceptions for rape and incest, but the outcome would be heralded nationally as a major victory for abortion rights. If the ban is approved, several other state legislatures might follow South Dakota's example — building momentum for a possible Supreme Court review of Roe v. Wade.

Each side has recruited South Dakota rape victims to aid their campaigns. Connie Pich, impregnated by a rapist as a teenager in 1973, said victims must be able to choose freely whether to bear the child. On the pro-ban side, Megan Barnett has spoken at the Legislature and in campaign videos about how glad she is to have borne a daughter resulting from a rape.

Barnett, in a telephone interview, expressed empathy with women in comparable plights, but said abortion shouldn't be an option. "Two wrongs don't make a right," she said. "It's a baby, whether you're raped or not. You need a choice both you and your baby can live with."

The ban's supporters note that the measure allows rape and incest victims to get emergency contraception, which is effective if taken within 72 hours. Opponents say emergency contraception isn't widely available in South Dakota, and argue that many victims are too overwrought to seek prompt help.

"It's a sham," Nicolay said of the contraception provision. She noted that anti-abortion lawmakers quashed a measure this year that would have required hospitals to inform raped women that emergency contraception is available.

One of the legislators responsible for the toughly worded measure is House Majority Leader Larry Rhoden, a Republican cattle rancher. He was swayed by women's testimony that their abortions left emotional scars, but now — aware of polls showing his side behind — he has second thoughts.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," he said. "We have a long row to hoe based on the numbers I've seen."

In some ways, South Dakota is an odd venue for the showdown. It has had no resident abortion provider for 10 years, and most of its 800 or so annual abortions are performed at an often-picketed Planned Parenthood clinic in Sioux Falls by doctors flying in once a week from Minnesota.

Sarah Stoesz, president of Planned Parenthood's Minnesota/Dakotas chapter, said even people on the sidelines of the abortion debate rallied to help the petition drive after lawmakers approved the ban.

"It was a political moment like I've never seen, a spontaneous uprising of grass-roots fury," she said. "Abortion isn't a subject people normally discuss, but this has forced ordinary mainstream people to talk about it."

A case in point is Wessington Springs, a town of 1,000 where pride in its seven churches and Shakespearean Gardens mingles with worries over business failures and an exodus of young people.

Tom Dean, whose family's local roots date to 1882, and his wife, Kathy, a nurse-midwife, decided to serve on the anti-ban campaign's statewide board, then placed a small ad in the local paper explaining their stance.

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"We were a little concerned — not for our safety, but of offending our friends," said Kathy Dean, a longtime abortion-rights supporter.

For several years, the Deans have hosted a monthly discussion group, broaching an array of topics. Its members recently convened to wrestle with the abortion ban.

Near the end, after listening in silence, Evelyn Bradley spoke out.

"Life isn't always black and white," said Bradley, the wife of an Air Force retiree. "There are situations where it would be really difficult to have another child, and I'd resent the law saying you have to have it. Shouldn't I be allowed to make that choice?"

The issue has been raised at the town's Roman Catholic church by the priest, Jim Friedrich, who fervently supports the ban.

"So far no one (in the parish) has spoken against it," he said quietly in his rectory. "The way I spoke, I doubt they'd have the guts to tell me otherwise."

John Paulson, minister at nearby Our Savior's Lutheran Church, takes a different tack.

"We can't read God's mind on this," he said. "As pastor, I'd support people voting their conscience with a prayerful heart."

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On the Net:

Anti-ban campaign: http://www.sdhealthyfamilies.org

Pro-ban campaign: http://www.voteyesforlife.com

Antiabortion Campaign Waves Feminist Flag (LAT)

By Stephanie Simon

The Los Angeles Times, October 9, 2006

SIOUX FALLS, S.D. — In the fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood.

Antiabortion activists here deliberately avoid the familiar slogans of their movement. They don't talk about the "murder of innocent babies" or quote the Bible on the sanctity of life. Instead, campaign manager Leslee Unruh has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped.

The bumper stickers and T-shirts that fill campaign headquarters spell out her message, in pink and blue: "Abortion Hurts Women."

"We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage," Unruh said. She speaks from personal experience; she had an abortion nearly 30 years ago and said her life since has been darkened with regret and longing. "If you don't do your job right as a mother," Unruh asked, "what good is everything else?"

Abortion-rights supporters call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance.

"Historically, this debate has been focused on fetal rights, fetal life. We have a lot of language about that," said Sarah Stoesz, president and chief executive of Planned Parenthood of Minnesota and North and South Dakota. "This adds an element we're not accustomed to. It's a different line of debate…. And that is something we struggle with politically."

The ban, passed overwhelmingly by the South Dakota Legislature in February, makes it a felony to help any woman terminate a pregnancy at any stage, unless an abortion is necessary to prevent her death. Women would not face criminal charges, but their doctors could get up to five years in prison.

Rather than challenge the law in court, Planned Parenthood chose to put it to a public referendum, gambling that people would vote to repeal it on Nov. 7. (South Dakota law permits interest groups to refer legislation to the ballot if they can collect enough signatures.)

If voters reject the ban, abortion-rights advocates hope it will deter states such as Ohio, Indiana, Missouri, Georgia and Rhode Island, which have been considering similar measures. If the ban is upheld, Planned Parenthood will challenge it in court. Antiabortion leaders would welcome that battle. They hope the U.S. Supreme Court will use the case to overturn Roe vs. Wade, the 1973 ruling that found a constitutional right to abortion.

Both sides call this election crucial and are putting out urgent appeals to raise millions of dollars for the fight.

But if this is the frontline of the abortion wars, the guns sound oddly muted.

Attuned to the values of this very conservative state, abortion-rights activists have decided not to make a stand on a woman's right to choose. The big poster outside their campaign headquarters makes a much milder point: "This law simply goes

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too far." One of their TV ads starts out: "South Dakotans agree, honor and protect human life." The ad goes on to affirm support for reducing the number of abortions, but argues that the law is too inflexible.

The only exception in the law states physicians will not be prosecuted for procedures "intended to prevent the death of a pregnant mother." Even then, however, doctors must try their best to save "the life of her unborn child."

A provision allows women to use the morning-after pill, which can prevent pregnancy if taken within 72 hours of sex. But under South Dakota law, pharmacists are not required to dispense the pill — or refer women to a pharmacy that will. And the Legislature has repeatedly voted down a bill to require emergency rooms to stock the contraceptive.

Walking a neighborhood of gracious homes the other day to rally voters against the law, Emma Tupper, 20, made just one pitch, again and again. "Our main concern is the lack of exception for rape and incest," she said. Some residents nodded and pledged to vote against the ban. Nearly as many politely said they would support it.

"Even if there's no exception for rape and incest?" Tupper asked one elderly man.

"I've looked at the bill pretty closely, and I feel comfortable with my decision," he replied, and closed the door.

Tupper — who came from Seattle to work on this campaign — walked on, crunching through drifts of yellow leaves. "It's a tough state," she said.

An independent Mason-Dixon poll in June found voters opposed to the ban, 47% to 39%. But a Zogby International survey last month, commissioned by an antiabortion group in Washington, D.C., found that gap had narrowed to 47% to 44%. In another unsettling sign for abortion-rights supporters, four Republican state senators who opposed the ban lost their seats in the primary election this summer.

"I don't know if I want to say we have a lot of momentum," said Jan Nicolay, a former Republican legislator working to overturn the ban.

The antiabortion camp has attracted hundreds of activists; some have brought with them the strident language Unruh had hoped to avoid. A voter guide produced by the Roman Catholic Diocese of Sioux Falls refers to abortion as a "moral evil," part of "the culture of death." Last month, activists from Wisconsin waved photos of dismembered fetuses at a busy intersection in Rapid City.

Unruh says she hates such messages "with a passion." Banning abortion should be about "compassion and love," she says — not "anger and death."

On a recent afternoon, she spotted a family of volunteers wearing olive-green T-shirts that read "Abortion — the leading cause of death in America." Unruh sent an aide to get them official campaign shirts, which feature the cheery faces of three women and a bright-eyed baby.

One of the women on the shirt is Kayla Brandt, 29, who had an abortion four years ago. "My mind-set was, if it's OK for so many other people, it will be OK for me," she said. But she was so burdened with guilt and shame, she said, she could barely function. In a radio spot, she says mothers "weren't designed to abort our babies" and asks voters to spare other women "the pain of imagining a life that could have been."

Her voice catching, she adds: "Please, to protect women like me, vote yes on Referred Law 6."

The spot caught the attention of Dick Murphy, 58, a local shop owner. He thought at first it was intended to evoke sympathy for a woman's right to choose. "Then it flipped the other way around," he said. "I thought, 'That's a new twist.' " The ad did not change Murphy's mind; he still plans to vote against the ban.

But other voters are torn.

Roger Turnquist, 57, a rancher in town to take his wife and daughter out to lunch, said he could speak for the family: They all backed the ban. "We're Catholic," he explained. His wife, Helen, looked uneasy.

"I'm a little pro-choice," she said. "But I'll probably vote for the ban because I'm Catholic." She paused. "I really haven't decided."

The South Dakota fight marks the first time antiabortion groups have built a public campaign around abortion's effect on women. But for the last few years, activists have tested the tactic as they lobby state legislatures for measures such as more counseling for women seeking abortions.

"It's been very helpful for the pro-life movement…. Who doesn't want to protect women?" said Daniel McConchie, vice president of Americans United for Life, a national group based in Chicago.

Unruh's campaign has made that point in several ways. Along with the radio spot, Brandt tells her story in an online video and campaign fliers. The campaign has also distributed a DVD with testimony from Brandt and three women who decided against abortion in tough circumstances. (One segment is titled, "I love my baby who was conceived by rape.")

Volunteers offer the DVD to voters as they canvass door to door; it's also been shown in churches and at dozens of house parties.

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"The clips really hit me hard," said Jazmine Brown, 13, who was moved to volunteer for the campaign after seeing the DVD at church. "I knew women were hurt by abortion, but that implanted it in my heart."

The concept that women are exploited by abortion has been nurtured by the many "post-abortive support groups" around the nation. Unruh runs one such group in Sioux Falls; the women gather to mourn and to help one another through "side effects" as varied as substance abuse, anorexia and detached parenting.

Their stories have led to a shift in perspective that parallels the religious right's changing attitude toward homosexuality. After years of condemning homosexual behavior as evil, some ministries have begun to portray gay men and lesbians as victims of an immoral society, led astray by gay-pride parades, gay romances on TV, and other signals that same-sex relationships are normal.

Similarly, women who choose abortion are now increasingly treated as victims, let down by a society that keeps abortion legal and relatively accessible.

Abortion-rights supporters respond with exasperation. The American Psychological Assn. has found that abortion carries few long-term emotional risks. And clinic doctors routinely turn away women who are uncertain or seem to have been coerced.

Some women undoubtedly regret their abortions. "But women also marry someone who turns out to be an abusive spouse, and we don't therefore say that marriage hurts women," Stoesz said.

With so much at stake, political scientist Robert Burns says he expects both sides to turn up the rhetoric as the election draws near. Burns, who teaches at South Dakota State University, will not venture to predict the vote's outcome. But it's safe, he said, to foretell this much: "It will get down and dirty before it's all over."

Military Ballots Still Have Glitches (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, October 9, 2006

The system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000, election officials say.

But the Pentagon is releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots.

This year, Congress has heard from many sources, including the election commission and the Government Accountability Office, that problems remain less than a month before the Nov. 7 midterm elections.

Sen. Conrad Burns, Montana Republican, says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet.

Congress started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation.

But the senator says the Defense Department lost precious time.

"If the current bureaucracy can't do it, then we need to throw it out and start over with one that does," he said.

By the Pentagon's own count, only nine states participate in IVAS. The system works by allowing personnel to go to an IVAS Web site and request a ballot from their home county. An election official sends an e-mail alert, and the person then logs on to a secure server, prints the ballot, fills it out and returns it by postal mail.

"This program eliminates the most time-consuming step in the process: getting the ballots to a potentially moving target," said a statement from the senator's office.

A Senate aide says Mr. Burns' attack on the bureaucracy was really criticism of David Chu, undersecretary of defense for personnel and readiness. The aide said Mr. Chu has shunned IVAS in favor of another Internet program.

The Pentagon is defending Mr. Chu's record on making registration and voting more accessible.

"I think we are working very hard here to carry out the [IVAS] initiative," said Maj. Stewart Upton, a Pentagon spokesman. "We support the IVAS program. We believe that it's working and this year has been very effective."

The main voting problem for military personnel away from home is meeting the ballot deadline.

It takes on average 45 days to get an absentee ballot to the troops, have them fill it out and then mail it back to the election board. The constraint has resulted in late, disqualified ballots. In the tight 2000 Florida recount, where a majority of overseas service members voted for President Bush, Democratic lawyers fanned out to election boards to challenge any military ballot that did not strictly meet requirements.

While the Pentagon talks of voter progress, other officials see persistent problems.

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Paul DeGregorio, chairman of the U.S. Election Assistance Commission, told Congress that a summit of election officials last spring concluded that "the current voting process for military and overseas citizens is not working." He blamed the time it takes to mail out and then receive ballots from people thousands of miles away.

Still, the federal voter-assistance program reports a higher military participation rate.

Mr. Chu has told the Senate Armed Services Committee that 73 percent of military personnel voted by absentee ballot in 2004, compared with 57 percent in 2000. The 2004 rate exceeded the 60.4 percent turnout of the general public.

An unscientific poll by the Army Times Publishing Co. in 2004 garnered e-mail responses from more than 4,000 service members. The results: 73 supported Mr. Bush and 18 percent Sen. John Kerry, Massachusetts Democrat. Nearly 60 percent identified themselves as Republicans and 13 percent as Democrats.

Where Faith Abides, Employees Have Few Rights (NYT)

By Diana B. Henriques

The New York Times, October 9, 2006

J. Jeffrey Heck, a lawyer in Mansfield, Ohio, usually sits on management's side of the table. "The only employee cases I take are those that poke my buttons," he said. "And this one really did."

His client was a middle-aged novice training to become a nun in a Roman Catholic religious order in Toledo. She said she had been dismissed by the order after she became seriously ill — including a diagnosis of breast cancer.

In her complaint, the novice, Mary Rosati, said she had visited her doctor with her immediate supervisor and the mother superior. After the doctor explained her treatment options for breast cancer, the complaint continued, the mother superior announced: "We will have to let her go. I don't think we can take care of her."

Some months later Ms. Rosati was told that the mother superior and the order's governing council had decided to dismiss her after concluding that "she was not called to our way of life," according to the complaint. Along with her occupation and her home, she lost her health insurance, Mr. Heck said. Ms. Rosati, who still lacks health insurance but whose cancer is in remission, said she preferred not to discuss her experience because of her continuing love for the church.

In court filings, lawyers for the diocese denied her account of these events. If Ms. Rosati had worked for a business or almost any secular employer, she might have prevailed under the protections of the Americans With Disabilities Act. Instead, her complaint was dismissed in December 2002 by Judge James G. Carr of the United States District Court for the Northern District of Ohio, who decided that the order's decision to dismiss her "was an ecclesiastical decision" that was "beyond the reach of the court" because "the First Amendment requires churches to be free from government interference in matters of church governance and administration."

Legislators and regulators are not the only people in government who have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers.

Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations — especially religious schools — to manage their affairs with less interference from the government and their own employees.

The most sweeping of these judicial protections, and the one that confronted the novice nun in Toledo, is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years.

As a rule, state and federal judges will handle any lawsuit that is filed in the right place in an appropriate, timely manner. But judges will almost never agree to hear a controversy that would require them to delve into the doctrines, governance, discipline or hiring preferences of any religious faith. Citing the protections of the First Amendment, they have ruled with great consistency that congregations cannot fully express their faith and exercise their religious freedom unless they are free to select their own spiritual leaders without any interference from government agencies or second-guessing by the courts.

To do otherwise would be an intolerable government intrusion into employment relationships that courts have called "the lifeblood" of religious life and the bedrock of religious liberty, explained Edward R. McNicholas, co-chairman of the national religious institutions practice in the Washington, D.C., office of Sidley Austin, a law firm with some of the country's largest religious organizations among its clients.

Judges have routinely invoked the ministerial exception to dismiss lawsuits against religious employers by rabbis, ministers, cantors, nuns and priests — those "whose ministry is a core expression of religious belief for that congregation," as Mr. McNicholas put it.

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But judges also have applied the exception to dismiss cases filed by the press secretary at a Roman Catholic church, a writer for The Christian Science Monitor, administrators at religious colleges, the disgruntled beneficiaries of a Lutheran pension fund, the overseer of the kosher kitchen at a Jewish nursing home and a co-founder of Focus on the Family, run by the conservative religious leader James C. Dobson. Court files show that some of these people were surprised to learn that their work had been considered a "core expression of religious belief" by their employer.

Religious employers have long been shielded from all complaints of religious discrimination by an exemption that was built into the Civil Rights Act of 1964 and expanded in 1972. That historic exemption allows them to give preference in hiring to candidates who share their faith. In recent years, some judges have also refused to interfere when religious groups have dismissed lesbians, unwed mothers and adulterous couples, even if they profess the same faith, because they have violated their employers' religious codes.

A federal court decision has given religious broadcasters an exemption from some of the fair-hiring requirements of the Federal Communications Commission, even when they are hiring secretaries and receptionists. Two other decisions, one in federal court affecting a Mormon church and the other in a state court of appeals case involving a Roman Catholic nursing home, affirmed the right of religious employers to dismiss employees whose faith changed after they were hired.

"These are very difficult cases because they pull at some very fundamental heartstrings," said Steven C. Sheinberg, a lawyer at Outten & Golden, specializing in employment law. "There's our belief that employees should be free of discrimination in their work, versus our belief that religious organizations should be free to hire people who best help them fulfill their religious mission, without the intrusion of government."

Employees at religious institutions face other risks as well, thanks to pension law exemptions granted by Congress and upheld by the courts. Religious employers are exempt from Erisa, the federal pension law that establishes disclosure requirements and conflict-of-interest restrictions for employee pension plans. That exemption has given rise to several cases in which workers at religious hospitals found that their pensions had vanished because of practices that would not have been allowed under Erisa's rules.

A related exemption frees religious employers from participating in the Pension Benefit Guaranty Corporation, the government-run insurance program that provides a safety net for corporate pension plans. And some significant court decisions in labor disputes in the last several years have made it easier for religious schools and colleges to resist collective bargaining efforts.

But for Mr. Heck, the question of whether these workplace exemptions are fair to religious employees was crystallized by the case of Ms. Rosati, the novice nun in Toledo.

He said the doctor involved in her case had been prepared to testify under oath on Ms. Rosati's behalf. The doctor "had quite a vivid memory about these events." In fact, Mr. Heck said, the doctor had cautioned the nuns who accompanied Ms. Rosati that it would be virtually impossible for the ailing novice to get affordable insurance anywhere else if she were dropped from the diocesan health.

Lawyers for the diocese disputed Ms. Rosati's account of that visit and denied that health reasons were the causes of her rejection by the order, the Sisters of the Visitation of Holy Mary, which is covered by the diocesan health plan. For the court "to even begin to inquire into that decision-making process, we believe, crosses the line set by the First Amendment," said Gregory T. Lodge, a lawyer for both the Toledo diocese and the order, which operates under papal authority.

"I understand and absolutely appreciate that in matters of religion, the state has no business meddling," Mr. Heck said. "It would be unthinkable for a judge to be able to say, 'Hey, I don't like the way you're interpreting the Book of Luke.' "

But what religious principle is offended when an employee simply grows old or becomes ill, he asked. If the answer is "none," he continued, judges should be more willing to "look behind the curtain."

Exemptions From Employee Suits

For 28 days last May, Lynette M. Petruska, a former nun who now lives in St. Louis, thought she had finally found judges willing to listen to her complaint against Gannon University, a coeducational Catholic college in downtown Erie, Pa. As it turned out, she was wrong.

Ms. Petruska was educated in Catholic schools from kindergarten to college commencement, graduated at the top of her law school class and practiced law for several years before deciding to become a nun. In 1999, as she was working toward taking her final vows, she became the first woman to serve as Gannon's chaplain.

Three years later she was demoted and, according to her complaint, effectively forced out. In her lawsuit, she said this action was in response to her having notified the administration of a case of sexual misconduct by a senior university official, resisted efforts to cover up that case and opposed proposals to weaken campus policies on sexual harassment. In 2004, she sued, accusing the university administration of forcing her out simply because she was a woman and because she had opposed the sexual harassment others experienced on campus.

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Gender bias claims against religious employers have generally been dismissed under the ministerial exception. But some judges across the country have been less quick to dismiss cases where sexual harassment or abuse of an employee is involved. And unlike many other plaintiffs, Ms. Petruska claimed that her supervisor had actually acknowledged to her that she was being demoted solely because of her sex, not because of any religious doctrine.

Judge Sean J. McLaughlin of the United States District Court for the Western District of Pennsylvania nevertheless ruled that Gannon was protected by the First Amendment and the ministerial exception from any court interference in its choice of chaplain. Gannon itself argued that it had many women in leadership positions and that Ms. Petruska had resigned simply because she was unhappy with a staff reorganization. But its fundamental argument was that it would be unconstitutional for the court to second-guess these disputed decisions.

"You may ask, 'Why should these decisions go unquestioned?' The reason is plain and simple: The First Amendment protects a church's right to freely exercise its religion," said Evan C. Rudert, a lawyer for the university. "And that includes organizing itself as it chooses and selecting those who it believes will serve best as its leaders — without interference from the courts."

Then, last May, in a decision that caused considerable comment in legal circles around the country, a federal appeals court panel reversed the trial judge's decision.

For four weeks, the prevailing law in Pennsylvania, New Jersey, Delaware and the Virgin Islands — the jurisdiction of the United States Court of Appeals for the Third Circuit — was that "employment discrimination unconnected to religious belief, religious doctrine, or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion."

Appellate Judge Edward R. Becker wrote that opinion; his colleague on the three-judge panel, Judge D. Brooks Smith, filed a stinging dissent. A few days later, Judge Becker died. On June 20, in a rare move, the Third Circuit granted Gannon's routine request to have the case reconsidered and named Judge Smith to the new three-judge panel that would do so.

On Sept. 6, the new panel swept the earlier decision away, unequivocally restoring the protections for religious employers that it had put in doubt. As Judge Smith put it, the ministerial exception "applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions."

Ms. Petruska, who has left her order and returned home to work at her old law firm, describes herself as a feminist who is "committed to peace and freedom." She has a long history of putting her words into action — she has been arrested at protest marches, most recently at an antiwar rally the day before the Iraq war began, she said. She plans to appeal the ruling against her.

"I think this issue needs to be decided by the Supreme Court," she said. And she has hopes that the justices will agree with Judge Becker that, absent some grounding in religious doctrine, sex discrimination by religious employers is wrong.

No Recourse On Age Bias

Add age discrimination to that wish list, the Rev. John Paul Hankins says.

At 73, Mr. Hankins can look back on 50 years in a loving marriage, 40 years as a minister in the United Methodist Church — and 3 years as the plaintiff in an uphill court fight over his denomination's mandatory retirement policy.

Eight months after he turned 70, that policy forced Mr. Hankins to leave his pulpit in the historic Stony Brook Community Church in Stony Brook, N.Y., where he had served for 37 years. He loved his flock and the feeling was mutual: the congregation withheld part of its annual contribution to the regional church that year to express its dismay.

"He had served for many, many years and wanted to continue to serve, and his congregation wanted that, too," said David S. Warren, a professor of computer science at Stony Brook University who had been a member of the congregation for more than 25 years but who left because of how Mr. Hankins was treated.

Mr. Hankins said he was suing because age discrimination is almost as hateful and senseless to him as the racial segregation and bias against women that used to be "mandatory policies" of his church.

"I feel, and have long felt, that discrimination in any form has no place in the life of a faith community," he said.

Under the federal age discrimination law, most employees of all but the smallest businesses can sue if they are forced to retire for no other reason than that they reached a certain birthday; increasingly, government and academic employees have the same protection. But Mr. Hankins knows his complaint will probably never come to trial simply because he is a clergy member trying to sue his church. Indeed, court rulings around the country suggest that if he had been forced out at any age and for almost any reason — for a deceptive reason, or even for no reason at all — he would face the same judicial roadblock.

"I never, ever thought that the last years of my ministry would be involved in a fight like this," Mr. Hankins said.

Lawrence H. McGaughey, the lawyer for the regional Methodist governing body and its bishop, acknowledged that there is a movement in the church to eliminate the retirement rule opposed by Rev. Hankins. But if the rule is ultimately changed, it should be the church's decision, not a court's, he said.

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"Any private employer would feel the same way — they'd like to be able to make these decisions without having to face the courts," Mr. McGaughey said. "But the difference is the First Amendment."

He continued: "We're talking about worship here. Are you going to go into church and have someone standing there who was ordered to be there by the courts? There are certain things a government just cannot do in this country."

In September 2003, a federal trial judge on Long Island ruled that Mr. Hankins's complaint was barred by the ministerial exception. Last February, a federal appeals court panel sent the case back, directing the trial judge to decide the case by applying a 1993 federal law, the Religious Freedom Restoration Act, rather than the ministerial exception doctrine. But there was little in the instructions to the trial court to encourage Mr. Hankins.

He nevertheless thinks his complaint will eventually help his church see that its mandatory retirement rule is unfair.

"I don't need to win the case," Mr. Hankins said. "I feel the movement of history at work here, I really do. Ideas find their feet, and start to walk."

State judges have been equally reluctant to interfere in disputes between religious employers and their staff members — to the sad frustration of Rabbi Isaac H. Celnik of Albuquerque.

Rabbi Celnik, one of the youngest men ever ordained in Conservative Judaism, was just 30 when he was hired in 1971 as the spiritual leader of Congregation B'nai Israel. Eight years later, he entered into a 30-year contract with the synagogue, an arrangement his congregation endorsed by a margin of almost nine to one, he said.

Then the medical problems began. In 1996, Rabbi Celnik was told he was in the early stages of Parkinson's disease; in April 2000, his wife, Peggy, was told she had breast cancer. In October 2000, he said, the president of the congregation's governing board at the time suggested he retire on disability.

But the rabbi did not consider himself disabled and did not want to retire, he said. He had two young children and a wife whose treatment required continuing health insurance. He "loved the work, and loved the congregation," he said. Indeed, when the synagogue's cantor resigned a month after the retirement discussion, Rabbi Celnik proposed, and the board agreed, that he would take on the cantor's duties as well, he said.

But the relationship deteriorated as he tried to negotiate retirement terms that would provide him and his family with adequate financial security. In January 2002, after those negotiations faltered, he was dismissed; in 2003, he sued. But last February, the state's court of appeals dismissed his case, based on the ministerial exception, also called the church autonomy doctrine.

"We are sympathetic to Rabbi Celnik's struggles with Parkinson's and the manifestation of the disease after so many years of service," the chief judge wrote. But he ruled that the dispute "is precisely the type of religious debate that the church autonomy doctrine is intended to protect from judicial review."

The congregation's current president, Alan M. Chodorow, declined to discuss the details of the dispute. "I do not want to talk about anything that might impair our search for reconciliation and forgiveness" with Rabbi Celnik, he said. "But I will say that we believe strongly in the separation of church and state, and that the state should not have any part in choosing our spiritual leaders."

But Mr. Chodorow said that he was sympathetic to the situation that this freedom for congregations created for employees and that he believed that religious institutions have to provide other protections by contract. Although clergy members in many faiths work without formal contracts, the model contract in wide use within Conservative Judaism provides that rabbis and cantors can terminate the agreement without cause and seek binding arbitration to resolve disputes, he said.

The church autonomy doctrine "takes away certain rights and this is put in specifically for the purpose of preserving rights," Mr. Chodorow said.

Rabbi Celnik and his wife continue to struggle with the financial and physical burdens of his deteriorating health and her second episode of cancer. "They don't teach this in rabbinical school," the rabbi said in a recent interview. Teach what? Mrs. Celnik answered before he could: "Don't get old. Don't get sick."

Mr. McNicholas, the Sidley Austin lawyer, acknowledged that some "unjust and sinful" treatment has been protected from litigation by the ministerial exception. But he argued that "the openness of the religious process" would remedy those situations, making it possible for a clergy member dismissed by one congregation to find a home in another.

But what if they are sick? "That's harder — and very troubling," Mr. McNicholas said. "But if you have a judge deciding it, that's just too much intervention in the process of deciding the hiring issues" at religious institutions. "There's no easy answer."

Protections Against Unionization

The University of Great Falls, in Montana, has a tidy urban campus, a bold crucifix-topped chapel, a master's program in criminal justice and, according to one student's Internet posting, a cafeteria that serves pretty good spaghetti.

What the small Roman Catholic college doesn't have is a faculty union.

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It wasn't for lack of trying. In 1995, the Montana Federation of Teachers, which had unionized most of the public universities in Montana, asked the National Labor Relations Board to recognize it as the collective bargaining agent for the teaching staff at Great Falls.

"Some of the faculty members there traveled in circles that included professors at the other schools," recalled James McGarvey, who was president of the Montana Federation of Teachers at the time. (It has since merged with the Montana Education Association.) Teachers at those other campuses had better pay and more favorable work rules, and some professors at Great Falls had expressed interest in seeing whether the federation could help them as well, according to Mr. McGarvey. "We felt we had a pretty strong showing," he said.

J. C. Weingartner, a union lawyer who worked on the campaign, said that while "pay did come into it, it wasn't what got it started." That spark was discontent among some professors over the president's appointing members to an important advisory council who "did not reflect the views of the majority of the faculty" in negotiations with the administration, he said. "So they felt their interests would be better served with collective bargaining."

The university, which has a new management team today, declined to comment on the long legal battle.

But when the labor board held a hearing on the union's request, the university's lawyers argued that the board had no jurisdiction because the university was a religious institution, and to force it to negotiate with the union would violate its religious liberty.

The university based its case largely on a 1979 decision in which the United States Supreme Court ruled that the labor board's jurisdiction did not extend to religious schools. After that decision, which resulted in what is called the Catholic Bishop doctrine, the board began case-by-case examinations to determine whether the schools that came before it were sufficiently religious — whatever their faith — to be exempt from its jurisdiction.

The University of Great Falls did not qualify, the board concluded in February 1996.

For the next seven years, the little Catholic college fought both the federal labor board and the faculty union, keeping lots of lawyers busy and incurring official charges of unfair labor practices in the process. In 2002, it won.

The federal appeals court panel in Washington ruled that a three-prong test should be the labor board's only standard for determining which schools were religious enough to be exempt from the nation's collective bargaining laws under the Catholic Bishop decision.

Any school that is nonprofit, has a religious affiliation and presents itself to the public as a religious institution must be exempted from jurisdiction, the court said. And that included the University of Great Falls.

And the court ruled that the labor board's old case-by-case approach had to stop immediately. For the board even to conduct such inquiries raised serious issues of religious freedom, the judges said.

Of course, some casually faithful or broadly tolerant schools that might previously have failed to win a labor board exemption would easily pass the court's new test.

The appellate judges anticipated that complaint, and dismissed it. "If the university is ecumenical and open-minded, that does not make it any less religious, nor N.L.R.B. interference any less a potential infringement of religious liberty," they said.

David Strom, general counsel of the American Federation of Teachers in Washington, doesn't mince words about the impact of the Great Falls decision. "It means that the difficulty of organizing a religiously affiliated college has become enormous."

Although federal statistics show that one of every seven colleges in the country describes itself as a religious institution, it is not clear how far-reaching the Great Falls decision will be. On its face, it would seem likely to reduce any union-driven salary pressures on exempt religious schools, allowing them to maintain more competitive tuition levels. However, some colleges that might be eligible for an exemption under the new rules may already have collective bargaining in place or may not oppose unions as fiercely as the Montana university did.

And the decision limits only the protections of the National Labor Relations Act. But last fall, in a case involving teachers at Catholic schools in Boston, a federal district judge in Massachusetts ruled that part of another federal labor statute called the Taft-Hartley Act could not be applied to church-operated schools without raising First Amendment issues.

Notwithstanding the protracted battle in Great Falls, Catholic institutions are not doctrinally opposed to collective bargaining, said Julie N. Secviar, senior vice president for strategic resources for the Franciscan Sisters of Chicago Service Corporation, which manages Catholic hospitals, nursing homes and retirement communities.

In fact, the ethical health care directives of the United States Conference of Catholic Bishops require "recognition of the rights of employees to organize and bargain collectively without prejudice to the common good."

Next, Exemptions for Hospitals?

At the other end of the spectrum stand the Seventh Day Adventists, a Christian denomination with more than 14 million members worldwide. Like many denominations, it provides global humanitarian relief and maintains a large network of church

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schools and colleges, including Loma Linda University in California. But it also operates the largest Protestant nonprofit health care system in the country, with 38 hospitals in 10 states, 23 nursing homes and 44,000 employees.

And not one of those employees is in a union, for a very simple reason: The church believes that collective bargaining "defies Christ's admonitions that behavior must be directed by individual conscience" and "is inherently disruptive" of the church's healing mission, as lawyers for the denomination first explained to the national labor board in 1998.

The lawyers were responding to a petition by the California Nurses Association to represent the nonsupervisory nurses employed at Ukiah Valley Medical Center.

As in the Great Falls case, the lawyers argued that the labor board had no jurisdiction because the hospital was a religious institution and to force it to recognize or bargain with a union would violate its freedom under the First Amendment and the Religious Freedom Restoration Act.

As in the Great Falls case, the labor board ruled otherwise. The next step should have been union balloting, explained Jeffrey A. Berman, the Sidley Austin lawyer who represented the hospital in the case. But the nursing association withdrew its petition and the case ended, he said.

According to the American Hospital Association, about one of every four of its members has a religious affiliation. But the Adventists' problem before the labor board was that hospitals, unlike religious schools, were specifically included in the board's jurisdiction by Congress. The only labor-law accommodation that Adventists have been able to win from Congress was a provision in 1974 allowing church members to pay the equivalent of their union dues to one of several agreed-upon secular charities, according to Mr. Berman.

Adventist hospitals are still waiting for their own Great Falls moment. As Mr. Berman put it, "We're not asking for carte blanche, for the ability to be exempt from all laws — just with respect to what is unique about these hospitals."

Cities Opt For Economics Instead Of Religion To Boost Downtown Areas (USAT)

By Emily Bazar, Usa Today

USA Today, October 9, 2006

Church advocates: Zoning rules unfair

Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base.

"There's more interest than ever in attempting to exclude churches and other houses of worship," says Kevin "Seamus" Hasson, president of the Becket Fund for Religious Liberty. "They say they don't want churches there. They want something that generates tax revenue."

The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations.

The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year.

Sasser's institute, the Becket Fund and others often go to court to fight the restrictions. A federal law passed in 2000 says zoning rules must treat a house of worship the same as any secular meeting place.

The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week.

Some recent examples:

·Kenly, N.C., adopted a moratorium on storefront churches in August and later expanded it to include halls, theaters and other gathering places.

·Stafford, Texas, home to 51 places of worship in its 7 square miles, intends to tighten the zoning rules that govern church location, Mayor Leonard Scarcella says. Only 300 acres of empty land remain available for development.

"There has been this desire to locate these religious facilities in our city," he says. "That has precluded other types of development."

·Miramar, Fla., put a six-month hold on "places of public assembly," including churches, in June and is working on a permanent plan.

Miramar's leaders worry about storefront churches and other halls because they're "taking up parking at particular times and not contributing to the dynamism" of the area, says Wazir Ishmael, assistant city manager.

·The Liberty Counsel, a group that defends churches, sued Titusville, Pa., in July over zoning that prohibits churches in commercial zones where clubs and theaters are allowed. "If theaters or private clubs are permitted, then churches cannot be banned," Liberty Counsel President Anita Staver says.

Titusville Mayor Brian Sanford says the rule protects businesses that cannot be near churches. The Pennsylvania Liquor Control Board, for instance, may refuse to grant a liquor license application to an establishment within 300 feet of a church.

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"When you establish a church in a commercial district, that changes the rules for everyone," he says.

Faith Embraces Pop Culture, Technology (USAT)

By Tom Krattenmaker

USA Today, October 9, 2006

Evangelical Christians have always used innovative outreach to spread their message, and the tech boom has given the movement new platforms to be 'culturally relevant.' It's a wave other faiths might want to catch.

If you want to understand why evangelical Christians are such an influential force in American culture these days, revisit a recent moment from the Steelroots television program on the i-Lifetv Christian cable channel.

The host, Ben Cerullo, is a youthful-looking skateboarder type in a T-shirt and backward ball cap who blows up objects on camera for the sheer entertainment value. "Awesome," he says as he interviews Chandler Brownlee of the outreach group Christian Surfers. Brownlee tells Cerullo and his viewers about the success of the Florida-based ministry bringing thousands of surfers into the Christian fold. He uses a telling phrase for his ministry's approach to evangelism. "Culturally relevant," he calls it.

Brownlee is talking about surfer outreach, but culturally relevant applies across the landscape of the evangelical Christian engagement with American popular culture. The basic idea: Identify the communications channels that have the attention of the public and use them to spread the message of Jesus. Skeptics might question the appropriateness of this melding of the sacred and "profane," but there's no doubting its effectiveness as a means of reaching people.

Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television — few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?

In Christian TV, the Inspiration Network — the parent company of i-Lifetv airing Steelroots programming — might be the most technologically forward. Like other well-known Christian TV networks, such as the Trinity Broadcasting Network and Pat Robertson's Christian Broadcasting Network, the Inspiration Network reaches its subscriber base (22 million households) via cable and satellite. But that's just the start. The network is making Steelroots and its other signature programs available on the Web. Click on the episode, and watch it on your computer.

Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte.

"One way we try to be 'fishers of men' is by seeking to be culturally relevant," says Inspiration Network spokeswoman Kristina Hill, "which means being sensitive to the needs and interests of different demographic groups." As Hill suggests, Steelroots is more likely to connect with its skateboarding, snowboarding audience than would a program featuring a sermon by a fiftysomething man in a gray suit. Blowing up objects on camera is more reminiscent of MTV's Jackass than Jesus, but it's sure to raise the show's cool quotient and improve the odds of a 15-year-old viewer listening to the religious message.

In the quest to market Christianity to the masses, is the Inspiration Network watering down the exclusive message of the evangelical faith? Judging from the network's name — note the conspicuous absence of the word "Christian" — I initially thought as much. Before I began sampling the network's offerings, I expected Oprah-style, vaguely Christian lifestyle programming.

Underneath the broad-appeal gift wrap, however, I found straight-up evangelical Christianity with heavy promotion of the imperative to accept Jesus and the Christian Right worldview. The shows condemn abortion and homosexuality. Guests on Inspiration Today! recently have included author John McTernan, who argues that God elevated America to supremacy but is turning away from our country because of its liberal direction. (Such talk on Christian TV is hardly rare. Think Robertson.)

Featured in recent appearances on the same program was evangelical preacher and writer John Hagee, whose book Jerusalem Countdown argues that the Bible demands that the United States stand squarely with Israel or incur God's wrath. The network hypes such guests, and their views, approvingly.

That's its right, of course. The difficulty of getting these messages taken seriously by mainstream media is a major reason why Christian media exist. If secularists lack the motivation to create their own media universe, it's because, in a sense, they already have it. Their outlets are known as CBS, CNN, USA TODAY and the like.

Except for the particulars, there is nothing new about the innovative outreach by evangelicals today. Entrepreneurship and energy have characterized the movement in this country for decades, which explains its continued vitality in a time when mainline Protestantism has waned. While claiming to represent an unchanging, timeless truth, evangelicals continue impressively to reinvent the language of the message and the means of delivering it. That is why fans will soon be able to watch Inspiration Network video on their iPods.

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Certainly, liberal Christians — perhaps in recognition of the advances made by the competition — are starting to get in the game. The National Council of Churches, for example, produced a TV program on poverty for NBC affiliates that aired last month. On the other hand, you will be hard-pressed to find progressive Christian groups running skateboard outreach programs, proselytizing to snowboarders, or developing video games.

As Woody Allen famously said, 80% of success is just showing up. Evangelicals are definitely showing up, and with a lot of hustle and muscle. Those Americans who worry that conservative Christians go too far in imposing their religion and values on the rest of the country — and polls show they are many — will need to do more than complain if they're to counteract that influence. They will need to get very busy.

Tom Krattenmaker, who lives in Portland, Ore., specializes in religion in public life and is a member of USA TODAY's board of contributors. He is working on a book about the Christianization of professional sports.

In N.Y., Sparks Fly Over Israel Criticism (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 9, 2006

Polish Consulate Says Jewish Groups Called To Oppose Historian

NEW YORK -- Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here last week, saying the academic was too critical of Israel and American Jewry.

The historian, Tony Judt, is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate.

An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial.

"The phone calls were very elegant but may be interpreted as exercising a delicate pressure," Kasprzyk said. "That's obvious -- we are adults and our IQs are high enough to understand that."

Judt, who was born and raised in England and lost much of his family in the Holocaust, took strong exception to the cancellation of his speech. He noted that he was forced to cancel another speech later this month at Manhattan College in the Bronx after a different Jewish group had complained. Other prominent academics have described encountering such problems, in some cases more severe, stretching over the past three decades.

The pattern, Judt says, is unmistakable and chilling.

"This is serious and frightening, and only in America -- not in Israel -- is this a problem," he said. "These are Jewish organizations that believe they should keep people who disagree with them on the Middle East away from anyone who might listen."

The leaders of the Jewish organizations denied asking the consulate to block Judt's speech and accused the professor of retailing "wild conspiracy theories" about their roles. But they applauded the consulate for rescinding Judt's invitation.

"I think they made the right decision," said Abraham H. Foxman, national director of the Anti-Defamation League. "He's taken the position that Israel shouldn't exist. That puts him on our radar."

David A. Harris, executive director of the American Jewish Congress, took a similar view. "I never asked for a particular action; I was calling as a friend of Poland," Harris said. "The message of that evening was going to be entirely contrary to the entire spirit of Polish foreign policy."

Judt has crossed rhetorical swords with the Jewish organizations on two key issues. Over the past few years he has written essays in the New York Review of Books, the London Review of Books and in the Israeli newspaper Haaretz arguing that power in Israel has shifted to religious fundamentalists and territorial zealots, that woven into Zionism is a view of the Arab as the irreconcilable enemy, and that Israel might not survive as a communal Jewish state.

The solution, he argues, lies in a slow and tortuous walk toward a binational and secular state.

He has, of late, defended an academic paper -- co-authored by professor Stephen M. Walt of Harvard University's John F. Kennedy School of Government and John J. Mearsheimer, a professor at the University of Chicago -- which argues the American Israel lobby has pushed policies that are not in the United States' best interests and in fact often encourage Israel to engage in self-destructive behavior.

These are deeply controversial views -- Foxman of the ADL and writer Christopher Hitchens, among others, have attacked the Walt and Mearsheimer paper as anti-Semitic. And Judt's advocacy of a binational state has drawn a flock of critics, the more angry of whom accuse him of "pandering to genocide" as the Committee for Accuracy in Middle East Reporting in America put it. Former Bush speechwriter David Frum said Judt was pursuing "genocide liberalism."

Foxman has referred to Judt's views of Israel as "an offensive caricature."

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The Mearsheimer and Walt paper, however, has drawn praise in some quarters in Israel, particularly on the left. So, too some Israeli writers, not least Israeli historian and social critic Amos Elon, have praised Judt's writings on Israel. Nor are Judt's arguments without historical precedent: Massachusetts Institute of Technology linguist and political philosopher Noam Chomsky, who is Jewish, has advocated a binational solution in Israel, a view that three decades ago sparked such anger that police stood guard at his college talks. More recently, the ADL repeatedly accused DePaul University professor Norman G. Finkelstein, who is Jewish and strongly opposes Israeli policies, of being a "Holocaust denier." These charges have proved baseless.

"There is an often organized and often spontaneous attempt to marginalize anyone in the Jewish world who offers a critique of Israeli policy," said Rabbi Michael Lerner, editor of the liberal magazine Tikkun. "It's equated with anti-Semitism and Israel denial."

Foxman says such complaints are silly. "Nobody has called Judt an anti-Semite," Foxman said. "People who are critical of Israel and of the Jewish people often flaunt their Jewishness. Why isn't that an issue?"

Judt replies that he only reluctantly talks of his Jewishness, in no small part to inoculate himself against charges of anti-Semitism. "For many, the way to be Jewish in this country is to aggressively assert that the Holocaust is your identification tag," Judt said. "I know perfectly well my history, but it never occurred to me that my most prominent identity was as a Jew."

A Vote We Can Believe In (WP)

By E. J. Dionne Jr.

The Washington Post, October 10, 2006

Sometimes, paranoids are right. And sometimes even when paranoids are wrong, it's worth considering what they're worried about.

I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are.

I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately. And I also know that smart, computer-savvy people are concerned about these machines.

The perfectly obvious thing is for the entire country to do what a number of states have already done: require paper trails so that if we have a close election or suspect something went wrong, we have the option to go back and check the results.

So it is heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level.

The bill has been pushed by Rep. Rush Holt (D-N.J.), with strong support from Reps. Tom Davis (R-Va.) and Tom Cole (R-Okla.). It has 219 co-sponsors, which happens to be a majority of House members.

The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly.

It prohibits connecting any voting machine component to the Internet and bans political and financial conflicts of interest among manufacturers, test laboratories and political parties. It also includes protections for voters with disabilities.

Pretty much common sense, right? The problem is that the issue of protecting the right to vote has been mired in partisanship and in the suspicion that all who worry about electronic voting are crazy conspiracy-mongers who imagine the worst about everybody.

But Holt and Davis don't fit the stereotype. "I have steered clear of conspiracy theories because I'm not a conspiracist by nature," says Holt who has a PhD in physics and has no problem with innovation. "But I'm quick to say that you cannot disprove the conspiracy theories if you don't have a paper trail." Anyone with confidence in these machines should have faith that they'll pass any tests of how well they'd work.

Because of the bitter disputes over what happened in Florida in 2000 and Ohio in 2004, some Republicans are suspicious that all the noise surrounding the new voting machines is being generated by angry Democrats. "When I first introduced the bill a couple of sessions ago," Holt says, "a lot of Republicans stayed away from it because they believed that it was payback for Florida."

But over time, many Republicans have come to realize that machine errors are nonpartisan. Tom Davis is about as loyal a Republican as you'll find. He came to this cause in part because a result in a Virginia school board race not only defied everyone's expectations but seemed to him flatly wrong.

"Some people will call me paranoid," Davis chuckles, "but it was real clear to me that in that race, some votes weren't picked up." And the technology, he says, made it impossible to check the count.

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In fact, as Davis notes, partisan splits on the new technologies vary sharply from state to state. Whichever party happened to control the election board that spent a lot of money on the new technologies tends to resist challenges to it. But defensiveness, by election officials or by vendors, should not get in the way of reforms and protections.

Nor, says Davis, should political polarization be allowed to stop even those reforms that have a lot of bipartisan support. "A lot of no-brainers that ought to be getting done," he says, "aren't getting done."

There are respectable studies -- for example, one released this summer by the Brennan Center for Justice at New York University School of Law -- suggesting that the new machines may be far easier to hack than we want to know. But Holt explains why even skeptics of such studies should favor technological safety nets just in case they someday prove to be right.

"The winners will always believe the results of elections," says Holt. "But it eats away at democracy if the loser thinks that something went wrong, for accidental or malicious reasons."

Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around.

Real Bad ID (WSJ)

The Wall Street Journal, October 10, 2006

It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse.

In May of last year Congress passed the Real ID Act at the urging of House Judiciary Chairman James Sensenbrenner (R., Wis.). It was yet another border-security measure, intended to thwart illegal immigration by denying drivers' licenses to undocumented aliens. President Bush signed the legislation in hopes that Republicans then would meet him halfway on comprehensive immigration reform. Didn't happen. We now know that the Tom Tancredo "enforcement first" crowd has no intention of ever compromising with Mr. Bush.

We doubt Mexicans willing to risk their lives crossing hundreds of miles of desert on foot care much about not being able to obtain a drivers' license once here. Nor is deputizing Department of Motor Vehicle officials going to force many illegal aliens already in the country to return home. The most likely result is more unlicensed and uninsured motorists, which means more dangerous U.S. roads.

Real ID gets worse. According to a new analysis from the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, the law is also going to be costly and burdensome.

Under Real ID, all 245 million existing holders of drivers' licenses must apply -- in person -- for new, standardized identification cards. The report says that state motor vehicle department staffs will need to be more than doubled, and workers will have to be trained to verify copies of original birth certificates, Social Security cards and the like. Misplaced your Social Security card? Have fun getting a new one. We're pretty sure that voters don't elect Republicans to increase the size of their already bloated state bureaucracies.

And yes, you can expect longer lines at the DMV in the future. "Real ID will reduce efficiencies and increase wait times," according to the report. "Real ID will also effectively reverse state practices designed to ease an applicant's interaction with motor vehicle agencies (e.g., Internet, mail in renewal, over-the-counter issuance)." The deadline for compliance is May 2008. After that, identification from states that don't meet the new national requirements won't be accepted at federal agencies.

Proponents claim that standardizing drivers' licenses is essential to fighting terrorism on the domestic front. Mr. Sensenbrenner has said that Real ID will stop the next Mohamed Atta. But the 9/11 hijackers entered the country legally, which means they qualified for valid drivers' licenses. Nothing in the new law changes that reality, or the fact that you still don't need a driver's license to board a plane. Other forms of ID, such as a passport, will continue to suffice.

All this cost and inconvenience might be acceptable if the law did what its proponents claim. But like a 700-mile fence along a 2,000-mile border, Real ID amounts to one more anti-immigration measure that ignores the economic incentives that draw immigrants here in the first place.

State agencies put the total cost of standardizing drivers' licenses at upwards of $11 billion; Congress has so far appropriated all of $40 million. Again, this is from a Republican Congress that made its first legislation upon taking power in 1995 a bill against imposing "unfunded mandates." It included a pledge not to impose any burden on the states that wasn't fully financed from Washington. Now comes Real ID, transforming state departments of motor vehicles back into everyone's worst nightmare. Some accomplishment.

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ANTITRUST:

Google To Buy YouTube For $1.65bn (FT)

By Kevin Allison And Aline Van Duyn

Financial Times, October 10, 2006

Google, the internet search giant, has agreed to acquire YouTube, the California-based video start-up, for $1.65bn in an all-stock transaction that will turn the company's 20-something co-founders into instant multi-millionaires.

The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organise the world's information and make it universally accessible and useful," said Eric Schmidt, Google chief executive. "Our companies share similar values; we both always put our users first and are committed to innovating to improve their experience. Together, we are natural partners to offer a compelling media entertainment service to users, content owners and advertisers."

Google said the start-up would retain separate offices and all its 67 employees.

In spite of YouTube's popularity there have been questions about the sustainability of the company in light of the large amount of illegally copied material viewed on the site and limited advertising revenues to date.

However, YouTube has struck deals with big US media companies to legitimately distribute their video content – three were announced on Monday – reducing the threat of copyright lawsuits.

Chad Hurley, YouTube chief executive, said the acquisition would allow the company to "sharpen our focus" in working with content providers to overcome the copyright issue.

In addition, Google's technical expertise and clout with advertisers could turn YouTube into a highly profitable venture, especially as advertisers increasingly look to target the young audience which is spending less time watching television and more time watching videos on sites such as YouTube.

"Large advertisers are looking to spend more money with Google," said Ben Schachter, analyst at UBS. "Video is a major focus, and YouTube increases [Google's] inventory."

The deal is one of Google's biggest acquisitions in its eight-year history. It marks a tacit admission by Google that the search group's own video site has failed to gain the same traction among its audience as YouTube.

"When we looked at the marketplace, there was a clear winner in [the] networking and social networking side of video," said Mr Schmidt.

The deal follows the acquisition last year by Rupert Murdoch's News Corp of MySpace.com, the social networking site, for $580m in cash, at the time considered a hefty price for a media start-up but now widely regarded as having been a good investment in order to tap the online youth audience.

Facebook, another social networking site which has also grown hugely in terms of its online audience, has also had talks with media and internet companies about a possible acquisition.

YouTube signed deals on Monday to offer music videos from Vivendi's Universal Music Group and Sony BMG Music Entertainment, as well as television content from CBS, sharing any related advertising revenue.

YouTube has had acquisition talks with a number of media companies. A deal would make Mr Hurley and Steve Chen, its other co-founder, multi-millionaires.

Google, YouTube To Join Web Forces (WT)

By Kara Rowland

The Washington Times, October 10, 2006

Internet search behemoth Google Inc. said yesterday it would buy online video leader YouTube Inc. for $1.65 billion, vaulting the Mountain View, Calif., company to the forefront of the online video craze.

The much-anticipated deal, announced after the markets closed, confirmed press reports last week that Google, jockeying for a bigger slice of the online video business, was set on buying the 19-month-old YouTube.

"This is the next step in the evolution of the Internet," Eric Schmidt, chief executive officer of Google, told analysts and reporters on a conference call yesterday.

Mr. Schmidt and YouTube executives touted the potential of Google's search technology and advertising model combined with the loyal online community of YouTube, which receives 100 million video views per day.

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"Right now, we're in the middle of a shift in digital media entertainment," said Chad Hurley, chief executive officer and co-founder of YouTube. "Users are now in control of what they watch and when they want to watch it. They decide what rises to the top. By joining forces with Google, we'll be able to sharpen our focus on that vision."

Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter. Under the transaction, YouTube will retain its brand and continue to operate independently, officials said on the call.

In terms of market share, YouTube is the clear leader over Google's competing service: Last month, the video service posted a share of visits four times greater than Google Video, according to Hitwise, a New York Internet market research firm. YouTube ranked first in online video services with a share of 45.97 percent, ahead of MySpace Videos at 21.17 percent. Google Video came in third at 11.01 percent.

"This is an extremely volatile space when you consider the fact that YouTube didn't even exist a year ago in terms of having a launched service," said Bill Tancer, general manager of global research at Hitwise.

Mr. Schmidt stressed that Google Video will continue to exist, noting that it will become "even more integrated with Google overall."

Mr. Hurley, who in previous reports had said YouTube was not for sale, said the Google deal was the right fit.

"Those comments were made because we wanted to remain independent and continue on our mission to build great products for users," he said. "By working with Google, that's still the case."

YouTube, which just 20 months ago was running on credit-card debt, will keep its headquarters in San Bruno, Calif. All 67 employees will remain with the company.

Executives said it is too early to tell how the integration will take place and how user experiences might change.

"There's no shortage of projects in the weeks ahead," said Steve Chen, co-founder of YouTube.

Both companies stressed their dedication to protecting copyrights in response to analysts' concerns over potential lawsuits that could result as users incorporate copyrighted content into their creations.

By next month, YouTube plans to roll out new audio fingerprinting and search mechanisms to identify and protect copyrighted content, Mr. Chen said.

Dmitry Shapiro, chief executive officer and founder of Veoh Networks Inc. in La Jolla, Calif., said the Google-YouTube deal paves the way for thousands of similar peer-to-peer video-sharing sites.

YouTube "is much more than another Web site that shares video; what we're all trying to do is reinvent television broadcasting," said Mr. Shapiro, calling his company, which focuses on delivering longer, TV-grade content to viewers, "the next thing after YouTube."

"I think that traditional media companies very much understand that the world is changing right in front of their eyes and that they need to jump in and make some decisions and play or be disenfranchised."

The acquisition comes on the heels of announcements yesterday morning that both Google and YouTube are teaming up with major music labels to distribute music videos online and share in the advertising revenue.

Google inked deals with Warner Music Group Corp. and Sony BMG Music Entertainment, while YouTube teamed up with Universal Music Group, as well as Sony BMG.

YouTube also announced a partnership with CBS Corp. to air clips from popular shows such as "Survivor," "CSI" and "Late Show With David Letterman."

The companies described the new media partnerships as mutually beneficial to content producers, who can compensate artists and better enforce copyright protections, and video service providers, who can use the additional content to attract more viewers.

Users will be able to access streaming content and incorporate it into their own videos. In addition, Google Video will make Warner Music Group's content available for purchase at $1.99 per download.

Google Looks To Boost Ads With YouTube (WSJ)

By Kevin J. Delaney

The Wall Street Journal, October 10, 2006

With its $1.65 billion agreement to acquire YouTube Inc., Google Inc. may be able to broaden its online-advertising business and boost its video offerings to meet the rapidly changing viewing habits of consumers.

The all-stock purchase announced yesterday of closely held YouTube, a 19-month-old, San Bruno, Calif., startup with 67 employees, highlights users' growing consumption of video online and the booming sales of Web advertising. The hefty price tag also reflects the interest of other media and technology companies in acquiring YouTube as a way to jump-start their online-video efforts.

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The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts. YouTube has said that consumers view videos through its service, ranging from homemade videos to movie clips, more than 100 million times daily.

"This is going to allow us to continue to develop features for our community and our partners, allow us to sharpen our focus," said YouTube Chief Executive Chad Hurley in an interview. "We'll be able to leverage the technology and resources of Google to supercharge our efforts in those areas."

The acquisition could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online. The Web-search company places ads, often targeted by specific keywords such as "Chicago hotel," on its own and partner sites using an automated online system and has said it intends to also broker ads in radio, print media and television.

"We believe the combination of Google and YouTube will create this very new and interesting global media platform for users, content providers and advertisers all around the world," said Google CEO Eric Schmidt during a conference call announcing the deal.

The sale is a huge windfall for YouTube, which Mr. Hurley, 29, founded in Feb. 2005 in his garage along with chief technology officer Steve Chen, 28, and another former colleague from eBay Inc.'s PayPal electronic-payment unit. Mr. Hurley had said in a June interview that an initial public offering in the future was a possibility. But the offer from Google was attractive enough to lead YouTube to abandon that interest.

Some analysts raised questions about YouTube's price tag. Critics said Google could be exposing itself to liability for copyright violations, since videos posted by users without permission of content owners are available through YouTube's site. The start-up already faces one lawsuit related to this issue. YouTube has been racing to sign deals with media and entertainment companies to license their content and head off any additional litigation, generally agreeing to share online ad revenue with the content owners. "The YouTube commitment to enforcing copyrights is very consistent with Google's," said David Drummond, Google's senior vice president of corporate development. Mr. Drummond said the two companies remove any infringing content when notified by a copyright holder.

In a prelude to the acquisition announcement, YouTube early Monday announced agreements with Vivendi SA's Universal Music Group and Sony Corp. and Bertelsmann AG joint venture Sony BMG to make their music videos available through YouTube and to allow consumers to use music from the two companies as soundtracks for their own videos on YouTube. The video site also signed a content and ad-revenue-sharing agreement with CBS Corp. related to video from CBS Television Network, Showtime Networks Inc. and CSTV Networks Inc. Google separately announced agreements with Warner Music Group Corp. and Sony BMG to make music videos and other content available for free through its video service and on partner sites.

YouTube's deal with Universal Music is particularly significant since Universal Music Chief Executive Doug Morris told investors last month that YouTube violates copyright laws by allowing users to post music videos and other content. Universal Music has considered taking legal action against YouTube over that issue, say people familiar with the matter.

Yahoo Inc., News Corp. and Microsoft Corp. were among the other companies that expressed interest in acquiring YouTube, say people familiar with the matter. YouTube had earlier passed on a lower offer from Google and held acquisition discussions with Yahoo, which tendered an offer in recent weeks, say people familiar with the matter. Yahoo's offer, valid for 24-hours, expired amid its concerns about copyright- and revenue-related issues though talks continued after the expiration, one of the people says.

A Microsoft spokeswoman said the company "evaluated acquiring this type of technology several months ago" but decided to build its own service, a test version of which opened recently.

Meanwhile, Google significantly increased its offer and deal talks between the two gathered intensity late Tuesday, when Google's Mr. Drummond and YouTube Chief Financial Officer Gideon Yu drafted a term sheet, a person familiar with the matter says. In parallel, the two companies worked to complete content and ad-revenue-sharing partnerships with the major music companies and CBS Corp. that were announced yesterday morning.

News Corp. sniffed around YouTube as recently as last week, but never made a firm offer because the start-up said it was not for sale, say people familiar with the matter. On Friday, when the news of the Google negotiations surfaced, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, according to the familiar people. YouTube didn't respond, these people said. Behind the scenes, Google's deal to purchase YouTube is threatening to create a rift between Google and News Corp., which jointly made headlines in August with an ad-brokering deal under which Google guaranteed revenue of $900 million over three and a half years to News Corp. for its MySpace social-networking service and other sites.

Over the weekend, News Corp. executives expressed their displeasure with the deal to Google and threatened to remove any links to YouTube videos placed by users on their MySpace blog pages, according to a person close to the situation. Google's Mr. Schmidt and Advertising Sales Vice President Tim Armstrong are scheduled to meet this week in Los Angeles with News Corp. Chairman Rupert Murdoch, President Peter Chernin and Ross Levinsohn, head of its Fox Interactive Media online unit, to discuss the matter.

News Corp. earlier this year held discussions with NBC Universal and Viacom about jointly building a YouTube rival, according to people familiar with the situation. The three media companies discussed putting their television videos on a new site, but ultimately the talks foundered, these people say. This month, News Corp. announced it would put video clips from its Fox television shows up on MySpace.

YouTube's sale could represent a significant financial gain for venture capital firm Sequoia Capital, which has provided funding to the start-up. Sequoia holds roughly 30% of YouTube, says a person familiar with the matter. Under the sale agreement, YouTube will retain some independence, keeping its brand, offices and management. Google will also continue to operate its separate Google Video service.

Google Cues Up With YouTube (USAT)

By Jefferson Graham

USA Today, October 10, 2006

Internet search giant Google on Monday snapped up red-hot video-sharing website YouTube for $1.65 billion in an all-stock deal.

Video "is the next step in the evolution of the Internet," Google CEO Eric Schmidt told news reporters in a conference call.

YouTube, which launched in 2005, has grown overnight into the Internet's most popular place to watch videos, showing 100 million daily. Yet, along the way it became a hotbed for copyright infringement, with many contributors posting videos of TV shows or using copyrighted songs in homegrown productions.

YouTube, in clearing the way for a deal, announced an alliance with record label Universal Music — one of the site's harshest critics — that called for a filtering system that would automatically weed out videos with its songs.

By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders.

Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios.

Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results.

The addition of YouTube videos brings "a humongous amount of content that will be searchable" on Google, says John Battelle, who runs the Searchblog website. That makes Google that much more valuable, he says, because it can profit with more advertising from YouTube videos.

Google reported $6.1 billion in revenue last year, virtually all from little text-based ads that appear near search results. It's been on a tear this year, trying to expand into video advertising and creating recent alliances with MTV Networks and MySpace.

Now, says Scott Kessler, an analyst at research firm Standard & Poor's, Google is "far and away the leader in video advertising."

Investors applauded Google's deal. Shares in the company rose $2.75 in after-hours trading after closing at $429, up $8.50 a share, in regular trading.

In less than a year, YouTube in San Bruno, Calif., quickly became a social phenomenon as a way for users to easily share — and discuss — homegrown videos. It has seen a 2,500% increase in its audience base, according to measurement firm ComScore Media Metrix.

The site had 72 million visitors in August, up from just 2.8 million visitors a year before. It's now the Internet's 14th-most-visited site. Google is No. 3 after Yahoo and MSN.

Google-YouTube Deal Joins Net Search And Video Forces (USAT)

By Kevin Maney

USA Today, October 10, 2006

A landmark in the future of media happened over a meal at Denny's.

Last week, as multiple offers swirled around YouTube, Google co-founder Larry Page and CEO Eric Schmidt met YouTube founders Chad Hurley and Steve Chen at a Silicon Valley Denny's.

"We discussed the possibilities and the excitement we both shared" for video on the Internet, Hurley says. "They have the resources to help us accelerate that."

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Google is buying YouTube for $1.65 billion, the companies said Monday. The biggest force in search and Internet advertising is soaking up the biggest force in online video. But the combination means more than that.

The deal is part of a vision consistent across the technology and media landscape. It's the same vision that brought together YouTube and Google. Mass media — the grand media trend of the 20th century — is becoming personal media.

The Internet is making it possible for people to find and consume any song, TV program, video or movie anytime they want. That's because video content, from instructions on how to groom a poodle to clips from CBS' 60 Minutes, is increasingly available on the Net.

At the same time, cheap technology like video cameras and editing software is allowing just about anyone to create video content, adding ever more personal and esoteric media to the mix of offerings.

If you listen to YouTube's founders or Google's leaders, you can hear what that's going to be like. Search Google for "plumbing toilet flusher" and you'll probably find a how-to video on YouTube. "For queries like that, a lot of times video is the best result," Google's Page says.

Planning a vacation to Osaka, Japan? Search and find all the home videos taken by tourists and posted on the Web. Music videos, news and movie trailers will all be there. A few hours before Google said it will buy YouTube, YouTube announced deals to legally put music videos from Universal and Sony BMG on its site, and news and sports from CBS.

"This is the next step in the evolution of the Internet," Google CEO Schmidt says. On Monday, he kept noting that YouTube founders Chen and Hurley remind him of Google's founders in Google's early days — a couple of guys with a plan to alter the universe.

All of this helps explain an explosion in Internet video. Venture capital investments in video-sharing sites are on track to set a record this year. VCs pumped $156 million into such start-ups during the first half of this year vs. $267 million all of last year, says Dow Jones VentureOne.

Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo.

Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away. "Google video doesn't go away ever — I want to make that clear," Schmidt says. Meanwhile, Yahoo and AOL are aggressively moving into video. So is News Corp.-owned MySpace.

Advertisers in just the past six months have come to love Internet video and are increasingly pushing ad dollars that way.

"You've got more video being viewed on YouTube than you do on some cable channels," says Ian Schafer, CEO of Deep Focus, a marketing firm that represents studios such as The Weinstein Co. He says that the marriage of Google and YouTube could form "another video network that in many ways eclipses the eyeballs of some mass media."

"We are seeing the number of terabytes of video delivered doubling every three months," says Alan Ramadan, a top executive at Macromedia, which makes the Flash player that shows video on both Google and YouTube. "I haven't seen this kind of demand before, and it's something that we all felt the Web could become one day — a distribution platform for rich content and experiences."

At the center of the whirlwind stands YouTube, which actually moved its headquarters over the weekend from San Mateo to San Bruno in California's Silicon Valley — while the founders negotiated the Google deal. "It was a busy weekend," Chen says with a laugh.

The company launched in the summer of 2005, and by March 2006 was the star at high-level tech conference PC Forum. In January of this year, YouTube had 9.5 million unique visitors, according to ComScore. In August, that had grown to 72 million. To those users, YouTube is streaming more than 100 million videos a day. Yes, a day.

"This was a company that was moving very, very quickly," says Mark Heesen, president of the National Venture Capital Association trade group. He compares YouTube's trajectory to Skype, the Internet phone company started in August 2003 and sold to eBay last year for $2.5 billion in cash and stock.

In the past few months, it seems that everyone in technology realized the power of the video trend on the Net and saw the movement toward personal media. That's when the suitors came calling.

"A lot of parties expressed interest," Hurley says. Though he won't name them, Yahoo and News Corp. were among names that surfaced as suitors. "We wanted to remain independent, but as discussions progressed with Google, we saw an opportunity to remain independent and continue our vision, but with a lot more resources and experience behind us."

Google did, in fact, promise to leave YouTube alone — it will keep all its employees, separate headquarters, its own brand.

"I've been pretty giddy over this," Chen says. But he admits that he's not yet sure what, exactly, will change about the way YouTube or Google handles video. Right now, for instance, a search on Google Video will not find a video that's on YouTube. That will change.

"It all happened so quickly, the exact details of integrating the products are still up in the air," Chen says. "We're forming integration teams right now."

For Google, the deal means it now owns the top brand in Internet video and a backup plan for its own push into video. Google Video has failed to catch fire.

Some critics say Google just bought itself a boatload of potential lawsuits. A good deal of video on YouTube is snatched off TV programs and movies by individuals and posted there — and that could be infringing on copyrights. But Google and YouTube both waved that off on Monday, pointing to the day's deals with CBS and record labels as proof that content owners would rather work with YouTube than take it to court.

"The copyright concerns are overblown," says Suranga Chandratillake, CEO of BlinkX, a video search engine that competes with Google Video. "Content owners are more interested in doing business than ever" for Internet video.

They see how powerful this new personal media can be. The rock band OK Go recently proved that. It made a simple video with a handheld video camera of its four members dancing on treadmills and posted the video on YouTube. In four weeks, the video was viewed more than 3.5 million times. As a result, OK Go's album saw a 182% jump on Billboard's Digital Album chart and shipped another 50,000 CDs.

"This is a paradigm smasher of the first order," says OK Go manager Jamie Lincoln Kitman.

In the grand scheme of things, the $1.65 billion Google is paying for YouTube doesn't rank high among the largest U.S. buyouts so far this year, tracker Dealogic says. The biggest was a deal in March by AT&T to buy BellSouth, valued at $67 billion at the time. Alcatel agreed to pay $13.4 billion for Lucent in April.

But when it comes to shaping the future, a couple billion dollars negotiated under Denny's fluorescent lights might be the winner.

Google Buys Video-Sharing Site YouTube (LAT)

By Jesus Sanchez

The Los Angeles Times, October 10, 2006

Google Inc. today agreed to purchase YouTube Inc. for $1.65 billion in stock in a deal that will combine the Internet's largest search engine and its most popular site to watch video.

The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day

"By joining forces with Google, we can benefit from its global reach and technology leadership to deliver a more comprehensive entertainment experience for our users and to create new opportunities for our partners," said YouTube Chief Executive Officer and co-founder Chad Hurley in a statement.

Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organize the world's information and make it universally accessible and useful," said Eric Schmidt, chief executive officer of Google, in a statement.

In addition to attracting hoards of viewers, YouTube has also drawn threats of lawsuits from music labels and TV studios for not adequately blocking copyrighted works. Meanwhile, the 60-person start-up is struggling to make enough money to offset its bandwidth costs.

The deal marks the first time Google, which prefers to fill in its product line with small acquisitions, has bought a technology company that makes a competing — and more successful — product.

It also would be a major acknowledgment by Google that its own video service, launched in January, failed to keep pace with the San Mateo, Calif.-based upstart, founded by Hurley and Steve Chen.

YouTube received 46% of all visits to online video websites in September, compared with 11% for Google, according to Hitwise, a market research firm.

Observers said Google could give YouTube the advertising connections, technology team and legitimacy it needed to dominate the video-sharing business in much the same way that social-networking site MySpace blossomed into an Internet heavyweight since it joined News Corp. last year.

YouTube is experimenting with ways to make money, including charging advertisers to feature videos on its home page, and to create branded channels for the content.

Also, Warner Music Group Inc. agreed to license its entire catalog of music and videos to YouTube in exchange for a cut of any revenue from advertising or sponsorships sold around its music.

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Google Gambles On Web Video (WP)

By Sara Kehaulani Goo

The Washington Post, October 10, 2006

Google said yesterday that it will acquire Internet video phenomenon YouTube for $1.65 billion in stock, a deal that leaves the search giant betting on the future of online video as well as tackling some of the risks that come with managing a site built by a homegrown audience.

The deal, which Google called "the next step in the evolution of the Internet," is reminiscent of the late 1990s, when Web companies judged their success by the buzz they created more than by immediate profits. This time, YouTube, an as-yet-unprofitable Silicon Valley start-up with two founders in their twenties, grew a huge audience at a pace outdone only by MySpace.com.

In less than a year, YouTube attracted more than 72 million unique monthly visitors by allowing users to share short homemade video clips. Through word of mouth, the site became an instant Internet phenomenon, providing a huge library of entertaining videos and giving a voice to budding Internet stars every week.

"There's a new class of sites that have really developed very quickly, are very successful and very attractive to users and are obviously delivering value," Sergey Brin, a Google co-founder, said in a conference call. "It's kind of a next generation of Internet sites and companies. . . . It's a whole new ecosystem, and we're excited to be a part of it."

Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as "South Park," "The Daily Show with Jon Stewart" and "Laguna Beach" can be found on the site.

Also a factor is the fickleness of YouTube's online audience, which could migrate elsewhere or become turned off by the large amount of corporate advertising making its way onto the site. A year after online star MySpace.com, a social networking site, was acquired by News Corp. for $580 million, the core audience has shifted from teenagers to people in their thirties.

"The game back in the 1990s to 2001 was to attract as many eyeballs as possible. That hasn't changed," said Tim Bajarin, a longtime technology consultant and futurist with Creative Strategies. "The big difference today is the social network. One of the most powerful methods for spreading information is word of mouth, and the incredible explosion of that use, from spreading information and inviting people, especially within this young age group, is one huge difference."

Several analysts said they were surprised by the nature and price of YouTube's sale, which equates to about $22 per visitor, according to senior analyst Brian Haven of Forrester Research. That's a substantial jump from the roughly $10 per visitor in the MySpace acquisition. College-oriented networking site Facebook, which has about 14.7 million visitors monthly, has been said to be in acquisition talks with Yahoo for $1 billion -- about $67 per visitor.

Haven judged the YouTube price to be "a little high," but said "online video is really exploding. There's a lot of profit for it in the future."

Some analysts had cautioned Google not to purchase YouTube out of concern that online audiences could shift if they didn't like how a site was evolving. Earlier this year, several thousand members of social networking site Tribe.net left to start another site in protest of new restrictions put in place by new management.

"We would be cautions about [Google] paying up to buy a hot video site like Youtube.com because hot sites may fetch bubble-like valuations, and what is a fad today may be forgotten by next year," wrote Guzman & Co. analyst Phil Remek in a research note earlier this year.

After MySpace was acquired by News Corp., the Web site attracted more media companies, music labels and movie studios, which built their own pages as members of the group. But that gave the site a more corporate feel. Before the acquisition, teenagers made up 25 percent of the membership. Today, only 12 percent of the site's members are teens, according to ComScore Networks Inc.

Today, people over age 35 dominate, making up 40 percent of the membership. Overall, MySpace has gained 34 million members in the past year, according to ComScore.

MySpace "got a lot more people in the older age bracket, but not at the expense of losing people in the younger bracket. The buying power of the older people probably exceeds the younger people, so for advertisers, it's a positive," said Gian Fulgoni, chairman of ComScore. "It might turn out that News Corp. got a heck of a deal."

Google said it planned to keep YouTube separate from its own video site, though it would leverage Google search and other technology to enhance YouTube. Google declined to answer questions about how quickly it expected to earn profit from YouTube.

YouTube has received $11.5 million in venture funding from Sequoia Capital and is estimated to be spending at least $2 million monthly to operate the content-rich site. Sequoia owns roughly 30 percent of YouTube, according to the Associated

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Press. Google also will inherit a copyright-infringement lawsuit filed against YouTube by a journalist who operates the Los Angeles News Service. YouTube has been able to prevent more lawsuits by negotiating with media companies to provide their content on the site in revenue-sharing deals. So far, the site has announced deals with NBC Universal and Warner Music Group. Yesterday, deals were announced with Sony BMG, CBS and Universal Music Group.

Greg Kostello, a former executive at Mp3.com, which was sued for copyright infringement over its music content years ago, said YouTube has not been hit by more lawsuits because it has had few assets. "If you sue them [before they are acquired], you're not going to get much," Kostello said.

YouTube said yesterday that it is developing a technology that will scan keywords and audio in the uploaded clips for potential copyright infringements. YouTube and Google left open the possibility that the site could become more commercial. YouTube chief executive Chad Hurley said he planned to introduce new advertising platforms and ways to integrate search and advertising technologies into the video clips. But he was noncommittal when asked if he would allow "pre-roll" advertisements to run before certain videos begin playing, a move counter to YouTube's current policy.

"We're going to be exploring a lot of options," he said. Google's advertising technologies "present a good experience that benefits our users' experience and helps partners monetize their content."

But it could also upset members, who react when they feel that the site is heading in the wrong direction, such as what happened when rapper and hip-hop mogul Sean "P. Diddy" Combs was featured in a video.

Shortly after, member Lisa Donovan created her own video that mimicked the rap star's video clip.

"YouTube is very much a community. There's a community voice, and there's a group of people very protective of their space. They were turned off by P. Diddy. It was so apparent they were just being advertised to," Donovan said. "That's what you expect on TV."

Like it or not, though, this sort of site is attractive to larger companies.

For Google, the YouTube acquisition boosts its traction in the online video space, where it hasn't had much success. Google's own video site has consistently lagged behind YouTube. With more than 100 million videos being viewed on YouTube daily, it attracts about four times more traffic than Google Video, according to Hitwise.

Google To Acquire YouTube For $1.65 Billion (NYT)

By ANDREW ROSS SORKIN And JEREMY W. PETERS

The New York Times, October 9, 2006

Google announced this afternoon that it would buy YouTube, the popular video-sharing Web site, for stock that it valued at $1.65 billion.

Google beat out a number of other YouTube suitors, including Microsoft, Viacom, Yahoo and the News Corporation. By successfully negotiating the deal, Google has once again proved that it is the Internet's dominant player.

Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View.

Chad Hurley, YouTube's co-founder and chief executive, has repeatedly said he would prefer for his company to remain independent. Asked about such comments in a conference call with Wall Street analysts and investors held late this afternoon, Mr. Hurley said his company did want to stay independent, adding that "by working with Google, that's still the case."

Steve Chen, also a YouTube co-founder, said, "It is hard for me to imagine a better fit for two companies," both in terms of technology and company culture.

The rise of YouTube has been meteoric. The Internet start-up has been in operation for less than a year, yet it already has an estimated 50 million users worldwide.

The acquisition of the privately held YouTube will enable Google to thrive in one area of the Internet where it has so far failed to gain footing. According to Hitwise, which monitors Web traffic, has the lion's share of online video traffic. YouTube has a 46 percent share, MySpace has 23 percent and Google Video has 10 percent.

The deal will also greatly benefit YouTube, which would have Google's vast resources to help it navigate some sticky legal issues. Copyrighted videos often find their way onto YouTube's pages despite efforts by the site to prevent it. YouTube could also benefit from a Google alliance as it tries to develop new software to prevent copyright infringement.

These copyright issues have led some in the technology industry to compare YouTube to Napster, the song file-sharing service that eventually had to shut down after a protracted legal fight with the recording industry.

Earlier today, YouTube signed three separate deals that should provide some legal protection from copyright infringement claims. One of the deals will allow YouTube to broadcast CBS programming. In addition, YouTube reached agreements with the Universal Music Group and Sony BMG Music Entertainment that will allow it to broadcast music videos.

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YouTube, Google and Napster all share one common thread: a bootstraps success story of young technology buffs who started with nothing. Mr. Hurley and Mr. Chen started YouTube after the two struggled to share videos of a dinner party in January 2005. Still in their 20's and working from a garage, the two secured $3.5 million in capital from Sequoia Capital, the same firm that helped finance Google when it was still a fledgling company, as well as other Silicon Valley stars like Apple, Cisco, Oracle and Yahoo.

The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company.

Sequoia's stake in YouTube has been estimated at approximately 30 percent, which means it would be worth about $495 million based on the acquisition price.

Experts say Sequoia's go-it-alone investment in YouTube represents the kind of aggressive move for which Sequoia is known. A more typical, and safer, approach would have been to bring in other investors, especially for an early stage investment in a company at risk of becoming the target of costly lawsuits.

"They had an absurdly high level of confidence with what they were doing," said Paul Kedrosky, a venture capitalist and author of the blog Infectious Greed.

The fact that a Sequoia partner, Michael Moritz, sits on the board of Google, while his colleague, Roelof Botha, led the investment in YouTube, could have given Google more insights, and therefore, more confidence, into the legal risks associated with YouTube, Mr. Kedrosky said.

Google has experienced explosive growth in recent years, and in the past two years the value of its stock has more than quadrupled. Today, Google's shares gained $8.50, or 2 percent, to close at $429 following news reports about a deal with YouTube. The deal was announced after the stock market closed.

Google's most recent earnings report showed that the company's second-quarter profits more than doubled from a year earlier. Its employee base has grown by about a fifth during the first half of the year.<NYT_AUTHOR_ID>

Miguel Helft and Peter Edmonston contributed reporting for this story.</NYT_AUTHOR_ID> </NYT_TEXT>

Ready For Its Close-Up (NYT)

The New York Times, October 10, 2006

Even by the standards of the online world, YouTube has been something of an overnight sensation, spreading like a gale-driven wildfire almost from the moment it officially debuted last December. The Web site cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution.

That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion.

While it may be one of the most popular sites on the Internet, YouTube is not without detractors. The company has yet to turn a profit and could face significant legal challenges. It has often been likened to Napster, which was shut down by a federal court ruling in 2001 as an illegal file-swapping service.

But comparisons to the early days of music piracy are off the mark. Much of what is on the site is user-generated material, posted by pranksters and budding auteurs, politicians and video diarists seeking attention rather than money. YouTube has been working with professional content providers from the very beginning, however fitfully it may appear at times. In the site's first few months, publicity-seeking corporate marketing teams would post clips that were sometimes followed by cease-and-desist letters about the very same content from those companies' legal departments.

The 10th-most-viewed video in the site's history is "Ronaldinho: Touch of Gold," a Nike commercial featuring fancy footwork by the Brazilian soccer star. Consumers have watched it on YouTube more than seven million times. Many companies see potential and are lining up to work with the site, rather than begging a court to shut it down. Yesterday, YouTube announced deals with CBS, Sony BMG Music Entertainment and Universal Music Group.

For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in.

Private-Equity Firms Face Anticompetitive Probe (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 10, 2006

U.S.'s Informal Inquiries Have Gone to Major Players Such as KKR, Silver Lake

The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter.

In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms.

These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003.

The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior.

It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment.

The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc.

For private-equity players, their daily battlefield is one of both fervent competition and cooperation-by-necessity.

At times the firms are avidly jostling with one another to gain an advantage in an auction. At other moments they are cooperating in "club" deals in which they combine their capital and know-how to pursue a given target.

A set of polite rules has largely applied to this dynamic. For instance, once a private-equity firm signs a definitive merger agreement with a target, competing buyout groups have shied from "jumping" the transaction with a competing bid.

The formation of the "clubs" -- which have drawn as many as seven members into one bidding team -- may at least theoretically depress prices because they limit the number of competing players in an auction.

Indeed, often these competitive auctions can have surprise endings as bidders who submitted a losing offer later join the winning group.

But the heads of private-equity firms say that such dynamics aren't evidence of collusion so much as the desire to share the risks with people who have already studied the business.

And at the heart of any inquiry into anticompetitive behavior is the nature of information -- how it is used, shared, and traded among a group of players.

If competing bidders were sharing information about their bids, for instance, or agreeing that the losers would later be invited to join in the winning group, that might represent suspect behavior, as it would artificially suppress prices that companies would fetch at auction.

"The issue of anticompetitiveness is a live one. It is easy to wonder about whether auctions can be collusive," says Josh Lerner, a professor at Harvard Business School who focuses on the private-equity firms. "So much is a repeat game. There are bitter confrontations but then they do deals with each other again and that softens things."

It is nonetheless difficult to define what exactly collusive behavior means, let alone prove it in a world where a dozen top firms constantly are battling with one another.

Executives at private-equity firms say it is hard to imagine that there would be something as overt as an exchange of promises not to compete on respective deals. At the same time though, many are aware that one of the reasons the fabled KKR deal for RJR Nabisco wasn't so lucrative in the end was that undisciplined bidding drove up the price and say that they have absorbed the lesson, which is to exercise restraint in the bidding process.

"The buyout business has always been competitive," said Steve Pagliuca, a senior executive at Bain Capital, at a recent conference. "It is just that now it isn't one on one but team versus teams."

If anything, private-equity executives say, the implicit gentleman's code is coming under pressure as firms jockey to lead the next big transaction. Such was the case for Freescale Semiconductor Inc., which signed a $17.7 billion deal with KKR, Silver Lake and Bain Capital. A rival group from Blackstone was close to mounting its own offer but ultimately backed away.

Is that a sign of anticompetitive behavior? Most private-equity executives would say not. "It has been civil and I expect it to remain so." said David Rubenstein, co-founder of Carlyle Group in a recent speech.

-- John R. Wilke contributed to this article.

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Two Quit BA Amid Price-fixing Probe (FT)

DOJ_NMG_0077041

By Kevin Done, Aerospace Correspondent

Financial Times, October 10, 2006

Martin George, commercial director of British Airways, resigned on Monday after admitting that "inappropriate conversations" had taken place in his department over the setting of fuel surcharges on long-haul air fares.

Iain Burns, BA head of communications, has also resigned.

Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK.

Mr George was a member of the BA board and was a candidate last year for the post of BA chief executive, a contest won by Willie Walsh, to replace Sir Rod Eddington.

BA premises were raided by the Office of Fair Trading in early June.

In a letter of resignation to Martin Broughton, BA chairman, Mr George said, "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA has not found, that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director."

Mr George said "I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations.

In June it emerged that Virgin Atlantic, the UK long-haul airline controlled by Sir Richard Branson, had helped the OFT with information about its rival BA, which helped to trigger the investigation of alleged price fixing by some long-haul airlines operating to and from the UK.

BA has a history of stormy relations with Virgin Atlantic. It is understood that Virgin Atlantic passed information to the OFT about an approach made by a BA executive last year about a possible raising of the fuel surcharge.

BA said on Monday that it had emerged from work done by the airline in response to requests for information made by the regulators that "contacts took place with a competitor in respect of long-haul passenger fuel surcharges in breach of the company's compliance policy."

The airline said that it was continuing to assist the regulators in their investigations.

BA shares were 2 per cent lower at 429½ p in lunchtime trading.

The BA case is the first test that has become publicly known of the OFT's new powers, acquired under the 2002 Enterprise Act, to investigate criminal cartels.

The OFT has civil law powers to impose fines of up to 10 per cent of worldwide sales on companies guilty of price-fixing. Individuals found guilty of criminal cartel charges could face five years in prison or unlimited fines.

The BA surcharges, which have risen in steps to £35 per sector or flight leg on long-haul services (£70 for a return trip), were introduced two years ago in response to the rapid rise in oil prices. Many other airlines made similar moves.

According to legal sources in Washington the June inspection of BA's premises was triggered by documents and testimony uncovered during the separate ongoing global investigation into alleged price-fixing in the air cargo sector, which was launched in February.

The joint action on cargo started by the US Department of Justice and the European Commission against a number of airlines in Asia, Europe and the US has led to multiple class-action lawsuits from US and European freight companies and customers.

Lufthansa, the German national carrier, which triggered the cargo probe by agreeing to co-operate with the DoJ at the end of last year, agreed in September to pay $85m to settle an array of class-action suits pending in the US.

The German flag carrier has also sought leniency from cartel authorities in Europe, the US and elsewhere, and said last month it had received conditional immunity.

British Airways Commercial Director Quits Amid Probe (Update2) (BLOOM)

By Kamil Tchorek And Richard Blackden

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy.

George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned.

``Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges," George said in the statement. ``Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities."

British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers.

Shares of British Airways fell as much as 8.75 pence, or 2 percent, to 429.5 pence and were 1.9 percent down at 430 pence at 9:41 a.m. in London.

The investigation by the U.K. Office of Fair Trading is ``ongoing" said John Marciano, a spokesman for the U.K. agency. He declined to comment further.

Robert Boyle, British Airways' director of planning, has been appointed commercial director with immediate effect, the airline said. Thomas Coops, previously the communications director at Abbey National Plc, has been appointed interim head of corporate and media relations.

BA Executives Exit Over Long-haul Fuel Surcharges Violation (LONIND)

By James Daley

London Independent (UK), October 10, 2006

Two senior British Airways executives quit yesterday after the airline revealed there had been a breach of its rules during the setting of its long-haul fuel surcharges earlier this year.

Martin George, the company's commercial director and an executive member of the board, resigned with immediate effect, conceding that "inappropriate conversations" may have taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect.

Mr George, who was paid £375,000 a year, stands to receive 12 months' pay in lieu of notice. Mr Burns is expected to receive six months' pay in lieu of his notice period.

The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector.

In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic.

Mr Burns and Mr George were sent on leave when the inquiry began in June. However, at the time, the BA chairman, Martin Broughton, said he was hopeful that he would have the pair back in their jobs, and the matter cleared up, very shortly.

In a letter to Mr Broughton yesterday, Mr George said it was with great regret he was resigning after 19 years with the company.

"I now recognise that, within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges," he wrote. "I was not involved in such conversations. Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.

"As you know, becoming a board member of British Airways has been the highlight of my career so far. I remain committed to doing what I can in the interests of the airline, to which I have dedicated my last 19 working years. I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Mr George is to be replaced with immediate effect by Robert Boyle, the airline's director of planning. Thomas Coops, a former communications director at Abbey National, will take over from Mr Burns on an interim basis. BA said its priority was to ensure it was abiding by all relevant competition rules, adding it was continuing to assist the regulators with their investigations. It admitted there had been a breach of its internal rules.

Two Top BA Executives Resign Amid Price Probe (AFP-Y)

AFP, October 10, 2006

British Airways has announced that two key executives have resigned amid a probe by British and American authorities into alleged cartel activity over fuel surcharges.

DOJ_NMG_0077043

Martin George, commercial director, and Iain Burns, head of communications, have left their positions with immediate effect, BA said in an official statement to the London Stock Exchange on Monday.

George's resignation letter cited "inappropriate conversations" within his department over fuel surcharges, but noted that the director had not been involved in the discussions.

Both men had been on leave of absence since June when Britain's Office of Fair Trading and the US Department of Justice began an investigation focused on long-haul passenger fuel surcharges.

"It is with regret that I notify you of my decision to step down as Commercial Director of British Airways," George wrote in a letter which was quoted in the BA statement.

He continued: "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as Head of Department and as a Board Director."

BA said that Robert Boyle, BA's director of planning, has been appointed George's successor.

Thomas Coops, former communications director at banking group Abbey National, has meanwhile been appointed interim head of corporate and media relations.

BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines.

The Great Plane Robbery? (BBC)

By Nishi Bolakee, BBC Money Programme

BBC.com, October 10, 2006

Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies.

BA has been subject to a dawn raid

The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices.

Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete.

Higher prices for goods

The first alleged conspiracy concerns the prices of surcharges on cargo shipments.

BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate.

The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits.

What the air cargo carriers did was raise the prices over and above what they should have been

Michael Hausfeld, class action lawyer at Cohen, Milstein, Hausfeld and Toll

Bruce Simon, of class action lawyers Cotchett, Pitre, Simon, and McCarthy, says "It is simply extraordinary, that all the prices were the same at the same time."

"And of course, one of the allegations is that the prices shouldn't be the same if the operating costs are different for the airlines, and there's no economic reason why it should be that way."

So how does this affect the consumer?

US lawyers suing for compensation reckon that shippers were forced to pay more for exporting their goods leading to higher prices for products in the shops.

Michael Hausfeld, another class action lawyer from the firm Cohen, Milstein, Hausfeld and Toll, says: "They are definitely affecting every consumer literally in most purchases they make. It all goes into the price."

"And, what the air cargo carriers did was raise the prices over and above what they should have been."

Recently, Lufthansa - the German national carrier, agreed to pay $85 million in compensation to shippers to settle with lawyers in the cargo case.

Other airlines may follow suit with similar payments and the total compensation bill could top $1 billion.

Increased cost of flying

The second official investigation involves allegations of price-fixing of surcharges on passenger flights.

BA's offices have been raided, and there is a mystery surrounding BA's old enemy Virgin Atlantic, run by renowned consumer champion Richard Branson, and its role in the affair.

Virgin has increased its chances of going scot free by playing the game smartly

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The allegations relate to passenger fuel surcharges which have risen from £5 return for long haul flights when they were introduced in May 2004, to £70 from April this year.

They were introduced to help the airlines with the rising cost of fuel.

While Virgin's offices have not been raided by official agencies, Richard Branson's company is being sued, along with BA, by class action lawyers in the US who allege that the two companies conspired to fix the price of the surcharges.

Immunity?

"I have nothing to indicate that Mr Branson, was involved or knows anything about the situation

Bruce Simon, class action lawyer at Cotchett, Pitre, Simon, and McCarthy

Virgin is said to have played for advantage in the controversy by blowing the whistle and reporting its old adversary to the UK's Office of Fair Trading.

That could mean that Virgin would qualify for immunity in official legal proceedings.

Some reports suggest Virgin did no more than report an illegal approach by BA although class action lawyers believe it went further.

Bruce Simon is doubtful that Mr Branson had any knowledge of a price fixing scheme and says: "I have nothing to indicate that Mr Branson, was involved or knows anything about the situation.

"Those matters don't have to rise to the level of the board. They don't have to rise to the level of a chief executive officer for them to be implemented."

Meanwhile, BA has suspended the number two in the company, Commercial Director Martin George, and its Director of Communications Iain Burns.

And on Monday BA announced that the two men had resigned.

Virgin is being sued along with BA for price-fixing

The surcharges have hit consumers like Chris and Carolyn Wood, frequent travellers to the US on both Virgin and BA.

Four generations of the Woods, eight people in total, flew to visit relatives in Florida in September.

Chris paid for five members of his family to take this trip. He was shocked to find just how much was added to the price of his tickets to help airlines pay for taxes, airport fees and the rising cost of fuel.

Chris says: "I'd offered to pay for my mother-in-law as a special treat. I found that in terms of just my cost, which was my two boys, my wife, my mother in law, and myself, we'd got an extra seven hundred odd pounds or so".

'Dirty Tricks'

The current row is the latest chapter in a long history of bitter conflict between the two companies.

Jeff Randall, Editor-at-Large of the Daily Telegraph and former BBC Business Editor says: "This is yet another delicious chapter in a saga that's been going on the best part of twenty years."

If airlines are found to be guilty of price fixing then the consequences could be severe.

Pat Treacy, a competition lawyer for law firm Bristows, says "The legal worst case scenario for BA - the very worst thing that could possibly happen to a company under the law, is that it would be fined 10% of its global turnover."

BA's turnover is around £8bn, so the company could be fined £800m.

The class action lawyers are seeking yet more huge sums in compensation for customers whom, they allege, have been overcharged.

The Money Programme report is shown on BBC Two at 10pm on Monday 9 Ocotber.

Sanofi-Aventis Is Said To Be The Mystery Suitor For ImClone, And Icahn's Competitor (NYT)

By Andrew Ross Sorkin And Peter Edmonston

The New York Times, October 10, 2006

The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday.

Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a "major international pharmaceutical company" last month.

The disclosure of a would-be suitor, which ImClone did not identify, became the latest point of contention in an escalating battle between Mr. Icahn and the company. Mr. Icahn said last week that ImClone was worth more than $36 a share "if it is run by competent people."

In trading yesterday, ImClone stock rose just over 1 percent, to $29.90, after Sanofi's identity was reported by DealBook, a Web log published by nytimes.com. ImClone licenses a patent for the cancer drug Erbitux from the Paris-based Sanofi-Aventis, one of the largest drug companies in the world.

DOJ_NMG_0077045

Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets. The United States accounted for 35 percent of Sanofi's net sales in 2005, according to filings with the Securities and Exchange Commission.

Some analysts have said that Sanofi may be interested in Bristol-Myers Squibb, a company that has been seen as a potential takeover target since it ousted its chief executive, Peter R. Dolan, last month. Bristol markets Plavix, a best-selling drug used to fight blood clots, in partnership with Sanofi-Aventis. In a conference call with reporters last month, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company.

In Bristol-Myers, Sanofi or another acquirer would get a significant piece of ImClone. Bristol-Myers is ImClone's largest shareholder, with 17 percent. Bristol sells Erbitux in the United States and pays ImClone a royalty on these sales.

The emergence of Sanofi's interest may also give new life to ImClone's attempts to find a buyer. Earlier this year, ImClone put itself up for sale, but after a six-month search, the company announced in August that it would remain independent.

Calls to representatives of ImClone were not returned yesterday. Calls to Sanofi-Aventis were unsuccessful.

ImClone, meanwhile, continues to do battle with Mr. Icahn, who is known for trying to shake up companies that he thinks are underperforming.

Last month, ImClone shareholders voted Mr. Icahn and two allies onto the company's board. Since then, he has filed a proposal urging shareholders to remove 6 other members of the 12-member board and add one of his nominees.

In a proxy statement, ImClone has urged shareholders to reject Mr. Icahn's proposal, arguing that "a balanced board is better positioned than one dominated by Mr. Icahn."

Volkswagen Urges Scania And MAN To Reach An Amicable Deal (WSJ)

By Jason Singer And Christoph Rauwald And Stephen Power

The Wall Street Journal, October 10, 2006

An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal.

Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. Volkswagen is the largest shareholder in Scania and last week became the largest shareholder in MAN as well.

However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion.

MAN's bid for Scania has drawn some of Europe's largest industrial companies into a bitter feud, where competing interests and rival corporate strategies have clashed. To gain an edge, Volkswagen last week made a surprise purchase of 15.06% of truck and diesel-engine maker MAN.

Mr. Pischetsrieder's conference call was the first time he has outlined his views since Volkswagen became the key shareholder in both the bidder and the target. He said his comments were made as Volkswagen's CEO and not as chairman of Scania, a position he also holds. He said he has recused himself from Scania board meetings because of his conflicting interests. Mr. Pischetsrieder refused to take questions from reporters during the call.

"We need the best solution, and at the end of the day the best solution has to be in the interests of the shareholders," Mr. Pischetsrieder said. "What kind of structure a new company or a merged company would have, I don't want to speculate on."

He declined to rule out a possible reverse bid by Scania to try to take over MAN, something that would allow Volkswagen to retain its super-voting shares in Scania. Mr. Pischetsrieder had said he would like to see the super-voting shares valued more highly than common. MAN's bid values all shares at the same level.

A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB of Sweden and DaimlerChrysler AG of Germany.

Scania's other large shareholder, Investor, said yesterday it saw some industrial logic in a tie-up between the Swedish truck maker and MAN, and it was open to all options when it comes to Scania's future. The Swedish holding company, which is controlled by the Wallenberg family, had said it would support the deal that produces the highest value for its own shareholders.

Just prior to Mr. Pischetsrieder's conference call, MAN said in a statement that it would consider withdrawing its hostile bid in favor of friendly negotiations, if certain conditions were met. Mr. Pischetsrieder welcomed the move and said he wasn't aware of what those conditions were. A MAN spokesman declined to elaborate.

PNC To Buy Mercantile In $6B Deal (USAT/BLOOM)

DOJ_NMG_0077046

By Adrian Cox And Elizabeth Hester

USA Today, October 10, 2006

PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area.

PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares.

Mercantile owns 11 community banks and a mortgage lender with 240 branches in the Mid-Atlantic region, giving PNC more companies and wealthy individuals to serve in a market where the median income is 35% higher than the U.S. average. PNC, which entered Washington last year with the purchase of Riggs National, will become the 10th-largest U.S. bank after adding Mercantile's $17 billion in assets.

PNC "paid a premium for a premium franchise," John McDonald, analyst at Banc of America Securities, wrote in a report to clients. "Mercantile has a strong franchise in an attractive and relatively faster growth footprint."

Mercantile customers have a median income of more than $69,000 a year, 18% higher than PNC's customers, the bank said in a presentation to investors. Population is expected to surge 10% in the next five years in the counties where Mercantile does business, vs. 2.1% for PNC's population base.

Mercantile is "the jewel that fits between our Washington, D.C., franchise and our Philadelphia and Delaware and New Jersey franchise," PNC CEO James Rohr said.

PNC expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings.

Mercantile rose $8.16, or 22%, to $44.94 Monday. PNC is giving Mercantile shareholders 0.4184 PNC shares and $16.45 in cash for each share they own. PNC shares fell $3.20 to $70.40.

Mercantile CEO Edward Kelly, who will be a PNC vice chairman after the deal closes, has been expanding the lender in the Mid-Atlantic region. Mercantile agreed to buy Community Bank of Northern Virginia for $212 million in January 2005 and James Monroe Bancorp for $143 million this March.

PNC had a gain of about $1.6 billion from division BlackRock's purchase of Merrill Lynch's money-management unit last month. Rohr said in February that the bank would consider using the money for acquisitions.

The area that encompasses Washington and Arlington, Va., is the eighth-most populous in the USA with 5.28 million residents, and is the third-wealthiest in the nation with a median household income of $76,248. Its population is projected to expand 10.8% from 2005 to 2010, according to U.S. Census estimates, compared with 6.3% for the nation overall.

"PNC recognized that if it was going to jump in deeper into this Washington, D.C., Northern Virginia, Maryland market, it was going to be an expensive market to get into," says Gerard Cassidy, an analyst at RBC Capital Markets. "This is a Neiman Marcus market, not a K-Mart market, and as a result, you've got to pay Neiman Marcus prices, which is what they did here."

PNC Plans To Purchase Baltimore's Mercantile (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, October 10, 2006

PNC Financial Services Group Inc. said yesterday it would buy Maryland's largest independent bank, Mercantile Bankshares Corp., in a $6 billion deal that would make PNC the second-largest such institution in the state.

The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005.

Mercantile of Baltimore is the last independent commercial bank of substantial size in either Washington or Baltimore, and it is considered one of Maryland's leading business banks. It has a robust old-line trust business and 240 branches stretching from Hagerstown to Ocean City. "This puts us in some of the most affluent suburbs in Maryland," PNC chief executive James Rohr said.

Mercantile's banks operate under 11 different names in the state, such as Mercantile Potomac Bank in the Washington area, National Bank of Fredericksburg in Spotsylvania County and Fidelity Bank in Western Maryland. All those banks will be converted into PNC branches after the deal closes by March of next year.

The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses. Rohr did say that branch closings would be minimal because there is very little overlap between PNC's existing branches here, mostly old Riggs branches concentrated in the city and close-in areas, and Mercantile's largely suburban and outer-suburban branch network. Rohr said most of the cost savings will be in back-office expenses, such as duplicative software vendor contracts.

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PNC is to pay Mercantile shareholders $2.1 billion in cash and about 52.5 million shares of PNC stock, which put the deal value at $47.24 a share, 28 percent higher than the closing price of Mercantile shares Friday. Mercantile stock rose 22 percent yesterday after the deal was announced, to close at $44.94, while PNC shares fell about 3.2 percent, to $70.40.

Friedman, Billings, Ramsey Group bank analyst Gary Townsend issued an "outperform" rating on PNC after the deal was announced, saying that while PNC was "paying a full price" for Mercantile, the long-term promise for the alliance is strong because of the growth prospects in the region. Washington in recent years has been one of the fastest-growing banking markets in the country in terms of the rate at which deposits are increasing and is central to the growth plans of most major East Coast banks that do business here.

Mercantile has long been known as one of the industry's most conservative banks, one that survived relatively untouched by the early 1990s commercial real estate crash and the subsequent decade of mega mergers when all of its main competitors went out of business or were sold to larger regional banks. Its strong base of business customers has made it one of the most consistently profitable banks because it pays less for deposits than many of its peers. Like all banks in the mid-Atlantic, it's biggest source of profit growth has been traditional small business and consumer banking as the region's economy and population boomed in the last 10 years.

"I think at the end of the day it was our retail banking franchise that most interested PNC," said Edward J. Kelly III, who has been chief executive of Mercantile since 2001 and is to become vice chairman of PNC's holding company, PNC Financial Service Group Inc., after the deal is completed in the first quarter of 2007.

Wall Street had been watching PNC closely since its $10 billion deal to sell part of its BlackRock Inc. wealth management unit to Merrill Lynch & Co. That put about $6 billion in cash on PNC's books and analysts expected PNC to go hunting for more mergers in its core banking business. Rohr said yesterday that PNC had wanted a bigger presence in the Washington-Baltimore market since the Riggs deal because the region was growing so fast.

"The BlackRock transaction gave us flexibility," Rohr said. "It's nice when plans come together."

Family Finance Investors Are Wary Of Buyout Offer For Cablevision (WSJ)

By Peter Grant

The Wall Street Journal, October 10, 2006

For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and Internet customers.

That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening.

"I'm getting tired of management and private-equity firms trying to steal companies from underneath our noses, and I think this is another example of that," says John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares. "Shareholders have been asked to sit through a fairly fallow period of time. As things are beginning to look up, a lot of our upside is being taken away from us."

On Sunday, the Dolans -- who control 22.5% of the company's shares and hold 74% of the voting power -- offered $27 a share for all shares outstanding. Some investors contend the company's assets, which include a cable division servicing the New York City region, cable networks like AMC and the New York Knicks basketball team, would be valued at as much as $40 a share if sold separately. Shares closed yesterday at $26.50, up $2.57, or 11%, in 4 p.m. composite trading on the New York Stock Exchange.

After years in the doldrums, the stocks of Cablevision and other cable companies have performed better this year, and some investors predict that the gains will continue. The sector has been held back by investors' concerns about major capital-spending needs, competition from phone companies and new technologies for delivering TV programming over the Internet.

The Dolans have argued that Cablevision would be better off as a private company, which would allow it to make investment decisions without worrying about meeting quarterly earnings expectations. The cable industry sometimes requires large investments that cannot be recouped over the short-term.

In a letter Sunday to the company's board of directors, the Dolans described their offer price as "fair." They noted that it represented an 11.3% premium above Cablevision's 52-week closing high and a 14.9% premium to their unsuccessful 2005 offer for the company's cable division. A spokesman for the Dolans declined to comment further yesterday.

In buyouts and takeovers, investors are always eager to get higher prices, and they sometimes succeed. The fate of the Dolans' offer now rests with a special committee of Cablevision's board that consists of two independent directors, Thomas V. Reifenheiser, a retired banker, and retired Vice Admiral John R. Ryan. That was the same board committee that rejected the

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Dolans' earlier buyout offer, and the family has a better sense this time of how to appease them. A Cablevision spokesman said yesterday the two directors were unavailable for comment.

Investor griping about buyouts has intensified this year after the sales of several publicly traded companies generated quick profits for buyers. Earlier this year, for example, Fairmont Hotels & Resorts Inc. was acquired for $3.3 billion by Colony Capital LLC, a Los Angeles investment firm, and Saudi Prince Alwaleed bin Talal's Kingdom Hotels International. Fairmont recently announced the sale of seven hotels, far less than half of its portfolio, to a pension fund for $1.5 billion.

In recent years, the antics of the Dolan family have drawn far more attention than Cablevision's performance. Cablevision Chairman Charles F. Dolan and his son, Chief Executive James L. Dolan, fought openly and bitterly over the fate of Voom, a satellite television unit that the senior Mr. Dolan supported but that his son helped kill. The family also tussled with New York City Mayor Michael Bloomberg over a new stadium that was proposed for Manhattan, which would have competed with Cablevision's Madison Square Garden. Recently, the company was drawn into the federal investigation of options backdating, admitting that it gave backdated options to an executive after he died.

Along the way, Bethpage, N.Y.-based Cablevision quietly has become the envy of the cable industry, in part due to the efforts of Chief Operating Officer Thomas Rutledge. He has kept the company focused on the cutting edge of phone and video technology. That has helped Cablevision to add more than 60,000 subscribers, while many rival cable operators were losing subscribers to satellite-TV competitors. The company has signed up about one million Internet-phone-service customers since November 2003, making it the cable-industry leader in grabbing market share, according to analyst Aryeh Bourkoff of UBS AG.

"My clients would like to see the company stay public with Rutledge at the helm," says Mario Gabelli, chief executive of Gabelli Asset Management, one of Cablevision's largest shareholders. If that doesn't happen, he says, he would like other companies to be able to bid against the Dolans. Time Warner Inc.'s cable division, he says, has long been interested. Time Warner declined to comment on the matter.

Some investors think the offer will be accepted by the board committee, noting that it is higher than the buyout offer made by the family in June 2005, when adjusted for the $10-per-share dividend that Cablevision paid earlier this year.

Other investors don't like what they see. The offer, they note, values the company at $19 billion, including debt. The Knicks, the cable-TV networks and additional assets other than the main cable unit are worth as much as $5 billion, they contend. That doesn't include the potential profits from a plan to redevelop Madison Square Garden, which the company is pursuing with Vornado Realty Trust.

That leaves a valuation of about $14 billion for the cable unit, they say, which is less than nine times the unit's earnings before interest, taxes, depreciation, and amortization, or Ebitda, a common metric in the cable industry. By contrast, Comcast Corp., the country's largest cable operator, is trading at more than nine times Ebitda. Many cable analysts contend that Cablevision's systems are more valuable than Comcast's because their average subscribers spend more.

Shares of Cablevision rose sharply yesterday but remained below the offer price, a sign that some investors think the buyout offer will collapse. That's what happened to the family's buyout attempt 20 months ago, after a special committee of directors found the price inadequate.

Cablevision's prospects looked bleaker in the summer of 2002. It was facing a cash crunch stemming from the debt it took on to finance cable-network upgrades, a perennial burden for the cable industry. In a presentation to investors, James Dolan outlined his plan for dealing with the financial problems that some investors criticized as rambling and unconvincing. The stock was trading below $5 a share.

To deal with its liquidity problems, the company laid off thousands of workers and sold noncore assets such as its Bravo cable network. It increased cash flow by steadily adding cable and high-speed Internet subscribers. By mid-2003, Cablevision's stock was over $20 a share.

Mr. Rutledge was one of the architects of the turnaround. He had joined the company in early 2002 after losing out in a struggle over strategy at Time Warner's cable unit, where he was president. He had extensive experience with customer service, network construction and other operational basics.

Cable operators were losing hundreds of thousands of subscribers to satellite TV companies. Mr. Rutledge pushed Cablevision to upgrade its technology. The company stopped using an advanced yet expensive set-top box manufactured by Sony Corp., opting for a more widely used device made by Scientific Atlanta Inc., now a unit of Cisco Systems Inc.

Cablevision increased spending on expensive network upgrades necessary to offer customers digital cable and high-speed Internet connections. "I found it painful personally to lay people off," says Mr. Rutledge. "But we had to manage the capital expenses for upgrades and get new businesses rolled out rapidly."

Verizon Communications Inc. targeted Cablevision's affluent New York City region for its rollout of TV and ultra-high-speed Internet. Last year, after James Dolan got mail from Verizon advertising its broadband speeds, he demanded that Cablevision match it, which it did.

Mr. Rutledge became the face of Cablevision on trade-show panels and on analyst calls, where James Dolan mostly discussed Madison Square Garden. He meets with Mr. Dolan every Monday, he says, to discuss everything from new technology to trimming trees in ways that don't anger homeowners. Together, they devised the "triple play" marketing strategy for selling phone, TV and high-speed Internet service in one package, which has been mimicked by much of the cable industry.

The Dolans had decided in the late 1990s to concentrate on the New York City market and had sold off their systems outside of it. That made it less expensive for the company to introduce new technology because just three distribution points served all its customers. The concentration on one region also made it easier to roll out phone service. Mr. Rutledge says he and the Dolans planned to do this as early as 2002, but were delayed by the wait for advances in Internet technology. The company avoided using traditional circuit-switch technology, which is more expensive.

The new phone service and the triple-play pricing plan, which costs customers $89.95 a month, caught on with customers. More than 20% of the homes reached by Cablevision's networks now take phone service from the cable operator, and most of those take TV and Internet service as well. Marketing experts say it is more difficult for rivals like Verizon to poach subscribers to Cablevision's three-service package than it is for them to steal traditional cable customers.

Mr. Rutledge also helped devise Cablevision's strategy for offering customers a service for recording live TV for later viewing. Most cable companies offered customers devices for their homes. While Cablevision does too, it's been reluctant to embrace that route, because the devices can cost more than $350 each -- a cost that was passed on to customers in the form of monthly fees.

Earlier this year, Cablevision announced a plan to build a recording capability into its network. Households that signed up for the service would be able to record programs without adding any special equipment to their homes.

The strategy raised questions about whether Cablevision would violate copyrights of programmers. Major movie and TV producers have filed suit against Cablevision, which is holding up the launch of the technology.

Glaxo Agrees To Acquire CNS Inc. For $566 Million (Update4) (BLOOM)

By Andrea Gerlin

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums.

Glaxo will pay $37.50 a share in cash for the Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades.

The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S.

``This outstanding business provides a great global growth opportunity for GSK," John Clarke, president of GSK Consumer Healthcare, said in the statement. ``Its two major brands, Breathe Right and FiberChoice, fit with our growth strategy and are great additions to our portfolio."

Shares Rise

Shares of CNS rose $8.38, or 29 percent, to $36.94 at 12:42 p.m. New York time in Nasdaq Stock Market composite trading. That's the stock's biggest increase in five years and its highest value since 1987. Shares of Glaxo rose 9 pence, or 0.6 percent, to 1454 pence in London.

The acquisition sends a message about Glaxo's intentions, according to analyst Gbola Amusa of Sanford C. Bernstein Ltd. in London.

``There are some people in the market who would like to see Glaxo spin off its consumer health-care division," Amusa said in a telephone interview. ``The signal is that Glaxo is serious about staying in consumer health."

CNS's board began investigating selling the company at the end of last year when it undertook an annual review of strategic options, CNS Chief Executive Officer Marti Morfitt said on a conference call. The board unanimously agreed to recommend approving the transaction to shareholders, Morfitt said.

`Good for Business'

``We believe this merger is good for the business, our stockholders and our customers," Morfitt said. ``We believe this is an excellent opportunity to maximize value for CNS stockholders."

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The purchase is expected to be completed in early 2007, pending approval from CNS's shareholders and U.S. antitrust regulators, Glaxo said. The acquisition will have a neutral impact on earnings next year and a positive effect starting in 2008, Glaxo said.

Glaxo had sales of 21.66 billion pounds ($40.4 billion) in 2005, with almost $5 billion coming from consumer health-care products, according to the company's Web site. CNS had sales of $118.5 million in the 12 months ended June 30, an 18 percent increase from a year earlier, Glaxo said.

``It seems quite an expensive acquisition because they're paying $566 million for a business with sales of around $119 million," Max Herrmann, a health-care analyst at ING Financial Markets in London, said in a telephone interview. ``So they're paying quite a substantial multiple on sales."

GlaxoSmithKline Seeks Approval To Sell Cancer Drug (AP)

AP, October 10, 2006

GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe.

Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia.

Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval.

Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies.

The company said it hopes to launch Tykerb, also known as lapatinib ditosylate, in both markets next year, but declined to comment on its sales prospects. The drug is one of the most promising in Glaxo's pipeline - analysts say it could bring in revenue of more than $1 billion each year.

"A few people have been skeptical about Tykerb because they saw a limited market, but oncologists will vote with their prescribing pen when they see good data," said Mike Ward, an analyst at Nomura Code.

Ward added that the drug's use was likely to widen to earlier stages of breast cancer, increasing its sales prospects.

The findings of an international study on the drug presented earlier this year to the American Society of Clinical Oncology found that it delayed the growth of advanced breast cancer in women who had stopped responding to rival Roche Holding AG's drug Herceptin and were out of treatment options.

Patients who received Tykerb plus the chemotherapy drug Xeloda had no growth of their tumors for 8 1/2 months. That compares to 4 1/2 months for those given only Xeloda, according to the team led by Dr. Charles Geyer Jr. of Allegheny General Hospital in Pittsburgh.

Tykerb is a pill taken daily while Herceptin in given intravenously every month.

Glaxo said that there are more than 360,000 new cases of breast cancer diagnosed every year in Europe.

"We hope that lapatinib (Tykerb) will offer these patients a much needed effective alternative treatment," Paolo Paoletti, senior vice president of Glaxo's oncology medicine development center, said in a statement.

Glaxo said it aims to have filed for approval to sell Tykerb in Australia, Canada and a number of countries in Asia, Latin America and the Middle East by the end of the year.

In a separate announcement on CNS, Glaxo said it will pay $37.50 per share in cash for the company - a premium of 31 percent on CNS' stock price at the close of trade on Friday.

CNS President and Chief Executive Marti Morfitt said Monday the company picked Glaxo after reviewing multiple offers.

"We are a company that's been growing, with a good pipeline of future growth, two strong brands, and I think it is a great fit for what they're doing and what they're building," Morfitt said.

"Their scale and their resources really do create greater opportunity there," Morfitt said.

CNS reported sales of $118.5 million in the 12 months to June 2006, an 18 percent rise over the previous 12 months. About 85 percent of the company's current sales are in the U.S. The company has wanted to expand its sales outside the U.S., and that can happen faster through Glaxo.

Breathe Right-branded products are marketed in 27 countries. FiberChoice fiber supplements are marketed solely in the United States.

Morfitt said it's not yet clear where Minneapolis-based CNS will be based or who the management team will be after the acquisition. CNS employs about 70 people, most of them in Minnesota. The Breathe Right strips are made by a separate company in Tennessee.

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CNS has paid a licensing fee to the inventor of the Breathe Right strips, and that will continue after the sale, she said.

Glaxo said it expects to complete the purchase by early next year, dependent on shareholder approval and antitrust clearance.

"The opportunity for growth through geographic expansion and pipeline innovation make this acquisition an exciting prospect," said John Clarke, the president of GSK Consumer Healthcare.

Glaxo shares rose 1 percent to 14.60 pounds ($27.22) on the London Stock Exchange.

Citigroup Sets Sights On Overseas Banks (FT)

By David Wighton In New York And Peter Thal Larsen In London

Financial Times, October 9, 2006

Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market.

He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years.

Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year.

"The pipeline is filling up nicely," he said in an interview with the Financial Times.

When he became chief executive three years ago, Mr Prince said he wanted to shift Citigroup from its historic reliance on acquisitions under his predecessor, Sandy Weill, to a balance between acquisitions and organic growth.

But a series of regulatory problems resulted in the US Federal Reserve banning the company from doing big deals until it improved its internal controls. That restriction was lifted six months ago.

The Fed ban left Mr Prince dependent on internal growth and he has come under increasing criticism for slower-than-expected returns from Citigroup's stepped-up investment in branch openings and for the relatively sluggish stock price.

Prince Alwaleed bin Talal, the Saudi prince who owns a 4.3 per cent stake in Citigroup worth $10bn, told the Financial Times in July that costs were out of control and called for "draconian" measures to curb expenses.

Sandy Weill, who constructed Citigroup through a series of acquisitions in the 1990s and stepped down as chairman in April, has told friends he agrees with Prince Alwaleed's criticisms. "He says the cost discipline has been lost," one said.

In an interview with the FT, Mr Weill said he had raised concerns about costs with Mr Prince. "I think Chuck definitely feels the need to rein in costs as well as invest for the future."

But Mr Prince insisted he would not cut back on investment. "We are on the cusp of organic growth showing through."

Some large investors say Mr Prince will need to show better progress in the third-quarter results, announced next Thursday, and for the rest of the year or the board will come under pressure to make changes.

Executives have become frustrated with the bank's share price, which has placed a limit on its ability to pay for large deals with stock.

Hollywood Warned About Piracy (FT)

By Matthew Garrahan In Los Angeles

Financial Times, October 9, 2006

Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned.

Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total international film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels.

David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy.

"The most important thing [the film industry] needs to do is give consumers a legal choice to buy content electronically," he said. "Studios have to keep looking at consumer needs to give them better alternatives [to buying illegal content]."

Failure to do this could lead to a repeat of the music industry's experience, when fast growth in illegal file sharing decimated record label returns, he added.

Mr Sanderson also indicated that release "windows" – the time between theatrical release, DVD and pay-TV sale – would have to be compressed if the studios were to beat digital pirates.

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The video-on-demand and DVD windows had already "collapsed", although making films available for digital download near, or shortly after, their theatrical release, "would have a big bearing on studio economics. Historically, windows have been a way to sell a piece of content as many times as you can."

One solution would be to sell a film digitally in a format that allowed the content to be played on multiple platforms, such as a PC, DVD player or hand-held device, and then charge consumers accordingly, he added.

"The studios have to figure out how the consumer is going to buy the content and move it around different devices."

The Bain warning comes amid a period of belt-tightening in Hollywood. Studios are increasingly bringing in financial partners, such as hedge funds and private equity firms to share the burden of escalating production costs.

Most studios have made their movies available for digital download on websites such as CinemaNow. However, these moves have had limited success. Walt Disney has enjoyed better results by making its content available on Apple's iTunes platform.

Rival studios are expected to follow next year, although concerns about the effect on DVD sales of downloading films continue to influence studios' thinking.

Danaher Is Close To Deal For Vision As Its Rivals Fade (WSJ)

By Dennis K. Berman

The Wall Street Journal, October 9, 2006

Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction.

Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems. The board of the Melbourne, Australia, company was expected to recommend Danaher's proposal, which is expected to come in the form of a tender offer, people familiar with the matter said.

Danaher, Washington, D.C., is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies.

Ventana, for instance, had originally announced a deal two months ago that valued Vision at A$2.13 a share. Then Cytyc waded into the battle, eventually offering A$3.25 a share for the company, a price that seemed a knockout bid. But it turned out to be insufficient, given Danaher's offer and the company's overwhelming financial firepower against the smaller Cytyc.

Danaher is paying up for Vision, though, because it sees an opportunity in combining Vision with its Leica Microsystems Inc. business, whose lab equipment and high-powered microscopes are used in the same pathology labs as Vision's equipment. People familiar with the transaction said that Danaher will be able to sell laboratories a full grouping of the equipment, integrating it to improve the processing time for the biopsies and cell cultures that cycle through pathology labs.

The people close to the transaction say that the acquisition still fits into Danaher's overall acquisition framework, in which it aims to notch a double-digit return on invested capital within five years of the original purchase.

A Vision purchase would mark the latest in a long line of acquisitions for Danaher, which sports a $21 billion market capitalization. During 2005, the company reported revenue of $7.98 billion and net income of $907.7 million.

ENVIRONMENT:

Company Searching For Recalled Lettuce (WP/AP)

By Juliana Barbassa

The Washington Post, October 10, 2006

SAN FRANCISCO, Oct. 9 -- The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states.

On Sunday, Nunes Co. recalled more than 8,500 cartons of green leaf lettuce grown on one farm in the Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak that killed three people and made 199 others sick.

By Monday morning, all but 250 cartons of the lettuce distributed under the Foxy brand between Oct. 3 and Oct. 6 had been located and were being destroyed, Nunes President Tom Nunes said.

The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana.

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"If we can get it all back, I'll be a happy camper," Nunes said, emphasizing that the recall was precautionary since there had been no evidence of E. coli on the lettuce, or any reports of illnesses.

The U.S. Food and Drug Administration commended the company for its action.

"Clearly, the company did the right thing in terms of taking the proper approach in not putting the public at risk and initiating a voluntary recall," said David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition.

Acheson said the lettuce recall does not appear to be related to the contaminated-spinach outbreak.

E. Coli Worry Spreads To Lettuce; California Grower Issues Recall (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

SAN FRANCISCO, Oct. 8 (AP) — Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in the Salinas Valley in California, a popular brand of lettuce grown there was recalled on Sunday over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company.

The recall comes amid warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause health risks.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said.

“We’re just reacting to a water test only,” he said. “We know there’s generic E. coli on it, but we’re not sure what that means.”

The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

The lettuce was packaged as “Green Leaf 24 Count, waxed carton,” and “Green Leaf 18 Count, cellophane sleeve, returnable carton.” Packaging is stamped with the lot code 6SL0024.

Julie Zawisza, an F.D.A. spokeswoman, said the agency was aware of the voluntary recall but had no details. Mr. Nunes said the bacteria in the lettuce fields probably did not share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

The recall at Nunes, a family-owned business with more than 20,000 acres of cropland in Arizona and California, comes days after federal agents searched two Salinas Valley produce companies connected to the nationwide spinach scare.

Epidemiologists also warned consumers last week to stay away from some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently from botulism poisoning.

On Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses had been reported from consumption of the beef.

The outbreaks have sparked demands to create a new federal agency in charge of food safety. Senators Charles E. Schumer and Hillary Rodham Clinton, both New York Democrats, are sponsoring legislation written by Senator Richard J. Durbin, Democrat of Illinois, to create a unified Food Safety Agency.

The outbreaks have devastated the economy of the Salinas Valley, where farmers in the area began plowing spinach crops under and laying off workers last month.

Calif. Lettuce Recalled Over E. Coli Concerns (WP/AP)

By Rachel Konrad, Associated Press

The Washington Post, October 9, 2006

SAN FRANCISCO, Oct. 8 -- Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in California's Salinas Valley, a popular brand of lettuce grown there has been recalled over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, the president of Salinas-based Nunes Co. said.

The lettuce scare follows other federal warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause grave health risks -- including paralysis, respiratory failure and death.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company.

So far, company investigators have not found E. coli bacteria in the lettuce itself, Nunes stressed.

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"We're just reacting to a water test only. We know there's generic E. coli on it, but we're not sure what that means," he said. "We're being extra careful. This is precautionary."

The recall covers green leaf lettuce purchased in grocery stores Oct. 3-6 in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

FDA spokeswoman Julie Zawisza said the agency is aware of the voluntary recall but had no details.

"As a standard course of action, we would expect the firm to identify the source of the contamination and take steps to . . . ensure that it doesn't happen again," Zawisza wrote in an e-mail.

It's unlikely, Nunes said, that the bacteria in the lettuce fields share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

Pathogenic Escherichia coli bacteria, or E. coli, can proliferate in uncooked produce, raw milk, unpasteurized juice, contaminated water and meat. When consumed, it may cause diarrhea and bloody stools.

Although most healthy adults recover within a week without long-term side effects, some people may develop a form of kidney failure.

That illness is most likely to occur in young children, senior citizens and people with compromised immune systems. In extreme cases, it can lead to kidney damage or death.

Epidemiologists also warned consumers last week to avoid some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently because of botulism poisoning.

Also on Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses have been reported from consumption of the beef.

'Foxy' Brand Lettuce Recalled; E. Coli Feared (USAT)

By William M. Welch, Usa Today

USA Today, October 9, 2006

LOS ANGELES - A California company is voluntarily recalling its "Foxy" brand of lettuce because of fears of E. coli contamination in produce sold last week.

The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area.

FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, "and we are looking into it."

Green leaf lettuce sold to distributors in seven western states under the "Foxy" brand is being recalled, according to the producer, The Nunes Co.

The lettuce was distributed in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. No illnesses have been attributed to the lettuce thus far, said Tom Nunes Jr., president of the family-owned company.

All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday, he said.

Nunes called the recall a precaution ordered after the company discovered that water used to irrigate the lettuce crops had tested positive for E. coli bacteria in an initial test. "Samples of the recalled product are now being tested," he said.

E. coli can cause diarrheal illness and, in some patients, can lead to kidney damage and even death.

The lettuce was sold to stores and to distributors who may have resold it to restaurants. The produce were sold under lot code 6SL0024 and packaged as "Green Leaf 24 Count, waxed carton," and "Green Leaf 18 Count, cellophane sleeve, returnable carton."

Consumers who have purchased these products are urged to return it to the place of purchase for a full refund, said the company. Consumers with questions can reach the company at 1-800-695-5012.

Zawisza said the FDA was seeking to determine the scope of the problem.

"We would expect the firm to identify the source of the contamination and take steps to correct and prevent to ensure that it doesn't happen again," she said.

Outbreak Exposes Weakness In Food Chain (FWST)

By Libby Quaid

The Fort Worth Star-Telegram, October 10, 2006

WASHINGTON - The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria.

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Like most food, spinach travels from the field to a central facility where it mixes with spinach from other fields. If any is tainted, the threat to people is amplified as leaves are washed, dried, bagged and shipped throughout the country.

Within days of the first reported E. coli-related case on Aug. 30, illness from the tainted California spinach had spread to two dozen states. Nearly 200 people were sickened - one-third of them in the first 72 hours. Two elderly women and a 2-year-old boy died.

"When you open a bag of spinach, do you wonder how many different plants are in there, and how many different fields it came from?" said Dr. Robert Tauxe, chief of foodborne diseases at the federal Centers for Disease Control and Prevention.

"If something went wrong on any one of those fields ... one rotten apple spoils the whole barrel," Tauxe said.

It was the 20th time lettuce or spinach has been blamed for an outbreak of illness since 1995.

On Sunday, green leaf lettuce from the same growing area, California's Salinas Valley, was recalled in more than half a dozen states after Nunes Co. Inc. discovered possible E. coli contamination of irrigation water. The bacteria hasn't been found in the company's Foxy brand lettuce. No illnesses have been reported.

Food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe.

"If you raise spinach in the Salinas Valley and it's in 40 states in a few days, you can't have a system that says we won't do anything until somebody gets sick," said Carol Tucker Foreman, director of food policy for Consumer Federation and a former USDA official.

"Because look how many people get sick before you can even know it," Foreman said.

The Food and Drug Administration has repeatedly told the entire industry to get the problem under control, but FDA does not have inspection or safety programs for produce like the Agriculture Department has for meat and poultry.

While the food system is vastly centralized, "what we don't have is a centralized agency that's really in charge of ensuring that the products are safe," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

An E. coli outbreak in 1993 was a painful demonstration of weakness in the highly centralized beef supply chain. Hundreds of people got sick and four children died after eating undercooked hamburgers from Jack in the Box restaurants.

The outbreak prompted the Agriculture Department to tighten safety standards and expand government testing. And in 1996, it replaced its old visual inspection with one that requires a scientific look at vulnerable places in the production chain and constant monitoring of those points.

Today, illnesses from E. coli are down 29 percent from when the government tracking system began a decade ago, although illness rates inched up from 2004 to 2005.

"It took a few years, but I think we have a really good handle on how to control this organism," said Randy Huffman, vice president of science for the American Meat Institute, an industry group.

The company at the center of the spinach crisis, Natural Selection Foods, has begun sampling every lot of greens and holding shipments until test results come back.

"Even if we nail this particular problem down to a certain point, I think it's really important to have that firewall in place, so no matter where it might come from, we feel like we can catch it," company spokeswoman Samantha Cabaluna said.

With beef, an important step was figuring out just how contamination happened in the first place. Government scientists discovered the primary source entered the slaughterhouse on the hides of cattle, and that it could transfer directly to the surface of the meat.

Solving that mystery may be more critical for lettuce and spinach because - unlike beef - much of leafy produce is eaten raw and not cooked to temperatures that will kill E. coli.

So far, no one has determined the cause of nine outbreaks, including the one from late August, in lettuce and spinach grown in Salinas, Calif.

In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields.

In addition, it is unknown exactly where E. coli lurks in spinach and lettuce plants. Research suggests the bacteria can get inside the stems and leaves, Tauxe said, adding that more research is needed.

It's unlikely whether FDA will ever know if the E. coli bacteria was on the surface of the tainted spinach or inside the greens themselves, because it was ground up for testing, Dr. David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition, told reporters Monday.

Tauxe said: "It took the meat industry some years to get a grip on how contamination was occurring during slaughter, and it will take some time for the produce industry to get a better handle on this."

Voluntary Lettuce Recall Creates More Worry For Farmers (NYT)

By Jesse McKinley

The New York Times, October 10, 2006

SAN FRANCISCO, Oct. 9 — It is, in scope and severity, a fairly minor recall: about 8,500 cartons of lettuce, which may or may not have come into contact with irrigation water contaminated with E. coli bacteria. No one has gotten sick, the lettuce company involved emphasized, adding that the move was precautionary.

But for farmers in the Salinas Valley of California, already reeling from last month's deadly E. coli outbreak in spinach, the timing could not have been worse.

"It clearly has the potential to set back our effort to regain consumer confidence," said Bob Perkins, the executive director of the farm bureau in Monterey County, one of three counties to which the contaminated spinach was linked. "Right now, I don't know how the story is playing out with the general public, whether it's an example of another problem with the industry or it's an example of how the system works."

The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf lettuce sold under the Foxy label. Tom Nunes Jr., the company's president, said Monday that only 250 cartons could have reached consumers and that those were believed to be in one of seven Western states: Arizona, California, Idaho, Montana, Nevada, Oregon or Washington. Mr. Nunes said the other cartons had been found and were being destroyed.

The recall was decided on, Mr. Nunes said, after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found "a dangerous concentration of generic E. coli." But he said there was no evidence yet that it was the potentially lethal strain E. coli O157:H7, which contaminated spinach last month, causing three deaths and sickening nearly 200.

"We don't know what kind of E. coli it is," said Mr. Nunes, who added that further test results on the E. coli were expected back Tuesday. "But it was enough to get our attention."

Federal health authorities commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water. Finding very low levels of E. coli in water is not unusual, said Dr. David Acheson, chief medical officer of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

Whether that will reassure customers or result in lettuce wilting at the salad bar remains to be seen. In downtown San Francisco, some delis posted signs informing customers that the shops were not using Foxy lettuce alongside notices that their spinach was safe.

Tina Lopez, an office worker at Washington Mutual here, said she was not worried about the salad she had just bought for lunch. "I figured if they had it out, it was probably O.K.," Ms. Lopez said. "If anything it's probably safer because they're scrutinizing everything."

That was exactly the kind of reaction farmers' groups were hoping for. Tim Chelling, a spokesman for Western Growers, which represents 3,000 farmers and shippers in California and Arizona, said the response to the lettuce recall had been more forceful than the one to the spinach.

"I've been hearing from everybody and their brother," Mr. Chelling said. "Everybody is communicating, trading information. People aren't stumbling around in the fields in shock, but very quickly trying to organize themselves as professionally and diligently as possible."

The lettuce recall is the latest in a series of food scares, including a recent recall of carrot juice linked to an outbreak of botulism in Georgia and Florida, and an Iowa company's recall of 5,200 pounds of ground beef thought to have been contaminated with E. coli.

And though the nationwide spinach warning has been lifted, the investigation continues. Last week, officials from the Federal Bureau of Investigation and the Office of Criminal Investigations at the F.D.A. searched two processing facilities in the Salinas Valley.

Even more than spinach, however, contaminated lettuce has long been a source of concern for health authorities. In August, the F.D.A. announced the Lettuce Safety Initiative, meant to address E. coli outbreaks in the past decade that had been linked to fields in the Salinas Valley, about 100 miles south of San Francisco.

Still, Dr. Acheson said that Americans safely consumed hundreds of thousands of pounds of leafy greens every year and that the recent outbreak tied to spinach was an agricultural anomaly.

"Every now and again something goes wrong," he said, "and the spinach example was one of the worst. Are we ever going to reach a point where we can say there is zero risk associated with fresh leafy greens? Probably not."

But food safety experts said the lettuce recall only affirmed the need for more governmental oversight of the fresh produce industry, and for the type of inspections that governed meat and poultry.

"There's no federal agency that deals with this," said Marion Nestle, a professor of nutrition, public health and food safety at New York University. "This falls through the cracks, and that needs to be fixed."

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That need is even more acute, Dr. Nestle said, because many vegetables are eaten raw. “You could cook spinach, but you don’t ever cook lettuce,” she said.

Dave Kranz, a spokesman for the California Farm Bureau Federation, said it was premature to estimate what kind of economic damage the lettuce recall might inflict on farmers already hit hard by the spinach scare. Although the government warning on that crop was lifted, Mr. Kranz said, many farmers are still on hold, “waiting to see how much demand there will be, and how soon.”

While the Salinas Valley has been the focus of the recent E. Coli investigations, the growing season is poised to shift south, and there, farmers are anxious.

“It’s a huge worry,” said Jack Vessey, a vegetable farmer in El Centro, about 500 miles south of Salinas. Mr. Vessey grows 20 winter crops at his 7,000-acre ranch and just seeded green leaf lettuce fields for the mid-November harvest. Now, however, he is having second thoughts.

“The consumer confidence has to come back,” Mr. Vessey said. “I’m putting seed in the ground. But I’m pretty much gambling on what I plant now.”

Renewable Energy Conference Will Revisit Bush's Energy Goals (KCS/AP)

By Cheryl Wittenauer, The Associated Press

The Kansas City Star, October 10, 2006

ST. LOUIS - A national renewable energy conference this week in St. Louis will revisit energy goals and strategies President Bush set out in his State of the Union address in January, when he proclaimed America "addicted to oil."

Bush is scheduled to address the conference, which starts Tuesday, just before the three-day conference at America's Center winds down Thursday.

"Advancing Renewable Energy: An American Rural Renaissance" is co-hosted by the U.S. departments of energy and agriculture.

The conference is billed as an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities.

Bush's Advanced Energy Initiative, outlined in his State of the Union address, set a national goal of replacing 75 percent of U.S. oil imports from the Mideast by 2025.

He emphasized the need for more clean-energy research at the Energy Department to fast-track breakthroughs in how autos, homes and businesses are powered. The plan also called for additional funding to make "cellulosic ethanol" - a fuel made from agricultural waste products such as wood chips, stalks or weeds - cost-competitive by 2012.

Bush also called for investing more in zero-emission coal-fired plants, solar and wind technologies and clean, safe nuclear energy, and better batteries for hybrid and electric cars and hydrogen vehicles.

Speakers at the conference will include representatives of government - Department of Agriculture Secretary Mike Johanns and Department of Energy Secretary Samuel Bodman; renewable energy sources such as corn, soybeans and wind; financial investment in renewable energy; and environmental concerns.

On the sidelines of the conference Tuesday, DaimlerChrysler and the National Biodiesel Board will discuss new programs to promote clean diesel vehicles and the benefits of renewable biodiesel fuel.

Suspicion Surrounds Retreat In Gas Prices, Poll Finds (WP)

By Steven Mufson

The Washington Post, October 10, 2006

Gasoline prices are down about 75 cents in two months, but whether motorists will see further declines at the pump depends in part on whether the Organization of the Petroleum Exporting Countries can agree to cut production.

Members of the oil cartel have been negotiating to cut the group's output by 1 million barrels a day -- a move that could drive up oil prices and reverse the trend at the pumps. But most oil traders and experts doubt OPEC can achieve more than half the proposed reduction. A failure to cut output could keep supplies strong and oil and gas prices soft.

Pump prices -- now at a national average of $2.28 a gallon for regular unleaded -- already have fallen because of a slowdown in U.S. demand, a buildup in crude oil and gasoline inventories, the end of the summer driving season, a collapse in profit margins at oil refineries and a $17-a-barrel drop in crude oil prices since August.

"The supply was coming back, and I think consumers cut back on use," said Philip K. Verleger, an oil consultant. "The question is how far down it goes."

Though half a dozen countries have talked about production cuts, highly populated countries such as Iran, Nigeria and Venezuela are already producing well below capacity and their old quota levels, and face pressure to produce more because of

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heavy domestic-spending demands. Kuwait has not cut production since 1998. Saudi Arabia is reluctant to play the role of sole swing producer and has already trimmed output.

"We do not expect any significant production cuts by OPEC at prices above $45 a barrel, the new target price," Fadel Gheit, oil analyst at Oppenheimer & Co., said in a report to investors. Oil markets seemed to agree. The price of crude oil on the New York Mercantile Exchange closed yesterday at $59.96, up 20 cents.

While motorists have welcomed the drop in gasoline prices, a Washington Post-ABC News poll released yesterday showed that many Americans remain suspicious about the reasons for the recent decline and skeptical about whether it will last.

Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday.

The survey also showed that suspicions about the steep drop in gasoline prices over the past two months aren't limited to the nation's liberal strongholds. Sixteen percent of people who identified themselves as conservative Republicans, 26 percent of white evangelical Protestants and 29 percent of Southern residents think the plunge in prices is linked to the coming election or other political reasons.

Those beliefs may be blunting the positive impact President Bush and the GOP hoped to get from falling fuel prices. "I think the president's party is lowering the gas prices until the people think the economy is settling down, and then they will raise the price again, blaming it on the Arabs for raising the price on barrels of oil," one respondent said.

"As you may know, gasoline prices have fallen recently in many parts of the country," the survey said before asking: "What do you think is the main reason gas prices have gone down?" The top four answers: increased supply, Bush/GOP efforts to affect the November election, the "upcoming election" and "market forces."

A large number of people interviewed pointed to the absence of disruptive hurricanes or simply "supply and demand," while one respondent said prices were falling "because the gasoline companies got what they wanted, the big bucks; and if they continue there will probably be an investigation."

Gasoline experts said there were some signs that prices were stabilizing. The pace of declines in the prices charged by wholesalers was slowing, and there were some tiny wholesale price increases late last week in the Gulf of Mexico region, said Trilby Lundberg, editor of the Lundberg Survey.

Lundberg warned that the sharp drop in prices could spur a resumption of increases in U.S. gasoline consumption. She also said that the closure of refineries for maintenance, not unusual at this time of year, could lead to a decline in inventories.

"Some analysts expect to see a fairly large amount of refinery maintenance this month, which could lead to product inventories being drawn down a little bit more than normal," said last week's report by the Energy Department's Energy Information Administration. "Large volumes of product inventories are one of the many reasons cited for declining prices in recent weeks, and should they begin to be drawn down significantly, this could stop prices from falling further."

But Verleger said he expected prices to remain weak through Thanksgiving or longer. He said that much of the increase in gasoline prices this year was the result of logistical problems oil companies encountered in adapting new government regulations. The companies have had to reduce sulfur content in diesel fuels and begin to mix gasoline with ethanol instead of methyl tertiary butyl ether, an additive that once made up about 3 percent of the content of gasoline.

Illegal Dumps Alter Western Landscapes (USAT)

By Benjamin Spillman, Usa Today

USA Today, October 9, 2006

States' costs mount as trash mounds grow

They rise from the Western landscape, but they're not purple mountains.

They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds.

The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes.

“There is hardly a city in the West right now that isn't experiencing significant growth,” Felicia Probert, chief ranger of the BLM, said. “Typically, we haven't had the appropriation, the budget strength, to add rangers as these issues grow in the expanding West.”

Steve Kilpatrick, a BLM ranger in Las Vegas, one of the nation's fastest growing cities, said, “People are just going out to the desert and dumping stuff. I could take you in an area where there are boats, concrete … household trash.”

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In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports.

In April, BLM used front-end loaders, dump trucks and volunteers to haul tons of trash from public land in Payette, Jerome, Ada and Madison counties in Idaho.

Karl Gebhardt, BLM environmental engineer, said a single incident of potentially hazardous material, such as an unidentified drum of liquid, can cost up to $10,000.

Gebhardt said the BLM in Idaho relies heavily on the public to report illegal dumping.

"This is their land. And people are trashing it," he said.

The agency has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West.

Celia Boddington, spokeswoman for the agency, says it is difficult to come up with a comprehensive estimate of the cleanup cost because of differences in accounting procedures.

The agency figures don't include illegal dumping on private land, which also can cost taxpayers money.

In California alone, illegal dumping on private and public land costs at least $87 million annually, according to an ongoing survey of local governments. The estimate is based on the 61 of 415 city and county governments that have responded to the survey.

"People are really starting to realize what it means in California," said Ken Stuart, who is conducting the survey for the California Integrated Waste Management Board.

In addition to the cleanup cost, there is the threat to public health.

Illegal dumps support rodents and can catch fire and spew toxic smoke.

"Catching people with illegal dumping is just as good as catching people with drugs because of the community impact," said Sgt. George Lee of the Riverside County (Calif.) Sheriff's Department.

Cornering dumpers is difficult because dumping generally happens in remote areas, and proving guilt can require catching the culprit in the act.

In rural areas southeast of Palm Springs, two sheriff's deputies and a support staffer consider illegal dumping a big part of their beat.

On a recent day, the deputies pointed out illegal dumps that were among 20 the team had identified in a region known more for lush golf resorts than environmental hazards.

"There are obviously no residents, no reason to be back here," said Deputy Sean Dusek, at one site where piles of furniture, car parts and yard waste lined both sides of a dirt road.

"You can see the tire tracks. This is a hot dumpsite," Dusek said.

The deputies have experimented with hidden cameras, and they sift through trash piles for clues about the source.

They pick through household trash, construction debris, car batteries, appliances, furniture and landscaping waste for receipts, mail or anything else with a name.

If they identify a name, they find the person, sometimes write them a ticket and tell them to clean up the mess. A county ordinance also allows them to impound a suspect's car for 30 days.

In 2004, California passed a law that increased fines for commercial illegal dumping from $500 to a range between $1,000 and $3,000 for a first offense.

Dusek's partner, Deputy J.C. Garcia, looks at one of the dumpsites and suggests the punishment is justified.

"People come out here for the view. Then they have to look at this," he said.

Land Use Tops State Ballot Issues (WT)

By Joyce Howard Price

The Washington Times, October 10, 2006

State ballot measures to limit use of eminent domain, to bar same-sex "marriage" and to decide the fate of legislation passed in South Dakota outlawing nearly all abortions will be among those facing voters on Election Day, Nov. 7.

"The biggest issue this year is definitely property rights and land use," and voters in at least 11 states will consider measures that would bar governments from taking private property for another private use, said Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), which tracks ballot questions across the country.

The 11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation.

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In a primary election Sept. 30, voters in a 12th state, Louisiana, approved a change in the state constitution that prohibits government from expanding eminent-domain power for economic development.

Mr. Morandi said four other states are seeking to prevent governments from engaging in a practice known as "regulatory taking," which restricts a landowner's ability to develop his property. The measures would require compensation for the loss of property value caused by such restrictions.

Mr. Morandi said three states -- Arizona, California and Idaho -- are seeking to combine limitations on regulatory taking with those on eminent domain. A measure in Washington state seeks only to restrict use of regulatory taking of property. Mr. Morandi said such cases typically involve land that adjoins wetlands or other environmentally sensitive tracts, and governments have a history of not paying when they seek to prevent development of property.

These ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a "public use" under the Constitution. That ruling also said that states could set their own restrictions on using the power of eminent domain, and many have followed suit.

In the 2004 general election, ballot measures were dominated by efforts to prohibit same-sex "marriage." Twenty states have approved constitutional amendments banning such "marriages," and voters in eight more states -- Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will consider them on Nov. 7.

Colorado voters also will consider a rival ballot measure that would legalize "domestic partnerships" or civil unions between same-sex couples, even if the marriage amendment passes.

Amendment 44 on the Colorado ballot would legalize the possession and use of up to 1 ounce of marijuana by people 21 or older, as long as it does not occur in public. Question 7 on the Nevada ballot would allow people 21 or older to purchase, possess, use and transport up to 1 ounce of marijuana.

Among proposals to be considered on Election Day:

·A Colorado measure would set term limits for state Supreme Court justices and state appellate court judges.

·An initiative in Oregon would limit terms of state representatives to six years and of state senators to eight years and cut off legislative service after 14 years.

·Proposition 103 on the Arizona ballot would make English that state's official language.

·Three states -- Maine, Nebraska and Oregon -- will have ballot measures that would cap how much revenue the state is allowed to keep. The Maine proposal, for instance, would limit growth in state spending to increases in population and inflation and would require that 80 percent of the excess paid to the General Fund and Highway Fund budgets go toward a tax-relief fund.

·A measure on the Florida ballot would require 60 percent voter support for passage of state constitutional amendments. Currently, amendments can pass with simple majorities, Ms. Bowser said.

At least 204 measures will be on the ballots of 39 states, Ms. Bowser said, making this a "gigantic" year in terms of ballot measures.

A Multipronged Tussle Over The Fate Of Herds Living In An Island Park (NYT)

By Felicity Barringer

The New York Times, October 9, 2006

SANTA ROSA ISLAND, Calif., Oct. 3 — There are hunters who dream about places like this.

The game — unusually large Kaibab deer, Roosevelt elk that lope like thoroughbreds along the wind-scoured ridgelines — are trophy quality. All it takes to bag one is a 30-mile trip across the Santa Barbara Channel, a rifle, good aim, a minimum fee of about $8,000 and the existing agreement by the National Park Service to close 45,000 acres of parkland to the public, August through December.

Close a public park to make way for a private hunt? That is not the Park Service's preference. When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance.

An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone.

That was the deal until Representative Duncan Hunter came along. A powerful Congressional committee chairman who seems named, if not born, for this dispute, Mr. Hunter, Republican of California, believes the island's hunt must go on. But the Interior Department is not in his purview. The Defense Department is.

First, Mr. Hunter, the chairman of the House Armed Services Committee, suggested that military personnel and their guests should enjoy the hunt. Then he said it should continue for disabled veterans.

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Neither of these proposals went over. But last week the huge military authorization bill emerged from a House-Senate conference committee with a vestige of the chairman's original proposal, as inscrutable as the Cheshire cat's smile. No disabled veterans were mentioned. Not even the word "hunt."

But by forbidding the park service to "exterminate or nearly exterminate" the animals, Mr. Hunter ensured that, unless someone shipped them out, the deer and elk would remain.

At whose expense? Presumably the Park Service's, since the families that sold the island ranch to the government will have no more presence here after the transition period ends in 2011.

For whose benefit? That remains unclear. Mr. Hunter's office is circulating an approving letter from a three-year-old Nebraska group called the Wounded Warriors Project. (A more established group, the Paralyzed Veterans of America, declined after their representative reported that the island's steep hills and angular drainages were not wheelchair accessible.)

What is clear is who is pleased with the turn of events: largely the descendants of the Vail family, who are heirs to the assets of the Vail & Vickers ranching company, which sold the land to the Park Service. Tim Vail, one of three cousins who played host to a gathering of California ranchers on the island last week, said, "We would not like to see the slaughter of those animals."

Asked to describe the difference between the Park Service's elimination of the herd and the private hunting, which benefits his family, Mr. Vail said: "Slaughter is removing all the animals. Hunting is maintaining their health as a herd."

It is also clear who is deeply disappointed: the Park Service, the conservation association and Representative Lois Capps, a Democrat who represents Santa Barbara and Channel Islands National Park. For them, preserving the park means restoring the landscape that existed before sheep, cattle, deer and elk were introduced.

"Now, nonnative species have priority over native species that are going to go extinct," said Russell Gallipeau, the park's superintendent.

Yvonne Menard, the park's chief of interpretation, argues that the park's mission is to restore the island's original landscape. Ms. Menard recounts with zest the news that, for the first time in decades, a bald eagle hatched on Santa Rosa. Moments later, she bends down sadly over a well-nibbled island oak shoot.

The bones of a pygmy mammoth and Arlington Man — at 13,000 years the oldest human skeleton found in North America — are part of the island's history. The ranching and hunting legacy of the past 170 years is also uniquely valuable, she said, but not as current practice.

Under the new legislation, managing the deer and elk may well be part of the Park Service's job in five years. Practically, Mr. Gallipeau said, that means managing a hunt or paying the considerable costs of shipborne removal and taking on the burden of managing the skittish animals on the sometimes rough two-hour channel crossing.

The simplest management technique, shooting the animals en masse from helicopters, is forbidden by Mr. Hunter's legislation. The only simple alternative is some kind of traditional hunt — maybe something like the hunt now run by Vail & Vickers, although the Park Service has no budget for such activity.

Mr. Hunter said in an interview that, given that only 30,000 people a year visit any of the five islands in the park, accommodating some disabled veterans and their families a few weeks a year was not unreasonable. "We did this as a first step," he said.

Then, he said, he wants the Wounded Warriors group to put together a plan of use to suit their members. "You've got my commitment: I will never hunt there," Mr. Hunter said. "I only want disabled people who served their country in war. That won't ruin the day of these environmentalists whose freedom is guaranteed by their service."

The herds, he said, could be managed by the game management personnel at nearby mainland military bases.

Ms. Capps, who debated sharply with Mr. Hunter on the House floor the day the military authorization bill passed, said the chairman was showing "the arrogance of power" by including an amendment that could not be voted on in its own right.

"This is about what the park means to this country in terms of its values," she said, adding, "What if there were a hunting operation like this in Yosemite? The Grand Canyon?"

In the next Congress, Ms. Capps said, she plans to introduce legislation to undo Mr. Hunter's, assuming, as all parties do, that the Senate will follow the House and approve the military authorization bill when Congress reconvenes after the November election. Likewise, Mr. Hunter plans a follow-up to his bill.

The Vail descendants — the first cousins Tim Vail, Nita Vail and Will Woolley — say they believe that the Park Service goal of returning the island to its natural state is hopelessly utopian.

"They're trying to get it back to a period that never existed," Mr. Woolley said. Nita Vail added, "The reality is, any kind of ecosystem evolves."

Washington Wire (WSJ)

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WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony "Armitage, however, denies it" way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: "The real hell of life is that everyone has his reasons." Read the full column.

FBI/DEA/ATF/USMS:

F.B.I. Struggling To Reinvent Itself To Fight Terror (NYT)

By Scott Shane And Lowell Bergman

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Last February, top F.B.I. officers from across the nation gathered in a high-security auditorium for the latest plan to reinvent the crime-fighting agency to take on terrorism.

Philip Mudd, who had just joined the bureau from the rival Central Intelligence Agency, was pitching a program called Domain Management, designed to get agents to move beyond chasing criminal cases and start gathering intelligence.

Drawing on things like commercial marketing software and the National Security Agency's eavesdropping without warrants, the program is supposed to identify threats. Mr. Mudd displayed a map of the San Francisco area, pocked with data showing where Iranian immigrants were clustered — and where, he said, an F.B.I. squad was "hunting."

Some F.B.I. officials found Mr. Mudd's concept vague and the implied ethnic targeting troubling. How were they supposed to go "hunting" without colliding with the Constitution? Would the C.I.A. man, whom some mocked privately as Rasputin, take the

bureau back to the domestic spying scandals of the 1960's? And why neglect promising cases to, in Mr. Mudd's words, "search for the unknown"?

The skepticism is just one sign of unfinished business at the bureau. Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can.

Eight months after his talk, Mr. Mudd admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot.

"There's 31,000 employees in this organization and we're undergoing a sea-change," he said in an interview. "It's going to take a while for what is a high-end national security program to sink down to every officer."

The top counterterrorism job has turned over repeatedly — seven people in five years — filled mostly by veterans with little expertise on Islamist movements and terrorist networks. Many counterterrorism agents have minimal specialized training. A National Security Agency executive brought in to reshape the bureau's intelligence capabilities, Maureen Baginski, departed after clashing with F.B.I. old-timers. The intelligence units Ms. Baginski created in the 56 field offices lack clear instructions and some are "struggling," a recent Congressional study found.

And some bureau traditionalists believe that Mr. Mudd, too, will move on from his job as second in command of the bureau's new National Security Branch. "They'll just wait him out," a counterterrorism official said.

After interviewing more than 60 intelligence officials for a new book on counterterrorism, Amy Zegart, of the University of California, Los Angeles, reached a dismal verdict on the F.B.I.

"If you look at, for example, the four key ingredients for counterterrorism success — agents, analysts, managers and computers — the F.B.I. is struggling to get the basics right on all of them," Ms. Zegart said. "New agents still get more time for vacation than they do for counterterrorism training. Analysts are still treated as glorified secretaries."

In interviews by The New York Times and the Public Broadcasting System documentary series "Frontline," even critics acknowledged the sweeping structural changes at the bureau under Robert S. Mueller III, who took over as director a week before the Sept. 11 attacks.

The number of Joint Terrorism Task Forces, in which F.B.I. agents collaborate with state and local agencies, has ballooned to 101, from 35. The number of intelligence analysts has doubled to 2,161, and the number of linguists has doubled to 1,371. And the F.B.I. points out that there has been no new terrorist attack.

Mr. Mudd said agents were encouraged to postpone the arrest of a terrorism suspect until his ties to other operatives, financial supporters and foreign networks were fully understood.

"I don't want to take him down too quickly," he said. "I want to understand what we know and what we don't know. If we're focused solely on cases, I can't have confidence that we know what's going on."

But the drive to bring criminal charges often eclipses the intelligence imperative. In cases from Lodi, Calif., where a 23-year-old man was convicted this year of training in a terrorist camp in Pakistan, to Miami, where seven Haitian men are charged with waging war against the United States government, defendants who seemed nowhere near ready to mount an attack were arrested with a news media splash rather than quietly kept under surveillance.

Christopher D. Hamilton, who retired last year after 22 years at the F.B.I., half of it working on counterterrorism, said agents still believed that their careers would rise or fall on the cases they brought.

"Supervisors will say, 'Why don't you have any cases?' " said Mr. Hamilton, now at the Washington Institute for Near East Policy. "Cases are good for getting resources, good for publicity and good for morale."

Even a Los Angeles case that federal officials describe as the most operationally advanced of post-2001 plots uncovered in the United States appears to show a gap between public relations and reality.

In that case, three men are charged with committing robberies to raise money for jihadist attacks on synagogues and military recruiting stations, in what Director Mueller has described as a bid to create "Al Qaeda in California." Their actions are said to have been directed by Kevin James, who headed a Muslim group behind bars.

But agents checked on more than 100 prisoners with links to Mr. James and charged none. And though Mr. James has been portrayed as the mastermind, reporters for The New York Times and "Frontline" were repeatedly able to visit him in jail in Santa Ana, Calif. Such access is almost never granted to people accused of terrorism because the authorities fear that they could direct a plot from prison.

But if making arrests is no longer the top priority, many agents fear that an ill-defined quest for domestic intelligence is likely to lead to political trouble, as the hunt for Communists in the 1960's led to surveillance on the Rev. Dr. Martin Luther King Jr. and John Lennon. Michael Rolince, a veteran F.B.I. counterterrorism official who retired last year, said the attorney general's investigative guidelines, first imposed as a reform in 1976, "are absolutely necessary to keep F.B.I. agents out of trouble."

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But the guidelines, largely classified, have been loosened repeatedly in the last 30 years, most recently in 2003 to permit "threat assessments" without evidence of a crime. Officials say uncertainty in field offices about how the rules apply today has slowed the move to intelligence. They plan to issue new instructions to top agents from each field office this month.

Mr. Mudd said he knew that concern about civil liberties was "in the DNA" at the F.B.I., and he recently read a biography of J. Edgar Hoover, whose long tenure as director was marred by abuses, to recall the dangers of uncontrolled domestic spying.

Still, he said, "I do bristle a bit at people saying, 'You want to just go back to the 60's and 70's.' "

Intelligence on the terrorist threat involves not just spying, Mr. Mudd said, but also building a close relationship with leaders in Muslim communities.

To help agents and analysts distinguish genuine threats from routine Islamist rhetoric, the bureau has just doubled its basic training on counterterrorism to about 80 hours. Skeptics note, however, that more time is devoted to firearms training.

"The F.B.I. needs to follow the lead of the small group of agents who've made themselves experts," said Evan F. Kohlmann, a consultant to the bureau and Scotland Yard and author of a book and Web site devoted to Al Qaeda.

Mr. Kohlmann said the dozen agents who knew international terror networks best were rarely brought in on local cases.

Knowledgeable employees say Muslim agents number no more than a dozen of the bureau's 12,664 agents. (The bureau says it does not track employees by religion.) And an F.B.I. tradition that values leadership and personal connections more than specialized knowledge has resulted in counterterrorism bosses with minimal background.

"You need leadership. You don't need subject-matter expertise," said Gary M. Bald, whom Mr. Mueller named last year as the first head of the National Security Branch, admitting in a 2005 deposition that he knew little about Islam. Mr. Bald has since left for a security job with a cruise line.

The awkward tension between intelligence and prosecution was on vivid display in the Lodi case. The investigation began in late 2001 as an intelligence operation to size up two imams from Pakistan whom the authorities believed had ties to extremists.

After four years of surveillance, agents had found no evidence of terrorism-related crimes by the imams, who were deported to Pakistan. Instead, the government prosecuted Hamid Hayat, 23, who faces a maximum sentence of 39 years in prison for attending a terrorist training camp in Pakistan. His father, Umer Hayat, 48, is free after a mistrial and a guilty plea to making a false statement.

The Lodi case produced worldwide headlines about an "Al Qaeda cell" in California, and John D. Negroponte, the director of national intelligence, called it the prime example of a "homegrown jihadist cell" in Congressional testimony. But critics of the case, including several former agents, say it has serious and revealing shortcomings.

The informant in the case, a convenience store clerk who was paid more than $200,000 over four years in salary and expenses, could be heard on tape angrily ordering Hamid Hayat to seek terrorist training. His claim that he saw Ayman al-Zawahri, Al Qaeda's second in command, at the Lodi mosque in 1998 or 1999 was admitted by the government to be inaccurate.

The video of Hamid Hayat's confession showed agents prompting his answers and sometimes insisting on their own version. And his account of the camp bore no resemblance to that of his father, who said it was an underground facility where would-be terrorists dressed as "Ninja turtles" and practiced pole-vaulting.

The interrogation tapes so outraged James J. Wedick, who retired in 2004 after 35 years as an F.B.I. agent, that he worked for the defense without charge. "It's shameful, because I've never seen the department do this before," Mr. Wedick said.

The Hayats, he concluded, were saying whatever they thought the agents wanted to hear, and little effort was made to corroborate their confessions.

The case also raised questions about agents' familiarity with Islam, as some scholars say agents misinterpreted a scrap of paper with a Muslim prayer as a jihadist vow.

Finally, several other Pakistani Americans whom the Hayats said had visited terrorist camps have not been charged, suggesting that the F.B.I. does not believe at least some parts of the Hayats' confessions. The management of the case appears at odds with the new philosophy of following up all leads before any public charges are brought.

A lingering question in the Lodi case is the effect on Pakistanis in the area. Some mosque leaders who saw the Pakistani imams as militant interlopers are glad they are gone. But few believe that the Hayats ever posed a threat.

Taj Khan, a retired engineer and leader among the Pakistanis in Lodi, said the Hayats' experience had made residents more reluctant to cooperate with the F.B.I.

"Everybody's clear that as soon as they talk to the F.B.I.," Mr. Khan said, "they might be, you know, put in the slammer."

There is, he added, "not much trust at all."

Drew S. Parenti, the special agent in charge of the Sacramento office of the F.B.I., defended the case, saying, "Everything we did in this case was lawful, ethical, proper, was reviewed by a judge and was determined by a jury of peers to be sufficient evidence to sustain conviction."

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But Mr. Scott, the United States attorney, now says it was a mistake to label the case as a Qaeda plot.

"We probably, at the end of the day, should not have used that term," he said. "One of the biggest mistakes that we can make is to overhype these cases on the front end. And if it is a widely held perception out there that we did that in this case, then I regret that, because that was never our intent."

An Attorney's 23-Year Quest For An Ex-Beatle (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, October 10, 2006

Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle.

Twenty-three years later, he's still digging.

A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s.

What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor.

The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, "The U.S. vs. John Lennon," in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book "Gimme Some Truth: The John Lennon FBI Files," and was a consultant for the film, in which he appears.

A CAUTIONARY TALE

Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion.

"It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance," he said.

Much of Wiener v. FBI, No. CV-83-1720 (C.D. Calif.), settled in 1997 during the Clinton administration.

In 1991, the issue of whether the FBI had sufficiently detailed its reasons for nondisclosure went up to the 9th U.S. Circuit Court of Appeals. In that decision, Wiener v. FBI, 943 F.2d 972 (1991), the appeals court reversed the lower court and determined that the FBI's degree of specificity was not adequate.

Today, the parties continue to spar over a handful of remaining documents that U.S. District Judge Robert Takasugi in 2004 said the FBI must release. Government attorneys argue that releasing them could jeopardize the national security of an unnamed foreign government. Lennon was a British citizen.

Although attorneys for the U.S. Department of Justice have filed a notice of an appeal to Takasugi's decision, it remains uncertain whether the U.S. Office of the Solicitor General, which must authorize the government's pursuit of an appeal, will do so.

A spokesman for the Office of Solicitor General said that, so far, no authorization had been granted. He declined to comment further.

A GRASSROOTS THREAT

Lennon drew the Nixon administration's scrutiny because of his protests over the Vietnam war. Lennon's ability to rally grassroots support for his views prompted FBI agents to document his whereabouts and monitor his appearances.

Lennon, 40, was assassinated in 1980 in New York by Mark David Chapman.

Other attorneys representing Wiener are Mark Rosenbaum and Peter Eliasberg, with the American Civil Liberties Union in Los Angeles.

Since the case originally was filed, Marmalefsky has married and has a grown son. When he brought the suit in 1983, he was an associate at Hufstedler Miller Carlson & Beardsley in Los Angeles. Most of its attorneys, including Marmalefsky, joined Morrison & Foerster in 1995.

American University Washington College of Law professor Robert Vaughn, whose scholarship focuses on freedom-of-information issues, said that freedom-of-information disputes that go to litigation usually drag on a year or two.

"Twenty-three years is a very long time," he said.

Big Drug Smuggling Ring Busted (NADH)

Netherlands Antilles Daily Herald, October 10, 2006

56 indicted, 28 arrested, two here

DOJ_NMG_0077066

PHILIPSBURG--Twenty-eight persons, including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation.

Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico.

De Vrieze also disclosed that detectives of the Kingdom Detective Cooperation Team RST had played a vital role in exposing the mastermind behind the operation, as a result of which some 56 indictments have been issued for persons involved, 28 of whom have already been arrested.

The Dutch national De G. was the first of the two persons arrested here. He was held Friday afternoon and the second suspect M.V. was held on Saturday as he was attempting to leave the island for Puerto Rico.

According to De Vrieze these two coordinated the transhipment of drugs through St. Maarten in collaboration with their Colombian counterparts who organised the delivery using six speedboats that have been confiscated.

Millions of dollars identified by the authorities as being laundered and drug money have also been confiscated from several US and offshore bank accounts.

In addition, the authorities have confiscated about 1,900 kilos of cocaine so far.

De Vrieze explained that RST detectives had stumbled on some information earlier this year that they had followed. The information led them to several groups that appeared at first to be independent operations, but which they later learnt were linked.

The authorities were also able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organisation and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping.

Pereira is believed to have orchestrated the kidnapping of a US citizen for whose release he demanded US $5 million in ransom. The victim managed to escape unharmed.

Giving additional details about the busted operation, De Vrieze explained that millions of dollars in drugs had been shipped from South America to Santo Domingo and then to the United States using St. Maarten as a transhipment island.

It seems that the cartel used a method called “the black market peso exchange” to “wash” their ill-gotten gains. They would exchange the money, or make investments with very little if any profit margins, as their prime concern was the return of funds through a legal channel.

The countries involved in the illegal operation were the USA, Puerto Rico, Colombia, St. Maarten, the United States Virgin Islands, the British Virgin Islands, and the Dominican Republic.

Arrests Made In Colombia Drug Case (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 10, 2006

WASHINGTON -- Twenty-seven people were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year.

The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called "Operation Green Traketon" and "Operation Watusi."

An undercover agent for U.S. Immigration and Customs Enforcement, whose identify has not been disclosed, was kidnapped and held for a half-day, at times with a gun stuck in his mouth, authorities said.

The drug ring's leaders initially demanded a $2 million ransom but then chose to release him after they realized he was a U.S. government agent.

The Dec. 14 kidnapping had not been previously disclosed. It was announced by the Justice Department on Friday.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents," said Julie Myers, the assistant secretary at the Homeland Security Department. "In this case, our agent was fortunate to escape with his life," said Myers, who heads Immigration and Customs Enforcement.

Twenty-nine suspects were still at large late Friday. Among them is Luis Alberto Pena-Pena, a leader of the drug operation who ordered the agent's kidnapping from his hotel in Medellin, Colombia.

The agent had infiltrated the drug ring, which was smuggling cocaine from Colombia through Caribbean islands and Puerto Rico to the United States. Authorities said he was kidnapped, handcuffed and threatened with murder the morning after a conversation with Pena-Pena.

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Authorities said Pena-Pena blamed the agent for the loss of 200 kilograms of cocaine that law enforcement officers in Puerto Rico had seized in July 2005. Pena-Pena also berated the agent, who had been taken to a ranch in Medellin, over several money seizures in Puerto Rico, officials said.

Meanwhile, immigration agents in Puerto Rico learned their colleague had been kidnapped and that Pena-Pena's organization was demanding $2 million for his release. That touched off frantic plans to rescue the agent, involving the FBI, the DEA and the U.S. Embassy in Bogota.

Before a rescue could be attempted, one of Pena-Pena's lieutenants found the agent's U.S. law enforcement credentials and badge in his abandoned hotel room and alerted the drug ring leader, officials said.

The agent was released shortly afterward, presumably because Pena-Pena and his confederates believed "killing a U.S. federal agent would've brought more attention to them than they wanted," said Immigration and Customs Enforcement spokesman Dean Boyd.

The indictments announced Friday were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States.

So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine.

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On the Net:

Justice Department: http://www.usdoj.gov/

U.S. Immigration and Customs Enforcement: http://www.ice.gov/

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

Arrest 3 Dominicans In Breakup Of A Major Drug Ring (DOMT)

Dominican Today, October 10, 2006

DOJ_NMG_0077068

SANTO DOMINGO. - The National Drugs Control Agency (DNCD) assisted by authorities in 6 countries captured three Dominicans implicated in a powerful international network that introduced large shipments of cocaine to the United States, and which used Puerto Rico as springboard for its operations.

The international operation leading to the arrests included the U.S., Colombia, Saint Martin and Dominican Republic, helped by the DEA, to end the illicit maneuvers capturing 33 of 56 narcotics traffickers, including the Dominican-born Ramirez Santana Leon, Toribio Jiménez and Woady Audry Lopez.

DNCD president Rafael Ramirez made the announcement this morning. "The arrest of those individuals was possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States," through Puerto Rico, he said

He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island, from were they were sent to different points of the American territory.

From the members of the international ring were seized 1,900 kilos of cocaine, US$3 million, 6 boats and 131 large bank accounts with high sums in dollars were frozen, in just one operation. They will face charges of conspiracy, drugs distribution and import, in addition to money laundering.

The Dominican detainees, who in the next hours will be given in extradition, were part of that band which directed and controlled the transport of cocaine to the U.S., coming from Colombia, task in which also used light boats, according to the investigation that culminated in the arrest of the fugitives. They face several charges in a San Juan Federal Court.

DNCD spokesman Roberto Lebrón said that from the exchange of information "we are convinced that those three individuals are the ringleaders in the country of that network of narcotics traffickers," which are being held in the DNCD compound. The arrests took place simultaneously in La Romana, Santiago and Puerto Plata, cities where the Agency's special units went to capture them.

Lopez, detained in Santiago, had in his possession 8 cellphones, a pistol, two luxury SUVs, and several deeds of properties worth millions, whereas Jiménez was arrested in his vehicle in La Romana, and was carrying a pistol. In his house there were two nautical charts and several rental contracts of buildings located in the Bayahibe resort area.

For his part, Santana de Leon, arrested in front of a restaurant in Puerto Plata's Malecon, had a pistol, among other personal documents.

"These three people will be extradited to the U.S.A. so that they face charges of drug shipments occupied in that country," Lebron said.

A federal Prosecutor in Puerto Rico, Rosa Emilia Rodriguez, and the Police confirmed that the ring was directed in Colombia by Gregorio González (El Flaco), who is under arrest in Bogota and would be extradited to the U.S.A.

Another ringleader is also the Colombian Luis Peña Peña.

Of the arrests 18 were conducted in San Juan, Puerto Rico, where the network had its operations center and 3 in Santo Domingo.

Up In Smoke (TRACYP)

By Written By Phil Hayworth

Tracy Press, October 10, 2006

Tracy joins the rank of NorCal towns with major marijuana busts, as four men are arrested for turning local houses into high-end pot farms.

Gutierrez/Tracy Press - CAUGHT:Three people were arrested at this house on Deer Run Lane this week for allegedly growing marijuana inside the house. Two other houses were also targeted by law enforcement for illegal drug activity.

Tracy police busted three sophisticated indoor marijuana growing operations this week, complete with grow lights, automatic watering systems, climate controls and ventilation systems.

The homes were nestled among some of Tracy's priciest and newest homes — and just yards from playgrounds packed with children.

"And at this point, we suspect there are more in Tracy," said Sgt. Mark Duxbury of the Tracy Police Department's Street Crimes Unit.

Investigators think the pot houses could be linked to a regional, organized pot-growing syndicate stretching from Sacramento to Tracy.

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At dusk Tuesday and Wednesday, detectives from the Tracy Police Department's Street Crimes Unit swooped in on three homes in the neighborhoods of Glenbriar Circle, Whispering Wind Drive and Deer Run Lane, netting 666 marijuana plants and thousands of dollars in loose cash.

Four men were arrested and booked into the San Joaquin County Jail in French Camp for conspiracy, cultivation of marijuana and possession of marijuana for sale.

"Just based on the plants' sizes, they were growing for at least two months," Duxbury said. "The quality of the plant was very impressive, actually — well-groomed, well-maintained, to the point where they had maximum buds."

He said many of the plants were only weeks from harvest.

County officials generally estimate that a single pot plant can be worth up to $6,000 in harvested marijuana. That puts the haul from the Tracy busts at just under $4 million.

Sold on the street, potent pot can bring anywhere from $650 to $900 an ounce, Duxbury said.

Tracy police are investigating whether the Tracy operations are connected to 41 other home-based pot operations busted from late June through late September in Sacramento, Elk Grove and Stockton.

"It was so obvious," said a Deer Run neighbor. "The windows were all blacked out and they had water hoses coming out their front doors out onto the lawn."

The neighbor, who wished to remain anonymous, said that Tracy police knew about the pot operation and figured police were biding their time until they could make physical arrests, not just seizing plants.

The first house hit by police Tuesday evening was a new house in the 1600 block of Whispering Wind, where 260 plants were recovered and a 2006 Chevrolet panel van was seized.

The second search warrant, executed on the 400 block of Glenbriar Circle, turned up 249 plants and about $1,000 in cash. A 2004 Audi was also seized. Wathanack Suon, 23, of Tracy, was arrested there and booked into county jail for the cultivation of marijuana, possession of marijuana for sale, and theft of utilities.

The third search warrant was executed on the 1500 block of Deer Run Lane where 157 plants were recovered and a Honda Civic was seized. Tung Nguyen, 30, of San Jose, was arrested inside of the residence; Christopher Truong, 18, of Sunnyvale and Hiep Tran, 19, of San Jose, were arrested after they fled the residence on foot and were located while hiding in nearby yards.

Nguyen, Truong and Tran were booked into San Joaquin County Jail for conspiracy, cultivation of marijuana and possession of marijuana for sale. Nguyen was also charged with violation of parole.

Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area.

The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento.

Meth arrest

In a separate incident, Street Crimes detectives arrested 45-year-old Alfred Santana on Sept. 29 for possession of a half-pound of methamphetamine at his home in the 300 block of Yosemite. Street value of the drug was about $10,000, Duxbury said.

Detectives also seized $2,655 in cash and Santana's methamphetamine price sheet. Santana was booked into county jail for possession of a controlled substance for sale and for committing a felony while out of custody on a pending felony matter. He is being held on $1 million bail.

It was the third time in a year that Street Crimes detectives arrested Santana while possessing more than a half-pound of methamphetamine during each incident.

Medical Pot Has Cities In A Bind (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, October 10, 2006

As Norco Mayor Pro Tem Harvey Sullivan voted for a 45-day moratorium on medical-marijuana dispensaries this month, it was with mixed emotions.

Sullivan is battling prostate cancer. More than ever, he understands the pain that drives patients to cannabis for relief. At the same time, he leads a city battling to deal with the drug and alcohol abuse that has led to an increase in traffic fatalities -- particularly among youths. Conflicting state and federal laws on the legality of medical-marijuana use further complicate the matter for city leaders.

"I'm not sure what to think," he said. "I could go either way."

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His dilemma is not unique. It's playing out throughout the region and the state.

Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. California voters approved marijuana use for medical purposes in 1996, but it is still illegal at the federal level. The federal government has not determined that marijuana serves a medical purpose and views it as a "gateway drug," enticing users to harder drugs.

District Attorney Grover Trask has said he won't prosecute patients who use marijuana in accordance with state laws. A handful of Inland cities, including Palm Desert and Palm Springs, are considering ordinances to restrict or regulate cannabis distribution. Other cities such as Corona have already enacted moratoriums and have gone so far as to seek a restraining order against a dispensary within the city.

"The state has mandated cities and counties to find a way for it to be distributed without having illegal drug houses," Sullivan said. "The people voted on it. Now we need to find the right way for it to be dispensed under a doctor's supervision. I'd rather see it sold somewhere like Sav-on than some tattoo parlor on the corner."

No one has currently sought a business license for a dispensary or cannabis co-op in Norco, but city officials hope to establish guidelines before one tries to come in.

Cities were looking to the county to establish regulations they could also adopt, but now that the county is challenging the state, the cities are left on their own to figure it out, said Ryan Michaels, of Inland Empire Patient Advocates. The group has worked with several Inland cities on ordinances that regulate while protecting patient rights.

Michaels is also the director of Healing Nations Collective, a Corona medical-marijuana dispensary fighting the city in court to stay open.

A lot of cities don't even know it's legal for patients with a medical-marijuana prescription to grow their own cannabis, he said. Michaels wants cities to encourage open communication between law enforcement and dispensaries. He advocates requiring business licenses for co-ops with seven or more members.

However, city leaders fear that such places attract crime, are difficult to regulate and are vulnerable to abuse.

Last week local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers.

Norco resident Pat Overstreet said she has trouble accepting the idea of medicinal-marijuana distribution because of the potential for abuse.

"As a (registered nurse), I know there are some situations where marijuana will help people with acute pain and nausea," she said. "But the potential for abuse is truly what's so scary about this."

$58,000 A Quarter For Electricity? (TIMESO)

By LA Notebook By Chris Ayres

Times Online, October 10, 2006

Stone me, now I remember why . . .

THE SMELL was musty and sour, enough to make your eyes water. “I think there might be a skunk in here,” I said, trying not to breathe.

“Not quite,” coughed the owner of the office building in which I was considering renting a cubicle. “We have the other kind of skunk here: marijuana. The medical stuff.” There was a long, pungent silence. Before I could ask for urgent clarification, my future landlord cut me off: “There’s a licensed dispensary on the floor below. Don’t worry: it’s completely legal. You might enjoy the odour after a while.” I took the cubicle.

And so, for a few relaxed, hungry, and generally unproductive months, my workspace was directly above one of LA’s hundred or so medical marijuana dispensaries, also known as clinics or “clubs”.

It has been exactly ten years since California made it legal for individuals to grow and use marijuana for medicinal purposes, thus creating the dubious legal no man’s land in which the dispensaries are tolerated. Owners of these outlets argue that growing pot plants (not to be confused with potted plants) is a difficult business, and that their 150,000 or so customers, many of them with terminal cancer, have little energy for horticulture.

Nevertheless, they’ve demonstrated considerable savvy in their marketing of the weed, such as marijuana-laced snacks and drinks with strangely familiar brand names: Pot Tarts, Munchy Way, Toka-Cola, Stoney Rancher. Not everyone believes they are in it entirely to help the infirm.

The problem, of course, is that while California might be all funky and liberal on this issue (Governor Arnold Schwarzenegger used to smoke marijuana openly before going to the gym) the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty. In an uncanny parallel with the popular TV sitcom Weeds (the protagonist is a

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dazed suburban mum who sells pot to maintain her Land Rover lifestyle), one of these raids took place at a house in the posh San Francisco suburb of Elk Grove.

Outside, the house looked like any other suburban box. Inside, it had been gutted to make way for an indoor pot farm: the skunk odour was vented and filtered in the attic, while electricity for the grow-lights was tapped illegally from the grid. The latter strategy was necessary because the Feds are often made suspicious by humungous electricity bills (another growhouse was raided last week after a quarterly meter reading showed that $58,000 was due).

It's tempting to see all this as a typical case of the Bush Administration versus the Left Coast. But predictions of a culture war are probably overdone. California's pot clubs have resulted in virtually zero extra demand overall for the drug. According to the Government's 2005 national survey on drug use and health, about 8 per cent of Americans aged 12 or older use illegal drugs, a figure that has remained unchanged over recent years. Meanwhile, the use of marijuana among kids between 12 and 17 is actually falling. Sociologists need only watch Weeds to see why: pot smokers are middle-aged; sometimes beyond middle-aged. Stoners are the new real ale bores. Marijuana is so inoffensive, you can find copies of High Times magazine in your dentist's waiting room.

Here's my theory: even conservatives now accept the theory that brain chemistry can be altered by just about anything, from a three-mile run to a slice of chocolate cake. And as the wealth, leisure time and age of the US population grows, so too does the desire to tinker with that chemistry, especially if it can make life more pleasant.

Aldous Huxley predicted all this in Brave New World, in which it was "soma" that kept everyone feeling hunky-dory. So why the raids by the Feds, or the lawsuits by certain counties to overturn California's liberal policy? The former is a case of going after the most obnoxious profiteers (one dispensary was making $2 million a year). The latter is usually a simple case of Not In My Back Yard.

Which brings me back to that cubicle I rented. I've never found much appeal in marijuana, so the novelty of the stink wore off quickly. I didn't stay long. Does that make me a Nimby? I like to think not. The People of California can get as baked as they want in my back yard.

But please, not under my desk.

Med Marijuana Moratorium Will Stay In Palm Springs, Dispensary Open (PSDS)

The Desert Sun, October 10, 2006

Springs Caregivers, the medical marijuana dispensary located next to Toucan's in North Palm Springs, is back open today after being closed by a Drug Enforcement Administration raid earlier this week.

About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting this evening at city hall to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215.

Palm Springs Caregivers reopened today about 11 a.m. DEA agents had served a search warrant on the dispensary after someone they say is connected to the dispensary left a "tip" of a marijuana edible for a worker at the Spa Resort Casino in downtown Palm Springs.

The Palm Springs Medical Marijuana Task Force is meeting to consider the city's approach to an ordinance regarding the drug. Currently, a moratorium in effect until March prohibits any new dispensaries from opening but "grandfathers in" the two existing Palm Springs sites, one on North Palm Canyon and one, Collective Apothocary of Palm Springs (CAPS) closer to the heart of downtown at 333 Palm Canyon Drive.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 10, 2006

A battle for the title of the finest neighborhood is brewing -- historic Georgetown versus suburban McLean -- although it's starting to smell of politics.

We turn to the current issue of the Georgetowner, a local newspaper that didn't take kindly to the New Republic's recent magazine headline: "So long, Georgetown. McLean is the new home of America's ruling class."

Wouldn't you know The Washington Post next ran with the story "and all but declared it official," the Georgetowner notes in an editorial.

Not to be outdone, the editors of the local paper are offering their own partisan perspective on the two diverse communities, stating in part: "When you enter McLean, Va., ... one of the first things you see is a huge green sign declaring, 'George Bush Center for Intelligence.' This is your clue to turn around and go no further. ...

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"When you grocery shop at the McLean Safeway, you run into Newt Gingrich, Ken Starr and Bill Kristol. When you shop at the Georgetown Safeway, you run into the likes of George Stephanopoulos, Elizabeth Taylor, Kitty Kelley, and Madeleine Albright. Now, I ask you, whom would you rather say hello to?"

The editors go on to recall that John F. Kennedy once lived in Georgetown, while "Dick Cheney and his wife lived in McLean when he was a top official at Halliburton. Colin Powell, secretary of state under George W. Bush, lives in McLean. Madeleine Albright, secretary of state under Bill Clinton, lives in Georgetown."

Finally, nobody should be surprised to read that Georgetown has a population of 14,000, 12,000 of whom are Democrats.

US Worries Opium From Afghanistan Will Enter US Market (VOA)

By Stephanie Ho

Voice of America, October 10, 2006

A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States.

Afghan boys tend a poppy field while their father supervises on the outskirts of LashkargahThe figures speak for themselves. In the past few years, as opium poppy eradication efforts in other countries have met with a measure of success, post-Taleban Afghanistan has emerged as the world's leading, and nearly only, supplier of heroin.

The U.N. Office on Drugs and Crime published a survey in September on opium poppy cultivation in Afghanistan, which it said has risen 59 percent since 2005. The report called the 6,100 tons of opium harvested in Afghanistan this year "unprecedented," and said revenue from the harvest will exceed $3 billion.

Opium is used to make the drug heroin. The White House drug control policy director, John Walters, said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could replaced by Afghanistan.

"It is a danger," said John Walters. "It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA [Drug Enforcement Administration] and other international enforcement agencies, in watching this."

He spoke in an interview shown Sunday on C-SPAN, a private, non-profit network that broadcasts Congressional proceedings and other Washington political events on cable television.

Walters said the United States has a two-pronged approach in dealing with heroin from Afghanistan.

"What we are trying to do is both be vigilant to cut off efforts to move it here, but, over time, if we are not successful in reducing supply, you would expect there would be some increased flow here - and there can be some flow here - but we are going to both try to cut off that flow and, of course, first and foremost, cut off that production source," he said.

Shortly after the U.N. report was released, the State Department's Thomas Schweich told reporters in Brussels that U.S. officials believe aggressive eradication of opium poppies in Afghanistan is crucial. He added that "it is very difficult to interdict heroin and opium paste," which he described as "hidden cargo" that moves through "porous borders" and through "rough, desolate terrain."

U.S. officials say the Taleban is encouraging opium growing in the southern Helmand Province, where American and NATO troops are battling a persistent insurgency.

The assistant secretary of state for narcotics and law enforcement, Anne Patterson, told Congress last month that the Taleban is also protecting drug routes and traffickers. She said, whether the Taleban is getting revenue from the drug trade, or just encouraging an anti-government statement is not clear.

Meanwhile, the White House's John Walters says the good news is that, as global eradication and interdiction efforts have been successful, the purity of heroin available worldwide has gone down. At the same time, another factor he pointed to as a positive sign is that prices for opium actually have gone up, suggesting diminished supply. E-mail This Article

IMMIGRATION:

Court Tests Await Cities' Laws On Immigrants (USAT)

By Laura Parker, Usa Today

USA Today, October 9, 2006

Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them.

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The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory.

The court action has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances.

More than 30 city councils have passed or are considering local measures aimed at curbing illegal immigrants' access to housing, voting and jobs. At the state level, lawmakers in 33 states have passed 78 bills, most of them imposing restrictions similar to the city measures, the National Conference of State Legislatures says.

The laws challenge a principle established by the U.S. Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police.

"I am prepared to fight this to the highest court in the country if we have to," says Hazelton Mayor Lou Barletta.

He says he gets calls every day from officials in other cities who want a copy of Hazleton's new law. "It's a good ordinance that other cities can model themselves after. The message is: Illegal aliens are not welcome here."

Barletta says he proposed Hazelton's new ordinance after a series of crimes allegedly involving illegal immigrants. "Our police department is stretched beyond its limits. I've had enough."

The ordinance penalizes business owners and landlords — not the immigrants they employ or rent to — by revoking their licenses to do business.

To defend Hazleton's law, Barletta put together a legal team that includes a Philadelphia law firm and lawyers from conservative groups such as the Mountain States Legal Foundation and the Federation for American Immigration Reform.

Michael Hethmon, a lawyer for the Immigration Reform Institute in Washington, D.C., helped Hazelton rewrite the ordinance that was passed in July to give it a better chance of surviving in court. Valley Park has since adopted the Hazelton model, and Riverside is considering whether to do so.

Hethmon says he thinks the revised ordinance will pass muster in court because it "respects the powers and authorities" of local and federal governments.

The original law was vague about how a resident's immigration status would be determined. Under the revised law, the city would determine immigration status by submitting information to the federal government for verification. The revised ordinance also gives landlords and business owners three to five days to correct violations before fines and other penalties are imposed.

Some legal experts say the cities face an uphill fight.

"The line of cases stretches back 150 years in a range of situations that are analogous to what is happening now," says Michael Wishnie, a Yale Law School professor who specializes in immigration law. The Supreme Court "has made it very clear that the regulation of immigration is exclusively a federal function."

N. Korea: Nuclear Test Was Success (USAT)

From Staff And Wire Reports

USA Today, October 9, 2006

Nearby nations denounce action

North Korea said today that it had successfully conducted its first nuclear weapons test, an underground explosion that, while unconfirmed, sent neighboring countries scrambling into emergency meetings.

U.S. and South Korean intelligence detected a seismic event at a suspected nuclear test site in North Korea, White House spokesman Tony Snow said just before 2 a.m. ET today.

Snow declined to speculate on a possible U.S. response to a North Korean nuclear test.

"At this point we are not confirming a nuclear test. At this point we're still assessing the data and trying to figure out what happened," Snow said.

"We expect the U.N. Security Council to take immediate actions to respond to this unprovoked act," Snow said. "The United States is closely monitoring the situation and reaffirms its commitment to protect and defend our allies in the region."

The U.S. Geological Survey detected a magnitude-4.2 tremor late Sunday in the country's northeast region, about 240 miles from Pyongyang, the capital, according to the USGS website.

South Korea's Defense Ministry raised the alert level for its military upon hearing the news. South Korean stocks plunged following the announcement.

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North Korea's official state-run Korean Central News Agency called the test "a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation."

"It marks a historic event as it greatly encouraged and pleased the … people that have wished to have powerful, self-reliant defense capability," it said.

The report of the test came as Japan's new prime minister, Shinzo Abe, was in China to discuss security issues. Japan said today that it would push for a tough resolution at the U.N. Security Council to force North Korea to end its nuclear program.

"If it is proven, it will be a grave threat to stability in northeast Asia, and we will file a strong protest," Chief Cabinet Secretary Yasuhisa Shiozaki said.

China said today that it firmly opposed North Korea's test, denounced it as "brazen" and demanded that the government in Pyongyang stop any action that would worsen the situation.

North Korea "has ignored the widespread opposition of the international community," China's Foreign Ministry said on its website.

Several countries have been holding talks to get the North to end its nuclear ambitions. The United States, South Korea, Japan, Russia and China had been urging North Korea to return to the six-nation talks it abandoned a year ago. The Security Council last week urged North Korea not to carry out a test.

The country pulled out of the Nuclear Non-Proliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, violating an earlier nuclear pact between Washington and Pyongyang.

Looking Over The Wall (NYT)

The New York Times, October 9, 2006

Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that.

With a better start, this election year could have featured a rational debate about immigration policy that went beyond xenophobia and the fear of disorder caused by the presence of immigrant day laborers on suburban street corners. Americans — particularly those struggling to find decent jobs themselves — have a reasonable concern about what effect the presence of so many unplanned-for workers has had on the economy. They deserved to hear that talked about in a realistic way.

Last month the Center for Immigration Studies, a group that wants to reduce immigration, released a study that found that a sharp immigration increase in the last five years corresponded with a steep decline in the employment of young native-born Americans, particularly black men without high school diplomas. Last week in The Times, Rachel Swarns reported on the ways the booming population of Latinos in the Deep South — particularly Georgia — had left many black Americans resentful of the immigrants' comparative success.

But there is compelling evidence that instead of harming the economy, unskilled immigrants prop it up, filling jobs that better-educated Americans do not want and giving everyone access to cheaper goods and services. The case made by the Center for Immigration Studies is rebutted by other studies that have found that there is no nationwide pattern of job displacement by illegal immigrants, and that immigration has broadly been a net plus to the nation. In Georgia, immigrant labor has kept textile mills, farms and service industries humming.

Right now across America, fruit is rotting on the ground because the crackdown along the border has created a shortage of immigrant workers needed for the harvest. Nevertheless, it is impossible to ignore stories of poor American workers who believe that their livelihoods were undermined by immigrants willing to work for below-subsistence wages, and of honest employers who could not compete with unscrupulous competitors using undocumented workers.

These serious problems will not be solved at the border with Mexico. Setting things right means adopting policies that fence-obsessed members of Congress have not exactly championed, like raising the minimum wage, improving public education, having a progressive income tax and making sure that workers' rights are protected.

These are only a few reasonable solutions. A host of others is offered in a new report by the Migration Policy Institute, in which Lee Hamilton, the former congressman, and Spencer Abraham, the former senator and energy secretary, argue that immigration needs to be seen as an integral element of a national economic policy. It is a resource to be embraced and managed, with a lawful, orderly flow of workers governed by flexible quotas set by a national commission advising Congress.

It's a comprehensive approach and then some. It offers a new way of framing a stalled debate. The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them.

Study: South Texas Leads In Taking Violators To Trial, But Hasn't Always (MON)

DOJ_NMG_0077075

Monitor, October 10, 2006

McALLEN — Federal prosecutors in South Texas are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study.

The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas.

The majority of the local cases come from Department of Homeland Security agencies, such as the U.S. Border Patrol and U.S. Customs and Border Protection, for people apprehended on charges like illegally re-entering the country, impersonating a U.S. citizen and human smuggling.

In fact, Texas' Southern District, based in Houston, has led the country in the number of immigration prosecutions for five years, according to the study from the Transactional Records Clearing House.

TRAC, a research center that focuses on how government operates, specifically agencies like the FBI, Drug Enforcement Administration and the Department of Homeland Security, regularly looks at immigration data it requests from the government and analyzes it for patterns.

The latest numbers available are for June 2006.

The number of immigration cases taken to court could be even higher by next year.

President Bush recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts.

The Southern District has about 150 assistant U.S. attorneys who at any given moment manage as many as 100 cases.

When and how many will be added to Texas' Southern District is unclear, according to its spokesman, John Yembrick.

He referred all calls about immigration statistics to the Department of Justice.

But a high number of immigration convictions has not always been the case in South Texas.

According to TRAC, fiscal year 2004 proved to be a turning point for the district. The number of convictions in the district that were tied to immigration violations went from 304 in fiscal year 2003 to 13,778 in fiscal year 2004.

The majority of immigration cases originated with the DHS. As other federal agencies contribute fewer cases that lead to prosecution and conviction, DHS is contributing a growing number of cases, according to TRAC.

DHS referred 18,092 cases to federal prosecutors in South Texas — four times as many as Texas' Western District, which had the next largest number.

Mexico May Take Fence Dispute To U.N. (AP-Y)

By Jenny Barchfield, Associated Press Writer

AP, October 10, 2006

Mexico's foreign secretary said Monday the country may take a dispute over U.S. plans to build a fence on the Mexican border to the United Nations.

Luis Ernesto Derbez told reporters in Paris, his first stop on a European tour, that a legal investigation was under way to determine whether Mexico has a case.

The Mexican government last week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. President-elect Felipe Calderon also denounced the plan, but said it was a bilateral issue that should not be put before the international community.

Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a "shame" U.S. immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the U.S. in November.

He said he discussed the issue with Douste-Blazy, and planned to bring it up in meetings with his Spanish and Italian counterparts during visits to Madrid and Rome. He vowed to work on the case until the "very last day" of President Vicente Fox's term, which ends Dec. 1.

The U.S. Senate approved the border fence bill last month and President Bush has said he will sign it into law — despite last-minute pleas from the Mexican government for a veto.

"What should be constructed is a bridge in relations between the two countries," Derbez said.

A Public Frustrated With Judges Who Use Their Benches As Thrones (WSJ)

WSJ, October 10, 2006

If "the breadth and intensity of rage currently being leveled at the judiciary" is "unmatched in American history," there is more than likely a reason, and that reason is more than likely expressed by Sandra Day O'Connor's praise for judicial minimalism in "The Threat to Judicial Independence" (editorial page, Sept. 27). Surely the judiciary's mission is broader than "checking the

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other two branches and protecting minority rights"; but from the perspective of heartland America, the courts have long abandoned that broader mission to engage in partisan advocacy against the majority's interests. It is simply disingenuous to argue that anger against judges is being stirred up by fanatics and opportunists while dismissing the judiciary's persistent undermining of fundamental constitutional protections, such as the right to life in Roe or private property rights in Kelo, as mere "erroneous decisions."

Justice O'Connor's argument ultimately rests on the false assumption that only the executive branch, legislature or public might pose a threat to "the complete independence of the courts." A more reasonable reading of Hamilton is that the responsibility for maintaining the distinction between the judiciary and the two other branches rests at least equally upon the judiciary. That has certainly been the opinion of the Supreme Court itself at least since Jefferson requested its advice on foreign policy and the court demurred, explaining to President Washington that there is a constitutional prohibition against such advisory opinions because they usurp legislative and executive powers.

Such reticence is hardly to be found in the commerce clause, religion clause, abortion rights or eminent domain doctrine of liberals on the current Supreme Court, or that of their most dependable ally, Sandra Day O'Connor. The result has too often been opinions like Kelo in which the rights of minorities or special interests are held to be pre-emptive and the usurpation of legislative and executive powers by the judiciary the means to a socially desirable end. Perhaps the public's anger toward the bench is simply a reasonable response to decades of unprincipled jurisprudence.

Edward H. Stewart Jr.

Austin, Texas

Justice O'Connor sets up a straw-man argument when she decries the intimidation of judges and quotes federal appeals-court judge David B. Sentelle as saying that "'Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families.'" Of course. Only those beyond the pale of reason would disagree.

But there is a deeper issue embedded in her recognition that there is an all-too-pervasive lack of trust in judges -- both state and federal. All too many judges have lost sight of their responsibility of interpreting law, not making it. And, all too often, the appointing powers -- presidents, governors, and, in many states, the electorate -- select judges precisely because they expect those judges will "make law" favorable to appointing powers' political agendas.

True, it is frequently a fine line between improperly making law and interpreting it, especially when legislative dictates are purposely vague (so legislators can be all things to all people), or when judges fulfill their rightful responsibility of developing the common law, which, as the name denotes, grew out of what the community believed were proper rules for society.

While I join Justice O'Connor's decrying of threats to judges, I also recognize that many of those threats are largely -- and irrationally -- born of a frustration with judges who use their benches as thrones from which to impose their own social, religious or economic views.

Ralph Adam Fine

Judge

Wisconsin Court of Appeals

Milwaukee

I am a retired U.S. Bankruptcy Court judge. What has set this country apart from many other less free countries in the world, and has given us an unparalleled measure of prosperity, is the fact that we have a judicial system that has protected personal and property rights and enforced contractual obligations. I heard a former Nobel laureate in economics state that he declined to further consult in Russia because of that country's lack of a judicial system to enforce property and contract rights, calling Russia a "kleptocracy." In the U.S., groups such as the one discussed by Justice O'Connor in her commentary -- JAIL 4 Judges -- and members of Congress who seek to upset the delicate balance forged by our founding fathers attack the very thing which has set us apart from less successful societies. This proposed "cure" is much more dangerous than the imagined "malady".

Judge William T. Bodoh

Columbus, Ohio

Justice O'Connor sounds a trenchant alarm about modern threats to judicial independence, a bulwark of American democracy. She accurately admonishes that when judicial independence is compromised so is our system of government. One major threat in the federal system comes from the coordinate legislative and executive branches, a phenomenon witnessed by frayed relations between the courts and Congress. On Sept. 19, the judiciary took important steps to improve those relations. The Judicial Conference, the courts' policymaking arm, issued rules on "judicial junkets" and on computerized conflict of interest checks. The Breyer Committee simultaneously issued a thorough report on the judicial misconduct and discipline system, which included constructive suggestions for improvement. The judiciary must continue to institute measures for policing itself. If judges

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do not undertake self-regulation, Congress will enter the breach and legislate in ways that could jeopardize judicial independence.

Columbus, Ohio

Richmond, Va.

(The writer is a professor of law at the University of Richmond.)

The reality is that plenty of judges have taken on a lawmaking duties to shape the world to conform to their beliefs, opinions, and values. Ms. O'Connor fails to describe that the founders did not intend this, nor did they write it into the constitution. The activities of JAIL 4 Judges seem like a natural reaction to judges gone wild.

Jeffrey Ihnen

La Crosse, Wis.

Justice O'Connor cites Federalist No. 78 and Alexander Hamilton for the proposition that the Framers intended an independent judiciary. Maybe so, but I defy her to find in the Constitution a provision that states that the Supreme Court has the final say on what is constitutional. That power was arrogated to the Supreme Court by the legerdemain of John Marshall in McCullough v. Maryland. That was the first hole in the dike.

Ms. O'Connor finds it particularly troubling that other judges are critical of the Supreme Court. When the Supreme Court allows the use of race to achieve balance in an otherwise color blind society (University of Michigan case), and when the court cites foreign law for the proposition that it is uncivilized to execute a person under age 18 (Roper v. Simmons), the justices are not making judicial decisions but rather legislative ones.

Kenneth G. Coveney

San Diego

Build a Wall Big Enough to Keep the Illegals Out

In your Sept. 21 editorial "The Great Wall of America" you opposed my proposal for a wall on our southern border stating, "Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs." How do you know that? We have never tried to build an effective barrier across the border that is difficult to tunnel under or scale.

The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border.

The U.S. has no shortage of labor and would not have one if all illegals went home. Department of Labor statistics show that there are 69 million Americans between the ages of 16-74, who are simply not in the workforce. They represent 10 Americans for each illegal worker.

According to a research report compiled by the Pew Hispanic Center last March, the illegal workforce numbers 6.9 million. Illegals, then, represent 4.9% of our workforce of 141 million people, according to Labor. Because of lack of education and low skills, only 2.2% of our GDP is produced by illegal labor.

You took issue with my statement that we should install wire on top of the wall and electrify it as a deterrent because I said, "We do this with livestock all of the time." You contend I've equated "people with cattle." No, I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship.

Rep. Steve King (R., Iowa)

Washington

(Rep. King serves on Immigration Subcommittee of the House Judiciary Committee and the House Immigration Reform Caucus.)

Congress Accomplished More Than You Realize

Your Oct. 2 editorial "The GOP Record" says the 109th Congress didn't get much done. But from the business community's perspective, it was one of the most productive sessions in recent memory. Consider: transportation reauthorization directed much-needed resources to the nation's infrastructure; the Class Action Fairness Act discouraged frivolous lawsuits; the Dominican Republic-Central American Free Trade Agreement lowered trade barriers for U.S. companies; and legislation was passed that increased small business expensing, strengthened the pension system, stiffened anti-counterfeiting laws and reformed the bankruptcy code.

While achieving a great deal, this Congress did leave a lot on the table, including comprehensive immigration reform, extension of vital tax cuts and implementation of a national energy strategy. But on the whole, it was more "can do" than "do nothing."

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Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce
Washington

Group Formed to Stop Politicization of Science

Your Oct. 6 editorial "Under the Microscope" (Taste page, Weekend Journal) regarding Scientists and Engineers for America (SEA), a new 527 organization committed to restoring integrity to science policy, confuses nonpartisan with bipartisan -- SEA is a bipartisan group. The central thesis of the organization is that science has an established method of determining fact through an open process of debate and that no fact or theory is unassailable.

We agree that the best science flows from questioning. Yet your editorial suggests that SEA's real mission is to close debate on science when the truth is exactly the opposite. That is why SEA's membership soared to more than 1,000 members in the first 24 hours of the group's launch. You are also dismissive of allegations that members of the White House and Congress are guilty of unscientific, special interest-driven policymaking on global warming, stem cell research and the "Plan B" morning-after pill. It complains that scientists have become political in their effort to stop the assault on fact-based decision-making at all of levels of government.

SEA was formed to stop the politicization of science and ensure that the scientific voice is heard in policy debates and not marginalized, misstated or censured.

College Fracas Over Minuteman; Questions About Paying For Wall (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, October 10, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

BAD EDUCATION: The appearance of Minuteman Project founder Jim Gilchrist was met with violence last week at Columbia University when the pro-enforcement hardliner attempted to address a Republican student group. The melee began just minutes after Mr. Gilchrist rose to speak, according to Columbia Spectator reporter Laura Brunts1. "Two students in the International Socialist Organization unfurled a yellow banner reading, 'No human being is illegal!'" she reports -- which in turn prompted other protestors and Minuteman supporters to rush the stage. (See video of the event here2.)

Mr. Gilchrist was ushered off before he could finish his speech, but he did manage to taunt the hostile audience before the riot began. "Who's a racist now?" he asked, while hugging an African-American Minuteman member. "I love the first amendment!"

After the riot, one unnamed protestor told Ms. Brunts that the disruption was planned: "I don't feel like we need to apologize or anything. It was fundamentally a part of free speech.... The Minutemen are not a legitimate part of the debate on immigration." Subsequently, as the student newspaper also reported, Columbia officials said they were using postings on the social-networking site Facebook.com as part of their investigation3.

New York City Mayor Michael Bloomberg chastised Columbia President Lee Bollinger, a lawyer and free-speech scholar, for failing to provide an open atmosphere on campus. "Bollinger's just got to get his hands around this," Mr. Bloomberg said on his weekly radio show4. "There's just too many incidents at the same school where people get censored." (Previously, Iranian President Mahmoud Ahmadinejad was forced to cancel a speech at Columbia when school officials said they couldn't coordinate his security.)

In a statement released5 by the Minutemen afterwards, Mr. Gilchrist described the incident as "yet another indication that those who support illegal immigration are happy to use communist tactics in their intolerant determination" to deny his group their First Amendment rights. * * *

BARRIER BAIT-AND-SWITCH? Opponents of the proposal for a fence on the U.S.-Mexico border widely predicted that the initiative would not see full funding. Now, according to a report in the Arizona Republic6, Sen. John Cornyn (R., Texas) believes those critics were right. "It's one thing to authorize," he said. "It's another thing to actually appropriate the money and do it." Instead, Mr. Cornyn speculated, the fence legislation would probably be used to create a "virtual fence" comprised of increased border patrols and high-tech sensors. Why the switch? The senator explained "that 700 miles of fencing would not solve the problem of illegal immigration because it would still leave about 1,300 miles of unfenced border," according to reporter Eunice Moscoso.

In the Washington Post, staff writer Spencer S. Hsu provides details on the gaping loopholes7 surrounding the $1.2 billion set aside for border security by the new law. "[T]he House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on

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roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'" To win over some Republican votes for the bill, Mr. Hsu also reports, "congressional leaders pledged in writing that Native American tribes, members of Congress, governors and local leaders would get a say in 'the exact placement' of any structure."

Mr. Bush, for his part, made no reference8 to anything like a 700-mile fence while signing the Department of Homeland Security Appropriations Act in Scottsdale, Ariz.

What's going on here? Fence supporter Mickey Kaus thinks he sees a pocket veto coming9. An Associated Press report flagged on Mr. Kaus's blog makes it clear that a second bill, the Secure Fence Act, which categorically calls for 700 miles of double-layered fencing, has not yet received Mr. Bush's signature10. * * *

OLD TOWN, NEW RULES: An influx of moneyed Northern Virginia residents are moving into the once small town of Culpeper, Va. But Steve Jenkins, a longtime Culpeper man, is more concerned about illegal immigrants. "For me, it's been like a three-year root canal -- really horrible," says Mr. Jenkins in a Washington Post piece11 by Metro columnist Marc Fisher. "I'm just an old country boy who really liked going into the grocery and knowing who was who. Not like now, when the illegals are off to themselves."

The growing population is creating more traffic and luring big-box retailers such as Target and Lowe's to the countryside. "Those who've moved here from Northern Virginia -- to them, this immigration thing isn't something of great significance," Mr. Jenkins says. "They're not concerned about the urbanization of Culpeper, but for those of us who've been here a long time, well, it's driving people away..." While Mr. Jenkins knows he can't get rid of his new neighbors from the north, he does believe something can be done about those from the south. "It's a much easier issue, because it's black and white," he says. "You're either legal, or you're not. We need to help them be legal. I'm not for anything harsh. If they're willing to come forward and go through a process, we have an obligation to assist them in every way. But I'm about rules." * * *

MIXED FEELINGS IN MEXICO: South of the border, despite the common perception in the U.S., Mexicans are ambivalent about the northward migration of their fellow countrymen -- and, as a result, have mixed feelings about plans for a U.S. border fence. "Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather," reports L.A. Times staff writer Héctor Tobar12. "Everyone complains about it, but there's not much you can do about it." Some took the 700-mile fence authorized by the U.S. Congress as a "slap in the face that highlighted the failure of their country's leaders," Mr. Tobar reports.

There is also a widespread view that the fence initiative represents a rejection of Mexican cultural contributions to life in the U.S. And, as Mexican historian Lorenzo Meyer tells Mr. Tobar, some believe the plan runs counter the spirit of North American Free Trade agreement: "We see now that the idea of a united North America is fiction," Mr. Meyer says. "The reality is the wall."

Others, however, have expressed a more positive response to the fence plan. Guillermo Ortiz, the head of Mexico's central bank, made front-page news in his country after telling the editorial board of the Dallas Morning News13 that a fence "would not be altogether bad. It would certainly be better over the long run." The economist added: "I think Mexico needs its people." * * *

THE 'MUCHAS' MEME: Republicans have found a novel way to try to stick it to their Democratic rivals: thanking them in Spanish. Mac Collins displayed his sarcastic bilingual gratitude for incumbent Rep. Jim Marshall (D., Ga.) in this television ad14. Mr. Marshall, the ad's female announcer observes, "voted to waste our tax dollars printing election ballots in Spanish." Then, an accented male voice intones: "Muchas gracias Señor Jim Marshall."

The National Republican Senatorial Committee took the "gracias" gimmick one step further by creating an entire Web site15 devoted to thanking incumbent Sen. Debbie Stabenow (D., Mich.) in Spanish. Visitors to MuchasGraciasDebbie.com see Ms. Stabenow, decked out in a cartoon sombrero, respond to this profusion of Spanish praise with a "no problema" speech bubble. What's more, the NRSC's facetious Spanish-language Stabenow tribute site includes links to French16 and Chinese17 versions, each taking issue with different dimensions of the senator's purported voting record. * * *

CASELOAD CRUNCH: As the nation's immigration judges struggle to manage an ever-growing caseload, some judges are facing criticism over how they manage their crowded dockets. Studies highlight stark disparities in judgment, like 90% of asylum cases granted by one judge and 9% down the hall, writes New York Times reporter18 Nina Bernstein. One judge, Sandy K. Hom, is so quick and predictable in his denials of asylum that lawyers regularly advise people assigned to him to move to another state, the article says.

"In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way," Ms. Bernstein writes.

"But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake..."

The nation's 218 immigration judges face 350,000 cases a year, with New York's 27 judges taking on about 20,000, the article says.

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SOUND BITES

President Bush at a White House celebration of Hispanic Heritage Month on Friday: "We must understand that you can't kick 12 million people out of your country -- that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Enrique Morones, president of immigrant rights group Border Angels, on Arnold Schwarzenegger's immigration stance: "We always have to remember that he's an actor and ... without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not."

Good Fences And Such (USNEWS)

By Angie C. Marek

U.S. News and World Report, October 9, 2006

It was a telling moment. Last week when Speaker of the House Dennis Hastert faced a battering of press questions about the congressional page scandal, he reached for a life raft: President George W. Bush's promise to sign a bill that would create 700 miles of metal fencing on the U.S.-Mexico border. "A lot of people wanted us to address the issue about the border," he told reporters, "and we did exactly that."

Really? As is so often the case in Washington, the reality wasn't as tidy as the rhetoric. Congress passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing, but critics say backdoor deals have denied the project the necessary funding. In fact, the bill's fine print-and a flurry of last-minute compromises that paved the way for its passage-raise questions about what, if anything, will eventually be built. "This isn't the answer to our problems," says Angela Kelley of the National Immigration Forum. "It's empty symbolism."

On the face of it, the fence bill looks like an aggressive response. The measure adds 700 miles of fencing-split into five segments-to the roughly 75 miles of solid metal border walls already lining parts of the 1,951-mile U.S.-Mexico border. A 390-mile segment would stretch from mid-California across most of Arizona. Other chunks would block a cocaine-trafficking route near Laredo, Texas, and close a path through the Lower Rio Grande Valley once popular with Brazilian migrants. The fence is modeled on a stretch of 15-foot-high double fences-with a high-speed-access road running between them-that Rep. Duncan Hunter says slashed the number of attempted border crossings in his San Diego district after they were built in the mid-1990s. The number of arrests dropped there by almost two thirds.

Details. But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways. Some of the money could go to a project DHS was already working on: a plan to dot the border with up to 1,800 massive observation towers equipped with cameras. Michael Jackson, the No. 2 official at DHS, says the department plans "to refine and assess how much [steel fencing] we need with the new technology tool kit." DHS, he adds, will most likely build "somewhere in the ballpark" of 370 miles of San Diego-style fence.

The bill offers DHS other kinds of wiggle room on the fence as well. In a last-minute effort to appease two Republican holdouts-including Texas Sen. Kay Bailey Hutchison, who had concerns about local input on the location of fencing - congressional leaders committed in writing to changing some specific aspects of the legislation after the November elections. Those changes will ensure that local governments and American Indian tribes will be consulted "regarding the exact placement of the fence," according to a letter signed by Hastert and Senate Majority Leader Bill Frist. The letter also says DHS will have the "flexibility to use alternative physical infrastructure and technology when fencing is ineffective or impractical." Some say that means large portions of the fence bill are basically moot. Others disagree. "A letter is just a letter," says Carolyn Weyforth, Frist's press secretary. "What comes to the floor and passes is what matters."

TAX:

As Religious Programs Expand, Disputes Rise Over Tax Breaks (NYT)

By Diana B. Henriques

The New York Times, October 10, 2006

The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. The two retirement communities have the same simple gabled ranch houses, with the same touches of brick and stone, clustered around a pond with the same fountain funneling spray into the air and ducks waddling down the grassy bank.

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But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court.

As the Brothers of Holy Cross, a Roman Catholic religious order, sees it, providing the elderly with the amenities of the village — a sense of security, social opportunities and various services to make independent living easier — is a charitable activity rooted in its pastoral mission to serve others.

Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people. The current residents of Holy Cross Village have an average net worth of $1 million. Those with deposits on the units under construction are even better off, averaging $1.6 million.

If Holy Cross Village is not taxed, members of the assessment board point out, a heavier burden will fall on the working families in the county that are struggling to pay the taxes on their small homes in careworn communities like the west side of South Bend.

"I was educated by the Brothers of Holy Cross" at St. Joseph's High School, "and I have a great deal of respect, love and affection for them," said Dennis J. Dillman, a longtime board member. "But I think what they're doing is just not right. And that is based on the values they taught me at their schools."

The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes.

The property tax exemption is one of the oldest tax breaks granted to religious organizations, but it is not the only one. Lawmakers and judges have also approved what amounts to special tax treatment for religious organizations and some of their employees, including exemptions on personal-income and payroll taxes, and have made it easier for them to get tax-exempt construction loans for purely religious projects.

Like the exemptions from federal and state regulations that have proliferated for religious groups in recent years, these tax breaks are widely defended both as an acknowledgment of religion's contributions to society and as a barrier to unjustified government limitations on the liberty that religious organizations enjoy under the First Amendment.

But in some communities like South Bend, tolerance of religious tax breaks is fraying as local governments struggle to provide basic services with limited resources.

There are no national figures on how much money these tax breaks save religious organizations and on how much extra cost is shifted to other citizens. But a typical state, Colorado, reported that religious real estate valued at more than $1.1 billion was exempt from local property taxes there last year. Nationally, tax-exempt financing for religious organizations totaled at least $20 billion during the decade that ended last year.

Congressional budget records show that just the income tax breaks uniquely available for ministers, rabbis and other clergy members cost taxpayers just under $500 million a year.

And the price is almost certainly increasing, experts on taxation and congregational growth agreed, because today's larger congregations need more land, employ more clergy members and pay them more money. Moreover, the definition of a religious mission is expanding beyond schools and hospitals to include operations as obscure as a biblical theme park in Florida and as upscale as a retirement community at Notre Dame.

Every state affords some type of property-tax exemption to churches, synagogues, mosques and other religious landowners, typically through statutes that also cover charities, libraries, museums, private schools and other secular nonprofit groups. Indeed, when the Supreme Court ruled on the constitutionality of this tax break in 1970 it noted approvingly that the benefits did not fall exclusively on churches.

But those venerable tax statutes did not envision the reality of modern congregations that operate athletic programs in their own gymnasiums or fitness centers, as well as bookstores, music and video production units, coffee shops, counseling services, ice cream parlors, child care programs and multimedia ministries that beam their messages from satellite dishes or television transmission towers.

Leonard A. Wychocki, president and chief executive of the Franciscan Sisters of Chicago Service Corporation, a Catholic organization hired to manage Holy Cross Village, says religious groups should not have to defend property tax exemptions. "When there were old people on the streets of New York City and Chicago, our sisters took them in," he said. The exemption recognizes "the service such groups provide to society."

No residents of Holy Cross Village will be coming in off the streets, of course. "People pay a lot of money to live in these places," Mr. Wychocki acknowledged. "But they have a need beyond just a place to live. It's around that need that we catalyze our services."

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Financial projections show that the project, if managed well, could eventually generate a surplus. That money, the project's executives said, could help support other mission work of the Brothers of Holy Cross, including a ministry in Africa.

"If the county wants to argue that those dollars should go to west South Bend rather than West Africa, I can see their point," Mr. Wychocki said. "You may agree or disagree — but then it's your judgment, as opposed to the brothers' judgment."

He added, after an emphatic pause: "This is probably where religious freedom kicks in."

Breaks on Property Taxes

Neat homes in landscaped clusters make up the first phase of what will be 256 units at Holy Cross Village at Notre Dame. Among the new units will be additional assisted-living and skilled-nursing units to expand the existing "continuum of care," its management said. Three adjacent colleges, the University of Notre Dame among them, expand the cultural opportunities.

In style and luxury, the project compares favorably with competing retirement communities built by national developers nationwide. But there is a difference: Holy Cross Village describes itself as "a ministry of Brothers of Holy Cross." As such, it is seeking a property tax exemption from the Property Tax Assessment Board of Appeals for St. Joseph County.

That rankles Ralph J. Wolfe, an assessment board member who is a resident of Hermitage Estates, a 49-unit neighborhood of retirees whose homeowners association provides services including maintenance and lawn care.

Mr. Wolfe, 77, is a retired tax assessor and a longtime veteran of the close-knit appeals board. He said his community, like Holy Cross Village, offers its retirees some amenities. "So maybe we should get ourselves a property tax exemption."

He seemed to be teasing Terrance F. Wozniak, the deputy county attorney for St. Joseph County, who was listening. One of Mr. Wozniak's biggest worries about losing the pending battle with Holy Cross is the ripple effects on the retirement communities in the county that do pay taxes.

The Indiana courts recognize a broad definition of charity, and exemptions already have been granted to a few much smaller religious-affiliated projects that care primarily for less healthy people, Mr. Wozniak said. But this case is different, he said: "It's a case of escalation." An exemption for the charitable care of needy older citizens is being stretched to cover "more and more luxurious facilities for people who, by and large, can pay their fair share."

Each case lowers the hurdle for what constitutes a tax-exempt retirement community, he said.

The management of Holy Cross Village thinks the project's mission fits well within both the Indiana definition of a "charitable purpose" and the federal standards for tax-exempt housing providers. The federal test requires, in part, that the project "be committed by established policy" to maintaining people as residents even if they become unable to pay, as the project's investment documents explain.

There is nothing in writing that guarantees the project will keep indigent residents in place, said Lori McLaughlin, general counsel for the Franciscan Sisters management group. "It becomes a case of those guarantees bankrupting you," she said.

But in lieu of a guarantee, the management has "nuns or brothers on the board saying, 'We insist you provide care,' " Mr. Wychocki said. "It would be very rare for anybody to be asked to leave."

Holy Cross Village initially paid the taxes the county demanded, but subsequently got court permission to hold off on future payments while its appeals go forward, according to Kevin Rose, a spokesman for the project's management.

When the Brothers of Holy Cross appealed the county's ruling to the Indiana Board of Tax Review last year, it lost. "A charitable purpose involves something beyond merely successfully marketing one's services to seniors," the review board said. "It implies some level of sacrifice on the part of the entity providing those services. It is this sacrifice that separates an 'obviously charitable act' from the everyday purposes and activities of man in general."

The fight has now moved to the courts, where the project's management hopes to fare better. "We thought we were within the orbit of what was considered to merit that exemption," Mr. Wychocki said. "Now we just stand and shake our heads."

While local tax authorities have been inconsistent in their rulings, many untraditional uses of land by disparate religious organizations of many faiths have already qualified for property tax exemptions somewhere in the country.

In June, for example, the Florida Legislature passed, and Gov. Jeb Bush signed, a law that ended a five-year effort by Orange County tax authorities in Orlando to collect about $300,000 a year in property taxes from Holy Land Experience, a biblical museum and theme park that had sought exemption as a religious ministry but had been repeatedly turned down by the county.

The park, where a pass good for a week costs $35 for adults and $23 for school-age children, advertises itself as a place that "brings the world of the Bible alive." Its features include replicas of Calvary, the tomb of Jesus and the caves where the Dead Sea Scrolls were found. It also includes a period re-creation of a Jerusalem street market, with actors in costume as the merchants and buyers; and the KidVenture area, with a wilderness rock-climbing wall, a "misting station" and toy and gift shops. A cafe and two snack bars serve "real Middle Eastern fare" from couscous and falafel to Goliath Burgers.

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The county property appraiser's office had insisted that the park, despite its biblical motif, was taxable, just like Disney World. The park's founder, the Rev. Marvin J. Rosenthal, argued that it was a religious mission from start to finish, aiming to introduce religion to people in an entertaining and enlightening way.

In July 2005, a local judge ruled against the county, saying the biblical park's intent was to "spread what it considers to be God's word," while the intent of Disney World "is indisputably to make money." When the county decided to appeal that decision, the ministry that operates the park lobbied successfully for relief in Tallahassee.

A spokeswoman for Governor Bush said he signed the bill "merely to prevent future legal action and provide clarification of the law" on exemptions for religious property.

In 2003, the Minnesota Tax Court granted an exemption to an elaborate fitness center owned by the Country Bible Church in Ashby, explaining that the center — which included a weight room, tanning bed, video arcade and bookstore, as well as a small auditorium and prayer room — was used to attract new church members.

The church, with about 250 members, has a broad range of programs for children and teenagers, including a day school and toddler program. But it decided in 1996 that its rural location simply did not offer enough for young people, and it conceived the Destiny Center as a place where young people could form healthy habits and "strong, godly friendships," according to its pastor.

"We've spent close to $1 million, including the building and staff, and we've never broken even," said the Rev. Steven R. Quernemoen, who founded the church 25 years ago. "But the goal is not to run a for-profit business. The goal was to open a facility that is a safe environment for young kids and families."

The two-story center, with a center gable soaring high over the entrance, opened in October 2000 a few miles from the church. Besides its fitness facilities, it has a gymnasium that offers room for rock concerts and for family events like wedding receptions, reunions or birthday parties. A day pass costs $4.69, including shower privileges. An annual family membership costs $500, but the elderly pay about half that. It is open most mornings and after school through the week, but is closed all day on Sunday.

Similarly, in 2002, the Washington State courts granted a tax exemption for the site of a religious broadcaster's transmission tower. And in January the Pennsylvania Supreme Court reversed a 1959 decision that had denied tax exemptions to parking lots that serve houses of worship.

Legislative Success

Some religious organizations have had equal success with state legislators.

The Anchorage Baptist Temple, which has grown to 4,500 members during the 35-year tenure of the Rev. Dr. Jerry Prevo, is a big, muscular church on a 20-acre campus in eastern Anchorage. Its complex includes a 2,100-seat auditorium, several gymnasiums, a television station and the Anchorage Christian Schools, which serve about 750 students from preschool to 12th grade. The church also owns an assortment of individual properties, 10 of them tax-exempt.

In April 2004, city tax assessors revoked the exemption for four church-owned homes they said did not qualify as "parsonages" because they housed church day-school teachers, not the pastors or other "spiritual leaders" specified by law.

"We are a high-profile church," said Pastor Prevo. "We were being picked on to make a public statement against tax exemptions generally."

Any group as large as Anchorage Baptist Temple would probably have no trouble getting help from state lawmakers, even if its pastor did not have his own television show and even if one of the 16 men on its pastoral staff were not treasurer of the state Republican Party. Last May, after vigorous lobbying by the congregation, the Republican-controlled Alaska Legislature passed and Gov. Frank H. Murkowski signed a bill that extends the parsonage exemption to church-owned residential property occupied by educators at private religious or parochial schools.

The exemption, which does not cover faculty housing at secular schools, has been challenged in court by the local American Civil Liberties Union.

It is a tough fight, a lawyer for several big churches said, because a legislature that can constitutionally exempt a parsonage from the tax rolls can surely extend that exemption to homes a church provides to its schoolteachers.

And back in St. Joseph County, Ind., the Granger Community Church, a large United Methodist group, took exception to the county's enforcement in 2001 of a long-overlooked law that limited the amount of tax-exempt acreage around a church to 15 acres — which left the church with 14.54 acres still on the tax rolls.

It lost in the courts but carried its fight to Indianapolis, and helped push through changes that eliminated the 15-acre cap.

Breaks on Borrowing

The Rev. Russell Lievers of the First Southern Baptist Church in Clarksville, Ind., a town of 22,000 across the Ohio River from Louisville, Ky., is understandably excited about the new fellowship hall his church is building.

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At a price of roughly $2.5 million, the facility will contain a "middle-school-sized" gymnasium, he said, as well as a kitchen, meeting areas and classroom space. It will ease crowding at the 57-year-old church and open possibilities for new athletic ministries and outreach, he added.

Pastor Lievers is not familiar with the details for financing the new facility — but he knows the church has received a good interest rate on some of the money it is borrowing. That's important, he said, because "our people are giving sacrificially" to support the new facility.

"There are people who are delaying their retirement for a few years to help us build this," he continued. "Others are postponing purchases so they can give more."

The explanation for the church's low-cost financing is simple. It is relying on $1 million in tax-exempt revenue bonds sold on its behalf by the town of Clarksville, through its economic development commission.

"It is the first time we've had a church apply," said Samuel K. Gwin, the town attorney. "But most of us here on the town council and economic development commission were familiar with the church, and the folks in the church. It's a small town."

The church bond issue is structured like any economic development deal: the town sells tax-exempt bonds to an investor — in this case, a local bank — willing to accept a lower yield because the interest is tax-free. The town lends the lower-cost money to the church. The bank gets tax-free interest income, the church gets a lower-cost loan and the town gets — well, at the least, a new gymnasium the community can use when the church's calendar permits.

"That will be good," Mr. Gwin said. "Even the Y is pretty crowded."

In the evolving view of the courts, tax-exempt bonds for churches and other religious organizations do not involve any public money or government subsidy and do not run afoul of the First Amendment ban on government-sponsored religion.

But in fact, the subsidy provided by all tax-exempt bonds, while indirect, is real: buyers of the bonds do not have to pay income taxes on the interest they earn, which shifts some of the overall tax burden to other taxpayers. And the final beneficiary of the bond issue — in this case, the church — can hold on to money it would otherwise have paid in interest.

Of all the tools that an accommodating government can use to make life easier for religious organizations, perhaps none has changed more and been noticed less than tax-exempt bond financing.

State and local governments have long used tax-exempt bonds to finance public works like bridges and schools, pledging future tax income to repay the debt. In the 1970's, they began to rely heavily on revenue bonds, debt backed not by taxes but by the future revenues of the projects they were sold to finance, which ranged from airports to stadiums. Through economic development agencies, revenue bonds also were sold for the benefit of private businesses to finance factories or office buildings that would foster economic development.

In 1973, near the high-water mark of the doctrine of strict church-state separation that dominated the postwar decades, the United States Supreme Court gave its limited blessing to public revenue bond deals to benefit private religious colleges — so long as they were not "pervasively sectarian" and regarded education, not the promulgation of religion, as their primary purpose.

In a landmark case called Hunt v. McNair, the court reasoned that "aid normally may be thought to have a primary effect of advancing religion" — which would be unconstitutional — if it went to "an institution in which religion is so pervasive that a substantial portion of its functions are subsumed in the religious mission, or when it funds a specifically religious activity in an otherwise substantially secular setting."

As recently as 1991, the Virginia Supreme Court refused to approve tax-exempt financing for Liberty University in Lynchburg, Va., founded and run by the Rev. Jerry Falwell, because of its overarching religious purposes.

Then, over the next eight years, judicial and government policy made a U-turn.

Gradually, state bond statutes became less restrictive toward religious institutions and federal and state appeals courts started to permit tax-free financing at unabashedly religious universities — and later, religious high schools — so long as the money was used for firmly secular projects, like dormitories and dining halls. (California courts have held on to the "pervasively sectarian" standard, but three religious schools are currently challenging that approach before the State Supreme Court.)

Does Financing Count as Aid?

And the courts began to widely question whether tax-exempt financing even counted as government aid to religion at all, because the schools themselves had to repay the bonds and no public money was involved.

In June 2000, Justice Clarence Thomas, writing for himself and three other justices, expressed second thoughts about denying tax-free financing to institutions based on how religious they were. "There was a period when this factor mattered, particularly if the pervasively sectarian school was a primary or secondary school," he conceded. "But that period is one that the court should regret, and it is thankfully long past."

A few months later, the Virginia Supreme Court reversed the position it had taken nine years earlier in the Liberty University case and approved tax-exempt bond financing for the construction of a campus for Regent University, a thoroughly sectarian institution founded by Pat Robertson, the religious broadcaster who also founded the Christian Coalition. The Virginia justices did

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balk at permitting Mr. Robertson to use public bond financing for his department of divinity; that would have to be financed in some other way, they said.

But that reluctance seems quaint these days. Early 2005 brought the sale of $28.5 million worth of tax-exempt bonds issued by Cook County, Ill., to finance the construction of an academic center for the Catholic Theological Union, the largest Catholic graduate school of theology in the United States.

The new building, which a seminary spokeswoman said would open this fall, includes space for the world-class Bechtold library of theology, spacious classrooms for religious study and "a worship area that has a sacred space for the entire community to gather," according to the news release about its grand opening.

According to Jeffrey O. Lewis, a lawyer with Ice Miller in Chicago and the seminary's bond counsel for that deal, "The 'pervasively sectarian' restriction began to fall apart in the late 1990's, and quite a few firms are very comfortable doing seminary financing now."

So it was perhaps inevitable that a local government would provide tax-exempt financing to an institution as indisputably sectarian and devoutly religious as the First Southern Baptist Church in Clarksville. "Nobody raised any questions about it at all," recalled Mr. Gwin, the town attorney.

A search of the Municipal Securities Rulemaking Board's database shows that more than $20 billion in tax-exempt bonds have been sold since the late 1980's on behalf of religious institutions or their affiliates, including deals benefiting a Jewish vocational workshop in Michigan, a Baptist retirement home in Arizona, a Presbyterian housing project in Missouri, Lutheran nursing homes and day care centers in Minnesota and Catholic schools in Rhode Island.

In one recent deal, the city of Olathe, Kan., agreed to sell more than $83.5 million in tax-free bonds to help an affiliate of the Archdiocese of Kansas City finance Santa Marta, described as a Catholic "continuing care retirement community" with 162 units for independent living, 32 assisted-living units, a 32-bed nursing home and a swimming pool.

Except for the swimming pool, Santa Marta sounds a lot like Holy Cross Village at Notre Dame, whose property tax status is being disputed by the tax assessment appeals board in St. Joseph County. They certainly have this in common: Most of the money needed to build Holy Cross Village has been borrowed at favorable interest rates through the sale of a $40 million tax-exempt bond — issued by the economic development commission of St. Joseph County.

A Tax Reprieve For Americans Working Abroad (WSJ)

By Tom Herman

The Wall Street Journal, October 10, 2006

NEW YORK -- Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase.

The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their U.S. income-tax returns. As a result, although numerous U.S. expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore.

The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many U.S. workers there because of high taxes imposed by numerous European nations.

The housing-cost numbers, which are based on a complex formula, vary widely from place to place. For example, the maximum amount of housing costs that an American working in Hong Kong may exclude for this year works out to $101,116, according to one Washington tax specialist. Previously, American expats in all overseas locations were allowed to exclude just $11,536. The Treasury says its table will be updated annually.

The tax increase stems from a law enacted in May that is retroactive to the start of this year. That new law mainly hits high-income Americans working in countries with a combination of low taxes and high housing costs and whose companies don't help cover the additional tax costs of living abroad.

The impact can vary widely depending on where someone lives and the details of their pay package. It isn't known exactly how many U.S. citizens work abroad. The Senate Finance Committee has said Americans working abroad filed about 306,000 individual income-tax returns for 2003 claiming what is known as the foreign-earned income exclusion. Of those, about 126,000 returns had a U.S. tax liability.

A congressional committee has estimated the new law's changes affecting U.S. expatriates will raise an estimated $2.1 billion in revenue for the U.S. Treasury over the next 10 years.

Part of the new law slashes the maximum amount of housing costs that workers abroad could exclude or deduct when calculating their taxes. That new law also gave the U.S. Treasury Department authority to change those amounts for workers in nations with high housing costs.

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After lobbying by U.S. expatriate groups, Treasury officials issued "Notice 2006-87," which gives new housing-cost limits for U.S. expatriates in some nations, but not all.

Under the new law, Americans working abroad are eligible to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing costs, when filing U.S. taxes. Income above that level now is subject to much higher tax rates under what is known as a "stacking" rule. That provision isn't affected by the new Treasury notice.

It's Taxing To Recruit Top Law Grads To IRS, But A New Push Betters Returns (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 10, 2006

NEW HAVEN, Conn. -- Donald Korb, chief counsel of the Internal Revenue Service, sits in a high-back chair in a meeting room lined with law books and prepares to talk to a small gathering of Yale Law School students about tax shelters.

But before delivering his lecture, he delivers a sales pitch -- for jobs at the IRS: Work a 40-hour week (more or less). Get into a courtroom within the first month. Choose the city where you work. "I can't say enough about the value to your career," he concludes, breathlessly. "And that's my commercial."

It isn't subtle, and it seems to work. A couple of students reach for the informational folders and CDs stacked on a coffee table.

For decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did. "All the good ones were gone by then," Mr. Korb says. When it did find promising candidates, it left many of them in limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms.

It's no wonder few of the smartest young minds in tax law considered starting their careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes.

Mr. Korb -- J.D., Case Western Reserve University School of Law; LL.M., Georgetown University Law Center -- is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months.

Deborah Egurrola, 28 years old, who graduated from Yale Law School in June, says she turned down a $125,000- a-year offer from a Washington D.C. law firm, and a $105,000 offer from a Miami law firm, to take a $66,000 offer to work in the IRS's chief counsel's office.

"The IRS really throws you right into the thick of things," Ms. Egurrola says. "At a lot of law firms, you have to start with more behind-the-scenes work. Here you start interacting with attorneys from outside." She says she can afford to take the lower-paying job because her parents have agreed to help her pay back her $75,000 in student loans.

Nina Kang, 26, a third-year USC law student, decided to join the IRS's Los Angeles office after working there as a summer intern. "For me, I didn't think that it was worth it to suffer for two years at a private firm and never see the light of day," she says. "I have heard of some people billing 15 to 20 hours a day for weeks on end. I have outside interests instead of working non-stop."

Ms. King, who has $140,000 in student loans, says the IRS would have an easier time recruiting if it offered ways to help students pay their debts. Some law schools give graduates more time to pay back loans if they go to work for a nonprofit; some private firms, as part of hiring packages, help recruits pay their loans. The IRS can't afford such largesse.

Mr. Korb's campaign has a few kinks. Lindsay Clayton, 24, a third-year law student at Yale, says Mr. Korb interviewed her last fall and sparked her interest. But the private firms where she interviewed called her back within a week for subsequent interviews. It took the IRS five weeks, and even then the agency wanted her to go to further interviews for a job that wasn't the one Mr. Korb had described. She declined. Another division within the IRS called her a few weeks later offering interviews for another job. Again she declined.

Brian Jenn, 29, is a third-year Yale law student with a graduate degree in economics who did a stint working on tax policy on the staff of the White House Council of Economic Advisers. He says he applied for a job with the IRS Chief Counsel's Office two years ago. When he called to inquire about his application after a few weeks, he recalls, "I was told if anyone was interested that they would have contacted me." He refused to apply again when the new-and-improved IRS came calling. He plans to join the Washington office of Skadden Arps Slate Meagher & Flom when he graduates.

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Mr. Korb says it is true that a tendency to bungle applications caused the IRS to lose many promising applicants. He says he has hired a full-time recruiter and has set up a hiring committee to make sure no one else falls through the cracks.

Mary Maher, associate director for the Masters of Law in Taxation program at Northwestern University Law School, says the IRS is turning around its image. Last year, three graduates of the program took IRS jobs. "I heard back...and they have no regrets," she says. "All the marketing is sort of paying off."

Mr. Korb is especially proud of the IRS's slick marketing campaign and recruiting material. The bright green-and-purple folders and CDs contain something only tax geeks may find appealing: A list of famous -- at least in tax circles -- IRS alumni, including Jerry Reinsdorf, owner of the Chicago White Sox and the Chicago Bulls; Pam Olson, a former Treasury Department official and now a partner at Skadden Arps; and Ronald Pearlman, a former Treasury Department and congressional tax official and now a Georgetown professor.

CONGRESS-ADMINISTRATION:

'06 Federal Deficit Likely To Be Lower (WT)

By Stephen Dinan, The Washington Times

The Washington Times, October 9, 2006

The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target.

Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February.

It also is about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season.

"They overstated the deficit on the front end to claim success later in the year," Sen. Kent Conrad of North Dakota, the top Democrat on the Senate Budget Committee, said in July, according to McClatchy newspapers.

The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule.

"If you look at the numbers this year, they are already very close to the president's goal that he set out in 2004," Rob Portman, director of the Office of Management and Budget, told reporters Friday after the Congressional Budget Office gave its unofficial $250 billion estimate. The Treasury Department's figure, expected to be released this week, is considered the official tally.

Overall, spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005.

The driving force has been a 27 percent increase in corporate income taxes, coupled with a 13 percent increase in individual income taxes.

"We've seen this recovery be characterized by corporate profitability that is very strong, so the economic forecast, I think, is hard to do, and the government analysts are not the only ones who didn't predict profitability staying this strong this long," said former CBO Director Douglas Holtz-Eakin, who is with the Council on Foreign Relations.

"The White House is often accused of starting with a big deficit and having it come down later," he said. "The reality is the CBO, which has no particular interest in highballing the deficit and then having it come down, has about the same difficulty in forecasting the deficit as the Treasury did."

In the past 25 years, the February estimates have been off by an average of nearly $70 billion, or 2.2 percent.

On four occasions in that period, the estimates were off by at least $100 billion. They were off by 15 percent or more for three straight years during the Reagan administration.

The errors aren't always good news -- the 1983 and 1985 estimates were more than $100 billion higher than actual revenues.

And although this year's smaller deficit may sound positive, Mr. Holtz-Eakin said the long-term budget problems -- a fix to the alternative minimum tax and Medicare doctor fees, the costs of the war in Iraq and the impending retirement of the baby boomers -- still remain.

"Nothing has changed on the fundamentals," he said.

Inside Politics (WT)

DOJ_NMG_0077088

By Greg Pierce

The Washington Times, October 10, 2006

Dean's mistake

"One-time 2004 presidential front-runner Howard Dean, now chairman of the Democratic National Committee, visited with us last week and made an unusual confession about why his White House bid soured: He failed to grow up during the campaign," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

" 'My biggest mistake was something that Bill Clinton actually told me, but it was too late down the track to do it,' he says. 'That I had to make a conversion from an insurgent candidate to a candidate who acted like a president.

" 'People won't elect you president if they don't see you as a president. They saw me as an insurgent, they loved me, I was able to push the party into standing up for itself again, but I never made the conversion into what people expected of a president of the United States, and I needed to make that conversion around September [2003], and I didn't do it.

" 'Part of it was we were too successful too fast. I was leading the polls in September, so the argument was, well, you should continue to do what you're doing. But that wasn't sufficient.' "

Still smarting

Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House.

Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports.

"We're not going to give them an ounce of daylight," said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008.

The senator said his response to the commercials in 2004 was not strong enough.

"We thought the fact that the truth was out there was enough," he said. "Clearly it wasn't."

Jet-setting greens

"They sit in economy class occasionally wiping their clammy hands. Their eyes dart furtively about. They wonder whether the stewardess or passenger next to them might have become suspicious. Some even grow moustaches or beards -- to cover the 'giveaway' sweating top lip," Peter C. Glover writes at www.tcsdaily.com.

"But they are not terrorists. At least not in the modern sense of wanting to blow up the airplanes they travel in. Far from it, for they love nothing more [than] the sense of self-importance international jet-setting offers. Traveling that delivers them in far-flung destinations where they can evangelize their ascetic ordinances to thousands of fellow worshippers. But while travelling their chief fear is that they will be found out. Who they are, what they preach -- and expose their moralistic hypocritical behavior," Mr. Glover said.

"They are the Green Bigots, leading environmentalists, those at the vanguard of the fight to change our lifestyles, restrict our foreign flights, who insist we do our 'bit' to cut greenhouse gas emissions while they rack up thousands of airmiles on business and pleasure trips.

"As the UK's The Sunday Times has recently revealed, 'In the past year the directors and chief executives of groups such as WWF, Greenpeace, Friends of the Earth and the Soil Association have crisscrossed the globe, visiting the Falklands, Japan, Africa and Brazil.' The ST's environment editor points out, 'All are running high-profile campaigns to persuade people to change their lifestyles and cut emissions of carbon dioxide.'

"The article identifies a number of well-known examples. They included Bob Napier, chief executive of WWF, who through jetting to various destinations in Asia, the Americas and Europe helped generate more than 11 tons of carbon dioxide (CO_2) last year."

In trouble

Worried California Democrats said Sunday that Phil Angelides failed to achieve the breakthrough he needed in the sole gubernatorial debate and expressed fear that his campaign's trajectory threatened others on the statewide ticket, the Los Angeles Times reports.

Fellow Democrat John Garamendi, in a tight race for lieutenant governor against Republican state Sen. Tom McClintock, has started to distance himself from Mr. Angelides. Mr. Garamendi said in a television interview that aired Sunday that he disagreed with an Angelides plan to raise taxes on corporations and the well-to-do.

"I don't think it's necessary," the insurance commissioner said on KNBC's "News Conference."

Though few thought Mr. Angelides did poorly in the debate, there was wide agreement that Gov. Arnold Schwarzenegger, a Republican, benefited the most from Saturday night's allotted 55-minute session, largely because nothing occurred to change the essential dynamic of the race.

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Mr. Angelides, the state treasurer, entered the evening desperately needing to redefine a contest that by all measures -- polling, fundraising, party morale -- was going badly for him.

Turner's doubts

Former media mogul Ted Turner says he has a hard time deciding whether he is for or against the war on terrorism.

"There are a lot of things about this war that disturb me, and one of them is the attitude that was well-expressed by our president. He said it very clearly; he said, either you're with us or you're against us. And I had a problem with that because I really hadn't made my mind up yet," Mr. Turner said yesterday at the National Press Club.

"I mean, what if you haven't made your mind up? What if you're thinking about it, doing some studying, doing some reading? Because it's an important decision on whether to go to war or not to go to war. I mean, you're either with us or against us -- that's pretty black and white."

Blanco's plan

Louisiana Gov. Kathleen Babineaux Blanco, a Democrat, proposed a $1 billion plan yesterday to ease the post-hurricane insurance burden on Louisiana homeowners by sending them refund checks to cover recent rate increases.

Mrs. Blanco's plan requires legislative approval and a change in the state constitution, in part because some of the money would be raised by selling off what remains of Louisiana's share of a 1998 nationwide tobacco settlement.

The plan calls for the state to essentially refund the rate increases, averaging 15 percent, that private insurance companies imposed on Louisiana's 1 million policyholders after Hurricanes Katrina and Rita, the Associated Press reports.

Under Mrs. Blanco's plan, homeowners would be sent checks next year. A homeowner who pays $1,000 per year for property insurance would receive $100 to $150.

"We need insurance-rate relief, and we need it now," Mrs. Blanco said.

No Cabinet Member Left Behind In 'Jeopardy!' Challenge For Charity (USAT)

By Greg Toppo, Usa Today

USA Today, October 9, 2006

I'll take "Cabinet Members on Quiz Shows" for $200, Alex.

This U.S. Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity.

Who is Margaret Spellings?

Spellings, 48, a former lobbyist and longtime education adviser to President Bush, is sworn to secrecy about how well she did — as are all contestants on the long-running syndicated game show, hosted by Alex Trebek.

She did say after the taping in New York: "I held my own … it wasn't a wipeout." The episode of Celebrity Jeopardy! on which she appears will air next month on ABC.

The Education secretary, who oversees the schooling of nearly 77 million U.S. students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show.

Unlike contestants on typical Jeopardy! episodes, celebrity contestants appear only once per tournament, and charities receive their winnings. Those charities selected by the runners-up receive $25,000 (or more if the players earn more); the winner's charity gets at least $50,000. Spellings' beneficiary: ProLiteracy Worldwide.

The invitation came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show.

A quiz show may be a walk in the park for Spellings, who, alongside the president, first lady Laura Bush and Attorney General Alberto Gonzales, will preside Tuesday over a summit on school safety.

It takes place after three deadly school shootings in the past few weeks. And next year, Spellings gears up for congressional hearings on both the Higher Education Act and No Child Left Behind, Bush's signature elementary and secondary education law.

No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration.

Asked repeatedly for details about the taping, executive producer Harry Friedman on Sunday finally said, "I can tell you she did fine and I can tell you … no, I really have to stop there."

Added Spellings: "I'm glad I did it. … Now I need to get back to business."

OMB Paper Aims To Clear Up Bush's Management Agenda (WP)

DOJ_NMG_0077090

By Stephen Barr

The Washington Post, October 9, 2006

As federal employees understand all too well, it's sometimes hard to sort out myth and fact in Washington.

Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government.

That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the "facts" in this new paper will be disputed by federal unions and in some quarters of Congress.

Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda. Among the paper's points:

Â· Changes to the federal personnel systems are not intended to cut payroll expenses. "The amount of money spent overall on raises will not change, and employee benefits will not change," according to the paper. "If an employee is a good performer, he or she will attain higher pay levels faster."

Â· Additional money has been proposed for training and implementation of new personnel systems. (The paper does not stipulate how much, but officials said two departments -- Defense and Homeland Security -- plan to spend several million dollars.)

Â· Projected savings from job competitions between federal employees and contractors, often in dispute, will be tracked and verified. "Agencies are establishing internal processes to independently validate results from completed competitions," according to the paper.

Â· Program assessment ratings, conducted by the OMB, are not used to eliminate federal programs that are out of favor with the administration. Ineffective programs, the paper noted, "may well need more money."

Asked if the paper had been posted with an eye to the November congressional elections, Robert Shea at the OMB said no. The paper had been in the works for some time, said Shea, who serves as counselor to Clay Johnson III , deputy director for management at the OMB.

The management agenda was drawn up shortly after President Bush took office, when administration officials assumed they could count on widespread support in Congress. But a series of events, including questions about the government's sluggish response to Hurricane Katrina, have slowed the administration's ability to overhaul key systems.

Federal unions and the OMB have battled annually over outsourcing, with Congress sometimes supporting unions. A pending House appropriations bill would block some funding for the OMB program assessment ratings. Federal court rulings have blocked personnel system changes that would sharply limit union rights.

Johnson and OMB Director Rob Portman , speaking at a recent luncheon sponsored by the IBM Center for the Business of Government, said that they plan to pick up their efforts to sell Congress on the president's management agenda.

"One of the reasons we are focused on this, and Clay and I are working a little bit more deliberately with Congress and trying to institutionalize more of this, is that we know these committees, some of the staff, some of the members, are going to outlive this administration," Portman said.Buying and Spending

In responding to the Sept. 11, 2001, terrorist attacks, the government has increasingly relied on contractors for support and solutions, the Government Accountability Office reported Friday.

From 2001 through 2005, federal acquisition spending increased more than 65 percent, to $388 billion in 2005, the GAO said.

But the government's acquisition workforce has remained steady, at about 106,000 employees. "Many have raised concerns that the increased workload has stretched this workforce to its limit," the GAO said.

The surge in spending also has renewed worries about contract abuse and mismanagement, and Charles Peters , the legendary editor of the Washington Monthly, has kicked off a debate on contracting issues at http://www.understandinggovernment.org . The Web site provides federal employees with a forum where they may remain anonymous.

Federal employees interested in government spending also might want to check out http://www.fedspending.org , sponsored by OMB Watch, an advocacy group founded in 1983 to promote increased government accountability. That site, which will contain data on $12 trillion in spending from 2000 to 2005, launches tomorrow.

Dr. Mark McClellan (CSM)

By David Cook

DOJ_NMG_0077091

The Christian Science Monitor, October 10, 2006

Dr. Mark McClellan, who will step down Saturday as administrator of the Centers for Medicare and Medicaid Services, met with reporters at a Monitor-sponsored breakfast on Friday.

As head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal.

The questioning began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular.

McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging of the baby boom is putting big pressure on both."

Turning first to the healthcare system as a whole, McClellan said, "the best thing that we can do is to take further steps to improve the efficiency in the way that it works, of getting more for the dollars that we spend. Steps like paying more for value, shifting benefits so that they are up to date and stay up to date, getting patients more involved because care is increasingly about prevention ... all of those steps can help us get the overall cost of care down...."

There is substantial waste in the healthcare system that can be eliminated, McClellan said. "Because of medical errors, misuse of treatments, overuse and underuse, by many estimates up to 30 percent or more of our healthcare spending is going for the wrong thing. We need to be making much more progress on getting that right."

McClellan, the older brother of former White House press secretary Scott McClellan, then turned to steps that could put the Medicare program on a sounder footing for the future. "Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability," he said.

But McClellan said he favored "reduced subsidy levels" from Medicare "for wealthier Americans."

"I do think we need to continue to take a close look at what Medicare can support for the long term. In 2007 we are implementing an income-related premium in Medicare. What that means is that the wealthiest beneficiaries will still get a significant subsidy for their Medicare benefits. The overall Medicare subsidy next year is going to be worth more than $7,000 a person, and even the wealthiest beneficiaries will continue to get most of that subsidy. But steps toward having people with the most means use their own savings and their own resources to pay for part of their care, while keeping the whole Medicare program up to date, making sure it is available and providing effective coverage for everyone, can be a very important step toward making the program sustainable," he said.

The challenge of making Medicare sustainable was a key part of a speech last week by Federal Reserve Board Chairman Ben S. Bernanke. The Fed chairman stressed the country's need to boost saving to pay for the effects of an aging population. He noted that Medicare's cost is projected to rise from 3 percent of gross domestic product (GDP) today to 9 percent in 2050. That is more than the country now spends on both Social Security and Medicare.

Bernanke said the choices for dealing with the financial costs of an aging population are higher taxes, less non-entitlement spending, a reduction in outlays for government programs, a sharply higher budget deficit, or some mix of all these.

McClellan cited the recently enacted Medicare prescription drug benefit as an example of the gains that can come from competition and from consumers making frugal choices.

"The average costs that the [providers] say they need for 2007, or their bids for providing the drug coverage, turned out to be about 10 percent lower on average than had been the case for 2006. So drug costs to taxpayers will be on average about 10 percent lower in 2007 than in 2006," McClellan said.

"Another way to look at it is that the bids the plans made for 2007 are about one third lower than had been predicted a little bit over a year ago in the middle of 2005 because of ... very strong and aggressive competition and people choosing low-cost plans," McClellan said. He noted that, "something like 75 percent plus of our beneficiaries chose plans which cost less than the average."

McClellan brings a strong academic background to his work. He earned his bachelor's degree from the University of Texas, his master's degree from Harvard University, his medical degree from Harvard-MIT Division of Health Sciences and Technology, and his PhD from Massachusetts Institute of Technology.

Not surprisingly, McClellan is optimistic about the role medicine will play in the country's future. "If you look ahead in the 21st century, this really should be what many experts have called and the economists have called the biomedical century. Healthcare and biotechnology and innovation in medicine are areas where the United States can lead the way for the world in innovation, can lead the way for the world in helping people live much longer and much better lives," he said.

Defense Managers Give New Personnel System A Good Grade (WP)

DOJ_NMG_0077092

By Stephen Barr

The Washington Post, October 10, 2006

The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees.

A year ago, she found it difficult to recruit employees for her staff at the Defense Threat Reduction Agency and had lost younger employees to consulting firms and contractors that paid more. But the new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said.

"We have been recruiting in the last six to nine months, and the quality of the individuals we are getting is much higher than a year ago because they are willing to apply to an agency that is pay banding," Vaughn said.

As part of its move to the new National Security Personnel System, Vaughn's agency adopted pay bands -- typically three broad salary scales for most occupations -- and tossed out the 15-grade, 10-step General Schedule, the decades-old system used across the government.

The shift to the NSPS, however, is about more than the mechanics of setting salaries.

The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials.

The NSPS calls on supervisors and employees to link their work to their agency's mission. At the DTRA, the goal is to safeguard the country from weapons of mass destruction. Employees and supervisors write up job objectives tied to the strategic plan of their agency, and employees are evaluated on how well they meet those objectives. The evaluations are turned into job ratings used to determine pay raises and bonuses.

Shari Durand , in charge of personnel policies and business-related activities at the DTRA, said the NSPS will help employees "get even more focused on specific outcomes. In the past, there wasn't a disciplined process to make that happen."

The first phase of the NSPS began in late April and covers 11,000 civil service employees in the Defense Department. The second wave of conversions, involving more than 66,000 employees, began this month and runs through January. Over time, the Pentagon hopes to move about 700,000 employees into the NSPS.

The new system has created some anxiety in the Defense workforce. The American Federation of Government Employees and other unions have questioned whether performance-based pay can be administered fairly and whether Congress will provide adequate funding for the NSPS.

The unions filed suit to stop implementation of some parts of the NSPS, including a provision that would limit contract negotiations, and won a court injunction. The Pentagon has filed an appeal and is converting only non-union employees to the NSPS until labor-management issues are clarified.

Like other agencies in the first wave, the DTRA held a practice run to help supervisors and employees understand the personnel system.

At the start of the dry run, supervisors and employees spent time together defining job objectives and expectations, Durand said. At the end, employees received information showing how they stacked up against co-workers for the rating cycle, she said.

"The mock has produced, I think, more realistic evaluations of employees and you see a better equity across the board," Durand said. "Dollar-wise for some folks, there could be a significant increase for them from what they got under the GS system."

The switch to a new system also has required several hours of training for supervisors and employees.

Mirna Flowers , a management analyst and aide to Vaughn, said the training was "overwhelming," adding that "I have to pull out my little reference book to make sense of it." She continued: "Just a lot of new language and terminology that we all have to get used to."

Still, Flowers called the NSPS "a good tool" and predicted that poor-performing employees will be held more accountable under the NSPS. "As harsh as it may sound, you have seen people get pay increases for just being in the system," she said. "And I think this system is going to allow us to be able to separate the performers from the non-performers."

An Inspector General? (WP)

The Washington Post, October 9, 2006

Rep. James Sensenbrenner's proposal to create a watchdog for the judiciary is a bad idea come too soon.

BEFORE LEAVING town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived.

Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work. Just the other day the judiciary itself acknowledged as much; a commission led by Justice Stephen G. Breyer examined the recent history of judicial self-policing and found that the judiciary had

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mishandled a large percentage of high-profile misconduct cases. The Breyer commission made a series of recommendations for improving the management and investigation of such matters.

In addition, the administrative arm of the courts mandated the use of computer software to cross-check a judge's financial holdings to flag conflicts of interest. And it imposed new disclosure rules on judicial attendance at privately funded educational seminars. While we continue to think that the judiciary needs to do more, it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix.

This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event. Under Mr. Sensenbrenner's proposal, the office would investigate "waste, fraud and abuse" -- though the judiciary has little of these. It would also look into misconduct charges against judges of lower federal courts and report to Congress on them. It would have the power to subpoena documents and testimony in conducting these probes. To avoid running afoul of the constitutional separation of powers, however, the inspector general would be removable from office by the chief justice. It could not investigate the merits of a judge's decision or initiate an investigation before the judiciary's normal misconduct procedures had run their course. The result would be an office at once intrusive and too weak to be of much use, more likely to impinge on the independence of the judiciary than ferret out misuse of funds or uncover misdeeds.

An institution that could serve to harass judges who issue politically unpopular opinions with subpoenas for document production and testimony would be problematic under any circumstances. Mr. Sensenbrenner's habit of using his committee's powers to investigate federal judges -- some of whom merely acted in ways he did not like -- creates a particularly troubling context. While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment.

Good New Rules For Judges (LAT)

The Los Angeles Times, October 9, 2006

Measures will increase impartiality and stave off congressional intrusion.

IN A VARIATION ON THE BIBLICAL exhortation "Physician, heal thyself," critics of ethical lapses in the federal judiciary have long been saying, "Judges, judge yourselves." The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them.

Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings.

The first initiative is designed to make it harder for judges to inadvertently sit on cases in which their impartiality might be questioned. The conference will require federal courts to use computer software that sifts through cases in search of overlap between the parties and judges' financial holdings.

The second initiative addresses a malodorous practice in which federal judges attend seminars — some of them funded indirectly by corporate interests — at which they have the opportunity not only to bone up on trends in law and economics but also to swim, play golf, ride horses and otherwise frolic with captains of industries who have a lot at stake before courts. The Community Rights Counsel, an environmental watchdog group, has documented hundreds of such "judicial junkets."

New rules announced by the Judicial Conference will not do away with judges' participation in educational programs but will impose new disclosure requirements. Except for those offered by bar or judicial organizations, seminars that reimburse judges for more than $305 in expenses (greens fees included, presumably) must disclose sources of financial support. Information about which judges participated in which events will be available on the Internet.

Judges who take part in these programs are adamant that they aren't swayed in their rulings by the hosts' hospitality. But what matters is how the public might perceive the preferential access that flows from these junkets and the motivation — presumably not just charity — of those footing the bill.

Welcome as they are in themselves, the new rules should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself.

OTHER NEWS:

Fed Official Sees Easing Inflation, But Concerns About Prices Remain (WSJ)

By Michael S. Derby

The Wall Street Journal, October 10, 2006

DOJ_NMG_0077094

NEW YORK -- Federal Reserve Bank of San Francisco President Janet Yellen said Monday that while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time.

"I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity," Ms. Yellen said in comments prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.

She noted that "monetary policy makers again are doing a balancing act, seeking the best way to temper inflationary pressures while not exposing the business cycle expansion to undue risk." And against those risks, "holding the stance of policy steady for a time makes sense to me," especially since "we appear to be within range of the moderately restrictive policy," she said.

Ms. Yellen is currently a voting member of the interest rate-setting Federal Open Market Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year.

Ms. Yellen, who has been a frequent speaker on the economic outlook over recent weeks, offered views in her speech that were consistent with her past statements. Ms. Yellen's address Monday wasn't open to the press.

"Core consumer inflation has been uncomfortably high recently," she said. "I believe it is critical that inflation trend in a downward direction over the medium term" and "my expectation is that this is the most likely outcome," she said.

Ms. Yellen did acknowledge that she is "somewhat encouraged" by recent evidence of slowing price pressures. That said, "I am keenly aware that this pattern has yet to show up in the data on any sort of a sustained basis," she said.

And in a world where the outlook for price pressures is "highly uncertain," Ms. Yellen said that "until we actually see inflation begin to slow down, I will be focused on the upside risks in the outlook." Still, the official pointed to "well anchored" inflation expectations as a reason to be optimistic.

Ms. Yellen said that the Fed decided to hold rates steady in August in large part because of rising evidence that past rate increases were beginning to slow the economy. "Since then, there have been further signs of slowing," which allowed the Fed to again keep rates steady when it met in late September.

"The data we've been seeing in recent months point to a noticeable slowdown for this half of the year, with growth running at only a modest pace and clearly below the rate that is sustainable in the long run," Ms. Yellen said. Supporting the economy are a number of factors on the business side of the equation, while headwinds include energy prices and the cumulative impact of past interest-rate incresases, she said.

Ms. Yellen added to the list of factors weighing down growth the housing sector, where the pace of the slowdown there has been "a little surprising." She said "we have already seen that the pace of house-price appreciation has clearly moderated, and there are signs that it may continue." This will likely weigh on the consumer sector, Ms. Yellen said, as she warned that banks should be particularly wary of the impact of this shift on their industry.

Ms. Yellen also said "it has been something of a relief to see that oil prices have receded quite a bit in recent months," and if they stabilize, "the restraint we've felt this year should evaporate over 2007" and "would actually contribute to a pickup in growth next year."

Dow, Nasdaq Shrug Off North Korea, While Dollar Increases On The Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 10, 2006

The U.S. stock market quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading.

The Dow Jones Industrial Average gained 7.60 points, or 0.1%, to end at 11857.81, up 11% on the year, just shy of its recent record.

The modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT.

Other indicators also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year. And the Nasdaq Composite Index rose 0.5%, or 11.78 points, to 2311.77, up 4.8% on the year.

Reacting to its neighbor's reported nuclear test, South Korea stocks dropped. The benchmark Kospi stock index tumbled 2.4%, or 32.60, to 1319.40, and is now off 4.4% on the year.

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The dollar rallied on the yen, as the nuclear test added to pressures on the Japanese currency. The Japanese stock market was closed.

Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said that geopolitical events -- even dire ones -- have had decreasing influence on U.S. shares lately. He likened yesterday's reaction to the North Korea news to the market's relatively subdued moves following last year's transit bombings in London and this summer's conflict between Israel and Hezbollah.

"Investors' focus is on, 'What direction is economic growth headed?' " said Mr. Weissenstein. "At the same time, the market is growing less reactive to some of the other event-driven 'noise' that's out there."

He added that stocks had one less catalyst to generate significant moves yesterday, with the bond market closed. As trading resumes today, the 10-year Treasury yield stands at 4.7%.

In recent weeks, many investing pros have commented on the interplay -- and apparent disagreement -- between the bond and stock markets. Bond prices have generally been low, a possible sign that investors are worried about recession, according to some analysts' reading of the market.

By contrast, the Dow rallied last week to records, and stock investors generally remain confident that the economy is vibrant enough to sustain a strong run of corporate profits.

That theory will be put to a test today when the aluminum maker Alcoa, one of the Dow's 30 component stocks, releases third-quarter earnings after the market close. The company's profit announcement traditionally kicks off the earnings season, with a flurry of companies following suit.

In major U.S. market action:

Stocks rose; bonds were closed. Total trading volume for stocks listed on the New York Stock Exchange was 1.98 billion shares, as 1,976 issues rose and 1,275 fell.

The dollar was mixed. Against the Japanese currency, the dollar rose to 119.12 yen, compared with 119.01. The euro rose against the dollar to $1.2601, compared with $1.2595.

Small Businesses Again Gain Ground In Overall U.S. Employment (USAT)

By Jim Hopkins, Usa Today

USA Today, October 9, 2006

Trend may mean more employees will lack insurance as a result

SAN FRANCISCO — Reversing a long-term trend, small businesses are taking a growing share of U.S. employment, with possibly negative consequences for health care coverage of millions of workers.

New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003. It was the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show.

As more Americans work for small firms, however, they are less likely to get medical coverage and other benefits such as retirement plans, because small firms are less likely to offer those benefits.

For example, 60% of companies with three to 199 workers offered health benefits this year vs. 98% of those with 200 or more workers, the Kaiser Family Foundation said last month .

Driving the employment trend:

·Shifting cycles. Big companies — defined by the SBA as those with 500 or more employees — are more likely than small businesses to shed workers during recessions and slow-growth economies, says Mark Zandi, chief economist at Moody's Economy.com.

“Layoff announcements are large and numerous,” Zandi says, citing the period after 2001, when a short recession spurred many corporations to slash payrolls.

·Industry mix. Big corporations are more likely to be in manufacturing, a sector ripe for replacing workers with automation through investments in technology.

Small companies are often in service industries such as consulting and health care, fields that require workers rather than machinery, says Brian Headd, SBA's head of research.

In Omaha, Medical Solutions nearly doubled employment this year, to 250 workers, as more hospitals hired its registered nurses and other health care professionals. Started in 1997, the company now has contracts with 350 hospitals in 46 states, President Scott Anderson says.

·Outsourcing. As big companies downsize, they hand work to smaller outfits such as Total Asset Services in Tulsa. It installs voice and data cables, plus other equipment for big companies such as Capital One that are opening call centers in the Midwest, owner Sharon Marrs says.

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The outlook for further shifts in employment is mixed. Zandi says big corporations may have taken the lead since 2004 as the economy started growing again after the recession.

Still, planned job cuts, especially in the automotive industry, soared 54%, to 100,315, last month from August, outplacement firm Challenger Gray & Christmas said last week.

Also, CEOs of Fortune 500 companies have grown more pessimistic about hiring, according to the Business Roundtable's most recent quarterly survey.

In that trade group survey, published last month, 32% of CEOs said they expected U.S. employment would be higher in the next six months, down from 41% in the previous survey.

The Worker Rally (WSJ)

The Wall Street Journal, October 9, 2006

The Labor Department released its September jobs report on Friday, and some wags are calling it the "whoops" report. The "whoops" is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006.

So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire. What's going on here?

Our hypothesis has been that, due to the changing nature of the U.S. economy, the Labor Department's business establishment survey has been undercounting job creation from small businesses and self-employed entrepreneurs. That job growth has been better captured in Labor's companion household survey, which reported 271,000 new jobs in September after 250,000 new jobs in August, and a very healthy total of 2.54 million new jobs in the past year.

The household survey is what is used to determine the unemployment rate, which fell in September to 4.6%, the lowest level in five years. The establishment survey, meanwhile, is used to announce the monthly "new jobs" numbers. Every year the Labor Department revises its job estimates from the previous year, in essence reconciling the figures from the two surveys, and the missing 810,000 jobs was the result through March 2006.

Getting out of the statistical weeds, the news here is that the U.S. has a very tight labor market -- which is now translating into significant wage gains. Over the past 12 months wages have climbed by 4%, which is the biggest gain since 2001 and which economist Brian Wesbury points out is higher than the 3.3% average annual wage growth of the last 25 years.

Most of the media has ignored all this and instead focused on the disappointing 51,000 "new jobs" number from the establishment survey for September. But even in that survey, the jobs number for August was revised upward by 62,000 and the U.S. jobs machine continues to roll out an average of about 150,000 additional hires each month. Even the loss of residential construction jobs in September, due to the housing market slowdown, was nearly matched by payroll gains in commercial construction.

This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm.

As Price Slips, OPEC Moves Toward Production Cuts (NYT)

By Jad Mouawad

The New York Times, October 10, 2006

A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output.

While more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place. It would be the first time OPEC had cut its quotas in two years.

OPEC, which accounts for about 40 percent of the world's oil exports, may call an emergency meeting later this month to hammer out the deal, according to the oil ministers from Iran and Algeria. Nigeria, which holds the presidency this year, did not rule out an emergency meeting ahead of OPEC's next scheduled gathering on Dec. 14 in the Nigerian capital, Abuja.

The Organization of the Petroleum Exporting Countries has not formally reduced its output ceiling since the second quarter of 2004, and any talk of how to divide the lower production may lead to acrimonious negotiations as countries fight for their market share.

But concerns over slumping prices may force OPEC to act.

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Crude oil futures in New York are down 24 percent since touching a record trading price of $78.40 a barrel in mid-July. Last week, even as OPEC mulled reducing its output, prices fell 5 percent as traders doubted the cartel's resolve. Oil closed at $59.76 a barrel on Friday, near its lowest levels in seven months.

In recent days, Edmund Daukoru, OPEC's president and Nigeria's oil minister, has been making calls to all of the group's representatives to find a way to stem the slide and turn market sentiment around.

"I think there is more or less consensus for one million barrels a day," Mr. Daukoru told Reuters yesterday. He indicated that the cut would be made from OPEC's current quota of 28 million barrels a day.

Excluding Iraq, which does not have a production quota, OPEC produces about 27.5 million barrels a day, slightly less than its formal output ceiling.

Saudi Arabia, OPEC's most influential member, has not made any public comment in recent days, but is understood to back a production cut if other members reach a consensus to do so. The oil-rich kingdom has already pared its output to prop up prices.

In Algeria, the oil minister described the recent drop in oil prices as serious and warned that prices might fall another $25 if nothing was done. Chakib Khelil, the minister, told reporters there was agreement among the member countries to meet and decide on production cuts to face the "new market situation."

"What is important is that the market find the OPEC position credible," he said. "That is why it is necessary to have a meeting to make a decision on the cut and to act on it."

As Oil Ebbs (WP)

The Washington Post, October 9, 2006

The nation still needs a sane energy policy.

THE DECLINE in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record.

The relief should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. The past year or so has vividly demonstrated the connection between surging oil demand and high prices on the one hand and noxious political trends on the other. High energy prices pumped money into the coffers of oil exporters such as Venezuela, Iran and Russia, emboldening their leaders to challenge the interests and values of the rich oil-importing democracies. Back in the 1990s, Russia depended on Western capital and made progress in embracing Western democratic values. In this decade, by contrast, the boom in oil and natural gas prices has left Russia with a surplus of capital. Freed of any need to humor Western creditors, Russia's leaders have hobbled democratic institutions at home and bullied democratic neighbors abroad.

Deflating petro-bullies is one good reason for the United States to reduce oil consumption and so bring oil prices down. Another reason is to reduce global warming, the evidence for which continues to strengthen. Again, the past year or so has provided a revealing natural experiment: High prices began to curb sales of gas-guzzling sport-utility vehicles and generated a flood of venture capital investment into alternative fuels such as ethanol made out of agricultural waste or grass. But with oil prices now down a bit, the commercial momentum behind energy conservation and alternative fuels may dissipate.

The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels.

The chief objection to this policy is that a new tax would burden the economy. But any such burden could be offset by reducing some other tax. The secondary objection is that a carbon tax is politically unfeasible. But the defeat of President Bill Clinton's proposal for a BTU tax, commonly cited as proof that a carbon tax is unthinkable, took place more than a decade ago. That was before oil states' extremism emerged as a leading security threat. It was before the evidence on climate change became overwhelming. It's time for the nation's political leaders to get beyond the circular conviction that they can't propose a carbon tax because nobody is proposing a carbon tax. What sort of leadership is that?

Va. Parents Trying To Unadopt Troubled Boy (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, October 9, 2006

DOJ_NMG_0077098

Mother Says Caseworkers Failed to Disclose Child's Stormy History

A talkative 9-year-old boy came to Helen Briggs on Valentine's Day 2000. She was a foster mother with years of tough love and scores of troubled kids behind her. But she grew to love this boy. Within the year, she'd talked her husband into adopting him.

Now, six years later, Briggs and her husband, James, a maintenance worker for the city of Alexandria, are taking the highly unusual step of trying to unadopt him.

In 2003, when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life.

The Washington Post generally does not name the subjects of juvenile court cases.

Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time.

He'd been hospitalized seven times in psychiatric institutions and diagnosed as possibly psychotically bipolar. He'd thrown knives, kicked in walls, pulled out all his hair and threatened to kill himself. He'd heard voices telling him to do bad things. His confidential case file shows he most likely was sexually abused.

"I did not know any of that," Briggs said, though Virginia policy states that caseworkers should provide "full, factual information" about a child to adoptive parents. "They just told me he was hyperactive."

She said the state's failure to fully disclose the boy's background is tantamount to fraud.

State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support.

Still, a Fairfax County court has granted Briggs's petition to relinquish custody. The boy, who has lived in institutions since his conviction, is now officially back in foster care. He asked to be put on suicide watch, records show, when the judge's decision came down.

Briggs hired an attorney to terminate her parental rights. But in Virginia, a child older than 14 must give consent. The boy, now nearing 16, wants Briggs to be his mother forever, according to the voluminous confidential case file and e-mail and phone records Briggs subpoenaed for her lawsuit and provided to The Post.

Briggs sought to file a "wrongful adoption" lawsuit. But under Virginia law, she needed to file within two years of discovering the boy's history. Instead, she wavered.

First, she wanted him home after he had completed his sex offender treatment. But then psychologists deemed him a "sexual predator." That meant Briggs could no longer be a foster parent, which she considers her job. Nor could she allow her three grandchildren in her house. Nor could she keep a little girl she had cared for since the day she was born.

She had to choose.

"You don't want to throw somebody away," she said. "But sometimes you have to."

Her choice has left her with none of the rights and many of the responsibilities of a parent. Caseworkers forbid her from contacting the child because he becomes so violent and angry when she does. Yet state law requires that she pay $427 a month in child support and cover court costs when he appears before judges who now decide what's best for him.

With no legal recourse, she is asking politicians to help her find a way out.

"At first blush, you think, 'What, you're trying to give up your kid? You're a jerk,' " said Virginia Del. David B. Albo (R-Fairfax). "Then you find this lady has received awards for all the foster work she's done. And that she never would have adopted the boy and put other children in danger if she had had the information that was withheld from her."

The technical term for what Briggs is trying to do is "dissolve" the adoption, as if all the bonds of love and hurt could simply vanish into thin air.A Hopeful Start

When Briggs, 57, went to visit the boy for the first time, she said she saw a cute, happy child. She recalls caseworkers telling her that he was in a psychiatric hospital because he was too much of a handful for his great-aunt.

They were nearing desperation before they found Briggs, records show. Nobody wanted him.

A no-nonsense, old-school "professional parent," Briggs figured she could handle him. When the boy acted out, she gave him limits. When he began pulling his hair out, she had it shaved. And when he kept running away from school and her Lorton townhouse, she turned him over to her husband for a whupping, just like she got as a child -- until caseworkers called Child Protective Services.

Nonetheless, caseworkers noted that the boy thrived in her care. "The Briggs foster home is the most constructive and potentially successful placement option that this child has," they wrote.

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Briggs hadn't planned on adopting anyone. There was just something special about this child. He was so thankful he had his own room, with the first bed he hadn't had to share in his whole life, she remembers him telling her.

If she got sick, he'd make her soup and rub her feet. At school, if he heard an ambulance, he'd be beside himself until school workers let him call home to make sure Briggs was okay. She understood, she said. So many people had abandoned the child.

As she was signing the adoption papers, she remembers nothing about a background briefing, as required by state policy. Only a caseworker asking skeptically, "Are you sure you want to do this?"

"Yes," she recalled answering. "I love him."

When the boy came to her, he was taking medications for mental illness, depression, delusions, seizures and attention-deficit hyperactivity disorder. He was considered a "therapeutic" foster child, one that comes with extra emotional, medical or behavioral baggage and a heftier monthly subsidy.

Some case workers think she must have known, records show. One wrote that Briggs wasn't being "entirely honest." However, nothing in the case file indicates she was given an oral briefing or a written summary of the boy's background, or access to his records. In some reports, details such as his psychiatric hospitalizations and sexual abuse are left out.

There are also notations of alarm when Briggs began taking the child off his medications, that perhaps she did not understand the gravity of his condition.

Briggs said she thought the medications were for hyperactivity. When the child began complaining of headaches, she took him to a psychiatrist caseworkers recommended. She asked if the boy needed all the pills. The psychiatrist, records show, said no.

"When he told me he was hearing voices, I told him it was just his conscience talking," she said.

Records show that caseworkers are vehemently against Briggs terminating her parental rights. "At least, if his parents win the lottery and die, he will inherit," one wrote in an e-mail. Some think she has rejected the boy because she needs the money she gets from foster children.

"That's a lie," Briggs said angrily.

A religious woman and active in her Sword of Spirit Deliverance Ministry Pentecostal Church, Briggs said being a foster mother is a calling. She's on disability, she explained, so it's one of the few things she can do to supplement her husband's blue-collar wage.

"The system needs to be revised. That's why I'm doing this," she said. "I should have known about the child. Because people get hurt."

And then there is another reason, one that woke up late one recent morning and, yawning, shuffled downstairs in fluffy white slippers with bells on the toes and nestled onto Briggs's ample lap: a little girl of 5, the child of a former foster daughter and Briggs's legal ward.

"I can't take him back," Briggs said, stroking the hair of the child she chose to keep.

Wrongful Adoption

If it is true what Briggs says, that she really didn't know the full extent of the boy's difficult young life, it would not be the first time.

The first "wrongful adoption" lawsuit was won in Ohio in 1986. Parents were told the 16-month-old they adopted was a healthy infant born to a teenage mother. When the child later developed a fatal disease and exhibited mental disorders, the parents discovered he was born to two middle-age mental patients.

Since then, states have enacted a patchwork of laws and written disclosure policies. Some states, such as Texas and Ohio, give adoptive parents access to a child's entire case file. In Maryland, social workers are required to prepare a written background summary and ask adoptive parents to sign it. Virginia's disclosure policy has no written requirement.

"I have seen so many adoptive parents come back and feel so angry and cheated that we didn't tell them about a child. And we did tell them," said Judith Schagrin, a Maryland social worker. "It's just that at the time, they were so hopeful and looking through a lens of love that they couldn't hear what we were saying."

But sometimes, because of the high turnover of case workers, information gets lost, assumptions get made, mistakes happen -- especially if the child is older. Especially if they've bounced around foster care for years. And especially, Schagrin said, if their sad and broken histories might scare away potential foster or adoptive families.

That pressure has intensified since 1997 because of a federal law that rewards states as much as $6,000 for every foster child adopted.

"I have seen caseworkers. They think, 'Oh, the family won't adopt the child if they know everything," Schagrin said.

Most adoptions take, especially for infants. But for children over 12, as many of 25 percent of the adoptions don't. They simply dissolve.Separate Paths

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Briggs has seen her adopted son four times since he left her home in 2003 -- three brief visits to his out-of-town institution before she decided to give him up and once in court this summer. The child, by turns angry and despondent, had smashed his hand through glass.

"He feels unloved," a counselor noted in his file. "That he doesn't belong in the world."

Caseworkers came to Fairfax juvenile court to ask a judge to send the boy to a secure facility in another state. Though she had no say in the matter, Briggs came to see him.

After the hearing, she asked him for a hug. "Well, I'm grown up now," she remembers him saying before he gave in.

"Do you miss me?" she remembers asking.

"Yes," he said.

Then she returned home, to her grandchildren, her small ward and the new foster daughter who sleeps in the boy's old room.

House Afire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 9, 2006

Like the rest of their race, last week's debate between Connecticut Rep. Chris Shays and Democratic challenger Diane Farrell was supposed to be all about Iraq. Instead, the first question was about what should happen to the House Republican leadership in light of revelations of obscene electronic messages from ex-Rep. Mark Foley to teenage boys working as congressional pages. "This is one more illustration of what has been happening with the existing Republican leadership," said Farrell, who'd called for the resignation of House Speaker Dennis Hastert earlier in the day. "It has been one mistake or one scandal after another." Thrown on the defensive, Shays called Hastert a "very good and decent man" and argued that calls for his resignation were premature, since allegations that Hastert knew of Foley's lewd conduct for years had yet to be proven.

Then it was time to get back to Iraq. But the next questioner, a news anchor from New Haven, asked about the Foley scandal, saying, "I am not sure we have exhausted this topic." By the time the subject of Iraq surfaced, nearly a quarter of the hourlong debate was over.

That's bad news for Shays, and for Republican incumbents across the country who are trying to retain control of Congress in next month's midterm elections. As each day last week brought new questions about how the Republican leadership handled the Foley affair, the political implications came into sharper focus. An Associated Press-Ipsos Poll released late last week found that roughly half of likely voters said corruption and scandals in Congress would be very or extremely important in how they cast their ballots on November 7. The poll also found that voters trusted Democrats over Republicans to combat corruption by a margin of almost 2 to 1. Pollster John Zogby says his internal polls found a precipitous drop-off in Republican support. "When voters make a radical turnaround like this," Zogby says, "it could be the beginning of a free-fall."

"Tidal wave." Hastert stanched the bleeding at least temporarily with a press conference that managed to be both blunt and folksy. "The buck stops here," he vowed, and for the moment he seemed to get the benefit of the doubt (box). The House ethics committee quickly issued dozens of subpoenas for House members and personnel. But Republican concerns about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages. "Our one advantage over the Democrats had been money, but just how much money does it take to overcome this tidal wave of media attention?" asked Republican pollster Tony Fabrizio. Coupled with growing voter unease about the U.S. involvement in Iraq, the Foley revelations appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control.

A Secret Life (NSWK)

By Evan Thomas, Newsweek

Newsweek, October 9, 2006

Mark Foley's explicit e-mails could bring down the GOP. His story, and the fallout.

In uptight, colorless Washington, Congressman Mark Foley, 52, Republican of Florida, was a bon vivant. He loved parties and making jokes; he did a wicked Bill Clinton imitation; he loved to talk about sex. He had to be a little bit careful, however. A gay man, he might bring a boyfriend to private parties, friends say, but when he appeared on the official cocktail circuit, he went alone or with a woman. He also hid, or tried to hide, his interest in younger men—much younger men, including the teenagers who can be seen scurrying around Capitol Hill toting the mail and taking in, at least in theory, a firsthand civics lesson. The House pages, the 70-or-so high-schoolers who spend up to a year in Washington running errands for congressmen, live in a

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squat red-brick dormitory at 501 First Street Southeast, less than five blocks from the Capitol. The building once housed Roman Catholic nuns who worked at a nearby hospital. The teenage pages are chaperoned by six staffers and are warned to stay away from drugs and alcohol. Only steps away from the pages' dorm is a bar called Bullfeathers, where lobbyists take Hill staffers to down martinis. Two blocks away is the Cannon House Office Building, where Congressman Foley had his office.

On one night in 2002 or 2003, an allegedly inebriated Foley showed up at the pages' dorm after a 10 p.m. curfew and tried to gain entry, according to an account provided by two congressional sources, who declined to be identified due to the sensitivity of the matter. Foley was turned away by a guard. It is not known if the pages were ever aware that Foley lurked outside their door, but word of the incident reached the House Clerk, who notified Foley's chief of staff, Kirk Fordham.

This was not the first time that Fordham had learned of his boss's behaving, in that modern all-purpose euphemism, "inappropriately." Fordham decided that it was time to go to a higher authority, so he went to see Scott Palmer, chief of staff to the Speaker of the House, Dennis Hastert. That, at least, is what Fordham is prepared to tell investigators, according to a knowledgeable source who requested anonymity in discussing the probe. Palmer has already accused Fordham of dissembling, and Washington is settling in for one of its periodic melodramas of moralizing and prurience.

The secret world of Mark Foley—and the denial and bumbling of the House leaders who possibly did not want to know too much about that world—is beginning to emerge in bits and pieces of lurid detail. What actually happened—from the moment that Hill staffers first became aware of Congressman Foley's unusual interest in teenage congressional pages—is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance.

Voters may not understand the legalistic ins-and-outs of campaign-finance scandals or know much about an influence peddler like Jack Abramoff beyond his name. But they can follow the details of a sex scandal, especially one that they can imagine harming their own children. It was not necessary to read Foley's leering (and worse) e-mails and instant messages to former congressional pages—in one, he asks "Do I make you a little horny?"—to be disgusted by an obvious abuse of power and trust. If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress.

It is too early to know exactly why the Republicans failed to heed the warning signs about Foley's interest in the pages. Staffers raised concerns, the Speaker's office was notified and Rep. John Shimkus, head of the House Page Board, was dispatched to caution Foley and warn him away from the pages. But nobody bothered to investigate further—a step that might have uncovered the broader pattern of predatory behavior now evident.

There are plenty of theories about why the leadership did not take the matter more seriously. In the Washington power culture, incumbents are generally protected from the consequences of their own actions. That's especially true in a Congress where one party has ruled both houses for years; the concept of meaningful oversight has been essentially forgotten. And in a party ruled largely by conservatives, and built with the help of evangelicals, many of whom view homosexuality as unnatural and homosexual acts as sinful, leaders may also have had a special reluctance to scrutinize the sexual behavior of their colleagues or their staffs.

Inevitably, Washington was rife with nasty rumors of a "Velvet Mafia" of gay Hill staffers conspiring to protect each other. But Foley's homosexuality should not be the central issue in the scandal. His wrongdoing was to sexually prey on teenagers. Sexual orientation has nothing to do with sexual predation, and to suggest otherwise is to dredge up ugly stereotypes that are factually wrong (according to a 2000 Justice Department study, 97 percent of adults who sexually assault 12- to 17-year-old children are male—and 90 percent of their victims are female). Nonetheless, it is relevant that Foley is both homosexual and a Republican.

A number of top GOP staffers on Capitol Hill are gay and, generally speaking, most do not advertise their sexual orientation. Some staffers may believe that their place at the pinnacle of power could be compromised if their private lives were publicly known. Republican leaders on the Hill may not want to know too much about the sexual orientation of a fellow Republican congressman, like Foley, or even their staffers. They may wish to be in a position to deny any knowledge. If there were any efforts among gay staffers to protect Foley, they may have been motivated by personal considerations, or an effort to protect the GOP's rule on Capitol Hill. "The notion that there's a cabal and they're closing ranks and protecting one another because they're gay is reprehensible," says Brian Bennett, who came out after serving as chief of staff to former congressman Bob Dornan, a fierce right-winger. "People protect each other because they're friends."

Republicans have been tripping over each other for days trying to get their stories straight on who knew what and when. The various explanations have only served to obfuscate. In the end, the Republicans may not be able to escape the irony of the Foley scandal. In 2004, the GOP helped get President George W. Bush re-elected by turning out the base, especially the Christian right, to vote for state bans on gay marriage. In 2006, the GOP may lose control of Congress because it didn't try harder to investigate a gay congressman who was also a sexual predator.

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The man at the center of the scandal is, or was, by all accounts an unusually upbeat, buoyant politician. Raised in modest circumstances, Foley, the son of a Marine veteran of Guadalcanal, has been enamored with politics from the time he dropped out of Palm Beach Junior College to start a small restaurant. A moderate Republican, he became a fixture in the glitzy Palm Beach social scene, hobnobbing with the wealthy at places like Donald Trump's Mar-a-Lago estate. Foley was "just easy to like," says Sid Dinerstein, chair of the Palm Beach County Republican Party. "He loved his job. He loved waking up in the morning to find another event to go to."

Foley did not exactly hide his sexual orientation. He was often spotted with his longtime companion, a well-to-do Palm Beach dermatologist, though Dinerstein says the two were careful not to sit together at big charity functions. From time to time, however, Foley had to evade questions. Asked by a local radio host when he first ran for Congress in 1994 "Is it true you're gay?" Foley replied, "I have a girlfriend." He said the woman lived in Miami and spent time in Washington. In 2003, Foley backed out of a bid for the Senate, ostensibly to care for his sick father—but also, his friends suggested, because he did not want to withstand the inevitably increased scrutiny of his sexual orientation.

In Washington, Foley's homosexuality was an open secret. Gays active in Republican politics describe an informal "don't ask, don't tell" rule: gay staffers can be out of the closet, as long as they aren't too public about it. The party leadership apparently welcomed Foley: he raised hundreds of thousands of dollars for GOP campaign coffers. Radical gay groups sometimes try to out closeted GOP congressmen, but Foley believed he had some protection. He could not be accused of hypocrisy because he voted against a constitutional amendment banning same-sex marriage.

Still, Foley was subject to the jeers of at least one openly gay Democratic congressman. Last week Rep. Barney Frank of Massachusetts told the Advocate.com, a gay news site, "Once, at a congressional Christmas party at the White House, my ex-boyfriend Herb went up to Foley, who was with a female date, and said to him, 'Why don't you get a real date?' Foley didn't say anything."

Foley was sexually active in Washington, according to a gay Republican who declined to be identified discussing Foley's private life. Because he had a longtime partner, he told a friend, he preferred to have affairs with men who also had boyfriends. That way, he explained, they both had something to lose. Foley jokingly described this practice as "mutually assured destruction," said this friend.

Foley was looked after, at least to a degree, by Kirk Fordham, who ran Foley's first campaign and came to Washington as his chief of staff. Fordham, who is openly gay, has said he warned Foley not to flirt too openly. If Fordham is to be believed, Foley began showing undue interest in congressional pages as early as 2001. The Clerk of the House, Jeff Trandahl, advised Fordham to warn Foley about his conduct. Fordham, a skilled and ambitious political operative, left Foley's staff after he bowed out of a Senate run in 2003 and moved on, ultimately becoming chief of staff to Rep. Tom Reynolds, the head of the Republican congressional campaign committee.

Foley sent the e-mails that ultimately led to his downfall beginning in July 2005. Foley e-mailed a former page to ask, "How old are you now?" He asked the page what he wanted for his birthday. In a later e-mail, after Hurricane Katrina had hit Louisiana, Foley asked after his safety and to send a picture of himself. The e-mails were very familiar, but not overtly sexually suggestive, though in one e-mail Foley noted that he was on his way to the gym and wrote, "I am just finished riding my bike on a 25-mile journey."

The e-mails "freaked me out," the page told a staffer for his congressman, Louisiana Rep. Rodney Alexander. Foley's request for an "e-mail pic" was "sick sick sick sick sick sick sick sick sick sick sick sick sick," the page told the staffer, scheduler Danielle Savoy. Representative Alexander's staff notified Speaker Hastert's staff, who in turn went to Representative Shimkus, the congressman who runs the Page Board, which acts as a kind of all-purpose den mother to the young pages.

A former Army Ranger, Shimkus is a tall, straight-talking West Pointer. He was shown at least parts of some of the e-mails, which he thought were disturbing, but ambiguous. In the fall of 2005, Shimkus marched over to Foley's office in the Cannon Building. Shimkus had been told by Clerk of the House Trandahl that the page's parents wanted the contact between Foley and their son to be stopped immediately. Fearing a media frenzy, they also wanted the matter to go no further.

Shimkus told Foley, "This is unacceptable. Stay away from the kid and stay away from the pages," according to a Shimkus staffer. Foley looked taken aback, the aide says. Foley said that he was merely acting as a "mentor." "Am I guilty of being too friendly?" Foley asked. "Yes," he answered his own question.

At the time, Shimkus was satisfied with Foley's response. He now refers to Foley as a "slimeball," and regrets he did not push further. He says he was fooled by Foley's performance and felt constrained by the parents' desire for discretion.

The e-mails from Foley to the page did not go away. They began showing up in newsrooms—at the St. Petersburg Times and The Miami Herald in Florida and some Washington news organizations. It is not clear how they got there. (A St. Petersburg Times editor told NEWSWEEK that the paper received the e-mails from a source in Alexander's office. The congressman's office did not return calls.) Journalists at several news organizations have identified the leaker as a "Republican whistle-blower." But it

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is also true that liberal and gay activist bloggers picked up the scent. While the newspapers did not believe that the e-mails revealed enough evidence of wrongdoing to publish them, the blogs had fewer compunctions. On Sept. 24, a site called stopsexpredators.blogspot.com published scanned images of Foley's e-mails to the pages, and within hours, the widely read liberal blog Daily Kos provided a link to the mystery blogger.

Over at ABC news, veteran investigative reporter Brian Ross had known about the Foley e-mails for some time, but he was distracted by more pressing stories. After the story was already out on the Internet, Ross published portions of the e-mails on his own blog, The Blotter.

The ABC blog seems to have opened the floodgates. Overnight, other former congressional pages began sending Ross much racier instant messages sent out by Foley, suggesting that the congressman had engaged in Internet sex and was angling for trysts. An ABC producer called Foley's office and read his staff some of the messages.

Foley was having lunch at his Capitol Hill town house with his old friend and former aide Kirk Fordham and other campaign advisers when they heard about the ABC inquiry. The congressman had already responded to the earlier, more benign e-mails with a statement brushing them off and accusing his Democratic opponent of smear tactics. On the phone, Foley told a friend, "It's worse. There are new e-mails and they're very graphic." Foley knew he was finished. Fordham walked over to GOP headquarters and shared the information with Reynolds and Hastert, according to a source who was present (and asked for anonymity given the delicacy of the situation). Fordham brought back a draft resignation letter; Foley signed it that evening. Fordham tried to win Foley some cover by offering ABC's Ross an exclusive on Foley's resignation if Ross agreed not to print the seamier messages. But Ross wasn't buying. Foley signed a short resignation letter and was in his car, a BMW, driving south for Florida by that evening.

Saying that he had an alcohol problem, Foley checked into rehab. His lawyer, David Roth, put out a statement that Foley had been abused by a clergyman as a teen—and said his client "unequivocally" denied having sex with a minor. These assertions were greeted with some skepticism, even by Foley's supporters. No one seemed to be able to recall seeing Foley drunk—though it is interesting that Foley was reportedly inebriated when he allegedly showed up outside the pages' dorm on that night three or four years ago. Foley did attend a parochial school, but so far no evidence has emerged that he was abused there. Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex.

The questions about Foley's past were accompanied by a furious round of accusations and denials by House Republican leaders. Hastert originally said he first heard about Foley's page problem from staff as the news broke. But House Republican leader John Boehner insisted that he had talked to Hastert himself last spring about Foley's contacts with the page. Republican operatives began predicting that Hastert would have to take the fall and resign. Last week, the Speaker, who has long been viewed as a figurehead installed by former House majority leader Tom DeLay, took "responsibility" for the Foley mess—without admitting that he had done anything wrong. In an attempt to quiet the speculation about his future, Hastert vowed that he would not step down. But the questions about what the GOP leadership knew about Foley—and what Hastert & Co. did or did not do—would not go away.

Behind the scenes, attention increasingly focused on Foley's after-hours visit to the pages' dorm several years ago. If Foley were really behaving that outrageously so long ago, why hadn't more been done to stop him? The answers may start with the testimony of Fordham, the former Foley chief of staff who is now cooperating with federal investigators.

Fordham had long worried about the behavior of his friend and boss. As early as in 2001, Fordham had received disturbing reports of Foley's "inappropriate" behavior toward the congressional pages. According to a knowledgeable source familiar with Fordham's account, who did not wish to be identified discussing such a sensitive matter, Fordham is prepared to tell investigators that he was warned "on two or three occasions" about Foley's "overly friendly" socializing with young male pages.

He was informed by Jeff Trandahl, then the Clerk of the House, who oversees the page program. On one occasion, sometime in 2002 or 2003, Trandahl told Fordham about Foley's nocturnal adventure to the pages' dorm. Trandahl told Fordham that Foley "appeared intoxicated," according to the source who provided Fordham's account to NEWSWEEK.

This incident prompted Fordham to go to Scott Palmer, Hastert's chief of staff, and tell him about Foley's behavior. Fordham called Palmer and told him that he wanted to speak with him privately, the source says. The two men met in a small office on Capitol Hill. (Palmer says the meeting never took place.)

Fordham did not tell Palmer about Foley's attempt to enter the pages' dormitory, but rather that he was generally concerned about his boss's excessive friendliness to the pages, according to the source. Palmer expressed surprise and concern, the source says, and wondered what this could mean to Foley's political future. Why would he endanger his career with such conduct?

Palmer assured Fordham that he would talk to Foley. A day or two later, Fordham called Palmer to ask what happened. Palmer told him that he "dealt with it" by talking to Foley and that he "informed the Speaker," according to the source familiar with

Fordham's account. Months later Fordham had an awkward conversation with Foley in which his boss indicated that he had spoken to Palmer.

Last week, as House GOP leaders felt the waves of scandal breaking over their heads, a spokesman for Hastert insisted that Fordham had never warned the Speaker or his top aide, Palmer. "What Fordham said did not happen," said Palmer in a written statement. Trandhahl, who resigned for unknown reasons as Clerk of the House in November 2005, was not returning phone calls. Trandahl, who like Fordham is openly gay, could be an important witness as the House ethics committee begins an inquiry.

Foley's alleged late-night visit to the pages' dorm came up during a fraught conference call for all House Republican congressmen last week, and various Republican leaders were demanding a full investigation. One GOP member, Ginny Brown-Waite of Florida, said in a statement provided to NEWSWEEK that she had "learned" of the incident at the pages' dorm after she initiated her own investigation. One of her staff aides said that Brown-Waite had talked to a House official with direct knowledge of what had happened. Capitol Police were saying last week that they could find no records of Foley's alleged visit to the dorm.

At the White House, aides were straining to sound optimistic. "I think we've stabilized," said one senior Bush aide, operating under the usual White House requirement of anonymity. "Unless there's another circular firing squad or new information comes out." Others were gloomier. In Rep. Ray LaHood's Illinois district, the Foley scandal has been the lead story in the local paper every day for the past week. "We had this game plan of coming home and talking about our accomplishments on border security and the economy, and nobody wants to hear about it," says LaHood. "The only thing I hear from people is Foley ... It's all anybody wants to talk about, and I don't see that changing any time soon." According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values.

It's not just the voters who care about "family values" who might be driven away, said Matt Dowd, Bush's longtime pollster. The brouhaha on the Hill threatens what Dowd calls "the gut values" relationship between voters and politicians they trust. "Values always determine elections," says Dowd. "Deep gut values, like 'Do I trust someone?'" Several leading party strategists worry that public trust in the House Republican leadership—never exactly ironclad, even among the truest Republicans—could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers.

The Democrats seemed happy to just get out of the way and let the Republicans devour themselves. "The story has plenty of energy on its own," said one Democratic strategist, who asked not to be identified as he crowed. "There's no need for us to draw attention to it." Minority Leader Nancy Pelosi has been strongly demanding an investigation, but she is seen as well positioned to take a public role, since her San Francisco district has a large gay population, and she runs little risk of being branded as insensitive. Republicans are furiously accusing the Democrats of timing the scandal to break just before the election. "This was a professional hit," says Grover Norquist, head of Americans for Tax Reform and a leading GOP activist. No evidence of Democratic Party involvement has turned up, though whether the blogs got any information from party sources is open to question.

There is a real risk that the Foley scandal could spur a vicious campaign to out closeted gay Republicans. Although many gay conservatives make little effort to hide their sexual orientation, they have to put up with a certain amount of disdain, if not outright hostility, from certain quarters. Some GOP lawmakers frowned on Foley's fraternization with younger male staffers. A House GOP aide remembers standing on the House floor with his boss when Foley came over to say hello. Afterward, the aide remembers, his boss turned to him with an air of disdain. "Do you hang around with that guy?" the congressman asked. If the Foley scandal continues its downward spiral, the atmosphere of suspicion will only get worse.

The Steady-Handed Hastert (USNEWS)

U.S. News and World Report, October 9, 2006

To many political observers, last week's drumbeat for Dennis Hastert's resignation as House speaker felt like 1998 all over again-the year that Speaker Newt Gingrich was forced out after the GOP was rocked by the loss of congressional seats in the midterm elections and sex scandals that came swift on its heels. From that chaos emerged Hastert: a farm kid and disheveled former wrestling coach from Illinois without a whiff of excitement to him.

In many ways, Hastert was the anti-Gingrich. He shied away from the spotlight, quieted the noise surrounding the contentious Contract With America, and pursued more personal, behind-the-scenes consensus building that allowed the rank-and-file to shine. "It's remarkable how he's been able to hold the [Republican] coalition together," says a former House aide. "Look at all the votes they won by one or two. That's a testament to his leadership." Critics have accused him of allowing former Rep. Tom DeLay to be his hatchet man while he made friends with a relatively hands-off approach. Whatever the case, the 64-year-old's quiet style has made Hastert the longest-serving Republican speaker.

Low key. But when the Mark Foley sex scandal exploded and put the speaker in the eye of the storm, some wondered whether the pragmatic, no-frills style that vaulted Hastert to power might ultimately prove to be his undoing. "One of the reasons he was elected was because you don't need to be a great communicator when your job is to run a train on time," says a former top GOP aide. "But when you get sucked into a whirlwind like this, a plodding approach is not the way to survive."

Indeed, it seemed as if Hastert had explaining to do. His version of when and what he knew about Foley's behavior seemed to contradict those of other Republicans touched by the scandal. Democrats, meanwhile, blasted House leaders for not sharing concerns about Foley with the Democrat on the House Page Board.

As the fallout from Foley spread, Hastert was slammed by conservatives like Paul Weyrich who called for his resignation. But by week's end, Hastert appeared to have won over some of the doubters. "Any Republican with half a brain realizes they cannot toss [Hastert] over," says a Senate Republican staffer. "They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself." Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP. After speaking personally with Hastert, Weyrich recanted his criticism, saying Hastert convinced him that he's telling the truth. In a press conference back home in Batavia, Hastert made clear he had no intention of resigning. But he struck a contrite tone. "The bottom line is ... the buck stops here," he said. President Bush, who has asked the veteran congressman to hold his leadership post through 2008, called to offer his support. Hastert's slow-and-steady approach seemed to have worked again.

The End Of A Revolution (TIME)

By Karen Tumulty

Time, October 16, 2006

Sex, lies and power games are just the latest symptoms of a Republican Party that has strayed from its ideals

Every revolution begins with the power of an idea and ends when clinging to power is the only idea left. The epitaph for the movement that started when Newt Gingrich and his forces rose from the back bench of the House chamber in 1994 may well have been written last week in the same medium that incubated it: talk radio. On conservative commentator Laura Ingraham's show, the longest-serving Republican House Speaker in history explained why he would not resign despite a sex scandal that has produced a hail of questions about his leadership and the failure to stop one of his members from cyberstalking teenage congressional pages. "If I fold up my tent and leave," Dennis Hastert told her, "then where does that leave us? If the Democrats sweep, then we'd have no ability to fight back and get our message out."

That quiet admission may have been the most damning one yet in the unfolding scandal surrounding Florida Congressman Mark Foley: holding on to power has become not just the means but also the end for the onetime reformers who in 1994 unseated a calcified and corrupted Democratic majority. Washington scandals, it seems, have been following a Moore's law of their own, coming at a faster clip every time there is a shift in control. It took 40 years for the House Democrats to exhaust their goodwill. It may take only 12 years for the Republicans to get there.

If you think politicians clinging to power isn't big news, then you may have forgotten the pure zeal of Gingrich's original revolutionaries. They swept into Washington on the single promise that they would change Capitol Hill. And for a time, they did. Vowing to finish what Ronald Reagan had started, they stood firm on the three principles that defined conservatism: fiscal responsibility, national security and moral values. Reagan, who had a few scandals in his day, didn't always follow his own rules. But his doctrine turned out to be a good set of talking points for winning elections in a closely divided country, and the takeover was completed with the inauguration of George W. Bush as President.

But after controlling both houses of Congress and the White House for most of Bush's six years in office, the party has a governing record that has come unmoored from those Grand Old Party ideals. The exquisite political machinery that aces the elections has begun to betray the platform. To win votes back home, lawmakers have been spending taxpayer money like sailors on leave, producing the biggest budget deficits in U.S. history. And the party's approach to national security has taken the country into a war that most Americans now believe was a mistake and that the government's own intelligence experts say has shaped "a new generation of terrorist leaders and operatives."

One of the problems is that after the Republicans got into power, the system began to change them, not just the other way around. Among the first promises the G.O.P. majority broke was the setting of term limits. Their longtime frustrations in the minority didn't necessarily make them any better at reaching across the aisle either. Compromise, that most central of congressional checks and balances, has been largely replaced by a kind of calculated cussedness that has left the G.O.P. isolated and exposed in times of crisis.

The current crisis arrived with a sex scandal that has muddied one of the G.O.P.'s few remaining patches of moral high ground: its defense of family values and personal accountability. Although Hastert and other Republican leaders say they heard

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last fall about the "overfriendly" approaches of a not-so-secretly-gay Congressman to a 16-year-old former page--both majority leader John Boehner and campaign chairman Tom Reynolds say they brought it up with Hastert last spring--they insist they never imagined anything like the more graphic instant messages that subsequently came to light. Boehner spokesman Kevin Madden said his boss was told only that there had been "contact" between Foley and a page, and that his knowledge of even that much came from a fleeting conversation on the House floor. But shouldn't someone have got chills at learning that a 52-year-old man had sent a teenager a creepy e-mail asking for a "pic of you"? Certainly the page understood what the e-mail meant, which is why he forwarded it in August 2005 to the office of Louisiana Congressman Rodney Alexander, who had sponsored him for the page program and who was alarmed enough to take his concern to Boehner. "This freaked me out," the teenager wrote. "Sick sick sick sick sick sick sick sick sick sick sick sick sick."

The House response was political from the start. Last November, Jeff Trandahl, then clerk of the House, told John Shimkus, the Republican head of the board that oversees the page program, about the less incriminating e-mails. But nobody bothered to inform the board's lone Democrat. Shimkus and Trandahl appear to have done nothing more than give Foley a private warning. When Alexander expanded the circle of those aware of the e-mails the following spring, one of the two people he chose to loop in was Reynolds, head of the National Republican Congressional Committee, whose job is managing the election. Foley wasn't even stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

Even after a batch of truly sleazy instant messages was discovered by ABC News, Reynolds' chief of staff Kirk Fordham, who was also a former aide to Foley, tried to solve the political problem by attempting to talk the network out of publishing the worst of the messages. Fordham resigned last week, but he didn't go quietly, the way House leaders had hoped. On his way out, he threw fuel on the political fire by announcing that he had warned Hastert's staff of Foley's "inappropriate behavior" at least three years ago--a charge that Hastert's chief of staff, Scott Palmer, denied.

All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism.

It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election. As conservative George F. Will, writing in the Washington Post last week, put it, the Foley affair is "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries." In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican--nearly a perfect reversal of the 51%-40% advantage the G.O.P. enjoyed as recently as August. There was even worse news in a poll by the nonpartisan Pew Research Center that showed a precipitous drop in Republican support among frequent churchgoers, one of the most important and loyal elements of the G.O.P. base. There's no indication that they are clamoring to be Democrats, but the risk is that they will simply stay home on Election Day.

One of the victims may turn out to be campaign chairman Reynolds, who suddenly found himself running as many as 8 points behind in his upstate New York House-seat re-election bid, which had appeared fairly safe a week earlier. Hastert's job seems secure for the moment, barring any big new revelations, in part because the House Speaker is not merely a party leader; the role was established under the Constitution. It would be difficult to replace Hastert without summoning Congress back into town from the campaign trail. Nor would an ugly fight over who would succeed him be good for the party's prospects in November. Still, Republicans are not particularly eager to be seen with him. His campaign schedule is starting to look a lot lighter, as House candidates across the country are turning down his offers to do fund raisers for them. Even the leadership's much vaunted discipline seems to be in tatters. Majority leader Boehner defended himself last week by attacking Hastert: "My position is, it's in his corner, it's his responsibility." And the third in command, whip Roy Blunt, suggested that things would have been different if he had been informed. Not incidentally, both men are expected to consider making a bid for the top job if Hastert ultimately steps down--and maybe if he doesn't. But by then the job description may be House minority leader.

G.O.P. leaders are so desperate to find someone else to blame that they have been reduced--with no indication that they see the irony--to blaming a vast left-wing conspiracy. "The people who want to see this thing blow up," Hastert told the Chicago Tribune, "are ABC News and a lot of Democratic operatives, people funded by George Soros," the liberal financier who has become a bogeyman of the right. Hastert went on to say, without producing any proof, that the revelation was the work of Bill Clinton's operatives. But that line of argument, of course, suggests that Republicans would have preferred to keep Foley's secrets locked away, presumably at the pages' peril. And the Democrats for once are showing the good sense to stay out of the

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way when the other side is self-destructing. Sighed one of the younger House Republican aides who sits in on key meetings: "Foul play on the Democrats' side? If that is the only card left to play, then we are in serious trouble."

THE "DON'T ASK, DON'T TELL" PROBLEM

As Hastert and his forces have been trumpeting their charges against the Democrats, a whisper campaign has been launched in Washington to blame an internal culprit: a "velvet mafia" at the upper levels of G.O.P. leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: "It looks like they may have tried to handle this among themselves because they were similarly situated."

In many ways, that story line is the product of the strains within the party over homosexuality. It's a tension nearly as deep and tortured as those the Democrats grappled with over race a half-century ago, when they tried--unsuccessfully--to keep an uneasy coalition of Southern segregationists and Northern civil rights advocates from tearing their party apart. Even though many of the G.O.P.'s policies have been hostile to gay rights, its leaders have long followed a "Don't ask, don't tell" policy with what pretty much everyone in Washington knows is a sizable number of closeted Republicans among members of Congress, upper-level staff and top party operatives. Says Patrick Sammon, executive vice president of the gay group Log Cabin Republicans: "There are a lot of gay Republicans who are working behind the scenes to advance the priorities of this party."

Until now, Republicans were able to manage the conflict. And they managed it by ignoring it. That even became part of an electoral strategy dating back to the 2000 election that suggested there was nothing to be gained by moderation. In a memo he wrote to Karl Rove, Bush pollster Matthew Dowd estimated that truly independent voters had fallen to a mere sliver of the electorate. There were, Dowd concluded, not enough percentage points in being "a uniter, not a divider." The key to winning in a polarized country was mobilizing the conservative base. That year, Bush refused to meet with the Log Cabin Republicans, choosing instead to see a handpicked group of gay Republicans, but only after the party's nomination was secured. In 2004, even as Vice President Dick Cheney's daughter Mary was a potential symbol of the party's openheartedness, Republicans put anti-gay-marriage measures on 11 state ballots to drive voter turnout.

But the Foley scandal is making it difficult for the party to look the other way. Last week some conservatives went so far as to insinuate that Foley proves that every gay person is a pedophile waiting to happen. "You don't need 'gaydar' to understand he has certain dispositions," Utah Congressman Chris Cannon told the Deseret News. Televangelist Pat Robertson recommended that G.O.P. leaders simply explain the situation this way: "Well, this man's gay. He does what gay people do."

The resignations of Foley and Fordham sparked fears that other gay Republicans would also soon be forced out of both their closets and their jobs. "Kirk is the fall guy," says gay-rights activist Hilary Rosen. "It's going to be open season on gay Republicans. It's the right wing's perfect storm. They never wanted gays in their party anyway."

RULING WITH AN IRON FIST

Oddly enough, it was a sex scandal in 1998 that brought Hastert from obscurity to the Speaker's chair in the first place. Gingrich had been ousted because his brand of fiery leadership had become such a drag on the party that it lost seats rather than gained them amid the Monica Lewinsky scandal. But his anointed successor, Robert Livingston of Louisiana, suddenly backed out amid revelations of an extramarital affair. That's when the party turned to Hastert, a former high school wrestling coach whose affability and low-key demeanor seemed to guarantee calmer times ahead. He was, after all, the man who said he was too humble to brag about being humble.

And yet the way the House has operated under Hastert has been anything but humble. He quickly came to be viewed as little more than a genial front for then majority leader Tom DeLay, whose nickname--the Hammer--pretty much summed up his leadership touch. "There has been no institutional rule, means, norm or tradition that cannot be set aside to advance a partisan political goal," says Brookings Institution political scientist Thomas Mann, co-author of the recently published book whose title describes Congress as The Broken Branch. In 2003, instead of fashioning a compromise that might woo a few Democrats, Hastert and DeLay held what was supposed to be a 15-min. vote open for three full hours as they squeezed the last Republican votes they needed to pass a bill to provide an expensive prescription drug benefit to the Medicare program. Far more than in the past, they brought bills to the floor with no chance of amendment and allowed the normal appropriations process to be circumvented so that pet projects could be funded without scrutiny. When DeLay faced indictment by a Texas grand jury, Hastert changed the Republican rules so that DeLay could stay on as leader--though in the ensuing outcry, he had to reverse himself. Hastert was successful, however, in purging the ethics committee of its chairman and two Republican members who had reprimanded DeLay for misconduct. Stretching the limits of arcane House rules and shuffling committees around may not seem like earthshaking offenses, but they are the same type of procedural strangleholds and power plays that the G.O.P. had hoped to excise from the body politic 12 years ago.

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"The Republican Party of 2006 is a tired, cranky shell of the aggressive, reformist movement that was swept into office in 1994 on a wave of positive change," Frank Luntz, one of the strategists of the G.O.P. takeover, wrote this week in a column for TIME.com "I worked for them. They were friends of mine. These Republicans are not those Republicans."

On policy matters, Hastert's leadership approach has been to act as though the Democrats--and sometimes the Senate--simply do not exist. He squeezes hard-edged partisan bills through the House to please the G.O.P. base, even though they have no chance of ever getting through the Senate and reaching the President's desk. "There have been numerous occasions when bipartisan approaches, which would have benefited our conference more than Democrats, have been rebuffed by the Speaker," complains a senior Republican aide, who says he likes and respects the Speaker. "His strategy seems to be, 'Well, don't worry about it. We'll blame [Democratic Leader Nancy] Pelosi.' That might work in isolated circumstances, but when your party's numbers start to tank, and people want to see that you can govern, that approach is not a solid one."

Party leaders concede the point that their revolution hasn't lived up to everything they promised. But they say voters still see the difference between where the parties stand. Former Republican chairman Ed Gillespie--one of the authors of the Contract with America, on which House Republicans ran in 1994--says, "Our party is still better when it comes to spending than the Democrats, stronger on national security than the Democrats and more likely to share concerns about the coarsening of our culture that a majority of Americans share than the Democrats are." Strategists are putting an optimistic face even on the effects of the Foley scandal, saying their internal polling shows little movement against the G.O.P.

Will the Democrats behave any differently if they retake Congress in November? Some would undoubtedly try to use their majority power to exact revenge for Republican overreach. And history has shown them to be just as capable of the type of ideological drift that is tearing at the G.O.P.

For now, though, the question on everyone's mind is, How do the Republicans find their way from here? A number of conservatives have begun to wonder aloud if it wouldn't be better for the party to lose the House or Senate in November. If the revolutionaries have become the redcoats, then perhaps it's time for another uprising. Send the Republicans back into the wilderness so they can forage for the kind of fresh ideas and guerrilla tactics that made them such a force during their previous march on Washington. They could very well be ready in time for the presidential election in 2008. And while they're out there on the campaign trail, they just might rally around their old general, who will be looking to cap his own hardscrabble journey from political pariah to rehabbed revolutionary. That general, of course, is none other than former Speaker Gingrich, who has been spotted in Iowa, New Hampshire and other battleground states for more than a year now, taking potshots at the Establishment he helped create and rearming himself to storm the next barricade. TIME POLL THE PRESIDENT

Do you approve of the way George W. Bush is handling his job as President?

â€¢ Disapprove 57% â€¢ Approve 36%

THE CONGRESS

Disapprove of the job the U.S. Congress is doing

â€¢ 57% disapprove â€¢ 31% approve â€¢ 12% Don't know Say they would vote for a Democrat if the congressional election were held today*

â€¢ 54% vote for a Democrat â€¢ 39% favor a Republican â€¢ 7% Other party/ don't know

Think the country would be better off if the Democrats won control of the House

â€¢ 49% agree â€¢ 38% disagree â€¢ 13% Don't know

THE FOLEY CASE 78% of poll respondents were aware of the scandal involving former G.O.P. Congressman Mark Foley. Their views:

Do you think Republican leaders in Congress handled the Foley situation properly, or do you think they tried to cover it up?

â€¢ Handled properly 16% â€¢ Covered it up 64%

Did the disclosure about Foley's sexually explicit instant messages to teenage congressional pages and the handling of this situation by the House Republican leadership make you less likely to vote for the Republican candidate in your district, more likely, or did it really have no effect on how you will vote?

Less likely 25% More likely 4% No effect 68%

Do you think Republican House Speaker Dennis Hastert should resign as Speaker because of his handling of the Foley case?

â€¢ Yes 39% â€¢ No 38% â€¢ Don't know 23%

This TIME poll was conducted by telephone Oct. 3-4 among 1,002 adult Americans by SRBI Public Affairs. The margin of error is 3 percentage points. "Don't know" responses omitted for some questions. *Asked of registered voters With reporting by With reporting by Mike Allen, Melissa August, Perry Bacon Jr., Brian Bennett, Timothy J. Burger, Massimo Calabresi, James Carney, Ana Marie Cox/ Washington, Jeffrey Ressner/Simi Valley

GOP Officials Brace For Loss Of Seven To 30 House Seats (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, October 10, 2006

Republican campaign officials said yesterday that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley.

Democrats need to pick up 15 seats in the election to take back control of the House after more than a decade of GOP leadership. Two weeks of virtually nonstop controversy over President Bush's war policy and House Speaker J. Dennis Hastert's handling of the page scandal have forced party leaders to recalculate their vulnerability and placed a growing number of Republican incumbents and open seats at much greater risk.

GOP officials are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease.

Still, GOP leaders privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates.

"If you are a Democrat, you have to like the atmosphere," said Rep. Thomas M. Davis III (Va.), a top campaign strategist for the GOP. Davis said Republicans could lose as many as 30 seats if conditions worsen.

With four weeks left in the campaign, GOP strategists, speaking on background, have begun to outline a highly gloomy view of the House election for their party.

They are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator. "It is unquestionably closer than we would like," said Rep. Adam Putnam (R-Fla.).

In a sign that the political environment is getting worse for Republicans, political handicapper Charlie Cook now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands.

Unlike in most elections, when both parties defend several seats, Democrats are favored to win every seat they now occupy and are spending money to defend only a few. As a result, Democrats are not as vulnerable to the GOP's campaign finance advantage in the final weeks as they have been in past campaigns.

A Democratic takeover of the House is not a foregone conclusion, however. Because of congressional redistricting plans that gave huge advantages to incumbents, fewer than 50 of the 435 House seats are competitive. Democrats said internal polls show that the fallout from the Foley scandal is confined to half a dozen races. Moreover, House elections are traditionally shaped by local issues and personalities, and the closest races come down to which party can turn out its most loyal voters.

The page scandal erupted two weeks ago when Foley abruptly resigned after being confronted by ABC News with sexually explicit messages that he exchanged with a former page on the Internet. Investigations by the Justice Department, the House ethics committee and Florida authorities have ensued.

The GOP's emerging strategy on the Foley scandal is to try to limit losses among conservative voters who are expressing alarm about the scandal and about the apparent failure of GOP leaders to act on early warnings about Foley's behavior.

As part of that strategy, the Republican National Committee is seeking to convince conservatives that the debate is fundamentally centered on politics, not values. The RNC is shipping reams of information to conservative radio hosts, television commentators and bloggers. Those GOP talking points detail the Democratic connections of groups including the Center for Responsibility and Ethics in Washington and American Family Voices, which are working to turn the scandal into an issue with national implications.

The NRCC is highlighting Democratic leaders who supported former representative Gerry E. Studds (Mass.), who was censured by the House in 1983 after admitting to sexual contact with a male page a decade earlier; Studds went on to serve in Congress until 1997. "It is important to contrast how Republican leadership is handling the situation with problems with one of its own, and how Democrats did," said former RNC chairman Ed Gillespie, a close White House ally.

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Still, the "Foley factor" has made GOP strategists nervous. Several officials said it has dramatically undermined the reelection prospects of several incumbents, including Rep. Thomas M. Reynolds (N.Y.), who was criticized by Democrats for not doing enough to stop Foley's advances on young male pages after learning about them this spring.

Several interest groups with Democratic ties are seeking to take advantage of Reynolds's newfound vulnerability. Majority Action, a group designed to help Democrats retake control of the House, is sponsoring a radio ad in which a narrator says: "Another scandal in Washington, and our Congressman Tom Reynolds is right in the middle." Two public polls show Reynolds trailing his Democratic challenger, Jack Davis, in a race neither side considered very competitive a few weeks ago.

Rep. Deborah Pryce (Ohio), the fourth-ranking GOP leader, is facing the toughest reelection race of her career. She has said she had no prior knowledge of Foley's behavior but has faced criticism for telling a reporter that the former congressman was one of her closest friends in Congress.

"I don't think this is personally sticking to Deborah Pryce, but it is certainly having people have a more jaundiced view of Washington, which is not good for Republicans," said George Rasley, Pryce's spokesman. Pryce had a slight lead over Mary Jo Kilroy in her internal polling before the Foley scandal, an aide said, but Republicans expect Pryce to suffer as much as any incumbent for the renewed scrutiny of congressional ethics.

Scandals are hurting Republicans elsewhere in Ohio, where charges of corruption have rocked the GOP at the local and state levels for the past two years. In the open seat vacated by indicted GOP Rep. Robert W. Ney, Joy Padgett is struggling to lock down a reliably GOP seat east of Columbus, the state capital. Polls show Democrat Zach Space, a liberal critic of the war, on top and GOP strategists agree Padgett is behind.

"It is definitely a challenge to overcome," says Padgett spokesman Morgan Ortagus. "Voters are definitely in a throw-the-bums-out mood."

Space is calling for Hastert's resignation and is asking Padgett to do the same. Padgett canceled a fundraiser with Hastert last week.

In other races where Republican incumbents have been dogged by scandal, Democrats are pushing the Foley story hard.

Former representative Nick Lampson (D-Tex.) is asking Houston City Council member Shelley Sekula-Gibbs (R) to call for the resignation of any member of the House leadership who knew about the e-mails and instant messages exchanged between Foley and former congressional pages. The two candidates are competing for the seat from the 22nd Congressional District, left vacant by the departure of former House majority leader Tom DeLay (R), who is under indictment in Texas.

Elsewhere, the political debate is returning to traditional disputes over the war, taxes and health care, according to Democrats and Republicans. The Foley story "is getting a lot of attention now, but I don't think it will have the legs to last four weeks," said Ron Carey, chairman of the Minnesota Republican Party.

Scandal Pushes Voters To Dems (USAT)

By Jill Lawrence

USA Today, October 10, 2006

WASHINGTON — A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows.

Democrats had a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978.

Nearly three in 10 registered voters said their representative doesn't deserve re-election — the highest level since 1994. President Bush's approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%.

“It's hard to see how the climate is going to shift dramatically between now and Election Day,” said John Pitney, a former GOP aide on Capitol Hill who now teaches at Claremont-McKenna College in California. He said Iraq remains the biggest problem for Republicans: “People just don't like inconclusive wars.”

The plummeting GOP ratings in the poll of 1,007 adults, taken Friday through Sunday, come amid a series of events that have given Democrats ammunition to argue that the country needs a new direction.

Those include increased violence in Iraq; a National Intelligence Estimate that belied upbeat administration talk on Iraq; a new Bob Woodward book about internal White House discord over Iraq, and the Sept. 29 resignation of GOP Rep. Mark Foley. He quit hours after ABC News showed him sexually explicit instant messages he allegedly exchanged with a teenage former page.

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Some Democrats call the scandal a tipping point. “It's the absolute crystallization for people of everything they dislike about Washington and congressional Republicans,” Democratic strategist Anita Dunn said.

GOP pollster Ed Goeas said Republican fortunes are better in individual districts than nationally. Republicans remain energized and loyal, he said, but added he's monitoring whether the Foley matter fires up independents who normally don't vote. “Does this become a catalyst for their involvement?” he asked.

Two-thirds of those in the poll said they are following the page scandal very or somewhat closely. More than half — 54% — said GOP leaders who knew about Foley's actions for months or years did not act against Foley earlier “for political reasons.” By 43%-36%, they said House Speaker Dennis Hastert should resign.

Government corruption, Iraq and terrorism were the three most important issues. Along with their lead on terrorism, Democrats had a 21-point advantage on corruption and a 17-point advantage on Iraq. A 56%-40% majority said sending troops to Iraq was a mistake — the widest disapproval margin in a year.

Three other polls released Monday, by CNN, ABC News/Washington Post and CBS News/New York Times, showed Democrats leading the congressional ballot by 13 to 21 points.

Poll Shows Foley Case Is Hurting Congress’s Image (NYT)

By Adam Nagourney And Janet Elder

The New York Times, October 10, 2006

Americans say that Republican Congressional leaders put their political interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley’s sexually charged messages to pages well before he was forced to quit Congress, according to the latest New York Times/CBS News poll.

The poll, completed before North Korea announced that it had detonated its first nuclear test, also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism.

The number of Americans who approve of Mr. Bush’s handling of the campaign against terrorism dropped to 46 percent from 54 percent in the past two weeks, suggesting that he failed to gain any political lift from an orchestrated set of ceremonies marking the fifth anniversary of the Sept. 11 attacks. In addition, the poll shows that Americans are now evenly divided over which party they think can better handle terrorism, the first time in the Bush presidency that Democrats have matched Republicans on national security, despite a concerted White House effort to seize the advantage on the issue this month.

With four weeks left before Election Day, the poll indicates that the scandal involving Mr. Foley, a former Republican congressman from Florida, is alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law.

“Politics goes to people’s heads and they see themselves as their own little entity,” said Donna Mummert, 68, a Republican from Marsing, Idaho, in a follow-up interview after participating in the poll. “They forget why they’re there to represent us.”

Seventy-nine percent of respondents said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages. About half of respondents said that the House Republican leadership had improperly handled the Foley case, compared with 27 percent who said they approved of how it was handled; 46 percent of respondents said Speaker J. Dennis Hastert of Illinois should step down. And Americans are more likely to say that Democrats, and not Republicans, share their moral values.

The nationwide telephone poll was conducted Thursday through Sunday with 983 adults, including 891 registered voters. The margin of sampling error for the entire sample is plus or minus three percentage points and is the same for the registered voters.

The poll describes what is by any measure a difficult political environment for the White House and Republican Congressional leaders. Still, it is a measure of national sentiment rather than the likely outcome in the approximately 40 House races and 8 Senate races that will determine which party controls Congress next January.

In many of the races where Republicans are in danger of losing seats, Democrats hold relatively slight leads, according to local polls and internal party polls. Republicans are counting on their strong voter turnout operation, and sizable financial advantage over Democrats, to compensate for the difficulties they face.

There has been no change since mid-September in the gap between Americans who said they planned to vote for a Democrat over a Republican in their district this November: 49 percent to 35 percent. But Democratic voters are more likely than Republicans to say they are enthusiastic about voting this November.

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The public's view of Iraq is as dark as it has been since the war began in 2003, with two-thirds saying it is going somewhat or very badly, while only 3 percent are saying the war is going very well. Two-thirds said they disapproved of how Mr. Bush was handling Iraq.

Mr. Bush's job approval rating has slipped to 34 percent, from 37 percent in September. That is one of the lowest levels of his presidency and poses a complication for the White House as it seeks to send him out on the road to rally base voters. Mr. Bush's job approval rating has even slipped with his base: 75 percent of conservative Republicans approve of the way he has handled his job, compared with 96 percent in November 2004.

The president clearly faces constraints as he seeks to address the public concerns about Iraq that have shrouded this midterm election: 83 percent of respondents thought that Mr. Bush was either hiding something or mostly lying when he discussed how the war in Iraq was going. Fifty-seven percent of respondents said Mr. Bush was personally aware of intelligence reports before Sept. 11 that warned of possible domestic terrorist attacks using airplanes. When the same question was asked in May 2002, 41 percent said they believed Mr. Bush was aware.

"Iraq was a mistake, and even though he gets up and says it's going O.K., it hasn't been going O.K. since Day One," said Gertrude Knowles, a self-described independent voter from Quincy, Mass. "Now he's got to make it sound better than it is."

So far, at least, it appears that, at least nationally, Republicans have had little success in pressing what have been their two biggest lines of attacks against Democratic challengers this fall: taxes and terrorism. The poll found that 41 percent of respondents thought Republicans were stronger on handling terrorism, compared with 40 percent who named Democrats, a statistically insignificant difference. Before Labor Day, Republicans had a 42 percent to 34 percent edge on handling terrorism.

And in a month in which Republicans have sought to discredit Democratic challengers as advocates of big spending and high taxes, 52 percent of respondents said that Democrats would make the right decisions on how to spend taxpayers' money, while 29 percent said Republicans would.

Americans said that Democrats would do a better job than Republicans in making decisions on the war, on the economy and on taxes. Democrats are viewed more positively, or less negatively, than Republicans, with 39 percent saying they held a favorable view of Republicans, compared with 54 percent who said they held an unfavorable view. By contrast, 52 percent of respondents had a favorable view of the Democratic Party, compared with 40 percent who had an unfavorable view.

The problems for Congress have clearly been exacerbated by the Foley scandal. Eighty percent of Americans said they considered the Foley revelations either very serious or somewhat serious. Two-thirds said that House Republicans did not initially take the warnings seriously enough, and 62 percent said they believed House Republican leaders knew before last week that Mr. Foley had sent sexually explicit messages to teenagers.

"They just covered it up," said Charles Young, a Republican from upstate New York. "We put them in office to do what is right for the country. It should have been brought to their attention and disposed of. We don't need people in office who corrupt our children."

The poll found that 69 percent of Americans thought that members of Congress considered themselves above the law, and 69 percent thought that members of Congress did not live by the same rules of behavior that they did.

The poll found that 47 percent of respondents believed that Democrats came closer to sharing their moral values, compared with 38 percent who said Republicans did. The Democratic standing in this area included some unlikely groups: 26 percent of conservatives and 43 percent of people who live in the South named Democrats as the party that came closer to sharing their values.

Poll Shows Strong Shift Of Support To Democrats (WP)

By David S. Broder And Dan Balz

The Washington Post, October 10, 2006

Democrats have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll.

Apparent Republican gains in September have been reversed in the face of mounting U.S. casualties and gloomy forecasts from Iraq and the scandal involving Mark Foley (R-Fla.), who was forced to resign his congressional post over sexually graphic online conversations with former House pages.

Approval of Congress has plunged to its lowest level in more than a decade (32 percent), and Americans, by a margin of 54 percent to 35 percent, say they trust Democrats more than Republicans to deal with the biggest problems the nation is confronting. Fifty-five percent of those surveyed said congressional Democrats deserve to be reelected next month, but just 39 percent said Republicans deserve to return to office.

The poll measures broad public attitudes and cannot be translated into individual House districts, but it sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a

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margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month.

Since Congress adjourned 10 days ago, Republicans have been swamped by bad news, particularly from Iraq. The Foley scandal, while not a dominant voting issue for many, nonetheless has contributed to dissatisfaction with the majority party's performance, the survey found.

President Bush's approval rating, which rose to 42 percent in September after an anti-terrorism offensive marking the fifth anniversary of the Sept. 11 attacks, registered 39 percent in the latest poll. The percentage of respondents who said they strongly disapprove of his performance is about double the number who strongly approve. This disparity in voter intensity could have implications for turnout on Nov. 7, since impassioned voters are most likely to go to the polls.

The president's approval rating reached a low of 33 percent in May, but he has since regained support from Republicans who had expressed unhappiness with his performance. In the current poll, 82 percent of Republicans said they approve of how he is handling his job, compared with 68 percent in May.

Democrats and independents are almost as negative in their appraisals of the president now as they were five months ago.

Bush's ratings on the war in Iraq are among the lowest of his presidency, with 35 percent approving of how he is handling the situation and 64 percent disapproving (54 percent strongly disapprove). On terrorism, a majority (53 percent) said they disapprove of his performance. That is the lowest rating Bush has received on his signature issue.

Asked whether the war in Iraq has been worth fighting, 63 percent said no, the highest recorded during Bush's presidency. Fifty-one percent agreed with Bush's argument that Iraq is a front in the global campaign against terrorism, the lowest of his presidency. Fifty percent of those surveyed said that the country is safer today than it was before Sept. 11, 2001, but 42 percent, a new high, said the nation is now less safe.

Still, there is no significant support for withdrawing U.S. forces immediately. Half of those surveyed -- about the same percentage it has been throughout the year -- said they would like to see troop levels decrease. Despite the high number of casualties, only a fifth said they supported immediate withdrawal.

With the decline in gasoline prices, Americans are somewhat more positive about the economy, with 47 percent describing it as good or excellent -- the highest since July 2001 -- and 53 percent saying it is not so good or poor. Forty-one percent approve of how Bush has handled economic issues, about the same percentage as in August.

Bush's performance remains a potentially significant factor in the midterm elections, with 35 percent of those surveyed saying they will use their congressional votes to express opposition to the president, a new high on that question, and about twice the number who said they will use their votes to show support for him.

The Post-ABC News poll is based on interviews with 1,204 adults and was conducted Oct. 5-8. The margin of sampling error is plus or minus three percentage points.

The Foley scandal has remained a key news item over the past 10 days and the poll shows that Americans are reading and watching. Seven in 10 said they are following the story "very" or "somewhat" closely. But only about two in 10 said the issue will be very important in their votes next month.

The political fallout is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post.

There is broad dissatisfaction among voters this fall, with one-third saying the country is heading in the right direction. Similarly, Congress has proved to be a disappointment to most Americans, with two in three saying they disapprove of its performance, the highest number in a Post-ABC News poll since November 1995.

As bad as these findings are, they are not as bad as they were in the months before Democrats lost control of Congress in 1994. Congressional approval hit 18 percent in October of that year.

On another measure, 60 percent of those surveyed in the new poll said they approve of the performance of their own House member. That compares with 49 percent in an October 1994 poll.

The new poll suggests that there are few issues on which Republicans can hope to appeal to voters in the next four weeks. When respondents were asked which party they trust to handle various issues, Democrats led on every subject, by 33 percentage points on health care, 19 points for ethics, 17 points for the economy, 13 points each for Iraq and immigration.

Even on terrorism, which Republicans hoped to turn into a powerful issue this fall, Democrats led in trustworthiness by six percentage points, reversing a seven-point deficit in September.

There are also modest signs that Democrats have improved their posture among voters. For the first time, a narrow majority, 52 percent, said Democrats are offering the country a clear alternative direction to Bush and Republicans. While

Americans are split on the performance of congressional Democrats -- 48 percent approve, 50 percent disapprove -- they are overwhelmingly negative about GOP performance, with 63 percent disapproving and 35 percent approving.

Republicans are closely monitoring Christian conservatives for signs of disaffection that might contribute to lower voter turnout next month. The Post-ABC poll shows that they are not as strong in their support for Republican House candidates as they were in 2004, but it is unclear whether that is related to the Foley scandal. Forty-eight percent of white evangelical Christians said that House GOP leaders took the proper steps in responding to Foley's actions, compared with 60 percent of all conservative Republicans.

Robert Nelson, a machinist from Laurens, S.C., said the Iraq war is one of the issues that have turned him against the Republican Party. "I guess you could said I'm a Reaganite," he said. "Ronald Reagan got me interested in the Republican Party and I pretty much voted the party line." He did not support Bush two years ago, he said, and now thinks the country would be better off with Democrats in control of Congress. "The Republican Party has lost track, gone off in their own direction," he said.

Francis Jacobs, a computer tutor and technician from Grand Ledge, Mich., said he thinks Hastert should resign as speaker because "he knew more" about what was going on with Foley. Jacobs thinks that both parties "are having a field day" with the scandal but is highly critical of the Republican-controlled Congress.

"The question is, what have they accomplished?" he said. "They've accomplished nothing."

In the Post-ABC News poll, 71 percent agreed that Congress did little or nothing this year.

Polls: Hastert Should Resign As House Speaker (CHIT)

By Mike Dorning

Chicago Tribune, October 10, 2006

WASHINGTON -- Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since a GOP congressman's sexually explicit electronic messages to underage pages were disclosed late last month.

Few in the country previously had strong impressions of the speaker. But about half of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference.

Two of the polls, those by CNN-Gallup and ABC News-Washington Post, showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said.

While voters say such issues as the Iraq war, terrorism and the economy are more important to them than the handling of Foley's lurid messages, polls show a sharp drop in public support for GOP congressional candidates.

Among likely voters, 58 percent say they plan to vote for Democrats in November, versus 37 percent who say they will vote Republican, according to the CNN-Gallup poll. The 21 percentage point margin is 5 points wider than it was a week earlier in the same poll.

The ABC-Post poll found registered voters favor Democratic over Republican candidates 54 percent to 41 percent. The 13-point margin also is 5 points wider than the last ABC-Post poll, taken a month earlier.

According to the CBS-New York Times poll, four out of five Americans think GOP leaders are more concerned with politics than the well-being of pages.

All three surveys were completed before the Washington Post reported on Monday that Rep. Jim Kolbe (R-Ariz.) had confronted Foley over inappropriate behavior toward pages in 2000, extending to at least six years the time period in which other members of Foley's party were aware of suspicious activity. Kolbe was a member of the House Page Board at the time, though it was unclear whether he informed other members.

On Monday, the House ethics committee sent a letter to congressional offices asking them to contact former pages and request they report inappropriate messages or contacts by Foley or other members of Congress.

National polls are of limited use in forecasting the outcome of mid-term elections, in which control of the House and Senate will be determined by a small number of individual elections.

Still, such a dramatic shift in national sentiments is a striking illustration of a changing political mood that would likely reverberate in voting on Nov. 7 if there is no change in public attitudes in the next four weeks.

A political strategist for a Republican-leaning business group said that a pollster who has been tracking competitive congressional races for the group has christened Sept. 29—the day the Foley messages were disclosed—as "Black Friday."

The group's polling showed a clear reversal on that day of a trend in which GOP fortunes were modestly improving amid a campaign by the White House to highlight lower gas prices and bolster the case for a connection between the Iraq war and the war on terror.

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After slight improvements in President Bush's standing during September, all three polls showed a drop in public approval for the president.

Still, it was the shift in public attitudes toward Hastert that was most striking.

The CNN-Gallup Poll found those with an opinion strongly favoring Hastert's resignation, with 52 percent in support of a resignation and 31 percent against. The CBS-New York Times poll found 46 percent saying Hastert should go while 26 percent said he should stay. The ABC-Washington Post Poll showed a more even split, with 45 percent saying Hastert should step down and 47 percent saying he should remain.

Foley Probe To Focus On Who Knew, When (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 10, 2006

WASHINGTON — Witnesses will begin testimony behind closed doors this week in the sex scandal that has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House ethics committee in an otherwise quiet Capitol, will look into who knew what when about the contacts between then-Rep. Mark Foley (R-Fla.) and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned House Speaker J. Dennis Hastert's office in 2003 or earlier about the congressman's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's advances until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become a campaign issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages . Other possible witnesses include:

Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages;

Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

The panel has prepared about four dozen subpoenas for documents and testimony, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the Fifth Amendment against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Foley Scandal Drags Reynolds Into Underdog Role In N.Y. 26 (CQ Politics)

By Marie Horrigan

CQ Politics, October 10, 2006

The scandal surrounding resigned Florida Republican Rep. Mark Foley and the salacious messages he sent to underage congressional pages has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House.

And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican.

That switch comes just one week after CQPolitics.com downgraded Reynolds to Leans Republican from Safe Republican — a position where Reynolds had comfortably resided prior to Foley's abrupt Sept. 29 resignation.

The Leans Democratic rating does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him.

But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted.

The contest is a rematch of the 2004 race in which Davis held Reynolds to an unexpectedly close 56 percent to 44 percent edge. Now, three separate polls since late last week showed Reynolds trails Davis by significant margins.

Reynolds' role in the Foley incident began in fall 2005, when Louisiana Republican Rep. Rodney Alexander told him a former page, a constituent of Alexander's district, had complained of receiving inappropriate e-mails and instant messages from Foley.

Reynolds — who has defended himself by saying that the e-mails in question were not the sexually explicit ones to other young men that were later revealed — says he mentioned the matter to the office of House Speaker J. Dennis Hastert of Illinois, a matter of serious dispute since the scandal broke.

But what appears clear is that Reynolds referred the matter to Illinois Republican Rep. John Shimkus, chairman of the House board that supervises the page program, who has said he held a conversation with Foley in which he instructed him to treat the pages with respect.

This has led many critics to demand to know why Reynolds didn't think the matter required a more thorough investigation,and whether he would not have been much more aggressive if — in his role as chairman of the National Republican Congressional Committee — the lawmaker making inappropriate contacts with pages had been a Democrat rather than a Republican.

In the past several days, Reynolds has moved rapidly to try to dissipate the building furor. He appeared at a press conference last Monday surrounded by young children and some of their parents, but also cancelled an appearance on a national Sunday morning talk show in which he was expected to discuss his role in the Foley scandal. A Reynolds spokesman said the congressman had to bow out because he was suffering from flu-like symptoms.

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Reynolds' campaign, nonetheless, has released a TV ad in which the congressman, looking straight at the camera, talked about the steps he took as the more explicit electronic messages surfaced, contending that he was among those who forced Foley to resign.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Reynolds said in ad. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

But Democrats and allied groups are moving just as fast to leverage the scandal and Reynolds' precarious situation into another pick-up toward the net gain of at least 15 seats they need to win control of the House.

The political action group for the American Federation of State, County and Municipal Employees, the country's largest union of public employee and health care workers, on Thursday spent $111,000 on ads to be run against Reynolds in the 26th District. The union's analysis of House votes found Reynolds did not support its position on any of the eight votes it chose as key in 2005, and that he had a career record of voting with them 2 percent of the time.

Majority Action, a Democratic-affiliated group organized under Section 527 of the Internal Revenue Code, reported spending $12,000 on ads against Reynolds on Friday. The group had gone after Reynolds even before the controversy, spending $88,000 in early September for negative ads, but new radio and TV spots say Reynolds knew about the inappropriate Foley contacts and did nothing.

"Tell Tom Reynolds and Republican leaders to drop the politics," the TV ad said. "Stop the coverup. Tell the truth or resign."

The increasing onslaught against Reynolds appears strongly connected to Davis's improved position. A Zogby International poll reported Sunday indicated that Davis leads Reynolds 48 percent to 33 percent, with 57 percent of respondents disapproving of how Reynolds handled the page scandal and 58 percent saying it is time to elect someone new.

In an indication that the shifting tide may be more about Reynolds than his challenger, Davis received his high polling numbers even though one-third of respondents did not know who he is.

Davis campaign spokesman Curtis Ellis said the low name ID indicated the campaign had more work to do, but that they were getting greater response from voters on both sides of the aisle. "We're hearing from Republican voters every day who are planning on voting for Jack Davis," Ellis told CQPolitics.com.

The Zogby poll indicated a widening lead from a SurveyUSA poll released Thursday that showed Davis led Reynolds by 50 percent to 45 percent. The state Democratic Party also publicized an internal poll from the Davis campaign that indicated Davis had an 8-point lead, 50 percent to 42 percent.

Reynolds spokesman L.D. Platt, however, told CQPolitics.com he was "not at all" concerned about the effect the scandal would have on the congressman's re-election campaign.

"This race isn't about scandal. This race is about the issues, and the fact that Jack Davis and the Democrats are afraid to talk about the issues and are trying to distract the voters from that," he said.

Please visit CQPolitics.com's Election Forecaster for ratings on all races.

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Where is all the talk about impeachment now Bush and all repulicans have lied to the american people,the whole nation.Bill Clinton lied about sex,He almosted got impeached. Where are all the dogs now,most wont be reelected. We hope.

'Values' Choice For The GOP (WP)

By Eugene Robinson

The Washington Post, October 10, 2006

It's possible that the Mark Foley scandal could finally end the phony, trumped-up "culture war" that the Republican Party has so expertly exploited all these years -- possible, but not likely. I'm afraid the Foley episode will be remembered as just another bloody battle, one with lots of collateral damage.

The Republicans wouldn't be where they are today -- in control of the White House and all of Capitol Hill -- if they hadn't portrayed themselves as the stalwart defenders of moral standards and painted Democrats as a bunch of anything-goes libertines. Republicans promised social and religious conservatives that the values they treasure would not only be respected but written into law. Even if they didn't deliver on these promises, or even try very hard, Republicans paid enough lip service to moral issues to keep "values voters" inside the tent.

It was a political masterstroke, but it required creating and sustaining an illusion -- that Republican officeholders themselves not only talked the talk but walked the walk, that in their own lives they adhered to these deeply conservative moral standards. Human nature being what it is, there was no way this illusion could be sustained.

So for a party that crusades against gay marriage and welcomes voters that consider homosexuality a sin or a disease, headlines about a gay Republican congressman lusting after underage male congressional pages are a problem. The emerging

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outlines of a coverup -- allegations that the Republican speaker of the House, or at least his aides, got wind of Foley's little problem months or years ago -- are an even bigger problem.

And it will come as a surprise to some religious conservatives that so many Republicans involved in the scandal are gay -- Foley; his former aide Kirk Fordham; a former clerk of the House, Jeff Trandahl. The Post reported yesterday that Rep. Jim Kolbe of Arizona, the one openly gay Republican congressman, saw "inappropriate" e-mail correspondence between Foley and young pages as long ago as 2000.

It comes as no "October surprise" to the Republican leadership that there are gay men -- and, yes, lesbians, too -- working on Capitol Hill, some in high-ranking positions. Before the Foley scandal runs its course, we will probably learn of other gay staff members on the Hill. These people are good at their jobs, and their sexual orientation is, of course, irrelevant. The understanding, in these years of Republican hegemony, reportedly has been something akin to don't ask, don't tell.

But some conservative activists are irate that the "values" party would allow such an arrangement. Cliff Kincaid of Accuracy in Media, a conservative watchdog, thundered on the group's Web site yesterday that "House leaders permitted homosexuals to infiltrate and manipulate the party apparatus while they publicly postured as friends of family values and traditional marriage. The facade is now in ruins."

In other words, Republican House leaders secretly harbored fairly modern attitudes toward homosexuality. How inexcusable.

The culture war is supposed to be about morality, but really it's a crusade to compel Americans to follow certain norms of private behavior that some social and religious conservatives believe are mandated by sociology, nature or God. Republican officeholders have paid lip service to this crusade, all the while knowing that the human family is diverse and fallible. They know that the gravest threat to marriage is the heterosexual divorce rate. They know that Republicans drink, swear, carouse and have affairs, just like Democrats. They know that homosexuals aren't devils.

Most Americans know all of this, too, by the way. Main Street hasn't been Hicksville for a long time.

But Republicans positioned themselves as our national Church Lady and were rewarded with the support of the staunchest religious conservatives, who now feel betrayed. Faced with the spreading Foley scandal, the party has a choice.

The party can look America in the face and say, "Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us weaker and poorer. As Barry Goldwater would have said, live and let live."

Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed.

Polled And Confused (NYT)

By John Tierney

The New York Times, October 10, 2006

You may have heard that American voters are disappointed. They are disappointed with Dennis Hastert and the rest of Congress. They are very disappointed with the war in Iraq. They are very, very disappointed with President Bush.

I share their unhappiness, but I must confess to one further regret. I am disappointed with the voters — or at least the ones who show up in public-opinion polls. They keep complaining that Washington doesn't understand what they want, but who on earth could?

Early in the Iraq war, Americans told pollsters they favored it and considered it a major part of the war on terrorism. Then they decided the war was a mistake and didn't reduce the risk of terrorism. Yet as they got angrier and angrier at Republicans for making a mess of Iraq, they kept telling pollsters that they didn't trust the Democrats to do a better job of dealing with terrorism.

Their feelings on the economy are even harder to fathom. In the New York Times/CBS News poll released yesterday, a solid majority of voters said the economy was doing well. When asked if they were making enough to pay their bills and sock away savings, they also sounded upbeat — more upbeat than the respondents 10 years ago who were asked that question when the White House was in Democratic hands.

Yet this year's respondents solidly disapproved of Bush's handling of the economy and said they trusted Democrats to do a better job of it. In part, the reaction reflected the generalized anger at Bush and Republicans. But there's another factor, too: the voters like each party for the wrong reasons.

They can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore.

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The Republicans have become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls.

Despite the Republican failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues.

On the domestic front, voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except "taxing the rich," which won't do the trick.

The G.O.P.'s Social Security plan last year would have left the poor better off than under the current system, but Republicans couldn't overcome their image as the cruel despoilers of the Democrats' New Deal. They did succeed (with President Clinton's grudging cooperation) in reforming welfare. That did more to break the cycle of poverty than anything done during the Great Society, but in voters' minds the Democrats remained the party of compassion.

Republicans fought to improve schools at the local level by giving more choices and power to students, parents and principals. These reforms (like vouchers and charter schools) were popular in places where Republicans overcame the resistance of Democrats and teachers' unions, but in national polls, voters preferred Democrats to deal with education.

So President Bush abandoned the party's principles and made a deal with Ted Kennedy to enact the No Child Left Behind law, a centralized Democratic-style plan that gave the Republicans a brief boost in the polls. Like previous Democratic plans for reviving education with regulations from Washington, it was an expensive flop, but voters still tell pollsters they trust the Democrats to fix the schools.

Maybe someday a candidate with Republican domestic policies and Democratic foreign policies will miraculously catch fire with voters. For now, the best hope is for a return to divided government and gridlock, so that each party can stop the other from fulfilling its poll-driven agenda.

Of course, if that happens, voters will be complaining to pollsters about how little gets done in Washington. But they won't be as disappointed as they are now.

Allen, Webb In Slashing, Wide-Ranging Debate (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Virginia Sen. George Allen and former Navy secretary James Webb clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night.

The 60-minute debate, held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election.

For Allen, the Republican, those issues are taxes, same-sex marriage and a dislike of liberals. Webb, running as a Democrat, stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans.

In a campaign marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government.

"My opponent doesn't stand with John Warner and me in keeping taxes low," Allen said in his opening statement, referring to Virginia's senior senator, also a Republican. "He stands with Hillary Clinton, John Kerry and the big-government Democrats who want to raise taxes."

Allen was hoping to align Webb with Clinton, of New York, and Kerry, of Massachusetts, two senators widely seen as too liberal for Virginia voters.

When it was his turn, Webb assailed the increase in corporate profits at the expense of wages. And Webb, a decorated veteran whose son is serving as a Marine in Iraq, lashed out, indirectly, at Allen's lack of foreign policy or wartime experience.

"Very few of these leaders are willing to invest their own loved ones in this effort," he said of the war in Iraq. "America needs leaders who understand these divisions and want to repair them, leaders whose experience in foreign policy is formed by experience, not by sound bites."

Allen, who is a former governor and congressman, appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated.

Like the broader campaign being waged on both sides, the exchange provided a nasty, bickering forum for questions about personal honesty and character. Allen was pressed on questions about his racial sensitivity. Webb was confronted with allegations that he demeaned females by opposing women in combat in an article he wrote 27 years ago.

The Virginia Senate campaign has become a focal point in the national battle for control of Congress. On Tuesday, the national Democratic Senate Campaign Committee is expected to begin a nine-day, $1 million advertising blitz on behalf of Webb, according to sources in both campaigns. The committee's GOP counterpart already has paid to mail glossy campaign literature for Allen to hundreds of thousands of voters.

Webb, Navy secretary during Ronald Reagan's presidency, has closed a 16-point Allen advantage to a statistical dead heat. That's not how it was supposed to be. Allen started his reelection campaign this year brimming with confidence and with one eye on Iowa and New Hampshire, as he plotted a possible bid for the presidency in 2008.

The race tightened late this summer after Allen referred to a Democratic volunteer of Indian descent as "macaca," considered a racial slur in some cultures. The gaffe opened Allen up to scrutiny about his past, including his having once displayed a noose in his law office and his admiration as a young man for the Confederate flag.

Allen acknowledged that some of the trouble was his own doing, but he blasted as untrue allegations of racial insensitivity, including allegations that he used an offensive racial epithet about black people in the past.

The debate Monday offered viewers a chance to make direct -- if not particularly deep -- comparisons of the two candidates on many issues. The candidates continued to spar over the war in Iraq, responding to a question from the moderator, Russ Mitchell of CBS News, about the 2,700 Americans killed since the war began.

Allen has accused Webb of wanting to "cut and run" from Iraq. Allen says that he hopes U.S. troops can come home soon but that they must continue to fight in Iraq to prevent terrorists from operating there.

"We must persevere," Allen said. "We cannot be a country that just loses faith in our ability to protect ourselves. . . . Our goal is to make sure Iraq is a country that is on our side on the war on terror."

In past debates and on the campaign trail, Webb has called the war "a strategic blunder of historic proportions" and criticized Allen for not asking tougher questions about President Bush's conduct of the war and its aftermath.

During the debate, he responded to Allen's contention that Democrats would leave Iraq as a haven for terrorists. "Nobody wants to see terrorism in Iraq or elsewhere," Webb said. He reiterated his position that peace and stability could be achieved in Iraq through diplomacy involving other countries, including those in the region.

The debate gave Allen and Webb several opportunities to question each other directly, leading to several testy arguments that left Mitchell trying to restore order.

Allen repeatedly attacked Webb for what he said was his support for tax increases, citing Webb's statements questioning tax cuts championed by Bush. In an earlier debate, Webb said, "I don't understand how you can have a tax cut and be spending $500 billion on the war."

On Monday, Webb said the comment was meant to suggest only that he would roll back tax cuts for the wealthy, not tax cuts for married couples or cuts in estate taxes as Allen has contended in a television commercial and asserted again during the debate.

"I never said that I would agree with tax increases that you used in your ad," Webb said.

When Webb got the opportunity to question Allen, he went after what he has called Allen's lack of foreign policy knowledge.

Allen, who stumped Webb this summer during the first debate with a question about a port project on Craney Island in the Hampton Roads area, was left almost speechless Monday when Webb queried him about the Senkaku Islands off the coast of Taiwan. "I'll have to study it," a clearly baffled Allen said. Webb then lectured him about the island's strategic importance to Southeast Asia.

The candidates offered starkly different assessments of the proposed Virginia constitutional amendment on November's ballot that would ban same-sex marriage and civil unions.

Webb said he opposes gay marriage but believes the amendment would also affect contracts and agreements between heterosexual partners and friends.

Allen said he supports the amendment as a way to keep "elitist judges" from granting gays the right to marry despite Virginia laws to the contrary. "This is a way to protect the values and view of the people of Virginia," he said.

In response to a question about day-laborer centers in Herndon, Allen said Webb's positions on immigration would reward illegal behavior. "This is a country that that has been built by legal immigrants, and we should not be rewarding illegal behavior," Allen said.

Webb accused Bush and the Republican-controlled Congress of failing to secure the borders, making the day-laborer centers a necessary step for local governments.

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Allen called for a balanced-budget amendment and a line-item veto to help control spending. Webb, who railed against corporate profits, said big companies should pay more.

Allen questioned Webb's commitment to the war on terrorism, asking whether he supported the National Security Agency's wiretappingWebb said he understands the need for such spying but would insist on oversight from Congress and judges.

Allen, Webb Spar One Last Time (WT)

By Christina Bellantoni

The Washington Times, October 10, 2006

RICHMOND -- U.S. Sen. George Allen and James H. Webb Jr. last night sparred over taxes and the war in Iraq during their last debate before next month's general election.

Mr. Allen, a Republican first elected to the Senate in 2000, opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000.

"If you allow me a second term ... I am going to make the best of it," Mr. Allen said, adding that he will be a senator "who will stand with John Warner and not Hillary Clinton."

Mr. Allen, who also is a former congressman and state delegate, repeatedly tried to paint his opponent as a liberal who would take his cues from "friends" such as Mrs. Clinton.

Mr. Webb, a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians.

"America needs leaders who understand these divisions and want to repair them," he said. "Leaders whose views on foreign policy are informed by experience, not sound bites."

Mr. Webb, a decorated Vietnam veteran whose own son is serving in Iraq, has portrayed Mr. Allen as a rubber stamp for President Bush who failed to prevent the country from going to war.

"We need to get a diplomatic solution," he said, criticizing Mr. Allen for using "propagandistic" phrases such as "Stay the course."

Mr. Allen repeated his campaign line that he wants U.S. troops "to come home as soon as possible ... in victory and not defeat." He added that he differs from Mr. Webb in thinking that "we're not occupiers, we're liberators in Iraq."

Mr. Webb said that Congress has failed to provide oversight of some of the Bush administration's programs, included the National Security Agency's terrorist surveillance program.

On torture, Mr. Webb said the U.S. should take the "moral high ground" and act according to the Geneva Convention. "I know what it's like to be out there worrying about if I was going to be taken prisoner," he said.

The the League of Women Voters was host of the debate held at the Richmond studios of Community Idea Stations. It will be rebroadcast in the Richmond area at 9 p.m. Thursday, at 3 p.m. Oct. 22 and at 9 p.m. Oct. 31. It is also scheduled to be replayed on C-SPAN.

Independent candidate Gail Parker, whose main issue is securing funding for Metrorail in Northern Virginia, was not invited to participate. Last night she sat in the front row.

"If I wasn't in this race, there would be no candidate for me to vote for," she said before the debate.

Mr. Allen scored points when he called for a "taxpayers' bill of rights" and then asked Mr. Webb how many Virginians have benefited from Mr. Bush's tax cuts, which Mr. Webb has criticized and the senator wants to make permanent.

Mr. Webb did not answer, and Mr. Allen responded that 3 million residents have been helped by the cuts, which are set to expire.

However, Mr. Webb said the costly Iraq war makes tax cuts for the wealthy impractical. "You can't keep spending like this without increasing revenue," he said.

Republicans have given many of the wealthiest people and the largest companies tax breaks while health care and education costs for the poor and middle class have skyrocketed, Mr. Webb said.

Mr. Allen said that he favors a proposed state constitutional amendment that would define marriage as "a way to protect the values and views of the people of Virginia from judges who want to impose their own elitist views."

Mr. Webb said that he thinks marriage should be between one man and one woman but added that he opposes the measure because it is unnecessary and would harm unmarried heterosexual couples.

On immigration, Mr. Allen said he opposed the "comprehensive" Senate immigration bill because it rewards illegal aliens.

Mr. Webb said the Bush administration has "failed" to deal with immigration problems, and noted that day-laborer shelters such as the one in Herndon are a good short-term solution for businesses plagued by loitering.

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Mr. Allen opened himself to scrutiny in August when he called an Indian-American Webb volunteer "macaca," which is considered a racial slur in some cultures.

After that, several people who knew Mr. Allen when he was a University of Virginia student accused him of regularly using a racial slur to describe blacks.

Last night, Mr. Allen dismissed the stories as "baseless," saying they don't reflect "who I am" or how he was raised. He added: "I don't recall using that word."

Mr. Allen has apologized frequently for the "macaca" comment, saying he made up the word.

Mr. Webb has been criticized for his 1979 article "Women Can't Fight," which questioned the role of women in military billets.

The debate was crucial for each candidate, as there is less than a month remaining before the election. Polls show Mr. Allen with a slight lead or tied with Mr. Webb.

Today is the deadline for Virginians to register to vote in the Nov. 7 election.

Stock Options Held By Allen Not Disclosed To Congress (WP)

By Michael D. Shear

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Sen. George Allen did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules.

Allen (R-Va.) received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday.

That failure to disclose, as first reported by the Associated Press, has prompted criticism of Allen as he battles for a second term in the Senate against Democratic challenger James Webb.

Webb spokeswoman Kristian Denny Todd called for an investigation of the allegations by Republican leaders in the Senate. "If true, these allegations represent a serious betrayal of the voters of Virginia," she said.

Allen spokesman Dan Allen said Monday that the senator did not report the stock options after the first year because his attorneys interpreted the Senate's written rules to mean he did not have to.

"We were following guidelines based on the reporting disclosures," said Dan Allen, no relation to the senator. "It was a matter of public record. He certainly wasn't hiding anything."

All members of the Senate and the U.S. House of Representatives are required to report their finances annually to Congress. They must list their assets, such as homes, investment holdings and salaries, as well as liabilities.

Under terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each.

The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50. The Senate's disclosure instructions say that options that are not vested or are "contingent upon the occurrence of some future event" need not be disclosed.

But Dan Allen said the senator recently became aware that the Senate Ethics Manual requires annual disclosure of options, even when they are currently worthless. He said the senator will abide by the decision of the ethics committee.

"We have clearly, proactively gone to the ethics committee," Dan Allen said. "Of course, the Webb campaign is going to launch attacks on this. They understand if it gets away from the issues, ideas and Allen's past performance of service, they have a chance of winning this race."

Sheila Krumholz, acting executive director of the nonpartisan Center for Responsive Politics, said Allen's defense -- that the options were worthless -- should not excuse him from having to disclose that he owned them.

"It doesn't matter whether the exercise price is above or below the current stock price," she said. "What matters is you own it, you have it and at some point it may be worth money."

Krumholz said that public disclosure about ownership of such stock options helps voters decide whether lawmakers are making policy decisions that also enrich themselves. There is no evidence that Allen did anything to boost the stock price of Commonwealth.

"If it is worthless today, and then worth millions next year, then it's of enormous interest whether the representative or senator made decisions based on their potential financial gain," Krumholz said.

Allen's staff also acknowledged Monday that the senator had written a letter on behalf of another Virginia company in which he owned stock.

In the December 2001 letter, furnished by Allen campaign officials, the senator urged the Army to expedite a decision regarding a contract with Xybernaut, another Virginia high-tech company. Allen also has served on Xybernaut's board.

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"Your immediate attention and expeditious assistance with the requests and concerns expressed in this case would be greatly appreciated," Allen wrote in the five-sentence letter to Army officials as Xybernaut vied for a Army with the service.

Campaign officials said that the request by Xybernaut was turned down and that Allen's only intervention was in a form letter. The office provided copies of similar letters written on behalf of other Virginia companies that contained the exact language. The AP also first reported about the Xybernaut letter.

This is not the first time Allen has faced inquiries about his corporate dealings.

In 2001, news reports surfaced that Allen had reported a $279,000, one-time payment from stock options he received as an advisory board member at Com-Net Ericsson, a high-tech company in Lynchburg, Va.

Allen joined the Com-Net board in 2000 after helping the company expand while governor.

The payment was made after Allen received a ruling from the Senate Ethics Committee that the compensation did not violate Senate rules.

"Senator Allen takes this very seriously," Dan Allen said. "He's always been open and honest."

Mr. Allen's Ethics (WP)

The Washington Post, October 10, 2006

After he left the Virginia governor's mansion in 1998 and before he entered the U.S. Senate in 2001, George F. Allen of Virginia did what out-of-office politicians often do: He tried to make some money. As it happens, a number of companies that he had assisted as a pro-business Republican governor returned the favor once he was a private citizen by inviting him to join their boards and furnishing him with potentially valuable stock options. One of them was a high-tech government contractor called Com-Net Ericsson, whose stock options translated into a one-time windfall for Mr. Allen worth $279,000 in 2001. As governor, Mr. Allen had helped Com-Net with its expansion plans.

It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government.

That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp. According to the Associated Press, Mr. Allen joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock. Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price might well have gone up.

The Army did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help. Eventually, Mr. Allen sold his Xybernaut stock at a loss, he told the Associated Press. Still, his aides didn't dispute that Mr. Allen, in his official capacity, intervened on behalf of a firm in which he had a financial interest.

The AP also reported that for the past five years -- years in which he filed annual disclosure reports -- Mr. Allen did not report his stock options in a firm called Commonwealth Biotechnologies Inc., on whose board Mr. Allen also served. The senator's explanation is that he believed the options were worthless, since the option purchase price exceeded the stock's market value. That is beside the point. What is relevant is that Mr. Allen has a financial stake in Commonwealth, which as a government contractor may have business before Congress.

Mr. Allen says his financial dealings have been aboveboard. But in these cases they appear to reflect at best an ethical sloppiness.

Allen Manages To Create A Diversion (WP)

By Marc Fisher

The Washington Post, October 10, 2006

Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again.

The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president.

How did the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject. All it took was a few moves, none of them particularly exotic:

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Â· Allen launched an "Issues, Ideas and Record Tour" of friendly locales where he talked, albeit without many specifics, about "issues."

Â· The campaign announced that the senator would go on TV -- not to address claims that in college he regularly used racial slurs, not to justify his verbal attack on an Indian American working for his opponent's campaign and not to explain why he reacted so negatively when asked about his family's Jewish background. No, all the campaign said was that Allen would make a "major address." That the two-minute TV ad was neither major nor much of an address didn't matter; the moment became a turning point in the Allen campaign.

Â· Allen strategists rolled out the candidate's wife to stand by his side -- literally -- during the "major address," smiling admiringly. Then Susan Allen sat for a Washington Post interview that helped soften the senator's image.

Â· Day after day, Allen presented new endorsements from blacks -- a Democratic legislator, ministers, community leaders. Message: It's okay to go back in the water.

All of this dovetailed beautifully with the Allen campaign's new offensive, a redoubled attack on Democratic challenger Jim Webb for being anti-woman because of a 27-year-old magazine piece Webb wrote arguing against enrolling women at the U.S. Naval Academy. Webb responded reasonably effectively to Allen's TV ad, but it hardly mattered. The subject had been changed.

Still, the Allen camp is hardly home free. Allen's lawyer has admitted this week that the senator failed to disclosed to Congress stock options he received after serving as a director of Commonwealth Biotechnologies Inc., a Virginia company. And even once the bleeding from macaca and the racial slurs was stanched, Allen seemed to remain on the wrong side of public opinion on the Iraq war.

Allen had taken the harshest imaginable, least independent stance in favor of the Bush policy in Iraq: Everything was going fine, no need to pull out, no need to second-guess the war effort. But now, he has used this shift in the campaign's subject matter to change direction. Here's George Allen tacking to the center, alertly taking advantage of Sen. John Warner's conversion to the skeptical side. In a conference call with reporters Friday, Allen awkwardly embraced his fellow Virginian's assessment that things are going poorly in Iraq.

Never mind that Allen's new stance -- the war is a failure, but we have to stay the course -- makes little sense. And Allen didn't go quite as far as Warner, who said that if U.S. forces don't show major progress in 30 to 60 days, it will be time for "bold action," presumably the old Monty Python battle call: "Run away!"

Despite the logical holes in his new position, Allen manages to come off as more independent and honest than many Republicans, such as Maryland Senate candidate Michael Steele (who resorted to a thinly veiled off-the-record lunch to slip in his critical comments about his party's failed foreign policy).

How has Allen been permitted to do all this? Why hasn't the Webb campaign taken advantage of the moment to raise further questions about Allen's credibility and character? Where are the stories trying to square the young man who relished using racial slurs with the senator who went on pilgrimages to absorb the story of the civil rights movement? How did Allen grow up to hold the archaic racial attitudes he seems to have proudly displayed through much of his life? What have his professional relationships with blacks been like through the years?

George Allen runs a savvy campaign and knows how to work the media and public opinion. But we still don't know what really goes on in the heart and head of Virginia's junior senator. Who will demand answers to these questions -- the Webb campaign? Editors and reporters? Virginia's voters?

National Democrats Give Webb A Boost (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch, October 10, 2006

National Democrats are placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment.

The ad could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia.

Sources said yesterday that the Democratic Senatorial Campaign Committee, political arm of the Senate Democratic caucus, is paying for the commercial. Spokesman Phil Singer had no comment.

The TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues.

This includes Allen's use of an obscure racial slur -- "macaca" to describe an Indian-American volunteer for Webb. Allen said he made up the word, which refers to a genus of monkey. Widely circulated video from the incident was woven into the Democratic ad.

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The 30-second spot also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq.

The commercial, to be most heavily broadcast in vote-rich Northern Virginia, notes Allen's resistance to an increase in the federal minimum wage and contributions to his campaign from oil companies.

The Allen campaign said the ad, running after U.S. Sen. Hillary Rodham Clinton, D-N.Y., pledged $2 million to the DSCC, is evidence that Webb is captive to liberal out-of-state interests.

"This is further proof that Jim Webb has been bought and paid for by Hillary Clinton," said Allen strategist Christopher J. LaCivita.

A spokeswoman for the Webb campaign could not be reached for comment.

The commercial was produced for the DSCC by Jim Mulhall, an adviser to then-U.S. Sen. Charles S. Robb, D-Va., in his losing campaign to Allen in 2000. Mulhall declined to comment.

Virginia Senator Did Not Disclose Stock Options (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

RICHMOND, Va., Oct. 8 (AP) — For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company.

Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Mr. Allen's stock options date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator.

The Associated Press reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies.

In interviews, Mr. Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock.

Mr. Allen's office said he had sold his Xybernaut stock at a loss and had not cashed in his Commonwealth options because they cost more than the stock is now worth. The senator also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless."

Mr. Allen's office said he did not report his Commonwealth options because their purchase price was higher than the current market value. Mr. Allen viewed them as worthless and believed he did not have to report them, aides said.

Kathleen Clark, a law professor at Washington University in St. Louis, a former prosecutor and a former Democratic Congressional aide, said, "As an ethical matter, it's irrelevant whether the exercise price of those stock options is above or below the current market price."

"If he owns stock options," Ms. Clark added, "he does have such a financial stake."

Mr. Allen's office acknowledged that he had met socially over the years with company executives and that his office had granted "routine courtesy meetings" to company lobbyists "to hear their opinion on legislation and issues before the federal government."

John Reid, a spokesman for Mr. Allen, said he was aware of only one instance in which Mr. Allen's office had helped a former company. That came in December 2001 when Mr. Allen asked the Army to resolve a lingering issue with Xybernaut. The company asked Mr. Allen to intervene, and he urged the Army to give Xybernaut an answer, Mr. Reid said. At the time, Mr. Allen still owned options to buy 110,000 shares of Xybernaut stock, which could have been affected by new federal contracts.

The Army answered but did not give Xybernaut what it wanted, and Mr. Allen did nothing more, Mr. Reid said.

As governor, Mr. Allen took representatives of Xybernaut and Ericsson on trade missions. He helped steer $4 million in tax-exempt bonds to Commonwealth for a new headquarters and announced an $800,000 state grant to help Lynchburg prepare a site for an Ericsson expansion.

Allen Broke Rules By Not Disclosing His Stock Options (WT/AP)

By Sharon Theimer And Bob Lewis, Associated Press

The Washington Times, October 9, 2006

DOJ_NMG_0077126

RICHMOND -- Sen. George Allen has failed for the past five years to tell Congress about the stock options he got for his work as a director of a high-tech company. Mr. Allen, a Virginia Republican running for re-election, also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking official action that could benefit them financially or appear to do so.

The requirements allow the public to police lawmakers for possible conflicts of interest, especially those involving companies with government business.

Mr. Allen has stock options from January 1998 to January 2001 when he was between political jobs and had plunged into the corporate world.

A review of his financial dealings from that time found that the senator:

·Joined three Virginia high-tech companies that he assisted as governor. Mr. Allen served on boards of directors for Xybernaut and Commonwealth Biotechnologies and advised Com-Net Ericsson, all government contractors.

·Twice failed to promptly alert the Securities and Exchange Commission of insider-stock transactions as a Xybernaut and Commonwealth director. The agency requires timely notification and can fine those who file late.

· Kept stock options for serving as a director of Xybernaut and Commonwealth, but steered other compensation from his board service to his law firm.

Mr. Allen, is running for re-election against Democrat James H. Webb Jr. and is a potential 2008 presidential candidate.

He also has served in the U.S. House and as governor. From 1998 through 2000, he worked as a private lawyer and businessman before his election to the Senate.

Mr. Allen and his staff have downplayed his corporate dealings, saying they were a good learning experience but did not lead to extraordinary riches -- except for a quarter-million-dollar windfall from Com-Net Ericsson stock.

Mr. Allen's office said the senator sold his Xybernaut stock at a loss and has not cashed in his Commonwealth options because they cost more than the stock is now worth. Mr. Allen also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it. I learned a lot on their board and enjoyed working with 'em, and they seem to be doing all right, I guess."

Mr. Allen's office also said the senator did not report his Commonwealth options on his past five Senate disclosure reports because their purchase price was higher than the market value. Mr. Allen viewed them as worthless and believed in "good faith" that he did not have to report them, aides said.

Mr. Allen disclosed the options once -- on an amendment to his 2000 ethics report filed three months after the normal filing period ended. He excluded the options from subsequent reports.

When Mr. Allen's lawyer was shown the Senate ethics manual requirement that such options must be reported each year regardless of value, the lawyer said he was unfamiliar with the provision. Mr. Allen has asked the Senate ethics committee for an opinion on whether he should have disclosed them.

"While we continue to believe that we have disclosed more than is required, we will abide by the formal ruling of the committee," Allen spokesman John Reid said.

Virginia's Sen. Allen Didn't Disclose His Stock Options (USAT/AP)

By Sharon Theimer And Bob Lewis, The Associated Press

USA Today, October 9, 2006

Says he acted correctly; ethics panel to review case

RICHMOND, Va. — For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Options give the holder the future right to buy stock at a fixed price that could be lower than the market value at the time of purchase.

Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in “good faith” he did not have to report them, spokesman John Reid said.

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Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options. “We continue to believe that we have disclosed more than is required. We will abide by the formal ruling of the committee,” Reid said.

At issue are Allen's stock options from January 1998 to January 2001 when he was between political jobs.

The AP also found that Allen twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a Xybernaut and Commonwealth director. The SEC requires timely notification and can fine those who file late.

Allen joined Commonwealth's board about two months after leaving the governor's office in January 1998. Xybernaut named him a director that August, and he became a Com-Net Ericsson adviser in February 2000.

The senator said he saw no conflict in going to work for companies shortly after assisting them as governor. “I actually got no money out of Xybernaut. I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it,” Allen said.

Reid said Allen asked the Army in December 2001 to resolve an issue with Xybernaut. At the time, Allen still owned stock options. The Army did not give Xybernaut what it wanted and Allen did nothing more, Reid said.

Sen. Allen Of Va. Didn't Disclose Stock Options (USAT)

USA Today, October 9, 2006

For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options. Congressional rules require senators to disclose all deferred compensation, such as stock options. Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in “good faith” he did not have to report them, spokesman John Reid said. Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options.

Mo. candidates spar on Iraq, scandal

Missouri Sen. Jim Talent clashed Sunday with Democratic challenger Claire McCaskill in a debate on NBC's Meet the Press that centered on Iraq and the congressional page scandal. Talent said he still would have voted to go to war in Iraq even if he had known in 2002 that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying U.S. troops out of Iraq over the next two years “give or take.”

McCaskill also said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete.

Wanted: More election workers in Md.

Maryland elections officials are trying to find more Republican poll workers to avoid delayed poll openings that marred the Sept. 12 primary. GOP Gov. Robert Ehrlich sent a letter to state employees seeking volunteers, and the Baltimore mayor's office mailed letters last week to city Republicans. Mayor Martin O'Malley, a Democrat, is challenging Ehrlich. State law requires that precincts with more than 200 registered voters have at least two election judges present from each of the major parties.

Mo. Candidates Debate Foley, Iraq War (AP-Y)

By Sam Hananel, Associated Press Writer

AP, October 9, 2006

Candidates in Missouri's hotly contested Senate race clashed Sunday over the congressional page sex scandal and the war in Iraq, with the Democratic challenger saying House Speaker Dennis Hastert should quit.

Missouri state auditor Claire McCaskill said Hastert, R-Ill., and other GOP leaders failed to properly investigate when they first learned of former Rep. Mark Foley's e-mails to congressional pages.

"When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee,' " McCaskill said.

Republican Sen. Jim Talent said it was premature to demand resignations until a formal investigation is complete. The House ethics committee is conducting a probe.

"We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may," Talent said.

The Missouri race is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even.

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Much of the candidates' debate Sunday on NBC's "Meet the Press" focused on Iraq and national security. Talent described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period.

McCaskill, in turn, portrayed Talent's views as those of a politician who has spent too long in Washington.

Talent insisted that, had he been in the Senate in 2002, he would have voted to go to war in Iraq even if he had known that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. He said ousting Iraqi leader Saddam Hussein was necessary to eliminate him as a threat to the region, including any attempt to revive Iraq's nuclear program.

Asked whether the $300 billion spent on Iraq could have been better spent fighting terrorism elsewhere, Talent said the money represented just 1 percent of the U.S. gross domestic product.

"Clearly he's been in Washington too long if he doesn't think $300 billion is not a lot of money," McCaskill retorted.

Knowing what she knows now, McCaskill said, she would not have voted for war. She called for military leaders to consider redeploying U.S. troops out of Iraq over the next two years or so, and said she agreed with the assessment of Sen. John Warner, R-Va., that Iraq is "drifting sideways."

On other issues, Talent defended his opposition to embryonic stem cell research, which has become a major sticking point in the race. Missouri voters are weighing a ballot initiative that would amend the state constitution to protect all federally allowed forms of stem cell research.

McCaskill, who has made her support for the research a cornerstone of her campaign, said the ballot measure prohibits human cloning and offers hope for future treatment of various diseases.

McCaskill would not apologize for comments she made last month in which she claimed that Bush had "let people die on rooftops in New Orleans because they were poor and because they were black" during Hurricane Katrina.

"I was acknowledging what Americans believed at the time," she said, though she added that she "probably should have said it another way."

Talent, whose House voting record agrees with Bush's agenda 94 percent of the time, dismissed any notion that he could face a backlash from anti-Bush voters. Talent said he is independent and differs from Bush over immigration, farm policy, highway funding and other issues.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Talent said. "I've been in public life a lot longer than he has."

Tight Missouri Senate Race Takes 'Meet The Press' Spotlight (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 9, 2006

WASHINGTON — Republican Sen. Jim Talent and Democratic rival Claire McCaskill sparred over Iraq, terrorism, stem cell research, and the leadership of President George W. Bush in a 40-minute nationally televised debate on Sunday.

Engaged in one of the tightest and most closely watched races in the country, Talent and McCaskill disagreed on the first question out of the box on NBC's "Meet the Press": Whether House Speaker Dennis Hastert, R-Ill., should resign amid questions about his handling of the congressional page sex scandal.

McCaskill, Missouri's state auditor, said yes.

She contended the scandal involving ex-Rep. Mark Foley's e-mails to House pages demonstrated "an arrogance of power."

"It is about holding on to power instead of about doing the right thing."

Talent asserted, however, that Hastert doesn't need to resign - at least not yet.

"I'm comfortable with the investigation moving forward," Talent said, "and the people who were responsible taking the consequences. And that's up to, and including, the speaker."

Polls show the race to be a dead heat, one of a handful of contests that will determine which party controls the Senate after November.

Sunday's exchange focused heavily on terrorism and Iraq, with commentator Tim Russert grilling both candidates about the war.

He asked Talent how he could assert, as the senator recently did, that the U.S. is making progress in Iraq and the mission is going well, when U.S. military and Iraqi civilian casualties are spiraling.

Talent responded that the level of violence was "unacceptable" but that he still believed the U.S. had made progress. "Saddam is gone and the threat he represented is gone," he said.

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Talent accused McCaskill of being "weak" on the war against terrorism, saying she wants to set an "artificial" timeline for withdrawal from Iraq. He pointed to questions she has raised over the president's warrantless wiretapping program and a recent military trial bill that prevents terrorism suspects from challenging their detention in court.

McCaskill strongly rejected the suggestion that she was weak on terrorism, saying she supports giving the president the tools he needs to do proper surveillance. And she defended her call for a phased, two-year redeployment of U.S. troops from Iraq to other countries in the region.

"Iraq is a mess," she said. "If you're in a hole, you need to quit digging. We are breeding a culture of dependence. We are not breeding a democracy."

Talent said he still would have voted for the war even if he knew in advance that there were no weapons of mass destruction. Asked how long he would support keeping 145,000 U.S. troops there, he said "we have to be there until the mission is done."

Bush and Clinton

In response to a question from Russert, Talent also dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home. Talent said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was "an important front on the war on terror."

McCaskill quickly shot back: "Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money."

McCaskill accused Talent of not holding the administration accountable for mistakes in the war.

For Talent, one of the most uncomfortable moments of the debate seemed to come after Russert played a series of clips of Bush praising Talent and noted that Talent had voted with the president 94 percent of the time. Russert asked the senator whether Bush was a great president.

Talent wouldn't give a clear answer. "History judges presidents," Talent said, sitting beside a gleeful-looking McCaskill. "History is going to say there were some things he did that were right and some things he did that were wrong."

McCaskill ridiculed Talent's response, and when asked the same question about former President Bill Clinton, she quipped: "He's been a great leader, but I don't want my daughter near him."

McCaskill did a little squirming herself, when Russert asked her whether she would apologize for saying that Bush let people in New Orleans die "because they were poor and because they were black."

At first, she did not back down, saying that she was voicing how "millions of Americans felt," although she added, "I do not believe the president is a racist."

Pressed again, she said, "Maybe I shouldn't have said it that way - but the feelings are real." She said "our citizens died because we couldn't get them food or water. This is not an administration that's ready to protect us."

Stem cell issue

The two candidates also exchanged sharp jabs over stem cell research - one of the hottest issues in the Missouri campaign.

Earlier this year, Talent withdrew his support for a federal human cloning ban that some critics said would also outlaw crucial stem cell research. But he opposes a Missouri referendum that would protect certain kinds of stem cell research.

Asked by Russert about his switch, Talent said the state referendum would "create an unqualified constitutional right to clone at the earliest stages of human life."

Russert asked McCaskill how she could support a form of research that some have said is equivalent to abortion.

"My faith directs me to heal the sick," she said. "I come down on the side of hope, hope for cures and for supporting science."

Talent And McCaskill Clash On Iraq And The Foley Case (GNN)

By Pamela Brogan

Gannett News Service, October 9, 2006

Washingon — Missouri's Senate candidates clashed today on NBC's "Meet the Press" over issues ranging from Iraq to the congressional page scandal.

"Iraq is a mess," Claire McCaskill, the Democratic state auditor said.

"We can either stay the course or we can change the course."

Republican Sen. Jim Talent insisted that that he still would have voted to go to war in Iraq even if he had known in 2002 that Iraqi leader Saddam Hussein did not have weapons of mass destruction.

"I think it was the only possible strategic choice," Talent said. "He represented a threat to us. That threat is now gone," Talent said.

Talent also said that the U.S. has to "finish the mission" but acknowledged that when Congress voted to go to war "the administration and many underestimated the time it would take to stabilize the central part of the country."

Both candidates, who are the parents of teens, expressed disgust over the scandal involving former Rep. Mark Foley, R-Fla.

McCaskill, a former prosecutor, said House Speaker Dennis Hastert, R-Ill., should resign because Republicans leaders failed to properly investigate when they learned that Foley was sending lurid Internet messages to teenage congressional pages.

"I know this: that when a 50-year-old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than, 'I better go tell the chairman of the Republican campaign committee,'" McCaskill said.

She said the scandal is about an "arrogance of power" and "about holding onto power instead of doing the right thing."

Talent said that Congress needs to have a "zero tolerance policy" for such behavior, but said it was too early to demand resignations before the House Ethics Committee completes its probe.

"This is something that transcends politics," Talent said. "This is a question of protecting these pages and making sure their parents and the public have confidence in the system."

The Missouri race is one of six Senate contests that are tossups. Democrats need six seats to regain control of the Senate, making those races top priorities for Republicans. A poll Friday by USA Today and Gallup Poll found that among 577 likely Missouri voters, 48 percent support McCaskill and 45 percent favor Talent. The poll's margin of error is 5 percentage points.

Both candidates fielded several questions about Iraq and national security.

Talent called McCaskill's views on the war against terror "comprehensively positions of weaknesses."

He criticized her for supporting a withdrawal of troops within two years and for opposing President Bush's domestic surveillance policy.

McCaskill said that Talent, a member of the Senate Armed Services Committee, has not asked the Bush administration enough tough questions about the war or held it accountable for its mistakes.

"We should be saying, 'How do we get out of this mess?' Not, "this is a good policy, a sound policy, we need to continue down this road.'"

Moderator Tim Russert asked both candidates whether the $300 billion spent on the Iraq conflict could have been better spent in Afghanistan or on domestic programs.

"No, I think this is an important front on the war on terror," Talent said.

"What we've spent on Iraq and Afghanistan in total is one percent of the gross domestic product (the sum of all goods and services produced in the U.S.)," he added.

McCaskill said that she believed that Talent was implying that $300 billion "was not a lot of money."

"Clearly, he's been in Washington too long, if he doesn't think that $300 billion is a lot of money," she said.

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Talent Stresses Independence From Bush (WT)

By Christina Bellantoni, The Washington Times
The Washington Times, October 9, 2006

Missouri Sen. Jim Talent tried to distance himself from President Bush yesterday in a nationally televised debate, during which he and his Democratic opponent, Claire McCaskill, argued over Iraq and stem-cell research.

Tim Russert, host of NBC's "Meet the Press," challenged both candidates on their past statements -- asking Mr. Talent about his ties to the poorly polling president and Mrs. McCaskill about her insinuating Mr. Bush is a racist.

Mr. Talent blanched when Mr. Russert noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Mr. Talent asked. "I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then."

Mr. Talent, first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding.

The senator opposed the "comprehensive" immigration plan that most senators and the president supported. He said it equates to amnesty for illegal aliens.

Mr. Russert also got tough on Mrs. McCaskill, the state auditor, over these September comments: "George Bush let people die on rooftops in New Orleans because they were poor and because they were black."

When asked whether she should apologize for her remark, first reported by St. Louis blog Pub Def Weekly, Mrs. McCaskill didn't back down.

"I was acknowledging what Americans believed at the time. I don't believe he's a racist," she said. "I probably should have said it another way, but the feelings are real."

The two candidates are neck and neck in one of the nation's most closely watched races, a key race for Democrats hoping to regain Senate control.

The Iraq war provided sharp contrast between Mr. Talent and Mrs. McCaskill, with the incumbent saying the U.S. has "made progress" despite escalating troop casualties and the Democrat calling the prolonged conflict a "mess."

Mr. Talent, who called his challenger's views on wiretapping and detainee treatment "weak," said he would still have voted for the Iraq war had he known there were no weapons of mass destruction, because he thought removing Saddam Hussein from power was crucial to the war on terrorism. "It was the only possible strategic choice," he said.

Mrs. McCaskill said equating Iraq with the war on terrorism is an attempt to confuse voters in an election year and said she wants the U.S. to begin withdrawing troops.

"We are creating more terrorists around the world with this failed policy in Iraq," she said.

But Mr. Talent shot back: "It's not a question of politics, it's not a question of people's motives, it's a question of what's going to win this war. And positions of weakness are not going to do it."

Mr. Talent's vote against a bill to provide federal funding for embryonic stem-cell research is a hot topic in Missouri, where polls show strong support for the Stem Cell Research and Cures Initiative on the state's fall ballot. Actor Michael J. Fox, who has Parkinson's disease, recently raised $200,000 for Mrs. McCaskill, calling her a "champion" of stem-cell research.

Mr. Talent yesterday called stem-cell research a form of cloning and said the benefits of such research were "speculative."

"The ballot issue would create a constitutional right -- an unqualified constitutional right -- to clone the earliest stages of human life," something he said he is "not comfortable doing" as an evangelical Christian.

"Our country has never turned its back on medical research, and we shouldn't in Missouri," Mrs. McCaskill countered, adding that her religion teaches her to be a healer.

The Missouri measure would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

Missouri Debaters Battle For The Suburbs (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 9, 2006

Sen. James M. Talent of Missouri and Democratic challenger Claire McCaskill sparred over the war in Iraq, stem cell research and the House page scandal in a feisty debate yesterday, as the candidates fought for an edge in a race that polls show is a dead heat.

Talent's challenge is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies.

Tim Russert, who moderated the debate on NBC's "Meet the Press," noted that Talent sided with Bush on almost every major issue and counted four times that the president had visited Missouri on Talent's behalf. He then asked Talent to evaluate Bush's tenure.

"Certainly, he's going to end up better than Jimmy Carter, probably not as good as Ronald Reagan," the senator replied. "A lot depends on what happens on whether we can complete the mission in Iraq, and win the war on terror."

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McCaskill, now serving as the state auditor, also is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City. She was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign.

"I certainly believe that abortion should remain safe, legal and rare," McCaskill said. "But why don't we concentrate on prevention? None of us want abortion, none of us support abortion."

Pressed by Talent and Russert, she said she supported a ban on so-called partial-birth abortion, with an exception for the life of the mother.

McCaskill, meanwhile, has sought to paint Talent as a conservative extremist on the issue of embryonic stem cell research. Missouri voters will consider a proposed constitutional amendment on Nov. 7 to safeguard early stage stem cell research.

The initiative is supported by prominent moderate Republicans such as former senator John Danforth, along with Gov. Matt Blunt. Supporters believe the measure could be a boon to biomedical research, by making Missouri the first state to formally recognize a right for scientists to conduct the research and for patients to receive treatment.

Talent opposes the measure because he said it could lead to human cloning. "My faith directs me to heal the sick," McCaskill countered.

The candidates spent most of the 40-minute session arguing about national security. McCaskill sketched out the approach to Iraq that she favors: "We need to give them notice. We need to tell the Iraqi government that we're not going to build democracy at the barrel of a gun. It's time for them to stand up and begin taking responsibility for their country."

Talent defended the decision to go to war as "the only possible strategic choice" and said it was warranted even though Iraq did not have weapons of mass destruction. "Well, [Saddam Hussein] wanted them," Talent told Russert. He said the current level of sectarian violence "can't be sustained" and that the Iraqi government "needs to deal with it." But he said progress has been made. Setting a timetable for withdrawal "would be sending a notice to the terrorists that we're going to quit," Talent said.

The candidates also tangled over the Republican House leadership's response to the disclosure that former representative Mark Foley (R-Fla.) had sent questionable e-mails to teenage male congressional pages. House leaders have been criticized for failing to heed warnings that Foley's behavior was out of control. He resigned from the House when some messages became public.

"It is about holding on to power instead of doing the right thing," said McCaskill, who added that House Speaker J. Dennis Hastert (Ill.) -- whose office has been questioned for its response -- should resign.

Talent was more cautious. He said he would await the results of an ongoing investigation. "We need to find out who knew what. We need to have a zero-tolerance policy for this and then let the chips fall where they may," Talent said.

On Friday, a USA Today/Gallup survey of 577 likely voters, showed McCaskill leading Talent 48 percent to 45 percent, with 7 percent undecided. The margin of error was plus or minus five percentage points.

Santorum Keys On 'Islamic Fascism' (PTR)

By David M. Brown

Pittsburg Tribune-Review, October 10, 2006

President Bush lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against "Islamic fascism" -- a major threat to the nation's security -- U.S. Sen. Rick Santorum said Monday.

"He (Bush) is managing the public relations on this war very poorly," Santorum, the third-ranking Republican in the Senate, said during a meeting with editors and reporters of the Pittsburgh Tribune-Review.

Bush is more concerned about "making the State Department comfortable" than providing the American people with "a clear message and a clear understanding of what we are up against," said Santorum, in his sharpest criticism of the president to date.

Santorum, who faces an uphill battle for re-election against Democrat Bob Casey, said he discussed the issue with Bush several times and said the president "has given a few good speeches on it, but he does not continually do it."

Bush dropped references to Islamic fascists when the State Department "went ballistic because we are offending our allies in the Middle East," Santorum said. "I don't care if we offend our allies in the Middle East."

Santorum, 48, of Penn Hills, headed Bush's re-election campaign in Pennsylvania in 2004 and has been a strong ally for the White House on most key issues.

Casey, 46, of Scranton, has tried to portray Santorum as a lockstep backer of the Republican president, whose approval ratings in Pennsylvania have plummeted over the past two years.

"He's simply running a campaign that 'I'm Bob Casey, and Rick Santorum is George Bush,'" Santorum charged.

Casey spokesman Larry Smar said: "If you look at Rick Santorum's voting record, it's easy to see why some folks would mistake him for George Bush.

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"There is an old saying: 'A hit dog barks,' and Rick Santorum must be feeling the pressure if he's going out of his way to criticize President Bush, finally, 29 days before the election."

Santorum, who trails Casey, the state treasurer, in several recent public opinion polls, acknowledged that his support of an unpopular war will cost him votes.

"This war is more important than this Senate seat," he said.

Santorum said he supported going to war because he was "concerned about a rise of radical Islam as a trigger point to a larger war that, if we did not stop now, could threaten the very existence of freedom everywhere."

"I think we're facing the greatest threat this country has ever faced," he said.

Although Santorum is concerned about reports that North Korea tested a nuclear weapon, he said a greater potential threat would be for North Korea's nuclear capability to be transferred to Iran, which has ties with North Korea.

Iran is the "principal enemy" in the war on Islamic fascism, he said.

"I see Iran as a country that is very clear about their intention to dominate the Muslim world and then conquer the Christian world."

North Korean leader Kim Jong Il is "a little man, a paranoid man, who, if anything, wants to aggressively unite and control Korea, but he's a failing dictator" whose people are suffering and starving, Santorum said.

North Korea's nuclear weapons capability would be "a great regional threat," particularly to U.S. allies South Korea and Japan. "Every single option should be on the table" regarding what to do about that threat, but only in step with actions agreed upon by South Korea and Japan, Santorum said.

Many analysts consider the race between Santorum and Casey to be the hottest contest on Nov. 7, when Democrats, emboldened by Bush's sagging popularity, escalating violence in Iraq and the continuing fallout from a sex scandal involving former U.S. Rep. Mark Foley of Florida, hope to retake the House and perhaps even the Senate.

Santorum fears a Democratic majority in Congress will imperil the war effort.

"They will see an obligation to go in and create hell for this president, and they will try to get us to scale down our operations."

Santorum yesterday was endorsed by the 40,000-member Pennsylvania Fraternal Order of Police. Casey was endorsed by firefighters representing the western district of the Pennsylvania Professional Fire Fighters Association.

Casey will be in Pittsburgh Wednesday for a fundraiser headlined by U.S. Sen. Barack Obama, D-Ill., at the David L. Lawrence Convention Center, Downtown.

Santorum and Casey then square off Thursday during a televised debate in Pittsburgh. The hour-long debate will take place at the Downtown studios of KDKA-TV and will air at 7 p.m.

David M. Brown can be reached at dbrown@tribweb.com or (412) 380-5614.

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Iraq, Foley Dog The GOP In A Key Race (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 10, 2006

MARCUS HOOK, PA.

The town of Marcus Hook turned out two fire trucks, three honor guards, and a brass band to honor Curt Weldon, now in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election.

The 10-term lawmaker got his political start as mayor here, where he drove the Pagan biker gang out of town. As the No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district.

But this year, knowing and serving the district may not be enough. Local issues, typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages.

"Curt has always done good for us, but a lot of people have turned against Bush because of the war. It's not fair, but it's going to be tough," says Chevelle Sipps, a Weldon supporter here.

Indeed, the Philadelphia region is now Ground Zero in the battle for control of the House, analysts say.

Democrats need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004.

"The reason the House Republicans have increased their numbers since 1995 was because they began to win the South, but they've run the string out. There aren't any more seats to win. So the battleground now are the suburbs in the north that used to be Republican and now are trending Democratic: in Ohio, Philadelphia, New York, and Connecticut," says Terry Madonna, a political scientist at Franklin Marshall, who directs the Keystone poll.

A recent Keystone poll now calls the Weldon-Sestak race a "dead heat" with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from "lean Republican" to a tossup.

In addition, Democrats are fielding - and financing - strong candidates in these races. "For the first time, voters in this district are being presented with a credible alternative to Weldon," writes Amy Walter, who analyzes House races for the Cook Political Report.

Sestak headquarters in Media, Pa., an upscale suburb of Philadelphia, churns with activity. The campaign claims some 2,000 volunteers, including a vast family network in Delaware County. With seven siblings - six still living in the district, "he has almost enough relatives to win," said President Clinton at a fundraiser for Sestak last week.

But what most distinguishes Sestak from former Weldon rivals is his ability to raise campaign funds, more than $1.14 million from July through Sept. 30, Sestak said Wednesday. That's $2.27 million since he announced his candidacy in February - more than all other previous Weldon rivals combined.

A former three-star admiral who conducted combat operations in Iraq and Afghanistan before retiring in January, Sestak calls the Iraq war a "tragic misadventure" and calls for the withdrawal of US troops by the end of next year.

"When we entered the race, we thought Iraq would be No. 5 or 6 [on the list of voters' concerns], but everywhere we go it's the first or second question," said Sestak, in an interview with the Monitor last week.

"There's such a feeling that something has to change. I respect Congressman Weldon's public service, but he's been there too long," he says.

Sestak served as President Clinton's director for defense policy for the National Security Council. He says that his time in the Navy taught him that "national security begins at home in the health, education, and economic promise of our people."

But since last week he is also discussing the recent sex scandal on Capitol Hill involving former Rep. Mark Foley (R) of Florida, who resigned from Congress Sept. 29 after being confronted with sexually explicit electronic messages that he sent to male former pages.

The Foley scandal is "another heavy stain that indicates what people feel already about this Congress: How accountable are Republicans when they can't take care of themselves ... they knew what was going on and did nothing," Sestak says.

Meanwhile, Weldon, like other GOP incumbents in the suburbs, is highlighting his independence from the GOP establishment. His campaign slogan - Curt Weldon...Independent Fighter for US - doesn't mention the Republican Party. But he's not backing away from the war in Iraq. (Weldon famously volunteered to go to Iraq to search for weapons of mass destruction.) "It's going to be a tough race, but I'm not going to run away from the president," he said in a Monitor interview.

Citing former Democratic sex scandals involving pages and interns, Weldon says there's hypocrisy in the Foley scandal "you could cut with a knife." But he says it's not going to hurt his campaign. "People will see it for what it is," he says. "I'm swimming upstream, but the one thing I have is the people."

But analysts tracking this race say the issue can still hurt him, by depressing Republican turnout and detracting from his message of local service.

"All the momentum is with the Democrats, and it's up to Republicans to break that momentum and turn out their voters. The Foley scandal makes it that much harder for Republicans to get their message out and change that dynamic," says political analyst Stuart Rothenberg.

Sestak is hoping to benefit from the current focus on national issues, says David Landau, senior adviser to the Sestak campaign, who ran against Weldon in 1988. "In a normal election, you can get by with saying 'I'm the guy who saved Boeing,' but with the issues floating around in this election, a congressman has to have something more."

In response, the Weldon campaign says Sestak is a carpetbagger, who doesn't pay property taxes in the district and has missed voting in many recent elections.

"The district wants someone who lives here, not someone who rents a condo two weeks before he comes into the race or mispronounces the names of towns he was in," says Michael Puppio, Weldon's campaign manager.

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Republicans Target 3 Senate Races (SFC)

By David Espo

San Francisco Chronicle, October 10, 2006

(10-09) 16:38 PDT WASHINGTON, (AP) --

In an unusual move, the Republican National Committee is investing heavily in television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority.

The move reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates.

The move also raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them.

Officials at both party committees said they were working together.

"We've anticipated a challenging cycle and have been working closely with the NRSC for the past year to strategically allocate our resources," said Tracey Schmitt, spokeswoman for the RNC.

"We've been working as a team for well over a year in planning how we were going to approach these races on every level," said Mark Stephens, executive director of the NRSC.

The RNC's targeted races are Sen. Mike DeWine's re-election effort in Ohio; Sen. Jim Talent's bid for a new term in Missouri, and Bob Corker's drive to hold the Tennessee seat of retiring Majority Leader Bill Frist.

It is not clear how they were chosen. All three races are close, according to public and private polls. They are among eight or nine competitive races around the country — most of them for seats currently in Republican hands — that will determine which party controls the Senate when it convenes in January.

The officials who described the firewall strategy did so on condition of anonymity, saying they were not authorized to speak publicly.

Yet the move is evident in reports filed with the Federal Election Commission. They show the Republican National Committee is paying for polling and television advertising independently. By law, those involved are not permitted to coordinate their activities with the candidates or their campaigns. Coordination is permitted between the two independent groups, though, and Stephens said they share pollsters and ad-making firms.

According to the reports on file, the RNC has spent roughly $2.8 million to help DeWine in his race against Rep. Sherrod Brown and nearly $1 million so far in Tennessee, where Corker is running against Rep. Harold Ford Jr. The party has put about $150,000 into Talent's race against Claire McCaskill.

The NRSC, chaired by Sen. Elizabeth Dole, R-N.C., has also invested heavily in advertising and related expenses in those races, spending about $2.4 million so far in Missouri, $3 million in Ohio and $1.5 million in Tennessee.

While Stephens and Schmitt stressed the cooperation between the two committees, neither had a ready explanation when asked why the RNC had decided to step out on its own when it could simply have transferred funds directly to the senatorial committee.

Nor was it clear why the RNC had decided to scrap the division of responsibilities in use as recently as this summer's Rhode Island GOP senatorial primary. In that case, the RNC paid for get-out-the-vote operations, while the senatorial committee ran ads.

In the case of House campaigns, the RNC has not reported commissioning any polls or paying for any television advertising. Carl Forti, a spokesman for the House campaign committee, said he was not aware of any such effort.

The competitive situation is different in the Senate, though, where the GOP senatorial committee has been at a financial disadvantage with its Democratic counterpart in fundraising. In its most recent report, the National Republican Senatorial Committee said it had $18.6 million in the bank as of the end of August, compared to $29.8 million for the Democratic Senatorial Campaign Committee.

With Giuliani, G.O.P. Focuses On 9/11 Role (NYT)

By Richard Pérez-peña

The New York Times, October 9, 2006

At the Detroit Tigers' stadium last week, a visiting troop of children — many wearing Tiger orange and full of the fevered air of the playoffs — met Rudolph W. Giuliani, who declared his lifelong allegiance to their enemy of the moment, the Yankees.

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But when the fourth and fifth graders had a chance to put questions to Mr. Giuliani, the first one had nothing to do with the Tigers-Yankees series. Instead, Cristina Sauceda asked, "How did you feel when they destroyed the towers, and what did you do to make people feel better?"

Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question, one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it.

Nearly as often, people ask its corollary: Will he run for president?

Mr. Giuliani has little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates.

He says he does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party.

Yet as Mr. Giuliani traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack.

And Mr. Giuliani has embraced that role as 9/11 hero and national security authority. At stop after stop, he delivers the same message: that the nation is still in grave danger, that the war in Iraq must be won, that measures like the Patriot Act and electronic eavesdropping are essential to defeating terrorists.

Never mind that Mr. Giuliani has come in for some sharp criticism back in New York — about workers sickened by toxic dust at ground zero, about his disgraced former police commissioner, Bernard B. Kerik, and even about his handling of the trade center attack.

There is little indication that his noble image from 9/11 has been tarnished in the heartland.

For many loyal Republicans — and more than a few independents and Democrats — his national security message seems to work, blotting out the central question facing his candidacy: whether a supporter of legal abortion, gay civil unions, immigrants' rights and gun control; a thrice-married, Catholic New Yorker whose split with his second wife took place publicly and none too neatly, can win Republican presidential primaries and caucuses.

"I'm well to the right of Rudy on social issues," said Sid Dinerstein, chairman of the Republican Party in Palm Beach County, Fla., after an appearance there by Mr. Giuliani two weeks ago. "But this is a man who, when it comes to dealing with bad guys, has infinite courage."

In August, at a fund-raising dinner in Charleston for South Carolina's very conservative Republican Party, Mr. Giuliani spoke about port security. When the party faithful had a chance to pose questions, they did not ask him about abortion or gays — only reporters did that.

Mr. Giuliani is never asked about recent charges that he, among others, did not do enough to protect rescue workers at the trade center site from inhaling toxic dust.

Nor is he asked about his friend, former police commissioner and former business partner, Mr. Kerik, whom President Bush nominated to be homeland security secretary in December 2004, with Mr. Giuliani's support.

Mr. Kerik withdrew his nomination as questions were raised about unpaid taxes involving his nanny, ties to people accused of involvement in organized crime, an illegal gift and an unreported loan. Just 19 months after his cabinet nomination, he pleaded guilty to two misdemeanors.

Federal investigators are now looking into whether Mr. Kerik illegally taped the husband of Jeanine F. Pirro, the Republican candidate for attorney general, at Ms. Pirro's behest.

Asked whether he knew anything about Mr. Kerik and the heartache he may have caused Mr. Giuliani in New York, Chris Rants, the Republican speaker of the Iowa State House of Representatives, who has avidly been courted by presidential candidates, said, "I don't have any idea what you're talking about."

What about ground zero air quality? "I still don't know what you're talking about," he said.

But the doubts persist, including those about Mr. Giuliani's stand on social issues. Many Republicans and political analysts say the most pertinent question about Mr. Giuliani is whether polls showing him at or near the top of the presidential primary field reflect support that is broad but thin.

"My opinion of the mayor is completely centered around 9/11," Mr. Rants said. "That's how everybody has their impression, and it's a good impression.

"But to be honest," he added, "I don't have a clue what he thinks about India or China, or education, or immigration reform, or Social Security. I don't even know what he thinks about ethanol and renewable fuels."

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Mr. Giuliani himself declines to answer questions about his political future, including handicapping how he might fare in Republican primaries, and instead offers praise for the other contenders and for this year's candidates for lesser offices.

"I don't want to get in the way of 2006," he said recently. "These are important elections that are coming up."

But when he is asked about 9/11, he talks effusively. Regarding Cristina Sauceda's question, Mr. Giuliani gave an answer that, even for an adult audience, would have been extremely long (10 minutes), grim ("We had to figure out how many body bags to order"), and emotionally wrenching ("Every time I was told" that someone he knew had been killed, "my heart would take a beat, and I would say to myself, 'I can't think about that right now' ").

He is often greeted like a star. But when the people who cheer Mr. Giuliani at rallies are asked what they know about him, some say he cleaned up a crime-ridden city, all of them talk about Sept. 11, and many concede that they can go no further.

"I can't forget the display of leadership and courage and compassion that day," said Mike Medina, a Miami-Dade County corrections officer who attended a rally on Sept. 27 for Republican candidates in nearby Dania Beach where Mr. Giuliani spoke. "That goes a long way."

Not far enough, according to Larry J. Sabato, director of the Center for Politics at the University of Virginia. He said that if Mr. Giuliani runs, his views on social issues, and his more recent travails, will find their way into attack ads, and the conventional wisdom will prevail.

"Pro-choice is the heart of his problem with Republicans, just as it always was, and it cannot be overcome," Mr. Sabato said. Mr. Giuliani does well in polls "because the activists have no clue so far," he said. "If they've heard this stuff, they've forgotten it."

Mr. Sabato and other political analysts said that even if other contenders shied away from attacking Mr. Giuliani on abortion or gay rights, independent groups supporting those candidates would not. They might even try to undermine his security credentials, and cite the former mayor's decision to put the city's emergency operations center in the trade center.

But Frank Luntz, a Republican pollster, said the poll results are no illusion, and that no one should rule out Mr. Giuliani.

"The abortion issue will hurt him in Iowa, the gun control position will hurt him in New Hampshire, but both are less important than the character and the attributes of the man," said Mr. Luntz, who did some work for Mr. Giuliani in the 1990's but no longer works for campaigns. "In a senate race, they want to know where you stand on issues. In a presidential campaign, they want to know who you are."

In The Race For Governor Of Michigan, The Struggling Economy Is Topic A (NYT)

By Monica Davey

The New York Times, October 9, 2006

THREE RIVERS, Mich., Oct. 4 — If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts.

And so, while elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal, Michigan's races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it.

In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions. In other states with once-robust industrial bases, including Ohio, Indiana and Pennsylvania, economic worries are playing a similar, if far more subtle and layered, role this fall.

"We've thought about moving south," said Deb Hallock, 44, who said she had lived in Three Rivers for 20 years but lost her home about a year ago when she and her husband could no longer pay the mortgage. Ms. Hallock makes pizzas at a fast-food restaurant; her husband makes cargo trailers at a factory but had no job when they were evicted. "I don't really know what a governor can do to stop all of what's happening here, but I wish someone would do something."

Gov. Jennifer M. Granholm, an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder.

While campaigning, Mr. DeVos regularly ticks off dire statistics: with major cuts at the Detroit-area automobile companies, Michigan's unemployment rate of 7.1 percent is one of the worst in the nation; the state has lost 85,000 jobs in the last four years; and it has ranked second in the number of young people moving elsewhere.

In a testy first debate between the candidates in early October, the answers to questions on almost every topic seemed to circle back to this single issue. Mr. DeVos, who says his own business acumen is just the medicine Michigan needs, said Ms. Granholm was responsible for failing to create "the atmosphere" for job creation in Michigan despite the economic recovery plan she talked about at nearly every campaign stop.

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"I find it amazing," Mr. DeVos said in the debate, "to hear the governor say the plan is working when the people of Michigan aren't."

Ms. Granholm, who said hers was the most aggressive economic recovery plan in the nation, seemed to sidestep responsibility for what has happened here, saying she had "stepped into this current" in a state that had long depended on cars for its livelihood.

"The question is, Why did we get here, and how are we going to get out?" Ms. Granholm said.

Elsewhere, the economic questions are less extreme, less consuming and, in some cases, far more ambiguous. For the most part, challengers in nearby states have bemoaned economic failures, while incumbents have pointed to opposing, upbeat economic signs or stayed mainly silent on the matter.

In Ohio, the loss of manufacturing work, along with political corruption and scandal, has contributed to "a generally sour atmosphere" among voters, said Herbert Asher, a political science professor emeritus at Ohio State University.

Sherrod Brown, the Democratic challenger to Senator Mike DeWine, has worked to remind voters of their economic portrait, "a thriving manufacturing base dismantled piece by piece," in the words of Mr. Brown's spokeswoman, Joanna Kuebler.

Indiana's economy has improved. But Russell L. Hanson, a political scientist at Indiana University, said the recovery had been slow and spotty in parts of the state, especially where the auto industry's troubles had affected Indiana's component suppliers — something the challengers in several competitive House races have made an issue.

A complicated picture has also emerged in Pennsylvania, with candidates, even those from the same political party, pointing to opposing signs as evidence of the relative healthiness, or the horror, of the state's economy. Gov. Edward G. Rendell, a Democrat, has boasted of new job creation. But Bob Casey, another Democrat and an ally of Mr. Rendell, who is running against Senator Rick Santorum, a Republican, has complained of an environment in which tuition and health care costs are rising while incomes cannot keep up.

In Michigan, meanwhile, no candidate is boasting.

Mr. DeVos and Ms. Granholm pepper their speeches, commercials and Web sites with proposals for reversing the economic tide. Mr. DeVos has pressed for change, proposing that the state speed the granting of permits for businesses and that the tax on businesses known as the Single Business Tax be ended.

His campaign has scoffed at Ms. Granholm's efforts, like a Cool Cities program to give grants to cities for economic development, as too paltry. He has also suggested she did not try hard enough to persuade the Japanese to open a Honda factory in Michigan.

"A cool city is one where you get a job," said John Truscott, Mr. DeVos's director of communications. "We never thought we would surpass Mississippi in a race for the bottom, but we're there."

Mr. DeVos, a relative political newcomer from Ada who aides say has poured about $17 million of his own money into the race, began advertising in February, which helps explain how every voter interviewed in towns in the Kalamazoo area, like Three Rivers, and near Lansing said they knew his name.

For a time, polls showed Mr. DeVos even or slightly ahead of Ms. Granholm, but more recent surveys suggest she has pulled ahead slightly. In a survey of 600 likely voters taken this month for The Detroit News and several television stations, Ms. Granholm was leading, with 46 percent saying they would vote for her, compared with 40 percent for Mr. DeVos; the margin of error was four percentage points. But of those polled, 12 percent said they were undecided.

Ms. Granholm, a former federal prosecutor and a former state attorney general, said she was pressing to diversify the state's economy into fields like alternative energy, life sciences and domestic security; wanted to double the number of college graduates in Michigan within a decade; and hoped to change the way the state handles work force training for those without jobs.

And while Mr. DeVos has tried to blame Ms. Granholm for the state's struggles, in an interview, she directed the blame elsewhere: to circumstances beyond her control ("No other state is the automotive capital of the world"); to the Bush administration ("He has sat idly by while the industry reels"); and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck.

"If we had diversified our state 10 years ago, we wouldn't be here," Ms. Granholm said. "I'm going to go anywhere and do anything to change the economy of Michigan."

Similarly, in the Senate race here, Debbie Stabenow, the Democratic incumbent, and Mike Bouchard, a sheriff and her Republican challenger, have each touted economic recovery plans: "Jobs Agenda" for her and "Renewing Michigan's Economy" for him.

But at a Laundromat in Three Rivers, all the plans in the world could not convince Steve Brunn that Michigan could be turned around. Like others here, Mr. Brunn, 54, said he was doubtful that any campaign promise would add up to jobs after all the commercials were over and the votes were in.

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"We're being batted back and forth between the Republicans and Democrats," he said. "DeVos is talking like everybody else — he wants to make change — but what is he really going to do to change this? We're competing with these other countries, and there are no answers."

Thomas Lowry, who for 11 years has been mayor of Three Rivers, said this town of 7,400 still had its share of manufacturing companies, though the numbers, he said, seemed to shrink little by little each year. The echoes reach far beyond the factories, Mr. Lowry said. The diner downtown loses business. More and more "for sale" signs fill front yards along quiet streets.

Even his own business, a bookstore in the center of downtown, has seen the sale of magazines, a minor luxury item for many, fall off. "It ripples everywhere," he said.

Mr. Lowry, who said he expected to vote for Ms. Granholm, said he was not sure to what extent the voters would hold their political leaders responsible for all that had happened — and all that had not. "There's something about our species, though, that wants a scapegoat," he said.

Firings Of State Workers Found To Violate Law (BSUN)

By Jennifer Skalka

The Baltimore Sun, October 10, 2006

ANNAPOLIS -- A legislative committee investigating the Ehrlich administration's personnel practices has concluded that workers were fired "based on political considerations in violation of constitutional rights and state law," and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters.

"Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process," says the 135-page report, the work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005.

The legislative committee, whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor.

The governor said Monday that the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities.

"They held more hearings on this particular issue than pedophiles, sex offenders and BGE combined ... all to conclude that our administration brought in people dedicated to carrying out the goals of this administration," Ehrlich said.

Taking office in January 2003 as Maryland first GOP governor in more than three decades, Ehrlich promised to shake up agencies accustomed to Democratic administrations.

"We must overturn the status quo in state government and whenever possible bring in fresh blood, with new ideas," the governor wrote to a state agency head in a confidential memorandum reviewed by the commission.

Leading Democrats soon heard complaints of indiscriminate firings and the targeting of low-level employees, and they began the inquiry after revelations arose about the activities of a longtime aide to the governor, Joseph F. Steffen Jr.

The committee's four Republicans issued a separate 40-page rebuttal Monday, criticizing Democrats for spending more than $1 million in taxpayer money on the investigation and accusing them of timing the report's release to potentially affect next month's gubernatorial election. Democrats dispute the cost estimate.

The minority report says that former workers who testified under oath "repeatedly misstated facts and failed to corroborate many aspects of their wrongful testimony with documents." It concludes that the committee did not find proof of "illegal personnel actions" by the Ehrlich administration.

Sen. J. Lowell Stoltzfus, the minority leader from the Eastern Shore and a committee member, acknowledged "stupid behavior" by some state workers who conducted firings. But he called the panel's work "a very expensive partisan joke."

"You can't legislate against crassness; you just can't do that," Stoltzfus said. "For the most part, this administration has bent over backward to incorporate the Democrats."

The report of the committee, which will meet Thursday in Annapolis to consider revisions, reserved particularly pointed language for Steffen, who left the administration in February 2005. Nicknamed "Prince of Darkness" by the governor, Steffen kept a grim reaper figurine on his desk. He told the committee that employee lists he was given included party affiliation.

"Mr. Steffen was placed on the executive floors at [the Department of Human Resources] and the [Department of Juvenile Services], on the payroll of the Governor's Office and coordinated with the Appointments Office to identify candidates for termination," the report says.

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"Placing a qualified consultant in the agencies to perform such a function would have been reasonable. ... Placing Mr. Steffen in such a role was not and the purpose was most likely to identify candidates for termination for political reasons."

The committee sought to determine whether state workers in an employment category called "at will" were terminated because they were Democrats or to make room for Ehrlich loyal ists. About 7,000 state workers are at-will, according to the report, and can legally be fired without cause, though not for political beliefs.

Sixty people contacted the committee to share their stories, the report said. Not all testified, however. Some of those who appeared before the panel did so voluntarily. Others, including Steffen, were subpoenaed.

The committee also heard from Ehrlich administration officials, including three -- Steffen, Gregory J. Maddalone and Craig B. Chesek -- who declined under oath to answer many questions about their roles in firing state workers or instructions they were given by the state appointments office. The committee has since filed lawsuits compelling them to testify.

The report indicated that Maddalone and Chesek -- who were dispatched to state departments, much like Steffen, to target workers for firing -- are due in court Oct. 26. Steffen is scheduled to appear Oct. 25.

Sen. Thomas M. Middleton, a Southern Maryland Democrat who co-chaired the committee, said their testimony is crucial in shaping the committee's final recommendations.

"The main players, it just seemed like they had extreme memory loss," Middleton said. "We haven't found anything that is illegal, but we found stories that were conflicting so that alone causes extreme suspicion."

The report noted that under Ehrlich, the methods used in firing workers were inconsistent across departments and perhaps most "dramatic" at the Public Service Commission, where several employees were escorted from the building by security guards and their photographs were posted in the lobby.

"There was substantial evidence that most of the terminated employees who testified were doing a good job, and there was no evidence that any of them posed any security risk," the report says.

Middleton said he expects the committee to offer legislation during the General Assembly session that begins in January.

The report recommended 10 changes, including that the law should make clear that state workers cannot be fired to make room for someone else based on the new employee's "political affiliation, belief or opinion."

State law must also be changed, the report says, to clarify that only people in the employing agency, not the appointments office, can fire a state worker.

The report also suggests that state employees should be notified in writing of their rights when hired and that the state should study the need for the at-will designation.

Sen. Brian E. Frosh, a Montgomery County Democrat who sits on the committee, said state workers, especially those who have served with distinction for many years, deserve better from their employer than they have received from Ehrlich.

Investigation Faults Ehrlich In Firing Of State Workers (WP)

By Matthew Mosk

The Washington Post, October 10, 2006

The firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded.

An attorney hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers.

Among them:

· The governor dispatched loyalists into state agencies to identify people to fire.

· Several employees were fired for no reason other than their political views.

· Officials in the Ehrlich administration were evasive or not credible in defending their personnel decisions while testifying before the legislature's Special Committee on State Employee Rights and Protections.

"The sudden and random terminations exacted a considerable human toll," committee counsel Ward B. Coe III wrote in his draft.

Ehrlich described the document as "farcical" and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it. "I think the people of Maryland need to hear what they paid over a million dollars for," Ehrlich said.

Republicans on the committee issued a "minority report," which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns.

"There's nothing substantive there," said Senate Minority Leader J. Lowell Stoltzfus (Somerset). "There is no definite finding. There was nothing proven that demonstrated that the law was broken."

Under Maryland law, "at will" employees -- about 6,000 of the 50,000 state workers -- may be hired and fired by the governor without explanation. With rare exception, though, the law requires that personnel decisions be made "without regard to the employee's political affiliation, belief, or opinion."

Coe's report, which will be released formally this week, marks the conclusion of a saga that began in early 2005, when Ehrlich fired a longtime political operative for boasting about a whisper campaign against the governor's chief political rival, Baltimore Mayor Martin O'Malley (D).

During the first two years of Ehrlich's tenure, that operative, Joseph Steffen, worked in three state agencies, fostering a reputation as a hatchet man by placing a figurine of the Grim Reaper on his desk and telling co-workers he had a "death list" of people who were marked for dismissal. He signed e-mails "POD," which stood for his nickname: "Prince of Darkness."

Firings followed. Ehrlich's top aides put the count last year at 284. Ehrlich's predecessor, Parris N. Glendening (D), fired 65 workers during the first three years of his administration.

Ehrlich administration officials have said the turnover was a natural byproduct of the 2002 election, which put a Republican in the governor's office for the first time in a generation.

No one was singled out for partisan views, Ehrlich officials said.

But some changes were made to help Ehrlich move the state in a new direction. "The governor has said he wants people on the same page," his communications director, Paul E. Schurick, said in a June 2005 interview.

The turnover concerned Democrats in the legislature. And the investigation that followed has validated those concerns, said Sen. Brian E. Frosh (D-Montgomery), who was one of the first to urge a review.

Coe, as committee counsel, interviewed more than 60 current and former state employees, taking sworn testimony from more than 20.

"It's not pretty for the Ehrlich administration," Frosh said yesterday. "It makes clear that many of the firings were illegal, and many more were inappropriate."

Coe's report makes its most direct case when addressing the termination of Vincent Gardina, a Democrat on the Baltimore County Council who was hired as a project manager at the Maryland Environmental Service.

Ehrlich aides learned that Gardina was on the payroll eight months after Ehrlich took office, the report says. Soon after, the report says, a deputy in the governor's appointments office called Gardina's boss and told him that "Gardina 'needs to go' because he is 'too political.' "

An e-mail exchange followed and ended with an e-mail from the governor's deputy, dated Sept. 9, 2003, saying: "you can let Vince Gardina go. We have signed off on this end." Gardina was dismissed by a letter dated Sept. 16, the report says. It concludes that "there is substantial evidence that the termination of Vincent Gardina was based on his political activities in violation of [state law] and his constitutional rights."

Other findings in the report focus on the dismissals' effects on the functioning of state government. In a number of instances, the report highlights dismissals of workers who had outstanding performance reviews.

At the state's Public Service Commission, which regulates utilities, five workers were dismissed on one day. The chairman, an Ehrlich appointee, defended those moves, but the review found his explanation wanting.

"It is difficult to reconcile the Chairman's view that he was improving the Commission when he failed to consult with other commissioners regarding the terminations, failed to review personnel files and failed to consult with the supervisors of two of the employees who were terminated," the report says.

Stoltzfus said yesterday that although Coe was hired with support from both parties -- and had conducted a well-received review of the state's savings and loan crisis 20 years ago -- the lawyer was "snookered" this time by Democrats.

The investigation, based mostly on the testimony of disgruntled former state workers, was generated by Steffen's ill-advised boastings and the actions of a few other misguided aides, Stoltzfus said. "I saw some crass behavior by certain people who first came in to work for the governor," he said. "It was a new regime. They behaved in a way they shouldn't have. But you can't legislate for crass behavior."

Del. Luiz R.S. Simmons (Montgomery), a Democrat on the committee, said he agrees that the investigation did not uncover "a reign of terror." But there were "serious abuses," he said.

"Unfortunately, the Republicans decided at the outset that they did not want to be bothered with the facts," Simmons said. "They do not understand . . . it was wrong to dismiss these people."

Coe's report found two major flaws with the Ehrlich administration's handling of personnel matters. The firings "were not reasonably calculated to improve the performance of State government," the report says, and the firings demoralized the state workforce veterans.

"Employees who were the primary providers for their families were suddenly without jobs through no fault of their own," Coe wrote.

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Out Of The Oval Office But Still In The Loop (WP)

By Peter Baker

The Washington Post, October 10, 2006

SECOND ACTS

Presidential Lives and Legacies After the White House

By Mark K. Updegrove

Lyons Press, 321 pp., $24.95

Franklin Pierce may have been a rather forgettable president, but the remainder of his life proved even more unsatisfying. "After the White House," he lamented, "what is there to do but drink?"

More and more, lately, as it turns out. In the modern era, there are books to write and corporate boards to serve on and the mashed potato circuit to travel. There are funds to raise, charities to aid, libraries to build and globes to trot. There's good to be done. And there's money to be made.

The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives. "Second Acts: Presidential Lives and Legacies After the White House" traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York.

The White House afterlife holds "more promise and potential than ever before," Updegrove argues. Former presidents "now often have their own agendas and aggressively pursue them independent of those in power," and, "With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly."

What to do with our former commanders in chief has often vexed a country that does not believe in permanent power. Until George Washington retired to Mount Vernon after two terms as president, the world had few examples of rulers voluntarily surrendering their thrones, but it has become a hallmark of American democracy.

A number of former presidents continued to play a role long before globalization, of course. John Quincy Adams served 18 years in the House of Representatives after his single term in the White House, arguably accomplishing more as an outspoken abolitionist. Andrew Johnson was appointed to the Senate after his broken presidency, though he died just months later. William Howard Taft realized his life's ambition by serving as chief justice of the United States following his reelection defeat.

A few others tried to return to the office they left. Ulysses S. Grant maneuvered for the Republican nomination in 1880, only to be denied. Theodore Roosevelt, angered by his successor, Taft, bolted from the Republicans and ran as the Bull Moose candidate in 1912, only to hand the election to Democrat Woodrow Wilson. Just one former president managed a comeback, Grover Cleveland, who lost reelection in 1888 but won a second term four years later.

With the 22nd Amendment to the Constitution, that route is no longer available to two-term presidents such as Clinton and George W. Bush. Yet with actuarial tables being what they are, formers are emerging from office with more years of vigorous life still ahead of them. Each of them in his own way wrestles with how to remain relevant without crossing lines of propriety that only he sets.

Writing books has become de rigueur. Truman left office with only a $1,300 annual pension from his military service, since in those days former presidents had no retirement, much less the office allotments and Secret Service protection they get now. So he wrote a two-part autobiography for $600,000, though he estimated that after taxes and expenses he netted only $37,000. By the time Clinton wrote his memoirs -- one book that was so endless the publisher split it in two for the paperback version -- an ex-president could take in a reported $12 million.

Richard M. Nixon and Jimmy Carter both became prolific writers, churning out books that went beyond their personal stories in an effort to shape politics and policies -- and reinvent their legacies. Gerald R. Ford became the first to join corporate boards, a move that was seen as unseemly by some of his predecessors but has become more common. Ronald Reagan further broke barriers by accepting $2 million for appearances in Japan.

George H.W. Bush and Clinton both have second acts of another sort -- the first saw his son elected president while the second may yet see his wife win the job. But Updegrove also recounts the unusual friendship that seems to have developed between the 41st and 42nd presidents as they travel the world to help victims of the Asian tsunami and Hurricane Katrina.

Updegrove, a former publisher of Newsweek and executive at Time magazine who now works at Yahoo Inc., casts no judgment on any former president's choice and doesn't endorse any particular model. He seems to go along with the conventional wisdom that Carter's Nobel Prize-winning humanitarian efforts at home and abroad have made him the best former president, although he acknowledges that Carter's successors have all been irritated at one time or another with what they saw as grandstanding freelance diplomacy.

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For the book, Updegrove had interviews with Ford, Carter and Bush, among others, but they don't seem to add all that much new. Many of the stories will feel familiar to Washington readers who follow the presidency closely. But they do peel back the curtain a bit on the lives of our former leaders in an entertaining and illuminating way.

And one Washington reader who may want to pick up "Second Acts" is the current occupant of the White House, who has just 27 months to go before he leaves office at age 62 and has to decide what to do with the rest of his life.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Different Bridges (WT)

By Claude R. Marx

The Washington Times, October 10, 2006

Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct.

Mr. Danforth, who served three terms as a Republican senator from Missouri before retiring in 1995, is a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries.

He discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together."

Mr. Danforth, an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews.

He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones.

"[I]f we are less confident about our capacity to know and implement God's will, and if our faith brings modesty about ourselves and our politics, our effectiveness is more likely. I believe that such modesty is, or at least should be, Christianity's gift to American politics," he writes.

He cites the Republican Party's efforts to overturn court decisions allowing relatives to unplug the feeding tube of Terri Schiavo as evidence of an unhealthy mingling of religion and politics that betrays the party's true conservative heritage.

"It was a threat to some of our most heartfelt values. It was Big Brotherism in the extreme, an exercise of the raw and awesome power of the federal government,' he writes.

To avoid repeats of that approach, he calls for religious people in politics to practice a "ministry of reconciliation." This would, he maintains, focus on increasing reasoned dialogue aimed at finding common ground on, among other things, applying religious values to politics. He is careful to note, however, that there is a difference between allowing religious beliefs to form one's worldview and trying to write those ideas into public policy.

Mr. Danforth's goals are well intentioned and achievable on a limited basis, but current political dynamics probably preclude long-term change in the direction he seeks.

For starters, those at the ideological extremes have an easier time boiling down their views into a sound bite, an all-too-frequent means of political discourse. Besides, the certitude with which those on the far left and far right express their views has a certain appeal for those who like their solutions in neatly wrapped packages. The adage that the "squeaky wheel gets the grease' is an apt description of the current state of affairs, where noise and dogmatism often win out over reasoned discourse.

President Bush once famously said that "I don't do nuance," and that is a worldview shared by liberals and conservatives alike. The Danforth approach requires a great deal of nuance and splitting the difference.

Though current polls indicate that the public is displeased with both parties, that does not generally translate into electing more centrists who share Mr. Danforth's commitment to bridging the ideological divide.

Mr. Danforth's views on moral and social issues are neither strictly conservative nor liberal. He opposes abortion and gay marriage but is against a constitutional amendment banning the latter practice. At the same time, he favors expanding stem-cell research and opposes both the death penalty and mandatory school prayer.

Those positions make him hard to pigeonhole — not necessarily a bad thing — but also make him someone who is not completely comfortable in either political camp.

That is a good perspective from which to try to find a fresh approach to solving the nation's problems. Mr. Danforth does an admirable job of that in "Faith and Politics."

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While it is not clear how effective the book will be in changing minds, those who care about improving the state of national affairs should welcome it as an important contribution to our political dialogue.

Claude R. Marx writes a political column for the Eagle-Tribune in North Andover, Mass. He is the author of a chapter on the presidential campaign of Howard Dean that appears in the book "The Divided States of America."

Read Spitzer's Lips (WSJ)

The Wall Street Journal, October 10, 2006

No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge.

Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, "There will be no tax increase in a Spitzer administration."

Plenty of politicians have made the same pledge to win elections, only to renege later. They include former Virginia Governor and possible Democratic Presidential candidate Mark Warner, current New Jersey Governor Jon Corzine and, most famously, George Herbert Walker Bush.

It's nonetheless significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor. It's easy to play the scourge of business as AG when a Republican is in the state house. But as Governor, he will inherit the same miserable regulatory and tax climate that has made upstate New York a dead zone for new business and so difficult for young people to stay in the state.

Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City.

They Debate, We Nap (LAT)

The Los Angeles Times, October 10, 2006

You didn't miss much by not tuning into Saturday night's gubernatorial debate. And that's by design.

DEBATE? WHAT DEBATE? The Dodgers were playing, for Pete's sake (granted, not very well). Plus, it was a Saturday night, when hardly anyone watches TV anyway. Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it?

Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to "Angelides likes taxes." For Angelides, it was "Schwarzenegger likes Bush." And that was pretty much it.

Political debates have long been more about theater than substance, and they are a notoriously poor opportunity for viewers to bone up on the issues or delve deeply into policy. They are stage-managed affairs, full of well-rehearsed quips and zingers that the candidates try to make seem spontaneous. No one is ever swayed by a policy point uttered in a debate, although experts talk endlessly afterward about whether a candidate's performance might have impressed some mythical typical voter watching intently from the sofa.

But until now, debates at least held some practical and ritual significance. They were a way of separating the political nerds, who had been paying close attention anyway, from the vast majority of voters, who zero in on the campaign only when necessary. The subtext of debate night has typically been: For those of you who haven't paid attention until now, election season has begun and it's time for you to learn who the candidates are. So here they are. Here's how they look and act. Check them out and see if any of them strike you as leaders.

Recently, though, political debates have aimed for a lower profile. Campaign managers and political consultants like working with a relatively small and predictable population of voters. Through focus groups, demographic studies and voting statistics, the professionals know how these voters act and what to do to get their support. The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the unspoken message from the political establishment is "Just stay home."

The worst part of it is that the political professionals know how to dumb down the elections and keep us at home, and they know how to make that work for their candidates. Too bad it doesn't work so well for the rest of us.

The Cost Of An 'Adequate' Education (WSJ)

DOJ_NMG_0077145

By Eric A. Hanushek

The Wall Street Journal, October 9, 2006

The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. This judgment is, however, unlikely to be the final statement. If the legislature must come up with an incredible sum of money close to the more than $5 billion currently on the table, it may well balk, precipitating a true constitutional crisis.

New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an "adequacy" case in their courts. Only five states have never faced a school-finance case during the past three decades. New York, however, is on center stage this week. Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country.

Earlier this year New York's intermediate court called for an added appropriation of $4.7 to $5.6 billion per year to go to New York City schools. The state, with Attorney General Eliot Spitzer helming the defense, appealed this decision. Final oral arguments will be given tomorrow, marking at least a culmination in the legal battle, though likely not the last word in the fight.

New Yorkers tend to view this case with righteous indignation: The legislature simply failed to provide the city schools with adequate resources. After all, they argue, the trial court, after listening to seven months of testimony, found this to be a clear violation of the state constitution and slapped a precise dollar value on what it saw to be the magnitude of that violation.

Unfortunately, in determining the cost of an "adequate" education, the court relied heavily on the questionable analysis of consultants hired by the plaintiffs. Their analysis, labeled a "professional judgment model," was advertised as a scientific determination of the amount of spending necessary to secure an "adequate" education for every New York City student. Yet, this analysis violates virtually every principle of science and, as a result, has produced a politically saleable but scientifically unsupportable answer to the problem.

The consultants' approach was to hire a series of New York school personnel to describe what a school that could meet the state's learning standards would look like. These school people were told explicitly to pay no attention to where the money might come from. They should just dream. The fact that they did their dreaming after the court had declared New York's funding formula to be unconstitutional gave an implicit legitimacy to any flights of fancy they might have. In addition, any recommendations they made would likely have a direct impact on their own schools, creating an inherent conflict of interest.

The consultants took the wish lists of these different panels and calculated what the various elements would cost. Perhaps worried that the school personnel did not dream big enough, the consultants did the cost calculations in a way designed to obtain the maximum spending needed. Any thoughtful trade-offs or proposals for different ways to achieve the state's student learning goals were eliminated by the consultants.

As one might expect, the final wish list came with a truly large dollar value attached to it. Spending an additional $5.6 billion on city schools amounts to an increase of $1,000 per year in the average tax bill of every household in New York state. This figure would require a 25% increase in tax rates if funded with the state income tax. Of course, the $1,000 per household figure is clearly an underestimate. It would be difficult to give the city alone such a big funding boost without Buffalo, Rochester, Syracuse and Yonkers lining up to demand their "adequate" share.

One would be hard pressed to overestimate the potential danger posed by these costing-out studies. Consultants are active in virtually every one of the adequacy cases in the nation. Even though they use a variety of methods to affix the dollar value of an adequate education, each clearly represents nothing more than junk science. Many courts are duped by the studies, perhaps not surprisingly given the politics of the cases. But the reality remains: Setting appropriate education funding amounts for New York, or any other state, is beyond the authority of science.

The New York Constitution, like those for the U.S. and for other states, vests the appropriations and spending functions in the political branches of government, not in the courts. Therefore, the New York legislature -- regardless of the exact appropriations set by the courts -- may choose to view any court judgment on appropriations as not binding. If this argument were to prevail, it would precipitate a clear constitutional crisis. If this were the case, however, New York's legislature would likely not seek any direct confrontation, but would instead drag out deliberations for as long as possible.

The parties may reach some sort of compromise. Certainly Eliot Spitzer, now New York's leading gubernatorial candidate, has hinted at bringing about a resolution if he assumes office.

Nonetheless, it will be a hollow victory. Extensive experience and scientific study shows that simply providing more money to schools is not likely to be a very effective policy. There is no reason to expect student achievement in New York City to improve if such a spending policy were enacted. Indeed, the consultants in these adequacy cases are always very careful to avoid claiming that added funds will have any effect on student outcomes. Unfortunately the political paralysis created by these cases stops any consideration of more productive reforms. Instead of talking about performance incentives to districts and

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schools or linking funding to student outcomes, discussion is stymied by debates over how to raise the money and which districts will be hurt by any change in funding.

Courts in other states will be influenced by what happens in New York -- particularly because of the magnitude of this settlement. If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools.

There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies.

Mr. Hanushek is a member of the Hoover Institution's Koret Task Force on K-12 Education and editor of "Courting Failure" (Education Next Books, 2006).

Bush Warns N Korea But Options Are Limited (FT)

By Guy Dinmore

Financial Times, October 10, 2006

Although President George W. Bush delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened by the war in Iraq.

Critics say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq.

"The Bush administration deserves particular criticism," said Gary Samore, vice-president of the independent Council on Foreign Relations in New York. "They had unrealistic expectations of what they could achieve through pressure. The US ability to coerce North Korea is quite limited, especially in the middle of a war with Iraq."

US relations with China, already under strain over its support for Iran and Sudan, will be further tested as the US pushes for a tough response through the UN Security Council. Russia's drift towards war with a US-backed Georgia also complicates US efforts to get its way with Moscow.

Washington is seeking UN approval for 13 measures, most crucially inspections of cargo moving in and out of North Korea and a ban on trade in "dual use" materials that could be applied to development of weapons of mass destruction. Less controversial is the proposed ban on selling "luxury goods" to North Korea.

US ambitions to set up a global network of allied states willing to intercept suspect cargo by land, sea and air led to the formation in 2003 of the Proliferation Security Initiative. China has refused to join, however. It would be wary of giving a blanket approval for such interceptions, and analysts in Washington rule out a full naval blockade.

"That's an act of war that could get out of hand if challenged by North Korea," Mr Samore commented. "The US is not in a position to start a conflict on the Korean peninsula."

Wang Guangya, the Chinese envoy to the UN, called on the Security Council to respond "firmly, constructively and prudently". Ted Galen Carpenter of Washington's Cato Institute warned of a chill in Sino-US relations, saying the US might view "prudent" as "a synonym for weak".

North Korea may be calculating that the punishment it might suffer from China and South Korea will be short-lived as they weigh up the dangers of a nuclear-armed regime imploding under economic duress.

Minxin Pei, director of China studies at the Carnegie Endowment think-tank, said Beijing was angry at having its "face rubbed in the dirt" by North Korea but its priority was to "contain the fallout rather than punish". China might restrict energy supplies to North Korea but was unlikely to cut off all food supplies or support blanket interdictions, Mr Pei commented.

Even before the test, US officials did not hide their frustration with what they saw as China's foot-dragging. But some are starting to concede that the US might have overestimated China's influence and even the extent of its intelligence gathering.

The crisis over North Korea may also affect the impasse over Iran's nuclear ambitions. The failure of US policy towards Pyongyang had already influenced a shift towards a more pragmatic approach in dealing with Tehran.

For U.S., A Strategic Jolt After North Korea's Test (NYT)

By David E. Sanger

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — North Korea may be a starving, friendless, authoritarian nation of 23 million people, but its apparently successful explosion of a small nuclear device in the mountains above the town of Kilju on Monday represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy.

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North Korea is more than just another nation joining the nuclear club. It has never developed a weapons system it did not ultimately sell on the world market, and it has periodically threatened to sell its nuclear technology. So the end of ambiguity about its nuclear capacity foreshadows a very different era, in which the concern may not be where a nation's warheads are aimed, but in whose hands its weapons and skill end up.

As Democrats were quick to note on Monday, four weeks before a critical national election, President Bush and his aides never gave as much priority to countering a new era of proliferation as they did to overthrowing Saddam Hussein.

Mr. Bush and his aides contend that Iraq was the more urgent threat, in a volatile neighborhood. But the North's reported nuclear test now raises the question of whether it is too late for the president to make good on his promise that he would never let the world's "worst dictators" obtain the world's most dangerous weapons.

"What it tells you is that we started at the wrong end of the 'axis of evil,' " former Senator Sam Nunn, the Georgia Democrat who has spent his post-Congressional career trying to halt a new age of proliferation, said in an interview. "We started with the least dangerous of the countries, Iraq, and we knew it at the time. And now we have to deal with that."

Mr. Bush's top national security aides declined Monday to be interviewed about whether a different strategy over the past five years might have yielded different results. But Stephen J. Hadley, the national security adviser, has described the administration's approach to North Korea as the mirror image of its dealings with Iraq. "You'll recall that we were criticized daily for being too unilateral" in dealing with Saddam Hussein, Mr. Hadley said. "So here we are, working with our allies and friends, stressing diplomacy."

But at the same time, he said the administration had made a conscious decision not to draw "red lines" in dealing with Kim Jong-il's government because "the North Koreans just walk right up to them and then step over them," just to show they can. Other aides say that, lines or no lines, the North simply decided to race for a bomb — and finally made it.

North Korea announced its nuclear breakout in early 2003, kicking out international nuclear inspectors and very publicly beginning its drive to turn its stockpiles of spent nuclear fuel rods into a small arsenal of weapons. Focused then on the coming war with Iraq, Mr. Bush and his administration chose to set no limits.

But foreign policy, as Mr. Nunn says, is "all about priorities," and until Monday the closest Mr. Bush came to drawing a red line for the North was in May 2003, when he declared that the United States and South Korea "will not tolerate nuclear weapons in North Korea."

The Central Intelligence Agency's estimates in the years since have been that the United States has been tolerating exactly that — a small arsenal of nuclear fuel sufficient to produce six or more weapons.

Notably, Mr. Bush did not repeat that threat on Monday morning. Instead, he drew a new red line, one that appeared to tacitly acknowledge the North's possession of weapons. The United States would regard as a "grave threat," he said, any transfer by North Korea of nuclear material to other countries or terrorist groups, and would hold Mr. Kim's government "fully accountable for the consequences of such actions."

To critics of Mr. Bush's counterproliferation policy, this seemed a recognition that the North had successfully defied American, Chinese and Japanese warnings about building weapons and testing them, and was now simply trying to manage the aftermath. North Korea, it appears, is taking a page from Pakistan's strategic playbook: it exploded its first nuclear device in 1998, endured three years of sanctions, and now has emerged as a "major non-NATO ally" of the United States.

Mr. Bush's aides say that if Mr. Kim believes he, too, can expect the world to impose a few sanctions and then lose interest in the issue, he is wrong. "He is really going to rue the day he made this decision," Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said of Mr. Kim on Monday. But Mr. Bush's critics charge that the threat may be empty. As they see it, Mr. Kim watched the Iraq war and drew a simple lesson: that broken countries armed with nuclear weapons do not get invaded, and do not have to worry about regime change.

"Think about the consequences of having declared something 'intolerable' and, last week, 'unacceptable,' and then having North Korea defy the world's sole superpower and the Chinese and the Japanese," said Graham Allison, the Harvard professor who has studied nuclear showdowns since the Cuban missile crisis. "What does that communicate to Iran, and then the rest of the world? Is it possible to communicate to Kim credibly that if he sells a bomb to Osama bin Laden, that's it?"

Mr. Allison was touching on the central dilemma facing Washington as it tries to extract itself from the morass of Iraq. Whether accurately or not, other countries around the world perceive Washington as tied down, unable or unwilling to challenge them while 140,000 troops are trying to tame a sectarian war.

Divining North Korea's true intentions is always difficult; there is no more closed society on earth. But the broad assumption inside and outside the United States government is that Mr. Kim's first priority is the survival of his government. And the second is that without a nuclear weapon, he believes his government would have no way of staving off the larger, richer powers around it: China, Japan, South Korea and the United States.

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All have fought over control of the Korean Peninsula in decades past, and to Mr. Kim's mind, presumably, the prospect that the North could lash out is the only reason they have stayed at bay.

Mr. Kim may have calculated, many experts believe, that at this point there is little more that the Bush administration can do to him. The United States has imposed sanctions on his country since the end of the Korean War. The new crackdown on the banks through which the North conducts many of its illicit activities — counterfeiting, missile sales, trade in small arms — are being choked off, a step the North Korean leaders presumably see as part of a strategy of bringing them down.

It may be years, or decades, before historians know whether Iraq played into Mr. Kim's calculations about when to conduct a nuclear test. But clearly, managing simultaneous crises around the world is straining the system in Washington, and posing the Bush administration with more direct challenges than many believe it can handle at one moment.

That returns Mr. Bush to the problem he faced when he came to office, and that his aides have never stopped arguing about: whether the best way to contain North Korea is to further isolate it, or to draw it out of its paranoid shell. The nuclear test may force Washington to pick a strategy.

Bush's 'Axis Of Evil' Comes Back To Haunt United States (WP)

By Glenn Kessler And Peter Baker, Washington Post Staff Writers

The Washington Post, October 10, 2006

Nearly five years after President Bush introduced the concept of an "axis of evil" comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion.

Each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations, analysts and U.S. officials said. The deteriorating situation in Iraq has undermined U.S. diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program.

"Iran will follow very carefully what happens in the U.N. Security Council after the North Korean test," said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies (CSIS). "If the United Nations is not able to act forcefully, then Iran will think the path is clear to act with impunity."

Michael E. O'Hanlon, a Brookings Institution scholar and co-author of the new book "Hard Power: The New Politics of National Security," said the U.S. response to North Korea will have ripple effects. "Iran will certainly watch what happens. North Korea watched what happened with Pakistan and decided that the world didn't punish Pakistan too hard or too long," he said. "Iran will certainly notice if North Korea gets treated with kid gloves."

Political strategists debated the domestic implications of the North Korean test with midterm elections four weeks away. Some Republicans predicted it would take the focus off the Mark Foley congressional page scandal and remind voters that it is a dangerous world best confronted by tough-minded leaders. Some Democrats argued it would be seen as another failure of Bush's foreign policy and moved quickly to try to pin blame on the Republicans. "Is this going to help Republicans?" asked Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "The answer to that is absolutely not. This is another significant foreign policy failure for the administration."

In Bush's 2002 State of the Union address, a speech designed to shift the political debate from a battle against al-Qaeda to a possible confrontation with Iraq, the president mentioned North Korea, Iraq and Iran and declared: "States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. . . . In any of these cases, the price of indifference would be catastrophic."

All three issues came to a head in 2003: The United States invaded Iraq and discovered no weapons of mass destruction; North Korea began to obtain weapons-grade plutonium from fuel rods that had been under international observation; and Iran disclosed that it had made rapid progress with a previously secret uranium-enrichment program.

In contrast to its handling of Iraq, the administration has tried to resolve the North Korean and Iranian nuclear breakouts with diplomacy. But progress has been slow, in part because the United States has been reluctant to hold bilateral talks with either country except within the context of broader talks with other nations.

Former senator Sam Nunn (D-Ga.) faulted the administration for focusing on Iraq first, when greater threats loomed in North Korea and Iran. "We started with Iraq in the 'axis of evil' side, when we thought they did not yet have nuclear weapons, and that sent the signal to others that they better get them quick," he said. "I think we started on the wrong end of that."

The administration launched a full-court press yesterday at the Security Council, proposing elements of a tough resolution that would call for imposing an arms embargo and a series of legally binding U.N. financial and trade sanctions. The United States also called for international inspections of all trade in and out of North Korea to enforce the sanctions.

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U.S. officials yesterday were focusing especially closely on the reaction of China, long North Korea's main benefactor. The Chinese government publicly denounced the test in unusually strong language, and a senior U.S. official said the private comments of Chinese officials were equally strong. While China has been reluctant to pressure North Korea, fearing a collapse of the government and mass refugees on its border, "the question is whether a chaotic North Korea is worse than a nuclear North Korea," the official said, speaking on the condition of anonymity because of the diplomatic sensitivities.

Secretary of State Condoleezza Rice appears likely to make a trip to the region soon to further build support for a tough response by China, Japan and South Korea. Several experts predicted that although China's leadership is angry enough to support some sanctions, it always will stop short of putting enough pressure on Pyongyang to force its collapse. "Full-up sanctions I don't see happening," said former White House Asia expert Michael J. Green, now at CSIS.

James B. Steinberg, President Bill Clinton's deputy national security adviser and now dean of the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, said the North Korea test will raise a larger question that echoes Ronald Reagan's most famous 1980 campaign line -- "With respect to the axis of evil," Steinberg said, "are you better off today than you were four years ago? . . . It's clear that the answer is we're worse off with respect to the nuclear proliferation problem in both North Korea and Iran than four to six years ago, and I would argue we're worse off in our overall security because of the situation in Iraq."

Staff writer Dafna Linzer contributed to this report.

Democrats Assail Bush's N. Korea Policy (AP-Y)

By Liz Sidoti, Associated Press Writer

AP, October 10, 2006

Democrats seized on North Korea's brazen act to criticize President Bush's record in confronting the communist regime, contending the administration's focus on Iraq ignored legitimate threats.

Democratic Sen. John Kerry, the president's rival in 2004 and a potential 2008 candidate, assailed Bush's policy as a "shocking failure," and said, "While we've been bogged down in Iraq where there were no weapons of mass destruction, a madman has apparently tested the ultimate weapon of mass destruction."

One month before midterm elections, North Korea's reported nuclear test provided Republicans an opportunity to shift the focus from their embarrassing — and politically explosive — congressional page scandal to national security, an issue the GOP considers its strength.

Sen. Mitch McConnell of Kentucky, the Senate's second-ranking Republican, accused Democrats of playing partisan politics with a nuclear weapons threat. "Listening to some Democrats, you'd think the enemy was George Bush, not Kim Jong Il," he said.

Seizing on North Korea's actions to argue Republicans are stronger on security than Democrats is riddled with pitfalls and leaves the GOP's standard-bearer — Bush — as well as his rank-and-file vulnerable to criticism.

The president long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch.

In the nearly five years since Bush labeled North Korea part of an "axis of evil" with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2.

On Sunday, North Korea said it conducted its first-ever nuclear test.

"The Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject," said Senate Minority Leader Harry Reid, D-Nev.

"We had the opportunity to stop North Korea from increasing its nuclear power, but George Bush went to sleep at the switch while he pursued his narrow agenda in Iraq," added Sen. Bob Menendez, a Democrat in a tough campaign in New Jersey.

Republicans, in turn, sought to deflect the criticism by lodging some of their own. They voiced their frequent claim that Democrats are weak on security — and dredged up Democratic votes they said illustrated their point.

House Majority Leader John Boehner, R-Ohio, accused Democrats of standing in the way of work on a missile defense program. "It is now clear that such a position would weaken America's national defense and put Americans in danger," he said.

"Sherrod Brown's far left national security positions more troubling in light of North Korean missile test," the Senate Republicans' campaign committee said in a release that claims Brown voted a dozen times since 1993 to cut funding for ballistic missile defense.

Mindful of the tricky political subtext, some Republicans issued more carefully worded statements or refrained from attacking Democrats altogether.

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GOP Sen. Rick Santorum, facing a bitter re-election battle, said in a barely veiled reference to Democrats — "North Korea's actions cause great concern. This is no time for inexperienced, weak leaders."

House Speaker Dennis Hastert, R-Ill., and others directed their anger at the North Koreans, with the speaker calling the test "a desperate act of a criminal regime."

The GOP's campaign to convince voters that Democratic rule is dangerous for the country was sidetracked when Rep. Mark Foley, R-Fla., resigned amid revelations that he sent sexually explicit electronic messages to teenage males who once worked as House pages. That set off infighting among Republicans — and knocked the party off its strong-on-safety message.

North Korea's Success Is Diplomacy's Failure (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - In the end, every strategy failed to slow North Korea's nuclear march.

The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test.

South Korea's "sunshine policy" provided the North with aid, but got nothing in return on nuclear policy.

China, a big brother to North Korea, thought Pyongyang would heed its advice not to roil the waters of East Asia, but it didn't.

"Everybody's a loser," said Moon Chung-in, a political scientist at Yonsei University in Seoul and a frequent adviser to South Korean President Roh Moo-hyun.

North Korea trumpeted its new deterrent as "a great leap forward," casting itself as victorious. But analysts say pressure on the Hermit Kingdom will build, making Pyongyang a likely loser as well.

"North Korea succeeded in gaining nuclear weapons, but now it will get all kinds of sanctions from neighboring countries," Moon said.

In China, some analysts flayed Washington for not engaging Pyongyang directly in talks, and said North Korea had slid irreversibly into the global nuclear club.

"North Korea has succeeded in its nuclear ambition. The U.S. can do nothing at all now," said Shen Dingli, director of the U.S. Study Center at Fudan University in Shanghai.

Under the watch of the Bush administration, North Korea dropped out of the nuclear Nonproliferation Treaty, booted nuclear monitors, strengthened its missile capabilities, reprocessed nuclear fuel, and built what experts say is an arsenal of at least half a dozen nuclear bombs, maybe more.

North Korea now joins Russia, China, the United States, France, Britain, India and Pakistan in wielding nuclear weapons. Israel, though not an admitted nuclear power, is also believed to have hundreds of nuclear weapons.

In Seoul, President Roh publicly wrung his hands over the failure of policies toward North Korea, admitting that appeasement is unlikely to last in its present form.

"It could be said that the engagement policy has not been effective in resolving the North Korean nuclear crisis," South Korea's Yonhap news agency quoted Roh as saying.

Beijing issued a firm statement condemning North Korea for "brazenly" ignoring the worldwide opposition to its nuclear test, and demanded that it "abide by its pledges on denuclearization."

China in 2003 offered to host talks with the two Koreas, Russia, the United States and Japan on the nuclear crisis. It hosted five rounds of talks before they hit deadlock last year.

The nuclear test highlighted the fact that China, as a major supplier of energy and food to North Korea, never wanted to exercise its leverage to forestall the test. Indeed, some analysts say top Chinese leaders have a greater stomach for a nuclear-armed North Korea, with the turmoil it brings, than for the collapse of the Kim Jong Il regime, which could take away a key friendly buffer state and send refugees into China.

"Many people believe a nuclear North Korea is not necessarily a bad thing for China," said Jin Linbo of the China Institute of International Studies.

But China's public posture was different. It has long called for a nuclear-free peninsula, and its inability to achieve that goal will tie its hands as Washington and Tokyo push for severe sanctions against Pyongyang in the U.N. Security Council.

"China's efforts to solve the nuclear problem by peaceful talks has failed, the mechanism of the six-party talks has failed, and China's attempt to maintain security in the region has failed," said Zhang Liangui, a North Korea expert at the school for senior Communist Party officials in Beijing.

"There aren't many cards for China to play right now," Zhang added, saying he believes China will go along with U.N. sanctions against the North.

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East Asia, unlike Europe, has no security architecture that links nations. In East Asia, countries only have bilateral alliances with the United States.

"It plays into the hands of (recently installed Japanese Prime Minister Shinzo) Abe, who can justify greater defense spending," said Peter M. Beck, a Northeast Asia expert for the International Crisis Group, which advocates peaceful crisis resolution.

"It also plays into the hands of hard-liners in Seoul, who say, 'What do we have to show for nine years of sunshine policy?'" he said.

The already-battered Nuclear Non-Proliferation Treaty (NPT), which limits nuclear development and calls for global disarmament, also took a new hit, Beck said. It is under the NPT cloak that Western powers are trying to curb Iran's nuclear program.

Pyongyang's nuclear test, Beck said, "sends a signal to the world that even the most failed regime can defy the will of the United Nations and the United States."

The director of the International Atomic Energy Agency, Mohamed ElBaradei, said in a statement that the breaking of an international moratorium on nuclear testing, which had lasted for nearly a decade, and the emergency of another country with

nuclear weapons capacity was "a clear setback to international commitments to move towards nuclear disarmament." He said the test added new urgency to the need for a legally binding universal ban on nuclear testing. The Comprehensive Nuclear Test Ban Treaty has not been ratified by enough countries to bring it into force. The United States and North Korea are among those who have not ratified it.

Condemnation Swift, But Options Are Limited (USAT)

By Bill Nichols

USA Today, October 10, 2006

WASHINGTON — World leaders found themselves in a familiar position Monday: harshly condemning the reclusive communist regime in North Korea for thumbing its nose at the international community.

North Korea's latest provocation, an announcement it had conducted an underground nuclear test, prompted a flurry of tough talk from around the globe.

China, a key supplier of food and oil to North Korea, called the action “brazen.” The United Nations Security Council went into emergency session to consider new sanctions. President Bush, the third in a succession of American presidents to try to forestall a North Korean nuclear arsenal, called the test “unacceptable.”

Despite the hard-edged rhetoric, foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success.

“North Korea is really the land of bad options,” said Kurt Campbell, a foreign affairs analyst at the Center for Strategic and International Studies, a Washington think tank, and a Pentagon official during the Clinton administration. “Horrible options.”

The United States has signaled it won't mount a military response. An attack on North Korea

could prompt a counterattack on Seoul. That would suck in the 28,000 U.S. troops in South Korea and endanger millions of civilians.

An alternative is economic sanctions. North Korea's isolated populace of 22 million has already endured severe poverty and famine for decades, not to mention almost total isolation under a totalitarian regime. Researchers at Johns Hopkins University estimate that as many as 2 million North Koreans died of hunger and related diseases during the mid-1990s.

Even without ready options, the United Nations was a hub of activity Monday as diplomats on the 15-member Security Council tried to craft a resolution in response.

The United States circulated a draft resolution obtained by the Associated Press late Monday that demands North Korea return to six-party talks and imposes sanctions for Pyongyang's “flagrant disregard” of the Security Council's appeal not to detonate a device.

Among the proposed draft measures: international inspection of all cargo to and from North Korea to limit the spread of nuclear, chemical and biological weapons; bans on luxury goods to and from the North; a ban on North Korean ships docking in any port, or any North Korean aircraft from taking off or landing in any country if they carried arms, nuclear or ballistic missile-related material or luxury goods; and travel restrictions on high-ranking North Korean officials.

In deliberations among council members, “No one defended (North Korea), no one even came close to defending it,” said John Bolton, the U.S. ambassador to the United Nations.

North Korea remained defiant. Its ambassador, Pak Gil Yon, said the U.N. Security Council should congratulate North Korea for its test instead of passing “useless” resolutions.

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North Korea has refused for a year to attend six-nation international talks aimed at coaxing it to disarm. Instead, Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

Ted Galen Carpenter, a foreign policy analyst with the Cato Institute, a Washington think tank, said North Korea's rationale for the test is to improve its bargaining position in future talks, as India and Pakistan appeared to after testing in 1998. “This is part of a long-term strategy,” he said. North Korean officials “concluded a good many years ago that the way to retain clout is to have a nuclear arsenal. I suspect Pakistan is their model.”

Some foreign policy analysts suggest that the apparent test should jar the United States and key allies to try new strategies.

“This is a terrible event,” said Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington. “This is perhaps the worst non-proliferation event in the history of the nuclear age in the sense that it could have been avoided if … diplomacy had been more effective.”

Possible options:

·Direct talks with the United States. Bush has refused North Korea's demand for one-on-one dialogue. Both New Mexico Gov. Bill Richardson, who dealt with Pyongyang as U.N. ambassador in the Clinton administration, and former secretary of State James Baker say it's time to rethink that strategy.

Richardson proposes direct talks in which the United States would promise not to attack North Korea and to give Pyongyang aid in exchange for its agreement to end its nuclear program. Baker, in a television interview Sunday, said, “It's not appeasement to talk to your enemies,” including North Korea.

·Creative use of aid. Michael O'Hanlon, a foreign affairs analyst at the Brookings Institution, a Washington think tank, suggested specific offers of help to the impoverished North Korean people — tied to tougher restrictions on North Korean nukes.

·Pushing China. The United States could promise to withdraw all troops from South Korea if China can pressure the North to disarm, Carpenter said.

China, which has had influence with its communist neighbor in the past, has been cool about using strong-arm tactics because of fears that a collapse of North Korea could result in thousands of refugees streaming into China.

Most Korea watchers agree that Monday's apparent test would roil the region by adding North Korea to the group of nations with nuclear weapons: the United States, Russia, China, Britain, France, India and Pakistan.

(Israel, believed to possess nuclear weapons, has not acknowledged having an arsenal.)

The nuclear ambitions of North Korea and bizarre behavior of its leader, Kim Jong Il, have long rattled Japan, South Korea and China and prompted talk in Tokyo and Seoul that those nations should go nuclear as well.

The test will “transform the security environment in North Asia, and we will be entering a new, dangerous nuclear age,” said Japanese Prime Minister Shinzo Abe.

Kimball said the controlled explosion would allow North Korea to test the performance of its nuclear weapons technology against design goals and make adjustments. He and other nuclear analysts said the fact that North Korea could explode a nuclear device was not surprising, given longtime suspicions about the advanced state of Pyongyang's nuclear program.

North Korea may have enough plutonium for as many as 13 nuclear weapons, according to the Institute for Science and International Security, a Washington think tank. Seismic data and air analysis aren't enough to tell experts whether North Korea is able to miniaturize a nuclear device to fit into a warhead on a missile.

North Korea tested seven missiles in July, including a long-range missile capable of reaching the United States. That missile, the Taepodong-2, failed within a minute. Six shorter-range missiles fell into the Sea of Japan.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, expressed surprise that the North Koreans staged only one explosion. Pakistan and India each carried out half a dozen tests over several days in 1998.

“You grab the opportunity when you can to test several times,” Albright said. He called the North Korean test “more of a demonstration than an attempt to learn as much as they could about nuclear weapons.”

He added: “They'll learn something even with one, but they could have learned more.”

The reasons for the timing of the test weren't clear — made even more mysterious by Kim Jong Il's track record of unpredictability. Kim took power in 1994 after the death of his father, dictator Kim Il Sung.

The younger Kim is known for quirks, among them his passion for Hennessy cognac and James Bond films. “You never know how to take this guy, because he does erratic things,” said Rep. Curt Weldon, R-Pa., who has talked with Kim seven times.

North Korea conducted some of its most recent missile tests on the evening of July 4 in the United States, suggesting it wanted to send a message. Monday's test came:

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·One day after the ninth anniversary of Kim's assuming his father's titles. While he became the de facto ruler in 1994, he didn't formally succeed him until Oct. 8, 1997.

·A day before South Korean Foreign Minister Ban Ki Moon was nominated as the next U.N. secretary-general.

Richardson said his big concern is that North Korea appears to have given up on the multiparty talks with the United States, China, Japan, Russia and South Korea and adopted “a bunker mentality.” Hard-liners appear to have won debate in Pyongyang, he said. “Unless that changes, they're going to keep building more nuclear weapons.”

Jim Walsh, a North Korea expert at the Massachusetts Institute of Technology, said Pyongyang apparently has decided it is willing to weather new sanctions in order to gain the status and respect of a nuclear nation.

“They've made a decision to bite the bullet,” Walsh said of North Korea. “For all the brave talk by the U.S. and Japan, there isn't a hell of a lot they can do.”

U.S. Urges Sanctions On North Korea (WP)

By Michael Abramowitz And Colum Lynch, Washington Post Staff Writers

The Washington Post, October 10, 2006

The White House pushed yesterday for aggressive new sanctions on North Korea, including measures to limit trade in military and luxury items, as Pyongyang's claim that it conducted an underground nuclear test defied the administration's efforts to stop the spread of weapons of mass destruction.

Japan, Russia, South Korea -- and, significantly, China, North Korea's closest ally -- joined the United States in condemning the reported test, giving the Bush administration hope that it might unify the international community against Pyongyang. But U.S. officials acknowledged uncertainty about whether that would translate into strict U.N. sanctions, given China's traditional reluctance to lean heavily on its ally.

There were questions yesterday about the strength and success of the reported North Korean explosion, but there was little doubt among White House officials, lawmakers and outside experts that the action added a volatile new ingredient to an already dangerous world environment.

President Bush, acknowledging he could not confirm that a nuclear test occurred early yesterday in North Korea, said that the claim was nonetheless a "provocative act" and that he is "committed to diplomacy." Noting that North Korea has transferred missile technology to Iran and Syria, Bush also seemed to draw a sharp line that he warned Pyongyang not to cross.

"The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Bush told reporters at the White House.

If the test is confirmed, North Korea will be the eighth member of the club of declared nuclear powers -- and one led by a reclusive Stalinist dictator known for cruelty and unpredictability.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the action could prod Japan to drop its non-nuclear position, encourage Iran to harden its stance in negotiations over its own reported nuclear program and make it difficult to stop North Korea from marketing weapons to "undesirable parties."

The new claim also promised to renew scrutiny of the Bush administration's handling of North Korea and more generally its efforts to confront rogue states, just as crucial midterm elections are approaching. North Korea has ignored repeated warnings from the Bush administration on nuclear and missile testing.

Democrats quickly seized on the new North Korean claim as evidence that Bush has bungled his foreign policy, and even some conservatives voiced concern that the initial White House response yesterday was not stern enough.

"Unfortunately, on the Bush Administration's watch, North Korea's nuclear arsenal has grown to as many as a dozen bombs," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "Distracted by Iraq and paralyzed by internal divisions, the Bush Administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject."

Sen. Mitch McConnell (R-Ky.), the majority whip, said of the Democrats: "It doesn't make any difference what [Bush] does, they just come out and trash him." McConnell said in an interview that he hopes that China might be encouraged to sign on to a plan for tough sanctions on North Korea, noting a Chinese Foreign Ministry statement that said Pyongyang "defied the universal opposition of international society and flagrantly conducted the nuclear test."

"For China, that's pretty tough language," McConnell said, echoing a statement voiced privately by Bush administration officials.

At the United Nations yesterday, the Bush administration proposed an arms embargo and financial and trade sanctions on North Korea, as well as international inspections of all trade going in and out of the country to enforce them. The measures were contained in a U.S. draft resolution presented to the 15-nation council yesterday.

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John R. Bolton, the U.S. ambassador to the United Nations, told diplomats at a closed-door emergency session that the U.S. initiative is designed to limit North Korea's ability to import or export nuclear and ballistic missile technology and hinder its capacity to raise illicit money, citing the alleged manufacture of counterfeit U.S. dollars, senior council diplomats said.

The draft resolution would also bar the import of all luxury goods and demand that North Korea cease its nuclear activities and restart multiparty talks aimed at resolving the nuclear crisis. The resolution would give North Korea 30 days to comply with council demands or face "such further action as may be needed."

Britain and France voiced support for sanctions on North Korea but stopped short of endorsing the draft resolution.

Japan's U.N. ambassador, Kenzo Oshima, said his government "sees eye to eye" with the Americans on many of the proposals. The Japanese, in fact, offered amendments that in some cases go further; Japan called for a ban on all North Korean exports, for instance, and a ban on North Korean ships or aircraft calling on foreign countries.

China, meanwhile, cautioned that the Security Council should pursue only diplomatic means to persuade North Korea to stop its nuclear activities.

China's U.N. ambassador, Wang Guangya, said that Beijing opposes the North Korean test and that it is ready to discuss "how the Security Council could react firmly, constructively and prudently with regard to this challenge." But he declined to say whether Beijing would support a sanctions resolution. "The door to solve this issue from a diplomatic point of view is still open," he said.

Privately, U.S. officials said they are hopeful after private conversations with the Chinese that Beijing is sufficiently angry with North Korea to sign on to the U.S. plan.

"This was really a direct challenge to the Chinese, and indications are that they are not taking this lightly," said one senior U.S. official, who spoke on the condition of anonymity because of the sensitive deliberations. "We are hopeful that they will exert whatever influence they have left with the North Koreans."

Leach and Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, urged the administration to open direct talks with the North Koreans, which the White House has resisted except in the context of broader negotiations with China, Japan, Russia and South Korea.

"My impression is that the administration is profoundly divided in their approach to North Korea," Lantos said. "I am convinced that there are very senior people in the administration who agree with me that dialogue is needed."

But former House speaker Newt Gingrich (R-Ga.), who has been critical of the administration's efforts on North Korea, drew a different lesson.

"We keep trying to find an official diplomatic technique for dealing with a regime that violates every norm of human decency," he said, adding that the administration needs to step up efforts to undermine the government by trying to get food and supplies to North Koreans via unofficial channels.

Lynch reported from the United Nations.

Pentagon Assesses Responses, Including A Possible Blockade (NYT)

By Thom Shanker

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Now that North Korea seems to have made good on its threat with what appears to be a nuclear test, United States military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components.

Senior officers say Navy and Air Force combat and surveillance equipment are already in the region, and more could be deployed rapidly.

Still, any unilateral effort by the United States to cordon off North Korea by sea and air could founder along the country's lengthy land border with China.

"This is a tough question," one senior official with years of experience in military planning said Monday, speaking as did others on the condition of anonymity because he was discussing classified war plans. "The only good options were before North Korea got the bomb. There are no good options now."

For five decades, the American military has written war plans and deployed forces for a worst-case situation in the Korean peninsula: a major artillery, missile and ground attack from north to south across the demilitarized zone.

But a conventional war is no longer the most pressing military threat. It is nuclear proliferation.

Many staff officers contend that North Korea's ballistic missile and nuclear programs are not primarily intended as part of a plan for a land attack on South Korea.

If anything, North Korea probably regards its effort to develop a nuclear arsenal as a deterrent against an attack by the United States.

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The North Korean nuclear efforts could also be intended to press South Korea for diplomatic and economic gain, and to hold Japan, another important American ally, at risk, gaining even more leverage against the United States.

Given that geopolitical geometry, American military officers and senior policy makers say, the Pentagon's abilities in the region, along with those of South Korea and Japan, are sufficient against the shifting North Korean military threat.

While land combat is not an imminent threat, Pentagon and military officials say, the prolonged deployments of ground forces in Iraq and Afghanistan have doubtless complicated planning for the Korean Peninsula.

Should more ground forces be required for South Korea, only a handful of combat brigades stand ready in the United States, Pentagon and military officials say. To bolster the force, additional combat units now getting ready for tours in Iraq could be pointed to the Pacific instead, with troops already in Iraq staying there longer than planned.

Although the decision to move a full combat brigade of American ground forces from South Korea to Iraq in 2004 generated much public debate on the peninsula, the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest.

Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles. The most modern Patriot antimissile batteries have also been assigned to the region, as well as Aegis cruisers with abilities designed to track and shoot down missiles.

"Taken together, this has added a tremendous amount of capability more appropriate for the threat right now," a senior Defense Department official said.

Pentagon officials acknowledge that the sustained deployments to Iraq and Afghanistan have heightened the risks that would be faced if there were a Korean conflict because important equipment is committed to the Middle East.

Weapons systems that officers call "enablers" are routinely in short supply and are heavily engaged in Iraq and Afghanistan; they include intelligence equipment like the pilotless Predator surveillance aircraft. Likewise, large stockpiles of precision-guided munitions have been placed within striking range of Iraq and Afghanistan. While those weapons are also in the Pacific arsenals, senior officials would have to weigh the risk to both military theaters and decide how best to allocate limited resources.

Even senior commanders agree that the commitments to Iraq and Afghanistan have imposed risks on the American military, an assessment contained in a classified report to Congress last year from the departing chairman of the Joint Chiefs of Staff, Gen. Richard B. Myers.

General Myers wrote that the concentration of troops and advanced weapons in Iraq and Afghanistan limited the Pentagon's ability to deal with other potential armed conflicts.

Major combat operations elsewhere in the world, if ordered by the president, still would succeed — but would be more protracted and would produce higher casualties among American forces and foreign civilians, General Myers wrote. A range of senior officers have said that assessment still stands.

One of the most significant and worrisome complications is that American intelligence agencies have no confidence that they can locate all of North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs — though American intelligence abilities are said to have worried the North Korean leadership in the past.

American intelligence officials concluded that Kim Jong-il, the North Korean leader, went into hiding during the final buildup to the invasion of Iraq in 2003 because he feared that he, too, might be tracked and attacked.

After North Korea's newest announcement, military analysts continued Monday to assess whether its announcement that it had tested a nuclear device, in defiance of international opinion, represented a calculation by Mr. Kim that he was less vulnerable now — or that he needed to join the elite club of declared nuclear powers to deter a possible American attack.

World Condemns North Korea (LAT)

By Maggie Farley And Mark Magnier, Times Staff Writers

The Los Angeles Times, October 10, 2006

Science: Seismic waves probably came from a nuclear explosion, but a weak one; Pressure: China may hold the key to forcing Pyongyang into serious negotiations; Impact: The test is seen as having a des

UNITED NATIONS — International condemnation poured down on North Korea on Monday for its announced nuclear test, as scientists tried to determine whether the underground blast was a successful nuclear explosion and diplomats conferred on how to contain the rogue regime.

The U.N. Security Council swiftly denounced the North Korean action and began work on a U.S.-sponsored resolution aimed at punishing the country for violating a moratorium on nuclear testing.

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The measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds linked to North Korea's missile and nuclear programs or its suspected counterfeiting of U.S. dollars, and a ban on trade in luxury goods.

The U.S. proposal also would authorize international inspection of cargo to and from North Korea to prevent the regime in Pyongyang from selling nuclear technology to other countries or armed groups.

China and Russia, which had been North Korea's grudging protectors on the Security Council, seemed ready to join in at least some sanctions. Both nations hold veto power at the council, and China in particular would be key to any effort to enforce sanctions. Ambassadors of the five permanent council members worked on refining a resolution throughout the day, with meetings expected to continue today.

China has the greatest leverage over North Korea, its isolated and impoverished neighbor, because it supplies more than 70% of the nation's fuel and 40% of its food, according to intelligence analysts in the region. Beijing has been resistant to economic sanctions because officials fear that punishing North Korea too harshly could push the country — already subject to periodic famine — over the edge, resulting in a flood of refugees into China's neighboring Liaoning and Jilin provinces and spurring domestic instability.

U.S. intelligence officials accept the North Koreans' claim that they set off a nuclear device, but they note that the magnitude of the explosion was small by nuclear standards — less than a kiloton, a fraction of the power of the atomic bombs the United States dropped on Japan in World War II. The relatively small size of the explosion makes some scientists and intelligence experts believe there may have been a problem with the test or a flaw in the design of the device.

World leaders voiced their concern about the prospect of having North Korea as the latest entrant to the club of nuclear powers. They urged the North's leader, Kim Jong Il, to give up the country's nuclear program and return to negotiations.

Officials in Washington and other world capitals pointed to two potentially grim outcomes from North Korea's becoming a nuclear weapons state: a nuclear arms race in East Asia and an effort by Pyongyang to export atomic weapons.

Some U.S. military officials said Monday that Japan might come to believe that its only assurance against attack from North Korea would be to build its own nuclear bomb, reviving the Cold War doctrine of mutually assured destruction, often referred to by the acronym MAD. Even before the North Korean test, Japan's new prime minister, Shinzo Abe, had argued for a greater role for Japan's military.

"The question is: Does Japan develop nuclear weapons?" said an Army officer with extensive experience in the Korean peninsula, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly. "Do you have MAD all over Asia?

"It is very much in China's interest and Russia's interest to get North Korea back in the box," the official said. "China does not want to see a nuclear Japan."

President Bush, in his response to the North Korean announcement, focused on the danger of a spread of nuclear technology.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said after speaking by phone to the leaders of China, South Korea, Russia and Japan.

"Today's claim by North Korea serves only to raise tensions, while depriving the North Korean people of increased prosperity and better relations with the world" through talks, Bush said.

Bush criticized North Korea for passing missile technology to Syria and Iran, calling the Pyongyang regime "one of the world's leading proliferators." He said that if North Korea passed on nuclear know-how, it would be "a grave threat to the United States, and we would hold North Korea fully accountable [for] the consequences of such action."

The Chinese Foreign Ministry issued a sharply worded statement Monday in which it termed North Korea's action "brazen" even as it called for calm.

"The Chinese side strongly demands the North Korean side to abide by its pledges on denuclearization and to stop any action that would worsen the situation," it said.

China rarely speaks bluntly in public about its neighbor. Nor does it tend to issue statements within hours of an event, as it did Monday. Both actions indicate the gravity Beijing attaches to North Korea's announcement.

China has used its leverage with North Korea in the past. In early 2003, it reportedly turned off North Korea's oil supply for a few days, ostensibly because of "technical problems." That move quickly brought Pyongyang back to international negotiations it had abandoned.

Russian leaders also denounced Pyongyang's news. In Moscow, President Vladimir V. Putin said he would coordinate actions with the United States.

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"Russia definitely denounces the tests conducted by North Korea," Putin said at a Cabinet meeting, according to the Russian news agency Interfax. "And this is not just a question of Korea itself. It is a question of the enormous damage done to the process of nonproliferation of weapons of mass destruction in the world."

But the U.N. ambassadors from Russia and China cautioned against abandoning diplomacy in the heat of the crisis.

Russian Ambassador Vitaly Churkin called for "cool heads" in dealing with the crisis, and Chinese Ambassador Wang Guangya said his government would support a "firm, constructive but prudent reaction from the council." He pointedly did not mention sanctions, saying that "the door to solve this issue from a diplomatic point of view is still open."

In an emergency Security Council meeting Monday morning, U.S. Ambassador John R. Bolton presented 13 elements for a resolution aimed at punishing North Korea.

He said both China and Russia seemed ready to join the rest of the council in the punitive action. "No one defended it. No one even came close to defending it," he said of the declared nuclear test. "We'll see how the negotiations go, but I think we're off to an important start here," Bolton said.

The United States has been urging other countries to join it in economic sanctions imposed last year aimed at shutting down North Korea's alleged money laundering and counterfeiting of U.S. dollars.

Russian officials also said they could enforce sanctions if the U.N. adopted them. "We have a very small border with North Korea," Churkin said. "I assure you there is no problem monitoring that part of the border."

In the shadow of the North Korean crisis, the Security Council also formally nominated South Korean Foreign Minister Ban Ki-moon to be the U.N.'s next secretary-general. The nomination will be passed on to the General Assembly for approval this week. Ban would take office when Kofi Annan steps down Dec. 31.

Ban held a news conference in Seoul to accept the nomination amid the flurry of discussions about Pyongyang. He said the decision was an honor for him and his country.

"This should be a moment of joy, but instead I stand here with a very heavy heart" because of the announcement of the nuclear test, he said.

Ban has said that as secretary-general, he would like to be personally involved in negotiations with North Korea, drawing on his expertise from three years of participation in international talks over the North's nuclear program.

He said he did not consider it a conflict of interest to be involved in an issue so integral to his country's well-being. "I would like to deal with North Korea personally, even go there, because I have experience and a deep understanding of this complex issue," he said in a recent interview. "I know I will be able to do my job as secretary-general with impartiality."

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Farley reported from the United Nations and Magnier from Beijing. Times staff writers Julian E. Barnes in Washington and David Holley in Moscow contributed to this report.

Bush Rebukes North Korea; U.S. Seeks New U.N. Sanctions (NYT)

By Warren Hoge And Sheryl Gay Stolberg

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The United States proposed tough new United Nations sanctions on North Korea on Monday after its reported test of a nuclear weapon, and President Bush warned the North that he considered its activity a potential threat to American national security.

At an emergency meeting of the United Nations Security Council, the United States pressed for international inspections of all cargo moving into and out of North Korea to detect weapons-related material and a ban on all trading in military goods and services with the country.

At the White House, President Bush called the North Korean test “a threat to international peace and security” and condemned it as a “provocative act.”

But Russia and China, which have veto power and have consistently opposed tough sanctions, did not signal that they were ready to go along with the American proposal. Britain, France and Japan said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days.

Coming just one month before the November midterm elections, North Korea’s reported test had immediate political ramifications. Democrats were already using their campaigns to argue that the war in Iraq had made the United States less secure by diverting attention away from threats like North Korea; now they are using the North’s claim to hammer away at their theme.

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Mr. Bush also issued a pointed, albeit carefully worded, warning to the North not to export any nuclear technology it might have. In the past, North Korea has sold its weapons systems to other countries.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Mr. Bush said. "And we would hold North Korea fully accountable of the consequences of such action."

The president has not used the phrase "grave threat" in the past with respect to North Korea, and analysts interpreted the remark as a signal that the White House was, in effect, raising the threshold on what kind of actions it would be willing to accept from the North, given that diplomacy has so far not worked.

"He has finally drawn a very clear red line, which is essentially: we know you have nukes, don't even think about proliferating," said Mike Chinoy, an expert in Korean security at the Pacific Council on International Policy, a research institution in Los Angeles.

"It's kind of always been the unspoken administration red line," Mr. Chinoy said, "because the reality is that, whatever the harshness of their rhetoric, the Bush administration has not been able to actually stop North Korea from staging this nuclear breakout."

Democratic Party strategists quickly circulated a "talking points" memorandum to Democratic candidates, urging them to cast the reported North Korean nuclear test as "a colossal foreign policy failure of the Bush administration." Several picked up on that theme.

Claire McCaskill, a Democratic candidate for the Senate from Missouri, convened a conference call with Richard Ben-Veniste, a member of the commission that investigated the Sept. 11 attacks, to talk to reporters about North Korea. Representative Harold E. Ford Jr., the Democratic Senate candidate in Tennessee, issued a statement to reporters, as did Senator Robert Menendez, the New Jersey Democrat in a tough re-election fight.

"Today's nuclear test by North Korea confirms our worst fears and illustrates just how much the Bush administration's incompetence has endangered our nation," Mr. Menendez said in the statement, adding, "While George Bush bogged our military down to topple a regime that had no weapons of mass destruction, a brutal dictator in North Korea has strengthened a nuclear arsenal that has the potential to threaten the West Coast of the United States."

Republicans were more muted in their reactions; Senator Mitch McConnell of Kentucky, the Republican whip, issued a brief statement that did not mention Mr. Bush's leadership at all, but simply called North Korea's claim a "confrontational move designed only to destabilize the region."

White House officials insisted that despite the talk of sanctions at the United Nations, the administration's goal remains persuading North Korea to return to the six-nation talks and give up its nuclear program. Those negotiations have dragged on for more than two years with no substantive results, and North Korea left them 13 months ago.

Mr. Bush spent more than an hour on the telephone Monday morning in separate calls to leaders of the four nations, aside from the United States and North Korea, that are participating in those talks: Japan, China, South Korea and Russia.

Asserting Washington's determination to protect Japan and South Korea, its principal allies in the region, Mr. Bush said the United States "will meet the full range of our deterrent and security commitments."

He was careful to say that intelligence officials were still working to confirm North Korea's statement about its test. But he said that "such a claim itself constitutes a threat to international peace and security."

China, North Korea's closest supporter and neighbor, called the action a "flagrant" violation of international opinion and said it "firmly opposes" North Korea's conduct. Russia's president, Vladimir V. Putin, said his country "absolutely condemns" the test.

John R. Bolton, the American ambassador to the United Nations, reported that the 15 members of the Security Council were "solid" in deploring the North Korean move, and he said he hoped for swift action. But by Monday evening the Council adjourned its deliberations and set further meetings for Tuesday while, Mr. Bolton said, they received instructions from their capitals.

Richard A. Grenell, Mr. Bolton's spokesman, said the United States was merging its suggestions with those from Japan and that a draft resolution was being composed on that basis.

In its 13-point proposal, the United States urged the Security Council to require North Korea to dismantle its nuclear program, suspend its building of ballistic missiles, freeze assets and transactions associated with the development of unconventional weapons, impose a ban on trade in luxury goods and prevent abuse of the international financial system, a reference to North Korean counterfeiting activities.

According to a draft amendment, the Japanese want to place additional restrictions on North Korean ships, aircraft and products, and prevent North Korean officials from being able to move outside the country's borders.

Japan is also suggesting that the secretary general "actively engage in this matter."

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Earlier Monday, the Security Council formally nominated Ban Ki-moon, the foreign minister of South Korea, as the new secretary general, succeeding Kofi Annan when he retires Dec. 31. Mr. Ban had said in a Seoul news conference that he intended to make peace on the Korean Peninsula a high priority.

Mr. Bolton said the new resolution ought to be drawn up under Chapter VII of the United Nations Charter, which makes sanctions mandatory and militarily enforceable.

It is a procedure that China and Russia, both permanent members, traditionally resist. It was eliminated from the resolution passed in July condemning North Korean missile launchings.

While Wang Guangya, the Chinese ambassador, said Beijing condemned the North Korean action, which it had warned North Korea against taking, he turned aside questions on whether China would now support a sanctions resolution.

He said only that the Council should "react firmly, constructively and prudently," adding that "the door to solve this issue from a diplomatic point of view is still open."

Vitaly I. Churkin, the Russian ambassador, also declined to state whether Moscow's view on sanctions had changed. "I think the North Koreans will be facing a very serious attitude on the part of the Security Council," he said, without elaborating.

Moscow and Beijing would be particularly affected by the American call for border inspections of shipments in and out of North Korea since the borders involved are theirs.

U.S., Japan Lead Push To Sanction Pyongyang (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The United States and Japan yesterday pressed the U.N. Security Council to approve tough new sanctions against North Korea, amid near-universal condemnation of Pyongyang's claim that it had tested a nuclear weapon.

Among the proposed steps was a forcible stopping and searching of ships traveling to and from North Korean ports to prevent the export of nuclear materials.

President Bush, speaking at the White House, said the North had "once again defied the will of the international community, and the international community will respond."

Mr. Bush warned that any attempt by Pyongyang to export its nuclear technology to rogue states "would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

The purported test was sharply criticized by all of North Korea's neighbors, U.N. Secretary-General Kofi Annan, the leaders of the five permanent members of the Security Council and Mohamed ElBaradei, head of the United Nations' International Atomic Energy Agency.

North Korean officials said yesterday that they had conducted an underground nuclear test at a barren location in the country's northeast, sparking an intense day of diplomacy in New York and in capitals around the world. The purported test came just three days after the Security Council unanimously denounced the idea.

U.N. Ambassador John R. Bolton said yesterday that Washington and Tokyo are seeking a resolution under Chapter 7 of the U.N. Charter, which allows the council to impose military, economic and diplomatic penalties on nations to protect international peace and security.

Mr. Bolton said he was impressed by the unanimity of the council's approach to the North, in a morning session that lasted barely half an hour.

"No one defended [the missile test]; no one even came close to defending it," the U.S. representative said.

The Security Council meets again today on the crisis.

China, North Korea's main ally, has been reluctant in the past to support harsh measures against the North. But Mr. Bolton said Beijing had not objected when the tough measures were first outlined to Security Council ambassadors at yesterday's closed emergency session.

"I didn't see any protectors of North Korea in that room this morning," Mr. Bolton said.

Wang Guangya, China's U.N. ambassador, said his country was "formally opposed to [North Korea's] nuclear test."

"China is ready to discuss with other council members to see how the Security Council could react firmly, constructively, and prudently with regard to this challenge," he said.

Mr. Wang did not say whether Beijing would support the coercive Chapter 7 measures, but he noted that "the door to solve this issue from diplomatic point of view is still open."

Christopher Hill, the State Department's point man on the North Korean nuclear issue, told CNN that U.S. policy now would be designed to "make [North Korean leader] Kim Jong-il rue the day he made the decision" to proceed with the test.

U.N. diplomats said privately that Mr. Bolton told the Security Council session that Washington would view a North Korean attack on South Korea or Japan as an attack on the United States.

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The U.S.-Japan draft resolution, in addition to urging North Korea to return to stalled regional talks on its nuclear program, proposed a range of sanctions against the secretive communist regime in Pyongyang, including:

·The inspection of all cargo shipped to and from North Korean ports to prevent nuclear proliferation.

·A travel ban on some North Korean officials.

·A ban on trade in luxury goods and military items with the North.

·A requirement that U.N. states freeze all assets related to North Korea's weapons and missile programs.

·Increased scrutiny and prohibitions on North Korean financial transactions that could support nuclear or military programs.

Pyongyang's U.N. ambassador, Pak Gil-yon, told reporters that the test would help "the maintenance and guarantee of peace and security in the Peninsula and the region." He said other nations should "congratulate" the North for its success.

A North Korean official said the United States should agree to hold direct talks with his government on security guarantees to avert a situation in which Pyongyang would feel compelled to launch nuclear-armed missiles, South Korea's Yonhap News Agency reported today.

"We want this situation to be concluded before the unhappy situation arises in which we fire nuclear missiles, and this depends on how the United States acts," the official was quoted as saying in Beijing on the condition of anonymity.

"What we want is North Korea's safety, including a guarantee of our regime," the official said.

North Korea did have one defender yesterday. Iran, which the United States and its European allies say is running its own clandestine nuclear weapons program, said on its state radio that U.S. "pressure and humiliation" had led North Korea to conduct the test.

North Korea's Political, Economic Gamble (WP)

By Anthony Faiola And Maureen Fan, Washington Post Foreign Service

The Washington Post, October 10, 2006

Analysts Say Risks Include Loss of Key Regional Aid

TOKYO, Oct. 9 -- North Korea may have gained bragging rights on Monday as the world's newest nuclear power, but the pivotal question now is whether the secretive communist government can survive the political fallout.

While the United States and Japan have long pushed for a hard line against North Korea, there were early indications Monday that South Korea and China, the North's chief benefactors, may be reconsidering their support for the government of Kim Jong Il. There were also concerns that Pyongyang's claims of a nuclear test could touch off an arms race in Northeast Asia.

Analysts said any major development would threaten stability in the strategically vital region, in which the United States has long maneuvered diplomatically among friend and foe.

China and South Korea have poured billions of dollars in aid and investment into the North, effectively propping up Kim's government under the assumption that any collapse there would send millions of desperate refugees pouring across the country's borders. The risk of such an economic calamity, they have gambled, has outweighed the risk of a nuclear-armed North Korea.

But the announcement of a test, analysts said, may have represented a tipping point. In a telephone call with U.S. Secretary of State Condoleezza Rice, China's foreign minister condemned North Korea for having "ignored universal opposition of the international community," the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was "resolutely opposed" to the nuclear test.

South Korea, meanwhile, immediately halted delivery of an emergency assistance package to help the North deal with recent floods. President Roh Moo Hyun suggested that his country's "sunshine policy" of engagement -- of which he was a vocal supporter -- had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised speech. "Ultimately, it is not something we should give up on, but objectively speaking, the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

Any shift in policy by China or South Korea would be at least partly based on the anticipated reaction of Japan, the nation that today feels most threatened by North Korea's ballistic missiles. Analysts have assumed that a nuclear-armed North Korea would lead Tokyo to accelerate plans to redraft its pacifist constitution and rearm itself with a more aggressive military.

Last week, a U.S. congressional report went as far as to suggest that a test by the North could set in motion a domino effect in which Japan, South Korea and perhaps Taiwan pursue their own nuclear weapons, touching off an arms race that would dramatically escalate the consequences of any regional disputes.

Although some observers were quick to caution that China's criticism of North Korea might not necessarily translate into action, there was little question that the reported test had deeply embarrassed China. The Chinese government has taken the

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lead in the diplomatic effort to denuclearize North Korea at long-stalled six-party talks in Beijing, bringing the United States, Japan, Russia, and South Korea and North Korea to the table.

"It's a big slap to China," Zhu Feng, a professor of international studies at Peking University, said of the North's test. "It's time for a new approach, because we just got humiliated. For four years, we have been so good to North Korea, trying to make the right conditions for Kim Jong Il to abandon nuclear weapons in exchange for normalization with the U.S. and Japan and a lot of economic aid. China's goodwill has been relentlessly wasted."

Analysts said China will now be faced with heightened international pressure to accept tougher economic sanctions and reduce or even cut its aid -- including oil shipments -- to coerce Pyongyang back to the negotiating table. China's options are limited now, and although analysts say it will probably harden its stance against North Korea, it has in the past drawn the line at any action that would endanger Kim's government.

In effect, Beijing will have to make a difficult decision.

"If China votes for sanctions at the U.N., the China and North Korea relationship will break up," said Shi Yinhong, a professor of international relations at People's University in Beijing. "And if the United Nations really passes financial sanctions toward North Korea, the risk of a society collapse of North Korea is high."

For its part, Japan is likely to take an even harder line than before. The country's new prime minister, Shinzo Abe, on Monday vowed a tough response, saying he would "immediately consider taking stern measures."

Those are likely to include a ban on millions of dollars' worth of annual remittances sent home by North Korean nationals living in Japan.

But even coupled with sharper sanctions from the United States, analysts say, the pressure brought to bear on North Korea is unlikely to be enough without the full support of Beijing and Seoul.

Analysts say Kim has already succeeded in at least one way. With its declaration of a nuclear test, North Korea has made the price of a military solution to the standoff -- something Bush administration officials had largely dismissed given North Korea's arsenal of ballistic missiles and its million-man army -- even higher. Some suggested Monday that it may already be too late to turn back the clock.

"North Korea's message is that no matter how hard South Korea, Japan, the United States gang up on them, they won't budge," said Seung Joo Baek of the Seoul-based Korea Institute for Defense Analyses. "They want to be recognized as a nuclear power. They are assuming that it is the only thing that will keep them safe. We will have to wait and see if they are right."

Fan reported from Beijing. Special correspondent Joohee Cho in Seoul contributed to this report.

Angry China Likely To Toughen Korea Stand Somewhat (NYT)

By Joseph Kahn

The New York Times, October 10, 2006

BEIJING, Oct. 9 — China's punctilious Foreign Ministry reserves the word hanran, which translates as brazen or flagrant, for serious affronts to the nation's dignity by countries that have historically been rivals or enemies.

When the previous Japanese prime minister visited the Yasukuni Shrine, which China condemns as honoring Japan's World War II-era militarism, he was described as "brazen." When the United States bombed the Chinese Embassy in Belgrade in 1999, Beijing called that act "flagrant."

North Korea, a longstanding ideological ally, has had increasingly testy relations with China in recent years. But it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a "brazen" violation of its international commitments.

The wording is just one indication that a nuclear test would cross a red line for China, which has devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea.

That policy, Chinese analysts say, seems to have failed, and North Korea's action leaves Beijing little choice but to take a tougher approach. But Chinese leaders still see highly punitive sanctions as unpalatable and counterproductive, and the country's elite remains sharply divided over how far to distance China from its neighbor, and how closely to embrace the Bush administration, several senior Chinese foreign policy experts said.

"Hanran" has been applied to North Korea for the first time. But Japan and the United States, which favor the sharpest response to North Korea's test, have been "hanran" for years.

"China is disappointed and angry and will be willing to support stronger sanctions," said Jin Canrong, a foreign policy expert at People's University in Beijing. "But I think that is different from saying there will be a drastic change. It is still a question of the right balance."

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The reason there is unlikely to be a major policy change, Mr. Jin and other experts here said, is that North Korea has sharply increased tensions without fundamentally changing China's calculation of its national interests.

Its priorities remain, first and foremost, promoting internal economic development, the key to longevity for the ruling Communist Party. China's cautious, authoritarian leaders concluded long ago that generating high growth in its gross domestic product required a benign relationship with the world's major powers, secure borders and open markets — in a word, stability.

China would like to achieve a denuclearization of the Korean Peninsula but has shown few signs of accepting war or a forced change of government as an acceptable way to achieve that goal.

"The core of the issue is not nuclear weapons," said Shen Dingli, a leading security expert at Fudan University in Shanghai. "The core of the issue is peace and stability. That is still strongly in China's interest."

While China has begun to think like a big power in some respects, its foremost strategic priority has been reclaiming Taiwan, or at least preventing the island from becoming formally independent of mainland China.

Conflict in North Korea or the toppling of Kim Jong Il's government there could upset both of those goals, Chinese analysts say. A war is viewed as the worst outcome, potentially creating a wave of refugees into China and even risking a broader engagement that could threaten the extended period of harmony in Northeast Asia.

Even peaceful change in North Korea could bring a new pro-American government to China's northeastern border as it faces continuing uncertainty over how to handle the pro-American government in Taiwan, off its southeastern coast.

"China must continue to look at North Korea through the prism of Taiwan," Mr. Shen said. "You cannot expect China to abandon its ally completely while America continues to back Taiwan and allow the independence movement to thrive there."

But analysts say it also cannot afford to alienate the United States, and Beijing has recently taken steps to repair its frayed relationship with Japan. Those ties may well depend on moving to punish North Korea for its nuclear test, and at least experimenting to see if firm pressure on North Korea will bring it back to the bargaining table.

China provides, by some estimates, 70 percent of North Korea's fuel and food and could almost certainly create severe economic hardship there by slowing shipments across its long, barren border.

In addition, China has joined the United States in seeking to crack down on North Korean counterfeiting of American dollars and Chinese yuan, as well as on the use of Chinese banks to launder profits from illicit North Korean exports of drugs including amphetamines. Tighter financial sanctions could further deprive North Korea of already scarce hard currency.

The question is how far down that path China can go, to maintain its cooperation with the Bush administration without foreclosing the possibility of luring North Korea back to negotiations.

"China has tried to persuade North Korea that talking with the outside world is in its interest," said Zhang Liangui, an expert on North Korea at the Central Party School, a research organization in Beijing run by the Communist Party. "Now China will have to demonstrate that there is a price to pay for ignoring that advice."

Mr. Zhang said North Korea's announcement amounted to a slap in the face for China. Even if the goal remains a negotiated solution, he said, China must first show that it is prepared to take a much tougher line before North Korea will bargain in earnest.

Susan L. Shirk, a State Department official responsible for East Asia during the Clinton administration, said she believed that the nuclear test could prove to be a turning point for China's approach to the problem. It will, she said, force China to choose between North Korea and a United States-led international consensus rather than split the difference between the two.

She said the timing of North Korea's announcement — the day after President Hu Jintao was visited by Japan's new prime minister, Shinzo Abe, and said they had made progress repairing troubled relations — also underscored the stakes for China's leadership.

"If they do not act strongly they could undo what they have worked to achieve with Japan, while also seriously straining relations with the U.S.," she said. "North Korea has really boxed them in."

Even so, many Chinese analysts still view North Korea as a strategic asset. It may be irresponsible and unruly, but it belongs more to China than to the United States. Sacrificing an ally to help achieve America's goals of stopping the spread of nuclear weapons may require a much stronger consensus within the Chinese elite.

"I do not believe that Chinese leaders are willing to expend major political capital on this issue," Mr. Jin of People's University said. "They would much prefer to follow the consensus. At the moment there is a heated debate, but no consensus of that kind."

U.N. Weighs Sanctions Against N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 10, 2006

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The world lined up against North Korea on Monday for staging a nuclear test denounced even by key allies. President Bush called it "a threat to international peace and security," and the U.N. Security Council weighed severe sanctions to punish the impoverished communist nation.

There was no talk of military action. But the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test after the reclusive regime announced it had set off an underground atomic explosion.

Russia was the only country to say it had "no doubts" over the North Korean claim. The U.S. and other experts said the explosion was smaller than expected and they had yet to confirm it was nuclear.

But the reaction of world governments reflected little doubt that they were treating the announcement as fact.

The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Bush said the North Korean action "constitutes a threat to international peace and security" and requires "an immediate response" from the Security Council, though he stressed the U.S. remained committed to diplomacy.

The United States circulated a draft U.N. resolution late Monday that would condemn North Korea's nuclear test and impose tough sanctions on the reclusive communist nation for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

The draft, obtained by The Associated Press, incorporates proposals circulated by the U.S. earlier in the day to prohibit all trade in military and luxury goods and crack down on illegal financial dealings.

It adds new calls from Japan to ban all countries from allowing any North Korean ships in their ports or any North Korean aircraft from taking off or landing in their territory if they carried arms, nuclear or ballistic missile-related material or luxury goods.

In addition, the Japanese proposals would impose travel restrictions on high-ranking North Korean officials, create a Security Council committee to monitor implementation of the sanctions, and ask the secretary-general "to actively engage in this matter."

The U.S. draft also seeks to prevent any North Korean financial transactions resulting from illicit counterfeiting, money-laundering and narcotics, and "any abuses of the international financial system" that could contribute to the transfer or development of banned weapons.

By comparison, the Security Council cut air links to Libya in 1992 to force Moammar Gadhafi's government to hand over two indicted men for trial in the 1988 bombing of a Pan Am jetliner over Lockerbie, Scotland. After Saddam Hussein's Iraq invaded Kuwait in 1990, the council banned the sale or supply of any commodities or products from either country using their flag vessels.

Japan's U.N. Ambassador Kenzo Oshima, the current council president, said earlier that all council members "emphasized that the response of the council should be strong, swift and very, very clear in its message and its action."

But just how long it will take members to agree on a resolution remains to be seen.

Council experts started discussing the proposals in meetings Monday afternoon and were expected to meet again Tuesday morning.

But it was unclear whether China and Russia — the North's closest allies — would support some of the tough measures, which also include international inspection of all cargo to and from North Korea to limit the proliferation of nuclear, chemical and biological weapons and to ban any material that could be used in the production of weapons of mass destruction.

Before the experts meeting, the ambassadors from the five veto-wielding council nations — the U.S., Britain, France, Russia and China — met with Oshima.

U.S. Ambassador John Bolton told reporters afterward that everybody agreed within 30 minutes that the council should condemn the action and respond quickly, saying "that's remarkable" to have such a unanimous decision.

But he wouldn't speculate when the council might act, noting that Japan and others already had other suggestions for the text.

"The fact is that in our half-hour, full council meeting this morning, there was no one who even came close to defending this test by North Korea," Bolton said.

The United States, France, Britain and Japan want the resolution under Chapter 7 of the U.N. Charter, which deals with threats to international peace, breaches of the peace and acts of aggression. It allows the council to authorize measures ranging from breaking diplomatic ties and imposing economic and military sanctions to taking military action to restore peace.

With U.S. forces strapped by the twin wars in Iraq and Afghanistan, the Bush administration repeatedly has said it has no plans to invade North Korea and discussion of military action was absent on Monday.

Neither Russia nor China would say whether they support a resolution that could pave the way for sanctions.

"I think we have to react firmly," China's U.N. Ambassador Wang Guangya said. "But also I believe that on the other hand the door to solve this issue from a diplomatic point of view is still open."

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Russia's U.N. Ambassador Vitaly Churkin said the North Koreans "will be facing a very serious attitude on the part of the Security Council and the entire international community," but he said the council needs to discuss whether that will include sanctions.

South Korea's nuclear envoy said Tuesday after returning from Beijing that China appeared to have dropped opposition to tough U.N. sanctions.

"China seems to have different position than it had before on a Chapter 7 resolution," Chun Young-woo told The Associated Press

"I think (China) will employ all available means to prevent North Korea from further aggravating the situation and to bring them back into diplomatic efforts," Chun said after returning from a two-day trip and meetings with Chinese officials.

Still, he said Beijing reiterated its commitment to a peaceful diplomatic solution to the issue.

The reported test came one day after the ninth anniversary of reclusive North Korean leader Kim Jong Il's accession to power and a day before the 61st anniversary of the ruling North Korean Workers' Party.

There were no signs of heightened alert by security forces in Pyongyang. People also laid flowers by a statue of Kim Il Sung, the current leader's late father.

The test also coincided with the Security Council vote Monday to nominate South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as the next U.N. secretary-general. The 192-nation General Assembly is expected to approve the recommendation later this month.

Ban said one of his priorities, if approved, would be to work to resolve the North Korean crisis.

North Korea remained defiant. Pak Gil Yon, the North's U.N. ambassador, said the Security Council should congratulate the Democratic People's Republic of Korea, known as the DPRK, instead of passing "useless" resolutions or statements.

"The nuclear test in the DPRK will greatly contribute in increasing the world deterrence of the DPRK" and will contribute "to the maintenance and guarantee of peace and security in the peninsula and the region," he said.

The United States and its allies, and many of North Korea's neighbors, took the exact opposite view.

"This shows why we need actions and not just words about North Korea," Bolton told The Associated Press.

Although North Korea has long claimed it had the capability to produce a bomb, the test would be the first proof that it had done so.

If the test is confirmed, North Korea would join the current members of the nuclear club — the United States, Russia, Britain, France, India, Pakistan and China. Israel is widely believed to have the bomb but has not publicly declared.

Officials worried that a nuclear armed North would dramatically alter the strategic balance of power in the Pacific, and would undermine already fraying global anti-proliferation efforts.

While voicing concerns, Japan's Prime Minister Shinzo Abe, after meeting with the South Korean leader in Seoul, called for a "calm, yet stern response." The situation marked his first major foreign policy test since his recent election.

South Korea said it had put its military on high alert, but it had noticed no unusual activity among North Korea's troops.

Bolton told the Security Council that Washington would consider an attack on Japan or South Korea an attack on the United States, according to U.N. diplomats who spoke on condition of anonymity because the remarks were made at a closed council meeting.

The United States has defense agreements with the two Asian allies and thousands of U.S. troops are stationed in South Korea and Japan.

China said the North "defied the universal opposition of international society and flagrantly conducted the nuclear test" and urged the North to return to six-party nuclear disarmament talks.

Russian President Vladimir Putin told his Cabinet that Moscow "certainly condemns the test conducted by North Korea."

British Prime Minister Tony Blair said the test was a "completely irresponsible act."

Only Iran, which also faces Security Council action over its disputed nuclear program, expressed understanding for North Korea's action.

Iranian state radio blamed the North's reported nuclear test on U.S. pressure, saying the test "was a reaction to America's threats and humiliation."

The North has refused for over a year to attend six-party international talks aimed at persuading it to disarm, demanding instead that the U.S. drop financial sanctions it has imposed to punish Pyongyang alleged counterfeiting and money laundering. It pulled out of the Nuclear Nonproliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, allegedly violating an earlier nuclear pact between Washington and Pyongyang.

Impoverished and isolated, North Korea has built up its military and nuclear programs while relying on foreign aid to feed its 23 million people since its state-run farming system collapsed in the 1990s following decades of mismanagement and the loss of Soviet subsidies.

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South Korea said the nuclear test was conducted at 10:36 a.m. Monday (9:36 p.m. EDT Sunday) in Hwaderi near Kilju city on the northeast coast.

The North's official Korean Central News Agency said the test was successful, with no leak of radiation, and this was "a stirring time when all the people of the country are making a great leap forward in the building of a great prosperous powerful socialist nation."

South Korean officials said Tuesday they believe that North Korea tested a nuclear weapon as it claimed, but that it would take about two weeks to determine if the test was successful.

The North is believed to have enough radioactive material for a half-dozen bombs. It insists its nuclear program is necessary to deter a U.S. invasion.

The North has active missile programs, but it isn't believed to have an atomic bomb design small and light enough to be mounted on a long-range rocket that could strike targets as distant as the United States.

Reports about the size of the explosion were conflicting, ranging from South Korea's geological institute estimating it was the equivalent of 550 tons of TNT to Russia's Defense Minister Sergei Ivanov saying it was the equivalent of 5,000 to 15,000 tons of TNT.

A U.S. government official, who spoke on condition of anonymity because of the political sensitivity of the situation, said the seismic event could have been a nuclear explosion, but its small size was making it difficult for authorities to pin down.

Global Fury At N Korea Nuclear Test Claim (FT)

By Anna Fifield, David Pilling And Mark Turner

Financial Times, October 10, 2006

The major powers united in their condemnation of North Korea's claim to have tested a nuclear weapon on Monday, but could not reach immediate agreement at an emergency session of the United Nations Security Council on the scope of punitive sanctions proposed by the US.

North Korea described the underground explosion in a northern province bordering China and Russia as an "historic event that brought happiness to our military and people". It said there had been no radioactive leakage.

US and South Korean experts measured the explosion as a earthquake of magnitude 4.2 on the Richter scale. Scientists were poring over seismic and other data but could not confirm a nuclear explosion. However, several said the blast appeared significantly smaller than would have been expected from a plutonium bomb and could have been a dud.

At the UN, the US presented a list of 13 proposed measures that included the authorisation of international inspections of cargo to and from North Korea and the blocking of illicit financing activities, such as counterfeiting.

John Bolton, US ambassador to the UN, said Monday night that Russia and China were not throwing up obstacles and there was no disagreement over the need for a binding "chapter seven" resolution.

Chris Hill, the US envoy to six-party negotiations with North Korea that have been mediated by China but stalled since last November, said: "We are not going to accept that North Korea with its starving population is going to join the nuclear club."

The US and its allies would ensure that Kim Jong-il, North Korea's leader, "rued the day" and would be made to pay, Mr Hill said. He refused to say what measures the US would take, admitting that China would be a "key country" in the outcome.

Hu Jintao, China's president, took a measured approach in his telephone conversation with George W. Bush, the US president. Mr Hu said no actions should be taken that would lead to escalation or loss of control of the situation and urged caution, dialogue and negotiation.

Delivering a brief televised statement from the White House, Mr Bush said he had spoken to the leaders of China, Russia, South Korea and Japan and that they agreed that North Korea's actions were "unacceptable and deserve an immediate response by the United Nations Security Council".

Mr Bush accused North Korea of having already provided missile technology to Iran and Syria.

Shinzo Abe, Japan's new prime minister said the development constituted a "serious threat [that] would transform in a major way the security environment of north east Asia."

Roh Moo-hyun, South Korea's president, said his government was "losing its momentum" for continued dialogue with North Korea.

Additional reporting by Richard McGregor in Beijing, Guy Dinmore in Washington and Stephen Fidler in London

North Korea Condemned For Nuclear Testing (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

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BEIJING - Condemnation poured in from throughout the world Monday over North Korea's report that it has tested a nuclear weapon as financial markets wobbled in East Asia.

The United States and Japan pledged "decisive action" against Pyongyang at the U.N. Security Council.

In open defiance of the U.N. Security Council, which warned it on Friday not to test, North Korea said it conducted "a safe and successful underground nuclear test" which "caused absolutely no radiation" leakage. It called the test a "great leap forward" in its defensive capabilities.

If true, the test would leave East Asia on the cusp of an arms race. North Korea previously declared it had nuclear weapons, but had never tested one to prove it.

The Security Council condemned the test. The U.S. ambassador to the United Nations, John Bolton, said the United States would push for tougher measures to prevent North Korea from producing or exporting weapons of mass destruction or missiles.

U.N. Secretary-General Kofi Annan said: "This action violates international norms of disarmament and non-proliferation, as well as the current international moratorium on nuclear testing. It aggravates regional tensions in and around the Korean Peninsula, and jeopardizes security both in the region and beyond."

South Korea called the test an "intolerable provocative act" and put its military on heightened alert. Its chief spy agency said another nuclear blast might be in the offing.

South Korean President Roh Moo-hyun's government suspended a shipment of emergency relief aid to North Korea and said the national security council was reviewing a "sunshine policy" that appeased North Korea with huge investment.

The projects under review include the Kaesong joint industrial zone and a tourism business at Mount Geumgang in the North, which draws hordes of cash-paying South Koreans.

Any freeze on those projects would be a blow to the cash-strapped North.

President Bush spent 15 minutes on the telephone with Japanese Prime Minister Shinzo Abe as Abe prepared to leave Seoul at the end of a two-day fence-mending trip to China and South Korea. The two vowed "decisive action," Japan's Kyodo news agency said.

At a news conference in Seoul, Abe called for "very strong measures" against North Korea and warned that the region may "be entering a new, dangerous nuclear age."

Experts around the world differed on the size of the nuclear blast, which reportedly occurred in an underground shaft near Kilju, a town near North Korea's northeastern coast not far from the border with China.

South Korea's semi-official Yonhap news agency said the blast triggered a tremor with a 3.58 to 3.7 magnitude, similar to what a nuclear explosion would cause.

It said the power of the explosion was equivalent to around 550 tons of TNT explosives, less than a twentieth of the size of the U.S. atomic bomb dropped on the Japanese city of Hiroshima during World War II. But Russian Defense Minister Sergei Ivanov said it was far more powerful, in the range of 5 to 15 kilotons.

China, Russia, Australia, Britain and a number of other countries condemned the nuclear test, calling on North Korea to return to six-nation disarmament talks.

China, which maintains a lifeline of oil supplies to North Korea, appeared stunned, describing the test as "brazen." "The Chinese government is firmly opposed to this," a government statement said.

British Prime Minister Tony Blair labeled it a "completely irresponsible act."

"This is a desperate act of a criminal regime," House Speaker J. Dennis Hastert said in Washington. "We are neither threatened nor impressed, but resolved to restore stability to the Pacific Rim."

But a policy expert in Seoul said he doubted that the world could coax North Korea's nuclear genie back in the bottle. "In the medium and long term, I think we have to learn to live with a nuclearized North Korea," said Moon Chung-in, a professor at Seoul's Yonsei University.

A Chinese scholar said North Korea believes it can get away with nuclear development, just as India and Pakistan did a decade ago, and weather tough sanctions.

"The North Korean leader believes that by testing a nuclear weapon, he will get a more favorable environment where he can survive," said Jin Linbo of the China Institute of International Studies, a Beijing think tank.

Despite its traditional support for North Korea, China may not oppose putting teeth in a new resolution, a security expert in Beijing said.

"If North Korea still refuses to back off from its nuclear ambitions, it is possible that China will agree with military sanctions. As China's ambassador to the U.N., Wang Guangya, said, no one can protect North Korea if it continues to develop nuclear weapons," said Zhang Liangui, a foreign affairs expert at China's ruling party Central Party School.

The nuclear test jolted financial markets. The Japanese yen skidded to an eight-month low against the dollar. Stocks in Seoul slumped 2.6 percent, and shares slid in Hong Kong, Singapore and Sydney. Markets in Japan were closed for a holiday.

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Ruled by Kim Jong Il, one of the world's last totalitarian leaders, North Korea said only last week that it would test a nuclear weapon. Pyongyang announced in February 2005 that it had succeeded in making a nuclear bomb. Foreign intelligence officials say North Korea may have at least six to eight nuclear bombs now.

A nuclear test, if confirmed, would generate pressure within the United States and from Japan to take military action to curb North Korea's military program.

North Korea has said it is building nuclear weapons to forestall a military attack by the United States to topple the Kim regime, which President Bush once described as part of an axis of evil.

News of the alleged test gave added urgency to Abe's visit to Seoul. Earlier Monday, Abe concluded a one-day summit with China's three top leaders that put a thaw in chilly relations between China and Japan, regional rivals. It was the first summit of its kind since 2001.

Abe, who has been in office for less than two weeks and is a staunch conservative, was given red carpet treatment in Beijing, in an apparent snub to North Korea. China and Japan capped the summit with a statement that they had reached "a turning point" in their tense relations.

Abe, who at 52 is Japan's first leader born after the war, used frank language about his nation's wartime role, saying that Japan's "deep remorse" had not ebbed.

"I said we shall look at past history squarely," Abe said, adding that Japan knew it "had caused tremendous damage and suffering to the people of countries, especially Asian countries, and left scars among those people."

Tough Talk From Seoul, If Little Will For A Fight (NYT)

By Norimitsu Onishi

The New York Times, October 10, 2006

SEOUL, South Korea, Tuesday, Oct. 10 — South Korea warned on Monday that it would “sternly deal” with North Korea’s announcement that it conducted a nuclear test, saying that the action could lead to a “nuclear arms buildup” in the region.

President Roh Moo-hyun said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country’s “sunshine policy” of engaging North Korea.

“This is a grave threat to peace, not only on the Korean Peninsula but in the region,” said Mr. Roh, whose government has been accused by critics both in and outside South Korea of coddling North Korea.

Mr. Roh said that South Korea “has lost ground in arguing for dialogue” against calls for stronger punitive measures, including economic sanctions, against North Korea.

The government’s response to the nuclear test was firmer and quicker than its reaction to North Korea’s missile launches in early July, when Mr. Roh remained silent for days and avoided harsh criticism.

Still, there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor.

The two Koreas were fierce cold war enemies until the late 1990’s. But the “sunshine policy” under Mr. Roh and his predecessor, Kim Dae-jung, has transformed South Korean attitudes. Increasingly, North Koreans have been viewed here as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront North Korea.

“There is a general consensus in South Korea, not only among politicians but also in the general population, that engagement is the right policy,” said Han Sung Joo, a former ambassador to the United States. “But it doesn’t mean we have to rationalize this nuclear test.”

Mr. Han said that in the near future, South Korea’s assistance to the North would probably have to be limited to humanitarian aid. He said that plans to expand major projects to help North Korea develop its economy would probably be put on hold.

Analysts said that North Korea’s action would weaken Mr. Roh and the governing Uri Party, but that the damage would not decisively help the opposition Grand National Party.

“When you look at the opposition’s policies toward North Korea, you see that they are 95 percent in agreement with the ruling party’s,” said Choi Kang, a security expert at the Institute of Foreign Affairs and National Security in Seoul. “Both emphasize the need to push the North to democratize, to reform internally, by engaging it. What differs is the means. The opposition emphasizes the need for reciprocity — it shouldn’t be unconditional.”

“It’s too premature to say this is the end of the engagement policy,” Mr. Choi said.

South Korea’s priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse. The United States, in contrast, is concerned about nuclear proliferation.

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"Does South Korea share these concerns?" said Andrei Lankov, a Russian expert on North Korea at Kookmin University in Seoul. "No. If some crazy regime in Central America goes nuclear, or if terrorist groups or rogue states obtain nuclear arms, South Korea will never become a target.

"In the short term, South Korea will have to show solidarity with the international community and freeze exchanges with the North," he added. "But then they will start looking for a pretext to resume exchanges."

Others contend that the American unwillingness to negotiate directly with North Korea, as the North has sought, is to blame for the failure to soften North Korea's stance.

"That's why hard-liners in the North Korean government have gained a stronger voice," said Han Hong Koo, a historian at Sungkonghoe University in Seoul.

"There will be great pressure on the South Korean government to abandon its engagement policy," he added. But, "North Korea is already suffering from economic sanctions and is already isolated. There's no other card."

Japan Now Seems Likely To Rally Behind New Prime Minister's Call For A Stronger Military (NYT)

By Martin Fackler, International Herald Tribune

The New York Times, October 10, 2006

TOKYO, Oct. 9 — The last time North Korea tested a powerful new weapon, in 1998 when it fired a ballistic missile over the largest Japanese island, Japan reacted by upgrading its military and swinging politically to the right.

North Korea's claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role.

But could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself?

This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons.

"The nuclear test may prove to be an even bigger shock to public opinion" than the 1998 missile, said Yasunori Sone, a professor of political and policy analysis at Keio University in Tokyo. "It will get a minority of people here calling for Japan to build nuclear weapons."

The most likely result of North Korea's actions, analysts say, would be to rally public opinion around Japan's new prime minister, Shinzo Abe, and his calls for taking Japan in a more assertive direction. The crisis may also increase Mr. Abe's chances of revising the Constitution to allow Japan to possess full-fledged armed forces.

There have been no calls yet here to build atomic weapons. Still, that is not a far-fetched notion. Japan is known to have stockpiles of weapons-grade atomic material, used in its civilian nuclear power and research programs, and some studies have said it would be able to construct a bomb in a matter of months.

But Mr. Sone and other analysts say that despite North Korea's claim of a weapons test, Japanese proponents of acquiring nuclear weapons will remain a minority on the far-right fringe. Analysts say going nuclear would face broad and emotional opposition in Japan, which remains the only nation to have suffered atomic bomb attacks.

The prospect of a nuclear Japan might also send shudders through the rest of Asia, where memories of Japan's wartime aggression are still raw. Some fear it could even set off a new Asian arms race.

Mr. Abe appeared to be trying to take a leading role in responding to the crisis, analysts here said. He and other Japanese leaders were quick to condemn the reported test, saying Japan was working closely with the United States, its closest ally, and Asian neighbors like South Korea and China to find a response.

Speaking in Seoul, where he was meeting with President Roh Moo-hyun, Mr. Abe criticized the test as a "serious threat to the security of Japan and South Korea, and of neighboring countries."

"We have agreed that we must respond resolutely," Mr. Abe said in a news conference after the meeting. "We have entered a new and more dangerous era."

He also said Japan was considering imposing economic sanctions against North Korea and increasing its participation in a missile defense shield that it is developing with the United States. He said Japan had requested an immediate meeting of the United Nations Security Council.

In Tokyo, Yasuhisa Shiozaki, the chief cabinet secretary and top government spokesman, said Japan would try to work with the United States to seek United Nations action, possibly including global economic sanctions. "We will lodge a stern protest and condemn" the test, he said.

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If North Korea has exploded a nuclear device, analysts said the effects on Japanese public opinion might take time to appear. When North Korea test-fired a multistage Taepodong missile over Japan in 1998, Japan's initial reaction was muted, but public opinion ended up moving sharply in favor of building a stronger defense.

That allowed Japan to begin adding weapons that once would have been unthinkable, including Japan's first spy satellite, a troop transport ship now under construction that experts say could serve as a small aircraft carrier, and aerial tankers that would allow Japanese fighter jets to refuel in midair to reach North Korea and other countries.

For now, analysts said most of Japan's action was likely to come on the diplomatic front. They also said the crisis offered an unexpected chance for Japan to patch up its ties with South Korea and China.

"This crisis allows Mr. Abe to say that all three countries face a shared enemy," Mr. Sone of Keio University said. "This is a chance for him to improve relations with Asia."

U.S. Doubts Korean Test Was Nuclear (WT)

By Bill Gertz

The Washington Times, October 10, 2006

U.S. intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday.

U.S. officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation.

"We're still evaluating the data, and as more data comes in, we hope to develop a clearer picture," said one official familiar with intelligence reports.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives."

The underground explosion, which Pyongyang dubbed a historic nuclear test, is thought to have been the equivalent of several hundred tons of TNT, far short of the several thousand tons of TNT, or kilotons, that are signs of a nuclear blast, the official said.

The official said that so far, "it appears there was more fizz than pop."

A successful nuclear detonation requires a properly timed and triggered conventional blast that splits atoms, setting off the nuclear chain reaction that produces the massive explosions associated with atomic bombs.

White House spokesman Tony Snow said assessing the validity of North Korea's claim of a successful nuclear test could take several days.

"We need to find out precisely what it is that took place yesterday, and that is something that's going to take awhile for the scientists and others to work through," Mr. Snow said.

"Nobody could give me with any precision how long it will take until they can say with certainty what happened."

Nuclear bombs make big waves, with clear signatures that make them fairly easy to detect, analyze and confirm that they were caused by splitting atoms. But smaller blasts -- as North Korea's appears to have been -- are trickier to break down, scientists told the Associated Press.

"It takes days, dozens of lab hours, to evaluate results. Now we can have only a rough estimate," said Russian nuclear physicist Vladimir Orlov of the Moscow-based Center for Policy Studies in Russia, a nonproliferation think tank.

Elements of the blast were detected by U.S. and allied sensors as it was set off in an underground tunnel in the north-central part of North Korea. U.S. intelligence agencies have been monitoring several tunnels thought to be nuclear test facilities and have not ruled out Pyongyang's conducting another test.

U.S. officials said the test was timed to coincide with several anniversaries in North Korea, including the end of mourning for the death of North Korean leader Kim Jong-il's father, Kim Il-sung. The test was thought to have been linked to the commemoration.

North Korea's military thinks that joining the world's seven other acknowledged nuclear powers is key to preserving the power of the communist regime.

There were wide variations in seismic data of the North Korean blast. The French atomic agency estimated about 1 kiloton, and South Korea's geological institute said half of that. But Russia's defense minister expressed "no doubt" that North Korea detonated a nuclear test and said the force of the underground blast was equivalent to 5,000 to 15,000 tons of TNT.

"People have different ways of cross-cutting the data and interpreting them," said Lassina Zerbo, director of the International Data Center at the nuclear-test-ban preparatory commission, which is based in Vienna, Austria.

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The Bush administration is pushing for the United Nations to adopt economic sanctions against North Korea that would include a blockade of all goods moving into and out of the country.

Key to the imposition of the tough sanctions will be support from China and Russia, two states that in the past opposed sanctions.

The most immediate impact of the underground test is that U.S. officials fear Japan will take steps to develop nuclear weapons as a deterrent.

Official North Korean press for the past several years has been asserting that the United States is planning a pre-emptive nuclear attack on North Korea over its secret uranium-enrichment program.

Intelligence reports from several years ago indicated that North Korea was engaged in a covert program to develop a uranium-based nuclear program with the help of Pakistani nuclear scientist Abdul Qadeer Khan. The Khan network supplied centrifuges and nuclear-weapons design techniques to Libya, Iran and North Korea.

What U.S. officials have been unable to confirm is whether North Korea received small warhead design information from the Khan network.

Chinese-language documents on how to build a nuclear warhead for missiles were found in Libya and were supplied by Khan network associates. U.S. intelligence officials think Iran and North Korea received similar warhead design documents.

North Korea in July conducted flight tests of seven missiles including a long-range Taepodong-2.

U.S. officials think the plutonium for the pit of the North Korean device was produced by the reactor at Yongbyon, the regime's declared nuclear facility.

U.S. intelligence agencies estimate that North Korea has some 88 pounds of plutonium and that about 13 pounds were used in the recent test.

The remaining plutonium is enough for North Korea to make about six bombs.

Device Produced A Small Yield, Maybe Due To Flaw (LAT)

By Greg Miller And Karen Kaplan

The Los Angeles Times, October 10, 2006

WASHINGTON — Shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, U.S. intelligence officials and weapons experts said.

Analysts believe the explosion produced about 3% of the power of the bombs dropped on Hiroshima and Nagasaki more than 60 years ago, raising questions about whether a bigger device malfunctioned, or the regime in Pyongyang was testing only a component of a larger weapon.

The combination of the low strength of the explosion and the failure in July of a missile test over the Sea of Japan is likely to reinforce intelligence assessments that North Korea remains years away from developing a nuclear warhead that could be fitted to a missile and delivered any significant distance, let alone to the shores of the United States.

Still, officials said Monday's test demonstrated that North Korea had crossed a dangerous technological threshold, and they added that the blast served as an experiment from which Pyongyang could garner valuable information it could use to improve its nuclear designs.

"Often you learn as much from a failure as you do a success," said Anthony Cordesman, a former Defense Department official and a military expert at the Center for Strategic and International Studies. "If you have a test, even if it is only partly successful, you've proven not only you can do it but that you're on the way to developing more sophisticated systems."

Cordesman and others said it could be days before U.S. intelligence agencies and independent scientists are able to reach firm conclusions as to the nature of the test. Experts will analyze the seismic signature of the explosion, and attempt to collect atmospheric samples by "sniffer" spy planes.

Estimates of the force of the explosion were based on comparisons of seismic readings taken from monitoring stations in nations surrounding North Korea with seismic measures of past nuclear explosions.

The characteristics of the "seismic pulse" have usually enabled officials to rule out earthquakes or natural phenomena. But officials said the relatively small size of Monday's blast might make it difficult to use seismic data to determine whether the explosion was caused by a nuclear device or conventional explosives. Analysts haven't ruled out that the seismic shock could have been caused by conventional explosives, but a consensus seemed to be forming Monday that a nuclear device had been detonated.

American and foreign intelligence agencies are expected to focus on detecting and measuring telltale radioactive particles in atmospheric samples collected by planes and unmanned aerial vehicles routinely patrolling the coastline of the Korean peninsula.

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The Vienna-based Comprehensive Nuclear Test Ban Treaty Organization, which monitors the globe for possible nuclear activity, said it probably would take about 72 hours to gather all the information necessary to judge whether the seismic event in North Korea was a nuclear explosion.

North Korea claimed that it had completely contained the radioactive fallout from the explosion. But experts were skeptical, saying it would require a level of technical sophistication North Korea was unlikely to possess to prevent the release of any contamination into the atmosphere.

"Sooner or later something escapes," said Daniela Rozgonova, a spokeswoman for the test ban group. "Then we will know for sure."

The test was underground and probably carried out in a horizontal tunnel under a mountain, said David Albright, a former weapons inspector who now directs the Institute for Science and International Security. Unlike vertical tests, which leave a massive crater, he said, horizontal tests leave little external trace.

Experts said that using conventional explosives to create a blast of the magnitude recorded Monday — equivalent to about half a kiloton of TNT — would be difficult to accomplish.

"A kiloton would be 2 million pounds of TNT," said Arthur Lerner-Lam, associate director for seismology and geology at Lamont-Doherty Earth Observatory at Columbia University. "It takes a lot of technology to get all of that to go off at once."

As a result, officials and experts focused on other, more plausible, explanations for the small yield.

Officials said North Korea could have detonated a small device in order to conserve fissile material. American intelligence agencies believe North Korea probably has enough plutonium for about eight nuclear weapons — other estimates suggest it could build between four and 13 weapons — and does not possess any enriched uranium.

Pyongyang also may have been testing a component of a larger system, but experts said such a step would be highly unusual because of its limited experimental value.

As a result, a consensus seemed to be emerging among analysts and experts that North Korea conducted a test of a full-scale device, but one that failed to compress the plutonium fuel at rates capable of producing maximum yield.

"The lower yield could be because of bad luck or bad design," said Michael Levi, a nuclear weapons expert at the Council on Foreign Relations.

"The fizzle of a 15- to 20-kiloton weapon would be about a kiloton or two," added Owen Cote, associate director of the security studies program at the Massachusetts Institute of Technology.

American intelligence agencies have struggled to collect meaningful data on North Korea's nuclear program, and have scant information on Pyongyang's ability to make a warhead small enough to mount on a medium- or long-range missile. North Korea's test in July of a long-range missile ended in failure.

Pakistan's nuclear bomb, built on a Chinese design, can be put atop a ballistic missile, but it is not clear whether these design details were passed on to the North Koreans as part of the proliferation network operated by Pakistani scientist Abdul Qadeer Khan.

Monday's test may not provide any answers because the weight of a nuclear weapon — as opposed to its yield — would not necessarily be detectible from an underground test.

"You could test a device as big as a house," said Gary Samore, who handled nuclear proliferation issues on the Clinton administration's National Security Council. "There is no way to verify that from the seismic activity we'll get."

Low Yield Of Blast Surprises Analysts (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, October 10, 2006

The explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating U.S. intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said.

A variety of seismic readings around the world yesterday appear to have resulted from no more than a half-kiloton explosion, three officials said -- equivalent to 500 tons of TNT and far smaller than the 21- to 23-kiloton plutonium bomb the U.S. military dropped on Nagasaki, Japan, in August 1945.

A senior intelligence official called it a "sub-kiloton" explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise. "For an initial test, a yield of several kilotons has been historically observed," the official said.

A U.S. government official said the North Koreans, in a call to the Chinese shortly before the test was conducted, said it would be four kilotons. The official said it is possible the explosive yield was as low as 200 tons. France and South Korea both issued sub-kiloton estimates, and officials dismissed as inaccurate an early Russian estimate that the blast resulted from a five-to-15-kiloton explosion.

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President Bush said early yesterday that U.S. experts were "working to confirm North Korea's claim." By the end of the day, intelligence officials were still piecing together data and waiting to review intercepted communications that might shed light on what exactly the North Koreans set out to accomplish in the test and how it was conducted.

If confirmed, North Korea's ascension into a growing nuclear club -- joining the United States, Britain, France, Russia, China, India and Pakistan -- would likely have a major impact on efforts to halt the spread of nuclear weapons. (Israel is widely believed to have nuclear weapons, although it apparently has never conducted a test.) It is the only country to walk away from the nuclear Non-Proliferation Treaty and then violate its central tenet -- a commitment to refrain from building nuclear weapons.

Intelligence and administration officials said yesterday they believed North Korea had managed a nuclear test of some sort, but because of the secrecy of the Pyongyang regime and the lack of scientific data, some observers would not eliminate the possibility that the blast was created by conventional explosives.

The relatively small size of the explosion, along with North Korea's public statement that the test did not produce any radioactive leakage, led some to question how well the test had gone. Small amounts of leakage are normal during nuclear tests, though it can take several days for the ventilation to register. One U.S. official said radiation detectors in the region were being monitored for any signs in the air from the nuclear test.

One analyst, who was not authorized to speak publicly about the topic, said North Korea's statement on leakage may have been political, rather than technical: "It could be their way of showing that they are a member of the nuclear club, as advanced, responsible and capable as other states." Another said the statement may have been intended to lessen environmental concerns in neighboring countries.

Intelligence officials were looking at four possibilities to explain the size of the blast, the most likely of which appeared to be that only a fraction of the device's core exploded. If that were the case, the test would still be considered successful, officials said, because some plutonium was exploded. But it may also lead the North Koreans to conduct additional tests to determine what went wrong.

It is also possible, two analysts said, that Pyongyang used less plutonium because it has less stockpiled than U.S. intelligence believed. Considered more unlikely by experts were theories that the North Koreans had succeeded in manufacturing a smaller, more sophisticated nuclear device or that engineers had set out to test the device's design rather than its yield.

"A low yield can be a failure in design or it can be bad luck," said Michael A. Levi, a nuclear expert at the Council on Foreign Relations. "Anything is possible," he said, including simulating a low-yield nuclear explosion by using large quantities of TNT, as the U.S. military had planned to do last summer.

"But you don't hear anyone who thinks it's a conventional [explosives] test," he said.

One senior government nuclear specialist said it is hard to discern a nuclear detonation from a conventional one just by looking at seismic data. "Explosions are explosions," the analyst said. "They push equally out in all directions and that's what you see at a distant seismic station; you just see the explosion force and you can't tell."

To discriminate between the two, intelligence experts also rely on a string of gas and radiation detectors.

The Bush administration had been expecting a nuclear test for months and was briefly relieved after a set of North Korean ballistic missile tests failed in July. Intelligence analysts in the U.S. government think Pyongyang is still years away from being able to marry a nuclear device to an advanced delivery system.

"I don't think we perceive a great threat that North Korea will attack anyone with nuclear weapons," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until 2001. "One of the main threats is that in desperation, it might sell its nuclear assets. Another danger is that eventually the government might collapse into chaos, and then we won't know who is in control of those assets."

Staff writer Peter Baker and staff researcher Julie Tate contributed to this report.

Bomb Fallout Explosion By North Koreans Imperils Nuclear-Control Effort (WSJ)

By Evan Ramstad , Jay Solomon And Gordon Fairclough

The Wall Street Journal, October 10, 2006

U.S. Pushes U.N. Sanctions, Including Military Steps; China to Play Critical Role Blast Smaller Than Expected

North Korea's claim that it successfully exploded a nuclear device signals a major failure of U.S. and Chinese diplomacy and threatens to unravel the international treaty system that has worked to contain the spread of nuclear bombs for nearly 40 years.

The blast, which took place near the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by U.S. pilots over Hiroshima 61 years ago.

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Although the U.S. and its allies already suspected that North Korea had produced a small number of nuclear weapons, a publicly announced test is frightening because it represents such a brazen flouting of the system for controlling the spread of nuclear arms. North Korea's action might encourage other states -- Iran, Japan, Taiwan, or even Saudi Arabia and Egypt -- to go nuclear.

"The biggest threat is not North Korean missiles hitting Hollywood," said Robert Alvarez, a former U.S. Energy Department adviser who worked on shutting down North Korea's nuclear program in the 1990s. "The real risk is the unraveling of the nonproliferation regime. That is not something we should take lightly."

U.S. diplomats are hoping to turn the announcement into a plus for American policy by bringing together nations that have previously hesitated to take a hard line on North Korea -- in particular China and South Korea. U.S. officials want the United Nations to back measures that would effectively cut off North Korea's interaction with the global financial system and its ability to import or export materials for weapons of mass destruction. Washington wants to ratchet up the pressure by having the U.N. authorize military force to back up sanctions. That could include a threat to inspect any vessel leaving or entering North Korea.

While the U.N. Security Council unanimously condemned the reported North Korean nuclear test, it is unclear whether the Security Council is ready to endorse the U.S. ideas -- which are precariously close to declaring war on North Korea. Until now, South Korea and China, which provide much of North Korea's food and energy, have favored negotiations over sanctions. Some Bush administration officials would like to see economic pressures topple the North Korean regime, but that is what China and South Korea -- which share borders with the country -- fear most.

Japan, which has taken the lead in calling for sanctions against North Korea, may now push harder to strengthen its military. "The test opens Pandora's box in Northeast Asia," said Han Seung Soo, a former South Korean ambassador to the U.S. and U.N. and former president of the U.N. General Assembly. "The strategic position of every country just took a dramatic change for the worse."

Another concern is that North Korea, a big exporter of missiles to Iran, Syria and Pakistan, could also sell nuclear weapons to other countries, or use its smuggling networks to provide weapons technologies to al Qaeda and other terrorist groups.

North Korea is the first state to withdraw from the Nuclear Nonproliferation Treaty and then follow up by declaring itself a nuclear power and claiming to test a weapon. Security Council members are also pressing Iran to halt sensitive nuclear activities that could produce fuel for nuclear weapons and were set to discuss possible actions against Tehran this week.

China's position on sanctions will be critical. Beijing fears losing a buffer zone against U.S. troops in South Korea and wants to avoid a North Korean collapse, which could send millions of impoverished refugees fleeing into China. The tradition of close ties between China and North Korea dates to the 1950-53 Korean War when China fought on North Korea's side against U.S.-led U.N. forces.

China's Foreign Ministry condemned the North Korean test but also called for a "peaceful resolution through consultation and dialogue" and said the response should be "cool-headed."

Some Chinese analysts said Beijing may be ready to take a tougher line against Pyongyang in the wake of the failure of six-party talks spearheaded by Beijing. The talks bringing together the two Koreas, the U.S., China, Japan and Russia have been held off and on since 2003.

"Chinese leaders have lost all hope in North Korea," said Chu Shulong, a professor at Tsinghua University in Beijing. "The soft approach didn't work, so they have to take a harder stance." Mr. Chu said China may back U.N. sanctions and could cut off its exports of oil, electricity and fertilizer to North Korea, although it would probably continue sending food and medicine on humanitarian grounds. In July, China voted in favor of limited sanctions after North Korea test-fired a long-range missile and six military rockets into the waters between the Korean peninsula and Japan.

China had set itself up as a mediator to work for a nuclear-free Korean peninsula, reflecting its ambitions in global diplomacy. Chinese leaders took great pride in the six-party talks, which were hosted in Beijing, the only place where North Korean negotiators felt comfortable.

Mei Renyi, director of the U.S. Studies Center of Beijing Foreign Studies University, said North Korea's announcement puts China in a difficult spot because it took a "leadership position" in the talks. "For a long time, all the countries in the Asia-Pacific region tolerated North Korea's nuclear threat, but its nuclear test today puts it in total isolation," he said.

For the Bush administration, the claim of a nuclear test represents a failure for its goal of blocking the spread of weapons of mass destruction. For more than five years, the Bush administration has been split internally over how to handle North Korea. Betraying that lack of consensus, it has engaged in off-and-on multilateral negotiations with Pyongyang while pursuing limited pressure tactics aimed at discomfiting the regime there. The approach delivered neither a diplomatic breakthrough nor a breakdown of the regime of North Korean leader Kim Jong Il, as advocated by U.S. hard-liners.

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President Bush condemns12 early reports of North Korea's nuclear testing, calling such testing is "a threat to international peace and security." Plus, reporter Gordon Fairclough discusses13 the announcement and senior special writer John Harwood explains14 the global implications for the North Korea's nuclear testing. FROM THE AP

John Bolton, ambassador to the U.N.,15 discusses the U.N. Security Council's immediate response to North Korea's actions.

The North Korean announcement likely has more symbolic than military value. North Korea already possesses a strong deterrent against military attacks through its arsenal of rockets and missiles aimed at the South Korean capital of Seoul, a city of 10 million just 30 miles from the Korean border.

Global markets yesterday largely ignored North Korea's announcement. U.S. and Japanese stocks were virtually unchanged, although South Korea's benchmark stock-market index closed down 2.4%.

North Korea's test device exploded with a force of 550 tons of TNT, according to an estimate by South Korean geologists. That is 200 times the size of the truck bomb that destroyed the federal building in Oklahoma City in 1995. Even if it is proved that North Korea tested a nuclear device and not conventional explosives, analysts say North Korea still probably has some more work to create a functioning nuclear weapon.

U.S. officials said they are trying to ascertain what was tested. The blast "was far smaller than most people would have predicted," a U.S. official said yesterday. Nonetheless, he said, "we have to take what the North Koreans say at face value."

During a midday television news program broadcast in North Korea yesterday, an anchorwoman read the official announcement with a smile. "The nuclear test was conducted with indigenous wisdom and technology, 100%," she declared.

North Korea's weakening economic position may have driven its decision to go ahead with the test. It is chronically short of food. Washington has also tried to limit North Korea's ability to use the international banking system. Mr. Kim may have concluded that a nuclear test will give North Korea the bargaining chip it needs to loosen the straitjacket tightening around it. It is the logic of an extortionist, but it has served North Korea well in the past.

"The tests are clearly in response to the financial sanctions and their comprehensive nature," said Selig Harrison, a Washington-based academic who met with senior North Korean officials in Pyongyang last month. "They see sanctions as moves toward forcing regime change." International aid organizations note that North Korea's food production has been reduced this year by extensive flooding that hit districts around Pyongyang.

Members of the World Food Program, the U.N. food aid agency, say they are seriously constrained in their ability to meet the food needs of more than six million vulnerable North Koreans. The WFP could largely run out of funds for North Korea early next year without more donations from member countries. The U.S. and Japan virtually stopped food aid in 2003, although South Korea and China have been providing significant assistance. "The public distribution system is under extraordinary stress," John Powell, a WFP deputy executive director, said in an interview late last month.

For years, North Korean leaders have believed their future hinges on reaching some type of accommodation with the U.S. After South Korea's economic and military strength surpassed the North's in the late 1970s, the North's longtime leader, Kim Il Sung, decided the country needed nuclear-weapons capability. He chose the small city of Yongbyon, 60 miles north of Pyongyang, for a nuclear-power plant in 1980.

North Korea signed the Nuclear Nonproliferation Treaty in 1985 but pulled out in 1993 as suspicions grew that the Yongbyon plant was part of a weapons program. The next year, North Korea agreed with the U.S. to close the Yongbyon reactor and store its spent fuel. In return, the U.S. promised to help build two nuclear reactors and move toward normalizing relations with the North. In October 2000, then-Secretary of State Madeleine Albright visited Pyongyang and met with Mr. Kim, raising hopes for a further thaw.

Mr. Bush, however, has a deep personal dislike for Mr. Kim and his government, aides say. At a summit meeting last year, he lectured South Korean President Roh Moo Hyun over Seoul's willingness to engage with Pyongyang despite human-rights abuses in the North, diplomats say.

In his 2002 State of the Union address, Mr. Bush branded North Korea as part of an "axis of evil" along with Iraq and Iran. Relations rapidly soured as North Korea lifted the freeze on its nuclear program, reopened Yongbyon and reprocessed its spent fuel.

That was the latest threat to the international community's effort to contain the spread of nuclear weapons. The principal vehicle has been the nonproliferation treaty, which was concluded in 1968. While allowing five nations -- the U.S., Britain, France, Russia and China -- to have nuclear weapons, the treaty requires all other signatories to forswear them. Under the treaty, nations such as South Africa and Belarus have unilaterally dismantled their weapons programs.

In recent years nonsignatory countries, including Pakistan, India and Israel, have developed weapons systems independently, weakening the treaty. Meanwhile Iran has challenged the treaty's efficacy by carrying out a nuclear program that

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it says is for peaceful purposes but that Western nations believe is aimed at producing a weapon. A separate agreement, the Comprehensive Nuclear Test Ban Treaty, forbids nuclear tests but the U.S. hasn't signed it.

In September 2005, the six-party talks on North Korea produced a tentative agreement for the North to abandon its nuclear-weapons pursuit in exchange for economic and energy assistance from the five countries. At nearly the same time, the U.S. threatened penalties against a bank in Macau, China, suspected of helping the North engage in money laundering. About $24 million in North Korean money has been frozen in the bank while local authorities investigate, and U.S. officials believe some of the money may be Kim Jong Il's own.

North Korea then abandoned the September agreement and pulled out of the six-party talks. It insisted instead on two-way negotiations with the U.S., a proposal Washington rejects.

Some counterterrorism experts in Washington believe the threat of North Korean weapons proliferation is so acute that Washington should consider a virtual cordon sanitaire of North Korea.

"We'll have to do challenging inspections," says David Asher, who until last year helped lead a State Department effort to curb Pyongyang's illicit business. "We're trying to stop their transnational criminal activities. But they haven't stopped. We're going to have to be extremely good at what we do."

--Andrew Browne in Beijing and Bill Spindle in Tehran contributed to this article.

Blast May Be Only A Partial Success, Experts Say (NYT)

By William J. Broad And Mark Mazzetti

The New York Times, October 10, 2006

The North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday.

Throughout history, the first detonations of aspiring nuclear powers have tended to pack the destructive power of 10,000 to 60,000 tons — 10 to 60 kilotons — of conventional high explosives.

But the strength of the North Korean test appears to have been a small fraction of that: around a kiloton or less, according to scientists monitoring the global arrays of seismometers that detect faint trembles in the earth from distant blasts.

“It’s pretty remarkable that such a small explosion was promptly apparent on seismometers all over the world,” said Paul Richards, a seismologist at Columbia University’s Lamont-Doherty Earth Observatory in Palisades, N.Y. “The detection of this was really good. You can’t hide these kinds of things, even very small tests.”

A senior Bush administration official said he had learned through Asian contacts that the North Koreans had expected the detonation to have a force of about four kilotons. Because classified information was involved and there was lingering uncertainty, he would not let his name be used.

Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapons design center in California, said the small size of the test signaled the possibility of what might be described as a partial success or a partial failure.

“As first tests go, this is smaller and less successful than those of the other nuclear powers,” he said.

Perhaps the North Koreans wanted to keep it small, he added. “But if it turns out to be a kiloton or less,” Dr. Coyle said, “that would suggest that they hoped for more than that and didn’t get it.”

The United States Geological Survey said it had detected a tremor on the Korean Peninsula of 4.2 magnitude, which translates into an explosive force of roughly 1,000 tons. The agency listed 20 seismic stations as having initially picked up the blast’s shockwave, including nearby ones in China, Japan and South Korea as well as distant ones in Ukraine, Australia, Nevada and Wyoming.

The Russian defense minister, Sergei B. Ivanov, told the Itar-Tass news agency that the Russian government believed the strength of the blast to have been 5 to 15 kilotons. The basis for his claim was not immediately clear.

In Washington, intelligence officials said they were still in the early stages of evaluating the North Korean blast. But one said analysts had estimated its force at less than a kiloton.

“We have assessed that the explosion in North Korea was a sub-kiloton explosion,” said the intelligence official, who, like others, spoke on condition of anonymity because they were discussing classified information.

It will probably take several days to determine with confidence if the explosion was in fact nuclear, the official said. He added that so far, sensors had not detected radiation leaking from the blast site. But federal and private experts said it seemed unlikely that the North Koreans had faked an underground nuclear blast with a large pile of conventional high explosives.

First, they said, the political risks involved would seem disproportionate. More important, federal and private analysts said, the United States has long had spy satellites observing the North Korean site and appears to have found no signs of chemical explosives being unloaded.

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"It's difficult to fake it when you know people are looking down on you," said Dr. Richards of Columbia. "The execution of a chemical explosion would be hard to hide."

Dr. Coyle, the former director of nuclear testing at Livermore, said small tests were more likely to leak radioactivity than large ones, because the intense heat and gigantic shock waves of bigger blasts tended to melt and pulverize nearby rock into impregnable barriers.

Experts said the United States, Japan and the Comprehensive Nuclear Test Ban Treaty Organization had equipment that could sniff the air and water around North Korea for signs of radioactivity.

The South Koreans estimated the seismic magnitude of the blast at roughly 3.6. William Leith, the coordinator of seismic monitoring at the United States Geological Survey, said the South Korean method was different from and not comparable with the American technique. He added that the American estimate of 4.2 was unlikely to change.

In Vienna, the Comprehensive Nuclear Test Ban Treaty Organization estimated the blast's magnitude at 4.0, which is within the error margin of the American estimate.

An American intelligence official said the blast had shaken a North Korean site that the nation's spy agencies had long monitored — the flank of a mountain not far from the northeastern coast.

The small size of the explosion, he said, "tells you they have a lot of work to do in terms of weaponizing what they've got." He added, "If the lower-yield estimates are valid, then it's not a militarized system, but also not something a terrorist would reject."

North Korea's Nuclear Claim May Help U.S. Efforts On Iran (WSJ)

By Neil King Jr. And Bill Spindle

The Wall Street Journal, October 10, 2006

While a clear setback in itself, North Korea's claim of conducting an underground nuclear test could present the Bush administration with much-needed leverage on another challenge: Iran.

For months, Tehran has rejected international requests to enter discussions on its nuclear program -- which it insists is for peaceful purposes -- and has declined to suspend nuclear enrichment before even beginning such talks. Pyongyang's claims of a test Sunday also place it at odds with many in the international community.

Administration officials say they hope North Korea's action will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions.

By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development.

U.S. officials say the key barometer in coming days will be how China responds to Pyongyang's action. Following the announcement, the Chinese Foreign Ministry called the test "brazen," a term Chinese diplomats say was meant to show the depths of Beijing's anger. Yet the official Chinese news agency Xinhua said Chinese President Hu Jintao told Mr. Bush that all countries should "avoid actions that may lead to escalation."

China hasn't made clear what measures it may support within the United Nations. U.S. officials hope that Chinese resolve in backing U.N. action on North Korea will bolster the chances for imposing similar measures on Iran.

"All eyes are on China -- and then Russia," a U.S. State Department official said.

The international struggle over both Iran's and North Korea's nuclear programs have reached the U.N. Security Council at the same time -- a collision of contrasting diplomatic efforts that the U.S. hopes to use to its advantage.

Germany along with the council's five permanent members -- the U.S., Britain, France, China and Russia -- decided last week to take up a sanctions resolution on Iran after Tehran turned down an incentives package and refused to give up its enrichment work.

North Korea last year also broke off international talks and turned down various incentives to give up its nuclear program.

The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran.

The cases of North Korea and Iran differ in many ways, as do China's interests in both countries. China long has been a close North Korean ally and economic lifeline. As a neighbor, Beijing fears the chaos of an economic collapse in North Korea at least as much as Pyongyang's new nuclear status. In Iran, China's interests are more sharply focused, since Tehran is China's largest single supplier of oil, accounting for nearly 18% of its oil imports.

The Security Council yesterday began to consider a sanctions package on North Korea that U.S. officials said would seek to block imports of nuclear and weapons technology and restrict a range of financial transactions. The proposed restrictions are very similar to ones the U.S. would like to see incorporated in a first Iran sanctions package.

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With North Korea, the Bush administration is going to have to overcome deep concerns in China and South Korea that punitive measures will stir instability in the impoverished and isolated country.

The issues couldn't be more different in the case of Iran. All members of the Security Council except the U.S. have substantial trade and financial ties with Iran, which is one reason why they have had trouble agreeing on sanctions that would put pressure on Tehran. Sanctions that would really sting, such as blocking oil exports or substantial imports of gasoline, aren't being discussed.

Most experts believe Iran is several years away from mastering the technology needed to build a nuclear weapon.

Experts and officials inside Iran argue that Iran's leadership has become more determined not to accede to international demands, which they argue are driven by the U.S. "One of the places we have [internal] differences over is how to deal with the West, but those differences are fading," said Kazem Jalali, an Iranian legislator involved in foreign policy.

Iranian state radio responded to the incident by blaming it on the U.S., saying that North Korea was simply responding to the continued pressure of U.S. sanctions. "North Korea's nuclear test was a reaction to America's threats and humiliation," it said. U.S. officials insisted the tricky diplomacy involved in forging an agreement on a North Korea resolution shouldn't delay work on an Iranian package, which is expected to begin at the end of the week.

Experts: N. Korea Test May Embolden Iran (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 10, 2006

North Korea's claim to have tested an atomic bomb could embolden Iran as it defies the U.N. Security Council and the United States over its own nuclear program, analysts said Monday.

For months, Iran has been under close scrutiny by the United States and Washington's allies, who claim the country is secretly developing nuclear weapons. Tehran insists its program is solely for generating electricity.

The world's attention turned abruptly from Iran to North Korea on Monday when the isolated communist nation announced it had set off an underground nuclear blast.

The announcement was met with a barrage of global condemnation, with President Bush saying it posed a threat to global peace and security. China, a longtime North Korea supporter, also strongly condemned the act.

How the Security Council reacts to North Korea will be watched "very carefully" in Tehran, said Robert Einhorn, a former U.S. assistant secretary of state for nonproliferation and a senior adviser at the Center for Strategic and International Studies in Washington.

"If the U.S. can't build consensus for a tough reaction to North Korea, Iran may see that it can go down the nuclear path with impunity," Einhorn said.

The international community's determination to confront Iran also may be diminished because the U.N. Security Council will be preoccupied with a new crisis, said Ray Takeyh, a senior fellow at the Council on Foreign Relations in Washington.

Hamid Reza Shokouhi, a political writer at the moderate Mardomsalari (Democracy) daily newspaper in Iran, said North Korea's reported test reduces pressure on Iran.

"The test doesn't mean Iran will pursue a similar path because Iran is not after a bomb, but will help Iran to buy time and pursue its program as the world concentrates on North Korea," he said.

Iranian President Mahmoud Ahmadinejad has repeatedly rejected Western calls to halt uranium enrichment, brushing aside an Aug. 31 Security Council deadline to stop enrichment or face possible sanctions.

But international sanctions against Iran have never been a sure bet, even after Tehran rebuffed the Security Council resolution. Strategic and political partnerships have pitted Washington and Britain calling for punitive measures on one side, and Russia and China urging negotiations on the other.

The Security Council was scheduled to discuss possible sanctions against Tehran this week.

Iran, meanwhile, has used the deadlock to continue its vocal confrontation with the United States and beef up its argument that under the Nuclear Nonproliferation Treaty, it has the right to have nuclear technology.

Elias Hanna, a former general of the Lebanese army and a military expert, said the North Korean test gives Iran further ammunition to go forward with its plans regardless if they are peaceful or not.

"The Iranians have the intention to go on with the program until the end. In Iran, the nuclear program is related to the nation's dignity, the continuation of the regime and the future Iranian role in the region," Hanna said.

Iran was not among the nations calling for harsh sanctions against North Korea on Monday, instead urging the U.N. not to punish Pyongyang and blaming the test on U.S. policies.

"Not only did the United States not lift the sanctions it had imposed on North Korea, it even increased the diplomatic pressure. Such pressure finally led North Korea to conduct its nuclear test," Iran's state-run radio said in a commentary.

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"North Korea's nuclear test was a reaction to America's threats and humiliation," it said.

British Prime Minister Tony Blair's spokesman declined to speculate on whether the North Korean test made resolving the standoff over Iran's nuclear program a more pressing concern, saying the "process on Iran will continue."

Einhorn said North Korea's reported test may defer Security Council talks on Iran for "days, even weeks," but that it will become the subject of intense talks again soon.

But reaching a consensus on Iran may take longer than on North Korea, he said.

"It looks like it will be somewhat easier to get consensus on North Korea because the Chinese are somewhat furious at this stage," Einhorn said.

Iran Warns Of Retaliation If Sanctions Imposed (AFP)

By Farhad Pouladi

AFP, October 10, 2006

President Mahmoud Ahmadinejad has vowed to impose retaliatory sanctions on world powers if the UN Security Council carries out threats to penalise Iran over its nuclear programme.

The warning came amid an intensifying global uproar Monday over North Korea's announcement of its first test of a nuclear weapon, a move which prompted Iran to declare it wanted a world free of atomic arms.

Ahmadinejad did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff.

"We will also impose sanctions on them," Ahmadinejad told reporters late Sunday in response to a question about a decision by the five Security Council permanent members plus Germany to discuss the prospect of sanctions.

"In the past 27 years they have always threatened us with sanctions and during this time they did everything they could," he said according to the student ISNA and semi-official ILNA news agencies.

"They do their thing and in return we will do ours."

Oil prices again spiked above 60 dollars a barrel in London trade as market players expressed fears the nuclear weapon test by North Korea might stiffen Iran's resolve in its standoff with the West.

Tehran, which is refusing to heed Western demands it suspend uranium enrichment, insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking nuclear weapons.

Iran's foreign ministry spokesman called for negotiations after the North Korean nuclear test but stopped short of issuing an explicit condemnation of Pyongyang's actions.

"Iran's position is clear and Iran on principle believes in a world free of nuclear weapons," Mohammad Ali Hosseini was quoted as saying by a state television anchor.

"Iran is hopeful that negotiations on North Korea's nuclear activities can go ahead in the interest of both North Korea and the international community," he added.

In a meeting late on Friday, representatives from Britain, China, Germany France, Russia and the United States agreed to discuss sanctions against Iran after it refused to heed a new deadline to halt uranium enrichment.

Considerable momentum towards drafting a sanctions resolution as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough.

But it remains to be seen whether this can be maintained amid the growing uproar over the announcement by North Korea early Monday it had conducted its first test of a nuclear weapon.

The UN Security Council was expected to hold an emergency meeting later Monday to weigh how to respond to North Korea's test, which came in brazen defiance of a previous UN resolution.

Such moves could take up precious time that was to be devoted to the Iranian nuclear issue and further stave off the threat of UN action.

It also remains unclear whether Russia and China will support sanctions measures proposed by the United States and its chief ally Britain. Moscow and Beijing have always insisted on a diplomatic solution to the crisis.

The question of Iran's right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

US Secretary of State Condoleezza Rice, who attended the London meeting, has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

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Republicans Stand To Profit From Nuclear Test 'fear Factor' (FT)

By Edward Luce

Financial Times, October 10, 2006

Within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects.

"This reckless move by North Korea highlights the importance of a US missile defence shield capable of protecting America against madmen with weapons of mass destruction," said Mr Boehner. "It is time for the Democrats . . . to abandon their long-standing policy of voting against missile defence programmes. It is now clear that such a position would put Americans in danger."

Republicans almost always benefit from any rise in the "fear factor" among voters in the US. However, Monday's move by Pyongyang could cut both ways. "Democrats can point to the zero progress that George Bush has made on the 'Axis of Evil' states since he identified them almost five years ago," said Bob Einhorn, who was a senior official in the Clinton administration dealing with North Korea in the late 1990s. "Iraq is a fiasco, Iran is close to getting nuclear weapons, and North Korea already has them."

On Monday the US president was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate. In a statement condemning North Korea's "provocative action", Mr Bush hinted strongly that the US would take military action if it found evidence that Pyongyang was selling nuclear material or technology to terrorist groups or to other nation states.

Republican prospects have declined in the past two weeks following a scandal over a lawmaker's suggestive e-mails to teenage interns on Capitol Hill. The scandal, which has prompted calls for Mr Hastert's resignation as speaker, followed a revival in Republican fortunes in September that was linked to the "war on terror" after a series of speeches by Mr Bush around the fifth anniversary of the September 11 attacks.

Mr Bush's own approval ratings also rose in September in part because of public sympathy for the US president following attacks on him at the United Nations in New York by Presidents Hugo Chávez of Venezuela and Mahmoud Ahmadi-Nejad of Iran. There was also a rising focus on the Democratic party's divisions over the war in Iraq, with some party leaders calling for immediate withdrawal and others for a better military strategy on the ground.

Monday's tests could help the Republicans regain control of the news agenda. "Our message has been blown off course in the last few weeks," said Saul Anuzis, head of the Republicans in Michigan, one of the key battleground states. "To the extent this focuses people's minds on the dangers America faces it will help Republicans."

However, North Korea inhabits a far smaller space in the American mindset than Iran, in part because – unlike Tehran – Pyongyang poses no direct threat to Israel or to the increasingly combustible situation in Iraq. In addition, the Bush administration has come under attack from moderate Republicans for its reluctance to hold direct talks with either Iran or North Korea.

"The best thing both parties could do is issue a joint resolution condemning North Korea," said Michael Green, a former senior Bush official now at the Centre for Strategic International Studies. "North Korea misinterprets domestic criticism of Mr Bush as weakness. They do not understand our political system."

Republicans Point To Pyongyang In Bid To Garner Voter Support (WSJ)

By John D. McKinnon

The Wall Street Journal, October 10, 2006

WASHINGTON -- North Korea's claim of a successful underground nuclear test reverberated through U.S. politics, diverting attention from congressional scandals that have hurt Republicans' election chances.

Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security.

Republicans used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that "this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations." The national Republican Senate campaign issued a statement saying Mr. Casey has been endorsed by liberal foreign-policy groups and that he would oppose a national missile-defense system.

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Democrats said President Bush's hard-line policy on North Korea and on global threats more broadly has failed. In a statement, party chairman Howard Dean said the North Korean announcement was "further evidence that President Bush has taken his eye off the ball, allowing a member of the so-called 'axis of evil' to allegedly test a nuclear weapon."

Democrats also suggested the Bush administration has paid insufficient attention to the North Korean threat while spending most of its time on Iraq and Iran. Some said Mr. Bush exacerbated the North Korean problem through his policy of refusing to negotiate with its leaders directly.

Republican strategists say that if the party's candidates can get voters to focus on terrorism and national security above all else, they will gain a significant advantage. Indeed, recent polls show that, of all the issues, national security is the one that breaks the most often in Republicans' favor. In a Wall Street Journal/NBC News poll in September, voters said they preferred Republicans over Democrats in handling the war on terrorism, by 38% to 24%. But their margin slipped substantially during 2005, and while it has climbed in recent weeks, the party hasn't recovered to 2004 levels. An ABC News/Washington Post poll yesterday found Republicans further behind in the congressional race this close to Election Day than they have been for 20 years.

To be sure, polls indicate the war in Iraq remains a bigger concern for most voters than the global war against terrorism.

Still, in the hours after North Korea's announcement, most foreign-policy experts said the incident likely would give Republicans at least a short-term boost -- and not just by changing the subject from the House leadership's responses to the Mark Foley scandal. They said a test of a North Korean nuclear weapon -- which would be the first since 1998, when India and Pakistan both set off bombs -- also underscores the danger of nuclear proliferation among groups and nations hostile to the U.S. North Korea already is an exporter of missile technology to governments unfriendly to the U.S.

"The reaction quite broadly will be validation...of North Korea as a substantial threat," said Michael Levi, a fellow at the Council on Foreign Relations. "The big picture for Democrats is that this takes away attention from...the congressional scandals" where they had scored heavy political damage. By contrast, it will be difficult for Democrats to get much attention for their criticisms "because no one wants to hear anything but condemnation of [North Korean leader] Kim Jong Il."

But others played down the effect. "We now have evidence that the wildest and craziest regime in the world has working nuclear weapons," said Richard Betts, director of Columbia University's Saltzman Institute of War and Peace Studies. But, Mr. Betts added, "It's not a shocker -- we've known this could happen anytime."

In fact, the U.S. stock market shrugged off the news. The Dow Jones Industrial Average edged up 7.60 points to finish yesterday's session at 11857.81.

History has shown that a late-breaking national-security development -- the so-called October Surprise -- can affect U.S. elections. Al Qaeda circulated a videotape of Osama bin Laden just before the 2004 election in which the terrorist leader mocked Mr. Bush and warned American voters to stop electing candidates who harm Muslims, or risk another attack like 9/11. But the tape appeared to solidify voter support for Mr. Bush.

Bush: World Leaders United Over N. Korea (AP-Y)

By Deb Riechmann

AP-Yahoo, October 10, 2006

Facing the prospect of a nuclear-armed North Korea, President Bush on Monday called the communist regime's claim of a nuclear test a provocative act and warned Pyongyang against exporting nuclear materials.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said.

Other world leaders joined Bush in calling for an immediate and harsh rebuke from the United Nations against North Korean leader Kim Jong Il, who wants to join the club of nuclear-armed nations.

Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed.

The president called the leaders of South Korea, Russia, Japan and China, and he said they all reaffirmed a commitment to a nuclear-free Korean peninsula. At the United Nations, the U.S. proposed stringent sanctions, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

While concerned that North Korea could use a nuclear weapon offensively, the United States is equally worried about it selling nuclear materials or weapons to others. North Korea is believed to have enough plutonium for as few as four and as many as a dozen nuclear bombs.

Bush said that North Korea already is one of the world's leading proliferators of missile technology, including transfers to Iran and Syria.

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"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Bush said in a brief statement in the diplomatic reception room at the White House. "And we would hold North Korea fully accountable for the consequences of such action."

North Korea has been a major security problem for successive U.S. administrations. In 2002 the Bush administration accused the North of reneging on a 1994 nuclear freeze agreement by secretly undertaking a uranium enrichment program. That agreement became inoperative, and in the ensuing months, a defiant North Korea withdrew from the Nuclear Non-Proliferation treaty and ended the nuclear freeze.

In 2003, the United States joined with China, South Korea, Japan and Russia in an effort to negotiate the dismantlement of North Korea's nuclear weapons program in exchange for economic concessions. There have been no negotiations since November 2005 because of what Pyongyang describes as hostile U.S. policies.

Assistant Secretary of State Christopher Hill said a tough U.N. resolution would help protect the United States from the potential spread of nuclear technology and make it harder for North Korea to get the finances needed to fund a nuclear program.

"What the North Koreans have in mind is that if they go ahead and test, we may be angry now but at some point we'll get over it and we'll deal with them as a nuclear weapons state," Hill, the chief U.S. envoy to the North Korea nuclear talks, said in an Associated Press Television interview. "We're not going to deal with them as a nuclear weapons state. I don't think China will deal with them. I don't think any of their neighbors will deal with them."

Democrats condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions.

Senate Minority Leader Harry Reid, D-Nev, said the Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue.

Rep. Edward Markey, D-Mass., co-chairman of the House Bipartisan Task Force on Nonproliferation, said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically. "The Bush administration has spent six years without a coherent North Korea policy, leaving the United States rudderless in the face of Pyongyang's brinkmanship," he said.

Senate Majority Whip Mitch McConnell, R-Ky., said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea.

"The Democrats need to take a deep breath and realize that this is not about the election, and that Americans don't want anyone playing partisan politics with the threat of nuclear weapons. Rather than attack the president, we ought to be coming together to support his efforts to protect America," he said.

The United States has not yet confirmed the test.

"We're leaving it to the scientists," White House press secretary Tony Snow said Monday. "It could take as much as a couple of days. The scientists are still going through all of it."

One U.S. official, who spoke on condition of anonymity because of the politically sensitive situation with North Korea, said the working assumption among government experts is that, more likely than not, it was a nuclear test. However, various government agencies were still evaluating the data, the official said.

The official said it can't yet be ruled out that conventional explosives could have caused a seismic event of this size. It could also be that the test — or even one stage of it — failed. In addition, the official said, if the test was conducted in a particularly cavernous area, the shockwave could have been muffled.

Bush Seeks Action From U.N., 6 Parties (WT)

By Joseph Curl

The Washington Times, October 10, 2006

President Bush yesterday called for an "immediate response" from the United Nations Security Council to North Korea's assertion that it had tested a nuclear weapon, as Senate Democrats demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il.

The White House rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea.

"There's strength in numbers," White House spokesman Tony Snow said.

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Using carefully crafted diplomatic language, the president said in a brief statement yesterday morning that he spoke with the leaders of China, South Korea, Russia and Japan and that all agreed "that the proclaimed actions taken by North Korea are unacceptable."

Mr. Bush stopped short of threatening a direct U.S. response, instead saying "the United States remains committed to diplomacy."

"The United States condemns this provocative act. Once again, North Korea has defied the will of the international community, and the international community will respond," he said.

He said the United States and its allies will keep all options open.

"I reaffirmed to our allies in the region, including South Korea and Japan, that the United States will meet the full range of our deterrent and security commitments," he said.

Mr. Bush did not confirm that the North Korean test was nuclear, and early reports suggested that the blast may have been a failed nuclear test. "Nonetheless, such a claim itself constitutes a threat to international peace and security," he said.

In New York, John R. Bolton, the U.S. ambassador to the United Nations, said the United States would move quickly to seek a Security Council resolution condemning and possibly sanctioning North Korea.

"We've been working very, very closely with the government of Japan on this," Mr. Bolton said. "We're looking, as the president said in his comments, for very swift action by the Security Council."

Congressional Democrats, meanwhile, sought political advantage from the reported nuclear test.

"On North Korea, as in other national security policies, the Bush administration and the Republican-controlled Congress have made America less secure," said Senate Minority Leader Harry Reid, Nevada Democrat. "Now the White House must rally the international community and must directly speak with the North Koreans so they understand we will not continue to stand on the sidelines."

Sen. Joseph R. Biden Jr., Delaware Democrat, said: "We need a strategy that convinces the North to stop making bombs and put all of its fissile material under international monitoring. I believe that strategy must include direct engagement with the North."

Sen. John Kerry, Massachusetts Democrat, said, "Weapons of mass destruction pointed at our allies and strategic partners represents a shocking failure of President Bush's security policy, and a threat to the interests of peace and stability in the world."

House Majority Leader John A. Boehner, Ohio Republican, backed Mr. Bush. "It is critical that we support President Bush and our diplomats as they work with other members of the international community to demand North Korea's immediate disarmament," he said.

The reported test brings full circle the president's charge in his 2002 State of the Union address when he labeled Iraq, Iran and North Korea an "axis of evil."

Mr. Snow said the White House has been considering a "menu" of punitive sanctions for several weeks, but he did not indicate what action would be taken.

Earlier yesterday, he said the North Koreans alerted the Chinese about the test. The Chinese then notified the U.S. Embassy in Beijing, which passed the word to other U.S. officials.

Down, But Flush With Cash (NYT)

By John M. Broder

The New York Times, October 10, 2006

With only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security.

But the footing for Republican incumbents is still treacherous. Details emerge every day in the scandal surrounding Mark Foley's sexually explicit messages to teenage House pages and the Republican House leadership's handling of the matter. Political handicappers say the number of competitive races is expanding, with virtually all of the movement favorable to Democrats. At least 40 Republican-held House seats are considered competitive, with Democrats needing to win 15 to take control.

Republicans are fighting back with their most potent remaining weapon: money. The National Republican Congressional Committee spent $7.8 million last Friday alone on behalf of endangered incumbents. The committee reported spending an additional $300,000 on Monday. The Democratic Congressional Campaign Committee spent $700,000 on Friday and over the weekend, according to finance reports.

North Korea And The Bomb (NYT)

DOJ_NMG_0077183

The New York Times, October 10, 2006

Let us all agree: North Korea's government is too erratic, too brutal, and too willing to sell what it has built to have a nuclear bomb. There is also no military solution, not least because intelligence experts haven't a clue where Pyongyang has hidden its weapons labs or its stock of plutonium.

So after years of temporizing and denial, the world's leaders need to figure out how to force this terrible genie back into the bottle. It is a truism that no country that has tested a nuclear weapon has ever been pressured or cajoled into giving it up. But neither has any nuclear postulant been as vulnerable to outside pressure and bribery as this regime.

The Bush administration seems to want to impose limited sanctions on North Korea — and inspections of all cargo going into and out of the country — until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind — while key players like China won't sign on to never-ending punishments.

We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors.

In practice, the North Koreans are likely to back down only if China chokes off their oil supply and other essential trade. Until now Beijing has refused to use its enormous leverage, fearing that too much pressure could topple the North Korean government and unleash a mass of refugees over its border. When told they were enabling their neighbor's nuclear ambitions, Chinese diplomats blithely insisted that the North was likely bluffing about having a weapon. Now, Washington, Tokyo, Moscow and others have to make clear that China will be judged by its willingness to confront this problem.

The Security Council must also make clear that it is still demanding the complete dismantlement of Pyongyang's nuclear weapons program. For that, negotiations are the only hope. It is impossible to know whether North Korea will give up its weapons at any price. But it has never been tested — mainly because the Bush administration has not made the sort of serious offer, including security guarantees, that might make a bargain worthwhile.

The administration has indulged in its own denial and temporizing. Last year, Secretary of State Condoleezza Rice dismissed the North's declaration that it had nuclear weapons as a bid for attention. "I do think the North Koreans have been, frankly, a little bit disappointed that people are not jumping up and down and running around with their hair on fire," she told The Wall Street Journal.

Since then, United States policy has whipsawed between negotiations and posturing, incentives and sanctions. It has been months since negotiators even sat down at the table. Administration hawks suggested last week that perhaps the best thing would be for the North to test, so the world would know exactly what it was dealing with. The hawks appear to have gotten their way. So why don't we feel safer?

North Korea's Nukes (WSJ)

The Wall Street Journal, October 10, 2006

With great danger comes great clarity. By ordering his country's first-ever nuclear weapons test, Kim Jong Il lay bare this generation's greatest challenge: How far will the world go to impose order on rogue states intent on acquiring weapons of mass destruction?

History offers cold comfort. Only nine nations in the post-Soviet era possess nuclear weapons, but many more, including Tehran's mullahs, are seeking them. The U.S. and other responsible democracies have persuaded a few nations -- Ukraine, South Africa, Libya -- to disarm or abandon their weapons programs. In our globalized world, however, WMD proliferation is a potent threat, as proven by Pakistan's former nuclear-secrets merchant, A.Q. Khan.

Pyongyang, like Iran today, never hid its ambitions. For over a decade, the North has built up the world's fourth-largest military, threatened its neighbors and engaged in drug dealing, counterfeiting and WMD proliferation -- with little rebuke. At one point, the Hermit Kingdom threatened to turn Seoul into a "sea of fire." In 2002, Pyongyang announced it had nuclear weapons.

The world rolled over. After signing on to the nonproliferation treaty in 1985, Pyongyang later admitted to hiding additional nuclear reactors. China and South Korea continued to trade with the regime. In 1998 after North Korea lobbed a missile over Japan, the Clinton Administration agreed to food aid, and South Korea's then-President Kim Dae Jung began a policy of appeasement. After July's missile launches, the United Nations passed a resolution with limited sanctions.

South Korea shoulders much of the blame. By sticking to its "sunshine policy," Seoul undermined every diplomatic effort to exert nonviolent pressure on the North. Two-way trade between North and South Korea passed $1 billion last year, according to the U.S. State Department, a huge chunk of the North's total income. By tolerating Pyongyang's proliferation ambitions, President Roh Moo Hyun and his foreign minister, Ban Ki Moon, have allowed the current crisis to explode on its doorstep.

China, the North's largest trading partner, shares responsibility for this crisis. Fearing a torrent of refugees over its northeastern border -- and opposed to the idea of a strong, unified democratic Korean peninsula -- Beijing has provided 80% to

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90% of the North's energy needs, plus critical food aid. Beijing likes to say in public that it doesn't have much leverage over the North. Privately, Chinese officials admit that they're not powerless.

Only with the drumbeat of a possible nuclear test had the public rhetoric of both begun to shift. Seoul warned last week that "North Korea should take full responsibility for all consequences" of a nuclear test. In a rare public rebuke, a Chinese spokesman told the North to "exercise necessary calm and restraint." It remains to be seen whether Beijing's post-test response will equal its pre-test rhetoric.

A nuclear North Korea may change both countries' strategic calculations. China fears a nuclear arms race in the region, particularly with Japan whose new Prime Minister warned yesterday that the world is entering a "dangerous nuclear age." He's right. South Korea, too, may finally acknowledge the threat, not least because yesterday's test will renew the debate in Washington about the wisdom of keeping U.S. troops in the South.

What to do now? South Korea and especially China should rethink appeasement. It has failed. A full cut-off of energy supplies and foreign aid would help pressure Kim Jong Il. Opening the Chinese border to North Korean refugees would do so as well. Most important, the world should tighten the screws it already has in place, with success, on the North's external financial accounts. No dictator can run a rogue state without money. Kim might give up the nukes if the alternative was regime collapse. And to encourage the world's actors to get real about North Korea, the U.S. should make clear that a military response is not off the table.

Yesterday's test marks a new reality that will change security calculations in Asia and the world. We're about to find out how responsible an actor China wants to be on the world stage, or if it prefers having one of its clients creating trouble for the U.S. and Japan. At the very least Kim Jong Il has to know, and will have to be told, that any use of nuclear weapons by his regime or by anyone who can be traced to North Korea will result in his government's annihilation. U.S. Assistant Secretary of State Christopher Hill said the other day that North Korea "can have a future or it can have these weapons."

There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next "development" will be another nuclear nation, starting with Iran.

Kim has opened a Pandora's box. Closing it won't be easy. The effort needs to be made to avoid the alternative: a new world disorder.

Responding To North Korea (WP)

The Washington Post, October 10, 2006

NORTH KOREA'S objective in the aftermath of its reported nuclear test will undoubtedly be to force its neighbors and the world to accept it as an established nuclear power. India and Pakistan succeeded in riding out sanctions and winning acceptance as "strategic partners" of the United States after their bomb tests. Kim Jong Il will try to repeat that history. Whether he succeeds will depend, above all, on the outcome of what we hope will be some serious rethinking by the governments of South Korea and China.

North Korea's neighbors, and not the United States, bear the burden of the North's decision to proceed with what it said was a nuclear explosion -- the small yield raised questions yesterday about whether the test could have been a flop or a fake. Beijing and Seoul have propped up Mr. Kim's despotic regime with heavy subsidies of fuel and food, reasoning that keeping it alive was better than a collapse that could flood their countries with refugees. The underlying logic was that the North's nuclear program was little more than a bargaining chip with the United States and did not pose a genuine military threat.

Both countries have to recalculate now. Is an outlaw dictatorship with nuclear weapons on the border really tolerable? Is the possibility that Japan or Taiwan will respond by building nuclear weapons less of a threat than a tide of refugees? What poses a greater risk of war: the possible collapse of the Kim regime, or an attempt by that regime to use its new weapon either to extort concessions from the South or to achieve its stated goal of conquering the whole Korean Peninsula? Most important: If subsidies and bribes have failed to moderate North Korean behavior over the past few years, is it reasonable to bet that they will do so in the future?

The Bush administration's response to the test should be uncomplicated. It will rightly press hard for new U.N.-sponsored sanctions. It should take any further measures that could increase the pressure on the North or prevent it from exporting its technology. It also should be prepared to talk to Mr. Kim about disarmament in the unlikely event he elects to take up the framework that was agreed on a year ago in the "six-party" negotiations. That agreement promised him substantial economic aid, security guarantees and normal relations with the United States; it's fanciful to suggest that the United States hasn't been forthcoming enough.

In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material

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support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long. Beijing and Seoul have said they would not accept the nuclearization of the Korean Peninsula. In fact, they do not have to. They do, however, have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the "instability" in the North that they have tried so hard to prevent.

Kim Jong Il's Challenge To China (LAT)

The Los Angeles Times, October 10, 2006

WHETHER NORTH KOREA'S self-proclaimed nuclear test turns out to have been a big bang or a little pop, it already has done incalculable damage to global security. Yet however radioactive the geopolitical fallout, it cannot be allowed to damage relations between Beijing and Washington.

Recriminations already have begun in Washington, with politicians and pundits simply adjusting their debate to take Monday's events into account. The question is no longer how to persuade North Korean leader Kim Jong Il to abandon his quest for nuclear weapons but whether he could have been persuaded — and whether the approach was too bellicose toward Kim or too obliging to China.

This argument is now even more fruitless. But it could turn ugly if members of Congress already hostile to China because of its position on Taiwan or because of trade issues are joined by those who ask why Beijing didn't do more to stop North Korea from going nuclear.

The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese. But the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the U.S. for failing to do so.

Beijing has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the U.S. to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea — or better yet, persuade it to disarm.

Chinese officials are said to roll their eyes in private at North Korean intransigence and to downplay their influence over Kim. Their act isn't terribly convincing. China is North Korea's last friend and ally and its biggest supplier of food and fuel. In 2003, it briefly shut off gas pipelines to make the point that Pyongyang had better agree to six-party negotiations over nuclear disarmament.

Chinese and South Korean reluctance to punish North Korea economically, lest privation trigger floods of refugees across their borders, is understandable. But both nations must now realize that their interest would be far more threatened by a nuclear arms race in the region and beyond.

With South Korean Foreign Minister Ban Ki-moon poised to become the next United Nations secretary-general, the international community should begin planning for humanitarian assistance for North Korean refugees. Such plans would be wise in any case — in the event stiff international sanctions are applied or Kim's regime collapses because of its own suicidal economic and political policies.

Meanwhile, the best course for the U.S. and China is to present a united, anti-nuclear stance to the world. Beijing's denunciation Monday of North Korea's actions was its strongest and swiftest in years. May it soon be matched by Chinese action.

Talking With The Monsters (NYT)

By Nicholas D. Kristof

The New York Times, October 10, 2006

If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes.

It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran — where we may soon be facing a third military conflict in a Muslim country.

As former Secretary of State James Baker noted in an ABC News interview on Sunday: "I believe in talking to your enemies. ... It's not appeasement to talk to your enemies."

The administrations of both the first President Bush and of President Clinton talked to North Korea. That engagement sometimes seemed distasteful, but it averted war and created incentives for North Korea to moderate its behavior — just a bit.

The bottom line is reflected in the plutonium obtained by North Korea. Here's the scorecard: Amount obtained during the Clinton administration, zero; amount obtained under this administration, enough for about eight nuclear weapons. (North Korea

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has also tried since late in the Clinton administration to enrich uranium for a separate path to nuclear weapons, but apparently still hasn't succeeded and perhaps never will.)

"By not having any contact, we've lost any way of controlling or directing the outcome," noted James Laney, a longtime Korea specialist and former ambassador to South Korea. "As this test indicates, we're completely out of the picture."

The real culprit, of course, is not President Bush but Kim Jong-il, North Korea's "Dear Leader." That said, if Colin Powell and other administration moderates had been allowed to engage North Korea as they had wanted, we would not now be caught in this nuclear crisis.

Administration hard-liners believe that North Korea's regime may collapse at any moment. Maybe. But when I visited last year, the regime seemed as solid (and repressive) as when I first visited in 1989. Sure, it will collapse at some point, but waiting for disintegration is not a strategy.

Indeed, North Korea may be less vulnerable now, partly because its economy has improved significantly since the late 1990's as a result of increasing trade with China. Last year, North Korea's trade with China was double the level of 2002 and quadruple that of 1999.

The China-North Korea border crossing at Sanhe has just expanded its operations, and trade could rise sharply if the two countries follow through on discussions to expand rail links and export Chinese containers from the North Korean port of Rajin.

Mr. Bush's push for tough U.N. resolutions is welcome but is no substitute for direct talks. The reality is that even if China and South Korea were willing to apply tough economic sanctions to the North — which they are not — the Dear Leader would stick to his guns. After all, this is a man who imported Mercedes-Benzes in the late 1990's while two million of his compatriots were dying in a famine.

So our huffing and puffing won't cause North Korea to back down, but we could drift toward greater dangers: If we move to enforce naval inspections of ships coming in and out of North Korea, the Dear Leader will threaten war. I doubt if he means it — but I still wouldn't buy real estate in Tokyo, Okinawa or Seoul right now.

So what should we do?

While proceeding with U.N. resolutions, we should also talk to North Korea directly. It's probably too late to persuade it to give up its nuclear arsenal, but it's plausible that it would freeze plutonium production and suspend missile and nuclear tests. Those are feasible goals that China might use its leverage to help achieve.

To show that talking with enemies doesn't mean rolling over, we can also insist on raising human rights issues. American conservatives have led the way in protesting brutality in North Korea, but the protests simply aren't effective. The U.S. government could add to the pressure by going public with satellite images of concentration camps and publicizing other intelligence about North Korean human rights abuses.

The challenge is larger than North Korea, though — it concerns how to stand up to all of the world's rogue regimes. Notably, in the two where Mr. Bush has tried engagement he has enjoyed bits of success. Those are Sudan and Libya.

Even though Mr. Bush says that Sudan is engaging in genocide in Darfur, we continue (quite properly) to negotiate with Khartoum — and that helped end the war between north and south Sudan, after two million deaths. Likewise, negotiations with Libya led it to give up its W.M.D. programs.

In contrast, we eschewed most direct diplomacy with North Korea and Iraq, and the result has been disastrous. So as we lurch ahead toward a showdown with Iran, let's remember the historical evidence: We sometimes do better talking to monsters than trying to slay them or wish them away.

Mutually Assured Disruption (NYT)

By David Frum

The New York Times, October 10, 2006

Washington

THE North Korean nuclear test — if that indeed is what it was — signals the catastrophic collapse of a dozen years of American policy. Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken.

It is, alas, an iron law of modern diplomacy that the failure of any diplomatic process only proves the need for more of the process that has just failed. Thus those who have long supported negotiating with North Korea are now calling for the Bush administration to begin direct talks with the Kim Jong-il regime. Sorry, but all this would accomplish would be to reward an actual proliferator in order to preserve the illusion that the world still has a meaningful nonproliferation regime.

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Some even suggest, in worried tones, that the North Korean test might provoke Japan to go nuclear, as if the worst possible consequence of nuclear weapons in the hands of one of America's direst enemies would be the acquisition of nuclear weapons by one of America's best friends.

A new approach is needed. America has three key strategic goals in the wake of the North Korean nuclear test. The first is to enhance the security of those American allies most directly threatened by North Korean nuclear weapons: Japan and South Korea.

The second is to exact a price from North Korea for its nuclear program severe enough to frighten Iran and any other rogue regimes considering following the North Korean path.

The last is to punish China. North Korea could not have completed its bomb if China, which provides the country an immense amount of food and energy aid, had strongly opposed it. Apparently, Beijing sees some potential gain in the uncertainty that North Korea's status brings. If China can engage in such conduct cost-free, what will deter Russia from aiding the Iranian nuclear program, or Pakistan someday aiding a Saudi or Egyptian one?

To meet these three goals, the United States should adopt four swift policy responses:

· Step up the development and deployment of existing missile defense systems.

The United States has already fielded 11 missile interceptors, nine in Alaska and two in California. The Navy has designed ship-based interceptors as well. As we well know, they are not perfect — but they are something.

Until now this lack of perfection has been allowed to block full deployment of the technology. But missile defenses do not need to be perfect to complicate any aggressive action by a comparatively weak power like North Korea against the United States or its allies.

And deploying a missile defense of growing effectiveness also helps achieve another goal — it would indirectly punish China by corroding the power of the missiles China uses to intimidate Taiwan.

· End humanitarian aid to North Korea and pressure South Korea to do the same.

Since 1995, the United States has provided more than two million tons of food aid to North Korea, plus considerable energy assistance. Officially, Washington says it has "delinked" its humanitarian aid from strategic concerns. Many United States officials believe that continuing this aid will sustain hopes for a better American-North Korean relationship in the future. Yet if the United States continues to send such aid even after an illicit nuclear test, North Korean leaders may well conclude that their aggressive actions have won them almost absolute impunity.

An end to humanitarian aid would not only exact a considerable direct price from North Korea, but it would also hurt China. Chinese leaders often justify their refusal to pressure North Korea by citing the risk of an economic collapse that would send millions of refugees northward into China. We could call that bluff: if a North Korean economic collapse is a thing China fears, why should the United States and South Korea shoulder the cost of helping to avert it? Let China pay the full cost of underwriting its aggressive client state.

· Invite Japan, South Korea, Australia, New Zealand and Singapore to join NATO — and even invite Taiwan to send observers to NATO meetings.

Perhaps North Korea and China imagine that the nuclear test has tilted the strategic balance in the Pacific in their favors. Now would be a good time to disabuse each of them of any such illusion. We need a tighter and stronger security arrangement in the Pacific region, one from which rogue states and those who support them are pointedly excluded. The NATO allies have agreed to expand the organization well beyond Western Europe; now we need to persuade them to make it global.

· Encourage Japan to renounce the Nuclear Nonproliferation Treaty and create its own nuclear deterrent.

World War II ended long ago, and it's time to put an end to the silly pretense that today's democratic Japan owes a burden of guilt to today's rising China. A nuclear Japan is the thing China and North Korea dread most (after, perhaps, a nuclear South Korea or Taiwan).

Not only would the nuclearization of Japan be a punishment of China and North Korea, but it would go far to meet our goal of dissuading Iran — it would show Tehran that the United States and its friends will aggressively seek to correct any attempt by rogue states to unsettle any regional nuclear balance. The analogue for Iran, of course, would be the threat of American aid to improve Israel's capacity to hit targets with nuclear weapons.

Countries like North Korea and Iran seek nuclear weapons because they imagine that those weapons will enhance their security and power. The way to contain them is to convince them otherwise. When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions.

In A Test, A Reason To Talk (WP)

By Selig S. Harrison

DOJ_NMG_0077188

The Washington Post, October 10, 2006

Bilateral Diplomacy Could Still Roll Back North Korea's Nuclear Arms Effort

"You have learned to live with other nuclear powers," said Vice Foreign Minister Kim Gye Gwan, North Korea's chief nuclear negotiator, leaning forward over the dinner table in Pyongyang. "So why not us? We really want to coexist with the United States peacefully, but you must learn to coexist with a North Korea that has nuclear weapons."

"That doesn't sound like you are serious when you talk about denuclearization," I replied.

"You misunderstand me," he said. "We are definitely prepared to carry out the Beijing agreement, step by step, but we won't completely and finally dismantle our nuclear weapons program until our relations with the United States are fully normalized. That will take some time, and until we reach the final target, we should find a way to coexist."

This exchange foreshadowed the North Korean test of a nuclear explosive device that has prompted demands for a naval blockade or military strikes against known North Korean nuclear facilities. But my conversations with six key North Korean leaders on a recent visit indicated that the test opens up new diplomatic opportunities and should not be viewed primarily as a military challenge.

Paradoxical as it may seem, Pyongyang staged the test as a last-ditch effort to jump-start a bilateral dialogue on the normalization of relations that the United States has so far spurned. Over and over, I was told that Pyongyang wants bilateral negotiations to set the stage for implementation of the denuclearization agreement it concluded in Beijing on Sept. 19, 2005, with the United States, China, Russia, Japan and South Korea.

Washington focuses on Article One of the accord, in which North Korea agreed to "abandon all nuclear weapons and existing nuclear programs." But what made the agreement acceptable to Pyongyang was the pledge in Article Two that the United States and North Korea would "respect each other's sovereignty, exist peacefully together and take steps to normalize relations."

In North Korean eyes, it was a flagrant violation when, four days after the agreement was signed, the United States in effect declared economic war on the Kim Jong Il regime. The Treasury Department imposed financial sanctions designed to cut off North Korean access to the international banking system, branding it a "criminal state" guilty of counterfeiting and money laundering.

The sanctions issue has given the initiative to hard-liners in Pyongyang, who can plausibly argue that the sanctions are the cutting edge of a calculated effort by dominant elements in the Bush administration to undercut the Beijing agreement, squeeze the Kim regime and eventually force its collapse.

To be sure, the United States should take action against any abuse of its currency. But the financial sanctions are not targeted solely against counterfeiting and any other illicit North Korean activity. They go much further by seeking to cut off all North Korean financial intercourse with the world. The United States has warned financial institutions everywhere, Treasury Undersecretary Stuart Levey said Aug. 23, "of the risks in holding any North Korean accounts."

Foreign businessmen and diplomats in Pyongyang told me of numerous cases in which legitimate imports of industrial equipment to make consumer goods have been blocked by the banking sanctions. This slows down the efforts of North Korean reformers to open up to the outside world and curtails economic growth. So far, the sanctions do not appear to be undermining the regime, but North Korean leaders can feel the noose tightening.

The Bush administration says that it is not pursuing a policy of "regime change," but the president did tell Bob Woodward that he would like to "topple" Kim Jong Il, according to Woodward's book "Bush at War." Recently, when a State Department official told Levey that the sanctions should distinguish between licit and illicit North Korean activity, Levey replied, "You know the president loves this stuff." Robert Joseph, John Bolton's successor as undersecretary of state for arms control, said at a recent State Department meeting that he hoped the sanctions would "put out all the lights in Pyongyang."

To advance U.S. security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join.

Playing games with "regime change" has become much too dangerous and should now give way to a sustained diplomatic effort to roll back North Korea's nuclear weapons program while it is still in its early stages.

The writer, a former Post bureau chief in Northeast Asia, is the director of the Asia program at the Center for International Policy and the author of "Korean Endgame."

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Iran: Sanctions Threat A 'Rusty' Weapon (AP)

By Nasser Karimi

AP, October 9, 2006

Iran called the threat of international sanctions over its disputed nuclear program a "rusty" weapon and repeated Sunday that it would not abandon uranium enrichment.

The six countries at the center of efforts to persuade Iran to drop uranium enrichment — a key step toward making nuclear weapons — said Friday they have agreed to pursue possible sanctions.

However, all five permanent security council members — the U.S., France, Britain, Russia and China — along with Germany stopped short of demanding Iran be punished by the U.N. Security Council.

"Both officials and people in Iran have always viewed threats of sanctions as a rusty and derelict weapon," Foreign Ministry spokesman Mohammad Ali Hosseini said at a weekly news briefing. "They are accustomed to the threats."

However, Hosseini said Iran does not "welcome sanctions" and that they would damage both Iran and the countries that impose them.

Although he reiterated Iran's determination to continue enriching uranium, Hosseini said "negotiation is the best way."

He said Iran will resume negotiations with European nations, talks that are seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council. Hosseini did not offer specifics on the talks, such as when they might begin.

In September, European Union envoy Javier Solana and Iranian envoy Ali Larijani ended two days of talks in Berlin with no agreement on the enrichment issue. They insisted, however, that they had made progress on ways to open broader discussions.

Those talks came after Iran ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

President Mahmoud Ahmadinejad on Sunday told a cabinet meeting: "Some bullying powers, applying intimidation and threats, intend to confront Iran's nuclear rights but our nation has strongly and smartly resisted," according to state television.

Iran Refuses To Halt Enrichment Despite Sanctions Moves (AFP)

By Stuart Williams

AFP, October 9, 2006

Iran flatly refused to suspend uranium enrichment despite moves at the UN Security Council to draft a sanctions resolution against it for failing to halt the sensitive nuclear work.

"The suspension is completely unacceptable and we have rejected it," foreign ministry spokesman Mohammad Ali Hosseini told reporters. "It has no place in Iran's peaceful nuclear programme."

His comments marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment, a process which the West fears could be diverted towards making nuclear weapons.

"The greatest sanction would be for a generation to deprive its own people and future generations of nuclear technology," he added.

In a meeting late on Friday, representatives of the five UN Security Council permanent members plus Germany agreed to discuss sanctions against Tehran after it failed to suspend sensitive uranium enrichment operations.

Senior US official Nicholas Burns said the so-called "5+1" group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult.

President Mahmoud Ahmadinejad also maintained his defiant stance, brushing off the intensifying moves to impose sanctions against Iran over its nuclear programme.

"The Islamic Republic of Iran is interested in talks and negotiations, and resorting to the language of force and threats will have no results with Iran," official media quoted him as saying.

Ahmadinejad also said in a meeting with his cabinet that Western powers "intend to achieve their aims through intimidation and threats".

"But our people are strong, wise and steadfast, and will not back down on their rightful position," he added, according to the ISNA news agency.

General Yahya Rahim Safavi, head of the Revolutionary Guards, warned that "in this sensitive situation we have to be ready to confront the probable foreign threats," ISNA also reported.

Alaedin Borujerdi, the head of parliament's foreign affairs committee, said any hasty measures by the West would spark "as a consequence a reaction by the parliament and national security council."

However the momentum towards imposing some kind of UN sanctions regime on Tehran appears strong after the London meeting, which gathered US Secretary of State Condoleezza Rice and top diplomats from the five other countries.

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In a statement issued by host Britain, the group agreed to discuss sanctions and lamented Tehran's refusal to suspend uranium enrichment, but insisted that the door remains open to negotiations if Tehran were to back down.

Burns, the US under secretary of state for political affairs, said that work on a new Security Council resolution under Article 41 of the UN charter, which allows for diplomatic and economic sanctions, would start next week.

It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis.

Hosseini claimed the world powers were split over what action to take against Iran.

"Divisions have even appeared within the UN Security Council. With the policy of Iran's government, these divisions have become more apparent," he said.

Iran's insistence on its right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

Tehran insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking to manufacture nuclear weapons.

Rice has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran if it persists with its nuclear work.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Domino Effect Of N Korean Nuclear Test Will Harden Iran's Resolve (AFP)

By David Millikin

AFP, October 9, 2006

A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn.

North Korea's threat this week to carry out its first test of a nuclear bomb came just as the major world powers were finally on the verge of imposing timid sanctions against Iran over its far less developed nuclear program.

Foreign ministers from the five permanent UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany were expected at a meeting in London Friday to set in motion a UN resolution punishing Iran for refusing to suspend its nascent uranium enrichment program.

Iran insists it has the right to enrich uranium for use as fuel for nuclear power stations, but the West fears the fuel could be further enriched to provide material for nuclear weapons -- a development experts say is in any case years away.

The United States is confident a UN vote imposing even limited sanctions will have a powerful symbolic impact on Iran, strengthening the hand of moderates worried about their country's relations with the world and eventually leading Tehran back to the negotiating table.

But if North Korea carries out its threat -- and some predict it may test a bomb as soon as this weekend -- it could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said.

"Iran is going to be watching the situation with North Korea very closely," said Joseph Cirincione, a foreign policy expert with the Center for American Progress in Washington.

"If North Korea is not deterred or punished, it will embolden Iran to accelerate its own nuclear efforts," he said.

More broadly, he said, a North Korean test would set off an "Asian nuclear chain reaction" that could spur an arms race from South Korea, Taiwan and Japan to India, Pakistan and Iran.

"You could let loose a dynamic that you're not going to be able to stop. The non-proliferation treaty will be in tatters," he said.

Even if North Korea can be dissuaded from going ahead with the test, the diplomatic capital spent on the effort by China and Russia -- the key players in both stand-offs -- could make them more reticent to act against Iran, said George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace.

"The Chinese are reluctant users of the Security Council and reluctant to be real tough on proliferation, so if you're going to want them to do something on North Korea, it's going to make them even more resistant to doing something on Iran," he said.

If dissuasion fails and North Korea goes ahead with a test, it remains uncertain how far China, and to a lesser extent Russia, are willing to go in shutting off the flow of oil and other goods that prop up their erratic and poverty-stricken neighbor.

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"They fear a nuclear North Korea, but they fear an unstable nuclear North Korea even more," said Cirincione, echoing the widely held view that severe sanctions would cause the collapse of Kim Jong-il's regime and send millions of refugees over the country's borders.

Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks in President George W. Bush's administration.

The hardliners, led by Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld, say such a concession would reward "rogue states" for their bad behavior.

Proponents of talks, believed to include Secretary of State Condoleezza Rice, point to the success of secret negotiations which led Libya to renounce terrorism and give up its illicit weapons programs three years ago.

The New York Times threw its weight behind negotiations in an editorial Friday, calling on Bush to drop his "ambivalence over whether to negotiate with Kim Jong-il or try to overthrow him" and engage in "real diplomacy to get the north out of the nuclear weapons business".

There have been calls for Rice or her top aides to make an emergency trip to northeast Asia for talks aimed at forestalling a test by North Korea, but her spokesman said Friday there were no immediate plans for such travel.

Iran Arrests Outspoken Cleric Who Opposes Religious Rule (NYT)

By Nazila Fathi

The New York Times, October 9, 2006

TEHRAN, Oct. 8 — A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported.

About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported. They were there apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him.

Another news agency, Entekhab, also reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them.

Ayatollah Boroujerdi said that he had written to the United Nations secretary general, Kofi Annan, to the European Union foreign policy chief, Javier Solana, and to Pope Benedict XVI and others seeking protection and asking them “to make efforts to spread traditional religion,” separate from politics, ILNA reported.

“I believe people are fed up with political religion and want traditional religion to return,” ILNA quoted Ayatollah Boroujerdi as saying.

Protesters who were interviewed on opposition radio and satellite television channels Saturday said that the supporters of Ayatollah Boroujerdi were prepared to die in his defense.

The Iranian authorities are wary of any challenge, particularly from top clerics, to the system of clerical rule that was established after the 1979 Islamic revolution by the revolutionary leader, Ayatollah Ruhollah Khomeini.

Iran has an elected president and Parliament, but final authority lies with the supreme leader, currently Ayatollah Ali Khamenei.

Iranian authorities had charged Ayatollah Boroujerdi with lacking sufficiently senior religious credentials to speak out on the matter. They also accused him of sacrilege.

He had been summoned over a month ago to the Special Court for the Clergy, but refused to surrender.

Haniyeh: Hamas Won't Recognize Israel (AP-Y)

By Sarah El Deeb, Associated Press Writer

AP, October 9, 2006

Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does.

International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence.

But Haniyeh repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah.

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Haniyeh, addressing an "Iftar" feast at the end of a day of Ramadan fasting, said Hamas and the government "will not recognize or normalize" relations with Israel.

He also said the main problem with the Arab peace plan, presented in 2002 by Saudi Arabia and endorsed by an Arab summit, is that it recognizes Israel in exchange for an Israeli pullout from the West Bank, Gaza Strip, east Jerusalem and Golan Heights.

Haniyeh said he still hopes for a unity government with Fatah. But Palestinian President Mahmoud Abbas, who heads Fatah, said last week that negotiations have broken down. Abbas was expected to travel from the West Bank to Gaza Monday and may present Hamas a deadline for agreeing to a unity government. Otherwise, aides say, Abbas might call a new election.

Haniyeh hinted that peacemaking with Israel could be left up to Abbas. Haniyeh said the unity concept "leaves a lot of room for political maneuvering" for Abbas.

The U.S. has made it clear that the option of a Hamas-led government maintaining its militant policy while Abbas conducts peace talks is unacceptable.

The United States and Europe have insisted that any Palestinian government must accept three basic conditions before the West resumes its aid: recognition of Israel, renunciation of violence and acceptance of previous Israeli-Palestinian peace deals.

Jordan's foreign minister warned Sunday that Palestinians face "a humanitarian tragedy" unless peacemaking with Israel resumes quickly.

"It is absolutely necessary to consolidate international efforts to provide assistance to the needy Palestinian people," Abdul-Ilah al-Khatib told visiting U.N. Mideast envoy Alvaro De Soto in Amman, the Jordanian capital.

Israeli Vice Premier Shimon Peres advised patience.

"In the end, (Palestinian) people will be disappointed" with Hamas' inability to govern and turn it out of office. "Hamas let people down" by its inability to pay its workers, Peres told Israel's Channel 10 TV.

The deteriorating financial situation and the political infighting spilled over into violence last week, killing 11 people in Gaza. Addressing 300 religious and political leaders in Gaza at a "unity and reconciliation" feast on Sunday, Haniyeh appealed for calm.

"We may criticize each other, raise our voices," he said. "However, it is certainly our concern and religious and moral commitment that matters don't come down to conflict, infighting and civil war."

The West imposed its aid cutoff in March, when Hamas formed a government after sweeping Fatah out of office in a parliamentary election. Since then, the government — the main Palestinian employer — has paid out little money to its 165,000 workers.

Angry workers threatened Sunday to widen their protests, paralyzing the West Bank and Gaza Strip by bringing employees of the petroleum authority into their strike and drying up local fuel supplies if the government does not pay them.

"In our hands are cards that have not been used yet," said Ahmad Assaf, a spokesman for the Union of Civil Servants.

In violence Sunday, two Palestinians were killed in the West Bank. Palestinian gunmen ambushed Israeli forces in a refugee camp next to Nablus, and a militant was killed, Palestinian security and the military said.

In the afternoon, a Palestinian man was shot and killed on his way to break the Ramadan fast with family, relatives said. Israeli media said he was circumventing an Israeli checkpoint. The army said it was unaware of any shooting incident in the area and its forces had not opened fire.

Qatar Emerges As A Mediator Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, October 10, 2006

JERUSALEM, Oct. 9 — Qatar, which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between the feuding Palestinian factions, Fatah and Hamas.

In Gaza City on Monday night, Qatar's foreign minister, Sheik Hamad bin Jassim al-Thani, shuttled between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas.

The Qatari diplomat was seeking to bring the Palestinian leaders back into face-to-face negotiations that fell apart after a tentative agreement was reached last month to form a united government.

Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah. The feud erupted into deadly street battles in Gaza on Oct. 1 and 2.

At about the same time, Qatar's role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state. While there was no indication that the two Palestinians met, both reportedly held talks with Qatari officials, including the foreign minister, who presented a six-point plan for the Palestinian unity government.

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Last week's talks did not appear to yield progress. When Mr. Abbas returned to his headquarters in the West Bank city of Ramallah, he said that negotiations with Hamas had collapsed and that he was prepared to use his presidential powers to dismiss the government.

But Mr. Abbas traveled to Gaza, the Hamas stronghold, and met for 90 minutes on Monday night with Sheik Hamad. Immediately afterward, he met Mr. Haniya nearby.

"Nothing has failed," Mr. Abbas said in brief comments to reporters after his meeting. "God willing, it will all be resolved."

Since assuming power in the spring, the Hamas government has barely functioned. Western countries cut off assistance, Israel has arrested dozens of Hamas legislators and cabinet ministers, and unpaid Palestinian government workers have gone on strike.

A unity government would seek a restoration of Western aid and could help end, or at least reduce, the Palestinian infighting. But the factions have been unable to agree on several core issues, including a formal recognition of Israel, which Fatah accepts and Hamas rejects.

Qatar's plan, as reported in the Palestinian media, calls for a two-state solution to the Israeli-Palestinian conflict, which could be viewed as an implicit recognition of Israel.

It also calls for a prime minister who is not directly connected to either Hamas or Fatah. Hamas has said it will not be pushed out of positions it holds based on its victories in the January elections.

While Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role, said Mkhaimar Abusada, a political science professor at Al Azhar University in Gaza City.

Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago, Mr. Abusada noted. "Qatar has long wanted to play this role as mediator," he said.

Meanwhile, in violence on Monday, a 15-year-old Palestinian boy, Mahmoud Nasser, was killed and four more Palestinians were wounded by an Israeli artillery strike in northern Gaza, Palestinian medical workers and the Israeli military said.

The military said that it launched artillery at a Palestinian who was retrieving a rocket launcher that had been used Saturday to fire into southern Israel. The militants fled after firing the rocket, leaving the launcher behind.

Palestinian medical workers said the youth had apparently been working in a farming field and approached the launcher. Mahmoud's father, Jamal Nasser, 50, was one of those wounded, the Palestinians said.

Near the West Bank city of Nablus, an Israeli soldier shot dead a Palestinian man who pulled a knife at a military checkpoint and tried to stab another soldier, the military said.

Danish Web Videos On Muhammad Taken Down (WP/AP)

By Jan M. Olsen

The Washington Post, October 10, 2006

COPENHAGEN, Oct. 9 -- Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East.

Muslim clerics from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps. A second drawing placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud.

In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented.

Prime Minister Anders Fogh Rasmussen condemned the youths in the video Sunday, saying that "their tasteless behavior does in no way represent the way the Danish people or young Danish people view Muslims or Islam."

Citing critical media reports from many Muslim regions, the Foreign Ministry cautioned against travel to the Gaza Strip, the West Bank, Saudi Arabia, Lebanon, Jordan, Egypt, Iraq, Iran, Syria and Turkey.

The video was produced by an artists' group, Defending Denmark. In a message posted along with the video, the group said it had infiltrated the Danish People's Party Youth for 18 months "to document [their] extreme right-wing associations."

"This is not an example of something that is meant to provoke. This is an example to show how things are in Danish politics," artist Martin Rosengaard Knudsen told Danish public radio.

In Jordan on Monday, a powerful umbrella group for about 200,000 professionals including engineers, doctors and journalists called on Muslims to sever relations with Denmark, saying the video "reveals hatred toward the Prophet who came to the world with a message to enlighten the people."

Hard-line Muslims and leftists in these professional associations have repeatedly called on the government to abolish a 1994 peace treaty with Israel.

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The episode comes in the aftermath of an outcry across the Muslim world over the September 2005 printing in a Danish newspaper of 12 cartoons portraying Muhammad. For most Muslims, any artistic rendition of Muhammad is taboo.

Venezuela Has Deficit As Chávez's Spending Outpaces Oil Gains (WSJ)

By Raul Gallegos

The Wall Street Journal, October 10, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures.

Venezuela's oil industry accounts for about one-third of gross domestic product and one-half of government revenue. "We expect to see a deficit of $7.7 billion this year," or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas.

Mr. Chávez has continued to fund popular social programs that include free health care, education and subsidized food, as he seeks another six-year term in office in December elections. He has raised salaries of state workers, continues to fund state enterprises and gives soft loans to favored industries. Many analysts expect total spending to surpass 120 trillion bolivars or almost 40% of GDP by year's end.

State spending has pushed up prices for goods and services, resulting in 12.5% inflation as of September.

The Venezuelan economy grew 9.6% during the first half of the year. Central bank officials expect the year to end with economic growth of 7% to 8%.

Most economists agree the Chávez administration has enough money to fend off fiscal trouble for at least 18 months in the unlikely case that prices for Venezuela's heavy crude basket fall significantly. Mr. Chávez has set aside an estimated $47 billion in discretionary funds.

Briefly: LA PAZ, Bolivia -- Bolivian Vice President Álvaro García Linera said he is confident his government and foreign energy companies can agree on new gas contracts before a Nov. 1 deadline. The "nationalization" decree signed by President Evo Morales on May 1 called for the transfer of a 51% ownership stake in all energy projects to a state-owned energy company, and said if new contracts aren't signed with six months, the companies -- including Brazil's Petrobras, France's Total SA and Spanish-Argentine Repsol-YPF -- would lose their concessions.

Arab League Nations Offer Peacekeeping Troops For Darfur (WP/AP)

Associated Press

The Washington Post, October 9, 2006

CAIRO, Oct. 8 -- Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region, diplomats said Sunday.

The Arab League diplomats said Sudan's president rejected the initial proposal -- as he has all suggestions for a U.N.-affiliated contingent, regardless of the makeup -- but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than other attempts to stop the humanitarian crisis.

"The situation is deteriorating and needs intervention," said Hesham Youssef, a top aide to the league's secretary general, Amr Moussa.

Youssef said the Arab negotiators believed that the world community and the United States should be flexible.

"The Americans should realize that there should be a compromise," he said.

The new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of a U.N. Security Council resolution that would let the United Nations take control of and significantly expand a peacekeeping force in the western Darfur region, run so far by the African Union.

The two sides are still far apart, however. And it was unclear how much leverage the Arab countries -- close neighbors and supporters of Sudan's Arab-dominated government -- have or how strongly they intended to press the proposal.

The United States has asked its moderate Arab allies such as Egypt to take a greater role on Darfur, with Secretary of State Condoleezza Rice making it a key mission of her Mideast trip last week.

The violence began in 2003, when the Sudanese government, backed by a local Arab militia called the Janjaweed, mounted a bloody military campaign against civilians suspected of supporting Darfur rebel groups. War and disease have left as many as 450,000 people dead, and 2 million have been displaced.

Fears that the tensions could spread were highlighted this weekend when Sudanese soldiers crossed the border into eastern Chad to fight a group of Darfur rebels, leaving more than 300 people injured, an aid worker said Sunday, speaking on condition of anonymity because he was not allowed to divulge information to the news media.

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Chadian government spokesman Hourmadji Moussa Doumgor said he had no information about the battle.

Some analysts have said they believe Arab countries will be loath to press their proposal too hard unless the United States makes progress on other issues important to them, such as Israeli-Arab peace efforts.

Another possible negotiator, China, is believed to have strong leverage with Sudan because it is Sudan's main oil partner. But China so far has indicated it believes Sudan has the right to keep the peacekeepers out.

African-Arab nations such as Algeria, Egypt and Mauritania already have small contingents operating in Darfur with the African Union peacekeepers.

Ruling Belgium Coalition Takes Hit (AP-Y)

By Constant Brand, Associated Press Writer

AP, October 9, 2006

Early results showed the party of Belgium's prime minister giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected.

Prime Minister Guy Verhofstadt sought to put a brave face on the losses of his Liberal Democrats.

"The average trend of the Flemish Liberal Democrats is not so good," Verhofstadt said. "We must acknowledge that the government has had a few bad months and we know that whoever leads faces the most fire."

The biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats.

"We have gone so far ahead. ... We have won spectacularly. We are the winners of this election," said Flemish Interest party Chairman Frank Vanhecke. The party made big gains in almost all the 308 municipal councils across the region of Flanders.

The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants.

It expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class.

Flemish Interest, which ran on an anti-immigrant platform, has been kept in opposition in Antwerp by an unlikely coalition whose only common cause is keeping the city out of the hands of the far right.

That scenario is likely to be repeated in other areas after Sunday's election. Despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council.

Early results also showed losses for Verhofstadt's Socialist coalition partners in the southern Wallonia region and in the capital region of Brussels.

Verhofstadt had hoped to stem major losses before national elections expected in either May or June and to keep in place his fragile coalition for a run at a third term in office.

Danish Tape Galls Muslims (NYT)

The New York Times, October 9, 2006

FRANKFURT, Oct. 8 — Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad.

The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members.

Muslim leaders in Denmark condemned the video but said they would not be goaded into taking action. Last fall a Danish daily published derogatory cartoons of Muhammad that prompted protests.

Vietnam Trade Plan Upsets Some Retailers (USAT)

By David J. Lynch, Usa Today

USA Today, October 9, 2006

Officials want bill passed before Bush trip to Hanoi

WASHINGTON — An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers.

The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say. "We're pretty upset," says Eric Autor, vice president of the National Retail Federation.

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The administration wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit. But Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills.

In response, trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of "whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam," said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the U.S. Trade Representative.

The letter also said any anti-dumping penalties could be applied "retroactively" to retailers such as Target, Liz Claiborne and The Gap, effectively encouraging them to buy from countries such as Cambodia or Bangladesh rather than Vietnam. If Vietnam exports sag, their ability to buy more U.S. products will be in doubt, Autor says.

Textile industry supporters insist they need new defenses. "Vietnam has a state-owned and state-subsidized textile and apparel sector. They can underprice not only our goods, but those of every other country in the world," says Cass Johnson, president of the National Council of Textile Organizations.

The industry, which blames foreign competition for the loss of 179,000 textile jobs in the past five years, worries that Vietnam will take clothing orders from Central American garment makers who use U.S. yarns and fabrics.

Under anti-dumping law, industries claiming damage from unfairly priced imports must petition the government for an investigation. But they can only complain about foreign makers of the same products they make. So North Carolina's fabric mills can't complain about Vietnamese clothing shipments.

The government has the authority to start investigations on its own, but rarely does. The last case, against Canadian softwood lumber shipments, was in 1991, the Commerce Department says.

Susan Esserman, who administered U.S. anti-dumping law as an assistant secretary of Commerce in the Clinton administration, says the new textile deal "is a very unusual move. It would create uncertainty and risk, and have a chilling effect on trade."

But Esserman, now a partner at Steptoe & Johnson, a Washington law firm, says anti-dumping investigations of Vietnamese shipments won't automatically mushroom. And Stephen Norton, a spokesman for the U.S. Trade Representative's office, rejected the idea that other industries might win similar protection.

"Our commitment is … specific to Vietnam and specific to this case," he said.

Johnson, however, says textile makers may seek similar protection against Chinese imports when current safeguard measures expire Jan. 1, 2009.

US Think-tank To Launch China Policy Centre (FT)

By Edward Luce In Washington

Financial Times, October 9, 2006

The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing.

It will be funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years.

Brookings says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power.

"China's rise is the most important geopolitical event of our lifetime," said Mr Thornton during an interview.

"American policymakers need to acquire a much more sophisticated understanding of what is happening in China domestically and why – a grasp that is often lacking in Washington."

Strobe Talbott – the head of Brookings, who was deputy secretary of state during the Clinton administration – said that it would scrutinise China's growing diplomatic, economic and military power and analyse questions such as the impact of China on global warming.

"It is clear we are living in a post-Kyoto [the climate change agreement] world," said Mr Talbott.

"One of the most pressing questions is how and whether China will become part of the solution to the crunch between its energy needs and global warming. What we need is a Shanghai protocol on climate change."

Mr Talbott said the other two pressing questions about China were how it would manage its political system as it opened up to the world, and what impact China's rise would have on international institutions such as the United Nations and the World Trade Organisation.

Brookings is also planning a centre dedicated to India, the world's other emerging economic superpower.

"The triangular relationship between the US, China and India will shape the world in the coming decades," Mr Talbott said.

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He said the evolution in the Bush administration's stance – from branding China a "strategic competitor" in 2001, to calling on it to become a "responsible stakeholder" – was positive.

"China talks of its own 'peaceful rise'," he said. "It is important America engages with China in a way that assists that process."

But the US should be wary of exaggerating China's military clout and painting it into a corner on other disputes, such as its currency overvaluation and growing trade surplus with the US, he said.

Mr Thornton said the approach of Hank Paulson, the US treasury secretary and a former colleague of his at Goldman Sachs, who visited China last month, set a benchmark for how US officials should interact with their Chinese counterparts.

China's Iron Grip (WP)

By Fred Hiatt

The Washington Post, October 9, 2006

It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world.

Less well known is that China feels so unconstrained that it is brazenly harassing dissidents in the suburbs of Washington, D.C., too.

Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents.

Of course, surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison.

Which leads to the question: Why would this 60-year-old grandmother with a sparkling smile arouse such fear and hatred in the powerful Communist rulers of Beijing? And what does that tell us about the nature of the regime that will be hosting the Olympics in less than two years?

These questions have come to the fore because Rebiya Kadeer has been nominated for the Nobel Peace Prize, the winner of which will be announced this week. Of course scores of people are nominated every year, but the talk alone has so infuriated Chinese officials that they have taken to threatening Norwegian officials with grave consequences if Kadeer should win.

So who is she? Former laundress, self-made businesswoman, mother of 11, member of the Turkic minority known as Uighurs who live in far western China. In the 1990s, China's regime elevated her to the national parliament, where she behaved as though China's virtuous laws on ethnic rights and autonomy were meant to be enforced.

She found out otherwise, and in 1999 was imprisoned for providing "state secrets" to foreigners. The "secrets" were newspaper clippings. Last year she was freed early from her eight-year sentence and exiled to the United States on the condition that she keep quiet.

"I nodded my head, for fear they would not let me go," she told me in an interview last week. "I had no choice. But after I came out, I couldn't not speak out for my people."

Her people consist of about 9 million Uighurs in China and 2 million or so elsewhere, mostly in Central Asia. Like the Tibetans, they have been subjected to decades of grinding repression that has left them, as a group, "nearly in a comatose state," Kadeer said. Forced abortions; children taken away to be raised in what she calls "mainland China"; history falsified; native language disfavored; jobs and natural resources delivered to ethnic Chinese -- the story is familiar.

Repression intensified in 1997, Kadeer says, when the Chinese government felt that its rising power allowed it to stop even pretending about autonomy. It worsened again after the Sept. 11, 2001, attacks. The Uighurs are Muslim, and among them are a few violent separatists; the Chinese took advantage of the "war on terror" to imprison thousands of peaceful Uighurs as terrorists.

Kadeer has now been similarly labeled, though an official dispatch in June gave away the real Chinese objection. Kadeer "promised not to take part in any activities endangering the security of the People's Republic of China," the dispatch complained, but "immediately upon arriving overseas she shed her pretense" and became active with pro-democracy forces. Kadeer, in other words, is a threat because she is an effective, engaging spokeswoman for her cause.

Ten years ago, when Kadeer still had hope for the Chinese system, so did American officials: engagement, trade and rising prosperity would lead to openness and political freedom, or so the theory went.

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Instead, as a rare open letter to President Hu Jintao from 54 China experts around the world noted on Sept. 29, there has been a "sharp increase in official retaliation" against human rights advocates and their families "through persistent harassment, banishment, detention, arrest, and imprisonment."

Even in Fairfax County.

Putin Promises Probe Of Journalist's Slaying (WP/AP)

The Washington Post, October 10, 2006

MOSCOW, Oct. 9 -- President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist who was a fierce critic of Kremlin policy toward Chechnya.

In a phone conversation, Putin said that "all necessary efforts will be made for an objective investigation into the tragic death" of Anna Politkovskaya, gunned down in an apparent contract killing Saturday.

Putin's remarks were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya.

Her newspaper has offered a reward of nearly $1 million for information that would help solve the crime, which provoked worldwide condemnation.

Colleagues said she had been working on a story about torture and abductions in the war-ravaged province -- abuses she blamed on the Moscow-backed prime minister, Ramzan Kadyrov. "I dream of seeing him tried," she said in an interview days before her death.

Moscow Rally Memorializes Slain Reporter (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 9, 2006

MOSCOW, Oct. 8 -- Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its "particular importance and its wide resonance within society."

"The investigation will focus on possible links between the killing and Politkovskaya's work," said Marina Gridneva, a spokeswoman for the prosecutor general, Yuri Chaika, who is now heading the probe into the journalist's death.

The killing of Politkovskaya, a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved.

The two killings challenge the notion that President Vladimir Putin has eradicated the vicious score-settling that marked Russian society in the 1990s or that his centralization of power has fostered stability. The killings also raise questions about whether it is safe for journalists, bureaucrats or opposition activists to challenge the country's vested interests, whether public or private.

"The murder is a diagnosis for this society," Igor Yakovenko, head of the Russian Union of Journalists, said of Politkovskaya's death. "But our society is unconscious."

The Kremlin has issued no statements about the killing. Putin on Sunday held a government meeting that usually results in statements on any number of issues.

Politkovskaya, 48, was shot in the chest and head Saturday afternoon in the lobby of her apartment building in Moscow. The gunman threw the weapon at her feet, the signature of an assassin. Police say a surveillance camera just outside the building captured an image of a suspect, a young man who was wearing dark clothes and a baseball cap.

The killing of Politkovskaya, whose work had long focused on human rights abuses by Russian forces and their Chechen allies through two wars in Chechnya, generated a wave of domestic and international revulsion and calls for the Russian authorities to solve the crime -- something that signally failed to happen after the killings of other journalists here.

Politkovskaya, who worked for the Novaya Gazeta newspaper, was the 13th journalist killed since Putin came to power in 2000. She was the third Novaya Gazeta journalist slain in the past 15 years, according to the paper's deputy editor, Vitaly Yaroshevsky.

Politkovskaya had received numerous death threats in the past and at one point fled to Vienna after credible evidence of a plot against her surfaced. In her reporting in Chechnya, she braved the hostility of Russian officers, who feared and loathed her. In 2000, she was detained, beaten and subjected to a mock execution by her military captors. Last year, her daughter, one of two adult children, was nearly forced into oncoming traffic while driving Politkovskaya's car, which was then smashed by unknown assailants.

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"It is extremely important to break the circle of inconclusive investigations . . . of the recent murders of journalists in Russia," Miklos Haraszti, a representative on media freedom for the Organization for Security and Cooperation in Europe, said in a statement. "The violent death of any member of the media stifles the free spirit of journalism. But in this case, the expediency of action is extremely important also because Anna Politkovskaya was an outspoken critic of government policies."

"It's amazing that we haven't heard a single word from Putin," said Vladimir Korsunsky, editor of the news site Grani.ru, who attended a roundtable discussion about the killing with other prominent journalists Sunday evening. The group called for a national day of mourning on Tuesday.

According to Novaya Gazeta, Politkovskaya was about to publish an exposÃ© of torture and kidnappings by forces allied with Chechnya's prime minister, Ramzan Kadyrov, a frequent subject of her work.

"We never got the article, but she had evidence . . . and there were photographs," Yaroshevsky told Echo Moscow radio.

Kadyrov told the Russian news agency Interfax that he was "deeply aggrieved to hear the news of Politkovskaya's murder. I was shocked by this bloody terror act."

But he added, "One cannot speak about any 'Chechen trail' based only on assumptions."

One of Novaya Gazeta's co-owners, Russian billionaire Alexander Lebedev, said he was offering a nearly $1 million reward for information leading to the capture of those who ordered and carried out the killing. Former Soviet leader Mikhail Gorbachev also owns a minority stake in the newspaper.

The rally in Moscow on Sunday was originally organized to call attention to the plight of Georgians living in the city who have been harassed by authorities because of heightened tension between Russia and Georgia, according to human rights activists. But the Georgian focus of the event was overshadowed by Politkovskaya's death.

"Judging by the gathering today, there are people who are willing to do something," Georgy Satarov, head of the Indem Foundation, a nongovernmental organization that monitors corruption, said after speaking at the rally. "But there are not enough people to change the situation."

Slaying Of Russian Reporter Jolts Nation (WT)

By Michael Mainville, The Washington Times

The Washington Times, October 9, 2006

MOSCOW -- The slaying of investigative journalist Anna Politkovskaya sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin.

Russian Prosecutor General Yuri Chaika took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's "particular importance and its wide resonance within society."

Press reports said police were focusing on footage from a security camera in the lobby of her apartment building that showed the suspected killer, a tall young man wearing dark clothing and a black baseball cap.

A 48-year-old mother of two, Mrs. Politkovskaya was the 13th reporter to die in a contract-style killing since Mr. Putin came to power, according to the Committee to Protect Journalists. Most have gone unsolved.

Mrs. Politkovskaya had gained recognition at home and abroad for her relentless reporting of human rights abuses in Russia, particularly in Chechnya. She was one of the few remaining journalists in Russia willing to report on abuses in the southern province and openly criticize Mr. Putin.

She had been repeatedly threatened and had fled to Vienna, Austria, in 2001, before returning to Moscow after several months. She was convinced that she had been poisoned on a flight to cover the 2004 school siege in Beslan, in which more than 330 people died when troops stormed a school held by Chechen rebels.

Mrs. Politkovskaya had said she fell unconscious after drinking a cup of tea during the flight and woke up in intensive care.

Her colleagues in Russia said they have no doubt Mrs. Politkovskaya's killing was connected with her work.

"There can be no other reason she died [than] because of her duties as a journalist. This was a politically motivated killing," said Vitaly Yaroshevsky, a deputy editor at Mrs. Politkovskaya's newspaper, Novaya Gazeta.

Mr. Yaroshevsky said that in the days before her death, Mrs. Politkovskaya had been working on a story documenting new cases of kidnapping and torture in Chechnya. It was to be published today.

In a radio interview on Thursday, Mrs. Politkovskaya hinted at the explosive nature of her story, saying she would be appearing as a witness in an abduction and torture case directly implicating the Kremlin-backed prime minister of Chechnya, Ramzan Kadyrov.

Human rights groups have repeatedly accused Mr. Kadyrov's forces in Chechnya of widespread abuses, but Mr. Kadyrov has always denied any personal involvement in torture. In the interview, she called him the "Stalin of our times" and a "heavily armed coward."

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Her killing came two days after Mr. Kadyrov's 30th birthday, prompting some speculation that the assassination was served up as a present. Saturday was also Mr. Putin's birthday.

Hundreds of people gathered in central Moscow yesterday to pay tribute to Mrs. Politkovskaya and denounce attacks on the press. "The Kremlin has killed freedom of speech," read one poster at the gathering.

Born in New York, where her parents were Soviet diplomats at the United Nations, Mrs. Politkovskaya began her journalism career at the newspaper Izvestia and started covering Chechnya for Novaya Gazeta in 1999.

Elegant, with large reading glasses and gray hair, Mrs. Politkovskaya hardly fit the picture of a war correspondent. Yet her detailed and harrowing accounts of killings, torture and beatings of civilians by Russian servicemen in Chechnya were considered some of the finest reporting from the region.

"My notes are written for the future. They are the testimony of the innocent victims of the new Chechen war, which is why I record all the detail I can," she wrote in her 2003 book "A Dirty War: A Russian Reporter in Chechnya."

In 2004, she published "Putin's Russia" -- a highly critical political biography that accused Mr. Putin of failing to shake off his past as a KGB agent. "He persists in crushing liberty just as he did earlier in his career," she wrote in the book's introduction.

In a postscript written in July 2004, she said the killing a day earlier of Paul Klebnikov, the American-born editor of the Russian edition of Forbes, reflected the worst of what Russia had become under Mr. Putin.

"Yes, stability has come to Russia. It is a monstrous stability [in which] nobody in his or her right mind seeks protection from the institutions entrusted with maintaining law and order, because they are totally corrupt.

"Lynch law is the order of the day, both in people's minds and their actions. An eye for an eye, a tooth for a tooth."

No Suspects In Russian Journalist's Slaying (WSJ)

By Guy Chazan

The Wall Street Journal, October 9, 2006

MOSCOW -- The killing of investigative reporter Anna Politkovskaya has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power.

Ms. Politkovskaya, whose reporting on Russian atrocities in Chechnya won her numerous international awards but also made her a host of enemies, was shot dead in the elevator of her Moscow apartment block Saturday afternoon. Investigators said the contract-style killing appeared to be linked to her work as a journalist, but they haven't identified any suspects.

Ms. Politkovskaya's reporting had in recent years featured hard-hitting criticism of the pro-Russian authorities in Chechnya. Colleagues at her newspaper, Novaya Gazeta, said she had been working on an article for today's edition claiming torture of Chechen civilians by security forces loyal to the region's pro-Moscow prime minister, Ramzan Kadyrov.

Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved. Journalists have often been targeted: Two years ago the American reporter Paul Klebnikov, editor of the Russian edition of Forbes, was shot dead in downtown Moscow. Senior officials also aren't immune. Last month, Andrei Kozlov, a central banker who led a crusade to clean up Russia's crime-infested banking sector, was gunned down outside a Moscow sports stadium.

Such assassinations have persisted in Russia despite President Vladimir Putin's pledge to institute a "dictatorship of law." Although his crackdown on the opposition has ensured a measure of political stability, crime and corruption have eroded popular confidence in the state.

Ms. Politkovskaya's killing could have a chilling effect on a journalistic community already cowed by Mr. Putin's crackdown on the independent press. "Anna's murder was political," said Liudmila Alekseyeva, one of Russia's best-known human-rights campaigners and head of the Moscow Helsinki Group. "She wrote about the crimes of the state...and the only way the state could silence her was by killing her."

Ms. Politkovskaya's slaying "is a terrible murder, and it is being dealt with at the highest level," said Dmitry Peskov, a spokesman for Mr. Putin. "Police and investigators will spare no effort to find those responsible."

In Washington, State Department spokesman Sean McCormack said the U.S. was "shocked and profoundly saddened" by the murder and urged an immediate and thorough investigation to bring her killers to justice.

Some observers expressed skepticism that the perpetrators would be found. Few of the 12 murders of reporters in the past six years have been solved. "Russia is one of the most murderous places in the world for journalists, and it has a long history of impunity in these killings," said Joel Simon, executive director of the New York group Committee to Protect Journalists.

A mother of two grown children, Ms. Politkovskaya, 48, worked for Novaya Gazeta, a muckraking weekly publication partly owned by former Soviet President Mikhail Gorbachev. She joined in 1999, just before Russia sent troops into the southern region of Chechnya to crush a separatist revolt, and quickly made a name for herself with her dramatic reports from the war zone.

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She was one of the only Russian journalists to travel regularly to Chechnya and chronicle the sufferings of Chechen civilians while also describing the hardships suffered by ill-fed and ill-equipped Russian soldiers. Her articles later came out in a book, "A Small Corner of Hell: Dispatches from Chechnya," which sealed her reputation in the West as one of the bravest voices in Russian journalism.

In 2001, Ms. Politkovskaya received death threats from a Siberian policeman, Sergei Lapin, whom she had accused of torturing and kidnapping civilians while stationed in Chechnya. Fearing for her safety, Ms. Politkovskaya's editors placed her under protective guard and later bundled her off to Austria for a few months. Meanwhile, on the basis of her reports, Mr. Lapin was tried in March 2005 and sentenced to 11 years in jail.

Then, in September 2004, Ms. Politkovskaya, who had by then emerged as one of the most outspoken domestic critics of Mr. Putin, claimed she was poisoned while flying to southern Russia to cover the seizure of hostages by militants at a school in Beslan. She was hospitalized and nearly died.

In recent years the focus of her reporting shifted to Mr. Kadyrov, the controversial Chechen strongman handpicked by the Kremlin to impose order in the rebel region. In her last published article, she claimed his security force -- known as the "Kadyrovtsy" -- was dominated by petty criminals and murderers who had switched to the pro-Russian camp solely to settle personal scores. Mr. Kadyrov has repeatedly denied claims that members of his forces have engaged in criminal activity or abused human rights.

In an article on its Web site yesterday on the slaying, Novaya Gazeta said one theory is that Ms. Politkovskaya may have been killed by enemies of Mr. Kadyrov in an attempt to discredit him. Mr. Kadyrov turned 30 last week, making him eligible for the Chechen presidency. He has many foes in a region where blood feuds often last generations.

"What's clear is that she somehow threatened the interests of very high-placed people in Russia, and as we can see, very dangerous people," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta.

Another Russian Journalist Murdered (WSJ)

The Wall Street Journal, October 9, 2006

On Saturday, one of the Russian President Vladimir Putin's fiercest critics was shot dead in her apartment block. Anna Politkovskaya was famous for her coverage of human rights abuses in Chechnya -- a conflict largely ignored by most of the increasingly state-controlled Russian media. She accused the region's Moscow-backed prime minister, Ramzan Kadyrov, of torture and abductions of civilians.

In her last interview, given to U.S.-run Radio Free Europe, Ms. Politkovskaya said she was a witness in a criminal case against the Kremlin's strongman in Chechnya. "These are cases of kidnappings, including one criminal case concerning an abduction personally involving Ramzan Kadyrov, a kidnapping of two people, whose photographs are now on my desk," the AP quoted from Sunday's rebroadcast on Ekho Moskvy.

Today, her newspaper Novaya Gazeta had planned to run her latest investigative report on the dirty war in Chechnya. Her death disrupted the publication. "We never got the article, but she had evidence about these (abducted) people and there were photographs," Deputy Editor Vitaly Yerushensky told Ekho Moskvy radio, according to the AP.

Prosecutor-General Yury Chaika personally took charge of the investigation of her murder, his office said Sunday. We'd have more confidence in the state's determination to find the killer and his contractors if the death of journalists, particularly critics of the Kremlin, wasn't such a routine affair. Ms. Politkovskaya is the 13th journalist murdered in Russia since former KGB agent Putin has become president. Among the many unsolved murder cases is that of American journalist Paul Klebnikov. The editor of Forbes Russia was gunned down in Moscow in 2004. Then-Prosecutor General Vladimir Ustinov also said he'd take "personal control" of the investigations. Two years later, the Klebnikov family is still waiting for any convictions.

Where lawlessness rules, reporters run a particular risk. According to the New York-based Committee to Protect Journalists, Russia is the third deadliest place in the world for journalists, behind Iraq and Algeria. Ms. Politkovskaya is the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia.

Anna Politkovskaya (WSJ)

By Garry Kasparov

The Wall Street Journal, October 9, 2006

NEW YORK -- The news came when I was getting ready to sit down in front of an audience with the New Yorker's editor, David Remnick, at the New Yorker Festival on Saturday. Suddenly we had a tragic new topic for our talk about the crisis in Russia today. Anna Politkovskaya was dead, shot down in cold blood in her apartment building. One of the few remaining voices of independent journalism in Russia, Anna was a fearless journalist best known for her reporting on the government's atrocities in Chechnya.

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To know Anna was to know how profoundly she cared. She felt the pain of others deeply and communicated that passion in her work. She documented the illegal acts of the Russian security forces in the Northern Caucasus and the brutality of Ramzan Kadyrov and other Kremlin proxies in the region. She tenaciously investigated the government cover-ups around the Beslan and the Nord-Ost theater terrorist attacks, in which hundreds of civilians were killed. She took on the most sensitive stories and the most painful subjects. She was an inspiration because she was never intimidated, because she never wrote a line she didn't believe in passionately.

And on Saturday -- President Vladimir Putin's 54th birthday -- Anna Politkovskaya was murdered. Her killers made no attempt to disguise what their act was, no attempt to make it look like anything other than a politically motivated assassination. Even Russian politicians who always worked to contradict and downplay her reports are calling it a political murder.

But what does that mean in a country where one person is in control of everything? This brutal episode cannot be taken outside the context of recent events in Russia. The forces in control here are facing an impending crisis and fault lines are beginning to appear in the Kremlin's vertical power structure. The authoritarian structure that Mr. Putin has built in Russia has been very profitable for his circle of friends and supporters. Income is siphoned off from every region of the country. Business and politics have been combined into a streamlined process for bleeding the nation dry. Now, however, Mr. Putin and his associates are approaching a dilemma. The president's term of office ends in 2008 and this efficient machine is threatening to explode. Should Mr. Putin stay or should he go?

The chaos that will surely occur if Mr. Putin leaves office is relatively easy to understand. Any mafia-like structure is based on the authority of the top man. If he leaves, or appears weak, there is a bloody scramble for his position. Whoever wins that battle must then eliminate the others to consolidate his grip, so the fighting is fierce. Perhaps only 10% of the combatants will pay in blood or incarceration and ruin, but nobody knows who will be in that 10%.

To avoid that dangerous uncertainty, some of Mr. Putin's closest lieutenants are dedicated to making sure the top man stays right where he is. The problem with this plan is that Mr. Putin is constitutionally prevented from staying in office beyond the end of his term in 2008. The main obstacle is not the Constitution, which can be easily adjusted to the Kremlin's requirements; the obstacle is that, after he has made so many statements about his intent to step down in 2008, Mr. Putin would lose almost all his legitimacy in the West if he exercised this option. Of course, his regime has never shown concern for the voices of America and Europe, and feeble indeed those voices have been. But the money his associates have become so adept at squeezing from Russian assets resides almost entirely in Western banks. If the Russian government loses its veneer of legitimacy, these accounts could begin to receive an unpleasant amount of scrutiny.

So what can the ruling elite do to avoid both the chaos of succession and the loss of easy relations with Europe and the U.S.? The answer is becoming clearer every day if you read the headlines and look at the big picture. The Kremlin is exaggerating and fabricating one crisis after another, all combining to create an image of imminent peril. Those who believe they have burned every bridge and cannot afford to see Mr. Putin step down are trying to build a case that he is the only alternative to anarchy.

The political showdown with Georgia has led to a government-sponsored racist campaign against Georgians living in Russia. Mr. Putin's latest statement on this issue was trumpeted as a major victory by Russian ultranationalists, who were delighted to hear his unequivocal endorsement of their platform. Inflammatory language of this sort is, of course, prohibited by our Constitution, which the president is sworn to protect. But what of that!

I am not even certain whether or not Mr. Putin himself desires to stay on. It's a stressful job and he certainly will not lack for material comforts when he retires, unless of course the next government finds itself in need of a scapegoat.

There is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power. This is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world.

Mr. Kasparov, former world chess champion, is chairman of the United Civil Front in Russia.

A Moscow Murder Story (WP)

By Anne Applebaum

The Washington Post, October 9, 2006

She wasn't charismatic, she didn't fill lecture halls and she wasn't much good at talk shows either. Nevertheless, at the time of her murder in Moscow Saturday, Anna Politkovskaya was at the pinnacle of her influence. One of the best-known journalists in

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Russia and one of the best-known Russian journalists in the world, she was proof -- and more is always needed -- that there is still nothing quite so powerful as the written word.

The subject of Politkovskaya's writing was Russia itself, and in particular what she called Russia's " dirty war " in Chechnya. Long after the rest of the international press corps had abandoned Chechnya -- it was too dangerous for most of us, too complicated, too obscure -- she kept telling heartbreaking Chechen stories: The Russian army colonel who pulled 89 elderly people from the ruins of Grozny but received no medals, or the Chechen schoolboy who was ill from the aftereffects of torture but could get no compensation. A hallmark of her books and articles was the laborious descriptions of how she tried, and invariably failed, to get explanations from hostile and evasive Russian authorities. At the same time, she had no patience for the fanatical fringe of the Chechen independence movement either.

Over the years Politkovskaya won scores of international prizes. At home she was threatened, arrested and once nearly poisoned by the same Russian authorities who refused to respond to her questions. The only official acknowledgment of her status was backhanded: In 2002, when Chechen rebels stormed a Moscow theater, she was called upon to help negotiate the release of hostages. She failed to keep them alive, and now she is dead too.

Politkovskaya was not, it is true, the first Russian journalist to be murdered in murky circumstances since 2000, when President Vladimir Putin came to power. Among the worst crimes -- all, of course, unsolved -- were the murders of two provincial journalists from the city of Togliatti, probably for investigating local mafia; of Paul Klebnikov , the American editor of Forbes magazine's Russian edition, probably for knowing too much about Russia's oligarchs; and of a Murmansk television reporter who was critical of local politicians.

Nevertheless, Politkovskaya's murder marks a distinct turning point. There was no attempt to disguise the murder as a theft or an accident: Her assassin not only shot her in broad daylight, but he left her body in the elevator of her apartment building alongside the gun he used to kill her -- standard practice for Moscow's arrogant hit men. Nor can her murder be easily attributed to distant provincial authorities or the criminal mafia: Local businessmen had no motivation to kill her -- but officials of the army, the police and even the Kremlin did. Whereas local thieves might have tried to cover their tracks, Politkovskaya's assassin, like so many Russian assassins, did not seem to fear the law.

Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory. As Russian (and Eastern European) history well demonstrates, it isn't always necessary to kill millions of people to frighten all the others: A few choice assassinations, in the right time and place, usually suffice. Since the arrest of oil magnate Mikhail Khodorkovsky in 2003, no other Russian oligarchs have attempted even to sound politically independent. After the assassination of Politkovskaya on Saturday, it's hard to imagine many Russian journalists following in her footsteps to Grozny either.

There are jitters already: A few hours after news of Politkovskaya's death became public, a worried friend sent me a link to an eerie Russian Web site that displays photographs of "enemies of the people" -- all Russian journalists and human rights activists, some quite well known. Above the pictures is each person's birth date and a blank space where, it is implied, the dates of their deaths will soon be marked. That sort of thing will make many, and probably most, Russians think twice before criticizing the Kremlin about anything.

And there is, at the moment, a lot to criticize. With crises brewing in Iran, Iraq and North Korea, few have had time to notice the recent escalation of the political dispute between Russia and Georgia, or to ponder the political consequences of Europe's increasing reliance on Russian gas, or to worry much about minor matters such as the deterioration of press freedom in Russia. Critics of Anna Politkovskaya's writing did complain, on occasion, that her gloom could be overbearing: She was one of those journalists who saw harbingers of catastrophe in every story. Still, it is hard for me not to write about her murder in the same foreboding tone that she herself would have used. It is so much like one of the stories she would have written herself.

Another Killing In Moscow (NYT)

The New York Times, October 10, 2006

Anna Politkovskaya, gunned down over the weekend in Moscow, was the 13th Russian journalist killed since Vladimir Putin became president — and one of the bravest. We may never know who killed her because politically motivated crimes have a way of never being solved in Mr. Putin's Russia.

There is no question about whom Ms. Politkovskaya held responsible in years of unflinching reporting from Chechnya: the Russian Army and Mr. Putin himself. When he finally got around to acknowledging her death yesterday it was in a cold-blooded statement that the authorities "will take every step to investigate objectively the tragic death of the journalist Politkovskaya."

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Ms. Politkovskaya was 48, the mother of two grown children. She lived alone, in part because of the dangers of her job. On Saturday, she was about to deliver a major report to her newspaper about torture in Chechnya when a killer ambushed her and fired four shots from a silenced Makarov pistol, one in her heart and three in her head.

Police investigators seized all her research materials from her home and her office at Novaya Gazeta, one of the few independent newspapers still functioning in Moscow. We hope they lead to arrests, and not a cover-up. It is hard to be optimistic.

The murder of Ms. Politkovskaya — like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system — had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others.

It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem. Yet the former K.G.B. officer has presided over a systematic degrading of Russians' freedoms.

According to the Committee to Protect Journalists, Russia has been the third deadliest country for journalists over the past 15 years, after Iraq and Algeria. Despite the active hostility of the state, and the clear and ever-present danger, reformers have continued to speak up. Ms. Politkovskaya believed, as did Mr. Kozlov and many others, that Russia could become a freer country. We hope that her terrible death will rally those who share her faith.

U.N. Security Council Nominates S. Korean As Secretary General (WP)

By Colum Lynch And Joohee Cho, Washington Post Staff Writers

The Washington Post, October 10, 2006

General Assembly Expected to Back Veteran Diplomat

UNITED NATIONS, Oct. 9 -- The U.N. Security Council voted unanimously Monday for South Korean Foreign Minister Ban Ki Moon to be secretary general, endorsing a discreet political survivor for the world's top diplomatic job. A formal vote by the 192-member U.N. General Assembly is expected to confirm Ban's selection, perhaps within a week.

The soft-spoken, patrician Korean functionary -- some call him "the man with no enemies" -- will take charge of a United Nations that is struggling to contain conflicts around the globe. Ban, 62, has expressed a desire to play a far more active role in resolving the nuclear standoff with North Korea than current Secretary General Kofi Annan, who will step down on Dec. 31 after a decade in the job.

Although he may lack the star power of Annan, a Nobel Peace Prize laureate once dubbed the secular pope, Ban is by most accounts a polished and patient diplomat who could help smooth over differences among the United Nations' most powerful members.

Japan's U.N. envoy, Kenzo Oshima, said Ban's intimate knowledge of North Korean affairs would make him an asset in the campaign to persuade Pyongyang to back down. But some question whether Ban may be too diplomatic to take on powerful governments, including the United States, if they violate international norms, or to publicly scold noted human rights abusers, including North Korea, Burma and Sudan.

"He will not ruffle feathers," said Robert Einhorn, assistant secretary of state for nonproliferation in the Clinton administration, who has worked closely with Ban. "He is very diplomatic in the traditional sense of the word."

The U.N. body has never opposed a previous council choice. If approved, Ban will lead a $5 billion-a-year organization that carries out functions in virtually every corner of the world, ranging from the publishing of U.N. postage stamps to operating the world's second-largest expeditionary force, which will top 100,000 blue helmets in 18 conflicts by the end of the year.

In a series of interviews and public speeches, Ban said his chief priority will be to restore public confidence in an institution that has been buffeted by political squabbling among its members, mismanagement of a massive humanitarian program in Iraq, and sexual misconduct scandals involving U.N. peacekeepers.

But Ban sought to dash expectations that he would submit to U.S. insistence that the next secretary general devote most of his time to administrative tasks, saying he was eager to mediate conflicts in Sudan, the Middle East and North Korea.

"I intend to be more visibly engaged as a secretary general in addressing the regional conflict issue while trying to delegate the significant portion of my day-to-day managerial duties" to subordinates, Ban told an audience at the New York-based Asia Society.

His selection has already established Ban as something of a political lightning rod. James Kelly, the former U.S. assistant secretary of state for East Asian and Pacific affairs, said Ban's successful campaign for the top U.N. job may have played a role in the timing of North Korea's reported nuclear test. Pyongyang has long resented its southern neighbor's power and prosperity and may have been looking to overshadow Ban's election, Kelly said.

Some human rights advocates are cautious about Ban, saying he has taken a low-key approach to abuses in North Korea. But they credit Ban with backing key institutions, such as the International Criminal Court, that hold rights abusers to account.

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"He says the right things when you speak to him," said Kenneth Roth, the executive director of Human Rights Watch. "The big open question is, he is studiously bland. He seems determined not to give offense, and sometimes to effectively promote human rights you have to give offense."

Ban's selection marks the first time since the United Nations' founding that a secretary general has come from a military ally of the United States. And Ban actively pressed his government to send Korean troops to Iraq, backing a U.S.-led invasion that was bitterly opposed by Annan and most U.N. members.

Still, Ban has persuaded China and Russia that he will show sufficient independence from the United States.

"For him to get U.S. support was easy. He's very well liked in Washington," said Richard C. Holbrooke, a former U.S. ambassador to the United Nations who heads the Asia Society. "The fact that he could get the Chinese on board, provided he didn't make a private arrangement with them, providing there is no secret understanding, is . . . an extremely impressive achievement."

Ban was born into a upper class family in South Korea's North Chungchong province. His entry into the world of international affairs began as a teenager in 1962, when he won an English-language speech contest that led to a visit to the United States and a meeting with President John F. Kennedy. The trip inspired Ban to pursue a career in diplomacy.

Ban has since developed extensive experience in the United Nations, where he served South Korea as a junior diplomat and later as chief of staff of former U.N. General Assembly President Han Seung Soo. Han, the former South Korean foreign minister, led the world body after the Sept. 11, 2001, terrorist attacks.

Han credits Ban with playing a key role in shaping the U.N. response to the terrorist attacks. "Ban appears to be soft-spoken, but he can be tough when needed," Han said.

Han described his former aide as "righteous man" who hails from a "very noble family that honors sacrifice for the greater good."

"When his son was drafted to one of the toughest divisions in the military, he could have used his power status to move his boy to a less dangerous post," Han said. "Ban flatly refused to do so, saying there's a line between public and private affairs."

Cho reported from Seoul.

Security Council Approves South Korean As U.N. Chief (NYT)

By Warren Hoge And Choe Sang-hun

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The Security Council on Monday officially nominated Ban Ki-moon, the foreign minister of South Korea, to become the next secretary general of the United Nations, essentially assuring him the post.

While Mr. Ban said it was an honor for him and his country, he noted that North Korea's announcement of a nuclear test cast a shadow on his nomination.

"This should be a moment of joy, but instead I stand here with a very heavy heart," Mr. Ban said in a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Kenzo Oshima, the ambassador of Japan, the Council president, announced that Mr. Ban had been approved by all 15 members by acclamation. His nomination had been assured after he won four informal polls of the Council's members over the summer, leading to the withdrawal last week of the six other candidates.

Mr. Ban, 62, will succeed Kofi Annan, who retires Dec. 31 after two five-year terms. Mr. Annan released a statement affirming "the highest respect for Mr. Ban" and pledging to help ensure a smooth transition.

Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term.

The Council took its action on Mr. Ban before convening an emergency meeting on North Korea's nuclear test. Mr. Oshima noted, "I think the fact the candidate is current foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean Peninsula that we are facing."

In a similar reference, John R. Bolton, the American ambassador, said, "It's really quite an appropriate juxtaposition that today, 61 years after the temporary division of the Korean Peninsula at the end of World War II, that we're electing a foreign minister of South Korea secretary general of this organization and meeting, as well, to consider the testing by the North Koreans of a nuclear device."

He added, "I can't think of a better way to show the difference in the progress that those two countries — great progress in the South and great tragedy in the North."

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Mr. Oshima said he was sending a letter on Monday to the 192-member General Assembly, which, under the United Nations Charter, is responsible for appointing a new secretary general on receiving the choice of the Security Council.

The General Assembly will draw up its own resolution on the appointment and circulate it to the membership for action, expected before the end of the week.

Only a simple majority is required for approval, and the last four secretaries general were appointed by the General Assembly through a resolution adopted by consensus, without a vote. The assembly has never rejected the Council's selection.

Mr. Ban said he would "contribute as much as I can to the resolution of all kinds of problems, including the North Korean nuclear issue, that may threaten international peace and security."

He said the test "directly challenged" a Security Council resolution against such an act and was "a unilateral abrogation and annulment" of a 1991 nonnuclear agreement between the Koreas. He also called it "a grave and direct threat to peace and stability on the Korean Peninsula and in Northeast Asia."

In campaigning for the job, Mr. Ban presented himself as a reformer who "will lead by example" and as a "harmonizer and bridge-builder" who will try to expel the widespread "mistrust" of the United Nations.

Specifically, Mr. Ban said he would focus on the need to guarantee human rights, on the special responsibilities the world body had to the developing world and on overhauling the management of the United Nations — a priority of the United States and its allies.

"It is true that the U.N. has not lived up to the expectations of the international community in terms of efficiency, transparency and accountability," he said, adding, "I will do my best to make the U.N. Secretariat reborn into a more relevant and efficient organization."

South Korea's Ban Ki Moon Is Nominated For Top U.N. Position (WSJ/AP)

The Wall Street Journal, October 10, 2006

UNITED NATIONS -- South Korean Foreign Minister Ban Ki Moon was officially nominated as the next U.N. secretary-general hours after North Korea announced it had tested a nuclear weapon.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Mr. Ban told reporters in Seoul, South Korea. Mr. Ban pledged to work to resolve the North Korean nuclear crisis.

Mr. Ban, 62 years old, was nominated by the U.N. Security Council to succeed Kofi Annan, whose second five-year term ends at the end of the year. He faces likely confirmation by the U.N. General Assembly.

Japan's U.N. ambassador, Kenzo Oshima, asked the 192-nation world body to act promptly to give final approval to Mr. Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

U.S. Ambassador John Bolton called Mr. Ban's selection "a very significant event," saying the United States looks forward to quick approval by the General Assembly.

"I can't think of a better way to show the difference in the progress of those two countries -- great progress in the South and great tragedy in the North," Mr. Bolton said.

In Seoul, Mr. Ban told reporters that if the General Assembly appoints him, he would "contribute as much as I can to the resolution of all kinds of problems including the North Korean nuclear issue that may threaten international peace and security."

North Korea hasn't mentioned Mr. Ban's bid to become U.N. secretary-general. It previously has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic-weapons program.

Mr. Ban has been South Korea's foreign minister for more than two years and served as national security adviser to two presidents -- jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

Mr. Ban would be the eighth secretary-general in the United Nations' 60-year history, overseeing an organization with some 92,000 peacekeepers around the world and a $2 billion annual operating budget. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Ban Nominated For U.N. Secretary-general (AP)

By Nick Wadhams, Associated Press Writer

AP, October 10, 2006

The U.N. Security Council on Monday formally nominated South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as United Nations secretary-general, all but assuring that the quiet diplomat will become the eighth chief in the world body's 61-year history.

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What would have been an event of major significance — Ban will become one of the world's best-known and most influential diplomats over his five-year term — was overshadowed by North Korea's claim that it had conducted a nuclear test.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Ban said at a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Ban, who participated in six-party talks with the North in 2005, vowed to help resolve the North Korean nuclear crisis after he becomes secretary-general. He must be approved by the 192-nation General Assembly, which has never rejected a Security Council nomination.

Japan's U.N. Ambassador Kenzo Oshima asked the General Assembly to act promptly to give final approval to Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1, after Annan's second five-year term ends.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

Some diplomats speculated that North Korea may have conducted the test when it did partly to signal its disapproval for Ban. The North has not publicly commented on his bid but has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic weapons program.

Normally the 15-member council would vote on a nomination, but Britain's Ambassador Emyr Jones-Parry suggested in Monday's meeting that Ban be approved by acclamation, done when there are no dissenting votes. The idea was greeted with applause from the other ambassadors, diplomats who attended the meeting said.

Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy.

The final straw poll last week revealed that he had the support of all five veto-wielding members of the council, and the remaining five candidates quickly left the race.

U.S. State Department spokesman Sean McCormack said in a statement that Ban "is the right choice to lead the United Nations at this pivotal time in its history." U.S. Ambassador John Bolton called Ban's selection "a very significant event."

"It's really quite an appropriate juxtaposition that today 61 years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea as secretary-general of this organization and meeting as well to consider the testing by the North Koreans of a nuclear device," Bolton said.

Ban's selection now will give him more than two months to prepare to lead an organization that has deployed 92,000 peacekeepers around the world and has annual operating budget of $5 billion. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Annan "warmly welcomes" the decision nominate Ban, whom he has the "highest respect for," U.N. spokesman Stephane Dujarric said. Annan, who won the Nobel Peace Prize as secretary-general in 2001, urged the General Assembly to make a decision on Ban as soon as possible.

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

He had courted Security Council nations aggressively during his campaign and gave numerous speeches to make himself better known and counter the impression that he was too quiet or humble to inherit the job.

Yet the actual selection process was mostly conducted behind closed doors, adhering to a tradition that has drawn criticism from some members of the General Assembly and non-governmental organizations that believe the job is too important to be awarded in such secrecy.

Nonetheless, diplomats said they believed Ban was the right man to lead the organization that many believe is in desperate need of reform. Its procurement department has been saddled by allegations of corruption and mismanagement, while many world leaders believe its most powerful organ, the Security Council, must be revamped to reflect the realities of 2006 and not 1945, when it was created.

"We think that he has all those qualities that are necessary for a secretary-general that are probably hard to differentiate and count on your hands," Russia's U.N. Ambassador Vitaly Churkin said. "This is the person who, with our support, can tackle this difficult work."

Associated Press reporters Edith M. Lederer at the United Nations and Bo-Mi Lim in Seoul, South Korea, contributed to this story.

Ban Chosen To Succeed Annan As U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

DOJ_NMG_0077208

NEW YORK -- The U.N. Security Council unanimously selected South Korean diplomat Ban Ki-moon to be the organization's eighth secretary-general yesterday, acting just hours after North Korea declared it had tested a nuclear weapon.

The 192 member-nations of the U.N. General Assembly are expected to affirm the choice later this week or early next week, giving the low-key South Korean foreign minister more than two months to prepare before beginning his five-year term.

"The Security Council has just recommended to the General Assembly that Ban Ki-moon [serve as secretary-general] from Jan. 1, 2007 to Dec. 31, 2011," said Japanese U.N. Ambassador Kenzo Oshima, president of the 15-nation council during the month of October.

The selection of a new secretary-general, normally a momentous occasion, was overshadowed by Pyongyang's nuclear test claim, which prompted an emergency session of the council immediately after the vote.

In Seoul, Mr. Ban called the nuclear test an "act of provocation" and acknowledged mixed emotions on the day of his selection.

"This should be a moment of joy. But instead, I stand here with a very heavy heart" because of the North's nuclear test, he told reporters in Seoul yesterday.

Last week, he told the Chosun Ilbo, a leading Seoul daily, he wants to visit North Korea sometime during his term, something outgoing U.N. chief Kofi Annan had never been able to do in his ten-year tenure.

Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security.

"The fact that the candidate is the current foreign minister of [South Korea] is an asset in dealing with the situation on the Korean peninsula," Mr. Oshima said.

U.N. Ambassador John R. Bolton, who has been pushing North Korea onto the council's agenda for months, described the selection of Mr. Ban as "quite an appropriate juxtaposition."

"Sixty-one years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea [as] secretary-general of this organization, and meeting as well to consider testing by North Korea of a nuclear device," Mr. Bolton said.

"I can't think of a better way to show great progress in the south, great tragedy in the north."

Mr. Ban's selection by the council had been assured after he emerged as the consensus choice in a series of four straw polls since this summer.

Council members stayed in session after the 15-0 vote, moving directly to the thornier issue of how to respond to North Korea's defiance of the council's demand late last week that it abandon its nuclear pursuits.

Emyr Jones Parry, Britain's U.N. ambassador, praised Mr. Ban's "very impressive credentials" and his "vast and long diplomatic experience" in South Korea's foreign service.

Jean-Marc de la Sabliere, France's U.N. ambassador, praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa.

"He has all the qualifications for this job," Mr. de la Sabliere said, stressing the possibility of renewed efforts to reform the world body's bureaucracy.

Mr. Ban, 62, was educated in Seoul and at the John F. Kennedy School of Government at Harvard University, where he studied public administration. He is married with three grown children.

The career diplomat twice served in his country's embassy in Washington, and ran the South Korean foreign ministry's American affairs division in the early 1990s. He has represented South Korea at the United Nations in New York and in Vienna, where he handled the nuclear portfolio.

Mr. Ban served as the chief of staff to the president of the U.N. General Assembly in 2001 and 2002, a session that was dominated by the September 11 attacks.

Mr. Annan offered his congratulations to Mr. Ban and promised his full cooperation.

"For his part, the secretary-general will do everything possible to assure a smooth transition," said Stephane Dujarric, spokesman for Mr. Annan.

Islamic Leader Urges Holy War In Somalia (WT/AP)

By Mohamed Sheikh Nor

The Washington Times, October 10, 2006

MOGADISHU, Somalia -- An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, U.N.-backed government.

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"I urge all the Somali people to wage holy war against the Ethiopians," said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle.

"Ethiopian troops have intentionally invaded our land," he said. "We will counter them soon."

His comments came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town.

Sheik Yusuf Indahaadde, the national security chairman for the Islamic group, said 35,000 Ethiopian troops were on Somali soil, but did not give any further details. Foreign observers, however, have put the number in the hundreds.

"This is a declaration of war," he said. "We will not wait anymore. We will defend the integrity of our land."

The Islamic courts have declared holy war against Ethiopia on a number of occasions in recent months but have so far avoided any direct military confrontation.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohammed Siad Barre and then turned on one another, throwing the country into anarchy.

A transitional government was formed in 2004 with U.N. help with the hope of restoring order after years of lawlessness. But it has struggled to assert authority, while the Islamic movement seized the capital, Mogadishu, in June and now controls much of the south.

Tensions between the Islamic movement, which is expanding control over large parts of the war-ravaged country, and the weakened government are high. Each side has accused the other of violating a tentative peace agreement signed last month in Khartoum, Sudan.

The Islamic group opposes any outside intervention and becomes particularly incensed about any role played by Ethiopia, Somalia's historic rival.

Somalia's weak but internationally recognized government publicly denies it is being supported by Ethiopian troops. However, government officials, speaking on the condition of anonymity because they were not authorized to speak to the press, said about 6,000 Ethiopian troops are in Somalia.

The reports from Bur Haqaba prompted another denial from Ethiopia.

Islamic officials said three Ethiopian battalions totaling 750 men alongside government militia rode into Bur Haqaba yesterday morning without firing a shot. The town was taken over by Islamic forces in late June.

Bur Haqaba is perched along six hilltops, allowing forces there to control the only road between Mogadishu, controlled by the Islamists, and Baidoa, the seat of the transitional government.

After Tsunami, Intentions To Build But No Road Yet (NYT)

By Jane Perlez

The New York Times, October 9, 2006

KEUTAPANG, Indonesia, Oct. 5 — A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery.

Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance.

Though villagers welcome the idea, some have reservations about an American-style thoroughfare with a wide shoulder on either side that will replace the existing ribbon of mostly churned dirt and mud.

Villagers say they fear speeding traffic — they have thrown rocks at fast-traveling cars of foreign aid workers — and want to be able to sell snacks and tea from stalls snug by the roadside, as they have always done.

The difficulties of getting started on the road, one of the largest infrastructure projects in Indonesia, reflects the weariness among tsunami survivors with the long return to normality.

A demonstration outside the main Indonesian reconstruction agency turned violent last month when protesters complained that they still lacked basic services and demanded more financing for education.

The patience of American officials is wearing thin, too. They complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves.

Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon.

"It was threatened they would take the money away," said Kuntoro Mangkusubroto, the director of the Indonesian rehabilitation and reconstruction agency in Aceh. "That's standard," he added with a shrug.

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The Indonesians say the Americans are imposing first-world standards of efficiency on a poor region that was pounded by civil war and then swamped by the tsunami, which killed more than 100,000 Indonesians. Records of land titles were washed away, and questions of inheritance among devastated families take a while to decide, they say.

The idea for the road evolved soon after the tsunami when the Bush administration wanted to show that the United States cared about Indonesia, the world's most populous Muslim country, in its moment of need.

It was decided early on to finance one substantial American project that would make a splash, rather than a number of smaller ones. At first, rebuilding a significant portion of the provincial capital, Banda Aceh, into a kind of "signature city" was discussed.

Instead, a well-engineered road from the capital to Meulaboh, the southernmost coastal town, which was nearly completely wiped out, was considered a more fruitful project that played to the American strength of fast and modern construction.

But the Americans did not anticipate the long negotiations over compensation for land or the strong local feelings about the graves.

Tucked under a grove of coconut trees, a pale-hued boulder and an ancient tree trunk represent this village's most mystical grave, the place where a white tiger is believed to stand guard. Nearby, red and yellow flags left by surveyors indicated the American road was set to plow right through the sacred spot.

A local elder, Mohammad Noor, 60, who forded a river and clambered over fences to show off the grave, says he cannot imagine that it could ever be moved.

The problems with the road also involve more than Indonesian sensibilities. An audit by the Inspector General of the United States Agency for International Development last March said that the design of the road was delayed because the development agency requested the contractor to modify the design plan at least four times. It also noted that when the contract for the engineering work was awarded to the American firm Parsons, it was awarded in November, four months late.

By May, when the process was bogged down, a veteran of building big American projects abroad, Roy R. Ventura Jr., was brought in to expedite things.

On June 29, Mr. Ventura said he presented the Indonesians with the final plan for where the road would run. He was told by Indonesian government officials, he said, that right of way would be ready so construction could begin for the first portion of the road to the village of Lhong by July 25, and by Oct. 3 in the area farther south to the town of Calang.

According to that schedule, American officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that.

But instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say.

"The Americans are arguing that there should have been land acquisition a year ago," Mr. Kuntoro said. "But how could that happen when we did not know from the Americans where the road was running until June 29?"

Mr. Kuntoro, a graduate in engineering from Stanford University, has become the point man for many of the problems.

He has been visited in his office in Banda Aceh by the American ambassador to Indonesia, B. Lynn Pascoe; by Mr. Ventura; and this week by investigators from the Government Accountability Office in Washington. They all ask the same thing: When will enough continuous land be ready so that bulldozers can begin clearing the way?

In fact, Mr. Kuntoro said in an interview on Tuesday that he had just written a letter to Mr. Pascoe saying that his agency had gained title to about 3.5 miles worth of continuous land and that major construction could start.

But on Thursday, Mr. Ventura said that he was not satisfied that the titles were transferred and that work could begin only on a bridge involving a sliver of land.

"The road itself is no different to anyplace in the world," said Mr. Ventura, who was with the Montana Highway Department for 10 years and has managed construction sites in Saudi Arabia, Jordan and the Philippines. "The process of getting right to the land to get the road built is very different."

In an exchange with the governor of Banda Aceh, Mustafa Abu Bakar, the frustrated Americans suggested that the governor should consider using eminent domain procedures for speedy possession of the land. In reply, the governor said in a letter that in order to keep community support for the road he would use eminent domain only as a last resort.

"The government sees the people here as victims of the tsunami and very vulnerable," said Eddy Siregar, a construction manager for Wijaya Karya, the contractor, as he sat on the side of the old road in the village of Pasi. "It would be a big trauma if their land was taken. So they want to try the soft way."

Late Wednesday afternoon, Mr. Noor, the local elder, received word that his village leaders had agreed with the provincial authorities to move the grave the white tiger is believed to guard.

"I can't imagine how they will do it," a crestfallen Mr. Noor said. "Will they do it nicely, or will they do it roughly?"

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Atoning For Lame Ducks (WSJ)

By Fania Oz-salzberger

The Wall Street Journal, October 9, 2006

HAIFA, Israel -- Israeli cities during Yom Kippur are the quietest in the world. No cars, no national television, not an open business in sight. The Jewish Day of Atonement offers calm reflection -- "accounting of the soul" -- for synagogue-goers and street-strolling seculars alike. This year almost everyone could agree at least on one thing: This country has seen better leadership. The shoes of Ben Gurion, Begin and Rabin have never looked larger, or emptier. As Palestinian government in Gaza totters on the verge of civil war, and Arab leaders across the Middle East softly offer peace talks, Israel's leaders hardly seem capable of dealing with either situation. If Israelis felt a little like sitting ducks last August, it is the set of lame ducks in Jerusalem that make us worry in October.

In the aftermath of the second Lebanon war, which underachieved its declared aims, Prime Minister Ehud Olmert is trying to cut his losses with a barrage of media interviews of the holiday supplement variety. In so many words, he said that Israel today has no vision. Disengagement in the West Bank? Definitely out. Bashar Assad's new talk of negotiation? Not worthy of an answer. Arab moderates promoting the Saudi peace plan? Merely a noise in the background. To be sure, all these may prove to be dead ends; but Mr. Olmert offers no initial exploration and no alternative horizon. What emerges is a self-defending lawyer-politician rather than an imaginative national leader. An opinion poll in Haaretz on Sept. 21 gave Mr. Olmert a mere 22% approval rating, with 68% voicing dissatisfaction from his conduct as prime minister.

Amir Peretz, the fiery social democrat miscast as minister of defense, has plunged even lower. Claiming the innocence of a novice, he says army chiefs misled him into believing that the eradication of Hezbollah missile launchers would be a far faster feat. In the meantime, Jews and Arabs in northern Israel suffer social and economic hardships that should have been the natural concern of a labor leader like Mr. Peretz. Instead of being led down the garden path by generals, he should have tended to his own backyard, Israel's growing economic gap. His recent poll score is, accordingly, 14% -- the lowest on record for a defense minister. Mr. Peretz insists he will not leave his job before mending what is broken. So do others. In a political culture unaccustomed to accountability resignations, rolling up one's sleeves is a reasonable alternative; but they will have to do it under the severe gaze of the public and the media.

Meantime, elsewhere in Jerusalem, the plot thickens: President Moshe Katzav is facing serious allegations of sexual misconduct. As many as eight female civil servants who worked with Mr. Katzav during his political and presidential career filed complaints against him, ranging from sexual harassment to rape. His protestations of innocence and "conspiracy" -- echoed by a battery of lawyers -- sound convincing to a few, pathetic to some, and infuriating to most Israeli citizens. Mr. Katzav refuses to resign or even to suspend himself temporarily. Regardless of the eventual juridical outcome, and unlike Messrs. Olmert and Peretz, there is little he can do to fix the damage to integrity. Israel's highest honorary post is being dragged through the mud.

So this must have been a hard Yom Kippur indeed for Israel's top echelon; there is a great deal, it seems, to atone for.

At this point it is tempting to remind readers -- and to break the news to some Europeans -- that the vast majority of the Israeli citizenry is honest, committed to democracy, and averse to both corruption and political flimsiness. And that most Israeli soldiers, regulars and reservists, are capable and moral. And that Palestinian politics and economy are in violent shambles, largely of their own making, while Israel's economy (and rule of law) is decent and successful. But it would be more to the point to suggest which parts of Israel's government are future-looking, and where they may be heading.

The Olmert government has been more open to international dialogue than many of its predecessors. Mr. Olmert and Foreign Minister Tzipi Livni reportedly began to work on an internationally moderated ceasefire from the early days of the war in Lebanon, and their care to comply with U.N. Resolution 1701 was capped by the retreat of the bulk of Israel's army from southern Lebanon on the eve of Yom Kippur. Unfortunately, Hezbollah does not respond in kind: The two captured Israeli soldiers, as well as the one held in Gaza, have not been freed. The full disarmament of militants throughout Lebanon so far exists mostly on U.N. stationery. Yet Israel's abiding by the international resolution is an important step in the right direction -- a moral high ground is often better than a mountaintop position in southern Lebanon (unless one's life depends on the latter, and only as long as it does).

To put it simply, Israelis are beginning to see the benefits of reversing Clausewitz's famous dictum: Diplomacy is now the continuation of war by other means, and the Lebanon clash may soon yield important benefits for Israel -- and for most Lebanese, and perhaps even for Palestinians -- on the diplomatic front.

One interesting sign of change is that the Israeli public has been relatively -- and surprisingly -- content with the management of its foreign affairs. Not only did Ms. Livni survive the governmental fall from grace rather impressively, scoring 51% support in the Haaretz poll and enjoying a consistently positive image in public opinion; she is also a widely preferred candidate for the prime minister's office, presenting the rare persona of a moderate, incorruptible, level-headed ex-Likudnik. If

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Ms. Livni does become our next leader, overcoming the predicted rise to power of more militant right-of-center parties, she may offer the right blend of pragmatic sobriety and creative vision typical of the more optimistic part of Israel's political center today. Young, pragmatic and -- by current local standards -- charismatic, Ms. Livni would be no Golda Meir, and so much the better. (It so happens that the brand new president of the Supreme Court, Dorit Beinish, is a woman, too. So is the Knesset's speaker, Dalia Itzik. Perhaps -- although this writer is biased on the issue -- a female touch would do Israel's three branches of government no harm. At the very least, Arab regimes may witness an example for tapping the resources of their nations' hidden halves.)

While Israel is wrestling with its own demons and hopes, both the EU and the U.S. face new Middle Eastern tests. Europe is the new active player in the Lebanese scene. It should flex its muscles, brains and, if possible, heart, to reverse decades of well-earned mistrust on part of the Israelis. Can we, as well as the Arabs, finally be persuaded that the European peace brokers have determination, imagination, compassion and staying power? Tough homework for Brussels here, and a crucial test for its international performance.

The U.S., too, has more steps to make up a long steep slope. Condoleezza Rice may have an easier job persuading Israel to give serious answers to moderate Arab peace initiatives than to prop up the wobbly Abu Mazen in his almost hopeless campaign to instill reason into Hamas; but both are worth trying. Syria's Bashar Assad may be acting cynically when saying that peace with Israel can be a done deal within six months, but the U.S. is the only power that can seriously challenge him to live up to his claims, first and foremost by kicking out of Syria the bloodiest of terror leaders, such as Khaled Mashal of Hamas. Mr. Olmert's present silence is justifiable up and until the Americans either clear the Road to Damascus, or show the world that it is obviously blocked.

Mr. Olmert's government is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted. One can only wish Lebanon and Gaza similar recovery, and some Israelis I know would be happy to lend a hand, in the spirit of Jewish atonement, especially after our three captured soldiers are safely home. As 7,000 peacekeeping European soldiers, alongside Lebanese troops, take over southern Lebanon, hope is surfacing that whatever took place in the summer of 2006 was not an Israeli defeat. The mood in Tel Aviv and Haifa today -- as the clever Hassan Nasrallah surely knows in his heart -- is somber but not depressed. Ehud Olmert's government is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the U.S., and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about.

Ms. Oz-Salzberger is director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa.

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Sent:	Tuesday, October 10, 2006 8:43 AM
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Subject:	Attorney General's News Briefing for Tuesday, October 10, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Document Says Posada Carriles Warned CIA Of Airline Bombing. In a widely-distributed story, the AP (10/10, Selsky) reports anti-Castro militant Luis Posada Carriles "warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document. … The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday." The AP adds, "The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University," and the Archive's Peter Kornbluh "urged the U.S. government to tell everything it knows about Posada."

Meanwhile, under the headline "Castro Foe Puts U.S. in an Awkward Spot, the New York Times (10/10, Lacey, 1.21M) notes Posada Carilles "may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail. That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts." Additionally, "So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files."

Defense Department Monitoring Growing List Of Islamic Video Games. The Washington Post (10/9, C1, Vargas, 748K) reports, "A new video game lets players kill President Bush. It's called 'Quest for Bush.' … 'Quest for Bush,' a.k.a. 'Night of Bush Capturing,' is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. … It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles.

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Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history."

HOMELAND RESPONSE:

Treasury Weighs Industry Opposition To Requiring International Wire Reporting. The Wall Street Journal (10/10, Paletta, 2.03M) reports the Treasury Department, "amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year." Financial institutions are "required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide." A senior Treasury Department official "said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing."

Provision In DHS Bill Aids 9/11 Suit Against Airlines. The Washington Times (10/9, Waterman, 88K) reports, "A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system." Section 525 of the conference report that "is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA)." The regulations, says the report, "should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide 'a rational reason,' which will 'identify and describe the specific risk to the national transportation system.'" The Times adds, "About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the US District Court of New York. The plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks."

WAR NEWS:

Baker Suggests His Panel Will Depart From Bush's "Stay The Course" Approach. The New York Times (10/9, Sanger, 1.21M) reports, "James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to 'stay the course,' and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria." Baker's comments yesterday "offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. 'I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of "stay the course' and 'cut and run,"' Mr. Baker said." The Times adds, "According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance."

Baker, appearing on ABC's This Week (10/8, Stephanopoulous), said, "I think if we picked up and left right now that you would see the biggest civil war you've ever seen and every neighboring country would be involved in there doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

The Washington Times (10/9, Pfeiffer, 88K) reports, "A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, 'The Kurds already effectively have their own area. The federalization of Iraq is

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going to take place one way or another. The challenge for the Iraqis is how to work that through.'" However, Baker "appeared to reject such a proposal yesterday." Said Baker, "There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq. … And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

Change In US Strategy Likely After Elections. ABC World News (10/8, story 2, 2:10, Harris, 8.78M) reported "no one is under any illusion that the bigger picture in Iraq is not fairly grim. 27 Americans have been killed in the past week and number of US wounded is at its highest level in two years." Fareed Zakaria, editor, Newsweek International: "It is fair to say US strategy has failed." McCarthy: "Many US officials, both here and in Washington, are looking for a new approach. No change is likely until after the November elections, when the former Secretary of State James Baker will report back to the President on policy options for Iraq. But some of the staunchest supporters of the war in Iraq are calling for a rethink -- and setting deadlines."

Woodward Describes Contentious Talk With Cheney. During his appearance on NBC's Meet the Press yesterday (10/8, Russert), Bob Woodward was asked, "Have you spoken to the President or the Vice President since this book came out?" Woodward replied, "The Vice President called me, I guess as it was coming out, 10 days ago. He called to complain that I was quoting him about the meetings with Henry Kissinger that he and the President had. I had interviewed Vice President Cheney last year a couple of times at length about material I'm gathering on the Ford Administration, on-the-record interviews, but he volunteered, he said, 'Oh, by the way, Henry Kissinger comes in' and he, Dick Cheney, sits down with him once a month and the President every two or three months. And Cheney was upset I was quoting him. And I said, 'Look, this -- on-the-record doesn't have anything to do with Ford, you volunteered that.' He then used a word which I can't repeat on the air. And I said, 'Look, on the record is on the record,' and he hung up on me." Russert: "What, what do you mean, he swore at you?" Woodward: "He said what I was saying was bull-something."

Woodward also said on NBC's Meet The Press (10/8, Russert), "They have not been telling the truth about what Iraq has become. ... The headlines in the newspaper today -- more body counts, more people being wounded -- while the people in the Bush Administration are going around regularly and saying, 'We've turned the corner, the terrorists are in retreat.'"

Rice "Flip-Flop" Said To Demonstrate Woodward's Clout In Washington. U.S. News and World Report (10/16, Halloran, 2.03M) reports, "Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting" described in Bob Woodward's State of Denial, "a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA 'on or around' that date-and added that she had instructed her staff to pass on the CIA's information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld. Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal."

Woodward Dismisses Criticism Of His Reporting. U.S. News and World Report (10/16, Halloran, 2.03M) reports, "Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. … The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context." Woodward "calls such criticisms unfounded. 'I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names,' he said last week. 'This book makes me feel good about old-fashioned, straight journalism.'"

Journalists Attended Policy Meeting Described In Woodward Book. The New York Times (10/9, Bosman, 1.21M) reports, "It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, 'State of Denial,' he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11. What was more unusual, Mr. Woodward reveals, was the presence of journalists at the

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meeting." Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, "attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened." Zakaria "takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced." Kaplan, "who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because 'everybody was in a patriotic fervor.'"

Iraqi Death Squads Use Web To Post Execution Lists. Newsweek (10/16, Caryl, Hastings, 3.12M) reports, "Iraq's sectarian war is spreading onto the Web. Some Iraqis…have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. … The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites." Newsweek adds, "The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues."

Suspect In Poisoning Of Iraqi Policemen Arrested. The AP (10/10, Abdul-Zahra) reports, "Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional." Brig. Qassim al-Moussawi "said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely" than "intentional sabotage." The Washington Post (10/10, Paley, 748K) notes Brig. Gen. Qassim al-Moussawi, "a spokesman for the Iraqi armed forces... said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died."

The Los Angeles Times (10/10, Smith, Kareem, 918K) reports, "Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date." In the same article, the Times reports the assassination of the Iraqi vice president's brother, the continuation of the Saddam Hussein trial, and the reported deaths of five US servicemen.

Gains By US Forces In Iraq Said To Be In Jeopardy. In a pessimistic article, the AP (10/9, Castaneda) reports, "To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq." The situation has bred "fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated." The AP adds, "Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina ... Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war. The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west from using the U.S. military drawdown there to gain strength." The 140,000-man US force is called "overstretched."

Kurds, Shiites Seek Control Of Iraq's Oil Resources. The Wall Street Journal (10/10, A6, Shishkin, 2.03M) reports, "In Baghdad last week, Secretary of State Condoleezza Rice said 'oil needs to be a unifying factor.' But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. ... The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is increasingly alarmed by Kurdistan's oil moves." Kurdish ambitions "could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern."

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Woman Testifies That Saddam's Guards Buried People Alive. USA Today/AP (10/10) reports, "The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed. ... One woman ... told the court she was 13 years old when she was detained during the crackdown."

Defense Lawyers For Haditha Marines Will Argue They Followed Rules. The Christian Science Monitor (10/10, Whittle, 58K) quotes the thoughts of several experts on rules of engagement and permissible killing in battle. The Monitor reports, "If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. 'It's clear that that is the direction one must take,' says attorney Gary Myers, if it's proved his client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation. Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted 'reasonably,' even if they killed civilians, military law experts say."

Dan Senor Raps Chandrasekaran Book. In an op-ed for the Washington Post (10/10, 748K), former CPA senior advisor Dan Senor writes, "A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. ... He virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts." Senor names Richard Jones, Ryan Crocker, Gen. Keith Kellogg, and others as "bipartisan...experts" who disprove Chandrasekaran's view "that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq." Also, "the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account."

Bush Accused Of Minimizing Suffering Caused By Iraq War. In his Washington Post column (10/10, A21), Richard Cohen notes the Post recently ran a story on "how President Bush had characterized the present difficult period in Iraq as 'just a comma.'" Cohen adds, "Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection."

Bomb Kills Top Leaders Of Afghan District. The New York Times (10/10, Gall, 1.21M) reports, "Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said. The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province." In other news, "NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours ... NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month."

CORPORATE SCANDALS:

Dunn Proclaims Her Innocence In H-P Scandal. USA Today (10/9, Jones, Kessler) reports that former Hewlett-Packard chairman Patricia Dunn "went on 60 Minutes Sunday to say she was innocent. 'The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth,' she said. 'It's a falsehood. It's a damaging lie.'" Dunn "said her lawyers approved the 60 Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer."

Clash Between Dunn, H-P Director At Heart Of Spying Scandal. The Wall Street Journal (10/9, A1, Anders,

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Murray) reports, "Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins. They argued over how the board should be run. He has called her a 'stickler for process and procedure.' She says he was a 'controller.' For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries." The Journal adds, "The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks."

Former H-P Chief Executive Says her Next Job Might Involve Politics. Former Hewlett-Packard Co. chief executive Carly Fiorina said in an interview yesterday that she might want her next job to involve politics or some other form of public service. The Wall Street Journal (10/10. Murray, Anders) reports that Fiorina "said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk." The Journal adds, "Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: 'My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment.'"

Fiorina Says "Deep Dysfunctions" Troubled H-P's Board For Years. USA Today (10/10, Kessler) reports that Fiorina said Monday that deep "' dysfunctions' in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal. Fiorina "says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back. The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week."

Options Scandals Spawn Civil Suits. CNN Money (10/10, Pasha) reports, "Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle." CNN continues, "At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives." CNN adds, "Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders. … But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy. … And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom."

Buffet Warns Berkshire Managers Against Unethical Behavior. Warren Buffet has ordered the top managers at Berkshire Hathaway to increase their efforts to crack down on unethical practices. The Financial Times (10/10, Beales, Guerrera)reports that in a strongly worded memo," Buffett warned that "practices such as stock options backdating cannot be justified because 'everybody else is doing it.'" The memo, sent to an elite group of Berkshire managers known as "The All Stars" says that "'bad behaviour' among the insurance and energy conglomerate's 200,000-plus employees is 'inevitable.'" Buffet also warns "that poor corporate governance cannot be forgiven just because the practice is widespread."

The Wall Street Journal (10/10, Richardson) reports that in the memo, Buffet tells his managers "to resist temptation despite peer pressure or even industry practice." The Journal adds, "With regard to the backdating scandal, Mr. Buffett, wrote, 'My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well.' In his trademark folksy writing style, he went on to say, 'So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the

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front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it.'"

Business Leaders Urged To Espouse A "Bigger Game." Alan M. Webber, co-founding editor of Fast Company magazine and former editorial director of the Harvard Business Review, writes in USA Today (10/10), "According to survey data from 623 students at 32 graduate business schools in the USA and Canada, 56% admitted cheating. … These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?" Business leaders "need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest. MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them."

Journalist Decries EU Court's Ruling. Hans-Martin Tillack, a reporter in the Berlin office of Stern magazine, writes in the Wall Street Journal (10/9), "For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts. Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF." Tillack adds, "Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. … If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this."

CRIMINAL LAW:

National Conference On School Violence To Start Today. The AP (10/10, Feller) reports, "Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety." The AP continues, "President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving. … Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies." The AP adds, "Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence. … Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak. .. No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines."

The AP (10/10) reports, "A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation." The AP continues, "Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton. … The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it. … 'Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom,' the president said in his weekly radio address on Saturday." The

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AP notes, 'In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats. … Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference."

The Quincy (MA) Patriot-Ledger (10/10, Hopkins) reports, "If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program. … 'They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?' asked John Reilly, Hull selectmen chairman and school building committee member. 'I think that should be a priority along with everything else.'" The Patriot-Ledger continues, "President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe. … Most South Shore schools at the very least require all visitors to present identification upon entry and to sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures." The Patriot-Ledger adds, "Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week. … The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother."

ABC's Good Morning Washington (10/9, 6:18 a.m.) reported, "Tomorrow, President Bush will convene a conference on school violence. It comes on the heels of three school shootings over the last few weeks. 18 educators, law enforcement officials, and other experts will gather at the national 4-H center. The President says the meeting will allow experts to share ideas on making schools safer. Critics say the White House is playing politics with the tragedy." The Legal director of Brady Campaign to Prevent Gun Violence, Dennis Henigan, said, "They're trying to figure out some way a month before an election to respond in a way that will indicate that they care." ABC added, "The White House says no new policy or recommendations will come out of the meetings."

ABC World News (10/8, story 3, 1:55, Harris, 8.78M) reported, "This week, President Bush will host a hastily arranged conference on school violence. This in response to shootings in Colorado and Wisconsin and Amish school in Pennsylvania. Even before this conference, there were questions about the President's approach on this issue." ABC (Morell) added, "Shocked and saddened by the recent school shootings, President Bush convenes a conference on school safety Tuesday." President Bush: "Our goal is clear, children and teachers should never fear for the safety in a classroom." Morell: "The meeting takes place not at the White House but the national 4-H center. There the President and Mrs. Bush will discuss ways to curb classroom killings with 18 students, educators, and law enforcement officials from across the country. Noticeably absent from this list, any major advocates of gun control." Dennis Heninam, Brady Campaign to Prevent Gun Violence: "They are trying to figure out some way, a month before an election to respond in a way that will indicate that they care. The problem is, that this is an Administration that has a long record of kow-towing to the gun lobby." Morell: "But one attendee says the White House is smart to steer clear of that thorny issue." Kenneth Trump, National School Safety and Security Services: "If we politicize the whole issue of school safety on one side or the other in the gun control debate, nothing will happen and that's the last thing we want to see."

USA Today (10/9, 2.27M) reports, "Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer." The summit "comes as national statistics show a steady decline in school crime, including murder, over the past decade."

Boy Fires Gun At Missouri School. The AP (10/10, Kabel) reports that in Joplin, Missouri yesterday, a 13-year old boy "carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt. 'Please don't make me do this,' the boy said, according to school administrators, before police arrested him and thwarted what they called a 'well-thought-out plan' to terrorize his school."

USA Today (10/10, Koch) reports that the boy "had no previous run-ins with the law, police said." USA adds, "Police searched the boy's home and bomb-sniffing dogs searched

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the school, which was evacuated, but they found nothing, [Joplin police Lt. Geoff] Jones said. When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets."

WPost Urges Focus On Gun Control. The Washington Post (10/9, A16, 748K) editorializes, "We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. … It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared."

FNC's Fox and Friends 1 (10/9, 6:22 a.m.) reported, "In response to the recent school shootings across the country, the White House is now planning to host a conference on school violence that will be happening tomorrow." FNC's Brian said, "That will be on Tuesday. Will these talks do any good? Let's ask that question to Ken Trump and few others. He is the president of the National Schools Safety and Security Services, joining us now from Cleveland, Ohio. All right, Ken. Can you blame parents today if they don't feel as secure sending their kids to school even though Columbus Day might make that question for tomorrow?" Ken said, "Brian, Kiran, good morning. It's certainly a concern to all parents. Parents want their kids to be safe. They will forgive school officials if their test scores go down. But they will be much less forgiving if something does occur to their kids that could be prevented or better managed if an incident does occur." FNC's said, "What happens on the federal level? Is it just a matter of, maybe, giving schools money?" Ken: "Money isn't going to be a total solution. Funding at the state and federal level is certainly helpful and plants a seed. But, school officials at the local level have to own this issue in funding, in their local policies, most of all in day-to-day practice. There are a lot of simple practical things that could be done that take more time than they actually do money."

The upcoming conference on school violence received moderate coverage by local television newscasts. Few television networks noted that attorney general Alberto Gonzales and education secretary Margret Spellings will host panels, and that the conference's goal is to share ideas on how to keep students safe. Some examples: WVIR-TV Charlottesville, (10/9, 12:31 p.m.) reported, "The conference tomorrow in Bethesda brings together educators, law enforcement and other experts in hopes of making America's schools safer places, but also better prepared should violence occur. Education secretary Margaret Spellings and attorney general Alberto Gonzales will host panels, and the president and first lady will take part."

WDIO-TV Duluth, (10/9, 9:59 p.m.) reported, "Tomorrow's conference will bring together educators, law enforcement and other experts in hopes of making America's schools safer places, but also better prepared should violence occur. Education secretary Margaret spellings and attorney general Alberto Gonzales will host panel discussions, and the president and first lady will take part."

KPLC-TV Lake Charles, (10/9, 05:32 a.m.) reported, "Officials say the goal is to share ideas on how to keep America's students safe in schools, following a string of deadly shootings in three states."

WBRC-TV Birmingham, (10/8, 8:28 a.m.) reported, "President Bush says the federal government is looking into securing our nation's schools. On Tuesday, a conference is being hosted by attorney general Alberto Gonzales and education secretary Margaret spellings on ways Washington can help prevent school shootings."

More Commentary. The Staten Island Advance (NY) (10/9) editorializes, "During his Saturday address, President Bush lamented recent 'shocking acts of violence' in schools and promised his administration will do what it can to keep centers of learning safe for students. … The immediate question that comes to mind is this: How does the president plan to accomplish that goal? … Perhaps tomorrow the nation's jittery parents will begin to learn the answer." The Advance adds, "Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts. … Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting. … One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks. … That's wrong. We feel that the issue should be No. 1 on the

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list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association." The Advance concludes, "The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head. … If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House. … Our children deserve better and parents and school officials should be demanding it."

Kolbe Confronted Foley Over Contacts With Pages. CNN's The Situation Room (10/9, Blitzer) reported, "New information from a number of sources today indicates that Republicans on Capitol Hill, including a House colleague, knew about Mark Foley's inappropriate conduct with pages years ago. It's new information that raises fresh questions for investigators and adds a new wrinkle in the political debate over whether Republican leaders did enough and whether they did it soon enough. As far back as the year 2000, six years before Mark Foley's inappropriate conduct with pages became public, a former page contacted Congressman Jim Kolbe's office to complain about an e-mail he got from Foley. We got a complaint that this made the former page uncomfortable, Kolbe spokeswoman Koreanna Cline confirms to CNN. Cline says it's unclear if Kolbe directly confronted Foley about the complaint or if it was handled by staff. It was Kolbe's understanding that corrective action was taken and the matter was resolved, but his office did not know specifics. Kolbe is retiring from Congress this year. Like Foley he is a gay Republican, but unlike Foley Kolbe has been open about his sexuality since 1996."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "The Washington Post reported that Congressman Jim Kolbe, the only openly gay Republican in the House, confronted Foley six years ago about allegedly inappropriate messages to pages. This week the ethics committee and the FBI are expected to interview key witnesses in their growing investigations of this scandal."

ABC World News (10/9, story 5, 0:15, Gibson, 8.78M) reported, "In Congress, new revelations today about Mark Foley, the Florida Republican who resigned over inappropriate Internet messages. Congressman Jim Kolbe knew as far back as 2000 that Foley was sending improper messages and confronted Foley about it. Before this, the earliest anyone admitted to knowing of Foley's contact was the year 2005."

Fox News' Special Report (10/9, Hume) reported, "It now turns out that former Florida Republican Congressman Mark Foley was warned about his behavior towards House pages years before his sexually explicit computer messages became public. He was confronted in 2000 by Arizona Republican Jim Kolbe. There is no evidence that Kolbe…ever alerted congressional leaders about his concerns."

House Clerk Repeatedly Raised Red Flags About Foley's Conduct. CNN's The Situation Room (10/9, Bash) reported that "another Republican is emerging as a central figure in this drama, former House clerk Jeff Trandahl. CNN is told Trandahl repeatedly raised red flags about Foley's behavior towards pages years before Republicans confronted Foley about an e-mail with a former page, according to several sources familiar with the situation. Trandahl took his concerns to Kirk Fordham, Foley's former chief of staff, many times, the sources tell CNN. Both men are also gay according to friends and associates. As clerk, Trandahl had authority over pages and was one of a handful of Republicans who met with Foley at the end of 2005 about a non-explicit e-mail between Foley and a former male page. Multiple sources including one familiar with Trandahl's version of events tells CNN that Trandahl had both observed and was told about worrisome Foley behavior in the House cloakroom and elsewhere and was actively monitoring Foley's interaction with pages. Now Jeff Trandahl did not return multiple calls from CNN but Kirk Fordham's version of events is that he took his and Trandahl's concerns up the chain of command arranging a meeting with Mark Foley and the House Speaker's chief of staff Scott Palmer. Now this according to Fordham's attorney will be one of the things that the House Ethics Committee is expected to hear about from Fordham perhaps as early as this week."

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Ethics Panel Wants House Members To Survey Pages On Inappropriate Contact. CBS Evening News (10/9, story 8, 2:15, Couric, 7.66M) reported, "The House ethics committee asked all House members today to turn over any relevant information they might have for the investigation into that page scandal. It also requested that members get in touch with current and former pages and ask whether they had any inappropriate contact with Mark Foley or any other Congressman."

NBC Nightly News (10/9, story 5, , Reid, 9.87M) reported, "On Capitol Hill today, the Ethics Committee sent a letter to every member of the House instructing them to ask pages and former pages for any inappropriate communications or interactions with Foley or any other member of the House."

The AP (10/10, Margasak) reports House members "are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages." The ethics panel "also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month."

CNN Poll Finds 53% Describe Foley's Actions As Illegal. CNN's The Situation Room (10/9, Blitzer) reported that the new CNN poll shows that voters are "upset" over the scandal involving former Rep. Mark Foley. According to the poll, "53 percent of those described Mark Foley's actions as illegal; 40 percent say it's immoral; and just 2 percent say Mark Foley did not do anything seriously wrong. As for how Republican leaders are handling the matter, check this out: 17 percent of Americans say appropriately; 75 percent, though, say Republicans have not done a good job handling this situation.

House Ethics Committee Begins Interviews In Foley Investigation. The Wall Street Journal (10/9, A4, Rogers, 2.03M) reports, "Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself." The inquiry "will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel. Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s." Van Der Meid "advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress." Other current or former House aides who "may play large roles" include former Foley chief of staff Kirk Fordham; Hastert aide Scott Palmer; and former House clerk Jeff Trandahl.

USA Today (10/9, Lawrence, 2.27M) reports Fordham is "scheduled to give sworn testimony to the House ethics committee this week." Attorney Tim Heaphy said Fordham "offered the panel his help on Friday," but he "said Sunday he didn't know what day Fordham will testify or whether the session will be public."

The New York Times (10/9, Zeleny, 1.21M) reports Fordham is "expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew."

2005 Meeting Expected To Play Key Role In Investigation. The New York Times (10/9, Zeleny, 1.21M) reports the "investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office." Trandahl and Rep. John Shimkus, "who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill." When they "arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office." Elizabeth Nicolson, "a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes." What "took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News." A senior GOP aide "who was familiar with the session" said, "It was a brief meeting. Looking back, it was probably far too brief of a meeting." Shimkus, who "did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to 'cease all

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contact' with the teenager. The scope of his questioning, however, is unclear."

Access To Foley's Congressional Documents, Computers A "Key Battleground" In Probe. The Los Angeles Times (10/9, Schmitt, 918K) reports the "right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.)." State and federal investigators "are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides." Authorities are now "deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker." Depending on "what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe."

Page Told Kolbe Of Inappropriate Foley Internet Contact In 2000. The Washington Post (10/9, A1, Weisman, 748K) reports in a front page story that Rep. Jim Kolbe "knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications." Kolbe spokeswoman Korenna Cline "confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said" Cline. The revelation "pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages." A source with "direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted." But Cline "denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said, 'corrective action' was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley." Kolbe, "the only openly gay Republican in Congress, is retiring at the end of the year."

New Revelations Of Foley Misconduct Said To Hurt GOP's Midterm Chances. ABC World News (10/8, lead story, 1:30, Yang, 8.78M) reported, "The latest headline to grip Capitol Hill comes from the Los Angeles Times. A former House page tells them Mark Foley's online flirtation led to sex in the lawmaker's Washington townhouse when the young man was 21. And a Florida Congresswoman says she has learned that Foley was turned away from the page dorm late one night in 2002 or 2003. Each new story complicates Republican efforts to keep control of Congress. This weekend, a Newsweek poll finds that 53% of Americans want the Democrats to win Congress. Republicans have a month to try to turn things around."

NBC Nightly News (10/8, lead story, 2:55, Reid, 9.87M) reported, "Today's 'Los Angeles Times' reports that Foley did have sex with a 21-year-old former page. The man told the LA Times that Foley assessed the sexual orientation of pages while they were in the page program and waited until later to make direct advances. With Federal, State and congressional investigations underway Republicans had hoped this scandal would move into a quiet phase. But every day there are new leaks and stories, keeping it alive for the final four weeks of the campaign."

The New York Times (10/9, Kirkpatrick, 1.21M) reports Republican strategists "worried — and Democrats hoped — that the sordid nature of the scandal would discourage conservative Christians from going to the polls." But in "dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen." Most of the "evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction. All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote."

Family Research Council President Tony Perkins, appearing on Fox News Sunday (10/8, Wallace), said, "I think you can't underestimate the impact this is going to have on

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the election. I think you're going to have marginal voters that will drop off because of their disgust with the Republican Party, not only on this issue but a lack of advancing many of those core social issues. I think you're going to have marginal candidates that will suffer at the polls because they do not clearly articulate these issues. ... There is some serious concern in the ranks of social conservatives."

Fugitive Ohio Doctor Wanted In Wife's Death Arrested In Cyprus. The AP (10/10, Milicia) reports, "A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday." The AP continues, "Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release." The AP adds, "Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland. … Essa disappeared three weeks after his wife, Rosemarie 'Rosie' Essa, collapsed behind the wheel of her car and died Feb. 24, 2005. … She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills." The AP notes, "Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case. … Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said."

FBI Alaska Corruption Probe Widens. The Anchorage (AK) Daily News (10/10, Demer) reports, "When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections." The Daily News continues, "That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual." The Daily News adds, "No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases. … In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI."

Detroit Schools Chief Admits Trying To Help Friend Under FBI Scrutiny. The Detroit Free Press (10/10, Pratt, Dixon, 346K) reports, "Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas. Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. 'This was a way to help an old friend, who's unemployed, to make a few dollars,' Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services. 'In hindsight, I guess that was a stupid decision.'" The Free Press notes, "It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in."

The Detroit News (10/10, Martino) reports Coleman "said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and 'influence peddling' surfaced in the bidding process. Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used flawed methods." The News notes, "Coleman said that at a school board meeting last month, 'months after the contracts were awarded,' he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review. 'His

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involvement has led to allegations and concerns of undue influence,' Coleman said, adding that the claims are 'completely and unequivocally false.'"

Health Care Exec Indicted For Money Laundering. The Washington Times (10/9, Mcelhatton) reports that Ricardo Henry, the chief executive of a District-based mental health organization "has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program. … Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree. Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering."

Sexual Predators Groom Child Victims Online. The Washington Times (10/9, Wetzstein) reports that experts on child exploitation say young children and teens can become sexually victimized on the internet "when they don't realize they are being 'groomed' by canny adults, say experts on child exploitation. … The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach," according to Ernie Allen, president of the National Center for Missing and Exploited Children. The Times adds, "The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, 'and because it happens gradually over time ... young people miss these cues.'"

Growing Number Of States Seek Death Penalty For Repeat Child Molesters. The Los Angeles Times (10/10, Hart) reports that states "are increasingly calling for laws that would allow states to execute repeat child molesters. Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction. … In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005. This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana."

Former DC Official Details Fraud For Jury In Jemal Trial. The Washington Post (10/10, B1, Leonnig) reports that former DC government official Michael Lorusso testified yesterday "about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends." Lorusso "is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council."

US Mint Warns Use Of "Liberty Dollars" Is Illegal. The Washington Post (10/10, A19, Williamson) reports, "Once upon a time, a 'monetary architect' named Bernard von NotHaus decided to make his own money. He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them 'Liberty Dollars.' On his Web site, http://www.libertydollar.org , he said: 'It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!' True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term."

Police Say Gang Shooting Of 3-Year Old Was Intentional. The Los Angeles Times (10/10, Winton, Hayasaki) reports that Los Angeles police say a 3-year old girl who was shot and killed as her family arrived home from a Sunday visit to McDonald's "was intentionally targeted by a teenage gang member who fired at point-blank range. … Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong. A joint

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task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought."

Christians Face Dilemma Over Illegally Downloading Gospel Music. The Los Angeles Times (10/10, Boucher) reports on the dilemma facing Christians who download gospel songs without paying for them. According to the Times, "Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad. … Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal." The Times continues, "Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material."

Growing Number Of Landlords Market Their Properties To Released Sex Offenders. The New York Times (10/9, Kilgannon) reports, "As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children." Of some 24,000 registered sex offenders in New York state, "825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county's Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout. … Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations."

Prosecutor's Novel Gets Her Thrown Off Rape Case. The New York Times (10/9, Liptak) reports, "A California prosecutor's fictional alter ego has gotten her kicked off a real-life case. In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called 'Intoxicating Agent.' Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug. Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line." Justice Kenneth R. Yegan of the California Court of Appeal wrote that MS. Dudley had a conflict of interest and her "desire for money and fame might tempt her to throw the book at the defendant, as it were."

Case Remains Unsolved Two Months After Dupont Circle Stabbing. The Washington Post (10/9, B1, Schwartzman) reports, "On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office." Wone "planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle. … Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead. The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time. More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms. Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved."

Program Uses Pulpits To Combat Domestic Violence. The Washington Post (10/9, B1, Thomas-Lester, Helderman) reports on Project Safe Sunday, "a program started four years ago to bring the clergy into the

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effort to fight the problem" of domestic violence, According to statistics from the Maryland Network Against Domestic Violence, "5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show. The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide." The Post adds, "Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife."

Blanket Prohibition On Internet Gambling Called Premature. Robert Hahn, the executive director of the American Enterprise Institute-Brookings Joint Center, and Paul Tetlock, an assistant professor of finance at the University of Texas, write in the New York Times (10/9), "Late last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites. … If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites. While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere." Hahn and Tetlock add, "We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish."

NYTimes Says White House Should Release All Records Related To Abramoff Scandal. An editorial in the New York Times (10/9, 1.21M) says the Mark Foley scandal has distracted attention from the "the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit. The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth." The Times adds, "The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim."

CIVIL LAW:

Liquidator Named For Tower Records. The Wall Street Journal (10/9, A14) reports, "A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation. U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday."

Tobacco Companies Spend Millions To Combat State Bans, Taxes. The Wall Street Journal (10/10, Cooper) reports, "American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books. The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. … The companies are spending so heavily there because the stakes

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are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market." The Journal adds, "So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin."

Former CIA Agent Sues Agency For Heavily Redacting Book. The Washington Post (10/9, A15, Priest, 748K) reports that when Gary Berntsen "sat down for dinner last year with the CIA's executive director, Kyle 'Dusty' Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen." But the "meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences." Foggo, "according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials." Berntsen "resigned, wrote his book and, as required, submitted 'Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander' to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. 'They were very efficient and thoughtful,' he said last week." Then the board "sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, 'Mr. Foggo made good on his word' and 70 pages were blacked out." Berntsen's lawsuit, "filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did."

States Urged To Pass Their Own Whistleblower Laws. The ABA Journal (10/10, Gibeaut) reports, "Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court. … Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation." The Journal continues, "The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers. … As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board." The Journal adds, "Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages. … The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements."

CIVIL RIGHTS:

FBI Arrests Two In American Samoa On Sex Slavery Charges. The AP (10/7) reports from American Samoa, "Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution. The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry. After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI." Fu Shen Kuo and Shenji Wang "were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu."

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NAACP Seeks Improvements To Maryland Prison Problems. The Baltimore Sun (10/10, Sentementes) reports, "The Baltimore branch of the National Association for the Advancement of Colored People has requested an emergency meeting with state prison officials after one man was recently stabbed to death at the city's adult jail and a recently disclosed report by the U.S. Department of Justice highlighted problems at the city's juvenile jail." The Sun continues, "Marvin L. 'Doc' Cheatham Sr., president of the city NAACP chapter, said he requested a meeting with the secretaries of the state's Department of Public Safety and Correctional Services, which oversees state prisons and Baltimore jails, and the Department of Juveniles Services, which oversees a juvenile jail in the city." The Sun adds, "Cheatham, who said he requested the meeting in a letter faxed Saturday, repeated the criticism that state prison and jail officials have faced recently -- that more officers and staff are needed to maintain safety behind prison walls. … He said other serious incidents behind jail or prison walls have pointed to such a need, including the fatal stabbing of correctional officer David McGuinn at a Jessup prison over the summer, and the beating death last year of an inmate at the city's Central Booking and Intake Center, allegedly by correctional officers. Two of those officers are on trial for that killing. … Mark Vernarelli, a spokesman for the Department of Public Safety and Correctional Services, said he was not aware of the NAACP's request for a meeting, and couldn't comment on it until he returned to the office this week. He said the secretary of the department, Mary Ann Saar, was on vacation."

Former Wisconsin Officers May Face Federal Charges. The Milwaukee Journal Sentinel (10/10, Barton) reports, "The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime. … So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely." The Sentinel continues, "Bartlett already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him. … Such a hung jury is an exception to the double jeopardy rule. … And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes." The Sentinel adds, "Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin. … 'There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution,' he said. … Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said."

Justice Department Achieving ADA Compliance Via Mediation. The AP (10/9) reports, "In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties. Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments. … The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather."

Government Contractors Allege Racial Bias. The Washington Post (10/9, D1, Witte) reports, "Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business. Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured. The suit names as

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defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor."

Attorney Makes Case For Consent, Counseling With HIV Testing. Rose Saxe, a staff attorney with the American Civil Liberties Union AIDS Project, writes in USA Today (10/9), "The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed. It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care. … Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health."

South Dakota To Vote On Measure That Would Ban Most Abortions. The AP (10/9, Crary) reports South Dakotans on Nov. 7 will "sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions." The measure "would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison." The Legislature "passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it." The most recent "independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent."

The Los Angeles Times (10/9, Simon, 918K) reports that in the "fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood. Antiabortion activists here deliberately avoid the familiar slogans of their movement." Instead, campaign manager Leslee Unruh "has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped." Unruh said, "We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage." The Times adds abortion-rights supporters "call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance."

Elections Officials Say Military Absentee Ballot System Remains Flawed. The Washington Times (10/9, Scarborough, 88K) reports election officials say the "system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000." But the Pentagon is "releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots." Sen. Conrad Burns "says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet." Congress "started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation. But the senator says the Defense Department lost precious time."

Religious Employers Said To Have Been Shielded From Employee Suits. The New York Times (10/9, Henriques, 1.21M) reports that legislators and regulators "have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers. Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations -- especially religious schools -- to manage their affairs with less interference from the

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government and their own employees." The Times adds, "The most sweeping of these judicial protections…is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years."

Cities Hoping To Enliven Downtown Districts Turning Away Churches. USA Today (10/9, Bazar, 2.27M) reports, "Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base. … The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations. The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year." USA adds, "The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week."

Evangelicals Using Pop Culture To Reach Out To Devotees. Tom Krattenmaker writes in USA Today (10/9, 2.27M), "Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television -- few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?" Krattenmaker adds, "In Christian TV, the Inspiration Network…might be the most technologically forward. … Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte."

Jewish Groups Block Talk By NYU Historian. The Washington Post (10/9, A3, Powell, 748K) reports, "Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here [New York City] last week, saying the academic was too critical of Israel and American Jewry." The historian, Tony Judt, "is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate." The Post adds, "An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial."

Dionne Backs Bill To Require Paper Record From Voting Machines. E. J. Dionne writes in the Washington Post (10/10, A21, 748K), "Sometimes, paranoids are right. … I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are. I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately." Dionne adds, "So it is heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level. … The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly. … Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around."

Wall Street Journal Says Real ID Will Cause More Harm Than Good. The Wall Street Journal (10/10, A14, 2.03M) editorializes, "It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse." Referring to the Real ID Act, the Journal writes that "Mexicans willing to risk their lives crossing hundreds of miles of desert on foot" are not likely to "care much about not being able to obtain a drivers' license once here." The law's "most likely result is more unlicensed and uninsured motorists, which means more dangerous US roads." The Journal adds that a new analysis from the

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National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators has found that "the law is also going to be costly and burdensome."

ANTITRUST:

Google To Buy YouTube For $1.65 Billion.

Internet search giant Google has agreed to acquire the video web site YouTube for $1.65 billion in an all stock-transaction. The Financial Times (10/10, Allison, van Duyn) reports, "The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector."

The Washington Times (10/10, Rowland) reports, "Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter."

ABC World News (10/9, story 8, 2:35, Berman) reported, "It's easy to see why Google wants in, more than 60,000 videos are loaded on to YouTube every day and more important for revenue, 100 million are watched every day, that's a huge of number of eyeballs and potentially a huge amount of business."

CBS Evening News (10/9, story 5,0:15, Couric) reported, "The deal instantly turns Google into a leader in the online video market."

NBC Nightly News (10/9, story 10, 1:30, Williams) reported, "Google was already the biggest media company in the world. It's worth $130 billion and has $10 billion in cash in the bank. Its two founders are both 33 years old. YouTube's founders are 27 and 29. It is a young person's game."

The Wall Street Journal (10/10, Delaney) reports, "The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts." The acquisition "could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online."

USA Today (10/10, Graham) reports, "By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders. Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios. Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results."

In a separate story, USA Today (10/10, Maney) reports, "Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo. Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away."

The Los Angeles Times (10/9, Sanchez) reported on its web site, "The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day." The Times adds, "Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end."

A front page story in the Washington Post (10/10, A1, Goo) reports, "Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as 'South Park,' 'The Daily Show with Jon Stewart' and 'Laguna Beach' can be found on the site."

The New York Times (10/10, Sorkin, Peters) reports, "Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View." The Times adds, "The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company. Sequoia's stake in YouTube has been estimated at

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approximately 30 percent, which means it would be worth about $495 million based on the acquisition price."

NYTimes Says You Tube Acquisition Is Not Without Risks For Google. An editorial in the New York Times (10/10) says YouTube "cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution. That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion." The Times adds, "For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in."

DOJ Probing Private-Equity Funds For Alleged Anticompetitive Tactics. The Wall Street Journal (10/10, A3, Berman, Sender) reports, "The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter." The Journal continues, "In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms. … These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003." The Journal adds, "The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior. … It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment." The Journal notes, "The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc."

Two British Airways Execs Resign Amid Price Fixing Scandal. The Financial Times (10/10, Done) reports, "Martin George, commercial director of British Airways, resigned on Monday after admitting that 'inappropriate conversations' had taken place in his department over the setting of fuel surcharges on long-haul air fares. Iain Burns, BA head of communications, has also resigned. Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK." The Times adds, "Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations."

Bloomberg (10/10, Tchorek, Blackden) reports, "British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy." Bloomberg continues, "George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned. … 'Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges,' George said in the statement. 'Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities.' … British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers."

The London Independent (UK) (10/10, Daley) reports, "Martin George, the company's commercial director and an

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executive member of the board, resigned with immediate effect, conceding that 'inappropriate conversations' may have taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect." The Independent adds, "The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector. … In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic."

AFP (10/10) reports, "BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines."

BBC.com (10/10, Bolakee) reports, "Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies." BBC continues, "The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices. … Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete." BBC adds, "The first alleged conspiracy concerns the prices of surcharges on cargo shipments. … BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate. … The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits."

Sanofil-Aventis Was Mystery Bidder For ImClone Last Month. The New York Times (10/10, Sorkin, Edmonston) reports, "The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday. Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a 'major international pharmaceutical company' last month." The Times adds, "Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets."

Volkswagen Chief Urges Scania, MAN To Negotiate A New Deal. The Wall Street Journal (10/10, Singer, Rauwald, Power) reports, "An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal. Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. … However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion."

PNC To Buy Mercantile Bankshares. USA Today/Bloomberg (10/10, Cox, Hester) reports, "PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area. PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares." PNC "expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings."

The Washington Post (10/10, D1, O'Hara) reports, "The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005." The Post adds, "The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses."

Investors Reluctant To Sell Shares In Cablevision Systems. A front page story in the Wall Street Journal (10/10, Grant) reports, "For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and

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Internet customers. That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening."

Glaxo To Purchase CNS For $566 Million. Bloomberg (10/10, Gerlin) reports, "GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums." Bloomberg continues, "Glaxo will pay $37.50 a share in cash for the Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades. … The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S."

The AP (10/10) reports, "GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe." The AP continues, "Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia." The AP adds, "Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval. … Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies."

Citigroup Targets Banks Outside US For Acquisitions. The Financial Times (10/9, Wighton, Larsen) reports, "Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market. He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years. Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year."

Hollywood Urged To Combat Digital Piracy. The Financial Times (10/9, Garrahan) reports, "Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned. Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total inter-national film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels. David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy."

Danaher Near Deal For Vision Systems Ltd. The Wall Street Journal (10/9, A12, Berman) reports, "Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction. Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems." Danaher "is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies."

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ENVIRONMENT:

Company Recalls Lettuce Amid E-Coli Fears.

ABC World News (10/9, story 9, 2:15, Rooney) reported, "In the hyper vigilant atmosphere following the spinach outbreak, the Nunes Company of Salinas recalled its lettuce even though they never actually found E. coli on the lettuce itself." Bob Nunes, Lettuce grower, Nunes Company. INC: "We have no evidence at this time that there is anything on the product, but we're just playing it safe. Very, very safe." Rooney: "The company did find E. coli in water stored in a holding pond that may have come in contact with lettuce."

The AP (10/10, Barbassa) reports, "The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states. … The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana."

NBC Nightly News (10/8, story 4, 0:20, Holt) reported, "Tonight new food concerns have prompted two voluntary recalls. The California producer of the Foxy brand has recalled green leaf lettuce from us several western states after possible E. coli contamination so far the lettuce does not appear to have caused any illness. The other recall is bottled carrot juice. The juice sells in all 50 States, Canada and Mexico. The recall covers carrot juice under Bolthouse Farms, Earthbound Farms, Organic and President's Choice Organics."

The AP (10/9) reports, "The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company. … Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said." The AP adds, "The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions." The Washington Post also carries the AP story this morning.

USA Today (10/9, Welch) reports, "The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area. FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, 'and we are looking into it.'" USA adds, "All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday."

Tainted Spinach Illustrates Safety Weakness In Food Distribution System. In a widely-distributed story, the AP (10/10, Quaid) reports, "The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria." In light of the spinach outbreak, as well as Sunday's limited recall of Salinas leaf lettuce on Sunday, "food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe." The AP notes, "In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields."

Voluntary Lettuce Recall Comes At Bad Time For Salinas Valley Farmers. The New York Times (10/10, McKinley) reports that while the precautionary recall of lettuce is "relatively minor," the "timing could not have been worse" for farmers in the Salinas Valley of California, who are "already reeling from last month's deadly E. coli outbreak in spinach." The Times adds, "The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf sold under the Foxy label." Tom Nunes Jr., the company's president, said the recall was decided on "after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found 'a dangerous concentration of generic E. coli.'" Federal health authorities "commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water."

Bush To Address Renewable Energy Conference Thursday.

The AP (10/10, Wittenauer) reports a national renewable energy conference this week in St. Louis "will revisit energy goals and strategies President Bush set out in his State of the Union address in January." The White House confirmed Monday that Bush will address the three-day conference, which starts Tuesday, on

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Thursday. The conference, which is co-hosted by the US departments of energy and agriculture, is billed as "an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities." Speakers at the conference will include Agriculture Secretary Mike Johanns and Energy Secretary Samuel Bodman.

Three In 10 Think Gas Price Drops Linked To Domestic Politics. The Washington Post (10/10, D3, Mufson, 748K) reports a new Washington Post-ABC News poll showed "many Americans remain suspicious about the reasons for the recent decline" in gasoline prices and are "skeptical about whether it will last. Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday."

Illegal Dumps In West Cost Millions To Clean Up. USA Today (10/9, Spillman, 2.27M) reports, "They rise from the Western landscape, but they're not purple mountains. They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds. The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes." USA adds, "In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports." The agency "has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West."

Measures To Restrict Use Of Eminent Domain On Ballot In 11 States. The Washington Times (10/10, Price, 88K) reports state ballot measures "to limit use of eminent domain, to bar same-sex 'marriage' and to decide the fate of legislation passed in South Dakota outlawing nearly all abortions will be among those facing voters on Election Day, Nov. 7." Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), said, "The biggest issue this year is definitely property rights and land use." The Times adds the "11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation." The "ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a 'public use' under the Constitution."

Park Officials Say Deer, Elk Compromise Santa Rosa Island's Ecosystem. The New York Times (10/9, Barringer, 1.21M) reports on herds of deer and elk living on Santa Rosa Island in California. The Park Service has an agreement "to close 45,000 acres of parkland to the public, August through December" for private hunts of the animals. The Times reports, "When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance. An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone." GOP Rep. Duncan Hunter "believes the island's hunt must go on."

Gore Pushes California's Proposition 87. In its "Washington Wire" column on its web site, the Wall Street Journal (10/9, 2.03M) reported, "In what's billed as his first ad since his name was on a ballot, Al Gore is pushing Proposition 87, a California ballot initiative aimed at cutting the state's oil consumption by 25%. 'Yes on 87,' a group that has been pushing the proposition, today rolled out an ad around the state featuring the former vice president. In Los Angeles, James Caan and Jaime Lee Curtis were on hand along with Sherwood Rowland, the Nobel laureate who helped to explain how the hole in the ozone came to be. In the ad, Gore calls Prop 87 'the one thing Californians can do now to clean up the air, help stop the climate crisis and free us from foreign oil.'"

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FBI/DEA/ATF/USMS:

FBI Seen As "Struggling" To Implement Counter-Terrorism Mission. In a highly-critical story, headlined "FBI Struggling to Reinvent Itself To Fight Terror," the New York Times (10/10, Shane, Bergman, 1.21M) reports, "Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can." FBI Associate Executive Assistant Director Philip Mudd "admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot. 'There's 31,000 employees in this organization and we're undergoing a sea-change,' he said in an interview. 'It's going to take a while for what is a high-end national security program to sink down to every officer.'" However, an unnamed "counterterrorism official" warned, "They'll just wait him out."

Attorney Spends 23 Years Seeking Release Of FBI's Lennon Documents. The National Law Journal (10/10, Jones) reports, "Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle. … Twenty-three years later, he's still digging." The Journal continues, "A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s." The Journal adds, "What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor. … The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, 'The U.S. vs. John Lennon,' in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book 'Gimme Some Truth: The John Lennon FBI Files,' and was a consultant for the film, in which he appears. … Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion. … 'It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance,' he said."

More Than 20 Arrested In Drug-Smuggling Investigation Spanning 7 Countries. In an undated story, the St. Maarten Daily Herald (10/10) reports 28 people, "including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation. Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico." Authorities "were…able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organization and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping."

The AP (10/6, Jordan) reports 27 people "were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year. The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called 'Operation Green Traketon' and 'Operation Watusi.'" The indictments "were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States. So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine." The Washington Post used the AP story.

The Washington Times (10/7, Seper) reports, "Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions."

Dominican Today (10/9) reports DNCD president Rafael Ramirez said, "'The arrest of those individuals was

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possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States,' through Puerto Rico. He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island."

DEA Assists In Investigation Of California Indoor Marijuana Operations. The Tracy (CA) Press (10/10) reports Tracy police "busted three sophisticated indoor marijuana growing operations…complete with grow lights, automatic watering systems, climate controls and ventilation systems. … Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area. The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento."

Medical Marijuana Said To Be Causing Dilemmas In California. The Press-Enterprise (10/8) reports dilemmas over medical marijuana are "playing out throughout the region and the state. Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. … The federal government has not determined that marijuana serves a medical purpose and views it as a 'gateway drug,' enticing users to harder drugs. … Last week, local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers."

In the UK's Times (10/10), Chris Ayres writes, "The problem, of course, is that while California might be all funky and liberal on this [marijuana] issue…the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty."

Dispensary Reopens. The Desert Sun (10/6) reported Palm Springs Caregivers…is back open…after being closed by a Drug Enforcement Administration raid. About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting…to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215."

Walters Says Administration Unlikely To Rethink Stance On Legalizing Marijuana. The Washington Times (10/9, McCaslin, 88K) reports in its "Inside The Beltway" column, "Asked yesterday whether the Bush administration might rethink its policy on the legalization of marijuana, White House Drug Control Policy Director John Walters said don't hold your breath. 'Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana,' Mr. Walters told C-SPAN's 'Newsmakers.' Furthermore, he said, 'More teens are dependent on marijuana than all other illegal drugs combined.'"

Officials Seek To Keep Heroin From Afghanistan Out Of US. On its Web site, Voice of America (10/8) reports, "A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States. … John Walters said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could be replaced by Afghanistan. 'It is a danger,' said Walters. 'It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA…and other international enforcement agencies, in watching this.'" Voice of America notes Walters spoke during an interview shown Sunday on C-SPAN.

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IMMIGRATION:

City Ordinances On Immigration Await Court Decisions. USA Today (10/9, Parker, 2.27M) reports, "Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them. The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory." The court action "has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances." The laws "challenge a principle established by the US Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police."

Campaign For Making English The Official Language Gaining Steam. USA Today (10/9, Koch, 2.27M) reports, "Rising concern over immigration has prompted a wave of cities and states this year to try to make English the official language. A ballot measure is pending in Arizona. Related bills have passed houses of representatives in Pennsylvania, Delaware and Michigan; the state senates have not taken them up. At least five cities and towns have approved ordinances; eight are considering them." The US Senate "included a provision in a pending immigration bill. Gubernatorial candidates in Kansas, Iowa, Oklahoma, Arizona and Idaho have debated the idea." USA Today adds, "Proposals vary but generally say government business must be conducted in English, with exceptions for emergency services. Federal law requires that election information be available in other languages."

Buchanan Says He Was Jeered When He Proposed Border Fence In 1991. Pat Buchanan, appearing on CNN's Late Edition (10/8, Blitzer), said, "I recommended, in 1991, 70 miles of fence along the main crossing points" into the US from Mexico, "and I was compared to David Duke. Now Hillary Rodham Clinton and 80 Republicans and Democrats have voted for a 700-mile fence. We have won the argument with the American people."

NYTimes Says "Wall Builders" Have Made Their "Lousy" Point. The New York Times (10/9, 1.21M) editorializes, "Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that. … The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them."

Study: South Texas Takes Lead In Prosecuting Immigration Violators. The Monitor (10/9) reports federal prosecutors in South Texas "are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study. The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas." President Bush "recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts." The Monitor says the study is from the Transactional Records Clearing House.

Mexico May Take Plans For US Border Fence To UN. Mexico's Foreign Secretary Luis Ernesto Derbez said yesterday Mexico may take a dispute over the US' plans to build a fence on its Mexican border to the UN. The AP (10/9, Barchfield) reports that Derbez told reporters in Paris "that a legal investigation was under way to determine whether Mexico has a case." The AP adds, "Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a 'shame' US immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the US in November."

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King Defends Proposal For Border Wall. In a letter to the Wall Street Journal (10/10, 2.03M), GOP Rep. Steve King defends his proposal to build a wall on the US' southern border. King writes, "The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border." King adds, "I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship."

Minuteman Founder's Appearance At Columbia Protested. The Wall Street Journal (10/10, Johnson, Rutkoff, 2.03M) reports in its "Border Lines" column that an appearance by Minuteman Project founder Jim Gilchrist at Columbia University last week sparked "violence," as a demonstration by two students in the International Socialist Organization "prompted other protestors and Minuteman supporters to rush the stage." A reporter for the Columbia Spectator was told "that the disruption was planned."

Language In Secure Fence Act Raises Questions About Whether Border Fence Will Be Built. U.S.News and World Report (10/16, Marek) reports that although Congress "passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing," the bill's "fine print-and a flurry of last-minute compromises that paved the way for its passage -- raise questions about what, if anything, will eventually be built." US News adds, "On the face of it, the fence bill looks like an aggressive response. … But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways." US News adds, "Even if the 700 miles eventually materializes, there are still real questions about whether fencing works."

TAX:

Disputes Arise Nationwide Over Tax Exemptions For Religious Groups. The New York Times (10/10, Henriques, 1.21M) reports, "The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. … But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court. … Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people." The Times adds, "The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes."

Americans Working Abroad Get Tax Break. The Wall Street Journal (10/10, Herman) reports, "Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase. The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their US income-tax returns. As a result, although numerous US expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore. The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many US workers there because of high taxes imposed by numerous European nations."

IRS Recruiting More Graduates From Top Law Schools. The Wall Street Journal (10/10, B1, Matthews) reports that for "decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did." When it "did find promising candidates, it left many of them in

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limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms." It's "no wonder few of the smartest young minds in tax law considered starting their careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes." Donald Korb, chief counsel of the Internal Revenue Service, "is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months."

CONGRESS-ADMINISTRATION:

Treasury To Announce Big Drop In Budget Deficit. The Washington Times (10/9, Dinan, 88K) reports, "The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target. Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February." It also is "about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season. … The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule." Overall, "spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005."

Major Theater Chains Refuse To Book Bush Assassination Movie. The Washington Times (10/9, Pierce, 88K) reports in its "Inside Politics" column, "Several major theater chains are refusing to book the new movie 'Death of a President' because it depicts the fictional assassination of President Bush, the Hollywood Reporter says. Newmarket Films, a 12-year-old Los Angeles-based film financing, production and distribution company, plans to open the film Oct. 27, just in time for the Nov. 7 election, the newspaper said. … But the country's largest theater chain, Regal Entertainment Group, has passed on showing the movie, citing the subject matter as the primary reason."

Spellings Tapes "Jeopardy" Appearance. USA Today (10/9, Toppo, 2.27M) reports, "This US Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity." The Education secretary, "who oversees the schooling of nearly 77 million US students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show." The invitation "came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show. … No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration."

OMB Papers Seek To Explain Bush's Management Agenda. The Washington Post (10/9, D4, Barr, 748K) reports in its "Federal Diary" column, "Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government. That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the 'facts' in this new paper will be disputed by federal unions and in some quarters of Congress. Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda."

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McClellan Discusses Medicare's Financial Challenges. The Christian Science Monitor (10/10, Cook, 58K) reports on a Monitor Breakfast with Dr. Mark McClellan, who steps down Saturday as administrator of the Centers for Medicare and Medicaid Services. As "head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal." The questioning "began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular." McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging of the baby boom is putting big pressure on both." McClellan "turned to steps that could put the Medicare program on a sounder footing for the future. 'Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability,' he said." But McClellan "said he favored 'reduced subsidy levels' from Medicare 'for wealthier Americans.'"

Pentagon Rolls Out First Phase Of New Pay, Personnel System. The Washington Post (10/10, D4, Barr, 748K) reports in its "Federal Diary" column, "The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees." The "new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said." The Post adds, "The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials."

WPost Opposes Proposal To Create IG For Federal Judiciary. The Washington Post (10/9, A16, 748K) editorializes, "Before leaving town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived. Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work," but "it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix. This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event." The Post adds, "While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment."

LATimes Praises New Rules For Federal Judiciary. The Los Angeles Times (10/9, 918K) editorializes that "critics of ethical lapses in the federal judiciary have long been saying, 'Judges, judge yourselves.' The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them. Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings." The new rules "should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself."

OTHER NEWS:

Federal Reserve Expected To Hold Line On Interest Rates. The Wall Street Journal (10/10, Derby, 2.03M) reports Federal Reserve Bank of San Francisco President Janet Yellen said "while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time." In comments "prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.," Yellen said, "I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity." The Journal adds Yellen "is currently a voting member of the interest rate-setting Federal Open Market

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Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year."

Stocks Up Slightly Despite North Korea Nuclear Test. NBC Nightly News (10/9, story 9, 1:30, Williams, 9.87M) reported, "On Wall Street today Stocks were up just slightly. The Dow was up 7 points [to close at 11.857.81]. NASDAQ was up almost 12 points [to close at 2,311.77] on today's trading."

The Wall Street Journal (10/10, C1, McKay, 2.03M) reports the US stock market "quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading." The "modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT." Other indicators "also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year."

Small Businesses Creating Most New Jobs. USA Today (10/9, Hopkins, 2.27M) reports, "Reversing a long-term trend, small businesses are taking a growing share of US employment, with possibly negative consequences for health care coverage of millions of workers. New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003." It was "the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show."

WSJournal Says Revised Jobs Numbers Show Effectiveness Of Bush Tax Cuts. The Wall Street Journal (10/9, 2.03M) editorializes, "The Labor Department released its September jobs report on Friday, and some wags are calling it the 'whoops' report. The 'whoops' is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006. So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire." The Journal adds, "This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm."

OPEC Seen As Moving Toward Production Cuts. The New York Times (10/9, Mouawad, 1.21M) reports, "A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output." While "more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place." It would be "the first time OPEC had cut its quotas in two years."

WPost Urges Higher Fuel Taxes To Reduce Consumption. The Washington Post (10/9, A16, 748K) editorializes, "The decline in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record." The relief, however, "should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. … The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels."

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Parents Seek To Unadopt Child. A front page story in the Washington Post (10/9, A1, Schulte) reports that Helen Briggs and her husband, James "are taking the highly unusual step of trying to unadopt" a child. In 2003, "when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life. … Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time." The Post adds, "State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support. Still, a Fairfax County court has granted Briggs's petition to relinquish custody."

In Wake Of Foley Scandal, Analysts Say House May Be Democrats' To Lose. U.S. News and World Report (10/16, Gilgoff, 2.03M) reports, "As each day last week brought new questions about how the Republican leadership handled the" scandal involving former Rep. Mark Foley and his e-mails and text messages to congressional pages, "the political implications came into sharper focus." Republican concerns "about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages." US News adds that the Foley revelations "appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control."

In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "What actually happened…is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance. … If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress." Newsweek adds, "Several leading party strategists worry that public trust in the House Republican leadership -- never exactly ironclad, even among the truest Republicans -- could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers."

U.S. News and World Report (10/16, Schulte, 2.03M) reports that by the end of last week, Hastert "appeared to have won over some of the doubters. 'Any Republican with half a brain realizes they cannot toss [Hastert] over,' says a Senate Republican staffer. 'They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself.' Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP."

In its cover story, Time (10/16, Tumulty, 4.03M) reports, "All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism. It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election."

Newsweek Poll Finds 53% Want Democrats To Win House Control. In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values."

Time Poll Finds 54% Are More Likely To Vote For A Democratic Candidate For Congress. In its cover story, Time (10/16, Tumulty, 4.03M) reports, "In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were

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polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican -- nearly a perfect reversal of the 51%-40% advantage the GOP enjoyed as recently as August."

Whisper Campaign Blames Scandal On "Velvet Mafia" In Upper Ranks Of GOP. In its cover story, Time (10/16, Tumulty, 4.03M) reports that "a whisper campaign has been launched in Washington to blame an internal culprit: a 'velvet mafia' at the upper levels of GOP leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: 'It looks like they may have tried to handle this among themselves because they were similarly situated.'"

Criminal Charges Against Foley Seen As Unlikely. In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex."

GOP Campaign Officials Now Expect To Lose Between Seven And Thirty Seats. The Washington Post (10/10, A1, VandeHei, Cillizza, 748K) reports Republican campaign officials said "that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley." Democrats need 15 seats to gain a majority. GOP officials "are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease." Still, GOP leaders "privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates." Rep. Thomas M. Davis III "said Republicans could lose as many as 30 seats if conditions worsen." The Post adds GOP strategists "are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator." Political handicapper Charlie Cook "now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "Embattled Speaker of the House Dennis Hastert was supposed to be in Ohio and New Jersey today, attending fundraisers for Republican congressional candidates. Instead he was hunkered down in Illinois. Just one part of the political ripple effect of the Foley scandal. Some Democrats are already using the scandal in campaign ads." Democratic political ad: "Now Pryce is protecting Hastert, even though he protected a sex predator?" Reid: "The nonpartisan Cook Political Report says the Foley scandal has boosted the number of competitive Republican seats in the house from 37 to 43." Amy Walter, Cook Political Report: "I think what this scandal helped to do is crystallize for Democrats, in a way that no 30-second commercial could do, the idea of a time for change."

New Polls Show Democrats With Clear Edge. USA Today (10/10, 1A, Lawrence, 2.27M) reports in a front page story that the Foley "sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows." Democrats had "a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978." President Bush's "approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%."

The New York Times (10/10, Nagourney, Elder, 1.21M) reports the new New York Times/CBS poll shows "Americans say that Republican Congressional leaders put their political

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interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley's sexually charged messages to pages well before he was forced to quit Congress." The poll "also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism." The poll "indicates that the scandal involving Mr. Foley" is "alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law." Seventy-nine percent "said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages." The CBS poll was "conducted Thursday through Sunday with 983 adults, including 891 registered voters."

CBS Evening News (10/9, story 8, 2:15, Schieffer, 7.66M) reported the new CBS News/New York Times poll "is about as bad as it can get for Republicans because what it suggests, Katie, is that more and more Americans just don't believe them anymore, whether they are in the White House or in Congress. Remember that Republican House Speaker Dennis Hastert said he didn't know about those suggestive e-mails that Congressman Foley since to that 16-year-old house page? Well, our CBS news/'New York Times' survey shows more than 60% of those polled believe Republican leaders did know. Even 40% of Republicans believe the leaders knew. And if they don't trust the Speaker on that, look at whether they believe what the President has been saying about fighting terrorism, which used to be the Republican's strong suit. For the first time, a sizable majority, 57%, believes the President had warnings before 9/11 of a terrorist attack in this country. That suggests a loss of confidence that could be devastating to any political party and the rest of this poll is no better for the Republicans."

ABC World News (10/9, story 6, 2:10, Stephanopoulos, 8.78M) reported, "A lot of flashing red lights for Republicans in the new poll. We find only 32% of the country approves the job Congress is doing. Only 39% approve of the job the President is doing. 66% of the country thinks we're going in the wrong direction and by a 13-point margin prefer Democrats over Republicans come November. So, this basically shows the bump that the President and his party got in September by focusing on terrorism, by falling gas prices has gone away. Back to the same low numbers they've been fighting all year."

The Washington Post (10/10, A1, Broder, Balz, 748K) reports in a front page story that Democrats "have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll." The poll "sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month." The "political fallout" from the Foley scandal "is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post."

CNN's The Situation Room (10/9, Blitzer) reported that the new CNN poll has found that "58 percent of Americans say they intend to vote Democrat; 37 percent say they intend to vote Republican."

The Chicago Tribune (10/10, Dorning, 623K) reports, "Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since" Foley's "sexually explicit electronic messages to underage pages were disclosed late last month." Half "of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference." The CNN-Gallup and ABC News-Washington Post polls "showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said." The polls also showed Democrats with wide leads over the Republicans on

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generic ballot questions: CNN-Gallup, 58%-37%, and ABC-WPost, 54%-41%.

GOP Worried Foley Scandal Will Depress Turnout Among Evangelical Christians. NBC Nightly News (10/9, story 6, 2:50, Savidge, 9.87M) reported evangelical Christians are "the backbone of the Republican Party. Once as predictable as a sermon on Sunday." But "some Republican strategists fear the Foley scandal strikes at the very heart of those core moral beliefs." There's "worry Christian conservatives might stay away from the polls come November." Reverend Albert Mohler, Southern Baptist Theological Seminary Press: "This has been a disheartening season for conservative Christians. When it has to do with events in Washington and beyond." Savidge: "Even just a small change in the voting habits of conservative Christians could have a huge impact on who wins and loses in close congressional races. One place that's true is Tennessee. Democratic Representative Harold Ford, Jr. and Republican Bob Corker, according to several polls are neck-and-neck, battling to replace retiring majority leader Bill Frist. A race Democrats believe could help put control of the Senate back in their hands. But here in Tennessee, at least Christian conservatives blame former Congressman Foley, not the party. Everyone we talked to said they'll be there come election day."

Rove Says Scandal "Complicates Things" For Some Republicans. The Los Angeles Times (10/10, Simon, Levey, 918K) reports that it has become "clear" that the Foley scandal is "sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter 'complicates things' for some Republican candidates who have been linked to the scandal." This week's "questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages." In his "private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, 'every seat matters.' It does not help, he suggested, 'having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue.'"

Foley Scandal Fallout Leaves Reynolds At Risk. CQ Politics (10/10, Horrigan) reports the Foley scandal "has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House. And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican." The Leans Democratic rating "does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him. But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "One newly vulnerable Republican is New York Congressman Tom Reynolds, head of the House Republican campaign committee. He plummeted in the latest poll, now trailing 48-33. After admitting he knew about Foley's non-explicit emails months ago. Now he's apologizing." Rep. Tom Reynolds: "I'm disappointed I didn't catch his lies before. For that, I'm sorry."

More Commentary. In his Washington Post column (10/10, A21), Eugene Robinson says that faced with "the spreading Foley scandal," the Republican Party "has a choice. The party can look America in the face and say, 'Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us weaker and poorer. As Barry Goldwater would have said, live and let live.' Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed."

In his New York Times column (10/10), John Tierney says polls show the public "can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore."

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The Republicans have 'become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls." Despite the Republican "failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues." On the domestic front, "voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except 'taxing the rich,' which won't do the trick."

Allen, Webb Clash On Issues, Character In Final Debate. The Washington Post (10/10, A1, Shear, Craig, 748K) reports in a front page story that Republican Sen. George Allen and Democrat James Webb "clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night." The 60-minute debate, "held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election." For Allen, "those issues are taxes, same-sex marriage and a dislike of liberals," while Webb "stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans." In a campaign "marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government." Allen "appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated."

The Washington Times (10/10, Bellantoni, 88K) reports Allen and Webb "sparred over taxes and the war in Iraq during their last debate before next month's general election." Allen "opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000." Allen "repeatedly tried to paint his opponent as a liberal who would take his cues from 'friends' such as Mrs. Clinton." Webb, "a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians."

Allen Seeks Ethics Committee Opinion On Disclosing Stock Options. The Washington Post (10/10, B05, Shear, 748K) reports Sen. George Allen "did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules." Allen "received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday." Under "terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each. The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50."

WPost Criticizes Allen Intervention On Behalf Of Company. The Washington Post (10/10, A20, 748K) says in an editorial, "It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government. That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp." Allen "joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock.

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Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price might well have gone up." The Army "did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help."

Allen Campaign Said To Have Successfully Changed Subject. In his Washington Post column (10/10, B1), Marc Fisher says, "Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again. The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president." How did "the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject."

DSCC Wades Into Virginia Race With $1 Million Ad Buy For Webb. The Richmond Times-Dispatch (10/10, Schapiro) reports the Democratic Senatorial Campaign Committee is "placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment." The ad "could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia." Sources said that the "TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues." The 30-second spot "also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq."

Allen Hasn't Disclosed Stock Options, As Required By Rules. The New York Times, Washington Times and USA Today, among other sources, this morning run an AP story (10/9, Theimer, Lewis) that reports, "For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company. Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so." Allen's stock options "date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator." The AP "reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies." In interviews, "Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock."

Missouri Senate Candidates Clash On Foley Scandal, Iraq War. USA Today (10/9, 2.27M) reports Missouri Sen. Jim Talent (R) "clashed Sunday with" challenger Claire McCaskill in a debate (D) "on NBC's Meet the Press that centered on Iraq and the congressional page scandal." Talent "said he still would have voted to go to war in Iraq even if he had known in 2002 that US intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying US troops out of Iraq over the next two years 'give or take.'" McCaskill also "said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete."

The AP (10/9, Hananel) quotes McCaskill saying, "When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee.'" Talent replied, "We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may." The Missouri race "is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even." Talent "described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period." McCaskill, in turn, "portrayed Talent's views as those of a politician who has spent too long in Washington." On NBC's Meet The Press (10/8), Talent said

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of his rival that she has "got positions in the war on terror that are comprehensively positions of weakness." McCaskill responded, "Playing politics with this issue is not making us safer."

The St. Louis Post-Dispatch (10/9, Shesgreen, 300K) reports Talent also "dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home." Talent "said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was 'an important front on the war on terror.'" McCaskill "quickly shot back: 'Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money.'"

Gannett News Service (10/9) notes the Democratic candidate said, "Iraq is a mess," adding, "We can either stay the course or we can change the course." Talent said of Saddam's regime, "He represented a threat to us. That threat is now gone." He also said that "the US has to 'finish the mission' but acknowledged that when Congress voted to go to war 'the administration and many underestimated the time it would take to stabilize the central part of the country.'"

Also on NBC's Meet The Press (10/8, Russert), McCaskill was asked about her comment on Hurricane Katrina that "George Bush let people die on rooftops in New Orleans because they were poor and because they were black." McCaskill said, "I was acknowledging how thousands and millions of Americans felt. The visual that we all saw in Hurricane Katrina was frankly, something none of us will ever forget. Incompetence turned tragic because the people there were unable to help themselves. ... I do not believe the President is a racist. I was acknowledging the feelings of many, many Americans that this administration has left the most vulnerable, helpless -- this administration has been about Wall Street and not about average Americans."

The Washington Times (10/9, Bellantoni, 88K) headlines its story on the debate "Talent Stresses Independence From Bush," and says Talent "blanched" when moderator Tim Russert "noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly. 'Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?' Mr. Talent asked. 'I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then.'" Talent, "first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding."

The Washington Post (10/9, A10, Murray, 748K) says Talent's challenge "is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies." McCaskill also "is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City." She "was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign. 'I certainly believe that abortion should remain safe, legal and rare,' McCaskill said. 'But why don't we concentrate on prevention? None of us want abortion, none of us support abortion.'"

Santorum Says Bush At Fault For Lack Of Public Support For Iraq War. The Pittsburgh Tribune-Review (10/10, Brown) reports Sen. Rick Santorum said President Bush "lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against 'Islamic fascism' -- a major threat to the nation's security." In a meeting with editors and reporters of the Tribune-Review, Santorum said, "He (Bush) is managing the public relations on this war very poorly." Bush is "more concerned about 'making the State Department comfortable' than providing the American people with 'a clear message and a clear understanding of what we are up against,' said Santorum, in his sharpest criticism of the president to date."

Weldon, Sestak In Tight Race For PA7. The Christian Science Monitor (10/10, Chaddock, 58K) reports Republican Rep. Curt Weldon is "in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election." As the "No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district. But this year, knowing and serving the district may not be enough." Local issues, "typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages." The "Philadelphia region is now

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Ground Zero in the battle for control of the House, analysts say." Democrats "need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004." A recent Keystone poll "now calls the Weldon-Sestak race a 'dead heat' with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from 'lean Republican' to a tossup."

Rove Headlines Istook Fundraiser In Oklahoma. The Washington Times (10/10, McCaslin, 88K) reports in its "Inside the Beltway" column, "That was senior Bush White House aide Karl Rove scheduled to headline an Oklahoma City fundraiser last night for Oklahoma gubernatorial nominee and Republican Rep. Ernest Istook. Price of admission to hear Mr. Rove speak: $100 per person. Cost to get him to pose for a photo: $1,000."

RNC Using "Firewall" Strategy To Protect Senate GOP Incumbents In Three States. The AP (10/10, Espo) reports that in an "unusual move, the Republican National Committee is investing heavily in television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority." The move "reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates." The move also "raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them."

9/11 A Key Feature Of Giuliani's Appeal For Voters. The New York Times (10/9, Pérez-Peña, 1.21M) reports, "Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question" about his handling of 9/11, "one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it. Nearly as often, people ask its corollary: Will he run for president?" Giuliani has "little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates." He says he "does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party." But as Giuliani "traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack."

Struggling State Economy Key Issue In Michigan Gubernatorial Race. The New York Times (10/9, Davey, 1.21M) reports from Three Rivers, MI, "If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts." While "elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal," Michigan's "races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it. In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions." Gov. Jennifer M. Granholm, "an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder." Granholm, in an interview, "directed the blame elsewhere: to circumstances beyond her control ('No other state is the automotive capital of the world'); to the Bush administration ('He has sat idly by while the industry reels');

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and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck."

Kerry Lashes Out At Swift Boat Veterans Group. The Washington Times (10/10, Pierce, 88K) reports in its "Inside Politics" column, "Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House. Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports. 'We're not going to give them an ounce of daylight,' said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008. The senator said his response to the commercials in 2004 was not strong enough."

Panel Says Ehrlich Administration Used Party Affiliation To Make Personnel Decisions. The Baltimore Sun (10/10, Skalka, 262K) reports a legislative committee "investigating the Ehrlich administration's personnel practices has concluded that workers were fired 'based on political considerations in violation of constitutional rights and state law,' and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters." The "135-page report" is the "work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005." The report says, "Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process." The Sun added the legislative committee, "whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor." Gov. Erhlich said "the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities."

The Washington Post (10/10, B1, Mosk, 748K) reports the "firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded." An attorney "hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers." Ehrlich "described the document as 'farcical' and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it." Ehrlich said, "I think the people of Maryland need to hear what they paid over a million dollars for." The Post adds, "Republicans on the committee issued a 'minority report,' which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns."

Book Finds Former Presidents Remain Influential. The Washington Post (10/10, A19, Baker, 748K) reviews, "Second Acts: Presidential Lives and Legacies After the White House," by Mark K. Updegrove. The Post says, "The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives." His book "traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York." The White House "afterlife holds 'more promise and potential than ever before,' Updegrove argues. Former presidents 'now often have their own agendas and aggressively pursue them independent of those in power,' and, 'With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly.'"

Danforth's Call For "Centrism" Examined. In a Washington Times op-ed (10/10), political columnist Claude R. Marx says, "Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct." Danforth is "a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both

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sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries." He "discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, 'Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together.'" Danforth, "an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews. He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones."

WSJournal Praises Spitzer's No New Taxes Pledge. An editorial in the Wall Street Journal (10/10, 2.03M) says, "No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge. Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, 'There will be no tax increase in a Spitzer administration.'" It is "significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor." The Journal adds, "Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City."

LATimes Criticizes California Gubernatorial Debate. An editorial in the Los Angeles Times (10/10, 918K) says, "Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it? Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to 'Angelides likes taxes.' For Angelides, it was 'Schwarzenegger likes Bush.' And that was pretty much it." The Times adds, "The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the unspoken message from the political establishment is 'Just stay home.'"

New York School Finance Case Could Send Shock Waves Across Nation. Eric Hanushek a member of the Hoover Institution's Koret Task Force on K-12 Education, writes in the Wall Street Journal (10/9, A19, 2.03M), "The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. … New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an 'adequacy' case in their courts. … Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country. … If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools. There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies."

US Condemns North Korea As Scientists Try To Confirm Purported Nuclear Test. The United States is taking what many are calling a "tough" line in the wake of North Korea's claim that it has tested a nuclear device. Even as scientists work to ascertain whether Kim Jong-Il's regime has joined the nuclear club, a number of media reports and analyses depict the situation as the culmination of a "failed" policy course on the part of the US and its allies. The Financial Times (10/10, Dinmore), for example, reports that although President Bush "delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened

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by the war in Iraq." Critics "say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq." A similar analysis piece in the New York Times (10/10, Sanger, 1.21M) says Pyongyang's nuclear test "represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy."

In particular, the President's own assertions during his 2002 "axis of evil" speech are being cited to suggest his policies have not worked and the international situation has deteriorated markedly since then. For example, an analysis piece titled "Bush's 'Axis Of Evil' Comes Back To Haunt United States," in the Washington Post (10/10, A12, Kessler, Baker, 748K) reports, "Nearly five years after President Bush introduced the concept of an 'axis of evil' comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion." The Post says "each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations. The deteriorating situation in Iraq has undermined US diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program."

NBC Nightly News (10/9, story 3, 3:50, Gregory, 9.87M) showed a snippet of Bush's "axis of evil" speech in 2002, reporting, "Bush has always taken a strong stand against North Korea. In 2002, linking the North with Iran and Iraq." Bush: "States like these and their terrorist allies constitute an axis of evil, arming to threaten the peace of the world." NBC added, "A year later, as North Korea's nuclear program advanced. The President drew a line." Bush: "We will not tolerate nuclear weapons in North Korea." But "three years later," added NBC, "Kim Jong-Il is still standing and still defying the US. Critics blame the Bush Administration's decision to cut off direct talks with North Korea."

Along similar lines, the AP (10/10, Sidoti) reports the President "long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch. … In the nearly five years since Bush labeled North Korea part of an 'axis of evil' with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2." McClatchy (10/10, Johnson) offers a similar chronology leading to Sunday's test, and says, "The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test." And USA Today (10/10, Nichols, 2.27M), in a report titled "Condemnation Swift, But Options Are Limited," says "foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success."

On its front page, the Washington Post (10/10, Abramowitz, Lynch, 748K) reports Bush "pushed yesterday for aggressive new sanctions on North Korea," and adds "most experts agree that "the action added a volatile new ingredient to an already dangerous world environment." As NBC Nightly News (10/9, lead story, 3:40, Mitchell, 9.87M) put it, "the White House promised tough action." However, "what can the US really do? With 37,000 US soldiers facing North Korea's million-man army at the Demilitarized Zone, there is no apparent military solution. At an emergency UN session today, the US proposed sanctions -- a ban on military and luxury items, a freeze on assets linked to its weapons program. Most dramatic, a partial Naval blockade to inspect all cargo entering or leaving the country." Likewise, ABC World News (10/9, story 2, 2:30, Gibson, 8.78M) reported that "now that North Korea has crossed the line it was warned not to cross, the options may be limited."

ABC World News (10/9, lead story, 3:10, Gibson, 8.78M) also said last night that "all of a sudden, a country that the US Administration considers part of an 'axis of evil' with a leader that they many in the world consider peculiar and dangerous was, it would seem, a nuclear power." CBS Evening News (10/9, lead story, 1:40, Martin, 7.66M), meanwhile, mentioned the "nightmare scenario" of a new Korean war, and "the possibility that the North Koreans might sell a nuclear device to al Qaeda or some other group."

The New York Times (10/10, Shanker, 1.21M) reports US "military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components." US intelligence agencies "have no confidence that they can locate all of

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North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs -- though American intelligence abilities are said to have worried the North Korean leadership in the past." However, on a more positive note, "the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest. Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles."

MSNBC's Hardball (10/9, Shuster) reported, "White House officials acknowledge there are no plans for a military response. So it was left today to John Bolton, US ambassador to the United Nations, to try to improve the political landscape for the Bush Administration by talking up international criticism of the North Korea." Bolton said on CNN's Lou Dobbs Tonight (10/9), "I think what they have demonstrated is they have the capability that we thought they had. And we have begun, as the President indicated, to take a very strong line here in New York to try and get Security Council sanctions against North Korea that would frustrate their desire to have a sustained nuclear program. Hard to say at this point how we'll do. Although, the early reactions from Russia and China have been positive. I think they're taken by surprise by this test, I think they realize how unacceptable it is. And their reaction in the council today was very favorable to our approach."

Assistant Secretary of State Christopher Hill said on CNN's The Situation Room (10/9), "We have a lot of people looking at a lot of very fancy equipment, and I'm sure they'll be able to tell in the next day or two. What we do know is there was a seismic event. Something happened in North Korea. Plus, we have a government that has said proudly that it has exploded a nuclear device. So I think it's going to take a couple days or so to figure out precisely what happened." Asked if he is working under the assumption that this was a nuclear test, Hill said, "I think we have to work under the assumption that North Korea did what it said it was doing, that is, making a nuclear test. But we have to see precisely from our own sensors what exactly happened there."

NBC Nightly News (10/9, story 2, 1:50, Williams, 9.87M) reported, "Reaction around the world to North Korea's action has been harsh all day today, even from its allies and it may be up to its immediate neighbor, China, to make the next big move here." NBC (Mullen) added, "Tonight, on the state-run newscast, China politely lost face." Unidentified male reporter: "China has joined countries around the world by voicing strong opposition." Russia's President, Vladimir Putin, "joined other UN Security Council measures seeking tougher sanctions against North Korea." But "in the end, what may matter most is what China does now." China "has a difficult decision -- either get behind UN sanctions which could produce a flood of refugees into China or make peace with its new nuclear neighbor that has an unstable leader."

The Los Angeles Times (10/10, Farley, Magnier, 918K) reports "the measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds related to North Korea's missile and nuclear programs or counterfeiting of U.S. dollars, and a ban on trade in luxury goods." The US proposal also "would authorize international inspection of cargo to and from North Korea to prevent the Pyongyang regime from selling nuclear technology to other countries or armed groups." China and Russia, "which had been North Korea's grudging protectors in the council, seemed ready to join in at least some sanctions against Pyongyang." The New York Times (10/10, Hoge, Stolberg, 1.21M), however, says Moscow and Beijing "did not signal that they were ready to go along with the American proposal." London, Paris and Tokyo "said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days." The Washington Times (10/10, Pisik, 88K) reports the Security Council "meets again today on the crisis."

The Washington Post (10/10, A12, Faiola, Fan, 748K) reports, "In a telephone call with US Secretary of State Condoleezza Rice, China's foreign minister condemned North Korea for having 'ignored universal opposition of the international community,' the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was 'resolutely opposed' to the nuclear test." South Korea, meanwhile, "immediately halted delivery of an emergency assistance package to help the North deal with recent floods." The New York Times (10/10, Kahn, 1.21M) says North Korea, "a longstanding ideological ally, has had increasingly testy relations with China in recent years." But "it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a 'brazen' violation of its international commitments." The wording "is just one indication that a nuclear test would cross a red line for China, which has

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devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea."

Fox News' Special Report (10/9, Goler) reported, "The UN's response was not immediate. The Japanese are throwing up a sanctions proposal. The US wants it to include international inspection of all cargo going in and out of North Korea to make sure it is not exporting or receiving nuclear technology." The AP (10/10, Lederer) notes "there was no talk of military action," while the Financial Times (10/10, Fifield, Pilling, Turner) runs a similar report under the headline "Global Fury At N Korea Nuclear Test Claim." McClatchy (10/10, Johnson) reports British Prime Minister Tony Blair labeled the test "completely irresponsible act."

A New York Times (10/10, Onishi, 1.21M) story focuses specifically on Seoul's reaction. President Roh Moo-hyun "said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country's 'sunshine policy' of engaging North Korea." While Roh's "response to the nuclear test was firmer and quicker than its reaction to North Korea's missile launches in early July," the Times says "there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor." The Times adds, "Increasingly, North Koreans have been viewed [in the South] as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront" Pyongyang. "South Korea's priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse."

Meanwhile, another New York Times (10/10, Fackler, 1.21M) piece says North Korea's "claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role." But "could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself? This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons."

Seismic Readings Suggest Test May Not Have Been Nuclear. The Washington Times (10/10, Gertz, 88K), in a front-page story titled "US Doubts Korean Test Was Nuclear," reports, "US intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday. US officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation." The Los Angeles Times (10/10, Miller, Kaplan, 918K), however, says "shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, US intelligence officials and weapons experts said."

The Washington Post (10/10, A12, Linzer, 748K), in a piece titled "Low Yield Of Blast Surprises Analysts," says "the explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating US intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said. … A senior intelligence official called it a 'sub-kiloton' explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise."

CNN's The Situation Room (10/9, McIntyre) reported, "The relatively small blast raises several possibilities: the test was not nuclear, an elaborate charade; the test was nuclear, but intentionally small, perhaps to limit radiation and conserve fissile material; or the test was supposed to be bigger but something went wrong, as one US official put it, 'more fizzle than pop.' Still, if the idea was to get the world's attention and increase North Korea's leverage at the bargaining table, it was a booming success."

The Wall Street Journal (10/10, A1, Ramstad, Solomon, Fairclough, 2.03M) reports "the blast, which took place near the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with

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conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by US pilots over Hiroshima 61 years ago."

The New York Times (10/10, Broad, Mazzetti, 1.21M), under the headline "Blast May Be Only A Partial Success, Experts Say," reports "the North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday."

Reaction To North Korean Test Could Bolster US Hand With Tehran. The Wall Street Journal (10/10, King, Spindle, 2.03M) reports Pyongyang's nuclear test "could present the Bush administration with much-needed leverage on another challenge: Iran." The Administration hopes the test "will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions. By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development." The Journal cites Administration sources claiming Beijing's reaction to the test will be the "key barometer" of possible future actions, and adds, "The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran."

On the other hand, the AP (10/10, Dareini) reports North Korea's claim "to have tested an atomic bomb could embolden Iran as it defies the UN Security Council and the United States over its own nuclear program, analysts said Monday." Fox News' Special Report (10/9, Hume) said Iran "reported North Korean's nuclear test should be blamed on the United States. Iranian state radio says quote, 'North Korea's nuclear test was a reaction to America's threats and humiliation.'"

AFP (10/10, Pouladi) reports Iranian President Mahmoud Ahmadinejad "has vowed to impose retaliatory sanctions on world powers if the [UNSC] carries out threats to penalize Iran over its nuclear programme." He "did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff." AFP says "considerable momentum towards drafting a sanctions [UNSCR] as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough."

Parties Seize On North Korean Announcement As Election Issue. Some media analyses this morning suggest Republicans may gain some political advantage from the North Korean standoff. The Financial Times (10/10, Luce), in a story headlined "Republicans Stand To Profit From Nuclear Test 'Fear Factor,'" notes that "within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects." Bush, adds the Times, "was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate."

The Wall Street Journal (10/10, A4, McKinnon, 2.03M), in a piece titled "Republicans Point To Pyongyang In Bid To Garner Voter Support," says "North Korea's claim of a successful underground nuclear test reverberated through US politics, diverting attention from congressional scandals that have hurt Republicans' election chances. Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security." Republicans "used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that 'this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations.'" Democrats "said…Bush's hard-line policy on North Korea and on global threats more broadly has failed."

The AP (10/10, Riechmann) reports, "Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed." Democrats "condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions." Senate Minority Leader Harry Reid "said the Bush administration has for

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several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue." Rep. Edward Markey, a Democrat who co-chairs the House Bipartisan Task Force on Nonproliferation, "said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically." Meanwhile, Senate Majority Whip Mitch McConnell "said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea."

The Washington Times (10/10, Curl, 88K) reports Senate Democrats "demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il." The White House "rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea. 'There's strength in numbers,' White House spokesman Tony Snow said."

The New York Times (10/10, Broder, 1.21M) also says that "with only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security."

More Commentary. Opinion pieces in major US newspapers tended to debate whether the Administration is to blame for the current situation in the Korean peninsula for not engaging the north Koreans in direct one-on-one talks. The New York Times (10/10, 1.21M) editorializes, "The Bush administration seems to want to impose limited sanctions on North Korea -- and inspections of all cargo going into and out of the country -- until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind -- while key players like China won't sign on to never-ending punishments. We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors." The Administration, adds the Times, "has indulged in its own denial and temporizing."

The Wall Street Journal (10/10, A14, 2.03M), in an editorial, says, "There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next 'development' will be another nuclear nation, starting with Iran."

The Washington Post (10/10, A20, 748K) editorializes, "In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long." Beijing and Seoul "have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the 'instability' in the North that they have tried so hard to prevent."

The Los Angeles Times (10/10, 918K) editorializes, "The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese." But "the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the US for failing to do so." Beijing "has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the US to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea -- or better yet, persuade it to disarm."

Nicholas Kristof writes in the New York Times (10/10, 1.21M), "If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes. It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran -- where we may soon be facing a third military conflict in a Muslim country."

David Frum writes in the New York Times (10/10, 1.21M) that the test, "if that indeed is what it was -- signals the catastrophic collapse of a dozen years of American policy.

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Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken." Frum adds, "When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions."

Selig S. Harrison, a former WPost bureau chief in Northeast Asia, writes in today's Washington Post (10/10, A21, 748K), "To advance US security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join."

Iran Says Sanctions Threat A "Rusty Weapon." The AP (10/9, Karimi) reports Tehran "called the threat of international sanctions over its disputed nuclear program a 'rusty' weapon and repeated Sunday that it would not abandon uranium enrichment." The Foreign Ministry added that "Iran does not 'welcome sanctions' and that they would damage both Iran and the countries that impose them." A spokesman "said 'negotiation is the best way,'" and implied that Tehran "will resume negotiations with European nations."

AFP (10/9, Williams) says the latest statement "marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment." Undersecretary Burns "said the so-called '5+1' group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult." AFP adds, "It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis."

North Korean Test Seen As Hampering West's Case Against Tehran. An analysis piece by the AFP (10/9, Millikin) notes, "A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn." Any North Korean test "could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said." AFP adds, "Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks" within the Administration.

Cleric Who Opposed Religious Rule Arrested. The New York Times (10/9, Fathi, 1.21M) reports, "A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported. About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported." They were there "apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him." Another news agency, Entekhab, also "reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them."

Palestinian PM Says Hamas Won't Recognize Israel. The AP (10/9, El Deeb) reports, "Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does. International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence." But Haniyeh "repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah."

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Qatar Steps Into Fatah-Hamas Mediation Role. The New York Times (10/10, Myre, 1.21M) reports Qatar, "which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between" Fatah and Hamas. The Times adds, "Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah." Qatar's "role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state" to meet separately with Qatari leaders. One expert said that "while Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role… Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago."

Videos Offensive To Muslims Pulled From Danish Web Sites. The Washington Post (10/10, A16, Olsen, 748K) reports, "Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East." Muslim clerics "from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps." A second drawing "placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud." The Post adds, "In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented."

Venezuela's Deficit Expected To Grow Despite Oil Revenue. The Wall Street Journal (10/10, A6, Gallegos, 2.03M) reports, "Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures." Venezuela's oil industry "accounts for about one-third of gross domestic product and one-half of government revenue. 'We expect to see a deficit of $7.7 billion this year,' or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas."

Khartoum Rejects Arab League Offer Of Arab-Muslim Darfur Force. The Washington Post (10/9, A14, 748K) reports, "Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region." However, "Arab League diplomats said [Sudanese President Omar al-Bashir] rejected the initial proposal — as he has all suggestions of a U.N.-affiliated contingent, regardless of the makeup — but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than Western attempts to stop the humanitarian crisis." A key Arab League staffer "said the Arab negotiators believed the world community and the United States should also be flexible." The AP says this "new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of" UNSCR 1706. However, "the two sides are still far apart, however. And it was unclear how much leverage the Arab countries — close neighbors and supporters of Sudan's Arab-dominated regime — have or how strongly they intended to press."

Belgian Governing Party Loses Ground To Far-Right In Local Elections. The AP (10/9, Brand) notes, "Early results showed the party of [Belgian Prime Minister Guy Verhofstadt] giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected." The "biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats," with the former making "big gains in almost all the 308 municipal councils across the region of Flanders. The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants." Flemish Interest "expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class." However, "despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council."

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Muslims Angry About Tape Aired On Danish Television. The New York Times (10/9, 1.21M) reports, "Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad. The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members." Muslim leaders in Denmark "condemned the video but said they would not be goaded into taking action."

Some US Retailers Strongly Opposed To Vietnam Trade Deal. USA Today (10/9, Lynch, 2.27M) reports, "An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers. The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say." Eric Autor, vice president of the National Retail Federation, said, "We're pretty upset." The Administration "wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit." But "Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills." In response, "trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of 'whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam,' said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the US Trade Representative."

Brookings Institution To Launch China Policy Center In Washington And Beijing. The Financial Times (10/9, Luce) reports, "The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing." It will be "funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years." Brookings :says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power."

China Said To Harass Dissidents Living In US. Fred Hiatt writes in the Washington Post (10/9, A17, 748K), "It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world. Less well known is that China feels so unconstrained that it is brazenly harassing dissidents in the suburbs of Washington, D.C., too." Hiatt adds, "Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents. … Surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison."

Putin Pledges Investigation Into Journalist's Murder. The Washington Post (10/10, A18, 748K) reports, "President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist," Anna Politkovskaya, "who was a fierce critic of Kremlin policy toward Chechnya." In a phone conversation, Putin "said that 'all necessary efforts will be made for an objective investigation into the tragic death' of Anna Politkovskaya, gunned down in an apparent contract killing Saturday." Putin's remarks "were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya."

Murder Of Journalist Jolts Russia. The Washington Post (10/9, A12, Finn, 748K) reports, "Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its 'particular importance and its wide resonance within society.'" The killing of Politkovskaya, "a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign

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against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved."

The Washington Times (10/9, Mainville, 88K) says the killing "sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin." Russian Prosecutor General Yuri Chaika "took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's 'particular importance and its wide resonance within society.'"

The Wall Street Journal (10/9, Chazan, 2.03M) reports the killing "has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power. … Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved."

In an editorial, the Wall Street Journal (10/9, 2.03M) calls Politkovskaya "the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia." Garry Kasparov, also writing in the Wall Street Journal (10/9, 2.03M), says that "there is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power." This "is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world."

Anne Applebaum, in the Washington Post (10/9, A17, 748K), writes, "Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory."

In an editorial, the New York Times (10/10, 1.21M) says, "The murder of Ms. Politkovskaya -- like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system -0 had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others. It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem." But "the former KGB officer has presided over a systematic degrading of Russians' freedoms."

Security Council Endorses Ban Ki-Moon For UN Secretary General. ABC World News (10/9, story 4, 0:20, Gibson, 8.78M) reported on "a vote by the UN Security Council nominating South Korea's Foreign Minister to become the UN's next Secretary-General. He will replace Kofi Annan."

The Washington Post (10/10, A15, Lynch, Cho, 748K) reports, "A formal vote by the 192-member UN General Assembly is expected to confirm Ban's selection, perhaps within a week." Ban "has expressed a desire to play a far more active role in resolving the nuclear standoff with North Korea than" Kofi Annan.

The New York Times (10/10, Hoge, Choe, 1.21M) adds, "Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term." Ambassador Bolton remarked on the "appropriate juxtaposition" of Ban's nomination with Pyongyang's nuclear test, and said, "I can't think of a better way to show the difference in the progress that those two countries -- great progress in the South and great tragedy in the North." The Wall Street Journal/AP (10/10, A6) says Bolton "called Mr. Ban's selection 'a very significant event,' saying the United States looks forward to quick approval by the General Assembly."

The AP (10/10, Wadhams) reports, "Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy." Assistant Secretary McCormack "said in a statement that Ban 'is the

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right choice to lead the United Nations at this pivotal time in its history.'"

The Washington Times (10/10, Pisik, 88K) reports, "Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security." Emyr Jones Parry, Britain's UN ambassador, "praised Mr. Ban's 'very impressive credentials' and his 'vast and long diplomatic experience' in South Korea's foreign service." Jean-Marc de la Sabliere, France's UN ambassador, "praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa."

Somali Islamic Militia Declares Holy War Against Ethiopia. The Washington Times/AP (10/10, Nor) reports, "An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, UN-backed government. 'I urge all the Somali people to wage holy war against the Ethiopians,' said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle." He added, "Ethiopian troops have intentionally invaded our land. … We will counter them soon." His comments "came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town."

US-Funded Project For New Road In Tsunami Area Stalled. The New York Times (10/9, Perlez, 1.21M) reports from Keutepand, Indonesia, "A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery. Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance. … The patience of American officials is wearing thin," as they "complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves. Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon." American "officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that." But "instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say."

Olmert Government Said Not To Be "Doomed To Fall Just Yet." Fania Oz-Salzberger, director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa, writes in the Wall Street Journal (10/9, 2.03M) that Ehud Olmert's government "is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted." Olmert's government "is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the US, and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"The Future Looks A Lot More Diverse."
"Pirating Songs Of Praise."
"Google Bets Big On Videos."
"World Condemns North Korea."
"Even If Device Was Flawed, Test Crossed A Threshold."
"Decoding The Levels Of Danger."

USA Today:

"Google Cues Up With YouTube."
"Condemnation Swift, But Options Are Limited."
"Scandal Pushes Voters To Dems."

New York Times:

"North Korea Declares Nuclear Test."
"For U.S., A Strategic Jolt After North Korea's Test."
"Dot-Com Boom Echoed In Deal To Buy YouTube."

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"As Religious Programs Expand, Disputes Rise Over Tax Breaks."
"F.B.I. Struggling To Reinvent Itself To Fight Terror."
"A History Of Sex With Students, Unchallenged Over The Years."

Washington Post:
"U.S. Urges Sanctions On North Korea."
"Poll Shows Strong Shift Of Support To Democrats."
"Allen, Webb In Slashing, Wide-Ranging Debate."
"Google Gambles On Web Video."
"Playing Through Pain? Not For Kids."
"GOP Officials Brace For Loss Of Seven to 30 House Seats."
"North Korea Declares Nuclear Test."

Washington Times:
"U.S. Doubts Korean Test Was Nuclear."
"Elrich Hits O'Malley Strategy."
"Google , You Tube To Join Web Forces."
"Evangelist's Heir To Pulpit Leads His First U.S. Crusade."

Detroit Free Press:
"Schools Chief Tried To get Work For His Pal."
"Win One For The Skipper."
"As Goes Allen park, So Goes Rest Of The State."
"World Reacts To north Korean Threat."

Atlanta Journal-Constitution:
"Booming Expectations Arrival Of 300 Million American May Reflect Our Nation's Challenging Face."
"'A Provocative Act.'"
"For Elderly Free Repairs No Bargain."
"Google Shells Out $1.63 Billon For Hip Video Site YouTube."

Houston Chronicle:
"U.S. Urges Sanctions."
"Google Predicts A Hit With YouTube."
"Iraq Envoy Says Now Isn't Time To Withdraw."
"Houstonians' Health Plan Cost headed Higher Still."
"Dewhurst: School Debrillators Should Be Law."

Story Lineup From Last Night's Network News:
ABC: North Korea Nuclear Test; Nuclear Test Reaction; Who Is Kim Jong-Il?; New Secretary General; Foley Investigation; Campaign 2006; Iraq-Sectarian Violence; Google Buys YouTube; Food Safety E. Coli Scare; Amish School Shooting; Brothers Off To War.
CBS: North Korea Nuclear Test; Nuclear Test Reaction; North Korea; New Nuclear Power; Google Buys YouTube; Safe Foods-E Coli Scare; Student Gunman At Middle School; Foley Aftermath; Iraq-Sectarian Violence; Katrina Vandenheuvel-Opinion; Playtime Fun.
NBC: North Korea Nuclear Test; Nuclear Test Reaction; New Nuclear Power; Iraq-Sectarian Violence; Foley Investigation; Campaign 2006-Foley Aftermath; Free Play Time; Study Of Pain; Google Buys Youtube; Google Buys YouTube.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-Nuclear Test; Continental Airlines Flight Diverted; MO-Attempted School Shooting; Wall Street.
CBS: North Korea-Nuclear Test; CBS News/NYTimes Poll; Google-YouTube Purchase.
NPR: North Korea-Nuclear Test; Taiwan-Demonstrations; Google-YouTube Purchase; ComAir-Pay Cuts; CA-Lettuce Recall.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with President Alan Garcia Perez of Peru; participates in a panel on school safety. National 4-H Conference Center, Chevy Chase; attends Mac Collins for Congress reception, Macon Centreplex, Macon, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at swearing in ceremony for Mark Dybul as US Global AIDS Coordinator, State Department; speaks at the White House Conference on School Safety, National 4-H Center, Chevy Chase.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRESIDENT ALAN GARCIA PEREZ OF PERU _ Highlights: 9:10 a.m. Meets with President Bush, White House; 11:30 a.m. Meets with USTR Susan Schwab. Peruvian Embassy, closed press; 12 p.m. Speaks to the Institute for International Economics. 1750 Massachusetts Ave. NW. RSVP required.

MONEY LAUNDERING _ American Bankers Association/American Bar Association Money Laundering Enforcement Conference. Highlights: 11:45 a.m. Treasury Undersecretary for Terrorism and Financial Intelligence Stuart Levey; Location: Marriott Wardman Park Hotel, Marriott Salons 1, 2, 3, 2660 Woodley Road NW.

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ARMY ASSOCIATION _ The Association of the United States Army holds its 2006 Annual Meeting & Exposition. Highlights: 9 a.m. ILW Contemporary Military Forum, ``Sustaining the All-Volunteer Force." Lead speaker is Daniel B. Denning, assistant secretary of the Army for manpower and reserve affairs. 11 a.m. Northrop Grumman holds a media briefing Hunter and Fire Scout unmanned aerial vehicle programs. Room 2. Event contact: 310-553-6262. 11:30 a.m. Dwight David Eisenhower reception and luncheon. Speaker: Gen. Peter J Schoonmaker. Location: Washington Convention Center.

UGANDA _ 10 a.m. Two-day event to demand U.S. action to end the 20-year war in Northern Uganda. Highlights: 12:30 p.m. News conference with Sen. Mary Landrieu. Senate Swamp.

RETIREMENT SECURITY _ The American Council for Capital Formation releases two studies on annuity markets and macroeconomic implications of annuity purchases by the Baby Boom generation. Highlights: 1:30 p.m. Panel discussion on annuities, with Douglas Holtz-Eakin of the Council on Foreign Relations, others. National Press Club.

SCHOOL SAFETY _ 8:30 a.m. - 2:15 p.m. The White House sponsors a conference on school safety. Highlights: 8:40 a.m. Session on preventing violence in schools with Attorney General Gonzales. 9:50 a.m. Session on prepared schools and communities, with Education Secretary Spellings. 12 p.m. Session on helping communities heal and recover, with Education Secretary Spellings. 12:30 p.m. First lady's remarks. 1:15 p.m. Panel discussion on working together to make schools safe, with President Bush, Attorney General Gonzales and Secretary Spellings. Location: National 4-H Youth Conference Center, 7100 Connecticut Ave., Chevy Chase.

WINTER FUELS OUTLOOK _ 8:30 a.m. - 3 p.m. The Energy Information Administration hosts the 2006-2007 Winter Fuels Outlook Conference. Highlights: 8:45 a.m. Winter Weather Forecast by Michael Halpert, Head of Forecast Operations, Climate Prediction Center, National Oceanic and Atmospheric Administration. 9:05 a.m. World Oil Overview by Frank A. Verrastro, Director and Senior Fellow, Energy Program Center for Strategic and International Studies. 9:50 a.m. EIA 2006-2007 Winter Heating Fuels Overview by Guy Caruso, Administrator, Energy Information Administration. 12:15 p.m. Keynote luncheon address by Kevin Kolevar, Director, Office of Electricity Delivery and Energy Reliability, U.S. Department of Energy. 2:15 p.m. Presentation on Department of Homeland Securitys National Infrastructure Protection Plan. Location: Marriott at Metro Center, 775 12th St. NW.

IMMIGRATION _ 9 a.m. The Center for Strategic and International Studies holds a discussion on issues behind the immigration debate, with Jeffrey Passel of the Pew Hispanic Center, Lindsay Powell of Georgetown University, Sidney Weintraub of CSIS, and Armand Peschard-Sverdrup of CSIS. Location: B-1 conference level, 1800 K St. NW.

SUDAN _ 9 a.m. The School of Advanced International Studies holds a Program ``Sudan: Sovereignty and the Responsibility to Protect," with David Philips, executive director of the Elie Wiesel Foundation for Humanity, and Jason Small, deputy director of policy for the State Departments Office of Sudan Programs Group in the Bureau of African Affairs. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

SPENDING OVERSIGHT _ 9:30 a.m. OMB Watch and the Center for Responsive Politics hold a press conference to announce and demonstrate new Web-based spending oversight tools to help reporters and the public to track government spending and increase congressional accountability. Location: National Press Club, Lisagor Room.

MILITARY RETENTION _ 11:15 a.m. David S. Chu, the under secretary of defense for personnel and readiness holds a briefing to provide an end of fiscal year update on recruiting and retention in the military services. Location: Pentagon briefing room.

HEALTHCARE _ 12 a.m. - 1:30 p.m. Former Senator John Breaux johns David Kendall, Senior Fellow for Health Policy and Director of the Health Priorities Project, Progressive Policy Institute; Peter Pitts, Director of the Center for Medicine in the Public Interest; and Professor James A. Thurber, Director, Center for Congressional and Presidential Studies, American University for a lunch forum as part of Breaux's ``Ceasefire on Health Care" campaign. Location: American University, Butler Ballroom, Butler Pavilion, 6th floor.

PORTMAN _ 12 p.m. OMB Director Rob Portman speaks to the Center for Strategic Tax Reform on the economy, tax relief and the budget. Location: Metropolitan Club, 1700 H St. NW.

UGANDA _ 12:30 p.m. Sen. Mary L. Landrieu, D-La., joins Rep. Chris Smith, R-N.J., the Africa Faith and Justice Network and some of the more than 700 people on Capitol Hill to urge peace in northern Uganda. Location: Senate swamp site.

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NASA-MARS MISSION _ 1 p.m. - 4 p.m. NASA officials will be available to exchange information and receive public comments about the recently released Draft Environmental Impact Statement for the proposed Mars Science Laboratory mission. Under the proposed action, NASA would build a Mars mobile rover powered by a multi-mission radioisotope thermoelectric generator. An alternative mission would be powered by solar arrays. Location: Hyatt Regency Capitol Hill, Congressional 'A' Conference Room, 400 New Jersey Ave NW.

INFRASTRUCTURE _ 1:30 p.m. Homeland Security Secretary Chertoff and Undersecretary for Preparednesss George Foresman address the National Infrastructure Advisory Commission. Location: National Press Club.

US-EUROPE _ 5 p.m. The School of Advanced International Studies holds a discussion on ``Why Did the Bush Administration Shift Its Approach Toward Europe?'' with Robert Hutchings, lecturer and diplomat-in-residence at the Woodrow Wilson School of Public and International Affairs at Princeton University, Karen Donfried, senior director of policy programs at the German Marshall Fund, and Daniel Hamilton, director of the SAIS Center for Transatlantic Relations. Location: Auditorium, 1619 Massachusetts Ave. NW.

SCHWAB _ 6:30 p.m. USTR Susan Schwab speaks at the National Foreign Trade Council dinner. Location: Corcoran Gallery.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Document Says Posada Carriles Warned CIA Of Airline Bombing. In a widely-distributed story, the AP (10/10, Selsky) reports anti-Castro militant Luis Posada Carriles "warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document. … The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday." The AP adds, "The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University," and the Archive's Peter Kornbluh "urged the U.S. government to tell everything it knows about Posada."

Meanwhile, under the headline "Castro Foe Puts U.S. in an Awkward Spot, the New York Times (10/10, Lacey, 1.21M) notes Posada Carilles "may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail. That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts." Additionally, "So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files."

Defense Department Monitoring Growing List Of Islamic Video Games. The Washington Post (10/9, C1, Vargas, 748K) reports, "A new video game lets players kill President Bush. It's called 'Quest for Bush.' … 'Quest for Bush,' a.k.a. 'Night of Bush Capturing,' is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. … It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles. Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history."

HOMELAND RESPONSE:

Treasury Weighs Industry Opposition To Requiring International Wire Reporting. The Wall Street Journal (10/10, Paletta, 2.03M) reports the Treasury Department, "amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year." Financial institutions are "required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide." A senior Treasury Department official "said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing."

Provision In DHS Bill Aids 9/11 Suit Against Airlines. The Washington Times (10/9, Waterman, 88K) reports, "A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system." Section 525 of the conference report that "is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA)." The regulations, says the report, "should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide 'a rational reason,' which will 'identify and describe the specific risk to the national transportation system.'" The Times adds, "About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the US District Court of New York. The

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plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks."

WAR NEWS:

Baker Suggests His Panel Will Depart From Bush's "Stay The Course" Approach. The New York Times (10/9, Sanger, 1.21M) reports, "James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to 'stay the course,' and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria." Baker's comments yesterday "offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. 'I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of "stay the course' and 'cut and run,"' Mr. Baker said." The Times adds, "According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance."

Baker, appearing on ABC's This Week (10/8, Stephanopoulous), said, "I think if we picked up and left right now that you would see the biggest civil war you've ever seen and every neighboring country would be involved in there doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

The Washington Times (10/9, Pfeiffer, 88K) reports, "A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, 'The Kurds already effectively have their own area. The federalization of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through.'" However, Baker "appeared to reject such a proposal yesterday." Said Baker, "There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq. … And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

Change In US Strategy Likely After Elections. ABC World News (10/8, story 2, 2:10, Harris, 8.78M) reported "no one is under any illusion that the bigger picture in Iraq is not fairly grim. 27 Americans have been killed in the past week and number of US wounded is at its highest level in two years." Fareed Zakaria, editor, Newsweek International: "It is fair to say US strategy has failed." McCarthy: "Many US officials, both here and in Washington, are looking for a new approach. No change is likely until after the November elections, when the former Secretary of State James Baker will report back to the President on policy options for Iraq. But some of the staunchest supporters of the war in Iraq are calling for a rethink -- and setting deadlines."

Woodward Describes Contentious Talk With Cheney. During his appearance on NBC's Meet the Press yesterday (10/8, Russert), Bob Woodward was asked, "Have you spoken to the President or the Vice President since this book came out?" Woodward replied, "The Vice President called me, I guess as it was coming out, 10 days ago. He called to complain that I was quoting him about the meetings with Henry Kissinger that he and the President had. I had interviewed Vice President Cheney last year a couple of times at length about material I'm gathering on the Ford Administration, on-the-record interviews, but he volunteered, he said, 'Oh, by the way, Henry Kissinger comes in' and he, Dick Cheney, sits down with him once a month and the President every two or three months. And Cheney was upset I was quoting him. And I said, 'Look, this -- on-the-record doesn't have anything to do with Ford, you volunteered that.' He then used a word which I can't repeat on the air. And I said, 'Look, on the record is on the record,' and he hung up on me." Russert: "What, what do you mean, he swore at you?" Woodward: "He said what I was saying was bull-something."

Woodward also said on NBC's Meet The Press (10/8, Russert), "They have not been telling the truth about what Iraq has become. ... The headlines in the newspaper today -- more body counts, more people being wounded -- while the people in the Bush Administration are going around regularly and saying, 'We've turned the corner, the terrorists are in retreat.'"

Rice "Flip-Flop" Said To Demonstrate Woodward's Clout In Washington. U.S. News and World Report (10/16, Halloran, 2.03M) reports, "Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting" described in Bob Woodward's State of Denial, "a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA 'on or around' that date-and added that she had instructed her staff to pass on the CIA's

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information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld. Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal."

Woodward Dismisses Criticism Of His Reporting. U.S. News and World Report (10/16, Halloran, 2.03M) reports, "Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. … The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context." Woodward "calls such criticisms unfounded. 'I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names,' he said last week. 'This book makes me feel good about old-fashioned, straight journalism.'"

Journalists Attended Policy Meeting Described In Woodward Book. The New York Times (10/9, Bosman, 1.21M) reports, "It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, 'State of Denial,' he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11. What was more unusual, Mr. Woodward reveals, was the presence of journalists at the meeting." Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, "attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened." Zakaria "takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced." Kaplan, "who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because 'everybody was in a patriotic fervor.'"

Iraqi Death Squads Use Web To Post Execution Lists. Newsweek (10/16, Caryl, Hastings, 3.12M) reports, "Iraq's sectarian war is spreading onto the Web. Some Iraqis…have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. … The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites." Newsweek adds, "The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues."

Suspect In Poisoning Of Iraqi Policemen Arrested. The AP (10/10, Abdul-Zahra) reports, "Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional." Brig. Qassim al-Moussawi "said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely" than "intentional sabotage." The Washington Post (10/10, Paley, 748K) notes Brig. Gen. Qassim al-Moussawi, "a spokesman for the Iraqi armed forces... said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died."

The Los Angeles Times (10/10, Smith, Kareem, 918K) reports, "Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date." In the same article, the Times reports the assassination of the Iraqi vice president's brother, the continuation of the Saddam Hussein trial, and the reported deaths of five US servicemen.

Gains By US Forces In Iraq Said To Be In Jeopardy. In a pessimistic article, the AP (10/9, Castaneda) reports, "To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq." The situation has bred "fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated." The AP adds, "Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina ... Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war. The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west

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from using the U.S. military drawdown there to gain strength." The 140,000-man US force is called "overstretched."

Kurds, Shiites Seek Control Of Iraq's Oil Resources. The Wall Street Journal (10/10, A6, Shishkin, 2.03M) reports, "In Baghdad last week, Secretary of State Condoleezza Rice said 'oil needs to be a unifying factor.' But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. ... The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is increasingly alarmed by Kurdistan's oil moves." Kurdish ambitions "could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern."

Woman Testifies That Saddam's Guards Buried People Alive. USA Today/AP (10/10) reports, "The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed. ... One woman ... told the court she was 13 years old when she was detained during the crackdown."

Defense Lawyers For Haditha Marines Will Argue They Followed Rules. The Christian Science Monitor (10/10, Whittle, 58K) quotes the thoughts of several experts on rules of engagement and permissible killing in battle. The Monitor reports, "If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. 'It's clear that that is the direction one must take,' says attorney Gary Myers, if it's proved his client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation. Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted 'reasonably,' even if they killed civilians, military law experts say."

Dan Senor Raps Chandrasekaran Book. In an op-ed for the Washington Post (10/10, 748K), former CPA senior advisor Dan Senor writes, "A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. ... He virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts." Senor names Richard Jones, Ryan Crocker, Gen. Keith Kellogg, and others as "bipartisan...experts" who disprove Chandrasekaran's view "that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq." Also, "the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account."

Bush Accused Of Minimizing Suffering Caused By Iraq War. In his Washington Post column (10/10, A21), Richard Cohen notes the Post recently ran a story on "how President Bush had characterized the present difficult period in Iraq as 'just a comma.'" Cohen adds, "Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection."

Bomb Kills Top Leaders Of Afghan District. The New York Times (10/10, Gall, 1.21M) reports, "Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said. The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province." In other news, "NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours ... NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month."

CORPORATE SCANDALS:

Dunn Proclaims Her Innocence In H-P Scandal. USA Today (10/9, Jones, Kessler) reports that former Hewlett-Packard chairman Patricia Dunn "went on 60 Minutes Sunday to say she was innocent. 'The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth,' she said. 'It's a falsehood. It's a damaging lie.'" Dunn "said her lawyers approved the 60

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Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer."

Clash Between Dunn, H-P Director At Heart Of Spying Scandal. The Wall Street Journal (10/9, A1, Anders, Murray) reports, "Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins. They argued over how the board should be run. He has called her a 'stickler for process and procedure.' She says he was a 'controller.' For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries." The Journal adds, "The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks."

Former H-P Chief Executive Says her Next Job Might Involve Politics. Former Hewlett-Packard Co. chief executive Carly Fiorina said in an interview yesterday that she might want her next job to involve politics or some other form of public service. The Wall Street Journal (10/10. Murray, Anders) reports that Fiorina "said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk." The Journal adds, "Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: 'My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment.'"

Fiorina Says "Deep Dysfunctions" Troubled H-P's Board For Years. USA Today (10/10, Kessler) reports that Fiorina said Monday that deep "' dysfunctions' in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal. Fiorina "says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back. The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week."

Options Scandals Spawn Civil Suits. CNN Money (10/10, Pasha) reports, "Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle." CNN continues, "At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives." CNN adds, "Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders. … But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy. … And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom."

Buffet Warns Berkshire Managers Against Unethical Behavior. Warren Buffet has ordered the top managers at Berkshire Hathaway to increase their efforts to crack down on unethical practices. The Financial Times (10/10, Beales, Guerrera)reports that in a strongly worded memo," Buffett warned that "practices such as stock options backdating cannot be justified because 'everybody else is doing it.'" The memo, sent to an elite group of Berkshire managers known as "The All Stars" says that "'bad behaviour' among the insurance and energy conglomerate's 200,000-plus employees is 'inevitable.'" Buffet also warns "that poor corporate governance cannot be forgiven just because the practice is widespread."

The Wall Street Journal (10/10, Richardson) reports that in the memo, Buffet tells his managers "to resist temptation despite peer pressure or even industry practice." The Journal adds, "With regard to the backdating scandal, Mr. Buffett, wrote, 'My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well.' In his trademark folksy writing style, he went on to say, 'So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it.'"

Business Leaders Urged To Espouse A "Bigger Game." Alan M. Webber, co-founding editor of Fast Company magazine and former editorial director of the Harvard Business Review, writes in USA Today (10/10), "According to survey data from 623 students at 32 graduate

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business schools in the USA and Canada, 56% admitted cheating. … These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?" Business leaders "need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest. MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them."

Journalist Decries EU Court's Ruling. Hans-Martin Tillack, a reporter in the Berlin office of Stern magazine, writes in the Wall Street Journal (10/9), "For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts. Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF." Tillack adds, "Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. … If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this."

CRIMINAL LAW:

National Conference On School Violence To Start Today. The AP (10/10, Feller) reports, "Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety." The AP continues, "President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving. … Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies." The AP adds, "Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence. … Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak. .. No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines."

The AP (10/10) reports, "A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation." The AP continues, "Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton. … The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it. … 'Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom,' the president said in his weekly radio address on Saturday." The AP notes, 'In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats. … Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference."

The Quincy (MA) Patriot-Ledger (10/10, Hopkins) reports, "If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program. … 'They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?' asked John Reilly, Hull selectmen chairman and school building committee member. 'I think that should be a priority along with everything else.'" The Patriot-Ledger continues, "President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe. … Most South Shore schools at the very least require all visitors to present identification upon entry and to

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sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures." The Patriot-Ledger adds, "Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week. … The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother."

ABC's Good Morning Washington (10/9, 6:18 a.m.) reported, "Tomorrow, President Bush will convene a conference on school violence. It comes on the heels of three school shootings over the last few weeks. 18 educators, law enforcement officials, and other experts will gather at the national 4-H center. The President says the meeting will allow experts to share ideas on making schools safer. Critics say the White House is playing politics with the tragedy." The Legal director of Brady Campaign to Prevent Gun Violence, Dennis Henigan, said, "They're trying to figure out some way a month before an election to respond in a way that will indicate that they care." ABC added, "The White House says no new policy or recommendations will come out of the meetings."

ABC World News (10/8, story 3, 1:55, Harris, 8.78M) reported, "This week, President Bush will host a hastily arranged conference on school violence. This in response to shootings in Colorado and Wisconsin and Amish school in Pennsylvania. Even before this conference, there were questions about the President's approach on this issue." ABC (Morell) added, "Shocked and saddened by the recent school shootings, President Bush convenes a conference on school safety Tuesday." President Bush: "Our goal is clear, children and teachers should never fear for the safety in a classroom." Morell: "The meeting takes place not at the White House but the national 4-H center. There the President and Mrs. Bush will discuss ways to curb classroom killings with 18 students, educators, and law enforcement officials from across the country. Noticeably absent from this list, any major advocates of gun control." Dennis Heninam, Brady Campaign to Prevent Gun Violence: "They are trying to figure out some way, a month before an election to respond in a way that will indicate that they care. The problem is, that this is an Administration that has a long record of kow-towing to the gun lobby." Morell: "But one attendee says the White House is smart to steer clear of that thorny issue." Kenneth Trump, National School Safety and Security Services: "If we politicize the whole issue of school safety on one side or the other in the gun control debate, nothing will happen and that's the last thing we want to see."

USA Today (10/9, 2.27M) reports, "Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer." The summit "comes as national statistics show a steady decline in school crime, including murder, over the past decade."

Boy Fires Gun At Missouri School. The AP (10/10, Kabel) reports that in Joplin, Missouri yesterday, a 13-year old boy "carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt. 'Please don't make me do this,' the boy said, according to school administrators, before police arrested him and thwarted what they called a 'well-thought-out plan' to terrorize his school."

USA Today (10/10, Koch) reports that the boy "had no previous run-ins with the law, police said." USA adds, "Police searched the boy's home and bomb-sniffing dogs searched the school, which was evacuated, but they found nothing, [Joplin police Lt. Geoff] Jones said. When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets."

WPost Urges Focus On Gun Control. The Washington Post (10/9, A16, 748K) editorializes, "We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. … It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared."

FNC's Fox and Friends 1 (10/9, 6:22 a.m.) reported, "In response to the recent school shootings across the country, the White House is now planning to host a conference on school violence that will be happening tomorrow." FNC's Brian said, "That will be on Tuesday. Will these talks do any good? Let's ask that question to Ken Trump and few others. He is the president of the National Schools Safety and Security Services, joining us now from Cleveland, Ohio. All right, Ken. Can you blame parents today if they don't feel as secure sending their kids to school even though Columbus Day might make that question for tomorrow?" Ken said, "Brian, Kiran, good morning. It's certainly a concern to all parents. Parents want their kids to be safe. They will forgive school officials if their test scores go down. But they will be much less forgiving if something does occur to their kids that could be prevented or better managed if an incident does occur." FNC's said, "What happens on the federal level? Is it

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just a matter of, maybe, giving schools money?" Ken: "Money isn't going to be a total solution. Funding at the state and federal level is certainly helpful and plants a seed. But, school officials at the local level have to own this issue in funding, in their local policies, most of all in day-to-day practice. There are a lot of simple practical things that could be done that take more time than they actually do money."

The upcoming conference on school violence received moderate coverage by local television newscasts. Few television networks noted that attorney general Alberto Gonzales and education secretary Margret Spellings will host panels, and that the conference's goal is to share ideas on how to keep students safe. Some examples: WVIR-TV Charlottesville, (10/9, 12:31 p.m.) reported, "The conference tomorrow in Bethesda brings together educators, law enforcement and other experts in hopes of making America's schools safer places, but also better prepared should violence occur. Education secretary Margaret Spellings and attorney general Alberto Gonzales will host panels, and the president and first lady will take part."

WDIO-TV Duluth, (10/9, 9:59 p.m.) reported, "Tomorrow's conference will bring together educators, law enforcement and other experts in hopes of making America's schools safer places, but also better prepared should violence occur. Education secretary Margaret spellings and attorney general Alberto Gonzales will host panel discussions, and the president and first lady will take part."

KPLC-TV Lake Charles, (10/9, 05:32 a.m.) reported, "Officials say the goal is to share ideas on how to keep America's students safe in schools, following a string of deadly shootings in three states."

WBRC-TV Birmingham, (10/8, 8:28 a.m.) reported, "President Bush says the federal government is looking into securing our nation's schools. On Tuesday, a conference is being hosted by attorney general Alberto Gonzales and education secretary Margaret spellings on ways Washington can help prevent school shootings."

More Commentary. The Staten Island Advance (NY) (10/9) editorializes, "During his Saturday address, President Bush lamented recent 'shocking acts of violence' in schools and promised his administration will do what it can to keep centers of learning safe for students. … The immediate question that comes to mind is this: How does the president plan to accomplish that goal? … Perhaps tomorrow the nation's jittery parents will begin to learn the answer." The Advance adds, "Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts. … Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting. … One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks. … That's wrong. We feel that the issue should be No. 1 on the list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association." The Advance concludes, "The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head. … If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House. … Our children deserve better and parents and school officials should be demanding it."

Kolbe Confronted Foley Over Contacts With Pages. CNN's The Situation Room (10/9, Blitzer) reported, "New information from a number of sources today indicates that Republicans on Capitol Hill, including a House colleague, knew about Mark Foley's inappropriate conduct with pages years ago. It's new information that raises fresh questions for investigators and adds a new wrinkle in the political debate over whether Republican leaders did enough and whether they did it soon enough. As far back as the year 2000, six years before Mark Foley's inappropriate conduct with pages became public, a former page contacted Congressman Jim Kolbe's office to complain about an e-mail he got from Foley. We got a complaint that this made the former page uncomfortable, Kolbe spokeswoman Koreanna Cline confirms to CNN. Cline says it's unclear if Kolbe directly confronted Foley about the complaint or if it was handled by staff. It was Kolbe's understanding that corrective action was taken and the matter was resolved, but his office did not know specifics. Kolbe is retiring from Congress this year. Like Foley he is a gay Republican, but unlike Foley Kolbe has been open about his sexuality since 1996."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "The Washington Post reported that Congressman Jim Kolbe, the only openly gay Republican in the House, confronted Foley six years ago about allegedly inappropriate messages to pages. This week the ethics committee and the

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FBI are expected to interview key witnesses in their growing investigations of this scandal."

ABC World News (10/9, story 5, 0:15, Gibson, 8.78M) reported, "In Congress, new revelations today about Mark Foley, the Florida Republican who resigned over inappropriate Internet messages. Congressman Jim Kolbe knew as far back as 2000 that Foley was sending improper messages and confronted Foley about it. Before this, the earliest anyone admitted to knowing of Foley's contact was the year 2005."

Fox News' Special Report (10/9, Hume) reported, "It now turns out that former Florida Republican Congressman Mark Foley was warned about his behavior towards House pages years before his sexually explicit computer messages became public. He was confronted in 2000 by Arizona Republican Jim Kolbe. There is no evidence that Kolbe…ever alerted congressional leaders about his concerns."

House Clerk Repeatedly Raised Red Flags About Foley's Conduct. CNN's The Situation Room (10/9, Bash) reported that "another Republican is emerging as a central figure in this drama, former House clerk Jeff Trandahl. CNN is told Trandahl repeatedly raised red flags about Foley's behavior towards pages years before Republicans confronted Foley about an e-mail with a former page, according to several sources familiar with the situation. Trandahl took his concerns to Kirk Fordham, Foley's former chief of staff, many times, the sources tell CNN. Both men are also gay according to friends and associates. As clerk, Trandahl had authority over pages and was one of a handful of Republicans who met with Foley at the end of 2005 about a non-explicit e-mail between Foley and a former male page. Multiple sources including one familiar with Trandahl's version of events tells CNN that Trandahl had both observed and was told about worrisome Foley behavior in the House cloakroom and elsewhere and was actively monitoring Foley's interaction with pages. Now Jeff Trandahl did not return multiple calls from CNN but Kirk Fordham's version of events is that he took his and Trandahl's concerns up the chain of command arranging a meeting with Mark Foley and the House Speaker's chief of staff Scott Palmer. Now this according to Fordham's attorney will be one of the things that the House Ethics Committee is expected to hear about from Fordham perhaps as early as this week."

Ethics Panel Wants House Members To Survey Pages On Inappropriate Contact. CBS Evening News (10/9, story 8, 2:15, Couric, 7.66M) reported, "The House ethics committee asked all House members today to turn over any relevant information they might have for the investigation into that page scandal. It also requested that members get in touch with current and former pages and ask whether they had any inappropriate contact with Mark Foley or any other Congressman."

NBC Nightly News (10/9, story 5, , Reid, 9.87M) reported, "On Capitol Hill today, the Ethics Committee sent a letter to every member of the House instructing them to ask pages and former pages for any inappropriate communications or interactions with Foley or any other member of the House."

The AP (10/10, Margasak) reports House members "are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages." The ethics panel "also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month."

CNN Poll Finds 53% Describe Foley's Actions As Illegal. CNN's The Situation Room (10/9, Blitzer) reported that the new CNN poll shows that voters are "upset" over the scandal involving former Rep. Mark Foley. According to the poll, "53 percent of those described Mark Foley's actions as illegal; 40 percent say it's immoral; and just 2 percent say Mark Foley did not do anything seriously wrong. As for how Republican leaders are handling the matter, check this out: 17 percent of Americans say appropriately; 75 percent, though, say Republicans have not done a good job handling this situation.

House Ethics Committee Begins Interviews In Foley Investigation. The Wall Street Journal (10/9, A4, Rogers, 2.03M) reports, "Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself." The inquiry "will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel. Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s." Van Der Meid "advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress." Other current or former House aides who "may play large roles" include former Foley chief of staff Kirk Fordham; Hastert aide Scott Palmer; and former House clerk Jeff Trandahl.

USA Today (10/9, Lawrence, 2.27M) reports Fordham is "scheduled to give sworn testimony to the House ethics committee this week." Attorney Tim Heaphy said Fordham "offered the panel his help on Friday," but he "said Sunday he didn't know what day Fordham will testify or whether the session will be public."

The New York Times (10/9, Zeleny, 1.21M) reports Fordham is "expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who

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reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew."

2005 Meeting Expected To Play Key Role In Investigation. The New York Times (10/9, Zeleny, 1.21M) reports the "investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office." Trandahl and Rep. John Shimkus, "who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill." When they "arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office." Elizabeth Nicolson, "a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes." What "took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News." A senior GOP aide "who was familiar with the session" said, "It was a brief meeting. Looking back, it was probably far too brief of a meeting." Shimkus, who "did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to 'cease all contact' with the teenager. The scope of his questioning, however, is unclear."

Access To Foley's Congressional Documents, Computers A "Key Battleground" In Probe. The Los Angeles Times (10/9, Schmitt, 918K) reports the "right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.)." State and federal investigators "are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides." Authorities are now "deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker." Depending on "what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe."

Page Told Kolbe Of Inappropriate Foley Internet Contact In 2000. The Washington Post (10/9, A1, Weisman, 748K) reports in a front page story that Rep. Jim Kolbe "knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications." Kolbe spokeswoman Korenna Cline "confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said" Cline. The revelation "pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages." A source with "direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted." But Cline "denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said, 'corrective action' was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley." Kolbe, "the only openly gay Republican in Congress, is retiring at the end of the year."

New Revelations Of Foley Misconduct Said To Hurt GOP's Midterm Chances. ABC World News (10/8, lead story, 1:30, Yang, 8.78M) reported, "The latest headline to grip Capitol Hill comes from the Los Angeles Times. A former House page tells them Mark Foley's online flirtation led to sex in the lawmaker's Washington townhouse when the young man was 21. And a Florida Congresswoman says she has learned that Foley was turned away from the page dorm late one night in 2002 or 2003. Each new story complicates Republican efforts to keep control of Congress. This weekend, a Newsweek poll finds that 53% of Americans want the Democrats to win Congress. Republicans have a month to try to turn things around."

NBC Nightly News (10/8, lead story, 2:55, Reid, 9.87M) reported, "Today's 'Los Angeles Times' reports that Foley did have sex with a 21-year-old former page. The man told the LA Times that Foley assessed the sexual orientation of pages while they were in the page program and waited until later to make direct advances. With Federal, State and congressional investigations underway Republicans had hoped this scandal would move into a quiet phase. But every day there are new leaks and stories, keeping it alive for the final four weeks of the campaign."

The New York Times (10/9, Kirkpatrick, 1.21M) reports Republican strategists "worried — and Democrats hoped —

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that the sordid nature of the scandal would discourage conservative Christians from going to the polls." But in "dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen." Most of the "evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction. All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote."

Family Research Council President Tony Perkins, appearing on Fox News Sunday (10/8, Wallace), said, "I think you can't underestimate the impact this is going to have on the election. I think you're going to have marginal voters that will drop off because of their disgust with the Republican Party, not only on this issue but a lack of advancing many of those core social issues. I think you're going to have marginal candidates that will suffer at the polls because they do not clearly articulate these issues. ... There is some serious concern in the ranks of social conservatives."

Fugitive Ohio Doctor Wanted In Wife's Death Arrested In Cyprus. The AP (10/10, Milicia) reports, "A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday." The AP continues, "Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release." The AP adds, "Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland. … Essa disappeared three weeks after his wife, Rosemarie 'Rosie' Essa, collapsed behind the wheel of her car and died Feb. 24, 2005. … She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills." The AP notes, "Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case. … Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said."

FBI Alaska Corruption Probe Widens. The Anchorage (AK) Daily News (10/10, Demer) reports, "When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections." The Daily News continues, "That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual." The Daily News adds, "No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases. … In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI."

Detroit Schools Chief Admits Trying To Help Friend Under FBI Scrutiny. The Detroit Free Press (10/10, Pratt, Dixon, 346K) reports, "Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas. Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. 'This was a way to help an old friend, who's unemployed, to make a few dollars,' Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services. 'In hindsight, I guess that was a stupid decision.'" The Free Press notes, "It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in."

The Detroit News (10/10, Martino) reports Coleman "said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and 'influence peddling' surfaced in the bidding process. Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used

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flawed methods." The News notes, "Coleman said that at a school board meeting last month, 'months after the contracts were awarded,' he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review. 'His involvement has led to allegations and concerns of undue influence,' Coleman said, adding that the claims are 'completely and unequivocally false.'"

Health Care Exec Indicted For Money Laundering. The Washington Times (10/9, Mcelhatton) reports that Ricardo Henry, the chief executive of a District-based mental health organization "has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program. … Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree. Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering."

Sexual Predators Groom Child Victims Online. The Washington Times (10/9, Wetzstein) reports that experts on child exploitation say young children and teens can become sexually victimized on the internet "when they don't realize they are being 'groomed' by canny adults, say experts on child exploitation. … The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach," according to Ernie Allen, president of the National Center for Missing and Exploited Children. The Times adds, "The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, 'and because it happens gradually over time ... young people miss these cues.'"

Growing Number Of States Seek Death Penalty For Repeat Child Molesters. The Los Angeles Times (10/10, Hart) reports that states "are increasingly calling for laws that would allow states to execute repeat child molesters. Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction. … In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005. This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana."

Former DC Official Details Fraud For Jury In Jemal Trial. The Washington Post (10/10, B1, Leonnig) reports that former DC government official Michael Lorusso testified yesterday "about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends." Lorusso "is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council."

US Mint Warns Use Of "Liberty Dollars" Is Illegal. The Washington Post (10/10, A19, Williamson) reports, "Once upon a time, a 'monetary architect' named Bernard von NotHaus decided to make his own money. He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them 'Liberty Dollars.' On his Web site, http://www.libertydollar.org , he said: 'It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!' True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term."

Police Say Gang Shooting Of 3-Year Old Was Intentional. The Los Angeles Times (10/10, Winton, Hayasaki) reports that Los Angeles police say a 3-year old girl who was shot and killed as her family arrived home from a Sunday visit to McDonald's "was intentionally targeted by a teenage gang member who fired at point-blank range. … Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong. A joint task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought."

Christians Face Dilemma Over Illegally Downloading Gospel Music. The Los Angeles Times (10/10, Boucher) reports on the dilemma facing Christians

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who download gospel songs without paying for them. According to the Times, "Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad. … Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal." The Times continues, "Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material."

Growing Number Of Landlords Market Their Properties To Released Sex Offenders. The New York Times (10/9, Kilgannon) reports, "As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children." Of some 24,000 registered sex offenders in New York state, "825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county's Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout. … Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations."

Prosecutor's Novel Gets Her Thrown Off Rape Case. The New York Times (10/9, Liptak) reports, "A California prosecutor's fictional alter ego has gotten her kicked off a real-life case. In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called 'Intoxicating Agent.' Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug. Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line." Justice Kenneth R. Yegan of the California Court of Appeal wrote that MS. Dudley had a conflict of interest and her "desire for money and fame might tempt her to throw the book at the defendant, as it were."

Case Remains Unsolved Two Months After Dupont Circle Stabbing. The Washington Post (10/9, B1, Schwartzman) reports, "On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office." Wone "planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle. … Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead. The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time. More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms. Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved."

Program Uses Pulpits To Combat Domestic Violence. The Washington Post (10/9, B1, Thomas-Lester, Helderman) reports on Project Safe Sunday, "a program started four years ago to bring the clergy into the effort to fight the problem" of domestic violence, According to statistics from the Maryland Network Against Domestic Violence, "5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show. The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide." The Post adds, "Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife."

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Blanket Prohibition On Internet Gambling Called Premature. Robert Hahn, the executive director of the American Enterprise Institute-Brookings Joint Center, and Paul Tetlock, an assistant professor of finance at the University of Texas, write in the New York Times (10/9), "Late last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites. … If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites. While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere." Hahn and Tetlock add, "We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish."

NYTimes Says White House Should Release All Records Related To Abramoff Scandal. An editorial in the New York Times (10/9, 1.21M) says the Mark Foley scandal has distracted attention from the "the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit. The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth." The Times adds, "The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim."

CIVIL LAW:

Liquidator Named For Tower Records. The Wall Street Journal (10/9, A14) reports, "A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation. U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday."

Tobacco Companies Spend Millions To Combat State Bans, Taxes. The Wall Street Journal (10/10, Cooper) reports, "American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books. The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. … The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market." The Journal adds, "So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin."

Former CIA Agent Sues Agency For Heavily Redacting Book. The Washington Post (10/9, A15, Priest, 748K) reports that when Gary Berntsen "sat down for dinner last year with the CIA's executive director, Kyle 'Dusty' Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen." But the "meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences." Foggo, "according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials." Berntsen "resigned, wrote his book and, as required, submitted 'Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander' to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. 'They were very efficient and thoughtful,' he said last week." Then the board "sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, 'Mr. Foggo made good on his word' and

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70 pages were blacked out." Berntsen's lawsuit, "filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did."

States Urged To Pass Their Own Whistleblower Laws. The ABA Journal (10/10, Gibeaut) reports, "Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court. … Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation." The Journal continues, "The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers. … As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board." The Journal adds, "Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages. … The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements."

CIVIL RIGHTS:

FBI Arrests Two In American Samoa On Sex Slavery Charges. The AP (10/7) reports from American Samoa, "Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution. The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry. After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI." Fu Shen Kuo and Shenji Wang "were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu."

NAACP Seeks Improvements To Maryland Prison Problems. The Baltimore Sun (10/10, Sentementes) reports, "The Baltimore branch of the National Association for the Advancement of Colored People has requested an emergency meeting with state prison officials after one man was recently stabbed to death at the city's adult jail and a recently disclosed report by the U.S. Department of Justice highlighted problems at the city's juvenile jail." The Sun continues, "Marvin L. 'Doc' Cheatham Sr., president of the city NAACP chapter, said he requested a meeting with the secretaries of the state's Department of Public Safety and Correctional Services, which oversees state prisons and Baltimore jails, and the Department of Juveniles Services, which oversees a juvenile jail in the city." The Sun adds, "Cheatham, who said he requested the meeting in a letter faxed Saturday, repeated the criticism that state prison and jail officials have faced recently -- that more officers and staff are needed to maintain safety behind prison walls. … He said other serious incidents behind jail or prison walls have pointed to such a need, including the fatal stabbing of correctional officer David McGuinn at a Jessup prison over the summer, and the beating death last year of an inmate at the city's Central Booking and Intake Center, allegedly by correctional officers. Two of those officers are on trial for that killing. … Mark Vernarelli, a spokesman for the Department of Public Safety and Correctional Services, said he was not aware of the NAACP's request for a meeting, and couldn't comment on it until he returned to the office this week. He said the secretary of the department, Mary Ann Saar, was on vacation."

Former Wisconsin Officers May Face Federal Charges. The Milwaukee Journal Sentinel (10/10, Barton) reports, "The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime. … So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely." The Sentinel continues, "Bartlett

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already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him. … Such a hung jury is an exception to the double jeopardy rule. … And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes." The Sentinel adds, "Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin. … 'There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution,' he said. … Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said."

Justice Department Achieving ADA Compliance Via Mediation. The AP (10/9) reports, "In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties. Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments. … The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather."

Government Contractors Allege Racial Bias. The Washington Post (10/9, D1, Witte) reports, "Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business. Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured. The suit names as defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor."

Attorney Makes Case For Consent, Counseling With HIV Testing. Rose Saxe, a staff attorney with the American Civil Liberties Union AIDS Project, writes in USA Today (10/9), "The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed. It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care. … Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health."

South Dakota To Vote On Measure That Would Ban Most Abortions. The AP (10/9, Crary) reports South Dakotans on Nov. 7 will "sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions." The measure "would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison." The Legislature "passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it." The most recent "independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent."

The Los Angeles Times (10/9, Simon, 918K) reports that in the "fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood. Antiabortion activists here deliberately avoid the familiar slogans of their movement." Instead, campaign manager Leslee Unruh "has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped." Unruh said, "We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage." The Times adds abortion-rights supporters "call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other

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dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance."

Elections Officials Say Military Absentee Ballot System Remains Flawed. The Washington Times (10/9, Scarborough, 88K) reports election officials say the "system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000." But the Pentagon is "releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots." Sen. Conrad Burns "says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet." Congress "started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation. But the senator says the Defense Department lost precious time."

Religious Employers Said To Have Been Shielded From Employee Suits. The New York Times (10/9, Henriques, 1.21M) reports that legislators and regulators "have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers. Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations -- especially religious schools -- to manage their affairs with less interference from the government and their own employees." The Times adds, "The most sweeping of these judicial protections…is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years."

Cities Hoping To Enliven Downtown Districts Turning Away Churches. USA Today (10/9, Bazar, 2.27M) reports, "Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base. … The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations. The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year." USA adds, "The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week."

Evangelicals Using Pop Culture To Reach Out To Devotees. Tom Krattenmaker writes in USA Today (10/9, 2.27M), "Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television -- few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?" Krattenmaker adds, "In Christian TV, the Inspiration Network…might be the most technologically forward. … Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte."

Jewish Groups Block Talk By NYU Historian. The Washington Post (10/9, A3, Powell, 748K) reports, "Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here [New York City] last week, saying the academic was too critical of Israel and American Jewry." The historian, Tony Judt, "is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate." The Post adds, "An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial."

Dionne Backs Bill To Require Paper Record From Voting Machines. E. J. Dionne writes in the Washington Post (10/10, A21, 748K), "Sometimes, paranoids are right. … I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are. I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately." Dionne adds, "So it is

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heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level. … The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly. … Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around."

Wall Street Journal Says Real ID Will Cause More Harm Than Good. The Wall Street Journal (10/10, A14, 2.03M) editorializes, "It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse." Referring to the Real ID Act, the Journal writes that "Mexicans willing to risk their lives crossing hundreds of miles of desert on foot" are not likely to "care much about not being able to obtain a drivers' license once here." The law's "most likely result is more unlicensed and uninsured motorists, which means more dangerous US roads." The Journal adds that a new analysis from the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators has found that "the law is also going to be costly and burdensome."

ANTITRUST:

Google To Buy YouTube For $1.65 Billion. Internet search giant Google has agreed to acquire the video web site YouTube for $1.65 billion in an all stock-transaction. The Financial Times (10/10, Allison, van Duyn) reports, "The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector."

The Washington Times (10/10, Rowland) reports, "Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter."

ABC World News (10/9, story 8, 2:35, Berman) reported, "It's easy to see why Google wants in, more than 60,000 videos are loaded on to YouTube every day and more important for revenue, 100 million are watched every day, that's a huge of number of eyeballs and potentially a huge amount of business."

CBS Evening News (10/9, story 5,0:15, Couric) reported, "The deal instantly turns Google into a leader in the online video market."

NBC Nightly News (10/9, story 10, 1:30, Williams) reported, "Google was already the biggest media company in the world. It's worth $130 billion and has $10 billion in cash in the bank. Its two founders are both 33 years old. YouTube's founders are 27 and 29. It is a young person's game."

The Wall Street Journal (10/10, Delaney) reports, "The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts." The acquisition "could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online."

USA Today (10/10, Graham) reports, "By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders. Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios. Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results."

In a separate story, USA Today (10/10, Maney) reports, "Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo. Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away."

The Los Angeles Times (10/9, Sanchez) reported on its web site, "The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day." The Times adds, "Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end."

A front page story in the Washington Post (10/10, A1, Goo) reports, "Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as 'South Park,' 'The Daily Show with Jon Stewart' and 'Laguna Beach' can be found on the site."

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The New York Times (10/10, Sorkin, Peters) reports, "Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View." The Times adds, "The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company. Sequoia's stake in YouTube has been estimated at approximately 30 percent, which means it would be worth about $495 million based on the acquisition price."

NYTimes Says You Tube Acquisition Is Not Without Risks For Google. An editorial in the New York Times (10/10) says YouTube "cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution. That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion." The Times adds, "For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in."

DOJ Probing Private-Equity Funds For Alleged Anticompetitive Tactics. The Wall Street Journal (10/10, A3, Berman, Sender) reports, "The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter." The Journal continues, "In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms. … These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003." The Journal adds, "The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior. … It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment." The Journal notes, "The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc."

Two British Airways Execs Resign Amid Price Fixing Scandal. The Financial Times (10/10, Done) reports, "Martin George, commercial director of British Airways, resigned on Monday after admitting that 'inappropriate conversations' had taken place in his department over the setting of fuel surcharges on long-haul air fares. Iain Burns, BA head of communications, has also resigned. Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK." The Times adds, "Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations."

Bloomberg (10/10, Tchorek, Blackden) reports, "British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy." Bloomberg continues, "George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned. … 'Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges,' George said in the statement. 'Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities.' … British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers."

The London Independent (UK) (10/10, Daley) reports, "Martin George, the company's commercial director and an executive member of the board, resigned with immediate effect, conceding that 'inappropriate conversations' may have

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taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect." The Independent adds, "The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector. … In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic."

AFP (10/10) reports, "BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines."

BBC.com (10/10, Bolakee) reports, "Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies." BBC continues, "The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices. … Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete." BBC adds, "The first alleged conspiracy concerns the prices of surcharges on cargo shipments. … BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate. … The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits."

Sanofil-Aventis Was Mystery Bidder For ImClone Last Month. The New York Times (10/10, Sorkin, Edmonston) reports, "The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday. Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a 'major international pharmaceutical company' last month." The Times adds, "Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets."

Volkswagen Chief Urges Scania, MAN To Negotiate A New Deal. The Wall Street Journal (10/10, Singer, Rauwald, Power) reports, "An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal. Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. … However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion."

PNC To Buy Mercantile Bankshares. USA Today/Bloomberg (10/10, Cox, Hester) reports, "PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area. PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares." PNC "expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings."

The Washington Post (10/10, D1, O'Hara) reports, "The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005." The Post adds, "The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses."

Investors Reluctant To Sell Shares In Cablevision Systems. A front page story in the Wall Street Journal (10/10, Grant) reports, "For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and Internet customers. That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening."

Glaxo To Purchase CNS For $566 Million. Bloomberg (10/10, Gerlin) reports, "GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums." Bloomberg continues, "Glaxo will pay $37.50 a share in cash for the

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Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades. … The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S."

The AP (10/10) reports, "GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe." The AP continues, "Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia." The AP adds, "Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval. … Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies."

Citigroup Targets Banks Outside US For Acquisitions. The Financial Times (10/9, Wighton, Larsen) reports, "Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market. He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years. Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year."

Hollywood Urged To Combat Digital Piracy. The Financial Times (10/9, Garrahan) reports, "Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned. Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total inter-national film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels. David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy."

Danaher Near Deal For Vision Systems Ltd. The Wall Street Journal (10/9, A12, Berman) reports, "Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction. Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems." Danaher "is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies."

ENVIRONMENT:

Company Recalls Lettuce Amid E-Coli Fears. ABC World News (10/9, story 9, 2:15, Rooney) reported, "In the hyper vigilant atmosphere following the spinach outbreak, the Nunes Company of Salinas recalled its lettuce even though they never actually found E. coli on the lettuce itself." Bob Nunes, Lettuce grower, Nunes Company. INC: "We have no evidence at this time that there is anything on the product, but we're just playing it safe. Very, very safe." Rooney: "The company did find E. coli in water stored in a holding pond that may have come in contact with lettuce."

The AP (10/10, Barbassa) reports, "The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states. … The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana."

NBC Nightly News (10/8, story 4, 0:20, Holt) reported, "Tonight new food concerns have prompted two voluntary recalls. The California producer of the Foxy brand has recalled green leaf lettuce from us several western states after possible E. coli contamination so far the lettuce does not appear to have caused any illness. The other recall is bottled carrot juice. The juice sells in all 50 States, Canada and Mexico. The recall covers carrot juice under Bolthouse

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Farms, Earthbound Farms, Organic and President's Choice Organics."

The AP (10/9) reports, "The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company. … Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said." The AP adds, "The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions." The Washington Post also carries the AP story this morning.

USA Today (10/9, Welch) reports, "The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area. FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, 'and we are looking into it.'" USA adds, "All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday."

Tainted Spinach Illustrates Safety Weakness In Food Distribution System. In a widely-distributed story, the AP (10/10, Quaid) reports, "The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria." In light of the spinach outbreak, as well as Sunday's limited recall of Salinas leaf lettuce on Sunday, "food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe." The AP notes, "In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields."

Voluntary Lettuce Recall Comes At Bad Time For Salinas Valley Farmers. The New York Times (10/10, McKinley) reports that while the precautionary recall of lettuce is "relatively minor," the "timing could not have been worse" for farmers in the Salinas Valley of California, who are "already reeling from last month's deadly E. coli outbreak in spinach." The Times adds, "The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf sold under the Foxy label." Tom Nunes Jr., the company's president, said the recall was decided on "after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found 'a dangerous concentration of generic E. coli.'" Federal health authorities "commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water."

Bush To Address Renewable Energy Conference Thursday. The AP (10/10, Wittenauer) reports a national renewable energy conference this week in St. Louis "will revisit energy goals and strategies President Bush set out in his State of the Union address in January." The White House confirmed Monday that Bush will address the three-day conference, which starts Tuesday, on Thursday. The conference, which is co-hosted by the US departments of energy and agriculture, is billed as "an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities." Speakers at the conference will include Agriculture Secretary Mike Johanns and Energy Secretary Samuel Bodman.

Three In 10 Think Gas Price Drops Linked To Domestic Politics. The Washington Post (10/10, D3, Mufson, 748K) reports a new Washington Post-ABC News poll showed "many Americans remain suspicious about the reasons for the recent decline" in gasoline prices and are "skeptical about whether it will last. Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday."

Illegal Dumps In West Cost Millions To Clean Up. USA Today (10/9, Spillman, 2.27M) reports, "They rise from the Western landscape, but they're not purple mountains. They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds. The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes." USA adds, "In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports." The agency "has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West."

Measures To Restrict Use Of Eminent Domain On Ballot In 11 States. The Washington Times (10/10, Price, 88K) reports state ballot measures "to limit use of eminent domain, to bar same-sex 'marriage' and to decide the fate of legislation passed in South Dakota outlawing

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nearly all abortions will be among those facing voters on Election Day, Nov. 7." Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), said, "The biggest issue this year is definitely property rights and land use." The Times adds the "11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation." The "ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a 'public use' under the Constitution."

Park Officials Say Deer, Elk Compromise Santa Rosa Island's Ecosystem. The New York Times (10/9, Barringer, 1.21M) reports on herds of deer and elk living on Santa Rosa Island in California. The Park Service has an agreement "to close 45,000 acres of parkland to the public, August through December" for private hunts of the animals. The Times reports, "When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance. An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone." GOP Rep. Duncan Hunter "believes the island's hunt must go on."

Gore Pushes California's Proposition 87. In its "Washington Wire" column on its web site, the Wall Street Journal (10/9, 2.03M) reported, "In what's billed as his first ad since his name was on a ballot, Al Gore is pushing Proposition 87, a California ballot initiative aimed at cutting the state's oil consumption by 25%. 'Yes on 87,' a group that has been pushing the proposition, today rolled out an ad around the state featuring the former vice president. In Los Angeles, James Caan and Jaime Lee Curtis were on hand along with Sherwood Rowland, the Nobel laureate who helped to explain how the hole in the ozone came to be. In the ad, Gore calls Prop 87 'the one thing Californians can do now to clean up the air, help stop the climate crisis and free us from foreign oil.'"

FBI/DEA/ATF/USMS:

FBI Seen As "Struggling" To Implement Counter-Terrorism Mission. In a highly-critical story, headlined "FBI Struggling to Reinvent Itself To Fight Terror," the New York Times (10/10, Shane, Bergman, 1.21M) reports, "Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can." FBI Associate Executive Assistant Director Philip Mudd "admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot. 'There's 31,000 employees in this organization and we're undergoing a sea-change,' he said in an interview. 'It's going to take a while for what is a high-end national security program to sink down to every officer.'" However, an unnamed "counterterrorism official" warned, "They'll just wait him out."

Attorney Spends 23 Years Seeking Release Of FBI's Lennon Documents. The National Law Journal (10/10, Jones) reports, "Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle. … Twenty-three years later, he's still digging." The Journal continues, "A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s." The Journal adds, "What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor. … The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, 'The U.S. vs. John Lennon,' in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book 'Gimme Some Truth: The John Lennon FBI Files,' and was a consultant for the film, in which he appears. … Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion. … 'It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance,' he said."

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More Than 20 Arrested In Drug-Smuggling Investigation Spanning 7 Countries. In an undated story, the St. Maarten Daily Herald (10/10) reports 28 people, "including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation. Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico." Authorities "were…able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organization and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping."

The AP (10/6, Jordan) reports 27 people "were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year. The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called 'Operation Green Traketon' and 'Operation Watusi.'" The indictments "were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States. So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine." The Washington Post used the AP story.

The Washington Times (10/7, Seper) reports, "Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions."

Dominican Today (10/9) reports DNCD president Rafael Ramirez said, "'The arrest of those individuals was possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States,' through Puerto Rico. He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island."

DEA Assists In Investigation Of California Indoor Marijuana Operations. The Tracy (CA) Press (10/10) reports Tracy police "busted three sophisticated indoor marijuana growing operations…complete with grow lights, automatic watering systems, climate controls and ventilation systems. … Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area. The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento."

Medical Marijuana Said To Be Causing Dilemmas In California. The Press-Enterprise (10/8) reports dilemmas over medical marijuana are "playing out throughout the region and the state. Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. … The federal government has not determined that marijuana serves a medical purpose and views it as a 'gateway drug,' enticing users to harder drugs. … Last week, local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers."

In the UK's Times (10/10), Chris Ayres writes, "The problem, of course, is that while California might be all funky and liberal on this [marijuana] issue…the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty."

Dispensary Reopens. The Desert Sun (10/6) reported Palm Springs Caregivers…is back open…after being closed by a Drug Enforcement Administration raid. About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting…to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215."

Walters Says Administration Unlikely To Rethink Stance On Legalizing Marijuana. The Washington Times (10/9, McCaslin, 88K) reports in its "Inside The Beltway" column, "Asked yesterday whether the Bush administration might rethink its policy on the legalization of marijuana, White House Drug Control Policy Director John Walters said don't hold your breath. 'Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana,' Mr. Walters told C-SPAN's

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'Newsmakers.' Furthermore, he said, 'More teens are dependent on marijuana than all other illegal drugs combined.'"

Officials Seek To Keep Heroin From Afghanistan Out Of US. On its Web site, Voice of America (10/8) reports, "A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States. … John Walters said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could be replaced by Afghanistan. 'It is a danger,' said Walters. 'It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA…and other international enforcement agencies, in watching this.'" Voice of America notes Walters spoke during an interview shown Sunday on C-SPAN.

IMMIGRATION:

City Ordinances On Immigration Await Court Decisions. USA Today (10/9, Parker, 2.27M) reports, "Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them. The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory." The court action "has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances." The laws "challenge a principle established by the US Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police."

Campaign For Making English The Official Language Gaining Steam. USA Today (10/9, Koch, 2.27M) reports, "Rising concern over immigration has prompted a wave of cities and states this year to try to make English the official language. A ballot measure is pending in Arizona. Related bills have passed houses of representatives in Pennsylvania, Delaware and Michigan; the state senates have not taken them up. At least five cities and towns have approved ordinances; eight are considering them." The US Senate "included a provision in a pending immigration bill. Gubernatorial candidates in Kansas, Iowa, Oklahoma, Arizona and Idaho have debated the idea." USA Today adds, "Proposals vary but generally say government business must be conducted in English, with exceptions for emergency services. Federal law requires that election information be available in other languages."

Buchanan Says He Was Jeered When He Proposed Border Fence In 1991. Pat Buchanan, appearing on CNN's Late Edition (10/8, Blitzer), said, "I recommended, in 1991, 70 miles of fence along the main crossing points" into the US from Mexico, "and I was compared to David Duke. Now Hillary Rodham Clinton and 80 Republicans and Democrats have voted for a 700-mile fence. We have won the argument with the American people."

NYTimes Says "Wall Builders" Have Made Their "Lousy" Point. The New York Times (10/9, 1.21M) editorializes, "Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that. … The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them."

Study: South Texas Takes Lead In Prosecuting Immigration Violators. The Monitor (10/9) reports federal prosecutors in South Texas "are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study. The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas." President Bush "recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts." The Monitor says the study is from the Transactional Records Clearing House.

Mexico May Take Plans For US Border Fence To UN. Mexico's Foreign Secretary Luis Ernesto Derbez said yesterday Mexico may take a dispute over the US' plans

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to build a fence on its Mexican border to the UN. The AP (10/9, Barchfield) reports that Derbez told reporters in Paris "that a legal investigation was under way to determine whether Mexico has a case." The AP adds, "Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a 'shame' US immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the US in November."

King Defends Proposal For Border Wall. In a letter to the Wall Street Journal (10/10, 2.03M), GOP Rep. Steve King defends his proposal to build a wall on the US' southern border. King writes, "The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border." King adds, "I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship."

Minuteman Founder's Appearance At Columbia Protested. The Wall Street Journal (10/10, Johnson, Rutkoff, 2.03M) reports in its "Border Lines" column that an appearance by Minuteman Project founder Jim Gilchrist at Columbia University last week sparked "violence," as a demonstration by two students in the International Socialist Organization "prompted other protestors and Minuteman supporters to rush the stage." A reporter for the Columbia Spectator was told "that the disruption was planned."

Language In Secure Fence Act Raises Questions About Whether Border Fence Will Be Built. U.S.News and World Report (10/16, Marek) reports that although Congress "passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing," the bill's "fine print-and a flurry of last-minute compromises that paved the way for its passage -- raise questions about what, if anything, will eventually be built." US News adds, "On the face of it, the fence bill looks like an aggressive response. … But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways." US News adds, "Even if the 700 miles eventually materializes, there are still real questions about whether fencing works."

TAX:

Disputes Arise Nationwide Over Tax Exemptions For Religious Groups. The New York Times (10/10, Henriques, 1.21M) reports, "The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. … But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court. … Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people." The Times adds, "The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes."

Americans Working Abroad Get Tax Break. The Wall Street Journal (10/10, Herman) reports, "Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase. The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their US income-tax returns. As a result, although numerous US expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore. The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many US workers there because of high taxes imposed by numerous European nations."

IRS Recruiting More Graduates From Top Law Schools. The Wall Street Journal (10/10, B1, Matthews) reports that for "decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did." When it "did find promising candidates, it left many of them in limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms." It's "no wonder few of the smartest young minds in tax law considered starting their

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careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes." Donald Korb, chief counsel of the Internal Revenue Service, "is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months."

CONGRESS-ADMINISTRATION:

Treasury To Announce Big Drop In Budget Deficit. The Washington Times (10/9, Dinan, 88K) reports, "The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target. Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February." It also is "about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season. … The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule." Overall, "spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005."

Major Theater Chains Refuse To Book Bush Assassination Movie. The Washington Times (10/9, Pierce, 88K) reports in its "Inside Politics" column, "Several major theater chains are refusing to book the new movie 'Death of a President' because it depicts the fictional assassination of President Bush, the Hollywood Reporter says. Newmarket Films, a 12-year-old Los Angeles-based film financing, production and distribution company, plans to open the film Oct. 27, just in time for the Nov. 7 election, the newspaper said. … But the country's largest theater chain, Regal Entertainment Group, has passed on showing the movie, citing the subject matter as the primary reason."

Spellings Tapes "Jeopardy" Appearance. USA Today (10/9, Toppo, 2.27M) reports, "This US Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity." The Education secretary, "who oversees the schooling of nearly 77 million US students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show." The invitation "came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show. … No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration."

OMB Papers Seek To Explain Bush's Management Agenda. The Washington Post (10/9, D4, Barr, 748K) reports in its "Federal Diary" column, "Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government. That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the 'facts' in this new paper will be disputed by federal unions and in some quarters of Congress. Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda."

McClellan Discusses Medicare's Financial Challenges. The Christian Science Monitor (10/10, Cook, 58K) reports on a Monitor Breakfast with Dr. Mark McClellan, who steps down Saturday as administrator of the Centers for Medicare and Medicaid Services. As "head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal." The questioning "began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular." McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging

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of the baby boom is putting big pressure on both." McClellan "turned to steps that could put the Medicare program on a sounder footing for the future. 'Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability,' he said." But McClellan "said he favored 'reduced subsidy levels' from Medicare 'for wealthier Americans.'"

Pentagon Rolls Out First Phase Of New Pay, Personnel System. The Washington Post (10/10, D4, Barr, 748K) reports in its "Federal Diary" column, "The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees." The "new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said." The Post adds, "The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials."

WPost Opposes Proposal To Create IG For Federal Judiciary. The Washington Post (10/9, A16, 748K) editorializes, "Before leaving town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived. Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work," but "it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix. This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event." The Post adds, "While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment."

LATimes Praises New Rules For Federal Judiciary. The Los Angeles Times (10/9, 918K) editorializes that "critics of ethical lapses in the federal judiciary have long been saying, 'Judges, judge yourselves.' The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them. Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings." The new rules "should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself."

OTHER NEWS:

Federal Reserve Expected To Hold Line On Interest Rates. The Wall Street Journal (10/10, Derby, 2.03M) reports Federal Reserve Bank of San Francisco President Janet Yellen said "while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time." In comments "prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.," Yellen said, "I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity." The Journal adds Yellen "is currently a voting member of the interest rate-setting Federal Open Market Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year."

Stocks Up Slightly Despite North Korea Nuclear Test. NBC Nightly News (10/9, story 9, 1:30, Williams, 9.87M) reported, "On Wall Street today Stocks were up just slightly. The Dow was up 7 points [to close at 11.857.81]. NASDAQ was up almost 12 points [to close at 2,311.77] on today's trading."

The Wall Street Journal (10/10, C1, McKay, 2.03M) reports the US stock market "quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading." The "modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT." Other indicators "also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year."

Small Businesses Creating Most New Jobs. USA Today (10/9, Hopkins, 2.27M) reports, "Reversing a

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long-term trend, small businesses are taking a growing share of US employment, with possibly negative consequences for health care coverage of millions of workers. New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003." It was "the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show."

WSJournal Says Revised Jobs Numbers Show Effectiveness Of Bush Tax Cuts. The Wall Street Journal (10/9, 2.03M) editorializes, "The Labor Department released its September jobs report on Friday, and some wags are calling it the 'whoops' report. The 'whoops' is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006. So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire." The Journal adds, "This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm."

OPEC Seen As Moving Toward Production Cuts. The New York Times (10/9, Mouawad, 1.21M) reports, "A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output." While "more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place." It would be "the first time OPEC had cut its quotas in two years."

WPost Urges Higher Fuel Taxes To Reduce Consumption. The Washington Post (10/9, A16, 748K) editorializes, "The decline in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record." The relief, however, "should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. … The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels."

Parents Seek To Unadopt Child. A front page story in the Washington Post (10/9, A1, Schulte) reports that Helen Briggs and her husband, James "are taking the highly unusual step of trying to unadopt" a child. In 2003, "when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life. … Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time." The Post adds, "State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support. Still, a Fairfax County court has granted Briggs's petition to relinquish custody."

In Wake Of Foley Scandal, Analysts Say House May Be Democrats' To Lose. U.S. News and World Report (10/16, Gilgoff, 2.03M) reports, "As each day last week brought new questions about how the Republican leadership handled the" scandal involving former Rep. Mark Foley and his e-mails and text messages to congressional pages, "the political implications came into sharper focus." Republican concerns "about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages." US News adds that the Foley revelations "appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control."

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In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "What actually happened…is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance. … If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress." Newsweek adds, "Several leading party strategists worry that public trust in the House Republican leadership -- never exactly ironclad, even among the truest Republicans -- could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers."

U.S. News and World Report (10/16, Schulte, 2.03M) reports that by the end of last week, Hastert "appeared to have won over some of the doubters. 'Any Republican with half a brain realizes they cannot toss [Hastert] over,' says a Senate Republican staffer. 'They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself.' Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP."

In its cover story, Time (10/16, Tumulty, 4.03M) reports, "All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism. It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election."

Newsweek Poll Finds 53% Want Democrats To Win House Control. In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values."

Time Poll Finds 54% Are More Likely To Vote For A Democratic Candidate For Congress. In its cover story, Time (10/16, Tumulty, 4.03M) reports, "In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican -- nearly a perfect reversal of the 51%-40% advantage the GOP enjoyed as recently as August."

Whisper Campaign Blames Scandal On "Velvet Mafia" In Upper Ranks Of GOP. In its cover story, Time (10/16, Tumulty, 4.03M) reports that "a whisper campaign has been launched in Washington to blame an internal culprit: a 'velvet mafia' at the upper levels of GOP leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: 'It looks like they may have tried to handle this among themselves because they were similarly situated.'"

Criminal Charges Against Foley Seen As Unlikely. In its cover story, Newsweek (10/16, Thomas, 3.12M) reports, "Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex."

GOP Campaign Officials Now Expect To Lose Between Seven And Thirty Seats. The Washington Post (10/10, A1, VandeHei, Cillizza, 748K) reports Republican campaign officials said "that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley." Democrats need 15 seats to gain a majority. GOP officials "are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease." Still, GOP leaders "privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates." Rep. Thomas M. Davis III "said Republicans could lose as many as 30 seats if conditions worsen." The Post adds GOP strategists "are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator." Political handicapper Charlie Cook

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"now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "Embattled Speaker of the House Dennis Hastert was supposed to be in Ohio and New Jersey today, attending fundraisers for Republican congressional candidates. Instead he was hunkered down in Illinois. Just one part of the political ripple effect of the Foley scandal. Some Democrats are already using the scandal in campaign ads." Democratic political ad: "Now Pryce is protecting Hastert, even though he protected a sex predator?" Reid: "The nonpartisan Cook Political Report says the Foley scandal has boosted the number of competitive Republican seats in the house from 37 to 43." Amy Walter, Cook Political Report: "I think what this scandal helped to do is crystallize for Democrats, in a way that no 30-second commercial could do, the idea of a time for change."

New Polls Show Democrats With Clear Edge. USA Today (10/10, 1A, Lawrence, 2.27M) reports in a front page story that the Foley "sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows." Democrats had "a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978." President Bush's "approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%."

The New York Times (10/10, Nagourney, Elder, 1.21M) reports the new New York Times/CBS poll shows "Americans say that Republican Congressional leaders put their political interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley's sexually charged messages to pages well before he was forced to quit Congress." The poll "also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism." The poll "indicates that the scandal involving Mr. Foley" is "alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law." Seventy-nine percent "said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages." The CBS poll was "conducted Thursday through Sunday with 983 adults, including 891 registered voters."

CBS Evening News (10/9, story 8, 2:15, Schieffer, 7.66M) reported the new CBS News/New York Times poll "is about as bad as it can get for Republicans because what it suggests, Katie, is that more and more Americans just don't believe them anymore, whether they are in the White House or in Congress. Remember that Republican House Speaker Dennis Hastert said he didn't know about those suggestive e-mails that Congressman Foley since to that 16-year-old house page? Well, our CBS news/'New York Times' survey shows more than 60% of those polled believe Republican leaders did know. Even 40% of Republicans believe the leaders knew. And if they don't trust the Speaker on that, look at whether they believe what the President has been saying about fighting terrorism, which used to be the Republican's strong suit. For the first time, a sizable majority, 57%, believes the President had warnings before 9/11 of a terrorist attack in this country. That suggests a loss of confidence that could be devastating to any political party and the rest of this poll is no better for the Republicans."

ABC World News (10/9, story 6, 2:10, Stephanopoulos, 8.78M) reported, "A lot of flashing red lights for Republicans in the new poll. We find only 32% of the country approves the job Congress is doing. Only 39% approve of the job the President is doing. 66% of the country thinks we're going in the wrong direction and by a 13-point margin prefer Democrats over Republicans come November. So, this basically shows the bump that the President and his party got in September by focusing on terrorism, by falling gas prices has gone away. Back to the same low numbers they've been fighting all year."

The Washington Post (10/10, A1, Broder, Balz, 748K) reports in a front page story that Democrats "have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll." The poll "sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month." The "political fallout" from the Foley scandal "is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders

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for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post."

CNN's The Situation Room (10/9, Blitzer) reported that the new CNN poll has found that "58 percent of Americans say they intend to vote Democrat; 37 percent say they intend to vote Republican."

The Chicago Tribune (10/10, Dorning, 623K) reports, "Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since" Foley's "sexually explicit electronic messages to underage pages were disclosed late last month." Half "of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference." The CNN-Gallup and ABC News-Washington Post polls "showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said." The polls also showed Democrats with wide leads over the Republicans on generic ballot questions: CNN-Gallup, 58%-37%, and ABC-WPost, 54%-41%.

GOP Worried Foley Scandal Will Depress Turnout Among Evangelical Christians. NBC Nightly News (10/9, story 6, 2:50, Savidge, 9.87M) reported evangelical Christians are "the backbone of the Republican Party. Once as predictable as a sermon on Sunday." But "some Republican strategists fear the Foley scandal strikes at the very heart of those core moral beliefs." There's "worry Christian conservatives might stay away from the polls come November." Reverend Albert Mohler, Southern Baptist Theological Seminary Press: "This has been a disheartening season for conservative Christians. When it has to do with events in Washington and beyond." Savidge: "Even just a small change in the voting habits of conservative Christians could have a huge impact on who wins and loses in close congressional races. One place that's true is Tennessee. Democratic Representative Harold Ford, Jr. and Republican Bob Corker, according to several polls are neck-and-neck, battling to replace retiring majority leader Bill Frist. A race Democrats believe could help put control of the Senate back in their hands. But here in Tennessee, at least Christian conservatives blame former Congressman Foley, not the party. Everyone we talked to said they'll be there come election day."

Rove Says Scandal "Complicates Things" For Some Republicans. The Los Angeles Times (10/10, Simon, Levey, 918K) reports that it has become "clear" that the Foley scandal is "sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter 'complicates things' for some Republican candidates who have been linked to the scandal." This week's "questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages." In his "private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, 'every seat matters.' It does not help, he suggested, 'having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue.'"

Foley Scandal Fallout Leaves Reynolds At Risk. CQ Politics (10/10, Horrigan) reports the Foley scandal "has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House. And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican." The Leans Democratic rating "does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him. But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted."

NBC Nightly News (10/9, story 5, Reid, 9.87M) reported, "One newly vulnerable Republican is New York Congressman Tom Reynolds, head of the House Republican campaign committee. He plummeted in the latest poll, now trailing 48-33. After admitting he knew about Foley's non-explicit emails months ago. Now he's apologizing." Rep. Tom Reynolds: "I'm disappointed I didn't catch his lies before. For that, I'm sorry."

More Commentary. In his Washington Post column (10/10, A21), Eugene Robinson says that faced with "the spreading Foley scandal," the Republican Party "has a choice. The party can look America in the face and say, 'Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us

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weaker and poorer. As Barry Goldwater would have said, live and let live.' Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed."

In his New York Times column (10/10), John Tierney says polls show the public "can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore." The Republicans have 'become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls." Despite the Republican "failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues." On the domestic front, "voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except 'taxing the rich,' which won't do the trick."

Allen, Webb Clash On Issues, Character In Final Debate. The Washington Post (10/10, A1, Shear, Craig, 748K) reports in a front page story that Republican Sen. George Allen and Democrat James Webb "clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night." The 60-minute debate, "held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election." For Allen, "those issues are taxes, same-sex marriage and a dislike of liberals," while Webb "stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans." In a campaign "marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government." Allen "appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated."

The Washington Times (10/10, Bellantoni, 88K) reports Allen and Webb "sparred over taxes and the war in Iraq during their last debate before next month's general election." Allen "opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000." Allen "repeatedly tried to paint his opponent as a liberal who would take his cues from 'friends' such as Mrs. Clinton." Webb, "a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians."

Allen Seeks Ethics Committee Opinion On Disclosing Stock Options. The Washington Post (10/10, B05, Shear, 748K) reports Sen. George Allen "did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules." Allen "received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday." Under "terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each. The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50."

WPost Criticizes Allen Intervention On Behalf Of Company. The Washington Post (10/10, A20, 748K) says in an editorial, "It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government. That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp." Allen "joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock. Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price

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might well have gone up." The Army "did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help."

Allen Campaign Said To Have Successfully Changed Subject. In his Washington Post column (10/10, B1), Marc Fisher says, "Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again. The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president." How did "the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject."

DSCC Wades Into Virginia Race With $1 Million Ad Buy For Webb. The Richmond Times-Dispatch (10/10, Schapiro) reports the Democratic Senatorial Campaign Committee is "placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment." The ad "could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia." Sources said that the "TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues." The 30-second spot "also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq."

Allen Hasn't Disclosed Stock Options, As Required By Rules. The New York Times, Washington Times and USA Today, among other sources, this morning run an AP story (10/9, Theimer, Lewis) that reports, "For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company. Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so." Allen's stock options "date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator." The AP "reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies." In interviews, "Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock."

Missouri Senate Candidates Clash On Foley Scandal, Iraq War. USA Today (10/9, 2.27M) reports Missouri Sen. Jim Talent (R) "clashed Sunday with" challenger Claire McCaskill in a debate (D) "on NBC's Meet the Press that centered on Iraq and the congressional page scandal." Talent "said he still would have voted to go to war in Iraq even if he had known in 2002 that US intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying US troops out of Iraq over the next two years 'give or take.'" McCaskill also "said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete."

The AP (10/9, Hananel) quotes McCaskill saying, "When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee.'" Talent replied, "We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may." The Missouri race "is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even." Talent "described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period." McCaskill, in turn, "portrayed Talent's views as those of a politician who has spent too long in Washington." On NBC's Meet The Press (10/8), Talent said of his rival that she has "got positions in the war on terror that are comprehensively positions of weakness." McCaskill responded, "Playing politics with this issue is not making us safer."

The St. Louis Post-Dispatch (10/9, Shesgreen, 300K) reports Talent also "dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home." Talent "said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was 'an important front on the war on terror.'" McCaskill "quickly shot back: 'Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money.'"

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Gannett News Service (10/9) notes the Democratic candidate said, "Iraq is a mess," adding, "We can either stay the course or we can change the course." Talent said of Saddam's regime, "He represented a threat to us. That threat is now gone." He also said that "the US has to 'finish the mission' but acknowledged that when Congress voted to go to war 'the administration and many underestimated the time it would take to stabilize the central part of the country.'"

Also on NBC's Meet The Press (10/8, Russert), McCaskill was asked about her comment on Hurricane Katrina that "George Bush let people die on rooftops in New Orleans because they were poor and because they were black." McCaskill said, "I was acknowledging how thousands and millions of Americans felt. The visual that we all saw in Hurricane Katrina was frankly, something none of us will ever forget. Incompetence turned tragic because the people there were unable to help themselves. ... I do not believe the President is a racist. I was acknowledging the feelings of many, many Americans that this administration has left the most vulnerable, helpless -- this administration has been about Wall Street and not about average Americans."

The Washington Times (10/9, Bellantoni, 88K) headlines its story on the debate "Talent Stresses Independence From Bush," and says Talent "blanched" when moderator Tim Russert "noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly. 'Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?' Mr. Talent asked. 'I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then.'" Talent, "first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding."

The Washington Post (10/9, A10, Murray, 748K) says Talent's challenge "is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies." McCaskill also "is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City." She "was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign. 'I certainly believe that abortion should remain safe, legal and rare,' McCaskill said. 'But why don't we concentrate on prevention? None of us want abortion, none of us support abortion.'"

Santorum Says Bush At Fault For Lack Of Public Support For Iraq War. The Pittsburgh Tribune-Review (10/10, Brown) reports Sen. Rick Santorum said President Bush "lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against 'Islamic fascism' -- a major threat to the nation's security." In a meeting with editors and reporters of the Tribune-Review, Santorum said, "He (Bush) is managing the public relations on this war very poorly." Bush is "more concerned about 'making the State Department comfortable' than providing the American people with 'a clear message and a clear understanding of what we are up against,' said Santorum, in his sharpest criticism of the president to date."

Weldon, Sestak In Tight Race For PA7. The Christian Science Monitor (10/10, Chaddock, 58K) reports Republican Rep. Curt Weldon is "in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election." As the "No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district. But this year, knowing and serving the district may not be enough." Local issues, "typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages." The "Philadelphia region is now Ground Zero in the battle for control of the House, analysts say." Democrats "need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004." A recent Keystone poll "now calls the Weldon-Sestak race a 'dead heat' with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from 'lean Republican' to a tossup."

Rove Headlines Istook Fundraiser In Oklahoma. The Washington Times (10/10, McCaslin, 88K) reports in its "Inside the Beltway" column, "That was senior Bush White House aide Karl Rove scheduled to headline an Oklahoma City fundraiser last night for Oklahoma gubernatorial nominee and Republican Rep. Ernest Istook. Price of admission to hear Mr. Rove speak: $100 per person. Cost to get him to pose for a photo: $1,000."

RNC Using "Firewall" Strategy To Protect Senate GOP Incumbents In Three States. The AP (10/10, Espo) reports that in an "unusual move, the Republican National Committee is investing heavily in

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television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority." The move "reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates." The move also "raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them."

9/11 A Key Feature Of Giuliani's Appeal For Voters. The New York Times (10/9, Pérez-Peña, 1.21M) reports, "Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question" about his handling of 9/11, "one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it. Nearly as often, people ask its corollary: Will he run for president?" Giuliani has "little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates." He says he "does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party." But as Giuliani "traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack."

Struggling State Economy Key Issue In Michigan Gubernatorial Race. The New York Times (10/9, Davey, 1.21M) reports from Three Rivers, MI, "If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts." While "elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal," Michigan's "races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it. In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions." Gov. Jennifer M. Granholm, "an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder." Granholm, in an interview, "directed the blame elsewhere: to circumstances beyond her control ('No other state is the automotive capital of the world'); to the Bush administration ('He has sat idly by while the industry reels'); and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck."

Kerry Lashes Out At Swift Boat Veterans Group. The Washington Times (10/10, Pierce, 88K) reports in its "Inside Politics" column, "Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House. Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports. 'We're not going to give them an ounce of daylight,' said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008. The senator said his response to the commercials in 2004 was not strong enough."

Panel Says Ehrlich Administration Used Party Affiliation To Make Personnel Decisions. The Baltimore Sun (10/10, Skalka, 262K) reports a legislative committee "investigating the Ehrlich administration's personnel practices has concluded that workers were fired 'based on political considerations in violation of constitutional rights and state law,' and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters." The "135-page report" is the "work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005." The report says, "Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process." The Sun added the legislative committee, "whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But

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committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor." Gov. Erhlich said "the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities."

The Washington Post (10/10, B1, Mosk, 748K) reports the "firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded." An attorney "hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers." Ehrlich "described the document as 'farcical' and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it." Ehrlich said, "I think the people of Maryland need to hear what they paid over a million dollars for." The Post adds, "Republicans on the committee issued a 'minority report,' which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns."

Book Finds Former Presidents Remain Influential. The Washington Post (10/10, A19, Baker, 748K) reviews, "Second Acts: Presidential Lives and Legacies After the White House," by Mark K. Updegrove. The Post says, "The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives." His book "traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York." The White House "afterlife holds 'more promise and potential than ever before,' Updegrove argues. Former presidents 'now often have their own agendas and aggressively pursue them independent of those in power,' and, 'With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly.'"

Danforth's Call For "Centrism" Examined. In a Washington Times op-ed (10/10), political columnist Claude R. Marx says, "Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct." Danforth is "a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries." He "discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, 'Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together.'" Danforth, "an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews. He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones."

WSJournal Praises Spitzer's No New Taxes Pledge. An editorial in the Wall Street Journal (10/10, 2.03M) says, "No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge. Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, 'There will be no tax increase in a Spitzer administration.'" It is "significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor." The Journal adds, "Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City."

LATimes Criticizes California Gubernatorial Debate. An editorial in the Los Angeles Times (10/10, 918K) says, "Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it? Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to 'Angelides likes taxes.' For Angelides, it was 'Schwarzenegger likes Bush.' And that was pretty much it." The Times adds, "The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the

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unspoken message from the political establishment is 'Just stay home.'"

New York School Finance Case Could Send Shock Waves Across Nation. Eric Hanushek a member of the Hoover Institution's Koret Task Force on K-12 Education, writes in the Wall Street Journal (10/9, A19, 2.03M), "The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. … New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an 'adequacy' case in their courts. … Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country. … If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools. There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies."

US Condemns North Korea As Scientists Try To Confirm Purported Nuclear Test. The United States is taking what many are calling a "tough" line in the wake of North Korea's claim that it has tested a nuclear device. Even as scientists work to ascertain whether Kim Jong-Il's regime has joined the nuclear club, a number of media reports and analyses depict the situation as the culmination of a "failed" policy course on the part of the US and its allies. The Financial Times (10/10, Dinmore), for example, reports that although President Bush "delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened by the war in Iraq." Critics "say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq." A similar analysis piece in the New York Times (10/10, Sanger, 1.21M) says Pyongyang's nuclear test "represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy."

In particular, the President's own assertions during his 2002 "axis of evil" speech are being cited to suggest his policies have not worked and the international situation has deteriorated markedly since then. For example, an analysis piece titled "Bush's 'Axis Of Evil' Comes Back To Haunt United States," in the Washington Post (10/10, A12, Kessler, Baker, 748K) reports, "Nearly five years after President Bush introduced the concept of an 'axis of evil' comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion." The Post says "each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations. The deteriorating situation in Iraq has undermined US diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program."

NBC Nightly News (10/9, story 3, 3:50, Gregory, 9.87M) showed a snippet of Bush's "axis of evil" speech in 2002, reporting, "Bush has always taken a strong stand against North Korea. In 2002, linking the North with Iran and Iraq." Bush: "States like these and their terrorist allies constitute an axis of evil, arming to threaten the peace of the world." NBC added, "A year later, as North Korea's nuclear program advanced. The President drew a line." Bush: "We will not tolerate nuclear weapons in North Korea." But "three years later," added NBC, "Kim Jong-Il is still standing and still defying the US. Critics blame the Bush Administration's decision to cut off direct talks with North Korea."

Along similar lines, the AP (10/10, Sidoti) reports the President "long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch. … In the nearly five years since Bush labeled North Korea part of an 'axis of evil' with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2." McClatchy (10/10, Johnson) offers a similar chronology leading to Sunday's test, and says, "The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test." And USA Today (10/10, Nichols, 2.27M), in a report titled "Condemnation Swift, But Options Are Limited," says "foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success."

On its front page, the Washington Post (10/10, Abramowitz, Lynch, 748K) reports Bush "pushed yesterday for aggressive new sanctions on North Korea," and adds "most experts agree that "the action added a volatile new

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ingredient to an already dangerous world environment." As NBC Nightly News (10/9, lead story, 3:40, Mitchell, 9.87M) put it, "the White House promised tough action." However, "what can the US really do? With 37,000 US soldiers facing North Korea's million-man army at the Demilitarized Zone, there is no apparent military solution. At an emergency UN session today, the US proposed sanctions -- a ban on military and luxury items, a freeze on assets linked to its weapons program. Most dramatic, a partial Naval blockade to inspect all cargo entering or leaving the country." Likewise, ABC World News (10/9, story 2, 2:30, Gibson, 8.78M) reported that "now that North Korea has crossed the line it was warned not to cross, the options may be limited."

ABC World News (10/9, lead story, 3:10, Gibson, 8.78M) also said last night that "all of a sudden, a country that the US Administration considers part of an 'axis of evil' with a leader that they many in the world consider peculiar and dangerous was, it would seem, a nuclear power." CBS Evening News (10/9, lead story, 1:40, Martin, 7.66M), meanwhile, mentioned the "nightmare scenario" of a new Korean war, and "the possibility that the North Koreans might sell a nuclear device to al Qaeda or some other group."

The New York Times (10/10, Shanker, 1.21M) reports US "military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components." US intelligence agencies "have no confidence that they can locate all of North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs -- though American intelligence abilities are said to have worried the North Korean leadership in the past." However, on a more positive note, "the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest. Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles."

MSNBC's Hardball (10/9, Shuster) reported, "White House officials acknowledge there are no plans for a military response. So it was left today to John Bolton, US ambassador to the United Nations, to try to improve the political landscape for the Bush Administration by talking up international criticism of the North Korea." Bolton said on CNN's Lou Dobbs Tonight (10/9), "I think what they have demonstrated is they have the capability that we thought they had. And we have begun, as the President indicated, to take a very strong line here in New York to try and get Security Council sanctions against North Korea that would frustrate their desire to have a sustained nuclear program. Hard to say at this point how we'll do. Although, the early reactions from Russia and China have been positive. I think they're taken by surprise by this test, I think they realize how unacceptable it is. And their reaction in the council today was very favorable to our approach."

Assistant Secretary of State Christopher Hill said on CNN's The Situation Room (10/9), "We have a lot of people looking at a lot of very fancy equipment, and I'm sure they'll be able to tell in the next day or two. What we do know is there was a seismic event. Something happened in North Korea. Plus, we have a government that has said proudly that it has exploded a nuclear device. So I think it's going to take a couple days or so to figure out precisely what happened." Asked if he is working under the assumption that this was a nuclear test, Hill said, "I think we have to work under the assumption that North Korea did what it said it was doing, that is, making a nuclear test. But we have to see precisely from our own sensors what exactly happened there."

NBC Nightly News (10/9, story 2, 1:50, Williams, 9.87M) reported, "Reaction around the world to North Korea's action has been harsh all day today, even from its allies and it may be up to its immediate neighbor, China, to make the next big move here." NBC (Mullen) added, "Tonight, on the state-run newscast, China politely lost face." Unidentified male reporter: "China has joined countries around the world by voicing strong opposition." Russia's President, Vladimir Putin, "joined other UN Security Council measures seeking tougher sanctions against North Korea." But "in the end, what may matter most is what China does now." China "has a difficult decision -- either get behind UN sanctions which could produce a flood of refugees into China or make peace with its new nuclear neighbor that has an unstable leader."

The Los Angeles Times (10/10, Farley, Magnier, 918K) reports "the measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds related to North Korea's missile and nuclear programs or counterfeiting of U.S. dollars, and a ban on trade in luxury goods." The US proposal also "would authorize international inspection of cargo to and from North Korea to prevent the Pyongyang regime from selling nuclear technology to other countries or armed groups." China and Russia, "which had been North Korea's grudging protectors in the council, seemed ready to join in at least some sanctions against Pyongyang." The New York Times (10/10, Hoge, Stolberg, 1.21M), however, says Moscow and Beijing "did not signal that they were ready to go along with the American proposal." London, Paris and Tokyo "said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days." The Washington Times (10/10, Pisik, 88K) reports the Security Council "meets again today on the crisis."

The Washington Post (10/10, A12, Faiola, Fan, 748K) reports, "In a telephone call with US Secretary of State

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Condoleezza Rice, China's foreign minister condemned North Korea for having 'ignored universal opposition of the international community,' the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was 'resolutely opposed' to the nuclear test." South Korea, meanwhile, "immediately halted delivery of an emergency assistance package to help the North deal with recent floods." The New York Times (10/10, Kahn, 1.21M) says North Korea, "a longstanding ideological ally, has had increasingly testy relations with China in recent years." But "it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a 'brazen' violation of its international commitments." The wording "is just one indication that a nuclear test would cross a red line for China, which has devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea."

Fox News' Special Report (10/9, Goler) reported, "The UN's response was not immediate. The Japanese are throwing up a sanctions proposal. The US wants it to include international inspection of all cargo going in and out of North Korea to make sure it is not exporting or receiving nuclear technology." The AP (10/10, Lederer) notes "there was no talk of military action," while the Financial Times (10/10, Fifield, Pilling, Turner) runs a similar report under the headline "Global Fury At N Korea Nuclear Test Claim." McClatchy (10/10, Johnson) reports British Prime Minister Tony Blair labeled the test "completely irresponsible act."

A New York Times (10/10, Onishi, 1.21M) story focuses specifically on Seoul's reaction. President Roh Moo-hyun "said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country's 'sunshine policy' of engaging North Korea." While Roh's "response to the nuclear test was firmer and quicker than its reaction to North Korea's missile launches in early July," the Times says "there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor." The Times adds, "Increasingly, North Koreans have been viewed [in the South] as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront" Pyongyang. "South Korea's priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse."

Meanwhile, another New York Times (10/10, Fackler, 1.21M) piece says North Korea's "claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role." But "could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself? This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons."

Seismic Readings Suggest Test May Not Have Been Nuclear. The Washington Times (10/10, Gertz, 88K), in a front-page story titled "US Doubts Korean Test Was Nuclear," reports, "US intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday. US officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation." The Los Angeles Times (10/10, Miller, Kaplan, 918K), however, says "shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, US intelligence officials and weapons experts said."

The Washington Post (10/10, A12, Linzer, 748K), in a piece titled "Low Yield Of Blast Surprises Analysts," says "the explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating US intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said. … A senior intelligence official called it a 'sub-kiloton' explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise."

CNN's The Situation Room (10/9, McIntyre) reported, "The relatively small blast raises several possibilities: the test was not nuclear, an elaborate charade; the test was nuclear, but intentionally small, perhaps to limit radiation and conserve fissile material; or the test was supposed to be bigger but something went wrong, as one US official put it, 'more fizzle than pop.' Still, if the idea was to get the world's attention and increase North Korea's leverage at the bargaining table, it was a booming success."

The Wall Street Journal (10/10, A1, Ramstad, Solomon, Fairclough, 2.03M) reports "the blast, which took place near

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the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by US pilots over Hiroshima 61 years ago."

The New York Times (10/10, Broad, Mazzetti, 1.21M), under the headline "Blast May Be Only A Partial Success, Experts Say," reports "the North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday."

Reaction To North Korean Test Could Bolster US Hand With Tehran. The Wall Street Journal (10/10, King, Spindle, 2.03M) reports Pyongyang's nuclear test "could present the Bush administration with much-needed leverage on another challenge: Iran." The Administration hopes the test "will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions. By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development." The Journal cites Administration sources claiming Beijing's reaction to the test will be the "key barometer" of possible future actions, and adds, "The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran."

On the other hand, the AP (10/10, Dareini) reports North Korea's claim "to have tested an atomic bomb could embolden Iran as it defies the UN Security Council and the United States over its own nuclear program, analysts said Monday." Fox News' Special Report (10/9, Hume) said Iran "reported North Korean's nuclear test should be blamed on the United States. Iranian state radio says quote, 'North Korea's nuclear test was a reaction to America's threats and humiliation.'"

AFP (10/10, Pouladi) reports Iranian President Mahmoud Ahmadinejad "has vowed to impose retaliatory sanctions on world powers if the [UNSC] carries out threats to penalize Iran over its nuclear programme." He "did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff." AFP says "considerable momentum towards drafting a sanctions [UNSCR] as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough."

Parties Seize On North Korean Announcement As Election Issue. Some media analyses this morning suggest Republicans may gain some political advantage from the North Korean standoff. The Financial Times (10/10, Luce), in a story headlined "Republicans Stand To Profit From Nuclear Test 'Fear Factor,'" notes that "within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects." Bush, adds the Times, "was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate."

The Wall Street Journal (10/10, A4, McKinnon, 2.03M), in a piece titled "Republicans Point To Pyongyang In Bid To Garner Voter Support," says "North Korea's claim of a successful underground nuclear test reverberated through US politics, diverting attention from congressional scandals that have hurt Republicans' election chances. Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security." Republicans "used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that 'this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations.'" Democrats "said…Bush's hard-line policy on North Korea and on global threats more broadly has failed."

The AP (10/10, Riechmann) reports, "Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed." Democrats "condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions." Senate Minority Leader Harry Reid "said the Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue." Rep. Edward Markey, a Democrat who co-chairs the House Bipartisan Task Force on Nonproliferation, "said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically." Meanwhile, Senate Majority Whip Mitch McConnell "said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea."

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The Washington Times (10/10, Curl, 88K) reports Senate Democrats "demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il." The White House "rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea. 'There's strength in numbers,' White House spokesman Tony Snow said."

The New York Times (10/10, Broder, 1.21M) also says that "with only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security."

More Commentary. Opinion pieces in major US newspapers tended to debate whether the Administration is to blame for the current situation in the Korean peninsula for not engaging the north Koreans in direct one-on-one talks. The New York Times (10/10, 1.21M) editorializes, "The Bush administration seems to want to impose limited sanctions on North Korea -- and inspections of all cargo going into and out of the country -- until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind -- while key players like China won't sign on to never-ending punishments. We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors." The Administration, adds the Times, "has indulged in its own denial and temporizing."

The Wall Street Journal (10/10, A14, 2.03M), in an editorial, says, "There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next 'development' will be another nuclear nation, starting with Iran."

The Washington Post (10/10, A20, 748K) editorializes, "In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long." Beijing and Seoul "have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the 'instability' in the North that they have tried so hard to prevent."

The Los Angeles Times (10/10, 918K) editorializes, "The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese." But "the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the US for failing to do so." Beijing "has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the US to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea -- or better yet, persuade it to disarm."

Nicholas Kristof writes in the New York Times (10/10, 1.21M), "If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes. It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran -- where we may soon be facing a third military conflict in a Muslim country."

David Frum writes in the New York Times (10/10, 1.21M) that the test, "if that indeed is what it was -- signals the catastrophic collapse of a dozen years of American policy. Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken." Frum adds, "When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions."

Selig S. Harrison, a former WPost bureau chief in Northeast Asia, writes in today's Washington Post (10/10, A21, 748K), "To advance US security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join."

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Iran Says Sanctions Threat A "Rusty Weapon." The AP (10/9, Karimi) reports Tehran "called the threat of international sanctions over its disputed nuclear program a 'rusty' weapon and repeated Sunday that it would not abandon uranium enrichment." The Foreign Ministry added that "Iran does not 'welcome sanctions' and that they would damage both Iran and the countries that impose them." A spokesman "said 'negotiation is the best way,'" and implied that Tehran "will resume negotiations with European nations."

AFP (10/9, Williams) says the latest statement "marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment." Undersecretary Burns "said the so-called '5+1' group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult." AFP adds, "It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis."

North Korean Test Seen As Hampering West's Case Against Tehran. An analysis piece by the AFP (10/9, Millikin) notes, "A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn." Any North Korean test "could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said." AFP adds, "Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks" within the Administration.

Cleric Who Opposed Religious Rule Arrested. The New York Times (10/9, Fathi, 1.21M) reports, "A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported. About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported." They were there "apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him." Another news agency, Entekhab, also "reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them."

Palestinian PM Says Hamas Won't Recognize Israel. The AP (10/9, El Deeb) reports, "Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does. International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence." But Haniyeh "repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah."

Qatar Steps Into Fatah-Hamas Mediation Role. The New York Times (10/10, Myre, 1.21M) reports Qatar, "which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between" Fatah and Hamas. The Times adds, "Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah." Qatar's "role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state" to meet separately with Qatari leaders. One expert said that "while Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role… Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago."

Videos Offensive To Muslims Pulled From Danish Web Sites. The Washington Post (10/10, A16, Olsen, 748K) reports, "Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East." Muslim clerics "from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps." A second drawing "placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud." The Post adds, "In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented."

Venezuela's Deficit Expected To Grow Despite Oil Revenue. The Wall Street Journal (10/10, A6, Gallegos, 2.03M) reports, "Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's

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accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures." Venezuela's oil industry "accounts for about one-third of gross domestic product and one-half of government revenue. 'We expect to see a deficit of $7.7 billion this year,' or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas."

Khartoum Rejects Arab League Offer Of Arab-Muslim Darfur Force. The Washington Post (10/9, A14, 748K) reports, "Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region." However, "Arab League diplomats said [Sudanese President Omar al-Bashir] rejected the initial proposal — as he has all suggestions of a U.N.-affiliated contingent, regardless of the makeup — but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than Western attempts to stop the humanitarian crisis." A key Arab League staffer "said the Arab negotiators believed the world community and the United States should also be flexible." The AP says this "new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of" UNSCR 1706. However, "the two sides are still far apart, however. And it was unclear how much leverage the Arab countries — close neighbors and supporters of Sudan's Arab-dominated regime — have or how strongly they intended to press."

Belgian Governing Party Loses Ground To Far-Right In Local Elections. The AP (10/9, Brand) notes, "Early results showed the party of [Belgian Prime Minister Guy Verhofstadt] giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected." The "biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats," with the former making "big gains in almost all the 308 municipal councils across the region of Flanders. The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants." Flemish Interest "expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class." However, "despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council."

Muslims Angry About Tape Aired On Danish Television. The New York Times (10/9, 1.21M) reports, "Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad. The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members." Muslim leaders in Denmark "condemned the video but said they would not be goaded into taking action."

Some US Retailers Strongly Opposed To Vietnam Trade Deal. USA Today (10/9, Lynch, 2.27M) reports, "An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers. The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say." Eric Autor, vice president of the National Retail Federation, said, "We're pretty upset." The Administration "wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit." But "Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills." In response, "trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of 'whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam,' said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the US Trade Representative."

Brookings Institution To Launch China Policy Center In Washington And Beijing. The Financial Times (10/9, Luce) reports, "The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing." It will be "funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years." Brookings :says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power."

China Said To Harass Dissidents Living In US. Fred Hiatt writes in the Washington Post (10/9, A17, 748K), "It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world. Less well known is that China feels so unconstrained that it is

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brazenly harassing dissidents in the suburbs of Washington, D.C., too." Hiatt adds, "Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents. … Surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison."

Putin Pledges Investigation Into Journalist's Murder. The Washington Post (10/10, A18, 748K) reports, "President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist," Anna Politkovskaya, "who was a fierce critic of Kremlin policy toward Chechnya." In a phone conversation, Putin "said that 'all necessary efforts will be made for an objective investigation into the tragic death' of Anna Politkovskaya, gunned down in an apparent contract killing Saturday." Putin's remarks "were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya."

Murder Of Journalist Jolts Russia. The Washington Post (10/9, A12, Finn, 748K) reports, "Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its 'particular importance and its wide resonance within society.'" The killing of Politkovskaya, "a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved."

The Washington Times (10/9, Mainville, 88K) says the killing "sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin." Russian Prosecutor General Yuri Chaika "took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's 'particular importance and its wide resonance within society.'"

The Wall Street Journal (10/9, Chazan, 2.03M) reports the killing "has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power. … Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved."

In an editorial, the Wall Street Journal (10/9, 2.03M) calls Politkovskaya "the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia." Garry Kasparov, also writing in the Wall Street Journal (10/9, 2.03M), says that "there is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power." This "is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world."

Anne Applebaum, in the Washington Post (10/9, A17, 748K), writes, "Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory."

In an editorial, the New York Times (10/10, 1.21M) says, "The murder of Ms. Politkovskaya -- like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system -0 had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others. It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem." But "the former KGB officer has presided over a systematic degrading of Russians' freedoms."

Security Council Endorses Ban Ki-Moon For UN Secretary General. ABC World News (10/9, story 4, 0:20, Gibson, 8.78M) reported on "a vote by the UN Security Council nominating South Korea's Foreign Minister to become the UN's next Secretary-General. He will replace Kofi Annan."

The Washington Post (10/10, A15, Lynch, Cho, 748K) reports, "A formal vote by the 192-member UN General Assembly is expected to confirm Ban's selection, perhaps within a week." Ban "has expressed a desire to play a far

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more active role in resolving the nuclear standoff with North Korea than" Kofi Annan.

The New York Times (10/10, Hoge, Choe, 1.21M) adds, "Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term." Ambassador Bolton remarked on the "appropriate juxtaposition" of Ban's nomination with Pyongyang's nuclear test, and said, "I can't think of a better way to show the difference in the progress that those two countries -- great progress in the South and great tragedy in the North." The Wall Street Journal/AP (10/10, A6) says Bolton "called Mr. Ban's selection 'a very significant event,' saying the United States looks forward to quick approval by the General Assembly."

The AP (10/10, Wadhams) reports, "Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy." Assistant Secretary McCormack "said in a statement that Ban 'is the right choice to lead the United Nations at this pivotal time in its history.'"

The Washington Times (10/10, Pisik, 88K) reports, "Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security." Emyr Jones Parry, Britain's UN ambassador, "praised Mr. Ban's 'very impressive credentials' and his 'vast and long diplomatic experience' in South Korea's foreign service." Jean-Marc de la Sabliere, France's UN ambassador, "praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa."

Somali Islamic Militia Declares Holy War Against Ethiopia. The Washington Times/AP (10/10, Nor) reports, "An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, UN-backed government. 'I urge all the Somali people to wage holy war against the Ethiopians,' said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle." He added, "Ethiopian troops have intentionally invaded our land. … We will counter them soon." His comments "came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town."

US-Funded Project For New Road In Tsunami Area Stalled. The New York Times (10/9, Perlez, 1.21M) reports from Keutepand, Indonesia, "A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery. Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance. … The patience of American officials is wearing thin," as they "complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves. Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon." American "officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that." But "instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say."

Olmert Government Said Not To Be "Doomed To Fall Just Yet." Fania Oz-Salzberger, director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa, writes in the Wall Street Journal (10/9, 2.03M) that Ehud Olmert's government "is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted." Olmert's government "is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the US, and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"The Future Looks A Lot More Diverse."
"Pirating Songs Of Praise."
"Google Bets Big On Videos."
"World Condemns North Korea."
"Even If Device Was Flawed, Test Crossed A Threshold."
"Decoding The Levels Of Danger."

USA Today:
"Google Cues Up With YouTube."
"Condemnation Swift, But Options Are Limited."
"Scandal Pushes Voters To Dems."

New York Times:
"North Korea Declares Nuclear Test."
"For U.S., A Strategic Jolt After North Korea's Test."
"Dot-Com Boom Echoed In Deal To Buy YouTube."
"As Religious Programs Expand, Disputes Rise Over Tax Breaks."
"F.B.I. Struggling To Reinvent Itself To Fight Terror."
"A History Of Sex With Students, Unchallenged Over The Years."

Washington Post:
"U.S. Urges Sanctions On North Korea."
"Poll Shows Strong Shift Of Support To Democrats."
"Allen, Webb In Slashing, Wide-Ranging Debate."
"Google Gambles On Web Video."
"Playing Through Pain? Not For Kids."
"GOP Officials Brace For Loss Of Seven to 30 House Seats."
"North Korea Declares Nuclear Test."

Washington Times:
"U.S. Doubts Korean Test Was Nuclear."
"Elrich Hits O'Malley Strategy."
"Google , You Tube To Join Web Forces."
"Evangelist's Heir To Pulpit Leads His First U.S. Crusade."

Detroit Free Press:
"Schools Chief Tried To get Work For His Pal."
"Win One For The Skipper."
"As Goes Allen park, So Goes Rest Of The State."
"World Reacts To north Korean Threat."

Atlanta Journal-Constitution:
"Booming Expectations Arrival Of 300 Million American May Reflect Our Nation's Challenging Face."
"'A Provocative Act.'"
"For Elderly Free Repairs No Bargain."
"Google Shells Out $1.63 Billon For Hip Video Site YouTube."

Houston Chronicle:
"U.S. Urges Sanctions."
"Google Predicts A Hit With YouTube."
"Iraq Envoy Says Now Isn't Time To Withdraw."
"Houstonians' Health Plan Cost headed Higher Still."
"Dewhurst: School Debrillators Should Be Law."

Story Lineup From Last Night's Network News:
ABC: North Korea Nuclear Test; Nuclear Test Reaction; Who Is Kim Jong-Il?; New Secretary General; Foley Investigation; Campaign 2006; Iraq-Sectarian Violence; Google Buys YouTube; Food Safety E. Coli Scare; Amish School Shooting; Brothers Off To War.
CBS: North Korea Nuclear Test; Nuclear Test Reaction; North Korea; New Nuclear Power; Google Buys YouTube; Safe Foods-E Coli Scare; Student Gunman At Middle School; Foley Aftermath; Iraq-Sectarian Violence; Katrina Vandenheuvel-Opinion; Playtime Fun.
NBC: North Korea Nuclear Test; Nuclear Test Reaction; New Nuclear Power; Iraq-Sectarian Violence; Foley Investigation; Campaign 2006-Foley Aftermath; Free Play Time; Study Of Pain; Google Buys Youtube; Google Buys YouTube.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-Nuclear Test; Continental Airlines Flight Diverted; MO-Attempted School Shooting; Wall Street.
CBS: North Korea-Nuclear Test; CBS News/NYTimes Poll; Google-YouTube Purchase.
NPR: North Korea-Nuclear Test; Taiwan-Demonstrations; Google-YouTube Purchase; ComAir-Pay Cuts; CA-Lettuce Recall.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with President Alan Garcia Perez of Peru; participates in a panel on school safety. National 4-H Conference Center, Chevy Chase; attends Mac Collins for Congress reception, Macon Centreplex, Macon, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at swearing in ceremony for Mark Dybul as US Global AIDS Coordinator, State Department; speaks at the White House Conference on School Safety, National 4-H Center, Chevy Chase.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRESIDENT ALAN GARCIA PEREZ OF PERU _ Highlights: 9:10 a.m. Meets with President Bush, White House; 11:30 a.m. Meets with USTR Susan Schwab. Peruvian Embassy, closed press; 12 p.m. Speaks to the Institute for International Economics. 1750 Massachusetts Ave. NW. RSVP required.

MONEY LAUNDERING _ American Bankers Association/American Bar Association Money Laundering Enforcement Conference. Highlights: 11:45 a.m. Treasury

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Undersecretary for Terrorism and Financial Intelligence Stuart Levey; Location: Marriott Wardman Park Hotel, Marriott Salons 1, 2, 3, 2660 Woodley Road NW.

ARMY ASSOCIATION _ The Association of the United States Army holds its 2006 Annual Meeting & Exposition. Highlights: 9 a.m. ILW Contemporary Military Forum, ``Sustaining the All-Volunteer Force." Lead speaker is Daniel B. Denning, assistant secretary of the Army for manpower and reserve affairs. 11 a.m. Northrop Grumman holds a media briefing Hunter and Fire Scout unmanned aerial vehicle programs. Room 2. Event contact: 310-553-6262. 11:30 a.m. Dwight David Eisenhower reception and luncheon. Speaker: Gen. Peter J Schoonmaker. Location: Washington Convention Center.

UGANDA _ 10 a.m. Two-day event to demand U.S. action to end the 20-year war in Northern Uganda. Highlights: 12:30 p.m. News conference with Sen. Mary Landrieu. Senate Swamp.

RETIREMENT SECURITY _ The American Council for Capital Formation releases two studies on annuity markets and macroeconomic implications of annuity purchases by the Baby Boom generation. Highlights: 1:30 p.m. Panel discussion on annuities, with Douglas Holtz-Eakin of the Council on Foreign Relations, others. National Press Club.

SCHOOL SAFETY _ 8:30 a.m. - 2:15 p.m. The White House sponsors a conference on school safety. Highlights: 8:40 a.m. Session on preventing violence in schools with Attorney General Gonzales. 9:50 a.m. Session on prepared schools and communities, with Education Secretary Spellings. 12 p.m. Session on helping communities heal and recover, with Education Secretary Spellings. 12:30 p.m. First lady's remarks. 1:15 p.m. Panel discussion on working together to make schools safe, with President Bush, Attorney General Gonzales and Secretary Spellings. Location: National 4-H Youth Conference Center, 7100 Connecticut Ave., Chevy Chase.

WINTER FUELS OUTLOOK _ 8:30 a.m. - 3 p.m. The Energy Information Administration hosts the 2006-2007 Winter Fuels Outlook Conference. Highlights: 8:45 a.m. Winter Weather Forecast by Michael Halpert, Head of Forecast Operations, Climate Prediction Center, National Oceanic and Atmospheric Administration. 9:05 a.m. World Oil Overview by Frank A. Verrastro, Director and Senior Fellow, Energy Program Center for Strategic and International Studies. 9:50 a.m. EIA 2006-2007 Winter Heating Fuels Overview by Guy Caruso, Administrator, Energy Information Administration. 12:15 p.m. Keynote luncheon address by Kevin Kolevar, Director, Office of Electricity Delivery and Energy Reliability, U.S. Department of Energy. 2:15 p.m. Presentation on Department of Homeland Securitys National Infrastructure Protection Plan. Location: Marriott at Metro Center, 775 12th St. NW.

IMMIGRATION _ 9 a.m. The Center for Strategic and International Studies holds a discussion on issues behind the immigration debate, with Jeffrey Passel of the Pew Hispanic Center, Lindsay Powell of Georgetown University, Sidney Weintraub of CSIS, and Armand Peschard-Sverdrup of CSIS. Location: B-1 conference level, 1800 K St. NW.

SUDAN _ 9 a.m. The School of Advanced International Studies holds a Program ``Sudan: Sovereignty and the Responsibility to Protect," with David Philips, executive director of the Elie Wiesel Foundation for Humanity, and Jason Small, deputy director of policy for the State Departments Office of Sudan Programs Group in the Bureau of African Affairs. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

SPENDING OVERSIGHT _ 9:30 a.m. OMB Watch and the Center for Responsive Politics hold a press conference to announce and demonstrate new Web-based spending oversight tools to help reporters and the public to track government spending and increase congressional accountability. Location: National Press Club, Lisagor Room.

MILITARY RETENTION _ 11:15 a.m. David S. Chu, the under secretary of defense for personnel and readiness holds a briefing to provide an end of fiscal year update on recruiting and retention in the military services. Location: Pentagon briefing room.

HEALTHCARE _ 12 a.m. - 1:30 p.m. Former Senator John Breaux johns David Kendall, Senior Fellow for Health Policy and Director of the Health Priorities Project, Progressive Policy Institute; Peter Pitts, Director of the Center for Medicine in the Public Interest; and Professor James A. Thurber, Director, Center for Congressional and Presidential Studies, American University for a lunch forum as part of Breaux's ``Ceasefire on Health Care" campaign. Location: American University, Butler Ballroom, Butler Pavilion, 6th floor.

PORTMAN _ 12 p.m. OMB Director Rob Portman speaks to the Center for Strategic Tax Reform on the economy, tax relief and the budget. Location: Metropolitan Club, 1700 H St. NW.

UGANDA _ 12:30 p.m. Sen. Mary L. Landrieu, D-La., joins Rep. Chris Smith, R-N.J., the Africa Faith and Justice Network and some of the more than 700 people on Capitol Hill to urge peace in northern Uganda. Location: Senate swamp site.

NASA-MARS MISSION _ 1 p.m. - 4 p.m. NASA officials will be available to exchange information and receive public comments about the recently released Draft Environmental Impact Statement for the proposed Mars Science Laboratory mission. Under the proposed action, NASA would build a Mars mobile rover powered by a multi-mission radioisotope thermoelectric generator. An alternative mission would be powered by solar arrays. Location: Hyatt Regency Capitol

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Hill, Congressional 'A' Conference Room, 400 New Jersey Ave NW.

INFRASTRUCTURE _ 1:30 p.m. Homeland Security Secretary Chertoff and Undersecretary for Preparednesss George Foresman address the National Infrastructure Advisory Commission. Location: National Press Club.

US-EUROPE _ 5 p.m. The School of Advanced International Studies holds a discussion on ``Why Did the Bush Administration Shift Its Approach Toward Europe?'' with Robert Hutchings, lecturer and diplomat-in-residence at the Woodrow Wilson School of Public and International Affairs at Princeton University, Karen Donfried, senior director of policy programs at the German Marshall Fund, and Daniel Hamilton, director of the SAIS Center for Transatlantic Relations. Location: Auditorium, 1619 Massachusetts Ave. NW.

SCHWAB _ 6:30 p.m. USTR Susan Schwab speaks at the National Foreign Trade Council dinner. Location: Corcoran Gallery.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

Documents: CIA Warned Of Plane Bomb Plot (MH)

By Andrew O. Selsky

The Miami Herald, October 10, 2006

SAN JUAN, Puerto Rico - An anti-Castro militant now in a Texas jail warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document.

The document shows that Luis Posada Carriles - who had worked for the CIA but was cut off by the agency earlier that year - was secretly telling the CIA that his fellow far-right Cuban exiles opposed to Fidel Castro's communist government were plotting to bring down a commercial jet.

The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday.

The CIA had extensive contacts with anti-Castro militants and trained some of them, but has denied involvement in the bombing.

The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University that seeks to declassify government files through the Freedom of Information Act.

The Cubana Airlines plane, on a flight from Venezuela to Cuba, blew up shortly after taking off from a stopover in Barbados on Oct. 6, 1976, killing all 73 aboard, including Cuba's Olympic fencing team.

The bombing remains an open wound in Cuba. Weeping relatives of the victims met in a Havana cemetery on Friday, the 30th anniversary of the bombing. They demanded that Posada - who is now 78 and in a Texas detention center on an immigration violation - be put on trial.

Venezuelan President Hugo Chavez is seeking the extradition of Posada, a naturalized Venezuelan who served as the country's counterintelligence chief. He accuses the U.S. government of protecting a terrorist.

The National Security Archive's Peter Kornbluh urged the U.S. government to tell everything it knows about Posada.

"Now is the time for the government to come clean on Posada's covert past and his involvement in international terrorism," Kornbluh said. "His victims, the public, and the courts have a right to know."

Separating deception from truth in the intelligence world is notoriously difficult, and the newly released documents contain mixed messages about Posada. Much remains murky.

In a report dated a month after the bombing, then FBI Director Clarence Kelly told Secretary of State Henry Kissinger that a confidential FBI source ascertained the bombing had been planned in Caracas by Posada, Venezuelan intelligence agency official Ricardo Morales Navarrete and Cuban exile Frank Castro, who is not related to the Cuban leader.

Two Venezuelan employees of Posada's private security agency were arrested in Trinidad the day after the bombing, and one of them - who said he had worked for the CIA - admitted the two had planted the bomb, documents posted by the National Security Archive show.

Posada trained with the CIA for the 1961 Bay of Pigs invasion and served in the U.S. Army in the early 1960s. In 1965, he allegedly plotted to overthrow the Guatemalan government and blow up a Soviet or Cuban freighter in Mexico, according to the FBI. In 1967, he moved to Venezuela, eventually leading its counterintelligence agency, and was running his own security firm in the mid-1970s.

In 1973, Posada was investigated by the CIA for allegedly smuggling cocaine, but was cleared after he convinced interrogators he was "guilty of only having the wrong kind of friends," a declassified document says. The same document says the CIA "formally terminated" its relationship with him on Feb. 13, 1976.

Yet Posada still contacted the agency.

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"After 2/76 contacts with (deleted by censors) were at Posada's own initiative to volunteer information in exchange for assistance U.S. visa for self and family," said the document, an annotated list of still-secret records on Posada's CIA career that was marked "sanitized."

It tells how Posada contacted the CIA in February 1976 to describe an assassination plot by Orlando Bosch and Frank Castro, two fellow right-wing Cuban exiles, against leftist Andres Pascal Allende, the nephew of slain Chilean President Salvador Allende. Posada worried that his allies would discover he was giving up their secrets.

"Posada concerned that Bosch will blame Posada for leak of plans," the report says. Andres Allende was not assassinated, and it is unclear whether the Cuban exiles ever made an attempt on his life.

Then, four months later, Posada came back to tell of a sinister plot to blow up an airliner.

On June 22, 1976, "Posada again contacts (deleted by censor) reptd info concerning possible exile plans to blow up Cubana Airliner leaving Panama and requested visa assistacne," read the document, filled with typographical errors.

Shortly after, a bomb aboard a Cubana Airlines plane leaving Panama failed to detonate, and the following month, a bomb in a suitcase exploded before being loaded onto a Cubana plane leaving Jamaica, according to a confidential State Department memo previously posted by the National Security Archive.

The day after the Cubana Airlines flight was bombed near Barbados, the CIA tried unsuccessfully to contact Posada, according to the annotated list. Five days later, Posada was arrested in Venezuela. He denied involvement in the bombing and escaped from prison in 1985 before a civilian trial was completed.

Allegations that he masterminded mass murder did not keep U.S. covert operatives from hiring Posada again. Within months, he was delivering weapons to Nicaraguan Contra rebels in an illegal Reagan administration operation. Posada also acknowledged, and then denied, a role in Havana hotel bombings in 1997 that killed a tourist.

And in 2000, Posada was arrested for allegedly plotting to assassinate Castro during a summit in Panama. He was pardoned in 2004 by then Panamanian President Mireya Moscoso.

Posada was detained in Florida in May 2005 for entering the United States illegally. A U.S. immigration judge has ruled that he cannot be sent to Cuba or Venezuela, citing fears that he would be tortured.

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On the Net:

National Security Archive: http://www.gwu.edu/nsarchiv/

Castro Foe Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 10, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

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"The fight against terrorism cannot be fought à la carte," said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. "A terrorist is a terrorist."

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as "an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites."

Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

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"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

"Mostly nature scenes," Mr. Soto said. "He's seen a lot of those."

Way Radical, Dude (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, October 9, 2006

Now Playing: Video Games With an Islamist Twist

A new video game lets players kill President Bush. It's called "Quest for Bush." It looks a lot like a game that hit the market three years ago, called "Quest for Saddam."

In the venerable shoot-'em-up genre, who's the hero and who's the enemy depends on who's programming the game.

"Quest for Bush," a.k.a. "Night of Bush Capturing," is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. Armed with a rifle, a shotgun or a grenade launcher, players navigate various missions that include "Jihad Growing Up," "Americans' Hell" and "Bush Hunted Like a Rat." In the final stage, you fight Bush.

It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles. Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history.

"There's a very interesting tit-for-tat going on here, a weird kind of dialogue," says Ed Halter, author of the book "From Sun Tzu to Xbox: War and Video Games," published in May, and a contributing writer for the Village Voice. "And what's disconcerting about it is that the conversation is often reduced to the lowest common denominator of violent action in games, which is in a way very reflective of the overall way things are going right now in real life."

Radwan Kasmiya, a 31-year-old gamer, can't stand titles such as "Counter-Strike," "Close Combat: First to Fight" and "America's Army," the free online game -- with more than 7.5 million users -- released in 2002 by the U.S. Army to help bolster recruitment.

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"We're the terrorist, the enemy, in these games," says Kasmiya. He runs the Syria-based Afkar Media, one of a handful of struggling commercial game publishers in the Islamic world. Speaking on the phone from his Damascus office, he's quick to distinguish his games from "Quest for Bush," which has been downloaded a few thousand times on the Internet. Two clips on the video-sharing site YouTube.com have been viewed nearly 11,000 times. "Nothing but propaganda," he says of that game. He's played it, he says, and calls it "hateful."

"UnderAsh," released by Afkar Media in 2002, views the first intifada from the eyes of Ahmad, a Palestinian teenager resisting the Israeli occupation. Last year a sequel was released. A teaser to "UnderSiege," which tells the stories of five Palestinian families during the second intifada, shows a Palestinian teenager being shot on the street; an Israeli soldier appears to pound him with a concrete block seconds later. "Our games are not propaganda," Kasmiya says. "Our games are a reflection of our history -- past or present. The fact is, most movies, most TV shows, most video games put Muslims in a bad light, so we have to try to tell our side of the story."

Retired Maj. Chris Chambers, deputy director of the Army Game Project, insists "America's Army" doesn't "pick on a single enemy." The country is at war, he says, and the terrorists depicted in "America's Army" come from "all over the world," including the Middle East. "There's no focus on one particular region or one particular people," says Chambers, who helped design the game.

But as with anything, people are free to interpret the game any way they want, he adds.

One of the first Islamic games to gain attention in the Middle East is a free online game called "The Stone Throwers," says Halter. It was created by a Syrian medical student and released in 2000, weeks after the start of the second intifada. According to its Web site, the game is "dedicated to those who lost their lives for the homeland and all those who are fighting for freedom." Other game publishers such as Techniat 3D and Imaginations -- the former based in Syria, the latter in the United Arab Emirates -- developed fantasy-based adventure games such as "Zoya" and "Legend of Zord." But both companies folded in the past five years, unable to find a sizable audience in the Middle East, where piracy is commonplace and U.S.-made games are popular, Kasmiya says. None of these games -- free or not -- have been purchased or downloaded "more than a few thousand times," he adds.

The Washington-based Middle East Media Research Institute, a nonpartisan group that translates Arabic language television and Web sites, says that in June, Sheik Nabil Al-Awadhi, who has a weekly show on the Kuwaiti channel Al-Rai TV called "Sa'at Saraha" ("An Hour of Sincerity"), spoke of the need for Islamic games that compete with Western games. He also suggested developing a game in which the Muslim player "slaughters the Jews and liberates the Al-Aqsa Mosque." In the West, they turn their wars against Muslims into games, he said, and Muslims should do the same.

Dennis McCauley, who runs the blog Gamepolitics.com, says: "There is a game design war taking place, at least in the sense that today's games are a mass communications vehicle for reaching young people. The Defense Department distributes 'America's Army' for free as both a recruiting tool and a way to market the image of our armed forces. The game is hugely popular. It's no surprise that Islamic extremists are trying to achieve the same goal and imitate that success."

This past summer, the Union of Islamic Student Societies, an Iranian political group, announced that it was developing a game -- as a retort to a U.S.-made game. Last year, the New York-based Kuma Games released a free online game called "Assault on Iran," in which players take on the role of a U.S. Special Forces soldier trying to destroy Iran's nukes. In the Iranian group's game, set for release this March, a fictional "Commander Bahman" fights U.S. Special Forces and rescues Iranian atomic scientists. In response to that response, Keith Halper, head of Kuma Games, said his company will create a sequel to the Iranian-made game from the United States' point of view.

"It's propaganda, but it's also a form of debate," Halper says. "We have made a point, they have responded."

The gunplay in "Quest for Bush" is crude, akin to "Doom," the godfather of shoot-'em-up games. The goal is to kill. It's in English and Arabic and takes about 30 minutes to play. In the beginning, the player goes around what looks like a U.S. military camp, with walls plastered with photos of President Bush, Secretary of Defense Donald Rumsfeld and British Prime Minister Tony Blair, among others.

"Quest for Bush" is a "mod"-- or modification -- of "Quest for Saddam," released by the California-based Petrilla Entertainment in 2003 for $14.95. The company sold about 3,000 copies of the game.

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"They say imitation is the highest form of flattery. But I'm not flattered," says Jesse Petrilla, who created "Quest for Saddam." Last year he founded the United American Committee, a political action group that has used techniques such as hanging Osama bin Laden in effigy in front of a mosque in Culver City, Calif. He says his group seeks to remind Americans of "the threat that radical Islam poses to all of us."

His latest response in this gaming war, says the 23-year-old, is to make "Quest for Saddam" free for players.

HOMELAND RESPONSE:

Treasury Weighs Broader Scrutiny Of Wire Transfers (WSJ)

By Damian Paletta

The Wall Street Journal, October 10, 2006

WASHINGTON -- The Treasury Department, amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year.

Financial institutions are required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide.

A senior Treasury Department official said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing.

Robert Werner, director of the Financial Crimes Enforcement Network, said his agency has sent the review on to Treasury Department officials and is waiting for a determination from Mr. Paulson. "Based on the work we've done, it's clear there is value" in this information, Mr. Werner said after a speech to the American Bankers Association. "The money trail is just going to be that much more robust."

The banking industry has objected to the planned data-collection regime. Now, banks and wire-transfer companies have to retain wire-transfer information only in case the government asks for it later. The new program would require companies to directly send information about each wire transfer to the government.

Mr. Werner said any program would take into account complaints registered by the banking industry. Specifically, banks have said that a massive government program could make it difficult to protect the privacy of each wire-transfer customer. It also could become costly for banks to comply with such a program, the banking industry has said.

"Our feasibility study will outline these issues and propose an approach for addressing them," Mr. Werner said.

An announcement from the Treasury Department regarding the program could come in the next few weeks.

Mr. Werner said the proposed program would be different from an existing program that allows the government to monitor thousands of wire transfers for links to terrorism through a database in Belgium, known as Swift.

Homeland Security Bill Helps 9/11 Lawsuits (WT)

By Shaun Waterman, United Press International

The Washington Times, October 9, 2006

A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system.

Section 525 of the conference report that is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA).

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The regulations, says the report, should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide "a rational reason," which will "identify and describe the specific risk to the national transportation system."

The regulations should also include a mechanism for SSI to be made available in civil court cases if the judge determines it is needed and if the party needing it cannot get it elsewhere without "undue hardship." The lawmakers say they "expect that a party will be able to demonstrate undue hardship to the judge if equivalent information is not available in one month's time."

To get access to the information, plaintiff's lawyers will have to pass a background check of criminal and terrorism-suspect watchlists like that any aviation worker with access to the information would require, according to the report. The language still allows officials to block the court's access to SSI, if they can "demonstrate" that it "presents a risk of harm to the nation."

The new law instructs Mr. Chertoff to report back to the Appropriations committees within 120 days on his compliance.

The provision was welcomed by relatives of victims of the September 11 attacks. Family members who support the lawsuits have long contended that the TSA is using restrictions on information to hide the culpability of the airlines and the federal authorities.

"We call on TSA to comply fully with both the letter and the spirit of this new law," said Alice Hoagland, mother of Mark Bingham.

Her son was one of the United Airlines Flight 93 passengers who stormed the cockpit, preventing the hijackers from striking their intended target -- thought to have been either the White House or the Capitol.

"This is information about a defunct aviation system," said former Federal Aviation Administration Special Agent Brian Sullivan of the documents that TSA is trying to protect. He accused officials of "protecting the FAA from embarrassment and the airlines from liability."

About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the U.S. District Court of New York. The plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks.

WAR NEWS:

G.O.P.'s Baker Hints Iraq Plan Needs Change (NYT)

By David E. Sanger

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to "stay the course," and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria.

"I believe in talking to your enemies," he said in an interview on the ABC News program "This Week," noting that he made 15 trips to Damascus, the Syrian capital, while serving Mr. Bush's father as secretary of state.

"It's got to be hard-nosed, it's got to be determined," Mr. Baker said. "You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Mr. Bush refused to deal with Iran until this spring, when he said the United States would join negotiations with Tehran if it suspended enriching nuclear fuel. Iran has so far refused. Contacts with both Syria and North Korea have also been sharply limited.

But the "Iraq Study Group," created by Mr. Baker last March with the encouragement of some members of Congress to come up with new ideas on Iraq strategy, has already talked to some representatives of Iran and Syria about Iraq's future, he said.

His comments Sunday offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. "I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of 'stay the course' and 'cut and run,' " Mr. Baker said.

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He explicitly rejected a rapid withdrawal from Iraq, saying that would invite Iran, Syria and "even our friends in the gulf" to fill the power vacuum. He also dismissed, as largely unworkable, a proposal by Senator Joseph R. Biden Jr., the ranking Democrat on the Senate Foreign Relations Committee, to decentralize Iraq and give the country's three major sectarian groups, the Kurds, Shiites and Sunnis, their own regions, distributing oil revenue to all. Mr. Baker said he had concluded "there's no way to draw lines" in Iraq's major cities, where ethnic groups are intermingled.

According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance.

"He's a very loyal Republican, and you won't see him go against Bush," said a colleague of Mr. Baker, who asked not to be identified because the study group is keeping a low profile before it formally issues recommendations. "But he feels that the yearning for some responsible way out which would not damage American interests is palpable, and the frustration level is exceedingly high."

At 76, Mr. Baker still enjoys a reputation as one of Washington's craftiest bureaucratic operators and as a trusted adviser of the Bush family, which has enlisted his help for some of its deepest crises, including the second President Bush's effort to win the vote recount in Florida after the 2000 presidential election. Mr. Baker served as White House chief of staff, as well as secretary of state under the first President Bush.

Andrew H. Card Jr., President Bush's former chief of staff, acknowledged recently that he had twice suggested that Mr. Baker would be a good replacement for Secretary of Defense Donald H. Rumsfeld. Mr. Bush rejected that advice, and some associates of Mr. Baker say they do not believe he is interested, at his age, in taking the job, which could put him in the position of having to carry out his group's advice.

Those proposals — which he has said must be both bipartisan and unanimous — could very well give Mr. Bush some political latitude, should he decide to adopt strategies that he had once rejected, like setting deadlines for a phased withdrawal of American forces.

Given his extraordinary loyalty to the Bush family — Mr. Baker was present on Saturday at the formal christening of a new aircraft carrier named for the first President Bush — it was notable on Sunday that Mr. Baker also joined the growing number of Republicans who are trying to create some space between themselves and the White House.

On Sunday, on "This Week," Mr. Baker was shown a video of the Republican chairman of the Senate Armed Services Committee, Senator John W. Warner of Virginia, who said last week that Iraq was "drifting sideways" and urged consideration of a "change of course" if the Iraqi government could not restore order in two or three months. The American ambassador to Iraq, Zalmay Khalilzad, has offered a similar warning to the Iraqi government.

Asked if he agreed with that timetable, Mr. Baker said, "Yes, absolutely. And we're taking a look at other alternatives."

The Iraq Study Group, created with the reluctant blessing of the White House, includes notable Republicans and Democrats, among them William J. Perry, a former defense secretary under President Clinton; former Mayor Rudolph W. Giuliani of New York; the former Supreme Court justice Sandra Day O'Connor; and Vernon E. Jordan Jr., a longtime civil rights leader. Mr. Baker's Democratic co-chairman is Lee H. Hamilton, the former Congressman who once served as the chairman of the House Foreign Affairs Committee and was co-chairman of the 9/11 commission.

In interviews, members of the study group have privately expressed concern that within months, whatever course the group recommended could be overtaken by the chaos in Iraq. "I think the big question is whether we can come up with something before it's too late," one member said late last month, after the group had met in Washington to assess its conclusions after a trip to Baghdad. "There's a real sense that the clock is ticking, that Bush is desperate for a change, but no one in the White House can bring themselves to say so with this election coming."

Like other members, he declined to speak on the record, saying public comments should come only from Mr. Baker or Mr. Hamilton.

Several members said they were struck during their visit to Baghdad by how many Americans based there — political and intelligence officers as well as members of the military — said they feared that the United States was stuck between two bad

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alternatives: pulling back and watching sectarian violence soar, or remaining a crucial part of the new effort to secure Baghdad, at the cost of much higher American casualties.

It was a measure of how much the situation had deteriorated that only one member of the group, former Senator Charles S. Robb of Virginia, ventured beyond the protected walls of the Green Zone, the American and government center of Baghdad. The study group is just now finishing its interviews, and Mr. Baker has not yet begun to draft the report, members said.

Some who have already met with the group, like Mr. Biden, who may seek the Democratic nomination for president, have emerged saying they think their ideas are being heard. On Friday, Mr. Biden said he thought he saw "heads nodding up and down" about his ideas on creating autonomous regions of the country, but Mr. Baker made clear on Sunday that he was not among them.

"Experts on Iraq have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

Mr. Baker has been critical of how the Bush administration conducted post-invasion operations, and he has not backed away from statements he made in his 1995 memoir, in which he described opposing the ouster of Saddam Hussein after the Persian Gulf war in 1991. In the book, he said he feared that such action might lead to a civil war, "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

On Sunday, the interviewer, George Stephanopoulos, said, "It's exactly what's happened now, isn't it?" Mr. Baker replied, "A lot of it."

Baker Predicts 'Civil War' If Iraq Divided (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, October 9, 2006

Iraq Study Group co-chairman James A. Baker III yesterday denied reports suggesting that his government-advisory group would recommend breaking up Iraq along ethnic lines, saying such a move could "trigger a huge civil war."

At the same time, Mr. Baker, who was secretary of state during the 1990-91 Persian Gulf War, agreed with assessments that Iraq has about "two or three months" to improve its security situation.

During an appearance yesterday on ABC's "This Week," Mr. Baker was asked whether a proposal by Sen. Joseph R. Biden Jr. for breaking up Iraq into semiautonomous regions is supported by members of the Iraq Study Group.

Mr. Biden, Delaware Democrat, recently told "This Week" moderator George Stephanopoulos that "he saw a lot of heads nodding in agreement" when he presented his plan to the group.

"A lot of the people we've talked to, particularly experts on Iraq, have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, "The Kurds already effectively have their own area. The federalisation of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

However, Mr. Baker appeared to reject such a proposal yesterday.

"There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq," Mr. Baker said. "And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

However, Mr. Baker also said his group has not rejected Mr. Biden's proposal.

"We haven't rejected a lot of suggestions. We simply haven't concluded our report yet."

During an appearance on CNN's "Late Edition" yesterday, Mr. Biden said his plan was more reasonable than Mr. Bush's Iraq strategy.

"I'm not a person calling for cut and run. The president of the United States has not given the military commanders all they've needed," Mr. Biden said.

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"The fact of the matter is, everyone from John Warner on," he said referring to the Republican chairman of the Senate Armed Services Committee, "knows there's a need for radical change in policy and a political settlement here. There needs to be a political solution."

After his recent trip to Baghdad, Mr. Warner, Virginia Republican, said, "In two to three months' time, if this thing hasn't come to fruition and this government [is not] able to function, I think it's a responsibility of our government internally to determine: Is there a change of course we should take?"

Although the Iraq Study Group is holding its findings until after the November elections, Mr. Baker has said he does not think an immediate withdrawal of U.S. forces from Iraq should be under consideration.

"I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," Mr. Baker said. "Every neighboring country would be involved in there, doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

A Capital Gumshoe Hits It Big (USNEWS)

By Liz Halloran

U.S. News and World Report, October 16, 2006

On its face, it looked like a Washington version of a "did not, did so" schoolyard standoff. But the stakes were a whole lot higher. At issue are the assertions in Bob Woodward's new book about what Bush administration officials knew about the terrorists' plans in the months leading up to 9/11.

Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting described in Woodward's State of Deial-a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA "on or around" that date-and added that she had instructed her staff to pass on the CIA's information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld.

Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal. "When Bob Woodward speaks," says John Walcott, chief of the McClatchy newspaper chain's Washington bureau, "the secretary of state has to respond."

Though it was overshadowed last week by the evolving congressional page scandal, the new book was instantly a No. 1 bestseller, like 10 of the 14 books he has either written or coauthored. Unlike his past two books on the Bush administration, State of Denial takes an unsparing look at the administration's bungled post-invasion policy in Iraq. "This is a do-over," said commentator Arianna Huffington, who is among those who say Woodward's reputation was damaged by his previous favorable "Bush at war" books. "He wants to make it appear that he hasn't changed, the facts on the ground have changed. That's simply not true." Woodward has responded to such criticism by saying his latest round of reporting simply turned up new information.

Hot topics. Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. There have been several illuminating books published in the past year about the Bush administration's prosecution of the war in Iraq-from Ron Suskind's One Percent Doctrine to Thomas Ricks's Fiasco: The American Military Adventure in Iraq. But only Woodward's drew a White House press-release rebuttal.

The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context. Woodward was given access to President Bush and other top officials for his first two books on the administration, but he was refused interviews with the president for State of Denial. (The administration has said it believed Woodward had an agenda.) Some dramatic scenes Woodward reported in previous books-a teary Richard Nixon praying with Secretary of State Henry Kissinger; CIA Director William Casey's deathbed admission of the Iran-contra scheme-have been questioned.

There are other criticisms, as well. Thomas Edsall, a retired Washington Post reporter now teaching at Columbia School of Journalism and writing for the New Republic, says his former colleague, along with some reporters for other A-list newspapers, has ready access to high-level government officials but often fails to check their accounts of events with secondary and tertiary sources.

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Old-fashioned. Woodward calls such criticisms unfounded. "I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names," he said last week. "This book makes me feel good about old-fashioned, straight journalism." Woodward defended his past glowing characterizations of the Bush administration as describing their actions during a different time. But he says he feels he erred in his earlier reporting on Rumsfeld, who comes off very poorly in State of Denial. "I should have looked at him sooner," he said.

Even his sternest critics, however, give Woodward credit for his work ethic and determination, his keen interviewing skill, his exhaustive knowledge of the nation's capital and how it works, and for not harboring a political agenda.

So what's Woodward's next book likely to be? "For the country's sake," he said, "I hope it's Bush at Peace." Whatever it is, it almost certainly will be a bestseller that will kick off yet another spirited dissection of one of the nation's most famous journalists.

Secret Iraq Meeting Included Journalists (NYT)

By Julie Bosman

The New York Times, October 9, 2006

It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, "State of Denial," he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11.

What was more unusual, Mr. Woodward reveals, was the presence of journalists at the meeting. Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened.

While members of policy research groups often dispense advice to administration officials, journalists do not typically attend secret meetings or help compile government reports. Indeed, many Washington journalists complain that the current administration keeps them at an unhealthy distance.

Mr. Zakaria takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced.

"I thought it was a brainstorming session," he said. "I was never told that there was going to be a document summarizing our views and I have never seen such a document." (Mr. Woodward wrote that the report, which supported the invasion of Iraq, caused Mr. Bush to focus on the "malignancy" of the Middle East situation.)

Mr. Kaplan said much of the meeting was spent drafting and reworking the document, which in the end carried the names of all 12 participants and was "a forceful summary of some of the best pro-war arguments at the time." Could any of the participants have been unaware there was a document in the making? "No, that's not possible," he said.

Mr. Kaplan, who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because "everybody was in a patriotic fervor."

Mr. Zakaria said he felt participating was appropriate because his views, as a columnist for Newsweek, were public, although he has never divulged his involvement to his readers.

"My column is an analytical column," he said, adding that he gives advice to policy makers and elected officials: "If a senator calls me up and asks me what should we do in Iraq, I'm happy to talk to him." JULIE BOSMAN

Death Squads Online (NSWK)

By Christian Caryl And Michael Hastings, Newsweek

Newsweek, October 9, 2006

As if things weren't bad enough, now Iraq's sectarian butchers are posting their execution lists on the Internet.

Not long ago, Mohammed Kika found out that his name had appeared on a London-based Web site run by Sunni exiles from Iraq. The Baghdad man was accused of betraying other Sunnis to a Shiite militia in the mixed neighborhood of Mansour, receiving a $200 bounty for each one he identified. The posting even disclosed the name of the barbershop where Kika could be

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found. He ran for his life, friends and family told NEWSWEEK. At first he hid out in the Shiite neighborhood of Karrada, and then he fled the country.

Iraq's sectarian war is spreading onto the Web. Some Iraqis, like Kika, have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. (NEWSWEEK has found at least eight of these sites, but we have decided not to publish their Web addresses.) The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites. "Some of the Web sites can be used to catch spies by tracking their movements," he told NEWSWEEK.

Rising sectarian violence has become the No. 1 threat to Iraq's stability, with more than 2,500 Iraqis killed violently in September. Much of the killing is linked to death squads in Iraq's heavily Shiite police force, an agency that would scarcely exist without U.S. training and funding. Last week the U.S. military removed an entire Iraqi national police brigade from duty after American soldiers received reports that the unit was involved in death-squad activities. Military investigators are tracing possible links to the notorious Mahdi Army militia, which is believed to be running Shiite death squads in Baghdad. Efforts to build a reliable Iraqi police force seem nearly hopeless anyway: this summer alone the Interior Ministry reportedly fired at least 1,700 bad cops.

And the violence in the streets keeps getting nastier. Until recently, death threats in Iraq arrived the old-fashioned way—a flier found on a family's doorstep, warning them to leave the neighborhood or suffer the consequences. Now Iraq's sectarian killers have discovered the anonymity and long reach of the Internet.

Sunni sites provide Arabic-speaking users with a place to swap information—true or not—about alleged collaborators with Shiite death squads in Baghdad. One site's Iraqi correspondents write in with news and views—as well as exposés of corrupt officials or snitches alleged to be aiding the death squads. One of the site's organizers, Ali Ahmad, denies that he promotes violence with his site, and says he just "publishes information to fill a vacuum that the authorities can't. People can't go to the police," says the 48-year-old, an Iraqi exile and British citizen. Last week the site published a warning "not to go to the Ministry of Higher Education to accept fellowships, because it is a trap by a death squad." Another site lists more than 300 names, birthdays and locations of suspected Shiite militia members. Shiites have sites of their own, where believers are urged to avenge suicide car-bomb attacks by slaughtering Sunnis. "Let's torture them and don't be silent," wrote one recent poster.

The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues. One post last week offered advice to members of the Mahdi Army on how to avoid capture by U.S. forces. "Don't wear black," the writer advised, referring to the standard Mahdi Army uniform. Other tips: "Hide your weapons," don't stand in groups, and "never admit you're a member of the militia." Just what Iraq needs: online hints for sectarian butchers.

Arrest Made In Iraq Food Poisoning Case (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, October 10, 2006

Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional.

Brig. Qassim al-Moussawi, a senior spokesman for the Iraqi military, denied that anyone had died after Sunday's evening meal breaking the daily Ramadan fast.

On Sunday night, an official in the Environment Ministry, Jassim al-Atwan, said 11 policemen had died. Wasit provincial Gov. Hamad al-Latif said "hundreds of soldiers were poisoned" at the police base in Numaniyah, but nobody had died.

Al-Moussawi put the number of poisoned policemen at 350 to 400, but said only four victims were hospitalized.

"A number of people have been arrested, including the man in charge of the mess hall," al-Moussawi said.

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He said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely."

The stronger possibility, he said, is that it was "intentional sabotage."

Al-Latif said the base's food and water are supplied by an Australian contractor working through Iraqi subcontractors. He did not identify the Australian company. The food is prepared elsewhere and brought to the base.

Al-Moussawi said the contractors, workers at the location where the food is prepared and others were under investigation, but would not say how many had been detained.

Sunni insurgents fighting the police and military have not been known to use poison as a weapon. The afflicted policemen belong to the 4th Division of the National Police, whose officers are mainly Shiites.

The division normally operates around the town of Salman Pak on the southeastern outskirts of Baghdad — an area of intense Shiite-Sunni fighting.

The division was sent to the base in Numaniyah, 60 miles southeast of the capital, for further training.

Poisoning Suspected After Hundreds Fall Ill At Iraqi Post (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 10, 2006

Officers Had Just Broken Ramadan Fast

BAGHDAD, Oct. 9 -- Hundreds of Iraqi army and police officers became violently ill after breaking their Ramadan fast Sunday evening at a base in southern Iraq, in what authorities are investigating as a possible mass poisoning attack.

At least 10 people died and 1,200 were sickened at a base in Numaniyah after eating a chicken dinner that may have been laced with cyanide, according to recruits and an army colonel with knowledge of the investigation. He said the food was undergoing laboratory tests.

Brig. Gen. Qassim al-Moussawi, a spokesman for the Iraqi armed forces, said the head of the base's mess hall and several other employees there had been arrested. But he said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died.

The U.S. military announced the deaths of four troops, a soldier who was killed Monday morning by small-arms fire in eastern Baghdad and three Marines assigned to Regimental Combat Team 7 who were killed Sunday in Anbar province, the volatile Sunni insurgent stronghold.

In the southern city Diwaniyah, clashes continued Monday between U.S. troops and militiamen loyal to Shiite cleric and political leader Moqtada al-Sadr. The two sides battled a day earlier in a skirmish that the American military said left 30 militiamen dead.

Abdul Razaq al-Nadawi, the head of Sadr's office in Diwaniyah, said three people were killed at sunset when an American convoy tried to arrest a cleric loyal to Sadr. Members of Sadr's Mahdi Army responded by detonating a roadside bomb and opening fire on the convoy.

Earlier in the day, armed men connected with the Mahdi Army attacked an Iraqi police checkpoint in the northern part of the city, killing 12 officers and wounding three others, according to Brig. Gen. Hazim Mohammed Ameen of the Interior Ministry. He said joint Iraqi-American patrols cordoned off the area and all roads leading into the city and arrested 20 suspected fighters.

In Baghdad, armed men assassinated the brother of Vice President Tariq al-Hashimi, one of the country's most prominent Sunni Arab politicians. The killing of Amir al-Hashimi makes him the third sibling of Hashimi to be assassinated this year.

Also in the capital, armed men in four pickup trucks without license plates kidnapped 11 Iraqi soldiers at a checkpoint in Sadr City, the sprawling Shiite Muslim slum, Ameen said.

The genocide trial of deposed president Saddam Hussein resumed Monday after a two-week break, with a 31-year-old Kurdish woman accusing Hussein's regime of burying her family alive. Prosecutors have accused Hussein of trying to annihilate the country's Kurdish population during the 1980s.

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In Diyala province, northeast of Baghdad, statements were distributed threatening widespread violence and civil disobedience if the government does not remove the commander of the 5th Iraqi Army Division and bring him to court for unspecified crimes allegedly committed during a military operation last week.

The statements, signed by "the Mujaheddin of Diyala," said that if these demands were not met, they would fire rockets and mortars at government buildings, force the closure of all schools, bar government officials from going to work and shutter all gas stations.

"And we call on all citizens who were robbed of any valuables to submit a complaint to the criminal court in the province," the statement concluded, "and they will find honorable, honest judges there who will give them back their rights."

Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Meal Sickens Hundreds Of Iraqi Police Recruits (LAT)

By Doug Smith And Zeena Kareem

The Los Angeles Times, October 10, 2006

BAGHDAD — Several hundred Iraqi police recruits were being treated today in an outbreak of severe food poisoning that triggered a mutinous episode in southern Iraq, and the capital was shaken by the assassination of the vice president's brother.

Officials in Numaniyah, about 75 miles southeast of Baghdad, said disorder broke out at a military base there today, the day after the recruits became ill. Angry recruits stoned the car of their commander. FOR THE RECORD:

'Iraq Food Poisoning': The chronology of events involving a food poisoning incident in Iraq have been corrected from an earlier online version of the story. —

Authorities said they had not yet established that the food poisoning, which broke out Sunday evening, was intentional. However, several people connected with the base dining facility were arrested, including the food supplier, military spokesman Brig. Gen. Khasim Mosawi said in a televised news conference.

Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date.

About 350 of the soldiers remained in two local hospitals today, officials said.

The soldiers began to collapse in pain Sunday while doing field drills after eating the large evening meal that breaks the day's fasting during the holy month of Ramadan.

"I thought someone hiding somewhere was sniping at them with a silencer," said a base security official who would only give the name Ali.

Soldiers who did not eat the evening meal were not sickened, officials said.

Several members of the Wasit provincial council and the mayor of Numaniyah, who all asked not to be named out of fear for their safety, said they had received complaints from soldiers about abuse by Col. Amer Flaih Hasoon Dulaimi, commander of the 1,800-member National Police brigade.

They said the colonel publicly reproached the recruits after they celebrated the birth date of one of the Muslim imams with a meal and the singing of religious anthems.

In Baghdad, meanwhile, armed men arriving in a convoy of about 10 vehicles stormed the house of Amer Hashimi, killed him and his guards and kidnapped his son. Hashimi was the eldest brother of Vice President Tariq Hashimi, a top-ranking Sunni Arab politician.

Some of the attackers wore uniforms and others were in civilian clothes, a spokesman for the Iraqi Interior Ministry said.

Amer Hashimi was the third sibling of the vice president to be assassinated. Their sister, Maysoon Hashimi, was killed along with her driver in April, two weeks after a brother, Mahmoud Hashimi, was killed while driving with friends.

Amer Hashimi was an officer in Saddam Hussein's army and became the army's chief of staff from April to September 2004. He and four subordinates were dismissed after the assassination of a high-ranking officer in the Defense Ministry.

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Sunni political leaders said they held the government of Prime Minister Nouri Maliki responsible for the killing because it had failed to bring Shiite Muslim militias under control. The militias have been widely accused of carrying out killings of minority Sunnis.

"What makes us wonder, is that why they make promises about the militias that they can't fulfill?" said Saleem Abdullah of the Iraqi Accordance Front. "Every time we think there is a solution it disappears."

The trial of former dictator Saddam Hussein resumed today after a nearly two-week recess. During testimony, a Kurdish woman accused the deposed government of burying her family alive after destroying her village, rounding up men, women and children and herding them into camps where they were tortured and left hungry and exposed to the elements.

"I want you to ask Saddam Hussein a question," the Kurdish woman said while testifying from behind a curtain in a heavily protected Baghdad courtroom. "What was the guilt of the women and children?"

The woman, who was 13 at the time of a large-scale counterinsurgency operation carried out by Hussein's forces in 1988, added, "I know what happened to my family. They were buried alive."

Hussein's defense attorneys again boycotted the trial, objecting to the court's decision to remove the first judge in case, who was widely perceived by Shiites and Kurds as too lenient toward the former president and the defense.

In addition to four witnesses, the prosecution presented identification cards of Kurdish victims of the 1988 campaign discovered in mass grave sites in southern Iraq. Though Iraqi security forces tried to seize the identification cards during the roundup of suspects, some victims managed to hide them on their person and smuggle them to their graves, giving forensic scientists valuable clues in building up the case.

In other developments today:

The U.S. military reported the deaths of three Marines and two Army soldiers. The Marines were killed by enemy fire in Al Anbar province in western Iraq. The soldier was killed by small-arms fire in Baghdad. Their names were not released.

Parliament set a vote for Wednesday on implementation of a federal system to transfer power from Baghdad to the provinces. The parliament will be choosing between four competing plans.

Disturbances continued in the southern city of Diwaniya where the U.S. Army said it killed 30 militants in a firefight Saturday, said Shiekh Abdul-Razaq Nadawi, manager of Shiite cleric Muqtada Sadr's office in the city. He said American forces raided a mosque attempting to arrest Sheik Khudair Ansari, a leader in Sadr moment in the city. The Americans withdrew after clashing with worshippers, several of whom were injured, he said.

Besides Hashimi, at least 35 violent deaths were reported in Baghdad and elsewhere in Iraq.

Eleven 11 Iraqi soldiers were reported kidnapped in a dawn raid on a checkpoint in a Sadr stronghold in the Baghdad neighborhood of Sadr City.

U.S. Gains In Parts Of Iraq In Jeopardy (WP/AP)

By Antonio Castaneda

The Washington Post/AP, October 10, 2006

BAGHDAD, Iraq -- For months, soldiers from the 172nd Stryker Brigade fought in riverside towns of western Iraq, trying to clamp off the flow of foreign fighters and suicide bombers that commanders said were terrorizing Baghdad. Now hundreds of these same U.S. soldiers have been sent to deal with what U.S. officials say is an even greater threat _ rising attacks between Sunnis and Shiites in the capital itself.

Left behind in the dusty towns along the Euphrates River in Anbar province are fewer U.S. troops _ and fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated.

"Seeing the fruits of your labor lost is frustrating," said Capt. David Ramirez of the 4th Squadron, 14th Cavalry Regiment, who was sent to Baghdad from western Iraq.

The shift from Anbar to Baghdad underscores the problems facing the overstretched, 140,000-strong U.S. military force in Iraq.

To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq.

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"We do not have sufficient troop strength to secure the entire country simultaneously," Andrew Krepinevich, a military analyst, said in an e-mail to The Associated Press. "Trying to be strong everywhere will lead us to being strong nowhere."

Krepinevich said he had personally recommended drawing down forces in western Anbar to U.S. Ambassador Zalmay Khalilzad and Vice President Dick Cheney's staff.

Lt. Gen. Peter Chiarelli, the No. 2 commander in Iraq, defended the new strategy, saying it was necessary to "winning the main effort" in Baghdad.

Chiarelli insisted the troops were moved from the less violent parts of Anbar province.

However, four Marines were killed July 29 by a suicide truck bombing in Rawah even as U.S. soldiers were pulling out of that area.

Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina and includes notoriously violent cities such as Haditha, Rawah and Haqlaniyah.

"Any time you reduce forces it's a concern," said Marine Lt. Col. Norm Cooling, commander of the 3rd Battalion, 3rd Regiment which is scattered across western Anbar.

Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war.

The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west from using the U.S. military drawdown there to gain strength.

About a third of the 102 U.S. troops who have died in Iraq since Sept. 1 have been killed in Anbar, according to Pentagon reports.

"Where we're not, the insurgency goes there. That's just how an insurgency works," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., who was among those relocated to Baghdad.

U.S. commanders have also said that the reshuffling of forces makes it difficult to build trust among civilians and convince them to cooperate with American forces.

For example, five different U.S. units were based in the western city of Hit last year.

"It's been like a transient area" in Hit, said Lt. Col. Ronald Gridley, the executive officer for Marine Regimental Combat Team 7.

"In a counterinsurgency," he said recently, "you can't throw someone in there for 45 days and expect them to understand the communities, the different tribes, the different personalities involved."

Iraq Fuel Shortages Buoy Separatists' Stance (WSJ)

By Philip Shishkin

The Wall Street Journal, October 10, 2006

Kurds in North Seek Solutions, Serve as Model for Southern Shiites; Sunnis Fear Being Shut Out

ERBIL, Iraq -- As governor of Erbil province in northern Iraq's Kurdish autonomous region, Nawzad Hadi Mawlood has spent months rationing fuel among public transport, government cars and -- supplies permitting -- regular motorists, whom he says he may have to advise to refrain from driving altogether.

The recurrent shortages are draining Kurdish officials' patience with the central government, which they accuse of fumbling fuel imports. Fuel interruptions also are aggravating the wider debate over how Iraq's abundant oil supplies are divided among its factionalized regions, and the resolution could determine whether the country splinters. In Baghdad last week, Secretary of State Condoleezza Rice said "oil needs to be a unifying factor."

But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. The Kurds' frustrations -- and ambitions -- are summed up by Ashti Hawrami, their newly appointed energy minister: "We are supposed to be an oil country, and we have this? Baghdad is failing us. We could do a better job."

The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is

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increasingly alarmed by Kurdistan's oil moves, fearful of being cut out of oil income that is currently apportioned by the central government.

When the central government's oil minister questioned the validity of exploration contracts signed by the Kurdistan regional government, Nechirwan Barzani, the region's prime minister, offered a strong response: "I resent [the oil minister's] efforts to sabotage investment in Kurdistan's oil sector. He would better spend his time getting his ministry working rather than tearing down our achievements." Mr. Barzani then warned that if Baghdad continues to impinge on the Kurdish region's autonomy, the Kurds may consider seceding from Iraq.

The thirst for independent fuel supplies -- and the broader autonomy that implies -- could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern.

While Iraq is among the world's largest oil producers, the country's refineries, often targeted by insurgents, can't keep up with the domestic demand for refined petroleum products, such as gasoline. So Iraq's State Oil Marketing Organization uses the crude-oil revenue to buy the shortfall from foreign suppliers, including Turkey, which has no oil reserves of its own but fields a vibrant refining industry.

Hobbled by the insurgency and poor management, Iraq's oil production stood at two million barrels a day in August, lower than the pre-invasion level of two and a half million barrels in February of 2003, according to the International Energy Agency. SOMO has been struggling to manage the oil trade, held back in part by obsolete technology.

Last year and early this year, SOMO ran up a debt of $980 million importing refined-petroleum products from Turkey, says Falah al-Amri, its director. Tanker trucks that used to stream across the border between Turkey and Northern Iraq stopped earlier this year, worsening the gasoline shortage.

Sirwan Osman, who drives a taxi in the Iraqi Kurdish city of Suleimania, often spends several days in a row living out of his battered cab as it inches its way through a giant gas line. As the shortage goes on, Iraqi Kurds are getting angry at their leaders.

The fuel crisis added urgency to Kurdish efforts to craft oil policies that would leave their region less reliant on the vagaries of Baghdad's oil management. "Unfortunately, the funding for fuel purchases is still in the hands of the federal authorities," Mr. Hawrami, Iraqi Kurdistan's oil minister, said in a recent email, warning that the fuel situation could become worse as the harsh winter approaches. He adds that the Kurds are planning to build two refineries to prevent similar crises in the future.

Those refineries would augment the region's nascent oil infrastructure that is gradually taking shape. Iraqi Kurdistan has no producing oil fields, but it has signed contracts with several foreign companies -- including Norway's DNO ASA, Genel Enerji of Turkey and Addax Petroleum Corp. of Canada -- to drill for oil. The first crude production could begin as early as next year. It is those contracts that provided fodder for a bitter dispute between Mr. Barzani and Iraq's oil ministry in Baghdad.

Iraq's constitution, approved in a referendum last year, is intentionally vague on how oil revenue should be allocated. Income distribution from existing fields is the purview of the federal government in Baghdad, but management of future discoveries isn't explicitly regulated by the constitution, allowing Iraqi Kurdistan to claim that authority for itself.

"We have the right to conduct new oil searches," says Mr. Mawlood, the Erbil governor.

The new petroleum law enacted by the regional Parliament says future oil revenue will be shared with Baghdad only on a voluntary basis. Iraqi Kurds also hope voters in the ethnically mixed, oil-rich province of Kirkuk will decide in a referendum next year to join Iraqi Kurdistan. Sunni Arabs worry that the loss of Kirkuk could deprive them of crucial oil revenue and further damage national unity.

Turkey, which has a problem with its own restive -- and sizable -- Kurdish minority, fears the annexation of Kirkuk could further stoke Kurdish separatism throughout the region. Northern Iraq has already become a safe heaven for bands of Kurdish guerrillas who stage attacks across the Turkish border.

Iraqi Kurdish officials, who depend on Turkey for refined petroleum products and other imports, suspect their neighbor is using its trade leverage to thwart the region's moves toward greater autonomy.

Mr. Mawlood says the fuel shipments from Turkey stopped not only for financial reasons, but because the Turkish government is trying to punish Iraqi Kurdistan for harboring anti-Turkey guerrillas and for making moves on Kirkuk, home not only to the Kurds, but also to Sunni Arabs and to Turkomans, who are ethnically linked to Turks.

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A Turkish trade official says shipments were curtailed only because of the Iraqis' debts, and once the payments resume, so will the flow of gasoline to Iraq. Mr. Amri, head of SOMO, says he is working hard with Turkish counterparts to pay the arrears through an installment plan.

Witness In Saddam Trial Details Abuse (USAT/AP)

USA Today, October 10, 2006

BAGHDAD — The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed.

Saddam and his six co-defendants are on trial for offenses allegedly committed against Iraqi Kurds during a crackdown in the late 1980s. If convicted, the defendants could be sentenced to death by hanging.

One woman, who testified behind a curtain and whose name was withheld apparently for fear of reprisal, told the court she was 13 years old when she was detained during the crackdown.

The woman said Iraqi troops destroyed her village in northern Iraq in 1988 and that she and some family members were imprisoned in southern Iraq.

A prison warden she identified as Hajaj "used to drag women, their hands and feet shackled, and leave them in scorching sun for several hours," she told the court.

"Soldiers used to watch us bathe," she added, saying the guards would also fire weapons over the women's heads as they washed.

The woman said several relatives disappeared during the offensive. "I know the fate of my family. They were buried alive," she testified.

The prosecution presented the court with documents showing that remains of the women's relatives turned up in a mass grave.

"I'd like to ask Saddam: 'What crime did women and children commit?' " the witness told the court.

Saddam has insisted that the crackdown, known as Operation Anfal, was directed against Kurdish rebels who were allied with Iran in the 1980-88 Iran-Iraq War.

The prosecution maintains that about 180,000 people, most of them civilians, were killed in the crackdown, during which Iraq forces used poison gas against Kurdish villages.

In other Iraq news:

•The brother of Iraqi Vice President Tariq al-Hashimi was assassinated Monday when gunmen wearing military uniforms broke into his north Baghdad home, said Brig. Qassim al-Moussawi, a military spokesman.

Lt. Gen. Amir al-Hashimi, a Defense Ministry adviser, was the third of the politician's four siblings to be slain this year. The vice president's sister and another brother were killed within two weeks of each other in April.

•Iraqi authorities arrested the head of the mess hall at a base in the southern town of Numaniyah, where up to 400 policemen suffered food poisoning at a Ramadan meal.

Al-Moussawi said the poisoning was likely intentional, though he did not rule out that spoiled food was used in the meal. The policemen — mainly Shiites — fell ill after eating their iftar, the meal that ends the sunrise-to-sunset fast in the holy month of Ramadan. The Iraqi contractor hired to provide food for the base and other people also were detained, al-Moussawi said.

•A car bomb ripped through a market in a Shiite district of Baghdad, killing at least 10 people and wounding 23.

•Gunmen kidnapped 11 policemen in an assault on their checkpoint in Sadr City, a Baghdad neighborhood dominated by the Mahdi Army, the country's most powerful Shiite militia.

Rules Of Engagement: What Were They At Haditha? (CSM)

By Richard Whittle

The Christian Science Monitor, October 10, 2006

WASHINGTON

On the morning of Nov. 19, 2005, after a roadside bomb killed a young US marine driving a Humvee through Haditha, Iraq, marines in his unit killed as many as 24 civilians.

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It's not clear why. The marines say they were fired upon. Iraqi witnesses say the marines went on a rampage. Now, as the marines await possible charges, a key question is: Were they following their rules of combat? These "rules of engagement" are under increasing scrutiny as American and civilian losses mount in Iraq.

The Haditha incident and other alleged atrocities by US troops in Iraq posed "some questions about leadership, about whether the military has done all that it can do to make it clear to troops on the ground what they're entitled to do," says John Sifton, a lawyer with Human Rights Watch, based in New York.

If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. "It's clear that that is the direction one must take," says attorney Gary Myers, if it's proved his client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation.

Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted "reasonably," even if they killed civilians, military law experts say.

"No soldier or marine is going to be tried for an honest mistake," says Gary Solis, a former Marine Corps lawyer who teaches the law of war at Georgetown University in Washington.

But if the marines knowingly gunned down innocent civilians, no rules of engagement would condone such behavior, experts say. Lt. Gen. James Mattis, commander of the 1st Marine Expeditionary Force at Camp Pendleton, Calif., is expected to decide in coming weeks whether to bring charges against any of the marines. Vary from war zone to war zone

Rules of engagement tell troops when they can apply force. They can vary from war zone to war zone, operation to operation, and even mission to mission. They're usually set by "combatant commanders" - those in charge of an entire region, such as Gen. John Abizaid, head of US forces in the Middle East. But some rules must be approved by the secretary of Defense or even the president.

In conflicts like the one in Iraq, applying the rules can be difficult, especially when troops must make split-second decisions. Sometimes, the rules even allow troops to shoot at civilians, if they can't be distinguished as such and appear to pose a threat.

The rules stem from the Joint Chiefs' Standing Rules of Engagement, which are based on laws of war that bar harming unarmed civilians who can be identified as such, says Lt. Col. John "Jay" Mannle, a Marine Corps lawyer. But firing on a car that contains civilians yet fails to slow or stop for a checkpoint - something US troops have done often in Iraq - is justified if those firing have a "reasonable" belief the car is a threat, he adds.

During the November 2004 battle of Fallujah, marines - including some from the unit under suspicion in Haditha - tossed hand grenades into houses or rooms where they believed insurgents to be. That's the tactic that was used in Haditha, too, according to Staff Sgt. Frank Wuterich, who led the squad accused of the killing.

In court papers filed last summer, Sergeant Wuterich said the squad - made up of about 10 marines - went into the houses after taking fire from them and accidentally killed the civilians while clearing rooms with grenades and rifles. (The papers were part of Wuterich's defamation lawsuit against Rep. John Murtha (D) of Pennsylvania, who said in May that the marines killed those civilians in cold blood.)

Residents of Fallujah, however, had been told to leave the city before US and allied forces went in, according to Mr. Solis of Georgetown. Anyone who didn't was regarded as hostile, and US forces were authorized to fire on them. No such warning had been issued in Haditha.

Iraqi witnesses in Haditha claim the marines went on a rampage after a roadside bomb killed Lance Cpl. Miguel Terrazas. The Iraqis say the marines killed four students when the young men happened upon the scene in a taxi, then massacred civilians in nearby houses, including women and children.

Human Rights Watch has asked the Pentagon for copies of the rules of engagement used in Iraq, and the American Civil Liberties Union has filed Freedom of Information Act requests seeking them, but rules of engagement are often classified. "We don't want to tell the bad guys what we might do," says Lt. Col. Scott Fazekas, a Marine Corps spokesman.

Such rules are usually general, Solis says, and, in any event, "are not tactical instructions on how to proceed in a combat situation." Practice and reminders

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Troops are instructed on the rules and practice using them during predeployment training. How such training is conducted falls to unit commanders to decide. Before going into combat, troops also are issued unclassified "ROE cards" as a reminder of the key rules.

The cards are next to useless, says Lt. Col. David "Bo" Bolgiano, an Air Force Reserve lawyer and former Baltimore police officer who teaches a course in rules of engagement to members of the military. Troops in combat "are not going to have time to consult them," he says. In any event, problems arise not from the rules "but rather their application," he adds, which makes training in how to respond to potential threats the key.

Generally speaking, "the rules are pretty simple," he says. Troops may respond "with force - to include deadly force - to an imminent threat of death or serious bodily harm."

Although defense lawyers are likely to use rules of engagement as a justification if Haditha charges are brought, the outcome is more likely to turn on the facts surrounding the killings, says retired Army Lt. Col. Geoffrey Corn, who teaches at South Texas College of Law in Houston.

If the civilians were killed by mistake as the marines went after insurgents, he said, the legal question is whether the mistake "was a reasonable one."

"The discipline of a military force in battle is built around the core principle that killing on the battlefield is not just permitted, it's required," Colonel Corn said. "But not all killings are justified."

The Realities Of Trying To Rebuild Iraq (WP)

By Dan Senor

The Washington Post, October 10, 2006

A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. Given that the article has prompted some senators to call for a government investigation into the hiring practices of the Coalition Provisional Authority (CPA), it's important to correct the record.

Chandrasekaran's thesis is that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq. In pinning the shortcomings of the reconstruction effort on the mishaps of a handful of low-level political appointees, he virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts.

His book makes no mention, for example, of Richard Jones, who was the CPA's chief of policy and Ambassador Paul Bremer's top deputy. A career diplomat, Jones had served as President Bill Clinton's ambassador to Lebanon and Kazakhstan, and he was ambassador to Kuwait when he relocated to Baghdad. He was at the center of practically every decision and every meeting about the Iraqi political process from the moment he arrived. Indeed, during the first major crisis in Fallujah, Jones was the CPA's lead negotiator with the city's Sunni leadership, as was reported widely.

Nor does Chandrasekaran discuss Ryan Crocker, a striking omission since Chandrasekaran once described Crocker as Bremer's "top political aide" [news story, July 13, 2003]. Crocker, the senior State Department official with responsibility for Iraq before the war, led the CPA's political reconstruction team. A fluent Arabic speaker widely regarded as among the State Department's most distinguished Arabists, Crocker had served as ambassador to Syria and Kuwait under Clinton. He is a consummate professional diplomat, neither inexperienced nor an ideologue. And he was extraordinarily influential in the early months of the occupation; along with Bremer and senior British envoy John Sawers (another Middle East expert, who had come to the CPA from his post as ambassador to Egypt), Crocker played the most influential role in selecting the Iraqi Governing Council in July 2003. But reading Chandrasekaran's book, you would be left with the impression that Crocker had nothing to with Iraq -- he does not even get a mention.

Chandrasekaran ignores countless other CPA leaders who also fail to substantiate his one-sided thesis, including Gen. Keith Kellogg, the CPA's chief of operations. Kellogg is a retired lieutenant general whose 32-year Army career included two tours in Vietnam and service as the 82nd Airborne Division's chief of staff during Operations Desert Shield and Desert Storm. He was succeeded by Vice Adm. Scott Redd, who served as director of strategic plans and policy for the Joint Chiefs of Staff under Clinton.

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David Oliver, the CPA's budget director, does appear in the book. But Chandrasekaran curiously omits any description of Oliver's background. Oliver, a retired Navy rear admiral, had served as a principal deputy undersecretary of defense for Clinton, and by the time he was sent to Baghdad he had already taken a role as a public and financial supporter of one of the Democratic candidates challenging President Bush in 2004. Other prominent Democrats recruited to work in Iraq included former Clinton senior defense official Walt Slocombe and constitutional experts Noah Feldman and Larry Diamond -- both of whom had publicly opposed the decision to go to war in Iraq.

Most of the CPA's senior officials came from the career ranks of the State Department or the military and had served in Republican and Democratic administrations. And whatever the politics of the non-career staff, the majority -- at all levels of the organization -- were dedicated and hardworking and risked their lives to serve.

That said, there is no question that CPA staffers, both senior and junior aides, made mistakes. And there were certainly some positions that were filled by less than perfect matches, as one would expect when a willingness to relocate to a war zone was a key criterion. But a fairer book would have simply critiqued our policy decisions without getting into personal attacks and lopsided analysis.

Speaking of policy, Chandrasekaran argues that the CPA should have listened more to professional civil servants and State Department Arabists. Yet his book concludes that the formal occupation of Iraq was itself America's biggest mistake. Instead of creating the CPA, he argues, the Bush administration should have moved quickly after Saddam Hussein's fall to empower a fully sovereign Iraqi government.

But that is precisely the policy that was vociferously opposed by the State Department's Middle East experts in the months leading up to the war. As Chandrasekaran himself points out earlier in the book, the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account.

The truth is that both approaches would have been problematic. So, too, was the compromise solution sought by Bremer. But in a country as complicated as Iraq, there were no simple answers at hand. It's unfortunate that instead of acknowledging the depths and ambiguities of the problem, Chandrasekaran chose to shoehorn carefully selected facts into a thesis that often seems all too pat.

The writer, who was based in Baghdad from April 2003 to June 2004, served as a senior adviser to the Coalition Provisional Authority.

Punctuated By Life And Death (WP)

By Richard Cohen

The Washington Post, October 10, 2006

On the day that The Post carried a story about how President Bush had characterized the present difficult period in Iraq as "just a comma," Matt Mendelsohn called me. He is a photographer who took the pictures for a new book by his brother Daniel, "The Lost." It is an attempt to find out what happened to six members of the Mendelsohn family who perished in the Holocaust -- the family of great-uncle Shmiel Jager, "killed by the Nazis," of which almost nothing else was known. There: You went right by it. Shmiel lived between the commas.

In between those commas, of course, is the life of a man. He was scared and he was brave, he was proud and he was shamed, he headed a family and ran a business and then hid from the Nazis until he, along with four daughters and his wife, was betrayed and shot right on the spot. Don't think of the bullet as a period. It was, worse, a comma.

So Daniel Mendelsohn set out to expand the commas, to push them open and let in a life. From what the reviewers say, he succeeded brilliantly, so when someone says that 6 million Jews died in the Holocaust or if someone mentions Auschwitz, you can understand that it is not a number that died but a person who was murdered. I say that also about Rwanda in 1994, or what happened to the Armenians in Turkey in 1915, or what is happening in Darfur today.

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Commas imprison us all. You see them in the headlines of obituaries: Joseph Smith, accountant, 81; Mildred Jones, housewife, 87; Frank Miller, longtime resident, dies. The brevity of it all, the compression of a life into a clause, is appalling, yet an unalterable fact. This is the way not just of newspapers but of history, too. You come across the mention of a war -- the Crimean, the Civil, the Vietnam, the Boer, the Algerian -- and then, like a cemetery dangling from two commas, comes a mention of the number of dead. They get the same prominence -- sometimes less -- as the amount of ordnance used or ships sunk or airplanes built.

Wars are fought with commas. They are essential. Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection. Still, he could not live without the succor of cliches: breaking eggs to make an omelet and all of that. In between his commas are all those broken eggs. As yet, there is no omelet.

Not too long ago, I embraced the commas myself. I favored this idiotic war because I thought that the deaths of some would improve -- even save -- the lives of many. I likened the about-to-die soldiers to firemen or cops, the people we summon to risk or lose their lives for the common good. I had the common good in mind when I supported the war, and I did not expect much space between the commas. Now, the space expands and expands, one comma marching away from the other. It seems we will need room for all of Iraq.

When he was alive, I didn't much care for Menachem Begin, the hard-line Israeli prime minister. But when he retired after the 1982 war in Lebanon and showed his grief, my view of him changed. He was despondent over all the lives wasted, and he went into seclusion. For Begin, somehow, the commas evaporated and the immensity of his mistake pitched him into a depression relieved only by death. Other world leaders, in similar circumstances, join consulting firms. The bigger their mistakes, it appears, the higher their fees.

Most of us yearn to escape our commas, to become something more than a profession (longtime lawyer) or resident (Washington native), to make our mark on the world. A president who has ineptly waged a foolish war instead seeks the solace of commas. It is not so much where he has deposited the wounded and dead but where he hopes he can hide from history. It can't be done, though: George W. Bush comma -- and then his failure in Iraq. The comma is his epitaph.

Bomb Kills Top Leaders Of Local Afghan District (NYT)

By Carlotta Gall

The New York Times, October 10, 2006

KABUL, Afghanistan, Oct. 9 — Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said.

The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province, as well as a driver and a bodyguard, a police spokesman, Col. Ghafoor Khan, said by telephone. Four policemen riding in the back of the pickup were wounded in the explosion.

The men were traveling to Kharawan, a village in the district, to investigate the burning of its school the previous night, Colonel Khan said. Khogyani, a mountainous district bordering Pakistan, is an area of insurgent activity. American and Afghan police officers and border troops had surrounded the village and were searching for suspects, but detained no one, Colonel Khan said.

NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours, according to a NATO news statement released in Kabul. The Afghan Defense Ministry said there were also clashes on Sunday in Helmand, a neighboring province.

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NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month, after the Taliban suffered a heavy defeat in Kandahar Province, in the south. They predicted the insurgents would switch to lower-level, guerrilla-style tactics like suicide bombs and roadside explosions.

The British commander of NATO troops in Afghanistan, Lt. Gen. David Richards, urged the government and Western donors to step in quickly to benefit from the relative lull in combat and deliver rapid assistance to the people of the south, warning that if residents did not see any benefits in the next six months they would turn to support the Taliban.

General Richards, who took overall command of foreign troops in Afghanistan last week, left for Pakistan on Monday to meet military officials and President Pervez Musharraf. According to the British newspaper The Sunday Times, he planned to present Pakistan with evidence that the Taliban leadership was working out of Quetta, in Pakistan.

CORPORATE SCANDALS:

Dunn Calls Allegations In HP Scandal A 'myth' (USAT)

By Del Jones And Michelle Kessler, Usa Today

USA Today, October 9, 2006

Former chairman declares innocence on '60 Minutes'

Former Hewlett-Packard chairman Patricia Dunn, facing charges of approving the practice of using private investigators to obtain the phone records of HP's board of directors, went on 60 Minutes Sunday to say she was innocent.

"The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth," she said. "It's a falsehood. It's a damaging lie."

Dunn, 53, has late-stage ovarian cancer and less than a 70% chance of living five years. She said her lawyers approved the 60 Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer.

The charges, filed in state court, allege that investigators working for HP impersonated board members and reporters to obtain their phone records without their consent, a practice known as pretexting. Dunn was aware the records were obtained under false pretenses, the attorney general alleged.

Dunn became HP's chairman in 2005 at a time when members of the board were leaking confidential information to the press regarding mergers and other sensitive topics. Those leaks destroyed trust on the board, Dunn said.

She said she approved investigating the board to find the leak but that she relied on HP lawyers to ensure everything was done legally. Dunn is one of five charged. HP declined to comment on 60 Minutes.

When asked if using pretexting was not at least unethical, Dunn said that people who sit on boards give up a lot of privacy. "Your life is much more an open book," she said. Dunn said it was wrong for HP to get reporters' records but that she did not learn that had happened until last month.

On the same 60 Minutes program, former HP CEO Carly Fiorina said that she was "shocked" by the depth and range of tactics used in the scandal, and shocked to learn that she may have been a target.

She implied that her firing was an act of sexism. Asked if a man would have been fired in the same manner, Fiorina said: "Somehow, men understand other men's need for respect differently than they understand it for a woman. I'm disappointed to have to say that, but I think it's undeniably true."

Fiorina said there were no "normal business reasons" for her firing. "I can only conclude that it was personal in some way."

Dunn said her cancer has made her philosophical and that being charged with crimes is not the worst thing that can happen.

"The Golden Gate Bridge is always out there," she said with a laugh during the interview.

"I have a story to tell," she said. "I need people to understand what happened, and I'm glad to have the chance to do it."

Boardroom Duel Behind H-P Chairman's Fall, Clash With A Powerful Director (WSJ)

By George Anders And Alan Murray

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The Wall Street Journal, October 9, 2006

PALO ALTO, Calif. -- Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins.

They argued over how the board should be run. He has called her a "stickler for process and procedure." She says he was a "controller." For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries.

They even bickered over Mr. Perkins's steamy novel, "Sex and the Single Zillionaire," which he wrote with the encouragement of his ex-wife Danielle Steel. The 74-year-old Mr. Perkins says he jokingly called for all H-P employees to buy the book. Ms. Dunn, 53, says she didn't hear anything playful in his tone and vetoed that plan. When Ms. Dunn told Mr. Perkins at a party that the book "isn't my thing," he angrily accused her of embarrassing him in public.

At heated moments, two witnesses say, Mr. Perkins would declare in front of board members: "We need a new chairman." Ms. Dunn says at other times he would poke her in the clavicle and say: "I made you chairman." Mr. Perkins's actions were, in the words of another director, former Medtronic Inc. executive Robert Ryan, "chairman abuse."

The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks.

TRACKING THE SCANDAL

A cache of internal H-P documents and emails shed light on the company's media-leak probe. In one email exchange1, former H-P ethics lawyer Kevin Hunsaker asks how detectives obtained personal phone records. When he is told that they used pretexting, he replies: "I shouldn't have asked…" • See other key documents2 and a graphical timeline of the H-P scandal.

• Read the full text3 of the felony charges (People of the State of Calif. v. Patricia Dunn, et al.)

WHO'S WHO

Read profiles4 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. • Complete coverage5

WALL STREET JOURNAL VIDEO

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WSJ's Alan Murray discusses7 the risks former H-P CEO Patricia Dunn may face by testifying before Congress.

Mr. Perkins set the charges in motion by storming off the board and alerting authorities to the phone snooping. He contacted the Securities and Exchange Commission and California's attorney general, pressing them to take action. But their fight was much broader than that, reflecting a fundamental conflict over how to run big companies in the post-Enron world.

Ms. Dunn brought a careful, rules-based approach to life. She rose from a modest childhood and endured a three-bus commute to attend the University of California, Berkeley, on a scholarship. She become head of Barclays Global Investors, where she succeeded in the orderly world of index funds, which control risk and take the guesswork out of investing.

When asked to be H-P's chairman, she brought a similar diligence to her new job. She studied a British book on governance, attended directors' workshops at Stanford University and hired consultants to update board handbooks. Her first thought, she says, was: "How do I avoid screwing up? Failure-avoidance has been a large motivator my whole life." For Ms. Dunn, plugging the leaks became a crucial test of her ability to oversee the board.

Mr. Perkins, by contrast, is a boisterous Silicon Valley legend, in love with fast cars, large sailboats and getting his own way. He worked for H-P in the 1950s and 1960s and helped the company start its computer business. In 1972, he co-founded Kleiner Perkins Caufield & Byers, a leading venture-capital firm that made billions for partners and investors by bankrolling start-ups such as Genentech Inc. and Netscape Inc.

Mr. Perkins returned to H-P in 2002 as an outside director, serving until March 2004 before stepping down at retirement age. He was brought back 11 months later at the urging of fellow director George "Jay" Keyworth, who said the company needed Mr. Perkins's expertise. "I have been chairman of a hell of a lot of boards," Mr. Perkins said in an interview late last year. "I have

always been very, very active in the strategy and tactics of these companies." When the leak issue came to a head, Mr. Perkins tried to play down the matter and protect his friend, Mr. Keyworth, who was fingered as the leaker.

Center of the Probe

While it may take a court to assign legal culpability, internal H-P documents depict Ms. Dunn at the center of the leak probe at the computer and printer company. Imbued with zeal about directors' responsibilities, she focused on rooting out a boardroom traitor and failed to question or rein in investigators. They impersonated reporters and directors to pry personal records from phone companies. They used operatives to tail H-P directors and journalists. And they sprang a sting operation on an unsuspecting reporter in an effort to get her to reveal her source.

The charges are the culmination of a fierce boardroom battle that, in the end, Ms. Dunn lost. At the board's request, she quit as a director in late September. Ms. Dunn says she relied upon the advice of H-P lawyers and thought obtaining phone records was customary practice. She portrays herself as a victim and says she bears no responsibility for any misdeeds that were done.

"I think I've been at the nexus of a conflict between the old and new ways of governance," she said during a three-hour interview last week. "And I made a very rich and powerful enemy without meaning to. He was in a position to finance an extremely effective and elaborate campaign to get me off the board. It went beyond what he ever expected."

Mr. Perkins also saw their battle as a fight over how best to run the company. In a July 18 email to H-P CEO Mark Hurd, he worried that Ms. Dunn would " 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes. I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough."

In an interview with Newsweek last month, Mr. Perkins said: "My No. 1 thing was to get Pattie out as chairman, and I got that. So I'm happy."

As she fights her legal war, Ms. Dunn has been waging an increasingly serious medical battle. After brushes with breast cancer and melanoma, she was diagnosed with Stage IV ovarian cancer in January 2004. Intense chemotherapy, which lasted through August 2005, appeared to have beaten back the disease. But in August, Ms. Dunn had surgery to remove cancer that had spread to her liver. On Friday, she began a new six-month round of chemotherapy.

"I hope I live long enough to see my reputation cleared," she says.

The story of Ms. Dunn's undoing comes from interviews with her, her associates, other H-P directors and 700 pages of H-P documents, which include emails, presentations, lawyers' reports and written testimony submitted to a congressional committee investigating the matter.

Ms. Dunn spent her childhood in Las Vegas, where her father was an entertainment director at a casino and her mother was a retired showgirl. She says her formative experiences came as a teenager after her father died and her mother moved the family to Terra Linda, Calif.

Cash was tight. She won a National Merit Scholarship in 1970 to go to the University of Oregon but had to drop out when her mother lost Social Security death benefits. For a year, Ms. Dunn worked days as an apartment rental agent and evenings cooking and housecleaning for a family in return for room and board. Her mother was homeless and slept in her car for a while.

In 1973, Ms. Dunn got enough scholarship and grant money to return to college at the University of California, Berkeley, as a journalism major. Immediately after graduating, she won a temporary secretarial job at Wells Fargo & Co., the big San Francisco bank.

She had no interest in finance. "I thought I would rather drink chloroform and die than work for a bank," she recalls. But it was the only job available and she grew to like it. She met a senior banker, Bill Jahnke, whom she later married. And she became fascinated with the way Wells Fargo used academic theories to whittle away the role of human judgment in investment decisions. The bank championed low-cost money management that matched indexes like the Standard & Poor's 500. "I found there were revolutionaries at the bank," she says.

Ms. Dunn eventually became CEO of the business, which went through a series of owners before being sold to the United Kingdom's Barclays Bank PLC, which renamed it Barclays Global Investors. BGI wasn't flashy, but its methodical, process-driven approach to investment proved ultra-reliable.

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Former colleagues say Ms. Dunn was a superb listener who usually knew exactly what she wanted. "You underestimated her at your peril," recalls Jeffrey Skelton, a former investment specialist at the bank. "People who got booted out can attest to that."

In 1998, Ms. Dunn was invited onto the H-P board, which was looking for fresh faces. At that time it was dominated by people picked by the company's legendary founders, Dave Packard and Bill Hewlett. A year later, H-P recruited its first outsider as CEO, Carly Fiorina, a flashy telecommunications executive.

Betting Their Future

H-P and Ms. Fiorina bet their future on the hotly contested 2002 takeover of Compaq Computer Corp. During a shareholder suit over the deal, H-P considered using Ms. Dunn as a witness to affirm directors' confidence in the deal. The company instead opted to call another director, Phil Condit, then CEO of Boeing Co.

In her autobiography, which goes on sale today, Ms. Fiorina snipes at the low-key Ms. Dunn, writing that it was "frequently hard to discern" what point Ms. Dunn might be trying to make.

REBOOTED

Brief biography of Patricia Dunn: • March 27, 1953: Born in Burbank, Calif.

• 1975: Earns B.A. from UC Berkeley

• 1976: Joins Wells Fargo Investment Advisers; later rises to CEO

• 1998: Joins board of Hewlett-Packard

• 2004: Diagnosed with advanced ovarian cancer; has recurrence in 2006

• February 2005: Named nonexecutive chairman of H-P

• May: Initiates probe into board leaks

• January 2006: Initiates second probe

• Sept. 22: Resigns from H-P

• Oct. 4: Indicted, with four others, on four felony counts

"I never viewed myself as a leader on the board until late 2004," says Ms. Dunn. That's when some H-P directors started voicing dissatisfaction with their CEO. A rift developed between Ms. Fiorina's supporters and critics. As the board struggled to find agreement, Ms. Dunn helped negotiate a 500-word statement testifying to its concerns. "I was the scribe" who wrote down the emerging consensus, Ms. Dunn recalls.

On Jan. 10, 2005, Ms. Dunn and two other directors -- Mr. Keyworth and Richard Hackborn -- delivered the statement to Ms. Fiorina. The meeting surprised the embattled CEO who conceded little in talks over the next few days about her role, but seemed to recognize the need to be more open with her board. "We were getting somewhere with Carly," Ms. Dunn maintains. "She was taking on board what directors were saying."

Two weeks later, a detailed account of directors' qualms about Ms. Fiorina's leadership appeared in The Wall Street Journal. Ms. Fiorina was furious and started focusing on leaks instead of directors' concerns about her management. Her relations with the board disintegrated. At a Feb. 7 board meeting in Chicago, with Mr. Perkins among those pushing hard for change, Ms. Fiorina was voted out of office.

The leak "set the tone for distrust," Ms. Dunn recalls. "It threw a spanner into the whole process" of running the board.

At the same Chicago session, the board asked Ms. Dunn to become nonexecutive chairman. She says her elevation was due largely to the fact that "I was one of the few directors who was still talking to everyone." She saw herself as a peacemaker.

Ms. Dunn was in the midst of a 20-month chemotherapy regimen to battle ovarian cancer. Her face was bloated. Hair loss forced her to wear wigs. She adopted a macrobiotic diet and consulted a Chinese herbalist. Each day, she took more than a dozen nutritional supplements that she kept in a heart-shaped box.

Doctors told her she showed an astonishing ability to withstand nausea and other side effects. Tom Christopherson, a long-time BGI colleague, says he asked her about her medical stoicism and recalls being told: "I keep all of this in a corner. The quality of life I want has nothing to do with being a cancer patient."

As H-P chairman, Ms. Dunn helped lead a CEO search that recruited Mr. Hurd from NCR Corp. She paid house calls to other H-P directors, asking them how the H-P board could become more effective. What she heard disheartened her. Directors were wary of one another, Ms. Dunn recalls, because of the leaks and the Fiorina ouster, and pessimistic they could ever work

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well together. Seven of the nine directors with whom she talked said stopping the leaks should be a top priority, after finding a new CEO, she recalls.

Months before, Ms. Fiorina had tried unsuccessfully to find boardroom leakers. Ms. Dunn felt it was time to try afresh. It didn't matter whether indiscretions were big or small. They all were bad. As she testified to a House panel last month: "Even trivial information that finds its way from the boardroom to the press corrodes trust among directors."

Sympathetic directors urged Ms. Dunn onward. H-P board documents show that Mr. Ryan offered to hand over his phone records so she could see if he had called reporters. She demurred. Someone suggested that directors take lie-detector tests. Mr. Perkins declared: "I'll be the first in line." Ms. Dunn took that as a serious suggestion. Mr. Perkins through a spokesman says he was kidding. Such tests were never used.

To dig into boardroom conduct, Ms. Dunn turned to a former prosecutor, Ronald DeLia, whom H-P management recommended to her. He ran Security Outsourcing Solutions, a small firm in Needham, Mass. Ms. Dunn says she wondered if a bigger firm would be better, but opted to keep the job in-house.

Project Kona

Mr. DeLia, in a phone call, asked her to pick a code name for the project. Ms. Dunn was staying in Kona, Hawaii, at the time, where she has vacationed since her honeymoon. She decided to call the project "Kona" and said recently the word will never sound the same to her.

Mr. DeLia decided to get directors' phone records without their permission. This technique, called "pretexting," involves fooling phone companies into handing over call logs by impersonating a customer, which is illegal in California; it may be permissible in other jurisdictions.

Ms. Dunn said in her House testimony last month she didn't recall hearing the term pretexting during the 2005 probe. But according to meeting notes from H-P's then-general counsel, Ann Baskins, someone with the initials "PCD" asked direct questions about the matter. Ms. Dunn's full name is Patricia Cecile Dunn. A spokesman for Ms. Dunn declines to comment on Ms. Baskins's notes.

Later, low-level H-P managers squirmed about such deceit. "It's very unethical at the least and probably illegal," wrote Vincent Nye, an H-P security official, in a February 2006 email. His warnings seemed to fall on deaf ears, and there's no indication they ever reached Ms. Dunn. It's unclear how people reacted to pretexting in 2005.

By summer 2005, the Kona I team conceded failure; it hadn't pinpointed any board blabber. The leak issue receded in prominence until Jan. 23, 2006, when Dawn Kawamoto, a technology reporter for CNet.com, posted an online article headlined: "HP Outlines Long-Term Strategy."

It didn't matter that the actual contents were upbeat and bland, merely echoing what H-P had been telling Wall Street analysts for months. The story was cast as a summary of a closed-doors retreat for directors and top executives two weeks earlier -- and it was accurate.

"I thought: 'Here we go again,' " Ms. Dunn recalls. "You can't appreciate how raw the sensitivities were on the board. That a director would have disclosed this is staggering." Even H-P's CEO, Mr. Hurd, was outraged, Ms. Dunn later said, telling her that he couldn't run the company this way.

As the leak problems worsened, Ms. Dunn's relations with the powerful Mr. Perkins were also deteriorating. In the summer of 2005, she brought in consultants from Mercer Delta Inc. to suggest how H-P could tidy up its director guidelines. Mr. Perkins hated their meddling. As H-P General Counsel Ms. Baskins put it in a later interview with H-P's outside lawyers: "Perkins generally felt he could write a book on governance and didn't need any outside help."

Ms. Dunn chafed, too, when Mr. Perkins repeatedly brought up her $100,000 annual pay as chairman, insinuating -- to her ear, at least -- that she ought to be grateful to him. She wanted him to realize that while not a tycoon, she had a net worth that was in fine shape with or without the H-P stipend. At one point, she took Mr. Perkins aside for a five-minute chat about her financial position, hoping this would close what she called in a later interview "a respect gap."

Also on Ms. Dunn's gripe list was how Mr. Perkins, as a member of the board's powerful technology committee, was running high-level strategy discussions that belonged in front of all directors. "It was becoming a board within a board," she says.

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She didn't have a seat on the committee and while she was free to attend some of its events, lacked a vote there. A spokesman for Mr. Perkins says: "I wouldn't even know how to comment on that. Let's just let it go."

Did Mr. Perkins want an aggressive leaks probe? In an August 2006 interview with H-P's outside lawyers, Wilson Sonsini Goodrich & Rosatti, Ms. Dunn said she felt "under tremendous pressure from Perkins to find the leaker." Ms. Dunn reiterated in her interview last week that she thought Mr. Perkins was "the most hawkish of the directors" in pressing for action. Mr. Perkins's spokesman disputes that, saying the venture capitalist regarded the CNet article as harmless.

In any case, investigators had a likely suspect: Mr. Keyworth. He had given interviews to Ms. Kawamoto before and some of the quotes from the story's single anonymous source matched his cadence. He'd also been suspected of leaking to the press a year earlier. Ms. Dunn engaged H-P's chief ethics officer, Kevin Hunsaker, who agreed to supervise what became known as Kona II.

Within two weeks, Messrs. Hunsaker and DeLia had a whirlwind of spying initiatives in place. They paid surveillance teams to sit outside Mr. Keyworth's home. They hired other snoops to follow an H-P publicist at a conference, logging what time he visited the dessert stand. And they commandeered phone records of about a dozen people.

As one episode got under way, even the originally squeamish Mr. Nye emailed colleagues in all capital letters: "STRAP ON YOUR HELMETS, FELLAS, WE'RE GOIN IN!!!" Another investigator in an email likened one of his ploys to "waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon."

Ms. Dunn generally kept her emotions on tighter rein. In emails to the investigative team, she underscored the importance of keeping CEO Mr. Hurd in the loop. She wrote to Mr. Hunsaker on Feb. 3: "This effort is on the right track. I will count on you and the team." On Feb. 22, she wrote Mr. Hunsaker to tell him that an email sting involving Ms. Kawamoto, the CNet reporter, was "very clever."

During her testimony to the investigations subcommittee of the House Committee on Energy and Commerce, Ms. Dunn said she was sorry she used that phrase.

All told, H-P investigators spent more than $350,000 to establish that Mr. Keyworth and Ms. Kawamoto had spoken before her CNet story appeared. Nobody officially interviewed Mr. Keyworth until the entire draft report was complete. Instead, the company operated for about two months in a clandestine world that Rep. John Dingell later said "would make Richard Nixon blush."

On May 18, it was time to present the fruits of Kona II to the full H-P board. Mr. Ryan, head of the audit committee, revealed the results of the investigation to Mr. Keyworth that morning, and Mr. Keyworth confessed.

At the board meeting, Ms. Dunn informed fellow directors that a leaker had been found and Mr. Ryan filled in the details. Directors asked Mr. Keyworth to leave the room while directors deliberated his fate. Ultimately they decided to ask for his resignation.

Ms. Dunn, who thought this would smooth her rocky relations with Mr. Perkins, had a nasty surprise coming. Mr. Perkins said Mr. Keyworth's contributions to the board were so sizable that his longtime friend should be let off with a private apology and a promise not to hold unauthorized chats with reporters again. Ms. Dunn refused, she says. Mr. Perkins shouted at her and announced he was quitting the board.

Within weeks, Mr. Perkins was marshalling for a battle. He retained a high-powered lawyer, former White House attorney Viet Dinh. He asked the phone company to see if his records had been peeked into by "pretexters." When he discovered that they had, he brought the evidence to authorities in July, including California's attorney general.

Over the past three months, H-P has been coming to terms with the magnitude of the scandal. It began disclosing the leak investigation in early September. Two weeks later, it said Ms. Dunn would step down as chairman in January. As more details about the leak probe tumbled forth, H-P at the end of last month said Ms. Dunn would resign immediately.

From Ms. Dunn's testimony, emails and indirect comments, it's possible to piece together an explanation for how a well-regarded chairman could go so catastrophically off course. Adamant in her desire to "fix" the leak problem, she succumbed to tunnel vision.

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She had begun to see stopping leaks as one of the most crucial tasks in her chairmanship. In doing so, she neglected issues such as prudence, fairness and the potential impact on H-P's reputation. Even the extent to which the company had analyzed the legal issues or just glossed over them wasn't considered.

In interviews and in congressional testimony, Ms. Dunn says that while sorry for the embarrassment to H-P, she doesn't accept responsibility for the scandal. She says it wasn't her job to supervise the tactics involved in the investigation, and that she was assured its methods were lawful. She hasn't been precise as to who gave her that advice.

"If I had a crystal ball," Ms. Dunn says, "I would have used an outside firm" to run the investigations. Large security firms might have been more attuned to the possible hazards. With H-P management urging her to use in-house resources, she says she deferred to others.

Recently, Ms. Dunn has been busy with other things, including chemotherapy appointments, being arraigned and spending time with her step-grandchildren. After felony charges were filed, she offered to resign from board seats with various organizations and most of them -- including BGI -- immediately accepted. She says she was delighted that Larkin House, a social service for runaway teens, asked her to stay.

At one point in the House hearings, Ms. Dunn came close to acknowledging how much had been lost. When Rep. Edward Markey, a Massachusetts Democrat, asked about her boardroom credentials, she replied: "I was considered a financial expert and, ironic though it may seem to you now, also an expert in corporate governance."

Fiorina Says Her Next Role May Involve Politics (WSJ)

By Alan Murray And George Anders

The Wall Street Journal, October 10, 2006

Carly Fiorina, former chief executive of Hewlett-Packard Co., says she might want her next job to involve politics or some other form of "public service."

In an interview yesterday, Ms. Fiorina said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk.

Ms. Fiorina, 52 years old, is currently promoting her autobiography, "Tough Choices," which was released yesterday.

Ms. Fiorina also said that she had breakfast with her successor, current H-P CEO Mark Hurd, in April, and that he complained about some of his directors. "He said he was frustrated with this board," Ms. Fiorina said.

Ms. Fiorina blames what she calls a "dysfunctional board" for her firing as CEO in February of last year. In particular, she blames venture capitalist Tom Perkins and director George "Jay" Keyworth, a former science adviser to President Ronald Reagan, for pushing personal agendas on the board. "I think Jay clearly was a driving force, that Tom was his ally, and that Tom's entry in the board changed the dynamics," she said. "They were the most egregious in wanting to dominate the [board's] conversation with their pet projects."

Ms. Fiorina said Mr. Hurd's concerns about the board were similar to hers. An H-P spokesperson confirmed that the breakfast occurred, but said Mr. Hurd wouldn't comment on the discussion.

At the time of the breakfast, Mr. Hurd had received the results of a controversial investigation into boardroom leaks, completed in March, that identified Mr. Keyworth as a source for some of those leaks. Mr. Perkins subsequently contacted the California attorney general, who has brought charges against former H-P Chairman Patricia Dunn and others for their roles in the leak investigation. Mr. Hurd was not charged.

Concern over boardroom leaks at H-P began while Ms. Fiorina was still CEO. She launched an investigation into one leak, but she says that investigation only involved having attorney Larry Sonsini interview each director, and didn't involve obtaining private phone records or any of the other controversial tactics used in the later probe.

Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: "My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment."

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Fiorina Blames Divisive HP Board (USAT)

By Michelle Kessler

USA Today, October 10, 2006

SAN FRANCISCO — Deep "dysfunctions" in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal, former CEO Carly Fiorina said Monday.

Fiorina, who ran HP from 1999 to 2005, says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back.

The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week.

Now, that same board is in trouble because it hired detectives that used trickery to obtain the private phone records of journalists, board members and employees — probably including Fiorina. That may be against the law. California Attorney General Bill Lockyer is seeking indictments against former HP chairman Patricia Dunn and four others involved in the scandal.

Fiorina, who left the company in the scandal's early days, says she has few inside details. She's still trying to figure out how many of her own personal records were accessed. But overall, "It appears that personal agendas overcame people's good judgment," she says.

It's a problem that Fiorina says she knows well. In her book, she describes repeated battles with a board that she says was usually polite and accommodating in person — and secretly scheming behind the scenes.

"That isn't the way business should be done," she says.

Some board members were particularly troublesome:

•George "Jay" Keyworth, a former science adviser to President Reagan, repeatedly proposed impractical mergers, then got angry when Fiorina didn't embrace his ideas, she writes. He has since confessed to leaking information to the press and has resigned.

•Venture capitalist Tom Perkins "clearly became a disruptive force in the boardroom during my tenure, and he apparently remains a disruptive force," Fiorina says.

Perkins, a close friend of Keyworth, played a key role in Fiorina's ouster. He resigned from the board this year after clashing with Dunn. He later forced HP to publicly reveal its phone-record swipe.

•Dunn, who became chairman after Fiorina's ouster, remained mysterious about the reasons for her decision to seek a change in CEO. "I never participated in a conversation with the board about why or how they chose to fire me," Fiorina says.

•Walter Hewlett, the son of an HP co-founder, initially supported a proposed $25 billion acquisition of Compaq Computer. Once the deal was announced, he stunned Fiorina by saying he would oppose it. He refused to even meet with her, she writes.

Fiorina says the problem with confrontation wasn't limited to the boardroom. The company's vaunted corporate culture, known as the HP Way, "had gotten a bit corrupted," Fiorina said Monday. "People tended to favor politeness and avoiding confrontation (over) direct talk."

That made HP slow and staid, putting it at a disadvantage to competitors such as Dell and Sun Microsystems. Fiorina worked hard to change it, and says she had some success. But the culture persisted in the board, in part because it met infrequently, she says.

HP has had a remarkable turnaround in spite of this, Fiorina says. Her successor, Mark Hurd, has gotten most of the praise.

"This isn't me vs. Mark," Fiorina says. But, she says, "The Hewlett-Packard company was transformed on my watch. … I don't deserve all of the credit, but I do deserve some."

Fiorina says the timing of her book is coincidental. She wanted to write it now, because she has time before her next venture, she says. Fiorina says she wrote the book herself, without the help of a professional writer, in about four months.

She hopes that the memoir, which describes her rise from temporary typist to AT&T executive to HP CEO, helps people see her as a real person. Through her difficult times at HP, "I became a caricature — too tough, too flashy," she says.

Fiorina says she doesn't yet know what her next move is. Politics are one option, though she wouldn't comment on reports that HP outside counsel and Silicon Valley icon Larry Sonsini urged her to run for governor.

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Another is heading a new company. She says she stays in close touch with the tech industry and still lives in Silicon Valley. As CEO, "I made choices I'm proud of. I would make those choices again," she says.

"It was a great experience," she says. "I'm proud of what I and tens of thousands (of HP employees) accomplished. I take great pleasure in seeing Hewlett-Packard (succeed)."

Civil Lawsuits Bigger Woe In Options Scandal (CNNM-YBIZ)

By Shaheen Pasha, Cnnmoney.com Staff Writer

CNN Money, October 10, 2006

Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle.

At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives.

Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders.

But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy.

"It takes an incredible amount of time, money and human capital to defend those type of cases regardless of the outcome," said Michael Koenig, a white-collar-criminal defense attorney at law firm Dewey Ballantine.

And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom.

Class action lawsuits, which usually lead the pack when it comes to most civil litigation, have a five-year statute of limitations - and many of the companies involved in the options scandal are looking at practices stemming from the late 1990s or 2000.

As a result, the complaint of choice has become derivative suits, in which shareholders sue the directors and officers of the company.

In a class-action suit, money in a settlement goes to the shareholders. In a derivative suit, a settlement goes to the company - which ultimately should benefit shareholders, though only indirectly.

Currently, attorneys have filed over 80 derivative lawsuits related to options backdating, while there have been only about 20 class-action suits against companies that include United Health Group and Apple.

Lawrence Kolker, partner at Wolf Haldenstein, has filed more than 20 complaints - mostly derivative lawsuits - in recent months against the directors and officers of companies like Comverse, Cablevision and Xilinx.

According to the civil complaints, shareholders are suing the officers and directors of the companies, claiming financial damage from falling stock prices following the announcement that the corporations were under investigation.

"The companies involved and shareholders have already lost billions of dollars in value as well as suffered reputational damage from being involved in this basic corporate malfeasance," Kolker said. "We're seeking recovery for the companies against the officers and directors."

Kolker said that shareholders sought monetary damages, disgorgement of profits executives made from backdating options as well as reform of corporate practices to make sure there will be better oversight in the future.

Critics of the mounting civil lawsuits say the barrage of derivative claims are just a way for ingenious plaintiff lawyers to profit from the scandal. Attorneys that file the derivative lawsuits can count on a solid fee -- sometimes as much as 25 percent of the ultimate settlement.

"Some people would say that these are lawyer-driven lawsuits and the point of filing these is to create fees for the lawyers," said William Sullivan, chair of the national securities litigation and enforcement at law firm Paul Hastings.

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"It's a three-pronged attack against corporations with the SEC, DOJ and the derivative suits," said Paul Hodgson, senior research association at The Corporate Library, a government research firm. "We don't think we've gotten to the end of the number of companies that are going to be investigated and it's likely that there are going to be even more derivative lawsuits ahead."

With so many cases already under investigation, Hodges said the SEC is already overwhelmed and the burden may fall more on the Department of Justice to bring criminal indictments.

But Hodgson said government prosecutors need to find tangible documentary evidence to prove that options were backdated knowingly in order to prosecute a company. And that's no easy task.

Plaintiff attorneys, however, just have to prove that stockholders lost money because the officers and directors failed to perform their fiduciary duty - making it more likely that civil lawsuits will be more successful in obtaining damages from any perceived wrongdoing, legal experts said.

"The derivative lawsuits in the long run could become a bigger headache for companies," said Paul Hastings' Sullivan.

Buffett Orders Crackdown On Unethical Practices (FT)

By Richard Beales And Francesco Guerrera In New York

Financial Times, October 10, 2006

Warren Buffett has ordered top managers at his Berkshire Hathaway group to redouble efforts to crack down on unethical behaviour, warning that practices such as stock options backdating cannot be justified because "everybody else is doing it".

In a strongly-worded memo dated September 27 and sent to an elite group of Berkshire managers dubbed "The All-Stars", the veteran investor says "bad behaviour" among the insurance and energy conglomerate's 200,000-plus employees is "inevitable".

"But we can have a huge effect in minimising such activities by jumping on anything immediately when there is the slightest odour of impropriety… Berkshire's reputation is in your hands," the memo – obtained by the Financial Times – says.

The "Sage of Omaha" warns that poor corporate governance cannot be forgiven just because the practice is widespread. "The five most dangerous words in business may be 'everybody else is doing it'," wrote Mr Buffett, who has long been sceptical of stock options as a means of remunerating executives.

"A lot of banks and insurance companies have suffered earnings disasters after relying on that rationale. Even worse have been the consequences from using that phrase to justify the morality of proposed actions," the memo continues.

Some lawyers and corporate experts have called for leniency towards executives and directors in the more than 100 companies being probed in the ongoing options backdating scandal, arguing that the practice was widespread and not necessarily illegal.

But Mr Buffett's intervention, his first since the onset of the scandal, will bolster the case of regulators and corporate governance campaigners who say options backdating unfairly enriched executives at the expense of shareholders.

Mr Buffett's memo argues that many of the perpetrators of recent corporate scandals such as the "accounting gimmicks" seen in recent years acted because they felt others were doing it as well.

"It's a seductive argument. But it couldn't be more wrong. In fact, every time you hear the phrase 'Everybody else is doing it' it should raise a huge red flag."

Mr Buffett says Berkshire should "start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper".

Buffett Says To Avoid Scandals, Managers Must Not Follow Herd (WSJ)

By Karen Richardson

The Wall Street Journal, October 10, 2006

Warren Buffett, known as the "Oracle of Omaha," has spoken on the recent scandals involving stock-options backdating and Hewlett-Packard Co.'s leak probe.

In a one-page memo dated Sept. 27, prompted by the recent scandals, Mr. Buffett exhorted the 45-plus top managers of his Berkshire Hathaway Inc. holding company -- whom he calls "The All-Stars" -- to resist temptation despite peer pressure or even

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industry practice. "The five most dangerous words in business may be 'Everybody else is doing it,'" wrote the 76-year-old chairman of Berkshire.

More than 100 companies have drawn scrutiny in federal probes of backdating -- that is, the practice of altering the date on which options were granted to executives and other employees to increase the potential value of the options. Backdating can run afoul of tax and securities laws.

Separately, former H-P Chairman Patricia Dunn was charged last week by the California attorney general in H-P's leak probe. She and several others are accused of committing criminal privacy violations by hiring investigators who impersonated others in a tactic called "pretexting" to access personal phone records. Ms. Dunn has said she will fight the charges.

With regard to backdating, Mr. Buffett wrote, "My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well." In his folksy style, he went on, "So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it."

Mr. Buffett sends out such "reminders" to his managers about once every two years, according to Debbie Bosanek, Mr. Buffett's assistant. As Berkshire continues acquiring new companies with new managers, Mr. Buffett decides "it's time for an update" once in a while," she added. Mr. Buffett wasn't available to comment. Sometimes Mr. Buffett's reminders take the form of passages in his annual letters to shareholders. In recent years, he has opined on hot-button corporate-governance issues including options expensing, executive compensation and hedge-fund fees.

Berkshire isn't a stranger to scandal. Four former executives of Berkshire's General Re reinsurance unit were indicted this year for conspiracy to commit fraud, and two others have pleaded guilty, in relation to a controversial transaction in 2000 with American International Group Inc. that federal prosecutors allege was a sham deal. The four former General Re executives and one former AIG executive are scheduled to stand trial in March in Connecticut.

In his latest memo, Mr. Buffett makes clear he is concerned about any blight on Berkshire's reputation. Acknowledging that the chance of the company's 200,000 staff will always behave properly "is nil," he adds, "We can have a huge effect in minimizing such activities by jumping on anything immediately when there is the slightest odor of impropriety."

Businesses With A Higher Purpose? (USAT)

By Alan M. Webber

USA Today, October 10, 2006

It must be a coincidence, right?

Here's Andrew Fastow, Enron's former chief financial officer, being sentenced to six years in prison — and on the same day, he names 10 prestigious Wall Street firms as his “co-conspirators”, including Merrill Lynch, RBS and Barclays.

Here's former Hewlett-Packard board chairwoman Patricia Dunn testifying before a congressional committee probing the company's use of “pretexting” to investigate its own board. “I do not accept personal responsibility for what happened,” she says. And then Ann Baskins, HP's former general counsel and nine other witnesses all take the Fifth Amendment.

Here's former WorldCom CEO Bernie Ebbers reporting to jail for his role in an $11 billion accounting fraud. These and other headlines are part of perhaps the biggest perp walk in business history.

Oh, and here's one more item — an interesting recent study by Donald McCabe, professor of management and global business at Rutgers University: Among all graduate students, MBA candidates are the biggest cheaters. That's right, it must be a coincidence. So let's dig a little deeper.

According to survey data from 623 students at 32 graduate business schools in the USA and Canada, 56% admitted cheating. But, as McCabe notes, it's not cheating for cheating's sake: These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?

Part of the answer could lie in the history of business graduate schools. The MBA is a fairly recent invention, unlike the other “professions” with graduate degrees. The oldest graduate school for business in the USA is a little more than 100 years old; Europe's oldest is only a bit more than 40 years old. Compare that with law and medicine. Law schools date to the Roman

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Republic. And though lawyers might not have the best reputation, at least the American Bar Association has issued its Model Rules of Professional Conduct. Medicine goes back farther, even if you consider only Western medicine. Hippocrates of Cos, who lived in the age of Pericles, is widely considered "the father of Medicine." Science might have advanced, but Hippocrates lives on today in the Hippocratic Oath, which proscribes a moral basis for doctors (unlike the hypocritical oath that evidently offers business school students a free pass).

So perhaps part of the difference between these schools is what it means to be a profession. But there is also a wider gap that separates business from medicine and law. Business school professors and leaders have yet to answer a question of the first order: What's the point of the exercise?

In the case of medicine and law, there are higher purposes. Doctors work to heal the sick and provide comfort to their patients. Lawyers are charged with representing their clients and also with upholding the nation's laws. What about business men and women? What's their higher purpose?

The ads in The Economist offer a good idea of the missions that leading business schools assign themselves. The ad for the University of Chicago's Graduate School of Business says, "You'll experience the people and ideas responsible for revolutionizing the business world." How perfectly it complements Harvard Business School's mission: "We educate leaders who make a difference in the world." Jeffrey Skilling, an HBS graduate, was after all, a leader who made a "difference." As President Bush, another HBS alum, would say, "Mission accomplished."

At least these ads are consistent with what today's businessmen have taken as their key responsibility: Increasing a company's share price. Or, as Jack Welch so succinctly put it in the title of his recent book, Winning. But winning, as we've seen with CEOs and now with business school students, can become a rationale for cheating.

What if, instead of seeking to create shareholder value as their definition of success, business men and women sought to establish well-articulated social values — and then applied them to their own careers and organizations? What if, instead of writing books called "Winning," they called their books "Contributing"? And what if, instead of measuring success only by their ability to amass financial capital, they also sought to grow social capital?

Because the real problem with business today isn't the few scoundrels who bring disgrace to so many honest managers. The real problem is that it needs to serve a higher purpose than making a lot of money. The challenge today is to answer a fundamental question: Is capitalism going to be the salvation of the world? Or the cause of its demise?

This is hardly an academic question, what with issues of global warming, the growing gap between the haves and have-nots, and the seeds of war and terrorism sown by divergent economic systems. Business leaders need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest.

MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them.

European Justice (WSJ)

By Hans-martin Tillack

The Wall Street Journal, October 9, 2006

For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts.

Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF.

The ruling surprised me. In my job, I could not -- just for example -- write that the director of OLAF, Franz-Hermann Brüner, "might be beating his dog." I could not write such a story, even if I really disliked Mr. Brüner, because I don't have the slightest evidence to back it up. A colleague might tell me that he had heard rumors that Mr. Brüner was beating his dog. But that would

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not allow me to write the story, either. Even if I had a witness who claimed to have seen Mr. Brüner beating his dog, I would prefer to wait until I had a second witness. And before publishing anything, I would try to confront Mr. Brüner and ask him whether he has really beaten his dog.

In fact, I wrote quite a few other stories about Mr. Brüner while I was correspondent for the German magazine Stern in Brussels from 1999 to 2004. These were stories for which I had proof -- stories about him and about the then EU anti-fraud commissioner, Michaele Schreyer. I was the first journalist to reveal, basing my stories on internal EU documents, that there were serious problems with fraud and possible corruption in the EU Commission's statistical agency, Eurostat. I was also able to prove in several cases that Commissioner Schreyer and Mr. Brüner seemed not to treat internal EU fraud cases seriously. Mr. Brüner, for example, flatly refused to forward evidence about a possible case of fraud to the Belgian public prosecutor in October 2003. I wrote that Mr. Brüner might act like this because he did not want to anger mighty politicians and EU officials who had to decide on his future career at the helm of OLAF.

In all these cases I had evidence. And I duly confronted the persons concerned before publishing my stories. Never did Mr. Brüner claim that any facts I mentioned were wrong. Still, Mr. Brüner and Ms. Schreyer were pretty unhappy about my reporting. Then something happened. After I benefited from a major leak in March 2002, Mr. Brüner and the EU Commission put out a press release saying the leaked document -- which I undeniably had quoted first -- might have been obtained by "a journalist" who bribed an official to get hold of this document. An OLAF spokesman even told a newspaper that OLAF had "prima facie evidence that a payment might have been made."

Only two years later did I learn what kind of "prima facie evidence" the spokesman was referring to. He relied on statements by the then-spokesman of Ms. Schreyer, Joachim Gross. Mr. Gross told OLAF that a third person told him that I had paid an official in order to obtain internal EU documents. Mr. Gross later made several conflicting statements about who his initial source was; the definite identity of this person is still unknown. What he told OLAF comprised nothing more than simple "rumors," as an OLAF spokesman noted in an internal memo that was leaked to me in April 2002. In any case, this former Commission spokesman did not want to be quoted. He had explicitly asked OLAF not to mention his name to anyone. It was only revealed by a German newspaper in June 2004.

I did not bribe or pay anyone to get these documents. But I had good sources and continued to receive internal OLAF documents. So in early 2004 Mr. Brüner went back on the warpath. His investigators put their allegations against me -- yes, still only the rumors spread by Mr. Gross -- in a report and sent complaints to the public prosecutors in Brussels and in Hamburg, Germany, where Stern has its headquarters. Two OLAF officials even traveled to Hamburg to ask the local prosecutor to act -- and to do this as a matter of "urgency" as I was about to move to Washington, D.C.

In fact I was about to move to Hamburg, and Mr. Brüner knew this. He did not ask me for my response to Mr. Gross's allegations before he filed his complaints. Nevertheless, while the German authorities refused to conduct a raid on the Stern headquarters in Hamburg, the Belgian police took the OLAF allegations seriously and, without examining them further, raided my home and office in March 2004. To this day they hold nearly 1,000 pages of my documents. During this entire time they have not brought any charges against me or any other person in this case.

So my magazine and I went to court: against Belgium, against Mr. Gross and against the EU Commission, of which OLAF is a part. The Belgian courts said they did not need to check the evidence that was delivered by the EU anti-fraud office and dismissed our complaints. Mr. Gross said he was protected by the statute of immunity of an EU official, and the German court to which we brought him said it had no jurisdiction over him.

On Wednesday, the EU Court of First Instance ruled on our main case against the Commission. The only people responsible for my problems were the Belgians, the three judges in Luxembourg found. OLAF's actions had no "binding" legal effect on me, they argued. Why? Because the Belgian authorities were -- according to the judges -- "free to decide" what to do after OLAF had pressed them for urgent action. So the court refused even to consider whether OLAF had breached the law and its own procedural rules. The judges also declined to discuss our argument that journalistic sources in EU institutions would be in danger of drying out if OLAF could send police to a journalist's home and office with the snap of a finger.

The anti-fraud office was not even to blame for its press releases and claims of alleged "prima facie" evidence that I had corrupted EU officials, the court said. OLAF had "formulated" all this "in a hypothetical way" without indicating my name or the

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name of my magazine and -- according to the court -- it did so with the necessary "cautiousness of the words used." So in the eyes of the court it was no problem if OLAF spread unjustified rumors or even openly misleading information.

Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. Strangely, Mr. Brüner welcomed the ruling, saying it gave "important guidance for the future work of OLAF."

What if I had written -- based on rumors -- that "a leading official" of the EU anti-fraud office might have beaten his dog, and consequently some neighbors broke down the door to the garden of the only "leading OLAF official" who owned a dog, and abducted the animal? Would I, too, have been cleared by the courts by arguing that my articles had no "binding legal effect" on the official concerned, and that I had mentioned the allegations only in a "hypothetical way" with the necessary "cautiousness of the words used"?

Of course not. If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this.

Mr. Tillack is a reporter in the Berlin office of Stern magazine.

CRIMINAL LAW:

U.S. Hoping To Quell School Violence (AP)

By Ben Feller

AP, October 10, 2006

WASHINGTON - Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety.

President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving.

Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies.

Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence.

Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak.

No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines.

On Monday, a 13-year-old student in Joplin, Mo., carried an AK-47 into his middle school and fired a shot into a ceiling. He left the building and was apprehended by police.

Preventing violence, and coping with tragedy, are the topics of the panel discussions.

Among the speakers will be Craig Scott, who survived the massacre at Columbine High School in Colorado in 1999. Student gunmen killed his sister and 12 others.

Another panelist is Park County Sheriff Fred Wegener. He responded in Bailey, Colo., on Sept. 27, when a man held several girls hostage in a school before killing one and himself.

Other speakers include educators, school administrators and crime prevention experts.

About 300 people are expected at the National 4-H Conference Center in Chevy Chase, Md.

"Bringing people together to talk about what's working - that can't hurt," said William Lassiter, manager of the Center for the Prevention of School Violence in Raleigh, N.C.

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"I think schools have gotten back into a comfort zone again," Lassiter said. "I'm not saying we should put barbed wire up around schools or take other drastic measures. What we really need to look at is basic safety steps you would take at your own house."

Lassiter also questioned the Bush's administration attempt to cut $347 million in school-safety grants for states this year. Bush's budget says the program is ineffective.

The White House says that beyond those state grants, the government spends larger amounts on successful school safety programs through its education, justice and health agencies.

Meanwhile, there is no pattern to deadly shootings at schools.

In the 2005-06 school year, 15 people were killed in school-related shootings, said Kenneth Trump, a national school safety expert who tracks violence data. That number of school-shooting deaths has ranged from three to 24 in recent years, Trump's records show.

In the period from 1992 to 2002, 462 students and adults died at school by homicide or suicide, according to the latest government figures. Most of those killed were children.

In the last two weeks, a gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania, and a 15-year-old Wisconsin student shot and killed his principal.

Colorado Residents To Play Role In National School Safety Summit (AP)

AP, October 10, 2006

DENVER - A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation.

Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton.

The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address on Saturday.

In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats.

A gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested in the shooting death of his principal. And on Sept. 27, 53-year-old Duane Morrison took six girls hostage at Platte Canyon High School in Bailey, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Colorado, Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference.

White House spokeswoman Dana Perino, a Colorado native, told reporters Friday that recent school violence "has broken America's collective heart."

"The president, in the wake of these events, asked Attorney General Gonzales and Secretary Spellings to bring together teachers and parents, administrators and law enforcement officials and other experts to discuss best practices and learn lessons about school safety," Perino said.

In 2002, the Secret Service and the Education Department studied school shootings and found clear patterns: School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance.

Overall, schools remain safe places.

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Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

School Security Plan Would Need Cash (QPL)

By Cory Hopkins, The Patriot Ledger

Quincy (MA) Patriot-Ledger, October 10, 2006

Local officials agree federal funds the key

If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program.

''They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?'' asked John Reilly, Hull selectmen chairman and school building committee member. ''I think that should be a priority along with everything else.''

President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe.

Most South Shore schools at the very least require all visitors to present identification upon entry and to sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures.

Braintree School Superintendent Peter Kurzberg said school security is important, but it is also expensive and competes for resources with traditional educational programs. He would like to see security money from the federal government.

''I think schools are struggling with limited resources to provide sound educational programs,'' Kurzberg said. ''Additional resources for security measures would certainly be helpful.''

Kurzberg also noted that in addition to security measures like cameras and electronic locks, other nonphysical security precautions, such as state-mandated Criminal Offender Record Information (CORI) background checks for all employees and volunteers, also cost schools money.

Schools also need money to create effective partnerships with local police departments, said John Creed, vice chairman of the Silver Lake school committee.

''If you're talking about security at schools, I hope (President Bush) gives the funds so local school departments can work with police departments to form partnerships,'' Creed said, ''but it cannot be done without money, and that has to come from the federal government.''

Scituate school committee member Michael Hayes said the federal government needs to back up any minimum requirements with money to help schools meet those requirements if it is serious about tightening school security.

''It's the function of the federal government to decide what would be minimally acceptable (in terms of security),'' Hayes said. ''The federal government has told schools a lot of things they've had to do, but the bottom line is they have to supply the money.''

Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week.

The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother.

Creed said he hopes President Bush will take the threats seriously and come out of tomorrow's meeting with a plan to seriously fund school security.

''If he's talking security and he's talking money, then we're on the same page,'' he said. ''If not, he's wasting his time.''

Cory Hopkins may be reached at chopkins@ledger.com .

On Summit Agenda: Making Schools Safer (USAT)

By Ledyard King, Gannett News Service

USA Today, October 9, 2006

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Bush, Cabinet members to attend Tuesday

WASHINGTON — Tom Mauser doesn't recall much about the youth violence summit President Clinton held in May 1999, three weeks after his 15-year-old son, Daniel, was gunned down in the Columbine High School massacre in Littleton, Colo.

To him, the summit turned out to be heavy on talk, light on action. So the transportation planner from suburban Denver expects the same result from the school safety conference that President Bush is convening Tuesday.

The summit comes after a series of school shootings, the most recent of which fatally wounded five Amish girls in a Pennsylvania schoolhouse last week.

Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer. The president and first lady Laura Bush also will participate, according to White House spokeswoman Dana Perino.

The summit comes as national statistics show a steady decline in school crime, including murder, over the past decade. Safety consultant Ken Trump warns that schools often under-report incidents and that the recent shootings in rural Wisconsin, Colorado and Pennsylvania show no classroom is absolutely safe.

"If it can happen in a one-room Amish schoolhouse, it can happen anywhere," said Trump, who is president of National School Safety and Security Services, a consulting firm in Cleveland.

Trump advocates that schools at least conduct "tabletop exercises" where they map out with local law enforcement responses to a potential crisis.

Mauser champions stricter gun-control laws but says ultimately school security is more about attitude than regulation.

"A lot of the things that need to be done are not things that can be done in Washington," he said. "People have to be vigilant about the people who commit these acts. No law is going to do that for us."

In Maine, about 40% of the 177 school districts have yet to draft a crisis response plan as required by state law, state Education Commissioner Susan Gendron said. Maine is contacting those districts.

"Random acts of violence can happen everywhere, and it's important to have thought through a crisis," she said.

Most schools get less than $10,000 in federal security aid, according to the U.S. Department of Education. Federal funding to combat crime and drugs in schools has steadily fallen since Bush entered the White House.

But Bill Modzeleski, who runs the U.S. Department of Education's Office of Safe and Drug-Free Schools, says there's plenty schools can do right now: limit access; keep areas well lit; monitor visitors; and train teachers, parents and students to report suspicious activity. Perhaps most of all, they should intervene with children early before emotional issues explode into violence.

"I don't think a lack of money should be used as an excuse not to do anything," he said.

Missouri Teen Fires Assault Rifle In School (WP/AP)

By Marcus Kabel

The Washington Post, October 10, 2006

JOPLIN, Mo., Oct. 9 -- A 13-year-old boy in a dark-green trench coat and mask carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt.

"Please don't make me do this," the boy said, according to school administrators, before police arrested him and thwarted what they called a "well-thought-out plan" to terrorize his school.

Police said a note in the student's backpack indicated he had planted an explosive device in the school, but no bombs were found.

Lt. Geoff Jones said the boy's motives were unclear. School officials said the student had no major disciplinary problems.

The seventh-grader, whose name was not released, pointed the rifle at two students inside Joplin Memorial Middle School but was confronted by an administrator who tried to talk him into putting it down, Jones said.

Instead, the boy fired a shot into the ceiling of an entryway, police said. He tried to continue firing but left the building when the rifle jammed, Jones said.

"We don't believe he was trying to fire at administrators or students," Officer Curt Farmer said.

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Officers arrested the teen behind a nearby building. Police described his weapon as a Mac-90, a replica of an AK-47 assault rifle.

Superintendent Jim Simpson said police told him the boy had a fascination with the Columbine High School shootings that left 15 people dead near Littleton, Colo., in 1999.

The student was wearing a trench coat -- like the student gunmen at Columbine -- and had a T-shirt over his head with eye holes cut out, Farmer said.

Farmer said the boy's backpack also held military manuals, instructions on assembling an improvised explosive device and detailed drawings of the school.

"This was quite well thought out," Farmer said. "He had been planning this for a long time."

Jones said the gun belonged to the boy's parents, who kept the weapon in a safe at home. Farmer said it is not uncommon for people in the area to own assault weapons.

Shot Fired In Mo. School; No Injuries, Explanations (USAT)

By Wendy Koch

USA Today, October 10, 2006

The 13-year-old boy had no previous run-ins with the law, police said. But 20 minutes before class Monday, he stood in the hall of Memorial Middle School in Joplin, Mo., wearing a green trench coat and a mask fashioned from a T-shirt, and aiming an assault rifle at the principal and other students, they said.

Assistant Superintendent Steve Doerr tried to calm the seventh-grader, who kept saying: "Get away. Don't make me do this," according to Joplin police Lt. Geoff Jones. The boy fired into the ceiling, hitting a pipe and causing a burst of water. No one was hurt.

The rifle jammed, and the boy fled the school. Principal Steve Gibreth followed and called police on his walkie-talkie. Within a block, Jones said, police found the boy, crouched with the gun and a duffel bag. Jones said the bag contained wire cutters, unidentified chemicals, a pellet gun, hand-drawn diagrams of the school and notes about bombs and napalm. The teen, whose name has not been released, was in police custody in a juvenile facility.

"We have no motive," Jones said.

Police searched the boy's home and bomb-sniffing dogs searched the school, which was evacuated, but they found nothing, Jones said.

When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets.

The incident followed deadly shootings in schools in three other states since Sept. 27, including an attack in Pennsylvania on Oct. 2 that left five Amish girls dead.

President Bush convenes a conference on school safety today.

The shootings, as well as a spate of threats that have forced schools in at least eight states to lock down or evacuate in the past two weeks, have contributed to parental jitters over school safety.

In a USA TODAY/Gallup Poll conducted over the weekend, 35% of parents with school-age children said they fear for their kids' safety when they're at school. That percentage was the highest since March 11, 2001, when 45% of parents voiced such concern after a shooting at a suburban San Diego high school killed two students and injured 13 others.

Although one-third of parents said they're anxious, most said their children are not: 88% said their kids expressed no worry about safety at school.

The telephone poll of 1,007 adults nationwide, conducted Friday through Sunday, has a margin of error of +/-3 percentage points.

Monday's incident in Joplin, a city of 49,000 in southwestern Missouri, occurred only 10 miles from Riverton, Kan., where five students were arrested April 20 — the seventh anniversary of the Columbine High School massacre in Colorado — on suspicion of plotting an armed attack on their high school. Two of the teens pleaded guilty to a reduced charge of conspiracy to riot, and the other three have pleaded innocent.

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Time To Talk Guns (WP)

The Washington Post, October 9, 2006

A summit on school violence must look at the role of weapons.

THE SLAUGHTER of five girls in a Pennsylvania classroom, closely following school shootings in Colorado and Wisconsin, has prompted President Bush to call a national summit on school violence. It is right that the nation not just mourn the heartbreak of last week's shootings but that its leaders and other citizens talk about how to prevent such tragedies. How useful tomorrow's conversation will be, however, depends on the administration's willingness to have all voices heard. And that must include those calling for a more rational approach to gun control.

The day after a gunman carried out the deadly assault in an Amish school, Mr. Bush said that he had asked Attorney General Alberto R. Gonzales and Education Secretary Margaret Spellings to convene a meeting to determine how the federal government can help states and local governments improve school safety. There was an unfortunate sense of deja vu to the president's announcement: After the mass shootings at Columbine High School, President Bill Clinton held a summit on youth violence in 1999. Useful strategies resulted from the attention paid to Columbine. Schools that thought they had no need for safety and evacuation plans moved quickly to put some in place. Bullying, once viewed as a rite of childhood passage, was finally treated as a problem not to be tolerated. There was a new awareness that threats should be treated seriously.

But while the Clinton administration showed a willingness to discuss the role of guns in these incidents, the current administration and the Republican Congress have put in place policies that make it too easy for too many people to get guns. Worse, the wrong people are getting more dangerous guns.

We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. Consider that President Bush signed a law that permits the destruction of gun check records within 24 hours (despite criticism from a Government Accountability Office report); let the federal assault weapons ban expire (despite evidence that it lowered the rate at which assault weapons were used in crime); is backing bills that prevent law enforcement from putting corrupt gun dealers out of business (over the objection of police groups); and restricted the ability of police to use crime gun trace data (again despite police objections).

It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared.

Editorial: Schools And Violence (STNIA)

Staten Island Advance (NY), October 9, 2006

During his Saturday address, President Bush lamented recent "shocking acts of violence" in schools and promised his administration will do what it can to keep centers of learning safe for students.

The immediate question that comes to mind is this: How does the president plan to accomplish that goal?

Perhaps tomorrow the nation's jittery parents will begin to learn the answer.

It has been a particularly brutal bloody heart-breaking two weeks that saw three schools in three states victimized by deadly gun attacks, the latest being a week ago today, when a gunman killed five girls and then himself in a one-room Amish schoolhouse in Pennsylvania. Charles Carl Roberts had five guns and 600 rounds of ammunition.

On Sept. 29, a 15-year-old Wisconsin student was arrested in the shooting death of his high school principal. Several days before that deadly incident, on Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts.

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Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said on Saturday.

No one would disagree with that statement nor the goal, regardless of partisan politics. But again, how is the task of making the nation's schools safe going to be accomplished?

One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks.

That's wrong. We feel that the issue should be No. 1 on the list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association.

Last year, the group reported as much in one of its publications: "The success rate of congressional candidates endorsed by the NRA's Political Victory Fund was 95 percent. That tops an 85 percent rate in the 2000 elections and 89 percent rate in the mid-term 2002 races."

Many of those who, the writer went on to explain, "earned the wrath of the NRA and the firearms industry for supporting the poison-pill amendments that prevented passage of Senate Bill 1805 that would have provided immunity to firearms manufacturers from 'junk' lawsuits, lost their seats, resulting in the Republicans capturing 55 seats in the Senate to the Democrats' 44 with one seat remaining independent."

The trend of politically targeting those who support stricter gun laws or longer waiting periods for gun purchases, has grown to include our own mayor, Mike Bloomberg, who has over the last eight months or so earned the wrath of the NRA due to his anti-gun-trafficking campaign, and his successful effort to bring other mayors on board.

Several months ago, it was reported by the mayor's office and the state Education department that New York City schools had seen a 500-percent jump in reported incidents of violence between 2004 and 2005, but that the majority were found to be cases of harassment without a weapon, assaults and minor altercations.

The city's incidences of violence were well below the average. Figures for Staten Island were uniformly low, especially for serious crimes. None of the schools on the Island had more than 10 cases of weapon possession, though McKee High School led the list with eight. However, those statistics have been challenged by the United Federation of Teachers President Randi Wingarten as being "too low," and a matter of "under-reporting."

Regardless, any incident of violence involving a weapon in this borough's schools is one too many.

The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head.

If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House.

Our children deserve better and parents and school officials should be demanding it.

Former Pages Surveyed In Foley Probe (AP-Y)

By Larry Margasak

AP-Yahoo, October 10, 2006

Lawmakers, following a request from the House ethics committee, are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages.

Charlie Keller, spokesman for Rep. Ginny Brown-Waite, R-Fla., said she contacted two pages before receiving the committee request and asked if they were aware of inappropriate behavior from Foley, any other lawmaker or staff members. Both said they were not.

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Aides for other House members reported similar results Monday.

The ethics committee leaders, in a letter to all House members, asked them to contact current and former pages they sponsored to learn whether any of them had "inappropriate communications or interactions" with Foley or any other House member.

The ethics panel, formally known as the Committee on Standards and Official Conduct, also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month. Foley resigned Sept. 29.

Meanwhile, the lawyer for Kirk Fordham, Foley's former chief of staff, said Monday his client could testify before the committee as early as this week. Fordham has said he informed House Speaker Dennis Hastert's staff in 2003 about Foley's inappropriate messages to pages.

Timothy Heaphy, Fordham's lawyer, said he contacted the ethics committee Friday and was told Fordham could appear this week to provide sworn testimony.

The ethics committee's four-person investigative subcommittee said it approved nearly four-dozen subpoenas for testimony and documents, although many witnesses are expected to testify voluntarily without the need for a subpoena.

J. Randolph Evans, Hastert's lawyer, said, "We are working to cooperate fully," but did not know when Hastert may appear.

Ethics Committee Starts Interviews In Foley Inquiry (WSJ)

By David Rogers

The Wall Street Journal, October 9, 2006

WASHINGTON -- Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself.

The inquiry will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel.

Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s. The 49-year-old attorney, who has declined to comment on the Foley matter, advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress.

Those changes set off a partisan uproar that paralyzed the committee because of Democrats' complaints that the changes were designed to protect then Majority Leader Tom DeLay (R., Texas). A new counsel, William O'Reilly, was announced late last year, and the arrival of California Rep. Howard Berman as the ranking Democrat changed the mood. In announcing the inquiry into the Foley matter last week, Mr. Berman joined with Chairman Doc Hastings (R., Wash.) in resisting calls for an outside counsel, and the situation gives the Democrat and Mr. O'Reilly extraordinary leverage in dealing with a tense situation for Republicans.

It has been 10 days since Mr. Foley, a six-term Republican congressman from Florida, resigned after the revelation of sexually explicit messages he sent to teenage former House pages. The scandal dominated television news shows yesterday even as Newsweek published a poll suggesting that more than half of Americans believe Mr. Hastert was aware of Mr. Foley's inappropriate messages and tried to cover up the matter.

The speaker has denied any coverup, while apologizing for the scandal on his watch. Republicans say they hope the ethics inquiry -- and a criminal probe by the Federal Bureau of Investigation -- will help them return the debate to "terror and taxes" in the weeks before elections.

In the ethics inquiry, four current and former House staff members may play large roles:

Kirk Fordham, a former chief of staff to Mr. Foley, has said he warned Mr. Hastert's office before leaving Mr. Foley's employ in late 2003. Mr. Fordham is uncertain about the precise timing of the warning, but recalls meeting with Mr. Hastert's chief of staff Scott Palmer in the Capitol and asking that he intervene with Mr. Foley to stop his overly friendly behavior to male pages and interns. Mr. Fordham also recalls that Mr. Palmer later advised him that he had spoken to Mr. Foley about the matter within days.

Scott Palmer, who came to Washington with Mr. Hastert in the late '80s, is one of the most powerful figures in the Capitol, not only because of his boss's position but because of their close relationship. For this reason, many say the 56-year-old aide

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would accept blame and resign if it would help the speaker. But instead Mr. Palmer is described by friends as distraught, unable to recall or find personal notes of any such meeting with Mr. Fordham. "What Kirk Fordham said, did not happen," Mr. Palmer said last week.

Jeff Trandahl, the House clerk until last fall, and someone with responsibility for the page program, also has declined to comment. But Mr. Fordham and others have said Mr. Trandahl, now in his early '40s, was aware that Mr. Foley at times was overly attentive to pages. Mr. Fordham said it was warnings from Mr. Trandahl that led him to go to Mr. Palmer. It isn't clear whether Mr. Trandahl took the same warnings to Mr. Van Der Meid, who oversaw administrative matters in the House for the speaker.

In 2005, a Louisiana couple complained about overly friendly email from Mr. Foley to their son, a former page. A Louisiana congressman forwarded the complaint to the Speaker's office and Mr. Trandahl went with Rep. John Shimkus (R., Ill.), the head of the House Page Board, to tell Mr. Foley to cease contact with the teenager.

That email was an important signal that Mr. Foley was using the Internet to contact former pages. However, Karen Haas, the new clerk, confirmed Mr. Trandahl left the House without telling her of the incident.

Mr. Van Der Meid came to the Capitol in the mid-'80s like Mr. Trandahl, and in the chain of command in the speaker's office, has the most direct oversight of the page program. While Mr. Fordham went to Mr. Palmer instead, it would have been logical for Mr. Palmer to tell Mr. Van Der Meid of any meeting he had about the pages.

Ex-Foley Aide To Testify At Ethics Panel (USAT)

By Jill Lawrence

USA Today, October 9, 2006

WASHINGTON — A former Capitol Hill aide who says he warned Republican leaders about Rep. Mark Foley's inappropriate conduct with teenage pages at least three years ago is scheduled to give sworn testimony to the House ethics committee this week.

Kirk Fordham, a longtime Foley aide and more recently chief of staff to Rep. Thomas Reynolds, R-N.Y., offered the panel his help on Friday, said his attorney, Tim Heaphy. The attorney said Sunday he didn't know what day Fordham will testify or whether the session will be public.

The Sunday news shows were dominated by talk of Foley's actions and the way House Speaker Dennis Hastert and other GOP leaders handled signs of trouble over the past few years. Conservatives debated Hastert's fate and politicians argued about the scandal's impact on the Nov. 7 elections.

Foley, R-Fla., quit Congress on Sept. 29 after ABC and other news outlets revealed lewd e-mails and instant messages he had sent to pages and former pages. None of the messages have been independently authenticated by USA TODAY.

Foley's lawyer announced soon after that Foley is an alcoholic and had been molested by clergy as a child.

Tom Kean Jr., the GOP Senate candidate in New Jersey, called for Hastert to step down. Republicans said Sunday such talk was premature until the bipartisan ethics panel sorts out who knew what when and what was done.

“Anybody that hindered this in any kind of way, that tried to step in the way, of hiding this or covering it up, is going to have to step down, whoever that is,” Rep. Tom Davis, R-Va., said on CBS' Face The Nation.

Fordham has said that he notified Hastert's office in 2003 or earlier about Foley's behavior and that Hastert's chief of staff, Scott Palmer, met with Foley at the time. Palmer has said the meeting did not happen. Fordham “continues to stand by everything that he has said about this and will have more to say under oath,” Heaphy said.

President Bush is set to appear with Hastert on Thursday at a Chicago fundraiser for two suburban House candidates, and White House press secretary Tony Snow is speaking at a Hastert fundraiser Saturday in Illinois, Hastert spokesman Ron Bonjean said.

Democrats need 15 seats for a House majority. Rep. Adam Putnam, R-Fla., said the scandal is not affecting most races. But he acknowledged on ABC's This Week that many members are facing “uncomfortable questions about tawdry deeds by a former colleague.”

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The GOP leaders in most immediate danger appear to be Reynolds, who says he notified Hastert's office last spring of a troubling e-mail exchange involving Foley, and Rep. Deborah Pryce, R-Ohio, who called Foley one of her five best friends in Congress in Columbus Monthly.

A Buffalo News poll showed Reynolds, head of the National Republican Congressional Committee, trailing Democrat Jack Davis 48%-33%. NRCC spokesman Carl Forti said the results are "not even in the same ballpark" as GOP polling, but would not divulge those numbers.

Reynolds canceled an appearance Sunday on ABC because he was sick, said his spokesman, L.D. Platt. A day earlier, Reynolds apologized in a TV ad for failing to pursue the Foley matter.

In an Ohio race that polls show is close, Democrat Mary Jo Kilroy is stressing Pryce's ties to Foley and Hastert in a radio ad. It says Pryce, the No. 4 GOP leader, "is protecting Hastert even though he protected a sex predator." Pryce said Kilroy "stooped to a new low by suggesting that I knew or should have known" that Foley was "a child predator."

'05 Meeting Could Clarify G.O.P. Role In Foley Case (NYT)

By Jeff Zeleny

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — For all the questions and curiosities, for all the contradictions and inconsistencies in the tale of Mark Foley, the investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office.

Jeff Trandahl, the clerk of the House, and Representative John Shimkus, an Illinois Republican who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill.

When they arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office, where oil paintings of the Everglades, done by his mother, were hanging alongside memorabilia from more than a decade of life in Washington. Elizabeth Nicolson, a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes.

What took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News.

"It was a brief meeting," said a senior Republican Congressional aide who was familiar with the session and spoke on condition of anonymity because the matter was under investigation. "Looking back, it was probably far too brief of a meeting."

Mr. Shimkus, who did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to "cease all contact" with the teenager. The scope of his questioning, however, is unclear. Last week, Mr. Shimkus said he had not asked Mr. Foley whether he had communicated with other pages by e-mail, but Speaker J. Dennis Hastert of Illinois has said Mr. Shimkus did.

This week, when a bipartisan, four-member panel deepens its inquiry, the meeting in Mr. Foley's office will be one critical point of entry. But investigators also intend to piece together a far broader timeline of events in the fall of Mr. Foley's political career, an examination that will take them back years, to when whispers began circulating about the gregarious congressman's behavior.

One of their main tasks will be to sort out conflicting versions of events on a range of fronts, including whether Mr. Hastert's chief of staff, Scott Palmer, was alerted to Mr. Foley's conduct in 2003 or earlier. Mr. Palmer has denied such a warning.

And the investigation is not limited to Mr. Foley, according to a letter that is to be distributed on Tuesday to each member of the House of Representatives.

"We request that you contact current and former House pages sponsored by your office for the purpose of learning whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House," said the letter, which was signed by the Republican and Democratic leaders of the investigation.

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The Congressional page scandal has overshadowed the final month of the midterm election campaign and threatened to upend Mr. Hastert's leadership. After spending last week trying to convince his own party that he had handled the situation appropriately, Mr. Hastert has yet to resolve questions about when he became aware of Mr. Foley's behavior.

Representative Thomas M. Davis III, Republican of Virginia, delivered an unusually critical assessment on Sunday of how Mr. Hastert had responded. The answers may not become clear, Mr. Davis said, until people are forced to testify under oath. In addition to the House inquiry, the Federal Bureau of Investigation is also examining Mr. Foley's conduct.

"They were slow out of the starting block, there's no question about it," Mr. Davis said on "Face the Nation" on CBS. He added, "It's taken a week of fumbling around to get to where we are."

Representative Ray LaHood, Republican of Illinois, once chief of staff to Robert H. Michel of Illinois, the former Republican leader, said he did not believe Mr. Hastert had been served well by members of his staff. Some members of the speaker's staff had been aware for at least a year — and others possibly longer — about Mr. Foley's attention toward the teenage pages.

"I'm sure he's very angry about the fact that they withheld this information," said Mr. LaHood, a close friend of Mr. Hastert's. "So I hope he's talked to his staff. He deserves better than that."

Indeed, employees in the speaker's office are emerging as leading characters in answering a question born a generation ago in the Watergate scandal: Who knew what, and when did they know it?

There are inconsistencies in the accounts of top Republicans in the House, particularly regarding whether members of the leadership team told Mr. Hastert about reports of Mr. Foley's conduct. Representative Thomas M. Reynolds, a New York Republican who leads the National Republican Congressional Committee, has said he informed the speaker in the spring. Representative John A. Boehner of Ohio, the majority leader, has said he also told Mr. Hastert.

"If Reynolds told me, it was in a line of things when we were in the middle of another crisis this spring," said Mr. Hastert, who spent much of the year dealing with the Jack Abramoff lobbying scandal. "So I just don't recall or remember that."

Differences have also emerged in describing Mr. Foley's departure. Republican Party talking points now suggest that Republican leaders took forceful steps to secure a quick resignation. Yet early on, Mr. Hastert said, "I think Foley resigned almost immediately upon the outbreak of this information, so we really didn't have a chance to ask him to resign."

But accounts of senior aides in the House, who have not spoken publicly, could help investigators determine whether there was a Republican cover-up, as some Democrats have asserted.

It is Mr. Palmer, the speaker's longtime chief of staff and closest adviser, and Mike Stokke, the deputy chief of staff, whose stories are of particular interest to investigators. A former aide to Mr. Foley, Kirk Fordham, said he was prepared to testify that he told Mr. Palmer of complaints about Mr. Foley's conduct in 2003 or earlier. Mr. Palmer rebuts the claim.

This week, Mr. Fordham is expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew.

Mr. Stokke, who oversees the political operation for Mr. Hastert, said he became aware that Mr. Foley had been "overfriendly" with pages a year ago. Even though Mr. Hastert and his two employees share a townhouse on Capitol Hill and fly back to Illinois most every weekend, the two aides said they did not tell each other or Mr. Hastert about Mr. Foley's troubles.

Finally, Ted Van Der Meid, the counsel to the speaker, also learned about a year ago that Mr. Foley had been exchanging e-mail messages with a former page from Louisiana. Mr. Van Der Meid and Mr. Stokke gave the information to the House clerk, Mr. Trandahl, who convened the meeting last fall in Mr. Foley's office that is now the focus of so much attention.

To investigators, Mr. Trandahl's story could be the most important piece in determining when Republican leaders learned of Mr. Foley's conduct.

As clerk, Mr. Trandahl was elected by the members of the House to oversee its operations, a powerful position that he attained after nearly two decades on the Hill. He also supervised the page program, handling issues as disparate as roommate disputes among the high school students and complaints about Mr. Foley's behavior.

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Mr. Trandahl, who has declined to comment, had been telling friends for months that he intended to leave the House last summer for a position in the private sector. In late September, he accepted an offer to become executive director of the National Fish and Wildlife Foundation.

On one of his final days in the House, in the first week of November, just hours before Democrats and Republicans had a farewell party for him, Mr. Trandahl made his way toward Room 104 in the Cannon Building to confront Mr. Foley.

Now, Mr. Trandahl is expected to return to the Hill in the coming days or weeks, to tell his story to the House ethics committee.

Inquiry May Test House's Legal Shields (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 9, 2006

WASHINGTON — Five months ago, the FBI touched off a legal and political firestorm when it raided the office of Rep. William J. Jefferson after wads of marked $100 bills were found in the Louisiana Democrat's freezer.

Now, with major questions about that search still unsettled, the right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.).

State and federal investigators are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides.

Authorities are now deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker.

Depending on what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe.

Lawyers for the House have taken an aggressive position in defending the right of members to limit investigators' access to official information in past cases. They have argued in the Jefferson case that even the contents of members' personal electronic devices deserve such protection.

House lawyers have already told prosecutors that they would want any requests for information to be channeled through their office. Officials did not return calls seeking comment.

"There is a potential tension between the ex-congressman's counsel who will want to restrict the ability of the FBI to look at his records, and the FBI's unwillingness to do a visibly inadequate job," said Charles Tiefer, a University of Baltimore law professor and a former deputy general counsel of the House.

Lawyers for Foley will try to keep the FBI's examination of e-mail to a minimum, Tiefer said. "But that is hardly the way to find out the full story."

Foley said through a lawyer in Florida last week that he had received no request for computers or e-mail files from investigators, but pledged to preserve the information.

The sensational two-day raid on Jefferson's office in May made headlines because it was the first time that the FBI had ever conducted a search of the office of a member of Congress. Jefferson is the target of a federal bribery probe.

The search triggered a constitutional brawl over the extent to which members of Congress must cooperate with criminal investigators. President Bush ordered the Justice Department and the House to work out rules over how to handle future requests from investigators. But no agreement was reached. The matter has been left to the courts, where it is pending.

The debate concerns the interpretation of a provision of the Constitution known as the "speech or debate" clause that gives members immunity for their legislative activities.

House lawyers contended in the Jefferson case that the law requires investigators to give members of Congress the opportunity to review their files to delete protected material before turning them over.

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Prosecutors have said that would give members a right not afforded ordinary citizens, and that giving lawmakers a chance to review files could lead to them being cleansed.

The case has not been decided, although in July, a federal appeals court ruled that Jefferson had a right, at least temporarily, to review the material sought by investigators, including paper documents and computer files.

Hundreds of pages that had been seized by investigators have been identified for review by Jefferson. But the process of turning over the computer files has proved highly cumbersome.

Though the FBI had seized the computers, an earlier court had barred agents from mining them for relevant evidence. Now, an independent, court-appointed computer forensics company has been assigned the task of trolling through the hard drives, using key words and other instructions from the FBI. The process could take months.

No one has argued yet that sexually tinged e-mail exchanges that Foley had with pages should be protected under the Constitution. Though he has resigned from Congress, Foley still has the right to determine which of his files will be turned over. "The privilege belongs to the former member. That is the historical understanding," Tiefer said.

But the lack of clear ground rules on how investigators obtain access to the material has left other aspects of the Foley case in uncharted territory.

Besides hunting for e-mail on Foley's computers, investigators may also want to plumb the backup computer servers that are operated by the House. Whether Foley has the right to limit access to those materials — or whether the right to do that belongs to the House as a whole — is unclear.

Experts in computer forensic analysis said the e-mails should be readily available on Foley's computers or through his Internet service provider, or, in the case of official e-mail, through the House e-mail system.

"E-mail is fairly easy, forensically, to look at," said Beryl Howell, a partner with Stroz Friedberg, a forensic computer analysis firm in Washington.

But retrieving instant messages can be tricky. Many online messaging services — such as AOL Instant Messenger, which Foley used — have features that allow users to disable their messages from being automatically saved on their computers. There are techniques for still obtaining the information, but that can pose problems for investigators. Instant messages "are more fleeting," Howell said.

In any event, Howell said that investigators probably would be able to retrieve the AOL "buddy list" of people with whom Foley exchanged messages. That could prove a crucial source of leads for investigators, she said.

Lawmaker Saw Foley Messages In 2000 (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, October 9, 2006

Page Notified GOP Rep. Kolbe

A Republican congressman knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications.

A spokeswoman for Rep. Jim Kolbe (R-Ariz.) confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said Kolbe's press secretary, Korenna Cline.

The revelation pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages. A timeline issued by House Speaker J. Dennis Hastert (R-Ill.) suggested that the first lawmakers to know, Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, and Rep. Rodney Alexander (R-La.), became aware of "over-friendly" e-mails only last fall. It also expands the universe of players in the drama beyond members, either in leadership or on the page board.

A source with direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted. But Cline denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said,

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"corrective action" was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley.

In interviews with The Post last week, multiple pages identified Kolbe as a close friend and personal confidante who was one of the only members of Congress to take any interest in them. A former page himself, Kolbe offered to mentor pages and kept in touch with some of them after they left the program, according to the interviews.

Kolbe once invited four former pages to make use of his Washington home while he was out of town, according to an instant message between Foley and another former page, Jordan Edmund, in January 2002. The pages planned to attend a first-year reunion of their page class. But because of a snowstorm, they did not take Kolbe up on his offer, according to one of the four pages.

Cline said one of the youths invited was a former page of Kolbe's. Because the congressman frequently travels on weekends, either to his Arizona ranch or abroad, the house is often available to friends, constituents, staffers and former staff members, such as a former page, she said.

Kolbe, the only openly gay Republican in Congress, is retiring at the end of the year.

The latest revelation in the growing House page scandal comes just a month before crucial midterm elections. Foley resigned Sept. 29 after ABC News confronted him with the sexually explicit messages that he exchanged with a former page, triggering investigations by the Justice Department, the House ethics committee and Florida authorities.

Hastert and his top aides have been sharply criticized by Democrats and some conservative Republicans for failing to act promptly after receiving warnings that Foley had been sexually predatory in dealing with pages and former pages. Ron Bonjean, the speaker's spokesman, said yesterday: "Allegations of inappropriate conduct by members of Congress towards pages need to be fully reviewed by the ethics committee and law enforcement."

In addressing the revelation about Kolbe, Bonjean said, "This allegation reiterates why the speaker has also called for a full review of the House page program to ensure that it is as safe and secure as possible."

A new poll by Newsweek indicates the Foley scandal is doing significant damage to the Republicans' political fortunes and could sink their chances of holding onto control of Congress on Election Day, Nov. 7. The poll found that 52 percent of Americans, including 29 percent of Republicans, believe Hastert was aware of Foley's Internet communications with underage pages and tried to cover up Foley's actions. More of those polled, 42 percent, now say they trust Democrats to do a better job handling moral values than Republicans; 36 percent favored Republicans on the values question.

In a sharp exchange on "Fox News Sunday," Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference, insinuated that Democrats were behind the revelations of Foley's actions and the release of electronic messages showing Foley having sexually graphic or highly suggestive conversations with former pages.

"What I don't understand is where have these e-mails been for three years? Are we saying that a 15-year-old child would have sat on e-mails that were triple-X-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Kingston said.

Rep. Martin T. Meehan (D-Mass.) shot back, "If there's any evidence that you need that the values in Washington have turned upside down, you could just hear what Jack had to say. Only in Washington, D.C., can you take a group of people in charge of the House and basically have evidence that they've been looking the other way while a predator has been . . . going after 15- and 16-year-old pages, [and] they somehow . . . have the audacity to turn that into a political attack against Democrats."

So far, only ABC News and The Washington Post are known to have obtained the sexually explicit instant messages between two former pages and Foley. The Post obtained its copies from a former page who served on Capitol Hill with the other two pages.

Staff writer James V. Grimaldi contributed to this report.

Evangelicals Blame Foley, Not Republican Party (NYT)

By David D. Kirkpatrick

The New York Times, October 9, 2006

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VIRGINIA BEACH, Oct. 7 — As word of Representative Mark Foley's sexually explicit e-mail messages to former pages spread last week, Republican strategists worried — and Democrats hoped — that the sordid nature of the scandal would discourage conservative Christians from going to the polls.

But in dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen.

"This is Foley's lifestyle," said Ron Gwaltney, a home builder, as he waited with his family outside a Christian rock concert last Thursday in Norfolk. "He tried to keep it quiet from his family and his voters. He is responsible for what he did. He is paying a price for what he did. I am not sure how much farther it needs to go."

The Democratic Party is "the party that is tolerant of, maybe more so than Republicans, that lifestyle," Mr. Gwaltney said, referring to homosexuality.

Most of the evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction.

All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote.

It is too soon to tell if the scandal will affect the turnout of evangelical Christians, who make up about a quarter of the electorate and more than a third of Republican voters. Some of President Bush's political advisers have said that pre-election reports in 2000 that Mr. Bush was once arrested for drunken driving depressed turnout among conservative Christians, nearly costing him the White House.

Pollsters and conservative leaders have said for months that grass-roots evangelicals were demoralized by what they felt was the Republicans' failure to live up to their talk about social issues — to say nothing of the economy, the Iraq war and other issues that weigh more broadly across the electorate. A recent poll by the Pew Research Center showed a steep drop in conservative Christian support for Republicans, albeit without a corresponding gain for the Democrats.

Some in the crowd waiting outside the concert, by the evangelical group MercyMe, said the revelations about Mr. Foley, Republican of Florida, had redoubled their previous concerns about the Republican Party.

"The Republicans need to tighten up their ship," said Wade Crane, a sign maker from Virginia Beach who said he usually voted Republican but had soured on the party in the last several months. "They need to stop covering themselves, using their power to protect themselves."

Charles W. Dunn, dean of the school of government at Regent University, founded here by the religious broadcaster Pat Robertson, said that so many conservative Christians were already in a funk about the party that "the Foley issue just opens up the potential floodgate for losses." The tawdry accusations, Mr. Dunn said, "give life" to the charges of Republican corruption that had been merely "latent" in the minds of many voters.

But as far as culpability in the Foley case, Mr. Dunn said, House Republicans may benefit from the evangelical conception of sin. Where liberals tend to think of collective responsibility, conservative Christians focus on personal morality. "The conservative Christian audience or base has this acute moral lens through which they look at this, and it is very personal," Mr. Dunn said. "This is Foley's personal sin."

To a person, those interviewed said that Speaker J. Dennis Hastert of Illinois should resign if he knew of the most serious claims against Mr. Foley and failed to stop him. They said the degree of Mr. Hastert's responsibility remained to be seen. Many said the issue had not changed their view of Congress because, in their opinion, it could not sink any lower.

But all also noted that the swift Democratic efforts to broaden the scandal to Mr. Hastert and other Republicans had added more than a whiff of partisanship to the stink of the scandal.

As the details were emerging last Tuesday, for example, Phil Kellam, the Democrat challenging Ms. Drake, called on her to demand Mr. Hastert's immediate resignation. In a statement, Mr. Kellam said the House Republican leaders' "lack of attention" was "perhaps more shocking" than what Mr. Foley had done.

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Drew Lankford, a spokesman for Mr. Kellam, said the attacks on Ms. Drake had "painted her into a corner" because she was unwilling to denounce Mr. Hastert. Ms. Drake has said she will wait for a thorough investigation into what Mr. Hastert knew. (The matter has come up less in the Senate race between Mr. Allen and Jim Webb, the Democrat.)

Brian Courtney, a Republican-leaning sales manager attending the concert, said the Foley affair had led to "the kind of mudslinging one would expect to see at an election time like this." He added that he was paying closer attention to the "values and character" of the candidates, and that he would probably vote Republican again.

Republicans have put up a vigorous defense, mainly through conservative allies and on talk radio. An e-mail message to talk-radio hosts from the Republican Party last week asked, "How would Democrats react if one of their own had a sexual relationship with an intern, was found out, then lied to a grand jury in an attempt to cover it up?"

Rush Limbaugh devoted much of his airtime to the Democrats' defense of President Bill Clinton in the Monica Lewinsky scandal. Sean Hannity focused on former Representative Gerry Studds, a Massachusetts Democrat who in 1983 admitted having sex with a teenage male page, won re-election and served several more terms with the support of his colleagues.

Still, many conservative churchgoers said that what stood out for them was not the politics but the individual sin. "It is not going to affect my vote because I don't live in Florida," said Scott O'Connell, a mechanical engineer who described himself as a fundamentalist. "But there is a bigger moral issue which I would say is the prism I view this through: I do not believe in homosexuality."

David Thomas, a father taking his family to the concert, said that he, too, was leaning toward voting Republican and that the scandal only reinforced his conservative Christian convictions. "That is the problem we have in society," Mr. Thomas said. "Nobody polices anybody. Everybody has a 'right' to do whatever."

In an interview on Friday, Pastor Anne Gimenez of the 15,000-member Rock Church here said the scandal "doesn't change the issues we are voting on," like abortion, public expression of religion and same-sex marriage.

The church has been actively registering parishioners and reminding them to vote. "Every Sunday already," Ms. Gimenez said.

Fugitive Doctor Charged In Wife's Cyanide Death Arrested Overseas (AP)

By Joe Milicia, Associated Press Writer

AP, October 10, 2006

CLEVELAND — A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday.

Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release.

Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland.

Essa disappeared three weeks after his wife, Rosemarie "Rosie" Essa, collapsed behind the wheel of her car and died Feb. 24, 2005.

She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills.

Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case.

Prosecutors say Essa, known as "Yaz," was a philanderer. They characterized the murder as "divorce substitute," saying he was having an affair with a nurse and wanted to be free of his 38-year-old wife.

His lawyer, Larry Zukerman, said he could not comment yet because he did not have all the facts about Essa's confinement.

Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said.

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Rosie Essa's family issued a statement that said, "We are hopeful that this development will lead to the answers that we have been seeking since Rosie's death and will mark the beginning of the end of this heartbreaking ordeal for our family."

The family said that largely out of concern for the Essa children they will have no further comment while they await the outcome of the legal process.

Rosie Essa's brother and sister-in-law took custody of the Essas' two children, who were 4 and 2 when their father disappeared in March 2005.

If convicted of aggravated murder, Essa could be sentenced to 20 years to life in prison.

Essa called his wife's brothers the day of her accident and they recalled he sounded genuinely worried and upset.

When they arrived at the hospital, Essa told them with a cold, clinical finality that she was dead, his wife's relatives said. He appeared to grieve and allowed her family to make all the funeral arrangements.

Authorities believe Essa traveled to Syria, Greece and Lebanon and possibly visited Florida. His family owns property in the Palestinian territories.

Wilson said he did not know details about Essa's extradition. U.S. Department of Justice spokesman Bryan Sierra said he could not provide details about Essa's return to the states because Monday was a federal holiday and the department was closed.

Associated Press writer M.R. Kropko in Cleveland contributed to this report.

FBI Looks At More Than Veco (ADN)

By Lisa Demer, Anchorage Daily News

Anchorage (AK) Daily News, October 10, 2006

INQUIRY: Officials show interest in a developer and the Department of Corrections.

When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections.

That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual.

No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases.

In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI.

Kohring, a Republican, is not the only Alaska lawmaker who hired an attorney within days of the search.

Senate President Ben Stevens, R-Anchorage, has hired a prominent Seattle criminal defense lawyer, John Wolfe.

Wolfe, who declined to comment last week, has been named as one of Seattle's top criminal defense lawyers by Seattle Magazine. He's represented the famous and the infamous, from Seattle Seahawks players and judges to strip club owners and a pawnshop associate. He has worked in Alaska, representing a former Doyon Drilling Inc. worker who pleaded guilty in 1998 to concealing the dumping of hazardous materials on the North Slope.

"I think it's probably fair to assume that everybody's lawyered up," said Kevin Fitzgerald, an Anchorage defense attorney representing another of the legislators, though he wouldn't say which one.

Fitzgerald was part of the team that earlier this year won not-guilty verdicts in the federal rocket launcher case in Anchorage involving Security Aviation. The other lead defense lawyers in that case -- Paul Stockler and former U.S. Attorney Bob Bundy -- also are representing separate parties in the new FBI investigation, though they wouldn't say whom, either.

Hiring an attorney is a common practice in criminal investigations even for people who don't believe they are targets. For instance, individuals may want a lawyer to talk to prosecutors about the status of an investigation, to recover evidence taken in searches or to advise them on whether to talk and what to say.

Efforts to reach Kohring on Friday were unsuccessful, but in the past he has said he's cooperating in the investigation, is not a target and has been careful to follow all ethics rules.

Ross said he doesn't see that Kohring has done anything wrong.

"He asked me to advise him what the procedures mean and just make sure he doesn't step on his nose. He was told that he's not a suspect and of course I told him that, to be real honest with you, you can't always believe what you are told," Ross said, adding that he didn't expect any criminal charges against Kohring.

According to an FBI receipt for the property, agents took a folder with information on Marlow, phone message books, a Gateway computer from Kohring's office, fundraising notes -- which Ross said were essentially required campaign reports to the state -- a box of canceled checks, a thank-you note from Veco, bank statements, bills and an unexplained "business application and dividend papers."

"It doesn't look like anything there, any smoking guns or anything," Ross said.

Kohring and Marlow have known each other for years. Marlow hired him in 2004, according to disclosure statements that Kohring was required to file as a legislator. He reported income of $5,400 from Marlow that year and $38,100 in 2005. Kohring continues to provide "business services" for Marlow, arranging and conducting meetings, performing research and developing plans and strategies, Kohring said in an e-mail to the Daily News last month. Marlow has said that Kohring was helping him with plans to build a power plant in the Mat-Su, and Kohring has said he worked on a total of about six projects.

Reached on the telephone Friday, Marlow said he had no idea why the FBI would be interested in his relationship with Kohring. The FBI hasn't interviewed him or searched his offices, he said.

Kohring agreed to the search of his office, but the agents came prepared with a warrant that sought, among other things, any documents concerning relationships, correspondence, giving or receiving "things of value of any nature," or acts or failures to act that involved Veco executives Bill Allen, Richard Smith, Peter Leathard, Roger Chan, Veco itself, The Petroleum Club, pollster David Dittman, pollster Marc Hellenthal and Marlow.

"Cool. I made the list," Marlow joked. "What a crowd to be associated with."

The warrant also sought all correspondence between Kohring and the Alaska Department of Corrections. Ross said Kohring was questioned by the FBI about efforts to build a private prison in Whittier.

"He indicated it was a facility that Cornell was hoping to build in the past and that's apparently all they asked about that," Ross said. Cornell Cos. had teamed with Veco in the private prison endeavor, which ultimately died last year after the city of Whittier dropped its support.

Along with those of Kohring and Stevens, FBI agents searched offices of Sen. John Cowdery, R-Anchorage; Sen. Donny Olson, D-Nome; Rep. Pete Kott, R-Eagle River; and Rep. Bruce Weyhrauch, R- Juneau. Messages left for them were not returned. Kohring is the only one of the six still facing an election battle in November. Kott lost in the primary, Stevens and Weyhrauch aren't running again and the others aren't up this year.

Much of the wording on the Kohring search warrant is identical to the language on one provided by Olson's office the day after the search. Both are five pages long. In the warrants, agents sought documents concerning "anything of value" provided by Allen, the Veco chief executive officer; Smith, a Veco vice president; or Veco itself to any public official. Agents were also looking for documents concerning the creation of a natural gas pipeline or the new petroleum production tax. They wanted financial documents related to the legislator, including bank records, wire transfers and credit card statements. They wanted to search computers, too. But where agents sought information on Marlow and the Department of Corrections from Kohring, they wanted documents on Olson Air Service including any payments or storage fees related to aircraft from Olson, a doctor who owns a flying service.

None of the other legislators provided warrants in response to requests from the Daily News.

Stevens' legislative office is the only one searched twice, according to the FBI. In a letter to the Daily News last month, the Anchorage Republican said he agreed to both searches but had been advised not to answer questions. He didn't provide the warrant, but his letter listed what was taken by the FBI.

Many of the items hauled away were seemingly innocuous public records such as presentations on the new petroleum profits tax and a copy of the state legislative handbook. But the materials also included letters from Stevens regarding the Alaska

Fisheries Marketing Board, which he had headed since its creation by his father, U. S. Sen. Ted Stevens, until he resigned earlier this year. The board provided federal grants totaling between $5 million to $10 million a year to companies to promote Alaska seafood. At least three of the grant beneficiaries paid consulting fees to Ben Stevens.

The FBI also took "unknown documents" of Ted Stevens with a June 5 cover page and a Jan. 23 faxed letter to "T. Stevens."

Ted Stevens has repeatedly declined to comment and last month explained why in an e-mail sent through his spokesman.

"I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben. Therefore, I am withholding comment about this matter and will not discuss it," Stevens said in the Sept. 27 e-mail.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

The FBI investigation at a glance

What's known:

• Dozens of FBI agents executed about two dozen search warrants Aug. 31 and Sept. 1, though in some cases individuals agreed to the search.

• Six legislative offices were searched, and so was Veco Corp. Searches were conducted in Anchorage, Juneau, Eagle River, Wasilla, Willow and Girdwood. The office of Senate President Ben Stevens was then searched a second time, on Sept. 18.

• One search warrant, provided by Sen. Donny Olson, said the FBI was looking for "any and all documents" related to Veco, four of its executives and two political pollsters, as well as information on Olson Air Service, among other matters. When agents searched Stevens' office, they seized materials related to controversial fisheries organizations. In the search of Rep. Vic Kohring's office, agents also sought information on developer Marc Marlow and on the state Department of Corrections.

• The lead prosecutors on the case are from the Justice Department's Public Integrity Section in Washington, D.C., which handles public corruption cases.

• No one has been charged.

What's not known:

• Perhaps the biggest of the many unanswered questions is this: Who or what is being targeted?

• Authorities also won't say how many FBI agents or prosecutors are working on the investigation, when it began, when it might end or how they are proceeding.

Schools Chief Tried To Get Work For His Pal (FREEP)

By Chastity Pratt And Jennifer Dixon, Free Press Staff Writers

Detroit Free Press, October 10, 2006

Friend focus of FBI probe

Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas.

Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. “This was a way to help an old friend, who's unemployed, to make a few dollars,” Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services.

“In hindsight, I guess that was a stupid decision.”

Late Monday afternoon, as the Free Press was to publish a story about Coleman's actions, he issued a statement recommending the district cancel and rebid the contract linked to Information Solutions.

Making reference to Bohochot without naming him, Coleman's statement defended both his friend and the contract award. But, Coleman wrote, “unjustified clouds of suspicion” now hang over the contract, causing “a needless distraction.”

It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in.

“Oh, my gosh,” said board vice president Joyce Hayes-Giles when told of Coleman's actions.

“There are a number of issues we have under review and that was just one of them,” she said. “We may have to rebid the whole thing.”

Board president Jimmy Womack said he didn't believe Bohuchot's friendship with Coleman affected who received work. But, he added:

“We certainly have to take into consideration any influence those relationships may have had on the recommendation that came from the superintendent to the board,” Womack said.

The district's actions Monday were but the latest controversy surrounding the recent award of $58 million in technology contracts. The district announced in July it was replacing Detroit-based Compuware, which had performed district technology work since 2001, with four smaller vendors. Compuware appealed and questioned the bidding process.

Compuware spokesman Doug Kuiper said the company “looks forward to a fair and open rebidding process.”

Ruben Bohuchot has been under investigation by the FBI since the summer of 2005, when the Dallas Morning News reported that Bohuchot, then technology chief for Dallas schools, routinely accepted the free use of a luxury sports-fishing yacht owned by Micro System Enterprises, a major computer vendor to the Dallas district. That probe has since been joined by the Federal Communications Commission.

Long-time friends

Coleman said Saturday that he has been friends with Bohuchot for a decade. They first met in San Francisco, where Coleman was that district's finance chief and Bohuchot the technology chief. They then landed in Dallas, where they held the same roles. The pair even traveled to Alaska together in 2001 to go fishing.

After the newspaper report last year, Bohuchot was placed on paid suspension by Dallas and eventually left the district.

Bohuchot's troubles were well publicized last fall when Coleman said he ran into Julius Bender, owner of Information Solutions Group.

Coleman said he casually asked Bender if he planned to bid on soon-to-expire technology contracts. Bender said he didn't know where to start with writing a proposal, and asked Coleman if he knew anyone who could help him, Coleman said.

Coleman recommended Bohuchot.

“I didn't know that it went any further than that,” Coleman said. He added: “I just don't believe there is a relationship” between Bohuchot and Bender. “But if I've been misled by Ruben before, perhaps I've been misled again.”

Bohuchot, who is still listed as living in Dallas, could not be reached for comment.

Bender confirmed Coleman's account of their meeting. But he said that while he may have spoken with Bohuchot by phone, he never hired him. “We didn't pursue a relationship,” Bender said. “He's not in this deal with us. I swear.”

While Bender's company never bid directly on technology contracts, it partnered in the winning bid of another company, GVC Networks LLC, for the district's telecommunications and information technology services. It's that bid, which was to pay $726,000 annually, that Coleman sought to cancel Monday.

Stephanie Grimes, a spokeswoman for GVC, said GVC was supposed to sign the contract Tuesday.

“We believe we provided a solid proposal.” she said.

Grimes confirmed that Bender's company was supposed to work with GVC when GVC bid on the technology work. But she said when GVC only secured the telecommunications portion of the contract, it no longer needed Bender's company “in no way, shape or form.”

Detroit school records show Bohuchot attended a pre-bid meeting in Detroit in January for companies interested in the technologies contracts.

He signed in using the address and phone number for Bender's company - though Bohuchot incorrectly listed the company as “Integrated” Solutions.

Bender said last week he has no idea why Bohuchot used his company's address to sign in.

Coleman said he did not know Bohuchot had traveled to Detroit until a board member inquired about Bohuchot at the July meeting when the contracts were approved. Coleman acknowledged that he did not tell the board about his ties to Bohuchot at the time.

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Coleman sat on a committee that recommended the four vendors, though the board made the final choice. Since the awards, Coleman had defended the bidding process and said the new vendors will save the district millions.

Two days after the four vendors were approved, Bohuchot set up a consulting company in Dallas, Portico Consulting LLC, records show. He lists himself as a manager. The following day, DPS issued a press release naming the companies that won the contracts.

Coleman also said he was recently interviewed by the FBI about his relationship with Bohuchot, but he said the questions related to his friend's activities in Dallas, not Detroit.

"The thing that's very, very troubling to me is that there's going to be some assumption that I'm corrupt," Coleman said. "I am not corrupt, there's no aura of corruption about Bill Coleman."

DPS Will Rebid Part Of IT Contract (DEN)

Detroit News, October 10, 2006

Superintendent said to be linked to businessman who is affiliated with firm that won part of bid.

Detroit Public Schools Superintendent William F. Coleman III said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and "influence peddling" surfaced in the bidding process.

Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used flawed methods. Allegations have also been made that link Coleman to a Dallas acquaintance Ruben Bohuchot, who is said to be affiliated with Detroit-based Information Solutions Group, which partnered with GVC Networks LLC to win a bid from the district.

In a statement issued by Coleman last month, Coleman defended the contract approval process, saying the new contract will save DPS "millions of dollars."

"It is unfortunate that some feel that they are entitled to the IT contract even though their proposals would have cost the district as much as $30 million more," he said.

Coleman said that at a school board meeting last month, "months after the contracts were awarded," he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review.

"His involvement has led to allegations and concerns of undue influence," Coleman said, adding that the claims are "completely and unequivocally false."

"My staff and I believed when we recommended that GVC/Information Solutions Group be awarded the contract that we were acting in the best interests of the district and the taxpayers of the city of Detroit. I still believe that," Coleman said in a statement issued Monday. "But it is clear that the GVC/Information Solutions Group contract is becoming a major distraction that has the potential to hamper our mission as an education institution."

GVC Networks LLC, one of four companies awarded a portion of the $58 million, five-year contract, ranked lowest in the evaluation process of 17 bidders.

Criteria included staffing plans, cost, past performance expertise and employment of minorities and women.

Representatives from GVC Networks could not be reached for comment. Julius Bender Jr., president of Information Solutions Group Inc., had no comment.

"Ever since the contracts were awarded to these companies, we've been under considerable attack," said district spokesman Lekan Oguntoyinbo.

"If there's a cloud of suspicion in anyone's mind, we need to go after that."

School Board President Jimmy Womack said the board is studying the evaluation process used to select the companies. He did not expect the board to make a decision at Thursday's school board meeting.

"Primarily, our concern is to understand more clearly the process in general and how it was applied to the IT contract," he said.

Vision IT, Management Systems Consultants, GVC Networks LLC/Information Solutions Group and Universal Sales share the technology contract.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Health Care Executive Faces New Indictment (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 9, 2006

The chief executive of a District-based mental health organization has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program.

The new charges add to the legal problems faced by Ricardo F. Henry, founder of Insight Therapeutic Services Inc. He pleaded not guilty to health care fraud charges after his indictment in March.

Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree.

Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering.

The new charges stem in part from more than $100,000 spent by Mr. Henry for a 2001 Porsche 911 Carrera. The money, prosecutors said, was obtained through health care fraud. Authorities also say he registered the car in another person's name in New York to hide the purchase from creditors.

Mr. Henry filed for bankruptcy last year, but the case was reopened earlier this year after federal authorities raided his D.C. apartment and seized the car and other assets.

Among the other assets Mr. Henry tried to conceal from creditors were $120,000 from the sale of a home in Silver Spring and at least six firearms, including a Winchester rifle set, according to the indictment.

A status report in the criminal case issued last week states that Mr. Henry faces two trials, one for bankruptcy fraud and another for health care fraud. Mr. Henry's attorney likely will seek separate trials, while prosecutors are expected to oppose the move.

Mr. Henry's attorneys have disputed the charges, according to the status report.

"It is the defense's position that rather than cleanly charging provable offenses, the government has thrown everything but the kitchen sink into the 62-count original indictment hoping something will stick with the jury under the 'where there's smoke there's fire' theory," the report states.

But prosecutors counter in the seven-page report that they have "carefully selected the indicted counts from literally thousands of possible charges."

Predators Build Trust With Children Online (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, October 9, 2006

Young children and teens can become sexually victimized -- especially via the Internet -- when they don't realize they are being "groomed" by canny adults, say experts on child exploitation.

To parents, "our basic message is get that [personal computer] out of the bedroom and put it in a public place and set some limits and know what your kids are doing," said Ernie Allen, president of the National Center for Missing and Exploited Children.

The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach, Mr. Allen said.

This means "don't use instant messaging in the middle of the night," he added.

The use of e-mails and instant messages as exploitation tools has been garnering attention since recent news reports of former Rep. Mark Foley's sexually explicit electronic messages with former congressional pages, who were teenagers at the time.

The Florida Republican resigned his office, has entered an alcoholism rehabilitation program and is being investigated by law-enforcement agencies.

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"Any suggestion that Mark Foley is a pedophile is false, categorically false," Mr. Foley's attorney, David Roth, told a televised press conference in Florida last week . "Mark Foley denies ever, ever having any sexual contact with a minor."

However, Mr. Foley's online conversations with several male pages, which focused on the teens' physical activities and genitals, sound like grooming practices employed by sexual predators, sex-abuse experts said.

Typically, a relationship starts out "in a very innocent way," with the predator acting like a friend to the victim, said Lynn Parrish, spokeswoman for the Rape, Abuse and Incest National Network (RAINN).

The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, "and because it happens gradually over time ... young people miss these cues."

"Teens don't recognize the grooming when they see it; the kid is totally oblivious to it until it's too late," said Patrick Trueman, the former head of the Justice Department's unit on child exploitation and obscenity.

Once sexual contact is made, the predator will "hold it over you," he said. He can pressure the child for more sexual contact, saying, "'Oh, if you don't do this again, I've got these pictures of you now. Your friends are going to know all about this. We're just alike. You're just like me.'"

Children and teens will feel shame and confusion and refuse to talk about what happened, even though they should, Mr. Trueman said. This, in turn, can lead to "a cycle of abuse," in which the youths become promiscuous or turn to substance abuse.

"The effects can last a lifetime unless you get help," said Ms. Parrish, who urged victims of sexual abuse to call RAINN's hot line, 800/656-HOPE.

More Calls For Death Penalty In Child Rapes (LAT)

By Lianne Hart

The Los Angeles Times, October 10, 2006

HOUSTON — With the election just a month away, politicians examining ways to stop violent sexual offenders from striking again are increasingly calling for laws that would allow states to execute repeat child molesters.

Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction.

If enacted, the measure "will protect the children of Texas, and let people know to get out of our state if this is your sickness," Dewhurst campaign spokesman Enrique Marquez said. "If that's something you want to do, not in our state you won't."

In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005.

This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana.

Critics say that if child sex crimes are a capital offense, victims might be reluctant to report abuse because the offenders often are family members. "If you've got a father or brother or uncle molesting a young person, a lot of people aren't going to turn them in if it means they'll be sent to jail or put to death," said Michael Mears, director of the Georgia Public Defender Standards Council.

Another concern is that the measures might give assailants an incentive to kill the victim. "If the penalty for murder and molestation is the same, why not go ahead and kill the only witness to the event?" Mears said.

David Bruck, a law professor who directs the Virginia Capital Case Clearinghouse at Washington and Lee University in Lexington, Va., has the same concern. "To the extent that this is meant to be a way of protecting children, it may well have the opposite effect," he said.

But legislators such as Jay Paul Gumm — the state senator who sponsored Oklahoma's child sex crime bill — said that a person who would rape a child has no regard for life under any circumstance. "Anybody who would prey on the innocence of a child and destroy a soul is more than deserving of the death penalty in my way of thinking," Gumm said. "These are crimes that have lifelong effects on the victims. Some never have a normal life. It destroys life as surely as a gun to the head."

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Louisiana houses the only death row inmate convicted of a child rape that did not result in murder. Patrick Kennedy, convicted in 2003 of raping an 8-year-old girl, was sentenced under a 1995 law that allows the death penalty for the rape of a child younger than 12. His case is on appeal.

In 1996, the Louisiana Supreme Court upheld the state's death penalty law for child rapists. But the Kennedy case could end in a showdown if it reaches the U.S. Supreme Court: In 1977, the high court held that a person convicted of the rape of a woman could not be sentenced to death because the punishment would be out of proportion with the crime.

"It's cruel and unusual punishment," Bruck said. "[Child rape] is a terrible crime, but it ain't murder."

Bruck said an attention-grabbing proposal to kill child sex offenders is like "political crack cocaine. It attracts publicity and people's attention at a very visceral level" but in the end, he said, does little good.

But Gumm, the Oklahoma legislator, denied that such legislation was an election-year gimmick. "Public opinion in my district and this state is extraordinarily positive toward this law," he said.

"People have grown sick and tired of instances where child molesters have gotten out of prison only to molest again," Gumm said. "This sends a message that this behavior will not be tolerated, and we are going to find you, prosecute you and exact the most severe punishment possible."

Star Witness's Cheating Ways Heating Up Trial (WP)

By Carol D. Leonnig

The Washington Post, October 10, 2006

Jaws dropped and even the judge cringed when the former D.C. government official told a jury about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends.

Michael Lorusso once got his bosses to hand over to him $1 million, and he used it to lease space that wasn't even usable. Besides giving contractors inflated profits, Lorusso said he gave them gifts at taxpayer expense -- including antique barbershop chairs from a city warehouse and laptop computers purchased with a city credit card.

He is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council.

In an administration that prided itself on running a clean, reform-minded government, the swaggering Lorusso, the deputy director of property management, said he approved hundreds of thousands of dollars in contractor payments for work that was never done.

Lorusso worked for the city from November 2000 to January 2003, when he was fired after the council raised questions about his deals. He later pleaded guilty to bribery conspiracy and is hoping for a reduced sentence in return for his cooperation against Jemal and two other executives from Douglas Development Corp.: Jemal's son, Norman, and Blake Esherick. He is scheduled to resume testifying today in the courtroom of Judge Ricardo M. Urbina.

Only when Lorusso took the stand last week did many details of his crimes, and the breadth and gall of his fraud, become publicly known.

Lorusso, 40, admitted arranging leases that paid Jemal yearly rent so exorbitant it equaled the developer's purchase price. Lorusso ran his own furniture and investment businesses from his District offices and computer and took hundreds of thousands of dollars in city property, including the chairs, the laptops and other items. But no one flagged it.

"On my signature, I could take anything I wanted in the District," Lorusso testified.

Until Lorusso pleaded guilty in 2004, Mayor Anthony A. Williams (D) was reluctant to admit that the city was cheated -- despite several independent audits the previous year which determined that millions were spent for construction work, authorized by Lorusso, that had never been done. In an interview with NewsChannel 8 in summer 2003, Williams questioned what proof anyone had of outright theft but acknowledged that the city needed stricter controls on contracts.

Administration officials say several loopholes Lorusso exploited have been tightened.

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Then-newly arrived Herbert R. Tillery, deputy mayor for operations, was tapped in 2003 to protect the city from another Lorusso. In an interview last week, Tillery said that the city largely had safeguards and good rules in place when Lorusso was working but that they needed to be diligently enforced. He said the city now has officials within each agency review all leases, contracts and routine price increases in contracts -- instead of continuing the unusual arrangement in which Lorusso single-handedly authorized such deals.

Each agency's contracting officer is now trained to spot fraud and given stern warnings about the responsibility to protect city money. Although the city had regulations allowing it to penalize such officers for losses and improper cost overruns, Tillery said, now it follows through. Similarly, the city had a computer system for tracking contracts before Lorusso, Tillery said, but now it has improved it and required that agencies monitor such contracts monthly.

"Now there are several extra eyes on the contracting process," Tillery said. "It takes longer . . . but when we take shortcuts on contracts, that's when we get into trouble."

Lorusso was fired after the council began challenging leases for office space with Jemal's company as well as a plan to buy an impoundment lot from Jemal in Prince George's County. Council members also looked into steep payments Lorusso arranged to a contractor at One Judiciary Square, a municipal building.

The first indications of trouble surfaced in fall 2002, when the council balked at the impound lease proposal. More was revealed in the summer of 2003, when Jim Graham (D-Ward 1) completed an extraordinary council investigation into Lorusso's dealmaking, revealing, among other things, that Lorusso had "cooked" an appraisal to suggest that the city should pay $12.5 million for the impound lot. It had cost Jemal just $1.5 million four years earlier. After a council outcry, the city did not buy the lot.

Lorusso is the only D.C. government employee charged in the case. But based on his testimony, D.C. officials have more digging to do. He asserted in court that other city workers helped him break the law. Lorusso told the jury, for example, that he invited two staff members to join in a plan designed to help him get rid of a burdensome car payment. Together, they fabricated a $25,000 bill to the city for moving services from a company that employed one of the staffer's relatives, Lorusso said. The moving company then cashed a city check for the staffers, Lorusso said. The staffers gave him most of the $25,000 in return for his Audi convertible, he said.

As of Friday, the staff member were still on the Office of Property Management payroll, although one is on leave. They did not return calls.

Carol Mitten, the new director of the office, said she was surprised by what surfaced in court. "The first I heard about this dummy invoice is from the trial," she said.

Lorusso's testimony raises questions about whether more protections are needed, according to council member Adrian M. Fenty (D-Ward 4), who likely will succeed Williams as mayor next year.

"This type of waste, fraud and abuse is inexcusable, and those responsible must be held accountable," Fenty said.

Council member Carol Schwartz (R-At Large), who was the first to balk at the impound lot proposal in September 2002, said she remains mystified at how top city leaders couldn't have known some of what Lorusso was doing.

Graham said the testimony vindicates his investigation but won't satisfy the larger question taxpayers should be asking the city: "Just how did he get away with all this?"

'Liberty Dollars' Can Buy Users A Prison Term, U.S. Mint Warns (WP)

By Elizabeth Williamson

The Washington Post, October 10, 2006

Once upon a time, a "monetary architect" named Bernard von NotHaus decided to make his own money.

He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them "Liberty Dollars." On his Web site, http://www.libertydollar.org , he said: "It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!"

True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term.

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Liberty Dollars were coined by von NotHaus and an Evansville, Ind.-based group called Norfed, which stands for (sort of) the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. In the late 1990s, the group began hawking its money as a hedge against inflation, and as a way to compete with the Fed. Von NotHaus makes the pitch online, using a raft of statistics and graphs that he says show the greenback is well nigh worthless.

Norfed Executive Director Michael Johnson says the group isn't aiming to overthrow the American monetary system. "We're not locking horns with the Fed. I mean, that's crazy," he said. Norfed simply wants "to offer a solution to the Federal Reserve Note," a.k.a. U.S. dollars.

Norfed struck the first gold- and silver-backed coins -- which, to avoid charges of making its own money it calls "rounds" -- in 1998 at its private mint in Idaho. Today the group claims to have more than $20 million in Liberty coins and notes in circulation, and about 2,500 merchants who accept Liberty Dollars for goods and services from doughnuts to tattoos.

But there's a potentially more sinister side to all this. A 1999 report by the Southern Poverty Law Center calls Norfed a far-right anti-government group that has "long claimed that American dollars are . . . part of a vast conspiracy by international bankers to defraud the rest of the world." The center links some Norfed devotees to far-right hate groups.

"That definitely is not the philosophy of the organization," Johnson said. "I've been a Republican for most of my life. . . . We are focused on the mainstream. . . . I guess we are libertarian. But definitely not anti-government."

The U.S. Mint acted after federal prosecutors around the country began forwarding inquiries about the coins. "We don't take these consumer alerts lightly," said spokeswoman Becky Bailey. "Merchants and banks are confronted by confused customers demanding they accept Liberty Dollars. These are not legal coin."

Norfed responded to the Mint on its Web site. "Here it is in plain sight . . . the Liberty Dollar is not a coin, not legal tender, and backed with inflation proof gold and silver!"

"Goliath just introduced David to millions of Americans as a nationally recognized underdog," the site continues. "Just as Pepsi went up against Coke with their 'take the Pepsi Challenge' campaign, the Liberty Dollar will take it to the people to decide which currency they should use."

Norfed encouraged people to keep doing "the drop," referring to its advice to drop the coin into merchants' hands so they can feel its weight.

That could land the dropper in prison, Bailey warns, for up to five years.

L.A. Police Say Killing Of 3-Year-Old In Gang Attack Was Intentional (LAT)

By Richard Winton And Erika Hayasaki, Times Staff Writers

The Los Angeles Times, October 10, 2006

Kaitlyn Avila, 3, was shot at point-blank range after her father was wounded in the gang-related attack in Baldwin Village, police say.

A 3-year-old girl, fatally shot as her family arrived home after a Sunday afternoon trip to McDonalds, was intentionally targeted by a teenage gang member who fired at point-blank range, police said Monday.

The announcement, which came as detectives sought the public's help in finding the killer, prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong.

A joint task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought.

LAPD Deputy Chief Charles Beck said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. He then aimed his gun at Kaitlyn and shot her once in the chest, police said.

"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

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Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

The LAPD's Beck and Kaitlyn's father, Cesar Avila, appealed Monday for the public's help in finding Banks, who is believed to be in the Los Angeles area.

"We're heartbroken, we're very heartbroken for the death of my daughter," Avila said.

"We ask the suspect to turn himself in," he said, his voice breaking.

"Even though it won't bring my daughter back, at least we know more innocent people won't get hurt," he said. "I don't care so much for what he did to me, but for what he did to my daughter."

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

"Something made me come back," he said. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

Police released a photo of Banks and described him as African American, 6 feet 4 and about 200 pounds. They said he should be considered armed and dangerous.

A $50,000 reward is being offered for information leading to arrests and convictions in the case.

Detectives can be reached at (213) 485-2417 or (877) 529-3855, a 24-hour toll-free number.

As police hunted for Banks, some Baldwin Village residents said they had had enough.

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Gabriela Vasquez, 21, walked her two nephews home from school Monday afternoon, past the spot where police found Kaitlyn's body.

"It's not hard to believe," Vasquez said. "They thought the little girl saw them. She's little, but if she [saw] them again she could point them out."

Vasquez said she planned to leave Baldwin Village this year because of the gang violence.

"These people out here, they just don't care," Vasquez said. "They kill little kids and even the elderly."

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Pirating Songs Of Praise (LAT)

By Geoff Boucher, Times Staff Writer

The Los Angeles Times, October 9, 2006

Some Christian music fans believe digital downloading is a way to spread the Word. Other voices tell them: Thou shalt not steal.

Regina Kennedy prides herself on being a good Christian, so when the pastor at her Pentecostal church in Delaware called it a sin to download gospel songs without paying for them, her heart began to race.

The out-of-work driver went home and stared at her download collection, which included artists such as Yolanda Adams, Kirk Franklin and others. "The songs are so beautiful, and I couldn't afford to buy them all," the 43-year-old said. "I just didn't know what to do."

In the end, she deleted every song. She's still not sure, though, that she was really stealing. "I don't know what to think, really."

Kennedy is hardly alone among conflicted fans of Christian music, but her decision to erase her library does set her apart from most of them, especially younger ones. Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad.

Take Matthew, a 13-year-old who attends Hewes Middle School in North Tustin and attends youth programs at nearby Red Hill Lutheran Church. Asked if it's wrong to take songs for free, he answered: "No, because the artists are making billions of dollars anyways." Another kid at Red Hill, 16-year-old Mike, a student at Beckman High, said that music is beyond commerce or at least beyond the cash register: "They should give it away 'cause it's art anyways."

Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal.

"We are all conflicted, it's true," said John Styll, president of the Gospel Music Trade Assn. "This is not a business first, but it still must be a business at some point to keep going."

Styll's association was behind a campaign called "Millions of Wrongs Don't Make a Right," which used well-known Christian artists as spokespeople against piracy, but Styll said the perception lingers that all music stars are fabulously wealthy, and he wonders how effective they are as voices in the debate anyway.

His association is preparing to go to youth events and organizations in coming months with presentations that frame the question of digital downloading as a purely ethical issue. That's a far different tack than the mainstream music industry, led by the Recording Industry Assn. of America, which has used legal action and language to spook young pirates.

"The RIAA feels it can't address it as a moral issue, but we certainly can, and our audience should be more receptive to that," said Styll, who seemed plainly exasperated with the notion of young churchgoers taking music illicitly. "It's like stealing. You wouldn't walk into a Christian bookstore and steal a Bible off the shelf.... some fans say, 'This music is made to spread the Word, and I'm just helping.' Well, this is also about people's livelihoods."

"Christian music" is an unwieldy and misleading name for a music market that is big enough to cover recent releases from artists as disparate as Ohio pop-punk band Relient K, smooth L.A. gospel singers Mary Mary, country singer Alan Jackson and P.O.D., a hip-hop and reggae tinged band from San Diego.

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It's hard to imagine fans with music tastes eclectic enough to embrace all the artists on that list. But as a collective, the sector just got some great news. Christian music sales, both on CD and via paid download, over the first six months of 2006 were 11% higher than during the same period in 2005. That double-digit surge stands in stark contrast to the rest of the music industry, which experienced a 4% decline during the same time period. And no other genre has a 2006 sales jump anywhere near the level of the Christian sector.

When the six-month numbers were released, industry leaders said the figures showed that efforts such as the "Millions of Wrongs" campaign were making in-roads. But that view may be a leap of faith, says Joe Fleischer, chief of marketing for Big Champagne, a top barometer of online media activity.

Fleischer said the uptick in Christian music sales was more than matched by a jump in Christian music that was traded on peer-to-peer networks, e-mailed as file attachments and (the new popular mode of youth distribution) via digital files tucked into instant messages.

While much new revenue came in, more was missed, Fleischer said, adding that the same zealous fans that are taking their music for free are also minting new stars for a genre that is amid a major crossover into mainstream rock.

"That increase in sales is driven by what's going on with these newer acts, and all of that is happening on the Internet," Fleischer said. "Bands like Underoath."

Underoath is a Florida hard-core band whose spiritual message is delivered with a sonic style not intended for the faint of heart. The messages too are far from the psalms or greeting-card sentiments that the term "Christian music" conjures up. Take its wrenching song on abortion, "Burden in Your Hands":

So they take your life before your first breath / When will it stop, the killings continue / Babies die every day because of a pro choice made / Helpless and innocent they are put to death.

The six-member band shocked the music industry in June when its most recent album debuted at No. 2 on the nation's pop charts despite zero airplay on mainstream commercial radio and no presence on MTV.

It wasn't a surprise to fans who visited the band's page on MySpace.com, the Internet portal that has become a pop culture echo chamber. On the Underoath page, the digital player shows their songs have been listened to close to 17 million times.

The upheaval in Christian music circles isn't limited to rock and edgy youngsters.

The traditional Nashville scene, with its country-tinged sound and its Heartland appeal with artists such as Amy Grant and Steven Curtis Chapman, has lost jobs, Styll said, especially because the revenues for artists are limited by lower royalty payments from church and religious outlet performances. That has made the trade association especially stern, but it's set the stage for maverick attitudes as well.

Take singer-songwriter Derek Webb, an up-and-coming Christian recording artist who has not only received good reviews for his tour but also a flurry of coverage in industry outlets such as Billboard magazine. The reason? He's opted to give away a full download of his new album for three months on the Internet. He had sold 17,000 copies (both as CDs and downloads) since its December release and has given away 50,000 more since the download offer began in September. In exchange for the free music, he asks only that fans give him the names of five more people to e-mail about his music.

The idea came to him after he sold enough copies to break even financially on the project. The free-music period will pay off in the long run, he says, by building his career and also spreading the spiritual message of his music. His concerts have, in recent weeks, jumped from audiences of about 100 to crowds of 500 and more, he said.

"I can't think that's a coincidence and all of this, it's a huge part of my future," he said. Webb categorizes his music as songs of protest in an industry more comfortable with shiny happy platitudes.

"I don't think most Christian music is very good — I don't like it and I don't listen to it," the 32-year-old Nashville singer said. He pointed to the growth of rock and metal acts with Christian messages that use the Internet to bond with young fans and sidestep the traditional industry mechanisms. "Forgive me for saying it this way, but that looks a lot more like Jesus to me than packaging some album and telling people what to do with their art. "

In a Times entertainment poll this summer, teens were asked about downloading songs from an unauthorized file-sharing network. Among those who identified themselves as religious (of any faith), 63% said they would never do it. Among teens who did not describe themselves as religious, it was a similar proportion at 61%.

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Those numbers didn't surprise Styll because he had seen even more distressing stats when his trade association commissioned a study in 2004 by the Barna Group, a Ventura research and strategy company that focuses on young Christian consumers.

That survey found that about 1 in 10 born-again Christian teens believe it is morally wrong to take and share songs. The ones who do have second thoughts often said that they felt the religious connection the music provided them made it all less objectionable.

"What we're seeing is young people and youth pastors are bringing this moral perspective that, well, it's not exactly right to download the music, but from their point of view they're doing it for greater good, and in their minds that offsets it to some degree," said David Kinnaman, vice president of Barna Group.

Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material. But the tougher rooms to win over are at church halls such as the one at Red Hill Lutheran Church.

At any given time there about 120 kids in the programs, from fourth-graders through college-age young adults. Isaiah Coughran, co-leader of the church's youth ministry, noted that the congregation is relatively affluent, so the youngsters who take music for free have other options.

"The kids here are split on it. We get both ends, for sure — the kid that has 7,000 songs and the kid that won't do it because it's stealing," Coughran said. "We want them to make their own decision, but at least be aware of the issues and talk about them."

Some of the kids chew on the debate for a minute but then swallow it with a shrug: "They're teenagers and they say, 'It's what I want to do,' and that sort of flattens the argument for them, just like with anything."

Coughran himself was in a Christian punk-pop band called Value Pac that got as far as a record contract on an indie label. That's when Coughran noticed that their music was available on Napster and pinging through the Internet for free.

"For me, I was actually thrilled, because part of what I wanted to do was share the message of the music," he said. "And one big way to spread the Word — any word — was Napster, right? I wasn't doing it so much for the money, so the message was more important to me. It's different if you need to do it for a living, though, isn't it? That changes everything."

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Threats Of Violence As Homes For Sex Offenders Cluster In Suffolk (NYT)

By Corey Kilgannon

The New York Times, October 10, 2006

MASTIC, N.Y. — Not long after four men moved into the small ranch-style home at 115 Eleanor Avenue this summer, one man is said to have readied a special greeting.

Donald Keegan, a fellow resident of this working-class Suffolk County town, prepared a concoction of paint thinner and road flares to burn the place and, the police said, kill the occupants, who had all recently served prison time for crimes including rape and sodomy.

The four housemates, ranging in age from 36 to 74, were all registered as Level 3 sex offenders, the highest rating, saved for those the state deems “most likely to re-offend.” One had attacked a man in a wheelchair; the others’ victims were girls ages 8, 9 and 11.

Mr. Keegan was arrested before the plot could be carried out, but his case has exposed a raw and widespread fear over spreading clusters of sex offenders in Suffolk County’s lower-income neighborhoods, like Mastic — where opponents say 76 offenders live within a five-mile radius — and nearby Coram and Gordon Heights, where 39 offenders, most having assaulted children, live within a square half-mile, many grouped in the same houses. This is the highest concentration of Level 2 and 3 offenders on Long Island.

As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children.

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Mr. Keegan, 36, is in the Suffolk County Jail in Riverhead, with bail set at $1 million, and is facing a sentence of up to 25 years on charges of attempted murder and attempted arson. A county maintenance worker, he lives with his wife and their 2-year-old daughter on Patchogue Avenue, whose residents include two convicted child rapists, state records show.

In a jailhouse interview, Mr. Keegan insisted on his innocence but said, "I would do anything to protect my daughter."

The situation at 115 Eleanor developed even as the authorities moved to evict the four men, having decided that after-school programs at the community center on the Poospatuck Indian Reservation — a block from the house — should have disqualified the site for sex offenders. A new county law took effect in June barring registered offenders from living within a quarter-mile of a school, playground or licensed day care center.

Though two of the four offenders have already moved out of the house, state and local politicians are now scrambling to reduce these clusters; one Suffolk County lawmaker has introduced legislation that would bar the Department of Social Services from putting more than one offender in a single house.

Charles Manolakos, who owns 115 Eleanor Avenue, defended his tenants as "citizens who have paid their debt and have a right to live there." But Joyce Pulliam, who lives across the street, complained that the authorities "protect the sex offenders more than us."

"They're letting four and five offenders gather in a single house to create little sex offender clubs to prey on our children," said Ms. Pulliam, who has worked strenuously to rally neighbors against the newcomers to her block. "The police have the manpower to arrest Keegan, but they don't have the manpower to protect us from sex offenders."

Situated between the high-priced Hamptons and the densely populated, upper-middle-class precincts of Nassau County, this area over the past decade has become a magnet for sex offenders upon their release from prison.

Of some 24,000 registered sex offenders in the state, 825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county's Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout.

"D.S.S. has seen this building for a long time in these neighborhoods, and they've never done anything to stop it," said Laura Ahearn, executive director of Parents for Megan's Law, a national group based on Long Island that works to prevent sexual abuse of children.

But given the number of sex offenders in Suffolk, "There is no way they could all be placed in neighborhoods without kids," said Dennis Nowak, a Social Services spokesman.

Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations.

"This is an issue that communities across the country are facing, and there's no easy solution," Mr. Nowak said. "We've become a lightning rod for the issue, but it's much bigger than us."

The lightning struck in Mastic this summer, when the four men moved into the Eleanor Avenue house, paying $550 each per month. It is next door to a family with seven young children, and across the avenue from a residence for 12 women recovering from drug and alcohol abuse.

"With all these kids on this block and 12 vulnerable women in a house, this is where they allow a house full of sex offenders?" said one of the women, Denise Mello, 32, a recovering heroin addict.

Soon, parents on the block began keeping their children indoors. Neighbors picketed in front of the house, and members of the Mastic Park Civic Association went door to door distributing fliers with the offenders' names, police photos and criminal records.

At one homeowners' meeting at the local library, a resident, not Mr. Keegan, stood up and said, "I'll burn the house down," recalled the civic association president, John Sicignano. In response, he said, "Fifty people stood up and started clapping."

"He definitely expressed it the wrong way, but who knows, if something threatened my kid, maybe I'd react the same way," Mr. Sicignano, 49, who runs an aircraft engineering firm, said of Mr. Keegan.

Mr. Manolakos commented ironically: "This guy was doing what the whole neighborhood wanted to do. He's a local hero."

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Mr. Keegan said that his lawyer had warned him not to talk about the case, and that he was a law-abiding man with no time for mischief.

"I have three jobs," said Mr. Keegan, who does private landscaping after his maintenance work with the county. "I come home exhausted every night and turn on the Discovery Channel."

Mr. Keegan denied plotting to burn down the house Sept. 9, when he was arrested with road flares on the front seat of his Ford Mustang. The police, acting on a tip, had sent a detective to befriend Mr. Keegan and caught his threats on tape.

Fred Hollman, 36, who served time for first-degree rape of an 11-year-old girl, moved into 115 Eleanor Avenue in June after living briefly in western Suffolk County, but said in an interview in September that he was looking for a new home because of the furor.

"The last place I was staying, in Brentwood, all the neighbors knew about my status and were friends with me," he said. "We all hung out together." But, Mr. Hollman added, he has four children and "wouldn't want them living around sex offenders either." Mr. Hollman said he saw Mr. Keegan "in and out of the neighbors' houses a bunch of times" before his arrest.

Mr. Manolakos, who co-owns a number of homes on Long Island and rents rooms mostly to mentally disabled tenants, says he plans to fight the mid-September order to remove the sex offenders within 45 days. He argued that that the Indian reservation, a 250-resident maze of scruffy suburban streets lined with smoke shops and trailer homes, has no legal bearing on the block, since it operates as its own sovereign territory, outside of many state laws and regulations.

Other landlords defend their right to rent to sex offenders.

"They just want to live their lives," said Bernadette Parks, whose mother, Mary Dodson, rents to 27 offenders in 11 houses in a small area in Coram and Gordon Heights nicknamed Dodsonville.

On a single block of Homestead Avenue, Mrs. Dodson owns homes filled with 15 offenders, said Mrs. Parks, who manages the properties. The extended Dodson family, with many young children, lives in the surrounding neighborhood.

"They're being closely watched, and they're more scared than the other folks here," said Mrs. Parks, a devout Christian who sees the family's thriving rental operation as a kind of religious mission, and invites the sex offenders to join her grandchildren in tending rabbits, for therapy.

"My grandchildren all play on this block," Mrs. Parks said, cradling a bowl of newborn bunnies in her living room. "That's how much I trust these people. They've been deemed to enter back into society and they'll have to suffer the rest of their lives with being labeled."

Don't tell that to Chief Harry Wallace, who runs the Poospatuck Indian Reservation. A Dartmouth-educated lawyer with a ponytail, he keeps two sets of business cards on his desk, one for his law practice, the other for his Poospatuck Smoke Shop and Trading Post.

"What these landlords are doing by renting out to sex offenders," Chief Wallace said, "are undermining communities trying to better themselves."

California Prosecutor's Novel Gets Her Bumped From A Case (NYT)

By Adam Liptak

The New York Times, October 9, 2006

A California prosecutor's fictional alter ego has gotten her kicked off a real-life case.

In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called "Intoxicating Agent." Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug.

Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line.

"She has a disabling conflict of interest," Justice Kenneth R. Yegan of the California Court of Appeal wrote of Ms. Dudley for a unanimous three-judge panel.

Ms. Dudley must be disqualified, Justice Yegan continued, because the defendant, Massey Haraguchi, "is being prosecuted for raping an intoxicated person while the prosecutor is promoting her novel involving the identical charge."

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Justice Yegan wrote that Ms. Dudley's desire for money and fame might tempt her to throw the book at the defendant, as it were.

"Dudley will garner no laurels, and the case will not generate favorable media publicity for her book," Justice Yegan wrote, "if she enters into a negotiated settlement."

The question of whether a lawyer's freelance fiction can require disqualification was both novel and important, Justice Yegan wrote. He said he hoped "that this case of first impression will make a lasting impression."

Ms. Dudley declined to comment. "The litigation is still pending," she said, "and it would be unethical for me to respond in any way."

In a sworn statement filed in opposition to the disqualification motion, Ms. Dudley said her book was not based on a real case.

"The fact that I have written and published this fictional book," she added, "has not affected or impacted any of my decisions in this case."

Robert M. Sanger, a lawyer for Mr. Haraguchi, declined to comment. In his own sworn statement, Mr. Sanger said that aspects of Ms. Dudley's book were based on a separate rape-by-intoxication case that twice ended in hung juries and was eventually dismissed.

Mr. Sanger was Ms. Dudley's adversary in the other case, too. In the Haraguchi case, Mr. Sanger wrote, Ms. Dudley refused to discuss a settlement though she conceded that no other prosecutor in her office was willing to pursue the case.

"Intoxicating Agent," which Ms. Dudley paid to have printed, is made notable by Ms. Dudley's acknowledgment to a local newspaper that her fictional heroine was "a pumped-up version" of herself.

Ms. Danner, Ms. Dudley writes, has "the poise and sexiness of a dancer, the brains of a scholar and the protective passion of a mother."

"She had always been attractive," Ms. Dudley continues, "but now, having reached middle age, experience, confidence and poise further enhanced her beauty."

Prosecutors in "Intoxicating Agent" are fearless champions of the truth; defense lawyers, unethical and manipulative; and defendants, despicable and unattractive. One is called "felony ugly."

Deborah L. Rhode, an authority on legal ethics at Stanford, said the appeals court's ruling was correct but too broad.

"There's a lot not to like in the way that this deputy district attorney traded on her office to promote her book," Professor Rhode said. "And the court could justifiably be concerned that her desire for publicity could affect her decision whether to try the case or accept a plea."

But the decision went on to seemingly ban all sorts of extracurricular writing.

"No current public employee," Justice Yegan wrote, "should be permitted to exploit his or her official position as a lever to earn extra income."

That prohibition may run afoul of the Constitution, Professor Rhode said. "Dudley has obvious First Amendment interests in being able to present her characters in whatever stereotypical form she chooses," she said.

Linda Fairstein, a former prosecutor in New York who has written nine successful crime novels, called that aspect of the decision overreaching and absurd.

But she expressed little sympathy for Ms. Dudley.

"It's not really a good judgment call to closely mirror the facts of a case while it's still pending," Ms. Fairstein said.

A New Glimpse Into Night Of D.C. Slaying (WP)

By Paul Schwartzman

The Washington Post, October 9, 2006

On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office.

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The Wones had rarely spent a night apart since 2002, when Robert surprised Kathy with rose petals leading to a silver fortune cookie and the message, "Will You Marry Me?" But Wone, a lawyer, planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle.

"I love you," Robert told his wife as they hung up about 9:30 p.m.

Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead.

The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time.

More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms.

Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved. "I feel like I've been holding my breath, waiting for a break in the investigation, hoping that this doesn't become a cold case," she wrote in an e-mail, her first public comments about the slaying.

Authorities have offered only the broadest outline of what transpired, saying that a resident told them an intruder came through the back door and killed Wone -- a theory that detectives have publicly questioned. Yet as police await the results of evidence testing, new details have emerged about Wone's final hours and what Price, Zaborsky and Ward have said occurred after their friend arrived.

In a city of more than 100 homicides this year, Wone's death captured public attention because he was a rising star in Washington's legal world, active in the Asian American community. He died in a neighborhood where homicides are rare, at the home of friends who are affluent, well-established professionals; one is prominent in the gay community.

The case took on greater notoriety when investigators asserted that the crime scene was cleaned before police arrived. And they expressed doubt that an intruder killed Wone, saying they found no sign of forced entry or anything taken.

Police Chief Charles H. Ramsey said detectives are waiting for the FBI to complete tests on blood and other items from the crime scene. Police want the FBI to treat the case with urgency, Ramsey said, and hope to get the results in a matter of weeks or months.

Police and prosecutors have sought to reconstruct what happened inside the house before and after the killing. According to sources with direct knowledge of the investigation, Price, Zaborsky and Ward have described a routine evening that began with a dinner at home before Wone arrived about 10:30 p.m. to sleep over.

The sources, who spoke on the condition of anonymity because the case is under investigation, said the men have given this account:

Wone first sat in the kitchen, chatting with Price, 35, a lawyer at a prominent law firm with whom he attended the College of William & Mary, and Ward, 36, who works for a software company. Zaborsky, 40, a marketing manager at the International Dairy Foods Association, was in the third-floor bedroom he shared with Price. A female tenant who lived in the basement was not home.

Price has said that he went upstairs to the third floor to sleep about 11 p.m. Ward retired to his bedroom, near the top of the stairs on the second floor, overlooking the back yard. He later told police that he took a sleeping pill that night, as he often did. Wone showered and went to a second-floor guest room facing Swann Street.

According to the sources, Price recalled falling asleep and then being awakened by a chime that the alarm system sets off when the front or back doors open. Price did not go downstairs because he assumed that his tenant was returning; she did not return home that night.

Price has said that minutes later, perhaps as many as 10, he heard the sound of deep, guttural moaning. He ran downstairs with Zaborsky and found the door to the guest room ajar and Wone on the sofa bed, bleeding. Price moved the knife from Wone --

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police later found it on a side table -- and tried to stanch the bleeding, the sources said. Zaborsky stood in the hallway, his screams waking Ward.

At 11:49 p.m., Zaborsky called 911. Paramedics arrived at 11:54, followed by police, who found Wone, wearing bed clothes, unconscious and showing no signs of life. He had been stabbed twice in the chest and once in the abdomen.

After Price phoned Kathy Wone, she picked up her husband's parents, who had recently moved nearby from Brooklyn to be closer to them, and his brother, Andrew, 27, who had flown in to visit. A doctor pronounced Robert Wone dead at 12:24 a.m., before his family reached George Washington University Hospital.

The next day, friends and family sat vigil with Kathy Wone, a crowd that included Price, Zaborsky and Ward. The men attended the funeral; Price was a pallbearer.

By then, investigators had taken over the Swann Street townhouse, obtaining search warrants to seize computers and phones there and from Price's law office. In an affidavit used to get one of the warrants, Detective William Xanten cast doubt on the idea that an intruder killed Wone, writing: "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken." Police technicians, using chemicals and artificial light, had determined that the crime scene was "tampered" with, the detective wrote.

Price hired a criminal defense lawyer, Kathleen Voelker, and Ward retained David Schertler, a former federal prosecutor. Zaborsky hired Thomas G. Connolly. Before they had hired lawyers, the three men submitted to hours of police questioning immediately after Wone died. Days later, they submitted their fingerprints and DNA samples.

In a statement issued Friday, the attorneys said the three men "continue to mourn the death of their dear friend" and remain hopeful that "the authorities will identify and apprehend the intruder who is responsible for the senseless murder."

Through their attorneys, the men declined to comment for this article. With their home in disarray, they are now living in Virginia. Their friends and associates are reluctant to speak about them publicly, seeking to protect their privacy.

Price, a lawyer at Arent Fox, also serves on the board of Equality Virginia, a gay rights group, where Ward formerly was development director.

In her e-mailed responses to questions, Kathy Wone cited the investigation in declining to share her view of the men, with whom she was friendly through her husband. She is being advised by Eric H. Holder Jr., a former U.S. deputy attorney general, and Benjamin J. Razi, who work at Covington & Burling, her husband's former firm.

Describing her emotional state in her e-mail, she said: "It hurts me a great deal to think that whoever took Robert's life is probably going on with life as usual while I'm struggling to close an enormous, gaping wound and move on; I can't help but shake my head at that picture of incredible unfairness."

The Wones met in January 2002 at a conference in Philadelphia, where they struck up a conversation that continued as they took a late-night stroll and ended up at a Cosi cafe eating s'mores. "It was cold that night," recalled Kathy Wone, a public-interest manager for the American Health Lawyers Association. "But we didn't feel it."

Until then, Robert Wone had concentrated on his career, pro bono work and keeping up with a wide network of friends, including Price. Small-framed and boyishly handsome, he often seemed more mature than his years, urging friends to buy life insurance and arrange their wills.

In interviews, friends described him as energetic and earnest, with a touch of street savvy born of growing up in New York. Jason Torchinsky, who had shared an Arlington apartment with Wone, said his friend had kept a baseball bat under his bed for self-defense and carried two wallets -- one of them an empty decoy in case he was mugged.

The son of a retired bank executive and teacher, Wone had always been serious. As a youngster growing up in Brooklyn, some classmates at his all-boys Catholic high school predicted that he would be the first Asian American president.

At William & Mary in the mid-1990s, he majored in public policy and immersed himself in student government, through which he became friendly with Price. At exam time, Wone liked to sneak around the library, handing out candy to unsuspecting students. "He was about random acts of kindness," said classmate Tara Ragone. "It was like a Disney movie."

Although he seemed a natural politician, remembering names and keeping in touch, Wone shunned the spotlight. "He often said he'd love to be chief of staff," classmate Michelle Kang said. "He wanted to be the person in the background who made it all happen."

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After graduating from the University of Pennsylvania law school, Wone clerked for a federal judge before landing a job at Covington & Burling. His work was his focus until he met Kathy. Within months, he was talking about marriage. "I was stunned," Torchinsky said. "I had never seen him so interested in anybody. It was like this instant thing."

They were married in 2003. Robert turned 30 the next year, an event marked by a party at the home of Price, Zaborsky and Ward, who were then living on Capitol Hill. The Wones bought a townhouse in Oakton and began talking about adopting a baby girl from China.

Then, in the first week of July, Wone started a new job as general counsel at Radio Free Asia, which broadcasts news in Asian countries that do not get free media. It was a dream position, allowing him to be the legal version of a jack-of-all trades.

More than a week before he died, Wone told his wife that he planned to work late Aug. 2, attending a seminar and then making a stop at Radio Free Asia to meet the night staff. He said he might stay over in the city and visit an old friend -- either Price or another William & Mary alum. "Robert was trying to kill three birds with one stone," Kathy Wone wrote. "Attend a class, get to know more of the Radio Free Asia staff and spend time with a friend."

"I thought it was a great idea," she recalled. "Our marriage was such that I completely trusted and supported pretty much anything he wanted to pursue."

A few days later, she said, her husband told her that he'd stay at Price's house. On the morning of Aug. 2, the couple worked out at their gym and then took Metro into the District. As usual, he walked her to her office, where they kissed goodbye.

At 6 p.m., he arrived at the seminar, after which he called his wife to say good night. At close to 10, he arrived at his office. He stayed for 15 minutes, introducing himself to the staff, before heading off to see his friends on Swann Street.

Activists Take To Prince George's Pulpits To Break A Pattern Of Domestic Violence (WP)

By Avis Thomas-Lester And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, October 9, 2006

Yvette Cade stepped up to the microphone and the church went silent.

"I am a victim of domestic violence. I was set on fire by my estranged husband," she said, head held high, looking out over the 350 or so people gathered inside the main sanctuary at Fort Foote Baptist Church in Fort Washington. "Take a look at my scars. I was burned at 1,500 degrees. . . . One year later, I am here as a witness, a survivor and a soldier on the battlefield for Christ. Stop the domestic violence. Please."

The church erupted in a thunderous ovation. It was more than two hours into the 11 a.m. church service, and Cade, along with other Prince George's County "soldiers" in the war against domestic violence, had come to the church as part of Project Safe Sunday, a program started four years ago to bring the clergy into the effort to fight the problem. Prince George's has more domestic violence than any other jurisdiction in Maryland.

According to statistics from the Maryland Network Against Domestic Violence, 5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show.

The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide.

Joining Cade yesterday were Prince George's State's Attorney Glenn F. Ivey (D), who has actively promoted the program, and Debra Williams, who conceived of the program in 2003 after the domestic violence slaying of her sister, Ernestine Bunn-Dyson. Dozens of churches participated in the program.

Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife.

"Silence has been one of the biggest contributions to the problem," Ivey said in an interview. "The faith community is the place where ministers talk about the private and intimate issues. A lot of women say they turn to the church, but to be candid,

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some ministers take the view that some degree of [abuse] is permissible. . . . We also wanted to have a dialogue with the ministerial community to address that mentality."

Domestic violence cases filed last year include the September attack on Cade, who was set on fire after a judge dismissed a protective order against her estranged husband, Roger B. Hargrave. Three weeks later, Hargrave went to the store in Clinton where Cade worked, doused her with gasoline and set her on fire. Cade, 33, suffered horrific burns to her face, head and torso. Her estranged husband was sentenced to life in prison for attempted murder.

The issue of domestic violence in Prince George's has been under the microscope in recent days, after the publication of an article in Essence magazine highlighting stories of women in the county who were abused for years and kept quiet.

Headlined "The Secret Shame of Prince George's County," the story was denounced by members of County Executive Jack B. Johnson's administration, who accused the magazine of unfairly painting the county as unresponsive to the issue. Aides to Johnson (D) have marshaled statistics showing that county spending on domestic violence issues has risen from $1.7 million to more than $3 million in the past three years.

"How is it possible that you would paint us as a county that doesn't talk about it when we're doing things every day?" said Jacqueline F. Brown, the county's chief administrative officer and top aide to Johnson. Brown, a former family therapist, said she has counseled abuse victims.

Brown cited county support for the Safe Sunday program as a sign that officials have been addressing domestic abuse, in addition to training for 911 operators and a computer system that alerts law enforcement when those accused of domestic violence are charged with unrelated offenses.

It is not the first time county officials have issued a prompt response when the county's reputation has come into question. Last year, Johnson held a news conference to denounce an episode of the ABC television show "Commander in Chief" that featured a fictional president sending U.S. marshals to Prince George's to quell crime.

Ivey, who was interviewed for the Essence story, said county leaders should use the story to raise awareness. He said the high incidence of protective orders and cases filed indicate that the county's pro-active approach has led to an increase in reporting, in victims seeking protective orders and a subsequent increase in the number of cases that go to court for prosecution.

In a case from last week, Jackie M. Lewis, 57, was shot to death in her Fort Washington home by a former boyfriend, Arthur Comer, law enforcement officials said. Comer, also 57, called 911, told a police dispatcher that he had shot Lewis and then killed himself, police said. The judge in the case had dismissed a temporary protective order against Lewis after she told the judge that Comer had not hurt her, according to a recording of the hearing.

The murder-suicide occurred almost a year after the attack on Cade.

Fort Foote Baptist's pastor, Joseph Lyles, said his church began participating in Project Safe Sunday four years ago because he has four sisters "who have each, in some way, experienced domestic violence."

As a minister, Lyles said one of his missions is to change the minds of other clergy, who sometimes play down the seriousness of the domestic violence problem and believe that the Bible justifies a man's right to "discipline" his wife if she disobeys or disrespects him.

"The Bible verse that people often misinterpret to mean that a man has a right to beat his wife is Ephesians 5:22-23, which says a wife should be submissive to her husband, and a man has authority over his wife just as He has authority over the church," Lyles said. "But if you look at Verse 25, it says that a man should love his wife as Christ loved the church. Love has no place in a relationship where someone is using violence to achieve dominance. Being submissive does not mean being abused."

Short Odds For Ignorance (NYT)

By Robert Hahn And Paul Tetlock

The New York Times, October 9, 2006

LATE last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites.

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The measure was attached to an unrelated bill on port security at the 11th hour. If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites.

While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere.

The bigger economic story is how this act, by effectively prohibiting Internet betting, could unintentionally slow the emergence of new tools that have the potential to improve the productivity of the private sector and the government. Sadly, this is an aspect of the measure that both its supporters and its opponents seem to have overlooked.

Representative Jim Leach, an Iowa Republican who was a co-sponsor of the bill, suggests that it will help reduce gambling addiction and money laundering. Not surprisingly, executives at online gambling companies argue that the bill unduly restricts consumer freedom.

What neither side has mentioned, however, is how the prohibition on Internet gambling could wind up putting the kibosh on several forms of Internet wagering that provide useful information.

For instance, we now have markets for predicting political and economic events, where you can wager on the monthly unemployment rate or the outcome of the presidential race. (If you visit TradeSports.com, you can bet on Hillary Clinton's chances of becoming the next president: a contract purchased for $1.91 would yield $10 if she wins — implying that the senator has about a 1 in 5 chance of winning.)

Why should we care? Because information markets, which essentially reflect the collective wisdom of savvy bettors, can help us make more accurate forecasts. Information markets have outperformed experts in a number of areas, whether it's predicting point spreads in football games or elections or printer sales. There are more than 20 Web sites that offer information-market securities, including those run by Goldman Sachs and the University of Iowa.

These markets work for several reasons: first, almost anyone can participate; second, people think hard when they have to back up their predictions with money — buy the right presidential contract and you win, buy the wrong one and you lose; third, the profit motive encourages people to look for better information.

Many academics across the political spectrum believe that information markets could be critical in improving decision making by governments, nonprofit organizations and the private sector. Yet, because of current regulatory restrictions, the Iowa market is the only place in the United States dedicated to improving our understanding of these markets. Also, those information markets whose purpose is to make money have generally based themselves offshore, partly in reaction to existing state and federal restrictions on Internet gambling.

So what can be done? Congress needs to draw a distinction between run-of-the-mill Internet gambling and information markets that can serve a broader economic purpose. To this end, it should empower the Commodities Futures Trading Commission to regulate information markets. The commission is already charged with regulating futures contracts, and information-market contracts can be thought of as futures contracts because they represent bets on what will happen down the road.

Congress should also impose a requirement that information-market contracts pass an economic purpose test. The futures commission should permit information market contracts that are likely to provide significant financial hedging opportunities or valuable information for improving economic decisions. Internet poker games and lotteries would not pass the test; contracts involving Gross Domestic Product, housing starts or expected annual rainfall would. So, too would predictions on who will be president: that would affect the economy.

For such regulation to work, it needs to be light-handed. To maximize innovation, Congress should allow for federal pre-emption of state and other federal regulatory authorities for information-market contracts that pass an economic purpose test. Such pre-emption would reduce uncertainty for innovators concerned about violating state gambling laws.

The regulation should also allow for broad exemptions where sensible. One could, for example, introduce exemptions for research where the size of individual investments does not exceed $1,000 per participant. The futures commission already has the power to encourage such research, but thus far it has only given its blessing to the Iowa markets.

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We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish.

The White House And Mr. Abramoff (NYT)

The New York Times, October 9, 2006

The sordid Mark Foley controversy has diverted public attention from another major Washington ethics scandal — the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit.

The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth.

A newly released report, prepared with unusual bipartisan backing by the House Government Reform Committee, paints a different reality. It reveals that between January 2001 and March 2004, Mr. Abramoff and members of his staff had some 485 contacts with key White House officials, including at least 10 direct contacts between Mr. Abramoff and Mr. Rove. Billing records and e-mail messages unearthed by the committee indicate that Mr. Abramoff and his colleagues spent nearly $25,000 on meals and tickets for White House officials.

The report belies Mr. Rove's description of Mr. Abramoff as merely a "casual acquaintance." An assistant to Mr. Rove, Susan Ralston, who resigned on Friday, had formerly worked for Mr. Abramoff. The report suggests that she sought Mr. Abramoff's help to obtain seats for Mr. Rove and his aides at popular sporting events, and often acted as a conduit, passing messages between the lobbyist and top White House officials, including Mr. Rove and Ken Mehlman, the current chairman of the Republican National Committee who was then a senior White House political strategist.

Indeed, it appears that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002, an occasion Mr. Abramoff memorialized in an e-mail message to a colleague. "Told me anytime we need something just let him know through Susan."

It is plain that Mr. Abramoff had unusual access. As for his effectiveness, Mr. Abramoff rated the results as "mixed." But he scored some important victories. In 2002, for example, the administration made the unusual decision to release $16.3 million to a Mississippi tribe Mr. Abramoff represented, notwithstanding the Justice Department's opposition to the project. The role campaign gifts and contacts between Mr. Abramoff and Mr. Mehlman may have played in this action is a matter warranting close scrutiny by prosecutors, and further digging by the committee.

As Tom Davis of Virginia, the Republican chairman of the committee, and Henry Waxman of California, the ranking Democrat, take pains to note, their report is based on documents that were provided under subpoena by Mr. Abramoff's firm and, for the most part, tell just one side of the story. The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim. Meanwhile, the idea that Mr. Abramoff exerted no influence with the administration seems about as believable as Mark Foley's early claim that his only interest in 16-year-old pages was "mentoring."

CIVIL LAW:

Judge Names Tower Records Liquidator (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, October 9, 2006

A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation.

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U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday.

On Friday, Trans World urged that its offer be given a second look, and said the court should take into consideration the jobs that would be saved if Tower Records wasn't handed over to the liquidators. Judge Shannon refused, however, and said he would approve the offer from Great American.

Big Tobacco Spending Big Money To Fight State Bans, Taxes (WSJ)

By Christopher Cooper

The Wall Street Journal, October 10, 2006

American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books.

The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. The measure, on the November ballot, would generate an estimated $2.1 billion in annual revenue for the state and make California's tobacco excise tax, currently at 87 cents a pack, the highest in the nation. Proceeds from the tax would be used to finance health programs, primarily for children.

The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market. Reynolds, the nation's No. 2 tobacco company, says the state accounts for about 6% of its cigarette sales. "Clearly, the impact of California would put pressure on earnings," said Dianne Neal, Reynolds's chief financial officer, during an analyst conference in late July. During the same conference, Ms. Neal said that, altogether, the company planned to spend $40 million to defeat tax increases and smoking bans on state ballots around the country this November.

A leader in citizen-driven proposition balloting, California has often seen pricey campaigns by big businesses seeking to defeat hostile ballot initiatives, and this year is no exception. Another measure, to raise taxes on oil, has sparked an expensive campaign by oil companies. In 2005, a group of pharmaceutical companies spent $73 million to defeat a proposed prescription-drug discount plan. And in 1998, insurance companies spent $66 million to defeat an auto-insurance measure. "Initiative campaigns are not cheap -- this is not an inexpensive venture," said Reynolds spokesman David Howard.

So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin. State records show that, a month before the election, Philip Morris had put $30.7 million into the campaign and Reynolds had donated nearly $24 million. As of the end of September, the antitax campaign had already spent more than $48 million.

The result has been a tidal wave of television advertising attacking the tax increase and its main backer, a California hospital association, whose members stand to benefit most from the new tax. "I was in California two days last week, and that's all I saw on TV," said Kristina Wilfore, executive director of the left-leaning Ballot Initiative Strategy Center. "They were even airing it on the Cartoon Network at midnight."

Beyond California, the companies are fighting similar tax measures in Missouri, Arizona, South Dakota and Ohio. In Missouri, the state's Supreme Court is considering whether to allow an 80-cent-a-pack tax increase to appear on the November ballot, over a legal challenge. If the measure survives, Mr. Howard said, "it's safe to say" the company will wage a multimillion-dollar campaign to defeat it.

Philip Morris spokeswoman Peggy Roberts said the company has begun consumer and vendor campaigns to defeat a proposed $1-a-pack tax increase in South Dakota and an 80-cent-a-pack increase in Arizona. She said the company was mounting a similar effort in Cuyahoga County, Ohio, where voters will be asked to approve a 30-cent-a-pack tax on cigarettes to finance a local arts program.

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Ms. Roberts declined to say how much the company was spending on the campaigns.

The ferocity that Big Tobacco has shown this year in opposing the cigarette taxes contrasts with the industry's relative inactivity on the issue in recent years. The two cigarette companies offered only token resistance to a 2002 proposal in Missouri to raise cigarette taxes 55 cents. They spent a combined $77,000 defeating the proposal, state records show, even as a group of health charities and others spent more than $5 million pushing the effort. That same year, a 60-cent tax increase proposed in Arizona passed with no money being spent by opponents, according to state records. In Florida in 2002, Philip Morris abruptly ended a drive to counter a smoking ban with a softer measure after spending $360,000 on a petition drive.

Political observers say they haven't seen tobacco interests spend so much money on a statewide proposition since 1994, when a cigarette-tax increase went down in defeat in Colorado after an $8 million campaign against it -- a sum that remains a record in that state.

Company spokesmen declined to discuss their reasons for increasing their political activities this year beyond saying that business considerations govern their decisions to enter the political fray.

Dan Smith, a University of Florida political-science professor who studies ballot issues, said the sheer number of proposals may have convinced the companies they need to counter the mushrooming antismoking activism that has taken over statehouses in recent years. Some 41 states have passed cigarette-tax increases in the past five years. A host of others have banned smoking in many public places.

"In the last political round, the tobacco giants basically conceded the issue," Mr. Smith said. "I think they've decided to make a last stand. These proposals are going to keep coming if they're not knocked down."

While Philip Morris has focused its efforts on taxes, Reynolds has mounted a sturdy resistance to proposed smoking limits in Ohio and Arizona this year. Both states are entertaining proposals to virtually eliminate smoking in public buildings.

Reynolds is bankrolling proposals in both states that critics say are designed to confuse voters. In Ohio, voters will be asked to consider two smoking-related measures. One, called SmokeFreeOhio, would change state statutes to ban smoking in most buildings other than private homes and a certain percentage of hotel rooms. It is supported by health charities such as the American Cancer Society.

A rival proposal on the ballot, backed by a group called Smoke Less Ohio, also purports to restrict smoking, through a constitutional amendment. But this proposal would exempt restaurants, bars, bowling alleys and similar establishments. If passed, it would actually unwind more restrictive existing municipal bans. It is being supported by a coalition of bars and restaurants, local retail outlets, Loews Corp.'s Lorillard Tobacco Co. and Reynolds.

Mr. Howard, the Reynolds spokesman, said his company supports the constitutional measure and is prepared to bankroll a multimillion-dollar campaign to see it passed. "We believe this is a way you can still provide a smoker-friendly environment for people who choose to smoke," he said.

Jacob Evans, a spokesman for Smoke Less Ohio, declined to say how much money Reynolds was providing for the campaign but acknowledged that the company was "our main supporter." State campaign-finance documents show Smoke Less Ohio spent $1.5 million through Aug. 9 gathering signatures to place it on the ballot.

Recent polling shows about 45% of the state's voters support the Reynolds-backed measure. Polling shows 58% support for the ban endorsed by the health groups. Both measures require simple-majority support to succeed. But if both pass, the Reynolds-sponsored measure would prevail.

Tracy Sabetta, of SmokeFreeOhio, admitted her group may have been politically outmaneuvered when it decided to pursue its measure as a statutory change in state law rather than a constitutional amendment. "We could get 90% of the vote and theirs could still trump ours," she said.

In Arizona, Reynolds has adopted a similar strategy of backing a rival to the proposed smoking ban. There, state records show, Reynolds had by mid-August funneled nearly $3 million to a local group called the Non-Smoker Protection Committee, which is backing Proposition 206. Though ostensibly a smoking ban, it would actually unwind existing prohibitions in Tempe and other cities by exempting bars and restaurants statewide. A rival proposal, Proposition 201, which is supported by several health charities, provides no such exceptions.

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In Arizona, the smoking measure with the most votes will become law. Recent polling showed the Reynolds-backed proposal had slightly more support than the one backed by the health charities.

Dueling smoking bans will also appear on the ballot in Nevada this year, but campaign-finance records suggest that tobacco companies have left that battle to convenience stores and liquor and gambling interests.

Mr. Smith, the political-science professor, said Reynolds's tactics in Ohio and Arizona are similar to those used by insurance companies to defeat the 1998 California auto-insurance measure. They clotted the ballot with five competing ballot questions on the subject. "Counterproposals confuse voters, and when voters are confused, they vote 'No,' " Mr. Smith said. "That's just the default position."

Suing Over The CIA's Red Pen (WP)

By Dana Priest, Washington Post Staff Writer

The Washington Post, October 9, 2006

Retired Operative Says Agency Unfairly Edited His Book

When Gary Berntsen sat down for dinner last year with the CIA's executive director, Kyle "Dusty" Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen.

But the Capital Grille meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences.

Foggo, according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials. Actually, according to a statement Berntsen filed last week in his ongoing lawsuit against the agency, Foggo's language was a little more colorful: "Mr. Foggo stated 'we will have no more books. I will redact the [expletive] out of your book so no one will want to read it.' "

Berntsen, who worked in the agency's operations and paramilitary branches for 23 years and led a CIA team in Afghanistan, responded that such a move would be illegal. Hundreds of former officers had written books, including some directors. One recent retiree, Gary Schroen, had even written several chapters about Berntsen, referring to him as "Gary 2."

"I just told him I'm preceding. I wasn't going to back down," Berntsen said in an interview last week. "It was very awkward."

Berntsen resigned, wrote his book and, as required, submitted "Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander" to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. "They were very efficient and thoughtful," he said last week.

Then the board sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, "Mr. Foggo made good on his word" and 70 pages were blacked out.

Berntsen's lawsuit, filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did.

His case rests, in part, on assertions that the information is virtually the same as information the PRB cleared for publication in a prior book by Schroen, or released upon the orders of then-director George J. Tenet to Washington Post reporters Steve Coll and Bob Woodward, whose separate books included sections on the CIA's work in Afghanistan.

Berntsen thinks the CIA's aim was to make his book "unreadable, so few would purchase it."

Foggo declined comment through his attorney.

CIA spokesman Mark Mansfield said he could not comment on Berntsen's specific allegations. But in an e-mail response to questions, he said that "for former employees, the sole yardstick for pre-publication review has been -- and remains -- the simple requirement that their writings contain no classified information."

In papers filed in the court case, the CIA said Berntsen's unredacted draft "reveals intelligence sources, methods and activities, foreign government information, and information impacting U.S. foreign relations." The information "reasonably could be expected to cause serious damage to national security" and none of the information in question "has been officially disclosed," which would give it a level of credibility beyond that written in nonfiction books by journalists.

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The agency says the information is more detailed and covers a different period of time than information the agency released for Schroen's book.

Berntsen published his book, with the redactions, in late December 2005. The paperback editions are due out soon. If he wins back some of the redacted material, he plans to publish an updated edition. "I'm not walking away," he said. "You can't have your First Amendment rights stamped on."

Berntsen's complaints about the agency's publication review decisions are shared by a half-dozen former CIA employees who, in the past two years, have sued or publicly criticized the agency for withholding information they believed would not damage national security but would, perhaps, embarrass the CIA or the White House.

Some administration officials and others in the national security world think Tenet allowed former employees to publish deeply critical books -- such as Michael Scheuer's "Imperial Hubris: Why the West Is Losing the War on Terror" -- in retaliation for the White House allowing the agency to take so much heat for the failed prewar judgments on Iraq and other missteps.

Asked for new CIA Director Gen. Michael V. Hayden's policy on book publishing, Mansfield wrote: "Director Hayden has emphasized the importance of responding in a timely way to employees who write books. And while he is committed to protecting intelligence sources, methods, and other classified information, the director also believes in a reasonable, common-sense approach to pre-publication review."

Berntsen said his legal appeal is being hampered because the CIA, with the court's approval, has refused to allow his lawyer, Mark Zaid, who is cleared to read some classified information, to see the unredacted text to prepare his case. Instead, Berntsen has had to prepare his own appeal, a 70-page rebuttal that documents, line by line, the previous publication of the information the CIA wants to deny him.

While he waits for his case to be adjudicated, Berntsen has written a second book, this one a policy book on "counterterrorism and human intelligence operations." The PRB redacted "only 1 to 2 percent" of the text, he said.

The tables will soon turn on Tenet, who is writing his own book. He has asked for and received access to agency records, including classified documents, "to refresh his memory about events that occurred during his tenure," Mansfield said. He said Tenet's book will be subject to CIA review and that appropriate sections will also be given to the offices where the information originated.

SEEKING THE CURE (ABAJ)

By John Gibeaut, FROM THE OCTOBER ABA JOURNAL

ABA Journal, October 10, 2006

With Health Care Fraud Rampant, States Are Urged to Pass Their Own False Claims Acts, But Foes Warn of Windfalls for Plaintiffs Lawyers

As if the Civil War hadn't started off badly enough for the Union on the battlefield, Abraham Lincoln soon found himself fighting a second enemy at home: war profiteers out to make a buck by cheating the government in just about every way imaginable.

Some would sell the same broken-down horses several times over to different cavalry units. Others would peddle gunpowder mixed with sawdust. Still others would slap a fresh coat of paint on some leaky old tub, then offer the vessel to the Navy as seaworthy. Traffic also was brisk in rotten rations and dead mules.

So at Lincoln's urging, Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court.

Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation.

The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers.

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As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board.

Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages.

WORLDS REMOVED

In Lincoln's day, qui tam was neither unusual nor controversial. The first Congress enacted citizen suit provisions to supplement scant federal law enforcement in a number of broad fields, such as bank regulation and copyright infringement. Fast-forward to today's tort reform-drenched political climate, however, and qui tam takes on an almost sinister tone.

The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements.

With health care fraud as the No. 1 drain on federal and state treasuries, supporters can't see how any state can reject an offer that's as good as the one Congress made in the Deficit Reduction Act. Supporters say the federal False Claims Act's success virtually ensures similar accomplishments at the state level.

"Given that the Department of Justice is so strapped for resources, the state agencies and attorneys general offices pose a formidable force in qui tam enforcement," says Janet L. Goldstein, a plaintiffs lawyer from Washington, D.C. "I think you'll see a real shift in focus toward state cases. We've got state attorneys general who are very excited about these cases."

Health care fraud is far and away the leading target of qui tam actions at the federal level. Health care scams accounted for 46 percent of 2,490 qui tam cases filed and $5 billion in recoveries from 1987 to 2005, according to the Government Accountability Office. Procurement fraud, exemplified by the proverbial $500 toilet seat, placed a distant second, accounting for 33 percent of cases and $1.4 billion in recoveries. Likewise, health care whistle-blowers were rewarded the most handsomely, taking home $842 million, nearly triple the $291 million won by their counterparts in procurement cases.

Health care fraud can be as simple as billing for services not performed or as elaborate as the 2005 admission by Swiss pharmaceutical company Serono SA that it tried to boost sales of a nearly worthless AIDS drug, partly by taking 10 physicians on an all-expenses-paid trip to a medical conference in Cannes, France. In exchange, each doctor was to write 30 new prescriptions for the drug Serostim. The medication costs $21,000 for each three-month course of treatment, totaling $630,000 in new prescriptions per doctor.

In the end, Serono wound up repaying $567 million in bogus claims covered by Medicaid and federal health plans for veterans and government workers as part of a $704 million civil and criminal settlement. The investigation also produced five criminal indictments against individuals.

Prosecutors say the fraud may well have gone undetected had an employee at a company laboratory in Rockland, Mass., been unable to file a secret qui tam complaint. Four other employees filed similar lawsuits in Maryland and Connecticut. The five whistle-blowers will share $51.8 million from the recovery.

But detractors can't resist pulling out familiar arguments that the incentives will do nothing more than line plaintiffs lawyers' pockets or serve as launch pads for politically ambitious state attorneys general who may be more interested in television exposure than building solid cases.

"The idea of being able to get in front of a camera and tell people how much money you are recovering and how tough you are on defrauders of the state is very appealing," says Washington, D.C., defense lawyer John T. Boese, author of one of the leading texts on the federal act and co-chair of this past June's ABA national institute on qui tam enforcement. "The idea of waiting four years for a case to develop is not so appealing."

Despite the tort reform arguments from some quarters, qui tam cases stand apart because they boil down to government actions to recover stolen tax money. While other plaintiffs lawyers can pick and choose their cases, a qui tam complaint obligates the government at least to investigate the matter.

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And unlike personal injury plaintiffs with nothing to lose and everything to gain, qui tam whistle-blowers risk their jobs and careers. Supporters say that highly detailed pleading requirements for fraud complaints and a battery of government lawyers to vet cases add further assurance against abuse.

"This is not a practice that lends itself to voluminous filings with the hope that some of it sticks to the wall," says New York City plaintiffs lawyer Neil V. Getnick. "These cases are not developed during the discovery phase. These cases are developed during the pre-pleading phase. The very nature of the practice does not lend itself to a blunderbuss approach."

Still, Boese says that qui tam plaintiffs lawyering in recent years has come to resemble what he describes as the "franchise model" of the highly criticized 1990s state tobacco litigation, where the handful of plaintiffs firms in control spread their costs and made billions of dollars in fees by farming out much of the actual work to local counsel.

Boese says he regularly encounters plaintiffs lawyers in false claims cases who appear to use a similar tag-team approach. "Will this become tobacco?" Boese asks. "It already has."

A STAUNCH SUPPORTER IN THE SENATE

That's not the kind of talk U.S. Senate Finance Committee Chairman Chuck Grassley wants to hear.

"It ought to be black and white as far as state legislators are concerned," says the Iowa Republican, the act's loudest supporter. "If you are a forward-looking state legislator, you should have passed this years ago, instead of waiting for an incentive from the federal government."

Grassley helped breathe new life into the False Claims Act in 1986 after it had fallen into disuse. He sponsored amendments that tilted the odds toward plaintiffs and prosecutors, and that receive most of the recognition for raising recoveries from close to zilch before enactment to more than $15 billion over the last two decades.

Grassley also was the leading sponsor of the Deficit Reduction Act's current state inducements, which take effect on Jan. 1.

Besides health care, the False Claims Act also deals with fraud in virtually any federal endeavor that involves outside contractors—from defense procurement to student loans and veterans benefits. The law also covers fraudulent Medicare payments. The federal government pays 100 percent of Medicare, so the new incentives apply only to the unique federal-state Medicaid partnership. The feds pick up almost 60 percent of Medicaid's cost, with the states responsible for the remainder.

No one disputes that fraud poses a monster problem in health care and other government programs. Government and private estimates of health care fraud losses range from 3 percent to 10 percent of state and federal outlays. And the Department of Health and Human Services, which administers Medicare and Medicaid, places fraud losses at 5 percent.

Even by conservative estimates, the potential losses are staggering, considering how much the government spends on health care.

Topping Social Security and the military, the federal and state governments spend more money on health care than just about anything else. For the 2006 budget year that ended Sept. 30, the feds expected to spend $343 billion on Medicare for senior citizens and another $192 billion on Medicaid coverage for poor people. Add an expected state Medicaid contribution of another $142 billion, and the two programs total $677 billion. By comparison, Social Security was expected to cost $550 billion at year's end, while the Pentagon was on track to spend $420 billion.

Though a handful of legislatures considered false claims statutes during the spring and summer, the Deficit Reduction Act's February passage came after bill-filing deadlines in many states. The issue promises to heat up considerably this fall with the approach of the deficit act's effective date, just ahead of the next round of legislative sessions.

Before deficit reduction passed, 15 states and the District of Columbia had false claims laws that allowed some form of qui tam litigation. Five of them deal only with health care fraud. If this year's limited experience is any indication, however, many legislators likely will balk at the qui tam provisions.

RESISTANCE FROM PROVIDERS

With strong bipartisan support that included a Republican governor and a Democratic attorney general, Missouri state Sen. Chris Koster figured his false claims act was a shoo-in. Though the Senate twice passed it unanimously, Koster could only watch as opposition to qui tam drowned his bill in May before the House Special Committee on Health Care Facilities, whose 11 members include six health care providers.

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"It was a hot bill," says Republican Koster, a former elected prosecutor from the Kansas City area. "It was very strongly worded. It had provisions in there that I think really shook the provider community."

To be sure, Koster's bill may not have received federal approval anyway, because it would have dismissed suits the state rejected, rather than let relators proceed alone as the federal act does. Though additional proposed criminal penalties also worried providers, even the limited qui tam section proved too much for House committee members. In an effort to keep money away from plaintiffs lawyers, they stripped out qui tam in favor of a straight reward system for tipsters. Neither that version nor the Senate's made it to a House floor vote before the session ended.

"We felt the attorney was going to get a huge chunk of the payout, just by referring the case to the attorney general," says Republican House committee chairman Dr. Rob Schaaf, a family physician from St. Joseph. "We just didn't think that was necessary."

Providers also are skeptical of President Bush's claim that the Deficit Reduction Act can save Medicare and Medicaid more than $48 billion by 2015 and not cut services. The administration aims to accomplish that by a combination of stepped-up fraud enforcement, higher Medicare premiums for some seniors and reduction of federal payments for prescription drugs.

But organized medicine in Missouri says already miserly Medicaid reimbursements don't justify the risk of doctors getting nailed for fraud to boot.

"They literally lose money on Medicaid," says Tom Holloway, lobbyist for the Missouri State Medical Association. "They get 30 to 35 cents on the dollar. They see it as charity care. A lot of them just point-blank told me they're going to get out."

In New York, plaintiffs lawyer Getnick reports similar reactions from legislators there, who passed a massive health care fraud bill in June sans qui tam. Costing $45 billion a year and eclipsing the entire budgets of most other states, New York's Medicaid program is the nation's largest and most generous. It's also a system repeatedly criticized as rife with fraud.

Opponents of qui tam conjure up visions of disgruntled employees clogging the courts and running up legal bills with meritless claims. But Getnick notes that rival providers in some competitive sectors, such as drug manufacturing, also can become qui tam plaintiffs.

"If a pharmaceutical company is able to make huge profits by cheating the government, it becomes much more difficult for a competitor to follow the law," says Getnick, who also serves as board chairman for Taxpayers Against Fraud. The influential lobbying organization also helps plaintiffs and their lawyers assemble qui tam cases and finances litigation.

Relators currently file qui tam actions under seal in federal court, usually along with corresponding state claims, while the Justice Department investigates the allegations to decide whether to intervene and take over the litigation before serving the defendant. The department on average accepts one in three cases. Though cases today typically wind up in a single federal court, the proposed state incentives hold the possibility of parallel proceedings across numerous jurisdictions.

As Justice investigates, defense lawyers scramble to learn the nature of the allegations, who filed them and where. Boese says it's like voting in Chicago.

"You show up early and often," he told an ABA conference on health care fraud in May. "I'm going to start calling state attorney general offices, and I'm going to talk to everyone as quickly as I can. You've got to figure out what's going on."

Though federal qui tam actions can continue without the government's participation, whistle-blowers who go it alone stand only about a 5 percent chance of success and average only $22,400 in payments when they do win, compared with a $175,754 average with government intervention.

The federal act hasn't always worked so efficiently. It saw only sporadic use until 1943, when Congress crippled it by severely curtailing qui tam in response to complaints of "parasitic suits" where whistle-blowers filed cases based on public knowledge, such as criminal indictments. For its success, the act depends on true inside information that normal investigative techniques often fail to reveal. The 1943 restrictions also applied to frauds the government knew about but didn't pursue.

Things changed in 1986 when Grassley assumed the lead in fighting fraud with amendments that changed the face of the False Claims Act.

Besides adding protection from retaliation for whistle-blowers, the amendments contained major financial plums. Included was an increase in relator shares, from a maximum of 10 percent, to at least 15 percent and up to 25 percent of the recovery, with government intervention and depending on the relator's contribution to the action's success. In the remedy department,

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lawmakers increased damages from double to triple the cost of the fraud, and upped other penalties from $2,000 to between $5,000 and $10,000 per false claim.

Moreover, because some courts demanded that plaintiffs produce clear and convincing evidence to prevail, Congress set a uniform standard of proof at the lower preponderance level. Lawmakers also expanded scienter from the knowing submission of a false claim to cover recklessness and deliberate ignorance.

This year, HHS Inspector General Daniel R. Levinson's office likely struck a nerve in the provider community when in late August it published guidelines for determining whether individual state false claims acts qualify for increased awards. Among other factors in evaluating compliance with the federal version, HHS, in consultation with the Justice Department, will consider whether state laws allow sealed complaints and contain qui tam provisions that permit relators to proceed solo should the government decline the case. HHS also recommends that states award relators at least 15 percent of any recovery from their shares and provide for assessments against defendants for costs and attorney fees.

'THE RIGHT THING TO DO'

Throughout the spring, Grassley had pressed HHS and Justice especially hard on the qui tam provisions.

"There's no doubt that this is the right thing to do, but if a state doesn't want to pass it, it doesn't have to," says Grassley. "But it's not worth doing if you don't have the qui tam provision. They can either pass it according to the intent of Congress or forget it."

Members of the defense bar had hoped that HHS would show some flexibility because the Deficit Reduction Act also states simply that state false claims statutes must be "at least as effective in rewarding and facilitating qui tam actions" as the federal law. Though HHS strongly suggests that states won't qualify for more money if they don't meet the minimum provisions laid out in the guidelines, the department also appeared to leave itself some wiggle room by saying it would evaluate more restrictive state laws on a case-by-case basis.

"No realistic evaluation of these guidelines will be possible until the OIG begins rendering decisions," Boese wrote in a client newsletter.

Texas could be an early testing ground for the HHS guidance. Though Texas has one of the nation's most successful state acts, it still may not qualify for larger recoveries, because a case dies and the relator gets thrown out of court if the state turns it down. Nevertheless, Congress and other states looked to Texas as a model in pondering the new weapons against health care fraud.

"No good deed goes unpunished," says Patrick J. O'Connell, civil Medicaid fraud chief for the Texas attorney general's office, which has recovered more than $100 million since 1999, when relators first began bringing qui tam cases after a change in the law. "We have become sort of a lightning rod for what a state can do if it uses its false claims act correctly."

Like New York, Texas sucks up Medicaid dollars big time. With about 30 percent of Texas residents lacking private insurance, the nation's highest rate, state Medicaid spending doubles every six to seven years. Today, Medicaid costs taxpayers $750 for each man, woman and child in the state, easily more than some families pay in premiums for private health insurance.

The Lone Star State's budget for Medicaid is expected to climb from the current $17 billion annually to $136 billion a year within 20 years, according to the nonpartisan Texas Public Policy Foundation. That's almost as much as the entire $138 billion state budget for the current year that began Sept. 1. So business is vigorous in O'Connell's office, which has grown from two to nine lawyers. "We've got more than we can do," O'Connell says. "We're working nonstop."

MORE THAN ENOUGH ENCOURAGEMENT

But defense lawyer Boese says the federal relator cut is more than enough to encourage the mega-national cases that yield global settlements responsible for much of the act's recent success, regardless of whether states have their own false claims acts. Of the top 25 federal cases that have settled since 1992 for $100 million or more, 21 involved pharmaceutical companies, hospital and nursing home chains, medical device makers and other medical providers or support industries.

Of greater concern to Boese is a separate provision in the Deficit Reduction Act that requires nearly every provider to conduct employee education programs on fraud and how to file false claims complaints. Besides their potential for increasing the number of new cases, Boese says such programs also undermine the stricter internal company compliance plans and financial controls that have become hallmarks of post-Enron corporate self-accountability.

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Worker training in the False Claims Act could become the functional equivalent of a company hiring a plaintiffs lawyer and suing itself, Boese complains.

Indeed, some states actually could lose money with their own statutes if they must pay at least a 15 percent relator's share. Washington state prosecutor David W. Waterbury says he's no math whiz, but a 15 percent relator's share sounds like more to him than the promised 10 percentage point increase in the state's share of damages.

"As portrayed, it looks like states are leaving money on the table," says Waterbury, Medicaid fraud control director for the state attorney general's office. What's more, he says, nothing would stop legislators from passing an even more ambitious false claims act aimed at all sorts of state contracts. Waterbury wonders who would pay for that.

"You have to take the blinders off," Waterbury says. "While this sounds seductive, it may cover the waterfront. If the statute covers everything, you're looking at replicating the Civil Division at the Department of Justice."

At the Civil Division, commercial litigation director Michael F. Hertz says his prosecutors likely will notice little difference in their jobs as state involvement increases.

"I'm not sure we know exactly how this is going to play out or work," Hertz says. "But I don't think it will change that much."

Though total damages are expected to increase and the distribution of awards will change, the states, as they now do, are expected to continue to divvy up recoveries among themselves through the National Association of Medicaid Fraud Control Units, which operates out of the attorney general's office in most states.

"Both of those are mathematical calculations," Hertz says. "The work for lawyers won't change that much."

Federal and state prosecutors say they already work together smoothly, though they expect to see much more of one another in the future. The national association already assembles state teams to assist in cases, and representatives from states with false claims acts meet by conference call every two weeks.

"It will intensify the relationship with DOJ," says Vermont fraud chief Linda A. Purdy, the outgoing association president. "It brings more people into the mix, which requires more efforts at coordination."

MORE TO CONSIDER

But though Justice Department lawyers publicly downplay problems the approaching era may cause, one former health care fraud prosecutor says Congress failed to appreciate the increased complexity that would accompany an explosion in parallel proceedings. Jonathan L. Diesenhaus served as a senior Justice Department trial counsel specializing in false claims cases from 1998 to 2005, when he left for private practice and defense work in Washington, D.C. He envisions control over qui tam sliding away from federal prosecutors to relators and their lawyers.

"Every step of the way, you have a national consortium of people in a case," Diesenhaus says. "The federal prosecutor's job becomes one of traffic cop, not law enforcer."

Besides creating new perils for defendants and administrative headaches for prosecutors, Diesenhaus says criminal enforcement may become a major victim of stepped-up state civil litigation in multiple forums. He cites the possibility of a rogue state unsealing a civil complaint on its own or allowing discovery and tipping off defendants who may be under criminal investigation elsewhere where complaints remain sealed.

"Those circumstances would present a real possibility that the relator could seek deposition testimony from witnesses the government would not want deposed or, of greater concern, individuals whose status in the criminal investigation dictated that they assert their Fifth Amendment rights and decline to testify," Diesenhaus writes in a recent analysis of the Deficit Reduction Act.

Career federal criminal prosecutors often single out New York's Eliot Spitzer as a prime specimen of a genus of political creatures that inhabit the offices of elected state attorneys general and just don't respect the integrity of other agencies' investigations.

As the Democratic gubernatorial candidate in the November election, Spitzer enjoys widespread recognition as the state prosecutor who embarrassed the feds by getting the jump on them in a string of high-profile Wall Street corruption cases. He also severely chastised New York legislators early in the summer for failing to include qui tam in this year's health care fraud legislation.

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"Having these state AGs ride along really can undermine federal criminal prosecutions," Diesenhaus says. "The problem is many times greater with state qui tam out there. Criminal prosecution would grind to a halt. Prosecutors would lose interest if there are too many players."

Grassley says in one way he's reliving the resistance to his 1986 amendments, which largely came from defense contractors. He says state legislators should expect more of the same from health care providers as they debate false claims acts.

"They're going to be fighting the same battle I fought 20 years ago," Grassley says. "But we're right, and right wins out—most of the time."

And he says he's not about to listen to federal prosecutors sing the blues about states crowding the field.

"If they want to do their jobs, then they should take these cases from the whistle-blowers," Grassley says. "Sometimes they don't want to. Sometimes it's workload, and sometimes there are more powerful forces at work. Sometimes they don't want a farmer from Iowa who knows something about fraud on the government telling them what to do."

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CIVIL RIGHTS:

FBI Arrests 2 In Alleged Sex Case In Samoa (AP)

AP, October 10, 2006

PAGO PAGO, American Samoa » Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution.

The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry.

After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI.

Fu Shen Kuo, 39, and Shenji Wang, 35, were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu, said Pamela Tamashiro, Wang's attorney.

The women told police they were recruited around Jan. 26 to work in American Samoa. But once they arrived in March, Wang threatened to beat them if they did not have sex with her customers.

Wang told one of the victims that her family's arms and legs would be cut off if she attempted to escape, according to the affidavit.

One victim told the FBI she was forced to have various forms of sex with between 60 and 70 customers during the six months she was held.

Ex-officers May Face U.S. Trials, Despite State Outcome (MJS)

By Gina Barton

Milwaukee Journal Sentinel, October 10, 2006

The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime.

So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely.

Bartlett already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him.

Such a hung jury is an exception to the double jeopardy rule.

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And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes.

Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin.

"There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution," he said.

Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said.

"The department is looking for particularly serious cases where there appears to have been a real injustice," he said.

One example is the Rodney King case in Los Angeles. In the 1992 state prosecution, three police officers were acquitted of beating King and the jury was unable to reach a verdict concerning a fourth officer. Federal prosecutors then filed charges, and two of the four officers were convicted.

One of the same Washington, D.C.-based prosecutors who worked on the King case is assisting in the Jude investigation.

U.S. Winning Access For The Disabled Through Mediation (WP)

The Washington Post, October 9, 2006

In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties.

Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said in Minneapolis on Thursday at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

The administration is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those efforts include modifying sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing telephone systems that assist deaf people in making 911 calls.

In Hennepin County, which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependency treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and the hard of hearing in its two jails.

The report included a few cases in which offenders faced penalties. In one, movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

John Wodatch, who runs the disability rights section at the Justice Department, said most employers are eager to fix problems. He estimated that as much as 70 percent of his staff spends time helping businesses and local governments comply with the law. Department lawyers try to reach a negotiated solution first. "We're not trying to get litigation. We're trying to get compliance," he said.

Former Partners Tied Up In Court (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Contractor Alleges Racial Bias

Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business.

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Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured.

The suit names as defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor.

"DynCorp's actions, clearly designed to force WWNS out of the Iraq and Afghanistan projects, were motivated by racial animus toward WWNS and its African American founders and owners," the suit contends. "Piling on DynCorp's racially discriminatory actions, DynCorp and EDO have conspired to defame WWNS, interfere with WWNS's contracts with its employees, and interfere with WWNS's prospective business relationships."

DynCorp spokesman Gregory Lagana disputed the suit's claims, saying that DynCorp chose not to renew WWNS's contracts because the firm was not getting its work done. "The charge of racial discrimination is outrageous. The issue with WWNS all along was performance," he said. "We will fight this all the way."

An EDO spokeswoman declined to comment because the company had not been served with the suit as of late Friday afternoon.

Lagana said that DynCorp, which had $2 billion in revenue last year, had been getting complaints from the State Department about poor performance by WWNS.

In the suit, WWNS defends its work, and points to e-mails from DynCorp employees and U.S. officials that praised the accomplishments of the communications firm.

It is not unusual for relationships between prime contractors and their subcontractors to turn bitter. But the suit against DynCorp casts light on an unusually acrimonious end to what WWNS said had been a harmonious partnership as recently as two years ago.

Founded in 1993, WWNS lately had been receiving more than 95 percent of its business from DynCorp subcontracts, amounting to approximately $30 million a year, according to WWNS senior vice president Reginald Bailey Sr.

Much of the work stemmed from State Department deals to train police officers and provide protection for dignitaries in Iraq and Afghanistan. DynCorp picked WWNS to provide information technology support for those deals, but the suit claims DynCorp soon decided it wanted to get rid of WWNS in favor of EDO.

One DynCorp official, according to the suit, told WWNS employees that they had been hired only because they were black. Another DynCorp manager used a well-known racial epithet in reference to a WWNS manager, the lawsuit says.

The suit claims that WWNS employees were banned from meetings and denied their identity cards, so they could not do their jobs. One WWNS employee was ordered out of Iraq without explanation, and another had to leave because of "his refusal to give [DynCorp] WWNS's proprietary employment information."

Since the relationship between the companies dissolved, the suit contends that DynCorp spread false information that WWNS was going bankrupt, and hired away many of WWNS's workers.

Bailey said that WWNS, which had nearly 100 employees in Iraq and Afghanistan at its peak, is now completely out of both countries and is fighting for its life with a skeleton staff. "Our business has been drained," he said. "DynCorp has essentially taken away our employees. And they were our company."

Asked how his business will survive, founder and president Walter L. Gray Jr. replied, "With a lot of prayer."

Don't Remove Safeguards (USAT)

By Rose Saxe

USA Today, October 9, 2006

Required consent, counseling aren't barriers to testing for HIV.

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The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed.

It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care.

Without pretest prevention counseling, we also lose a critical opportunity to educate. The reason people aren't getting tested is not consent requirements or even stigma about testing; it's because people still don't understand HIV. A recent survey found that 22% of Americans wrongly believe that you can get HIV from sharing a glass of water. And 25 years into the epidemic, people continue to lose jobs and housing because of prejudice. Can we really afford to abandon this chance to help people understand HIV?

The new recommendations also raise privacy concerns. Virtually every state now collects the names of those who test positive. If the government is going to collect names and deeply personal information, people tested deserve to know that this information is being collected and how it will be used.

Early in the epidemic, our government ignored AIDS until it was confronted by persistent protests by gay people. As the demographic of the disease shifts to include more women and people of color, why are we abandoning those safeguards? And why is the government so heavily focused on promoting testing, while continuing to fund misleading sex education and refusing to adequately support proven programs, such as needle exchange, that reduce the transmission of HIV in the first place?

Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health.

Rose Saxe is a staff attorney with the American Civil Liberties Union AIDS Project.

South Dakota Nears Vote On Abortion Ban (AP-Y)

By David Crary, Ap National Writer

AP, October 9, 2006

Circled around a living room, sipping coffee, five long-acquainted couples grappled with their stark differences on a topic they would have skirted in the past but now cannot avoid — abortion.

Like other South Dakotans, people in this tiny farming town are confronting a historic opportunity on Nov. 7. They'll sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions.

"None of us think abortion is a desirable thing," said Tom Dean, a family physician who hosted the discussion along with his wife, Kathy. "But it's not a problem for government to solve by passing a rigid law."

Yet Lynn Ogren, who helps her husband run a sheep and cattle ranch, choked up with emotion as she explained her support for the ban.

"I value every child's life, whether it's from a rape or not," she told her friends. "Who's fighting for these kids?"

The measure would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison.

The Legislature passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it.

Each side depicts the other as dominated by out-of-state groups — and indeed such forces are active, viewing the vote as an unprecedented gauge of public sentiment on abortion. The Rev. Jerry Falwell has urged his conservative followers to donate in support of the ban; Planned Parenthood and NARAL Pro-Choice America have raised funds to oppose it.

"We're David, they're Goliath," contended Leslee Unruh, head of the campaign group supporting the ban. Parked outside her VoteYesForLife.com office in Sioux Falls were cars with a blunt bumper sticker: "The Killing Stops Here."

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The most recent independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent.

Unruh, who had an abortion years ago that she now regrets, says momentum is turning as more voters hear her side's core message: Abortion hurts women. In the event of defeat, she vows to keep fighting.

"Sometimes it's not about votes — it's about the truth," she said.

Jan Nicolay, a former school principal and Republican state legislator, is co-chair of the campaign to keep abortion legal. She knows the stakes are high.

"People from other states are telling me, 'You're in the limelight. Good luck. Please do everything you can to defeat it,'" she said.

Among her colleagues is Russ Tarver, a retired Methodist minister who signed a statement against the abortion ban along with 16 other ministers. "Some legislators were stunned to learn there were pastors on the other side of the issue," he said.

If the ban is defeated, anti-abortion activists might try again later with a milder version making exceptions for rape and incest, but the outcome would be heralded nationally as a major victory for abortion rights. If the ban is approved, several other state legislatures might follow South Dakota's example — building momentum for a possible Supreme Court review of Roe v. Wade.

Each side has recruited South Dakota rape victims to aid their campaigns. Connie Pich, impregnated by a rapist as a teenager in 1973, said victims must be able to choose freely whether to bear the child. On the pro-ban side, Megan Barnett has spoken at the Legislature and in campaign videos about how glad she is to have borne a daughter resulting from a rape.

Barnett, in a telephone interview, expressed empathy with women in comparable plights, but said abortion shouldn't be an option. "Two wrongs don't make a right," she said. "It's a baby, whether you're raped or not. You need a choice both you and your baby can live with."

The ban's supporters note that the measure allows rape and incest victims to get emergency contraception, which is effective if taken within 72 hours. Opponents say emergency contraception isn't widely available in South Dakota, and argue that many victims are too overwrought to seek prompt help.

"It's a sham," Nicolay said of the contraception provision. She noted that anti-abortion lawmakers quashed a measure this year that would have required hospitals to inform raped women that emergency contraception is available.

One of the legislators responsible for the toughly worded measure is House Majority Leader Larry Rhoden, a Republican cattle rancher. He was swayed by women's testimony that their abortions left emotional scars, but now — aware of polls showing his side behind — he has second thoughts.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," he said. "We have a long row to hoe based on the numbers I've seen."

In some ways, South Dakota is an odd venue for the showdown. It has had no resident abortion provider for 10 years, and most of its 800 or so annual abortions are performed at an often-picketed Planned Parenthood clinic in Sioux Falls by doctors flying in once a week from Minnesota.

Sarah Stoesz, president of Planned Parenthood's Minnesota/Dakotas chapter, said even people on the sidelines of the abortion debate rallied to help the petition drive after lawmakers approved the ban.

"It was a political moment like I've never seen, a spontaneous uprising of grass-roots fury," she said. "Abortion isn't a subject people normally discuss, but this has forced ordinary mainstream people to talk about it."

A case in point is Wessington Springs, a town of 1,000 where pride in its seven churches and Shakespearean Gardens mingles with worries over business failures and an exodus of young people.

Tom Dean, whose family's local roots date to 1882, and his wife, Kathy, a nurse-midwife, decided to serve on the anti-ban campaign's statewide board, then placed a small ad in the local paper explaining their stance.

"We were a little concerned — not for our safety, but of offending our friends," said Kathy Dean, a longtime abortion-rights supporter.

For several years, the Deans have hosted a monthly discussion group, broaching an array of topics. Its members recently convened to wrestle with the abortion ban.

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Near the end, after listening in silence, Evelyn Bradley spoke out.

"Life isn't always black and white," said Bradley, the wife of an Air Force retiree. "There are situations where it would be really difficult to have another child, and I'd resent the law saying you have to have it. Shouldn't I be allowed to make that choice?"

The issue has been raised at the town's Roman Catholic church by the priest, Jim Friedrich, who fervently supports the ban.

"So far no one (in the parish) has spoken against it," he said quietly in his rectory. "The way I spoke, I doubt they'd have the guts to tell me otherwise."

John Paulson, minister at nearby Our Savior's Lutheran Church, takes a different tack.

"We can't read God's mind on this," he said. "As pastor, I'd support people voting their conscience with a prayerful heart."

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On the Net:

Anti-ban campaign: http://www.sdhealthyfamilies.org

Pro-ban campaign: http://www.voteyesforlife.com

Antiabortion Campaign Waves Feminist Flag (LAT)

By Stephanie Simon

The Los Angeles Times, October 9, 2006

SIOUX FALLS, S.D. — In the fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood.

Antiabortion activists here deliberately avoid the familiar slogans of their movement. They don't talk about the "murder of innocent babies" or quote the Bible on the sanctity of life. Instead, campaign manager Leslee Unruh has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped.

The bumper stickers and T-shirts that fill campaign headquarters spell out her message, in pink and blue: "Abortion Hurts Women."

"We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage," Unruh said. She speaks from personal experience; she had an abortion nearly 30 years ago and said her life since has been darkened with regret and longing. "If you don't do your job right as a mother," Unruh asked, "what good is everything else?"

Abortion-rights supporters call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance.

"Historically, this debate has been focused on fetal rights, fetal life. We have a lot of language about that," said Sarah Stoesz, president and chief executive of Planned Parenthood of Minnesota and North and South Dakota. "This adds an element we're not accustomed to. It's a different line of debate…. And that is something we struggle with politically."

The ban, passed overwhelmingly by the South Dakota Legislature in February, makes it a felony to help any woman terminate a pregnancy at any stage, unless an abortion is necessary to prevent her death. Women would not face criminal charges, but their doctors could get up to five years in prison.

Rather than challenge the law in court, Planned Parenthood chose to put it to a public referendum, gambling that people would vote to repeal it on Nov. 7. (South Dakota law permits interest groups to refer legislation to the ballot if they can collect enough signatures.)

If voters reject the ban, abortion-rights advocates hope it will deter states such as Ohio, Indiana, Missouri, Georgia and Rhode Island, which have been considering similar measures. If the ban is upheld, Planned Parenthood will challenge it in court. Antiabortion leaders would welcome that battle. They hope the U.S. Supreme Court will use the case to overturn Roe vs. Wade, the 1973 ruling that found a constitutional right to abortion.

Both sides call this election crucial and are putting out urgent appeals to raise millions of dollars for the fight.

But if this is the frontline of the abortion wars, the guns sound oddly muted.

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Attuned to the values of this very conservative state, abortion-rights activists have decided not to make a stand on a woman's right to choose. The big poster outside their campaign headquarters makes a much milder point: "This law simply goes too far." One of their TV ads starts out: "South Dakotans agree, honor and protect human life." The ad goes on to affirm support for reducing the number of abortions, but argues that the law is too inflexible.

The only exception in the law states physicians will not be prosecuted for procedures "intended to prevent the death of a pregnant mother." Even then, however, doctors must try their best to save "the life of her unborn child."

A provision allows women to use the morning-after pill, which can prevent pregnancy if taken within 72 hours of sex. But under South Dakota law, pharmacists are not required to dispense the pill — or refer women to a pharmacy that will. And the Legislature has repeatedly voted down a bill to require emergency rooms to stock the contraceptive.

Walking a neighborhood of gracious homes the other day to rally voters against the law, Emma Tupper, 20, made just one pitch, again and again. "Our main concern is the lack of exception for rape and incest," she said. Some residents nodded and pledged to vote against the ban. Nearly as many politely said they would support it.

"Even if there's no exception for rape and incest?" Tupper asked one elderly man.

"I've looked at the bill pretty closely, and I feel comfortable with my decision," he replied, and closed the door.

Tupper — who came from Seattle to work on this campaign — walked on, crunching through drifts of yellow leaves. "It's a tough state," she said.

An independent Mason-Dixon poll in June found voters opposed to the ban, 47% to 39%. But a Zogby International survey last month, commissioned by an antiabortion group in Washington, D.C., found that gap had narrowed to 47% to 44%. In another unsettling sign for abortion-rights supporters, four Republican state senators who opposed the ban lost their seats in the primary election this summer.

"I don't know if I want to say we have a lot of momentum," said Jan Nicolay, a former Republican legislator working to overturn the ban.

The antiabortion camp has attracted hundreds of activists; some have brought with them the strident language Unruh had hoped to avoid. A voter guide produced by the Roman Catholic Diocese of Sioux Falls refers to abortion as a "moral evil," part of "the culture of death." Last month, activists from Wisconsin waved photos of dismembered fetuses at a busy intersection in Rapid City.

Unruh says she hates such messages "with a passion." Banning abortion should be about "compassion and love," she says — not "anger and death."

On a recent afternoon, she spotted a family of volunteers wearing olive-green T-shirts that read "Abortion — the leading cause of death in America." Unruh sent an aide to get them official campaign shirts, which feature the cheery faces of three women and a bright-eyed baby.

One of the women on the shirt is Kayla Brandt, 29, who had an abortion four years ago. "My mind-set was, if it's OK for so many other people, it will be OK for me," she said. But she was so burdened with guilt and shame, she said, she could barely function. In a radio spot, she says mothers "weren't designed to abort our babies" and asks voters to spare other women "the pain of imagining a life that could have been."

Her voice catching, she adds: "Please, to protect women like me, vote yes on Referred Law 6."

The spot caught the attention of Dick Murphy, 58, a local shop owner. He thought at first it was intended to evoke sympathy for a woman's right to choose. "Then it flipped the other way around," he said. "I thought, 'That's a new twist.' " The ad did not change Murphy's mind; he still plans to vote against the ban.

But other voters are torn.

Roger Turnquist, 57, a rancher in town to take his wife and daughter out to lunch, said he could speak for the family: They all backed the ban. "We're Catholic," he explained. His wife, Helen, looked uneasy.

"I'm a little pro-choice," she said. "But I'll probably vote for the ban because I'm Catholic." She paused. "I really haven't decided."

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The South Dakota fight marks the first time antiabortion groups have built a public campaign around abortion's effect on women. But for the last few years, activists have tested the tactic as they lobby state legislatures for measures such as more counseling for women seeking abortions.

"It's been very helpful for the pro-life movement.... Who doesn't want to protect women?" said Daniel McConchie, vice president of Americans United for Life, a national group based in Chicago.

Unruh's campaign has made that point in several ways. Along with the radio spot, Brandt tells her story in an online video and campaign fliers. The campaign has also distributed a DVD with testimony from Brandt and three women who decided against abortion in tough circumstances. (One segment is titled, "I love my baby who was conceived by rape.")

Volunteers offer the DVD to voters as they canvass door to door; it's also been shown in churches and at dozens of house parties.

"The clips really hit me hard," said Jazmine Brown, 13, who was moved to volunteer for the campaign after seeing the DVD at church. "I knew women were hurt by abortion, but that implanted it in my heart."

The concept that women are exploited by abortion has been nurtured by the many "post-abortive support groups" around the nation. Unruh runs one such group in Sioux Falls; the women gather to mourn and to help one another through "side effects" as varied as substance abuse, anorexia and detached parenting.

Their stories have led to a shift in perspective that parallels the religious right's changing attitude toward homosexuality. After years of condemning homosexual behavior as evil, some ministries have begun to portray gay men and lesbians as victims of an immoral society, led astray by gay-pride parades, gay romances on TV, and other signals that same-sex relationships are normal.

Similarly, women who choose abortion are now increasingly treated as victims, let down by a society that keeps abortion legal and relatively accessible.

Abortion-rights supporters respond with exasperation. The American Psychological Assn. has found that abortion carries few long-term emotional risks. And clinic doctors routinely turn away women who are uncertain or seem to have been coerced.

Some women undoubtedly regret their abortions. "But women also marry someone who turns out to be an abusive spouse, and we don't therefore say that marriage hurts women," Stoesz said.

With so much at stake, political scientist Robert Burns says he expects both sides to turn up the rhetoric as the election draws near. Burns, who teaches at South Dakota State University, will not venture to predict the vote's outcome. But it's safe, he said, to foretell this much: "It will get down and dirty before it's all over."

Military Ballots Still Have Glitches (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, October 9, 2006

The system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000, election officials say.

But the Pentagon is releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots.

This year, Congress has heard from many sources, including the election commission and the Government Accountability Office, that problems remain less than a month before the Nov. 7 midterm elections.

Sen. Conrad Burns, Montana Republican, says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet.

Congress started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation.

But the senator says the Defense Department lost precious time.

"If the current bureaucracy can't do it, then we need to throw it out and start over with one that does," he said.

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By the Pentagon's own count, only nine states participate in IVAS. The system works by allowing personnel to go to an IVAS Web site and request a ballot from their home county. An election official sends an e-mail alert, and the person then logs on to a secure server, prints the ballot, fills it out and returns it by postal mail.

"This program eliminates the most time-consuming step in the process: getting the ballots to a potentially moving target," said a statement from the senator's office.

A Senate aide says Mr. Burns' attack on the bureaucracy was really criticism of David Chu, undersecretary of defense for personnel and readiness. The aide said Mr. Chu has shunned IVAS in favor of another Internet program.

The Pentagon is defending Mr. Chu's record on making registration and voting more accessible.

"I think we are working very hard here to carry out the [IVAS] initiative," said Maj. Stewart Upton, a Pentagon spokesman. "We support the IVAS program. We believe that it's working and this year has been very effective."

The main voting problem for military personnel away from home is meeting the ballot deadline.

It takes on average 45 days to get an absentee ballot to the troops, have them fill it out and then mail it back to the election board. The constraint has resulted in late, disqualified ballots. In the tight 2000 Florida recount, where a majority of overseas service members voted for President Bush, Democratic lawyers fanned out to election boards to challenge any military ballot that did not strictly meet requirements.

While the Pentagon talks of voter progress, other officials see persistent problems.

Paul DeGregorio, chairman of the U.S. Election Assistance Commission, told Congress that a summit of election officials last spring concluded that "the current voting process for military and overseas citizens is not working." He blamed the time it takes to mail out and then receive ballots from people thousands of miles away.

Still, the federal voter-assistance program reports a higher military participation rate.

Mr. Chu has told the Senate Armed Services Committee that 73 percent of military personnel voted by absentee ballot in 2004, compared with 57 percent in 2000. The 2004 rate exceeded the 60.4 percent turnout of the general public.

An unscientific poll by the Army Times Publishing Co. in 2004 garnered e-mail responses from more than 4,000 service members. The results: 73 supported Mr. Bush and 18 percent Sen. John Kerry, Massachusetts Democrat. Nearly 60 percent identified themselves as Republicans and 13 percent as Democrats.

Where Faith Abides, Employees Have Few Rights (NYT)

By Diana B. Henriques

The New York Times, October 9, 2006

J. Jeffrey Heck, a lawyer in Mansfield, Ohio, usually sits on management's side of the table. "The only employee cases I take are those that poke my buttons," he said. "And this one really did."

His client was a middle-aged novice training to become a nun in a Roman Catholic religious order in Toledo. She said she had been dismissed by the order after she became seriously ill — including a diagnosis of breast cancer.

In her complaint, the novice, Mary Rosati, said she had visited her doctor with her immediate supervisor and the mother superior. After the doctor explained her treatment options for breast cancer, the complaint continued, the mother superior announced: "We will have to let her go. I don't think we can take care of her."

Some months later Ms. Rosati was told that the mother superior and the order's governing council had decided to dismiss her after concluding that "she was not called to our way of life," according to the complaint. Along with her occupation and her home, she lost her health insurance, Mr. Heck said. Ms. Rosati, who still lacks health insurance but whose cancer is in remission, said she preferred not to discuss her experience because of her continuing love for the church.

In court filings, lawyers for the diocese denied her account of these events. If Ms. Rosati had worked for a business or almost any secular employer, she might have prevailed under the protections of the Americans With Disabilities Act. Instead, her complaint was dismissed in December 2002 by Judge James G. Carr of the United States District Court for the Northern District of Ohio, who decided that the order's decision to dismiss her "was an ecclesiastical decision" that was "beyond the reach of the court" because "the First Amendment requires churches to be free from government interference in matters of church governance and administration."

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Legislators and regulators are not the only people in government who have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers.

Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations — especially religious schools — to manage their affairs with less interference from the government and their own employees.

The most sweeping of these judicial protections, and the one that confronted the novice nun in Toledo, is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years.

As a rule, state and federal judges will handle any lawsuit that is filed in the right place in an appropriate, timely manner. But judges will almost never agree to hear a controversy that would require them to delve into the doctrines, governance, discipline or hiring preferences of any religious faith. Citing the protections of the First Amendment, they have ruled with great consistency that congregations cannot fully express their faith and exercise their religious freedom unless they are free to select their own spiritual leaders without any interference from government agencies or second-guessing by the courts.

To do otherwise would be an intolerable government intrusion into employment relationships that courts have called "the lifeblood" of religious life and the bedrock of religious liberty, explained Edward R. McNicholas, co-chairman of the national religious institutions practice in the Washington, D.C., office of Sidley Austin, a law firm with some of the country's largest religious organizations among its clients.

Judges have routinely invoked the ministerial exception to dismiss lawsuits against religious employers by rabbis, ministers, cantors, nuns and priests — those "whose ministry is a core expression of religious belief for that congregation," as Mr. McNicholas put it.

But judges also have applied the exception to dismiss cases filed by the press secretary at a Roman Catholic church, a writer for The Christian Science Monitor, administrators at religious colleges, the disgruntled beneficiaries of a Lutheran pension fund, the overseer of the kosher kitchen at a Jewish nursing home and a co-founder of Focus on the Family, run by the conservative religious leader James C. Dobson. Court files show that some of these people were surprised to learn that their work had been considered a "core expression of religious belief" by their employer.

Religious employers have long been shielded from all complaints of religious discrimination by an exemption that was built into the Civil Rights Act of 1964 and expanded in 1972. That historic exemption allows them to give preference in hiring to candidates who share their faith. In recent years, some judges have also refused to interfere when religious groups have dismissed lesbians, unwed mothers and adulterous couples, even if they profess the same faith, because they have violated their employers' religious codes.

A federal court decision has given religious broadcasters an exemption from some of the fair-hiring requirements of the Federal Communications Commission, even when they are hiring secretaries and receptionists. Two other decisions, one in federal court affecting a Mormon church and the other in a state court of appeals case involving a Roman Catholic nursing home, affirmed the right of religious employers to dismiss employees whose faith changed after they were hired.

"These are very difficult cases because they pull at some very fundamental heartstrings," said Steven C. Sheinberg, a lawyer at Outten & Golden, specializing in employment law. "There's our belief that employees should be free of discrimination in their work, versus our belief that religious organizations should be free to hire people who best help them fulfill their religious mission, without the intrusion of government."

Employees at religious institutions face other risks as well, thanks to pension law exemptions granted by Congress and upheld by the courts. Religious employers are exempt from Erisa, the federal pension law that establishes disclosure requirements and conflict-of-interest restrictions for employee pension plans. That exemption has given rise to several cases in which workers at religious hospitals found that their pensions had vanished because of practices that would not have been allowed under Erisa's rules.

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A related exemption frees religious employers from participating in the Pension Benefit Guaranty Corporation, the government-run insurance program that provides a safety net for corporate pension plans. And some significant court decisions in labor disputes in the last several years have made it easier for religious schools and colleges to resist collective bargaining efforts.

But for Mr. Heck, the question of whether these workplace exemptions are fair to religious employees was crystallized by the case of Ms. Rosati, the novice nun in Toledo.

He said the doctor involved in her case had been prepared to testify under oath on Ms. Rosati's behalf. The doctor "had quite a vivid memory about these events." In fact, Mr. Heck said, the doctor had cautioned the nuns who accompanied Ms. Rosati that it would be virtually impossible for the ailing novice to get affordable insurance anywhere else if she were dropped from the diocesan health.

Lawyers for the diocese disputed Ms. Rosati's account of that visit and denied that health reasons were the causes of her rejection by the order, the Sisters of the Visitation of Holy Mary, which is covered by the diocesan health plan. For the court "to even begin to inquire into that decision-making process, we believe, crosses the line set by the First Amendment," said Gregory T. Lodge, a lawyer for both the Toledo diocese and the order, which operates under papal authority.

"I understand and absolutely appreciate that in matters of religion, the state has no business meddling," Mr. Heck said. "It would be unthinkable for a judge to be able to say, 'Hey, I don't like the way you're interpreting the Book of Luke.' "

But what religious principle is offended when an employee simply grows old or becomes ill, he asked. If the answer is "none," he continued, judges should be more willing to "look behind the curtain."

Exemptions From Employee Suits

For 28 days last May, Lynette M. Petruska, a former nun who now lives in St. Louis, thought she had finally found judges willing to listen to her complaint against Gannon University, a coeducational Catholic college in downtown Erie, Pa. As it turned out, she was wrong.

Ms. Petruska was educated in Catholic schools from kindergarten to college commencement, graduated at the top of her law school class and practiced law for several years before deciding to become a nun. In 1999, as she was working toward taking her final vows, she became the first woman to serve as Gannon's chaplain.

Three years later she was demoted and, according to her complaint, effectively forced out. In her lawsuit, she said this action was in response to her having notified the administration of a case of sexual misconduct by a senior university official, resisted efforts to cover up that case and opposed proposals to weaken campus policies on sexual harassment. In 2004, she sued, accusing the university administration of forcing her out simply because she was a woman and because she had opposed the sexual harassment others experienced on campus.

Gender bias claims against religious employers have generally been dismissed under the ministerial exception. But some judges across the country have been less quick to dismiss cases where sexual harassment or abuse of an employee is involved. And unlike many other plaintiffs, Ms. Petruska claimed that her supervisor had actually acknowledged to her that she was being demoted solely because of her sex, not because of any religious doctrine.

Judge Sean J. McLaughlin of the United States District Court for the Western District of Pennsylvania nevertheless ruled that Gannon was protected by the First Amendment and the ministerial exception from any court interference in its choice of chaplain. Gannon itself argued that it had many women in leadership positions and that Ms. Petruska had resigned simply because she was unhappy with a staff reorganization. But its fundamental argument was that it would be unconstitutional for the court to second-guess these disputed decisions.

"You may ask, 'Why should these decisions go unquestioned?' The reason is plain and simple: The First Amendment protects a church's right to freely exercise its religion," said Evan C. Rudert, a lawyer for the university. "And that includes organizing itself as it chooses and selecting those who it believes will serve best as its leaders — without interference from the courts."

Then, last May, in a decision that caused considerable comment in legal circles around the country, a federal appeals court panel reversed the trial judge's decision.

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For four weeks, the prevailing law in Pennsylvania, New Jersey, Delaware and the Virgin Islands — the jurisdiction of the United States Court of Appeals for the Third Circuit — was that "employment discrimination unconnected to religious belief, religious doctrine, or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion."

Appellate Judge Edward R. Becker wrote that opinion; his colleague on the three-judge panel, Judge D. Brooks Smith, filed a stinging dissent. A few days later, Judge Becker died. On June 20, in a rare move, the Third Circuit granted Gannon's routine request to have the case reconsidered and named Judge Smith to the new three-judge panel that would do so.

On Sept. 6, the new panel swept the earlier decision away, unequivocally restoring the protections for religious employers that it had put in doubt. As Judge Smith put it, the ministerial exception "applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions."

Ms. Petruska, who has left her order and returned home to work at her old law firm, describes herself as a feminist who is "committed to peace and freedom." She has a long history of putting her words into action — she has been arrested at protest marches, most recently at an antiwar rally the day before the Iraq war began, she said. She plans to appeal the ruling against her.

"I think this issue needs to be decided by the Supreme Court," she said. And she has hopes that the justices will agree with Judge Becker that, absent some grounding in religious doctrine, sex discrimination by religious employers is wrong.

No Recourse On Age Bias

Add age discrimination to that wish list, the Rev. John Paul Hankins says.

At 73, Mr. Hankins can look back on 50 years in a loving marriage, 40 years as a minister in the United Methodist Church — and 3 years as the plaintiff in an uphill court fight over his denomination's mandatory retirement policy.

Eight months after he turned 70, that policy forced Mr. Hankins to leave his pulpit in the historic Stony Brook Community Church in Stony Brook, N.Y., where he had served for 37 years. He loved his flock and the feeling was mutual: the congregation withheld part of its annual contribution to the regional church that year to express its dismay.

"He had served for many, many years and wanted to continue to serve, and his congregation wanted that, too," said David S. Warren, a professor of computer science at Stony Brook University who had been a member of the congregation for more than 25 years but who left because of how Mr. Hankins was treated.

Mr. Hankins said he was suing because age discrimination is almost as hateful and senseless to him as the racial segregation and bias against women that used to be "mandatory policies" of his church.

"I feel, and have long felt, that discrimination in any form has no place in the life of a faith community," he said.

Under the federal age discrimination law, most employees of all but the smallest businesses can sue if they are forced to retire for no other reason than that they reached a certain birthday; increasingly, government and academic employees have the same protection. But Mr. Hankins knows his complaint will probably never come to trial simply because he is a clergy member trying to sue his church. Indeed, court rulings around the country suggest that if he had been forced out at any age and for almost any reason — for a deceptive reason, or even for no reason at all — he would face the same judicial roadblock.

"I never, ever thought that the last years of my ministry would be involved in a fight like this," Mr. Hankins said.

Lawrence H. McGaughey, the lawyer for the regional Methodist governing body and its bishop, acknowledged that there is a movement in the church to eliminate the retirement rule opposed by Rev. Hankins. But if the rule is ultimately changed, it should be the church's decision, not a court's, he said.

"Any private employer would feel the same way — they'd like to be able to make these decisions without having to face the courts," Mr. McGaughey said. "But the difference is the First Amendment."

He continued: "We're talking about worship here. Are you going to go into church and have someone standing there who was ordered to be there by the courts? There are certain things a government just cannot do in this country."

In September 2003, a federal trial judge on Long Island ruled that Mr. Hankins's complaint was barred by the ministerial exception. Last February, a federal appeals court panel sent the case back, directing the trial judge to decide the case by applying a 1993 federal law, the Religious Freedom Restoration Act, rather than the ministerial exception doctrine. But there was little in the instructions to the trial court to encourage Mr. Hankins.

He nevertheless thinks his complaint will eventually help his church see that its mandatory retirement rule is unfair.

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"I don't need to win the case," Mr. Hankins said. "I feel the movement of history at work here, I really do. Ideas find their feet, and start to walk."

State judges have been equally reluctant to interfere in disputes between religious employers and their staff members — to the sad frustration of Rabbi Isaac H. Celnik of Albuquerque.

Rabbi Celnik, one of the youngest men ever ordained in Conservative Judaism, was just 30 when he was hired in 1971 as the spiritual leader of Congregation B'nai Israel. Eight years later, he entered into a 30-year contract with the synagogue, an arrangement his congregation endorsed by a margin of almost nine to one, he said.

Then the medical problems began. In 1996, Rabbi Celnik was told he was in the early stages of Parkinson's disease; in April 2000, his wife, Peggy, was told she had breast cancer. In October 2000, he said, the president of the congregation's governing board at the time suggested he retire on disability.

But the rabbi did not consider himself disabled and did not want to retire, he said. He had two young children and a wife whose treatment required continuing health insurance. He "loved the work, and loved the congregation," he said. Indeed, when the synagogue's cantor resigned a month after the retirement discussion, Rabbi Celnik proposed, and the board agreed, that he would take on the cantor's duties as well, he said.

But the relationship deteriorated as he tried to negotiate retirement terms that would provide him and his family with adequate financial security. In January 2002, after those negotiations faltered, he was dismissed; in 2003, he sued. But last February, the state's court of appeals dismissed his case, based on the ministerial exception, also called the church autonomy doctrine.

"We are sympathetic to Rabbi Celnik's struggles with Parkinson's and the manifestation of the disease after so many years of service," the chief judge wrote. But he ruled that the dispute "is precisely the type of religious debate that the church autonomy doctrine is intended to protect from judicial review."

The congregation's current president, Alan M. Chodorow, declined to discuss the details of the dispute. "I do not want to talk about anything that might impair our search for reconciliation and forgiveness" with Rabbi Celnik, he said. "But I will say that we believe strongly in the separation of church and state, and that the state should not have any part in choosing our spiritual leaders."

But Mr. Chodorow said that he was sympathetic to the situation that this freedom for congregations created for employees and that he believed that religious institutions have to provide other protections by contract. Although clergy members in many faiths work without formal contracts, the model contract in wide use within Conservative Judaism provides that rabbis and cantors can terminate the agreement without cause and seek binding arbitration to resolve disputes, he said.

The church autonomy doctrine "takes away certain rights and this is put in specifically for the purpose of preserving rights," Mr. Chodorow said.

Rabbi Celnik and his wife continue to struggle with the financial and physical burdens of his deteriorating health and her second episode of cancer. "They don't teach this in rabbinical school," the rabbi said in a recent interview. Teach what? Mrs. Celnik answered before he could: "Don't get old. Don't get sick."

Mr. McNicholas, the Sidley Austin lawyer, acknowledged that some "unjust and sinful" treatment has been protected from litigation by the ministerial exception. But he argued that "the openness of the religious process" would remedy those situations, making it possible for a clergy member dismissed by one congregation to find a home in another.

But what if they are sick? "That's harder — and very troubling," Mr. McNicholas said. "But if you have a judge deciding it, that's just too much intervention in the process of deciding the hiring issues" at religious institutions. "There's no easy answer."

Protections Against Unionization

The University of Great Falls, in Montana, has a tidy urban campus, a bold crucifix-topped chapel, a master's program in criminal justice and, according to one student's Internet posting, a cafeteria that serves pretty good spaghetti.

What the small Roman Catholic college doesn't have is a faculty union.

It wasn't for lack of trying. In 1995, the Montana Federation of Teachers, which had unionized most of the public universities in Montana, asked the National Labor Relations Board to recognize it as the collective bargaining agent for the teaching staff at Great Falls.

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"Some of the faculty members there traveled in circles that included professors at the other schools," recalled James McGarvey, who was president of the Montana Federation of Teachers at the time. (It has since merged with the Montana Education Association.) Teachers at those other campuses had better pay and more favorable work rules, and some professors at Great Falls had expressed interest in seeing whether the federation could help them as well, according to Mr. McGarvey. "We felt we had a pretty strong showing," he said.

J. C. Weingartner, a union lawyer who worked on the campaign, said that while "pay did come into it, it wasn't what got it started." That spark was discontent among some professors over the president's appointing members to an important advisory council who "did not reflect the views of the majority of the faculty" in negotiations with the administration, he said. "So they felt their interests would be better served with collective bargaining."

The university, which has a new management team today, declined to comment on the long legal battle.

But when the labor board held a hearing on the union's request, the university's lawyers argued that the board had no jurisdiction because the university was a religious institution, and to force it to negotiate with the union would violate its religious liberty.

The university based its case largely on a 1979 decision in which the United States Supreme Court ruled that the labor board's jurisdiction did not extend to religious schools. After that decision, which resulted in what is called the Catholic Bishop doctrine, the board began case-by-case examinations to determine whether the schools that came before it were sufficiently religious — whatever their faith — to be exempt from its jurisdiction.

The University of Great Falls did not qualify, the board concluded in February 1996.

For the next seven years, the little Catholic college fought both the federal labor board and the faculty union, keeping lots of lawyers busy and incurring official charges of unfair labor practices in the process. In 2002, it won.

The federal appeals court panel in Washington ruled that a three-prong test should be the labor board's only standard for determining which schools were religious enough to be exempt from the nation's collective bargaining laws under the Catholic Bishop decision.

Any school that is nonprofit, has a religious affiliation and presents itself to the public as a religious institution must be exempted from jurisdiction, the court said. And that included the University of Great Falls.

And the court ruled that the labor board's old case-by-case approach had to stop immediately. For the board even to conduct such inquiries raised serious issues of religious freedom, the judges said.

Of course, some casually faithful or broadly tolerant schools that might previously have failed to win a labor board exemption would easily pass the court's new test.

The appellate judges anticipated that complaint, and dismissed it. "If the university is ecumenical and open-minded, that does not make it any less religious, nor N.L.R.B. interference any less a potential infringement of religious liberty," they said.

David Strom, general counsel of the American Federation of Teachers in Washington, doesn't mince words about the impact of the Great Falls decision. "It means that the difficulty of organizing a religiously affiliated college has become enormous."

Although federal statistics show that one of every seven colleges in the country describes itself as a religious institution, it is not clear how far-reaching the Great Falls decision will be. On its face, it would seem likely to reduce any union-driven salary pressures on exempt religious schools, allowing them to maintain more competitive tuition levels. However, some colleges that might be eligible for an exemption under the new rules may already have collective bargaining in place or may not oppose unions as fiercely as the Montana university did.

And the decision limits only the protections of the National Labor Relations Act. But last fall, in a case involving teachers at Catholic schools in Boston, a federal district judge in Massachusetts ruled that part of another federal labor statute called the Taft-Hartley Act could not be applied to church-operated schools without raising First Amendment issues.

Notwithstanding the protracted battle in Great Falls, Catholic institutions are not doctrinally opposed to collective bargaining, said Julie N. Secviar, senior vice president for strategic resources for the Franciscan Sisters of Chicago Service Corporation, which manages Catholic hospitals, nursing homes and retirement communities.

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In fact, the ethical health care directives of the United States Conference of Catholic Bishops require "recognition of the rights of employees to organize and bargain collectively without prejudice to the common good."

Next, Exemptions for Hospitals?

At the other end of the spectrum stand the Seventh Day Adventists, a Christian denomination with more than 14 million members worldwide. Like many denominations, it provides global humanitarian relief and maintains a large network of church schools and colleges, including Loma Linda University in California. But it also operates the largest Protestant nonprofit he alth care system in the country, with 38 hospitals in 10 states, 23 nursing homes and 44,000 employees.

And not one of those employees is in a union, for a very simple reason: The church believes that collective bargaining "defies Christ's admonitions that behavior must be directed by individual conscience" and "is inherently disruptive" of the c hurch's healing mission, as lawyers for the denomination first explained to the national labor board in 1998.

The lawyers were responding to a petition by the California Nurses Association to represent the nonsupervisory nurses employed at Ukiah Valley Medical Center.

As in the Great Falls case, the lawyers argued that the labor board had no jurisdiction because the hospital was a religious institution and to force it to recognize or bargain with a union would violate its freedom under the First Amendment and the Religious Freedom Restoration Act.

As in the Great Falls case, the labor board ruled otherwise. The next step should have been union balloting, explained Jeffrey A. Berman, the Sidley Austin lawyer who represented the hospital in the case. But the nursing association withdrew its petition and the case ended, he said.

According to the American Hospital Association, about one of every four of its members has a religious affiliation. But the Adventists' problem before the labor board was that hospitals, unlike religious schools, were specifically included in the board's jurisdiction by Congress. The only labor-law accommodation that Adventists have been able to win from Congress was a provision in 1974 allowing church members to pay the equivalent of their union dues to one of several agreed-upon secular charities, according to Mr. Berman.

Adventist hospitals are still waiting for their own Great Falls moment. As Mr. Berman put it, "We're not asking for carte blanche, for the ability to be exempt from all laws — just with respect to what is unique about these hospitals."

Cities Opt For Economics Instead Of Religion To Boost Downtown Areas (USAT)

By Emily Bazar, Usa Today

USA Today, October 9, 2006

Church advocates: Zoning rules unfair

Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base.

"There's more interest than ever in attempting to exclude churches and other houses of worship," says Kevin "Seamus" Hasson, president of the Becket Fund for Religious Liberty. "They say they don't want churches there. They want something tha t generates tax revenue."

The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations.

The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year.

Sasser's institute, the Becket Fund and others often go to court to fight the restrictions. A federal law passed in 2000 says zoning rules must treat a house of worship the same as any secular meeting place.

The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week.

Some recent examples:

•Kenly, N.C., adopted a moratorium on storefront churches in August and later expanded it to include halls, theaters and other gathering places.

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•Stafford, Texas, home to 51 places of worship in its 7 square miles, intends to tighten the zoning rules that govern church location, Mayor Leonard Scarcella says. Only 300 acres of empty land remain available for development.

"There has been this desire to locate these religious facilities in our city," he says. "That has precluded other types of development."

•Miramar, Fla., put a six-month hold on "places of public assembly," including churches, in June and is working on a permanent plan.

Miramar's leaders worry about storefront churches and other halls because they're "taking up parking at particular times and not contributing to the dynamism" of the area, says Wazir Ishmael, assistant city manager.

•The Liberty Counsel, a group that defends churches, sued Titusville, Pa., in July over zoning that prohibits churches in commercial zones where clubs and theaters are allowed. "If theaters or private clubs are permitted, then churches cannot be banned," Liberty Counsel President Anita Staver says.

Titusville Mayor Brian Sanford says the rule protects businesses that cannot be near churches. The Pennsylvania Liquor Control Board, for instance, may refuse to grant a liquor license application to an establishment within 300 feet of a church.

"When you establish a church in a commercial district, that changes the rules for everyone," he says.

Faith Embraces Pop Culture, Technology (USAT)

By Tom Krattenmaker

USA Today, October 9, 2006

Evangelical Christians have always used innovative outreach to spread their message, and the tech boom has given the movement new platforms to be 'culturally relevant.' It's a wave other faiths might want to catch.

If you want to understand why evangelical Christians are such an influential force in American culture these days, revisit a recent moment from the Steelroots television program on the i-Lifetv Christian cable channel.

The host, Ben Cerullo, is a youthful-looking skateboarder type in a T-shirt and backward ball cap who blows up objects on camera for the sheer entertainment value. "Awesome," he says as he interviews Chandler Brownlee of the outreach group Christian Surfers. Brownlee tells Cerullo and his viewers about the success of the Florida-based ministry bringing thousands of surfers into the Christian fold. He uses a telling phrase for his ministry's approach to evangelism. "Culturally relevant," he calls it.

Brownlee is talking about surfer outreach, but culturally relevant applies across the landscape of the evangelical Christian engagement with American popular culture. The basic idea: Identify the communications channels that have the attention of the public and use them to spread the message of Jesus. Skeptics might question the appropriateness of this melding of the sacred and "profane," but there's no doubting its effectiveness as a means of reaching people.

Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television — few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?

In Christian TV, the Inspiration Network — the parent company of i-Lifetv airing Steelroots programming — might be the most technologically forward. Like other well-known Christian TV networks, such as the Trinity Broadcasting Network and Pat Robertson's Christian Broadcasting Network, the Inspiration Network reaches its subscriber base (22 million households) via cable and satellite. But that's just the start. The network is making Steelroots and its other signature programs available on the Web. Click on the episode, and watch it on your computer.

Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte.

"One way we try to be 'fishers of men' is by seeking to be culturally relevant," says Inspiration Network spokeswoman Kristina Hill, "which means being sensitive to the needs and interests of different demographic groups." As Hill suggests, Steelroots is more likely to connect with its skateboarding, snowboarding audience than would a program featuring a sermon by

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a fiftysomething man in a gray suit. Blowing up objects on camera is more reminiscent of MTV's Jackass than Jesus, but it's sure to raise the show's cool quotient and improve the odds of a 15-year-old viewer listening to the religious message.

In the quest to market Christianity to the masses, is the Inspiration Network watering down the exclusive message of the evangelical faith? Judging from the network's name — note the conspicuous absence of the word "Christian" — I initially thought as much. Before I began sampling the network's offerings, I expected Oprah-style, vaguely Christian lifestyle programming.

Underneath the broad-appeal gift wrap, however, I found straight-up evangelical Christianity with heavy promotion of the imperative to accept Jesus and the Christian Right worldview. The shows condemn abortion and homosexuality. Guests on Inspiration Today! recently have included author John McTernan, who argues that God elevated America to supremacy but is turning away from our country because of its liberal direction. (Such talk on Christian TV is hardly rare. Think Robertson.)

Featured in recent appearances on the same program was evangelical preacher and writer John Hagee, whose book Jerusalem Countdown argues that the Bible demands that the United States stand squarely with Israel or incur God's wrath. The network hypes such guests, and their views, approvingly.

That's its right, of course. The difficulty of getting these messages taken seriously by mainstream media is a major reason why Christian media exist. If secularists lack the motivation to create their own media universe, it's because, in a sense, they already have it. Their outlets are known as CBS, CNN, USA TODAY and the like.

Except for the particulars, there is nothing new about the innovative outreach by evangelicals today. Entrepreneurship and energy have characterized the movement in this country for decades, which explains its continued vitality in a time when mainline Protestantism has waned. While claiming to represent an unchanging, timeless truth, evangelicals continue impressively to reinvent the language of the message and the means of delivering it. That is why fans will soon be able to watch Inspiration Network video on their iPods.

Certainly, liberal Christians — perhaps in recognition of the advances made by the competition — are starting to get in the game. The National Council of Churches, for example, produced a TV program on poverty for NBC affiliates that aired last month. On the other hand, you will be hard-pressed to find progressive Christian groups running skateboard outreach programs, proselytizing to snowboarders, or developing video games.

As Woody Allen famously said, 80% of success is just showing up. Evangelicals are definitely showing up, and with a lot of hustle and muscle. Those Americans who worry that conservative Christians go too far in imposing their religion and values on the rest of the country — and polls show they are many — will need to do more than complain if they're to counteract that influence. They will need to get very busy.

Tom Krattenmaker, who lives in Portland, Ore., specializes in religion in public life and is a member of USA TODAY's board of contributors. He is working on a book about the Christianization of professional sports.

In N.Y., Sparks Fly Over Israel Criticism (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 9, 2006

Polish Consulate Says Jewish Groups Called To Oppose Historian

NEW YORK -- Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here last week, saying the academic was too critical of Israel and American Jewry.

The historian, Tony Judt, is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate.

An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial.

"The phone calls were very elegant but may be interpreted as exercising a delicate pressure," Kasprzyk said. "That's obvious -- we are adults and our IQs are high enough to understand that."

Judt, who was born and raised in England and lost much of his family in the Holocaust, took strong exception to the cancellation of his speech. He noted that he was forced to cancel another speech later this month at Manhattan College in the

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Bronx after a different Jewish group had complained. Other prominent academics have described encountering such problems, in some cases more severe, stretching over the past three decades.

The pattern, Judt says, is unmistakable and chilling.

"This is serious and frightening, and only in America -- not in Israel -- is this a problem," he said. "These are Jewish organizations that believe they should keep people who disagree with them on the Middle East away from anyone who might listen."

The leaders of the Jewish organizations denied asking the consulate to block Judt's speech and accused the professor of retailing "wild conspiracy theories" about their roles. But they applauded the consulate for rescinding Judt's invitation.

"I think they made the right decision," said Abraham H. Foxman, national director of the Anti-Defamation League. "He's taken the position that Israel shouldn't exist. That puts him on our radar."

David A. Harris, executive director of the American Jewish Congress, took a similar view. "I never asked for a particular action; I was calling as a friend of Poland," Harris said. "The message of that evening was going to be entirely contrary to the entire spirit of Polish foreign policy."

Judt has crossed rhetorical swords with the Jewish organizations on two key issues. Over the past few years he has written essays in the New York Review of Books, the London Review of Books and in the Israeli newspaper Haaretz arguing that power in Israel has shifted to religious fundamentalists and territorial zealots, that woven into Zionism is a view of the Arab as the irreconcilable enemy, and that Israel might not survive as a communal Jewish state.

The solution, he argues, lies in a slow and tortuous walk toward a binational and secular state.

He has, of late, defended an academic paper -- co-authored by professor Stephen M. Walt of Harvard University's John F. Kennedy School of Government and John J. Mearsheimer, a professor at the University of Chicago -- which argues the American Israel lobby has pushed policies that are not in the United States' best interests and in fact often encourage Israel to engage in self-destructive behavior.

These are deeply controversial views -- Foxman of the ADL and writer Christopher Hitchens, among others, have attacked the Walt and Mearsheimer paper as anti-Semitic. And Judt's advocacy of a binational state has drawn a flock of critics, the more angry of whom accuse him of "pandering to genocide" as the Committee for Accuracy in Middle East Reporting in America put it. Former Bush speechwriter David Frum said Judt was pursuing "genocide liberalism."

Foxman has referred to Judt's views of Israel as "an offensive caricature."

The Mearsheimer and Walt paper, however, has drawn praise in some quarters in Israel, particularly on the left. So, too some Israeli writers, not least Israeli historian and social critic Amos Elon, have praised Judt's writings on Israel. Nor are Judt's arguments without historical precedent: Massachusetts Institute of Technology linguist and political philosopher Noam Chomsky, who is Jewish, has advocated a binational solution in Israel, a view that three decades ago sparked such anger that police stood guard at his college talks. More recently, the ADL repeatedly accused DePaul University professor Norman G. Finkelstein, who is Jewish and strongly opposes Israeli policies, of being a "Holocaust denier." These charges have proved baseless.

"There is an often organized and often spontaneous attempt to marginalize anyone in the Jewish world who offers a critique of Israeli policy," said Rabbi Michael Lerner, editor of the liberal magazine Tikkun. "It's equated with anti-Semitism and Israel denial."

Foxman says such complaints are silly. "Nobody has called Judt an anti-Semite," Foxman said. "People who are critical of Israel and of the Jewish people often flaunt their Jewishness. Why isn't that an issue?"

Judt replies that he only reluctantly talks of his Jewishness, in no small part to inoculate himself against charges of anti-Semitism. "For many, the way to be Jewish in this country is to aggressively assert that the Holocaust is your identification tag," Judt said. "I know perfectly well my history, but it never occurred to me that my most prominent identity was as a Jew."

A Vote We Can Believe In (WP)

By E. J. Dionne Jr.

The Washington Post, October 10, 2006

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Sometimes, paranoids are right. And sometimes even when paranoids are wrong, it's worth considering what they're worried about.

I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are.

I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately. And I also know that smart, computer-savvy people are concerned about these machines.

The perfectly obvious thing is for the entire country to do what a number of states have already done: require paper trails so that if we have a close election or suspect something went wrong, we have the option to go back and check the results.

So it is heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level.

The bill has been pushed by Rep. Rush Holt (D-N.J.), with strong support from Reps. Tom Davis (R-Va.) and Tom Cole (R-Okla.). It has 219 co-sponsors, which happens to be a majority of House members.

The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly.

It prohibits connecting any voting machine component to the Internet and bans political and financial conflicts of interest among manufacturers, test laboratories and political parties. It also includes protections for voters with disabilities.

Pretty much common sense, right? The problem is that the issue of protecting the right to vote has been mired in partisanship and in the suspicion that all who worry about electronic voting are crazy conspiracy-mongers who imagine the worst about everybody.

But Holt and Davis don't fit the stereotype. "I have steered clear of conspiracy theories because I'm not a conspiracist by nature," says Holt who has a PhD in physics and has no problem with innovation. "But I'm quick to say that you cannot disprove the conspiracy theories if you don't have a paper trail." Anyone with confidence in these machines should have faith that they'll pass any tests of how well they'd work.

Because of the bitter disputes over what happened in Florida in 2000 and Ohio in 2004, some Republicans are suspicious that all the noise surrounding the new voting machines is being generated by angry Democrats. "When I first introduced the bill a couple of sessions ago," Holt says, "a lot of Republicans stayed away from it because they believed that it was payback for Florida."

But over time, many Republicans have come to realize that machine errors are nonpartisan. Tom Davis is about as loyal a Republican as you'll find. He came to this cause in part because a result in a Virginia school board race not only defied everyone's expectations but seemed to him flatly wrong.

"Some people will call me paranoid," Davis chuckles, "but it was real clear to me that in that race, some votes weren't picked up." And the technology, he says, made it impossible to check the count.

In fact, as Davis notes, partisan splits on the new technologies vary sharply from state to state. Whichever party happened to control the election board that spent a lot of money on the new technologies tends to resist challenges to it. But defensiveness, by election officials or by vendors, should not get in the way of reforms and protections.

Nor, says Davis, should political polarization be allowed to stop even those reforms that have a lot of bipartisan support. "A lot of no-brainers that ought to be getting done," he says, "aren't getting done."

There are respectable studies -- for example, one released this summer by the Brennan Center for Justice at New York University School of Law -- suggesting that the new machines may be far easier to hack than we want to know. But Holt explains why even skeptics of such studies should favor technological safety nets just in case they someday prove to be right.

"The winners will always believe the results of elections," says Holt. "But it eats away at democracy if the loser thinks that something went wrong, for accidental or malicious reasons."

Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around.

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Real Bad ID (WSJ)

The Wall Street Journal, October 10, 2006

It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse.

In May of last year Congress passed the Real ID Act at the urging of House Judiciary Chairman James Sensenbrenner (R., Wis.). It was yet another border-security measure, intended to thwart illegal immigration by denying drivers' licenses to undocumented aliens. President Bush signed the legislation in hopes that Republicans then would meet him halfway on comprehensive immigration reform. Didn't happen. We now know that the Tom Tancredo "enforcement first" crowd has no intention of ever compromising with Mr. Bush.

We doubt Mexicans willing to risk their lives crossing hundreds of miles of desert on foot care much about not being able to obtain a drivers' license once here. Nor is deputizing Department of Motor Vehicle officials going to force many illegal aliens already in the country to return home. The most likely result is more unlicensed and uninsured motorists, which means more dangerous U.S. roads.

Real ID gets worse. According to a new analysis from the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, the law is also going to be costly and burdensome.

Under Real ID, all 245 million existing holders of drivers' licenses must apply -- in person -- for new, standardized identification cards. The report says that state motor vehicle department staffs will need to be more than doubled, and workers will have to be trained to verify copies of original birth certificates, Social Security cards and the like. Misplaced your Social Security card? Have fun getting a new one. We're pretty sure that voters don't elect Republicans to increase the size of their already bloated state bureaucracies.

And yes, you can expect longer lines at the DMV in the future. "Real ID will reduce efficiencies and increase wait times," according to the report. "Real ID will also effectively reverse state practices designed to ease an applicant's interaction with motor vehicle agencies (e.g., Internet, mail in renewal, over-the-counter issuance)." The deadline for compliance is May 2008. After that, identification from states that don't meet the new national requirements won't be accepted at federal agencies.

Proponents claim that standardizing drivers' licenses is essential to fighting terrorism on the domestic front. Mr. Sensenbrenner has said that Real ID will stop the next Mohamed Atta. But the 9/11 hijackers entered the country legally, which means they qualified for valid drivers' licenses. Nothing in the new law changes that reality, or the fact that you still don't need a driver's license to board a plane. Other forms of ID, such as a passport, will continue to suffice.

All this cost and inconvenience might be acceptable if the law did what its proponents claim. But like a 700-mile fence along a 2,000-mile border, Real ID amounts to one more anti-immigration measure that ignores the economic incentives that draw immigrants here in the first place.

State agencies put the total cost of standardizing drivers' licenses at upwards of $11 billion; Congress has so far appropriated all of $40 million. Again, this is from a Republican Congress that made its first legislation upon taking power in 1995 a bill against imposing "unfunded mandates." It included a pledge not to impose any burden on the states that wasn't fully financed from Washington. Now comes Real ID, transforming state departments of motor vehicles back into everyone's worst nightmare. Some accomplishment.

ANTITRUST:

Google To Buy YouTube For $1.65bn (FT)

By Kevin Allison And Aline Van Duyn

Financial Times, October 10, 2006

Google, the internet search giant, has agreed to acquire YouTube, the California-based video start-up, for $1.65bn in an all-stock transaction that will turn the company's 20-something co-founders into instant multi-millionaires.

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The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organise the world's information and make it universally accessible and useful," said Eric Schmidt, Google chief executive. "Our companies share similar values; we both always put our users first and are committed to innovating to improve their experience. Together, we are natural partners to offer a compelling media entertainment service to users, content owners and advertisers."

Google said the start-up would retain separate offices and all its 67 employees.

In spite of YouTube's popularity there have been questions about the sustainability of the company in light of the large amount of illegally copied material viewed on the site and limited advertising revenues to date.

However, YouTube has struck deals with big US media companies to legitimately distribute their video content – three were announced on Monday – reducing the threat of copyright lawsuits.

Chad Hurley, YouTube chief executive, said the acquisition would allow the company to "sharpen our focus" in working with content providers to overcome the copyright issue.

In addition, Google's technical expertise and clout with advertisers could turn YouTube into a highly profitable venture, especially as advertisers increasingly look to target the young audience which is spending less time watching television and more time watching videos on sites such as YouTube.

"Large advertisers are looking to spend more money with Google," said Ben Schachter, analyst at UBS. "Video is a major focus, and YouTube increases [Google's] inventory."

The deal is one of Google's biggest acquisitions in its eight-year history. It marks a tacit admission by Google that the search group's own video site has failed to gain the same traction among its audience as YouTube.

"When we looked at the marketplace, there was a clear winner in [the] networking and social networking side of video," said Mr Schmidt.

The deal follows the acquisition last year by Rupert Murdoch's News Corp of MySpace.com, the social networking site, for $580m in cash, at the time considered a hefty price for a media start-up but now widely regarded as having been a good investment in order to tap the online youth audience.

Facebook, another social networking site which has also grown hugely in terms of its online audience, has also had talks with media and internet companies about a possible acquisition.

YouTube signed deals on Monday to offer music videos from Vivendi's Universal Music Group and Sony BMG Music Entertainment, as well as television content from CBS, sharing any related advertising revenue.

YouTube has had acquisition talks with a number of media companies. A deal would make Mr Hurley and Steve Chen, its other co-founder, multi-millionaires.

Google, YouTube To Join Web Forces (WT)

By Kara Rowland

The Washington Times, October 10, 2006

Internet search behemoth Google Inc. said yesterday it would buy online video leader YouTube Inc. for $1.65 billion, vaulting the Mountain View, Calif., company to the forefront of the online video craze.

The much-anticipated deal, announced after the markets closed, confirmed press reports last week that Google, jockeying for a bigger slice of the online video business, was set on buying the 19-month-old YouTube.

"This is the next step in the evolution of the Internet," Eric Schmidt, chief executive officer of Google, told analysts and reporters on a conference call yesterday.

Mr. Schmidt and YouTube executives touted the potential of Google's search technology and advertising model combined with the loyal online community of YouTube, which receives 100 million video views per day.

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"Right now, we're in the middle of a shift in digital media entertainment," said Chad Hurley, chief executive officer and co-founder of YouTube. "Users are now in control of what they watch and when they want to watch it. They decide what rises to the top. By joining forces with Google, we'll be able to sharpen our focus on that vision."

Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter. Under the transaction, YouTube will retain its brand and continue to operate independently, officials said on the call.

In terms of market share, YouTube is the clear leader over Google's competing service: Last month, the video service posted a share of visits four times greater than Google Video, according to Hitwise, a New York Internet market research firm. YouTube ranked first in online video services with a share of 45.97 percent, ahead of MySpace Videos at 21.17 percent. Google Video came in third at 11.01 percent.

"This is an extremely volatile space when you consider the fact that YouTube didn't even exist a year ago in terms of having a launched service," said Bill Tancer, general manager of global research at Hitwise.

Mr. Schmidt stressed that Google Video will continue to exist, noting that it will become "even more integrated with Google overall."

Mr. Hurley, who in previous reports had said YouTube was not for sale, said the Google deal was the right fit.

"Those comments were made because we wanted to remain independent and continue on our mission to build great products for users," he said. "By working with Google, that's still the case."

YouTube, which just 20 months ago was running on credit-card debt, will keep its headquarters in San Bruno, Calif. All 67 employees will remain with the company.

Executives said it is too early to tell how the integration will take place and how user experiences might change.

"There's no shortage of projects in the weeks ahead," said Steve Chen, co-founder of YouTube.

Both companies stressed their dedication to protecting copyrights in response to analysts' concerns over potential lawsuits that could result as users incorporate copyrighted content into their creations.

By next month, YouTube plans to roll out new audio fingerprinting and search mechanisms to identify and protect copyrighted content, Mr. Chen said.

Dmitry Shapiro, chief executive officer and founder of Veoh Networks Inc. in La Jolla, Calif., said the Google-YouTube deal paves the way for thousands of similar peer-to-peer video-sharing sites.

YouTube "is much more than another Web site that shares video; what we're all trying to do is reinvent television broadcasting," said Mr. Shapiro, calling his company, which focuses on delivering longer, TV-grade content to viewers, "the next thing after YouTube."

"I think that traditional media companies very much understand that the world is changing right in front of their eyes and that they need to jump in and make some decisions and play or be disenfranchised."

The acquisition comes on the heels of announcements yesterday morning that both Google and YouTube are teaming up with major music labels to distribute music videos online and share in the advertising revenue.

Google inked deals with Warner Music Group Corp. and Sony BMG Music Entertainment, while YouTube teamed up with Universal Music Group, as well as Sony BMG.

YouTube also announced a partnership with CBS Corp. to air clips from popular shows such as "Survivor," "CSI" and "Late Show With David Letterman."

The companies described the new media partnerships as mutually beneficial to content producers, who can compensate artists and better enforce copyright protections, and video service providers, who can use the additional content to attract more viewers.

Users will be able to access streaming content and incorporate it into their own videos. In addition, Google Video will make Warner Music Group's content available for purchase at $1.99 per download.

Google Looks To Boost Ads With YouTube (WSJ)

By Kevin J. Delaney

The Wall Street Journal, October 10, 2006

DOJ_NMG_0077434

With its $1.65 billion agreement to acquire YouTube Inc., Google Inc. may be able to broaden its online-advertising business and boost its video offerings to meet the rapidly changing viewing habits of consumers.

The all-stock purchase announced yesterday of closely held YouTube, a 19-month-old, San Bruno, Calif., startup with 67 employees, highlights users' growing consumption of video online and the booming sales of Web advertising. The hefty price tag also reflects the interest of other media and technology companies in acquiring YouTube as a way to jump-start their online-video efforts.

The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts. YouTube has said that consumers view videos through its service, ranging from homemade videos to movie clips, more than 100 million times daily.

"This is going to allow us to continue to develop features for our community and our partners, allow us to sharpen our focus," said YouTube Chief Executive Chad Hurley in an interview. "We'll be able to leverage the technology and resources of Google to supercharge our efforts in those areas."

The acquisition could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online. The Web-search company places ads, often targeted by specific keywords such as "Chicago hotel," on its own and partner sites using an automated online system and has said it intends to also broker ads in radio, print media and television.

"We believe the combination of Google and YouTube will create this very new and interesting global media platform for users, content providers and advertisers all around the world," said Google CEO Eric Schmidt during a conference call announcing the deal.

The sale is a huge windfall for YouTube, which Mr. Hurley, 29, founded in Feb. 2005 in his garage along with chief technology officer Steve Chen, 28, and another former colleague from eBay Inc.'s PayPal electronic-payment unit. Mr. Hurley had said in a June interview that an initial public offering in the future was a possibility. But the offer from Google was attractive enough to lead YouTube to abandon that interest.

Some analysts raised questions about YouTube's price tag. Critics said Google could be exposing itself to liability for copyright violations, since videos posted by users without permission of content owners are available through YouTube's site. The start-up already faces one lawsuit related to this issue. YouTube has been racing to sign deals with media and entertainment companies to license their content and head off any additional litigation, generally agreeing to share online ad revenue with the content owners. "The YouTube commitment to enforcing copyrights is very consistent with Google's," said David Drummond, Google's senior vice president of corporate development. Mr. Drummond said the two companies remove any infringing content when notified by a copyright holder.

In a prelude to the acquisition announcement, YouTube early Monday announced agreements with Vivendi SA's Universal Music Group and Sony Corp. and Bertelsmann AG joint venture Sony BMG to make their music videos available through YouTube and to allow consumers to use music from the two companies as soundtracks for their own videos on YouTube. The video site also signed a content and ad-revenue-sharing agreement with CBS Corp. related to video from CBS Television Network, Showtime Networks Inc. and CSTV Networks Inc. Google separately announced agreements with Warner Music Group Corp. and Sony BMG to make music videos and other content available for free through its video service and on partner sites.

YouTube's deal with Universal Music is particularly significant since Universal Music Chief Executive Doug Morris told investors last month that YouTube violates copyright laws by allowing users to post music videos and other content. Universal Music has considered taking legal action against YouTube over that issue, say people familiar with the matter.

Yahoo Inc., News Corp. and Microsoft Corp. were among the other companies that expressed interest in acquiring YouTube, say people familiar with the matter. YouTube had earlier passed on a lower offer from Google and held acquisition discussions with Yahoo, which tendered an offer in recent weeks, say people familiar with the matter. Yahoo's offer, valid for 24-hours, expired amid its concerns about copyright- and revenue-related issues though talks continued after the expiration, one of the people says.

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A Microsoft spokeswoman said the company "evaluated acquiring this type of technology several months ago" but decided to build its own service, a test version of which opened recently.

Meanwhile, Google significantly increased its offer and deal talks between the two gathered intensity late Tuesday, when Google's Mr. Drummond and YouTube Chief Financial Officer Gideon Yu drafted a term sheet, a person familiar with the matter says. In parallel, the two companies worked to complete content and ad-revenue-sharing partnerships with the major music companies and CBS Corp. that were announced yesterday morning.

News Corp. sniffed around YouTube as recently as last week, but never made a firm offer because the start-up said it was not for sale, say people familiar with the matter. On Friday, when the news of the Google negotiations surfaced, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, according to the familiar people. YouTube didn't respond, these people said. Behind the scenes, Google's deal to purchase YouTube is threatening to create a rift between Google and News Corp., which jointly made headlines in August with an ad-brokering deal under which Google guaranteed revenue of $900 million over three and a half years to News Corp. for its MySpace social-networking service and other sites.

Over the weekend, News Corp. executives expressed their displeasure with the deal to Google and threatened to remove any links to YouTube videos placed by users on their MySpace blog pages, according to a person close to the situation. Google's Mr. Schmidt and Advertising Sales Vice President Tim Armstrong are scheduled to meet this week in Los Angeles with News Corp. Chairman Rupert Murdoch, President Peter Chernin and Ross Levinsohn, head of its Fox Interactive Media online unit, to discuss the matter.

News Corp. earlier this year held discussions with NBC Universal and Viacom about jointly building a YouTube rival, according to people familiar with the situation. The three media companies discussed putting their television videos on a new site, but ultimately the talks foundered, these people say. This month, News Corp. announced it would put video clips from its Fox television shows up on MySpace.

YouTube's sale could represent a significant financial gain for venture capital firm Sequoia Capital, which has provided funding to the start-up. Sequoia holds roughly 30% of YouTube, says a person familiar with the matter. Under the sale agreement, YouTube will retain some independence, keeping its brand, offices and management. Google will also continue to operate its separate Google Video service.

Google Cues Up With YouTube (USAT)

By Jefferson Graham

USA Today, October 10, 2006

Internet search giant Google on Monday snapped up red-hot video-sharing website YouTube for $1.65 billion in an all-stock deal.

Video “is the next step in the evolution of the Internet,” Google CEO Eric Schmidt told news reporters in a conference call.

YouTube, which launched in 2005, has grown overnight into the Internet's most popular place to watch videos, showing 100 million daily. Yet, along the way it became a hotbed for copyright infringement, with many contributors posting videos of TV shows or using copyrighted songs in homegrown productions.

YouTube, in clearing the way for a deal, announced an alliance with record label Universal Music — one of the site's harshest critics — that called for a filtering system that would automatically weed out videos with its songs.

By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders.

Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios.

Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results.

The addition of YouTube videos brings “a humongous amount of content that will be searchable” on Google, says John Battelle, who runs the Searchblog website. That makes Google that much more valuable, he says, because it can profit with more advertising from YouTube videos.

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Google reported $6.1 billion in revenue last year, virtually all from little text-based ads that appear near search results. It's been on a tear this year, trying to expand into video advertising and creating recent alliances with MTV Networks and MySpace.

Now, says Scott Kessler, an analyst at research firm Standard & Poor's, Google is "far and away the leader in video advertising."

Investors applauded Google's deal. Shares in the company rose $2.75 in after-hours trading after closing at $429, up $8.50 a share, in regular trading.

In less than a year, YouTube in San Bruno, Calif., quickly became a social phenomenon as a way for users to easily share — and discuss — homegrown videos. It has seen a 2,500% increase in its audience base, according to measurement firm ComScore Media Metrix.

The site had 72 million visitors in August, up from just 2.8 million visitors a year before. It's now the Internet's 14th-most-visited site. Google is No. 3 after Yahoo and MSN.

Google-YouTube Deal Joins Net Search And Video Forces (USAT)

By Kevin Maney

USA Today, October 10, 2006

A landmark in the future of media happened over a meal at Denny's.

Last week, as multiple offers swirled around YouTube, Google co-founder Larry Page and CEO Eric Schmidt met YouTube founders Chad Hurley and Steve Chen at a Silicon Valley Denny's.

"We discussed the possibilities and the excitement we both shared" for video on the Internet, Hurley says. "They have the resources to help us accelerate that."

Google is buying YouTube for $1.65 billion, the companies said Monday. The biggest force in search and Internet advertising is soaking up the biggest force in online video. But the combination means more than that.

The deal is part of a vision consistent across the technology and media landscape. It's the same vision that brought together YouTube and Google. Mass media — the grand media trend of the 20th century — is becoming personal media.

The Internet is making it possible for people to find and consume any song, TV program, video or movie anytime they want. That's because video content, from instructions on how to groom a poodle to clips from CBS' 60 Minutes, is increasingly available on the Net.

At the same time, cheap technology like video cameras and editing software is allowing just about anyone to create video content, adding ever more personal and esoteric media to the mix of offerings.

If you listen to YouTube's founders or Google's leaders, you can hear what that's going to be like. Search Google for "plumbing toilet flusher" and you'll probably find a how-to video on YouTube. "For queries like that, a lot of times video is the best result," Google's Page says.

Planning a vacation to Osaka, Japan? Search and find all the home videos taken by tourists and posted on the Web. Music videos, news and movie trailers will all be there. A few hours before Google said it will buy YouTube, YouTube announced deals to legally put music videos from Universal and Sony BMG on its site, and news and sports from CBS.

"This is the next step in the evolution of the Internet," Google CEO Schmidt says. On Monday, he kept noting that YouTube founders Chen and Hurley remind him of Google's founders in Google's early days — a couple of guys with a plan to alter the universe.

All of this helps explain an explosion in Internet video. Venture capital investments in video-sharing sites are on track to set a record this year. VCs pumped $156 million into such start-ups during the first half of this year vs. $267 million all of last year, says Dow Jones VentureOne.

Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo.

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Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away. “Google video doesn't go away ever — I want to make that clear,” Schmidt says. Meanwhile, Yahoo and AOL are aggressively moving into video. So is News Corp.-owned MySpace.

Advertisers in just the past six months have come to love Internet video and are increasingly pushing ad dollars that way.

“You've got more video being viewed on YouTube than you do on some cable channels,” says Ian Schafer, CEO of Deep Focus, a marketing firm that represents studios such as The Weinstein Co. He says that the marriage of Google and YouTube could form “another video network that in many ways eclipses the eyeballs of some mass media.”

“We are seeing the number of terabytes of video delivered doubling every three months,” says Alan Ramadan, a top executive at Macromedia, which makes the Flash player that shows video on both Google and YouTube. “I haven't seen this kind of demand before, and it's something that we all felt the Web could become one day — a distribution platform for rich content and experiences.”

At the center of the whirlwind stands YouTube, which actually moved its headquarters over the weekend from San Mateo to San Bruno in California's Silicon Valley — while the founders negotiated the Google deal. “It was a busy weekend,” Chen says with a laugh.

The company launched in the summer of 2005, and by March 2006 was the star at high-level tech conference PC Forum. In January of this year, YouTube had 9.5 million unique visitors, according to ComScore. In August, that had grown to 72 million. To those users, YouTube is streaming more than 100 million videos a day. Yes, a day.

“This was a company that was moving very, very quickly," says Mark Heesen, president of the National Venture Capital Association trade group. He compares YouTube's trajectory to Skype, the Internet phone company started in August 2003 and sold to eBay last year for $2.5 billion in cash and stock.

In the past few months, it seems that everyone in technology realized the power of the video trend on the Net and saw the movement toward personal media. That's when the suitors came calling.

“A lot of parties expressed interest,” Hurley says. Though he won't name them, Yahoo and News Corp. were among names that surfaced as suitors. “We wanted to remain independent, but as discussions progressed with Google, we saw an opportunity to remain independent and continue our vision, but with a lot more resources and experience behind us.”

Google did, in fact, promise to leave YouTube alone — it will keep all its employees, separate headquarters, its own brand.

“I've been pretty giddy over this,” Chen says. But he admits that he's not yet sure what, exactly, will change about the way YouTube or Google handles video. Right now, for instance, a search on Google Video will not find a video that's on YouTube. That will change.

“It all happened so quickly, the exact details of integrating the products are still up in the air,” Chen says. “We're forming integration teams right now.”

For Google, the deal means it now owns the top brand in Internet video and a backup plan for its own push into video. Google Video has failed to catch fire.

Some critics say Google just bought itself a boatload of potential lawsuits. A good deal of video on YouTube is snatched off TV programs and movies by individuals and posted there — and that could be infringing on copyrights. But Google and YouTube both waved that off on Monday, pointing to the day's deals with CBS and record labels as proof that content owners would rather work with YouTube than take it to court.

“The copyright concerns are overblown,” says Suranga Chandratillake, CEO of BlinkX, a video search engine that competes with Google Video. “Content owners are more interested in doing business than ever” for Internet video.

They see how powerful this new personal media can be. The rock band OK Go recently proved that. It made a simple video with a handheld video camera of its four members dancing on treadmills and posted the video on YouTube. In four weeks, the video was viewed more than 3.5 million times. As a result, OK Go's album saw a 182% jump on Billboard's Digital Album chart and shipped another 50,000 CDs.

“This is a paradigm smasher of the first order,” says OK Go manager Jamie Lincoln Kitman.

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In the grand scheme of things, the $1.65 billion Google is paying for YouTube doesn't rank high among the largest U.S. buyouts so far this year, tracker Dealogic says. The biggest was a deal in March by AT&T to buy BellSouth, valued at $67 billion at the time. Alcatel agreed to pay $13.4 billion for Lucent in April.

But when it comes to shaping the future, a couple billion dollars negotiated under Denny's fluorescent lights might be the winner.

Google Buys Video-Sharing Site YouTube (LAT)

By Jesus Sanchez

The Los Angeles Times, October 10, 2006

Google Inc. today agreed to purchase YouTube Inc. for $1.65 billion in stock in a deal that will combine the Internet's largest search engine and its most popular site to watch video.

The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day

"By joining forces with Google, we can benefit from its global reach and technology leadership to deliver a more comprehensive entertainment experience for our users and to create new opportunities for our partners," said YouTube Chief Executive Officer and co-founder Chad Hurley in a statement.

Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organize the world's information and make it universally accessible and useful," said Eric Schmidt, chief executive officer of Google, in a statement.

In addition to attracting hoards of viewers, YouTube has also drawn threats of lawsuits from music labels and TV studios for not adequately blocking copyrighted works. Meanwhile, the 60-person start-up is struggling to make enough money to offset its bandwidth costs.

The deal marks the first time Google, which prefers to fill in its product line with small acquisitions, has bought a technology company that makes a competing — and more successful — product.

It also would be a major acknowledgment by Google that its own video service, launched in January, failed to keep pace with the San Mateo, Calif.-based upstart, founded by Hurley and Steve Chen.

YouTube received 46% of all visits to online video websites in September, compared with 11% for Google, according to Hitwise, a market research firm.

Observers said Google could give YouTube the advertising connections, technology team and legitimacy it needed to dominate the video-sharing business in much the same way that social-networking site MySpace blossomed into an Internet heavyweight since it joined News Corp. last year.

YouTube is experimenting with ways to make money, including charging advertisers to feature videos on its home page, and to create branded channels for the content.

Also, Warner Music Group Inc. agreed to license its entire catalog of music and videos to YouTube in exchange for a cut of any revenue from advertising or sponsorships sold around its music.

Google Gambles On Web Video (WP)

By Sara Kehaulani Goo

The Washington Post, October 10, 2006

Google said yesterday that it will acquire Internet video phenomenon YouTube for $1.65 billion in stock, a deal that leaves the search giant betting on the future of online video as well as tackling some of the risks that come with managing a site built by a homegrown audience.

The deal, which Google called "the next step in the evolution of the Internet," is reminiscent of the late 1990s, when Web companies judged their success by the buzz they created more than by immediate profits. This time, YouTube, an as-yet-

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unprofitable Silicon Valley start-up with two founders in their twenties, grew a huge audience at a pace outdone only by MySpace.com.

In less than a year, YouTube attracted more than 72 million unique monthly visitors by allowing users to share short homemade video clips. Through word of mouth, the site became an instant Internet phenomenon, providing a huge library of entertaining videos and giving a voice to budding Internet stars every week.

"There's a new class of sites that have really developed very quickly, are very successful and very attractive to users and are obviously delivering value," Sergey Brin, a Google co-founder, said in a conference call. "It's kind of a next generation of Internet sites and companies. . . . It's a whole new ecosystem, and we're excited to be a part of it."

Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as "South Park," "The Daily Show with Jon Stewart" and "Laguna Beach" can be found on the site.

Also a factor is the fickleness of YouTube's online audience, which could migrate elsewhere or become turned off by the large amount of corporate advertising making its way onto the site. A year after online star MySpace.com, a social networking site, was acquired by News Corp. for $580 million, the core audience has shifted from teenagers to people in their thirties.

"The game back in the 1990s to 2001 was to attract as many eyeballs as possible. That hasn't changed," said Tim Bajarin, a longtime technology consultant and futurist with Creative Strategies. "The big difference today is the social network. One of the most powerful methods for spreading information is word of mouth, and the incredible explosion of that use, from spreading information and inviting people, especially within this young age group, is one huge difference."

Several analysts said they were surprised by the nature and price of YouTube's sale, which equates to about $22 per visitor, according to senior analyst Brian Haven of Forrester Research. That's a substantial jump from the roughly $10 per visitor in the MySpace acquisition. College-oriented networking site Facebook, which has about 14.7 million visitors monthly, has been said to be in acquisition talks with Yahoo for $1 billion -- about $67 per visitor.

Haven judged the YouTube price to be "a little high," but said "online video is really exploding. There's a lot of profit for it in the future."

Some analysts had cautioned Google not to purchase YouTube out of concern that online audiences could shift if they didn't like how a site was evolving. Earlier this year, several thousand members of social networking site Tribe.net left to start another site in protest of new restrictions put in place by new management.

"We would be cautions about [Google] paying up to buy a hot video site like Youtube.com because hot sites may fetch bubble-like valuations, and what is a fad today may be forgotten by next year," wrote Guzman & Co. analyst Phil Remek in a research note earlier this year.

After MySpace was acquired by News Corp., the Web site attracted more media companies, music labels and movie studios, which built their own pages as members of the group. But that gave the site a more corporate feel. Before the acquisition, teenagers made up 25 percent of the membership. Today, only 12 percent of the site's members are teens, according to ComScore Networks Inc.

Today, people over age 35 dominate, making up 40 percent of the membership. Overall, MySpace has gained 34 million members in the past year, according to ComScore.

MySpace "got a lot more people in the older age bracket, but not at the expense of losing people in the younger bracket. The buying power of the older people probably exceeds the younger people, so for advertisers, it's a positive," said Gian Fulgoni, chairman of ComScore. "It might turn out that News Corp. got a heck of a deal."

Google said it planned to keep YouTube separate from its own video site, though it would leverage Google search and other technology to enhance YouTube. Google declined to answer questions about how quickly it expected to earn profit from YouTube.

YouTube has received $11.5 million in venture funding from Sequoia Capital and is estimated to be spending at least $2 million monthly to operate the content-rich site. Sequoia owns roughly 30 percent of YouTube, according to the Associated Press. Google also will inherit a copyright-infringement lawsuit filed against YouTube by a journalist who operates the Los Angeles News Service. YouTube has been able to prevent more lawsuits by negotiating with media companies to provide their

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content on the site in revenue-sharing deals. So far, the site has announced deals with NBC Universal and Warner Music Group. Yesterday, deals were announced with Sony BMG, CBS and Universal Music Group.

Greg Kostello, a former executive at Mp3.com, which was sued for copyright infringement over its music content years ago, said YouTube has not been hit by more lawsuits because it has had few assets. "If you sue them [before they are acquired], you're not going to get much," Kostello said.

YouTube said yesterday that it is developing a technology that will scan keywords and audio in the uploaded clips for potential copyright infringements. YouTube and Google left open the possibility that the site could become more commercial. YouTube chief executive Chad Hurley said he planned to introduce new advertising platforms and ways to integrate search and advertising technologies into the video clips. But he was noncommittal when asked if he would allow "pre-roll" advertisements to run before certain videos begin playing, a move counter to YouTube's current policy.

"We're going to be exploring a lot of options," he said. Google's advertising technologies "present a good experience that benefits our users' experience and helps partners monetize their content."

But it could also upset members, who react when they feel that the site is heading in the wrong direction, such as what happened when rapper and hip-hop mogul Sean "P. Diddy" Combs was featured in a video.

Shortly after, member Lisa Donovan created her own video that mimicked the rap star's video clip.

"YouTube is very much a community. There's a community voice, and there's a group of people very protective of their space. They were turned off by P. Diddy. It was so apparent they were just being advertised to," Donovan said. "That's what you expect on TV."

Like it or not, though, this sort of site is attractive to larger companies.

For Google, the YouTube acquisition boosts its traction in the online video space, where it hasn't had much success. Google's own video site has consistently lagged behind YouTube. With more than 100 million videos being viewed on YouTube daily, it attracts about four times more traffic than Google Video, according to Hitwise.

Google To Acquire YouTube For $1.65 Billion (NYT)

By ANDREW ROSS SORKIN And JEREMY W. PETERS

The New York Times, October 9, 2006

Google announced this afternoon that it would buy YouTube, the popular video-sharing Web site, for stock that it valued at $1.65 billion.

Google beat out a number of other YouTube suitors, including Microsoft, Viacom, Yahoo and the News Corporation. By successfully negotiating the deal, Google has once again proved that it is the Internet's dominant player.

Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View.

Chad Hurley, YouTube's co-founder and chief executive, has repeatedly said he would prefer for his company to remain independent. Asked about such comments in a conference call with Wall Street analysts and investors held late this afternoon, Mr. Hurley said his company did want to stay independent, adding that "by working with Google, that's still the case."

Steve Chen, also a YouTube co-founder, said, "It is hard for me to imagine a better fit for two companies," both in terms of technology and company culture.

The rise of YouTube has been meteoric. The Internet start-up has been in operation for less than a year, yet it already has an estimated 50 million users worldwide.

The acquisition of the privately held YouTube will enable Google to thrive in one area of the Internet where it has so far failed to gain footing. According to Hitwise, which monitors Web traffic, has the lion's share of online video traffic. YouTube has a 46 percent share, MySpace has 23 percent and Google Video has 10 percent.

The deal will also greatly benefit YouTube, which would have Google's vast resources to help it navigate some sticky legal issues. Copyrighted videos often find their way onto YouTube's pages despite efforts by the site to prevent it. YouTube could also benefit from a Google alliance as it tries to develop new software to prevent copyright infringement.

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These copyright issues have led some in the technology industry to compare YouTube to Napster, the song file-sharing service that eventually had to shut down after a protracted legal fight with the recording industry.

Earlier today, YouTube signed three separate deals that should provide some legal protection from copyright infringement claims. One of the deals will allow YouTube to broadcast CBS programming. In addition, YouTube reached agreements with the Universal Music Group and Sony BMG Music Entertainment that will allow it to broadcast music videos.

YouTube, Google and Napster all share one common thread: a bootstraps success story of young technology buffs who started with nothing. Mr. Hurley and Mr. Chen started YouTube after the two struggled to share videos of a dinner party in January 2005. Still in their 20's and working from a garage, the two secured $3.5 million in capital from Sequoia Capital, the same firm that helped finance Google when it was still a fledgling company, as well as other Silicon Valley stars like Apple, Cisco, Oracle and Yahoo.

The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company.

Sequoia's stake in YouTube has been estimated at approximately 30 percent, which means it would be worth about $495 million based on the acquisition price.

Experts say Sequoia's go-it-alone investment in YouTube represents the kind of aggressive move for which Sequoia is known. A more typical, and safer, approach would have been to bring in other investors, especially for an early stage investment in a company at risk of becoming the target of costly lawsuits.

"They had an absurdly high level of confidence with what they were doing," said Paul Kedrosky, a venture capitalist and author of the blog Infectious Greed.

The fact that a Sequoia partner, Michael Moritz, sits on the board of Google, while his colleague, Roelof Botha, led the investment in YouTube, could have given Google more insights, and therefore, more confidence, into the legal risks associated with YouTube, Mr. Kedrosky said.

Google has experienced explosive growth in recent years, and in the past two years the value of its stock has more than quadrupled. Today, Google's shares gained $8.50, or 2 percent, to close at $429 following news reports about a deal with YouTube. The deal was announced after the stock market closed.

Google's most recent earnings report showed that the company's second-quarter profits more than doubled from a year earlier. Its employee base has grown by about a fifth during the first half of the year.<NYT_AUTHOR_ID>

Miguel Helft and Peter Edmonston contributed reporting for this story.</NYT_AUTHOR_ID> </NYT_TEXT>

Ready For Its Close-Up (NYT)

The New York Times, October 10, 2006

Even by the standards of the online world, YouTube has been something of an overnight sensation, spreading like a gale-driven wildfire almost from the moment it officially debuted last December. The Web site cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution.

That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion.

While it may be one of the most popular sites on the Internet, YouTube is not without detractors. The company has yet to turn a profit and could face significant legal challenges. It has often been likened to Napster, which was shut down by a federal court ruling in 2001 as an illegal file-swapping service.

But comparisons to the early days of music piracy are off the mark. Much of what is on the site is user-generated material, posted by pranksters and budding auteurs, politicians and video diarists seeking attention rather than money. YouTube has been working with professional content providers from the very beginning, however fitfully it may appear at times. In the site's first few months, publicity-seeking corporate marketing teams would post clips that were sometimes followed by cease-and-desist letters about the very same content from those companies' legal departments.

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The 10th-most-viewed video in the site's history is "Ronaldinho: Touch of Gold," a Nike commercial featuring fancy footwork by the Brazilian soccer star. Consumers have watched it on YouTube more than seven million times. Many companies see potential and are lining up to work with the site, rather than begging a court to shut it down. Yesterday, YouTube announced deals with CBS, Sony BMG Music Entertainment and Universal Music Group.

For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in.

Private-Equity Firms Face Anticompetitive Probe (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 10, 2006

U.S.'s Informal Inquiries Have Gone to Major Players Such as KKR, Silver Lake

The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter.

In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms.

These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003.

The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior.

It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment.

The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc.

For private-equity players, their daily battlefield is one of both fervent competition and cooperation-by-necessity.

At times the firms are avidly jostling with one another to gain an advantage in an auction. At other moments they are cooperating in "club" deals in which they combine their capital and know-how to pursue a given target.

A set of polite rules has largely applied to this dynamic. For instance, once a private-equity firm signs a definitive merger agreement with a target, competing buyout groups have shied from "jumping" the transaction with a competing bid.

The formation of the "clubs" -- which have drawn as many as seven members into one bidding team -- may at least theoretically depress prices because they limit the number of competing players in an auction.

Indeed, often these competitive auctions can have surprise endings as bidders who submitted a losing offer later join the winning group.

But the heads of private-equity firms say that such dynamics aren't evidence of collusion so much as the desire to share the risks with people who have already studied the business.

And at the heart of any inquiry into anticompetitive behavior is the nature of information -- how it is used, shared, and traded among a group of players.

If competing bidders were sharing information about their bids, for instance, or agreeing that the losers would later be invited to join in the winning group, that might represent suspect behavior, as it would artificially suppress prices that companies would fetch at auction.

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"The issue of anticompetitiveness is a live one. It is easy to wonder about whether auctions can be collusive," says Josh Lerner, a professor at Harvard Business School who focuses on the private-equity firms. "So much is a repeat game. There are bitter confrontations but then they do deals with each other again and that softens things."

It is nonetheless difficult to define what exactly collusive behavior means, let alone prove it in a world where a dozen top firms constantly are battling with one another.

Executives at private-equity firms say it is hard to imagine that there would be something as overt as an exchange of promises not to compete on respective deals. At the same time though, many are aware that one of the reasons the fabled KKR deal for RJR Nabisco wasn't so lucrative in the end was that undisciplined bidding drove up the price and say that they have absorbed the lesson, which is to exercise restraint in the bidding process.

"The buyout business has always been competitive," said Steve Pagliuca, a senior executive at Bain Capital, at a recent conference. "It is just that now it isn't one on one but team versus teams."

If anything, private-equity executives say, the implicit gentleman's code is coming under pressure as firms jockey to lead the next big transaction. Such was the case for Freescale Semiconductor Inc., which signed a $17.7 billion deal with KKR, Silver Lake and Bain Capital. A rival group from Blackstone was close to mounting its own offer but ultimately backed away.

Is that a sign of anticompetitive behavior? Most private-equity executives would say not. "It has been civil and I expect it to remain so." said David Rubenstein, co-founder of Carlyle Group in a recent speech.

-- John R. Wilke contributed to this article.

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Two Quit BA Amid Price-fixing Probe (FT)

By Kevin Done, Aerospace Correspondent

Financial Times, October 10, 2006

Martin George, commercial director of British Airways, resigned on Monday after admitting that “inappropriate conversations” had taken place in his department over the setting of fuel surcharges on long-haul air fares.

Iain Burns, BA head of communications, has also resigned.

Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK.

Mr George was a member of the BA board and was a candidate last year for the post of BA chief executive, a contest won by Willie Walsh, to replace Sir Rod Eddington.

BA premises were raided by the Office of Fair Trading in early June.

In a letter of resignation to Martin Broughton, BA chairman, Mr George said, “I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges. I was not involved in such conversations.

“Although the board of BA has not found, that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.”

Mr George said “I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course.”

Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations.

In June it emerged that Virgin Atlantic, the UK long-haul airline controlled by Sir Richard Branson, had helped the OFT with information about its rival BA, which helped to trigger the investigation of alleged price fixing by some long-haul airlines operating to and from the UK.

BA has a history of stormy relations with Virgin Atlantic. It is understood that Virgin Atlantic passed information to the OFT about an approach made by a BA executive last year about a possible raising of the fuel surcharge.

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BA said on Monday that it had emerged from work done by the airline in response to requests for information made by the regulators that "contacts took place with a competitor in respect of long-haul passenger fuel surcharges in breach of the company's compliance policy."

The airline said that it was continuing to assist the regulators in their investigations.

BA shares were 2 per cent lower at 429½ p in lunchtime trading.

The BA case is the first test that has become publicly known of the OFT's new powers, acquired under the 2002 Enterprise Act, to investigate criminal cartels.

The OFT has civil law powers to impose fines of up to 10 per cent of worldwide sales on companies guilty of price-fixing. Individuals found guilty of criminal cartel charges could face five years in prison or unlimited fines.

The BA surcharges, which have risen in steps to £35 per sector or flight leg on long-haul services (£70 for a return trip), were introduced two years ago in response to the rapid rise in oil prices. Many other airlines made similar moves.

According to legal sources in Washington the June inspection of BA's premises was triggered by documents and testimony uncovered during the separate ongoing global investigation into alleged price-fixing in the air cargo sector, which was launched in February.

The joint action on cargo started by the US Department of Justice and the European Commission against a number of airlines in Asia, Europe and the US has led to multiple class-action lawsuits from US and European freight companies and customers.

Lufthansa, the German national carrier, which triggered the cargo probe by agreeing to co-operate with the DoJ at the end of last year, agreed in September to pay $85m to settle an array of class-action suits pending in the US.

The German flag carrier has also sought leniency from cartel authorities in Europe, the US and elsewhere, and said last month it had received conditional immunity.

British Airways Commercial Director Quits Amid Probe (Update2) (BLOOM)

By Kamil Tchorek And Richard Blackden

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy.

George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned.

``Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges," George said in the statement. ``Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities."

British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers.

Shares of British Airways fell as much as 8.75 pence, or 2 percent, to 429.5 pence and were 1.9 percent down at 430 pence at 9:41 a.m. in London.

The investigation by the U.K. Office of Fair Trading is ``ongoing" said John Marciano, a spokesman for the U.K. agency. He declined to comment further.

Robert Boyle, British Airways' director of planning, has been appointed commercial director with immediate effect, the airline said. Thomas Coops, previously the communications director at Abbey National Plc, has been appointed interim head of corporate and media relations.

BA Executives Exit Over Long-haul Fuel Surcharges Violation (LONIND)

By James Daley

London Independent (UK), October 10, 2006

DOJ_NMG_0077445

Two senior British Airways executives quit yesterday after the airline revealed there had been a breach of its rules during the setting of its long-haul fuel surcharges earlier this year.

Martin George, the company's commercial director and an executive member of the board, resigned with immediate effect, conceding that "inappropriate conversations" may have taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect.

Mr George, who was paid £375,000 a year, stands to receive 12 months' pay in lieu of notice. Mr Burns is expected to receive six months' pay in lieu of his notice period.

The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector.

In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic.

Mr Burns and Mr George were sent on leave when the inquiry began in June. However, at the time, the BA chairman, Martin Broughton, said he was hopeful that he would have the pair back in their jobs, and the matter cleared up, very shortly.

In a letter to Mr Broughton yesterday, Mr George said it was with great regret he was resigning after 19 years with the company.

"I now recognise that, within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges," he wrote. "I was not involved in such conversations. Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.

"As you know, becoming a board member of British Airways has been the highlight of my career so far. I remain committed to doing what I can in the interests of the airline, to which I have dedicated my last 19 working years. I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Mr George is to be replaced with immediate effect by Robert Boyle, the airline's director of planning. Thomas Coops, a former communications director at Abbey National, will take over from Mr Burns on an interim basis. BA said its priority was to ensure it was abiding by all relevant competition rules, adding it was continuing to assist the regulators with their investigations. It admitted there had been a breach of its internal rules.

Two Top BA Executives Resign Amid Price Probe (AFP-Y)

AFP, October 10, 2006

British Airways has announced that two key executives have resigned amid a probe by British and American authorities into alleged cartel activity over fuel surcharges.

Martin George, commercial director, and Iain Burns, head of communications, have left their positions with immediate effect, BA said in an official statement to the London Stock Exchange on Monday.

George's resignation letter cited "inappropriate conversations" within his department over fuel surcharges, but noted that the director had not been involved in the discussions.

Both men had been on leave of absence since June when Britain's Office of Fair Trading and the US Department of Justice began an investigation focused on long-haul passenger fuel surcharges.

"It is with regret that I notify you of my decision to step down as Commercial Director of British Airways," George wrote in a letter which was quoted in the BA statement.

He continued: "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as Head of Department and as a Board Director."

BA said that Robert Boyle, BA's director of planning, has been appointed George's successor.

Thomas Coops, former communications director at banking group Abbey National, has meanwhile been appointed interim head of corporate and media relations.

BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines.

The Great Plane Robbery? (BBC)

By Nishi Bolakee, BBC Money Programme

BBC.com, October 10, 2006

Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies.

BA has been subject to a dawn raid

The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices.

Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete.

Higher prices for goods

The first alleged conspiracy concerns the prices of surcharges on cargo shipments.

BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate.

The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits.

What the air cargo carriers did was raise the prices over and above what they should have been

Michael Hausfeld, class action lawyer at Cohen, Milstein, Hausfeld and Toll

Bruce Simon, of class action lawyers Cotchett, Pitre, Simon, and McCarthy, says "It is simply extraordinary, that all the prices were the same at the same time."

"And of course, one of the allegations is that the prices shouldn't be the same if the operating costs are different for the airlines, and there's no economic reason why it should be that way."

So how does this affect the consumer?

US lawyers suing for compensation reckon that shippers were forced to pay more for exporting their goods leading to higher prices for products in the shops.

Michael Hausfeld, another class action lawyer from the firm Cohen, Milstein, Hausfeld and Toll, says: "They are definitely affecting every consumer literally in most purchases they make. It all goes into the price."

"And, what the air cargo carriers did was raise the prices over and above what they should have been."

Recently, Lufthansa - the German national carrier, agreed to pay $85 million in compensation to shippers to settle with lawyers in the cargo case.

Other airlines may follow suit with similar payments and the total compensation bill could top $1 billion.

Increased cost of flying

The second official investigation involves allegations of price-fixing of surcharges on passenger flights.

BA's offices have been raided, and there is a mystery surrounding BA's old enemy Virgin Atlantic, run by renowned consumer champion Richard Branson, and its role in the affair.

Virgin has increased its chances of going scot free by playing the game smartly

The allegations relate to passenger fuel surcharges which have risen from £5 return for long haul flights when they were introduced in May 2004, to £70 from April this year.

They were introduced to help the airlines with the rising cost of fuel.

While Virgin's offices have not been raided by official agencies, Richard Branson's company is being sued, along with BA, by class action lawyers in the US who allege that the two companies conspired to fix the price of the surcharges.

Immunity?

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"I have nothing to indicate that Mr Branson, was involved or knows anything about the situation

Bruce Simon, class action lawyer at Cotchett, Pitre, Simon, and McCarthy

Virgin is said to have played for advantage in the controversy by blowing the whistle and reporting its old adversary to the UK's Office of Fair Trading.

That could mean that Virgin would qualify for immunity in official legal proceedings.

Some reports suggest Virgin did no more than report an illegal approach by BA although class action lawyers believe it went further.

Bruce Simon is doubtful that Mr Branson had any knowledge of a price fixing scheme and says: "I have nothing to indicate that Mr Branson, was involved or knows anything about the situation.

"Those matters don't have to rise to the level of the board. They don't have to rise to the level of a chief executive officer for them to be implemented."

Meanwhile, BA has suspended the number two in the company, Commercial Director Martin George, and its Director of Communications Iain Burns.

And on Monday BA announced that the two men had resigned.

Virgin is being sued along with BA for price-fixing

The surcharges have hit consumers like Chris and Carolyn Wood, frequent travellers to the US on both Virgin and BA.

Four generations of the Woods, eight people in total, flew to visit relatives in Florida in September.

Chris paid for five members of his family to take this trip. He was shocked to find just how much was added to the price of his tickets to help airlines pay for taxes, airport fees and the rising cost of fuel.

Chris says: "I'd offered to pay for my mother-in-law as a special treat. I found that in terms of just my cost, which was my two boys, my wife, my mother in law, and myself, we'd got an extra seven hundred odd pounds or so".

'Dirty Tricks'

The current row is the latest chapter in a long history of bitter conflict between the two companies.

Jeff Randall, Editor-at-Large of the Daily Telegraph and former BBC Business Editor says: "This is yet another delicious chapter in a saga that's been going on the best part of twenty years."

If airlines are found to be guilty of price fixing then the consequences could be severe.

Pat Treacy, a competition lawyer for law firm Bristows, says "The legal worst case scenario for BA - the very worst thing that could possibly happen to a company under the law, is that it would be fined 10% of its global turnover."

BA's turnover is around £8bn, so the company could be fined £800m.

The class action lawyers are seeking yet more huge sums in compensation for customers whom, they allege, have been overcharged.

The Money Programme report is shown on BBC Two at 10pm on Monday 9 Ocotber.

Sanofi-Aventis Is Said To Be The Mystery Suitor For ImClone, And Icahn's Competitor (NYT)

By Andrew Ross Sorkin And Peter Edmonston

The New York Times, October 10, 2006

The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday.

Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a "major international pharmaceutical company" last month.

The disclosure of a would-be suitor, which ImClone did not identify, became the latest point of contention in an escalating battle between Mr. Icahn and the company. Mr. Icahn said last week that ImClone was worth more than $36 a share "if it is run by competent people."

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In trading yesterday, ImClone stock rose just over 1 percent, to $29.90, after Sanofi's identity was reported by DealBook, a Web log published by nytimes.com. ImClone licenses a patent for the cancer drug Erbitux from the Paris-based Sanofi-Aventis, one of the largest drug companies in the world.

Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets. The United States accounted for 35 percent of Sanofi's net sales in 2005, according to filings with the Securities and Exchange Commission.

Some analysts have said that Sanofi may be interested in Bristol-Myers Squibb, a company that has been seen as a potential takeover target since it ousted its chief executive, Peter R. Dolan, last month. Bristol markets Plavix, a best-selling drug used to fight blood clots, in partnership with Sanofi-Aventis. In a conference call with reporters last month, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company.

In Bristol-Myers, Sanofi or another acquirer would get a significant piece of ImClone. Bristol-Myers is ImClone's largest shareholder, with 17 percent. Bristol sells Erbitux in the United States and pays ImClone a royalty on these sales.

The emergence of Sanofi's interest may also give new life to ImClone's attempts to find a buyer. Earlier this year, ImClone put itself up for sale, but after a six-month search, the company announced in August that it would remain independent.

Calls to representatives of ImClone were not returned yesterday. Calls to Sanofi-Aventis were unsuccessful.

ImClone, meanwhile, continues to do battle with Mr. Icahn, who is known for trying to shake up companies that he thinks are underperforming.

Last month, ImClone shareholders voted Mr. Icahn and two allies onto the company's board. Since then, he has filed a proposal urging shareholders to remove 6 other members of the 12-member board and add one of his nominees.

In a proxy statement, ImClone has urged shareholders to reject Mr. Icahn's proposal, arguing that "a balanced board is better positioned than one dominated by Mr. Icahn."

Volkswagen Urges Scania And MAN To Reach An Amicable Deal (WSJ)

By Jason Singer And Christoph Rauwald And Stephen Power

The Wall Street Journal, October 10, 2006

An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal.

Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. Volkswagen is the largest shareholder in Scania and last week became the largest shareholder in MAN as well.

However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion.

MAN's bid for Scania has drawn some of Europe's largest industrial companies into a bitter feud, where competing interests and rival corporate strategies have clashed. To gain an edge, Volkswagen last week made a surprise purchase of 15.06% of truck and diesel-engine maker MAN.

Mr. Pischetsrieder's conference call was the first time he has outlined his views since Volkswagen became the key shareholder in both the bidder and the target. He said his comments were made as Volkswagen's CEO and not as chairman of Scania, a position he also holds. He said he has recused himself from Scania board meetings because of his conflicting interests. Mr. Pischetsrieder refused to take questions from reporters during the call.

"We need the best solution, and at the end of the day the best solution has to be in the interests of the shareholders," Mr. Pischetsrieder said. "What kind of structure a new company or a merged company would have, I don't want to speculate on."

He declined to rule out a possible reverse bid by Scania to try to take over MAN, something that would allow Volkswagen to retain its super-voting shares in Scania. Mr. Pischetsrieder had said he would like to see the super-voting shares valued more highly than common. MAN's bid values all shares at the same level.

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A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB of Sweden and DaimlerChrysler AG of Germany.

Scania's other large shareholder, Investor, said yesterday it saw some industrial logic in a tie-up between the Swedish truck maker and MAN, and it was open to all options when it comes to Scania's future. The Swedish holding company, which is controlled by the Wallenberg family, had said it would support the deal that produces the highest value for its own shareholders.

Just prior to Mr. Pischetsrieder's conference call, MAN said in a statement that it would consider withdrawing its hostile bid in favor of friendly negotiations, if certain conditions were met. Mr. Pischetsrieder welcomed the move and said he wasn't aware of what those conditions were. A MAN spokesman declined to elaborate.

PNC To Buy Mercantile In $6B Deal (USAT/BLOOM)

By Adrian Cox And Elizabeth Hester

USA Today, October 10, 2006

PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area.

PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares.

Mercantile owns 11 community banks and a mortgage lender with 240 branches in the Mid-Atlantic region, giving PNC more companies and wealthy individuals to serve in a market where the median income is 35% higher than the U.S. average. PNC, which entered Washington last year with the purchase of Riggs National, will become the 10th-largest U.S. bank after adding Mercantile's $17 billion in assets.

PNC “paid a premium for a premium franchise,” John McDonald, analyst at Banc of America Securities, wrote in a report to clients. “Mercantile has a strong franchise in an attractive and relatively faster growth footprint.”

Mercantile customers have a median income of more than $69,000 a year, 18% higher than PNC's customers, the bank said in a presentation to investors. Population is expected to surge 10% in the next five years in the counties where Mercantile does business, vs. 2.1% for PNC's population base.

Mercantile is “the jewel that fits between our Washington, D.C., franchise and our Philadelphia and Delaware and New Jersey franchise,” PNC CEO James Rohr said.

PNC expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings.

Mercantile rose $8.16, or 22%, to $44.94 Monday. PNC is giving Mercantile shareholders 0.4184 PNC shares and $16.45 in cash for each share they own. PNC shares fell $3.20 to $70.40.

Mercantile CEO Edward Kelly, who will be a PNC vice chairman after the deal closes, has been expanding the lender in the Mid-Atlantic region. Mercantile agreed to buy Community Bank of Northern Virginia for $212 million in January 2005 and James Monroe Bancorp for $143 million this March.

PNC had a gain of about $1.6 billion from division BlackRock's purchase of Merrill Lynch's money-management unit last month. Rohr said in February that the bank would consider using the money for acquisitions.

The area that encompasses Washington and Arlington, Va., is the eighth-most populous in the USA with 5.28 million residents, and is the third-wealthiest in the nation with a median household income of $76,248. Its population is projected to expand 10.8% from 2005 to 2010, according to U.S. Census estimates, compared with 6.3% for the nation overall.

“PNC recognized that if it was going to jump in deeper into this Washington, D.C., Northern Virginia, Maryland market, it was going to be an expensive market to get into,” says Gerard Cassidy, an analyst at RBC Capital Markets. “This is a Neiman Marcus market, not a K-Mart market, and as a result, you've got to pay Neiman Marcus prices, which is what they did here.”

PNC Plans To Purchase Baltimore's Mercantile (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, October 10, 2006

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PNC Financial Services Group Inc. said yesterday it would buy Maryland's largest independent bank, Mercantile Bankshares Corp., in a $6 billion deal that would make PNC the second-largest such institution in the state.

The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005.

Mercantile of Baltimore is the last independent commercial bank of substantial size in either Washington or Baltimore, and it is considered one of Maryland's leading business banks. It has a robust old-line trust business and 240 branches stretching from Hagerstown to Ocean City. "This puts us in some of the most affluent suburbs in Maryland," PNC chief executive James Rohr said.

Mercantile's banks operate under 11 different names in the state, such as Mercantile Potomac Bank in the Washington area, National Bank of Fredericksburg in Spotsylvania County and Fidelity Bank in Western Maryland. All those banks will be converted into PNC branches after the deal closes by March of next year.

The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses. Rohr did say that branch closings would be minimal because there is very little overlap between PNC's existing branches here, mostly old Riggs branches concentrated in the city and close-in areas, and Mercantile's largely suburban and outer-suburban branch network. Rohr said most of the cost savings will be in back-office expenses, such as duplicative software vendor contracts.

PNC is to pay Mercantile shareholders $2.1 billion in cash and about 52.5 million shares of PNC stock, which put the deal value at $47.24 a share, 28 percent higher than the closing price of Mercantile shares Friday. Mercantile stock rose 22 percent yesterday after the deal was announced, to close at $44.94, while PNC shares fell about 3.2 percent, to $70.40.

Friedman, Billings, Ramsey Group bank analyst Gary Townsend issued an "outperform" rating on PNC after the deal was announced, saying that while PNC was "paying a full price" for Mercantile, the long-term promise for the alliance is strong because of the growth prospects in the region. Washington in recent years has been one of the fastest-growing banking markets in the country in terms of the rate at which deposits are increasing and is central to the growth plans of most major East Coast banks that do business here.

Mercantile has long been known as one of the industry's most conservative banks, one that survived relatively untouched by the early 1990s commercial real estate crash and the subsequent decade of mega mergers when all of its main competitors went out of business or were sold to larger regional banks. Its strong base of business customers has made it one of the most consistently profitable banks because it pays less for deposits than many of its peers. Like all banks in the mid-Atlantic, it's biggest source of profit growth has been traditional small business and consumer banking as the region's economy and population boomed in the last 10 years.

"I think at the end of the day it was our retail banking franchise that most interested PNC," said Edward J. Kelly III, who has been chief executive of Mercantile since 2001 and is to become vice chairman of PNC's holding company, PNC Financial Service Group Inc., after the deal is completed in the first quarter of 2007.

Wall Street had been watching PNC closely since its $10 billion deal to sell part of its BlackRock Inc. wealth management unit to Merrill Lynch & Co. That put about $6 billion in cash on PNC's books and analysts expected PNC to go hunting for more mergers in its core banking business. Rohr said yesterday that PNC had wanted a bigger presence in the Washington-Baltimore market since the Riggs deal because the region was growing so fast.

"The BlackRock transaction gave us flexibility," Rohr said. "It's nice when plans come together."

Family Finance Investors Are Wary Of Buyout Offer For Cablevision (WSJ)

By Peter Grant

The Wall Street Journal, October 10, 2006

For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and Internet customers.

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That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening.

"I'm getting tired of management and private-equity firms trying to steal companies from underneath our noses, and I think this is another example of that," says John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares. "Shareholders have been asked to sit through a fairly fallow period of time. As things are beginning to look up, a lot of our upside is being taken away from us."

On Sunday, the Dolans -- who control 22.5% of the company's shares and hold 74% of the voting power -- offered $27 a share for all shares outstanding. Some investors contend the company's assets, which include a cable division servicing the New York City region, cable networks like AMC and the New York Knicks basketball team, would be valued at as much as $40 a share if sold separately. Shares closed yesterday at $26.50, up $2.57, or 11%, in 4 p.m. composite trading on the New York Stock Exchange.

After years in the doldrums, the stocks of Cablevision and other cable companies have performed better this year, and some investors predict that the gains will continue. The sector has been held back by investors' concerns about major capital-spending needs, competition from phone companies and new technologies for delivering TV programming over the Internet.

The Dolans have argued that Cablevision would be better off as a private company, which would allow it to make investment decisions without worrying about meeting quarterly earnings expectations. The cable industry sometimes requires large investments that cannot be recouped over the short-term.

In a letter Sunday to the company's board of directors, the Dolans described their offer price as "fair." They noted that it represented an 11.3% premium above Cablevision's 52-week closing high and a 14.9% premium to their unsuccessful 2005 offer for the company's cable division. A spokesman for the Dolans declined to comment further yesterday.

In buyouts and takeovers, investors are always eager to get higher prices, and they sometimes succeed. The fate of the Dolans' offer now rests with a special committee of Cablevision's board that consists of two independent directors, Thomas V. Reifenheiser, a retired banker, and retired Vice Admiral John R. Ryan. That was the same board committee that rejected the Dolans' earlier buyout offer, and the family has a better sense this time of how to appease them. A Cablevision spokesman said yesterday the two directors were unavailable for comment.

Investor griping about buyouts has intensified this year after the sales of several publicly traded companies generated quick profits for buyers. Earlier this year, for example, Fairmont Hotels & Resorts Inc. was acquired for $3.3 billion by Colony Capital LLC, a Los Angeles investment firm, and Saudi Prince Alwaleed bin Talal's Kingdom Hotels International. Fairmont recently announced the sale of seven hotels, far less than half of its portfolio, to a pension fund for $1.5 billion.

In recent years, the antics of the Dolan family have drawn far more attention than Cablevision's performance. Cablevision Chairman Charles F. Dolan and his son, Chief Executive James L. Dolan, fought openly and bitterly over the fate of Voom, a satellite television unit that the senior Mr. Dolan supported but that his son helped kill. The family also tussled with New York City Mayor Michael Bloomberg over a new stadium that was proposed for Manhattan, which would have competed with Cablevision's Madison Square Garden. Recently, the company was drawn into the federal investigation of options backdating, admitting that it gave backdated options to an executive after he died.

Along the way, Bethpage, N.Y.-based Cablevision quietly has become the envy of the cable industry, in part due to the efforts of Chief Operating Officer Thomas Rutledge. He has kept the company focused on the cutting edge of phone and video technology. That has helped Cablevision to add more than 60,000 subscribers, while many rival cable operators were losing subscribers to satellite-TV competitors. The company has signed up about one million Internet-phone-service customers since November 2003, making it the cable-industry leader in grabbing market share, according to analyst Aryeh Bourkoff of UBS AG.

"My clients would like to see the company stay public with Rutledge at the helm," says Mario Gabelli, chief executive of Gabelli Asset Management, one of Cablevision's largest shareholders. If that doesn't happen, he says, he would like other companies to be able to bid against the Dolans. Time Warner Inc.'s cable division, he says, has long been interested. Time Warner declined to comment on the matter.

Some investors think the offer will be accepted by the board committee, noting that it is higher than the buyout offer made by the family in June 2005, when adjusted for the $10-per-share dividend that Cablevision paid earlier this year.

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Other investors don't like what they see. The offer, they note, values the company at $19 billion, including debt. The Knicks, the cable-TV networks and additional assets other than the main cable unit are worth as much as $5 billion, they contend. That doesn't include the potential profits from a plan to redevelop Madison Square Garden, which the company is pursuing with Vornado Realty Trust.

That leaves a valuation of about $14 billion for the cable unit, they say, which is less than nine times the unit's earnings before interest, taxes, depreciation, and amortization, or Ebitda, a common metric in the cable industry. By contrast, Comcast Corp., the country's largest cable operator, is trading at more than nine times Ebitda. Many cable analysts contend that Cablevision's systems are more valuable than Comcast's because their average subscribers spend more.

Shares of Cablevision rose sharply yesterday but remained below the offer price, a sign that some investors think the buyout offer will collapse. That's what happened to the family's buyout attempt 20 months ago, after a special committee of directors found the price inadequate.

Cablevision's prospects looked bleaker in the summer of 2002. It was facing a cash crunch stemming from the debt it took on to finance cable-network upgrades, a perennial burden for the cable industry. In a presentation to investors, James Dolan outlined his plan for dealing with the financial problems that some investors criticized as rambling and unconvincing. The stock was trading below $5 a share.

To deal with its liquidity problems, the company laid off thousands of workers and sold noncore assets such as its Bravo cable network. It increased cash flow by steadily adding cable and high-speed Internet subscribers. By mid-2003, Cablevision's stock was over $20 a share.

Mr. Rutledge was one of the architects of the turnaround. He had joined the company in early 2002 after losing out in a struggle over strategy at Time Warner's cable unit, where he was president. He had extensive experience with customer service, network construction and other operational basics.

Cable operators were losing hundreds of thousands of subscribers to satellite TV companies. Mr. Rutledge pushed Cablevision to upgrade its technology. The company stopped using an advanced yet expensive set-top box manufactured by Sony Corp., opting for a more widely used device made by Scientific Atlanta Inc., now a unit of Cisco Systems Inc.

Cablevision increased spending on expensive network upgrades necessary to offer customers digital cable and high-speed Internet connections. "I found it painful personally to lay people off," says Mr. Rutledge. "But we had to manage the capital expenses for upgrades and get new businesses rolled out rapidly."

Verizon Communications Inc. targeted Cablevision's affluent New York City region for its rollout of TV and ultra-high-speed Internet. Last year, after James Dolan got mail from Verizon advertising its broadband speeds, he demanded that Cablevision match it, which it did.

Mr. Rutledge became the face of Cablevision on trade-show panels and on analyst calls, where James Dolan mostly discussed Madison Square Garden. He meets with Mr. Dolan every Monday, he says, to discuss everything from new technology to trimming trees in ways that don't anger homeowners. Together, they devised the "triple play" marketing strategy for selling phone, TV and high-speed Internet service in one package, which has been mimicked by much of the cable industry.

The Dolans had decided in the late 1990s to concentrate on the New York City market and had sold off their systems outside of it. That made it less expensive for the company to introduce new technology because just three distribution points served all its customers. The concentration on one region also made it easier to roll out phone service. Mr. Rutledge says he and the Dolans planned to do this as early as 2002, but were delayed by the wait for advances in Internet technology. The company avoided using traditional circuit-switch technology, which is more expensive.

The new phone service and the triple-play pricing plan, which costs customers $89.95 a month, caught on with customers. More than 20% of the homes reached by Cablevision's networks now take phone service from the cable operator, and most of those take TV and Internet service as well. Marketing experts say it is more difficult for rivals like Verizon to poach subscribers to Cablevision's three-service package than it is for them to steal traditional cable customers.

Mr. Rutledge also helped devise Cablevision's strategy for offering customers a service for recording live TV for later viewing. Most cable companies offered customers devices for their homes. While Cablevision does too, it's been reluctant to

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embrace that route, because the devices can cost more than $350 each -- a cost that was passed on to customers in the form of monthly fees.

Earlier this year, Cablevision announced a plan to build a recording capability into its network. Households that signed up for the service would be able to record programs without adding any special equipment to their homes.

The strategy raised questions about whether Cablevision would violate copyrights of programmers. Major movie and TV producers have filed suit against Cablevision, which is holding up the launch of the technology.

Glaxo Agrees To Acquire CNS Inc. For $566 Million (Update4) (BLOOM)

By Andrea Gerlin

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums.

Glaxo will pay $37.50 a share in cash for the Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades.

The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S.

``This outstanding business provides a great global growth opportunity for GSK," John Clarke, president of GSK Consumer Healthcare, said in the statement. ``Its two major brands, Breathe Right and FiberChoice, fit with our growth strategy and are great additions to our portfolio."

Shares Rise

Shares of CNS rose $8.38, or 29 percent, to $36.94 at 12:42 p.m. New York time in Nasdaq Stock Market composite trading. That's the stock's biggest increase in five years and its highest value since 1987. Shares of Glaxo rose 9 pence, or 0.6 percent, to 1454 pence in London.

The acquisition sends a message about Glaxo's intentions, according to analyst Gbola Amusa of Sanford C. Bernstein Ltd. in London.

``There are some people in the market who would like to see Glaxo spin off its consumer health-care division," Amusa said in a telephone interview. ``The signal is that Glaxo is serious about staying in consumer health."

CNS's board began investigating selling the company at the end of last year when it undertook an annual review of strategic options, CNS Chief Executive Officer Marti Morfitt said on a conference call. The board unanimously agreed to recommend approving the transaction to shareholders, Morfitt said.

`Good for Business'

``We believe this merger is good for the business, our stockholders and our customers," Morfitt said. ``We believe this is an excellent opportunity to maximize value for CNS stockholders."

The purchase is expected to be completed in early 2007, pending approval from CNS's shareholders and U.S. antitrust regulators, Glaxo said. The acquisition will have a neutral impact on earnings next year and a positive effect starting in 2008, Glaxo said.

Glaxo had sales of 21.66 billion pounds ($40.4 billion) in 2005, with almost $5 billion coming from consumer health-care products, according to the company's Web site. CNS had sales of $118.5 million in the 12 months ended June 30, an 18 percent increase from a year earlier, Glaxo said.

``It seems quite an expensive acquisition because they're paying $566 million for a business with sales of around $119 million," Max Herrmann, a health-care analyst at ING Financial Markets in London, said in a telephone interview. ``So they're paying quite a substantial multiple on sales."

GlaxoSmithKline Seeks Approval To Sell Cancer Drug (AP)

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AP, October 10, 2006

GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe.

Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia.

Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval.

Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies.

The company said it hopes to launch Tykerb, also known as lapatinib ditosylate, in both markets next year, but declined to comment on its sales prospects. The drug is one of the most promising in Glaxo's pipeline - analysts say it could bring in revenue of more than $1 billion each year.

"A few people have been skeptical about Tykerb because they saw a limited market, but oncologists will vote with their prescribing pen when they see good data," said Mike Ward, an analyst at Nomura Code.

Ward added that the drug's use was likely to widen to earlier stages of breast cancer, increasing its sales prospects.

The findings of an international study on the drug presented earlier this year to the American Society of Clinical Oncology found that it delayed the growth of advanced breast cancer in women who had stopped responding to rival Roche Holding AG's drug Herceptin and were out of treatment options.

Patients who received Tykerb plus the chemotherapy drug Xeloda had no growth of their tumors for 8 1/2 months. That compares to 4 1/2 months for those given only Xeloda, according to the team led by Dr. Charles Geyer Jr. of Allegheny General Hospital in Pittsburgh.

Tykerb is a pill taken daily while Herceptin in given intravenously every month.

Glaxo said that there are more than 360,000 new cases of breast cancer diagnosed every year in Europe.

"We hope that lapatinib (Tykerb) will offer these patients a much needed effective alternative treatment," Paolo Paoletti, senior vice president of Glaxo's oncology medicine development center, said in a statement.

Glaxo said it aims to have filed for approval to sell Tykerb in Australia, Canada and a number of countries in Asia, Latin America and the Middle East by the end of the year.

In a separate announcement on CNS, Glaxo said it will pay $37.50 per share in cash for the company - a premium of 31 percent on CNS' stock price at the close of trade on Friday.

CNS President and Chief Executive Marti Morfitt said Monday the company picked Glaxo after reviewing multiple offers.

"We are a company that's been growing, with a good pipeline of future growth, two strong brands, and I think it is a great fit for what they're doing and what they're building," Morfitt said.

"Their scale and their resources really do create greater opportunity there," Morfitt said.

CNS reported sales of $118.5 million in the 12 months to June 2006, an 18 percent rise over the previous 12 months. About 85 percent of the company's current sales are in the U.S. The company has wanted to expand its sales outside the U.S., and that can happen faster through Glaxo.

Breathe Right-branded products are marketed in 27 countries. FiberChoice fiber supplements are marketed solely in the United States.

Morfitt said it's not yet clear where Minneapolis-based CNS will be based or who the management team will be after the acquisition. CNS employs about 70 people, most of them in Minnesota. The Breathe Right strips are made by a separate company in Tennessee.

CNS has paid a licensing fee to the inventor of the Breathe Right strips, and that will continue after the sale, she said.

Glaxo said it expects to complete the purchase by early next year, dependent on shareholder approval and antitrust clearance.

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"The opportunity for growth through geographic expansion and pipeline innovation make this acquisition an exciting prospect," said John Clarke, the president of GSK Consumer Healthcare.

Glaxo shares rose 1 percent to 14.60 pounds ($27.22) on the London Stock Exchange.

Citigroup Sets Sights On Overseas Banks (FT)

By David Wighton In New York And Peter Thal Larsen In London

Financial Times, October 9, 2006

Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market.

He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years.

Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year.

"The pipeline is filling up nicely," he said in an interview with the Financial Times.

When he became chief executive three years ago, Mr Prince said he wanted to shift Citigroup from its historic reliance on acquisitions under his predecessor, Sandy Weill, to a balance between acquisitions and organic growth.

But a series of regulatory problems resulted in the US Federal Reserve banning the company from doing big deals until it improved its internal controls. That restriction was lifted six months ago.

The Fed ban left Mr Prince dependent on internal growth and he has come under increasing criticism for slower-than-expected returns from Citigroup's stepped-up investment in branch openings and for the relatively sluggish stock price.

Prince Alwaleed bin Talal, the Saudi prince who owns a 4.3 per cent stake in Citigroup worth $10bn, told the Financial Times in July that costs were out of control and called for "draconian" measures to curb expenses.

Sandy Weill, who constructed Citigroup through a series of acquisitions in the 1990s and stepped down as chairman in April, has told friends he agrees with Prince Alwaleed's criticisms. "He says the cost discipline has been lost," one said.

In an interview with the FT, Mr Weill said he had raised concerns about costs with Mr Prince. "I think Chuck definitely feels the need to rein in costs as well as invest for the future."

But Mr Prince insisted he would not cut back on investment. "We are on the cusp of organic growth showing through."

Some large investors say Mr Prince will need to show better progress in the third-quarter results, announced next Thursday, and for the rest of the year or the board will come under pressure to make changes.

Executives have become frustrated with the bank's share price, which has placed a limit on its ability to pay for large deals with stock.

Hollywood Warned About Piracy (FT)

By Matthew Garrahan In Los Angeles

Financial Times, October 9, 2006

Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned.

Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total international film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels.

David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy.

"The most important thing [the film industry] needs to do is give consumers a legal choice to buy content electronically," he said. "Studios have to keep looking at consumer needs to give them better alternatives [to buying illegal content]."

Failure to do this could lead to a repeat of the music industry's experience, when fast growth in illegal file sharing decimated record label returns, he added.

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Mr Sanderson also indicated that release "windows" – the time between theatrical release, DVD and pay-TV sale – would have to be compressed if the studios were to beat digital pirates.

The video-on-demand and DVD windows had already "collapsed", although making films available for digital download near, or shortly after, their theatrical release, "would have a big bearing on studio economics. Historically, windows have been a way to sell a piece of content as many times as you can."

One solution would be to sell a film digitally in a format that allowed the content to be played on multiple platforms, such as a PC, DVD player or hand-held device, and then charge consumers accordingly, he added.

"The studios have to figure out how the consumer is going to buy the content and move it around different devices."

The Bain warning comes amid a period of belt-tightening in Hollywood. Studios are increasingly bringing in financial partners, such as hedge funds and private equity firms to share the burden of escalating production costs.

Most studios have made their movies available for digital download on websites such as CinemaNow. However, these moves have had limited success. Walt Disney has enjoyed better results by making its content available on Apple's iTunes platform.

Rival studios are expected to follow next year, although concerns about the effect on DVD sales of downloading films continue to influence studios' thinking.

Danaher Is Close To Deal For Vision As Its Rivals Fade (WSJ)

By Dennis K. Berman

The Wall Street Journal, October 9, 2006

Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction.

Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems. The board of the Melbourne, Australia, company was expected to recommend Danaher's proposal, which is expected to come in the form of a tender offer, people familiar with the matter said.

Danaher, Washington, D.C., is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies.

Ventana, for instance, had originally announced a deal two months ago that valued Vision at A$2.13 a share. Then Cytyc waded into the battle, eventually offering A$3.25 a share for the company, a price that seemed a knockout bid. But it turned out to be insufficient, given Danaher's offer and the company's overwhelming financial firepower against the smaller Cytyc.

Danaher is paying up for Vision, though, because it sees an opportunity in combining Vision with its Leica Microsystems Inc. business, whose lab equipment and high-powered microscopes are used in the same pathology labs as Vision's equipment. People familiar with the transaction said that Danaher will be able to sell laboratories a full grouping of the equipment, integrating it to improve the processing time for the biopsies and cell cultures that cycle through pathology labs.

The people close to the transaction say that the acquisition still fits into Danaher's overall acquisition framework, in which it aims to notch a double-digit return on invested capital within five years of the original purchase.

A Vision purchase would mark the latest in a long line of acquisitions for Danaher, which sports a $21 billion market capitalization. During 2005, the company reported revenue of $7.98 billion and net income of $907.7 million.

ENVIRONMENT:

Company Searching For Recalled Lettuce (WP/AP)

By Juliana Barbassa

The Washington Post, October 10, 2006

DOJ_NMG_0077457

SAN FRANCISCO, Oct. 9 -- The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states.

On Sunday, Nunes Co. recalled more than 8,500 cartons of green leaf lettuce grown on one farm in the Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak that killed three people and made 199 others sick.

By Monday morning, all but 250 cartons of the lettuce distributed under the Foxy brand between Oct. 3 and Oct. 6 had been located and were being destroyed, Nunes President Tom Nunes said.

The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana.

"If we can get it all back, I'll be a happy camper," Nunes said, emphasizing that the recall was precautionary since there had been no evidence of E. coli on the lettuce, or any reports of illnesses.

The U.S. Food and Drug Administration commended the company for its action.

"Clearly, the company did the right thing in terms of taking the proper approach in not putting the public at risk and initiating a voluntary recall," said David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition.

Acheson said the lettuce recall does not appear to be related to the contaminated-spinach outbreak.

E. Coli Worry Spreads To Lettuce; California Grower Issues Recall (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

SAN FRANCISCO, Oct. 8 (AP) — Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in the Salinas Valley in California, a popular brand of lettuce grown there was recalled on Sunday over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company.

The recall comes amid warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause health risks.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said.

“We’re just reacting to a water test only,” he said. “We know there’s generic E. coli on it, but we’re not sure what that means.”

The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

The lettuce was packaged as “Green Leaf 24 Count, waxed carton,” and “Green Leaf 18 Count, cellophane sleeve, returnable carton.” Packaging is stamped with the lot code 6SL0024.

Julie Zawisza, an F.D.A. spokeswoman, said the agency was aware of the voluntary recall but had no details. Mr. Nunes said the bacteria in the lettuce fields probably did not share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

The recall at Nunes, a family-owned business with more than 20,000 acres of cropland in Arizona and California, comes days after federal agents searched two Salinas Valley produce companies connected to the nationwide spinach scare.

Epidemiologists also warned consumers last week to stay away from some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently from botulism poisoning.

On Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses had been reported from consumption of the beef.

The outbreaks have sparked demands to create a new federal agency in charge of food safety. Senators Charles E. Schumer and Hillary Rodham Clinton, both New York Democrats, are sponsoring legislation written by Senator Richard J. Durbin, Democrat of Illinois, to create a unified Food Safety Agency.

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The outbreaks have devastated the economy of the Salinas Valley, where farmers in the area began plowing spinach crops under and laying off workers last month.

Calif. Lettuce Recalled Over E. Coli Concerns (WP/AP)

By Rachel Konrad, Associated Press

The Washington Post, October 9, 2006

SAN FRANCISCO, Oct. 8 -- Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in California's Salinas Valley, a popular brand of lettuce grown there has been recalled over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, the president of Salinas-based Nunes Co. said.

The lettuce scare follows other federal warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause grave health risks -- including paralysis, respiratory failure and death.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company.

So far, company investigators have not found E. coli bacteria in the lettuce itself, Nunes stressed.

"We're just reacting to a water test only. We know there's generic E. coli on it, but we're not sure what that means," he said. "We're being extra careful. This is precautionary."

The recall covers green leaf lettuce purchased in grocery stores Oct. 3-6 in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

FDA spokeswoman Julie Zawisza said the agency is aware of the voluntary recall but had no details.

"As a standard course of action, we would expect the firm to identify the source of the contamination and take steps to . . . ensure that it doesn't happen again," Zawisza wrote in an e-mail.

It's unlikely, Nunes said, that the bacteria in the lettuce fields share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

Pathogenic Escherichia coli bacteria, or E. coli, can proliferate in uncooked produce, raw milk, unpasteurized juice, contaminated water and meat. When consumed, it may cause diarrhea and bloody stools.

Although most healthy adults recover within a week without long-term side effects, some people may develop a form of kidney failure.

That illness is most likely to occur in young children, senior citizens and people with compromised immune systems. In extreme cases, it can lead to kidney damage or death.

Epidemiologists also warned consumers last week to avoid some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently because of botulism poisoning.

Also on Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses have been reported from consumption of the beef.

'Foxy' Brand Lettuce Recalled; E. Coli Feared (USAT)

By William M. Welch, Usa Today

USA Today, October 9, 2006

LOS ANGELES - A California company is voluntarily recalling its "Foxy" brand of lettuce because of fears of E. coli contamination in produce sold last week.

The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area.

FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, "and we are looking into it."

Green leaf lettuce sold to distributors in seven western states under the "Foxy" brand is being recalled, according to the producer, The Nunes Co.

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The lettuce was distributed in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. No illnesses have been attributed to the lettuce thus far, said Tom Nunes Jr., president of the family-owned company.

All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday, he said.

Nunes called the recall a precaution ordered after the company discovered that water used to irrigate the lettuce crops had tested positive for E. coli bacteria in an initial test. “Samples of the recalled product are now being tested," he said.

E. coli can cause diarrheal illness and, in some patients, can lead to kidney damage and even death.

The lettuce was sold to stores and to distributors who may have resold it to restaurants. The produce were sold under lot code 6SL0024 and packaged as “Green Leaf 24 Count, waxed carton," and “Green Leaf 18 Count, cellophane sleeve, returnable carton."

Consumers who have purchased these products are urged to return it to the place of purchase for a full refund, said the company. Consumers with questions can reach the company at 1-800-695-5012.

Zawisza said the FDA was seeking to determine the scope of the problem.

“We would expect the firm to identify the source of the contamination and take steps to correct and prevent to ensure that it doesn't happen again," she said.

Outbreak Exposes Weakness In Food Chain (FWST)

By Libby Quaid

The Fort Worth Star-Telegram, October 10, 2006

WASHINGTON - The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria.

Like most food, spinach travels from the field to a central facility where it mixes with spinach from other fields. If any is tainted, the threat to people is amplified as leaves are washed, dried, bagged and shipped throughout the country.

Within days of the first reported E. coli-related case on Aug. 30, illness from the tainted California spinach had spread to two dozen states. Nearly 200 people were sickened - one-third of them in the first 72 hours. Two elderly women and a 2-year-old boy died.

"When you open a bag of spinach, do you wonder how many different plants are in there, and how many different fields it came from?" said Dr. Robert Tauxe, chief of foodborne diseases at the federal Centers for Disease Control and Prevention.

"If something went wrong on any one of those fields ... one rotten apple spoils the whole barrel," Tauxe said.

It was the 20th time lettuce or spinach has been blamed for an outbreak of illness since 1995.

On Sunday, green leaf lettuce from the same growing area, California's Salinas Valley, was recalled in more than half a dozen states after Nunes Co. Inc. discovered possible E. coli contamination of irrigation water. The bacteria hasn't been found in the company's Foxy brand lettuce. No illnesses have been reported.

Food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe.

"If you raise spinach in the Salinas Valley and it's in 40 states in a few days, you can't have a system that says we won't do anything until somebody gets sick," said Carol Tucker Foreman, director of food policy for Consumer Federation and a former USDA official.

"Because look how many people get sick before you can even know it," Foreman said.

The Food and Drug Administration has repeatedly told the entire industry to get the problem under control, but FDA does not have inspection or safety programs for produce like the Agriculture Department has for meat and poultry.

While the food system is vastly centralized, "what we don't have is a centralized agency that's really in charge of ensuring that the products are safe," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

An E. coli outbreak in 1993 was a painful demonstration of weakness in the highly centralized beef supply chain. Hundreds of people got sick and four children died after eating undercooked hamburgers from Jack in the Box restaurants.

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The outbreak prompted the Agriculture Department to tighten safety standards and expand government testing. And in 1996, it replaced its old visual inspection with one that requires a scientific look at vulnerable places in the production chain and constant monitoring of those points.

Today, illnesses from E. coli are down 29 percent from when the government tracking system began a decade ago, although illness rates inched up from 2004 to 2005.

"It took a few years, but I think we have a really good handle on how to control this organism," said Randy Huffman, vice president of science for the American Meat Institute, an industry group.

The company at the center of the spinach crisis, Natural Selection Foods, has begun sampling every lot of greens and holding shipments until test results come back.

"Even if we nail this particular problem down to a certain point, I think it's really important to have that firewall in place, so no matter where it might come from, we feel like we can catch it," company spokeswoman Samantha Cabaluna said.

With beef, an important step was figuring out just how contamination happened in the first place. Government scientists discovered the primary source entered the slaughterhouse on the hides of cattle, and that it could transfer directly to the surface of the meat.

Solving that mystery may be more critical for lettuce and spinach because - unlike beef - much of leafy produce is eaten raw and not cooked to temperatures that will kill E. coli.

So far, no one has determined the cause of nine outbreaks, including the one from late August, in lettuce and spinach grown in Salinas, Calif.

In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields.

In addition, it is unknown exactly where E. coli lurks in spinach and lettuce plants. Research suggests the bacteria can get inside the stems and leaves, Tauxe said, adding that more research is needed.

It's unlikely whether FDA will ever know if the E. coli bacteria was on the surface of the tainted spinach or inside the greens themselves, because it was ground up for testing, Dr. David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition, told reporters Monday.

Tauxe said: "It took the meat industry some years to get a grip on how contamination was occurring during slaughter, and it will take some time for the produce industry to get a better handle on this."

Voluntary Lettuce Recall Creates More Worry For Farmers (NYT)

By Jesse McKinley

The New York Times, October 10, 2006

SAN FRANCISCO, Oct. 9 — It is, in scope and severity, a fairly minor recall: about 8,500 cartons of lettuce, which may or may not have come into contact with irrigation water contaminated with E. coli bacteria. No one has gotten sick, the lettuce company involved emphasized, adding that the move was precautionary.

But for farmers in the Salinas Valley of California, already reeling from last month's deadly E. coli outbreak in spinach, the timing could not have been worse.

"It clearly has the potential to set back our effort to regain consumer confidence," said Bob Perkins, the executive director of the farm bureau in Monterey County, one of three counties to which the contaminated spinach was linked. "Right now, I don't know how the story is playing out with the general public, whether it's an example of another problem with the industry or it's an example of how the system works."

The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf lettuce sold under the Foxy label. Tom Nunes Jr., the company's president, said Monday that only 250 cartons could have reached consumers and that those were believed to be in one of seven Western states: Arizona, California, Idaho, Montana, Nevada, Oregon or Washington. Mr. Nunes said the other cartons had been found and were being destroyed.

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The recall was decided on, Mr. Nunes said, after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found "a dangerous concentration of generic E. coli." But he said there was no evidence yet that it was the potentially lethal strain E. coli O157:H7, which contaminated spinach last month, causing three deaths and sickening nearly 200.

"We don't know what kind of E. coli it is," said Mr. Nunes, who added that further test results on the E. coli were expected back Tuesday. "But it was enough to get our attention."

Federal health authorities commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water. Finding very low levels of E. coli in water is not unusual, said Dr. David Acheson, chief medical officer of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

Whether that will reassure customers or result in lettuce wilting at the salad bar remains to be seen. In downtown San Francisco, some delis posted signs informing customers that the shops were not using Foxy lettuce alongside notices that their spinach was safe.

Tina Lopez, an office worker at Washington Mutual here, said she was not worried about the salad she had just bought for lunch. "I figured if they had it out, it was probably O.K.," Ms. Lopez said. "If anything it's probably safer because they're scrutinizing everything."

That was exactly the kind of reaction farmers' groups were hoping for. Tim Chelling, a spokesman for Western Growers, which represents 3,000 farmers and shippers in California and Arizona, said the response to the lettuce recall had been more forceful than the one to the spinach.

"I've been hearing from everybody and their brother," Mr. Chelling said. "Everybody is communicating, trading information. People aren't stumbling around in the fields in shock, but very quickly trying to organize themselves as professionally and diligently as possible."

The lettuce recall is the latest in a series of food scares, including a recent recall of carrot juice linked to an outbreak of botulism in Georgia and Florida, and an Iowa company's recall of 5,200 pounds of ground beef thought to have been contaminated with E. coli.

And though the nationwide spinach warning has been lifted, the investigation continues. Last week, officials from the Federal Bureau of Investigation and the Office of Criminal Investigations at the F.D.A. searched two processing facilities in the Salinas Valley.

Even more than spinach, however, contaminated lettuce has long been a source of concern for health authorities. In August, the F.D.A. announced the Lettuce Safety Initiative, meant to address E. coli outbreaks in the past decade that had been linked to fields in the Salinas Valley, about 100 miles south of San Francisco.

Still, Dr. Acheson said that Americans safely consumed hundreds of thousands of pounds of leafy greens every year and that the recent outbreak tied to spinach was an agricultural anomaly.

"Every now and again something goes wrong," he said, "and the spinach example was one of the worst. Are we ever going to reach a point where we can say there is zero risk associated with fresh leafy greens? Probably not."

But food safety experts said the lettuce recall only affirmed the need for more governmental oversight of the fresh produce industry, and for the type of inspections that governed meat and poultry.

"There's no federal agency that deals with this," said Marion Nestle, a professor of nutrition, public health and food safety at New York University. "This falls through the cracks, and that needs to be fixed."

That need is even more acute, Dr. Nestle said, because many vegetables are eaten raw. "You could cook spinach, but you don't ever cook lettuce," she said.

Dave Kranz, a spokesman for the California Farm Bureau Federation, said it was premature to estimate what kind of economic damage the lettuce recall might inflict on farmers already hit hard by the spinach scare. Although the government warning on that crop was lifted, Mr. Kranz said, many farmers are still on hold, "waiting to see how much demand there will be, and how soon."

While the Salinas Valley has been the focus of the recent E. Coli investigations, the growing season is poised to shift south, and there, farmers are anxious.

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"It's a huge worry," said Jack Vessey, a vegetable farmer in El Centro, about 500 miles south of Salinas. Mr. Vessey grows 20 winter crops at his 7,000-acre ranch and just seeded green leaf lettuce fields for the mid-November harvest. Now, however, he is having second thoughts.

"The consumer confidence has to come back," Mr. Vessey said. "I'm putting seed in the ground. But I'm pretty much gambling on what I plant now."

Renewable Energy Conference Will Revisit Bush's Energy Goals (KCS/AP)

By Cheryl Wittenauer, The Associated Press

The Kansas City Star, October 10, 2006

ST. LOUIS - A national renewable energy conference this week in St. Louis will revisit energy goals and strategies President Bush set out in his State of the Union address in January, when he proclaimed America "addicted to oil."

Bush is scheduled to address the conference, which starts Tuesday, just before the three-day conference at America's Center winds down Thursday.

"Advancing Renewable Energy: An American Rural Renaissance" is co-hosted by the U.S. departments of energy and agriculture.

The conference is billed as an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities.

Bush's Advanced Energy Initiative, outlined in his State of the Union address, set a national goal of replacing 75 percent of U.S. oil imports from the Mideast by 2025.

He emphasized the need for more clean-energy research at the Energy Department to fast-track breakthroughs in how autos, homes and businesses are powered. The plan also called for additional funding to make "cellulosic ethanol" - a fuel made from agricultural waste products such as wood chips, stalks or weeds - cost-competitive by 2012.

Bush also called for investing more in zero-emission coal-fired plants, solar and wind technologies and clean, safe nuclear energy, and better batteries for hybrid and electric cars and hydrogen vehicles.

Speakers at the conference will include representatives of government - Department of Agriculture Secretary Mike Johanns and Department of Energy Secretary Samuel Bodman; renewable energy sources such as corn, soybeans and wind; financial investment in renewable energy; and environmental concerns.

On the sidelines of the conference Tuesday, DaimlerChrysler and the National Biodiesel Board will discuss new programs to promote clean diesel vehicles and the benefits of renewable biodiesel fuel.

Suspicion Surrounds Retreat In Gas Prices, Poll Finds (WP)

By Steven Mufson

The Washington Post, October 10, 2006

Gasoline prices are down about 75 cents in two months, but whether motorists will see further declines at the pump depends in part on whether the Organization of the Petroleum Exporting Countries can agree to cut production.

Members of the oil cartel have been negotiating to cut the group's output by 1 million barrels a day -- a move that could drive up oil prices and reverse the trend at the pumps. But most oil traders and experts doubt OPEC can achieve more than half the proposed reduction. A failure to cut output could keep supplies strong and oil and gas prices soft.

Pump prices -- now at a national average of $2.28 a gallon for regular unleaded -- already have fallen because of a slowdown in U.S. demand, a buildup in crude oil and gasoline inventories, the end of the summer driving season, a collapse in profit margins at oil refineries and a $17-a-barrel drop in crude oil prices since August.

"The supply was coming back, and I think consumers cut back on use," said Philip K. Verleger, an oil consultant. "The question is how far down it goes."

Though half a dozen countries have talked about production cuts, highly populated countries such as Iran, Nigeria and Venezuela are already producing well below capacity and their old quota levels, and face pressure to produce more because of heavy domestic-spending demands. Kuwait has not cut production since 1998. Saudi Arabia is reluctant to play the role of sole swing producer and has already trimmed output.

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"We do not expect any significant production cuts by OPEC at prices above $45 a barrel, the new target price," Fadel Gheit, oil analyst at Oppenheimer & Co., said in a report to investors. Oil markets seemed to agree. The price of crude oil on the New York Mercantile Exchange closed yesterday at $59.96, up 20 cents.

While motorists have welcomed the drop in gasoline prices, a Washington Post-ABC News poll released yesterday showed that many Americans remain suspicious about the reasons for the recent decline and skeptical about whether it will last.

Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday.

The survey also showed that suspicions about the steep drop in gasoline prices over the past two months aren't limited to the nation's liberal strongholds. Sixteen percent of people who identified themselves as conservative Republicans, 26 percent of white evangelical Protestants and 29 percent of Southern residents think the plunge in prices is linked to the coming election or other political reasons.

Those beliefs may be blunting the positive impact President Bush and the GOP hoped to get from falling fuel prices. "I think the president's party is lowering the gas prices until the people think the economy is settling down, and then they will raise the price again, blaming it on the Arabs for raising the price on barrels of oil," one respondent said.

"As you may know, gasoline prices have fallen recently in many parts of the country," the survey said before asking: "What do you think is the main reason gas prices have gone down?" The top four answers: increased supply, Bush/GOP efforts to affect the November election, the "upcoming election" and "market forces."

A large number of people interviewed pointed to the absence of disruptive hurricanes or simply "supply and demand," while one respondent said prices were falling "because the gasoline companies got what they wanted, the big bucks; and if they continue there will probably be an investigation."

Gasoline experts said there were some signs that prices were stabilizing. The pace of declines in the prices charged by wholesalers was slowing, and there were some tiny wholesale price increases late last week in the Gulf of Mexico region, said Trilby Lundberg, editor of the Lundberg Survey.

Lundberg warned that the sharp drop in prices could spur a resumption of increases in U.S. gasoline consumption. She also said that the closure of refineries for maintenance, not unusual at this time of year, could lead to a decline in inventories.

"Some analysts expect to see a fairly large amount of refinery maintenance this month, which could lead to product inventories being drawn down a little bit more than normal," said last week's report by the Energy Department's Energy Information Administration. "Large volumes of product inventories are one of the many reasons cited for declining prices in recent weeks, and should they begin to be drawn down significantly, this could stop prices from falling further."

But Verleger said he expected prices to remain weak through Thanksgiving or longer. He said that much of the increase in gasoline prices this year was the result of logistical problems oil companies encountered in adapting new government regulations. The companies have had to reduce sulfur content in diesel fuels and begin to mix gasoline with ethanol instead of methyl tertiary butyl ether, an additive that once made up about 3 percent of the content of gasoline.

Illegal Dumps Alter Western Landscapes (USAT)

By Benjamin Spillman, Usa Today

USA Today, October 9, 2006

States' costs mount as trash mounds grow

They rise from the Western landscape, but they're not purple mountains.

They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds.

The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes.

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"There is hardly a city in the West right now that isn't experiencing significant growth," Felicia Probert, chief ranger of the BLM, said. "Typically, we haven't had the appropriation, the budget strength, to add rangers as these issues grow in the expanding West."

Steve Kilpatrick, a BLM ranger in Las Vegas, one of the nation's fastest growing cities, said, "People are just going out to the desert and dumping stuff. I could take you in an area where there are boats, concrete … household trash."

In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports.

In April, BLM used front-end loaders, dump trucks and volunteers to haul tons of trash from public land in Payette, Jerome, Ada and Madison counties in Idaho.

Karl Gebhardt, BLM environmental engineer, said a single incident of potentially hazardous material, such as an unidentified drum of liquid, can cost up to $10,000.

Gebhardt said the BLM in Idaho relies heavily on the public to report illegal dumping.

"This is their land. And people are trashing it," he said.

The agency has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West.

Celia Boddington, spokeswoman for the agency, says it is difficult to come up with a comprehensive estimate of the cleanup cost because of differences in accounting procedures.

The agency figures don't include illegal dumping on private land, which also can cost taxpayers money.

In California alone, illegal dumping on private and public land costs at least $87 million annually, according to an ongoing survey of local governments. The estimate is based on the 61 of 415 city and county governments that have responded to the survey.

"People are really starting to realize what it means in California," said Ken Stuart, who is conducting the survey for the California Integrated Waste Management Board.

In addition to the cleanup cost, there is the threat to public health.

Illegal dumps support rodents and can catch fire and spew toxic smoke.

"Catching people with illegal dumping is just as good as catching people with drugs because of the community impact," said Sgt. George Lee of the Riverside County (Calif.) Sheriff's Department.

Cornering dumpers is difficult because dumping generally happens in remote areas, and proving guilt can require catching the culprit in the act.

In rural areas southeast of Palm Springs, two sheriff's deputies and a support staffer consider illegal dumping a big part of their beat.

On a recent day, the deputies pointed out illegal dumps that were among 20 the team had identified in a region known more for lush golf resorts than environmental hazards.

"There are obviously no residents, no reason to be back here," said Deputy Sean Dusek, at one site where piles of furniture, car parts and yard waste lined both sides of a dirt road.

"You can see the tire tracks. This is a hot dumpsite," Dusek said.

The deputies have experimented with hidden cameras, and they sift through trash piles for clues about the source.

They pick through household trash, construction debris, car batteries, appliances, furniture and landscaping waste for receipts, mail or anything else with a name.

If they identify a name, they find the person, sometimes write them a ticket and tell them to clean up the mess. A county ordinance also allows them to impound a suspect's car for 30 days.

In 2004, California passed a law that increased fines for commercial illegal dumping from $500 to a range between $1,000 and $3,000 for a first offense.

Dusek's partner, Deputy J.C. Garcia, looks at one of the dumpsites and suggests the punishment is justified.

"People come out here for the view. Then they have to look at this," he said.

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Land Use Tops State Ballot Issues (WT)

By Joyce Howard Price

The Washington Times, October 10, 2006

State ballot measures to limit use of eminent domain, to bar same-sex "marriage" and to decide the fate of legislation passed in South Dakota outlawing nearly all abortions will be among those facing voters on Election Day, Nov. 7.

"The biggest issue this year is definitely property rights and land use," and voters in at least 11 states will consider measures that would bar governments from taking private property for another private use, said Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), which tracks ballot questions across the country.

The 11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation.

In a primary election Sept. 30, voters in a 12th state, Louisiana, approved a change in the state constitution that prohibits government from expanding eminent-domain power for economic development.

Mr. Morandi said four other states are seeking to prevent governments from engaging in a practice known as "regulatory taking," which restricts a landowner's ability to develop his property. The measures would require compensation for the loss of property value caused by such restrictions.

Mr. Morandi said three states -- Arizona, California and Idaho -- are seeking to combine limitations on regulatory taking with those on eminent domain. A measure in Washington state seeks only to restrict use of regulatory taking of property. Mr. Morandi said such cases typically involve land that adjoins wetlands or other environmentally sensitive tracts, and governments have a history of not paying when they seek to prevent development of property.

These ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a "public use" under the Constitution. That ruling also said that states could set their own restrictions on using the power of eminent domain, and many have followed suit.

In the 2004 general election, ballot measures were dominated by efforts to prohibit same-sex "marriage." Twenty states have approved constitutional amendments banning such "marriages," and voters in eight more states -- Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will consider them on Nov. 7.

Colorado voters also will consider a rival ballot measure that would legalize "domestic partnerships" or civil unions between same-sex couples, even if the marriage amendment passes.

Amendment 44 on the Colorado ballot would legalize the possession and use of up to 1 ounce of marijuana by people 21 or older, as long as it does not occur in public. Question 7 on the Nevada ballot would allow people 21 or older to purchase, possess, use and transport up to 1 ounce of marijuana.

Among proposals to be considered on Election Day:

•A Colorado measure would set term limits for state Supreme Court justices and state appellate court judges.

•An initiative in Oregon would limit terms of state representatives to six years and of state senators to eight years and cut off legislative service after 14 years.

•Proposition 103 on the Arizona ballot would make English that state's official language.

•Three states -- Maine, Nebraska and Oregon -- will have ballot measures that would cap how much revenue the state is allowed to keep. The Maine proposal, for instance, would limit growth in state spending to increases in population and inflation and would require that 80 percent of the excess paid to the General Fund and Highway Fund budgets go toward a tax-relief fund.

•A measure on the Florida ballot would require 60 percent voter support for passage of state constitutional amendments. Currently, amendments can pass with simple majorities, Ms. Bowser said.

At least 204 measures will be on the ballots of 39 states, Ms. Bowser said, making this a "gigantic" year in terms of ballot measures.

A Multipronged Tussle Over The Fate Of Herds Living In An Island Park (NYT)

By Felicity Barringer

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The New York Times, October 9, 2006

SANTA ROSA ISLAND, Calif., Oct. 3 — There are hunters who dream about places like this.

The game — unusually large Kaibab deer, Roosevelt elk that lope like thoroughbreds along the wind-scoured ridgelines — are trophy quality. All it takes to bag one is a 30-mile trip across the Santa Barbara Channel, a rifle, good aim, a minimum fee of about $8,000 and the existing agreement by the National Park Service to close 45,000 acres of parkland to the public, August through December.

Close a public park to make way for a private hunt? That is not the Park Service's preference. When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance.

An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone.

That was the deal until Representative Duncan Hunter came along. A powerful Congressional committee chairman who seems named, if not born, for this dispute, Mr. Hunter, Republican of California, believes the island's hunt must go on. But the Interior Department is not in his purview. The Defense Department is.

First, Mr. Hunter, the chairman of the House Armed Services Committee, suggested that military personnel and their guests should enjoy the hunt. Then he said it should continue for disabled veterans.

Neither of these proposals went over. But last week the huge military authorization bill emerged from a House-Senate conference committee with a vestige of the chairman's original proposal, as inscrutable as the Cheshire cat's smile. No disabled veterans were mentioned. Not even the word "hunt."

But by forbidding the park service to "exterminate or nearly exterminate" the animals, Mr. Hunter ensured that, unless someone shipped them out, the deer and elk would remain.

At whose expense? Presumably the Park Service's, since the families that sold the island ranch to the government will have no more presence here after the transition period ends in 2011.

For whose benefit? That remains unclear. Mr. Hunter's office is circulating an approving letter from a three-year-old Nebraska group called the Wounded Warriors Project. (A more established group, the Paralyzed Veterans of America, declined after their representative reported that the island's steep hills and angular drainages were not wheelchair accessible.)

What is clear is who is pleased with the turn of events: largely the descendants of the Vail family, who are heirs to the assets of the Vail & Vickers ranching company, which sold the land to the Park Service. Tim Vail, one of three cousins who played host to a gathering of California ranchers on the island last week, said, "We would not like to see the slaughter of those animals."

Asked to describe the difference between the Park Service's elimination of the herd and the private hunting, which benefits his family, Mr. Vail said: "Slaughter is removing all the animals. Hunting is maintaining their health as a herd."

It is also clear who is deeply disappointed: the Park Service, the conservation association and Representative Lois Capps, a Democrat who represents Santa Barbara and Channel Islands National Park. For them, preserving the park means restoring the landscape that existed before sheep, cattle, deer and elk were introduced.

"Now, nonnative species have priority over native species that are going to go extinct," said Russell Gallipeau, the park's superintendent.

Yvonne Menard, the park's chief of interpretation, argues that the park's mission is to restore the island's original landscape. Ms. Menard recounts with zest the news that, for the first time in decades, a bald eagle hatched on Santa Rosa. Moments later, she bends down sadly over a well-nibbled island oak shoot.

The bones of a pygmy mammoth and Arlington Man — at 13,000 years the oldest human skeleton found in North America — are part of the island's history. The ranching and hunting legacy of the past 170 years is also uniquely valuable, she said, but not as current practice.

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Under the new legislation, managing the deer and elk may well be part of the Park Service's job in five years. Practically, Mr. Gallipeau said, that means managing a hunt or paying the considerable costs of shipborne removal and taking on the burden of managing the skittish animals on the sometimes rough two-hour channel crossing.

The simplest management technique, shooting the animals en masse from helicopters, is forbidden by Mr. Hunter's legislation. The only simple alternative is some kind of traditional hunt — maybe something like the hunt now run by Vail & Vickers, although the Park Service has no budget for such activity.

Mr. Hunter said in an interview that, given that only 30,000 people a year visit any of the five islands in the park, accommodating some disabled veterans and their families a few weeks a year was not unreasonable. "We did this as a first step," he said.

Then, he said, he wants the Wounded Warriors group to put together a plan of use to suit their members. "You've got my commitment: I will never hunt there," Mr. Hunter said. "I only want disabled people who served their country in war. That won't ruin the day of these environmentalists whose freedom is guaranteed by their service."

The herds, he said, could be managed by the game management personnel at nearby mainland military bases.

Ms. Capps, who debated sharply with Mr. Hunter on the House floor the day the military authorization bill passed, said the chairman was showing "the arrogance of power" by including an amendment that could not be voted on in its own right.

"This is about what the park means to this country in terms of its values," she said, adding, "What if there were a hunting operation like this in Yosemite? The Grand Canyon?"

In the next Congress, Ms. Capps said, she plans to introduce legislation to undo Mr. Hunter's, assuming, as all parties do, that the Senate will follow the House and approve the military authorization bill when Congress reconvenes after the November election. Likewise, Mr. Hunter plans a follow-up to his bill.

The Vail descendants — the first cousins Tim Vail, Nita Vail and Will Woolley — say they believe that the Park Service goal of returning the island to its natural state is hopelessly utopian.

"They're trying to get it back to a period that never existed," Mr. Woolley said. Nita Vail added, "The reality is, any kind of ecosystem evolves."

Washington Wire (WSJ)

WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

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Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony "Armitage, however, denies it" way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: "The real hell of life is that everyone has his reasons." Read the full column.

FBI/DEA/ATF/USMS:

F.B.I. Struggling To Reinvent Itself To Fight Terror (NYT)

By Scott Shane And Lowell Bergman

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Last February, top F.B.I. officers from across the nation gathered in a high-security auditorium for the latest plan to reinvent the crime-fighting agency to take on terrorism.

Philip Mudd, who had just joined the bureau from the rival Central Intelligence Agency, was pitching a program called Domain Management, designed to get agents to move beyond chasing criminal cases and start gathering intelligence.

Drawing on things like commercial marketing software and the National Security Agency's eavesdropping without warrants, the program is supposed to identify threats. Mr. Mudd displayed a map of the San Francisco area, pocked with data showing where Iranian immigrants were clustered — and where, he said, an F.B.I. squad was "hunting."

Some F.B.I. officials found Mr. Mudd's concept vague and the implied ethnic targeting troubling. How were they supposed to go "hunting" without colliding with the Constitution? Would the C.I.A. man, whom some mocked privately as Rasputin, take the bureau back to the domestic spying scandals of the 1960's? And why neglect promising cases to, in Mr. Mudd's words, "search for the unknown"?

The skepticism is just one sign of unfinished business at the bureau. Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can.

Eight months after his talk, Mr. Mudd admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot.

"There's 31,000 employees in this organization and we're undergoing a sea-change," he said in an interview. "It's going to take a while for what is a high-end national security program to sink down to every officer."

The top counterterrorism job has turned over repeatedly — seven people in five years — filled mostly by veterans with little expertise on Islamist movements and terrorist networks. Many counterterrorism agents have minimal specialized training. A National Security Agency executive brought in to reshape the bureau's intelligence capabilities, Maureen Baginski, departed

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after clashing with F.B.I. old-timers. The intelligence units Ms. Baginski created in the 56 field offices lack clear instructions and some are "struggling," a recent Congressional study found.

And some bureau traditionalists believe that Mr. Mudd, too, will move on from his job as second in command of the bureau's new National Security Branch. "They'll just wait him out," a counterterrorism official said.

After interviewing more than 60 intelligence officials for a new book on counterterrorism, Amy Zegart, of the University of California, Los Angeles, reached a dismal verdict on the F.B.I.

"If you look at, for example, the four key ingredients for counterterrorism success — agents, analysts, managers and computers — the F.B.I. is struggling to get the basics right on all of them," Ms. Zegart said. "New agents still get more time for vacation than they do for counterterrorism training. Analysts are still treated as glorified secretaries."

In interviews by The New York Times and the Public Broadcasting System documentary series "Frontline," even critics acknowledged the sweeping structural changes at the bureau under Robert S. Mueller III, who took over as director a week before the Sept. 11 attacks.

The number of Joint Terrorism Task Forces, in which F.B.I. agents collaborate with state and local agencies, has ballooned to 101, from 35. The number of intelligence analysts has doubled to 2,161, and the number of linguists has doubled to 1,371. And the F.B.I. points out that there has been no new terrorist attack.

Mr. Mudd said agents were encouraged to postpone the arrest of a terrorism suspect until his ties to other operatives, financial supporters and foreign networks were fully understood.

"I don't want to take him down too quickly," he said. "I want to understand what we know and what we don't know. If we're focused solely on cases, I can't have confidence that we know what's going on."

But the drive to bring criminal charges often eclipses the intelligence imperative. In cases from Lodi, Calif., where a 23-year-old man was convicted this year of training in a terrorist camp in Pakistan, to Miami, where seven Haitian men are charged with waging war against the United States government, defendants who seemed nowhere near ready to mount an attack were arrested with a news media splash rather than quietly kept under surveillance.

Christopher D. Hamilton, who retired last year after 22 years at the F.B.I., half of it working on counterterrorism, said agents still believed that their careers would rise or fall on the cases they brought.

"Supervisors will say, 'Why don't you have any cases?' " said Mr. Hamilton, now at the Washington Institute for Near East Policy. "Cases are good for getting resources, good for publicity and good for morale."

Even a Los Angeles case that federal officials describe as the most operationally advanced of post-2001 plots uncovered in the United States appears to show a gap between public relations and reality.

In that case, three men are charged with committing robberies to raise money for jihadist attacks on synagogues and military recruiting stations, in what Director Mueller has described as a bid to create "Al Qaeda in California." Their actions are said to have been directed by Kevin James, who headed a Muslim group behind bars.

But agents checked on more than 100 prisoners with links to Mr. James and charged none. And though Mr. James has been portrayed as the mastermind, reporters for The New York Times and "Frontline" were repeatedly able to visit him in jail in Santa Ana, Calif. Such access is almost never granted to people accused of terrorism because the authorities fear that they could direct a plot from prison.

But if making arrests is no longer the top priority, many agents fear that an ill-defined quest for domestic intelligence is likely to lead to political trouble, as the hunt for Communists in the 1960's led to surveillance on the Rev. Dr. Martin Luther King Jr. and John Lennon. Michael Rolince, a veteran F.B.I. counterterrorism official who retired last year, said the attorney general's investigative guidelines, first imposed as a reform in 1976, "are absolutely necessary to keep F.B.I. agents out of trouble."

But the guidelines, largely classified, have been loosened repeatedly in the last 30 years, most recently in 2003 to permit "threat assessments" without evidence of a crime. Officials say uncertainty in field offices about how the rules apply today has slowed the move to intelligence. They plan to issue new instructions to top agents from each field office this month.

Mr. Mudd said he knew that concern about civil liberties was "in the DNA" at the F.B.I., and he recently read a biography of J. Edgar Hoover, whose long tenure as director was marred by abuses, to recall the dangers of uncontrolled domestic spying.

Still, he said, "I do bristle a bit at people saying, 'You want to just go back to the 60's and 70's.' "

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Intelligence on the terrorist threat involves not just spying, Mr. Mudd said, but also building a close relationship with leaders in Muslim communities.

To help agents and analysts distinguish genuine threats from routine Islamist rhetoric, the bureau has just doubled its basic training on counterterrorism to about 80 hours. Skeptics note, however, that more time is devoted to firearms training.

"The F.B.I. needs to follow the lead of the small group of agents who've made themselves experts," said Evan F. Kohlmann, a consultant to the bureau and Scotland Yard and author of a book and Web site devoted to Al Qaeda.

Mr. Kohlmann said the dozen agents who knew international terror networks best were rarely brought in on local cases.

Knowledgeable employees say Muslim agents number no more than a dozen of the bureau's 12,664 agents. (The bureau says it does not track employees by religion.) And an F.B.I. tradition that values leadership and personal connections more than specialized knowledge has resulted in counterterrorism bosses with minimal background.

"You need leadership. You don't need subject-matter expertise," said Gary M. Bald, whom Mr. Mueller named last year as the first head of the National Security Branch, admitting in a 2005 deposition that he knew little about Islam. Mr. Bald has since left for a security job with a cruise line.

The awkward tension between intelligence and prosecution was on vivid display in the Lodi case. The investigation began in late 2001 as an intelligence operation to size up two imams from Pakistan whom the authorities believed had ties to extremists.

After four years of surveillance, agents had found no evidence of terrorism-related crimes by the imams, who were deported to Pakistan. Instead, the government prosecuted Hamid Hayat, 23, who faces a maximum sentence of 39 years in prison for attending a terrorist training camp in Pakistan. His father, Umer Hayat, 48, is free after a mistrial and a guilty plea to making a false statement.

The Lodi case produced worldwide headlines about an "Al Qaeda cell" in California, and John D. Negroponte, the director of national intelligence, called it the prime example of a "homegrown jihadist cell" in Congressional testimony. But critics of the case, including several former agents, say it has serious and revealing shortcomings.

The informant in the case, a convenience store clerk who was paid more than $200,000 over four years in salary and expenses, could be heard on tape angrily ordering Hamid Hayat to seek terrorist training. His claim that he saw Ayman al-Zawahri, Al Qaeda's second in command, at the Lodi mosque in 1998 or 1999 was admitted by the government to be inaccurate.

The video of Hamid Hayat's confession showed agents prompting his answers and sometimes insisting on their own version. And his account of the camp bore no resemblance to that of his father, who said it was an underground facility where would-be terrorists dressed as "Ninja turtles" and practiced pole-vaulting.

The interrogation tapes so outraged James J. Wedick, who retired in 2004 after 35 years as an F.B.I. agent, that he worked for the defense without charge. "It's shameful, because I've never seen the department do this before," Mr. Wedick said.

The Hayats, he concluded, were saying whatever they thought the agents wanted to hear, and little effort was made to corroborate their confessions.

The case also raised questions about agents' familiarity with Islam, as some scholars say agents misinterpreted a scrap of paper with a Muslim prayer as a jihadist vow.

Finally, several other Pakistani Americans whom the Hayats said had visited terrorist camps have not been charged, suggesting that the F.B.I. does not believe at least some parts of the Hayats' confessions. The management of the case appears at odds with the new philosophy of following up all leads before any public charges are brought.

A lingering question in the Lodi case is the effect on Pakistanis in the area. Some mosque leaders who saw the Pakistani imams as militant interlopers are glad they are gone. But few believe that the Hayats ever posed a threat.

Taj Khan, a retired engineer and leader among the Pakistanis in Lodi, said the Hayats' experience had made residents more reluctant to cooperate with the F.B.I.

"Everybody's clear that as soon as they talk to the F.B.I.," Mr. Khan said, "they might be, you know, put in the slammer."

There is, he added, "not much trust at all."

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Drew S. Parenti, the special agent in charge of the Sacramento office of the F.B.I., defended the case, saying, “Everything we did in this case was lawful, ethical, proper, was reviewed by a judge and was determined by a jury of peers to be sufficient evidence to sustain conviction.”

But Mr. Scott, the United States attorney, now says it was a mistake to label the case as a Qaeda plot.

“We probably, at the end of the day, should not have used that term,” he said. “One of the biggest mistakes that we can make is to overhype these cases on the front end. And if it is a widely held perception out there that we did that in this case, then I regret that, because that was never our intent.”

An Attorney's 23-Year Quest For An Ex-Beatle (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, October 10, 2006

Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle.

Twenty-three years later, he's still digging.

A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s.

What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor.

The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, "The U.S. vs. John Lennon," in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book "Gimme Some Truth: The John Lennon FBI Files," and was a consultant for the film, in which he appears.

A CAUTIONARY TALE

Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion.

"It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance," he said.

Much of Wiener v. FBI, No. CV-83-1720 (C.D. Calif.), settled in 1997 during the Clinton administration.

In 1991, the issue of whether the FBI had sufficiently detailed its reasons for nondisclosure went up to the 9th U.S. Circuit Court of Appeals. In that decision, Wiener v. FBI, 943 F.2d 972 (1991), the appeals court reversed the lower court and determined that the FBI's degree of specificity was not adequate.

Today, the parties continue to spar over a handful of remaining documents that U.S. District Judge Robert Takasugi in 2004 said the FBI must release. Government attorneys argue that releasing them could jeopardize the national security of an unnamed foreign government. Lennon was a British citizen.

Although attorneys for the U.S. Department of Justice have filed a notice of an appeal to Takasugi's decision, it remains uncertain whether the U.S. Office of the Solicitor General, which must authorize the government's pursuit of an appeal, will do so.

A spokesman for the Office of Solicitor General said that, so far, no authorization had been granted. He declined to comment further.

A GRASSROOTS THREAT

Lennon drew the Nixon administration's scrutiny because of his protests over the Vietnam war. Lennon's ability to rally grassroots support for his views prompted FBI agents to document his whereabouts and monitor his appearances.

Lennon, 40, was assassinated in 1980 in New York by Mark David Chapman.

Other attorneys representing Wiener are Mark Rosenbaum and Peter Eliasberg, with the American Civil Liberties Union in Los Angeles.

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Since the case originally was filed, Marmalefsky has married and has a grown son. When he brought the suit in 1983, he was an associate at Hufstedler Miller Carlson & Beardsley in Los Angeles. Most of its attorneys, including Marmalefsky, joined Morrison & Foerster in 1995.

American University Washington College of Law professor Robert Vaughn, whose scholarship focuses on freedom-of-information issues, said that freedom-of-information disputes that go to litigation usually drag on a year or two.

"Twenty-three years is a very long time," he said.

Big Drug Smuggling Ring Busted (NADH)

Netherlands Antilles Daily Herald, October 10, 2006

56 indicted, 28 arrested, two here

PHILIPSBURG--Twenty-eight persons, including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation.

Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico.

De Vrieze also disclosed that detectives of the Kingdom Detective Cooperation Team RST had played a vital role in exposing the mastermind behind the operation, as a result of which some 56 indictments have been issued for persons involved, 28 of whom have already been arrested.

The Dutch national De G. was the first of the two persons arrested here. He was held Friday afternoon and the second suspect M.V. was held on Saturday as he was attempting to leave the island for Puerto Rico.

According to De Vrieze these two coordinated the transhipment of drugs through St. Maarten in collaboration with their Colombian counterparts who organised the delivery using six speedboats that have been confiscated.

Millions of dollars identified by the authorities as being laundered and drug money have also been confiscated from several US and offshore bank accounts.

In addition, the authorities have confiscated about 1,900 kilos of cocaine so far.

De Vrieze explained that RST detectives had stumbled on some information earlier this year that they had followed. The information led them to several groups that appeared at first to be independent operations, but which they later learnt were linked.

The authorities were also able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organisation and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping.

Pereira is believed to have orchestrated the kidnapping of a US citizen for whose release he demanded US $5 million in ransom. The victim managed to escape unharmed.

Giving additional details about the busted operation, De Vrieze explained that millions of dollars in drugs had been shipped from South America to Santo Domingo and then to the United States using St. Maarten as a transhipment island.

It seems that the cartel used a method called “the black market peso exchange” to “wash” their ill-gotten gains. They would exchange the money, or make investments with very little if any profit margins, as their prime concern was the return of funds through a legal channel.

The countries involved in the illegal operation were the USA, Puerto Rico, Colombia, St. Maarten, the United States Virgin Islands, the British Virgin Islands, and the Dominican Republic.

Arrests Made In Colombia Drug Case (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 10, 2006

WASHINGTON -- Twenty-seven people were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year.

The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called "Operation Green Traketon" and "Operation Watusi."

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An undercover agent for U.S. Immigration and Customs Enforcement, whose identify has not been disclosed, was kidnapped and held for a half-day, at times with a gun stuck in his mouth, authorities said.

The drug ring's leaders initially demanded a $2 million ransom but then chose to release him after they realized he was a U.S. government agent.

The Dec. 14 kidnapping had not been previously disclosed. It was announced by the Justice Department on Friday.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents," said Julie Myers, the assistant secretary at the Homeland Security Department. "In this case, our agent was fortunate to escape with his life," said Myers, who heads Immigration and Customs Enforcement.

Twenty-nine suspects were still at large late Friday. Among them is Luis Alberto Pena-Pena, a leader of the drug operation who ordered the agent's kidnapping from his hotel in Medellin, Colombia.

The agent had infiltrated the drug ring, which was smuggling cocaine from Colombia through Caribbean islands and Puerto Rico to the United States. Authorities said he was kidnapped, handcuffed and threatened with murder the morning after a conversation with Pena-Pena.

Authorities said Pena-Pena blamed the agent for the loss of 200 kilograms of cocaine that law enforcement officers in Puerto Rico had seized in July 2005. Pena-Pena also berated the agent, who had been taken to a ranch in Medellin, over several money seizures in Puerto Rico, officials said.

Meanwhile, immigration agents in Puerto Rico learned their colleague had been kidnapped and that Pena-Pena's organization was demanding $2 million for his release. That touched off frantic plans to rescue the agent, involving the FBI, the DEA and the U.S. Embassy in Bogota.

Before a rescue could be attempted, one of Pena-Pena's lieutenants found the agent's U.S. law enforcement credentials and badge in his abandoned hotel room and alerted the drug ring leader, officials said.

The agent was released shortly afterward, presumably because Pena-Pena and his confederates believed "killing a U.S. federal agent would've brought more attention to them than they wanted," said Immigration and Customs Enforcement spokesman Dean Boyd.

The indictments announced Friday were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States.

So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine.

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On the Net:

Justice Department: http://www.usdoj.gov/

U.S. Immigration and Customs Enforcement: http://www.ice.gov/

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

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According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

Arrest 3 Dominicans In Breakup Of A Major Drug Ring (DOMT)

Dominican Today, October 10, 2006

SANTO DOMINGO. - The National Drugs Control Agency (DNCD) assisted by authorities in 6 countries captured three Dominicans implicated in a powerful international network that introduced large shipments of cocaine to the United States, and which used Puerto Rico as springboard for its operations.

The international operation leading to the arrests included the U.S., Colombia, Saint Martin and Dominican Republic, helped by the DEA, to end the illicit maneuvers capturing 33 of 56 narcotics traffickers, including the Dominican-born Ramirez Santana Leon, Toribio Jiménez and Woady Audry Lopez.

DNCD president Rafael Ramirez made the announcement this morning. “The arrest of those individuals was possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States,” through Puerto Rico, he said

He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island, from were they were sent to different points of the American territory.

From the members of the international ring were seized 1,900 kilos of cocaine, US$3 million, 6 boats and 131 large bank accounts with high sums in dollars were frozen, in just one operation. They will face charges of conspiracy, drugs distribution and import, in addition to money laundering.

The Dominican detainees, who in the next hours will be given in extradition, were part of that band which directed and controlled the transport of cocaine to the U.S., coming from Colombia, task in which also used light boats, according to the investigation that culminated in the arrest of the fugitives. They face several charges in a San Juan Federal Court.

DNCD spokesman Roberto Lebrón said that from the exchange of information "we are convinced that those three individuals are the ringleaders in the country of that network of narcotics traffickers," which are being held in the DNCD compound. The arrests took place simultaneously in La Romana, Santiago and Puerto Plata, cities where the Agency’s special units went to capture them.

Lopez, detained in Santiago, had in his possession 8 cellphones, a pistol, two luxury SUVs, and several deeds of properties worth millions, whereas Jiménez was arrested in his vehicle in La Romana, and was carrying a pistol. In his house there were two nautical charts and several rental contracts of buildings located in the Bayahibe resort area.

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For his part, Santana de Leon, arrested in front of a restaurant in Puerto Plata's Malecon, had a pistol, among other personal documents.

"These three people will be extradited to the U.S.A. so that they face charges of drug shipments occupied in that country," Lebron said.

A federal Prosecutor in Puerto Rico, Rosa Emilia Rodriguez, and the Police confirmed that the ring was directed in Colombia by Gregorio González (El Flaco), who is under arrest in Bogota and would be extradited to the U.S.A.

Another ringleader is also the Colombian Luis Peña Peña.

Of the arrests 18 were conducted in San Juan, Puerto Rico, where the network had its operations center and 3 in Santo Domingo.

Up In Smoke (TRACYP)

By Written By Phil Hayworth

Tracy Press, October 10, 2006

Tracy joins the rank of NorCal towns with major marijuana busts, as four men are arrested for turning local houses into high-end pot farms.

Gutierrez/Tracy Press - CAUGHT:Three people were arrested at this house on Deer Run Lane this week for allegedly growing marijuana inside the house. Two other houses were also targeted by law enforcement for illegal drug activity.

Tracy police busted three sophisticated indoor marijuana growing operations this week, complete with grow lights, automatic watering systems, climate controls and ventilation systems.

The homes were nestled among some of Tracy's priciest and newest homes — and just yards from playgrounds packed with children.

"And at this point, we suspect there are more in Tracy," said Sgt. Mark Duxbury of the Tracy Police Department's Street Crimes Unit.

Investigators think the pot houses could be linked to a regional, organized pot-growing syndicate stretching from Sacramento to Tracy.

At dusk Tuesday and Wednesday, detectives from the Tracy Police Department's Street Crimes Unit swooped in on three homes in the neighborhoods of Glenbriar Circle, Whispering Wind Drive and Deer Run Lane, netting 666 marijuana plants and thousands of dollars in loose cash.

Four men were arrested and booked into the San Joaquin County Jail in French Camp for conspiracy, cultivation of marijuana and possession of marijuana for sale.

"Just based on the plants' sizes, they were growing for at least two months," Duxbury said. "The quality of the plant was very impressive, actually — well-groomed, well-maintained, to the point where they had maximum buds."

He said many of the plants were only weeks from harvest.

County officials generally estimate that a single pot plant can be worth up to $6,000 in harvested marijuana. That puts the haul from the Tracy busts at just under $4 million.

Sold on the street, potent pot can bring anywhere from $650 to $900 an ounce, Duxbury said.

Tracy police are investigating whether the Tracy operations are connected to 41 other home-based pot operations busted from late June through late September in Sacramento, Elk Grove and Stockton.

"It was so obvious," said a Deer Run neighbor. "The windows were all blacked out and they had water hoses coming out their front doors out onto the lawn."

The neighbor, who wished to remain anonymous, said that Tracy police knew about the pot operation and figured police were biding their time until they could make physical arrests, not just seizing plants.

The first house hit by police Tuesday evening was a new house in the 1600 block of Whispering Wind, where 260 plants were recovered and a 2006 Chevrolet panel van was seized.

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The second search warrant, executed on the 400 block of Glenbriar Circle, turned up 249 plants and about $1,000 in cash. A 2004 Audi was also seized. Wathanack Suon, 23, of Tracy, was arrested there and booked into county jail for the cultivation of marijuana, possession of marijuana for sale, and theft of utilities.

The third search warrant was executed on the 1500 block of Deer Run Lane where 157 plants were recovered and a Honda Civic was seized. Tung Nguyen, 30, of San Jose, was arrested inside of the residence; Christopher Truong, 18, of Sunnyvale and Hiep Tran, 19, of San Jose, were arrested after they fled the residence on foot and were located while hiding in nearby yards.

Nguyen, Truong and Tran were booked into San Joaquin County Jail for conspiracy, cultivation of marijuana and possession of marijuana for sale. Nguyen was also charged with violation of parole.

Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area.

The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento.

Meth arrest

In a separate incident, Street Crimes detectives arrested 45-year-old Alfred Santana on Sept. 29 for possession of a half-pound of methamphetamine at his home in the 300 block of Yosemite. Street value of the drug was about $10,000, Duxbury said.

Detectives also seized $2,655 in cash and Santana's methamphetamine price sheet. Santana was booked into county jail for possession of a controlled substance for sale and for committing a felony while out of custody on a pending felony matter. He is being held on $1 million bail.

It was the third time in a year that Street Crimes detectives arrested Santana while possessing more than a half-pound of methamphetamine during each incident.

Medical Pot Has Cities In A Bind (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, October 10, 2006

As Norco Mayor Pro Tem Harvey Sullivan voted for a 45-day moratorium on medical-marijuana dispensaries this month, it was with mixed emotions.

Sullivan is battling prostate cancer. More than ever, he understands the pain that drives patients to cannabis for relief. At the same time, he leads a city battling to deal with the drug and alcohol abuse that has led to an increase in traffic fatalities -- particularly among youths. Conflicting state and federal laws on the legality of medical-marijuana use further complicate the matter for city leaders.

"I'm not sure what to think," he said. "I could go either way."

His dilemma is not unique. It's playing out throughout the region and the state.

Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. California voters approved marijuana use for medical purposes in 1996, but it is still illegal at the federal level. The federal government has not determined that marijuana serves a medical purpose and views it as a "gateway drug," enticing users to harder drugs.

District Attorney Grover Trask has said he won't prosecute patients who use marijuana in accordance with state laws. A handful of Inland cities, including Palm Desert and Palm Springs, are considering ordinances to restrict or regulate cannabis distribution. Other cities such as Corona have already enacted moratoriums and have gone so far as to seek a restraining order against a dispensary within the city.

"The state has mandated cities and counties to find a way for it to be distributed without having illegal drug houses," Sullivan said. "The people voted on it. Now we need to find the right way for it to be dispensed under a doctor's supervision. I'd rather see it sold somewhere like Sav-on than some tattoo parlor on the corner."

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No one has currently sought a business license for a dispensary or cannabis co-op in Norco, but city officials hope to establish guidelines before one tries to come in.

Cities were looking to the county to establish regulations they could also adopt, but now that the county is challenging the state, the cities are left on their own to figure it out, said Ryan Michaels, of Inland Empire Patient Advocates. The group has worked with several Inland cities on ordinances that regulate while protecting patient rights.

Michaels is also the director of Healing Nations Collective, a Corona medical-marijuana dispensary fighting the city in court to stay open.

A lot of cities don't even know it's legal for patients with a medical-marijuana prescription to grow their own cannabis, he said. Michaels wants cities to encourage open communication between law enforcement and dispensaries. He advocates requiring business licenses for co-ops with seven or more members.

However, city leaders fear that such places attract crime, are difficult to regulate and are vulnerable to abuse.

Last week local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers.

Norco resident Pat Overstreet said she has trouble accepting the idea of medicinal-marijuana distribution because of the potential for abuse.

"As a (registered nurse), I know there are some situations where marijuana will help people with acute pain and nausea," she said. "But the potential for abuse is truly what's so scary about this."

$58,000 A Quarter For Electricity? (TIMESO)

By LA Notebook By Chris Ayres

Times Online, October 10, 2006

Stone me, now I remember why . . .

THE SMELL was musty and sour, enough to make your eyes water. “I think there might be a skunk in here,” I said, trying not to breathe.

“Not quite,” coughed the owner of the office building in which I was considering renting a cubicle. “We have the other kind of skunk here: marijuana. The medical stuff.” There was a long, pungent silence. Before I could ask for urgent clarification, my future landlord cut me off: “There’s a licensed dispensary on the floor below. Don’t worry: it’s completely legal. You might enjoy the odour after a while.” I took the cubicle.

And so, for a few relaxed, hungry, and generally unproductive months, my workspace was directly above one of LA’s hundred or so medical marijuana dispensaries, also known as clinics or “clubs”.

It has been exactly ten years since California made it legal for individuals to grow and use marijuana for medicinal purposes, thus creating the dubious legal no man’s land in which the dispensaries are tolerated. Owners of these outlets argue that growing pot plants (not to be confused with potted plants) is a difficult business, and that their 150,000 or so customers, many of them with terminal cancer, have little energy for horticulture.

Nevertheless, they’ve demonstrated considerable savvy in their marketing of the weed, such as marijuana-laced snacks and drinks with strangely familiar brand names: Pot Tarts, Munchy Way, Toka-Cola, Stoney Rancher. Not everyone believes they are in it entirely to help the infirm.

The problem, of course, is that while California might be all funky and liberal on this issue (Governor Arnold Schwarzenegger used to smoke marijuana openly before going to the gym) the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty. In an uncanny parallel with the popular TV sitcom Weeds (the protagonist is a dazed suburban mum who sells pot to maintain her Land Rover lifestyle), one of these raids took place at a house in the posh San Francisco suburb of Elk Grove.

Outside, the house looked like any other suburban box. Inside, it had been gutted to make way for an indoor pot farm: the skunk odour was vented and filtered in the attic, while electricity for the grow-lights was tapped illegally from the grid. The latter

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strategy was necessary because the Feds are often made suspicious by humungous electricity bills (another growhouse was raided last week after a quarterly meter reading showed that $58,000 was due).

It's tempting to see all this as a typical case of the Bush Administration versus the Left Coast. But predictions of a culture war are probably overdone. California's pot clubs have resulted in virtually zero extra demand overall for the drug. According to the Government's 2005 national survey on drug use and health, about 8 per cent of Americans aged 12 or older use illegal drugs, a figure that has remained unchanged over recent years. Meanwhile, the use of marijuana among kids between 12 and 17 is actually falling. Sociologists need only watch Weeds to see why: pot smokers are middle-aged; sometimes beyond middle-aged. Stoners are the new real ale bores. Marijuana is so inoffensive, you can find copies of High Times magazine in your dentist's waiting room.

Here's my theory: even conservatives now accept the theory that brain chemistry can be altered by just about anything, from a three-mile run to a slice of chocolate cake. And as the wealth, leisure time and age of the US population grows, so too does the desire to tinker with that chemistry, especially if it can make life more pleasant.

Aldous Huxley predicted all this in Brave New World, in which it was "soma" that kept everyone feeling hunky-dory. So why the raids by the Feds, or the lawsuits by certain counties to overturn California's liberal policy? The former is a case of going after the most obnoxious profiteers (one dispensary was making $2 million a year). The latter is usually a simple case of Not In My Back Yard.

Which brings me back to that cubicle I rented. I've never found much appeal in marijuana, so the novelty of the stink wore off quickly. I didn't stay long. Does that make me a Nimby? I like to think not. The People of California can get as baked as they want in my back yard.

But please, not under my desk.

Med Marijuana Moratorium Will Stay In Palm Springs, Dispensary Open (PSDS)

The Desert Sun, October 10, 2006

Springs Caregivers, the medical marijuana dispensary located next to Toucan's in North Palm Springs, is back open today after being closed by a Drug Enforcement Administration raid earlier this week.

About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting this evening at city hall to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215.

Palm Springs Caregivers reopened today about 11 a.m. DEA agents had served a search warrant on the dispensary after someone they say is connected to the dispensary left a "tip" of a marijuana edible for a worker at the Spa Resort Casino in downtown Palm Springs.

The Palm Springs Medical Marijuana Task Force is meeting to consider the city's approach to an ordinance regarding the drug. Currently, a moratorium in effect until March prohibits any new dispensaries from opening but "grandfathers in" the two existing Palm Springs sites, one on North Palm Canyon and one, Collective Apothocary of Palm Springs (CAPS) closer to the heart of downtown at 333 Palm Canyon Drive.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 10, 2006

A battle for the title of the finest neighborhood is brewing -- historic Georgetown versus suburban McLean -- although it's starting to smell of politics.

We turn to the current issue of the Georgetowner, a local newspaper that didn't take kindly to the New Republic's recent magazine headline: "So long, Georgetown. McLean is the new home of America's ruling class."

Wouldn't you know The Washington Post next ran with the story "and all but declared it official," the Georgetowner notes in an editorial.

Not to be outdone, the editors of the local paper are offering their own partisan perspective on the two diverse communities, stating in part: "When you enter McLean, Va., ... one of the first things you see is a huge green sign declaring, 'George Bush Center for Intelligence.' This is your clue to turn around and go no further. ...

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"When you grocery shop at the McLean Safeway, you run into Newt Gingrich, Ken Starr and Bill Kristol. When you shop at the Georgetown Safeway, you run into the likes of George Stephanopoulos, Elizabeth Taylor, Kitty Kelley, and Madeleine Albright. Now, I ask you, whom would you rather say hello to?"

The editors go on to recall that John F. Kennedy once lived in Georgetown, while "Dick Cheney and his wife lived in McLean when he was a top official at Halliburton. Colin Powell, secretary of state under George W. Bush, lives in McLean. Madeleine Albright, secretary of state under Bill Clinton, lives in Georgetown."

Finally, nobody should be surprised to read that Georgetown has a population of 14,000, 12,000 of whom are Democrats.

US Worries Opium From Afghanistan Will Enter US Market (VOA)

By Stephanie Ho

Voice of America, October 10, 2006

A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States.

Afghan boys tend a poppy field while their father supervises on the outskirts of LashkargahThe figures speak for themselves. In the past few years, as opium poppy eradication efforts in other countries have met with a measure of success, post-Taleban Afghanistan has emerged as the world's leading, and nearly only, supplier of heroin.

The U.N. Office on Drugs and Crime published a survey in September on opium poppy cultivation in Afghanistan, which it said has risen 59 percent since 2005. The report called the 6,100 tons of opium harvested in Afghanistan this year "unprecedented," and said revenue from the harvest will exceed $3 billion.

Opium is used to make the drug heroin. The White House drug control policy director, John Walters, said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could replaced by Afghanistan.

"It is a danger," said John Walters. "It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA [Drug Enforcement Administration] and other international enforcement agencies, in watching this."

He spoke in an interview shown Sunday on C-SPAN, a private, non-profit network that broadcasts Congressional proceedings and other Washington political events on cable television.

Walters said the United States has a two-pronged approach in dealing with heroin from Afghanistan.

"What we are trying to do is both be vigilant to cut off efforts to move it here, but, over time, if we are not successful in reducing supply, you would expect there would be some increased flow here - and there can be some flow here - but we are going to both try to cut off that flow and, of course, first and foremost, cut off that production source," he said.

Shortly after the U.N. report was released, the State Department's Thomas Schweich told reporters in Brussels that U.S. officials believe aggressive eradication of opium poppies in Afghanistan is crucial. He added that "it is very difficult to interdict heroin and opium paste," which he described as "hidden cargo" that moves through "porous borders" and through "rough, desolate terrain."

U.S. officials say the Taleban is encouraging opium growing in the southern Helmand Province, where American and NATO troops are battling a persistent insurgency.

The assistant secretary of state for narcotics and law enforcement, Anne Patterson, told Congress last month that the Taleban is also protecting drug routes and traffickers. She said, whether the Taleban is getting revenue from the drug trade, or just encouraging an anti-government statement is not clear.

Meanwhile, the White House's John Walters says the good news is that, as global eradication and interdiction efforts have been successful, the purity of heroin available worldwide has gone down. At the same time, another factor he pointed to as a positive sign is that prices for opium actually have gone up, suggesting diminished supply. E-mail This Article

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Court Tests Await Cities' Laws On Immigrants (USAT)

By Laura Parker, Usa Today

USA Today, October 9, 2006

Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them.

The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory.

The court action has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances.

More than 30 city councils have passed or are considering local measures aimed at curbing illegal immigrants' access to housing, voting and jobs. At the state level, lawmakers in 33 states have passed 78 bills, most of them imposing restrictions similar to the city measures, the National Conference of State Legislatures says.

The laws challenge a principle established by the U.S. Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police.

"I am prepared to fight this to the highest court in the country if we have to," says Hazelton Mayor Lou Barletta.

He says he gets calls every day from officials in other cities who want a copy of Hazleton's new law. "It's a good ordinance that other cities can model themselves after. The message is: Illegal aliens are not welcome here."

Barletta says he proposed Hazelton's new ordinance after a series of crimes allegedly involving illegal immigrants. "Our police department is stretched beyond its limits. I've had enough."

The ordinance penalizes business owners and landlords — not the immigrants they employ or rent to — by revoking their licenses to do business.

To defend Hazleton's law, Barletta put together a legal team that includes a Philadelphia law firm and lawyers from conservative groups such as the Mountain States Legal Foundation and the Federation for American Immigration Reform.

Michael Hethmon, a lawyer for the Immigration Reform Institute in Washington, D.C., helped Hazelton rewrite the ordinance that was passed in July to give it a better chance of surviving in court. Valley Park has since adopted the Hazelton model, and Riverside is considering whether to do so.

Hethmon says he thinks the revised ordinance will pass muster in court because it "respects the powers and authorities" of local and federal governments.

The original law was vague about how a resident's immigration status would be determined. Under the revised law, the city would determine immigration status by submitting information to the federal government for verification. The revised ordinance also gives landlords and business owners three to five days to correct violations before fines and other penalties are imposed.

Some legal experts say the cities face an uphill fight.

"The line of cases stretches back 150 years in a range of situations that are analogous to what is happening now," says Michael Wishnie, a Yale Law School professor who specializes in immigration law. The Supreme Court "has made it very clear that the regulation of immigration is exclusively a federal function."

N. Korea: Nuclear Test Was Success (USAT)

From Staff And Wire Reports

USA Today, October 9, 2006

Nearby nations denounce action

North Korea said today that it had successfully conducted its first nuclear weapons test, an underground explosion that, while unconfirmed, sent neighboring countries scrambling into emergency meetings.

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U.S. and South Korean intelligence detected a seismic event at a suspected nuclear test site in North Korea, White House spokesman Tony Snow said just before 2 a.m. ET today.

Snow declined to speculate on a possible U.S. response to a North Korean nuclear test.

"At this point we are not confirming a nuclear test. At this point we're still assessing the data and trying to figure out what happened," Snow said.

"We expect the U.N. Security Council to take immediate actions to respond to this unprovoked act," Snow said. "The United States is closely monitoring the situation and reaffirms its commitment to protect and defend our allies in the region."

The U.S. Geological Survey detected a magnitude-4.2 tremor late Sunday in the country's northeast region, about 240 miles from Pyongyang, the capital, according to the USGS website.

South Korea's Defense Ministry raised the alert level for its military upon hearing the news. South Korean stocks plunged following the announcement.

North Korea's official state-run Korean Central News Agency called the test "a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation."

"It marks a historic event as it greatly encouraged and pleased the … people that have wished to have powerful, self-reliant defense capability," it said.

The report of the test came as Japan's new prime minister, Shinzo Abe, was in China to discuss security issues. Japan said today that it would push for a tough resolution at the U.N. Security Council to force North Korea to end its nuclear program.

"If it is proven, it will be a grave threat to stability in northeast Asia, and we will file a strong protest," Chief Cabinet Secretary Yasuhisa Shiozaki said.

China said today that it firmly opposed North Korea's test, denounced it as "brazen" and demanded that the government in Pyongyang stop any action that would worsen the situation.

North Korea "has ignored the widespread opposition of the international community," China's Foreign Ministry said on its website.

Several countries have been holding talks to get the North to end its nuclear ambitions. The United States, South Korea, Japan, Russia and China had been urging North Korea to return to the six-nation talks it abandoned a year ago. The Security Council last week urged North Korea not to carry out a test.

The country pulled out of the Nuclear Non-Proliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, violating an earlier nuclear pact between Washington and Pyongyang.

Looking Over The Wall (NYT)

The New York Times, October 9, 2006

Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that.

With a better start, this election year could have featured a rational debate about immigration policy that went beyond xenophobia and the fear of disorder caused by the presence of immigrant day laborers on suburban street corners. Americans — particularly those struggling to find decent jobs themselves — have a reasonable concern about what effect the presence of so many unplanned-for workers has had on the economy. They deserved to hear that talked about in a realistic way.

Last month the Center for Immigration Studies, a group that wants to reduce immigration, released a study that found that a sharp immigration increase in the last five years corresponded with a steep decline in the employment of young native-born Americans, particularly black men without high school diplomas. Last week in The Times, Rachel Swarns reported on the ways the booming population of Latinos in the Deep South — particularly Georgia — had left many black Americans resentful of the immigrants' comparative success.

But there is compelling evidence that instead of harming the economy, unskilled immigrants prop it up, filling jobs that better-educated Americans do not want and giving everyone access to cheaper goods and services. The case made by the

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Center for Immigration Studies is rebutted by other studies that have found that there is no nationwide pattern of job displacement by illegal immigrants, and that immigration has broadly been a net plus to the nation. In Georgia, immigrant labor has kept textile mills, farms and service industries humming.

Right now across America, fruit is rotting on the ground because the crackdown along the border has created a shortage of immigrant workers needed for the harvest. Nevertheless, it is impossible to ignore stories of poor American workers who believe that their livelihoods were undermined by immigrants willing to work for below-subsistence wages, and of honest employers who could not compete with unscrupulous competitors using undocumented workers.

These serious problems will not be solved at the border with Mexico. Setting things right means adopting policies that fence-obsessed members of Congress have not exactly championed, like raising the minimum wage, improving public education, having a progressive income tax and making sure that workers' rights are protected.

These are only a few reasonable solutions. A host of others is offered in a new report by the Migration Policy Institute, in which Lee Hamilton, the former congressman, and Spencer Abraham, the former senator and energy secretary, argue that immigration needs to be seen as an integral element of a national economic policy. It is a resource to be embraced and managed, with a lawful, orderly flow of workers governed by flexible quotas set by a national commission advising Congress.

It's a comprehensive approach and then some. It offers a new way of framing a stalled debate. The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them.

Study: South Texas Leads In Taking Violators To Trial, But Hasn't Always (MON)

Monitor, October 10, 2006

McALLEN — Federal prosecutors in South Texas are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study.

The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas.

The majority of the local cases come from Department of Homeland Security agencies, such as the U.S. Border Patrol and U.S. Customs and Border Protection, for people apprehended on charges like illegally re-entering the country, impersonating a U.S. citizen and human smuggling.

In fact, Texas' Southern District, based in Houston, has led the country in the number of immigration prosecutions for five years, according to the study from the Transactional Records Clearing House.

TRAC, a research center that focuses on how government operates, specifically agencies like the FBI, Drug Enforcement Administration and the Department of Homeland Security, regularly looks at immigration data it requests from the government and analyzes it for patterns.

The latest numbers available are for June 2006.

The number of immigration cases taken to court could be even higher by next year.

President Bush recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts.

The Southern District has about 150 assistant U.S. attorneys who at any given moment manage as many as 100 cases.

When and how many will be added to Texas' Southern District is unclear, according to its spokesman, John Yembrick.

He referred all calls about immigration statistics to the Department of Justice.

But a high number of immigration convictions has not always been the case in South Texas.

According to TRAC, fiscal year 2004 proved to be a turning point for the district. The number of convictions in the district that were tied to immigration violations went from 304 in fiscal year 2003 to 13,778 in fiscal year 2004.

The majority of immigration cases originated with the DHS. As other federal agencies contribute fewer cases that lead to prosecution and conviction, DHS is contributing a growing number of cases, according to TRAC.

DHS referred 18,092 cases to federal prosecutors in South Texas — four times as many as Texas' Western District, which had the next largest number.

Mexico May Take Fence Dispute To U.N. (AP-Y)

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By Jenny Barchfield, Associated Press Writer

AP, October 10, 2006

Mexico's foreign secretary said Monday the country may take a dispute over U.S. plans to build a fence on the Mexican border to the United Nations.

Luis Ernesto Derbez told reporters in Paris, his first stop on a European tour, that a legal investigation was under way to determine whether Mexico has a case.

The Mexican government last week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. President-elect Felipe Calderon also denounced the plan, but said it was a bilateral issue that should not be put before the international community.

Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a "shame" U.S. immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the U.S. in November.

He said he discussed the issue with Douste-Blazy, and planned to bring it up in meetings with his Spanish and Italian counterparts during visits to Madrid and Rome. He vowed to work on the case until the "very last day" of President Vicente Fox's term, which ends Dec. 1.

The U.S. Senate approved the border fence bill last month and President Bush has said he will sign it into law — despite last-minute pleas from the Mexican government for a veto.

"What should be constructed is a bridge in relations between the two countries," Derbez said.

A Public Frustrated With Judges Who Use Their Benches As Thrones (WSJ)

WSJ, October 10, 2006

If "the breadth and intensity of rage currently being leveled at the judiciary" is "unmatched in American history," there is more than likely a reason, and that reason is more than likely expressed by Sandra Day O'Connor's praise for judicial minimalism in "The Threat to Judicial Independence" (editorial page, Sept. 27). Surely the judiciary's mission is broader than "checking the other two branches and protecting minority rights"; but from the perspective of heartland America, the courts have long abandoned that broader mission to engage in partisan advocacy against the majority's interests. It is simply disingenuous to argue that anger against judges is being stirred up by fanatics and opportunists while dismissing the judiciary's persistent undermining of fundamental constitutional protections, such as the right to life in Roe or private property rights in Kelo, as mere "erroneous decisions."

Justice O'Connor's argument ultimately rests on the false assumption that only the executive branch, legislature or public might pose a threat to "the complete independence of the courts." A more reasonable reading of Hamilton is that the responsibility for maintaining the distinction between the judiciary and the two other branches rests at least equally upon the judiciary. That has certainly been the opinion of the Supreme Court itself at least since Jefferson requested its advice on foreign policy and the court demurred, explaining to President Washington that there is a constitutional prohibition against such advisory opinions because they usurp legislative and executive powers.

Such reticence is hardly to be found in the commerce clause, religion clause, abortion rights or eminent domain doctrine of liberals on the current Supreme Court, or that of their most dependable ally, Sandra Day O'Connor. The result has too often been opinions like Kelo in which the rights of minorities or special interests are held to be pre-emptive and the usurpation of legislative and executive powers by the judiciary the means to a socially desirable end. Perhaps the public's anger toward the bench is simply a reasonable response to decades of unprincipled jurisprudence.

Edward H. Stewart Jr.

Austin, Texas

Justice O'Connor sets up a straw-man argument when she decries the intimidation of judges and quotes federal appeals-court judge David B. Sentelle as saying that "'Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families.'" Of course. Only those beyond the pale of reason would disagree.

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But there is a deeper issue embedded in her recognition that there is an all-too-pervasive lack of trust in judges -- both state and federal. All too many judges have lost sight of their responsibility of interpreting law, not making it. And, all too often, the appointing powers -- presidents, governors, and, in many states, the electorate -- select judges precisely because they expect those judges will "make law" favorable to appointing powers' political agendas.

True, it is frequently a fine line between improperly making law and interpreting it, especially when legislative dictates are purposely vague (so legislators can be all things to all people), or when judges fulfill their rightful responsibility of developing the common law, which, as the name denotes, grew out of what the community believed were proper rules for society.

While I join Justice O'Connor's decrying of threats to judges, I also recognize that many of those threats are largely -- and irrationally -- born of a frustration with judges who use their benches as thrones from which to impose their own social, religious or economic views.

Ralph Adam Fine

Judge

Wisconsin Court of Appeals

Milwaukee

I am a retired U.S. Bankruptcy Court judge. What has set this country apart from many other less free countries in the world, and has given us an unparalleled measure of prosperity, is the fact that we have a judicial system that has protected personal and property rights and enforced contractual obligations. I heard a former Nobel laureate in economics state that he declined to further consult in Russia because of that country's lack of a judicial system to enforce property and contract rights, calling Russia a "kleptocracy." In the U.S., groups such as the one discussed by Justice O'Connor in her commentary -- JAIL 4 Judges -- and members of Congress who seek to upset the delicate balance forged by our founding fathers attack the very thing which has set us apart from less successful societies. This proposed "cure" is much more dangerous than the imagined "malady".

Judge William T. Bodoh

Columbus, Ohio

Justice O'Connor sounds a trenchant alarm about modern threats to judicial independence, a bulwark of American democracy. She accurately admonishes that when judicial independence is compromised so is our system of government. One major threat in the federal system comes from the coordinate legislative and executive branches, a phenomenon witnessed by frayed relations between the courts and Congress. On Sept. 19, the judiciary took important steps to improve those relations. The Judicial Conference, the courts' policymaking arm, issued rules on "judicial junkets" and on computerized conflict of interest checks. The Breyer Committee simultaneously issued a thorough report on the judicial misconduct and discipline system, which included constructive suggestions for improvement. The judiciary must continue to institute measures for policing itself. If judges do not undertake self-regulation, Congress will enter the breach and legislate in ways that could jeopardize judicial independence.

Columbus, Ohio

Richmond, Va.

(The writer is a professor of law at the University of Richmond.)

The reality is that plenty of judges have taken on a lawmaking duties to shape the world to conform to their beliefs, opinions, and values. Ms. O'Connor fails to describe that the founders did not intend this, nor did they write it into the constitution. The activities of JAIL 4 Judges seem like a natural reaction to judges gone wild.

Jeffrey Ihnen

La Crosse, Wis.

Justice O'Connor cites Federalist No. 78 and Alexander Hamilton for the proposition that the Framers intended an independent judiciary. Maybe so, but I defy her to find in the Constitution a provision that states that the Supreme Court has the final say on what is constitutional. That power was arrogated to the Supreme Court by the legerdemain of John Marshall in McCullough v. Maryland. That was the first hole in the dike.

Ms. O'Connor finds it particularly troubling that other judges are critical of the Supreme Court. When the Supreme Court allows the use of race to achieve balance in an otherwise color blind society (University of Michigan case), and when the court

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cites foreign law for the proposition that it is uncivilized to execute a person under age 18 (Roper v. Simmons), the justices are not making judicial decisions but rather legislative ones.

Kenneth G. Coveney

San Diego

Build a Wall Big Enough to Keep the Illegals Out

In your Sept. 21 editorial "The Great Wall of America" you opposed my proposal for a wall on our southern border stating, "Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs." How do you know that? We have never tried to build an effective barrier across the border that is difficult to tunnel under or scale.

The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border.

The U.S. has no shortage of labor and would not have one if all illegals went home. Department of Labor statistics show that there are 69 million Americans between the ages of 16-74, who are simply not in the workforce. They represent 10 Americans for each illegal worker.

According to a research report compiled by the Pew Hispanic Center last March, the illegal workforce numbers 6.9 million. Illegals, then, represent 4.9% of our workforce of 141 million people, according to Labor. Because of lack of education and low skills, only 2.2% of our GDP is produced by illegal labor.

You took issue with my statement that we should install wire on top of the wall and electrify it as a deterrent because I said, "We do this with livestock all of the time." You contend I've equated "people with cattle." No, I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship.

Rep. Steve King (R., Iowa)

Washington

(Rep. King serves on Immigration Subcommittee of the House Judiciary Committee and the House Immigration Reform Caucus.)

Congress Accomplished More Than You Realize

Your Oct. 2 editorial "The GOP Record" says the 109th Congress didn't get much done. But from the business community's perspective, it was one of the most productive sessions in recent memory. Consider: transportation reauthorization directed much-needed resources to the nation's infrastructure; the Class Action Fairness Act discouraged frivolous lawsuits; the Dominican Republic-Central American Free Trade Agreement lowered trade barriers for U.S. companies; and legislation was passed that increased small business expensing, strengthened the pension system, stiffened anti-counterfeiting laws and reformed the bankruptcy code.

While achieving a great deal, this Congress did leave a lot on the table, including comprehensive immigration reform, extension of vital tax cuts and implementation of a national energy strategy. But on the whole, it was more "can do" than "do nothing."

Thomas J. Donohue

President and CEO

U.S. Chamber of Commerce

Washington

Group Formed to Stop Politicization of Science

Your Oct. 6 editorial "Under the Microscope" (Taste page, Weekend Journal) regarding Scientists and Engineers for America (SEA), a new 527 organization committed to restoring integrity to science policy, confuses nonpartisan with bipartisan -- SEA is a bipartisan group. The central thesis of the organization is that science has an established method of determining fact through an open process of debate and that no fact or theory is unassailable.

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We agree that the best science flows from questioning. Yet your editorial suggests that SEA's real mission is to close debate on science when the truth is exactly the opposite. That is why SEA's membership soared to more than 1,000 members in the first 24 hours of the group's launch. You are also dismissive of allegations that members of the White House and Congress are guilty of unscientific, special interest-driven policymaking on global warming, stem cell research and the "Plan B" morning-after pill. It complains that scientists have become political in their effort to stop the assault on fact-based decision-making at all of levels of government.

SEA was formed to stop the politicization of science and ensure that the scientific voice is heard in policy debates and not marginalized, misstated or censured.

College Fracas Over Minuteman; Questions About Paying For Wall (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, October 10, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

BAD EDUCATION: The appearance of Minuteman Project founder Jim Gilchrist was met with violence last week at Columbia University when the pro-enforcement hardliner attempted to address a Republican student group. The melee began just minutes after Mr. Gilchrist rose to speak, according to Columbia Spectator reporter Laura Brunts1. "Two students in the International Socialist Organization unfurled a yellow banner reading, 'No human being is illegal!'" she reports -- which in turn prompted other protestors and Minuteman supporters to rush the stage. (See video of the event here2.)

Mr. Gilchrist was ushered off before he could finish his speech, but he did manage to taunt the hostile audience before the riot began. "Who's a racist now?" he asked, while hugging an African-American Minuteman member. "I love the first amendment!"

After the riot, one unnamed protestor told Ms. Brunts that the disruption was planned: "I don't feel like we need to apologize or anything. It was fundamentally a part of free speech.... The Minutemen are not a legitimate part of the debate on immigration." Subsequently, as the student newspaper also reported, Columbia officials said they were using postings on the social-networking site Facebook.com as part of their investigation3.

New York City Mayor Michael Bloomberg chastised Columbia President Lee Bollinger, a lawyer and free-speech scholar, for failing to provide an open atmosphere on campus. "Bollinger's just got to get his hands around this," Mr. Bloomberg said on his weekly radio show4. "There's just too many incidents at the same school where people get censored." (Previously, Iranian President Mahmoud Ahmadinejad was forced to cancel a speech at Columbia when school officials said they couldn't coordinate his security.)

In a statement released5 by the Minutemen afterwards, Mr. Gilchrist described the incident as "yet another indication that those who support illegal immigration are happy to use communist tactics in their intolerant determination" to deny his group their First Amendment rights. * * *

BARRIER BAIT-AND-SWITCH? Opponents of the proposal for a fence on the U.S.-Mexico border widely predicted that the initiative would not see full funding. Now, according to a report in the Arizona Republic6, Sen. John Cornyn (R., Texas) believes those critics were right. "It's one thing to authorize," he said. "It's another thing to actually appropriate the money and do it." Instead, Mr. Cornyn speculated, the fence legislation would probably be used to create a "virtual fence" comprised of increased border patrols and high-tech sensors. Why the switch? The senator explained "that 700 miles of fencing would not solve the problem of illegal immigration because it would still leave about 1,300 miles of unfenced border," according to reporter Eunice Moscoso.

In the Washington Post, staff writer Spencer S. Hsu provides details on the gaping loopholes7 surrounding the $1.2 billion set aside for border security by the new law. "[T]he House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'" To win over some Republican votes for the bill, Mr. Hsu also reports, "congressional leaders pledged in writing that

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Native American tribes, members of Congress, governors and local leaders would get a say in 'the exact placement' of any structure."

Mr. Bush, for his part, made no reference8 to anything like a 700-mile fence while signing the Department of Homeland Security Appropriations Act in Scottsdale, Ariz.

What's going on here? Fence supporter Mickey Kaus thinks he sees a pocket veto coming9. An Associated Press report flagged on Mr. Kaus's blog makes it clear that a second bill, the Secure Fence Act, which categorically calls for 700 miles of double-layered fencing, has not yet received Mr. Bush's signature10. * * *

OLD TOWN, NEW RULES: An influx of moneyed Northern Virginia residents are moving into the once small town of Culpeper, Va. But Steve Jenkins, a longtime Culpeper man, is more concerned about illegal immigrants. "For me, it's been like a three-year root canal -- really horrible," says Mr. Jenkins in a Washington Post piece11 by Metro columnist Marc Fisher. "I'm just an old country boy who really liked going into the grocery and knowing who was who. Not like now, when the illegals are off to themselves."

The growing population is creating more traffic and luring big-box retailers such as Target and Lowe's to the countryside. "Those who've moved here from Northern Virginia -- to them, this immigration thing isn't something of great significance," Mr. Jenkins says. "They're not concerned about the urbanization of Culpeper, but for those of us who've been here a long time, well, it's driving people away..." While Mr. Jenkins knows he can't get rid of his new neighbors from the north, he does believe something can be done about those from the south. "It's a much easier issue, because it's black and white," he says. "You're either legal, or you're not. We need to help them be legal. I'm not for anything harsh. If they're willing to come forward and go through a process, we have an obligation to assist them in every way. But I'm about rules." * * *

MIXED FEELINGS IN MEXICO: South of the border, despite the common perception in the U.S., Mexicans are ambivalent about the northward migration of their fellow countrymen -- and, as a result, have mixed feelings about plans for a U.S. border fence. "Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather," reports L.A. Times staff writer Héctor Tobar12. "Everyone complains about it, but there's not much you can do about it." Some took the 700-mile fence authorized by the U.S. Congress as a "slap in the face that highlighted the failure of their country's leaders," Mr. Tobar reports.

There is also a widespread view that the fence initiative represents a rejection of Mexican cultural contributions to life in the U.S. And, as Mexican historian Lorenzo Meyer tells Mr. Tobar, some believe the plan runs counter the spirit of North American Free Trade agreement: "We see now that the idea of a united North America is fiction," Mr. Meyer says. "The reality is the wall."

Others, however, have expressed a more positive response to the fence plan. Guillermo Ortiz, the head of Mexico's central bank, made front-page news in his country after telling the editorial board of the Dallas Morning News13 that a fence "would not be altogether bad. It would certainly be better over the long run." The economist added: "I think Mexico needs its people." * * *

THE 'MUCHAS' MEME: Republicans have found a novel way to try to stick it to their Democratic rivals: thanking them in Spanish. Mac Collins displayed his sarcastic bilingual gratitude for incumbent Rep. Jim Marshall (D., Ga.) in this television ad14. Mr. Marshall, the ad's female announcer observes, "voted to waste our tax dollars printing election ballots in Spanish." Then, an accented male voice intones: "Muchas gracias Señor Jim Marshall."

The National Republican Senatorial Committee took the "gracias" gimmick one step further by creating an entire Web site15 devoted to thanking incumbent Sen. Debbie Stabenow (D., Mich.) in Spanish. Visitors to MuchasGraciasDebbie.com see Ms. Stabenow, decked out in a cartoon sombrero, respond to this profusion of Spanish praise with a "no problema" speech bubble. What's more, the NRSC's facetious Spanish-language Stabenow tribute site includes links to French16 and Chinese17 versions, each taking issue with different dimensions of the senator's purported voting record. * * *

CASELOAD CRUNCH: As the nation's immigration judges struggle to manage an ever-growing caseload, some judges are facing criticism over how they manage their crowded dockets. Studies highlight stark disparities in judgment, like 90% of asylum cases granted by one judge and 9% down the hall, writes New York Times reporter18 Nina Bernstein. One judge, Sandy K. Hom, is so quick and predictable in his denials of asylum that lawyers regularly advise people assigned to him to move to another state, the article says.

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"In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way," Ms. Bernstein writes.

"But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake..."

The nation's 218 immigration judges face 350,000 cases a year, with New York's 27 judges taking on about 20,000, the article says.

SOUND BITES

President Bush at a White House celebration of Hispanic Heritage Month on Friday: "We must understand that you can't kick 12 million people out of your country -- that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Enrique Morones, president of immigrant rights group Border Angels, on Arnold Schwarzenegger's immigration stance: "We always have to remember that he's an actor and ... without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not."

Good Fences And Such (USNEWS)

By Angie C. Marek

U.S. News and World Report, October 9, 2006

It was a telling moment. Last week when Speaker of the House Dennis Hastert faced a battering of press questions about the congressional page scandal, he reached for a life raft: President George W. Bush's promise to sign a bill that would create 700 miles of metal fencing on the U.S.-Mexico border. "A lot of people wanted us to address the issue about the border," he told reporters, "and we did exactly that."

Really? As is so often the case in Washington, the reality wasn't as tidy as the rhetoric. Congress passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing, but critics say backdoor deals have denied the project the necessary funding. In fact, the bill's fine print-and a flurry of last-minute compromises that paved the way for its passage-raise questions about what, if anything, will eventually be built. "This isn't the answer to our problems," says Angela Kelley of the National Immigration Forum. "It's empty symbolism."

On the face of it, the fence bill looks like an aggressive response. The measure adds 700 miles of fencing-split into five segments-to the roughly 75 miles of solid metal border walls already lining parts of the 1,951-mile U.S.-Mexico border. A 390-mile segment would stretch from mid-California across most of Arizona. Other chunks would block a cocaine-trafficking route near Laredo, Texas, and close a path through the Lower Rio Grande Valley once popular with Brazilian migrants. The fence is modeled on a stretch of 15-foot-high double fences-with a high-speed-access road running between them-that Rep. Duncan Hunter says slashed the number of attempted border crossings in his San Diego district after they were built in the mid-1990s. The number of arrests dropped there by almost two thirds.

Details. But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways. Some of the money could go to a project DHS was already working on: a plan to dot the border with up to 1,800 massive observation towers equipped with cameras. Michael Jackson, the No. 2 official at DHS, says the department plans "to refine and assess how much [steel fencing] we need with the new technology tool kit." DHS, he adds, will most likely build "somewhere in the ballpark" of 370 miles of San Diego-style fence.

The bill offers DHS other kinds of wiggle room on the fence as well. In a last-minute effort to appease two Republican holdouts-including Texas Sen. Kay Bailey Hutchison, who had concerns about local input on the location of fencing - congressional leaders committed in writing to changing some specific aspects of the legislation after the November elections. Those changes will ensure that local governments and American Indian tribes will be consulted "regarding the exact placement of the fence," according to a letter signed by Hastert and Senate Majority Leader Bill Frist. The letter also says DHS will have the "flexibility to use alternative physical infrastructure and technology when fencing is ineffective or impractical." Some say that

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means large portions of the fence bill are basically moot. Others disagree. "A letter is just a letter," says Carolyn Weyforth, Frist's press secretary. "What comes to the floor and passes is what matters."

TAX:

As Religious Programs Expand, Disputes Rise Over Tax Breaks (NYT)

By Diana B. Henriques

The New York Times, October 10, 2006

The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. The two retirement communities have the same simple gabled ranch houses, with the same touches of brick and stone, clustered around a pond with the same fountain funneling spray into the air and ducks waddling down the grassy bank.

But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court.

As the Brothers of Holy Cross, a Roman Catholic religious order, sees it, providing the elderly with the amenities of the village — a sense of security, social opportunities and various services to make independent living easier — is a charitable activity rooted in its pastoral mission to serve others.

Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people. The current residents of Holy Cross Village have an average net worth of $1 million. Those with deposits on the units under construction are even better off, averaging $1.6 million.

If Holy Cross Village is not taxed, members of the assessment board point out, a heavier burden will fall on the working families in the county that are struggling to pay the taxes on their small homes in careworn communities like the west side of South Bend.

“I was educated by the Brothers of Holy Cross” at St. Joseph’s High School, “and I have a great deal of respect, love and affection for them,” said Dennis J. Dillman, a longtime board member. “But I think what they’re doing is just not right. And that is based on the values they taught me at their schools.”

The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes.

The property tax exemption is one of the oldest tax breaks granted to religious organizations, but it is not the only one. Lawmakers and judges have also approved what amounts to special tax treatment for religious organizations and some of their employees, including exemptions on personal-income and payroll taxes, and have made it easier for them to get tax-exempt construction loans for purely religious projects.

Like the exemptions from federal and state regulations that have proliferated for religious groups in recent years, these tax breaks are widely defended both as an acknowledgment of religion’s contributions to society and as a barrier to unjustified government limitations on the liberty that religious organizations enjoy under the First Amendment.

But in some communities like South Bend, tolerance of religious tax breaks is fraying as local governments struggle to provide basic services with limited resources.

There are no national figures on how much money these tax breaks save religious organizations and on how much extra cost is shifted to other citizens. But a typical state, Colorado, reported that religious real estate valued at more than $1.1 billion was exempt from local property taxes there last year. Nationally, tax-exempt financing for religious organizations totaled at least $20 billion during the decade that ended last year.

Congressional budget records show that just the income tax breaks uniquely available for ministers, rabbis and other clergy members cost taxpayers just under $500 million a year.

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And the price is almost certainly increasing, experts on taxation and congregational growth agreed, because today's larger congregations need more land, employ more clergy members and pay them more money. Moreover, the definition of a religious mission is expanding beyond schools and hospitals to include operations as obscure as a biblical theme park in Florida and as upscale as a retirement community at Notre Dame.

Every state affords some type of property-tax exemption to churches, synagogues, mosques and other religious landowners, typically through statutes that also cover charities, libraries, museums, private schools and other secular nonprofit groups. Indeed, when the Supreme Court ruled on the constitutionality of this tax break in 1970 it noted approvingly that the benefits did not fall exclusively on churches.

But those venerable tax statutes did not envision the reality of modern congregations that operate athletic programs in their own gymnasiums or fitness centers, as well as bookstores, music and video production units, coffee shops, counseling services, ice cream parlors, child care programs and multimedia ministries that beam their messages from satellite dishes or television transmission towers.

Leonard A. Wychocki, president and chief executive of the Franciscan Sisters of Chicago Service Corporation, a Catholic organization hired to manage Holy Cross Village, says religious groups should not have to defend property tax exemptions. "When there were old people on the streets of New York City and Chicago, our sisters took them in," he said. The exemption recognizes "the service such groups provide to society."

No residents of Holy Cross Village will be coming in off the streets, of course. "People pay a lot of money to live in these places," Mr. Wychocki acknowledged. "But they have a need beyond just a place to live. It's around that need that we catalyze our services."

Financial projections show that the project, if managed well, could eventually generate a surplus. That money, the project's executives said, could help support other mission work of the Brothers of Holy Cross, including a ministry in Africa.

"If the county wants to argue that those dollars should go to west South Bend rather than West Africa, I can see their point," Mr. Wychocki said. "You may agree or disagree — but then it's your judgment, as opposed to the brothers' judgment."

He added, after an emphatic pause: "This is probably where religious freedom kicks in."

Breaks on Property Taxes

Neat homes in landscaped clusters make up the first phase of what will be 256 units at Holy Cross Village at Notre Dame. Among the new units will be additional assisted-living and skilled-nursing units to expand the existing "continuum of care," its management said. Three adjacent colleges, the University of Notre Dame among them, expand the cultural opportunities.

In style and luxury, the project compares favorably with competing retirement communities built by national developers nationwide. But there is a difference: Holy Cross Village describes itself as "a ministry of Brothers of Holy Cross." As such, it is seeking a property tax exemption from the Property Tax Assessment Board of Appeals for St. Joseph County.

That rankles Ralph J. Wolfe, an assessment board member who is a resident of Hermitage Estates, a 49-unit neighborhood of retirees whose homeowners association provides services including maintenance and lawn care.

Mr. Wolfe, 77, is a retired tax assessor and a longtime veteran of the close-knit appeals board. He said his community, like Holy Cross Village, offers its retirees some amenities. "So maybe we should get ourselves a property tax exemption."

He seemed to be teasing Terrance F. Wozniak, the deputy county attorney for St. Joseph County, who was listening. One of Mr. Wozniak's biggest worries about losing the pending battle with Holy Cross is the ripple effects on the retirement communities in the county that do pay taxes.

The Indiana courts recognize a broad definition of charity, and exemptions already have been granted to a few much smaller religious-affiliated projects that care primarily for less healthy people, Mr. Wozniak said. But this case is different, he said: "It's a case of escalation." An exemption for the charitable care of needy older citizens is being stretched to cover "more and more luxurious facilities for people who, by and large, can pay their fair share."

Each case lowers the hurdle for what constitutes a tax-exempt retirement community, he said.

The management of Holy Cross Village thinks the project's mission fits well within both the Indiana definition of a "charitable purpose" and the federal standards for tax-exempt housing providers. The federal test requires, in part, that the project

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"be committed by established policy" to maintaining people as residents even if they become unable to pay, as the project's investment documents explain.

There is nothing in writing that guarantees the project will keep indigent residents in place, said Lori McLaughlin, general counsel for the Franciscan Sisters management group. "It becomes a case of those guarantees bankrupting you," she said.

But in lieu of a guarantee, the management has "nuns or brothers on the board saying, 'We insist you provide care,' " Mr. Wychocki said. "It would be very rare for anybody to be asked to leave."

Holy Cross Village initially paid the taxes the county demanded, but subsequently got court permission to hold off on future payments while its appeals go forward, according to Kevin Rose, a spokesman for the project's management.

When the Brothers of Holy Cross appealed the county's ruling to the Indiana Board of Tax Review last year, it lost. "A charitable purpose involves something beyond merely successfully marketing one's services to seniors," the review board said. "It implies some level of sacrifice on the part of the entity providing those services. It is this sacrifice that separates an 'obviously charitable act' from the everyday purposes and activities of man in general."

The fight has now moved to the courts, where the project's management hopes to fare better. "We thought we were within the orbit of what was considered to merit that exemption," Mr. Wychocki said. "Now we just stand and shake our heads."

While local tax authorities have been inconsistent in their rulings, many untraditional uses of land by disparate religious organizations of many faiths have already qualified for property tax exemptions somewhere in the country.

In June, for example, the Florida Legislature passed, and Gov. Jeb Bush signed, a law that ended a five-year effort by Orange County tax authorities in Orlando to collect about $300,000 a year in property taxes from Holy Land Experience, a biblical museum and theme park that had sought exemption as a religious ministry but had been repeatedly turned down by the county.

The park, where a pass good for a week costs $35 for adults and $23 for school-age children, advertises itself as a place that "brings the world of the Bible alive." Its features include replicas of Calvary, the tomb of Jesus and the caves where the Dead Sea Scrolls were found. It also includes a period re-creation of a Jerusalem street market, with actors in costume as the merchants and buyers; and the KidVenture area, with a wilderness rock-climbing wall, a "misting station" and toy and gift shops. A cafe and two snack bars serve "real Middle Eastern fare" from couscous and falafel to Goliath Burgers.

The county property appraiser's office had insisted that the park, despite its biblical motif, was taxable, just like Disney World. The park's founder, the Rev. Marvin J. Rosenthal, argued that it was a religious mission from start to finish, aiming to introduce religion to people in an entertaining and enlightening way.

In July 2005, a local judge ruled against the county, saying the biblical park's intent was to "spread what it considers to be God's word," while the intent of Disney World "is indisputably to make money." When the county decided to appeal that decision, the ministry that operates the park lobbied successfully for relief in Tallahassee.

A spokeswoman for Governor Bush said he signed the bill "merely to prevent future legal action and provide clarification of the law" on exemptions for religious property.

In 2003, the Minnesota Tax Court granted an exemption to an elaborate fitness center owned by the Country Bible Church in Ashby, explaining that the center — which included a weight room, tanning bed, video arcade and bookstore, as well as a small auditorium and prayer room — was used to attract new church members.

The church, with about 250 members, has a broad range of programs for children and teenagers, including a day school and toddler program. But it decided in 1996 that its rural location simply did not offer enough for young people, and it conceived the Destiny Center as a place where young people could form healthy habits and "strong, godly friendships," according to its pastor.

"We've spent close to $1 million, including the building and staff, and we've never broken even," said the Rev. Steven R. Quernemoen, who founded the church 25 years ago. "But the goal is not to run a for-profit business. The goal was to open a facility that is a safe environment for young kids and families."

The two-story center, with a center gable soaring high over the entrance, opened in October 2000 a few miles from the church. Besides its fitness facilities, it has a gymnasium that offers room for rock concerts and for family events like wedding receptions, reunions or birthday parties. A day pass costs $4.69, including shower privileges. An annual family membership costs

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$500, but the elderly pay about half that. It is open most mornings and after school through the week, but is closed all day on Sunday.

Similarly, in 2002, the Washington State courts granted a tax exemption for the site of a religious broadcaster's transmission tower. And in January the Pennsylvania Supreme Court reversed a 1959 decision that had denied tax exemptions to parking lots that serve houses of worship.

Legislative Success

Some religious organizations have had equal success with state legislators.

The Anchorage Baptist Temple, which has grown to 4,500 members during the 35-year tenure of the Rev. Dr. Jerry Prevo, is a big, muscular church on a 20-acre campus in eastern Anchorage. Its complex includes a 2,100-seat auditorium, several gymnasiums, a television station and the Anchorage Christian Schools, which serve about 750 students from preschool to 12th grade. The church also owns an assortment of individual properties, 10 of them tax-exempt.

In April 2004, city tax assessors revoked the exemption for four church-owned homes they said did not qualify as "parsonages" because they housed church day-school teachers, not the pastors or other "spiritual leaders" specified by law.

"We are a high-profile church," said Pastor Prevo. "We were being picked on to make a public statement against tax exemptions generally."

Any group as large as Anchorage Baptist Temple would probably have no trouble getting help from state lawmakers, even if its pastor did not have his own television show and even if one of the 16 men on its pastoral staff were not treasurer of the state Republican Party. Last May, after vigorous lobbying by the congregation, the Republican-controlled Alaska Legislature passed and Gov. Frank H. Murkowski signed a bill that extends the parsonage exemption to church-owned residential property occupied by educators at private religious or parochial schools.

The exemption, which does not cover faculty housing at secular schools, has been challenged in court by the local American Civil Liberties Union.

It is a tough fight, a lawyer for several big churches said, because a legislature that can constitutionally exempt a parsonage from the tax rolls can surely extend that exemption to homes a church provides to its schoolteachers.

And back in St. Joseph County, Ind., the Granger Community Church, a large United Methodist group, took exception to the county's enforcement in 2001 of a long-overlooked law that limited the amount of tax-exempt acreage around a church to 15 acres — which left the church with 14.54 acres still on the tax rolls.

It lost in the courts but carried its fight to Indianapolis, and helped push through changes that eliminated the 15-acre cap.

Breaks on Borrowing

The Rev. Russell Lievers of the First Southern Baptist Church in Clarksville, Ind., a town of 22,000 across the Ohio River from Louisville, Ky., is understandably excited about the new fellowship hall his church is building.

At a price of roughly $2.5 million, the facility will contain a "middle-school-sized" gymnasium, he said, as well as a kitchen, meeting areas and classroom space. It will ease crowding at the 57-year-old church and open possibilities for new athletic ministries and outreach, he added.

Pastor Lievers is not familiar with the details for financing the new facility — but he knows the church has received a good interest rate on some of the money it is borrowing. That's important, he said, because "our people are giving sacrificially" to support the new facility.

"There are people who are delaying their retirement for a few years to help us build this," he continued. "Others are postponing purchases so they can give more."

The explanation for the church's low-cost financing is simple. It is relying on $1 million in tax-exempt revenue bonds sold on its behalf by the town of Clarksville, through its economic development commission.

"It is the first time we've had a church apply," said Samuel K. Gwin, the town attorney. "But most of us here on the town council and economic development commission were familiar with the church, and the folks in the church. It's a small town."

The church bond issue is structured like any economic development deal: the town sells tax-exempt bonds to an investor — in this case, a local bank — willing to accept a lower yield because the interest is tax-free. The town lends the lower-cost

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money to the church. The bank gets tax-free interest income, the church gets a lower-cost loan and the town gets — well, at the least, a new gymnasium the community can use when the church's calendar permits.

"That will be good," Mr. Gwin said. "Even the Y is pretty crowded."

In the evolving view of the courts, tax-exempt bonds for churches and other religious organizations do not involve any public money or government subsidy and do not run afoul of the First Amendment ban on government-sponsored religion.

But in fact, the subsidy provided by all tax-exempt bonds, while indirect, is real: buyers of the bonds do not have to pay income taxes on the interest they earn, which shifts some of the overall tax burden to other taxpayers. And the final beneficiary of the bond issue — in this case, the church — can hold on to money it would otherwise have paid in interest.

Of all the tools that an accommodating government can use to make life easier for religious organizations, perhaps none has changed more and been noticed less than tax-exempt bond financing.

State and local governments have long used tax-exempt bonds to finance public works like bridges and schools, pledging future tax income to repay the debt. In the 1970's, they began to rely heavily on revenue bonds, debt backed not by taxes but by the future revenues of the projects they were sold to finance, which ranged from airports to stadiums. Through economic development agencies, revenue bonds also were sold for the benefit of private businesses to finance factories or office buildings that would foster economic development.

In 1973, near the high-water mark of the doctrine of strict church-state separation that dominated the postwar decades, the United States Supreme Court gave its limited blessing to public revenue bond deals to benefit private religious colleges — so long as they were not "pervasively sectarian" and regarded education, not the promulgation of religion, as their primary purpose.

In a landmark case called Hunt v. McNair, the court reasoned that "aid normally may be thought to have a primary effect of advancing religion" — which would be unconstitutional — if it went to "an institution in which religion is so pervasive that a substantial portion of its functions are subsumed in the religious mission, or when it funds a specifically religious activity in an otherwise substantially secular setting."

As recently as 1991, the Virginia Supreme Court refused to approve tax-exempt financing for Liberty University in Lynchburg, Va., founded and run by the Rev. Jerry Falwell, because of its overarching religious purposes.

Then, over the next eight years, judicial and government policy made a U-turn.

Gradually, state bond statutes became less restrictive toward religious institutions and federal and state appeals courts started to permit tax-free financing at unabashedly religious universities — and later, religious high schools — so long as the money was used for firmly secular projects, like dormitories and dining halls. (California courts have held on to the "pervasively sectarian" standard, but three religious schools are currently challenging that approach before the State Supreme Court.)

Does Financing Count as Aid?

And the courts began to widely question whether tax-exempt financing even counted as government aid to religion at all, because the schools themselves had to repay the bonds and no public money was involved.

In June 2000, Justice Clarence Thomas, writing for himself and three other justices, expressed second thoughts about denying tax-free financing to institutions based on how religious they were. "There was a period when this factor mattered, particularly if the pervasively sectarian school was a primary or secondary school," he conceded. "But that period is one that the court should regret, and it is thankfully long past."

A few months later, the Virginia Supreme Court reversed the position it had taken nine years earlier in the Liberty University case and approved tax-exempt bond financing for the construction of a campus for Regent University, a thoroughly sectarian institution founded by Pat Robertson, the religious broadcaster who also founded the Christian Coalition. The Virginia justices did balk at permitting Mr. Robertson to use public bond financing for his department of divinity; that would have to be financed in some other way, they said.

But that reluctance seems quaint these days. Early 2005 brought the sale of $28.5 million worth of tax-exempt bonds issued by Cook County, Ill., to finance the construction of an academic center for the Catholic Theological Union, the largest Catholic graduate school of theology in the United States.

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The new building, which a seminary spokeswoman said would open this fall, includes space for the world-class Bechtold library of theology, spacious classrooms for religious study and "a worship area that has a sacred space for the entire community to gather," according to the news release about its grand opening.

According to Jeffrey O. Lewis, a lawyer with Ice Miller in Chicago and the seminary's bond counsel for that deal, "The 'pervasively sectarian' restriction began to fall apart in the late 1990's, and quite a few firms are very comfortable doing seminary financing now."

So it was perhaps inevitable that a local government would provide tax-exempt financing to an institution as indisputably sectarian and devoutly religious as the First Southern Baptist Church in Clarksville. "Nobody raised any questions about it at all," recalled Mr. Gwin, the town attorney.

A search of the Municipal Securities Rulemaking Board's database shows that more than $20 billion in tax-exempt bonds have been sold since the late 1980's on behalf of religious institutions or their affiliates, including deals benefiting a Jewish vocational workshop in Michigan, a Baptist retirement home in Arizona, a Presbyterian housing project in Missouri, Lutheran nursing homes and day care centers in Minnesota and Catholic schools in Rhode Island.

In one recent deal, the city of Olathe, Kan., agreed to sell more than $83.5 million in tax-free bonds to help an affiliate of the Archdiocese of Kansas City finance Santa Marta, described as a Catholic "continuing care retirement community" with 162 units for independent living, 32 assisted-living units, a 32-bed nursing home and a swimming pool.

Except for the swimming pool, Santa Marta sounds a lot like Holy Cross Village at Notre Dame, whose property tax status is being disputed by the tax assessment appeals board in St. Joseph County. They certainly have this in common: Most of the money needed to build Holy Cross Village has been borrowed at favorable interest rates through the sale of a $40 million tax-exempt bond — issued by the economic development commission of St. Joseph County.

A Tax Reprieve For Americans Working Abroad (WSJ)

By Tom Herman

The Wall Street Journal, October 10, 2006

NEW YORK -- Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase.

The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their U.S. income-tax returns. As a result, although numerous U.S. expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore.

The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many U.S. workers there because of high taxes imposed by numerous European nations.

The housing-cost numbers, which are based on a complex formula, vary widely from place to place. For example, the maximum amount of housing costs that an American working in Hong Kong may exclude for this year works out to $101,116, according to one Washington tax specialist. Previously, American expats in all overseas locations were allowed to exclude just $11,536. The Treasury says its table will be updated annually.

The tax increase stems from a law enacted in May that is retroactive to the start of this year. That new law mainly hits high-income Americans working in countries with a combination of low taxes and high housing costs and whose companies don't help cover the additional tax costs of living abroad.

The impact can vary widely depending on where someone lives and the details of their pay package. It isn't known exactly how many U.S. citizens work abroad. The Senate Finance Committee has said Americans working abroad filed about 306,000 individual income-tax returns for 2003 claiming what is known as the foreign-earned income exclusion. Of those, about 126,000 returns had a U.S. tax liability.

A congressional committee has estimated the new law's changes affecting U.S. expatriates will raise an estimated $2.1 billion in revenue for the U.S. Treasury over the next 10 years.

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Part of the new law slashes the maximum amount of housing costs that workers abroad could exclude or deduct when calculating their taxes. That new law also gave the U.S. Treasury Department authority to change those amounts for workers in nations with high housing costs.

After lobbying by U.S. expatriate groups, Treasury officials issued "Notice 2006-87," which gives new housing-cost limits for U.S. expatriates in some nations, but not all.

Under the new law, Americans working abroad are eligible to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing costs, when filing U.S. taxes. Income above that level now is subject to much higher tax rates under what is known as a "stacking" rule. That provision isn't affected by the new Treasury notice.

It's Taxing To Recruit Top Law Grads To IRS, But A New Push Betters Returns (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 10, 2006

NEW HAVEN, Conn. -- Donald Korb, chief counsel of the Internal Revenue Service, sits in a high-back chair in a meeting room lined with law books and prepares to talk to a small gathering of Yale Law School students about tax shelters.

But before delivering his lecture, he delivers a sales pitch -- for jobs at the IRS: Work a 40-hour week (more or less). Get into a courtroom within the first month. Choose the city where you work. "I can't say enough about the value to your career," he concludes, breathlessly. "And that's my commercial."

It isn't subtle, and it seems to work. A couple of students reach for the informational folders and CDs stacked on a coffee table.

For decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did. "All the good ones were gone by then," Mr. Korb says. When it did find promising candidates, it left many of them in limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms.

It's no wonder few of the smartest young minds in tax law considered starting their careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes.

Mr. Korb -- J.D., Case Western Reserve University School of Law; LL.M., Georgetown University Law Center -- is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months.

Deborah Egurrola, 28 years old, who graduated from Yale Law School in June, says she turned down a $125,000-a-year offer from a Washington D.C. law firm, and a $105,000 offer from a Miami law firm, to take a $66,000 offer to work in the IRS's chief counsel's office.

"The IRS really throws you right into the thick of things," Ms. Egurrola says. "At a lot of law firms, you have to start with more behind-the-scenes work. Here you start interacting with attorneys from outside." She says she can afford to take the lower-paying job because her parents have agreed to help her pay back her $75,000 in student loans.

Nina Kang, 26, a third-year USC law student, decided to join the IRS's Los Angeles office after working there as a summer intern. "For me, I didn't think that it was worth it to suffer for two years at a private firm and never see the light of day," she says. "I have heard of some people billing 15 to 20 hours a day for weeks on end. I have outside interests instead of working non-stop."

Ms. King, who has $140,000 in student loans, says the IRS would have an easier time recruiting if it offered ways to help students pay their debts. Some law schools give graduates more time to pay back loans if they go to work for a nonprofit; some private firms, as part of hiring packages, help recruits pay their loans. The IRS can't afford such largesse.

Mr. Korb's campaign has a few kinks. Lindsay Clayton, 24, a third-year law student at Yale, says Mr. Korb interviewed her last fall and sparked her interest. But the private firms where she interviewed called her back within a week for subsequent

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interviews. It took the IRS five weeks, and even then the agency wanted her to go to further interviews for a job that wasn't the one Mr. Korb had described. She declined. Another division within the IRS called her a few weeks later offering interviews for another job. Again she declined.

Brian Jenn, 29, is a third-year Yale law student with a graduate degree in economics who did a stint working on tax policy on the staff of the White House Council of Economic Advisers. He says he applied for a job with the IRS Chief Counsel's Office two years ago. When he called to inquire about his application after a few weeks, he recalls, "I was told if anyone was interested that they would have contacted me." He refused to apply again when the new-and-improved IRS came calling. He plans to join the Washington office of Skadden Arps Slate Meagher & Flom when he graduates.

Mr. Korb says it is true that a tendency to bungle applications caused the IRS to lose many promising applicants. He says he has hired a full-time recruiter and has set up a hiring committee to make sure no one else falls through the cracks.

Mary Maher, associate director for the Masters of Law in Taxation program at Northwestern University Law School, says the IRS is turning around its image. Last year, three graduates of the program took IRS jobs. "I heard back...and they have no regrets," she says. "All the marketing is sort of paying off."

Mr. Korb is especially proud of the IRS's slick marketing campaign and recruiting material. The bright green-and-purple folders and CDs contain something only tax geeks may find appealing: A list of famous -- at least in tax circles -- IRS alumni, including Jerry Reinsdorf, owner of the Chicago White Sox and the Chicago Bulls; Pam Olson, a former Treasury Department official and now a partner at Skadden Arps; and Ronald Pearlman, a former Treasury Department and congressional tax official and now a Georgetown professor.

CONGRESS-ADMINISTRATION:

'06 Federal Deficit Likely To Be Lower (WT)

By Stephen Dinan, The Washington Times

The Washington Times, October 9, 2006

The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target.

Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February.

It also is about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season.

"They overstated the deficit on the front end to claim success later in the year," Sen. Kent Conrad of North Dakota, the top Democrat on the Senate Budget Committee, said in July, according to McClatchy newspapers.

The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule.

"If you look at the numbers this year, they are already very close to the president's goal that he set out in 2004," Rob Portman, director of the Office of Management and Budget, told reporters Friday after the Congressional Budget Office gave its unofficial $250 billion estimate. The Treasury Department's figure, expected to be released this week, is considered the official tally.

Overall, spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005.

The driving force has been a 27 percent increase in corporate income taxes, coupled with a 13 percent increase in individual income taxes.

"We've seen this recovery be characterized by corporate profitability that is very strong, so the economic forecast, I think, is hard to do, and the government analysts are not the only ones who didn't predict profitability staying this strong this long," said former CBO Director Douglas Holtz-Eakin, who is with the Council on Foreign Relations.

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"The White House is often accused of starting with a big deficit and having it come down later," he said. "The reality is the CBO, which has no particular interest in highballing the deficit and then having it come down, has about the same difficulty in forecasting the deficit as the Treasury did."

In the past 25 years, the February estimates have been off by an average of nearly $70 billion, or 2.2 percent.

On four occasions in that period, the estimates were off by at least $100 billion. They were off by 15 percent or more for three straight years during the Reagan administration.

The errors aren't always good news -- the 1983 and 1985 estimates were more than $100 billion higher than actual revenues.

And although this year's smaller deficit may sound positive, Mr. Holtz-Eakin said the long-term budget problems -- a fix to the alternative minimum tax and Medicare doctor fees, the costs of the war in Iraq and the impending retirement of the baby boomers -- still remain.

"Nothing has changed on the fundamentals," he said.

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 10, 2006

Dean's mistake

"One-time 2004 presidential front-runner Howard Dean, now chairman of the Democratic National Committee, visited with us last week and made an unusual confession about why his White House bid soured: He failed to grow up during the campaign," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

" 'My biggest mistake was something that Bill Clinton actually told me, but it was too late down the track to do it,' he says. 'That I had to make a conversion from an insurgent candidate to a candidate who acted like a president.

" 'People won't elect you president if they don't see you as a president. They saw me as an insurgent, they loved me, I was able to push the party into standing up for itself again, but I never made the conversion into what people expected of a president of the United States, and I needed to make that conversion around September [2003], and I didn't do it.

" 'Part of it was we were too successful too fast. I was leading the polls in September, so the argument was, well, you should continue to do what you're doing. But that wasn't sufficient.' "

Still smarting

Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House.

Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports.

"We're not going to give them an ounce of daylight," said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008.

The senator said his response to the commercials in 2004 was not strong enough.

"We thought the fact that the truth was out there was enough," he said. "Clearly it wasn't."

Jet-setting greens

"They sit in economy class occasionally wiping their clammy hands. Their eyes dart furtively about. They wonder whether the stewardess or passenger next to them might have become suspicious. Some even grow moustaches or beards -- to cover the 'giveaway' sweating top lip," Peter C. Glover writes at www.tcsdaily.com.

"But they are not terrorists. At least not in the modern sense of wanting to blow up the airplanes they travel in. Far from it, for they love nothing more [than] the sense of self-importance international jet-setting offers. Traveling that delivers them in far-flung destinations where they can evangelize their ascetic ordinances to thousands of fellow worshippers. But while travelling their chief fear is that they will be found out. Who they are, what they preach -- and expose their moralistic hypocritical behavior," Mr. Glover said.

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"They are the Green Bigots, leading environmentalists, those at the vanguard of the fight to change our lifestyles, restrict our foreign flights, who insist we do our 'bit' to cut greenhouse gas emissions while they rack up thousands of airmiles on business and pleasure trips.

"As the UK's The Sunday Times has recently revealed, 'In the past year the directors and chief executives of groups such as WWF, Greenpeace, Friends of the Earth and the Soil Association have crisscrossed the globe, visiting the Falklands, Japan, Africa and Brazil.' The ST's environment editor points out, 'All are running high-profile campaigns to persuade people to change their lifestyles and cut emissions of carbon dioxide.'

"The article identifies a number of well-known examples. They included Bob Napier, chief executive of WWF, who through jetting to various destinations in Asia, the Americas and Europe helped generate more than 11 tons of carbon dioxide (CO2) last year."

In trouble

Worried California Democrats said Sunday that Phil Angelides failed to achieve the breakthrough he needed in the sole gubernatorial debate and expressed fear that his campaign's trajectory threatened others on the statewide ticket, the Los Angeles Times reports.

Fellow Democrat John Garamendi, in a tight race for lieutenant governor against Republican state Sen. Tom McClintock, has started to distance himself from Mr. Angelides. Mr. Garamendi said in a television interview that aired Sunday that he disagreed with an Angelides plan to raise taxes on corporations and the well-to-do.

"I don't think it's necessary," the insurance commissioner said on KNBC's "News Conference."

Though few thought Mr. Angelides did poorly in the debate, there was wide agreement that Gov. Arnold Schwarzenegger, a Republican, benefited the most from Saturday night's allotted 55-minute session, largely because nothing occurred to change the essential dynamic of the race.

Mr. Angelides, the state treasurer, entered the evening desperately needing to redefine a contest that by all measures -- polling, fundraising, party morale -- was going badly for him.

Turner's doubts

Former media mogul Ted Turner says he has a hard time deciding whether he is for or against the war on terrorism.

"There are a lot of things about this war that disturb me, and one of them is the attitude that was well-expressed by our president. He said it very clearly; he said, either you're with us or you're against us. And I had a problem with that because I really hadn't made my mind up yet," Mr. Turner said yesterday at the National Press Club.

"I mean, what if you haven't made your mind up? What if you're thinking about it, doing some studying, doing some reading? Because it's an important decision on whether to go to war or not to go to war. I mean, you're either with us or against us -- that's pretty black and white."

Blanco's plan

Louisiana Gov. Kathleen Babineaux Blanco, a Democrat, proposed a $1 billion plan yesterday to ease the post-hurricane insurance burden on Louisiana homeowners by sending them refund checks to cover recent rate increases.

Mrs. Blanco's plan requires legislative approval and a change in the state constitution, in part because some of the money would be raised by selling off what remains of Louisiana's share of a 1998 nationwide tobacco settlement.

The plan calls for the state to essentially refund the rate increases, averaging 15 percent, that private insurance companies imposed on Louisiana's 1 million policyholders after Hurricanes Katrina and Rita, the Associated Press reports.

Under Mrs. Blanco's plan, homeowners would be sent checks next year. A homeowner who pays $1,000 per year for property insurance would receive $100 to $150.

"We need insurance-rate relief, and we need it now," Mrs. Blanco said.

No Cabinet Member Left Behind In 'Jeopardy!' Challenge For Charity (USAT)

By Greg Toppo, Usa Today

USA Today, October 9, 2006

I'll take "Cabinet Members on Quiz Shows" for $200, Alex.

DOJ_NMG_0077499

This U.S. Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity.

Who is Margaret Spellings?

Spellings, 48, a former lobbyist and longtime education adviser to President Bush, is sworn to secrecy about how well she did — as are all contestants on the long-running syndicated game show, hosted by Alex Trebek.

She did say after the taping in New York: "I held my own … it wasn't a wipeout." The episode of Celebrity Jeopardy! on which she appears will air next month on ABC.

The Education secretary, who oversees the schooling of nearly 77 million U.S. students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show.

Unlike contestants on typical Jeopardy! episodes, celebrity contestants appear only once per tournament, and charities receive their winnings. Those charities selected by the runners-up receive $25,000 (or more if the players earn more); the winner's charity gets at least $50,000. Spellings' beneficiary: ProLiteracy Worldwide.

The invitation came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show.

A quiz show may be a walk in the park for Spellings, who, alongside the president, first lady Laura Bush and Attorney General Alberto Gonzales, will preside Tuesday over a summit on school safety.

It takes place after three deadly school shootings in the past few weeks. And next year, Spellings gears up for congressional hearings on both the Higher Education Act and No Child Left Behind, Bush's signature elementary and secondary education law.

No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration.

Asked repeatedly for details about the taping, executive producer Harry Friedman on Sunday finally said, "I can tell you she did fine and I can tell you … no, I really have to stop there."

Added Spellings: "I'm glad I did it. … Now I need to get back to business."

OMB Paper Aims To Clear Up Bush's Management Agenda (WP)

By Stephen Barr

The Washington Post, October 9, 2006

As federal employees understand all too well, it's sometimes hard to sort out myth and fact in Washington.

Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government.

That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the "facts" in this new paper will be disputed by federal unions and in some quarters of Congress.

Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda. Among the paper's points:

Â· Changes to the federal personnel systems are not intended to cut payroll expenses. "The amount of money spent overall on raises will not change, and employee benefits will not change," according to the paper. "If an employee is a good performer, he or she will attain higher pay levels faster."

Â· Additional money has been proposed for training and implementation of new personnel systems. (The paper does not stipulate how much, but officials said two departments -- Defense and Homeland Security -- plan to spend several million dollars.)

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Â· Projected savings from job competitions between federal employees and contractors, often in dispute, will be tracked and verified. "Agencies are establishing internal processes to independently validate results from completed competitions," according to the paper.

Â· Program assessment ratings, conducted by the OMB, are not used to eliminate federal programs that are out of favor with the administration. Ineffective programs, the paper noted, "may well need more money."

Asked if the paper had been posted with an eye to the November congressional elections, Robert Shea at the OMB said no. The paper had been in the works for some time, said Shea, who serves as counselor to Clay Johnson III , deputy director for management at the OMB.

The management agenda was drawn up shortly after President Bush took office, when administration officials assumed they could count on widespread support in Congress. But a series of events, including questions about the government's sluggish response to Hurricane Katrina, have slowed the administration's ability to overhaul key systems.

Federal unions and the OMB have battled annually over outsourcing, with Congress sometimes supporting unions. A pending House appropriations bill would block some funding for the OMB program assessment ratings. Federal court rulings have blocked personnel system changes that would sharply limit union rights.

Johnson and OMB Director Rob Portman , speaking at a recent luncheon sponsored by the IBM Center for the Business of Government, said that they plan to pick up their efforts to sell Congress on the president's management agenda.

"One of the reasons we are focused on this, and Clay and I are working a little bit more deliberately with Congress and trying to institutionalize more of this, is that we know these committees, some of the staff, some of the members, are going to outlive this administration," Portman said.Buying and Spending

In responding to the Sept. 11, 2001, terrorist attacks, the government has increasingly relied on contractors for support and solutions, the Government Accountability Office reported Friday.

From 2001 through 2005, federal acquisition spending increased more than 65 percent, to $388 billion in 2005, the GAO said.

But the government's acquisition workforce has remained steady, at about 106,000 employees. "Many have raised concerns that the increased workload has stretched this workforce to its limit," the GAO said.

The surge in spending also has renewed worries about contract abuse and mismanagement, and Charles Peters , the legendary editor of the Washington Monthly, has kicked off a debate on contracting issues at http://www.understandinggovernment.org . The Web site provides federal employees with a forum where they may remain anonymous.

Federal employees interested in government spending also might want to check out http://www.fedspending.org , sponsored by OMB Watch, an advocacy group founded in 1983 to promote increased government accountability. That site, which will contain data on $12 trillion in spending from 2000 to 2005, launches tomorrow.

Dr. Mark McClellan (CSM)

By David Cook

The Christian Science Monitor, October 10, 2006

Dr. Mark McClellan, who will step down Saturday as administrator of the Centers for Medicare and Medicaid Services, met with reporters at a Monitor-sponsored breakfast on Friday.

As head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal.

The questioning began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular.

McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging of the baby boom is putting big pressure on both."

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Turning first to the healthcare system as a whole, McClellan said, "the best thing that we can do is to take further steps to improve the efficiency in the way that it works, of getting more for the dollars that we spend. Steps like paying more for value, shifting benefits so that they are up to date and stay up to date, getting patients more involved because care is increasingly about prevention ... all of those steps can help us get the overall cost of care down...."

There is substantial waste in the healthcare system that can be eliminated, McClellan said. "Because of medical errors, misuse of treatments, overuse and underuse, by many estimates up to 30 percent or more of our healthcare spending is going for the wrong thing. We need to be making much more progress on getting that right."

McClellan, the older brother of former White House press secretary Scott McClellan, then turned to steps that could put the Medicare program on a sounder footing for the future. "Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability," he said.

But McClellan said he favored "reduced subsidy levels" from Medicare "for wealthier Americans."

"I do think we need to continue to take a close look at what Medicare can support for the long term. In 2007 we are implementing an income-related premium in Medicare. What that means is that the wealthiest beneficiaries will still get a significant subsidy for their Medicare benefits. The overall Medicare subsidy next year is going to be worth more than $7,000 a person, and even the wealthiest beneficiaries will continue to get most of that subsidy. But steps toward having people with the most means use their own savings and their own resources to pay for part of their care, while keeping the whole Medicare program up to date, making sure it is available and providing effective coverage for everyone, can be a very important step toward making the program sustainable," he said.

The challenge of making Medicare sustainable was a key part of a speech last week by Federal Reserve Board Chairman Ben S. Bernanke. The Fed chairman stressed the country's need to boost saving to pay for the effects of an aging population. He noted that Medicare's cost is projected to rise from 3 percent of gross domestic product (GDP) today to 9 percent in 2050. That is more than the country now spends on both Social Security and Medicare.

Bernanke said the choices for dealing with the financial costs of an aging population are higher taxes, less non-entitlement spending, a reduction in outlays for government programs, a sharply higher budget deficit, or some mix of all these.

McClellan cited the recently enacted Medicare prescription drug benefit as an example of the gains that can come from competition and from consumers making frugal choices.

"The average costs that the [providers] say they need for 2007, or their bids for providing the drug coverage, turned out to be about 10 percent lower on average than had been the case for 2006. So drug costs to taxpayers will be on average about 10 percent lower in 2007 than in 2006," McClellan said.

"Another way to look at it is that the bids the plans made for 2007 are about one third lower than had been predicted a little bit over a year ago in the middle of 2005 because of ... very strong and aggressive competition and people choosing low-cost plans," McClellan said. He noted that, "something like 75 percent plus of our beneficiaries chose plans which cost less than the average."

McClellan brings a strong academic background to his work. He earned his bachelor's degree from the University of Texas, his master's degree from Harvard University, his medical degree from Harvard-MIT Division of Health Sciences and Technology, and his PhD from Massachusetts Institute of Technology.

Not surprisingly, McClellan is optimistic about the role medicine will play in the country's future. "If you look ahead in the 21st century, this really should be what many experts have called and the economists have called the biomedical century. Healthcare and biotechnology and innovation in medicine are areas where the United States can lead the way for the world in innovation, can lead the way for the world in helping people live much longer and much better lives," he said.

Defense Managers Give New Personnel System A Good Grade (WP)

By Stephen Barr

The Washington Post, October 10, 2006

The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees.

A year ago, she found it difficult to recruit employees for her staff at the Defense Threat Reduction Agency and had lost younger employees to consulting firms and contractors that paid more. But the new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said.

"We have been recruiting in the last six to nine months, and the quality of the individuals we are getting is much higher than a year ago because they are willing to apply to an agency that is pay banding," Vaughn said.

As part of its move to the new National Security Personnel System, Vaughn's agency adopted pay bands -- typically three broad salary scales for most occupations -- and tossed out the 15-grade, 10-step General Schedule, the decades-old system used across the government.

The shift to the NSPS, however, is about more than the mechanics of setting salaries.

The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials.

The NSPS calls on supervisors and employees to link their work to their agency's mission. At the DTRA, the goal is to safeguard the country from weapons of mass destruction. Employees and supervisors write up job objectives tied to the strategic plan of their agency, and employees are evaluated on how well they meet those objectives. The evaluations are turned into job ratings used to determine pay raises and bonuses.

Shari Durand , in charge of personnel policies and business-related activities at the DTRA, said the NSPS will help employees "get even more focused on specific outcomes. In the past, there wasn't a disciplined process to make that happen."

The first phase of the NSPS began in late April and covers 11,000 civil service employees in the Defense Department. The second wave of conversions, involving more than 66,000 employees, began this month and runs through January. Over time, the Pentagon hopes to move about 700,000 employees into the NSPS.

The new system has created some anxiety in the Defense workforce. The American Federation of Government Employees and other unions have questioned whether performance-based pay can be administered fairly and whether Congress will provide adequate funding for the NSPS.

The unions filed suit to stop implementation of some parts of the NSPS, including a provision that would limit contract negotiations, and won a court injunction. The Pentagon has filed an appeal and is converting only non-union employees to the NSPS until labor-management issues are clarified.

Like other agencies in the first wave, the DTRA held a practice run to help supervisors and employees understand the personnel system.

At the start of the dry run, supervisors and employees spent time together defining job objectives and expectations, Durand said. At the end, employees received information showing how they stacked up against co-workers for the rating cycle, she said.

"The mock has produced, I think, more realistic evaluations of employees and you see a better equity across the board," Durand said. "Dollar-wise for some folks, there could be a significant increase for them from what they got under the GS system."

The switch to a new system also has required several hours of training for supervisors and employees.

Mirna Flowers , a management analyst and aide to Vaughn, said the training was "overwhelming," adding that "I have to pull out my little reference book to make sense of it." She continued: "Just a lot of new language and terminology that we all have to get used to."

Still, Flowers called the NSPS "a good tool" and predicted that poor-performing employees will be held more accountable under the NSPS. "As harsh as it may sound, you have seen people get pay increases for just being in the system," she said. "And I think this system is going to allow us to be able to separate the performers from the non-performers."

An Inspector General? (WP)

The Washington Post, October 9, 2006

Rep. James Sensenbrenner's proposal to create a watchdog for the judiciary is a bad idea come too soon.

BEFORE LEAVING town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived.

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Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work. Just the other day the judiciary itself acknowledged as much; a commission led by Justice Stephen G. Breyer examined the recent history of judicial self-policing and found that the judiciary had mishandled a large percentage of high-profile misconduct cases. The Breyer commission made a series of recommendations for improving the management and investigation of such matters.

In addition, the administrative arm of the courts mandated the use of computer software to cross-check a judge's financial holdings to flag conflicts of interest. And it imposed new disclosure rules on judicial attendance at privately funded educational seminars. While we continue to think that the judiciary needs to do more, it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix.

This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event. Under Mr. Sensenbrenner's proposal, the office would investigate "waste, fraud and abuse" -- though the judiciary has little of these. It would also look into misconduct charges against judges of lower federal courts and report to Congress on them. It would have the power to subpoena documents and testimony in conducting these probes. To avoid running afoul of the constitutional separation of powers, however, the inspector general would be removable from office by the chief justice. It could not investigate the merits of a judge's decision or initiate an investigation before the judiciary's normal misconduct procedures had run their course. The result would be an office at once intrusive and too weak to be of much use, more likely to impinge on the independence of the judiciary than ferret out misuse of funds or uncover misdeeds.

An institution that could serve to harass judges who issue politically unpopular opinions with subpoenas for document production and testimony would be problematic under any circumstances. Mr. Sensenbrenner's habit of using his committee's powers to investigate federal judges -- some of whom merely acted in ways he did not like -- creates a particularly troubling context. While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment.

Good New Rules For Judges (LAT)

The Los Angeles Times, October 9, 2006

Measures will increase impartiality and stave off congressional intrusion.

IN A VARIATION ON THE BIBLICAL exhortation "Physician, heal thyself," critics of ethical lapses in the federal judiciary have long been saying, "Judges, judge yourselves." The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them.

Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings.

The first initiative is designed to make it harder for judges to inadvertently sit on cases in which their impartiality might be questioned. The conference will require federal courts to use computer software that sifts through cases in search of overlap between the parties and judges' financial holdings.

The second initiative addresses a malodorous practice in which federal judges attend seminars — some of them funded indirectly by corporate interests — at which they have the opportunity not only to bone up on trends in law and economics but also to swim, play golf, ride horses and otherwise frolic with captains of industries who have a lot at stake before courts. The Community Rights Counsel, an environmental watchdog group, has documented hundreds of such "judicial junkets."

New rules announced by the Judicial Conference will not do away with judges' participation in educational programs but will impose new disclosure requirements. Except for those offered by bar or judicial organizations, seminars that reimburse judges for more than $305 in expenses (greens fees included, presumably) must disclose sources of financial support. Information about which judges participated in which events will be available on the Internet.

Judges who take part in these programs are adamant that they aren't swayed in their rulings by the hosts' hospitality. But what matters is how the public might perceive the preferential access that flows from these junkets and the motivation — presumably not just charity — of those footing the bill.

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Welcome as they are in themselves, the new rules should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself.

OTHER NEWS:

Fed Official Sees Easing Inflation, But Concerns About Prices Remain (WSJ)

By Michael S. Derby

The Wall Street Journal, October 10, 2006

NEW YORK -- Federal Reserve Bank of San Francisco President Janet Yellen said Monday that while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time.

"I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity," Ms. Yellen said in comments prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.

She noted that "monetary policy makers again are doing a balancing act, seeking the best way to temper inflationary pressures while not exposing the business cycle expansion to undue risk." And against those risks, "holding the stance of policy steady for a time makes sense to me," especially since "we appear to be within range of the moderately restrictive policy," she said.

Ms. Yellen is currently a voting member of the interest rate-setting Federal Open Market Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year.

Ms. Yellen, who has been a frequent speaker on the economic outlook over recent weeks, offered views in her speech that were consistent with her past statements. Ms. Yellen's address Monday wasn't open to the press.

"Core consumer inflation has been uncomfortably high recently," she said. "I believe it is critical that inflation trend in a downward direction over the medium term" and "my expectation is that this is the most likely outcome," she said.

Ms. Yellen did acknowledge that she is "somewhat encouraged" by recent evidence of slowing price pressures. That said, "I am keenly aware that this pattern has yet to show up in the data on any sort of a sustained basis," she said.

And in a world where the outlook for price pressures is "highly uncertain," Ms. Yellen said that "until we actually see inflation begin to slow down, I will be focused on the upside risks in the outlook." Still, the official pointed to "well anchored" inflation expectations as a reason to be optimistic.

Ms. Yellen said that the Fed decided to hold rates steady in August in large part because of rising evidence that past rate increases were beginning to slow the economy. "Since then, there have been further signs of slowing," which allowed the Fed to again keep rates steady when it met in late September.

"The data we've been seeing in recent months point to a noticeable slowdown for this half of the year, with growth running at only a modest pace and clearly below the rate that is sustainable in the long run," Ms. Yellen said. Supporting the economy are a number of factors on the business side of the equation, while headwinds include energy prices and the cumulative impact of past interest-rate incresases, she said.

Ms. Yellen added to the list of factors weighing down growth the housing sector, where the pace of the slowdown there has been "a little surprising." She said "we have already seen that the pace of house-price appreciation has clearly moderated, and there are signs that it may continue." This will likely weigh on the consumer sector, Ms. Yellen said, as she warned that banks should be particularly wary of the impact of this shift on their industry.

Ms. Yellen also said "it has been something of a relief to see that oil prices have receded quite a bit in recent months," and if they stabilize, "the restraint we've felt this year should evaporate over 2007" and "would actually contribute to a pickup in growth next year."

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Dow, Nasdaq Shrug Off North Korea, While Dollar Increases On The Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 10, 2006

The U.S. stock market quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading.

The Dow Jones Industrial Average gained 7.60 points, or 0.1%, to end at 11857.81, up 11% on the year, just shy of its recent record.

The modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT.

Other indicators also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year. And the Nasdaq Composite Index rose 0.5%, or 11.78 points, to 2311.77, up 4.8% on the year.

Reacting to its neighbor's reported nuclear test, South Korea stocks dropped. The benchmark Kospi stock index tumbled 2.4%, or 32.60, to 1319.40, and is now off 4.4% on the year.

The dollar rallied on the yen, as the nuclear test added to pressures on the Japanese currency. The Japanese stock market was closed.

Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said that geopolitical events -- even dire ones -- have had decreasing influence on U.S. shares lately. He likened yesterday's reaction to the North Korea news to the market's relatively subdued moves following last year's transit bombings in London and this summer's conflict between Israel and Hezbollah.

"Investors' focus is on, 'What direction is economic growth headed?' " said Mr. Weissenstein. "At the same time, the market is growing less reactive to some of the other event-driven 'noise' that's out there."

He added that stocks had one less catalyst to generate significant moves yesterday, with the bond market closed. As trading resumes today, the 10-year Treasury yield stands at 4.7%.

In recent weeks, many investing pros have commented on the interplay -- and apparent disagreement -- between the bond and stock markets. Bond prices have generally been low, a possible sign that investors are worried about recession, according to some analysts' reading of the market.

By contrast, the Dow rallied last week to records, and stock investors generally remain confident that the economy is vibrant enough to sustain a strong run of corporate profits.

That theory will be put to a test today when the aluminum maker Alcoa, one of the Dow's 30 component stocks, releases third-quarter earnings after the market close. The company's profit announcement traditionally kicks off the earnings season, with a flurry of companies following suit.

In major U.S. market action:

Stocks rose; bonds were closed. Total trading volume for stocks listed on the New York Stock Exchange was 1.98 billion shares, as 1,976 issues rose and 1,275 fell.

The dollar was mixed. Against the Japanese currency, the dollar rose to 119.12 yen, compared with 119.01. The euro rose against the dollar to $1.2601, compared with $1.2595.

Small Businesses Again Gain Ground In Overall U.S. Employment (USAT)

By Jim Hopkins, Usa Today

USA Today, October 9, 2006

Trend may mean more employees will lack insurance as a result

SAN FRANCISCO — Reversing a long-term trend, small businesses are taking a growing share of U.S. employment, with possibly negative consequences for health care coverage of millions of workers.

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New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003. It was the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show.

As more Americans work for small firms, however, they are less likely to get medical coverage and other benefits such as retirement plans, because small firms are less likely to offer those benefits.

For example, 60% of companies with three to 199 workers offered health benefits this year vs. 98% of those with 200 or more workers, the Kaiser Family Foundation said last month .

Driving the employment trend:

•Shifting cycles. Big companies — defined by the SBA as those with 500 or more employees — are more likely than small businesses to shed workers during recessions and slow-growth economies, says Mark Zandi, chief economist at Moody's Economy.com.

"Layoff announcements are large and numerous," Zandi says, citing the period after 2001, when a short recession spurred many corporations to slash payrolls.

•Industry mix. Big corporations are more likely to be in manufacturing, a sector ripe for replacing workers with automation through investments in technology.

Small companies are often in service industries such as consulting and health care, fields that require workers rather than machinery, says Brian Headd, SBA's head of research.

In Omaha, Medical Solutions nearly doubled employment this year, to 250 workers, as more hospitals hired its registered nurses and other health care professionals. Started in 1997, the company now has contracts with 350 hospitals in 46 states, President Scott Anderson says.

•Outsourcing. As big companies downsize, they hand work to smaller outfits such as Total Asset Services in Tulsa. It installs voice and data cables, plus other equipment for big companies such as Capital One that are opening call centers in the Midwest, owner Sharon Marrs says.

The outlook for further shifts in employment is mixed. Zandi says big corporations may have taken the lead since 2004 as the economy started growing again after the recession.

Still, planned job cuts, especially in the automotive industry, soared 54%, to 100,315, last month from August, outplacement firm Challenger Gray & Christmas said last week.

Also, CEOs of Fortune 500 companies have grown more pessimistic about hiring, according to the Business Roundtable's most recent quarterly survey.

In that trade group survey, published last month, 32% of CEOs said they expected U.S. employment would be higher in the next six months, down from 41% in the previous survey.

The Worker Rally (WSJ)

The Wall Street Journal, October 9, 2006

The Labor Department released its September jobs report on Friday, and some wags are calling it the "whoops" report. The "whoops" is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006.

So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire. What's going on here?

Our hypothesis has been that, due to the changing nature of the U.S. economy, the Labor Department's business establishment survey has been undercounting job creation from small businesses and self-employed entrepreneurs. That job growth has been better captured in Labor's companion household survey, which reported 271,000 new jobs in September after 250,000 new jobs in August, and a very healthy total of 2.54 million new jobs in the past year.

The household survey is what is used to determine the unemployment rate, which fell in September to 4.6%, the lowest level in five years. The establishment survey, meanwhile, is used to announce the monthly "new jobs" numbers. Every year the

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Labor Department revises its job estimates from the previous year, in essence reconciling the figures from the two surveys, and the missing 810,000 jobs was the result through March 2006.

Getting out of the statistical weeds, the news here is that the U.S. has a very tight labor market -- which is now translating into significant wage gains. Over the past 12 months wages have climbed by 4%, which is the biggest gain since 2001 and which economist Brian Wesbury points out is higher than the 3.3% average annual wage growth of the last 25 years.

Most of the media has ignored all this and instead focused on the disappointing 51,000 "new jobs" number from the establishment survey for September. But even in that survey, the jobs number for August was revised upward by 62,000 and the U.S. jobs machine continues to roll out an average of about 150,000 additional hires each month. Even the loss of residential construction jobs in September, due to the housing market slowdown, was nearly matched by payroll gains in commercial construction.

This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm.

As Price Slips, OPEC Moves Toward Production Cuts (NYT)

By Jad Mouawad

The New York Times, October 10, 2006

A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output.

While more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place. It would be the first time OPEC had cut its quotas in two years.

OPEC, which accounts for about 40 percent of the world's oil exports, may call an emergency meeting later this month to hammer out the deal, according to the oil ministers from Iran and Algeria. Nigeria, which holds the presidency this year, did not rule out an emergency meeting ahead of OPEC's next scheduled gathering on Dec. 14 in the Nigerian capital, Abuja.

The Organization of the Petroleum Exporting Countries has not formally reduced its output ceiling since the second quarter of 2004, and any talk of how to divide the lower production may lead to acrimonious negotiations as countries fight for their market share.

But concerns over slumping prices may force OPEC to act.

Crude oil futures in New York are down 24 percent since touching a record trading price of $78.40 a barrel in mid-July. Last week, even as OPEC mulled reducing its output, prices fell 5 percent as traders doubted the cartel's resolve. Oil closed at $59.76 a barrel on Friday, near its lowest levels in seven months.

In recent days, Edmund Daukoru, OPEC's president and Nigeria's oil minister, has been making calls to all of the group's representatives to find a way to stem the slide and turn market sentiment around.

"I think there is more or less consensus for one million barrels a day," Mr. Daukoru told Reuters yesterday. He indicated that the cut would be made from OPEC's current quota of 28 million barrels a day.

Excluding Iraq, which does not have a production quota, OPEC produces about 27.5 million barrels a day, slightly less than its formal output ceiling.

Saudi Arabia, OPEC's most influential member, has not made any public comment in recent days, but is understood to back a production cut if other members reach a consensus to do so. The oil-rich kingdom has already pared its output to prop up prices.

In Algeria, the oil minister described the recent drop in oil prices as serious and warned that prices might fall another $25 if nothing was done. Chakib Khelil, the minister, told reporters there was agreement among the member countries to meet and decide on production cuts to face the "new market situation."

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"What is important is that the market find the OPEC position credible," he said. "That is why it is necessary to have a meeting to make a decision on the cut and to act on it."

As Oil Ebbs (WP)

The Washington Post, October 9, 2006

The nation still needs a sane energy policy.

THE DECLINE in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record.

The relief should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. The past year or so has vividly demonstrated the connection between surging oil demand and high prices on the one hand and noxious political trends on the other. High energy prices pumped money into the coffers of oil exporters such as Venezuela, Iran and Russia, emboldening their leaders to challenge the interests and values of the rich oil-importing democracies. Back in the 1990s, Russia depended on Western capital and made progress in embracing Western democratic values. In this decade, by contrast, the boom in oil and natural gas prices has left Russia with a surplus of capital. Freed of any need to humor Western creditors, Russia's leaders have hobbled democratic institutions at home and bullied democratic neighbors abroad.

Deflating petro-bullies is one good reason for the United States to reduce oil consumption and so bring oil prices down. Another reason is to reduce global warming, the evidence for which continues to strengthen. Again, the past year or so has provided a revealing natural experiment: High prices began to curb sales of gas-guzzling sport-utility vehicles and generated a flood of venture capital investment into alternative fuels such as ethanol made out of agricultural waste or grass. But with oil prices now down a bit, the commercial momentum behind energy conservation and alternative fuels may dissipate.

The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels.

The chief objection to this policy is that a new tax would burden the economy. But any such burden could be offset by reducing some other tax. The secondary objection is that a carbon tax is politically unfeasible. But the defeat of President Bill Clinton's proposal for a BTU tax, commonly cited as proof that a carbon tax is unthinkable, took place more than a decade ago. That was before oil states' extremism emerged as a leading security threat. It was before the evidence on climate change became overwhelming. It's time for the nation's political leaders to get beyond the circular conviction that they can't propose a carbon tax because nobody is proposing a carbon tax. What sort of leadership is that?

Va. Parents Trying To Unadopt Troubled Boy (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Mother Says Caseworkers Failed to Disclose Child's Stormy History

A talkative 9-year-old boy came to Helen Briggs on Valentine's Day 2000. She was a foster mother with years of tough love and scores of troubled kids behind her. But she grew to love this boy. Within the year, she'd talked her husband into adopting him.

Now, six years later, Briggs and her husband, James, a maintenance worker for the city of Alexandria, are taking the highly unusual step of trying to unadopt him.

In 2003, when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life.

The Washington Post generally does not name the subjects of juvenile court cases.

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Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time.

He'd been hospitalized seven times in psychiatric institutions and diagnosed as possibly psychotically bipolar. He'd thrown knives, kicked in walls, pulled out all his hair and threatened to kill himself. He'd heard voices telling him to do bad things. His confidential case file shows he most likely was sexually abused.

"I did not know any of that," Briggs said, though Virginia policy states that caseworkers should provide "full, factual information" about a child to adoptive parents. "They just told me he was hyperactive."

She said the state's failure to fully disclose the boy's background is tantamount to fraud.

State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support.

Still, a Fairfax County court has granted Briggs's petition to relinquish custody. The boy, who has lived in institutions since his conviction, is now officially back in foster care. He asked to be put on suicide watch, records show, when the judge's decision came down.

Briggs hired an attorney to terminate her parental rights. But in Virginia, a child older than 14 must give consent. The boy, now nearing 16, wants Briggs to be his mother forever, according to the voluminous confidential case file and e-mail and phone records Briggs subpoenaed for her lawsuit and provided to The Post.

Briggs sought to file a "wrongful adoption" lawsuit. But under Virginia law, she needed to file within two years of discovering the boy's history. Instead, she wavered.

First, she wanted him home after he had completed his sex offender treatment. But then psychologists deemed him a "sexual predator." That meant Briggs could no longer be a foster parent, which she considers her job. Nor could she allow her three grandchildren in her house. Nor could she keep a little girl she had cared for since the day she was born.

She had to choose.

"You don't want to throw somebody away," she said. "But sometimes you have to."

Her choice has left her with none of the rights and many of the responsibilities of a parent. Caseworkers forbid her from contacting the child because he becomes so violent and angry when she does. Yet state law requires that she pay $427 a month in child support and cover court costs when he appears before judges who now decide what's best for him.

With no legal recourse, she is asking politicians to help her find a way out.

"At first blush, you think, 'What, you're trying to give up your kid? You're a jerk,' " said Virginia Del. David B. Albo (R-Fairfax). "Then you find this lady has received awards for all the foster work she's done. And that she never would have adopted the boy and put other children in danger if she had had the information that was withheld from her."

The technical term for what Briggs is trying to do is "dissolve" the adoption, as if all the bonds of love and hurt could simply vanish into thin air.A Hopeful Start

When Briggs, 57, went to visit the boy for the first time, she said she saw a cute, happy child. She recalls caseworkers telling her that he was in a psychiatric hospital because he was too much of a handful for his great-aunt.

They were nearing desperation before they found Briggs, records show. Nobody wanted him.

A no-nonsense, old-school "professional parent," Briggs figured she could handle him. When the boy acted out, she gave him limits. When he began pulling his hair out, she had it shaved. And when he kept running away from school and her Lorton townhouse, she turned him over to her husband for a whupping, just like she got as a child -- until caseworkers called Child Protective Services.

Nonetheless, caseworkers noted that the boy thrived in her care. "The Briggs foster home is the most constructive and potentially successful placement option that this child has," they wrote.

Briggs hadn't planned on adopting anyone. There was just something special about this child. He was so thankful he had his own room, with the first bed he hadn't had to share in his whole life, she remembers him telling her.

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If she got sick, he'd make her soup and rub her feet. At school, if he heard an ambulance, he'd be beside himself until school workers let him call home to make sure Briggs was okay. She understood, she said. So many people had abandoned the child.

As she was signing the adoption papers, she remembers nothing about a background briefing, as required by state policy. Only a caseworker asking skeptically, "Are you sure you want to do this?"

"Yes," she recalled answering. "I love him."

When the boy came to her, he was taking medications for mental illness, depression, delusions, seizures and attention-deficit hyperactivity disorder. He was considered a "therapeutic" foster child, one that comes with extra emotional, medical or behavioral baggage and a heftier monthly subsidy.

Some case workers think she must have known, records show. One wrote that Briggs wasn't being "entirely honest." However, nothing in the case file indicates she was given an oral briefing or a written summary of the boy's background, or access to his records. In some reports, details such as his psychiatric hospitalizations and sexual abuse are left out.

There are also notations of alarm when Briggs began taking the child off his medications, that perhaps she did not understand the gravity of his condition.

Briggs said she thought the medications were for hyperactivity. When the child began complaining of headaches, she took him to a psychiatrist caseworkers recommended. She asked if the boy needed all the pills. The psychiatrist, records show, said no.

"When he told me he was hearing voices, I told him it was just his conscience talking," she said.

Records show that caseworkers are vehemently against Briggs terminating her parental rights. "At least, if his parents win the lottery and die, he will inherit," one wrote in an e-mail. Some think she has rejected the boy because she needs the money she gets from foster children.

"That's a lie," Briggs said angrily.

A religious woman and active in her Sword of Spirit Deliverance Ministry Pentecostal Church, Briggs said being a foster mother is a calling. She's on disability, she explained, so it's one of the few things she can do to supplement her husband's blue-collar wage.

"The system needs to be revised. That's why I'm doing this," she said. "I should have known about the child. Because people get hurt."

And then there is another reason, one that woke up late one recent morning and, yawning, shuffled downstairs in fluffy white slippers with bells on the toes and nestled onto Briggs's ample lap: a little girl of 5, the child of a former foster daughter and Briggs's legal ward.

"I can't take him back," Briggs said, stroking the hair of the child she chose to keep.

Wrongful Adoption

If it is true what Briggs says, that she really didn't know the full extent of the boy's difficult young life, it would not be the first time.

The first "wrongful adoption" lawsuit was won in Ohio in 1986. Parents were told the 16-month-old they adopted was a healthy infant born to a teenage mother. When the child later developed a fatal disease and exhibited mental disorders, the parents discovered he was born to two middle-age mental patients.

Since then, states have enacted a patchwork of laws and written disclosure policies. Some states, such as Texas and Ohio, give adoptive parents access to a child's entire case file. In Maryland, social workers are required to prepare a written background summary and ask adoptive parents to sign it. Virginia's disclosure policy has no written requirement.

"I have seen so many adoptive parents come back and feel so angry and cheated that we didn't tell them about a child. And we did tell them," said Judith Schagrin, a Maryland social worker. "It's just that at the time, they were so hopeful and looking through a lens of love that they couldn't hear what we were saying."

But sometimes, because of the high turnover of case workers, information gets lost, assumptions get made, mistakes happen -- especially if the child is older. Especially if they've bounced around foster care for years. And especially, Schagrin said, if their sad and broken histories might scare away potential foster or adoptive families.

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That pressure has intensified since 1997 because of a federal law that rewards states as much as $6,000 for every foster child adopted.

"I have seen caseworkers. They think, 'Oh, the family won't adopt the child if they know everything," Schagrin said.

Most adoptions take, especially for infants. But for children over 12, as many of 25 percent of the adoptions don't. They simply dissolve.Separate Paths

Briggs has seen her adopted son four times since he left her home in 2003 -- three brief visits to his out-of-town institution before she decided to give him up and once in court this summer. The child, by turns angry and despondent, had smashed his hand through glass.

"He feels unloved," a counselor noted in his file. "That he doesn't belong in the world."

Caseworkers came to Fairfax juvenile court to ask a judge to send the boy to a secure facility in another state. Though she had no say in the matter, Briggs came to see him.

After the hearing, she asked him for a hug. "Well, I'm grown up now," she remembers him saying before he gave in.

"Do you miss me?" she remembers asking.

"Yes," he said.

Then she returned home, to her grandchildren, her small ward and the new foster daughter who sleeps in the boy's old room.

House Afire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 9, 2006

Like the rest of their race, last week's debate between Connecticut Rep. Chris Shays and Democratic challenger Diane Farrell was supposed to be all about Iraq. Instead, the first question was about what should happen to the House Republican leadership in light of revelations of obscene electronic messages from ex-Rep. Mark Foley to teenage boys working as congressional pages. "This is one more illustration of what has been happening with the existing Republican leadership," said Farrell, who'd called for the resignation of House Speaker Dennis Hastert earlier in the day. "It has been one mistake or one scandal after another." Thrown on the defensive, Shays called Hastert a "very good and decent man" and argued that calls for his resignation were premature, since allegations that Hastert knew of Foley's lewd conduct for years had yet to be proven.

Then it was time to get back to Iraq. But the next questioner, a news anchor from New Haven, asked about the Foley scandal, saying, "I am not sure we have exhausted this topic." By the time the subject of Iraq surfaced, nearly a quarter of the hourlong debate was over.

That's bad news for Shays, and for Republican incumbents across the country who are trying to retain control of Congress in next month's midterm elections. As each day last week brought new questions about how the Republican leadership handled the Foley affair, the political implications came into sharper focus. An Associated Press-Ipsos Poll released late last week found that roughly half of likely voters said corruption and scandals in Congress would be very or extremely important in how they cast their ballots on November 7. The poll also found that voters trusted Democrats over Republicans to combat corruption by a margin of almost 2 to 1. Pollster John Zogby says his internal polls found a precipitous drop-off in Republican support. "When voters make a radical turnaround like this," Zogby says, "it could be the beginning of a free-fall."

"Tidal wave." Hastert stanched the bleeding at least temporarily with a press conference that managed to be both blunt and folksy. "The buck stops here," he vowed, and for the moment he seemed to get the benefit of the doubt (box). The House ethics committee quickly issued dozens of subpoenas for House members and personnel. But Republican concerns about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages. "Our one advantage over the Democrats had been money, but just how much money does it take to overcome this tidal wave of media attention?" asked Republican pollster Tony Fabrizio. Coupled with growing voter unease about the U.S. involvement in Iraq, the Foley revelations appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more

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inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control.

A Secret Life (NSWK)

By Evan Thomas, Newsweek

Newsweek, October 9, 2006

Mark Foley's explicit e-mails could bring down the GOP. His story, and the fallout.

In uptight, colorless Washington, Congressman Mark Foley, 52, Republican of Florida, was a bon vivant. He loved parties and making jokes; he did a wicked Bill Clinton imitation; he loved to talk about sex. He had to be a little bit careful, however. A gay man, he might bring a boyfriend to private parties, friends say, but when he appeared on the official cocktail circuit, he went alone or with a woman. He also hid, or tried to hide, his interest in younger men—much younger men, including the teenagers who can be seen scurrying around Capitol Hill toting the mail and taking in, at least in theory, a firsthand civics lesson. The House pages, the 70-or-so high-schoolers who spend up to a year in Washington running errands for congressmen, live in a squat red-brick dormitory at 501 First Street Southeast, less than five blocks from the Capitol. The building once housed Roman Catholic nuns who worked at a nearby hospital. The teenage pages are chaperoned by six staffers and are warned to stay away from drugs and alcohol. Only steps away from the pages' dorm is a bar called Bullfeathers, where lobbyists take Hill staffers to down martinis. Two blocks away is the Cannon House Office Building, where Congressman Foley had his office.

On one night in 2002 or 2003, an allegedly inebriated Foley showed up at the pages' dorm after a 10 p.m. curfew and tried to gain entry, according to an account provided by two congressional sources, who declined to be identified due to the sensitivity of the matter. Foley was turned away by a guard. It is not known if the pages were ever aware that Foley lurked outside their door, but word of the incident reached the House Clerk, who notified Foley's chief of staff, Kirk Fordham.

This was not the first time that Fordham had learned of his boss's behaving, in that modern all-purpose euphemism, "inappropriately." Fordham decided that it was time to go to a higher authority, so he went to see Scott Palmer, chief of staff to the Speaker of the House, Dennis Hastert. That, at least, is what Fordham is prepared to tell investigators, according to a knowledgeable source who requested anonymity in discussing the probe. Palmer has already accused Fordham of dissembling, and Washington is settling in for one of its periodic melodramas of moralizing and prurience.

The secret world of Mark Foley—and the denial and bumbling of the House leaders who possibly did not want to know too much about that world—is beginning to emerge in bits and pieces of lurid detail. What actually happened—from the moment that Hill staffers first became aware of Congressman Foley's unusual interest in teenage congressional pages—is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance.

Voters may not understand the legalistic ins-and-outs of campaign-finance scandals or know much about an influence peddler like Jack Abramoff beyond his name. But they can follow the details of a sex scandal, especially one that they can imagine harming their own children. It was not necessary to read Foley's leering (and worse) e-mails and instant messages to former congressional pages—in one, he asks "Do I make you a little horny?"—to be disgusted by an obvious abuse of power and trust. If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress.

It is too early to know exactly why the Republicans failed to heed the warning signs about Foley's interest in the pages. Staffers raised concerns, the Speaker's office was notified and Rep. John Shimkus, head of the House Page Board, was dispatched to caution Foley and warn him away from the pages. But nobody bothered to investigate further—a step that might have uncovered the broader pattern of predatory behavior now evident.

There are plenty of theories about why the leadership did not take the matter more seriously. In the Washington power culture, incumbents are generally protected from the consequences of their own actions. That's especially true in a Congress where one party has ruled both houses for years; the concept of meaningful oversight has been essentially forgotten. And in a party ruled largely by conservatives, and built with the help of evangelicals, many of whom view homosexuality as unnatural and

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homosexual acts as sinful, leaders may also have had a special reluctance to scrutinize the sexual behavior of their colleagues or their staffs.

Inevitably, Washington was rife with nasty rumors of a "Velvet Mafia" of gay Hill staffers conspiring to protect each other. But Foley's homosexuality should not be the central issue in the scandal. His wrongdoing was to sexually prey on teenagers. Sexual orientation has nothing to do with sexual predation, and to suggest otherwise is to dredge up ugly stereotypes that are factually wrong (according to a 2000 Justice Department study, 97 percent of adults who sexually assault 12- to 17-year-old children are male—and 90 percent of their victims are female). Nonetheless, it is relevant that Foley is both homosexual and a Republican.

A number of top GOP staffers on Capitol Hill are gay and, generally speaking, most do not advertise their sexual orientation. Some staffers may believe that their place at the pinnacle of power could be compromised if their private lives were publicly known. Republican leaders on the Hill may not want to know too much about the sexual orientation of a fellow Republican congressman, like Foley, or even their staffers. They may wish to be in a position to deny any knowledge. If there were any efforts among gay staffers to protect Foley, they may have been motivated by personal considerations, or an effort to protect the GOP's rule on Capitol Hill. "The notion that there's a cabal and they're closing ranks and protecting one another because they're gay is reprehensible," says Brian Bennett, who came out after serving as chief of staff to former congressman Bob Dornan, a fierce right-winger. "People protect each other because they're friends."

Republicans have been tripping over each other for days trying to get their stories straight on who knew what and when. The various explanations have only served to obfuscate. In the end, the Republicans may not be able to escape the irony of the Foley scandal. In 2004, the GOP helped get President George W. Bush re-elected by turning out the base, especially the Christian right, to vote for state bans on gay marriage. In 2006, the GOP may lose control of Congress because it didn't try harder to investigate a gay congressman who was also a sexual predator.

The man at the center of the scandal is, or was, by all accounts an unusually upbeat, buoyant politician. Raised in modest circumstances, Foley, the son of a Marine veteran of Guadalcanal, has been enamored with politics from the time he dropped out of Palm Beach Junior College to start a small restaurant. A moderate Republican, he became a fixture in the glitzy Palm Beach social scene, hobnobbing with the wealthy at places like Donald Trump's Mar-a-Lago estate. Foley was "just easy to like," says Sid Dinerstein, chair of the Palm Beach County Republican Party. "He loved his job. He loved waking up in the morning to find another event to go to."

Foley did not exactly hide his sexual orientation. He was often spotted with his longtime companion, a well-to-do Palm Beach dermatologist, though Dinerstein says the two were careful not to sit together at big charity functions. From time to time, however, Foley had to evade questions. Asked by a local radio host when he first ran for Congress in 1994 "Is it true you're gay?" Foley replied, "I have a girlfriend." He said the woman lived in Miami and spent time in Washington. In 2003, Foley backed out of a bid for the Senate, ostensibly to care for his sick father—but also, his friends suggested, because he did not want to withstand the inevitably increased scrutiny of his sexual orientation.

In Washington, Foley's homosexuality was an open secret. Gays active in Republican politics describe an informal "don't ask, don't tell" rule: gay staffers can be out of the closet, as long as they aren't too public about it. The party leadership apparently welcomed Foley: he raised hundreds of thousands of dollars for GOP campaign coffers. Radical gay groups sometimes try to out closeted GOP congressmen, but Foley believed he had some protection. He could not be accused of hypocrisy because he voted against a constitutional amendment banning same-sex marriage.

Still, Foley was subject to the jeers of at least one openly gay Democratic congressman. Last week Rep. Barney Frank of Massachusetts told the Advocate.com, a gay news site, "Once, at a congressional Christmas party at the White House, my ex-boyfriend Herb went up to Foley, who was with a female date, and said to him, 'Why don't you get a real date?' Foley didn't say anything."

Foley was sexually active in Washington, according to a gay Republican who declined to be identified discussing Foley's private life. Because he had a longtime partner, he told a friend, he preferred to have affairs with men who also had boyfriends. That way, he explained, they both had something to lose. Foley jokingly described this practice as "mutually assured destruction," said this friend.

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Foley was looked after, at least to a degree, by Kirk Fordham, who ran Foley's first campaign and came to Washington as his chief of staff. Fordham, who is openly gay, has said he warned Foley not to flirt too openly. If Fordham is to be believed, Foley began showing undue interest in congressional pages as early as 2001. The Clerk of the House, Jeff Trandahl, advised Fordham to warn Foley about his conduct. Fordham, a skilled and ambitious political operative, left Foley's staff after he bowed out of a Senate run in 2003 and moved on, ultimately becoming chief of staff to Rep. Tom Reynolds, the head of the Republican congressional campaign committee.

Foley sent the e-mails that ultimately led to his downfall beginning in July 2005. Foley e-mailed a former page to ask, "How old are you now?" He asked the page what he wanted for his birthday. In a later e-mail, after Hurricane Katrina had hit Louisiana, Foley asked after his safety and to send a picture of himself. The e-mails were very familiar, but not overtly sexually suggestive, though in one e-mail Foley noted that he was on his way to the gym and wrote, "I am just finished riding my bike on a 25-mile journey."

The e-mails "freaked me out," the page told a staffer for his congressman, Louisiana Rep. Rodney Alexander. Foley's request for an "e-mail pic" was "sick sick sick sick sick sick sick sick sick sick sick sick sick," the page told the staffer, scheduler Danielle Savoy. Representative Alexander's staff notified Speaker Hastert's staff, who in turn went to Representative Shimkus, the congressman who runs the Page Board, which acts as a kind of all-purpose den mother to the young pages.

A former Army Ranger, Shimkus is a tall, straight-talking West Pointer. He was shown at least parts of some of the e-mails, which he thought were disturbing, but ambiguous. In the fall of 2005, Shimkus marched over to Foley's office in the Cannon Building. Shimkus had been told by Clerk of the House Trandahl that the page's parents wanted the contact between Foley and their son to be stopped immediately. Fearing a media frenzy, they also wanted the matter to go no further.

Shimkus told Foley, "This is unacceptable. Stay away from the kid and stay away from the pages," according to a Shimkus staffer. Foley looked taken aback, the aide says. Foley said that he was merely acting as a "mentor." "Am I guilty of being too friendly?" Foley asked. "Yes," he answered his own question.

At the time, Shimkus was satisfied with Foley's response. He now refers to Foley as a "slimeball," and regrets he did not push further. He says he was fooled by Foley's performance and felt constrained by the parents' desire for discretion.

The e-mails from Foley to the page did not go away. They began showing up in newsrooms—at the St. Petersburg Times and The Miami Herald in Florida and some Washington news organizations. It is not clear how they got there. (A St. Petersburg Times editor told NEWSWEEK that the paper received the e-mails from a source in Alexander's office. The congressman's office did not return calls.) Journalists at several news organizations have identified the leaker as a "Republican whistle-blower." But it is also true that liberal and gay activist bloggers picked up the scent. While the newspapers did not believe that the e-mails revealed enough evidence of wrongdoing to publish them, the blogs had fewer compunctions. On Sept. 24, a site called stopsexpredators.blogspot.com published scanned images of Foley's e-mails to the pages, and within hours, the widely read liberal blog Daily Kos provided a link to the mystery blogger.

Over at ABC news, veteran investigative reporter Brian Ross had known about the Foley e-mails for some time, but he was distracted by more pressing stories. After the story was already out on the Internet, Ross published portions of the e-mails on his own blog, The Blotter.

The ABC blog seems to have opened the floodgates. Overnight, other former congressional pages began sending Ross much racier instant messages sent out by Foley, suggesting that the congressman had engaged in Internet sex and was angling for trysts. An ABC producer called Foley's office and read his staff some of the messages.

Foley was having lunch at his Capitol Hill town house with his old friend and former aide Kirk Fordham and other campaign advisers when they heard about the ABC inquiry. The congressman had already responded to the earlier, more benign e-mails with a statement brushing them off and accusing his Democratic opponent of smear tactics. On the phone, Foley told a friend, "It's worse. There are new e-mails and they're very graphic." Foley knew he was finished. Fordham walked over to GOP headquarters and shared the information with Reynolds and Hastert, according to a source who was present (and asked for anonymity given the delicacy of the situation). Fordham brought back a draft resignation letter; Foley signed it that evening. Fordham tried to win Foley some cover by offering ABC's Ross an exclusive on Foley's resignation if Ross agreed not to print the

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seamier messages. But Ross wasn't buying. Foley signed a short resignation letter and was in his car, a BMW, driving south for Florida by that evening.

Saying that he had an alcohol problem, Foley checked into rehab. His lawyer, David Roth, put out a statement that Foley had been abused by a clergyman as a teen—and said his client "unequivocally" denied having sex with a minor. These assertions were greeted with some skepticism, even by Foley's supporters. No one seemed to be able to recall seeing Foley drunk—though it is interesting that Foley was reportedly inebriated when he allegedly showed up outside the pages' dorm on that night three or four years ago. Foley did attend a parochial school, but so far no evidence has emerged that he was abused there. Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex.

The questions about Foley's past were accompanied by a furious round of accusations and denials by House Republican leaders. Hastert originally said he first heard about Foley's page problem from staff as the news broke. But House Republican leader John Boehner insisted that he had talked to Hastert himself last spring about Foley's contacts with the page. Republican operatives began predicting that Hastert would have to take the fall and resign. Last week, the Speaker, who has long been viewed as a figurehead installed by former House majority leader Tom DeLay, took "responsibility" for the Foley mess—without admitting that he had done anything wrong. In an attempt to quiet the speculation about his future, Hastert vowed that he would not step down. But the questions about what the GOP leadership knew about Foley—and what Hastert & Co. did or did not do—would not go away.

Behind the scenes, attention increasingly focused on Foley's after-hours visit to the pages' dorm several years ago. If Foley were really behaving that outrageously so long ago, why hadn't more been done to stop him? The answers may start with the testimony of Fordham, the former Foley chief of staff who is now cooperating with federal investigators.

Fordham had long worried about the behavior of his friend and boss. As early as in 2001, Fordham had received disturbing reports of Foley's "inappropriate" behavior toward the congressional pages. According to a knowledgeable source familiar with Fordham's account, who did not wish to be identified discussing such a sensitive matter, Fordham is prepared to tell investigators that he was warned "on two or three occasions" about Foley's "overly friendly" socializing with young male pages.

He was informed by Jeff Trandahl, then the Clerk of the House, who oversees the page program. On one occasion, sometime in 2002 or 2003, Trandahl told Fordham about Foley's nocturnal adventure to the pages' dorm. Trandahl told Fordham that Foley "appeared intoxicated," according to the source who provided Fordham's account to NEWSWEEK.

This incident prompted Fordham to go to Scott Palmer, Hastert's chief of staff, and tell him about Foley's behavior. Fordham called Palmer and told him that he wanted to speak with him privately, the source says. The two men met in a small office on Capitol Hill. (Palmer says the meeting never took place.)

Fordham did not tell Palmer about Foley's attempt to enter the pages' dormitory, but rather that he was generally concerned about his boss's excessive friendliness to the pages, according to the source. Palmer expressed surprise and concern, the source says, and wondered what this could mean to Foley's political future. Why would he endanger his career with such conduct?

Palmer assured Fordham that he would talk to Foley. A day or two later, Fordham called Palmer to ask what happened. Palmer told him that he "dealt with it" by talking to Foley and that he "informed the Speaker," according to the source familiar with Fordham's account. Months later Fordham had an awkward conversation with Foley in which his boss indicated that he had spoken to Palmer.

Last week, as House GOP leaders felt the waves of scandal breaking over their heads, a spokesman for Hastert insisted that Fordham had never warned the Speaker or his top aide, Palmer. "What Fordham said did not happen," said Palmer in a written statement. Trandhahl, who resigned for unknown reasons as Clerk of the House in November 2005, was not returning phone calls. Trandahl, who like Fordham is openly gay, could be an important witness as the House ethics committee begins an inquiry.

Foley's alleged late-night visit to the pages' dorm came up during a fraught conference call for all House Republican congressmen last week, and various Republican leaders were demanding a full investigation. One GOP member, Ginny Brown-Waite of Florida, said in a statement provided to NEWSWEEK that she had "learned" of the incident at the pages' dorm after she

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initiated her own investigation. One of her staff aides said that Brown-Waite had talked to a House official with direct knowledge of what had happened. Capitol Police were saying last week that they could find no records of Foley's alleged visit to the dorm.

At the White House, aides were straining to sound optimistic. "I think we've stabilized," said one senior Bush aide, operating under the usual White House requirement of anonymity. "Unless there's another circular firing squad or new information comes out." Others were gloomier. In Rep. Ray LaHood's Illinois district, the Foley scandal has been the lead story in the local paper every day for the past week. "We had this game plan of coming home and talking about our accomplishments on border security and the economy, and nobody wants to hear about it," says LaHood. "The only thing I hear from people is Foley ... It's all anybody wants to talk about, and I don't see that changing any time soon." According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values.

It's not just the voters who care about "family values" who might be driven away, said Matt Dowd, Bush's long time pollster. The brouhaha on the Hill threatens what Dowd calls "the gut values" relationship between voters and politicians they trust. "Values always determine elections," says Dowd. "Deep gut values, like 'Do I trust someone?'" Several leading party strategists worry that public trust in the House Republican leadership—never exactly ironclad, even among the truest Republicans—could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers.

The Democrats seemed happy to just get out of the way and let the Republicans devour themselves. "The story has plenty of energy on its own," said one Democratic strategist, who asked not to be identified as he crowed. "There's no need for us to draw attention to it." Minority Leader Nancy Pelosi has been strongly demanding an investigation, but she is seen as well positioned to take a public role, since her San Francisco district has a large gay population, and she runs little risk of being branded as insensitive. Republicans are furiously accusing the Democrats of timing the scandal to break just before the election. "This was a professional hit," says Grover Norquist, head of Americans for Tax Reform and a leading GOP activist. No evidence of Democratic Party involvement has turned up, though whether the blogs got any information from party sources is open to question.

There is a real risk that the Foley scandal could spur a vicious campaign to out closeted gay Republicans. Although many gay conservatives make little effort to hide their sexual orientation, they have to put up with a certain amount of disdain, if not outright hostility, from certain quarters. Some GOP lawmakers frowned on Foley's fraternization with younger male staffers. A House GOP aide remembers standing on the House floor with his boss when Foley came over to say hello. Afterward, the aide remembers, his boss turned to him with an air of disdain. "Do you hang around with that guy?" the congressman asked. If the Foley scandal continues its downward spiral, the atmosphere of suspicion will only get worse.

The Steady-Handed Hastert (USNEWS)

U.S. News and World Report, October 9, 2006

To many political observers, last week's drumbeat for Dennis Hastert's resignation as House speaker felt like 1998 all over again-the year that Speaker Newt Gingrich was forced out after the GOP was rocked by the loss of congressional seats in the midterm elections and sex scandals that came swift on its heels. From that chaos emerged Hastert: a farm kid and disheveled former wrestling coach from Illinois without a whiff of excitement to him.

In many ways, Hastert was the anti-Gingrich. He shied away from the spotlight, quieted the noise surrounding the contentious Contract With America, and pursued more personal, behind-the-scenes consensus building that allowed the rank-and-file to shine. "It's remarkable how he's been able to hold the [Republican] coalition together," says a former House aide. "Look at all the votes they won by one or two. That's a testament to his leadership." Critics have accused him of allowing former Rep. Tom DeLay to be his hatchet man while he made friends with a relatively hands-off approach. Whatever the case, the 64-year-old's quiet style has made Hastert the longest-serving Republican speaker.

Low key. But when the Mark Foley sex scandal exploded and put the speaker in the eye of the storm, some wondered whether the pragmatic, no-frills style that vaulted Hastert to power might ultimately prove to be his undoing. "One of the reasons

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he was elected was because you don't need to be a great communicator when your job is to run a train on time," says a former top GOP aide. "But when you get sucked into a whirlwind like this, a plodding approach is not the way to survive."

Indeed, it seemed as if Hastert had explaining to do. His version of when and what he knew about Foley's behavior seemed to contradict those of other Republicans touched by the scandal. Democrats, meanwhile, blasted House leaders for not sharing concerns about Foley with the Democrat on the House Page Board.

As the fallout from Foley spread, Hastert was slammed by conservatives like Paul Weyrich who called for his resignation. But by week's end, Hastert appeared to have won over some of the doubters. "Any Republican with half a brain realizes they cannot toss [Hastert] over," says a Senate Republican staffer. "They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself." Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP. After speaking personally with Hastert, Weyrich recanted his criticism, saying Hastert convinced him that he's telling the truth. In a press conference back home in Batavia, Hastert made clear he had no intention of resigning. But he struck a contrite tone. "The bottom line is ... the buck stops here," he said. President Bush, who has asked the veteran congressman to hold his leadership post through 2008, called to offer his support. Hastert's slow-and-steady approach seemed to have worked again.

The End Of A Revolution (TIME)

By Karen Tumulty

Time, October 16, 2006

Sex, lies and power games are just the latest symptoms of a Republican Party that has strayed from its ideals

Every revolution begins with the power of an idea and ends when clinging to power is the only idea left. The epitaph for the movement that started when Newt Gingrich and his forces rose from the back bench of the House chamber in 1994 may well have been written last week in the same medium that incubated it: talk radio. On conservative commentator Laura Ingraham's show, the longest-serving Republican House Speaker in history explained why he would not resign despite a sex scandal that has produced a hail of questions about his leadership and the failure to stop one of his members from cyberstalking teenage congressional pages. "If I fold up my tent and leave," Dennis Hastert told her, "then where does that leave us? If the Democrats sweep, then we'd have no ability to fight back and get our message out."

That quiet admission may have been the most damning one yet in the unfolding scandal surrounding Florida Congressman Mark Foley: holding on to power has become not just the means but also the end for the onetime reformers who in 1994 unseated a calcified and corrupted Democratic majority. Washington scandals, it seems, have been following a Moore's law of their own, coming at a faster clip every time there is a shift in control. It took 40 years for the House Democrats to exhaust their goodwill. It may take only 12 years for the Republicans to get there.

If you think politicians clinging to power isn't big news, then you may have forgotten the pure zeal of Gingrich's original revolutionaries. They swept into Washington on the single promise that they would change Capitol Hill. And for a time, they did. Vowing to finish what Ronald Reagan had started, they stood firm on the three principles that defined conservatism: fiscal responsibility, national security and moral values. Reagan, who had a few scandals in his day, didn't always follow his own rules. But his doctrine turned out to be a good set of talking points for winning elections in a closely divided country, and the takeover was completed with the inauguration of George W. Bush as President.

But after controlling both houses of Congress and the White House for most of Bush's six years in office, the party has a governing record that has come unmoored from those Grand Old Party ideals. The exquisite political machinery that aces the elections has begun to betray the platform. To win votes back home, lawmakers have been spending taxpayer money like sailors on leave, producing the biggest budget deficits in U.S. history. And the party's approach to national security has taken the country into a war that most Americans now believe was a mistake and that the government's own intelligence experts say has shaped "a new generation of terrorist leaders and operatives."

One of the problems is that after the Republicans got into power, the system began to change them, not just the other way around. Among the first promises the G.O.P. majority broke was the setting of term limits. Their longtime frustrations in the

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minority didn't necessarily make them any better at reaching across the aisle either. Compromise, that most central of congressional checks and balances, has been largely replaced by a kind of calculated cussedness that has left the G.O.P. isolated and exposed in times of crisis.

The current crisis arrived with a sex scandal that has muddied one of the G.O.P.'s few remaining patches of moral high ground: its defense of family values and personal accountability. Although Hastert and other Republican leaders say they heard last fall about the "overfriendly" approaches of a not-so-secretly-gay Congressman to a 16-year-old former page--both majority leader John Boehner and campaign chairman Tom Reynolds say they brought it up with Hastert last spring--they insist they never imagined anything like the more graphic instant messages that subsequently came to light. Boehner spokesman Kevin Madden said his boss was told only that there had been "contact" between Foley and a page, and that his knowledge of even that much came from a fleeting conversation on the House floor. But shouldn't someone have got chills at learning that a 52-year-old man had sent a teenager a creepy e-mail asking for a "pic of you"? Certainly the page understood what the e-mail meant, which is why he forwarded it in August 2005 to the office of Louisiana Congressman Rodney Alexander, who had sponsored him for the page program and who was alarmed enough to take his concern to Boehner. "This freaked me out," the teenager wrote. "Sick sick sick sick sick sick sick sick sick sick sick sick sick."

The House response was political from the start. Last November, Jeff Trandahl, then clerk of the House, told John Shimkus, the Republican head of the board that oversees the page program, about the less incriminating e-mails. But nobody bothered to inform the board's lone Democrat. Shimkus and Trandahl appear to have done nothing more than give Foley a private warning. When Alexander expanded the circle of those aware of the e-mails the following spring, one of the two people he chose to loop in was Reynolds, head of the National Republican Congressional Committee, whose job is managing the election. Foley wasn't even stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

Even after a batch of truly sleazy instant messages was discovered by ABC News, Reynolds' chief of staff Kirk Fordham, who was also a former aide to Foley, tried to solve the political problem by attempting to talk the network out of publishing the worst of the messages. Fordham resigned last week, but he didn't go quietly, the way House leaders had hoped. On his way out, he threw fuel on the political fire by announcing that he had warned Hastert's staff of Foley's "inappropriate behavior" at least three years ago--a charge that Hastert's chief of staff, Scott Palmer, denied.

All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism.

It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election. As conservative George F. Will, writing in the Washington Post last week, put it, the Foley affair is "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries." In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican--nearly a perfect reversal of the 51%-40% advantage the G.O.P. enjoyed as recently as August. There was even worse news in a poll by the nonpartisan Pew Research Center that showed a precipitous drop in Republican support among frequent churchgoers, one of the most important and loyal elements of the G.O.P. base. There's no indication that they are clamoring to be Democrats, but the risk is that they will simply stay home on Election Day.

One of the victims may turn out to be campaign chairman Reynolds, who suddenly found himself running as many as 8 points behind in his upstate New York House-seat re-election bid, which had appeared fairly safe a week earlier. Hastert's job seems secure for the moment, barring any big new revelations, in part because the House Speaker is not merely a party leader; the role was established under the Constitution. It would be difficult to replace Hastert without summoning Congress back into town from the campaign trail. Nor would an ugly fight over who would succeed him be good for the party's prospects in November. Still, Republicans are not particularly eager to be seen with him. His campaign schedule is starting to look a lot

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lighter, as House candidates across the country are turning down his offers to do fund raisers for them. Even the leadership's much vaunted discipline seems to be in tatters. Majority leader Boehner defended himself last week by attacking Hastert: "My position is, it's in his corner, it's his responsibility." And the third in command, whip Roy Blunt, suggested that things would have been different if he had been informed. Not incidentally, both men are expected to consider making a bid for the top job if Hastert ultimately steps down--and maybe if he doesn't. But by then the job description may be House minority leader.

G.O.P. leaders are so desperate to find someone else to blame that they have been reduced--with no indication that they see the irony--to blaming a vast left-wing conspiracy. "The people who want to see this thing blow up," Hastert told the Chicago Tribune, "are ABC News and a lot of Democratic operatives, people funded by George Soros," the liberal financier who has become a bogeyman of the right. Hastert went on to say, without producing any proof, that the revelation was the work of Bill Clinton's operatives. But that line of argument, of course, suggests that Republicans would have preferred to keep Foley's secrets locked away, presumably at the pages' peril. And the Democrats for once are showing the good sense to stay out of the way when the other side is self-destructing. Sighed one of the younger House Republican aides who sits in on key meetings: "Foul play on the Democrats' side? If that is the only card left to play, then we are in serious trouble."

THE "DON'T ASK, DON'T TELL" PROBLEM

As Hastert and his forces have been trumpeting their charges against the Democrats, a whisper campaign has been launched in Washington to blame an internal culprit: a "velvet mafia" at the upper levels of G.O.P. leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: "It looks like they may have tried to handle this among themselves because they were similarly situated."

In many ways, that story line is the product of the strains within the party over homosexuality. It's a tension nearly as deep and tortured as those the Democrats grappled with over race a half-century ago, when they tried--unsuccessfully--to keep an uneasy coalition of Southern segregationists and Northern civil rights advocates from tearing their party apart. Even though many of the G.O.P.'s policies have been hostile to gay rights, its leaders have long followed a "Don't ask, don't tell" policy with what pretty much everyone in Washington knows is a sizable number of closeted Republicans among members of Congress, upper-level staff and top party operatives. Says Patrick Sammon, executive vice president of the gay group Log Cabin Republicans: "There are a lot of gay Republicans who are working behind the scenes to advance the priorities of this party."

Until now, Republicans were able to manage the conflict. And they managed it by ignoring it. That even became part of an electoral strategy dating back to the 2000 election that suggested there was nothing to be gained by moderation. In a memo he wrote to Karl Rove, Bush pollster Matthew Dowd estimated that truly independent voters had fallen to a mere sliver of the electorate. There were, Dowd concluded, not enough percentage points in being "a uniter, not a divider." The key to winning in a polarized country was mobilizing the conservative base. That year, Bush refused to meet with the Log Cabin Republicans, choosing instead to see a handpicked group of gay Republicans, but only after the party's nomination was secured. In 2004, even as Vice President Dick Cheney's daughter Mary was a potential symbol of the party's openheartedness, Republicans put anti-gay-marriage measures on 11 state ballots to drive voter turnout.

But the Foley scandal is making it difficult for the party to look the other way. Last week some conservatives went so far as to insinuate that Foley proves that every gay person is a pedophile waiting to happen. "You don't need 'gaydar' to understand he has certain dispositions," Utah Congressman Chris Cannon told the Deseret News. Televangelist Pat Robertson recommended that G.O.P. leaders simply explain the situation this way: "Well, this man's gay. He does what gay people do."

The resignations of Foley and Fordham sparked fears that other gay Republicans would also soon be forced out of both their closets and their jobs. "Kirk is the fall guy," says gay-rights activist Hilary Rosen. "It's going to be open season on gay Republicans. It's the right wing's perfect storm. They never wanted gays in their party anyway."

RULING WITH AN IRON FIST

Oddly enough, it was a sex scandal in 1998 that brought Hastert from obscurity to the Speaker's chair in the first place. Gingrich had been ousted because his brand of fiery leadership had become such a drag on the party that it lost seats rather than gained them amid the Monica Lewinsky scandal. But his anointed successor, Robert Livingston of Louisiana, suddenly backed out amid revelations of an extramarital affair. That's when the party turned to Hastert, a former high school wrestling

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coach whose affability and low-key demeanor seemed to guarantee calmer times ahead. He was, after all, the man who said he was too humble to brag about being humble.

And yet the way the House has operated under Hastert has been anything but humble. He quickly came to be viewed as little more than a genial front for then majority leader Tom DeLay, whose nickname--the Hammer--pretty much summed up his leadership touch. "There has been no institutional rule, means, norm or tradition that cannot be set aside to advance a partisan political goal," says Brookings Institution political scientist Thomas Mann, co-author of the recently published book whose title describes Congress as The Broken Branch. In 2003, instead of fashioning a compromise that might woo a few Democrats, Hastert and DeLay held what was supposed to be a 15-min. vote open for three full hours as they squeezed the last Republican votes they needed to pass a bill to provide an expensive prescription drug benefit to the Medicare program. Far more than in the past, they brought bills to the floor with no chance of amendment and allowed the normal appropriations process to be circumvented so that pet projects could be funded without scrutiny. When DeLay faced indictment by a Texas grand jury, Hastert changed the Republican rules so that DeLay could stay on as leader--though in the ensuing outcry, he had to reverse himself. Hastert was successful, however, in purging the ethics committee of its chairman and two Republican members who had reprimanded DeLay for misconduct. Stretching the limits of arcane House rules and shuffling committees around may not seem like earthshaking offenses, but they are the same type of procedural strangleholds and power plays that the G.O.P. had hoped to excise from the body politic 12 years ago.

"The Republican Party of 2006 is a tired, cranky shell of the aggressive, reformist movement that was swept into office in 1994 on a wave of positive change," Frank Luntz, one of the strategists of the G.O.P. takeover, wrote this week in a column for TIME.com "I worked for them. They were friends of mine. These Republicans are not those Republicans."

On policy matters, Hastert's leadership approach has been to act as though the Democrats--and sometimes the Senate--simply do not exist. He squeezes hard-edged partisan bills through the House to please the G.O.P. base, even though they have no chance of ever getting through the Senate and reaching the President's desk. "There have been numerous occasions when bipartisan approaches, which would have benefited our conference more than Democrats, have been rebuffed by the Speaker," complains a senior Republican aide, who says he likes and respects the Speaker. "His strategy seems to be, 'Well, don't worry about it. We'll blame [Democratic Leader Nancy] Pelosi.' That might work in isolated circumstances, but when your party's numbers start to tank, and people want to see that you can govern, that approach is not a solid one."

Party leaders concede the point that their revolution hasn't lived up to everything they promised. But they say voters still see the difference between where the parties stand. Former Republican chairman Ed Gillespie--one of the authors of the Contract with America, on which House Republicans ran in 1994--says, "Our party is still better when it comes to spending than the Democrats, stronger on national security than the Democrats and more likely to share concerns about the coarsening of our culture that a majority of Americans share than the Democrats are." Strategists are putting an optimistic face even on the effects of the Foley scandal, saying their internal polling shows little movement against the G.O.P.

Will the Democrats behave any differently if they retake Congress in November? Some would undoubtedly try to use their majority power to exact revenge for Republican overreach. And history has shown them to be just as capable of the type of ideological drift that is tearing at the G.O.P.

For now, though, the question on everyone's mind is, How do the Republicans find their way from here? A number of conservatives have begun to wonder aloud if it wouldn't be better for the party to lose the House or Senate in November. If the revolutionaries have become the redcoats, then perhaps it's time for another uprising. Send the Republicans back into the wilderness so they can forage for the kind of fresh ideas and guerrilla tactics that made them such a force during their previous march on Washington. They could very well be ready in time for the presidential election in 2008. And while they're out there on the campaign trail, they just might rally around their old general, who will be looking to cap his own hardscrabble journey from political pariah to rehabbed revolutionary. That general, of course, is none other than former Speaker Gingrich, who has been spotted in Iowa, New Hampshire and other battleground states for more than a year now, taking potshots at the Establishment he helped create and rearming himself to storm the next barricade. TIME POLL THE PRESIDENT

Do you approve of the way George W. Bush is handling his job as President?

â€¢ Disapprove 57% â€¢ Approve 36%

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THE CONGRESS

Disapprove of the job the U.S. Congress is doing

â€¢ 57% disapprove â€¢ 31% approve â€¢ 12% Don't know Say they would vote for a Democrat if the congressional election were held today*

â€¢ 54% vote for a Democrat â€¢ 39% favor a Republican â€¢ 7% Other party/ don't know

Think the country would be better off if the Democrats won control of the House

â€¢ 49% agree â€¢ 38% disagree â€¢ 13% Don't know

THE FOLEY CASE 78% of poll respondents were aware of the scandal involving former G.O.P. Congressman Mark Foley. Their views:

Do you think Republican leaders in Congress handled the Foley situation properly, or do you think they tried to cover it up?

â€¢ Handled properly 16% â€¢ Covered it up 64%

Did the disclosure about Foley's sexually explicit instant messages to teenage congressional pages and the handling of this situation by the House Republican leadership make you less likely to vote for the Republican candidate in your district, more likely, or did it really have no effect on how you will vote?

Less likely 25% More likely 4% No effect 68%

Do you think Republican House Speaker Dennis Hastert should resign as Speaker because of his handling of the Foley case?

â€¢ Yes 39% â€¢ No 38% â€¢ Don't know 23%

This TIME poll was conducted by telephone Oct. 3-4 among 1,002 adult Americans by SRBI Public Affairs. The margin of error is 3 percentage points. "Don't know" responses omitted for some questions. *Asked of registered voters With reporting by With reporting by Mike Allen, Melissa August, Perry Bacon Jr., Brian Bennett, Timothy J. Burger, Massimo Calabresi, James Carney, Ana Marie Cox/ Washington, Jeffrey Ressner/Simi Valley

GOP Officials Brace For Loss Of Seven To 30 House Seats (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, October 10, 2006

Republican campaign officials said yesterday that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley.

Democrats need to pick up 15 seats in the election to take back control of the House after more than a decade of GOP leadership. Two weeks of virtually nonstop controversy over President Bush's war policy and House Speaker J. Dennis Hastert's handling of the page scandal have forced party leaders to recalculate their vulnerability and placed a growing number of Republican incumbents and open seats at much greater risk.

GOP officials are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease.

Still, GOP leaders privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates.

"If you are a Democrat, you have to like the atmosphere," said Rep. Thomas M. Davis III (Va.), a top campaign strategist for the GOP. Davis said Republicans could lose as many as 30 seats if conditions worsen.

With four weeks left in the campaign, GOP strategists, speaking on background, have begun to outline a highly gloomy view of the House election for their party.

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They are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator. "It is unquestionably closer than we would like," said Rep. Adam Putnam (R-Fla.).

In a sign that the political environment is getting worse for Republicans, political handicapper Charlie Cook now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands.

Unlike in most elections, when both parties defend several seats, Democrats are favored to win every seat they now occupy and are spending money to defend only a few. As a result, Democrats are not as vulnerable to the GOP's campaign finance advantage in the final weeks as they have been in past campaigns.

A Democratic takeover of the House is not a foregone conclusion, however. Because of congressional redistricting plans that gave huge advantages to incumbents, fewer than 50 of the 435 House seats are competitive. Democrats said internal polls show that the fallout from the Foley scandal is confined to half a dozen races. Moreover, House elections are traditionally shaped by local issues and personalities, and the closest races come down to which party can turn out its most loyal voters.

The page scandal erupted two weeks ago when Foley abruptly resigned after being confronted by ABC News with sexually explicit messages that he exchanged with a former page on the Internet. Investigations by the Justice Department, the House ethics committee and Florida authorities have ensued.

The GOP's emerging strategy on the Foley scandal is to try to limit losses among conservative voters who are expressing alarm about the scandal and about the apparent failure of GOP leaders to act on early warnings about Foley's behavior.

As part of that strategy, the Republican National Committee is seeking to convince conservatives that the debate is fundamentally centered on politics, not values. The RNC is shipping reams of information to conservative radio hosts, television commentators and bloggers. Those GOP talking points detail the Democratic connections of groups including the Center for Responsibility and Ethics in Washington and American Family Voices, which are working to turn the scandal into an issue with national implications.

The NRCC is highlighting Democratic leaders who supported former representative Gerry E. Studds (Mass.), who was censured by the House in 1983 after admitting to sexual contact with a male page a decade earlier; Studds went on to serve in Congress until 1997. "It is important to contrast how Republican leadership is handling the situation with problems with one of its own, and how Democrats did," said former RNC chairman Ed Gillespie, a close White House ally.

Still, the "Foley factor" has made GOP strategists nervous. Several officials said it has dramatically undermined the reelection prospects of several incumbents, including Rep. Thomas M. Reynolds (N.Y.), who was criticized by Democrats for not doing enough to stop Foley's advances on young male pages after learning about them this spring.

Several interest groups with Democratic ties are seeking to take advantage of Reynolds's newfound vulnerability. Majority Action, a group designed to help Democrats retake control of the House, is sponsoring a radio ad in which a narrator says: "Another scandal in Washington, and our Congressman Tom Reynolds is right in the middle." Two public polls show Reynolds trailing his Democratic challenger, Jack Davis, in a race neither side considered very competitive a few weeks ago.

Rep. Deborah Pryce (Ohio), the fourth-ranking GOP leader, is facing the toughest reelection race of her career. She has said she had no prior knowledge of Foley's behavior but has faced criticism for telling a reporter that the former congressman was one of her closest friends in Congress.

"I don't think this is personally sticking to Deborah Pryce, but it is certainly having people have a more jaundiced view of Washington, which is not good for Republicans," said George Rasley, Pryce's spokesman. Pryce had a slight lead over Mary Jo Kilroy in her internal polling before the Foley scandal, an aide said, but Republicans expect Pryce to suffer as much as any incumbent for the renewed scrutiny of congressional ethics.

Scandals are hurting Republicans elsewhere in Ohio, where charges of corruption have rocked the GOP at the local and state levels for the past two years. In the open seat vacated by indicted GOP Rep. Robert W. Ney, Joy Padgett is struggling to lock down a reliably GOP seat east of Columbus, the state capital. Polls show Democrat Zach Space, a liberal critic of the war, on top and GOP strategists agree Padgett is behind.

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"It is definitely a challenge to overcome," says Padgett spokesman Morgan Ortagus. "Voters are definitely in a throw-the-bums-out mood."

Space is calling for Hastert's resignation and is asking Padgett to do the same. Padgett canceled a fundraiser with Hastert last week.

In other races where Republican incumbents have been dogged by scandal, Democrats are pushing the Foley story hard.

Former representative Nick Lampson (D-Tex.) is asking Houston City Council member Shelley Sekula-Gibbs (R) to call for the resignation of any member of the House leadership who knew about the e-mails and instant messages exchanged between Foley and former congressional pages. The two candidates are competing for the seat from the 22nd Congressional District, left vacant by the departure of former House majority leader Tom DeLay (R), who is under indictment in Texas.

Elsewhere, the political debate is returning to traditional disputes over the war, taxes and health care, according to Democrats and Republicans. The Foley story "is getting a lot of attention now, but I don't think it will have the legs to last four weeks," said Ron Carey, chairman of the Minnesota Republican Party.

Scandal Pushes Voters To Dems (USAT)

By Jill Lawrence

USA Today, October 10, 2006

WASHINGTON — A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows.

Democrats had a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978.

Nearly three in 10 registered voters said their representative doesn't deserve re-election — the highest level since 1994. President Bush's approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%.

"It's hard to see how the climate is going to shift dramatically between now and Election Day," said John Pitney, a former GOP aide on Capitol Hill who now teaches at Claremont-McKenna College in California. He said Iraq remains the biggest problem for Republicans: "People just don't like inconclusive wars."

The plummeting GOP ratings in the poll of 1,007 adults, taken Friday through Sunday, come amid a series of events that have given Democrats ammunition to argue that the country needs a new direction.

Those include increased violence in Iraq; a National Intelligence Estimate that belied upbeat administration talk on Iraq; a new Bob Woodward book about internal White House discord over Iraq, and the Sept. 29 resignation of GOP Rep. Mark Foley. He quit hours after ABC News showed him sexually explicit instant messages he allegedly exchanged with a teenage former page.

Some Democrats call the scandal a tipping point. "It's the absolute crystallization for people of everything they dislike about Washington and congressional Republicans," Democratic strategist Anita Dunn said.

GOP pollster Ed Goeas said Republican fortunes are better in individual districts than nationally. Republicans remain energized and loyal, he said, but added he's monitoring whether the Foley matter fires up independents who normally don't vote. "Does this become a catalyst for their involvement?" he asked.

Two-thirds of those in the poll said they are following the page scandal very or somewhat closely. More than half — 54% — said GOP leaders who knew about Foley's actions for months or years did not act against Foley earlier "for political reasons." By 43%-36%, they said House Speaker Dennis Hastert should resign.

Government corruption, Iraq and terrorism were the three most important issues. Along with their lead on terrorism, Democrats had a 21-point advantage on corruption and a 17-point advantage on Iraq. A 56%-40% majority said sending troops to Iraq was a mistake — the widest disapproval margin in a year.

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Three other polls released Monday, by CNN, ABC News/Washington Post and CBS News/New York Times, showed Democrats leading the congressional ballot by 13 to 21 points.

Poll Shows Foley Case Is Hurting Congress's Image (NYT)

By Adam Nagourney And Janet Elder

The New York Times, October 10, 2006

Americans say that Republican Congressional leaders put their political interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley's sexually charged messages to pages well before he was forced to quit Congress, according to the latest New York Times/CBS News poll.

The poll, completed before North Korea announced that it had detonated its first nuclear test, also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism.

The number of Americans who approve of Mr. Bush's handling of the campaign against terrorism dropped to 46 percent from 54 percent in the past two weeks, suggesting that he failed to gain any political lift from an orchestrated set of ceremonies marking the fifth anniversary of the Sept. 11 attacks. In addition, the poll shows that Americans are now evenly divided over which party they think can better handle terrorism, the first time in the Bush presidency that Democrats have matched Republicans on national security, despite a concerted White House effort to seize the advantage on the issue this month.

With four weeks left before Election Day, the poll indicates that the scandal involving Mr. Foley, a former Republican congressman from Florida, is alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law.

"Politics goes to people's heads and they see themselves as their own little entity," said Donna Mummert, 68, a Republican from Marsing, Idaho, in a follow-up interview after participating in the poll. "They forget why they're there to represent us."

Seventy-nine percent of respondents said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages. About half of respondents said that the House Republican leadership had improperly handled the Foley case, compared with 27 percent who said they approved of how it was handled; 46 percent of respondents said Speaker J. Dennis Hastert of Illinois should step down. And Americans are more likely to say that Democrats, and not Republicans, share their moral values.

The nationwide telephone poll was conducted Thursday through Sunday with 983 adults, including 891 registered voters. The margin of sampling error for the entire sample is plus or minus three percentage points and is the same for the registered voters.

The poll describes what is by any measure a difficult political environment for the White House and Republican Congressional leaders. Still, it is a measure of national sentiment rather than the likely outcome in the approximately 40 House races and 8 Senate races that will determine which party controls Congress next January.

In many of the races where Republicans are in danger of losing seats, Democrats hold relatively slight leads, according to local polls and internal party polls. Republicans are counting on their strong voter turnout operation, and sizable financial advantage over Democrats, to compensate for the difficulties they face.

There has been no change since mid-September in the gap between Americans who said they planned to vote for a Democrat over a Republican in their district this November: 49 percent to 35 percent. But Democratic voters are more likely than Republicans to say they are enthusiastic about voting this November.

The public's view of Iraq is as dark as it has been since the war began in 2003, with two-thirds saying it is going somewhat or very badly, while only 3 percent are saying the war is going very well. Two-thirds said they disapproved of how Mr. Bush was handling Iraq.

Mr. Bush's job approval rating has slipped to 34 percent, from 37 percent in September. That is one of the lowest levels of his presidency and poses a complication for the White House as it seeks to send him out on the road to rally base voters. Mr.

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Bush's job approval rating has even slipped with his base: 75 percent of conservative Republicans approve of the way he has handled his job, compared with 96 percent in November 2004.

The president clearly faces constraints as he seeks to address the public concerns about Iraq that have shrouded this midterm election: 83 percent of respondents thought that Mr. Bush was either hiding something or mostly lying when he discussed how the war in Iraq was going. Fifty-seven percent of respondents said Mr. Bush was personally aware of intelligence reports before Sept. 11 that warned of possible domestic terrorist attacks using airplanes. When the same question was asked in May 2002, 41 percent said they believed Mr. Bush was aware.

"Iraq was a mistake, and even though he gets up and says it's going O.K., it hasn't been going O.K. since Day One," said Gertrude Knowles, a self-described independent voter from Quincy, Mass. "Now he's got to make it sound better than it is."

So far, at least, it appears that, at least nationally, Republicans have had little success in pressing what have been their two biggest lines of attacks against Democratic challengers this fall: taxes and terrorism. The poll found that 41 percent of respondents thought Republicans were stronger on handling terrorism, compared with 40 percent who named Democrats, a statistically insignificant difference. Before Labor Day, Republicans had a 42 percent to 34 percent edge on handling terrorism.

And in a month in which Republicans have sought to discredit Democratic challengers as advocates of big spending and high taxes, 52 percent of respondents said that Democrats would make the right decisions on how to spend taxpayers' money, while 29 percent said Republicans would.

Americans said that Democrats would do a better job than Republicans in making decisions on the war, on the economy and on taxes. Democrats are viewed more positively, or less negatively, than Republicans, with 39 percent saying they held a favorable view of Republicans, compared with 54 percent who said they held an unfavorable view. By contrast, 52 percent of respondents had a favorable view of the Democratic Party, compared with 40 percent who had an unfavorable view.

The problems for Congress have clearly been exacerbated by the Foley scandal. Eighty percent of Americans said they considered the Foley revelations either very serious or somewhat serious. Two-thirds said that House Republicans did not initially take the warnings seriously enough, and 62 percent said they believed House Republican leaders knew before last week that Mr. Foley had sent sexually explicit messages to teenagers.

"They just covered it up," said Charles Young, a Republican from upstate New York. "We put them in office to do what is right for the country. It should have been brought to their attention and disposed of. We don't need people in office who corrupt our children."

The poll found that 69 percent of Americans thought that members of Congress considered themselves above the law, and 69 percent thought that members of Congress did not live by the same rules of behavior that they did.

The poll found that 47 percent of respondents believed that Democrats came closer to sharing their moral values, compared with 38 percent who said Republicans did. The Democratic standing in this area included some unlikely groups: 26 percent of conservatives and 43 percent of people who live in the South named Democrats as the party that came closer to sharing their values.

Poll Shows Strong Shift Of Support To Democrats (WP)

By David S. Broder And Dan Balz

The Washington Post, October 10, 2006

Democrats have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll.

Apparent Republican gains in September have been reversed in the face of mounting U.S. casualties and gloomy forecasts from Iraq and the scandal involving Mark Foley (R-Fla.), who was forced to resign his congressional post over sexually graphic online conversations with former House pages.

Approval of Congress has plunged to its lowest level in more than a decade (32 percent), and Americans, by a margin of 54 percent to 35 percent, say they trust Democrats more than Republicans to deal with the biggest problems the nation is confronting. Fifty-five percent of those surveyed said congressional Democrats deserve to be reelected next month, but just 39 percent said Republicans deserve to return to office.

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The poll measures broad public attitudes and cannot be translated into individual House districts, but it sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month.

Since Congress adjourned 10 days ago, Republicans have been swamped by bad news, particularly from Iraq. The Foley scandal, while not a dominant voting issue for many, nonetheless has contributed to dissatisfaction with the majority party's performance, the survey found.

President Bush's approval rating, which rose to 42 percent in September after an anti-terrorism offensive marking the fifth anniversary of the Sept. 11 attacks, registered 39 percent in the latest poll. The percentage of respondents who said they strongly disapprove of his performance is about double the number who strongly approve. This disparity in voter intensity could have implications for turnout on Nov. 7, since impassioned voters are most likely to go to the polls.

The president's approval rating reached a low of 33 percent in May, but he has since regained support from Republicans who had expressed unhappiness with his performance. In the current poll, 82 percent of Republicans said they approve of how he is handling his job, compared with 68 percent in May.

Democrats and independents are almost as negative in their appraisals of the president now as they were five months ago.

Bush's ratings on the war in Iraq are among the lowest of his presidency, with 35 percent approving of how he is handling the situation and 64 percent disapproving (54 percent strongly disapprove). On terrorism, a majority (53 percent) said they disapprove of his performance. That is the lowest rating Bush has received on his signature issue.

Asked whether the war in Iraq has been worth fighting, 63 percent said no, the highest recorded during Bush's presidency. Fifty-one percent agreed with Bush's argument that Iraq is a front in the global campaign against terrorism, the lowest of his presidency. Fifty percent of those surveyed said that the country is safer today than it was before Sept. 11, 2001, but 42 percent, a new high, said the nation is now less safe.

Still, there is no significant support for withdrawing U.S. forces immediately. Half of those surveyed -- about the same percentage it has been throughout the year -- said they would like to see troop levels decrease. Despite the high number of casualties, only a fifth said they supported immediate withdrawal.

With the decline in gasoline prices, Americans are somewhat more positive about the economy, with 47 percent describing it as good or excellent -- the highest since July 2001 -- and 53 percent saying it is not so good or poor. Forty-one percent approve of how Bush has handled economic issues, about the same percentage as in August.

Bush's performance remains a potentially significant factor in the midterm elections, with 35 percent of those surveyed saying they will use their congressional votes to express opposition to the president, a new high on that question, and about twice the number who said they will use their votes to show support for him.

The Post-ABC News poll is based on interviews with 1,204 adults and was conducted Oct. 5-8. The margin of sampling error is plus or minus three percentage points.

The Foley scandal has remained a key news item over the past 10 days and the poll shows that Americans are reading and watching. Seven in 10 said they are following the story "very" or "somewhat" closely. But only about two in 10 said the issue will be very important in their votes next month.

The political fallout is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post.

There is broad dissatisfaction among voters this fall, with one-third saying the country is heading in the right direction. Similarly, Congress has proved to be a disappointment to most Americans, with two in three saying they disapprove of its performance, the highest number in a Post-ABC News poll since November 1995.

As bad as these findings are, they are not as bad as they were in the months before Democrats lost control of Congress in 1994. Congressional approval hit 18 percent in October of that year.

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On another measure, 60 percent of those surveyed in the new poll said they approve of the performance of their own House member. That compares with 49 percent in an October 1994 poll.

The new poll suggests that there are few issues on which Republicans can hope to appeal to voters in the next four weeks. When respondents were asked which party they trust to handle various issues, Democrats led on every subject, by 33 percentage points on health care, 19 points for ethics, 17 points for the economy, 13 points each for Iraq and immigration.

Even on terrorism, which Republicans hoped to turn into a powerful issue this fall, Democrats led in trustworthiness by six percentage points, reversing a seven-point deficit in September.

There are also modest signs that Democrats have improved their posture among voters. For the first time, a narrow majority, 52 percent, said Democrats are offering the country a clear alternative direction to Bush and Republicans. While Americans are split on the performance of congressional Democrats -- 48 percent approve, 50 percent disapprove -- they are overwhelmingly negative about GOP performance, with 63 percent disapproving and 35 percent approving.

Republicans are closely monitoring Christian conservatives for signs of disaffection that might contribute to lower voter turnout next month. The Post-ABC poll shows that they are not as strong in their support for Republican House candidates as they were in 2004, but it is unclear whether that is related to the Foley scandal. Forty-eight percent of white evangelical Christians said that House GOP leaders took the proper steps in responding to Foley's actions, compared with 60 percent of all conservative Republicans.

Robert Nelson, a machinist from Laurens, S.C., said the Iraq war is one of the issues that have turned him against the Republican Party. "I guess you could said I'm a Reaganite," he said. "Ronald Reagan got me interested in the Republican Party and I pretty much voted the party line." He did not support Bush two years ago, he said, and now thinks the country would be better off with Democrats in control of Congress. "The Republican Party has lost track, gone off in their own direction," he said.

Francis Jacobs, a computer tutor and technician from Grand Ledge, Mich., said he thinks Hastert should resign as speaker because "he knew more" about what was going on with Foley. Jacobs thinks that both parties "are having a field day" with the scandal but is highly critical of the Republican-controlled Congress.

"The question is, what have they accomplished?" he said. "They've accomplished nothing."

In the Post-ABC News poll, 71 percent agreed that Congress did little or nothing this year.

Polls: Hastert Should Resign As House Speaker (CHIT)

By Mike Dorning

Chicago Tribune, October 10, 2006

WASHINGTON -- Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since a GOP congressman's sexually explicit electronic messages to underage pages were disclosed late last month.

Few in the country previously had strong impressions of the speaker. But about half of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference.

Two of the polls, those by CNN-Gallup and ABC News-Washington Post, showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said.

While voters say such issues as the Iraq war, terrorism and the economy are more important to them than the handling of Foley's lurid messages, polls show a sharp drop in public support for GOP congressional candidates.

Among likely voters, 58 percent say they plan to vote for Democrats in November, versus 37 percent who say they will vote Republican, according to the CNN-Gallup poll. The 21 percentage point margin is 5 points wider than it was a week earlier in the same poll.

The ABC-Post poll found registered voters favor Democratic over Republican candidates 54 percent to 41 percent. The 13-point margin also is 5 points wider than the last ABC-Post poll, taken a month earlier.

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According to the CBS-New York Times poll, four out of five Americans think GOP leaders are more concerned with politics than the well-being of pages.

All three surveys were completed before the Washington Post reported on Monday that Rep. Jim Kolbe (R-Ariz.) had confronted Foley over inappropriate behavior toward pages in 2000, extending to at least six years the time period in which other members of Foley's party were aware of suspicious activity. Kolbe was a member of the House Page Board at the time, though it was unclear whether he informed other members.

On Monday, the House ethics committee sent a letter to congressional offices asking them to contact former pages and request they report inappropriate messages or contacts by Foley or other members of Congress.

National polls are of limited use in forecasting the outcome of mid-term elections, in which control of the House and Senate will be determined by a small number of individual elections.

Still, such a dramatic shift in national sentiments is a striking illustration of a changing political mood that would likely reverberate in voting on Nov. 7 if there is no change in public attitudes in the next four weeks.

A political strategist for a Republican-leaning business group said that a pollster who has been tracking competitive congressional races for the group has christened Sept. 29—the day the Foley messages were disclosed—as "Black Friday."

The group's polling showed a clear reversal on that day of a trend in which GOP fortunes were modestly improving amid a campaign by the White House to highlight lower gas prices and bolster the case for a connection between the Iraq war and the war on terror.

After slight improvements in President Bush's standing during September, all three polls showed a drop in public approval for the president.

Still, it was the shift in public attitudes toward Hastert that was most striking.

The CNN-Gallup Poll found those with an opinion strongly favoring Hastert's resignation, with 52 percent in support of a resignation and 31 percent against. The CBS-New York Times poll found 46 percent saying Hastert should go while 26 percent said he should stay. The ABC-Washington Post Poll showed a more even split, with 45 percent saying Hastert should step down and 47 percent saying he should remain.

Foley Probe To Focus On Who Knew, When (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 10, 2006

WASHINGTON — Witnesses will begin testimony behind closed doors this week in the sex scandal that has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House ethics committee in an otherwise quiet Capitol, will look into who knew what when about the contacts between then-Rep. Mark Foley (R-Fla.) and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned House Speaker J. Dennis Hastert's office in 2003 or earlier about the congressman's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's advances until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

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This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become a campaign issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages . Other possible witnesses include:

Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages;

Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

The panel has prepared about four dozen subpoenas for documents and testimony, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the Fifth Amendment against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Foley Scandal Drags Reynolds Into Underdog Role In N.Y. 26 (CQ Politics)

By Marie Horrigan

CQ Politics, October 10, 2006

The scandal surrounding resigned Florida Republican Rep. Mark Foley and the salacious messages he sent to underage congressional pages has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House.

And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The

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controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican.

That switch comes just one week after CQPolitics.com downgraded Reynolds to Leans Republican from Safe Republican — a position where Reynolds had comfortably resided prior to Foley's abrupt Sept. 29 resignation.

The Leans Democratic rating does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him.

But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted.

The contest is a rematch of the 2004 race in which Davis held Reynolds to an unexpectedly close 56 percent to 44 percent edge. Now, three separate polls since late last week showed Reynolds trails Davis by significant margins.

Reynolds' role in the Foley incident began in fall 2005, when Louisiana Republican Rep. Rodney Alexander told him a former page, a constituent of Alexander's district, had complained of receiving inappropriate e-mails and instant messages from Foley.

Reynolds — who has defended himself by saying that the e-mails in question were not the sexually explicit ones to other young men that were later revealed — says he mentioned the matter to the office of House Speaker J. Dennis Hastert of Illinois, a matter of serious dispute since the scandal broke.

But what appears clear is that Reynolds referred the matter to Illinois Republican Rep. John Shimkus, chairman of the House board that supervises the page program, who has said he held a conversation with Foley in which he instructed him to treat the pages with respect.

This has led many critics to demand to know why Reynolds didn't think the matter required a more thorough investigation,and whether he would not have been much more aggressive if — in his role as chairman of the National Republican Congressional Committee — the lawmaker making inappropriate contacts with pages had been a Democrat rather than a Republican.

In the past several days, Reynolds has moved rapidly to try to dissipate the building furor. He appeared at a press conference last Monday surrounded by young children and some of their parents, but also cancelled an appearance on a national Sunday morning talk show in which he was expected to discuss his role in the Foley scandal. A Reynolds spokesman said the congressman had to bow out because he was suffering from flu-like symptoms.

Reynolds' campaign, nonetheless, has released a TV ad in which the congressman, looking straight at the camera, talked about the steps he took as the more explicit electronic messages surfaced, contending that he was among those who forced Foley to resign.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Reynolds said in ad. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

But Democrats and allied groups are moving just as fast to leverage the scandal and Reynolds' precarious situation into another pick-up toward the net gain of at least 15 seats they need to win control of the House.

The political action group for the American Federation of State, County and Municipal Employees, the country's largest union of public employee and health care workers, on Thursday spent $111,000 on ads to be run against Reynolds in the 26th District. The union's analysis of House votes found Reynolds did not support its position on any of the eight votes it chose as key in 2005, and that he had a career record of voting with them 2 percent of the time.

Majority Action, a Democratic-affiliated group organized under Section 527 of the Internal Revenue Code, reported spending $12,000 on ads against Reynolds on Friday. The group had gone after Reynolds even before the controversy, spending $88,000 in early September for negative ads, but new radio and TV spots say Reynolds knew about the inappropriate Foley contacts and did nothing.

"Tell Tom Reynolds and Republican leaders to drop the politics," the TV ad said. "Stop the coverup. Tell the truth or resign."

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The increasing onslaught against Reynolds appears strongly connected to Davis's improved position. A Zogby International poll reported Sunday indicated that Davis leads Reynolds 48 percent to 33 percent, with 57 percent of respondents disapproving of how Reynolds handled the page scandal and 58 percent saying it is time to elect someone new.

In an indication that the shifting tide may be more about Reynolds than his challenger, Davis received his high polling numbers even though one-third of respondents did not know who he is.

Davis campaign spokesman Curtis Ellis said the low name ID indicated the campaign had more work to do, but that they were getting greater response from voters on both sides of the aisle. "We're hearing from Republican voters every day who are planning on voting for Jack Davis," Ellis told CQPolitics.com.

The Zogby poll indicated a widening lead from a SurveyUSA poll released Thursday that showed Davis led Reynolds by 50 percent to 45 percent. The state Democratic Party also publicized an internal poll from the Davis campaign that indicated Davis had an 8-point lead, 50 percent to 42 percent.

Reynolds spokesman L.D. Platt, however, told CQPolitics.com he was "not at all" concerned about the effect the scandal would have on the congressman's re-election campaign.

"This race isn't about scandal. This race is about the issues, and the fact that Jack Davis and the Democrats are afraid to talk about the issues and are trying to distract the voters from that," he said.

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Where is all the talk about impeachment now Bush and all repulicans have lied to the american people,the whole nation.Bill Clinton lied about sex,He almosted got impeached. Where are all the dogs now,most wont be reelected. We hope.

'Values' Choice For The GOP (WP)

By Eugene Robinson

The Washington Post, October 10, 2006

It's possible that the Mark Foley scandal could finally end the phony, trumped-up "culture war" that the Republican Party has so expertly exploited all these years -- possible, but not likely. I'm afraid the Foley episode will be remembered as just another bloody battle, one with lots of collateral damage.

The Republicans wouldn't be where they are today -- in control of the White House and all of Capitol Hill -- if they hadn't portrayed themselves as the stalwart defenders of moral standards and painted Democrats as a bunch of anything-goes libertines. Republicans promised social and religious conservatives that the values they treasure would not only be respected but written into law. Even if they didn't deliver on these promises, or even try very hard, Republicans paid enough lip service to moral issues to keep "values voters" inside the tent.

It was a political masterstroke, but it required creating and sustaining an illusion -- that Republican officeholders themselves not only talked the talk but walked the walk, that in their own lives they adhered to these deeply conservative moral standards. Human nature being what it is, there was no way this illusion could be sustained.

So for a party that crusades against gay marriage and welcomes voters that consider homosexuality a sin or a disease, headlines about a gay Republican congressman lusting after underage male congressional pages are a problem. The emerging outlines of a coverup -- allegations that the Republican speaker of the House, or at least his aides, got wind of Foley's little problem months or years ago -- are an even bigger problem.

And it will come as a surprise to some religious conservatives that so many Republicans involved in the scandal are gay -- Foley; his former aide Kirk Fordham; a former clerk of the House, Jeff Trandahl. The Post reported yesterday that Rep. Jim Kolbe of Arizona, the one openly gay Republican congressman, saw "inappropriate" e-mail correspondence between Foley and young pages as long ago as 2000.

It comes as no "October surprise" to the Republican leadership that there are gay men -- and, yes, lesbians, too -- working on Capitol Hill, some in high-ranking positions. Before the Foley scandal runs its course, we will probably learn of other gay staff members on the Hill. These people are good at their jobs, and their sexual orientation is, of course, irrelevant. The understanding, in these years of Republican hegemony, reportedly has been something akin to don't ask, don't tell.

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But some conservative activists are irate that the "values" party would allow such an arrangement. Cliff Kincaid of Accuracy in Media, a conservative watchdog, thundered on the group's Web site yesterday that "House leaders permitted homosexuals to infiltrate and manipulate the party apparatus while they publicly postured as friends of family values and traditional marriage. The facade is now in ruins."

In other words, Republican House leaders secretly harbored fairly modern attitudes toward homosexuality. How inexcusable.

The culture war is supposed to be about morality, but really it's a crusade to compel Americans to follow certain norms of private behavior that some social and religious conservatives believe are mandated by sociology, nature or God. Republican officeholders have paid lip service to this crusade, all the while knowing that the human family is diverse and fallible. They know that the gravest threat to marriage is the heterosexual divorce rate. They know that Republicans drink, swear, carouse and have affairs, just like Democrats. They know that homosexuals aren't devils.

Most Americans know all of this, too, by the way. Main Street hasn't been Hicksville for a long time.

But Republicans positioned themselves as our national Church Lady and were rewarded with the support of the staunchest religious conservatives, who now feel betrayed. Faced with the spreading Foley scandal, the party has a choice.

The party can look America in the face and say, "Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us weaker and poorer. As Barry Goldwater would have said, live and let live."

Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed.

Polled And Confused (NYT)

By John Tierney

The New York Times, October 10, 2006

You may have heard that American voters are disappointed. They are disappointed with Dennis Hastert and the rest of Congress. They are very disappointed with the war in Iraq. They are very, very disappointed with President Bush.

I share their unhappiness, but I must confess to one further regret. I am disappointed with the voters — or at least the ones who show up in public-opinion polls. They keep complaining that Washington doesn't understand what they want, but who on earth could?

Early in the Iraq war, Americans told pollsters they favored it and considered it a major part of the war on terrorism. Then they decided the war was a mistake and didn't reduce the risk of terrorism. Yet as they got angrier and angrier at Republicans for making a mess of Iraq, they kept telling pollsters that they didn't trust the Democrats to do a better job of dealing with terrorism.

Their feelings on the economy are even harder to fathom. In the New York Times/CBS News poll released yesterday, a solid majority of voters said the economy was doing well. When asked if they were making enough to pay their bills and sock away savings, they also sounded upbeat — more upbeat than the respondents 10 years ago who were asked that question when the White House was in Democratic hands.

Yet this year's respondents solidly disapproved of Bush's handling of the economy and said they trusted Democrats to do a better job of it. In part, the reaction reflected the generalized anger at Bush and Republicans. But there's another factor, too: the voters like each party for the wrong reasons.

They can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore.

The Republicans have become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like

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treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls.

Despite the Republican failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues.

On the domestic front, voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except "taxing the rich," which won't do the trick.

The G.O.P.'s Social Security plan last year would have left the poor better off than under the current system, but Republicans couldn't overcome their image as the cruel despoilers of the Democrats' New Deal. They did succeed (with President Clinton's grudging cooperation) in reforming welfare. That did more to break the cycle of poverty than anything done during the Great Society, but in voters' minds the Democrats remained the party of compassion.

Republicans fought to improve schools at the local level by giving more choices and power to students, parents and principals. These reforms (like vouchers and charter schools) were popular in places where Republicans overcame the resistance of Democrats and teachers' unions, but in national polls, voters preferred Democrats to deal with education.

So President Bush abandoned the party's principles and made a deal with Ted Kennedy to enact the No Child Left Behind law, a centralized Democratic-style plan that gave the Republicans a brief boost in the polls. Like previous Democratic plans for reviving education with regulations from Washington, it was an expensive flop, but voters still tell pollsters they trust the Democrats to fix the schools.

Maybe someday a candidate with Republican domestic policies and Democratic foreign policies will miraculously catch fire with voters. For now, the best hope is for a return to divided government and gridlock, so that each party can stop the other from fulfilling its poll-driven agenda.

Of course, if that happens, voters will be complaining to pollsters about how little gets done in Washington. But they won't be as disappointed as they are now.

Allen, Webb In Slashing, Wide-Ranging Debate (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Virginia Sen. George Allen and former Navy secretary James Webb clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night.

The 60-minute debate, held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election.

For Allen, the Republican, those issues are taxes, same-sex marriage and a dislike of liberals. Webb, running as a Democrat, stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans.

In a campaign marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government.

"My opponent doesn't stand with John Warner and me in keeping taxes low," Allen said in his opening statement, referring to Virginia's senior senator, also a Republican. "He stands with Hillary Clinton, John Kerry and the big-government Democrats who want to raise taxes."

Allen was hoping to align Webb with Clinton, of New York, and Kerry, of Massachusetts, two senators widely seen as too liberal for Virginia voters.

When it was his turn, Webb assailed the increase in corporate profits at the expense of wages. And Webb, a decorated veteran whose son is serving as a Marine in Iraq, lashed out, indirectly, at Allen's lack of foreign policy or wartime experience.

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"Very few of these leaders are willing to invest their own loved ones in this effort," he said of the war in Iraq. "America needs leaders who understand these divisions and want to repair them, leaders whose experience in foreign policy is formed by experience, not by sound bites."

Allen, who is a former governor and congressman, appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated.

Like the broader campaign being waged on both sides, the exchange provided a nasty, bickering forum for questions about personal honesty and character. Allen was pressed on questions about his racial sensitivity. Webb was confronted with allegations that he demeaned females by opposing women in combat in an article he wrote 27 years ago.

The Virginia Senate campaign has become a focal point in the national battle for control of Congress. On Tuesday, the national Democratic Senate Campaign Committee is expected to begin a nine-day, $1 million advertising blitz on behalf of Webb, according to sources in both campaigns. The committee's GOP counterpart already has paid to mail glossy campaign literature for Allen to hundreds of thousands of voters.

Webb, Navy secretary during Ronald Reagan's presidency, has closed a 16-point Allen advantage to a statistical dead heat. That's not how it was supposed to be. Allen started his reelection campaign this year brimming with confidence and with one eye on Iowa and New Hampshire, as he plotted a possible bid for the presidency in 2008.

The race tightened late this summer after Allen referred to a Democratic volunteer of Indian descent as "macaca," considered a racial slur in some cultures. The gaffe opened Allen up to scrutiny about his past, including his having once displayed a noose in his law office and his admiration as a young man for the Confederate flag.

Allen acknowledged that some of the trouble was his own doing, but he blasted as untrue allegations of racial insensitivity, including allegations that he used an offensive racial epithet about black people in the past.

The debate Monday offered viewers a chance to make direct -- if not particularly deep -- comparisons of the two candidates on many issues. The candidates continued to spar over the war in Iraq, responding to a question from the moderator, Russ Mitchell of CBS News, about the 2,700 Americans killed since the war began.

Allen has accused Webb of wanting to "cut and run" from Iraq. Allen says that he hopes U.S. troops can come home soon but that they must continue to fight in Iraq to prevent terrorists from operating there.

"We must persevere," Allen said. "We cannot be a country that just loses faith in our ability to protect ourselves. . . . Our goal is to make sure Iraq is a country that is on our side on the war on terror."

In past debates and on the campaign trail, Webb has called the war "a strategic blunder of historic proportions" and criticized Allen for not asking tougher questions about President Bush's conduct of the war and its aftermath.

During the debate, he responded to Allen's contention that Democrats would leave Iraq as a haven for terrorists. "Nobody wants to see terrorism in Iraq or elsewhere," Webb said. He reiterated his position that peace and stability could be achieved in Iraq through diplomacy involving other countries, including those in the region.

The debate gave Allen and Webb several opportunities to question each other directly, leading to several testy arguments that left Mitchell trying to restore order.

Allen repeatedly attacked Webb for what he said was his support for tax increases, citing Webb's statements questioning tax cuts championed by Bush. In an earlier debate, Webb said, "I don't understand how you can have a tax cut and be spending $500 billion on the war."

On Monday, Webb said the comment was meant to suggest only that he would roll back tax cuts for the wealthy, not tax cuts for married couples or cuts in estate taxes as Allen has contended in a television commercial and asserted again during the debate.

"I never said that I would agree with tax increases that you used in your ad," Webb said.

When Webb got the opportunity to question Allen, he went after what he has called Allen's lack of foreign policy knowledge.

Allen, who stumped Webb this summer during the first debate with a question about a port project on Craney Island in the Hampton Roads area, was left almost speechless Monday when Webb queried him about the Senkaku Islands off the coast of

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Taiwan. "I'll have to study it," a clearly baffled Allen said. Webb then lectured him about the island's strategic importance to Southeast Asia.

The candidates offered starkly different assessments of the proposed Virginia constitutional amendment on November's ballot that would ban same-sex marriage and civil unions.

Webb said he opposes gay marriage but believes the amendment would also affect contracts and agreements between heterosexual partners and friends.

Allen said he supports the amendment as a way to keep "elitist judges" from granting gays the right to marry despite Virginia laws to the contrary. "This is a way to protect the values and view of the people of Virginia," he said.

In response to a question about day-laborer centers in Herndon, Allen said Webb's positions on immigration would reward illegal behavior. "This is a country that that has been built by legal immigrants, and we should not be rewarding illegal behavior," Allen said.

Webb accused Bush and the Republican-controlled Congress of failing to secure the borders, making the day-laborer centers a necessary step for local governments.

Allen called for a balanced-budget amendment and a line-item veto to help control spending. Webb, who railed against corporate profits, said big companies should pay more.

Allen questioned Webb's commitment to the war on terrorism, asking whether he supported the National Security Agency's wiretappingWebb said he understands the need for such spying but would insist on oversight from Congress and judges.

Allen, Webb Spar One Last Time (WT)

By Christina Bellantoni

The Washington Times, October 10, 2006

RICHMOND -- U.S. Sen. George Allen and James H. Webb Jr. last night sparred over taxes and the war in Iraq during their last debate before next month's general election.

Mr. Allen, a Republican first elected to the Senate in 2000, opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000.

"If you allow me a second term ... I am going to make the best of it," Mr. Allen said, adding that he will be a senator "who will stand with John Warner and not Hillary Clinton."

Mr. Allen, who also is a former congressman and state delegate, repeatedly tried to paint his opponent as a liberal who would take his cues from "friends" such as Mrs. Clinton.

Mr. Webb, a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians.

"America needs leaders who understand these divisions and want to repair them," he said. "Leaders whose views on foreign policy are informed by experience, not sound bites."

Mr. Webb, a decorated Vietnam veteran whose own son is serving in Iraq, has portrayed Mr. Allen as a rubber stamp for President Bush who failed to prevent the country from going to war.

"We need to get a diplomatic solution," he said, criticizing Mr. Allen for using "propagandistic" phrases such as "Stay the course."

Mr. Allen repeated his campaign line that he wants U.S. troops "to come home as soon as possible ... in victory and not defeat." He added that he differs from Mr. Webb in thinking that "we're not occupiers, we're liberators in Iraq."

Mr. Webb said that Congress has failed to provide oversight of some of the Bush administration's programs, included the National Security Agency's terrorist surveillance program.

On torture, Mr. Webb said the U.S. should take the "moral high ground" and act according to the Geneva Convention. "I know what it's like to be out there worrying about if I was going to be taken prisoner," he said.

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The the League of Women Voters was host of the debate held at the Richmond studios of Community Idea Stations. It will be rebroadcast in the Richmond area at 9 p.m. Thursday, at 3 p.m. Oct. 22 and at 9 p.m. Oct. 31. It is also scheduled to be replayed on C-SPAN.

Independent candidate Gail Parker, whose main issue is securing funding for Metrorail in Northern Virginia, was not invited to participate. Last night she sat in the front row.

"If I wasn't in this race, there would be no candidate for me to vote for," she said before the debate.

Mr. Allen scored points when he called for a "taxpayers' bill of rights" and then asked Mr. Webb how many Virginians have benefited from Mr. Bush's tax cuts, which Mr. Webb has criticized and the senator wants to make permanent.

Mr. Webb did not answer, and Mr. Allen responded that 3 million residents have been helped by the cuts, which are set to expire.

However, Mr. Webb said the costly Iraq war makes tax cuts for the wealthy impractical. "You can't keep spending like this without increasing revenue," he said.

Republicans have given many of the wealthiest people and the largest companies tax breaks while health care and education costs for the poor and middle class have skyrocketed, Mr. Webb said.

Mr. Allen said that he favors a proposed state constitutional amendment that would define marriage as "a way to protect the values and views of the people of Virginia from judges who want to impose their own elitist views."

Mr. Webb said that he thinks marriage should be between one man and one woman but added that he opposes the measure because it is unnecessary and would harm unmarried heterosexual couples.

On immigration, Mr. Allen said he opposed the "comprehensive" Senate immigration bill because it rewards illegal aliens.

Mr. Webb said the Bush administration has "failed" to deal with immigration problems, and noted that day-laborer shelters such as the one in Herndon are a good short-term solution for businesses plagued by loitering.

Mr. Allen opened himself to scrutiny in August when he called an Indian-American Webb volunteer "macaca," which is considered a racial slur in some cultures.

After that, several people who knew Mr. Allen when he was a University of Virginia student accused him of regularly using a racial slur to describe blacks.

Last night, Mr. Allen dismissed the stories as "baseless," saying they don't reflect "who I am" or how he was raised. He added: "I don't recall using that word."

Mr. Allen has apologized frequently for the "macaca" comment, saying he made up the word.

Mr. Webb has been criticized for his 1979 article "Women Can't Fight," which questioned the role of women in military billets.

The debate was crucial for each candidate, as there is less than a month remaining before the election. Polls show Mr. Allen with a slight lead or tied with Mr. Webb.

Today is the deadline for Virginians to register to vote in the Nov. 7 election.

Stock Options Held By Allen Not Disclosed To Congress (WP)

By Michael D. Shear

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Sen. George Allen did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules.

Allen (R-Va.) received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday.

That failure to disclose, as first reported by the Associated Press, has prompted criticism of Allen as he battles for a second term in the Senate against Democratic challenger James Webb.

Webb spokeswoman Kristian Denny Todd called for an investigation of the allegations by Republican leaders in the Senate. "If true, these allegations represent a serious betrayal of the voters of Virginia," she said.

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Allen spokesman Dan Allen said Monday that the senator did not report the stock options after the first year because his attorneys interpreted the Senate's written rules to mean he did not have to.

"We were following guidelines based on the reporting disclosures," said Dan Allen, no relation to the senator. "It was a matter of public record. He certainly wasn't hiding anything."

All members of the Senate and the U.S. House of Representatives are required to report their finances annually to Congress. They must list their assets, such as homes, investment holdings and salaries, as well as liabilities.

Under terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each.

The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50. The Senate's disclosure instructions say that options that are not vested or are "contingent upon the occurrence of some future event" need not be disclosed.

But Dan Allen said the senator recently became aware that the Senate Ethics Manual requires annual disclosure of options, even when they are currently worthless. He said the senator will abide by the decision of the ethics committee.

"We have clearly, proactively gone to the ethics committee," Dan Allen said. "Of course, the Webb campaign is going to launch attacks on this. They understand if it gets away from the issues, ideas and Allen's past performance of service, they have a chance of winning this race."

Sheila Krumholz, acting executive director of the nonpartisan Center for Responsive Politics, said Allen's defense -- that the options were worthless -- should not excuse him from having to disclose that he owned them.

"It doesn't matter whether the exercise price is above or below the current stock price," she said. "What matters is you own it, you have it and at some point it may be worth money."

Krumholz said that public disclosure about ownership of such stock options helps voters decide whether lawmakers are making policy decisions that also enrich themselves. There is no evidence that Allen did anything to boost the stock price of Commonwealth.

"If it is worthless today, and then worth millions next year, then it's of enormous interest whether the representative or senator made decisions based on their potential financial gain," Krumholz said.

Allen's staff also acknowledged Monday that the senator had written a letter on behalf of another Virginia company in which he owned stock.

In the December 2001 letter, furnished by Allen campaign officials, the senator urged the Army to expedite a decision regarding a contract with Xybernaut, another Virginia high-tech company. Allen also has served on Xybernaut's board.

"Your immediate attention and expeditious assistance with the requests and concerns expressed in this case would be greatly appreciated," Allen wrote in the five-sentence letter to Army officials as Xybernaut vied for a Army with the service.

Campaign officials said that the request by Xybernaut was turned down and that Allen's only intervention was in a form letter. The office provided copies of similar letters written on behalf of other Virginia companies that contained the exact language. The AP also first reported about the Xybernaut letter.

This is not the first time Allen has faced inquiries about his corporate dealings.

In 2001, news reports surfaced that Allen had reported a $279,000, one-time payment from stock options he received as an advisory board member at Com-Net Ericsson, a high-tech company in Lynchburg, Va.

Allen joined the Com-Net board in 2000 after helping the company expand while governor.

The payment was made after Allen received a ruling from the Senate Ethics Committee that the compensation did not violate Senate rules.

"Senator Allen takes this very seriously," Dan Allen said. "He's always been open and honest."

Mr. Allen's Ethics (WP)

The Washington Post, October 10, 2006

After he left the Virginia governor's mansion in 1998 and before he entered the U.S. Senate in 2001, George F. Allen of Virginia did what out-of-office politicians often do: He tried to make some money. As it happens, a number of companies that he had assisted as a pro-business Republican governor returned the favor once he was a private citizen by inviting him to join their

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boards and furnishing him with potentially valuable stock options. One of them was a high-tech government contractor called Com-Net Ericsson, whose stock options translated into a one-time windfall for Mr. Allen worth $279,000 in 2001. As governor, Mr. Allen had helped Com-Net with its expansion plans.

It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government.

That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp. According to the Associated Press, Mr. Allen joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock. Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price might well have gone up.

The Army did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help. Eventually, Mr. Allen sold his Xybernaut stock at a loss, he told the Associated Press. Still, his aides didn't dispute that Mr. Allen, in his official capacity, intervened on behalf of a firm in which he had a financial interest.

The AP also reported that for the past five years -- years in which he filed annual disclosure reports -- Mr. Allen did not report his stock options in a firm called Commonwealth Biotechnologies Inc., on whose board Mr. Allen also served. The senator's explanation is that he believed the options were worthless, since the option purchase price exceeded the stock's market value. That is beside the point. What is relevant is that Mr. Allen has a financial stake in Commonwealth, which as a government contractor may have business before Congress.

Mr. Allen says his financial dealings have been aboveboard. But in these cases they appear to reflect at best an ethical sloppiness.

Allen Manages To Create A Diversion (WP)

By Marc Fisher

The Washington Post, October 10, 2006

Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again.

The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president.

How did the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject. All it took was a few moves, none of them particularly exotic:

Â· Allen launched an "Issues, Ideas and Record Tour" of friendly locales where he talked, albeit without many specifics, about "issues."

Â· The campaign announced that the senator would go on TV -- not to address claims that in college he regularly used racial slurs, not to justify his verbal attack on an Indian American working for his opponent's campaign and not to explain why he reacted so negatively when asked about his family's Jewish background. No, all the campaign said was that Allen would make a "major address." That the two-minute TV ad was neither major nor much of an address didn't matter; the moment became a turning point in the Allen campaign.

Â· Allen strategists rolled out the candidate's wife to stand by his side -- literally -- during the "major address," smiling admiringly. Then Susan Allen sat for a Washington Post interview that helped soften the senator's image.

Â· Day after day, Allen presented new endorsements from blacks -- a Democratic legislator, ministers, community leaders. Message: It's okay to go back in the water.

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All of this dovetailed beautifully with the Allen campaign's new offensive, a redoubled attack on Democratic challenger Jim Webb for being anti-woman because of a 27-year-old magazine piece Webb wrote arguing against enrolling women at the U.S. Naval Academy. Webb responded reasonably effectively to Allen's TV ad, but it hardly mattered. The subject had been changed.

Still, the Allen camp is hardly home free. Allen's lawyer has admitted this week that the senator failed to disclosed to Congress stock options he received after serving as a director of Commonwealth Biotechnologies Inc., a Virginia company. And even once the bleeding from macaca and the racial slurs was stanched, Allen seemed to remain on the wrong side of public opinion on the Iraq war.

Allen had taken the harshest imaginable, least independent stance in favor of the Bush policy in Iraq: Everything was going fine, no need to pull out, no need to second-guess the war effort. But now, he has used this shift in the campaign's subject matter to change direction. Here's George Allen tacking to the center, alertly taking advantage of Sen. John Warner's conversion to the skeptical side. In a conference call with reporters Friday, Allen awkwardly embraced his fellow Virginian's assessment that things are going poorly in Iraq.

Never mind that Allen's new stance -- the war is a failure, but we have to stay the course -- makes little sense. And Allen didn't go quite as far as Warner, who said that if U.S. forces don't show major progress in 30 to 60 days, it will be time for "bold action," presumably the old Monty Python battle call: "Run away!"

Despite the logical holes in his new position, Allen manages to come off as more independent and honest than many Republicans, such as Maryland Senate candidate Michael Steele (who resorted to a thinly veiled off-the-record lunch to slip in his critical comments about his party's failed foreign policy).

How has Allen been permitted to do all this? Why hasn't the Webb campaign taken advantage of the moment to raise further questions about Allen's credibility and character? Where are the stories trying to square the young man who relished using racial slurs with the senator who went on pilgrimages to absorb the story of the civil rights movement? How did Allen grow up to hold the archaic racial attitudes he seems to have proudly displayed through much of his life? What have his professional relationships with blacks been like through the years?

George Allen runs a savvy campaign and knows how to work the media and public opinion. But we still don't know what really goes on in the heart and head of Virginia's junior senator. Who will demand answers to these questions -- the Webb campaign? Editors and reporters? Virginia's voters?

National Democrats Give Webb A Boost (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch, October 10, 2006

National Democrats are placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment.

The ad could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia.

Sources said yesterday that the Democratic Senatorial Campaign Committee, political arm of the Senate Democratic caucus, is paying for the commercial. Spokesman Phil Singer had no comment.

The TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues.

This includes Allen's use of an obscure racial slur -- "macaca" to describe an Indian-American volunteer for Webb. Allen said he made up the word, which refers to a genus of monkey. Widely circulated video from the incident was woven into the Democratic ad.

The 30-second spot also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq.

The commercial, to be most heavily broadcast in vote-rich Northern Virginia, notes Allen's resistance to an increase in the federal minimum wage and contributions to his campaign from oil companies.

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The Allen campaign said the ad, running after U.S. Sen. Hillary Rodham Clinton, D-N.Y., pledged $2 million to the DSCC, is evidence that Webb is captive to liberal out-of-state interests.

"This is further proof that Jim Webb has been bought and paid for by Hillary Clinton," said Allen strategist Christopher J. LaCivita.

A spokeswoman for the Webb campaign could not be reached for comment.

The commercial was produced for the DSCC by Jim Mulhall, an adviser to then-U.S. Sen. Charles S. Robb, D-Va., in his losing campaign to Allen in 2000. Mulhall declined to comment.

Virginia Senator Did Not Disclose Stock Options (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

RICHMOND, Va., Oct. 8 (AP) — For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company.

Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Mr. Allen's stock options date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator.

The Associated Press reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies.

In interviews, Mr. Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock.

Mr. Allen's office said he had sold his Xybernaut stock at a loss and had not cashed in his Commonwealth options because they cost more than the stock is now worth. The senator also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless."

Mr. Allen's office said he did not report his Commonwealth options because their purchase price was higher than the current market value. Mr. Allen viewed them as worthless and believed he did not have to report them, aides said.

Kathleen Clark, a law professor at Washington University in St. Louis, a former prosecutor and a former Democratic Congressional aide, said, "As an ethical matter, it's irrelevant whether the exercise price of those stock options is above or below the current market price."

"If he owns stock options," Ms. Clark added, "he does have such a financial stake."

Mr. Allen's office acknowledged that he had met socially over the years with company executives and that his office had granted "routine courtesy meetings" to company lobbyists "to hear their opinion on legislation and issues before the federal government."

John Reid, a spokesman for Mr. Allen, said he was aware of only one instance in which Mr. Allen's office had helped a former company. That came in December 2001 when Mr. Allen asked the Army to resolve a lingering issue with Xybernaut. The company asked Mr. Allen to intervene, and he urged the Army to give Xybernaut an answer, Mr. Reid said. At the time, Mr. Allen still owned options to buy 110,000 shares of Xybernaut stock, which could have been affected by new federal contracts.

The Army answered but did not give Xybernaut what it wanted, and Mr. Allen did nothing more, Mr. Reid said.

As governor, Mr. Allen took representatives of Xybernaut and Ericsson on trade missions. He helped steer $4 million in tax-exempt bonds to Commonwealth for a new headquarters and announced an $800,000 state grant to help Lynchburg prepare a site for an Ericsson expansion.

Allen Broke Rules By Not Disclosing His Stock Options (WT/AP)

By Sharon Theimer And Bob Lewis, Associated Press

The Washington Times, October 9, 2006

DOJ_NMG_0077541

RICHMOND -- Sen. George Allen has failed for the past five years to tell Congress about the stock options he got for his work as a director of a high-tech company. Mr. Allen, a Virginia Republican running for re-election, also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking official action that could benefit them financially or appear to do so.

The requirements allow the public to police lawmakers for possible conflicts of interest, especially those involving companies with government business.

Mr. Allen has stock options from January 1998 to January 2001 when he was between political jobs and had plunged into the corporate world.

A review of his financial dealings from that time found that the senator:

•Joined three Virginia high-tech companies that he assisted as governor. Mr. Allen served on boards of directors for Xybernaut and Commonwealth Biotechnologies and advised Com-Net Ericsson, all government contractors.

•Twice failed to promptly alert the Securities and Exchange Commission of insider-stock transactions as a Xybernaut and Commonwealth director. The agency requires timely notification and can fine those who file late.

• Kept stock options for serving as a director of Xybernaut and Commonwealth, but steered other compensation from his board service to his law firm.

Mr. Allen, is running for re-election against Democrat James H. Webb Jr. and is a potential 2008 presidential candidate.

He also has served in the U.S. House and as governor. From 1998 through 2000, he worked as a private lawyer and businessman before his election to the Senate.

Mr. Allen and his staff have downplayed his corporate dealings, saying they were a good learning experience but did not lead to extraordinary riches -- except for a quarter-million-dollar windfall from Com-Net Ericsson stock.

Mr. Allen's office said the senator sold his Xybernaut stock at a loss and has not cashed in his Commonwealth options because they cost more than the stock is now worth. Mr. Allen also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it. I learned a lot on their board and enjoyed working with 'em, and they seem to be doing all right, I guess."

Mr. Allen's office also said the senator did not report his Commonwealth options on his past five Senate disclosure reports because their purchase price was higher than the market value. Mr. Allen viewed them as worthless and believed in "good faith" that he did not have to report them, aides said.

Mr. Allen disclosed the options once -- on an amendment to his 2000 ethics report filed three months after the normal filing period ended. He excluded the options from subsequent reports.

When Mr. Allen's lawyer was shown the Senate ethics manual requirement that such options must be reported each year regardless of value, the lawyer said he was unfamiliar with the provision. Mr. Allen has asked the Senate ethics committee for an opinion on whether he should have disclosed them.

"While we continue to believe that we have disclosed more than is required, we will abide by the formal ruling of the committee," Allen spokesman John Reid said.

Virginia's Sen. Allen Didn't Disclose His Stock Options (USAT/AP)

By Sharon Theimer And Bob Lewis, The Associated Press

USA Today, October 9, 2006

Says he acted correctly; ethics panel to review case

RICHMOND, Va. — For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options.

DOJ_NMG_0077542

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Options give the holder the future right to buy stock at a fixed price that could be lower than the market value at the time of purchase.

Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in "good faith" he did not have to report them, spokesman John Reid said.

Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options. "We continue to believe that we have disclosed more than is required. We will abide by the formal ruling of the committee," Reid said.

At issue are Allen's stock options from January 1998 to January 2001 when he was between political jobs.

The AP also found that Allen twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a Xybernaut and Commonwealth director. The SEC requires timely notification and can fine those who file late.

Allen joined Commonwealth's board about two months after leaving the governor's office in January 1998. Xybernaut named him a director that August, and he became a Com-Net Ericsson adviser in February 2000.

The senator said he saw no conflict in going to work for companies shortly after assisting them as governor. "I actually got no money out of Xybernaut. I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it," Allen said.

Reid said Allen asked the Army in December 2001 to resolve an issue with Xybernaut. At the time, Allen still owned stock options. The Army did not give Xybernaut what it wanted and Allen did nothing more, Reid said.

Sen. Allen Of Va. Didn't Disclose Stock Options (USAT)

USA Today, October 9, 2006

For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options. Congressional rules require senators to disclose all deferred compensation, such as stock options. Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in "good faith" he did not have to report them, spokesman John Reid said. Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options.

Mo. candidates spar on Iraq, scandal

Missouri Sen. Jim Talent clashed Sunday with Democratic challenger Claire McCaskill in a debate on NBC's Meet the Press that centered on Iraq and the congressional page scandal. Talent said he still would have voted to go to war in Iraq even if he had known in 2002 that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying U.S. troops out of Iraq over the next two years "give or take."

McCaskill also said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete.

Wanted: More election workers in Md.

Maryland elections officials are trying to find more Republican poll workers to avoid delayed poll openings that marred the Sept. 12 primary. GOP Gov. Robert Ehrlich sent a letter to state employees seeking volunteers, and the Baltimore mayor's office mailed letters last week to city Republicans. Mayor Martin O'Malley, a Democrat, is challenging Ehrlich. State law requires that precincts with more than 200 registered voters have at least two election judges present from each of the major parties.

Mo. Candidates Debate Foley, Iraq War (AP-Y)

By Sam Hananel, Associated Press Writer

AP, October 9, 2006

DOJ_NMG_0077543

Candidates in Missouri's hotly contested Senate race clashed Sunday over the congressional page sex scandal and the war in Iraq, with the Democratic challenger saying House Speaker Dennis Hastert should quit.

Missouri state auditor Claire McCaskill said Hastert, R-Ill., and other GOP leaders failed to properly investigate when they first learned of former Rep. Mark Foley's e-mails to congressional pages.

"When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee,' " McCaskill said.

Republican Sen. Jim Talent said it was premature to demand resignations until a formal investigation is complete. The House ethics committee is conducting a probe.

"We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may," Talent said.

The Missouri race is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even.

Much of the candidates' debate Sunday on NBC's "Meet the Press" focused on Iraq and national security. Talent described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period.

McCaskill, in turn, portrayed Talent's views as those of a politician who has spent too long in Washington.

Talent insisted that, had he been in the Senate in 2002, he would have voted to go to war in Iraq even if he had known that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. He said ousting Iraqi leader Saddam Hussein was necessary to eliminate him as a threat to the region, including any attempt to revive Iraq's nuclear program.

Asked whether the $300 billion spent on Iraq could have been better spent fighting terrorism elsewhere, Talent said the money represented just 1 percent of the U.S. gross domestic product.

"Clearly he's been in Washington too long if he doesn't think $300 billion is not a lot of money," McCaskill retorted.

Knowing what she knows now, McCaskill said, she would not have voted for war. She called for military leaders to consider redeploying U.S. troops out of Iraq over the next two years or so, and said she agreed with the assessment of Sen. John Warner, R-Va., that Iraq is "drifting sideways."

On other issues, Talent defended his opposition to embryonic stem cell research, which has become a major sticking point in the race. Missouri voters are weighing a ballot initiative that would amend the state constitution to protect all federally allowed forms of stem cell research.

McCaskill, who has made her support for the research a cornerstone of her campaign, said the ballot measure prohibits human cloning and offers hope for future treatment of various diseases.

McCaskill would not apologize for comments she made last month in which she claimed that Bush had "let people die on rooftops in New Orleans because they were poor and because they were black" during Hurricane Katrina.

"I was acknowledging what Americans believed at the time," she said, though she added that she "probably should have said it another way."

Talent, whose House voting record agrees with Bush's agenda 94 percent of the time, dismissed any notion that he could face a backlash from anti-Bush voters. Talent said he is independent and differs from Bush over immigration, farm policy, highway funding and other issues.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Talent said. "I've been in public life a lot longer than he has."

Tight Missouri Senate Race Takes 'Meet The Press' Spotlight (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 9, 2006

WASHINGTON — Republican Sen. Jim Talent and Democratic rival Claire McCaskill sparred over Iraq, terrorism, stem cell research, and the leadership of President George W. Bush in a 40-minute nationally televised debate on Sunday.

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Engaged in one of the tightest and most closely watched races in the country, Talent and McCaskill disagreed on the first question out of the box on NBC's "Meet the Press": Whether House Speaker Dennis Hastert, R-Ill., should resign amid questions about his handling of the congressional page sex scandal.

McCaskill, Missouri's state auditor, said yes.

She contended the scandal involving ex-Rep. Mark Foley's e-mails to House pages demonstrated "an arrogance of power."

"It is about holding on to power instead of about doing the right thing."

Talent asserted, however, that Hastert doesn't need to resign - at least not yet.

"I'm comfortable with the investigation moving forward," Talent said, "and the people who were responsible taking the consequences. And that's up to, and including, the speaker."

Polls show the race to be a dead heat, one of a handful of contests that will determine which party controls the Senate after November.

Sunday's exchange focused heavily on terrorism and Iraq, with commentator Tim Russert grilling both candidates about the war.

He asked Talent how he could assert, as the senator recently did, that the U.S. is making progress in Iraq and the mission is going well, when U.S. military and Iraqi civilian casualties are spiraling.

Talent responded that the level of violence was "unacceptable" but that he still believed the U.S. had made progress. "Saddam is gone and the threat he represented is gone," he said.

Talent accused McCaskill of being "weak" on the war against terrorism, saying she wants to set an "artificial" timeline for withdrawal from Iraq. He pointed to questions she has raised over the president's warrantless wiretapping program and a recent military trial bill that prevents terrorism suspects from challenging their detention in court.

McCaskill strongly rejected the suggestion that she was weak on terrorism, saying she supports giving the president the tools he needs to do proper surveillance. And she defended her call for a phased, two-year redeployment of U.S. troops from Iraq to other countries in the region.

"Iraq is a mess," she said. "If you're in a hole, you need to quit digging. We are breeding a culture of dependence. We are not breeding a democracy."

Talent said he still would have voted for the war even if he knew in advance that there were no weapons of mass destruction. Asked how long he would support keeping 145,000 U.S. troops there, he said "we have to be there until the mission is done."

Bush and Clinton

In response to a question from Russert, Talent also dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home. Talent said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was "an important front on the war on terror."

McCaskill quickly shot back: "Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money."

McCaskill accused Talent of not holding the administration accountable for mistakes in the war.

For Talent, one of the most uncomfortable moments of the debate seemed to come after Russert played a series of clips of Bush praising Talent and noted that Talent had voted with the president 94 percent of the time. Russert asked the senator whether Bush was a great president.

Talent wouldn't give a clear answer. "History judges presidents," Talent said, sitting beside a gleeful-looking McCaskill. "History is going to say there were some things he did that were right and some things he did that were wrong."

McCaskill ridiculed Talent's response, and when asked the same question about former President Bill Clinton, she quipped: "He's been a great leader, but I don't want my daughter near him."

McCaskill did a little squirming herself, when Russert asked her whether she would apologize for saying that Bush let people in New Orleans die "because they were poor and because they were black."

At first, she did not back down, saying that she was voicing how "millions of Americans felt," although she added, "I do not believe the president is a racist."

Pressed again, she said, "Maybe I shouldn't have said it that way - but the feelings are real." She said "our citizens died because we couldn't get them food or water. This is not an administration that's ready to protect us."

Stem cell issue

The two candidates also exchanged sharp jabs over stem cell research - one of the hottest issues in the Missouri campaign.

Earlier this year, Talent withdrew his support for a federal human cloning ban that some critics said would also outlaw crucial stem cell research. But he opposes a Missouri referendum that would protect certain kinds of stem cell research.

Asked by Russert about his switch, Talent said the state referendum would "create an unqualified constitutional right to clone at the earliest stages of human life."

Russert asked McCaskill how she could support a form of research that some have said is equivalent to abortion.

"My faith directs me to heal the sick," she said. "I come down on the side of hope, hope for cures and for supporting science."

Talent And McCaskill Clash On Iraq And The Foley Case (GNN)

By Pamela Brogan

Gannett News Service, October 9, 2006

Washingon — Missouri's Senate candidates clashed today on NBC's "Meet the Press" over issues ranging from Iraq to the congressional page scandal.

"Iraq is a mess," Claire McCaskill, the Democratic state auditor said.

"We can either stay the course or we can change the course."

Republican Sen. Jim Talent insisted that that he still would have voted to go to war in Iraq even if he had known in 2002 that Iraqi leader Saddam Hussein did not have weapons of mass destruction.

"I think it was the only possible strategic choice," Talent said. "He represented a threat to us. That threat is now gone," Talent said.

Talent also said that the U.S. has to "finish the mission" but acknowledged that when Congress voted to go to war "the administration and many underestimated the time it would take to stabilize the central part of the country."

Both candidates, who are the parents of teens, expressed disgust over the scandal involving former Rep. Mark Foley, R-Fla.

McCaskill, a former prosecutor, said House Speaker Dennis Hastert, R-Ill., should resign because Republicans leaders failed to properly investigate when they learned that Foley was sending lurid Internet messages to teenage congressional pages.

"I know this: that when a 50-year-old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than, 'I better go tell the chairman of the Republican campaign committee,'" McCaskill said.

She said the scandal is about an "arrogance of power" and "about holding onto power instead of doing the right thing."

Talent said that Congress needs to have a "zero tolerance policy" for such behavior, but said it was too early to demand resignations before the House Ethics Committee completes its probe.

"This is something that transcends politics," Talent said. "This is a question of protecting these pages and making sure their parents and the public have confidence in the system."

The Missouri race is one of six Senate contests that are tossups. Democrats need six seats to regain control of the Senate, making those races top priorities for Republicans. A poll Friday by USA Today and Gallup Poll found that among 577 likely Missouri voters, 48 percent support McCaskill and 45 percent favor Talent. The poll's margin of error is 5 percentage points.

Both candidates fielded several questions about Iraq and national security.

Talent called McCaskill's views on the war against terror "comprehensively positions of weaknesses."

He criticized her for supporting a withdrawal of troops within two years and for opposing President Bush's domestic surveillance policy.

McCaskill said that Talent, a member of the Senate Armed Services Committee, has not asked the Bush administration enough tough questions about the war or held it accountable for its mistakes.

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"We should be saying, 'How do we get out of this mess?' Not, "this is a good policy, a sound policy, we need to continue down this road.'"

Moderator Tim Russert asked both candidates whether the $300 billion spent on the Iraq conflict could have been better spent in Afghanistan or on domestic programs.

"No, I think this is an important front on the war on terror," Talent said.

"What we've spent on Iraq and Afghanistan in total is one percent of the gross domestic product (the sum of all goods and services produced in the U.S.)," he added.

McCaskill said that she believed that Talent was implying that $300 billion "was not a lot of money."

"Clearly, he's been in Washington too long, if he doesn't think that $300 billion is a lot of money," she said.

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Talent Stresses Independence From Bush (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 9, 2006

Missouri Sen. Jim Talent tried to distance himself from President Bush yesterday in a nationally televised debate, during which he and his Democratic opponent, Claire McCaskill, argued over Iraq and stem-cell research.

Tim Russert, host of NBC's "Meet the Press," challenged both candidates on their past statements -- asking Mr. Talent about his ties to the poorly polling president and Mrs. McCaskill about her insinuating Mr. Bush is a racist.

Mr. Talent blanched when Mr. Russert noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Mr. Talent asked. "I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then."

Mr. Talent, first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding.

The senator opposed the "comprehensive" immigration plan that most senators and the president supported. He said it equates to amnesty for illegal aliens.

Mr. Russert also got tough on Mrs. McCaskill, the state auditor, over these September comments: "George Bush let people die on rooftops in New Orleans because they were poor and because they were black."

When asked whether she should apologize for her remark, first reported by St. Louis blog Pub Def Weekly, Mrs. McCaskill didn't back down.

"I was acknowledging what Americans believed at the time. I don't believe he's a racist," she said. "I probably should have said it another way, but the feelings are real."

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The two candidates are neck and neck in one of the nation's most closely watched races, a key race for Democrats hoping to regain Senate control.

The Iraq war provided sharp contrast between Mr. Talent and Mrs. McCaskill, with the incumbent saying the U.S. has "made progress" despite escalating troop casualties and the Democrat calling the prolonged conflict a "mess."

Mr. Talent, who called his challenger's views on wiretapping and detainee treatment "weak," said he would still have voted for the Iraq war had he known there were no weapons of mass destruction, because he thought removing Saddam Hussein from power was crucial to the war on terrorism. "It was the only possible strategic choice," he said.

Mrs. McCaskill said equating Iraq with the war on terrorism is an attempt to confuse voters in an election year and said she wants the U.S. to begin withdrawing troops.

"We are creating more terrorists around the world with this failed policy in Iraq," she said.

But Mr. Talent shot back: "It's not a question of politics, it's not a question of people's motives, it's a question of what's going to win this war. And positions of weakness are not going to do it."

Mr. Talent's vote against a bill to provide federal funding for embryonic stem-cell research is a hot topic in Missouri, where polls show strong support for the Stem Cell Research and Cures Initiative on the state's fall ballot. Actor Michael J. Fox, who has Parkinson's disease, recently raised $200,000 for Mrs. McCaskill, calling her a "champion" of stem-cell research.

Mr. Talent yesterday called stem-cell research a form of cloning and said the benefits of such research were "speculative."

"The ballot issue would create a constitutional right -- an unqualified constitutional right -- to clone the earliest stages of human life," something he said he is "not comfortable doing" as an evangelical Christian.

"Our country has never turned its back on medical research, and we shouldn't in Missouri," Mrs. McCaskill countered, adding that her religion teaches her to be a healer.

The Missouri measure would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

Missouri Debaters Battle For The Suburbs (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 9, 2006

Sen. James M. Talent of Missouri and Democratic challenger Claire McCaskill sparred over the war in Iraq, stem cell research and the House page scandal in a feisty debate yesterday, as the candidates fought for an edge in a race that polls show is a dead heat.

Talent's challenge is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies.

Tim Russert, who moderated the debate on NBC's "Meet the Press," noted that Talent sided with Bush on almost every major issue and counted four times that the president had visited Missouri on Talent's behalf. He then asked Talent to evaluate Bush's tenure.

"Certainly, he's going to end up better than Jimmy Carter, probably not as good as Ronald Reagan," the senator replied. "A lot depends on what happens on whether we can complete the mission in Iraq, and win the war on terror."

McCaskill, now serving as the state auditor, also is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City. She was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign.

"I certainly believe that abortion should remain safe, legal and rare," McCaskill said. "But why don't we concentrate on prevention? None of us want abortion, none of us support abortion."

Pressed by Talent and Russert, she said she supported a ban on so-called partial-birth abortion, with an exception for the life of the mother.

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McCaskill, meanwhile, has sought to paint Talent as a conservative extremist on the issue of embryonic stem cell research. Missouri voters will consider a proposed constitutional amendment on Nov. 7 to safeguard early stage stem cell research.

The initiative is supported by prominent moderate Republicans such as former senator John Danforth, along with Gov. Matt Blunt. Supporters believe the measure could be a boon to biomedical research, by making Missouri the first state to formally recognize a right for scientists to conduct the research and for patients to receive treatment.

Talent opposes the measure because he said it could lead to human cloning. "My faith directs me to heal the sick," McCaskill countered.

The candidates spent most of the 40-minute session arguing about national security. McCaskill sketched out the approach to Iraq that she favors: "We need to give them notice. We need to tell the Iraqi government that we're not going to build democracy at the barrel of a gun. It's time for them to stand up and begin taking responsibility for their country."

Talent defended the decision to go to war as "the only possible strategic choice" and said it was warranted even though Iraq did not have weapons of mass destruction. "Well, [Saddam Hussein] wanted them," Talent told Russert. He said the current level of sectarian violence "can't be sustained" and that the Iraqi government "needs to deal with it." But he said progress has been made. Setting a timetable for withdrawal "would be sending a notice to the terrorists that we're going to quit," Talent said.

The candidates also tangled over the Republican House leadership's response to the disclosure that former representative Mark Foley (R-Fla.) had sent questionable e-mails to teenage male congressional pages. House leaders have been criticized for failing to heed warnings that Foley's behavior was out of control. He resigned from the House when some messages became public.

"It is about holding on to power instead of doing the right thing," said McCaskill, who added that House Speaker J. Dennis Hastert (Ill.) -- whose office has been questioned for its response -- should resign.

Talent was more cautious. He said he would await the results of an ongoing investigation. "We need to find out who knew what. We need to have a zero-tolerance policy for this and then let the chips fall where they may," Talent said.

On Friday, a USA Today/Gallup survey of 577 likely voters, showed McCaskill leading Talent 48 percent to 45 percent, with 7 percent undecided. The margin of error was plus or minus five percentage points.

Santorum Keys On 'Islamic Fascism' (PTR)

By David M. Brown

Pittsburg Tribune-Review, October 10, 2006

President Bush lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against "Islamic fascism" -- a major threat to the nation's security -- U.S. Sen. Rick Santorum said Monday.

"He (Bush) is managing the public relations on this war very poorly," Santorum, the third-ranking Republican in the Senate, said during a meeting with editors and reporters of the Pittsburgh Tribune-Review.

Bush is more concerned about "making the State Department comfortable" than providing the American people with "a clear message and a clear understanding of what we are up against," said Santorum, in his sharpest criticism of the president to date.

Santorum, who faces an uphill battle for re-election against Democrat Bob Casey, said he discussed the issue with Bush several times and said the president "has given a few good speeches on it, but he does not continually do it."

Bush dropped references to Islamic fascists when the State Department "went ballistic because we are offending our allies in the Middle East," Santorum said. "I don't care if we offend our allies in the Middle East."

Santorum, 48, of Penn Hills, headed Bush's re-election campaign in Pennsylvania in 2004 and has been a strong ally for the White House on most key issues.

Casey, 46, of Scranton, has tried to portray Santorum as a lockstep backer of the Republican president, whose approval ratings in Pennsylvania have plummeted over the past two years.

"He's simply running a campaign that 'I'm Bob Casey, and Rick Santorum is George Bush,'" Santorum charged.

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Casey spokesman Larry Smar said: "If you look at Rick Santorum's voting record, it's easy to see why some folks would mistake him for George Bush.

"There is an old saying: 'A hit dog barks,' and Rick Santorum must be feeling the pressure if he's going out of his way to criticize President Bush, finally, 29 days before the election."

Santorum, who trails Casey, the state treasurer, in several recent public opinion polls, acknowledged that his support of an unpopular war will cost him votes.

"This war is more important than this Senate seat," he said.

Santorum said he supported going to war because he was "concerned about a rise of radical Islam as a trigger point to a larger war that, if we did not stop now, could threaten the very existence of freedom everywhere."

"I think we're facing the greatest threat this country has ever faced," he said.

Although Santorum is concerned about reports that North Korea tested a nuclear weapon, he said a greater potential threat would be for North Korea's nuclear capability to be transferred to Iran, which has ties with North Korea.

Iran is the "principal enemy" in the war on Islamic fascism, he said.

"I see Iran as a country that is very clear about their intention to dominate the Muslim world and then conquer the Christian world."

North Korean leader Kim Jong Il is "a little man, a paranoid man, who, if anything, wants to aggressively unite and control Korea, but he's a failing dictator" whose people are suffering and starving, Santorum said.

North Korea's nuclear weapons capability would be "a great regional threat," particularly to U.S. allies South Korea and Japan. "Every single option should be on the table" regarding what to do about that threat, but only in step with actions agreed upon by South Korea and Japan, Santorum said.

Many analysts consider the race between Santorum and Casey to be the hottest contest on Nov. 7, when Democrats, emboldened by Bush's sagging popularity, escalating violence in Iraq and the continuing fallout from a sex scandal involving former U.S. Rep. Mark Foley of Florida, hope to retake the House and perhaps even the Senate.

Santorum fears a Democratic majority in Congress will imperil the war effort.

"They will see an obligation to go in and create hell for this president, and they will try to get us to scale down our operations."

Santorum yesterday was endorsed by the 40,000-member Pennsylvania Fraternal Order of Police. Casey was endorsed by firefighters representing the western district of the Pennsylvania Professional Fire Fighters Association.

Casey will be in Pittsburgh Wednesday for a fundraiser headlined by U.S. Sen. Barack Obama, D-Ill., at the David L. Lawrence Convention Center, Downtown.

Santorum and Casey then square off Thursday during a televised debate in Pittsburgh. The hour-long debate will take place at the Downtown studios of KDKA-TV and will air at 7 p.m.

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Iraq, Foley Dog The GOP In A Key Race (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 10, 2006

MARCUS HOOK, PA.

The town of Marcus Hook turned out two fire trucks, three honor guards, and a brass band to honor Curt Weldon, now in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election.

The 10-term lawmaker got his political start as mayor here, where he drove the Pagan biker gang out of town. As the No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district.

But this year, knowing and serving the district may not be enough. Local issues, typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages.

"Curt has always done good for us, but a lot of people have turned against Bush because of the war. It's not fair, but it's going to be tough," says Chevelle Sipps, a Weldon supporter here.

Indeed, the Philadelphia region is now Ground Zero in the battle for control of the House, analysts say.

Democrats need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004.

"The reason the House Republicans have increased their numbers since 1995 was because they began to win the South, but they've run the string out. There aren't any more seats to win. So the battleground now are the suburbs in the north that used to be Republican and now are trending Democratic: in Ohio, Philadelphia, New York, and Connecticut," says Terry Madonna, a political scientist at Franklin Marshall, who directs the Keystone poll.

A recent Keystone poll now calls the Weldon-Sestak race a "dead heat" with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from "lean Republican" to a tossup.

In addition, Democrats are fielding - and financing - strong candidates in these races. "For the first time, voters in this district are being presented with a credible alternative to Weldon," writes Amy Walter, who analyzes House races for the Cook Political Report.

Sestak headquarters in Media, Pa., an upscale suburb of Philadelphia, churns with activity. The campaign claims some 2,000 volunteers, including a vast family network in Delaware County. With seven siblings - six still living in the district, "he has almost enough relatives to win," said President Clinton at a fundraiser for Sestak last week.

But what most distinguishes Sestak from former Weldon rivals is his ability to raise campaign funds, more than $1.14 million from July through Sept. 30, Sestak said Wednesday. That's $2.27 million since he announced his candidacy in February - more than all other previous Weldon rivals combined.

A former three-star admiral who conducted combat operations in Iraq and Afghanistan before retiring in January, Sestak calls the Iraq war a "tragic misadventure" and calls for the withdrawal of US troops by the end of next year.

"When we entered the race, we thought Iraq would be No. 5 or 6 [on the list of voters' concerns], but everywhere we go it's the first or second question," said Sestak, in an interview with the Monitor last week.

"There's such a feeling that something has to change. I respect Congressman Weldon's public service, but he's been there too long," he says.

Sestak served as President Clinton's director for defense policy for the National Security Council. He says that his time in the Navy taught him that "national security begins at home in the health, education, and economic promise of our people."

But since last week he is also discussing the recent sex scandal on Capitol Hill involving former Rep. Mark Foley (R) of Florida, who resigned from Congress Sept. 29 after being confronted with sexually explicit electronic messages that he sent to male former pages.

The Foley scandal is "another heavy stain that indicates what people feel already about this Congress: How accountable are Republicans when they can't take care of themselves ... they knew what was going on and did nothing," Sestak says.

Meanwhile, Weldon, like other GOP incumbents in the suburbs, is highlighting his independence from the GOP establishment. His campaign slogan - Curt Weldon...Independent Fighter for US - doesn't mention the Republican Party. But he's not backing away from the war in Iraq. (Weldon famously volunteered to go to Iraq to search for weapons of mass destruction.) "It's going to be a tough race, but I'm not going to run away from the president," he said in a Monitor interview.

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Citing former Democratic sex scandals involving pages and interns, Weldon says there's hypocrisy in the Foley scandal "you could cut with a knife." But he says it's not going to hurt his campaign. "People will see it for what it is," he says. "I'm swimming upstream, but the one thing I have is the people."

But analysts tracking this race say the issue can still hurt him, by depressing Republican turnout and detracting from his message of local service.

"All the momentum is with the Democrats, and it's up to Republicans to break that momentum and turn out their voters. The Foley scandal makes it that much harder for Republicans to get their message out and change that dynamic," says political analyst Stuart Rothenberg.

Sestak is hoping to benefit from the current focus on national issues, says David Landau, senior adviser to the Sestak campaign, who ran against Weldon in 1988. "In a normal election, you can get by with saying 'I'm the guy who saved Boeing,' but with the issues floating around in this election, a congressman has to have something more."

In response, the Weldon campaign says Sestak is a carpetbagger, who doesn't pay property taxes in the district and has missed voting in many recent elections.

"The district wants someone who lives here, not someone who rents a condo two weeks before he comes into the race or mispronounces the names of towns he was in," says Michael Puppio, Weldon's campaign manager.

Republicans Target 3 Senate Races (SFC)

By David Espo

San Francisco Chronicle, October 10, 2006

(10-09) 16:38 PDT WASHINGTON, (AP) --

In an unusual move, the Republican National Committee is investing heavily in television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority.

The move reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates.

The move also raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them.

Officials at both party committees said they were working together.

"We've anticipated a challenging cycle and have been working closely with the NRSC for the past year to strategically allocate our resources," said Tracey Schmitt, spokeswoman for the RNC.

"We've been working as a team for well over a year in planning how we were going to approach these races on every level," said Mark Stephens, executive director of the NRSC.

The RNC's targeted races are Sen. Mike DeWine's re-election effort in Ohio; Sen. Jim Talent's bid for a new term in Missouri, and Bob Corker's drive to hold the Tennessee seat of retiring Majority Leader Bill Frist.

It is not clear how they were chosen. All three races are close, according to public and private polls. They are among eight or nine competitive races around the country — most of them for seats currently in Republican hands — that will determine which party controls the Senate when it convenes in January.

The officials who described the firewall strategy did so on condition of anonymity, saying they were not authorized to speak publicly.

Yet the move is evident in reports filed with the Federal Election Commission. They show the Republican National Committee is paying for polling and television advertising independently. By law, those involved are not permitted to coordinate their activities with the candidates or their campaigns. Coordination is permitted between the two independent groups, though, and Stephens said they share pollsters and ad-making firms.

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According to the reports on file, the RNC has spent roughly $2.8 million to help DeWine in his race against Rep. Sherrod Brown and nearly $1 million so far in Tennessee, where Corker is running against Rep. Harold Ford Jr. The party has put about $150,000 into Talent's race against Claire McCaskill.

The NRSC, chaired by Sen. Elizabeth Dole, R-N.C., has also invested heavily in advertising and related expenses in those races, spending about $2.4 million so far in Missouri, $3 million in Ohio and $1.5 million in Tennessee.

While Stephens and Schmitt stressed the cooperation between the two committees, neither had a ready explanation when asked why the RNC had decided to step out on its own when it could simply have transferred funds directly to the senatorial committee.

Nor was it clear why the RNC had decided to scrap the division of responsibilities in use as recently as this summer's Rhode Island GOP senatorial primary. In that case, the RNC paid for get-out-the-vote operations, while the senatorial committee ran ads.

In the case of House campaigns, the RNC has not reported commissioning any polls or paying for any television advertising. Carl Forti, a spokesman for the House campaign committee, said he was not aware of any such effort.

The competitive situation is different in the Senate, though, where the GOP senatorial committee has been at a financial disadvantage with its Democratic counterpart in fundraising. In its most recent report, the National Republican Senatorial Committee said it had $18.6 million in the bank as of the end of August, compared to $29.8 million for the Democratic Senatorial Campaign Committee.

With Giuliani, G.O.P. Focuses On 9/11 Role (NYT)

By Richard Pérez-peña

The New York Times, October 9, 2006

At the Detroit Tigers' stadium last week, a visiting troop of children — many wearing Tiger orange and full of the fevered air of the playoffs — met Rudolph W. Giuliani, who declared his lifelong allegiance to their enemy of the moment, the Yankees.

But when the fourth and fifth graders had a chance to put questions to Mr. Giuliani, the first one had nothing to do with the Tigers-Yankees series. Instead, Cristina Sauceda asked, "How did you feel when they destroyed the towers, and what did you do to make people feel better?"

Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question, one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it.

Nearly as often, people ask its corollary: Will he run for president?

Mr. Giuliani has little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates.

He says he does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party.

Yet as Mr. Giuliani traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack.

And Mr. Giuliani has embraced that role as 9/11 hero and national security authority. At stop after stop, he delivers the same message: that the nation is still in grave danger, that the war in Iraq must be won, that measures like the Patriot Act and electronic eavesdropping are essential to defeating terrorists.

Never mind that Mr. Giuliani has come in for some sharp criticism back in New York — about workers sickened by toxic dust at ground zero, about his disgraced former police commissioner, Bernard B. Kerik, and even about his handling of the trade center attack.

There is little indication that his noble image from 9/11 has been tarnished in the heartland.

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For many loyal Republicans — and more than a few independents and Democrats — his national security message seems to work, blotting out the central question facing his candidacy: whether a supporter of legal abortion, gay civil unions, immigrants' rights and gun control; a thrice-married, Catholic New Yorker whose split with his second wife took place publicly and none too neatly, can win Republican presidential primaries and caucuses.

"I'm well to the right of Rudy on social issues," said Sid Dinerstein, chairman of the Republican Party in Palm Beach County, Fla., after an appearance there by Mr. Giuliani two weeks ago. "But this is a man who, when it comes to dealing with bad guys, has infinite courage."

In August, at a fund-raising dinner in Charleston for South Carolina's very conservative Republican Party, Mr. Giuliani spoke about port security. When the party faithful had a chance to pose questions, they did not ask him about abortion or gays — only reporters did that.

Mr. Giuliani is never asked about recent charges that he, among others, did not do enough to protect rescue workers at the trade center site from inhaling toxic dust.

Nor is he asked about his friend, former police commissioner and former business partner, Mr. Kerik, whom President Bush nominated to be homeland security secretary in December 2004, with Mr. Giuliani's support.

Mr. Kerik withdrew his nomination as questions were raised about unpaid taxes involving his nanny, ties to people accused of involvement in organized crime, an illegal gift and an unreported loan. Just 19 months after his cabinet nomination, he pleaded guilty to two misdemeanors.

Federal investigators are now looking into whether Mr. Kerik illegally taped the husband of Jeanine F. Pirro, the Republican candidate for attorney general, at Ms. Pirro's behest.

Asked whether he knew anything about Mr. Kerik and the heartache he may have caused Mr. Giuliani in New York, Chris Rants, the Republican speaker of the Iowa State House of Representatives, who has avidly been courted by presidential candidates, said, "I don't have any idea what you're talking about."

What about ground zero air quality? "I still don't know what you're talking about," he said.

But the doubts persist, including those about Mr. Giuliani's stand on social issues. Many Republicans and political analysts say the most pertinent question about Mr. Giuliani is whether polls showing him at or near the top of the presidential primary field reflect support that is broad but thin.

"My opinion of the mayor is completely centered around 9/11," Mr. Rants said. "That's how everybody has their impression, and it's a good impression.

"But to be honest," he added, "I don't have a clue what he thinks about India or China, or education, or immigration reform, or Social Security. I don't even know what he thinks about ethanol and renewable fuels."

Mr. Giuliani himself declines to answer questions about his political future, including handicapping how he might fare in Republican primaries, and instead offers praise for the other contenders and for this year's candidates for lesser offices.

"I don't want to get in the way of 2006," he said recently. "These are important elections that are coming up."

But when he is asked about 9/11, he talks effusively. Regarding Cristina Sauceda's question, Mr. Giuliani gave an answer that, even for an adult audience, would have been extremely long (10 minutes), grim ("We had to figure out how many body bags to order"), and emotionally wrenching ("Every time I was told" that someone he knew had been killed, "my heart would take a beat, and I would say to myself, 'I can't think about that right now' ").

He is often greeted like a star. But when the people who cheer Mr. Giuliani at rallies are asked what they know about him, some say he cleaned up a crime-ridden city, all of them talk about Sept. 11, and many concede that they can go no further.

"I can't forget the display of leadership and courage and compassion that day," said Mike Medina, a Miami-Dade County corrections officer who attended a rally on Sept. 27 for Republican candidates in nearby Dania Beach where Mr. Giuliani spoke. "That goes a long way."

Not far enough, according to Larry J. Sabato, director of the Center for Politics at the University of Virginia. He said that if Mr. Giuliani runs, his views on social issues, and his more recent travails, will find their way into attack ads, and the conventional wisdom will prevail.

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"Pro-choice is the heart of his problem with Republicans, just as it always was, and it cannot be overcome," Mr. Sabato said. Mr. Giuliani does well in polls "because the activists have no clue so far," he said. "If they've heard this stuff, they've forgotten it."

Mr. Sabato and other political analysts said that even if other contenders shied away from attacking Mr. Giuliani on abortion or gay rights, independent groups supporting those candidates would not. They might even try to undermine his security credentials, and cite the former mayor's decision to put the city's emergency operations center in the trade center.

But Frank Luntz, a Republican pollster, said the poll results are no illusion, and that no one should rule out Mr. Giuliani.

"The abortion issue will hurt him in Iowa, the gun control position will hurt him in New Hampshire, but both are less important than the character and the attributes of the man," said Mr. Luntz, who did some work for Mr. Giuliani in the 1990's but no longer works for campaigns. "In a senate race, they want to know where you stand on issues. In a presidential campaign, they want to know who you are."

In The Race For Governor Of Michigan, The Struggling Economy Is Topic A (NYT)

By Monica Davey

The New York Times, October 9, 2006

THREE RIVERS, Mich., Oct. 4 — If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts.

And so, while elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal, Michigan's races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it.

In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions. In other states with once-robust industrial bases, including Ohio, Indiana and Pennsylvania, economic worries are playing a similar, if far more subtle and layered, role this fall.

"We've thought about moving south," said Deb Hallock, 44, who said she had lived in Three Rivers for 20 years but lost her home about a year ago when she and her husband could no longer pay the mortgage. Ms. Hallock makes pizzas at a fast-food restaurant; her husband makes cargo trailers at a factory but had no job when they were evicted. "I don't really know what a governor can do to stop all of what's happening here, but I wish someone would do something."

Gov. Jennifer M. Granholm, an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder.

While campaigning, Mr. DeVos regularly ticks off dire statistics: with major cuts at the Detroit-area automobile companies, Michigan's unemployment rate of 7.1 percent is one of the worst in the nation; the state has lost 85,000 jobs in the last four years; and it has ranked second in the number of young people moving elsewhere.

In a testy first debate between the candidates in early October, the answers to questions on almost every topic seemed to circle back to this single issue. Mr. DeVos, who says his own business acumen is just the medicine Michigan needs, said Ms. Granholm was responsible for failing to create "the atmosphere" for job creation in Michigan despite the economic recovery plan she talked about at nearly every campaign stop.

"I find it amazing," Mr. DeVos said in the debate, "to hear the governor say the plan is working when the people of Michigan aren't."

Ms. Granholm, who said hers was the most aggressive economic recovery plan in the nation, seemed to sidestep responsibility for what has happened here, saying she had "stepped into this current" in a state that had long depended on cars for its livelihood.

"The question is, Why did we get here, and how are we going to get out?" Ms. Granholm said.

Elsewhere, the economic questions are less extreme, less consuming and, in some cases, far more ambiguous. For the most part, challengers in nearby states have bemoaned economic failures, while incumbents have pointed to opposing, upbeat economic signs or stayed mainly silent on the matter.

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In Ohio, the loss of manufacturing work, along with political corruption and scandal, has contributed to "a generally sour atmosphere" among voters, said Herbert Asher, a political science professor emeritus at Ohio State University.

Sherrod Brown, the Democratic challenger to Senator Mike DeWine, has worked to remind voters of their economic portrait, "a thriving manufacturing base dismantled piece by piece," in the words of Mr. Brown's spokeswoman, Joanna Kuebler.

Indiana's economy has improved. But Russell L. Hanson, a political scientist at Indiana University, said the recovery had been slow and spotty in parts of the state, especially where the auto industry's troubles had affected Indiana's component suppliers — something the challengers in several competitive House races have made an issue.

A complicated picture has also emerged in Pennsylvania, with candidates, even those from the same political party, pointing to opposing signs as evidence of the relative healthiness, or the horror, of the state's economy. Gov. Edward G. Rendell, a Democrat, has boasted of new job creation. But Bob Casey, another Democrat and an ally of Mr. Rendell, who is running against Senator Rick Santorum, a Republican, has complained of an environment in which tuition and health care costs are rising while incomes cannot keep up.

In Michigan, meanwhile, no candidate is boasting.

Mr. DeVos and Ms. Granholm pepper their speeches, commercials and Web sites with proposals for reversing the economic tide. Mr. DeVos has pressed for change, proposing that the state speed the granting of permits for businesses and that the tax on businesses known as the Single Business Tax be ended.

His campaign has scoffed at Ms. Granholm's efforts, like a Cool Cities program to give grants to cities for economic development, as too paltry. He has also suggested she did not try hard enough to persuade the Japanese to open a Honda factory in Michigan.

"A cool city is one where you get a job," said John Truscott, Mr. DeVos's director of communications. "We never thought we would surpass Mississippi in a race for the bottom, but we're there."

Mr. DeVos, a relative political newcomer from Ada who aides say has poured about $17 million of his own money into the race, began advertising in February, which helps explain how every voter interviewed in towns in the Kalamazoo area, like Three Rivers, and near Lansing said they knew his name.

For a time, polls showed Mr. DeVos even or slightly ahead of Ms. Granholm, but more recent surveys suggest she has pulled ahead slightly. In a survey of 600 likely voters taken this month for The Detroit News and several television stations, Ms. Granholm was leading, with 46 percent saying they would vote for her, compared with 40 percent for Mr. DeVos; the margin of error was four percentage points. But of those polled, 12 percent said they were undecided.

Ms. Granholm, a former federal prosecutor and a former state attorney general, said she was pressing to diversify the state's economy into fields like alternative energy, life sciences and domestic security; wanted to double the number of college graduates in Michigan within a decade; and hoped to change the way the state handles work force training for those without jobs.

And while Mr. DeVos has tried to blame Ms. Granholm for the state's struggles, in an interview, she directed the blame elsewhere: to circumstances beyond her control ("No other state is the automotive capital of the world"); to the Bush administration ("He has sat idly by while the industry reels"); and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck.

"If we had diversified our state 10 years ago, we wouldn't be here," Ms. Granholm said. "I'm going to go anywhere and do anything to change the economy of Michigan."

Similarly, in the Senate race here, Debbie Stabenow, the Democratic incumbent, and Mike Bouchard, a sheriff and her Republican challenger, have each touted economic recovery plans: "Jobs Agenda" for her and "Renewing Michigan's Economy" for him.

But at a Laundromat in Three Rivers, all the plans in the world could not convince Steve Brunn that Michigan could be turned around. Like others here, Mr. Brunn, 54, said he was doubtful that any campaign promise would add up to jobs after all the commercials were over and the votes were in.

"We're being batted back and forth between the Republicans and Democrats," he said. "DeVos is talking like everybody else — he wants to make change — but what is he really going to do to change this? We're competing with these other countries, and there are no answers."

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Thomas Lowry, who for 11 years has been mayor of Three Rivers, said this town of 7,400 still had its share of manufacturing companies, though the numbers, he said, seemed to shrink little by little each year. The echoes reach far beyond the factories, Mr. Lowry said. The diner downtown loses business. More and more “for sale” signs fill front yards along quiet streets.

Even his own business, a bookstore in the center of downtown, has seen the sale of magazines, a minor luxury item for many, fall off. “It ripples everywhere,” he said.

Mr. Lowry, who said he expected to vote for Ms. Granholm, said he was not sure to what extent the voters would hold their political leaders responsible for all that had happened — and all that had not. “There’s something about our species, though, that wants a scapegoat,” he said.

Firings Of State Workers Found To Violate Law (BSUN)

By Jennifer Skalka

The Baltimore Sun, October 10, 2006

ANNAPOLIS -- A legislative committee investigating the Ehrlich administration's personnel practices has concluded that workers were fired "based on political considerations in violation of constitutional rights and state law," and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters.

"Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process," says the 135-page report, the work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005.

The legislative committee, whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor.

The governor said Monday that the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities.

"They held more hearings on this particular issue than pedophiles, sex offenders and BGE combined ... all to conclude that our administration brought in people dedicated to carrying out the goals of this administration," Ehrlich said.

Taking office in January 2003 as Maryland first GOP governor in more than three decades, Ehrlich promised to shake up agencies accustomed to Democratic administrations.

"We must overturn the status quo in state government and whenever possible bring in fresh blood, with new ideas," the governor wrote to a state agency head in a confidential memorandum reviewed by the commission.

Leading Democrats soon heard complaints of indiscriminate firings and the targeting of low-level employees, and they began the inquiry after revelations arose about the activities of a longtime aide to the governor, Joseph F. Steffen Jr.

The committee's four Republicans issued a separate 40-page rebuttal Monday, criticizing Democrats for spending more than $1 million in taxpayer money on the investigation and accusing them of timing the report's release to potentially affect next month's gubernatorial election. Democrats dispute the cost estimate.

The minority report says that former workers who testified under oath "repeatedly misstated facts and failed to corroborate many aspects of their wrongful testimony with documents." It concludes that the committee did not find proof of "illegal personnel actions" by the Ehrlich administration.

Sen. J. Lowell Stoltzfus, the minority leader from the Eastern Shore and a committee member, acknowledged "stupid behavior" by some state workers who conducted firings. But he called the panel's work "a very expensive partisan joke."

"You can't legislate against crassness; you just can't do that," Stoltzfus said. "For the most part, this administration has bent over backward to incorporate the Democrats."

The report of the committee, which will meet Thursday in Annapolis to consider revisions, reserved particularly pointed language for Steffen, who left the administration in February 2005. Nicknamed "Prince of Darkness" by the governor, Steffen kept a grim reaper figurine on his desk. He told the committee that employee lists he was given included party affiliation.

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"Mr. Steffen was placed on the executive floors at [the Department of Human Resources] and the [Department of Juvenile Services], on the payroll of the Governor's Office and coordinated with the Appointments Office to identify candidates for termination," the report says.

"Placing a qualified consultant in the agencies to perform such a function would have been reasonable. ... Placing Mr. Steffen in such a role was not and the purpose was most likely to identify candidates for termination for political reasons."

The committee sought to determine whether state workers in an employment category called "at will" were terminated because they were Democrats or to make room for Ehrlich loyalists. About 7,000 state workers are at-will, according to the report, and can legally be fired without cause, though not for political beliefs.

Sixty people contacted the committee to share their stories, the report said. Not all testified, however. Some of those who appeared before the panel did so voluntarily. Others, including Steffen, were subpoenaed.

The committee also heard from Ehrlich administration officials, including three -- Steffen, Gregory J. Maddalone and Craig B. Chesek -- who declined under oath to answer many questions about their roles in firing state workers or instructions they were given by the state appointments office. The committee has since filed lawsuits compelling them to testify.

The report indicated that Maddalone and Chesek -- who were dispatched to state departments, much like Steffen, to target workers for firing -- are due in court Oct. 26. Steffen is scheduled to appear Oct. 25.

Sen. Thomas M. Middleton, a Southern Maryland Democrat who co-chaired the committee, said their testimony is crucial in shaping the committee's final recommendations.

"The main players, it just seemed like they had extreme memory loss," Middleton said. "We haven't found anything that is illegal, but we found stories that were conflicting so that alone causes extreme suspicion."

The report noted that under Ehrlich, the methods used in firing workers were inconsistent across departments and perhaps most "dramatic" at the Public Service Commission, where several employees were escorted from the building by security guards and their photographs were posted in the lobby.

"There was substantial evidence that most of the terminated employees who testified were doing a good job, and there was no evidence that any of them posed any security risk," the report says.

Middleton said he expects the committee to offer legislation during the General Assembly session that begins in January.

The report recommended 10 changes, including that the law should make clear that state workers cannot be fired to make room for someone else based on the new employee's "political affiliation, belief or opinion."

State law must also be changed, the report says, to clarify that only people in the employing agency, not the appointments office, can fire a state worker.

The report also suggests that state employees should be notified in writing of their rights when hired and that the state should study the need for the at-will designation.

Sen. Brian E. Frosh, a Montgomery County Democrat who sits on the committee, said state workers, especially those who have served with distinction for many years, deserve better from their employer than they have received from Ehrlich.

Investigation Faults Ehrlich In Firing Of State Workers (WP)

By Matthew Mosk

The Washington Post, October 10, 2006

The firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded.

An attorney hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers.

Among them:

· The governor dispatched loyalists into state agencies to identify people to fire.

· Several employees were fired for no reason other than their political views.

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· Officials in the Ehrlich administration were evasive or not credible in defending their personnel decisions while testifying before the legislature's Special Committee on State Employee Rights and Protections.

"The sudden and random terminations exacted a considerable human toll," committee counsel Ward B. Coe III wrote in his draft.

Ehrlich described the document as "farcical" and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it. "I think the people of Maryland need to hear what they paid over a million dollars for," Ehrlich said.

Republicans on the committee issued a "minority report," which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns.

"There's nothing substantive there," said Senate Minority Leader J. Lowell Stoltzfus (Somerset). "There is no definite finding. There was nothing proven that demonstrated that the law was broken."

Under Maryland law, "at will" employees -- about 6,000 of the 50,000 state workers -- may be hired and fired by the governor without explanation. With rare exception, though, the law requires that personnel decisions be made "without regard to the employee's political affiliation, belief, or opinion."

Coe's report, which will be released formally this week, marks the conclusion of a saga that began in early 2005, when Ehrlich fired a longtime political operative for boasting about a whisper campaign against the governor's chief political rival, Baltimore Mayor Martin O'Malley (D).

During the first two years of Ehrlich's tenure, that operative, Joseph Steffen, worked in three state agencies, fostering a reputation as a hatchet man by placing a figurine of the Grim Reaper on his desk and telling co-workers he had a "death list" of people who were marked for dismissal. He signed e-mails "POD," which stood for his nickname: "Prince of Darkness."

Firings followed. Ehrlich's top aides put the count last year at 284. Ehrlich's predecessor, Parris N. Glendening (D), fired 65 workers during the first three years of his administration.

Ehrlich administration officials have said the turnover was a natural byproduct of the 2002 election, which put a Republican in the governor's office for the first time in a generation.

No one was singled out for partisan views, Ehrlich officials said.

But some changes were made to help Ehrlich move the state in a new direction. "The governor has said he wants people on the same page," his communications director, Paul E. Schurick, said in a June 2005 interview.

The turnover concerned Democrats in the legislature. And the investigation that followed has validated those concerns, said Sen. Brian E. Frosh (D-Montgomery), who was one of the first to urge a review.

Coe, as committee counsel, interviewed more than 60 current and former state employees, taking sworn testimony from more than 20.

"It's not pretty for the Ehrlich administration," Frosh said yesterday. "It makes clear that many of the firings were illegal, and many more were inappropriate."

Coe's report makes its most direct case when addressing the termination of Vincent Gardina, a Democrat on the Baltimore County Council who was hired as a project manager at the Maryland Environmental Service.

Ehrlich aides learned that Gardina was on the payroll eight months after Ehrlich took office, the report says. Soon after, the report says, a deputy in the governor's appointments office called Gardina's boss and told him that "Gardina 'needs to go' because he is 'too political.' "

An e-mail exchange followed and ended with an e-mail from the governor's deputy, dated Sept. 9, 2003, saying: "you can let Vince Gardina go. We have signed off on this end." Gardina was dismissed by a letter dated Sept. 16, the report says. It concludes that "there is substantial evidence that the termination of Vincent Gardina was based on his political activities in violation of [state law] and his constitutional rights."

Other findings in the report focus on the dismissals' effects on the functioning of state government. In a number of instances, the report highlights dismissals of workers who had outstanding performance reviews.

At the state's Public Service Commission, which regulates utilities, five workers were dismissed on one day. The chairman, an Ehrlich appointee, defended those moves, but the review found his explanation wanting.

"It is difficult to reconcile the Chairman's view that he was improving the Commission when he failed to consult with other commissioners regarding the terminations, failed to review personnel files and failed to consult with the supervisors of two of the employees who were terminated," the report says.

Stoltzfus said yesterday that although Coe was hired with support from both parties -- and had conducted a well-received review of the state's savings and loan crisis 20 years ago -- the lawyer was "snookered" this time by Democrats.

The investigation, based mostly on the testimony of disgruntled former state workers, was generated by Steffen's ill-advised boastings and the actions of a few other misguided aides, Stoltzfus said. "I saw some crass behavior by certain people who first came in to work for the governor," he said. "It was a new regime. They behaved in a way they shouldn't have. But you can't legislate for crass behavior."

Del. Luiz R.S. Simmons (Montgomery), a Democrat on the committee, said he agrees that the investigation did not uncover "a reign of terror." But there were "serious abuses," he said.

"Unfortunately, the Republicans decided at the outset that they did not want to be bothered with the facts," Simmons said. "They do not understand . . . it was wrong to dismiss these people."

Coe's report found two major flaws with the Ehrlich administration's handling of personnel matters. The firings "were not reasonably calculated to improve the performance of State government," the report says, and the firings demoralized the state workforce veterans.

"Employees who were the primary providers for their families were suddenly without jobs through no fault of their own," Coe wrote.

Out Of The Oval Office But Still In The Loop (WP)

By Peter Baker

The Washington Post, October 10, 2006

SECOND ACTS

Presidential Lives and Legacies After the White House

By Mark K. Updegrove

Lyons Press, 321 pp., $24.95

Franklin Pierce may have been a rather forgettable president, but the remainder of his life proved even more unsatisfying. "After the White House," he lamented, "what is there to do but drink?"

More and more, lately, as it turns out. In the modern era, there are books to write and corporate boards to serve on and the mashed potato circuit to travel. There are funds to raise, charities to aid, libraries to build and globes to trot. There's good to be done. And there's money to be made.

The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives. "Second Acts: Presidential Lives and Legacies After the White House" traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York.

The White House afterlife holds "more promise and potential than ever before," Updegrove argues. Former presidents "now often have their own agendas and aggressively pursue them independent of those in power," and, "With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly."

What to do with our former commanders in chief has often vexed a country that does not believe in permanent power. Until George Washington retired to Mount Vernon after two terms as president, the world had few examples of rulers voluntarily surrendering their thrones, but it has become a hallmark of American democracy.

A number of former presidents continued to play a role long before globalization, of course. John Quincy Adams served 18 years in the House of Representatives after his single term in the White House, arguably accomplishing more as an outspoken abolitionist. Andrew Johnson was appointed to the Senate after his broken presidency, though he died just months later. William Howard Taft realized his life's ambition by serving as chief justice of the United States following his reelection defeat.

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A few others tried to return to the office they left. Ulysses S. Grant maneuvered for the Republican nomination in 1880, only to be denied. Theodore Roosevelt, angered by his successor, Taft, bolted from the Republicans and ran as the Bull Moose candidate in 1912, only to hand the election to Democrat Woodrow Wilson. Just one former president managed a comeback, Grover Cleveland, who lost reelection in 1888 but won a second term four years later.

With the 22nd Amendment to the Constitution, that route is no longer available to two-term presidents such as Clinton and George W. Bush. Yet with actuarial tables being what they are, formers are emerging from office with more years of vigorous life still ahead of them. Each of them in his own way wrestles with how to remain relevant without crossing lines of propriety that only he sets.

Writing books has become de rigueur. Truman left office with only a $1,300 annual pension from his military service, since in those days former presidents had no retirement, much less the office allotments and Secret Service protection they get now. So he wrote a two-part autobiography for $600,000, though he estimated that after taxes and expenses he netted only $37,000. By the time Clinton wrote his memoirs -- one book that was so endless the publisher split it in two for the paperback version -- an ex-president could take in a reported $12 million.

Richard M. Nixon and Jimmy Carter both became prolific writers, churning out books that went beyond their personal stories in an effort to shape politics and policies -- and reinvent their legacies. Gerald R. Ford became the first to join corporate boards, a move that was seen as unseemly by some of his predecessors but has become more common. Ronald Reagan further broke barriers by accepting $2 million for appearances in Japan.

George H.W. Bush and Clinton both have second acts of another sort -- the first saw his son elected president while the second may yet see his wife win the job. But Updegrove also recounts the unusual friendship that seems to have developed between the 41st and 42nd presidents as they travel the world to help victims of the Asian tsunami and Hurricane Katrina.

Updegrove, a former publisher of Newsweek and executive at Time magazine who now works at Yahoo Inc., casts no judgment on any former president's choice and doesn't endorse any particular model. He seems to go along with the conventional wisdom that Carter's Nobel Prize-winning humanitarian efforts at home and abroad have made him the best former president, although he acknowledges that Carter's successors have all been irritated at one time or another with what they saw as grandstanding freelance diplomacy.

For the book, Updegrove had interviews with Ford, Carter and Bush, among others, but they don't seem to add all that much new. Many of the stories will feel familiar to Washington readers who follow the presidency closely. But they do peel back the curtain a bit on the lives of our former leaders in an entertaining and illuminating way.

And one Washington reader who may want to pick up "Second Acts" is the current occupant of the White House, who has just 27 months to go before he leaves office at age 62 and has to decide what to do with the rest of his life.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Different Bridges (WT)

By Claude R. Marx

The Washington Times, October 10, 2006

Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct.

Mr. Danforth, who served three terms as a Republican senator from Missouri before retiring in 1995, is a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries.

He discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together."

Mr. Danforth, an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews.

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He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones.

"[I]f we are less confident about our capacity to know and implement God's will, and if our faith brings modesty about ourselves and our politics, our effectiveness is more likely. I believe that such modesty is, or at least should be, Christianity's gift to American politics," he writes.

He cites the Republican Party's efforts to overturn court decisions allowing relatives to unplug the feeding tube of Terri Schiavo as evidence of an unhealthy mingling of religion and politics that betrays the party's true conservative heritage.

"It was a threat to some of our most heartfelt values. It was Big Brotherism in the extreme, an exercise of the raw and awesome power of the federal government,' he writes.

To avoid repeats of that approach, he calls for religious people in politics to practice a "ministry of reconciliation." This would, he maintains, focus on increasing reasoned dialogue aimed at finding common ground on, among other things, applying religious values to politics. He is careful to note, however, that there is a difference between allowing religious beliefs to form one's worldview and trying to write those ideas into public policy.

Mr. Danforth's goals are well intentioned and achievable on a limited basis, but current political dynamics probably preclude long-term change in the direction he seeks.

For starters, those at the ideological extremes have an easier time boiling down their views into a sound bite, an all-too-frequent means of political discourse. Besides, the certitude with which those on the far left and far right express their views has a certain appeal for those who like their solutions in neatly wrapped packages. The adage that the "squeaky wheel gets the grease' is an apt description of the current state of affairs, where noise and dogmatism often win out over reasoned discourse.

President Bush once famously said that "I don't do nuance," and that is a worldview shared by liberals and conservatives alike. The Danforth approach requires a great deal of nuance and splitting the difference.

Though current polls indicate that the public is displeased with both parties, that does not generally translate into electing more centrists who share Mr. Danforth's commitment to bridging the ideological divide.

Mr. Danforth's views on moral and social issues are neither strictly conservative nor liberal. He opposes abortion and gay marriage but is against a constitutional amendment banning the latter practice. At the same time, he favors expanding stem-cell research and opposes both the death penalty and mandatory school prayer.

Those positions make him hard to pigeonhole — not necessarily a bad thing — but also make him someone who is not completely comfortable in either political camp.

That is a good perspective from which to try to find a fresh approach to solving the nation's problems. Mr. Danforth does an admirable job of that in "Faith and Politics."

While it is not clear how effective the book will be in changing minds, those who care about improving the state of national affairs should welcome it as an important contribution to our political dialogue.

Claude R. Marx writes a political column for the Eagle-Tribune in North Andover, Mass. He is the author of a chapter on the presidential campaign of Howard Dean that appears in the book "The Divided States of America."

Read Spitzer's Lips (WSJ)

The Wall Street Journal, October 10, 2006

No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge.

Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, "There will be no tax increase in a Spitzer administration."

Plenty of politicians have made the same pledge to win elections, only to renege later. They include former Virginia Governor and possible Democratic Presidential candidate Mark Warner, current New Jersey Governor Jon Corzine and, most famously, George Herbert Walker Bush.

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It's nonetheless significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor. It's easy to play the scourge of business as AG when a Republican is in the state house. But as Governor, he will inherit the same miserable regulatory and tax climate that has made upstate New York a dead zone for new business and so difficult for young people to stay in the state.

Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City.

They Debate, We Nap (LAT)

The Los Angeles Times, October 10, 2006

You didn't miss much by not tuning into Saturday night's gubernatorial debate. And that's by design.

DEBATE? WHAT DEBATE? The Dodgers were playing, for Pete's sake (granted, not very well). Plus, it was a Saturday night, when hardly anyone watches TV anyway. Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it?

Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to "Angelides likes taxes." For Angelides, it was "Schwarzenegger likes Bush." And that was pretty much it.

Political debates have long been more about theater than substance, and they are a notoriously poor opportunity for viewers to bone up on the issues or delve deeply into policy. They are stage-managed affairs, full of well-rehearsed quips and zingers that the candidates try to make seem spontaneous. No one is ever swayed by a policy point uttered in a debate, although experts talk endlessly afterward about whether a candidate's performance might have impressed some mythical typical voter watching intently from the sofa.

But until now, debates at least held some practical and ritual significance. They were a way of separating the political nerds, who had been paying close attention anyway, from the vast majority of voters, who zero in on the campaign only when necessary. The subtext of debate night has typically been: For those of you who haven't paid attention until now, election season has begun and it's time for you to learn who the candidates are. So here they are. Here's how they look and act. Check them out and see if any of them strike you as leaders.

Recently, though, political debates have aimed for a lower profile. Campaign managers and political consultants like working with a relatively small and predictable population of voters. Through focus groups, demographic studies and voting statistics, the professionals know how these voters act and what to do to get their support. The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the unspoken message from the political establishment is "Just stay home."

The worst part of it is that the political professionals know how to dumb down the elections and keep us at home, and they know how to make that work for their candidates. Too bad it doesn't work so well for the rest of us.

The Cost Of An 'Adequate' Education (WSJ)

By Eric A. Hanushek

The Wall Street Journal, October 9, 2006

The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. This judgment is, however, unlikely to be the final statement. If the legislature must come up with an incredible sum of money close to the more than $5 billion currently on the table, it may well balk, precipitating a true constitutional crisis.

New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an "adequacy" case in their courts. Only five states have never faced a school-finance case during the past three

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decades. New York, however, is on center stage this week. Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country.

Earlier this year New York's intermediate court called for an added appropriation of $4.7 to $5.6 billion per year to go to New York City schools. The state, with Attorney General Eliot Spitzer helming the defense, appealed this decision. Final oral arguments will be given tomorrow, marking at least a culmination in the legal battle, though likely not the last word in the fight.

New Yorkers tend to view this case with righteous indignation: The legislature simply failed to provide the city schools with adequate resources. After all, they argue, the trial court, after listening to seven months of testimony, found this to be a clear violation of the state constitution and slapped a precise dollar value on what it saw to be the magnitude of that violation.

Unfortunately, in determining the cost of an "adequate" education, the court relied heavily on the questionable analysis of consultants hired by the plaintiffs. Their analysis, labeled a "professional judgment model," was advertised as a scientific determination of the amount of spending necessary to secure an "adequate" education for every New York City student. Yet, this analysis violates virtually every principle of science and, as a result, has produced a politically saleable but scientifically unsupportable answer to the problem.

The consultants' approach was to hire a series of New York school personnel to describe what a school that could meet the state's learning standards would look like. These school people were told explicitly to pay no attention to where the money might come from. They should just dream. The fact that they did their dreaming after the court had declared New York's funding formula to be unconstitutional gave an implicit legitimacy to any flights of fancy they might have. In addition, any recommendations they made would likely have a direct impact on their own schools, creating an inherent conflict of interest.

The consultants took the wish lists of these different panels and calculated what the various elements would cost. Perhaps worried that the school personnel did not dream big enough, the consultants did the cost calculations in a way designed to obtain the maximum spending needed. Any thoughtful trade-offs or proposals for different ways to achieve the state's student learning goals were eliminated by the consultants.

As one might expect, the final wish list came with a truly large dollar value attached to it. Spending an additional $5.6 billion on city schools amounts to an increase of $1,000 per year in the average tax bill of every household in New York state. This figure would require a 25% increase in tax rates if funded with the state income tax. Of course, the $1,000 per household figure is clearly an underestimate. It would be difficult to give the city alone such a big funding boost without Buffalo, Rochester, Syracuse and Yonkers lining up to demand their "adequate" share.

One would be hard pressed to overestimate the potential danger posed by these costing-out studies. Consultants are active in virtually every one of the adequacy cases in the nation. Even though they use a variety of methods to affix the dollar value of an adequate education, each clearly represents nothing more than junk science. Many courts are duped by the studies, perhaps not surprisingly given the politics of the cases. But the reality remains: Setting appropriate education funding amounts for New York, or any other state, is beyond the authority of science.

The New York Constitution, like those for the U.S. and for other states, vests the appropriations and spending functions in the political branches of government, not in the courts. Therefore, the New York legislature -- regardless of the exact appropriations set by the courts -- may choose to view any court judgment on appropriations as not binding. If this argument were to prevail, it would precipitate a clear constitutional crisis. If this were the case, however, New York's legislature would likely not seek any direct confrontation, but would instead drag out deliberations for as long as possible.

The parties may reach some sort of compromise. Certainly Eliot Spitzer, now New York's leading gubernatorial candidate, has hinted at bringing about a resolution if he assumes office.

Nonetheless, it will be a hollow victory. Extensive experience and scientific study shows that simply providing more money to schools is not likely to be a very effective policy. There is no reason to expect student achievement in New York City to improve if such a spending policy were enacted. Indeed, the consultants in these adequacy cases are always very careful to avoid claiming that added funds will have any effect on student outcomes. Unfortunately the political paralysis created by these cases stops any consideration of more productive reforms. Instead of talking about performance incentives to districts and schools or linking funding to student outcomes, discussion is stymied by debates over how to raise the money and which districts will be hurt by any change in funding.

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Courts in other states will be influenced by what happens in New York -- particularly because of the magnitude of this settlement. If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools.

There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies.

Mr. Hanushek is a member of the Hoover Institution's Koret Task Force on K-12 Education and editor of "Courting Failure" (Education Next Books, 2006).

Bush Warns N Korea But Options Are Limited (FT)

By Guy Dinmore

Financial Times, October 10, 2006

Although President George W. Bush delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened by the war in Iraq.

Critics say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq.

"The Bush administration deserves particular criticism," said Gary Samore, vice-president of the independent Council on Foreign Relations in New York. "They had unrealistic expectations of what they could achieve through pressure. The US ability to coerce North Korea is quite limited, especially in the middle of a war with Iraq."

US relations with China, already under strain over its support for Iran and Sudan, will be further tested as the US pushes for a tough response through the UN Security Council. Russia's drift towards war with a US-backed Georgia also complicates US efforts to get its way with Moscow.

Washington is seeking UN approval for 13 measures, most crucially inspections of cargo moving in and out of North Korea and a ban on trade in "dual use" materials that could be applied to development of weapons of mass destruction. Less controversial is the proposed ban on selling "luxury goods" to North Korea.

US ambitions to set up a global network of allied states willing to intercept suspect cargo by land, sea and air led to the formation in 2003 of the Proliferation Security Initiative. China has refused to join, however. It would be wary of giving a blanket approval for such interceptions, and analysts in Washington rule out a full naval blockade.

"That's an act of war that could get out of hand if challenged by North Korea," Mr Samore commented. "The US is not in a position to start a conflict on the Korean peninsula."

Wang Guangya, the Chinese envoy to the UN, called on the Security Council to respond "firmly, constructively and prudently". Ted Galen Carpenter of Washington's Cato Institute warned of a chill in Sino-US relations, saying the US might view "prudent" as "a synonym for weak".

North Korea may be calculating that the punishment it might suffer from China and South Korea will be short-lived as they weigh up the dangers of a nuclear-armed regime imploding under economic duress.

Minxin Pei, director of China studies at the Carnegie Endowment think-tank, said Beijing was angry at having its "face rubbed in the dirt" by North Korea but its priority was to "contain the fallout rather than punish". China might restrict energy supplies to North Korea but was unlikely to cut off all food supplies or support blanket interdictions, Mr Pei commented.

Even before the test, US officials did not hide their frustration with what they saw as China's foot-dragging. But some are starting to concede that the US might have overestimated China's influence and even the extent of its intelligence gathering.

The crisis over North Korea may also affect the impasse over Iran's nuclear ambitions. The failure of US policy towards Pyongyang had already influenced a shift towards a more pragmatic approach in dealing with Tehran.

For U.S., A Strategic Jolt After North Korea's Test (NYT)

By David E. Sanger

The New York Times, October 10, 2006

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WASHINGTON, Oct. 9 — North Korea may be a starving, friendless, authoritarian nation of 23 million people, but its apparently successful explosion of a small nuclear device in the mountains above the town of Kilju on Monday represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy.

North Korea is more than just another nation joining the nuclear club. It has never developed a weapons system it did not ultimately sell on the world market, and it has periodically threatened to sell its nuclear technology. So the end of ambiguity about its nuclear capacity foreshadows a very different era, in which the concern may not be where a nation's warheads are aimed, but in whose hands its weapons and skill end up.

As Democrats were quick to note on Monday, four weeks before a critical national election, President Bush and his aides never gave as much priority to countering a new era of proliferation as they did to overthrowing Saddam Hussein.

Mr. Bush and his aides contend that Iraq was the more urgent threat, in a volatile neighborhood. But the North's reported nuclear test now raises the question of whether it is too late for the president to make good on his promise that he would never let the world's "worst dictators" obtain the world's most dangerous weapons.

"What it tells you is that we started at the wrong end of the 'axis of evil,' " former Senator Sam Nunn, the Georgia Democrat who has spent his post-Congressional career trying to halt a new age of proliferation, said in an interview. "We started with the least dangerous of the countries, Iraq, and we knew it at the time. And now we have to deal with that."

Mr. Bush's top national security aides declined Monday to be interviewed about whether a different strategy over the past five years might have yielded different results. But Stephen J. Hadley, the national security adviser, has described the administration's approach to North Korea as the mirror image of its dealings with Iraq. "You'll recall that we were criticized daily for being too unilateral" in dealing with Saddam Hussein, Mr. Hadley said. "So here we are, working with our allies and friends, stressing diplomacy."

But at the same time, he said the administration had made a conscious decision not to draw "red lines" in dealing with Kim Jong-il's government because "the North Koreans just walk right up to them and then step over them," just to show they can. Other aides say that, lines or no lines, the North simply decided to race for a bomb — and finally made it.

North Korea announced its nuclear breakout in early 2003, kicking out international nuclear inspectors and very publicly beginning its drive to turn its stockpiles of spent nuclear fuel rods into a small arsenal of weapons. Focused then on the coming war with Iraq, Mr. Bush and his administration chose to set no limits.

But foreign policy, as Mr. Nunn says, is "all about priorities," and until Monday the closest Mr. Bush came to drawing a red line for the North was in May 2003, when he declared that the United States and South Korea "will not tolerate nuclear weapons in North Korea."

The Central Intelligence Agency's estimates in the years since have been that the United States has been tolerating exactly that — a small arsenal of nuclear fuel sufficient to produce six or more weapons.

Notably, Mr. Bush did not repeat that threat on Monday morning. Instead, he drew a new red line, one that appeared to tacitly acknowledge the North's possession of weapons. The United States would regard as a "grave threat," he said, any transfer by North Korea of nuclear material to other countries or terrorist groups, and would hold Mr. Kim's government "fully accountable for the consequences of such actions."

To critics of Mr. Bush's counterproliferation policy, this seemed a recognition that the North had successfully defied American, Chinese and Japanese warnings about building weapons and testing them, and was now simply trying to manage the aftermath. North Korea, it appears, is taking a page from Pakistan's strategic playbook: it exploded its first nuclear device in 1998, endured three years of sanctions, and now has emerged as a "major non-NATO ally" of the United States.

Mr. Bush's aides say that if Mr. Kim believes he, too, can expect the world to impose a few sanctions and then lose interest in the issue, he is wrong. "He is really going to rue the day he made this decision," Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said of Mr. Kim on Monday. But Mr. Bush's critics charge that the threat may be empty. As they see it, Mr. Kim watched the Iraq war and drew a simple lesson: that broken countries armed with nuclear weapons do not get invaded, and do not have to worry about regime change.

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"Think about the consequences of having declared something 'intolerable' and, last week, 'unacceptable,' and then having North Korea defy the world's sole superpower and the Chinese and the Japanese," said Graham Allison, the Harvard professor who has studied nuclear showdowns since the Cuban missile crisis. "What does that communicate to Iran, and then the rest of the world? Is it possible to communicate to Kim credibly that if he sells a bomb to Osama bin Laden, that's it?"

Mr. Allison was touching on the central dilemma facing Washington as it tries to extract itself from the morass of Iraq. Whether accurately or not, other countries around the world perceive Washington as tied down, unable or unwilling to challenge them while 140,000 troops are trying to tame a sectarian war.

Divining North Korea's true intentions is always difficult; there is no more closed society on earth. But the broad assumption inside and outside the United States government is that Mr. Kim's first priority is the survival of his government. And the second is that without a nuclear weapon, he believes his government would have no way of staving off the larger, richer powers around it: China, Japan, South Korea and the United States.

All have fought over control of the Korean Peninsula in decades past, and to Mr. Kim's mind, presumably, the prospect that the North could lash out is the only reason they have stayed at bay.

Mr. Kim may have calculated, many experts believe, that at this point there is little more that the Bush administration can do to him. The United States has imposed sanctions on his country since the end of the Korean War. The new crackdown on the banks through which the North conducts many of its illicit activities — counterfeiting, missile sales, trade in small arms — are being choked off, a step the North Korean leaders presumably see as part of a strategy of bringing them down.

It may be years, or decades, before historians know whether Iraq played into Mr. Kim's calculations about when to conduct a nuclear test. But clearly, managing simultaneous crises around the world is straining the system in Washington, and posing the Bush administration with more direct challenges than many believe it can handle at one moment.

That returns Mr. Bush to the problem he faced when he came to office, and that his aides have never stopped arguing about: whether the best way to contain North Korea is to further isolate it, or to draw it out of its paranoid shell. The nuclear test may force Washington to pick a strategy.

Bush's 'Axis Of Evil' Comes Back To Haunt United States (WP)

By Glenn Kessler And Peter Baker, Washington Post Staff Writers

The Washington Post, October 10, 2006

Nearly five years after President Bush introduced the concept of an "axis of evil" comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion.

Each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations, analysts and U.S. officials said. The deteriorating situation in Iraq has undermined U.S. diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program.

"Iran will follow very carefully what happens in the U.N. Security Council after the North Korean test," said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies (CSIS). "If the United Nations is not able to act forcefully, then Iran will think the path is clear to act with impunity."

Michael E. O'Hanlon, a Brookings Institution scholar and co-author of the new book "Hard Power: The New Politics of National Security," said the U.S. response to North Korea will have ripple effects. "Iran will certainly watch what happens. North Korea watched what happened with Pakistan and decided that the world didn't punish Pakistan too hard or too long," he said. "Iran will certainly notice if North Korea gets treated with kid gloves."

Political strategists debated the domestic implications of the North Korean test with midterm elections four weeks away. Some Republicans predicted it would take the focus off the Mark Foley congressional page scandal and remind voters that it is a dangerous world best confronted by tough-minded leaders. Some Democrats argued it would be seen as another failure of

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Bush's foreign policy and moved quickly to try to pin blame on the Republicans. "Is this going to help Republicans?" asked Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "The answer to that is absolutely not. This is another significant foreign policy failure for the administration."

In Bush's 2002 State of the Union address, a speech designed to shift the political debate from a battle against al-Qaeda to a possible confrontation with Iraq, the president mentioned North Korea, Iraq and Iran and declared: "States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. . . . In any of these cases, the price of indifference would be catastrophic."

All three issues came to a head in 2003: The United States invaded Iraq and discovered no weapons of mass destruction; North Korea began to obtain weapons-grade plutonium from fuel rods that had been under international observation; and Iran disclosed that it had made rapid progress with a previously secret uranium-enrichment program.

In contrast to its handling of Iraq, the administration has tried to resolve the North Korean and Iranian nuclear breakouts with diplomacy. But progress has been slow, in part because the United States has been reluctant to hold bilateral talks with either country except within the context of broader talks with other nations.

Former senator Sam Nunn (D-Ga.) faulted the administration for focusing on Iraq first, when greater threats loomed in North Korea and Iran. "We started with Iraq in the 'axis of evil' side, when we thought they did not yet have nuclear weapons, and that sent the signal to others that they better get them quick," he said. "I think we started on the wrong end of that."

The administration launched a full-court press yesterday at the Security Council, proposing elements of a tough resolution that would call for imposing an arms embargo and a series of legally binding U.N. financial and trade sanctions. The United States also called for international inspections of all trade in and out of North Korea to enforce the sanctions.

U.S. officials yesterday were focusing especially closely on the reaction of China, long North Korea's main benefactor. The Chinese government publicly denounced the test in unusually strong language, and a senior U.S. official said the private comments of Chinese officials were equally strong. While China has been reluctant to pressure North Korea, fearing a collapse of the government and mass refugees on its border, "the question is whether a chaotic North Korea is worse than a nuclear North Korea," the official said, speaking on the condition of anonymity because of the diplomatic sensitivities.

Secretary of State Condoleezza Rice appears likely to make a trip to the region soon to further build support for a tough response by China, Japan and South Korea. Several experts predicted that although China's leadership is angry enough to support some sanctions, it always will stop short of putting enough pressure on Pyongyang to force its collapse. "Full-up sanctions I don't see happening," said former White House Asia expert Michael J. Green, now at CSIS.

James B. Steinberg, President Bill Clinton's deputy national security adviser and now dean of the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, said the North Korea test will raise a larger question that echoes Ronald Reagan's most famous 1980 campaign line -- "With respect to the axis of evil," Steinberg said, "are you better off today than you were four years ago? . . . It's clear that the answer is we're worse off with respect to the nuclear proliferation problem in both North Korea and Iran than four to six years ago, and I would argue we're worse off in our overall security because of the situation in Iraq."

Staff writer Dafna Linzer contributed to this report.

Democrats Assail Bush's N. Korea Policy (AP-Y)

By Liz Sidoti, Associated Press Writer

AP, October 10, 2006

Democrats seized on North Korea's brazen act to criticize President Bush's record in confronting the communist regime, contending the administration's focus on Iraq ignored legitimate threats.

Democratic Sen. John Kerry, the president's rival in 2004 and a potential 2008 candidate, assailed Bush's policy as a "shocking failure," and said, "While we've been bogged down in Iraq where there were no weapons of mass destruction, a madman has apparently tested the ultimate weapon of mass destruction."

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One month before midterm elections, North Korea's reported nuclear test provided Republicans an opportunity to shift the focus from their embarrassing — and politically explosive — congressional page scandal to national security, an issue the GOP considers its strength.

Sen. Mitch McConnell of Kentucky, the Senate's second-ranking Republican, accused Democrats of playing partisan politics with a nuclear weapons threat. "Listening to some Democrats, you'd think the enemy was George Bush, not Kim Jong Il," he said.

Seizing on North Korea's actions to argue Republicans are stronger on security than Democrats is riddled with pitfalls and leaves the GOP's standard-bearer — Bush — as well as his rank-and-file vulnerable to criticism.

The president long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch.

In the nearly five years since Bush labeled North Korea part of an "axis of evil" with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2.

On Sunday, North Korea said it conducted its first-ever nuclear test.

"The Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject," said Senate Minority Leader Harry Reid, D-Nev.

"We had the opportunity to stop North Korea from increasing its nuclear power, but George Bush went to sleep at the switch while he pursued his narrow agenda in Iraq," added Sen. Bob Menendez, a Democrat in a tough campaign in New Jersey.

Republicans, in turn, sought to deflect the criticism by lodging some of their own. They voiced their frequent claim that Democrats are weak on security — and dredged up Democratic votes they said illustrated their point.

House Majority Leader John Boehner, R-Ohio, accused Democrats of standing in the way of work on a missile defense program. "It is now clear that such a position would weaken America's national defense and put Americans in danger," he said.

"Sherrod Brown's far left national security positions more troubling in light of North Korean missile test," the Senate Republicans' campaign committee said in a release that claims Brown voted a dozen times since 1993 to cut funding for ballistic missile defense.

Mindful of the tricky political subtext, some Republicans issued more carefully worded statements or refrained from attacking Democrats altogether.

GOP Sen. Rick Santorum, facing a bitter re-election battle, said in a barely veiled reference to Democrats — "North Korea's actions cause great concern. This is no time for inexperienced, weak leaders."

House Speaker Dennis Hastert, R-Ill., and others directed their anger at the North Koreans, with the speaker calling the test "a desperate act of a criminal regime."

The GOP's campaign to convince voters that Democratic rule is dangerous for the country was sidetracked when Rep. Mark Foley, R-Fla., resigned amid revelations that he sent sexually explicit electronic messages to teenage males who once worked as House pages. That set off infighting among Republicans — and knocked the party off its strong-on-safety message.

North Korea's Success Is Diplomacy's Failure (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - In the end, every strategy failed to slow North Korea's nuclear march.

The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test.

South Korea's "sunshine policy" provided the North with aid, but got nothing in return on nuclear policy.

China, a big brother to North Korea, thought Pyongyang would heed its advice not to roil the waters of East Asia, but it didn't.

"Everybody's a loser," said Moon Chung-in, a political scientist at Yonsei University in Seoul and a frequent adviser to South Korean President Roh Moo-hyun.

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North Korea trumpeted its new deterrent as "a great leap forward," casting itself as victorious. But analysts say pressure on the Hermit Kingdom will build, making Pyongyang a likely loser as well.

"North Korea succeeded in gaining nuclear weapons, but now it will get all kinds of sanctions from neighboring countries," Moon said.

In China, some analysts flayed Washington for not engaging Pyongyang directly in talks, and said North Korea had slid irreversibly into the global nuclear club.

"North Korea has succeeded in its nuclear ambition. The U.S. can do nothing at all now," said Shen Dingli, director of the U.S. Study Center at Fudan University in Shanghai.

Under the watch of the Bush administration, North Korea dropped out of the nuclear Nonproliferation Treaty, booted nuclear monitors, strengthened its missile capabilities, reprocessed nuclear fuel, and built what experts say is an arsenal of at least half a dozen nuclear bombs, maybe more.

North Korea now joins Russia, China, the United States, France, Britain, India and Pakistan in wielding nuclear weapons. Israel, though not an admitted nuclear power, is also believed to have hundreds of nuclear weapons.

In Seoul, President Roh publicly wrung his hands over the failure of policies toward North Korea, admitting that appeasement is unlikely to last in its present form.

"It could be said that the engagement policy has not been effective in resolving the North Korean nuclear crisis," South Korea's Yonhap news agency quoted Roh as saying.

Beijing issued a firm statement condemning North Korea for "brazenly" ignoring the worldwide opposition to its nuclear test, and demanded that it "abide by its pledges on denuclearization."

China in 2003 offered to host talks with the two Koreas, Russia, the United States and Japan on the nuclear crisis. It hosted five rounds of talks before they hit deadlock last year.

The nuclear test highlighted the fact that China, as a major supplier of energy and food to North Korea, never wanted to exercise its leverage to forestall the test. Indeed, some analysts say top Chinese leaders have a greater stomach for a nuclear-armed North Korea, with the turmoil it brings, than for the collapse of the Kim Jong Il regime, which could take away a key friendly buffer state and send refugees into China.

"Many people believe a nuclear North Korea is not necessarily a bad thing for China," said Jin Linbo of the China Institute of International Studies.

But China's public posture was different. It has long called for a nuclear-free peninsula, and its inability to achieve that goal will tie its hands as Washington and Tokyo push for severe sanctions against Pyongyang in the U.N. Security Council.

"China's efforts to solve the nuclear problem by peaceful talks has failed, the mechanism of the six-party talks has failed, and China's attempt to maintain security in the region has failed," said Zhang Liangui, a North Korea expert at the school for senior Communist Party officials in Beijing.

"There aren't many cards for China to play right now," Zhang added, saying he believes China will go along with U.N. sanctions against the North.

East Asia, unlike Europe, has no security architecture that links nations. In East Asia, countries only have bilateral alliances with the United States.

"It plays into the hands of (recently installed Japanese Prime Minister Shinzo) Abe, who can justify greater defense spending," said Peter M. Beck, a Northeast Asia expert for the International Crisis Group, which advocates peaceful crisis resolution.

"It also plays into the hands of hard-liners in Seoul, who say, 'What do we have to show for nine years of sunshine policy?'" he said.

The already-battered Nuclear Non-Proliferation Treaty (NPT), which limits nuclear development and calls for global disarmament, also took a new hit, Beck said. It is under the NPT cloak that Western powers are trying to curb Iran's nuclear program.

Pyongyang's nuclear test, Beck said, "sends a signal to the world that even the most failed regime can defy the will of the United Nations and the United States."

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The director of the International Atomic Energy Agency, Mohamed ElBaradei, said in a statement that the breaking of an international moratorium on nuclear testing, which had lasted for nearly a decade, and the emergency of another country with

nuclear weapons capacity was "a clear setback to international commitments to move towards nuclear disarmament." He said the test added new urgency to the need for a legally binding universal ban on nuclear testing. The Comprehensive Nuclear Test Ban Treaty has not been ratified by enough countries to bring it into force. The United States and North Korea are among those who have not ratified it.

Condemnation Swift, But Options Are Limited (USAT)

By Bill Nichols

USA Today, October 10, 2006

WASHINGTON — World leaders found themselves in a familiar position Monday: harshly condemning the reclusive communist regime in North Korea for thumbing its nose at the international community.

North Korea's latest provocation, an announcement it had conducted an underground nuclear test, prompted a flurry of tough talk from around the globe.

China, a key supplier of food and oil to North Korea, called the action "brazen." The United Nations Security Council went into emergency session to consider new sanctions. President Bush, the third in a succession of American presidents to try to forestall a North Korean nuclear arsenal, called the test "unacceptable."

Despite the hard-edged rhetoric, foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success.

"North Korea is really the land of bad options," said Kurt Campbell, a foreign affairs analyst at the Center for Strategic and International Studies, a Washington think tank, and a Pentagon official during the Clinton administration. "Horrible options."

The United States has signaled it won't mount a military response. An attack on North Korea

could prompt a counterattack on Seoul. That would suck in the 28,000 U.S. troops in South Korea and endanger millions of civilians.

An alternative is economic sanctions. North Korea's isolated populace of 22 million has already endured severe poverty and famine for decades, not to mention almost total isolation under a totalitarian regime. Researchers at Johns Hopkins University estimate that as many as 2 million North Koreans died of hunger and related diseases during the mid-1990s.

Even without ready options, the United Nations was a hub of activity Monday as diplomats on the 15-member Security Council tried to craft a resolution in response.

The United States circulated a draft resolution obtained by the Associated Press late Monday that demands North Korea return to six-party talks and imposes sanctions for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

Among the proposed draft measures: international inspection of all cargo to and from North Korea to limit the spread of nuclear, chemical and biological weapons; bans on luxury goods to and from the North; a ban on North Korean ships docking in any port, or any North Korean aircraft from taking off or landing in any country if they carried arms, nuclear or ballistic missile-related material or luxury goods; and travel restrictions on high-ranking North Korean officials.

In deliberations among council members, "No one defended (North Korea), no one even came close to defending it," said John Bolton, the U.S. ambassador to the United Nations.

North Korea remained defiant. Its ambassador, Pak Gil Yon, said the U.N. Security Council should congratulate North Korea for its test instead of passing "useless" resolutions.

North Korea has refused for a year to attend six-nation international talks aimed at coaxing it to disarm. Instead, Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

Ted Galen Carpenter, a foreign policy analyst with the Cato Institute, a Washington think tank, said North Korea's rationale for the test is to improve its bargaining position in future talks, as India and Pakistan appeared to after testing in 1998. "This is part

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of a long-term strategy," he said. North Korean officials "concluded a good many years ago that the way to retain clout is to have a nuclear arsenal. I suspect Pakistan is their model."

Some foreign policy analysts suggest that the apparent test should jar the United States and key allies to try new strategies.

"This is a terrible event," said Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington. "This is perhaps the worst non-proliferation event in the history of the nuclear age in the sense that it could have been avoided if … diplomacy had been more effective."

Possible options:

•Direct talks with the United States. Bush has refused North Korea's demand for one-on-one dialogue. Both New Mexico Gov. Bill Richardson, who dealt with Pyongyang as U.N. ambassador in the Clinton administration, and former secretary of State James Baker say it's time to rethink that strategy.

Richardson proposes direct talks in which the United States would promise not to attack North Korea and to give Pyongyang aid in exchange for its agreement to end its nuclear program. Baker, in a television interview Sunday, said, "It's not appeasement to talk to your enemies," including North Korea.

•Creative use of aid. Michael O'Hanlon, a foreign affairs analyst at the Brookings Institution, a Washington think tank, suggested specific offers of help to the impoverished North Korean people — tied to tougher restrictions on North Korean nukes.

•Pushing China. The United States could promise to withdraw all troops from South Korea if China can pressure the North to disarm, Carpenter said.

China, which has had influence with its communist neighbor in the past, has been cool about using strong-arm tactics because of fears that a collapse of North Korea could result in thousands of refugees streaming into China.

Most Korea watchers agree that Monday's apparent test would roil the region by adding North Korea to the group of nations with nuclear weapons: the United States, Russia, China, Britain, France, India and Pakistan.

(Israel, believed to possess nuclear weapons, has not acknowledged having an arsenal.)

The nuclear ambitions of North Korea and bizarre behavior of its leader, Kim Jong Il, have long rattled Japan, South Korea and China and prompted talk in Tokyo and Seoul that those nations should go nuclear as well.

The test will "transform the security environment in North Asia, and we will be entering a new, dangerous nuclear age," said Japanese Prime Minister Shinzo Abe.

Kimball said the controlled explosion would allow North Korea to test the performance of its nuclear weapons technology against design goals and make adjustments. He and other nuclear analysts said the fact that North Korea could explode a nuclear device was not surprising, given longtime suspicions about the advanced state of Pyongyang's nuclear program.

North Korea may have enough plutonium for as many as 13 nuclear weapons, according to the Institute for Science and International Security, a Washington think tank. Seismic data and air analysis aren't enough to tell experts whether North Korea is able to miniaturize a nuclear device to fit into a warhead on a missile.

North Korea tested seven missiles in July, including a long-range missile capable of reaching the United States. That missile, the Taepodong-2, failed within a minute. Six shorter-range missiles fell into the Sea of Japan.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, expressed surprise that the North Koreans staged only one explosion. Pakistan and India each carried out half a dozen tests over several days in 1998.

"You grab the opportunity when you can to test several times," Albright said. He called the North Korean test "more of a demonstration than an attempt to learn as much as they could about nuclear weapons."

He added: "They'll learn something even with one, but they could have learned more."

The reasons for the timing of the test weren't clear — made even more mysterious by Kim Jong Il's track record of unpredictability. Kim took power in 1994 after the death of his father, dictator Kim Il Sung.

The younger Kim is known for quirks, among them his passion for Hennessy cognac and James Bond films. "You never know how to take this guy, because he does erratic things," said Rep. Curt Weldon, R-Pa., who has talked with Kim seven times.

North Korea conducted some of its most recent missile tests on the evening of July 4 in the United States, suggesting it wanted to send a message. Monday's test came:

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•One day after the ninth anniversary of Kim's assuming his father's titles. While he became the de facto ruler in 1994, he didn't formally succeed him until Oct. 8, 1997.

•A day before South Korean Foreign Minister Ban Ki Moon was nominated as the next U.N. secretary-general.

Richardson said his big concern is that North Korea appears to have given up on the multiparty talks with the United States, China, Japan, Russia and South Korea and adopted "a bunker mentality." Hard-liners appear to have won debate in Pyongyang, he said. "Unless that changes, they're going to keep building more nuclear weapons."

Jim Walsh, a North Korea expert at the Massachusetts Institute of Technology, said Pyongyang apparently has decided it is willing to weather new sanctions in order to gain the status and respect of a nuclear nation.

"They've made a decision to bite the bullet," Walsh said of North Korea. "For all the brave talk by the U.S. and Japan, there isn't a hell of a lot they can do."

U.S. Urges Sanctions On North Korea (WP)

By Michael Abramowitz And Colum Lynch, Washington Post Staff Writers

The Washington Post, October 10, 2006

The White House pushed yesterday for aggressive new sanctions on North Korea, including measures to limit trade in military and luxury items, as Pyongyang's claim that it conducted an underground nuclear test defied the administration's efforts to stop the spread of weapons of mass destruction.

Japan, Russia, South Korea -- and, significantly, China, North Korea's closest ally -- joined the United States in condemning the reported test, giving the Bush administration hope that it might unify the international community against Pyongyang. But U.S. officials acknowledged uncertainty about whether that would translate into strict U.N. sanctions, given China's traditional reluctance to lean heavily on its ally.

There were questions yesterday about the strength and success of the reported North Korean explosion, but there was little doubt among White House officials, lawmakers and outside experts that the action added a volatile new ingredient to an already dangerous world environment.

President Bush, acknowledging he could not confirm that a nuclear test occurred early yesterday in North Korea, said that the claim was nonetheless a "provocative act" and that he is "committed to diplomacy." Noting that North Korea has transferred missile technology to Iran and Syria, Bush also seemed to draw a sharp line that he warned Pyongyang not to cross.

"The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Bush told reporters at the White House.

If the test is confirmed, North Korea will be the eighth member of the club of declared nuclear powers -- and one led by a reclusive Stalinist dictator known for cruelty and unpredictability.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the action could prod Japan to drop its non-nuclear position, encourage Iran to harden its stance in negotiations over its own reported nuclear program and make it difficult to stop North Korea from marketing weapons to "undesirable parties."

The new claim also promised to renew scrutiny of the Bush administration's handling of North Korea and more generally its efforts to confront rogue states, just as crucial midterm elections are approaching. North Korea has ignored repeated warnings from the Bush administration on nuclear and missile testing.

Democrats quickly seized on the new North Korean claim as evidence that Bush has bungled his foreign policy, and even some conservatives voiced concern that the initial White House response yesterday was not stern enough.

"Unfortunately, on the Bush Administration's watch, North Korea's nuclear arsenal has grown to as many as a dozen bombs," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "Distracted by Iraq and paralyzed by internal divisions, the Bush Administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject."

Sen. Mitch McConnell (R-Ky.), the majority whip, said of the Democrats: "It doesn't make any difference what [Bush] does, they just come out and trash him." McConnell said in an interview that he hopes that China might be encouraged to sign on to a

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plan for tough sanctions on North Korea, noting a Chinese Foreign Ministry statement that said Pyongyang "defied the universal opposition of international society and flagrantly conducted the nuclear test."

"For China, that's pretty tough language," McConnell said, echoing a statement voiced privately by Bush administration officials.

At the United Nations yesterday, the Bush administration proposed an arms embargo and financial and trade sanctions on North Korea, as well as international inspections of all trade going in and out of the country to enforce them. The measures were contained in a U.S. draft resolution presented to the 15-nation council yesterday.

John R. Bolton, the U.S. ambassador to the United Nations, told diplomats at a closed-door emergency session that the U.S. initiative is designed to limit North Korea's ability to import or export nuclear and ballistic missile technology and hinder its capacity to raise illicit money, citing the alleged manufacture of counterfeit U.S. dollars, senior council diplomats said.

The draft resolution would also bar the import of all luxury goods and demand that North Korea cease its nuclear activities and restart multiparty talks aimed at resolving the nuclear crisis. The resolution would give North Korea 30 days to comply with council demands or face "such further action as may be needed."

Britain and France voiced support for sanctions on North Korea but stopped short of endorsing the draft resolution.

Japan's U.N. ambassador, Kenzo Oshima, said his government "sees eye to eye" with the Americans on many of the proposals. The Japanese, in fact, offered amendments that in some cases go further; Japan called for a ban on all North Korean exports, for instance, and a ban on North Korean ships or aircraft calling on foreign countries.

China, meanwhile, cautioned that the Security Council should pursue only diplomatic means to persuade North Korea to stop its nuclear activities.

China's U.N. ambassador, Wang Guangya, said that Beijing opposes the North Korean test and that it is ready to discuss "how the Security Council could react firmly, constructively and prudently with regard to this challenge." But he declined to say whether Beijing would support a sanctions resolution. "The door to solve this issue from a diplomatic point of view is still open," he said.

Privately, U.S. officials said they are hopeful after private conversations with the Chinese that Beijing is sufficiently angry with North Korea to sign on to the U.S. plan.

"This was really a direct challenge to the Chinese, and indications are that they are not taking this lightly," said one senior U.S. official, who spoke on the condition of anonymity because of the sensitive deliberations. "We are hopeful that they will exert whatever influence they have left with the North Koreans."

Leach and Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, urged the administration to open direct talks with the North Koreans, which the White House has resisted except in the context of broader negotiations with China, Japan, Russia and South Korea.

"My impression is that the administration is profoundly divided in their approach to North Korea," Lantos said. "I am convinced that there are very senior people in the administration who agree with me that dialogue is needed."

But former House speaker Newt Gingrich (R-Ga.), who has been critical of the administration's efforts on North Korea, drew a different lesson.

"We keep trying to find an official diplomatic technique for dealing with a regime that violates every norm of human decency," he said, adding that the administration needs to step up efforts to undermine the government by trying to get food and supplies to North Koreans via unofficial channels.

Lynch reported from the United Nations.

Pentagon Assesses Responses, Including A Possible Blockade (NYT)

By Thom Shanker

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Now that North Korea seems to have made good on its threat with what appears to be a nuclear test, United States military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components.

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Senior officers say Navy and Air Force combat and surveillance equipment are already in the region, and more could be deployed rapidly.

Still, any unilateral effort by the United States to cordon off North Korea by sea and air could founder along the country's lengthy land border with China.

"This is a tough question," one senior official with years of experience in military planning said Monday, speaking as did others on the condition of anonymity because he was discussing classified war plans. "The only good options were before North Korea got the bomb. There are no good options now."

For five decades, the American military has written war plans and deployed forces for a worst-case situation in the Korean peninsula: a major artillery, missile and ground attack from north to south across the demilitarized zone.

But a conventional war is no longer the most pressing military threat. It is nuclear proliferation.

Many staff officers contend that North Korea's ballistic missile and nuclear programs are not primarily intended as part of a plan for a land attack on South Korea.

If anything, North Korea probably regards its effort to develop a nuclear arsenal as a deterrent against an attack by the United States.

The North Korean nuclear efforts could also be intended to press South Korea for diplomatic and economic gain, and to hold Japan, another important American ally, at risk, gaining even more leverage against the United States.

Given that geopolitical geometry, American military officers and senior policy makers say, the Pentagon's abilities in the region, along with those of South Korea and Japan, are sufficient against the shifting North Korean military threat.

While land combat is not an imminent threat, Pentagon and military officials say, the prolonged deployments of ground forces in Iraq and Afghanistan have doubtless complicated planning for the Korean Peninsula.

Should more ground forces be required for South Korea, only a handful of combat brigades stand ready in the United States, Pentagon and military officials say. To bolster the force, additional combat units now getting ready for tours in Iraq could be pointed to the Pacific instead, with troops already in Iraq staying there longer than planned.

Although the decision to move a full combat brigade of American ground forces from South Korea to Iraq in 2004 generated much public debate on the peninsula, the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest.

Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles. The most modern Patriot antimissile batteries have also been assigned to the region, as well as Aegis cruisers with abilities designed to track and shoot down missiles.

"Taken together, this has added a tremendous amount of capability more appropriate for the threat right now," a senior Defense Department official said.

Pentagon officials acknowledge that the sustained deployments to Iraq and Afghanistan have heightened the risks that would be faced if there were a Korean conflict because important equipment is committed to the Middle East.

Weapons systems that officers call "enablers" are routinely in short supply and are heavily engaged in Iraq and Afghanistan; they include intelligence equipment like the pilotless Predator surveillance aircraft. Likewise, large stockpiles of precision-guided munitions have been placed within striking range of Iraq and Afghanistan. While those weapons are also in the Pacific arsenals, senior officials would have to weigh the risk to both military theaters and decide how best to allocate limited resources.

Even senior commanders agree that the commitments to Iraq and Afghanistan have imposed risks on the American military, an assessment contained in a classified report to Congress last year from the departing chairman of the Joint Chiefs of Staff, Gen. Richard B. Myers.

General Myers wrote that the concentration of troops and advanced weapons in Iraq and Afghanistan limited the Pentagon's ability to deal with other potential armed conflicts.

Major combat operations elsewhere in the world, if ordered by the president, still would succeed — but would be more protracted and would produce higher casualties among American forces and foreign civilians, General Myers wrote. A range of senior officers have said that assessment still stands.

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One of the most significant and worrisome complications is that American intelligence agencies have no confidence that they can locate all of North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs — though American intelligence abilities are said to have worried the North Korean leadership in the past.

American intelligence officials concluded that Kim Jong-il, the North Korean leader, went into hiding during the final buildup to the invasion of Iraq in 2003 because he feared that he, too, might be tracked and attacked.

After North Korea's newest announcement, military analysts continued Monday to assess whether its announcement that it had tested a nuclear device, in defiance of international opinion, represented a calculation by Mr. Kim that he was less vulnerable now — or that he needed to join the elite club of declared nuclear powers to deter a possible American attack.

World Condemns North Korea (LAT)

By Maggie Farley And Mark Magnier, Times Staff Writers

The Los Angeles Times, October 10, 2006

Science: Seismic waves probably came from a nuclear explosion, but a weak one; Pressure: China may hold the key to forcing Pyongyang into serious negotiations; Impact: The test is seen as having a des

UNITED NATIONS — International condemnation poured down on North Korea on Monday for its announced nuclear test, as scientists tried to determine whether the underground blast was a successful nuclear explosion and diplomats conferred on how to contain the rogue regime.

The U.N. Security Council swiftly denounced the North Korean action and began work on a U.S.-sponsored resolution aimed at punishing the country for violating a moratorium on nuclear testing.

The measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds linked to North Korea's missile and nuclear programs or its suspected counterfeiting of U.S. dollars, and a ban on trade in luxury goods.

The U.S. proposal also would authorize international inspection of cargo to and from North Korea to prevent the regime in Pyongyang from selling nuclear technology to other countries or armed groups.

China and Russia, which had been North Korea's grudging protectors on the Security Council, seemed ready to join in at least some sanctions. Both nations hold veto power at the council, and China in particular would be key to any effort to enforce sanctions. Ambassadors of the five permanent council members worked on refining a resolution throughout the day, with meetings expected to continue today.

China has the greatest leverage over North Korea, its isolated and impoverished neighbor, because it supplies more than 70% of the nation's fuel and 40% of its food, according to intelligence analysts in the region. Beijing has been resistant to economic sanctions because officials fear that punishing North Korea too harshly could push the country — already subject to periodic famine — over the edge, resulting in a flood of refugees into China's neighboring Liaoning and Jilin provinces and spurring domestic instability.

U.S. intelligence officials accept the North Koreans' claim that they set off a nuclear device, but they note that the magnitude of the explosion was small by nuclear standards — less than a kiloton, a fraction of the power of the atomic bombs the United States dropped on Japan in World War II. The relatively small size of the explosion makes some scientists and intelligence experts believe there may have been a problem with the test or a flaw in the design of the device.

World leaders voiced their concern about the prospect of having North Korea as the latest entrant to the club of nuclear powers. They urged the North's leader, Kim Jong Il, to give up the country's nuclear program and return to negotiations.

Officials in Washington and other world capitals pointed to two potentially grim outcomes from North Korea's becoming a nuclear weapons state: a nuclear arms race in East Asia and an effort by Pyongyang to export atomic weapons.

Some U.S. military officials said Monday that Japan might come to believe that its only assurance against attack from North Korea would be to build its own nuclear bomb, reviving the Cold War doctrine of mutually assured destruction, often referred to by the acronym MAD. Even before the North Korean test, Japan's new prime minister, Shinzo Abe, had argued for a greater role for Japan's military.

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"The question is: Does Japan develop nuclear weapons?" said an Army officer with extensive experience in the Korean peninsula, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly. "Do you have MAD all over Asia?

"It is very much in China's interest and Russia's interest to get North Korea back in the box," the official said. "China does not want to see a nuclear Japan."

President Bush, in his response to the North Korean announcement, focused on the danger of a spread of nuclear technology.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said after speaking by phone to the leaders of China, South Korea, Russia and Japan.

"Today's claim by North Korea serves only to raise tensions, while depriving the North Korean people of increased prosperity and better relations with the world" through talks, Bush said.

Bush criticized North Korea for passing missile technology to Syria and Iran, calling the Pyongyang regime "one of the world's leading proliferators." He said that if North Korea passed on nuclear know-how, it would be "a grave threat to the United States, and we would hold North Korea fully accountable [for] the consequences of such action."

The Chinese Foreign Ministry issued a sharply worded statement Monday in which it termed North Korea's action "brazen" even as it called for calm.

"The Chinese side strongly demands the North Korean side to abide by its pledges on denuclearization and to stop any action that would worsen the situation," it said.

China rarely speaks bluntly in public about its neighbor. Nor does it tend to issue statements within hours of an event, as it did Monday. Both actions indicate the gravity Beijing attaches to North Korea's announcement.

China has used its leverage with North Korea in the past. In early 2003, it reportedly turned off North Korea's oil supply for a few days, ostensibly because of "technical problems." That move quickly brought Pyongyang back to international negotiations it had abandoned.

Russian leaders also denounced Pyongyang's news. In Moscow, President Vladimir V. Putin said he would coordinate actions with the United States.

"Russia definitely denounces the tests conducted by North Korea," Putin said at a Cabinet meeting, according to the Russian news agency Interfax. "And this is not just a question of Korea itself. It is a question of the enormous damage done to the process of nonproliferation of weapons of mass destruction in the world."

But the U.N. ambassadors from Russia and China cautioned against abandoning diplomacy in the heat of the crisis.

Russian Ambassador Vitaly Churkin called for "cool heads" in dealing with the crisis, and Chinese Ambassador Wang Guangya said his government would support a "firm, constructive but prudent reaction from the council." He pointedly did not mention sanctions, saying that "the door to solve this issue from a diplomatic point of view is still open."

In an emergency Security Council meeting Monday morning, U.S. Ambassador John R. Bolton presented 13 elements for a resolution aimed at punishing North Korea.

He said both China and Russia seemed ready to join the rest of the council in the punitive action. "No one defended it. No one even came close to defending it," he said of the declared nuclear test. "We'll see how the negotiations go, but I think we're off to an important start here," Bolton said.

The United States has been urging other countries to join it in economic sanctions imposed last year aimed at shutting down North Korea's alleged money laundering and counterfeiting of U.S. dollars.

Russian officials also said they could enforce sanctions if the U.N. adopted them. "We have a very small border with North Korea," Churkin said. "I assure you there is no problem monitoring that part of the border."

In the shadow of the North Korean crisis, the Security Council also formally nominated South Korean Foreign Minister Ban Ki-moon to be the U.N.'s next secretary-general. The nomination will be passed on to the General Assembly for approval this week. Ban would take office when Kofi Annan steps down Dec. 31.

Ban held a news conference in Seoul to accept the nomination amid the flurry of discussions about Pyongyang. He said the decision was an honor for him and his country.

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"This should be a moment of joy, but instead I stand here with a very heavy heart" because of the announcement of the nuclear test, he said.

Ban has said that as secretary-general, he would like to be personally involved in negotiations with North Korea, drawing on his expertise from three years of participation in international talks over the North's nuclear program.

He said he did not consider it a conflict of interest to be involved in an issue so integral to his country's well-being. "I would like to deal with North Korea personally, even go there, because I have experience and a deep understanding of this complex issue," he said in a recent interview. "I know I will be able to do my job as secretary-general with impartiality."

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Farley reported from the United Nations and Magnier from Beijing. Times staff writers Julian E. Barnes in Washington and David Holley in Moscow contributed to this report.

Bush Rebukes North Korea; U.S. Seeks New U.N. Sanctions (NYT)

By Warren Hoge And Sheryl Gay Stolberg

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The United States proposed tough new United Nations sanctions on North Korea on Monday after its reported test of a nuclear weapon, and President Bush warned the North that he considered its activity a potential threat to American national security.

At an emergency meeting of the United Nations Security Council, the United States pressed for international inspections of all cargo moving into and out of North Korea to detect weapons-related material and a ban on all trading in military goods and services with the country.

At the White House, President Bush called the North Korean test “a threat to international peace and security” and condemned it as a “provocative act.”

But Russia and China, which have veto power and have consistently opposed tough sanctions, did not signal that they were ready to go along with the American proposal. Britain, France and Japan said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days.

Coming just one month before the November midterm elections, North Korea’s reported test had immediate political ramifications. Democrats were already using their campaigns to argue that the war in Iraq had made the United States less secure by diverting attention away from threats like North Korea; now they are using the North’s claim to hammer away at their theme.

Mr. Bush also issued a pointed, albeit carefully worded, warning to the North not to export any nuclear technology it might have. In the past, North Korea has sold its weapons systems to other countries.

“The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States,” Mr. Bush said. “And we would hold North Korea fully accountable of the consequences of such action.”

The president has not used the phrase “grave threat” in the past with respect to North Korea, and analysts interpreted the remark as a signal that the White House was, in effect, raising the threshold on what kind of actions it would be willing to accept from the North, given that diplomacy has so far not worked.

“He has finally drawn a very clear red line, which is essentially: we know you have nukes, don’t even think about proliferating,” said Mike Chinoy, an expert in Korean security at the Pacific Council on International Policy, a research institution in Los Angeles.

“It’s kind of always been the unspoken administration red line,” Mr. Chinoy said, “because the reality is that, whatever the harshness of their rhetoric, the Bush administration has not been able to actually stop North Korea from staging this nuclear breakout.”

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Democratic Party strategists quickly circulated a "talking points" memorandum to Democratic candidates, urging them to cast the reported North Korean nuclear test as "a colossal foreign policy failure of the Bush administration." Several picked up on that theme.

Claire McCaskill, a Democratic candidate for the Senate from Missouri, convened a conference call with Richard Ben-Veniste, a member of the commission that investigated the Sept. 11 attacks, to talk to reporters about North Korea. Representative Harold E. Ford Jr., the Democratic Senate candidate in Tennessee, issued a statement to reporters, as did Senator Robert Menendez, the New Jersey Democrat in a tough re-election fight.

"Today's nuclear test by North Korea confirms our worst fears and illustrates just how much the Bush administration's incompetence has endangered our nation," Mr. Menendez said in the statement, adding, "While George Bush bogged our military down to topple a regime that had no weapons of mass destruction, a brutal dictator in North Korea has strengthened a nuclear arsenal that has the potential to threaten the West Coast of the United States."

Republicans were more muted in their reactions; Senator Mitch McConnell of Kentucky, the Republican whip, issued a brief statement that did not mention Mr. Bush's leadership at all, but simply called North Korea's claim a "confrontational move designed only to destabilize the region."

White House officials insisted that despite the talk of sanctions at the United Nations, the administration's goal remains persuading North Korea to return to the six-nation talks and give up its nuclear program. Those negotiations have dragged on for more than two years with no substantive results, and North Korea left them 13 months ago.

Mr. Bush spent more than an hour on the telephone Monday morning in separate calls to leaders of the four nations, aside from the United States and North Korea, that are participating in those talks: Japan, China, South Korea and Russia.

Asserting Washington's determination to protect Japan and South Korea, its principal allies in the region, Mr. Bush said the United States "will meet the full range of our deterrent and security commitments."

He was careful to say that intelligence officials were still working to confirm North Korea's statement about its test. But he said that "such a claim itself constitutes a threat to international peace and security."

China, North Korea's closest supporter and neighbor, called the action a "flagrant" violation of international opinion and said it "firmly opposes" North Korea's conduct. Russia's president, Vladimir V. Putin, said his country "absolutely condemns" the test.

John R. Bolton, the American ambassador to the United Nations, reported that the 15 members of the Security Council were "solid" in deploring the North Korean move, and he said he hoped for swift action. But by Monday evening the Council adjourned its deliberations and set further meetings for Tuesday while, Mr. Bolton said, they received instructions from their capitals.

Richard A. Grenell, Mr. Bolton's spokesman, said the United States was merging its suggestions with those from Japan and that a draft resolution was being composed on that basis.

In its 13-point proposal, the United States urged the Security Council to require North Korea to dismantle its nuclear program, suspend its building of ballistic missiles, freeze assets and transactions associated with the development of unconventional weapons, impose a ban on trade in luxury goods and prevent abuse of the international financial system, a reference to North Korean counterfeiting activities.

According to a draft amendment, the Japanese want to place additional restrictions on North Korean ships, aircraft and products, and prevent North Korean officials from being able to move outside the country's borders.

Japan is also suggesting that the secretary general "actively engage in this matter."

Earlier Monday, the Security Council formally nominated Ban Ki-moon, the foreign minister of South Korea, as the new secretary general, succeeding Kofi Annan when he retires Dec. 31. Mr. Ban had said in a Seoul news conference that he intended to make peace on the Korean Peninsula a high priority.

Mr. Bolton said the new resolution ought to be drawn up under Chapter VII of the United Nations Charter, which makes sanctions mandatory and militarily enforceable.

It is a procedure that China and Russia, both permanent members, traditionally resist. It was eliminated from the resolution passed in July condemning North Korean missile launchings.

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While Wang Guangya, the Chinese ambassador, said Beijing condemned the North Korean action, which it had warned North Korea against taking, he turned aside questions on whether China would now support a sanctions resolution.

He said only that the Council should “react firmly, constructively and prudently,” adding that “the door to solve this issue from a diplomatic point of view is still open.”

Vitaly I. Churkin, the Russian ambassador, also declined to state whether Moscow’s view on sanctions had changed. “I think the North Koreans will be facing a very serious attitude on the part of the Security Council,” he said, without elaborating.

Moscow and Beijing would be particularly affected by the American call for border inspections of shipments in and out of North Korea since the borders involved are theirs.

U.S., Japan Lead Push To Sanction Pyongyang (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The United States and Japan yesterday pressed the U.N. Security Council to approve tough new sanctions against North Korea, amid near-universal condemnation of Pyongyang's claim that it had tested a nuclear weapon.

Among the proposed steps was a forcible stopping and searching of ships traveling to and from North Korean ports to prevent the export of nuclear materials.

President Bush, speaking at the White House, said the North had "once again defied the will of the international community, and the international community will respond."

Mr. Bush warned that any attempt by Pyongyang to export its nuclear technology to rogue states "would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

The purported test was sharply criticized by all of North Korea's neighbors, U.N. Secretary-General Kofi Annan, the leaders of the five permanent members of the Security Council and Mohamed ElBaradei, head of the United Nations' International Atomic Energy Agency.

North Korean officials said yesterday that they had conducted an underground nuclear test at a barren location in the country's northeast, sparking an intense day of diplomacy in New York and in capitals around the world. The purported test came just three days after the Security Council unanimously denounced the idea.

U.N. Ambassador John R. Bolton said yesterday that Washington and Tokyo are seeking a resolution under Chapter 7 of the U.N. Charter, which allows the council to impose military, economic and diplomatic penalties on nations to protect international peace and security.

Mr. Bolton said he was impressed by the unanimity of the council's approach to the North, in a morning session that lasted barely half an hour.

"No one defended [the missile test]; no one even came close to defending it," the U.S. representative said.

The Security Council meets again today on the crisis.

China, North Korea's main ally, has been reluctant in the past to support harsh measures against the North. But Mr. Bolton said Beijing had not objected when the tough measures were first outlined to Security Council ambassadors at yesterday's closed emergency session.

"I didn't see any protectors of North Korea in that room this morning," Mr. Bolton said.

Wang Guangya, China's U.N. ambassador, said his country was "formally opposed to [North Korea's] nuclear test."

"China is ready to discuss with other council members to see how the Security Council could react firmly, constructively, and prudently with regard to this challenge," he said.

Mr. Wang did not say whether Beijing would support the coercive Chapter 7 measures, but he noted that "the door to solve this issue from diplomatic point of view is still open."

Christopher Hill, the State Department's point man on the North Korean nuclear issue, told CNN that U.S. policy now would be designed to "make [North Korean leader] Kim Jong-il rue the day he made the decision" to proceed with the test.

U.N. diplomats said privately that Mr. Bolton told the Security Council session that Washington would view a North Korean attack on South Korea or Japan as an attack on the United States.

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The U.S.-Japan draft resolution, in addition to urging North Korea to return to stalled regional talks on its nuclear program, proposed a range of sanctions against the secretive communist regime in Pyongyang, including:

•The inspection of all cargo shipped to and from North Korean ports to prevent nuclear proliferation.

•A travel ban on some North Korean officials.

•A ban on trade in luxury goods and military items with the North.

•A requirement that U.N. states freeze all assets related to North Korea's weapons and missile programs.

•Increased scrutiny and prohibitions on North Korean financial transactions that could support nuclear or military programs.

Pyongyang's U.N. ambassador, Pak Gil-yon, told reporters that the test would help "the maintenance and guarantee of peace and security in the Peninsula and the region." He said other nations should "congratulate" the North for its success.

A North Korean official said the United States should agree to hold direct talks with his government on security guarantees to avert a situation in which Pyongyang would feel compelled to launch nuclear-armed missiles, South Korea's Yonhap News Agency reported today.

"We want this situation to be concluded before the unhappy situation arises in which we fire nuclear missiles, and this depends on how the United States acts," the official was quoted as saying in Beijing on the condition of anonymity.

"What we want is North Korea's safety, including a guarantee of our regime," the official said.

North Korea did have one defender yesterday. Iran, which the United States and its European allies say is running its own clandestine nuclear weapons program, said on its state radio that U.S. "pressure and humiliation" had led North Korea to conduct the test.

North Korea's Political, Economic Gamble (WP)

By Anthony Faiola And Maureen Fan, Washington Post Foreign Service

The Washington Post, October 10, 2006

Analysts Say Risks Include Loss of Key Regional Aid

TOKYO, Oct. 9 -- North Korea may have gained bragging rights on Monday as the world's newest nuclear power, but the pivotal question now is whether the secretive communist government can survive the political fallout.

While the United States and Japan have long pushed for a hard line against North Korea, there were early indications Monday that South Korea and China, the North's chief benefactors, may be reconsidering their support for the government of Kim Jong Il. There were also concerns that Pyongyang's claims of a nuclear test could touch off an arms race in Northeast Asia.

Analysts said any major development would threaten stability in the strategically vital region, in which the United States has long maneuvered diplomatically among friend and foe.

China and South Korea have poured billions of dollars in aid and investment into the North, effectively propping up Kim's government under the assumption that any collapse there would send millions of desperate refugees pouring across the country's borders. The risk of such an economic calamity, they have gambled, has outweighed the risk of a nuclear-armed North Korea.

But the announcement of a test, analysts said, may have represented a tipping point. In a telephone call with U.S. Secretary of State Condoleezza Rice, China's foreign minister condemned North Korea for having "ignored universal opposition of the international community," the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was "resolutely opposed" to the nuclear test.

South Korea, meanwhile, immediately halted delivery of an emergency assistance package to help the North deal with recent floods. President Roh Moo Hyun suggested that his country's "sunshine policy" of engagement -- of which he was a vocal supporter -- had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised speech. "Ultimately, it is not something we should give up on, but objectively speaking, the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

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Any shift in policy by China or South Korea would be at least partly based on the anticipated reaction of Japan, the nation that today feels most threatened by North Korea's ballistic missiles. Analysts have assumed that a nuclear-armed North Korea would lead Tokyo to accelerate plans to redraft its pacifist constitution and rearm itself with a more aggressive military.

Last week, a U.S. congressional report went as far as to suggest that a test by the North could set in motion a domino effect in which Japan, South Korea and perhaps Taiwan pursue their own nuclear weapons, touching off an arms race that would dramatically escalate the consequences of any regional disputes.

Although some observers were quick to caution that China's criticism of North Korea might not necessarily translate into action, there was little question that the reported test had deeply embarrassed China. The Chinese government has taken the lead in the diplomatic effort to denuclearize North Korea at long-stalled six-party talks in Beijing, bringing the United States, Japan, Russia, and South Korea and North Korea to the table.

"It's a big slap to China," Zhu Feng, a professor of international studies at Peking University, said of the North's test. "It's time for a new approach, because we just got humiliated. For four years, we have been so good to North Korea, trying to make the right conditions for Kim Jong Il to abandon nuclear weapons in exchange for normalization with the U.S. and Japan and a lot of economic aid. China's goodwill has been relentlessly wasted."

Analysts said China will now be faced with heightened international pressure to accept tougher economic sanctions and reduce or even cut its aid -- including oil shipments -- to coerce Pyongyang back to the negotiating table. China's options are limited now, and although analysts say it will probably harden its stance against North Korea, it has in the past drawn the line at any action that would endanger Kim's government.

In effect, Beijing will have to make a difficult decision.

"If China votes for sanctions at the U.N., the China and North Korea relationship will break up," said Shi Yinhong, a professor of international relations at People's University in Beijing. "And if the United Nations really passes financial sanctions toward North Korea, the risk of a society collapse of North Korea is high."

For its part, Japan is likely to take an even harder line than before. The country's new prime minister, Shinzo Abe, on Monday vowed a tough response, saying he would "immediately consider taking stern measures."

Those are likely to include a ban on millions of dollars' worth of annual remittances sent home by North Korean nationals living in Japan.

But even coupled with sharper sanctions from the United States, analysts say, the pressure brought to bear on North Korea is unlikely to be enough without the full support of Beijing and Seoul.

Analysts say Kim has already succeeded in at least one way. With its declaration of a nuclear test, North Korea has made the price of a military solution to the standoff -- something Bush administration officials had largely dismissed given North Korea's arsenal of ballistic missiles and its million-man army -- even higher. Some suggested Monday that it may already be too late to turn back the clock.

"North Korea's message is that no matter how hard South Korea, Japan, the United States gang up on them, they won't budge," said Seung Joo Baek of the Seoul-based Korea Institute for Defense Analyses. "They want to be recognized as a nuclear power. They are assuming that it is the only thing that will keep them safe. We will have to wait and see if they are right."

Fan reported from Beijing. Special correspondent Joohee Cho in Seoul contributed to this report.

Angry China Likely To Toughen Korea Stand Somewhat (NYT)

By Joseph Kahn

The New York Times, October 10, 2006

BEIJING, Oct. 9 — China's punctilious Foreign Ministry reserves the word hanran, which translates as brazen or flagrant, for serious affronts to the nation's dignity by countries that have historically been rivals or enemies.

When the previous Japanese prime minister visited the Yasukuni Shrine, which China condemns as honoring Japan's World War II-era militarism, he was described as "brazen." When the United States bombed the Chinese Embassy in Belgrade in 1999, Beijing called that act "flagrant."

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North Korea, a longstanding ideological ally, has had increasingly testy relations with China in recent years. But it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a "brazen" violation of its international commitments.

The wording is just one indication that a nuclear test would cross a red line for China, which has devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea.

That policy, Chinese analysts say, seems to have failed, and North Korea's action leaves Beijing little choice but to take a tougher approach. But Chinese leaders still see highly punitive sanctions as unpalatable and counterproductive, and the country's elite remains sharply divided over how far to distance China from its neighbor, and how closely to embrace the Bush administration, several senior Chinese foreign policy experts said.

"Hanran" has been applied to North Korea for the first time. But Japan and the United States, which favor the sharpest response to North Korea's test, have been "hanran" for years.

"China is disappointed and angry and will be willing to support stronger sanctions," said Jin Canrong, a foreign policy expert at People's University in Beijing. "But I think that is different from saying there will be a drastic change. It is still a question of the right balance."

The reason there is unlikely to be a major policy change, Mr. Jin and other experts here said, is that North Korea has sharply increased tensions without fundamentally changing China's calculation of its national interests.

Its priorities remain, first and foremost, promoting internal economic development, the key to longevity for the ruling Communist Party. China's cautious, authoritarian leaders concluded long ago that generating high growth in its gross domestic product required a benign relationship with the world's major powers, secure borders and open markets — in a word, stability.

China would like to achieve a denuclearization of the Korean Peninsula but has shown few signs of accepting war or a forced change of government as an acceptable way to achieve that goal.

"The core of the issue is not nuclear weapons," said Shen Dingli, a leading security expert at Fudan University in Shanghai. "The core of the issue is peace and stability. That is still strongly in China's interest."

While China has begun to think like a big power in some respects, its foremost strategic priority has been reclaiming Taiwan, or at least preventing the island from becoming formally independent of mainland China.

Conflict in North Korea or the toppling of Kim Jong Il's government there could upset both of those goals, Chinese analysts say. A war is viewed as the worst outcome, potentially creating a wave of refugees into China and even risking a broader engagement that could threaten the extended period of harmony in Northeast Asia.

Even peaceful change in North Korea could bring a new pro-American government to China's northeastern border as it faces continuing uncertainty over how to handle the pro-American government in Taiwan, off its southeastern coast.

"China must continue to look at North Korea through the prism of Taiwan," Mr. Shen said. "You cannot expect China to abandon its ally completely while America continues to back Taiwan and allow the independence movement to thrive there."

But analysts say it also cannot afford to alienate the United States, and Beijing has recently taken steps to repair its frayed relationship with Japan. Those ties may well depend on moving to punish North Korea for its nuclear test, and at least experimenting to see if firm pressure on North Korea will bring it back to the bargaining table.

China provides, by some estimates, 70 percent of North Korea's fuel and food and could almost certainly create severe economic hardship there by slowing shipments across its long, barren border.

In addition, China has joined the United States in seeking to crack down on North Korean counterfeiting of American dollars and Chinese yuan, as well as on the use of Chinese banks to launder profits from illicit North Korean exports of drugs including amphetamines. Tighter financial sanctions could further deprive North Korea of already scarce hard currency.

The question is how far down that path China can go, to maintain its cooperation with the Bush administration without foreclosing the possibility of luring North Korea back to negotiations.

"China has tried to persuade North Korea that talking with the outside world is in its interest," said Zhang Liangui, an expert on North Korea at the Central Party School, a research organization in Beijing run by the Communist Party. "Now China will have to demonstrate that there is a price to pay for ignoring that advice."

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Mr. Zhang said North Korea's announcement amounted to a slap in the face for China. Even if the goal remains a negotiated solution, he said, China must first show that it is prepared to take a much tougher line before North Korea will bargain in earnest.

Susan L. Shirk, a State Department official responsible for East Asia during the Clinton administration, said she believed that the nuclear test could prove to be a turning point for China's approach to the problem. It will, she said, force China to choose between North Korea and a United States-led international consensus rather than split the difference between the two.

She said the timing of North Korea's announcement — the day after President Hu Jintao was visited by Japan's new prime minister, Shinzo Abe, and said they had made progress repairing troubled relations — also underscored the stakes for China's leadership.

"If they do not act strongly they could undo what they have worked to achieve with Japan, while also seriously straining relations with the U.S.," she said. "North Korea has really boxed them in."

Even so, many Chinese analysts still view North Korea as a strategic asset. It may be irresponsible and unruly, but it belongs more to China than to the United States. Sacrificing an ally to help achieve America's goals of stopping the spread of nuclear weapons may require a much stronger consensus within the Chinese elite.

"I do not believe that Chinese leaders are willing to expend major political capital on this issue," Mr. Jin of People's University said. "They would much prefer to follow the consensus. At the moment there is a heated debate, but no consensus of that kind."

U.N. Weighs Sanctions Against N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 10, 2006

The world lined up against North Korea on Monday for staging a nuclear test denounced even by key allies. President Bush called it "a threat to international peace and security," and the U.N. Security Council weighed severe sanctions to punish the impoverished communist nation.

There was no talk of military action. But the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test after the reclusive regime announced it had set off an underground atomic explosion.

Russia was the only country to say it had "no doubts" over the North Korean claim. The U.S. and other experts said the explosion was smaller than expected and they had yet to confirm it was nuclear.

But the reaction of world governments reflected little doubt that they were treating the announcement as fact.

The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Bush said the North Korean action "constitutes a threat to international peace and security" and requires "an immediate response" from the Security Council, though he stressed the U.S. remained committed to diplomacy.

The United States circulated a draft U.N. resolution late Monday that would condemn North Korea's nuclear test and impose tough sanctions on the reclusive communist nation for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

The draft, obtained by The Associated Press, incorporates proposals circulated by the U.S. earlier in the day to prohibit all trade in military and luxury goods and crack down on illegal financial dealings.

It adds new calls from Japan to ban all countries from allowing any North Korean ships in their ports or any North Korean aircraft from taking off or landing in their territory if they carried arms, nuclear or ballistic missile-related material or luxury goods.

In addition, the Japanese proposals would impose travel restrictions on high-ranking North Korean officials, create a Security Council committee to monitor implementation of the sanctions, and ask the secretary-general "to actively engage in this matter."

The U.S. draft also seeks to prevent any North Korean financial transactions resulting from illicit counterfeiting, money-laundering and narcotics, and "any abuses of the international financial system" that could contribute to the transfer or development of banned weapons.

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By comparison, the Security Council cut air links to Libya in 1992 to force Moammar Gadhafi's government to hand over two indicted men for trial in the 1988 bombing of a Pan Am jetliner over Lockerbie, Scotland. After Saddam Hussein's Iraq invaded Kuwait in 1990, the council banned the sale or supply of any commodities or products from either country using their flag vessels.

Japan's U.N. Ambassador Kenzo Oshima, the current council president, said earlier that all council members "emphasized that the response of the council should be strong, swift and very, very clear in its message and its action."

But just how long it will take members to agree on a resolution remains to be seen.

Council experts started discussing the proposals in meetings Monday afternoon and were expected to meet again Tuesday morning.

But it was unclear whether China and Russia — the North's closest allies — would support some of the tough measures, which also include international inspection of all cargo to and from North Korea to limit the proliferation of nuclear, chemical and biological weapons and to ban any material that could be used in the production of weapons of mass destruction.

Before the experts meeting, the ambassadors from the five veto-wielding council nations — the U.S., Britain, France, Russia and China — met with Oshima.

U.S. Ambassador John Bolton told reporters afterward that everybody agreed within 30 minutes that the council should condemn the action and respond quickly, saying "that's remarkable" to have such a unanimous decision.

But he wouldn't speculate when the council might act, noting that Japan and others already had other suggestions for the text.

"The fact is that in our half-hour, full council meeting this morning, there was no one who even came close to defending this test by North Korea," Bolton said.

The United States, France, Britain and Japan want the resolution under Chapter 7 of the U.N. Charter, which deals with threats to international peace, breaches of the peace and acts of aggression. It allows the council to authorize measures ranging from breaking diplomatic ties and imposing economic and military sanctions to taking military action to restore peace.

With U.S. forces strapped by the twin wars in Iraq and Afghanistan, the Bush administration repeatedly has said it has no plans to invade North Korea and discussion of military action was absent on Monday.

Neither Russia nor China would say whether they support a resolution that could pave the way for sanctions.

"I think we have to react firmly," China's U.N. Ambassador Wang Guangya said. "But also I believe that on the other hand the door to solve this issue from a diplomatic point of view is still open."

Russia's U.N. Ambassador Vitaly Churkin said the North Koreans "will be facing a very serious attitude on the part of the Security Council and the entire international community," but he said the council needs to discuss whether that will include sanctions.

South Korea's nuclear envoy said Tuesday after returning from Beijing that China appeared to have dropped opposition to tough U.N. sanctions.

"China seems to have different position than it had before on a Chapter 7 resolution," Chun Young-woo told The Associated Press

"I think (China) will employ all available means to prevent North Korea from further aggravating the situation and to bring them back into diplomatic efforts," Chun said after returning from a two-day trip and meetings with Chinese officials.

Still, he said Beijing reiterated its commitment to a peaceful diplomatic solution to the issue.

The reported test came one day after the ninth anniversary of reclusive North Korean leader Kim Jong Il's accession to power and a day before the 61st anniversary of the ruling North Korean Workers' Party.

There were no signs of heightened alert by security forces in Pyongyang. People also laid flowers by a statue of Kim Il Sung, the current leader's late father.

The test also coincided with the Security Council vote Monday to nominate South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as the next U.N. secretary-general. The 192-nation General Assembly is expected to approve the recommendation later this month.

Ban said one of his priorities, if approved, would be to work to resolve the North Korean crisis.

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North Korea remained defiant. Pak Gil Yon, the North's U.N. ambassador, said the Security Council should congratulate the Democratic People's Republic of Korea, known as the DPRK, instead of passing "useless" resolutions or statements.

"The nuclear test in the DPRK will greatly contribute in increasing the world deterrence of the DPRK" and will contribute "to the maintenance and guarantee of peace and security in the peninsula and the region," he said.

The United States and its allies, and many of North Korea's neighbors, took the exact opposite view.

"This shows why we need actions and not just words about North Korea," Bolton told The Associated Press.

Although North Korea has long claimed it had the capability to produce a bomb, the test would be the first proof that it had done so.

If the test is confirmed, North Korea would join the current members of the nuclear club — the United States, Russia, Britain, France, India, Pakistan and China. Israel is widely believed to have the bomb but has not publicly declared.

Officials worried that a nuclear armed North would dramatically alter the strategic balance of power in the Pacific, and would undermine already fraying global anti-proliferation efforts.

While voicing concerns, Japan's Prime Minister Shinzo Abe, after meeting with the South Korean leader in Seoul, called for a "calm, yet stern response." The situation marked his first major foreign policy test since his recent election.

South Korea said it had put its military on high alert, but it had noticed no unusual activity among North Korea's troops.

Bolton told the Security Council that Washington would consider an attack on Japan or South Korea an attack on the United States, according to U.N. diplomats who spoke on condition of anonymity because the remarks were made at a closed council meeting.

The United States has defense agreements with the two Asian allies and thousands of U.S. troops are stationed in South Korea and Japan.

China said the North "defied the universal opposition of international society and flagrantly conducted the nuclear test" and urged the North to return to six-party nuclear disarmament talks.

Russian President Vladimir Putin told his Cabinet that Moscow "certainly condemns the test conducted by North Korea."

British Prime Minister Tony Blair said the test was a "completely irresponsible act."

Only Iran, which also faces Security Council action over its disputed nuclear program, expressed understanding for North Korea's action.

Iranian state radio blamed the North's reported nuclear test on U.S. pressure, saying the test "was a reaction to America's threats and humiliation."

The North has refused for over a year to attend six-party international talks aimed at persuading it to disarm, demanding instead that the U.S. drop financial sanctions it has imposed to punish Pyongyang alleged counterfeiting and money laundering. It pulled out of the Nuclear Nonproliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, allegedly violating an earlier nuclear pact between Washington and Pyongyang.

Impoverished and isolated, North Korea has built up its military and nuclear programs while relying on foreign aid to feed its 23 million people since its state-run farming system collapsed in the 1990s following decades of mismanagement and the loss of Soviet subsidies.

South Korea said the nuclear test was conducted at 10:36 a.m. Monday (9:36 p.m. EDT Sunday) in Hwaderi near Kilju city on the northeast coast.

The North's official Korean Central News Agency said the test was successful, with no leak of radiation, and this was "a stirring time when all the people of the country are making a great leap forward in the building of a great prosperous powerful socialist nation."

South Korean officials said Tuesday they believe that North Korea tested a nuclear weapon as it claimed, but that it would take about two weeks to determine if the test was successful.

The North is believed to have enough radioactive material for a half-dozen bombs. It insists its nuclear program is necessary to deter a U.S. invasion.

The North has active missile programs, but it isn't believed to have an atomic bomb design small and light enough to be mounted on a long-range rocket that could strike targets as distant as the United States.

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Reports about the size of the explosion were conflicting, ranging from South Korea's geological institute estimating it was the equivalent of 550 tons of TNT to Russia's Defense Minister Sergei Ivanov saying it was the equivalent of 5,000 to 15,000 tons of TNT.

A U.S. government official, who spoke on condition of anonymity because of the political sensitivity of the situation, said the seismic event could have been a nuclear explosion, but its small size was making it difficult for authorities to pin down.

Global Fury At N Korea Nuclear Test Claim (FT)

By Anna Fifield, David Pilling And Mark Turner

Financial Times, October 10, 2006

The major powers united in their condemnation of North Korea's claim to have tested a nuclear weapon on Monday, but could not reach immediate agreement at an emergency session of the United Nations Security Council on the scope of punitive sanctions proposed by the US.

North Korea described the underground explosion in a northern province bordering China and Russia as an "historic event that brought happiness to our military and people". It said there had been no radioactive leakage.

US and South Korean experts measured the explosion as a earthquake of magnitude 4.2 on the Richter scale. Scientists were poring over seismic and other data but could not confirm a nuclear explosion. However, several said the blast appeared significantly smaller than would have been expected from a plutonium bomb and could have been a dud.

At the UN, the US presented a list of 13 proposed measures that included the authorisation of international inspections of cargo to and from North Korea and the blocking of illicit financing activities, such as counterfeiting.

John Bolton, US ambassador to the UN, said Monday night that Russia and China were not throwing up obstacles and there was no disagreement over the need for a binding "chapter seven" resolution.

Chris Hill, the US envoy to six-party negotiations with North Korea that have been mediated by China but stalled since last November, said: "We are not going to accept that North Korea with its starving population is going to join the nuclear club."

The US and its allies would ensure that Kim Jong-il, North Korea's leader, "rued the day" and would be made to pay, Mr Hill said. He refused to say what measures the US would take, admitting that China would be a "key country" in the outcome.

Hu Jintao, China's president, took a measured approach in his telephone conversation with George W. Bush, the US president. Mr Hu said no actions should be taken that would lead to escalation or loss of control of the situation and urged caution, dialogue and negotiation.

Delivering a brief televised statement from the White House, Mr Bush said he had spoken to the leaders of China, Russia, South Korea and Japan and that they agreed that North Korea's actions were "unacceptable and deserve an immediate response by the United Nations Security Council".

Mr Bush accused North Korea of having already provided missile technology to Iran and Syria.

Shinzo Abe, Japan's new prime minister said the development constituted a "serious threat [that] would transform in a major way the security environment of north east Asia."

Roh Moo-hyun, South Korea's president, said his government was "losing its momentum" for continued dialogue with North Korea.

Additional reporting by Richard McGregor in Beijing, Guy Dinmore in Washington and Stephen Fidler in London

North Korea Condemned For Nuclear Testing (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - Condemnation poured in from throughout the world Monday over North Korea's report that it has tested a nuclear weapon as financial markets wobbled in East Asia.

The United States and Japan pledged "decisive action" against Pyongyang at the U.N. Security Council.

In open defiance of the U.N. Security Council, which warned it on Friday not to test, North Korea said it conducted "a safe and successful underground nuclear test" which "caused absolutely no radiation" leakage. It called the test a "great leap forward" in its defensive capabilities.

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If true, the test would leave East Asia on the cusp of an arms race. North Korea previously declared it had nuclear weapons, but had never tested one to prove it.

The Security Council condemned the test. The U.S. ambassador to the United Nations, John Bolton, said the United States would push for tougher measures to prevent North Korea from producing or exporting weapons of mass destruction or missiles.

U.N. Secretary-General Kofi Annan said: "This action violates international norms of disarmament and non-proliferation, as well as the current international moratorium on nuclear testing. It aggravates regional tensions in and around the Korean Peninsula, and jeopardizes security both in the region and beyond."

South Korea called the test an "intolerable provocative act" and put its military on heightened alert. Its chief spy agency said another nuclear blast might be in the offing.

South Korean President Roh Moo-hyun's government suspended a shipment of emergency relief aid to North Korea and said the national security council was reviewing a "sunshine policy" that appeased North Korea with huge investment.

The projects under review include the Kaesong joint industrial zone and a tourism business at Mount Geumgang in the North, which draws hordes of cash-paying South Koreans.

Any freeze on those projects would be a blow to the cash-strapped North.

President Bush spent 15 minutes on the telephone with Japanese Prime Minister Shinzo Abe as Abe prepared to leave Seoul at the end of a two-day fence-mending trip to China and South Korea. The two vowed "decisive action," Japan's Kyodo news agency said.

At a news conference in Seoul, Abe called for "very strong measures" against North Korea and warned that the region may "be entering a new, dangerous nuclear age."

Experts around the world differed on the size of the nuclear blast, which reportedly occurred in an underground shaft near Kilju, a town near North Korea's northeastern coast not far from the border with China.

South Korea's semi-official Yonhap news agency said the blast triggered a tremor with a 3.58 to 3.7 magnitude, similar to what a nuclear explosion would cause.

It said the power of the explosion was equivalent to around 550 tons of TNT explosives, less than a twentieth of the size of the U.S. atomic bomb dropped on the Japanese city of Hiroshima during World War II. But Russian Defense Minister Sergei Ivanov said it was far more powerful, in the range of 5 to 15 kilotons.

China, Russia, Australia, Britain and a number of other countries condemned the nuclear test, calling on North Korea to return to six-nation disarmament talks.

China, which maintains a lifeline of oil supplies to North Korea, appeared stunned, describing the test as "brazen." "The Chinese government is firmly opposed to this," a government statement said.

British Prime Minister Tony Blair labeled it a "completely irresponsible act."

"This is a desperate act of a criminal regime," House Speaker J. Dennis Hastert said in Washington. "We are neither threatened nor impressed, but resolved to restore stability to the Pacific Rim."

But a policy expert in Seoul said he doubted that the world could coax North Korea's nuclear genie back in the bottle. "In the medium and long term, I think we have to learn to live with a nuclearized North Korea," said Moon Chung-in, a professor at Seoul's Yonsei University.

A Chinese scholar said North Korea believes it can get away with nuclear development, just as India and Pakistan did a decade ago, and weather tough sanctions.

"The North Korean leader believes that by testing a nuclear weapon, he will get a more favorable environment where he can survive," said Jin Linbo of the China Institute of International Studies, a Beijing think tank.

Despite its traditional support for North Korea, China may not oppose putting teeth in a new resolution, a security expert in Beijing said.

"If North Korea still refuses to back off from its nuclear ambitions, it is possible that China will agree with military sanctions. As China's ambassador to the U.N., Wang Guangya, said, no one can protect North Korea if it continues to develop nuclear weapons," said Zhang Liangui, a foreign affairs expert at China's ruling party Central Party School.

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The nuclear test jolted financial markets. The Japanese yen skidded to an eight-month low against the dollar. Stocks in Seoul slumped 2.6 percent, and shares slid in Hong Kong, Singapore and Sydney. Markets in Japan were closed for a holiday.

Ruled by Kim Jong Il, one of the world's last totalitarian leaders, North Korea said only last week that it would test a nuclear weapon. Pyongyang announced in February 2005 that it had succeeded in making a nuclear bomb. Foreign intelligence officials say North Korea may have at least six to eight nuclear bombs now.

A nuclear test, if confirmed, would generate pressure within the United States and from Japan to take military action to curb North Korea's military program.

North Korea has said it is building nuclear weapons to forestall a military attack by the United States to topple the Kim regime, which President Bush once described as part of an axis of evil.

News of the alleged test gave added urgency to Abe's visit to Seoul. Earlier Monday, Abe concluded a one-day summit with China's three top leaders that put a thaw in chilly relations between China and Japan, regional rivals. It was the first summit of its kind since 2001.

Abe, who has been in office for less than two weeks and is a staunch conservative, was given red carpet treatment in Beijing, in an apparent snub to North Korea. China and Japan capped the summit with a statement that they had reached "a turning point" in their tense relations.

Abe, who at 52 is Japan's first leader born after the war, used frank language about his nation's wartime role, saying that Japan's "deep remorse" had not ebbed.

"I said we shall look at past history squarely," Abe said, adding that Japan knew it "had caused tremendous damage and suffering to the people of countries, especially Asian countries, and left scars among those people."

Tough Talk From Seoul, If Little Will For A Fight (NYT)

By Norimitsu Onishi

The New York Times, October 10, 2006

SEOUL, South Korea, Tuesday, Oct. 10 — South Korea warned on Monday that it would “sternly deal” with North Korea’s announcement that it conducted a nuclear test, saying that the action could lead to a “nuclear arms buildup” in the region.

President Roh Moo-hyun said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country’s “sunshine policy” of engaging North Korea.

“This is a grave threat to peace, not only on the Korean Peninsula but in the region,” said Mr. Roh, whose government has been accused by critics both in and outside South Korea of coddling North Korea.

Mr. Roh said that South Korea “has lost ground in arguing for dialogue” against calls for stronger punitive measures, including economic sanctions, against North Korea.

The government’s response to the nuclear test was firmer and quicker than its reaction to North Korea’s missile launches in early July, when Mr. Roh remained silent for days and avoided harsh criticism.

Still, there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor.

The two Koreas were fierce cold war enemies until the late 1990’s. But the “sunshine policy” under Mr. Roh and his predecessor, Kim Dae-jung, has transformed South Korean attitudes. Increasingly, North Koreans have been viewed here as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront North Korea.

“There is a general consensus in South Korea, not only among politicians but also in the general population, that engagement is the right policy,” said Han Sung Joo, a former ambassador to the United States. “But it doesn’t mean we have to rationalize this nuclear test.”

Mr. Han said that in the near future, South Korea’s assistance to the North would probably have to be limited to humanitarian aid. He said that plans to expand major projects to help North Korea develop its economy would probably be put on hold.

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Analysts said that North Korea's action would weaken Mr. Roh and the governing Uri Party, but that the damage would not decisively help the opposition Grand National Party.

"When you look at the opposition's policies toward North Korea, you see that they are 95 percent in agreement with the ruling party's," said Choi Kang, a security expert at the Institute of Foreign Affairs and National Security in Seoul. "Both emphasize the need to push the North to democratize, to reform internally, by engaging it. What differs is the means. The opposition emphasizes the need for reciprocity — it shouldn't be unconditional."

"It's too premature to say this is the end of the engagement policy," Mr. Choi said.

South Korea's priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse. The United States, in contrast, is concerned about nuclear proliferation.

"Does South Korea share these concerns?" said Andrei Lankov, a Russian expert on North Korea at Kookmin University in Seoul. "No. If some crazy regime in Central America goes nuclear, or if terrorist groups or rogue states obtain nuclear arms, South Korea will never become a target.

"In the short term, South Korea will have to show solidarity with the international community and freeze exchanges with the North," he added. "But then they will start looking for a pretext to resume exchanges."

Others contend that the American unwillingness to negotiate directly with North Korea, as the North has sought, is to blame for the failure to soften North Korea's stance.

"That's why hard-liners in the North Korean government have gained a stronger voice," said Han Hong Koo, a historian at Sungkonghoe University in Seoul.

"There will be great pressure on the South Korean government to abandon its engagement policy," he added. But, "North Korea is already suffering from economic sanctions and is already isolated. There's no other card."

Japan Now Seems Likely To Rally Behind New Prime Minister's Call For A Stronger Military (NYT)

By Martin Fackler, International Herald Tribune

The New York Times, October 10, 2006

TOKYO, Oct. 9 — The last time North Korea tested a powerful new weapon, in 1998 when it fired a ballistic missile over the largest Japanese island, Japan reacted by upgrading its military and swinging politically to the right.

North Korea's claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role.

But could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself?

This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons.

"The nuclear test may prove to be an even bigger shock to public opinion" than the 1998 missile, said Yasunori Sone, a professor of political and policy analysis at Keio University in Tokyo. "It will get a minority of people here calling for Japan to build nuclear weapons."

The most likely result of North Korea's actions, analysts say, would be to rally public opinion around Japan's new prime minister, Shinzo Abe, and his calls for taking Japan in a more assertive direction. The crisis may also increase Mr. Abe's chances of revising the Constitution to allow Japan to possess full-fledged armed forces.

There have been no calls yet here to build atomic weapons. Still, that is not a far-fetched notion. Japan is known to have stockpiles of weapons-grade atomic material, used in its civilian nuclear power and research programs, and some studies have said it would be able to construct a bomb in a matter of months.

But Mr. Sone and other analysts say that despite North Korea's claim of a weapons test, Japanese proponents of acquiring nuclear weapons will remain a minority on the far-right fringe. Analysts say going nuclear would face broad and emotional opposition in Japan, which remains the only nation to have suffered atomic bomb attacks.

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The prospect of a nuclear Japan might also send shudders through the rest of Asia, where memories of Japan's wartime aggression are still raw. Some fear it could even set off a new Asian arms race.

Mr. Abe appeared to be trying to take a leading role in responding to the crisis, analysts here said. He and other Japanese leaders were quick to condemn the reported test, saying Japan was working closely with the United States, its closest ally, and Asian neighbors like South Korea and China to find a response.

Speaking in Seoul, where he was meeting with President Roh Moo-hyun, Mr. Abe criticized the test as a "serious threat to the security of Japan and South Korea, and of neighboring countries."

"We have agreed that we must respond resolutely," Mr. Abe said in a news conference after the meeting. "We have entered a new and more dangerous era."

He also said Japan was considering imposing economic sanctions against North Korea and increasing its participation in a missile defense shield that it is developing with the United States. He said Japan had requested an immediate meeting of the United Nations Security Council.

In Tokyo, Yasuhisa Shiozaki, the chief cabinet secretary and top government spokesman, said Japan would try to work with the United States to seek United Nations action, possibly including global economic sanctions. "We will lodge a stern protest and condemn" the test, he said.

If North Korea has exploded a nuclear device, analysts said the effects on Japanese public opinion might take time to appear. When North Korea test-fired a multistage Taepodong missile over Japan in 1998, Japan's initial reaction was muted, but public opinion ended up moving sharply in favor of building a stronger defense.

That allowed Japan to begin adding weapons that once would have been unthinkable, including Japan's first spy satellite, a troop transport ship now under construction that experts say could serve as a small aircraft carrier, and aerial tankers that would allow Japanese fighter jets to refuel in midair to reach North Korea and other countries.

For now, analysts said most of Japan's action was likely to come on the diplomatic front. They also said the crisis offered an unexpected chance for Japan to patch up its ties with South Korea and China.

"This crisis allows Mr. Abe to say that all three countries face a shared enemy," Mr. Sone of Keio University said. "This is a chance for him to improve relations with Asia."

U.S. Doubts Korean Test Was Nuclear (WT)

By Bill Gertz

The Washington Times, October 10, 2006

U.S. intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday.

U.S. officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation.

"We're still evaluating the data, and as more data comes in, we hope to develop a clearer picture," said one official familiar with intelligence reports.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives."

The underground explosion, which Pyongyang dubbed a historic nuclear test, is thought to have been the equivalent of several hundred tons of TNT, far short of the several thousand tons of TNT, or kilotons, that are signs of a nuclear blast, the official said.

The official said that so far, "it appears there was more fizz than pop."

A successful nuclear detonation requires a properly timed and triggered conventional blast that splits atoms, setting off the nuclear chain reaction that produces the massive explosions associated with atomic bombs.

White House spokesman Tony Snow said assessing the validity of North Korea's claim of a successful nuclear test could take several days.

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"We need to find out precisely what it is that took place yesterday, and that is something that's going to take awhile for the scientists and others to work through," Mr. Snow said.

"Nobody could give me with any precision how long it will take until they can say with certainty what happened."

Nuclear bombs make big waves, with clear signatures that make them fairly easy to detect, analyze and confirm that they were caused by splitting atoms. But smaller blasts -- as North Korea's appears to have been -- are trickier to break down, scientists told the Associated Press.

"It takes days, dozens of lab hours, to evaluate results. Now we can have only a rough estimate," said Russian nuclear physicist Vladimir Orlov of the Moscow-based Center for Policy Studies in Russia, a nonproliferation think tank.

Elements of the blast were detected by U.S. and allied sensors as it was set off in an underground tunnel in the north-central part of North Korea. U.S. intelligence agencies have been monitoring several tunnels thought to be nuclear test facilities and have not ruled out Pyongyang's conducting another test.

U.S. officials said the test was timed to coincide with several anniversaries in North Korea, including the end of mourning for the death of North Korean leader Kim Jong-il's father, Kim Il-sung. The test was thought to have been linked to the commemoration.

North Korea's military thinks that joining the world's seven other acknowledged nuclear powers is key to preserving the power of the communist regime.

There were wide variations in seismic data of the North Korean blast. The French atomic agency estimated about 1 kiloton, and South Korea's geological institute said half of that. But Russia's defense minister expressed "no doubt" that North Korea detonated a nuclear test and said the force of the underground blast was equivalent to 5,000 to 15,000 tons of TNT.

"People have different ways of cross-cutting the data and interpreting them," said Lassina Zerbo, director of the International Data Center at the nuclear-test-ban preparatory commission, which is based in Vienna, Austria.

The Bush administration is pushing for the United Nations to adopt economic sanctions against North Korea that would include a blockade of all goods moving into and out of the country.

Key to the imposition of the tough sanctions will be support from China and Russia, two states that in the past opposed sanctions.

The most immediate impact of the underground test is that U.S. officials fear Japan will take steps to develop nuclear weapons as a deterrent.

Official North Korean press for the past several years has been asserting that the United States is planning a pre-emptive nuclear attack on North Korea over its secret uranium-enrichment program.

Intelligence reports from several years ago indicated that North Korea was engaged in a covert program to develop a uranium-based nuclear program with the help of Pakistani nuclear scientist Abdul Qadeer Khan. The Khan network supplied centrifuges and nuclear-weapons design techniques to Libya, Iran and North Korea.

What U.S. officials have been unable to confirm is whether North Korea received small warhead design information from the Khan network.

Chinese-language documents on how to build a nuclear warhead for missiles were found in Libya and were supplied by Khan network associates. U.S. intelligence officials think Iran and North Korea received similar warhead design documents.

North Korea in July conducted flight tests of seven missiles including a long-range Taepodong-2.

U.S. officials think the plutonium for the pit of the North Korean device was produced by the reactor at Yongbyon, the regime's declared nuclear facility.

U.S. intelligence agencies estimate that North Korea has some 88 pounds of plutonium and that about 13 pounds were used in the recent test.

The remaining plutonium is enough for North Korea to make about six bombs.

Device Produced A Small Yield, Maybe Due To Flaw (LAT)

By Greg Miller And Karen Kaplan

The Los Angeles Times, October 10, 2006

DOJ_NMG_0077592

WASHINGTON — Shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, U.S. intelligence officials and weapons experts said.

Analysts believe the explosion produced about 3% of the power of the bombs dropped on Hiroshima and Nagasaki more than 60 years ago, raising questions about whether a bigger device malfunctioned, or the regime in Pyongyang was testing only a component of a larger weapon.

The combination of the low strength of the explosion and the failure in July of a missile test over the Sea of Japan is likely to reinforce intelligence assessments that North Korea remains years away from developing a nuclear warhead that could be fitted to a missile and delivered any significant distance, let alone to the shores of the United States.

Still, officials said Monday's test demonstrated that North Korea had crossed a dangerous technological threshold, and they added that the blast served as an experiment from which Pyongyang could garner valuable information it could use to improve its nuclear designs.

"Often you learn as much from a failure as you do a success," said Anthony Cordesman, a former Defense Department official and a military expert at the Center for Strategic and International Studies. "If you have a test, even if it is only partly successful, you've proven not only you can do it but that you're on the way to developing more sophisticated systems."

Cordesman and others said it could be days before U.S. intelligence agencies and independent scientists are able to reach firm conclusions as to the nature of the test. Experts will analyze the seismic signature of the explosion, and attempt to collect atmospheric samples by "sniffer" spy planes.

Estimates of the force of the explosion were based on comparisons of seismic readings taken from monitoring stations in nations surrounding North Korea with seismic measures of past nuclear explosions.

The characteristics of the "seismic pulse" have usually enabled officials to rule out earthquakes or natural phenomena. But officials said the relatively small size of Monday's blast might make it difficult to use seismic data to determine whether the explosion was caused by a nuclear device or conventional explosives. Analysts haven't ruled out that the seismic shock could have been caused by conventional explosives, but a consensus seemed to be forming Monday that a nuclear device had been detonated.

American and foreign intelligence agencies are expected to focus on detecting and measuring telltale radioactive particles in atmospheric samples collected by planes and unmanned aerial vehicles routinely patrolling the coastline of the Korean peninsula.

The Vienna-based Comprehensive Nuclear Test Ban Treaty Organization, which monitors the globe for possible nuclear activity, said it probably would take about 72 hours to gather all the information necessary to judge whether the seismic event in North Korea was a nuclear explosion.

North Korea claimed that it had completely contained the radioactive fallout from the explosion. But experts were skeptical, saying it would require a level of technical sophistication North Korea was unlikely to possess to prevent the release of any contamination into the atmosphere.

"Sooner or later something escapes," said Daniela Rozgonova, a spokeswoman for the test ban group. "Then we will know for sure."

The test was underground and probably carried out in a horizontal tunnel under a mountain, said David Albright, a former weapons inspector who now directs the Institute for Science and International Security. Unlike vertical tests, which leave a massive crater, he said, horizontal tests leave little external trace.

Experts said that using conventional explosives to create a blast of the magnitude recorded Monday — equivalent to about half a kiloton of TNT — would be difficult to accomplish.

"A kiloton would be 2 million pounds of TNT," said Arthur Lerner-Lam, associate director for seismology and geology at Lamont-Doherty Earth Observatory at Columbia University. "It takes a lot of technology to get all of that to go off at once."

As a result, officials and experts focused on other, more plausible, explanations for the small yield.

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Officials said North Korea could have detonated a small device in order to conserve fissile material. American intelligence agencies believe North Korea probably has enough plutonium for about eight nuclear weapons — other estimates suggest it could build between four and 13 weapons — and does not possess any enriched uranium.

Pyongyang also may have been testing a component of a larger system, but experts said such a step would be highly unusual because of its limited experimental value.

As a result, a consensus seemed to be emerging among analysts and experts that North Korea conducted a test of a full-scale device, but one that failed to compress the plutonium fuel at rates capable of producing maximum yield.

"The lower yield could be because of bad luck or bad design," said Michael Levi, a nuclear weapons expert at the Council on Foreign Relations.

"The fizzle of a 15- to 20-kiloton weapon would be about a kiloton or two," added Owen Cote, associate director of the security studies program at the Massachusetts Institute of Technology.

American intelligence agencies have struggled to collect meaningful data on North Korea's nuclear program, and have scant information on Pyongyang's ability to make a warhead small enough to mount on a medium- or long-range missile. North Korea's test in July of a long-range missile ended in failure.

Pakistan's nuclear bomb, built on a Chinese design, can be put atop a ballistic missile, but it is not clear whether these design details were passed on to the North Koreans as part of the proliferation network operated by Pakistani scientist Abdul Qadeer Khan.

Monday's test may not provide any answers because the weight of a nuclear weapon — as opposed to its yield — would not necessarily be detectible from an underground test.

"You could test a device as big as a house," said Gary Samore, who handled nuclear proliferation issues on the Clinton administration's National Security Council. "There is no way to verify that from the seismic activity we'll get."

Low Yield Of Blast Surprises Analysts (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, October 10, 2006

The explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating U.S. intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said.

A variety of seismic readings around the world yesterday appear to have resulted from no more than a half-kiloton explosion, three officials said -- equivalent to 500 tons of TNT and far smaller than the 21- to 23-kiloton plutonium bomb the U.S. military dropped on Nagasaki, Japan, in August 1945.

A senior intelligence official called it a "sub-kiloton" explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise. "For an initial test, a yield of several kilotons has been historically observed," the official said.

A U.S. government official said the North Koreans, in a call to the Chinese shortly before the test was conducted, said it would be four kilotons. The official said it is possible the explosive yield was as low as 200 tons. France and South Korea both issued sub-kiloton estimates, and officials dismissed as inaccurate an early Russian estimate that the blast resulted from a five-to-15-kiloton explosion.

President Bush said early yesterday that U.S. experts were "working to confirm North Korea's claim." By the end of the day, intelligence officials were still piecing together data and waiting to review intercepted communications that might shed light on what exactly the North Koreans set out to accomplish in the test and how it was conducted.

If confirmed, North Korea's ascension into a growing nuclear club -- joining the United States, Britain, France, Russia, China, India and Pakistan -- would likely have a major impact on efforts to halt the spread of nuclear weapons. (Israel is widely believed to have nuclear weapons, although it apparently has never conducted a test.) It is the only country to walk away from the nuclear Non-Proliferation Treaty and then violate its central tenet -- a commitment to refrain from building nuclear weapons.

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Intelligence and administration officials said yesterday they believed North Korea had managed a nuclear test of some sort, but because of the secrecy of the Pyongyang regime and the lack of scientific data, some observers would not eliminate the possibility that the blast was created by conventional explosives.

The relatively small size of the explosion, along with North Korea's public statement that the test did not produce any radioactive leakage, led some to question how well the test had gone. Small amounts of leakage are normal during nuclear tests, though it can take several days for the ventilation to register. One U.S. official said radiation detectors in the region were being monitored for any signs in the air from the nuclear test.

One analyst, who was not authorized to speak publicly about the topic, said North Korea's statement on leakage may have been political, rather than technical: "It could be their way of showing that they are a member of the nuclear club, as advanced, responsible and capable as other states." Another said the statement may have been intended to lessen environmental concerns in neighboring countries.

Intelligence officials were looking at four possibilities to explain the size of the blast, the most likely of which appeared to be that only a fraction of the device's core exploded. If that were the case, the test would still be considered successful, officials said, because some plutonium was exploded. But it may also lead the North Koreans to conduct additional tests to determine what went wrong.

It is also possible, two analysts said, that Pyongyang used less plutonium because it has less stockpiled than U.S. intelligence believed. Considered more unlikely by experts were theories that the North Koreans had succeeded in manufacturing a smaller, more sophisticated nuclear device or that engineers had set out to test the device's design rather than its yield.

"A low yield can be a failure in design or it can be bad luck," said Michael A. Levi, a nuclear expert at the Council on Foreign Relations. "Anything is possible," he said, including simulating a low-yield nuclear explosion by using large quantities of TNT, as the U.S. military had planned to do last summer.

"But you don't hear anyone who thinks it's a conventional [explosives] test," he said.

One senior government nuclear specialist said it is hard to discern a nuclear detonation from a conventional one just by looking at seismic data. "Explosions are explosions," the analyst said. "They push equally out in all directions and that's what you see at a distant seismic station; you just see the explosion force and you can't tell."

To discriminate between the two, intelligence experts also rely on a string of gas and radiation detectors.

The Bush administration had been expecting a nuclear test for months and was briefly relieved after a set of North Korean ballistic missile tests failed in July. Intelligence analysts in the U.S. government think Pyongyang is still years away from being able to marry a nuclear device to an advanced delivery system.

"I don't think we perceive a great threat that North Korea will attack anyone with nuclear weapons," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until 2001. "One of the main threats is that in desperation, it might sell its nuclear assets. Another danger is that eventually the government might collapse into chaos, and then we won't know who is in control of those assets."

Staff writer Peter Baker and staff researcher Julie Tate contributed to this report.

Bomb Fallout Explosion By North Koreans Imperils Nuclear-Control Effort (WSJ)

By Evan Ramstad , Jay Solomon And Gordon Fairclough

The Wall Street Journal, October 10, 2006

U.S. Pushes U.N. Sanctions, Including Military Steps; China to Play Critical Role Blast Smaller Than Expected

North Korea's claim that it successfully exploded a nuclear device signals a major failure of U.S. and Chinese diplomacy and threatens to unravel the international treaty system that has worked to contain the spread of nuclear bombs for nearly 40 years.

The blast, which took place near the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by U.S. pilots over Hiroshima 61 years ago.

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Although the U.S. and its allies already suspected that North Korea had produced a small number of nuclear weapons, a publicly announced test is frightening because it represents such a brazen flouting of the system for controlling the spread of nuclear arms. North Korea's action might encourage other states -- Iran, Japan, Taiwan, or even Saudi Arabia and Egypt -- to go nuclear.

"The biggest threat is not North Korean missiles hitting Hollywood," said Robert Alvarez, a former U.S. Energy Department adviser who worked on shutting down North Korea's nuclear program in the 1990s. "The real risk is the unraveling of the nonproliferation regime. That is not something we should take lightly."

U.S. diplomats are hoping to turn the announcement into a plus for American policy by bringing together nations that have previously hesitated to take a hard line on North Korea -- in particular China and South Korea. U.S. officials want the United Nations to back measures that would effectively cut off North Korea's interaction with the global financial system and its ability to import or export materials for weapons of mass destruction. Washington wants to ratchet up the pressure by having the U.N. authorize military force to back up sanctions. That could include a threat to inspect any vessel leaving or entering North Korea.

While the U.N. Security Council unanimously condemned the reported North Korean nuclear test, it is unclear whether the Security Council is ready to endorse the U.S. ideas -- which are precariously close to declaring war on North Korea. Until now, South Korea and China, which provide much of North Korea's food and energy, have favored negotiations over sanctions. Some Bush administration officials would like to see economic pressures topple the North Korean regime, but that is what China and South Korea -- which share borders with the country -- fear most.

Japan, which has taken the lead in calling for sanctions against North Korea, may now push harder to strengthen its military. "The test opens Pandora's box in Northeast Asia," said Han Seung Soo, a former South Korean ambassador to the U.S. and U.N. and former president of the U.N. General Assembly. "The strategic position of every country just took a dramatic change for the worse."

Another concern is that North Korea, a big exporter of missiles to Iran, Syria and Pakistan, could also sell nuclear weapons to other countries, or use its smuggling networks to provide weapons technologies to al Qaeda and other terrorist groups.

North Korea is the first state to withdraw from the Nuclear Nonproliferation Treaty and then follow up by declaring itself a nuclear power and claiming to test a weapon. Security Council members are also pressing Iran to halt sensitive nuclear activities that could produce fuel for nuclear weapons and were set to discuss possible actions against Tehran this week.

China's position on sanctions will be critical. Beijing fears losing a buffer zone against U.S. troops in South Korea and wants to avoid a North Korean collapse, which could send millions of impoverished refugees fleeing into China. The tradition of close ties between China and North Korea dates to the 1950-53 Korean War when China fought on North Korea's side against U.S.-led U.N. forces.

China's Foreign Ministry condemned the North Korean test but also called for a "peaceful resolution through consultation and dialogue" and said the response should be "cool-headed."

Some Chinese analysts said Beijing may be ready to take a tougher line against Pyongyang in the wake of the failure of six-party talks spearheaded by Beijing. The talks bringing together the two Koreas, the U.S., China, Japan and Russia have been held off and on since 2003.

"Chinese leaders have lost all hope in North Korea," said Chu Shulong, a professor at Tsinghua University in Beijing. "The soft approach didn't work, so they have to take a harder stance." Mr. Chu said China may back U.N. sanctions and could cut off its exports of oil, electricity and fertilizer to North Korea, although it would probably continue sending food and medicine on humanitarian grounds. In July, China voted in favor of limited sanctions after North Korea test-fired a long-range missile and six military rockets into the waters between the Korean peninsula and Japan.

China had set itself up as a mediator to work for a nuclear-free Korean peninsula, reflecting its ambitions in global diplomacy. Chinese leaders took great pride in the six-party talks, which were hosted in Beijing, the only place where North Korean negotiators felt comfortable.

Mei Renyi, director of the U.S. Studies Center of Beijing Foreign Studies University, said North Korea's announcement puts China in a difficult spot because it took a "leadership position" in the talks. "For a long time, all the countries in the Asia-Pacific region tolerated North Korea's nuclear threat, but its nuclear test today puts it in total isolation," he said.

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For the Bush administration, the claim of a nuclear test represents a failure for its goal of blocking the spread of weapons of mass destruction. For more than five years, the Bush administration has been split internally over how to handle North Korea. Betraying that lack of consensus, it has engaged in off-and-on multilateral negotiations with Pyongyang while pursuing limited pressure tactics aimed at discomfiting the regime there. The approach delivered neither a diplomatic breakthrough nor a breakdown of the regime of North Korean leader Kim Jong Il, as advocated by U.S. hard-liners.

President Bush condemns12 early reports of North Korea's nuclear testing, calling such testing is "a threat to international peace and security." Plus, reporter Gordon Fairclough discusses13 the announcement and senior special writer John Harwood explains14 the global implications for the North Korea's nuclear testing. FROM THE AP

John Bolton, ambassador to the U.N.,15 discusses the U.N. Security Council's immediate response to North Korea's actions.

The North Korean announcement likely has more symbolic than military value. North Korea already possesses a strong deterrent against military attacks through its arsenal of rockets and missiles aimed at the South Korean capital of Seoul, a city of 10 million just 30 miles from the Korean border.

Global markets yesterday largely ignored North Korea's announcement. U.S. and Japanese stocks were virtually unchanged, although South Korea's benchmark stock-market index closed down 2.4%.

North Korea's test device exploded with a force of 550 tons of TNT, according to an estimate by South Korean geologists. That is 200 times the size of the truck bomb that destroyed the federal building in Oklahoma City in 1995. Even if it is proved that North Korea tested a nuclear device and not conventional explosives, analysts say North Korea still probably has some more work to create a functioning nuclear weapon.

U.S. officials said they are trying to ascertain what was tested. The blast "was far smaller than most people would have predicted," a U.S. official said yesterday. Nonetheless, he said, "we have to take what the North Koreans say at face value."

During a midday television news program broadcast in North Korea yesterday, an anchorwoman read the official announcement with a smile. "The nuclear test was conducted with indigenous wisdom and technology, 100%," she declared.

North Korea's weakening economic position may have driven its decision to go ahead with the test. It is chronically short of food. Washington has also tried to limit North Korea's ability to use the international banking system. Mr. Kim may have concluded that a nuclear test will give North Korea the bargaining chip it needs to loosen the straitjacket tightening around it. It is the logic of an extortionist, but it has served North Korea well in the past.

"The tests are clearly in response to the financial sanctions and their comprehensive nature," said Selig Harrison, a Washington-based academic who met with senior North Korean officials in Pyongyang last month. "They see sanctions as moves toward forcing regime change." International aid organizations note that North Korea's food production has been reduced this year by extensive flooding that hit districts around Pyongyang.

Members of the World Food Program, the U.N. food aid agency, say they are seriously constrained in their ability to meet the food needs of more than six million vulnerable North Koreans. The WFP could largely run out of funds for North Korea early next year without more donations from member countries. The U.S. and Japan virtually stopped food aid in 2003, although South Korea and China have been providing significant assistance. "The public distribution system is under extraordinary stress," John Powell, a WFP deputy executive director, said in an interview late last month.

For years, North Korean leaders have believed their future hinges on reaching some type of accommodation with the U.S. After South Korea's economic and military strength surpassed the North's in the late 1970s, the North's longtime leader, Kim Il Sung, decided the country needed nuclear-weapons capability. He chose the small city of Yongbyon, 60 miles north of Pyongyang, for a nuclear-power plant in 1980.

North Korea signed the Nuclear Nonproliferation Treaty in 1985 but pulled out in 1993 as suspicions grew that the Yongbyon plant was part of a weapons program. The next year, North Korea agreed with the U.S. to close the Yongbyon reactor and store its spent fuel. In return, the U.S. promised to help build two nuclear reactors and move toward normalizing relations with the North. In October 2000, then-Secretary of State Madeleine Albright visited Pyongyang and met with Mr. Kim, raising hopes for a further thaw.

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Mr. Bush, however, has a deep personal dislike for Mr. Kim and his government, aides say. At a summit meeting last year, he lectured South Korean President Roh Moo Hyun over Seoul's willingness to engage with Pyongyang despite human-rights abuses in the North, diplomats say.

In his 2002 State of the Union address, Mr. Bush branded North Korea as part of an "axis of evil" along with Iraq and Iran. Relations rapidly soured as North Korea lifted the freeze on its nuclear program, reopened Yongbyon and reprocessed its spent fuel.

That was the latest threat to the international community's effort to contain the spread of nuclear weapons. The principal vehicle has been the nonproliferation treaty, which was concluded in 1968. While allowing five nations -- the U.S., Britain, France, Russia and China -- to have nuclear weapons, the treaty requires all other signatories to forswear them. Under the treaty, nations such as South Africa and Belarus have unilaterally dismantled their weapons programs.

In recent years nonsignatory countries, including Pakistan, India and Israel, have developed weapons systems independently, weakening the treaty. Meanwhile Iran has challenged the treaty's efficacy by carrying out a nuclear program that it says is for peaceful purposes but that Western nations believe is aimed at producing a weapon. A separate agreement, the Comprehensive Nuclear Test Ban Treaty, forbids nuclear tests but the U.S. hasn't signed it.

In September 2005, the six-party talks on North Korea produced a tentative agreement for the North to abandon its nuclear-weapons pursuit in exchange for economic and energy assistance from the five countries. At nearly the same time, the U.S. threatened penalties against a bank in Macau, China, suspected of helping the North engage in money laundering. About $24 million in North Korean money has been frozen in the bank while local authorities investigate, and U.S. officials believe some of the money may be Kim Jong Il's own.

North Korea then abandoned the September agreement and pulled out of the six-party talks. It insisted instead on two-way negotiations with the U.S., a proposal Washington rejects.

Some counterterrorism experts in Washington believe the threat of North Korean weapons proliferation is so acute that Washington should consider a virtual cordon sanitaire of North Korea.

"We'll have to do challenging inspections," says David Asher, who until last year helped lead a State Department effort to curb Pyongyang's illicit business. "We're trying to stop their transnational criminal activities. But they haven't stopped. We're going to have to be extremely good at what we do."

--Andrew Browne in Beijing and Bill Spindle in Tehran contributed to this article.

Blast May Be Only A Partial Success, Experts Say (NYT)

By William J. Broad And Mark Mazzetti

The New York Times, October 10, 2006

The North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday.

Throughout history, the first detonations of aspiring nuclear powers have tended to pack the destructive power of 10,000 to 60,000 tons — 10 to 60 kilotons — of conventional high explosives.

But the strength of the North Korean test appears to have been a small fraction of that: around a kiloton or less, according to scientists monitoring the global arrays of seismometers that detect faint trembles in the earth from distant blasts.

“It’s pretty remarkable that such a small explosion was promptly apparent on seismometers all over the world,” said Paul Richards, a seismologist at Columbia University’s Lamont-Doherty Earth Observatory in Palisades, N.Y. “The detection of this was really good. You can’t hide these kinds of things, even very small tests.”

A senior Bush administration official said he had learned through Asian contacts that the North Koreans had expected the detonation to have a force of about four kilotons. Because classified information was involved and there was lingering uncertainty, he would not let his name be used.

Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapons design center in California, said the small size of the test signaled the possibility of what might be described as a partial success or a partial failure.

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"As first tests go, this is smaller and less successful than those of the other nuclear powers," he said.

Perhaps the North Koreans wanted to keep it small, he added. "But if it turns out to be a kiloton or less," Dr. Coyle said, "that would suggest that they hoped for more than that and didn't get it."

The United States Geological Survey said it had detected a tremor on the Korean Peninsula of 4.2 magnitude, which translates into an explosive force of roughly 1,000 tons. The agency listed 20 seismic stations as having initially picked up the blast's shockwave, including nearby ones in China, Japan and South Korea as well as distant ones in Ukraine, Australia, Nevada and Wyoming.

The Russian defense minister, Sergei B. Ivanov, told the Itar-Tass news agency that the Russian government believed the strength of the blast to have been 5 to 15 kilotons. The basis for his claim was not immediately clear.

In Washington, intelligence officials said they were still in the early stages of evaluating the North Korean blast. But one said analysts had estimated its force at less than a kiloton.

"We have assessed that the explosion in North Korea was a sub-kiloton explosion," said the intelligence official, who, like others, spoke on condition of anonymity because they were discussing classified information.

It will probably take several days to determine with confidence if the explosion was in fact nuclear, the official said. He added that so far, sensors had not detected radiation leaking from the blast site. But federal and private experts said it seemed unlikely that the North Koreans had faked an underground nuclear blast with a large pile of conventional high explosives.

First, they said, the political risks involved would seem disproportionate. More important, federal and private analysts said, the United States has long had spy satellites observing the North Korean site and appears to have found no signs of chemical explosives being unloaded.

"It's difficult to fake it when you know people are looking down on you," said Dr. Richards of Columbia. "The execution of a chemical explosion would be hard to hide."

Dr. Coyle, the former director of nuclear testing at Livermore, said small tests were more likely to leak radioactivity than large ones, because the intense heat and gigantic shock waves of bigger blasts tended to melt and pulverize nearby rock into impregnable barriers.

Experts said the United States, Japan and the Comprehensive Nuclear Test Ban Treaty Organization had equipment that could sniff the air and water around North Korea for signs of radioactivity.

The South Koreans estimated the seismic magnitude of the blast at roughly 3.6. William Leith, the coordinator of seismic monitoring at the United States Geological Survey, said the South Korean method was different from and not comparable with the American technique. He added that the American estimate of 4.2 was unlikely to change.

In Vienna, the Comprehensive Nuclear Test Ban Treaty Organization estimated the blast's magnitude at 4.0, which is within the error margin of the American estimate.

An American intelligence official said the blast had shaken a North Korean site that the nation's spy agencies had long monitored — the flank of a mountain not far from the northeastern coast.

The small size of the explosion, he said, "tells you they have a lot of work to do in terms of weaponizing what they've got." He added, "If the lower-yield estimates are valid, then it's not a militarized system, but also not something a terrorist would reject."

North Korea's Nuclear Claim May Help U.S. Efforts On Iran (WSJ)

By Neil King Jr. And Bill Spindle

The Wall Street Journal, October 10, 2006

While a clear setback in itself, North Korea's claim of conducting an underground nuclear test could present the Bush administration with much-needed leverage on another challenge: Iran.

For months, Tehran has rejected international requests to enter discussions on its nuclear program -- which it insists is for peaceful purposes -- and has declined to suspend nuclear enrichment before even beginning such talks. Pyongyang's claims of a test Sunday also place it at odds with many in the international community.

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Administration officials say they hope North Korea's action will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions.

By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development.

U.S. officials say the key barometer in coming days will be how China responds to Pyongyang's action. Following the announcement, the Chinese Foreign Ministry called the test "brazen," a term Chinese diplomats say was meant to show the depths of Beijing's anger. Yet the official Chinese news agency Xinhua said Chinese President Hu Jintao told Mr. Bush that all countries should "avoid actions that may lead to escalation."

China hasn't made clear what measures it may support within the United Nations. U.S. officials hope that Chinese resolve in backing U.N. action on North Korea will bolster the chances for imposing similar measures on Iran.

"All eyes are on China -- and then Russia," a U.S. State Department official said.

The international struggle over both Iran's and North Korea's nuclear programs have reached the U.N. Security Council at the same time -- a collision of contrasting diplomatic efforts that the U.S. hopes to use to its advantage.

Germany along with the council's five permanent members -- the U.S., Britain, France, China and Russia -- decided last week to take up a sanctions resolution on Iran after Tehran turned down an incentives package and refused to give up its enrichment work.

North Korea last year also broke off international talks and turned down various incentives to give up its nuclear program.

The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran.

The cases of North Korea and Iran differ in many ways, as do China's interests in both countries. China long has been a close North Korean ally and economic lifeline. As a neighbor, Beijing fears the chaos of an economic collapse in North Korea at least as much as Pyongyang's new nuclear status. In Iran, China's interests are more sharply focused, since Tehran is China's largest single supplier of oil, accounting for nearly 18% of its oil imports.

The Security Council yesterday began to consider a sanctions package on North Korea that U.S. officials said would seek to block imports of nuclear and weapons technology and restrict a range of financial transactions. The proposed restrictions are very similar to ones the U.S. would like to see incorporated in a first Iran sanctions package.

With North Korea, the Bush administration is going to have to overcome deep concerns in China and South Korea that punitive measures will stir instability in the impoverished and isolated country.

The issues couldn't be more different in the case of Iran. All members of the Security Council except the U.S. have substantial trade and financial ties with Iran, which is one reason why they have had trouble agreeing on sanctions that would put pressure on Tehran. Sanctions that would really sting, such as blocking oil exports or substantial imports of gasoline, aren't being discussed.

Most experts believe Iran is several years away from mastering the technology needed to build a nuclear weapon.

Experts and officials inside Iran argue that Iran's leadership has become more determined not to accede to international demands, which they argue are driven by the U.S. "One of the places we have [internal] differences over is how to deal with the West, but those differences are fading," said Kazem Jalali, an Iranian legislator involved in foreign policy.

Iranian state radio responded to the incident by blaming it on the U.S., saying that North Korea was simply responding to the continued pressure of U.S. sanctions. "North Korea's nuclear test was a reaction to America's threats and humiliation," it said. U.S. officials insisted the tricky diplomacy involved in forging an agreement on a North Korea resolution shouldn't delay work on an Iranian package, which is expected to begin at the end of the week.

Experts: N. Korea Test May Embolden Iran (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 10, 2006

DOJ_NMG_0077600

North Korea's claim to have tested an atomic bomb could embolden Iran as it defies the U.N. Security Council and the United States over its own nuclear program, analysts said Monday.

For months, Iran has been under close scrutiny by the United States and Washington's allies, who claim the country is secretly developing nuclear weapons. Tehran insists its program is solely for generating electricity.

The world's attention turned abruptly from Iran to North Korea on Monday when the isolated communist nation announced it had set off an underground nuclear blast.

The announcement was met with a barrage of global condemnation, with President Bush saying it posed a threat to global peace and security. China, a longtime North Korea supporter, also strongly condemned the act.

How the Security Council reacts to North Korea will be watched "very carefully" in Tehran, said Robert Einhorn, a former U.S. assistant secretary of state for nonproliferation and a senior adviser at the Center for Strategic and International Studies in Washington.

"If the U.S. can't build consensus for a tough reaction to North Korea, Iran may see that it can go down the nuclear path with impunity," Einhorn said.

The international community's determination to confront Iran also may be diminished because the U.N. Security Council will be preoccupied with a new crisis, said Ray Takeyh, a senior fellow at the Council on Foreign Relations in Washington.

Hamid Reza Shokouhi, a political writer at the moderate Mardomsalari (Democracy) daily newspaper in Iran, said North Korea's reported test reduces pressure on Iran.

"The test doesn't mean Iran will pursue a similar path because Iran is not after a bomb, but will help Iran to buy time and pursue its program as the world concentrates on North Korea," he said.

Iranian President Mahmoud Ahmadinejad has repeatedly rejected Western calls to halt uranium enrichment, brushing aside an Aug. 31 Security Council deadline to stop enrichment or face possible sanctions.

But international sanctions against Iran have never been a sure bet, even after Tehran rebuffed the Security Council resolution. Strategic and political partnerships have pitted Washington and Britain calling for punitive measures on one side, and Russia and China urging negotiations on the other.

The Security Council was scheduled to discuss possible sanctions against Tehran this week.

Iran, meanwhile, has used the deadlock to continue its vocal confrontation with the United States and beef up its argument that under the Nuclear Nonproliferation Treaty, it has the right to have nuclear technology.

Elias Hanna, a former general of the Lebanese army and a military expert, said the North Korean test gives Iran further ammunition to go forward with its plans regardless if they are peaceful or not.

"The Iranians have the intention to go on with the program until the end. In Iran, the nuclear program is related to the nation's dignity, the continuation of the regime and the future Iranian role in the region," Hanna said.

Iran was not among the nations calling for harsh sanctions against North Korea on Monday, instead urging the U.N. not to punish Pyongyang and blaming the test on U.S. policies.

"Not only did the United States not lift the sanctions it had imposed on North Korea, it even increased the diplomatic pressure. Such pressure finally led North Korea to conduct its nuclear test," Iran's state-run radio said in a commentary.

"North Korea's nuclear test was a reaction to America's threats and humiliation," it said.

British Prime Minister Tony Blair's spokesman declined to speculate on whether the North Korean test made resolving the standoff over Iran's nuclear program a more pressing concern, saying the "process on Iran will continue."

Einhorn said North Korea's reported test may defer Security Council talks on Iran for "days, even weeks," but that it will become the subject of intense talks again soon.

But reaching a consensus on Iran may take longer than on North Korea, he said.

"It looks like it will be somewhat easier to get consensus on North Korea because the Chinese are somewhat furious at this stage," Einhorn said.

Iran Warns Of Retaliation If Sanctions Imposed (AFP)

By Farhad Pouladi

DOJ_NMG_0077601

AFP, October 10, 2006

President Mahmoud Ahmadinejad has vowed to impose retaliatory sanctions on world powers if the UN Security Council carries out threats to penalise Iran over its nuclear programme.

The warning came amid an intensifying global uproar Monday over North Korea's announcement of its first test of a nuclear weapon, a move which prompted Iran to declare it wanted a world free of atomic arms.

Ahmadinejad did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff.

"We will also impose sanctions on them," Ahmadinejad told reporters late Sunday in response to a question about a decision by the five Security Council permanent members plus Germany to discuss the prospect of sanctions.

"In the past 27 years they have always threatened us with sanctions and during this time they did everything they could," he said according to the student ISNA and semi-official ILNA news agencies.

"They do their thing and in return we will do ours."

Oil prices again spiked above 60 dollars a barrel in London trade as market players expressed fears the nuclear weapon test by North Korea might stiffen Iran's resolve in its standoff with the West.

Tehran, which is refusing to heed Western demands it suspend uranium enrichment, insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking nuclear weapons.

Iran's foreign ministry spokesman called for negotiations after the North Korean nuclear test but stopped short of issuing an explicit condemnation of Pyongyang's actions.

"Iran's position is clear and Iran on principle believes in a world free of nuclear weapons," Mohammad Ali Hosseini was quoted as saying by a state television anchor.

"Iran is hopeful that negotiations on North Korea's nuclear activities can go ahead in the interest of both North Korea and the international community," he added.

In a meeting late on Friday, representatives from Britain, China, Germany France, Russia and the United States agreed to discuss sanctions against Iran after it refused to heed a new deadline to halt uranium enrichment.

Considerable momentum towards drafting a sanctions resolution as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough.

But it remains to be seen whether this can be maintained amid the growing uproar over the announcement by North Korea early Monday it had conducted its first test of a nuclear weapon.

The UN Security Council was expected to hold an emergency meeting later Monday to weigh how to respond to North Korea's test, which came in brazen defiance of a previous UN resolution.

Such moves could take up precious time that was to be devoted to the Iranian nuclear issue and further stave off the threat of UN action.

It also remains unclear whether Russia and China will support sanctions measures proposed by the United States and its chief ally Britain. Moscow and Beijing have always insisted on a diplomatic solution to the crisis.

The question of Iran's right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

US Secretary of State Condoleezza Rice, who attended the London meeting, has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Republicans Stand To Profit From Nuclear Test 'fear Factor' (FT)

By Edward Luce

Financial Times, October 10, 2006

DOJ_NMG_0077602

Within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects.

"This reckless move by North Korea highlights the importance of a US missile defence shield capable of protecting America against madmen with weapons of mass destruction," said Mr Boehner. "It is time for the Democrats . . . to abandon their long-standing policy of voting against missile defence programmes. It is now clear that such a position would put Americans in danger."

Republicans almost always benefit from any rise in the "fear factor" among voters in the US. However, Monday's move by Pyongyang could cut both ways. "Democrats can point to the zero progress that George Bush has made on the 'Axis of Evil' states since he identified them almost five years ago," said Bob Einhorn, who was a senior official in the Clinton administration dealing with North Korea in the late 1990s. "Iraq is a fiasco, Iran is close to getting nuclear weapons, and North Korea already has them."

On Monday the US president was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate. In a statement condemning North Korea's "provocative action", Mr Bush hinted strongly that the US would take military action if it found evidence that Pyongyang was selling nuclear material or technology to terrorist groups or to other nation states.

Republican prospects have declined in the past two weeks following a scandal over a lawmaker's suggestive e-mails to teenage interns on Capitol Hill. The scandal, which has prompted calls for Mr Hastert's resignation as speaker, followed a revival in Republican fortunes in September that was linked to the "war on terror" after a series of speeches by Mr Bush around the fifth anniversary of the September 11 attacks.

Mr Bush's own approval ratings also rose in September in part because of public sympathy for the US president following attacks on him at the United Nations in New York by Presidents Hugo Chávez of Venezuela and Mahmoud Ahmadi-Nejad of Iran. There was also a rising focus on the Democratic party's divisions over the war in Iraq, with some party leaders calling for immediate withdrawal and others for a better military strategy on the ground.

Monday's tests could help the Republicans regain control of the news agenda. "Our message has been blown off course in the last few weeks," said Saul Anuzis, head of the Republicans in Michigan, one of the key battleground states. "To the extent this focuses people's minds on the dangers America faces it will help Republicans."

However, North Korea inhabits a far smaller space in the American mindset than Iran, in part because – unlike Tehran – Pyongyang poses no direct threat to Israel or to the increasingly combustible situation in Iraq. In addition, the Bush administration has come under attack from moderate Republicans for its reluctance to hold direct talks with either Iran or North Korea.

"The best thing both parties could do is issue a joint resolution condemning North Korea," said Michael Green, a former senior Bush official now at the Centre for Strategic International Studies. "North Korea misinterprets domestic criticism of Mr Bush as weakness. They do not understand our political system."

Republicans Point To Pyongyang In Bid To Garner Voter Support (WSJ)

By John D. McKinnon

The Wall Street Journal, October 10, 2006

WASHINGTON -- North Korea's claim of a successful underground nuclear test reverberated through U.S. politics, diverting attention from congressional scandals that have hurt Republicans' election chances.

Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security.

Republicans used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that "this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations." The national Republican Senate campaign issued a statement saying Mr. Casey has been endorsed by liberal foreign-policy groups and that he would oppose a national missile-defense system.

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Democrats said President Bush's hard-line policy on North Korea and on global threats more broadly has failed. In a statement, party chairman Howard Dean said the North Korean announcement was "further evidence that President Bush has taken his eye off the ball, allowing a member of the so-called 'axis of evil' to allegedly test a nuclear weapon."

Democrats also suggested the Bush administration has paid insufficient attention to the North Korean threat while spending most of its time on Iraq and Iran. Some said Mr. Bush exacerbated the North Korean problem through his policy of refusing to negotiate with its leaders directly.

Republican strategists say that if the party's candidates can get voters to focus on terrorism and national security above all else, they will gain a significant advantage. Indeed, recent polls show that, of all the issues, national security is the one that breaks the most often in Republicans' favor. In a Wall Street Journal/NBC News poll in September, voters said they preferred Republicans over Democrats in handling the war on terrorism, by 38% to 24%. But their margin slipped substantially during 2005, and while it has climbed in recent weeks, the party hasn't recovered to 2004 levels. An ABC News/Washington Post poll yesterday found Republicans further behind in the congressional race this close to Election Day than they have been for 20 years.

To be sure, polls indicate the war in Iraq remains a bigger concern for most voters than the global war against terrorism.

Still, in the hours after North Korea's announcement, most foreign-policy experts said the incident likely would give Republicans at least a short-term boost -- and not just by changing the subject from the House leadership's responses to the Mark Foley scandal. They said a test of a North Korean nuclear weapon -- which would be the first since 1998, when India and Pakistan both set off bombs -- also underscores the danger of nuclear proliferation among groups and nations hostile to the U.S. North Korea already is an exporter of missile technology to governments unfriendly to the U.S.

"The reaction quite broadly will be validation...of North Korea as a substantial threat," said Michael Levi, a fellow at the Council on Foreign Relations. "The big picture for Democrats is that this takes away attention from...the congressional scandals" where they had scored heavy political damage. By contrast, it will be difficult for Democrats to get much attention for their criticisms "because no one wants to hear anything but condemnation of [North Korean leader] Kim Jong Il."

But others played down the effect. "We now have evidence that the wildest and craziest regime in the world has working nuclear weapons," said Richard Betts, director of Columbia University's Saltzman Institute of War and Peace Studies. But, Mr. Betts added, "It's not a shocker -- we've known this could happen anytime."

In fact, the U.S. stock market shrugged off the news. The Dow Jones Industrial Average edged up 7.60 points to finish yesterday's session at 11857.81.

History has shown that a late-breaking national-security development -- the so-called October Surprise -- can affect U.S. elections. Al Qaeda circulated a videotape of Osama bin Laden just before the 2004 election in which the terrorist leader mocked Mr. Bush and warned American voters to stop electing candidates who harm Muslims, or risk another attack like 9/11. But the tape appeared to solidify voter support for Mr. Bush.

Bush: World Leaders United Over N. Korea (AP-Y)

By Deb Riechmann

AP-Yahoo, October 10, 2006

Facing the prospect of a nuclear-armed North Korea, President Bush on Monday called the communist regime's claim of a nuclear test a provocative act and warned Pyongyang against exporting nuclear materials.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said.

Other world leaders joined Bush in calling for an immediate and harsh rebuke from the United Nations against North Korean leader Kim Jong Il, who wants to join the club of nuclear-armed nations.

Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed.

The president called the leaders of South Korea, Russia, Japan and China, and he said they all reaffirmed a commitment to a nuclear-free Korean peninsula. At the United Nations, the U.S. proposed stringent sanctions, including a trade ban on military

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and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

While concerned that North Korea could use a nuclear weapon offensively, the United States is equally worried about it selling nuclear materials or weapons to others. North Korea is believed to have enough plutonium for as few as four and as many as a dozen nuclear bombs.

Bush said that North Korea already is one of the world's leading proliferators of missile technology, including transfers to Iran and Syria.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Bush said in a brief statement in the diplomatic reception room at the White House. "And we would hold North Korea fully accountable for the consequences of such action."

North Korea has been a major security problem for successive U.S. administrations. In 2002 the Bush administration accused the North of reneging on a 1994 nuclear freeze agreement by secretly undertaking a uranium enrichment program. That agreement became inoperative, and in the ensuing months, a defiant North Korea withdrew from the Nuclear Non-Proliferation treaty and ended the nuclear freeze.

In 2003, the United States joined with China, South Korea, Japan and Russia in an effort to negotiate the dismantlement of North Korea's nuclear weapons program in exchange for economic concessions. There have been no negotiations since November 2005 because of what Pyongyang describes as hostile U.S. policies.

Assistant Secretary of State Christopher Hill said a tough U.N. resolution would help protect the United States from the potential spread of nuclear technology and make it harder for North Korea to get the finances needed to fund a nuclear program.

"What the North Koreans have in mind is that if they go ahead and test, we may be angry now but at some point we'll get over it and we'll deal with them as a nuclear weapons state," Hill, the chief U.S. envoy to the North Korea nuclear talks, said in an Associated Press Television interview. "We're not going to deal with them as a nuclear weapons state. I don't think China will deal with them. I don't think any of their neighbors will deal with them."

Democrats condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions.

Senate Minority Leader Harry Reid, D-Nev, said the Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue.

Rep. Edward Markey, D-Mass., co-chairman of the House Bipartisan Task Force on Nonproliferation, said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically. "The Bush administration has spent six years without a coherent North Korea policy, leaving the United States rudderless in the face of Pyongyang's brinkmanship," he said.

Senate Majority Whip Mitch McConnell, R-Ky., said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea.

"The Democrats need to take a deep breath and realize that this is not about the election, and that Americans don't want anyone playing partisan politics with the threat of nuclear weapons. Rather than attack the president, we ought to be coming together to support his efforts to protect America," he said.

The United States has not yet confirmed the test.

"We're leaving it to the scientists," White House press secretary Tony Snow said Monday. "It could take as much as a couple of days. The scientists are still going through all of it."

One U.S. official, who spoke on condition of anonymity because of the politically sensitive situation with North Korea, said the working assumption among government experts is that, more likely than not, it was a nuclear test. However, various government agencies were still evaluating the data, the official said.

The official said it can't yet be ruled out that conventional explosives could have caused a seismic event of this size. It could also be that the test — or even one stage of it — failed. In addition, the official said, if the test was conducted in a particularly cavernous area, the shockwave could have been muffled.

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Bush Seeks Action From U.N., 6 Parties (WT)

By Joseph Curl

The Washington Times, October 10, 2006

President Bush yesterday called for an "immediate response" from the United Nations Security Council to North Korea's assertion that it had tested a nuclear weapon, as Senate Democrats demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il.

The White House rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea.

"There's strength in numbers," White House spokesman Tony Snow said.

Using carefully crafted diplomatic language, the president said in a brief statement yesterday morning that he spoke with the leaders of China, South Korea, Russia and Japan and that all agreed "that the proclaimed actions taken by North Korea are unacceptable."

Mr. Bush stopped short of threatening a direct U.S. response, instead saying "the United States remains committed to diplomacy."

"The United States condemns this provocative act. Once again, North Korea has defied the will of the international community, and the international community will respond," he said.

He said the United States and its allies will keep all options open.

"I reaffirmed to our allies in the region, including South Korea and Japan, that the United States will meet the full range of our deterrent and security commitments," he said.

Mr. Bush did not confirm that the North Korean test was nuclear, and early reports suggested that the blast may have been a failed nuclear test. "Nonetheless, such a claim itself constitutes a threat to international peace and security," he said.

In New York, John R. Bolton, the U.S. ambassador to the United Nations, said the United States would move quickly to seek a Security Council resolution condemning and possibly sanctioning North Korea.

"We've been working very, very closely with the government of Japan on this," Mr. Bolton said. "We're looking, as the president said in his comments, for very swift action by the Security Council."

Congressional Democrats, meanwhile, sought political advantage from the reported nuclear test.

"On North Korea, as in other national security policies, the Bush administration and the Republican-controlled Congress have made America less secure," said Senate Minority Leader Harry Reid, Nevada Democrat. "Now the White House must rally the international community and must directly speak with the North Koreans so they understand we will not continue to stand on the sidelines."

Sen. Joseph R. Biden Jr., Delaware Democrat, said: "We need a strategy that convinces the North to stop making bombs and put all of its fissile material under international monitoring. I believe that strategy must include direct engagement with the North."

Sen. John Kerry, Massachusetts Democrat, said, "Weapons of mass destruction pointed at our allies and strategic partners represents a shocking failure of President Bush's security policy, and a threat to the interests of peace and stability in the world."

House Majority Leader John A. Boehner, Ohio Republican, backed Mr. Bush. "It is critical that we support President Bush and our diplomats as they work with other members of the international community to demand North Korea's immediate disarmament," he said.

The reported test brings full circle the president's charge in his 2002 State of the Union address when he labeled Iraq, Iran and North Korea an "axis of evil."

Mr. Snow said the White House has been considering a "menu" of punitive sanctions for several weeks, but he did not indicate what action would be taken.

Earlier yesterday, he said the North Koreans alerted the Chinese about the test. The Chinese then notified the U.S. Embassy in Beijing, which passed the word to other U.S. officials.

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Down, But Flush With Cash (NYT)

By John M. Broder

The New York Times, October 10, 2006

With only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security.

But the footing for Republican incumbents is still treacherous. Details emerge every day in the scandal surrounding Mark Foley's sexually explicit messages to teenage House pages and the Republican House leadership's handling of the matter. Political handicappers say the number of competitive races is expanding, with virtually all of the movement favorable to Democrats. At least 40 Republican-held House seats are considered competitive, with Democrats needing to win 15 to take control.

Republicans are fighting back with their most potent remaining weapon: money. The National Republican Congressional Committee spent $7.8 million last Friday alone on behalf of endangered incumbents. The committee reported spending an additional $300,000 on Monday. The Democratic Congressional Campaign Committee spent $700,000 on Friday and over the weekend, according to finance reports.

North Korea And The Bomb (NYT)

The New York Times, October 10, 2006

Let us all agree: North Korea's government is too erratic, too brutal, and too willing to sell what it has built to have a nuclear bomb. There is also no military solution, not least because intelligence experts haven't a clue where Pyongyang has hidden its weapons labs or its stock of plutonium.

So after years of temporizing and denial, the world's leaders need to figure out how to force this terrible genie back into the bottle. It is a truism that no country that has tested a nuclear weapon has ever been pressured or cajoled into giving it up. But neither has any nuclear postulant been as vulnerable to outside pressure and bribery as this regime.

The Bush administration seems to want to impose limited sanctions on North Korea — and inspections of all cargo going into and out of the country — until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind — while key players like China won't sign on to never-ending punishments.

We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors.

In practice, the North Koreans are likely to back down only if China chokes off their oil supply and other essential trade. Until now Beijing has refused to use its enormous leverage, fearing that too much pressure could topple the North Korean government and unleash a mass of refugees over its border. When told they were enabling their neighbor's nuclear ambitions, Chinese diplomats blithely insisted that the North was likely bluffing about having a weapon. Now, Washington, Tokyo, Moscow and others have to make clear that China will be judged by its willingness to confront this problem.

The Security Council must also make clear that it is still demanding the complete dismantlement of Pyongyang's nuclear weapons program. For that, negotiations are the only hope. It is impossible to know whether North Korea will give up its weapons at any price. But it has never been tested — mainly because the Bush administration has not made the sort of serious offer, including security guarantees, that might make a bargain worthwhile.

The administration has indulged in its own denial and temporizing. Last year, Secretary of State Condoleezza Rice dismissed the North's declaration that it had nuclear weapons as a bid for attention. "I do think the North Koreans have been, frankly, a little bit disappointed that people are not jumping up and down and running around with their hair on fire," she told The Wall Street Journal.

Since then, United States policy has whipsawed between negotiations and posturing, incentives and sanctions. It has been months since negotiators even sat down at the table. Administration hawks suggested last week that perhaps the best thing would

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be for the North to test, so the world would know exactly what it was dealing with. The hawks appear to have gotten their way. So why don't we feel safer?

North Korea's Nukes (WSJ)

The Wall Street Journal, October 10, 2006

With great danger comes great clarity. By ordering his country's first-ever nuclear weapons test, Kim Jong Il lay bare this generation's greatest challenge: How far will the world go to impose order on rogue states intent on acquiring weapons of mass destruction?

History offers cold comfort. Only nine nations in the post-Soviet era possess nuclear weapons, but many more, including Tehran's mullahs, are seeking them. The U.S. and other responsible democracies have persuaded a few nations -- Ukraine, South Africa, Libya -- to disarm or abandon their weapons programs. In our globalized world, however, WMD proliferation is a potent threat, as proven by Pakistan's former nuclear-secrets merchant, A.Q. Khan.

Pyongyang, like Iran today, never hid its ambitions. For over a decade, the North has built up the world's fourth-largest military, threatened its neighbors and engaged in drug dealing, counterfeiting and WMD proliferation -- with little rebuke. At one point, the Hermit Kingdom threatened to turn Seoul into a "sea of fire." In 2002, Pyongyang announced it had nuclear weapons.

The world rolled over. After signing on to the nonproliferation treaty in 1985, Pyongyang later admitted to hiding additional nuclear reactors. China and South Korea continued to trade with the regime. In 1998 after North Korea lobbed a missile over Japan, the Clinton Administration agreed to food aid, and South Korea's then-President Kim Dae Jung began a policy of appeasement. After July's missile launches, the United Nations passed a resolution with limited sanctions.

South Korea shoulders much of the blame. By sticking to its "sunshine policy," Seoul undermined every diplomatic effort to exert nonviolent pressure on the North. Two-way trade between North and South Korea passed $1 billion last year, according to the U.S. State Department, a huge chunk of the North's total income. By tolerating Pyongyang's proliferation ambitions, President Roh Moo Hyun and his foreign minister, Ban Ki Moon, have allowed the current crisis to explode on its doorstep.

China, the North's largest trading partner, shares responsibility for this crisis. Fearing a torrent of refugees over its northeastern border -- and opposed to the idea of a strong, unified democratic Korean peninsula -- Beijing has provided 80% to 90% of the North's energy needs, plus critical food aid. Beijing likes to say in public that it doesn't have much leverage over the North. Privately, Chinese officials admit that they're not powerless.

Only with the drumbeat of a possible nuclear test had the public rhetoric of both begun to shift. Seoul warned last week that "North Korea should take full responsibility for all consequences" of a nuclear test. In a rare public rebuke, a Chinese spokesman told the North to "exercise necessary calm and restraint." It remains to be seen whether Beijing's post-test response will equal its pre-test rhetoric.

A nuclear North Korea may change both countries' strategic calculations. China fears a nuclear arms race in the region, particularly with Japan whose new Prime Minister warned yesterday that the world is entering a "dangerous nuclear age." He's right. South Korea, too, may finally acknowledge the threat, not least because yesterday's test will renew the debate in Washington about the wisdom of keeping U.S. troops in the South.

What to do now? South Korea and especially China should rethink appeasement. It has failed. A full cut-off of energy supplies and foreign aid would help pressure Kim Jong Il. Opening the Chinese border to North Korean refugees would do so as well. Most important, the world should tighten the screws it already has in place, with success, on the North's external financial accounts. No dictator can run a rogue state without money. Kim might give up the nukes if the alternative was regime collapse. And to encourage the world's actors to get real about North Korea, the U.S. should make clear that a military response is not off the table.

Yesterday's test marks a new reality that will change security calculations in Asia and the world. We're about to find out how responsible an actor China wants to be on the world stage, or if it prefers having one of its clients creating trouble for the U.S. and Japan. At the very least Kim Jong Il has to know, and will have to be told, that any use of nuclear weapons by his regime or by anyone who can be traced to North Korea will result in his government's annihilation. U.S. Assistant Secretary of State Christopher Hill said the other day that North Korea "can have a future or it can have these weapons."

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There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next "development" will be another nuclear nation, starting with Iran.

Kim has opened a Pandora's box. Closing it won't be easy. The effort needs to be made to avoid the alternative: a new world disorder.

Responding To North Korea (WP)

The Washington Post, October 10, 2006

NORTH KOREA'S objective in the aftermath of its reported nuclear test will undoubtedly be to force its neighbors and the world to accept it as an established nuclear power. India and Pakistan succeeded in riding out sanctions and winning acceptance as "strategic partners" of the United States after their bomb tests. Kim Jong Il will try to repeat that history. Whether he succeeds will depend, above all, on the outcome of what we hope will be some serious rethinking by the governments of South Korea and China.

North Korea's neighbors, and not the United States, bear the burden of the North's decision to proceed with what it said was a nuclear explosion -- the small yield raised questions yesterday about whether the test could have been a flop or a fake. Beijing and Seoul have propped up Mr. Kim's despotic regime with heavy subsidies of fuel and food, reasoning that keeping it alive was better than a collapse that could flood their countries with refugees. The underlying logic was that the North's nuclear program was little more than a bargaining chip with the United States and did not pose a genuine military threat.

Both countries have to recalculate now. Is an outlaw dictatorship with nuclear weapons on the border really tolerable? Is the possibility that Japan or Taiwan will respond by building nuclear weapons less of a threat than a tide of refugees? What poses a greater risk of war: the possible collapse of the Kim regime, or an attempt by that regime to use its new weapon either to extort concessions from the South or to achieve its stated goal of conquering the whole Korean Peninsula? Most important: If subsidies and bribes have failed to moderate North Korean behavior over the past few years, is it reasonable to bet that they will do so in the future?

The Bush administration's response to the test should be uncomplicated. It will rightly press hard for new U.N.-sponsored sanctions. It should take any further measures that could increase the pressure on the North or prevent it from exporting its technology. It also should be prepared to talk to Mr. Kim about disarmament in the unlikely event he elects to take up the framework that was agreed on a year ago in the "six-party" negotiations. That agreement promised him substantial economic aid, security guarantees and normal relations with the United States; it's fanciful to suggest that the United States hasn't been forthcoming enough.

In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long. Beijing and Seoul have said they would not accept the nuclearization of the Korean Peninsula. In fact, they do not have to. They do, however, have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the "instability" in the North that they have tried so hard to prevent.

Kim Jong Il's Challenge To China (LAT)

The Los Angeles Times, October 10, 2006

WHETHER NORTH KOREA'S self-proclaimed nuclear test turns out to have been a big bang or a little pop, it already has done incalculable damage to global security. Yet however radioactive the geopolitical fallout, it cannot be allowed to damage relations between Beijing and Washington.

Recriminations already have begun in Washington, with politicians and pundits simply adjusting their debate to take Monday's events into account. The question is no longer how to persuade North Korean leader Kim Jong Il to abandon his quest for nuclear weapons but whether he could have been persuaded — and whether the approach was too bellicose toward Kim or too obliging to China.

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This argument is now even more fruitless. But it could turn ugly if members of Congress already hostile to China because of its position on Taiwan or because of trade issues are joined by those who ask why Beijing didn't do more to stop North Korea from going nuclear.

The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese. But the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the U.S. for failing to do so.

Beijing has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the U.S. to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea — or better yet, persuade it to disarm.

Chinese officials are said to roll their eyes in private at North Korean intransigence and to downplay their influence over Kim. Their act isn't terribly convincing. China is North Korea's last friend and ally and its biggest supplier of food and fuel. In 2003, it briefly shut off gas pipelines to make the point that Pyongyang had better agree to six-party negotiations over nuclear disarmament.

Chinese and South Korean reluctance to punish North Korea economically, lest privation trigger floods of refugees across their borders, is understandable. But both nations must now realize that their interest would be far more threatened by a nuclear arms race in the region and beyond.

With South Korean Foreign Minister Ban Ki-moon poised to become the next United Nations secretary-general, the international community should begin planning for humanitarian assistance for North Korean refugees. Such plans would be wise in any case — in the event stiff international sanctions are applied or Kim's regime collapses because of its own suicidal economic and political policies.

Meanwhile, the best course for the U.S. and China is to present a united, anti-nuclear stance to the world. Beijing's denunciation Monday of North Korea's actions was its strongest and swiftest in years. May it soon be matched by Chinese action.

Talking With The Monsters (NYT)

By Nicholas D. Kristof

The New York Times, October 10, 2006

If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes.

It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran — where we may soon be facing a third military conflict in a Muslim country.

As former Secretary of State James Baker noted in an ABC News interview on Sunday: "I believe in talking to your enemies. ... It's not appeasement to talk to your enemies."

The administrations of both the first President Bush and of President Clinton talked to North Korea. That engagement sometimes seemed distasteful, but it averted war and created incentives for North Korea to moderate its behavior — just a bit.

The bottom line is reflected in the plutonium obtained by North Korea. Here's the scorecard: Amount obtained during the Clinton administration, zero; amount obtained under this administration, enough for about eight nuclear weapons. (North Korea has also tried since late in the Clinton administration to enrich uranium for a separate path to nuclear weapons, but apparently still hasn't succeeded and perhaps never will.)

"By not having any contact, we've lost any way of controlling or directing the outcome," noted James Laney, a longtime Korea specialist and former ambassador to South Korea. "As this test indicates, we're completely out of the picture."

The real culprit, of course, is not President Bush but Kim Jong-il, North Korea's "Dear Leader." That said, if Colin Powell and other administration moderates had been allowed to engage North Korea as they had wanted, we would not now be caught in this nuclear crisis.

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Administration hard-liners believe that North Korea's regime may collapse at any moment. Maybe. But when I visited last year, the regime seemed as solid (and repressive) as when I first visited in 1989. Sure, it will collapse at some point, but waiting for disintegration is not a strategy.

Indeed, North Korea may be less vulnerable now, partly because its economy has improved significantly since the late 1990's as a result of increasing trade with China. Last year, North Korea's trade with China was double the level of 2002 and quadruple that of 1999.

The China-North Korea border crossing at Sanhe has just expanded its operations, and trade could rise sharply if the two countries follow through on discussions to expand rail links and export Chinese containers from the North Korean port of Rajin.

Mr. Bush's push for tough U.N. resolutions is welcome but is no substitute for direct talks. The reality is that even if China and South Korea were willing to apply tough economic sanctions to the North — which they are not — the Dear Leader would stick to his guns. After all, this is a man who imported Mercedes-Benzes in the late 1990's while two million of his compatriots were dying in a famine.

So our huffing and puffing won't cause North Korea to back down, but we could drift toward greater dangers: If we move to enforce naval inspections of ships coming in and out of North Korea, the Dear Leader will threaten war. I doubt if he means it — but I still wouldn't buy real estate in Tokyo, Okinawa or Seoul right now.

So what should we do?

While proceeding with U.N. resolutions, we should also talk to North Korea directly. It's probably too late to persuade it to give up its nuclear arsenal, but it's plausible that it would freeze plutonium production and suspend missile and nuclear tests. Those are feasible goals that China might use its leverage to help achieve.

To show that talking with enemies doesn't mean rolling over, we can also insist on raising human rights issues. American conservatives have led the way in protesting brutality in North Korea, but the protests simply aren't effective. The U.S. government could add to the pressure by going public with satellite images of concentration camps and publicizing other intelligence about North Korean human rights abuses.

The challenge is larger than North Korea, though — it concerns how to stand up to all of the world's rogue regimes. Notably, in the two where Mr. Bush has tried engagement he has enjoyed bits of success. Those are Sudan and Libya.

Even though Mr. Bush says that Sudan is engaging in genocide in Darfur, we continue (quite properly) to negotiate with Khartoum — and that helped end the war between north and south Sudan, after two million deaths. Likewise, negotiations with Libya led it to give up its W.M.D. programs.

In contrast, we eschewed most direct diplomacy with North Korea and Iraq, and the result has been disastrous. So as we lurch ahead toward a showdown with Iran, let's remember the historical evidence: We sometimes do better talking to monsters than trying to slay them or wish them away.

Mutually Assured Disruption (NYT)

By David Frum

The New York Times, October 10, 2006

Washington

THE North Korean nuclear test — if that indeed is what it was — signals the catastrophic collapse of a dozen years of American policy. Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken.

It is, alas, an iron law of modern diplomacy that the failure of any diplomatic process only proves the need for more of the process that has just failed. Thus those who have long supported negotiating with North Korea are now calling for the Bush administration to begin direct talks with the Kim Jong-il regime. Sorry, but all this would accomplish would be to reward an actual proliferator in order to preserve the illusion that the world still has a meaningful nonproliferation regime.

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Some even suggest, in worried tones, that the North Korean test might provoke Japan to go nuclear, as if the worst possible consequence of nuclear weapons in the hands of one of America's direst enemies would be the acquisition of nuclear weapons by one of America's best friends.

A new approach is needed. America has three key strategic goals in the wake of the North Korean nuclear test. The first is to enhance the security of those American allies most directly threatened by North Korean nuclear weapons: Japan and South Korea.

The second is to exact a price from North Korea for its nuclear program severe enough to frighten Iran and any other rogue regimes considering following the North Korean path.

The last is to punish China. North Korea could not have completed its bomb if China, which provides the country an immense amount of food and energy aid, had strongly opposed it. Apparently, Beijing sees some potential gain in the uncertainty that North Korea's status brings. If China can engage in such conduct cost-free, what will deter Russia from aiding the Iranian nuclear program, or Pakistan someday aiding a Saudi or Egyptian one?

To meet these three goals, the United States should adopt four swift policy responses:

• Step up the development and deployment of existing missile defense systems.

The United States has already fielded 11 missile interceptors, nine in Alaska and two in California. The Navy has designed ship-based interceptors as well. As we well know, they are not perfect — but they are something.

Until now this lack of perfection has been allowed to block full deployment of the technology. But missile defenses do not need to be perfect to complicate any aggressive action by a comparatively weak power like North Korea against the United States or its allies.

And deploying a missile defense of growing effectiveness also helps achieve another goal — it would indirectly punish China by corroding the power of the missiles China uses to intimidate Taiwan.

• End humanitarian aid to North Korea and pressure South Korea to do the same.

Since 1995, the United States has provided more than two million tons of food aid to North Korea, plus considerable energy assistance. Officially, Washington says it has "delinked" its humanitarian aid from strategic concerns. Many United States officials believe that continuing this aid will sustain hopes for a better American-North Korean relationship in the future. Yet if the United States continues to send such aid even after an illicit nuclear test, North Korean leaders may well conclude that their aggressive actions have won them almost absolute impunity.

An end to humanitarian aid would not only exact a considerable direct price from North Korea, but it would also hurt China. Chinese leaders often justify their refusal to pressure North Korea by citing the risk of an economic collapse that would send millions of refugees northward into China. We could call that bluff: if a North Korean economic collapse is a thing China fears, why should the United States and South Korea shoulder the cost of helping to avert it? Let China pay the full cost of underwriting its aggressive client state.

• Invite Japan, South Korea, Australia, New Zealand and Singapore to join NATO — and even invite Taiwan to send observers to NATO meetings.

Perhaps North Korea and China imagine that the nuclear test has tilted the strategic balance in the Pacific in their favors. Now would be a good time to disabuse each of them of any such illusion. We need a tighter and stronger security arrangement in the Pacific region, one from which rogue states and those who support them are pointedly excluded. The NATO allies have agreed to expand the organization well beyond Western Europe; now we need to persuade them to make it global.

• Encourage Japan to renounce the Nuclear Nonproliferation Treaty and create its own nuclear deterrent.

World War II ended long ago, and it's time to put an end to the silly pretense that today's democratic Japan owes a burden of guilt to today's rising China. A nuclear Japan is the thing China and North Korea dread most (after, perhaps, a nuclear South Korea or Taiwan).

Not only would the nuclearization of Japan be a punishment of China and North Korea, but it would go far to meet our goal of dissuading Iran — it would show Tehran that the United States and its friends will aggressively seek to correct any attempt by rogue states to unsettle any regional nuclear balance. The analogue for Iran, of course, would be the threat of American aid to improve Israel's capacity to hit targets with nuclear weapons.

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Countries like North Korea and Iran seek nuclear weapons because they imagine that those weapons will enhance their security and power. The way to contain them is to convince them otherwise. When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions.

In A Test, A Reason To Talk (WP)

By Selig S. Harrison

The Washington Post, October 10, 2006

Bilateral Diplomacy Could Still Roll Back North Korea's Nuclear Arms Effort

"You have learned to live with other nuclear powers," said Vice Foreign Minister Kim Gye Gwan, North Korea's chief nuclear negotiator, leaning forward over the dinner table in Pyongyang. "So why not us? We really want to coexist with the United States peacefully, but you must learn to coexist with a North Korea that has nuclear weapons."

"That doesn't sound like you are serious when you talk about denuclearization," I replied.

"You misunderstand me," he said. "We are definitely prepared to carry out the Beijing agreement, step by step, but we won't completely and finally dismantle our nuclear weapons program until our relations with the United States are fully normalized. That will take some time, and until we reach the final target, we should find a way to coexist."

This exchange foreshadowed the North Korean test of a nuclear explosive device that has prompted demands for a naval blockade or military strikes against known North Korean nuclear facilities. But my conversations with six key North Korean leaders on a recent visit indicated that the test opens up new diplomatic opportunities and should not be viewed primarily as a military challenge.

Paradoxical as it may seem, Pyongyang staged the test as a last-ditch effort to jump-start a bilateral dialogue on the normalization of relations that the United States has so far spurned. Over and over, I was told that Pyongyang wants bilateral negotiations to set the stage for implementation of the denuclearization agreement it concluded in Beijing on Sept. 19, 2005, with the United States, China, Russia, Japan and South Korea.

Washington focuses on Article One of the accord, in which North Korea agreed to "abandon all nuclear weapons and existing nuclear programs." But what made the agreement acceptable to Pyongyang was the pledge in Article Two that the United States and North Korea would "respect each other's sovereignty, exist peacefully together and take steps to normalize relations."

In North Korean eyes, it was a flagrant violation when, four days after the agreement was signed, the United States in effect declared economic war on the Kim Jong Il regime. The Treasury Department imposed financial sanctions designed to cut off North Korean access to the international banking system, branding it a "criminal state" guilty of counterfeiting and money laundering.

The sanctions issue has given the initiative to hard-liners in Pyongyang, who can plausibly argue that the sanctions are the cutting edge of a calculated effort by dominant elements in the Bush administration to undercut the Beijing agreement, squeeze the Kim regime and eventually force its collapse.

To be sure, the United States should take action against any abuse of its currency. But the financial sanctions are not targeted solely against counterfeiting and any other illicit North Korean activity. They go much further by seeking to cut off all North Korean financial intercourse with the world. The United States has warned financial institutions everywhere, Treasury Undersecretary Stuart Levey said Aug. 23, "of the risks in holding any North Korean accounts."

Foreign businessmen and diplomats in Pyongyang told me of numerous cases in which legitimate imports of industrial equipment to make consumer goods have been blocked by the banking sanctions. This slows down the efforts of North Korean reformers to open up to the outside world and curtails economic growth. So far, the sanctions do not appear to be undermining the regime, but North Korean leaders can feel the noose tightening.

The Bush administration says that it is not pursuing a policy of "regime change," but the president did tell Bob Woodward that he would like to "topple" Kim Jong Il, according to Woodward's book "Bush at War." Recently, when a State Department official told Levey that the sanctions should distinguish between licit and illicit North Korean activity, Levey replied, "You know the

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president loves this stuff." Robert Joseph, John Bolton's successor as undersecretary of state for arms control, said at a recent State Department meeting that he hoped the sanctions would "put out all the lights in Pyongyang."

To advance U.S. security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join.

Playing games with "regime change" has become much too dangerous and should now give way to a sustained diplomatic effort to roll back North Korea's nuclear weapons program while it is still in its early stages.

The writer, a former Post bureau chief in Northeast Asia, is the director of the Asia program at the Center for International Policy and the author of "Korean Endgame."

Iran: Sanctions Threat A 'Rusty' Weapon (AP)

By Nasser Karimi

AP, October 9, 2006

Iran called the threat of international sanctions over its disputed nuclear program a "rusty" weapon and repeated Sunday that it would not abandon uranium enrichment.

The six countries at the center of efforts to persuade Iran to drop uranium enrichment — a key step toward making nuclear weapons — said Friday they have agreed to pursue possible sanctions.

However, all five permanent security council members — the U.S., France, Britain, Russia and China — along with Germany stopped short of demanding Iran be punished by the U.N. Security Council.

"Both officials and people in Iran have always viewed threats of sanctions as a rusty and derelict weapon," Foreign Ministry spokesman Mohammad Ali Hosseini said at a weekly news briefing. "They are accustomed to the threats."

However, Hosseini said Iran does not "welcome sanctions" and that they would damage both Iran and the countries that impose them.

Although he reiterated Iran's determination to continue enriching uranium, Hosseini said "negotiation is the best way."

He said Iran will resume negotiations with European nations, talks that are seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council. Hosseini did not offer specifics on the talks, such as when they might begin.

In September, European Union envoy Javier Solana and Iranian envoy Ali Larijani ended two days of talks in Berlin with no agreement on the enrichment issue. They insisted, however, that they had made progress on ways to open broader discussions.

Those talks came after Iran ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

President Mahmoud Ahmadinejad on Sunday told a cabinet meeting: "Some bullying powers, applying intimidation and threats, intend to confront Iran's nuclear rights but our nation has strongly and smartly resisted," according to state television.

Iran Refuses To Halt Enrichment Despite Sanctions Moves (AFP)

By Stuart Williams

AFP, October 9, 2006

Iran flatly refused to suspend uranium enrichment despite moves at the UN Security Council to draft a sanctions resolution against it for failing to halt the sensitive nuclear work.

"The suspension is completely unacceptable and we have rejected it," foreign ministry spokesman Mohammad Ali Hosseini told reporters. "It has no place in Iran's peaceful nuclear programme."

His comments marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment, a process which the West fears could be diverted towards making nuclear weapons.

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"The greatest sanction would be for a generation to deprive its own people and future generations of nuclear technology," he added.

In a meeting late on Friday, representatives of the five UN Security Council permanent members plus Germany agreed to discuss sanctions against Tehran after it failed to suspend sensitive uranium enrichment operations.

Senior US official Nicholas Burns said the so-called "5+1" group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult.

President Mahmoud Ahmadinejad also maintained his defiant stance, brushing off the intensifying moves to impose sanctions against Iran over its nuclear programme.

"The Islamic Republic of Iran is interested in talks and negotiations, and resorting to the language of force and threats will have no results with Iran," official media quoted him as saying.

Ahmadinejad also said in a meeting with his cabinet that Western powers "intend to achieve their aims through intimidation and threats".

"But our people are strong, wise and steadfast, and will not back down on their rightful position," he added, according to the ISNA news agency.

General Yahya Rahim Safavi, head of the Revolutionary Guards, warned that "in this sensitive situation we have to be ready to confront the probable foreign threats," ISNA also reported.

Alaedin Borujerdi, the head of parliament's foreign affairs committee, said any hasty measures by the West would spark "as a consequence a reaction by the parliament and national security council."

However the momentum towards imposing some kind of UN sanctions regime on Tehran appears strong after the London meeting, which gathered US Secretary of State Condoleezza Rice and top diplomats from the five other countries.

In a statement issued by host Britain, the group agreed to discuss sanctions and lamented Tehran's refusal to suspend uranium enrichment, but insisted that the door remains open to negotiations if Tehran were to back down.

Burns, the US under secretary of state for political affairs, said that work on a new Security Council resolution under Article 41 of the UN charter, which allows for diplomatic and economic sanctions, would start next week.

It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis.

Hosseini claimed the world powers were split over what action to take against Iran.

"Divisions have even appeared within the UN Security Council. With the policy of Iran's government, these divisions have become more apparent," he said.

Iran's insistence on its right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

Tehran insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking to manufacture nuclear weapons.

Rice has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran if it persists with its nuclear work.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Domino Effect Of N Korean Nuclear Test Will Harden Iran's Resolve (AFP)

By David Millikin

AFP, October 9, 2006

A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn.

North Korea's threat this week to carry out its first test of a nuclear bomb came just as the major world powers were finally on the verge of imposing timid sanctions against Iran over its far less developed nuclear program.

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Foreign ministers from the five permanent UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany were expected at a meeting in London Friday to set in motion a UN resolution punishing Iran for refusing to suspend its nascent uranium enrichment program.

Iran insists it has the right to enrich uranium for use as fuel for nuclear power stations, but the West fears the fuel could be further enriched to provide material for nuclear weapons -- a development experts say is in any case years away.

The United States is confident a UN vote imposing even limited sanctions will have a powerful symbolic impact on Iran, strengthening the hand of moderates worried about their country's relations with the world and eventually leading Tehran back to the negotiating table.

But if North Korea carries out its threat -- and some predict it may test a bomb as soon as this weekend -- it could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said.

"Iran is going to be watching the situation with North Korea very closely," said Joseph Cirincione, a foreign policy expert with the Center for American Progress in Washington.

"If North Korea is not deterred or punished, it will embolden Iran to accelerate its own nuclear efforts," he said.

More broadly, he said, a North Korean test would set off an "Asian nuclear chain reaction" that could spur an arms race from South Korea, Taiwan and Japan to India, Pakistan and Iran.

"You could let loose a dynamic that you're not going to be able to stop. The non-proliferation treaty will be in tatters," he said.

Even if North Korea can be dissuaded from going ahead with the test, the diplomatic capital spent on the effort by China and Russia -- the key players in both stand-offs -- could make them more reticent to act against Iran, said George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace.

"The Chinese are reluctant users of the Security Council and reluctant to be real tough on proliferation, so if you're going to want them to do something on North Korea, it's going to make them even more resistant to doing something on Iran," he said.

If dissuasion fails and North Korea goes ahead with a test, it remains uncertain how far China, and to a lesser extent Russia, are willing to go in shutting off the flow of oil and other goods that prop up their erratic and poverty-stricken neighbor.

"They fear a nuclear North Korea, but they fear an unstable nuclear North Korea even more," said Cirincione, echoing the widely held view that severe sanctions would cause the collapse of Kim Jong-il's regime and send millions of refugees over the country's borders.

Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks in President George W. Bush's administration.

The hardliners, led by Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld, say such a concession would reward "rogue states" for their bad behavior.

Proponents of talks, believed to include Secretary of State Condoleezza Rice, point to the success of secret negotiations which led Libya to renounce terrorism and give up its illicit weapons programs three years ago.

The New York Times threw its weight behind negotiations in an editorial Friday, calling on Bush to drop his "ambivalence over whether to negotiate with Kim Jong-il or try to overthrow him" and engage in "real diplomacy to get the north out of the nuclear weapons business".

There have been calls for Rice or her top aides to make an emergency trip to northeast Asia for talks aimed at forestalling a test by North Korea, but her spokesman said Friday there were no immediate plans for such travel.

Iran Arrests Outspoken Cleric Who Opposes Religious Rule (NYT)

By Nazila Fathi

The New York Times, October 9, 2006

TEHRAN, Oct. 8 — A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported.

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About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported. They were there apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him.

Another news agency, Entekhab, also reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them.

Ayatollah Boroujerdi said that he had written to the United Nations secretary general, Kofi Annan, to the European Union foreign policy chief, Javier Solana, and to Pope Benedict XVI and others seeking protection and asking them "to make efforts to spread traditional religion," separate from politics, ILNA reported.

"I believe people are fed up with political religion and want traditional religion to return," ILNA quoted Ayatollah Boroujerdi as saying.

Protesters who were interviewed on opposition radio and satellite television channels Saturday said that the supporters of Ayatollah Boroujerdi were prepared to die in his defense.

The Iranian authorities are wary of any challenge, particularly from top clerics, to the system of clerical rule that was established after the 1979 Islamic revolution by the revolutionary leader, Ayatollah Ruhollah Khomeini.

Iran has an elected president and Parliament, but final authority lies with the supreme leader, currently Ayatollah Ali Khamenei.

Iranian authorities had charged Ayatollah Boroujerdi with lacking sufficiently senior religious credentials to speak out on the matter. They also accused him of sacrilege.

He had been summoned over a month ago to the Special Court for the Clergy, but refused to surrender.

Haniyeh: Hamas Won't Recognize Israel (AP-Y)

By Sarah El Deeb, Associated Press Writer

AP, October 9, 2006

Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does.

International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence.

But Haniyeh repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah.

Haniyeh, addressing an "Iftar" feast at the end of a day of Ramadan fasting, said Hamas and the government "will not recognize or normalize" relations with Israel.

He also said the main problem with the Arab peace plan, presented in 2002 by Saudi Arabia and endorsed by an Arab summit, is that it recognizes Israel in exchange for an Israeli pullout from the West Bank, Gaza Strip, east Jerusalem and Golan Heights.

Haniyeh said he still hopes for a unity government with Fatah. But Palestinian President Mahmoud Abbas, who heads Fatah, said last week that negotiations have broken down. Abbas was expected to travel from the West Bank to Gaza Monday and may present Hamas a deadline for agreeing to a unity government. Otherwise, aides say, Abbas might call a new election.

Haniyeh hinted that peacemaking with Israel could be left up to Abbas. Haniyeh said the unity concept "leaves a lot of room for political maneuvering" for Abbas.

The U.S. has made it clear that the option of a Hamas-led government maintaining its militant policy while Abbas conducts peace talks is unacceptable.

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The United States and Europe have insisted that any Palestinian government must accept three basic conditions before the West resumes its aid: recognition of Israel, renunciation of violence and acceptance of previous Israeli-Palestinian peace deals.

Jordan's foreign minister warned Sunday that Palestinians face "a humanitarian tragedy" unless peacemaking with Israel resumes quickly.

"It is absolutely necessary to consolidate international efforts to provide assistance to the needy Palestinian people," Abdul-Ilah al-Khatib told visiting U.N. Mideast envoy Alvaro De Soto in Amman, the Jordanian capital.

Israeli Vice Premier Shimon Peres advised patience.

"In the end, (Palestinian) people will be disappointed" with Hamas' inability to govern and turn it out of office. "Hamas let people down" by its inability to pay its workers, Peres told Israel's Channel 10 TV.

The deteriorating financial situation and the political infighting spilled over into violence last week, killing 11 people in Gaza. Addressing 300 religious and political leaders in Gaza at a "unity and reconciliation" feast on Sunday, Haniyeh appealed for calm.

"We may criticize each other, raise our voices," he said. "However, it is certainly our concern and religious and moral commitment that matters don't come down to conflict, infighting and civil war."

The West imposed its aid cutoff in March, when Hamas formed a government after sweeping Fatah out of office in a parliamentary election. Since then, the government — the main Palestinian employer — has paid out little money to its 165,000 workers.

Angry workers threatened Sunday to widen their protests, paralyzing the West Bank and Gaza Strip by bringing employees of the petroleum authority into their strike and drying up local fuel supplies if the government does not pay them.

"In our hands are cards that have not been used yet," said Ahmad Assaf, a spokesman for the Union of Civil Servants.

In violence Sunday, two Palestinians were killed in the West Bank. Palestinian gunmen ambushed Israeli forces in a refugee camp next to Nablus, and a militant was killed, Palestinian security and the military said.

In the afternoon, a Palestinian man was shot and killed on his way to break the Ramadan fast with family, relatives said. Israeli media said he was circumventing an Israeli checkpoint. The army said it was unaware of any shooting incident in the area and its forces had not opened fire.

Qatar Emerges As A Mediator Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, October 10, 2006

JERUSALEM, Oct. 9 — Qatar, which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between the feuding Palestinian factions, Fatah and Hamas.

In Gaza City on Monday night, Qatar's foreign minister, Sheik Hamad bin Jassim al-Thani, shuttled between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas.

The Qatari diplomat was seeking to bring the Palestinian leaders back into face-to-face negotiations that fell apart after a tentative agreement was reached last month to form a united government.

Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah. The feud erupted into deadly street battles in Gaza on Oct. 1 and 2.

At about the same time, Qatar's role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state. While there was no indication that the two Palestinians met, both reportedly held talks with Qatari officials, including the foreign minister, who presented a six-point plan for the Palestinian unity government.

Last week's talks did not appear to yield progress. When Mr. Abbas returned to his headquarters in the West Bank city of Ramallah, he said that negotiations with Hamas had collapsed and that he was prepared to use his presidential powers to dismiss the government.

But Mr. Abbas traveled to Gaza, the Hamas stronghold, and met for 90 minutes on Monday night with Sheik Hamad. Immediately afterward, he met Mr. Haniya nearby.

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"Nothing has failed," Mr. Abbas said in brief comments to reporters after his meeting. "God willing, it will all be resolved."

Since assuming power in the spring, the Hamas government has barely functioned. Western countries cut off assistance, Israel has arrested dozens of Hamas legislators and cabinet ministers, and unpaid Palestinian government workers have gone on strike.

A unity government would seek a restoration of Western aid and could help end, or at least reduce, the Palestinian infighting. But the factions have been unable to agree on several core issues, including a formal recognition of Israel, which Fatah accepts and Hamas rejects.

Qatar's plan, as reported in the Palestinian media, calls for a two-state solution to the Israeli-Palestinian conflict, which could be viewed as an implicit recognition of Israel.

It also calls for a prime minister who is not directly connected to either Hamas or Fatah. Hamas has said it will not be pushed out of positions it holds based on its victories in the January elections.

While Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role, said Mkhaimar Abusada, a political science professor at Al Azhar University in Gaza City.

Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago, Mr. Abusada noted. "Qatar has long wanted to play this role as mediator," he said.

Meanwhile, in violence on Monday, a 15-year-old Palestinian boy, Mahmoud Nasser, was killed and four more Palestinians were wounded by an Israeli artillery strike in northern Gaza, Palestinian medical workers and the Israeli military said.

The military said that it launched artillery at a Palestinian who was retrieving a rocket launcher that had been used Saturday to fire into southern Israel. The militants fled after firing the rocket, leaving the launcher behind.

Palestinian medical workers said the youth had apparently been working in a farming field and approached the launcher. Mahmoud's father, Jamal Nasser, 50, was one of those wounded, the Palestinians said.

Near the West Bank city of Nablus, an Israeli soldier shot dead a Palestinian man who pulled a knife at a military checkpoint and tried to stab another soldier, the military said.

Danish Web Videos On Muhammad Taken Down (WP/AP)

By Jan M. Olsen

The Washington Post, October 10, 2006

COPENHAGEN, Oct. 9 -- Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East.

Muslim clerics from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps. A second drawing placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud.

In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented.

Prime Minister Anders Fogh Rasmussen condemned the youths in the video Sunday, saying that "their tasteless behavior does in no way represent the way the Danish people or young Danish people view Muslims or Islam."

Citing critical media reports from many Muslim regions, the Foreign Ministry cautioned against travel to the Gaza Strip, the West Bank, Saudi Arabia, Lebanon, Jordan, Egypt, Iraq, Iran, Syria and Turkey.

The video was produced by an artists' group, Defending Denmark. In a message posted along with the video, the group said it had infiltrated the Danish People's Party Youth for 18 months "to document [their] extreme right-wing associations."

"This is not an example of something that is meant to provoke. This is an example to show how things are in Danish politics," artist Martin Rosengaard Knudsen told Danish public radio.

In Jordan on Monday, a powerful umbrella group for about 200,000 professionals including engineers, doctors and journalists called on Muslims to sever relations with Denmark, saying the video "reveals hatred toward the Prophet who came to the world with a message to enlighten the people."

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Hard-line Muslims and leftists in these professional associations have repeatedly called on the government to abolish a 1994 peace treaty with Israel.

The episode comes in the aftermath of an outcry across the Muslim world over the September 2005 printing in a Danish newspaper of 12 cartoons portraying Muhammad. For most Muslims, any artistic rendition of Muhammad is taboo.

Venezuela Has Deficit As Chávez's Spending Outpaces Oil Gains (WSJ)

By Raul Gallegos

The Wall Street Journal, October 10, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures.

Venezuela's oil industry accounts for about one-third of gross domestic product and one-half of government revenue. "We expect to see a deficit of $7.7 billion this year," or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas.

Mr. Chávez has continued to fund popular social programs that include free health care, education and subsidized food, as he seeks another six-year term in office in December elections. He has raised salaries of state workers, continues to fund state enterprises and gives soft loans to favored industries. Many analysts expect total spending to surpass 120 trillion bolivars or almost 40% of GDP by year's end.

State spending has pushed up prices for goods and services, resulting in 12.5% inflation as of September.

The Venezuelan economy grew 9.6% during the first half of the year. Central bank officials expect the year to end with economic growth of 7% to 8%.

Most economists agree the Chávez administration has enough money to fend off fiscal trouble for at least 18 months in the unlikely case that prices for Venezuela's heavy crude basket fall significantly. Mr. Chávez has set aside an estimated $47 billion in discretionary funds.

Briefly: LA PAZ, Bolivia -- Bolivian Vice President Álvaro García Linera said he is confident his government and foreign energy companies can agree on new gas contracts before a Nov. 1 deadline. The "nationalization" decree signed by President Evo Morales on May 1 called for the transfer of a 51% ownership stake in all energy projects to a state-owned energy company, and said if new contracts aren't signed with six months, the companies -- including Brazil's Petrobras, France's Total SA and Spanish-Argentine Repsol-YPF -- would lose their concessions.

Arab League Nations Offer Peacekeeping Troops For Darfur (WP/AP)

Associated Press

The Washington Post, October 9, 2006

CAIRO, Oct. 8 -- Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region, diplomats said Sunday.

The Arab League diplomats said Sudan's president rejected the initial proposal -- as he has all suggestions for a U.N.-affiliated contingent, regardless of the makeup -- but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than other attempts to stop the humanitarian crisis.

"The situation is deteriorating and needs intervention," said Hesham Youssef, a top aide to the league's secretary general, Amr Moussa.

Youssef said the Arab negotiators believed that the world community and the United States should be flexible.

"The Americans should realize that there should be a compromise," he said.

The new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of a U.N. Security Council resolution that would let the United Nations take control of and significantly expand a peacekeeping force in the western Darfur region, run so far by the African Union.

The two sides are still far apart, however. And it was unclear how much leverage the Arab countries -- close neighbors and supporters of Sudan's Arab-dominated government -- have or how strongly they intended to press the proposal.

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The United States has asked its moderate Arab allies such as Egypt to take a greater role on Darfur, with Secretary of State Condoleezza Rice making it a key mission of her Mideast trip last week.

The violence began in 2003, when the Sudanese government, backed by a local Arab militia called the Janjaweed, mounted a bloody military campaign against civilians suspected of supporting Darfur rebel groups. War and disease have left as many as 450,000 people dead, and 2 million have been displaced.

Fears that the tensions could spread were highlighted this weekend when Sudanese soldiers crossed the border into eastern Chad to fight a group of Darfur rebels, leaving more than 300 people injured, an aid worker said Sunday, speaking on condition of anonymity because he was not allowed to divulge information to the news media.

Chadian government spokesman Hourmadji Moussa Doumgor said he had no information about the battle.

Some analysts have said they believe Arab countries will be loath to press their proposal too hard unless the United States makes progress on other issues important to them, such as Israeli-Arab peace efforts.

Another possible negotiator, China, is believed to have strong leverage with Sudan because it is Sudan's main oil partner. But China so far has indicated it believes Sudan has the right to keep the peacekeepers out.

African-Arab nations such as Algeria, Egypt and Mauritania already have small contingents operating in Darfur with the African Union peacekeepers.

Ruling Belgium Coalition Takes Hit (AP-Y)

By Constant Brand, Associated Press Writer

AP, October 9, 2006

Early results showed the party of Belgium's prime minister giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected.

Prime Minister Guy Verhofstadt sought to put a brave face on the losses of his Liberal Democrats.

"The average trend of the Flemish Liberal Democrats is not so good," Verhofstadt said. "We must acknowledge that the government has had a few bad months and we know that whoever leads faces the most fire."

The biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats.

"We have gone so far ahead. ... We have won spectacularly. We are the winners of this election," said Flemish Interest party Chairman Frank Vanhecke. The party made big gains in almost all the 308 municipal councils across the region of Flanders.

The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants.

It expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class.

Flemish Interest, which ran on an anti-immigrant platform, has been kept in opposition in Antwerp by an unlikely coalition whose only common cause is keeping the city out of the hands of the far right.

That scenario is likely to be repeated in other areas after Sunday's election. Despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council.

Early results also showed losses for Verhofstadt's Socialist coalition partners in the southern Wallonia region and in the capital region of Brussels.

Verhofstadt had hoped to stem major losses before national elections expected in either May or June and to keep in place his fragile coalition for a run at a third term in office.

Danish Tape Galls Muslims (NYT)

The New York Times, October 9, 2006

FRANKFURT, Oct. 8 — Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad.

The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members.

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Muslim leaders in Denmark condemned the video but said they would not be goaded into taking action. Last fall a Danish daily published derogatory cartoons of Muhammad that prompted protests.

Vietnam Trade Plan Upsets Some Retailers (USAT)

By David J. Lynch, Usa Today

USA Today, October 9, 2006

Officials want bill passed before Bush trip to Hanoi

WASHINGTON — An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers.

The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say. "We're pretty upset," says Eric Autor, vice president of the National Retail Federation.

The administration wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit. But Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills.

In response, trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of "whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam," said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the U.S. Trade Representative.

The letter also said any anti-dumping penalties could be applied "retroactively" to retailers such as Target, Liz Claiborne and The Gap, effectively encouraging them to buy from countries such as Cambodia or Bangladesh rather than Vietnam. If Vietnam exports sag, their ability to buy more U.S. products will be in doubt, Autor says.

Textile industry supporters insist they need new defenses. "Vietnam has a state-owned and state-subsidized textile and apparel sector. They can underprice not only our goods, but those of every other country in the world," says Cass Johnson, president of the National Council of Textile Organizations.

The industry, which blames foreign competition for the loss of 179,000 textile jobs in the past five years, worries that Vietnam will take clothing orders from Central American garment makers who use U.S. yarns and fabrics.

Under anti-dumping law, industries claiming damage from unfairly priced imports must petition the government for an investigation. But they can only complain about foreign makers of the same products they make. So North Carolina's fabric mills can't complain about Vietnamese clothing shipments.

The government has the authority to start investigations on its own, but rarely does. The last case, against Canadian softwood lumber shipments, was in 1991, the Commerce Department says.

Susan Esserman, who administered U.S. anti-dumping law as an assistant secretary of Commerce in the Clinton administration, says the new textile deal "is a very unusual move. It would create uncertainty and risk, and have a chilling effect on trade."

But Esserman, now a partner at Steptoe & Johnson, a Washington law firm, says anti-dumping investigations of Vietnamese shipments won't automatically mushroom. And Stephen Norton, a spokesman for the U.S. Trade Representative's office, rejected the idea that other industries might win similar protection.

"Our commitment is … specific to Vietnam and specific to this case," he said.

Johnson, however, says textile makers may seek similar protection against Chinese imports when current safeguard measures expire Jan. 1, 2009.

US Think-tank To Launch China Policy Centre (FT)

By Edward Luce In Washington

Financial Times, October 9, 2006

The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing.

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It will be funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years.

Brookings says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power.

"China's rise is the most important geopolitical event of our lifetime," said Mr Thornton during an interview.

"American policymakers need to acquire a much more sophisticated understanding of what is happening in China domestically and why – a grasp that is often lacking in Washington."

Strobe Talbott – the head of Brookings, who was deputy secretary of state during the Clinton administration – said that it would scrutinise China's growing diplomatic, economic and military power and analyse questions such as the impact of China on global warming.

"It is clear we are living in a post-Kyoto [the climate change agreement] world," said Mr Talbott.

"One of the most pressing questions is how and whether China will become part of the solution to the crunch between its energy needs and global warming. What we need is a Shanghai protocol on climate change."

Mr Talbott said the other two pressing questions about China were how it would manage its political system as it opened up to the world, and what impact China's rise would have on international institutions such as the United Nations and the World Trade Organisation.

Brookings is also planning a centre dedicated to India, the world's other emerging economic superpower.

"The triangular relationship between the US, China and India will shape the world in the coming decades," Mr Talbott said.

He said the evolution in the Bush administration's stance – from branding China a "strategic competitor" in 2001, to calling on it to become a "responsible stakeholder" – was positive.

"China talks of its own 'peaceful rise'," he said. "It is important America engages with China in a way that assists that process."

But the US should be wary of exaggerating China's military clout and painting it into a corner on other disputes, such as its currency overvaluation and growing trade surplus with the US, he said.

Mr Thornton said the approach of Hank Paulson, the US treasury secretary and a former colleague of his at Goldman Sachs, who visited China last month, set a benchmark for how US officials should interact with their Chinese counterparts.

China's Iron Grip (WP)

By Fred Hiatt

The Washington Post, October 9, 2006

It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world.

Less well known is that China feels so unconstrained that it is brazenly harassing dissidents in the suburbs of Washington, D.C., too.

Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents.

Of course, surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison.

Which leads to the question: Why would this 60-year-old grandmother with a sparkling smile arouse such fear and hatred in the powerful Communist rulers of Beijing? And what does that tell us about the nature of the regime that will be hosting the Olympics in less than two years?

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These questions have come to the fore because Rebiya Kadeer has been nominated for the Nobel Peace Prize, the winner of which will be announced this week. Of course scores of people are nominated every year, but the talk alone has so infuriated Chinese officials that they have taken to threatening Norwegian officials with grave consequences if Kadeer should win.

So who is she? Former laundress, self-made businesswoman, mother of 11, member of the Turkic minority known as Uighurs who live in far western China. In the 1990s, China's regime elevated her to the national parliament, where she behaved as though China's virtuous laws on ethnic rights and autonomy were meant to be enforced.

She found out otherwise, and in 1999 was imprisoned for providing "state secrets" to foreigners. The "secrets" were newspaper clippings. Last year she was freed early from her eight-year sentence and exiled to the United States on the condition that she keep quiet.

"I nodded my head, for fear they would not let me go," she told me in an interview last week. "I had no choice. But after I came out, I couldn't not speak out for my people."

Her people consist of about 9 million Uighurs in China and 2 million or so elsewhere, mostly in Central Asia. Like the Tibetans, they have been subjected to decades of grinding repression that has left them, as a group, "nearly in a comatose state," Kadeer said. Forced abortions; children taken away to be raised in what she calls "mainland China"; history falsified; native language disfavored; jobs and natural resources delivered to ethnic Chinese -- the story is familiar.

Repression intensified in 1997, Kadeer says, when the Chinese government felt that its rising power allowed it to stop even pretending about autonomy. It worsened again after the Sept. 11, 2001, attacks. The Uighurs are Muslim, and among them are a few violent separatists; the Chinese took advantage of the "war on terror" to imprison thousands of peaceful Uighurs as terrorists.

Kadeer has now been similarly labeled, though an official dispatch in June gave away the real Chinese objection. Kadeer "promised not to take part in any activities endangering the security of the People's Republic of China," the dispatch complained, but "immediately upon arriving overseas she shed her pretense" and became active with pro-democracy forces. Kadeer, in other words, is a threat because she is an effective, engaging spokeswoman for her cause.

Ten years ago, when Kadeer still had hope for the Chinese system, so did American officials: engagement, trade and rising prosperity would lead to openness and political freedom, or so the theory went.

Instead, as a rare open letter to President Hu Jintao from 54 China experts around the world noted on Sept. 29, there has been a "sharp increase in official retaliation" against human rights advocates and their families "through persistent harassment, banishment, detention, arrest, and imprisonment."

Even in Fairfax County.

Putin Promises Probe Of Journalist's Slaying (WP/AP)

The Washington Post, October 10, 2006

MOSCOW, Oct. 9 -- President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist who was a fierce critic of Kremlin policy toward Chechnya.

In a phone conversation, Putin said that "all necessary efforts will be made for an objective investigation into the tragic death" of Anna Politkovskaya, gunned down in an apparent contract killing Saturday.

Putin's remarks were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya.

Her newspaper has offered a reward of nearly $1 million for information that would help solve the crime, which provoked worldwide condemnation.

Colleagues said she had been working on a story about torture and abductions in the war-ravaged province -- abuses she blamed on the Moscow-backed prime minister, Ramzan Kadyrov. "I dream of seeing him tried," she said in an interview days before her death.

Moscow Rally Memorializes Slain Reporter (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 9, 2006

DOJ_NMG_0077624

MOSCOW, Oct. 8 -- Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its "particular importance and its wide resonance within society."

"The investigation will focus on possible links between the killing and Politkovskaya's work," said Marina Gridneva, a spokeswoman for the prosecutor general, Yuri Chaika, who is now heading the probe into the journalist's death.

The killing of Politkovskaya, a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved.

The two killings challenge the notion that President Vladimir Putin has eradicated the vicious score-settling that marked Russian society in the 1990s or that his centralization of power has fostered stability. The killings also raise questions about whether it is safe for journalists, bureaucrats or opposition activists to challenge the country's vested interests, whether public or private.

"The murder is a diagnosis for this society," Igor Yakovenko, head of the Russian Union of Journalists, said of Politkovskaya's death. "But our society is unconscious."

The Kremlin has issued no statements about the killing. Putin on Sunday held a government meeting that usually results in statements on any number of issues.

Politkovskaya, 48, was shot in the chest and head Saturday afternoon in the lobby of her apartment building in Moscow. The gunman threw the weapon at her feet, the signature of an assassin. Police say a surveillance camera just outside the building captured an image of a suspect, a young man who was wearing dark clothes and a baseball cap.

The killing of Politkovskaya, whose work had long focused on human rights abuses by Russian forces and their Chechen allies through two wars in Chechnya, generated a wave of domestic and international revulsion and calls for the Russian authorities to solve the crime -- something that signally failed to happen after the killings of other journalists here.

Politkovskaya, who worked for the Novaya Gazeta newspaper, was the 13th journalist killed since Putin came to power in 2000. She was the third Novaya Gazeta journalist slain in the past 15 years, according to the paper's deputy editor, Vitaly Yaroshevsky.

Politkovskaya had received numerous death threats in the past and at one point fled to Vienna after credible evidence of a plot against her surfaced. In her reporting in Chechnya, she braved the hostility of Russian officers, who feared and loathed her. In 2000, she was detained, beaten and subjected to a mock execution by her military captors. Last year, her daughter, one of two adult children, was nearly forced into oncoming traffic while driving Politkovskaya's car, which was then smashed by unknown assailants.

"It is extremely important to break the circle of inconclusive investigations . . . of the recent murders of journalists in Russia," Miklos Haraszti, a representative on media freedom for the Organization for Security and Cooperation in Europe, said in a statement. "The violent death of any member of the media stifles the free spirit of journalism. But in this case, the expediency of action is extremely important also because Anna Politkovskaya was an outspoken critic of government policies."

"It's amazing that we haven't heard a single word from Putin," said Vladimir Korsunsky, editor of the news site Grani.ru, who attended a roundtable discussion about the killing with other prominent journalists Sunday evening. The group called for a national day of mourning on Tuesday.

According to Novaya Gazeta, Politkovskaya was about to publish an exposÃ© of torture and kidnappings by forces allied with Chechnya's prime minister, Ramzan Kadyrov, a frequent subject of her work.

"We never got the article, but she had evidence . . . and there were photographs," Yaroshevsky told Echo Moscow radio.

Kadyrov told the Russian news agency Interfax that he was "deeply aggrieved to hear the news of Politkovskaya's murder. I was shocked by this bloody terror act."

But he added, "One cannot speak about any 'Chechen trail' based only on assumptions."

One of Novaya Gazeta's co-owners, Russian billionaire Alexander Lebedev, said he was offering a nearly $1 million reward for information leading to the capture of those who ordered and carried out the killing. Former Soviet leader Mikhail Gorbachev also owns a minority stake in the newspaper.

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The rally in Moscow on Sunday was originally organized to call attention to the plight of Georgians living in the city who have been harassed by authorities because of heightened tension between Russia and Georgia, according to human rights activists. But the Georgian focus of the event was overshadowed by Politkovskaya's death.

"Judging by the gathering today, there are people who are willing to do something," Georgy Satarov, head of the Indem Foundation, a nongovernmental organization that monitors corruption, said after speaking at the rally. "But there are not enough people to change the situation."

Slaying Of Russian Reporter Jolts Nation (WT)

By Michael Mainville, The Washington Times

The Washington Times, October 9, 2006

MOSCOW -- The slaying of investigative journalist Anna Politkovskaya sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin.

Russian Prosecutor General Yuri Chaika took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's "particular importance and its wide resonance within society."

Press reports said police were focusing on footage from a security camera in the lobby of her apartment building that showed the suspected killer, a tall young man wearing dark clothing and a black baseball cap.

A 48-year-old mother of two, Mrs. Politkovskaya was the 13th reporter to die in a contract-style killing since Mr. Putin came to power, according to the Committee to Protect Journalists. Most have gone unsolved.

Mrs. Politkovskaya had gained recognition at home and abroad for her relentless reporting of human rights abuses in Russia, particularly in Chechnya. She was one of the few remaining journalists in Russia willing to report on abuses in the southern province and openly criticize Mr. Putin.

She had been repeatedly threatened and had fled to Vienna, Austria, in 2001, before returning to Moscow after several months. She was convinced that she had been poisoned on a flight to cover the 2004 school siege in Beslan, in which more than 330 people died when troops stormed a school held by Chechen rebels.

Mrs. Politkovskaya had said she fell unconscious after drinking a cup of tea during the flight and woke up in intensive care.

Her colleagues in Russia said they have no doubt Mrs. Politkovskaya's killing was connected with her work.

"There can be no other reason she died [than] because of her duties as a journalist. This was a politically motivated killing," said Vitaly Yaroshevsky, a deputy editor at Mrs. Politkovskaya's newspaper, Novaya Gazeta.

Mr. Yaroshevsky said that in the days before her death, Mrs. Politkovskaya had been working on a story documenting new cases of kidnapping and torture in Chechnya. It was to be published today.

In a radio interview on Thursday, Mrs. Politkovskaya hinted at the explosive nature of her story, saying she would be appearing as a witness in an abduction and torture case directly implicating the Kremlin-backed prime minister of Chechnya, Ramzan Kadyrov.

Human rights groups have repeatedly accused Mr. Kadyrov's forces in Chechnya of widespread abuses, but Mr. Kadyrov has always denied any personal involvement in torture. In the interview, she called him the "Stalin of our times" and a "heavily armed coward."

Her killing came two days after Mr. Kadyrov's 30th birthday, prompting some speculation that the assassination was served up as a present. Saturday was also Mr. Putin's birthday.

Hundreds of people gathered in central Moscow yesterday to pay tribute to Mrs. Politkovskaya and denounce attacks on the press. "The Kremlin has killed freedom of speech," read one poster at the gathering.

Born in New York, where her parents were Soviet diplomats at the United Nations, Mrs. Politkovskaya began her journalism career at the newspaper Izvestia and started covering Chechnya for Novaya Gazeta in 1999.

Elegant, with large reading glasses and gray hair, Mrs. Politkovskaya hardly fit the picture of a war correspondent. Yet her detailed and harrowing accounts of killings, torture and beatings of civilians by Russian servicemen in Chechnya were considered some of the finest reporting from the region.

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"My notes are written for the future. They are the testimony of the innocent victims of the new Chechen war, which is why I record all the detail I can," she wrote in her 2003 book "A Dirty War: A Russian Reporter in Chechnya."

In 2004, she published "Putin's Russia" -- a highly critical political biography that accused Mr. Putin of failing to shake off his past as a KGB agent. "He persists in crushing liberty just as he did earlier in his career," she wrote in the book's introduction.

In a postscript written in July 2004, she said the killing a day earlier of Paul Klebnikov, the American-born editor of the Russian edition of Forbes, reflected the worst of what Russia had become under Mr. Putin.

"Yes, stability has come to Russia. It is a monstrous stability [in which] nobody in his or her right mind seeks protection from the institutions entrusted with maintaining law and order, because they are totally corrupt.

"Lynch law is the order of the day, both in people's minds and their actions. An eye for an eye, a tooth for a tooth."

No Suspects In Russian Journalist's Slaying (WSJ)

By Guy Chazan

The Wall Street Journal, October 9, 2006

MOSCOW -- The killing of investigative reporter Anna Politkovskaya has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power.

Ms. Politkovskaya, whose reporting on Russian atrocities in Chechnya won her numerous international awards but also made her a host of enemies, was shot dead in the elevator of her Moscow apartment block Saturday afternoon. Investigators said the contract-style killing appeared to be linked to her work as a journalist, but they haven't identified any suspects.

Ms. Politkovskaya's reporting had in recent years featured hard-hitting criticism of the pro-Russian authorities in Chechnya. Colleagues at her newspaper, Novaya Gazeta, said she had been working on an article for today's edition claiming torture of Chechen civilians by security forces loyal to the region's pro-Moscow prime minister, Ramzan Kadyrov.

Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved. Journalists have often been targeted: Two years ago the American reporter Paul Klebnikov, editor of the Russian edition of Forbes, was shot dead in downtown Moscow. Senior officials also aren't immune. Last month, Andrei Kozlov, a central banker who led a crusade to clean up Russia's crime-infested banking sector, was gunned down outside a Moscow sports stadium.

Such assassinations have persisted in Russia despite President Vladimir Putin's pledge to institute a "dictatorship of law." Although his crackdown on the opposition has ensured a measure of political stability, crime and corruption have eroded popular confidence in the state.

Ms. Politkovskaya's killing could have a chilling effect on a journalistic community already cowed by Mr. Putin's crackdown on the independent press. "Anna's murder was political," said Liudmila Alekseyeva, one of Russia's best-known human-rights campaigners and head of the Moscow Helsinki Group. "She wrote about the crimes of the state...and the only way the state could silence her was by killing her."

Ms. Politkovskaya's slaying "is a terrible murder, and it is being dealt with at the highest level," said Dmitry Peskov, a spokesman for Mr. Putin. "Police and investigators will spare no effort to find those responsible."

In Washington, State Department spokesman Sean McCormack said the U.S. was "shocked and profoundly saddened" by the murder and urged an immediate and thorough investigation to bring her killers to justice.

Some observers expressed skepticism that the perpetrators would be found. Few of the 12 murders of reporters in the past six years have been solved. "Russia is one of the most murderous places in the world for journalists, and it has a long history of impunity in these killings," said Joel Simon, executive director of the New York group Committee to Protect Journalists.

A mother of two grown children, Ms. Politkovskaya, 48, worked for Novaya Gazeta, a muckraking weekly publication partly owned by former Soviet President Mikhail Gorbachev. She joined in 1999, just before Russia sent troops into the southern region of Chechnya to crush a separatist revolt, and quickly made a name for herself with her dramatic reports from the war zone.

She was one of the only Russian journalists to travel regularly to Chechnya and chronicle the sufferings of Chechen civilians while also describing the hardships suffered by ill-fed and ill-equipped Russian soldiers. Her articles later came out in a

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book, "A Small Corner of Hell: Dispatches from Chechnya," which sealed her reputation in the West as one of the bravest voices in Russian journalism.

In 2001, Ms. Politkovskaya received death threats from a Siberian policeman, Sergei Lapin, whom she had accused of torturing and kidnapping civilians while stationed in Chechnya. Fearing for her safety, Ms. Politkovskaya's editors placed her under protective guard and later bundled her off to Austria for a few months. Meanwhile, on the basis of her reports, Mr. Lapin was tried in March 2005 and sentenced to 11 years in jail.

Then, in September 2004, Ms. Politkovskaya, who had by then emerged as one of the most outspoken domestic critics of Mr. Putin, claimed she was poisoned while flying to southern Russia to cover the seizure of hostages by militants at a school in Beslan. She was hospitalized and nearly died.

In recent years the focus of her reporting shifted to Mr. Kadyrov, the controversial Chechen strongman handpicked by the Kremlin to impose order in the rebel region. In her last published article, she claimed his security force -- known as the "Kadyrovtsy" -- was dominated by petty criminals and murderers who had switched to the pro-Russian camp solely to settle personal scores. Mr. Kadyrov has repeatedly denied claims that members of his forces have engaged in criminal activity or abused human rights.

In an article on its Web site yesterday on the slaying, Novaya Gazeta said one theory is that Ms. Politkovskaya may have been killed by enemies of Mr. Kadyrov in an attempt to discredit him. Mr. Kadyrov turned 30 last week, making him eligible for the Chechen presidency. He has many foes in a region where blood feuds often last generations.

"What's clear is that she somehow threatened the interests of very high-placed people in Russia, and as we can see, very dangerous people," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta.

Another Russian Journalist Murdered (WSJ)

The Wall Street Journal, October 9, 2006

On Saturday, one of the Russian President Vladimir Putin's fiercest critics was shot dead in her apartment block. Anna Politkovskaya was famous for her coverage of human rights abuses in Chechnya -- a conflict largely ignored by most of the increasingly state-controlled Russian media. She accused the region's Moscow-backed prime minister, Ramzan Kadyrov, of torture and abductions of civilians.

In her last interview, given to U.S.-run Radio Free Europe, Ms. Politkovskaya said she was a witness in a criminal case against the Kremlin's strongman in Chechnya. "These are cases of kidnappings, including one criminal case concerning an abduction personally involving Ramzan Kadyrov, a kidnapping of two people, whose photographs are now on my desk," the AP quoted from Sunday's rebroadcast on Ekho Moskvy.

Today, her newspaper Novaya Gazeta had planned to run her latest investigative report on the dirty war in Chechnya. Her death disrupted the publication. "We never got the article, but she had evidence about these (abducted) people and there were photographs," Deputy Editor Vitaly Yerushensky told Ekho Moskvy radio, according to the AP.

Prosecutor-General Yury Chaika personally took charge of the investigation of her murder, his office said Sunday. We'd have more confidence in the state's determination to find the killer and his contractors if the death of journalists, particularly critics of the Kremlin, wasn't such a routine affair. Ms. Politkovskaya is the 13th journalist murdered in Russia since former KGB agent Putin has become president. Among the many unsolved murder cases is that of American journalist Paul Klebnikov. The editor of Forbes Russia was gunned down in Moscow in 2004. Then-Prosecutor General Vladimir Ustinov also said he'd take "personal control" of the investigations. Two years later, the Klebnikov family is still waiting for any convictions.

Where lawlessness rules, reporters run a particular risk. According to the New York-based Committee to Protect Journalists, Russia is the third deadliest place in the world for journalists, behind Iraq and Algeria. Ms. Politkovskaya is the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia.

Anna Politkovskaya (WSJ)

By Garry Kasparov

The Wall Street Journal, October 9, 2006

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NEW YORK -- The news came when I was getting ready to sit down in front of an audience with the New Yorker's editor, David Remnick, at the New Yorker Festival on Saturday. Suddenly we had a tragic new topic for our talk about the crisis in Russia today. Anna Politkovskaya was dead, shot down in cold blood in her apartment building. One of the few remaining voices of independent journalism in Russia, Anna was a fearless journalist best known for her reporting on the government's atrocities in Chechnya.

To know Anna was to know how profoundly she cared. She felt the pain of others deeply and communicated that passion in her work. She documented the illegal acts of the Russian security forces in the Northern Caucasus and the brutality of Ramzan Kadyrov and other Kremlin proxies in the region. She tenaciously investigated the government cover-ups around the Beslan and the Nord-Ost theater terrorist attacks, in which hundreds of civilians were killed. She took on the most sensitive stories and the most painful subjects. She was an inspiration because she was never intimidated, because she never wrote a line she didn't believe in passionately.

And on Saturday -- President Vladimir Putin's 54th birthday -- Anna Politkovskaya was murdered. Her killers made no attempt to disguise what their act was, no attempt to make it look like anything other than a politically motivated assassination. Even Russian politicians who always worked to contradict and downplay her reports are calling it a political murder.

But what does that mean in a country where one person is in control of everything? This brutal episode cannot be taken outside the context of recent events in Russia. The forces in control here are facing an impending crisis and fault lines are beginning to appear in the Kremlin's vertical power structure. The authoritarian structure that Mr. Putin has built in Russia has been very profitable for his circle of friends and supporters. Income is siphoned off from every region of the country. Business and politics have been combined into a streamlined process for bleeding the nation dry. Now, however, Mr. Putin and his associates are approaching a dilemma. The president's term of office ends in 2008 and this efficient machine is threatening to explode. Should Mr. Putin stay or should he go?

The chaos that will surely occur if Mr. Putin leaves office is relatively easy to understand. Any mafia-like structure is based on the authority of the top man. If he leaves, or appears weak, there is a bloody scramble for his position. Whoever wins that battle must then eliminate the others to consolidate his grip, so the fighting is fierce. Perhaps only 10% of the combatants will pay in blood or incarceration and ruin, but nobody knows who will be in that 10%.

To avoid that dangerous uncertainty, some of Mr. Putin's closest lieutenants are dedicated to making sure the top man stays right where he is. The problem with this plan is that Mr. Putin is constitutionally prevented from staying in office beyond the end of his term in 2008. The main obstacle is not the Constitution, which can be easily adjusted to the Kremlin's requirements; the obstacle is that, after he has made so many statements about his intent to step down in 2008, Mr. Putin would lose almost all his legitimacy in the West if he exercised this option. Of course, his regime has never shown concern for the voices of America and Europe, and feeble indeed those voices have been. But the money his associates have become so adept at squeezing from Russian assets resides almost entirely in Western banks. If the Russian government loses its veneer of legitimacy, these accounts could begin to receive an unpleasant amount of scrutiny.

So what can the ruling elite do to avoid both the chaos of succession and the loss of easy relations with Europe and the U.S.? The answer is becoming clearer every day if you read the headlines and look at the big picture. The Kremlin is exaggerating and fabricating one crisis after another, all combining to create an image of imminent peril. Those who believe they have burned every bridge and cannot afford to see Mr. Putin step down are trying to build a case that he is the only alternative to anarchy.

The political showdown with Georgia has led to a government-sponsored racist campaign against Georgians living in Russia. Mr. Putin's latest statement on this issue was trumpeted as a major victory by Russian ultranationalists, who were delighted to hear his unequivocal endorsement of their platform. Inflammatory language of this sort is, of course, prohibited by our Constitution, which the president is sworn to protect. But what of that!

I am not even certain whether or not Mr. Putin himself desires to stay on. It's a stressful job and he certainly will not lack for material comforts when he retires, unless of course the next government finds itself in need of a scapegoat.

There is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's

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Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power. This is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world.

Mr. Kasparov, former world chess champion, is chairman of the United Civil Front in Russia.

A Moscow Murder Story (WP)

By Anne Applebaum

The Washington Post, October 9, 2006

She wasn't charismatic, she didn't fill lecture halls and she wasn't much good at talk shows either. Nevertheless, at the time of her murder in Moscow Saturday, Anna Politkovskaya was at the pinnacle of her influence. One of the best-known journalists in Russia and one of the best-known Russian journalists in the world, she was proof -- and more is always needed -- that there is still nothing quite so powerful as the written word.

The subject of Politkovskaya's writing was Russia itself, and in particular what she called Russia's " dirty war " in Chechnya. Long after the rest of the international press corps had abandoned Chechnya -- it was too dangerous for most of us, too complicated, too obscure -- she kept telling heartbreaking Chechen stories: The Russian army colonel who pulled 89 elderly people from the ruins of Grozny but received no medals, or the Chechen schoolboy who was ill from the aftereffects of torture but could get no compensation. A hallmark of her books and articles was the laborious descriptions of how she tried, and invariably failed, to get explanations from hostile and evasive Russian authorities. At the same time, she had no patience for the fanatical fringe of the Chechen independence movement either.

Over the years Politkovskaya won scores of international prizes. At home she was threatened, arrested and once nearly poisoned by the same Russian authorities who refused to respond to her questions. The only official acknowledgment of her status was backhanded: In 2002, when Chechen rebels stormed a Moscow theater, she was called upon to help negotiate the release of hostages. She failed to keep them alive, and now she is dead too.

Politkovskaya was not, it is true, the first Russian journalist to be murdered in murky circumstances since 2000, when President Vladimir Putin came to power. Among the worst crimes -- all, of course, unsolved -- were the murders of two provincial journalists from the city of Togliatti, probably for investigating local mafia; of Paul Klebnikov , the American editor of Forbes magazine's Russian edition, probably for knowing too much about Russia's oligarchs; and of a Murmansk television reporter who was critical of local politicians.

Nevertheless, Politkovskaya's murder marks a distinct turning point. There was no attempt to disguise the murder as a theft or an accident: Her assassin not only shot her in broad daylight, but he left her body in the elevator of her apartment building alongside the gun he used to kill her -- standard practice for Moscow's arrogant hit men. Nor can her murder be easily attributed to distant provincial authorities or the criminal mafia: Local businessmen had no motivation to kill her -- but officials of the army, the police and even the Kremlin did. Whereas local thieves might have tried to cover their tracks, Politkovskaya's assassin, like so many Russian assassins, did not seem to fear the law.

Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory. As Russian (and Eastern European) history well demonstrates, it isn't always necessary to kill millions of people to frighten all the others: A few choice assassinations, in the right time and place, usually suffice. Since the arrest of oil magnate Mikhail Khodorkovsky in 2003, no other Russian oligarchs have attempted even to sound politically independent. After the assassination of Politkovskaya on Saturday, it's hard to imagine many Russian journalists following in her footsteps to Grozny either.

There are jitters already: A few hours after news of Politkovskaya's death became public, a worried friend sent me a link to an eerie Russian Web site that displays photographs of "enemies of the people" -- all Russian journalists and human rights activists, some quite well known. Above the pictures is each person's birth date and a blank space where, it is implied, the dates

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of their deaths will soon be marked. That sort of thing will make many, and probably most, Russians think twice before criticizing the Kremlin about anything.

And there is, at the moment, a lot to criticize. With crises brewing in Iran, Iraq and North Korea, few have had time to notice the recent escalation of the political dispute between Russia and Georgia, or to ponder the political consequences of Europe's increasing reliance on Russian gas, or to worry much about minor matters such as the deterioration of press freedom in Russia. Critics of Anna Politkovskaya's writing did complain, on occasion, that her gloom could be overbearing: She was one of those journalists who saw harbingers of catastrophe in every story. Still, it is hard for me not to write about her murder in the same foreboding tone that she herself would have used. It is so much like one of the stories she would have written herself.

Another Killing In Moscow (NYT)

The New York Times, October 10, 2006

Anna Politkovskaya, gunned down over the weekend in Moscow, was the 13th Russian journalist killed since Vladimir Putin became president — and one of the bravest. We may never know who killed her because politically motivated crimes have a way of never being solved in Mr. Putin's Russia.

There is no question about whom Ms. Politkovskaya held responsible in years of unflinching reporting from Chechnya: the Russian Army and Mr. Putin himself. When he finally got around to acknowledging her death yesterday it was in a cold-blooded statement that the authorities "will take every step to investigate objectively the tragic death of the journalist Politkovskaya."

Ms. Politkovskaya was 48, the mother of two grown children. She lived alone, in part because of the dangers of her job. On Saturday, she was about to deliver a major report to her newspaper about torture in Chechnya when a killer ambushed her and fired four shots from a silenced Makarov pistol, one in her heart and three in her head.

Police investigators seized all her research materials from her home and her office at Novaya Gazeta, one of the few independent newspapers still functioning in Moscow. We hope they lead to arrests, and not a cover-up. It is hard to be optimistic.

The murder of Ms. Politkovskaya — like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system — had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others.

It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem. Yet the former K.G.B. officer has presided over a systematic degrading of Russians' freedoms.

According to the Committee to Protect Journalists, Russia has been the third deadliest country for journalists over the past 15 years, after Iraq and Algeria. Despite the active hostility of the state, and the clear and ever-present danger, reformers have continued to speak up. Ms. Politkovskaya believed, as did Mr. Kozlov and many others, that Russia could become a freer country. We hope that her terrible death will rally those who share her faith.

U.N. Security Council Nominates S. Korean As Secretary General (WP)

By Colum Lynch And Joohee Cho, Washington Post Staff Writers

The Washington Post, October 10, 2006

General Assembly Expected to Back Veteran Diplomat

UNITED NATIONS, Oct. 9 -- The U.N. Security Council voted unanimously Monday for South Korean Foreign Minister Ban Ki Moon to be secretary general, endorsing a discreet political survivor for the world's top diplomatic job. A formal vote by the 192-member U.N. General Assembly is expected to confirm Ban's selection, perhaps within a week.

The soft-spoken, patrician Korean functionary -- some call him "the man with no enemies" -- will take charge of a United Nations that is struggling to contain conflicts around the globe. Ban, 62, has expressed a desire to play a far more active role in resolving the nuclear standoff with North Korea than current Secretary General Kofi Annan, who will step down on Dec. 31 after a decade in the job.

Although he may lack the star power of Annan, a Nobel Peace Prize laureate once dubbed the secular pope, Ban is by most accounts a polished and patient diplomat who could help smooth over differences among the United Nations' most powerful members.

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Japan's U.N. envoy, Kenzo Oshima, said Ban's intimate knowledge of North Korean affairs would make him an asset in the campaign to persuade Pyongyang to back down. But some question whether Ban may be too diplomatic to take on powerful governments, including the United States, if they violate international norms, or to publicly scold noted human rights abusers, including North Korea, Burma and Sudan.

"He will not ruffle feathers," said Robert Einhorn, assistant secretary of state for nonproliferation in the Clinton administration, who has worked closely with Ban. "He is very diplomatic in the traditional sense of the word."

The U.N. body has never opposed a previous council choice. If approved, Ban will lead a $5 billion-a-year organization that carries out functions in virtually every corner of the world, ranging from the publishing of U.N. postage stamps to operating the world's second-largest expeditionary force, which will top 100,000 blue helmets in 18 conflicts by the end of the year.

In a series of interviews and public speeches, Ban said his chief priority will be to restore public confidence in an institution that has been buffeted by political squabbling among its members, mismanagement of a massive humanitarian program in Iraq, and sexual misconduct scandals involving U.N. peacekeepers.

But Ban sought to dash expectations that he would submit to U.S. insistence that the next secretary general devote most of his time to administrative tasks, saying he was eager to mediate conflicts in Sudan, the Middle East and North Korea.

"I intend to be more visibly engaged as a secretary general in addressing the regional conflict issue while trying to delegate the significant portion of my day-to-day managerial duties" to subordinates, Ban told an audience at the New York-based Asia Society.

His selection has already established Ban as something of a political lightning rod. James Kelly, the former U.S. assistant secretary of state for East Asian and Pacific affairs, said Ban's successful campaign for the top U.N. job may have played a role in the timing of North Korea's reported nuclear test. Pyongyang has long resented its southern neighbor's power and prosperity and may have been looking to overshadow Ban's election, Kelly said.

Some human rights advocates are cautious about Ban, saying he has taken a low-key approach to abuses in North Korea. But they credit Ban with backing key institutions, such as the International Criminal Court, that hold rights abusers to account.

"He says the right things when you speak to him," said Kenneth Roth, the executive director of Human Rights Watch. "The big open question is, he is studiously bland. He seems determined not to give offense, and sometimes to effectively promote human rights you have to give offense."

Ban's selection marks the first time since the United Nations' founding that a secretary general has come from a military ally of the United States. And Ban actively pressed his government to send Korean troops to Iraq, backing a U.S.-led invasion that was bitterly opposed by Annan and most U.N. members.

Still, Ban has persuaded China and Russia that he will show sufficient independence from the United States.

"For him to get U.S. support was easy. He's very well liked in Washington," said Richard C. Holbrooke, a former U.S. ambassador to the United Nations who heads the Asia Society. "The fact that he could get the Chinese on board, provided he didn't make a private arrangement with them, providing there is no secret understanding, is . . . an extremely impressive achievement."

Ban was born into a upper class family in South Korea's North Chungchong province. His entry into the world of international affairs began as a teenager in 1962, when he won an English-language speech contest that led to a visit to the United States and a meeting with President John F. Kennedy. The trip inspired Ban to pursue a career in diplomacy.

Ban has since developed extensive experience in the United Nations, where he served South Korea as a junior diplomat and later as chief of staff of former U.N. General Assembly President Han Seung Soo. Han, the former South Korean foreign minister, led the world body after the Sept. 11, 2001, terrorist attacks.

Han credits Ban with playing a key role in shaping the U.N. response to the terrorist attacks. "Ban appears to be soft-spoken, but he can be tough when needed," Han said.

Han described his former aide as "righteous man" who hails from a "very noble family that honors sacrifice for the greater good."

"When his son was drafted to one of the toughest divisions in the military, he could have used his power status to move his boy to a less dangerous post," Han said. "Ban flatly refused to do so, saying there's a line between public and private affairs."

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Cho reported from Seoul.

Security Council Approves South Korean As U.N. Chief (NYT)

By Warren Hoge And Choe Sang-hun

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The Security Council on Monday officially nominated Ban Ki-moon, the foreign minister of South Korea, to become the next secretary general of the United Nations, essentially assuring him the post.

While Mr. Ban said it was an honor for him and his country, he noted that North Korea's announcement of a nuclear test cast a shadow on his nomination.

"This should be a moment of joy, but instead I stand here with a very heavy heart," Mr. Ban said in a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Kenzo Oshima, the ambassador of Japan, the Council president, announced that Mr. Ban had been approved by all 15 members by acclamation. His nomination had been assured after he won four informal polls of the Council's members over the summer, leading to the withdrawal last week of the six other candidates.

Mr. Ban, 62, will succeed Kofi Annan, who retires Dec. 31 after two five-year terms. Mr. Annan released a statement affirming "the highest respect for Mr. Ban" and pledging to help ensure a smooth transition.

Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term.

The Council took its action on Mr. Ban before convening an emergency meeting on North Korea's nuclear test. Mr. Oshima noted, "I think the fact the candidate is current foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean Peninsula that we are facing."

In a similar reference, John R. Bolton, the American ambassador, said, "It's really quite an appropriate juxtaposition that today, 61 years after the temporary division of the Korean Peninsula at the end of World War II, that we're electing a foreign minister of South Korea secretary general of this organization and meeting, as well, to consider the testing by the North Koreans of a nuclear device."

He added, "I can't think of a better way to show the difference in the progress that those two countries — great progress in the South and great tragedy in the North."

Mr. Oshima said he was sending a letter on Monday to the 192-member General Assembly, which, under the United Nations Charter, is responsible for appointing a new secretary general on receiving the choice of the Security Council.

The General Assembly will draw up its own resolution on the appointment and circulate it to the membership for action, expected before the end of the week.

Only a simple majority is required for approval, and the last four secretaries general were appointed by the General Assembly through a resolution adopted by consensus, without a vote. The assembly has never rejected the Council's selection.

Mr. Ban said he would "contribute as much as I can to the resolution of all kinds of problems, including the North Korean nuclear issue, that may threaten international peace and security."

He said the test "directly challenged" a Security Council resolution against such an act and was "a unilateral abrogation and annulment" of a 1991 nonnuclear agreement between the Koreas. He also called it "a grave and direct threat to peace and stability on the Korean Peninsula and in Northeast Asia."

In campaigning for the job, Mr. Ban presented himself as a reformer who "will lead by example" and as a "harmonizer and bridge-builder" who will try to expel the widespread "mistrust" of the United Nations.

Specifically, Mr. Ban said he would focus on the need to guarantee human rights, on the special responsibilities the world body had to the developing world and on overhauling the management of the United Nations — a priority of the United States and its allies.

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"It is true that the U.N. has not lived up to the expectations of the international community in terms of efficiency, transparency and accountability," he said, adding, "I will do my best to make the U.N. Secretariat reborn into a more relevant and efficient organization."

South Korea's Ban Ki Moon Is Nominated For Top U.N. Position (WSJ/AP)

The Wall Street Journal, October 10, 2006

UNITED NATIONS -- South Korean Foreign Minister Ban Ki Moon was officially nominated as the next U.N. secretary-general hours after North Korea announced it had tested a nuclear weapon.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Mr. Ban told reporters in Seoul, South Korea. Mr. Ban pledged to work to resolve the North Korean nuclear crisis.

Mr. Ban, 62 years old, was nominated by the U.N. Security Council to succeed Kofi Annan, whose second five-year term ends at the end of the year. He faces likely confirmation by the U.N. General Assembly.

Japan's U.N. ambassador, Kenzo Oshima, asked the 192-nation world body to act promptly to give final approval to Mr. Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

U.S. Ambassador John Bolton called Mr. Ban's selection "a very significant event," saying the United States looks forward to quick approval by the General Assembly.

"I can't think of a better way to show the difference in the progress of those two countries -- great progress in the South and great tragedy in the North," Mr. Bolton said.

In Seoul, Mr. Ban told reporters that if the General Assembly appoints him, he would "contribute as much as I can to the resolution of all kinds of problems including the North Korean nuclear issue that may threaten international peace and security."

North Korea hasn't mentioned Mr. Ban's bid to become U.N. secretary-general. It previously has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic-weapons program.

Mr. Ban has been South Korea's foreign minister for more than two years and served as national security adviser to two presidents -- jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

Mr. Ban would be the eighth secretary-general in the United Nations' 60-year history, overseeing an organization with some 92,000 peacekeepers around the world and a $2 billion annual operating budget. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Ban Nominated For U.N. Secretary-general (AP)

By Nick Wadhams, Associated Press Writer

AP, October 10, 2006

The U.N. Security Council on Monday formally nominated South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as United Nations secretary-general, all but assuring that the quiet diplomat will become the eighth chief in the world body's 61-year history.

What would have been an event of major significance — Ban will become one of the world's best-known and most influential diplomats over his five-year term — was overshadowed by North Korea's claim that it had conducted a nuclear test.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Ban said at a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Ban, who participated in six-party talks with the North in 2005, vowed to help resolve the North Korean nuclear crisis after he becomes secretary-general. He must be approved by the 192-nation General Assembly, which has never rejected a Security Council nomination.

Japan's U.N. Ambassador Kenzo Oshima asked the General Assembly to act promptly to give final approval to Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1, after Annan's second five-year term ends.

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"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

Some diplomats speculated that North Korea may have conducted the test when it did partly to signal its disapproval for Ban. The North has not publicly commented on his bid but has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic weapons program.

Normally the 15-member council would vote on a nomination, but Britain's Ambassador Emyr Jones-Parry suggested in Monday's meeting that Ban be approved by acclamation, done when there are no dissenting votes. The idea was greeted with applause from the other ambassadors, diplomats who attended the meeting said.

Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy.

The final straw poll last week revealed that he had the support of all five veto-wielding members of the council, and the remaining five candidates quickly left the race.

U.S. State Department spokesman Sean McCormack said in a statement that Ban "is the right choice to lead the United Nations at this pivotal time in its history." U.S. Ambassador John Bolton called Ban's selection "a very significant event."

"It's really quite an appropriate juxtaposition that today 61 years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea as secretary-general of this organization and meeting as well to consider the testing by the North Koreans of a nuclear device," Bolton said.

Ban's selection now will give him more than two months to prepare to lead an organization that has deployed 92,000 peacekeepers around the world and has annual operating budget of $5 billion. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Annan "warmly welcomes" the decision nominate Ban, whom he has the "highest respect for," U.N. spokesman Stephane Dujarric said. Annan, who won the Nobel Peace Prize as secretary-general in 2001, urged the General Assembly to make a decision on Ban as soon as possible.

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

He had courted Security Council nations aggressively during his campaign and gave numerous speeches to make himself better known and counter the impression that he was too quiet or humble to inherit the job.

Yet the actual selection process was mostly conducted behind closed doors, adhering to a tradition that has drawn criticism from some members of the General Assembly and non-governmental organizations that believe the job is too important to be awarded in such secrecy.

Nonetheless, diplomats said they believed Ban was the right man to lead the organization that many believe is in desperate need of reform. Its procurement department has been saddled by allegations of corruption and mismanagement, while many world leaders believe its most powerful organ, the Security Council, must be revamped to reflect the realities of 2006 and not 1945, when it was created.

"We think that he has all those qualities that are necessary for a secretary-general that are probably hard to differentiate and count on your hands," Russia's U.N. Ambassador Vitaly Churkin said. "This is the person who, with our support, can tackle this difficult work."

Associated Press reporters Edith M. Lederer at the United Nations and Bo-Mi Lim in Seoul, South Korea, contributed to this story.

Ban Chosen To Succeed Annan As U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The U.N. Security Council unanimously selected South Korean diplomat Ban Ki-moon to be the organization's eighth secretary-general yesterday, acting just hours after North Korea declared it had tested a nuclear weapon.

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The 192 member-nations of the U.N. General Assembly are expected to affirm the choice later this week or early next week, giving the low-key South Korean foreign minister more than two months to prepare before beginning his five-year term.

"The Security Council has just recommended to the General Assembly that Ban Ki-moon [serve as secretary-general] from Jan. 1, 2007 to Dec. 31, 2011," said Japanese U.N. Ambassador Kenzo Oshima, president of the 15-nation council during the month of October.

The selection of a new secretary-general, normally a momentous occasion, was overshadowed by Pyongyang's nuclear test claim, which prompted an emergency session of the council immediately after the vote.

In Seoul, Mr. Ban called the nuclear test an "act of provocation" and acknowledged mixed emotions on the day of his selection.

"This should be a moment of joy. But instead, I stand here with a very heavy heart" because of the North's nuclear test, he told reporters in Seoul yesterday.

Last week, he told the Chosun Ilbo, a leading Seoul daily, he wants to visit North Korea sometime during his term, something outgoing U.N. chief Kofi Annan had never been able to do in his ten-year tenure.

Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security.

"The fact that the candidate is the current foreign minister of [South Korea] is an asset in dealing with the situation on the Korean peninsula," Mr. Oshima said.

U.N. Ambassador John R. Bolton, who has been pushing North Korea onto the council's agenda for months, described the selection of Mr. Ban as "quite an appropriate juxtaposition."

"Sixty-one years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea [as] secretary-general of this organization, and meeting as well to consider testing by North Korea of a nuclear device," Mr. Bolton said.

"I can't think of a better way to show great progress in the south, great tragedy in the north."

Mr. Ban's selection by the council had been assured after he emerged as the consensus choice in a series of four straw polls since this summer.

Council members stayed in session after the 15-0 vote, moving directly to the thornier issue of how to respond to North Korea's defiance of the council's demand late last week that it abandon its nuclear pursuits.

Emyr Jones Parry, Britain's U.N. ambassador, praised Mr. Ban's "very impressive credentials" and his "vast and long diplomatic experience" in South Korea's foreign service.

Jean-Marc de la Sabliere, France's U.N. ambassador, praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa.

"He has all the qualifications for this job," Mr. de la Sabliere said, stressing the possibility of renewed efforts to reform the world body's bureaucracy.

Mr. Ban, 62, was educated in Seoul and at the John F. Kennedy School of Government at Harvard University, where he studied public administration. He is married with three grown children.

The career diplomat twice served in his country's embassy in Washington, and ran the South Korean foreign ministry's American affairs division in the early 1990s. He has represented South Korea at the United Nations in New York and in Vienna, where he handled the nuclear portfolio.

Mr. Ban served as the chief of staff to the president of the U.N. General Assembly in 2001 and 2002, a session that was dominated by the September 11 attacks.

Mr. Annan offered his congratulations to Mr. Ban and promised his full cooperation.

"For his part, the secretary-general will do everything possible to assure a smooth transition," said Stephane Dujarric, spokesman for Mr. Annan.

Islamic Leader Urges Holy War In Somalia (WT/AP)

By Mohamed Sheikh Nor

DOJ_NMG_0077636

The Washington Times, October 10, 2006

MOGADISHU, Somalia -- An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, U.N.-backed government.

"I urge all the Somali people to wage holy war against the Ethiopians," said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle.

"Ethiopian troops have intentionally invaded our land," he said. "We will counter them soon."

His comments came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town.

Sheik Yusuf Indahaadde, the national security chairman for the Islamic group, said 35,000 Ethiopian troops were on Somali soil, but did not give any further details. Foreign observers, however, have put the number in the hundreds.

"This is a declaration of war," he said. "We will not wait anymore. We will defend the integrity of our land."

The Islamic courts have declared holy war against Ethiopia on a number of occasions in recent months but have so far avoided any direct military confrontation.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohammed Siad Barre and then turned on one another, throwing the country into anarchy.

A transitional government was formed in 2004 with U.N. help with the hope of restoring order after years of lawlessness. But it has struggled to assert authority, while the Islamic movement seized the capital, Mogadishu, in June and now controls much of the south.

Tensions between the Islamic movement, which is expanding control over large parts of the war-ravaged country, and the weakened government are high. Each side has accused the other of violating a tentative peace agreement signed last month in Khartoum, Sudan.

The Islamic group opposes any outside intervention and becomes particularly incensed about any role played by Ethiopia, Somalia's historic rival.

Somalia's weak but internationally recognized government publicly denies it is being supported by Ethiopian troops. However, government officials, speaking on the condition of anonymity because they were not authorized to speak to the press, said about 6,000 Ethiopian troops are in Somalia.

The reports from Bur Haqaba prompted another denial from Ethiopia.

Islamic officials said three Ethiopian battalions totaling 750 men alongside government militia rode into Bur Haqaba yesterday morning without firing a shot. The town was taken over by Islamic forces in late June.

Bur Haqaba is perched along six hilltops, allowing forces there to control the only road between Mogadishu, controlled by the Islamists, and Baidoa, the seat of the transitional government.

After Tsunami, Intentions To Build But No Road Yet (NYT)

By Jane Perlez

The New York Times, October 9, 2006

KEUTAPANG, Indonesia, Oct. 5 — A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery.

Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance.

Though villagers welcome the idea, some have reservations about an American-style thoroughfare with a wide shoulder on either side that will replace the existing ribbon of mostly churned dirt and mud.

Villagers say they fear speeding traffic — they have thrown rocks at fast-traveling cars of foreign aid workers — and want to be able to sell snacks and tea from stalls snug by the roadside, as they have always done.

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The difficulties of getting started on the road, one of the largest infrastructure projects in Indonesia, reflects the weariness among tsunami survivors with the long return to normality.

A demonstration outside the main Indonesian reconstruction agency turned violent last month when protesters complained that they still lacked basic services and demanded more financing for education.

The patience of American officials is wearing thin, too. They complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves.

Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon.

"It was threatened they would take the money away," said Kuntoro Mangkusubroto, the director of the Indonesian rehabilitation and reconstruction agency in Aceh. "That's standard," he added with a shrug.

The Indonesians say the Americans are imposing first-world standards of efficiency on a poor region that was pounded by civil war and then swamped by the tsunami, which killed more than 100,000 Indonesians. Records of land titles were washed away, and questions of inheritance among devastated families take a while to decide, they say.

The idea for the road evolved soon after the tsunami when the Bush administration wanted to show that the United States cared about Indonesia, the world's most populous Muslim country, in its moment of need.

It was decided early on to finance one substantial American project that would make a splash, rather than a number of smaller ones. At first, rebuilding a significant portion of the provincial capital, Banda Aceh, into a kind of "signature city" was discussed.

Instead, a well-engineered road from the capital to Meulaboh, the southernmost coastal town, which was nearly completely wiped out, was considered a more fruitful project that played to the American strength of fast and modern construction.

But the Americans did not anticipate the long negotiations over compensation for land or the strong local feelings about the graves.

Tucked under a grove of coconut trees, a pale-hued boulder and an ancient tree trunk represent this village's most mystical grave, the place where a white tiger is believed to stand guard. Nearby, red and yellow flags left by surveyors indicated the American road was set to plow right through the sacred spot.

A local elder, Mohammad Noor, 60, who forded a river and clambered over fences to show off the grave, says he cannot imagine that it could ever be moved.

The problems with the road also involve more than Indonesian sensibilities. An audit by the Inspector General of the United States Agency for International Development last March said that the design of the road was delayed because the development agency requested the contractor to modify the design plan at least four times. It also noted that when the contract for the engineering work was awarded to the American firm Parsons, it was awarded in November, four months late.

By May, when the process was bogged down, a veteran of building big American projects abroad, Roy R. Ventura Jr., was brought in to expedite things.

On June 29, Mr. Ventura said he presented the Indonesians with the final plan for where the road would run. He was told by Indonesian government officials, he said, that right of way would be ready so construction could begin for the first portion of the road to the village of Lhong by July 25, and by Oct. 3 in the area farther south to the town of Calang.

According to that schedule, American officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that.

But instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say.

"The Americans are arguing that there should have been land acquisition a year ago," Mr. Kuntoro said. "But how could that happen when we did not know from the Americans where the road was running until June 29?"

Mr. Kuntoro, a graduate in engineering from Stanford University, has become the point man for many of the problems.

He has been visited in his office in Banda Aceh by the American ambassador to Indonesia, B. Lynn Pascoe; by Mr. Ventura; and this week by investigators from the Government Accountability Office in Washington. They all ask the same thing: When will enough continuous land be ready so that bulldozers can begin clearing the way?

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In fact, Mr. Kuntoro said in an interview on Tuesday that he had just written a letter to Mr. Pascoe saying that his agency had gained title to about 3.5 miles worth of continuous land and that major construction could start.

But on Thursday, Mr. Ventura said that he was not satisfied that the titles were transferred and that work could begin only on a bridge involving a sliver of land.

"The road itself is no different to anyplace in the world," said Mr. Ventura, who was with the Montana Highway Department for 10 years and has managed construction sites in Saudi Arabia, Jordan and the Philippines. "The process of getting right to the land to get the road built is very different."

In an exchange with the governor of Banda Aceh, Mustafa Abu Bakar, the frustrated Americans suggested that the governor should consider using eminent domain procedures for speedy possession of the land. In reply, the governor said in a letter that in order to keep community support for the road he would use eminent domain only as a last resort.

"The government sees the people here as victims of the tsunami and very vulnerable," said Eddy Siregar, a construction manager for Wijaya Karya, the contractor, as he sat on the side of the old road in the village of Pasi. "It would be a big trauma if their land was taken. So they want to try the soft way."

Late Wednesday afternoon, Mr. Noor, the local elder, received word that his village leaders had agreed with the provincial authorities to move the grave the white tiger is believed to guard.

"I can't imagine how they will do it," a crestfallen Mr. Noor said. "Will they do it nicely, or will they do it roughly?"

Atoning For Lame Ducks (WSJ)

By Fania Oz-salzberger

The Wall Street Journal, October 9, 2006

HAIFA, Israel -- Israeli cities during Yom Kippur are the quietest in the world. No cars, no national television, not an open business in sight. The Jewish Day of Atonement offers calm reflection -- "accounting of the soul" -- for synagogue-goers and street-strolling seculars alike. This year almost everyone could agree at least on one thing: This country has seen better leadership. The shoes of Ben Gurion, Begin and Rabin have never looked larger, or emptier. As Palestinian government in Gaza totters on the verge of civil war, and Arab leaders across the Middle East softly offer peace talks, Israel's leaders hardly seem capable of dealing with either situation. If Israelis felt a little like sitting ducks last August, it is the set of lame ducks in Jerusalem that make us worry in October.

In the aftermath of the second Lebanon war, which underachieved its declared aims, Prime Minister Ehud Olmert is trying to cut his losses with a barrage of media interviews of the holiday supplement variety. In so many words, he said that Israel today has no vision. Disengagement in the West Bank? Definitely out. Bashar Assad's new talk of negotiation? Not worthy of an answer. Arab moderates promoting the Saudi peace plan? Merely a noise in the background. To be sure, all these may prove to be dead ends; but Mr. Olmert offers no initial exploration and no alternative horizon. What emerges is a self-defending lawyer-politician rather than an imaginative national leader. An opinion poll in Haaretz on Sept. 21 gave Mr. Olmert a mere 22% approval rating, with 68% voicing dissatisfaction from his conduct as prime minister.

Amir Peretz, the fiery social democrat miscast as minister of defense, has plunged even lower. Claiming the innocence of a novice, he says army chiefs misled him into believing that the eradication of Hezbollah missile launchers would be a far faster feat. In the meantime, Jews and Arabs in northern Israel suffer social and economic hardships that should have been the natural concern of a labor leader like Mr. Peretz. Instead of being led down the garden path by generals, he should have tended to his own backyard, Israel's growing economic gap. His recent poll score is, accordingly, 14% -- the lowest on record for a defense minister. Mr. Peretz insists he will not leave his job before mending what is broken. So do others. In a political culture unaccustomed to accountability resignations, rolling up one's sleeves is a reasonable alternative; but they will have to do it under the severe gaze of the public and the media.

Meantime, elsewhere in Jerusalem, the plot thickens: President Moshe Katzav is facing serious allegations of sexual misconduct. As many as eight female civil servants who worked with Mr. Katzav during his political and presidential career filed complaints against him, ranging from sexual harassment to rape. His protestations of innocence and "conspiracy" -- echoed by a battery of lawyers -- sound convincing to a few, pathetic to some, and infuriating to most Israeli citizens. Mr. Katzav refuses to

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resign or even to suspend himself temporarily. Regardless of the eventual juridical outcome, and unlike Messrs. Olmert and Peretz, there is little he can do to fix the damage to integrity. Israel's highest honorary post is being dragged through the mud.

So this must have been a hard Yom Kippur indeed for Israel's top echelon; there is a great deal, it seems, to atone for.

At this point it is tempting to remind readers -- and to break the news to some Europeans -- that the vast majority of the Israeli citizenry is honest, committed to democracy, and averse to both corruption and political flimsiness. And that most Israeli soldiers, regulars and reservists, are capable and moral. And that Palestinian politics and economy are in violent shambles, largely of their own making, while Israel's economy (and rule of law) is decent and successful. But it would be more to the point to suggest which parts of Israel's government are future-looking, and where they may be heading.

The Olmert government has been more open to international dialogue than many of its predecessors. Mr. Olmert and Foreign Minister Tzipi Livni reportedly began to work on an internationally moderated ceasefire from the early days of the war in Lebanon, and their care to comply with U.N. Resolution 1701 was capped by the retreat of the bulk of Israel's army from southern Lebanon on the eve of Yom Kippur. Unfortunately, Hezbollah does not respond in kind: The two captured Israeli soldiers, as well as the one held in Gaza, have not been freed. The full disarmament of militants throughout Lebanon so far exists mostly on U.N. stationery. Yet Israel's abiding by the international resolution is an important step in the right direction -- a moral high ground is often better than a mountaintop position in southern Lebanon (unless one's life depends on the latter, and only as long as it does).

To put it simply, Israelis are beginning to see the benefits of reversing Clausewitz's famous dictum: Diplomacy is now the continuation of war by other means, and the Lebanon clash may soon yield important benefits for Israel -- and for most Lebanese, and perhaps even for Palestinians -- on the diplomatic front.

One interesting sign of change is that the Israeli public has been relatively -- and surprisingly -- content with the management of its foreign affairs. Not only did Ms. Livni survive the governmental fall from grace rather impressively, scoring 51% support in the Haaretz poll and enjoying a consistently positive image in public opinion; she is also a widely preferred candidate for the prime minister's office, presenting the rare persona of a moderate, incorruptible, level-headed ex-Likudnik. If Ms. Livni does become our next leader, overcoming the predicted rise to power of more militant right-of-center parties, she may offer the right blend of pragmatic sobriety and creative vision typical of the more optimistic part of Israel's political center today. Young, pragmatic and -- by current local standards -- charismatic, Ms. Livni would be no Golda Meir, and so much the better. (It so happens that the brand new president of the Supreme Court, Dorit Beinish, is a woman, too. So is the Knesset's speaker, Dalia Itzik. Perhaps -- although this writer is biased on the issue -- a female touch would do Israel's three branches of government no harm. At the very least, Arab regimes may witness an example for tapping the resources of their nations' hidden halves.)

While Israel is wrestling with its own demons and hopes, both the EU and the U.S. face new Middle Eastern tests. Europe is the new active player in the Lebanese scene. It should flex its muscles, brains and, if possible, heart, to reverse decades of well-earned mistrust on part of the Israelis. Can we, as well as the Arabs, finally be persuaded that the European peace brokers have determination, imagination, compassion and staying power? Tough homework for Brussels here, and a crucial test for its international performance.

The U.S., too, has more steps to make up a long steep slope. Condoleezza Rice may have an easier job persuading Israel to give serious answers to moderate Arab peace initiatives than to prop up the wobbly Abu Mazen in his almost hopeless campaign to instill reason into Hamas; but both are worth trying. Syria's Bashar Assad may be acting cynically when saying that peace with Israel can be a done deal within six months, but the U.S. is the only power that can seriously challenge him to live up to his claims, first and foremost by kicking out of Syria the bloodiest of terror leaders, such as Khaled Mashal of Hamas. Mr. Olmert's present silence is justifiable up and until the Americans either clear the Road to Damascus, or show the world that it is obviously blocked.

Mr. Olmert's government is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted. One can only wish Lebanon and Gaza similar recovery, and some Israelis I know would be happy to lend a hand, in the spirit of Jewish atonement, especially after our three captured soldiers are safely home. As 7,000 peacekeeping European soldiers, alongside Lebanese troops, take over southern Lebanon, hope is surfacing that whatever took place in the summer of 2006 was not an Israeli defeat.

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The mood in Tel Aviv and Haifa today -- as the clever Hassan Nasrallah surely knows in his heart -- is somber but not depressed. Ehud Olmert's government is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the U.S., and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about.

Ms. Oz-Salzberger is director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Documents: CIA Warned Of Plane Bomb Plot (MH)

By Andrew O. Selsky

The Miami Herald, October 10, 2006

SAN JUAN, Puerto Rico - An anti-Castro militant now in a Texas jail warned the CIA months before the 1976 bombing of a Cuban airliner that fellow exiles were planning such an attack, according to a newly released U.S. government document.

The document shows that Luis Posada Carriles - who had worked for the CIA but was cut off by the agency earlier that year - was secretly telling the CIA that his fellow far-right Cuban exiles opposed to Fidel Castro's communist government were plotting to bring down a commercial jet.

The document does not say what the CIA did with Posada's tip. A CIA spokesman said he had no comment on Monday, a federal holiday.

The CIA had extensive contacts with anti-Castro militants and trained some of them, but has denied involvement in the bombing.

The documents were posted online Thursday by the National Security Archive, an independent research institute at George Washington University that seeks to declassify government files through the Freedom of Information Act.

The Cubana Airlines plane, on a flight from Venezuela to Cuba, blew up shortly after taking off from a stopover in Barbados on Oct. 6, 1976, killing all 73 aboard, including Cuba's Olympic fencing team.

The bombing remains an open wound in Cuba. Weeping relatives of the victims met in a Havana cemetery on Friday, the 30th anniversary of the bombing. They demanded that Posada - who is now 78 and in a Texas detention center on an immigration violation - be put on trial.

Venezuelan President Hugo Chavez is seeking the extradition of Posada, a naturalized Venezuelan who served as the country's counterintelligence chief. He accuses the U.S. government of protecting a terrorist.

The National Security Archive's Peter Kornbluh urged the U.S. government to tell everything it knows about Posada.

"Now is the time for the government to come clean on Posada's covert past and his involvement in international terrorism," Kornbluh said. "His victims, the public, and the courts have a right to know."

Separating deception from truth in the intelligence world is notoriously difficult, and the newly released documents contain mixed messages about Posada. Much remains murky.

In a report dated a month after the bombing, then FBI Director Clarence Kelly told Secretary of State Henry Kissinger that a confidential FBI source ascertained the bombing had been planned in Caracas by Posada, Venezuelan intelligence agency official Ricardo Morales Navarrete and Cuban exile Frank Castro, who is not related to the Cuban leader.

Two Venezuelan employees of Posada's private security agency were arrested in Trinidad the day after the bombing, and one of them - who said he had worked for the CIA - admitted the two had planted the bomb, documents posted by the National Security Archive show.

Posada trained with the CIA for the 1961 Bay of Pigs invasion and served in the U.S. Army in the early 1960s. In 1965, he allegedly plotted to overthrow the Guatemalan government and blow up a Soviet or Cuban freighter in Mexico, according to the FBI. In 1967, he moved to Venezuela, eventually leading its counterintelligence agency, and was running his own security firm in the mid-1970s.

In 1973, Posada was investigated by the CIA for allegedly smuggling cocaine, but was cleared after he convinced interrogators he was "guilty of only having the wrong kind of friends," a declassified document says. The same document says the CIA "formally terminated" its relationship with him on Feb. 13, 1976.

Yet Posada still contacted the agency.

"After 2/76 contacts with (deleted by censors) were at Posada's own initiative to volunteer information in exchange for assistance U.S. visa for self and family," said the document, an annotated list of still-secret records on Posada's CIA career that was marked "sanitized."

It tells how Posada contacted the CIA in February 1976 to describe an assassination plot by Orlando Bosch and Frank Castro, two fellow right-wing Cuban exiles, against leftist Andres Pascal Allende, the nephew of slain Chilean President Salvador Allende. Posada worried that his allies would discover he was giving up their secrets.

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"Posada concerned that Bosch will blame Posada for leak of plans," the report says. Andres Allende was not assassinated, and it is unclear whether the Cuban exiles ever made an attempt on his life.

Then, four months later, Posada came back to tell of a sinister plot to blow up an airliner.

On June 22, 1976, "Posada again contacts (deleted by censor) reptd info concerning possible exile plans to blow up Cubana Airliner leaving Panama and requested visa assistacne," read the document, filled with typographical errors.

Shortly after, a bomb aboard a Cubana Airlines plane leaving Panama failed to detonate, and the following month, a bomb in a suitcase exploded before being loaded onto a Cubana plane leaving Jamaica, according to a confidential State Department memo previously posted by the National Security Archive.

The day after the Cubana Airlines flight was bombed near Barbados, the CIA tried unsuccessfully to contact Posada, according to the annotated list. Five days later, Posada was arrested in Venezuela. He denied involvement in the bombing and escaped from prison in 1985 before a civilian trial was completed.

Allegations that he masterminded mass murder did not keep U.S. covert operatives from hiring Posada again. Within months, he was delivering weapons to Nicaraguan Contra rebels in an illegal Reagan administration operation. Posada also acknowledged, and then denied, a role in Havana hotel bombings in 1997 that killed a tourist.

And in 2000, Posada was arrested for allegedly plotting to assassinate Castro during a summit in Panama. He was pardoned in 2004 by then Panamanian President Mireya Moscoso.

Posada was detained in Florida in May 2005 for entering the United States illegally. A U.S. immigration judge has ruled that he cannot be sent to Cuba or Venezuela, citing fears that he would be tortured.

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On the Net:

National Security Archive: http://www.gwu.edu/nsarchiv/

Castro Foe Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 10, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

“The fight against terrorism cannot be fought à la carte,” said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. “A terrorist is a terrorist.”

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as “an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites.”

Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

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"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

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Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

“Mostly nature scenes,” Mr. Soto said. “He’s seen a lot of those.”

Way Radical, Dude (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, October 9, 2006

Now Playing: Video Games With an Islamist Twist

A new video game lets players kill President Bush. It's called "Quest for Bush." It looks a lot like a game that hit the market three years ago, called "Quest for Saddam."

In the venerable shoot-'em-up genre, who's the hero and who's the enemy depends on who's programming the game.

"Quest for Bush," a.k.a. "Night of Bush Capturing," is a free online game released by the Global Islamic Media Front, a radical organization that has ties with al-Qaeda. Armed with a rifle, a shotgun or a grenade launcher, players navigate various missions that include "Jihad Growing Up," "Americans' Hell" and "Bush Hunted Like a Rat." In the final stage, you fight Bush.

It's the latest -- and most extreme -- addition to a small but growing list of Islamic video games, monitored by the Defense Department and much blogged about in gaming circles. Some are free, others are not. Either way, they champion issues from an Islamic perspective, in stark contrast to many Western-made games that generally cast Muslims and Arabs as the bad guys. Furthermore, they underscore a brewing game-design war between East and West, a simmering tension of who's writing (and rewriting) history.

"There's a very interesting tit-for-tat going on here, a weird kind of dialogue," says Ed Halter, author of the book "From Sun Tzu to Xbox: War and Video Games," published in May, and a contributing writer for the Village Voice. "And what's disconcerting about it is that the conversation is often reduced to the lowest common denominator of violent action in games, which is in a way very reflective of the overall way things are going right now in real life."

Radwan Kasmiya, a 31-year-old gamer, can't stand titles such as "Counter-Strike," "Close Combat: First to Fight" and "America's Army," the free online game -- with more than 7.5 million users -- released in 2002 by the U.S. Army to help bolster recruitment.

"We're the terrorist, the enemy, in these games," says Kasmiya. He runs the Syria-based Afkar Media, one of a handful of struggling commercial game publishers in the Islamic world. Speaking on the phone from his Damascus office, he's quick to distinguish his games from "Quest for Bush," which has been downloaded a few thousand times on the Internet. Two clips on the video-sharing site YouTube.com have been viewed nearly 11,000 times. "Nothing but propaganda," he says of that game. He's played it, he says, and calls it "hateful."

"UnderAsh," released by Afkar Media in 2002, views the first intifada from the eyes of Ahmad, a Palestinian teenager resisting the Israeli occupation. Last year a sequel was released. A teaser to "UnderSiege," which tells the stories of five Palestinian families during the second intifada, shows a Palestinian teenager being shot on the street; an Israeli soldier appears to pound him with a concrete block seconds later. "Our games are not propaganda," Kasmiya says. "Our games are a reflection of our history -- past or present. The fact is, most movies, most TV shows, most video games put Muslims in a bad light, so we have to try to tell our side of the story."

Retired Maj. Chris Chambers, deputy director of the Army Game Project, insists "America's Army" doesn't "pick on a single enemy." The country is at war, he says, and the terrorists depicted in "America's Army" come from "all over the world," including the Middle East. "There's no focus on one particular region or one particular people," says Chambers, who helped design the game.

But as with anything, people are free to interpret the game any way they want, he adds.

One of the first Islamic games to gain attention in the Middle East is a free online game called "The Stone Throwers," says Halter. It was created by a Syrian medical student and released in 2000, weeks after the start of the second intifada. According to its Web site, the game is "dedicated to those who lost their lives for the homeland and all those who are fighting for freedom." Other game publishers such as Techniat 3D and Imaginations -- the former based in Syria, the latter in the United Arab Emirates -- developed fantasy-based adventure games such as "Zoya" and "Legend of Zord." But both companies folded in the past five years, unable to find a sizable audience in the Middle East, where piracy is commonplace and U.S.-made games are popular, Kasmiya says. None of these games -- free or not -- have been purchased or downloaded "more than a few thousand times," he adds.

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The Washington-based Middle East Media Research Institute, a nonpartisan group that translates Arabic language television and Web sites, says that in June, Sheik Nabil Al-Awadhi, who has a weekly show on the Kuwaiti channel Al-Rai TV called "Sa'at Saraha" ("An Hour of Sincerity"), spoke of the need for Islamic games that compete with Western games. He also suggested developing a game in which the Muslim player "slaughters the Jews and liberates the Al-Aqsa Mosque." In the West, they turn their wars against Muslims into games, he said, and Muslims should do the same.

Dennis McCauley, who runs the blog Gamepolitics.com, says: "There is a game design war taking place, at least in the sense that today's games are a mass communications vehicle for reaching young people. The Defense Department distributes 'America's Army' for free as both a recruiting tool and a way to market the image of our armed forces. The game is hugely popular. It's no surprise that Islamic extremists are trying to achieve the same goal and imitate that success."

This past summer, the Union of Islamic Student Societies, an Iranian political group, announced that it was developing a game -- as a retort to a U.S.-made game. Last year, the New York-based Kuma Games released a free online game called "Assault on Iran," in which players take on the role of a U.S. Special Forces soldier trying to destroy Iran's nukes. In the Iranian group's game, set for release this March, a fictional "Commander Bahman" fights U.S. Special Forces and rescues Iranian atomic scientists. In response to that response, Keith Halper, head of Kuma Games, said his company will create a sequel to the Iranian-made game from the United States' point of view.

"It's propaganda, but it's also a form of debate," Halper says. "We have made a point, they have responded."

The gunplay in "Quest for Bush" is crude, akin to "Doom," the godfather of shoot-'em-up games. The goal is to kill. It's in English and Arabic and takes about 30 minutes to play. In the beginning, the player goes around what looks like a U.S. military camp, with walls plastered with photos of President Bush, Secretary of Defense Donald Rumsfeld and British Prime Minister Tony Blair, among others.

"Quest for Bush" is a "mod"-- or modification -- of "Quest for Saddam," released by the California-based Petrilla Entertainment in 2003 for $14.95. The company sold about 3,000 copies of the game.

"They say imitation is the highest form of flattery. But I'm not flattered," says Jesse Petrilla, who created "Quest for Saddam." Last year he founded the United American Committee, a political action group that has used techniques such as hanging Osama bin Laden in effigy in front of a mosque in Culver City, Calif. He says his group seeks to remind Americans of "the threat that radical Islam poses to all of us."

His latest response in this gaming war, says the 23-year-old, is to make "Quest for Saddam" free for players.

HOMELAND RESPONSE:

Treasury Weighs Broader Scrutiny Of Wire Transfers (WSJ)

By Damian Paletta

The Wall Street Journal, October 10, 2006

WASHINGTON -- The Treasury Department, amid a backdrop of industry protests, is considering whether to require banks and other financial companies that allow international wire transfers to give the government data on about 500 million transactions each year.

Financial institutions are required to retain some of this information, but the government requests it only in specific circumstances. The financial institutions complain it isn't clear whether regulators are effectively analyzing this information and other records they already provide.

A senior Treasury Department official said he has asked Secretary Henry Paulson to approve the massive new data-collection regime. More than a year ago, the Treasury Department's Financial Crimes Enforcement Network began reviewing whether such a data-collection exercise would be feasible in preventing and tracking money laundering and terrorist financing.

Robert Werner, director of the Financial Crimes Enforcement Network, said his agency has sent the review on to Treasury Department officials and is waiting for a determination from Mr. Paulson. "Based on the work we've done, it's clear there is value" in this information, Mr. Werner said after a speech to the American Bankers Association. "The money trail is just going to be that much more robust."

The banking industry has objected to the planned data-collection regime. Now, banks and wire-transfer companies have to retain wire-transfer information only in case the government asks for it later. The new program would require companies to directly send information about each wire transfer to the government.

Mr. Werner said any program would take into account complaints registered by the banking industry. Specifically, banks have said that a massive government program could make it difficult to protect the privacy of each wire-transfer customer. It also could become costly for banks to comply with such a program, the banking industry has said.

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"Our feasibility study will outline these issues and propose an approach for addressing them," Mr. Werner said.

An announcement from the Treasury Department regarding the program could come in the next few weeks.

Mr. Werner said the proposed program would be different from an existing program that allows the government to monitor thousands of wire transfers for links to terrorism through a database in Belgium, known as Swift.

Homeland Security Bill Helps 9/11 Lawsuits (WT)

By Shaun Waterman, United Press International

The Washington Times, October 9, 2006

A little-noticed provision of the Homeland Security Appropriations Act signed by the president last week will help move forward a multibillion-dollar September 11 lawsuit against two U.S. airlines by making it easier for plaintiffs to get restricted information about the nation's pre-attack aviation security system.

Section 525 of the conference report that is part of the law, instructs Homeland Security Secretary Michael Chertoff to draft within 30 days new regulations for the system of sensitive security information, or SSI, administered by the Transportation Security Administration (TSA).

The regulations, says the report, should provide for the release of most SSI more than three years old, unless the information is still current or the secretary makes a written determination that it must stay protected. To do so, he must provide "a rational reason," which will "identify and describe the specific risk to the national transportation system."

The regulations should also include a mechanism for SSI to be made available in civil court cases if the judge determines it is needed and if the party needing it cannot get it elsewhere without "undue hardship." The lawmakers say they "expect that a party will be able to demonstrate undue hardship to the judge if equivalent information is not available in one month's time."

To get access to the information, plaintiff's lawyers will have to pass a background check of criminal and terrorism-suspect watchlists like that any aviation worker with access to the information would require, according to the report. The language still allows officials to block the court's access to SSI, if they can "demonstrate" that it "presents a risk of harm to the nation."

The new law instructs Mr. Chertoff to report back to the Appropriations committees within 120 days on his compliance.

The provision was welcomed by relatives of victims of the September 11 attacks. Family members who support the lawsuits have long contended that the TSA is using restrictions on information to hide the culpability of the airlines and the federal authorities.

"We call on TSA to comply fully with both the letter and the spirit of this new law," said Alice Hoagland, mother of Mark Bingham.

Her son was one of the United Airlines Flight 93 passengers who stormed the cockpit, preventing the hijackers from striking their intended target -- thought to have been either the White House or the Capitol.

"This is information about a defunct aviation system," said former Federal Aviation Administration Special Agent Brian Sullivan of the documents that TSA is trying to protect. He accused officials of "protecting the FAA from embarrassment and the airlines from liability."

About 60 cases in which relatives of the victims of the September 11 attacks are suing United and American Airlines have been consolidated in the U.S. District Court of New York. The plaintiffs say the airlines' negligence allowed the attackers to board with the short knives and box cutters used in the attacks.

WAR NEWS:

G.O.P.'s Baker Hints Iraq Plan Needs Change (NYT)

By David E. Sanger

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — James A. Baker III, the Republican co-chairman of a bipartisan panel reassessing Iraq strategy for President Bush, said Sunday that he expected the panel would depart from Mr. Bush's repeated calls to "stay the course," and he strongly suggested that the White House enter direct talks with countries it had so far kept at arm's length, including Iran and Syria.

"I believe in talking to your enemies," he said in an interview on the ABC News program "This Week," noting that he made 15 trips to Damascus, the Syrian capital, while serving Mr. Bush's father as secretary of state.

"It's got to be hard-nosed, it's got to be determined," Mr. Baker said. "You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

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Mr. Bush refused to deal with Iran until this spring, when he said the United States would join negotiations with Tehran if it suspended enriching nuclear fuel. Iran has so far refused. Contacts with both Syria and North Korea have also been sharply limited.

But the "Iraq Study Group," created by Mr. Baker last March with the encouragement of some members of Congress to come up with new ideas on Iraq strategy, has already talked to some representatives of Iran and Syria about Iraq's future, he said.

His comments Sunday offered the first glimmer of what other members of his study group, in interviews over the past two weeks, have described as an effort to find a politically face-saving way for Mr. Bush slowly to extract the United States from the war. "I think it's fair to say our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate, of 'stay the course' and 'cut and run,' " Mr. Baker said.

He explicitly rejected a rapid withdrawal from Iraq, saying that would invite Iran, Syria and "even our friends in the gulf" to fill the power vacuum. He also dismissed, as largely unworkable, a proposal by Senator Joseph R. Biden Jr., the ranking Democrat on the Senate Foreign Relations Committee, to decentralize Iraq and give the country's three major sectarian groups, the Kurds, Shiites and Sunnis, their own regions, distributing oil revenue to all. Mr. Baker said he had concluded "there's no way to draw lines" in Iraq's major cities, where ethnic groups are intermingled.

According to White House officials and commission members, Mr. Baker has been talking to President Bush and his national security adviser, Stephen J. Hadley, on a regular basis. Those colleagues say he is unlikely to issue suggestions that the president has not tacitly approved in advance.

"He's a very loyal Republican, and you won't see him go against Bush," said a colleague of Mr. Baker, who asked not to be identified because the study group is keeping a low profile before it formally issues recommendations. "But he feels that the yearning for some responsible way out which would not damage American interests is palpable, and the frustration level is exceedingly high."

At 76, Mr. Baker still enjoys a reputation as one of Washington's craftiest bureaucratic operators and as a trusted adviser of the Bush family, which has enlisted his help for some of its deepest crises, including the second President Bush's effort to win the vote recount in Florida after the 2000 presidential election. Mr. Baker served as White House chief of staff, as well as secretary of state under the first President Bush.

Andrew H. Card Jr., President Bush's former chief of staff, acknowledged recently that he had twice suggested that Mr. Baker would be a good replacement for Secretary of Defense Donald H. Rumsfeld. Mr. Bush rejected that advice, and some associates of Mr. Baker say they do not believe he is interested, at his age, in taking the job, which could put him in the position of having to carry out his group's advice.

Those proposals — which he has said must be both bipartisan and unanimous — could very well give Mr. Bush some political latitude, should he decide to adopt strategies that he had once rejected, like setting deadlines for a phased withdrawal of American forces.

Given his extraordinary loyalty to the Bush family — Mr. Baker was present on Saturday at the formal christening of a new aircraft carrier named for the first President Bush — it was notable on Sunday that Mr. Baker also joined the growing number of Republicans who are trying to create some space between themselves and the White House.

On Sunday, on "This Week," Mr. Baker was shown a video of the Republican chairman of the Senate Armed Services Committee, Senator John W. Warner of Virginia, who said last week that Iraq was "drifting sideways" and urged consideration of a "change of course" if the Iraqi government could not restore order in two or three months. The American ambassador to Iraq, Zalmay Khalilzad, has offered a similar warning to the Iraqi government.

Asked if he agreed with that timetable, Mr. Baker said, "Yes, absolutely. And we're taking a look at other alternatives."

The Iraq Study Group, created with the reluctant blessing of the White House, includes notable Republicans and Democrats, among them William J. Perry, a former defense secretary under President Clinton; former Mayor Rudolph W. Giuliani of New York; the former Supreme Court justice Sandra Day O'Connor; and Vernon E. Jordan Jr., a longtime civil rights leader. Mr. Baker's Democratic co-chairman is Lee H. Hamilton, the former Congressman who once served as the chairman of the House Foreign Affairs Committee and was co-chairman of the 9/11 commission.

In interviews, members of the study group have privately expressed concern that within months, whatever course the group recommended could be overtaken by the chaos in Iraq. "I think the big question is whether we can come up with something before it's too late," one member said late last month, after the group had met in Washington to assess its conclusions after a trip to Baghdad. "There's a real sense that the clock is ticking, that Bush is desperate for a change, but no one in the White House can bring themselves to say so with this election coming."

Like other members, he declined to speak on the record, saying public comments should come only from Mr. Baker or Mr. Hamilton.

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Several members said they were struck during their visit to Baghdad by how many Americans based there — political and intelligence officers as well as members of the military — said they feared that the United States was stuck between two bad alternatives: pulling back and watching sectarian violence soar, or remaining a crucial part of the new effort to secure Baghdad, at the cost of much higher American casualties.

It was a measure of how much the situation had deteriorated that only one member of the group, former Senator Charles S. Robb of Virginia, ventured beyond the protected walls of the Green Zone, the American and government center of Baghdad. The study group is just now finishing its interviews, and Mr. Baker has not yet begun to draft the report, members said.

Some who have already met with the group, like Mr. Biden, who may seek the Democratic nomination for president, have emerged saying they think their ideas are being heard. On Friday, Mr. Biden said he thought he saw "heads nodding up and down" about his ideas on creating autonomous regions of the country, but Mr. Baker made clear on Sunday that he was not among them.

"Experts on Iraq have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

Mr. Baker has been critical of how the Bush administration conducted post-invasion operations, and he has not backed away from statements he made in his 1995 memoir, in which he described opposing the ouster of Saddam Hussein after the Persian Gulf war in 1991. In the book, he said he feared that such action might lead to a civil war, "even if Saddam were captured and his regime toppled, American forces would still be confronted with the specter of a military occupation of indefinite duration to pacify the country and sustain a new government."

On Sunday, the interviewer, George Stephanopoulos, said, "It's exactly what's happened now, isn't it?" Mr. Baker replied, "A lot of it."

Baker Predicts 'Civil War' If Iraq Divided (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, October 9, 2006

Iraq Study Group co-chairman James A. Baker III yesterday denied reports suggesting that his government-advisory group would recommend breaking up Iraq along ethnic lines, saying such a move could "trigger a huge civil war."

At the same time, Mr. Baker, who was secretary of state during the 1990-91 Persian Gulf War, agreed with assessments that Iraq has about "two or three months" to improve its security situation.

During an appearance yesterday on ABC's "This Week," Mr. Baker was asked whether a proposal by Sen. Joseph R. Biden Jr. for breaking up Iraq into semiautonomous regions is supported by members of the Iraq Study Group.

Mr. Biden, Delaware Democrat, recently told "This Week" moderator George Stephanopoulos that "he saw a lot of heads nodding in agreement" when he presented his plan to the group.

"A lot of the people we've talked to, particularly experts on Iraq, have suggested that, if we do that, that in itself will trigger a huge civil war because the major cities in Iraq are mixed," Mr. Baker said.

A weekend report in the Times of London said the Iraq Study Group was prepared to deliver a recommendation to President Bush and Congress that would call for dividing Iraq into three mostly autonomous regions. The paper quoted a source close to the group as saying, "The Kurds already effectively have their own area. The federalisation of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

However, Mr. Baker appeared to reject such a proposal yesterday.

"There's no way to draw lines between Sunnis, Shia and Kurds in the major cities of Baghdad, Basra, Mosul, Kirkuk. And furthermore, there are no boundaries between the Sunni areas and the Shi'ite areas in Iraq," Mr. Baker said. "And the minute you say you're going to do that and make three autonomous regions, you're likely to kick off a big civil war."

However, Mr. Baker also said his group has not rejected Mr. Biden's proposal.

"We haven't rejected a lot of suggestions. We simply haven't concluded our report yet."

During an appearance on CNN's "Late Edition" yesterday, Mr. Biden said his plan was more reasonable than Mr. Bush's Iraq strategy.

"I'm not a person calling for cut and run. The president of the United States has not given the military commanders all they've needed," Mr. Biden said.

"The fact of the matter is, everyone from John Warner on," he said referring to the Republican chairman of the Senate Armed Services Committee, "knows there's a need for radical change in policy and a political settlement here. There needs to be a political solution."

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After his recent trip to Baghdad, Mr. Warner, Virginia Republican, said, "In two to three months' time, if this thing hasn't come to fruition and this government [is not] able to function, I think it's a responsibility of our government internally to determine: Is there a change of course we should take?"

Although the Iraq Study Group is holding its findings until after the November elections, Mr. Baker has said he does not think an immediate withdrawal of U.S. forces from Iraq should be under consideration.

"I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," Mr. Baker said. "Every neighboring country would be involved in there, doing its own thing, Turkey, Iran, Syria, you name it, and even our friends in the Gulf. So I do not think that that is an option."

A Capital Gumshoe Hits It Big (USNEWS)

By Liz Halloran

U.S. News and World Report, October 16, 2006

On its face, it looked like a Washington version of a "did not, did so" schoolyard standoff. But the stakes were a whole lot higher. At issue are the assertions in Bob Woodward's new book about what Bush administration officials knew about the terrorists' plans in the months leading up to 9/11.

Secretary of State Condoleezza Rice insisted she had no recollection of a July 10, 2001, meeting described in Woodward's State of Deial-a meeting at which she was allegedly dismissive of CIA warnings that an attack was imminent. Days later, however, Rice acknowledged through her chief spokesman that she had been briefed by the CIA "on or around" that date-and added that she had instructed her staff to pass on the CIA's information to then Attorney General John Ashcroft and Defense Secretary Donald Rumsfeld.

Rice's embarrassing flip-flop illustrates once again the unique clout that Woodward still wields 3 1/2 decades after he and Carl Bernstein uncovered the Watergate scandal. "When Bob Woodward speaks," says John Walcott, chief of the McClatchy newspaper chain's Washington bureau, "the secretary of state has to respond."

Though it was overshadowed last week by the evolving congressional page scandal, the new book was instantly a No. 1 bestseller, like 10 of the 14 books he has either written or coauthored. Unlike his past two books on the Bush administration, State of Denial takes an unsparing look at the administration's bungled post-invasion policy in Iraq. "This is a do-over," said commentator Arianna Huffington, who is among those who say Woodward's reputation was damaged by his previous favorable "Bush at war" books. "He wants to make it appear that he hasn't changed, the facts on the ground have changed. That's simply not true." Woodward has responded to such criticism by saying his latest round of reporting simply turned up new information.

Hot topics. Debate about Woodward's reporting has raged since the 1970s, although his influence has never waned. There have been several illuminating books published in the past year about the Bush administration's prosecution of the war in Iraq-from Ron Suskind's One Percent Doctrine to Thomas Ricks's Fiasco: The American Military Adventure in Iraq. But only Woodward's drew a White House press-release rebuttal.

The most common criticisms of Woodward, 63, are that he is too easily manipulated by the accounts of Washington insiders who cooperate with his reporting efforts and that he recounts endless strings of facts without context. Woodward was given access to President Bush and other top officials for his first two books on the administration, but he was refused interviews with the president for State of Denial. (The administration has said it believed Woodward had an agenda.) Some dramatic scenes Woodward reported in previous books-a teary Richard Nixon praying with Secretary of State Henry Kissinger; CIA Director William Casey's deathbed admission of the Iran-contra scheme-have been questioned.

There are other criticisms, as well. Thomas Edsall, a retired Washington Post reporter now teaching at Columbia School of Journalism and writing for the New Republic, says his former colleague, along with some reporters for other A-list newspapers, has ready access to high-level government officials but often fails to check their accounts of events with secondary and tertiary sources.

Old-fashioned. Woodward calls such criticisms unfounded. "I understand that there can be a misperception about my method, but if you look in the book's index, you'll see just as many midlevel staffers and Rumsfeld aides as high-profile names," he said last week. "This book makes me feel good about old-fashioned, straight journalism." Woodward defended his past glowing characterizations of the Bush administration as describing their actions during a different time. But he says he feels he erred in his earlier reporting on Rumsfeld, who comes off very poorly in State of Denial. "I should have looked at him sooner," he said.

Even his sternest critics, however, give Woodward credit for his work ethic and determination, his keen interviewing skill, his exhaustive knowledge of the nation's capital and how it works, and for not harboring a political agenda.

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So what's Woodward's next book likely to be? "For the country's sake," he said, "I hope it's Bush at Peace." Whatever it is, it almost certainly will be a bestseller that will kick off yet another spirited dissection of one of the nation's most famous journalists.

Secret Iraq Meeting Included Journalists (NYT)

By Julie Bosman

The New York Times, October 9, 2006

It was the kind of shadowy, secret Washington meeting that Bob Woodward is fond of describing in detail. In his new book, "State of Denial," he writes that on Nov. 29, 2001, a dozen policy makers, Middle East experts and members of influential policy research organizations gathered in Virginia at the request of Paul D. Wolfowitz, then the deputy secretary of defense. Their objective was to produce a report for President Bush and his cabinet outlining a strategy for dealing with Afghanistan and the Middle East in the aftermath of 9/11.

What was more unusual, Mr. Woodward reveals, was the presence of journalists at the meeting. Fareed Zakaria, the editor of Newsweek International and a Newsweek columnist, and Robert D. Kaplan, now a national correspondent for The Atlantic Monthly, attended the meeting and, according to Mr. Kaplan, signed confidentiality agreements not to discuss what happened.

While members of policy research groups often dispense advice to administration officials, journalists do not typically attend secret meetings or help compile government reports. Indeed, many Washington journalists complain that the current administration keeps them at an unhealthy distance.

Mr. Zakaria takes issue with Mr. Woodward's account, saying that while he attended the meeting for several hours, he does not recall being told that a report would be produced.

"I thought it was a brainstorming session," he said. "I was never told that there was going to be a document summarizing our views and I have never seen such a document." (Mr. Woodward wrote that the report, which supported the invasion of Iraq, caused Mr. Bush to focus on the "malignancy" of the Middle East situation.)

Mr. Kaplan said much of the meeting was spent drafting and reworking the document, which in the end carried the names of all 12 participants and was "a forceful summary of some of the best pro-war arguments at the time." Could any of the participants have been unaware there was a document in the making? "No, that's not possible," he said.

Mr. Kaplan, who was then a freelancer at The Atlantic Monthly, said he spoke to his editor before attending, and was given approval to attend because "everybody was in a patriotic fervor."

Mr. Zakaria said he felt participating was appropriate because his views, as a columnist for Newsweek, were public, although he has never divulged his involvement to his readers.

"My column is an analytical column," he said, adding that he gives advice to policy makers and elected officials: "If a senator calls me up and asks me what should we do in Iraq, I'm happy to talk to him." JULIE BOSMAN

Death Squads Online (NSWK)

By Christian Caryl And Michael Hastings, Newsweek

Newsweek, October 9, 2006

As if things weren't bad enough, now Iraq's sectarian butchers are posting their execution lists on the Internet.

Not long ago, Mohammed Kika found out that his name had appeared on a London-based Web site run by Sunni exiles from Iraq. The Baghdad man was accused of betraying other Sunnis to a Shiite militia in the mixed neighborhood of Mansour, receiving a $200 bounty for each one he identified. The posting even disclosed the name of the barbershop where Kika could be found. He ran for his life, friends and family told NEWSWEEK. At first he hid out in the Shiite neighborhood of Karrada, and then he fled the country.

Iraq's sectarian war is spreading onto the Web. Some Iraqis, like Kika, have been forced into hiding or exile after being targeted on the Internet. Others may have run too slowly. Sunni and Shiite Web sites offer warnings to Iraqis about neighborhoods and ministries that may have been infiltrated by militias, but the sites are also increasingly used as tools by those seeking names, addresses and occupations of citizens to kill. (NEWSWEEK has found at least eight of these sites, but we have decided not to publish their Web addresses.) The outings are openly endorsed by some Iraqi leaders. Jalal al-Din Saghir, an influential Shiite cleric and parliamentary deputy, sponsors several sites. "Some of the Web sites can be used to catch spies by tracking their movements," he told NEWSWEEK.

Rising sectarian violence has become the No. 1 threat to Iraq's stability, with more than 2,500 Iraqis killed violently in September. Much of the killing is linked to death squads in Iraq's heavily Shiite police force, an agency that would scarcely exist without U.S. training and funding. Last week the U.S. military removed an entire Iraqi national police brigade from duty after American soldiers received reports that the unit was involved in death-squad activities. Military investigators are tracing possible

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links to the notorious Mahdi Army militia, which is believed to be running Shiite death squads in Baghdad. Efforts to build a reliable Iraqi police force seem nearly hopeless anyway: this summer alone the Interior Ministry reportedly fired at least 1,700 bad cops.

And the violence in the streets keeps getting nastier. Until recently, death threats in Iraq arrived the old-fashioned way—a flier found on a family's doorstep, warning them to leave the neighborhood or suffer the consequences. Now Iraq's sectarian killers have discovered the anonymity and long reach of the Internet.

Sunni sites provide Arabic-speaking users with a place to swap information—true or not—about alleged collaborators with Shiite death squads in Baghdad. One site's Iraqi correspondents write in with news and views—as well as exposés of corrupt officials or snitches alleged to be aiding the death squads. One of the site's organizers, Ali Ahmad, denies that he promotes violence with his site, and says he just "publishes information to fill a vacuum that the authorities can't. People can't go to the police," says the 48-year-old, an Iraqi exile and British citizen. Last week the site published a warning "not to go to the Ministry of Higher Education to accept fellowships, because it is a trap by a death squad." Another site lists more than 300 names, birthdays and locations of suspected Shiite militia members. Shiites have sites of their own, where believers are urged to avenge suicide car-bomb attacks by slaughtering Sunnis. "Let's torture them and don't be silent," wrote one recent poster.

The U.S. military tries to monitor the e-traffic, hoping to head off the killers. But the stepped-up drive against the death squads is tough on both sides: last week at least 13 U.S. troops were killed in Baghdad, one of the city's worst weeks for Americans since the war began. More bad weeks may be ahead as the fight continues. One post last week offered advice to members of the Mahdi Army on how to avoid capture by U.S. forces. "Don't wear black," the writer advised, referring to the standard Mahdi Army uniform. Other tips: "Hide your weapons," don't stand in groups, and "never admit you're a member of the militia." Just what Iraq needs: online hints for sectarian butchers.

Arrest Made In Iraq Food Poisoning Case (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, October 10, 2006

Authorities arrested the head of the mess hall where at least 350 Iraqi policemen suffered food poisoning, and a military spokesman said Monday that it was likely the poisoning was intentional.

Brig. Qassim al-Moussawi, a senior spokesman for the Iraqi military, denied that anyone had died after Sunday's evening meal breaking the daily Ramadan fast.

On Sunday night, an official in the Environment Ministry, Jassim al-Atwan, said 11 policemen had died. Wasit provincial Gov. Hamad al-Latif said "hundreds of soldiers were poisoned" at the police base in Numaniyah, but nobody had died.

Al-Moussawi put the number of poisoned policemen at 350 to 400, but said only four victims were hospitalized.

"A number of people have been arrested, including the man in charge of the mess hall," al-Moussawi said.

He said investigators were pursuing two theories — the first that spoiled food was used in the meal, perhaps as part of a corruption scheme by the contractors or officers at the base to skim off funds for the food. But al-Moussawi said that possibility was "less likely."

The stronger possibility, he said, is that it was "intentional sabotage."

Al-Latif said the base's food and water are supplied by an Australian contractor working through Iraqi subcontractors. He did not identify the Australian company. The food is prepared elsewhere and brought to the base.

Al-Moussawi said the contractors, workers at the location where the food is prepared and others were under investigation, but would not say how many had been detained.

Sunni insurgents fighting the police and military have not been known to use poison as a weapon. The afflicted policemen belong to the 4th Division of the National Police, whose officers are mainly Shiites.

The division normally operates around the town of Salman Pak on the southeastern outskirts of Baghdad — an area of intense Shiite-Sunni fighting.

The division was sent to the base in Numaniyah, 60 miles southeast of the capital, for further training.

Poisoning Suspected After Hundreds Fall Ill At Iraqi Post (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 10, 2006

Officers Had Just Broken Ramadan Fast

BAGHDAD, Oct. 9 -- Hundreds of Iraqi army and police officers became violently ill after breaking their Ramadan fast Sunday evening at a base in southern Iraq, in what authorities are investigating as a possible mass poisoning attack.

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At least 10 people died and 1,200 were sickened at a base in Numaniyah after eating a chicken dinner that may have been laced with cyanide, according to recruits and an army colonel with knowledge of the investigation. He said the food was undergoing laboratory tests.

Brig. Gen. Qassim al-Moussawi, a spokesman for the Iraqi armed forces, said the head of the base's mess hall and several other employees there had been arrested. But he said that only 350 to 400 people fell ill, that four had to be treated at a hospital and that none died.

The U.S. military announced the deaths of four troops, a soldier who was killed Monday morning by small-arms fire in eastern Baghdad and three Marines assigned to Regimental Combat Team 7 who were killed Sunday in Anbar province, the volatile Sunni insurgent stronghold.

In the southern city Diwaniyah, clashes continued Monday between U.S. troops and militiamen loyal to Shiite cleric and political leader Moqtada al-Sadr. The two sides battled a day earlier in a skirmish that the American military said left 30 militiamen dead.

Abdul Razaq al-Nadawi, the head of Sadr's office in Diwaniyah, said three people were killed at sunset when an American convoy tried to arrest a cleric loyal to Sadr. Members of Sadr's Mahdi Army responded by detonating a roadside bomb and opening fire on the convoy.

Earlier in the day, armed men connected with the Mahdi Army attacked an Iraqi police checkpoint in the northern part of the city, killing 12 officers and wounding three others, according to Brig. Gen. Hazim Mohammed Ameen of the Interior Ministry. He said joint Iraqi-American patrols cordoned off the area and all roads leading into the city and arrested 20 suspected fighters.

In Baghdad, armed men assassinated the brother of Vice President Tariq al-Hashimi, one of the country's most prominent Sunni Arab politicians. The killing of Amir al-Hashimi makes him the third sibling of Hashimi to be assassinated this year.

Also in the capital, armed men in four pickup trucks without license plates kidnapped 11 Iraqi soldiers at a checkpoint in Sadr City, the sprawling Shiite Muslim slum, Ameen said.

The genocide trial of deposed president Saddam Hussein resumed Monday after a two-week break, with a 31-year-old Kurdish woman accusing Hussein's regime of burying her family alive. Prosecutors have accused Hussein of trying to annihilate the country's Kurdish population during the 1980s.

In Diyala province, northeast of Baghdad, statements were distributed threatening widespread violence and civil disobedience if the government does not remove the commander of the 5th Iraqi Army Division and bring him to court for unspecified crimes allegedly committed during a military operation last week.

The statements, signed by "the Mujaheddin of Diyala," said that if these demands were not met, they would fire rockets and mortars at government buildings, force the closure of all schools, bar government officials from going to work and shutter all gas stations.

"And we call on all citizens who were robbed of any valuables to submit a complaint to the criminal court in the province," the statement concluded, "and they will find honorable, honest judges there who will give them back their rights."

Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Meal Sickens Hundreds Of Iraqi Police Recruits (LAT)

By Doug Smith And Zeena Kareem

The Los Angeles Times, October 10, 2006

BAGHDAD — Several hundred Iraqi police recruits were being treated today in an outbreak of severe food poisoning that triggered a mutinous episode in southern Iraq, and the capital was shaken by the assassination of the vice president's brother.

Officials in Numaniyah, about 75 miles southeast of Baghdad, said disorder broke out at a military base there today, the day after the recruits became ill. Angry recruits stoned the car of their commander. FOR THE RECORD:

'Iraq Food Poisoning': The chronology of events involving a food poisoning incident in Iraq have been corrected from an earlier online version of the story. —

Authorities said they had not yet established that the food poisoning, which broke out Sunday evening, was intentional. However, several people connected with the base dining facility were arrested, including the food supplier, military spokesman Brig. Gen. Khasim Mosawi said in a televised news conference.

Some local officials feared that the poisoning reflected a new and more frightening form of terrorism in an area that has been relatively free of violence. But a security official who requested anonymity said he thought the soldiers were poisoned by meat served after its expiration date.

About 350 of the soldiers remained in two local hospitals today, officials said.

The soldiers began to collapse in pain Sunday while doing field drills after eating the large evening meal that breaks the day's fasting during the holy month of Ramadan.

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"I thought someone hiding somewhere was sniping at them with a silencer," said a base security official who would only give the name Ali.

Soldiers who did not eat the evening meal were not sickened, officials said.

Several members of the Wasit provincial council and the mayor of Numaniyah, who all asked not to be named out of fear for their safety, said they had received complaints from soldiers about abuse by Col. Amer Flaih Hasoon Dulaimi, commander of the 1,800-member National Police brigade.

They said the colonel publicly reproached the recruits after they celebrated the birth date of one of the Muslim imams with a meal and the singing of religious anthems.

In Baghdad, meanwhile, armed men arriving in a convoy of about 10 vehicles stormed the house of Amer Hashimi, killed him and his guards and kidnapped his son. Hashimi was the eldest brother of Vice President Tariq Hashimi, a top-ranking Sunni Arab politician.

Some of the attackers wore uniforms and others were in civilian clothes, a spokesman for the Iraqi Interior Ministry said.

Amer Hashimi was the third sibling of the vice president to be assassinated. Their sister, Maysoon Hashimi, was killed along with her driver in April, two weeks after a brother, Mahmoud Hashimi, was killed while driving with friends.

Amer Hashimi was an officer in Saddam Hussein's army and became the army's chief of staff from April to September 2004. He and four subordinates were dismissed after the assassination of a high-ranking officer in the Defense Ministry.

Sunni political leaders said they held the government of Prime Minister Nouri Maliki responsible for the killing because it had failed to bring Shiite Muslim militias under control. The militias have been widely accused of carrying out killings of minority Sunnis.

"What makes us wonder, is that why they make promises about the militias that they can't fulfill?" said Saleem Abdullah of the Iraqi Accordance Front. "Every time we think there is a solution it disappears."

The trial of former dictator Saddam Hussein resumed today after a nearly two-week recess. During testimony, a Kurdish woman accused the deposed government of burying her family alive after destroying her village, rounding up men, women and children and herding them into camps where they were tortured and left hungry and exposed to the elements.

"I want you to ask Saddam Hussein a question," the Kurdish woman said while testifying from behind a curtain in a heavily protected Baghdad courtroom. "What was the guilt of the women and children?"

The woman, who was 13 at the time of a large-scale counterinsurgency operation carried out by Hussein's forces in 1988, added, "I know what happened to my family. They were buried alive."

Hussein's defense attorneys again boycotted the trial, objecting to the court's decision to remove the first judge in case, who was widely perceived by Shiites and Kurds as too lenient toward the former president and the defense.

In addition to four witnesses, the prosecution presented identification cards of Kurdish victims of the 1988 campaign discovered in mass grave sites in southern Iraq. Though Iraqi security forces tried to seize the identification cards during the roundup of suspects, some victims managed to hide them on their person and smuggle them to their graves, giving forensic scientists valuable clues in building up the case.

In other developments today:

The U.S. military reported the deaths of three Marines and two Army soldiers. The Marines were killed by enemy fire in Al Anbar province in western Iraq. The soldier was killed by small-arms fire in Baghdad. Their names were not released.

Parliament set a vote for Wednesday on implementation of a federal system to transfer power from Baghdad to the provinces. The parliament will be choosing between four competing plans.

Disturbances continued in the southern city of Diwaniya where the U.S. Army said it killed 30 militants in a firefight Saturday, said Shiekh Abdul-Razaq Nadawi, manager of Shiite cleric Muqtada Sadr's office in the city. He said American forces raided a mosque attempting to arrest Sheik Khudair Ansari, a leader in Sadr moment in the city. The Americans withdrew after clashing with worshippers, several of whom were injured, he said.

Besides Hashimi, at least 35 violent deaths were reported in Baghdad and elsewhere in Iraq.

Eleven 11 Iraqi soldiers were reported kidnapped in a dawn raid on a checkpoint in a Sadr stronghold in the Baghdad neighborhood of Sadr City.

U.S. Gains In Parts Of Iraq In Jeopardy (WP/AP)

By Antonio Castaneda

The Washington Post/AP, October 10, 2006

BAGHDAD, Iraq -- For months, soldiers from the 172nd Stryker Brigade fought in riverside towns of western Iraq, trying to clamp off the flow of foreign fighters and suicide bombers that commanders said were terrorizing Baghdad. Now hundreds of

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these same U.S. soldiers have been sent to deal with what U.S. officials say is an even greater threat _ rising attacks between Sunnis and Shiites in the capital itself.

Left behind in the dusty towns along the Euphrates River in Anbar province are fewer U.S. troops _ and fears that hard-won gains could be in jeopardy from a Sunni Arab insurgency that is far from defeated.

"Seeing the fruits of your labor lost is frustrating," said Capt. David Ramirez of the 4th Squadron, 14th Cavalry Regiment, who was sent to Baghdad from western Iraq.

The shift from Anbar to Baghdad underscores the problems facing the overstretched, 140,000-strong U.S. military force in Iraq.

To secure Baghdad, the Army had to extend the tours of thousands of soldiers from two brigades, including hundreds from the 172nd who had already returned home only to be shipped back to Iraq.

"We do not have sufficient troop strength to secure the entire country simultaneously," Andrew Krepinevich, a military analyst, said in an e-mail to The Associated Press. "Trying to be strong everywhere will lead us to being strong nowhere."

Krepinevich said he had personally recommended drawing down forces in western Anbar to U.S. Ambassador Zalmay Khalilzad and Vice President Dick Cheney's staff.

Lt. Gen. Peter Chiarelli, the No. 2 commander in Iraq, defended the new strategy, saying it was necessary to "winning the main effort" in Baghdad.

Chiarelli insisted the troops were moved from the less violent parts of Anbar province.

However, four Marines were killed July 29 by a suicide truck bombing in Rawah even as U.S. soldiers were pulling out of that area.

Commanders in western Anbar have long complained privately that they do not have enough troops to control their area, which is about the size of South Carolina and includes notoriously violent cities such as Haditha, Rawah and Haqlaniyah.

"Any time you reduce forces it's a concern," said Marine Lt. Col. Norm Cooling, commander of the 3rd Battalion, 3rd Regiment which is scattered across western Anbar.

Few dispute that the U.S. military had to do something about the deteriorating security in the Iraqi capital, which threatened to spiral into full-scale civil war.

The question is whether the U.S. has enough forces in the country to regain control in Baghdad while also preventing Sunni insurgents in the west from using the U.S. military drawdown there to gain strength.

About a third of the 102 U.S. troops who have died in Iraq since Sept. 1 have been killed in Anbar, according to Pentagon reports.

"Where we're not, the insurgency goes there. That's just how an insurgency works," said Capt. Chris L'Heureux, 30, of Woonsocket, R.I., who was among those relocated to Baghdad.

U.S. commanders have also said that the reshuffling of forces makes it difficult to build trust among civilians and convince them to cooperate with American forces.

For example, five different U.S. units were based in the western city of Hit last year.

"It's been like a transient area" in Hit, said Lt. Col. Ronald Gridley, the executive officer for Marine Regimental Combat Team 7.

"In a counterinsurgency," he said recently, "you can't throw someone in there for 45 days and expect them to understand the communities, the different tribes, the different personalities involved."

Iraq Fuel Shortages Buoy Separatists' Stance (WSJ)

By Philip Shishkin

The Wall Street Journal, October 10, 2006

Kurds in North Seek Solutions, Serve as Model for Southern Shiites; Sunnis Fear Being Shut Out

ERBIL, Iraq -- As governor of Erbil province in northern Iraq's Kurdish autonomous region, Nawzad Hadi Mawlood has spent months rationing fuel among public transport, government cars and -- supplies permitting -- regular motorists, whom he says he may have to advise to refrain from driving altogether.

The recurrent shortages are draining Kurdish officials' patience with the central government, which they accuse of fumbling fuel imports. Fuel interruptions also are aggravating the wider debate over how Iraq's abundant oil supplies are divided among its factionalized regions, and the resolution could determine whether the country splinters. In Baghdad last week, Secretary of State Condoleezza Rice said "oil needs to be a unifying factor."

But here in Iraqi Kurdistan, officials are moving in the opposite direction, embracing policies that are putting it on track to oil independence from Baghdad. The Kurds' frustrations -- and ambitions -- are summed up by Ashti Hawrami, their newly

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appointed energy minister: "We are supposed to be an oil country, and we have this? Baghdad is failing us. We could do a better job."

The Kurdish example is inspiring Iraq's Shiite Muslim Arabs, most of whom live in the oil-rich South, to seek similar autonomy. The country's Sunni Muslim Arab minority -- fearing the Kurds will gain control of northern oil reserves -- is increasingly alarmed by Kurdistan's oil moves, fearful of being cut out of oil income that is currently apportioned by the central government.

When the central government's oil minister questioned the validity of exploration contracts signed by the Kurdistan regional government, Nechirwan Barzani, the region's prime minister, offered a strong response: "I resent [the oil minister's] efforts to sabotage investment in Kurdistan's oil sector. He would better spend his time getting his ministry working rather than tearing down our achievements." Mr. Barzani then warned that if Baghdad continues to impinge on the Kurdish region's autonomy, the Kurds may consider seceding from Iraq.

The thirst for independent fuel supplies -- and the broader autonomy that implies -- could also exacerbate age-old tensions with neighboring Turkey, which views Iraqi Kurdistan's growing self-rule with concern.

While Iraq is among the world's largest oil producers, the country's refineries, often targeted by insurgents, can't keep up with the domestic demand for refined petroleum products, such as gasoline. So Iraq's State Oil Marketing Organization uses the crude-oil revenue to buy the shortfall from foreign suppliers, including Turkey, which has no oil reserves of its own but fields a vibrant refining industry.

Hobbled by the insurgency and poor management, Iraq's oil production stood at two million barrels a day in August, lower than the pre-invasion level of two and a half million barrels in February of 2003, according to the International Energy Agency. SOMO has been struggling to manage the oil trade, held back in part by obsolete technology.

Last year and early this year, SOMO ran up a debt of $980 million importing refined-petroleum products from Turkey, says Falah al-Amri, its director. Tanker trucks that used to stream across the border between Turkey and Northern Iraq stopped earlier this year, worsening the gasoline shortage.

Sirwan Osman, who drives a taxi in the Iraqi Kurdish city of Suleimania, often spends several days in a row living out of his battered cab as it inches its way through a giant gas line. As the shortage goes on, Iraqi Kurds are getting angry at their leaders.

The fuel crisis added urgency to Kurdish efforts to craft oil policies that would leave their region less reliant on the vagaries of Baghdad's oil management. "Unfortunately, the funding for fuel purchases is still in the hands of the federal authorities," Mr. Hawrami, Iraqi Kurdistan's oil minister, said in a recent email, warning that the fuel situation could become worse as the harsh winter approaches. He adds that the Kurds are planning to build two refineries to prevent similar crises in the future.

Those refineries would augment the region's nascent oil infrastructure that is gradually taking shape. Iraqi Kurdistan has no producing oil fields, but it has signed contracts with several foreign companies -- including Norway's DNO ASA, Genel Enerji of Turkey and Addax Petroleum Corp. of Canada -- to drill for oil. The first crude production could begin as early as next year. It is those contracts that provided fodder for a bitter dispute between Mr. Barzani and Iraq's oil ministry in Baghdad.

Iraq's constitution, approved in a referendum last year, is intentionally vague on how oil revenue should be allocated. Income distribution from existing fields is the purview of the federal government in Baghdad, but management of future discoveries isn't explicitly regulated by the constitution, allowing Iraqi Kurdistan to claim that authority for itself.

"We have the right to conduct new oil searches," says Mr. Mawlood, the Erbil governor.

The new petroleum law enacted by the regional Parliament says future oil revenue will be shared with Baghdad only on a voluntary basis. Iraqi Kurds also hope voters in the ethnically mixed, oil-rich province of Kirkuk will decide in a referendum next year to join Iraqi Kurdistan. Sunni Arabs worry that the loss of Kirkuk could deprive them of crucial oil revenue and further damage national unity.

Turkey, which has a problem with its own restive -- and sizable -- Kurdish minority, fears the annexation of Kirkuk could further stoke Kurdish separatism throughout the region. Northern Iraq has already become a safe heaven for bands of Kurdish guerrillas who stage attacks across the Turkish border.

Iraqi Kurdish officials, who depend on Turkey for refined petroleum products and other imports, suspect their neighbor is using its trade leverage to thwart the region's moves toward greater autonomy.

Mr. Mawlood says the fuel shipments from Turkey stopped not only for financial reasons, but because the Turkish government is trying to punish Iraqi Kurdistan for harboring anti-Turkey guerrillas and for making moves on Kirkuk, home not only to the Kurds, but also to Sunni Arabs and to Turkomans, who are ethnically linked to Turks.

A Turkish trade official says shipments were curtailed only because of the Iraqis' debts, and once the payments resume, so will the flow of gasoline to Iraq. Mr. Amri, head of SOMO, says he is working hard with Turkish counterparts to pay the arrears through an installment plan.

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Witness In Saddam Trial Details Abuse (USAT/AP)

USA Today, October 10, 2006

BAGHDAD — The genocide trial of Saddam Hussein resumed Monday with testimony that his troops buried prisoners alive and abused female prisoners by shackling them for hours in the sun and firing over their heads as they bathed.

Saddam and his six co-defendants are on trial for offenses allegedly committed against Iraqi Kurds during a crackdown in the late 1980s. If convicted, the defendants could be sentenced to death by hanging.

One woman, who testified behind a curtain and whose name was withheld apparently for fear of reprisal, told the court she was 13 years old when she was detained during the crackdown.

The woman said Iraqi troops destroyed her village in northern Iraq in 1988 and that she and some family members were imprisoned in southern Iraq.

A prison warden she identified as Hajaj "used to drag women, their hands and feet shackled, and leave them in scorching sun for several hours," she told the court.

"Soldiers used to watch us bathe," she added, saying the guards would also fire weapons over the women's heads as they washed.

The woman said several relatives disappeared during the offensive. "I know the fate of my family. They were buried alive," she testified.

The prosecution presented the court with documents showing that remains of the women's relatives turned up in a mass grave.

"I'd like to ask Saddam: 'What crime did women and children commit?' " the witness told the court.

Saddam has insisted that the crackdown, known as Operation Anfal, was directed against Kurdish rebels who were allied with Iran in the 1980-88 Iran-Iraq War.

The prosecution maintains that about 180,000 people, most of them civilians, were killed in the crackdown, during which Iraq forces used poison gas against Kurdish villages.

In other Iraq news:

·The brother of Iraqi Vice President Tariq al-Hashimi was assassinated Monday when gunmen wearing military uniforms broke into his north Baghdad home, said Brig. Qassim al-Moussawi, a military spokesman.

Lt. Gen. Amir al-Hashimi, a Defense Ministry adviser, was the third of the politician's four siblings to be slain this year. The vice president's sister and another brother were killed within two weeks of each other in April.

·Iraqi authorities arrested the head of the mess hall at a base in the southern town of Numaniyah, where up to 400 policemen suffered food poisoning at a Ramadan meal.

Al-Moussawi said the poisoning was likely intentional, though he did not rule out that spoiled food was used in the meal. The policemen — mainly Shiites — fell ill after eating their iftar, the meal that ends the sunrise-to-sunset fast in the holy month of Ramadan. The Iraqi contractor hired to provide food for the base and other people also were detained, al-Moussawi said.

·A car bomb ripped through a market in a Shiite district of Baghdad, killing at least 10 people and wounding 23.

·Gunmen kidnapped 11 policemen in an assault on their checkpoint in Sadr City, a Baghdad neighborhood dominated by the Mahdi Army, the country's most powerful Shiite militia.

Rules Of Engagement: What Were They At Haditha? (CSM)

By Richard Whittle

The Christian Science Monitor, October 10, 2006

WASHINGTON

On the morning of Nov. 19, 2005, after a roadside bomb killed a young US marine driving a Humvee through Haditha, Iraq, marines in his unit killed as many as 24 civilians.

It's not clear why. The marines say they were fired upon. Iraqi witnesses say the marines went on a rampage. Now, as the marines await possible charges, a key question is: Were they following their rules of combat? These "rules of engagement" are under increasing scrutiny as American and civilian losses mount in Iraq.

The Haditha incident and other alleged atrocities by US troops in Iraq posed "some questions about leadership, about whether the military has done all that it can do to make it clear to troops on the ground what they're entitled to do," says John Sifton, a lawyer with Human Rights Watch, based in New York.

If charges are brought against the marines, the key to their defense will be that they were following the rules of engagement, defense lawyers say. "It's clear that that is the direction one must take," says attorney Gary Myers, if it's proved his

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client killed a civilian. He declined to identify which marine he represents in the Haditha controversy to protect the young man's reputation.

Whether such a defense can prevail depends both on the facts of what happened in Haditha and on whether those who did the killing acted "reasonably," even if they killed civilians, military law experts say.

"No soldier or marine is going to be tried for an honest mistake," says Gary Solis, a former Marine Corps lawyer who teaches the law of war at Georgetown University in Washington.

But if the marines knowingly gunned down innocent civilians, no rules of engagement would condone such behavior, experts say. Lt. Gen. James Mattis, commander of the 1st Marine Expeditionary Force at Camp Pendleton, Calif., is expected to decide in coming weeks whether to bring charges against any of the marines. Vary from war zone to war zone

Rules of engagement tell troops when they can apply force. They can vary from war zone to war zone, operation to operation, and even mission to mission. They're usually set by "combatant commanders" - those in charge of an entire region, such as Gen. John Abizaid, head of US forces in the Middle East. But some rules must be approved by the secretary of Defense or even the president.

In conflicts like the one in Iraq, applying the rules can be difficult, especially when troops must make split-second decisions. Sometimes, the rules even allow troops to shoot at civilians, if they can't be distinguished as such and appear to pose a threat.

The rules stem from the Joint Chiefs' Standing Rules of Engagement, which are based on laws of war that bar harming unarmed civilians who can be identified as such, says Lt. Col. John "Jay" Mannle, a Marine Corps lawyer. But firing on a car that contains civilians yet fails to slow or stop for a checkpoint - something US troops have done often in Iraq - is justified if those firing have a "reasonable" belief the car is a threat, he adds.

During the November 2004 battle of Fallujah, marines - including some from the unit under suspicion in Haditha - tossed hand grenades into houses or rooms where they believed insurgents to be. That's the tactic that was used in Haditha, too, according to Staff Sgt. Frank Wuterich, who led the squad accused of the killing.

In court papers filed last summer, Sergeant Wuterich said the squad - made up of about 10 marines - went into the houses after taking fire from them and accidentally killed the civilians while clearing rooms with grenades and rifles. (The papers were part of Wuterich's defamation lawsuit against Rep. John Murtha (D) of Pennsylvania, who said in May that the marines killed those civilians in cold blood.)

Residents of Fallujah, however, had been told to leave the city before US and allied forces went in, according to Mr. Solis of Georgetown. Anyone who didn't was regarded as hostile, and US forces were authorized to fire on them. No such warning had been issued in Haditha.

Iraqi witnesses in Haditha claim the marines went on a rampage after a roadside bomb killed Lance Cpl. Miguel Terrazas. The Iraqis say the marines killed four students when the young men happened upon the scene in a taxi, then massacred civilians in nearby houses, including women and children.

Human Rights Watch has asked the Pentagon for copies of the rules of engagement used in Iraq, and the American Civil Liberties Union has filed Freedom of Information Act requests seeking them, but rules of engagement are often classified. "We don't want to tell the bad guys what we might do," says Lt. Col. Scott Fazekas, a Marine Corps spokesman.

Such rules are usually general, Solis says, and, in any event, "are not tactical instructions on how to proceed in a combat situation." Practice and reminders

Troops are instructed on the rules and practice using them during predeployment training. How such training is conducted falls to unit commanders to decide. Before going into combat, troops also are issued unclassified "ROE cards" as a reminder of the key rules.

The cards are next to useless, says Lt. Col. David "Bo" Bolgiano, an Air Force Reserve lawyer and former Baltimore police officer who teaches a course in rules of engagement to members of the military. Troops in combat "are not going to have time to consult them," he says. In any event, problems arise not from the rules "but rather their application," he adds, which makes training in how to respond to potential threats the key.

Generally speaking, "the rules are pretty simple," he says. Troops may respond "with force - to include deadly force - to an imminent threat of death or serious bodily harm."

Although defense lawyers are likely to use rules of engagement as a justification if Haditha charges are brought, the outcome is more likely to turn on the facts surrounding the killings, says retired Army Lt. Col. Geoffrey Corn, who teaches at South Texas College of Law in Houston.

If the civilians were killed by mistake as the marines went after insurgents, he said, the legal question is whether the mistake "was a reasonable one."

"The discipline of a military force in battle is built around the core principle that killing on the battlefield is not just permitted, it's required," Colonel Corn said. "But not all killings are justified."

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The Realities Of Trying To Rebuild Iraq (WP)

By Dan Senor

The Washington Post, October 10, 2006

A recent excerpt from a new book by Rajiv Chandrasekaran of The Post paints a highly distorted portrait of the postwar administration of Iraq. Given that the article has prompted some senators to call for a government investigation into the hiring practices of the Coalition Provisional Authority (CPA), it's important to correct the record.

Chandrasekaran's thesis is that young and inexperienced neoconservative political hacks and Bush loyalists ran and ruined the occupation of Iraq. In pinning the shortcomings of the reconstruction effort on the mishaps of a handful of low-level political appointees, he virtually ignores the fact that the senior tiers of the CPA were populated with a bipartisan and generally nonpolitical corps of experts.

His book makes no mention, for example, of Richard Jones, who was the CPA's chief of policy and Ambassador Paul Bremer's top deputy. A career diplomat, Jones had served as President Bill Clinton's ambassador to Lebanon and Kazakhstan, and he was ambassador to Kuwait when he relocated to Baghdad. He was at the center of practically every decision and every meeting about the Iraqi political process from the moment he arrived. Indeed, during the first major crisis in Fallujah, Jones was the CPA's lead negotiator with the city's Sunni leadership, as was reported widely.

Nor does Chandrasekaran discuss Ryan Crocker, a striking omission since Chandrasekaran once described Crocker as Bremer's "top political aide" [news story, July 13, 2003]. Crocker, the senior State Department official with responsibility for Iraq before the war, led the CPA's political reconstruction team. A fluent Arabic speaker widely regarded as among the State Department's most distinguished Arabists, Crocker had served as ambassador to Syria and Kuwait under Clinton. He is a consummate professional diplomat, neither inexperienced nor an ideologue. And he was extraordinarily influential in the early months of the occupation; along with Bremer and senior British envoy John Sawers (another Middle East expert, who had come to the CPA from his post as ambassador to Egypt), Crocker played the most influential role in selecting the Iraqi Governing Council in July 2003. But reading Chandrasekaran's book, you would be left with the impression that Crocker had nothing to with Iraq -- he does not even get a mention.

Chandrasekaran ignores countless other CPA leaders who also fail to substantiate his one-sided thesis, including Gen. Keith Kellogg, the CPA's chief of operations. Kellogg is a retired lieutenant general whose 32-year Army career included two tours in Vietnam and service as the 82nd Airborne Division's chief of staff during Operations Desert Shield and Desert Storm. He was succeeded by Vice Adm. Scott Redd, who served as director of strategic plans and policy for the Joint Chiefs of Staff under Clinton.

David Oliver, the CPA's budget director, does appear in the book. But Chandrasekaran curiously omits any description of Oliver's background. Oliver, a retired Navy rear admiral, had served as a principal deputy undersecretary of defense for Clinton, and by the time he was sent to Baghdad he had already taken a role as a public and financial supporter of one of the Democratic candidates challenging President Bush in 2004. Other prominent Democrats recruited to work in Iraq included former Clinton senior defense official Walt Slocombe and constitutional experts Noah Feldman and Larry Diamond -- both of whom had publicly opposed the decision to go to war in Iraq.

Most of the CPA's senior officials came from the career ranks of the State Department or the military and had served in Republican and Democratic administrations. And whatever the politics of the non-career staff, the majority -- at all levels of the organization -- were dedicated and hardworking and risked their lives to serve.

That said, there is no question that CPA staffers, both senior and junior aides, made mistakes. And there were certainly some positions that were filled by less than perfect matches, as one would expect when a willingness to relocate to a war zone was a key criterion. But a fairer book would have simply critiqued our policy decisions without getting into personal attacks and lopsided analysis.

Speaking of policy, Chandrasekaran argues that the CPA should have listened more to professional civil servants and State Department Arabists. Yet his book concludes that the formal occupation of Iraq was itself America's biggest mistake. Instead of creating the CPA, he argues, the Bush administration should have moved quickly after Saddam Hussein's fall to empower a fully sovereign Iraqi government.

But that is precisely the policy that was vociferously opposed by the State Department's Middle East experts in the months leading up to the war. As Chandrasekaran himself points out earlier in the book, the State Department had, before the invasion, favored an extended occupation, in which the United States would retain power for a long period while gradually organizing elections and facilitating an Iraqi constitutional convention. Indeed, the approach Chandrasekaran now claims to prefer has much more in common with the rapid political transition plan backed by the very Pentagon neoconservatives he disparages throughout his account.

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The truth is that both approaches would have been problematic. So, too, was the compromise solution sought by Bremer. But in a country as complicated as Iraq, there were no simple answers at hand. It's unfortunate that instead of acknowledging the depths and ambiguities of the problem, Chandrasekaran chose to shoehorn carefully selected facts into a thesis that often seems all too pat.

The writer, who was based in Baghdad from April 2003 to June 2004, served as a senior adviser to the Coalition Provisional Authority.

Punctuated By Life And Death (WP)

By Richard Cohen

The Washington Post, October 10, 2006

On the day that The Post carried a story about how President Bush had characterized the present difficult period in Iraq as "just a comma," Matt Mendelsohn called me. He is a photographer who took the pictures for a new book by his brother Daniel, "The Lost." It is an attempt to find out what happened to six members of the Mendelsohn family who perished in the Holocaust -- the family of great-uncle Shmiel Jager, "killed by the Nazis," of which almost nothing else was known. There: You went right by it. Shmiel lived between the commas.

In between those commas, of course, is the life of a man. He was scared and he was brave, he was proud and he was shamed, he headed a family and ran a business and then hid from the Nazis until he, along with four daughters and his wife, was betrayed and shot right on the spot. Don't think of the bullet as a period. It was, worse, a comma.

So Daniel Mendelsohn set out to expand the commas, to push them open and let in a life. From what the reviewers say, he succeeded brilliantly, so when someone says that 6 million Jews died in the Holocaust or if someone mentions Auschwitz, you can understand that it is not a number that died but a person who was murdered. I say that also about Rwanda in 1994, or what happened to the Armenians in Turkey in 1915, or what is happening in Darfur today.

Commas imprison us all. You see them in the headlines of obituaries: Joseph Smith, accountant, 81; Mildred Jones, housewife, 87; Frank Miller, longtime resident, dies. The brevity of it all, the compression of a life into a clause, is appalling, yet an unalterable fact. This is the way not just of newspapers but of history, too. You come across the mention of a war -- the Crimean, the Civil, the Vietnam, the Boer, the Algerian -- and then, like a cemetery dangling from two commas, comes a mention of the number of dead. They get the same prominence -- sometimes less -- as the amount of ordnance used or ships sunk or airplanes built.

Wars are fought with commas. They are essential. Here and there is a world leader who does not care about human life, but most do. The only way they can function is to plant commas around the misery they cause, to subordinate the loss of life to a supposedly greater cause. This is what Bush is doing. If he did not think he is on his way to something grand, that he is doing immense good, then he could not face what is between those two commas -- almost 3,000 American lives and immense suffering. He is not a man given to introspection. Still, he could not live without the succor of cliches: breaking eggs to make an omelet and all of that. In between his commas are all those broken eggs. As yet, there is no omelet.

Not too long ago, I embraced the commas myself. I favored this idiotic war because I thought that the deaths of some would improve -- even save -- the lives of many. I likened the about-to-die soldiers to firemen or cops, the people we summon to risk or lose their lives for the common good. I had the common good in mind when I supported the war, and I did not expect much space between the commas. Now, the space expands and expands, one comma marching away from the other. It seems we will need room for all of Iraq.

When he was alive, I didn't much care for Menachem Begin, the hard-line Israeli prime minister. But when he retired after the 1982 war in Lebanon and showed his grief, my view of him changed. He was despondent over all the lives wasted, and he went into seclusion. For Begin, somehow, the commas evaporated and the immensity of his mistake pitched him into a depression relieved only by death. Other world leaders, in similar circumstances, join consulting firms. The bigger their mistakes, it appears, the higher their fees.

Most of us yearn to escape our commas, to become something more than a profession (longtime lawyer) or resident (Washington native), to make our mark on the world. A president who has ineptly waged a foolish war instead seeks the solace of commas. It is not so much where he has deposited the wounded and dead but where he hopes he can hide from history. It can't be done, though: George W. Bush comma -- and then his failure in Iraq. The comma is his epitaph.

Bomb Kills Top Leaders Of Local Afghan District (NYT)

By Carlotta Gall

The New York Times, October 10, 2006

DOJ_NMG_0077664

KABUL, Afghanistan, Oct. 9 — Five people, including three officials who were the entire leadership of a district in eastern Afghanistan, were killed Monday morning in a roadside bomb explosion on their way to investigate a school burning, police officials said.

The blast, from a remote-controlled mine, killed the district administrator, the police chief and the intelligence chief of the Khogyani district of Nangarhar Province, as well as a driver and a bodyguard, a police spokesman, Col. Ghafoor Khan, said by telephone. Four policemen riding in the back of the pickup were wounded in the explosion.

The men were traveling to Kharawan, a village in the district, to investigate the burning of its school the previous night, Colonel Khan said. Khogyani, a mountainous district bordering Pakistan, is an area of insurgent activity. American and Afghan police officers and border troops had surrounded the village and were searching for suspects, but detained no one, Colonel Khan said.

NATO and Afghan forces were engaged in heavy clashes in Uruzgan, a southern province where Dutch and Australian troops are deployed, and estimated they had killed 52 insurgents in a firefight that lasted several hours, according to a NATO news statement released in Kabul. The Afghan Defense Ministry said there were also clashes on Sunday in Helmand, a neighboring province.

NATO officials had just reported that insurgent attacks had dropped by half at the end of September, compared with the beginning of the month, after the Taliban suffered a heavy defeat in Kandahar Province, in the south. They predicted the insurgents would switch to lower-level, guerrilla-style tactics like suicide bombs and roadside explosions.

The British commander of NATO troops in Afghanistan, Lt. Gen. David Richards, urged the government and Western donors to step in quickly to benefit from the relative lull in combat and deliver rapid assistance to the people of the south, warning that if residents did not see any benefits in the next six months they would turn to support the Taliban.

General Richards, who took overall command of foreign troops in Afghanistan last week, left for Pakistan on Monday to meet military officials and President Pervez Musharraf. According to the British newspaper The Sunday Times, he planned to present Pakistan with evidence that the Taliban leadership was working out of Quetta, in Pakistan.

CORPORATE SCANDALS:

Dunn Calls Allegations In HP Scandal A 'myth' (USAT)

By Del Jones And Michelle Kessler, Usa Today

USA Today, October 9, 2006

Former chairman declares innocence on '60 Minutes'

Former Hewlett-Packard chairman Patricia Dunn, facing charges of approving the practice of using private investigators to obtain the phone records of HP's board of directors, went on 60 Minutes Sunday to say she was innocent.

"The idea that I supervised, orchestrated, approved all the ways in which this investigation occurred is just a complete myth," she said. "It's a falsehood. It's a damaging lie."

Dunn, 53, has late-stage ovarian cancer and less than a 70% chance of living five years. She said her lawyers approved the 60 Minutes interview, which was unusual coming within days of being charged with felonies by California Attorney General Bill Lockyer.

The charges, filed in state court, allege that investigators working for HP impersonated board members and reporters to obtain their phone records without their consent, a practice known as pretexting. Dunn was aware the records were obtained under false pretenses, the attorney general alleged.

Dunn became HP's chairman in 2005 at a time when members of the board were leaking confidential information to the press regarding mergers and other sensitive topics. Those leaks destroyed trust on the board, Dunn said.

She said she approved investigating the board to find the leak but that she relied on HP lawyers to ensure everything was done legally. Dunn is one of five charged. HP declined to comment on 60 Minutes.

When asked if using pretexting was not at least unethical, Dunn said that people who sit on boards give up a lot of privacy. "Your life is much more an open book," she said. Dunn said it was wrong for HP to get reporters' records but that she did not learn that had happened until last month.

On the same 60 Minutes program, former HP CEO Carly Fiorina said that she was "shocked" by the depth and range of tactics used in the scandal, and shocked to learn that she may have been a target.

She implied that her firing was an act of sexism. Asked if a man would have been fired in the same manner, Fiorina said: "Somehow, men understand other men's need for respect differently than they understand it for a woman. I'm disappointed to have to say that, but I think it's undeniably true."

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Fiorina said there were no “normal business reasons” for her firing. “I can only conclude that it was personal in some way.”

Dunn said her cancer has made her philosophical and that being charged with crimes is not the worst thing that can happen.

“The Golden Gate Bridge is always out there,” she said with a laugh during the interview.

“I have a story to tell,” she said. “I need people to understand what happened, and I'm glad to have the chance to do it.”

Boardroom Duel Behind H-P Chairman's Fall, Clash With A Powerful Director (WSJ)

By George Anders And Alan Murray

The Wall Street Journal, October 9, 2006

PALO ALTO, Calif. -- Within weeks after her unexpected ascension to the chairmanship of Hewlett-Packard Co. last year, Patricia Dunn found herself in open warfare with another director: wealthy venture capitalist Tom Perkins.

They argued over how the board should be run. He has called her a "stickler for process and procedure." She says he was a "controller." For new board members, he pushed for Silicon Valley entrepreneurs with ties to his venture firm. She rejected his suggestions in favor of big-company leaders from other industries.

They even bickered over Mr. Perkins's steamy novel, "Sex and the Single Zillionaire," which he wrote with the encouragement of his ex-wife Danielle Steel. The 74-year-old Mr. Perkins says he jokingly called for all H-P employees to buy the book. Ms. Dunn, 53, says she didn't hear anything playful in his tone and vetoed that plan. When Ms. Dunn told Mr. Perkins at a party that the book "isn't my thing," he angrily accused her of embarrassing him in public.

At heated moments, two witnesses say, Mr. Perkins would declare in front of board members: "We need a new chairman." Ms. Dunn says at other times he would poke her in the clavicle and say: "I made you chairman." Mr. Perkins's actions were, in the words of another director, former Medtronic Inc. executive Robert Ryan, "chairman abuse."

The clash between Ms. Dunn and Mr. Perkins lies at the root of the spying scandal at H-P, a saga that ended catastrophically for Ms. Dunn. Last week the California attorney general charged her on four felony counts of fraud and conspiracy, saying she led the H-P board into criminal violations of privacy when the company pried into personal phone records to investigate boardroom leaks.

TRACKING THE SCANDAL

A cache of internal H-P documents and emails shed light on the company's media-leak probe. In one email exchange1, former H-P ethics lawyer Kevin Hunsaker asks how detectives obtained personal phone records. When he is told that they used pretexting, he replies: "I shouldn't have asked…" · See other key documents2 and a graphical timeline of the H-P scandal.

· Read the full text3 of the felony charges (People of the State of Calif. v. Patricia Dunn, et al.)

WHO'S WHO

Read profiles4 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. · Complete coverage5

WALL STREET JOURNAL VIDEO

6

WSJ's Alan Murray discusses7 the risks former H-P CEO Patricia Dunn may face by testifying before Congress.

Mr. Perkins set the charges in motion by storming off the board and alerting authorities to the phone snooping. He contacted the Securities and Exchange Commission and California's attorney general, pressing them to take action. But their fight was much broader than that, reflecting a fundamental conflict over how to run big companies in the post-Enron world.

Ms. Dunn brought a careful, rules-based approach to life. She rose from a modest childhood and endured a three-bus commute to attend the University of California, Berkeley, on a scholarship. She become head of Barclays Global Investors, where she succeeded in the orderly world of index funds, which control risk and take the guesswork out of investing.

When asked to be H-P's chairman, she brought a similar diligence to her new job. She studied a British book on governance, attended directors' workshops at Stanford University and hired consultants to update board handbooks. Her first thought, she says, was: "How do I avoid screwing up? Failure-avoidance has been a large motivator my whole life." For Ms. Dunn, plugging the leaks became a crucial test of her ability to oversee the board.

Mr. Perkins, by contrast, is a boisterous Silicon Valley legend, in love with fast cars, large sailboats and getting his own way. He worked for H-P in the 1950s and 1960s and helped the company start its computer business. In 1972, he co-founded Kleiner Perkins Caufield & Byers, a leading venture-capital firm that made billions for partners and investors by bankrolling start-ups such as Genentech Inc. and Netscape Inc.

Mr. Perkins returned to H-P in 2002 as an outside director, serving until March 2004 before stepping down at retirement age. He was brought back 11 months later at the urging of fellow director George "Jay" Keyworth, who said the company needed Mr. Perkins's expertise. "I have been chairman of a hell of a lot of boards," Mr. Perkins said in an interview late last year. "I have

always been very, very active in the strategy and tactics of these companies." When the leak issue came to a head, Mr. Perkins tried to play down the matter and protect his friend, Mr. Keyworth, who was fingered as the leaker.

Center of the Probe

While it may take a court to assign legal culpability, internal H-P documents depict Ms. Dunn at the center of the leak probe at the computer and printer company. Imbued with zeal about directors' responsibilities, she focused on rooting out a boardroom traitor and failed to question or rein in investigators. They impersonated reporters and directors to pry personal records from phone companies. They used operatives to tail H-P directors and journalists. And they sprang a sting operation on an unsuspecting reporter in an effort to get her to reveal her source.

The charges are the culmination of a fierce boardroom battle that, in the end, Ms. Dunn lost. At the board's request, she quit as a director in late September. Ms. Dunn says she relied upon the advice of H-P lawyers and thought obtaining phone records was customary practice. She portrays herself as a victim and says she bears no responsibility for any misdeeds that were done.

"I think I've been at the nexus of a conflict between the old and new ways of governance," she said during a three-hour interview last week. "And I made a very rich and powerful enemy without meaning to. He was in a position to finance an extremely effective and elaborate campaign to get me off the board. It went beyond what he ever expected."

Mr. Perkins also saw their battle as a fight over how best to run the company. In a July 18 email to H-P CEO Mark Hurd, he worried that Ms. Dunn would " 'pack' the board with the kind of directors she so admires -- ciphers from high cap companies, with no fast-cycle technology background, and certainly no Valley entrepreneurial genes. I worry that you will wind up with a 'blue ribbon' board that will be of zero, or even negative, value to you when the going gets tough."

In an interview with Newsweek last month, Mr. Perkins said: "My No. 1 thing was to get Pattie out as chairman, and I got that. So I'm happy."

As she fights her legal war, Ms. Dunn has been waging an increasingly serious medical battle. After brushes with breast cancer and melanoma, she was diagnosed with Stage IV ovarian cancer in January 2004. Intense chemotherapy, which lasted through August 2005, appeared to have beaten back the disease. But in August, Ms. Dunn had surgery to remove cancer that had spread to her liver. On Friday, she began a new six-month round of chemotherapy.

"I hope I live long enough to see my reputation cleared," she says.

The story of Ms. Dunn's undoing comes from interviews with her, her associates, other H-P directors and 700 pages of H-P documents, which include emails, presentations, lawyers' reports and written testimony submitted to a congressional committee investigating the matter.

Ms. Dunn spent her childhood in Las Vegas, where her father was an entertainment director at a casino and her mother was a retired showgirl. She says her formative experiences came as a teenager after her father died and her mother moved the family to Terra Linda, Calif.

Cash was tight. She won a National Merit Scholarship in 1970 to go to the University of Oregon but had to drop out when her mother lost Social Security death benefits. For a year, Ms. Dunn worked days as an apartment rental agent and evenings cooking and housecleaning for a family in return for room and board. Her mother was homeless and slept in her car for a while.

In 1973, Ms. Dunn got enough scholarship and grant money to return to college at the University of California, Berkeley, as a journalism major. Immediately after graduating, she won a temporary secretarial job at Wells Fargo & Co., the big San Francisco bank.

She had no interest in finance. "I thought I would rather drink chloroform and die than work for a bank," she recalls. But it was the only job available and she grew to like it. She met a senior banker, Bill Jahnke, whom she later married. And she became fascinated with the way Wells Fargo used academic theories to whittle away the role of human judgment in investment decisions. The bank championed low-cost money management that matched indexes like the Standard & Poor's 500. "I found there were revolutionaries at the bank," she says.

Ms. Dunn eventually became CEO of the business, which went through a series of owners before being sold to the United Kingdom's Barclays Bank PLC, which renamed it Barclays Global Investors. BGI wasn't flashy, but its methodical, process-driven approach to investment proved ultra-reliable.

Former colleagues say Ms. Dunn was a superb listener who usually knew exactly what she wanted. "You underestimated her at your peril," recalls Jeffrey Skelton, a former investment specialist at the bank. "People who got booted out can attest to that."

In 1998, Ms. Dunn was invited onto the H-P board, which was looking for fresh faces. At that time it was dominated by people picked by the company's legendary founders, Dave Packard and Bill Hewlett. A year later, H-P recruited its first outsider as CEO, Carly Fiorina, a flashy telecommunications executive.

Betting Their Future

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H-P and Ms. Fiorina bet their future on the hotly contested 2002 takeover of Compaq Computer Corp. During a shareholder suit over the deal, H-P considered using Ms. Dunn as a witness to affirm directors' confidence in the deal. The company instead opted to call another director, Phil Condit, then CEO of Boeing Co.

In her autobiography, which goes on sale today, Ms. Fiorina snipes at the low-key Ms. Dunn, writing that it was "frequently hard to discern" what point Ms. Dunn might be trying to make.

REBOOTED

Brief biography of Patricia Dunn: · March 27, 1953: Born in Burbank, Calif.

· 1975: Earns B.A. from UC Berkeley

· 1976: Joins Wells Fargo Investment Advisers; later rises to CEO

· 1998: Joins board of Hewlett-Packard

· 2004: Diagnosed with advanced ovarian cancer; has recurrence in 2006

· February 2005: Named nonexecutive chairman of H-P

· May: Initiates probe into board leaks

· January 2006: Initiates second probe

· Sept. 22: Resigns from H-P

· Oct. 4: Indicted, with four others, on four felony counts

"I never viewed myself as a leader on the board until late 2004," says Ms. Dunn. That's when some H-P directors started voicing dissatisfaction with their CEO. A rift developed between Ms. Fiorina's supporters and critics. As the board struggled to find agreement, Ms. Dunn helped negotiate a 500-word statement testifying to its concerns. "I was the scribe" who wrote down the emerging consensus, Ms. Dunn recalls.

On Jan. 10, 2005, Ms. Dunn and two other directors -- Mr. Keyworth and Richard Hackborn -- delivered the statement to Ms. Fiorina. The meeting surprised the embattled CEO who conceded little in talks over the next few days about her role, but seemed to recognize the need to be more open with her board. "We were getting somewhere with Carly," Ms. Dunn maintains. "She was taking on board what directors were saying."

Two weeks later, a detailed account of directors' qualms about Ms. Fiorina's leadership appeared in The Wall Street Journal. Ms. Fiorina was furious and started focusing on leaks instead of directors' concerns about her management. Her relations with the board disintegrated. At a Feb. 7 board meeting in Chicago, with Mr. Perkins among those pushing hard for change, Ms. Fiorina was voted out of office.

The leak "set the tone for distrust," Ms. Dunn recalls. "It threw a spanner into the whole process" of running the board.

At the same Chicago session, the board asked Ms. Dunn to become nonexecutive chairman. She says her elevation was due largely to the fact that "I was one of the few directors who was still talking to everyone." She saw herself as a peacemaker.

Ms. Dunn was in the midst of a 20-month chemotherapy regimen to battle ovarian cancer. Her face was bloated. Hair loss forced her to wear wigs. She adopted a macrobiotic diet and consulted a Chinese herbalist. Each day, she took more than a dozen nutritional supplements that she kept in a heart-shaped box.

Doctors told her she showed an astonishing ability to withstand nausea and other side effects. Tom Christopherson, a long-time BGI colleague, says he asked her about her medical stoicism and recalls being told: "I keep all of this in a corner. The quality of life I want has nothing to do with being a cancer patient."

As H-P chairman, Ms. Dunn helped lead a CEO search that recruited Mr. Hurd from NCR Corp. She paid house calls to other H-P directors, asking them how the H-P board could become more effective. What she heard disheartened her. Directors were wary of one another, Ms. Dunn recalls, because of the leaks and the Fiorina ouster, and pessimistic they could ever work well together. Seven of the nine directors with whom she talked said stopping the leaks should be a top priority, after finding a new CEO, she recalls.

Months before, Ms. Fiorina had tried unsuccessfully to find boardroom leakers. Ms. Dunn felt it was time to try afresh. It didn't matter whether indiscretions were big or small. They all were bad. As she testified to a House panel last month: "Even trivial information that finds its way from the boardroom to the press corrodes trust among directors."

Sympathetic directors urged Ms. Dunn onward. H-P board documents show that Mr. Ryan offered to hand over his phone records so she could see if he had called reporters. She demurred. Someone suggested that directors take lie-detector tests. Mr. Perkins declared: "I'll be the first in line." Ms. Dunn took that as a serious suggestion. Mr. Perkins through a spokesman says he was kidding. Such tests were never used.

To dig into boardroom conduct, Ms. Dunn turned to a former prosecutor, Ronald DeLia, whom H-P management recommended to her. He ran Security Outsourcing Solutions, a small firm in Needham, Mass. Ms. Dunn says she wondered if a bigger firm would be better, but opted to keep the job in-house.

Project Kona

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Mr. DeLia, in a phone call, asked her to pick a code name for the project. Ms. Dunn was staying in Kona, Hawaii, at the time, where she has vacationed since her honeymoon. She decided to call the project "Kona" and said recently the word will never sound the same to her.

Mr. DeLia decided to get directors' phone records without their permission. This technique, called "pretexting," involves fooling phone companies into handing over call logs by impersonating a customer, which is illegal in California; it may be permissible in other jurisdictions.

Ms. Dunn said in her House testimony last month she didn't recall hearing the term pretexting during the 2005 probe. But according to meeting notes from H-P's then-general counsel, Ann Baskins, someone with the initials "PCD" asked direct questions about the matter. Ms. Dunn's full name is Patricia Cecile Dunn. A spokesman for Ms. Dunn declines to comment on Ms. Baskins's notes.

Later, low-level H-P managers squirmed about such deceit. "It's very unethical at the least and probably illegal," wrote Vincent Nye, an H-P security official, in a February 2006 email. His warnings seemed to fall on deaf ears, and there's no indication they ever reached Ms. Dunn. It's unclear how people reacted to pretexting in 2005.

By summer 2005, the Kona I team conceded failure; it hadn't pinpointed any board blabber. The leak issue receded in prominence until Jan. 23, 2006, when Dawn Kawamoto, a technology reporter for CNet.com, posted an online article headlined: "HP Outlines Long-Term Strategy."

It didn't matter that the actual contents were upbeat and bland, merely echoing what H-P had been telling Wall Street analysts for months. The story was cast as a summary of a closed-doors retreat for directors and top executives two weeks earlier -- and it was accurate.

"I thought: 'Here we go again,' " Ms. Dunn recalls. "You can't appreciate how raw the sensitivities were on the board. That a director would have disclosed this is staggering." Even H-P's CEO, Mr. Hurd, was outraged, Ms. Dunn later said, telling her that he couldn't run the company this way.

As the leak problems worsened, Ms. Dunn's relations with the powerful Mr. Perkins were also deteriorating. In the summer of 2005, she brought in consultants from Mercer Delta Inc. to suggest how H-P could tidy up its director guidelines. Mr. Perkins hated their meddling. As H-P General Counsel Ms. Baskins put it in a later interview with H-P's outside lawyers: "Perkins generally felt he could write a book on governance and didn't need any outside help."

Ms. Dunn chafed, too, when Mr. Perkins repeatedly brought up her $100,000 annual pay as chairman, insinuating -- to her ear, at least -- that she ought to be grateful to him. She wanted him to realize that while not a tycoon, she had a net worth that was in fine shape with or without the H-P stipend. At one point, she took Mr. Perkins aside for a five-minute chat about her financial position, hoping this would close what she called in a later interview "a respect gap."

Also on Ms. Dunn's gripe list was how Mr. Perkins, as a member of the board's powerful technology committee, was running high-level strategy discussions that belonged in front of all directors. "It was becoming a board within a board," she says. She didn't have a seat on the committee and while she was free to attend some of its events, lacked a vote there. A spokesman for Mr. Perkins says: "I wouldn't even know how to comment on that. Let's just let it go."

Did Mr. Perkins want an aggressive leaks probe? In an August 2006 interview with H-P's outside lawyers, Wilson Sonsini Goodrich & Rosatti, Ms. Dunn said she felt "under tremendous pressure from Perkins to find the leaker." Ms. Dunn reiterated in her interview last week that she thought Mr. Perkins was "the most hawkish of the directors" in pressing for action. Mr. Perkins's spokesman disputes that, saying the venture capitalist regarded the CNet article as harmless.

In any case, investigators had a likely suspect: Mr. Keyworth. He had given interviews to Ms. Kawamoto before and some of the quotes from the story's single anonymous source matched his cadence. He'd also been suspected of leaking to the press a year earlier. Ms. Dunn engaged H-P's chief ethics officer, Kevin Hunsaker, who agreed to supervise what became known as Kona II.

Within two weeks, Messrs. Hunsaker and DeLia had a whirlwind of spying initiatives in place. They paid surveillance teams to sit outside Mr. Keyworth's home. They hired other snoops to follow an H-P publicist at a conference, logging what time he visited the dessert stand. And they commandeered phone records of about a dozen people.

As one episode got under way, even the originally squeamish Mr. Nye emailed colleagues in all capital letters: "STRAP ON YOUR HELMETS, FELLAS, WE'RE GOIN IN!!!" Another investigator in an email likened one of his ploys to "waiting for the Apollo 13 spacecraft to emerge from the dark side of the moon."

Ms. Dunn generally kept her emotions on tighter rein. In emails to the investigative team, she underscored the importance of keeping CEO Mr. Hurd in the loop. She wrote to Mr. Hunsaker on Feb. 3: "This effort is on the right track. I will count on you and the team." On Feb. 22, she wrote Mr. Hunsaker to tell him that an email sting involving Ms. Kawamoto, the CNet reporter, was "very clever."

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During her testimony to the investigations subcommittee of the House Committee on Energy and Commerce, Ms. Dunn said she was sorry she used that phrase.

All told, H-P investigators spent more than $350,000 to establish that Mr. Keyworth and Ms. Kawamoto had spoken before her CNet story appeared. Nobody officially interviewed Mr. Keyworth until the entire draft report was complete. Instead, the company operated for about two months in a clandestine world that Rep. John Dingell later said "would make Richard Nixon blush."

On May 18, it was time to present the fruits of Kona II to the full H-P board. Mr. Ryan, head of the audit committee, revealed the results of the investigation to Mr. Keyworth that morning, and Mr. Keyworth confessed.

At the board meeting, Ms. Dunn informed fellow directors that a leaker had been found and Mr. Ryan filled in the details. Directors asked Mr. Keyworth to leave the room while directors deliberated his fate. Ultimately they decided to ask for his resignation.

Ms. Dunn, who thought this would smooth her rocky relations with Mr. Perkins, had a nasty surprise coming. Mr. Perkins said Mr. Keyworth's contributions to the board were so sizable that his longtime friend should be let off with a private apology and a promise not to hold unauthorized chats with reporters again. Ms. Dunn refused, she says. Mr. Perkins shouted at her and announced he was quitting the board.

Within weeks, Mr. Perkins was marshalling for a battle. He retained a high-powered lawyer, former White House attorney Viet Dinh. He asked the phone company to see if his records had been peeked into by "pretexters." When he discovered that they had, he brought the evidence to authorities in July, including California's attorney general.

Over the past three months, H-P has been coming to terms with the magnitude of the scandal. It began disclosing the leak investigation in early September. Two weeks later, it said Ms. Dunn would step down as chairman in January. As more details about the leak probe tumbled forth, H-P at the end of last month said Ms. Dunn would resign immediately.

From Ms. Dunn's testimony, emails and indirect comments, it's possible to piece together an explanation for how a well-regarded chairman could go so catastrophically off course. Adamant in her desire to "fix" the leak problem, she succumbed to tunnel vision.

She had begun to see stopping leaks as one of the most crucial tasks in her chairmanship. In doing so, she neglected issues such as prudence, fairness and the potential impact on H-P's reputation. Even the extent to which the company had analyzed the legal issues or just glossed over them wasn't considered.

In interviews and in congressional testimony, Ms. Dunn says that while sorry for the embarrassment to H-P, she doesn't accept responsibility for the scandal. She says it wasn't her job to supervise the tactics involved in the investigation, and that she was assured its methods were lawful. She hasn't been precise as to who gave her that advice.

"If I had a crystal ball," Ms. Dunn says, "I would have used an outside firm" to run the investigations. Large security firms might have been more attuned to the possible hazards. With H-P management urging her to use in-house resources, she says she deferred to others.

Recently, Ms. Dunn has been busy with other things, including chemotherapy appointments, being arraigned and spending time with her step-grandchildren. After felony charges were filed, she offered to resign from board seats with various organizations and most of them -- including BGI -- immediately accepted. She says she was delighted that Larkin House, a social service for runaway teens, asked her to stay.

At one point in the House hearings, Ms. Dunn came close to acknowledging how much had been lost. When Rep. Edward Markey, a Massachusetts Democrat, asked about her boardroom credentials, she replied: "I was considered a financial expert and, ironic though it may seem to you now, also an expert in corporate governance."

Fiorina Says Her Next Role May Involve Politics (WSJ)

By Alan Murray And George Anders

The Wall Street Journal, October 10, 2006

Carly Fiorina, former chief executive of Hewlett-Packard Co., says she might want her next job to involve politics or some other form of "public service."

In an interview yesterday, Ms. Fiorina said that it is also possible she will look for a chance to run another public company. But she opened the door further than she has in the past to the notion of renewing her career outside the corporate world. While speculation about her political ambitions has swirled since she took office at H-P in 1999, she has consistently brushed aside such talk.

Ms. Fiorina, 52 years old, is currently promoting her autobiography, "Tough Choices," which was released yesterday.

Ms. Fiorina also said that she had breakfast with her successor, current H-P CEO Mark Hurd, in April, and that he complained about some of his directors. "He said he was frustrated with this board," Ms. Fiorina said.

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Ms. Fiorina blames what she calls a "dysfunctional board" for her firing as CEO in February of last year. In particular, she blames venture capitalist Tom Perkins and director George "Jay" Keyworth, a former science adviser to President Ronald Reagan, for pushing personal agendas on the board. "I think Jay clearly was a driving force, that Tom was his ally, and that Tom's entry in the board changed the dynamics," she said. "They were the most egregious in wanting to dominate the [board's] conversation with their pet projects."

Ms. Fiorina said Mr. Hurd's concerns about the board were similar to hers. An H-P spokesperson confirmed that the breakfast occurred, but said Mr. Hurd wouldn't comment on the discussion.

At the time of the breakfast, Mr. Hurd had received the results of a controversial investigation into boardroom leaks, completed in March, that identified Mr. Keyworth as a source for some of those leaks. Mr. Perkins subsequently contacted the California attorney general, who has brought charges against former H-P Chairman Patricia Dunn and others for their roles in the leak investigation. Mr. Hurd was not charged.

Concern over boardroom leaks at H-P began while Ms. Fiorina was still CEO. She launched an investigation into one leak, but she says that investigation only involved having attorney Larry Sonsini interview each director, and didn't involve obtaining private phone records or any of the other controversial tactics used in the later probe.

Asked about the controversy over the leak investigation, Ms. Fiorina, who was dismissed in February 2005, said: "My reaction to the whole thing when it first came out was to be shocked and appalled. It makes me sad. It's a breakdown in character and ethics and judgment."

Fiorina Blames Divisive HP Board (USAT)

By Michelle Kessler

USA Today, October 10, 2006

SAN FRANCISCO — Deep “dysfunctions” in Hewlett-Packard's board have troubled the computer maker for years — and contributed to its current snooping scandal, former CEO Carly Fiorina said Monday.

Fiorina, who ran HP from 1999 to 2005, says she struggled with a board that refused to confront issues directly, but was happy to scheme behind her back.

The board ultimately ousted Fiorina, a decision that she says was unexpected and never explained. She describes their conflicts in a her memoir, Tough Choices, in stores this week.

Now, that same board is in trouble because it hired detectives that used trickery to obtain the private phone records of journalists, board members and employees — probably including Fiorina. That may be against the law. California Attorney General Bill Lockyer is seeking indictments against former HP chairman Patricia Dunn and four others involved in the scandal.

Fiorina, who left the company in the scandal's early days, says she has few inside details. She's still trying to figure out how many of her own personal records were accessed. But overall, “It appears that personal agendas overcame people's good judgment,” she says.

It's a problem that Fiorina says she knows well. In her book, she describes repeated battles with a board that she says was usually polite and accommodating in person — and secretly scheming behind the scenes.

“That isn't the way business should be done,” she says.

Some board members were particularly troublesome:

·George “Jay” Keyworth, a former science adviser to President Reagan, repeatedly proposed impractical mergers, then got angry when Fiorina didn't embrace his ideas, she writes. He has since confessed to leaking information to the press and has resigned.

·Venture capitalist Tom Perkins “clearly became a disruptive force in the boardroom during my tenure, and he apparently remains a disruptive force,” Fiorina says.

Perkins, a close friend of Keyworth, played a key role in Fiorina's ouster. He resigned from the board this year after clashing with Dunn. He later forced HP to publicly reveal its phone-record swipe.

·Dunn, who became chairman after Fiorina's ouster, remained mysterious about the reasons for her decision to seek a change in CEO. “I never participated in a conversation with the board about why or how they chose to fire me,” Fiorina says.

·Walter Hewlett, the son of an HP co-founder, initially supported a proposed $25 billion acquisition of Compaq Computer. Once the deal was announced, he stunned Fiorina by saying he would oppose it. He refused to even meet with her, she writes.

Fiorina says the problem with confrontation wasn't limited to the boardroom. The company's vaunted corporate culture, known as the HP Way, “had gotten a bit corrupted,” Fiorina said Monday. “People tended to favor politeness and avoiding confrontation (over) direct talk.”

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That made HP slow and staid, putting it at a disadvantage to competitors such as Dell and Sun Microsystems. Fiorina worked hard to change it, and says she had some success. But the culture persisted in the board, in part because it met infrequently, she says.

HP has had a remarkable turnaround in spite of this, Fiorina says. Her successor, Mark Hurd, has gotten most of the praise.

"This isn't me vs. Mark," Fiorina says. But, she says, "The Hewlett-Packard company was transformed on my watch. … I don't deserve all of the credit, but I do deserve some."

Fiorina says the timing of her book is coincidental. She wanted to write it now, because she has time before her next venture, she says. Fiorina says she wrote the book herself, without the help of a professional writer, in about four months.

She hopes that the memoir, which describes her rise from temporary typist to AT&T executive to HP CEO, helps people see her as a real person. Through her difficult times at HP, "I became a caricature — too tough, too flashy," she says.

Fiorina says she doesn't yet know what her next move is. Politics are one option, though she wouldn't comment on reports that HP outside counsel and Silicon Valley icon Larry Sonsini urged her to run for governor.

Another is heading a new company. She says she stays in close touch with the tech industry and still lives in Silicon Valley. As CEO, "I made choices I'm proud of. I would make those choices again," she says.

"It was a great experience," she says. "I'm proud of what I and tens of thousands (of HP employees) accomplished. I take great pleasure in seeing Hewlett-Packard (succeed)."

Civil Lawsuits Bigger Woe In Options Scandal (CNNM-YBIZ)

By Shaheen Pasha, Cnnmoney.com Staff Writer

CNN Money, October 10, 2006

Forget the SEC and Department of Justice. For companies ensnared in the widening options-backdating scandal, mounting civil lawsuits may turn out to be the real headache, costing companies millions of dollars and countless hours to defend and settle.

At last count, about 120 companies either are under scrutiny by the government or have launched internal investigations into their options practices. At issue is whether companies adjusted dates on options grants to ensure great profits for executives. But to date, only Brocade Communications and Comverse Technologies have actually received criminal indictments against their top executives.

Legal experts say that the small number of indictments highlights the difficulties in proving that executives knowingly attempted to enrich themselves at the expense of the company and shareholders.

But that hasn't stopped a host of eager litigation attorneys from filing civil suits, and dealing with them won't be easy.

"It takes an incredible amount of time, money and human capital to defend those type of cases regardless of the outcome," said Michael Koenig, a white-collar-criminal defense attorney at law firm Dewey Ballantine.

And when it comes to a civil lawsuit, the burden of proof on a plaintiff attorney is far less than in criminal proceedings, making it easier for civil complaints to mushroom.

Class action lawsuits, which usually lead the pack when it comes to most civil litigation, have a five-year statute of limitations - and many of the companies involved in the options scandal are looking at practices stemming from the late 1990s or 2000.

As a result, the complaint of choice has become derivative suits, in which shareholders sue the directors and officers of the company.

In a class-action suit, money in a settlement goes to the shareholders. In a derivative suit, a settlement goes to the company - which ultimately should benefit shareholders, though only indirectly.

Currently, attorneys have filed over 80 derivative lawsuits related to options backdating, while there have been only about 20 class-action suits against companies that include United Health Group and Apple.

Lawrence Kolker, partner at Wolf Haldenstein, has filed more than 20 complaints - mostly derivative lawsuits - in recent months against the directors and officers of companies like Comverse, Cablevision and Xilinx.

According to the civil complaints, shareholders are suing the officers and directors of the companies, claiming financial damage from falling stock prices following the announcement that the corporations were under investigation.

"The companies involved and shareholders have already lost billions of dollars in value as well as suffered reputational damage from being involved in this basic corporate malfeasance," Kolker said. "We're seeking recovery for the companies against the officers and directors."

Kolker said that shareholders sought monetary damages, disgorgement of profits executives made from backdating options as well as reform of corporate practices to make sure there will be better oversight in the future.

Critics of the mounting civil lawsuits say the barrage of derivative claims are just a way for ingenious plaintiff lawyers to profit from the scandal. Attorneys that file the derivative lawsuits can count on a solid fee -- sometimes as much as 25 percent of the ultimate settlement.

"Some people would say that these are lawyer-driven lawsuits and the point of filing these is to create fees for the lawyers," said William Sullivan, chair of the national securities litigation and enforcement at law firm Paul Hastings.

"It's a three-pronged attack against corporations with the SEC, DOJ and the derivative suits," said Paul Hodgson, senior research association at The Corporate Library, a government research firm. "We don't think we've gotten to the end of the number of companies that are going to be investigated and it's likely that there are going to be even more derivative lawsuits ahead."

With so many cases already under investigation, Hodges said the SEC is already overwhelmed and the burden may fall more on the Department of Justice to bring criminal indictments.

But Hodgson said government prosecutors need to find tangible documentary evidence to prove that options were backdated knowingly in order to prosecute a company. And that's no easy task.

Plaintiff attorneys, however, just have to prove that stockholders lost money because the officers and directors failed to perform their fiduciary duty - making it more likely that civil lawsuits will be more successful in obtaining damages from any perceived wrongdoing, legal experts said.

"The derivative lawsuits in the long run could become a bigger headache for companies," said Paul Hastings' Sullivan.

Buffett Orders Crackdown On Unethical Practices (FT)

By Richard Beales And Francesco Guerrera In New York

Financial Times, October 10, 2006

Warren Buffett has ordered top managers at his Berkshire Hathaway group to redouble efforts to crack down on unethical behaviour, warning that practices such as stock options backdating cannot be justified because “everybody else is doing it”.

In a strongly-worded memo dated September 27 and sent to an elite group of Berkshire managers dubbed “The All-Stars”, the veteran investor says “bad behaviour” among the insurance and energy conglomerate’s 200,000-plus employees is “inevitable”.

“But we can have a huge effect in minimising such activities by jumping on anything immediately when there is the slightest odour of impropriety… Berkshire’s reputation is in your hands,” the memo – obtained by the Financial Times – says.

The “Sage of Omaha” warns that poor corporate governance cannot be forgiven just because the practice is widespread. “The five most dangerous words in business may be ‘everybody else is doing it’,” wrote Mr Buffett, who has long been sceptical of stock options as a means of remunerating executives.

“A lot of banks and insurance companies have suffered earnings disasters after relying on that rationale. Even worse have been the consequences from using that phrase to justify the morality of proposed actions,” the memo continues.

Some lawyers and corporate experts have called for leniency towards executives and directors in the more than 100 companies being probed in the ongoing options backdating scandal, arguing that the practice was widespread and not necessarily illegal.

But Mr Buffett’s intervention, his first since the onset of the scandal, will bolster the case of regulators and corporate governance campaigners who say options backdating unfairly enriched executives at the expense of shareholders.

Mr Buffett’s memo argues that many of the perpetrators of recent corporate scandals such as the “accounting gimmicks” seen in recent years acted because they felt others were doing it as well.

“It’s a seductive argument. But it couldn’t be more wrong. In fact, every time you hear the phrase ‘Everybody else is doing it’ it should raise a huge red flag.”

Mr Buffett says Berkshire should “start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper”.

Buffett Says To Avoid Scandals, Managers Must Not Follow Herd (WSJ)

By Karen Richardson

The Wall Street Journal, October 10, 2006

Warren Buffett, known as the "Oracle of Omaha," has spoken on the recent scandals involving stock-options backdating and Hewlett-Packard Co.'s leak probe.

In a one-page memo dated Sept. 27, prompted by the recent scandals, Mr. Buffett exhorted the 45-plus top managers of his Berkshire Hathaway Inc. holding company -- whom he calls "The All-Stars" -- to resist temptation despite peer pressure or

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even industry practice. "The five most dangerous words in business may be 'Everybody else is doing it,'" wrote the 76-year-old chairman of Berkshire.

More than 100 companies have drawn scrutiny in federal probes of backdating -- that is, the practice of altering the date on which options were granted to executives and other employees to increase the potential value of the options. Backdating can run afoul of tax and securities laws.

Separately, former H-P Chairman Patricia Dunn was charged last week by the California attorney general in H-P's leak probe. She and several others are accused of committing criminal privacy violations by hiring investigators who impersonated others in a tactic called "pretexting" to access personal phone records. Ms. Dunn has said she will fight the charges.

With regard to backdating, Mr. Buffett wrote, "My guess is that a great many of the people involved would not have behaved in the manner they did except for the fact that they felt others were doing so as well." In his folksy style, he went on, "So, at Berkshire, let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper, and never proceed forward simply on the basis of the fact that other people are doing it."

Mr. Buffett sends out such "reminders" to his managers about once every two years, according to Debbie Bosanek, Mr. Buffett's assistant. As Berkshire continues acquiring new companies with new managers, Mr. Buffett decides "it's time for an update" once in a while," she added. Mr. Buffett wasn't available to comment. Sometimes Mr. Buffett's reminders take the form of passages in his annual letters to shareholders. In recent years, he has opined on hot-button corporate-governance issues including options expensing, executive compensation and hedge-fund fees.

Berkshire isn't a stranger to scandal. Four former executives of Berkshire's General Re reinsurance unit were indicted this year for conspiracy to commit fraud, and two others have pleaded guilty, in relation to a controversial transaction in 2000 with American International Group Inc. that federal prosecutors allege was a sham deal. The four former General Re executives and one former AIG executive are scheduled to stand trial in March in Connecticut.

In his latest memo, Mr. Buffett makes clear he is concerned about any blight on Berkshire's reputation. Acknowledging that the chance of the company's 200,000 staff will always behave properly "is nil," he adds, "We can have a huge effect in minimizing such activities by jumping on anything immediately when there is the slightest odor of impropriety."

Businesses With A Higher Purpose? (USAT)

By Alan M. Webber

USA Today, October 10, 2006

It must be a coincidence, right?

Here's Andrew Fastow, Enron's former chief financial officer, being sentenced to six years in prison — and on the same day, he names 10 prestigious Wall Street firms as his “co-conspirators”, including Merrill Lynch, RBS and Barclays.

Here's former Hewlett-Packard board chairwoman Patricia Dunn testifying before a congressional committee probing the company's use of “pretexting” to investigate its own board. “I do not accept personal responsibility for what happened,” she says. And then Ann Baskins, HP's former general counsel and nine other witnesses all take the Fifth Amendment.

Here's former WorldCom CEO Bernie Ebbers reporting to jail for his role in an $11 billion accounting fraud. These and other headlines are part of perhaps the biggest perp walk in business history.

Oh, and here's one more item — an interesting recent study by Donald McCabe, professor of management and global business at Rutgers University: Among all graduate students, MBA candidates are the biggest cheaters. That's right, it must be a coincidence. So let's dig a little deeper.

According to survey data from 623 students at 32 graduate business schools in the USA and Canada, 56% admitted cheating. But, as McCabe notes, it's not cheating for cheating's sake: These students are doing it to win. Cheating can help them get great internships and high-paying jobs at big name companies. So maybe it isn't a coincidence. Even so, that doesn't answer the deeper question: What's wrong with the business world — and, in particular, what is wrong with business schools?

Part of the answer could lie in the history of business graduate schools. The MBA is a fairly recent invention, unlike the other “professions” with graduate degrees. The oldest graduate school for business in the USA is a little more than 100 years old; Europe's oldest is only a bit more than 40 years old. Compare that with law and medicine. Law schools date to the Roman Republic. And though lawyers might not have the best reputation, at least the American Bar Association has issued its Model Rules of Professional Conduct. Medicine goes back farther, even if you consider only Western medicine. Hippocrates of Cos, who lived in the age of Pericles, is widely considered “the father of Medicine.” Science might have advanced, but Hippocrates lives on today in the Hippocratic Oath, which proscribes a moral basis for doctors (unlike the hypocritical oath that evidently offers business school students a free pass).

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So perhaps part of the difference between these schools is what it means to be a profession. But there is also a wider gap that separates business from medicine and law. Business school professors and leaders have yet to answer a question of the first order: What's the point of the exercise?

In the case of medicine and law, there are higher purposes. Doctors work to heal the sick and provide comfort to their patients. Lawyers are charged with representing their clients and also with upholding the nation's laws. What about business men and women? What's their higher purpose?

The ads in The Economist offer a good idea of the missions that leading business schools assign themselves. The ad for the University of Chicago's Graduate School of Business says, "You'll experience the people and ideas responsible for revolutionizing the business world." How perfectly it complements Harvard Business School's mission: "We educate leaders who make a difference in the world." Jeffrey Skilling, an HBS graduate, was after all, a leader who made a "difference." As President Bush, another HBS alum, would say, "Mission accomplished."

At least these ads are consistent with what today's businessmen have taken as their key responsibility: Increasing a company's share price. Or, as Jack Welch so succinctly put it in the title of his recent book, Winning. But winning, as we've seen with CEOs and now with business school students, can become a rationale for cheating.

What if, instead of seeking to create shareholder value as their definition of success, business men and women sought to establish well-articulated social values — and then applied them to their own careers and organizations? What if, instead of writing books called "Winning," they called their books "Contributing"? And what if, instead of measuring success only by their ability to amass financial capital, they also sought to grow social capital?

Because the real problem with business today isn't the few scoundrels who bring disgrace to so many honest managers. The real problem is that it needs to serve a higher purpose than making a lot of money. The challenge today is to answer a fundamental question: Is capitalism going to be the salvation of the world? Or the cause of its demise?

This is hardly an academic question, what with issues of global warming, the growing gap between the haves and have-nots, and the seeds of war and terrorism sown by divergent economic systems. Business leaders need to espouse a bigger game than just winning that connects to a view of the world as an interconnected community, where the future of the wealthiest depends in equal measure on the future of the poorest.

MBA students need to think about this bigger game that asks fundamental questions about the purpose and sustainability of business. And it's a game that will eliminate most cheating — unless, to paraphrase Woody Allen, students who want to serve a higher purpose cheat by looking at the soul of the student next to them.

European Justice (WSJ)

By Hans-martin Tillack

The Wall Street Journal, October 9, 2006

For 18 years now I have worked as a journalist, and I still think I have a great job. Of course someone in my profession has to follow a number of rules. Most important of all: Stick with the facts.

Now I have learned that these rules might be less strict for some officials at the EU anti-fraud office, which most people in Brussels know by its French acronym, OLAF. The European Court of First Instance ruled Wednesday that OLAF should get away with presenting wrong and misleading facts about me in order to spark a police action against me and to get to my sources inside OLAF.

The ruling surprised me. In my job, I could not -- just for example -- write that the director of OLAF, Franz-Hermann Brüner, "might be beating his dog." I could not write such a story, even if I really disliked Mr. Brüner, because I don't have the slightest evidence to back it up. A colleague might tell me that he had heard rumors that Mr. Brüner was beating his dog. But that would not allow me to write the story, either. Even if I had a witness who claimed to have seen Mr. Brüner beating his dog, I would prefer to wait until I had a second witness. And before publishing anything, I would try to confront Mr. Brüner and ask him whether he has really beaten his dog.

In fact, I wrote quite a few other stories about Mr. Brüner while I was correspondent for the German magazine Stern in Brussels from 1999 to 2004. These were stories for which I had proof -- stories about him and about the then EU anti-fraud commissioner, Michaele Schreyer. I was the first journalist to reveal, basing my stories on internal EU documents, that there were serious problems with fraud and possible corruption in the EU Commission's statistical agency, Eurostat. I was also able to prove in several cases that Commissioner Schreyer and Mr. Brüner seemed not to treat internal EU fraud cases seriously. Mr. Brüner, for example, flatly refused to forward evidence about a possible case of fraud to the Belgian public prosecutor in October 2003. I wrote that Mr. Brüner might act like this because he did not want to anger mighty politicians and EU officials who had to decide on his future career at the helm of OLAF.

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In all these cases I had evidence. And I duly confronted the persons concerned before publishing my stories. Never did Mr. Brüner claim that any facts I mentioned were wrong. Still, Mr. Brüner and Ms. Schreyer were pretty unhappy about my reporting. Then something happened. After I benefited from a major leak in March 2002, Mr. Brüner and the EU Commission put out a press release saying the leaked document -- which I undeniably had quoted first -- might have been obtained by "a journalist" who bribed an official to get hold of this document. An OLAF spokesman even told a newspaper that OLAF had "prima facie evidence that a payment might have been made."

Only two years later did I learn what kind of "prima facie evidence" the spokesman was referring to. He relied on statements by the then-spokesman of Ms. Schreyer, Joachim Gross. Mr. Gross told OLAF that a third person told him that I had paid an official in order to obtain internal EU documents. Mr. Gross later made several conflicting statements about who his initial source was; the definite identity of this person is still unknown. What he told OLAF comprised nothing more than simple "rumors," as an OLAF spokesman noted in an internal memo that was leaked to me in April 2002. In any case, this former Commission spokesman did not want to be quoted. He had explicitly asked OLAF not to mention his name to anyone. It was only revealed by a German newspaper in June 2004.

I did not bribe or pay anyone to get these documents. But I had good sources and continued to receive internal OLAF documents. So in early 2004 Mr. Brüner went back on the warpath. His investigators put their allegations against me -- yes, still only the rumors spread by Mr. Gross -- in a report and sent complaints to the public prosecutors in Brussels and in Hamburg, Germany, where Stern has its headquarters. Two OLAF officials even traveled to Hamburg to ask the local prosecutor to act -- and to do this as a matter of "urgency" as I was about to move to Washington, D.C.

In fact I was about to move to Hamburg, and Mr. Brüner knew this. He did not ask me for my response to Mr. Gross's allegations before he filed his complaints. Nevertheless, while the German authorities refused to conduct a raid on the Stern headquarters in Hamburg, the Belgian police took the OLAF allegations seriously and, without examining them further, raided my home and office in March 2004. To this day they hold nearly 1,000 pages of my documents. During this entire time they have not brought any charges against me or any other person in this case.

So my magazine and I went to court: against Belgium, against Mr. Gross and against the EU Commission, of which OLAF is a part. The Belgian courts said they did not need to check the evidence that was delivered by the EU anti-fraud office and dismissed our complaints. Mr. Gross said he was protected by the statute of immunity of an EU official, and the German court to which we brought him said it had no jurisdiction over him.

On Wednesday, the EU Court of First Instance ruled on our main case against the Commission. The only people responsible for my problems were the Belgians, the three judges in Luxembourg found. OLAF's actions had no "binding" legal effect on me, they argued. Why? Because the Belgian authorities were -- according to the judges -- "free to decide" what to do after OLAF had pressed them for urgent action. So the court refused even to consider whether OLAF had breached the law and its own procedural rules. The judges also declined to discuss our argument that journalistic sources in EU institutions would be in danger of drying out if OLAF could send police to a journalist's home and office with the snap of a finger.

The anti-fraud office was not even to blame for its press releases and claims of alleged "prima facie" evidence that I had corrupted EU officials, the court said. OLAF had "formulated" all this "in a hypothetical way" without indicating my name or the name of my magazine and -- according to the court -- it did so with the necessary "cautiousness of the words used." So in the eyes of the court it was no problem if OLAF spread unjustified rumors or even openly misleading information.

Anyone who believes what OLAF says, the court seemed to say, does so at his own peril. If I were the director of the EU anti-fraud office I would be ashamed of this judgment. Strangely, Mr. Brüner welcomed the ruling, saying it gave "important guidance for the future work of OLAF."

What if I had written -- based on rumors -- that "a leading official" of the EU anti-fraud office might have beaten his dog, and consequently some neighbors broke down the door to the garden of the only "leading OLAF official" who owned a dog, and abducted the animal? Would I, too, have been cleared by the courts by arguing that my articles had no "binding legal effect" on the official concerned, and that I had mentioned the allegations only in a "hypothetical way" with the necessary "cautiousness of the words used"?

Of course not. If I were to act like this as a journalist, making unfounded accusations, my editors would fire me. And they would be right to do so. But it is also true that journalists must have the freedom to publish their stories when they have evidence for wrongdoing. Some people in the EU institutions still seem to have difficulty understanding this.

Mr. Tillack is a reporter in the Berlin office of Stern magazine.

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CRIMINAL LAW:

U.S. Hoping To Quell School Violence (AP)

By Ben Feller

AP, October 10, 2006

WASHINGTON - Compelled to respond to a spike in school violence, the Bush administration is hoping that a high-profile summit will get the word out about safety.

President Bush called for Tuesday's conference after three shooting rampages in two weeks unnerved the nation. Communities in Colorado, Wisconsin and Pennsylvania are still grieving.

Bush is expected to offer sympathy at the event and to encourage people to ask questions at home about whether their schools are prepared for emergencies.

Four weeks before the midterm elections, the event allows Bush to return to the politically safe issue of education and child safety. But the federal role in making schools safer is limited because education remains mainly a local matter. The White House chose to host a national sharing of ideas, hoping to seize a moment when people are focused on preventing violence.

Two Cabinet members, Education Secretary Margaret Spellings and Attorney General Alberto Gonzales, will lead panel discussions. First lady Laura Bush is also scheduled to speak.

No new policies are expected; strategies for keeping schools safe are widely known. But experts say schools often don't get serious about safety until shootings make headlines.

On Monday, a 13-year-old student in Joplin, Mo., carried an AK-47 into his middle school and fired a shot into a ceiling. He left the building and was apprehended by police.

Preventing violence, and coping with tragedy, are the topics of the panel discussions.

Among the speakers will be Craig Scott, who survived the massacre at Columbine High School in Colorado in 1999. Student gunmen killed his sister and 12 others.

Another panelist is Park County Sheriff Fred Wegener. He responded in Bailey, Colo., on Sept. 27, when a man held several girls hostage in a school before killing one and himself.

Other speakers include educators, school administrators and crime prevention experts.

About 300 people are expected at the National 4-H Conference Center in Chevy Chase, Md.

"Bringing people together to talk about what's working - that can't hurt," said William Lassiter, manager of the Center for the Prevention of School Violence in Raleigh, N.C.

"I think schools have gotten back into a comfort zone again," Lassiter said. "I'm not saying we should put barbed wire up around schools or take other drastic measures. What we really need to look at is basic safety steps you would take at your own house."

Lassiter also questioned the Bush's administration attempt to cut $347 million in school-safety grants for states this year. Bush's budget says the program is ineffective.

The White House says that beyond those state grants, the government spends larger amounts on successful school safety programs through its education, justice and health agencies.

Meanwhile, there is no pattern to deadly shootings at schools.

In the 2005-06 school year, 15 people were killed in school-related shootings, said Kenneth Trump, a national school safety expert who tracks violence data. That number of school-shooting deaths has ranged from three to 24 in recent years, Trump's records show.

In the period from 1992 to 2002, 462 students and adults died at school by homicide or suicide, according to the latest government figures. Most of those killed were children.

In the last two weeks, a gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania, and a 15-year-old Wisconsin student shot and killed his principal.

Colorado Residents To Play Role In National School Safety Summit (AP)

AP, October 10, 2006

DENVER - A number of Colorado residents are expected to join President Bush and Cabinet members to discuss school safety this week, a summit called in the wake of deadly attacks here and elsewhere around the nation.

Park County Sheriff Fred Wegener, who handled the response to the school shooting in Bailey, and Craig Scott, brother of Columbine victim Rachel Scott, will be among Tuesday's panelists. Other participants are expected to include Del Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, and Lt. Gov. Jane Norton.

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The conference is being hosted outside Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address on Saturday.

In the past two weeks, schools in three states have been hit by deadly attacks and others have faced threats.

A gunman killed himself and five girls at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested in the shooting death of his principal. And on Sept. 27, 53-year-old Duane Morrison took six girls hostage at Platte Canyon High School in Bailey, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Colorado, Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Michael Acree, deputy director of the Colorado Department of Public Safety, and Susan Payne, executive director of the Colorado student crime-stoppers program, also are expected to attend Tuesday's conference.

White House spokeswoman Dana Perino, a Colorado native, told reporters Friday that recent school violence "has broken America's collective heart."

"The president, in the wake of these events, asked Attorney General Gonzales and Secretary Spellings to bring together teachers and parents, administrators and law enforcement officials and other experts to discuss best practices and learn lessons about school safety," Perino said.

In 2002, the Secret Service and the Education Department studied school shootings and found clear patterns: School attacks are rarely done on impulse. They are planned, and other students often hear about them in advance.

Overall, schools remain safe places.

Violent crime at school fell from 1992 to 2002, according to the most recent federal data. During that time, students were over 70 times more likely to be murdered away from school than at school.

School Security Plan Would Need Cash (QPL)

By Cory Hopkins, The Patriot Ledger

Quincy (MA) Patriot-Ledger, October 10, 2006

Local officials agree federal funds the key

If the federal government decides to create a security policy in response to the recent spate of school violence, South Shore officials say federal money must be included to help implement the program.

"They offer money for everything else - homeland security and defense and everything - but you can't keep our children safe?" asked John Reilly, Hull selectmen chairman and school building committee member. "I think that should be a priority along with everything else."

President Bush will hold a conference on school safety tomorrow with federal education officials, parents, teachers and law enforcement officials in Chevy Chase, Md. The president has pledged to do whatever possible to keep schools safe.

Most South Shore schools at the very least require all visitors to present identification upon entry and to sign a visitors' log. Some schools have installed sophisticated, and expensive, video surveillance and electronic locking equipment as security measures.

Braintree School Superintendent Peter Kurzberg said school security is important, but it is also expensive and competes for resources with traditional educational programs. He would like to see security money from the federal government.

"I think schools are struggling with limited resources to provide sound educational programs," Kurzberg said. "Additional resources for security measures would certainly be helpful."

Kurzberg also noted that in addition to security measures like cameras and electronic locks, other nonphysical security precautions, such as state-mandated Criminal Offender Record Information (CORI) background checks for all employees and volunteers, also cost schools money.

Schools also need money to create effective partnerships with local police departments, said John Creed, vice chairman of the Silver Lake school committee.

"If you're talking about security at schools, I hope (President Bush) gives the funds so local school departments can work with police departments to form partnerships," Creed said, "but it cannot be done without money, and that has to come from the federal government."

Scituate school committee member Michael Hayes said the federal government needs to back up any minimum requirements with money to help schools meet those requirements if it is serious about tightening school security.

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"It's the function of the federal government to decide what would be minimally acceptable (in terms of security)," Hayes said. "The federal government has told schools a lot of things they've had to do, but the bottom line is they have to supply the money."

Tomorrow's meeting, hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, comes after three separate school shootings in Pennsylvania, Colorado and Wisconsin occurred in less than a week.

The threat of school violence was also felt on the South Shore last week after a former student clad in army fatigues walked into several classrooms at South Elementary School in Holbrook before being asked to leave, and the freshman football team at Silver Lake Regional High School was threatened by a student's mother.

Creed said he hopes President Bush will take the threats seriously and come out of tomorrow's meeting with a plan to seriously fund school security.

"If he's talking security and he's talking money, then we're on the same page," he said. "If not, he's wasting his time."

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On Summit Agenda: Making Schools Safer (USAT)

By Ledyard King, Gannett News Service

USA Today, October 9, 2006

Bush, Cabinet members to attend Tuesday

WASHINGTON — Tom Mauser doesn't recall much about the youth violence summit President Clinton held in May 1999, three weeks after his 15-year-old son, Daniel, was gunned down in the Columbine High School massacre in Littleton, Colo.

To him, the summit turned out to be heavy on talk, light on action. So the transportation planner from suburban Denver expects the same result from the school safety conference that President Bush is convening Tuesday.

The summit comes after a series of school shootings, the most recent of which fatally wounded five Amish girls in a Pennsylvania schoolhouse last week.

Directed jointly by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, the daylong event will include teachers, parents, school administrators, law enforcement officials and other experts to discuss ways of making schools safer. The president and first lady Laura Bush also will participate, according to White House spokeswoman Dana Perino.

The summit comes as national statistics show a steady decline in school crime, including murder, over the past decade. Safety consultant Ken Trump warns that schools often under-report incidents and that the recent shootings in rural Wisconsin, Colorado and Pennsylvania show no classroom is absolutely safe.

"If it can happen in a one-room Amish schoolhouse, it can happen anywhere," said Trump, who is president of National School Safety and Security Services, a consulting firm in Cleveland.

Trump advocates that schools at least conduct "tabletop exercises" where they map out with local law enforcement responses to a potential crisis.

Mauser champions stricter gun-control laws but says ultimately school security is more about attitude than regulation.

"A lot of the things that need to be done are not things that can be done in Washington," he said. "People have to be vigilant about the people who commit these acts. No law is going to do that for us."

In Maine, about 40% of the 177 school districts have yet to draft a crisis response plan as required by state law, state Education Commissioner Susan Gendron said. Maine is contacting those districts.

"Random acts of violence can happen everywhere, and it's important to have thought through a crisis," she said.

Most schools get less than $10,000 in federal security aid, according to the U.S. Department of Education. Federal funding to combat crime and drugs in schools has steadily fallen since Bush entered the White House.

But Bill Modzeleski, who runs the U.S. Department of Education's Office of Safe and Drug-Free Schools, says there's plenty schools can do right now: limit access; keep areas well lit; monitor visitors; and train teachers, parents and students to report suspicious activity. Perhaps most of all, they should intervene with children early before emotional issues explode into violence.

"I don't think a lack of money should be used as an excuse not to do anything," he said.

Missouri Teen Fires Assault Rifle In School (WP/AP)

By Marcus Kabel

The Washington Post, October 10, 2006

JOPLIN, Mo., Oct. 9 -- A 13-year-old boy in a dark-green trench coat and mask carried an assault rifle into his school Monday, pointed it at students and fired a shot into a ceiling before the weapon jammed, authorities said. No one was hurt.

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"Please don't make me do this," the boy said, according to school administrators, before police arrested him and thwarted what they called a "well-thought-out plan" to terrorize his school.

Police said a note in the student's backpack indicated he had planted an explosive device in the school, but no bombs were found.

Lt. Geoff Jones said the boy's motives were unclear. School officials said the student had no major disciplinary problems.

The seventh-grader, whose name was not released, pointed the rifle at two students inside Joplin Memorial Middle School but was confronted by an administrator who tried to talk him into putting it down, Jones said.

Instead, the boy fired a shot into the ceiling of an entryway, police said. He tried to continue firing but left the building when the rifle jammed, Jones said.

"We don't believe he was trying to fire at administrators or students," Officer Curt Farmer said.

Officers arrested the teen behind a nearby building. Police described his weapon as a Mac-90, a replica of an AK-47 assault rifle.

Superintendent Jim Simpson said police told him the boy had a fascination with the Columbine High School shootings that left 15 people dead near Littleton, Colo., in 1999.

The student was wearing a trench coat -- like the student gunmen at Columbine -- and had a T-shirt over his head with eye holes cut out, Farmer said.

Farmer said the boy's backpack also held military manuals, instructions on assembling an improvised explosive device and detailed drawings of the school.

"This was quite well thought out," Farmer said. "He had been planning this for a long time."

Jones said the gun belonged to the boy's parents, who kept the weapon in a safe at home. Farmer said it is not uncommon for people in the area to own assault weapons.

Shot Fired In Mo. School; No Injuries, Explanations (USAT)

By Wendy Koch

USA Today, October 10, 2006

The 13-year-old boy had no previous run-ins with the law, police said. But 20 minutes before class Monday, he stood in the hall of Memorial Middle School in Joplin, Mo., wearing a green trench coat and a mask fashioned from a T-shirt, and aiming an assault rifle at the principal and other students, they said.

Assistant Superintendent Steve Doerr tried to calm the seventh-grader, who kept saying: “Get away. Don't make me do this,” according to Joplin police Lt. Geoff Jones. The boy fired into the ceiling, hitting a pipe and causing a burst of water. No one was hurt.

The rifle jammed, and the boy fled the school. Principal Steve Gibreth followed and called police on his walkie-talkie. Within a block, Jones said, police found the boy, crouched with the gun and a duffel bag. Jones said the bag contained wire cutters, unidentified chemicals, a pellet gun, hand-drawn diagrams of the school and notes about bombs and napalm. The teen, whose name has not been released, was in police custody in a juvenile facility.

“We have no motive,” Jones said.

Police searched the boy's home and bomb-sniffing dogs searched the school, which was evacuated, but they found nothing, Jones said.

When the shot was fired, he said, quite a few students were already at school, and others were arriving. Some told police the boy aimed the gun at them, but Jones said it is unclear whether any were targets.

The incident followed deadly shootings in schools in three other states since Sept. 27, including an attack in Pennsylvania on Oct. 2 that left five Amish girls dead.

President Bush convenes a conference on school safety today.

The shootings, as well as a spate of threats that have forced schools in at least eight states to lock down or evacuate in the past two weeks, have contributed to parental jitters over school safety.

In a USA TODAY/Gallup Poll conducted over the weekend, 35% of parents with school-age children said they fear for their kids' safety when they're at school. That percentage was the highest since March 11, 2001, when 45% of parents voiced such concern after a shooting at a suburban San Diego high school killed two students and injured 13 others.

Although one-third of parents said they're anxious, most said their children are not: 88% said their kids expressed no worry about safety at school.

The telephone poll of 1,007 adults nationwide, conducted Friday through Sunday, has a margin of error of +/-3 percentage points.

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Monday's incident in Joplin, a city of 49,000 in southwestern Missouri, occurred only 10 miles from Riverton, Kan., where five students were arrested April 20 — the seventh anniversary of the Columbine High School massacre in Colorado — on suspicion of plotting an armed attack on their high school. Two of the teens pleaded guilty to a reduced charge of conspiracy to riot, and the other three have pleaded innocent.

Time To Talk Guns (WP)

The Washington Post, October 9, 2006

A summit on school violence must look at the role of weapons.

THE SLAUGHTER of five girls in a Pennsylvania classroom, closely following school shootings in Colorado and Wisconsin, has prompted President Bush to call a national summit on school violence. It is right that the nation not just mourn the heartbreak of last week's shootings but that its leaders and other citizens talk about how to prevent such tragedies. How useful tomorrow's conversation will be, however, depends on the administration's willingness to have all voices heard. And that must include those calling for a more rational approach to gun control.

The day after a gunman carried out the deadly assault in an Amish school, Mr. Bush said that he had asked Attorney General Alberto R. Gonzales and Education Secretary Margaret Spellings to convene a meeting to determine how the federal government can help states and local governments improve school safety. There was an unfortunate sense of deja vu to the president's announcement: After the mass shootings at Columbine High School, President Bill Clinton held a summit on youth violence in 1999. Useful strategies resulted from the attention paid to Columbine. Schools that thought they had no need for safety and evacuation plans moved quickly to put some in place. Bullying, once viewed as a rite of childhood passage, was finally treated as a problem not to be tolerated. There was a new awareness that threats should be treated seriously.

But while the Clinton administration showed a willingness to discuss the role of guns in these incidents, the current administration and the Republican Congress have put in place policies that make it too easy for too many people to get guns. Worse, the wrong people are getting more dangerous guns.

We appreciate the president's resolve to gather experts, including those in law enforcement. Yet when it comes to gun legislation, the experts are ignored as the gun lobby scores victory after victory. Consider that President Bush signed a law that permits the destruction of gun check records within 24 hours (despite criticism from a Government Accountability Office report); let the federal assault weapons ban expire (despite evidence that it lowered the rate at which assault weapons were used in crime); is backing bills that prevent law enforcement from putting corrupt gun dealers out of business (over the objection of police groups); and restricted the ability of police to use crime gun trace data (again despite police objections).

It may be true that no law could have stopped the Pennsylvania school killer. Maybe, though, stricter laws would have given him pause. And, even if his victims could not have been saved, certainly some of the 10,100 people murdered with guns or some of the 477,040 people who were victims of gun violence last year would have been spared.

Editorial: Schools And Violence (STNIA)

Staten Island Advance (NY), October 9, 2006

During his Saturday address, President Bush lamented recent "shocking acts of violence" in schools and promised his administration will do what it can to keep centers of learning safe for students.

The immediate question that comes to mind is this: How does the president plan to accomplish that goal?

Perhaps tomorrow the nation's jittery parents will begin to learn the answer.

It has been a particularly brutal bloody heart-breaking two weeks that saw three schools in three states victimized by deadly gun attacks, the latest being a week ago today, when a gunman killed five girls and then himself in a one-room Amish schoolhouse in Pennsylvania. Charles Carl Roberts had five guns and 600 rounds of ammunition.

On Sept. 29, a 15-year-old Wisconsin student was arrested in the shooting death of his high school principal. Several days before that deadly incident, on Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

Tomorrow, the White House is convening a conference on school safety; on hand at the event being held in the Washington suburb of Chevy Chase, Md., will be federal officials, school workers, parents, law enforcement officials and other experts.

Hosted by U. S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, Mr. Bush and his wife, Laura, are expected to attend at least part of the meeting.

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"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said on Saturday.

No one would disagree with that statement nor the goal, regardless of partisan politics. But again, how is the task of making the nation's schools safe going to be accomplished?

One can be sure that none of the participants will even suggest that a connection between lax gun laws and the spate of violence that has taken the lives of children and at least one school official in the last two weeks.

That's wrong. We feel that the issue should be No. 1 on the list of concerns. The truth is that Mr. Bush and the Republicans gained their majority in Congress thanks in large measure to the country's most powerful gun lobby: The National Rifle Association.

Last year, the group reported as much in one of its publications: "The success rate of congressional candidates endorsed by the NRA's Political Victory Fund was 95 percent. That tops an 85 percent rate in the 2000 elections and 89 percent rate in the mid-term 2002 races."

Many of those who, the writer went on to explain, "earned the wrath of the NRA and the firearms industry for supporting the poison-pill amendments that prevented passage of Senate Bill 1805 that would have provided immunity to firearms manufacturers from 'junk' lawsuits, lost their seats, resulting in the Republicans capturing 55 seats in the Senate to the Democrats' 44 with one seat remaining independent."

The trend of politically targeting those who support stricter gun laws or longer waiting periods for gun purchases, has grown to include our own mayor, Mike Bloomberg, who has over the last eight months or so earned the wrath of the NRA due to his anti-gun-trafficking campaign, and his successful effort to bring other mayors on board.

Several months ago, it was reported by the mayor's office and the state Education department that New York City schools had seen a 500-percent jump in reported incidents of violence between 2004 and 2005, but that the majority were found to be cases of harassment without a weapon, assaults and minor altercations.

The city's incidences of violence were well below the average. Figures for Staten Island were uniformly low, especially for serious crimes. None of the schools on the Island had more than 10 cases of weapon possession, though McKee High School led the list with eight. However, those statistics have been challenged by the United Federation of Teachers President Randi Wingarten as being "too low," and a matter of "under-reporting."

Regardless, any incident of violence involving a weapon in this borough's schools is one too many.

The proliferation and easy access to guns, especially those purchased in other cities and then transported for sale in others; a culture that glorifies violence through movies, music videos and other teen-targeted media, and poor or non-existent parenting are all part of the school violence syndrome. However, no conference on school violence can ignore the role played by guns. After all, none of the victims in the last two weeks were stabbed or clubbed over the head.

If the Bush administration really is serious about finding solutions, it would be disingenuous for the matter of guns not to top the agenda. Far too many politicians, especially those in Congress, have played lip service due to the vast amounts of campaign money they have received and continue to receive from the gun lobby. The same can be said for the White House.

Our children deserve better and parents and school officials should be demanding it.

Former Pages Surveyed In Foley Probe (AP-Y)

By Larry Margasak

AP-Yahoo, October 10, 2006

Lawmakers, following a request from the House ethics committee, are surveying aides and former House pages to find out if any of them had knowledge of ex-Rep. Mark Foley's inappropriate conduct toward male pages.

Charlie Keller, spokesman for Rep. Ginny Brown-Waite, R-Fla., said she contacted two pages before receiving the committee request and asked if they were aware of inappropriate behavior from Foley, any other lawmaker or staff members. Both said they were not.

Aides for other House members reported similar results Monday.

The ethics committee leaders, in a letter to all House members, asked them to contact current and former pages they sponsored to learn whether any of them had "inappropriate communications or interactions" with Foley or any other House member.

The ethics panel, formally known as the Committee on Standards and Official Conduct, also directed lawmakers to cast a wide net and ask aides what they might have heard about improper approaches by Foley or others to pages before revelations about his sexually explicit Internet messages surfaced last month. Foley resigned Sept. 29.

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Meanwhile, the lawyer for Kirk Fordham, Foley's former chief of staff, said Monday his client could testify before the committee as early as this week. Fordham has said he informed House Speaker Dennis Hastert's staff in 2003 about Foley's inappropriate messages to pages.

Timothy Heaphy, Fordham's lawyer, said he contacted the ethics committee Friday and was told Fordham could appear this week to provide sworn testimony.

The ethics committee's four-person investigative subcommittee said it approved nearly four-dozen subpoenas for testimony and documents, although many witnesses are expected to testify voluntarily without the need for a subpoena.

J. Randolph Evans, Hastert's lawyer, said, "We are working to cooperate fully," but did not know when Hastert may appear.

Ethics Committee Starts Interviews In Foley Inquiry (WSJ)

By David Rogers

The Wall Street Journal, October 9, 2006

WASHINGTON -- Moving with unusual speed, the House Ethics Committee began interviews in its probe of the Mark Foley scandal, an investigation that will test both the Republican leadership and the panel itself.

The inquiry will involve questioning of top House Republicans, including Speaker Dennis Hastert, and senior aides with decades of experience on Capitol Hill and their own relations with party leaders as well as members of the ethics panel.

Among them, Ted Van Der Meid, an aide to Mr. Hastert and an important witness to the Foley matter, led the ethics panel staff in the 1990s. The 49-year-old attorney, who has declined to comment on the Foley matter, advised Mr. Hastert when the speaker replaced many Republican members of the committee at the beginning of this Congress.

Those changes set off a partisan uproar that paralyzed the committee because of Democrats' complaints that the changes were designed to protect then Majority Leader Tom DeLay (R., Texas). A new counsel, William O'Reilly, was announced late last year, and the arrival of California Rep. Howard Berman as the ranking Democrat changed the mood. In announcing the inquiry into the Foley matter last week, Mr. Berman joined with Chairman Doc Hastings (R., Wash.) in resisting calls for an outside counsel, and the situation gives the Democrat and Mr. O'Reilly extraordinary leverage in dealing with a tense situation for Republicans.

It has been 10 days since Mr. Foley, a six-term Republican congressman from Florida, resigned after the revelation of sexually explicit messages he sent to teenage former House pages. The scandal dominated television news shows yesterday even as Newsweek published a poll suggesting that more than half of Americans believe Mr. Hastert was aware of Mr. Foley's inappropriate messages and tried to cover up the matter.

The speaker has denied any coverup, while apologizing for the scandal on his watch. Republicans say they hope the ethics inquiry -- and a criminal probe by the Federal Bureau of Investigation -- will help them return the debate to "terror and taxes" in the weeks before elections.

In the ethics inquiry, four current and former House staff members may play large roles:

Kirk Fordham, a former chief of staff to Mr. Foley, has said he warned Mr. Hastert's office before leaving Mr. Foley's employ in late 2003. Mr. Fordham is uncertain about the precise timing of the warning, but recalls meeting with Mr. Hastert's chief of staff Scott Palmer in the Capitol and asking that he intervene with Mr. Foley to stop his overly friendly behavior to male pages and interns. Mr. Fordham also recalls that Mr. Palmer later advised him that he had spoken to Mr. Foley about the matter within days.

Scott Palmer, who came to Washington with Mr. Hastert in the late '80s, is one of the most powerful figures in the Capitol, not only because of his boss's position but because of their close relationship. For this reason, many say the 56-year-old aide would accept blame and resign if it would help the speaker. But instead Mr. Palmer is described by friends as distraught, unable to recall or find personal notes of any such meeting with Mr. Fordham. "What Kirk Fordham said, did not happen," Mr. Palmer said last week.

Jeff Trandahl, the House clerk until last fall, and someone with responsibility for the page program, also has declined to comment. But Mr. Fordham and others have said Mr. Trandahl, now in his early '40s, was aware that Mr. Foley at times was overly attentive to pages. Mr. Fordham said it was warnings from Mr. Trandahl that led him to go to Mr. Palmer. It isn't clear whether Mr. Trandahl took the same warnings to Mr. Van Der Meid, who oversaw administrative matters in the House for the speaker.

In 2005, a Louisiana couple complained about overly friendly email from Mr. Foley to their son, a former page. A Louisiana congressman forwarded the complaint to the Speaker's office and Mr. Trandahl went with Rep. John Shimkus (R., Ill.), the head of the House Page Board, to tell Mr. Foley to cease contact with the teenager.

That email was an important signal that Mr. Foley was using the Internet to contact former pages. However, Karen Haas, the new clerk, confirmed Mr. Trandahl left the House without telling her of the incident.

Mr. Van Der Meid came to the Capitol in the mid-'80s like Mr. Trandahl, and in the chain of command in the speaker's office, has the most direct oversight of the page program. While Mr. Fordham went to Mr. Palmer instead, it would have been logical for Mr. Palmer to tell Mr. Van Der Meid of any meeting he had about the pages.

Ex-Foley Aide To Testify At Ethics Panel (USAT)

By Jill Lawrence

USA Today, October 9, 2006

WASHINGTON — A former Capitol Hill aide who says he warned Republican leaders about Rep. Mark Foley's inappropriate conduct with teenage pages at least three years ago is scheduled to give sworn testimony to the House ethics committee this week.

Kirk Fordham, a longtime Foley aide and more recently chief of staff to Rep. Thomas Reynolds, R-N.Y., offered the panel his help on Friday, said his attorney, Tim Heaphy. The attorney said Sunday he didn't know what day Fordham will testify or whether the session will be public.

The Sunday news shows were dominated by talk of Foley's actions and the way House Speaker Dennis Hastert and other GOP leaders handled signs of trouble over the past few years. Conservatives debated Hastert's fate and politicians argued about the scandal's impact on the Nov. 7 elections.

Foley, R-Fla., quit Congress on Sept. 29 after ABC and other news outlets revealed lewd e-mails and instant messages he had sent to pages and former pages. None of the messages have been independently authenticated by USA TODAY.

Foley's lawyer announced soon after that Foley is an alcoholic and had been molested by clergy as a child.

Tom Kean Jr., the GOP Senate candidate in New Jersey, called for Hastert to step down. Republicans said Sunday such talk was premature until the bipartisan ethics panel sorts out who knew what when and what was done.

"Anybody that hindered this in any kind of way, that tried to step in the way, of hiding this or covering it up, is going to have to step down, whoever that is," Rep. Tom Davis, R-Va., said on CBS' Face The Nation.

Fordham has said that he notified Hastert's office in 2003 or earlier about Foley's behavior and that Hastert's chief of staff, Scott Palmer, met with Foley at the time. Palmer has said the meeting did not happen. Fordham "continues to stand by everything that he has said about this and will have more to say under oath," Heaphy said.

President Bush is set to appear with Hastert on Thursday at a Chicago fundraiser for two suburban House candidates, and White House press secretary Tony Snow is speaking at a Hastert fundraiser Saturday in Illinois, Hastert spokesman Ron Bonjean said.

Democrats need 15 seats for a House majority. Rep. Adam Putnam, R-Fla., said the scandal is not affecting most races. But he acknowledged on ABC's This Week that many members are facing "uncomfortable questions about tawdry deeds by a former colleague."

The GOP leaders in most immediate danger appear to be Reynolds, who says he notified Hastert's office last spring of a troubling e-mail exchange involving Foley, and Rep. Deborah Pryce, R-Ohio, who called Foley one of her five best friends in Congress in Columbus Monthly.

A Buffalo News poll showed Reynolds, head of the National Republican Congressional Committee, trailing Democrat Jack Davis 48%-33%. NRCC spokesman Carl Forti said the results are "not even in the same ballpark" as GOP polling, but would not divulge those numbers.

Reynolds canceled an appearance Sunday on ABC because he was sick, said his spokesman, L.D. Platt. A day earlier, Reynolds apologized in a TV ad for failing to pursue the Foley matter.

In an Ohio race that polls show is close, Democrat Mary Jo Kilroy is stressing Pryce's ties to Foley and Hastert in a radio ad. It says Pryce, the No. 4 GOP leader, "is protecting Hastert even though he protected a sex predator." Pryce said Kilroy "stooped to a new low by suggesting that I knew or should have known" that Foley was "a child predator."

'05 Meeting Could Clarify G.O.P. Role In Foley Case (NYT)

By Jeff Zeleny

The New York Times, October 9, 2006

WASHINGTON, Oct. 8 — For all the questions and curiosities, for all the contradictions and inconsistencies in the tale of Mark Foley, the investigation into how Republicans handled concerns about his conduct may hinge on what transpired on a fall afternoon last year, when a private meeting was hastily convened in his office.

Jeff Trandahl, the clerk of the House, and Representative John Shimkus, an Illinois Republican who leads the board overseeing the Congressional page program, had come from the House floor to confront Mr. Foley, a Republican congressman

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from Florida, about reports that he had been exchanging e-mail messages with a Louisiana teenager who had worked as a page on Capitol Hill.

When they arrived in Room 104 of the Cannon House Building that day, Mr. Foley was already in his office, where oil paintings of the Everglades, done by his mother, were hanging alongside memorabilia from more than a decade of life in Washington. Elizabeth Nicolson, a longtime aide who had recently been named chief of staff, joined Mr. Foley for a meeting that lasted no more than 30 minutes.

What took place at this meeting — only four people were present, none of them Democrats — holds the answers to at least some of the pertinent questions in the case of Mr. Foley, who resigned abruptly from Congress late last month after learning that a series of sexually explicit messages had landed in the hands of ABC News.

"It was a brief meeting," said a senior Republican Congressional aide who was familiar with the session and spoke on condition of anonymity because the matter was under investigation. "Looking back, it was probably far too brief of a meeting."

Mr. Shimkus, who did not inform other members of the page board about the meeting, would later say that he had ordered Mr. Foley to "cease all contact" with the teenager. The scope of his questioning, however, is unclear. Last week, Mr. Shimkus said he had not asked Mr. Foley whether he had communicated with other pages by e-mail, but Speaker J. Dennis Hastert of Illinois has said Mr. Shimkus did.

This week, when a bipartisan, four-member panel deepens its inquiry, the meeting in Mr. Foley's office will be one critical point of entry. But investigators also intend to piece together a far broader timeline of events in the fall of Mr. Foley's political career, an examination that will take them back years, to when whispers began circulating about the gregarious congressman's behavior.

One of their main tasks will be to sort out conflicting versions of events on a range of fronts, including whether Mr. Hastert's chief of staff, Scott Palmer, was alerted to Mr. Foley's conduct in 2003 or earlier. Mr. Palmer has denied such a warning.

And the investigation is not limited to Mr. Foley, according to a letter that is to be distributed on Tuesday to each member of the House of Representatives.

"We request that you contact current and former House pages sponsored by your office for the purpose of learning whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House," said the letter, which was signed by the Republican and Democratic leaders of the investigation.

The Congressional page scandal has overshadowed the final month of the midterm election campaign and threatened to upend Mr. Hastert's leadership. After spending last week trying to convince his own party that he had handled the situation appropriately, Mr. Hastert has yet to resolve questions about when he became aware of Mr. Foley's behavior.

Representative Thomas M. Davis III, Republican of Virginia, delivered an unusually critical assessment on Sunday of how Mr. Hastert had responded. The answers may not become clear, Mr. Davis said, until people are forced to testify under oath. In addition to the House inquiry, the Federal Bureau of Investigation is also examining Mr. Foley's conduct.

"They were slow out of the starting block, there's no question about it," Mr. Davis said on "Face the Nation" on CBS. He added, "It's taken a week of fumbling around to get to where we are."

Representative Ray LaHood, Republican of Illinois, once chief of staff to Robert H. Michel of Illinois, the former Republican leader, said he did not believe Mr. Hastert had been served well by members of his staff. Some members of the speaker's staff had been aware for at least a year — and others possibly longer — about Mr. Foley's attention toward the teenage pages.

"I'm sure he's very angry about the fact that they withheld this information," said Mr. LaHood, a close friend of Mr. Hastert's. "So I hope he's talked to his staff. He deserves better than that."

Indeed, employees in the speaker's office are emerging as leading characters in answering a question born a generation ago in the Watergate scandal: Who knew what, and when did they know it?

There are inconsistencies in the accounts of top Republicans in the House, particularly regarding whether members of the leadership team told Mr. Hastert about reports of Mr. Foley's conduct. Representative Thomas M. Reynolds, a New York Republican who leads the National Republican Congressional Committee, has said he informed the speaker in the spring. Representative John A. Boehner of Ohio, the majority leader, has said he also told Mr. Hastert.

"If Reynolds told me, it was in a line of things when we were in the middle of another crisis this spring," said Mr. Hastert, who spent much of the year dealing with the Jack Abramoff lobbying scandal. "So I just don't recall or remember that."

Differences have also emerged in describing Mr. Foley's departure. Republican Party talking points now suggest that Republican leaders took forceful steps to secure a quick resignation. Yet early on, Mr. Hastert said, "I think Foley resigned almost immediately upon the outbreak of this information, so we really didn't have a chance to ask him to resign."

But accounts of senior aides in the House, who have not spoken publicly, could help investigators determine whether there was a Republican cover-up, as some Democrats have asserted.

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It is Mr. Palmer, the speaker's longtime chief of staff and closest adviser, and Mike Stokke, the deputy chief of staff, whose stories are of particular interest to investigators. A former aide to Mr. Foley, Kirk Fordham, said he was prepared to testify that he told Mr. Palmer of complaints about Mr. Foley's conduct in 2003 or earlier. Mr. Palmer rebuts the claim.

This week, Mr. Fordham is expected to appear before the House ethics panel, his lawyer said, where he intends to testify that he asked Mr. Palmer to deliver a stern caution to Mr. Foley, who reportedly refused to keep his distance from pages, despite frequent warnings. This time, people familiar with the situation said, word had started to spread that Mr. Foley had tried to enter the page dormitory after curfew.

Mr. Stokke, who oversees the political operation for Mr. Hastert, said he became aware that Mr. Foley had been "overfriendly" with pages a year ago. Even though Mr. Hastert and his two employees share a townhouse on Capitol Hill and fly back to Illinois most every weekend, the two aides said they did not tell each other or Mr. Hastert about Mr. Foley's troubles.

Finally, Ted Van Der Meid, the counsel to the speaker, also learned about a year ago that Mr. Foley had been exchanging e-mail messages with a former page from Louisiana. Mr. Van Der Meid and Mr. Stokke gave the information to the House clerk, Mr. Trandahl, who convened the meeting last fall in Mr. Foley's office that is now the focus of so much attention.

To investigators, Mr. Trandahl's story could be the most important piece in determining when Republican leaders learned of Mr. Foley's conduct.

As clerk, Mr. Trandahl was elected by the members of the House to oversee its operations, a powerful position that he attained after nearly two decades on the Hill. He also supervised the page program, handling issues as disparate as roommate disputes among the high school students and complaints about Mr. Foley's behavior.

Mr. Trandahl, who has declined to comment, had been telling friends for months that he intended to leave the House last summer for a position in the private sector. In late September, he accepted an offer to become executive director of the National Fish and Wildlife Foundation.

On one of his final days in the House, in the first week of November, just hours before Democrats and Republicans had a farewell party for him, Mr. Trandahl made his way toward Room 104 in the Cannon Building to confront Mr. Foley.

Now, Mr. Trandahl is expected to return to the Hill in the coming days or weeks, to tell his story to the House ethics committee.

Inquiry May Test House's Legal Shields (LAT)

By Richard B. Schmitt

The Los Angeles Times, October 9, 2006

WASHINGTON — Five months ago, the FBI touched off a legal and political firestorm when it raided the office of Rep. William J. Jefferson after wads of marked $100 bills were found in the Louisiana Democrat's freezer.

Now, with major questions about that search still unsettled, the right of investigators to gain access to lawmakers' documents and computers is shaping up as a key battleground in the sex scandal probe surrounding former Rep. Mark Foley (R-Fla.).

State and federal investigators are trying to determine whether Foley's Internet exchanges with former House pages constituted a crime. Since opening a preliminary investigation a week ago, they have started interviewing former pages and congressional aides.

Authorities are now deciding whether to subpoena records from the office and home computers that Foley used, according to people who are familiar with the case and who requested anonymity because of the ongoing inquiry. Such evidence would be central in building a case against the former lawmaker.

Depending on what authorities find, they also may be interested in obtaining records from House leaders and their staffs to determine what they knew about Foley and his interaction with pages. Those requests could test a pledge by House leaders, including Speaker J. Dennis Hastert (R-Ill.), to cooperate fully in the probe.

Lawyers for the House have taken an aggressive position in defending the right of members to limit investigators' access to official information in past cases. They have argued in the Jefferson case that even the contents of members' personal electronic devices deserve such protection.

House lawyers have already told prosecutors that they would want any requests for information to be channeled through their office. Officials did not return calls seeking comment.

"There is a potential tension between the ex-congressman's counsel who will want to restrict the ability of the FBI to look at his records, and the FBI's unwillingness to do a visibly inadequate job," said Charles Tiefer, a University of Baltimore law professor and a former deputy general counsel of the House.

Lawyers for Foley will try to keep the FBI's examination of e-mail to a minimum, Tiefer said. "But that is hardly the way to find out the full story."

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Foley said through a lawyer in Florida last week that he had received no request for computers or e-mail files from investigators, but pledged to preserve the information.

The sensational two-day raid on Jefferson's office in May made headlines because it was the first time that the FBI had ever conducted a search of the office of a member of Congress. Jefferson is the target of a federal bribery probe.

The search triggered a constitutional brawl over the extent to which members of Congress must cooperate with criminal investigators. President Bush ordered the Justice Department and the House to work out rules over how to handle future requests from investigators. But no agreement was reached. The matter has been left to the courts, where it is pending.

The debate concerns the interpretation of a provision of the Constitution known as the "speech or debate" clause that gives members immunity for their legislative activities.

House lawyers contended in the Jefferson case that the law requires investigators to give members of Congress the opportunity to review their files to delete protected material before turning them over.

Prosecutors have said that would give members a right not afforded ordinary citizens, and that giving lawmakers a chance to review files could lead to them being cleansed.

The case has not been decided, although in July, a federal appeals court ruled that Jefferson had a right, at least temporarily, to review the material sought by investigators, including paper documents and computer files.

Hundreds of pages that had been seized by investigators have been identified for review by Jefferson. But the process of turning over the computer files has proved highly cumbersome.

Though the FBI had seized the computers, an earlier court had barred agents from mining them for relevant evidence. Now, an independent, court-appointed computer forensics company has been assigned the task of trolling through the hard drives, using key words and other instructions from the FBI. The process could take months.

No one has argued yet that sexually tinged e-mail exchanges that Foley had with pages should be protected under the Constitution. Though he has resigned from Congress, Foley still has the right to determine which of his files will be turned over. "The privilege belongs to the former member. That is the historical understanding," Tiefer said.

But the lack of clear ground rules on how investigators obtain access to the material has left other aspects of the Foley case in uncharted territory.

Besides hunting for e-mail on Foley's computers, investigators may also want to plumb the backup computer servers that are operated by the House. Whether Foley has the right to limit access to those materials — or whether the right to do that belongs to the House as a whole — is unclear.

Experts in computer forensic analysis said the e-mails should be readily available on Foley's computers or through his Internet service provider, or, in the case of official e-mail, through the House e-mail system.

"E-mail is fairly easy, forensically, to look at," said Beryl Howell, a partner with Stroz Friedberg, a forensic computer analysis firm in Washington.

But retrieving instant messages can be tricky. Many online messaging services — such as AOL Instant Messenger, which Foley used — have features that allow users to disable their messages from being automatically saved on their computers. There are techniques for still obtaining the information, but that can pose problems for investigators. Instant messages "are more fleeting," Howell said.

In any event, Howell said that investigators probably would be able to retrieve the AOL "buddy list" of people with whom Foley exchanged messages. That could prove a crucial source of leads for investigators, she said.

Lawmaker Saw Foley Messages In 2000 (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, October 9, 2006

Page Notified GOP Rep. Kolbe

A Republican congressman knew of disgraced former representative Mark Foley's inappropriate Internet exchanges as far back as 2000 and personally confronted Foley about his communications.

A spokeswoman for Rep. Jim Kolbe (R-Ariz.) confirmed yesterday that a former page showed the congressman Internet messages that had made the youth feel uncomfortable with the direction Foley (R-Fla.) was taking their e-mail relationship. Last week, when the Foley matter erupted, a Kolbe staff member suggested to the former page that he take the matter to the clerk of the House, Karen Haas, said Kolbe's press secretary, Korenna Cline.

The revelation pushes back by at least five years the date when a member of Congress has acknowledged learning of Foley's behavior with former pages. A timeline issued by House Speaker J. Dennis Hastert (R-Ill.) suggested that the first lawmakers to know, Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, and Rep. Rodney Alexander (R-La.),

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became aware of "over-friendly" e-mails only last fall. It also expands the universe of players in the drama beyond members, either in leadership or on the page board.

A source with direct knowledge of Kolbe's involvement said the messages shared with Kolbe were sexually explicit, and he read the contents to The Washington Post under the condition that they not be reprinted. But Cline denied the source's characterization, saying only that the messages had made the former page feel uncomfortable. Nevertheless, she said, "corrective action" was taken. Cline said she has not yet determined whether that action went beyond Kolbe's confrontation with Foley.

In interviews with The Post last week, multiple pages identified Kolbe as a close friend and personal confidante who was one of the only members of Congress to take any interest in them. A former page himself, Kolbe offered to mentor pages and kept in touch with some of them after they left the program, according to the interviews.

Kolbe once invited four former pages to make use of his Washington home while he was out of town, according to an instant message between Foley and another former page, Jordan Edmund, in January 2002. The pages planned to attend a first-year reunion of their page class. But because of a snowstorm, they did not take Kolbe up on his offer, according to one of the four pages.

Cline said one of the youths invited was a former page of Kolbe's. Because the congressman frequently travels on weekends, either to his Arizona ranch or abroad, the house is often available to friends, constituents, staffers and former staff members, such as a former page, she said.

Kolbe, the only openly gay Republican in Congress, is retiring at the end of the year.

The latest revelation in the growing House page scandal comes just a month before crucial midterm elections. Foley resigned Sept. 29 after ABC News confronted him with the sexually explicit messages that he exchanged with a former page, triggering investigations by the Justice Department, the House ethics committee and Florida authorities.

Hastert and his top aides have been sharply criticized by Democrats and some conservative Republicans for failing to act promptly after receiving warnings that Foley had been sexually predatory in dealing with pages and former pages. Ron Bonjean, the speaker's spokesman, said yesterday: "Allegations of inappropriate conduct by members of Congress towards pages need to be fully reviewed by the ethics committee and law enforcement."

In addressing the revelation about Kolbe, Bonjean said, "This allegation reiterates why the speaker has also called for a full review of the House page program to ensure that it is as safe and secure as possible."

A new poll by Newsweek indicates the Foley scandal is doing significant damage to the Republicans' political fortunes and could sink their chances of holding onto control of Congress on Election Day, Nov. 7. The poll found that 52 percent of Americans, including 29 percent of Republicans, believe Hastert was aware of Foley's Internet communications with underage pages and tried to cover up Foley's actions. More of those polled, 42 percent, now say they trust Democrats to do a better job handling moral values than Republicans; 36 percent favored Republicans on the values question.

In a sharp exchange on "Fox News Sunday," Rep. Jack Kingston (R-Ga.), the vice chairman of the House Republican Conference, insinuated that Democrats were behind the revelations of Foley's actions and the release of electronic messages showing Foley having sexually graphic or highly suggestive conversations with former pages.

"What I don't understand is where have these e-mails been for three years? Are we saying that a 15-year-old child would have sat on e-mails that were triple-X-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Kingston said.

Rep. Martin T. Meehan (D-Mass.) shot back, "If there's any evidence that you need that the values in Washington have turned upside down, you could just hear what Jack had to say. Only in Washington, D.C., can you take a group of people in charge of the House and basically have evidence that they've been looking the other way while a predator has been . . . going after 15- and 16-year-old pages, [and] they somehow . . . have the audacity to turn that into a political attack against Democrats."

So far, only ABC News and The Washington Post are known to have obtained the sexually explicit instant messages between two former pages and Foley. The Post obtained its copies from a former page who served on Capitol Hill with the other two pages.

Staff writer James V. Grimaldi contributed to this report.

Evangelicals Blame Foley, Not Republican Party (NYT)

By David D. Kirkpatrick

The New York Times, October 9, 2006

VIRGINIA BEACH, Oct. 7 — As word of Representative Mark Foley's sexually explicit e-mail messages to former pages spread last week, Republican strategists worried — and Democrats hoped — that the sordid nature of the scandal would discourage conservative Christians from going to the polls.

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But in dozens of interviews here in southeastern Virginia, a conservative Christian stronghold that is a battleground in races for the House and Senate, many said the episode only reinforced their reasons to vote for their two Republican incumbents in neck-and-neck re-election fights, Representative Thelma Drake and Senator George Allen.

"This is Foley's lifestyle," said Ron Gwaltney, a home builder, as he waited with his family outside a Christian rock concert last Thursday in Norfolk. "He tried to keep it quiet from his family and his voters. He is responsible for what he did. He is paying a price for what he did. I am not sure how much farther it needs to go."

The Democratic Party is "the party that is tolerant of, maybe more so than Republicans, that lifestyle," Mr. Gwaltney said, referring to homosexuality.

Most of the evangelical Christians interviewed said that so far they saw Mr. Foley's behavior as a matter of personal morality, not institutional dysfunction.

All said the question of broader responsibility had quickly devolved into a storm of partisan charges and countercharges. And all insisted the episode would have little impact on their intentions to vote.

It is too soon to tell if the scandal will affect the turnout of evangelical Christians, who make up about a quarter of the electorate and more than a third of Republican voters. Some of President Bush's political advisers have said that pre-election reports in 2000 that Mr. Bush was once arrested for drunken driving depressed turnout among conservative Christians, nearly costing him the White House.

Pollsters and conservative leaders have said for months that grass-roots evangelicals were demoralized by what they felt was the Republicans' failure to live up to their talk about social issues — to say nothing of the economy, the Iraq war and other issues that weigh more broadly across the electorate. A recent poll by the Pew Research Center showed a steep drop in conservative Christian support for Republicans, albeit without a corresponding gain for the Democrats.

Some in the crowd waiting outside the concert, by the evangelical group MercyMe, said the revelations about Mr. Foley, Republican of Florida, had redoubled their previous concerns about the Republican Party.

"The Republicans need to tighten up their ship," said Wade Crane, a sign maker from Virginia Beach who said he usually voted Republican but had soured on the party in the last several months. "They need to stop covering themselves, using their power to protect themselves."

Charles W. Dunn, dean of the school of government at Regent University, founded here by the religious broadcaster Pat Robertson, said that so many conservative Christians were already in a funk about the party that "the Foley issue just opens up the potential floodgate for losses." The tawdry accusations, Mr. Dunn said, "give life" to the charges of Republican corruption that had been merely "latent" in the minds of many voters.

But as far as culpability in the Foley case, Mr. Dunn said, House Republicans may benefit from the evangelical conception of sin. Where liberals tend to think of collective responsibility, conservative Christians focus on personal morality. "The conservative Christian audience or base has this acute moral lens through which they look at this, and it is very personal," Mr. Dunn said. "This is Foley's personal sin."

To a person, those interviewed said that Speaker J. Dennis Hastert of Illinois should resign if he knew of the most serious claims against Mr. Foley and failed to stop him. They said the degree of Mr. Hastert's responsibility remained to be seen. Many said the issue had not changed their view of Congress because, in their opinion, it could not sink any lower.

But all also noted that the swift Democratic efforts to broaden the scandal to Mr. Hastert and other Republicans had added more than a whiff of partisanship to the stink of the scandal.

As the details were emerging last Tuesday, for example, Phil Kellam, the Democrat challenging Ms. Drake, called on her to demand Mr. Hastert's immediate resignation. In a statement, Mr. Kellam said the House Republican leaders' "lack of attention" was "perhaps more shocking" than what Mr. Foley had done.

Drew Lankford, a spokesman for Mr. Kellam, said the attacks on Ms. Drake had "painted her into a corner" because she was unwilling to denounce Mr. Hastert. Ms. Drake has said she will wait for a thorough investigation into what Mr. Hastert knew. (The matter has come up less in the Senate race between Mr. Allen and Jim Webb, the Democrat.)

Brian Courtney, a Republican-leaning sales manager attending the concert, said the Foley affair had led to "the kind of mudslinging one would expect to see at an election time like this." He added that he was paying closer attention to the "values and character" of the candidates, and that he would probably vote Republican again.

Republicans have put up a vigorous defense, mainly through conservative allies and on talk radio. An e-mail message to talk-radio hosts from the Republican Party last week asked, "How would Democrats react if one of their own had a sexual relationship with an intern, was found out, then lied to a grand jury in an attempt to cover it up?"

Rush Limbaugh devoted much of his airtime to the Democrats' defense of President Bill Clinton in the Monica Lewinsky scandal. Sean Hannity focused on former Representative Gerry Studds, a Massachusetts Democrat who in 1983 admitted having sex with a teenage male page, won re-election and served several more terms with the support of his colleagues.

Still, many conservative churchgoers said that what stood out for them was not the politics but the individual sin. “It is not going to affect my vote because I don’t live in Florida,” said Scott O’Connell, a mechanical engineer who described himself as a fundamentalist. “But there is a bigger moral issue which I would say is the prism I view this through: I do not believe in homosexuality.”

David Thomas, a father taking his family to the concert, said that he, too, was leaning toward voting Republican and that the scandal only reinforced his conservative Christian convictions. “That is the problem we have in society,” Mr. Thomas said. “Nobody polices anybody. Everybody has a ‘right’ to do whatever.”

In an interview on Friday, Pastor Anne Gimenez of the 15,000-member Rock Church here said the scandal “doesn’t change the issues we are voting on,” like abortion, public expression of religion and same-sex marriage.

The church has been actively registering parishioners and reminding them to vote. “Every Sunday already,” Ms. Gimenez said.

Fugitive Doctor Charged In Wife's Cyanide Death Arrested Overseas (AP)

By Joe Milicia, Associated Press Writer

AP, October 10, 2006

CLEVELAND — A fugitive doctor charged in the cyanide poisoning death of his wife has been arrested in Cyprus and will be sent back to the United States to face trial, the FBI said Monday.

Yazeed Essa, 38, of Gates Mills, east of Cleveland, was arrested Saturday as he attempted to clear customs in Cyprus after arriving on a flight from Beirut, Lebanon, the FBI said in a news release.

Essa was arrested on a charge of unlawful flight to avoid prosecution stemming from a charge of aggravated murder filed against him in February. He will be held in Cyprus until U.S. authorities extradite him to Cleveland.

Essa disappeared three weeks after his wife, Rosemarie "Rosie" Essa, collapsed behind the wheel of her car and died Feb. 24, 2005.

She was driving to see a movie when she lost control of her sport utility vehicle and was involved in a minor crash about five miles from the couple's home in suburban Gates Mills.

Before she died, she used her cell phone to call a friend, and gasping for air, said that her husband made her take calcium pills and she didn't feel well. Prosecutors say it's their key piece of evidence in the case.

Prosecutors say Essa, known as "Yaz," was a philanderer. They characterized the murder as "divorce substitute," saying he was having an affair with a nurse and wanted to be free of his 38-year-old wife.

His lawyer, Larry Zukerman, said he could not comment yet because he did not have all the facts about Essa's confinement.

Scott Wilson, an FBI agent in Cleveland, said Cyprus authorities questioned Essa because they suspected his travel documents were fraudulent. Cyprus officials checked with the international police agency Interpol to make an identification, he said.

Rosie Essa's family issued a statement that said, "We are hopeful that this development will lead to the answers that we have been seeking since Rosie's death and will mark the beginning of the end of this heartbreaking ordeal for our family."

The family said that largely out of concern for the Essa children they will have no further comment while they await the outcome of the legal process.

Rosie Essa's brother and sister-in-law took custody of the Essas' two children, who were 4 and 2 when their father disappeared in March 2005.

If convicted of aggravated murder, Essa could be sentenced to 20 years to life in prison.

Essa called his wife's brothers the day of her accident and they recalled he sounded genuinely worried and upset.

When they arrived at the hospital, Essa told them with a cold, clinical finality that she was dead, his wife's relatives said. He appeared to grieve and allowed her family to make all the funeral arrangements.

Authorities believe Essa traveled to Syria, Greece and Lebanon and possibly visited Florida. His family owns property in the Palestinian territories.

Wilson said he did not know details about Essa's extradition. U.S. Department of Justice spokesman Bryan Sierra said he could not provide details about Essa's return to the states because Monday was a federal holiday and the department was closed.

Associated Press writer M.R. Kropko in Cleveland contributed to this report.

FBI Looks At More Than Veco (ADN)

By Lisa Demer, Anchorage Daily News

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Anchorage (AK) Daily News, October 10, 2006

INQUIRY: Officials show interest in a developer and the Department of Corrections.

When FBI agents searched the Wasilla office of Rep. Vic Kohring on Aug. 31, they weren't just looking for documents related to Veco Corp., its executives and ties to lawmakers. They also wanted information about developer Marc Marlow as well as the state Department of Corrections.

That element of the ongoing FBI investigation emerged last week when Kohring's attorney, Wayne Anthony Ross, provided a copy of the search warrant to the Daily News, along with the list of items taken. Those documents, though lacking detail or context, suggest that the probe is wide-ranging and not focused on any one company, issue or individual.

No one has been charged in the investigation, and federal authorities have declined to discuss it except to say that it continues. The lead prosecutors are from the Department of Justice's Public Integrity Section in Washington, D.C., which often handles government corruption cases.

In all, offices of six lawmakers have been searched, along with Veco offices and additional undisclosed locations. Other lawmakers whose offices weren't searched have said they were interviewed by the FBI.

Kohring, a Republican, is not the only Alaska lawmaker who hired an attorney within days of the search.

Senate President Ben Stevens, R-Anchorage, has hired a prominent Seattle criminal defense lawyer, John Wolfe.

Wolfe, who declined to comment last week, has been named as one of Seattle's top criminal defense lawyers by Seattle Magazine. He's represented the famous and the infamous, from Seattle Seahawks players and judges to strip club owners and a pawnshop associate. He has worked in Alaska, representing a former Doyon Drilling Inc. worker who pleaded guilty in 1998 to concealing the dumping of hazardous materials on the North Slope.

"I think it's probably fair to assume that everybody's lawyered up," said Kevin Fitzgerald, an Anchorage defense attorney representing another of the legislators, though he wouldn't say which one.

Fitzgerald was part of the team that earlier this year won not-guilty verdicts in the federal rocket launcher case in Anchorage involving Security Aviation. The other lead defense lawyers in that case -- Paul Stockler and former U.S. Attorney Bob Bundy -- also are representing separate parties in the new FBI investigation, though they wouldn't say whom, either.

Hiring an attorney is a common practice in criminal investigations even for people who don't believe they are targets. For instance, individuals may want a lawyer to talk to prosecutors about the status of an investigation, to recover evidence taken in searches or to advise them on whether to talk and what to say.

Efforts to reach Kohring on Friday were unsuccessful, but in the past he has said he's cooperating in the investigation, is not a target and has been careful to follow all ethics rules.

Ross said he doesn't see that Kohring has done anything wrong.

"He asked me to advise him what the procedures mean and just make sure he doesn't step on his nose. He was told that he's not a suspect and of course I told him that, to be real honest with you, you can't always believe what you are told," Ross said, adding that he didn't expect any criminal charges against Kohring.

According to an FBI receipt for the property, agents took a folder with information on Marlow, phone message books, a Gateway computer from Kohring's office, fundraising notes -- which Ross said were essentially required campaign reports to the state -- a box of canceled checks, a thank-you note from Veco, bank statements, bills and an unexplained "business application and dividend papers."

"It doesn't look like anything there, any smoking guns or anything," Ross said.

Kohring and Marlow have known each other for years. Marlow hired him in 2004, according to disclosure statements that Kohring was required to file as a legislator. He reported income of $5,400 from Marlow that year and $38,100 in 2005. Kohring continues to provide "business services" for Marlow, arranging and conducting meetings, performing research and developing plans and strategies, Kohring said in an e-mail to the Daily News last month. Marlow has said that Kohring was helping him with plans to build a power plant in the Mat-Su, and Kohring has said he worked on a total of about six projects.

Reached on the telephone Friday, Marlow said he had no idea why the FBI would be interested in his relationship with Kohring. The FBI hasn't interviewed him or searched his offices, he said.

Kohring agreed to the search of his office, but the agents came prepared with a warrant that sought, among other things, any documents concerning relationships, correspondence, giving or receiving "things of value of any nature," or acts or failures to act that involved Veco executives Bill Allen, Richard Smith, Peter Leathard, Roger Chan, Veco itself, The Petroleum Club, pollster David Dittman, pollster Marc Hellenthal and Marlow.

"Cool. I made the list," Marlow joked. "What a crowd to be associated with."

The warrant also sought all correspondence between Kohring and the Alaska Department of Corrections. Ross said Kohring was questioned by the FBI about efforts to build a private prison in Whittier.

"He indicated it was a facility that Cornell was hoping to build in the past and that's apparently all they asked about that," Ross said. Cornell Cos. had teamed with Veco in the private prison endeavor, which ultimately died last year after the city of Whittier dropped its support.

Along with those of Kohring and Stevens, FBI agents searched offices of Sen. John Cowdery, R-Anchorage; Sen. Donny Olson, D-Nome; Rep. Pete Kott, R-Eagle River; and Rep. Bruce Weyhrauch, R- Juneau. Messages left for them were not returned. Kohring is the only one of the six still facing an election battle in November. Kott lost in the primary, Stevens and Weyhrauch aren't running again and the others aren't up this year.

Much of the wording on the Kohring search warrant is identical to the language on one provided by Olson's office the day after the search. Both are five pages long. In the warrants, agents sought documents concerning "any thing of value" provided by Allen, the Veco chief executive officer; Smith, a Veco vice president; or Veco itself to any public official. Agents were also looking for documents concerning the creation of a natural gas pipeline or the new petroleum production tax. They wanted financial documents related to the legislator, including bank records, wire transfers and credit card statements. They wanted to search computers, too. But where agents sought information on Marlow and the Department of Corrections from Kohring, they wanted documents on Olson Air Service including any payments or storage fees related to aircraft from Olson, a doctor who owns a flying service.

None of the other legislators provided warrants in response to requests from the Daily News.

Stevens' legislative office is the only one searched twice, according to the FBI. In a letter to the Daily News last month, the Anchorage Republican said he agreed to both searches but had been advised not to answer questions. He didn't provide the warrant, but his letter listed what was taken by the FBI.

Many of the items hauled away were seemingly innocuous public records such as presentations on the new petroleum profits tax and a copy of the state legislative handbook. But the materials also included letters from Stevens regarding the Alaska Fisheries Marketing Board, which he had headed since its creation by his father, U. S. Sen. Ted Stevens, until he resigned earlier this year. The board provided federal grants totaling between $5 million to $10 million a year to companies to promote Alaska seafood. At least three of the grant beneficiaries paid consulting fees to Ben Stevens.

The FBI also took "unknown documents" of Ted Stevens with a June 5 cover page and a Jan. 23 faxed letter to "T. Stevens."

Ted Stevens has repeatedly declined to comment and last month explained why in an e-mail sent through his spokesman.

"I understand the public's interest in the investigation. It has always been my practice to not comment on such matters to avoid even the appearance that I might influence the investigation. That is especially important in this case where records have been obtained from a number of legislators, including my son Ben. Therefore, I am withholding comment about this matter and will not discuss it," Stevens said in the Sept. 27 e-mail.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

The FBI investigation at a glance

What's known:

· Dozens of FBI agents executed about two dozen search warrants Aug. 31 and Sept. 1, though in some cases individuals agreed to the search.

· Six legislative offices were searched, and so was Veco Corp. Searches were conducted in Anchorage, Juneau, Eagle River, Wasilla, Willow and Girdwood. The office of Senate President Ben Stevens was then searched a second time, on Sept. 18.

· One search warrant, provided by Sen. Donny Olson, said the FBI was looking for "any and all documents" related to Veco, four of its executives and two political pollsters, as well as information on Olson Air Service, among other matters. When agents searched Stevens' office, they seized materials related to controversial fisheries organizations. In the search of Rep. Vic Kohring's office, agents also sought information on developer Marc Marlow and on the state Department of Corrections.

· The lead prosecutors on the case are from the Justice Department's Public Integrity Section in Washington, D.C., which handles public corruption cases.

· No one has been charged.

What's not known:

· Perhaps the biggest of the many unanswered questions is this: Who or what is being targeted?

· Authorities also won't say how many FBI agents or prosecutors are working on the investigation, when it began, when it might end or how they are proceeding.

Schools Chief Tried To Get Work For His Pal (FREEP)

By Chastity Pratt And Jennifer Dixon, Free Press Staff Writers

Detroit Free Press, October 10, 2006

Friend focus of FBI probe

Detroit Public Schools Superintendent William F. Coleman III urged a firm vying for district contracts to seek consulting help last fall from a friend who is under investigation for allegedly accepting illegal favors as a top school official in Dallas.

Coleman acknowledged to the Free Press that he knew the FBI was investigating his friend, Ruben Bohuchot, at the time Coleman suggested Bohuchot to the Detroit company. "This was a way to help an old friend, who's unemployed, to make a few dollars," Coleman said of connecting Bohuchot with Detroit-based Information Solutions Group Services.

"In hindsight, I guess that was a stupid decision."

Late Monday afternoon, as the Free Press was to publish a story about Coleman's actions, he issued a statement recommending the district cancel and rebid the contract linked to Information Solutions.

Making reference to Bohochot without naming him, Coleman's statement defended both his friend and the contract award. But, Coleman wrote, "unjustified clouds of suspicion" now hang over the contract, causing "a needless distraction."

It remains unclear to what extent, if any, Bohuchot helped Information Solutions or any other vendor win work with the district. But Coleman's decision to recommend a friend under criminal investigation had the superintendent questioning his own judgment, and school board members Monday joining in.

"Oh, my gosh," said board vice president Joyce Hayes-Giles when told of Coleman's actions.

"There are a number of issues we have under review and that was just one of them," she said. "We may have to rebid the whole thing."

Board president Jimmy Womack said he didn't believe Bohuchot's friendship with Coleman affected who received work. But, he added:

"We certainly have to take into consideration any influence those relationships may have had on the recommendation that came from the superintendent to the board," Womack said.

The district's actions Monday were but the latest controversy surrounding the recent award of $58 million in technology contracts. The district announced in July it was replacing Detroit-based Compuware, which had performed district technology work since 2001, with four smaller vendors. Compuware appealed and questioned the bidding process.

Compuware spokesman Doug Kuiper said the company "looks forward to a fair and open rebidding process."

Ruben Bohuchot has been under investigation by the FBI since the summer of 2005, when the Dallas Morning News reported that Bohuchot, then technology chief for Dallas schools, routinely accepted the free use of a luxury sports-fishing yacht owned by Micro System Enterprises, a major computer vendor to the Dallas district. That probe has since been joined by the Federal Communications Commission.

Long-time friends

Coleman said Saturday that he has been friends with Bohuchot for a decade. They first met in San Francisco, where Coleman was that district's finance chief and Bohuchot the technology chief. They then landed in Dallas, where they held the same roles. The pair even traveled to Alaska together in 2001 to go fishing.

After the newspaper report last year, Bohuchot was placed on paid suspension by Dallas and eventually left the district.

Bohuchot's troubles were well publicized last fall when Coleman said he ran into Julius Bender, owner of Information Solutions Group.

Coleman said he casually asked Bender if he planned to bid on soon-to-expire technology contracts. Bender said he didn't know where to start with writing a proposal, and asked Coleman if he knew anyone who could help him, Coleman said.

Coleman recommended Bohuchot.

"I didn't know that it went any further than that," Coleman said. He added: "I just don't believe there is a relationship" between Bohuchot and Bender. "But if I've been misled by Ruben before, perhaps I've been misled again."

Bohuchot, who is still listed as living in Dallas, could not be reached for comment.

Bender confirmed Coleman's account of their meeting. But he said that while he may have spoken with Bohuchot by phone, he never hired him. "We didn't pursue a relationship," Bender said. "He's not in this deal with us. I swear."

While Bender's company never bid directly on technology contracts, it partnered in the winning bid of another company, GVC Networks LLC, for the district's telecommunications and information technology services. It's that bid, which was to pay $726,000 annually, that Coleman sought to cancel Monday.

Stephanie Grimes, a spokeswoman for GVC, said GVC was supposed to sign the contract Tuesday.

"We believe we provided a solid proposal." she said.

Grimes confirmed that Bender's company was supposed to work with GVC when GVC bid on the technology work. But she said when GVC only secured the telecommunications portion of the contract, it no longer needed Bender's company "in no way, shape or form."

Detroit school records show Bohuchot attended a pre-bid meeting in Detroit in January for companies interested in the technologies contracts.

He signed in using the address and phone number for Bender's company - though Bohuchot incorrectly listed the company as “Integrated” Solutions.

Bender said last week he has no idea why Bohuchot used his company's address to sign in.

Coleman said he did not know Bohuchot had traveled to Detroit until a board member inquired about Bohuchot at the July meeting when the contracts were approved. Coleman acknowledged that he did not tell the board about his ties to Bohuchot at the time.

Coleman sat on a committee that recommended the four vendors, though the board made the final choice. Since the awards, Coleman had defended the bidding process and said the new vendors will save the district millions.

Two days after the four vendors were approved, Bohuchot set up a consulting company in Dallas, Portico Consulting LLC, records show. He lists himself as a manager. The following day, DPS issued a press release naming the companies that won the contracts.

Coleman also said he was recently interviewed by the FBI about his relationship with Bohuchot, but he said the questions related to his friend's activities in Dallas, not Detroit.

“The thing that's very, very troubling to me is that there's going to be some assumption that I'm corrupt,” Coleman said. “I am not corrupt, there's no aura of corruption about Bill Coleman.”

DPS Will Rebid Part Of IT Contract (DEN)

Detroit News, October 10, 2006

Superintendent said to be linked to businessman who is affiliated with firm that won part of bid.

Detroit Public Schools Superintendent William F. Coleman III said Monday he will ask the school board to rescind and rebid a portion of the district's information technology contract after allegations of unfairness and "influence peddling" surfaced in the bidding process.

Compuware Corp. and Strategic Staffing Solutions asked the board last month to reconsider the companies selected in July to update and provide telecommunications services, alleging that DPS used flawed methods. Allegations have also been made that link Coleman to a Dallas acquaintance Ruben Bohuchot, who is said to be affiliated with Detroit-based Information Solutions Group, which partnered with GVC Networks LLC to win a bid from the district.

In a statement issued by Coleman last month, Coleman defended the contract approval process, saying the new contract will save DPS "millions of dollars."

"It is unfortunate that some feel that they are entitled to the IT contract even though their proposals would have cost the district as much as $30 million more," he said.

Coleman said that at a school board meeting last month, "months after the contracts were awarded," he learned about Buhuchot's attendance at a bidders' conference for the IT proposal review.

"His involvement has led to allegations and concerns of undue influence," Coleman said, adding that the claims are "completely and unequivocally false."

"My staff and I believed when we recommended that GVC/Information Solutions Group be awarded the contract that we were acting in the best interests of the district and the taxpayers of the city of Detroit. I still believe that," Coleman said in a statement issued Monday. "But it is clear that the GVC/Information Solutions Group contract is becoming a major distraction that has the potential to hamper our mission as an education institution."

GVC Networks LLC, one of four companies awarded a portion of the $58 million, five-year contract, ranked lowest in the evaluation process of 17 bidders.

Criteria included staffing plans, cost, past performance expertise and employment of minorities and women.

Representatives from GVC Networks could not be reached for comment. Julius Bender Jr., president of Information Solutions Group Inc., had no comment.

"Ever since the contracts were awarded to these companies, we've been under considerable attack," said district spokesman Lekan Oguntoyinbo.

"If there's a cloud of suspicion in anyone's mind, we need to go after that."

School Board President Jimmy Womack said the board is studying the evaluation process used to select the companies. He did not expect the board to make a decision at Thursday's school board meeting.

"Primarily, our concern is to understand more clearly the process in general and how it was applied to the IT contract," he said.

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Vision IT, Management Systems Consultants, GVC Networks LLC/Information Solutions Group and Universal Sales share the technology contract.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Health Care Executive Faces New Indictment (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 9, 2006

The chief executive of a District-based mental health organization has been indicted on money-laundering charges months after federal prosecutors said he bilked the city's Medicaid program.

The new charges add to the legal problems faced by Ricardo F. Henry, founder of Insight Therapeutic Services Inc. He pleaded not guilty to health care fraud charges after his indictment in March.

Federal authorities said a government auditor has estimated that up to 80 percent of the Medicaid claims submitted by Mr. Henry from 1999 to 2002 were false. In addition, they said, Mr. Henry lied about having a doctorate degree.

Mr. Henry received about $500,000 from the city's Medicaid program in 2001 and 2002, prosecutors said. In the charges filed Friday, authorities said Mr. Henry committed bankruptcy fraud and money laundering.

The new charges stem in part from more than $100,000 spent by Mr. Henry for a 2001 Porsche 911 Carrera. The money, prosecutors said, was obtained through health care fraud. Authorities also say he registered the car in another person's name in New York to hide the purchase from creditors.

Mr. Henry filed for bankruptcy last year, but the case was reopened earlier this year after federal authorities raided his D.C. apartment and seized the car and other assets.

Among the other assets Mr. Henry tried to conceal from creditors were $120,000 from the sale of a home in Silver Spring and at least six firearms, including a Winchester rifle set, according to the indictment.

A status report in the criminal case issued last week states that Mr. Henry faces two trials, one for bankruptcy fraud and another for health care fraud. Mr. Henry's attorney likely will seek separate trials, while prosecutors are expected to oppose the move.

Mr. Henry's attorneys have disputed the charges, according to the status report.

"It is the defense's position that rather than cleanly charging provable offenses, the government has thrown everything but the kitchen sink into the 62-count original indictment hoping something will stick with the jury under the 'where there's smoke there's fire' theory," the report states.

But prosecutors counter in the seven-page report that they have "carefully selected the indicted counts from literally thousands of possible charges."

Predators Build Trust With Children Online (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, October 9, 2006

Young children and teens can become sexually victimized -- especially via the Internet -- when they don't realize they are being "groomed" by canny adults, say experts on child exploitation.

To parents, "our basic message is get that [personal computer] out of the bedroom and put it in a public place and set some limits and know what your kids are doing," said Ernie Allen, president of the National Center for Missing and Exploited Children.

The Internet plays a huge role in child exploitation, and adults who work with youths should do so only in ways that are above reproach, Mr. Allen said.

This means "don't use instant messaging in the middle of the night," he added.

The use of e-mails and instant messages as exploitation tools has been garnering attention since recent news reports of former Rep. Mark Foley's sexually explicit electronic messages with former congressional pages, who were teenagers at the time.

The Florida Republican resigned his office, has entered an alcoholism rehabilitation program and is being investigated by law-enforcement agencies.

"Any suggestion that Mark Foley is a pedophile is false, categorically false," Mr. Foley's attorney, David Roth, told a televised press conference in Florida last week . "Mark Foley denies ever, ever having any sexual contact with a minor."

However, Mr. Foley's online conversations with several male pages, which focused on the teens' physical activities and genitals, sound like grooming practices employed by sexual predators, sex-abuse experts said.

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Typically, a relationship starts out "in a very innocent way," with the predator acting like a friend to the victim, said Lynn Parrish, spokeswoman for the Rape, Abuse and Incest National Network (RAINN).

The predator develops the friendship by giving the young person gifts, empathizing with his or her problems and building a relationship of trust, she said. But at some point, the relationship takes a sexual turn, "and because it happens gradually over time ... young people miss these cues."

"Teens don't recognize the grooming when they see it; the kid is totally oblivious to it until it's too late," said Patrick Trueman, the former head of the Justice Department's unit on child exploitation and obscenity.

Once sexual contact is made, the predator will "hold it over you," he said. He can pressure the child for more sexual contact, saying, "'Oh, if you don't do this again, I've got these pictures of you now. Your friends are going to know all about this. We're just alike. You're just like me.'"

Children and teens will feel shame and confusion and refuse to talk about what happened, even though they should, Mr. Trueman said. This, in turn, can lead to "a cycle of abuse," in which the youths become promiscuous or turn to substance abuse.

"The effects can last a lifetime unless you get help," said Ms. Parrish, who urged victims of sexual abuse to call RAINN's hot line, 800/656-HOPE.

More Calls For Death Penalty In Child Rapes (LAT)

By Lianne Hart

The Los Angeles Times, October 10, 2006

HOUSTON — With the election just a month away, politicians examining ways to stop violent sexual offenders from striking again are increasingly calling for laws that would allow states to execute repeat child molesters.

Texas Lt. Gov. David Dewhurst is the latest to join the effort, proposing a plan Oct. 3 that would require a minimum mandatory prison sentence of 25 years for first-time offenders and the possibility of death for a second conviction.

If enacted, the measure "will protect the children of Texas, and let people know to get out of our state if this is your sickness," Dewhurst campaign spokesman Enrique Marquez said. "If that's something you want to do, not in our state you won't."

In recent months, similar ideas have been pushed by lawmakers in Georgia, Alabama, Mississippi and even Minnesota, which doesn't have the death penalty. Most are modeled after Florida's Jessica's Law, a child-protection measure named for 9-year-old Jessica Lunsford, who was raped and killed by a registered sex offender in 2005.

This year, Oklahoma and South Carolina passed laws allowing the death penalty for the rape of a child. Execution is also an option for offenders who commit certain sex crimes against children in Montana and Louisiana.

Critics say that if child sex crimes are a capital offense, victims might be reluctant to report abuse because the offenders often are family members. "If you've got a father or brother or uncle molesting a young person, a lot of people aren't going to turn them in if it means they'll be sent to jail or put to death," said Michael Mears, director of the Georgia Public Defender Standards Council.

Another concern is that the measures might give assailants an incentive to kill the victim. "If the penalty for murder and molestation is the same, why not go ahead and kill the only witness to the event?" Mears said.

David Bruck, a law professor who directs the Virginia Capital Case Clearinghouse at Washington and Lee University in Lexington, Va., has the same concern. "To the extent that this is meant to be a way of protecting children, it may well have the opposite effect," he said.

But legislators such as Jay Paul Gumm — the state senator who sponsored Oklahoma's child sex crime bill — said that a person who would rape a child has no regard for life under any circumstance. "Anybody who would prey on the innocence of a child and destroy a soul is more than deserving of the death penalty in my way of thinking," Gumm said. "These are crimes that have lifelong effects on the victims. Some never have a normal life. It destroys life as surely as a gun to the head."

Louisiana houses the only death row inmate convicted of a child rape that did not result in murder. Patrick Kennedy, convicted in 2003 of raping an 8-year-old girl, was sentenced under a 1995 law that allows the death penalty for the rape of a child younger than 12. His case is on appeal.

In 1996, the Louisiana Supreme Court upheld the state's death penalty law for child rapists. But the Kennedy case could end in a showdown if it reaches the U.S. Supreme Court: In 1977, the high court held that a person convicted of the rape of a woman could not be sentenced to death because the punishment would be out of proportion with the crime.

"It's cruel and unusual punishment," Bruck said. "[Child rape] is a terrible crime, but it ain't murder."

Bruck said an attention-grabbing proposal to kill child sex offenders is like "political crack cocaine. It attracts publicity and people's attention at a very visceral level" but in the end, he said, does little good.

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But Gumm, the Oklahoma legislator, denied that such legislation was an election-year gimmick. "Public opinion in my district and this state is extraordinarily positive toward this law," he said.

"People have grown sick and tired of instances where child molesters have gotten out of prison only to molest again," Gumm said. "This sends a message that this behavior will not be tolerated, and we are going to find you, prosecute you and exact the most severe punishment possible."

Star Witness's Cheating Ways Heating Up Trial (WP)

By Carol D. Leonnig

The Washington Post, October 10, 2006

Jaws dropped and even the judge cringed when the former D.C. government official told a jury about the brazen ways he fabricated invoices and inflated bills to steal city money for himself and his friends.

Michael Lorusso once got his bosses to hand over to him $1 million, and he used it to lease space that wasn't even usable. Besides giving contractors inflated profits, Lorusso said he gave them gifts at taxpayer expense -- including antique barbershop chairs from a city warehouse and laptop computers purchased with a city credit card.

He is the prosecution's star witness in the federal court trial of developer Douglas Jemal. Prosecutors are trying to show that Jemal bribed Lorusso in return for favorable deals. Whether Lorusso is helping to build a case against Jemal is up to the jury to decide; the defense is challenging his credibility. But Lorusso's testimony has been as much an indictment of the D.C. government and the Williams administration, which was forced to make changes amid pressure from outraged members of the D.C. Council.

In an administration that prided itself on running a clean, reform-minded government, the swaggering Lorusso, the deputy director of property management, said he approved hundreds of thousands of dollars in contractor payments for work that was never done.

Lorusso worked for the city from November 2000 to January 2003, when he was fired after the council raised questions about his deals. He later pleaded guilty to bribery conspiracy and is hoping for a reduced sentence in return for his cooperation against Jemal and two other executives from Douglas Development Corp.: Jemal's son, Norman, and Blake Esherick. He is scheduled to resume testifying today in the courtroom of Judge Ricardo M. Urbina.

Only when Lorusso took the stand last week did many details of his crimes, and the breadth and gall of his fraud, become publicly known.

Lorusso, 40, admitted arranging leases that paid Jemal yearly rent so exorbitant it equaled the developer's purchase price. Lorusso ran his own furniture and investment businesses from his District offices and computer and took hundreds of thousands of dollars in city property, including the chairs, the laptops and other items. But no one flagged it.

"On my signature, I could take anything I wanted in the District," Lorusso testified.

Until Lorusso pleaded guilty in 2004, Mayor Anthony A. Williams (D) was reluctant to admit that the city was cheated -- despite several independent audits the previous year which determined that millions were spent for construction work, authorized by Lorusso, that had never been done. In an interview with NewsChannel 8 in summer 2003, Williams questioned what proof anyone had of outright theft but acknowledged that the city needed stricter controls on contracts.

Administration officials say several loopholes Lorusso exploited have been tightened.

Then-newly arrived Herbert R. Tillery, deputy mayor for operations, was tapped in 2003 to protect the city from another Lorusso. In an interview last week, Tillery said that the city largely had safeguards and good rules in place when Lorusso was working but that they needed to be diligently enforced. He said the city now has officials within each agency review all leases, contracts and routine price increases in contracts -- instead of continuing the unusual arrangement in which Lorusso single-handedly authorized such deals.

Each agency's contracting officer is now trained to spot fraud and given stern warnings about the responsibility to protect city money. Although the city had regulations allowing it to penalize such officers for losses and improper cost overruns, Tillery said, now it follows through. Similarly, the city had a computer system for tracking contracts before Lorusso, Tillery said, but now it has improved it and required that agencies monitor such contracts monthly.

"Now there are several extra eyes on the contracting process," Tillery said. "It takes longer . . . but when we take shortcuts on contracts, that's when we get into trouble."

Lorusso was fired after the council began challenging leases for office space with Jemal's company as well as a plan to buy an impoundment lot from Jemal in Prince George's County. Council members also looked into steep payments Lorusso arranged to a contractor at One Judiciary Square, a municipal building.

The first indications of trouble surfaced in fall 2002, when the council balked at the impound lease proposal. More was revealed in the summer of 2003, when Jim Graham (D-Ward 1) completed an extraordinary council investigation into Lorusso's

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dealmaking, revealing, among other things, that Lorusso had "cooked" an appraisal to suggest that the city should pay $12.5 million for the impound lot. It had cost Jemal just $1.5 million four years earlier. After a council outcry, the city did not buy the lot.

Lorusso is the only D.C. government employee charged in the case. But based on his testimony, D.C. officials have more digging to do. He asserted in court that other city workers helped him break the law. Lorusso told the jury, for example, that he invited two staff members to join in a plan designed to help him get rid of a burdensome car payment. Together, they fabricated a $25,000 bill to the city for moving services from a company that employed one of the staffer's relatives, Lorusso said. The moving company then cashed a city check for the staffers, Lorusso said. The staffers gave him most of the $25,000 in return for his Audi convertible, he said.

As of Friday, the staff member were still on the Office of Property Management payroll, although one is on leave. They did not return calls.

Carol Mitten, the new director of the office, said she was surprised by what surfaced in court. "The first I heard about this dummy invoice is from the trial," she said.

Lorusso's testimony raises questions about whether more protections are needed, according to council member Adrian M. Fenty (D-Ward 4), who likely will succeed Williams as mayor next year.

"This type of waste, fraud and abuse is inexcusable, and those responsible must be held accountable," Fenty said.

Council member Carol Schwartz (R-At Large), who was the first to balk at the impound lot proposal in September 2002, said she remains mystified at how top city leaders couldn't have known some of what Lorusso was doing.

Graham said the testimony vindicates his investigation but won't satisfy the larger question taxpayers should be asking the city: "Just how did he get away with all this?"

'Liberty Dollars' Can Buy Users A Prison Term, U.S. Mint Warns (WP)

By Elizabeth Williamson

The Washington Post, October 10, 2006

Once upon a time, a "monetary architect" named Bernard von NotHaus decided to make his own money.

He put a beautiful Lady Liberty and a majestic flaming torch on the silver and gold coins, and he named them "Liberty Dollars." On his Web site, http://www.libertydollar.org , he said: "It is fun to use REAL money. Liberty Dollars are a proven and profitable currency that protects and grows the purchasing power of your money!"

True story, phony money. So says the U.S. Mint, which would like to remind Liberty Dollar users that since the United States already has its own currency, the only thing Liberty Dollars buy in these parts is a jail term.

Liberty Dollars were coined by von NotHaus and an Evansville, Ind.-based group called Norfed, which stands for (sort of) the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code. In the late 1990s, the group began hawking its money as a hedge against inflation, and as a way to compete with the Fed. Von NotHaus makes the pitch online, using a raft of statistics and graphs that he says show the greenback is well nigh worthless.

Norfed Executive Director Michael Johnson says the group isn't aiming to overthrow the American monetary system. "We're not locking horns with the Fed. I mean, that's crazy," he said. Norfed simply wants "to offer a solution to the Federal Reserve Note," a.k.a. U.S. dollars.

Norfed struck the first gold- and silver-backed coins -- which, to avoid charges of making its own money it calls "rounds" -- in 1998 at its private mint in Idaho. Today the group claims to have more than $20 million in Liberty coins and notes in circulation, and about 2,500 merchants who accept Liberty Dollars for goods and services from doughnuts to tattoos.

But there's a potentially more sinister side to all this. A 1999 report by the Southern Poverty Law Center calls Norfed a far-right anti-government group that has "long claimed that American dollars are . . . part of a vast conspiracy by international bankers to defraud the rest of the world." The center links some Norfed devotees to far-right hate groups.

"That definitely is not the philosophy of the organization," Johnson said. "I've been a Republican for most of my life. . . . We are focused on the mainstream. . . . I guess we are libertarian. But definitely not anti-government."

The U.S. Mint acted after federal prosecutors around the country began forwarding inquiries about the coins. "We don't take these consumer alerts lightly," said spokeswoman Becky Bailey. "Merchants and banks are confronted by confused customers demanding they accept Liberty Dollars. These are not legal coin."

Norfed responded to the Mint on its Web site. "Here it is in plain sight . . . the Liberty Dollar is not a coin, not legal tender, and backed with inflation proof gold and silver!"

"Goliath just introduced David to millions of Americans as a nationally recognized underdog," the site continues. "Just as Pepsi went up against Coke with their 'take the Pepsi Challenge' campaign, the Liberty Dollar will take it to the people to decide which currency they should use."

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Norfed encouraged people to keep doing "the drop," referring to its advice to drop the coin into merchants' hands so they can feel its weight.

That could land the dropper in prison, Bailey warns, for up to five years.

L.A. Police Say Killing Of 3-Year-Old In Gang Attack Was Intentional (LAT)

By Richard Winton And Erika Hayasaki, Times Staff Writers

The Los Angeles Times, October 10, 2006

Kaitlyn Avila, 3, was shot at point-blank range after her father was wounded in the gang-related attack in Baldwin Village, police say.

A 3-year-old girl, fatally shot as her family arrived home after a Sunday afternoon trip to McDonalds, was intentionally targeted by a teenage gang member who fired at point-blank range, police said Monday.

The announcement, which came as detectives sought the public's help in finding the killer, prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Though police said they don't know the motive for the girl's slaying, some parents expressed fear that the Oct. 1 shooting was a twisted gang initiation gone tragically wrong.

A joint task force of the Los Angeles Police Department and FBI, which has been investigating Kaitlyn Avila's death, arrested one suspect. But Jonathan Banks, the 17-year-old suspected of pulling the trigger, is still being sought.

LAPD Deputy Chief Charles Beck said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. He then aimed his gun at Kaitlyn and shot her once in the chest, police said.

"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

The LAPD's Beck and Kaitlyn's father, Cesar Avila, appealed Monday for the public's help in finding Banks, who is believed to be in the Los Angeles area.

"We're heartbroken, we're very heartbroken for the death of my daughter," Avila said.

"We ask the suspect to turn himself in," he said, his voice breaking.

"Even though it won't bring my daughter back, at least we know more innocent people won't get hurt," he said. "I don't care so much for what he did to me, but for what he did to my daughter."

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

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"Something made me come back," he said. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

Police released a photo of Banks and described him as African American, 6 feet 4 and about 200 pounds. They said he should be considered armed and dangerous.

A $50,000 reward is being offered for information leading to arrests and convictions in the case.

Detectives can be reached at (213) 485-2417 or (877) 529-3855, a 24-hour toll-free number.

As police hunted for Banks, some Baldwin Village residents said they had had enough.

Gabriela Vasquez, 21, walked her two nephews home from school Monday afternoon, past the spot where police found Kaitlyn's body.

"It's not hard to believe," Vasquez said. "They thought the little girl saw them. She's little, but if she [saw] them again she could point them out."

Vasquez said she planned to leave Baldwin Village this year because of the gang violence.

"These people out here, they just don't care," Vasquez said. "They kill little kids and even the elderly."

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Pirating Songs Of Praise (LAT)

By Geoff Boucher, Times Staff Writer

The Los Angeles Times, October 9, 2006

Some Christian music fans believe digital downloading is a way to spread the Word. Other voices tell them: Thou shalt not steal.

Regina Kennedy prides herself on being a good Christian, so when the pastor at her Pentecostal church in Delaware called it a sin to download gospel songs without paying for them, her heart began to race.

The out-of-work driver went home and stared at her download collection, which included artists such as Yolanda Adams, Kirk Franklin and others. "The songs are so beautiful, and I couldn't afford to buy them all," the 43-year-old said. "I just didn't know what to do."

In the end, she deleted every song. She's still not sure, though, that she was really stealing. "I don't know what to think, really."

Kennedy is hardly alone among conflicted fans of Christian music, but her decision to erase her library does set her apart from most of them, especially younger ones. Surveys show that born-again Christian teens are just as active in stealing and swapping music as their secular peers who pinch the latest Eminem rap hit or Kelly Clarkson power ballad.

Take Matthew, a 13-year-old who attends Hewes Middle School in North Tustin and attends youth programs at nearby Red Hill Lutheran Church. Asked if it's wrong to take songs for free, he answered: "No, because the artists are making billions of dollars anyways." Another kid at Red Hill, 16-year-old Mike, a student at Beckman High, said that music is beyond commerce or at least beyond the cash register: "They should give it away 'cause it's art anyways."

Those attitudes, along with the arrival of an edgy and restless new generation of artists and lean times in the music industry, have created a clash between familiar imperatives: Spread the Word and Thou shalt not steal.

"We are all conflicted, it's true," said John Styll, president of the Gospel Music Trade Assn. "This is not a business first, but it still must be a business at some point to keep going."

Styll's association was behind a campaign called "Millions of Wrongs Don't Make a Right," which used well-known Christian artists as spokespeople against piracy, but Styll said the perception lingers that all music stars are fabulously wealthy, and he wonders how effective they are as voices in the debate anyway.

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His association is preparing to go to youth events and organizations in coming months with presentations that frame the question of digital downloading as a purely ethical issue. That's a far different tack than the mainstream music industry, led by the Recording Industry Assn. of America, which has used legal action and language to spook young pirates.

"The RIAA feels it can't address it as a moral issue, but we certainly can, and our audience should be more receptive to that," said Styll, who seemed plainly exasperated with the notion of young churchgoers taking music illicitly. "It's like stealing. You wouldn't walk into a Christian bookstore and steal a Bible off the shelf…. some fans say, 'This music is made to spread the Word, and I'm just helping.' Well, this is also about people's livelihoods."

"Christian music" is an unwieldy and misleading name for a music market that is big enough to cover recent releases from artists as disparate as Ohio pop-punk band Relient K, smooth L.A. gospel singers Mary Mary, country singer Alan Jackson and P.O.D., a hip-hop and reggae tinged band from San Diego.

It's hard to imagine fans with music tastes eclectic enough to embrace all the artists on that list. But as a collective, the sector just got some great news. Christian music sales, both on CD and via paid download, over the first six months of 2006 were 11% higher than during the same period in 2005. That double-digit surge stands in stark contrast to the rest of the music industry, which experienced a 4% decline during the same time period. And no other genre has a 2006 sales jump anywhere near the level of the Christian sector.

When the six-month numbers were released, industry leaders said the figures showed that efforts such as the "Millions of Wrongs" campaign were making in-roads. But that view may be a leap of faith, says Joe Fleischer, chief of marketing for Big Champagne, a top barometer of online media activity.

Fleischer said the uptick in Christian music sales was more than matched by a jump in Christian music that was traded on peer-to-peer networks, e-mailed as file attachments and (the new popular mode of youth distribution) via digital files tucked into instant messages.

While much new revenue came in, more was missed, Fleischer said, adding that the same zealous fans that are taking their music for free are also minting new stars for a genre that is amid a major crossover into mainstream rock.

"That increase in sales is driven by what's going on with these newer acts, and all of that is happening on the Internet," Fleischer said. "Bands like Underoath."

Underoath is a Florida hard-core band whose spiritual message is delivered with a sonic style not intended for the faint of heart. The messages too are far from the psalms or greeting-card sentiments that the term "Christian music" conjures up. Take its wrenching song on abortion, "Burden in Your Hands":

So they take your life before your first breath / When will it stop, the killings continue / Babies die every day because of a pro choice made / Helpless and innocent they are put to death.

The six-member band shocked the music industry in June when its most recent album debuted at No. 2 on the nation's pop charts despite zero airplay on mainstream commercial radio and no presence on MTV.

It wasn't a surprise to fans who visited the band's page on MySpace.com, the Internet portal that has become a pop culture echo chamber. On the Underoath page, the digital player shows their songs have been listened to close to 17 million times.

The upheaval in Christian music circles isn't limited to rock and edgy youngsters.

The traditional Nashville scene, with its country-tinged sound and its Heartland appeal with artists such as Amy Grant and Steven Curtis Chapman, has lost jobs, Styll said, especially because the revenues for artists are limited by lower royalty payments from church and religious outlet performances. That has made the trade association especially stern, but it's set the stage for maverick attitudes as well.

Take singer-songwriter Derek Webb, an up-and-coming Christian recording artist who has not only received good reviews for his tour but also a flurry of coverage in industry outlets such as Billboard magazine. The reason? He's opted to give away a full download of his new album for three months on the Internet. He had sold 17,000 copies (both as CDs and downloads) since its December release and has given away 50,000 more since the download offer began in September. In exchange for the free music, he asks only that fans give him the names of five more people to e-mail about his music.

The idea came to him after he sold enough copies to break even financially on the project. The free-music period will pay off in the long run, he says, by building his career and also spreading the spiritual message of his music. His concerts have, in recent weeks, jumped from audiences of about 100 to crowds of 500 and more, he said.

"I can't think that's a coincidence and all of this, it's a huge part of my future," he said. Webb categorizes his music as songs of protest in an industry more comfortable with shiny happy platitudes.

"I don't think most Christian music is very good — I don't like it and I don't listen to it," the 32-year-old Nashville singer said. He pointed to the growth of rock and metal acts with Christian messages that use the Internet to bond with young fans and sidestep the traditional industry mechanisms. "Forgive me for saying it this way, but that looks a lot more like Jesus to me than packaging some album and telling people what to do with their art. "

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In a Times entertainment poll this summer, teens were asked about downloading songs from an unauthorized file-sharing network. Among those who identified themselves as religious (of any faith), 63% said they would never do it. Among teens who did not describe themselves as religious, it was a similar proportion at 61%.

Those numbers didn't surprise Styll because he had seen even more distressing stats when his trade association commissioned a study in 2004 by the Barna Group, a Ventura research and strategy company that focuses on young Christian consumers.

That survey found that about 1 in 10 born-again Christian teens believe it is morally wrong to take and share songs. The ones who do have second thoughts often said that they felt the religious connection the music provided them made it all less objectionable.

"What we're seeing is young people and youth pastors are bringing this moral perspective that, well, it's not exactly right to download the music, but from their point of view they're doing it for greater good, and in their minds that offsets it to some degree," said David Kinnaman, vice president of Barna Group.

Top executives in the Christian music industry have lobbied on Capitol Hill for protections for music and other copyrighted material. But the tougher rooms to win over are at church halls such as the one at Red Hill Lutheran Church.

At any given time there about 120 kids in the programs, from fourth-graders through college-age young adults. Isaiah Coughran, co-leader of the church's youth ministry, noted that the congregation is relatively affluent, so the youngsters who take music for free have other options.

"The kids here are split on it. We get both ends, for sure — the kid that has 7,000 songs and the kid that won't do it because it's stealing," Coughran said. "We want them to make their own decision, but at least be aware of the issues and talk about them."

Some of the kids chew on the debate for a minute but then swallow it with a shrug: "They're teenagers and they say, 'It's what I want to do,' and that sort of flattens the argument for them, just like with anything."

Coughran himself was in a Christian punk-pop band called Value Pac that got as far as a record contract on an indie label. That's when Coughran noticed that their music was available on Napster and pinging through the Internet for free.

"For me, I was actually thrilled, because part of what I wanted to do was share the message of the music," he said. "And one big way to spread the Word — any word — was Napster, right? I wasn't doing it so much for the money, so the message was more important to me. It's different if you need to do it for a living, though, isn't it? That changes everything."

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Threats Of Violence As Homes For Sex Offenders Cluster In Suffolk (NYT)

By Corey Kilgannon

The New York Times, October 10, 2006

MASTIC, N.Y. — Not long after four men moved into the small ranch-style home at 115 Eleanor Avenue this summer, one man is said to have readied a special greeting.

Donald Keegan, a fellow resident of this working-class Suffolk County town, prepared a concoction of paint thinner and road flares to burn the place and, the police said, kill the occupants, who had all recently served prison time for crimes including rape and sodomy.

The four housemates, ranging in age from 36 to 74, were all registered as Level 3 sex offenders, the highest rating, saved for those the state deems “most likely to re-offend.” One had attacked a man in a wheelchair; the others’ victims were girls ages 8, 9 and 11.

Mr. Keegan was arrested before the plot could be carried out, but his case has exposed a raw and widespread fear over spreading clusters of sex offenders in Suffolk County’s lower-income neighborhoods, like Mastic — where opponents say 76 offenders live within a five-mile radius — and nearby Coram and Gordon Heights, where 39 offenders, most having assaulted children, live within a square half-mile, many grouped in the same houses. This is the highest concentration of Level 2 and 3 offenders on Long Island.

As laws across the country have radically restricted where sex offenders can live once released from prison, a growing number of landlords here and elsewhere are marketing their properties to the ex-convicts, who often receive government rent subsidies. While some landlords see a business opportunity or even a moral calling in opening their doors to such a vilified population, many residents say the clusters threaten the safety of their children.

Mr. Keegan, 36, is in the Suffolk County Jail in Riverhead, with bail set at $1 million, and is facing a sentence of up to 25 years on charges of attempted murder and attempted arson. A county maintenance worker, he lives with his wife and their 2-year-old daughter on Patchogue Avenue, whose residents include two convicted child rapists, state records show.

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In a jailhouse interview, Mr. Keegan insisted on his innocence but said, “I would do anything to protect my daughter.”

The situation at 115 Eleanor developed even as the authorities moved to evict the four men, having decided that after-school programs at the community center on the Poospatuck Indian Reservation — a block from the house — should have disqualified the site for sex offenders. A new county law took effect in June barring registered offenders from living within a quarter-mile of a school, playground or licensed day care center.

Though two of the four offenders have already moved out of the house, state and local politicians are now scrambling to reduce these clusters; one Suffolk County lawmaker has introduced legislation that would bar the Department of Social Services from putting more than one offender in a single house.

Charles Manolakos, who owns 115 Eleanor Avenue, defended his tenants as “citizens who have paid their debt and have a right to live there.” But Joyce Pulliam, who lives across the street, complained that the authorities “protect the sex offenders more than us.”

“They’re letting four and five offenders gather in a single house to create little sex offender clubs to prey on our children,” said Ms. Pulliam, who has worked strenuously to rally neighbors against the newcomers to her block. “The police have the manpower to arrest Keegan, but they don’t have the manpower to protect us from sex offenders.”

Situated between the high-priced Hamptons and the densely populated, upper-middle-class precincts of Nassau County, this area over the past decade has become a magnet for sex offenders upon their release from prison.

Of some 24,000 registered sex offenders in the state, 825 live in Suffolk County, nearly twice the 452 in neighboring Nassau, whose population is only slightly smaller. Some blame the county’s Department of Social Services for referring offenders to landlords who have bought inexpensive houses in neighborhoods with little political clout.

“D.S.S. has seen this building for a long time in these neighborhoods, and they’ve never done anything to stop it,” said Laura Ahearn, executive director of Parents for Megan’s Law, a national group based on Long Island that works to prevent sexual abuse of children.

But given the number of sex offenders in Suffolk, “There is no way they could all be placed in neighborhoods without kids,” said Dennis Nowak, a Social Services spokesman.

Required by state law to help find and finance housing for sex offenders released from prison, the department refers offenders to nonprofit agencies, which connect them with landlords who will accept them — and the $309 monthly rent stipend allocated by the county — in homes that meet state and local regulations.

“This is an issue that communities across the country are facing, and there’s no easy solution,” Mr. Nowak said. “We’ve become a lightning rod for the issue, but it’s much bigger than us.”

The lightning struck in Mastic this summer, when the four men moved into the Eleanor Avenue house, paying $550 each per month. It is next door to a family with seven young children, and across the avenue from a residence for 12 women recovering from drug and alcohol abuse.

“With all these kids on this block and 12 vulnerable women in a house, this is where they allow a house full of sex offenders?” said one of the women, Denise Mello, 32, a recovering heroin addict.

Soon, parents on the block began keeping their children indoors. Neighbors picketed in front of the house, and members of the Mastic Park Civic Association went door to door distributing fliers with the offenders’ names, police photos and criminal records.

At one homeowners’ meeting at the local library, a resident, not Mr. Keegan, stood up and said, “I’ll burn the house down,” recalled the civic association president, John Sicignano. In response, he said, “Fifty people stood up and started clapping.”

“He definitely expressed it the wrong way, but who knows, if something threatened my kid, maybe I’d react the same way,” Mr. Sicignano, 49, who runs an aircraft engineering firm, said of Mr. Keegan.

Mr. Manolakos commented ironically: “This guy was doing what the whole neighborhood wanted to do. He’s a local hero.”

Mr. Keegan said that his lawyer had warned him not to talk about the case, and that he was a law-abiding man with no time for mischief.

“I have three jobs,” said Mr. Keegan, who does private landscaping after his maintenance work with the county. “I come home exhausted every night and turn on the Discovery Channel.”

Mr. Keegan denied plotting to burn down the house Sept. 9, when he was arrested with road flares on the front seat of his Ford Mustang. The police, acting on a tip, had sent a detective to befriend Mr. Keegan and caught his threats on tape.

Fred Hollman, 36, who served time for first-degree rape of an 11-year-old girl, moved into 115 Eleanor Avenue in June after living briefly in western Suffolk County, but said in an interview in September that he was looking for a new home because of the furor.

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"The last place I was staying, in Brentwood, all the neighbors knew about my status and were friends with me," he said. "We all hung out together." But, Mr. Hollman added, he has four children and "wouldn't want them living around sex offenders either." Mr. Hollman said he saw Mr. Keegan "in and out of the neighbors' houses a bunch of times" before his arrest.

Mr. Manolakos, who co-owns a number of homes on Long Island and rents rooms mostly to mentally disabled tenants, says he plans to fight the mid-September order to remove the sex offenders within 45 days. He argued that that the Indian reservation, a 250-resident maze of scruffy suburban streets lined with smoke shops and trailer homes, has no legal bearing on the block, since it operates as its own sovereign territory, outside of many state laws and regulations.

Other landlords defend their right to rent to sex offenders.

"They just want to live their lives," said Bernadette Parks, whose mother, Mary Dodson, rents to 27 offenders in 11 houses in a small area in Coram and Gordon Heights nicknamed Dodsonville.

On a single block of Homestead Avenue, Mrs. Dodson owns homes filled with 15 offenders, said Mrs. Parks, who manages the properties. The extended Dodson family, with many young children, lives in the surrounding neighborhood.

"They're being closely watched, and they're more scared than the other folks here," said Mrs. Parks, a devout Christian who sees the family's thriving rental operation as a kind of religious mission, and invites the sex offenders to join her grandchildren in tending rabbits, for therapy.

"My grandchildren all play on this block," Mrs. Parks said, cradling a bowl of newborn bunnies in her living room. "That's how much I trust these people. They've been deemed to enter back into society and they'll have to suffer the rest of their lives with being labeled."

Don't tell that to Chief Harry Wallace, who runs the Poospatuck Indian Reservation. A Dartmouth-educated lawyer with a ponytail, he keeps two sets of business cards on his desk, one for his law practice, the other for his Poospatuck Smoke Shop and Trading Post.

"What these landlords are doing by renting out to sex offenders," Chief Wallace said, "are undermining communities trying to better themselves."

California Prosecutor's Novel Gets Her Bumped From A Case (NYT)

By Adam Liptak

The New York Times, October 9, 2006

A California prosecutor's fictional alter ego has gotten her kicked off a real-life case.

In January, Joyce Dudley, a deputy district attorney in Santa Barbara, published a crime novel called "Intoxicating Agent." Its heroine, Jordon Danner, has the same initials and the same job as Ms. Dudley, and the novel concerns a rape case with echoes of a real one. In both, the victim said she had been sexually assaulted after being given an intoxicating drug.

Acting on a motion from the real defendant in a real rape-by-intoxication case, an appeals court in Ventura, Calif., ruled on Thursday that Ms. Dudley's novel had crossed an ethical line.

"She has a disabling conflict of interest," Justice Kenneth R. Yegan of the California Court of Appeal wrote of Ms. Dudley for a unanimous three-judge panel.

Ms. Dudley must be disqualified, Justice Yegan continued, because the defendant, Massey Haraguchi, "is being prosecuted for raping an intoxicated person while the prosecutor is promoting her novel involving the identical charge."

Justice Yegan wrote that Ms. Dudley's desire for money and fame might tempt her to throw the book at the defendant, as it were.

"Dudley will garner no laurels, and the case will not generate favorable media publicity for her book," Justice Yegan wrote, "if she enters into a negotiated settlement."

The question of whether a lawyer's freelance fiction can require disqualification was both novel and important, Justice Yegan wrote. He said he hoped "that this case of first impression will make a lasting impression."

Ms. Dudley declined to comment. "The litigation is still pending," she said, "and it would be unethical for me to respond in any way."

In a sworn statement filed in opposition to the disqualification motion, Ms. Dudley said her book was not based on a real case.

"The fact that I have written and published this fictional book," she added, "has not affected or impacted any of my decisions in this case."

Robert M. Sanger, a lawyer for Mr. Haraguchi, declined to comment. In his own sworn statement, Mr. Sanger said that aspects of Ms. Dudley's book were based on a separate rape-by-intoxication case that twice ended in hung juries and was eventually dismissed.

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Mr. Sanger was Ms. Dudley's adversary in the other case, too. In the Haraguchi case, Mr. Sanger wrote, Ms. Dudley refused to discuss a settlement though she conceded that no other prosecutor in her office was willing to pursue the case.

"Intoxicating Agent," which Ms. Dudley paid to have printed, is made notable by Ms. Dudley's acknowledgment to a local newspaper that her fictional heroine was "a pumped-up version" of herself.

Ms. Danner, Ms. Dudley writes, has "the poise and sexiness of a dancer, the brains of a scholar and the protective passion of a mother."

"She had always been attractive," Ms. Dudley continues, "but now, having reached middle age, experience, confidence and poise further enhanced her beauty."

Prosecutors in "Intoxicating Agent" are fearless champions of the truth; defense lawyers, unethical and manipulative; and defendants, despicable and unattractive. One is called "felony ugly."

Deborah L. Rhode, an authority on legal ethics at Stanford, said the appeals court's ruling was correct but too broad.

"There's a lot not to like in the way that this deputy district attorney traded on her office to promote her book," Professor Rhode said. "And the court could justifiably be concerned that her desire for publicity could affect her decision whether to try the case or accept a plea."

But the decision went on to seemingly ban all sorts of extracurricular writing.

"No current public employee," Justice Yegan wrote, "should be permitted to exploit his or her official position as a lever to earn extra income."

That prohibition may run afoul of the Constitution, Professor Rhode said. "Dudley has obvious First Amendment interests in being able to present her characters in whatever stereotypical form she chooses," she said.

Linda Fairstein, a former prosecutor in New York who has written nine successful crime novels, called that aspect of the decision overreaching and absurd.

But she expressed little sympathy for Ms. Dudley.

"It's not really a good judgment call to closely mirror the facts of a case while it's still pending," Ms. Fairstein said.

A New Glimpse Into Night Of D.C. Slaying (WP)

By Paul Schwartzman

The Washington Post, October 9, 2006

On the night of Aug. 2, Robert Wone called his wife, Kathy, at their home in Virginia, checking in as he walked to his downtown Washington office.

The Wones had rarely spent a night apart since 2002, when Robert surprised Kathy with rose petals leading to a silver fortune cookie and the message, "Will You Marry Me?" But Wone, a lawyer, planned to work late that night, his wife said. Days before, he had arranged to stay with friends at a townhouse near Dupont Circle.

"I love you," Robert told his wife as they hung up about 9:30 p.m.

Just after midnight, the phone awoke Kathy Wone. It was Joe Price, the co-owner of the townhouse. Robert has been stabbed, he said. Get to the hospital -- immediately. Less than 30 minutes later, a doctor pronounced her 32-year-old husband dead.

The killer, Wone would learn, plunged a kitchen knife into her husband's chest, piercing his heart. The knife came from the townhouse in the 1500 block of Swann Street NW -- the home of Price, his domestic partner, Victor Zaborsky, and Dylan Ward, all of whom were in the building at the time.

More than two months after Wone's death, investigators have seized personal computers, examined phone records, consulted the FBI and convened a grand jury. For more than three weeks, they kept control of the three-story, $1.2 million house where Wone died, removing flooring, pieces of walls, a chunk of staircase, the washing machine, even sink traps. They used chemicals to search for traces of DNA and other evidence, staining walls, floors and bathrooms.

Yet no arrest has been made and no suspect or motive identified, causing Kathy Wone, 35, to worry that the crime might never be solved. "I feel like I've been holding my breath, waiting for a break in the investigation, hoping that this doesn't become a cold case," she wrote in an e-mail, her first public comments about the slaying.

Authorities have offered only the broadest outline of what transpired, saying that a resident told them an intruder came through the back door and killed Wone -- a theory that detectives have publicly questioned. Yet as police await the results of evidence testing, new details have emerged about Wone's final hours and what Price, Zaborsky and Ward have said occurred after their friend arrived.

In a city of more than 100 homicides this year, Wone's death captured public attention because he was a rising star in Washington's legal world, active in the Asian American community. He died in a neighborhood where homicides are rare, at the home of friends who are affluent, well-established professionals; one is prominent in the gay community.

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The case took on greater notoriety when investigators asserted that the crime scene was cleaned before police arrived. And they expressed doubt that an intruder killed Wone, saying they found no sign of forced entry or anything taken.

Police Chief Charles H. Ramsey said detectives are waiting for the FBI to complete tests on blood and other items from the crime scene. Police want the FBI to treat the case with urgency, Ramsey said, and hope to get the results in a matter of weeks or months.

Police and prosecutors have sought to reconstruct what happened inside the house before and after the killing. According to sources with direct knowledge of the investigation, Price, Zaborsky and Ward have described a routine evening that began with a dinner at home before Wone arrived about 10:30 p.m. to sleep over.

The sources, who spoke on the condition of anonymity because the case is under investigation, said the men have given this account:

Wone first sat in the kitchen, chatting with Price, 35, a lawyer at a prominent law firm with whom he attended the College of William & Mary, and Ward, 36, who works for a software company. Zaborsky, 40, a marketing manager at the International Dairy Foods Association, was in the third-floor bedroom he shared with Price. A female tenant who lived in the basement was not home.

Price has said that he went upstairs to the third floor to sleep about 11 p.m. Ward retired to his bedroom, near the top of the stairs on the second floor, overlooking the back yard. He later told police that he took a sleeping pill that night, as he often did. Wone showered and went to a second-floor guest room facing Swann Street.

According to the sources, Price recalled falling asleep and then being awakened by a chime that the alarm system sets off when the front or back doors open. Price did not go downstairs because he assumed that his tenant was returning; she did not return home that night.

Price has said that minutes later, perhaps as many as 10, he heard the sound of deep, guttural moaning. He ran downstairs with Zaborsky and found the door to the guest room ajar and Wone on the sofa bed, bleeding. Price moved the knife from Wone -- police later found it on a side table -- and tried to stanch the bleeding, the sources said. Zaborsky stood in the hallway, his screams waking Ward.

At 11:49 p.m., Zaborsky called 911. Paramedics arrived at 11:54, followed by police, who found Wone, wearing bed clothes, unconscious and showing no signs of life. He had been stabbed twice in the chest and once in the abdomen.

After Price phoned Kathy Wone, she picked up her husband's parents, who had recently moved nearby from Brooklyn to be closer to them, and his brother, Andrew, 27, who had flown in to visit. A doctor pronounced Robert Wone dead at 12:24 a.m., before his family reached George Washington University Hospital.

The next day, friends and family sat vigil with Kathy Wone, a crowd that included Price, Zaborsky and Ward. The men attended the funeral; Price was a pallbearer.

By then, investigators had taken over the Swann Street townhouse, obtaining search warrants to seize computers and phones there and from Price's law office. In an affidavit used to get one of the warrants, Detective William Xanten cast doubt on the idea that an intruder killed Wone, writing: "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken." Police technicians, using chemicals and artificial light, had determined that the crime scene was "tampered" with, the detective wrote.

Price hired a criminal defense lawyer, Kathleen Voelker, and Ward retained David Schertler, a former federal prosecutor. Zaborsky hired Thomas G. Connolly. Before they had hired lawyers, the three men submitted to hours of police questioning immediately after Wone died. Days later, they submitted their fingerprints and DNA samples.

In a statement issued Friday, the attorneys said the three men "continue to mourn the death of their dear friend" and remain hopeful that "the authorities will identify and apprehend the intruder who is responsible for the senseless murder."

Through their attorneys, the men declined to comment for this article. With their home in disarray, they are now living in Virginia. Their friends and associates are reluctant to speak about them publicly, seeking to protect their privacy.

Price, a lawyer at Arent Fox, also serves on the board of Equality Virginia, a gay rights group, where Ward formerly was development director.

In her e-mailed responses to questions, Kathy Wone cited the investigation in declining to share her view of the men, with whom she was friendly through her husband. She is being advised by Eric H. Holder Jr., a former U.S. deputy attorney general, and Benjamin J. Razi, who work at Covington & Burling, her husband's former firm.

Describing her emotional state in her e-mail, she said: "It hurts me a great deal to think that whoever took Robert's life is probably going on with life as usual while I'm struggling to close an enormous, gaping wound and move on; I can't help but shake my head at that picture of incredible unfairness."

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The Wones met in January 2002 at a conference in Philadelphia, where they struck up a conversation that continued as they took a late-night stroll and ended up at a Cosi cafe eating s'mores. "It was cold that night," recalled Kathy Wone, a public-interest manager for the American Health Lawyers Association. "But we didn't feel it."

Until then, Robert Wone had concentrated on his career, pro bono work and keeping up with a wide network of friends, including Price. Small-framed and boyishly handsome, he often seemed more mature than his years, urging friends to buy life insurance and arrange their wills.

In interviews, friends described him as energetic and earnest, with a touch of street savvy born of growing up in New York. Jason Torchinsky, who had shared an Arlington apartment with Wone, said his friend had kept a baseball bat under his bed for self-defense and carried two wallets -- one of them an empty decoy in case he was mugged.

The son of a retired bank executive and teacher, Wone had always been serious. As a youngster growing up in Brooklyn, some classmates at his all-boys Catholic high school predicted that he would be the first Asian American president.

At William & Mary in the mid-1990s, he majored in public policy and immersed himself in student government, through which he became friendly with Price. At exam time, Wone liked to sneak around the library, handing out candy to unsuspecting students. "He was about random acts of kindness," said classmate Tara Ragone. "It was like a Disney movie."

Although he seemed a natural politician, remembering names and keeping in touch, Wone shunned the spotlight. "He often said he'd love to be chief of staff," classmate Michelle Kang said. "He wanted to be the person in the background who made it all happen."

After graduating from the University of Pennsylvania law school, Wone clerked for a federal judge before landing a job at Covington & Burling. His work was his focus until he met Kathy. Within months, he was talking about marriage. "I was stunned," Torchinsky said. "I had never seen him so interested in anybody. It was like this instant thing."

They were married in 2003. Robert turned 30 the next year, an event marked by a party at the home of Price, Zaborsky and Ward, who were then living on Capitol Hill. The Wones bought a townhouse in Oakton and began talking about adopting a baby girl from China.

Then, in the first week of July, Wone started a new job as general counsel at Radio Free Asia, which broadcasts news in Asian countries that do not get free media. It was a dream position, allowing him to be the legal version of a jack-of-all trades.

More than a week before he died, Wone told his wife that he planned to work late Aug. 2, attending a seminar and then making a stop at Radio Free Asia to meet the night staff. He said he might stay over in the city and visit an old friend -- either Price or another William & Mary alum. "Robert was trying to kill three birds with one stone," Kathy Wone wrote. "Attend a class, get to know more of the Radio Free Asia staff and spend time with a friend."

"I thought it was a great idea," she recalled. "Our marriage was such that I completely trusted and supported pretty much anything he wanted to pursue."

A few days later, she said, her husband told her that he'd stay at Price's house. On the morning of Aug. 2, the couple worked out at their gym and then took Metro into the District. As usual, he walked her to her office, where they kissed goodbye.

At 6 p.m., he arrived at the seminar, after which he called his wife to say good night. At close to 10, he arrived at his office. He stayed for 15 minutes, introducing himself to the staff, before heading off to see his friends on Swann Street.

Activists Take To Prince George's Pulpits To Break A Pattern Of Domestic Violence (WP)

By Avis Thomas-lester And Rosalind S. Helderman, Washington Post Staff Writers

The Washington Post, October 9, 2006

Yvette Cade stepped up to the microphone and the church went silent.

"I am a victim of domestic violence. I was set on fire by my estranged husband," she said, head held high, looking out over the 350 or so people gathered inside the main sanctuary at Fort Foote Baptist Church in Fort Washington. "Take a look at my scars. I was burned at 1,500 degrees. . . . One year later, I am here as a witness, a survivor and a soldier on the battlefield for Christ. Stop the domestic violence. Please."

The church erupted in a thunderous ovation. It was more than two hours into the 11 a.m. church service, and Cade, along with other Prince George's County "soldiers" in the war against domestic violence, had come to the church as part of Project Safe Sunday, a program started four years ago to bring the clergy into the effort to fight the problem. Prince George's has more domestic violence than any other jurisdiction in Maryland.

According to statistics from the Maryland Network Against Domestic Violence, 5,085 cases of domestic violence were filed in Prince George's District Court last year, accounting for more than 21 percent of the cases filed statewide. The county has had the highest number of cases filed for more than five years, statistics show.

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The other jurisdictions with the most reported domestic violence cases last year were Baltimore City with 4,152, Baltimore County with 3,780; Anne Arundel County with 1,998; and Montgomery County with 1,712. A total of 23,627 cases were filed statewide.

Joining Cade yesterday were Prince George's State's Attorney Glenn F. Ivey (D), who has actively promoted the program, and Debra Williams, who conceived of the program in 2003 after the domestic violence slaying of her sister, Ernestine Bunn-Dyson. Dozens of churches participated in the program.

Through the program, which spread to Baltimore and Northern Virginia this year, victims of domestic violence are encouraged to report their abuse and leave violent homes, and abusers are urged to seek help to stop attacking their victims. A third goal, organizers said, is to work with ministers and other church administrators to change the sometimes antiquated thinking that leads some to believe the Bible justifies a husband's right to abuse his wife.

"Silence has been one of the biggest contributions to the problem," Ivey said in an interview. "The faith community is the place where ministers talk about the private and intimate issues. A lot of women say they turn to the church, but to be candid, some ministers take the view that some degree of [abuse] is permissible. . . . We also wanted to have a dialogue with the ministerial community to address that mentality."

Domestic violence cases filed last year include the September attack on Cade, who was set on fire after a judge dismissed a protective order against her estranged husband, Roger B. Hargrave. Three weeks later, Hargrave went to the store in Clinton where Cade worked, doused her with gasoline and set her on fire. Cade, 33, suffered horrific burns to her face, head and torso. Her estranged husband was sentenced to life in prison for attempted murder.

The issue of domestic violence in Prince George's has been under the microscope in recent days, after the publication of an article in Essence magazine highlighting stories of women in the county who were abused for years and kept quiet.

Headlined "The Secret Shame of Prince George's County," the story was denounced by members of County Executive Jack B. Johnson's administration, who accused the magazine of unfairly painting the county as unresponsive to the issue. Aides to Johnson (D) have marshaled statistics showing that county spending on domestic violence issues has risen from $1.7 million to more than $3 million in the past three years.

"How is it possible that you would paint us as a county that doesn't talk about it when we're doing things every day?" said Jacqueline F. Brown, the county's chief administrative officer and top aide to Johnson. Brown, a former family therapist, said she has counseled abuse victims.

Brown cited county support for the Safe Sunday program as a sign that officials have been addressing domestic abuse, in addition to training for 911 operators and a computer system that alerts law enforcement when those accused of domestic violence are charged with unrelated offenses.

It is not the first time county officials have issued a prompt response when the county's reputation has come into question. Last year, Johnson held a news conference to denounce an episode of the ABC television show "Commander in Chief" that featured a fictional president sending U.S. marshals to Prince George's to quell crime.

Ivey, who was interviewed for the Essence story, said county leaders should use the story to raise awareness. He said the high incidence of protective orders and cases filed indicate that the county's pro-active approach has led to an increase in reporting, in victims seeking protective orders and a subsequent increase in the number of cases that go to court for prosecution.

In a case from last week, Jackie M. Lewis, 57, was shot to death in her Fort Washington home by a former boyfriend, Arthur Comer, law enforcement officials said. Comer, also 57, called 911, told a police dispatcher that he had shot Lewis and then killed himself, police said. The judge in the case had dismissed a temporary protective order against Lewis after she told the judge that Comer had not hurt her, according to a recording of the hearing.

The murder-suicide occurred almost a year after the attack on Cade.

Fort Foote Baptist's pastor, Joseph Lyles, said his church began participating in Project Safe Sunday four years ago because he has four sisters "who have each, in some way, experienced domestic violence."

As a minister, Lyles said one of his missions is to change the minds of other clergy, who sometimes play down the seriousness of the domestic violence problem and believe that the Bible justifies a man's right to "discipline" his wife if she disobeys or disrespects him.

"The Bible verse that people often misinterpret to mean that a man has a right to beat his wife is Ephesians 5:22-23, which says a wife should be submissive to her husband, and a man has authority over his wife just as He has authority over the church," Lyles said. "But if you look at Verse 25, it says that a man should love his wife as Christ loved the church. Love has no place in a relationship where someone is using violence to achieve dominance. Being submissive does not mean being abused."

Short Odds For Ignorance (NYT)

By Robert Hahn And Paul Tetlock

DOJ_NMG_0077708

The New York Times, October 9, 2006

LATE last month, as Congress rushed to adjourn, lawmakers passed legislation that would make it a crime for credit card companies and banks to send payments to Internet gambling sites.

The measure was attached to an unrelated bill on port security at the 11th hour. If the president signs the legislation, as expected, it will have major implications for the millions of Americans who gamble online. It will also likely lead to a temporary halt in domestic online betting, which will result in billion-dollar losses for Internet gambling sites.

While these would be significant outcomes, they are probably not that important for the overall economy. Consumers will find other ways to spend their money, either in casinos or elsewhere.

The bigger economic story is how this act, by effectively prohibiting Internet betting, could unintentionally slow the emergence of new tools that have the potential to improve the productivity of the private sector and the government. Sadly, this is an aspect of the measure that both its supporters and its opponents seem to have overlooked.

Representative Jim Leach, an Iowa Republican who was a co-sponsor of the bill, suggests that it will help reduce gambling addiction and money laundering. Not surprisingly, executives at online gambling companies argue that the bill unduly restricts consumer freedom.

What neither side has mentioned, however, is how the prohibition on Internet gambling could wind up putting the kibosh on several forms of Internet wagering that provide useful information.

For instance, we now have markets for predicting political and economic events, where you can wager on the monthly unemployment rate or the outcome of the presidential race. (If you visit TradeSports.com, you can bet on Hillary Clinton's chances of becoming the next president: a contract purchased for $1.91 would yield $10 if she wins — implying that the senator has about a 1 in 5 chance of winning.)

Why should we care? Because information markets, which essentially reflect the collective wisdom of savvy bettors, can help us make more accurate forecasts. Information markets have outperformed experts in a number of areas, whether it's predicting point spreads in football games or elections or printer sales. There are more than 20 Web sites that offer information-market securities, including those run by Goldman Sachs and the University of Iowa.

These markets work for several reasons: first, almost anyone can participate; second, people think hard when they have to back up their predictions with money — buy the right presidential contract and you win, buy the wrong one and you lose; third, the profit motive encourages people to look for better information.

Many academics across the political spectrum believe that information markets could be critical in improving decision making by governments, nonprofit organizations and the private sector. Yet, because of current regulatory restrictions, the Iowa market is the only place in the United States dedicated to improving our understanding of these markets. Also, those information markets whose purpose is to make money have generally based themselves offshore, partly in reaction to existing state and federal restrictions on Internet gambling.

So what can be done? Congress needs to draw a distinction between run-of-the-mill Internet gambling and information markets that can serve a broader economic purpose. To this end, it should empower the Commodities Futures Trading Commission to regulate information markets. The commission is already charged with regulating futures contracts, and information-market contracts can be thought of as futures contracts because they represent bets on what will happen down the road.

Congress should also impose a requirement that information-market contracts pass an economic purpose test. The futures commission should permit information market contracts that are likely to provide significant financial hedging opportunities or valuable information for improving economic decisions. Internet poker games and lotteries would not pass the test; contracts involving Gross Domestic Product, housing starts or expected annual rainfall would. So, too would predictions on who will be president: that would affect the economy.

For such regulation to work, it needs to be light-handed. To maximize innovation, Congress should allow for federal pre-emption of state and other federal regulatory authorities for information-market contracts that pass an economic purpose test. Such pre-emption would reduce uncertainty for innovators concerned about violating state gambling laws.

The regulation should also allow for broad exemptions where sensible. One could, for example, introduce exemptions for research where the size of individual investments does not exceed $1,000 per participant. The futures commission already has the power to encourage such research, but thus far it has only given its blessing to the Iowa markets.

We think that Congress has correctly pinpointed Internet gambling as an area deserving of further study, and possibly legislation. But a blanket prohibition on such gambling is premature, and likely to be counterproductive. If this prohibition becomes law, Congress should make sure that productive information markets are allowed to flourish.

The White House And Mr. Abramoff (NYT)

The New York Times, October 9, 2006

The sordid Mark Foley controversy has diverted public attention from another major Washington ethics scandal — the influence peddling involving the disgraced former superlobbyist Jack Abramoff. That's good news for the Bush administration, given freshly heightened suspicion that its dealings with Mr. Abramoff and his sleazy K Street operation were far cozier than it is willing to admit.

The White House has consistently played down the ties key officials like Karl Rove had with Mr. Abramoff, who pleaded guilty last January to conspiring to bribe public officials. But the administration has declined to publicly provide detailed answers or grant full access to relevant documents needed to establish the truth.

A newly released report, prepared with unusual bipartisan backing by the House Government Reform Committee, paints a different reality. It reveals that between January 2001 and March 2004, Mr. Abramoff and members of his staff had some 485 contacts with key White House officials, including at least 10 direct contacts between Mr. Abramoff and Mr. Rove. Billing records and e-mail messages unearthed by the committee indicate that Mr. Abramoff and his colleagues spent nearly $25,000 on meals and tickets for White House officials.

The report belies Mr. Rove's description of Mr. Abramoff as merely a "casual acquaintance." An assistant to Mr. Rove, Susan Ralston, who resigned on Friday, had formerly worked for Mr. Abramoff. The report suggests that she sought Mr. Abramoff's help to obtain seats for Mr. Rove and his aides at popular sporting events, and often acted as a conduit, passing messages between the lobbyist and top White House officials, including Mr. Rove and Ken Mehlman, the current chairman of the Republican National Committee who was then a senior White House political strategist.

Indeed, it appears that Mr. Rove sat with Mr. Abramoff in the lobbyist's box seats for an N.C.A.A. basketball playoff game in 2002, an occasion Mr. Abramoff memorialized in an e-mail message to a colleague. "Told me anytime we need something just let him know through Susan."

It is plain that Mr. Abramoff had unusual access. As for his effectiveness, Mr. Abramoff rated the results as "mixed." But he scored some important victories. In 2002, for example, the administration made the unusual decision to release $16.3 million to a Mississippi tribe Mr. Abramoff represented, notwithstanding the Justice Department's opposition to the project. The role campaign gifts and contacts between Mr. Abramoff and Mr. Mehlman may have played in this action is a matter warranting close scrutiny by prosecutors, and further digging by the committee.

As Tom Davis of Virginia, the Republican chairman of the committee, and Henry Waxman of California, the ranking Democrat, take pains to note, their report is based on documents that were provided under subpoena by Mr. Abramoff's firm and, for the most part, tell just one side of the story. The White House spin is that Mr. Abramoff had a well-known affinity for exaggerating the impact of his lobbying efforts. If so, full disclosure of relevant records by the White House could help support that claim. Meanwhile, the idea that Mr. Abramoff exerted no influence with the administration seems about as believable as Mark Foley's early claim that his only interest in 16-year-old pages was "mentoring."

CIVIL LAW:

Judge Names Tower Records Liquidator (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, October 9, 2006

A bankruptcy judge named a liquidation venture led by Great American Group the winning bidder for Tower Records, sealing the fate of the once-iconic record-retailing operation.

U.S. Bankruptcy Judge Brendan Shannon in Wilmington, Del., chose the liquidation offer over one from Trans World Entertainment Corp., an Albany, N.Y., operator of retail chains that was expected to keep at least some of the West Sacramento, Calif., company's stores open and operating under the Tower Records name. Trans World came in $500,000 below the roughly $134 million bid from liquidators at the conclusion of a 30-hour auction that began Thursday.

On Friday, Trans World urged that its offer be given a second look, and said the court should take into consideration the jobs that would be saved if Tower Records wasn't handed over to the liquidators. Judge Shannon refused, however, and said he would approve the offer from Great American.

Big Tobacco Spending Big Money To Fight State Bans, Taxes (WSJ)

By Christopher Cooper

The Wall Street Journal, October 10, 2006

DOJ_NMG_0077710

American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books.

The campaign drawing most of Big Tobacco's attention is in California, where Reynolds American Inc. and Philip Morris USA, along with parent Altria Group Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. The measure, on the November ballot, would generate an estimated $2.1 billion in annual revenue for the state and make California's tobacco excise tax, currently at 87 cents a pack, the highest in the nation. Proceeds from the tax would be used to finance health programs, primarily for children.

The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market. Reynolds, the nation's No. 2 tobacco company, says the state accounts for about 6% of its cigarette sales. "Clearly, the impact of California would put pressure on earnings," said Dianne Neal, Reynolds's chief financial officer, during an analyst conference in late July. During the same conference, Ms. Neal said that, altogether, the company planned to spend $40 million to defeat tax increases and smoking bans on state ballots around the country this November.

A leader in citizen-driven proposition balloting, California has often seen pricey campaigns by big businesses seeking to defeat hostile ballot initiatives, and this year is no exception. Another measure, to raise taxes on oil, has sparked an expensive campaign by oil companies. In 2005, a group of pharmaceutical companies spent $73 million to defeat a proposed prescription-drug discount plan. And in 1998, insurance companies spent $66 million to defeat an auto-insurance measure. "Initiative campaigns are not cheap -- this is not an inexpensive venture," said Reynolds spokesman David Howard.

So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin. State records show that, a month before the election, Philip Morris had put $30.7 million into the campaign and Reynolds had donated nearly $24 million. As of the end of September, the antitax campaign had already spent more than $48 million.

The result has been a tidal wave of television advertising attacking the tax increase and its main backer, a California hospital association, whose members stand to benefit most from the new tax. "I was in California two days last week, and that's all I saw on TV," said Kristina Wilfore, executive director of the left-leaning Ballot Initiative Strategy Center. "They were even airing it on the Cartoon Network at midnight."

Beyond California, the companies are fighting similar tax measures in Missouri, Arizona, South Dakota and Ohio. In Missouri, the state's Supreme Court is considering whether to allow an 80-cent-a-pack tax increase to appear on the November ballot, over a legal challenge. If the measure survives, Mr. Howard said, "it's safe to say" the company will wage a multimillion-dollar campaign to defeat it.

Philip Morris spokeswoman Peggy Roberts said the company has begun consumer and vendor campaigns to defeat a proposed $1-a-pack tax increase in South Dakota and an 80-cent-a-pack increase in Arizona. She said the company was mounting a similar effort in Cuyahoga County, Ohio, where voters will be asked to approve a 30-cent-a-pack tax on cigarettes to finance a local arts program.

Ms. Roberts declined to say how much the company was spending on the campaigns.

The ferocity that Big Tobacco has shown this year in opposing the cigarette taxes contrasts with the industry's relative inactivity on the issue in recent years. The two cigarette companies offered only token resistance to a 2002 proposal in Missouri to raise cigarette taxes 55 cents. They spent a combined $77,000 defeating the proposal, state records show, even as a group of health charities and others spent more than $5 million pushing the effort. That same year, a 60-cent tax increase proposed in Arizona passed with no money being spent by opponents, according to state records. In Florida in 2002, Philip Morris abruptly ended a drive to counter a smoking ban with a softer measure after spending $360,000 on a petition drive.

Political observers say they haven't seen tobacco interests spend so much money on a statewide proposition since 1994, when a cigarette-tax increase went down in defeat in Colorado after an $8 million campaign against it -- a sum that remains a record in that state.

Company spokesmen declined to discuss their reasons for increasing their political activities this year beyond saying that business considerations govern their decisions to enter the political fray.

Dan Smith, a University of Florida political-science professor who studies ballot issues, said the sheer number of proposals may have convinced the companies they need to counter the mushrooming antismoking activism that has taken over statehouses in recent years. Some 41 states have passed cigarette-tax increases in the past five years. A host of others have banned smoking in many public places.

"In the last political round, the tobacco giants basically conceded the issue," Mr. Smith said. "I think they've decided to make a last stand. These proposals are going to keep coming if they're not knocked down."

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While Philip Morris has focused its efforts on taxes, Reynolds has mounted a sturdy resistance to proposed smoking limits in Ohio and Arizona this year. Both states are entertaining proposals to virtually eliminate smoking in public buildings.

Reynolds is bankrolling proposals in both states that critics say are designed to confuse voters. In Ohio, voters will be asked to consider two smoking-related measures. One, called SmokeFreeOhio, would change state statutes to ban smoking in most buildings other than private homes and a certain percentage of hotel rooms. It is supported by health charities such as the American Cancer Society.

A rival proposal on the ballot, backed by a group called Smoke Less Ohio, also purports to restrict smoking, through a constitutional amendment. But this proposal would exempt restaurants, bars, bowling alleys and similar establishments. If passed, it would actually unwind more restrictive existing municipal bans. It is being supported by a coalition of bars and restaurants, local retail outlets, Loews Corp.'s Lorillard Tobacco Co. and Reynolds.

Mr. Howard, the Reynolds spokesman, said his company supports the constitutional measure and is prepared to bankroll a multimillion-dollar campaign to see it passed. "We believe this is a way you can still provide a smoker-friendly environment for people who choose to smoke," he said.

Jacob Evans, a spokesman for Smoke Less Ohio, declined to say how much money Reynolds was providing for the campaign but acknowledged that the company was "our main supporter." State campaign-finance documents show Smoke Less Ohio spent $1.5 million through Aug. 9 gathering signatures to place it on the ballot.

Recent polling shows about 45% of the state's voters support the Reynolds-backed measure. Polling shows 58% support for the ban endorsed by the health groups. Both measures require simple-majority support to succeed. But if both pass, the Reynolds-sponsored measure would prevail.

Tracy Sabetta, of SmokeFreeOhio, admitted her group may have been politically outmaneuvered when it decided to pursue its measure as a statutory change in state law rather than a constitutional amendment. "We could get 90% of the vote and theirs could still trump ours," she said.

In Arizona, Reynolds has adopted a similar strategy of backing a rival to the proposed smoking ban. There, state records show, Reynolds had by mid-August funneled nearly $3 million to a local group called the Non-Smoker Protection Committee, which is backing Proposition 206. Though ostensibly a smoking ban, it would actually unwind existing prohibitions in Tempe and other cities by exempting bars and restaurants statewide. A rival proposal, Proposition 201, which is supported by several health charities, provides no such exceptions.

In Arizona, the smoking measure with the most votes will become law. Recent polling showed the Reynolds-backed proposal had slightly more support than the one backed by the health charities.

Dueling smoking bans will also appear on the ballot in Nevada this year, but campaign-finance records suggest that tobacco companies have left that battle to convenience stores and liquor and gambling interests.

Mr. Smith, the political-science professor, said Reynolds's tactics in Ohio and Arizona are similar to those used by insurance companies to defeat the 1998 California auto-insurance measure. They clotted the ballot with five competing ballot questions on the subject. "Counterproposals confuse voters, and when voters are confused, they vote 'No,' " Mr. Smith said. "That's just the default position."

Suing Over The CIA's Red Pen (WP)

By Dana Priest, Washington Post Staff Writer

The Washington Post, October 9, 2006

Retired Operative Says Agency Unfairly Edited His Book

When Gary Berntsen sat down for dinner last year with the CIA's executive director, Kyle "Dusty" Foggo, the agency's No. 3 tried to talk him out of resigning from the National Clandestine Service. Foggo even offered him a university position as a placeholder until the CIA's new director, Porter J. Goss, could fix the broken personnel system and other issues that frustrated him, according to Berntsen.

But the Capital Grille meal quickly degenerated when Berntsen told Foggo that not only was he planning to resign but he intended to write a book about his experiences.

Foggo, according to Berntsen, stated flatly that Goss wanted no more books published by current or former CIA officials. Actually, according to a statement Berntsen filed last week in his ongoing lawsuit against the agency, Foggo's language was a little more colorful: "Mr. Foggo stated 'we will have no more books. I will redact the [expletive] out of your book so no one will want to read it.' "

Berntsen, who worked in the agency's operations and paramilitary branches for 23 years and led a CIA team in Afghanistan, responded that such a move would be illegal. Hundreds of former officers had written books, including some directors. One recent retiree, Gary Schroen, had even written several chapters about Berntsen, referring to him as "Gary 2."

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"I just told him I'm preceding. I wasn't going to back down," Berntsen said in an interview last week. "It was very awkward."

Berntsen resigned, wrote his book and, as required, submitted "Jawbreaker: The Attack on Bin Laden and Al Qaeda: A Personnel Account by the CIA's Key Field Commander" to the CIA's Publications Review Board, which redacted about five pages of the 400-plus-page manuscript. "They were very efficient and thoughtful," he said last week.

Then the board sent it to the Directorate of Operations, where Berntsen had worked, as is the practice. There, Berntsen contends, "Mr. Foggo made good on his word" and 70 pages were blacked out.

Berntsen's lawsuit, filed earlier this year in the U.S. District Court for the District of Columbia, asserts that the CIA violated his First Amendment rights in redacting as much as it did.

His case rests, in part, on assertions that the information is virtually the same as information the PRB cleared for publication in a prior book by Schroen, or released upon the orders of then-director George J. Tenet to Washington Post reporters Steve Coll and Bob Woodward, whose separate books included sections on the CIA's work in Afghanistan.

Berntsen thinks the CIA's aim was to make his book "unreadable, so few would purchase it."

Foggo declined comment through his attorney.

CIA spokesman Mark Mansfield said he could not comment on Berntsen's specific allegations. But in an e-mail response to questions, he said that "for former employees, the sole yardstick for pre-publication review has been -- and remains -- the simple requirement that their writings contain no classified information."

In papers filed in the court case, the CIA said Berntsen's unredacted draft "reveals intelligence sources, methods and activities, foreign government information, and information impacting U.S. foreign relations." The information "reasonably could be expected to cause serious damage to national security" and none of the information in question "has been officially disclosed," which would give it a level of credibility beyond that written in nonfiction books by journalists.

The agency says the information is more detailed and covers a different period of time than information the agency released for Schroen's book.

Berntsen published his book, with the redactions, in late December 2005. The paperback editions are due out soon. If he wins back some of the redacted material, he plans to publish an updated edition. "I'm not walking away," he said. "You can't have your First Amendment rights stamped on."

Berntsen's complaints about the agency's publication review decisions are shared by a half-dozen former CIA employees who, in the past two years, have sued or publicly criticized the agency for withholding information they believed would not damage national security but would, perhaps, embarrass the CIA or the White House.

Some administration officials and others in the national security world think Tenet allowed former employees to publish deeply critical books -- such as Michael Scheuer's "Imperial Hubris: Why the West Is Losing the War on Terror" -- in retaliation for the White House allowing the agency to take so much heat for the failed prewar judgments on Iraq and other missteps.

Asked for new CIA Director Gen. Michael V. Hayden's policy on book publishing, Mansfield wrote: "Director Hayden has emphasized the importance of responding in a timely way to employees who write books. And while he is committed to protecting intelligence sources, methods, and other classified information, the director also believes in a reasonable, common-sense approach to pre-publication review."

Berntsen said his legal appeal is being hampered because the CIA, with the court's approval, has refused to allow his lawyer, Mark Zaid, who is cleared to read some classified information, to see the unredacted text to prepare his case. Instead, Berntsen has had to prepare his own appeal, a 70-page rebuttal that documents, line by line, the previous publication of the information the CIA wants to deny him.

While he waits for his case to be adjudicated, Berntsen has written a second book, this one a policy book on "counterterrorism and human intelligence operations." The PRB redacted "only 1 to 2 percent" of the text, he said.

The tables will soon turn on Tenet, who is writing his own book. He has asked for and received access to agency records, including classified documents, "to refresh his memory about events that occurred during his tenure," Mansfield said. He said Tenet's book will be subject to CIA review and that appropriate sections will also be given to the offices where the information originated.

SEEKING THE CURE (ABAJ)

By John Gibeaut, FROM THE OCTOBER ABA JOURNAL

ABA Journal, October 10, 2006

With Health Care Fraud Rampant, States Are Urged to Pass Their Own False Claims Acts, But Foes Warn of Windfalls for Plaintiffs Lawyers

DOJ_NMG_0077713

As if the Civil War hadn't started off badly enough for the Union on the battlefield, Abraham Lincoln soon found himself fighting a second enemy at home: war profiteers out to make a buck by cheating the government in just about every way imaginable.

Some would sell the same broken-down horses several times over to different cavalry units. Others would peddle gunpowder mixed with sawdust. Still others would slap a fresh coat of paint on some leaky old tub, then offer the vessel to the Navy as seaworthy. Traffic also was brisk in rotten rations and dead mules.

So at Lincoln's urging, Congress in 1863 passed the False Claims Act to give both the government and private citizens vast new powers to take unscrupulous contractors to court.

Also known as the Lincoln Law, the act today receives widespread recognition as the most effective federal legal weapon against fraud in government programs. Most of the credit goes to a key provision that allows private litigants to sue in the government's name and share in any recovery. Called qui tam, the feature also allows whistle-blowers—relators in the act's lingo—to file claims secretly while Justice Department prosecutors decide whether to intervene and take over the civil litigation.

The False Claims Act may have yet to realize its ultimate reach, however, as Congress attempts to expand the statute's already wide scope to the states beginning in January to get a handle on health care fraud—the most popular way to steal from taxpayers.

As part of the 2005 Deficit Reduction Act, lawmakers decided in February to prod states into passing their own false claims acts with incentives to increase their share of recoveries in Medicaid fraud cases. The inducements would allow states to up their takes by 10 percentage points, provided their false claims acts follow the federal model. By involving more states and more lawyers, supporters hope to increase recovery amounts across the board.

Though any state can share in Medicaid recoveries regardless of whether it has a false claims act, the federal law that Congress wants the states to mimic dangles the extra enticement of triple damages.

WORLDS REMOVED

In Lincoln's day, qui tam was neither unusual nor controversial. The first Congress enacted citizen suit provisions to supplement scant federal law enforcement in a number of broad fields, such as bank regulation and copyright infringement. Fast-forward to today's tort reform-drenched political climate, however, and qui tam takes on an almost sinister tone.

The vital citizen suit provision that Congress insists on as part of any state false claims act unnerves more than a few legislators and lobbyists for health care providers. Opponents argue that added state qui tam procedures would do little more than create undeserved windfalls for whistle-blowers and their lawyers. Moreover, some state false claims acts on the books and the few new ones debated so far may fall short of the federal requirements.

With health care fraud as the No. 1 drain on federal and state treasuries, supporters can't see how any state can reject an offer that's as good as the one Congress made in the Deficit Reduction Act. Supporters say the federal False Claims Act's success virtually ensures similar accomplishments at the state level.

"Given that the Department of Justice is so strapped for resources, the state agencies and attorneys general offices pose a formidable force in qui tam enforcement," says Janet L. Goldstein, a plaintiffs lawyer from Washington, D.C. "I think you'll see a real shift in focus toward state cases. We've got state attorneys general who are very excited about these cases."

Health care fraud is far and away the leading target of qui tam actions at the federal level. Health care scams accounted for 46 percent of 2,490 qui tam cases filed and $5 billion in recoveries from 1987 to 2005, according to the Government Accountability Office. Procurement fraud, exemplified by the proverbial $500 toilet seat, placed a distant second, accounting for 33 percent of cases and $1.4 billion in recoveries. Likewise, health care whistle-blowers were rewarded the most handsomely, taking home $842 million, nearly triple the $291 million won by their counterparts in procurement cases.

Health care fraud can be as simple as billing for services not performed or as elaborate as the 2005 admission by Swiss pharmaceutical company Serono SA that it tried to boost sales of a nearly worthless AIDS drug, partly by taking 10 physicians on an all-expenses-paid trip to a medical conference in Cannes, France. In exchange, each doctor was to write 30 new prescriptions for the drug Serostim. The medication costs $21,000 for each three-month course of treatment, totaling $630,000 in new prescriptions per doctor.

In the end, Serono wound up repaying $567 million in bogus claims covered by Medicaid and federal health plans for veterans and government workers as part of a $704 million civil and criminal settlement. The investigation also produced five criminal indictments against individuals.

Prosecutors say the fraud may well have gone undetected had an employee at a company laboratory in Rockland, Mass., been unable to file a secret qui tam complaint. Four other employees filed similar lawsuits in Maryland and Connecticut. The five whistle-blowers will share $51.8 million from the recovery.

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But detractors can't resist pulling out familiar arguments that the incentives will do nothing more than line plaintiffs lawyers' pockets or serve as launch pads for politically ambitious state attorneys general who may be more interested in television exposure than building solid cases.

"The idea of being able to get in front of a camera and tell people how much money you are recovering and how tough you are on defrauders of the state is very appealing," says Washington, D.C., defense lawyer John T. Boese, author of one of the leading texts on the federal act and co-chair of this past June's ABA national institute on qui tam enforcement. "The idea of waiting four years for a case to develop is not so appealing."

Despite the tort reform arguments from some quarters, qui tam cases stand apart because they boil down to government actions to recover stolen tax money. While other plaintiffs lawyers can pick and choose their cases, a qui tam complaint obligates the government at least to investigate the matter.

And unlike personal injury plaintiffs with nothing to lose and everything to gain, qui tam whistle-blowers risk their jobs and careers. Supporters say that highly detailed pleading requirements for fraud complaints and a battery of government lawyers to vet cases add further assurance against abuse.

"This is not a practice that lends itself to voluminous filings with the hope that some of it sticks to the wall," says New York City plaintiffs lawyer Neil V. Getnick. "These cases are not developed during the discovery phase. These cases are developed during the pre-pleading phase. The very nature of the practice does not lend itself to a blunderbuss approach."

Still, Boese says that qui tam plaintiffs lawyering in recent years has come to resemble what he describes as the "franchise model" of the highly criticized 1990s state tobacco litigation, where the handful of plaintiffs firms in control spread their costs and made billions of dollars in fees by farming out much of the actual work to local counsel.

Boese says he regularly encounters plaintiffs lawyers in false claims cases who appear to use a similar tag-team approach. "Will this become tobacco?" Boese asks. "It already has."

A STAUNCH SUPPORTER IN THE SENATE

That's not the kind of talk U.S. Senate Finance Committee Chairman Chuck Grassley wants to hear.

"It ought to be black and white as far as state legislators are concerned," says the Iowa Republican, the act's loudest supporter. "If you are a forward-looking state legislator, you should have passed this years ago, instead of waiting for an incentive from the federal government."

Grassley helped breathe new life into the False Claims Act in 1986 after it had fallen into disuse. He sponsored amendments that tilted the odds toward plaintiffs and prosecutors, and that receive most of the recognition for raising recoveries from close to zilch before enactment to more than $15 billion over the last two decades.

Grassley also was the leading sponsor of the Deficit Reduction Act's current state inducements, which take effect on Jan. 1.

Besides health care, the False Claims Act also deals with fraud in virtually any federal endeavor that involves outside contractors—from defense procurement to student loans and veterans benefits. The law also covers fraudulent Medicare payments. The federal government pays 100 percent of Medicare, so the new incentives apply only to the unique federal-state Medicaid partnership. The feds pick up almost 60 percent of Medicaid's cost, with the states responsible for the remainder.

No one disputes that fraud poses a monster problem in health care and other government programs. Government and private estimates of health care fraud losses range from 3 percent to 10 percent of state and federal outlays. And the Department of Health and Human Services, which administers Medicare and Medicaid, places fraud losses at 5 percent.

Even by conservative estimates, the potential losses are staggering, considering how much the government spends on health care.

Topping Social Security and the military, the federal and state governments spend more money on health care than just about anything else. For the 2006 budget year that ended Sept. 30, the feds expected to spend $343 billion on Medicare for senior citizens and another $192 billion on Medicaid coverage for poor people. Add an expected state Medicaid contribution of another $142 billion, and the two programs total $677 billion. By comparison, Social Security was expected to cost $550 billion at year's end, while the Pentagon was on track to spend $420 billion.

Though a handful of legislatures considered false claims statutes during the spring and summer, the Deficit Reduction Act's February passage came after bill-filing deadlines in many states. The issue promises to heat up considerably this fall with the approach of the deficit act's effective date, just ahead of the next round of legislative sessions.

Before deficit reduction passed, 15 states and the District of Columbia had false claims laws that allowed some form of qui tam litigation. Five of them deal only with health care fraud. If this year's limited experience is any indication, however, many legislators likely will balk at the qui tam provisions.

RESISTANCE FROM PROVIDERS

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With strong bipartisan support that included a Republican governor and a Democratic attorney general, Missouri state Sen. Chris Koster figured his false claims act was a shoo-in. Though the Senate twice passed it unanimously, Koster could only watch as opposition to qui tam drowned his bill in May before the House Special Committee on Health Care Facilities, whose 11 members include six health care providers.

"It was a hot bill," says Republican Koster, a former elected prosecutor from the Kansas City area. "It was very strongly worded. It had provisions in there that I think really shook the provider community."

To be sure, Koster's bill may not have received federal approval anyway, because it would have dismissed suits the state rejected, rather than let relators proceed alone as the federal act does. Though additional proposed criminal penalties also worried providers, even the limited qui tam section proved too much for House committee members. In an effort to keep money away from plaintiffs lawyers, they stripped out qui tam in favor of a straight reward system for tipsters. Neither that version nor the Senate's made it to a House floor vote before the session ended.

"We felt the attorney was going to get a huge chunk of the payout, just by referring the case to the attorney general," says Republican House committee chairman Dr. Rob Schaaf, a family physician from St. Joseph. "We just didn't think that was necessary."

Providers also are skeptical of President Bush's claim that the Deficit Reduction Act can save Medicare and Medicaid more than $48 billion by 2015 and not cut services. The administration aims to accomplish that by a combination of stepped-up fraud enforcement, higher Medicare premiums for some seniors and reduction of federal payments for prescription drugs.

But organized medicine in Missouri says already miserly Medicaid reimbursements don't justify the risk of doctors getting nailed for fraud to boot.

"They literally lose money on Medicaid," says Tom Holloway, lobbyist for the Missouri State Medical Association. "They get 30 to 35 cents on the dollar. They see it as charity care. A lot of them just point-blank told me they're going to get out."

In New York, plaintiffs lawyer Getnick reports similar reactions from legislators there, who passed a massive health care fraud bill in June sans qui tam. Costing $45 billion a year and eclipsing the entire budgets of most other states, New York's Medicaid program is the nation's largest and most generous. It's also a system repeatedly criticized as rife with fraud.

Opponents of qui tam conjure up visions of disgruntled employees clogging the courts and running up legal bills with meritless claims. But Getnick notes that rival providers in some competitive sectors, such as drug manufacturing, also can become qui tam plaintiffs.

"If a pharmaceutical company is able to make huge profits by cheating the government, it becomes much more difficult for a competitor to follow the law," says Getnick, who also serves as board chairman for Taxpayers Against Fraud. The influential lobbying organization also helps plaintiffs and their lawyers assemble qui tam cases and finances litigation.

Relators currently file qui tam actions under seal in federal court, usually along with corresponding state claims, while the Justice Department investigates the allegations to decide whether to intervene and take over the litigation before serving the defendant. The department on average accepts one in three cases. Though cases today typically wind up in a single federal court, the proposed state incentives hold the possibility of parallel proceedings across numerous jurisdictions.

As Justice investigates, defense lawyers scramble to learn the nature of the allegations, who filed them and where. Boese says it's like voting in Chicago.

"You show up early and often," he told an ABA conference on health care fraud in May. "I'm going to start calling state attorney general offices, and I'm going to talk to everyone as quickly as I can. You've got to figure out what's going on."

Though federal qui tam actions can continue without the government's participation, whistle-blowers who go it alone stand only about a 5 percent chance of success and average only $22,400 in payments when they do win, compared with a $175,754 average with government intervention.

The federal act hasn't always worked so efficiently. It saw only sporadic use until 1943, when Congress crippled it by severely curtailing qui tam in response to complaints of "parasitic suits" where whistle-blowers filed cases based on public knowledge, such as criminal indictments. For its success, the act depends on true inside information that normal investigative techniques often fail to reveal. The 1943 restrictions also applied to frauds the government knew about but didn't pursue.

Things changed in 1986 when Grassley assumed the lead in fighting fraud with amendments that changed the face of the False Claims Act.

Besides adding protection from retaliation for whistle-blowers, the amendments contained major financial plums. Included was an increase in relator shares, from a maximum of 10 percent, to at least 15 percent and up to 25 percent of the recovery, with government intervention and depending on the relator's contribution to the action's success. In the remedy department, lawmakers increased damages from double to triple the cost of the fraud, and upped other penalties from $2,000 to between $5,000 and $10,000 per false claim.

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Moreover, because some courts demanded that plaintiffs produce clear and convincing evidence to prevail, Congress set a uniform standard of proof at the lower preponderance level. Lawmakers also expanded scienter from the knowing submission of a false claim to cover recklessness and deliberate ignorance.

This year, HHS Inspector General Daniel R. Levinson's office likely struck a nerve in the provider community when in late August it published guidelines for determining whether individual state false claims acts qualify for increased awards. Among other factors in evaluating compliance with the federal version, HHS, in consultation with the Justice Department, will consider whether state laws allow sealed complaints and contain qui tam provisions that permit relators to proceed solo should the government decline the case. HHS also recommends that states award relators at least 15 percent of any recovery from their shares and provide for assessments against defendants for costs and attorney fees.

'THE RIGHT THING TO DO'

Throughout the spring, Grassley had pressed HHS and Justice especially hard on the qui tam provisions.

"There's no doubt that this is the right thing to do, but if a state doesn't want to pass it, it doesn't have to," says Grassley. "But it's not worth doing if you don't have the qui tam provision. They can either pass it according to the intent of Congress or forget it."

Members of the defense bar had hoped that HHS would show some flexibility because the Deficit Reduction Act also states simply that state false claims statutes must be "at least as effective in rewarding and facilitating qui tam actions" as the federal law. Though HHS strongly suggests that states won't qualify for more money if they don't meet the minimum provisions laid out in the guidelines, the department also appeared to leave itself some wiggle room by saying it would evaluate more restrictive state laws on a case-by-case basis.

"No realistic evaluation of these guidelines will be possible until the OIG begins rendering decisions," Boese wrote in a client newsletter.

Texas could be an early testing ground for the HHS guidance. Though Texas has one of the nation's most successful state acts, it still may not qualify for larger recoveries, because a case dies and the relator gets thrown out of court if the state turns it down. Nevertheless, Congress and other states looked to Texas as a model in pondering the new weapons against health care fraud.

"No good deed goes unpunished," says Patrick J. O'Connell, civil Medicaid fraud chief for the Texas attorney general's office, which has recovered more than $100 million since 1999, when relators first began bringing qui tam cases after a change in the law. "We have become sort of a lightning rod for what a state can do if it uses its false claims act correctly."

Like New York, Texas sucks up Medicaid dollars big time. With about 30 percent of Texas residents lacking private insurance, the nation's highest rate, state Medicaid spending doubles every six to seven years. Today, Medicaid costs taxpayers $750 for each man, woman and child in the state, easily more than some families pay in premiums for private health insurance.

The Lone Star State's budget for Medicaid is expected to climb from the current $17 billion annually to $136 billion a year within 20 years, according to the nonpartisan Texas Public Policy Foundation. That's almost as much as the entire $138 billion state budget for the current year that began Sept. 1. So business is vigorous in O'Connell's office, which has grown from two to nine lawyers. "We've got more than we can do," O'Connell says. "We're working nonstop."

MORE THAN ENOUGH ENCOURAGEMENT

But defense lawyer Boese says the federal relator cut is more than enough to encourage the mega-national cases that yield global settlements responsible for much of the act's recent success, regardless of whether states have their own false claims acts. Of the top 25 federal cases that have settled since 1992 for $100 million or more, 21 involved pharmaceutical companies, hospital and nursing home chains, medical device makers and other medical providers or support industries.

Of greater concern to Boese is a separate provision in the Deficit Reduction Act that requires nearly every provider to conduct employee education programs on fraud and how to file false claims complaints. Besides their potential for increasing the number of new cases, Boese says such programs also undermine the stricter internal company compliance plans and financial controls that have become hallmarks of post-Enron corporate self-accountability.

Worker training in the False Claims Act could become the functional equivalent of a company hiring a plaintiffs lawyer and suing itself, Boese complains.

Indeed, some states actually could lose money with their own statutes if they must pay at least a 15 percent relator's share. Washington state prosecutor David W. Waterbury says he's no math whiz, but a 15 percent relator's share sounds like more to him than the promised 10 percentage point increase in the state's share of damages.

"As portrayed, it looks like states are leaving money on the table," says Waterbury, Medicaid fraud control director for the state attorney general's office. What's more, he says, nothing would stop legislators from passing an even more ambitious false claims act aimed at all sorts of state contracts. Waterbury wonders who would pay for that.

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"You have to take the blinders off," Waterbury says. "While this sounds seductive, it may cover the waterfront. If the statute covers everything, you're looking at replicating the Civil Division at the Department of Justice."

At the Civil Division, commercial litigation director Michael F. Hertz says his prosecutors likely will notice little difference in their jobs as state involvement increases.

"I'm not sure we know exactly how this is going to play out or work," Hertz says. "But I don't think it will change that much."

Though total damages are expected to increase and the distribution of awards will change, the states, as they now do, are expected to continue to divvy up recoveries among themselves through the National Association of Medicaid Fraud Control Units, which operates out of the attorney general's office in most states.

"Both of those are mathematical calculations," Hertz says. "The work for lawyers won't change that much."

Federal and state prosecutors say they already work together smoothly, though they expect to see much more of one another in the future. The national association already assembles state teams to assist in cases, and representatives from states with false claims acts meet by conference call every two weeks.

"It will intensify the relationship with DOJ," says Vermont fraud chief Linda A. Purdy, the outgoing association president. "It brings more people into the mix, which requires more efforts at coordination."

MORE TO CONSIDER

But though Justice Department lawyers publicly downplay problems the approaching era may cause, one former health care fraud prosecutor says Congress failed to appreciate the increased complexity that would accompany an explosion in parallel proceedings. Jonathan L. Diesenhaus served as a senior Justice Department trial counsel specializing in false claims cases from 1998 to 2005, when he left for private practice and defense work in Washington, D.C. He envisions control over qui tam sliding away from federal prosecutors to relators and their lawyers.

"Every step of the way, you have a national consortium of people in a case," Diesenhaus says. "The federal prosecutor's job becomes one of traffic cop, not law enforcer."

Besides creating new perils for defendants and administrative headaches for prosecutors, Diesenhaus says criminal enforcement may become a major victim of stepped-up state civil litigation in multiple forums. He cites the possibility of a rogue state unsealing a civil complaint on its own or allowing discovery and tipping off defendants who may be under criminal investigation elsewhere where complaints remain sealed.

"Those circumstances would present a real possibility that the relator could seek deposition testimony from witnesses the government would not want deposed or, of greater concern, individuals whose status in the criminal investigation dictated that they assert their Fifth Amendment rights and decline to testify," Diesenhaus writes in a recent analysis of the Deficit Reduction Act.

Career federal criminal prosecutors often single out New York's Eliot Spitzer as a prime specimen of a genus of political creatures that inhabit the offices of elected state attorneys general and just don't respect the integrity of other agencies' investigations.

As the Democratic gubernatorial candidate in the November election, Spitzer enjoys widespread recognition as the state prosecutor who embarrassed the feds by getting the jump on them in a string of high-profile Wall Street corruption cases. He also severely chastised New York legislators early in the summer for failing to include qui tam in this year's health care fraud legislation.

"Having these state AGs ride along really can undermine federal criminal prosecutions," Diesenhaus says. "The problem is many times greater with state qui tam out there. Criminal prosecution would grind to a halt. Prosecutors would lose interest if there are too many players."

Grassley says in one way he's reliving the resistance to his 1986 amendments, which largely came from defense contractors. He says state legislators should expect more of the same from health care providers as they debate false claims acts.

"They're going to be fighting the same battle I fought 20 years ago," Grassley says. "But we're right, and right wins out—most of the time."

And he says he's not about to listen to federal prosecutors sing the blues about states crowding the field.

"If they want to do their jobs, then they should take these cases from the whistle-blowers," Grassley says. "Sometimes they don't want to. Sometimes it's workload, and sometimes there are more powerful forces at work. Sometimes they don't want a farmer from Iowa who knows something about fraud on the government telling them what to do."

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CIVIL RIGHTS:

FBI Arrests 2 In Alleged Sex Case In Samoa (AP)

AP, October 10, 2006

PAGO PAGO, American Samoa » Police have arrested two people accused of luring two Chinese women to American Samoa, trapping them in a karaoke bar and forcing them into prostitution.

The women claim they paid $2,000 to travel to the U.S. territory to get jobs as cashiers at a grocery store, but instead they were imprisoned in a karaoke bar and made to have sex with customers, according to an FBI affidavit by Special Agent Jason Cherry.

After six months the victims eventually escaped by climbing down a rope from the third-story balcony of the Bao Kai Karaoke Bar, according to the FBI.

Fu Shen Kuo, 39, and Shenji Wang, 35, were indicted Wednesday by a federal grand jury in Honolulu. They are being held without bail at the federal detention center in Honolulu, said Pamela Tamashiro, Wang's attorney.

The women told police they were recruited around Jan. 26 to work in American Samoa. But once they arrived in March, Wang threatened to beat them if they did not have sex with her customers.

Wang told one of the victims that her family's arms and legs would be cut off if she attempted to escape, according to the affidavit.

One victim told the FBI she was forced to have various forms of sex with between 60 and 70 customers during the six months she was held.

Ex-officers May Face U.S. Trials, Despite State Outcome (MJS)

By Gina Barton

Milwaukee Journal Sentinel, October 10, 2006

The constitutional prohibition against double jeopardy says the same person can't be tried twice by the same sovereign for the same crime.

So far, the three former Milwaukee police officers who were tried and acquitted in state court in the beating of Frank Jude Jr. - Jon Bartlett, Andrew Spengler and Daniel Masarik - have not been charged federally. But they could be, and federal plea agreements last week by two other officers involved in the beating make it seem likely.

Bartlett already faces a retrial in state court because the jury could not reach a unanimous verdict on one of the charges against him.

Such a hung jury is an exception to the double jeopardy rule.

And a federal prosecution against Bartlett, Spengler and Masarik wouldn't be double jeopardy even though they already have been tried in state court. Why? Because the state and the nation are separate sovereigns - and because Wisconsin and the United States have different criminal statutes.

Even so, it is unusual for federal prosecutors to intervene after a failed state case, said Tom Schneider, a former U.S. attorney for the Eastern District of Wisconsin.

"There are policies within the U.S. Department of Justice that limit when the federal government will step in and bring a prosecution where there has already been a state prosecution," he said.

Prosecutors in Washington, D.C., must review and approve such a case before a local U.S. attorney can bring charges, Schneider said.

"The department is looking for particularly serious cases where there appears to have been a real injustice," he said.

One example is the Rodney King case in Los Angeles. In the 1992 state prosecution, three police officers were acquitted of beating King and the jury was unable to reach a verdict concerning a fourth officer. Federal prosecutors then filed charges, and two of the four officers were convicted.

One of the same Washington, D.C.-based prosecutors who worked on the King case is assisting in the Jude investigation.

U.S. Winning Access For The Disabled Through Mediation (WP)

The Washington Post, October 9, 2006

In nine of every 10 cases involving federal disability laws in the past five years, the Justice Department achieved compliance by government agencies and businesses by using mediation and not imposing penalties.

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Attorney General Alberto R. Gonzales said that 1,800 complaints out of 2,000 cases involving the Americans With Disabilities Act had been settled through mediation. The department's civil rights division also settled 151 such cases against state and local governments.

"We have accomplished this through an aggressive program of enforcement and public education," Gonzales said in Minneapolis on Thursday at the annual conference of the U.S. Business Leadership Network, which promotes employment of people with disabilities.

The cases were pursued under a Bush administration initiative to improve the access that people with disabilities have to theaters, sport venues, hotels and other destinations where large numbers of people gather.

The administration is also taking steps to ensure more cities and counties make their public spaces and services accessible to disabled people. Those efforts include modifying sidewalk curbs for wheelchairs, allowing guide dogs for the blind in shelters and installing telephone systems that assist deaf people in making 911 calls.

In Hennepin County, which includes Minneapolis, local officials agreed to provide a sign language interpreter for deaf people who are undergoing chemical dependency treatment and other programs. Anne Arundel County in Maryland agreed to improve services for the deaf and the hard of hearing in its two jails.

The report included a few cases in which offenders faced penalties. In one, movie theater chain AMC Entertainment had to pay $100,000 in damages to customers discriminated against because of access problems.

John Wodatch, who runs the disability rights section at the Justice Department, said most employers are eager to fix problems. He estimated that as much as 70 percent of his staff spends time helping businesses and local governments comply with the law. Department lawyers try to reach a negotiated solution first. "We're not trying to get litigation. We're trying to get compliance," he said.

Former Partners Tied Up In Court (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, October 9, 2006

Contractor Alleges Racial Bias

Two Washington area government contractors that were once partners on work in Iraq and Afghanistan are now tussling in federal court over allegations of racial discrimination, with one firm claiming the other has nearly driven it out of business.

Worldwide Network Services LLC filed suit in D.C. federal court last week, alleging that its workers were subject to racial epithets, banned from meetings and in some cases forced to leave Iraq as part of a deliberate effort by security firm DynCorp International to force the African American-owned company off of a pair of large State Department contracts. District-based WWNS had been a subcontractor to DynCorp, and the lawsuit claims that DynCorp used WWNS's status as a small, minority-owned firm to help win the deals before the relationship soured.

The suit names as defendants both Falls Church-based DynCorp and EDO Corp., a New York-based firm that was also a DynCorp subcontractor.

"DynCorp's actions, clearly designed to force WWNS out of the Iraq and Afghanistan projects, were motivated by racial animus toward WWNS and its African American founders and owners," the suit contends. "Piling on DynCorp's racially discriminatory actions, DynCorp and EDO have conspired to defame WWNS, interfere with WWNS's contracts with its employees, and interfere with WWNS's prospective business relationships."

DynCorp spokesman Gregory Lagana disputed the suit's claims, saying that DynCorp chose not to renew WWNS's contracts because the firm was not getting its work done. "The charge of racial discrimination is outrageous. The issue with WWNS all along was performance," he said. "We will fight this all the way."

An EDO spokeswoman declined to comment because the company had not been served with the suit as of late Friday afternoon.

Lagana said that DynCorp, which had $2 billion in revenue last year, had been getting complaints from the State Department about poor performance by WWNS.

In the suit, WWNS defends its work, and points to e-mails from DynCorp employees and U.S. officials that praised the accomplishments of the communications firm.

It is not unusual for relationships between prime contractors and their subcontractors to turn bitter. But the suit against DynCorp casts light on an unusually acrimonious end to what WWNS said had been a harmonious partnership as recently as two years ago.

Founded in 1993, WWNS lately had been receiving more than 95 percent of its business from DynCorp subcontracts, amounting to approximately $30 million a year, according to WWNS senior vice president Reginald Bailey Sr.

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Much of the work stemmed from State Department deals to train police officers and provide protection for dignitaries in Iraq and Afghanistan. DynCorp picked WWNS to provide information technology support for those deals, but the suit claims DynCorp soon decided it wanted to get rid of WWNS in favor of EDO.

One DynCorp official, according to the suit, told WWNS employees that they had been hired only because they were black. Another DynCorp manager used a well-known racial epithet in reference to a WWNS manager, the lawsuit says.

The suit claims that WWNS employees were banned from meetings and denied their identity cards, so they could not do their jobs. One WWNS employee was ordered out of Iraq without explanation, and another had to leave because of "his refusal to give [DynCorp] WWNS's proprietary employment information."

Since the relationship between the companies dissolved, the suit contends that DynCorp spread false information that WWNS was going bankrupt, and hired away many of WWNS's workers.

Bailey said that WWNS, which had nearly 100 employees in Iraq and Afghanistan at its peak, is now completely out of both countries and is fighting for its life with a skeleton staff. "Our business has been drained," he said. "DynCorp has essentially taken away our employees. And they were our company."

Asked how his business will survive, founder and president Walter L. Gray Jr. replied, "With a lot of prayer."

Don't Remove Safeguards (USAT)

By Rose Saxe

USA Today, October 9, 2006

Required consent, counseling aren't barriers to testing for HIV.

The Centers for Disease Control and Prevention is right to want more people to get tested for HIV. But eliminating specific consent and pretest counseling, as the CDC recommends, would remove safeguards guaranteeing that testing stays voluntary and informed.

It's not surprising that some doctors and health care workers are welcoming what they see as time-saving measures. But testing people without informed consent doesn't ensure that people with HIV get the care they need. Studies have shown that patients who are tested without consent are less likely to get necessary follow-up care.

Without pretest prevention counseling, we also lose a critical opportunity to educate. The reason people aren't getting tested is not consent requirements or even stigma about testing; it's because people still don't understand HIV. A recent survey found that 22% of Americans wrongly believe that you can get HIV from sharing a glass of water. And 25 years into the epidemic, people continue to lose jobs and housing because of prejudice. Can we really afford to abandon this chance to help people understand HIV?

The new recommendations also raise privacy concerns. Virtually every state now collects the names of those who test positive. If the government is going to collect names and deeply personal information, people tested deserve to know that this information is being collected and how it will be used.

Early in the epidemic, our government ignored AIDS until it was confronted by persistent protests by gay people. As the demographic of the disease shifts to include more women and people of color, why are we abandoning those safeguards? And why is the government so heavily focused on promoting testing, while continuing to fund misleading sex education and refusing to adequately support proven programs, such as needle exchange, that reduce the transmission of HIV in the first place?

Written consent and counseling need not be barriers to HIV testing. Everyone wins when people are able to make informed decisions to protect their health.

Rose Saxe is a staff attorney with the American Civil Liberties Union AIDS Project.

South Dakota Nears Vote On Abortion Ban (AP-Y)

By David Crary, Ap National Writer

AP, October 9, 2006

Circled around a living room, sipping coffee, five long-acquainted couples grappled with their stark differences on a topic they would have skirted in the past but now cannot avoid — abortion.

Like other South Dakotans, people in this tiny farming town are confronting a historic opportunity on Nov. 7. They'll sway a tortuous national debate by making a choice no statewide electorate has faced before: whether to approve a sweeping ban on virtually all abortions.

"None of us think abortion is a desirable thing," said Tom Dean, a family physician who hosted the discussion along with his wife, Kathy. "But it's not a problem for government to solve by passing a rigid law."

Yet Lynn Ogren, who helps her husband run a sheep and cattle ranch, choked up with emotion as she explained her support for the ban.

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"I value every child's life, whether it's from a rape or not," she told her friends. "Who's fighting for these kids?"

The measure would allow abortions only to save a pregnant woman's life. It makes no exception for other health concerns, or for cases of rape or incest; a doctor performing illegal abortions could face five years in prison.

The Legislature passed the law overwhelmingly in February, expecting it to be challenged in court and perhaps lead to a U.S. Supreme Court reversal of the 1973 Roe v. Wade decision legalizing abortion. Instead of suing, opponents swiftly collected signatures to force a referendum; the law will be scrapped if voters reject it.

Each side depicts the other as dominated by out-of-state groups — and indeed such forces are active, viewing the vote as an unprecedented gauge of public sentiment on abortion. The Rev. Jerry Falwell has urged his conservative followers to donate in support of the ban; Planned Parenthood and NARAL Pro-Choice America have raised funds to oppose it.

"We're David, they're Goliath," contended Leslee Unruh, head of the campaign group supporting the ban. Parked outside her VoteYesForLife.com office in Sioux Falls were cars with a blunt bumper sticker: "The Killing Stops Here."

The most recent independent poll, in July, found 47 percent of voters opposed the ban, 39 percent favored it, 14 percent were undecided. When asked if they would approve a ban with exceptions for rape and incest, support rose to 59 percent.

Unruh, who had an abortion years ago that she now regrets, says momentum is turning as more voters hear her side's core message: Abortion hurts women. In the event of defeat, she vows to keep fighting.

"Sometimes it's not about votes — it's about the truth," she said.

Jan Nicolay, a former school principal and Republican state legislator, is co-chair of the campaign to keep abortion legal. She knows the stakes are high.

"People from other states are telling me, 'You're in the limelight. Good luck. Please do everything you can to defeat it,'" she said.

Among her colleagues is Russ Tarver, a retired Methodist minister who signed a statement against the abortion ban along with 16 other ministers. "Some legislators were stunned to learn there were pastors on the other side of the issue," he said.

If the ban is defeated, anti-abortion activists might try again later with a milder version making exceptions for rape and incest, but the outcome would be heralded nationally as a major victory for abortion rights. If the ban is approved, several other state legislatures might follow South Dakota's example — building momentum for a possible Supreme Court review of Roe v. Wade.

Each side has recruited South Dakota rape victims to aid their campaigns. Connie Pich, impregnated by a rapist as a teenager in 1973, said victims must be able to choose freely whether to bear the child. On the pro-ban side, Megan Barnett has spoken at the Legislature and in campaign videos about how glad she is to have borne a daughter resulting from a rape.

Barnett, in a telephone interview, expressed empathy with women in comparable plights, but said abortion shouldn't be an option. "Two wrongs don't make a right," she said. "It's a baby, whether you're raped or not. You need a choice both you and your baby can live with."

The ban's supporters note that the measure allows rape and incest victims to get emergency contraception, which is effective if taken within 72 hours. Opponents say emergency contraception isn't widely available in South Dakota, and argue that many victims are too overwrought to seek prompt help.

"It's a sham," Nicolay said of the contraception provision. She noted that anti-abortion lawmakers quashed a measure this year that would have required hospitals to inform raped women that emergency contraception is available.

One of the legislators responsible for the toughly worded measure is House Majority Leader Larry Rhoden, a Republican cattle rancher. He was swayed by women's testimony that their abortions left emotional scars, but now — aware of polls showing his side behind — he has second thoughts.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," he said. "We have a long row to hoe based on the numbers I've seen."

In some ways, South Dakota is an odd venue for the showdown. It has had no resident abortion provider for 10 years, and most of its 800 or so annual abortions are performed at an often-picketed Planned Parenthood clinic in Sioux Falls by doctors flying in once a week from Minnesota.

Sarah Stoesz, president of Planned Parenthood's Minnesota/Dakotas chapter, said even people on the sidelines of the abortion debate rallied to help the petition drive after lawmakers approved the ban.

"It was a political moment like I've never seen, a spontaneous uprising of grass-roots fury," she said. "Abortion isn't a subject people normally discuss, but this has forced ordinary mainstream people to talk about it."

A case in point is Wessington Springs, a town of 1,000 where pride in its seven churches and Shakespearean Gardens mingles with worries over business failures and an exodus of young people.

Tom Dean, whose family's local roots date to 1882, and his wife, Kathy, a nurse-midwife, decided to serve on the anti-ban campaign's statewide board, then placed a small ad in the local paper explaining their stance.

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"We were a little concerned — not for our safety, but of offending our friends," said Kathy Dean, a longtime abortion-rights supporter.

For several years, the Deans have hosted a monthly discussion group, broaching an array of topics. Its members recently convened to wrestle with the abortion ban.

Near the end, after listening in silence, Evelyn Bradley spoke out.

"Life isn't always black and white," said Bradley, the wife of an Air Force retiree. "There are situations where it would be really difficult to have another child, and I'd resent the law saying you have to have it. Shouldn't I be allowed to make that choice?"

The issue has been raised at the town's Roman Catholic church by the priest, Jim Friedrich, who fervently supports the ban.

"So far no one (in the parish) has spoken against it," he said quietly in his rectory. "The way I spoke, I doubt they'd have the guts to tell me otherwise."

John Paulson, minister at nearby Our Savior's Lutheran Church, takes a different tack.

"We can't read God's mind on this," he said. "As pastor, I'd support people voting their conscience with a prayerful heart."

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On the Net:

Anti-ban campaign: http://www.sdhealthyfamilies.org

Pro-ban campaign: http://www.voteyesforlife.com

Antiabortion Campaign Waves Feminist Flag (LAT)

By Stephanie Simon

The Los Angeles Times, October 9, 2006

SIOUX FALLS, S.D. — In the fight to preserve the toughest abortion ban in the nation, the talk is not of a fetus' right to life. It's of a woman's right to motherhood.

Antiabortion activists here deliberately avoid the familiar slogans of their movement. They don't talk about the "murder of innocent babies" or quote the Bible on the sanctity of life. Instead, campaign manager Leslee Unruh has taken what she calls a feminist approach, arguing that legalized abortion exploits women and — for their sake — must be stopped.

The bumper stickers and T-shirts that fill campaign headquarters spell out her message, in pink and blue: "Abortion Hurts Women."

"We women buy the choice line. We're panicked, or we're being pressured, or we're ashamed to have a child outside marriage," Unruh said. She speaks from personal experience; she had an abortion nearly 30 years ago and said her life since has been darkened with regret and longing. "If you don't do your job right as a mother," Unruh asked, "what good is everything else?"

Abortion-rights supporters call such rhetoric patronizing and presumptuous; they say many women find that ending unwanted pregnancies brings relief and the freedom to pursue other dreams. But they acknowledge that Unruh's tactic is effective — and that it has thrown their campaign off balance.

"Historically, this debate has been focused on fetal rights, fetal life. We have a lot of language about that," said Sarah Stoesz, president and chief executive of Planned Parenthood of Minnesota and North and South Dakota. "This adds an element we're not accustomed to. It's a different line of debate…. And that is something we struggle with politically."

The ban, passed overwhelmingly by the South Dakota Legislature in February, makes it a felony to help any woman terminate a pregnancy at any stage, unless an abortion is necessary to prevent her death. Women would not face criminal charges, but their doctors could get up to five years in prison.

Rather than challenge the law in court, Planned Parenthood chose to put it to a public referendum, gambling that people would vote to repeal it on Nov. 7. (South Dakota law permits interest groups to refer legislation to the ballot if they can collect enough signatures.)

If voters reject the ban, abortion-rights advocates hope it will deter states such as Ohio, Indiana, Missouri, Georgia and Rhode Island, which have been considering similar measures. If the ban is upheld, Planned Parenthood will challenge it in court. Antiabortion leaders would welcome that battle. They hope the U.S. Supreme Court will use the case to overturn Roe vs. Wade, the 1973 ruling that found a constitutional right to abortion.

Both sides call this election crucial and are putting out urgent appeals to raise millions of dollars for the fight.

But if this is the frontline of the abortion wars, the guns sound oddly muted.

Attuned to the values of this very conservative state, abortion-rights activists have decided not to make a stand on a woman's right to choose. The big poster outside their campaign headquarters makes a much milder point: "This law simply goes

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too far." One of their TV ads starts out: "South Dakotans agree, honor and protect human life." The ad goes on to affirm support for reducing the number of abortions, but argues that the law is too inflexible.

The only exception in the law states physicians will not be prosecuted for procedures "intended to prevent the death of a pregnant mother." Even then, however, doctors must try their best to save "the life of her unborn child."

A provision allows women to use the morning-after pill, which can prevent pregnancy if taken within 72 hours of sex. But under South Dakota law, pharmacists are not required to dispense the pill — or refer women to a pharmacy that will. And the Legislature has repeatedly voted down a bill to require emergency rooms to stock the contraceptive.

Walking a neighborhood of gracious homes the other day to rally voters against the law, Emma Tupper, 20, made just one pitch, again and again. "Our main concern is the lack of exception for rape and incest," she said. Some residents nodded and pledged to vote against the ban. Nearly as many politely said they would support it.

"Even if there's no exception for rape and incest?" Tupper asked one elderly man.

"I've looked at the bill pretty closely, and I feel comfortable with my decision," he replied, and closed the door.

Tupper — who came from Seattle to work on this campaign — walked on, crunching through drifts of yellow leaves. "It's a tough state," she said.

An independent Mason-Dixon poll in June found voters opposed to the ban, 47% to 39%. But a Zogby International survey last month, commissioned by an antiabortion group in Washington, D.C., found that gap had narrowed to 47% to 44%. In another unsettling sign for abortion-rights supporters, four Republican state senators who opposed the ban lost their seats in the primary election this summer.

"I don't know if I want to say we have a lot of momentum," said Jan Nicolay, a former Republican legislator working to overturn the ban.

The antiabortion camp has attracted hundreds of activists; some have brought with them the strident language Unruh had hoped to avoid. A voter guide produced by the Roman Catholic Diocese of Sioux Falls refers to abortion as a "moral evil," part of "the culture of death." Last month, activists from Wisconsin waved photos of dismembered fetuses at a busy intersection in Rapid City.

Unruh says she hates such messages "with a passion." Banning abortion should be about "compassion and love," she says — not "anger and death."

On a recent afternoon, she spotted a family of volunteers wearing olive-green T-shirts that read "Abortion — the leading cause of death in America." Unruh sent an aide to get them official campaign shirts, which feature the cheery faces of three women and a bright-eyed baby.

One of the women on the shirt is Kayla Brandt, 29, who had an abortion four years ago. "My mind-set was, if it's OK for so many other people, it will be OK for me," she said. But she was so burdened with guilt and shame, she said, she could barely function. In a radio spot, she says mothers "weren't designed to abort our babies" and asks voters to spare other women "the pain of imagining a life that could have been."

Her voice catching, she adds: "Please, to protect women like me, vote yes on Referred Law 6."

The spot caught the attention of Dick Murphy, 58, a local shop owner. He thought at first it was intended to evoke sympathy for a woman's right to choose. "Then it flipped the other way around," he said. "I thought, 'That's a new twist.' " The ad did not change Murphy's mind; he still plans to vote against the ban.

But other voters are torn.

Roger Turnquist, 57, a rancher in town to take his wife and daughter out to lunch, said he could speak for the family: They all backed the ban. "We're Catholic," he explained. His wife, Helen, looked uneasy.

"I'm a little pro-choice," she said. "But I'll probably vote for the ban because I'm Catholic." She paused. "I really haven't decided."

The South Dakota fight marks the first time antiabortion groups have built a public campaign around abortion's effect on women. But for the last few years, activists have tested the tactic as they lobby state legislatures for measures such as more counseling for women seeking abortions.

"It's been very helpful for the pro-life movement…. Who doesn't want to protect women?" said Daniel McConchie, vice president of Americans United for Life, a national group based in Chicago.

Unruh's campaign has made that point in several ways. Along with the radio spot, Brandt tells her story in an online video and campaign fliers. The campaign has also distributed a DVD with testimony from Brandt and three women who decided against abortion in tough circumstances. (One segment is titled, "I love my baby who was conceived by rape.")

Volunteers offer the DVD to voters as they canvass door to door; it's also been shown in churches and at dozens of house parties.

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"The clips really hit me hard," said Jazmine Brown, 13, who was moved to volunteer for the campaign after seeing the DVD at church. "I knew women were hurt by abortion, but that implanted it in my heart."

The concept that women are exploited by abortion has been nurtured by the many "post-abortive support groups" around the nation. Unruh runs one such group in Sioux Falls; the women gather to mourn and to help one another through "side effects" as varied as substance abuse, anorexia and detached parenting.

Their stories have led to a shift in perspective that parallels the religious right's changing attitude toward homosexuality. After years of condemning homosexual behavior as evil, some ministries have begun to portray gay men and lesbians as victims of an immoral society, led astray by gay-pride parades, gay romances on TV, and other signals that same-sex relationships are normal.

Similarly, women who choose abortion are now increasingly treated as victims, let down by a society that keeps abortion legal and relatively accessible.

Abortion-rights supporters respond with exasperation. The American Psychological Assn. has found that abortion carries few long-term emotional risks. And clinic doctors routinely turn away women who are uncertain or seem to have been coerced.

Some women undoubtedly regret their abortions. "But women also marry someone who turns out to be an abusive spouse, and we don't therefore say that marriage hurts women," Stoesz said.

With so much at stake, political scientist Robert Burns says he expects both sides to turn up the rhetoric as the election draws near. Burns, who teaches at South Dakota State University, will not venture to predict the vote's outcome. But it's safe, he said, to foretell this much: "It will get down and dirty before it's all over."

Military Ballots Still Have Glitches (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, October 9, 2006

The system used by military personnel to cast absentee votes is still not working well, six years after the problem was highlighted by disqualified ballots in the contested Florida recount of 2000, election officials say.

But the Pentagon is releasing statistics and fact sheets to show that armed-forces voting is, in fact, increasing, with more avenues available to the estimated 1.7 million uniformed and civilian personnel in the states and abroad to obtain ballots.

This year, Congress has heard from many sources, including the election commission and the Government Accountability Office, that problems remain less than a month before the Nov. 7 midterm elections.

Sen. Conrad Burns, Montana Republican, says the Pentagon has been reluctant to embrace the Integrated Voting Alternative Site (IVAS), a fast way to get ballots to far-flung troops via the Internet.

Congress started IVAS in 2004 by providing money in a defense-spending bill, but Mr. Burns had to block six Pentagon nominations before he got results, his office says. The Pentagon changed this summer from a pilot program to a permanent IVAS operation.

But the senator says the Defense Department lost precious time.

"If the current bureaucracy can't do it, then we need to throw it out and start over with one that does," he said.

By the Pentagon's own count, only nine states participate in IVAS. The system works by allowing personnel to go to an IVAS Web site and request a ballot from their home county. An election official sends an e-mail alert, and the person then logs on to a secure server, prints the ballot, fills it out and returns it by postal mail.

"This program eliminates the most time-consuming step in the process: getting the ballots to a potentially moving target," said a statement from the senator's office.

A Senate aide says Mr. Burns' attack on the bureaucracy was really criticism of David Chu, undersecretary of defense for personnel and readiness. The aide said Mr. Chu has shunned IVAS in favor of another Internet program.

The Pentagon is defending Mr. Chu's record on making registration and voting more accessible.

"I think we are working very hard here to carry out the [IVAS] initiative," said Maj. Stewart Upton, a Pentagon spokesman. "We support the IVAS program. We believe that it's working and this year has been very effective."

The main voting problem for military personnel away from home is meeting the ballot deadline.

It takes on average 45 days to get an absentee ballot to the troops, have them fill it out and then mail it back to the election board. The constraint has resulted in late, disqualified ballots. In the tight 2000 Florida recount, where a majority of overseas service members voted for President Bush, Democratic lawyers fanned out to election boards to challenge any military ballot that did not strictly meet requirements.

While the Pentagon talks of voter progress, other officials see persistent problems.

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Paul DeGregorio, chairman of the U.S. Election Assistance Commission, told Congress that a summit of election officials last spring concluded that "the current voting process for military and overseas citizens is not working." He blamed the time it takes to mail out and then receive ballots from people thousands of miles away.

Still, the federal voter-assistance program reports a higher military participation rate.

Mr. Chu has told the Senate Armed Services Committee that 73 percent of military personnel voted by absentee ballot in 2004, compared with 57 percent in 2000. The 2004 rate exceeded the 60.4 percent turnout of the general public.

An unscientific poll by the Army Times Publishing Co. in 2004 garnered e-mail responses from more than 4,000 service members. The results: 73 supported Mr. Bush and 18 percent Sen. John Kerry, Massachusetts Democrat. Nearly 60 percent identified themselves as Republicans and 13 percent as Democrats.

Where Faith Abides, Employees Have Few Rights (NYT)

By Diana B. Henriques

The New York Times, October 9, 2006

J. Jeffrey Heck, a lawyer in Mansfield, Ohio, usually sits on management's side of the table. "The only employee cases I take are those that poke my buttons," he said. "And this one really did."

His client was a middle-aged novice training to become a nun in a Roman Catholic religious order in Toledo. She said she had been dismissed by the order after she became seriously ill — including a diagnosis of breast cancer.

In her complaint, the novice, Mary Rosati, said she had visited her doctor with her immediate supervisor and the mother superior. After the doctor explained her treatment options for breast cancer, the complaint continued, the mother superior announced: "We will have to let her go. I don't think we can take care of her."

Some months later Ms. Rosati was told that the mother superior and the order's governing council had decided to dismiss her after concluding that "she was not called to our way of life," according to the complaint. Along with her occupation and her home, she lost her health insurance, Mr. Heck said. Ms. Rosati, who still lacks health insurance but whose cancer is in remission, said she preferred not to discuss her experience because of her continuing love for the church.

In court filings, lawyers for the diocese denied her account of these events. If Ms. Rosati had worked for a business or almost any secular employer, she might have prevailed under the protections of the Americans With Disabilities Act. Instead, her complaint was dismissed in December 2002 by Judge James G. Carr of the United States District Court for the Northern District of Ohio, who decided that the order's decision to dismiss her "was an ecclesiastical decision" that was "beyond the reach of the court" because "the First Amendment requires churches to be free from government interference in matters of church governance and administration."

Legislators and regulators are not the only people in government who have drafted special rules for religious organizations. Judges, too, have carved out or preserved safe havens that shield religious employers of all faiths from most employee lawsuits, from laws protecting pensions and providing unemployment benefits, and from laws that give employees the right to form unions to negotiate with their employers.

Some of these exemptions are rooted in long traditions, while others have grown from court decisions over the last 15 years. Together, they are expanding the ability of religious organizations — especially religious schools — to manage their affairs with less interference from the government and their own employees.

The most sweeping of these judicial protections, and the one that confronted the novice nun in Toledo, is called the ministerial exception. Judges have been applying this exception, sometimes called the church autonomy doctrine, to religious employment disputes for more than 100 years.

As a rule, state and federal judges will handle any lawsuit that is filed in the right place in an appropriate, timely manner. But judges will almost never agree to hear a controversy that would require them to delve into the doctrines, governance, discipline or hiring preferences of any religious faith. Citing the protections of the First Amendment, they have ruled with great consistency that congregations cannot fully express their faith and exercise their religious freedom unless they are free to select their own spiritual leaders without any interference from government agencies or second-guessing by the courts.

To do otherwise would be an intolerable government intrusion into employment relationships that courts have called "the lifeblood" of religious life and the bedrock of religious liberty, explained Edward R. McNicholas, co-chairman of the national religious institutions practice in the Washington, D.C., office of Sidley Austin, a law firm with some of the country's largest religious organizations among its clients.

Judges have routinely invoked the ministerial exception to dismiss lawsuits against religious employers by rabbis, ministers, cantors, nuns and priests — those "whose ministry is a core expression of religious belief for that congregation," as Mr. McNicholas put it.

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But judges also have applied the exception to dismiss cases filed by the press secretary at a Roman Catholic church, a writer for The Christian Science Monitor, administrators at religious colleges, the disgruntled beneficiaries of a Lutheran pension fund, the overseer of the kosher kitchen at a Jewish nursing home and a co-founder of Focus on the Family, run by the conservative religious leader James C. Dobson. Court files show that some of these people were surprised to learn that their work had been considered a "core expression of religious belief" by their employer.

Religious employers have long been shielded from all complaints of religious discrimination by an exemption that was built into the Civil Rights Act of 1964 and expanded in 1972. That historic exemption allows them to give preference in hiring to candidates who share their faith. In recent years, some judges have also refused to interfere when religious groups have dismissed lesbians, unwed mothers and adulterous couples, even if they profess the same faith, because they have violated their employers' religious codes.

A federal court decision has given religious broadcasters an exemption from some of the fair-hiring requirements of the Federal Communications Commission, even when they are hiring secretaries and receptionists. Two other decisions, one in federal court affecting a Mormon church and the other in a state court of appeals case involving a Roman Catholic nursing home, affirmed the right of religious employers to dismiss employees whose faith changed after they were hired.

"These are very difficult cases because they pull at some very fundamental heartstrings," said Steven C. Sheinberg, a lawyer at Outten & Golden, specializing in employment law. "There's our belief that employees should be free of discrimination in their work, versus our belief that religious organizations should be free to hire people who best help them fulfill their religious mission, without the intrusion of government."

Employees at religious institutions face other risks as well, thanks to pension law exemptions granted by Congress and upheld by the courts. Religious employers are exempt from Erisa, the federal pension law that establishes disclosure requirements and conflict-of-interest restrictions for employee pension plans. That exemption has given rise to several cases in which workers at religious hospitals found that their pensions had vanished because of practices that would not have been allowed under Erisa's rules.

A related exemption frees religious employers from participating in the Pension Benefit Guaranty Corporation, the government-run insurance program that provides a safety net for corporate pension plans. And some significant court decisions in labor disputes in the last several years have made it easier for religious schools and colleges to resist collective bargaining efforts.

But for Mr. Heck, the question of whether these workplace exemptions are fair to religious employees was crystallized by the case of Ms. Rosati, the novice nun in Toledo.

He said the doctor involved in her case had been prepared to testify under oath on Ms. Rosati's behalf. The doctor "had quite a vivid memory about these events." In fact, Mr. Heck said, the doctor had cautioned the nuns who accompanied Ms. Rosati that it would be virtually impossible for the ailing novice to get affordable insurance anywhere else if she were dropped from the diocesan health.

Lawyers for the diocese disputed Ms. Rosati's account of that visit and denied that health reasons were the causes of her rejection by the order, the Sisters of the Visitation of Holy Mary, which is covered by the diocesan health plan. For the court "to even begin to inquire into that decision-making process, we believe, crosses the line set by the First Amendment," said Gregory T. Lodge, a lawyer for both the Toledo diocese and the order, which operates under papal authority.

"I understand and absolutely appreciate that in matters of religion, the state has no business meddling," Mr. Heck said. "It would be unthinkable for a judge to be able to say, 'Hey, I don't like the way you're interpreting the Book of Luke.' "

But what religious principle is offended when an employee simply grows old or becomes ill, he asked. If the answer is "none," he continued, judges should be more willing to "look behind the curtain."

Exemptions From Employee Suits

For 28 days last May, Lynette M. Petruska, a former nun who now lives in St. Louis, thought she had finally found judges willing to listen to her complaint against Gannon University, a coeducational Catholic college in downtown Erie, Pa. As it turned out, she was wrong.

Ms. Petruska was educated in Catholic schools from kindergarten to college commencement, graduated at the top of her law school class and practiced law for several years before deciding to become a nun. In 1999, as she was working toward taking her final vows, she became the first woman to serve as Gannon's chaplain.

Three years later she was demoted and, according to her complaint, effectively forced out. In her lawsuit, she said this action was in response to her having notified the administration of a case of sexual misconduct by a senior university official, resisted efforts to cover up that case and opposed proposals to weaken campus policies on sexual harassment. In 2004, she sued, accusing the university administration of forcing her out simply because she was a woman and because she had opposed the sexual harassment others experienced on campus.

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Gender bias claims against religious employers have generally been dismissed under the ministerial exception. But some judges across the country have been less quick to dismiss cases where sexual harassment or abuse of an employee is involved. And unlike many other plaintiffs, Ms. Petruska claimed that her supervisor had actually acknowledged to her that she was being demoted solely because of her sex, not because of any religious doctrine.

Judge Sean J. McLaughlin of the United States District Court for the Western District of Pennsylvania nevertheless ruled that Gannon was protected by the First Amendment and the ministerial exception from any court interference in its choice of chaplain. Gannon itself argued that it had many women in leadership positions and that Ms. Petruska had resigned simply because she was unhappy with a staff reorganization. But its fundamental argument was that it would be unconstitutional for the court to second-guess these disputed decisions.

"You may ask, 'Why should these decisions go unquestioned?' The reason is plain and simple: The First Amendment protects a church's right to freely exercise its religion," said Evan C. Rudert, a lawyer for the university. "And that includes organizing itself as it chooses and selecting those who it believes will serve best as its leaders — without interference from the courts."

Then, last May, in a decision that caused considerable comment in legal circles around the country, a federal appeals court panel reversed the trial judge's decision.

For four weeks, the prevailing law in Pennsylvania, New Jersey, Delaware and the Virgin Islands — the jurisdiction of the United States Court of Appeals for the Third Circuit — was that "employment discrimination unconnected to religious belief, religious doctrine, or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion."

Appellate Judge Edward R. Becker wrote that opinion; his colleague on the three-judge panel, Judge D. Brooks Smith, filed a stinging dissent. A few days later, Judge Becker died. On June 20, in a rare move, the Third Circuit granted Gannon's routine request to have the case reconsidered and named Judge Smith to the new three-judge panel that would do so.

On Sept. 6, the new panel swept the earlier decision away, unequivocally restoring the protections for religious employers that it had put in doubt. As Judge Smith put it, the ministerial exception "applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions."

Ms. Petruska, who has left her order and returned home to work at her old law firm, describes herself as a feminist who is "committed to peace and freedom." She has a long history of putting her words into action — she has been arrested at protest marches, most recently at an antiwar rally the day before the Iraq war began, she said. She plans to appeal the ruling against her.

"I think this issue needs to be decided by the Supreme Court," she said. And she has hopes that the justices will agree with Judge Becker that, absent some grounding in religious doctrine, sex discrimination by religious employers is wrong.

No Recourse On Age Bias

Add age discrimination to that wish list, the Rev. John Paul Hankins says.

At 73, Mr. Hankins can look back on 50 years in a loving marriage, 40 years as a minister in the United Methodist Church — and 3 years as the plaintiff in an uphill court fight over his denomination's mandatory retirement policy.

Eight months after he turned 70, that policy forced Mr. Hankins to leave his pulpit in the historic Stony Brook Community Church in Stony Brook, N.Y., where he had served for 37 years. He loved his flock and the feeling was mutual: the congregation withheld part of its annual contribution to the regional church that year to express its dismay.

"He had served for many, many years and wanted to continue to serve, and his congregation wanted that, too," said David S. Warren, a professor of computer science at Stony Brook University who had been a member of the congregation for more than 25 years but who left because of how Mr. Hankins was treated.

Mr. Hankins said he was suing because age discrimination is almost as hateful and senseless to him as the racial segregation and bias against women that used to be "mandatory policies" of his church.

"I feel, and have long felt, that discrimination in any form has no place in the life of a faith community," he said.

Under the federal age discrimination law, most employees of all but the smallest businesses can sue if they are forced to retire for no other reason than that they reached a certain birthday; increasingly, government and academic employees have the same protection. But Mr. Hankins knows his complaint will probably never come to trial simply because he is a clergy member trying to sue his church. Indeed, court rulings around the country suggest that if he had been forced out at any age and for almost any reason — for a deceptive reason, or even for no reason at all — he would face the same judicial roadblock.

"I never, ever thought that the last years of my ministry would be involved in a fight like this," Mr. Hankins said.

Lawrence H. McGaughey, the lawyer for the regional Methodist governing body and its bishop, acknowledged that there is a movement in the church to eliminate the retirement rule opposed by Rev. Hankins. But if the rule is ultimately changed, it should be the church's decision, not a court's, he said.

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"Any private employer would feel the same way — they'd like to be able to make these decisions without having to face the courts," Mr. McGaughey said. "But the difference is the First Amendment."

He continued: "We're talking about worship here. Are you going to go into church and have someone standing there who was ordered to be there by the courts? There are certain things a government just cannot do in this country."

In September 2003, a federal trial judge on Long Island ruled that Mr. Hankins's complaint was barred by the ministerial exception. Last February, a federal appeals court panel sent the case back, directing the trial judge to decide the case by applying a 1993 federal law, the Religious Freedom Restoration Act, rather than the ministerial exception doctrine. But there was little in the instructions to the trial court to encourage Mr. Hankins.

He nevertheless thinks his complaint will eventually help his church see that its mandatory retirement rule is unfair.

"I don't need to win the case," Mr. Hankins said. "I feel the movement of history at work here, I really do. Ideas find their feet, and start to walk."

State judges have been equally reluctant to interfere in disputes between religious employers and their staff members — to the sad frustration of Rabbi Isaac H. Celnik of Albuquerque.

Rabbi Celnik, one of the youngest men ever ordained in Conservative Judaism, was just 30 when he was hired in 1971 as the spiritual leader of Congregation B'nai Israel. Eight years later, he entered into a 30-year contract with the synagogue, an arrangement his congregation endorsed by a margin of almost nine to one, he said.

Then the medical problems began. In 1996, Rabbi Celnik was told he was in the early stages of Parkinson's disease; in April 2000, his wife, Peggy, was told she had breast cancer. In October 2000, he said, the president of the congregation's governing board at the time suggested he retire on disability.

But the rabbi did not consider himself disabled and did not want to retire, he said. He had two young children and a wife whose treatment required continuing health insurance. He "loved the work, and loved the congregation," he said. Indeed, when the synagogue's cantor resigned a month after the retirement discussion, Rabbi Celnik proposed, and the board agreed, that he would take on the cantor's duties as well, he said.

But the relationship deteriorated as he tried to negotiate retirement terms that would provide him and his family with adequate financial security. In January 2002, after those negotiations faltered, he was dismissed; in 2003, he sued. But last February, the state's court of appeals dismissed his case, based on the ministerial exception, also called the church autonomy doctrine.

"We are sympathetic to Rabbi Celnik's struggles with Parkinson's and the manifestation of the disease after so many years of service," the chief judge wrote. But he ruled that the dispute "is precisely the type of religious debate that the church autonomy doctrine is intended to protect from judicial review."

The congregation's current president, Alan M. Chodorow, declined to discuss the details of the dispute. "I do not want to talk about anything that might impair our search for reconciliation and forgiveness" with Rabbi Celnik, he said. "But I will say that we believe strongly in the separation of church and state, and that the state should not have any part in choosing our spiritual leaders."

But Mr. Chodorow said that he was sympathetic to the situation that this freedom for congregations created for employees and that he believed that religious institutions have to provide other protections by contract. Although clergy members in many faiths work without formal contracts, the model contract in wide use within Conservative Judaism provides that rabbis and cantors can terminate the agreement without cause and seek binding arbitration to resolve disputes, he said.

The church autonomy doctrine "takes away certain rights and this is put in specifically for the purpose of preserving rights," Mr. Chodorow said.

Rabbi Celnik and his wife continue to struggle with the financial and physical burdens of his deteriorating health and her second episode of cancer. "They don't teach this in rabbinical school," the rabbi said in a recent interview. Teach what? Mrs. Celnik answered before he could: "Don't get old. Don't get sick."

Mr. McNicholas, the Sidley Austin lawyer, acknowledged that some "unjust and sinful" treatment has been protected from litigation by the ministerial exception. But he argued that "the openness of the religious process" would remedy those situations, making it possible for a clergy member dismissed by one congregation to find a home in another.

But what if they are sick? "That's harder — and very troubling," Mr. McNicholas said. "But if you have a judge deciding it, that's just too much intervention in the process of deciding the hiring issues" at religious institutions. "There's no easy answer."

Protections Against Unionization

The University of Great Falls, in Montana, has a tidy urban campus, a bold crucifix-topped chapel, a master's program in criminal justice and, according to one student's Internet posting, a cafeteria that serves pretty good spaghetti.

What the small Roman Catholic college doesn't have is a faculty union.

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It wasn't for lack of trying. In 1995, the Montana Federation of Teachers, which had unionized most of the public universities in Montana, asked the National Labor Relations Board to recognize it as the collective bargaining agent for the teaching staff at Great Falls.

"Some of the faculty members there traveled in circles that included professors at the other schools," recalled James McGarvey, who was president of the Montana Federation of Teachers at the time. (It has since merged with the Montana Education Association.) Teachers at those other campuses had better pay and more favorable work rules, and some professors at Great Falls had expressed interest in seeing whether the federation could help them as well, according to Mr. McGarvey. "We felt we had a pretty strong showing," he said.

J. C. Weingartner, a union lawyer who worked on the campaign, said that while "pay did come into it, it wasn't what got it started." That spark was discontent among some professors over the president's appointing members to an important advisory council who "did not reflect the views of the majority of the faculty" in negotiations with the administration, he said. "So they felt their interests would be better served with collective bargaining."

The university, which has a new management team today, declined to comment on the long legal battle.

But when the labor board held a hearing on the union's request, the university's lawyers argued that the board had no jurisdiction because the university was a religious institution, and to force it to negotiate with the union would violate its religious liberty.

The university based its case largely on a 1979 decision in which the United States Supreme Court ruled that the labor board's jurisdiction did not extend to religious schools. After that decision, which resulted in what is called the Catholic Bishop doctrine, the board began case-by-case examinations to determine whether the schools that came before it were sufficiently religious — whatever their faith — to be exempt from its jurisdiction.

The University of Great Falls did not qualify, the board concluded in February 1996.

For the next seven years, the little Catholic college fought both the federal labor board and the faculty union, keeping lots of lawyers busy and incurring official charges of unfair labor practices in the process. In 2002, it won.

The federal appeals court panel in Washington ruled that a three-prong test should be the labor board's only standard for determining which schools were religious enough to be exempt from the nation's collective bargaining laws under the Catholic Bishop decision.

Any school that is nonprofit, has a religious affiliation and presents itself to the public as a religious institution must be exempted from jurisdiction, the court said. And that included the University of Great Falls.

And the court ruled that the labor board's old case-by-case approach had to stop immediately. For the board even to conduct such inquiries raised serious issues of religious freedom, the judges said.

Of course, some casually faithful or broadly tolerant schools that might previously have failed to win a labor board exemption would easily pass the court's new test.

The appellate judges anticipated that complaint, and dismissed it. "If the university is ecumenical and open-minded, that does not make it any less religious, nor N.L.R.B. interference any less a potential infringement of religious liberty," they said.

David Strom, general counsel of the American Federation of Teachers in Washington, doesn't mince words about the impact of the Great Falls decision. "It means that the difficulty of organizing a religiously affiliated college has become enormous."

Although federal statistics show that one of every seven colleges in the country describes itself as a religious institution, it is not clear how far-reaching the Great Falls decision will be. On its face, it would seem likely to reduce any union-driven salary pressures on exempt religious schools, allowing them to maintain more competitive tuition levels. However, some colleges that might be eligible for an exemption under the new rules may already have collective bargaining in place or may not oppose unions as fiercely as the Montana university did.

And the decision limits only the protections of the National Labor Relations Act. But last fall, in a case involving teachers at Catholic schools in Boston, a federal district judge in Massachusetts ruled that part of another federal labor statute called the Taft-Hartley Act could not be applied to church-operated schools without raising First Amendment issues.

Notwithstanding the protracted battle in Great Falls, Catholic institutions are not doctrinally opposed to collective bargaining, said Julie N. Secviar, senior vice president for strategic resources for the Franciscan Sisters of Chicago Service Corporation, which manages Catholic hospitals, nursing homes and retirement communities.

In fact, the ethical health care directives of the United States Conference of Catholic Bishops require "recognition of the rights of employees to organize and bargain collectively without prejudice to the common good."

Next, Exemptions for Hospitals?

At the other end of the spectrum stand the Seventh Day Adventists, a Christian denomination with more than 14 million members worldwide. Like many denominations, it provides global humanitarian relief and maintains a large network of church

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schools and colleges, including Loma Linda University in California. But it also operates the largest Protestant nonprofit health care system in the country, with 38 hospitals in 10 states, 23 nursing homes and 44,000 employees.

And not one of those employees is in a union, for a very simple reason: The church believes that collective bargaining "defies Christ's admonitions that behavior must be directed by individual conscience" and "is inherently disruptive" of the church's healing mission, as lawyers for the denomination first explained to the national labor board in 1998.

The lawyers were responding to a petition by the California Nurses Association to represent the nonsupervisory nurses employed at Ukiah Valley Medical Center.

As in the Great Falls case, the lawyers argued that the labor board had no jurisdiction because the hospital was a religious institution and to force it to recognize or bargain with a union would violate its freedom under the First Amendment and the Religious Freedom Restoration Act.

As in the Great Falls case, the labor board ruled otherwise. The next step should have been union balloting, explained Jeffrey A. Berman, the Sidley Austin lawyer who represented the hospital in the case. But the nursing association withdrew its petition and the case ended, he said.

According to the American Hospital Association, about one of every four of its members has a religious affiliation. But the Adventists' problem before the labor board was that hospitals, unlike religious schools, were specifically included in the board's jurisdiction by Congress. The only labor-law accommodation that Adventists have been able to win from Congress was a provision in 1974 allowing church members to pay the equivalent of their union dues to one of several agreed-upon secular charities, according to Mr. Berman.

Adventist hospitals are still waiting for their own Great Falls moment. As Mr. Berman put it, "We're not asking for carte blanche, for the ability to be exempt from all laws — just with respect to what is unique about these hospitals."

Cities Opt For Economics Instead Of Religion To Boost Downtown Areas (USAT)

By Emily Bazar, Usa Today

USA Today, October 9, 2006

Church advocates: Zoning rules unfair

Churches are being turned away by cities and towns that hope to enliven a fading downtown or boost their tax base.

"There's more interest than ever in attempting to exclude churches and other houses of worship," says Kevin "Seamus" Hasson, president of the Becket Fund for Religious Liberty. "They say they don't want churches there. They want something that generates tax revenue."

The Liberty Legal Institute, which represents churches in religious-freedom disputes, says more communities are tightening zoning codes or considering other ways to restrict church locations.

The group received 18 calls last year from churches concerned about restrictive zoning ordinances, up from four in 2004, says Hiram Sasser, director of litigation. There have been 12 calls so far this year.

Sasser's institute, the Becket Fund and others often go to court to fight the restrictions. A federal law passed in 2000 says zoning rules must treat a house of worship the same as any secular meeting place.

The communities with restrictions say they're not against churches, they just want a variety of services for their residents and businesses that attract customers seven days a week.

Some recent examples:

·Kenly, N.C., adopted a moratorium on storefront churches in August and later expanded it to include halls, theaters and other gathering places.

·Stafford, Texas, home to 51 places of worship in its 7 square miles, intends to tighten the zoning rules that govern church location, Mayor Leonard Scarcella says. Only 300 acres of empty land remain available for development.

"There has been this desire to locate these religious facilities in our city," he says. "That has precluded other types of development."

·Miramar, Fla., put a six-month hold on "places of public assembly," including churches, in June and is working on a permanent plan.

Miramar's leaders worry about storefront churches and other halls because they're "taking up parking at particular times and not contributing to the dynamism" of the area, says Wazir Ishmael, assistant city manager.

·The Liberty Counsel, a group that defends churches, sued Titusville, Pa., in July over zoning that prohibits churches in commercial zones where clubs and theaters are allowed. "If theaters or private clubs are permitted, then churches cannot be banned," Liberty Counsel President Anita Staver says.

Titusville Mayor Brian Sanford says the rule protects businesses that cannot be near churches. The Pennsylvania Liquor Control Board, for instance, may refuse to grant a liquor license application to an establishment within 300 feet of a church.

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"When you establish a church in a commercial district, that changes the rules for everyone," he says.

Faith Embraces Pop Culture, Technology (USAT)

By Tom Krattenmaker

USA Today, October 9, 2006

Evangelical Christians have always used innovative outreach to spread their message, and the tech boom has given the movement new platforms to be 'culturally relevant.' It's a wave other faiths might want to catch.

If you want to understand why evangelical Christians are such an influential force in American culture these days, revisit a recent moment from the Steelroots television program on the i-Lifetv Christian cable channel.

The host, Ben Cerullo, is a youthful-looking skateboarder type in a T-shirt and backward ball cap who blows up objects on camera for the sheer entertainment value. "Awesome," he says as he interviews Chandler Brownlee of the outreach group Christian Surfers. Brownlee tells Cerullo and his viewers about the success of the Florida-based ministry bringing thousands of surfers into the Christian fold. He uses a telling phrase for his ministry's approach to evangelism. "Culturally relevant," he calls it.

Brownlee is talking about surfer outreach, but culturally relevant applies across the landscape of the evangelical Christian engagement with American popular culture. The basic idea: Identify the communications channels that have the attention of the public and use them to spread the message of Jesus. Skeptics might question the appropriateness of this melding of the sacred and "profane," but there's no doubting its effectiveness as a means of reaching people.

Think of a pop culture form, and chances are there's an evangelical Christian ministry reaching out to its devotees and, wherever possible, creating an alternative Christian version. Action sports, rock and rap music, pop literature, movies, news, radio and television — few cultural stones are unturned, and in production quality, the Christian versions are often indistinguishable from their mainstream corollaries. Don't forget video games. Are you ready for Bibleman: A Fight for Faith?

In Christian TV, the Inspiration Network — the parent company of i-Lifetv airing Steelroots programming — might be the most technologically forward. Like other well-known Christian TV networks, such as the Trinity Broadcasting Network and Pat Robertson's Christian Broadcasting Network, the Inspiration Network reaches its subscriber base (22 million households) via cable and satellite. But that's just the start. The network is making Steelroots and its other signature programs available on the Web. Click on the episode, and watch it on your computer.

Jumping on the latest content-delivery bandwagons, the Inspiration Network is also touting soon-to-launch features that would allow viewers to download ring tones, devotionals and video to their cellphones and iPods for use wherever, whenever. Last month, the organization rolled out video-on-demand programming for 177,000 cable subscribers in its home market of Charlotte.

"One way we try to be 'fishers of men' is by seeking to be culturally relevant," says Inspiration Network spokeswoman Kristina Hill, "which means being sensitive to the needs and interests of different demographic groups." As Hill suggests, Steelroots is more likely to connect with its skateboarding, snowboarding audience than would a program featuring a sermon by a fiftysomething man in a gray suit. Blowing up objects on camera is more reminiscent of MTV's Jackass than Jesus, but it's sure to raise the show's cool quotient and improve the odds of a 15-year-old viewer listening to the religious message.

In the quest to market Christianity to the masses, is the Inspiration Network watering down the exclusive message of the evangelical faith? Judging from the network's name — note the conspicuous absence of the word "Christian" — I initially thought as much. Before I began sampling the network's offerings, I expected Oprah-style, vaguely Christian lifestyle programming.

Underneath the broad-appeal gift wrap, however, I found straight-up evangelical Christianity with heavy promotion of the imperative to accept Jesus and the Christian Right worldview. The shows condemn abortion and homosexuality. Guests on Inspiration Today! recently have included author John McTernan, who argues that God elevated America to supremacy but is turning away from our country because of its liberal direction. (Such talk on Christian TV is hardly rare. Think Robertson.)

Featured in recent appearances on the same program was evangelical preacher and writer John Hagee, whose book Jerusalem Countdown argues that the Bible demands that the United States stand squarely with Israel or incur God's wrath. The network hypes such guests, and their views, approvingly.

That's its right, of course. The difficulty of getting these messages taken seriously by mainstream media is a major reason why Christian media exist. If secularists lack the motivation to create their own media universe, it's because, in a sense, they already have it. Their outlets are known as CBS, CNN, USA TODAY and the like.

Except for the particulars, there is nothing new about the innovative outreach by evangelicals today. Entrepreneurship and energy have characterized the movement in this country for decades, which explains its continued vitality in a time when mainline Protestantism has waned. While claiming to represent an unchanging, timeless truth, evangelicals continue impressively to reinvent the language of the message and the means of delivering it. That is why fans will soon be able to watch Inspiration Network video on their iPods.

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Certainly, liberal Christians — perhaps in recognition of the advances made by the competition — are starting to get in the game. The National Council of Churches, for example, produced a TV program on poverty for NBC affiliates that aired last month. On the other hand, you will be hard-pressed to find progressive Christian groups running skateboard outreach programs, proselytizing to snowboarders, or developing video games.

As Woody Allen famously said, 80% of success is just showing up. Evangelicals are definitely showing up, and with a lot of hustle and muscle. Those Americans who worry that conservative Christians go too far in imposing their religion and values on the rest of the country — and polls show they are many — will need to do more than complain if they're to counteract that influence. They will need to get very busy.

Tom Krattenmaker, who lives in Portland, Ore., specializes in religion in public life and is a member of USA TODAY's board of contributors. He is working on a book about the Christianization of professional sports.

In N.Y., Sparks Fly Over Israel Criticism (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 9, 2006

Polish Consulate Says Jewish Groups Called To Oppose Historian

NEW YORK -- Two major American Jewish organizations helped block a prominent New York University historian from speaking at the Polish consulate here last week, saying the academic was too critical of Israel and American Jewry.

The historian, Tony Judt, is Jewish and directs New York University's Remarque Institute, which promotes the study of Europe. Judt was scheduled to talk Oct. 4 to a nonprofit organization that rents space from the consulate. Judt's subject was the Israel lobby in the United States, and he planned to argue that this lobby has often stifled honest debate.

An hour before Judt was to arrive, the Polish Consul General Krzysztof Kasprzyk canceled the talk. He said the Anti-Defamation League and the American Jewish Committee had called and he quickly concluded Judt was too controversial.

"The phone calls were very elegant but may be interpreted as exercising a delicate pressure," Kasprzyk said. "That's obvious -- we are adults and our IQs are high enough to understand that."

Judt, who was born and raised in England and lost much of his family in the Holocaust, took strong exception to the cancellation of his speech. He noted that he was forced to cancel another speech later this month at Manhattan College in the Bronx after a different Jewish group had complained. Other prominent academics have described encountering such problems, in some cases more severe, stretching over the past three decades.

The pattern, Judt says, is unmistakable and chilling.

"This is serious and frightening, and only in America -- not in Israel -- is this a problem," he said. "These are Jewish organizations that believe they should keep people who disagree with them on the Middle East away from anyone who might listen."

The leaders of the Jewish organizations denied asking the consulate to block Judt's speech and accused the professor of retailing "wild conspiracy theories" about their roles. But they applauded the consulate for rescinding Judt's invitation.

"I think they made the right decision," said Abraham H. Foxman, national director of the Anti-Defamation League. "He's taken the position that Israel shouldn't exist. That puts him on our radar."

David A. Harris, executive director of the American Jewish Congress, took a similar view. "I never asked for a particular action; I was calling as a friend of Poland," Harris said. "The message of that evening was going to be entirely contrary to the entire spirit of Polish foreign policy."

Judt has crossed rhetorical swords with the Jewish organizations on two key issues. Over the past few years he has written essays in the New York Review of Books, the London Review of Books and in the Israeli newspaper Haaretz arguing that power in Israel has shifted to religious fundamentalists and territorial zealots, that woven into Zionism is a view of the Arab as the irreconcilable enemy, and that Israel might not survive as a communal Jewish state.

The solution, he argues, lies in a slow and tortuous walk toward a binational and secular state.

He has, of late, defended an academic paper -- co-authored by professor Stephen M. Walt of Harvard University's John F. Kennedy School of Government and John J. Mearsheimer, a professor at the University of Chicago -- which argues the American Israel lobby has pushed policies that are not in the United States' best interests and in fact often encourage Israel to engage in self-destructive behavior.

These are deeply controversial views -- Foxman of the ADL and writer Christopher Hitchens, among others, have attacked the Walt and Mearsheimer paper as anti-Semitic. And Judt's advocacy of a binational state has drawn a flock of critics, the more angry of whom accuse him of "pandering to genocide" as the Committee for Accuracy in Middle East Reporting in America put it. Former Bush speechwriter David Frum said Judt was pursuing "genocide liberalism."

Foxman has referred to Judt's views of Israel as "an offensive caricature."

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The Mearsheimer and Walt paper, however, has drawn praise in some quarters in Israel, particularly on the left. So, too some Israeli writers, not least Israeli historian and social critic Amos Elon, have praised Judt's writings on Israel. Nor are Judt's arguments without historical precedent: Massachusetts Institute of Technology linguist and political philosopher Noam Chomsky, who is Jewish, has advocated a binational solution in Israel, a view that three decades ago sparked such anger that police stood guard at his college talks. More recently, the ADL repeatedly accused DePaul University professor Norman G. Finkelstein, who is Jewish and strongly opposes Israeli policies, of being a "Holocaust denier." These charges have proved baseless.

"There is an often organized and often spontaneous attempt to marginalize anyone in the Jewish world who offers a critique of Israeli policy," said Rabbi Michael Lerner, editor of the liberal magazine Tikkun. "It's equated with anti-Semitism and Israel denial."

Foxman says such complaints are silly. "Nobody has called Judt an anti-Semite," Foxman said. "People who are critical of Israel and of the Jewish people often flaunt their Jewishness. Why isn't that an issue?"

Judt replies that he only reluctantly talks of his Jewishness, in no small part to inoculate himself against charges of anti-Semitism. "For many, the way to be Jewish in this country is to aggressively assert that the Holocaust is your identification tag," Judt said. "I know perfectly well my history, but it never occurred to me that my most prominent identity was as a Jew."

A Vote We Can Believe In (WP)

By E. J. Dionne Jr.

The Washington Post, October 10, 2006

Sometimes, paranoids are right. And sometimes even when paranoids are wrong, it's worth considering what they're worried about.

I speak here of all who are worried sick that those new, fancy high-tech voting systems can be hacked, fiddled with and otherwise made to record votes that aren't cast or fail to record votes that are.

I do not pretend to know how large a threat this is. I do know that it's a threat to democracy when so many Americans doubt that their votes will be recorded accurately. And I also know that smart, computer-savvy people are concerned about these machines.

The perfectly obvious thing is for the entire country to do what a number of states have already done: require paper trails so that if we have a close election or suspect something went wrong, we have the option to go back and check the results.

So it is heartening that a diverse group -- Republicans and Democrats, liberals and conservatives -- in Congress has proposed legislation to give everyone, even the supposedly paranoid, confidence that our elections are on the level.

The bill has been pushed by Rep. Rush Holt (D-N.J.), with strong support from Reps. Tom Davis (R-Va.) and Tom Cole (R-Okla.). It has 219 co-sponsors, which happens to be a majority of House members.

The bill requires that voting machines produce a permanent paper record that voters themselves can verify. It requires random, unannounced hand-count audits in 2 percent of all precincts to make sure the machines recorded votes properly.

It prohibits connecting any voting machine component to the Internet and bans political and financial conflicts of interest among manufacturers, test laboratories and political parties. It also includes protections for voters with disabilities.

Pretty much common sense, right? The problem is that the issue of protecting the right to vote has been mired in partisanship and in the suspicion that all who worry about electronic voting are crazy conspiracy-mongers who imagine the worst about everybody.

But Holt and Davis don't fit the stereotype. "I have steered clear of conspiracy theories because I'm not a conspiracist by nature," says Holt who has a PhD in physics and has no problem with innovation. "But I'm quick to say that you cannot disprove the conspiracy theories if you don't have a paper trail." Anyone with confidence in these machines should have faith that they'll pass any tests of how well they'd work.

Because of the bitter disputes over what happened in Florida in 2000 and Ohio in 2004, some Republicans are suspicious that all the noise surrounding the new voting machines is being generated by angry Democrats. "When I first introduced the bill a couple of sessions ago," Holt says, "a lot of Republicans stayed away from it because they believed that it was payback for Florida."

But over time, many Republicans have come to realize that machine errors are nonpartisan. Tom Davis is about as loyal a Republican as you'll find. He came to this cause in part because a result in a Virginia school board race not only defied everyone's expectations but seemed to him flatly wrong.

"Some people will call me paranoid," Davis chuckles, "but it was real clear to me that in that race, some votes weren't picked up." And the technology, he says, made it impossible to check the count.

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In fact, as Davis notes, partisan splits on the new technologies vary sharply from state to state. Whichever party happened to control the election board that spent a lot of money on the new technologies tends to resist challenges to it. But defensiveness, by election officials or by vendors, should not get in the way of reforms and protections.

Nor, says Davis, should political polarization be allowed to stop even those reforms that have a lot of bipartisan support. "A lot of no-brainers that ought to be getting done," he says, "aren't getting done."

There are respectable studies -- for example, one released this summer by the Brennan Center for Justice at New York University School of Law -- suggesting that the new machines may be far easier to hack than we want to know. But Holt explains why even skeptics of such studies should favor technological safety nets just in case they someday prove to be right.

"The winners will always believe the results of elections," says Holt. "But it eats away at democracy if the loser thinks that something went wrong, for accidental or malicious reasons."

Let's hope that things go okay this November, and then let's make sure that winners and losers alike can have confidence in our system the next time around.

Real Bad ID (WSJ)

The Wall Street Journal, October 10, 2006

It's unfair to say that the Republican Congress has done nothing on immigration. In one respect, according to a new report from state officials, Congress made matters worse.

In May of last year Congress passed the Real ID Act at the urging of House Judiciary Chairman James Sensenbrenner (R., Wis.). It was yet another border-security measure, intended to thwart illegal immigration by denying drivers' licenses to undocumented aliens. President Bush signed the legislation in hopes that Republicans then would meet him halfway on comprehensive immigration reform. Didn't happen. We now know that the Tom Tancredo "enforcement first" crowd has no intention of ever compromising with Mr. Bush.

We doubt Mexicans willing to risk their lives crossing hundreds of miles of desert on foot care much about not being able to obtain a drivers' license once here. Nor is deputizing Department of Motor Vehicle officials going to force many illegal aliens already in the country to return home. The most likely result is more unlicensed and uninsured motorists, which means more dangerous U.S. roads.

Real ID gets worse. According to a new analysis from the National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators, the law is also going to be costly and burdensome.

Under Real ID, all 245 million existing holders of drivers' licenses must apply -- in person -- for new, standardized identification cards. The report says that state motor vehicle department staffs will need to be more than doubled, and workers will have to be trained to verify copies of original birth certificates, Social Security cards and the like. Misplaced your Social Security card? Have fun getting a new one. We're pretty sure that voters don't elect Republicans to increase the size of their already bloated state bureaucracies.

And yes, you can expect longer lines at the DMV in the future. "Real ID will reduce efficiencies and increase wait times," according to the report. "Real ID will also effectively reverse state practices designed to ease an applicant's interaction with motor vehicle agencies (e.g., Internet, mail in renewal, over-the-counter issuance)." The deadline for compliance is May 2008. After that, identification from states that don't meet the new national requirements won't be accepted at federal agencies.

Proponents claim that standardizing drivers' licenses is essential to fighting terrorism on the domestic front. Mr. Sensenbrenner has said that Real ID will stop the next Mohamed Atta. But the 9/11 hijackers entered the country legally, which means they qualified for valid drivers' licenses. Nothing in the new law changes that reality, or the fact that you still don't need a driver's license to board a plane. Other forms of ID, such as a passport, will continue to suffice.

All this cost and inconvenience might be acceptable if the law did what its proponents claim. But like a 700-mile fence along a 2,000-mile border, Real ID amounts to one more anti-immigration measure that ignores the economic incentives that draw immigrants here in the first place.

State agencies put the total cost of standardizing drivers' licenses at upwards of $11 billion; Congress has so far appropriated all of $40 million. Again, this is from a Republican Congress that made its first legislation upon taking power in 1995 a bill against imposing "unfunded mandates." It included a pledge not to impose any burden on the states that wasn't fully financed from Washington. Now comes Real ID, transforming state departments of motor vehicles back into everyone's worst nightmare. Some accomplishment.

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ANTITRUST:

Google To Buy YouTube For $1.65bn (FT)

By Kevin Allison And Aline Van Duyn

Financial Times, October 10, 2006

Google, the internet search giant, has agreed to acquire YouTube, the California-based video start-up, for $1.65bn in an all-stock transaction that will turn the company's 20-something co-founders into instant multi-millionaires.

The deal makes YouTube – which has yet to turn a profit but which has grown into one of the most popular internet destinations with 100m daily video viewings – the first site dedicated to user-generated content to be sold for more than $1bn, setting a new price level for the sector.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organise the world's information and make it universally accessible and useful," said Eric Schmidt, Google chief executive. "Our companies share similar values; we both always put our users first and are committed to innovating to improve their experience. Together, we are natural partners to offer a compelling media entertainment service to users, content owners and advertisers."

Google said the start-up would retain separate offices and all its 67 employees.

In spite of YouTube's popularity there have been questions about the sustainability of the company in light of the large amount of illegally copied material viewed on the site and limited advertising revenues to date.

However, YouTube has struck deals with big US media companies to legitimately distribute their video content – three were announced on Monday – reducing the threat of copyright lawsuits.

Chad Hurley, YouTube chief executive, said the acquisition would allow the company to "sharpen our focus" in working with content providers to overcome the copyright issue.

In addition, Google's technical expertise and clout with advertisers could turn YouTube into a highly profitable venture, especially as advertisers increasingly look to target the young audience which is spending less time watching television and more time watching videos on sites such as YouTube.

"Large advertisers are looking to spend more money with Google," said Ben Schachter, analyst at UBS. "Video is a major focus, and YouTube increases [Google's] inventory."

The deal is one of Google's biggest acquisitions in its eight-year history. It marks a tacit admission by Google that the search group's own video site has failed to gain the same traction among its audience as YouTube.

"When we looked at the marketplace, there was a clear winner in [the] networking and social networking side of video," said Mr Schmidt.

The deal follows the acquisition last year by Rupert Murdoch's News Corp of MySpace.com, the social networking site, for $580m in cash, at the time considered a hefty price for a media start-up but now widely regarded as having been a good investment in order to tap the online youth audience.

Facebook, another social networking site which has also grown hugely in terms of its online audience, has also had talks with media and internet companies about a possible acquisition.

YouTube signed deals on Monday to offer music videos from Vivendi's Universal Music Group and Sony BMG Music Entertainment, as well as television content from CBS, sharing any related advertising revenue.

YouTube has had acquisition talks with a number of media companies. A deal would make Mr Hurley and Steve Chen, its other co-founder, multi-millionaires.

Google, YouTube To Join Web Forces (WT)

By Kara Rowland

The Washington Times, October 10, 2006

Internet search behemoth Google Inc. said yesterday it would buy online video leader YouTube Inc. for $1.65 billion, vaulting the Mountain View, Calif., company to the forefront of the online video craze.

The much-anticipated deal, announced after the markets closed, confirmed press reports last week that Google, jockeying for a bigger slice of the online video business, was set on buying the 19-month-old YouTube.

"This is the next step in the evolution of the Internet," Eric Schmidt, chief executive officer of Google, told analysts and reporters on a conference call yesterday.

Mr. Schmidt and YouTube executives touted the potential of Google's search technology and advertising model combined with the loyal online community of YouTube, which receives 100 million video views per day.

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"Right now, we're in the middle of a shift in digital media entertainment," said Chad Hurley, chief executive officer and co-founder of YouTube. "Users are now in control of what they watch and when they want to watch it. They decide what rises to the top. By joining forces with Google, we'll be able to sharpen our focus on that vision."

Both companies have received corporate approvals for the deal, which they expect to close in the fourth quarter. Under the transaction, YouTube will retain its brand and continue to operate independently, officials said on the call.

In terms of market share, YouTube is the clear leader over Google's competing service: Last month, the video service posted a share of visits four times greater than Google Video, according to Hitwise, a New York Internet market research firm. YouTube ranked first in online video services with a share of 45.97 percent, ahead of MySpace Videos at 21.17 percent. Google Video came in third at 11.01 percent.

"This is an extremely volatile space when you consider the fact that YouTube didn't even exist a year ago in terms of having a launched service," said Bill Tancer, general manager of global research at Hitwise.

Mr. Schmidt stressed that Google Video will continue to exist, noting that it will become "even more integrated with Google overall."

Mr. Hurley, who in previous reports had said YouTube was not for sale, said the Google deal was the right fit.

"Those comments were made because we wanted to remain independent and continue on our mission to build great products for users," he said. "By working with Google, that's still the case."

YouTube, which just 20 months ago was running on credit-card debt, will keep its headquarters in San Bruno, Calif. All 67 employees will remain with the company.

Executives said it is too early to tell how the integration will take place and how user experiences might change.

"There's no shortage of projects in the weeks ahead," said Steve Chen, co-founder of YouTube.

Both companies stressed their dedication to protecting copyrights in response to analysts' concerns over potential lawsuits that could result as users incorporate copyrighted content into their creations.

By next month, YouTube plans to roll out new audio fingerprinting and search mechanisms to identify and protect copyrighted content, Mr. Chen said.

Dmitry Shapiro, chief executive officer and founder of Veoh Networks Inc. in La Jolla, Calif., said the Google-YouTube deal paves the way for thousands of similar peer-to-peer video-sharing sites.

YouTube "is much more than another Web site that shares video; what we're all trying to do is reinvent television broadcasting," said Mr. Shapiro, calling his company, which focuses on delivering longer, TV-grade content to viewers, "the next thing after YouTube."

"I think that traditional media companies very much understand that the world is changing right in front of their eyes and that they need to jump in and make some decisions and play or be disenfranchised."

The acquisition comes on the heels of announcements yesterday morning that both Google and YouTube are teaming up with major music labels to distribute music videos online and share in the advertising revenue.

Google inked deals with Warner Music Group Corp. and Sony BMG Music Entertainment, while YouTube teamed up with Universal Music Group, as well as Sony BMG.

YouTube also announced a partnership with CBS Corp. to air clips from popular shows such as "Survivor," "CSI" and "Late Show With David Letterman."

The companies described the new media partnerships as mutually beneficial to content producers, who can compensate artists and better enforce copyright protections, and video service providers, who can use the additional content to attract more viewers.

Users will be able to access streaming content and incorporate it into their own videos. In addition, Google Video will make Warner Music Group's content available for purchase at $1.99 per download.

Google Looks To Boost Ads With YouTube (WSJ)

By Kevin J. Delaney

The Wall Street Journal, October 10, 2006

With its $1.65 billion agreement to acquire YouTube Inc., Google Inc. may be able to broaden its online-advertising business and boost its video offerings to meet the rapidly changing viewing habits of consumers.

The all-stock purchase announced yesterday of closely held YouTube, a 19-month-old, San Bruno, Calif., startup with 67 employees, highlights users' growing consumption of video online and the booming sales of Web advertising. The hefty price tag also reflects the interest of other media and technology companies in acquiring YouTube as a way to jump-start their online-video efforts.

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The deal -- the largest in Google's eight-year history -- marries Google's massive collection of computers, data lines and systems for serving up online ads from hundreds of thousands of advertisers with YouTube's leading position in playing videos for users on the Web. It could transform Google, of Mountain View, Calif., into a bigger power broker for the distribution of video online, following the mixed track record of its own online-video efforts. YouTube has said that consumers view videos through its service, ranging from homemade videos to movie clips, more than 100 million times daily.

"This is going to allow us to continue to develop features for our community and our partners, allow us to sharpen our focus," said YouTube Chief Executive Chad Hurley in an interview. "We'll be able to leverage the technology and resources of Google to supercharge our efforts in those areas."

The acquisition could also boost Google's ambitions to significantly broaden its ad-brokering activities beyond simple text ads on Web pages to larger amounts of video advertising online. The Web-search company places ads, often targeted by specific keywords such as "Chicago hotel," on its own and partner sites using an automated online system and has said it intends to also broker ads in radio, print media and television.

"We believe the combination of Google and YouTube will create this very new and interesting global media platform for users, content providers and advertisers all around the world," said Google CEO Eric Schmidt during a conference call announcing the deal.

The sale is a huge windfall for YouTube, which Mr. Hurley, 29, founded in Feb. 2005 in his garage along with chief technology officer Steve Chen, 28, and another former colleague from eBay Inc.'s PayPal electronic-payment unit. Mr. Hurley had said in a June interview that an initial public offering in the future was a possibility. But the offer from Google was attractive enough to lead YouTube to abandon that interest.

Some analysts raised questions about YouTube's price tag. Critics said Google could be exposing itself to liability for copyright violations, since videos posted by users without permission of content owners are available through YouTube's site. The start-up already faces one lawsuit related to this issue. YouTube has been racing to sign deals with media and entertainment companies to license their content and head off any additional litigation, generally agreeing to share online ad revenue with the content owners. "The YouTube commitment to enforcing copyrights is very consistent with Google's," said David Drummond, Google's senior vice president of corporate development. Mr. Drummond said the two companies remove any infringing content when notified by a copyright holder.

In a prelude to the acquisition announcement, YouTube early Monday announced agreements with Vivendi SA's Universal Music Group and Sony Corp. and Bertelsmann AG joint venture Sony BMG to make their music videos available through YouTube and to allow consumers to use music from the two companies as soundtracks for their own videos on YouTube. The video site also signed a content and ad-revenue-sharing agreement with CBS Corp. related to video from CBS Television Network, Showtime Networks Inc. and CSTV Networks Inc. Google separately announced agreements with Warner Music Group Corp. and Sony BMG to make music videos and other content available for free through its video service and on partner sites.

YouTube's deal with Universal Music is particularly significant since Universal Music Chief Executive Doug Morris told investors last month that YouTube violates copyright laws by allowing users to post music videos and other content. Universal Music has considered taking legal action against YouTube over that issue, say people familiar with the matter.

Yahoo Inc., News Corp. and Microsoft Corp. were among the other companies that expressed interest in acquiring YouTube, say people familiar with the matter. YouTube had earlier passed on a lower offer from Google and held acquisition discussions with Yahoo, which tendered an offer in recent weeks, say people familiar with the matter. Yahoo's offer, valid for 24-hours, expired amid its concerns about copyright- and revenue-related issues though talks continued after the expiration, one of the people says.

A Microsoft spokeswoman said the company "evaluated acquiring this type of technology several months ago" but decided to build its own service, a test version of which opened recently.

Meanwhile, Google significantly increased its offer and deal talks between the two gathered intensity late Tuesday, when Google's Mr. Drummond and YouTube Chief Financial Officer Gideon Yu drafted a term sheet, a person familiar with the matter says. In parallel, the two companies worked to complete content and ad-revenue-sharing partnerships with the major music companies and CBS Corp. that were announced yesterday morning.

News Corp. sniffed around YouTube as recently as last week, but never made a firm offer because the start-up said it was not for sale, say people familiar with the matter. On Friday, when the news of the Google negotiations surfaced, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, according to the familiar people. YouTube didn't respond, these people said. Behind the scenes, Google's deal to purchase YouTube is threatening to create a rift between Google and News Corp., which jointly made headlines in August with an ad-brokering deal under which Google guaranteed revenue of $900 million over three and a half years to News Corp. for its MySpace social-networking service and other sites.

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Over the weekend, News Corp. executives expressed their displeasure with the deal to Google and threatened to remove any links to YouTube videos placed by users on their MySpace blog pages, according to a person close to the situation. Google's Mr. Schmidt and Advertising Sales Vice President Tim Armstrong are scheduled to meet this week in Los Angeles with News Corp. Chairman Rupert Murdoch, President Peter Chernin and Ross Levinsohn, head of its Fox Interactive Media online unit, to discuss the matter.

News Corp. earlier this year held discussions with NBC Universal and Viacom about jointly building a YouTube rival, according to people familiar with the situation. The three media companies discussed putting their television videos on a new site, but ultimately the talks foundered, these people say. This month, News Corp. announced it would put video clips from its Fox television shows up on MySpace.

YouTube's sale could represent a significant financial gain for venture capital firm Sequoia Capital, which has provided funding to the start-up. Sequoia holds roughly 30% of YouTube, says a person familiar with the matter. Under the sale agreement, YouTube will retain some independence, keeping its brand, offices and management. Google will also continue to operate its separate Google Video service.

Google Cues Up With YouTube (USAT)

By Jefferson Graham

USA Today, October 10, 2006

Internet search giant Google on Monday snapped up red-hot video-sharing website YouTube for $1.65 billion in an all-stock deal.

Video "is the next step in the evolution of the Internet," Google CEO Eric Schmidt told news reporters in a conference call.

YouTube, which launched in 2005, has grown overnight into the Internet's most popular place to watch videos, showing 100 million daily. Yet, along the way it became a hotbed for copyright infringement, with many contributors posting videos of TV shows or using copyrighted songs in homegrown productions.

YouTube, in clearing the way for a deal, announced an alliance with record label Universal Music — one of the site's harshest critics — that called for a filtering system that would automatically weed out videos with its songs.

By aligning with Google, YouTube now has the resources to build an even stronger filtering system that would please all content owners, said Chad Hurley, 29, one of YouTube's co-founders.

Google said YouTube will remain independent, with a separate website. Google will continue to run its own Google Video site, which also features homemade videos and professional content from networks and movie studios.

Where visitors will see change is in Google searches: Videos from YouTube will begin appearing in search results.

The addition of YouTube videos brings "a humongous amount of content that will be searchable" on Google, says John Battelle, who runs the Searchblog website. That makes Google that much more valuable, he says, because it can profit with more advertising from YouTube videos.

Google reported $6.1 billion in revenue last year, virtually all from little text-based ads that appear near search results. It's been on a tear this year, trying to expand into video advertising and creating recent alliances with MTV Networks and MySpace.

Now, says Scott Kessler, an analyst at research firm Standard & Poor's, Google is "far and away the leader in video advertising."

Investors applauded Google's deal. Shares in the company rose $2.75 in after-hours trading after closing at $429, up $8.50 a share, in regular trading.

In less than a year, YouTube in San Bruno, Calif., quickly became a social phenomenon as a way for users to easily share — and discuss — homegrown videos. It has seen a 2,500% increase in its audience base, according to measurement firm ComScore Media Metrix.

The site had 72 million visitors in August, up from just 2.8 million visitors a year before. It's now the Internet's 14th-most-visited site. Google is No. 3 after Yahoo and MSN.

Google-YouTube Deal Joins Net Search And Video Forces (USAT)

By Kevin Maney

USA Today, October 10, 2006

A landmark in the future of media happened over a meal at Denny's.

Last week, as multiple offers swirled around YouTube, Google co-founder Larry Page and CEO Eric Schmidt met YouTube founders Chad Hurley and Steve Chen at a Silicon Valley Denny's.

"We discussed the possibilities and the excitement we both shared" for video on the Internet, Hurley says. "They have the resources to help us accelerate that."

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Google is buying YouTube for $1.65 billion, the companies said Monday. The biggest force in search and Internet advertising is soaking up the biggest force in online video. But the combination means more than that.

The deal is part of a vision consistent across the technology and media landscape. It's the same vision that brought together YouTube and Google. Mass media — the grand media trend of the 20th century — is becoming personal media.

The Internet is making it possible for people to find and consume any song, TV program, video or movie anytime they want. That's because video content, from instructions on how to groom a poodle to clips from CBS' 60 Minutes, is increasingly available on the Net.

At the same time, cheap technology like video cameras and editing software is allowing just about anyone to create video content, adding ever more personal and esoteric media to the mix of offerings.

If you listen to YouTube's founders or Google's leaders, you can hear what that's going to be like. Search Google for "plumbing toilet flusher" and you'll probably find a how-to video on YouTube. "For queries like that, a lot of times video is the best result," Google's Page says.

Planning a vacation to Osaka, Japan? Search and find all the home videos taken by tourists and posted on the Web. Music videos, news and movie trailers will all be there. A few hours before Google said it will buy YouTube, YouTube announced deals to legally put music videos from Universal and Sony BMG on its site, and news and sports from CBS.

"This is the next step in the evolution of the Internet," Google CEO Schmidt says. On Monday, he kept noting that YouTube founders Chen and Hurley remind him of Google's founders in Google's early days — a couple of guys with a plan to alter the universe.

All of this helps explain an explosion in Internet video. Venture capital investments in video-sharing sites are on track to set a record this year. VCs pumped $156 million into such start-ups during the first half of this year vs. $267 million all of last year, says Dow Jones VentureOne.

Internet video sites have exploded from barely any just one year ago to more than 240. New ones appear every week. The industry hasn't seen anything like it since the Web-retailing zaniness of the mid-to-late-1990s. Recent arrivals include Eefoof, Bix, Guba, Blennus, Stickam and Frozen Hippo.

Big players are crashing the party. In January, Google put up Google Video — which, by the way, isn't going away. "Google video doesn't go away ever — I want to make that clear," Schmidt says. Meanwhile, Yahoo and AOL are aggressively moving into video. So is News Corp.-owned MySpace.

Advertisers in just the past six months have come to love Internet video and are increasingly pushing ad dollars that way.

"You've got more video being viewed on YouTube than you do on some cable channels," says Ian Schafer, CEO of Deep Focus, a marketing firm that represents studios such as The Weinstein Co. He says that the marriage of Google and YouTube could form "another video network that in many ways eclipses the eyeballs of some mass media."

"We are seeing the number of terabytes of video delivered doubling every three months," says Alan Ramadan, a top executive at Macromedia, which makes the Flash player that shows video on both Google and YouTube. "I haven't seen this kind of demand before, and it's something that we all felt the Web could become one day — a distribution platform for rich content and experiences."

At the center of the whirlwind stands YouTube, which actually moved its headquarters over the weekend from San Mateo to San Bruno in California's Silicon Valley — while the founders negotiated the Google deal. "It was a busy weekend," Chen says with a laugh.

The company launched in the summer of 2005, and by March 2006 was the star at high-level tech conference PC Forum. In January of this year, YouTube had 9.5 million unique visitors, according to ComScore. In August, that had grown to 72 million. To those users, YouTube is streaming more than 100 million videos a day. Yes, a day.

"This was a company that was moving very, very quickly," says Mark Heesen, president of the National Venture Capital Association trade group. He compares YouTube's trajectory to Skype, the Internet phone company started in August 2003 and sold to eBay last year for $2.5 billion in cash and stock.

In the past few months, it seems that everyone in technology realized the power of the video trend on the Net and saw the movement toward personal media. That's when the suitors came calling.

"A lot of parties expressed interest," Hurley says. Though he won't name them, Yahoo and News Corp. were among names that surfaced as suitors. "We wanted to remain independent, but as discussions progressed with Google, we saw an opportunity to remain independent and continue our vision, but with a lot more resources and experience behind us."

Google did, in fact, promise to leave YouTube alone — it will keep all its employees, separate headquarters, its own brand.

"I've been pretty giddy over this," Chen says. But he admits that he's not yet sure what, exactly, will change about the way YouTube or Google handles video. Right now, for instance, a search on Google Video will not find a video that's on YouTube. That will change.

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"It all happened so quickly, the exact details of integrating the products are still up in the air," Chen says. "We're forming integration teams right now."

For Google, the deal means it now owns the top brand in Internet video and a backup plan for its own push into video. Google Video has failed to catch fire.

Some critics say Google just bought itself a boatload of potential lawsuits. A good deal of video on YouTube is snatched off TV programs and movies by individuals and posted there — and that could be infringing on copyrights. But Google and YouTube both waved that off on Monday, pointing to the day's deals with CBS and record labels as proof that content owners would rather work with YouTube than take it to court.

"The copyright concerns are overblown," says Suranga Chandratillake, CEO of BlinkX, a video search engine that competes with Google Video. "Content owners are more interested in doing business than ever" for Internet video.

They see how powerful this new personal media can be. The rock band OK Go recently proved that. It made a simple video with a handheld video camera of its four members dancing on treadmills and posted the video on YouTube. In four weeks, the video was viewed more than 3.5 million times. As a result, OK Go's album saw a 182% jump on Billboard's Digital Album chart and shipped another 50,000 CDs.

"This is a paradigm smasher of the first order," says OK Go manager Jamie Lincoln Kitman.

In the grand scheme of things, the $1.65 billion Google is paying for YouTube doesn't rank high among the largest U.S. buyouts so far this year, tracker Dealogic says. The biggest was a deal in March by AT&T to buy BellSouth, valued at $67 billion at the time. Alcatel agreed to pay $13.4 billion for Lucent in April.

But when it comes to shaping the future, a couple billion dollars negotiated under Denny's fluorescent lights might be the winner.

Google Buys Video-Sharing Site YouTube (LAT)

By Jesus Sanchez

The Los Angeles Times, October 10, 2006

Google Inc. today agreed to purchase YouTube Inc. for $1.65 billion in stock in a deal that will combine the Internet's largest search engine and its most popular site to watch video.

The transaction, which had been widely expected, comes after YouTube's owners had fielded proposals from such media giants as Viacom Inc. and News Corp. Those suitors and others wanted to capitalize on the company's fast growing website, where visitors view an estimated 100 million videos a day

"By joining forces with Google, we can benefit from its global reach and technology leadership to deliver a more comprehensive entertainment experience for our users and to create new opportunities for our partners," said YouTube Chief Executive Officer and co-founder Chad Hurley in a statement.

Mountain View-based Google said that YouTube would continue to operate as a separate company and retain all employees. The acquisition is scheduled to be completed by year's end.

"The YouTube team has built an exciting and powerful media platform that complements Google's mission to organize the world's information and make it universally accessible and useful," said Eric Schmidt, chief executive officer of Google, in a statement.

In addition to attracting hoards of viewers, YouTube has also drawn threats of lawsuits from music labels and TV studios for not adequately blocking copyrighted works. Meanwhile, the 60-person start-up is struggling to make enough money to offset its bandwidth costs.

The deal marks the first time Google, which prefers to fill in its product line with small acquisitions, has bought a technology company that makes a competing — and more successful — product.

It also would be a major acknowledgment by Google that its own video service, launched in January, failed to keep pace with the San Mateo, Calif.-based upstart, founded by Hurley and Steve Chen.

YouTube received 46% of all visits to online video websites in September, compared with 11% for Google, according to Hitwise, a market research firm.

Observers said Google could give YouTube the advertising connections, technology team and legitimacy it needed to dominate the video-sharing business in much the same way that social-networking site MySpace blossomed into an Internet heavyweight since it joined News Corp. last year.

YouTube is experimenting with ways to make money, including charging advertisers to feature videos on its home page, and to create branded channels for the content.

Also, Warner Music Group Inc. agreed to license its entire catalog of music and videos to YouTube in exchange for a cut of any revenue from advertising or sponsorships sold around its music.

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Google Gambles On Web Video (WP)

By Sara Kehaulani Goo

The Washington Post, October 10, 2006

Google said yesterday that it will acquire Internet video phenomenon YouTube for $1.65 billion in stock, a deal that leaves the search giant betting on the future of online video as well as tackling some of the risks that come with managing a site built by a homegrown audience.

The deal, which Google called "the next step in the evolution of the Internet," is reminiscent of the late 1990s, when Web companies judged their success by the buzz they created more than by immediate profits. This time, YouTube, an as-yet-unprofitable Silicon Valley start-up with two founders in their twenties, grew a huge audience at a pace outdone only by MySpace.com.

In less than a year, YouTube attracted more than 72 million unique monthly visitors by allowing users to share short homemade video clips. Through word of mouth, the site became an instant Internet phenomenon, providing a huge library of entertaining videos and giving a voice to budding Internet stars every week.

"There's a new class of sites that have really developed very quickly, are very successful and very attractive to users and are obviously delivering value," Sergey Brin, a Google co-founder, said in a conference call. "It's kind of a next generation of Internet sites and companies. . . . It's a whole new ecosystem, and we're excited to be a part of it."

Behind the buzz of the high-priced deal come a number of gambles, including a large amount of copyrighted material on the site that attracted both viewers who shared the videos and lawyers who cried foul on behalf of the copyright holders. Clips of popular shows such as "South Park," "The Daily Show with Jon Stewart" and "Laguna Beach" can be found on the site.

Also a factor is the fickleness of YouTube's online audience, which could migrate elsewhere or become turned off by the large amount of corporate advertising making its way onto the site. A year after online star MySpace.com, a social networking site, was acquired by News Corp. for $580 million, the core audience has shifted from teenagers to people in their thirties.

"The game back in the 1990s to 2001 was to attract as many eyeballs as possible. That hasn't changed," said Tim Bajarin, a longtime technology consultant and futurist with Creative Strategies. "The big difference today is the social network. One of the most powerful methods for spreading information is word of mouth, and the incredible explosion of that use, from spreading information and inviting people, especially within this young age group, is one huge difference."

Several analysts said they were surprised by the nature and price of YouTube's sale, which equates to about $22 per visitor, according to senior analyst Brian Haven of Forrester Research. That's a substantial jump from the roughly $10 per visitor in the MySpace acquisition. College-oriented networking site Facebook, which has about 14.7 million visitors monthly, has been said to be in acquisition talks with Yahoo for $1 billion -- about $67 per visitor.

Haven judged the YouTube price to be "a little high," but said "online video is really exploding. There's a lot of profit for it in the future."

Some analysts had cautioned Google not to purchase YouTube out of concern that online audiences could shift if they didn't like how a site was evolving. Earlier this year, several thousand members of social networking site Tribe.net left to start another site in protest of new restrictions put in place by new management.

"We would be cautions about [Google] paying up to buy a hot video site like Youtube.com because hot sites may fetch bubble-like valuations, and what is a fad today may be forgotten by next year," wrote Guzman & Co. analyst Phil Remek in a research note earlier this year.

After MySpace was acquired by News Corp., the Web site attracted more media companies, music labels and movie studios, which built their own pages as members of the group. But that gave the site a more corporate feel. Before the acquisition, teenagers made up 25 percent of the membership. Today, only 12 percent of the site's members are teens, according to ComScore Networks Inc.

Today, people over age 35 dominate, making up 40 percent of the membership. Overall, MySpace has gained 34 million members in the past year, according to ComScore.

MySpace "got a lot more people in the older age bracket, but not at the expense of losing people in the younger bracket. The buying power of the older people probably exceeds the younger people, so for advertisers, it's a positive," said Gian Fulgoni, chairman of ComScore. "It might turn out that News Corp. got a heck of a deal."

Google said it planned to keep YouTube separate from its own video site, though it would leverage Google search and other technology to enhance YouTube. Google declined to answer questions about how quickly it expected to earn profit from YouTube.

YouTube has received $11.5 million in venture funding from Sequoia Capital and is estimated to be spending at least $2 million monthly to operate the content-rich site. Sequoia owns roughly 30 percent of YouTube, according to the Associated

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Press. Google also will inherit a copyright-infringement lawsuit filed against YouTube by a journalist who operates the Los Angeles News Service. YouTube has been able to prevent more lawsuits by negotiating with media companies to provide their content on the site in revenue-sharing deals. So far, the site has announced deals with NBC Universal and Warner Music Group. Yesterday, deals were announced with Sony BMG, CBS and Universal Music Group.

Greg Kostello, a former executive at Mp3.com, which was sued for copyright infringement over its music content years ago, said YouTube has not been hit by more lawsuits because it has had few assets. "If you sue them [before they are acquired], you're not going to get much," Kostello said.

YouTube said yesterday that it is developing a technology that will scan keywords and audio in the uploaded clips for potential copyright infringements. YouTube and Google left open the possibility that the site could become more commercial. YouTube chief executive Chad Hurley said he planned to introduce new advertising platforms and ways to integrate search and advertising technologies into the video clips. But he was noncommittal when asked if he would allow "pre-roll" advertisements to run before certain videos begin playing, a move counter to YouTube's current policy.

"We're going to be exploring a lot of options," he said. Google's advertising technologies "present a good experience that benefits our users' experience and helps partners monetize their content."

But it could also upset members, who react when they feel that the site is heading in the wrong direction, such as what happened when rapper and hip-hop mogul Sean "P. Diddy" Combs was featured in a video.

Shortly after, member Lisa Donovan created her own video that mimicked the rap star's video clip.

"YouTube is very much a community. There's a community voice, and there's a group of people very protective of their space. They were turned off by P. Diddy. It was so apparent they were just being advertised to," Donovan said. "That's what you expect on TV."

Like it or not, though, this sort of site is attractive to larger companies.

For Google, the YouTube acquisition boosts its traction in the online video space, where it hasn't had much success. Google's own video site has consistently lagged behind YouTube. With more than 100 million videos being viewed on YouTube daily, it attracts about four times more traffic than Google Video, according to Hitwise.

Google To Acquire YouTube For $1.65 Billion (NYT)

By ANDREW ROSS SORKIN And JEREMY W. PETERS

The New York Times, October 9, 2006

Google announced this afternoon that it would buy YouTube, the popular video-sharing Web site, for stock that it valued at $1.65 billion.

Google beat out a number of other YouTube suitors, including Microsoft, Viacom, Yahoo and the News Corporation. By successfully negotiating the deal, Google has once again proved that it is the Internet's dominant player.

Under the terms of the deal, YouTube will retain much of its identity and will keep its name and its office in San Bruno, Calif., more than 25 miles from Google's headquarters in Mountain View.

Chad Hurley, YouTube's co-founder and chief executive, has repeatedly said he would prefer for his company to remain independent. Asked about such comments in a conference call with Wall Street analysts and investors held late this afternoon, Mr. Hurley said his company did want to stay independent, adding that "by working with Google, that's still the case."

Steve Chen, also a YouTube co-founder, said, "It is hard for me to imagine a better fit for two companies," both in terms of technology and company culture.

The rise of YouTube has been meteoric. The Internet start-up has been in operation for less than a year, yet it already has an estimated 50 million users worldwide.

The acquisition of the privately held YouTube will enable Google to thrive in one area of the Internet where it has so far failed to gain footing. According to Hitwise, which monitors Web traffic, has the lion's share of online video traffic. YouTube has a 46 percent share, MySpace has 23 percent and Google Video has 10 percent.

The deal will also greatly benefit YouTube, which would have Google's vast resources to help it navigate some sticky legal issues. Copyrighted videos often find their way onto YouTube's pages despite efforts by the site to prevent it. YouTube could also benefit from a Google alliance as it tries to develop new software to prevent copyright infringement.

These copyright issues have led some in the technology industry to compare YouTube to Napster, the song file-sharing service that eventually had to shut down after a protracted legal fight with the recording industry.

Earlier today, YouTube signed three separate deals that should provide some legal protection from copyright infringement claims. One of the deals will allow YouTube to broadcast CBS programming. In addition, YouTube reached agreements with the Universal Music Group and Sony BMG Music Entertainment that will allow it to broadcast music videos.

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YouTube, Google and Napster all share one common thread: a bootstraps success story of young technology buffs who started with nothing. Mr. Hurley and Mr. Chen started YouTube after the two struggled to share videos of a dinner party in January 2005. Still in their 20's and working from a garage, the two secured $3.5 million in capital from Sequoia Capital, the same firm that helped finance Google when it was still a fledgling company, as well as other Silicon Valley stars like Apple, Cisco, Oracle and Yahoo.

The YouTube deal represents a significant payday for Sequoia Capital, one of Silicon Valley's most successful venture capital firms. Sequoia invested a total of $11.5 million in two separate rounds and was the only venture firm to invest in the company.

Sequoia's stake in YouTube has been estimated at approximately 30 percent, which means it would be worth about $495 million based on the acquisition price.

Experts say Sequoia's go-it-alone investment in YouTube represents the kind of aggressive move for which Sequoia is known. A more typical, and safer, approach would have been to bring in other investors, especially for an early stage investment in a company at risk of becoming the target of costly lawsuits.

"They had an absurdly high level of confidence with what they were doing," said Paul Kedrosky, a venture capitalist and author of the blog Infectious Greed.

The fact that a Sequoia partner, Michael Moritz, sits on the board of Google, while his colleague, Roelof Botha, led the investment in YouTube, could have given Google more insights, and therefore, more confidence, into the legal risks associated with YouTube, Mr. Kedrosky said.

Google has experienced explosive growth in recent years, and in the past two years the value of its stock has more than quadrupled. Today, Google's shares gained $8.50, or 2 percent, to close at $429 following news reports about a deal with YouTube. The deal was announced after the stock market closed.

Google's most recent earnings report showed that the company's second-quarter profits more than doubled from a year earlier. Its employee base has grown by about a fifth during the first half of the year.<NYT_AUTHOR_ID>

Miguel Helft and Peter Edmonston contributed reporting for this story.</NYT_AUTHOR_ID> </NYT_TEXT>

Ready For Its Close-Up (NYT)

The New York Times, October 10, 2006

Even by the standards of the online world, YouTube has been something of an overnight sensation, spreading like a gale-driven wildfire almost from the moment it officially debuted last December. The Web site cracked the code for successful video on the Internet when it chose an egalitarian approach, putting the ease of posting and viewing short videos ahead of slick design and ultra-high resolution.

That course paid off. Now YouTube shows more than 100 million clips each day, a figure enticing enough that Google announced yesterday that it would buy the upstart company for $1.65 billion.

While it may be one of the most popular sites on the Internet, YouTube is not without detractors. The company has yet to turn a profit and could face significant legal challenges. It has often been likened to Napster, which was shut down by a federal court ruling in 2001 as an illegal file-swapping service.

But comparisons to the early days of music piracy are off the mark. Much of what is on the site is user-generated material, posted by pranksters and budding auteurs, politicians and video diarists seeking attention rather than money. YouTube has been working with professional content providers from the very beginning, however fitfully it may appear at times. In the site's first few months, publicity-seeking corporate marketing teams would post clips that were sometimes followed by cease-and-desist letters about the very same content from those companies' legal departments.

The 10th-most-viewed video in the site's history is "Ronaldinho: Touch of Gold," a Nike commercial featuring fancy footwork by the Brazilian soccer star. Consumers have watched it on YouTube more than seven million times. Many companies see potential and are lining up to work with the site, rather than begging a court to shut it down. Yesterday, YouTube announced deals with CBS, Sony BMG Music Entertainment and Universal Music Group.

For Google, acquiring YouTube is hardly risk-free. The posting of videos by Iraqi insurgents and recent scuffles over charges of censorship demonstrate the complexity of running a site where anyone in the world can post a video. But those are the kinds of problems a business wants to have. They signal that a critical mass of people is tuned in.

Private-Equity Firms Face Anticompetitive Probe (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 10, 2006

U.S.'s Informal Inquiries Have Gone to Major Players Such as KKR, Silver Lake

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The Department of Justice has begun an inquiry into potentially anticompetitive behavior among some of the world's leading private-equity funds, according to people familiar with the matter.

In recent weeks, Justice Department officials have sent out a series of letters to a number of the industry's most well-known players including Kohlberg Kravis Roberts & Co. and Silver Lake Partners but likely not limited to those firms.

These informal requests have asked for a range of information and documents related to deals and business practices, according to three people briefed on their contents, and ask about company auctions staged since 2003.

The Justice Department doesn't explicitly state a purpose for its requests, but those briefed on the matter describe the letters as expressing interest in matters broadly related to anticompetitive behavior.

It is unclear exactly who may be the subject of any inquiry, or whether any Justice Department action will develop from the information requests. A KKR spokeswoman and a Silver Lake spokesman declined to comment. A Justice Department spokesman also declined to comment.

The letters, from the New York regional office of the Justice Department, nonetheless put the clubby world of top-tier private-equity firms on notice that government officials are closely watching how they put together their transactions. And they come at a time when these funds -- which gather capital from institutions, pension plans, and state investment pools -- are on an historic buying spree for some of the country's corporate icons. In recent months, private-equity buyers have announced plans to purchase hospital operator HCA Inc., Hispanic broadcasting power Univision Communications Inc., and pipeline operator Kinder Morgan Inc.

For private-equity players, their daily battlefield is one of both fervent competition and cooperation-by-necessity.

At times the firms are avidly jostling with one another to gain an advantage in an auction. At other moments they are cooperating in "club" deals in which they combine their capital and know-how to pursue a given target.

A set of polite rules has largely applied to this dynamic. For instance, once a private-equity firm signs a definitive merger agreement with a target, competing buyout groups have shied from "jumping" the transaction with a competing bid.

The formation of the "clubs" -- which have drawn as many as seven members into one bidding team -- may at least theoretically depress prices because they limit the number of competing players in an auction.

Indeed, often these competitive auctions can have surprise endings as bidders who submitted a losing offer later join the winning group.

But the heads of private-equity firms say that such dynamics aren't evidence of collusion so much as the desire to share the risks with people who have already studied the business.

And at the heart of any inquiry into anticompetitive behavior is the nature of information -- how it is used, shared, and traded among a group of players.

If competing bidders were sharing information about their bids, for instance, or agreeing that the losers would later be invited to join in the winning group, that might represent suspect behavior, as it would artificially suppress prices that companies would fetch at auction.

"The issue of anticompetitiveness is a live one. It is easy to wonder about whether auctions can be collusive," says Josh Lerner, a professor at Harvard Business School who focuses on the private-equity firms. "So much is a repeat game. There are bitter confrontations but then they do deals with each other again and that softens things."

It is nonetheless difficult to define what exactly collusive behavior means, let alone prove it in a world where a dozen top firms constantly are battling with one another.

Executives at private-equity firms say it is hard to imagine that there would be something as overt as an exchange of promises not to compete on respective deals. At the same time though, many are aware that one of the reasons the fabled KKR deal for RJR Nabisco wasn't so lucrative in the end was that undisciplined bidding drove up the price and say that they have absorbed the lesson, which is to exercise restraint in the bidding process.

"The buyout business has always been competitive," said Steve Pagliuca, a senior executive at Bain Capital, at a recent conference. "It is just that now it isn't one on one but team versus teams."

If anything, private-equity executives say, the implicit gentleman's code is coming under pressure as firms jockey to lead the next big transaction. Such was the case for Freescale Semiconductor Inc., which signed a $17.7 billion deal with KKR, Silver Lake and Bain Capital. A rival group from Blackstone was close to mounting its own offer but ultimately backed away.

Is that a sign of anticompetitive behavior? Most private-equity executives would say not. "It has been civil and I expect it to remain so." said David Rubenstein, co-founder of Carlyle Group in a recent speech.

-- John R. Wilke contributed to this article.

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Two Quit BA Amid Price-fixing Probe (FT)

By Kevin Done, Aerospace Correspondent

Financial Times, October 10, 2006

Martin George, commercial director of British Airways, resigned on Monday after admitting that "inappropriate conversations" had taken place in his department over the setting of fuel surcharges on long-haul air fares.

Iain Burns, BA head of communications, has also resigned.

Both men had been on leave of absence since mid-June, when BA was plunged into a criminal and civil investigation by UK and US competition authorities into alleged price fixing by airlines over the fuel surcharges levied for the last two years on long-haul flights to and from the UK.

Mr George was a member of the BA board and was a candidate last year for the post of BA chief executive, a contest won by Willie Walsh, to replace Sir Rod Eddington.

BA premises were raided by the Office of Fair Trading in early June.

In a letter of resignation to Martin Broughton, BA chairman, Mr George said, "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA has not found, that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director."

Mr George said "I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Robert Boyle, BA director of planning, has been appointed commercial director and Thomas Coops, former communications director at Abbey National has been appointed interim head of corporate and media relations.

In June it emerged that Virgin Atlantic, the UK long-haul airline controlled by Sir Richard Branson, had helped the OFT with information about its rival BA, which helped to trigger the investigation of alleged price fixing by some long-haul airlines operating to and from the UK.

BA has a history of stormy relations with Virgin Atlantic. It is understood that Virgin Atlantic passed information to the OFT about an approach made by a BA executive last year about a possible raising of the fuel surcharge.

BA said on Monday that it had emerged from work done by the airline in response to requests for information made by the regulators that "contacts took place with a competitor in respect of long-haul passenger fuel surcharges in breach of the company's compliance policy."

The airline said that it was continuing to assist the regulators in their investigations.

BA shares were 2 per cent lower at 429½ p in lunchtime trading.

The BA case is the first test that has become publicly known of the OFT's new powers, acquired under the 2002 Enterprise Act, to investigate criminal cartels.

The OFT has civil law powers to impose fines of up to 10 per cent of worldwide sales on companies guilty of price-fixing. Individuals found guilty of criminal cartel charges could face five years in prison or unlimited fines.

The BA surcharges, which have risen in steps to £35 per sector or flight leg on long-haul services (£70 for a return trip), were introduced two years ago in response to the rapid rise in oil prices. Many other airlines made similar moves.

According to legal sources in Washington the June inspection of BA's premises was triggered by documents and testimony uncovered during the separate ongoing global investigation into alleged price-fixing in the air cargo sector, which was launched in February.

The joint action on cargo started by the US Department of Justice and the European Commission against a number of airlines in Asia, Europe and the US has led to multiple class-action lawsuits from US and European freight companies and customers.

Lufthansa, the German national carrier, which triggered the cargo probe by agreeing to co-operate with the DoJ at the end of last year, agreed in September to pay $85m to settle an array of class-action suits pending in the US.

The German flag carrier has also sought leniency from cartel authorities in Europe, the US and elsewhere, and said last month it had received conditional immunity.

British Airways Commercial Director Quits Amid Probe (Update2) (BLOOM)

By Kamil Tchorek And Richard Blackden

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- British Airways Plc, Europe's third- largest airline, said Commercial Director Martin George resigned amid an antitrust investigation of the carrier's fuel-surcharge strategy.

DOJ_NMG_0077746

George has been on leave since June, British Airways said in a Regulatory News Service statement today. Iain Burns, the airline's head of communications, also resigned.

``Within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul-fuel surcharges," George said in the statement. ``Although the board of BA have not found that I have behaved in a dishonest way, I fully recognize my responsibilities."

British Airways is under investigation by the U.K.'s Office of Fair Trading and the U.S. Department of Justice for the way the airline priced long-haul passenger fuel surcharges. British Airways profit rose 20 percent to 451 million pounds ($824 million) in the year ended March 31 as the airline added six fuel surcharges since May 2004 to pass higher costs on to customers.

Shares of British Airways fell as much as 8.75 pence, or 2 percent, to 429.5 pence and were 1.9 percent down at 430 pence at 9:41 a.m. in London.

The investigation by the U.K. Office of Fair Trading is ``ongoing" said John Marciano, a spokesman for the U.K. agency. He declined to comment further.

Robert Boyle, British Airways' director of planning, has been appointed commercial director with immediate effect, the airline said. Thomas Coops, previously the communications director at Abbey National Plc, has been appointed interim head of corporate and media relations.

BA Executives Exit Over Long-haul Fuel Surcharges Violation (LONIND)

By James Daley

London Independent (UK), October 10, 2006

Two senior British Airways executives quit yesterday after the airline revealed there had been a breach of its rules during the setting of its long-haul fuel surcharges earlier this year.

Martin George, the company's commercial director and an executive member of the board, resigned with immediate effect, conceding that "inappropriate conversations" may have taken place within his department, which were in breach of company rules. Iain Burns, BA's head of communications, also stepped down with immediate effect.

Mr George, who was paid £375,000 a year, stands to receive 12 months' pay in lieu of notice. Mr Burns is expected to receive six months' pay in lieu of his notice period.

The resignations came three and a half months after the Office of Fair Trading (OFT) and the US Department of Justice raided BA's offices and launched an investigation into allegations of price-fixing in the airline sector.

In particular, the OFT said it was exploring the possibility of collusion during the setting of long-haul fuel surcharges, which several airlines have begun charging over the past two years to compensate for the rapid rise in oil prices. The OFT inquiry is believed to have been prompted by a tip-off from BA's rival Virgin Atlantic.

Mr Burns and Mr George were sent on leave when the inquiry began in June. However, at the time, the BA chairman, Martin Broughton, said he was hopeful that he would have the pair back in their jobs, and the matter cleared up, very shortly.

In a letter to Mr Broughton yesterday, Mr George said it was with great regret he was resigning after 19 years with the company.

"I now recognise that, within my department, there may have been inappropriate conversations in violation of company policy in relation to long-haul fuel surcharges," he wrote. "I was not involved in such conversations. Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as head of department and as a board director.

"As you know, becoming a board member of British Airways has been the highlight of my career so far. I remain committed to doing what I can in the interests of the airline, to which I have dedicated my last 19 working years. I have always taken my responsibilities as a director and board member very seriously and I therefore depart with deep regret, whilst believing that departing is, in these circumstances and for these reasons, nevertheless, the right course."

Mr George is to be replaced with immediate effect by Robert Boyle, the airline's director of planning. Thomas Coops, a former communications director at Abbey National, will take over from Mr Burns on an interim basis. BA said its priority was to ensure it was abiding by all relevant competition rules, adding it was continuing to assist the regulators with their investigations. It admitted there had been a breach of its internal rules.

Two Top BA Executives Resign Amid Price Probe (AFP-Y)

AFP, October 10, 2006

British Airways has announced that two key executives have resigned amid a probe by British and American authorities into alleged cartel activity over fuel surcharges.

DOJ_NMG_0077747

Martin George, commercial director, and Iain Burns, head of communications, have left their positions with immediate effect, BA said in an official statement to the London Stock Exchange on Monday.

George's resignation letter cited "inappropriate conversations" within his department over fuel surcharges, but noted that the director had not been involved in the discussions.

Both men had been on leave of absence since June when Britain's Office of Fair Trading and the US Department of Justice began an investigation focused on long-haul passenger fuel surcharges.

"It is with regret that I notify you of my decision to step down as Commercial Director of British Airways," George wrote in a letter which was quoted in the BA statement.

He continued: "I now recognise that within my department, there may have been inappropriate conversations in violation of company policy in relation to long haul fuel surcharges. I was not involved in such conversations.

"Although the board of BA have not found that I have behaved in a dishonest way, I fully recognise my responsibilities as Head of Department and as a Board Director."

BA said that Robert Boyle, BA's director of planning, has been appointed George's successor.

Thomas Coops, former communications director at banking group Abbey National, has meanwhile been appointed interim head of corporate and media relations.

BA had announced in June that British and American authorities were investigating the carrier over alleged cartel activity involving it and other airlines.

The Great Plane Robbery? (BBC)

By Nishi Bolakee, BBC Money Programme

BBC.com, October 10, 2006

Some of the world's biggest airlines, including our very own British Airways, stand accused of ripping off consumers in price fixing conspiracies.

BA has been subject to a dawn raid

The Office of Fair Trading in the UK and the Department of Justice in the US have launched investigations into two alleged conspiracies with a series of dawn raids on airline offices.

Competition law bans firms from agreeing prices so that customers benefit from cheaper goods and services as companies compete.

Higher prices for goods

The first alleged conspiracy concerns the prices of surcharges on cargo shipments.

BA, Lufthansa and other major airlines have been accused of agreeing to add some surcharges at exactly the same rate.

The allegations are being investigated by competition authorities throughout the world while American class action lawyers also pursue the airlines in civil suits.

What the air cargo carriers did was raise the prices over and above what they should have been

Michael Hausfeld, class action lawyer at Cohen, Milstein, Hausfeld and Toll

Bruce Simon, of class action lawyers Cotchett, Pitre, Simon, and McCarthy, says "It is simply extraordinary, that all the prices were the same at the same time."

"And of course, one of the allegations is that the prices shouldn't be the same if the operating costs are different for the airlines, and there's no economic reason why it should be that way."

So how does this affect the consumer?

US lawyers suing for compensation reckon that shippers were forced to pay more for exporting their goods leading to higher prices for products in the shops.

Michael Hausfeld, another class action lawyer from the firm Cohen, Milstein, Hausfeld and Toll, says: "They are definitely affecting every consumer literally in most purchases they make. It all goes into the price."

"And, what the air cargo carriers did was raise the prices over and above what they should have been."

Recently, Lufthansa - the German national carrier, agreed to pay $85 million in compensation to shippers to settle with lawyers in the cargo case.

Other airlines may follow suit with similar payments and the total compensation bill could top $1 billion.

Increased cost of flying

The second official investigation involves allegations of price-fixing of surcharges on passenger flights.

BA's offices have been raided, and there is a mystery surrounding BA's old enemy Virgin Atlantic, run by renowned consumer champion Richard Branson, and its role in the affair.

Virgin has increased its chances of going scot free by playing the game smartly

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The allegations relate to passenger fuel surcharges which have risen from £5 return for long haul flights when they were introduced in May 2004, to £70 from April this year.

They were introduced to help the airlines with the rising cost of fuel.

While Virgin's offices have not been raided by official agencies, Richard Branson's company is being sued, along with BA, by class action lawyers in the US who allege that the two companies conspired to fix the price of the surcharges.

Immunity?

"I have nothing to indicate that Mr Branson, was involved or knows anything about the situation

Bruce Simon, class action lawyer at Cotchett, Pitre, Simon, and McCarthy

Virgin is said to have played for advantage in the controversy by blowing the whistle and reporting its old adversary to the UK's Office of Fair Trading.

That could mean that Virgin would qualify for immunity in official legal proceedings.

Some reports suggest Virgin did no more than report an illegal approach by BA although class action lawyers believe it went further.

Bruce Simon is doubtful that Mr Branson had any knowledge of a price fixing scheme and says: "I have nothing to indicate that Mr Branson, was involved or knows anything about the situation.

"Those matters don't have to rise to the level of the board. They don't have to rise to the level of a chief executive officer for them to be implemented."

Meanwhile, BA has suspended the number two in the company, Commercial Director Martin George, and its Director of Communications Iain Burns.

And on Monday BA announced that the two men had resigned.

Virgin is being sued along with BA for price-fixing

The surcharges have hit consumers like Chris and Carolyn Wood, frequent travellers to the US on both Virgin and BA.

Four generations of the Woods, eight people in total, flew to visit relatives in Florida in September.

Chris paid for five members of his family to take this trip. He was shocked to find just how much was added to the price of his tickets to help airlines pay for taxes, airport fees and the rising cost of fuel.

Chris says: "I'd offered to pay for my mother-in-law as a special treat. I found that in terms of just my cost, which was my two boys, my wife, my mother in law, and myself, we'd got an extra seven hundred odd pounds or so".

'Dirty Tricks'

The current row is the latest chapter in a long history of bitter conflict between the two companies.

Jeff Randall, Editor-at-Large of the Daily Telegraph and former BBC Business Editor says: "This is yet another delicious chapter in a saga that's been going on the best part of twenty years."

If airlines are found to be guilty of price fixing then the consequences could be severe.

Pat Treacy, a competition lawyer for law firm Bristows, says "The legal worst case scenario for BA - the very worst thing that could possibly happen to a company under the law, is that it would be fined 10% of its global turnover."

BA's turnover is around £8bn, so the company could be fined £800m.

The class action lawyers are seeking yet more huge sums in compensation for customers whom, they allege, have been overcharged.

The Money Programme report is shown on BBC Two at 10pm on Monday 9 Ocotber.

Sanofi-Aventis Is Said To Be The Mystery Suitor For ImClone, And Icahn's Competitor (NYT)

By Andrew Ross Sorkin And Peter Edmonston

The New York Times, October 10, 2006

The European drug giant Sanofi-Aventis was the mystery bidder for the biotechnology company ImClone Systems last month, people involved in the transaction said yesterday.

Shares of ImClone soared last week after the company announced that Carl C. Icahn, who holds a stake of nearly 14 percent in the company, had scuttled a potential takeover offer of $36 a share from a "major international pharmaceutical company" last month.

The disclosure of a would-be suitor, which ImClone did not identify, became the latest point of contention in an escalating battle between Mr. Icahn and the company. Mr. Icahn said last week that ImClone was worth more than $36 a share "if it is run by competent people."

In trading yesterday, ImClone stock rose just over 1 percent, to $29.90, after Sanofi's identity was reported by DealBook, a Web log published by nytimes.com. ImClone licenses a patent for the cancer drug Erbitux from the Paris-based Sanofi-Aventis, one of the largest drug companies in the world.

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Sanofi's interest in ImClone suggested that the company was considering expansion in the United States and might indicate that it would look at other possible targets. The United States accounted for 35 percent of Sanofi's net sales in 2005, according to filings with the Securities and Exchange Commission.

Some analysts have said that Sanofi may be interested in Bristol-Myers Squibb, a company that has been seen as a potential takeover target since it ousted its chief executive, Peter R. Dolan, last month. Bristol markets Plavix, a best-selling drug used to fight blood clots, in partnership with Sanofi-Aventis. In a conference call with reporters last month, the chairman of Bristol-Myers, James D. Robinson III, declined to speculate on a possible sale of the company.

In Bristol-Myers, Sanofi or another acquirer would get a significant piece of ImClone. Bristol-Myers is ImClone's largest shareholder, with 17 percent. Bristol sells Erbitux in the United States and pays ImClone a royalty on these sales.

The emergence of Sanofi's interest may also give new life to ImClone's attempts to find a buyer. Earlier this year, ImClone put itself up for sale, but after a six-month search, the company announced in August that it would remain independent.

Calls to representatives of ImClone were not returned yesterday. Calls to Sanofi-Aventis were unsuccessful.

ImClone, meanwhile, continues to do battle with Mr. Icahn, who is known for trying to shake up companies that he thinks are underperforming.

Last month, ImClone shareholders voted Mr. Icahn and two allies onto the company's board. Since then, he has filed a proposal urging shareholders to remove 6 other members of the 12-member board and add one of his nominees.

In a proxy statement, ImClone has urged shareholders to reject Mr. Icahn's proposal, arguing that "a balanced board is better positioned than one dominated by Mr. Icahn."

Volkswagen Urges Scania And MAN To Reach An Amicable Deal (WSJ)

By Jason Singer And Christoph Rauwald And Stephen Power

The Wall Street Journal, October 10, 2006

An attempt to create Europe's largest truck maker through a €9.6 billion ($12.1 billion) acquisition of Scania AB of Sweden by MAN AG of Germany is being thrown back to the drawing board after Volkswagen AG Chief Executive Bernd Pischetsrieder said he wants both sides in the hostile battle to negotiate a new deal.

Mr. Pischetsrieder said in a conference call with analysts and investors that he supports the logic behind the recent hostile bid for Scania by MAN. Volkswagen is the largest shareholder in Scania and last week became the largest shareholder in MAN as well.

However, the Volkswagen CEO said that he wants negotiating teams from both sides to propose a new deal to replace the cash-and-stock bid made by MAN that was rejected by Scania as well as Volkswagen and Swedish investment firm Investor AB, Scania's second-largest shareholder. He suggested the teams take no longer than four weeks to reach a conclusion.

MAN's bid for Scania has drawn some of Europe's largest industrial companies into a bitter feud, where competing interests and rival corporate strategies have clashed. To gain an edge, Volkswagen last week made a surprise purchase of 15.06% of truck and diesel-engine maker MAN.

Mr. Pischetsrieder's conference call was the first time he has outlined his views since Volkswagen became the key shareholder in both the bidder and the target. He said his comments were made as Volkswagen's CEO and not as chairman of Scania, a position he also holds. He said he has recused himself from Scania board meetings because of his conflicting interests. Mr. Pischetsrieder refused to take questions from reporters during the call.

"We need the best solution, and at the end of the day the best solution has to be in the interests of the shareholders," Mr. Pischetsrieder said. "What kind of structure a new company or a merged company would have, I don't want to speculate on."

He declined to rule out a possible reverse bid by Scania to try to take over MAN, something that would allow Volkswagen to retain its super-voting shares in Scania. Mr. Pischetsrieder had said he would like to see the super-voting shares valued more highly than common. MAN's bid values all shares at the same level.

A combined MAN-Scania would be Europe's biggest maker of commercial vehicles by market share and No. 3 globally behind Volvo AB of Sweden and DaimlerChrysler AG of Germany.

Scania's other large shareholder, Investor, said yesterday it saw some industrial logic in a tie-up between the Swedish truck maker and MAN, and it was open to all options when it comes to Scania's future. The Swedish holding company, which is controlled by the Wallenberg family, had said it would support the deal that produces the highest value for its own shareholders.

Just prior to Mr. Pischetsrieder's conference call, MAN said in a statement that it would consider withdrawing its hostile bid in favor of friendly negotiations, if certain conditions were met. Mr. Pischetsrieder welcomed the move and said he wasn't aware of what those conditions were. A MAN spokesman declined to elaborate.

PNC To Buy Mercantile In $6B Deal (USAT/BLOOM)

DOJ_NMG_0077750

By Adrian Cox And Elizabeth Hester

USA Today, October 10, 2006

PNC Financial Services, Pennsylvania's biggest bank, on Monday announced it is buying Mercantile Bankshares for $6 billion, its second acquisition in the Washington metropolitan area.

PNC offered $47.24 a share for Mercantile, valuing the Baltimore-based company 28% above its Friday closing price. Pittsburgh-based PNC will pay $2.13 billion in cash and 52.5 million of its own shares.

Mercantile owns 11 community banks and a mortgage lender with 240 branches in the Mid-Atlantic region, giving PNC more companies and wealthy individuals to serve in a market where the median income is 35% higher than the U.S. average. PNC, which entered Washington last year with the purchase of Riggs National, will become the 10th-largest U.S. bank after adding Mercantile's $17 billion in assets.

PNC "paid a premium for a premium franchise," John McDonald, analyst at Banc of America Securities, wrote in a report to clients. "Mercantile has a strong franchise in an attractive and relatively faster growth footprint."

Mercantile customers have a median income of more than $69,000 a year, 18% higher than PNC's customers, the bank said in a presentation to investors. Population is expected to surge 10% in the next five years in the counties where Mercantile does business, vs. 2.1% for PNC's population base.

Mercantile is "the jewel that fits between our Washington, D.C., franchise and our Philadelphia and Delaware and New Jersey franchise," PNC CEO James Rohr said.

PNC expects the purchase to close in the first quarter of 2007, add to earnings per share in 2008, and generate about $100 million in cost savings.

Mercantile rose $8.16, or 22%, to $44.94 Monday. PNC is giving Mercantile shareholders 0.4184 PNC shares and $16.45 in cash for each share they own. PNC shares fell $3.20 to $70.40.

Mercantile CEO Edward Kelly, who will be a PNC vice chairman after the deal closes, has been expanding the lender in the Mid-Atlantic region. Mercantile agreed to buy Community Bank of Northern Virginia for $212 million in January 2005 and James Monroe Bancorp for $143 million this March.

PNC had a gain of about $1.6 billion from division BlackRock's purchase of Merrill Lynch's money-management unit last month. Rohr said in February that the bank would consider using the money for acquisitions.

The area that encompasses Washington and Arlington, Va., is the eighth-most populous in the USA with 5.28 million residents, and is the third-wealthiest in the nation with a median household income of $76,248. Its population is projected to expand 10.8% from 2005 to 2010, according to U.S. Census estimates, compared with 6.3% for the nation overall.

"PNC recognized that if it was going to jump in deeper into this Washington, D.C., Northern Virginia, Maryland market, it was going to be an expensive market to get into," says Gerard Cassidy, an analyst at RBC Capital Markets. "This is a Neiman Marcus market, not a K-Mart market, and as a result, you've got to pay Neiman Marcus prices, which is what they did here."

PNC Plans To Purchase Baltimore's Mercantile (WP)

By Terence O'hara, Washington Post Staff Writer

The Washington Post, October 10, 2006

PNC Financial Services Group Inc. said yesterday it would buy Maryland's largest independent bank, Mercantile Bankshares Corp., in a $6 billion deal that would make PNC the second-largest such institution in the state.

The purchase is Pittsburgh-based PNC's second major acquisition in the mid-Atlantic region. It bought scandal-plagued Riggs Bank for $652 million in May 2005.

Mercantile of Baltimore is the last independent commercial bank of substantial size in either Washington or Baltimore, and it is considered one of Maryland's leading business banks. It has a robust old-line trust business and 240 branches stretching from Hagerstown to Ocean City. "This puts us in some of the most affluent suburbs in Maryland," PNC chief executive James Rohr said.

Mercantile's banks operate under 11 different names in the state, such as Mercantile Potomac Bank in the Washington area, National Bank of Fredericksburg in Spotsylvania County and Fidelity Bank in Western Maryland. All those banks will be converted into PNC branches after the deal closes by March of next year.

The two companies did not say if the merger would result in any job losses as they seek to cut $108 million in overhead expenses. Rohr did say that branch closings would be minimal because there is very little overlap between PNC's existing branches here, mostly old Riggs branches concentrated in the city and close-in areas, and Mercantile's largely suburban and outer-suburban branch network. Rohr said most of the cost savings will be in back-office expenses, such as duplicative software vendor contracts.

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PNC is to pay Mercantile shareholders $2.1 billion in cash and about 52.5 million shares of PNC stock, which put the deal value at $47.24 a share, 28 percent higher than the closing price of Mercantile shares Friday. Mercantile stock rose 22 percent yesterday after the deal was announced, to close at $44.94, while PNC shares fell about 3.2 percent, to $70.40.

Friedman, Billings, Ramsey Group bank analyst Gary Townsend issued an "outperform" rating on PNC after the deal was announced, saying that while PNC was "paying a full price" for Mercantile, the long-term promise for the alliance is strong because of the growth prospects in the region. Washington in recent years has been one of the fastest-growing banking markets in the country in terms of the rate at which deposits are increasing and is central to the growth plans of most major East Coast banks that do business here.

Mercantile has long been known as one of the industry's most conservative banks, one that survived relatively untouched by the early 1990s commercial real estate crash and the subsequent decade of mega mergers when all of its main competitors went out of business or were sold to larger regional banks. Its strong base of business customers has made it one of the most consistently profitable banks because it pays less for deposits than many of its peers. Like all banks in the mid-Atlantic, it's biggest source of profit growth has been traditional small business and consumer banking as the region's economy and population boomed in the last 10 years.

"I think at the end of the day it was our retail banking franchise that most interested PNC," said Edward J. Kelly III, who has been chief executive of Mercantile since 2001 and is to become vice chairman of PNC's holding company, PNC Financial Service Group Inc., after the deal is completed in the first quarter of 2007.

Wall Street had been watching PNC closely since its $10 billion deal to sell part of its BlackRock Inc. wealth management unit to Merrill Lynch & Co. That put about $6 billion in cash on PNC's books and analysts expected PNC to go hunting for more mergers in its core banking business. Rohr said yesterday that PNC had wanted a bigger presence in the Washington-Baltimore market since the Riggs deal because the region was growing so fast.

"The BlackRock transaction gave us flexibility," Rohr said. "It's nice when plans come together."

Family Finance Investors Are Wary Of Buyout Offer For Cablevision (WSJ)

By Peter Grant

The Wall Street Journal, October 10, 2006

For New York's powerful Dolan family, the time appears ripe for its $7.9 billion bid to take Cablevision Systems Corp. private: The cable company has been beating most phone companies and satellite-television operators in the battle for video, phone and Internet customers.

That's also why the bid could fail. The Dolans have taken Cablevision shareholders on a financial roller-coaster ride over the years, and some institutional investors say they are reluctant to sell now that the outlook is brightening.

"I'm getting tired of management and private-equity firms trying to steal companies from underneath our noses, and I think this is another example of that," says John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares. "Shareholders have been asked to sit through a fairly fallow period of time. As things are beginning to look up, a lot of our upside is being taken away from us."

On Sunday, the Dolans -- who control 22.5% of the company's shares and hold 74% of the voting power -- offered $27 a share for all shares outstanding. Some investors contend the company's assets, which include a cable division servicing the New York City region, cable networks like AMC and the New York Knicks basketball team, would be valued at as much as $40 a share if sold separately. Shares closed yesterday at $26.50, up $2.57, or 11%, in 4 p.m. composite trading on the New York Stock Exchange.

After years in the doldrums, the stocks of Cablevision and other cable companies have performed better this year, and some investors predict that the gains will continue. The sector has been held back by investors' concerns about major capital-spending needs, competition from phone companies and new technologies for delivering TV programming over the Internet.

The Dolans have argued that Cablevision would be better off as a private company, which would allow it to make investment decisions without worrying about meeting quarterly earnings expectations. The cable industry sometimes requires large investments that cannot be recouped over the short-term.

In a letter Sunday to the company's board of directors, the Dolans described their offer price as "fair." They noted that it represented an 11.3% premium above Cablevision's 52-week closing high and a 14.9% premium to their unsuccessful 2005 offer for the company's cable division. A spokesman for the Dolans declined to comment further yesterday.

In buyouts and takeovers, investors are always eager to get higher prices, and they sometimes succeed. The fate of the Dolans' offer now rests with a special committee of Cablevision's board that consists of two independent directors, Thomas V. Reifenheiser, a retired banker, and retired Vice Admiral John R. Ryan. That was the same board committee that rejected the

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Dolans' earlier buyout offer, and the family has a better sense this time of how to appease them. A Cablevision spokesman said yesterday the two directors were unavailable for comment.

Investor griping about buyouts has intensified this year after the sales of several publicly traded companies generated quick profits for buyers. Earlier this year, for example, Fairmont Hotels & Resorts Inc. was acquired for $3.3 billion by Colony Capital LLC, a Los Angeles investment firm, and Saudi Prince Alwaleed bin Talal's Kingdom Hotels International. Fairmont recently announced the sale of seven hotels, far less than half of its portfolio, to a pension fund for $1.5 billion.

In recent years, the antics of the Dolan family have drawn far more attention than Cablevision's performance. Cablevision Chairman Charles F. Dolan and his son, Chief Executive James L. Dolan, fought openly and bitterly over the fate of Voom, a satellite television unit that the senior Mr. Dolan supported but that his son helped kill. The family also tussled with New York City Mayor Michael Bloomberg over a new stadium that was proposed for Manhattan, which would have competed with Cablevision's Madison Square Garden. Recently, the company was drawn into the federal investigation of options backdating, admitting that it gave backdated options to an executive after he died.

Along the way, Bethpage, N.Y.-based Cablevision quietly has become the envy of the cable industry, in part due to the efforts of Chief Operating Officer Thomas Rutledge. He has kept the company focused on the cutting edge of phone and video technology. That has helped Cablevision to add more than 60,000 subscribers, while many rival cable operators were losing subscribers to satellite-TV competitors. The company has signed up about one million Internet-phone-service customers since November 2003, making it the cable-industry leader in grabbing market share, according to analyst Aryeh Bourkoff of UBS AG.

"My clients would like to see the company stay public with Rutledge at the helm," says Mario Gabelli, chief executive of Gabelli Asset Management, one of Cablevision's largest shareholders. If that doesn't happen, he says, he would like other companies to be able to bid against the Dolans. Time Warner Inc.'s cable division, he says, has long been interested. Time Warner declined to comment on the matter.

Some investors think the offer will be accepted by the board committee, noting that it is higher than the buyout offer made by the family in June 2005, when adjusted for the $10-per-share dividend that Cablevision paid earlier this year.

Other investors don't like what they see. The offer, they note, values the company at $19 billion, including debt. The Knicks, the cable-TV networks and additional assets other than the main cable unit are worth as much as $5 billion, they contend. That doesn't include the potential profits from a plan to redevelop Madison Square Garden, which the company is pursuing with Vornado Realty Trust.

That leaves a valuation of about $14 billion for the cable unit, they say, which is less than nine times the unit's earnings before interest, taxes, depreciation, and amortization, or Ebitda, a common metric in the cable industry. By contrast, Comcast Corp., the country's largest cable operator, is trading at more than nine times Ebitda. Many cable analysts contend that Cablevision's systems are more valuable than Comcast's because their average subscribers spend more.

Shares of Cablevision rose sharply yesterday but remained below the offer price, a sign that some investors think the buyout offer will collapse. That's what happened to the family's buyout attempt 20 months ago, after a special committee of directors found the price inadequate.

Cablevision's prospects looked bleaker in the summer of 2002. It was facing a cash crunch stemming from the debt it took on to finance cable-network upgrades, a perennial burden for the cable industry. In a presentation to investors, James Dolan outlined his plan for dealing with the financial problems that some investors criticized as rambling and unconvincing. The stock was trading below $5 a share.

To deal with its liquidity problems, the company laid off thousands of workers and sold noncore assets such as its Bravo cable network. It increased cash flow by steadily adding cable and high-speed Internet subscribers. By mid-2003, Cablevision's stock was over $20 a share.

Mr. Rutledge was one of the architects of the turnaround. He had joined the company in early 2002 after losing out in a struggle over strategy at Time Warner's cable unit, where he was president. He had extensive experience with customer service, network construction and other operational basics.

Cable operators were losing hundreds of thousands of subscribers to satellite TV companies. Mr. Rutledge pushed Cablevision to upgrade its technology. The company stopped using an advanced yet expensive set-top box manufactured by Sony Corp., opting for a more widely used device made by Scientific Atlanta Inc., now a unit of Cisco Systems Inc.

Cablevision increased spending on expensive network upgrades necessary to offer customers digital cable and high-speed Internet connections. "I found it painful personally to lay people off," says Mr. Rutledge. "But we had to manage the capital expenses for upgrades and get new businesses rolled out rapidly."

Verizon Communications Inc. targeted Cablevision's affluent New York City region for its rollout of TV and ultra-high-speed Internet. Last year, after James Dolan got mail from Verizon advertising its broadband speeds, he demanded that Cablevision match it, which it did.

Mr. Rutledge became the face of Cablevision on trade-show panels and on analyst calls, where James Dolan mostly discussed Madison Square Garden. He meets with Mr. Dolan every Monday, he says, to discuss everything from new technology to trimming trees in ways that don't anger homeowners. Together, they devised the "triple play" marketing strategy for selling phone, TV and high-speed Internet service in one package, which has been mimicked by much of the cable industry.

The Dolans had decided in the late 1990s to concentrate on the New York City market and had sold off their systems outside of it. That made it less expensive for the company to introduce new technology because just three distribution points served all its customers. The concentration on one region also made it easier to roll out phone service. Mr. Rutledge says he and the Dolans planned to do this as early as 2002, but were delayed by the wait for advances in Internet technology. The company avoided using traditional circuit-switch technology, which is more expensive.

The new phone service and the triple-play pricing plan, which costs customers $89.95 a month, caught on with customers. More than 20% of the homes reached by Cablevision's networks now take phone service from the cable operator, and most of those take TV and Internet service as well. Marketing experts say it is more difficult for rivals like Verizon to poach subscribers to Cablevision's three-service package than it is for them to steal traditional cable customers.

Mr. Rutledge also helped devise Cablevision's strategy for offering customers a service for recording live TV for later viewing. Most cable companies offered customers devices for their homes. While Cablevision does too, it's been reluctant to embrace that route, because the devices can cost more than $350 each -- a cost that was passed on to customers in the form of monthly fees.

Earlier this year, Cablevision announced a plan to build a recording capability into its network. Households that signed up for the service would be able to record programs without adding any special equipment to their homes.

The strategy raised questions about whether Cablevision would violate copyrights of programmers. Major movie and TV producers have filed suit against Cablevision, which is holding up the launch of the technology.

Glaxo Agrees To Acquire CNS Inc. For $566 Million (Update4) (BLOOM)

By Andrea Gerlin

Bloomberg, October 10, 2006

Oct. 9 (Bloomberg) -- GlaxoSmithKline Plc, Europe's largest drugmaker, agreed to buy CNS Inc. for about $566 million to add Breathe Right nasal strips and FiberChoice dietary supplements to consumer health products including heart-burn reliever Tums.

Glaxo will pay $37.50 a share in cash for the Minneapolis- based company, or 31 percent more than the stock's closing price on Oct. 6, the London-based drugmaker said today in a Regulatory News Service statement. CNS shares jumped to their highest price in almost two decades.

The acquisition expands Glaxo's range of consumer health- care products, which already includes smoking cessation aids Nicoderm CQ and Commit, Panadol pain reliever, Abreva cold-sore treatment, and Aquafresh and Sensodyne toothpastes. Breathe Right products are sold in 27 countries, while FiberChoice supplements are available only in the U.S.

``This outstanding business provides a great global growth opportunity for GSK," John Clarke, president of GSK Consumer Healthcare, said in the statement. ``Its two major brands, Breathe Right and FiberChoice, fit with our growth strategy and are great additions to our portfolio."

Shares Rise

Shares of CNS rose $8.38, or 29 percent, to $36.94 at 12:42 p.m. New York time in Nasdaq Stock Market composite trading. That's the stock's biggest increase in five years and its highest value since 1987. Shares of Glaxo rose 9 pence, or 0.6 percent, to 1454 pence in London.

The acquisition sends a message about Glaxo's intentions, according to analyst Gbola Amusa of Sanford C. Bernstein Ltd. in London.

``There are some people in the market who would like to see Glaxo spin off its consumer health-care division," Amusa said in a telephone interview. ``The signal is that Glaxo is serious about staying in consumer health."

CNS's board began investigating selling the company at the end of last year when it undertook an annual review of strategic options, CNS Chief Executive Officer Marti Morfitt said on a conference call. The board unanimously agreed to recommend approving the transaction to shareholders, Morfitt said.

`Good for Business'

``We believe this merger is good for the business, our stockholders and our customers," Morfitt said. ``We believe this is an excellent opportunity to maximize value for CNS stockholders."

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The purchase is expected to be completed in early 2007, pending approval from CNS's shareholders and U.S. antitrust regulators, Glaxo said. The acquisition will have a neutral impact on earnings next year and a positive effect starting in 2008, Glaxo said.

Glaxo had sales of 21.66 billion pounds ($40.4 billion) in 2005, with almost $5 billion coming from consumer health-care products, according to the company's Web site. CNS had sales of $118.5 million in the 12 months ended June 30, an 18 percent increase from a year earlier, Glaxo said.

``It seems quite an expensive acquisition because they're paying $566 million for a business with sales of around $119 million," Max Herrmann, a health-care analyst at ING Financial Markets in London, said in a telephone interview. ``So they're paying quite a substantial multiple on sales."

GlaxoSmithKline Seeks Approval To Sell Cancer Drug (AP)

AP, October 10, 2006

GlaxoSmithKline PLC said Monday it is seeking regulatory approval to sell its breast cancer drug Tykerb - one of the most promising high earners in its pipeline of new medicines - in Europe.

Glaxo, Europe's largest drug maker, also revealed it has agreed to buy CNS Inc., the U.S.-based manufacturer of Breathe Right nasal strips and FiberChoice fiber supplements, for around $566 million. The company has dual U.S. headquarters in Research Triangle Park, N.C. and Philadelphia.

Glaxo has already lodged an application with the U.S. Food and Drug Administration to approve Tykerb. The FDA last month gave the drug so-called "fast track" status, which may lead to quicker approval.

Glaxo is applying to the European Medicines Agency to market the pill in Europe in combination with Roche Holding AG's chemotherapy treatment Xeloda, for the treatment of advanced breast cancer in women who have received other therapies.

The company said it hopes to launch Tykerb, also known as lapatinib ditosylate, in both markets next year, but declined to comment on its sales prospects. The drug is one of the most promising in Glaxo's pipeline - analysts say it could bring in revenue of more than $1 billion each year.

"A few people have been skeptical about Tykerb because they saw a limited market, but oncologists will vote with their prescribing pen when they see good data," said Mike Ward, an analyst at Nomura Code.

Ward added that the drug's use was likely to widen to earlier stages of breast cancer, increasing its sales prospects.

The findings of an international study on the drug presented earlier this year to the American Society of Clinical Oncology found that it delayed the growth of advanced breast cancer in women who had stopped responding to rival Roche Holding AG's drug Herceptin and were out of treatment options.

Patients who received Tykerb plus the chemotherapy drug Xeloda had no growth of their tumors for 8 1/2 months. That compares to 4 1/2 months for those given only Xeloda, according to the team led by Dr. Charles Geyer Jr. of Allegheny General Hospital in Pittsburgh.

Tykerb is a pill taken daily while Herceptin in given intravenously every month.

Glaxo said that there are more than 360,000 new cases of breast cancer diagnosed every year in Europe.

"We hope that lapatinib (Tykerb) will offer these patients a much needed effective alternative treatment," Paolo Paoletti, senior vice president of Glaxo's oncology medicine development center, said in a statement.

Glaxo said it aims to have filed for approval to sell Tykerb in Australia, Canada and a number of countries in Asia, Latin America and the Middle East by the end of the year.

In a separate announcement on CNS, Glaxo said it will pay $37.50 per share in cash for the company - a premium of 31 percent on CNS' stock price at the close of trade on Friday.

CNS President and Chief Executive Marti Morfitt said Monday the company picked Glaxo after reviewing multiple offers.

"We are a company that's been growing, with a good pipeline of future growth, two strong brands, and I think it is a great fit for what they're doing and what they're building," Morfitt said.

"Their scale and their resources really do create greater opportunity there," Morfitt said.

CNS reported sales of $118.5 million in the 12 months to June 2006, an 18 percent rise over the previous 12 months. About 85 percent of the company's current sales are in the U.S. The company has wanted to expand its sales outside the U.S., and that can happen faster through Glaxo.

Breathe Right-branded products are marketed in 27 countries. FiberChoice fiber supplements are marketed solely in the United States.

Morfitt said it's not yet clear where Minneapolis-based CNS will be based or who the management team will be after the acquisition. CNS employs about 70 people, most of them in Minnesota. The Breathe Right strips are made by a separate company in Tennessee.

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CNS has paid a licensing fee to the inventor of the Breathe Right strips, and that will continue after the sale, she said.

Glaxo said it expects to complete the purchase by early next year, dependent on shareholder approval and antitrust clearance.

"The opportunity for growth through geographic expansion and pipeline innovation make this acquisition an exciting prospect," said John Clarke, the president of GSK Consumer Healthcare.

Glaxo shares rose 1 percent to 14.60 pounds ($27.22) on the London Stock Exchange.

Citigroup Sets Sights On Overseas Banks (FT)

By David Wighton In New York And Peter Thal Larsen In London

Financial Times, October 9, 2006

Chuck Prince, chief executive of Citigroup, is targeting several banks outside the US for acquisitions as he speeds up his plan to reduce the world's biggest financial group's dependence on the slow-growing US market.

He wants to increase the proportion of Citigroup's earnings coming from outside the US from the current 45 per cent to 60 per cent in the next few years.

Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Mr Prince said he was expecting progress before the end of the year.

"The pipeline is filling up nicely," he said in an interview with the Financial Times.

When he became chief executive three years ago, Mr Prince said he wanted to shift Citigroup from its historic reliance on acquisitions under his predecessor, Sandy Weill, to a balance between acquisitions and organic growth.

But a series of regulatory problems resulted in the US Federal Reserve banning the company from doing big deals until it improved its internal controls. That restriction was lifted six months ago.

The Fed ban left Mr Prince dependent on internal growth and he has come under increasing criticism for slower-than-expected returns from Citigroup's stepped-up investment in branch openings and for the relatively sluggish stock price.

Prince Alwaleed bin Talal, the Saudi prince who owns a 4.3 per cent stake in Citigroup worth $10bn, told the Financial Times in July that costs were out of control and called for "draconian" measures to curb expenses.

Sandy Weill, who constructed Citigroup through a series of acquisitions in the 1990s and stepped down as chairman in April, has told friends he agrees with Prince Alwaleed's criticisms. "He says the cost discipline has been lost," one said.

In an interview with the FT, Mr Weill said he had raised concerns about costs with Mr Prince. "I think Chuck definitely feels the need to rein in costs as well as invest for the future."

But Mr Prince insisted he would not cut back on investment. "We are on the cusp of organic growth showing through."

Some large investors say Mr Prince will need to show better progress in the third-quarter results, announced next Thursday, and for the rest of the year or the board will come under pressure to make changes.

Executives have become frustrated with the bank's share price, which has placed a limit on its ability to pay for large deals with stock.

Hollywood Warned About Piracy (FT)

By Matthew Garrahan In Los Angeles

Financial Times, October 9, 2006

Hollywood studios must accelerate electronic distribution of their film content if they are to halt the rapid growth of digital piracy, which is projected to increase three-fold by 2015, Bain & Company has warned.

Digital film piracy currently costs Hollywood $2.3bn a year in lost revenues, equivalent to about 3 per cent of total international film industry revenues, according to Bain. However, the consultancy firm estimates digital piracy will represent at least 10 per cent of international film revenues by 2015, equivalent to almost $8bn a year if industry returns stay at existing levels.

David Sanderson, a partner in Bain's Los Angeles office and the head of the firm's global media and entertainment practice, said studios had to offer consumers the opportunity to buy their digital content legally if they were to stop piracy.

"The most important thing [the film industry] needs to do is give consumers a legal choice to buy content electronically," he said. "Studios have to keep looking at consumer needs to give them better alternatives [to buying illegal content]."

Failure to do this could lead to a repeat of the music industry's experience, when fast growth in illegal file sharing decimated record label returns, he added.

Mr Sanderson also indicated that release "windows" – the time between theatrical release, DVD and pay-TV sale – would have to be compressed if the studios were to beat digital pirates.

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The video-on-demand and DVD windows had already "collapsed", although making films available for digital download near, or shortly after, their theatrical release, "would have a big bearing on studio economics. Historically, windows have been a way to sell a piece of content as many times as you can."

One solution would be to sell a film digitally in a format that allowed the content to be played on multiple platforms, such as a PC, DVD player or hand-held device, and then charge consumers accordingly, he added.

"The studios have to figure out how the consumer is going to buy the content and move it around different devices."

The Bain warning comes amid a period of belt-tightening in Hollywood. Studios are increasingly bringing in financial partners, such as hedge funds and private equity firms to share the burden of escalating production costs.

Most studios have made their movies available for digital download on websites such as CinemaNow. However, these moves have had limited success. Walt Disney has enjoyed better results by making its content available on Apple's iTunes platform.

Rival studios are expected to follow next year, although concerns about the effect on DVD sales of downloading films continue to influence studios' thinking.

Danaher Is Close To Deal For Vision As Its Rivals Fade (WSJ)

By Dennis K. Berman

The Wall Street Journal, October 9, 2006

Industrial conglomerate Danaher Corp. late yesterday was on the verge of clinching a deal for Australian medical-technology concern Vision Systems Ltd. for about $595 million, or 3.75 Australian dollars ($2.79) a share, according to people familiar with the transaction.

Danaher's offer appears to trump rival bids from two other U.S. companies, Ventana Medical Systems Inc. and Cytyc Corp., which had in recent weeks been vying for Vision Systems. The board of the Melbourne, Australia, company was expected to recommend Danaher's proposal, which is expected to come in the form of a tender offer, people familiar with the matter said.

Danaher, Washington, D.C., is paying a full price for Vision, a maker of technical equipment and biological materials used in pathology laboratories. Vision is primarily engaged in the business of cancer detection, producing technical instruments and materials known as reagents used in tumor biopsies.

Ventana, for instance, had originally announced a deal two months ago that valued Vision at A$2.13 a share. Then Cytyc waded into the battle, eventually offering A$3.25 a share for the company, a price that seemed a knockout bid. But it turned out to be insufficient, given Danaher's offer and the company's overwhelming financial firepower against the smaller Cytyc.

Danaher is paying up for Vision, though, because it sees an opportunity in combining Vision with its Leica Microsystems Inc. business, whose lab equipment and high-powered microscopes are used in the same pathology labs as Vision's equipment. People familiar with the transaction said that Danaher will be able to sell laboratories a full grouping of the equipment, integrating it to improve the processing time for the biopsies and cell cultures that cycle through pathology labs.

The people close to the transaction say that the acquisition still fits into Danaher's overall acquisition framework, in which it aims to notch a double-digit return on invested capital within five years of the original purchase.

A Vision purchase would mark the latest in a long line of acquisitions for Danaher, which sports a $21 billion market capitalization. During 2005, the company reported revenue of $7.98 billion and net income of $907.7 million.

ENVIRONMENT:

Company Searching For Recalled Lettuce (WP/AP)

By Juliana Barbassa

The Washington Post, October 10, 2006

SAN FRANCISCO, Oct. 9 -- The company that recalled its lettuce after irrigation water tested positive for E. coli scrambled Monday to locate 250 remaining cartons of the greens, which could be scattered across seven Western states.

On Sunday, Nunes Co. recalled more than 8,500 cartons of green leaf lettuce grown on one farm in the Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak that killed three people and made 199 others sick.

By Monday morning, all but 250 cartons of the lettuce distributed under the Foxy brand between Oct. 3 and Oct. 6 had been located and were being destroyed, Nunes President Tom Nunes said.

The search continued for the remaining cartons, which Nunes said were believed to be in supermarkets or restaurants in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana.

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"If we can get it all back, I'll be a happy camper," Nunes said, emphasizing that the recall was precautionary since there had been no evidence of E. coli on the lettuce, or any reports of illnesses.

The U.S. Food and Drug Administration commended the company for its action.

"Clearly, the company did the right thing in terms of taking the proper approach in not putting the public at risk and initiating a voluntary recall," said David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition.

Acheson said the lettuce recall does not appear to be related to the contaminated-spinach outbreak.

E. Coli Worry Spreads To Lettuce; California Grower Issues Recall (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

SAN FRANCISCO, Oct. 8 (AP) — Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in the Salinas Valley in California, a popular brand of lettuce grown there was recalled on Sunday over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, said the president of the grower, the Nunes Company.

The recall comes amid warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause health risks.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company. The company has not found E. coli bacteria in the lettuce itself, Mr. Nunes said.

“We’re just reacting to a water test only,” he said. “We know there’s generic E. coli on it, but we’re not sure what that means.”

The recall covers green leaf lettuce sold from Oct. 3 to Oct. 6 under the Foxy brand in grocery stores in Arizona, California, Idaho, Montana, Nevada, Oregon and Washington. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

The lettuce was packaged as “Green Leaf 24 Count, waxed carton,” and “Green Leaf 18 Count, cellophane sleeve, returnable carton.” Packaging is stamped with the lot code 6SL0024.

Julie Zawisza, an F.D.A. spokeswoman, said the agency was aware of the voluntary recall but had no details. Mr. Nunes said the bacteria in the lettuce fields probably did not share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

The recall at Nunes, a family-owned business with more than 20,000 acres of cropland in Arizona and California, comes days after federal agents searched two Salinas Valley produce companies connected to the nationwide spinach scare.

Epidemiologists also warned consumers last week to stay away from some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently from botulism poisoning.

On Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses had been reported from consumption of the beef.

The outbreaks have sparked demands to create a new federal agency in charge of food safety. Senators Charles E. Schumer and Hillary Rodham Clinton, both New York Democrats, are sponsoring legislation written by Senator Richard J. Durbin, Democrat of Illinois, to create a unified Food Safety Agency.

The outbreaks have devastated the economy of the Salinas Valley, where farmers in the area began plowing spinach crops under and laying off workers last month.

Calif. Lettuce Recalled Over E. Coli Concerns (WP/AP)

By Rachel Konrad, Associated Press

The Washington Post, October 9, 2006

SAN FRANCISCO, Oct. 8 -- Less than a week after the Food and Drug Administration lifted its warning on fresh spinach grown in California's Salinas Valley, a popular brand of lettuce grown there has been recalled over concerns about E. coli contamination.

The lettuce does not appear to have caused any illnesses, the president of Salinas-based Nunes Co. said.

The lettuce scare follows other federal warnings that some brands of spinach, bottled carrot juice and recent shipments of beef could cause grave health risks -- including paralysis, respiratory failure and death.

Executives ordered the recall after learning that irrigation water may have been contaminated with E. coli, said Tom Nunes Jr., president of the company.

So far, company investigators have not found E. coli bacteria in the lettuce itself, Nunes stressed.

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"We're just reacting to a water test only. We know there's generic E. coli on it, but we're not sure what that means," he said. "We're being extra careful. This is precautionary."

The recall covers green leaf lettuce purchased in grocery stores Oct. 3-6 in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. It was also sold to distributors in those states who may have sold it to restaurants or institutions.

FDA spokeswoman Julie Zawisza said the agency is aware of the voluntary recall but had no details.

"As a standard course of action, we would expect the firm to identify the source of the contamination and take steps to . . . ensure that it doesn't happen again," Zawisza wrote in an e-mail.

It's unlikely, Nunes said, that the bacteria in the lettuce fields share the source of the E. coli found in spinach that has sickened nearly 200 people and has been linked to three deaths nationwide.

Pathogenic Escherichia coli bacteria, or E. coli, can proliferate in uncooked produce, raw milk, unpasteurized juice, contaminated water and meat. When consumed, it may cause diarrhea and bloody stools.

Although most healthy adults recover within a week without long-term side effects, some people may develop a form of kidney failure.

That illness is most likely to occur in young children, senior citizens and people with compromised immune systems. In extreme cases, it can lead to kidney damage or death.

Epidemiologists also warned consumers last week to avoid some bottled carrot juice after a Florida woman was paralyzed and three people in Georgia experienced respiratory failure, apparently because of botulism poisoning.

Also on Friday, an Iowa company announced that it was recalling 5,200 pounds of ground beef suspected of having E. coli. The government said no illnesses have been reported from consumption of the beef.

'Foxy' Brand Lettuce Recalled; E. Coli Feared (USAT)

By William M. Welch, Usa Today

USA Today, October 9, 2006

LOS ANGELES - A California company is voluntarily recalling its "Foxy" brand of lettuce because of fears of E. coli contamination in produce sold last week.

The move is the latest worry over tainted produce from the Salinas, Calif., area, coming less than a week after the Food and Drug Administration ended a national warning on spinach grown in the area.

FDA Assistant Commissioner Julie Zawisza said Sunday that the agency was aware of the lettuce recall, "and we are looking into it."

Green leaf lettuce sold to distributors in seven western states under the "Foxy" brand is being recalled, according to the producer, The Nunes Co.

The lettuce was distributed in Arizona, California, Nevada, Washington, Oregon, Idaho and Montana. No illnesses have been attributed to the lettuce thus far, said Tom Nunes Jr., president of the family-owned company.

All affected lettuce came from one farm and was shipped from the company's Salinas facilities Tuesday through Friday, he said.

Nunes called the recall a precaution ordered after the company discovered that water used to irrigate the lettuce crops had tested positive for E. coli bacteria in an initial test. "Samples of the recalled product are now being tested," he said.

E. coli can cause diarrheal illness and, in some patients, can lead to kidney damage and even death.

The lettuce was sold to stores and to distributors who may have resold it to restaurants. The produce were sold under lot code 6SL0024 and packaged as "Green Leaf 24 Count, waxed carton," and "Green Leaf 18 Count, cellophane sleeve, returnable carton."

Consumers who have purchased these products are urged to return it to the place of purchase for a full refund, said the company. Consumers with questions can reach the company at 1-800-695-5012.

Zawisza said the FDA was seeking to determine the scope of the problem.

"We would expect the firm to identify the source of the contamination and take steps to correct and prevent to ensure that it doesn't happen again," she said.

Outbreak Exposes Weakness In Food Chain (FWST)

By Libby Quaid

The Fort Worth Star-Telegram, October 10, 2006

WASHINGTON - The recent outbreak of E. coli in spinach from California exposed a weakness in the nation's food chain: A system that quickly delivers meat, fruits and vegetables to consumers just as easily can spread potentially deadly bacteria.

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Like most food, spinach travels from the field to a central facility where it mixes with spinach from other fields. If any is tainted, the threat to people is amplified as leaves are washed, dried, bagged and shipped throughout the country.

Within days of the first reported E. coli-related case on Aug. 30, illness from the tainted California spinach had spread to two dozen states. Nearly 200 people were sickened - one-third of them in the first 72 hours. Two elderly women and a 2-year-old boy died.

"When you open a bag of spinach, do you wonder how many different plants are in there, and how many different fields it came from?" said Dr. Robert Tauxe, chief of foodborne diseases at the federal Centers for Disease Control and Prevention.

"If something went wrong on any one of those fields ... one rotten apple spoils the whole barrel," Tauxe said.

It was the 20th time lettuce or spinach has been blamed for an outbreak of illness since 1995.

On Sunday, green leaf lettuce from the same growing area, California's Salinas Valley, was recalled in more than half a dozen states after Nunes Co. Inc. discovered possible E. coli contamination of irrigation water. The bacteria hasn't been found in the company's Foxy brand lettuce. No illnesses have been reported.

Food safety advocates are calling for stringent regulations, and they say a single agency should be in charge of making sure all food is safe.

"If you raise spinach in the Salinas Valley and it's in 40 states in a few days, you can't have a system that says we won't do anything until somebody gets sick," said Carol Tucker Foreman, director of food policy for Consumer Federation and a former USDA official.

"Because look how many people get sick before you can even know it," Foreman said.

The Food and Drug Administration has repeatedly told the entire industry to get the problem under control, but FDA does not have inspection or safety programs for produce like the Agriculture Department has for meat and poultry.

While the food system is vastly centralized, "what we don't have is a centralized agency that's really in charge of ensuring that the products are safe," said Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest.

An E. coli outbreak in 1993 was a painful demonstration of weakness in the highly centralized beef supply chain. Hundreds of people got sick and four children died after eating undercooked hamburgers from Jack in the Box restaurants.

The outbreak prompted the Agriculture Department to tighten safety standards and expand government testing. And in 1996, it replaced its old visual inspection with one that requires a scientific look at vulnerable places in the production chain and constant monitoring of those points.

Today, illnesses from E. coli are down 29 percent from when the government tracking system began a decade ago, although illness rates inched up from 2004 to 2005.

"It took a few years, but I think we have a really good handle on how to control this organism," said Randy Huffman, vice president of science for the American Meat Institute, an industry group.

The company at the center of the spinach crisis, Natural Selection Foods, has begun sampling every lot of greens and holding shipments until test results come back.

"Even if we nail this particular problem down to a certain point, I think it's really important to have that firewall in place, so no matter where it might come from, we feel like we can catch it," company spokeswoman Samantha Cabaluna said.

With beef, an important step was figuring out just how contamination happened in the first place. Government scientists discovered the primary source entered the slaughterhouse on the hides of cattle, and that it could transfer directly to the surface of the meat.

Solving that mystery may be more critical for lettuce and spinach because - unlike beef - much of leafy produce is eaten raw and not cooked to temperatures that will kill E. coli.

So far, no one has determined the cause of nine outbreaks, including the one from late August, in lettuce and spinach grown in Salinas, Calif.

In the spinach case, the FBI has searched processing plants for evidence of problems and state investigators are looking into contamination from manure, irrigation water or even workers relieving themselves in fields.

In addition, it is unknown exactly where E. coli lurks in spinach and lettuce plants. Research suggests the bacteria can get inside the stems and leaves, Tauxe said, adding that more research is needed.

It's unlikely whether FDA will ever know if the E. coli bacteria was on the surface of the tainted spinach or inside the greens themselves, because it was ground up for testing, Dr. David Acheson, chief medical officer in the FDA's Center for Food Safety and Applied Nutrition, told reporters Monday.

Tauxe said: "It took the meat industry some years to get a grip on how contamination was occurring during slaughter, and it will take some time for the produce industry to get a better handle on this."

Voluntary Lettuce Recall Creates More Worry For Farmers (NYT)

DOJ_NMG_0077760

By Jesse McKinley

The New York Times, October 10, 2006

SAN FRANCISCO, Oct. 9 — It is, in scope and severity, a fairly minor recall: about 8,500 cartons of lettuce, which may or may not have come into contact with irrigation water contaminated with E. coli bacteria. No one has gotten sick, the lettuce company involved emphasized, adding that the move was precautionary.

But for farmers in the Salinas Valley of California, already reeling from last month's deadly E. coli outbreak in spinach, the timing could not have been worse.

"It clearly has the potential to set back our effort to regain consumer confidence," said Bob Perkins, the executive director of the farm bureau in Monterey County, one of three counties to which the contaminated spinach was linked. "Right now, I don't know how the story is playing out with the general public, whether it's an example of another problem with the industry or it's an example of how the system works."

The voluntary recall of the lettuce, announced Sunday by the Nunes Company, based in Salinas, involved about 8,500 cartons of green leaf lettuce sold under the Foxy label. Tom Nunes Jr., the company's president, said Monday that only 250 cartons could have reached consumers and that those were believed to be in one of seven Western states: Arizona, California, Idaho, Montana, Nevada, Oregon or Washington. Mr. Nunes said the other cartons had been found and were being destroyed.

The recall was decided on, Mr. Nunes said, after a test of reservoir water at a single Salinas Valley farm that supplies the Nunes Company found "a dangerous concentration of generic E. coli." But he said there was no evidence yet that it was the potentially lethal strain E. coli O157:H7, which contaminated spinach last month, causing three deaths and sickening nearly 200.

"We don't know what kind of E. coli it is," said Mr. Nunes, who added that further test results on the E. coli were expected back Tuesday. "But it was enough to get our attention."

Federal health authorities commended the recall and said Monday that no illnesses had been linked to the Nunes Company's products or to the irrigation water. Finding very low levels of E. coli in water is not unusual, said Dr. David Acheson, chief medical officer of the Center for Food Safety and Applied Nutrition at the Food and Drug Administration.

Whether that will reassure customers or result in lettuce wilting at the salad bar remains to be seen. In downtown San Francisco, some delis posted signs informing customers that the shops were not using Foxy lettuce alongside notices that their spinach was safe.

Tina Lopez, an office worker at Washington Mutual here, said she was not worried about the salad she had just bought for lunch. "I figured if they had it out, it was probably O.K.," Ms. Lopez said. "If anything it's probably safer because they're scrutinizing everything."

That was exactly the kind of reaction farmers' groups were hoping for. Tim Chelling, a spokesman for Western Growers, which represents 3,000 farmers and shippers in California and Arizona, said the response to the lettuce recall had been more forceful than the one to the spinach.

"I've been hearing from everybody and their brother," Mr. Chelling said. "Everybody is communicating, trading information. People aren't stumbling around in the fields in shock, but very quickly trying to organize themselves as professionally and diligently as possible."

The lettuce recall is the latest in a series of food scares, including a recent recall of carrot juice linked to an outbreak of botulism in Georgia and Florida, and an Iowa company's recall of 5,200 pounds of ground beef thought to have been contaminated with E. coli.

And though the nationwide spinach warning has been lifted, the investigation continues. Last week, officials from the Federal Bureau of Investigation and the Office of Criminal Investigations at the F.D.A. searched two processing facilities in the Salinas Valley.

Even more than spinach, however, contaminated lettuce has long been a source of concern for health authorities. In August, the F.D.A. announced the Lettuce Safety Initiative, meant to address E. coli outbreaks in the past decade that had been linked to fields in the Salinas Valley, about 100 miles south of San Francisco.

Still, Dr. Acheson said that Americans safely consumed hundreds of thousands of pounds of leafy greens every year and that the recent outbreak tied to spinach was an agricultural anomaly.

"Every now and again something goes wrong," he said, "and the spinach example was one of the worst. Are we ever going to reach a point where we can say there is zero risk associated with fresh leafy greens? Probably not."

But food safety experts said the lettuce recall only affirmed the need for more governmental oversight of the fresh produce industry, and for the type of inspections that governed meat and poultry.

"There's no federal agency that deals with this," said Marion Nestle, a professor of nutrition, public health and food safety at New York University. "This falls through the cracks, and that needs to be fixed."

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That need is even more acute, Dr. Nestle said, because many vegetables are eaten raw. “You could cook spinach, but you don’t ever cook lettuce,” she said.

Dave Kranz, a spokesman for the California Farm Bureau Federation, said it was premature to estimate what kind of economic damage the lettuce recall might inflict on farmers already hit hard by the spinach scare. Although the government warning on that crop was lifted, Mr. Kranz said, many farmers are still on hold, “waiting to see how much demand there will be, and how soon.”

While the Salinas Valley has been the focus of the recent E. Coli investigations, the growing season is poised to shift south, and there, farmers are anxious.

“It’s a huge worry,” said Jack Vessey, a vegetable farmer in El Centro, about 500 miles south of Salinas. Mr. Vessey grows 20 winter crops at his 7,000-acre ranch and just seeded green leaf lettuce fields for the mid-November harvest. Now, however, he is having second thoughts.

“The consumer confidence has to come back,” Mr. Vessey said. “I’m putting seed in the ground. But I’m pretty much gambling on what I plant now.”

Renewable Energy Conference Will Revisit Bush's Energy Goals (KCS/AP)

By Cheryl Wittenauer, The Associated Press

The Kansas City Star, October 10, 2006

ST. LOUIS - A national renewable energy conference this week in St. Louis will revisit energy goals and strategies President Bush set out in his State of the Union address in January, when he proclaimed America "addicted to oil."

Bush is scheduled to address the conference, which starts Tuesday, just before the three-day conference at America's Center winds down Thursday.

"Advancing Renewable Energy: An American Rural Renaissance" is co-hosted by the U.S. departments of energy and agriculture.

The conference is billed as an opportunity to join the public and private sectors in accelerating the commercialization of renewable energy, while creating wealth opportunities for rural communities.

Bush's Advanced Energy Initiative, outlined in his State of the Union address, set a national goal of replacing 75 percent of U.S. oil imports from the Mideast by 2025.

He emphasized the need for more clean-energy research at the Energy Department to fast-track breakthroughs in how autos, homes and businesses are powered. The plan also called for additional funding to make "cellulosic ethanol" - a fuel made from agricultural waste products such as wood chips, stalks or weeds - cost-competitive by 2012.

Bush also called for investing more in zero-emission coal-fired plants, solar and wind technologies and clean, safe nuclear energy, and better batteries for hybrid and electric cars and hydrogen vehicles.

Speakers at the conference will include representatives of government - Department of Agriculture Secretary Mike Johanns and Department of Energy Secretary Samuel Bodman; renewable energy sources such as corn, soybeans and wind; financial investment in renewable energy; and environmental concerns.

On the sidelines of the conference Tuesday, DaimlerChrysler and the National Biodiesel Board will discuss new programs to promote clean diesel vehicles and the benefits of renewable biodiesel fuel.

Suspicion Surrounds Retreat In Gas Prices, Poll Finds (WP)

By Steven Mufson

The Washington Post, October 10, 2006

Gasoline prices are down about 75 cents in two months, but whether motorists will see further declines at the pump depends in part on whether the Organization of the Petroleum Exporting Countries can agree to cut production.

Members of the oil cartel have been negotiating to cut the group's output by 1 million barrels a day -- a move that could drive up oil prices and reverse the trend at the pumps. But most oil traders and experts doubt OPEC can achieve more than half the proposed reduction. A failure to cut output could keep supplies strong and oil and gas prices soft.

Pump prices -- now at a national average of $2.28 a gallon for regular unleaded -- already have fallen because of a slowdown in U.S. demand, a buildup in crude oil and gasoline inventories, the end of the summer driving season, a collapse in profit margins at oil refineries and a $17-a-barrel drop in crude oil prices since August.

"The supply was coming back, and I think consumers cut back on use," said Philip K. Verleger, an oil consultant. "The question is how far down it goes."

Though half a dozen countries have talked about production cuts, highly populated countries such as Iran, Nigeria and Venezuela are already producing well below capacity and their old quota levels, and face pressure to produce more because of

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heavy domestic-spending demands. Kuwait has not cut production since 1998. Saudi Arabia is reluctant to play the role of sole swing producer and has already trimmed output.

"We do not expect any significant production cuts by OPEC at prices above $45 a barrel, the new target price," Fadel Gheit, oil analyst at Oppenheimer & Co., said in a report to investors. Oil markets seemed to agree. The price of crude oil on the New York Mercantile Exchange closed yesterday at $59.96, up 20 cents.

While motorists have welcomed the drop in gasoline prices, a Washington Post-ABC News poll released yesterday showed that many Americans remain suspicious about the reasons for the recent decline and skeptical about whether it will last.

Three out of 10 Americans think the recent fall in gasoline prices is a result of domestic political factors, including White House and Republican Party efforts to influence the November elections. That's nearly as many as the 35 percent who attribute the recent price decline to market forces or supply and demand, according to the poll of 1,204 adults conducted from Thursday to Sunday.

The survey also showed that suspicions about the steep drop in gasoline prices over the past two months aren't limited to the nation's liberal strongholds. Sixteen percent of people who identified themselves as conservative Republicans, 26 percent of white evangelical Protestants and 29 percent of Southern residents think the plunge in prices is linked to the coming election or other political reasons.

Those beliefs may be blunting the positive impact President Bush and the GOP hoped to get from falling fuel prices. "I think the president's party is lowering the gas prices until the people think the economy is settling down, and then they will raise the price again, blaming it on the Arabs for raising the price on barrels of oil," one respondent said.

"As you may know, gasoline prices have fallen recently in many parts of the country," the survey said before asking: "What do you think is the main reason gas prices have gone down?" The top four answers: increased supply, Bush/GOP efforts to affect the November election, the "upcoming election" and "market forces."

A large number of people interviewed pointed to the absence of disruptive hurricanes or simply "supply and demand," while one respondent said prices were falling "because the gasoline companies got what they wanted, the big bucks; and if they continue there will probably be an investigation."

Gasoline experts said there were some signs that prices were stabilizing. The pace of declines in the prices charged by wholesalers was slowing, and there were some tiny wholesale price increases late last week in the Gulf of Mexico region, said Trilby Lundberg, editor of the Lundberg Survey.

Lundberg warned that the sharp drop in prices could spur a resumption of increases in U.S. gasoline consumption. She also said that the closure of refineries for maintenance, not unusual at this time of year, could lead to a decline in inventories.

"Some analysts expect to see a fairly large amount of refinery maintenance this month, which could lead to product inventories being drawn down a little bit more than normal," said last week's report by the Energy Department's Energy Information Administration. "Large volumes of product inventories are one of the many reasons cited for declining prices in recent weeks, and should they begin to be drawn down significantly, this could stop prices from falling further."

But Verleger said he expected prices to remain weak through Thanksgiving or longer. He said that much of the increase in gasoline prices this year was the result of logistical problems oil companies encountered in adapting new government regulations. The companies have had to reduce sulfur content in diesel fuels and begin to mix gasoline with ethanol instead of methyl tertiary butyl ether, an additive that once made up about 3 percent of the content of gasoline.

Illegal Dumps Alter Western Landscapes (USAT)

By Benjamin Spillman, Usa Today

USA Today, October 9, 2006

States' costs mount as trash mounds grow

They rise from the Western landscape, but they're not purple mountains.

They're heaping mounds of car parts, furniture, appliances and household trash dumped illegally onto public land in deserts, mountain ranges and streambeds.

The Bureau of Land Management (BLM) reports they're especially piling up across the American West, where burgeoning cities from Palm Springs, Calif., to Boise are spilling into once pristine landscapes.

“There is hardly a city in the West right now that isn't experiencing significant growth,” Felicia Probert, chief ranger of the BLM, said. “Typically, we haven't had the appropriation, the budget strength, to add rangers as these issues grow in the expanding West.”

Steve Kilpatrick, a BLM ranger in Las Vegas, one of the nation's fastest growing cities, said, “People are just going out to the desert and dumping stuff. I could take you in an area where there are boats, concrete … household trash.”

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In the 2005-06 fiscal year, the cost of cleaning up illegal dumps in the Las Vegas area has added up to $2.8 million, the agency reports.

In April, BLM used front-end loaders, dump trucks and volunteers to haul tons of trash from public land in Payette, Jerome, Ada and Madison counties in Idaho.

Karl Gebhardt, BLM environmental engineer, said a single incident of potentially hazardous material, such as an unidentified drum of liquid, can cost up to $10,000.

Gebhardt said the BLM in Idaho relies heavily on the public to report illegal dumping.

"This is their land. And people are trashing it," he said.

The agency has reported 6,482 illegal dumpsites since 2000, plus another 607 hazardous material cleanups. Most of those have been in the West.

Celia Boddington, spokeswoman for the agency, says it is difficult to come up with a comprehensive estimate of the cleanup cost because of differences in accounting procedures.

The agency figures don't include illegal dumping on private land, which also can cost taxpayers money.

In California alone, illegal dumping on private and public land costs at least $87 million annually, according to an ongoing survey of local governments. The estimate is based on the 61 of 415 city and county governments that have responded to the survey.

"People are really starting to realize what it means in California," said Ken Stuart, who is conducting the survey for the California Integrated Waste Management Board.

In addition to the cleanup cost, there is the threat to public health.

Illegal dumps support rodents and can catch fire and spew toxic smoke.

"Catching people with illegal dumping is just as good as catching people with drugs because of the community impact," said Sgt. George Lee of the Riverside County (Calif.) Sheriff's Department.

Cornering dumpers is difficult because dumping generally happens in remote areas, and proving guilt can require catching the culprit in the act.

In rural areas southeast of Palm Springs, two sheriff's deputies and a support staffer consider illegal dumping a big part of their beat.

On a recent day, the deputies pointed out illegal dumps that were among 20 the team had identified in a region known more for lush golf resorts than environmental hazards.

"There are obviously no residents, no reason to be back here," said Deputy Sean Dusek, at one site where piles of furniture, car parts and yard waste lined both sides of a dirt road.

"You can see the tire tracks. This is a hot dumpsite," Dusek said.

The deputies have experimented with hidden cameras, and they sift through trash piles for clues about the source.

They pick through household trash, construction debris, car batteries, appliances, furniture and landscaping waste for receipts, mail or anything else with a name.

If they identify a name, they find the person, sometimes write them a ticket and tell them to clean up the mess. A county ordinance also allows them to impound a suspect's car for 30 days.

In 2004, California passed a law that increased fines for commercial illegal dumping from $500 to a range between $1,000 and $3,000 for a first offense.

Dusek's partner, Deputy J.C. Garcia, looks at one of the dumpsites and suggests the punishment is justified.

"People come out here for the view. Then they have to look at this," he said.

Land Use Tops State Ballot Issues (WT)

By Joyce Howard Price

The Washington Times, October 10, 2006

State ballot measures to limit use of eminent domain, to bar same-sex "marriage" and to decide the fate of legislation passed in South Dakota outlawing nearly all abortions will be among those facing voters on Election Day, Nov. 7.

"The biggest issue this year is definitely property rights and land use," and voters in at least 11 states will consider measures that would bar governments from taking private property for another private use, said Jennie Drage Bowser, a policy analyst for the National Conference of State Legislatures (NCSL), which tracks ballot questions across the country.

The 11 states where voters will decide on property-rights measures are Arizona, California, Florida, Georgia, Idaho, Michigan, Nevada, New Hampshire, North Dakota, Oregon and South Carolina, said Larry Morandi, NCSL's group director for environment, energy and transportation.

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In a primary election Sept. 30, voters in a 12th state, Louisiana, approved a change in the state constitution that prohibits government from expanding eminent-domain power for economic development.

Mr. Morandi said four other states are seeking to prevent governments from engaging in a practice known as "regulatory taking," which restricts a landowner's ability to develop his property. The measures would require compensation for the loss of property value caused by such restrictions.

Mr. Morandi said three states -- Arizona, California and Idaho -- are seeking to combine limitations on regulatory taking with those on eminent domain. A measure in Washington state seeks only to restrict use of regulatory taking of property. Mr. Morandi said such cases typically involve land that adjoins wetlands or other environmentally sensitive tracts, and governments have a history of not paying when they seek to prevent development of property.

These ballot measures are repercussions from the U.S. Supreme Court's June 2005 ruling that governments' taking of private property for private economic-development projects qualifies as a "public use" under the Constitution. That ruling also said that states could set their own restrictions on using the power of eminent domain, and many have followed suit.

In the 2004 general election, ballot measures were dominated by efforts to prohibit same-sex "marriage." Twenty states have approved constitutional amendments banning such "marriages," and voters in eight more states -- Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will consider them on Nov. 7.

Colorado voters also will consider a rival ballot measure that would legalize "domestic partnerships" or civil unions between same-sex couples, even if the marriage amendment passes.

Amendment 44 on the Colorado ballot would legalize the possession and use of up to 1 ounce of marijuana by people 21 or older, as long as it does not occur in public. Question 7 on the Nevada ballot would allow people 21 or older to purchase, possess, use and transport up to 1 ounce of marijuana.

Among proposals to be considered on Election Day:

·A Colorado measure would set term limits for state Supreme Court justices and state appellate court judges.

·An initiative in Oregon would limit terms of state representatives to six years and of state senators to eight years and cut off legislative service after 14 years.

·Proposition 103 on the Arizona ballot would make English that state's official language.

·Three states -- Maine, Nebraska and Oregon -- will have ballot measures that would cap how much revenue the state is allowed to keep. The Maine proposal, for instance, would limit growth in state spending to increases in population and inflation and would require that 80 percent of the excess paid to the General Fund and Highway Fund budgets go toward a tax-relief fund.

·A measure on the Florida ballot would require 60 percent voter support for passage of state constitutional amendments. Currently, amendments can pass with simple majorities, Ms. Bowser said.

At least 204 measures will be on the ballots of 39 states, Ms. Bowser said, making this a "gigantic" year in terms of ballot measures.

A Multipronged Tussle Over The Fate Of Herds Living In An Island Park (NYT)

By Felicity Barringer

The New York Times, October 9, 2006

SANTA ROSA ISLAND, Calif., Oct. 3 — There are hunters who dream about places like this.

The game — unusually large Kaibab deer, Roosevelt elk that lope like thoroughbreds along the wind-scoured ridgelines — are trophy quality. All it takes to bag one is a 30-mile trip across the Santa Barbara Channel, a rifle, good aim, a minimum fee of about $8,000 and the existing agreement by the National Park Service to close 45,000 acres of parkland to the public, August through December.

Close a public park to make way for a private hunt? That is not the Park Service's preference. When it acquired Santa Rosa Island at the time the Channel Islands National Park was formed in 1986, it accepted a 25-year transition period during which the hunting would continue. It wants the animals off the island. The 1,150 deer and elk, park officials say, compromise the native ecosystem — by munching on seedlings of the rare island oaks, for instance.

An advocacy group, the National Parks Conservation Association, is also arguing against continuing to open parkland to private pursuits. Its late 1990's lawsuit ensured that the herd's 100-year history on the island would end. Starting in 2008, the herd was to be whittled down, either shipped out or shot. By 2011, it would be gone.

That was the deal until Representative Duncan Hunter came along. A powerful Congressional committee chairman who seems named, if not born, for this dispute, Mr. Hunter, Republican of California, believes the island's hunt must go on. But the Interior Department is not in his purview. The Defense Department is.

First, Mr. Hunter, the chairman of the House Armed Services Committee, suggested that military personnel and their guests should enjoy the hunt. Then he said it should continue for disabled veterans.

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Neither of these proposals went over. But last week the huge military authorization bill emerged from a House-Senate conference committee with a vestige of the chairman's original proposal, as inscrutable as the Cheshire cat's smile. No disabled veterans were mentioned. Not even the word "hunt."

But by forbidding the park service to "exterminate or nearly exterminate" the animals, Mr. Hunter ensured that, unless someone shipped them out, the deer and elk would remain.

At whose expense? Presumably the Park Service's, since the families that sold the island ranch to the government will have no more presence here after the transition period ends in 2011.

For whose benefit? That remains unclear. Mr. Hunter's office is circulating an approving letter from a three-year-old Nebraska group called the Wounded Warriors Project. (A more established group, the Paralyzed Veterans of America, declined after their representative reported that the island's steep hills and angular drainages were not wheelchair accessible.)

What is clear is who is pleased with the turn of events: largely the descendants of the Vail family, who are heirs to the assets of the Vail & Vickers ranching company, which sold the land to the Park Service. Tim Vail, one of three cousins who played host to a gathering of California ranchers on the island last week, said, "We would not like to see the slaughter of those animals."

Asked to describe the difference between the Park Service's elimination of the herd and the private hunting, which benefits his family, Mr. Vail said: "Slaughter is removing all the animals. Hunting is maintaining their health as a herd."

It is also clear who is deeply disappointed: the Park Service, the conservation association and Representative Lois Capps, a Democrat who represents Santa Barbara and Channel Islands National Park. For them, preserving the park means restoring the landscape that existed before sheep, cattle, deer and elk were introduced.

"Now, nonnative species have priority over native species that are going to go extinct," said Russell Gallipeau, the park's superintendent.

Yvonne Menard, the park's chief of interpretation, argues that the park's mission is to restore the island's original landscape. Ms. Menard recounts with zest the news that, for the first time in decades, a bald eagle hatched on Santa Rosa. Moments later, she bends down sadly over a well-nibbled island oak shoot.

The bones of a pygmy mammoth and Arlington Man — at 13,000 years the oldest human skeleton found in North America — are part of the island's history. The ranching and hunting legacy of the past 170 years is also uniquely valuable, she said, but not as current practice.

Under the new legislation, managing the deer and elk may well be part of the Park Service's job in five years. Practically, Mr. Gallipeau said, that means managing a hunt or paying the considerable costs of shipborne removal and taking on the burden of managing the skittish animals on the sometimes rough two-hour channel crossing.

The simplest management technique, shooting the animals en masse from helicopters, is forbidden by Mr. Hunter's legislation. The only simple alternative is some kind of traditional hunt — maybe something like the hunt now run by Vail & Vickers, although the Park Service has no budget for such activity.

Mr. Hunter said in an interview that, given that only 30,000 people a year visit any of the five islands in the park, accommodating some disabled veterans and their families a few weeks a year was not unreasonable. "We did this as a first step," he said.

Then, he said, he wants the Wounded Warriors group to put together a plan of use to suit their members. "You've got my commitment: I will never hunt there," Mr. Hunter said. "I only want disabled people who served their country in war. That won't ruin the day of these environmentalists whose freedom is guaranteed by their service."

The herds, he said, could be managed by the game management personnel at nearby mainland military bases.

Ms. Capps, who debated sharply with Mr. Hunter on the House floor the day the military authorization bill passed, said the chairman was showing "the arrogance of power" by including an amendment that could not be voted on in its own right.

"This is about what the park means to this country in terms of its values," she said, adding, "What if there were a hunting operation like this in Yosemite? The Grand Canyon?"

In the next Congress, Ms. Capps said, she plans to introduce legislation to undo Mr. Hunter's, assuming, as all parties do, that the Senate will follow the House and approve the military authorization bill when Congress reconvenes after the November election. Likewise, Mr. Hunter plans a follow-up to his bill.

The Vail descendants — the first cousins Tim Vail, Nita Vail and Will Woolley — say they believe that the Park Service goal of returning the island to its natural state is hopelessly utopian.

"They're trying to get it back to a period that never existed," Mr. Woolley said. Nita Vail added, "The reality is, any kind of ecosystem evolves."

Washington Wire (WSJ)

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WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony "Armitage, however, denies it" way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: "The real hell of life is that everyone has his reasons." Read the full column.

FBI/DEA/ATF/USMS:

F.B.I. Struggling To Reinvent Itself To Fight Terror (NYT)

By Scott Shane And Lowell Bergman

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Last February, top F.B.I. officers from across the nation gathered in a high-security auditorium for the latest plan to reinvent the crime-fighting agency to take on terrorism.

Philip Mudd, who had just joined the bureau from the rival Central Intelligence Agency, was pitching a program called Domain Management, designed to get agents to move beyond chasing criminal cases and start gathering intelligence.

Drawing on things like commercial marketing software and the National Security Agency's eavesdropping without warrants, the program is supposed to identify threats. Mr. Mudd displayed a map of the San Francisco area, pocked with data showing where Iranian immigrants were clustered — and where, he said, an F.B.I. squad was "hunting."

Some F.B.I. officials found Mr. Mudd's concept vague and the implied ethnic targeting troubling. How were they supposed to go "hunting" without colliding with the Constitution? Would the C.I.A. man, whom some mocked privately as Rasputin, take the

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bureau back to the domestic spying scandals of the 1960's? And why neglect promising cases to, in Mr. Mudd's words, "search for the unknown"?

The skepticism is just one sign of unfinished business at the bureau. Five years after the Sept. 11 attacks spurred a new mission, F.B.I. culture still respects door-kicking investigators more than deskbound analysts sifting through tidbits of data. The uneasy transition into a spy organization has prompted criticism from those who believe that the bureau cannot competently gather domestic intelligence, and others, including some insiders, who fear that it can.

Eight months after his talk, Mr. Mudd admits that some in the bureau do not accept his guiding premise: that arresting bad guys is sometimes less important than collecting intelligence to uncover the next terrorist plot.

"There's 31,000 employees in this organization and we're undergoing a sea-change," he said in an interview. "It's going to take a while for what is a high-end national security program to sink down to every officer."

The top counterterrorism job has turned over repeatedly — seven people in five years — filled mostly by veterans with little expertise on Islamist movements and terrorist networks. Many counterterrorism agents have minimal specialized training. A National Security Agency executive brought in to reshape the bureau's intelligence capabilities, Maureen Baginski, departed after clashing with F.B.I. old-timers. The intelligence units Ms. Baginski created in the 56 field offices lack clear instructions and some are "struggling," a recent Congressional study found.

And some bureau traditionalists believe that Mr. Mudd, too, will move on from his job as second in command of the bureau's new National Security Branch. "They'll just wait him out," a counterterrorism official said.

After interviewing more than 60 intelligence officials for a new book on counterterrorism, Amy Zegart, of the University of California, Los Angeles, reached a dismal verdict on the F.B.I.

"If you look at, for example, the four key ingredients for counterterrorism success — agents, analysts, managers and computers — the F.B.I. is struggling to get the basics right on all of them," Ms. Zegart said. "New agents still get more time for vacation than they do for counterterrorism training. Analysts are still treated as glorified secretaries."

In interviews by The New York Times and the Public Broadcasting System documentary series "Frontline," even critics acknowledged the sweeping structural changes at the bureau under Robert S. Mueller III, who took over as director a week before the Sept. 11 attacks.

The number of Joint Terrorism Task Forces, in which F.B.I. agents collaborate with state and local agencies, has ballooned to 101, from 35. The number of intelligence analysts has doubled to 2,161, and the number of linguists has doubled to 1,371. And the F.B.I. points out that there has been no new terrorist attack.

Mr. Mudd said agents were encouraged to postpone the arrest of a terrorism suspect until his ties to other operatives, financial supporters and foreign networks were fully understood.

"I don't want to take him down too quickly," he said. "I want to understand what we know and what we don't know. If we're focused solely on cases, I can't have confidence that we know what's going on."

But the drive to bring criminal charges often eclipses the intelligence imperative. In cases from Lodi, Calif., where a 23-year-old man was convicted this year of training in a terrorist camp in Pakistan, to Miami, where seven Haitian men are charged with waging war against the United States government, defendants who seemed nowhere near ready to mount an attack were arrested with a news media splash rather than quietly kept under surveillance.

Christopher D. Hamilton, who retired last year after 22 years at the F.B.I., half of it working on counterterrorism, said agents still believed that their careers would rise or fall on the cases they brought.

"Supervisors will say, 'Why don't you have any cases?' " said Mr. Hamilton, now at the Washington Institute for Near East Policy. "Cases are good for getting resources, good for publicity and good for morale."

Even a Los Angeles case that federal officials describe as the most operationally advanced of post-2001 plots uncovered in the United States appears to show a gap between public relations and reality.

In that case, three men are charged with committing robberies to raise money for jihadist attacks on synagogues and military recruiting stations, in what Director Mueller has described as a bid to create "Al Qaeda in California." Their actions are said to have been directed by Kevin James, who headed a Muslim group behind bars.

But agents checked on more than 100 prisoners with links to Mr. James and charged none. And though Mr. James has been portrayed as the mastermind, reporters for The New York Times and "Frontline" were repeatedly able to visit him in jail in Santa Ana, Calif. Such access is almost never granted to people accused of terrorism because the authorities fear that they could direct a plot from prison.

But if making arrests is no longer the top priority, many agents fear that an ill-defined quest for domestic intelligence is likely to lead to political trouble, as the hunt for Communists in the 1960's led to surveillance on the Rev. Dr. Martin Luther King Jr. and John Lennon. Michael Rolince, a veteran F.B.I. counterterrorism official who retired last year, said the attorney general's investigative guidelines, first imposed as a reform in 1976, "are absolutely necessary to keep F.B.I. agents out of trouble."

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But the guidelines, largely classified, have been loosened repeatedly in the last 30 years, most recently in 2003 to permit "threat assessments" without evidence of a crime. Officials say uncertainty in field offices about how the rules apply today has slowed the move to intelligence. They plan to issue new instructions to top agents from each field office this month.

Mr. Mudd said he knew that concern about civil liberties was "in the DNA" at the F.B.I., and he recently read a biography of J. Edgar Hoover, whose long tenure as director was marred by abuses, to recall the dangers of uncontrolled domestic spying.

Still, he said, "I do bristle a bit at people saying, 'You want to just go back to the 60's and 70's.' "

Intelligence on the terrorist threat involves not just spying, Mr. Mudd said, but also building a close relationship with leaders in Muslim communities.

To help agents and analysts distinguish genuine threats from routine Islamist rhetoric, the bureau has just doubled its basic training on counterterrorism to about 80 hours. Skeptics note, however, that more time is devoted to firearms training.

"The F.B.I. needs to follow the lead of the small group of agents who've made themselves experts," said Evan F. Kohlmann, a consultant to the bureau and Scotland Yard and author of a book and Web site devoted to Al Qaeda.

Mr. Kohlmann said the dozen agents who knew international terror networks best were rarely brought in on local cases.

Knowledgeable employees say Muslim agents number no more than a dozen of the bureau's 12,664 agents. (The bureau says it does not track employees by religion.) And an F.B.I. tradition that values leadership and personal connections more than specialized knowledge has resulted in counterterrorism bosses with minimal background.

"You need leadership. You don't need subject-matter expertise," said Gary M. Bald, whom Mr. Mueller named last year as the first head of the National Security Branch, admitting in a 2005 deposition that he knew little about Islam. Mr. Bald has since left for a security job with a cruise line.

The awkward tension between intelligence and prosecution was on vivid display in the Lodi case. The investigation began in late 2001 as an intelligence operation to size up two imams from Pakistan whom the authorities believed had ties to extremists.

After four years of surveillance, agents had found no evidence of terrorism-related crimes by the imams, who were deported to Pakistan. Instead, the government prosecuted Hamid Hayat, 23, who faces a maximum sentence of 39 years in prison for attending a terrorist training camp in Pakistan. His father, Umer Hayat, 48, is free after a mistrial and a guilty plea to making a false statement.

The Lodi case produced worldwide headlines about an "Al Qaeda cell" in California, and John D. Negroponte, the director of national intelligence, called it the prime example of a "homegrown jihadist cell" in Congressional testimony. But critics of the case, including several former agents, say it has serious and revealing shortcomings.

The informant in the case, a convenience store clerk who was paid more than $200,000 over four years in salary and expenses, could be heard on tape angrily ordering Hamid Hayat to seek terrorist training. His claim that he saw Ayman al-Zawahri, Al Qaeda's second in command, at the Lodi mosque in 1998 or 1999 was admitted by the government to be inaccurate.

The video of Hamid Hayat's confession showed agents prompting his answers and sometimes insisting on their own version. And his account of the camp bore no resemblance to that of his father, who said it was an underground facility where would-be terrorists dressed as "Ninja turtles" and practiced pole-vaulting.

The interrogation tapes so outraged James J. Wedick, who retired in 2004 after 35 years as an F.B.I. agent, that he worked for the defense without charge. "It's shameful, because I've never seen the department do this before," Mr. Wedick said.

The Hayats, he concluded, were saying whatever they thought the agents wanted to hear, and little effort was made to corroborate their confessions.

The case also raised questions about agents' familiarity with Islam, as some scholars say agents misinterpreted a scrap of paper with a Muslim prayer as a jihadist vow.

Finally, several other Pakistani Americans whom the Hayats said had visited terrorist camps have not been charged, suggesting that the F.B.I. does not believe at least some parts of the Hayats' confessions. The management of the case appears at odds with the new philosophy of following up all leads before any public charges are brought.

A lingering question in the Lodi case is the effect on Pakistanis in the area. Some mosque leaders who saw the Pakistani imams as militant interlopers are glad they are gone. But few believe that the Hayats ever posed a threat.

Taj Khan, a retired engineer and leader among the Pakistanis in Lodi, said the Hayats' experience had made residents more reluctant to cooperate with the F.B.I.

"Everybody's clear that as soon as they talk to the F.B.I.," Mr. Khan said, "they might be, you know, put in the slammer."

There is, he added, "not much trust at all."

Drew S. Parenti, the special agent in charge of the Sacramento office of the F.B.I., defended the case, saying, "Everything we did in this case was lawful, ethical, proper, was reviewed by a judge and was determined by a jury of peers to be sufficient evidence to sustain conviction."

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But Mr. Scott, the United States attorney, now says it was a mistake to label the case as a Qaeda plot.

"We probably, at the end of the day, should not have used that term," he said. "One of the biggest mistakes that we can make is to overhype these cases on the front end. And if it is a widely held perception out there that we did that in this case, then I regret that, because that was never our intent."

An Attorney's 23-Year Quest For An Ex-Beatle (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, October 10, 2006

Three years after John Lennon was assassinated, Morrison & Foerster partner Dan Marmalefsky launched a lawsuit against the Federal Bureau of Investigation to uncover the Nixon administration's plan to deport the famous Beatle.

Twenty-three years later, he's still digging.

A white-collar defense attorney in Los Angeles, Marmalefsky leads a team of three lawyers, pro bono, that represents a University of California, Irvine history professor, who, since 1983, has sought the release of FBI documents related to its surveillance of Lennon in the early 1970s.

What started out as a compelling freedom-of-information challenge for a young Yale Law School graduate more than two decades ago has become a career-spanning endeavor.

The case has outlived four presidential administrations, dozens of court appearances and, apparently, a film about the famous rock star, "The U.S. vs. John Lennon," in current release. His client, Jonathan Wiener, has chronicled the 23-year battle in the book "Gimme Some Truth: The John Lennon FBI Files," and was a consultant for the film, in which he appears.

A CAUTIONARY TALE

Marmalefsky, now 50, said that he and two other attorneys have spent thousands of hours on the ongoing case, which he asserts goes to the heart of governmental intrusion.

"It cautions us against the risk of allowing the government, without any checks and balances, to place ordinary people under surveillance," he said.

Much of Wiener v. FBI, No. CV-83-1720 (C.D. Calif.), settled in 1997 during the Clinton administration.

In 1991, the issue of whether the FBI had sufficiently detailed its reasons for nondisclosure went up to the 9th U.S. Circuit Court of Appeals. In that decision, Wiener v. FBI, 943 F.2d 972 (1991), the appeals court reversed the lower court and determined that the FBI's degree of specificity was not adequate.

Today, the parties continue to spar over a handful of remaining documents that U.S. District Judge Robert Takasugi in 2004 said the FBI must release. Government attorneys argue that releasing them could jeopardize the national security of an unnamed foreign government. Lennon was a British citizen.

Although attorneys for the U.S. Department of Justice have filed a notice of an appeal to Takasugi's decision, it remains uncertain whether the U.S. Office of the Solicitor General, which must authorize the government's pursuit of an appeal, will do so.

A spokesman for the Office of Solicitor General said that, so far, no authorization had been granted. He declined to comment further.

A GRASSROOTS THREAT

Lennon drew the Nixon administration's scrutiny because of his protests over the Vietnam war. Lennon's ability to rally grassroots support for his views prompted FBI agents to document his whereabouts and monitor his appearances.

Lennon, 40, was assassinated in 1980 in New York by Mark David Chapman.

Other attorneys representing Wiener are Mark Rosenbaum and Peter Eliasberg, with the American Civil Liberties Union in Los Angeles.

Since the case originally was filed, Marmalefsky has married and has a grown son. When he brought the suit in 1983, he was an associate at Hufstedler Miller Carlson & Beardsley in Los Angeles. Most of its attorneys, including Marmalefsky, joined Morrison & Foerster in 1995.

American University Washington College of Law professor Robert Vaughn, whose scholarship focuses on freedom-of-information issues, said that freedom-of-information disputes that go to litigation usually drag on a year or two.

"Twenty-three years is a very long time," he said.

Big Drug Smuggling Ring Busted (NADH)

Netherlands Antilles Daily Herald, October 10, 2006

56 indicted, 28 arrested, two here

PHILIPSBURG--Twenty-eight persons, including a man from Holland and one from the Dominican Republic who resided here in St. Maarten, were arrested over the weekend in connection with a multimillion-dollar international drug-smuggling and money-laundering operation.

Prosecutor Johan de Vrieze said Sunday the drug-smuggling and money-laundering operation spanned seven countries, including St. Maarten, the United States and Puerto Rico.

De Vrieze also disclosed that detectives of the Kingdom Detective Cooperation Team RST had played a vital role in exposing the mastermind behind the operation, as a result of which some 56 indictments have been issued for persons involved, 28 of whom have already been arrested.

The Dutch national De G. was the first of the two persons arrested here. He was held Friday afternoon and the second suspect M.V. was held on Saturday as he was attempting to leave the island for Puerto Rico.

According to De Vrieze these two coordinated the transhipment of drugs through St. Maarten in collaboration with their Colombian counterparts who organised the delivery using six speedboats that have been confiscated.

Millions of dollars identified by the authorities as being laundered and drug money have also been confiscated from several US and offshore bank accounts.

In addition, the authorities have confiscated about 1,900 kilos of cocaine so far.

De Vrieze explained that RST detectives had stumbled on some information earlier this year that they had followed. The information led them to several groups that appeared at first to be independent operations, but which they later learnt were linked.

The authorities were also able to get detailed information through wire taps that allowed US Drug Enforcement Agency (DEA) officers to infiltrate the organisation and identify key role-players, including one Lewis Penia Pereira who was also charged with kidnapping.

Pereira is believed to have orchestrated the kidnapping of a US citizen for whose release he demanded US $5 million in ransom. The victim managed to escape unharmed.

Giving additional details about the busted operation, De Vrieze explained that millions of dollars in drugs had been shipped from South America to Santo Domingo and then to the United States using St. Maarten as a transhipment island.

It seems that the cartel used a method called “the black market peso exchange” to “wash” their ill-gotten gains. They would exchange the money, or make investments with very little if any profit margins, as their prime concern was the return of funds through a legal channel.

The countries involved in the illegal operation were the USA, Puerto Rico, Colombia, St. Maarten, the United States Virgin Islands, the British Virgin Islands, and the Dominican Republic.

Arrests Made In Colombia Drug Case (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 10, 2006

WASHINGTON -- Twenty-seven people were arrested Friday on drug smuggling and money laundering charges linked to a Colombian cocaine operation that kidnapped an undercover U.S. agent last year.

The arrests in New York, New Jersey, Puerto Rico, Colombia, St. Maarten and the Dominican Republic are among 56 indicted as part of international anti-drug investigations called "Operation Green Traketon" and "Operation Watusi."

An undercover agent for U.S. Immigration and Customs Enforcement, whose identify has not been disclosed, was kidnapped and held for a half-day, at times with a gun stuck in his mouth, authorities said.

The drug ring's leaders initially demanded a $2 million ransom but then chose to release him after they realized he was a U.S. government agent.

The Dec. 14 kidnapping had not been previously disclosed. It was announced by the Justice Department on Friday.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents," said Julie Myers, the assistant secretary at the Homeland Security Department. "In this case, our agent was fortunate to escape with his life," said Myers, who heads Immigration and Customs Enforcement.

Twenty-nine suspects were still at large late Friday. Among them is Luis Alberto Pena-Pena, a leader of the drug operation who ordered the agent's kidnapping from his hotel in Medellin, Colombia.

The agent had infiltrated the drug ring, which was smuggling cocaine from Colombia through Caribbean islands and Puerto Rico to the United States. Authorities said he was kidnapped, handcuffed and threatened with murder the morning after a conversation with Pena-Pena.

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Authorities said Pena-Pena blamed the agent for the loss of 200 kilograms of cocaine that law enforcement officers in Puerto Rico had seized in July 2005. Pena-Pena also berated the agent, who had been taken to a ranch in Medellin, over several money seizures in Puerto Rico, officials said.

Meanwhile, immigration agents in Puerto Rico learned their colleague had been kidnapped and that Pena-Pena's organization was demanding $2 million for his release. That touched off frantic plans to rescue the agent, involving the FBI, the DEA and the U.S. Embassy in Bogota.

Before a rescue could be attempted, one of Pena-Pena's lieutenants found the agent's U.S. law enforcement credentials and badge in his abandoned hotel room and alerted the drug ring leader, officials said.

The agent was released shortly afterward, presumably because Pena-Pena and his confederates believed "killing a U.S. federal agent would've brought more attention to them than they wanted," said Immigration and Customs Enforcement spokesman Dean Boyd.

The indictments announced Friday were part of an ongoing investigation of drug and money laundering trafficking between Colombia and the United States.

So far, the investigation has resulted in the seizure of numerous foreign and domestic bank accounts with values totaling $3.1 million and an estimated 1,900 kilograms of cocaine.

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On the Net:

Justice Department: http://www.usdoj.gov/

U.S. Immigration and Customs Enforcement: http://www.ice.gov/

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

Arrest 3 Dominicans In Breakup Of A Major Drug Ring (DOMT)

Dominican Today, October 10, 2006

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SANTO DOMINGO. - The National Drugs Control Agency (DNCD) assisted by authorities in 6 countries captured three Dominicans implicated in a powerful international network that introduced large shipments of cocaine to the United States, and which used Puerto Rico as springboard for its operations.

The international operation leading to the arrests included the U.S., Colombia, Saint Martin and Dominican Republic, helped by the DEA, to end the illicit maneuvers capturing 33 of 56 narcotics traffickers, including the Dominican-born Ramirez Santana Leon, Toribio Jiménez and Woady Audry Lopez.

DNCD president Rafael Ramirez made the announcement this morning. "The arrest of those individuals was possible because of follow-up given for more than one year, jointly with the DEA (the U.S. Drugs Enforcement Administration) on these for being linked to the network that introduced thousands of kilos of cocaine to the United States," through Puerto Rico, he said

He said that for 6 months simultaneous operations were conducted in the U.S. Virgin Islands, Puerto Rico, Saint Martin and Dominican Republic, as well as in British possessions in the Caribbean, with the arrests of more than 50 narcotics traffickers, which used speedboats to take drug shipments to the neighboring island, from were they were sent to different points of the American territory.

From the members of the international ring were seized 1,900 kilos of cocaine, US$3 million, 6 boats and 131 large bank accounts with high sums in dollars were frozen, in just one operation. They will face charges of conspiracy, drugs distribution and import, in addition to money laundering.

The Dominican detainees, who in the next hours will be given in extradition, were part of that band which directed and controlled the transport of cocaine to the U.S., coming from Colombia, task in which also used light boats, according to the investigation that culminated in the arrest of the fugitives. They face several charges in a San Juan Federal Court.

DNCD spokesman Roberto Lebrón said that from the exchange of information "we are convinced that those three individuals are the ringleaders in the country of that network of narcotics traffickers," which are being held in the DNCD compound. The arrests took place simultaneously in La Romana, Santiago and Puerto Plata, cities where the Agency's special units went to capture them.

Lopez, detained in Santiago, had in his possession 8 cellphones, a pistol, two luxury SUVs, and several deeds of properties worth millions, whereas Jiménez was arrested in his vehicle in La Romana, and was carrying a pistol. In his house there were two nautical charts and several rental contracts of buildings located in the Bayahibe resort area.

For his part, Santana de Leon, arrested in front of a restaurant in Puerto Plata's Malecon, had a pistol, among other personal documents.

"These three people will be extradited to the U.S.A. so that they face charges of drug shipments occupied in that country," Lebron said.

A federal Prosecutor in Puerto Rico, Rosa Emilia Rodriguez, and the Police confirmed that the ring was directed in Colombia by Gregorio González (El Flaco), who is under arrest in Bogota and would be extradited to the U.S.A.

Another ringleader is also the Colombian Luis Peña Peña.

Of the arrests 18 were conducted in San Juan, Puerto Rico, where the network had its operations center and 3 in Santo Domingo.

Up In Smoke (TRACYP)

By Written By Phil Hayworth

Tracy Press, October 10, 2006

Tracy joins the rank of NorCal towns with major marijuana busts, as four men are arrested for turning local houses into high-end pot farms.

Gutierrez/Tracy Press - CAUGHT:Three people were arrested at this house on Deer Run Lane this week for allegedly growing marijuana inside the house. Two other houses were also targeted by law enforcement for illegal drug activity.

Tracy police busted three sophisticated indoor marijuana growing operations this week, complete with grow lights, automatic watering systems, climate controls and ventilation systems.

The homes were nestled among some of Tracy's priciest and newest homes — and just yards from playgrounds packed with children.

"And at this point, we suspect there are more in Tracy," said Sgt. Mark Duxbury of the Tracy Police Department's Street Crimes Unit.

Investigators think the pot houses could be linked to a regional, organized pot-growing syndicate stretching from Sacramento to Tracy.

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At dusk Tuesday and Wednesday, detectives from the Tracy Police Department's Street Crimes Unit swooped in on three homes in the neighborhoods of Glenbriar Circle, Whispering Wind Drive and Deer Run Lane, netting 666 marijuana plants and thousands of dollars in loose cash.

Four men were arrested and booked into the San Joaquin County Jail in French Camp for conspiracy, cultivation of marijuana and possession of marijuana for sale.

"Just based on the plants' sizes, they were growing for at least two months," Duxbury said. "The quality of the plant was very impressive, actually — well-groomed, well-maintained, to the point where they had maximum buds."

He said many of the plants were only weeks from harvest.

County officials generally estimate that a single pot plant can be worth up to $6,000 in harvested marijuana. That puts the haul from the Tracy busts at just under $4 million.

Sold on the street, potent pot can bring anywhere from $650 to $900 an ounce, Duxbury said.

Tracy police are investigating whether the Tracy operations are connected to 41 other home-based pot operations busted from late June through late September in Sacramento, Elk Grove and Stockton.

"It was so obvious," said a Deer Run neighbor. "The windows were all blacked out and they had water hoses coming out their front doors out onto the lawn."

The neighbor, who wished to remain anonymous, said that Tracy police knew about the pot operation and figured police were biding their time until they could make physical arrests, not just seizing plants.

The first house hit by police Tuesday evening was a new house in the 1600 block of Whispering Wind, where 260 plants were recovered and a 2006 Chevrolet panel van was seized.

The second search warrant, executed on the 400 block of Glenbriar Circle, turned up 249 plants and about $1,000 in cash. A 2004 Audi was also seized. Wathanack Suon, 23, of Tracy, was arrested there and booked into county jail for the cultivation of marijuana, possession of marijuana for sale, and theft of utilities.

The third search warrant was executed on the 1500 block of Deer Run Lane where 157 plants were recovered and a Honda Civic was seized. Tung Nguyen, 30, of San Jose, was arrested inside of the residence; Christopher Truong, 18, of Sunnyvale and Hiep Tran, 19, of San Jose, were arrested after they fled the residence on foot and were located while hiding in nearby yards.

Nguyen, Truong and Tran were booked into San Joaquin County Jail for conspiracy, cultivation of marijuana and possession of marijuana for sale. Nguyen was also charged with violation of parole.

Tracy detectives are working with investigators from neighboring jurisdictions and agents from the Drug Enforcement Agency. A DEA agent from Sacramento told local media last month that recent growing operations were the most organized crime syndicate ever investigated in this area.

The past two months, eight people have been arrested and more than a thousand pounds of marijuana have been seized from the houses in Stockton, Elk Grove and the Natomas area of Sacramento.

Meth arrest

In a separate incident, Street Crimes detectives arrested 45-year-old Alfred Santana on Sept. 29 for possession of a half-pound of methamphetamine at his home in the 300 block of Yosemite. Street value of the drug was about $10,000, Duxbury said.

Detectives also seized $2,655 in cash and Santana's methamphetamine price sheet. Santana was booked into county jail for possession of a controlled substance for sale and for committing a felony while out of custody on a pending felony matter. He is being held on $1 million bail.

It was the third time in a year that Street Crimes detectives arrested Santana while possessing more than a half-pound of methamphetamine during each incident.

Medical Pot Has Cities In A Bind (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, October 10, 2006

As Norco Mayor Pro Tem Harvey Sullivan voted for a 45-day moratorium on medical-marijuana dispensaries this month, it was with mixed emotions.

Sullivan is battling prostate cancer. More than ever, he understands the pain that drives patients to cannabis for relief. At the same time, he leads a city battling to deal with the drug and alcohol abuse that has led to an increase in traffic fatalities -- particularly among youths. Conflicting state and federal laws on the legality of medical-marijuana use further complicate the matter for city leaders.

"I'm not sure what to think," he said. "I could go either way."

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His dilemma is not unique. It's playing out throughout the region and the state.

Last week, Riverside County supervisors imposed a ban on marijuana dispensaries in unincorporated areas and joined other counties such as San Bernardino, Merced and San Diego in a court challenge of state medical-marijuana laws. California voters approved marijuana use for medical purposes in 1996, but it is still illegal at the federal level. The federal government has not determined that marijuana serves a medical purpose and views it as a "gateway drug," enticing users to harder drugs.

District Attorney Grover Trask has said he won't prosecute patients who use marijuana in accordance with state laws. A handful of Inland cities, including Palm Desert and Palm Springs, are considering ordinances to restrict or regulate cannabis distribution. Other cities such as Corona have already enacted moratoriums and have gone so far as to seek a restraining order against a dispensary within the city.

"The state has mandated cities and counties to find a way for it to be distributed without having illegal drug houses," Sullivan said. "The people voted on it. Now we need to find the right way for it to be dispensed under a doctor's supervision. I'd rather see it sold somewhere like Sav-on than some tattoo parlor on the corner."

No one has currently sought a business license for a dispensary or cannabis co-op in Norco, but city officials hope to establish guidelines before one tries to come in.

Cities were looking to the county to establish regulations they could also adopt, but now that the county is challenging the state, the cities are left on their own to figure it out, said Ryan Michaels, of Inland Empire Patient Advocates. The group has worked with several Inland cities on ordinances that regulate while protecting patient rights.

Michaels is also the director of Healing Nations Collective, a Corona medical-marijuana dispensary fighting the city in court to stay open.

A lot of cities don't even know it's legal for patients with a medical-marijuana prescription to grow their own cannabis, he said. Michaels wants cities to encourage open communication between law enforcement and dispensaries. He advocates requiring business licenses for co-ops with seven or more members.

However, city leaders fear that such places attract crime, are difficult to regulate and are vulnerable to abuse.

Last week local authorities working with the federal Drug Enforcement Administration raided a medical-marijuana dispensary and seized drugs and cash as part of an investigation into illegal distribution linked to Palm Springs Caregivers.

Norco resident Pat Overstreet said she has trouble accepting the idea of medicinal-marijuana distribution because of the potential for abuse.

"As a (registered nurse), I know there are some situations where marijuana will help people with acute pain and nausea," she said. "But the potential for abuse is truly what's so scary about this."

$58,000 A Quarter For Electricity? (TIMESO)

By LA Notebook By Chris Ayres

Times Online, October 10, 2006

Stone me, now I remember why . . .

THE SMELL was musty and sour, enough to make your eyes water. “I think there might be a skunk in here,” I said, trying not to breathe.

“Not quite,” coughed the owner of the office building in which I was considering renting a cubicle. “We have the other kind of skunk here: marijuana. The medical stuff.” There was a long, pungent silence. Before I could ask for urgent clarification, my future landlord cut me off: “There’s a licensed dispensary on the floor below. Don’t worry: it’s completely legal. You might enjoy the odour after a while.” I took the cubicle.

And so, for a few relaxed, hungry, and generally unproductive months, my workspace was directly above one of LA’s hundred or so medical marijuana dispensaries, also known as clinics or “clubs”.

It has been exactly ten years since California made it legal for individuals to grow and use marijuana for medicinal purposes, thus creating the dubious legal no man’s land in which the dispensaries are tolerated. Owners of these outlets argue that growing pot plants (not to be confused with potted plants) is a difficult business, and that their 150,000 or so customers, many of them with terminal cancer, have little energy for horticulture.

Nevertheless, they’ve demonstrated considerable savvy in their marketing of the weed, such as marijuana-laced snacks and drinks with strangely familiar brand names: Pot Tarts, Munchy Way, Toka-Cola, Stoney Rancher. Not everyone believes they are in it entirely to help the infirm.

The problem, of course, is that while California might be all funky and liberal on this issue (Governor Arnold Schwarzenegger used to smoke marijuana openly before going to the gym) the Feds are not. This has created a tricky state-federal stand-off in which the Drug Enforcement Administration has raided five dispensaries in the past fortnight, bringing the total number of busts this year to more than thirty. In an uncanny parallel with the popular TV sitcom Weeds (the protagonist is a

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dazed suburban mum who sells pot to maintain her Land Rover lifestyle), one of these raids took place at a house in the posh San Francisco suburb of Elk Grove.

Outside, the house looked like any other suburban box. Inside, it had been gutted to make way for an indoor pot farm: the skunk odour was vented and filtered in the attic, while electricity for the grow-lights was tapped illegally from the grid. The latter strategy was necessary because the Feds are often made suspicious by humungous electricity bills (another growhouse was raided last week after a quarterly meter reading showed that $58,000 was due).

It's tempting to see all this as a typical case of the Bush Administration versus the Left Coast. But predictions of a culture war are probably overdone. California's pot clubs have resulted in virtually zero extra demand overall for the drug. According to the Government's 2005 national survey on drug use and health, about 8 per cent of Americans aged 12 or older use illegal drugs, a figure that has remained unchanged over recent years. Meanwhile, the use of marijuana among kids between 12 and 17 is actually falling. Sociologists need only watch Weeds to see why: pot smokers are middle-aged; sometimes beyond middle-aged. Stoners are the new real ale bores. Marijuana is so inoffensive, you can find copies of High Times magazine in your dentist's waiting room.

Here's my theory: even conservatives now accept the theory that brain chemistry can be altered by just about anything, from a three-mile run to a slice of chocolate cake. And as the wealth, leisure time and age of the US population grows, so too does the desire to tinker with that chemistry, especially if it can make life more pleasant.

Aldous Huxley predicted all this in Brave New World, in which it was "soma" that kept everyone feeling hunky-dory. So why the raids by the Feds, or the lawsuits by certain counties to overturn California's liberal policy? The former is a case of going after the most obnoxious profiteers (one dispensary was making $2 million a year). The latter is usually a simple case of Not In My Back Yard.

Which brings me back to that cubicle I rented. I've never found much appeal in marijuana, so the novelty of the stink wore off quickly. I didn't stay long. Does that make me a Nimby? I like to think not. The People of California can get as baked as they want in my back yard.

But please, not under my desk.

Med Marijuana Moratorium Will Stay In Palm Springs, Dispensary Open (PSDS)

The Desert Sun, October 10, 2006

Springs Caregivers, the medical marijuana dispensary located next to Toucan's in North Palm Springs, is back open today after being closed by a Drug Enforcement Administration raid earlier this week.

About 30 medical marijuana activists and patients attended a Medical Marijuana Task Force meeting this evening at city hall to voice their support for continued access to the drug legalized for medical use in California in 1996 by Proposition 215.

Palm Springs Caregivers reopened today about 11 a.m. DEA agents had served a search warrant on the dispensary after someone they say is connected to the dispensary left a "tip" of a marijuana edible for a worker at the Spa Resort Casino in downtown Palm Springs.

The Palm Springs Medical Marijuana Task Force is meeting to consider the city's approach to an ordinance regarding the drug. Currently, a moratorium in effect until March prohibits any new dispensaries from opening but "grandfathers in" the two existing Palm Springs sites, one on North Palm Canyon and one, Collective Apothocary of Palm Springs (CAPS) closer to the heart of downtown at 333 Palm Canyon Drive.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 10, 2006

A battle for the title of the finest neighborhood is brewing -- historic Georgetown versus suburban McLean -- although it's starting to smell of politics.

We turn to the current issue of the Georgetowner, a local newspaper that didn't take kindly to the New Republic's recent magazine headline: "So long, Georgetown. McLean is the new home of America's ruling class."

Wouldn't you know The Washington Post next ran with the story "and all but declared it official," the Georgetowner notes in an editorial.

Not to be outdone, the editors of the local paper are offering their own partisan perspective on the two diverse communities, stating in part: "When you enter McLean, Va., ... one of the first things you see is a huge green sign declaring, 'George Bush Center for Intelligence.' This is your clue to turn around and go no further. ...

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"When you grocery shop at the McLean Safeway, you run into Newt Gingrich, Ken Starr and Bill Kristol. When you shop at the Georgetown Safeway, you run into the likes of George Stephanopoulos, Elizabeth Taylor, Kitty Kelley, and Madeleine Albright. Now, I ask you, whom would you rather say hello to?"

The editors go on to recall that John F. Kennedy once lived in Georgetown, while "Dick Cheney and his wife lived in McLean when he was a top official at Halliburton. Colin Powell, secretary of state under George W. Bush, lives in McLean. Madeleine Albright, secretary of state under Bill Clinton, lives in Georgetown."

Finally, nobody should be surprised to read that Georgetown has a population of 14,000, 12,000 of whom are Democrats.

US Worries Opium From Afghanistan Will Enter US Market (VOA)

By Stephanie Ho

Voice of America, October 10, 2006

A top U.S. counter-narcotics official says U.S. drug agencies are working with other international drug enforcement agencies to try to prevent heroin from Afghanistan from reaching drug users in the United States.

Afghan boys tend a poppy field while their father supervises on the outskirts of LashkargahThe figures speak for themselves. In the past few years, as opium poppy eradication efforts in other countries have met with a measure of success, post-Taleban Afghanistan has emerged as the world's leading, and nearly only, supplier of heroin.

The U.N. Office on Drugs and Crime published a survey in September on opium poppy cultivation in Afghanistan, which it said has risen 59 percent since 2005. The report called the 6,100 tons of opium harvested in Afghanistan this year "unprecedented," and said revenue from the harvest will exceed $3 billion.

Opium is used to make the drug heroin. The White House drug control policy director, John Walters, said opium poppy eradication efforts have been fruitful in Mexico and South America, the main sources for heroin in the United States. But he added that U.S. agencies, such as the Drug Enforcement Administration, are worried that those suppliers could replaced by Afghanistan.

"It is a danger," said John Walters. "It is a danger we have not seen in large amount recently. In the past, Southwest Asia has been a source of heroin in the United States. And, there are world markets. So, we are trying to work carefully, DEA [Drug Enforcement Administration] and other international enforcement agencies, in watching this."

He spoke in an interview shown Sunday on C-SPAN, a private, non-profit network that broadcasts Congressional proceedings and other Washington political events on cable television.

Walters said the United States has a two-pronged approach in dealing with heroin from Afghanistan.

"What we are trying to do is both be vigilant to cut off efforts to move it here, but, over time, if we are not successful in reducing supply, you would expect there would be some increased flow here - and there can be some flow here - but we are going to both try to cut off that flow and, of course, first and foremost, cut off that production source," he said.

Shortly after the U.N. report was released, the State Department's Thomas Schweich told reporters in Brussels that U.S. officials believe aggressive eradication of opium poppies in Afghanistan is crucial. He added that "it is very difficult to interdict heroin and opium paste," which he described as "hidden cargo" that moves through "porous borders" and through "rough, desolate terrain."

U.S. officials say the Taleban is encouraging opium growing in the southern Helmand Province, where American and NATO troops are battling a persistent insurgency.

The assistant secretary of state for narcotics and law enforcement, Anne Patterson, told Congress last month that the Taleban is also protecting drug routes and traffickers. She said, whether the Taleban is getting revenue from the drug trade, or just encouraging an anti-government statement is not clear.

Meanwhile, the White House's John Walters says the good news is that, as global eradication and interdiction efforts have been successful, the purity of heroin available worldwide has gone down. At the same time, another factor he pointed to as a positive sign is that prices for opium actually have gone up, suggesting diminished supply. E-mail This Article

IMMIGRATION:

Court Tests Await Cities' Laws On Immigrants (USAT)

By Laura Parker, Usa Today

USA Today, October 9, 2006

Cities and towns that have passed local laws aimed at driving out illegal immigrants are gearing up for court fights over whether they will be allowed to enforce them.

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The key battles are being waged in Hazelton, Pa., Riverside, N.J. and Valley Park, Mo. Civil rights and business groups sued after each of those cities made it illegal to employ or rent housing to illegal immigrants. The lawsuits say the ordinances are discriminatory.

The court action has put the small communities at the forefront of a national debate over what to do about the estimated 12 million illegal immigrants in the USA at a time when Congress is considering a range of border security initiatives. If Hazelton, Riverside and Valley Park prevail in court, dozens of communities from Massachusetts to California are poised to follow their lead with similar ordinances.

More than 30 city councils have passed or are considering local measures aimed at curbing illegal immigrants' access to housing, voting and jobs. At the state level, lawmakers in 33 states have passed 78 bills, most of them imposing restrictions similar to the city measures, the National Conference of State Legislatures says.

The laws challenge a principle established by the U.S. Supreme Court, which has long held that immigration policies fall under the authority of the federal government, not that of cities, counties or states. Local and state officials have pushed these measures because, they say, illegal immigrants are straining the budgets of local schools, hospitals and police.

"I am prepared to fight this to the highest court in the country if we have to," says Hazelton Mayor Lou Barletta.

He says he gets calls every day from officials in other cities who want a copy of Hazleton's new law. "It's a good ordinance that other cities can model themselves after. The message is: Illegal aliens are not welcome here."

Barletta says he proposed Hazelton's new ordinance after a series of crimes allegedly involving illegal immigrants. "Our police department is stretched beyond its limits. I've had enough."

The ordinance penalizes business owners and landlords — not the immigrants they employ or rent to — by revoking their licenses to do business.

To defend Hazleton's law, Barletta put together a legal team that includes a Philadelphia law firm and lawyers from conservative groups such as the Mountain States Legal Foundation and the Federation for American Immigration Reform.

Michael Hethmon, a lawyer for the Immigration Reform Institute in Washington, D.C., helped Hazelton rewrite the ordinance that was passed in July to give it a better chance of surviving in court. Valley Park has since adopted the Hazelton model, and Riverside is considering whether to do so.

Hethmon says he thinks the revised ordinance will pass muster in court because it "respects the powers and authorities" of local and federal governments.

The original law was vague about how a resident's immigration status would be determined. Under the revised law, the city would determine immigration status by submitting information to the federal government for verification. The revised ordinance also gives landlords and business owners three to five days to correct violations before fines and other penalties are imposed.

Some legal experts say the cities face an uphill fight.

"The line of cases stretches back 150 years in a range of situations that are analogous to what is happening now," says Michael Wishnie, a Yale Law School professor who specializes in immigration law. The Supreme Court "has made it very clear that the regulation of immigration is exclusively a federal function."

N. Korea: Nuclear Test Was Success (USAT)

From Staff And Wire Reports

USA Today, October 9, 2006

Nearby nations denounce action

North Korea said today that it had successfully conducted its first nuclear weapons test, an underground explosion that, while unconfirmed, sent neighboring countries scrambling into emergency meetings.

U.S. and South Korean intelligence detected a seismic event at a suspected nuclear test site in North Korea, White House spokesman Tony Snow said just before 2 a.m. ET today.

Snow declined to speculate on a possible U.S. response to a North Korean nuclear test.

"At this point we are not confirming a nuclear test. At this point we're still assessing the data and trying to figure out what happened," Snow said.

"We expect the U.N. Security Council to take immediate actions to respond to this unprovoked act," Snow said. "The United States is closely monitoring the situation and reaffirms its commitment to protect and defend our allies in the region."

The U.S. Geological Survey detected a magnitude-4.2 tremor late Sunday in the country's northeast region, about 240 miles from Pyongyang, the capital, according to the USGS website.

South Korea's Defense Ministry raised the alert level for its military upon hearing the news. South Korean stocks plunged following the announcement.

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North Korea's official state-run Korean Central News Agency called the test "a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation."

"It marks a historic event as it greatly encouraged and pleased the … people that have wished to have powerful, self-reliant defense capability," it said.

The report of the test came as Japan's new prime minister, Shinzo Abe, was in China to discuss security issues. Japan said today that it would push for a tough resolution at the U.N. Security Council to force North Korea to end its nuclear program.

"If it is proven, it will be a grave threat to stability in northeast Asia, and we will file a strong protest," Chief Cabinet Secretary Yasuhisa Shiozaki said.

China said today that it firmly opposed North Korea's test, denounced it as "brazen" and demanded that the government in Pyongyang stop any action that would worsen the situation.

North Korea "has ignored the widespread opposition of the international community," China's Foreign Ministry said on its website.

Several countries have been holding talks to get the North to end its nuclear ambitions. The United States, South Korea, Japan, Russia and China had been urging North Korea to return to the six-nation talks it abandoned a year ago. The Security Council last week urged North Korea not to carry out a test.

The country pulled out of the Nuclear Non-Proliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, violating an earlier nuclear pact between Washington and Pyongyang.

Looking Over The Wall (NYT)

The New York Times, October 9, 2006

Congress has adjourned to plead for its re-election, having bequeathed to the nation a giant fence-building project as its official strategy for fixing the immigration problem. No doubt some voters will be reassured by the idea that covering 700 miles of the 2,000-mile southwestern border with razor wire and floodlights will solve this thing once and for all. But many others will continue to suspect that it is more complicated than that.

With a better start, this election year could have featured a rational debate about immigration policy that went beyond xenophobia and the fear of disorder caused by the presence of immigrant day laborers on suburban street corners. Americans — particularly those struggling to find decent jobs themselves — have a reasonable concern about what effect the presence of so many unplanned-for workers has had on the economy. They deserved to hear that talked about in a realistic way.

Last month the Center for Immigration Studies, a group that wants to reduce immigration, released a study that found that a sharp immigration increase in the last five years corresponded with a steep decline in the employment of young native-born Americans, particularly black men without high school diplomas. Last week in The Times, Rachel Swarns reported on the ways the booming population of Latinos in the Deep South — particularly Georgia — had left many black Americans resentful of the immigrants' comparative success.

But there is compelling evidence that instead of harming the economy, unskilled immigrants prop it up, filling jobs that better-educated Americans do not want and giving everyone access to cheaper goods and services. The case made by the Center for Immigration Studies is rebutted by other studies that have found that there is no nationwide pattern of job displacement by illegal immigrants, and that immigration has broadly been a net plus to the nation. In Georgia, immigrant labor has kept textile mills, farms and service industries humming.

Right now across America, fruit is rotting on the ground because the crackdown along the border has created a shortage of immigrant workers needed for the harvest. Nevertheless, it is impossible to ignore stories of poor American workers who believe that their livelihoods were undermined by immigrants willing to work for below-subsistence wages, and of honest employers who could not compete with unscrupulous competitors using undocumented workers.

These serious problems will not be solved at the border with Mexico. Setting things right means adopting policies that fence-obsessed members of Congress have not exactly championed, like raising the minimum wage, improving public education, having a progressive income tax and making sure that workers' rights are protected.

These are only a few reasonable solutions. A host of others is offered in a new report by the Migration Policy Institute, in which Lee Hamilton, the former congressman, and Spencer Abraham, the former senator and energy secretary, argue that immigration needs to be seen as an integral element of a national economic policy. It is a resource to be embraced and managed, with a lawful, orderly flow of workers governed by flexible quotas set by a national commission advising Congress.

It's a comprehensive approach and then some. It offers a new way of framing a stalled debate. The wall builders have made their point, and it's a lousy one. Now it is time for those who want serious immigration reform to look beyond them.

Study: South Texas Leads In Taking Violators To Trial, But Hasn't Always (MON)

DOJ_NMG_0077779

Monitor, October 10, 2006

McALLEN — Federal prosecutors in South Texas are taking immigration violators to court more often than prosecutors in any other part of the country, according to a recent study.

The next closest numbers come from California's Southern District, which covers San Diego, the busiest port of entry in the United States. That district had 112 immigration prosecutions in June, compared with 155 for the Southern District of Texas.

The majority of the local cases come from Department of Homeland Security agencies, such as the U.S. Border Patrol and U.S. Customs and Border Protection, for people apprehended on charges like illegally re-entering the country, impersonating a U.S. citizen and human smuggling.

In fact, Texas' Southern District, based in Houston, has led the country in the number of immigration prosecutions for five years, according to the study from the Transactional Records Clearing House.

TRAC, a research center that focuses on how government operates, specifically agencies like the FBI, Drug Enforcement Administration and the Department of Homeland Security, regularly looks at immigration data it requests from the government and analyzes it for patterns.

The latest numbers available are for June 2006.

The number of immigration cases taken to court could be even higher by next year.

President Bush recently approved $2 million to hire up to 25 new federal prosecutors who would exclusively deal with immigration violations in border districts.

The Southern District has about 150 assistant U.S. attorneys who at any given moment manage as many as 100 cases.

When and how many will be added to Texas' Southern District is unclear, according to its spokesman, John Yembrick.

He referred all calls about immigration statistics to the Department of Justice.

But a high number of immigration convictions has not always been the case in South Texas.

According to TRAC, fiscal year 2004 proved to be a turning point for the district. The number of convictions in the district that were tied to immigration violations went from 304 in fiscal year 2003 to 13,778 in fiscal year 2004.

The majority of immigration cases originated with the DHS. As other federal agencies contribute fewer cases that lead to prosecution and conviction, DHS is contributing a growing number of cases, according to TRAC.

DHS referred 18,092 cases to federal prosecutors in South Texas — four times as many as Texas' Western District, which had the next largest number.

Mexico May Take Fence Dispute To U.N. (AP-Y)

By Jenny Barchfield, Associated Press Writer

AP, October 10, 2006

Mexico's foreign secretary said Monday the country may take a dispute over U.S. plans to build a fence on the Mexican border to the United Nations.

Luis Ernesto Derbez told reporters in Paris, his first stop on a European tour, that a legal investigation was under way to determine whether Mexico has a case.

The Mexican government last week sent a diplomatic note to Washington criticizing the plan for 700 miles of new fencing along the border. President-elect Felipe Calderon also denounced the plan, but said it was a bilateral issue that should not be put before the international community.

Derbez said Monday after meeting with French Foreign Minister Philippe Douste-Blazy that it was a "shame" U.S. immigration policy had been used for what he claimed was a short-term political gain in the lead-up to midterm elections in the U.S. in November.

He said he discussed the issue with Douste-Blazy, and planned to bring it up in meetings with his Spanish and Italian counterparts during visits to Madrid and Rome. He vowed to work on the case until the "very last day" of President Vicente Fox's term, which ends Dec. 1.

The U.S. Senate approved the border fence bill last month and President Bush has said he will sign it into law — despite last-minute pleas from the Mexican government for a veto.

"What should be constructed is a bridge in relations between the two countries," Derbez said.

A Public Frustrated With Judges Who Use Their Benches As Thrones (WSJ)

WSJ, October 10, 2006

If "the breadth and intensity of rage currently being leveled at the judiciary" is "unmatched in American history," there is more than likely a reason, and that reason is more than likely expressed by Sandra Day O'Connor's praise for judicial minimalism in "The Threat to Judicial Independence" (editorial page, Sept. 27). Surely the judiciary's mission is broader than "checking the

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other two branches and protecting minority rights"; but from the perspective of heartland America, the courts have long abandoned that broader mission to engage in partisan advocacy against the majority's interests. It is simply disingenuous to argue that anger against judges is being stirred up by fanatics and opportunists while dismissing the judiciary's persistent undermining of fundamental constitutional protections, such as the right to life in Roe or private property rights in Kelo, as mere "erroneous decisions."

Justice O'Connor's argument ultimately rests on the false assumption that only the executive branch, legislature or public might pose a threat to "the complete independence of the courts." A more reasonable reading of Hamilton is that the responsibility for maintaining the distinction between the judiciary and the two other branches rests at least equally upon the judiciary. That has certainly been the opinion of the Supreme Court itself at least since Jefferson requested its advice on foreign policy and the court demurred, explaining to President Washington that there is a constitutional prohibition against such advisory opinions because they usurp legislative and executive powers.

Such reticence is hardly to be found in the commerce clause, religion clause, abortion rights or eminent domain doctrine of liberals on the current Supreme Court, or that of their most dependable ally, Sandra Day O'Connor. The result has too often been opinions like Kelo in which the rights of minorities or special interests are held to be pre-emptive and the usurpation of legislative and executive powers by the judiciary the means to a socially desirable end. Perhaps the public's anger toward the bench is simply a reasonable response to decades of unprincipled jurisprudence.

Edward H. Stewart Jr.

Austin, Texas

Justice O'Connor sets up a straw-man argument when she decries the intimidation of judges and quotes federal appeals-court judge David B. Sentelle as saying that "'Judges must be free to make judicial decisions without the fear of physical harm to themselves or to members of their families.'" Of course. Only those beyond the pale of reason would disagree.

But there is a deeper issue embedded in her recognition that there is an all-too-pervasive lack of trust in judges -- both state and federal. All too many judges have lost sight of their responsibility of interpreting law, not making it. And, all too often, the appointing powers -- presidents, governors, and, in many states, the electorate -- select judges precisely because they expect those judges will "make law" favorable to appointing powers' political agendas.

True, it is frequently a fine line between improperly making law and interpreting it, especially when legislative dictates are purposely vague (so legislators can be all things to all people), or when judges fulfill their rightful responsibility of developing the common law, which, as the name denotes, grew out of what the community believed were proper rules for society.

While I join Justice O'Connor's decrying of threats to judges, I also recognize that many of those threats are largely -- and irrationally -- born of a frustration with judges who use their benches as thrones from which to impose their own social, religious or economic views.

Ralph Adam Fine

Judge

Wisconsin Court of Appeals

Milwaukee

I am a retired U.S. Bankruptcy Court judge. What has set this country apart from many other less free countries in the world, and has given us an unparalleled measure of prosperity, is the fact that we have a judicial system that has protected personal and property rights and enforced contractual obligations. I heard a former Nobel laureate in economics state that he declined to further consult in Russia because of that country's lack of a judicial system to enforce property and contract rights, calling Russia a "kleptocracy." In the U.S., groups such as the one discussed by Justice O'Connor in her commentary -- JAIL 4 Judges -- and members of Congress who seek to upset the delicate balance forged by our founding fathers attack the very thing which has set us apart from less successful societies. This proposed "cure" is much more dangerous than the imagined "malady".

Judge William T. Bodoh

Columbus, Ohio

Justice O'Connor sounds a trenchant alarm about modern threats to judicial independence, a bulwark of American democracy. She accurately admonishes that when judicial independence is compromised so is our system of government. One major threat in the federal system comes from the coordinate legislative and executive branches, a phenomenon witnessed by frayed relations between the courts and Congress. On Sept. 19, the judiciary took important steps to improve those relations. The Judicial Conference, the courts' policymaking arm, issued rules on "judicial junkets" and on computerized conflict of interest checks. The Breyer Committee simultaneously issued a thorough report on the judicial misconduct and discipline system, which included constructive suggestions for improvement. The judiciary must continue to institute measures for policing itself. If judges

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do not undertake self-regulation, Congress will enter the breach and legislate in ways that could jeopardize judicial independence.

Columbus, Ohio

Richmond, Va.

(The writer is a professor of law at the University of Richmond.)

The reality is that plenty of judges have taken on a lawmaking duties to shape the world to conform to their beliefs, opinions, and values. Ms. O'Connor fails to describe that the founders did not intend this, nor did they write it into the constitution. The activities of JAIL 4 Judges seem like a natural reaction to judges gone wild.

Jeffrey Ihnen

La Crosse, Wis.

Justice O'Connor cites Federalist No. 78 and Alexander Hamilton for the proposition that the Framers intended an independent judiciary. Maybe so, but I defy her to find in the Constitution a provision that states that the Supreme Court has the final say on what is constitutional. That power was arrogated to the Supreme Court by the legerdemain of John Marshall in McCullough v. Maryland. That was the first hole in the dike.

Ms. O'Connor finds it particularly troubling that other judges are critical of the Supreme Court. When the Supreme Court allows the use of race to achieve balance in an otherwise color blind society (University of Michigan case), and when the court cites foreign law for the proposition that it is uncivilized to execute a person under age 18 (Roper v. Simmons), the justices are not making judicial decisions but rather legislative ones.

Kenneth G. Coveney

San Diego

Build a Wall Big Enough to Keep the Illegals Out

In your Sept. 21 editorial "The Great Wall of America" you opposed my proposal for a wall on our southern border stating, "Nor will a wall deter illegal workers, who are drawn here by the powerful magnetic pull of economic opportunity and plentiful jobs." How do you know that? We have never tried to build an effective barrier across the border that is difficult to tunnel under or scale.

The way the system works now, various federal agencies must sort the needles called terrorists and violent criminals from the massive haystack of illegal humanity. The system doesn't work. The fact remains that four million people a year illegally cross our southern border.

The U.S. has no shortage of labor and would not have one if all illegals went home. Department of Labor statistics show that there are 69 million Americans between the ages of 16-74, who are simply not in the workforce. They represent 10 Americans for each illegal worker.

According to a research report compiled by the Pew Hispanic Center last March, the illegal workforce numbers 6.9 million. Illegals, then, represent 4.9% of our workforce of 141 million people, according to Labor. Because of lack of education and low skills, only 2.2% of our GDP is produced by illegal labor.

You took issue with my statement that we should install wire on top of the wall and electrify it as a deterrent because I said, "We do this with livestock all of the time." You contend I've equated "people with cattle." No, I've equated an effective fence with an effective wall. We already do this with livestock and people. There are installations of electric wire on fences and walls all across America -- water treatment plants, salvage yards and car dealerships, to name a few. If electric wire is an acceptable deterrent to American citizens, then it's acceptable as a deterrent to those who would steal the benefits of American citizenship.

Rep. Steve King (R., Iowa)

Washington

(Rep. King serves on Immigration Subcommittee of the House Judiciary Committee and the House Immigration Reform Caucus.)

Congress Accomplished More Than You Realize

Your Oct. 2 editorial "The GOP Record" says the 109th Congress didn't get much done. But from the business community's perspective, it was one of the most productive sessions in recent memory. Consider: transportation reauthorization directed much-needed resources to the nation's infrastructure; the Class Action Fairness Act discouraged frivolous lawsuits; the Dominican Republic-Central American Free Trade Agreement lowered trade barriers for U.S. companies; and legislation was passed that increased small business expensing, strengthened the pension system, stiffened anti-counterfeiting laws and reformed the bankruptcy code.

While achieving a great deal, this Congress did leave a lot on the table, including comprehensive immigration reform, extension of vital tax cuts and implementation of a national energy strategy. But on the whole, it was more "can do" than "do nothing."

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Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce
Washington

Group Formed to Stop Politicization of Science

Your Oct. 6 editorial "Under the Microscope" (Taste page, Weekend Journal) regarding Scientists and Engineers for America (SEA), a new 527 organization committed to restoring integrity to science policy, confuses nonpartisan with bipartisan -- SEA is a bipartisan group. The central thesis of the organization is that science has an established method of determining fact through an open process of debate and that no fact or theory is unassailable.

We agree that the best science flows from questioning. Yet your editorial suggests that SEA's real mission is to close debate on science when the truth is exactly the opposite. That is why SEA's membership soared to more than 1,000 members in the first 24 hours of the group's launch. You are also dismissive of allegations that members of the White House and Congress are guilty of unscientific, special interest-driven policymaking on global warming, stem cell research and the "Plan B" morning-after pill. It complains that scientists have become political in their effort to stop the assault on fact-based decision-making at all of levels of government.

SEA was formed to stop the politicization of science and ensure that the scientific voice is heard in policy debates and not marginalized, misstated or censured.

College Fracas Over Minuteman; Questions About Paying For Wall (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, October 10, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

BAD EDUCATION: The appearance of Minuteman Project founder Jim Gilchrist was met with violence last week at Columbia University when the pro-enforcement hardliner attempted to address a Republican student group. The melee began just minutes after Mr. Gilchrist rose to speak, according to Columbia Spectator reporter Laura Brunts1. "Two students in the International Socialist Organization unfurled a yellow banner reading, 'No human being is illegal!'" she reports -- which in turn prompted other protestors and Minuteman supporters to rush the stage. (See video of the event here2.)

Mr. Gilchrist was ushered off before he could finish his speech, but he did manage to taunt the hostile audience before the riot began. "Who's a racist now?" he asked, while hugging an African-American Minuteman member. "I love the first amendment!"

After the riot, one unnamed protestor told Ms. Brunts that the disruption was planned: "I don't feel like we need to apologize or anything. It was fundamentally a part of free speech.... The Minutemen are not a legitimate part of the debate on immigration." Subsequently, as the student newspaper also reported, Columbia officials said they were using postings on the social-networking site Facebook.com as part of their investigation3.

New York City Mayor Michael Bloomberg chastised Columbia President Lee Bollinger, a lawyer and free-speech scholar, for failing to provide an open atmosphere on campus. "Bollinger's just got to get his hands around this," Mr. Bloomberg said on his weekly radio show4. "There's just too many incidents at the same school where people get censored." (Previously, Iranian President Mahmoud Ahmadinejad was forced to cancel a speech at Columbia when school officials said they couldn't coordinate his security.)

In a statement released5 by the Minutemen afterwards, Mr. Gilchrist described the incident as "yet another indication that those who support illegal immigration are happy to use communist tactics in their intolerant determination" to deny his group their First Amendment rights. * * *

BARRIER BAIT-AND-SWITCH? Opponents of the proposal for a fence on the U.S.-Mexico border widely predicted that the initiative would not see full funding. Now, according to a report in the Arizona Republic6, Sen. John Cornyn (R., Texas) believes those critics were right. "It's one thing to authorize," he said. "It's another thing to actually appropriate the money and do it." Instead, Mr. Cornyn speculated, the fence legislation would probably be used to create a "virtual fence" comprised of increased border patrols and high-tech sensors. Why the switch? The senator explained "that 700 miles of fencing would not solve the problem of illegal immigration because it would still leave about 1,300 miles of unfenced border," according to reporter Eunice Moscoso.

In the Washington Post, staff writer Spencer S. Hsu provides details on the gaping loopholes7 surrounding the $1.2 billion set aside for border security by the new law. "[T]he House and Senate gave the Bush administration leeway to distribute the money to a combination of projects -- not just the physical barrier along the southern border. The funds may also be spent on

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roads, technology and 'tactical infrastructure' to support the Department of Homeland Security's preferred option of a 'virtual fence.'" To win over some Republican votes for the bill, Mr. Hsu also reports, "congressional leaders pledged in writing that Native American tribes, members of Congress, governors and local leaders would get a say in 'the exact placement' of any structure."

Mr. Bush, for his part, made no reference8 to anything like a 700-mile fence while signing the Department of Homeland Security Appropriations Act in Scottsdale, Ariz.

What's going on here? Fence supporter Mickey Kaus thinks he sees a pocket veto coming9. An Associated Press report flagged on Mr. Kaus's blog makes it clear that a second bill, the Secure Fence Act, which categorically calls for 700 miles of double-layered fencing, has not yet received Mr. Bush's signature10. * * *

OLD TOWN, NEW RULES: An influx of moneyed Northern Virginia residents are moving into the once small town of Culpeper, Va. But Steve Jenkins, a longtime Culpeper man, is more concerned about illegal immigrants. "For me, it's been like a three-year root canal -- really horrible," says Mr. Jenkins in a Washington Post piece11 by Metro columnist Marc Fisher. "I'm just an old country boy who really liked going into the grocery and knowing who was who. Not like now, when the illegals are off to themselves."

The growing population is creating more traffic and luring big-box retailers such as Target and Lowe's to the countryside. "Those who've moved here from Northern Virginia -- to them, this immigration thing isn't something of great significance," Mr. Jenkins says. "They're not concerned about the urbanization of Culpeper, but for those of us who've been here a long time, well, it's driving people away..." While Mr. Jenkins knows he can't get rid of his new neighbors from the north, he does believe something can be done about those from the south. "It's a much easier issue, because it's black and white," he says. "You're either legal, or you're not. We need to help them be legal. I'm not for anything harsh. If they're willing to come forward and go through a process, we have an obligation to assist them in every way. But I'm about rules." * * *

MIXED FEELINGS IN MEXICO: South of the border, despite the common perception in the U.S., Mexicans are ambivalent about the northward migration of their fellow countrymen -- and, as a result, have mixed feelings about plans for a U.S. border fence. "Mexicans feel helpless before the migrant exodus, and talk about it the same way they talk about the weather," reports L.A. Times staff writer Héctor Tobar12. "Everyone complains about it, but there's not much you can do about it." Some took the 700-mile fence authorized by the U.S. Congress as a "slap in the face that highlighted the failure of their country's leaders," Mr. Tobar reports.

There is also a widespread view that the fence initiative represents a rejection of Mexican cultural contributions to life in the U.S. And, as Mexican historian Lorenzo Meyer tells Mr. Tobar, some believe the plan runs counter the spirit of North American Free Trade agreement: "We see now that the idea of a united North America is fiction," Mr. Meyer says. "The reality is the wall."

Others, however, have expressed a more positive response to the fence plan. Guillermo Ortiz, the head of Mexico's central bank, made front-page news in his country after telling the editorial board of the Dallas Morning News13 that a fence "would not be altogether bad. It would certainly be better over the long run." The economist added: "I think Mexico needs its people." * * *

THE 'MUCHAS' MEME: Republicans have found a novel way to try to stick it to their Democratic rivals: thanking them in Spanish. Mac Collins displayed his sarcastic bilingual gratitude for incumbent Rep. Jim Marshall (D., Ga.) in this television ad14. Mr. Marshall, the ad's female announcer observes, "voted to waste our tax dollars printing election ballots in Spanish." Then, an accented male voice intones: "Muchas gracias Señor Jim Marshall."

The National Republican Senatorial Committee took the "gracias" gimmick one step further by creating an entire Web site15 devoted to thanking incumbent Sen. Debbie Stabenow (D., Mich.) in Spanish. Visitors to MuchasGraciasDebbie.com see Ms. Stabenow, decked out in a cartoon sombrero, respond to this profusion of Spanish praise with a "no problema" speech bubble. What's more, the NRSC's facetious Spanish-language Stabenow tribute site includes links to French16 and Chinese17 versions, each taking issue with different dimensions of the senator's purported voting record. * * *

CASELOAD CRUNCH: As the nation's immigration judges struggle to manage an ever-growing caseload, some judges are facing criticism over how they manage their crowded dockets. Studies highlight stark disparities in judgment, like 90% of asylum cases granted by one judge and 9% down the hall, writes New York Times reporter18 Nina Bernstein. One judge, Sandy K. Hom, is so quick and predictable in his denials of asylum that lawyers regularly advise people assigned to him to move to another state, the article says.

"In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way," Ms. Bernstein writes.

"But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake..."

The nation's 218 immigration judges face 350,000 cases a year, with New York's 27 judges taking on about 20,000, the article says.

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SOUND BITES

President Bush at a White House celebration of Hispanic Heritage Month on Friday: "We must understand that you can't kick 12 million people out of your country -- that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Enrique Morones, president of immigrant rights group Border Angels, on Arnold Schwarzenegger's immigration stance: "We always have to remember that he's an actor and ... without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not."

Good Fences And Such (USNEWS)

By Angie C. Marek

U.S. News and World Report, October 9, 2006

It was a telling moment. Last week when Speaker of the House Dennis Hastert faced a battering of press questions about the congressional page scandal, he reached for a life raft: President George W. Bush's promise to sign a bill that would create 700 miles of metal fencing on the U.S.-Mexico border. "A lot of people wanted us to address the issue about the border," he told reporters, "and we did exactly that."

Really? As is so often the case in Washington, the reality wasn't as tidy as the rhetoric. Congress passed the Secure Fence Act, requiring the Department of Homeland Security to build 700 miles of steel fencing, but critics say backdoor deals have denied the project the necessary funding. In fact, the bill's fine print-and a flurry of last-minute compromises that paved the way for its passage-raise questions about what, if anything, will eventually be built. "This isn't the answer to our problems," says Angela Kelley of the National Immigration Forum. "It's empty symbolism."

On the face of it, the fence bill looks like an aggressive response. The measure adds 700 miles of fencing-split into five segments-to the roughly 75 miles of solid metal border walls already lining parts of the 1,951-mile U.S.-Mexico border. A 390-mile segment would stretch from mid-California across most of Arizona. Other chunks would block a cocaine-trafficking route near Laredo, Texas, and close a path through the Lower Rio Grande Valley once popular with Brazilian migrants. The fence is modeled on a stretch of 15-foot-high double fences-with a high-speed-access road running between them-that Rep. Duncan Hunter says slashed the number of attempted border crossings in his San Diego district after they were built in the mid-1990s. The number of arrests dropped there by almost two thirds.

Details. But what happens now isn't entirely clear. Although the Congressional Budget Office estimates it will cost $3.2 million a mile, Congress voted to hand DHS just $1.2 billion in fiscal year 2007 for construction; that would cover the cost of about 370 miles of fence, not 700. What's more, a congressional deal gives DHS the flexibility to use money for other purposes besides the wall itself, most notably technology and roadways. Some of the money could go to a project DHS was already working on: a plan to dot the border with up to 1,800 massive observation towers equipped with cameras. Michael Jackson, the No. 2 official at DHS, says the department plans "to refine and assess how much [steel fencing] we need with the new technology tool kit." DHS, he adds, will most likely build "somewhere in the ballpark" of 370 miles of San Diego-style fence.

The bill offers DHS other kinds of wiggle room on the fence as well. In a last-minute effort to appease two Republican holdouts-including Texas Sen. Kay Bailey Hutchison, who had concerns about local input on the location of fencing - congressional leaders committed in writing to changing some specific aspects of the legislation after the November elections. Those changes will ensure that local governments and American Indian tribes will be consulted "regarding the exact placement of the fence," according to a letter signed by Hastert and Senate Majority Leader Bill Frist. The letter also says DHS will have the "flexibility to use alternative physical infrastructure and technology when fencing is ineffective or impractical." Some say that means large portions of the fence bill are basically moot. Others disagree. "A letter is just a letter," says Carolyn Weyforth, Frist's press secretary. "What comes to the floor and passes is what matters."

TAX:

As Religious Programs Expand, Disputes Rise Over Tax Breaks (NYT)

By Diana B. Henriques

The New York Times, October 10, 2006

The similarities between Holy Cross Village at Notre Dame, on the north side of South Bend, Ind., and Hermitage Estates, south of town, are almost disorienting. The two retirement communities have the same simple gabled ranch houses, with the same touches of brick and stone, clustered around a pond with the same fountain funneling spray into the air and ducks waddling down the grassy bank.

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But the retired residents of Hermitage Estates pay an average of about $2,300 per unit in property taxes. The management of Holy Cross Village, the Brothers of Holy Cross, says that development should be exempt from property taxes, and it has taken that argument to court.

As the Brothers of Holy Cross, a Roman Catholic religious order, sees it, providing the elderly with the amenities of the village — a sense of security, social opportunities and various services to make independent living easier — is a charitable activity rooted in its pastoral mission to serve others.

Members of the St. Joseph County Property Tax Assessment Board of Appeals, all but one of them lifelong Catholics, see it differently. To them, a charitable ministry does not consist of providing lovely retirement living to affluent people. The current residents of Holy Cross Village have an average net worth of $1 million. Those with deposits on the units under construction are even better off, averaging $1.6 million.

If Holy Cross Village is not taxed, members of the assessment board point out, a heavier burden will fall on the working families in the county that are struggling to pay the taxes on their small homes in careworn communities like the west side of South Bend.

"I was educated by the Brothers of Holy Cross" at St. Joseph's High School, "and I have a great deal of respect, love and affection for them," said Dennis J. Dillman, a longtime board member. "But I think what they're doing is just not right. And that is based on the values they taught me at their schools."

The conflict in South Bend echoes disputes from Alaska to Florida that raise the following issue: As religious organizations of all faiths stretch their concept of mission far beyond traditional worship, should their traditional tax exemptions expand as well? Increasingly, government at all levels is answering yes.

The property tax exemption is one of the oldest tax breaks granted to religious organizations, but it is not the only one. Lawmakers and judges have also approved what amounts to special tax treatment for religious organizations and some of their employees, including exemptions on personal-income and payroll taxes, and have made it easier for them to get tax-exempt construction loans for purely religious projects.

Like the exemptions from federal and state regulations that have proliferated for religious groups in recent years, these tax breaks are widely defended both as an acknowledgment of religion's contributions to society and as a barrier to unjustified government limitations on the liberty that religious organizations enjoy under the First Amendment.

But in some communities like South Bend, tolerance of religious tax breaks is fraying as local governments struggle to provide basic services with limited resources.

There are no national figures on how much money these tax breaks save religious organizations and on how much extra cost is shifted to other citizens. But a typical state, Colorado, reported that religious real estate valued at more than $1.1 billion was exempt from local property taxes there last year. Nationally, tax-exempt financing for religious organizations totaled at least $20 billion during the decade that ended last year.

Congressional budget records show that just the income tax breaks uniquely available for ministers, rabbis and other clergy members cost taxpayers just under $500 million a year.

And the price is almost certainly increasing, experts on taxation and congregational growth agreed, because today's larger congregations need more land, employ more clergy members and pay them more money. Moreover, the definition of a religious mission is expanding beyond schools and hospitals to include operations as obscure as a biblical theme park in Florida and as upscale as a retirement community at Notre Dame.

Every state affords some type of property-tax exemption to churches, synagogues, mosques and other religious landowners, typically through statutes that also cover charities, libraries, museums, private schools and other secular nonprofit groups. Indeed, when the Supreme Court ruled on the constitutionality of this tax break in 1970 it noted approvingly that the benefits did not fall exclusively on churches.

But those venerable tax statutes did not envision the reality of modern congregations that operate athletic programs in their own gymnasiums or fitness centers, as well as bookstores, music and video production units, coffee shops, counseling services, ice cream parlors, child care programs and multimedia ministries that beam their messages from satellite dishes or television transmission towers.

Leonard A. Wychocki, president and chief executive of the Franciscan Sisters of Chicago Service Corporation, a Catholic organization hired to manage Holy Cross Village, says religious groups should not have to defend property tax exemptions. "When there were old people on the streets of New York City and Chicago, our sisters took them in," he said. The exemption recognizes "the service such groups provide to society."

No residents of Holy Cross Village will be coming in off the streets, of course. "People pay a lot of money to live in these places," Mr. Wychocki acknowledged. "But they have a need beyond just a place to live. It's around that need that we catalyze our services."

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Financial projections show that the project, if managed well, could eventually generate a surplus. That money, the project's executives said, could help support other mission work of the Brothers of Holy Cross, including a ministry in Africa.

"If the county wants to argue that those dollars should go to west South Bend rather than West Africa, I can see their point," Mr. Wychocki said. "You may agree or disagree — but then it's your judgment, as opposed to the brothers' judgment."

He added, after an emphatic pause: "This is probably where religious freedom kicks in."

Breaks on Property Taxes

Neat homes in landscaped clusters make up the first phase of what will be 256 units at Holy Cross Village at Notre Dame. Among the new units will be additional assisted-living and skilled-nursing units to expand the existing "continuum of care," its management said. Three adjacent colleges, the University of Notre Dame among them, expand the cultural opportunities.

In style and luxury, the project compares favorably with competing retirement communities built by national developers nationwide. But there is a difference: Holy Cross Village describes itself as "a ministry of Brothers of Holy Cross." As such, it is seeking a property tax exemption from the Property Tax Assessment Board of Appeals for St. Joseph County.

That rankles Ralph J. Wolfe, an assessment board member who is a resident of Hermitage Estates, a 49-unit neighborhood of retirees whose homeowners association provides services including maintenance and lawn care.

Mr. Wolfe, 77, is a retired tax assessor and a longtime veteran of the close-knit appeals board. He said his community, like Holy Cross Village, offers its retirees some amenities. "So maybe we should get ourselves a property tax exemption."

He seemed to be teasing Terrance F. Wozniak, the deputy county attorney for St. Joseph County, who was listening. One of Mr. Wozniak's biggest worries about losing the pending battle with Holy Cross is the ripple effects on the retirement communities in the county that do pay taxes.

The Indiana courts recognize a broad definition of charity, and exemptions already have been granted to a few much smaller religious-affiliated projects that care primarily for less healthy people, Mr. Wozniak said. But this case is different, he said: "It's a case of escalation." An exemption for the charitable care of needy older citizens is being stretched to cover "more and more luxurious facilities for people who, by and large, can pay their fair share."

Each case lowers the hurdle for what constitutes a tax-exempt retirement community, he said.

The management of Holy Cross Village thinks the project's mission fits well within both the Indiana definition of a "charitable purpose" and the federal standards for tax-exempt housing providers. The federal test requires, in part, that the project "be committed by established policy" to maintaining people as residents even if they become unable to pay, as the project's investment documents explain.

There is nothing in writing that guarantees the project will keep indigent residents in place, said Lori McLaughlin, general counsel for the Franciscan Sisters management group. "It becomes a case of those guarantees bankrupting you," she said.

But in lieu of a guarantee, the management has "nuns or brothers on the board saying, 'We insist you provide care,' " Mr. Wychocki said. "It would be very rare for anybody to be asked to leave."

Holy Cross Village initially paid the taxes the county demanded, but subsequently got court permission to hold off on future payments while its appeals go forward, according to Kevin Rose, a spokesman for the project's management.

When the Brothers of Holy Cross appealed the county's ruling to the Indiana Board of Tax Review last year, it lost. "A charitable purpose involves something beyond merely successfully marketing one's services to seniors," the review board said. "It implies some level of sacrifice on the part of the entity providing those services. It is this sacrifice that separates an 'obviously charitable act' from the everyday purposes and activities of man in general."

The fight has now moved to the courts, where the project's management hopes to fare better. "We thought we were within the orbit of what was considered to merit that exemption," Mr. Wychocki said. "Now we just stand and shake our heads."

While local tax authorities have been inconsistent in their rulings, many untraditional uses of land by disparate religious organizations of many faiths have already qualified for property tax exemptions somewhere in the country.

In June, for example, the Florida Legislature passed, and Gov. Jeb Bush signed, a law that ended a five-year effort by Orange County tax authorities in Orlando to collect about $300,000 a year in property taxes from Holy Land Experience, a biblical museum and theme park that had sought exemption as a religious ministry but had been repeatedly turned down by the county.

The park, where a pass good for a week costs $35 for adults and $23 for school-age children, advertises itself as a place that "brings the world of the Bible alive." Its features include replicas of Calvary, the tomb of Jesus and the caves where the Dead Sea Scrolls were found. It also includes a period re-creation of a Jerusalem street market, with actors in costume as the merchants and buyers; and the KidVenture area, with a wilderness rock-climbing wall, a "misting station" and toy and gift shops. A cafe and two snack bars serve "real Middle Eastern fare" from couscous and falafel to Goliath Burgers.

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The county property appraiser's office had insisted that the park, despite its biblical motif, was taxable, just like Disney World. The park's founder, the Rev. Marvin J. Rosenthal, argued that it was a religious mission from start to finish, aiming to introduce religion to people in an entertaining and enlightening way.

In July 2005, a local judge ruled against the county, saying the biblical park's intent was to "spread what it considers to be God's word," while the intent of Disney World "is indisputably to make money." When the county decided to appeal that decision, the ministry that operates the park lobbied successfully for relief in Tallahassee.

A spokeswoman for Governor Bush said he signed the bill "merely to prevent future legal action and provide clarification of the law" on exemptions for religious property.

In 2003, the Minnesota Tax Court granted an exemption to an elaborate fitness center owned by the Country Bible Church in Ashby, explaining that the center — which included a weight room, tanning bed, video arcade and bookstore, as well as a small auditorium and prayer room — was used to attract new church members.

The church, with about 250 members, has a broad range of programs for children and teenagers, including a day school and toddler program. But it decided in 1996 that its rural location simply did not offer enough for young people, and it conceived the Destiny Center as a place where young people could form healthy habits and "strong, godly friendships," according to its pastor.

"We've spent close to $1 million, including the building and staff, and we've never broken even," said the Rev. Steven R. Quernemoen, who founded the church 25 years ago. "But the goal is not to run a for-profit business. The goal was to open a facility that is a safe environment for young kids and families."

The two-story center, with a center gable soaring high over the entrance, opened in October 2000 a few miles from the church. Besides its fitness facilities, it has a gymnasium that offers room for rock concerts and for family events like wedding receptions, reunions or birthday parties. A day pass costs $4.69, including shower privileges. An annual family membership costs $500, but the elderly pay about half that. It is open most mornings and after school through the week, but is closed all day on Sunday.

Similarly, in 2002, the Washington State courts granted a tax exemption for the site of a religious broadcaster's transmission tower. And in January the Pennsylvania Supreme Court reversed a 1959 decision that had denied tax exemptions to parking lots that serve houses of worship.

Legislative Success

Some religious organizations have had equal success with state legislators.

The Anchorage Baptist Temple, which has grown to 4,500 members during the 35-year tenure of the Rev. Dr. Jerry Prevo, is a big, muscular church on a 20-acre campus in eastern Anchorage. Its complex includes a 2,100-seat auditorium, several gymnasiums, a television station and the Anchorage Christian Schools, which serve about 750 students from preschool to 12th grade. The church also owns an assortment of individual properties, 10 of them tax-exempt.

In April 2004, city tax assessors revoked the exemption for four church-owned homes they said did not qualify as "parsonages" because they housed church day-school teachers, not the pastors or other "spiritual leaders" specified by law.

"We are a high-profile church," said Pastor Prevo. "We were being picked on to make a public statement against tax exemptions generally."

Any group as large as Anchorage Baptist Temple would probably have no trouble getting help from state lawmakers, even if its pastor did not have his own television show and even if one of the 16 men on its pastoral staff were not treasurer of the state Republican Party. Last May, after vigorous lobbying by the congregation, the Republican-controlled Alaska Legislature passed and Gov. Frank H. Murkowski signed a bill that extends the parsonage exemption to church-owned residential property occupied by educators at private religious or parochial schools.

The exemption, which does not cover faculty housing at secular schools, has been challenged in court by the local American Civil Liberties Union.

It is a tough fight, a lawyer for several big churches said, because a legislature that can constitutionally exempt a parsonage from the tax rolls can surely extend that exemption to homes a church provides to its schoolteachers.

And back in St. Joseph County, Ind., the Granger Community Church, a large United Methodist group, took exception to the county's enforcement in 2001 of a long-overlooked law that limited the amount of tax-exempt acreage around a church to 15 acres — which left the church with 14.54 acres still on the tax rolls.

It lost in the courts but carried its fight to Indianapolis, and helped push through changes that eliminated the 15-acre cap.

Breaks on Borrowing

The Rev. Russell Lievers of the First Southern Baptist Church in Clarksville, Ind., a town of 22,000 across the Ohio River from Louisville, Ky., is understandably excited about the new fellowship hall his church is building.

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At a price of roughly $2.5 million, the facility will contain a "middle-school-sized" gymnasium, he said, as well as a kitchen, meeting areas and classroom space. It will ease crowding at the 57-year-old church and open possibilities for new athletic ministries and outreach, he added.

Pastor Lievers is not familiar with the details for financing the new facility — but he knows the church has received a good interest rate on some of the money it is borrowing. That's important, he said, because "our people are giving sacrificially" to support the new facility.

"There are people who are delaying their retirement for a few years to help us build this," he continued. "Others are postponing purchases so they can give more."

The explanation for the church's low-cost financing is simple. It is relying on $1 million in tax-exempt revenue bonds sold on its behalf by the town of Clarksville, through its economic development commission.

"It is the first time we've had a church apply," said Samuel K. Gwin, the town attorney. "But most of us here on the town council and economic development commission were familiar with the church, and the folks in the church. It's a small town."

The church bond issue is structured like any economic development deal: the town sells tax-exempt bonds to an investor — in this case, a local bank — willing to accept a lower yield because the interest is tax-free. The town lends the lower-cost money to the church. The bank gets tax-free interest income, the church gets a lower-cost loan and the town gets — well, at the least, a new gymnasium the community can use when the church's calendar permits.

"That will be good," Mr. Gwin said. "Even the Y is pretty crowded."

In the evolving view of the courts, tax-exempt bonds for churches and other religious organizations do not involve any public money or government subsidy and do not run afoul of the First Amendment ban on government-sponsored religion.

But in fact, the subsidy provided by all tax-exempt bonds, while indirect, is real: buyers of the bonds do not have to pay income taxes on the interest they earn, which shifts some of the overall tax burden to other taxpayers. And the final beneficiary of the bond issue — in this case, the church — can hold on to money it would otherwise have paid in interest.

Of all the tools that an accommodating government can use to make life easier for religious organizations, perhaps none has changed more and been noticed less than tax-exempt bond financing.

State and local governments have long used tax-exempt bonds to finance public works like bridges and schools, pledging future tax income to repay the debt. In the 1970's, they began to rely heavily on revenue bonds, debt backed not by taxes but by the future revenues of the projects they were sold to finance, which ranged from airports to stadiums. Through economic development agencies, revenue bonds also were sold for the benefit of private businesses to finance factories or office buildings that would foster economic development.

In 1973, near the high-water mark of the doctrine of strict church-state separation that dominated the postwar decades, the United States Supreme Court gave its limited blessing to public revenue bond deals to benefit private religious colleges — so long as they were not "pervasively sectarian" and regarded education, not the promulgation of religion, as their primary purpose.

In a landmark case called Hunt v. McNair, the court reasoned that "aid normally may be thought to have a primary effect of advancing religion" — which would be unconstitutional — if it went to "an institution in which religion is so pervasive that a substantial portion of its functions are subsumed in the religious mission, or when it funds a specifically religious activity in an otherwise substantially secular setting."

As recently as 1991, the Virginia Supreme Court refused to approve tax-exempt financing for Liberty University in Lynchburg, Va., founded and run by the Rev. Jerry Falwell, because of its overarching religious purposes.

Then, over the next eight years, judicial and government policy made a U-turn.

Gradually, state bond statutes became less restrictive toward religious institutions and federal and state appeals courts started to permit tax-free financing at unabashedly religious universities — and later, religious high schools — so long as the money was used for firmly secular projects, like dormitories and dining halls. (California courts have held on to the "pervasively sectarian" standard, but three religious schools are currently challenging that approach before the State Supreme Court.)

Does Financing Count as Aid?

And the courts began to widely question whether tax-exempt financing even counted as government aid to religion at all, because the schools themselves had to repay the bonds and no public money was involved.

In June 2000, Justice Clarence Thomas, writing for himself and three other justices, expressed second thoughts about denying tax-free financing to institutions based on how religious they were. "There was a period when this factor mattered, particularly if the pervasively sectarian school was a primary or secondary school," he conceded. "But that period is one that the court should regret, and it is thankfully long past."

A few months later, the Virginia Supreme Court reversed the position it had taken nine years earlier in the Liberty University case and approved tax-exempt bond financing for the construction of a campus for Regent University, a thoroughly sectarian institution founded by Pat Robertson, the religious broadcaster who also founded the Christian Coalition. The Virginia justices did

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balk at permitting Mr. Robertson to use public bond financing for his department of divinity; that would have to be financed in some other way, they said.

But that reluctance seems quaint these days. Early 2005 brought the sale of $28.5 million worth of tax-exempt bonds issued by Cook County, Ill., to finance the construction of an academic center for the Catholic Theological Union, the largest Catholic graduate school of theology in the United States.

The new building, which a seminary spokeswoman said would open this fall, includes space for the world-class Bechtold library of theology, spacious classrooms for religious study and "a worship area that has a sacred space for the entire community to gather," according to the news release about its grand opening.

According to Jeffrey O. Lewis, a lawyer with Ice Miller in Chicago and the seminary's bond counsel for that deal, "The 'pervasively sectarian' restriction began to fall apart in the late 1990's, and quite a few firms are very comfortable doing seminary financing now."

So it was perhaps inevitable that a local government would provide tax-exempt financing to an institution as indisputably sectarian and devoutly religious as the First Southern Baptist Church in Clarksville. "Nobody raised any questions about it at all," recalled Mr. Gwin, the town attorney.

A search of the Municipal Securities Rulemaking Board's database shows that more than $20 billion in tax-exempt bonds have been sold since the late 1980's on behalf of religious institutions or their affiliates, including deals benefiting a Jewish vocational workshop in Michigan, a Baptist retirement home in Arizona, a Presbyterian housing project in Missouri, Lutheran nursing homes and day care centers in Minnesota and Catholic schools in Rhode Island.

In one recent deal, the city of Olathe, Kan., agreed to sell more than $83.5 million in tax-free bonds to help an affiliate of the Archdiocese of Kansas City finance Santa Marta, described as a Catholic "continuing care retirement community" with 162 units for independent living, 32 assisted-living units, a 32-bed nursing home and a swimming pool.

Except for the swimming pool, Santa Marta sounds a lot like Holy Cross Village at Notre Dame, whose property tax status is being disputed by the tax assessment appeals board in St. Joseph County. They certainly have this in common: Most of the money needed to build Holy Cross Village has been borrowed at favorable interest rates through the sale of a $40 million tax-exempt bond — issued by the economic development commission of St. Joseph County.

A Tax Reprieve For Americans Working Abroad (WSJ)

By Tom Herman

The Wall Street Journal, October 10, 2006

NEW YORK -- Some Americans working in countries with high housing costs have won a partial reprieve from a recently enacted tax increase.

The Treasury Department issued a notice Friday that raises the amount of housing costs that some Americans working and living abroad may deduct or exclude when they are filing their U.S. income-tax returns. As a result, although numerous U.S. expatriates still face significantly higher taxes for this year, the increase won't be as steep as initially feared for workers in some places, such as Hong Kong and Singapore.

The new Treasury notice also included revised housing-cost numbers for many places in Europe. But these changes may be less significant for many U.S. workers there because of high taxes imposed by numerous European nations.

The housing-cost numbers, which are based on a complex formula, vary widely from place to place. For example, the maximum amount of housing costs that an American working in Hong Kong may exclude for this year works out to $101,116, according to one Washington tax specialist. Previously, American expats in all overseas locations were allowed to exclude just $11,536. The Treasury says its table will be updated annually.

The tax increase stems from a law enacted in May that is retroactive to the start of this year. That new law mainly hits high-income Americans working in countries with a combination of low taxes and high housing costs and whose companies don't help cover the additional tax costs of living abroad.

The impact can vary widely depending on where someone lives and the details of their pay package. It isn't known exactly how many U.S. citizens work abroad. The Senate Finance Committee has said Americans working abroad filed about 306,000 individual income-tax returns for 2003 claiming what is known as the foreign-earned income exclusion. Of those, about 126,000 returns had a U.S. tax liability.

A congressional committee has estimated the new law's changes affecting U.S. expatriates will raise an estimated $2.1 billion in revenue for the U.S. Treasury over the next 10 years.

Part of the new law slashes the maximum amount of housing costs that workers abroad could exclude or deduct when calculating their taxes. That new law also gave the U.S. Treasury Department authority to change those amounts for workers in nations with high housing costs.

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After lobbying by U.S. expatriate groups, Treasury officials issued "Notice 2006-87," which gives new housing-cost limits for U.S. expatriates in some nations, but not all.

Under the new law, Americans working abroad are eligible to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing costs, when filing U.S. taxes. Income above that level now is subject to much higher tax rates under what is known as a "stacking" rule. That provision isn't affected by the new Treasury notice.

It's Taxing To Recruit Top Law Grads To IRS, But A New Push Betters Returns (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 10, 2006

NEW HAVEN, Conn. -- Donald Korb, chief counsel of the Internal Revenue Service, sits in a high-back chair in a meeting room lined with law books and prepares to talk to a small gathering of Yale Law School students about tax shelters.

But before delivering his lecture, he delivers a sales pitch -- for jobs at the IRS: Work a 40-hour week (more or less). Get into a courtroom within the first month. Choose the city where you work. "I can't say enough about the value to your career," he concludes, breathlessly. "And that's my commercial."

It isn't subtle, and it seems to work. A couple of students reach for the informational folders and CDs stacked on a coffee table.

For decades, the IRS, employer of 1,500 lawyers, failed to draw freshly scrubbed graduates from the country's top law schools. It recruited in the spring, instead of the preceding fall when the private firms did. "All the good ones were gone by then," Mr. Korb says. When it did find promising candidates, it left many of them in limbo for months; private firms usually respond within weeks. And then there's the pay: about $65,000 to $70,000, depending on location, for a first-year lawyer at the IRS. That's half the starting rate at private firms.

It's no wonder few of the smartest young minds in tax law considered starting their careers at the IRS. As a result, the IRS frequently finds itself out-manned and out-maneuvered by corporations or rich individuals, who hire pricey private lawyers to craft and defend sophisticated schemes to dodge taxes.

Mr. Korb -- J.D., Case Western Reserve University School of Law; LL.M., Georgetown University Law Center -- is out to change that. He says a few early years at the IRS is a big boost to a tax lawyer's career. His message seems to be sinking in. A wave of new graduates from law schools at Yale, New York University and the University of Southern California begin work next month, the first stream of new lawyers from those top-tier schools to join the IRS in years. In all, the IRS has 1,500 applicants so far for the 50 spots it wants to fill over the next 12 months.

Deborah Egurrola, 28 years old, who graduated from Yale Law School in June, says she turned down a $125,000- a-year offer from a Washington D.C. law firm, and a $105,000 offer from a Miami law firm, to take a $66,000 offer to work in the IRS's chief counsel's office.

"The IRS really throws you right into the thick of things," Ms. Egurrola says. "At a lot of law firms, you have to start with more behind-the-scenes work. Here you start interacting with attorneys from outside." She says she can afford to take the lower-paying job because her parents have agreed to help her pay back her $75,000 in student loans.

Nina Kang, 26, a third-year USC law student, decided to join the IRS's Los Angeles office after working there as a summer intern. "For me, I didn't think that it was worth it to suffer for two years at a private firm and never see the light of day," she says. "I have heard of some people billing 15 to 20 hours a day for weeks on end. I have outside interests instead of working non-stop."

Ms. King, who has $140,000 in student loans, says the IRS would have an easier time recruiting if it offered ways to help students pay their debts. Some law schools give graduates more time to pay back loans if they go to work for a nonprofit; some private firms, as part of hiring packages, help recruits pay their loans. The IRS can't afford such largesse.

Mr. Korb's campaign has a few kinks. Lindsay Clayton, 24, a third-year law student at Yale, says Mr. Korb interviewed her last fall and sparked her interest. But the private firms where she interviewed called her back within a week for subsequent interviews. It took the IRS five weeks, and even then the agency wanted her to go to further interviews for a job that wasn't the one Mr. Korb had described. She declined. Another division within the IRS called her a few weeks later offering interviews for another job. Again she declined.

Brian Jenn, 29, is a third-year Yale law student with a graduate degree in economics who did a stint working on tax policy on the staff of the White House Council of Economic Advisers. He says he applied for a job with the IRS Chief Counsel's Office two years ago. When he called to inquire about his application after a few weeks, he recalls, "I was told if anyone was interested that they would have contacted me." He refused to apply again when the new-and-improved IRS came calling. He plans to join the Washington office of Skadden Arps Slate Meagher & Flom when he graduates.

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Mr. Korb says it is true that a tendency to bungle applications caused the IRS to lose many promising applicants. He says he has hired a full-time recruiter and has set up a hiring committee to make sure no one else falls through the cracks.

Mary Maher, associate director for the Masters of Law in Taxation program at Northwestern University Law School, says the IRS is turning around its image. Last year, three graduates of the program took IRS jobs. "I heard back...and they have no regrets," she says. "All the marketing is sort of paying off."

Mr. Korb is especially proud of the IRS's slick marketing campaign and recruiting material. The bright green-and-purple folders and CDs contain something only tax geeks may find appealing: A list of famous -- at least in tax circles -- IRS alumni, including Jerry Reinsdorf, owner of the Chicago White Sox and the Chicago Bulls; Pam Olson, a former Treasury Department official and now a partner at Skadden Arps; and Ronald Pearlman, a former Treasury Department and congressional tax official and now a Georgetown professor.

CONGRESS-ADMINISTRATION:

'06 Federal Deficit Likely To Be Lower (WT)

By Stephen Dinan, The Washington Times

The Washington Times, October 9, 2006

The federal deficit is expected to be lower than projected for fiscal 2006 when official numbers are released this week, which likely will lead to finger-pointing about why earlier estimates were so off target.

Income and corporate taxes have surged so much that the Treasury Department is expected to announce that the federal deficit for the fiscal year, which ended Sept. 30, has declined to about $250 billion -- almost $175 billion less than the administration had predicted in February.

It also is about $68 billion less than the 2005 deficit, and although still the seventh highest annual shortfall in history, it gives the Bush administration and congressional incumbents something to talk about this campaign season.

"They overstated the deficit on the front end to claim success later in the year," Sen. Kent Conrad of North Dakota, the top Democrat on the Senate Budget Committee, said in July, according to McClatchy newspapers.

The projections put the administration close to meeting its goal of cutting the 2004 deficit in half, three years ahead of schedule.

"If you look at the numbers this year, they are already very close to the president's goal that he set out in 2004," Rob Portman, director of the Office of Management and Budget, told reporters Friday after the Congressional Budget Office gave its unofficial $250 billion estimate. The Treasury Department's figure, expected to be released this week, is considered the official tally.

Overall, spending increased by $185 billion, but revenue grew even faster -- by $253 billion, according to the CBO -- accounting for smaller deficit. That's a revenue increase of more than 11 percent over 2005.

The driving force has been a 27 percent increase in corporate income taxes, coupled with a 13 percent increase in individual income taxes.

"We've seen this recovery be characterized by corporate profitability that is very strong, so the economic forecast, I think, is hard to do, and the government analysts are not the only ones who didn't predict profitability staying this strong this long," said former CBO Director Douglas Holtz-Eakin, who is with the Council on Foreign Relations.

"The White House is often accused of starting with a big deficit and having it come down later," he said. "The reality is the CBO, which has no particular interest in highballing the deficit and then having it come down, has about the same difficulty in forecasting the deficit as the Treasury did."

In the past 25 years, the February estimates have been off by an average of nearly $70 billion, or 2.2 percent.

On four occasions in that period, the estimates were off by at least $100 billion. They were off by 15 percent or more for three straight years during the Reagan administration.

The errors aren't always good news -- the 1983 and 1985 estimates were more than $100 billion higher than actual revenues.

And although this year's smaller deficit may sound positive, Mr. Holtz-Eakin said the long-term budget problems -- a fix to the alternative minimum tax and Medicare doctor fees, the costs of the war in Iraq and the impending retirement of the baby boomers -- still remain.

"Nothing has changed on the fundamentals," he said.

Inside Politics (WT)

DOJ_NMG_0077792

By Greg Pierce

The Washington Times, October 10, 2006

Dean's mistake

"One-time 2004 presidential front-runner Howard Dean, now chairman of the Democratic National Committee, visited with us last week and made an unusual confession about why his White House bid soured: He failed to grow up during the campaign," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

" 'My biggest mistake was something that Bill Clinton actually told me, but it was too late down the track to do it,' he says. 'That I had to make a conversion from an insurgent candidate to a candidate who acted like a president.

" 'People won't elect you president if they don't see you as a president. They saw me as an insurgent, they loved me, I was able to push the party into standing up for itself again, but I never made the conversion into what people expected of a president of the United States, and I needed to make that conversion around September [2003], and I didn't do it.

" 'Part of it was we were too successful too fast. I was leading the polls in September, so the argument was, well, you should continue to do what you're doing. But that wasn't sufficient.' "

Still smarting

Sen. John Kerry, Massachusetts Democrat, lashed out at a group that campaigned against him during his previous run for the White House.

Swift Boat Veterans for Truth, financed by Texas conservatives, ran commercials questioning his Vietnam record -- the centerpiece of his 2004 presidential campaign. Those conservatives have formed another group this year -- Economic Freedom Fund -- to campaign against Democrats across the country, the Associated Press reports.

"We're not going to give them an ounce of daylight," said Mr. Kerry, who was campaigning in Iowa and is considering a run for the Democratic presidential nomination in 2008.

The senator said his response to the commercials in 2004 was not strong enough.

"We thought the fact that the truth was out there was enough," he said. "Clearly it wasn't."

Jet-setting greens

"They sit in economy class occasionally wiping their clammy hands. Their eyes dart furtively about. They wonder whether the stewardess or passenger next to them might have become suspicious. Some even grow moustaches or beards -- to cover the 'giveaway' sweating top lip," Peter C. Glover writes at www.tcsdaily.com.

"But they are not terrorists. At least not in the modern sense of wanting to blow up the airplanes they travel in. Far from it, for they love nothing more [than] the sense of self-importance international jet-setting offers. Traveling that delivers them in far-flung destinations where they can evangelize their ascetic ordinances to thousands of fellow worshippers. But while travelling their chief fear is that they will be found out. Who they are, what they preach -- and expose their moralistic hypocritical behavior," Mr. Glover said.

"They are the Green Bigots, leading environmentalists, those at the vanguard of the fight to change our lifestyles, restrict our foreign flights, who insist we do our 'bit' to cut greenhouse gas emissions while they rack up thousands of airmiles on business and pleasure trips.

"As the UK's The Sunday Times has recently revealed, 'In the past year the directors and chief executives of groups such as WWF, Greenpeace, Friends of the Earth and the Soil Association have crisscrossed the globe, visiting the Falklands, Japan, Africa and Brazil.' The ST's environment editor points out, 'All are running high-profile campaigns to persuade people to change their lifestyles and cut emissions of carbon dioxide.'

"The article identifies a number of well-known examples. They included Bob Napier, chief executive of WWF, who through jetting to various destinations in Asia, the Americas and Europe helped generate more than 11 tons of carbon dioxide (CO_2) last year."

In trouble

Worried California Democrats said Sunday that Phil Angelides failed to achieve the breakthrough he needed in the sole gubernatorial debate and expressed fear that his campaign's trajectory threatened others on the statewide ticket, the Los Angeles Times reports.

Fellow Democrat John Garamendi, in a tight race for lieutenant governor against Republican state Sen. Tom McClintock, has started to distance himself from Mr. Angelides. Mr. Garamendi said in a television interview that aired Sunday that he disagreed with an Angelides plan to raise taxes on corporations and the well-to-do.

"I don't think it's necessary," the insurance commissioner said on KNBC's "News Conference."

Though few thought Mr. Angelides did poorly in the debate, there was wide agreement that Gov. Arnold Schwarzenegger, a Republican, benefited the most from Saturday night's allotted 55-minute session, largely because nothing occurred to change the essential dynamic of the race.

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Mr. Angelides, the state treasurer, entered the evening desperately needing to redefine a contest that by all measures -- polling, fundraising, party morale -- was going badly for him.

Turner's doubts

Former media mogul Ted Turner says he has a hard time deciding whether he is for or against the war on terrorism.

"There are a lot of things about this war that disturb me, and one of them is the attitude that was well-expressed by our president. He said it very clearly; he said, either you're with us or you're against us. And I had a problem with that because I really hadn't made my mind up yet," Mr. Turner said yesterday at the National Press Club.

"I mean, what if you haven't made your mind up? What if you're thinking about it, doing some studying, doing some reading? Because it's an important decision on whether to go to war or not to go to war. I mean, you're either with us or against us -- that's pretty black and white."

Blanco's plan

Louisiana Gov. Kathleen Babineaux Blanco, a Democrat, proposed a $1 billion plan yesterday to ease the post-hurricane insurance burden on Louisiana homeowners by sending them refund checks to cover recent rate increases.

Mrs. Blanco's plan requires legislative approval and a change in the state constitution, in part because some of the money would be raised by selling off what remains of Louisiana's share of a 1998 nationwide tobacco settlement.

The plan calls for the state to essentially refund the rate increases, averaging 15 percent, that private insurance companies imposed on Louisiana's 1 million policyholders after Hurricanes Katrina and Rita, the Associated Press reports.

Under Mrs. Blanco's plan, homeowners would be sent checks next year. A homeowner who pays $1,000 per year for property insurance would receive $100 to $150.

"We need insurance-rate relief, and we need it now," Mrs. Blanco said.

No Cabinet Member Left Behind In 'Jeopardy!' Challenge For Charity (USAT)

By Greg Toppo, Usa Today

USA Today, October 9, 2006

I'll take "Cabinet Members on Quiz Shows" for $200, Alex.

This U.S. Education secretary on Sunday became the first sitting Cabinet member to buzz in on an episode of Jeopardy!, taping a one-game appearance for charity.

Who is Margaret Spellings?

Spellings, 48, a former lobbyist and longtime education adviser to President Bush, is sworn to secrecy about how well she did — as are all contestants on the long-running syndicated game show, hosted by Alex Trebek.

She did say after the taping in New York: "I held my own … it wasn't a wipeout." The episode of Celebrity Jeopardy! on which she appears will air next month on ABC.

The Education secretary, who oversees the schooling of nearly 77 million U.S. students, went up against Hill Harper of CSI: NY, and actor/screenwriter Michael McKean, best known for his performances in the ensemble comedies This Is Spinal Tap, A Mighty Wind and Best in Show.

Unlike contestants on typical Jeopardy! episodes, celebrity contestants appear only once per tournament, and charities receive their winnings. Those charities selected by the runners-up receive $25,000 (or more if the players earn more); the winner's charity gets at least $50,000. Spellings' beneficiary: ProLiteracy Worldwide.

The invitation came after Spellings, in a May 2005 New York Times Magazine interview, said she was "a big Jeopardy! fan. Love it!" She added that she was annoyed that former Environmental Protection Agency administrator Christine Todd Whitman and former White House spokesman Ari Fleischer had appeared in a Power Players edition of the show.

A quiz show may be a walk in the park for Spellings, who, alongside the president, first lady Laura Bush and Attorney General Alberto Gonzales, will preside Tuesday over a summit on school safety.

It takes place after three deadly school shootings in the past few weeks. And next year, Spellings gears up for congressional hearings on both the Higher Education Act and No Child Left Behind, Bush's signature elementary and secondary education law.

No inside information was available about Spellings' game show debut. Unlike in Washington, leaks are frowned upon in the Trebek administration.

Asked repeatedly for details about the taping, executive producer Harry Friedman on Sunday finally said, "I can tell you she did fine and I can tell you … no, I really have to stop there."

Added Spellings: "I'm glad I did it. … Now I need to get back to business."

OMB Paper Aims To Clear Up Bush's Management Agenda (WP)

By Stephen Barr

The Washington Post, October 9, 2006

As federal employees understand all too well, it's sometimes hard to sort out myth and fact in Washington.

Last week, the White House budget office posted a paper on one of the Bush administration's Web sites (http://www.results.gov) that, from its perspective, tried to set the record straight on the president's management agenda for the government.

That agenda has been controversial since it began five years ago -- in part because it promotes contracting out federal work and more rigorous approaches to measuring the performance of employees and programs. It's safe to predict that a number of the "facts" in this new paper will be disputed by federal unions and in some quarters of Congress.

Federal employees also will bring their workplace experiences to bear when assessing the Office of Management and Budget's paper, which pulls together the administration's explanations on contentious sections of the agenda. Among the paper's points:

Â· Changes to the federal personnel systems are not intended to cut payroll expenses. "The amount of money spent overall on raises will not change, and employee benefits will not change," according to the paper. "If an employee is a good performer, he or she will attain higher pay levels faster."

Â· Additional money has been proposed for training and implementation of new personnel systems. (The paper does not stipulate how much, but officials said two departments -- Defense and Homeland Security -- plan to spend several million dollars.)

Â· Projected savings from job competitions between federal employees and contractors, often in dispute, will be tracked and verified. "Agencies are establishing internal processes to independently validate results from completed competitions," according to the paper.

Â· Program assessment ratings, conducted by the OMB, are not used to eliminate federal programs that are out of favor with the administration. Ineffective programs, the paper noted, "may well need more money."

Asked if the paper had been posted with an eye to the November congressional elections, Robert Shea at the OMB said no. The paper had been in the works for some time, said Shea, who serves as counselor to Clay Johnson III , deputy director for management at the OMB.

The management agenda was drawn up shortly after President Bush took office, when administration officials assumed they could count on widespread support in Congress. But a series of events, including questions about the government's sluggish response to Hurricane Katrina, have slowed the administration's ability to overhaul key systems.

Federal unions and the OMB have battled annually over outsourcing, with Congress sometimes supporting unions. A pending House appropriations bill would block some funding for the OMB program assessment ratings. Federal court rulings have blocked personnel system changes that would sharply limit union rights.

Johnson and OMB Director Rob Portman , speaking at a recent luncheon sponsored by the IBM Center for the Business of Government, said that they plan to pick up their efforts to sell Congress on the president's management agenda.

"One of the reasons we are focused on this, and Clay and I are working a little bit more deliberately with Congress and trying to institutionalize more of this, is that we know these committees, some of the staff, some of the members, are going to outlive this administration," Portman said.Buying and Spending

In responding to the Sept. 11, 2001, terrorist attacks, the government has increasingly relied on contractors for support and solutions, the Government Accountability Office reported Friday.

From 2001 through 2005, federal acquisition spending increased more than 65 percent, to $388 billion in 2005, the GAO said.

But the government's acquisition workforce has remained steady, at about 106,000 employees. "Many have raised concerns that the increased workload has stretched this workforce to its limit," the GAO said.

The surge in spending also has renewed worries about contract abuse and mismanagement, and Charles Peters , the legendary editor of the Washington Monthly, has kicked off a debate on contracting issues at http://www.understandinggovernment.org . The Web site provides federal employees with a forum where they may remain anonymous.

Federal employees interested in government spending also might want to check out http://www.fedspending.org , sponsored by OMB Watch, an advocacy group founded in 1983 to promote increased government accountability. That site, which will contain data on $12 trillion in spending from 2000 to 2005, launches tomorrow.

Dr. Mark McClellan (CSM)

By David Cook

DOJ_NMG_0077795

The Christian Science Monitor, October 10, 2006

Dr. Mark McClellan, who will step down Saturday as administrator of the Centers for Medicare and Medicaid Services, met with reporters at a Monitor-sponsored breakfast on Friday.

As head of an organization that dispenses some $610 billion in healthcare payments, Dr. McClellan's vision and management savvy have gotten positive reviews from such dissimilar editorial pages as The New York Times and The Wall Street Journal.

The questioning began with the financial challenges an aging population poses for the healthcare system in general, and Medicare in particular.

McClellan said, "I want to distinguish steps to make our healthcare system work better at the lowest possible cost for aging Americans, and steps to make ... our Medicare and Medicaid sustainable. The aging of the baby boom is putting big pressure on both."

Turning first to the healthcare system as a whole, McClellan said, "the best thing that we can do is to take further steps to improve the efficiency in the way that it works, of getting more for the dollars that we spend. Steps like paying more for value, shifting benefits so that they are up to date and stay up to date, getting patients more involved because care is increasingly about prevention ... all of those steps can help us get the overall cost of care down...."

There is substantial waste in the healthcare system that can be eliminated, McClellan said. "Because of medical errors, misuse of treatments, overuse and underuse, by many estimates up to 30 percent or more of our healthcare spending is going for the wrong thing. We need to be making much more progress on getting that right."

McClellan, the older brother of former White House press secretary Scott McClellan, then turned to steps that could put the Medicare program on a sounder footing for the future. "Anything we do to avoid unnecessary spending, to get overall costs down, is going to help with sustainability," he said.

But McClellan said he favored "reduced subsidy levels" from Medicare "for wealthier Americans."

"I do think we need to continue to take a close look at what Medicare can support for the long term. In 2007 we are implementing an income-related premium in Medicare. What that means is that the wealthiest beneficiaries will still get a significant subsidy for their Medicare benefits. The overall Medicare subsidy next year is going to be worth more than $7,000 a person, and even the wealthiest beneficiaries will continue to get most of that subsidy. But steps toward having people with the most means use their own savings and their own resources to pay for part of their care, while keeping the whole Medicare program up to date, making sure it is available and providing effective coverage for everyone, can be a very important step toward making the program sustainable," he said.

The challenge of making Medicare sustainable was a key part of a speech last week by Federal Reserve Board Chairman Ben S. Bernanke. The Fed chairman stressed the country's need to boost saving to pay for the effects of an aging population. He noted that Medicare's cost is projected to rise from 3 percent of gross domestic product (GDP) today to 9 percent in 2050. That is more than the country now spends on both Social Security and Medicare.

Bernanke said the choices for dealing with the financial costs of an aging population are higher taxes, less non-entitlement spending, a reduction in outlays for government programs, a sharply higher budget deficit, or some mix of all these.

McClellan cited the recently enacted Medicare prescription drug benefit as an example of the gains that can come from competition and from consumers making frugal choices.

"The average costs that the [providers] say they need for 2007, or their bids for providing the drug coverage, turned out to be about 10 percent lower on average than had been the case for 2006. So drug costs to taxpayers will be on average about 10 percent lower in 2007 than in 2006," McClellan said.

"Another way to look at it is that the bids the plans made for 2007 are about one third lower than had been predicted a little bit over a year ago in the middle of 2005 because of ... very strong and aggressive competition and people choosing low-cost plans," McClellan said. He noted that, "something like 75 percent plus of our beneficiaries chose plans which cost less than the average."

McClellan brings a strong academic background to his work. He earned his bachelor's degree from the University of Texas, his master's degree from Harvard University, his medical degree from Harvard-MIT Division of Health Sciences and Technology, and his PhD from Massachusetts Institute of Technology.

Not surprisingly, McClellan is optimistic about the role medicine will play in the country's future. "If you look ahead in the 21st century, this really should be what many experts have called and the economists have called the biomedical century. Healthcare and biotechnology and innovation in medicine are areas where the United States can lead the way for the world in innovation, can lead the way for the world in helping people live much longer and much better lives," he said.

Defense Managers Give New Personnel System A Good Grade (WP)

DOJ_NMG_0077796

By Stephen Barr

The Washington Post, October 10, 2006

The Pentagon has rolled out the first phase of a new pay and personnel system to a dozen agencies in the Defense Department, and Donna Vaughn , a budget officer at Fort Belvoir, likes what she sees.

A year ago, she found it difficult to recruit employees for her staff at the Defense Threat Reduction Agency and had lost younger employees to consulting firms and contractors that paid more. But the new personnel system, which gives managers more discretion to set starting salaries, has made her office more attractive and more competitive in the job market, she said.

"We have been recruiting in the last six to nine months, and the quality of the individuals we are getting is much higher than a year ago because they are willing to apply to an agency that is pay banding," Vaughn said.

As part of its move to the new National Security Personnel System, Vaughn's agency adopted pay bands -- typically three broad salary scales for most occupations -- and tossed out the 15-grade, 10-step General Schedule, the decades-old system used across the government.

The shift to the NSPS, however, is about more than the mechanics of setting salaries.

The new system has emerged as the Bush administration's most promising effort to overhaul how civil service employees are paid, promoted and held accountable for their work. Rather than reward an employee's length of service, a feature of the General Schedule, the NSPS will reward superior job performance, according to Defense Department officials.

The NSPS calls on supervisors and employees to link their work to their agency's mission. At the DTRA, the goal is to safeguard the country from weapons of mass destruction. Employees and supervisors write up job objectives tied to the strategic plan of their agency, and employees are evaluated on how well they meet those objectives. The evaluations are turned into job ratings used to determine pay raises and bonuses.

Shari Durand , in charge of personnel policies and business-related activities at the DTRA, said the NSPS will help employees "get even more focused on specific outcomes. In the past, there wasn't a disciplined process to make that happen."

The first phase of the NSPS began in late April and covers 11,000 civil service employees in the Defense Department. The second wave of conversions, involving more than 66,000 employees, began this month and runs through January. Over time, the Pentagon hopes to move about 700,000 employees into the NSPS.

The new system has created some anxiety in the Defense workforce. The American Federation of Government Employees and other unions have questioned whether performance-based pay can be administered fairly and whether Congress will provide adequate funding for the NSPS.

The unions filed suit to stop implementation of some parts of the NSPS, including a provision that would limit contract negotiations, and won a court injunction. The Pentagon has filed an appeal and is converting only non-union employees to the NSPS until labor-management issues are clarified.

Like other agencies in the first wave, the DTRA held a practice run to help supervisors and employees understand the personnel system.

At the start of the dry run, supervisors and employees spent time together defining job objectives and expectations, Durand said. At the end, employees received information showing how they stacked up against co-workers for the rating cycle, she said.

"The mock has produced, I think, more realistic evaluations of employees and you see a better equity across the board," Durand said. "Dollar-wise for some folks, there could be a significant increase for them from what they got under the GS system."

The switch to a new system also has required several hours of training for supervisors and employees.

Mirna Flowers , a management analyst and aide to Vaughn, said the training was "overwhelming," adding that "I have to pull out my little reference book to make sense of it." She continued: "Just a lot of new language and terminology that we all have to get used to."

Still, Flowers called the NSPS "a good tool" and predicted that poor-performing employees will be held more accountable under the NSPS. "As harsh as it may sound, you have seen people get pay increases for just being in the system," she said. "And I think this system is going to allow us to be able to separate the performers from the non-performers."

An Inspector General? (WP)

The Washington Post, October 9, 2006

Rep. James Sensenbrenner's proposal to create a watchdog for the judiciary is a bad idea come too soon.

BEFORE LEAVING town for recess, the House Judiciary Committee reported out a bill to create an inspector general for the federal judiciary. The bill, given the nod in a 20 to 6 bipartisan vote, is both premature and ill-conceived.

Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) is not wrong in believing that the system for investigating misconduct allegations against federal judges needs work. Just the other day the judiciary itself acknowledged as much; a commission led by Justice Stephen G. Breyer examined the recent history of judicial self-policing and found that the judiciary had

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mishandled a large percentage of high-profile misconduct cases. The Breyer commission made a series of recommendations for improving the management and investigation of such matters.

In addition, the administrative arm of the courts mandated the use of computer software to cross-check a judge's financial holdings to flag conflicts of interest. And it imposed new disclosure rules on judicial attendance at privately funded educational seminars. While we continue to think that the judiciary needs to do more, it makes no sense to create an institutional mechanism for investigating judicial misconduct before knowing how much of the problem these recommendations will fix.

This is particularly true because an inspector general is likely to be the wrong mechanism for the judiciary in any event. Under Mr. Sensenbrenner's proposal, the office would investigate "waste, fraud and abuse" -- though the judiciary has little of these. It would also look into misconduct charges against judges of lower federal courts and report to Congress on them. It would have the power to subpoena documents and testimony in conducting these probes. To avoid running afoul of the constitutional separation of powers, however, the inspector general would be removable from office by the chief justice. It could not investigate the merits of a judge's decision or initiate an investigation before the judiciary's normal misconduct procedures had run their course. The result would be an office at once intrusive and too weak to be of much use, more likely to impinge on the independence of the judiciary than ferret out misuse of funds or uncover misdeeds.

An institution that could serve to harass judges who issue politically unpopular opinions with subpoenas for document production and testimony would be problematic under any circumstances. Mr. Sensenbrenner's habit of using his committee's powers to investigate federal judges -- some of whom merely acted in ways he did not like -- creates a particularly troubling context. While the judiciary ought to take bolder steps to get its house in order, no pattern of judicial conduct justifies this experiment.

Good New Rules For Judges (LAT)

The Los Angeles Times, October 9, 2006

Measures will increase impartiality and stave off congressional intrusion.

IN A VARIATION ON THE BIBLICAL exhortation "Physician, heal thyself," critics of ethical lapses in the federal judiciary have long been saying, "Judges, judge yourselves." The Judicial Conference of the United States has done just that with welcome new rules to raise ethical standards and make it easier for citizens to monitor judges' compliance with them.

Useful in themselves, the initiatives also should discourage critics of the federal judiciary in Congress from encroaching further on the independence of a co-equal branch of government that often antagonizes lawmakers with its rulings.

The first initiative is designed to make it harder for judges to inadvertently sit on cases in which their impartiality might be questioned. The conference will require federal courts to use computer software that sifts through cases in search of overlap between the parties and judges' financial holdings.

The second initiative addresses a malodorous practice in which federal judges attend seminars — some of them funded indirectly by corporate interests — at which they have the opportunity not only to bone up on trends in law and economics but also to swim, play golf, ride horses and otherwise frolic with captains of industries who have a lot at stake before courts. The Community Rights Counsel, an environmental watchdog group, has documented hundreds of such "judicial junkets."

New rules announced by the Judicial Conference will not do away with judges' participation in educational programs but will impose new disclosure requirements. Except for those offered by bar or judicial organizations, seminars that reimburse judges for more than $305 in expenses (greens fees included, presumably) must disclose sources of financial support. Information about which judges participated in which events will be available on the Internet.

Judges who take part in these programs are adamant that they aren't swayed in their rulings by the hosts' hospitality. But what matters is how the public might perceive the preferential access that flows from these junkets and the motivation — presumably not just charity — of those footing the bill.

Welcome as they are in themselves, the new rules should also temper a movement in Congress to create an inspector general for the judiciary, an innovation that would needlessly entangle the legislative branch in the supervision of judges. It's easier for the judiciary to fend off encroachments from other branches when it's willing to judge — and heal — itself.

OTHER NEWS:

Fed Official Sees Easing Inflation, But Concerns About Prices Remain (WSJ)

By Michael S. Derby

The Wall Street Journal, October 10, 2006

DOJ_NMG_0077798

NEW YORK -- Federal Reserve Bank of San Francisco President Janet Yellen said Monday that while she remains concerned about the current level of inflation, she believes the present stance of monetary policy appears well suited to bring those pressures back in line over time.

"I do want to see inflation move down, but I believe policy may now be well-positioned to foster exactly such an outcome while also giving due consideration to the risks to economic activity," Ms. Yellen said in comments prepared for delivery before the California Independent Bankers 16th Annual Convention in Laguna Beach, Calif.

She noted that "monetary policy makers again are doing a balancing act, seeking the best way to temper inflationary pressures while not exposing the business cycle expansion to undue risk." And against those risks, "holding the stance of policy steady for a time makes sense to me," especially since "we appear to be within range of the moderately restrictive policy," she said.

Ms. Yellen is currently a voting member of the interest rate-setting Federal Open Market Committee. Economists and financial markets widely expect the Fed to hold what is currently a 5.25% overnight target rate steady through the remainder of the year, although markets generally believe the economy is poised to weaken enough for the Fed to start easing rates next year.

Ms. Yellen, who has been a frequent speaker on the economic outlook over recent weeks, offered views in her speech that were consistent with her past statements. Ms. Yellen's address Monday wasn't open to the press.

"Core consumer inflation has been uncomfortably high recently," she said. "I believe it is critical that inflation trend in a downward direction over the medium term" and "my expectation is that this is the most likely outcome," she said.

Ms. Yellen did acknowledge that she is "somewhat encouraged" by recent evidence of slowing price pressures. That said, "I am keenly aware that this pattern has yet to show up in the data on any sort of a sustained basis," she said.

And in a world where the outlook for price pressures is "highly uncertain," Ms. Yellen said that "until we actually see inflation begin to slow down, I will be focused on the upside risks in the outlook." Still, the official pointed to "well anchored" inflation expectations as a reason to be optimistic.

Ms. Yellen said that the Fed decided to hold rates steady in August in large part because of rising evidence that past rate increases were beginning to slow the economy. "Since then, there have been further signs of slowing," which allowed the Fed to again keep rates steady when it met in late September.

"The data we've been seeing in recent months point to a noticeable slowdown for this half of the year, with growth running at only a modest pace and clearly below the rate that is sustainable in the long run," Ms. Yellen said. Supporting the economy are a number of factors on the business side of the equation, while headwinds include energy prices and the cumulative impact of past interest-rate incresases, she said.

Ms. Yellen added to the list of factors weighing down growth the housing sector, where the pace of the slowdown there has been "a little surprising." She said "we have already seen that the pace of house-price appreciation has clearly moderated, and there are signs that it may continue." This will likely weigh on the consumer sector, Ms. Yellen said, as she warned that banks should be particularly wary of the impact of this shift on their industry.

Ms. Yellen also said "it has been something of a relief to see that oil prices have receded quite a bit in recent months," and if they stabilize, "the restraint we've felt this year should evaporate over 2007" and "would actually contribute to a pickup in growth next year."

Dow, Nasdaq Shrug Off North Korea, While Dollar Increases On The Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 10, 2006

The U.S. stock market quickly learned to stop worrying about the nuclear bomb that North Korea said it tested, as major indexes edged higher to end a seesaw day of trading.

The Dow Jones Industrial Average gained 7.60 points, or 0.1%, to end at 11857.81, up 11% on the year, just shy of its recent record.

The modest rally represented a comeback from an initial move lower yesterday morning, prompted by North Korea's announcement, analysts said. The blue-chip Dow was off nearly 37 points at its intraday low around 10:30 a.m. EDT.

Other indicators also eked out small gains in light trading due to the observance of Columbus Day in the U.S. (The bond market was closed entirely.) The Standard & Poor's 500-stock index rose 0.1%, or 1.08 points, to 1350.66, up 8.2% on the year. And the Nasdaq Composite Index rose 0.5%, or 11.78 points, to 2311.77, up 4.8% on the year.

Reacting to its neighbor's reported nuclear test, South Korea stocks dropped. The benchmark Kospi stock index tumbled 2.4%, or 32.60, to 1319.40, and is now off 4.4% on the year.

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The dollar rallied on the yen, as the nuclear test added to pressures on the Japanese currency. The Japanese stock market was closed.

Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said that geopolitical events -- even dire ones -- have had decreasing influence on U.S. shares lately. He likened yesterday's reaction to the North Korea news to the market's relatively subdued moves following last year's transit bombings in London and this summer's conflict between Israel and Hezbollah.

"Investors' focus is on, 'What direction is economic growth headed?' " said Mr. Weissenstein. "At the same time, the market is growing less reactive to some of the other event-driven 'noise' that's out there."

He added that stocks had one less catalyst to generate significant moves yesterday, with the bond market closed. As trading resumes today, the 10-year Treasury yield stands at 4.7%.

In recent weeks, many investing pros have commented on the interplay -- and apparent disagreement -- between the bond and stock markets. Bond prices have generally been low, a possible sign that investors are worried about recession, according to some analysts' reading of the market.

By contrast, the Dow rallied last week to records, and stock investors generally remain confident that the economy is vibrant enough to sustain a strong run of corporate profits.

That theory will be put to a test today when the aluminum maker Alcoa, one of the Dow's 30 component stocks, releases third-quarter earnings after the market close. The company's profit announcement traditionally kicks off the earnings season, with a flurry of companies following suit.

In major U.S. market action:

Stocks rose; bonds were closed. Total trading volume for stocks listed on the New York Stock Exchange was 1.98 billion shares, as 1,976 issues rose and 1,275 fell.

The dollar was mixed. Against the Japanese currency, the dollar rose to 119.12 yen, compared with 119.01. The euro rose against the dollar to $1.2601, compared with $1.2595.

Small Businesses Again Gain Ground In Overall U.S. Employment (USAT)

By Jim Hopkins, Usa Today

USA Today, October 9, 2006

Trend may mean more employees will lack insurance as a result

SAN FRANCISCO — Reversing a long-term trend, small businesses are taking a growing share of U.S. employment, with possibly negative consequences for health care coverage of millions of workers.

New government data show that small firms employed 50.9% of private-sector workers in 2004, up from 50.7% in 2003. It was the third-consecutive year of small firms gaining, and followed nearly uninterrupted annual increases by big employers since 1988, the Small Business Administration data show.

As more Americans work for small firms, however, they are less likely to get medical coverage and other benefits such as retirement plans, because small firms are less likely to offer those benefits.

For example, 60% of companies with three to 199 workers offered health benefits this year vs. 98% of those with 200 or more workers, the Kaiser Family Foundation said last month .

Driving the employment trend:

·Shifting cycles. Big companies — defined by the SBA as those with 500 or more employees — are more likely than small businesses to shed workers during recessions and slow-growth economies, says Mark Zandi, chief economist at Moody's Economy.com.

“Layoff announcements are large and numerous,” Zandi says, citing the period after 2001, when a short recession spurred many corporations to slash payrolls.

·Industry mix. Big corporations are more likely to be in manufacturing, a sector ripe for replacing workers with automation through investments in technology.

Small companies are often in service industries such as consulting and health care, fields that require workers rather than machinery, says Brian Headd, SBA's head of research.

In Omaha, Medical Solutions nearly doubled employment this year, to 250 workers, as more hospitals hired its registered nurses and other health care professionals. Started in 1997, the company now has contracts with 350 hospitals in 46 states, President Scott Anderson says.

·Outsourcing. As big companies downsize, they hand work to smaller outfits such as Total Asset Services in Tulsa. It installs voice and data cables, plus other equipment for big companies such as Capital One that are opening call centers in the Midwest, owner Sharon Marrs says.

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The outlook for further shifts in employment is mixed. Zandi says big corporations may have taken the lead since 2004 as the economy started growing again after the recession.

Still, planned job cuts, especially in the automotive industry, soared 54%, to 100,315, last month from August, outplacement firm Challenger Gray & Christmas said last week.

Also, CEOs of Fortune 500 companies have grown more pessimistic about hiring, according to the Business Roundtable's most recent quarterly survey.

In that trade group survey, published last month, 32% of CEOs said they expected U.S. employment would be higher in the next six months, down from 41% in the previous survey.

The Worker Rally (WSJ)

The Wall Street Journal, October 9, 2006

The Labor Department released its September jobs report on Friday, and some wags are calling it the "whoops" report. The "whoops" is a reference to the upward revision of 810,000 previously undetected jobs that Labor now says were created in the U.S. economy in the 12 months through March 2006.

So instead of 5.8 million new jobs over the past three years, the U.S. economy has created 6.6 million. That's a lot more than a rounding error, more than the number of workers in the entire state of New Hampshire. What's going on here?

Our hypothesis has been that, due to the changing nature of the U.S. economy, the Labor Department's business establishment survey has been undercounting job creation from small businesses and self-employed entrepreneurs. That job growth has been better captured in Labor's companion household survey, which reported 271,000 new jobs in September after 250,000 new jobs in August, and a very healthy total of 2.54 million new jobs in the past year.

The household survey is what is used to determine the unemployment rate, which fell in September to 4.6%, the lowest level in five years. The establishment survey, meanwhile, is used to announce the monthly "new jobs" numbers. Every year the Labor Department revises its job estimates from the previous year, in essence reconciling the figures from the two surveys, and the missing 810,000 jobs was the result through March 2006.

Getting out of the statistical weeds, the news here is that the U.S. has a very tight labor market -- which is now translating into significant wage gains. Over the past 12 months wages have climbed by 4%, which is the biggest gain since 2001 and which economist Brian Wesbury points out is higher than the 3.3% average annual wage growth of the last 25 years.

Most of the media has ignored all this and instead focused on the disappointing 51,000 "new jobs" number from the establishment survey for September. But even in that survey, the jobs number for August was revised upward by 62,000 and the U.S. jobs machine continues to roll out an average of about 150,000 additional hires each month. Even the loss of residential construction jobs in September, due to the housing market slowdown, was nearly matched by payroll gains in commercial construction.

This boom in employment started in August of 2003, roughly coincident with the economy's growth acceleration in the wake of the Bush Administration's 2003 tax cuts on dividends, capital gains and in the top marginal income rate on the highest earners. Yet on the same day that the Labor Department discovered 810,000 new jobs, Nancy Pelosi promised that if she becomes Madam Speaker next year, within 100 hours of taking the gavel the House will vote to repeal those tax cuts and raise the minimum wage. Never underestimate the ways that Washington politicians can do economic harm.

As Price Slips, OPEC Moves Toward Production Cuts (NYT)

By Jad Mouawad

The New York Times, October 10, 2006

A consensus among OPEC members began to form over the weekend about cuts in oil production to help stem the recent decline in price, but the group's members have not yet agreed on how to share the reduced output.

While more of OPEC's members have lined up behind a proposal to pare the group's formal ceiling by one million barrels a day, significant hurdles remain before the cuts can be put in place. It would be the first time OPEC had cut its quotas in two years.

OPEC, which accounts for about 40 percent of the world's oil exports, may call an emergency meeting later this month to hammer out the deal, according to the oil ministers from Iran and Algeria. Nigeria, which holds the presidency this year, did not rule out an emergency meeting ahead of OPEC's next scheduled gathering on Dec. 14 in the Nigerian capital, Abuja.

The Organization of the Petroleum Exporting Countries has not formally reduced its output ceiling since the second quarter of 2004, and any talk of how to divide the lower production may lead to acrimonious negotiations as countries fight for their market share.

But concerns over slumping prices may force OPEC to act.

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Crude oil futures in New York are down 24 percent since touching a record trading price of $78.40 a barrel in mid-July. Last week, even as OPEC mulled reducing its output, prices fell 5 percent as traders doubted the cartel's resolve. Oil closed at $59.76 a barrel on Friday, near its lowest levels in seven months.

In recent days, Edmund Daukoru, OPEC's president and Nigeria's oil minister, has been making calls to all of the group's representatives to find a way to stem the slide and turn market sentiment around.

"I think there is more or less consensus for one million barrels a day," Mr. Daukoru told Reuters yesterday. He indicated that the cut would be made from OPEC's current quota of 28 million barrels a day.

Excluding Iraq, which does not have a production quota, OPEC produces about 27.5 million barrels a day, slightly less than its formal output ceiling.

Saudi Arabia, OPEC's most influential member, has not made any public comment in recent days, but is understood to back a production cut if other members reach a consensus to do so. The oil-rich kingdom has already pared its output to prop up prices.

In Algeria, the oil minister described the recent drop in oil prices as serious and warned that prices might fall another $25 if nothing was done. Chakib Khelil, the minister, told reporters there was agreement among the member countries to meet and decide on production cuts to face the "new market situation."

"What is important is that the market find the OPEC position credible," he said. "That is why it is necessary to have a meeting to make a decision on the cut and to act on it."

As Oil Ebbs (WP)

The Washington Post, October 9, 2006

The nation still needs a sane energy policy.

THE DECLINE in the price of oil from its July peak of $78 per barrel has prompted relieved sighs among policymakers. Just a few months ago there were fears that expensive oil could simultaneously slow growth and stoke inflation, resulting in the vexatious problem known as stagflation. Today, cheaper fuel is rescuing consumers from at least part of the impact of falling home prices. Oil at around $60 per barrel is one reason the Dow Jones industrial average recently broke its record.

The relief should not distract from the central policy fact about oil, which is that government must do more to discourage consumption. The past year or so has vividly demonstrated the connection between surging oil demand and high prices on the one hand and noxious political trends on the other. High energy prices pumped money into the coffers of oil exporters such as Venezuela, Iran and Russia, emboldening their leaders to challenge the interests and values of the rich oil-importing democracies. Back in the 1990s, Russia depended on Western capital and made progress in embracing Western democratic values. In this decade, by contrast, the boom in oil and natural gas prices has left Russia with a surplus of capital. Freed of any need to humor Western creditors, Russia's leaders have hobbled democratic institutions at home and bullied democratic neighbors abroad.

Deflating petro-bullies is one good reason for the United States to reduce oil consumption and so bring oil prices down. Another reason is to reduce global warming, the evidence for which continues to strengthen. Again, the past year or so has provided a revealing natural experiment: High prices began to curb sales of gas-guzzling sport-utility vehicles and generated a flood of venture capital investment into alternative fuels such as ethanol made out of agricultural waste or grass. But with oil prices now down a bit, the commercial momentum behind energy conservation and alternative fuels may dissipate.

The policy challenge can be summed up this way: How do you keep oil prices low so as to deflate petro-bullies but simultaneously high so as to stimulate alternative fuels? The answer is taxation, which could mean specific levies on gasoline and other products or a more general carbon tax. Taxation would prompt cuts in consumption, which would lower the pretax price at which petro-bullies sell crude oil. Taxation would simultaneously boost the incentive for carmakers and venture capitalists to pursue energy conservation and alternative fuels.

The chief objection to this policy is that a new tax would burden the economy. But any such burden could be offset by reducing some other tax. The secondary objection is that a carbon tax is politically unfeasible. But the defeat of President Bill Clinton's proposal for a BTU tax, commonly cited as proof that a carbon tax is unthinkable, took place more than a decade ago. That was before oil states' extremism emerged as a leading security threat. It was before the evidence on climate change became overwhelming. It's time for the nation's political leaders to get beyond the circular conviction that they can't propose a carbon tax because nobody is proposing a carbon tax. What sort of leadership is that?

Va. Parents Trying To Unadopt Troubled Boy (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, October 9, 2006

DOJ_NMG_0077802

Mother Says Caseworkers Failed to Disclose Child's Stormy History

A talkative 9-year-old boy came to Helen Briggs on Valentine's Day 2000. She was a foster mother with years of tough love and scores of troubled kids behind her. But she grew to love this boy. Within the year, she'd talked her husband into adopting him.

Now, six years later, Briggs and her husband, James, a maintenance worker for the city of Alexandria, are taking the highly unusual step of trying to unadopt him.

In 2003, when the boy was 12, he sexually molested a 6-year-old boy and a 2-year-old girl still in diapers. She said it was only then, as she waited outside the courtroom for his sexual battery hearing and caseworkers handed her his psychological profile, that she found out just how damaged the boy had been when he came into her life.

The Washington Post generally does not name the subjects of juvenile court cases.

Briggs said she did not know he had lived in five foster homes since he was 16 months old. Nor that his alcohol- and drug-addicted biological parents had physically abused him, injuring his brain stem and impairing his ability to gauge the passage of time.

He'd been hospitalized seven times in psychiatric institutions and diagnosed as possibly psychotically bipolar. He'd thrown knives, kicked in walls, pulled out all his hair and threatened to kill himself. He'd heard voices telling him to do bad things. His confidential case file shows he most likely was sexually abused.

"I did not know any of that," Briggs said, though Virginia policy states that caseworkers should provide "full, factual information" about a child to adoptive parents. "They just told me he was hyperactive."

She said the state's failure to fully disclose the boy's background is tantamount to fraud.

State child welfare officials could not comment on the case because of confidentiality restrictions. But some caseworkers do not believe Briggs, records show. They think she wants to get out of paying child support.

Still, a Fairfax County court has granted Briggs's petition to relinquish custody. The boy, who has lived in institutions since his conviction, is now officially back in foster care. He asked to be put on suicide watch, records show, when the judge's decision came down.

Briggs hired an attorney to terminate her parental rights. But in Virginia, a child older than 14 must give consent. The boy, now nearing 16, wants Briggs to be his mother forever, according to the voluminous confidential case file and e-mail and phone records Briggs subpoenaed for her lawsuit and provided to The Post.

Briggs sought to file a "wrongful adoption" lawsuit. But under Virginia law, she needed to file within two years of discovering the boy's history. Instead, she wavered.

First, she wanted him home after he had completed his sex offender treatment. But then psychologists deemed him a "sexual predator." That meant Briggs could no longer be a foster parent, which she considers her job. Nor could she allow her three grandchildren in her house. Nor could she keep a little girl she had cared for since the day she was born.

She had to choose.

"You don't want to throw somebody away," she said. "But sometimes you have to."

Her choice has left her with none of the rights and many of the responsibilities of a parent. Caseworkers forbid her from contacting the child because he becomes so violent and angry when she does. Yet state law requires that she pay $427 a month in child support and cover court costs when he appears before judges who now decide what's best for him.

With no legal recourse, she is asking politicians to help her find a way out.

"At first blush, you think, 'What, you're trying to give up your kid? You're a jerk,' " said Virginia Del. David B. Albo (R-Fairfax). "Then you find this lady has received awards for all the foster work she's done. And that she never would have adopted the boy and put other children in danger if she had had the information that was withheld from her."

The technical term for what Briggs is trying to do is "dissolve" the adoption, as if all the bonds of love and hurt could simply vanish into thin air.A Hopeful Start

When Briggs, 57, went to visit the boy for the first time, she said she saw a cute, happy child. She recalls caseworkers telling her that he was in a psychiatric hospital because he was too much of a handful for his great-aunt.

They were nearing desperation before they found Briggs, records show. Nobody wanted him.

A no-nonsense, old-school "professional parent," Briggs figured she could handle him. When the boy acted out, she gave him limits. When he began pulling his hair out, she had it shaved. And when he kept running away from school and her Lorton townhouse, she turned him over to her husband for a whupping, just like she got as a child -- until caseworkers called Child Protective Services.

Nonetheless, caseworkers noted that the boy thrived in her care. "The Briggs foster home is the most constructive and potentially successful placement option that this child has," they wrote.

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Briggs hadn't planned on adopting anyone. There was just something special about this child. He was so thankful he had his own room, with the first bed he hadn't had to share in his whole life, she remembers him telling her.

If she got sick, he'd make her soup and rub her feet. At school, if he heard an ambulance, he'd be beside himself until school workers let him call home to make sure Briggs was okay. She understood, she said. So many people had abandoned the child.

As she was signing the adoption papers, she remembers nothing about a background briefing, as required by state policy. Only a caseworker asking skeptically, "Are you sure you want to do this?"

"Yes," she recalled answering. "I love him."

When the boy came to her, he was taking medications for mental illness, depression, delusions, seizures and attention-deficit hyperactivity disorder. He was considered a "therapeutic" foster child, one that comes with extra emotional, medical or behavioral baggage and a heftier monthly subsidy.

Some case workers think she must have known, records show. One wrote that Briggs wasn't being "entirely honest." However, nothing in the case file indicates she was given an oral briefing or a written summary of the boy's background, or access to his records. In some reports, details such as his psychiatric hospitalizations and sexual abuse are left out.

There are also notations of alarm when Briggs began taking the child off his medications, that perhaps she did not understand the gravity of his condition.

Briggs said she thought the medications were for hyperactivity. When the child began complaining of headaches, she took him to a psychiatrist caseworkers recommended. She asked if the boy needed all the pills. The psychiatrist, records show, said no.

"When he told me he was hearing voices, I told him it was just his conscience talking," she said.

Records show that caseworkers are vehemently against Briggs terminating her parental rights. "At least, if his parents win the lottery and die, he will inherit," one wrote in an e-mail. Some think she has rejected the boy because she needs the money she gets from foster children.

"That's a lie," Briggs said angrily.

A religious woman and active in her Sword of Spirit Deliverance Ministry Pentecostal Church, Briggs said being a foster mother is a calling. She's on disability, she explained, so it's one of the few things she can do to supplement her husband's blue-collar wage.

"The system needs to be revised. That's why I'm doing this," she said. "I should have known about the child. Because people get hurt."

And then there is another reason, one that woke up late one recent morning and, yawning, shuffled downstairs in fluffy white slippers with bells on the toes and nestled onto Briggs's ample lap: a little girl of 5, the child of a former foster daughter and Briggs's legal ward.

"I can't take him back," Briggs said, stroking the hair of the child she chose to keep.

Wrongful Adoption

If it is true what Briggs says, that she really didn't know the full extent of the boy's difficult young life, it would not be the first time.

The first "wrongful adoption" lawsuit was won in Ohio in 1986. Parents were told the 16-month-old they adopted was a healthy infant born to a teenage mother. When the child later developed a fatal disease and exhibited mental disorders, the parents discovered he was born to two middle-age mental patients.

Since then, states have enacted a patchwork of laws and written disclosure policies. Some states, such as Texas and Ohio, give adoptive parents access to a child's entire case file. In Maryland, social workers are required to prepare a written background summary and ask adoptive parents to sign it. Virginia's disclosure policy has no written requirement.

"I have seen so many adoptive parents come back and feel so angry and cheated that we didn't tell them about a child. And we did tell them," said Judith Schagrin, a Maryland social worker. "It's just that at the time, they were so hopeful and looking through a lens of love that they couldn't hear what we were saying."

But sometimes, because of the high turnover of case workers, information gets lost, assumptions get made, mistakes happen -- especially if the child is older. Especially if they've bounced around foster care for years. And especially, Schagrin said, if their sad and broken histories might scare away potential foster or adoptive families.

That pressure has intensified since 1997 because of a federal law that rewards states as much as $6,000 for every foster child adopted.

"I have seen caseworkers. They think, 'Oh, the family won't adopt the child if they know everything," Schagrin said.

Most adoptions take, especially for infants. But for children over 12, as many of 25 percent of the adoptions don't. They simply dissolve.Separate Paths

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Briggs has seen her adopted son four times since he left her home in 2003 -- three brief visits to his out-of-town institution before she decided to give him up and once in court this summer. The child, by turns angry and despondent, had smashed his hand through glass.

"He feels unloved," a counselor noted in his file. "That he doesn't belong in the world."

Caseworkers came to Fairfax juvenile court to ask a judge to send the boy to a secure facility in another state. Though she had no say in the matter, Briggs came to see him.

After the hearing, she asked him for a hug. "Well, I'm grown up now," she remembers him saying before he gave in.

"Do you miss me?" she remembers asking.

"Yes," he said.

Then she returned home, to her grandchildren, her small ward and the new foster daughter who sleeps in the boy's old room.

House Afire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 9, 2006

Like the rest of their race, last week's debate between Connecticut Rep. Chris Shays and Democratic challenger Diane Farrell was supposed to be all about Iraq. Instead, the first question was about what should happen to the House Republican leadership in light of revelations of obscene electronic messages from ex-Rep. Mark Foley to teenage boys working as congressional pages. "This is one more illustration of what has been happening with the existing Republican leadership," said Farrell, who'd called for the resignation of House Speaker Dennis Hastert earlier in the day. "It has been one mistake or one scandal after another." Thrown on the defensive, Shays called Hastert a "very good and decent man" and argued that calls for his resignation were premature, since allegations that Hastert knew of Foley's lewd conduct for years had yet to be proven.

Then it was time to get back to Iraq. But the next questioner, a news anchor from New Haven, asked about the Foley scandal, saying, "I am not sure we have exhausted this topic." By the time the subject of Iraq surfaced, nearly a quarter of the hourlong debate was over.

That's bad news for Shays, and for Republican incumbents across the country who are trying to retain control of Congress in next month's midterm elections. As each day last week brought new questions about how the Republican leadership handled the Foley affair, the political implications came into sharper focus. An Associated Press-Ipsos Poll released late last week found that roughly half of likely voters said corruption and scandals in Congress would be very or extremely important in how they cast their ballots on November 7. The poll also found that voters trusted Democrats over Republicans to combat corruption by a margin of almost 2 to 1. Pollster John Zogby says his internal polls found a precipitous drop-off in Republican support. "When voters make a radical turnaround like this," Zogby says, "it could be the beginning of a free-fall."

"Tidal wave." Hastert stanched the bleeding at least temporarily with a press conference that managed to be both blunt and folksy. "The buck stops here," he vowed, and for the moment he seemed to get the benefit of the doubt (box). The House ethics committee quickly issued dozens of subpoenas for House members and personnel. But Republican concerns about what had already been a nasty election climate only continued to mount along with increasingly repellent disclosures of Foley's behavior toward the pages. "Our one advantage over the Democrats had been money, but just how much money does it take to overcome this tidal wave of media attention?" asked Republican pollster Tony Fabrizio. Coupled with growing voter unease about the U.S. involvement in Iraq, the Foley revelations appear to be accelerating possibly the two most important trends of this election cycle: the growing number of independent voters breaking for Democrats and the swelling ranks of conservatives who appear more inclined to stay home on Election Day than support the GOP. Some analysts said that the House might now be the Democrats' to lose and that the Senate now stands a chance of falling out of Republican control.

A Secret Life (NSWK)

By Evan Thomas, Newsweek

Newsweek, October 9, 2006

Mark Foley's explicit e-mails could bring down the GOP. His story, and the fallout.

In uptight, colorless Washington, Congressman Mark Foley, 52, Republican of Florida, was a bon vivant. He loved parties and making jokes; he did a wicked Bill Clinton imitation; he loved to talk about sex. He had to be a little bit careful, however. A gay man, he might bring a boyfriend to private parties, friends say, but when he appeared on the official cocktail circuit, he went alone or with a woman. He also hid, or tried to hide, his interest in younger men—much younger men, including the teenagers who can be seen scurrying around Capitol Hill toting the mail and taking in, at least in theory, a firsthand civics lesson. The House pages, the 70-or-so high-schoolers who spend up to a year in Washington running errands for congressmen, live in a

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squat red-brick dormitory at 501 First Street Southeast, less than five blocks from the Capitol. The building once housed Roman Catholic nuns who worked at a nearby hospital. The teenage pages are chaperoned by six staffers and are warned to stay away from drugs and alcohol. Only steps away from the pages' dorm is a bar called Bullfeathers, where lobbyists take Hill staffers to down martinis. Two blocks away is the Cannon House Office Building, where Congressman Foley had his office.

On one night in 2002 or 2003, an allegedly inebriated Foley showed up at the pages' dorm after a 10 p.m. curfew and tried to gain entry, according to an account provided by two congressional sources, who declined to be identified due to the sensitivity of the matter. Foley was turned away by a guard. It is not known if the pages were ever aware that Foley lurked outside their door, but word of the incident reached the House Clerk, who notified Foley's chief of staff, Kirk Fordham.

This was not the first time that Fordham had learned of his boss's behaving, in that modern all-purpose euphemism, "inappropriately." Fordham decided that it was time to go to a higher authority, so he went to see Scott Palmer, chief of staff to the Speaker of the House, Dennis Hastert. That, at least, is what Fordham is prepared to tell investigators, according to a knowledgeable source who requested anonymity in discussing the probe. Palmer has already accused Fordham of dissembling, and Washington is settling in for one of its periodic melodramas of moralizing and prurience.

The secret world of Mark Foley—and the denial and bumbling of the House leaders who possibly did not want to know too much about that world—is beginning to emerge in bits and pieces of lurid detail. What actually happened—from the moment that Hill staffers first became aware of Congressman Foley's unusual interest in teenage congressional pages—is the source of intrigue, finger-pointing, shock, fear and loathing on Capitol Hill and of endless fascination around the country. No wonder: the political fortunes of the Republican Party hang in the balance.

Voters may not understand the legalistic ins-and-outs of campaign-finance scandals or know much about an influence peddler like Jack Abramoff beyond his name. But they can follow the details of a sex scandal, especially one that they can imagine harming their own children. It was not necessary to read Foley's leering (and worse) e-mails and instant messages to former congressional pages—in one, he asks "Do I make you a little horny?"—to be disgusted by an obvious abuse of power and trust. If enough voters express their feelings about the scandal at the polls in November (or by just staying home), the Republicans could lose control of Congress.

It is too early to know exactly why the Republicans failed to heed the warning signs about Foley's interest in the pages. Staffers raised concerns, the Speaker's office was notified and Rep. John Shimkus, head of the House Page Board, was dispatched to caution Foley and warn him away from the pages. But nobody bothered to investigate further—a step that might have uncovered the broader pattern of predatory behavior now evident.

There are plenty of theories about why the leadership did not take the matter more seriously. In the Washington power culture, incumbents are generally protected from the consequences of their own actions. That's especially true in a Congress where one party has ruled both houses for years; the concept of meaningful oversight has been essentially forgotten. And in a party ruled largely by conservatives, and built with the help of evangelicals, many of whom view homosexuality as unnatural and homosexual acts as sinful, leaders may also have had a special reluctance to scrutinize the sexual behavior of their colleagues or their staffs.

Inevitably, Washington was rife with nasty rumors of a "Velvet Mafia" of gay Hill staffers conspiring to protect each other. But Foley's homosexuality should not be the central issue in the scandal. His wrongdoing was to sexually prey on teenagers. Sexual orientation has nothing to do with sexual predation, and to suggest otherwise is to dredge up ugly stereotypes that are factually wrong (according to a 2000 Justice Department study, 97 percent of adults who sexually assault 12- to 17-year-old children are male—and 90 percent of their victims are female). Nonetheless, it is relevant that Foley is both homosexual and a Republican.

A number of top GOP staffers on Capitol Hill are gay and, generally speaking, most do not advertise their sexual orientation. Some staffers may believe that their place at the pinnacle of power could be compromised if their private lives were publicly known. Republican leaders on the Hill may not want to know too much about the sexual orientation of a fellow Republican congressman, like Foley, or even their staffers. They may wish to be in a position to deny any knowledge. If there were any efforts among gay staffers to protect Foley, they may have been motivated by personal considerations, or an effort to protect the GOP's rule on Capitol Hill. "The notion that there's a cabal and they're closing ranks and protecting one another because they're gay is reprehensible," says Brian Bennett, who came out after serving as chief of staff to former congressman Bob Dornan, a fierce right-winger. "People protect each other because they're friends."

Republicans have been tripping over each other for days trying to get their stories straight on who knew what and when. The various explanations have only served to obfuscate. In the end, the Republicans may not be able to escape the irony of the Foley scandal. In 2004, the GOP helped get President George W. Bush re-elected by turning out the base, especially the Christian right, to vote for state bans on gay marriage. In 2006, the GOP may lose control of Congress because it didn't try harder to investigate a gay congressman who was also a sexual predator.

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The man at the center of the scandal is, or was, by all accounts an unusually upbeat, buoyant politician. Raised in modest circumstances, Foley, the son of a Marine veteran of Guadalcanal, has been enamored with politics from the time he dropped out of Palm Beach Junior College to start a small restaurant. A moderate Republican, he became a fixture in the glitzy Palm Beach social scene, hobnobbing with the wealthy at places like Donald Trump's Mar-a-Lago estate. Foley was "just easy to like," says Sid Dinerstein, chair of the Palm Beach County Republican Party. "He loved his job. He loved waking up in the morning to find another event to go to."

Foley did not exactly hide his sexual orientation. He was often spotted with his longtime companion, a well-to-do Palm Beach dermatologist, though Dinerstein says the two were careful not to sit together at big charity functions. From time to time, however, Foley had to evade questions. Asked by a local radio host when he first ran for Congress in 1994 "Is it true you're gay?" Foley replied, "I have a girlfriend." He said the woman lived in Miami and spent time in Washington. In 2003, Foley backed out of a bid for the Senate, ostensibly to care for his sick father—but also, his friends suggested, because he did not want to withstand the inevitably increased scrutiny of his sexual orientation.

In Washington, Foley's homosexuality was an open secret. Gays active in Republican politics describe an informal "don't ask, don't tell" rule: gay staffers can be out of the closet, as long as they aren't too public about it. The party leadership apparently welcomed Foley: he raised hundreds of thousands of dollars for GOP campaign coffers. Radical gay groups sometimes try to out closeted GOP congressmen, but Foley believed he had some protection. He could not be accused of hypocrisy because he voted against a constitutional amendment banning same-sex marriage.

Still, Foley was subject to the jeers of at least one openly gay Democratic congressman. Last week Rep. Barney Frank of Massachusetts told the Advocate.com, a gay news site, "Once, at a congressional Christmas party at the White House, my ex-boyfriend Herb went up to Foley, who was with a female date, and said to him, 'Why don't you get a real date?' Foley didn't say anything."

Foley was sexually active in Washington, according to a gay Republican who declined to be identified discussing Foley's private life. Because he had a longtime partner, he told a friend, he preferred to have affairs with men who also had boyfriends. That way, he explained, they both had something to lose. Foley jokingly described this practice as "mutually assured destruction," said this friend.

Foley was looked after, at least to a degree, by Kirk Fordham, who ran Foley's first campaign and came to Washington as his chief of staff. Fordham, who is openly gay, has said he warned Foley not to flirt too openly. If Fordham is to be believed, Foley began showing undue interest in congressional pages as early as 2001. The Clerk of the House, Jeff Trandahl, advised Fordham to warn Foley about his conduct. Fordham, a skilled and ambitious political operative, left Foley's staff after he bowed out of a Senate run in 2003 and moved on, ultimately becoming chief of staff to Rep. Tom Reynolds, the head of the Republican congressional campaign committee.

Foley sent the e-mails that ultimately led to his downfall beginning in July 2005. Foley e-mailed a former page to ask, "How old are you now?" He asked the page what he wanted for his birthday. In a later e-mail, after Hurricane Katrina had hit Louisiana, Foley asked after his safety and to send a picture of himself. The e-mails were very familiar, but not overtly sexually suggestive, though in one e-mail Foley noted that he was on his way to the gym and wrote, "I am just finished riding my bike on a 25-mile journey."

The e-mails "freaked me out," the page told a staffer for his congressman, Louisiana Rep. Rodney Alexander. Foley's request for an "e-mail pic" was "sick sick sick sick sick sick sick sick sick sick sick sick sick," the page told the staffer, scheduler Danielle Savoy. Representative Alexander's staff notified Speaker Hastert's staff, who in turn went to Representative Shimkus, the congressman who runs the Page Board, which acts as a kind of all-purpose den mother to the young pages.

A former Army Ranger, Shimkus is a tall, straight-talking West Pointer. He was shown at least parts of some of the e-mails, which he thought were disturbing, but ambiguous. In the fall of 2005, Shimkus marched over to Foley's office in the Cannon Building. Shimkus had been told by Clerk of the House Trandahl that the page's parents wanted the contact between Foley and their son to be stopped immediately. Fearing a media frenzy, they also wanted the matter to go no further.

Shimkus told Foley, "This is unacceptable. Stay away from the kid and stay away from the pages," according to a Shimkus staffer. Foley looked taken aback, the aide says. Foley said that he was merely acting as a "mentor." "Am I guilty of being too friendly?" Foley asked. "Yes," he answered his own question.

At the time, Shimkus was satisfied with Foley's response. He now refers to Foley as a "slimeball," and regrets he did not push further. He says he was fooled by Foley's performance and felt constrained by the parents' desire for discretion.

The e-mails from Foley to the page did not go away. They began showing up in newsrooms—at the St. Petersburg Times and The Miami Herald in Florida and some Washington news organizations. It is not clear how they got there. (A St. Petersburg Times editor told NEWSWEEK that the paper received the e-mails from a source in Alexander's office. The congressman's office did not return calls.) Journalists at several news organizations have identified the leaker as a "Republican whistle-blower." But it

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is also true that liberal and gay activist bloggers picked up the scent. While the newspapers did not believe that the e-mails revealed enough evidence of wrongdoing to publish them, the blogs had fewer compunctions. On Sept. 24, a site called stopsexpredators.blogspot.com published scanned images of Foley's e-mails to the pages, and within hours, the widely read liberal blog Daily Kos provided a link to the mystery blogger.

Over at ABC news, veteran investigative reporter Brian Ross had known about the Foley e-mails for some time, but he was distracted by more pressing stories. After the story was already out on the Internet, Ross published portions of the e-mails on his own blog, The Blotter.

The ABC blog seems to have opened the floodgates. Overnight, other former congressional pages began sending Ross much racier instant messages sent out by Foley, suggesting that the congressman had engaged in Internet sex and was angling for trysts. An ABC producer called Foley's office and read his staff some of the messages.

Foley was having lunch at his Capitol Hill town house with his old friend and former aide Kirk Fordham and other campaign advisers when they heard about the ABC inquiry. The congressman had already responded to the earlier, more benign e-mails with a statement brushing them off and accusing his Democratic opponent of smear tactics. On the phone, Foley told a friend, "It's worse. There are new e-mails and they're very graphic." Foley knew he was finished. Fordham walked over to GOP headquarters and shared the information with Reynolds and Hastert, according to a source who was present (and asked for anonymity given the delicacy of the situation). Fordham brought back a draft resignation letter; Foley signed it that evening. Fordham tried to win Foley some cover by offering ABC's Ross an exclusive on Foley's resignation if Ross agreed not to print the seamier messages. But Ross wasn't buying. Foley signed a short resignation letter and was in his car, a BMW, driving south for Florida by that evening.

Saying that he had an alcohol problem, Foley checked into rehab. His lawyer, David Roth, put out a statement that Foley had been abused by a clergyman as a teen—and said his client "unequivocally" denied having sex with a minor. These assertions were greeted with some skepticism, even by Foley's supporters. No one seemed to be able to recall seeing Foley drunk—though it is interesting that Foley was reportedly inebriated when he allegedly showed up outside the pages' dorm on that night three or four years ago. Foley did attend a parochial school, but so far no evidence has emerged that he was abused there. Though the FBI has opened up an investigation into Foley's relations with the pages, it is unlikely he will be prosecuted unless evidence emerges that he tried to lure minors into physical sex, not just e-mail sex.

The questions about Foley's past were accompanied by a furious round of accusations and denials by House Republican leaders. Hastert originally said he first heard about Foley's page problem from staff as the news broke. But House Republican leader John Boehner insisted that he had talked to Hastert himself last spring about Foley's contacts with the page. Republican operatives began predicting that Hastert would have to take the fall and resign. Last week, the Speaker, who has long been viewed as a figurehead installed by former House majority leader Tom DeLay, took "responsibility" for the Foley mess—without admitting that he had done anything wrong. In an attempt to quiet the speculation about his future, Hastert vowed that he would not step down. But the questions about what the GOP leadership knew about Foley—and what Hastert & Co. did or did not do—would not go away.

Behind the scenes, attention increasingly focused on Foley's after-hours visit to the pages' dorm several years ago. If Foley were really behaving that outrageously so long ago, why hadn't more been done to stop him? The answers may start with the testimony of Fordham, the former Foley chief of staff who is now cooperating with federal investigators.

Fordham had long worried about the behavior of his friend and boss. As early as in 2001, Fordham had received disturbing reports of Foley's "inappropriate" behavior toward the congressional pages. According to a knowledgeable source familiar with Fordham's account, who did not wish to be identified discussing such a sensitive matter, Fordham is prepared to tell investigators that he was warned "on two or three occasions" about Foley's "overly friendly" socializing with young male pages.

He was informed by Jeff Trandahl, then the Clerk of the House, who oversees the page program. On one occasion, sometime in 2002 or 2003, Trandahl told Fordham about Foley's nocturnal adventure to the pages' dorm. Trandahl told Fordham that Foley "appeared intoxicated," according to the source who provided Fordham's account to NEWSWEEK.

This incident prompted Fordham to go to Scott Palmer, Hastert's chief of staff, and tell him about Foley's behavior. Fordham called Palmer and told him that he wanted to speak with him privately, the source says. The two men met in a small office on Capitol Hill. (Palmer says the meeting never took place.)

Fordham did not tell Palmer about Foley's attempt to enter the pages' dormitory, but rather that he was generally concerned about his boss's excessive friendliness to the pages, according to the source. Palmer expressed surprise and concern, the source says, and wondered what this could mean to Foley's political future. Why would he endanger his career with such conduct?

Palmer assured Fordham that he would talk to Foley. A day or two later, Fordham called Palmer to ask what happened. Palmer told him that he "dealt with it" by talking to Foley and that he "informed the Speaker," according to the source familiar with

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Fordham's account. Months later Fordham had an awkward conversation with Foley in which his boss indicated that he had spoken to Palmer.

Last week, as House GOP leaders felt the waves of scandal breaking over their heads, a spokesman for Hastert insisted that Fordham had never warned the Speaker or his top aide, Palmer. "What Fordham said did not happen," said Palmer in a written statement. Trandhahl, who resigned for unknown reasons as Clerk of the House in November 2005, was not returning phone calls. Trandahl, who like Fordham is openly gay, could be an important witness as the House ethics committee begins an inquiry.

Foley's alleged late-night visit to the pages' dorm came up during a fraught conference call for all House Republican congressmen last week, and various Republican leaders were demanding a full investigation. One GOP member, Ginny Brown-Waite of Florida, said in a statement provided to NEWSWEEK that she had "learned" of the incident at the pages' dorm after she initiated her own investigation. One of her staff aides said that Brown-Waite had talked to a House official with direct knowledge of what had happened. Capitol Police were saying last week that they could find no records of Foley's alleged visit to the dorm.

At the White House, aides were straining to sound optimistic. "I think we've stabilized," said one senior Bush aide, operating under the usual White House requirement of anonymity. "Unless there's another circular firing squad or new information comes out." Others were gloomier. In Rep. Ray LaHood's Illinois district, the Foley scandal has been the lead story in the local paper every day for the past week. "We had this game plan of coming home and talking about our accomplishments on border security and the economy, and nobody wants to hear about it," says LaHood. "The only thing I hear from people is Foley ... It's all anybody wants to talk about, and I don't see that changing any time soon." According to the new NEWSWEEK Poll, fully 53 percent of Americans want the Democrats to win control of Capitol Hill next month; just 35 percent want the GOP to retain power. For the first time since 2001, the poll shows, more Americans trust the Democrats than the GOP on moral values.

It's not just the voters who care about "family values" who might be driven away, said Matt Dowd, Bush's longtime pollster. The brouhaha on the Hill threatens what Dowd calls "the gut values" relationship between voters and politicians they trust. "Values always determine elections," says Dowd. "Deep gut values, like 'Do I trust someone?'" Several leading party strategists worry that public trust in the House Republican leadership—never exactly ironclad, even among the truest Republicans—could be shredded by disarray in the leadership and doubts about whether they tried hard enough to deal with Foley before he could prey on teenagers.

The Democrats seemed happy to just get out of the way and let the Republicans devour themselves. "The story has plenty of energy on its own," said one Democratic strategist, who asked not to be identified as he crowed. "There's no need for us to draw attention to it." Minority Leader Nancy Pelosi has been strongly demanding an investigation, but she is seen as well positioned to take a public role, since her San Francisco district has a large gay population, and she runs little risk of being branded as insensitive. Republicans are furiously accusing the Democrats of timing the scandal to break just before the election. "This was a professional hit," says Grover Norquist, head of Americans for Tax Reform and a leading GOP activist. No evidence of Democratic Party involvement has turned up, though whether the blogs got any information from party sources is open to question.

There is a real risk that the Foley scandal could spur a vicious campaign to out closeted gay Republicans. Although many gay conservatives make little effort to hide their sexual orientation, they have to put up with a certain amount of disdain, if not outright hostility, from certain quarters. Some GOP lawmakers frowned on Foley's fraternization with younger male staffers. A House GOP aide remembers standing on the House floor with his boss when Foley came over to say hello. Afterward, the aide remembers, his boss turned to him with an air of disdain. "Do you hang around with that guy?" the congressman asked. If the Foley scandal continues its downward spiral, the atmosphere of suspicion will only get worse.

The Steady-Handed Hastert (USNEWS)

U.S. News and World Report, October 9, 2006

To many political observers, last week's drumbeat for Dennis Hastert's resignation as House speaker felt like 1998 all over again-the year that Speaker Newt Gingrich was forced out after the GOP was rocked by the loss of congressional seats in the midterm elections and sex scandals that came swift on its heels. From that chaos emerged Hastert: a farm kid and disheveled former wrestling coach from Illinois without a whiff of excitement to him.

In many ways, Hastert was the anti-Gingrich. He shied away from the spotlight, quieted the noise surrounding the contentious Contract With America, and pursued more personal, behind-the-scenes consensus building that allowed the rank-and-file to shine. "It's remarkable how he's been able to hold the [Republican] coalition together," says a former House aide. "Look at all the votes they won by one or two. That's a testament to his leadership." Critics have accused him of allowing former Rep. Tom DeLay to be his hatchet man while he made friends with a relatively hands-off approach. Whatever the case, the 64-year-old's quiet style has made Hastert the longest-serving Republican speaker.

Low key. But when the Mark Foley sex scandal exploded and put the speaker in the eye of the storm, some wondered whether the pragmatic, no-frills style that vaulted Hastert to power might ultimately prove to be his undoing. "One of the reasons he was elected was because you don't need to be a great communicator when your job is to run a train on time," says a former top GOP aide. "But when you get sucked into a whirlwind like this, a plodding approach is not the way to survive."

Indeed, it seemed as if Hastert had explaining to do. His version of when and what he knew about Foley's behavior seemed to contradict those of other Republicans touched by the scandal. Democrats, meanwhile, blasted House leaders for not sharing concerns about Foley with the Democrat on the House Page Board.

As the fallout from Foley spread, Hastert was slammed by conservatives like Paul Weyrich who called for his resignation. But by week's end, Hastert appeared to have won over some of the doubters. "Any Republican with half a brain realizes they cannot toss [Hastert] over," says a Senate Republican staffer. "They understand if we lose Hastert, that's a guaranteed way to lose the majority. He's remained speaker because he puts the good of the party ahead of himself." Hastert has insisted that he handled the case appropriately based on the information he had. And in private conversations with Republican leaders, he has said he would resign if he felt it would help the GOP. After speaking personally with Hastert, Weyrich recanted his criticism, saying Hastert convinced him that he's telling the truth. In a press conference back home in Batavia, Hastert made clear he had no intention of resigning. But he struck a contrite tone. "The bottom line is ... the buck stops here," he said. President Bush, who has asked the veteran congressman to hold his leadership post through 2008, called to offer his support. Hastert's slow-and-steady approach seemed to have worked again.

The End Of A Revolution (TIME)

By Karen Tumulty

Time, October 16, 2006

Sex, lies and power games are just the latest symptoms of a Republican Party that has strayed from its ideals

Every revolution begins with the power of an idea and ends when clinging to power is the only idea left. The epitaph for the movement that started when Newt Gingrich and his forces rose from the back bench of the House chamber in 1994 may well have been written last week in the same medium that incubated it: talk radio. On conservative commentator Laura Ingraham's show, the longest-serving Republican House Speaker in history explained why he would not resign despite a sex scandal that has produced a hail of questions about his leadership and the failure to stop one of his members from cyberstalking teenage congressional pages. "If I fold up my tent and leave," Dennis Hastert told her, "then where does that leave us? If the Democrats sweep, then we'd have no ability to fight back and get our message out."

That quiet admission may have been the most damning one yet in the unfolding scandal surrounding Florida Congressman Mark Foley: holding on to power has become not just the means but also the end for the onetime reformers who in 1994 unseated a calcified and corrupted Democratic majority. Washington scandals, it seems, have been following a Moore's law of their own, coming at a faster clip every time there is a shift in control. It took 40 years for the House Democrats to exhaust their goodwill. It may take only 12 years for the Republicans to get there.

If you think politicians clinging to power isn't big news, then you may have forgotten the pure zeal of Gingrich's original revolutionaries. They swept into Washington on the single promise that they would change Capitol Hill. And for a time, they did. Vowing to finish what Ronald Reagan had started, they stood firm on the three principles that defined conservatism: fiscal responsibility, national security and moral values. Reagan, who had a few scandals in his day, didn't always follow his own rules. But his doctrine turned out to be a good set of talking points for winning elections in a closely divided country, and the takeover was completed with the inauguration of George W. Bush as President.

But after controlling both houses of Congress and the White House for most of Bush's six years in office, the party has a governing record that has come unmoored from those Grand Old Party ideals. The exquisite political machinery that aces the elections has begun to betray the platform. To win votes back home, lawmakers have been spending taxpayer money like sailors on leave, producing the biggest budget deficits in U.S. history. And the party's approach to national security has taken the country into a war that most Americans now believe was a mistake and that the government's own intelligence experts say has shaped "a new generation of terrorist leaders and operatives."

One of the problems is that after the Republicans got into power, the system began to change them, not just the other way around. Among the first promises the G.O.P. majority broke was the setting of term limits. Their longtime frustrations in the minority didn't necessarily make them any better at reaching across the aisle either. Compromise, that most central of congressional checks and balances, has been largely replaced by a kind of calculated cussedness that has left the G.O.P. isolated and exposed in times of crisis.

The current crisis arrived with a sex scandal that has muddied one of the G.O.P.'s few remaining patches of moral high ground: its defense of family values and personal accountability. Although Hastert and other Republican leaders say they heard

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last fall about the "overfriendly" approaches of a not-so-secretly-gay Congressman to a 16-year-old former page--both majority leader John Boehner and campaign chairman Tom Reynolds say they brought it up with Hastert last spring--they insist they never imagined anything like the more graphic instant messages that subsequently came to light. Boehner spokesman Kevin Madden said his boss was told only that there had been "contact" between Foley and a page, and that his knowledge of even that much came from a fleeting conversation on the House floor. But shouldn't someone have got chills at learning that a 52-year-old man had sent a teenager a creepy e-mail asking for a "pic of you"? Certainly the page understood what the e-mail meant, which is why he forwarded it in August 2005 to the office of Louisiana Congressman Rodney Alexander, who had sponsored him for the page program and who was alarmed enough to take his concern to Boehner. "This freaked me out," the teenager wrote. "Sick sick sick sick sick sick sick sick sick sick sick sick sick."

The House response was political from the start. Last November, Jeff Trandahl, then clerk of the House, told John Shimkus, the Republican head of the board that oversees the page program, about the less incriminating e-mails. But nobody bothered to inform the board's lone Democrat. Shimkus and Trandahl appear to have done nothing more than give Foley a private warning. When Alexander expanded the circle of those aware of the e-mails the following spring, one of the two people he chose to loop in was Reynolds, head of the National Republican Congressional Committee, whose job is managing the election. Foley wasn't even stripped of his co-chairmanship of the House Caucus on Missing and Exploited Children.

Even after a batch of truly sleazy instant messages was discovered by ABC News, Reynolds' chief of staff Kirk Fordham, who was also a former aide to Foley, tried to solve the political problem by attempting to talk the network out of publishing the worst of the messages. Fordham resigned last week, but he didn't go quietly, the way House leaders had hoped. On his way out, he threw fuel on the political fire by announcing that he had warned Hastert's staff of Foley's "inappropriate behavior" at least three years ago--a charge that Hastert's chief of staff, Scott Palmer, denied.

All this suggests that the Republican leaders were motivated much more by fear of electoral fallout than concern for the young pages in their care. And if they were worried that the revelation would hurt their chances of holding on to the House, they turned out to be right. Before the scandal broke, they were beginning to believe that the clouds were finally clearing for them. Their fabled get-out-the-vote and fund-raising operations were nearing full stride just as gas prices were dropping and the national debate was refocusing on their home-court issue of terrorism.

It seems likely that the party will instead need to reckon with sex and scandal throughout the final weeks of the election. As conservative George F. Will, writing in the Washington Post last week, put it, the Foley affair is "a maraschino cherry atop the Democrats' delectable sundae of Republican miseries." In the latest TIME poll, conducted the week after the news broke, nearly 80% of respondents said they were aware of the scandal, and two-thirds of them were convinced that Republican leaders had tried to cover it up. Among the registered voters who were polled, 54% said they would be more likely to vote for the Democratic candidate for Congress, compared with 39% who favored the Republican--nearly a perfect reversal of the 51%-40% advantage the G.O.P. enjoyed as recently as August. There was even worse news in a poll by the nonpartisan Pew Research Center that showed a precipitous drop in Republican support among frequent churchgoers, one of the most important and loyal elements of the G.O.P. base. There's no indication that they are clamoring to be Democrats, but the risk is that they will simply stay home on Election Day.

One of the victims may turn out to be campaign chairman Reynolds, who suddenly found himself running as many as 8 points behind in his upstate New York House-seat re-election bid, which had appeared fairly safe a week earlier. Hastert's job seems secure for the moment, barring any big new revelations, in part because the House Speaker is not merely a party leader; the role was established under the Constitution. It would be difficult to replace Hastert without summoning Congress back into town from the campaign trail. Nor would an ugly fight over who would succeed him be good for the party's prospects in November. Still, Republicans are not particularly eager to be seen with him. His campaign schedule is starting to look a lot lighter, as House candidates across the country are turning down his offers to do fund raisers for them. Even the leadership's much vaunted discipline seems to be in tatters. Majority leader Boehner defended himself last week by attacking Hastert: "My position is, it's in his corner, it's his responsibility." And the third in command, whip Roy Blunt, suggested that things would have been different if he had been informed. Not incidentally, both men are expected to consider making a bid for the top job if Hastert ultimately steps down--and maybe if he doesn't. But by then the job description may be House minority leader.

G.O.P. leaders are so desperate to find someone else to blame that they have been reduced--with no indication that they see the irony--to blaming a vast left-wing conspiracy. "The people who want to see this thing blow up," Hastert told the Chicago Tribune, "are ABC News and a lot of Democratic operatives, people funded by George Soros," the liberal financier who has become a bogeyman of the right. Hastert went on to say, without producing any proof, that the revelation was the work of Bill Clinton's operatives. But that line of argument, of course, suggests that Republicans would have preferred to keep Foley's secrets locked away, presumably at the pages' peril. And the Democrats for once are showing the good sense to stay out of the

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way when the other side is self-destructing. Sighed one of the younger House Republican aides who sits in on key meetings: "Foul play on the Democrats' side? If that is the only card left to play, then we are in serious trouble."

THE "DON'T ASK, DON'T TELL" PROBLEM

As Hastert and his forces have been trumpeting their charges against the Democrats, a whisper campaign has been launched in Washington to blame an internal culprit: a "velvet mafia" at the upper levels of G.O.P. leadership on Capitol Hill. Foley, that line of argument went, had been protected by gay staff members like Fordham, Trandahl and others whose names were being widely circulated. Says a top aide: "It looks like they may have tried to handle this among themselves because they were similarly situated."

In many ways, that story line is the product of the strains within the party over homosexuality. It's a tension nearly as deep and tortured as those the Democrats grappled with over race a half-century ago, when they tried--unsuccessfully--to keep an uneasy coalition of Southern segregationists and Northern civil rights advocates from tearing their party apart. Even though many of the G.O.P.'s policies have been hostile to gay rights, its leaders have long followed a "Don't ask, don't tell" policy with what pretty much everyone in Washington knows is a sizable number of closeted Republicans among members of Congress, upper-level staff and top party operatives. Says Patrick Sammon, executive vice president of the gay group Log Cabin Republicans: "There are a lot of gay Republicans who are working behind the scenes to advance the priorities of this party."

Until now, Republicans were able to manage the conflict. And they managed it by ignoring it. That even became part of an electoral strategy dating back to the 2000 election that suggested there was nothing to be gained by moderation. In a memo he wrote to Karl Rove, Bush pollster Matthew Dowd estimated that truly independent voters had fallen to a mere sliver of the electorate. There were, Dowd concluded, not enough percentage points in being "a uniter, not a divider." The key to winning in a polarized country was mobilizing the conservative base. That year, Bush refused to meet with the Log Cabin Republicans, choosing instead to see a handpicked group of gay Republicans, but only after the party's nomination was secured. In 2004, even as Vice President Dick Cheney's daughter Mary was a potential symbol of the party's openheartedness, Republicans put anti-gay-marriage measures on 11 state ballots to drive voter turnout.

But the Foley scandal is making it difficult for the party to look the other way. Last week some conservatives went so far as to insinuate that Foley proves that every gay person is a pedophile waiting to happen. "You don't need 'gaydar' to understand he has certain dispositions," Utah Congressman Chris Cannon told the Deseret News. Televangelist Pat Robertson recommended that G.O.P. leaders simply explain the situation this way: "Well, this man's gay. He does what gay people do."

The resignations of Foley and Fordham sparked fears that other gay Republicans would also soon be forced out of both their closets and their jobs. "Kirk is the fall guy," says gay-rights activist Hilary Rosen. "It's going to be open season on gay Republicans. It's the right wing's perfect storm. They never wanted gays in their party anyway."

RULING WITH AN IRON FIST

Oddly enough, it was a sex scandal in 1998 that brought Hastert from obscurity to the Speaker's chair in the first place. Gingrich had been ousted because his brand of fiery leadership had become such a drag on the party that it lost seats rather than gained them amid the Monica Lewinsky scandal. But his anointed successor, Robert Livingston of Louisiana, suddenly backed out amid revelations of an extramarital affair. That's when the party turned to Hastert, a former high school wrestling coach whose affability and low-key demeanor seemed to guarantee calmer times ahead. He was, after all, the man who said he was too humble to brag about being humble.

And yet the way the House has operated under Hastert has been anything but humble. He quickly came to be viewed as little more than a genial front for then majority leader Tom DeLay, whose nickname--the Hammer--pretty much summed up his leadership touch. "There has been no institutional rule, means, norm or tradition that cannot be set aside to advance a partisan political goal," says Brookings Institution political scientist Thomas Mann, co-author of the recently published book whose title describes Congress as The Broken Branch. In 2003, instead of fashioning a compromise that might woo a few Democrats, Hastert and DeLay held what was supposed to be a 15-min. vote open for three full hours as they squeezed the last Republican votes they needed to pass a bill to provide an expensive prescription drug benefit to the Medicare program. Far more than in the past, they brought bills to the floor with no chance of amendment and allowed the normal appropriations process to be circumvented so that pet projects could be funded without scrutiny. When DeLay faced indictment by a Texas grand jury, Hastert changed the Republican rules so that DeLay could stay on as leader--though in the ensuing outcry, he had to reverse himself. Hastert was successful, however, in purging the ethics committee of its chairman and two Republican members who had reprimanded DeLay for misconduct. Stretching the limits of arcane House rules and shuffling committees around may not seem like earthshaking offenses, but they are the same type of procedural strangleholds and power plays that the G.O.P. had hoped to excise from the body politic 12 years ago.

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"The Republican Party of 2006 is a tired, cranky shell of the aggressive, reformist movement that was swept into office in 1994 on a wave of positive change," Frank Luntz, one of the strategists of the G.O.P. takeover, wrote this week in a column for TIME.com "I worked for them. They were friends of mine. These Republicans are not those Republicans."

On policy matters, Hastert's leadership approach has been to act as though the Democrats--and sometimes the Senate--simply do not exist. He squeezes hard-edged partisan bills through the House to please the G.O.P. base, even though they have no chance of ever getting through the Senate and reaching the President's desk. "There have been numerous occasions when bipartisan approaches, which would have benefited our conference more than Democrats, have been rebuffed by the Speaker," complains a senior Republican aide, who says he likes and respects the Speaker. "His strategy seems to be, 'Well, don't worry about it. We'll blame [Democratic Leader Nancy] Pelosi.' That might work in isolated circumstances, but when your party's numbers start to tank, and people want to see that you can govern, that approach is not a solid one."

Party leaders concede the point that their revolution hasn't lived up to everything they promised. But they say voters still see the difference between where the parties stand. Former Republican chairman Ed Gillespie--one of the authors of the Contract with America, on which House Republicans ran in 1994--says, "Our party is still better when it comes to spending than the Democrats, stronger on national security than the Democrats and more likely to share concerns about the coarsening of our culture that a majority of Americans share than the Democrats are." Strategists are putting an optimistic face even on the effects of the Foley scandal, saying their internal polling shows little movement against the G.O.P.

Will the Democrats behave any differently if they retake Congress in November? Some would undoubtedly try to use their majority power to exact revenge for Republican overreach. And history has shown them to be just as capable of the type of ideological drift that is tearing at the G.O.P.

For now, though, the question on everyone's mind is, How do the Republicans find their way from here? A number of conservatives have begun to wonder aloud if it wouldn't be better for the party to lose the House or Senate in November. If the revolutionaries have become the redcoats, then perhaps it's time for another uprising. Send the Republicans back into the wilderness so they can forage for the kind of fresh ideas and guerrilla tactics that made them such a force during their previous march on Washington. They could very well be ready in time for the presidential election in 2008. And while they're out there on the campaign trail, they just might rally around their old general, who will be looking to cap his own hardscrabble journey from political pariah to rehabbed revolutionary. That general, of course, is none other than former Speaker Gingrich, who has been spotted in Iowa, New Hampshire and other battleground states for more than a year now, taking potshots at the Establishment he helped create and rearming himself to storm the next barricade. TIME POLL THE PRESIDENT

Do you approve of the way George W. Bush is handling his job as President?

â€¢ Disapprove 57% â€¢ Approve 36%

THE CONGRESS

Disapprove of the job the U.S. Congress is doing

â€¢ 57% disapprove â€¢ 31% approve â€¢ 12% Don't know Say they would vote for a Democrat if the congressional election were held today*

â€¢ 54% vote for a Democrat â€¢ 39% favor a Republican â€¢ 7% Other party/ don't know

Think the country would be better off if the Democrats won control of the House

â€¢ 49% agree â€¢ 38% disagree â€¢ 13% Don't know

THE FOLEY CASE 78% of poll respondents were aware of the scandal involving former G.O.P. Congressman Mark Foley. Their views:

Do you think Republican leaders in Congress handled the Foley situation properly, or do you think they tried to cover it up?

â€¢ Handled properly 16% â€¢ Covered it up 64%

Did the disclosure about Foley's sexually explicit instant messages to teenage congressional pages and the handling of this situation by the House Republican leadership make you less likely to vote for the Republican candidate in your district, more likely, or did it really have no effect on how you will vote?

Less likely 25% More likely 4% No effect 68%

Do you think Republican House Speaker Dennis Hastert should resign as Speaker because of his handling of the Foley case?

â€¢ Yes 39% â€¢ No 38% â€¢ Don't know 23%

This TIME poll was conducted by telephone Oct. 3-4 among 1,002 adult Americans by SRBI Public Affairs. The margin of error is 3 percentage points. "Don't know" responses omitted for some questions. *Asked of registered voters With reporting by With reporting by Mike Allen, Melissa August, Perry Bacon Jr., Brian Bennett, Timothy J. Burger, Massimo Calabresi, James Carney, Ana Marie Cox/ Washington, Jeffrey Ressner/Simi Valley

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GOP Officials Brace For Loss Of Seven To 30 House Seats (WP)

By Jim Vandehei And Chris Cillizza

The Washington Post, October 10, 2006

Republican campaign officials said yesterday that they expect to lose at least seven House seats and as many as 30 in the Nov. 7 midterm elections, as a result of sustained violence in Iraq and the page scandal involving former GOP representative Mark Foley.

Democrats need to pick up 15 seats in the election to take back control of the House after more than a decade of GOP leadership. Two weeks of virtually nonstop controversy over President Bush's war policy and House Speaker J. Dennis Hastert's handling of the page scandal have forced party leaders to recalculate their vulnerability and placed a growing number of Republican incumbents and open seats at much greater risk.

GOP officials are urging lawmakers to focus exclusively on local issues and leave it to party leaders to mitigate the Foley controversy by accusing Democrats of trying to politicize it. At the same time, the White House plans to amplify national security issues, especially the threat of terrorism, after North Korea's reported nuclear test, in hopes of shifting the debate away from casualties and controversy during the final month of the campaign. These efforts are aimed largely at prodding disaffected conservatives to vote for GOP candidates despite their unease.

Still, GOP leaders privately said that Democrats are edging much closer to locking down a majority of House seats because a small but significant number of conservatives are frustrated with Republican governance, while independent swing voters are turning against GOP candidates.

"If you are a Democrat, you have to like the atmosphere," said Rep. Thomas M. Davis III (Va.), a top campaign strategist for the GOP. Davis said Republicans could lose as many as 30 seats if conditions worsen.

With four weeks left in the campaign, GOP strategists, speaking on background, have begun to outline a highly gloomy view of the House election for their party.

They are all but writing off GOP open seats in Arizona, Colorado, Texas and Florida (the one previously held by Foley). Party officials said that three GOP incumbents in Indiana are trailing in private polling and that seats thought safe suddenly appear imperiled. These include the open Florida seat vacated by Rep. Katherine Harris, who is running for senator. "It is unquestionably closer than we would like," said Rep. Adam Putnam (R-Fla.).

In a sign that the political environment is getting worse for Republicans, political handicapper Charlie Cook now lists 25 GOP-held seats as a tossup -- seven more than before the Foley scandal broke Sept. 29. Stuart Rothenberg, a nonpartisan expert on House races, has raised to nine the number of GOP seats tilting Democratic or likely to switch hands.

Unlike in most elections, when both parties defend several seats, Democrats are favored to win every seat they now occupy and are spending money to defend only a few. As a result, Democrats are not as vulnerable to the GOP's campaign finance advantage in the final weeks as they have been in past campaigns.

A Democratic takeover of the House is not a foregone conclusion, however. Because of congressional redistricting plans that gave huge advantages to incumbents, fewer than 50 of the 435 House seats are competitive. Democrats said internal polls show that the fallout from the Foley scandal is confined to half a dozen races. Moreover, House elections are traditionally shaped by local issues and personalities, and the closest races come down to which party can turn out its most loyal voters.

The page scandal erupted two weeks ago when Foley abruptly resigned after being confronted by ABC News with sexually explicit messages that he exchanged with a former page on the Internet. Investigations by the Justice Department, the House ethics committee and Florida authorities have ensued.

The GOP's emerging strategy on the Foley scandal is to try to limit losses among conservative voters who are expressing alarm about the scandal and about the apparent failure of GOP leaders to act on early warnings about Foley's behavior.

As part of that strategy, the Republican National Committee is seeking to convince conservatives that the debate is fundamentally centered on politics, not values. The RNC is shipping reams of information to conservative radio hosts, television commentators and bloggers. Those GOP talking points detail the Democratic connections of groups including the Center for Responsibility and Ethics in Washington and American Family Voices, which are working to turn the scandal into an issue with national implications.

The NRCC is highlighting Democratic leaders who supported former representative Gerry E. Studds (Mass.), who was censured by the House in 1983 after admitting to sexual contact with a male page a decade earlier; Studds went on to serve in Congress until 1997. "It is important to contrast how Republican leadership is handling the situation with problems with one of its own, and how Democrats did," said former RNC chairman Ed Gillespie, a close White House ally.

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Still, the "Foley factor" has made GOP strategists nervous. Several officials said it has dramatically undermined the reelection prospects of several incumbents, including Rep. Thomas M. Reynolds (N.Y.), who was criticized by Democrats for not doing enough to stop Foley's advances on young male pages after learning about them this spring.

Several interest groups with Democratic ties are seeking to take advantage of Reynolds's newfound vulnerability. Majority Action, a group designed to help Democrats retake control of the House, is sponsoring a radio ad in which a narrator says: "Another scandal in Washington, and our Congressman Tom Reynolds is right in the middle." Two public polls show Reynolds trailing his Democratic challenger, Jack Davis, in a race neither side considered very competitive a few weeks ago.

Rep. Deborah Pryce (Ohio), the fourth-ranking GOP leader, is facing the toughest reelection race of her career. She has said she had no prior knowledge of Foley's behavior but has faced criticism for telling a reporter that the former congressman was one of her closest friends in Congress.

"I don't think this is personally sticking to Deborah Pryce, but it is certainly having people have a more jaundiced view of Washington, which is not good for Republicans," said George Rasley, Pryce's spokesman. Pryce had a slight lead over Mary Jo Kilroy in her internal polling before the Foley scandal, an aide said, but Republicans expect Pryce to suffer as much as any incumbent for the renewed scrutiny of congressional ethics.

Scandals are hurting Republicans elsewhere in Ohio, where charges of corruption have rocked the GOP at the local and state levels for the past two years. In the open seat vacated by indicted GOP Rep. Robert W. Ney, Joy Padgett is struggling to lock down a reliably GOP seat east of Columbus, the state capital. Polls show Democrat Zach Space, a liberal critic of the war, on top and GOP strategists agree Padgett is behind.

"It is definitely a challenge to overcome," says Padgett spokesman Morgan Ortagus. "Voters are definitely in a throw-the-bums-out mood."

Space is calling for Hastert's resignation and is asking Padgett to do the same. Padgett canceled a fundraiser with Hastert last week.

In other races where Republican incumbents have been dogged by scandal, Democrats are pushing the Foley story hard.

Former representative Nick Lampson (D-Tex.) is asking Houston City Council member Shelley Sekula-Gibbs (R) to call for the resignation of any member of the House leadership who knew about the e-mails and instant messages exchanged between Foley and former congressional pages. The two candidates are competing for the seat from the 22nd Congressional District, left vacant by the departure of former House majority leader Tom DeLay (R), who is under indictment in Texas.

Elsewhere, the political debate is returning to traditional disputes over the war, taxes and health care, according to Democrats and Republicans. The Foley story "is getting a lot of attention now, but I don't think it will have the legs to last four weeks," said Ron Carey, chairman of the Minnesota Republican Party.

Scandal Pushes Voters To Dems (USAT)

By Jill Lawrence

USA Today, October 10, 2006

WASHINGTON — A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead in the race for control of Congress four weeks before Election Day, the latest USA TODAY/Gallup Poll shows.

Democrats had a 23-point lead over Republicans in every group of people questioned — likely voters, registered voters and adults — on which party's House candidate would get their vote. That's double the lead Republicans had a month before they seized control of Congress in 1994 and the Democrats' largest advantage among registered voters since 1978.

Nearly three in 10 registered voters said their representative doesn't deserve re-election — the highest level since 1994. President Bush's approval rating was 37% in the new poll, down from 44% in a Sept. 15-17 poll. And for the first time since the question was asked in 2002, Democrats did better than Republicans on who would best handle terrorism, 46%-41%.

“It's hard to see how the climate is going to shift dramatically between now and Election Day,” said John Pitney, a former GOP aide on Capitol Hill who now teaches at Claremont-McKenna College in California. He said Iraq remains the biggest problem for Republicans: “People just don't like inconclusive wars.”

The plummeting GOP ratings in the poll of 1,007 adults, taken Friday through Sunday, come amid a series of events that have given Democrats ammunition to argue that the country needs a new direction.

Those include increased violence in Iraq; a National Intelligence Estimate that belied upbeat administration talk on Iraq; a new Bob Woodward book about internal White House discord over Iraq, and the Sept. 29 resignation of GOP Rep. Mark Foley. He quit hours after ABC News showed him sexually explicit instant messages he allegedly exchanged with a teenage former page.

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Some Democrats call the scandal a tipping point. “It's the absolute crystallization for people of everything they dislike about Washington and congressional Republicans,” Democratic strategist Anita Dunn said.

GOP pollster Ed Goeas said Republican fortunes are better in individual districts than nationally. Republicans remain energized and loyal, he said, but added he's monitoring whether the Foley matter fires up independents who normally don't vote. “Does this become a catalyst for their involvement?” he asked.

Two-thirds of those in the poll said they are following the page scandal very or somewhat closely. More than half — 54% — said GOP leaders who knew about Foley's actions for months or years did not act against Foley earlier “for political reasons.” By 43%-36%, they said House Speaker Dennis Hastert should resign.

Government corruption, Iraq and terrorism were the three most important issues. Along with their lead on terrorism, Democrats had a 21-point advantage on corruption and a 17-point advantage on Iraq. A 56%-40% majority said sending troops to Iraq was a mistake — the widest disapproval margin in a year.

Three other polls released Monday, by CNN, ABC News/Washington Post and CBS News/New York Times, showed Democrats leading the congressional ballot by 13 to 21 points.

Poll Shows Foley Case Is Hurting Congress’s Image (NYT)

By Adam Nagourney And Janet Elder

The New York Times, October 10, 2006

Americans say that Republican Congressional leaders put their political interests ahead of protecting the safety of teenage pages, and that House leaders knew of Mark Foley’s sexually charged messages to pages well before he was forced to quit Congress, according to the latest New York Times/CBS News poll.

The poll, completed before North Korea announced that it had detonated its first nuclear test, also found that the war in Iraq was continuing to take a toll on President Bush and the Republican Party, and that the White House was having difficulty retaining its edge in handling terrorism.

The number of Americans who approve of Mr. Bush’s handling of the campaign against terrorism dropped to 46 percent from 54 percent in the past two weeks, suggesting that he failed to gain any political lift from an orchestrated set of ceremonies marking the fifth anniversary of the Sept. 11 attacks. In addition, the poll shows that Americans are now evenly divided over which party they think can better handle terrorism, the first time in the Bush presidency that Democrats have matched Republicans on national security, despite a concerted White House effort to seize the advantage on the issue this month.

With four weeks left before Election Day, the poll indicates that the scandal involving Mr. Foley, a former Republican congressman from Florida, is alienating Americans from Congress, and weakening a Republican Party that was already struggling to keep control of the House and Senate. By overwhelming numbers, including majorities of Republicans, Americans said that most members of Congress did not follow the same rules of behavior as average Americans, and that most members of Congress considered themselves above the law.

“Politics goes to people’s heads and they see themselves as their own little entity,” said Donna Mummert, 68, a Republican from Marsing, Idaho, in a follow-up interview after participating in the poll. “They forget why they’re there to represent us.”

Seventy-nine percent of respondents said House Republican leaders were more concerned about their political standing than about the safety of teenage Congressional pages. About half of respondents said that the House Republican leadership had improperly handled the Foley case, compared with 27 percent who said they approved of how it was handled; 46 percent of respondents said Speaker J. Dennis Hastert of Illinois should step down. And Americans are more likely to say that Democrats, and not Republicans, share their moral values.

The nationwide telephone poll was conducted Thursday through Sunday with 983 adults, including 891 registered voters. The margin of sampling error for the entire sample is plus or minus three percentage points and is the same for the registered voters.

The poll describes what is by any measure a difficult political environment for the White House and Republican Congressional leaders. Still, it is a measure of national sentiment rather than the likely outcome in the approximately 40 House races and 8 Senate races that will determine which party controls Congress next January.

In many of the races where Republicans are in danger of losing seats, Democrats hold relatively slight leads, according to local polls and internal party polls. Republicans are counting on their strong voter turnout operation, and sizable financial advantage over Democrats, to compensate for the difficulties they face.

There has been no change since mid-September in the gap between Americans who said they planned to vote for a Democrat over a Republican in their district this November: 49 percent to 35 percent. But Democratic voters are more likely than Republicans to say they are enthusiastic about voting this November.

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The public's view of Iraq is as dark as it has been since the war began in 2003, with two-thirds saying it is going somewhat or very badly, while only 3 percent are saying the war is going very well. Two-thirds said they disapproved of how Mr. Bush was handling Iraq.

Mr. Bush's job approval rating has slipped to 34 percent, from 37 percent in September. That is one of the lowest levels of his presidency and poses a complication for the White House as it seeks to send him out on the road to rally base voters. Mr. Bush's job approval rating has even slipped with his base: 75 percent of conservative Republicans approve of the way he has handled his job, compared with 96 percent in November 2004.

The president clearly faces constraints as he seeks to address the public concerns about Iraq that have shrouded this midterm election: 83 percent of respondents thought that Mr. Bush was either hiding something or mostly lying when he discussed how the war in Iraq was going. Fifty-seven percent of respondents said Mr. Bush was personally aware of intelligence reports before Sept. 11 that warned of possible domestic terrorist attacks using airplanes. When the same question was asked in May 2002, 41 percent said they believed Mr. Bush was aware.

"Iraq was a mistake, and even though he gets up and says it's going O.K., it hasn't been going O.K. since Day One," said Gertrude Knowles, a self-described independent voter from Quincy, Mass. "Now he's got to make it sound better than it is."

So far, at least, it appears that, at least nationally, Republicans have had little success in pressing what have been their two biggest lines of attacks against Democratic challengers this fall: taxes and terrorism. The poll found that 41 percent of respondents thought Republicans were stronger on handling terrorism, compared with 40 percent who named Democrats, a statistically insignificant difference. Before Labor Day, Republicans had a 42 percent to 34 percent edge on handling terrorism.

And in a month in which Republicans have sought to discredit Democratic challengers as advocates of big spending and high taxes, 52 percent of respondents said that Democrats would make the right decisions on how to spend taxpayers' money, while 29 percent said Republicans would.

Americans said that Democrats would do a better job than Republicans in making decisions on the war, on the economy and on taxes. Democrats are viewed more positively, or less negatively, than Republicans, with 39 percent saying they held a favorable view of Republicans, compared with 54 percent who said they held an unfavorable view. By contrast, 52 percent of respondents had a favorable view of the Democratic Party, compared with 40 percent who had an unfavorable view.

The problems for Congress have clearly been exacerbated by the Foley scandal. Eighty percent of Americans said they considered the Foley revelations either very serious or somewhat serious. Two-thirds said that House Republicans did not initially take the warnings seriously enough, and 62 percent said they believed House Republican leaders knew before last week that Mr. Foley had sent sexually explicit messages to teenagers.

"They just covered it up," said Charles Young, a Republican from upstate New York. "We put them in office to do what is right for the country. It should have been brought to their attention and disposed of. We don't need people in office who corrupt our children."

The poll found that 69 percent of Americans thought that members of Congress considered themselves above the law, and 69 percent thought that members of Congress did not live by the same rules of behavior that they did.

The poll found that 47 percent of respondents believed that Democrats came closer to sharing their moral values, compared with 38 percent who said Republicans did. The Democratic standing in this area included some unlikely groups: 26 percent of conservatives and 43 percent of people who live in the South named Democrats as the party that came closer to sharing their values.

Poll Shows Strong Shift Of Support To Democrats (WP)

By David S. Broder And Dan Balz

The Washington Post, October 10, 2006

Democrats have regained a commanding position going into the final weeks of the midterm-election campaigns, with support eroding for Republicans on Iraq, ethics and presidential leadership, according to a Washington Post-ABC News poll.

Apparent Republican gains in September have been reversed in the face of mounting U.S. casualties and gloomy forecasts from Iraq and the scandal involving Mark Foley (R-Fla.), who was forced to resign his congressional post over sexually graphic online conversations with former House pages.

Approval of Congress has plunged to its lowest level in more than a decade (32 percent), and Americans, by a margin of 54 percent to 35 percent, say they trust Democrats more than Republicans to deal with the biggest problems the nation is confronting. Fifty-five percent of those surveyed said congressional Democrats deserve to be reelected next month, but just 39 percent said Republicans deserve to return to office.

The poll measures broad public attitudes and cannot be translated into individual House districts, but it sketches an environment that is the most difficult the Republicans have faced since taking control of Congress in the 1994 elections. By a

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margin of 54 percent to 41 percent, registered voters said they plan to vote for the Democrat over the Republican in congressional elections next month.

Since Congress adjourned 10 days ago, Republicans have been swamped by bad news, particularly from Iraq. The Foley scandal, while not a dominant voting issue for many, nonetheless has contributed to dissatisfaction with the majority party's performance, the survey found.

President Bush's approval rating, which rose to 42 percent in September after an anti-terrorism offensive marking the fifth anniversary of the Sept. 11 attacks, registered 39 percent in the latest poll. The percentage of respondents who said they strongly disapprove of his performance is about double the number who strongly approve. This disparity in voter intensity could have implications for turnout on Nov. 7, since impassioned voters are most likely to go to the polls.

The president's approval rating reached a low of 33 percent in May, but he has since regained support from Republicans who had expressed unhappiness with his performance. In the current poll, 82 percent of Republicans said they approve of how he is handling his job, compared with 68 percent in May.

Democrats and independents are almost as negative in their appraisals of the president now as they were five months ago.

Bush's ratings on the war in Iraq are among the lowest of his presidency, with 35 percent approving of how he is handling the situation and 64 percent disapproving (54 percent strongly disapprove). On terrorism, a majority (53 percent) said they disapprove of his performance. That is the lowest rating Bush has received on his signature issue.

Asked whether the war in Iraq has been worth fighting, 63 percent said no, the highest recorded during Bush's presidency. Fifty-one percent agreed with Bush's argument that Iraq is a front in the global campaign against terrorism, the lowest of his presidency. Fifty percent of those surveyed said that the country is safer today than it was before Sept. 11, 2001, but 42 percent, a new high, said the nation is now less safe.

Still, there is no significant support for withdrawing U.S. forces immediately. Half of those surveyed -- about the same percentage it has been throughout the year -- said they would like to see troop levels decrease. Despite the high number of casualties, only a fifth said they supported immediate withdrawal.

With the decline in gasoline prices, Americans are somewhat more positive about the economy, with 47 percent describing it as good or excellent -- the highest since July 2001 -- and 53 percent saying it is not so good or poor. Forty-one percent approve of how Bush has handled economic issues, about the same percentage as in August.

Bush's performance remains a potentially significant factor in the midterm elections, with 35 percent of those surveyed saying they will use their congressional votes to express opposition to the president, a new high on that question, and about twice the number who said they will use their votes to show support for him.

The Post-ABC News poll is based on interviews with 1,204 adults and was conducted Oct. 5-8. The margin of sampling error is plus or minus three percentage points.

The Foley scandal has remained a key news item over the past 10 days and the poll shows that Americans are reading and watching. Seven in 10 said they are following the story "very" or "somewhat" closely. But only about two in 10 said the issue will be very important in their votes next month.

The political fallout is mixed. Almost two-thirds said Republican leaders tried to cover up the scandal, but about the same percentage said they think Democratic leaders would have done the same. More than three in five said Democrats are criticizing Republican leaders for political advantage. Voters are evenly split over whether House Speaker J. Dennis Hastert (R-Ill.) should step down from his post.

There is broad dissatisfaction among voters this fall, with one-third saying the country is heading in the right direction. Similarly, Congress has proved to be a disappointment to most Americans, with two in three saying they disapprove of its performance, the highest number in a Post-ABC News poll since November 1995.

As bad as these findings are, they are not as bad as they were in the months before Democrats lost control of Congress in 1994. Congressional approval hit 18 percent in October of that year.

On another measure, 60 percent of those surveyed in the new poll said they approve of the performance of their own House member. That compares with 49 percent in an October 1994 poll.

The new poll suggests that there are few issues on which Republicans can hope to appeal to voters in the next four weeks. When respondents were asked which party they trust to handle various issues, Democrats led on every subject, by 33 percentage points on health care, 19 points for ethics, 17 points for the economy, 13 points each for Iraq and immigration.

Even on terrorism, which Republicans hoped to turn into a powerful issue this fall, Democrats led in trustworthiness by six percentage points, reversing a seven-point deficit in September.

There are also modest signs that Democrats have improved their posture among voters. For the first time, a narrow majority, 52 percent, said Democrats are offering the country a clear alternative direction to Bush and Republicans. While

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Americans are split on the performance of congressional Democrats -- 48 percent approve, 50 percent disapprove -- they are overwhelmingly negative about GOP performance, with 63 percent disapproving and 35 percent approving.

Republicans are closely monitoring Christian conservatives for signs of disaffection that might contribute to lower voter turnout next month. The Post-ABC poll shows that they are not as strong in their support for Republican House candidates as they were in 2004, but it is unclear whether that is related to the Foley scandal. Forty-eight percent of white evangelical Christians said that House GOP leaders took the proper steps in responding to Foley's actions, compared with 60 percent of all conservative Republicans.

Robert Nelson, a machinist from Laurens, S.C., said the Iraq war is one of the issues that have turned him against the Republican Party. "I guess you could said I'm a Reaganite," he said. "Ronald Reagan got me interested in the Republican Party and I pretty much voted the party line." He did not support Bush two years ago, he said, and now thinks the country would be better off with Democrats in control of Congress. "The Republican Party has lost track, gone off in their own direction," he said.

Francis Jacobs, a computer tutor and technician from Grand Ledge, Mich., said he thinks Hastert should resign as speaker because "he knew more" about what was going on with Foley. Jacobs thinks that both parties "are having a field day" with the scandal but is highly critical of the Republican-controlled Congress.

"The question is, what have they accomplished?" he said. "They've accomplished nothing."

In the Post-ABC News poll, 71 percent agreed that Congress did little or nothing this year.

Polls: Hastert Should Resign As House Speaker (CHIT)

By Mike Dorning

Chicago Tribune, October 10, 2006

WASHINGTON -- Three independent polls released on Monday demonstrated the political damage that congressional Republicans and particularly House Speaker Dennis Hastert have sustained since a GOP congressman's sexually explicit electronic messages to underage pages were disclosed late last month.

Few in the country previously had strong impressions of the speaker. But about half of all Americans now say Hastert, an Illinois Republican, should resign his leadership post. Even among Republicans, more than a third believe the speaker should go, according to the CNN-Gallup poll, conducted over the weekend after Hastert's Thursday news conference.

Two of the polls, those by CNN-Gallup and ABC News-Washington Post, showed that between 52 percent and 64 percent of those surveyed believe party leaders deliberately tried to cover up wrongdoing by Rep. Mark Foley (R-Fla.), who resigned last month. And three-quarters of the country consider Republican leaders' handling of the issue inappropriate, CNN-Gallup said.

While voters say such issues as the Iraq war, terrorism and the economy are more important to them than the handling of Foley's lurid messages, polls show a sharp drop in public support for GOP congressional candidates.

Among likely voters, 58 percent say they plan to vote for Democrats in November, versus 37 percent who say they will vote Republican, according to the CNN-Gallup poll. The 21 percentage point margin is 5 points wider than it was a week earlier in the same poll.

The ABC-Post poll found registered voters favor Democratic over Republican candidates 54 percent to 41 percent. The 13-point margin also is 5 points wider than the last ABC-Post poll, taken a month earlier.

According to the CBS-New York Times poll, four out of five Americans think GOP leaders are more concerned with politics than the well-being of pages.

All three surveys were completed before the Washington Post reported on Monday that Rep. Jim Kolbe (R-Ariz.) had confronted Foley over inappropriate behavior toward pages in 2000, extending to at least six years the time period in which other members of Foley's party were aware of suspicious activity. Kolbe was a member of the House Page Board at the time, though it was unclear whether he informed other members.

On Monday, the House ethics committee sent a letter to congressional offices asking them to contact former pages and request they report inappropriate messages or contacts by Foley or other members of Congress.

National polls are of limited use in forecasting the outcome of mid-term elections, in which control of the House and Senate will be determined by a small number of individual elections.

Still, such a dramatic shift in national sentiments is a striking illustration of a changing political mood that would likely reverberate in voting on Nov. 7 if there is no change in public attitudes in the next four weeks.

A political strategist for a Republican-leaning business group said that a pollster who has been tracking competitive congressional races for the group has christened Sept. 29—the day the Foley messages were disclosed—as "Black Friday."

The group's polling showed a clear reversal on that day of a trend in which GOP fortunes were modestly improving amid a campaign by the White House to highlight lower gas prices and bolster the case for a connection between the Iraq war and the war on terror.

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After slight improvements in President Bush's standing during September, all three polls showed a drop in public approval for the president.

Still, it was the shift in public attitudes toward Hastert that was most striking.

The CNN-Gallup Poll found those with an opinion strongly favoring Hastert's resignation, with 52 percent in support of a resignation and 31 percent against. The CBS-New York Times poll found 46 percent saying Hastert should go while 26 percent said he should stay. The ABC-Washington Post Poll showed a more even split, with 45 percent saying Hastert should step down and 47 percent saying he should remain.

Foley Probe To Focus On Who Knew, When (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 10, 2006

WASHINGTON — Witnesses will begin testimony behind closed doors this week in the sex scandal that has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House ethics committee in an otherwise quiet Capitol, will look into who knew what when about the contacts between then-Rep. Mark Foley (R-Fla.) and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned House Speaker J. Dennis Hastert's office in 2003 or earlier about the congressman's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's advances until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its probe to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Representative Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become a campaign issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages . Other possible witnesses include:

Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages;

Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

The panel has prepared about four dozen subpoenas for documents and testimony, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the Fifth Amendment against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Foley Scandal Drags Reynolds Into Underdog Role In N.Y. 26 (CQ Politics)

By Marie Horrigan

CQ Politics, October 10, 2006

The scandal surrounding resigned Florida Republican Rep. Mark Foley and the salacious messages he sent to underage congressional pages has engulfed Washington, D.C., and reordered the already pitched partisan battle for control of the House.

And nowhere is that more true than in New York's 26th District, where the re-election prospects of four-term Rep. Thomas M. Reynolds — head of the Republicans' national House campaign organization — have seen a stunning reversal of fortune. The controversy over Reynolds' handling of information about Foley's activities has prompted CQPolitics.com to change its rating on the race to Leans Democratic from Leans Republican.

That switch comes just one week after CQPolitics.com downgraded Reynolds to Leans Republican from Safe Republican — a position where Reynolds had comfortably resided prior to Foley's abrupt Sept. 29 resignation.

The Leans Democratic rating does not mean that Reynolds definitely will lose on Nov. 7: His past popularity, strong fundraising advantage and the Republican lean in his upstate New York district gives him at least a chance of reversing the tide running strongly against him.

But all of the momentum appears on the side of the Democratic nominee, factory owner Jack Davis, who had been running a vigorous underdog campaign even before the Foley scandal erupted.

The contest is a rematch of the 2004 race in which Davis held Reynolds to an unexpectedly close 56 percent to 44 percent edge. Now, three separate polls since late last week showed Reynolds trails Davis by significant margins.

Reynolds' role in the Foley incident began in fall 2005, when Louisiana Republican Rep. Rodney Alexander told him a former page, a constituent of Alexander's district, had complained of receiving inappropriate e-mails and instant messages from Foley.

Reynolds — who has defended himself by saying that the e-mails in question were not the sexually explicit ones to other young men that were later revealed — says he mentioned the matter to the office of House Speaker J. Dennis Hastert of Illinois, a matter of serious dispute since the scandal broke.

But what appears clear is that Reynolds referred the matter to Illinois Republican Rep. John Shimkus, chairman of the House board that supervises the page program, who has said he held a conversation with Foley in which he instructed him to treat the pages with respect.

This has led many critics to demand to know why Reynolds didn't think the matter required a more thorough investigation,and whether he would not have been much more aggressive if — in his role as chairman of the National Republican Congressional Committee — the lawmaker making inappropriate contacts with pages had been a Democrat rather than a Republican.

In the past several days, Reynolds has moved rapidly to try to dissipate the building furor. He appeared at a press conference last Monday surrounded by young children and some of their parents, but also cancelled an appearance on a national Sunday morning talk show in which he was expected to discuss his role in the Foley scandal. A Reynolds spokesman said the congressman had to bow out because he was suffering from flu-like symptoms.

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Reynolds' campaign, nonetheless, has released a TV ad in which the congressman, looking straight at the camera, talked about the steps he took as the more explicit electronic messages surfaced, contending that he was among those who forced Foley to resign.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Reynolds said in ad. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

But Democrats and allied groups are moving just as fast to leverage the scandal and Reynolds' precarious situation into another pick-up toward the net gain of at least 15 seats they need to win control of the House.

The political action group for the American Federation of State, County and Municipal Employees, the country's largest union of public employee and health care workers, on Thursday spent $111,000 on ads to be run against Reynolds in the 26th District. The union's analysis of House votes found Reynolds did not support its position on any of the eight votes it chose as key in 2005, and that he had a career record of voting with them 2 percent of the time.

Majority Action, a Democratic-affiliated group organized under Section 527 of the Internal Revenue Code, reported spending $12,000 on ads against Reynolds on Friday. The group had gone after Reynolds even before the controversy, spending $88,000 in early September for negative ads, but new radio and TV spots say Reynolds knew about the inappropriate Foley contacts and did nothing.

"Tell Tom Reynolds and Republican leaders to drop the politics," the TV ad said. "Stop the coverup. Tell the truth or resign."

The increasing onslaught against Reynolds appears strongly connected to Davis's improved position. A Zogby International poll reported Sunday indicated that Davis leads Reynolds 48 percent to 33 percent, with 57 percent of respondents disapproving of how Reynolds handled the page scandal and 58 percent saying it is time to elect someone new.

In an indication that the shifting tide may be more about Reynolds than his challenger, Davis received his high polling numbers even though one-third of respondents did not know who he is.

Davis campaign spokesman Curtis Ellis said the low name ID indicated the campaign had more work to do, but that they were getting greater response from voters on both sides of the aisle. "We're hearing from Republican voters every day who are planning on voting for Jack Davis," Ellis told CQPolitics.com.

The Zogby poll indicated a widening lead from a SurveyUSA poll released Thursday that showed Davis led Reynolds by 50 percent to 45 percent. The state Democratic Party also publicized an internal poll from the Davis campaign that indicated Davis had an 8-point lead, 50 percent to 42 percent.

Reynolds spokesman L.D. Platt, however, told CQPolitics.com he was "not at all" concerned about the effect the scandal would have on the congressman's re-election campaign.

"This race isn't about scandal. This race is about the issues, and the fact that Jack Davis and the Democrats are afraid to talk about the issues and are trying to distract the voters from that," he said.

Please visit CQPolitics.com's Election Forecaster for ratings on all races.

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Where is all the talk about impeachment now Bush and all repulicans have lied to the american people,the whole nation.Bill Clinton lied about sex,He almosted got impeached. Where are all the dogs now,most wont be reelected. We hope.

'Values' Choice For The GOP (WP)

By Eugene Robinson

The Washington Post, October 10, 2006

It's possible that the Mark Foley scandal could finally end the phony, trumped-up "culture war" that the Republican Party has so expertly exploited all these years -- possible, but not likely. I'm afraid the Foley episode will be remembered as just another bloody battle, one with lots of collateral damage.

The Republicans wouldn't be where they are today -- in control of the White House and all of Capitol Hill -- if they hadn't portrayed themselves as the stalwart defenders of moral standards and painted Democrats as a bunch of anything-goes libertines. Republicans promised social and religious conservatives that the values they treasure would not only be respected but written into law. Even if they didn't deliver on these promises, or even try very hard, Republicans paid enough lip service to moral issues to keep "values voters" inside the tent.

It was a political masterstroke, but it required creating and sustaining an illusion -- that Republican officeholders themselves not only talked the talk but walked the walk, that in their own lives they adhered to these deeply conservative moral standards. Human nature being what it is, there was no way this illusion could be sustained.

So for a party that crusades against gay marriage and welcomes voters that consider homosexuality a sin or a disease, headlines about a gay Republican congressman lusting after underage male congressional pages are a problem. The emerging

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outlines of a coverup -- allegations that the Republican speaker of the House, or at least his aides, got wind of Foley's little problem months or years ago -- are an even bigger problem.

And it will come as a surprise to some religious conservatives that so many Republicans involved in the scandal are gay -- Foley; his former aide Kirk Fordham; a former clerk of the House, Jeff Trandahl. The Post reported yesterday that Rep. Jim Kolbe of Arizona, the one openly gay Republican congressman, saw "inappropriate" e-mail correspondence between Foley and young pages as long ago as 2000.

It comes as no "October surprise" to the Republican leadership that there are gay men -- and, yes, lesbians, too -- working on Capitol Hill, some in high-ranking positions. Before the Foley scandal runs its course, we will probably learn of other gay staff members on the Hill. These people are good at their jobs, and their sexual orientation is, of course, irrelevant. The understanding, in these years of Republican hegemony, reportedly has been something akin to don't ask, don't tell.

But some conservative activists are irate that the "values" party would allow such an arrangement. Cliff Kincaid of Accuracy in Media, a conservative watchdog, thundered on the group's Web site yesterday that "House leaders permitted homosexuals to infiltrate and manipulate the party apparatus while they publicly postured as friends of family values and traditional marriage. The facade is now in ruins."

In other words, Republican House leaders secretly harbored fairly modern attitudes toward homosexuality. How inexcusable.

The culture war is supposed to be about morality, but really it's a crusade to compel Americans to follow certain norms of private behavior that some social and religious conservatives believe are mandated by sociology, nature or God. Republican officeholders have paid lip service to this crusade, all the while knowing that the human family is diverse and fallible. They know that the gravest threat to marriage is the heterosexual divorce rate. They know that Republicans drink, swear, carouse and have affairs, just like Democrats. They know that homosexuals aren't devils.

Most Americans know all of this, too, by the way. Main Street hasn't been Hicksville for a long time.

But Republicans positioned themselves as our national Church Lady and were rewarded with the support of the staunchest religious conservatives, who now feel betrayed. Faced with the spreading Foley scandal, the party has a choice.

The party can look America in the face and say, "Folks, we're all just human, and while we should strive to adhere to the highest moral standards, this whole idea of writing a specific, narrow, fundamentalist Christian view of morality into law is really not a good idea. Even those of us who thought that way when we came to Washington realize we were wrong. Condemning others just because they are different doesn't make us stronger or better, it makes us weaker and poorer. As Barry Goldwater would have said, live and let live."

Or the party can purge its gay staffers, maybe symbolically burn a few at the stake, and continue to pretend that you can legislate what is permitted to reside in American hearts and minds. Unfortunately, that's where it looks like we're headed.

Polled And Confused (NYT)

By John Tierney

The New York Times, October 10, 2006

You may have heard that American voters are disappointed. They are disappointed with Dennis Hastert and the rest of Congress. They are very disappointed with the war in Iraq. They are very, very disappointed with President Bush.

I share their unhappiness, but I must confess to one further regret. I am disappointed with the voters — or at least the ones who show up in public-opinion polls. They keep complaining that Washington doesn't understand what they want, but who on earth could?

Early in the Iraq war, Americans told pollsters they favored it and considered it a major part of the war on terrorism. Then they decided the war was a mistake and didn't reduce the risk of terrorism. Yet as they got angrier and angrier at Republicans for making a mess of Iraq, they kept telling pollsters that they didn't trust the Democrats to do a better job of dealing with terrorism.

Their feelings on the economy are even harder to fathom. In the New York Times/CBS News poll released yesterday, a solid majority of voters said the economy was doing well. When asked if they were making enough to pay their bills and sock away savings, they also sounded upbeat — more upbeat than the respondents 10 years ago who were asked that question when the White House was in Democratic hands.

Yet this year's respondents solidly disapproved of Bush's handling of the economy and said they trusted Democrats to do a better job of it. In part, the reaction reflected the generalized anger at Bush and Republicans. But there's another factor, too: the voters like each party for the wrong reasons.

They can't break their old prejudices. They still think of Republicans as the tough, worldly realists best able to deal with foreign enemies, and Democrats as the compassionate idealists protecting the little guy at home. At one time these stereotypes made sense, but not anymore.

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The Republicans have become Wilsonian idealists in foreign policy, the neoconservative innocents abroad who thought they could quickly transform the Middle East. A few Democrats have tried proposing more pragmatic foreign policies — like treating terrorism as a law-enforcement problem, not a war — but most are terrified of sounding weak because they read the polls.

Despite the Republican failures in Iraq, voters maintain their longstanding mistrust of Democrats' handling of foreign policy. Vic Fingerhut, a Democratic pollster working in battleground states, reported Sunday in The Washington Post that swing voters overwhelmingly trust Republicans on Iraq, terrorism and other foreign policy issues.

On the domestic front, voters still trust Democrats to deal with issues like education and Social Security even though the Democrats have run out of ideas. Their basic educational strategy is to spend more money and keep teachers' unions happy. They have no plan to keep Social Security solvent, except "taxing the rich," which won't do the trick.

The G.O.P.'s Social Security plan last year would have left the poor better off than under the current system, but Republicans couldn't overcome their image as the cruel despoilers of the Democrats' New Deal. They did succeed (with President Clinton's grudging cooperation) in reforming welfare. That did more to break the cycle of poverty than anything done during the Great Society, but in voters' minds the Democrats remained the party of compassion.

Republicans fought to improve schools at the local level by giving more choices and power to students, parents and principals. These reforms (like vouchers and charter schools) were popular in places where Republicans overcame the resistance of Democrats and teachers' unions, but in national polls, voters preferred Democrats to deal with education.

So President Bush abandoned the party's principles and made a deal with Ted Kennedy to enact the No Child Left Behind law, a centralized Democratic-style plan that gave the Republicans a brief boost in the polls. Like previous Democratic plans for reviving education with regulations from Washington, it was an expensive flop, but voters still tell pollsters they trust the Democrats to fix the schools.

Maybe someday a candidate with Republican domestic policies and Democratic foreign policies will miraculously catch fire with voters. For now, the best hope is for a return to divided government and gridlock, so that each party can stop the other from fulfilling its poll-driven agenda.

Of course, if that happens, voters will be complaining to pollsters about how little gets done in Washington. But they won't be as disappointed as they are now.

Allen, Webb In Slashing, Wide-Ranging Debate (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Virginia Sen. George Allen and former Navy secretary James Webb clashed over issues and character in a fast-paced and contentious series of exchanges during the last of four scheduled debates Monday night.

The 60-minute debate, held in Richmond and broadcast live on 19 public and commercial television stations statewide, gave Webb and Allen a chance to highlight the issues they hope will dominate the four weeks before the Nov. 7 election.

For Allen, the Republican, those issues are taxes, same-sex marriage and a dislike of liberals. Webb, running as a Democrat, stressed the Iraq war and economic fairness as he appealed for support from independents and Republicans.

In a campaign marked by personal attacks on character, real issues emerged Monday night. In rapid-fire succession, the candidates sparred over energy independence, immigration, the federal deficit, the Capitol Hill page scandal, the minimum wage and secret spying by the government.

"My opponent doesn't stand with John Warner and me in keeping taxes low," Allen said in his opening statement, referring to Virginia's senior senator, also a Republican. "He stands with Hillary Clinton, John Kerry and the big-government Democrats who want to raise taxes."

Allen was hoping to align Webb with Clinton, of New York, and Kerry, of Massachusetts, two senators widely seen as too liberal for Virginia voters.

When it was his turn, Webb assailed the increase in corporate profits at the expense of wages. And Webb, a decorated veteran whose son is serving as a Marine in Iraq, lashed out, indirectly, at Allen's lack of foreign policy or wartime experience.

"Very few of these leaders are willing to invest their own loved ones in this effort," he said of the war in Iraq. "America needs leaders who understand these divisions and want to repair them, leaders whose experience in foreign policy is formed by experience, not by sound bites."

Allen, who is a former governor and congressman, appeared more comfortable with the fast-paced forum, which gave each man a minute or 30 seconds to answer complex questions. He stuck to his talking points and often looked directly at viewers for impact. Webb, by contrast, seemed to look down at his notes and wasn't as smooth, but he appeared aggressive and not intimidated.

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Like the broader campaign being waged on both sides, the exchange provided a nasty, bickering forum for questions about personal honesty and character. Allen was pressed on questions about his racial sensitivity. Webb was confronted with allegations that he demeaned females by opposing women in combat in an article he wrote 27 years ago.

The Virginia Senate campaign has become a focal point in the national battle for control of Congress. On Tuesday, the national Democratic Senate Campaign Committee is expected to begin a nine-day, $1 million advertising blitz on behalf of Webb, according to sources in both campaigns. The committee's GOP counterpart already has paid to mail glossy campaign literature for Allen to hundreds of thousands of voters.

Webb, Navy secretary during Ronald Reagan's presidency, has closed a 16-point Allen advantage to a statistical dead heat. That's not how it was supposed to be. Allen started his reelection campaign this year brimming with confidence and with one eye on Iowa and New Hampshire, as he plotted a possible bid for the presidency in 2008.

The race tightened late this summer after Allen referred to a Democratic volunteer of Indian descent as "macaca," considered a racial slur in some cultures. The gaffe opened Allen up to scrutiny about his past, including his having once displayed a noose in his law office and his admiration as a young man for the Confederate flag.

Allen acknowledged that some of the trouble was his own doing, but he blasted as untrue allegations of racial insensitivity, including allegations that he used an offensive racial epithet about black people in the past.

The debate Monday offered viewers a chance to make direct -- if not particularly deep -- comparisons of the two candidates on many issues. The candidates continued to spar over the war in Iraq, responding to a question from the moderator, Russ Mitchell of CBS News, about the 2,700 Americans killed since the war began.

Allen has accused Webb of wanting to "cut and run" from Iraq. Allen says that he hopes U.S. troops can come home soon but that they must continue to fight in Iraq to prevent terrorists from operating there.

"We must persevere," Allen said. "We cannot be a country that just loses faith in our ability to protect ourselves. . . . Our goal is to make sure Iraq is a country that is on our side on the war on terror."

In past debates and on the campaign trail, Webb has called the war "a strategic blunder of historic proportions" and criticized Allen for not asking tougher questions about President Bush's conduct of the war and its aftermath.

During the debate, he responded to Allen's contention that Democrats would leave Iraq as a haven for terrorists. "Nobody wants to see terrorism in Iraq or elsewhere," Webb said. He reiterated his position that peace and stability could be achieved in Iraq through diplomacy involving other countries, including those in the region.

The debate gave Allen and Webb several opportunities to question each other directly, leading to several testy arguments that left Mitchell trying to restore order.

Allen repeatedly attacked Webb for what he said was his support for tax increases, citing Webb's statements questioning tax cuts championed by Bush. In an earlier debate, Webb said, "I don't understand how you can have a tax cut and be spending $500 billion on the war."

On Monday, Webb said the comment was meant to suggest only that he would roll back tax cuts for the wealthy, not tax cuts for married couples or cuts in estate taxes as Allen has contended in a television commercial and asserted again during the debate.

"I never said that I would agree with tax increases that you used in your ad," Webb said.

When Webb got the opportunity to question Allen, he went after what he has called Allen's lack of foreign policy knowledge.

Allen, who stumped Webb this summer during the first debate with a question about a port project on Craney Island in the Hampton Roads area, was left almost speechless Monday when Webb queried him about the Senkaku Islands off the coast of Taiwan. "I'll have to study it," a clearly baffled Allen said. Webb then lectured him about the island's strategic importance to Southeast Asia.

The candidates offered starkly different assessments of the proposed Virginia constitutional amendment on November's ballot that would ban same-sex marriage and civil unions.

Webb said he opposes gay marriage but believes the amendment would also affect contracts and agreements between heterosexual partners and friends.

Allen said he supports the amendment as a way to keep "elitist judges" from granting gays the right to marry despite Virginia laws to the contrary. "This is a way to protect the values and view of the people of Virginia," he said.

In response to a question about day-laborer centers in Herndon, Allen said Webb's positions on immigration would reward illegal behavior. "This is a country that that has been built by legal immigrants, and we should not be rewarding illegal behavior," Allen said.

Webb accused Bush and the Republican-controlled Congress of failing to secure the borders, making the day-laborer centers a necessary step for local governments.

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Allen called for a balanced-budget amendment and a line-item veto to help control spending. Webb, who railed against corporate profits, said big companies should pay more.

Allen questioned Webb's commitment to the war on terrorism, asking whether he supported the National Security Agency's wiretappingWebb said he understands the need for such spying but would insist on oversight from Congress and judges.

Allen, Webb Spar One Last Time (WT)

By Christina Bellantoni

The Washington Times, October 10, 2006

RICHMOND -- U.S. Sen. George Allen and James H. Webb Jr. last night sparred over taxes and the war in Iraq during their last debate before next month's general election.

Mr. Allen, a Republican first elected to the Senate in 2000, opened by reminding Virginians that he has cut taxes, abolished parole and reformed the welfare system as governor in the 1990s. He also said that Mr. Webb would raise taxes, costing each Virginia family $2,000.

"If you allow me a second term ... I am going to make the best of it," Mr. Allen said, adding that he will be a senator "who will stand with John Warner and not Hillary Clinton."

Mr. Allen, who also is a former congressman and state delegate, repeatedly tried to paint his opponent as a liberal who would take his cues from "friends" such as Mrs. Clinton.

Mr. Webb, a Republican turned Democrat who served as President Reagan's secretary of the Navy, said that the tax accusation isn't true and told voters there is a disparity between the wealthiest Americans and corporate executives and everyday Virginians.

"America needs leaders who understand these divisions and want to repair them," he said. "Leaders whose views on foreign policy are informed by experience, not sound bites."

Mr. Webb, a decorated Vietnam veteran whose own son is serving in Iraq, has portrayed Mr. Allen as a rubber stamp for President Bush who failed to prevent the country from going to war.

"We need to get a diplomatic solution," he said, criticizing Mr. Allen for using "propagandistic" phrases such as "Stay the course."

Mr. Allen repeated his campaign line that he wants U.S. troops "to come home as soon as possible ... in victory and not defeat." He added that he differs from Mr. Webb in thinking that "we're not occupiers, we're liberators in Iraq."

Mr. Webb said that Congress has failed to provide oversight of some of the Bush administration's programs, included the National Security Agency's terrorist surveillance program.

On torture, Mr. Webb said the U.S. should take the "moral high ground" and act according to the Geneva Convention. "I know what it's like to be out there worrying about if I was going to be taken prisoner," he said.

The the League of Women Voters was host of the debate held at the Richmond studios of Community Idea Stations. It will be rebroadcast in the Richmond area at 9 p.m. Thursday, at 3 p.m. Oct. 22 and at 9 p.m. Oct. 31. It is also scheduled to be replayed on C-SPAN.

Independent candidate Gail Parker, whose main issue is securing funding for Metrorail in Northern Virginia, was not invited to participate. Last night she sat in the front row.

"If I wasn't in this race, there would be no candidate for me to vote for," she said before the debate.

Mr. Allen scored points when he called for a "taxpayers' bill of rights" and then asked Mr. Webb how many Virginians have benefited from Mr. Bush's tax cuts, which Mr. Webb has criticized and the senator wants to make permanent.

Mr. Webb did not answer, and Mr. Allen responded that 3 million residents have been helped by the cuts, which are set to expire.

However, Mr. Webb said the costly Iraq war makes tax cuts for the wealthy impractical. "You can't keep spending like this without increasing revenue," he said.

Republicans have given many of the wealthiest people and the largest companies tax breaks while health care and education costs for the poor and middle class have skyrocketed, Mr. Webb said.

Mr. Allen said that he favors a proposed state constitutional amendment that would define marriage as "a way to protect the values and views of the people of Virginia from judges who want to impose their own elitist views."

Mr. Webb said that he thinks marriage should be between one man and one woman but added that he opposes the measure because it is unnecessary and would harm unmarried heterosexual couples.

On immigration, Mr. Allen said he opposed the "comprehensive" Senate immigration bill because it rewards illegal aliens.

Mr. Webb said the Bush administration has "failed" to deal with immigration problems, and noted that day-laborer shelters such as the one in Herndon are a good short-term solution for businesses plagued by loitering.

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Mr. Allen opened himself to scrutiny in August when he called an Indian-American Webb volunteer "macaca," which is considered a racial slur in some cultures.

After that, several people who knew Mr. Allen when he was a University of Virginia student accused him of regularly using a racial slur to describe blacks.

Last night, Mr. Allen dismissed the stories as "baseless," saying they don't reflect "who I am" or how he was raised. He added: "I don't recall using that word."

Mr. Allen has apologized frequently for the "macaca" comment, saying he made up the word.

Mr. Webb has been criticized for his 1979 article "Women Can't Fight," which questioned the role of women in military billets.

The debate was crucial for each candidate, as there is less than a month remaining before the election. Polls show Mr. Allen with a slight lead or tied with Mr. Webb.

Today is the deadline for Virginians to register to vote in the Nov. 7 election.

Stock Options Held By Allen Not Disclosed To Congress (WP)

By Michael D. Shear

The Washington Post, October 10, 2006

RICHMOND, Oct. 9 -- Sen. George Allen did not disclose to Congress that he owned stock options in a Virginia high-tech company and has now requested an opinion from the Senate Ethics Committee about whether that failure violated Senate rules.

Allen (R-Va.) received options on 15,000 shares of stock in Commonwealth Biotechnologies Inc. after serving on its board of directors between the end of his term as governor and his election to the Senate. He disclosed the options before his first Senate term in 2001 but has not reported his continued ownership of them since, campaign officials said Monday.

That failure to disclose, as first reported by the Associated Press, has prompted criticism of Allen as he battles for a second term in the Senate against Democratic challenger James Webb.

Webb spokeswoman Kristian Denny Todd called for an investigation of the allegations by Republican leaders in the Senate. "If true, these allegations represent a serious betrayal of the voters of Virginia," she said.

Allen spokesman Dan Allen said Monday that the senator did not report the stock options after the first year because his attorneys interpreted the Senate's written rules to mean he did not have to.

"We were following guidelines based on the reporting disclosures," said Dan Allen, no relation to the senator. "It was a matter of public record. He certainly wasn't hiding anything."

All members of the Senate and the U.S. House of Representatives are required to report their finances annually to Congress. They must list their assets, such as homes, investment holdings and salaries, as well as liabilities.

Under terms of Allen's stock options, he can buy the Commonwealth shares at $7.50 each.

The company's stock closed at $2.58 per share Monday, making the options worthless today, but potentially valuable if the stock rises above $7.50. The Senate's disclosure instructions say that options that are not vested or are "contingent upon the occurrence of some future event" need not be disclosed.

But Dan Allen said the senator recently became aware that the Senate Ethics Manual requires annual disclosure of options, even when they are currently worthless. He said the senator will abide by the decision of the ethics committee.

"We have clearly, proactively gone to the ethics committee," Dan Allen said. "Of course, the Webb campaign is going to launch attacks on this. They understand if it gets away from the issues, ideas and Allen's past performance of service, they have a chance of winning this race."

Sheila Krumholz, acting executive director of the nonpartisan Center for Responsive Politics, said Allen's defense -- that the options were worthless -- should not excuse him from having to disclose that he owned them.

"It doesn't matter whether the exercise price is above or below the current stock price," she said. "What matters is you own it, you have it and at some point it may be worth money."

Krumholz said that public disclosure about ownership of such stock options helps voters decide whether lawmakers are making policy decisions that also enrich themselves. There is no evidence that Allen did anything to boost the stock price of Commonwealth.

"If it is worthless today, and then worth millions next year, then it's of enormous interest whether the representative or senator made decisions based on their potential financial gain," Krumholz said.

Allen's staff also acknowledged Monday that the senator had written a letter on behalf of another Virginia company in which he owned stock.

In the December 2001 letter, furnished by Allen campaign officials, the senator urged the Army to expedite a decision regarding a contract with Xybernaut, another Virginia high-tech company. Allen also has served on Xybernaut's board.

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"Your immediate attention and expeditious assistance with the requests and concerns expressed in this case would be greatly appreciated," Allen wrote in the five-sentence letter to Army officials as Xybernaut vied for a Army with the service.

Campaign officials said that the request by Xybernaut was turned down and that Allen's only intervention was in a form letter. The office provided copies of similar letters written on behalf of other Virginia companies that contained the exact language. The AP also first reported about the Xybernaut letter.

This is not the first time Allen has faced inquiries about his corporate dealings.

In 2001, news reports surfaced that Allen had reported a $279,000, one-time payment from stock options he received as an advisory board member at Com-Net Ericsson, a high-tech company in Lynchburg, Va.

Allen joined the Com-Net board in 2000 after helping the company expand while governor.

The payment was made after Allen received a ruling from the Senate Ethics Committee that the compensation did not violate Senate rules.

"Senator Allen takes this very seriously," Dan Allen said. "He's always been open and honest."

Mr. Allen's Ethics (WP)

The Washington Post, October 10, 2006

After he left the Virginia governor's mansion in 1998 and before he entered the U.S. Senate in 2001, George F. Allen of Virginia did what out-of-office politicians often do: He tried to make some money. As it happens, a number of companies that he had assisted as a pro-business Republican governor returned the favor once he was a private citizen by inviting him to join their boards and furnishing him with potentially valuable stock options. One of them was a high-tech government contractor called Com-Net Ericsson, whose stock options translated into a one-time windfall for Mr. Allen worth $279,000 in 2001. As governor, Mr. Allen had helped Com-Net with its expansion plans.

It is not illegal for a governor to help out companies while in office and then join with them once he leaves -- though one can certainly question the ethics of doing so. However, it becomes a potentially graver problem when a U.S. senator owns options to buy a substantial quantity of a government contractor's stock -- and then goes to bat for that company with an arm of the federal government.

That's apparently what Mr. Allen did, in his first year in the Senate, when he intervened with the U.S. Army on behalf of a government contractor called Xybernaut Corp. According to the Associated Press, Mr. Allen joined Xybernaut's board shortly after leaving the governor's office; at the time he was urging the Army to help the firm, he still owned options to buy 110,000 shares of the company's stock. Had the Army heeded Mr. Allen's request and come down in Xybernaut's favor, the firm's stock price might well have gone up.

The Army did not give Xybernaut what it wanted and, according to Mr. Allen's aides, the senator offered no further help. Eventually, Mr. Allen sold his Xybernaut stock at a loss, he told the Associated Press. Still, his aides didn't dispute that Mr. Allen, in his official capacity, intervened on behalf of a firm in which he had a financial interest.

The AP also reported that for the past five years -- years in which he filed annual disclosure reports -- Mr. Allen did not report his stock options in a firm called Commonwealth Biotechnologies Inc., on whose board Mr. Allen also served. The senator's explanation is that he believed the options were worthless, since the option purchase price exceeded the stock's market value. That is beside the point. What is relevant is that Mr. Allen has a financial stake in Commonwealth, which as a government contractor may have business before Congress.

Mr. Allen says his financial dealings have been aboveboard. But in these cases they appear to reflect at best an ethical sloppiness.

Allen Manages To Create A Diversion (WP)

By Marc Fisher

The Washington Post, October 10, 2006

Suddenly, macaca, Jewish heritage and racial slurs are yesterday's news. Look through Virginia's newspapers, look even at the partisan blogs that relish hitting Sen. George Allen as hard as they can: The feeding frenzy has subsided. The waters seem almost calm again.

The Allen campaign must be, as the senator's ancestors might have put it, kvelling (Yiddish for bursting with pride.) Without going through the ritual Oprah-style confessional purification, Allen and his strategists have managed to steer attention away from his awful few weeks and back onto far more comfortable turf for the one-term senator who still harbors hopes of becoming president.

How did the Allen camp achieve this remarkable turnaround? Simple. They announced that they were changing the subject. All it took was a few moves, none of them particularly exotic:

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Â· Allen launched an "Issues, Ideas and Record Tour" of friendly locales where he talked, albeit without many specifics, about "issues."

Â· The campaign announced that the senator would go on TV -- not to address claims that in college he regularly used racial slurs, not to justify his verbal attack on an Indian American working for his opponent's campaign and not to explain why he reacted so negatively when asked about his family's Jewish background. No, all the campaign said was that Allen would make a "major address." That the two-minute TV ad was neither major nor much of an address didn't matter; the moment became a turning point in the Allen campaign.

Â· Allen strategists rolled out the candidate's wife to stand by his side -- literally -- during the "major address," smiling admiringly. Then Susan Allen sat for a Washington Post interview that helped soften the senator's image.

Â· Day after day, Allen presented new endorsements from blacks -- a Democratic legislator, ministers, community leaders. Message: It's okay to go back in the water.

All of this dovetailed beautifully with the Allen campaign's new offensive, a redoubled attack on Democratic challenger Jim Webb for being anti-woman because of a 27-year-old magazine piece Webb wrote arguing against enrolling women at the U.S. Naval Academy. Webb responded reasonably effectively to Allen's TV ad, but it hardly mattered. The subject had been changed.

Still, the Allen camp is hardly home free. Allen's lawyer has admitted this week that the senator failed to disclosed to Congress stock options he received after serving as a director of Commonwealth Biotechnologies Inc., a Virginia company. And even once the bleeding from macaca and the racial slurs was stanched, Allen seemed to remain on the wrong side of public opinion on the Iraq war.

Allen had taken the harshest imaginable, least independent stance in favor of the Bush policy in Iraq: Everything was going fine, no need to pull out, no need to second-guess the war effort. But now, he has used this shift in the campaign's subject matter to change direction. Here's George Allen tacking to the center, alertly taking advantage of Sen. John Warner's conversion to the skeptical side. In a conference call with reporters Friday, Allen awkwardly embraced his fellow Virginian's assessment that things are going poorly in Iraq.

Never mind that Allen's new stance -- the war is a failure, but we have to stay the course -- makes little sense. And Allen didn't go quite as far as Warner, who said that if U.S. forces don't show major progress in 30 to 60 days, it will be time for "bold action," presumably the old Monty Python battle call: "Run away!"

Despite the logical holes in his new position, Allen manages to come off as more independent and honest than many Republicans, such as Maryland Senate candidate Michael Steele (who resorted to a thinly veiled off-the-record lunch to slip in his critical comments about his party's failed foreign policy).

How has Allen been permitted to do all this? Why hasn't the Webb campaign taken advantage of the moment to raise further questions about Allen's credibility and character? Where are the stories trying to square the young man who relished using racial slurs with the senator who went on pilgrimages to absorb the story of the civil rights movement? How did Allen grow up to hold the archaic racial attitudes he seems to have proudly displayed through much of his life? What have his professional relationships with blacks been like through the years?

George Allen runs a savvy campaign and knows how to work the media and public opinion. But we still don't know what really goes on in the heart and head of Virginia's junior senator. Who will demand answers to these questions -- the Webb campaign? Editors and reporters? Virginia's voters?

National Democrats Give Webb A Boost (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch, October 10, 2006

National Democrats are placing nearly $1 million in television advertising for U.S. Senate hopeful Jim Webb, opening with a commercial spotlighting Republican incumbent George Allen's macaca moment.

The ad could be on the air today in the state's three biggest broadcast markets -- Hampton Roads, Richmond and Northern Virginia.

Sources said yesterday that the Democratic Senatorial Campaign Committee, political arm of the Senate Democratic caucus, is paying for the commercial. Spokesman Phil Singer had no comment.

The TV buy -- described as just less than $1 million -- is a long-awaited lifeline for Webb, who is even with Allen in recent polls. Though he trails in fundraising, Webb has closed the gap in the wake of Allen miscues.

This includes Allen's use of an obscure racial slur -- "macaca" to describe an Indian-American volunteer for Webb. Allen said he made up the word, which refers to a genus of monkey. Widely circulated video from the incident was woven into the Democratic ad.

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The 30-second spot also refers to Allen's opposition to a Democratic budget amendment to purchase body armor for troops assigned to Iraq.

The commercial, to be most heavily broadcast in vote-rich Northern Virginia, notes Allen's resistance to an increase in the federal minimum wage and contributions to his campaign from oil companies.

The Allen campaign said the ad, running after U.S. Sen. Hillary Rodham Clinton, D-N.Y., pledged $2 million to the DSCC, is evidence that Webb is captive to liberal out-of-state interests.

"This is further proof that Jim Webb has been bought and paid for by Hillary Clinton," said Allen strategist Christopher J. LaCivita.

A spokeswoman for the Webb campaign could not be reached for comment.

The commercial was produced for the DSCC by Jim Mulhall, an adviser to then-U.S. Sen. Charles S. Robb, D-Va., in his losing campaign to Allen in 2000. Mulhall declined to comment.

Virginia Senator Did Not Disclose Stock Options (NYT/AP)

By The Associated Press

The New York Times, October 9, 2006

RICHMOND, Va., Oct. 8 (AP) — For the past five years, Senator George Allen, Republican of Virginia, has failed to tell Congress about stock options he got for his work as a director of a high-tech company.

Congressional rules require senators to disclose to the Senate all deferred compensation, like stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Mr. Allen's stock options date to the period from January 1998 to January 2001, after his term as governor of Virginia and before he took office as senator.

The Associated Press reviewed his financial dealings from that time and found that he had twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a director of Xybernaut and of Commonwealth Biotechnologies.

In interviews, Mr. Allen and his staff sought to play down his corporate dealings, saying they were a good learning experience but did not lead to any large amounts of money, except for a $250,000 windfall from Com-Net Ericsson stock.

Mr. Allen's office said he had sold his Xybernaut stock at a loss and had not cashed in his Commonwealth options because they cost more than the stock is now worth. The senator also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless."

Mr. Allen's office said he did not report his Commonwealth options because their purchase price was higher than the current market value. Mr. Allen viewed them as worthless and believed he did not have to report them, aides said.

Kathleen Clark, a law professor at Washington University in St. Louis, a former prosecutor and a former Democratic Congressional aide, said, "As an ethical matter, it's irrelevant whether the exercise price of those stock options is above or below the current market price."

"If he owns stock options," Ms. Clark added, "he does have such a financial stake."

Mr. Allen's office acknowledged that he had met socially over the years with company executives and that his office had granted "routine courtesy meetings" to company lobbyists "to hear their opinion on legislation and issues before the federal government."

John Reid, a spokesman for Mr. Allen, said he was aware of only one instance in which Mr. Allen's office had helped a former company. That came in December 2001 when Mr. Allen asked the Army to resolve a lingering issue with Xybernaut. The company asked Mr. Allen to intervene, and he urged the Army to give Xybernaut an answer, Mr. Reid said. At the time, Mr. Allen still owned options to buy 110,000 shares of Xybernaut stock, which could have been affected by new federal contracts.

The Army answered but did not give Xybernaut what it wanted, and Mr. Allen did nothing more, Mr. Reid said.

As governor, Mr. Allen took representatives of Xybernaut and Ericsson on trade missions. He helped steer $4 million in tax-exempt bonds to Commonwealth for a new headquarters and announced an $800,000 state grant to help Lynchburg prepare a site for an Ericsson expansion.

Allen Broke Rules By Not Disclosing His Stock Options (WT/AP)

By Sharon Theimer And Bob Lewis, Associated Press

The Washington Times, October 9, 2006

DOJ_NMG_0077830

RICHMOND -- Sen. George Allen has failed for the past five years to tell Congress about the stock options he got for his work as a director of a high-tech company. Mr. Allen, a Virginia Republican running for re-election, also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking official action that could benefit them financially or appear to do so.

The requirements allow the public to police lawmakers for possible conflicts of interest, especially those involving companies with government business.

Mr. Allen has stock options from January 1998 to January 2001 when he was between political jobs and had plunged into the corporate world.

A review of his financial dealings from that time found that the senator:

·Joined three Virginia high-tech companies that he assisted as governor. Mr. Allen served on boards of directors for Xybernaut and Commonwealth Biotechnologies and advised Com-Net Ericsson, all government contractors.

·Twice failed to promptly alert the Securities and Exchange Commission of insider-stock transactions as a Xybernaut and Commonwealth director. The agency requires timely notification and can fine those who file late.

· Kept stock options for serving as a director of Xybernaut and Commonwealth, but steered other compensation from his board service to his law firm.

Mr. Allen, is running for re-election against Democrat James H. Webb Jr. and is a potential 2008 presidential candidate.

He also has served in the U.S. House and as governor. From 1998 through 2000, he worked as a private lawyer and businessman before his election to the Senate.

Mr. Allen and his staff have downplayed his corporate dealings, saying they were a good learning experience but did not lead to extraordinary riches -- except for a quarter-million-dollar windfall from Com-Net Ericsson stock.

Mr. Allen's office said the senator sold his Xybernaut stock at a loss and has not cashed in his Commonwealth options because they cost more than the stock is now worth. Mr. Allen also said he saw no conflict in going to work for companies shortly after assisting them as governor.

"I actually got no money out of Xybernaut," he said. "I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it. I learned a lot on their board and enjoyed working with 'em, and they seem to be doing all right, I guess."

Mr. Allen's office also said the senator did not report his Commonwealth options on his past five Senate disclosure reports because their purchase price was higher than the market value. Mr. Allen viewed them as worthless and believed in "good faith" that he did not have to report them, aides said.

Mr. Allen disclosed the options once -- on an amendment to his 2000 ethics report filed three months after the normal filing period ended. He excluded the options from subsequent reports.

When Mr. Allen's lawyer was shown the Senate ethics manual requirement that such options must be reported each year regardless of value, the lawyer said he was unfamiliar with the provision. Mr. Allen has asked the Senate ethics committee for an opinion on whether he should have disclosed them.

"While we continue to believe that we have disclosed more than is required, we will abide by the formal ruling of the committee," Allen spokesman John Reid said.

Virginia's Sen. Allen Didn't Disclose His Stock Options (USAT/AP)

By Sharon Theimer And Bob Lewis, The Associated Press

USA Today, October 9, 2006

Says he acted correctly; ethics panel to review case

RICHMOND, Va. — For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options.

Congressional rules require senators to disclose all deferred compensation, such as stock options. The rules also urge senators to avoid taking any official action that could benefit them financially or appear to do so.

Options give the holder the future right to buy stock at a fixed price that could be lower than the market value at the time of purchase.

Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in “good faith” he did not have to report them, spokesman John Reid said.

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Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options. “We continue to believe that we have disclosed more than is required. We will abide by the formal ruling of the committee,” Reid said.

At issue are Allen's stock options from January 1998 to January 2001 when he was between political jobs.

The AP also found that Allen twice failed to promptly alert the Securities and Exchange Commission of insider stock transactions as a Xybernaut and Commonwealth director. The SEC requires timely notification and can fine those who file late.

Allen joined Commonwealth's board about two months after leaving the governor's office in January 1998. Xybernaut named him a director that August, and he became a Com-Net Ericsson adviser in February 2000.

The senator said he saw no conflict in going to work for companies shortly after assisting them as governor. “I actually got no money out of Xybernaut. I got paid in stock options, which were worthless. Commonwealth Biotech asked me to be on their board. Glad to do it,” Allen said.

Reid said Allen asked the Army in December 2001 to resolve an issue with Xybernaut. At the time, Allen still owned stock options. The Army did not give Xybernaut what it wanted and Allen did nothing more, Reid said.

Sen. Allen Of Va. Didn't Disclose Stock Options (USAT)

USA Today, October 9, 2006

For the past five years, Sen. George Allen has failed to tell Congress about stock options he got for his work as a director of a high-tech company. The Virginia Republican also asked the Army to help another business that gave him similar options. Congressional rules require senators to disclose all deferred compensation, such as stock options. Allen's office said he did not report his options from Commonwealth Biotechnologies because their purchase price was higher than the market value. Allen believed in “good faith” he did not have to report them, spokesman John Reid said. Allen, who faces a tough re-election challenge from Democrat Jim Webb, has asked the Senate Ethics Committee for an opinion on whether he should have disclosed the stock options.

Mo. candidates spar on Iraq, scandal

Missouri Sen. Jim Talent clashed Sunday with Democratic challenger Claire McCaskill in a debate on NBC's Meet the Press that centered on Iraq and the congressional page scandal. Talent said he still would have voted to go to war in Iraq even if he had known in 2002 that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. McCaskill, the state auditor, urged military leaders to consider redeploying U.S. troops out of Iraq over the next two years “give or take.”

McCaskill also said House Speaker Dennis Hastert should resign for failing to properly investigate reports of former congressman Mark Foley's inappropriate e-mails to male teens. Talent said it was premature to demand resignations until an investigation is complete.

Wanted: More election workers in Md.

Maryland elections officials are trying to find more Republican poll workers to avoid delayed poll openings that marred the Sept. 12 primary. GOP Gov. Robert Ehrlich sent a letter to state employees seeking volunteers, and the Baltimore mayor's office mailed letters last week to city Republicans. Mayor Martin O'Malley, a Democrat, is challenging Ehrlich. State law requires that precincts with more than 200 registered voters have at least two election judges present from each of the major parties.

Mo. Candidates Debate Foley, Iraq War (AP-Y)

By Sam Hananel, Associated Press Writer

AP, October 9, 2006

Candidates in Missouri's hotly contested Senate race clashed Sunday over the congressional page sex scandal and the war in Iraq, with the Democratic challenger saying House Speaker Dennis Hastert should quit.

Missouri state auditor Claire McCaskill said Hastert, R-Ill., and other GOP leaders failed to properly investigate when they first learned of former Rep. Mark Foley's e-mails to congressional pages.

"When a 50-year old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than 'I better go tell the chairman of the Republican campaign committee,' " McCaskill said.

Republican Sen. Jim Talent said it was premature to demand resignations until a formal investigation is complete. The House ethics committee is conducting a probe.

"We need to find out who knew what, we need to have a zero tolerance policy and let the chips fall where they may," Talent said.

The Missouri race is considered a must-win for Democrats, who need to gain six seats to recapture control of the Senate. Recent polls show the candidates running about even.

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Much of the candidates' debate Sunday on NBC's "Meet the Press" focused on Iraq and national security. Talent described McCaskill's views as weak on fighting terrorism, criticizing her for opposing President Bush's domestic surveillance policy and for calling on Bush to redeploy troops from Iraq over a two-year period.

McCaskill, in turn, portrayed Talent's views as those of a politician who has spent too long in Washington.

Talent insisted that, had he been in the Senate in 2002, he would have voted to go to war in Iraq even if he had known that U.S. intelligence was wrong in concluding Iraq possessed weapons of mass destruction. He said ousting Iraqi leader Saddam Hussein was necessary to eliminate him as a threat to the region, including any attempt to revive Iraq's nuclear program.

Asked whether the $300 billion spent on Iraq could have been better spent fighting terrorism elsewhere, Talent said the money represented just 1 percent of the U.S. gross domestic product.

"Clearly he's been in Washington too long if he doesn't think $300 billion is not a lot of money," McCaskill retorted.

Knowing what she knows now, McCaskill said, she would not have voted for war. She called for military leaders to consider redeploying U.S. troops out of Iraq over the next two years or so, and said she agreed with the assessment of Sen. John Warner, R-Va., that Iraq is "drifting sideways."

On other issues, Talent defended his opposition to embryonic stem cell research, which has become a major sticking point in the race. Missouri voters are weighing a ballot initiative that would amend the state constitution to protect all federally allowed forms of stem cell research.

McCaskill, who has made her support for the research a cornerstone of her campaign, said the ballot measure prohibits human cloning and offers hope for future treatment of various diseases.

McCaskill would not apologize for comments she made last month in which she claimed that Bush had "let people die on rooftops in New Orleans because they were poor and because they were black" during Hurricane Katrina.

"I was acknowledging what Americans believed at the time," she said, though she added that she "probably should have said it another way."

Talent, whose House voting record agrees with Bush's agenda 94 percent of the time, dismissed any notion that he could face a backlash from anti-Bush voters. Talent said he is independent and differs from Bush over immigration, farm policy, highway funding and other issues.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Talent said. "I've been in public life a lot longer than he has."

Tight Missouri Senate Race Takes 'Meet The Press' Spotlight (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, October 9, 2006

WASHINGTON — Republican Sen. Jim Talent and Democratic rival Claire McCaskill sparred over Iraq, terrorism, stem cell research, and the leadership of President George W. Bush in a 40-minute nationally televised debate on Sunday.

Engaged in one of the tightest and most closely watched races in the country, Talent and McCaskill disagreed on the first question out of the box on NBC's "Meet the Press": Whether House Speaker Dennis Hastert, R-Ill., should resign amid questions about his handling of the congressional page sex scandal.

McCaskill, Missouri's state auditor, said yes.

She contended the scandal involving ex-Rep. Mark Foley's e-mails to House pages demonstrated "an arrogance of power."

"It is about holding on to power instead of about doing the right thing."

Talent asserted, however, that Hastert doesn't need to resign - at least not yet.

"I'm comfortable with the investigation moving forward," Talent said, "and the people who were responsible taking the consequences. And that's up to, and including, the speaker."

Polls show the race to be a dead heat, one of a handful of contests that will determine which party controls the Senate after November.

Sunday's exchange focused heavily on terrorism and Iraq, with commentator Tim Russert grilling both candidates about the war.

He asked Talent how he could assert, as the senator recently did, that the U.S. is making progress in Iraq and the mission is going well, when U.S. military and Iraqi civilian casualties are spiraling.

Talent responded that the level of violence was "unacceptable" but that he still believed the U.S. had made progress. "Saddam is gone and the threat he represented is gone," he said.

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Talent accused McCaskill of being "weak" on the war against terrorism, saying she wants to set an "artificial" timeline for withdrawal from Iraq. He pointed to questions she has raised over the president's warrantless wiretapping program and a recent military trial bill that prevents terrorism suspects from challenging their detention in court.

McCaskill strongly rejected the suggestion that she was weak on terrorism, saying she supports giving the president the tools he needs to do proper surveillance. And she defended her call for a phased, two-year redeployment of U.S. troops from Iraq to other countries in the region.

"Iraq is a mess," she said. "If you're in a hole, you need to quit digging. We are breeding a culture of dependence. We are not breeding a democracy."

Talent said he still would have voted for the war even if he knew in advance that there were no weapons of mass destruction. Asked how long he would support keeping 145,000 U.S. troops there, he said "we have to be there until the mission is done."

Bush and Clinton

In response to a question from Russert, Talent also dismissed any notion that the $300 billion spent in Iraq might have been better spent in Afghanistan or on domestic security at home. Talent said the tab for Iraq and Afghanistan was only 1 percent of the gross domestic product and that Iraq was "an important front on the war on terror."

McCaskill quickly shot back: "Sen. Talent, I think, just said the $300 billion was not a lot of money. Clearly, he's been in Washington too long if he doesn't think $300 billion is a lot of money."

McCaskill accused Talent of not holding the administration accountable for mistakes in the war.

For Talent, one of the most uncomfortable moments of the debate seemed to come after Russert played a series of clips of Bush praising Talent and noted that Talent had voted with the president 94 percent of the time. Russert asked the senator whether Bush was a great president.

Talent wouldn't give a clear answer. "History judges presidents," Talent said, sitting beside a gleeful-looking McCaskill. "History is going to say there were some things he did that were right and some things he did that were wrong."

McCaskill ridiculed Talent's response, and when asked the same question about former President Bill Clinton, she quipped: "He's been a great leader, but I don't want my daughter near him."

McCaskill did a little squirming herself, when Russert asked her whether she would apologize for saying that Bush let people in New Orleans die "because they were poor and because they were black."

At first, she did not back down, saying that she was voicing how "millions of Americans felt," although she added, "I do not believe the president is a racist."

Pressed again, she said, "Maybe I shouldn't have said it that way - but the feelings are real." She said "our citizens died because we couldn't get them food or water. This is not an administration that's ready to protect us."

Stem cell issue

The two candidates also exchanged sharp jabs over stem cell research - one of the hottest issues in the Missouri campaign.

Earlier this year, Talent withdrew his support for a federal human cloning ban that some critics said would also outlaw crucial stem cell research. But he opposes a Missouri referendum that would protect certain kinds of stem cell research.

Asked by Russert about his switch, Talent said the state referendum would "create an unqualified constitutional right to clone at the earliest stages of human life."

Russert asked McCaskill how she could support a form of research that some have said is equivalent to abortion.

"My faith directs me to heal the sick," she said. "I come down on the side of hope, hope for cures and for supporting science."

Talent And McCaskill Clash On Iraq And The Foley Case (GNN)

By Pamela Brogan

Gannett News Service, October 9, 2006

Washingon — Missouri's Senate candidates clashed today on NBC's "Meet the Press" over issues ranging from Iraq to the congressional page scandal.

"Iraq is a mess," Claire McCaskill, the Democratic state auditor said.

"We can either stay the course or we can change the course."

Republican Sen. Jim Talent insisted that that he still would have voted to go to war in Iraq even if he had known in 2002 that Iraqi leader Saddam Hussein did not have weapons of mass destruction.

"I think it was the only possible strategic choice," Talent said. "He represented a threat to us. That threat is now gone," Talent said.

Talent also said that the U.S. has to "finish the mission" but acknowledged that when Congress voted to go to war "the administration and many underestimated the time it would take to stabilize the central part of the country."

Both candidates, who are the parents of teens, expressed disgust over the scandal involving former Rep. Mark Foley, R-Fla.

McCaskill, a former prosecutor, said House Speaker Dennis Hastert, R-Ill., should resign because Republicans leaders failed to properly investigate when they learned that Foley was sending lurid Internet messages to teenage congressional pages.

"I know this: that when a 50-year-old man is asking a teenage boy on the Internet for his picture, the response needs to be something other than, 'I better go tell the chairman of the Republican campaign committee,'" McCaskill said.

She said the scandal is about an "arrogance of power" and "about holding onto power instead of doing the right thing."

Talent said that Congress needs to have a "zero tolerance policy" for such behavior, but said it was too early to demand resignations before the House Ethics Committee completes its probe.

"This is something that transcends politics," Talent said. "This is a question of protecting these pages and making sure their parents and the public have confidence in the system."

The Missouri race is one of six Senate contests that are tossups. Democrats need six seats to regain control of the Senate, making those races top priorities for Republicans. A poll Friday by USA Today and Gallup Poll found that among 577 likely Missouri voters, 48 percent support McCaskill and 45 percent favor Talent. The poll's margin of error is 5 percentage points.

Both candidates fielded several questions about Iraq and national security.

Talent called McCaskill's views on the war against terror "comprehensively positions of weaknesses."

He criticized her for supporting a withdrawal of troops within two years and for opposing President Bush's domestic surveillance policy.

McCaskill said that Talent, a member of the Senate Armed Services Committee, has not asked the Bush administration enough tough questions about the war or held it accountable for its mistakes.

"We should be saying, 'How do we get out of this mess?' Not, "this is a good policy, a sound policy, we need to continue down this road.'"

Moderator Tim Russert asked both candidates whether the $300 billion spent on the Iraq conflict could have been better spent in Afghanistan or on domestic programs.

"No, I think this is an important front on the war on terror," Talent said.

"What we've spent on Iraq and Afghanistan in total is one percent of the gross domestic product (the sum of all goods and services produced in the U.S.)," he added.

McCaskill said that she believed that Talent was implying that $300 billion "was not a lot of money."

"Clearly, he's been in Washington too long, if he doesn't think that $300 billion is a lot of money," she said.

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Talent Stresses Independence From Bush (WT)

By Christina Bellantoni, The Washington Times
The Washington Times, October 9, 2006

Missouri Sen. Jim Talent tried to distance himself from President Bush yesterday in a nationally televised debate, during which he and his Democratic opponent, Claire McCaskill, argued over Iraq and stem-cell research.

Tim Russert, host of NBC's "Meet the Press," challenged both candidates on their past statements -- asking Mr. Talent about his ties to the poorly polling president and Mrs. McCaskill about her insinuating Mr. Bush is a racist.

Mr. Talent blanched when Mr. Russert noted that Mr. Bush has campaigned for him in Missouri at least four times, and the senator has voted with the president 94 percent of the time, according to Congressional Quarterly.

"Why don't they ever say in those surveys that the president agreed with me a certain percentage of the time?" Mr. Talent asked. "I've been in public life a lot longer than he has. When I went in the Congress, I think he was still running the Texas Rangers. He's come a little bit further, I guess, than I have since then."

Mr. Talent, first elected as a representative in 1992, contended that he is independent of Mr. Bush on immigration, farm policy and highway funding.

The senator opposed the "comprehensive" immigration plan that most senators and the president supported. He said it equates to amnesty for illegal aliens.

Mr. Russert also got tough on Mrs. McCaskill, the state auditor, over these September comments: "George Bush let people die on rooftops in New Orleans because they were poor and because they were black."

When asked whether she should apologize for her remark, first reported by St. Louis blog Pub Def Weekly, Mrs. McCaskill didn't back down.

"I was acknowledging what Americans believed at the time. I don't believe he's a racist," she said. "I probably should have said it another way, but the feelings are real."

The two candidates are neck and neck in one of the nation's most closely watched races, a key race for Democrats hoping to regain Senate control.

The Iraq war provided sharp contrast between Mr. Talent and Mrs. McCaskill, with the incumbent saying the U.S. has "made progress" despite escalating troop casualties and the Democrat calling the prolonged conflict a "mess."

Mr. Talent, who called his challenger's views on wiretapping and detainee treatment "weak," said he would still have voted for the Iraq war had he known there were no weapons of mass destruction, because he thought removing Saddam Hussein from power was crucial to the war on terrorism. "It was the only possible strategic choice," he said.

Mrs. McCaskill said equating Iraq with the war on terrorism is an attempt to confuse voters in an election year and said she wants the U.S. to begin withdrawing troops.

"We are creating more terrorists around the world with this failed policy in Iraq," she said.

But Mr. Talent shot back: "It's not a question of politics, it's not a question of people's motives, it's a question of what's going to win this war. And positions of weakness are not going to do it."

Mr. Talent's vote against a bill to provide federal funding for embryonic stem-cell research is a hot topic in Missouri, where polls show strong support for the Stem Cell Research and Cures Initiative on the state's fall ballot. Actor Michael J. Fox, who has Parkinson's disease, recently raised $200,000 for Mrs. McCaskill, calling her a "champion" of stem-cell research.

Mr. Talent yesterday called stem-cell research a form of cloning and said the benefits of such research were "speculative."

"The ballot issue would create a constitutional right -- an unqualified constitutional right -- to clone the earliest stages of human life," something he said he is "not comfortable doing" as an evangelical Christian.

"Our country has never turned its back on medical research, and we shouldn't in Missouri," Mrs. McCaskill countered, adding that her religion teaches her to be a healer.

The Missouri measure would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

Missouri Debaters Battle For The Suburbs (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 9, 2006

Sen. James M. Talent of Missouri and Democratic challenger Claire McCaskill sparred over the war in Iraq, stem cell research and the House page scandal in a feisty debate yesterday, as the candidates fought for an edge in a race that polls show is a dead heat.

Talent's challenge is to win moderate suburban voters who have grown disillusioned with GOP leadership, while rallying the more partisan-minded social conservatives who live in rural southern Missouri. The senator battled throughout the debate to balance those competing constituencies.

Tim Russert, who moderated the debate on NBC's "Meet the Press," noted that Talent sided with Bush on almost every major issue and counted four times that the president had visited Missouri on Talent's behalf. He then asked Talent to evaluate Bush's tenure.

"Certainly, he's going to end up better than Jimmy Carter, probably not as good as Ronald Reagan," the senator replied. "A lot depends on what happens on whether we can complete the mission in Iraq, and win the war on terror."

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McCaskill, now serving as the state auditor, also is juggling constituencies. She is vying with Talent for suburban voters and some rural support, while counting on a huge Democratic-base turnout in St. Louis and Kansas City. She was drawn into an exchange on abortion, one of the many divisive social issues that she has steadfastly avoided throughout the campaign.

"I certainly believe that abortion should remain safe, legal and rare," McCaskill said. "But why don't we concentrate on prevention? None of us want abortion, none of us support abortion."

Pressed by Talent and Russert, she said she supported a ban on so-called partial-birth abortion, with an exception for the life of the mother.

McCaskill, meanwhile, has sought to paint Talent as a conservative extremist on the issue of embryonic stem cell research. Missouri voters will consider a proposed constitutional amendment on Nov. 7 to safeguard early stage stem cell research.

The initiative is supported by prominent moderate Republicans such as former senator John Danforth, along with Gov. Matt Blunt. Supporters believe the measure could be a boon to biomedical research, by making Missouri the first state to formally recognize a right for scientists to conduct the research and for patients to receive treatment.

Talent opposes the measure because he said it could lead to human cloning. "My faith directs me to heal the sick," McCaskill countered.

The candidates spent most of the 40-minute session arguing about national security. McCaskill sketched out the approach to Iraq that she favors: "We need to give them notice. We need to tell the Iraqi government that we're not going to build democracy at the barrel of a gun. It's time for them to stand up and begin taking responsibility for their country."

Talent defended the decision to go to war as "the only possible strategic choice" and said it was warranted even though Iraq did not have weapons of mass destruction. "Well, [Saddam Hussein] wanted them," Talent told Russert. He said the current level of sectarian violence "can't be sustained" and that the Iraqi government "needs to deal with it." But he said progress has been made. Setting a timetable for withdrawal "would be sending a notice to the terrorists that we're going to quit," Talent said.

The candidates also tangled over the Republican House leadership's response to the disclosure that former representative Mark Foley (R-Fla.) had sent questionable e-mails to teenage male congressional pages. House leaders have been criticized for failing to heed warnings that Foley's behavior was out of control. He resigned from the House when some messages became public.

"It is about holding on to power instead of doing the right thing," said McCaskill, who added that House Speaker J. Dennis Hastert (Ill.) -- whose office has been questioned for its response -- should resign.

Talent was more cautious. He said he would await the results of an ongoing investigation. "We need to find out who knew what. We need to have a zero-tolerance policy for this and then let the chips fall where they may," Talent said.

On Friday, a USA Today/Gallup survey of 577 likely voters, showed McCaskill leading Talent 48 percent to 45 percent, with 7 percent undecided. The margin of error was plus or minus five percentage points.

Santorum Keys On 'Islamic Fascism' (PTR)

By David M. Brown

Pittsburg Tribune-Review, October 10, 2006

President Bush lacks broad support for the war in Iraq because he's reluctant to depict it as part of a larger struggle against "Islamic fascism" -- a major threat to the nation's security -- U.S. Sen. Rick Santorum said Monday.

"He (Bush) is managing the public relations on this war very poorly," Santorum, the third-ranking Republican in the Senate, said during a meeting with editors and reporters of the Pittsburgh Tribune-Review.

Bush is more concerned about "making the State Department comfortable" than providing the American people with "a clear message and a clear understanding of what we are up against," said Santorum, in his sharpest criticism of the president to date.

Santorum, who faces an uphill battle for re-election against Democrat Bob Casey, said he discussed the issue with Bush several times and said the president "has given a few good speeches on it, but he does not continually do it."

Bush dropped references to Islamic fascists when the State Department "went ballistic because we are offending our allies in the Middle East," Santorum said. "I don't care if we offend our allies in the Middle East."

Santorum, 48, of Penn Hills, headed Bush's re-election campaign in Pennsylvania in 2004 and has been a strong ally for the White House on most key issues.

Casey, 46, of Scranton, has tried to portray Santorum as a lockstep backer of the Republican president, whose approval ratings in Pennsylvania have plummeted over the past two years.

"He's simply running a campaign that 'I'm Bob Casey, and Rick Santorum is George Bush,'" Santorum charged.

Casey spokesman Larry Smar said: "If you look at Rick Santorum's voting record, it's easy to see why some folks would mistake him for George Bush.

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"There is an old saying: 'A hit dog barks,' and Rick Santorum must be feeling the pressure if he's going out of his way to criticize President Bush, finally, 29 days before the election."

Santorum, who trails Casey, the state treasurer, in several recent public opinion polls, acknowledged that his support of an unpopular war will cost him votes.

"This war is more important than this Senate seat," he said.

Santorum said he supported going to war because he was "concerned about a rise of radical Islam as a trigger point to a larger war that, if we did not stop now, could threaten the very existence of freedom everywhere."

"I think we're facing the greatest threat this country has ever faced," he said.

Although Santorum is concerned about reports that North Korea tested a nuclear weapon, he said a greater potential threat would be for North Korea's nuclear capability to be transferred to Iran, which has ties with North Korea.

Iran is the "principal enemy" in the war on Islamic fascism, he said.

"I see Iran as a country that is very clear about their intention to dominate the Muslim world and then conquer the Christian world."

North Korean leader Kim Jong Il is "a little man, a paranoid man, who, if anything, wants to aggressively unite and control Korea, but he's a failing dictator" whose people are suffering and starving, Santorum said.

North Korea's nuclear weapons capability would be "a great regional threat," particularly to U.S. allies South Korea and Japan. "Every single option should be on the table" regarding what to do about that threat, but only in step with actions agreed upon by South Korea and Japan, Santorum said.

Many analysts consider the race between Santorum and Casey to be the hottest contest on Nov. 7, when Democrats, emboldened by Bush's sagging popularity, escalating violence in Iraq and the continuing fallout from a sex scandal involving former U.S. Rep. Mark Foley of Florida, hope to retake the House and perhaps even the Senate.

Santorum fears a Democratic majority in Congress will imperil the war effort.

"They will see an obligation to go in and create hell for this president, and they will try to get us to scale down our operations."

Santorum yesterday was endorsed by the 40,000-member Pennsylvania Fraternal Order of Police. Casey was endorsed by firefighters representing the western district of the Pennsylvania Professional Fire Fighters Association.

Casey will be in Pittsburgh Wednesday for a fundraiser headlined by U.S. Sen. Barack Obama, D-Ill., at the David L. Lawrence Convention Center, Downtown.

Santorum and Casey then square off Thursday during a televised debate in Pittsburgh. The hour-long debate will take place at the Downtown studios of KDKA-TV and will air at 7 p.m.

David M. Brown can be reached at dbrown@tribweb.com or (412) 380-5614.

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Iraq, Foley Dog The GOP In A Key Race (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, October 10, 2006

MARCUS HOOK, PA.

The town of Marcus Hook turned out two fire trucks, three honor guards, and a brass band to honor Curt Weldon, now in the race of his life to hold his US House seat against retired Adm. Joe Sestak (D) in the November election.

The 10-term lawmaker got his political start as mayor here, where he drove the Pagan biker gang out of town. As the No. 2 Republican on the Armed Services Committee, Mr. Weldon leveraged defense-related jobs into the district.

But this year, knowing and serving the district may not be enough. Local issues, typically the grist of midterm elections, are being eclipsed by national ones: the war in Iraq and low ratings for the GOP-controlled Congress - fueled most recently by a GOP sex scandal involving congressional pages.

"Curt has always done good for us, but a lot of people have turned against Bush because of the war. It's not fair, but it's going to be tough," says Chevelle Sipps, a Weldon supporter here.

Indeed, the Philadelphia region is now Ground Zero in the battle for control of the House, analysts say.

Democrats need a net gain of 15 seats to take control the House, and they hope to pick up three of them in the Philadelphia suburbs: Representatives Weldon in the Seventh District, Jim Gerlach in the Sixth and Mike Fitzpatrick in the Eighth. Historically Republican, the Philadelphia suburbs voted for Democrats Al Gore for president in 2000 and John Kerry in 2004.

"The reason the House Republicans have increased their numbers since 1995 was because they began to win the South, but they've run the string out. There aren't any more seats to win. So the battleground now are the suburbs in the north that used to be Republican and now are trending Democratic: in Ohio, Philadelphia, New York, and Connecticut," says Terry Madonna, a political scientist at Franklin Marshall, who directs the Keystone poll.

A recent Keystone poll now calls the Weldon-Sestak race a "dead heat" with Sestak at 44 percent and Weldon at 43 percent. On Friday, the Cook Political Report shifted its prediction for this race from "lean Republican" to a tossup.

In addition, Democrats are fielding - and financing - strong candidates in these races. "For the first time, voters in this district are being presented with a credible alternative to Weldon," writes Amy Walter, who analyzes House races for the Cook Political Report.

Sestak headquarters in Media, Pa., an upscale suburb of Philadelphia, churns with activity. The campaign claims some 2,000 volunteers, including a vast family network in Delaware County. With seven siblings - six still living in the district, "he has almost enough relatives to win," said President Clinton at a fundraiser for Sestak last week.

But what most distinguishes Sestak from former Weldon rivals is his ability to raise campaign funds, more than $1.14 million from July through Sept. 30, Sestak said Wednesday. That's $2.27 million since he announced his candidacy in February - more than all other previous Weldon rivals combined.

A former three-star admiral who conducted combat operations in Iraq and Afghanistan before retiring in January, Sestak calls the Iraq war a "tragic misadventure" and calls for the withdrawal of US troops by the end of next year.

"When we entered the race, we thought Iraq would be No. 5 or 6 [on the list of voters' concerns], but everywhere we go it's the first or second question," said Sestak, in an interview with the Monitor last week.

"There's such a feeling that something has to change. I respect Congressman Weldon's public service, but he's been there too long," he says.

Sestak served as President Clinton's director for defense policy for the National Security Council. He says that his time in the Navy taught him that "national security begins at home in the health, education, and economic promise of our people."

But since last week he is also discussing the recent sex scandal on Capitol Hill involving former Rep. Mark Foley (R) of Florida, who resigned from Congress Sept. 29 after being confronted with sexually explicit electronic messages that he sent to male former pages.

The Foley scandal is "another heavy stain that indicates what people feel already about this Congress: How accountable are Republicans when they can't take care of themselves ... they knew what was going on and did nothing," Sestak says.

Meanwhile, Weldon, like other GOP incumbents in the suburbs, is highlighting his independence from the GOP establishment. His campaign slogan - Curt Weldon...Independent Fighter for US - doesn't mention the Republican Party. But he's not backing away from the war in Iraq. (Weldon famously volunteered to go to Iraq to search for weapons of mass destruction.) "It's going to be a tough race, but I'm not going to run away from the president," he said in a Monitor interview.

Citing former Democratic sex scandals involving pages and interns, Weldon says there's hypocrisy in the Foley scandal "you could cut with a knife." But he says it's not going to hurt his campaign. "People will see it for what it is," he says. "I'm swimming upstream, but the one thing I have is the people."

But analysts tracking this race say the issue can still hurt him, by depressing Republican turnout and detracting from his message of local service.

"All the momentum is with the Democrats, and it's up to Republicans to break that momentum and turn out their voters. The Foley scandal makes it that much harder for Republicans to get their message out and change that dynamic," says political analyst Stuart Rothenberg.

Sestak is hoping to benefit from the current focus on national issues, says David Landau, senior adviser to the Sestak campaign, who ran against Weldon in 1988. "In a normal election, you can get by with saying 'I'm the guy who saved Boeing,' but with the issues floating around in this election, a congressman has to have something more."

In response, the Weldon campaign says Sestak is a carpetbagger, who doesn't pay property taxes in the district and has missed voting in many recent elections.

"The district wants someone who lives here, not someone who rents a condo two weeks before he comes into the race or mispronounces the names of towns he was in," says Michael Puppio, Weldon's campaign manager.

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Republicans Target 3 Senate Races (SFC)

By David Espo

San Francisco Chronicle, October 10, 2006

(10-09) 16:38 PDT WASHINGTON, (AP) --

In an unusual move, the Republican National Committee is investing heavily in television advertising in Senate races in Ohio, Tennessee and Missouri in what officials describe as a firewall strategy designed to limit Democratic gains in the Nov. 7 elections and maintain the GOP majority.

The move reflects a desire on the part of Ken Mehlman, the Republican Party chairman, and other strategists to exercise more control over the drive to retain a majority, according to several Republican officials. They said the decision has caused friction with officials at the National Republican Senatorial Committee, which historically has been the only party entity to run commercials on behalf of its candidates.

The move also raises questions about the priority assigned by the RNC to races in other states where Republicans are in jeopardy — Pennsylvania, Montana and Rhode Island among them.

Officials at both party committees said they were working together.

"We've anticipated a challenging cycle and have been working closely with the NRSC for the past year to strategically allocate our resources," said Tracey Schmitt, spokeswoman for the RNC.

"We've been working as a team for well over a year in planning how we were going to approach these races on every level," said Mark Stephens, executive director of the NRSC.

The RNC's targeted races are Sen. Mike DeWine's re-election effort in Ohio; Sen. Jim Talent's bid for a new term in Missouri, and Bob Corker's drive to hold the Tennessee seat of retiring Majority Leader Bill Frist.

It is not clear how they were chosen. All three races are close, according to public and private polls. They are among eight or nine competitive races around the country — most of them for seats currently in Republican hands — that will determine which party controls the Senate when it convenes in January.

The officials who described the firewall strategy did so on condition of anonymity, saying they were not authorized to speak publicly.

Yet the move is evident in reports filed with the Federal Election Commission. They show the Republican National Committee is paying for polling and television advertising independently. By law, those involved are not permitted to coordinate their activities with the candidates or their campaigns. Coordination is permitted between the two independent groups, though, and Stephens said they share pollsters and ad-making firms.

According to the reports on file, the RNC has spent roughly $2.8 million to help DeWine in his race against Rep. Sherrod Brown and nearly $1 million so far in Tennessee, where Corker is running against Rep. Harold Ford Jr. The party has put about $150,000 into Talent's race against Claire McCaskill.

The NRSC, chaired by Sen. Elizabeth Dole, R-N.C., has also invested heavily in advertising and related expenses in those races, spending about $2.4 million so far in Missouri, $3 million in Ohio and $1.5 million in Tennessee.

While Stephens and Schmitt stressed the cooperation between the two committees, neither had a ready explanation when asked why the RNC had decided to step out on its own when it could simply have transferred funds directly to the senatorial committee.

Nor was it clear why the RNC had decided to scrap the division of responsibilities in use as recently as this summer's Rhode Island GOP senatorial primary. In that case, the RNC paid for get-out-the-vote operations, while the senatorial committee ran ads.

In the case of House campaigns, the RNC has not reported commissioning any polls or paying for any television advertising. Carl Forti, a spokesman for the House campaign committee, said he was not aware of any such effort.

The competitive situation is different in the Senate, though, where the GOP senatorial committee has been at a financial disadvantage with its Democratic counterpart in fundraising. In its most recent report, the National Republican Senatorial Committee said it had $18.6 million in the bank as of the end of August, compared to $29.8 million for the Democratic Senatorial Campaign Committee.

With Giuliani, G.O.P. Focuses On 9/11 Role (NYT)

By Richard Pérez-peña

The New York Times, October 9, 2006

At the Detroit Tigers' stadium last week, a visiting troop of children — many wearing Tiger orange and full of the fevered air of the playoffs — met Rudolph W. Giuliani, who declared his lifelong allegiance to their enemy of the moment, the Yankees.

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But when the fourth and fifth graders had a chance to put questions to Mr. Giuliani, the first one had nothing to do with the Tigers-Yankees series. Instead, Cristina Sauceda asked, "How did you feel when they destroyed the towers, and what did you do to make people feel better?"

Wherever he goes these days, Mr. Giuliani can count on fielding essentially the same question, one based on an image stamped so deeply into the national psyche that even a 10-year-old sees it.

Nearly as often, people ask its corollary: Will he run for president?

Mr. Giuliani has little to say about 2008, and a great deal to say about Sept. 11, 2001. He rarely brings up the World Trade Center attack directly; he does not have to. No matter where he goes — South Carolina, Florida, Michigan and Illinois, just in the past several weeks — other people do it for him. That will surely be the case on Thursday, when he makes his much-anticipated first public appearance in two years in New Hampshire, which holds the first presidential primary in the nation, where he will speak at a fund-raiser for Republican state legislative candidates.

He says he does not yet know if he will be a presidential candidate. He has no campaign apparatus and his positions on divisive social issues — from abortion to gay rights to gun control — put him at odds with most in his party.

Yet as Mr. Giuliani traverses the country, raising money for Republican candidates and building alliances that could serve him in a national campaign, polls show he has emerged as a leading candidate for the Republican presidential primaries — largely because of how he guided a wounded city in the weeks after the trade center attack.

And Mr. Giuliani has embraced that role as 9/11 hero and national security authority. At stop after stop, he delivers the same message: that the nation is still in grave danger, that the war in Iraq must be won, that measures like the Patriot Act and electronic eavesdropping are essential to defeating terrorists.

Never mind that Mr. Giuliani has come in for some sharp criticism back in New York — about workers sickened by toxic dust at ground zero, about his disgraced former police commissioner, Bernard B. Kerik, and even about his handling of the trade center attack.

There is little indication that his noble image from 9/11 has been tarnished in the heartland.

For many loyal Republicans — and more than a few independents and Democrats — his national security message seems to work, blotting out the central question facing his candidacy: whether a supporter of legal abortion, gay civil unions, immigrants' rights and gun control; a thrice-married, Catholic New Yorker whose split with his second wife took place publicly and none too neatly, can win Republican presidential primaries and caucuses.

"I'm well to the right of Rudy on social issues," said Sid Dinerstein, chairman of the Republican Party in Palm Beach County, Fla., after an appearance there by Mr. Giuliani two weeks ago. "But this is a man who, when it comes to dealing with bad guys, has infinite courage."

In August, at a fund-raising dinner in Charleston for South Carolina's very conservative Republican Party, Mr. Giuliani spoke about port security. When the party faithful had a chance to pose questions, they did not ask him about abortion or gays — only reporters did that.

Mr. Giuliani is never asked about recent charges that he, among others, did not do enough to protect rescue workers at the trade center site from inhaling toxic dust.

Nor is he asked about his friend, former police commissioner and former business partner, Mr. Kerik, whom President Bush nominated to be homeland security secretary in December 2004, with Mr. Giuliani's support.

Mr. Kerik withdrew his nomination as questions were raised about unpaid taxes involving his nanny, ties to people accused of involvement in organized crime, an illegal gift and an unreported loan. Just 19 months after his cabinet nomination, he pleaded guilty to two misdemeanors.

Federal investigators are now looking into whether Mr. Kerik illegally taped the husband of Jeanine F. Pirro, the Republican candidate for attorney general, at Ms. Pirro's behest.

Asked whether he knew anything about Mr. Kerik and the heartache he may have caused Mr. Giuliani in New York, Chris Rants, the Republican speaker of the Iowa State House of Representatives, who has avidly been courted by presidential candidates, said, "I don't have any idea what you're talking about."

What about ground zero air quality? "I still don't know what you're talking about," he said.

But the doubts persist, including those about Mr. Giuliani's stand on social issues. Many Republicans and political analysts say the most pertinent question about Mr. Giuliani is whether polls showing him at or near the top of the presidential primary field reflect support that is broad but thin.

"My opinion of the mayor is completely centered around 9/11," Mr. Rants said. "That's how everybody has their impression, and it's a good impression.

"But to be honest," he added, "I don't have a clue what he thinks about India or China, or education, or immigration reform, or Social Security. I don't even know what he thinks about ethanol and renewable fuels."

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Mr. Giuliani himself declines to answer questions about his political future, including handicapping how he might fare in Republican primaries, and instead offers praise for the other contenders and for this year's candidates for lesser offices.

"I don't want to get in the way of 2006," he said recently. "These are important elections that are coming up."

But when he is asked about 9/11, he talks effusively. Regarding Cristina Sauceda's question, Mr. Giuliani gave an answer that, even for an adult audience, would have been extremely long (10 minutes), grim ("We had to figure out how many body bags to order"), and emotionally wrenching ("Every time I was told" that someone he knew had been killed, "my heart would take a beat, and I would say to myself, 'I can't think about that right now' ").

He is often greeted like a star. But when the people who cheer Mr. Giuliani at rallies are asked what they know about him, some say he cleaned up a crime-ridden city, all of them talk about Sept. 11, and many concede that they can go no further.

"I can't forget the display of leadership and courage and compassion that day," said Mike Medina, a Miami-Dade County corrections officer who attended a rally on Sept. 27 for Republican candidates in nearby Dania Beach where Mr. Giuliani spoke. "That goes a long way."

Not far enough, according to Larry J. Sabato, director of the Center for Politics at the University of Virginia. He said that if Mr. Giuliani runs, his views on social issues, and his more recent travails, will find their way into attack ads, and the conventional wisdom will prevail.

"Pro-choice is the heart of his problem with Republicans, just as it always was, and it cannot be overcome," Mr. Sabato said. Mr. Giuliani does well in polls "because the activists have no clue so far," he said. "If they've heard this stuff, they've forgotten it."

Mr. Sabato and other political analysts said that even if other contenders shied away from attacking Mr. Giuliani on abortion or gay rights, independent groups supporting those candidates would not. They might even try to undermine his security credentials, and cite the former mayor's decision to put the city's emergency operations center in the trade center.

But Frank Luntz, a Republican pollster, said the poll results are no illusion, and that no one should rule out Mr. Giuliani.

"The abortion issue will hurt him in Iowa, the gun control position will hurt him in New Hampshire, but both are less important than the character and the attributes of the man," said Mr. Luntz, who did some work for Mr. Giuliani in the 1990's but no longer works for campaigns. "In a senate race, they want to know where you stand on issues. In a presidential campaign, they want to know who you are."

In The Race For Governor Of Michigan, The Struggling Economy Is Topic A (NYT)

By Monica Davey

The New York Times, October 9, 2006

THREE RIVERS, Mich., Oct. 4 — If for much of the country the economic signs seem relatively healthy, they do not in places like this town. A plastics plant nearby closed days before Christmas, a company that makes mirror parts for cars has shrunk and the mayor says he heard talk, just this month, of possible cuts at a factory that makes drive shafts.

And so, while elections in other regions have turned to matters like national security, the war in Iraq and Congressional scandal, Michigan's races for governor and, to a lesser degree, the United States Senate are hinging this year almost entirely on the struggling economy and the question of who is to blame for it.

In the state's cloud of sinking numbers, Republicans hope for an opportunity to pick up two positions. In other states with once-robust industrial bases, including Ohio, Indiana and Pennsylvania, economic worries are playing a similar, if far more subtle and layered, role this fall.

"We've thought about moving south," said Deb Hallock, 44, who said she had lived in Three Rivers for 20 years but lost her home about a year ago when she and her husband could no longer pay the mortgage. Ms. Hallock makes pizzas at a fast-food restaurant; her husband makes cargo trailers at a factory but had no job when they were evicted. "I don't really know what a governor can do to stop all of what's happening here, but I wish someone would do something."

Gov. Jennifer M. Granholm, an enormously popular Democrat when she took office four years ago, now faces a serious challenge from Dick DeVos, the former president of the Amway Corporation and the son of a co-founder.

While campaigning, Mr. DeVos regularly ticks off dire statistics: with major cuts at the Detroit-area automobile companies, Michigan's unemployment rate of 7.1 percent is one of the worst in the nation; the state has lost 85,000 jobs in the last four years; and it has ranked second in the number of young people moving elsewhere.

In a testy first debate between the candidates in early October, the answers to questions on almost every topic seemed to circle back to this single issue. Mr. DeVos, who says his own business acumen is just the medicine Michigan needs, said Ms. Granholm was responsible for failing to create "the atmosphere" for job creation in Michigan despite the economic recovery plan she talked about at nearly every campaign stop.

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"I find it amazing," Mr. DeVos said in the debate, "to hear the governor say the plan is working when the people of Michigan aren't."

Ms. Granholm, who said hers was the most aggressive economic recovery plan in the nation, seemed to sidestep responsibility for what has happened here, saying she had "stepped into this current" in a state that had long depended on cars for its livelihood.

"The question is, Why did we get here, and how are we going to get out?" Ms. Granholm said.

Elsewhere, the economic questions are less extreme, less consuming and, in some cases, far more ambiguous. For the most part, challengers in nearby states have bemoaned economic failures, while incumbents have pointed to opposing, upbeat economic signs or stayed mainly silent on the matter.

In Ohio, the loss of manufacturing work, along with political corruption and scandal, has contributed to "a generally sour atmosphere" among voters, said Herbert Asher, a political science professor emeritus at Ohio State University.

Sherrod Brown, the Democratic challenger to Senator Mike DeWine, has worked to remind voters of their economic portrait, "a thriving manufacturing base dismantled piece by piece," in the words of Mr. Brown's spokeswoman, Joanna Kuebler.

Indiana's economy has improved. But Russell L. Hanson, a political scientist at Indiana University, said the recovery had been slow and spotty in parts of the state, especially where the auto industry's troubles had affected Indiana's component suppliers — something the challengers in several competitive House races have made an issue.

A complicated picture has also emerged in Pennsylvania, with candidates, even those from the same political party, pointing to opposing signs as evidence of the relative healthiness, or the horror, of the state's economy. Gov. Edward G. Rendell, a Democrat, has boasted of new job creation. But Bob Casey, another Democrat and an ally of Mr. Rendell, who is running against Senator Rick Santorum, a Republican, has complained of an environment in which tuition and health care costs are rising while incomes cannot keep up.

In Michigan, meanwhile, no candidate is boasting.

Mr. DeVos and Ms. Granholm pepper their speeches, commercials and Web sites with proposals for reversing the economic tide. Mr. DeVos has pressed for change, proposing that the state speed the granting of permits for businesses and that the tax on businesses known as the Single Business Tax be ended.

His campaign has scoffed at Ms. Granholm's efforts, like a Cool Cities program to give grants to cities for economic development, as too paltry. He has also suggested she did not try hard enough to persuade the Japanese to open a Honda factory in Michigan.

"A cool city is one where you get a job," said John Truscott, Mr. DeVos's director of communications. "We never thought we would surpass Mississippi in a race for the bottom, but we're there."

Mr. DeVos, a relative political newcomer from Ada who aides say has poured about $17 million of his own money into the race, began advertising in February, which helps explain how every voter interviewed in towns in the Kalamazoo area, like Three Rivers, and near Lansing said they knew his name.

For a time, polls showed Mr. DeVos even or slightly ahead of Ms. Granholm, but more recent surveys suggest she has pulled ahead slightly. In a survey of 600 likely voters taken this month for The Detroit News and several television stations, Ms. Granholm was leading, with 46 percent saying they would vote for her, compared with 40 percent for Mr. DeVos; the margin of error was four percentage points. But of those polled, 12 percent said they were undecided.

Ms. Granholm, a former federal prosecutor and a former state attorney general, said she was pressing to diversify the state's economy into fields like alternative energy, life sciences and domestic security; wanted to double the number of college graduates in Michigan within a decade; and hoped to change the way the state handles work force training for those without jobs.

And while Mr. DeVos has tried to blame Ms. Granholm for the state's struggles, in an interview, she directed the blame elsewhere: to circumstances beyond her control ("No other state is the automotive capital of the world"); to the Bush administration ("He has sat idly by while the industry reels"); and even to Mr. DeVos, who supported the trade agreements, Nafta and Cafta, that she said had helped leave the Michigan economy in a wreck.

"If we had diversified our state 10 years ago, we wouldn't be here," Ms. Granholm said. "I'm going to go anywhere and do anything to change the economy of Michigan."

Similarly, in the Senate race here, Debbie Stabenow, the Democratic incumbent, and Mike Bouchard, a sheriff and her Republican challenger, have each touted economic recovery plans: "Jobs Agenda" for her and "Renewing Michigan's Economy" for him.

But at a Laundromat in Three Rivers, all the plans in the world could not convince Steve Brunn that Michigan could be turned around. Like others here, Mr. Brunn, 54, said he was doubtful that any campaign promise would add up to jobs after all the commercials were over and the votes were in.

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"We're being batted back and forth between the Republicans and Democrats," he said. "DeVos is talking like everybody else — he wants to make change — but what is he really going to do to change this? We're competing with these other countries, and there are no answers."

Thomas Lowry, who for 11 years has been mayor of Three Rivers, said this town of 7,400 still had its share of manufacturing companies, though the numbers, he said, seemed to shrink little by little each year. The echoes reach far beyond the factories, Mr. Lowry said. The diner downtown loses business. More and more "for sale" signs fill front yards along quiet streets.

Even his own business, a bookstore in the center of downtown, has seen the sale of magazines, a minor luxury item for many, fall off. "It ripples everywhere," he said.

Mr. Lowry, who said he expected to vote for Ms. Granholm, said he was not sure to what extent the voters would hold their political leaders responsible for all that had happened — and all that had not. "There's something about our species, though, that wants a scapegoat," he said.

Firings Of State Workers Found To Violate Law (BSUN)

By Jennifer Skalka

The Baltimore Sun, October 10, 2006

ANNAPOLIS -- A legislative committee investigating the Ehrlich administration's personnel practices has concluded that workers were fired "based on political considerations in violation of constitutional rights and state law," and is recommending stronger protections for state employees, according to a draft report provided Monday to reporters.

"Some administration officials admitted, reluctantly, that political affiliation was a consideration in the decision-making process," says the 135-page report, the work of the bipartisan State Employee Rights and Protections Committee, which has been investigating Gov. Robert L. Ehrlich Jr.'s staff since August 2005.

The legislative committee, whose work Republicans say is an election-year smear, does not recommend legal action in response to the firings. But committee lawyers determined that, unlike in past administrations, Ehrlich used the state appointments office -- which traditionally makes political recommendations for membership to boards and commissions -- as a clearinghouse for hiring and firing, and that party affiliation was a likely factor.

The governor said Monday that the committee's work over the past year is evidence of the Democratic-led General Assembly's misplaced priorities.

"They held more hearings on this particular issue than pedophiles, sex offenders and BGE combined ... all to conclude that our administration brought in people dedicated to carrying out the goals of this administration," Ehrlich said.

Taking office in January 2003 as Maryland first GOP governor in more than three decades, Ehrlich promised to shake up agencies accustomed to Democratic administrations.

"We must overturn the status quo in state government and whenever possible bring in fresh blood, with new ideas," the governor wrote to a state agency head in a confidential memorandum reviewed by the commission.

Leading Democrats soon heard complaints of indiscriminate firings and the targeting of low-level employees, and they began the inquiry after revelations arose about the activities of a longtime aide to the governor, Joseph F. Steffen Jr.

The committee's four Republicans issued a separate 40-page rebuttal Monday, criticizing Democrats for spending more than $1 million in taxpayer money on the investigation and accusing them of timing the report's release to potentially affect next month's gubernatorial election. Democrats dispute the cost estimate.

The minority report says that former workers who testified under oath "repeatedly misstated facts and failed to corroborate many aspects of their wrongful testimony with documents." It concludes that the committee did not find proof of "illegal personnel actions" by the Ehrlich administration.

Sen. J. Lowell Stoltzfus, the minority leader from the Eastern Shore and a committee member, acknowledged "stupid behavior" by some state workers who conducted firings. But he called the panel's work "a very expensive partisan joke."

"You can't legislate against crassness; you just can't do that," Stoltzfus said. "For the most part, this administration has bent over backward to incorporate the Democrats."

The report of the committee, which will meet Thursday in Annapolis to consider revisions, reserved particularly pointed language for Steffen, who left the administration in February 2005. Nicknamed "Prince of Darkness" by the governor, Steffen kept a grim reaper figurine on his desk. He told the committee that employee lists he was given included party affiliation.

"Mr. Steffen was placed on the executive floors at [the Department of Human Resources] and the [Department of Juvenile Services], on the payroll of the Governor's Office and coordinated with the Appointments Office to identify candidates for termination," the report says.

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"Placing a qualified consultant in the agencies to perform such a function would have been reasonable. ... Placing Mr. Steffen in such a role was not and the purpose was most likely to identify candidates for termination for political reasons."

The committee sought to determine whether state workers in an employment category called "at will" were terminated because they were Democrats or to make room for Ehrlich loyal ists. About 7,000 state workers are at-will, according to the report, and can legally be fired without cause, though not for political beliefs.

Sixty people contacted the committee to share their stories, the report said. Not all testified, however. Some of those who appeared before the panel did so voluntarily. Others, including Steffen, were subpoenaed.

The committee also heard from Ehrlich administration officials, including three -- Steffen, Gregory J. Maddalone and Craig B. Chesek -- who declined under oath to answer many questions about their roles in firing state workers or instructions they were given by the state appointments office. The committee has since filed lawsuits compelling them to testify.

The report indicated that Maddalone and Chesek -- who were dispatched to state departments, much like Steffen, to target workers for firing -- are due in court Oct. 26. Steffen is scheduled to appear Oct. 25.

Sen. Thomas M. Middleton, a Southern Maryland Democrat who co-chaired the committee, said their testimony is crucial in shaping the committee's final recommendations.

"The main players, it just seemed like they had extreme memory loss," Middleton said. "We haven't found anything that is illegal, but we found stories that were conflicting so that alone causes extreme suspicion."

The report noted that under Ehrlich, the methods used in firing workers were inconsistent across departments and perhaps most "dramatic" at the Public Service Commission, where several employees were escorted from the building by security guards and their photographs were posted in the lobby.

"There was substantial evidence that most of the terminated employees who testified were doing a good job, and there was no evidence that any of them posed any security risk," the report says.

Middleton said he expects the committee to offer legislation during the General Assembly session that begins in January.

The report recommended 10 changes, including that the law should make clear that state workers cannot be fired to make room for someone else based on the new employee's "political affiliation, belief or opinion."

State law must also be changed, the report says, to clarify that only people in the employing agency, not the appointments office, can fire a state worker.

The report also suggests that state employees should be notified in writing of their rights when hired and that the state should study the need for the at-will designation.

Sen. Brian E. Frosh, a Montgomery County Democrat who sits on the committee, said state workers, especially those who have served with distinction for many years, deserve better from their employer than they have received from Ehrlich.

Investigation Faults Ehrlich In Firing Of State Workers (WP)

By Matthew Mosk

The Washington Post, October 10, 2006

The firings of dozens of mid-level state workers early in the tenure of Maryland Gov. Robert L. Ehrlich Jr. may, in some instances, have violated those employees' constitutional rights and run afoul of state law, a 14-month investigation has concluded.

An attorney hired by leaders of the majority-Democratic legislature to oversee an investigation of the Republican governor's personnel practices wrote a 130-page draft report and shared his findings yesterday with lawmakers.

Among them:

· The governor dispatched loyalists into state agencies to identify people to fire.

· Several employees were fired for no reason other than their political views.

· Officials in the Ehrlich administration were evasive or not credible in defending their personnel decisions while testifying before the legislature's Special Committee on State Employee Rights and Protections.

"The sudden and random terminations exacted a considerable human toll," committee counsel Ward B. Coe III wrote in his draft.

Ehrlich described the document as "farcical" and mocked the legislative committee, which consists of eight Democrats and four Republicans, for spending as much time as it did to produce it. "I think the people of Maryland need to hear what they paid over a million dollars for," Ehrlich said.

Republicans on the committee issued a "minority report," which determined that the investigation had been partisan and consumed money and time that could have been devoted to more pressing concerns.

"There's nothing substantive there," said Senate Minority Leader J. Lowell Stoltzfus (Somerset). "There is no definite finding. There was nothing proven that demonstrated that the law was broken."

Under Maryland law, "at will" employees -- about 6,000 of the 50,000 state workers -- may be hired and fired by the governor without explanation. With rare exception, though, the law requires that personnel decisions be made "without regard to the employee's political affiliation, belief, or opinion."

Coe's report, which will be released formally this week, marks the conclusion of a saga that began in early 2005, when Ehrlich fired a longtime political operative for boasting about a whisper campaign against the governor's chief political rival, Baltimore Mayor Martin O'Malley (D).

During the first two years of Ehrlich's tenure, that operative, Joseph Steffen, worked in three state agencies, fostering a reputation as a hatchet man by placing a figurine of the Grim Reaper on his desk and telling co-workers he had a "death list" of people who were marked for dismissal. He signed e-mails "POD," which stood for his nickname: "Prince of Darkness."

Firings followed. Ehrlich's top aides put the count last year at 284. Ehrlich's predecessor, Parris N. Glendening (D), fired 65 workers during the first three years of his administration.

Ehrlich administration officials have said the turnover was a natural byproduct of the 2002 election, which put a Republican in the governor's office for the first time in a generation.

No one was singled out for partisan views, Ehrlich officials said.

But some changes were made to help Ehrlich move the state in a new direction. "The governor has said he wants people on the same page," his communications director, Paul E. Schurick, said in a June 2005 interview.

The turnover concerned Democrats in the legislature. And the investigation that followed has validated those concerns, said Sen. Brian E. Frosh (D-Montgomery), who was one of the first to urge a review.

Coe, as committee counsel, interviewed more than 60 current and former state employees, taking sworn testimony from more than 20.

"It's not pretty for the Ehrlich administration," Frosh said yesterday. "It makes clear that many of the firings were illegal, and many more were inappropriate."

Coe's report makes its most direct case when addressing the termination of Vincent Gardina, a Democrat on the Baltimore County Council who was hired as a project manager at the Maryland Environmental Service.

Ehrlich aides learned that Gardina was on the payroll eight months after Ehrlich took office, the report says. Soon after, the report says, a deputy in the governor's appointments office called Gardina's boss and told him that "Gardina 'needs to go' because he is 'too political.' "

An e-mail exchange followed and ended with an e-mail from the governor's deputy, dated Sept. 9, 2003, saying: "you can let Vince Gardina go. We have signed off on this end." Gardina was dismissed by a letter dated Sept. 16, the report says. It concludes that "there is substantial evidence that the termination of Vincent Gardina was based on his political activities in violation of [state law] and his constitutional rights."

Other findings in the report focus on the dismissals' effects on the functioning of state government. In a number of instances, the report highlights dismissals of workers who had outstanding performance reviews.

At the state's Public Service Commission, which regulates utilities, five workers were dismissed on one day. The chairman, an Ehrlich appointee, defended those moves, but the review found his explanation wanting.

"It is difficult to reconcile the Chairman's view that he was improving the Commission when he failed to consult with other commissioners regarding the terminations, failed to review personnel files and failed to consult with the supervisors of two of the employees who were terminated," the report says.

Stoltzfus said yesterday that although Coe was hired with support from both parties -- and had conducted a well-received review of the state's savings and loan crisis 20 years ago -- the lawyer was "snookered" this time by Democrats.

The investigation, based mostly on the testimony of disgruntled former state workers, was generated by Steffen's ill-advised boastings and the actions of a few other misguided aides, Stoltzfus said. "I saw some crass behavior by certain people who first came in to work for the governor," he said. "It was a new regime. They behaved in a way they shouldn't have. But you can't legislate for crass behavior."

Del. Luiz R.S. Simmons (Montgomery), a Democrat on the committee, said he agrees that the investigation did not uncover "a reign of terror." But there were "serious abuses," he said.

"Unfortunately, the Republicans decided at the outset that they did not want to be bothered with the facts," Simmons said. "They do not understand . . . it was wrong to dismiss these people."

Coe's report found two major flaws with the Ehrlich administration's handling of personnel matters. The firings "were not reasonably calculated to improve the performance of State government," the report says, and the firings demoralized the state workforce veterans.

"Employees who were the primary providers for their families were suddenly without jobs through no fault of their own," Coe wrote.

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Out Of The Oval Office But Still In The Loop (WP)

By Peter Baker

The Washington Post, October 10, 2006

SECOND ACTS

Presidential Lives and Legacies After the White House

By Mark K. Updegrove

Lyons Press, 321 pp., $24.95

Franklin Pierce may have been a rather forgettable president, but the remainder of his life proved even more unsatisfying. "After the White House," he lamented, "what is there to do but drink?"

More and more, lately, as it turns out. In the modern era, there are books to write and corporate boards to serve on and the mashed potato circuit to travel. There are funds to raise, charities to aid, libraries to build and globes to trot. There's good to be done. And there's money to be made.

The end of a presidency no longer means the end of influence, as Mark K. Updegrove documents in a lively and highly readable review of the post-Oval Office years of the United States' last nine former chief executives. "Second Acts: Presidential Lives and Legacies After the White House" traces a fascinating evolution from Harry S. Truman's impoverished political exile in Missouri to Bill Clinton's profitable, peripatetic shadow presidency in New York.

The White House afterlife holds "more promise and potential than ever before," Updegrove argues. Former presidents "now often have their own agendas and aggressively pursue them independent of those in power," and, "With the advent of globalization in a world dominated by the U.S., the opportunity for formers to make their marks has increased significantly."

What to do with our former commanders in chief has often vexed a country that does not believe in permanent power. Until George Washington retired to Mount Vernon after two terms as president, the world had few examples of rulers voluntarily surrendering their thrones, but it has become a hallmark of American democracy.

A number of former presidents continued to play a role long before globalization, of course. John Quincy Adams served 18 years in the House of Representatives after his single term in the White House, arguably accomplishing more as an outspoken abolitionist. Andrew Johnson was appointed to the Senate after his broken presidency, though he died just months later. William Howard Taft realized his life's ambition by serving as chief justice of the United States following his reelection defeat.

A few others tried to return to the office they left. Ulysses S. Grant maneuvered for the Republican nomination in 1880, only to be denied. Theodore Roosevelt, angered by his successor, Taft, bolted from the Republicans and ran as the Bull Moose candidate in 1912, only to hand the election to Democrat Woodrow Wilson. Just one former president managed a comeback, Grover Cleveland, who lost reelection in 1888 but won a second term four years later.

With the 22nd Amendment to the Constitution, that route is no longer available to two-term presidents such as Clinton and George W. Bush. Yet with actuarial tables being what they are, formers are emerging from office with more years of vigorous life still ahead of them. Each of them in his own way wrestles with how to remain relevant without crossing lines of propriety that only he sets.

Writing books has become de rigueur. Truman left office with only a $1,300 annual pension from his military service, since in those days former presidents had no retirement, much less the office allotments and Secret Service protection they get now. So he wrote a two-part autobiography for $600,000, though he estimated that after taxes and expenses he netted only $37,000. By the time Clinton wrote his memoirs -- one book that was so endless the publisher split it in two for the paperback version -- an ex-president could take in a reported $12 million.

Richard M. Nixon and Jimmy Carter both became prolific writers, churning out books that went beyond their personal stories in an effort to shape politics and policies -- and reinvent their legacies. Gerald R. Ford became the first to join corporate boards, a move that was seen as unseemly by some of his predecessors but has become more common. Ronald Reagan further broke barriers by accepting $2 million for appearances in Japan.

George H.W. Bush and Clinton both have second acts of another sort -- the first saw his son elected president while the second may yet see his wife win the job. But Updegrove also recounts the unusual friendship that seems to have developed between the 41st and 42nd presidents as they travel the world to help victims of the Asian tsunami and Hurricane Katrina.

Updegrove, a former publisher of Newsweek and executive at Time magazine who now works at Yahoo Inc., casts no judgment on any former president's choice and doesn't endorse any particular model. He seems to go along with the conventional wisdom that Carter's Nobel Prize-winning humanitarian efforts at home and abroad have made him the best former president, although he acknowledges that Carter's successors have all been irritated at one time or another with what they saw as grandstanding freelance diplomacy.

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For the book, Updegrove had interviews with Ford, Carter and Bush, among others, but they don't seem to add all that much new. Many of the stories will feel familiar to Washington readers who follow the presidency closely. But they do peel back the curtain a bit on the lives of our former leaders in an entertaining and illuminating way.

And one Washington reader who may want to pick up "Second Acts" is the current occupant of the White House, who has just 27 months to go before he leaves office at age 62 and has to decide what to do with the rest of his life.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Different Bridges (WT)

By Claude R. Marx

The Washington Times, October 10, 2006

Former Sen. John Danforth is in many ways a political dinosaur. That is unfortunate because the world would be a better place if people like him were not nearly extinct.

Mr. Danforth, who served three terms as a Republican senator from Missouri before retiring in 1995, is a moderate conservative with strong religious beliefs who does not think compromise is a four-letter word. He longs for the days when those on both sides of the political aisle took a more centrist approach to problem solving and had greater respect for their adversaries.

He discusses his views, including a plea for the Republican Party to become less beholden to the demands of Christian conservatives, in his engaging memoir/political tract, "Faith and Politics: How the 'Moral Values' Debate Divides America and How to Move Forward Together."

Mr. Danforth, an ordained Episcopal minister, does not equate centrism with political mushiness or an abandonment of core beliefs. Rather, he sees it as a way to create a fairer and more just world by including and respecting a variety of worldviews.

He contends that the best leaders are those without an inflated view of their own importance or the certitude that their views are the only right ones.

"[I]f we are less confident about our capacity to know and implement God's will, and if our faith brings modesty about ourselves and our politics, our effectiveness is more likely. I believe that such modesty is, or at least should be, Christianity's gift to American politics," he writes.

He cites the Republican Party's efforts to overturn court decisions allowing relatives to unplug the feeding tube of Terri Schiavo as evidence of an unhealthy mingling of religion and politics that betrays the party's true conservative heritage.

"It was a threat to some of our most heartfelt values. It was Big Brotherism in the extreme, an exercise of the raw and awesome power of the federal government,' he writes.

To avoid repeats of that approach, he calls for religious people in politics to practice a "ministry of reconciliation." This would, he maintains, focus on increasing reasoned dialogue aimed at finding common ground on, among other things, applying religious values to politics. He is careful to note, however, that there is a difference between allowing religious beliefs to form one's worldview and trying to write those ideas into public policy.

Mr. Danforth's goals are well intentioned and achievable on a limited basis, but current political dynamics probably preclude long-term change in the direction he seeks.

For starters, those at the ideological extremes have an easier time boiling down their views into a sound bite, an all-too-frequent means of political discourse. Besides, the certitude with which those on the far left and far right express their views has a certain appeal for those who like their solutions in neatly wrapped packages. The adage that the "squeaky wheel gets the grease' is an apt description of the current state of affairs, where noise and dogmatism often win out over reasoned discourse.

President Bush once famously said that "I don't do nuance," and that is a worldview shared by liberals and conservatives alike. The Danforth approach requires a great deal of nuance and splitting the difference.

Though current polls indicate that the public is displeased with both parties, that does not generally translate into electing more centrists who share Mr. Danforth's commitment to bridging the ideological divide.

Mr. Danforth's views on moral and social issues are neither strictly conservative nor liberal. He opposes abortion and gay marriage but is against a constitutional amendment banning the latter practice. At the same time, he favors expanding stem-cell research and opposes both the death penalty and mandatory school prayer.

Those positions make him hard to pigeonhole — not necessarily a bad thing — but also make him someone who is not completely comfortable in either political camp.

That is a good perspective from which to try to find a fresh approach to solving the nation's problems. Mr. Danforth does an admirable job of that in "Faith and Politics."

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While it is not clear how effective the book will be in changing minds, those who care about improving the state of national affairs should welcome it as an important contribution to our political dialogue.

Claude R. Marx writes a political column for the Eagle-Tribune in North Andover, Mass. He is the author of a chapter on the presidential campaign of Howard Dean that appears in the book "The Divided States of America."

Read Spitzer's Lips (WSJ)

The Wall Street Journal, October 10, 2006

No one is giving Republican John Faso much chance to beat Eliot Spitzer in their race to be the next New York Governor. But the Republican's campaign has already done a public service in prompting the Democratic attorney general to make a no-new-taxes pledge.

Mr. Faso, a former leader of Republicans in the state assembly, is campaigning for a significant supply-side tax cut for the state that is one of the two or three most heavily taxed in the U.S. Mr. Spitzer won't go that far, but during his debate recently with Mr. Faso he pledged, "There will be no tax increase in a Spitzer administration."

Plenty of politicians have made the same pledge to win elections, only to renege later. They include former Virginia Governor and possible Democratic Presidential candidate Mark Warner, current New Jersey Governor Jon Corzine and, most famously, George Herbert Walker Bush.

It's nonetheless significant that Mr. Spitzer is sounding a more moderate economic bent now that he may soon be responsible for the Empire State's economy as Governor. It's easy to play the scourge of business as AG when a Republican is in the state house. But as Governor, he will inherit the same miserable regulatory and tax climate that has made upstate New York a dead zone for new business and so difficult for young people to stay in the state.

Here's a prediction: If Mr. Spitzer does win next month, he'll also soon be calling for reform of Sarbanes-Oxley because it's driving capital out of New York City.

They Debate, We Nap (LAT)

The Los Angeles Times, October 10, 2006

You didn't miss much by not tuning into Saturday night's gubernatorial debate. And that's by design.

DEBATE? WHAT DEBATE? The Dodgers were playing, for Pete's sake (granted, not very well). Plus, it was a Saturday night, when hardly anyone watches TV anyway. Who would schedule a debate for a time when nobody would watch, unless they didn't want you to see it?

Exactly. No one wanted you to see the debate between Gov. Arnold Schwarzenegger and challenger Phil Angelides, except for maybe Angelides. It was a ho-hum affair in the midst of a ho-hum campaign for an office that is monumentally important but for which relatively few people will vote. For Schwarzenegger, it came down to "Angelides likes taxes." For Angelides, it was "Schwarzenegger likes Bush." And that was pretty much it.

Political debates have long been more about theater than substance, and they are a notoriously poor opportunity for viewers to bone up on the issues or delve deeply into policy. They are stage-managed affairs, full of well-rehearsed quips and zingers that the candidates try to make seem spontaneous. No one is ever swayed by a policy point uttered in a debate, although experts talk endlessly afterward about whether a candidate's performance might have impressed some mythical typical voter watching intently from the sofa.

But until now, debates at least held some practical and ritual significance. They were a way of separating the political nerds, who had been paying close attention anyway, from the vast majority of voters, who zero in on the campaign only when necessary. The subtext of debate night has typically been: For those of you who haven't paid attention until now, election season has begun and it's time for you to learn who the candidates are. So here they are. Here's how they look and act. Check them out and see if any of them strike you as leaders.

Recently, though, political debates have aimed for a lower profile. Campaign managers and political consultants like working with a relatively small and predictable population of voters. Through focus groups, demographic studies and voting statistics, the professionals know how these voters act and what to do to get their support. The last thing campaign honchos need is a huge and unmanageable TV audience hanging on every word and thinking that maybe they, too, just might go to the polls on election day. So we get a lackluster debate like Saturday's, scheduled for the smallest possible exposure, in which the unspoken message from the political establishment is "Just stay home."

The worst part of it is that the political professionals know how to dumb down the elections and keep us at home, and they know how to make that work for their candidates. Too bad it doesn't work so well for the rest of us.

The Cost Of An 'Adequate' Education (WSJ)

DOJ_NMG_0077849

By Eric A. Hanushek

The Wall Street Journal, October 9, 2006

The nation is watching to see what happens with New York City school finance. After a dozen years in the courts, the case of Campaign for Fiscal Equity (CFE) v. New York is now back at the Court of Appeals for a final judgment about the added appropriations that the legislature must send to the city. This judgment is, however, unlikely to be the final statement. If the legislature must come up with an incredible sum of money close to the more than $5 billion currently on the table, it may well balk, precipitating a true constitutional crisis.

New York's school-finance case may be the most visible in the nation, but it is certainly not unique. Almost half of the states today have an "adequacy" case in their courts. Only five states have never faced a school-finance case during the past three decades. New York, however, is on center stage this week. Because of the size of the judgment, the New York decision could send shock waves through state legislatures across the country.

Earlier this year New York's intermediate court called for an added appropriation of $4.7 to $5.6 billion per year to go to New York City schools. The state, with Attorney General Eliot Spitzer helming the defense, appealed this decision. Final oral arguments will be given tomorrow, marking at least a culmination in the legal battle, though likely not the last word in the fight.

New Yorkers tend to view this case with righteous indignation: The legislature simply failed to provide the city schools with adequate resources. After all, they argue, the trial court, after listening to seven months of testimony, found this to be a clear violation of the state constitution and slapped a precise dollar value on what it saw to be the magnitude of that violation.

Unfortunately, in determining the cost of an "adequate" education, the court relied heavily on the questionable analysis of consultants hired by the plaintiffs. Their analysis, labeled a "professional judgment model," was advertised as a scientific determination of the amount of spending necessary to secure an "adequate" education for every New York City student. Yet, this analysis violates virtually every principle of science and, as a result, has produced a politically saleable but scientifically unsupportable answer to the problem.

The consultants' approach was to hire a series of New York school personnel to describe what a school that could meet the state's learning standards would look like. These school people were told explicitly to pay no attention to where the money might come from. They should just dream. The fact that they did their dreaming after the court had declared New York's funding formula to be unconstitutional gave an implicit legitimacy to any flights of fancy they might have. In addition, any recommendations they made would likely have a direct impact on their own schools, creating an inherent conflict of interest.

The consultants took the wish lists of these different panels and calculated what the various elements would cost. Perhaps worried that the school personnel did not dream big enough, the consultants did the cost calculations in a way designed to obtain the maximum spending needed. Any thoughtful trade-offs or proposals for different ways to achieve the state's student learning goals were eliminated by the consultants.

As one might expect, the final wish list came with a truly large dollar value attached to it. Spending an additional $5.6 billion on city schools amounts to an increase of $1,000 per year in the average tax bill of every household in New York state. This figure would require a 25% increase in tax rates if funded with the state income tax. Of course, the $1,000 per household figure is clearly an underestimate. It would be difficult to give the city alone such a big funding boost without Buffalo, Rochester, Syracuse and Yonkers lining up to demand their "adequate" share.

One would be hard pressed to overestimate the potential danger posed by these costing-out studies. Consultants are active in virtually every one of the adequacy cases in the nation. Even though they use a variety of methods to affix the dollar value of an adequate education, each clearly represents nothing more than junk science. Many courts are duped by the studies, perhaps not surprisingly given the politics of the cases. But the reality remains: Setting appropriate education funding amounts for New York, or any other state, is beyond the authority of science.

The New York Constitution, like those for the U.S. and for other states, vests the appropriations and spending functions in the political branches of government, not in the courts. Therefore, the New York legislature -- regardless of the exact appropriations set by the courts -- may choose to view any court judgment on appropriations as not binding. If this argument were to prevail, it would precipitate a clear constitutional crisis. If this were the case, however, New York's legislature would likely not seek any direct confrontation, but would instead drag out deliberations for as long as possible.

The parties may reach some sort of compromise. Certainly Eliot Spitzer, now New York's leading gubernatorial candidate, has hinted at bringing about a resolution if he assumes office.

Nonetheless, it will be a hollow victory. Extensive experience and scientific study shows that simply providing more money to schools is not likely to be a very effective policy. There is no reason to expect student achievement in New York City to improve if such a spending policy were enacted. Indeed, the consultants in these adequacy cases are always very careful to avoid claiming that added funds will have any effect on student outcomes. Unfortunately the political paralysis created by these cases stops any consideration of more productive reforms. Instead of talking about performance incentives to districts and

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schools or linking funding to student outcomes, discussion is stymied by debates over how to raise the money and which districts will be hurt by any change in funding.

Courts in other states will be influenced by what happens in New York -- particularly because of the magnitude of this settlement. If the Court of Appeals continues on the current course, other state courts will be encouraged to follow suit. On the other hand, if the court acknowledges that its role is not appropriating state spending, it could enable New York to return to consideration of policies that might truly fix our schools.

There is no doubt that the children of New York need help. Their achievement levels and their graduation rates need improvement, but this justifies neither bad court decisions nor poor policies.

Mr. Hanushek is a member of the Hoover Institution's Koret Task Force on K-12 Education and editor of "Courting Failure" (Education Next Books, 2006).

Bush Warns N Korea But Options Are Limited (FT)

By Guy Dinmore

Financial Times, October 10, 2006

Although President George W. Bush delivered a stern warning to North Korea over the consequences of its nuclear test, analysts say the US has few options but to rely on its international leverage, which has been severely weakened by the war in Iraq.

Critics say the Bush administration blundered in trying to confront North Korea in late 2002 just as it was committing itself to invading Iraq.

"The Bush administration deserves particular criticism," said Gary Samore, vice-president of the independent Council on Foreign Relations in New York. "They had unrealistic expectations of what they could achieve through pressure. The US ability to coerce North Korea is quite limited, especially in the middle of a war with Iraq."

US relations with China, already under strain over its support for Iran and Sudan, will be further tested as the US pushes for a tough response through the UN Security Council. Russia's drift towards war with a US-backed Georgia also complicates US efforts to get its way with Moscow.

Washington is seeking UN approval for 13 measures, most crucially inspections of cargo moving in and out of North Korea and a ban on trade in "dual use" materials that could be applied to development of weapons of mass destruction. Less controversial is the proposed ban on selling "luxury goods" to North Korea.

US ambitions to set up a global network of allied states willing to intercept suspect cargo by land, sea and air led to the formation in 2003 of the Proliferation Security Initiative. China has refused to join, however. It would be wary of giving a blanket approval for such interceptions, and analysts in Washington rule out a full naval blockade.

"That's an act of war that could get out of hand if challenged by North Korea," Mr Samore commented. "The US is not in a position to start a conflict on the Korean peninsula."

Wang Guangya, the Chinese envoy to the UN, called on the Security Council to respond "firmly, constructively and prudently". Ted Galen Carpenter of Washington's Cato Institute warned of a chill in Sino-US relations, saying the US might view "prudent" as "a synonym for weak".

North Korea may be calculating that the punishment it might suffer from China and South Korea will be short-lived as they weigh up the dangers of a nuclear-armed regime imploding under economic duress.

Minxin Pei, director of China studies at the Carnegie Endowment think-tank, said Beijing was angry at having its "face rubbed in the dirt" by North Korea but its priority was to "contain the fallout rather than punish". China might restrict energy supplies to North Korea but was unlikely to cut off all food supplies or support blanket interdictions, Mr Pei commented.

Even before the test, US officials did not hide their frustration with what they saw as China's foot-dragging. But some are starting to concede that the US might have overestimated China's influence and even the extent of its intelligence gathering.

The crisis over North Korea may also affect the impasse over Iran's nuclear ambitions. The failure of US policy towards Pyongyang had already influenced a shift towards a more pragmatic approach in dealing with Tehran.

For U.S., A Strategic Jolt After North Korea's Test (NYT)

By David E. Sanger

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — North Korea may be a starving, friendless, authoritarian nation of 23 million people, but its apparently successful explosion of a small nuclear device in the mountains above the town of Kilju on Monday represents a defiant bid for survival and respect. For Washington and its allies, it illuminates a failure of nearly two decades of atomic diplomacy.

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North Korea is more than just another nation joining the nuclear club. It has never developed a weapons system it did not ultimately sell on the world market, and it has periodically threatened to sell its nuclear technology. So the end of ambiguity about its nuclear capacity foreshadows a very different era, in which the concern may not be where a nation's warheads are aimed, but in whose hands its weapons and skill end up.

As Democrats were quick to note on Monday, four weeks before a critical national election, President Bush and his aides never gave as much priority to countering a new era of proliferation as they did to overthrowing Saddam Hussein.

Mr. Bush and his aides contend that Iraq was the more urgent threat, in a volatile neighborhood. But the North's reported nuclear test now raises the question of whether it is too late for the president to make good on his promise that he would never let the world's "worst dictators" obtain the world's most dangerous weapons.

"What it tells you is that we started at the wrong end of the 'axis of evil,' " former Senator Sam Nunn, the Georgia Democrat who has spent his post-Congressional career trying to halt a new age of proliferation, said in an interview. "We started with the least dangerous of the countries, Iraq, and we knew it at the time. And now we have to deal with that."

Mr. Bush's top national security aides declined Monday to be interviewed about whether a different strategy over the past five years might have yielded different results. But Stephen J. Hadley, the national security adviser, has described the administration's approach to North Korea as the mirror image of its dealings with Iraq. "You'll recall that we were criticized daily for being too unilateral" in dealing with Saddam Hussein, Mr. Hadley said. "So here we are, working with our allies and friends, stressing diplomacy."

But at the same time, he said the administration had made a conscious decision not to draw "red lines" in dealing with Kim Jong-il's government because "the North Koreans just walk right up to them and then step over them," just to show they can. Other aides say that, lines or no lines, the North simply decided to race for a bomb — and finally made it.

North Korea announced its nuclear breakout in early 2003, kicking out international nuclear inspectors and very publicly beginning its drive to turn its stockpiles of spent nuclear fuel rods into a small arsenal of weapons. Focused then on the coming war with Iraq, Mr. Bush and his administration chose to set no limits.

But foreign policy, as Mr. Nunn says, is "all about priorities," and until Monday the closest Mr. Bush came to drawing a red line for the North was in May 2003, when he declared that the United States and South Korea "will not tolerate nuclear weapons in North Korea."

The Central Intelligence Agency's estimates in the years since have been that the United States has been tolerating exactly that — a small arsenal of nuclear fuel sufficient to produce six or more weapons.

Notably, Mr. Bush did not repeat that threat on Monday morning. Instead, he drew a new red line, one that appeared to tacitly acknowledge the North's possession of weapons. The United States would regard as a "grave threat," he said, any transfer by North Korea of nuclear material to other countries or terrorist groups, and would hold Mr. Kim's government "fully accountable for the consequences of such actions."

To critics of Mr. Bush's counterproliferation policy, this seemed a recognition that the North had successfully defied American, Chinese and Japanese warnings about building weapons and testing them, and was now simply trying to manage the aftermath. North Korea, it appears, is taking a page from Pakistan's strategic playbook: it exploded its first nuclear device in 1998, endured three years of sanctions, and now has emerged as a "major non-NATO ally" of the United States.

Mr. Bush's aides say that if Mr. Kim believes he, too, can expect the world to impose a few sanctions and then lose interest in the issue, he is wrong. "He is really going to rue the day he made this decision," Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said of Mr. Kim on Monday. But Mr. Bush's critics charge that the threat may be empty. As they see it, Mr. Kim watched the Iraq war and drew a simple lesson: that broken countries armed with nuclear weapons do not get invaded, and do not have to worry about regime change.

"Think about the consequences of having declared something 'intolerable' and, last week, 'unacceptable,' and then having North Korea defy the world's sole superpower and the Chinese and the Japanese," said Graham Allison, the Harvard professor who has studied nuclear showdowns since the Cuban missile crisis. "What does that communicate to Iran, and then the rest of the world? Is it possible to communicate to Kim credibly that if he sells a bomb to Osama bin Laden, that's it?"

Mr. Allison was touching on the central dilemma facing Washington as it tries to extract itself from the morass of Iraq. Whether accurately or not, other countries around the world perceive Washington as tied down, unable or unwilling to challenge them while 140,000 troops are trying to tame a sectarian war.

Divining North Korea's true intentions is always difficult; there is no more closed society on earth. But the broad assumption inside and outside the United States government is that Mr. Kim's first priority is the survival of his government. And the second is that without a nuclear weapon, he believes his government would have no way of staving off the larger, richer powers around it: China, Japan, South Korea and the United States.

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All have fought over control of the Korean Peninsula in decades past, and to Mr. Kim's mind, presumably, the prospect that the North could lash out is the only reason they have stayed at bay.

Mr. Kim may have calculated, many experts believe, that at this point there is little more that the Bush administration can do to him. The United States has imposed sanctions on his country since the end of the Korean War. The new crackdown on the banks through which the North conducts many of its illicit activities — counterfeiting, missile sales, trade in small arms — are being choked off, a step the North Korean leaders presumably see as part of a strategy of bringing them down.

It may be years, or decades, before historians know whether Iraq played into Mr. Kim's calculations about when to conduct a nuclear test. But clearly, managing simultaneous crises around the world is straining the system in Washington, and posing the Bush administration with more direct challenges than many believe it can handle at one moment.

That returns Mr. Bush to the problem he faced when he came to office, and that his aides have never stopped arguing about: whether the best way to contain North Korea is to further isolate it, or to draw it out of its paranoid shell. The nuclear test may force Washington to pick a strategy.

Bush's 'Axis Of Evil' Comes Back To Haunt United States (WP)

By Glenn Kessler And Peter Baker, Washington Post Staff Writers

The Washington Post, October 10, 2006

Nearly five years after President Bush introduced the concept of an "axis of evil" comprising Iraq, Iran and North Korea, the administration has reached a crisis point with each nation: North Korea has claimed it conducted its first nuclear test, Iran refuses to halt its uranium-enrichment program, and Iraq appears to be tipping into a civil war 3 1/2 years after the U.S.-led invasion.

Each problem appears to feed on the others, making the stakes higher and requiring Bush and his advisers to make difficult calculations, analysts and U.S. officials said. The deteriorating situation in Iraq has undermined U.S. diplomatic credibility and limited the administration's military options, making rogue countries increasingly confident that they can act without serious consequences. Iran, meanwhile, will be watching closely the diplomatic fallout from North Korea's apparent test as a clue to how far it might go with its own nuclear program.

"Iran will follow very carefully what happens in the U.N. Security Council after the North Korean test," said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies (CSIS). "If the United Nations is not able to act forcefully, then Iran will think the path is clear to act with impunity."

Michael E. O'Hanlon, a Brookings Institution scholar and co-author of the new book "Hard Power: The New Politics of National Security," said the U.S. response to North Korea will have ripple effects. "Iran will certainly watch what happens. North Korea watched what happened with Pakistan and decided that the world didn't punish Pakistan too hard or too long," he said. "Iran will certainly notice if North Korea gets treated with kid gloves."

Political strategists debated the domestic implications of the North Korean test with midterm elections four weeks away. Some Republicans predicted it would take the focus off the Mark Foley congressional page scandal and remind voters that it is a dangerous world best confronted by tough-minded leaders. Some Democrats argued it would be seen as another failure of Bush's foreign policy and moved quickly to try to pin blame on the Republicans. "Is this going to help Republicans?" asked Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "The answer to that is absolutely not. This is another significant foreign policy failure for the administration."

In Bush's 2002 State of the Union address, a speech designed to shift the political debate from a battle against al-Qaeda to a possible confrontation with Iraq, the president mentioned North Korea, Iraq and Iran and declared: "States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. . . . In any of these cases, the price of indifference would be catastrophic."

All three issues came to a head in 2003: The United States invaded Iraq and discovered no weapons of mass destruction; North Korea began to obtain weapons-grade plutonium from fuel rods that had been under international observation; and Iran disclosed that it had made rapid progress with a previously secret uranium-enrichment program.

In contrast to its handling of Iraq, the administration has tried to resolve the North Korean and Iranian nuclear breakouts with diplomacy. But progress has been slow, in part because the United States has been reluctant to hold bilateral talks with either country except within the context of broader talks with other nations.

Former senator Sam Nunn (D-Ga.) faulted the administration for focusing on Iraq first, when greater threats loomed in North Korea and Iran. "We started with Iraq in the 'axis of evil' side, when we thought they did not yet have nuclear weapons, and that sent the signal to others that they better get them quick," he said. "I think we started on the wrong end of that."

The administration launched a full-court press yesterday at the Security Council, proposing elements of a tough resolution that would call for imposing an arms embargo and a series of legally binding U.N. financial and trade sanctions. The United States also called for international inspections of all trade in and out of North Korea to enforce the sanctions.

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U.S. officials yesterday were focusing especially closely on the reaction of China, long North Korea's main benefactor. The Chinese government publicly denounced the test in unusually strong language, and a senior U.S. official said the private comments of Chinese officials were equally strong. While China has been reluctant to pressure North Korea, fearing a collapse of the government and mass refugees on its border, "the question is whether a chaotic North Korea is worse than a nuclear North Korea," the official said, speaking on the condition of anonymity because of the diplomatic sensitivities.

Secretary of State Condoleezza Rice appears likely to make a trip to the region soon to further build support for a tough response by China, Japan and South Korea. Several experts predicted that although China's leadership is angry enough to support some sanctions, it always will stop short of putting enough pressure on Pyongyang to force its collapse. "Full-up sanctions I don't see happening," said former White House Asia expert Michael J. Green, now at CSIS.

James B. Steinberg, President Bill Clinton's deputy national security adviser and now dean of the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, said the North Korea test will raise a larger question that echoes Ronald Reagan's most famous 1980 campaign line -- "With respect to the axis of evil," Steinberg said, "are you better off today than you were four years ago? . . . It's clear that the answer is we're worse off with respect to the nuclear proliferation problem in both North Korea and Iran than four to six years ago, and I would argue we're worse off in our overall security because of the situation in Iraq."

Staff writer Dafna Linzer contributed to this report.

Democrats Assail Bush's N. Korea Policy (AP-Y)

By Liz Sidoti, Associated Press Writer

AP, October 10, 2006

Democrats seized on North Korea's brazen act to criticize President Bush's record in confronting the communist regime, contending the administration's focus on Iraq ignored legitimate threats.

Democratic Sen. John Kerry, the president's rival in 2004 and a potential 2008 candidate, assailed Bush's policy as a "shocking failure," and said, "While we've been bogged down in Iraq where there were no weapons of mass destruction, a madman has apparently tested the ultimate weapon of mass destruction."

One month before midterm elections, North Korea's reported nuclear test provided Republicans an opportunity to shift the focus from their embarrassing — and politically explosive — congressional page scandal to national security, an issue the GOP considers its strength.

Sen. Mitch McConnell of Kentucky, the Senate's second-ranking Republican, accused Democrats of playing partisan politics with a nuclear weapons threat. "Listening to some Democrats, you'd think the enemy was George Bush, not Kim Jong Il," he said.

Seizing on North Korea's actions to argue Republicans are stronger on security than Democrats is riddled with pitfalls and leaves the GOP's standard-bearer — Bush — as well as his rank-and-file vulnerable to criticism.

The president long has faced complaints that he has failed to sufficiently address North Korea and the threat has festered on his watch.

In the nearly five years since Bush labeled North Korea part of an "axis of evil" with Iran and Iraq, Kim Jong Il's government has withdrawn from the Nuclear Nonproliferation Treaty, announced it has nuclear weapons, refused to return to six-nation talks and launched seven missiles into the Sea of Japan, including a long-range Taepodong-2.

On Sunday, North Korea said it conducted its first-ever nuclear test.

"The Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject," said Senate Minority Leader Harry Reid, D-Nev.

"We had the opportunity to stop North Korea from increasing its nuclear power, but George Bush went to sleep at the switch while he pursued his narrow agenda in Iraq," added Sen. Bob Menendez, a Democrat in a tough campaign in New Jersey.

Republicans, in turn, sought to deflect the criticism by lodging some of their own. They voiced their frequent claim that Democrats are weak on security — and dredged up Democratic votes they said illustrated their point.

House Majority Leader John Boehner, R-Ohio, accused Democrats of standing in the way of work on a missile defense program. "It is now clear that such a position would weaken America's national defense and put Americans in danger," he said.

"Sherrod Brown's far left national security positions more troubling in light of North Korean missile test," the Senate Republicans' campaign committee said in a release that claims Brown voted a dozen times since 1993 to cut funding for ballistic missile defense.

Mindful of the tricky political subtext, some Republicans issued more carefully worded statements or refrained from attacking Democrats altogether.

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GOP Sen. Rick Santorum, facing a bitter re-election battle, said in a barely veiled reference to Democrats — "North Korea's actions cause great concern. This is no time for inexperienced, weak leaders."

House Speaker Dennis Hastert, R-Ill., and others directed their anger at the North Koreans, with the speaker calling the test "a desperate act of a criminal regime."

The GOP's campaign to convince voters that Democratic rule is dangerous for the country was sidetracked when Rep. Mark Foley, R-Fla., resigned amid revelations that he sent sexually explicit electronic messages to teenage males who once worked as House pages. That set off infighting among Republicans — and knocked the party off its strong-on-safety message.

North Korea's Success Is Diplomacy's Failure (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

BEIJING - In the end, every strategy failed to slow North Korea's nuclear march.

The United States used bullying as much as diplomacy, only to let a weapons program incubate and grow, leading to Monday's nuclear test.

South Korea's "sunshine policy" provided the North with aid, but got nothing in return on nuclear policy.

China, a big brother to North Korea, thought Pyongyang would heed its advice not to roil the waters of East Asia, but it didn't.

"Everybody's a loser," said Moon Chung-in, a political scientist at Yonsei University in Seoul and a frequent adviser to South Korean President Roh Moo-hyun.

North Korea trumpeted its new deterrent as "a great leap forward," casting itself as victorious. But analysts say pressure on the Hermit Kingdom will build, making Pyongyang a likely loser as well.

"North Korea succeeded in gaining nuclear weapons, but now it will get all kinds of sanctions from neighboring countries," Moon said.

In China, some analysts flayed Washington for not engaging Pyongyang directly in talks, and said North Korea had slid irreversibly into the global nuclear club.

"North Korea has succeeded in its nuclear ambition. The U.S. can do nothing at all now," said Shen Dingli, director of the U.S. Study Center at Fudan University in Shanghai.

Under the watch of the Bush administration, North Korea dropped out of the nuclear Nonproliferation Treaty, booted nuclear monitors, strengthened its missile capabilities, reprocessed nuclear fuel, and built what experts say is an arsenal of at least half a dozen nuclear bombs, maybe more.

North Korea now joins Russia, China, the United States, France, Britain, India and Pakistan in wielding nuclear weapons. Israel, though not an admitted nuclear power, is also believed to have hundreds of nuclear weapons.

In Seoul, President Roh publicly wrung his hands over the failure of policies toward North Korea, admitting that appeasement is unlikely to last in its present form.

"It could be said that the engagement policy has not been effective in resolving the North Korean nuclear crisis," South Korea's Yonhap news agency quoted Roh as saying.

Beijing issued a firm statement condemning North Korea for "brazenly" ignoring the worldwide opposition to its nuclear test, and demanded that it "abide by its pledges on denuclearization."

China in 2003 offered to host talks with the two Koreas, Russia, the United States and Japan on the nuclear crisis. It hosted five rounds of talks before they hit deadlock last year.

The nuclear test highlighted the fact that China, as a major supplier of energy and food to North Korea, never wanted to exercise its leverage to forestall the test. Indeed, some analysts say top Chinese leaders have a greater stomach for a nuclear-armed North Korea, with the turmoil it brings, than for the collapse of the Kim Jong Il regime, which could take away a key friendly buffer state and send refugees into China.

"Many people believe a nuclear North Korea is not necessarily a bad thing for China," said Jin Linbo of the China Institute of International Studies.

But China's public posture was different. It has long called for a nuclear-free peninsula, and its inability to achieve that goal will tie its hands as Washington and Tokyo push for severe sanctions against Pyongyang in the U.N. Security Council.

"China's efforts to solve the nuclear problem by peaceful talks has failed, the mechanism of the six-party talks has failed, and China's attempt to maintain security in the region has failed," said Zhang Liangui, a North Korea expert at the school for senior Communist Party officials in Beijing.

"There aren't many cards for China to play right now," Zhang added, saying he believes China will go along with U.N. sanctions against the North.

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East Asia, unlike Europe, has no security architecture that links nations. In East Asia, countries only have bilateral alliances with the United States.

"It plays into the hands of (recently installed Japanese Prime Minister Shinzo) Abe, who can justify greater defense spending," said Peter M. Beck, a Northeast Asia expert for the International Crisis Group, which advocates peaceful crisis resolution.

"It also plays into the hands of hard-liners in Seoul, who say, 'What do we have to show for nine years of sunshine policy?'" he said.

The already-battered Nuclear Non-Proliferation Treaty (NPT), which limits nuclear development and calls for global disarmament, also took a new hit, Beck said. It is under the NPT cloak that Western powers are trying to curb Iran's nuclear program.

Pyongyang's nuclear test, Beck said, "sends a signal to the world that even the most failed regime can defy the will of the United Nations and the United States."

The director of the International Atomic Energy Agency, Mohamed ElBaradei, said in a statement that the breaking of an international moratorium on nuclear testing, which had lasted for nearly a decade, and the emergency of another country with

nuclear weapons capacity was "a clear setback to international commitments to move towards nuclear disarmament." He said the test added new urgency to the need for a legally binding universal ban on nuclear testing. The Comprehensive Nuclear Test Ban Treaty has not been ratified by enough countries to bring it into force. The United States and North Korea are among those who have not ratified it.

Condemnation Swift, But Options Are Limited (USAT)

By Bill Nichols

USA Today, October 10, 2006

WASHINGTON — World leaders found themselves in a familiar position Monday: harshly condemning the reclusive communist regime in North Korea for thumbing its nose at the international community.

North Korea's latest provocation, an announcement it had conducted an underground nuclear test, prompted a flurry of tough talk from around the globe.

China, a key supplier of food and oil to North Korea, called the action “brazen.” The United Nations Security Council went into emergency session to consider new sanctions. President Bush, the third in a succession of American presidents to try to forestall a North Korean nuclear arsenal, called the test “unacceptable.”

Despite the hard-edged rhetoric, foreign policy analysts and nuclear experts pointed out the obvious: World powers have tried to bully, threaten, cajole, entice, sanction and sweet talk North Korea into the community of nations for 50 years, without success.

“North Korea is really the land of bad options,” said Kurt Campbell, a foreign affairs analyst at the Center for Strategic and International Studies, a Washington think tank, and a Pentagon official during the Clinton administration. “Horrible options.”

The United States has signaled it won't mount a military response. An attack on North Korea

could prompt a counterattack on Seoul. That would suck in the 28,000 U.S. troops in South Korea and endanger millions of civilians.

An alternative is economic sanctions. North Korea's isolated populace of 22 million has already endured severe poverty and famine for decades, not to mention almost total isolation under a totalitarian regime. Researchers at Johns Hopkins University estimate that as many as 2 million North Koreans died of hunger and related diseases during the mid-1990s.

Even without ready options, the United Nations was a hub of activity Monday as diplomats on the 15-member Security Council tried to craft a resolution in response.

The United States circulated a draft resolution obtained by the Associated Press late Monday that demands North Korea return to six-party talks and imposes sanctions for Pyongyang's “flagrant disregard” of the Security Council's appeal not to detonate a device.

Among the proposed draft measures: international inspection of all cargo to and from North Korea to limit the spread of nuclear, chemical and biological weapons; bans on luxury goods to and from the North; a ban on North Korean ships docking in any port, or any North Korean aircraft from taking off or landing in any country if they carried arms, nuclear or ballistic missile-related material or luxury goods; and travel restrictions on high-ranking North Korean officials.

In deliberations among council members, “No one defended (North Korea), no one even came close to defending it,” said John Bolton, the U.S. ambassador to the United Nations.

North Korea remained defiant. Its ambassador, Pak Gil Yon, said the U.N. Security Council should congratulate North Korea for its test instead of passing “useless” resolutions.

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North Korea has refused for a year to attend six-nation international talks aimed at coaxing it to disarm. Instead, Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

Ted Galen Carpenter, a foreign policy analyst with the Cato Institute, a Washington think tank, said North Korea's rationale for the test is to improve its bargaining position in future talks, as India and Pakistan appeared to after testing in 1998. “This is part of a long-term strategy,” he said. North Korean officials “concluded a good many years ago that the way to retain clout is to have a nuclear arsenal. I suspect Pakistan is their model.”

Some foreign policy analysts suggest that the apparent test should jar the United States and key allies to try new strategies.

“This is a terrible event,” said Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington. “This is perhaps the worst non-proliferation event in the history of the nuclear age in the sense that it could have been avoided if … diplomacy had been more effective.”

Possible options:

·Direct talks with the United States. Bush has refused North Korea's demand for one-on-one dialogue. Both New Mexico Gov. Bill Richardson, who dealt with Pyongyang as U.N. ambassador in the Clinton administration, and former secretary of State James Baker say it's time to rethink that strategy.

Richardson proposes direct talks in which the United States would promise not to attack North Korea and to give Pyongyang aid in exchange for its agreement to end its nuclear program. Baker, in a television interview Sunday, said, “It's not appeasement to talk to your enemies,” including North Korea.

·Creative use of aid. Michael O'Hanlon, a foreign affairs analyst at the Brookings Institution, a Washington think tank, suggested specific offers of help to the impoverished North Korean people — tied to tougher restrictions on North Korean nukes.

·Pushing China. The United States could promise to withdraw all troops from South Korea if China can pressure the North to disarm, Carpenter said.

China, which has had influence with its communist neighbor in the past, has been cool about using strong-arm tactics because of fears that a collapse of North Korea could result in thousands of refugees streaming into China.

Most Korea watchers agree that Monday's apparent test would roil the region by adding North Korea to the group of nations with nuclear weapons: the United States, Russia, China, Britain, France, India and Pakistan.

(Israel, believed to possess nuclear weapons, has not acknowledged having an arsenal.)

The nuclear ambitions of North Korea and bizarre behavior of its leader, Kim Jong Il, have long rattled Japan, South Korea and China and prompted talk in Tokyo and Seoul that those nations should go nuclear as well.

The test will “transform the security environment in North Asia, and we will be entering a new, dangerous nuclear age,” said Japanese Prime Minister Shinzo Abe.

Kimball said the controlled explosion would allow North Korea to test the performance of its nuclear weapons technology against design goals and make adjustments. He and other nuclear analysts said the fact that North Korea could explode a nuclear device was not surprising, given longtime suspicions about the advanced state of Pyongyang's nuclear program.

North Korea may have enough plutonium for as many as 13 nuclear weapons, according to the Institute for Science and International Security, a Washington think tank. Seismic data and air analysis aren't enough to tell experts whether North Korea is able to miniaturize a nuclear device to fit into a warhead on a missile.

North Korea tested seven missiles in July, including a long-range missile capable of reaching the United States. That missile, the Taepodong-2, failed within a minute. Six shorter-range missiles fell into the Sea of Japan.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, expressed surprise that the North Koreans staged only one explosion. Pakistan and India each carried out half a dozen tests over several days in 1998.

“You grab the opportunity when you can to test several times,” Albright said. He called the North Korean test “more of a demonstration than an attempt to learn as much as they could about nuclear weapons.”

He added: “They'll learn something even with one, but they could have learned more.”

The reasons for the timing of the test weren't clear — made even more mysterious by Kim Jong Il's track record of unpredictability. Kim took power in 1994 after the death of his father, dictator Kim Il Sung.

The younger Kim is known for quirks, among them his passion for Hennessy cognac and James Bond films. “You never know how to take this guy, because he does erratic things,” said Rep. Curt Weldon, R-Pa., who has talked with Kim seven times.

North Korea conducted some of its most recent missile tests on the evening of July 4 in the United States, suggesting it wanted to send a message. Monday's test came:

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·One day after the ninth anniversary of Kim's assuming his father's titles. While he became the de facto ruler in 1994, he didn't formally succeed him until Oct. 8, 1997.

·A day before South Korean Foreign Minister Ban Ki Moon was nominated as the next U.N. secretary-general.

Richardson said his big concern is that North Korea appears to have given up on the multiparty talks with the United States, China, Japan, Russia and South Korea and adopted "a bunker mentality." Hard-liners appear to have won debate in Pyongyang, he said. "Unless that changes, they're going to keep building more nuclear weapons."

Jim Walsh, a North Korea expert at the Massachusetts Institute of Technology, said Pyongyang apparently has decided it is willing to weather new sanctions in order to gain the status and respect of a nuclear nation.

"They've made a decision to bite the bullet," Walsh said of North Korea. "For all the brave talk by the U.S. and Japan, there isn't a hell of a lot they can do."

U.S. Urges Sanctions On North Korea (WP)

By Michael Abramowitz And Colum Lynch, Washington Post Staff Writers

The Washington Post, October 10, 2006

The White House pushed yesterday for aggressive new sanctions on North Korea, including measures to limit trade in military and luxury items, as Pyongyang's claim that it conducted an underground nuclear test defied the administration's efforts to stop the spread of weapons of mass destruction.

Japan, Russia, South Korea -- and, significantly, China, North Korea's closest ally -- joined the United States in condemning the reported test, giving the Bush administration hope that it might unify the international community against Pyongyang. But U.S. officials acknowledged uncertainty about whether that would translate into strict U.N. sanctions, given China's traditional reluctance to lean heavily on its ally.

There were questions yesterday about the strength and success of the reported North Korean explosion, but there was little doubt among White House officials, lawmakers and outside experts that the action added a volatile new ingredient to an already dangerous world environment.

President Bush, acknowledging he could not confirm that a nuclear test occurred early yesterday in North Korea, said that the claim was nonetheless a "provocative act" and that he is "committed to diplomacy." Noting that North Korea has transferred missile technology to Iran and Syria, Bush also seemed to draw a sharp line that he warned Pyongyang not to cross.

"The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Bush told reporters at the White House.

If the test is confirmed, North Korea will be the eighth member of the club of declared nuclear powers -- and one led by a reclusive Stalinist dictator known for cruelty and unpredictability.

Rep. Jim Leach (R-Iowa), chairman of the House International Relations subcommittee on Asia, said the action could prod Japan to drop its non-nuclear position, encourage Iran to harden its stance in negotiations over its own reported nuclear program and make it difficult to stop North Korea from marketing weapons to "undesirable parties."

The new claim also promised to renew scrutiny of the Bush administration's handling of North Korea and more generally its efforts to confront rogue states, just as crucial midterm elections are approaching. North Korea has ignored repeated warnings from the Bush administration on nuclear and missile testing.

Democrats quickly seized on the new North Korean claim as evidence that Bush has bungled his foreign policy, and even some conservatives voiced concern that the initial White House response yesterday was not stern enough.

"Unfortunately, on the Bush Administration's watch, North Korea's nuclear arsenal has grown to as many as a dozen bombs," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "Distracted by Iraq and paralyzed by internal divisions, the Bush Administration has for several years been in a state of denial about the growing challenge of North Korea, and has too often tried to downplay the issue or change the subject."

Sen. Mitch McConnell (R-Ky.), the majority whip, said of the Democrats: "It doesn't make any difference what [Bush] does, they just come out and trash him." McConnell said in an interview that he hopes that China might be encouraged to sign on to a plan for tough sanctions on North Korea, noting a Chinese Foreign Ministry statement that said Pyongyang "defied the universal opposition of international society and flagrantly conducted the nuclear test."

"For China, that's pretty tough language," McConnell said, echoing a statement voiced privately by Bush administration officials.

At the United Nations yesterday, the Bush administration proposed an arms embargo and financial and trade sanctions on North Korea, as well as international inspections of all trade going in and out of the country to enforce them. The measures were contained in a U.S. draft resolution presented to the 15-nation council yesterday.

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John R. Bolton, the U.S. ambassador to the United Nations, told diplomats at a closed-door emergency session that the U.S. initiative is designed to limit North Korea's ability to import or export nuclear and ballistic missile technology and hinder its capacity to raise illicit money, citing the alleged manufacture of counterfeit U.S. dollars, senior council diplomats said.

The draft resolution would also bar the import of all luxury goods and demand that North Korea cease its nuclear activities and restart multiparty talks aimed at resolving the nuclear crisis. The resolution would give North Korea 30 days to comply with council demands or face "such further action as may be needed."

Britain and France voiced support for sanctions on North Korea but stopped short of endorsing the draft resolution.

Japan's U.N. ambassador, Kenzo Oshima, said his government "sees eye to eye" with the Americans on many of the proposals. The Japanese, in fact, offered amendments that in some cases go further; Japan called for a ban on all North Korean exports, for instance, and a ban on North Korean ships or aircraft calling on foreign countries.

China, meanwhile, cautioned that the Security Council should pursue only diplomatic means to persuade North Korea to stop its nuclear activities.

China's U.N. ambassador, Wang Guangya, said that Beijing opposes the North Korean test and that it is ready to discuss "how the Security Council could react firmly, constructively and prudently with regard to this challenge." But he declined to say whether Beijing would support a sanctions resolution. "The door to solve this issue from a diplomatic point of view is still open," he said.

Privately, U.S. officials said they are hopeful after private conversations with the Chinese that Beijing is sufficiently angry with North Korea to sign on to the U.S. plan.

"This was really a direct challenge to the Chinese, and indications are that they are not taking this lightly," said one senior U.S. official, who spoke on the condition of anonymity because of the sensitive deliberations. "We are hopeful that they will exert whatever influence they have left with the North Koreans."

Leach and Rep. Tom Lantos (Calif.), the ranking Democrat on the International Relations Committee, urged the administration to open direct talks with the North Koreans, which the White House has resisted except in the context of broader negotiations with China, Japan, Russia and South Korea.

"My impression is that the administration is profoundly divided in their approach to North Korea," Lantos said. "I am convinced that there are very senior people in the administration who agree with me that dialogue is needed."

But former House speaker Newt Gingrich (R-Ga.), who has been critical of the administration's efforts on North Korea, drew a different lesson.

"We keep trying to find an official diplomatic technique for dealing with a regime that violates every norm of human decency," he said, adding that the administration needs to step up efforts to undermine the government by trying to get food and supplies to North Koreans via unofficial channels.

Lynch reported from the United Nations.

Pentagon Assesses Responses, Including A Possible Blockade (NYT)

By Thom Shanker

The New York Times, October 10, 2006

WASHINGTON, Oct. 9 — Now that North Korea seems to have made good on its threat with what appears to be a nuclear test, United States military commanders and civilian policy makers are refining plans in the event that President Bush orders a blockade of North Korean shipments to prevent the sale of a completed bomb or nuclear components.

Senior officers say Navy and Air Force combat and surveillance equipment are already in the region, and more could be deployed rapidly.

Still, any unilateral effort by the United States to cordon off North Korea by sea and air could founder along the country's lengthy land border with China.

"This is a tough question," one senior official with years of experience in military planning said Monday, speaking as did others on the condition of anonymity because he was discussing classified war plans. "The only good options were before North Korea got the bomb. There are no good options now."

For five decades, the American military has written war plans and deployed forces for a worst-case situation in the Korean peninsula: a major artillery, missile and ground attack from north to south across the demilitarized zone.

But a conventional war is no longer the most pressing military threat. It is nuclear proliferation.

Many staff officers contend that North Korea's ballistic missile and nuclear programs are not primarily intended as part of a plan for a land attack on South Korea.

If anything, North Korea probably regards its effort to develop a nuclear arsenal as a deterrent against an attack by the United States.

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The North Korean nuclear efforts could also be intended to press South Korea for diplomatic and economic gain, and to hold Japan, another important American ally, at risk, gaining even more leverage against the United States.

Given that geopolitical geometry, American military officers and senior policy makers say, the Pentagon's abilities in the region, along with those of South Korea and Japan, are sufficient against the shifting North Korean military threat.

While land combat is not an imminent threat, Pentagon and military officials say, the prolonged deployments of ground forces in Iraq and Afghanistan have doubtless complicated planning for the Korean Peninsula.

Should more ground forces be required for South Korea, only a handful of combat brigades stand ready in the United States, Pentagon and military officials say. To bolster the force, additional combat units now getting ready for tours in Iraq could be pointed to the Pacific instead, with troops already in Iraq staying there longer than planned.

Although the decision to move a full combat brigade of American ground forces from South Korea to Iraq in 2004 generated much public debate on the peninsula, the Pentagon more quietly has shifted substantial numbers of heavy Air Force bombers and attack aircraft from the United States to bases throughout the region to offset the decrease in ground forces. The Air Force's stealth bombers, with intercontinental range, are also available from their base in the American Midwest.

Navy aircraft aboard carriers in the Pacific are on call, as are submarines equipped with a range of conventional and nuclear missiles. The most modern Patriot antimissile batteries have also been assigned to the region, as well as Aegis cruisers with abilities designed to track and shoot down missiles.

"Taken together, this has added a tremendous amount of capability more appropriate for the threat right now," a senior Defense Department official said.

Pentagon officials acknowledge that the sustained deployments to Iraq and Afghanistan have heightened the risks that would be faced if there were a Korean conflict because important equipment is committed to the Middle East.

Weapons systems that officers call "enablers" are routinely in short supply and are heavily engaged in Iraq and Afghanistan; they include intelligence equipment like the pilotless Predator surveillance aircraft. Likewise, large stockpiles of precision-guided munitions have been placed within striking range of Iraq and Afghanistan. While those weapons are also in the Pacific arsenals, senior officials would have to weigh the risk to both military theaters and decide how best to allocate limited resources.

Even senior commanders agree that the commitments to Iraq and Afghanistan have imposed risks on the American military, an assessment contained in a classified report to Congress last year from the departing chairman of the Joint Chiefs of Staff, Gen. Richard B. Myers.

General Myers wrote that the concentration of troops and advanced weapons in Iraq and Afghanistan limited the Pentagon's ability to deal with other potential armed conflicts.

Major combat operations elsewhere in the world, if ordered by the president, still would succeed — but would be more protracted and would produce higher casualties among American forces and foreign civilians, General Myers wrote. A range of senior officers have said that assessment still stands.

One of the most significant and worrisome complications is that American intelligence agencies have no confidence that they can locate all of North Korea's weapons depots, development laboratories, nuclear command centers and leadership hide-outs — though American intelligence abilities are said to have worried the North Korean leadership in the past.

American intelligence officials concluded that Kim Jong-il, the North Korean leader, went into hiding during the final buildup to the invasion of Iraq in 2003 because he feared that he, too, might be tracked and attacked.

After North Korea's newest announcement, military analysts continued Monday to assess whether its announcement that it had tested a nuclear device, in defiance of international opinion, represented a calculation by Mr. Kim that he was less vulnerable now — or that he needed to join the elite club of declared nuclear powers to deter a possible American attack.

World Condemns North Korea (LAT)

By Maggie Farley And Mark Magnier, Times Staff Writers

The Los Angeles Times, October 10, 2006

Science: Seismic waves probably came from a nuclear explosion, but a weak one; Pressure: China may hold the key to forcing Pyongyang into serious negotiations; Impact: The test is seen as having a des

UNITED NATIONS — International condemnation poured down on North Korea on Monday for its announced nuclear test, as scientists tried to determine whether the underground blast was a successful nuclear explosion and diplomats conferred on how to contain the rogue regime.

The U.N. Security Council swiftly denounced the North Korean action and began work on a U.S.-sponsored resolution aimed at punishing the country for violating a moratorium on nuclear testing.

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The measures advocated by the United States include an international arms embargo, a ban on all trade relating to weapons of mass destruction, a freeze on funds linked to North Korea's missile and nuclear programs or its suspected counterfeiting of U.S. dollars, and a ban on trade in luxury goods.

The U.S. proposal also would authorize international inspection of cargo to and from North Korea to prevent the regime in Pyongyang from selling nuclear technology to other countries or armed groups.

China and Russia, which had been North Korea's grudging protectors on the Security Council, seemed ready to join in at least some sanctions. Both nations hold veto power at the council, and China in particular would be key to any effort to enforce sanctions. Ambassadors of the five permanent council members worked on refining a resolution throughout the day, with meetings expected to continue today.

China has the greatest leverage over North Korea, its isolated and impoverished neighbor, because it supplies more than 70% of the nation's fuel and 40% of its food, according to intelligence analysts in the region. Beijing has been resistant to economic sanctions because officials fear that punishing North Korea too harshly could push the country — already subject to periodic famine — over the edge, resulting in a flood of refugees into China's neighboring Liaoning and Jilin provinces and spurring domestic instability.

U.S. intelligence officials accept the North Koreans' claim that they set off a nuclear device, but they note that the magnitude of the explosion was small by nuclear standards — less than a kiloton, a fraction of the power of the atomic bombs the United States dropped on Japan in World War II. The relatively small size of the explosion makes some scientists and intelligence experts believe there may have been a problem with the test or a flaw in the design of the device.

World leaders voiced their concern about the prospect of having North Korea as the latest entrant to the club of nuclear powers. They urged the North's leader, Kim Jong Il, to give up the country's nuclear program and return to negotiations.

Officials in Washington and other world capitals pointed to two potentially grim outcomes from North Korea's becoming a nuclear weapons state: a nuclear arms race in East Asia and an effort by Pyongyang to export atomic weapons.

Some U.S. military officials said Monday that Japan might come to believe that its only assurance against attack from North Korea would be to build its own nuclear bomb, reviving the Cold War doctrine of mutually assured destruction, often referred to by the acronym MAD. Even before the North Korean test, Japan's new prime minister, Shinzo Abe, had argued for a greater role for Japan's military.

"The question is: Does Japan develop nuclear weapons?" said an Army officer with extensive experience in the Korean peninsula, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly. "Do you have MAD all over Asia?

"It is very much in China's interest and Russia's interest to get North Korea back in the box," the official said. "China does not want to see a nuclear Japan."

President Bush, in his response to the North Korean announcement, focused on the danger of a spread of nuclear technology.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said after speaking by phone to the leaders of China, South Korea, Russia and Japan.

"Today's claim by North Korea serves only to raise tensions, while depriving the North Korean people of increased prosperity and better relations with the world" through talks, Bush said.

Bush criticized North Korea for passing missile technology to Syria and Iran, calling the Pyongyang regime "one of the world's leading proliferators." He said that if North Korea passed on nuclear know-how, it would be "a grave threat to the United States, and we would hold North Korea fully accountable [for] the consequences of such action."

The Chinese Foreign Ministry issued a sharply worded statement Monday in which it termed North Korea's action "brazen" even as it called for calm.

"The Chinese side strongly demands the North Korean side to abide by its pledges on denuclearization and to stop any action that would worsen the situation," it said.

China rarely speaks bluntly in public about its neighbor. Nor does it tend to issue statements within hours of an event, as it did Monday. Both actions indicate the gravity Beijing attaches to North Korea's announcement.

China has used its leverage with North Korea in the past. In early 2003, it reportedly turned off North Korea's oil supply for a few days, ostensibly because of "technical problems." That move quickly brought Pyongyang back to international negotiations it had abandoned.

Russian leaders also denounced Pyongyang's news. In Moscow, President Vladimir V. Putin said he would coordinate actions with the United States.

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"Russia definitely denounces the tests conducted by North Korea," Putin said at a Cabinet meeting, according to the Russian news agency Interfax. "And this is not just a question of Korea itself. It is a question of the enormous damage done to the process of nonproliferation of weapons of mass destruction in the world."

But the U.N. ambassadors from Russia and China cautioned against abandoning diplomacy in the heat of the crisis.

Russian Ambassador Vitaly Churkin called for "cool heads" in dealing with the crisis, and Chinese Ambassador Wang Guangya said his government would support a "firm, constructive but prudent reaction from the council." He pointedly did not mention sanctions, saying that "the door to solve this issue from a diplomatic point of view is still open."

In an emergency Security Council meeting Monday morning, U.S. Ambassador John R. Bolton presented 13 elements for a resolution aimed at punishing North Korea.

He said both China and Russia seemed ready to join the rest of the council in the punitive action. "No one defended it. No one even came close to defending it," he said of the declared nuclear test. "We'll see how the negotiations go, but I think we're off to an important start here," Bolton said.

The United States has been urging other countries to join it in economic sanctions imposed last year aimed at shutting down North Korea's alleged money laundering and counterfeiting of U.S. dollars.

Russian officials also said they could enforce sanctions if the U.N. adopted them. "We have a very small border with North Korea," Churkin said. "I assure you there is no problem monitoring that part of the border."

In the shadow of the North Korean crisis, the Security Council also formally nominated South Korean Foreign Minister Ban Ki-moon to be the U.N.'s next secretary-general. The nomination will be passed on to the General Assembly for approval this week. Ban would take office when Kofi Annan steps down Dec. 31.

Ban held a news conference in Seoul to accept the nomination amid the flurry of discussions about Pyongyang. He said the decision was an honor for him and his country.

"This should be a moment of joy, but instead I stand here with a very heavy heart" because of the announcement of the nuclear test, he said.

Ban has said that as secretary-general, he would like to be personally involved in negotiations with North Korea, drawing on his expertise from three years of participation in international talks over the North's nuclear program.

He said he did not consider it a conflict of interest to be involved in an issue so integral to his country's well-being. "I would like to deal with North Korea personally, even go there, because I have experience and a deep understanding of this complex issue," he said in a recent interview. "I know I will be able to do my job as secretary-general with impartiality."

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Farley reported from the United Nations and Magnier from Beijing. Times staff writers Julian E. Barnes in Washington and David Holley in Moscow contributed to this report.

Bush Rebukes North Korea; U.S. Seeks New U.N. Sanctions (NYT)

By Warren Hoge And Sheryl Gay Stolberg

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The United States proposed tough new United Nations sanctions on North Korea on Monday after its reported test of a nuclear weapon, and President Bush warned the North that he considered its activity a potential threat to American national security.

At an emergency meeting of the United Nations Security Council, the United States pressed for international inspections of all cargo moving into and out of North Korea to detect weapons-related material and a ban on all trading in military goods and services with the country.

At the White House, President Bush called the North Korean test “a threat to international peace and security” and condemned it as a “provocative act.”

But Russia and China, which have veto power and have consistently opposed tough sanctions, did not signal that they were ready to go along with the American proposal. Britain, France and Japan said they were also pressing for strong sanctions, which the Council is expected to debate in the coming days.

Coming just one month before the November midterm elections, North Korea’s reported test had immediate political ramifications. Democrats were already using their campaigns to argue that the war in Iraq had made the United States less secure by diverting attention away from threats like North Korea; now they are using the North’s claim to hammer away at their theme.

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Mr. Bush also issued a pointed, albeit carefully worded, warning to the North not to export any nuclear technology it might have. In the past, North Korea has sold its weapons systems to other countries.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Mr. Bush said. "And we would hold North Korea fully accountable of the consequences of such action."

The president has not used the phrase "grave threat" in the past with respect to North Korea, and analysts interpreted the remark as a signal that the White House was, in effect, raising the threshold on what kind of actions it would be willing to accept from the North, given that diplomacy has so far not worked.

"He has finally drawn a very clear red line, which is essentially: we know you have nukes, don't even think about proliferating," said Mike Chinoy, an expert in Korean security at the Pacific Council on International Policy, a research institution in Los Angeles.

"It's kind of always been the unspoken administration red line," Mr. Chinoy said, "because the reality is that, whatever the harshness of their rhetoric, the Bush administration has not been able to actually stop North Korea from staging this nuclear breakout."

Democratic Party strategists quickly circulated a "talking points" memorandum to Democratic candidates, urging them to cast the reported North Korean nuclear test as "a colossal foreign policy failure of the Bush administration." Several picked up on that theme.

Claire McCaskill, a Democratic candidate for the Senate from Missouri, convened a conference call with Richard Ben-Veniste, a member of the commission that investigated the Sept. 11 attacks, to talk to reporters about North Korea. Representative Harold E. Ford Jr., the Democratic Senate candidate in Tennessee, issued a statement to reporters, as did Senator Robert Menendez, the New Jersey Democrat in a tough re-election fight.

"Today's nuclear test by North Korea confirms our worst fears and illustrates just how much the Bush administration's incompetence has endangered our nation," Mr. Menendez said in the statement, adding, "While George Bush bogged our military down to topple a regime that had no weapons of mass destruction, a brutal dictator in North Korea has strengthened a nuclear arsenal that has the potential to threaten the West Coast of the United States."

Republicans were more muted in their reactions; Senator Mitch McConnell of Kentucky, the Republican whip, issued a brief statement that did not mention Mr. Bush's leadership at all, but simply called North Korea's claim a "confrontational move designed only to destabilize the region."

White House officials insisted that despite the talk of sanctions at the United Nations, the administration's goal remains persuading North Korea to return to the six-nation talks and give up its nuclear program. Those negotiations have dragged on for more than two years with no substantive results, and North Korea left them 13 months ago.

Mr. Bush spent more than an hour on the telephone Monday morning in separate calls to leaders of the four nations, aside from the United States and North Korea, that are participating in those talks: Japan, China, South Korea and Russia.

Asserting Washington's determination to protect Japan and South Korea, its principal allies in the region, Mr. Bush said the United States "will meet the full range of our deterrent and security commitments."

He was careful to say that intelligence officials were still working to confirm North Korea's statement about its test. But he said that "such a claim itself constitutes a threat to international peace and security."

China, North Korea's closest supporter and neighbor, called the action a "flagrant" violation of international opinion and said it "firmly opposes" North Korea's conduct. Russia's president, Vladimir V. Putin, said his country "absolutely condemns" the test.

John R. Bolton, the American ambassador to the United Nations, reported that the 15 members of the Security Council were "solid" in deploring the North Korean move, and he said he hoped for swift action. But by Monday evening the Council adjourned its deliberations and set further meetings for Tuesday while, Mr. Bolton said, they received instructions from their capitals.

Richard A. Grenell, Mr. Bolton's spokesman, said the United States was merging its suggestions with those from Japan and that a draft resolution was being composed on that basis.

In its 13-point proposal, the United States urged the Security Council to require North Korea to dismantle its nuclear program, suspend its building of ballistic missiles, freeze assets and transactions associated with the development of unconventional weapons, impose a ban on trade in luxury goods and prevent abuse of the international financial system, a reference to North Korean counterfeiting activities.

According to a draft amendment, the Japanese want to place additional restrictions on North Korean ships, aircraft and products, and prevent North Korean officials from being able to move outside the country's borders.

Japan is also suggesting that the secretary general "actively engage in this matter."

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Earlier Monday, the Security Council formally nominated Ban Ki-moon, the foreign minister of South Korea, as the new secretary general, succeeding Kofi Annan when he retires Dec. 31. Mr. Ban had said in a Seoul news conference that he intended to make peace on the Korean Peninsula a high priority.

Mr. Bolton said the new resolution ought to be drawn up under Chapter VII of the United Nations Charter, which makes sanctions mandatory and militarily enforceable.

It is a procedure that China and Russia, both permanent members, traditionally resist. It was eliminated from the resolution passed in July condemning North Korean missile launchings.

While Wang Guangya, the Chinese ambassador, said Beijing condemned the North Korean action, which it had warned North Korea against taking, he turned aside questions on whether China would now support a sanctions resolution.

He said only that the Council should "react firmly, constructively and prudently," adding that "the door to solve this issue from a diplomatic point of view is still open."

Vitaly I. Churkin, the Russian ambassador, also declined to state whether Moscow's view on sanctions had changed. "I think the North Koreans will be facing a very serious attitude on the part of the Security Council," he said, without elaborating.

Moscow and Beijing would be particularly affected by the American call for border inspections of shipments in and out of North Korea since the borders involved are theirs.

U.S., Japan Lead Push To Sanction Pyongyang (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

NEW YORK -- The United States and Japan yesterday pressed the U.N. Security Council to approve tough new sanctions against North Korea, amid near-universal condemnation of Pyongyang's claim that it had tested a nuclear weapon.

Among the proposed steps was a forcible stopping and searching of ships traveling to and from North Korean ports to prevent the export of nuclear materials.

President Bush, speaking at the White House, said the North had "once again defied the will of the international community, and the international community will respond."

Mr. Bush warned that any attempt by Pyongyang to export its nuclear technology to rogue states "would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

The purported test was sharply criticized by all of North Korea's neighbors, U.N. Secretary-General Kofi Annan, the leaders of the five permanent members of the Security Council and Mohamed ElBaradei, head of the United Nations' International Atomic Energy Agency.

North Korean officials said yesterday that they had conducted an underground nuclear test at a barren location in the country's northeast, sparking an intense day of diplomacy in New York and in capitals around the world. The purported test came just three days after the Security Council unanimously denounced the idea.

U.N. Ambassador John R. Bolton said yesterday that Washington and Tokyo are seeking a resolution under Chapter 7 of the U.N. Charter, which allows the council to impose military, economic and diplomatic penalties on nations to protect international peace and security.

Mr. Bolton said he was impressed by the unanimity of the council's approach to the North, in a morning session that lasted barely half an hour.

"No one defended [the missile test]; no one even came close to defending it," the U.S. representative said.

The Security Council meets again today on the crisis.

China, North Korea's main ally, has been reluctant in the past to support harsh measures against the North. But Mr. Bolton said Beijing had not objected when the tough measures were first outlined to Security Council ambassadors at yesterday's closed emergency session.

"I didn't see any protectors of North Korea in that room this morning," Mr. Bolton said.

Wang Guangya, China's U.N. ambassador, said his country was "formally opposed to [North Korea's] nuclear test."

"China is ready to discuss with other council members to see how the Security Council could react firmly, constructively, and prudently with regard to this challenge," he said.

Mr. Wang did not say whether Beijing would support the coercive Chapter 7 measures, but he noted that "the door to solve this issue from diplomatic point of view is still open."

Christopher Hill, the State Department's point man on the North Korean nuclear issue, told CNN that U.S. policy now would be designed to "make [North Korean leader] Kim Jong-il rue the day he made the decision" to proceed with the test.

U.N. diplomats said privately that Mr. Bolton told the Security Council session that Washington would view a North Korean attack on South Korea or Japan as an attack on the United States.

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The U.S.-Japan draft resolution, in addition to urging North Korea to return to stalled regional talks on its nuclear program, proposed a range of sanctions against the secretive communist regime in Pyongyang, including:

·The inspection of all cargo shipped to and from North Korean ports to prevent nuclear proliferation.

·A travel ban on some North Korean officials.

·A ban on trade in luxury goods and military items with the North.

·A requirement that U.N. states freeze all assets related to North Korea's weapons and missile programs.

·Increased scrutiny and prohibitions on North Korean financial transactions that could support nuclear or military programs.

Pyongyang's U.N. ambassador, Pak Gil-yon, told reporters that the test would help "the maintenance and guarantee of peace and security in the Peninsula and the region." He said other nations should "congratulate" the North for its success.

A North Korean official said the United States should agree to hold direct talks with his government on security guarantees to avert a situation in which Pyongyang would feel compelled to launch nuclear-armed missiles, South Korea's Yonhap News Agency reported today.

"We want this situation to be concluded before the unhappy situation arises in which we fire nuclear missiles, and this depends on how the United States acts," the official was quoted as saying in Beijing on the condition of anonymity.

"What we want is North Korea's safety, including a guarantee of our regime," the official said.

North Korea did have one defender yesterday. Iran, which the United States and its European allies say is running its own clandestine nuclear weapons program, said on its state radio that U.S. "pressure and humiliation" had led North Korea to conduct the test.

North Korea's Political, Economic Gamble (WP)

By Anthony Faiola And Maureen Fan, Washington Post Foreign Service

The Washington Post, October 10, 2006

Analysts Say Risks Include Loss of Key Regional Aid

TOKYO, Oct. 9 -- North Korea may have gained bragging rights on Monday as the world's newest nuclear power, but the pivotal question now is whether the secretive communist government can survive the political fallout.

While the United States and Japan have long pushed for a hard line against North Korea, there were early indications Monday that South Korea and China, the North's chief benefactors, may be reconsidering their support for the government of Kim Jong Il. There were also concerns that Pyongyang's claims of a nuclear test could touch off an arms race in Northeast Asia.

Analysts said any major development would threaten stability in the strategically vital region, in which the United States has long maneuvered diplomatically among friend and foe.

China and South Korea have poured billions of dollars in aid and investment into the North, effectively propping up Kim's government under the assumption that any collapse there would send millions of desperate refugees pouring across the country's borders. The risk of such an economic calamity, they have gambled, has outweighed the risk of a nuclear-armed North Korea.

But the announcement of a test, analysts said, may have represented a tipping point. In a telephone call with U.S. Secretary of State Condoleezza Rice, China's foreign minister condemned North Korea for having "ignored universal opposition of the international community," the Chinese Foreign Ministry said in a statement. The minister, Li Zhaoxing, also stressed that the Chinese government was "resolutely opposed" to the nuclear test.

South Korea, meanwhile, immediately halted delivery of an emergency assistance package to help the North deal with recent floods. President Roh Moo Hyun suggested that his country's "sunshine policy" of engagement -- of which he was a vocal supporter -- had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised speech. "Ultimately, it is not something we should give up on, but objectively speaking, the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

Any shift in policy by China or South Korea would be at least partly based on the anticipated reaction of Japan, the nation that today feels most threatened by North Korea's ballistic missiles. Analysts have assumed that a nuclear-armed North Korea would lead Tokyo to accelerate plans to redraft its pacifist constitution and rearm itself with a more aggressive military.

Last week, a U.S. congressional report went as far as to suggest that a test by the North could set in motion a domino effect in which Japan, South Korea and perhaps Taiwan pursue their own nuclear weapons, touching off an arms race that would dramatically escalate the consequences of any regional disputes.

Although some observers were quick to caution that China's criticism of North Korea might not necessarily translate into action, there was little question that the reported test had deeply embarrassed China. The Chinese government has taken the

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lead in the diplomatic effort to denuclearize North Korea at long-stalled six-party talks in Beijing, bringing the United States, Japan, Russia, and South Korea and North Korea to the table.

"It's a big slap to China," Zhu Feng, a professor of international studies at Peking University, said of the North's test. "It's time for a new approach, because we just got humiliated. For four years, we have been so good to North Korea, trying to make the right conditions for Kim Jong Il to abandon nuclear weapons in exchange for normalization with the U.S. and Japan and a lot of economic aid. China's goodwill has been relentlessly wasted."

Analysts said China will now be faced with heightened international pressure to accept tougher economic sanctions and reduce or even cut its aid -- including oil shipments -- to coerce Pyongyang back to the negotiating table. China's options are limited now, and although analysts say it will probably harden its stance against North Korea, it has in the past drawn the line at any action that would endanger Kim's government.

In effect, Beijing will have to make a difficult decision.

"If China votes for sanctions at the U.N., the China and North Korea relationship will break up," said Shi Yinhong, a professor of international relations at People's University in Beijing. "And if the United Nations really passes financial sanctions toward North Korea, the risk of a society collapse of North Korea is high."

For its part, Japan is likely to take an even harder line than before. The country's new prime minister, Shinzo Abe, on Monday vowed a tough response, saying he would "immediately consider taking stern measures."

Those are likely to include a ban on millions of dollars' worth of annual remittances sent home by North Korean nationals living in Japan.

But even coupled with sharper sanctions from the United States, analysts say, the pressure brought to bear on North Korea is unlikely to be enough without the full support of Beijing and Seoul.

Analysts say Kim has already succeeded in at least one way. With its declaration of a nuclear test, North Korea has made the price of a military solution to the standoff -- something Bush administration officials had largely dismissed given North Korea's arsenal of ballistic missiles and its million-man army -- even higher. Some suggested Monday that it may already be too late to turn back the clock.

"North Korea's message is that no matter how hard South Korea, Japan, the United States gang up on them, they won't budge," said Seung Joo Baek of the Seoul-based Korea Institute for Defense Analyses. "They want to be recognized as a nuclear power. They are assuming that it is the only thing that will keep them safe. We will have to wait and see if they are right."

Fan reported from Beijing. Special correspondent Joohee Cho in Seoul contributed to this report.

Angry China Likely To Toughen Korea Stand Somewhat (NYT)

By Joseph Kahn

The New York Times, October 10, 2006

BEIJING, Oct. 9 — China's punctilious Foreign Ministry reserves the word hanran, which translates as brazen or flagrant, for serious affronts to the nation's dignity by countries that have historically been rivals or enemies.

When the previous Japanese prime minister visited the Yasukuni Shrine, which China condemns as honoring Japan's World War II-era militarism, he was described as "brazen." When the United States bombed the Chinese Embassy in Belgrade in 1999, Beijing called that act "flagrant."

North Korea, a longstanding ideological ally, has had increasingly testy relations with China in recent years. But it was not until Monday, moments after North Korea apparently exploded a nuclear device, that China accused it of a "brazen" violation of its international commitments.

The wording is just one indication that a nuclear test would cross a red line for China, which has devoted years of painstaking diplomatic effort, and staked its delicate relationship with the United States, on the premise that it could deliver a peaceful, negotiated solution to the nuclear standoff with North Korea.

That policy, Chinese analysts say, seems to have failed, and North Korea's action leaves Beijing little choice but to take a tougher approach. But Chinese leaders still see highly punitive sanctions as unpalatable and counterproductive, and the country's elite remains sharply divided over how far to distance China from its neighbor, and how closely to embrace the Bush administration, several senior Chinese foreign policy experts said.

"Hanran" has been applied to North Korea for the first time. But Japan and the United States, which favor the sharpest response to North Korea's test, have been "hanran" for years.

"China is disappointed and angry and will be willing to support stronger sanctions," said Jin Canrong, a foreign policy expert at People's University in Beijing. "But I think that is different from saying there will be a drastic change. It is still a question of the right balance."

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The reason there is unlikely to be a major policy change, Mr. Jin and other experts here said, is that North Korea has sharply increased tensions without fundamentally changing China's calculation of its national interests.

Its priorities remain, first and foremost, promoting internal economic development, the key to longevity for the ruling Communist Party. China's cautious, authoritarian leaders concluded long ago that generating high growth in its gross domestic product required a benign relationship with the world's major powers, secure borders and open markets — in a word, stability.

China would like to achieve a denuclearization of the Korean Peninsula but has shown few signs of accepting war or a forced change of government as an acceptable way to achieve that goal.

"The core of the issue is not nuclear weapons," said Shen Dingli, a leading security expert at Fudan University in Shanghai. "The core of the issue is peace and stability. That is still strongly in China's interest."

While China has begun to think like a big power in some respects, its foremost strategic priority has been reclaiming Taiwan, or at least preventing the island from becoming formally independent of mainland China.

Conflict in North Korea or the toppling of Kim Jong Il's government there could upset both of those goals, Chinese analysts say. A war is viewed as the worst outcome, potentially creating a wave of refugees into China and even risking a broader engagement that could threaten the extended period of harmony in Northeast Asia.

Even peaceful change in North Korea could bring a new pro-American government to China's northeastern border as it faces continuing uncertainty over how to handle the pro-American government in Taiwan, off its southeastern coast.

"China must continue to look at North Korea through the prism of Taiwan," Mr. Shen said. "You cannot expect China to abandon its ally completely while America continues to back Taiwan and allow the independence movement to thrive there."

But analysts say it also cannot afford to alienate the United States, and Beijing has recently taken steps to repair its frayed relationship with Japan. Those ties may well depend on moving to punish North Korea for its nuclear test, and at least experimenting to see if firm pressure on North Korea will bring it back to the bargaining table.

China provides, by some estimates, 70 percent of North Korea's fuel and food and could almost certainly create severe economic hardship there by slowing shipments across its long, barren border.

In addition, China has joined the United States in seeking to crack down on North Korean counterfeiting of American dollars and Chinese yuan, as well as on the use of Chinese banks to launder profits from illicit North Korean exports of drugs including amphetamines. Tighter financial sanctions could further deprive North Korea of already scarce hard currency.

The question is how far down that path China can go, to maintain its cooperation with the Bush administration without foreclosing the possibility of luring North Korea back to negotiations.

"China has tried to persuade North Korea that talking with the outside world is in its interest," said Zhang Liangui, an expert on North Korea at the Central Party School, a research organization in Beijing run by the Communist Party. "Now China will have to demonstrate that there is a price to pay for ignoring that advice."

Mr. Zhang said North Korea's announcement amounted to a slap in the face for China. Even if the goal remains a negotiated solution, he said, China must first show that it is prepared to take a much tougher line before North Korea will bargain in earnest.

Susan L. Shirk, a State Department official responsible for East Asia during the Clinton administration, said she believed that the nuclear test could prove to be a turning point for China's approach to the problem. It will, she said, force China to choose between North Korea and a United States-led international consensus rather than split the difference between the two.

She said the timing of North Korea's announcement — the day after President Hu Jintao was visited by Japan's new prime minister, Shinzo Abe, and said they had made progress repairing troubled relations — also underscored the stakes for China's leadership.

"If they do not act strongly they could undo what they have worked to achieve with Japan, while also seriously straining relations with the U.S.," she said. "North Korea has really boxed them in."

Even so, many Chinese analysts still view North Korea as a strategic asset. It may be irresponsible and unruly, but it belongs more to China than to the United States. Sacrificing an ally to help achieve America's goals of stopping the spread of nuclear weapons may require a much stronger consensus within the Chinese elite.

"I do not believe that Chinese leaders are willing to expend major political capital on this issue," Mr. Jin of People's University said. "They would much prefer to follow the consensus. At the moment there is a heated debate, but no consensus of that kind."

U.N. Weighs Sanctions Against N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 10, 2006

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The world lined up against North Korea on Monday for staging a nuclear test denounced even by key allies. President Bush called it "a threat to international peace and security," and the U.N. Security Council weighed severe sanctions to punish the impoverished communist nation.

There was no talk of military action. But the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test after the reclusive regime announced it had set off an underground atomic explosion.

Russia was the only country to say it had "no doubts" over the North Korean claim. The U.S. and other experts said the explosion was smaller than expected and they had yet to confirm it was nuclear.

But the reaction of world governments reflected little doubt that they were treating the announcement as fact.

The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Bush said the North Korean action "constitutes a threat to international peace and security" and requires "an immediate response" from the Security Council, though he stressed the U.S. remained committed to diplomacy.

The United States circulated a draft U.N. resolution late Monday that would condemn North Korea's nuclear test and impose tough sanctions on the reclusive communist nation for Pyongyang's "flagrant disregard" of the Security Council's appeal not to detonate a device.

The draft, obtained by The Associated Press, incorporates proposals circulated by the U.S. earlier in the day to prohibit all trade in military and luxury goods and crack down on illegal financial dealings.

It adds new calls from Japan to ban all countries from allowing any North Korean ships in their ports or any North Korean aircraft from taking off or landing in their territory if they carried arms, nuclear or ballistic missile-related material or luxury goods.

In addition, the Japanese proposals would impose travel restrictions on high-ranking North Korean officials, create a Security Council committee to monitor implementation of the sanctions, and ask the secretary-general "to actively engage in this matter."

The U.S. draft also seeks to prevent any North Korean financial transactions resulting from illicit counterfeiting, money-laundering and narcotics, and "any abuses of the international financial system" that could contribute to the transfer or development of banned weapons.

By comparison, the Security Council cut air links to Libya in 1992 to force Moammar Gadhafi's government to hand over two indicted men for trial in the 1988 bombing of a Pan Am jetliner over Lockerbie, Scotland. After Saddam Hussein's Iraq invaded Kuwait in 1990, the council banned the sale or supply of any commodities or products from either country using their flag vessels.

Japan's U.N. Ambassador Kenzo Oshima, the current council president, said earlier that all council members "emphasized that the response of the council should be strong, swift and very, very clear in its message and its action."

But just how long it will take members to agree on a resolution remains to be seen.

Council experts started discussing the proposals in meetings Monday afternoon and were expected to meet again Tuesday morning.

But it was unclear whether China and Russia — the North's closest allies — would support some of the tough measures, which also include international inspection of all cargo to and from North Korea to limit the proliferation of nuclear, chemical and biological weapons and to ban any material that could be used in the production of weapons of mass destruction.

Before the experts meeting, the ambassadors from the five veto-wielding council nations — the U.S., Britain, France, Russia and China — met with Oshima.

U.S. Ambassador John Bolton told reporters afterward that everybody agreed within 30 minutes that the council should condemn the action and respond quickly, saying "that's remarkable" to have such a unanimous decision.

But he wouldn't speculate when the council might act, noting that Japan and others already had other suggestions for the text.

"The fact is that in our half-hour, full council meeting this morning, there was no one who even came close to defending this test by North Korea," Bolton said.

The United States, France, Britain and Japan want the resolution under Chapter 7 of the U.N. Charter, which deals with threats to international peace, breaches of the peace and acts of aggression. It allows the council to authorize measures ranging from breaking diplomatic ties and imposing economic and military sanctions to taking military action to restore peace.

With U.S. forces strapped by the twin wars in Iraq and Afghanistan, the Bush administration repeatedly has said it has no plans to invade North Korea and discussion of military action was absent on Monday.

Neither Russia nor China would say whether they support a resolution that could pave the way for sanctions.

"I think we have to react firmly," China's U.N. Ambassador Wang Guangya said. "But also I believe that on the other hand the door to solve this issue from a diplomatic point of view is still open."

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Russia's U.N. Ambassador Vitaly Churkin said the North Koreans "will be facing a very serious attitude on the part of the Security Council and the entire international community," but he said the council needs to discuss whether that will include sanctions.

South Korea's nuclear envoy said Tuesday after returning from Beijing that China appeared to have dropped opposition to tough U.N. sanctions.

"China seems to have different position than it had before on a Chapter 7 resolution," Chun Young-woo told The Associated Press

"I think (China) will employ all available means to prevent North Korea from further aggravating the situation and to bring them back into diplomatic efforts," Chun said after returning from a two-day trip and meetings with Chinese officials.

Still, he said Beijing reiterated its commitment to a peaceful diplomatic solution to the issue.

The reported test came one day after the ninth anniversary of reclusive North Korean leader Kim Jong Il's accession to power and a day before the 61st anniversary of the ruling North Korean Workers' Party.

There were no signs of heightened alert by security forces in Pyongyang. People also laid flowers by a statue of Kim Il Sung, the current leader's late father.

The test also coincided with the Security Council vote Monday to nominate South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as the next U.N. secretary-general. The 192-nation General Assembly is expected to approve the recommendation later this month.

Ban said one of his priorities, if approved, would be to work to resolve the North Korean crisis.

North Korea remained defiant. Pak Gil Yon, the North's U.N. ambassador, said the Security Council should congratulate the Democratic People's Republic of Korea, known as the DPRK, instead of passing "useless" resolutions or statements.

"The nuclear test in the DPRK will greatly contribute in increasing the world deterrence of the DPRK" and will contribute "to the maintenance and guarantee of peace and security in the peninsula and the region," he said.

The United States and its allies, and many of North Korea's neighbors, took the exact opposite view.

"This shows why we need actions and not just words about North Korea," Bolton told The Associated Press.

Although North Korea has long claimed it had the capability to produce a bomb, the test would be the first proof that it had done so.

If the test is confirmed, North Korea would join the current members of the nuclear club — the United States, Russia, Britain, France, India, Pakistan and China. Israel is widely believed to have the bomb but has not publicly declared.

Officials worried that a nuclear armed North would dramatically alter the strategic balance of power in the Pacific, and would undermine already fraying global anti-proliferation efforts.

While voicing concerns, Japan's Prime Minister Shinzo Abe, after meeting with the South Korean leader in Seoul, called for a "calm, yet stern response." The situation marked his first major foreign policy test since his recent election.

South Korea said it had put its military on high alert, but it had noticed no unusual activity among North Korea's troops.

Bolton told the Security Council that Washington would consider an attack on Japan or South Korea an attack on the United States, according to U.N. diplomats who spoke on condition of anonymity because the remarks were made at a closed council meeting.

The United States has defense agreements with the two Asian allies and thousands of U.S. troops are stationed in South Korea and Japan.

China said the North "defied the universal opposition of international society and flagrantly conducted the nuclear test" and urged the North to return to six-party nuclear disarmament talks.

Russian President Vladimir Putin told his Cabinet that Moscow "certainly condemns the test conducted by North Korea."

British Prime Minister Tony Blair said the test was a "completely irresponsible act."

Only Iran, which also faces Security Council action over its disputed nuclear program, expressed understanding for North Korea's action.

Iranian state radio blamed the North's reported nuclear test on U.S. pressure, saying the test "was a reaction to America's threats and humiliation."

The North has refused for over a year to attend six-party international talks aimed at persuading it to disarm, demanding instead that the U.S. drop financial sanctions it has imposed to punish Pyongyang alleged counterfeiting and money laundering. It pulled out of the Nuclear Nonproliferation Treaty in 2003 after U.S. officials accused it of a secret nuclear program, allegedly violating an earlier nuclear pact between Washington and Pyongyang.

Impoverished and isolated, North Korea has built up its military and nuclear programs while relying on foreign aid to feed its 23 million people since its state-run farming system collapsed in the 1990s following decades of mismanagement and the loss of Soviet subsidies.

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South Korea said the nuclear test was conducted at 10:36 a.m. Monday (9:36 p.m. EDT Sunday) in Hwaderi near Kilju city on the northeast coast.

The North's official Korean Central News Agency said the test was successful, with no leak of radiation, and this was "a stirring time when all the people of the country are making a great leap forward in the building of a great prosperous powerful socialist nation."

South Korean officials said Tuesday they believe that North Korea tested a nuclear weapon as it claimed, but that it would take about two weeks to determine if the test was successful.

The North is believed to have enough radioactive material for a half-dozen bombs. It insists its nuclear program is necessary to deter a U.S. invasion.

The North has active missile programs, but it isn't believed to have an atomic bomb design small and light enough to be mounted on a long-range rocket that could strike targets as distant as the United States.

Reports about the size of the explosion were conflicting, ranging from South Korea's geological institute estimating it was the equivalent of 550 tons of TNT to Russia's Defense Minister Sergei Ivanov saying it was the equivalent of 5,000 to 15,000 tons of TNT.

A U.S. government official, who spoke on condition of anonymity because of the political sensitivity of the situation, said the seismic event could have been a nuclear explosion, but its small size was making it difficult for authorities to pin down.

Global Fury At N Korea Nuclear Test Claim (FT)

By Anna Fifield, David Pilling And Mark Turner

Financial Times, October 10, 2006

The major powers united in their condemnation of North Korea's claim to have tested a nuclear weapon on Monday, but could not reach immediate agreement at an emergency session of the United Nations Security Council on the scope of punitive sanctions proposed by the US.

North Korea described the underground explosion in a northern province bordering China and Russia as an "historic event that brought happiness to our military and people". It said there had been no radioactive leakage.

US and South Korean experts measured the explosion as a earthquake of magnitude 4.2 on the Richter scale. Scientists were poring over seismic and other data but could not confirm a nuclear explosion. However, several said the blast appeared significantly smaller than would have been expected from a plutonium bomb and could have been a dud.

At the UN, the US presented a list of 13 proposed measures that included the authorisation of international inspections of cargo to and from North Korea and the blocking of illicit financing activities, such as counterfeiting.

John Bolton, US ambassador to the UN, said Monday night that Russia and China were not throwing up obstacles and there was no disagreement over the need for a binding "chapter seven" resolution.

Chris Hill, the US envoy to six-party negotiations with North Korea that have been mediated by China but stalled since last November, said: "We are not going to accept that North Korea with its starving population is going to join the nuclear club."

The US and its allies would ensure that Kim Jong-il, North Korea's leader, "rued the day" and would be made to pay, Mr Hill said. He refused to say what measures the US would take, admitting that China would be a "key country" in the outcome.

Hu Jintao, China's president, took a measured approach in his telephone conversation with George W. Bush, the US president. Mr Hu said no actions should be taken that would lead to escalation or loss of control of the situation and urged caution, dialogue and negotiation.

Delivering a brief televised statement from the White House, Mr Bush said he had spoken to the leaders of China, Russia, South Korea and Japan and that they agreed that North Korea's actions were "unacceptable and deserve an immediate response by the United Nations Security Council".

Mr Bush accused North Korea of having already provided missile technology to Iran and Syria.

Shinzo Abe, Japan's new prime minister said the development constituted a "serious threat [that] would transform in a major way the security environment of north east Asia."

Roh Moo-hyun, South Korea's president, said his government was "losing its momentum" for continued dialogue with North Korea.

Additional reporting by Richard McGregor in Beijing, Guy Dinmore in Washington and Stephen Fidler in London

North Korea Condemned For Nuclear Testing (MCT)

By Tim Johnson

McClatchy Newspapers, October 10, 2006

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BEIJING - Condemnation poured in from throughout the world Monday over North Korea's report that it has tested a nuclear weapon as financial markets wobbled in East Asia.

The United States and Japan pledged "decisive action" against Pyongyang at the U.N. Security Council.

In open defiance of the U.N. Security Council, which warned it on Friday not to test, North Korea said it conducted "a safe and successful underground nuclear test" which "caused absolutely no radiation" leakage. It called the test a "great leap forward" in its defensive capabilities.

If true, the test would leave East Asia on the cusp of an arms race. North Korea previously declared it had nuclear weapons, but had never tested one to prove it.

The Security Council condemned the test. The U.S. ambassador to the United Nations, John Bolton, said the United States would push for tougher measures to prevent North Korea from producing or exporting weapons of mass destruction or missiles.

U.N. Secretary-General Kofi Annan said: "This action violates international norms of disarmament and non-proliferation, as well as the current international moratorium on nuclear testing. It aggravates regional tensions in and around the Korean Peninsula, and jeopardizes security both in the region and beyond."

South Korea called the test an "intolerable provocative act" and put its military on heightened alert. Its chief spy agency said another nuclear blast might be in the offing.

South Korean President Roh Moo-hyun's government suspended a shipment of emergency relief aid to North Korea and said the national security council was reviewing a "sunshine policy" that appeased North Korea with huge investment.

The projects under review include the Kaesong joint industrial zone and a tourism business at Mount Geumgang in the North, which draws hordes of cash-paying South Koreans.

Any freeze on those projects would be a blow to the cash-strapped North.

President Bush spent 15 minutes on the telephone with Japanese Prime Minister Shinzo Abe as Abe prepared to leave Seoul at the end of a two-day fence-mending trip to China and South Korea. The two vowed "decisive action," Japan's Kyodo news agency said.

At a news conference in Seoul, Abe called for "very strong measures" against North Korea and warned that the region may "be entering a new, dangerous nuclear age."

Experts around the world differed on the size of the nuclear blast, which reportedly occurred in an underground shaft near Kilju, a town near North Korea's northeastern coast not far from the border with China.

South Korea's semi-official Yonhap news agency said the blast triggered a tremor with a 3.58 to 3.7 magnitude, similar to what a nuclear explosion would cause.

It said the power of the explosion was equivalent to around 550 tons of TNT explosives, less than a twentieth of the size of the U.S. atomic bomb dropped on the Japanese city of Hiroshima during World War II. But Russian Defense Minister Sergei Ivanov said it was far more powerful, in the range of 5 to 15 kilotons.

China, Russia, Australia, Britain and a number of other countries condemned the nuclear test, calling on North Korea to return to six-nation disarmament talks.

China, which maintains a lifeline of oil supplies to North Korea, appeared stunned, describing the test as "brazen." "The Chinese government is firmly opposed to this," a government statement said.

British Prime Minister Tony Blair labeled it a "completely irresponsible act."

"This is a desperate act of a criminal regime," House Speaker J. Dennis Hastert said in Washington. "We are neither threatened nor impressed, but resolved to restore stability to the Pacific Rim."

But a policy expert in Seoul said he doubted that the world could coax North Korea's nuclear genie back in the bottle. "In the medium and long term, I think we have to learn to live with a nuclearized North Korea," said Moon Chung-in, a professor at Seoul's Yonsei University.

A Chinese scholar said North Korea believes it can get away with nuclear development, just as India and Pakistan did a decade ago, and weather tough sanctions.

"The North Korean leader believes that by testing a nuclear weapon, he will get a more favorable environment where he can survive," said Jin Linbo of the China Institute of International Studies, a Beijing think tank.

Despite its traditional support for North Korea, China may not oppose putting teeth in a new resolution, a security expert in Beijing said.

"If North Korea still refuses to back off from its nuclear ambitions, it is possible that China will agree with military sanctions. As China's ambassador to the U.N., Wang Guangya, said, no one can protect North Korea if it continues to develop nuclear weapons," said Zhang Liangui, a foreign affairs expert at China's ruling party Central Party School.

The nuclear test jolted financial markets. The Japanese yen skidded to an eight-month low against the dollar. Stocks in Seoul slumped 2.6 percent, and shares slid in Hong Kong, Singapore and Sydney. Markets in Japan were closed for a holiday.

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Ruled by Kim Jong Il, one of the world's last totalitarian leaders, North Korea said only last week that it would test a nuclear weapon. Pyongyang announced in February 2005 that it had succeeded in making a nuclear bomb. Foreign intelligence officials say North Korea may have at least six to eight nuclear bombs now.

A nuclear test, if confirmed, would generate pressure within the United States and from Japan to take military action to curb North Korea's military program.

North Korea has said it is building nuclear weapons to forestall a military attack by the United States to topple the Kim regime, which President Bush once described as part of an axis of evil.

News of the alleged test gave added urgency to Abe's visit to Seoul. Earlier Monday, Abe concluded a one-day summit with China's three top leaders that put a thaw in chilly relations between China and Japan, regional rivals. It was the first summit of its kind since 2001.

Abe, who has been in office for less than two weeks and is a staunch conservative, was given red carpet treatment in Beijing, in an apparent snub to North Korea. China and Japan capped the summit with a statement that they had reached "a turning point" in their tense relations.

Abe, who at 52 is Japan's first leader born after the war, used frank language about his nation's wartime role, saying that Japan's "deep remorse" had not ebbed.

"I said we shall look at past history squarely," Abe said, adding that Japan knew it "had caused tremendous damage and suffering to the people of countries, especially Asian countries, and left scars among those people."

Tough Talk From Seoul, If Little Will For A Fight (NYT)

By Norimitsu Onishi

The New York Times, October 10, 2006

SEOUL, South Korea, Tuesday, Oct. 10 — South Korea warned on Monday that it would “sternly deal” with North Korea’s announcement that it conducted a nuclear test, saying that the action could lead to a “nuclear arms buildup” in the region.

President Roh Moo-hyun said that South Korea would coordinate its response with other countries, though he did not give details and suggested that he was not ready to give up yet on his country’s “sunshine policy” of engaging North Korea.

“This is a grave threat to peace, not only on the Korean Peninsula but in the region,” said Mr. Roh, whose government has been accused by critics both in and outside South Korea of coddling North Korea.

Mr. Roh said that South Korea “has lost ground in arguing for dialogue” against calls for stronger punitive measures, including economic sanctions, against North Korea.

The government’s response to the nuclear test was firmer and quicker than its reaction to North Korea’s missile launches in early July, when Mr. Roh remained silent for days and avoided harsh criticism.

Still, there was some ambiguity in his remarks, and experts in South Korea remained divided Monday over whether a nuclear test would simply re-emphasize the hard reality that the policy of engagement is the lesser of evils in dealing with its unpredictable and irascible neighbor.

The two Koreas were fierce cold war enemies until the late 1990’s. But the “sunshine policy” under Mr. Roh and his predecessor, Kim Dae-jung, has transformed South Korean attitudes. Increasingly, North Koreans have been viewed here as misunderstood cousins who must be prodded into behaving, and a national consensus has emerged that pits South Korea against the Bush administration, which has sought to isolate and confront North Korea.

“There is a general consensus in South Korea, not only among politicians but also in the general population, that engagement is the right policy,” said Han Sung Joo, a former ambassador to the United States. “But it doesn’t mean we have to rationalize this nuclear test.”

Mr. Han said that in the near future, South Korea’s assistance to the North would probably have to be limited to humanitarian aid. He said that plans to expand major projects to help North Korea develop its economy would probably be put on hold.

Analysts said that North Korea’s action would weaken Mr. Roh and the governing Uri Party, but that the damage would not decisively help the opposition Grand National Party.

“When you look at the opposition’s policies toward North Korea, you see that they are 95 percent in agreement with the ruling party’s,” said Choi Kang, a security expert at the Institute of Foreign Affairs and National Security in Seoul. “Both emphasize the need to push the North to democratize, to reform internally, by engaging it. What differs is the means. The opposition emphasizes the need for reciprocity — it shouldn’t be unconditional.”

“It’s too premature to say this is the end of the engagement policy,” Mr. Choi said.

South Korea’s priorities remain peace and stability on the peninsula, so few South Koreans favor confronting North Korea and possibly causing a military conflict or its collapse. The United States, in contrast, is concerned about nuclear proliferation.

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"Does South Korea share these concerns?" said Andrei Lankov, a Russian expert on North Korea at Kookmin University in Seoul. "No. If some crazy regime in Central America goes nuclear, or if terrorist groups or rogue states obtain nuclear arms, South Korea will never become a target.

"In the short term, South Korea will have to show solidarity with the international community and freeze exchanges with the North," he added. "But then they will start looking for a pretext to resume exchanges."

Others contend that the American unwillingness to negotiate directly with North Korea, as the North has sought, is to blame for the failure to soften North Korea's stance.

"That's why hard-liners in the North Korean government have gained a stronger voice," said Han Hong Koo, a historian at Sungkonghoe University in Seoul.

"There will be great pressure on the South Korean government to abandon its engagement policy," he added. But, "North Korea is already suffering from economic sanctions and is already isolated. There's no other card."

Japan Now Seems Likely To Rally Behind New Prime Minister's Call For A Stronger Military (NYT)

By Martin Fackler, International Herald Tribune

The New York Times, October 10, 2006

TOKYO, Oct. 9 — The last time North Korea tested a powerful new weapon, in 1998 when it fired a ballistic missile over the largest Japanese island, Japan reacted by upgrading its military and swinging politically to the right.

North Korea's claim that it tested a nuclear weapon on Monday appears likely to push Japan even further down the same nationalist path. Many political analysts say the test, which has yet to be confirmed, could weaken public support for the pacifism Japan adopted after World War II and prompt it to seek a growing regional security role.

But could the crisis be big enough to force Japan to break what might be its ultimate postwar taboo and go nuclear itself?

This is what some in East Asia have speculated it would do if the isolated and erratic Communist government to its north suddenly conducted an atomic bomb test. But for now, analysts say, domestic opposition runs too deep for Japan to reverse its renunciation of nuclear weapons.

"The nuclear test may prove to be an even bigger shock to public opinion" than the 1998 missile, said Yasunori Sone, a professor of political and policy analysis at Keio University in Tokyo. "It will get a minority of people here calling for Japan to build nuclear weapons."

The most likely result of North Korea's actions, analysts say, would be to rally public opinion around Japan's new prime minister, Shinzo Abe, and his calls for taking Japan in a more assertive direction. The crisis may also increase Mr. Abe's chances of revising the Constitution to allow Japan to possess full-fledged armed forces.

There have been no calls yet here to build atomic weapons. Still, that is not a far-fetched notion. Japan is known to have stockpiles of weapons-grade atomic material, used in its civilian nuclear power and research programs, and some studies have said it would be able to construct a bomb in a matter of months.

But Mr. Sone and other analysts say that despite North Korea's claim of a weapons test, Japanese proponents of acquiring nuclear weapons will remain a minority on the far-right fringe. Analysts say going nuclear would face broad and emotional opposition in Japan, which remains the only nation to have suffered atomic bomb attacks.

The prospect of a nuclear Japan might also send shudders through the rest of Asia, where memories of Japan's wartime aggression are still raw. Some fear it could even set off a new Asian arms race.

Mr. Abe appeared to be trying to take a leading role in responding to the crisis, analysts here said. He and other Japanese leaders were quick to condemn the reported test, saying Japan was working closely with the United States, its closest ally, and Asian neighbors like South Korea and China to find a response.

Speaking in Seoul, where he was meeting with President Roh Moo-hyun, Mr. Abe criticized the test as a "serious threat to the security of Japan and South Korea, and of neighboring countries."

"We have agreed that we must respond resolutely," Mr. Abe said in a news conference after the meeting. "We have entered a new and more dangerous era."

He also said Japan was considering imposing economic sanctions against North Korea and increasing its participation in a missile defense shield that it is developing with the United States. He said Japan had requested an immediate meeting of the United Nations Security Council.

In Tokyo, Yasuhisa Shiozaki, the chief cabinet secretary and top government spokesman, said Japan would try to work with the United States to seek United Nations action, possibly including global economic sanctions. "We will lodge a stern protest and condemn" the test, he said.

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If North Korea has exploded a nuclear device, analysts said the effects on Japanese public opinion might take time to appear. When North Korea test-fired a multistage Taepodong missile over Japan in 1998, Japan's initial reaction was muted, but public opinion ended up moving sharply in favor of building a stronger defense.

That allowed Japan to begin adding weapons that once would have been unthinkable, including Japan's first spy satellite, a troop transport ship now under construction that experts say could serve as a small aircraft carrier, and aerial tankers that would allow Japanese fighter jets to refuel in midair to reach North Korea and other countries.

For now, analysts said most of Japan's action was likely to come on the diplomatic front. They also said the crisis offered an unexpected chance for Japan to patch up its ties with South Korea and China.

"This crisis allows Mr. Abe to say that all three countries face a shared enemy," Mr. Sone of Keio University said. "This is a chance for him to improve relations with Asia."

U.S. Doubts Korean Test Was Nuclear (WT)

By Bill Gertz

The Washington Times, October 10, 2006

U.S. intelligence agencies say, based on preliminary indications, that North Korea did not produce its first nuclear blast yesterday.

U.S. officials, speaking on the condition of anonymity, said that seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device went off, but that the blast's readings were shy of a typical nuclear detonation.

"We're still evaluating the data, and as more data comes in, we hope to develop a clearer picture," said one official familiar with intelligence reports.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives."

The underground explosion, which Pyongyang dubbed a historic nuclear test, is thought to have been the equivalent of several hundred tons of TNT, far short of the several thousand tons of TNT, or kilotons, that are signs of a nuclear blast, the official said.

The official said that so far, "it appears there was more fizz than pop."

A successful nuclear detonation requires a properly timed and triggered conventional blast that splits atoms, setting off the nuclear chain reaction that produces the massive explosions associated with atomic bombs.

White House spokesman Tony Snow said assessing the validity of North Korea's claim of a successful nuclear test could take several days.

"We need to find out precisely what it is that took place yesterday, and that is something that's going to take awhile for the scientists and others to work through," Mr. Snow said.

"Nobody could give me with any precision how long it will take until they can say with certainty what happened."

Nuclear bombs make big waves, with clear signatures that make them fairly easy to detect, analyze and confirm that they were caused by splitting atoms. But smaller blasts -- as North Korea's appears to have been -- are trickier to break down, scientists told the Associated Press.

"It takes days, dozens of lab hours, to evaluate results. Now we can have only a rough estimate," said Russian nuclear physicist Vladimir Orlov of the Moscow-based Center for Policy Studies in Russia, a nonproliferation think tank.

Elements of the blast were detected by U.S. and allied sensors as it was set off in an underground tunnel in the north-central part of North Korea. U.S. intelligence agencies have been monitoring several tunnels thought to be nuclear test facilities and have not ruled out Pyongyang's conducting another test.

U.S. officials said the test was timed to coincide with several anniversaries in North Korea, including the end of mourning for the death of North Korean leader Kim Jong-il's father, Kim Il-sung. The test was thought to have been linked to the commemoration.

North Korea's military thinks that joining the world's seven other acknowledged nuclear powers is key to preserving the power of the communist regime.

There were wide variations in seismic data of the North Korean blast. The French atomic agency estimated about 1 kiloton, and South Korea's geological institute said half of that. But Russia's defense minister expressed "no doubt" that North Korea detonated a nuclear test and said the force of the underground blast was equivalent to 5,000 to 15,000 tons of TNT.

"People have different ways of cross-cutting the data and interpreting them," said Lassina Zerbo, director of the International Data Center at the nuclear-test-ban preparatory commission, which is based in Vienna, Austria.

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The Bush administration is pushing for the United Nations to adopt economic sanctions against North Korea that would include a blockade of all goods moving into and out of the country.

Key to the imposition of the tough sanctions will be support from China and Russia, two states that in the past opposed sanctions.

The most immediate impact of the underground test is that U.S. officials fear Japan will take steps to develop nuclear weapons as a deterrent.

Official North Korean press for the past several years has been asserting that the United States is planning a pre-emptive nuclear attack on North Korea over its secret uranium-enrichment program.

Intelligence reports from several years ago indicated that North Korea was engaged in a covert program to develop a uranium-based nuclear program with the help of Pakistani nuclear scientist Abdul Qadeer Khan. The Khan network supplied centrifuges and nuclear-weapons design techniques to Libya, Iran and North Korea.

What U.S. officials have been unable to confirm is whether North Korea received small warhead design information from the Khan network.

Chinese-language documents on how to build a nuclear warhead for missiles were found in Libya and were supplied by Khan network associates. U.S. intelligence officials think Iran and North Korea received similar warhead design documents.

North Korea in July conducted flight tests of seven missiles including a long-range Taepodong-2.

U.S. officials think the plutonium for the pit of the North Korean device was produced by the reactor at Yongbyon, the regime's declared nuclear facility.

U.S. intelligence agencies estimate that North Korea has some 88 pounds of plutonium and that about 13 pounds were used in the recent test.

The remaining plutonium is enough for North Korea to make about six bombs.

Device Produced A Small Yield, Maybe Due To Flaw (LAT)

By Greg Miller And Karen Kaplan

The Los Angeles Times, October 10, 2006

WASHINGTON — Shock waves emanating from North Korea on Monday probably came from the explosion of a nuclear device, but one that did not achieve its full potential because of a failure or a design flaw, U.S. intelligence officials and weapons experts said.

Analysts believe the explosion produced about 3% of the power of the bombs dropped on Hiroshima and Nagasaki more than 60 years ago, raising questions about whether a bigger device malfunctioned, or the regime in Pyongyang was testing only a component of a larger weapon.

The combination of the low strength of the explosion and the failure in July of a missile test over the Sea of Japan is likely to reinforce intelligence assessments that North Korea remains years away from developing a nuclear warhead that could be fitted to a missile and delivered any significant distance, let alone to the shores of the United States.

Still, officials said Monday's test demonstrated that North Korea had crossed a dangerous technological threshold, and they added that the blast served as an experiment from which Pyongyang could garner valuable information it could use to improve its nuclear designs.

"Often you learn as much from a failure as you do a success," said Anthony Cordesman, a former Defense Department official and a military expert at the Center for Strategic and International Studies. "If you have a test, even if it is only partly successful, you've proven not only you can do it but that you're on the way to developing more sophisticated systems."

Cordesman and others said it could be days before U.S. intelligence agencies and independent scientists are able to reach firm conclusions as to the nature of the test. Experts will analyze the seismic signature of the explosion, and attempt to collect atmospheric samples by "sniffer" spy planes.

Estimates of the force of the explosion were based on comparisons of seismic readings taken from monitoring stations in nations surrounding North Korea with seismic measures of past nuclear explosions.

The characteristics of the "seismic pulse" have usually enabled officials to rule out earthquakes or natural phenomena. But officials said the relatively small size of Monday's blast might make it difficult to use seismic data to determine whether the explosion was caused by a nuclear device or conventional explosives. Analysts haven't ruled out that the seismic shock could have been caused by conventional explosives, but a consensus seemed to be forming Monday that a nuclear device had been detonated.

American and foreign intelligence agencies are expected to focus on detecting and measuring telltale radioactive particles in atmospheric samples collected by planes and unmanned aerial vehicles routinely patrolling the coastline of the Korean peninsula.

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The Vienna-based Comprehensive Nuclear Test Ban Treaty Organization, which monitors the globe for possible nuclear activity, said it probably would take about 72 hours to gather all the information necessary to judge whether the seismic event in North Korea was a nuclear explosion.

North Korea claimed that it had completely contained the radioactive fallout from the explosion. But experts were skeptical, saying it would require a level of technical sophistication North Korea was unlikely to possess to prevent the release of any contamination into the atmosphere.

"Sooner or later something escapes," said Daniela Rozgonova, a spokeswoman for the test ban group. "Then we will know for sure."

The test was underground and probably carried out in a horizontal tunnel under a mountain, said David Albright, a former weapons inspector who now directs the Institute for Science and International Security. Unlike vertical tests, which leave a massive crater, he said, horizontal tests leave little external trace.

Experts said that using conventional explosives to create a blast of the magnitude recorded Monday — equivalent to about half a kiloton of TNT — would be difficult to accomplish.

"A kiloton would be 2 million pounds of TNT," said Arthur Lerner-Lam, associate director for seismology and geology at Lamont-Doherty Earth Observatory at Columbia University. "It takes a lot of technology to get all of that to go off at once."

As a result, officials and experts focused on other, more plausible, explanations for the small yield.

Officials said North Korea could have detonated a small device in order to conserve fissile material. American intelligence agencies believe North Korea probably has enough plutonium for about eight nuclear weapons — other estimates suggest it could build between four and 13 weapons — and does not possess any enriched uranium.

Pyongyang also may have been testing a component of a larger system, but experts said such a step would be highly unusual because of its limited experimental value.

As a result, a consensus seemed to be emerging among analysts and experts that North Korea conducted a test of a full-scale device, but one that failed to compress the plutonium fuel at rates capable of producing maximum yield.

"The lower yield could be because of bad luck or bad design," said Michael Levi, a nuclear weapons expert at the Council on Foreign Relations.

"The fizzle of a 15- to 20-kiloton weapon would be about a kiloton or two," added Owen Cote, associate director of the security studies program at the Massachusetts Institute of Technology.

American intelligence agencies have struggled to collect meaningful data on North Korea's nuclear program, and have scant information on Pyongyang's ability to make a warhead small enough to mount on a medium- or long-range missile. North Korea's test in July of a long-range missile ended in failure.

Pakistan's nuclear bomb, built on a Chinese design, can be put atop a ballistic missile, but it is not clear whether these design details were passed on to the North Koreans as part of the proliferation network operated by Pakistani scientist Abdul Qadeer Khan.

Monday's test may not provide any answers because the weight of a nuclear weapon — as opposed to its yield — would not necessarily be detectible from an underground test.

"You could test a device as big as a house," said Gary Samore, who handled nuclear proliferation issues on the Clinton administration's National Security Council. "There is no way to verify that from the seismic activity we'll get."

Low Yield Of Blast Surprises Analysts (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, October 10, 2006

The explosion set off by North Korea yesterday appears to have been extremely small for a nuclear blast, complicating U.S. intelligence efforts to determine whether the country's first such test was successful or signaled that Pyongyang's capabilities are less advanced than expected, several senior U.S. and foreign government officials and analysts said.

A variety of seismic readings around the world yesterday appear to have resulted from no more than a half-kiloton explosion, three officials said -- equivalent to 500 tons of TNT and far smaller than the 21- to 23-kiloton plutonium bomb the U.S. military dropped on Nagasaki, Japan, in August 1945.

A senior intelligence official called it a "sub-kiloton" explosion detonated inside a horizontal mountain tunnel and said its low yield caught analysts by surprise. "For an initial test, a yield of several kilotons has been historically observed," the official said.

A U.S. government official said the North Koreans, in a call to the Chinese shortly before the test was conducted, said it would be four kilotons. The official said it is possible the explosive yield was as low as 200 tons. France and South Korea both issued sub-kiloton estimates, and officials dismissed as inaccurate an early Russian estimate that the blast resulted from a five-to-15-kiloton explosion.

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President Bush said early yesterday that U.S. experts were "working to confirm North Korea's claim." By the end of the day, intelligence officials were still piecing together data and waiting to review intercepted communications that might shed light on what exactly the North Koreans set out to accomplish in the test and how it was conducted.

If confirmed, North Korea's ascension into a growing nuclear club -- joining the United States, Britain, France, Russia, China, India and Pakistan -- would likely have a major impact on efforts to halt the spread of nuclear weapons. (Israel is widely believed to have nuclear weapons, although it apparently has never conducted a test.) It is the only country to walk away from the nuclear Non-Proliferation Treaty and then violate its central tenet -- a commitment to refrain from building nuclear weapons.

Intelligence and administration officials said yesterday they believed North Korea had managed a nuclear test of some sort, but because of the secrecy of the Pyongyang regime and the lack of scientific data, some observers would not eliminate the possibility that the blast was created by conventional explosives.

The relatively small size of the explosion, along with North Korea's public statement that the test did not produce any radioactive leakage, led some to question how well the test had gone. Small amounts of leakage are normal during nuclear tests, though it can take several days for the ventilation to register. One U.S. official said radiation detectors in the region were being monitored for any signs in the air from the nuclear test.

One analyst, who was not authorized to speak publicly about the topic, said North Korea's statement on leakage may have been political, rather than technical: "It could be their way of showing that they are a member of the nuclear club, as advanced, responsible and capable as other states." Another said the statement may have been intended to lessen environmental concerns in neighboring countries.

Intelligence officials were looking at four possibilities to explain the size of the blast, the most likely of which appeared to be that only a fraction of the device's core exploded. If that were the case, the test would still be considered successful, officials said, because some plutonium was exploded. But it may also lead the North Koreans to conduct additional tests to determine what went wrong.

It is also possible, two analysts said, that Pyongyang used less plutonium because it has less stockpiled than U.S. intelligence believed. Considered more unlikely by experts were theories that the North Koreans had succeeded in manufacturing a smaller, more sophisticated nuclear device or that engineers had set out to test the device's design rather than its yield.

"A low yield can be a failure in design or it can be bad luck," said Michael A. Levi, a nuclear expert at the Council on Foreign Relations. "Anything is possible," he said, including simulating a low-yield nuclear explosion by using large quantities of TNT, as the U.S. military had planned to do last summer.

"But you don't hear anyone who thinks it's a conventional [explosives] test," he said.

One senior government nuclear specialist said it is hard to discern a nuclear detonation from a conventional one just by looking at seismic data. "Explosions are explosions," the analyst said. "They push equally out in all directions and that's what you see at a distant seismic station; you just see the explosion force and you can't tell."

To discriminate between the two, intelligence experts also rely on a string of gas and radiation detectors.

The Bush administration had been expecting a nuclear test for months and was briefly relieved after a set of North Korean ballistic missile tests failed in July. Intelligence analysts in the U.S. government think Pyongyang is still years away from being able to marry a nuclear device to an advanced delivery system.

"I don't think we perceive a great threat that North Korea will attack anyone with nuclear weapons," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until 2001. "One of the main threats is that in desperation, it might sell its nuclear assets. Another danger is that eventually the government might collapse into chaos, and then we won't know who is in control of those assets."

Staff writer Peter Baker and staff researcher Julie Tate contributed to this report.

Bomb Fallout Explosion By North Koreans Imperils Nuclear-Control Effort (WSJ)

By Evan Ramstad , Jay Solomon And Gordon Fairclough

The Wall Street Journal, October 10, 2006

U.S. Pushes U.N. Sanctions, Including Military Steps; China to Play Critical Role Blast Smaller Than Expected

North Korea's claim that it successfully exploded a nuclear device signals a major failure of U.S. and Chinese diplomacy and threatens to unravel the international treaty system that has worked to contain the spread of nuclear bombs for nearly 40 years.

The blast, which took place near the northeastern town of Kilju, was apparently small by nuclear standards, suggesting the test may not have been entirely successful, or may have been made with conventional explosives. South Korean geologists estimate the explosion had less than 4% of the force of the atomic bomb dropped by U.S. pilots over Hiroshima 61 years ago.

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Although the U.S. and its allies already suspected that North Korea had produced a small number of nuclear weapons, a publicly announced test is frightening because it represents such a brazen flouting of the system for controlling the spread of nuclear arms. North Korea's action might encourage other states -- Iran, Japan, Taiwan, or even Saudi Arabia and Egypt -- to go nuclear.

"The biggest threat is not North Korean missiles hitting Hollywood," said Robert Alvarez, a former U.S. Energy Department adviser who worked on shutting down North Korea's nuclear program in the 1990s. "The real risk is the unraveling of the nonproliferation regime. That is not something we should take lightly."

U.S. diplomats are hoping to turn the announcement into a plus for American policy by bringing together nations that have previously hesitated to take a hard line on North Korea -- in particular China and South Korea. U.S. officials want the United Nations to back measures that would effectively cut off North Korea's interaction with the global financial system and its ability to import or export materials for weapons of mass destruction. Washington wants to ratchet up the pressure by having the U.N. authorize military force to back up sanctions. That could include a threat to inspect any vessel leaving or entering North Korea.

While the U.N. Security Council unanimously condemned the reported North Korean nuclear test, it is unclear whether the Security Council is ready to endorse the U.S. ideas -- which are precariously close to declaring war on North Korea. Until now, South Korea and China, which provide much of North Korea's food and energy, have favored negotiations over sanctions. Some Bush administration officials would like to see economic pressures topple the North Korean regime, but that is what China and South Korea -- which share borders with the country -- fear most.

Japan, which has taken the lead in calling for sanctions against North Korea, may now push harder to strengthen its military. "The test opens Pandora's box in Northeast Asia," said Han Seung Soo, a former South Korean ambassador to the U.S. and U.N. and former president of the U.N. General Assembly. "The strategic position of every country just took a dramatic change for the worse."

Another concern is that North Korea, a big exporter of missiles to Iran, Syria and Pakistan, could also sell nuclear weapons to other countries, or use its smuggling networks to provide weapons technologies to al Qaeda and other terrorist groups.

North Korea is the first state to withdraw from the Nuclear Nonproliferation Treaty and then follow up by declaring itself a nuclear power and claiming to test a weapon. Security Council members are also pressing Iran to halt sensitive nuclear activities that could produce fuel for nuclear weapons and were set to discuss possible actions against Tehran this week.

China's position on sanctions will be critical. Beijing fears losing a buffer zone against U.S. troops in South Korea and wants to avoid a North Korean collapse, which could send millions of impoverished refugees fleeing into China. The tradition of close ties between China and North Korea dates to the 1950-53 Korean War when China fought on North Korea's side against U.S.-led U.N. forces.

China's Foreign Ministry condemned the North Korean test but also called for a "peaceful resolution through consultation and dialogue" and said the response should be "cool-headed."

Some Chinese analysts said Beijing may be ready to take a tougher line against Pyongyang in the wake of the failure of six-party talks spearheaded by Beijing. The talks bringing together the two Koreas, the U.S., China, Japan and Russia have been held off and on since 2003.

"Chinese leaders have lost all hope in North Korea," said Chu Shulong, a professor at Tsinghua University in Beijing. "The soft approach didn't work, so they have to take a harder stance." Mr. Chu said China may back U.N. sanctions and could cut off its exports of oil, electricity and fertilizer to North Korea, although it would probably continue sending food and medicine on humanitarian grounds. In July, China voted in favor of limited sanctions after North Korea test-fired a long-range missile and six military rockets into the waters between the Korean peninsula and Japan.

China had set itself up as a mediator to work for a nuclear-free Korean peninsula, reflecting its ambitions in global diplomacy. Chinese leaders took great pride in the six-party talks, which were hosted in Beijing, the only place where North Korean negotiators felt comfortable.

Mei Renyi, director of the U.S. Studies Center of Beijing Foreign Studies University, said North Korea's announcement puts China in a difficult spot because it took a "leadership position" in the talks. "For a long time, all the countries in the Asia-Pacific region tolerated North Korea's nuclear threat, but its nuclear test today puts it in total isolation," he said.

For the Bush administration, the claim of a nuclear test represents a failure for its goal of blocking the spread of weapons of mass destruction. For more than five years, the Bush administration has been split internally over how to handle North Korea. Betraying that lack of consensus, it has engaged in off-and-on multilateral negotiations with Pyongyang while pursuing limited pressure tactics aimed at discomfiting the regime there. The approach delivered neither a diplomatic breakthrough nor a breakdown of the regime of North Korean leader Kim Jong Il, as advocated by U.S. hard-liners.

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President Bush condemns12 early reports of North Korea's nuclear testing, calling such testing is "a threat to international peace and security." Plus, reporter Gordon Fairclough discusses13 the announcement and senior special writer John Harwood explains14 the global implications for the North Korea's nuclear testing. FROM THE AP

John Bolton, ambassador to the U.N.,15 discusses the U.N. Security Council's immediate response to North Korea's actions.

The North Korean announcement likely has more symbolic than military value. North Korea already possesses a strong deterrent against military attacks through its arsenal of rockets and missiles aimed at the South Korean capital of Seoul, a city of 10 million just 30 miles from the Korean border.

Global markets yesterday largely ignored North Korea's announcement. U.S. and Japanese stocks were virtually unchanged, although South Korea's benchmark stock-market index closed down 2.4%.

North Korea's test device exploded with a force of 550 tons of TNT, according to an estimate by South Korean geologists. That is 200 times the size of the truck bomb that destroyed the federal building in Oklahoma City in 1995. Even if it is proved that North Korea tested a nuclear device and not conventional explosives, analysts say North Korea still probably has some more work to create a functioning nuclear weapon.

U.S. officials said they are trying to ascertain what was tested. The blast "was far smaller than most people would have predicted," a U.S. official said yesterday. Nonetheless, he said, "we have to take what the North Koreans say at face value."

During a midday television news program broadcast in North Korea yesterday, an anchorwoman read the official announcement with a smile. "The nuclear test was conducted with indigenous wisdom and technology, 100%," she declared.

North Korea's weakening economic position may have driven its decision to go ahead with the test. It is chronically short of food. Washington has also tried to limit North Korea's ability to use the international banking system. Mr. Kim may have concluded that a nuclear test will give North Korea the bargaining chip it needs to loosen the straitjacket tightening around it. It is the logic of an extortionist, but it has served North Korea well in the past.

"The tests are clearly in response to the financial sanctions and their comprehensive nature," said Selig Harrison, a Washington-based academic who met with senior North Korean officials in Pyongyang last month. "They see sanctions as moves toward forcing regime change." International aid organizations note that North Korea's food production has been reduced this year by extensive flooding that hit districts around Pyongyang.

Members of the World Food Program, the U.N. food aid agency, say they are seriously constrained in their ability to meet the food needs of more than six million vulnerable North Koreans. The WFP could largely run out of funds for North Korea early next year without more donations from member countries. The U.S. and Japan virtually stopped food aid in 2003, although South Korea and China have been providing significant assistance. "The public distribution system is under extraordinary stress," John Powell, a WFP deputy executive director, said in an interview late last month.

For years, North Korean leaders have believed their future hinges on reaching some type of accommodation with the U.S. After South Korea's economic and military strength surpassed the North's in the late 1970s, the North's longtime leader, Kim Il Sung, decided the country needed nuclear-weapons capability. He chose the small city of Yongbyon, 60 miles north of Pyongyang, for a nuclear-power plant in 1980.

North Korea signed the Nuclear Nonproliferation Treaty in 1985 but pulled out in 1993 as suspicions grew that the Yongbyon plant was part of a weapons program. The next year, North Korea agreed with the U.S. to close the Yongbyon reactor and store its spent fuel. In return, the U.S. promised to help build two nuclear reactors and move toward normalizing relations with the North. In October 2000, then-Secretary of State Madeleine Albright visited Pyongyang and met with Mr. Kim, raising hopes for a further thaw.

Mr. Bush, however, has a deep personal dislike for Mr. Kim and his government, aides say. At a summit meeting last year, he lectured South Korean President Roh Moo Hyun over Seoul's willingness to engage with Pyongyang despite human-rights abuses in the North, diplomats say.

In his 2002 State of the Union address, Mr. Bush branded North Korea as part of an "axis of evil" along with Iraq and Iran. Relations rapidly soured as North Korea lifted the freeze on its nuclear program, reopened Yongbyon and reprocessed its spent fuel.

That was the latest threat to the international community's effort to contain the spread of nuclear weapons. The principal vehicle has been the nonproliferation treaty, which was concluded in 1968. While allowing five nations -- the U.S., Britain, France, Russia and China -- to have nuclear weapons, the treaty requires all other signatories to forswear them. Under the treaty, nations such as South Africa and Belarus have unilaterally dismantled their weapons programs.

In recent years nonsignatory countries, including Pakistan, India and Israel, have developed weapons systems independently, weakening the treaty. Meanwhile Iran has challenged the treaty's efficacy by carrying out a nuclear program that

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it says is for peaceful purposes but that Western nations believe is aimed at producing a weapon. A separate agreement, the Comprehensive Nuclear Test Ban Treaty, forbids nuclear tests but the U.S. hasn't signed it.

In September 2005, the six-party talks on North Korea produced a tentative agreement for the North to abandon its nuclear-weapons pursuit in exchange for economic and energy assistance from the five countries. At nearly the same time, the U.S. threatened penalties against a bank in Macau, China, suspected of helping the North engage in money laundering. About $24 million in North Korean money has been frozen in the bank while local authorities investigate, and U.S. officials believe some of the money may be Kim Jong Il's own.

North Korea then abandoned the September agreement and pulled out of the six-party talks. It insisted instead on two-way negotiations with the U.S., a proposal Washington rejects.

Some counterterrorism experts in Washington believe the threat of North Korean weapons proliferation is so acute that Washington should consider a virtual cordon sanitaire of North Korea.

"We'll have to do challenging inspections," says David Asher, who until last year helped lead a State Department effort to curb Pyongyang's illicit business. "We're trying to stop their transnational criminal activities. But they haven't stopped. We're going to have to be extremely good at what we do."

--Andrew Browne in Beijing and Bill Spindle in Tehran contributed to this article.

Blast May Be Only A Partial Success, Experts Say (NYT)

By William J. Broad And Mark Mazzetti

The New York Times, October 10, 2006

The North Korean test appears to have been a nuclear detonation but was fairly small by traditional standards, and possibly a failure or a partial success, federal and private analysts said yesterday.

Throughout history, the first detonations of aspiring nuclear powers have tended to pack the destructive power of 10,000 to 60,000 tons — 10 to 60 kilotons — of conventional high explosives.

But the strength of the North Korean test appears to have been a small fraction of that: around a kiloton or less, according to scientists monitoring the global arrays of seismometers that detect faint trembles in the earth from distant blasts.

“It’s pretty remarkable that such a small explosion was promptly apparent on seismometers all over the world,” said Paul Richards, a seismologist at Columbia University’s Lamont-Doherty Earth Observatory in Palisades, N.Y. “The detection of this was really good. You can’t hide these kinds of things, even very small tests.”

A senior Bush administration official said he had learned through Asian contacts that the North Koreans had expected the detonation to have a force of about four kilotons. Because classified information was involved and there was lingering uncertainty, he would not let his name be used.

Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapons design center in California, said the small size of the test signaled the possibility of what might be described as a partial success or a partial failure.

“As first tests go, this is smaller and less successful than those of the other nuclear powers,” he said.

Perhaps the North Koreans wanted to keep it small, he added. “But if it turns out to be a kiloton or less,” Dr. Coyle said, “that would suggest that they hoped for more than that and didn’t get it.”

The United States Geological Survey said it had detected a tremor on the Korean Peninsula of 4.2 magnitude, which translates into an explosive force of roughly 1,000 tons. The agency listed 20 seismic stations as having initially picked up the blast’s shockwave, including nearby ones in China, Japan and South Korea as well as distant ones in Ukraine, Australia, Nevada and Wyoming.

The Russian defense minister, Sergei B. Ivanov, told the Itar-Tass news agency that the Russian government believed the strength of the blast to have been 5 to 15 kilotons. The basis for his claim was not immediately clear.

In Washington, intelligence officials said they were still in the early stages of evaluating the North Korean blast. But one said analysts had estimated its force at less than a kiloton.

“We have assessed that the explosion in North Korea was a sub-kiloton explosion,” said the intelligence official, who, like others, spoke on condition of anonymity because they were discussing classified information.

It will probably take several days to determine with confidence if the explosion was in fact nuclear, the official said. He added that so far, sensors had not detected radiation leaking from the blast site. But federal and private experts said it seemed unlikely that the North Koreans had faked an underground nuclear blast with a large pile of conventional high explosives.

First, they said, the political risks involved would seem disproportionate. More important, federal and private analysts said, the United States has long had spy satellites observing the North Korean site and appears to have found no signs of chemical explosives being unloaded.

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"It's difficult to fake it when you know people are looking down on you," said Dr. Richards of Columbia. "The execution of a chemical explosion would be hard to hide."

Dr. Coyle, the former director of nuclear testing at Livermore, said small tests were more likely to leak radioactivity than large ones, because the intense heat and gigantic shock waves of bigger blasts tended to melt and pulverize nearby rock into impregnable barriers.

Experts said the United States, Japan and the Comprehensive Nuclear Test Ban Treaty Organization had equipment that could sniff the air and water around North Korea for signs of radioactivity.

The South Koreans estimated the seismic magnitude of the blast at roughly 3.6. William Leith, the coordinator of seismic monitoring at the United States Geological Survey, said the South Korean method was different from and not comparable with the American technique. He added that the American estimate of 4.2 was unlikely to change.

In Vienna, the Comprehensive Nuclear Test Ban Treaty Organization estimated the blast's magnitude at 4.0, which is within the error margin of the American estimate.

An American intelligence official said the blast had shaken a North Korean site that the nation's spy agencies had long monitored — the flank of a mountain not far from the northeastern coast.

The small size of the explosion, he said, "tells you they have a lot of work to do in terms of weaponizing what they've got." He added, "If the lower-yield estimates are valid, then it's not a militarized system, but also not something a terrorist would reject."

North Korea's Nuclear Claim May Help U.S. Efforts On Iran (WSJ)

By Neil King Jr. And Bill Spindle

The Wall Street Journal, October 10, 2006

While a clear setback in itself, North Korea's claim of conducting an underground nuclear test could present the Bush administration with much-needed leverage on another challenge: Iran.

For months, Tehran has rejected international requests to enter discussions on its nuclear program -- which it insists is for peaceful purposes -- and has declined to suspend nuclear enrichment before even beginning such talks. Pyongyang's claims of a test Sunday also place it at odds with many in the international community.

Administration officials say they hope North Korea's action will be a wake-up call to countries such as China and Russia, which have been reluctant to support even mild economic sanctions on Iran for uranium-enrichment work many see as a sign of weapons ambitions.

By the same logic, if North Korea emerges relatively unscathed from the provocative incident, that could further embolden Iran by showing it has little to fear in moving ahead on nuclear development.

U.S. officials say the key barometer in coming days will be how China responds to Pyongyang's action. Following the announcement, the Chinese Foreign Ministry called the test "brazen," a term Chinese diplomats say was meant to show the depths of Beijing's anger. Yet the official Chinese news agency Xinhua said Chinese President Hu Jintao told Mr. Bush that all countries should "avoid actions that may lead to escalation."

China hasn't made clear what measures it may support within the United Nations. U.S. officials hope that Chinese resolve in backing U.N. action on North Korea will bolster the chances for imposing similar measures on Iran.

"All eyes are on China -- and then Russia," a U.S. State Department official said.

The international struggle over both Iran's and North Korea's nuclear programs have reached the U.N. Security Council at the same time -- a collision of contrasting diplomatic efforts that the U.S. hopes to use to its advantage.

Germany along with the council's five permanent members -- the U.S., Britain, France, China and Russia -- decided last week to take up a sanctions resolution on Iran after Tehran turned down an incentives package and refused to give up its enrichment work.

North Korea last year also broke off international talks and turned down various incentives to give up its nuclear program.

The challenge for the U.S. now is to forge a strong international consensus on punitive steps toward North Korea that might spill over into talks later on Iran.

The cases of North Korea and Iran differ in many ways, as do China's interests in both countries. China long has been a close North Korean ally and economic lifeline. As a neighbor, Beijing fears the chaos of an economic collapse in North Korea at least as much as Pyongyang's new nuclear status. In Iran, China's interests are more sharply focused, since Tehran is China's largest single supplier of oil, accounting for nearly 18% of its oil imports.

The Security Council yesterday began to consider a sanctions package on North Korea that U.S. officials said would seek to block imports of nuclear and weapons technology and restrict a range of financial transactions. The proposed restrictions are very similar to ones the U.S. would like to see incorporated in a first Iran sanctions package.

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With North Korea, the Bush administration is going to have to overcome deep concerns in China and South Korea that punitive measures will stir instability in the impoverished and isolated country.

The issues couldn't be more different in the case of Iran. All members of the Security Council except the U.S. have substantial trade and financial ties with Iran, which is one reason why they have had trouble agreeing on sanctions that would put pressure on Tehran. Sanctions that would really sting, such as blocking oil exports or substantial imports of gasoline, aren't being discussed.

Most experts believe Iran is several years away from mastering the technology needed to build a nuclear weapon.

Experts and officials inside Iran argue that Iran's leadership has become more determined not to accede to international demands, which they argue are driven by the U.S. "One of the places we have [internal] differences over is how to deal with the West, but those differences are fading," said Kazem Jalali, an Iranian legislator involved in foreign policy.

Iranian state radio responded to the incident by blaming it on the U.S., saying that North Korea was simply responding to the continued pressure of U.S. sanctions. "North Korea's nuclear test was a reaction to America's threats and humiliation," it said. U.S. officials insisted the tricky diplomacy involved in forging an agreement on a North Korea resolution shouldn't delay work on an Iranian package, which is expected to begin at the end of the week.

Experts: N. Korea Test May Embolden Iran (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, October 10, 2006

North Korea's claim to have tested an atomic bomb could embolden Iran as it defies the U.N. Security Council and the United States over its own nuclear program, analysts said Monday.

For months, Iran has been under close scrutiny by the United States and Washington's allies, who claim the country is secretly developing nuclear weapons. Tehran insists its program is solely for generating electricity.

The world's attention turned abruptly from Iran to North Korea on Monday when the isolated communist nation announced it had set off an underground nuclear blast.

The announcement was met with a barrage of global condemnation, with President Bush saying it posed a threat to global peace and security. China, a longtime North Korea supporter, also strongly condemned the act.

How the Security Council reacts to North Korea will be watched "very carefully" in Tehran, said Robert Einhorn, a former U.S. assistant secretary of state for nonproliferation and a senior adviser at the Center for Strategic and International Studies in Washington.

"If the U.S. can't build consensus for a tough reaction to North Korea, Iran may see that it can go down the nuclear path with impunity," Einhorn said.

The international community's determination to confront Iran also may be diminished because the U.N. Security Council will be preoccupied with a new crisis, said Ray Takeyh, a senior fellow at the Council on Foreign Relations in Washington.

Hamid Reza Shokouhi, a political writer at the moderate Mardomsalari (Democracy) daily newspaper in Iran, said North Korea's reported test reduces pressure on Iran.

"The test doesn't mean Iran will pursue a similar path because Iran is not after a bomb, but will help Iran to buy time and pursue its program as the world concentrates on North Korea," he said.

Iranian President Mahmoud Ahmadinejad has repeatedly rejected Western calls to halt uranium enrichment, brushing aside an Aug. 31 Security Council deadline to stop enrichment or face possible sanctions.

But international sanctions against Iran have never been a sure bet, even after Tehran rebuffed the Security Council resolution. Strategic and political partnerships have pitted Washington and Britain calling for punitive measures on one side, and Russia and China urging negotiations on the other.

The Security Council was scheduled to discuss possible sanctions against Tehran this week.

Iran, meanwhile, has used the deadlock to continue its vocal confrontation with the United States and beef up its argument that under the Nuclear Nonproliferation Treaty, it has the right to have nuclear technology.

Elias Hanna, a former general of the Lebanese army and a military expert, said the North Korean test gives Iran further ammunition to go forward with its plans regardless if they are peaceful or not.

"The Iranians have the intention to go on with the program until the end. In Iran, the nuclear program is related to the nation's dignity, the continuation of the regime and the future Iranian role in the region," Hanna said.

Iran was not among the nations calling for harsh sanctions against North Korea on Monday, instead urging the U.N. not to punish Pyongyang and blaming the test on U.S. policies.

"Not only did the United States not lift the sanctions it had imposed on North Korea, it even increased the diplomatic pressure. Such pressure finally led North Korea to conduct its nuclear test," Iran's state-run radio said in a commentary.

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"North Korea's nuclear test was a reaction to America's threats and humiliation," it said.

British Prime Minister Tony Blair's spokesman declined to speculate on whether the North Korean test made resolving the standoff over Iran's nuclear program a more pressing concern, saying the "process on Iran will continue."

Einhorn said North Korea's reported test may defer Security Council talks on Iran for "days, even weeks," but that it will become the subject of intense talks again soon.

But reaching a consensus on Iran may take longer than on North Korea, he said.

"It looks like it will be somewhat easier to get consensus on North Korea because the Chinese are somewhat furious at this stage," Einhorn said.

Iran Warns Of Retaliation If Sanctions Imposed (AFP)

By Farhad Pouladi

AFP, October 10, 2006

President Mahmoud Ahmadinejad has vowed to impose retaliatory sanctions on world powers if the UN Security Council carries out threats to penalise Iran over its nuclear programme.

The warning came amid an intensifying global uproar Monday over North Korea's announcement of its first test of a nuclear weapon, a move which prompted Iran to declare it wanted a world free of atomic arms.

Ahmadinejad did not specify what kind of tit-for-tat measures might be imposed and Iran -- OPEC's second largest producer -- has always insisted it will not use oil as a weapon in the standoff.

"We will also impose sanctions on them," Ahmadinejad told reporters late Sunday in response to a question about a decision by the five Security Council permanent members plus Germany to discuss the prospect of sanctions.

"In the past 27 years they have always threatened us with sanctions and during this time they did everything they could," he said according to the student ISNA and semi-official ILNA news agencies.

"They do their thing and in return we will do ours."

Oil prices again spiked above 60 dollars a barrel in London trade as market players expressed fears the nuclear weapon test by North Korea might stiffen Iran's resolve in its standoff with the West.

Tehran, which is refusing to heed Western demands it suspend uranium enrichment, insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking nuclear weapons.

Iran's foreign ministry spokesman called for negotiations after the North Korean nuclear test but stopped short of issuing an explicit condemnation of Pyongyang's actions.

"Iran's position is clear and Iran on principle believes in a world free of nuclear weapons," Mohammad Ali Hosseini was quoted as saying by a state television anchor.

"Iran is hopeful that negotiations on North Korea's nuclear activities can go ahead in the interest of both North Korea and the international community," he added.

In a meeting late on Friday, representatives from Britain, China, Germany France, Russia and the United States agreed to discuss sanctions against Iran after it refused to heed a new deadline to halt uranium enrichment.

Considerable momentum towards drafting a sanctions resolution as early as this week appeared to have been generated by the meeting between top diplomats in London after weeks of talks with Iran failed to win a breakthrough.

But it remains to be seen whether this can be maintained amid the growing uproar over the announcement by North Korea early Monday it had conducted its first test of a nuclear weapon.

The UN Security Council was expected to hold an emergency meeting later Monday to weigh how to respond to North Korea's test, which came in brazen defiance of a previous UN resolution.

Such moves could take up precious time that was to be devoted to the Iranian nuclear issue and further stave off the threat of UN action.

It also remains unclear whether Russia and China will support sanctions measures proposed by the United States and its chief ally Britain. Moscow and Beijing have always insisted on a diplomatic solution to the crisis.

The question of Iran's right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

US Secretary of State Condoleezza Rice, who attended the London meeting, has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

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Republicans Stand To Profit From Nuclear Test 'fear Factor' (FT)

By Edward Luce

Financial Times, October 10, 2006

Within hours of North Korea's proclaimed nuclear test yesterday Dennis Hastert, the Republican speaker in Congress, and John Boehner, the Republican majority leader on Capitol Hill, issued politically charged statements. With only a month to go before mid-term congressional elections many Republicans believe the tests could help restore their waning prospects.

"This reckless move by North Korea highlights the importance of a US missile defence shield capable of protecting America against madmen with weapons of mass destruction," said Mr Boehner. "It is time for the Democrats . . . to abandon their long-standing policy of voting against missile defence programmes. It is now clear that such a position would put Americans in danger."

Republicans almost always benefit from any rise in the "fear factor" among voters in the US. However, Monday's move by Pyongyang could cut both ways. "Democrats can point to the zero progress that George Bush has made on the 'Axis of Evil' states since he identified them almost five years ago," said Bob Einhorn, who was a senior official in the Clinton administration dealing with North Korea in the late 1990s. "Iraq is a fiasco, Iran is close to getting nuclear weapons, and North Korea already has them."

On Monday the US president was more circumspect than his Republican colleagues in linking the test to the US's fetid electoral climate. In a statement condemning North Korea's "provocative action", Mr Bush hinted strongly that the US would take military action if it found evidence that Pyongyang was selling nuclear material or technology to terrorist groups or to other nation states.

Republican prospects have declined in the past two weeks following a scandal over a lawmaker's suggestive e-mails to teenage interns on Capitol Hill. The scandal, which has prompted calls for Mr Hastert's resignation as speaker, followed a revival in Republican fortunes in September that was linked to the "war on terror" after a series of speeches by Mr Bush around the fifth anniversary of the September 11 attacks.

Mr Bush's own approval ratings also rose in September in part because of public sympathy for the US president following attacks on him at the United Nations in New York by Presidents Hugo Chávez of Venezuela and Mahmoud Ahmadi-Nejad of Iran. There was also a rising focus on the Democratic party's divisions over the war in Iraq, with some party leaders calling for immediate withdrawal and others for a better military strategy on the ground.

Monday's tests could help the Republicans regain control of the news agenda. "Our message has been blown off course in the last few weeks," said Saul Anuzis, head of the Republicans in Michigan, one of the key battleground states. "To the extent this focuses people's minds on the dangers America faces it will help Republicans."

However, North Korea inhabits a far smaller space in the American mindset than Iran, in part because – unlike Tehran – Pyongyang poses no direct threat to Israel or to the increasingly combustible situation in Iraq. In addition, the Bush administration has come under attack from moderate Republicans for its reluctance to hold direct talks with either Iran or North Korea.

"The best thing both parties could do is issue a joint resolution condemning North Korea," said Michael Green, a former senior Bush official now at the Centre for Strategic International Studies. "North Korea misinterprets domestic criticism of Mr Bush as weakness. They do not understand our political system."

Republicans Point To Pyongyang In Bid To Garner Voter Support (WSJ)

By John D. McKinnon

The Wall Street Journal, October 10, 2006

WASHINGTON -- North Korea's claim of a successful underground nuclear test reverberated through U.S. politics, diverting attention from congressional scandals that have hurt Republicans' election chances.

Still, it was unclear whether the incident would help or hurt Republicans trying to rebuild credibility with voters on national security.

Republicans used Pyongyang's announcement to go on the attack in tight Senate races in Ohio and Pennsylvania, suggesting they see an opening to score points with security-conscious voters. Sen. Rick Santorum (R., Pa.), trailing Democratic challenger Bob Casey Jr. in polls, said the incident showed that "this is no time for inexperienced, weak leaders -- we must remain resolute in the fight to stop the spread of nuclear weapons to rogue nations." The national Republican Senate campaign issued a statement saying Mr. Casey has been endorsed by liberal foreign-policy groups and that he would oppose a national missile-defense system.

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Democrats said President Bush's hard-line policy on North Korea and on global threats more broadly has failed. In a statement, party chairman Howard Dean said the North Korean announcement was "further evidence that President Bush has taken his eye off the ball, allowing a member of the so-called 'axis of evil' to allegedly test a nuclear weapon."

Democrats also suggested the Bush administration has paid insufficient attention to the North Korean threat while spending most of its time on Iraq and Iran. Some said Mr. Bush exacerbated the North Korean problem through his policy of refusing to negotiate with its leaders directly.

Republican strategists say that if the party's candidates can get voters to focus on terrorism and national security above all else, they will gain a significant advantage. Indeed, recent polls show that, of all the issues, national security is the one that breaks the most often in Republicans' favor. In a Wall Street Journal/NBC News poll in September, voters said they preferred Republicans over Democrats in handling the war on terrorism, by 38% to 24%. But their margin slipped substantially during 2005, and while it has climbed in recent weeks, the party hasn't recovered to 2004 levels. An ABC News/Washington Post poll yesterday found Republicans further behind in the congressional race this close to Election Day than they have been for 20 years.

To be sure, polls indicate the war in Iraq remains a bigger concern for most voters than the global war against terrorism.

Still, in the hours after North Korea's announcement, most foreign-policy experts said the incident likely would give Republicans at least a short-term boost -- and not just by changing the subject from the House leadership's responses to the Mark Foley scandal. They said a test of a North Korean nuclear weapon -- which would be the first since 1998, when India and Pakistan both set off bombs -- also underscores the danger of nuclear proliferation among groups and nations hostile to the U.S. North Korea already is an exporter of missile technology to governments unfriendly to the U.S.

"The reaction quite broadly will be validation...of North Korea as a substantial threat," said Michael Levi, a fellow at the Council on Foreign Relations. "The big picture for Democrats is that this takes away attention from...the congressional scandals" where they had scored heavy political damage. By contrast, it will be difficult for Democrats to get much attention for their criticisms "because no one wants to hear anything but condemnation of [North Korean leader] Kim Jong Il."

But others played down the effect. "We now have evidence that the wildest and craziest regime in the world has working nuclear weapons," said Richard Betts, director of Columbia University's Saltzman Institute of War and Peace Studies. But, Mr. Betts added, "It's not a shocker -- we've known this could happen anytime."

In fact, the U.S. stock market shrugged off the news. The Dow Jones Industrial Average edged up 7.60 points to finish yesterday's session at 11857.81.

History has shown that a late-breaking national-security development -- the so-called October Surprise -- can affect U.S. elections. Al Qaeda circulated a videotape of Osama bin Laden just before the 2004 election in which the terrorist leader mocked Mr. Bush and warned American voters to stop electing candidates who harm Muslims, or risk another attack like 9/11. But the tape appeared to solidify voter support for Mr. Bush.

Bush: World Leaders United Over N. Korea (AP-Y)

By Deb Riechmann

AP-Yahoo, October 10, 2006

Facing the prospect of a nuclear-armed North Korea, President Bush on Monday called the communist regime's claim of a nuclear test a provocative act and warned Pyongyang against exporting nuclear materials.

"Once again, North Korea has defied the will of the international community, and the international community will respond," Bush said.

Other world leaders joined Bush in calling for an immediate and harsh rebuke from the United Nations against North Korean leader Kim Jong Il, who wants to join the club of nuclear-armed nations.

Bush has made national security a key issue in the midterm congressional elections, and Democrats said North Korea's success in raising the stakes in the nuclear standoff was evidence that Bush's policy was flawed.

The president called the leaders of South Korea, Russia, Japan and China, and he said they all reaffirmed a commitment to a nuclear-free Korean peninsula. At the United Nations, the U.S. proposed stringent sanctions, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

While concerned that North Korea could use a nuclear weapon offensively, the United States is equally worried about it selling nuclear materials or weapons to others. North Korea is believed to have enough plutonium for as few as four and as many as a dozen nuclear bombs.

Bush said that North Korea already is one of the world's leading proliferators of missile technology, including transfers to Iran and Syria.

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"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States," Bush said in a brief statement in the diplomatic reception room at the White House. "And we would hold North Korea fully accountable for the consequences of such action."

North Korea has been a major security problem for successive U.S. administrations. In 2002 the Bush administration accused the North of reneging on a 1994 nuclear freeze agreement by secretly undertaking a uranium enrichment program. That agreement became inoperative, and in the ensuing months, a defiant North Korea withdrew from the Nuclear Non-Proliferation treaty and ended the nuclear freeze.

In 2003, the United States joined with China, South Korea, Japan and Russia in an effort to negotiate the dismantlement of North Korea's nuclear weapons program in exchange for economic concessions. There have been no negotiations since November 2005 because of what Pyongyang describes as hostile U.S. policies.

Assistant Secretary of State Christopher Hill said a tough U.N. resolution would help protect the United States from the potential spread of nuclear technology and make it harder for North Korea to get the finances needed to fund a nuclear program.

"What the North Koreans have in mind is that if they go ahead and test, we may be angry now but at some point we'll get over it and we'll deal with them as a nuclear weapons state," Hill, the chief U.S. envoy to the North Korea nuclear talks, said in an Associated Press Television interview. "We're not going to deal with them as a nuclear weapons state. I don't think China will deal with them. I don't think any of their neighbors will deal with them."

Democrats condemned North Korea's actions and cited the reported test as evidence that Bush's foreign policy strategy is ineffective. They point to six-party talks with the United States, Russia, China, Japan, South Korea and North Korea that have stalled and so far failed to quell North Korea's nuclear ambitions.

Senate Minority Leader Harry Reid, D-Nev, said the Bush administration has for several years been in a state of denial about the growing challenge of North Korea, and has tried to downplay the issue.

Rep. Edward Markey, D-Mass., co-chairman of the House Bipartisan Task Force on Nonproliferation, said the test might have been avoided if the Bush administration had been more willing to fully engage North Korea diplomatically. "The Bush administration has spent six years without a coherent North Korea policy, leaving the United States rudderless in the face of Pyongyang's brinkmanship," he said.

Senate Majority Whip Mitch McConnell, R-Ky., said Democrats are acting as if Bush, not North Korea, is the enemy. He said Democrats have attacked Bush for having a go-it-alone strategy in Iraq and criticize his multilateral approach to North Korea.

"The Democrats need to take a deep breath and realize that this is not about the election, and that Americans don't want anyone playing partisan politics with the threat of nuclear weapons. Rather than attack the president, we ought to be coming together to support his efforts to protect America," he said.

The United States has not yet confirmed the test.

"We're leaving it to the scientists," White House press secretary Tony Snow said Monday. "It could take as much as a couple of days. The scientists are still going through all of it."

One U.S. official, who spoke on condition of anonymity because of the politically sensitive situation with North Korea, said the working assumption among government experts is that, more likely than not, it was a nuclear test. However, various government agencies were still evaluating the data, the official said.

The official said it can't yet be ruled out that conventional explosives could have caused a seismic event of this size. It could also be that the test — or even one stage of it — failed. In addition, the official said, if the test was conducted in a particularly cavernous area, the shockwave could have been muffled.

Bush Seeks Action From U.N., 6 Parties (WT)

By Joseph Curl

The Washington Times, October 10, 2006

President Bush yesterday called for an "immediate response" from the United Nations Security Council to North Korea's assertion that it had tested a nuclear weapon, as Senate Democrats demanded that the administration engage in one-on-one talks with the nation's increasingly belligerent leader, Kim Jong-il.

The White House rejected those calls, saying direct negotiations failed miserably during the Clinton administration and that the Bush administration plans to stick with six-party talks in an effort to persuade regional leaders, such as China, to apply pressure on North Korea.

"There's strength in numbers," White House spokesman Tony Snow said.

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Using carefully crafted diplomatic language, the president said in a brief statement yesterday morning that he spoke with the leaders of China, South Korea, Russia and Japan and that all agreed "that the proclaimed actions taken by North Korea are unacceptable."

Mr. Bush stopped short of threatening a direct U.S. response, instead saying "the United States remains committed to diplomacy."

"The United States condemns this provocative act. Once again, North Korea has defied the will of the international community, and the international community will respond," he said.

He said the United States and its allies will keep all options open.

"I reaffirmed to our allies in the region, including South Korea and Japan, that the United States will meet the full range of our deterrent and security commitments," he said.

Mr. Bush did not confirm that the North Korean test was nuclear, and early reports suggested that the blast may have been a failed nuclear test. "Nonetheless, such a claim itself constitutes a threat to international peace and security," he said.

In New York, John R. Bolton, the U.S. ambassador to the United Nations, said the United States would move quickly to seek a Security Council resolution condemning and possibly sanctioning North Korea.

"We've been working very, very closely with the government of Japan on this," Mr. Bolton said. "We're looking, as the president said in his comments, for very swift action by the Security Council."

Congressional Democrats, meanwhile, sought political advantage from the reported nuclear test.

"On North Korea, as in other national security policies, the Bush administration and the Republican-controlled Congress have made America less secure," said Senate Minority Leader Harry Reid, Nevada Democrat. "Now the White House must rally the international community and must directly speak with the North Koreans so they understand we will not continue to stand on the sidelines."

Sen. Joseph R. Biden Jr., Delaware Democrat, said: "We need a strategy that convinces the North to stop making bombs and put all of its fissile material under international monitoring. I believe that strategy must include direct engagement with the North."

Sen. John Kerry, Massachusetts Democrat, said, "Weapons of mass destruction pointed at our allies and strategic partners represents a shocking failure of President Bush's security policy, and a threat to the interests of peace and stability in the world."

House Majority Leader John A. Boehner, Ohio Republican, backed Mr. Bush. "It is critical that we support President Bush and our diplomats as they work with other members of the international community to demand North Korea's immediate disarmament," he said.

The reported test brings full circle the president's charge in his 2002 State of the Union address when he labeled Iraq, Iran and North Korea an "axis of evil."

Mr. Snow said the White House has been considering a "menu" of punitive sanctions for several weeks, but he did not indicate what action would be taken.

Earlier yesterday, he said the North Koreans alerted the Chinese about the test. The Chinese then notified the U.S. Embassy in Beijing, which passed the word to other U.S. officials.

Down, But Flush With Cash (NYT)

By John M. Broder

The New York Times, October 10, 2006

With only a month to go before the midterm elections, aftershocks of the reported nuclear test in North Korea reverberated through the political world. The crisis could prove an opportunity for President Bush and Republicans to change the subject after weeks of bad political news for them and refocus voters on the issue they think works best for the party, national security.

But the footing for Republican incumbents is still treacherous. Details emerge every day in the scandal surrounding Mark Foley's sexually explicit messages to teenage House pages and the Republican House leadership's handling of the matter. Political handicappers say the number of competitive races is expanding, with virtually all of the movement favorable to Democrats. At least 40 Republican-held House seats are considered competitive, with Democrats needing to win 15 to take control.

Republicans are fighting back with their most potent remaining weapon: money. The National Republican Congressional Committee spent $7.8 million last Friday alone on behalf of endangered incumbents. The committee reported spending an additional $300,000 on Monday. The Democratic Congressional Campaign Committee spent $700,000 on Friday and over the weekend, according to finance reports.

North Korea And The Bomb (NYT)

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The New York Times, October 10, 2006

Let us all agree: North Korea's government is too erratic, too brutal, and too willing to sell what it has built to have a nuclear bomb. There is also no military solution, not least because intelligence experts haven't a clue where Pyongyang has hidden its weapons labs or its stock of plutonium.

So after years of temporizing and denial, the world's leaders need to figure out how to force this terrible genie back into the bottle. It is a truism that no country that has tested a nuclear weapon has ever been pressured or cajoled into giving it up. But neither has any nuclear postulant been as vulnerable to outside pressure and bribery as this regime.

The Bush administration seems to want to impose limited sanctions on North Korea — and inspections of all cargo going into and out of the country — until it agrees to abandon its entire weapons program. We fear that won't be enough to quickly change Pyongyang's mind — while key players like China won't sign on to never-ending punishments.

We believe this must instead be a two-step process, starting with a Security Council-ordered ban on all trade, until the North agrees to stop expanding its arsenal. Pyongyang must be told that there will be no further attempt at negotiation until it halts all plutonium production, forswears additional tests and readmits United Nations inspectors.

In practice, the North Koreans are likely to back down only if China chokes off their oil supply and other essential trade. Until now Beijing has refused to use its enormous leverage, fearing that too much pressure could topple the North Korean government and unleash a mass of refugees over its border. When told they were enabling their neighbor's nuclear ambitions, Chinese diplomats blithely insisted that the North was likely bluffing about having a weapon. Now, Washington, Tokyo, Moscow and others have to make clear that China will be judged by its willingness to confront this problem.

The Security Council must also make clear that it is still demanding the complete dismantlement of Pyongyang's nuclear weapons program. For that, negotiations are the only hope. It is impossible to know whether North Korea will give up its weapons at any price. But it has never been tested — mainly because the Bush administration has not made the sort of serious offer, including security guarantees, that might make a bargain worthwhile.

The administration has indulged in its own denial and temporizing. Last year, Secretary of State Condoleezza Rice dismissed the North's declaration that it had nuclear weapons as a bid for attention. "I do think the North Koreans have been, frankly, a little bit disappointed that people are not jumping up and down and running around with their hair on fire," she told The Wall Street Journal.

Since then, United States policy has whipsawed between negotiations and posturing, incentives and sanctions. It has been months since negotiators even sat down at the table. Administration hawks suggested last week that perhaps the best thing would be for the North to test, so the world would know exactly what it was dealing with. The hawks appear to have gotten their way. So why don't we feel safer?

North Korea's Nukes (WSJ)

The Wall Street Journal, October 10, 2006

With great danger comes great clarity. By ordering his country's first-ever nuclear weapons test, Kim Jong Il lay bare this generation's greatest challenge: How far will the world go to impose order on rogue states intent on acquiring weapons of mass destruction?

History offers cold comfort. Only nine nations in the post-Soviet era possess nuclear weapons, but many more, including Tehran's mullahs, are seeking them. The U.S. and other responsible democracies have persuaded a few nations -- Ukraine, South Africa, Libya -- to disarm or abandon their weapons programs. In our globalized world, however, WMD proliferation is a potent threat, as proven by Pakistan's former nuclear-secrets merchant, A.Q. Khan.

Pyongyang, like Iran today, never hid its ambitions. For over a decade, the North has built up the world's fourth-largest military, threatened its neighbors and engaged in drug dealing, counterfeiting and WMD proliferation -- with little rebuke. At one point, the Hermit Kingdom threatened to turn Seoul into a "sea of fire." In 2002, Pyongyang announced it had nuclear weapons.

The world rolled over. After signing on to the nonproliferation treaty in 1985, Pyongyang later admitted to hiding additional nuclear reactors. China and South Korea continued to trade with the regime. In 1998 after North Korea lobbed a missile over Japan, the Clinton Administration agreed to food aid, and South Korea's then-President Kim Dae Jung began a policy of appeasement. After July's missile launches, the United Nations passed a resolution with limited sanctions.

South Korea shoulders much of the blame. By sticking to its "sunshine policy," Seoul undermined every diplomatic effort to exert nonviolent pressure on the North. Two-way trade between North and South Korea passed $1 billion last year, according to the U.S. State Department, a huge chunk of the North's total income. By tolerating Pyongyang's proliferation ambitions, President Roh Moo Hyun and his foreign minister, Ban Ki Moon, have allowed the current crisis to explode on its doorstep.

China, the North's largest trading partner, shares responsibility for this crisis. Fearing a torrent of refugees over its northeastern border -- and opposed to the idea of a strong, unified democratic Korean peninsula -- Beijing has provided 80% to

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90% of the North's energy needs, plus critical food aid. Beijing likes to say in public that it doesn't have much leverage over the North. Privately, Chinese officials admit that they're not powerless.

Only with the drumbeat of a possible nuclear test had the public rhetoric of both begun to shift. Seoul warned last week that "North Korea should take full responsibility for all consequences" of a nuclear test. In a rare public rebuke, a Chinese spokesman told the North to "exercise necessary calm and restraint." It remains to be seen whether Beijing's post-test response will equal its pre-test rhetoric.

A nuclear North Korea may change both countries' strategic calculations. China fears a nuclear arms race in the region, particularly with Japan whose new Prime Minister warned yesterday that the world is entering a "dangerous nuclear age." He's right. South Korea, too, may finally acknowledge the threat, not least because yesterday's test will renew the debate in Washington about the wisdom of keeping U.S. troops in the South.

What to do now? South Korea and especially China should rethink appeasement. It has failed. A full cut-off of energy supplies and foreign aid would help pressure Kim Jong Il. Opening the Chinese border to North Korean refugees would do so as well. Most important, the world should tighten the screws it already has in place, with success, on the North's external financial accounts. No dictator can run a rogue state without money. Kim might give up the nukes if the alternative was regime collapse. And to encourage the world's actors to get real about North Korea, the U.S. should make clear that a military response is not off the table.

Yesterday's test marks a new reality that will change security calculations in Asia and the world. We're about to find out how responsible an actor China wants to be on the world stage, or if it prefers having one of its clients creating trouble for the U.S. and Japan. At the very least Kim Jong Il has to know, and will have to be told, that any use of nuclear weapons by his regime or by anyone who can be traced to North Korea will result in his government's annihilation. U.S. Assistant Secretary of State Christopher Hill said the other day that North Korea "can have a future or it can have these weapons."

There will be renewed calls for bilateral talks between Washington and Pyongyang. This would be a mistake. Putting new money on the table and pulling sanctions off would be seen by Pyongyang and all others as a reward for defying the world and building a bomb. The next "development" will be another nuclear nation, starting with Iran.

Kim has opened a Pandora's box. Closing it won't be easy. The effort needs to be made to avoid the alternative: a new world disorder.

Responding To North Korea (WP)

The Washington Post, October 10, 2006

NORTH KOREA'S objective in the aftermath of its reported nuclear test will undoubtedly be to force its neighbors and the world to accept it as an established nuclear power. India and Pakistan succeeded in riding out sanctions and winning acceptance as "strategic partners" of the United States after their bomb tests. Kim Jong Il will try to repeat that history. Whether he succeeds will depend, above all, on the outcome of what we hope will be some serious rethinking by the governments of South Korea and China.

North Korea's neighbors, and not the United States, bear the burden of the North's decision to proceed with what it said was a nuclear explosion -- the small yield raised questions yesterday about whether the test could have been a flop or a fake. Beijing and Seoul have propped up Mr. Kim's despotic regime with heavy subsidies of fuel and food, reasoning that keeping it alive was better than a collapse that could flood their countries with refugees. The underlying logic was that the North's nuclear program was little more than a bargaining chip with the United States and did not pose a genuine military threat.

Both countries have to recalculate now. Is an outlaw dictatorship with nuclear weapons on the border really tolerable? Is the possibility that Japan or Taiwan will respond by building nuclear weapons less of a threat than a tide of refugees? What poses a greater risk of war: the possible collapse of the Kim regime, or an attempt by that regime to use its new weapon either to extort concessions from the South or to achieve its stated goal of conquering the whole Korean Peninsula? Most important: If subsidies and bribes have failed to moderate North Korean behavior over the past few years, is it reasonable to bet that they will do so in the future?

The Bush administration's response to the test should be uncomplicated. It will rightly press hard for new U.N.-sponsored sanctions. It should take any further measures that could increase the pressure on the North or prevent it from exporting its technology. It also should be prepared to talk to Mr. Kim about disarmament in the unlikely event he elects to take up the framework that was agreed on a year ago in the "six-party" negotiations. That agreement promised him substantial economic aid, security guarantees and normal relations with the United States; it's fanciful to suggest that the United States hasn't been forthcoming enough.

In the absence of workable military options, the United States probably cannot force North Korea to give up its bomb, nor can the United States overturn the regime. The real leverage lies with South Korea and China. Without their continued material

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support, and their insistence on shutting their borders to the North's desperate people, the Kim regime could not survive for long. Beijing and Seoul have said they would not accept the nuclearization of the Korean Peninsula. In fact, they do not have to. They do, however, have to choose between two unpleasant options: accepting a North Korean nuclear weapon or risking the "instability" in the North that they have tried so hard to prevent.

Kim Jong Il's Challenge To China (LAT)

The Los Angeles Times, October 10, 2006

WHETHER NORTH KOREA'S self-proclaimed nuclear test turns out to have been a big bang or a little pop, it already has done incalculable damage to global security. Yet however radioactive the geopolitical fallout, it cannot be allowed to damage relations between Beijing and Washington.

Recriminations already have begun in Washington, with politicians and pundits simply adjusting their debate to take Monday's events into account. The question is no longer how to persuade North Korean leader Kim Jong Il to abandon his quest for nuclear weapons but whether he could have been persuaded — and whether the approach was too bellicose toward Kim or too obliging to China.

This argument is now even more fruitless. But it could turn ugly if members of Congress already hostile to China because of its position on Taiwan or because of trade issues are joined by those who ask why Beijing didn't do more to stop North Korea from going nuclear.

The Bush administration should be careful not to let criticism from members of Congress distract it from diplomatic efforts to win more complete cooperation from the Chinese. But the Chinese need to decide once and for all whether they want to play the leading role in this crisis or whether they are content to continue to criticize the U.S. for failing to do so.

Beijing has implied that the administration's refusal to hold one-on-one negotiations with North Korea has made it impossible to make headway with Pyongyang. But if China doesn't want the U.S. to behave like a global hegemonist and doesn't want Japan to abandon its pacifist constitution, then it must share the responsibility for deterring and containing North Korea — or better yet, persuade it to disarm.

Chinese officials are said to roll their eyes in private at North Korean intransigence and to downplay their influence over Kim. Their act isn't terribly convincing. China is North Korea's last friend and ally and its biggest supplier of food and fuel. In 2003, it briefly shut off gas pipelines to make the point that Pyongyang had better agree to six-party negotiations over nuclear disarmament.

Chinese and South Korean reluctance to punish North Korea economically, lest privation trigger floods of refugees across their borders, is understandable. But both nations must now realize that their interest would be far more threatened by a nuclear arms race in the region and beyond.

With South Korean Foreign Minister Ban Ki-moon poised to become the next United Nations secretary-general, the international community should begin planning for humanitarian assistance for North Korean refugees. Such plans would be wise in any case — in the event stiff international sanctions are applied or Kim's regime collapses because of its own suicidal economic and political policies.

Meanwhile, the best course for the U.S. and China is to present a united, anti-nuclear stance to the world. Beijing's denunciation Monday of North Korea's actions was its strongest and swiftest in years. May it soon be matched by Chinese action.

Talking With The Monsters (NYT)

By Nicholas D. Kristof

The New York Times, October 10, 2006

If there's one overriding lesson from North Korea's apparent nuclear test, it's this: We need to negotiate directly even with hostile and brutal regimes.

It's probably too late to clean up the mess that President Bush has made on the Korean peninsula, but there is time to apply the lesson to Syria and especially Iran — where we may soon be facing a third military conflict in a Muslim country.

As former Secretary of State James Baker noted in an ABC News interview on Sunday: "I believe in talking to your enemies. ... It's not appeasement to talk to your enemies."

The administrations of both the first President Bush and of President Clinton talked to North Korea. That engagement sometimes seemed distasteful, but it averted war and created incentives for North Korea to moderate its behavior — just a bit.

The bottom line is reflected in the plutonium obtained by North Korea. Here's the scorecard: Amount obtained during the Clinton administration, zero; amount obtained under this administration, enough for about eight nuclear weapons. (North Korea

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has also tried since late in the Clinton administration to enrich uranium for a separate path to nuclear weapons, but apparently still hasn't succeeded and perhaps never will.)

"By not having any contact, we've lost any way of controlling or directing the outcome," noted James Laney, a longtime Korea specialist and former ambassador to South Korea. "As this test indicates, we're completely out of the picture."

The real culprit, of course, is not President Bush but Kim Jong-il, North Korea's "Dear Leader." That said, if Colin Powell and other administration moderates had been allowed to engage North Korea as they had wanted, we would not now be caught in this nuclear crisis.

Administration hard-liners believe that North Korea's regime may collapse at any moment. Maybe. But when I visited last year, the regime seemed as solid (and repressive) as when I first visited in 1989. Sure, it will collapse at some point, but waiting for disintegration is not a strategy.

Indeed, North Korea may be less vulnerable now, partly because its economy has improved significantly since the late 1990's as a result of increasing trade with China. Last year, North Korea's trade with China was double the level of 2002 and quadruple that of 1999.

The China-North Korea border crossing at Sanhe has just expanded its operations, and trade could rise sharply if the two countries follow through on discussions to expand rail links and export Chinese containers from the North Korean port of Rajin.

Mr. Bush's push for tough U.N. resolutions is welcome but is no substitute for direct talks. The reality is that even if China and South Korea were willing to apply tough economic sanctions to the North — which they are not — the Dear Leader would stick to his guns. After all, this is a man who imported Mercedes-Benzes in the late 1990's while two million of his compatriots were dying in a famine.

So our huffing and puffing won't cause North Korea to back down, but we could drift toward greater dangers: If we move to enforce naval inspections of ships coming in and out of North Korea, the Dear Leader will threaten war. I doubt if he means it — but I still wouldn't buy real estate in Tokyo, Okinawa or Seoul right now.

So what should we do?

While proceeding with U.N. resolutions, we should also talk to North Korea directly. It's probably too late to persuade it to give up its nuclear arsenal, but it's plausible that it would freeze plutonium production and suspend missile and nuclear tests. Those are feasible goals that China might use its leverage to help achieve.

To show that talking with enemies doesn't mean rolling over, we can also insist on raising human rights issues. American conservatives have led the way in protesting brutality in North Korea, but the protests simply aren't effective. The U.S. government could add to the pressure by going public with satellite images of concentration camps and publicizing other intelligence about North Korean human rights abuses.

The challenge is larger than North Korea, though — it concerns how to stand up to all of the world's rogue regimes. Notably, in the two where Mr. Bush has tried engagement he has enjoyed bits of success. Those are Sudan and Libya.

Even though Mr. Bush says that Sudan is engaging in genocide in Darfur, we continue (quite properly) to negotiate with Khartoum — and that helped end the war between north and south Sudan, after two million deaths. Likewise, negotiations with Libya led it to give up its W.M.D. programs.

In contrast, we eschewed most direct diplomacy with North Korea and Iraq, and the result has been disastrous. So as we lurch ahead toward a showdown with Iran, let's remember the historical evidence: We sometimes do better talking to monsters than trying to slay them or wish them away.

Mutually Assured Disruption (NYT)

By David Frum

The New York Times, October 10, 2006

Washington

THE North Korean nuclear test — if that indeed is what it was — signals the catastrophic collapse of a dozen years of American policy. Over that period, two of the world's most dangerous regimes, Pakistan and North Korea, have developed nuclear weapons and the missiles to launch them. Iran, arguably the most dangerous of them all, will surely follow, unless some dramatic action is soon taken.

It is, alas, an iron law of modern diplomacy that the failure of any diplomatic process only proves the need for more of the process that has just failed. Thus those who have long supported negotiating with North Korea are now calling for the Bush administration to begin direct talks with the Kim Jong-il regime. Sorry, but all this would accomplish would be to reward an actual proliferator in order to preserve the illusion that the world still has a meaningful nonproliferation regime.

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Some even suggest, in worried tones, that the North Korean test might provoke Japan to go nuclear, as if the worst possible consequence of nuclear weapons in the hands of one of America's direst enemies would be the acquisition of nuclear weapons by one of America's best friends.

A new approach is needed. America has three key strategic goals in the wake of the North Korean nuclear test. The first is to enhance the security of those American allies most directly threatened by North Korean nuclear weapons: Japan and South Korea.

The second is to exact a price from North Korea for its nuclear program severe enough to frighten Iran and any other rogue regimes considering following the North Korean path.

The last is to punish China. North Korea could not have completed its bomb if China, which provides the country an immense amount of food and energy aid, had strongly opposed it. Apparently, Beijing sees some potential gain in the uncertainty that North Korea's status brings. If China can engage in such conduct cost-free, what will deter Russia from aiding the Iranian nuclear program, or Pakistan someday aiding a Saudi or Egyptian one?

To meet these three goals, the United States should adopt four swift policy responses:

· Step up the development and deployment of existing missile defense systems.

The United States has already fielded 11 missile interceptors, nine in Alaska and two in California. The Navy has designed ship-based interceptors as well. As we well know, they are not perfect — but they are something.

Until now this lack of perfection has been allowed to block full deployment of the technology. But missile defenses do not need to be perfect to complicate any aggressive action by a comparatively weak power like North Korea against the United States or its allies.

And deploying a missile defense of growing effectiveness also helps achieve another goal — it would indirectly punish China by corroding the power of the missiles China uses to intimidate Taiwan.

· End humanitarian aid to North Korea and pressure South Korea to do the same.

Since 1995, the United States has provided more than two million tons of food aid to North Korea, plus considerable energy assistance. Officially, Washington says it has "delinked" its humanitarian aid from strategic concerns. Many United States officials believe that continuing this aid will sustain hopes for a better American-North Korean relationship in the future. Yet if the United States continues to send such aid even after an illicit nuclear test, North Korean leaders may well conclude that their aggressive actions have won them almost absolute impunity.

An end to humanitarian aid would not only exact a considerable direct price from North Korea, but it would also hurt China. Chinese leaders often justify their refusal to pressure North Korea by citing the risk of an economic collapse that would send millions of refugees northward into China. We could call that bluff: if a North Korean economic collapse is a thing China fears, why should the United States and South Korea shoulder the cost of helping to avert it? Let China pay the full cost of underwriting its aggressive client state.

· Invite Japan, South Korea, Australia, New Zealand and Singapore to join NATO — and even invite Taiwan to send observers to NATO meetings.

Perhaps North Korea and China imagine that the nuclear test has tilted the strategic balance in the Pacific in their favors. Now would be a good time to disabuse each of them of any such illusion. We need a tighter and stronger security arrangement in the Pacific region, one from which rogue states and those who support them are pointedly excluded. The NATO allies have agreed to expand the organization well beyond Western Europe; now we need to persuade them to make it global.

· Encourage Japan to renounce the Nuclear Nonproliferation Treaty and create its own nuclear deterrent.

World War II ended long ago, and it's time to put an end to the silly pretense that today's democratic Japan owes a burden of guilt to today's rising China. A nuclear Japan is the thing China and North Korea dread most (after, perhaps, a nuclear South Korea or Taiwan).

Not only would the nuclearization of Japan be a punishment of China and North Korea, but it would go far to meet our goal of dissuading Iran — it would show Tehran that the United States and its friends will aggressively seek to correct any attempt by rogue states to unsettle any regional nuclear balance. The analogue for Iran, of course, would be the threat of American aid to improve Israel's capacity to hit targets with nuclear weapons.

Countries like North Korea and Iran seek nuclear weapons because they imagine that those weapons will enhance their security and power. The way to contain them is to convince them otherwise. When nonproliferation can be prevented by negotiation, that is always preferred. But when negotiation fails, as it has failed in North Korea and is failing in Iran, rogue regimes must be made to suffer for their dangerous nuclear ambitions.

In A Test, A Reason To Talk (WP)

By Selig S. Harrison

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The Washington Post, October 10, 2006

Bilateral Diplomacy Could Still Roll Back North Korea's Nuclear Arms Effort

"You have learned to live with other nuclear powers," said Vice Foreign Minister Kim Gye Gwan, North Korea's chief nuclear negotiator, leaning forward over the dinner table in Pyongyang. "So why not us? We really want to coexist with the United States peacefully, but you must learn to coexist with a North Korea that has nuclear weapons."

"That doesn't sound like you are serious when you talk about denuclearization," I replied.

"You misunderstand me," he said. "We are definitely prepared to carry out the Beijing agreement, step by step, but we won't completely and finally dismantle our nuclear weapons program until our relations with the United States are fully normalized. That will take some time, and until we reach the final target, we should find a way to coexist."

This exchange foreshadowed the North Korean test of a nuclear explosive device that has prompted demands for a naval blockade or military strikes against known North Korean nuclear facilities. But my conversations with six key North Korean leaders on a recent visit indicated that the test opens up new diplomatic opportunities and should not be viewed primarily as a military challenge.

Paradoxical as it may seem, Pyongyang staged the test as a last-ditch effort to jump-start a bilateral dialogue on the normalization of relations that the United States has so far spurned. Over and over, I was told that Pyongyang wants bilateral negotiations to set the stage for implementation of the denuclearization agreement it concluded in Beijing on Sept. 19, 2005, with the United States, China, Russia, Japan and South Korea.

Washington focuses on Article One of the accord, in which North Korea agreed to "abandon all nuclear weapons and existing nuclear programs." But what made the agreement acceptable to Pyongyang was the pledge in Article Two that the United States and North Korea would "respect each other's sovereignty, exist peacefully together and take steps to normalize relations."

In North Korean eyes, it was a flagrant violation when, four days after the agreement was signed, the United States in effect declared economic war on the Kim Jong Il regime. The Treasury Department imposed financial sanctions designed to cut off North Korean access to the international banking system, branding it a "criminal state" guilty of counterfeiting and money laundering.

The sanctions issue has given the initiative to hard-liners in Pyongyang, who can plausibly argue that the sanctions are the cutting edge of a calculated effort by dominant elements in the Bush administration to undercut the Beijing agreement, squeeze the Kim regime and eventually force its collapse.

To be sure, the United States should take action against any abuse of its currency. But the financial sanctions are not targeted solely against counterfeiting and any other illicit North Korean activity. They go much further by seeking to cut off all North Korean financial intercourse with the world. The United States has warned financial institutions everywhere, Treasury Undersecretary Stuart Levey said Aug. 23, "of the risks in holding any North Korean accounts."

Foreign businessmen and diplomats in Pyongyang told me of numerous cases in which legitimate imports of industrial equipment to make consumer goods have been blocked by the banking sanctions. This slows down the efforts of North Korean reformers to open up to the outside world and curtails economic growth. So far, the sanctions do not appear to be undermining the regime, but North Korean leaders can feel the noose tightening.

The Bush administration says that it is not pursuing a policy of "regime change," but the president did tell Bob Woodward that he would like to "topple" Kim Jong Il, according to Woodward's book "Bush at War." Recently, when a State Department official told Levey that the sanctions should distinguish between licit and illicit North Korean activity, Levey replied, "You know the president loves this stuff." Robert Joseph, John Bolton's successor as undersecretary of state for arms control, said at a recent State Department meeting that he hoped the sanctions would "put out all the lights in Pyongyang."

To advance U.S. security interests, the United States should agree to bilateral negotiations. It should press North Korea to suspend further nuclear and missile tests while negotiations on normalization proceed, freeze plutonium production and make a firm, timebound commitment to return to the six-party talks. In return, the administration should negotiate a compromise on the financial sanctions that would reopen North Korean access to the international banking system, offer large-scale energy cooperation and remove North Korea from the State Department's list of terrorist states, thus opening the way for multilateral aid from the World Bank, the International Monetary Fund and the Asian Development Bank, all of which North Korea is actively seeking to join.

Playing games with "regime change" has become much too dangerous and should now give way to a sustained diplomatic effort to roll back North Korea's nuclear weapons program while it is still in its early stages.

The writer, a former Post bureau chief in Northeast Asia, is the director of the Asia program at the Center for International Policy and the author of "Korean Endgame."

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Iran: Sanctions Threat A 'Rusty' Weapon (AP)

By Nasser Karimi

AP, October 9, 2006

Iran called the threat of international sanctions over its disputed nuclear program a "rusty" weapon and repeated Sunday that it would not abandon uranium enrichment.

The six countries at the center of efforts to persuade Iran to drop uranium enrichment — a key step toward making nuclear weapons — said Friday they have agreed to pursue possible sanctions.

However, all five permanent security council members — the U.S., France, Britain, Russia and China — along with Germany stopped short of demanding Iran be punished by the U.N. Security Council.

"Both officials and people in Iran have always viewed threats of sanctions as a rusty and derelict weapon," Foreign Ministry spokesman Mohammad Ali Hosseini said at a weekly news briefing. "They are accustomed to the threats."

However, Hosseini said Iran does not "welcome sanctions" and that they would damage both Iran and the countries that impose them.

Although he reiterated Iran's determination to continue enriching uranium, Hosseini said "negotiation is the best way."

He said Iran will resume negotiations with European nations, talks that are seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council. Hosseini did not offer specifics on the talks, such as when they might begin.

In September, European Union envoy Javier Solana and Iranian envoy Ali Larijani ended two days of talks in Berlin with no agreement on the enrichment issue. They insisted, however, that they had made progress on ways to open broader discussions.

Those talks came after Iran ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

President Mahmoud Ahmadinejad on Sunday told a cabinet meeting: "Some bullying powers, applying intimidation and threats, intend to confront Iran's nuclear rights but our nation has strongly and smartly resisted," according to state television.

Iran Refuses To Halt Enrichment Despite Sanctions Moves (AFP)

By Stuart Williams

AFP, October 9, 2006

Iran flatly refused to suspend uranium enrichment despite moves at the UN Security Council to draft a sanctions resolution against it for failing to halt the sensitive nuclear work.

"The suspension is completely unacceptable and we have rejected it," foreign ministry spokesman Mohammad Ali Hosseini told reporters. "It has no place in Iran's peaceful nuclear programme."

His comments marked an unequivocal refusal from Tehran to back down in the face of pressure to suspend uranium enrichment, a process which the West fears could be diverted towards making nuclear weapons.

"The greatest sanction would be for a generation to deprive its own people and future generations of nuclear technology," he added.

In a meeting late on Friday, representatives of the five UN Security Council permanent members plus Germany agreed to discuss sanctions against Tehran after it failed to suspend sensitive uranium enrichment operations.

Senior US official Nicholas Burns said the so-called "5+1" group would start drafting this week a sanctions resolution, although he admitted finding a consensus on the extent of punitive measures would be difficult.

President Mahmoud Ahmadinejad also maintained his defiant stance, brushing off the intensifying moves to impose sanctions against Iran over its nuclear programme.

"The Islamic Republic of Iran is interested in talks and negotiations, and resorting to the language of force and threats will have no results with Iran," official media quoted him as saying.

Ahmadinejad also said in a meeting with his cabinet that Western powers "intend to achieve their aims through intimidation and threats".

"But our people are strong, wise and steadfast, and will not back down on their rightful position," he added, according to the ISNA news agency.

General Yahya Rahim Safavi, head of the Revolutionary Guards, warned that "in this sensitive situation we have to be ready to confront the probable foreign threats," ISNA also reported.

Alaedin Borujerdi, the head of parliament's foreign affairs committee, said any hasty measures by the West would spark "as a consequence a reaction by the parliament and national security council."

However the momentum towards imposing some kind of UN sanctions regime on Tehran appears strong after the London meeting, which gathered US Secretary of State Condoleezza Rice and top diplomats from the five other countries.

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In a statement issued by host Britain, the group agreed to discuss sanctions and lamented Tehran's refusal to suspend uranium enrichment, but insisted that the door remains open to negotiations if Tehran were to back down.

Burns, the US under secretary of state for political affairs, said that work on a new Security Council resolution under Article 41 of the UN charter, which allows for diplomatic and economic sanctions, would start next week.

It remains to be seen what kind of sanctions regime will be acceptable to Russia and China, which have both always insisted on the importance of a diplomatic solution to the crisis.

Hosseini claimed the world powers were split over what action to take against Iran.

"Divisions have even appeared within the UN Security Council. With the policy of Iran's government, these divisions have become more apparent," he said.

Iran's insistence on its right to enrich uranium lies at the heart of the crisis. The process can be used to make nuclear fuel and, in highly extended form, the fissile core of an atomic bomb.

Tehran insists its nuclear programme is solely for peaceful energy needs, vehemently rejecting US allegations that it is seeking to manufacture nuclear weapons.

Rice has said the United States wants a graduated series of sanctions, to be implemented through multiple UN resolutions that would ramp up pressure on Iran if it persists with its nuclear work.

The first set of measures is expected to focus on preventing the supply of material and funding for Iran's nuclear or ballistic missile programmes.

Other steps could include asset freezes and travel bans on officials linked to possible Iranian weapons programmes.

Domino Effect Of N Korean Nuclear Test Will Harden Iran's Resolve (AFP)

By David Millikin

AFP, October 9, 2006

A North Korean nuclear test could set a chain reaction rippling across Asia and to the doorstep of Iran, hardening the Islamic Republic's resolve to develop its own atomic arsenal, analysts warn.

North Korea's threat this week to carry out its first test of a nuclear bomb came just as the major world powers were finally on the verge of imposing timid sanctions against Iran over its far less developed nuclear program.

Foreign ministers from the five permanent UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany were expected at a meeting in London Friday to set in motion a UN resolution punishing Iran for refusing to suspend its nascent uranium enrichment program.

Iran insists it has the right to enrich uranium for use as fuel for nuclear power stations, but the West fears the fuel could be further enriched to provide material for nuclear weapons -- a development experts say is in any case years away.

The United States is confident a UN vote imposing even limited sanctions will have a powerful symbolic impact on Iran, strengthening the hand of moderates worried about their country's relations with the world and eventually leading Tehran back to the negotiating table.

But if North Korea carries out its threat -- and some predict it may test a bomb as soon as this weekend -- it could negate the impact of any sanctions on Iran and undermine attempts to take harsher steps in future if Tehran persists with its enrichment activities, analysts said.

"Iran is going to be watching the situation with North Korea very closely," said Joseph Cirincione, a foreign policy expert with the Center for American Progress in Washington.

"If North Korea is not deterred or punished, it will embolden Iran to accelerate its own nuclear efforts," he said.

More broadly, he said, a North Korean test would set off an "Asian nuclear chain reaction" that could spur an arms race from South Korea, Taiwan and Japan to India, Pakistan and Iran.

"You could let loose a dynamic that you're not going to be able to stop. The non-proliferation treaty will be in tatters," he said.

Even if North Korea can be dissuaded from going ahead with the test, the diplomatic capital spent on the effort by China and Russia -- the key players in both stand-offs -- could make them more reticent to act against Iran, said George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace.

"The Chinese are reluctant users of the Security Council and reluctant to be real tough on proliferation, so if you're going to want them to do something on North Korea, it's going to make them even more resistant to doing something on Iran," he said.

If dissuasion fails and North Korea goes ahead with a test, it remains uncertain how far China, and to a lesser extent Russia, are willing to go in shutting off the flow of oil and other goods that prop up their erratic and poverty-stricken neighbor.

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"They fear a nuclear North Korea, but they fear an unstable nuclear North Korea even more," said Cirincione, echoing the widely held view that severe sanctions would cause the collapse of Kim Jong-il's regime and send millions of refugees over the country's borders.

Many analysts say the only solution to both crises lies with Washington meeting North Korean and Iranian demands for direct, bilateral negotiations -- a move opposed by hawks in President George W. Bush's administration.

The hardliners, led by Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld, say such a concession would reward "rogue states" for their bad behavior.

Proponents of talks, believed to include Secretary of State Condoleezza Rice, point to the success of secret negotiations which led Libya to renounce terrorism and give up its illicit weapons programs three years ago.

The New York Times threw its weight behind negotiations in an editorial Friday, calling on Bush to drop his "ambivalence over whether to negotiate with Kim Jong-il or try to overthrow him" and engage in "real diplomacy to get the north out of the nuclear weapons business".

There have been calls for Rice or her top aides to make an emergency trip to northeast Asia for talks aimed at forestalling a test by North Korea, but her spokesman said Friday there were no immediate plans for such travel.

Iran Arrests Outspoken Cleric Who Opposes Religious Rule (NYT)

By Nazila Fathi

The New York Times, October 9, 2006

TEHRAN, Oct. 8 — A senior cleric who opposes religious rule of Iran and a number of his followers were arrested Sunday after clashes with the riot police over the weekend, news agencies reported.

About 1,000 supporters of the cleric, Ayatollah Mohammad Kazemeni Boroujerdi, gathered outside his home and on the streets leading to it on Saturday, the semiofficial ILNA news agency reported. They were there apparently to protect him from arrest and to protest the arrests over the past month of other supporters who had tried to protect him after a court had summoned him.

Another news agency, Entekhab, also reported that Ayatollah Boroujerdi and some supporters had been arrested. News reports quoted officials as saying that members of the crowd came armed with knives and daggers, and the reports said the riot police used tear gas to disperse them.

Ayatollah Boroujerdi said that he had written to the United Nations secretary general, Kofi Annan, to the European Union foreign policy chief, Javier Solana, and to Pope Benedict XVI and others seeking protection and asking them “to make efforts to spread traditional religion,” separate from politics, ILNA reported.

“I believe people are fed up with political religion and want traditional religion to return,” ILNA quoted Ayatollah Boroujerdi as saying.

Protesters who were interviewed on opposition radio and satellite television channels Saturday said that the supporters of Ayatollah Boroujerdi were prepared to die in his defense.

The Iranian authorities are wary of any challenge, particularly from top clerics, to the system of clerical rule that was established after the 1979 Islamic revolution by the revolutionary leader, Ayatollah Ruhollah Khomeini.

Iran has an elected president and Parliament, but final authority lies with the supreme leader, currently Ayatollah Ali Khamenei.

Iranian authorities had charged Ayatollah Boroujerdi with lacking sufficiently senior religious credentials to speak out on the matter. They also accused him of sacrilege.

He had been summoned over a month ago to the Special Court for the Clergy, but refused to surrender.

Haniyeh: Hamas Won't Recognize Israel (AP-Y)

By Sarah El Deeb, Associated Press Writer

AP, October 9, 2006

Palestinian Prime Minister Ismail Haniyeh said Sunday his Hamas-led government will not recognize Israel and has problems with a widely touted Arab peace plan because it does.

International assistance to the Palestinians has dried up because the militant Hamas movement will not recognize Israel and renounce violence.

But Haniyeh repeated the Islamic militant group's hardline principle the despite the crippling Western sanctions which have bankrupted his government, led to strikes and demonstrations by public service workers and clashes between Hamas forces and police identified with the rival Fatah.

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Haniyeh, addressing an "Iftar" feast at the end of a day of Ramadan fasting, said Hamas and the government "will not recognize or normalize" relations with Israel.

He also said the main problem with the Arab peace plan, presented in 2002 by Saudi Arabia and endorsed by an Arab summit, is that it recognizes Israel in exchange for an Israeli pullout from the West Bank, Gaza Strip, east Jerusalem and Golan Heights.

Haniyeh said he still hopes for a unity government with Fatah. But Palestinian President Mahmoud Abbas, who heads Fatah, said last week that negotiations have broken down. Abbas was expected to travel from the West Bank to Gaza Monday and may present Hamas a deadline for agreeing to a unity government. Otherwise, aides say, Abbas might call a new election.

Haniyeh hinted that peacemaking with Israel could be left up to Abbas. Haniyeh said the unity concept "leaves a lot of room for political maneuvering" for Abbas.

The U.S. has made it clear that the option of a Hamas-led government maintaining its militant policy while Abbas conducts peace talks is unacceptable.

The United States and Europe have insisted that any Palestinian government must accept three basic conditions before the West resumes its aid: recognition of Israel, renunciation of violence and acceptance of previous Israeli-Palestinian peace deals.

Jordan's foreign minister warned Sunday that Palestinians face "a humanitarian tragedy" unless peacemaking with Israel resumes quickly.

"It is absolutely necessary to consolidate international efforts to provide assistance to the needy Palestinian people," Abdul-Ilah al-Khatib told visiting U.N. Mideast envoy Alvaro De Soto in Amman, the Jordanian capital.

Israeli Vice Premier Shimon Peres advised patience.

"In the end, (Palestinian) people will be disappointed" with Hamas' inability to govern and turn it out of office. "Hamas let people down" by its inability to pay its workers, Peres told Israel's Channel 10 TV.

The deteriorating financial situation and the political infighting spilled over into violence last week, killing 11 people in Gaza. Addressing 300 religious and political leaders in Gaza at a "unity and reconciliation" feast on Sunday, Haniyeh appealed for calm.

"We may criticize each other, raise our voices," he said. "However, it is certainly our concern and religious and moral commitment that matters don't come down to conflict, infighting and civil war."

The West imposed its aid cutoff in March, when Hamas formed a government after sweeping Fatah out of office in a parliamentary election. Since then, the government — the main Palestinian employer — has paid out little money to its 165,000 workers.

Angry workers threatened Sunday to widen their protests, paralyzing the West Bank and Gaza Strip by bringing employees of the petroleum authority into their strike and drying up local fuel supplies if the government does not pay them.

"In our hands are cards that have not been used yet," said Ahmad Assaf, a spokesman for the Union of Civil Servants.

In violence Sunday, two Palestinians were killed in the West Bank. Palestinian gunmen ambushed Israeli forces in a refugee camp next to Nablus, and a militant was killed, Palestinian security and the military said.

In the afternoon, a Palestinian man was shot and killed on his way to break the Ramadan fast with family, relatives said. Israeli media said he was circumventing an Israeli checkpoint. The army said it was unaware of any shooting incident in the area and its forces had not opened fire.

Qatar Emerges As A Mediator Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, October 10, 2006

JERUSALEM, Oct. 9 — Qatar, which has not traditionally played a major role in Palestinian affairs, tried Monday to revive stalled negotiations on a national unity government between the feuding Palestinian factions, Fatah and Hamas.

In Gaza City on Monday night, Qatar's foreign minister, Sheik Hamad bin Jassim al-Thani, shuttled between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniya, of Hamas.

The Qatari diplomat was seeking to bring the Palestinian leaders back into face-to-face negotiations that fell apart after a tentative agreement was reached last month to form a united government.

Until last week, Egypt was the main Arab mediator in the bitter rivalry between Hamas and Fatah. The feud erupted into deadly street battles in Gaza on Oct. 1 and 2.

At about the same time, Qatar's role began to emerge when Mr. Abbas and the exiled Hamas political leader, Khaled Meshal, both turned up in the tiny gulf state. While there was no indication that the two Palestinians met, both reportedly held talks with Qatari officials, including the foreign minister, who presented a six-point plan for the Palestinian unity government.

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Last week's talks did not appear to yield progress. When Mr. Abbas returned to his headquarters in the West Bank city of Ramallah, he said that negotiations with Hamas had collapsed and that he was prepared to use his presidential powers to dismiss the government.

But Mr. Abbas traveled to Gaza, the Hamas stronghold, and met for 90 minutes on Monday night with Sheik Hamad. Immediately afterward, he met Mr. Haniya nearby.

"Nothing has failed," Mr. Abbas said in brief comments to reporters after his meeting. "God willing, it will all be resolved."

Since assuming power in the spring, the Hamas government has barely functioned. Western countries cut off assistance, Israel has arrested dozens of Hamas legislators and cabinet ministers, and unpaid Palestinian government workers have gone on strike.

A unity government would seek a restoration of Western aid and could help end, or at least reduce, the Palestinian infighting. But the factions have been unable to agree on several core issues, including a formal recognition of Israel, which Fatah accepts and Hamas rejects.

Qatar's plan, as reported in the Palestinian media, calls for a two-state solution to the Israeli-Palestinian conflict, which could be viewed as an implicit recognition of Israel.

It also calls for a prime minister who is not directly connected to either Hamas or Fatah. Hamas has said it will not be pushed out of positions it holds based on its victories in the January elections.

While Qatar has not been a major player in the Israeli-Palestinian conflict, it has maintained contacts with both sides and has sought a more prominent role, said Mkhaimar Abusada, a political science professor at Al Azhar University in Gaza City.

Qatar established low-level ties with Israel, and it also allowed Hamas leaders to live within its borders for a time when Jordan forced them to leave years ago, Mr. Abusada noted. "Qatar has long wanted to play this role as mediator," he said.

Meanwhile, in violence on Monday, a 15-year-old Palestinian boy, Mahmoud Nasser, was killed and four more Palestinians were wounded by an Israeli artillery strike in northern Gaza, Palestinian medical workers and the Israeli military said.

The military said that it launched artillery at a Palestinian who was retrieving a rocket launcher that had been used Saturday to fire into southern Israel. The militants fled after firing the rocket, leaving the launcher behind.

Palestinian medical workers said the youth had apparently been working in a farming field and approached the launcher. Mahmoud's father, Jamal Nasser, 50, was one of those wounded, the Palestinians said.

Near the West Bank city of Nablus, an Israeli soldier shot dead a Palestinian man who pulled a knife at a military checkpoint and tried to stab another soldier, the military said.

Danish Web Videos On Muhammad Taken Down (WP/AP)

By Jan M. Olsen

The Washington Post, October 10, 2006

COPENHAGEN, Oct. 9 -- Videos showing anti-immigrant party members mocking the prophet Muhammad were pulled from Web sites Monday as two youths seen in the clips were reported in hiding and the Foreign Ministry warned Danes against traveling in the Middle East.

Muslim clerics from Egypt and Indonesia condemned the video broadcast in Denmark last week showing members of the Danish People's Party youth wing with cartoons of a camel wearing the head of Muhammad and beer cans for humps. A second drawing placed a turbaned, bearded man next to a plus sign and a bomb, all equaling a mushroom cloud.

In a move aimed at defusing tension, the Danish Foreign Ministry invited ambassadors from Muslim countries to discuss the video Monday. It was unclear how many diplomats took part in the meeting or which countries they represented.

Prime Minister Anders Fogh Rasmussen condemned the youths in the video Sunday, saying that "their tasteless behavior does in no way represent the way the Danish people or young Danish people view Muslims or Islam."

Citing critical media reports from many Muslim regions, the Foreign Ministry cautioned against travel to the Gaza Strip, the West Bank, Saudi Arabia, Lebanon, Jordan, Egypt, Iraq, Iran, Syria and Turkey.

The video was produced by an artists' group, Defending Denmark. In a message posted along with the video, the group said it had infiltrated the Danish People's Party Youth for 18 months "to document [their] extreme right-wing associations."

"This is not an example of something that is meant to provoke. This is an example to show how things are in Danish politics," artist Martin Rosengaard Knudsen told Danish public radio.

In Jordan on Monday, a powerful umbrella group for about 200,000 professionals including engineers, doctors and journalists called on Muslims to sever relations with Denmark, saying the video "reveals hatred toward the Prophet who came to the world with a message to enlighten the people."

Hard-line Muslims and leftists in these professional associations have repeatedly called on the government to abolish a 1994 peace treaty with Israel.

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The episode comes in the aftermath of an outcry across the Muslim world over the September 2005 printing in a Danish newspaper of 12 cartoons portraying Muhammad. For most Muslims, any artistic rendition of Muhammad is taboo.

Venezuela Has Deficit As Chávez's Spending Outpaces Oil Gains (WSJ)

By Raul Gallegos

The Wall Street Journal, October 10, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chávez's spending has exceeded his government's gains from oil sales this year, resulting in a deficit that many believe will grow in coming months. The Andean country's accumulated deficit stood at 4.9 trillion bolivars ($2.28 billion) at the end of July, according to the latest central-bank figures.

Venezuela's oil industry accounts for about one-third of gross domestic product and one-half of government revenue. "We expect to see a deficit of $7.7 billion this year," or 4.3% of gross domestic product, said Andreas Faust, an economist at Banco Mercantil in Caracas.

Mr. Chávez has continued to fund popular social programs that include free health care, education and subsidized food, as he seeks another six-year term in office in December elections. He has raised salaries of state workers, continues to fund state enterprises and gives soft loans to favored industries. Many analysts expect total spending to surpass 120 trillion bolivars or almost 40% of GDP by year's end.

State spending has pushed up prices for goods and services, resulting in 12.5% inflation as of September.

The Venezuelan economy grew 9.6% during the first half of the year. Central bank officials expect the year to end with economic growth of 7% to 8%.

Most economists agree the Chávez administration has enough money to fend off fiscal trouble for at least 18 months in the unlikely case that prices for Venezuela's heavy crude basket fall significantly. Mr. Chávez has set aside an estimated $47 billion in discretionary funds.

Briefly: LA PAZ, Bolivia -- Bolivian Vice President Álvaro García Linera said he is confident his government and foreign energy companies can agree on new gas contracts before a Nov. 1 deadline. The "nationalization" decree signed by President Evo Morales on May 1 called for the transfer of a 51% ownership stake in all energy projects to a state-owned energy company, and said if new contracts aren't signed with six months, the companies -- including Brazil's Petrobras, France's Total SA and Spanish-Argentine Repsol-YPF -- would lose their concessions.

Arab League Nations Offer Peacekeeping Troops For Darfur (WP/AP)

Associated Press

The Washington Post, October 9, 2006

CAIRO, Oct. 8 -- Arab countries have launched a new effort to push Sudan toward a compromise over U.N. peacekeepers for Darfur, offering to dispatch a force of Arab and Muslim troops to the troubled region, diplomats said Sunday.

The Arab League diplomats said Sudan's president rejected the initial proposal -- as he has all suggestions for a U.N.-affiliated contingent, regardless of the makeup -- but promised to suggest an alternative soon, in a sign that the Arab effort might show more promise than other attempts to stop the humanitarian crisis.

"The situation is deteriorating and needs intervention," said Hesham Youssef, a top aide to the league's secretary general, Amr Moussa.

Youssef said the Arab negotiators believed that the world community and the United States should be flexible.

"The Americans should realize that there should be a compromise," he said.

The new push could be a significant step in the stalled effort to reach a compromise over Sudan's rejection of a U.N. Security Council resolution that would let the United Nations take control of and significantly expand a peacekeeping force in the western Darfur region, run so far by the African Union.

The two sides are still far apart, however. And it was unclear how much leverage the Arab countries -- close neighbors and supporters of Sudan's Arab-dominated government -- have or how strongly they intended to press the proposal.

The United States has asked its moderate Arab allies such as Egypt to take a greater role on Darfur, with Secretary of State Condoleezza Rice making it a key mission of her Mideast trip last week.

The violence began in 2003, when the Sudanese government, backed by a local Arab militia called the Janjaweed, mounted a bloody military campaign against civilians suspected of supporting Darfur rebel groups. War and disease have left as many as 450,000 people dead, and 2 million have been displaced.

Fears that the tensions could spread were highlighted this weekend when Sudanese soldiers crossed the border into eastern Chad to fight a group of Darfur rebels, leaving more than 300 people injured, an aid worker said Sunday, speaking on condition of anonymity because he was not allowed to divulge information to the news media.

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Chadian government spokesman Hourmadji Moussa Doumgor said he had no information about the battle.

Some analysts have said they believe Arab countries will be loath to press their proposal too hard unless the United States makes progress on other issues important to them, such as Israeli-Arab peace efforts.

Another possible negotiator, China, is believed to have strong leverage with Sudan because it is Sudan's main oil partner. But China so far has indicated it believes Sudan has the right to keep the peacekeepers out.

African-Arab nations such as Algeria, Egypt and Mauritania already have small contingents operating in Darfur with the African Union peacekeepers.

Ruling Belgium Coalition Takes Hit (AP-Y)

By Constant Brand, Associated Press Writer

AP, October 9, 2006

Early results showed the party of Belgium's prime minister giving ground to a far-right, anti-immigrant party in bellwether local elections Sunday, less than a year before national elections are expected.

Prime Minister Guy Verhofstadt sought to put a brave face on the losses of his Liberal Democrats.

"The average trend of the Flemish Liberal Democrats is not so good," Verhofstadt said. "We must acknowledge that the government has had a few bad months and we know that whoever leads faces the most fire."

The biggest winners in Sunday's vote were the right-wing Flemish Interest party and the Christian Democrats.

"We have gone so far ahead. ... We have won spectacularly. We are the winners of this election," said Flemish Interest party Chairman Frank Vanhecke. The party made big gains in almost all the 308 municipal councils across the region of Flanders.

The party attributes its success to efforts to tap into concerns about a perceived rise in crime, degradation of inner-city neighborhoods and an increase in asylum seekers and illegal immigrants.

It expanded well beyond its traditional support base of Antwerp to win the most votes in seven municipalities outside of that city. It was another major victory for a party that has been scorned by the country's political class.

Flemish Interest, which ran on an anti-immigrant platform, has been kept in opposition in Antwerp by an unlikely coalition whose only common cause is keeping the city out of the hands of the far right.

That scenario is likely to be repeated in other areas after Sunday's election. Despite its strong showing overall, the party is unlikely to take part in governing, even in municipalities where it now has the largest number of seats on the city council.

Early results also showed losses for Verhofstadt's Socialist coalition partners in the southern Wallonia region and in the capital region of Brussels.

Verhofstadt had hoped to stem major losses before national elections expected in either May or June and to keep in place his fragile coalition for a run at a third term in office.

Danish Tape Galls Muslims (NYT)

The New York Times, October 9, 2006

FRANKFURT, Oct. 8 — Danish state television broadcast videotape on Friday showing young members of the right-wing Danish People's Party engaged in a competition to draw humiliating cartoons of the Prophet Muhammad.

The images were videotaped in August by an artist who posed as a member of the party to document attitudes among young members.

Muslim leaders in Denmark condemned the video but said they would not be goaded into taking action. Last fall a Danish daily published derogatory cartoons of Muhammad that prompted protests.

Vietnam Trade Plan Upsets Some Retailers (USAT)

By David J. Lynch, Usa Today

USA Today, October 9, 2006

Officials want bill passed before Bush trip to Hanoi

WASHINGTON — An unusual Bush administration maneuver designed to pave the way for congressional approval of normalizing trade relations with Vietnam has triggered an uproar among major retailers.

The administration's dealmaking has imperiled prospects for expanded trade with Vietnam and invited a host of trade-affected industries to seek their own special deals, the retailers say. "We're pretty upset," says Eric Autor, vice president of the National Retail Federation.

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The administration wants the Vietnam trade bill passed before President Bush journeys to Hanoi for the Nov. 18 opening of the Asia-Pacific Economic Cooperation (APEC) summit. But Sens. Elizabeth Dole, R-N.C., and Lindsey Graham, R-S.C., had blocked a vote, fearing the impact of low-cost Vietnamese clothing on Carolina mills.

In response, trade officials offered unique protections for the textile industry, including a twice-yearly Commerce Department review of "whether there is sufficient evidence to initiate an anti-dumping investigation of any textile or apparel goods from Vietnam," said a Sept. 28 letter signed by Commerce Secretary Carlos Gutierrez and Susan Schwab, the U.S. Trade Representative.

The letter also said any anti-dumping penalties could be applied "retroactively" to retailers such as Target, Liz Claiborne and The Gap, effectively encouraging them to buy from countries such as Cambodia or Bangladesh rather than Vietnam. If Vietnam exports sag, their ability to buy more U.S. products will be in doubt, Autor says.

Textile industry supporters insist they need new defenses. "Vietnam has a state-owned and state-subsidized textile and apparel sector. They can underprice not only our goods, but those of every other country in the world," says Cass Johnson, president of the National Council of Textile Organizations.

The industry, which blames foreign competition for the loss of 179,000 textile jobs in the past five years, worries that Vietnam will take clothing orders from Central American garment makers who use U.S. yarns and fabrics.

Under anti-dumping law, industries claiming damage from unfairly priced imports must petition the government for an investigation. But they can only complain about foreign makers of the same products they make. So North Carolina's fabric mills can't complain about Vietnamese clothing shipments.

The government has the authority to start investigations on its own, but rarely does. The last case, against Canadian softwood lumber shipments, was in 1991, the Commerce Department says.

Susan Esserman, who administered U.S. anti-dumping law as an assistant secretary of Commerce in the Clinton administration, says the new textile deal "is a very unusual move. It would create uncertainty and risk, and have a chilling effect on trade."

But Esserman, now a partner at Steptoe & Johnson, a Washington law firm, says anti-dumping investigations of Vietnamese shipments won't automatically mushroom. And Stephen Norton, a spokesman for the U.S. Trade Representative's office, rejected the idea that other industries might win similar protection.

"Our commitment is … specific to Vietnam and specific to this case," he said.

Johnson, however, says textile makers may seek similar protection against Chinese imports when current safeguard measures expire Jan. 1, 2009.

US Think-tank To Launch China Policy Centre (FT)

By Edward Luce In Washington

Financial Times, October 9, 2006

The Brookings Institution, one of the US's oldest think-tanks, will this week launch a China policy centre in Washington and Beijing.

It will be funded by John Thornton, former chairman of Goldman Sachs who quit the investment bank in 2003 to teach at Tsinghua University in Beijing. He has committed $2.5m (€2m, £1.3m) a year for the next five years.

Brookings says the initiative – the first time it has launched a centre devoted to one country and its first centre outside the US – is aimed at improving the US's understanding of what is seen as the world's foremost emerging power.

"China's rise is the most important geopolitical event of our lifetime," said Mr Thornton during an interview.

"American policymakers need to acquire a much more sophisticated understanding of what is happening in China domestically and why – a grasp that is often lacking in Washington."

Strobe Talbott – the head of Brookings, who was deputy secretary of state during the Clinton administration – said that it would scrutinise China's growing diplomatic, economic and military power and analyse questions such as the impact of China on global warming.

"It is clear we are living in a post-Kyoto [the climate change agreement] world," said Mr Talbott.

"One of the most pressing questions is how and whether China will become part of the solution to the crunch between its energy needs and global warming. What we need is a Shanghai protocol on climate change."

Mr Talbott said the other two pressing questions about China were how it would manage its political system as it opened up to the world, and what impact China's rise would have on international institutions such as the United Nations and the World Trade Organisation.

Brookings is also planning a centre dedicated to India, the world's other emerging economic superpower.

"The triangular relationship between the US, China and India will shape the world in the coming decades," Mr Talbott said.

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He said the evolution in the Bush administration's stance – from branding China a "strategic competitor" in 2001, to calling on it to become a "responsible stakeholder" – was positive.

"China talks of its own 'peaceful rise'," he said. "It is important America engages with China in a way that assists that process."

But the US should be wary of exaggerating China's military clout and painting it into a corner on other disputes, such as its currency overvaluation and growing trade surplus with the US, he said.

Mr Thornton said the approach of Hank Paulson, the US treasury secretary and a former colleague of his at Goldman Sachs, who visited China last month, set a benchmark for how US officials should interact with their Chinese counterparts.

China's Iron Grip (WP)

By Fred Hiatt

The Washington Post, October 9, 2006

It's no secret that China in recent years has stepped up its repression of political, religious and journalistic freedoms, to only the mousiest of objections from the outside world.

Less well known is that China feels so unconstrained that it is brazenly harassing dissidents in the suburbs of Washington, D.C., too.

Just ask Rebiya Kadeer, who now lives in Fairfax County. In April, Kadeer's grandson noticed four men videotaping and photographing the family's ground-floor apartment from a car parked outside. He called to his mother, who wrote down their license plate number. Kadeer passed that on to Rep. Frank Wolf (R-Va.), who enlisted the FBI, which determined that three of the four men in the rented car were Chinese agents.

Of course, surveillance and intimidation are the least of what China's regime has inflicted on Kadeer. She was the victim of a mysterious hit-and-run accident in January; her children back home in China have been beaten and jailed; she herself spent nearly six years in prison.

Which leads to the question: Why would this 60-year-old grandmother with a sparkling smile arouse such fear and hatred in the powerful Communist rulers of Beijing? And what does that tell us about the nature of the regime that will be hosting the Olympics in less than two years?

These questions have come to the fore because Rebiya Kadeer has been nominated for the Nobel Peace Prize, the winner of which will be announced this week. Of course scores of people are nominated every year, but the talk alone has so infuriated Chinese officials that they have taken to threatening Norwegian officials with grave consequences if Kadeer should win.

So who is she? Former laundress, self-made businesswoman, mother of 11, member of the Turkic minority known as Uighurs who live in far western China. In the 1990s, China's regime elevated her to the national parliament, where she behaved as though China's virtuous laws on ethnic rights and autonomy were meant to be enforced.

She found out otherwise, and in 1999 was imprisoned for providing "state secrets" to foreigners. The "secrets" were newspaper clippings. Last year she was freed early from her eight-year sentence and exiled to the United States on the condition that she keep quiet.

"I nodded my head, for fear they would not let me go," she told me in an interview last week. "I had no choice. But after I came out, I couldn't not speak out for my people."

Her people consist of about 9 million Uighurs in China and 2 million or so elsewhere, mostly in Central Asia. Like the Tibetans, they have been subjected to decades of grinding repression that has left them, as a group, "nearly in a comatose state," Kadeer said. Forced abortions; children taken away to be raised in what she calls "mainland China"; history falsified; native language disfavored; jobs and natural resources delivered to ethnic Chinese -- the story is familiar.

Repression intensified in 1997, Kadeer says, when the Chinese government felt that its rising power allowed it to stop even pretending about autonomy. It worsened again after the Sept. 11, 2001, attacks. The Uighurs are Muslim, and among them are a few violent separatists; the Chinese took advantage of the "war on terror" to imprison thousands of peaceful Uighurs as terrorists.

Kadeer has now been similarly labeled, though an official dispatch in June gave away the real Chinese objection. Kadeer "promised not to take part in any activities endangering the security of the People's Republic of China," the dispatch complained, but "immediately upon arriving overseas she shed her pretense" and became active with pro-democracy forces. Kadeer, in other words, is a threat because she is an effective, engaging spokeswoman for her cause.

Ten years ago, when Kadeer still had hope for the Chinese system, so did American officials: engagement, trade and rising prosperity would lead to openness and political freedom, or so the theory went.

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Instead, as a rare open letter to President Hu Jintao from 54 China experts around the world noted on Sept. 29, there has been a "sharp increase in official retaliation" against human rights advocates and their families "through persistent harassment, banishment, detention, arrest, and imprisonment."

Even in Fairfax County.

Putin Promises Probe Of Journalist's Slaying (WP/AP)

The Washington Post, October 10, 2006

MOSCOW, Oct. 9 -- President Vladimir Putin pledged to President Bush on Monday that authorities would do everything they could to find the killers of an investigative journalist who was a fierce critic of Kremlin policy toward Chechnya.

In a phone conversation, Putin said that "all necessary efforts will be made for an objective investigation into the tragic death" of Anna Politkovskaya, gunned down in an apparent contract killing Saturday.

Putin's remarks were his first on the slaying of the 48-year-old award-winning reporter who uncovered abuses of civilians in Chechnya.

Her newspaper has offered a reward of nearly $1 million for information that would help solve the crime, which provoked worldwide condemnation.

Colleagues said she had been working on a story about torture and abductions in the war-ravaged province -- abuses she blamed on the Moscow-backed prime minister, Ramzan Kadyrov. "I dream of seeing him tried," she said in an interview days before her death.

Moscow Rally Memorializes Slain Reporter (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 9, 2006

MOSCOW, Oct. 8 -- Hundreds of Russians attended a rally in Moscow on Sunday to commemorate Anna Politkovskaya, a veteran journalist who was fatally shot in an apparent contract killing Saturday, and the country's top law enforcement official said he was taking personal charge of the investigation because of its "particular importance and its wide resonance within society."

"The investigation will focus on possible links between the killing and Politkovskaya's work," said Marina Gridneva, a spokeswoman for the prosecutor general, Yuri Chaika, who is now heading the probe into the journalist's death.

The killing of Politkovskaya, a fierce critic of the Kremlin and its proxies in the conflict in Chechnya, was the second assassination of a crusading figure in Moscow in less than a month. In September, Andrei Kozlov, a Central Bank official who had led a campaign against corruption, was gunned down as he left a soccer match in the city. That case remains unsolved.

The two killings challenge the notion that President Vladimir Putin has eradicated the vicious score-settling that marked Russian society in the 1990s or that his centralization of power has fostered stability. The killings also raise questions about whether it is safe for journalists, bureaucrats or opposition activists to challenge the country's vested interests, whether public or private.

"The murder is a diagnosis for this society," Igor Yakovenko, head of the Russian Union of Journalists, said of Politkovskaya's death. "But our society is unconscious."

The Kremlin has issued no statements about the killing. Putin on Sunday held a government meeting that usually results in statements on any number of issues.

Politkovskaya, 48, was shot in the chest and head Saturday afternoon in the lobby of her apartment building in Moscow. The gunman threw the weapon at her feet, the signature of an assassin. Police say a surveillance camera just outside the building captured an image of a suspect, a young man who was wearing dark clothes and a baseball cap.

The killing of Politkovskaya, whose work had long focused on human rights abuses by Russian forces and their Chechen allies through two wars in Chechnya, generated a wave of domestic and international revulsion and calls for the Russian authorities to solve the crime -- something that signally failed to happen after the killings of other journalists here.

Politkovskaya, who worked for the Novaya Gazeta newspaper, was the 13th journalist killed since Putin came to power in 2000. She was the third Novaya Gazeta journalist slain in the past 15 years, according to the paper's deputy editor, Vitaly Yaroshevsky.

Politkovskaya had received numerous death threats in the past and at one point fled to Vienna after credible evidence of a plot against her surfaced. In her reporting in Chechnya, she braved the hostility of Russian officers, who feared and loathed her. In 2000, she was detained, beaten and subjected to a mock execution by her military captors. Last year, her daughter, one of two adult children, was nearly forced into oncoming traffic while driving Politkovskaya's car, which was then smashed by unknown assailants.

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"It is extremely important to break the circle of inconclusive investigations . . . of the recent murders of journalists in Russia," Miklos Haraszti, a representative on media freedom for the Organization for Security and Cooperation in Europe, said in a statement. "The violent death of any member of the media stifles the free spirit of journalism. But in this case, the expediency of action is extremely important also because Anna Politkovskaya was an outspoken critic of government policies."

"It's amazing that we haven't heard a single word from Putin," said Vladimir Korsunsky, editor of the news site Grani.ru, who attended a roundtable discussion about the killing with other prominent journalists Sunday evening. The group called for a national day of mourning on Tuesday.

According to Novaya Gazeta, Politkovskaya was about to publish an exposÃ© of torture and kidnappings by forces allied with Chechnya's prime minister, Ramzan Kadyrov, a frequent subject of her work.

"We never got the article, but she had evidence . . . and there were photographs," Yaroshevsky told Echo Moscow radio.

Kadyrov told the Russian news agency Interfax that he was "deeply aggrieved to hear the news of Politkovskaya's murder. I was shocked by this bloody terror act."

But he added, "One cannot speak about any 'Chechen trail' based only on assumptions."

One of Novaya Gazeta's co-owners, Russian billionaire Alexander Lebedev, said he was offering a nearly $1 million reward for information leading to the capture of those who ordered and carried out the killing. Former Soviet leader Mikhail Gorbachev also owns a minority stake in the newspaper.

The rally in Moscow on Sunday was originally organized to call attention to the plight of Georgians living in the city who have been harassed by authorities because of heightened tension between Russia and Georgia, according to human rights activists. But the Georgian focus of the event was overshadowed by Politkovskaya's death.

"Judging by the gathering today, there are people who are willing to do something," Georgy Satarov, head of the Indem Foundation, a nongovernmental organization that monitors corruption, said after speaking at the rally. "But there are not enough people to change the situation."

Slaying Of Russian Reporter Jolts Nation (WT)

By Michael Mainville, The Washington Times

The Washington Times, October 9, 2006

MOSCOW -- The slaying of investigative journalist Anna Politkovskaya sent shock waves across Russia yesterday and raised fresh doubts about press freedoms under President Vladimir Putin.

Russian Prosecutor General Yuri Chaika took personal charge of the investigation into her shooting death Saturday at her Moscow apartment, citing the case's "particular importance and its wide resonance within society."

Press reports said police were focusing on footage from a security camera in the lobby of her apartment building that showed the suspected killer, a tall young man wearing dark clothing and a black baseball cap.

A 48-year-old mother of two, Mrs. Politkovskaya was the 13th reporter to die in a contract-style killing since Mr. Putin came to power, according to the Committee to Protect Journalists. Most have gone unsolved.

Mrs. Politkovskaya had gained recognition at home and abroad for her relentless reporting of human rights abuses in Russia, particularly in Chechnya. She was one of the few remaining journalists in Russia willing to report on abuses in the southern province and openly criticize Mr. Putin.

She had been repeatedly threatened and had fled to Vienna, Austria, in 2001, before returning to Moscow after several months. She was convinced that she had been poisoned on a flight to cover the 2004 school siege in Beslan, in which more than 330 people died when troops stormed a school held by Chechen rebels.

Mrs. Politkovskaya had said she fell unconscious after drinking a cup of tea during the flight and woke up in intensive care.

Her colleagues in Russia said they have no doubt Mrs. Politkovskaya's killing was connected with her work.

"There can be no other reason she died [than] because of her duties as a journalist. This was a politically motivated killing," said Vitaly Yaroshevsky, a deputy editor at Mrs. Politkovskaya's newspaper, Novaya Gazeta.

Mr. Yaroshevsky said that in the days before her death, Mrs. Politkovskaya had been working on a story documenting new cases of kidnapping and torture in Chechnya. It was to be published today.

In a radio interview on Thursday, Mrs. Politkovskaya hinted at the explosive nature of her story, saying she would be appearing as a witness in an abduction and torture case directly implicating the Kremlin-backed prime minister of Chechnya, Ramzan Kadyrov.

Human rights groups have repeatedly accused Mr. Kadyrov's forces in Chechnya of widespread abuses, but Mr. Kadyrov has always denied any personal involvement in torture. In the interview, she called him the "Stalin of our times" and a "heavily armed coward."

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Her killing came two days after Mr. Kadyrov's 30th birthday, prompting some speculation that the assassination was served up as a present. Saturday was also Mr. Putin's birthday.

Hundreds of people gathered in central Moscow yesterday to pay tribute to Mrs. Politkovskaya and denounce attacks on the press. "The Kremlin has killed freedom of speech," read one poster at the gathering.

Born in New York, where her parents were Soviet diplomats at the United Nations, Mrs. Politkovskaya began her journalism career at the newspaper Izvestia and started covering Chechnya for Novaya Gazeta in 1999.

Elegant, with large reading glasses and gray hair, Mrs. Politkovskaya hardly fit the picture of a war correspondent. Yet her detailed and harrowing accounts of killings, torture and beatings of civilians by Russian servicemen in Chechnya were considered some of the finest reporting from the region.

"My notes are written for the future. They are the testimony of the innocent victims of the new Chechen war, which is why I record all the detail I can," she wrote in her 2003 book "A Dirty War: A Russian Reporter in Chechnya."

In 2004, she published "Putin's Russia" -- a highly critical political biography that accused Mr. Putin of failing to shake off his past as a KGB agent. "He persists in crushing liberty just as he did earlier in his career," she wrote in the book's introduction.

In a postscript written in July 2004, she said the killing a day earlier of Paul Klebnikov, the American-born editor of the Russian edition of Forbes, reflected the worst of what Russia had become under Mr. Putin.

"Yes, stability has come to Russia. It is a monstrous stability [in which] nobody in his or her right mind seeks protection from the institutions entrusted with maintaining law and order, because they are totally corrupt.

"Lynch law is the order of the day, both in people's minds and their actions. An eye for an eye, a tooth for a tooth."

No Suspects In Russian Journalist's Slaying (WSJ)

By Guy Chazan

The Wall Street Journal, October 9, 2006

MOSCOW -- The killing of investigative reporter Anna Politkovskaya has underscored Russia's status as one of the deadliest places in the world for independent journalists and highlights the dangers facing Russians who seek to expose abuses of state power.

Ms. Politkovskaya, whose reporting on Russian atrocities in Chechnya won her numerous international awards but also made her a host of enemies, was shot dead in the elevator of her Moscow apartment block Saturday afternoon. Investigators said the contract-style killing appeared to be linked to her work as a journalist, but they haven't identified any suspects.

Ms. Politkovskaya's reporting had in recent years featured hard-hitting criticism of the pro-Russian authorities in Chechnya. Colleagues at her newspaper, Novaya Gazeta, said she had been working on an article for today's edition claiming torture of Chechen civilians by security forces loyal to the region's pro-Moscow prime minister, Ramzan Kadyrov.

Although no one has been charged, Ms. Politkovskaya's death has cemented Moscow's reputation as a world capital of high-profile, politically tinged murders, few of which have been solved. Journalists have often been targeted: Two years ago the American reporter Paul Klebnikov, editor of the Russian edition of Forbes, was shot dead in downtown Moscow. Senior officials also aren't immune. Last month, Andrei Kozlov, a central banker who led a crusade to clean up Russia's crime-infested banking sector, was gunned down outside a Moscow sports stadium.

Such assassinations have persisted in Russia despite President Vladimir Putin's pledge to institute a "dictatorship of law." Although his crackdown on the opposition has ensured a measure of political stability, crime and corruption have eroded popular confidence in the state.

Ms. Politkovskaya's killing could have a chilling effect on a journalistic community already cowed by Mr. Putin's crackdown on the independent press. "Anna's murder was political," said Liudmila Alekseyeva, one of Russia's best-known human-rights campaigners and head of the Moscow Helsinki Group. "She wrote about the crimes of the state...and the only way the state could silence her was by killing her."

Ms. Politkovskaya's slaying "is a terrible murder, and it is being dealt with at the highest level," said Dmitry Peskov, a spokesman for Mr. Putin. "Police and investigators will spare no effort to find those responsible."

In Washington, State Department spokesman Sean McCormack said the U.S. was "shocked and profoundly saddened" by the murder and urged an immediate and thorough investigation to bring her killers to justice.

Some observers expressed skepticism that the perpetrators would be found. Few of the 12 murders of reporters in the past six years have been solved. "Russia is one of the most murderous places in the world for journalists, and it has a long history of impunity in these killings," said Joel Simon, executive director of the New York group Committee to Protect Journalists.

A mother of two grown children, Ms. Politkovskaya, 48, worked for Novaya Gazeta, a muckraking weekly publication partly owned by former Soviet President Mikhail Gorbachev. She joined in 1999, just before Russia sent troops into the southern region of Chechnya to crush a separatist revolt, and quickly made a name for herself with her dramatic reports from the war zone.

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She was one of the only Russian journalists to travel regularly to Chechnya and chronicle the sufferings of Chechen civilians while also describing the hardships suffered by ill-fed and ill-equipped Russian soldiers. Her articles later came out in a book, "A Small Corner of Hell: Dispatches from Chechnya," which sealed her reputation in the West as one of the bravest voices in Russian journalism.

In 2001, Ms. Politkovskaya received death threats from a Siberian policeman, Sergei Lapin, whom she had accused of torturing and kidnapping civilians while stationed in Chechnya. Fearing for her safety, Ms. Politkovskaya's editors placed her under protective guard and later bundled her off to Austria for a few months. Meanwhile, on the basis of her reports, Mr. Lapin was tried in March 2005 and sentenced to 11 years in jail.

Then, in September 2004, Ms. Politkovskaya, who had by then emerged as one of the most outspoken domestic critics of Mr. Putin, claimed she was poisoned while flying to southern Russia to cover the seizure of hostages by militants at a school in Beslan. She was hospitalized and nearly died.

In recent years the focus of her reporting shifted to Mr. Kadyrov, the controversial Chechen strongman handpicked by the Kremlin to impose order in the rebel region. In her last published article, she claimed his security force -- known as the "Kadyrovtsy" -- was dominated by petty criminals and murderers who had switched to the pro-Russian camp solely to settle personal scores. Mr. Kadyrov has repeatedly denied claims that members of his forces have engaged in criminal activity or abused human rights.

In an article on its Web site yesterday on the slaying, Novaya Gazeta said one theory is that Ms. Politkovskaya may have been killed by enemies of Mr. Kadyrov in an attempt to discredit him. Mr. Kadyrov turned 30 last week, making him eligible for the Chechen presidency. He has many foes in a region where blood feuds often last generations.

"What's clear is that she somehow threatened the interests of very high-placed people in Russia, and as we can see, very dangerous people," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta.

Another Russian Journalist Murdered (WSJ)

The Wall Street Journal, October 9, 2006

On Saturday, one of the Russian President Vladimir Putin's fiercest critics was shot dead in her apartment block. Anna Politkovskaya was famous for her coverage of human rights abuses in Chechnya -- a conflict largely ignored by most of the increasingly state-controlled Russian media. She accused the region's Moscow-backed prime minister, Ramzan Kadyrov, of torture and abductions of civilians.

In her last interview, given to U.S.-run Radio Free Europe, Ms. Politkovskaya said she was a witness in a criminal case against the Kremlin's strongman in Chechnya. "These are cases of kidnappings, including one criminal case concerning an abduction personally involving Ramzan Kadyrov, a kidnapping of two people, whose photographs are now on my desk," the AP quoted from Sunday's rebroadcast on Ekho Moskvy.

Today, her newspaper Novaya Gazeta had planned to run her latest investigative report on the dirty war in Chechnya. Her death disrupted the publication. "We never got the article, but she had evidence about these (abducted) people and there were photographs," Deputy Editor Vitaly Yerushensky told Ekho Moskvy radio, according to the AP.

Prosecutor-General Yury Chaika personally took charge of the investigation of her murder, his office said Sunday. We'd have more confidence in the state's determination to find the killer and his contractors if the death of journalists, particularly critics of the Kremlin, wasn't such a routine affair. Ms. Politkovskaya is the 13th journalist murdered in Russia since former KGB agent Putin has become president. Among the many unsolved murder cases is that of American journalist Paul Klebnikov. The editor of Forbes Russia was gunned down in Moscow in 2004. Then-Prosecutor General Vladimir Ustinov also said he'd take "personal control" of the investigations. Two years later, the Klebnikov family is still waiting for any convictions.

Where lawlessness rules, reporters run a particular risk. According to the New York-based Committee to Protect Journalists, Russia is the third deadliest place in the world for journalists, behind Iraq and Algeria. Ms. Politkovskaya is the most prominent, and one of the bravest, free voices to be extinguished in Mr. Putin's Russia.

Anna Politkovskaya (WSJ)

By Garry Kasparov

The Wall Street Journal, October 9, 2006

NEW YORK -- The news came when I was getting ready to sit down in front of an audience with the New Yorker's editor, David Remnick, at the New Yorker Festival on Saturday. Suddenly we had a tragic new topic for our talk about the crisis in Russia today. Anna Politkovskaya was dead, shot down in cold blood in her apartment building. One of the few remaining voices of independent journalism in Russia, Anna was a fearless journalist best known for her reporting on the government's atrocities in Chechnya.

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To know Anna was to know how profoundly she cared. She felt the pain of others deeply and communicated that passion in her work. She documented the illegal acts of the Russian security forces in the Northern Caucasus and the brutality of Ramzan Kadyrov and other Kremlin proxies in the region. She tenaciously investigated the government cover-ups around the Beslan and the Nord-Ost theater terrorist attacks, in which hundreds of civilians were killed. She took on the most sensitive stories and the most painful subjects. She was an inspiration because she was never intimidated, because she never wrote a line she didn't believe in passionately.

And on Saturday -- President Vladimir Putin's 54th birthday -- Anna Politkovskaya was murdered. Her killers made no attempt to disguise what their act was, no attempt to make it look like anything other than a politically motivated assassination. Even Russian politicians who always worked to contradict and downplay her reports are calling it a political murder.

But what does that mean in a country where one person is in control of everything? This brutal episode cannot be taken outside the context of recent events in Russia. The forces in control here are facing an impending crisis and fault lines are beginning to appear in the Kremlin's vertical power structure. The authoritarian structure that Mr. Putin has built in Russia has been very profitable for his circle of friends and supporters. Income is siphoned off from every region of the country. Business and politics have been combined into a streamlined process for bleeding the nation dry. Now, however, Mr. Putin and his associates are approaching a dilemma. The president's term of office ends in 2008 and this efficient machine is threatening to explode. Should Mr. Putin stay or should he go?

The chaos that will surely occur if Mr. Putin leaves office is relatively easy to understand. Any mafia-like structure is based on the authority of the top man. If he leaves, or appears weak, there is a bloody scramble for his position. Whoever wins that battle must then eliminate the others to consolidate his grip, so the fighting is fierce. Perhaps only 10% of the combatants will pay in blood or incarceration and ruin, but nobody knows who will be in that 10%.

To avoid that dangerous uncertainty, some of Mr. Putin's closest lieutenants are dedicated to making sure the top man stays right where he is. The problem with this plan is that Mr. Putin is constitutionally prevented from staying in office beyond the end of his term in 2008. The main obstacle is not the Constitution, which can be easily adjusted to the Kremlin's requirements; the obstacle is that, after he has made so many statements about his intent to step down in 2008, Mr. Putin would lose almost all his legitimacy in the West if he exercised this option. Of course, his regime has never shown concern for the voices of America and Europe, and feeble indeed those voices have been. But the money his associates have become so adept at squeezing from Russian assets resides almost entirely in Western banks. If the Russian government loses its veneer of legitimacy, these accounts could begin to receive an unpleasant amount of scrutiny.

So what can the ruling elite do to avoid both the chaos of succession and the loss of easy relations with Europe and the U.S.? The answer is becoming clearer every day if you read the headlines and look at the big picture. The Kremlin is exaggerating and fabricating one crisis after another, all combining to create an image of imminent peril. Those who believe they have burned every bridge and cannot afford to see Mr. Putin step down are trying to build a case that he is the only alternative to anarchy.

The political showdown with Georgia has led to a government-sponsored racist campaign against Georgians living in Russia. Mr. Putin's latest statement on this issue was trumpeted as a major victory by Russian ultranationalists, who were delighted to hear his unequivocal endorsement of their platform. Inflammatory language of this sort is, of course, prohibited by our Constitution, which the president is sworn to protect. But what of that!

I am not even certain whether or not Mr. Putin himself desires to stay on. It's a stressful job and he certainly will not lack for material comforts when he retires, unless of course the next government finds itself in need of a scapegoat.

There is little to be gained from speculating about who exactly ordered the murder of Anna Politkovskaya. The system that encouraged the crime, the logic that made it politically expedient for some of those in power, that is the true face of Mr. Putin's Russia. This is the same Russia that chairs the G-8 and the same Russian leader who received the Grand Cross of the Legion of Honor from Jacques Chirac. With the assassination of Anna Politkovskaya, the forces of corruption and repression in Russia have now made it plain that there is nothing they won't do to stay in power. This is obviously bad news for my country. But it is catastrophic for every nation that these forces continue to receive the approval of the leaders of the free world.

Mr. Kasparov, former world chess champion, is chairman of the United Civil Front in Russia.

A Moscow Murder Story (WP)

By Anne Applebaum

The Washington Post, October 9, 2006

She wasn't charismatic, she didn't fill lecture halls and she wasn't much good at talk shows either. Nevertheless, at the time of her murder in Moscow Saturday, Anna Politkovskaya was at the pinnacle of her influence. One of the best-known journalists in

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Russia and one of the best-known Russian journalists in the world, she was proof -- and more is always needed -- that there is still nothing quite so powerful as the written word.

The subject of Politkovskaya's writing was Russia itself, and in particular what she called Russia's " dirty war " in Chechnya. Long after the rest of the international press corps had abandoned Chechnya -- it was too dangerous for most of us, too complicated, too obscure -- she kept telling heartbreaking Chechen stories: The Russian army colonel who pulled 89 elderly people from the ruins of Grozny but received no medals, or the Chechen schoolboy who was ill from the aftereffects of torture but could get no compensation. A hallmark of her books and articles was the laborious descriptions of how she tried, and invariably failed, to get explanations from hostile and evasive Russian authorities. At the same time, she had no patience for the fanatical fringe of the Chechen independence movement either.

Over the years Politkovskaya won scores of international prizes. At home she was threatened, arrested and once nearly poisoned by the same Russian authorities who refused to respond to her questions. The only official acknowledgment of her status was backhanded: In 2002, when Chechen rebels stormed a Moscow theater, she was called upon to help negotiate the release of hostages. She failed to keep them alive, and now she is dead too.

Politkovskaya was not, it is true, the first Russian journalist to be murdered in murky circumstances since 2000, when President Vladimir Putin came to power. Among the worst crimes -- all, of course, unsolved -- were the murders of two provincial journalists from the city of Togliatti, probably for investigating local mafia; of Paul Klebnikov , the American editor of Forbes magazine's Russian edition, probably for knowing too much about Russia's oligarchs; and of a Murmansk television reporter who was critical of local politicians.

Nevertheless, Politkovskaya's murder marks a distinct turning point. There was no attempt to disguise the murder as a theft or an accident: Her assassin not only shot her in broad daylight, but he left her body in the elevator of her apartment building alongside the gun he used to kill her -- standard practice for Moscow's arrogant hit men. Nor can her murder be easily attributed to distant provincial authorities or the criminal mafia: Local businessmen had no motivation to kill her -- but officials of the army, the police and even the Kremlin did. Whereas local thieves might have tried to cover their tracks, Politkovskaya's assassin, like so many Russian assassins, did not seem to fear the law.

Of course if this murder follows the usual pattern in Russia, no suspect will ever be found and no assassin will ever come to trial. But in the longer term, the criminal investigation isn't what matters most. After all, whoever pulled the trigger -- or paid someone to pay someone to pull the trigger -- has already won a major victory. As Russian (and Eastern European) history well demonstrates, it isn't always necessary to kill millions of people to frighten all the others: A few choice assassinations, in the right time and place, usually suffice. Since the arrest of oil magnate Mikhail Khodorkovsky in 2003, no other Russian oligarchs have attempted even to sound politically independent. After the assassination of Politkovskaya on Saturday, it's hard to imagine many Russian journalists following in her footsteps to Grozny either.

There are jitters already: A few hours after news of Politkovskaya's death became public, a worried friend sent me a link to an eerie Russian Web site that displays photographs of "enemies of the people" -- all Russian journalists and human rights activists, some quite well known. Above the pictures is each person's birth date and a blank space where, it is implied, the dates of their deaths will soon be marked. That sort of thing will make many, and probably most, Russians think twice before criticizing the Kremlin about anything.

And there is, at the moment, a lot to criticize. With crises brewing in Iran, Iraq and North Korea, few have had time to notice the recent escalation of the political dispute between Russia and Georgia, or to ponder the political consequences of Europe's increasing reliance on Russian gas, or to worry much about minor matters such as the deterioration of press freedom in Russia. Critics of Anna Politkovskaya's writing did complain, on occasion, that her gloom could be overbearing: She was one of those journalists who saw harbingers of catastrophe in every story. Still, it is hard for me not to write about her murder in the same foreboding tone that she herself would have used. It is so much like one of the stories she would have written herself.

Another Killing In Moscow (NYT)

The New York Times, October 10, 2006

Anna Politkovskaya, gunned down over the weekend in Moscow, was the 13th Russian journalist killed since Vladimir Putin became president — and one of the bravest. We may never know who killed her because politically motivated crimes have a way of never being solved in Mr. Putin's Russia.

There is no question about whom Ms. Politkovskaya held responsible in years of unflinching reporting from Chechnya: the Russian Army and Mr. Putin himself. When he finally got around to acknowledging her death yesterday it was in a cold-blooded statement that the authorities "will take every step to investigate objectively the tragic death of the journalist Politkovskaya."

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Ms. Politkovskaya was 48, the mother of two grown children. She lived alone, in part because of the dangers of her job. On Saturday, she was about to deliver a major report to her newspaper about torture in Chechnya when a killer ambushed her and fired four shots from a silenced Makarov pistol, one in her heart and three in her head.

Police investigators seized all her research materials from her home and her office at Novaya Gazeta, one of the few independent newspapers still functioning in Moscow. We hope they lead to arrests, and not a cover-up. It is hard to be optimistic.

The murder of Ms. Politkovskaya — like the murder last month of Andrei Kozlov, the deputy chairman of the Russian Central Bank who was trying to reform the banking system — had the stench of a political assassination. It would be hard to imagine that Mr. Putin's Kremlin, swollen with oil riches and power, could not find those who ordered her murder or so many others.

It is also hard to fathom why a president with Mr. Putin's hunger for respect would allow his country to sink so steadily in the world's esteem. Yet the former K.G.B. officer has presided over a systematic degrading of Russians' freedoms.

According to the Committee to Protect Journalists, Russia has been the third deadliest country for journalists over the past 15 years, after Iraq and Algeria. Despite the active hostility of the state, and the clear and ever-present danger, reformers have continued to speak up. Ms. Politkovskaya believed, as did Mr. Kozlov and many others, that Russia could become a freer country. We hope that her terrible death will rally those who share her faith.

U.N. Security Council Nominates S. Korean As Secretary General (WP)

By Colum Lynch And Joohee Cho, Washington Post Staff Writers

The Washington Post, October 10, 2006

General Assembly Expected to Back Veteran Diplomat

UNITED NATIONS, Oct. 9 -- The U.N. Security Council voted unanimously Monday for South Korean Foreign Minister Ban Ki Moon to be secretary general, endorsing a discreet political survivor for the world's top diplomatic job. A formal vote by the 192-member U.N. General Assembly is expected to confirm Ban's selection, perhaps within a week.

The soft-spoken, patrician Korean functionary -- some call him "the man with no enemies" -- will take charge of a United Nations that is struggling to contain conflicts around the globe. Ban, 62, has expressed a desire to play a far more active role in resolving the nuclear standoff with North Korea than current Secretary General Kofi Annan, who will step down on Dec. 31 after a decade in the job.

Although he may lack the star power of Annan, a Nobel Peace Prize laureate once dubbed the secular pope, Ban is by most accounts a polished and patient diplomat who could help smooth over differences among the United Nations' most powerful members.

Japan's U.N. envoy, Kenzo Oshima, said Ban's intimate knowledge of North Korean affairs would make him an asset in the campaign to persuade Pyongyang to back down. But some question whether Ban may be too diplomatic to take on powerful governments, including the United States, if they violate international norms, or to publicly scold noted human rights abusers, including North Korea, Burma and Sudan.

"He will not ruffle feathers," said Robert Einhorn, assistant secretary of state for nonproliferation in the Clinton administration, who has worked closely with Ban. "He is very diplomatic in the traditional sense of the word."

The U.N. body has never opposed a previous council choice. If approved, Ban will lead a $5 billion-a-year organization that carries out functions in virtually every corner of the world, ranging from the publishing of U.N. postage stamps to operating the world's second-largest expeditionary force, which will top 100,000 blue helmets in 18 conflicts by the end of the year.

In a series of interviews and public speeches, Ban said his chief priority will be to restore public confidence in an institution that has been buffeted by political squabbling among its members, mismanagement of a massive humanitarian program in Iraq, and sexual misconduct scandals involving U.N. peacekeepers.

But Ban sought to dash expectations that he would submit to U.S. insistence that the next secretary general devote most of his time to administrative tasks, saying he was eager to mediate conflicts in Sudan, the Middle East and North Korea.

"I intend to be more visibly engaged as a secretary general in addressing the regional conflict issue while trying to delegate the significant portion of my day-to-day managerial duties" to subordinates, Ban told an audience at the New York-based Asia Society.

His selection has already established Ban as something of a political lightning rod. James Kelly, the former U.S. assistant secretary of state for East Asian and Pacific affairs, said Ban's successful campaign for the top U.N. job may have played a role in the timing of North Korea's reported nuclear test. Pyongyang has long resented its southern neighbor's power and prosperity and may have been looking to overshadow Ban's election, Kelly said.

Some human rights advocates are cautious about Ban, saying he has taken a low-key approach to abuses in North Korea. But they credit Ban with backing key institutions, such as the International Criminal Court, that hold rights abusers to account.

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"He says the right things when you speak to him," said Kenneth Roth, the executive director of Human Rights Watch. "The big open question is, he is studiously bland. He seems determined not to give offense, and sometimes to effectively promote human rights you have to give offense."

Ban's selection marks the first time since the United Nations' founding that a secretary general has come from a military ally of the United States. And Ban actively pressed his government to send Korean troops to Iraq, backing a U.S.-led invasion that was bitterly opposed by Annan and most U.N. members.

Still, Ban has persuaded China and Russia that he will show sufficient independence from the United States.

"For him to get U.S. support was easy. He's very well liked in Washington," said Richard C. Holbrooke, a former U.S. ambassador to the United Nations who heads the Asia Society. "The fact that he could get the Chinese on board, provided he didn't make a private arrangement with them, providing there is no secret understanding, is . . . an extremely impressive achievement."

Ban was born into a upper class family in South Korea's North Chungchong province. His entry into the world of international affairs began as a teenager in 1962, when he won an English-language speech contest that led to a visit to the United States and a meeting with President John F. Kennedy. The trip inspired Ban to pursue a career in diplomacy.

Ban has since developed extensive experience in the United Nations, where he served South Korea as a junior diplomat and later as chief of staff of former U.N. General Assembly President Han Seung Soo. Han, the former South Korean foreign minister, led the world body after the Sept. 11, 2001, terrorist attacks.

Han credits Ban with playing a key role in shaping the U.N. response to the terrorist attacks. "Ban appears to be soft-spoken, but he can be tough when needed," Han said.

Han described his former aide as "righteous man" who hails from a "very noble family that honors sacrifice for the greater good."

"When his son was drafted to one of the toughest divisions in the military, he could have used his power status to move his boy to a less dangerous post," Han said. "Ban flatly refused to do so, saying there's a line between public and private affairs."

Cho reported from Seoul.

Security Council Approves South Korean As U.N. Chief (NYT)

By Warren Hoge And Choe Sang-hun

The New York Times, October 10, 2006

UNITED NATIONS, Oct. 9 — The Security Council on Monday officially nominated Ban Ki-moon, the foreign minister of South Korea, to become the next secretary general of the United Nations, essentially assuring him the post.

While Mr. Ban said it was an honor for him and his country, he noted that North Korea's announcement of a nuclear test cast a shadow on his nomination.

"This should be a moment of joy, but instead I stand here with a very heavy heart," Mr. Ban said in a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Kenzo Oshima, the ambassador of Japan, the Council president, announced that Mr. Ban had been approved by all 15 members by acclamation. His nomination had been assured after he won four informal polls of the Council's members over the summer, leading to the withdrawal last week of the six other candidates.

Mr. Ban, 62, will succeed Kofi Annan, who retires Dec. 31 after two five-year terms. Mr. Annan released a statement affirming "the highest respect for Mr. Ban" and pledging to help ensure a smooth transition.

Soft-spoken and retiring, Mr. Ban presents a sharp contrast to Mr. Annan, who won a Nobel Peace Prize, made strong pronouncements on violations of international law and gained diplomatic rock-star status before the mismanagement of the oil-for-food program, the sexual exploitation of women by some blue-helmeted peacekeepers and the scandals in the United Nations procurement office tarnished his reputation during his second term.

The Council took its action on Mr. Ban before convening an emergency meeting on North Korea's nuclear test. Mr. Oshima noted, "I think the fact the candidate is current foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean Peninsula that we are facing."

In a similar reference, John R. Bolton, the American ambassador, said, "It's really quite an appropriate juxtaposition that today, 61 years after the temporary division of the Korean Peninsula at the end of World War II, that we're electing a foreign minister of South Korea secretary general of this organization and meeting, as well, to consider the testing by the North Koreans of a nuclear device."

He added, "I can't think of a better way to show the difference in the progress that those two countries — great progress in the South and great tragedy in the North."

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Mr. Oshima said he was sending a letter on Monday to the 192-member General Assembly, which, under the United Nations Charter, is responsible for appointing a new secretary general on receiving the choice of the Security Council.

The General Assembly will draw up its own resolution on the appointment and circulate it to the membership for action, expected before the end of the week.

Only a simple majority is required for approval, and the last four secretaries general were appointed by the General Assembly through a resolution adopted by consensus, without a vote. The assembly has never rejected the Council's selection.

Mr. Ban said he would "contribute as much as I can to the resolution of all kinds of problems, including the North Korean nuclear issue, that may threaten international peace and security."

He said the test "directly challenged" a Security Council resolution against such an act and was "a unilateral abrogation and annulment" of a 1991 nonnuclear agreement between the Koreas. He also called it "a grave and direct threat to peace and stability on the Korean Peninsula and in Northeast Asia."

In campaigning for the job, Mr. Ban presented himself as a reformer who "will lead by example" and as a "harmonizer and bridge-builder" who will try to expel the widespread "mistrust" of the United Nations.

Specifically, Mr. Ban said he would focus on the need to guarantee human rights, on the special responsibilities the world body had to the developing world and on overhauling the management of the United Nations — a priority of the United States and its allies.

"It is true that the U.N. has not lived up to the expectations of the international community in terms of efficiency, transparency and accountability," he said, adding, "I will do my best to make the U.N. Secretariat reborn into a more relevant and efficient organization."

South Korea's Ban Ki Moon Is Nominated For Top U.N. Position (WSJ/AP)

The Wall Street Journal, October 10, 2006

UNITED NATIONS -- South Korean Foreign Minister Ban Ki Moon was officially nominated as the next U.N. secretary-general hours after North Korea announced it had tested a nuclear weapon.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Mr. Ban told reporters in Seoul, South Korea. Mr. Ban pledged to work to resolve the North Korean nuclear crisis.

Mr. Ban, 62 years old, was nominated by the U.N. Security Council to succeed Kofi Annan, whose second five-year term ends at the end of the year. He faces likely confirmation by the U.N. General Assembly.

Japan's U.N. ambassador, Kenzo Oshima, asked the 192-nation world body to act promptly to give final approval to Mr. Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

U.S. Ambassador John Bolton called Mr. Ban's selection "a very significant event," saying the United States looks forward to quick approval by the General Assembly.

"I can't think of a better way to show the difference in the progress of those two countries -- great progress in the South and great tragedy in the North," Mr. Bolton said.

In Seoul, Mr. Ban told reporters that if the General Assembly appoints him, he would "contribute as much as I can to the resolution of all kinds of problems including the North Korean nuclear issue that may threaten international peace and security."

North Korea hasn't mentioned Mr. Ban's bid to become U.N. secretary-general. It previously has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic-weapons program.

Mr. Ban has been South Korea's foreign minister for more than two years and served as national security adviser to two presidents -- jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

Mr. Ban would be the eighth secretary-general in the United Nations' 60-year history, overseeing an organization with some 92,000 peacekeepers around the world and a $2 billion annual operating budget. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Ban Nominated For U.N. Secretary-general (AP)

By Nick Wadhams, Associated Press Writer

AP, October 10, 2006

The U.N. Security Council on Monday formally nominated South Korean Foreign Minister Ban Ki-moon to succeed Kofi Annan as United Nations secretary-general, all but assuring that the quiet diplomat will become the eighth chief in the world body's 61-year history.

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What would have been an event of major significance — Ban will become one of the world's best-known and most influential diplomats over his five-year term — was overshadowed by North Korea's claim that it had conducted a nuclear test.

"This should be a moment of joy. But instead, I stand here with a very heavy heart," Ban said at a news conference in Seoul. "Despite the concerted warning from the international community, North Korea has gone ahead with a nuclear test."

Ban, who participated in six-party talks with the North in 2005, vowed to help resolve the North Korean nuclear crisis after he becomes secretary-general. He must be approved by the 192-nation General Assembly, which has never rejected a Security Council nomination.

Japan's U.N. Ambassador Kenzo Oshima asked the General Assembly to act promptly to give final approval to Ban so he can have a sufficient transition before taking over as U.N. chief on Jan. 1, after Annan's second five-year term ends.

"I think the fact that the candidate is currently foreign minister of the Republic of Korea is an asset in dealing with the situation in the Korean peninsula that we are now facing," he said.

Some diplomats speculated that North Korea may have conducted the test when it did partly to signal its disapproval for Ban. The North has not publicly commented on his bid but has accused him of blindly following the U.S. line by urging the North to resume negotiations and give up the atomic weapons program.

Normally the 15-member council would vote on a nomination, but Britain's Ambassador Emyr Jones-Parry suggested in Monday's meeting that Ban be approved by acclamation, done when there are no dissenting votes. The idea was greeted with applause from the other ambassadors, diplomats who attended the meeting said.

Unlike in previous years, Ban's selection was marked by an absence of rancor or political infighting. He was the front-runner in all four informal polls the Security Council conducted, never getting fewer than 13 votes in favor of his candidacy.

The final straw poll last week revealed that he had the support of all five veto-wielding members of the council, and the remaining five candidates quickly left the race.

U.S. State Department spokesman Sean McCormack said in a statement that Ban "is the right choice to lead the United Nations at this pivotal time in its history." U.S. Ambassador John Bolton called Ban's selection "a very significant event."

"It's really quite an appropriate juxtaposition that today 61 years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea as secretary-general of this organization and meeting as well to consider the testing by the North Koreans of a nuclear device," Bolton said.

Ban's selection now will give him more than two months to prepare to lead an organization that has deployed 92,000 peacekeepers around the world and has annual operating budget of $5 billion. Fighting hunger, assisting refugees and slowing the spread of HIV/AIDS are all programs that fall under the secretary-general's purview.

Annan "warmly welcomes" the decision nominate Ban, whom he has the "highest respect for," U.N. spokesman Stephane Dujarric said. Annan, who won the Nobel Peace Prize as secretary-general in 2001, urged the General Assembly to make a decision on Ban as soon as possible.

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with the North. He has served as a diplomat for nearly 40 years, including previous stints at the U.N. and in Washington.

He had courted Security Council nations aggressively during his campaign and gave numerous speeches to make himself better known and counter the impression that he was too quiet or humble to inherit the job.

Yet the actual selection process was mostly conducted behind closed doors, adhering to a tradition that has drawn criticism from some members of the General Assembly and non-governmental organizations that believe the job is too important to be awarded in such secrecy.

Nonetheless, diplomats said they believed Ban was the right man to lead the organization that many believe is in desperate need of reform. Its procurement department has been saddled by allegations of corruption and mismanagement, while many world leaders believe its most powerful organ, the Security Council, must be revamped to reflect the realities of 2006 and not 1945, when it was created.

"We think that he has all those qualities that are necessary for a secretary-general that are probably hard to differentiate and count on your hands," Russia's U.N. Ambassador Vitaly Churkin said. "This is the person who, with our support, can tackle this difficult work."

Associated Press reporters Edith M. Lederer at the United Nations and Bo-Mi Lim in Seoul, South Korea, contributed to this story.

Ban Chosen To Succeed Annan As U.N. Chief (WT)

By Betsy Pisik

The Washington Times, October 10, 2006

DOJ_NMG_0077912

NEW YORK -- The U.N. Security Council unanimously selected South Korean diplomat Ban Ki-moon to be the organization's eighth secretary-general yesterday, acting just hours after North Korea declared it had tested a nuclear weapon.

The 192 member-nations of the U.N. General Assembly are expected to affirm the choice later this week or early next week, giving the low-key South Korean foreign minister more than two months to prepare before beginning his five-year term.

"The Security Council has just recommended to the General Assembly that Ban Ki-moon [serve as secretary-general] from Jan. 1, 2007 to Dec. 31, 2011," said Japanese U.N. Ambassador Kenzo Oshima, president of the 15-nation council during the month of October.

The selection of a new secretary-general, normally a momentous occasion, was overshadowed by Pyongyang's nuclear test claim, which prompted an emergency session of the council immediately after the vote.

In Seoul, Mr. Ban called the nuclear test an "act of provocation" and acknowledged mixed emotions on the day of his selection.

"This should be a moment of joy. But instead, I stand here with a very heavy heart" because of the North's nuclear test, he told reporters in Seoul yesterday.

Last week, he told the Chosun Ilbo, a leading Seoul daily, he wants to visit North Korea sometime during his term, something outgoing U.N. chief Kofi Annan had never been able to do in his ten-year tenure.

Several diplomats seemed pleased that a Korea policy veteran will lead the organization during an era of unprecedented threats to international peace and security.

"The fact that the candidate is the current foreign minister of [South Korea] is an asset in dealing with the situation on the Korean peninsula," Mr. Oshima said.

U.N. Ambassador John R. Bolton, who has been pushing North Korea onto the council's agenda for months, described the selection of Mr. Ban as "quite an appropriate juxtaposition."

"Sixty-one years after the temporary division of the Korean peninsula at the end of World War II, we're electing the foreign minister of South Korea [as] secretary-general of this organization, and meeting as well to consider testing by North Korea of a nuclear device," Mr. Bolton said.

"I can't think of a better way to show great progress in the south, great tragedy in the north."

Mr. Ban's selection by the council had been assured after he emerged as the consensus choice in a series of four straw polls since this summer.

Council members stayed in session after the 15-0 vote, moving directly to the thornier issue of how to respond to North Korea's defiance of the council's demand late last week that it abandon its nuclear pursuits.

Emyr Jones Parry, Britain's U.N. ambassador, praised Mr. Ban's "very impressive credentials" and his "vast and long diplomatic experience" in South Korea's foreign service.

Jean-Marc de la Sabliere, France's U.N. ambassador, praised Mr. Ban's experience in dealing with North Korea, as well as his work on development and trade relations with Africa.

"He has all the qualifications for this job," Mr. de la Sabliere said, stressing the possibility of renewed efforts to reform the world body's bureaucracy.

Mr. Ban, 62, was educated in Seoul and at the John F. Kennedy School of Government at Harvard University, where he studied public administration. He is married with three grown children.

The career diplomat twice served in his country's embassy in Washington, and ran the South Korean foreign ministry's American affairs division in the early 1990s. He has represented South Korea at the United Nations in New York and in Vienna, where he handled the nuclear portfolio.

Mr. Ban served as the chief of staff to the president of the U.N. General Assembly in 2001 and 2002, a session that was dominated by the September 11 attacks.

Mr. Annan offered his congratulations to Mr. Ban and promised his full cooperation.

"For his part, the secretary-general will do everything possible to assure a smooth transition," said Stephane Dujarric, spokesman for Mr. Annan.

Islamic Leader Urges Holy War In Somalia (WT/AP)

By Mohamed Sheikh Nor

The Washington Times, October 10, 2006

MOGADISHU, Somalia -- An Islamic militia that has seized much of southern Somalia declared a holy war yesterday against Ethiopia, accusing the Horn of Africa neighbor of deploying thousands of troops to prop up the country's weak, U.N.-backed government.

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"I urge all the Somali people to wage holy war against the Ethiopians," said top Islamic leader Sheik Sharif Sheik Ahmed, wearing combat fatigues and holding aloft an AK-47 assault rifle.

"Ethiopian troops have intentionally invaded our land," he said. "We will counter them soon."

His comments came hours after residents said hundreds of Ethiopian and government troops forced Islamic fighters to abandon Bur Haqaba, a strategic hilltop town.

Sheik Yusuf Indahaadde, the national security chairman for the Islamic group, said 35,000 Ethiopian troops were on Somali soil, but did not give any further details. Foreign observers, however, have put the number in the hundreds.

"This is a declaration of war," he said. "We will not wait anymore. We will defend the integrity of our land."

The Islamic courts have declared holy war against Ethiopia on a number of occasions in recent months but have so far avoided any direct military confrontation.

Somalia has not had an effective national government since 1991, when warlords overthrew dictator Mohammed Siad Barre and then turned on one another, throwing the country into anarchy.

A transitional government was formed in 2004 with U.N. help with the hope of restoring order after years of lawlessness. But it has struggled to assert authority, while the Islamic movement seized the capital, Mogadishu, in June and now controls much of the south.

Tensions between the Islamic movement, which is expanding control over large parts of the war-ravaged country, and the weakened government are high. Each side has accused the other of violating a tentative peace agreement signed last month in Khartoum, Sudan.

The Islamic group opposes any outside intervention and becomes particularly incensed about any role played by Ethiopia, Somalia's historic rival.

Somalia's weak but internationally recognized government publicly denies it is being supported by Ethiopian troops. However, government officials, speaking on the condition of anonymity because they were not authorized to speak to the press, said about 6,000 Ethiopian troops are in Somalia.

The reports from Bur Haqaba prompted another denial from Ethiopia.

Islamic officials said three Ethiopian battalions totaling 750 men alongside government militia rode into Bur Haqaba yesterday morning without firing a shot. The town was taken over by Islamic forces in late June.

Bur Haqaba is perched along six hilltops, allowing forces there to control the only road between Mogadishu, controlled by the Islamists, and Baidoa, the seat of the transitional government.

After Tsunami, Intentions To Build But No Road Yet (NYT)

By Jane Perlez

The New York Times, October 9, 2006

KEUTAPANG, Indonesia, Oct. 5 — A $245 million stretch of blacktop intended to be the signature good-will gesture from the American people to the Indonesian survivors of the 2004 tsunami has instead become a parable of the problems of Aceh Province's recovery.

Construction of the 150-mile road along the devastated coast has yet to start, stalled by a host of obstacles like acquiring right of way through residential and farm land, and, particularly, through several hundred graves of mystical and religious significance.

Though villagers welcome the idea, some have reservations about an American-style thoroughfare with a wide shoulder on either side that will replace the existing ribbon of mostly churned dirt and mud.

Villagers say they fear speeding traffic — they have thrown rocks at fast-traveling cars of foreign aid workers — and want to be able to sell snacks and tea from stalls snug by the roadside, as they have always done.

The difficulties of getting started on the road, one of the largest infrastructure projects in Indonesia, reflects the weariness among tsunami survivors with the long return to normality.

A demonstration outside the main Indonesian reconstruction agency turned violent last month when protesters complained that they still lacked basic services and demanded more financing for education.

The patience of American officials is wearing thin, too. They complain that the government has been too slow in buying up the land and resolving the fraught issue of the graves.

Lately, the Americans have become so disconcerted about delays that they have tried to pry more action from the Indonesians by suggesting that the money for the road would be diverted to the reconstruction efforts in Lebanon.

"It was threatened they would take the money away," said Kuntoro Mangkusubroto, the director of the Indonesian rehabilitation and reconstruction agency in Aceh. "That's standard," he added with a shrug.

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The Indonesians say the Americans are imposing first-world standards of efficiency on a poor region that was pounded by civil war and then swamped by the tsunami, which killed more than 100,000 Indonesians. Records of land titles were washed away, and questions of inheritance among devastated families take a while to decide, they say.

The idea for the road evolved soon after the tsunami when the Bush administration wanted to show that the United States cared about Indonesia, the world's most populous Muslim country, in its moment of need.

It was decided early on to finance one substantial American project that would make a splash, rather than a number of smaller ones. At first, rebuilding a significant portion of the provincial capital, Banda Aceh, into a kind of "signature city" was discussed.

Instead, a well-engineered road from the capital to Meulaboh, the southernmost coastal town, which was nearly completely wiped out, was considered a more fruitful project that played to the American strength of fast and modern construction.

But the Americans did not anticipate the long negotiations over compensation for land or the strong local feelings about the graves.

Tucked under a grove of coconut trees, a pale-hued boulder and an ancient tree trunk represent this village's most mystical grave, the place where a white tiger is believed to stand guard. Nearby, red and yellow flags left by surveyors indicated the American road was set to plow right through the sacred spot.

A local elder, Mohammad Noor, 60, who forded a river and clambered over fences to show off the grave, says he cannot imagine that it could ever be moved.

The problems with the road also involve more than Indonesian sensibilities. An audit by the Inspector General of the United States Agency for International Development last March said that the design of the road was delayed because the development agency requested the contractor to modify the design plan at least four times. It also noted that when the contract for the engineering work was awarded to the American firm Parsons, it was awarded in November, four months late.

By May, when the process was bogged down, a veteran of building big American projects abroad, Roy R. Ventura Jr., was brought in to expedite things.

On June 29, Mr. Ventura said he presented the Indonesians with the final plan for where the road would run. He was told by Indonesian government officials, he said, that right of way would be ready so construction could begin for the first portion of the road to the village of Lhong by July 25, and by Oct. 3 in the area farther south to the town of Calang.

According to that schedule, American officials said they expected the first five miles of the road to be completed by Aug. 23, and that new sections of the road would continue to unfold after that.

But instead, the American aid agency is paying the Indonesian road contractor, Wijaya Karya, about $100,000 a month to maintain the old road, money that should be going toward the new construction, American officials say.

"The Americans are arguing that there should have been land acquisition a year ago," Mr. Kuntoro said. "But how could that happen when we did not know from the Americans where the road was running until June 29?"

Mr. Kuntoro, a graduate in engineering from Stanford University, has become the point man for many of the problems.

He has been visited in his office in Banda Aceh by the American ambassador to Indonesia, B. Lynn Pascoe; by Mr. Ventura; and this week by investigators from the Government Accountability Office in Washington. They all ask the same thing: When will enough continuous land be ready so that bulldozers can begin clearing the way?

In fact, Mr. Kuntoro said in an interview on Tuesday that he had just written a letter to Mr. Pascoe saying that his agency had gained title to about 3.5 miles worth of continuous land and that major construction could start.

But on Thursday, Mr. Ventura said that he was not satisfied that the titles were transferred and that work could begin only on a bridge involving a sliver of land.

"The road itself is no different to anyplace in the world," said Mr. Ventura, who was with the Montana Highway Department for 10 years and has managed construction sites in Saudi Arabia, Jordan and the Philippines. "The process of getting right to the land to get the road built is very different."

In an exchange with the governor of Banda Aceh, Mustafa Abu Bakar, the frustrated Americans suggested that the governor should consider using eminent domain procedures for speedy possession of the land. In reply, the governor said in a letter that in order to keep community support for the road he would use eminent domain only as a last resort.

"The government sees the people here as victims of the tsunami and very vulnerable," said Eddy Siregar, a construction manager for Wijaya Karya, the contractor, as he sat on the side of the old road in the village of Pasi. "It would be a big trauma if their land was taken. So they want to try the soft way."

Late Wednesday afternoon, Mr. Noor, the local elder, received word that his village leaders had agreed with the provincial authorities to move the grave the white tiger is believed to guard.

"I can't imagine how they will do it," a crestfallen Mr. Noor said. "Will they do it nicely, or will they do it roughly?"

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Atoning For Lame Ducks (WSJ)

By Fania Oz-salzberger

The Wall Street Journal, October 9, 2006

HAIFA, Israel -- Israeli cities during Yom Kippur are the quietest in the world. No cars, no national television, not an open business in sight. The Jewish Day of Atonement offers calm reflection -- "accounting of the soul" -- for synagogue-goers and street-strolling seculars alike. This year almost everyone could agree at least on one thing: This country has seen better leadership. The shoes of Ben Gurion, Begin and Rabin have never looked larger, or emptier. As Palestinian government in Gaza totters on the verge of civil war, and Arab leaders across the Middle East softly offer peace talks, Israel's leaders hardly seem capable of dealing with either situation. If Israelis felt a little like sitting ducks last August, it is the set of lame ducks in Jerusalem that make us worry in October.

In the aftermath of the second Lebanon war, which underachieved its declared aims, Prime Minister Ehud Olmert is trying to cut his losses with a barrage of media interviews of the holiday supplement variety. In so many words, he said that Israel today has no vision. Disengagement in the West Bank? Definitely out. Bashar Assad's new talk of negotiation? Not worthy of an answer. Arab moderates promoting the Saudi peace plan? Merely a noise in the background. To be sure, all these may prove to be dead ends; but Mr. Olmert offers no initial exploration and no alternative horizon. What emerges is a self-defending lawyer-politician rather than an imaginative national leader. An opinion poll in Haaretz on Sept. 21 gave Mr. Olmert a mere 22% approval rating, with 68% voicing dissatisfaction from his conduct as prime minister.

Amir Peretz, the fiery social democrat miscast as minister of defense, has plunged even lower. Claiming the innocence of a novice, he says army chiefs misled him into believing that the eradication of Hezbollah missile launchers would be a far faster feat. In the meantime, Jews and Arabs in northern Israel suffer social and economic hardships that should have been the natural concern of a labor leader like Mr. Peretz. Instead of being led down the garden path by generals, he should have tended to his own backyard, Israel's growing economic gap. His recent poll score is, accordingly, 14% -- the lowest on record for a defense minister. Mr. Peretz insists he will not leave his job before mending what is broken. So do others. In a political culture unaccustomed to accountability resignations, rolling up one's sleeves is a reasonable alternative; but they will have to do it under the severe gaze of the public and the media.

Meantime, elsewhere in Jerusalem, the plot thickens: President Moshe Katzav is facing serious allegations of sexual misconduct. As many as eight female civil servants who worked with Mr. Katzav during his political and presidential career filed complaints against him, ranging from sexual harassment to rape. His protestations of innocence and "conspiracy" -- echoed by a battery of lawyers -- sound convincing to a few, pathetic to some, and infuriating to most Israeli citizens. Mr. Katzav refuses to resign or even to suspend himself temporarily. Regardless of the eventual juridical outcome, and unlike Messrs. Olmert and Peretz, there is little he can do to fix the damage to integrity. Israel's highest honorary post is being dragged through the mud.

So this must have been a hard Yom Kippur indeed for Israel's top echelon; there is a great deal, it seems, to atone for.

At this point it is tempting to remind readers -- and to break the news to some Europeans -- that the vast majority of the Israeli citizenry is honest, committed to democracy, and averse to both corruption and political flimsiness. And that most Israeli soldiers, regulars and reservists, are capable and moral. And that Palestinian politics and economy are in violent shambles, largely of their own making, while Israel's economy (and rule of law) is decent and successful. But it would be more to the point to suggest which parts of Israel's government are future-looking, and where they may be heading.

The Olmert government has been more open to international dialogue than many of its predecessors. Mr. Olmert and Foreign Minister Tzipi Livni reportedly began to work on an internationally moderated ceasefire from the early days of the war in Lebanon, and their care to comply with U.N. Resolution 1701 was capped by the retreat of the bulk of Israel's army from southern Lebanon on the eve of Yom Kippur. Unfortunately, Hezbollah does not respond in kind: The two captured Israeli soldiers, as well as the one held in Gaza, have not been freed. The full disarmament of militants throughout Lebanon so far exists mostly on U.N. stationery. Yet Israel's abiding by the international resolution is an important step in the right direction -- a moral high ground is often better than a mountaintop position in southern Lebanon (unless one's life depends on the latter, and only as long as it does).

To put it simply, Israelis are beginning to see the benefits of reversing Clausewitz's famous dictum: Diplomacy is now the continuation of war by other means, and the Lebanon clash may soon yield important benefits for Israel -- and for most Lebanese, and perhaps even for Palestinians -- on the diplomatic front.

One interesting sign of change is that the Israeli public has been relatively -- and surprisingly -- content with the management of its foreign affairs. Not only did Ms. Livni survive the governmental fall from grace rather impressively, scoring 51% support in the Haaretz poll and enjoying a consistently positive image in public opinion; she is also a widely preferred candidate for the prime minister's office, presenting the rare persona of a moderate, incorruptible, level-headed ex-Likudnik. If

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Ms. Livni does become our next leader, overcoming the predicted rise to power of more militant right-of-center parties, she may offer the right blend of pragmatic sobriety and creative vision typical of the more optimistic part of Israel's political center today. Young, pragmatic and -- by current local standards -- charismatic, Ms. Livni would be no Golda Meir, and so much the better. (It so happens that the brand new president of the Supreme Court, Dorit Beinish, is a woman, too. So is the Knesset's speaker, Dalia Itzik. Perhaps -- although this writer is biased on the issue -- a female touch would do Israel's three branches of government no harm. At the very least, Arab regimes may witness an example for tapping the resources of their nations' hidden halves.)

While Israel is wrestling with its own demons and hopes, both the EU and the U.S. face new Middle Eastern tests. Europe is the new active player in the Lebanese scene. It should flex its muscles, brains and, if possible, heart, to reverse decades of well-earned mistrust on part of the Israelis. Can we, as well as the Arabs, finally be persuaded that the European peace brokers have determination, imagination, compassion and staying power? Tough homework for Brussels here, and a crucial test for its international performance.

The U.S., too, has more steps to make up a long steep slope. Condoleezza Rice may have an easier job persuading Israel to give serious answers to moderate Arab peace initiatives than to prop up the wobbly Abu Mazen in his almost hopeless campaign to instill reason into Hamas; but both are worth trying. Syria's Bashar Assad may be acting cynically when saying that peace with Israel can be a done deal within six months, but the U.S. is the only power that can seriously challenge him to live up to his claims, first and foremost by kicking out of Syria the bloodiest of terror leaders, such as Khaled Mashal of Hamas. Mr. Olmert's present silence is justifiable up and until the Americans either clear the Road to Damascus, or show the world that it is obviously blocked.

Mr. Olmert's government is not doomed to fall just yet. Even as an inquiry committee into governmental and military conduct during the Lebanon campaign began its probe, postwar street protest has almost petered out. Damaged homes in the Galilee were speedily rebuilt, bombed schools quickly restored for the academic year, burnt trees replanted. One can only wish Lebanon and Gaza similar recovery, and some Israelis I know would be happy to lend a hand, in the spirit of Jewish atonement, especially after our three captured soldiers are safely home. As 7,000 peacekeeping European soldiers, alongside Lebanese troops, take over southern Lebanon, hope is surfacing that whatever took place in the summer of 2006 was not an Israeli defeat. The mood in Tel Aviv and Haifa today -- as the clever Hassan Nasrallah surely knows in his heart -- is somber but not depressed. Ehud Olmert's government is not the stuff of anyone's political dreams, left or right; but with a little intelligent help from the U.S., and perhaps even from the EU, even a lame duck can yet lay some good eggs. After all, that is what Israeli agriculture is all about.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Abizaid Praises Pakistani Contribution To GWOT. The AP (10/8, Ahmad) reports, "The commander of U.S. forces in the Middle East praised Pakistan's intelligence service on Saturday for its fight against terrorism. Gen. John Abizaid, who met with President Gen. Pervez Musharraf on Saturday, made the comments in talks with Musharraf at his office in Rawalpindi." According to the Pakistani government, the general "particularly lauded the role of Pakistan's intelligence agencies in the anti-terror campaign, and said their cooperation was crucial in thwarting plots and apprehending most-wanted terrorists." Abizaid "often visits Islamabad to ensure coordination between Pakistan and U.S.-led forces that have operated in neighboring Afghanistan."

Pakistanis Arrest 48 Taliban Suspects. The Los Angeles Times (10/8, 918K) reports, "Police acting on a tip raided several militant hide-outs in Quetta and arrested 48 suspected Taliban fighters who had arrived in small groups from Afghanistan, said Wazir Khan Nasar, the city's police chief. However, no important Taliban figures were among the detainees."

American Who Joined Al Qaeda Increasingly Seen In Terror Propaganda. The Los Angeles Times (10/8, Krikorian, Reza, 918K) reports, "Two years ago, no one knew quite what to make of Adam Gadahn. While many in the U.S. intelligence community saw the angry Muslim convert from Orange County as dangerous, plenty of counterterrorism officials viewed the pudgy 25-year-old as a bit player on the world stage of jihadists. No longer." According to the report, "Though the young man who has

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appeared on four Al Qaeda videotapes and now calls himself Azzam the American is still not deemed part of Al Qaeda's operational command, recent interviews with counterterrorism officials suggest that Gadahn has gone from a valuable translator to an invaluable propagandist for the international terrorist network." His "newfound stature is underscored by a sealed federal indictment in Los Angeles that, law enforcement sources say, will charge him with supporting terrorism. It also comes as new details are surfacing about his time in Orange County and connections to extremists."

HOMELAND RESPONSE:

New York Mayor Takes Over 9/11 Memorial Foundation. The AP (10/8, Kugler) reports, "The final truckloads of rubble had just left the World Trade Center site in the spring of 2002 when Mayor Michael Bloomberg foretold the difficulties ahead for the process of building a memorial to the victims of the terror attack. … "'I can tell you the process, however,' Bloomberg said. 'The process is everybody yelling and screaming for a number of years and then somebody taking charge and just doing it.'" According to the AP, Bloomberg "was remarkably right. Amid all the shouting — some directed at him — the mayor himself is taking over the memorial's multimillion-dollar foundation, where board members hope his philanthropic credentials and star power will breathe life into lethargic fundraising. That surprised many people because of his awkward history with the memorial and victims' families."

Illegal Immigrants Who Aided 9/11 Rescue Effort Face Backlash. The Washington Post (10/8, A10, Fears, 748K) reports, "Jose Moncada watched the World Trade Center towers tumble, and, like so many Americans, felt a patriotic urge to help rescue survivors and rebuild after Sept. 11. … It did not matter to him that he was an illegal immigrant from Honduras. And that did not seem to matter to supervisors who oversaw the retrieval of human remains and the removal of toxic debris at Ground Zero." According to the report, "No one knows how many illegal immigrants worked at Ground Zero in the days after Sept. 11. Immigration advocates claim it was thousands. And now, as the workers have become sick, partisans on both sides cast their plight in moral terms." According to the Post, Carmen Calderón, coordinator of Sept. 11 immigrant outreach for the New York Committee for Occupational Safety and Health says, "'they changed the DMV laws, and a lot of asbestos workers lost their licenses because they couldn't get a picture ID. A lot of them are sick now, without work … They lost everything.'"

NYT Calls For Extending Expedited Screening Program For All Airline Passengers. The New York Times (10/8, 1.21M) editorializes, "Programs that offer faster airport security check-ins to travelers who pay an annual fee and pass a background check seem poised to expand after a trial run in Orlando, Fla." If "entrepreneurs can find a business plan that allows them to make a profit by providing registered travelers with faster lines, without compromising security or adding to the inconvenience of other passengers, it would be a welcome development. But the best option would still be a broader program to improve screening for all passengers, thus rendering the designated fast lanes superfluous."

Most Hurricane-Displaced New Orleans-Area Residents Use Federal Aid To Rebuild, Rather Than Relocate. The Los Angeles Times (10/8, Guccione, Smith, 918K) reports, "Most New Orleans-area property owners seeking government aid for hurricane damage are showing a strong preference for restoring their old neighborhoods rather than take the money to seek new horizons. Although federal and state recovery programs offer aid to those who choose to relocate, few applicants have requested it, records show." According to the report, "A Times analysis of data from the Small Business Administration, the federal agency primarily responsible for disaster reconstruction loans, found that of more than 150,000 homeowners and business owners approved for the loans, 2% were transferring the money to a new property," and "Those who are moving aren't going far."

WAR NEWS:

Rumsfeld's Assessment Of Afghan Progress Questioned. NBC Nightly News (10/7, story 3, 2:45, Hunt, 9.87M) reported, "In an editorial in today's Washington Post, Secretary of Defense Donald Rumsfeld offered his assessment of the conflict, pointing out that Afghanistan has now held its first democratic elections." Yet, "there are signs tonight Afghanistan continues to face some critical challenges." NBC (Miklaszewski): "Five years after the U.S.

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military drove the Taliban from power, victory in Afghanistan appears as elusive as ever. The Taliban and al Qaeda have staged a dramatic comeback, resorting to the deadly tactics perfected in Iraq. Suicide and roadside bombings are at an all-time high. NATO's top commander, US Gen. James Jones, warns that Afghanistan is at a critical crossroads." Gen James Jones: "This is a test. This is a moment of truth." Miklaszewski later asks, "So how did Afghanistan take such a drastic turn for the worse? Critics claim the Bush Administration never committed enough troops or resources to win the peace. And instead turned its guns on Iraq." The Brookings Institution's Michael O'Hanlon: "Because we focused on Iraq so quickly, we definitely did not have the military wherewithal to beef up in Afghanistan." Miklaszewski concludes, "On a more positive note, there is widespread international support for foreign military forces in Afghanistan. This week, NATO took over some of the U.S. military's responsibilities. A mission the U.S. commanders predict could last decades."

Taliban Said To Adopt Iraqi Insurgents' Tactics, Net Similar Results. In an analysis piece, the AP (10/8, Krane) reports, "The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime. The prospect of a second downward spiral -- though so far Afghanistan isn't nearly as violent as Iraq -- has experts worried that Western militaries don't have an effective strategy for these irregular wars." Leaders of the "reborn" Taliban admit they have "adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement," and their "public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers." The AP says the "West's military strategy in Afghanistan also resembles that in Iraq. Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished." Also, some analysts believe "the same harsh U.S. tactics, decried in Iraq for causing civilian casualties, have helped the Taliban recruit new fighters. But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan."

Two German Journalists Murdered In Baghlan. The AP (10/8, Straziuso) reports, "Two German journalists who had pitched a tent on the side of a road outside a northern Afghan village were killed by gunmen early Saturday." Freelance journalists Karen Fischer and Christian Struwe "were the first foreign reporters killed in Afghanistan since late 2001, when eight journalists died." The AP says Taliban fighters "who once appeared soundly defeated have returned with a vengeance, taking control of large swaths of countryside in the last year."

Rumsfeld Singled Out For Criticism In Washington Post Op-Eds. The Washington Post Outlook section contains four articles hostile to Secretary Rumsfeld. In the Washington Post Outlook section (10/8), historian Robert Dallek argues, "Whether out of loyalty to his defense secretary, or out of a stubborn reluctance to acknowledge Rumsfeld's failings -- and therefore his own -- Bush seems determined to keep Rumsfeld in the Pentagon. In so doing, the president is hanging on to an individual who has become the public face of the U.S. debacle in Iraq." Firing Rumsfeld "would be a political blow for the White House, at least in the short term. ... Nonetheless, history shows that such tough personnel decisions can, eventually, prove healthy for an administration and for a nation ... They force reassessments of long-standing policy; they help presidents stand back, evaluate and chart new directions." Dallek recommends Zbigniew Brzezinski for the job, concluding pessimistically, "That sort of change would require more than a new defense secretary -- it would require a new administration."

In the Washington Post Outlook section (10/8), Vietnam War historian Stanley Karnow writes, "As I contemplate McNamara's evolution from war supporter to war skeptic, I ponder whether Donald H. Rumsfeld, his heir at the Pentagon, nurses any similar doubts about the dubious Iraq strategy he vaunts in his rhetoric." Karnow concludes, "In contrast to McNamara's relations with Johnson, Rumsfeld appears to enjoy the entire confidence of President Bush and, just as important, Vice President Cheney, neither of whom seem to be plagued by any Johnson-like uncertainties. So barring his possible ouster, he's unlikely to emulate McNamara by apologizing for a policy in Iraq that has been as misguided as the tragic Vietnam disaster."

In addition, in the Washington Post Book World (10/8), Clinton Administration NSC staffer Ted Widmer praises *State of Denial*, saying that it "reveals a government crippled by dysfunction at precisely the wartime moment when leadership was most necessary. ... No one fares especially well in this retelling. ... But Rumsfeld takes the worst of it. For

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a public that demands heroes and villains, he will appear in the latter role…throughout the book, with building intensity, Rumsfeld commits mistakes of the highest order, both strategic and tactical. Woodward calls his micromanaging 'almost comic.'" However, "Woodward believes that the ultimate responsibility for Iraq rests on the president's desk."

And in the Washington Post (10/8, 748K) under the headline "The World According to Rummy," Bob Woodward excerpts "a secret memo titled 'Illustrative New 21st Century Institutions and Approaches'" that Secretary Rumsfeld circulated on May 1. The memo "highlights the Iranian threat, calls for a multilateral military force and argues that the United States' antiquated system of government makes competence 'next to impossible.'"

Rumsfeld Encourages Army To Seek Larger Budget. The New York Times (10/8, Cloud, 1.21M) reports in a front page article, "Defense Secretary Donald H. Rumsfeld is allowing the Army to approach White House budget officials by itself to argue for substantial increases in resources, a significant divergence from initial plans by Mr. Rumsfeld and his inner circle to cut the Army to pay for new technology and a new way of war. ... Mr. Rumsfeld's current acquiescence is viewed within the Pentagon as reflecting both the reality of the Army's needs to increase its size and repair or replace current equipment and a decision not to cross swords with the service -- or with the Army's staunchest supporters in Congress." The Times adds, "Even with additional money and more troops, it is far from clear that the Army will be able in the near term to fulfill all of its commitments in Iraq and Afghanistan, prepare for other contingencies and keep its pledge to active-duty soldiers to give them two years at home between yearlong deployments to the war zone"; however, in a more positive light, it quotes insiders who "go out of their way to describe a consultative relationship between the defense secretary and senior officers. The tenor, they said, is far more constructive than it was before Mr. Rumsfeld called a retired four-star officer, Gen. Peter J. Schoomaker, from his Rocky Mountain ranch to become the Army chief of staff and rebuild relations."

US Casualties In Iraq Are Highest In Two Years. In a pessimistic front page article, the Washington Post (10/8, A1, Tyson, 748K) notes, "The number of U.S troops wounded in Iraq has surged to its highest monthly level in nearly two years as American GIs fight block-by-block in Baghdad." The Post says the "sharp increase" in US casualties "is a grim measure of the degree to which the U.S. military has been thrust into the lead of the effort to stave off full-scale civil war in Iraq, military officials and experts say." Anthony Cordesman of CSIS is quoted supporting the Post's assertion that "military experts say the number of wounded is a more accurate gauge of the fierceness of fighting because advances in armor and medical care today allow many service members to survive." Pessimistic Pentagon "officials say aggressive military operations in the Iraqi capital are at best a short-term and partial solution, buying time for political compromise, which they call the only way to arrest Iraq's disintegration." Some officials criticize "decisions by the U.S. military since early 2005 to transfer responsibility for security in large swaths of Baghdad to Iraqi forces while cutting back on American patrols." Michael O'Hanlon of Brookings said, "In a sense, the Baghdad security plan is a complete repudiation of the earlier Rumsfeld doctrine where he said the Iraqis would prevent the civil war."

Suicide Bomber Kills 14 In Tal Afar. NBC Nightly News (10/7, story 2, 2:15, Hunt, 9.87M) highlighted the problems of continuing violence in Iraq, reporting, "In Iraq tonight, there has been a setback in a place where it appeared American and Iraqi troops had turned a corner in the battle against insurgents -- a deadly truck bombing in a place that was beginning to know peace." NBC's Arraff described it as a "horrendous attack in" Tal Afar, which "had been an American success story." Recently, "President Bush declared this city in northwestern Iraq a model of success after the U.S. Army fought insurgents there and handed the city to Iraqi forces. In Baghdad today, the Iraqi army began increasing checkpoints surrounding the city to keep out bombs and gunmen. But for most Iraqis, the fear is that the insurgents are already inside."

The Washington Post (10/8, Paley, 748K) similarly notes that Tal Afar was "a northern city that President Bush has previously hailed as a symbol of security and normalcy in Iraq." It and a suicide bombing last month "seemed to undercut the president's assertion in March that residents of Tall Afar 'can count on a basic level of safety and security, they can live together peacefully.'"

The New York Times (10/8, Tavernise, 1.21M) reports, "It was the deadliest bombing in several weeks in Iraq, on a day where 29 people were reported killed across the country. ... At various times since the American invasion, Tal Afar has

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been all but controlled by Sunni Arab insurgents. American forces have twice driven insurgents out of the area."

Iraqi Troops Begin Kirkuk Crackdown. The Houston Chronicle/AP (10/7, Keath) reports, "Thousands of Iraqi troops launched a crackdown in Kirkuk on Saturday, ordering residents to stay in their homes in an effort to put down violence that has swelled in the north amid efforts to rein in bloodshed in Baghdad." Kirkuk officials "this week completed digging a 10-mile trench around the city's southern and western edges aimed at cutting off side roads to prevent car bombs from being brought into the city. Intensified checkpoints were set up on city entrances that remained." According to the Kirkuk police chief, "150 suspected Sunni insurgents have been arrested and more than 220 assault rifles have been seized." A Sunni sheik "blamed Kurdish efforts in the city for fueling Sunni Arab support for insurgents."

US, Iraqi Forces Fight Shiite Militiamen. Newsday/AP (10/8) reports, "U.S. and Iraqi forces fought militiamen early Sunday in Diwaniyah, a southern city under the growing influence of the Mahdi Army loyal to radical Shiite cleric Muqtada al-Sadr. ... Diwaniyah, 80 miles south of Baghdad was the scene of a fierce fight in August between the Mahdi Army and Iraqi forces that left 23 Iraqi troops and 50 militiamen dead and scores wounded."

Baker Committee Might Recommend Federal, Divided Iraq. The Washington Times/UPI (10/8) reports, "A commission chaired by former U.S. Secretary of State James Baker may recommend a federal Iraq divided among the country's three major groups." One source "close to the group" said that federalization would occur "one way or another." Under the purported plan, "A weak central government would be involved with distribution of oil revenues, border security and foreign affairs."

Kristof Advises US To Follow Polled Iraqis' Wishes And Leave. In his column for the New York Times (10/8, 1.21M), columnist Nick Kristof argues, "It's time to take advice from the experts — the Iraqis themselves. And Iraqis are crystal clear about what the U.S. should do: announce a timetable for withdrawal of our troops within one year. They're right. Our failure to declare a timetable and, above all, our coveting long-term military bases in Iraq feed the insurgency and end up killing more young Americans." A "terrifying" poll "conducted last month found that 61 percent of Iraqis now approve of attacks on Americans. That figure...makes counter-insurgency efforts almost impossible, because ordinary people now cheer, shelter and protect those who lay down bombs to kill Americans." Therefore, "it's time to face the grim reality and announce that all our troops will leave Iraq by October 2007."

US Reportedly Pressures Maliki To End Sectarian Strife. AFP (10/8, Collinson) reports Washington "is putting Prime Minister Nuri al-Maliki and fellow Iraqi leaders on the clock, as frustration in Washington mounts at his government's inability to stem raging violence." The Administration "further sharpened the public US message towards the Maliki government…and reached a new pitch when [Secretary of State Rice] flew into Baghdad on Thursday." She "did not provide a deadline, but [Ambassador Khalilzad] indicated a week ago on CNN that the window for critical action to stem the carnage in Iraq may be down to two months." AFP adds that "a fearsome week in Iraq…tightened the political screws on [the Administration] ahead of crucial November elections," and "comments by influential Republican Senator John Warner fuelled perceptions that a new debate may be emerging on the direction of Iraq policy among members of the administration and political allies."

An analysis piece by the AP (10/8, Gearan) on the limits of US influence over Iraq says the Administration "is bumping up against the limits of military and political power to influence what happens next in Iraq, four years into an increasingly unpopular war ... As U.S. officials now acknowledge, the cycle of sectarian killings poses a greater threat than does al-Qaida or the anti-American insurgency." The AP calls continued sectarian violence "the force that the United States has the least leverage to counter." Washington "has put increasing pressure on" Maliki to end that violence, but "it is not clear how much authority he commands to do more," since he "relies on" parties linked to Shiite militias. About 60 sites carried this story.

Young Iraqis Find Lives Frozen. The New York Times (10/8, Tavernise, 1.21M) reports in a front page, human interest article numbering 1,739 words, "Three and a half years after the American invasion, the relentless violence that has disfigured much of Iraqi society is hitting young Iraqis in new ways. Young people from five Baghdad neighborhoods say that their lives have shrunk to the size of their bedrooms and that their dreams have been packed away and largely forgotten. Life is lived in moments. It is no longer possible to make plans." The Times quotes several

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youths who fear attending college and whose sectarian animosities have hardened.

Iraqis Experience, Witness Daily Violence. The Los Angeles Times (10/8, Rasheed, Daragahi, 918K) reports in describing the daylight kidnapping of a shopkeeper, "It was business as usual in Iraq, where at least 81 people were killed or found slain Saturday around the country." The abduction "put on view the enormous challenge of restoring security to a country coming undone by multiple layers of violence." A relatively famous victim was slain: "Nasser Shamil, the 37-year-old former captain of the Iraqi volleyball team...was shot and killed Thursday night at his goldsmith shop."

Iraq Veteran Sees Corruption Of US Ideals. In the Washington Post (10/8, B3, 748K), military correspondent Thomas Ricks quotes a letter from a veteran of the Iraq war, who writes, "The power of the idea of America had been on the march for half a century -- vanquishing its contrapositive in the form of global communism and gradually changing the face of the world -- until those who didn't really believe it themselves corrupted that idea. 'Extraordinary rendition,' Guantanamo Bay, and Abu Ghraib have all become shorthand for an America (or an American administration) that lost faith in the power of its own idea. ... If we're able to reassert our idea and to hold it up to people as a real choice, I know this current setback can be overcome. No amount of violence inflicted in the name of freedom, however, will be the force to bring it about."

Trial Shows "Complex" Relationship Between Navy, Marines. The Los Angeles Times (10/8, Perry, 918K) reports that the just-concluded trial of Navy corpsman Melson Bacos illustrates the "complex relationship between combat Marines and the sailors who follow them into battle to patch up their wounds." One corpsman testifying for Bacos "said that it is not easy for corpsmen to be accepted by combat Marines." The Times adds, "When Marines go into combat, each carries an M-16 assault rifle, a weapon that requires precision handling. Corpsmen, including Bacos, usually carry shotguns, considered a weapon easily handled. Some Marines don't consider the corpsmen to be full members of their teams."

WTimes Columnist Disparages "Secrecy" Of Chart Used By Woodward On TV. In the Washington Times (10/8, 88K), Terence Jeffrey says that the GAO and DOD both "beat Woodward" in reporting the information that "enemy attacks in Iraq have been increasing." In addition, the "government's open reporting on the increasing number of enemy attacks also refutes the charge Mr. Woodward made…that the administration kept this 'trend' secret to deceive people about how badly the war is going." Jeffrey writes, "The Defense Department's public graph showed the trend in average weekly attacks for six different periods of the war. ... Before and after the 'Secret' chart reported by Mr. Woodward, GAO took the same information and posted it on the Internet."

CRIMINAL LAW:

Bush Deplores School Violence, Seeks To Improve NCLB Act. President Bush's radio address on school safety was covered only by the wire services. The AP (10/8, Loven) reports, "President Bush on Saturday lamented recent 'shocking acts of violence' in schools, and promised his administration will do what it can to keep centers of learning safe for students." Bush said, "Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom." He "also pushed for reauthorization of the No Child Left Behind law, which he says needs some changes." It "is scheduled to be renewed by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election." Bush "outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for 28,000 low-income students across the country to transfer to private schools, and has asked for $100 million to pay for the initiative."

Bloomberg (10/8, Basken) notes the NCLB act "enjoys support among members of both parties, though Democrats have complained that Bush and his Republican congressional allies aren't providing the money promised to improve struggling schools." His "renewed focus on the law, four weeks before congressional elections, prompted a barrage of Democratic criticism about funding and issues such as administration policies for tracking minority children, ensuring school safety and establishing reading curriculum." Sen. Edward Kennedy said, "This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath."

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Expert Offers Suggestions For Increasing School Safety. Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health and president of the Children's Health Fund, in a Time Magazine web exclusive (10/7) offers suggestions for making schools safer. Redliner argues against turning schools "into armed fortresses" but says "the federal government's response to concerns about school security has been dismal. In fact, since 2003, federal funds to improve security in our schools have been severely cut back, with fewer than 2% of the nation's school districts having received emergency-response grants from the U.S. Department of Education." Redliner suggests "common-sense steps that should be taken now" including limiting points of entry to schools, installing wireless alarms, creating disaster-preparedness plans, increasing awareness of students and teachers to suspect behavior and says "parents should also be the main advocates pushing educators and elected officials to do whatever is necessary to improve the security of the nation's schools."

Lax Reporting Skews Data On School Safety. Noting the Administration's upcoming conference on school safety, the New York Times (10/8, Hu, 1.21M) reports that in September the New York Education Department placed Rome Free Academy "on its first 'watch list' of dangerous schools, a Top 10 of schools that have repeatedly reported student violence like weapons possession, assaults and arson." But "parents say Rome was unfairly singled out after reporting every single case, as the law requires, while other schools did not." For example, "a national list of schools identified last year as 'persistently dangerous,' the most serious category of violent schools, Pennsylvania accounted for one-quarter of the total, and New York and New Jersey combined to account for another quarter, while a majority of states reported none at all."

FBI, Ethics Panel To Conduct Widespread Foley Scandal Investigations. Examining how the investigation of the Foley scandal will focus on the GOP leadership, the Washington Post (10/8, A8, Babington, 748K) reports that "numerous fundamental questions remain unanswered as the FBI and the House ethics committee begin their first full week of inquiries." Among the questions the Post says investigators will seek answers are "Who decided to keep word of the Louisiana e-mails closely held, so that only a handful of House Republicans -- and no Democrats -- knew of them?" And "Did Trandahl and Shimkus know exactly what the e-mails to the Louisiana boy said?" In addition, "How did House Majority Leader John A. Boehner (R-Ohio) handle word of the Louisiana e-mails?" And "Did Hastert know about the e-mails to the Louisiana boy?" Also, "Was Hastert's staff alerted to earlier concerns about Foley's behavior toward teenage pages?"

The AP (10/8, Margasak) reports, "If the House ethics committee finds evidence of a Republican cover-up, many people could be in jeopardy, facing consequences that range from a mild rebuke in a committee report to a House vote of censure or expulsion." In contrast to "the committee's usual practice of identifying the investigative target at the outset, this probe is wide open. Anyone who knew of Foley's salacious messages before the story broke at the end of September has reason for concern." Ethics panel member Rep. Howard Berman said, "At this point, what we're launching is an investigation into this whole affair, without a specific target."

Former Top Foley Aide To Testify Speaker's Office Was Alerted To Problems In 2003. The New York Times (10/8, Hulse, Zeleny, 1.21M) reports that Rep. Foley's former chief of staff Kirk Fordham "expects to go before the House ethics committee next week and testify under oath that he alerted the speaker's office as early as 2003 to inappropriate contact with teenage pages by Mr. Foley, his lawyer said Saturday." He "will also tell the panel that Scott Palmer, the longtime chief of staff to Speaker J. Dennis Hastert, later met with Mr. Foley to talk about his troubling interest in pages, though Mr. Fordham did not attend that meeting, said Timothy J. Heaphy, Mr. Fordham's lawyer." Palmer disputes Fordham's claim. Meanwhile, the ethics panel "intends to reach out to a circle of people in Mr. Hastert's office who may be able to confirm or deny if a meeting took place between Mr. Fordham and Mr. Palmer." The Times notes, "One person emerging as a subject of interest is Christy Surprenant, the former director of administration in the speaker's office, who was Mr. Palmer's assistant. Ms. Surprenant, who later worked for President Bush's campaign in her native Minnesota, could not be reached for comment on Saturday."

Top Hastert Aides' Role In Foley Response Come Under Scrutiny. The Los Angeles Times (10/8, Levey, 918K) reports that what Speaker Hastert's top three aides, Chief of Staff Scott Palmer, Deputy Chief of Staff Mike Stokke and senior legal counsel Ted Van Der Meid, did in the response to the Foley scandal "may determine whether the

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story remains a sexual scandal or grows into one of broader deception and coverup, as Hastert's critics have charged." The Ethics committee plans "to look broadly at how House leaders handled the issue." That "may prove troublesome to the speaker and his party, said congressional scholar Norman Ornstein, a critic of Hastert's leadership. 'To an awful lot of people around Capitol Hill, when they look at Palmer and Van Der Meid, they see Ehrlichman and Haldeman,' Ornstein said, invoking the names of two principals in the Watergate scandal of a generation ago."

Former Page Describes Sexual Liaison With Foley After Leaving Page Program. The Los Angeles Times (10/8, Roche, 918K) reports, "A former House page says he had sex with then-Rep. Mark Foley (R-Fla.) after receiving explicit e-mails in which the congressman described assessing the sexual orientation and physical attributes of underage pages but waiting until later to make direct advances." The unidentified page "said his electronic correspondence with Foley began after he finished the respected Capitol Hill page program for high school juniors. His sexual encounter was in the fall of 2000, he said. At the time, he was 21 and a graduate of a rural Northeastern college." The former page revealed one IM from Foley stating, "I always knew you were a player but I don't fool around with pages." That "account is consistent with Foley's assertion that he did not have sexual relations with minors." But the "exchanges with Foley offer a glimpse of possible predatory behavior by the congressman as he assessed" male pages.

Gay Republicans Unsettled By Foley Scandal. The New York Times (10/8, A1, Leibovich, 1.21M) in a front page article reports that in the aftermath of the Foley scandal "gay Republicans in Washington have been under what one describes as 'siege and suspicion.'" Conservative blogers "pointed out that gay staff members played principal roles in investigating the Foley case, suggesting that the party was betrayed by gay men trying to hide misconduct by one of their own. In the meantime, a group of gay activists, angered by what they see as hypocrisy by gay Republicans, have begun circulating a document known as The List, a roster of gay Congressional staff members and their Republican bosses."

GOP Seen As Split Over Hastert Support. National Review White House correspondent Byron York in an "Outlook" piece in the Washington Post (10/8, B1, 748K) sees Hastert as a scapegoat and says, "Hastert's defense strategy has worked -- so far. But the Foley affair has exposed deep fissures within the GOP a few weeks before midterm elections; when the story broke, everyone seemed to be in a different place. Some are in what one top House aide calls the 'knee-jerk' camp -- those who called for Hastert's resignation right away. Others are in a camp awaiting more evidence. Still others are in the smell-a-rat camp, suspecting that Democrats were behind the whole thing. And finally, some are in the this-is-proof-of-America's-moral-decline camp, condemning Republican and Democratic leaders alike. No one camp was able to take control, thus allowing Hastert to continue as the longest-serving Republican speaker in history."

White House Criticized For Refusing To Release Information About Abramoff Ties. The Washington Post (10/8, B6, 748K) editorializes, "Remember when President Bush promised to restore honor and integrity to the Oval Office? He doesn't either, it would seem. A report by the House Government Reform Committee…detailed how Mr. Abramoff and his team billed clients for hundreds of contacts with White House officials and dispensed coveted tickets to sporting events and concerts to favored officials, including adviser Karl Rove and Republican National Committee Chairman Ken Mehlman, then the White House political director." According to the Post, "You might think a White House worried about honor and integrity would want to look more closely at Mr. Abramoff's dealings. … Not this White House, which has been resolutely incurious about Mr. Abramoff's activities and equally unwilling to provide information about it." According to the Post, "A White House with nothing to hide would release information about Mr. Abramoff's his meetings and contacts with its officials."

CIVIL RIGHTS:

Despite Judge's Ruling, Letters Sent To Georgia Voters Say They Must Bring Photo ID To Polling Stations. The AP (10/8) reports, "Tens of thousands of Georgia voters recently received letters telling them they must show a photo ID to cast a ballot on Nov. 7, even though a judge recently struck down the requirement. The State Board of Elections mailed more than 300,000 of the letters, about 20,000 of them after the judge issued his ruling on Sept. 19." The AP notes, "For months, lawyers have been battling in state and federal court over the new ID law.

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Supporters, primarily Republicans, have said the law is needed to prevent voter fraud. Opponents say it is intended to discourage voting by members of minorities, the poor and the elderly, who are less likely to have a driver's license or other photo identification." The AP adds, "After that ruling, state officials said voters would be able to cast a ballot merely by presenting something like a utility bill or a Social Security card."

ID Requirements For Casting Ballots Viewed As Modern-Day "Poll Tax." In an op/ed in The New York Times (10/8, 1.21M) Adam Cohen writes, "The House of Representatives struck a major blow against democracy last month. It passed a bill that would deny the vote to anyone who shows up at the polls without a government-issued photo ID. The bill's requirements are so onerous and inflexible that they could prevent millions of eligible voters without driver's licenses — who are disproportionately poor, minority or elderly -- from casting a ballot." According to Cohen, "With that vote Congress joined a growing number of states that are erecting new barriers to voting. Republican-dominated legislatures and election officials have adopted absurdly difficult registration rules. They have removed eligible voters from the rolls with Katherine Harris-style purges, and required voters to buy ID cards to vote, a modern form of poll tax."

ENVIRONMENT:

Congressional Rewrite Of Fisheries Law Spurs Debate. The Washington Post (10/8, A3, Eilperin, 748K) reports Congress "is preparing to rewrite the nation's fishing rules in a bid to improve the much-criticized system for managing fisheries, and that worries Debra Shrader. The director of a fishermen's advocacy group here [New Bedford, MA] called Shore Support, she fears the fishing community will pay the price for rebuilding fish populations. … As lawmakers consider the most comprehensive revision of fisheries regulation in a decade, the argument is focused on how drastically to limit fishing when fish populations decline or crash. The combatants do not divide along the usual partisan lines; the fight over rewriting the Magnuson-Stevens Fishery Conservation and Management Act pits environmentalists against fishermen, the Senate against the House and coastal regions against one another. The outcome may determine how many fish will be left in the ocean decades from now and who will be around to catch them."

EPA Criticized Over Stricter Agricultural Dust Regulations. The Washington Times (10/8, Hudson, 88K) reports Rep. Robert W. Goodlatte, chairman of the House Agriculture Committee, "says the Environmental Protection Agency (EPA) has gone overboard on a regulation over dust. The Virginia Republican and others say the agency has set an impossible standard for the agriculture industry. 'I am deeply concerned and troubled by the direction the EPA is taking to regulate dust and coarse particulate matter,' Mr. Goodlatte told a subcommittee on conservation, credit, rural development and research hearing on pesticide programs. … The EPA amended its national air quality monitoring requirements late last month, which re-creates a national network to monitor six common pollutants: level ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, lead and particle pollution or dust." Sen. Charles E. Grassley "has invited EPA Administrator Stephen L. Johnson to visit his family's farm during the fall harvest. 'This will give you the opportunity to see what America's farmers are confronted with when harvesting. This visit will allow you to show me first hand how a farmer is to contain dust on their farm while combining,' Mr. Grassley said in a Sept. 26 letter."

Ethanol Boom Seen As Outgrowth Of ADM Campaign. The New York Times (10/8, Barrionuevo, 1.21M) reports Archer Daniels Midland, America's largest ethanol producer, "spent nearly three decades pushing relentlessly for the use of ethanol in gasoline, lobbying Congress and the White House and rousing farmers. But only in the last few years, amid record-high oil prices and government mandates to use ethanol, has this clear, colorless fuel — a form of ethyl alcohol — finally begun to catch on, transforming it from a dream into almost a religion in the Midwestern states that produce corn. Ethanol has been a boon to A.D.M.'s fortunes, helping it to achieve record earnings last year of $1.3 billion on sales of $36.6 billion." The Times notes, "While ethanol can be made more cheaply from sugar cane, as it is in Brazil, lobbying by A.D.M. and farm-state politicians has helped corn win out as the crop of choice for ethanol in the United States. It did not hurt that the powerful American sugar lobby helped to erect trade barriers keeping out cheaper imported sugar and cheaper imported ethanol."

Oil Conglomerates Are Investing In Alternative Energy Sources. The Los Angeles Times (10/8, Douglass, 918K) reports, "Royal Dutch Shell has become one of the

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world's largest developers of wind farms and is part owner of two in California. Chevron operates massive geothermal plants in Indonesia and the Philippines. And BP is a partner in hydrogen power plants proposed for Carson and Scotland. Energy executives point to such endeavors as proof that oil companies are part of a global push to rein in pollution and boost alternatives to oil and natural gas. … Critics dismiss the efforts as 'greenwash' -- using environmentally friendly programs to draw attention away from unfriendly activities."

US Laws Allow Sale Of Goods Containing Toxic Materials Banned In Numerous Countries. The Los Angeles Times (10/8, Cone, 918K) reports, "Because formaldehyde wafts off the glues" of certain types of plywood, "it is illegal to sell in many countries -- even the one where it originated, China. But in the United States this wood is legal, and it is routinely crafted into cabinets and furniture." While the EU and other nations "have tightened their environmental standards, mostly in the last two years, manufacturers -- here and around the world -- are selling goods to American consumers that fail to meet other nations' stringent laws for toxic chemicals." The Times adds, "Wood, toys, electronics, pesticides and cosmetics are among U.S. products that contain substances that are banned or restricted elsewhere, particularly in Europe and Japan, because they may raise the risk of cancer, alter hormones or cause reproductive or neurological damage."

In an accompanying article the Los Angeles Times (10/8, Cone, 918K) reports, "Although chemical bans overseas have prompted some manufacturers to reformulate all their products worldwide, many toys and cosmetics are exceptions. Europe banned or restricted six phthalate compounds in toys. In beauty products, Europe has eliminated 900 compounds, including two phthalates, suspected of causing reproductive disorders, cancer or genetic mutations." And the "U.S. toy industry said seven years ago, when the European Union first banned some phthalates, that it would voluntarily remove them from products for babies and toddlers. But last year, 15 of 18 vinyl bath toys, teethers that babies chew on and other toys purchased at U.S. stores contained the chemicals, according to tests by the activist organization U.S. Public Interest Research Group."

Eminent Domain A Hot-Button Ballot Initiative In 11 States This Fall. The New York Times (10/8, Yardley, 1.21M) reports, "More than a year after Suzette Kelo and several of her neighbors in New London, Conn., lost their battle against eminent domain in the United States Supreme Court, the backlash against the ruling has made property rights one of the most closely watched ballot issues nationwide. Already, 30 state legislatures have enacted restrictions on eminent domain in response to the court ruling." Voters in Idaho "and in 11 other states will consider property rights measures in November, making it the election's most prevalent ballot issue. Most of the measures would limit eminent domain to some degree, while others, in Western states, would go further, imposing new restrictions on government's ability to enforce zoning laws."

IMMIGRATION:

Gonzales Pledges To Evaluate Judges Who Hear Asylum Cases. The New York Times (10/8, Bernstein, 1.21M) reports, "It is always judgment day in the windowless courtrooms where immigrants plead to stay in the United States. But these days, as never before, the nation's 218 immigration judges are also being judged, even as they struggle to complete 350,000 cases a year amid an immigration debate that promises to send them many more. Appeals courts criticize some judges by name, citing abusive behavior and bad decisions. Studies highlight stark disparities in judgment, like 90 percent of asylum cases granted by one judge and 9 percent down the hall. Faced with mounting criticism, Attorney General Alberto R. Gonzales vowed to introduce yearly performance evaluations of the judges, who are Justice Department employees." The Times notes, "In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way. But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake as small as pronouncing 'rebels' like 'robbers.' As the caseload has grown, spurred in part by stepped-up enforcement, so has the pace demanded by 'case completion goals' set in Washington."

Immigrant Smugglers Seen As Likely To Adapt To New Border Fence. The AP (10/8, Rodriguez) reports, "as the U.S. prepares to build a high-tech barrier with 700 miles of extra fencing, motion detectors and remote controlled

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devices, smugglers are already figuring out how to beat the new security. Even before President Bush signed the $1.2 billion funding bill Wednesday to strengthen busy crossing points, border patrol figures indicated that smugglers have been hiding more migrants in vehicles, or diverting them across one of the most inhospitable sections of the border — a mountainous stretch of searing desert near Yuma, Ariz. Some experts predict smugglers could turn to boats and tunnels, two methods popular with drug smugglers but seldom used by migrant traffickers."

Latino Immigrants Driving US Population Growth. In an op-ed for the Los Angeles Times (10/8, 918K) William H. Frey, a demographer at the Brookings Institution, writes, "It is immigration that is driving the growth of the U.S. population. In fact, odds are that the 300-millionth American will be the child of immigrants or an immigrant himself — as likely as not born or residing in Los Angeles. Right now, about half of U.S. population growth in any given year or month is attributable (through migration or natural increase) to Latinos, the vast majority of whom are either first- or second-generation Americans."

And in a week in review piece, The New York Times (10/8, Roberts, 1.21M) reports, "By one count, more than half of all the people who have ever lived in the United States are living today. And their ranks are expanding. On any given day, 11,000 babies are born and 3,000 immigrants arrive, outnumbering the people who die or emigrate." According to the report, "At the current rate, the person who tips the population past 300 million will emerge in a week or so."

Gauging Volume Of Immigrant Crime Proves Difficult. The Houston Chronicle (10/8, O'hare) reports, "The slaying of Houston police officer Rodney Johnson by a Mexican national who returned here after being deported has cast another uncomfortable spotlight on the estimated 400,000 illegal immigrants living in the Greater Houston metropolitan area." The Chronicle continues, "Making up about 10 percent of the area's population, this demographic — alternately scorned as freeloaders and defended as hard workers seeking better lives — accounts for 7 percent to 9 percent of those caught up in the local criminal justice system as inmates or defendants." The Chronicle adds, "While various agencies acknowledge such statistics are incomplete, the numbers nonetheless indicate that immigrants living here without authorization have an impact on Harris County's courts and jails, as well as the state's prisons. … Even a single-digit assessment of 7 percent to 9 percent of the people flowing into the doors of these various entities can involve thousands of people and millions of dollars each year. … Still, academics who have studied the immigrant population for years caution against making sweeping judgments of a vast population segment they say is unfairly suffering public wrath for the actions of a few."

TAX:

Questions Raised Over Tax, Regulation Exemptions Given To Religious Organizations. In a 4,696-word front-page news analysis in The New York Times (10/8, 1.21M) Diana Henriques writes, "In recent years, many politicians and commentators have cited what they consider a nationwide 'war on religion' that exposes religious organizations to hostility and discrimination. But such organizations — from mainline Presbyterian and Methodist churches to mosques to synagogues to Hindu temples — enjoy an abundance of exemptions from regulations and taxes. And the number is multiplying rapidly." According to Henriques many of the exemptions have been granted in the last 15 years and are "sometimes added to legislation, anonymously and with little attention, much as are the widely criticized 'earmarks' benefiting other special interests." According to Henriques, "The willingness of the federal courts to accept these arrangements increased considerably under the influence of William H. Rehnquist when he was chief justice of the Supreme Court, said Derek H. Davis, until recently the director of the J. M. Dawson Institute of Church-State Studies at Baylor University in Waco, Tex," and Davis "sees Chief Justice Rehnquist's successor, Chief Justice John G. Roberts Jr., and Justice Samuel A. Alito Jr. as likely to follow in Chief Justice Rehnquist's footsteps on cases affecting religious groups. The problem is, efforts to protect the free exercise of religion can clash with efforts to assure that religion is not favored by the government."

CONGRESS-ADMINISTRATION:

Carrier USS George H. W. Bush Is Dedicated. The dedication of the carrier USS George H.W. Bush was covered by major print media and NBC. Coverage was positive, but clouded with discussions of the Iraq war. NBC

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Nightly News (10/7, story 7, 2:20, Holt, 9.87M) reported, "Despite the heavy rain, a celebration was held in honor of a war hero and the generation that served with him. He was the youngest pilot in the Navy when he got his wings. Flew 58 combat missions and got bravery in action. Today the entire Bush family was on hand for the christening of the aircraft carrier that has his name, the USS George H. W. Bush. It brought the former president to tears."

The Los Angeles Times (10/8, Gerstenzang, 918K) reports that the ceremony contained "an undercurrent of the troubles facing the present Bush administration. On the stage just yards from the ship's bow ... [was] Defense Secretary Donald H. Rumsfeld, whose direction of the war is drawing increasing criticism. Next to Rumsfeld was Sen. John W. Warner…who last week became the most prominent Republican officeholder to publicly question the course of the Iraq war. In the audience was Colin L. Powell ... His disagreements with the current president over the Iraq war are slowly surfacing. ... Without mentioning the war but sending an unmistakable signal, the senior Bush declared: 'I am very proud of our president. I support him in every single way, with every fiber in my body.' He did not, however, say he agreed with every decision his son had made."

The New York Times (10/8, Stolberg, 1.21M) reports, "Though it was a day mostly of reminiscences for the 41st president of the United States, who joined the Navy fresh out of high school and became a decorated pilot in World War II, the elder Mr. Bush also took the occasion to do something he does not often do: comment on the administration of the 43rd president. 'I am very proud of our president,' the 82-year-old father said forcefully of his son." The Times adds that the two presidents' "aides have been at odds, and not always beneath the surface, over the war in Iraq."

The Washington Post (10/8, Abramowitz, 748K) reports that the senior Bush's defense of his son seemed "a pointed response to speculation, fanned most recently by a new Bob Woodward book, that the former president is anguished over the Iraq war and that his closest advisers now see the son's administration as a debacle."

The Washington Times (10/8, Curl, 88K) reports that attendees on the dais "included Defense Secretary Donald H. Rumsfeld; Gen. Peter Pace, chairman of the Joints Chiefs of Staff; Sens. John W. Warner and George Allen, Virginia Republicans; Florida Gov. Jeb Bush; and Supreme Court Justice Clarence Thomas." Sen. Allen "compared the struggle of World War II to the global war against terrorism."

The Norfolk Virginian Pilot (10/8, Glass) reports that President Bush "is the first president in the shipyard's 120-year history to participate in the christening of a namesake ship." The ship "is about 60 percent complete."

The Houston Chronicle/AP (10/8, Loven) reports that the carrier's skipper "eventually will be responsible for about 3,000 crew members when the ship is put into service. It is not known where the carrier is to be stationed." AFP (10/7) reports that the ship "is expected to operate for half a century." UPI (10/7) also reports the ceremony.

GAO Finds Medicare And Medicaid Networks Lack Security Controls. The New York Times (10/8, Pear, 1.21M) reports the GAO has "found serious computer security flaws that could lead to the improper disclosure of sensitive medical information on people enrolled in Medicare and Medicaid." A new report "said 'key information security controls were missing" from a huge communication network used by the federal Centers for Medicare and Medicaid Services. As a result, they said, sensitive, personally identifiable information 'could be improperly modified, disclosed or deleted.' Moreover, the report said, 'these weaknesses could lead to disruptions in services' to millions of Medicare and Medicaid beneficiaries." Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, "said none of the flaws had led to 'actual security breaches.'" McClellan "said he was taking steps to fix the problems."

Federal ID Rule Bars Thousands Of Eligible Children From Receiving Medicaid. The Washington Post (10/8, C5, Jenkins, 748K) reports, "Thousands of low-income children have been unable to enroll in Virginia's Medicaid program since July 1 because of new, tougher federal rules requiring proof of citizenship and identity, state officials said. Officials for the state program for the poor and disabled said as many as 10,000 eligible children are living without health care largely because their families have been unable to present original birth certificates and other needed documentation to state or local Medicaid officials. … The new federal rules, designed to curb fraud by illegal immigrants, require passports, birth certificates or other identifying documents to be shown when people apply for Medicaid benefits or during annual reenrollment in the program. Parents are also required to offer sworn affidavits as proof of a child's identity." The Post add, "After an outcry from health-care advocates across the country, federal officials

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exempted elderly and disabled applicants from the new regulations. But the same exemption was not given to most children, which state officials say is making it difficult to enroll minors."

GOP House Members Accused Of Lack Of Attention To Pressing National Issues. In a column in The Washington Post (10/8, B7, 748K), David Broder writes, "The disgrace of Congress extends far beyond the scandals that have sullied the record of the dominant House Republicans. They are properly being blamed for most of the misdeeds and blunders that have marked this year on Capitol Hill, from the power grabs by Tom DeLay, to the greed of Duke Cunningham and Bob Ney, to the sexual overtures of Mark Foley." According to Broder, "Those were bad enough, and the glacial pace at which party leaders responded to all of them is a further indictment of the current regime. The House session opened with an attempt to change the rule that would have required an indicted Tom DeLay to step down as majority leader. It finished with Mark Foley hustling off to rehab before he answered questions about his electronic messages to underage male House pages." Broder adds, "In between, what was accomplished? Nothing of significance on any of the major problems confronting the nation. That is the real failure and the reason there should be a lot of new faces when the next Congress starts work in January."

LAT Urges Administration To Tackle Long-Term Deficits. The Los Angeles Times (10/8, 918K) in an editorial downplays the Dow's record peak last week but writes it "is worthy of celebration. The economy is strong, as President Bush gloated on Friday." Chiding politicians for spinning economic news the Times says, "Democrats look shrill when they engage in mental contortions to argue that what is plainly good news is a mirage. It's equally disingenuous for the president to claim that his temporary tax cuts, which were sold to the country as a needed 'stimulus' at a dire time, must be made permanent at a time of prosperity." The Times sates, "If Treasury Secretary Henry M. Paulson Jr. wants to avoid becoming just another in a series of Treasury secretaries who shrank in office to little more than White House cheerleaders, he is going to have to persuade the president to take advantage of this strong economy and address some of the federal government's structural long-term deficits."

OTHER NEWS:

Greenspan And Mankiw Among Economists In Favor Of Higher Gas Tax. The New York Times' Daniel Gross (10/8) writes that in September Alan Greenspan was asked "whether he'd like to see an increase in the federal gasoline tax, which has stood at 18.4 cents a gallon since 1993. 'Yes, I would,' Mr. Greenspan responded with atypical clarity. 'That's the way to get consumption down. It's a national security issue.' Mr. Greenspan isn't the only Republican-aligned economist to have discovered, or rediscovered, a fondness for higher energy taxes since leaving government service. N. Gregory Mankiw, the Harvard economist who served as chairman of President Bush's Council of Economic Advisers from 2003 to 2005, favored a higher gas tax before going to Washington, and has been banging the drum loudly for it since he left. … The roster of what Mr. Mankiw calls 'economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes,' includes some of the usual suspects — Paul Krugman, a columnist for The New York Times, and Al Gore, for example — as well as unusual suspects like Gary S. Becker, the economics professor and Nobel laureate at the University of Chicago."

NYTimes Examines Linkage Of Lower Gas Prices And Upcoming Election. The New York Times (10/8, 1.21M) editorializes, "It seems a little too convenient. As the stretch run to the midterm Congressional election approaches, gasoline prices fall precipitously. The sudden shifts in prices seem to come out of the blue. And unlike copper or pork bellies, oil is a commodity always charged with political significance. It only sets the bloggers typing faster and the pundits chattering louder when a key player in the price swing is the investment bank Goldman Sachs, whose chief executive, Henry Paulson, left to become President Bush's Treasury secretary. … Consumers' gut feeling that something is not right with the gasoline market is a recognition of fundamental changes in supply and demand that have made prices more volatile and attracted ever more speculation. Average Americans find themselves at the whim of an increasingly capricious market, one that strikes hard in the pocketbook. And it might become worse."

Foley Scandal Could Threaten GOP Control Of Congress. NBC Nightly News (10/7, lead story 2:30,

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Holt, 9.87M) reported, "In a country currently engaged in two wars, under a constant threat of terrorism and debating the future of immigration policies, the email scandal on Capitol Hill may not be the most important issue we face. But if you are a Republican running for Congress, it has your undivided attention. That's because tonight there is fresh evidence that scandal is taking a political toll, eroding Republican support among voters in the crucial final month of the campaign." NBC (Reid): "With just over four weeks before election day and Republicans struggling to keep control of the house, a new poll says the Foley-page scandal is making that goal even tougher. According to Newsweek, 52% of Americans believe Speaker Dennis Hastert knew about the Foley email problem and tried to cover it up. 53% want Democrats to take control of Congress. Only 35% want Republicans to keep control." NBC's Reid concluded, "One respected political analyst told NBC News today the page scandal will probably soon fade from the headlines but what is likely to replace it, he say, is Iraq and for Republicans, that could be a bit like going from the frying pan to the fire."

The Washington Post (10/8, A1, Grunwald, Cillizza, 748K) in a front page article titled "Foley Consuming GOP As Elections Draw Near" reports, "Republican strategists acknowledge privately that, even under their best-case scenario, Foley's sexually charged messages and allegations that House leaders were too passive in responding to them will remain an all-consuming distraction for GOP campaigns for the next week." The Post notes, "Their strategy -- equal parts hope and calculation -- relies on waiting for the story to die down in local news outlets, even if it continues to dominate national news, while also accusing Democrats of exploiting a personal lapse for political gain." In addition to some specific races which may be impacted, "many strategists in both parties believe the scandal might echo principally as a metaphor for a GOP leadership that over the past year has drawn more attention for ethical lapses and partisan turmoil than legislative achievements." But despite the "intensity" of the political debate, "the calculation in both parties is that the Foley scandal is unlikely to reshape the basic dynamics of the Nov. 7 elections, which still seem to hinge on voter attitudes toward Iraq, the economy and President Bush."

And the New York Times/AP (10/8, Espo) in an article titled "Dems Positioned to Challenge GOP Control" reports, "Aided by public revulsion over an Internet-age sex scandal, Democrats enter the final month of the campaign well-positioned to challenge for control of Congress, while Republicans increasingly express concern about holding onto power." The AP notes, "Strategists in both parties agree the fall campaign already has been marked by two distinct trends. The first, which began after Labor Day, saw gradual movement toward the Republicans as President Bush campaigned vigorously on national security issues." But that dissipated "two weeks ago with the partial publication of a government intelligence report that cast doubt of his administration's claims of progress in Iraq." And GOP pollster Steve Lombardo says the Foley scandal "has stopped any momentum that the president had in improving his standing, mostly because it knocked him off the front pages and it knocked security off the front pages."

The Los Angeles Times (10/8, Hook, 918K) reports that as a result of the Foley scandal "some analysts said the scandal was abruptly changing the focus of the fight for control of Congress -- at least for now. It is taking a toll on Republicans' national prospects, even though only a handful of GOP lawmakers are directly affected." It "has helped increase the number of Republicans facing competitive challenges from 37 last week to 43 now -- a shift that includes four lawmakers who were considered safe but have now moved into the danger zone, according to the nonpartisan Cook Political Report's weekly analysis Friday." And now "the midterm election campaign may end as Democrats had hoped in the beginning -- with a focus on ethics. That Democratic strategy had run aground for months when party members got caught up in corruption charges. Now, renewed focus on corruption may work more to their advantage."

Bloomberg (10/8, Dodge) reports, "The Mark Foley sex scandal may make it harder for Republicans to turn out voters in the November elections, said Gary Bauer, the president of American Values, a group that advocates the protection of traditional marriage." In an interview airing on "Political Capital with Al Hunt" this weekend Bauer said, "The Foley mess makes it harder to galvanize that base." But he "added that the situation may change if an investigation finds that Democrats had information about Foley and timed its release for political reasons."

Poll Shows Democrats Leading On All Top 2006 Election Issues. Newsweek (10/8, Mabry, 3.12M) in a web exclusive reports that its most recent poll of 1,004 adults conducted October 5-6 (+/-4%) shows the Foley scandal "now threatens to sink Republican hopes of keeping control

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of Congress." In addition, Bush's "approval rating has fallen to a new all-time low for the Newsweek poll: 33 percent, down from an already anemic 36 percent in August." The Foley scandal's "more significant impact seems to be a widening of the yawning credibility gap developing between the President, his party and the nation." And "Democrats now outdistance Republicans on every single issue that could decide voters' choices come Nov. 7. In addition to winning -- for the first time in the NEWSWEEK poll -- on the question of which party is more trusted to fight the war on terror (44 to 37 percent) and moral values (42 percent to 36 percent), the Democrats now inspire more trust than the GOP on handling Iraq (47 to 34); the economy (53 to 31); health care (57 to 24); federal spending and the deficit (53 to 29); gas and oil prices (56 to 23); and immigration (43 to 34)."

Reynolds Apologizes For Response To Foley Allegations In TV Ads. NBC Nightly News (10/7, lead story 2:30, Reid, 9.87M) noted, "Congressman Tom Reynolds, head of the House Republican Campaign Committee, admits he knew about odd but non-explicit Foley emails months ago. Now in a tight race, he's apologizing to his constituents for not doing more about Foley." Rep. Tom Reynolds: "I trusted that others had investigated. Looking back, more should have been done and for that, I'm sorry."

The Washington Post (10/8, A1, Grunwald, Cillizza, 748K) in a front page coverage of the Foley scandal notes, "In a sign that he is on the defensive, Reynolds went on the air this weekend with ads in Buffalo and Rochester that amounted to a mea culpa over Foley. 'Nobody's angrier and more disappointed that I didn't catch his lies,' the New York congressman says."

Democratic Candidate Uses Foley Scandal To Make Case For Changing Control Of Congress. NBC Nightly News (10/7, lead story 2:30, Reid, 9.87M) noted, "Hoping to maintain the momentum, Democrats are going on the attack. Today Patty Wetterling, a Democratic candidate in Minnesota, delivered the party's response to the President's weekly radio address." Wetterling: "Foley sent obvious predatory signals, received loud and clear by the Republican leadership who swept them under the rug to protect their political power."

The New York Times/AP (10/8, Frommer) quotes Wetterling saying, "If a teacher did this and the principal was told but did nothing, once the community found out, that principal would be fired." Wetterling added, "We need a new direction in Congress because our children need strong voices."

Brownstein Blames Lack Of Response To Foley Problems On GOP Culture Of Minimizing Dissent. Ron Brownstein in his column in the Los Angeles Times (10/8, 918K) blames the Foley scandal on the Administrations' strategy of enforcing party unity arguing that "Marginalizing internal dissent and promoting party unity have been hallmarks of the Republican governing strategy under President Bush." Brownstein says "the White House and GOP congressional leaders have successfully encouraged Republican legislators and activists to see themselves more as part of a team and less as autonomous voices representing distinct and divergent constituencies. With only a few exceptions (education, immigration), the GOP has tried to resolve every policy choice in a manner that maximizes agreement within their coalition and minimizes the opportunity for Democratic influence." The strategy "has produced undeniable benefits for the GOP: a series of narrow, often virtually party-line, legislative victories and massive turnouts by the party's base that powered victories in the 2002 and 2004 elections" yet "the Foley scandal dramatizes the long-term dangers of governing with a mind-set that prizes party loyalty over principled independence and denies the value of legitimate checks and balances."

Pelosi Outlines Provisional Agenda For Democrat-Controlled House. The San Diego Union-Tribune/AP (10/8, Espo) reports House minority leader Nancy Pelosi has sketched out her plans for the first few days after retaking control of the House. "Day One: Put new rules in place to 'break the link between lobbyists and legislation.' Day Two: Enact all the recommendations made by the commission that investigated the terrorist attacks of Sept. 11, 2001. In the time remaining until 100 hours have elapsed: Raise the minimum wage to $7.25 an hour, maybe in one step. Cut the interest rate on student loans in half. Allow the government to negotiate directly with pharmaceutical companies for lower drug prices for Medicare patients. Broaden the types of stem cell research allowed with federal funds -- 'I hope with a veto-proof majority,' Pelosi added in an Associated Press interview Thursday."

In a "Week in Review" piece for the New York Times (10/8, 1.21M) Robin Toner writes, "Democrats insist they have no intention of an abrupt lurch to the left, offering instead a relatively modest agenda and the less-than-revolutionary

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rallying cry of 'more oversight!' In fact, a Democratic majority in the House or the Senate -- or both -- would immediately change Washington in fundamental ways after four years of one-party Republican rule. … A Democratic Congress would have sweeping new powers to set the agenda and focus the political debate -- through the hearings it calls, the witnesses it summons and the kind of legislation it brings to the floor."

Prominent Analysts And Officials Offer Advice To Both Parties. In a special New York Times (10/8, 1.21M) op-ed section titled, "How The Democrats Can Win," nine prominent Democrats and political analysts offer strategic advice. Contributors include, Rahm Emanuel, Stanley B. Greenberg, Jody Powell, Joe Trippi, Phil Bredesen, Kevin Drum, Michael Eric Dyson, Ellen R. Malcolm and Howard Dean.

Advice For Democrats. DNC Chairman Howard Dean in the New York Times (10/8, 1.21M) calls for Democrats to "stand up to Republican attempts to once again use fear to win elections in November. We will make sure voters know that a Democratic Congress will not rubber-stamp the administration's policies, which put the agenda of the far right ahead of what's good for America. We offer a new direction that will restore to Congress the competence, efficiency and fairness that Americans deserve."

DCCC Emanuel in the New York Times (10/8, 1.21M) focuses on "competence" saying, "Our nation confronts very real dangers at home and abroad. Will voters feel safer sticking with a Republican Congress that sent our troops into battle without a plan, cut aid to local law enforcement and allowed cronyism to undermine our emergency response system, or will they want a Democratic Congress that will demand real accountability and oversight?"

Similarly, former Carter press secretary Jody Powell in the New York Times (10/8, 1.21M) says, "Today the evidence of arrogance, deceit, and miscalculation has grown so decisive that rhetorical excess will serve only to distract from it. America deserves, and I believe will reward, a level of debate that befits the sad and solemn circumstances that make it necessary."

Democratic pollster Stanley Greenberg in the New York Times (10/8, 1.21M) urges Democrats to run on the economy and Iraq saying, "The more Republicans talk about great times, the more they fuel voter frustration with a party out of touch with people's financial worries. And the more Republicans talk about 'cut and run,' the more voters focus on the ugliness of today's Baghdad."

Democratic consultant Joe Trippi in the New York Times (10/8, 1.21M) urges Democrats to "build a new majority for change. This is not a matter of pushing the party to the left or right so much as it is one of embracing the evident hunger among the American people to set the nation on a new course. President Bush and the Republicans represent staying the course; Democrats represent changing the course."

Tennessee Gov. Phil Bredesen in the New York Times (10/8, 1.21M) says Democrats should focus on "health care. Imagine a November in which Americans are not only unhappy with the Republicans, but when we in our turn hold out clear and believable hope to nearly 50 million uninsured Americans and many more insured but worried ones."

Advice For Republicans. In a New York Times (10/8, 1.21M) companion section titled, "How The Republicans Can Win," nine prominent Republicans and political analysts offer advice. The nine are, Jennifer Grossman, Mark Salter, Ari Fleischer, Lisa Schiffren, Dick Armey, Rich Bond, Jay Heiler, Tom Campbell and R. Emmett Tyrrell Jr.

Former White House press secretary Ari Fleischer in the New York Times (10/8, 1.21M) advises Republican candidates to run on tax cuts, to remind Seniors of the new prescription drug benefit and "As for war and peace, stand strong. Whether it was the nuclear freeze, opposition to the liberation of Kuwait, or their cut and run proposals in Iraq, Democrats choose wrongly on foreign policy and defense. The country wants to win in Iraq and I'd proudly support our mission, confident we'll be victorious if we act long-term. Democratic control will lead to retreat."

Former Majority Leader Dick Armey in the New York Times (10/8, 1.21M) says "Republicans need to return to the ideas that inspire their voters — lower taxes, less government, more freedom. … When conservatives abandon limited government principles, we lose our credibility with voters. It's an Armey's Axiom: When we act like us, we win. When we act like them, we lose."

Former Rep. Tom Campbell in the New York Times (10/8, 1.21M) advises Republicans to run on homeland security and the economy saying, "The contest will then be between the Democrats' national issues (Iraq and management of the House) versus the Republicans' national issues (protecting us from terrorism and providing more jobs for Americans). Republicans can win that battle."

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Sen. McCain's chief of Staff Mark Salter in the New York Times (10/8, 1.21M) lists a number of domestic and national security issues and concludes, "Remind voters we remain the party best able to provide effective governance in a time of change, instability and war, and that we have not become just the party of government, valuing power over principles."

Books On Democrats' Electoral Strategies Reviewed. In a review of "Building Red America: The New Conservative Coalition and the Drive for Permanent Power" By Thomas B. Edsall and "Whistling Past Dixie: How Democrats Can Win Without the South" By Thomas F. Schaller for the Washington Post (10/8, BW4, 748K) John Dickerson, Slate magazine's chief political correspondent, writes, "Thomas B. Edsall and Thomas F. Schaller have both contributed well-documented and thoughtful arguments that might help direct Democrats out of their wilderness. Edsall's accessible Building Red America is not presented as a guidebook but as a tour of the political landscape. Republicans have learned how to manage that landscape and adapt more quickly to changes on it. Democrats, on the other hand, keep losing for a reason: Their party is no longer a populist coalition, but it keeps trying to run as one, and its leaders fail to understand the connection between middle-class voters' economic self-interest and their concerns about cultural values. … Schaller's Whistling Past Dixie is more prescriptive and less rewarding."

Cheney Rallies GOP Base With Stump Speech Described As "Grim." The Washington Post (10/8, A14, Baker, 748K), in an article titled, "Cheney Back Delivering The Grim Campaign Speech: Democrats Cast As Foils to the Nation's Security," reports Vice President Cheney "sometimes starts speeches with a Ronald Reagan quotation about a 'happy' nation needing 'hope and faith.' But not much happy talk follows. Not a lot of hope, either. He does, though, talk about the prospect of 'mass death in the United States.' The not-so-happy warrior of the past two campaign cycles is back on the road delivering a grim message about danger, defeatism and the stakes of the coming election." Cheney "takes on not only the traditional vice presidential assignment of slicing up the opposition but also the Cassandra role of warning about dire threats to the nation's security. While others get distracted by Capitol Hill scandal, Cheney remains focused on the terrorists." The Post notes, "More than half of Cheney's fundraisers in this two-year cycle have been behind closed doors. … That is okay with the White House, which at a perilous moment is counting on Cheney's under-the-radar campaign to rally the base, not the broader public."

Democrats Warned Not To Focus Campaigns On Iraq War Criticism. In an op-ed for the Washington Post (10/8, B4, 748K) Democratic pollster Vic Fingerhut writes, "The deepening controversy over Defense Secretary Donald H. Rumsfeld must seem like a dream come true for Democrats campaigning for the midterm elections. What better foil than a troubled president supporting an embattled defense secretary waging an increasingly unpopular war? … But it's a losing strategy. For nearly 50 years, poll after poll has shown that the Democrats have very limited credibility with the American public on foreign policy issues -- particularly among the swing voters who have a disproportionate say in the outcome of U.S. elections." According to Fingerhut, "focusing on foreign policy matters -- and the war in Iraq in particular -- during the final weeks of the campaign could cost the Democrats close contests they might otherwise win."

Democrats Work To Copy GOP GOTV Innovations. The Washington Post (10/8, A6, Balz, 748K) reports, "It may seem like a distant memory now, but Democrats not so long ago dominated the battle between the parties to get their voters to the polls. Over the past half-dozen years, Republicans reinvented the system, using sophisticated computer modeling and vast amounts of consumer data. In 2002 and 2004, they demonstrated their newfound superiority -- to the dismay of Democratic Party officials and their allies. 'It's no secret that the other side figured this out a little sooner,' said Josh Syrjamaki, the state director of America Votes, an umbrella organization of labor and liberal interest groups." Syrjamaki "and Ed Coleman, the technology director for the Minnesota chapter of America Votes, were hunched over a laptop computer, teasing out information that Democrats hope will begin to narrow the sizable gap with the GOP. The laptop linked them to a huge new database that holds the names, addresses, voting histories and consumer preferences of every Minnesota resident eligible -- though not necessarily registered -- to vote. That's a weapon that allows them to identify, locate, contact and turn out likely Democratic voters who have been largely invisible to them."

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AFL-CIO To Spend $40 Million On GOTV Effort. The New York Times (10/8, Greenhouse, 1.21M) reports, "After being outhustled by Republicans in voter turnout drives in recent years, the A.F.L.-C.I.O. plans to spend $40 million nationwide on voter education and turnout, emphasizing swing states like Minnesota, Missouri, Ohio and Pennsylvania. In addition, just as conservatives used referendums on same-sex marriage to mobilize voters in 2004, labor has helped put measures to raise the state minimum wage on the ballot in Ohio and three other states, an effort that union officials hope will draw low-income voters. … Traditionally strongest in urban areas, unions are devoting more energy than ever to workers in suburbs and even exurbs. Labor is focusing on the 'drop-off voter,' making sure that union members who vote in presidential elections but not in midterm elections go to the polls. In another initiative, unions are campaigning among a group that has largely been off limits to them under federal law, nonunion workers. The federation has figured out a way to reach those workers, sending canvassers door to door to sign up 1.5 million nonunion workers, including 700,000 Ohioans, to join a new A.F.L. affiliate, Working America, with an eye to having them vote for labor-endorsed candidates."

Dean And DNC Agree To Contribute $5 Million To DSCC. The Washington Post (10/8, A5, Cillizza, Goldfarb, 748K) reports, "After months of negotiating, the leaders of the Democratic National Committee and Democratic Senatorial Campaign Committee have struck a deal on the national party's spending strategy in its quest to capture control of the Senate in November. DNC Chairman Howard Dean has agreed to put what one Democratic aide said was roughly $5 million into Senate races. Sen. Charles Schumer, the DSCC's chairman, "welcomed the agreement, saying: 'The DNC is helping us at a time we need it very much, and we appreciate Chairman Dean's efforts.' A few weeks ago, Dean struck a similar deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel to spend $12 million on voter-mobilization efforts this fall, with $2.4 million allotted to the most competitive House races."

Obama Said To Be Too Untested To Run For President In 2008. In an op-ed for the Los Angeles Times (10/8, 918K) Ezra Klein, writing fellow at the American Prospect, writes, "The latest name rippling through the Democratic ranks is Barack Obama. … And although he routinely reminds that he's but a junior senator, his attributes only loom larger when transposed onto the 2008 race. In a crowd of old faces, Obama offers movie star good looks and a dazzling smile. Among a crew of (mostly) stale speakers, his rhetoric soars and excites. … OK Democrats, deep breath. Despite Obama's undeniable magnetism and star power, he's not your guy. Not yet. For now, Obama is a cipher, an easy repository for the hopes and dreams of liberals everywhere." Klein claims Obama "has refused to expend his political or personal capital on a single controversial issue, preferring to offer anodyne pieces of legislation and sign on to the popular efforts of others."

Romney Seen As Able To Overcome Handicap Presented By Mormonism. The Los Angeles Times' Gregory Rodriguez (10/8) writes, "prominent evangelical activist James Dobson said that Massachusetts Gov. Mitt Romney's Mormon faith 'could pose a serious obstacle' if he decided to run for the Republican presidential nomination in 2008. Dobson said he thought that conservative Christians wouldn't feel comfortable casting a ballot for a Mormon. Chances are, he's wrong. … When it comes to American politics, it seems clear that cultural affinity and a shared political agenda can trump theology."

Allen Continues To Allege Webb Supports Tax Increases. The Washington Times (10/8, Bellantoni, 88K) reports Sen. George Allen "last night rallied with his most reliable conservative friends…while Democratic challenger James H. Webb Jr. accused the Republican of running dishonest attack ads." Allen "told attendees at his annual 'Hoe Down' that Mr. Webb would increase taxes. Mr. Allen echoed the theme of his latest campaign ad, saying that the national Democrats who support Mr. Webb want to let President Bush's tax cuts expire. 'You know what that means?' he asked. 'Tax increases.'" Webb's campaign "called on the senator to stop running the ads. One ad says Mr. Webb would increase taxes because he is supported by liberal national Democrats. The other features a woman who accused Mr. Webb of misquoting her in a 1979 article, though she was not quoted in the piece after he interviewed her.

Allen's "Cowboy" Persona Discussed. The Washington Post's Michael Shear (10/8, C11) writes Sen. George Allen's "love affair with the imagery of the Old West

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endured into adulthood and became a motif of his political career. … Critics say the would-be cowboy hasn't quite earned his spurs. They call it the tired political shtick of a 54-year-old Republican senator whose reelection is in jeopardy. But former Allen chief of staff Jay Timmons said the image is genuine, born of a fascination Allen developed early in his childhood and even well into his teenage years in the 1960s."

Corker Makes Issue Of Ford's Family During Debate. The AP (10/8, Press) reports Tennessee Republican Senate candidate Bob Corker called his Rep. Harold Ford Jr., "a member of a family engaged in 'machine-type politics,' while Ford accused Corker of doing nothing about illegal immigrants working on his job site years ago." Corker "has previously shied away from bringing up the Ford family history. Over the years, members of Ford's family have won numerous local elections in Memphis and won seats in Congress and the state Legislature. Ford's uncle is awaiting trial on federal bribery charges, and his father once was indicted in a federal bank fraud case but was acquitted. 'I'm making an observation that it's pretty much a family business, and I think it's something we all see and know...that there's a sort of machine-type politics that takes place,' Corker said. Ford responded: 'There's too much joy in my heart to respond to that, so I'll let it go.'" Ford "charged that Corker -- who ran a construction company before becoming mayor -- did nothing after illegal immigrants were found to be working on a Memphis construction site he was developing in 1988."

Ford Works To Cultivate More Conservative Image. McClatchy Newspapers (10/8, Thomma) reports, "The latest and perhaps most revealing battle in the clash for control of the Senate seat here hinges on a campaign commercial shot in a church by" Ford. … 'Here,' Ford says in the ad, walking down a church aisle before sitting in a pew and ripping into his opponent, 'I learned the difference between right and wrong.' Not well enough, counter the Republicans. 'What kind of man parties with Playboy Playmates in lingerie, then films political ads in a church pew?' asks an ad aired by the National Republican Senatorial Committee, referring to Ford's attendance at a Playboy magazine Super Bowl party. The skirmish over Ford's place in church underscores a central theme in the campaign: whether Ford is culturally and politically conservative enough to win over rural white voters and become the first Democrat elected from the state in 16 years - and the first black ever popularly elected from the South."

Kean Uses Debate To Portray Menendez As Corrupt. The New York Times (10/8, Chen, 1.21M) reports on the "fractious" debate yesterday between Sen. Robert Menendez and New Jersey State Senator Thomas H. Kean Jr., where, "Each accused the other of being a liar, their voices often rising. They interrupted each other constantly, making it almost impossible at times to hear what was being said. The tone was so combative that it almost seemed as if the two men, who appeared uncomfortable standing only inches apart, might have been one personal insult away from a World Cup-style head butt. … But in both tone and substance, the one-hour session provided a concise summary of the campaign. There was Mr. Kean, a 38-year-old Republican who is the scion of a storied political family, managing to turn every question, whether about health care or personal foibles, into an opportunity to invoke the key theme of his candidacy: that Mr. Menendez, a veteran of the Darwinian world of Hudson County politics, is a political boss without a moral compass who is saddled with corrupt associates."

The New York Times (10/8, Rivera, 1.21M) notes, "A close look shows how each candidate yesterday used small factual kernels to make sweeping claims that are hard to prove or disprove. Most notable among the arguable claims was the question of a federal probe into an anti-poverty agency, the North Hudson Community Action Corporation, and Senator Menendez's role in it. While it is true that Christopher J. Christie, the United States attorney for New Jersey, did subpoena records from the nonprofit agency last month, there have been no reports or statements from federal prosecutors indicating that Mr. Menendez is under criminal investigation, as Mr. Kean claimed repeatedly yesterday."

Kean Gives Bush Administration A "B-Minus." The Washington Times (10/8, Fagan, 88K) reports Menendez" denied he is under federal investigation, while" Kean "rated the Bush administration a 'B-minus' during a combative debate yesterday. … The hourlong debate, in which the two men often spoke over each other so loudly that it was difficult to hear what either was saying, showcased an intense contest marked by corruption charges."

The AP (10/8, Santi) reports Kean "has said he supported the president's decision to wage war in Iraq, though he believes mistakes have been made and Defense Secretary Donald Rumsfeld should be fired. Menendez, who voted against the resolution authorizing the Iraq invasion, said he would give Bush a grade of D or F."

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Experts Expect Democratic Minnesotan To Be First Muslim Elected To Congress. The New York Times (10/8, Macfarquhar, 1.21M) reports that MN5 House candidate Keith Ellison (D), "a stocky criminal defense lawyer who converted to Islam in college, is expected by experts to make history on Election Day by becoming the first Muslim elected to Congress, as well as the first black representative from Minnesota." According to the report, "The Fifth Congressional District is a Democratic citadel. The last Republican to represent it lost re-election in 1962." According to the Times, Ellison's opponent, Alan Fine (R), "has made a concerted effort to discredit him for previous ties to the Nation of Islam, the radical group founded by Louis Farrakhan, but experts do not expect Mr. Fine to pose a serious challenge. Though Mr. Ellison usually mentions his faith on the campaign trail only when asked, his candidacy has amounted to something of a political awakening among Muslims tired of being vilified since the attacks of Sept. 11, 2001."

Democrats Likely To Pick-Up Several Governorships This Year. The Los Angeles Times (10/8, Barabak, 918K) reports, "For the first time since the 1994 Republican landslide, Democrats are poised to attain a majority of the nation's governorships, an important political toehold regardless of who wins the battle to control Congress. Election handicappers forecast Democratic gains of four to eight seats out of the 36 on the Nov. 7 ballot, with the Republican-held governor's chairs in New York and Ohio considered most likely to switch parties. The Democrats need to gain four governorships for a national majority. Massachusetts, Arkansas, Colorado and Maryland also look promising for Democratic candidates, according to campaign analysts. In Massachusetts — the land of Kennedys — a win would put a Democratic governor under the gold Capitol dome for the first time in more than a dozen years. Four seats appear to be tossups: Minnesota, Wisconsin, Iowa and Michigan, all states that could prove vital in the 2008 presidential campaign. All but Minnesota have Democratic governors now."

Montana's Schweitzer Said To Represent Future Of Western State Democrats. In a piece for the New York Times Magazine Mark Sundeen (10/8) writes, "As soon as [Montana Gov.] Brian Schweitzer was elected in 2004 -- the same night that George W. Bush carried Montana by 20 percentage points -- pundits began declaring him the future of the Democratic Party. Never mind that it was his first elected office: the 51-year-old farmer and irrigation contractor had folksy charm and true-grit swagger. He shot guns, rode horses, took his dog to work and decimated his opponents with off-the-cuff one-liners heavy on the bull-and-horse metaphors. He didn't act like a Democrat, in other words, and to many Democrats, reeling from consecutive losses to Bush, that seemed like a pretty good thing. … Within months of his election, bloggers were clamoring for a presidential run, and his popularity transcended the wonk journals to include coronation as 'Hot Governor' by Rolling Stone magazine, while '60 Minutes' called him the Coal Cowboy."

No Clear Winner Emerges From Texas Gubernatorial Debate. The New York Times (10/8, Blumenthal, 1.21M) reports, that Texas Gov. Rick Perry (R) "and three challengers faced off in a Dallas television studio for their only debate in the free-for-all that is the governor's race. But if the long-awaited one-hour showdown had its moments" as independent Kinky Friedman "pledged allegiance to his cigar," former Rep. Chris Bell (D) "remembered the Alamo" and independent Comptroller Carole Keeton Strayhorn "forgot the name of the president-elect of Mexico — it hardly resolved the uncertainties, some political experts said." According to the report, With Perry "leading in the polls a month before Election Day and positioned to become the longest-serving governor of Texas despite being opposed by about two out of three voters, the high-profile race in President Bush's home state is still fluid."

California Gubernatorial Candidates Spar Over Taxes In Only Debate. The AP (10/8) reports that California Gov. Arnold Schwarzenegger (R) and state Treasurer Phil Angelides (D) "sparred over the direction of the state's economy Saturday in their only debate planned for the gubernatorial campaign. In a series of sharp exchanges, Schwarzenegger and Angelides differed over higher education fees, taxes and the state of the middle class." According to the report, "The debate, coming on the third anniversary of the historic recall election that swept Schwarzenegger into office, provided the campaign's first direct exchange between Schwarzenegger and Angelides, allowing a format in which the candidates could question each other. Those exchanges provided periodic fireworks."

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The Los Angeles Times (10/8, Finnegan, Barabak, 918K) reports, "Trailing badly in polls," Angelides "on Saturday used the first and only debate of the governor's race to question Arnold Schwarzenegger's integrity and try to yoke him to President Bush and embattled Republicans in Congress. A jocular Schwarzenegger parried with one-liners and invoked major bipartisan agreements with state lawmakers, portraying Angelides as a big-spending liberal who was eager to hike taxes on those who could least afford it." According to the report, "The issue of taxes, the governor's preferred ground, dominated the debate. … At one point, smiling across the stage at his rival, the governor taunted: 'I can tell by the joy you see in your eyes when you talk about taxes, you just love to increase taxes."

Maryland Governor Casts Wide Net In Reelection Bid. The Washington Post (10/8, A1, Wagner, Mosk, 748K) in a front page story reports that the road map that Maryland Gov. Robert L. Ehrlich Jr. "hopes will guide him to reelection has sent the Republican to an unlikely place in search of votes: the heavily Democratic Washington suburbs. A month before the Nov. 7 election, Ehrlich has stepped up his efforts in Montgomery and Prince George's counties, a tacit recognition that the strategy he rode to victory in 2002 cannot be fully replicated this year" against Baltimore Mayor Martin O'Malley (D). In 2002 "Ehrlich piled up unprecedented vote totals in the suburban counties that ring Baltimore. … With O'Malley, however, Ehrlich faces an opponent whose popularity extends beyond the borders of his own heavily Democratic city into parts of the surrounding suburbs. So the governor has turned toward Washington to help make up the difference."

New York Mayor Issues Plan To Fight Poverty. In a news analysis in The New York Times Magazine (10/8), James Traub writes, "Ten years ago, when he signed the Personal Responsibility and Work Opportunity Reconciliation Act, thus 'ending welfare as we know it,' President Bill Clinton blunted a debate over poverty that had been increasingly harmful to the Democratic Party. In fact, welfare reform proved so successful at both shrinking caseloads and reducing poverty levels that the issue lost its urgency." According to Traub, New York Mayor Michael Bloomberg "vowed to focus on poverty reduction, and last month he announced the findings of his blue-ribbon Commission for Economic Opportunity. … The report described many ways the city could more effectively spend existing funds, including apprenticeships and training for the working poor and school-based programs for students at risk of dropping out." According to the Traub, Bloomberg boldly "vowed to raise $24 million in private donations to finance 'conditional cash transfers' to give poor New Yorkers an incentive 'to stay in school, stay at work and stay on track to rise out of poverty.' … The mayor's own plan drew a good deal more attention than the commission report did, perhaps because it seemed to be at odds with the report's slightly-left-of-center ethos."

Japanese Leader Warns Pyongyang Against Nuclear Test. The AP (10/8, Greimel) reports, "Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out Saturday along the border with South Korea and Japan warning of harsh sanctions if Pyongyang goes nuclear." The AP says "jittery nations have warned a test would unravel regional security and possibly trigger an arms race," and "world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe left for Beijing Sunday for talks with Chinese President Hu Jintao and will then go on to Seoul for talks with South Korean President Roh Moo-hyun the following day." State Department spokesman Kurtis Cooper "said Saturday the United States was concerned about North Korea's threat to test its first atomic bomb and the department was closely monitoring the high tensions." Abe's Foreign Ministry "said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test." The Washington Times/AP (10/8, Greimel) runs the AP report.

NBC Nightly News (10/7, story 4, 0:25, Holt, 9.87M) reported, "There were shots fired along the border between North and South Korea today ratcheting up tensions already high. South Korea says its troops fired 40 warning shots at five North Korean soldiers who briefly crossed onto its side of the border, no one was hurt. That comes a day after the U.N. Security Council warned North Korea of unspecified consequences if it carries out a nuclear test."

The Washington Post/AP (10/8, A22, Greimel) version of the AP story focuses on the clash along the Demilitarized Zone. "South Korean soldiers fired 40 warning shots at five North Korean troops who crossed into the southern side of the no man's land separating the two countries. It was unclear whether the North Korean advance was intended to provoke

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or if the troops were trying to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt. The North Koreans retreated." The AP notes, "While such border skirmishes are not unheard of, they are relatively rare. The incursion Saturday was only the second this year, the official said."

North-South Reconciliation Efforts Said To Languish. In an analysis piece, the Washington Times/AP (10/8, Lim) notes, "With North Korea now pledging to test an atomic bomb, the fate of [family reunion] projects … and other attempts to end decades of hostility across the world's last Cold War frontier hang in the balance." Seoul "has consistently pursued dialogue with the North since their leaders held their first summit in 2000. That approach has also caused a rift with its longtime ally the United States, which favors a harder line in pressuring the communist regime to give up its nuclear ambitions." North Korean officials "complain that South Koreans side with 'the U.S. imperialists' rather than their own brethren in the North -- echoing the propaganda issued daily by the country's state press." The AP adds, "The current South Korean government -- which follows a so-called 'sunshine policy' that won former President Kim Dae-jung a Nobel Peace Prize -- has also faced growing domestic calls to take a tougher line."

Any North Korean Test Would Be Immediately Detected, Publicized. William Broad in a "Week in Review" article in the New York Times (10/8, 1.21M) details Pyongyang's unusually public quest to develop nuclear weapons. "For much of the nuclear age, nations that sought the ultimate weapon kept their intentions and test sites veiled in secrecy, hidden from public view and foreign governments." However, North Korea "all but yelled 'look at me' in announcing that it plans to conduct its first nuclear test, which experts say might come at any time or perhaps never." Experts "say likely factors include North Korea's taste for bold propaganda as well as its awareness that new classes of satellite technology are making it increasingly hard to hide nuclear sites anyway." Noting the proliferation of commercial satellites and publicly available technologies like GoogleEarth, Broad says their "emergence…would seem to cut two ways" for Pyongyang, "either reinforcing its propaganda effort or threatening to undermine it by exposing a ruse. And paradoxically, the best monitor of its actions, the world's largest and most sensitive network meant to detect nuclear blasts, [the CTBTO], is powerless to judge the North's real intentions until there is a test. This network, with its global arrays of hundreds of sensors, is meant to police a shaky global ban on the explosive tests, mainly by listening for the faint reverberations of shock waves."

Professor Complains Of US Base Expansion In South Korea. In a commentary for the Boston Globe (10/8, 425K), anthropologist Catherine Lutz proclaims, "Many South Koreans…have watched a group of rice farmers in the small village of Daechuri near the city of Pyongtaek attempt to defend themselves against invasion by the US military. The farmers' struggle against expansion of a nearby US military base has become a rallying point for Koreans." Lutz claims, "Part of a grand plan of global military base restructuring announced by US Defense Secretary Donald Rumsfeld in 2003, the Pyongtaek base is meant to take in soldiers and equipment from closing military installations near the de militarized zone and in Seoul. However, the bases' relocation to Pyongtaek is part of a plan to use the bases to strike at will anywhere in Asia and to contain China."

Experts Warn Missile Refitting Could Touch Off Nuclear War. The Houston Chronicle/Hearst News Service (10/8, Rosenberg) reports, "A Pentagon project to modify its deadliest nuclear missile for use as a conventional weapon against targets such as North Korea and Iran could unwittingly spark an atomic war, two weapons experts warned Thursday. Russian military officers might misconstrue a submarine-launched conventional D-5 intercontinental ballistic missile and conclude that Russia is under nuclear attack, said MIT's Ted Postol, a physicist and professor of science, technology and national security policy, and Pavel Podvig, a physicist and weapons specialist at Stanford University." Podvig warned that "mixing conventional and nuclear D-5s on a U.S. Trident submarine 'would be very dangerous'...because the Russians have no way of discriminating between the two types of missiles once they are launched."

Rice's Middle East Trip Said To Accomplish Little. A highly negative 1,047-word piece in the Washington Post (10/8, A29, Wright, 748K) reports, "It was a tough week for [Secretary Rice] in the Middle East. On four issues pivotal to the future of the world's most volatile region, U.S. diplomatic efforts made no visible progress or came up against unexpected resistance during her five-day tour." Some "officials and analysts privately dismissed Rice's tour as

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a cheerleading trip without substance. Others questioned the viability of the Bush administration's Middle East policy." The Post notes, "On Iraq, Arab-Israeli peace, democracy promotion and fostering a so-called moderate bloc of Arab states to stand together against militancy, Rice pressed at each of six stops for new energy or more decisive action. Many of the Arab leaders she met share U.S. fears about the region's future, but there is a growing divide even with Washington's closest allies over what needs to be done, at what pace, in what order and by whom, according to Arab officials interviewed at each stop." Washington and Arab capitals "are now engaged in a chicken-and-egg argument over what happens next."

AFP (10/8, Lanteaume) adds Rice "wrapped up a six-day visit to the Middle East and London that was marked by multiple snags, both in terms of results and images. Trouble began even before she left Washington Sunday night: A run of tell-all books on [Bush's] handling of Iraq and the war on terror cast a harsh light on Rice, once the diva of the administration." During the trip Rice "obtained was a unified message from Washington's Arab allies: the US government must engage seriously in the Israeli-Palestinian peace process, or the new Middle East that she wants will never emerge. The message was apparently received."

A Los Angeles Times (10/8, 918K) editorial calls the trip "baffling," and says "dodging bullets while hyping progress is not a convincing performance by the secretary of state." Rice's "clueless happy talk" in Baghdad "in the face of overwhelming evidence to the contrary might produce great material for political satirists, but it's not very encouraging for those looking for signs of hope in the Middle East. Rice's recently completed six-day trip to the region, which included her sixth visit as secretary of State to Israel and the Palestinian territories, probably ranks as her least productive. She spent most of her time talking with leaders who don't trust her about issues they'd rather not discuss." The Times also criticizes her stops in Iraq, Egypt, Saudi Arabia, and the West Bank, and concludes, "No visit by a U.S. diplomat could begin to ease the discord that has wracked the region for decades." However, "the worry now is that every step, including by the administration, is going in the wrong direction."

President Carter Says Israeli Encirclement Of West Bank Could Lead To "Apartheid." In an interview with Newsweek (10/8, Dickey, 3.12M), former President Carter discusses Middle East policy and his relationship with Egyptian President Anwar Sadat on the twenty-fifth anniversary of the latter's assassination. Of current Israeli policy, Carter says the West Bank all "and the Jordan River actually completely circles what is left of the West Bank." That wall is "a sign of division, obviously, between the two. I make it clear in my book that when I refer to apartheid I'm not talking about racism. But it is certainly a division and there is no place where the wall separates Palestinians from Israelis—the wall in its entirety separates Palestinians from other Palestinians. It's completely within the West Bank, and sometimes miles and miles within the West Bank." Carter concludes by saying, "as presently located [the wall] is an insurmountable obstacle to peace

Hezbollah's Post-War Spin Masks Pre-War Discounting Of Israel's Resolve. In a 2,600-word piece on its front page this morning, the Washington Post (10/8, A1, Shadid, 748K) details Hezbollah's miscalculation of Israel's response to its July kidnapping of two IDF soldiers. "In speeches and iconography, Hezbollah has cast the war as a 'divine victory.' But a reconstruction of the period before and soon after the seizure of the soldiers reveals a series of miscalculations on the part of the 24-year-old movement that defies its carefully cultivated reputation for planning and caution." Their "fighters were still planning to train in Iran the very month that the soldiers were seized; Hezbollah leaders in Beirut had assured Lebanese officials of a relatively uneventful summer." The Post says the "outcome" of the conflict is "still a matter of perceptions," and that fact "reveals both the strengths and weaknesses of Hezbollah, perhaps the world's best-organized guerrilla group. The movement, even by the admission of its leaders, misjudged the Israeli response. But by virtue of its complex infrastructure and preparations -- years spent digging tunnels, positioning weapons, upgrading its arsenal and carrying out surveillance along the border -- Hezbollah survived."

Analysis Reveals Shift In US Policy Promoting Foreign Aid For Religious Groups. In a 3,176 word front page article the Boston Globe (10/8, Stockman, Kranish, Canellos, Baron, 425K) in the first of a four part series titled "Changing The Rules | Exporting Faith" reports, "President Bush has almost doubled the percentage of US foreign-aid dollars going to faith-based groups such as Food for the Hungry, according to a Globe survey of government data. And in seeking to help such groups obtain more contracts, Bush has systematically

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eliminated or weakened rules designed to enforce the separation of church and state." In the past "US policy has sought to avoid intermingling government programs and religious proselytizing. The aim is both to abide by the Constitution's prohibition against a state religion and to ensure that aid recipients don't forgo assistance because they don't share the religion of the provider." Yet, "many of those restrictions were removed by Bush in a little-noticed series of executive orders -- a policy change that cleared the way for religious groups to obtain hundreds of millions of dollars in additional government funding. It also helped change the message American aid workers bring to many corners of the world, from emphasizing religious neutrality to touting the healing powers of the Christian God."

Former President Bush Asks For More Aid For Pakistan-India Quake Victims. The AP (10/8, Lederer) reports former President George H.W. Bush "has appealed for nearly $100 million in aid for survivors of last year's South Asia earthquake, saying tens of thousands face another winter living in tents." Bush is quoted telling a news conference marking today's one-year anniversary of the disaster, "If they're in tents, that's not good enough. But it's a heck of a lot better than it was a year ago." He "said snow was already falling in some parts of Pakistan and it was critical to get access to people in remote locations." He also noted that Islamabad "was determined 'that even if the winter might be harsh, people will have protection -- so I think they're moving very hard to try to move toward permanent housing.'" Bush "told reporters he wasn't satisfied with his efforts to get donors to fulfill aid pledges, saying donor fatigue was part of the problem."

Pakistanis Remain Afraid Of Follow-On Quake. The AP (10/8, Garwood) reports, "Fear is palpable among many locals in Chikar, which was ravaged by the 7.6 magnitude quake that townspeople claim killed at least 10,000 in and around the hilltop settlement. Most said they are sleeping outside now in case Sunday's anniversary leads to a repeat of last year's disaster that killed thousands as they slept in homes, studied in schools or worked in offices." While "concrete and metal that once formed shops are still heaped throughout the town's main bazaar," the AP notes "earthquake-proof houses with shiny corrugated iron roofs are popping up inside the town and on steep, pine-covered mountainsides. And health clinics run by aid groups are providing around-the-clock primary health care to anyone who asks." The AP adds, "More than 1,000 survivors rallied in the capital Islamabad on Saturday demanding that delays in the release of compensation to quake victims be overcome so they can reconstruct housing." Amid accusations of rampant rebuilding corruption, President Pervez Musharraf "said that his government will ensure the provision of basic facilities to those affected by the quake and he hopes that 80 percent of the reconstruction will be over in the coming three years."

European Muslim Moderates Said To Balance Increasingly Opposite Forces. The Los Angeles Times (10/8, Fleishman, 918K) describes in depth the plight of Muslim lawmakers in Western Europe. "A man with 'democracy' tattooed in Arabic on his arm, [Danish lawmaker Naser Khader] epitomizes Europe's struggle to integrate moderate Islam into secular democracy. The Danes view him as the ideal Muslim, a multilingual author with European sensibilities for tolerance. Islamists regard him as a traitor, a factory worker's son who bartered his identity for a bit of Western acceptance." While Khader and other have "tried to become a unifying voice," conservative Muslims believe they have "drifted too far to the other side."

Yemeni Activist Works To End Political Violence. The New York Times (10/8, Fattah, 1.21M) profiles Abdelrahman al-Marwani, who has worked for several years to ensure peaceful voting in Yemen. The recent presidential election, "in which President Ali Abdullah Saleh was re-elected and local councils were chosen, was something of a victory for Mr. Marwani, the son of a tribal sheik who has struggled to bring the issue of violence and the need for gun control into the spotlight [in Yemen]. For the past decade, he has led a lonely and often dangerous fight to quell tribal wars, seeking to break a cycle of revenge and retribution that kills as many as 1,200 people a year."

China Leads Global Efforts To Counterfeit US Goods. The Washington Times/AP (10/8, Klug) details the plight of one US air conditioning firm whose products have been counterfeited by Chinese companies. "U.S. lawmakers, government officials and businesses agree that stopping the theft of American brands abroad would save companies billions of dollars and would help to correct a U.S. trade deficit that hit a record high of $202 billion with China last year. But the accord often ends there." While

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"businesses want lawmakers to do more," and Congress "urges the Bush administration to take a harder line on China's lax enforcement of existing copyright-protection laws," the AP says "rampant theft of copyright American products continues," with costs to US firms estimated to top $250 billion a year. Chinese efforts account "for nearly 70 percent of all pirated products seized at the U.S. border last year -- more than 10 times greater than any other American trading partner. Russia also is a problem, with American business groups urging stronger pledges from Moscow to protect intellectual property before being allowed WTO entry." The AP notes Administration "officials say they are working hard to get Beijing to fight the problem more aggressively and to follow through on commitments made when China joined the WTO in 2001."

Castro Opponent And Former CIA Operative Said To Pose "Quandry" For Administration. The New York Times (10/8, Lacey, 1.21M) describes the current immigration detention of Luis Posada Carriles, a "Cuban exile who has long sought to topple the government of Fidel Castro" and who has been "implicated" in the October 1976 destruction of Cubana Airlines Flight 455. He "is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed." Washington has refused extradition requests from Havana and Caracas, and the Times says Carriles "may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail. That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts." Although the Administration is working to deport Carriles to a neutral country, "few countries seem willing to take him."

Chavez's Opponent Draws Up To 10,000 To Street Protest. The AP (10/8, Nunez) reports, "Thousands marched Saturday in the biggest show of public support yet for Venezuela's main opposition presidential candidate, [Manuel Rosales], who pledged to undo what he called the ills of President Hugo Chavez's government." He has "accused the government of mismanaging the country's oil wealth and ignoring crime. He also played on fears that Chavez's close friendship with Cuban leader Fidel Castro was leading Venezuela down the same path as the communist island." The AP notes that, athough "authorities had promised to have as many as 2,500 officers on the streets to ensure security," there "were no reports of disturbances." Rosales "appeared to rule out the possibility of a boycott against the Dec. 3 presidential election, urging people to vote despite worries about transparency and electronic voting machines. Major opposition parties boycotted congressional elections last year over such concerns."

German EU Presidency Will Seek To Redefine Relations With Russia. The New York Times (10/8, Dempsey, 1.21M) notes the German Foreign Ministry "is preparing a new policy toward the east that aims to tighten ties between Russia and Europe, but does not address human rights, a theme dear to Chancellor Angela Merkel." Berlin claims Russian President Vladimir Putin "has been informed of the policy and likes it. He will visit Germany on Tuesday for a meeting of the Petersburg Circle, a group established five years ago to promote economic, cultural, social and youth links between Russia and Germany." The Times says the "subtext" of the policy "is clearly Europe's increasing dependence on Russia to meet its energy needs. But Mrs. Merkel won support from the German public last year by promising a more critical approach toward Russia, and her advisers say she prefers an approach to the east that takes into account the interests of Poland and the Baltic states, not just Western Europe's ties to Russia." The Times blames some internal German inconsistencies on the policy, on "the power-sharing arrangement created after inconclusive elections last September." Germany assumes the EU presidency on January 1 and will push for adoption of the paper at that time.

Hoagland Lauds Emergent German International Leadership. In his column in today's Washington Post (10/8, B7, 748K), Jim Hoagland says Germans "have become comfortable with standing in the shadows of power while the Americans, the French and others shoulder the costly burden of claiming to run the world. War-imposed modesty no longer shelters Angela Merkel's coalition government from having to show leadership in defining Europe's new relations with a suddenly assertive Russia, fixing an independent Kosovo's place in the Balkans and perhaps even shaping a broad response by secular societies to the challenges posed by

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militant Islam." Hoagland concludes, "For now it is time to welcome the Germans back from the frustrations and joys of living on history's outskirts and to hope that this time their ideas are stronger than their angst."

Economics, Poor Health Rapidly Eroding Russian Population. In a 2,763-word piece, the Los Angeles Times (10/8, Murphy, 918K) reports that "there are serious questions about whether Russia will be able to hold on to its lands along the border with China or field an army, let alone a workforce to support the ill and the elderly." The Kremlin, "flush with revenue from record prices for the country's oil exports, has started to respond," with Putin offering "payments of $111 a month to mothers who elected to have a second child, plus a nest egg of $9,260 to be used for education, a mortgage or pensions. He also called for renewed efforts to attract ethnic Russians still living in the former Soviet republics." Noting one constraining factor, the Times cites one expert who believes that "Russia's transformation from a society that guaranteed employment means that millions of people, especially in the provinces, 'have become surplus; they do not have a place in the current economy.'"

Russian Anti-Putin Journalist Murdered. The Washington Post (10/8, A20, Finn, 748K) reports, "Anna Politkovskaya, a Russian journalist whose byline defined the fading craft of investigative and crusading reporting in President Vladimir Putin's Russia, was fatally gunned down Saturday in the lobby of her apartment building in central Moscow." She "was renowned for her probes of the brutality of Russia's military campaign in Chechnya as well as the banality of corruption permeating Russian life, from the remote provinces to the bright lights of Moscow." Politkovskaya, a dual American-Russian citizen, "chronicled nearly every major story in Russia in the past decade. Her reporting often clashed with official versions of" violent events. Politkovskaya "was a harsh critic of Putin's rule and was working on a story about torture in Chechnya. … She was unapologetically contrarian and distinguished by her willingness to go to the scene of whatever crisis captured her attention." The Post says Politkovskaya's murder is "the highest-profile killing of a journalist in Russia since July 2004… Twelve journalists have been killed since Putin came to power in 2000, and most of the cases remain unsolved."

NBC Nightly News (10/7, story 9, 2:00, Holt, 9.87M) reported, "In Moscow tonight, police have launched an investigation into the death of an outspoken critic of the Russian governor and its bloody war in Chechnya. She was a correspondent who won awards around the world for her reports. Tonight colleagues are saying those reports most likely led to her death." NBC (Dawson): "Like many of the victims she wrote about, Anna Politkovskaya's life ended brutally, shot to death in the elevator of her apartment building. … Her journalistic crusade was Russia's war in Chechnya. Reporting exhaustively on what she saw as atrocities carried out by the Russian military on civilians there. But the mother of two became best known as her role as a negotiator in a Chechnian terror attack," the 2002 Moscow theatre siege. "Though sudden and violent, [her] death is not entirely unexpected. Her life had been threatened repeatedly and in Russia, reporters for that matter, anyone who takes on powerful interests, is playing a dangerous game."

The New York Times (10/8, Chivers, 1.21M) adds Politkovskaya "made her name as a searing critic of the Kremlin and its policies in Chechnya," and "was a journalist with few equals in Russia." She "was a strident critic of Mr. Putin, whom she accused of stifling civil society and allowing a climate of official corruption and brutality." Assistant Secretary McCormack "said the United States 'urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute and bring to justice all those responsible for this heinous murder.'"

The AP (10/8, Danilova) says Politkovskaya "chronicled the killings, tortures and beatings of civilians by Russian servicemen in Chechnya in reports that put her on a collision course with the authorities but won her numerous international awards." McCormack "said the United States was shocked and profoundly saddened by the murder of a journalist who devoted much of her career to 'shining a light on human rights abuses and other atrocities of the war in Chechnya' and the plight of Chechen refugees." The Los Angeles Times (10/8, Holley, 918K) says she is "one in a series of prominent officials and journalists to die violently in post-Soviet Russia, and her slaying sent a chill through Russia's community of pro-democracy and human rights activists."

WP Compares Politkovskaya's "Courage" To West's "Amoral Pragmatism." The Washington Post (10/8, B6, 748K) editorializes, "Whether reporting on Mr. Putin's dirty war in the separatist region of Chechnya or on the diminution of freedom at home in Moscow, [Politkovskaya] remained, if not unafraid, unbowed." The Post blames her murder of "the climate of brutality that has flourished under Mr. Putin. A

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former KGB agent himself, he inherited an imperfect democracy and systematically undermined its institutions." Putin's "values" are notw "being applied to foreign policy," especially in dealing with Georgia. Putin "the czar has launched an ugly campaign of threats against the country and the hundreds of thousands of ethnic Georgians who live in Russia. It is a dangerous moment." The Administration "has responded with timid complaints bracketed, until recently, by absurd protestations that Russia was moving, overall, in the right direction. France and Germany, dependent on Russian natural gas, have bowed even more cravenly." The Post concludes that, "against these studies in amoral pragmatism, the courage of small nations, such as Georgia, and lone heroes, such as Anna Politkovskaya, shines all the more luminously."

US Neglect Of Post-Soviet States Is Faulted. In a commentary for the Washington Post (10/8, 748K), NGO head Bruce Jackson complains, "What confounds both Europe and the United States are the complexity of post-Soviet societies and the impotence of Western institutions. But instead of combining our efforts with those of the European Union to end the isolation of Europe's East, we have allowed the fecklessness of the European Union and the impatience of U.S. policy to re-create what the Soviet Union used to call its 'near abroad.' In effect, a vacuum of crime, underdevelopment and squabbling political elites now stretches from the Baltic states to the northern shore of the Black Sea. This is the sad Marshall Plan of our generation. The problem of Europe's East is simply the loss of political vision in Washington and Brussels and the failure to keep the commitment to a Europe that is whole, free and at peace."

Columnist Connects Hungary's 1956 Uprising To Modern Struggles For Freedom. In his column in the New York Times (10/8, 1.21M), Rogen Cohen compares Administration democratization efforts in the Middle East to the Soviet suppression of the Hungarian uprising fifty years ago this month. "President Bush, who chose to tear down the status quo in Iraq and unleash violent instability in the name of liberty, has not hesitated to draw a straight line from Budapest to Baghdad. He has compared the Iraqi government's pursuit of democracy to that of the patriots of 1956 and told Hungarians: 'We've learned from your example, and we resolve that when people stand up for their freedom, America will stand with them.'" Noting that the Eisenhower Administration "misled the freedom fighters" in Budapest, Cohen says "a less felicitous mixture of misleading near-promises and maximal demands from an American knight-turned-bystander is hard to imagine. That rankles still, as all blots do on the idealism inextricable from the freedom-bearing narrative of American foreign policy."

Latvian Government Reelected. The AP (10/8, Peach) Latvian Prime Minister Aigars Kalvitis' coalition government "was poised to retain power in Saturday's parliamentary election, nearly complete results showed." The "center-right coalition of three parties had 45 percent," which would give them "far more support in parliament than the main opposition New Era party which has no partners and cannot form a government. If the results hold up, it would be the first time since Latvia regained independence in 1991…that a sitting government survived an election." The AP adds, "With few hot issues in the campaign, the main question was which of the similar right-wing parties would be given a mandate to lead the traditionally shaky coalition government. Latvia has had 12 governments in 15 years of independence."

Author Says Ban Ki-Moon May Have Necessary Attributes To Succeed At UN's Helm. In an op-ed in today's Washington Post (10/8, B2, 748K), author and professor Edward Luck says "it's not easy being the U.N. secretary general." Because the top position is often called "the most impossible job on Earth," Luck says "it was widely expected" that the search for Kofi Annan's replacement would "result in prolonged bickering." However, "the Security Council had other ideas," and tomorrow will nominate South Korean Foreign Minister Ban Ki-Moon to the post. The UNSC "chose competence over charisma, performance over promise. Ban proved his diplomatic mettle in the on-and-off six-party talks on North Korea's nuclear ambitions." Ambassador John Bolton's vision of a head administrator is "far too narrow a job description," Luck says. " Leading a diverse secretariat and dealing with a 192-member board of directors demands keen political instincts, as well as tough, fair and open management."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Ex-Page Tells of Foley Liaison."
"The Vanishing Russians: A Dying Population"
"U.S. Rules Allow the Sale of Products Others Ban."
"Taxes Take Center Stage in Gov. Debate."
"L.A. Puts On Its Party Hats."

New York Times:
"Religion Trumps Regulation As Legal Exemptions Grow."
"Rumsfeld Shift Lets Army Seek Larger Budget"
"Foley Case Upsets Tough Balance By Capitol Hill's Gay Republicans."
"New York Immigration Courts Lurch Under Growing Burden."
"Mighty Yanks Fizzle As Mets Sweep A Series."

Washington Post:
"U.S. Casualties In Iraq Rise Sharply."
"Inside Hezbollah, Big Miscalculations."
"Singled Out: In Seeking a Mate, Men and Women Find Delicate Imbalance."
"Parents, Singles Tussle Over Places to Play."
"Foley Consuming GOP As Elections Draw Near."
"O'Malley's Reach Sends Ehrlich to D.C. Suburbs."

Washington Times:
"Nuclear Test Threat Strains Korea Border."
"Knocking It Off In China."
"Pedestrian Deaths In D.C. Show Rise."
"Forces Sweep Iraqi Oil City To Quell Violence."
"Bushes Stay Calm During Stormy Rite."

Detroit Free Press:
"Yankees, Go home! Detroit, Tigers Rejoice Together After Clincher."
"Separating fact from fiction."
"Wyoming woos workers in Michigan."

Atlanta Journal-Constitution:
"Louvre Affair."
"A Lifeline At Risk: African Farmers Struggle To Survive, Resent U.S. Policies."
"CDC Boss: Change Had To Be Made."
"In Scramble For Tailgate Turf, It's Dawg Eat Dawg."

Dallas Morning News:
"'We Talk About Our Memories' Exclusive: Child-Killers Schlosser, Yates Find Solace In Friendship."
"Texas 28, Oklahoma 10: Burnt again."
"Iraq War Injuries Surging."
"A School District That Plays It Safe."
"Enforcing Law, Then Breaking It."

Story Lineup From Last Night's Network News:
ABC: Pre-Empted By NCAA Football.
CBS: Pre-Empted By NCAA Football.
NBC: Foley Scandal; Tal Afar Bombing; Afghanistan Progress Disputed; Korea Tensions; North Carolina Chemical Plant Explosion; Flooding; U.S.S. Bush Christened; Russian Journalist Murdered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

8 a.m. ARMY TEN-MILER _ The 22nd Annual Army Ten-Miler, America's largest 10-mile race, is expected to draw some 24,000 runners this year. Location: Race starts at the Pentagon and passes such landmarks as the Lincoln Memorial, the Washington Monument and the Capitol. Contacts: Roxana Hoveyda, 202-685-3361

Oct. 6 - 8. 10 a.m. - 5:30 p.m. MONGOLIA _ The National Museum of Natural History holds the Mongolia Family Festival, with performances, games, film lectures, research displays and photographs. Location: 2nd floor, National Museum of Natural History. Contacts: Michele Urie, 202-633-2950

Oct. 8 - 10. MONEY LAUNDERING _ American Bankers Association/American Bar Association Money Laundering Enforcement Conference. Highlights: 1:30 p.m. Session on Electronic Payments Issues - Risks and Experts will discuss current risks and challenges in electronic mitigate against AML or terrorist financing risk even if yet subject to regulatory controls. Moderator: Ezra C. Levine, Partner, Howrey LLP, Washington, DC. Speakers: Tramond French, CRCM, CIPP, CAMS, Vice President; Erik D. Kiefel, Project Leader, Federal Reserve Board Payment Systems, Washington, DC.

1:30 p.m. Session on The Continuing Saga of the Gatekeeper Initiative - the Anti-Money Laundering Regime and Lawyers The FATF Gatekeeper Initiative, the anti-money Laundering Regime and Lawyers.

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4:30 p.m. Opening general session: Suspicious Activity Risk and Reporting Suspicious activity risk and reporting continues to be a major challenge for all institutions. This general session will explore current risks through a discussion of real-life case studies and current exam expectations. Moderator: Richard A. Small, Global Anti-Money Laundering Leader, GE Money, Stamford, Conn. Speakers: Michael Deluca, Senior Specialist, Division of Analytics, Office of Regulatory Support Financial Crimes Enforcement Network (FinCEN), Washington, DC; Marcy M. Forman, Director, Office of Investigations, US Immigrations and Customs Enforcement, Department of Homeland Security, Washington, DC; G. Clayton Grigg, Acting Director, Foreign Terroist Tracking Task Force, Federal Bureau of Investigation, Washington, DC. Location: Marriott Wardman Park Hotel, Marriott Salons 1, 2, 3, 2660 Woodley Road NW. Contacts: Aaron Albright, 202-663-5468.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Abizaid Praises Pakistani Contribution To GWOT. The AP (10/8, Ahmad) reports, "The commander of U.S. forces in the Middle East praised Pakistan's intelligence service on Saturday for its fight against terrorism. Gen. John Abizaid, who met with President Gen. Pervez Musharraf on Saturday, made the comments in talks with Musharraf at his office in Rawalpindi." According to the Pakistani government, the general "particularly lauded the role of Pakistan's intelligence agencies in the anti-terror campaign, and said their cooperation was crucial in thwarting plots and apprehending most-wanted terrorists." Abizaid "often visits Islamabad to ensure coordination between Pakistan and U.S.-led forces that have operated in neighboring Afghanistan."

Pakistanis Arrest 48 Taliban Suspects. The Los Angeles Times (10/8, 918K) reports, "Police acting on a tip raided several militant hide-outs in Quetta and arrested 48 suspected Taliban fighters who had arrived in small groups from Afghanistan, said Wazir Khan Nasar, the city's police chief. However, no important Taliban figures were among the detainees."

American Who Joined Al Qaeda Increasingly Seen In Terror Propaganda. The Los Angeles Times (10/8, Krikorian, Reza, 918K) reports, "Two years ago, no one knew quite what to make of Adam Gadahn. While many in the U.S. intelligence community saw the angry Muslim convert from Orange County as dangerous, plenty of counterterrorism officials viewed the pudgy 25-year-old as a bit player on the world stage of jihadists. No longer." According to the report, "Though the young man who has appeared on four Al Qaeda videotapes and now calls himself Azzam the American is still not deemed part of Al Qaeda's operational command, recent interviews with counterterrorism officials suggest that Gadahn has gone from a valuable translator to an invaluable propagandist for the international terrorist network." His "newfound stature is underscored by a sealed federal indictment in Los Angeles that, law enforcement sources say, will charge him with supporting terrorism. It also comes as new details are surfacing about his time in Orange County and connections to extremists."

HOMELAND RESPONSE:

New York Mayor Takes Over 9/11 Memorial Foundation. The AP (10/8, Kugler) reports, "The final truckloads of rubble had just left the World Trade Center site in the spring of 2002 when Mayor Michael Bloomberg foretold the difficulties ahead for the process of building a memorial to the victims of the terror attack. … "'I can tell you the process, however,' Bloomberg said. 'The process is everybody yelling and screaming for a number of years and then somebody taking charge and just doing it.'" According to the AP, Bloomberg "was remarkably right. Amid all the shouting — some directed at him — the mayor himself is taking over the memorial's multimillion-dollar foundation, where board members hope his philanthropic credentials and star power will breathe life into lethargic fundraising. That surprised many people because of his awkward history with the memorial and victims' families."

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Illegal Immigrants Who Aided 9/11 Rescue Effort Face Backlash. The Washington Post (10/8, A10, Fears, 748K) reports, "Jose Moncada watched the World Trade Center towers tumble, and, like so many Americans, felt a patriotic urge to help rescue survivors and rebuild after Sept. 11. … It did not matter to him that he was an illegal immigrant from Honduras. And that did not seem to matter to supervisors who oversaw the retrieval of human remains and the removal of toxic debris at Ground Zero." According to the report, "No one knows how many illegal immigrants worked at Ground Zero in the days after Sept. 11. Immigration advocates claim it was thousands. And now, as the workers have become sick, partisans on both sides cast their plight in moral terms." According to the Post, Carmen Calderón, coordinator of Sept. 11 immigrant outreach for the New York Committee for Occupational Safety and Health says, "'they changed the DMV laws, and a lot of asbestos workers lost their licenses because they couldn't get a picture ID. A lot of them are sick now, without work … They lost everything.'"

NYT Calls For Extending Expedited Screening Program For All Airline Passengers. The New York Times (10/8, 1.21M) editorializes, "Programs that offer faster airport security check-ins to travelers who pay an annual fee and pass a background check seem poised to expand after a trial run in Orlando, Fla." If "entrepreneurs can find a business plan that allows them to make a profit by providing registered travelers with faster lines, without compromising security or adding to the inconvenience of other passengers, it would be a welcome development. But the best option would still be a broader program to improve screening for all passengers, thus rendering the designated fast lanes superfluous."

Most Hurricane-Displaced New Orleans-Area Residents Use Federal Aid To Rebuild, Rather Than Relocate. The Los Angeles Times (10/8, Guccione, Smith, 918K) reports, "Most New Orleans-area property owners seeking government aid for hurricane damage are showing a strong preference for restoring their old neighborhoods rather than take the money to seek new horizons. Although federal and state recovery programs offer aid to those who choose to relocate, few applicants have requested it, records show." According to the report, "A Times analysis of data from the Small Business Administration, the federal agency primarily responsible for disaster reconstruction loans, found that of more than 150,000 homeowners and business owners approved for the loans, 2% were transferring the money to a new property," and "Those who are moving aren't going far."

WAR NEWS:

Rumsfeld's Assessment Of Afghan Progress Questioned. NBC Nightly News (10/7, story 3, 2:45, Hunt, 9.87M) reported, "In an editorial in today's Washington Post, Secretary of Defense Donald Rumsfeld offered his assessment of the conflict, pointing out that Afghanistan has now held its first democratic elections." Yet, "there are signs tonight Afghanistan continues to face some critical challenges." NBC (Miklaszewski): "Five years after the U.S. military drove the Taliban from power, victory in Afghanistan appears as elusive as ever. The Taliban and al Qaeda have staged a dramatic comeback, resorting to the deadly tactics perfected in Iraq. Suicide and roadside bombings are at an all-time high. NATO's top commander, US Gen. James Jones, warns that Afghanistan is at a critical crossroads." Gen James Jones: "This is a test. This is a moment of truth." Miklaszewski later asks, "So how did Afghanistan take such a drastic turn for the worse? Critics claim the Bush Administration never committed enough troops or resources to win the peace. And instead turned its guns on Iraq." The Brookings Institution's Michael O'Hanlon: "Because we focused on Iraq so quickly, we definitely did not have the military wherewithal to beef up in Afghanistan." Miklaszewski concludes, "On a more positive note, there is widespread international support for foreign military forces in Afghanistan. This week, NATO took over some of the U.S. military's responsibilities. A mission the U.S. commanders predict could last decades."

Taliban Said To Adopt Iraqi Insurgents' Tactics, Net Similar Results. In an analysis piece, the AP (10/8, Krane) reports, "The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime. The prospect of a second downward spiral -- though so far Afghanistan isn't nearly as violent as Iraq -- has experts worried that Western militaries don't have an effective strategy for these irregular wars." Leaders of the "reborn" Taliban admit they have "adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement," and their "public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers." The AP says the "West's military strategy in Afghanistan also resembles that in Iraq. Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished." Also, some analysts believe "the same harsh U.S. tactics, decried in Iraq for causing civilian casualties,

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have helped the Taliban recruit new fighters. But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan."

Two German Journalists Murdered In Baghlan. The AP (10/8, Straziuso) reports, "Two German journalists who had pitched a tent on the side of a road outside a northern Afghan village were killed by gunmen early Saturday." Freelance journalists Karen Fischer and Christian Struwe "were the first foreign reporters killed in Afghanistan since late 2001, when eight journalists died." The AP says Taliban fighters "who once appeared soundly defeated have returned with a vengeance, taking control of large swaths of countryside in the last year."

Rumsfeld Singled Out For Criticism In Washington Post Op-Eds. The Washington Post Outlook section contains four articles hostile to Secretary Rumsfeld. In the Washington Post Outlook section (10/8), historian Robert Dallek argues, "Whether out of loyalty to his defense secretary, or out of a stubborn reluctance to acknowledge Rumsfeld's failings -- and therefore his own -- Bush seems determined to keep Rumsfeld in the Pentagon. In so doing, the president is hanging on to an individual who has become the public face of the U.S. debacle in Iraq." Firing Rumsfeld "would be a political blow for the White House, at least in the short term. ... Nonetheless, history shows that such tough personnel decisions can, eventually, prove healthy for an administration and for a nation ... They force reassessments of long-standing policy; they help presidents stand back, evaluate and chart new directions." Dallek recommends Zbigniew Brzezinski for the job, concluding pessimistically, "That sort of change would require more than a new defense secretary -- it would require a new administration."

In the Washington Post Outlook section (10/8), Vietnam War historian Stanley Karnow writes, "As I contemplate McNamara's evolution from war supporter to war skeptic, I ponder whether Donald H. Rumsfeld, his heir at the Pentagon, nurses any similar doubts about the dubious Iraq strategy he vaunts in his rhetoric." Karnow concludes, "In contrast to McNamara's relations with Johnson, Rumsfeld appears to enjoy the entire confidence of President Bush and, just as important, Vice President Cheney, neither of whom seem to be plagued by any Johnson-like uncertainties. So barring his possible ouster, he's unlikely to emulate McNamara by apologizing for a policy in Iraq that has been as misguided as the tragic Vietnam disaster."

In addition, in the Washington Post Book World (10/8), Clinton Administration NSC staffer Ted Widmer praises *State of Denial*, saying that it "reveals a government crippled by dysfunction at precisely the wartime moment when leadership was most necessary. ... No one fares especially well in this retelling. ... But Rumsfeld takes the worst of it. For a public that demands heroes and villains, he will appear in the latter role…throughout the book, with building intensity, Rumsfeld commits mistakes of the highest order, both strategic and tactical. Woodward calls his micromanaging 'almost comic.'" However, "Woodward believes that the ultimate responsibility for Iraq rests on the president's desk."

And in the Washington Post (10/8, 748K) under the headline "The World According to Rummy," Bob Woodward excerpts "a secret memo titled 'Illustrative New 21st Century Institutions and Approaches'" that Secretary Rumsfeld circulated on May 1. The memo "highlights the Iranian threat, calls for a multilateral military force and argues that the United States' antiquated system of government makes competence 'next to impossible.'"

Rumsfeld Encourages Army To Seek Larger Budget. The New York Times (10/8, Cloud, 1.21M) reports in a front page article, "Defense Secretary Donald H. Rumsfeld is allowing the Army to approach White House budget officials by itself to argue for substantial increases in resources, a significant divergence from initial plans by Mr. Rumsfeld and his inner circle to cut the Army to pay for new technology and a new way of war. ... Mr. Rumsfeld's current acquiescence is viewed within the Pentagon as reflecting both the reality of the Army's needs to increase its size and repair or replace current equipment and a decision not to cross swords with the service -- or with the Army's staunchest supporters in Congress." The Times adds, "Even with additional money and more troops, it is far from clear that the Army will be able in the near term to fulfill all of its commitments in Iraq and Afghanistan, prepare for other contingencies and keep its pledge to active-duty soldiers to give them two years at home between yearlong deployments to the war zone"; however, in a more positive light, it quotes insiders who "go out of their way to describe a consultative relationship between the defense secretary and senior officers. The tenor, they said, is far more constructive than it was before Mr. Rumsfeld called a retired four-star officer, Gen. Peter J. Schoomaker, from his Rocky Mountain ranch to become the Army chief of staff and rebuild relations."

US Casualties In Iraq Are Highest In Two Years. In a pessimistic front page article, the Washington Post (10/8, A1, Tyson, 748K) notes, "The number of U.S troops wounded in Iraq has surged to its highest monthly level in nearly two years as American GIs fight block-by-block in Baghdad." The Post says the "sharp increase" in US casualties "is a grim measure of the degree to which the U.S. military has been thrust into the lead of the effort to stave off full-scale civil war in Iraq, military officials and experts say." Anthony Cordesman of CSIS is quoted supporting the Post's assertion that "military experts say the number of wounded is a more accurate gauge of the fierceness of fighting because advances in armor and medical care today allow many service members to survive." Pessimistic Pentagon "officials

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say aggressive military operations in the Iraqi capital are at best a short-term and partial solution, buying time for political compromise, which they call the only way to arrest Iraq's disintegration." Some officials criticize "decisions by the U.S. military since early 2005 to transfer responsibility for security in large swaths of Baghdad to Iraqi forces while cutting back on American patrols." Michael O'Hanlon of Brookings said, "In a sense, the Baghdad security plan is a complete repudiation of the earlier Rumsfeld doctrine where he said the Iraqis would prevent the civil war."

Suicide Bomber Kills 14 In Tal Afar. NBC Nightly News (10/7, story 2, 2:15, Hunt, 9.87M) highlighted the problems of continuing violence in Iraq, reporting, "In Iraq tonight, there has been a setback in a place where it appeared American and Iraqi troops had turned a corner in the battle against insurgents -- a deadly truck bombing in a place that was beginning to know peace." NBC's Arraff described it as a "horrendous attack in" Tal Afar, which "had been an American success story." Recently, "President Bush declared this city in northwestern Iraq a model of success after the U.S. Army fought insurgents there and handed the city to Iraqi forces. In Baghdad today, the Iraqi army began increasing checkpoints surrounding the city to keep out bombs and gunmen. But for most Iraqis, the fear is that the insurgents are already inside."

The Washington Post (10/8, Paley, 748K) similarly notes that Tal Afar was "a northern city that President Bush has previously hailed as a symbol of security and normalcy in Iraq." It and a suicide bombing last month "seemed to undercut the president's assertion in March that residents of Tall Afar 'can count on a basic level of safety and security, they can live together peacefully.'"

The New York Times (10/8, Tavernise, 1.21M) reports, "It was the deadliest bombing in several weeks in Iraq, on a day where 29 people were reported killed across the country. ... At various times since the American invasion, Tal Afar has been all but controlled by Sunni Arab insurgents. American forces have twice driven insurgents out of the area."

Iraqi Troops Begin Kirkuk Crackdown. The Houston Chronicle/AP (10/7, Keath) reports, "Thousands of Iraqi troops launched a crackdown in Kirkuk on Saturday, ordering residents to stay in their homes in an effort to put down violence that has swelled in the north amid efforts to rein in bloodshed in Baghdad." Kirkuk officials "this week completed digging a 10-mile trench around the city's southern and western edges aimed at cutting off side roads to prevent car bombs from being brought into the city. Intensified checkpoints were set up on city entrances that remained." According to the Kirkuk police chief, "150 suspected Sunni insurgents have been arrested and more than 220 assault rifles have been seized." A Sunni sheik "blamed Kurdish efforts in the city for fueling Sunni Arab support for insurgents."

US, Iraqi Forces Fight Shiite Militiamen. Newsday/AP (10/8) reports, "U.S. and Iraqi forces fought militiamen early Sunday in Diwaniyah, a southern city under the growing influence of the Mahdi Army loyal to radical Shiite cleric Muqtada al-Sadr. ... Diwaniyah, 80 miles south of Baghdad was the scene of a fierce fight in August between the Mahdi Army and Iraqi forces that left 23 Iraqi troops and 50 militiamen dead and scores wounded."

Baker Committee Might Recommend Federal, Divided Iraq. The Washington Times/UPI (10/8) reports, "A commission chaired by former U.S. Secretary of State James Baker may recommend a federal Iraq divided among the country's three major groups." One source "close to the group" said that federalization would occur "one way or another." Under the purported plan, "A weak central government would be involved with distribution of oil revenues, border security and foreign affairs."

Kristof Advises US To Follow Polled Iraqis' Wishes And Leave. In his column for the New York Times (10/8, 1.21M), columnist Nick Kristof argues, "It's time to take advice from the experts — the Iraqis themselves. And Iraqis are crystal clear about what the U.S. should do: announce a timetable for withdrawal of our troops within one year. They're right. Our failure to declare a timetable and, above all, our coveting long-term military bases in Iraq feed the insurgency and end up killing more young Americans." A "terrifying" poll "conducted last month found that 61 percent of Iraqis now approve of attacks on Americans. That figure...makes counter-insurgency efforts almost impossible, because ordinary people now cheer, shelter and protect those who lay down bombs to kill Americans." Therefore, "it's time to face the grim reality and announce that all our troops will leave Iraq by October 2007."

US Reportedly Pressures Maliki To End Sectarian Strife. AFP (10/8, Collinson) reports Washington "is putting Prime Minister Nuri al-Maliki and fellow Iraqi leaders on the clock, as frustration in Washington mounts at his government's inability to stem raging violence." The Administration "further sharpened the public US message towards the Maliki government…and reached a new pitch when [Secretary of State Rice] flew into Baghdad on Thursday." She "did not provide a deadline, but [Ambassador Khalilzad] indicated a week ago on CNN that the window for critical action to stem the carnage in Iraq may be down to two months." AFP adds that "a fearsome week in Iraq…tightened the political screws on [the Administration] ahead of crucial November elections," and "comments by influential Republican Senator John Warner fuelled

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perceptions that a new debate may be emerging on the direction of Iraq policy among members of the administration and political allies."

An analysis piece by the AP (10/8, Gearan) on the limits of US influence over Iraq says the Administration "is bumping up against the limits of military and political power to influence what happens next in Iraq, four years into an increasingly unpopular war ... As U.S. officials now acknowledge, the cycle of sectarian killings poses a greater threat than does al-Qaida or the anti-American insurgency." The AP calls continued sectarian violence "the force that the United States has the least leverage to counter." Washington "has put increasing pressure on" Maliki to end that violence, but "it is not clear how much authority he commands to do more," since he "relies on" parties linked to Shiite militias. About 60 sites carried this story.

Young Iraqis Find Lives Frozen. The New York Times (10/8, Tavernise, 1.21M) reports in a front page, human interest article numbering 1,739 words, "Three and a half years after the American invasion, the relentless violence that has disfigured much of Iraqi society is hitting young Iraqis in new ways. Young people from five Baghdad neighborhoods say that their lives have shrunk to the size of their bedrooms and that their dreams have been packed away and largely forgotten. Life is lived in moments. It is no longer possible to make plans." The Times quotes several youths who fear attending college and whose sectarian animosities have hardened.

Iraqis Experience, Witness Daily Violence. The Los Angeles Times (10/8, Rasheed, Daragahi, 918K) reports in describing the daylight kidnapping of a shopkeeper, "It was business as usual in Iraq, where at least 81 people were killed or found slain Saturday around the country." The abduction "put on view the enormous challenge of restoring security to a country coming undone by multiple layers of violence." A relatively famous victim was slain: "Nasser Shamil, the 37-year-old former captain of the Iraqi volleyball team...was shot and killed Thursday night at his goldsmith shop."

Iraq Veteran Sees Corruption Of US Ideals. In the Washington Post (10/8, B3, 748K), military correspondent Thomas Ricks quotes a letter from a veteran of the Iraq war, who writes, "The power of the idea of America had been on the march for half a century -- vanquishing its contrapositive in the form of global communism and gradually changing the face of the world -- until those who didn't really believe it themselves corrupted that idea. 'Extraordinary rendition,' Guantanamo Bay, and Abu Ghraib have all become shorthand for an America (or an American administration) that lost faith in the power of its own idea. ... If we're able to reassert our idea and to hold it up to people as a real choice, I know this current setback can be overcome. No amount of violence inflicted in the name of freedom, however, will be the force to bring it about."

Trial Shows "Complex" Relationship Between Navy, Marines. The Los Angeles Times (10/8, Perry, 918K) reports that the just-concluded trial of Navy corpsman Melson Bacos illustrates the "complex relationship between combat Marines and the sailors who follow them into battle to patch up their wounds." One corpsman testifying for Bacos "said that it is not easy for corpsmen to be accepted by combat Marines." The Times adds, "When Marines go into combat, each carries an M-16 assault rifle, a weapon that requires precision handling. Corpsmen, including Bacos, usually carry shotguns, considered a weapon easily handled. Some Marines don't consider the corpsmen to be full members of their teams."

WTimes Columnist Disparages "Secrecy" Of Chart Used By Woodward On TV. In the Washington Times (10/8, 88K), Terence Jeffrey says that the GAO and DOD both "beat Woodward" in reporting the information that "enemy attacks in Iraq have been increasing." In addition, the "government's open reporting on the increasing number of enemy attacks also refutes the charge Mr. Woodward made…that the administration kept this 'trend' secret to deceive people about how badly the war is going." Jeffrey writes, "The Defense Department's public graph showed the trend in average weekly attacks for six different periods of the war. ... Before and after the 'Secret' chart reported by Mr. Woodward, GAO took the same information and posted it on the Internet."

CRIMINAL LAW:

Bush Deplores School Violence, Seeks To Improve NCLB Act. President Bush's radio address on school safety was covered only by the wire services. The AP (10/8, Loven) reports, "President Bush on Saturday lamented recent 'shocking acts of violence' in schools, and promised his administration will do what it can to keep centers of learning safe for students." Bush said, "Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom." He "also pushed for reauthorization of the No Child Left Behind law, which he says needs some changes." It "is scheduled to be renewed by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election." Bush "outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for

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28,000 low-income students across the country to transfer to private schools, and has asked for $100 million to pay for the initiative."

Bloomberg (10/8, Basken) notes the NCLB act "enjoys support among members of both parties, though Democrats have complained that Bush and his Republican congressional allies aren't providing the money promised to improve struggling schools." His "renewed focus on the law, four weeks before congressional elections, prompted a barrage of Democratic criticism about funding and issues such as administration policies for tracking minority children, ensuring school safety and establishing reading curriculum." Sen. Edward Kennedy said, "This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath."

Expert Offers Suggestions For Increasing School Safety. Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health and president of the Children's Health Fund, in a Time Magazine web exclusive (10/7) offers suggestions for making schools safer. Redliner argues against turning schools "into armed fortresses" but says "the federal government's response to concerns about school security has been dismal. In fact, since 2003, federal funds to improve security in our schools have been severely cut back, with fewer than 2% of the nation's school districts having received emergency-response grants from the U.S. Department of Education." Redliner suggests "common-sense steps that should be taken now" including limiting points of entry to schools, installing wireless alarms, creating disaster-preparedness plans, increasing awareness of students and teachers to suspect behavior and says "parents should also be the main advocates pushing educators and elected officials to do whatever is necessary to improve the security of the nation's schools."

Lax Reporting Skews Data On School Safety. Noting the Administration's upcoming conference on school safety, the New York Times (10/8, Hu, 1.21M) reports that in September the New York Education Department placed Rome Free Academy "on its first 'watch list' of dangerous schools, a Top 10 of schools that have repeatedly reported student violence like weapons possession, assaults and arson." But "parents say Rome was unfairly singled out after reporting every single case, as the law requires, while other schools did not." For example, "a national list of schools identified last year as 'persistently dangerous,' the most serious category of violent schools, Pennsylvania accounted for one-quarter of the total, and New York and New Jersey combined to account for another quarter, while a majority of states reported none at all."

FBI, Ethics Panel To Conduct Widespread Foley Scandal Investigations. Examining how the investigation of the Foley scandal will focus on the GOP leadership, the Washington Post (10/8, A8, Babington, 748K) reports that "numerous fundamental questions remain unanswered as the FBI and the House ethics committee begin their first full week of inquiries." Among the questions the Post says investigators will seek answers are "Who decided to keep word of the Louisiana e-mails closely held, so that only a handful of House Republicans -- and no Democrats -- knew of them?" And "Did Trandahl and Shimkus know exactly what the e-mails to the Louisiana boy said?" In addition, "How did House Majority Leader John A. Boehner (R-Ohio) handle word of the Louisiana e-mails?" And "Did Hastert know about the e-mails to the Louisiana boy?" Also, "Was Hastert's staff alerted to earlier concerns about Foley's behavior toward teenage pages?"

The AP (10/8, Margasak) reports, "If the House ethics committee finds evidence of a Republican cover-up, many people could be in jeopardy, facing consequences that range from a mild rebuke in a committee report to a House vote of censure or expulsion." In contrast to "the committee's usual practice of identifying the investigative target at the outset, this probe is wide open. Anyone who knew of Foley's salacious messages before the story broke at the end of September has reason for concern." Ethics panel member Rep. Howard Berman said, "At this point, what we're launching is an investigation into this whole affair, without a specific target."

Former Top Foley Aide To Testify Speaker's Office Was Alerted To Problems In 2003. The New York Times (10/8, Hulse, Zeleny, 1.21M) reports that Rep. Foley's former chief of staff Kirk Fordham "expects to go before the House ethics committee next week and testify under oath that he alerted the speaker's office as early as 2003 to inappropriate contact with teenage pages by Mr. Foley, his lawyer said Saturday." He "will also tell the panel that Scott Palmer, the longtime chief of staff to Speaker J. Dennis Hastert, later met with Mr. Foley to talk about his troubling interest in pages, though Mr. Fordham did not attend that meeting, said Timothy J. Heaphy, Mr. Fordham's lawyer." Palmer disputes Fordham's claim. Meanwhile, the ethics panel "intends to reach out to a circle of people in Mr. Hastert's office who may be able to confirm or deny if a meeting took place between Mr. Fordham and Mr. Palmer." The Times notes, "One person emerging as a subject of interest is Christy Surprenant, the former director of administration in the speaker's office, who was Mr. Palmer's assistant. Ms. Surprenant, who later worked for President Bush's campaign in her native Minnesota, could not be reached for comment on Saturday."

Top Hastert Aides' Role In Foley Response Come Under Scrutiny. The Los Angeles Times (10/8, Levey, 918K) reports that what Speaker Hastert's top three aides, Chief of Staff Scott Palmer, Deputy Chief of Staff Mike Stokke

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and senior legal counsel Ted Van Der Meid, did in the response to the Foley scandal "may determine whether the story remains a sexual scandal or grows into one of broader deception and coverup, as Hastert's critics have charged." The Ethics committee plans "to look broadly at how House leaders handled the issue." That "may prove troublesome to the speaker and his party, said congressional scholar Norman Ornstein, a critic of Hastert's leadership. 'To an awful lot of people around Capitol Hill, when they look at Palmer and Van Der Meid, they see Ehrlichman and Haldeman,' Ornstein said, invoking the names of two principals in the Watergate scandal of a generation ago."

Former Page Describes Sexual Liaison With Foley After Leaving Page Program. The Los Angeles Times (10/8, Roche, 918K) reports, "A former House page says he had sex with then-Rep. Mark Foley (R-Fla.) after receiving explicit e-mails in which the congressman described assessing the sexual orientation and physical attributes of underage pages but waiting until later to make direct advances." The unidentified page "said his electronic correspondence with Foley began after he finished the respected Capitol Hill page program for high school juniors. His sexual encounter was in the fall of 2000, he said. At the time, he was 21 and a graduate of a rural Northeastern college." The former page revealed one IM from Foley stating, "I always knew you were a player but I don't fool around with pages." That "account is consistent with Foley's assertion that he did not have sexual relations with minors." But the "exchanges with Foley offer a glimpse of possible predatory behavior by the congressman as he assessed" male pages.

Gay Republicans Unsettled By Foley Scandal. The New York Times (10/8, A1, Leibovich, 1.21M) in a front page article reports that in the aftermath of the Foley scandal "gay Republicans in Washington have been under what one describes as 'siege and suspicion.'" Conservative blogers "pointed out that gay staff members played principal roles in investigating the Foley case, suggesting that the party was betrayed by gay men trying to hide misconduct by one of their own. In the meantime, a group of gay activists, angered by what they see as hypocrisy by gay Republicans, have begun circulating a document known as The List, a roster of gay Congressional staff members and their Republican bosses."

GOP Seen As Split Over Hastert Support. National Review White House correspondent Byron York in an "Outlook" piece in the Washington Post (10/8, B1, 748K) sees Hastert as a scapegoat and says, "Hastert's defense strategy has worked -- so far. But the Foley affair has exposed deep fissures within the GOP a few weeks before midterm elections; when the story broke, everyone seemed to be in a different place. Some are in what one top House aide calls the 'knee-jerk' camp -- those who called for Hastert's resignation right away. Others are in a camp awaiting more evidence. Still others are in the smell-a-rat camp, suspecting that Democrats were behind the whole thing. And finally, some are in the this-is-proof-of-America's-moral-decline camp, condemning Republican and Democratic leaders alike. No one camp was able to take control, thus allowing Hastert to continue as the longest-serving Republican speaker in history."

White House Criticized For Refusing To Release Information About Abramoff Ties. The Washington Post (10/8, B6, 748K) editorializes, "Remember when President Bush promised to restore honor and integrity to the Oval Office? He doesn't either, it would seem. A report by the House Government Reform Committee…detailed how Mr. Abramoff and his team billed clients for hundreds of contacts with White House officials and dispensed coveted tickets to sporting events and concerts to favored officials, including adviser Karl Rove and Republican National Committee Chairman Ken Mehlman, then the White House political director." According to the Post, "You might think a White House worried about honor and integrity would want to look more closely at Mr. Abramoff's dealings. … Not this White House, which has been resolutely incurious about Mr. Abramoff's activities and equally unwilling to provide information about it." According to the Post, "A White House with nothing to hide would release information about Mr. Abramoff's his meetings and contacts with its officials."

CIVIL RIGHTS:

Despite Judge's Ruling, Letters Sent To Georgia Voters Say They Must Bring Photo ID To Polling Stations. The AP (10/8) reports, "Tens of thousands of Georgia voters recently received letters telling them they must show a photo ID to cast a ballot on Nov. 7, even though a judge recently struck down the requirement. The State Board of Elections mailed more than 300,000 of the letters, about 20,000 of them after the judge issued his ruling on Sept. 19." The AP notes, "For months, lawyers have been battling in state and federal court over the new ID law. Supporters, primarily Republicans, have said the law is needed to prevent voter fraud. Opponents say it is intended to discourage voting by members of minorities, the poor and the elderly, who are less likely to have a driver's license or other photo identification." The AP adds, "After that ruling, state officials said voters would be able to cast a ballot merely by presenting something like a utility bill or a Social Security card."

ID Requirements For Casting Ballots Viewed As Modern-Day "Poll Tax." In an op/ed in The New York Times (10/8, 1.21M) Adam Cohen writes, "The House of

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Representatives struck a major blow against democracy last month. It passed a bill that would deny the vote to anyone who shows up at the polls without a government-issued photo ID. The bill's requirements are so onerous and inflexible that they could prevent millions of eligible voters without driver's licenses — who are disproportionately poor, minority or elderly -- from casting a ballot." According to Cohen, "With that vote Congress joined a growing number of states that are erecting new barriers to voting. Republican-dominated legislatures and election officials have adopted absurdly difficult registration rules. They have removed eligible voters from the rolls with Katherine Harris-style purges, and required voters to buy ID cards to vote, a modern form of poll tax."

ENVIRONMENT:

Congressional Rewrite Of Fisheries Law Spurs Debate. The Washington Post (10/8, A3, Eilperin, 748K) reports Congress "is preparing to rewrite the nation's fishing rules in a bid to improve the much-criticized system for managing fisheries, and that worries Debra Shrader. The director of a fishermen's advocacy group here [New Bedford, MA] called Shore Support, she fears the fishing community will pay the price for rebuilding fish populations. … As lawmakers consider the most comprehensive revision of fisheries regulation in a decade, the argument is focused on how drastically to limit fishing when fish populations decline or crash. The combatants do not divide along the usual partisan lines; the fight over rewriting the Magnuson-Stevens Fishery Conservation and Management Act pits environmentalists against fishermen, the Senate against the House and coastal regions against one another. The outcome may determine how many fish will be left in the ocean decades from now and who will be around to catch them."

EPA Criticized Over Stricter Agricultural Dust Regulations. The Washington Times (10/8, Hudson, 88K) reports Rep. Robert W. Goodlatte, chairman of the House Agriculture Committee, "says the Environmental Protection Agency (EPA) has gone overboard on a regulation over dust. The Virginia Republican and others say the agency has set an impossible standard for the agriculture industry. 'I am deeply concerned and troubled by the direction the EPA is taking to regulate dust and coarse particulate matter,' Mr. Goodlatte told a subcommittee on conservation, credit, rural development and research hearing on pesticide programs. … The EPA amended its national air quality monitoring requirements late last month, which re-creates a national network to monitor six common pollutants: level ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, lead and particle pollution or dust." Sen. Charles E. Grassley "has invited EPA Administrator Stephen L. Johnson to visit his family's farm during the fall harvest. 'This will give you the opportunity to see what America's farmers are confronted with when harvesting. This visit will allow you to show me first hand how a farmer is to contain dust on their farm while combining,' Mr. Grassley said in a Sept. 26 letter."

Ethanol Boom Seen As Outgrowth Of ADM Campaign. The New York Times (10/8, Barrionuevo, 1.21M) reports Archer Daniels Midland, America's largest ethanol producer, "spent nearly three decades pushing relentlessly for the use of ethanol in gasoline, lobbying Congress and the White House and rousing farmers. But only in the last few years, amid record-high oil prices and government mandates to use ethanol, has this clear, colorless fuel — a form of ethyl alcohol — finally begun to catch on, transforming it from a dream into almost a religion in the Midwestern states that produce corn. Ethanol has been a boon to A.D.M.'s fortunes, helping it to achieve record earnings last year of $1.3 billion on sales of $36.6 billion." The Times notes, "While ethanol can be made more cheaply from sugar cane, as it is in Brazil, lobbying by A.D.M. and farm-state politicians has helped corn win out as the crop of choice for ethanol in the United States. It did not hurt that the powerful American sugar lobby helped to erect trade barriers keeping out cheaper imported sugar and cheaper imported ethanol."

Oil Conglomerates Are Investing In Alternative Energy Sources. The Los Angeles Times (10/8, Douglass, 918K) reports, "Royal Dutch Shell has become one of the world's largest developers of wind farms and is part owner of two in California. Chevron operates massive geothermal plants in Indonesia and the Philippines. And BP is a partner in hydrogen power plants proposed for Carson and Scotland. Energy executives point to such endeavors as proof that oil companies are part of a global push to rein in pollution and boost alternatives to oil and natural gas. … Critics dismiss the efforts as 'greenwash' -- using environmentally friendly programs to draw attention away from unfriendly activities."

US Laws Allow Sale Of Goods Containing Toxic Materials Banned In Numerous Countries. The Los Angeles Times (10/8, Cone, 918K) reports, "Because formaldehyde wafts off the glues" of certain types of plywood, "it is illegal to sell in many countries -- even the one where it originated, China. But in the United States this wood is legal, and it is routinely crafted into cabinets and furniture." While the EU and other nations "have tightened their environmental standards, mostly in the last two years, manufacturers -- here and around the world -- are selling goods to American consumers that fail to meet other nations' stringent laws for toxic chemicals." The Times adds, "Wood,

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toys, electronics, pesticides and cosmetics are among U.S. products that contain substances that are banned or restricted elsewhere, particularly in Europe and Japan, because they may raise the risk of cancer, alter hormones or cause reproductive or neurological damage."

In an accompanying article the Los Angeles Times (10/8, Cone, 918K) reports, "Although chemical bans overseas have prompted some manufacturers to reformulate all their products worldwide, many toys and cosmetics are exceptions. Europe banned or restricted six phthalate compounds in toys. In beauty products, Europe has eliminated 900 compounds, including two phthalates, suspected of causing reproductive disorders, cancer or genetic mutations." And the "U.S. toy industry said seven years ago, when the European Union first banned some phthalates, that it would voluntarily remove them from products for babies and toddlers. But last year, 15 of 18 vinyl bath toys, teethers that babies chew on and other toys purchased at U.S. stores contained the chemicals, according to tests by the activist organization U.S. Public Interest Research Group."

Eminent Domain A Hot-Button Ballot Initiative In 11 States This Fall. The New York Times (10/8, Yardley, 1.21M) reports, "More than a year after Suzette Kelo and several of her neighbors in New London, Conn., lost their battle against eminent domain in the United States Supreme Court, the backlash against the ruling has made property rights one of the most closely watched ballot issues nationwide. Already, 30 state legislatures have enacted restrictions on eminent domain in response to the court ruling." Voters in Idaho "and in 11 other states will consider property rights measures in November, making it the election's most prevalent ballot issue. Most of the measures would limit eminent domain to some degree, while others, in Western states, would go further, imposing new restrictions on government's ability to enforce zoning laws."

IMMIGRATION:

Gonzales Pledges To Evaluate Judges Who Hear Asylum Cases. The New York Times (10/8, Bernstein, 1.21M) reports, "It is always judgment day in the windowless courtrooms where immigrants plead to stay in the United States. But these days, as never before, the nation's 218 immigration judges are also being judged, even as they struggle to complete 350,000 cases a year amid an immigration debate that promises to send them many more. Appeals courts criticize some judges by name, citing abusive behavior and bad decisions. Studies highlight stark disparities in judgment, like 90 percent of asylum cases granted by one judge and 9 percent down the hall. Faced with mounting criticism, Attorney General Alberto R. Gonzales vowed to introduce yearly performance evaluations of the judges, who are Justice Department employees." The Times notes, "In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way. But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake as small as pronouncing 'rebels' like 'robbers.' As the caseload has grown, spurred in part by stepped-up enforcement, so has the pace demanded by 'case completion goals' set in Washington."

Immigrant Smugglers Seen As Likely To Adapt To New Border Fence. The AP (10/8, Rodriguez) reports, "as the U.S. prepares to build a high-tech barrier with 700 miles of extra fencing, motion detectors and remote controlled devices, smugglers are already figuring out how to beat the new security. Even before President Bush signed the $1.2 billion funding bill Wednesday to strengthen busy crossing points, border patrol figures indicated that smugglers have been hiding more migrants in vehicles, or diverting them across one of the most inhospitable sections of the border — a mountainous stretch of searing desert near Yuma, Ariz. Some experts predict smugglers could turn to boats and tunnels, two methods popular with drug smugglers but seldom used by migrant traffickers."

Latino Immigrants Driving US Population Growth. In an op-ed for the Los Angeles Times (10/8, 918K) William H. Frey, a demographer at the Brookings Institution, writes, "It is immigration that is driving the growth of the U.S. population. In fact, odds are that the 300-millionth American will be the child of immigrants or an immigrant himself — as likely as not born or residing in Los Angeles. Right now, about half of U.S. population growth in any given year or month is attributable (through migration or natural increase) to Latinos, the vast majority of whom are either first- or second-generation Americans."

And in a week in review piece, The New York Times (10/8, Roberts, 1.21M) reports, "By one count, more than half of all the people who have ever lived in the United States are living today. And their ranks are expanding. On any given day, 11,000 babies are born and 3,000 immigrants arrive, outnumbering the people who die or emigrate." According to the report, "At the current rate, the person who tips the population past 300 million will emerge in a week or so."

Gauging Volume Of Immigrant Crime Proves Difficult. The Houston Chronicle (10/8, O'hare) reports, "The slaying of Houston police officer Rodney Johnson by a Mexican national who returned here after being deported has cast another uncomfortable spotlight on the estimated

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400,000 illegal immigrants living in the Greater Houston metropolitan area." The Chronicle continues, "Making up about 10 percent of the area's population, this demographic — alternately scorned as freeloaders and defended as hard workers seeking better lives — accounts for 7 percent to 9 percent of those caught up in the local criminal justice system as inmates or defendants." The Chronicle adds, "While various agencies acknowledge such statistics are incomplete, the numbers nonetheless indicate that immigrants living here without authorization have an impact on Harris County's courts and jails, as well as the state's prisons. … Even a single-digit assessment of 7 percent to 9 percent of the people flowing into the doors of these various entities can involve thousands of people and millions of dollars each year. … Still, academics who have studied the immigrant population for years caution against making sweeping judgments of a vast population segment they say is unfairly suffering public wrath for the actions of a few."

TAX:

Questions Raised Over Tax, Regulation Exemptions Given To Religious Organizations. In a 4,696-word front-page news analysis in The New York Times (10/8, 1.21M) Diana Henriques writes, "In recent years, many politicians and commentators have cited what they consider a nationwide 'war on religion' that exposes religious organizations to hostility and discrimination. But such organizations — from mainline Presbyterian and Methodist churches to mosques to synagogues to Hindu temples — enjoy an abundance of exemptions from regulations and taxes. And the number is multiplying rapidly." According to Henriques many of the exemptions have been granted in the last 15 years and are "sometimes added to legislation, anonymously and with little attention, much as are the widely criticized 'earmarks' benefiting other special interests." According to Henriques, "The willingness of the federal courts to accept these arrangements increased considerably under the influence of William H. Rehnquist when he was chief justice of the Supreme Court, said Derek H. Davis, until recently the director of the J. M. Dawson Institute of Church-State Studies at Baylor University in Waco, Tex," and Davis "sees Chief Justice Rehnquist's successor, Chief Justice John G. Roberts Jr., and Justice Samuel A. Alito Jr. as likely to follow in Chief Justice Rehnquist's footsteps on cases affecting religious groups. The problem is, efforts to protect the free exercise of religion can clash with efforts to assure that religion is not favored by the government."

CONGRESS-ADMINISTRATION:

Carrier USS George H. W. Bush Is Dedicated. The dedication of the carrier USS George H.W. Bush was covered by major print media and NBC. Coverage was positive, but clouded with discussions of the Iraq war. NBC Nightly News (10/7, story 7, 2:20, Holt, 9.87M) reported, "Despite the heavy rain, a celebration was held in honor of a war hero and the generation that served with him. He was the youngest pilot in the Navy when he got his wings. Flew 58 combat missions and got bravery in action. Today the entire Bush family was on hand for the christening of the aircraft carrier that has his name, the USS George H. W. Bush. It brought the former president to tears."

The Los Angeles Times (10/8, Gerstenzang, 918K) reports that the ceremony contained "an undercurrent of the troubles facing the present Bush administration. On the stage just yards from the ship's bow ... [was] Defense Secretary Donald H. Rumsfeld, whose direction of the war is drawing increasing criticism. Next to Rumsfeld was Sen. John W. Warner…who last week became the most prominent Republican officeholder to publicly question the course of the Iraq war. In the audience was Colin L. Powell ... His disagreements with the current president over the Iraq war are slowly surfacing. ... Without mentioning the war but sending an unmistakable signal, the senior Bush declared: 'I am very proud of our president. I support him in every single way, with every fiber in my body.' He did not, however, say he agreed with every decision his son had made."

The New York Times (10/8, Stolberg, 1.21M) reports, "Though it was a day mostly of reminiscences for the 41st president of the United States, who joined the Navy fresh out of high school and became a decorated pilot in World War II, the elder Mr. Bush also took the occasion to do something he does not often do: comment on the administration of the 43rd president. 'I am very proud of our president,' the 82-year-old father said forcefully of his son." The Times adds that the two presidents' "aides have been at odds, and not always beneath the surface, over the war in Iraq."

The Washington Post (10/8, Abramowitz, 748K) reports that the senior Bush's defense of his son seemed "a pointed response to speculation, fanned most recently by a new Bob Woodward book, that the former president is anguished over the Iraq war and that his closest advisers now see the son's administration as a debacle."

The Washington Times (10/8, Curl, 88K) reports that attendees on the dais "included Defense Secretary Donald H. Rumsfeld; Gen. Peter Pace, chairman of the Joints Chiefs of Staff; Sens. John W. Warner and George Allen, Virginia Republicans; Florida Gov. Jeb Bush; and Supreme Court

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Justice Clarence Thomas." Sen. Allen "compared the struggle of World War II to the global war against terrorism."

The Norfolk Virginian Pilot (10/8, Glass) reports that President Bush "is the first president in the shipyard's 120-year history to participate in the christening of a namesake ship." The ship "is about 60 percent complete."

The Houston Chronicle/AP (10/8, Loven) reports that the carrier's skipper "eventually will be responsible for about 3,000 crew members when the ship is put into service. It is not known where the carrier is to be stationed." AFP (10/7) reports that the ship "is expected to operate for half a century." UPI (10/7) also reports the ceremony.

GAO Finds Medicare And Medicaid Networks Lack Security Controls. The New York Times (10/8, Pear, 1.21M) reports the GAO has "found serious computer security flaws that could lead to the improper disclosure of sensitive medical information on people enrolled in Medicare and Medicaid." A new report "said 'key information security controls were missing" from a huge communication network used by the federal Centers for Medicare and Medicaid Services. As a result, they said, sensitive, personally identifiable information 'could be improperly modified, disclosed or deleted.' Moreover, the report said, 'these weaknesses could lead to disruptions in services' to millions of Medicare and Medicaid beneficiaries." Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, "said none of the flaws had led to 'actual security breaches.'" McClellan "said he was taking steps to fix the problems."

Federal ID Rule Bars Thousands Of Eligible Children From Receiving Medicaid. The Washington Post (10/8, C5, Jenkins, 748K) reports, "Thousands of low-income children have been unable to enroll in Virginia's Medicaid program since July 1 because of new, tougher federal rules requiring proof of citizenship and identity, state officials said. Officials for the state program for the poor and disabled said as many as 10,000 eligible children are living without health care largely because their families have been unable to present original birth certificates and other needed documentation to state or local Medicaid officials. … The new federal rules, designed to curb fraud by illegal immigrants, require passports, birth certificates or other identifying documents to be shown when people apply for Medicaid benefits or during annual reenrollment in the program. Parents are also required to offer sworn affidavits as proof of a child's identity." The Post add, "After an outcry from health-care advocates across the country, federal officials exempted elderly and disabled applicants from the new regulations. But the same exemption was not given to most children, which state officials say is making it difficult to enroll minors."

GOP House Members Accused Of Lack Of Attention To Pressing National Issues. In a column in The Washington Post (10/8, B7, 748K), David Broder writes, "The disgrace of Congress extends far beyond the scandals that have sullied the record of the dominant House Republicans. They are properly being blamed for most of the misdeeds and blunders that have marked this year on Capitol Hill, from the power grabs by Tom DeLay, to the greed of Duke Cunningham and Bob Ney, to the sexual overtures of Mark Foley." According to Broder, "Those were bad enough, and the glacial pace at which party leaders responded to all of them is a further indictment of the current regime. The House session opened with an attempt to change the rule that would have required an indicted Tom DeLay to step down as majority leader. It finished with Mark Foley hustling off to rehab before he answered questions about his electronic messages to underage male House pages." Broder adds, "In between, what was accomplished? Nothing of significance on any of the major problems confronting the nation. That is the real failure and the reason there should be a lot of new faces when the next Congress starts work in January."

LAT Urges Administration To Tackle Long-Term Deficits. The Los Angeles Times (10/8, 918K) in an editorial downplays the Dow's record peak last week but writes it "is worthy of celebration. The economy is strong, as President Bush gloated on Friday." Chiding politicians for spinning economic news the Times says, "Democrats look shrill when they engage in mental contortions to argue that what is plainly good news is a mirage. It's equally disingenuous for the president to claim that his temporary tax cuts, which were sold to the country as a needed 'stimulus' at a dire time, must be made permanent at a time of prosperity." The Times sates, "If Treasury Secretary Henry M. Paulson Jr. wants to avoid becoming just another in a series of Treasury secretaries who shrank in office to little more than White House cheerleaders, he is going to have to persuade the president to take advantage of this strong economy and address some of the federal government's structural long-term deficits."

OTHER NEWS:

Greenspan And Mankiw Among Economists In Favor Of Higher Gas Tax. The New York Times' Daniel Gross (10/8) writes that in September Alan Greenspan was asked "whether he'd like to see an increase in the federal gasoline tax, which has stood at 18.4 cents a gallon since 1993. 'Yes, I would,' Mr. Greenspan responded with atypical clarity. 'That's the way to get consumption down. It's a

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national security issue.' Mr. Greenspan isn't the only Republican-aligned economist to have discovered, or rediscovered, a fondness for higher energy taxes since leaving government service. N. Gregory Mankiw, the Harvard economist who served as chairman of President Bush's Council of Economic Advisers from 2003 to 2005, favored a higher gas tax before going to Washington, and has been banging the drum loudly for it since he left. … The roster of what Mr. Mankiw calls 'economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes,' includes some of the usual suspects — Paul Krugman, a columnist for The New York Times, and Al Gore, for example — as well as unusual suspects like Gary S. Becker, the economics professor and Nobel laureate at the University of Chicago."

NYTimes Examines Linkage Of Lower Gas Prices And Upcoming Election. The New York Times (10/8, 1.21M) editorializes, "It seems a little too convenient. As the stretch run to the midterm Congressional election approaches, gasoline prices fall precipitously. The sudden shifts in prices seem to come out of the blue. And unlike copper or pork bellies, oil is a commodity always charged with political significance. It only sets the bloggers typing faster and the pundits chattering louder when a key player in the price swing is the investment bank Goldman Sachs, whose chief executive, Henry Paulson, left to become President Bush's Treasury secretary. … Consumers' gut feeling that something is not right with the gasoline market is a recognition of fundamental changes in supply and demand that have made prices more volatile and attracted ever more speculation. Average Americans find themselves at the whim of an increasingly capricious market, one that strikes hard in the pocketbook. And it might become worse."

Foley Scandal Could Threaten GOP Control Of Congress. NBC Nightly News (10/7, lead story 2:30, Holt, 9.87M) reported, "In a country currently engaged in two wars, under a constant threat of terrorism and debating the future of immigration policies, the email scandal on Capitol Hill may not be the most important issue we face. But if you are a Republican running for Congress, it has your undivided attention. That's because tonight there is fresh evidence that scandal is taking a political toll, eroding Republican support among voters in the crucial final month of the campaign." NBC (Reid): "With just over four weeks before election day and Republicans struggling to keep control of the house, a new poll says the Foley-page scandal is making that goal even tougher. According to Newsweek, 52% of Americans believe Speaker Dennis Hastert knew about the Foley email problem and tried to cover it up. 53% want Democrats to take control of Congress. Only 35% want Republicans to keep control." NBC's Reid concluded, "One respected political analyst told NBC News today the page scandal will probably soon fade from the headlines but what is likely to replace it, he say, is Iraq and for Republicans, that could be a bit like going from the frying pan to the fire."

The Washington Post (10/8, A1, Grunwald, Cillizza, 748K) in a front page article titled "Foley Consuming GOP As Elections Draw Near" reports, "Republican strategists acknowledge privately that, even under their best-case scenario, Foley's sexually charged messages and allegations that House leaders were too passive in responding to them will remain an all-consuming distraction for GOP campaigns for the next week." The Post notes, "Their strategy -- equal parts hope and calculation -- relies on waiting for the story to die down in local news outlets, even if it continues to dominate national news, while also accusing Democrats of exploiting a personal lapse for political gain." In addition to some specific races which may be impacted, "many strategists in both parties believe the scandal might echo principally as a metaphor for a GOP leadership that over the past year has drawn more attention for ethical lapses and partisan turmoil than legislative achievements." But despite the "intensity" of the political debate, "the calculation in both parties is that the Foley scandal is unlikely to reshape the basic dynamics of the Nov. 7 elections, which still seem to hinge on voter attitudes toward Iraq, the economy and President Bush."

And the New York Times/AP (10/8, Espo) in an article titled "Dems Positioned to Challenge GOP Control" reports, "Aided by public revulsion over an Internet-age sex scandal, Democrats enter the final month of the campaign well-positioned to challenge for control of Congress, while Republicans increasingly express concern about holding onto power." The AP notes, "Strategists in both parties agree the fall campaign already has been marked by two distinct trends. The first, which began after Labor Day, saw gradual movement toward the Republicans as President Bush campaigned vigorously on national security issues." But that dissipated "two weeks ago with the partial publication of a government intelligence report that cast doubt of his administration's claims of progress in Iraq." And GOP pollster Steve Lombardo says the Foley scandal "has stopped any momentum that the president had in improving his standing, mostly because it knocked him off the front pages and it knocked security off the front pages."

The Los Angeles Times (10/8, Hook, 918K) reports that as a result of the Foley scandal "some analysts said the scandal was abruptly changing the focus of the fight for control of Congress -- at least for now. It is taking a toll on Republicans' national prospects, even though only a handful of GOP lawmakers are directly affected." It "has helped increase the number of Republicans facing competitive challenges from 37 last week to 43 now -- a shift that includes four lawmakers who were considered safe but have now

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moved into the danger zone, according to the nonpartisan Cook Political Report's weekly analysis Friday." And now "the midterm election campaign may end as Democrats had hoped in the beginning -- with a focus on ethics. That Democratic strategy had run aground for months when party members got caught up in corruption charges. Now, renewed focus on corruption may work more to their advantage."

Bloomberg (10/8, Dodge) reports, "The Mark Foley sex scandal may make it harder for Republicans to turn out voters in the November elections, said Gary Bauer, the president of American Values, a group that advocates the protection of traditional marriage." In an interview airing on "Political Capital with Al Hunt" this weekend Bauer said, "The Foley mess makes it harder to galvanize that base." But he "added that the situation may change if an investigation finds that Democrats had information about Foley and timed its release for political reasons."

Poll Shows Democrats Leading On All Top 2006 Election Issues. Newsweek (10/8, Mabry, 3.12M) in a web exclusive reports that its most recent poll of 1,004 adults conducted October 5-6 (+/-4%) shows the Foley scandal "now threatens to sink Republican hopes of keeping control of Congress." In addition, Bush's "approval rating has fallen to a new all-time low for the Newsweek poll: 33 percent, down from an already anemic 36 percent in August." The Foley scandal's "more significant impact seems to be a widening of the yawning credibility gap developing between the President, his party and the nation." And "Democrats now outdistance Republicans on every single issue that could decide voters' choices come Nov. 7. In addition to winning -- for the first time in the NEWSWEEK poll -- on the question of which party is more trusted to fight the war on terror (44 to 37 percent) and moral values (42 percent to 36 percent), the Democrats now inspire more trust than the GOP on handling Iraq (47 to 34); the economy (53 to 31); health care (57 to 24); federal spending and the deficit (53 to 29); gas and oil prices (56 to 23); and immigration (43 to 34)."

Reynolds Apologizes For Response To Foley Allegations In TV Ads. NBC Nightly News (10/7, lead story 2:30, Reid, 9.87M) noted, "Congressman Tom Reynolds, head of the House Republican Campaign Committee, admits he knew about odd but non-explicit Foley emails months ago. Now in a tight race, he's apologizing to his constituents for not doing more about Foley." Rep. Tom Reynolds: "I trusted that others had investigated. Looking back, more should have been done and for that, I'm sorry."

The Washington Post (10/8, A1, Grunwald, Cillizza, 748K) in a front page coverage of the Foley scandal notes, "In a sign that he is on the defensive, Reynolds went on the air this weekend with ads in Buffalo and Rochester that amounted to a mea culpa over Foley. 'Nobody's angrier and more disappointed that I didn't catch his lies,' the New York congressman says."

Democratic Candidate Uses Foley Scandal To Make Case For Changing Control Of Congress. NBC Nightly News (10/7, lead story 2:30, Reid, 9.87M) noted, "Hoping to maintain the momentum, Democrats are going on the attack. Today Patty Wetterling, a Democratic candidate in Minnesota, delivered the party's response to the President's weekly radio address." Wetterling: "Foley sent obvious predatory signals, received loud and clear by the Republican leadership who swept them under the rug to protect their political power."

The New York Times/AP (10/8, Frommer) quotes Wetterling saying, "If a teacher did this and the principal was told but did nothing, once the community found out, that principal would be fired." Wetterling added, "We need a new direction in Congress because our children need strong voices."

Brownstein Blames Lack Of Response To Foley Problems On GOP Culture Of Minimizing Dissent. Ron Brownstein in his column in the Los Angeles Times (10/8, 918K) blames the Foley scandal on the Administrations' strategy of enforcing party unity arguing that "Marginalizing internal dissent and promoting party unity have been hallmarks of the Republican governing strategy under President Bush." Brownstein says "the White House and GOP congressional leaders have successfully encouraged Republican legislators and activists to see themselves more as part of a team and less as autonomous voices representing distinct and divergent constituencies. With only a few exceptions (education, immigration), the GOP has tried to resolve every policy choice in a manner that maximizes agreement within their coalition and minimizes the opportunity for Democratic influence." The strategy "has produced undeniable benefits for the GOP: a series of narrow, often virtually party-line, legislative victories and massive turnouts by the party's base that powered victories in the 2002 and 2004 elections" yet "the Foley scandal dramatizes the long-term dangers of governing with a mind-set that prizes party loyalty over principled independence and denies the value of legitimate checks and balances."

Pelosi Outlines Provisional Agenda For Democrat-Controlled House. The San Diego Union-Tribune/AP (10/8, Espo) reports House minority leader Nancy Pelosi has sketched out her plans for the first few days after retaking control of the House. "Day One: Put new rules in place to 'break the link between lobbyists and legislation.' Day Two: Enact all the recommendations made by the commission that investigated the terrorist attacks of Sept. 11, 2001. In the time remaining until 100 hours have elapsed: Raise the minimum wage to $7.25 an hour, maybe in one step. Cut the interest rate on student loans in half. Allow the

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government to negotiate directly with pharmaceutical companies for lower drug prices for Medicare patients. Broaden the types of stem cell research allowed with federal funds -- 'I hope with a veto-proof majority,' Pelosi added in an Associated Press interview Thursday."

In a "Week in Review" piece for the New York Times (10/8, 1.21M) Robin Toner writes, "Democrats insist they have no intention of an abrupt lurch to the left, offering instead a relatively modest agenda and the less-than-revolutionary rallying cry of 'more oversight!' In fact, a Democratic majority in the House or the Senate -- or both -- would immediately change Washington in fundamental ways after four years of one-party Republican rule. … A Democratic Congress would have sweeping new powers to set the agenda and focus the political debate -- through the hearings it calls, the witnesses it summons and the kind of legislation it brings to the floor."

Prominent Analysts And Officials Offer Advice To Both Parties. In a special New York Times (10/8, 1.21M) op-ed section titled, "How The Democrats Can Win," nine prominent Democrats and political analysts offer strategic advice. Contributors include, Rahm Emanuel, Stanley B. Greenberg, Jody Powell, Joe Trippi, Phil Bredesen, Kevin Drum, Michael Eric Dyson, Ellen R. Malcolm and Howard Dean.

Advice For Democrats. DNC Chairman Howard Dean in the New York Times (10/8, 1.21M) calls for Democrats to "stand up to Republican attempts to once again use fear to win elections in November. We will make sure voters know that a Democratic Congress will not rubber-stamp the administration's policies, which put the agenda of the far right ahead of what's good for America. We offer a new direction that will restore to Congress the competence, efficiency and fairness that Americans deserve."

DCCC Emanuel in the New York Times (10/8, 1.21M) focuses on "competence" saying, "Our nation confronts very real dangers at home and abroad. Will voters feel safer sticking with a Republican Congress that sent our troops into battle without a plan, cut aid to local law enforcement and allowed cronyism to undermine our emergency response system, or will they want a Democratic Congress that will demand real accountability and oversight?"

Similarly, former Carter press secretary Jody Powell in the New York Times (10/8, 1.21M) says, "Today the evidence of arrogance, deceit, and miscalculation has grown so decisive that rhetorical excess will serve only to distract from it. America deserves, and I believe will reward, a level of debate that befits the sad and solemn circumstances that make it necessary."

Democratic pollster Stanley Greenberg in the New York Times (10/8, 1.21M) urges Democrats to run on the economy and Iraq saying, "The more Republicans talk about great times, the more they fuel voter frustration with a party out of touch with people's financial worries. And the more Republicans talk about 'cut and run,' the more voters focus on the ugliness of today's Baghdad."

Democratic consultant Joe Trippi in the New York Times (10/8, 1.21M) urges Democrats to "build a new majority for change. This is not a matter of pushing the party to the left or right so much as it is one of embracing the evident hunger among the American people to set the nation on a new course. President Bush and the Republicans represent staying the course; Democrats represent changing the course."

Tennessee Gov. Phil Bredesen in the New York Times (10/8, 1.21M) says Democrats should focus on "health care. Imagine a November in which Americans are not only unhappy with the Republicans, but when we in our turn hold out clear and believable hope to nearly 50 million uninsured Americans and many more insured but worried ones."

Advice For Republicans. In a New York Times (10/8, 1.21M) companion section titled, "How The Republicans Can Win," nine prominent Republicans and political analysts offer advice. The nine are, Jennifer Grossman, Mark Salter, Ari Fleischer, Lisa Schiffren, Dick Armey, Rich Bond, Jay Heiler, Tom Campbell and R. Emmett Tyrrell Jr.

Former White House press secretary Ari Fleischer in the New York Times (10/8, 1.21M) advises Republican candidates to run on tax cuts, to remind Seniors of the new prescription drug benefit and "As for war and peace, stand strong. Whether it was the nuclear freeze, opposition to the liberation of Kuwait, or their cut and run proposals in Iraq, Democrats choose wrongly on foreign policy and defense. The country wants to win in Iraq and I'd proudly support our mission, confident we'll be victorious if we act long-term. Democratic control will lead to retreat."

Former Majority Leader Dick Armey in the New York Times (10/8, 1.21M) says "Republicans need to return to the ideas that inspire their voters — lower taxes, less government, more freedom. … When conservatives abandon limited government principles, we lose our credibility with voters. It's an Armey's Axiom: When we act like us, we win. When we act like them, we lose."

Former Rep. Tom Campbell in the New York Times (10/8, 1.21M) advises Republicans to run on homeland security and the economy saying, "The contest will then be between the Democrats' national issues (Iraq and management of the House) versus the Republicans' national issues (protecting us from terrorism and providing more jobs for Americans). Republicans can win that battle."

Sen. McCain's chief of Staff Mark Salter in the New York Times (10/8, 1.21M) lists a number of domestic and national security issues and concludes, "Remind voters we remain the party best able to provide effective governance in

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a time of change, instability and war, and that we have not become just the party of government, valuing power over principles."

Books On Democrats' Electoral Strategies Reviewed. In a review of "Building Red America: The New Conservative Coalition and the Drive for Permanent Power" By Thomas B. Edsall and "Whistling Past Dixie: How Democrats Can Win Without the South" By Thomas F. Schaller for the Washington Post (10/8, BW4, 748K) John Dickerson, Slate magazine's chief political correspondent, writes, "Thomas B. Edsall and Thomas F. Schaller have both contributed well-documented and thoughtful arguments that might help direct Democrats out of their wilderness. Edsall's accessible Building Red America is not presented as a guidebook but as a tour of the political landscape. Republicans have learned how to manage that landscape and adapt more quickly to changes on it. Democrats, on the other hand, keep losing for a reason: Their party is no longer a populist coalition, but it keeps trying to run as one, and its leaders fail to understand the connection between middle-class voters' economic self-interest and their concerns about cultural values. … Schaller's Whistling Past Dixie is more prescriptive and less rewarding."

Cheney Rallies GOP Base With Stump Speech Described As "Grim." The Washington Post (10/8, A14, Baker, 748K), in an article titled, "Cheney Back Delivering The Grim Campaign Speech: Democrats Cast As Foils to the Nation's Security," reports Vice President Cheney "sometimes starts speeches with a Ronald Reagan quotation about a 'happy' nation needing 'hope and faith.' But not much happy talk follows. Not a lot of hope, either. He does, though, talk about the prospect of 'mass death in the United States.' The not-so-happy warrior of the past two campaign cycles is back on the road delivering a grim message about danger, defeatism and the stakes of the coming election." Cheney "takes on not only the traditional vice presidential assignment of slicing up the opposition but also the Cassandra role of warning about dire threats to the nation's security. While others get distracted by Capitol Hill scandal, Cheney remains focused on the terrorists." The Post notes, "More than half of Cheney's fundraisers in this two-year cycle have been behind closed doors. … That is okay with the White House, which at a perilous moment is counting on Cheney's under-the-radar campaign to rally the base, not the broader public."

Democrats Warned Not To Focus Campaigns On Iraq War Criticism. In an op-ed for the Washington Post (10/8, B4, 748K) Democratic pollster Vic Fingerhut writes, "The deepening controversy over Defense Secretary Donald H. Rumsfeld must seem like a dream come true for Democrats campaigning for the midterm elections. What better foil than a troubled president supporting an embattled defense secretary waging an increasingly unpopular war? … But it's a losing strategy. For nearly 50 years, poll after poll has shown that the Democrats have very limited credibility with the American public on foreign policy issues -- particularly among the swing voters who have a disproportionate say in the outcome of U.S. elections." According to Fingerhut, "focusing on foreign policy matters -- and the war in Iraq in particular -- during the final weeks of the campaign could cost the Democrats close contests they might otherwise win."

Democrats Work To Copy GOP GOTV Innovations. The Washington Post (10/8, A6, Balz, 748K) reports, "It may seem like a distant memory now, but Democrats not so long ago dominated the battle between the parties to get their voters to the polls. Over the past half-dozen years, Republicans reinvented the system, using sophisticated computer modeling and vast amounts of consumer data. In 2002 and 2004, they demonstrated their newfound superiority -- to the dismay of Democratic Party officials and their allies. 'It's no secret that the other side figured this out a little sooner,' said Josh Syrjamaki, the state director of America Votes, an umbrella organization of labor and liberal interest groups." Syrjamaki "and Ed Coleman, the technology director for the Minnesota chapter of America Votes, were hunched over a laptop computer, teasing out information that Democrats hope will begin to narrow the sizable gap with the GOP. The laptop linked them to a huge new database that holds the names, addresses, voting histories and consumer preferences of every Minnesota resident eligible -- though not necessarily registered -- to vote. That's a weapon that allows them to identify, locate, contact and turn out likely Democratic voters who have been largely invisible to them."

AFL-CIO To Spend $40 Million On GOTV Effort. The New York Times (10/8, Greenhouse, 1.21M) reports, "After being outhustled by Republicans in voter turnout drives in recent years, the A.F.L.-C.I.O. plans to spend $40 million nationwide on voter education and turnout, emphasizing swing states like Minnesota, Missouri, Ohio and Pennsylvania. In addition, just as conservatives used referendums on same-sex marriage to mobilize voters in 2004, labor has helped put measures to raise the state minimum wage on the ballot in Ohio and three other states, an effort that union officials hope will draw low-income voters. … Traditionally strongest in urban areas, unions are devoting more energy than ever to workers in suburbs and even exurbs. Labor is focusing on the 'drop-off voter,' making sure that union members who vote in presidential elections but not in midterm elections go to the polls. In another initiative,

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unions are campaigning among a group that has largely been off limits to them under federal law, nonunion workers. The federation has figured out a way to reach those workers, sending canvassers door to door to sign up 1.5 million nonunion workers, including 700,000 Ohioans, to join a new A.F.L. affiliate, Working America, with an eye to having them vote for labor-endorsed candidates."

Dean And DNC Agree To Contribute $5 Million To DSCC. The Washington Post (10/8, A5, Cillizza, Goldfarb, 748K) reports, "After months of negotiating, the leaders of the Democratic National Committee and Democratic Senatorial Campaign Committee have struck a deal on the national party's spending strategy in its quest to capture control of the Senate in November. DNC Chairman Howard Dean has agreed to put what one Democratic aide said was roughly $5 million into Senate races. Sen. Charles Schumer, the DSCC's chairman, "welcomed the agreement, saying: 'The DNC is helping us at a time we need it very much, and we appreciate Chairman Dean's efforts.' A few weeks ago, Dean struck a similar deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel to spend $12 million on voter-mobilization efforts this fall, with $2.4 million allotted to the most competitive House races."

Obama Said To Be Too Untested To Run For President In 2008. In an op-ed for the Los Angeles Times (10/8, 918K) Ezra Klein, writing fellow at the American Prospect, writes, "The latest name rippling through the Democratic ranks is Barack Obama. … And although he routinely reminds that he's but a junior senator, his attributes only loom larger when transposed onto the 2008 race. In a crowd of old faces, Obama offers movie star good looks and a dazzling smile. Among a crew of (mostly) stale speakers, his rhetoric soars and excites. … OK Democrats, deep breath. Despite Obama's undeniable magnetism and star power, he's not your guy. Not yet. For now, Obama is a cipher, an easy repository for the hopes and dreams of liberals everywhere." Klein claims Obama "has refused to expend his political or personal capital on a single controversial issue, preferring to offer anodyne pieces of legislation and sign on to the popular efforts of others."

Romney Seen As Able To Overcome Handicap Presented By Mormonism. The Los Angeles Times' Gregory Rodriguez (10/8) writes, "prominent evangelical activist James Dobson said that Massachusetts Gov. Mitt Romney's Mormon faith 'could pose a serious obstacle' if he decided to run for the Republican presidential nomination in 2008. Dobson said he thought that conservative Christians wouldn't feel comfortable casting a ballot for a Mormon. Chances are, he's wrong. … When it comes to American politics, it seems clear that cultural affinity and a shared political agenda can trump theology."

Allen Continues To Allege Webb Supports Tax Increases. The Washington Times (10/8, Bellantoni, 88K) reports Sen. George Allen "last night rallied with his most reliable conservative friends…while Democratic challenger James H. Webb Jr. accused the Republican of running dishonest attack ads." Allen "told attendees at his annual 'Hoe Down' that Mr. Webb would increase taxes. Mr. Allen echoed the theme of his latest campaign ad, saying that the national Democrats who support Mr. Webb want to let President Bush's tax cuts expire. 'You know what that means?' he asked. 'Tax increases.'" Webb's campaign "called on the senator to stop running the ads. One ad says Mr. Webb would increase taxes because he is supported by liberal national Democrats. The other features a woman who accused Mr. Webb of misquoting her in a 1979 article, though she was not quoted in the piece after he interviewed her.

Allen's "Cowboy" Persona Discussed. The Washington Post's Michael Shear (10/8, C11) writes Sen. George Allen's "love affair with the imagery of the Old West endured into adulthood and became a motif of his political career. … Critics say the would-be cowboy hasn't quite earned his spurs. They call it the tired political shtick of a 54-year-old Republican senator whose reelection is in jeopardy. But former Allen chief of staff Jay Timmons said the image is genuine, born of a fascination Allen developed early in his childhood and even well into his teenage years in the 1960s."

Corker Makes Issue Of Ford's Family During Debate. The AP (10/8, Press) reports Tennessee Republican Senate candidate Bob Corker called his Rep. Harold Ford Jr., "a member of a family engaged in 'machine-type politics,' while Ford accused Corker of doing nothing about illegal immigrants working on his job site years ago." Corker "has previously shied away from bringing up the Ford family history. Over the years, members of Ford's family have won numerous local elections in Memphis and won seats in Congress and the state Legislature. Ford's uncle is awaiting trial on federal bribery charges, and his father once was indicted in a federal bank fraud case but was acquitted. 'I'm making an observation that it's pretty much a family business, and I think it's something we all see and know...that there's a sort of machine-type politics that takes place,' Corker said. Ford responded: 'There's too much joy in my heart to respond to that, so I'll let it go.'" Ford "charged that Corker -- who ran a construction company before becoming mayor -- did nothing after illegal immigrants were found to be working on a Memphis construction site he was developing in 1988."

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Ford Works To Cultivate More Conservative Image. McClatchy Newspapers (10/8, Thomma) reports, "The latest and perhaps most revealing battle in the clash for control of the Senate seat here hinges on a campaign commercial shot in a church by" Ford. … 'Here,' Ford says in the ad, walking down a church aisle before sitting in a pew and ripping into his opponent, 'I learned the difference between right and wrong.' Not well enough, counter the Republicans. 'What kind of man parties with Playboy Playmates in lingerie, then films political ads in a church pew?' asks an ad aired by the National Republican Senatorial Committee, referring to Ford's attendance at a Playboy magazine Super Bowl party. The skirmish over Ford's place in church underscores a central theme in the campaign: whether Ford is culturally and politically conservative enough to win over rural white voters and become the first Democrat elected from the state in 16 years - and the first black ever popularly elected from the South."

Kean Uses Debate To Portray Menendez As Corrupt. The New York Times (10/8, Chen, 1.21M) reports on the "fractious" debate yesterday between Sen. Robert Menendez and New Jersey State Senator Thomas H. Kean Jr., where, "Each accused the other of being a liar, their voices often rising. They interrupted each other constantly, making it almost impossible at times to hear what was being said. The tone was so combative that it almost seemed as if the two men, who appeared uncomfortable standing only inches apart, might have been one personal insult away from a World Cup-style head butt. … But in both tone and substance, the one-hour session provided a concise summary of the campaign. There was Mr. Kean, a 38-year-old Republican who is the scion of a storied political family, managing to turn every question, whether about health care or personal foibles, into an opportunity to invoke the key theme of his candidacy: that Mr. Menendez, a veteran of the Darwinian world of Hudson County politics, is a political boss without a moral compass who is saddled with corrupt associates."

The New York Times (10/8, Rivera, 1.21M) notes, "A close look shows how each candidate yesterday used small factual kernels to make sweeping claims that are hard to prove or disprove. Most notable among the arguable claims was the question of a federal probe into an anti-poverty agency, the North Hudson Community Action Corporation, and Senator Menendez's role in it. While it is true that Christopher J. Christie, the United States attorney for New Jersey, did subpoena records from the nonprofit agency last month, there have been no reports or statements from federal prosecutors indicating that Mr. Menendez is under criminal investigation, as Mr. Kean claimed repeatedly yesterday."

Kean Gives Bush Administration A "B-Minus." The Washington Times (10/8, Fagan, 88K) reports Menendez" denied he is under federal investigation, while" Kean "rated the Bush administration a 'B-minus' during a combative debate yesterday. … The hourlong debate, in which the two men often spoke over each other so loudly that it was difficult to hear what either was saying, showcased an intense contest marked by corruption charges."

The AP (10/8, Santi) reports Kean "has said he supported the president's decision to wage war in Iraq, though he believes mistakes have been made and Defense Secretary Donald Rumsfeld should be fired. Menendez, who voted against the resolution authorizing the Iraq invasion, said he would give Bush a grade of D or F."

Experts Expect Democratic Minnesotan To Be First Muslim Elected To Congress. The New York Times (10/8, Macfarquhar, 1.21M) reports that MN5 House candidate Keith Ellison (D), "a stocky criminal defense lawyer who converted to Islam in college, is expected by experts to make history on Election Day by becoming the first Muslim elected to Congress, as well as the first black representative from Minnesota." According to the report, "The Fifth Congressional District is a Democratic citadel. The last Republican to represent it lost re-election in 1962." According to the Times, Ellison's opponent, Alan Fine (R), "has made a concerted effort to discredit him for previous ties to the Nation of Islam, the radical group founded by Louis Farrakhan, but experts do not expect Mr. Fine to pose a serious challenge. Though Mr. Ellison usually mentions his faith on the campaign trail only when asked, his candidacy has amounted to something of a political awakening among Muslims tired of being vilified since the attacks of Sept. 11, 2001."

Democrats Likely To Pick-Up Several Governorships This Year. The Los Angeles Times (10/8, Barabak, 918K) reports, "For the first time since the 1994 Republican landslide, Democrats are poised to attain a majority of the nation's governorships, an important political toehold regardless of who wins the battle to control Congress. Election handicappers forecast Democratic gains of four to eight seats out of the 36 on the Nov. 7 ballot, with the Republican-held governor's chairs in New York and Ohio considered most likely to switch parties. The Democrats need to gain four governorships for a national majority. Massachusetts, Arkansas, Colorado and Maryland also look promising for Democratic candidates, according to campaign analysts. In Massachusetts — the land of Kennedys — a win would put a Democratic governor under the gold Capitol dome for the first time in more than a dozen years. Four seats appear to be tossups: Minnesota, Wisconsin, Iowa and Michigan, all states that could prove vital in the 2008

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presidential campaign. All but Minnesota have Democratic governors now."

Montana's Schweitzer Said To Represent Future Of Western State Democrats. In a piece for the New York Times Magazine Mark Sundeen (10/8) writes, "As soon as [Montana Gov.] Brian Schweitzer was elected in 2004 -- the same night that George W. Bush carried Montana by 20 percentage points -- pundits began declaring him the future of the Democratic Party. Never mind that it was his first elected office: the 51-year-old farmer and irrigation contractor had folksy charm and true-grit swagger. He shot guns, rode horses, took his dog to work and decimated his opponents with off-the-cuff one-liners heavy on the bull-and-horse metaphors. He didn't act like a Democrat, in other words, and to many Democrats, reeling from consecutive losses to Bush, that seemed like a pretty good thing. … Within months of his election, bloggers were clamoring for a presidential run, and his popularity transcended the wonk journals to include coronation as 'Hot Governor' by Rolling Stone magazine, while '60 Minutes' called him the Coal Cowboy."

No Clear Winner Emerges From Texas Gubernatorial Debate. The New York Times (10/8, Blumenthal, 1.21M) reports, that Texas Gov. Rick Perry (R) "and three challengers faced off in a Dallas television studio for their only debate in the free-for-all that is the governor's race. But if the long-awaited one-hour showdown had its moments" as independent Kinky Friedman "pledged allegiance to his cigar," former Rep. Chris Bell (D) "remembered the Alamo" and independent Comptroller Carole Keeton Strayhorn "forgot the name of the president-elect of Mexico — it hardly resolved the uncertainties, some political experts said." According to the report, With Perry "leading in the polls a month before Election Day and positioned to become the longest-serving governor of Texas despite being opposed by about two out of three voters, the high-profile race in President Bush's home state is still fluid."

California Gubernatorial Candidates Spar Over Taxes In Only Debate. The AP (10/8) reports that California Gov. Arnold Schwarzenegger (R) and state Treasurer Phil Angelides (D) "sparred over the direction of the state's economy Saturday in their only debate planned for the gubernatorial campaign. In a series of sharp exchanges, Schwarzenegger and Angelides differed over higher education fees, taxes and the state of the middle class." According to the report, "The debate, coming on the third anniversary of the historic recall election that swept Schwarzenegger into office, provided the campaign's first direct exchange between Schwarzenegger and Angelides, allowing a format in which the candidates could question each other. Those exchanges provided periodic fireworks."

The Los Angeles Times (10/8, Finnegan, Barabak, 918K) reports, "Trailing badly in polls," Angelides "on Saturday used the first and only debate of the governor's race to question Arnold Schwarzenegger's integrity and try to yoke him to President Bush and embattled Republicans in Congress. A jocular Schwarzenegger parried with one-liners and invoked major bipartisan agreements with state lawmakers, portraying Angelides as a big-spending liberal who was eager to hike taxes on those who could least afford it." According to the report, "The issue of taxes, the governor's preferred ground, dominated the debate. … At one point, smiling across the stage at his rival, the governor taunted: 'I can tell by the joy you see in your eyes when you talk about taxes, you just love to increase taxes."

Maryland Governor Casts Wide Net In Reelection Bid. The Washington Post (10/8, A1, Wagner, Mosk, 748K) in a front page story reports that the road map that Maryland Gov. Robert L. Ehrlich Jr. "hopes will guide him to reelection has sent the Republican to an unlikely place in search of votes: the heavily Democratic Washington suburbs. A month before the Nov. 7 election, Ehrlich has stepped up his efforts in Montgomery and Prince George's counties, a tacit recognition that the strategy he rode to victory in 2002 cannot be fully replicated this year" against Baltimore Mayor Martin O'Malley (D). In 2002 "Ehrlich piled up unprecedented vote totals in the suburban counties that ring Baltimore. … With O'Malley, however, Ehrlich faces an opponent whose popularity extends beyond the borders of his own heavily Democratic city into parts of the surrounding suburbs. So the governor has turned toward Washington to help make up the difference."

New York Mayor Issues Plan To Fight Poverty. In a news analysis in The New York Times Magazine (10/8), James Traub writes, "Ten years ago, when he signed the Personal Responsibility and Work Opportunity Reconciliation Act, thus 'ending welfare as we know it,' President Bill Clinton blunted a debate over poverty that had been increasingly harmful to the Democratic Party. In fact, welfare reform proved so successful at both shrinking caseloads and reducing poverty levels that the issue lost its urgency." According to Traub, New York Mayor Michael Bloomberg "vowed to focus on poverty reduction, and last month he announced the findings of his blue-ribbon Commission for Economic Opportunity. … The report described many ways the city could more effectively spend existing funds, including apprenticeships and training for the working poor and school-based programs for students at risk of dropping out." According to the Traub, Bloomberg boldly "vowed to raise $24 million in private donations to finance 'conditional cash

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transfers' to give poor New Yorkers an incentive 'to stay in school, stay at work and stay on track to rise out of poverty.' … The mayor's own plan drew a good deal more attention than the commission report did, perhaps because it seemed to be at odds with the report's slightly-left-of-center ethos."

Japanese Leader Warns Pyongyang Against Nuclear Test. The AP (10/8, Greimel) reports, "Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out Saturday along the border with South Korea and Japan warning of harsh sanctions if Pyongyang goes nuclear." The AP says "jittery nations have warned a test would unravel regional security and possibly trigger an arms race," and "world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe left for Beijing Sunday for talks with Chinese President Hu Jintao and will then go on to Seoul for talks with South Korean President Roh Moo-hyun the following day." State Department spokesman Kurtis Cooper "said Saturday the United States was concerned about North Korea's threat to test its first atomic bomb and the department was closely monitoring the high tensions." Abe's Foreign Ministry "said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test." The Washington Times/AP (10/8, Greimel) runs the AP report.

NBC Nightly News (10/7, story 4, 0:25, Holt, 9.87M) reported, "There were shots fired along the border between North and South Korea today ratcheting up tensions already high. South Korea says its troops fired 40 warning shots at five North Korean soldiers who briefly crossed onto its side of the border, no one was hurt. That comes a day after the U.N. Security Council warned North Korea of unspecified consequences if it carries out a nuclear test."

The Washington Post/AP (10/8, A22, Greimel) version of the AP story focuses on the clash along the Demilitarized Zone. "South Korean soldiers fired 40 warning shots at five North Korean troops who crossed into the southern side of the no man's land separating the two countries. It was unclear whether the North Korean advance was intended to provoke or if the troops were trying to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt. The North Koreans retreated." The AP notes, "While such border skirmishes are not unheard of, they are relatively rare. The incursion Saturday was only the second this year, the official said."

North-South Reconciliation Efforts Said To Languish. In an analysis piece, the Washington Times/AP (10/8, Lim) notes, "With North Korea now pledging to test an atomic bomb, the fate of [family reunion] projects … and other attempts to end decades of hostility across the world's last Cold War frontier hang in the balance." Seoul "has consistently pursued dialogue with the North since their leaders held their first summit in 2000. That approach has also caused a rift with its longtime ally the United States, which favors a harder line in pressuring the communist regime to give up its nuclear ambitions." North Korean officials "complain that South Koreans side with 'the U.S. imperialists' rather than their own brethren in the North -- echoing the propaganda issued daily by the country's state press." The AP adds, "The current South Korean government -- which follows a so-called 'sunshine policy' that won former President Kim Dae-jung a Nobel Peace Prize -- has also faced growing domestic calls to take a tougher line."

Any North Korean Test Would Be Immediately Detected, Publicized. William Broad in a "Week in Review" article in the New York Times (10/8, 1.21M) details Pyongyang's unusually public quest to develop nuclear weapons. "For much of the nuclear age, nations that sought the ultimate weapon kept their intentions and test sites veiled in secrecy, hidden from public view and foreign governments." However, North Korea "all but yelled 'look at me' in announcing that it plans to conduct its first nuclear test, which experts say might come at any time or perhaps never." Experts "say likely factors include North Korea's taste for bold propaganda as well as its awareness that new classes of satellite technology are making it increasingly hard to hide nuclear sites anyway." Noting the proliferation of commercial satellites and publicly available technologies like GoogleEarth, Broad says their "emergence…would seem to cut two ways" for Pyongyang, "either reinforcing its propaganda effort or threatening to undermine it by exposing a ruse. And paradoxically, the best monitor of its actions, the world's largest and most sensitive network meant to detect nuclear blasts, [the CTBTO], is powerless to judge the North's real intentions until there is a test. This network, with its global arrays of hundreds of sensors, is meant to police a shaky global ban on the explosive tests, mainly by listening for the faint reverberations of shock waves."

Professor Complains Of US Base Expansion In South Korea. In a commentary for the Boston Globe (10/8, 425K), anthropologist Catherine Lutz proclaims, "Many South Koreans…have watched a group of rice farmers in the small village of Daechuri near the city of Pyongtaek attempt to defend themselves against invasion by the US military. The farmers' struggle against expansion of a nearby US military base has become a rallying point for Koreans." Lutz claims, "Part of a grand plan of global military base restructuring announced by US Defense Secretary Donald Rumsfeld in 2003, the Pyongtaek base is meant to take in soldiers and equipment from closing military installations near the de militarized zone and in Seoul. However, the bases' relocation to Pyongtaek is part of a plan to use the bases to strike at will anywhere in Asia and to contain China."

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Experts Warn Missile Refitting Could Touch Off Nuclear War. The Houston Chronicle/Hearst News Service (10/8, Rosenberg) reports, "A Pentagon project to modify its deadliest nuclear missile for use as a conventional weapon against targets such as North Korea and Iran could unwittingly spark an atomic war, two weapons experts warned Thursday. Russian military officers might misconstrue a submarine-launched conventional D-5 intercontinental ballistic missile and conclude that Russia is under nuclear attack, said MIT's Ted Postol, a physicist and professor of science, technology and national security policy, and Pavel Podvig, a physicist and weapons specialist at Stanford University." Podvig warned that "mixing conventional and nuclear D-5s on a U.S. Trident submarine 'would be very dangerous'...because the Russians have no way of discriminating between the two types of missiles once they are launched."

Rice's Middle East Trip Said To Accomplish Little. A highly negative 1,047-word piece in the Washington Post (10/8, A29, Wright, 748K) reports, "It was a tough week for [Secretary Rice] in the Middle East. On four issues pivotal to the future of the world's most volatile region, U.S. diplomatic efforts made no visible progress or came up against unexpected resistance during her five-day tour." Some "officials and analysts privately dismissed Rice's tour as a cheerleading trip without substance. Others questioned the viability of the Bush administration's Middle East policy." The Post notes, "On Iraq, Arab-Israeli peace, democracy promotion and fostering a so-called moderate bloc of Arab states to stand together against militancy, Rice pressed at each of six stops for new energy or more decisive action. Many of the Arab leaders she met share U.S. fears about the region's future, but there is a growing divide even with Washington's closest allies over what needs to be done, at what pace, in what order and by whom, according to Arab officials interviewed at each stop." Washington and Arab capitals "are now engaged in a chicken-and-egg argument over what happens next."

AFP (10/8, Lanteaume) adds Rice "wrapped up a six-day visit to the Middle East and London that was marked by multiple snags, both in terms of results and images. Trouble began even before she left Washington Sunday night: A run of tell-all books on [Bush's] handling of Iraq and the war on terror cast a harsh light on Rice, once the diva of the administration." During the trip Rice "obtained was a unified message from Washington's Arab allies: the US government must engage seriously in the Israeli-Palestinian peace process, or the new Middle East that she wants will never emerge. The message was apparently received."

A Los Angeles Times (10/8, 918K) editorial calls the trip "baffling," and says "dodging bullets while hyping progress is not a convincing performance by the secretary of state." Rice's "clueless happy talk" in Baghdad "in the face of overwhelming evidence to the contrary might produce great material for political satirists, but it's not very encouraging for those looking for signs of hope in the Middle East. Rice's recently completed six-day trip to the region, which included her sixth visit as secretary of State to Israel and the Palestinian territories, probably ranks as her least productive. She spent most of her time talking with leaders who don't trust her about issues they'd rather not discuss." The Times also criticizes her stops in Iraq, Egypt, Saudi Arabia, and the West Bank, and concludes, "No visit by a U.S. diplomat could begin to ease the discord that has wracked the region for decades." However, "the worry now is that every step, including by the administration, is going in the wrong direction."

President Carter Says Israeli Encirclement Of West Bank Could Lead To "Apartheid." In an interview with Newsweek (10/8, Dickey, 3.12M), former President Carter discusses Middle East policy and his relationship with Egyptian President Anwar Sadat on the twenty-fifth anniversary of the latter's assassination. Of current Israeli policy, Carter says the West Bank all "and the Jordan River actually completely circles what is left of the West Bank." That wall is "a sign of division, obviously, between the two. I make it clear in my book that when I refer to apartheid I'm not talking about racism. But it is certainly a division and there is no place where the wall separates Palestinians from Israelis—the wall in its entirety separates Palestinians from other Palestinians. It's completely within the West Bank, and sometimes miles and miles within the West Bank." Carter concludes by saying, "as presently located [the wall] is an insurmountable obstacle to peace

Hezbollah's Post-War Spin Masks Pre-War Discounting Of Israel's Resolve. In a 2,600-word piece on its front page this morning, the Washington Post (10/8, A1, Shadid, 748K) details Hezbollah's miscalculation of Israel's response to its July kidnapping of two IDF soldiers. "In speeches and iconography, Hezbollah has cast the war as a 'divine victory.' But a reconstruction of the period before and soon after the seizure of the soldiers reveals a series of miscalculations on the part of the 24-year-old movement that defies its carefully cultivated reputation for planning and caution." Their "fighters were still planning to train in Iran the very month that the soldiers were seized; Hezbollah leaders in Beirut had assured Lebanese officials of a relatively uneventful summer." The Post says the "outcome" of the conflict is "still a matter of perceptions," and that fact "reveals both the strengths and weaknesses of Hezbollah, perhaps the world's best-organized guerrilla group. The movement, even by the admission of its leaders, misjudged the Israeli

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response. But by virtue of its complex infrastructure and preparations -- years spent digging tunnels, positioning weapons, upgrading its arsenal and carrying out surveillance along the border -- Hezbollah survived."

Analysis Reveals Shift In US Policy Promoting Foreign Aid For Religious Groups. In a 3,176 word front page article the Boston Globe (10/8, Stockman, Kranish, Canellos, Baron, 425K) in the first of a four part series titled "Changing The Rules | Exporting Faith" reports, "President Bush has almost doubled the percentage of US foreign-aid dollars going to faith-based groups such as Food for the Hungry, according to a Globe survey of government data. And in seeking to help such groups obtain more contracts, Bush has systematically eliminated or weakened rules designed to enforce the separation of church and state." In the past "US policy has sought to avoid intermingling government programs and religious proselytizing. The aim is both to abide by the Constitution's prohibition against a state religion and to ensure that aid recipients don't forgo assistance because they don't share the religion of the provider." Yet, "many of those restrictions were removed by Bush in a little-noticed series of executive orders -- a policy change that cleared the way for religious groups to obtain hundreds of millions of dollars in additional government funding. It also helped change the message American aid workers bring to many corners of the world, from emphasizing religious neutrality to touting the healing powers of the Christian God."

Former President Bush Asks For More Aid For Pakistan-India Quake Victims. The AP (10/8, Lederer) reports former President George H.W. Bush "has appealed for nearly $100 million in aid for survivors of last year's South Asia earthquake, saying tens of thousands face another winter living in tents." Bush is quoted telling a news conference marking today's one-year anniversary of the disaster, "If they're in tents, that's not good enough. But it's a heck of a lot better than it was a year ago." He "said snow was already falling in some parts of Pakistan and it was critical to get access to people in remote locations." He also noted that Islamabad "was determined 'that even if the winter might be harsh, people will have protection -- so I think they're moving very hard to try to move toward permanent housing.'" Bush "told reporters he wasn't satisfied with his efforts to get donors to fulfill aid pledges, saying donor fatigue was part of the problem."

Pakistanis Remain Afraid Of Follow-On Quake. The AP (10/8, Garwood) reports, "Fear is palpable among many locals in Chikar, which was ravaged by the 7.6 magnitude quake that townspeople claim killed at least 10,000 in and around the hilltop settlement. Most said they are sleeping outside now in case Sunday's anniversary leads to a repeat of last year's disaster that killed thousands as they slept in homes, studied in schools or worked in offices." While "concrete and metal that once formed shops are still heaped throughout the town's main bazaar," the AP notes "earthquake-proof houses with shiny corrugated iron roofs are popping up inside the town and on steep, pine-covered mountainsides. And health clinics run by aid groups are providing around-the-clock primary health care to anyone who asks." The AP adds, "More than 1,000 survivors rallied in the capital Islamabad on Saturday demanding that delays in the release of compensation to quake victims be overcome so they can reconstruct housing." Amid accusations of rampant rebuilding corruption, President Pervez Musharraf "said that his government will ensure the provision of basic facilities to those affected by the quake and he hopes that 80 percent of the reconstruction will be over in the coming three years."

European Muslim Moderates Said To Balance Increasingly Opposite Forces. The Los Angeles Times (10/8, Fleishman, 918K) describes in depth the plight of Muslim lawmakers in Western Europe. "A man with 'democracy' tattooed in Arabic on his arm, [Danish lawmaker Naser Khader] epitomizes Europe's struggle to integrate moderate Islam into secular democracy. The Danes view him as the ideal Muslim, a multilingual author with European sensibilities for tolerance. Islamists regard him as a traitor, a factory worker's son who bartered his identity for a bit of Western acceptance." While Khader and other have "tried to become a unifying voice," conservative Muslims believe they have "drifted too far to the other side."

Yemeni Activist Works To End Political Violence. The New York Times (10/8, Fattah, 1.21M) profiles Abdelrahman al-Marwani, who has worked for several years to ensure peaceful voting in Yemen. The recent presidential election, "in which President Ali Abdullah Saleh was re-elected and local councils were chosen, was something of a victory for Mr. Marwani, the son of a tribal sheik who has struggled to bring the issue of violence and the need for gun control into the spotlight [in Yemen]. For the past decade, he has led a lonely and often dangerous fight to quell tribal wars, seeking to break a cycle of revenge and retribution that kills as many as 1,200 people a year."

China Leads Global Efforts To Counterfeit US Goods. The Washington Times/AP (10/8, Klug) details the plight of one US air conditioning firm whose products have been counterfeited by Chinese companies. "U.S. lawmakers, government officials and businesses agree that stopping the theft of American brands abroad would save companies

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billions of dollars and would help to correct a U.S. trade deficit that hit a record high of $202 billion with China last year. But the accord often ends there." While "businesses want lawmakers to do more," and Congress "urges the Bush administration to take a harder line on China's lax enforcement of existing copyright-protection laws," the AP says "rampant theft of copyright American products continues," with costs to US firms estimated to top $250 billion a year. Chinese efforts account "for nearly 70 percent of all pirated products seized at the U.S. border last year -- more than 10 times greater than any other American trading partner. Russia also is a problem, with American business groups urging stronger pledges from Moscow to protect intellectual property before being allowed WTO entry." The AP notes Administration "officials say they are working hard to get Beijing to fight the problem more aggressively and to follow through on commitments made when China joined the WTO in 2001."

Castro Opponent And Former CIA Operative Said To Pose "Quandry" For Administration. The New York Times (10/8, Lacey, 1.21M) describes the current immigration detention of Luis Posada Carriles, a "Cuban exile who has long sought to topple the government of Fidel Castro" and who has been "implicated" in the October 1976 destruction of Cubana Airlines Flight 455. He "is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed." Washington has refused extradition requests from Havana and Caracas, and the Times says Carriles "may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail. That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts." Although the Administration is working to deport Carriles to a neutral country, "few countries seem willing to take him."

Chavez's Opponent Draws Up To 10,000 To Street Protest. The AP (10/8, Nunez) reports, "Thousands marched Saturday in the biggest show of public support yet for Venezuela's main opposition presidential candidate, [Manuel Rosales], who pledged to undo what he called the ills of President Hugo Chavez's government." He has "accused the government of mismanaging the country's oil wealth and ignoring crime. He also played on fears that Chavez's close friendship with Cuban leader Fidel Castro was leading Venezuela down the same path as the communist island." The AP notes that, athough "authorities had promised to have as many as 2,500 officers on the streets to ensure security," there "were no reports of disturbances." Rosales "appeared to rule out the possibility of a boycott against the Dec. 3 presidential election, urging people to vote despite worries about transparency and electronic voting machines. Major opposition parties boycotted congressional elections last year over such concerns."

German EU Presidency Will Seek To Redefine Relations With Russia. The New York Times (10/8, Dempsey, 1.21M) notes the German Foreign Ministry "is preparing a new policy toward the east that aims to tighten ties between Russia and Europe, but does not address human rights, a theme dear to Chancellor Angela Merkel." Berlin claims Russian President Vladimir Putin "has been informed of the policy and likes it. He will visit Germany on Tuesday for a meeting of the Petersburg Circle, a group established five years ago to promote economic, cultural, social and youth links between Russia and Germany." The Times says the "subtext" of the policy "is clearly Europe's increasing dependence on Russia to meet its energy needs. But Mrs. Merkel won support from the German public last year by promising a more critical approach toward Russia, and her advisers say she prefers an approach to the east that takes into account the interests of Poland and the Baltic states, not just Western Europe's ties to Russia." The Times blames some internal German inconsistencies on the policy, on "the power-sharing arrangement created after inconclusive elections last September." Germany assumes the EU presidency on January 1 and will push for adoption of the paper at that time.

Hoagland Lauds Emergent German International Leadership. In his column in today's Washington Post (10/8, B7, 748K), Jim Hoagland says Germans "have become comfortable with standing in the shadows of power while the Americans, the French and others shoulder the costly burden of claiming to run the world. War-imposed modesty no longer shelters Angela Merkel's coalition government from having to show leadership in defining Europe's new relations with a suddenly assertive Russia, fixing an independent Kosovo's place in the Balkans and perhaps even shaping a broad response by secular societies to the challenges posed by militant Islam." Hoagland concludes, "For now it is time to welcome the Germans back from the frustrations and joys of living on history's outskirts and to hope that this time their ideas are stronger than their angst."

Economics, Poor Health Rapidly Eroding Russian Population. In a 2,763-word piece, the Los Angeles Times (10/8, Murphy, 918K) reports that "there are serious questions about whether Russia will be able to hold on to its lands along the border with China or field an army, let alone a

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workforce to support the ill and the elderly." The Kremlin, "flush with revenue from record prices for the country's oil exports, has started to respond," with Putin offering "payments of $111 a month to mothers who elected to have a second child, plus a nest egg of $9,260 to be used for education, a mortgage or pensions. He also called for renewed efforts to attract ethnic Russians still living in the former Soviet republics." Noting one constraining factor, the Times cites one expert who believes that "Russia's transformation from a society that guaranteed employment means that millions of people, especially in the provinces, 'have become surplus; they do not have a place in the current economy.'"

Russian Anti-Putin Journalist Murdered. The Washington Post (10/8, A20, Finn, 748K) reports, "Anna Politkovskaya, a Russian journalist whose byline defined the fading craft of investigative and crusading reporting in President Vladimir Putin's Russia, was fatally gunned down Saturday in the lobby of her apartment building in central Moscow." She "was renowned for her probes of the brutality of Russia's military campaign in Chechnya as well as the banality of corruption permeating Russian life, from the remote provinces to the bright lights of Moscow." Politkovskaya, a dual American-Russian citizen, "chronicled nearly every major story in Russia in the past decade. Her reporting often clashed with official versions of" violent events. Politkovskaya "was a harsh critic of Putin's rule and was working on a story about torture in Chechnya. … She was unapologetically contrarian and distinguished by her willingness to go to the scene of whatever crisis captured her attention." The Post says Politkovskaya's murder is "the highest-profile killing of a journalist in Russia since July 2004… Twelve journalists have been killed since Putin came to power in 2000, and most of the cases remain unsolved."

NBC Nightly News (10/7, story 9, 2:00, Holt, 9.87M) reported, "In Moscow tonight, police have launched an investigation into the death of an outspoken critic of the Russian governor and its bloody war in Chechnya. She was a correspondent who won awards around the world for her reports. Tonight colleagues are saying those reports most likely led to her death." NBC (Dawson): "Like many of the victims she wrote about, Anna Politkovskaya's life ended brutally, shot to death in the elevator of her apartment building. … Her journalistic crusade was Russia's war in Chechnya. Reporting exhaustively on what she saw as atrocities carried out by the Russian military on civilians there. But the mother of two became best known as her role as a negotiator in a Chechnian terror attack," the 2002 Moscow theatre siege. "Though sudden and violent, [her] death is not entirely unexpected. Her life had been threatened repeatedly and in Russia, reporters for that matter, anyone who takes on powerful interests, is playing a dangerous game."

The New York Times (10/8, Chivers, 1.21M) adds Politkovskaya "made her name as a searing critic of the Kremlin and its policies in Chechnya," and "was a journalist with few equals in Russia." She "was a strident critic of Mr. Putin, whom she accused of stifling civil society and allowing a climate of official corruption and brutality." Assistant Secretary McCormack "said the United States 'urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute and bring to justice all those responsible for this heinous murder.'"

The AP (10/8, Danilova) says Politkovskaya "chronicled the killings, tortures and beatings of civilians by Russian servicemen in Chechnya in reports that put her on a collision course with the authorities but won her numerous international awards." McCormack "said the United States was shocked and profoundly saddened by the murder of a journalist who devoted much of her career to 'shining a light on human rights abuses and other atrocities of the war in Chechnya' and the plight of Chechen refugees." The Los Angeles Times (10/8, Holley, 918K) says she is "one in a series of prominent officials and journalists to die violently in post-Soviet Russia, and her slaying sent a chill through Russia's community of pro-democracy and human rights activists."

WP Compares Politkovskaya's "Courage" To West's "Amoral Pragmatism." The Washington Post (10/8, B6, 748K) editorializes, "Whether reporting on Mr. Putin's dirty war in the separatist region of Chechnya or on the diminution of freedom at home in Moscow, [Politkovskaya] remained, if not unafraid, unbowed." The Post blames her murder of "the climate of brutality that has flourished under Mr. Putin. A former KGB agent himself, he inherited an imperfect democracy and systematically undermined its institutions." Putin's "values" are notw "being applied to foreign policy," especially in dealing with Georgia. Putin "the czar has launched an ugly campaign of threats against the country and the hundreds of thousands of ethnic Georgians who live in Russia. It is a dangerous moment." The Administration "has responded with timid complaints bracketed, until recently, by absurd protestations that Russia was moving, overall, in the right direction. France and Germany, dependent on Russian natural gas, have bowed even more cravenly." The Post concludes that, "against these studies in amoral pragmatism, the courage of small nations, such as Georgia, and lone heroes, such as Anna Politkovskaya, shines all the more luminously."

US Neglect Of Post-Soviet States Is Faulted. In a commentary for the Washington Post (10/8, 748K), NGO head Bruce Jackson complains, "What confounds both Europe and the United States are the complexity of post-Soviet societies and the impotence of Western institutions. But instead of combining our efforts with those of the

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European Union to end the isolation of Europe's East, we have allowed the fecklessness of the European Union and the impatience of U.S. policy to re-create what the Soviet Union used to call its 'near abroad.' In effect, a vacuum of crime, underdevelopment and squabbling political elites now stretches from the Baltic states to the northern shore of the Black Sea. This is the sad Marshall Plan of our generation. The problem of Europe's East is simply the loss of political vision in Washington and Brussels and the failure to keep the commitment to a Europe that is whole, free and at peace."

Columnist Connects Hungary's 1956 Uprising To Modern Struggles For Freedom. In his column in the New York Times (10/8, 1.21M), Rogen Cohen compares Administration democratization efforts in the Middle East to the Soviet suppression of the Hungarian uprising fifty years ago this month. "President Bush, who chose to tear down the status quo in Iraq and unleash violent instability in the name of liberty, has not hesitated to draw a straight line from Budapest to Baghdad. He has compared the Iraqi government's pursuit of democracy to that of the patriots of 1956 and told Hungarians: 'We've learned from your example, and we resolve that when people stand up for their freedom, America will stand with them.'" Noting that the Eisenhower Administration "misled the freedom fighters" in Budapest, Cohen says "a less felicitous mixture of misleading near-promises and maximal demands from an American knight-turned-bystander is hard to imagine. That rankles still, as all blots do on the idealism inextricable from the freedom-bearing narrative of American foreign policy."

Latvian Government Reelected. The AP (10/8, Peach) Latvian Prime Minister Aigars Kalvitis' coalition government "was poised to retain power in Saturday's parliamentary election, nearly complete results showed." The "center-right coalition of three parties had 45 percent," which would give them "far more support in parliament than the main opposition New Era party which has no partners and cannot form a government. If the results hold up, it would be the first time since Latvia regained independence in 1991…that a sitting government survived an election." The AP adds, "With few hot issues in the campaign, the main question was which of the similar right-wing parties would be given a mandate to lead the traditionally shaky coalition government. Latvia has had 12 governments in 15 years of independence."

Author Says Ban Ki-Moon May Have Necessary Attributes To Succeed At UN's Helm. In an op-ed in today's Washington Post (10/8, B2, 748K), author and professor Edward Luck says "it's not easy being the U.N. secretary general." Because the top position is often called "the most impossible job on Earth," Luck says "it was widely expected" that the search for Kofi Annan's replacement would "result in prolonged bickering." However, "the Security Council had other ideas," and tomorrow will nominate South Korean Foreign Minister Ban Ki-Moon to the post. The UNSC "chose competence over charisma, performance over promise. Ban proved his diplomatic mettle in the on-and-off six-party talks on North Korea's nuclear ambitions." Ambassador John Bolton's vision of a head administrator is "far too narrow a job description," Luck says. " Leading a diverse secretariat and dealing with a 192-member board of directors demands keen political instincts, as well as tough, fair and open management."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Ex-Page Tells of Foley Liaison."
"The Vanishing Russians: A Dying Population"
"U.S. Rules Allow the Sale of Products Others Ban."
"Taxes Take Center Stage in Gov. Debate."
"L.A. Puts On Its Party Hats."

New York Times:
"Religion Trumps Regulation As Legal Exemptions Grow."
"Rumsfeld Shift Lets Army Seek Larger Budget"
"Foley Case Upsets Tough Balance By Capitol Hill's Gay Republicans."
"New York Immigration Courts Lurch Under Growing Burden."
"Mighty Yanks Fizzle As Mets Sweep A Series."

Washington Post:
"U.S. Casualties In Iraq Rise Sharply."
"Inside Hezbollah, Big Miscalculations."
"Singled Out: In Seeking a Mate, Men and Women Find Delicate Imbalance."
"Parents, Singles Tussle Over Places to Play."
"Foley Consuming GOP As Elections Draw Near."
"O'Malley's Reach Sends Ehrlich to D.C. Suburbs."

Washington Times:
"Nuclear Test Threat Strains Korea Border."
"Knocking It Off In China."
"Pedestrian Deaths In D.C. Show Rise."
"Forces Sweep Iraqi Oil City To Quell Violence."
"Bushes Stay Calm During Stormy Rite."

Detroit Free Press:
"Yankees, Go home! Detroit, Tigers Rejoice Together After Clincher."
"Separating fact from fiction."
"Wyoming woos workers in Michigan."

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Atlanta Journal-Constitution:
"Louvre Affair."
"A Lifeline At Risk: African Farmers Struggle To Survive, Resent U.S. Policies."
"CDC Boss: Change Had To Be Made."
"In Scramble For Tailgate Turf, It's Dawg Eat Dawg."

Dallas Morning News:
"'We Talk About Our Memories' Exclusive: Child-Killers Schlosser, Yates Find Solace In Friendship."
"Texas 28, Oklahoma 10: Burnt again."
"Iraq War Injuries Surging."
"A School District That Plays It Safe."
"Enforcing Law, Then Breaking It."

Story Lineup From Last Night's Network News:
ABC: Pre-Empted By NCAA Football.
CBS: Pre-Empted By NCAA Football.
NBC: Foley Scandal; Tal Afar Bombing; Afghanistan Progress Disputed; Korea Tensions; North Carolina Chemical Plant Explosion; Flooding; U.S.S. Bush Christened; Russian Journalist Murdered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

8 a.m. ARMY TEN-MILER _ The 22nd Annual Army Ten-Miler, America's largest 10-mile race, is expected to draw some 24,000 runners this year. Location: Race starts at the Pentagon and passes such landmarks as the Lincoln Memorial, the Washington Monument and the Capitol. Contacts: Roxana Hoveyda, 202-685-3361

Oct. 6 - 8. 10 a.m. - 5:30 p.m. MONGOLIA _ The National Museum of Natural History holds the Mongolia Family Festival, with performances, games, film lectures, research displays and photographs. Location: 2nd floor, National Museum of Natural History. Contacts: Michele Urie, 202-633-2950

Oct. 8 - 10. MONEY LAUNDERING _ American Bankers Association/American Bar Association Money Laundering Enforcement Conference. Highlights: 1:30 p.m. Session on Electronic Payments Issues - Risks and Experts will discuss current risks and challenges in electronic mitigate against AML or terrorist financing risk even if yet subject to regulatory controls. Moderator: Ezra C. Levine, Partner, Howrey LLP, Washington, DC. Speakers: Tramond French, CRCM, CIPP, CAMS, Vice President; Erik D. Kiefel, Project Leader, Federal Reserve Board Payment Systems, Washington, DC.

1:30 p.m. Session on The Continuing Saga of the Gatekeeper Initiative - the Anti-Money Laundering Regime and Lawyers The FATF Gatekeeper Initiative, the anti-money Laundering Regime and Lawyers.

4:30 p.m. Opening general session: Suspicious Activity Risk and Reporting Suspicious activity risk and reporting continues to be a major challenge for all institutions. This general session will explore current risks through a discussion of real-life case studies and current exam expectations. Moderator: Richard A. Small, Global Anti-Money Laundering Leader, GE Money, Stamford, Conn. Speakers: Michael Deluca, Senior Specialist, Division of Analytics, Office of Regulatory Support Financial Crimes Enforcement Network (FinCEN), Washington, DC; Marcy M. Forman, Director, Office of Investigations, US Immigrations and Customs Enforcement, Department of Homeland Security, Washington, DC; G. Clayton Grigg, Acting Director, Foreign Terroist Tracking Task Force, Federal Bureau of Investigation, Washington, DC. Location: Marriott Wardman Park Hotel, Marriott Salons 1, 2, 3, 2660 Woodley Road NW. Contacts: Aaron Albright, 202-663-5468.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Abizaid Lauds Pakistan In Terror Fight (AP)

By Munir Ahmad

AP, October 8, 2006

The commander of U.S. forces in the Middle East praised Pakistan's intelligence service on Saturday for its fight against terrorism.

Gen. John Abizaid, who met with President Gen. Pervez Musharraf on Saturday, made the comments in talks with Musharraf at his office in Rawalpindi, near the capital Islamabad, a government statement said.

"(Abizaid) particularly lauded the role of Pakistan's intelligence agencies in the anti-terror campaign, and said their cooperation was crucial in thwarting plots and apprehending most-wanted terrorists," it said.

Indian police a week ago alleged that Pakistan's secret service — the Directorate of Inter Services Intelligence, or ISI — was behind a series of bombings that hit Mumbai trains in July, killing more than 200 people.

Pakistan immediately denied the claims and demanded evidence.

The Indian allegation came days after the British Broadcasting Corp. reported that a document prepared for Britain's Defense Ministry accused ISI of indirectly supporting terrorist groups, including al-Qaida.

Musharraf rejected the documents, while Britain's Ministry of Defense also clarified that the leaked document was academic research and did not represent the British government's view.

On Saturday, Musharraf reiterated Pakistan's commitment to combating terrorism, and called for close cooperation in intelligence sharing. Musharraf and Abizaid also discussed the ongoing cooperation between both countries' armed forces.

Pakistan is a key ally of the United States in its fight against international terrorism.

Abizaid often visits Islamabad to ensure coordination between Pakistan and U.S.-led forces that have operated in neighboring Afghanistan since late 2001 when the Taliban regime was ousted for sheltering al-Qaida leader Osama bin Laden.

On Friday, two American senators visited the Afghan capital, Kabul, and asked Pakistan to do more to stem the infiltration of insurgents into Afghanistan. Sen. Richard Durbin, D-Ill., and Sen. Jack Reed, D-R.I., spent a few days in Afghanistan during a regional tour that included a stop in Pakistan.

Pakistan has said it is doing its best to curb militancy and secure its border with Afghanistan.

48 Suspected Taliban Fighters Arrested (LAT)

The Los Angeles Times, October 8, 2006

Police acting on a tip raided several militant hide-outs in Quetta and arrested 48 suspected Taliban fighters who had arrived in small groups from Afghanistan, said Wazir Khan Nasar, the city's police chief.

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However, no important Taliban figures were among the detainees, he said.

The suspects were being questioned to determine why they were in Pakistan.

Pakistan was once a main supporter of Afghanistan's Taliban regime but switched sides after the Sept. 11 attacks.

Orange County Man Rises In Al Qaeda Ranks (LAT)

By Greg Krikorian And H.g. Reza

The Los Angeles Times, October 8, 2006

'Azzam the American,' or Adam Gadahn, has moved from translator to propagandist.

Two years ago, no one knew quite what to make of Adam Gadahn.

While many in the U.S. intelligence community saw the angry Muslim convert from Orange County as dangerous, plenty of counterterrorism officials viewed the pudgy 25-year-old as a bit player on the world stage of jihadists.

No longer.

Though the young man who has appeared on four Al Qaeda videotapes and now calls himself Azzam the American is still not deemed part of Al Qaeda's operational command, recent interviews with counterterrorism officials suggest that Gadahn has gone from a valuable translator to an invaluable propagandist for the international terrorist network.

"It is not some masked guy with a rifle saying, 'Death to America,' " one senior U.S. law enforcement official said. "It is an American. And his target audience is the U.S."

Gadahn's newfound stature is underscored by a sealed federal indictment in Los Angeles that, law enforcement sources say, will charge him with supporting terrorism. It also comes as new details are surfacing about his time in Orange County and connections to extremists.

The new attention to Gadahn reflects his ascent in one of the world's most impenetrable terrorist groups. Indeed, although a handful of Americans have been convicted or still face charges of conspiring as terrorists, none has had a more astounding trajectory into Al Qaeda's inner circle than Gadahn.

From journeying to Pakistan to meeting with Osama bin Laden and later self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed, Gadahn quickly established himself as an American entrusted by Al Qaeda's leadership, counterterrorism officials say. Two of the four videotapes in which he has appeared also featured Al Qaeda's second-in-command, Ayman Al-Zawahiri.

"Increasingly, the stature of his statements shows that he not only has credibility as an information operative for Al Qaeda … but if you look at it through the lens of Al Qaeda spreading its message, then he is absolutely an instrumental player," said another counterterrorism official who has watched Gadahn's ascent for years.

"I mean, he is now making statements with Al-Zawahiri, who is the No. 2 and the tactician. And [Gadahn] is right there with him at critical periods of time," said the official, who like others in government spoke on condition of anonymity because of the anticipated criminal case against Gadahn.

The grandson of a Jewish doctor, the young man was raised as Adam Pearlman on a goat farm in the hills of southwestern Riverside County by parents who had eclectic religious tastes and shunned the modern world.

At 14, his spiritual journey took him to the Islamic Center of Orange County, where he fell under the influence of two radical Muslims, Khalil Deek and Hisham Diab, both naturalized U.S. citizens.

Diab, an Egyptian, owned an accounting business, and Deek, a Palestinian, repaired computers. They lived in upstairs apartments across from each other in a complex near Little Gaza, a stretch of Arab-owned shops, restaurants and other businesses on Brookhurst Street in Anaheim.

"Deek and Diab met him at the mosque and [Diab] brought him home like a lost dog," said Saraah Olson, who was married to Diab at the time but divorced him in 1996. "He was hungry and [Diab] asked me to give him something to eat. That's how it began, innocently enough. Then they begin teaching the kid their version of Islam."

Haitham "Danny" Bundakji, president of the Islamic Society of Orange County, said Diab and Gadahn had extremist views that caused him to bar them from the mosque. "They believed that Muslims like me who reached out to Christians and Jews are infidels. They had a warped interpretation of Islam," Bundakji said.

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Friends and family members said Diab and Deek were followers of radical cleric Sheikh Omar Abdel Rahman, the so-called blind sheikh who is now serving a life sentence in federal prison for his role in the 1993 bombing of the World Trade Center.

Diab and Deek hosted Abdel Rahman in their apartments during his lecture tours of Orange County mosques in 1992 and 1993. Olson said she cooked dinner for the Egyptian sheikh. A relative of Deek, who asked not to be identified, said Abdel Rahman stayed in Deek's apartment for two days during one visit.

Olson said Gadahn never met the radical cleric, but she said he too was a follower. According to Olson, Abdel Rahman would call Diab and others in Orange County from prison on Sunday afternoon to deliver fiery sermons that were recorded.

In 1995, the year Gadahn converted to Islam, Diab formed Charity Without Borders, which according to state records was founded to "provide an education and humanitarian aid to poor and needy people in USA and in other countries."

The nonprofit's records list Diab as its chief financial officer. In April 1999, Gadahn was added as the charity's secretary. His name is spelled "Gaden" on the form, which also has a phony Santa Ana address for him.

Olson said the $150,000 raised by Charity Without Borders was sent to extremist groups in the Middle East. Deek's relative said he wrote a proposal for the charity that led to one $50,000 grant from the state of California, which he said was supposed to be used for an oil recycling awareness program directed at minority communities.

Two weeks after the Sept. 11 terrorist attacks, California's Department of Justice shut down Charity Without Borders and began an investigation.

U.S. terrorism officials believe that Deek and Gadahn traveled separately to Pakistan in 1998. According to the 9/11 Commission report, by early 1999 Deek was living in Peshawar, Pakistan.

The commission report also said Deek was a close associate in Pakistan of Abu Zubeida, now held at the military's Guantanamo Bay detention facility and identified by the CIA as a senior aide to Osama bin Laden.

Deek's relative who spoke to The Times said Jordanian officials told the family that Deek had a joint bank account with Zubeida in Peshawar.

The senior U.S. law enforcement official said it was Deek who sent Gadahn to Pakistan, where he meet Zubeida. From there, the official said, Gadahn found his way into Al Qaeda's training camps and, ultimately, introductions to its Al Qaeda's leadership.

"Bin Laden was particularly interested in meeting American converts," the official said.

In December 1999, Deek was extradited to Jordan, where he was charged with involvement in the millennium plot to bomb tourist hotels in that country.

Two years later, the charges against him were dropped. He returned to Pakistan in May 2001, the official said.

That same year, Diab left the U.S., according to Olson, his ex-wife, and hasn't been heard from since.

Three years later, in May 2004, the Justice Department and FBI first identified Gadahn as an alleged extremist and Al Qaeda member. Then-Atty. Gen. John Ashcroft said he was an associate of Zubeida.

Brian Jenkins, a terrorism expert at the Rand Corp., said that although Gadahn has clearly become a "key communicator" for Al Qaeda in the two years since, his effectiveness in reaching and radicalizing other Westerners remains to be seen.

"There is no question he is an articulate communicator," said Jenkins. "The question is whether there is a significant audience for that significant message."

The first Gadahn videotape surfaced in October 2004, months after Ashcroft revealed his Al Qaeda affiliation. At the time, U.S. officials didn't even know for sure that he was the menacing, masked figure making threats against the U.S., although the CIA said he was the most likely suspect.

In that hourlong tape, released just before the U.S. presidential election, a young man hidden behind a head scarf identified himself as "Azzam the American" and said American "streets will run with blood."

Gadahn appeared in another video in September 2005, on the eve of the anniversary of the 9/11 attacks.

In that tape, he invoked the name of the most infamous Sept. 11 attacker, Mohammed Atta, and warned of new attacks in the U.S. and Australia.

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"Yesterday, London and Madrid," he said, referring to two cities then recently bombed by terrorists. "Tomorrow, Los Angeles and Melbourne…. "

Then, this year, Gadahn appeared in the two videotapes also featuring Zawahiri.

Now, even those who once doubted Gadahn's importance say they and others were wrong in rejecting the possibility that an American could play a key role for Al Qaeda.

"That," the counterterrorism official said, "was the wrong assumption."

HOMELAND RESPONSE:

NYC Mayor Takes Charge Of WTC Memorial (AP)

By Sara Kugler, Associated Press Writer

The Associated Press, October 7, 2006

The final truckloads of rubble had just left the World Trade Center site in the spring of 2002 when Mayor Michael Bloomberg foretold the difficulties ahead for the process of building a memorial to the victims of the terror attack.

The former CEO, in public office barely six months, told a group of business leaders he couldn't envision the end result.

"I can tell you the process, however," Bloomberg said. "The process is everybody yelling and screaming for a number of years and then somebody taking charge and just doing it."

He was remarkably right. Amid all the shouting — some directed at him — the mayor himself is taking over the memorial's multimillion-dollar foundation, where board members hope his philanthropic credentials and star power will breathe life into lethargic fundraising.

That surprised many people because of his awkward history with the memorial and victims' families.

His predecessor, Rudolph Giuliani, had suggested when he left office that the entire site should be made into a "soaring, monumental" memorial.

Bloomberg, however, was focused on stabilizing the city's shaky post-9/11 economy, and the pragmatic billionaire could not support giving up 16 acres of prime downtown Manhattan real estate. He came across as business-oriented and harsh.

Victims' relatives were angered when he said downtown residents wouldn't want to live next to a "cemetery." Many were already unhappy because at the start of his term Bloomberg did not attend every firefighter's funeral as Giuliani had done, although he quickly changed his ways.

The next year, he took heat for comments reportedly made during a meeting with Diane and Kurt Horning, who lost their son in the attack and were upset that the city buried the sifted trade center dust in a landfill. They say that dust still contains specks of human remains, and are suing the city in federal court to force its removal.

Diane Horning says Bloomberg should not head the emotionally charged memorial effort because he was "dismissive and abrupt" about their views on grieving and remains.

Bloomberg's opponents also say he lacks compassion for rescue workers sickened by toxic trade center debris and has ignored demands to group the names of victims on the memorial by where they died and who employed them, rather than listing the names randomly.

"I don't get any warmth from the man — I don't feel that he can understand the need for memorializing the victims or the feelings of the families," Horning said. "Does he understand the financials? Of course he does, but that's not enough."

Christy Ferer, who lost her husband on Sept. 11 and serves as Bloomberg's liaison to the families, says the public dramatically misunderstands him.

Ferer said he cares deeply about the families and has been instrumental in countless projects on their behalf.

"He is an amazing, philanthropic guy, but that doesn't mean he's warm and fuzzy, and sometimes people can potentially misread that," she said. "Maybe these families can't recognize his ability to execute his vision in the long run, and therefore think that he's all about lack of feeling."

The mayor lost friends on 9/11 and endured his own grief early in life, but rarely mentions either. His father, who had a weak heart, died during Bloomberg's junior year in college.

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In his autobiography, Bloomberg noted that "today, he could have survived; medicine wasn't as capable then as it is now."

It is a revealing passage: The mayor, who wears his father's watch as a remembrance, donates hundreds of millions to medical research.

Many say this is how he deals with adversity, by focusing on what can be changed rather than dwelling on the past.

"His energy is totally directed forward, and sometimes his way of grieving is really not to look backwards," Ferer said.

He has also given $10 million to the memorial foundation. As its chairman, the Republican mayor will likely tap his business connections and wealthy friends for more donations to the project, which is expected to cost more than $700 million. Nearly $145 million has been raised. Construction on the memorial has begun and officials hope to finish in 2009 — Bloomberg's last year in office.

"What we're really seeing is that he understands how central this is to the nation, to the city and to the families," said Mitchell Moss, a New York University urban planning professor. "Even though he has not been that close with them, he understands the power of this and the significance that it has."

Advocates Say Illegal Workers Suffer After 9/11 Cleanup (WP)

By Darryl Fears, Washington Post Staff Writer

The Washington Post, October 8, 2006

But a Recent N.Y. Program Offers Help to Many With Lung, Other Diseases

Jose Moncada watched the World Trade Center towers tumble, and, like so many Americans, felt a patriotic urge to help rescue survivors and rebuild after Sept. 11. "It was my time to put my hand on my heart," he said. "It was my time to help somebody."

It did not matter to him that he was an illegal immigrant from Honduras. And that did not seem to matter to supervisors who oversaw the retrieval of human remains and the removal of toxic debris at Ground Zero. They welcomed Moncada and thousands of other illegal immigrants, no questions asked.

Working on the pile for 10 days, Moncada breathed in thick dust, grainy asbestos and foul-smelling gases driven by an angry downtown wind. Now, five years later, he suffers from a hacking cough, nosebleeds, wheezing breath and life-threatening respiratory illnesses that also trouble thousands of legal U.S. residents who worked there.

No one knows how many illegal immigrants worked at Ground Zero in the days after Sept. 11. Immigration advocates claim it was thousands.

And now, as the workers have become sick, partisans on both sides cast their plight in moral terms.

"After 9/11, everybody responded with their heart," said Carmen CalderÃ³n, coordinator of Sept. 11 immigrant outreach for the New York Committee for Occupational Safety and Health. "Immigrants died in those towers. They wanted to be part of the recovery of this nation."

But when a backlash developed against the huge wave of illegal immigration, "they changed the DMV laws, and a lot of asbestos workers lost their licenses because they couldn't get a picture ID," CalderÃ³n said. "A lot of them are sick now, without work. They've lost their insurance. They lost their incomes. They lost everything."

Mark Krikorian, director of the Center for Immigration Studies, which opposes immigration increases, expressed regret for illegal immigrants who fell sick after working at Ground Zero but said they should not have been allowed to enter the country illegally.

"It tells us how harmful it is to have a policy that winks at illegal immigration and gives status to illegal aliens," Krikorian said. "If they present themselves to authorities, they should be sent home. It makes people squeamish to say this because of what happened. But this is a result of the ridiculous situation we've put ourselves in."

Moncada said fires were still burning on the streets when he showed up to volunteer in September 2001. "No one asked for papers or anything," he said. He worked with others who spoke Spanish.

Volunteers searched for survivors but found only pieces of remains.

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"They had 100 people on one side, 50 people on the other, a big long line. We had to remove all the dust and the debris, the steel and metal. The machines couldn't do it because the vibrations caved everything in, so they worked by hand," Moncada said.

Andrzej, an illegal immigrant from Poland who would not give his last name because he feared deportation, worked for pay. He arrived at Ground Zero in October 2001 and took a job doing cleanup, wearing only a paper mask. "Nobody was asking me for any documents or any paper," he said. "All the time I only heard that I was doing a good job, 'Thank you.' "

Workers were paid about $19 an hour, toiling for up to 16 hours a day. They were given buckets, mops, rags and little protective equipment as they cleared away glass, metal, dust and waste from downtown buildings that were not destroyed, advocates said.

"The ladies were smaller, so they put them in the air ducts, huge pipes," CalderÃ³n said. "They crawled in to wipe down the pipes with no masks, no gloves, nothing, not even a change of clothes."

Two years later, Moncada started to feel tired. Then he felt pain.

"My nose hurts every time I breathe," he said. "My vision is very bad. My breathing is very bad. A doctor gave me Tylenol and Advil.

"I don't want to speak to anybody. I want to stay home. I feel depressed. I can't sleep very well at night. Every day I wake up and I do nothing. I don't know what is happening to my system, my body."

Andrzej said he felt even worse. He went to an emergency room when he could not move his arms. He was admitted for a week and released with medication to control blood clotting.

"I don't work anymore," he said. "I am too sick to work. I can't speak or clearly think. I try but I have to push myself. It feels like someone is sitting on my chest. It's hard to breathe."

The New York Committee for Occupational Safety and Health estimates that 40,000 workers cleaned along Canal Street. Thousands of illegal immigrants from China, Honduras, Russia, El Salvador, Guatemala and Mexico worked beside legal U.S. residents.

"For low-income immigrant communities where health insurance is scarce . . . this disaster magnified an already desperate situation," CalderÃ³n said. "Their choice is concrete. Do I pay my rent? Do I buy medicine? Do I put food on the table? These choices are obviously choices that some victims of Sept. 11 have to make."

In 2004, an advocacy group called Beyond Ground Zero noticed more and more immigrants getting sick. The advocates approached Bellevue Hospital and asked for help. The hospital started an unfunded program that provided care to patients, and last year the American Red Cross donated money to expand the program.

This month, Mayor Michael R. Bloomberg (R) pledged $16 million over five years to expand the initiative further. Within two weeks, the occupational safety committee received more than 350 calls from immigrants, CalderÃ³n said. Newton said 500 people had been screened for medical examinations by her organization, and 700 people were waiting.

But the assistance may have come too late for illegal immigrants who have gone home since working at Ground Zero, advocates and workers said.

"It's going to be a challenge finding them, because undocumented immigrants move around a lot," CalderÃ³n said. "Because of some of the anti-immigrant sentiment, many of them have returned home to Mexico, to Poland. They might not hear the message."

Mike Cutler, who tracked down illegal immigrants for the Immigration and Naturalization Service, said authorities should do what they can to aid the sick. But he said they should also send home illegal immigrants and fix the dysfunctional immigration system.

"While I feel bad for people who saw Sept. 11 happen, chipped in and got sick, I would not want a blanket amnesty for them," he said. "You would wind up with millions and millions of people saying they worked at Ground Zero."

Speedy Lines For Trusted Fliers (NYT)

The New York Times, October 8, 2006

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Programs that offer faster airport security check-ins to travelers who pay an annual fee and pass a background check seem poised to expand after a trial run in Orlando, Fla. Advance applications are now being taken for Registered Traveler programs at four additional airports, including Kennedy Airport in New York. As many as 20 airports in all may set aside Registered Traveler lanes by the end of the year.

There is nothing wrong with the overall goal of making security checks a bit easier and more predictable for business travelers and other frequent fliers. The airlines would be in truly dire straits if they stopped flying. But there are qualifications: It is imperative that registered travelers not be allowed to get by with less intense security screening. The expedited service should not be allowed to further inconvenience the ordinary traveler. And government money should not be used to subsidize the faster service. These are principles that the government itself has for the most part espoused.

Travelers who want to take part in these programs would voluntarily submit personal information, allow fingerprints and iris scans to be taken, and pass a government background check. They would then be given cards identifying them as registered travelers eligible for fast-lane treatment. There was originally a widespread expectation that these certified-as-safe travelers would get less rigorous security screening. But on sober second thought, experts recognized that terrorist groups could easily qualify members with clean backgrounds as registered travelers. The screening of registered travelers must be identical to, or every bit as rigorous as, the screening accorded ordinary folk.

At Orlando International Airport, a pilot program has been operated for the past year by a company founded by Steven Brill and working in collaboration with General Electric and Lockheed Martin. More than 27,000 people have signed up and paid fees of $79.95 a year, a measure of their frustration with long and uncertain waits in security lines. What they get in return is a designated lane that leads directly to one set of the airport's metal detectors and X-ray scanners. In effect, Mr. Brill's customers get preferred treatment similar to what some airlines in other major airports grant their first-class passengers or highest-mileage frequent fliers.

The Orlando project claims registered travelers go through its lines and pass through airport screening machines in five minutes or less. Airport officials believe the program has reduced waiting times for regular passengers as well. The screening machines are operated by regular government-supervised inspectors, and the Transportation Security Administration has announced that it expects to levy a fee — probably $30 per enrollment — to cover its vetting and administrative costs. The government must keep monitoring to make sure it is charging enough.

For the future, Mr. Brill hopes to gain government approval for new screening technologies that would let his customers keep their shoes and jackets on, thus eliminating the annoying and time-consuming ritual of removing the items for X-ray screening. That would be fine, as long as any approved technology his group develops could also be bought for the lines processing regular customers.

Air travelers have long since become used to the fact that they receive different levels of service depending on how much they pay and how often they fly. If Mr. Brill or other entrepreneurs can find a business plan that allows them to make a profit by providing registered travelers with faster lines, without compromising security or adding to the inconvenience of other passengers, it would be a welcome development. But the best option would still be a broader program to improve screening for all passengers, thus rendering the designated fast lanes superfluous.

Homeowners Stay Put In New Orleans (LAT)

By Jean Guccione And Doug Smith

The Los Angeles Times, October 8, 2006

Records show most are using government aid to rebuild their property rather than to relocate.

Most New Orleans-area property owners seeking government aid for hurricane damage are showing a strong preference for restoring their old neighborhoods rather than take the money to seek new horizons.

Although federal and state recovery programs offer aid to those who choose to relocate, few applicants have requested it, records show.

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A Times analysis of data from the Small Business Administration, the federal agency primarily responsible for disaster reconstruction loans, found that of more than 150,000 homeowners and business owners approved for the loans, 2% were transferring the money to a new property.

Those who are moving aren't going far. New Orleans suburbs on the north shore of Lake Pontchartrain are favorite destinations of the few loan applicants who are leaving the devastated neighborhoods in the area south of the lake. Only a handful have asked to use the money to buy homes outside the metropolitan area.

Though the 2% relocation figure may seem low considering the widespread property loss after Hurricane Katrina, it is higher than that of other disasters, said Herb Mitchell, the Small Business Administration's associate administrator for disaster assistance.

"In most disasters, there are very few relocations," he said. "Generally they stay in the community and rebuild."

Half of his agency's loans have been distributed. Mitchell said those who hadn't received the money could still request relocation.

Mitchell said he expected that more applicants would ask for relocation funds, and that some who had received only a portion of their loans for personal property might also ask to use the reconstruction funds elsewhere.

"My general impression [is] that people want to come back," Mitchell said. "The circumstances create the uncertainty."

The will of New Orleanians to return to their homes is also demonstrated by grant applications received by Louisiana's recovery program, the Road Home, which will distribute $10.4 billion in federal housing grants. The Road Home surveyed tens of thousands of applicants about where they intended to live, Road Home spokeswoman Carol Hector-Harris said.

About 12% of respondents planned to relocate — the vast majority of them within the state — whereas more than half intended to return to their properties, Hector-Harris said. The remaining third did not know or did not respond, illustrating the uncertainty that pervades the recovery.

Melanie and Richard Goodyear are among the small percentage of New Orleans area property owners who intend to relocate within the metro area with federal assistance.

The Goodyears had dreamed of moving to the New Orleans suburbs north of Lake Pontchartrain when they retired in 10 or 20 years. They are following a path that was well-worn even before the storm. Many of their friends live on the north shore, an area now packed with hurricane evacuees.

When Katrina damaged the Goodyears' home and scattered their friends and neighbors last year, the couple accelerated plans to leave St. Bernard Parish, one of the areas hit hardest by the storm. "It just pushed us to make a decision a little earlier," said Melanie Goodyear, 45.

She and Richard, 53, are building a home in the north-shore town of Madisonville. The Goodyears return to their damaged house every two weeks to cut the grass. But Melanie Goodyear cannot imagine ever returning to St. Bernard Parish to live.

"We are not going back," she said. "It's not the same. None of our neighbors came back. None of our friends are there…. There is no quality of life right now."

WAR NEWS:

Taliban Back, Using Iraq-style Violence (AP)

By Jim Krane, Associated Press Writer

AP, October 8, 2006

A sweating man wanders into a crowd and blows himself up, leaving a dozen bodies lifeless on the street. A few blocks away, a car bomb pulverizes an armored Humvee, killing two U.S. soldiers and 14 civilians. The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime.

The prospect of a second downward spiral — though so far Afghanistan isn't nearly as violent as Iraq — has experts worried that Western militaries don't have an effective strategy for these irregular wars.

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"One Iraq is bad enough," said Bruce Hoffman, a counterinsurgency expert at Georgetown University. "Given that our two main theaters of operations aren't going well, one has to question how well the U.S. understands counterinsurgency."

The reborn Taliban acknowledges that it has adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement. Nearly 200 civilians have been killed in suicide attacks this year that look all too much like the wave of bombings sweeping Iraq.

"We're getting stronger in every province and in every district and every village," said Qari Mohammed Yusuf Ahmadi, who calls himself the Taliban's spokesman for southern Afghanistan. "We don't have helicopters and jet fighters. But we're giving America and its allies a tough time with roadside bombs, suicide attacks and ambushes. Our Muslim brothers in Iraq are using the same tactics."

Resemblances to Iraq don't stop there. Taliban public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers.

The West's military strategy in Afghanistan also resembles that in Iraq.

Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished.

Meanwhile, Afghan observers say the same harsh U.S. tactics, decried in Iraq for causing civilian casualties, have helped the Taliban recruit new fighters.

But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan.

"There will be no end to this insurgency until its sanctuaries and external support are addressed," said Christopher Alexander, the deputy head of the U.N. Assistance Mission in Afghanistan.

The U.S. military estimates about 6,000 Taliban and other insurgent fighters operate in Afghanistan, many from bases in Pakistan. Yusuf Ahmadi — who spoke by satellite phone from an undisclosed location and whose exact ties to the militia's leadership are unclear — put the figure in the tens of thousands.

The Taliban comeback, while focused on the volatile south and east, has begun to hit Kabul. The mountain capital's tree-lined boulevards are now scarred, like the streets of Baghdad, by garlands of razor wire, towering blast walls and impromptu police checkpoints.

There's little indication that Iraqi insurgents are joining the fight in Afghanistan or giving the Taliban direct aid, although a few Arab and Chechen fighters mingle in Taliban ranks.

But even without much personal contact, the Taliban has learned from Iraq's insurgency. Web sites explain the insurgent's art: everything from concealed rocket launchers to roadside bomb-making.

"We're not saying they're getting direct support from Iraq," a U.S. military official in Afghanistan said on condition of anonymity due to the sensitivity the information. "They've evolved by adapting their tactics. They've seen the value of the suicide bomber in Iraq. For them, it's a very cheap and effective weapons system."

The U.S. and NATO military response in Afghanistan also has nuanced differences from Iraq. U.S. warplanes drop 10 times more bombs in Afghanistan than they do in Iraq, and a few U.S. and NATO troops live off base in village houses, a strategy rarely attempted in Iraq.

But most of the allied war efforts looks similar. In both places, troops cordon off villages and search homes. They employ billions of dollars in technology — things like signal jammers and mine-clearing vehicles — to find and disarm roadside bombs. They operate from bases nearly identical in appearance, with troops living in tin trailers barricaded by dirt-filled metal baskets.

The Afghan war is still far smaller, occupying just 40,000 allied troops — a quarter of those in Iraq — and suffering a fraction of the casualties. But for individual soldiers serving in mountainous Taliban lands like Zabul province, the dangers feel the same.

"I know Iraq grabs a lot of headlines. But there's still a war going on over here," said Lt. Col. Steve Jarrard, 46, of Johnson City, Tenn., based in the hard-bitten southern town of Qalat. "I really hope we're doing the right thing over here."

Right now, it's too early to tell the result of major U.S. and NATO offensives aimed at crushing the Taliban.

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"In three to six months you'll see a noticeable effect," said NATO spokesman Maj. Luke Knittig. "But you're talking two to five years before seeing a defeat of the insurgency" in southern Afghanistan.

AP correspondents Noor Khan in Kandahar and Fisnik Abrashi in Kabul contributed to this report.

German Journalists Killed In Afghanistan (AP)

By Jason Straziuso, Associated Press Writer

AP, October 8, 2006

Two German journalists who had pitched a tent on the side of a road outside a northern Afghan village were killed by gunmen early Saturday, the fifth anniversary of the U.S.-led invasion of Afghanistan.

The freelance journalists conducting research for a documentary were the first foreign reporters killed in Afghanistan since late 2001, when eight journalists died.

A NATO soldier, meanwhile, was killed by militants who detonated a roadside bomb and fired on a military patrol in southern Afghanistan. A suicide car bomber targeted a U.S. patrol in eastern Afghanistan but caused no casualties.

The killings came on the fifth anniversary of the Oct. 7, 2001, invasion by U.S.-led troops to oust the Taliban for hosting Osama bin Laden. Western forces and Afghanistan's Northern Alliance quickly routed the Islamic regime.

But the militant fighters who once appeared soundly defeated have returned with a vengeance, taking control of large swaths of countryside in the last year. Taliban fighters have stepped up the use of roadside and suicide bombs, and more than 3,000 people have been killed this year, mostly militants battling Western forces.

Some 40,000 U.S. and NATO troops are now in Afghanistan, 2 1/2 times the number three years ago.

The slain journalists — identified as Karen Fischer, 30, and Christian Struwe, 38 — worked as freelancers for Deutsche Welle, Germany's state-owned broadcast outlet.

The two were traveling through the northern province of Baghlan, about 100 miles northwest of Kabul, and had stopped outside a small village, where they set up a tent to spend the night, said Mohammad Azim Hashami, the provincial police chief.

They were killed by AK-47 gunfire around 1:30 a.m., he said.

"The sound of the shooting was heard by some of the villagers, who ran toward that area," Hashami said. "They found a tent and they found the two journalists dead."

Hashami said nothing was stolen from the journalists, including their vehicle. Police had no suspects.

Deutsche Welle said the journalists had been conducting private research for a documentary and were en route to the province of Bamiyan, the site of two large Buddha statues that were destroyed by the Taliban in early 2001.

Deutsche Welle director Erik Bettermann called them "pioneers in re-establishing a functioning media system in Afghanistan" and said Struwe helped set up a state-run radio and television newsroom, a project supported by Deutsche Welle.

"It is tragic that Karen Fischer and Christian Struwe had to die in the country that they spent so much of their energy supporting in the past few years," Bettermann said.

The German government condemned the killings.

"This heinous crime must be solved and the perpetrators brought before justice," Foreign Minister Frank-Walter Steinmeier said in a statement. "The atrocious and senseless death of our citizens strengthens all the more our responsibility to support the Afghan government in its commitment to security and a rule of law."

Some 2,700 German soldiers are serving in the NATO-led International Security Assistance Force in the north of the country.

There is little daily violence in the northern province of Baghlan, compared with Afghanistan's volatile south, but militant fighters allied with the renegade warlord Gulbuddin Hekmatyar roam the area. A Canadian aid worker helping to build a school was killed in the province in July.

No foreign journalists have been killed in Afghanistan since late 2001, according to the Committee to Protect Journalists. An Afghan journalist who arrived at the scene of a suicide bombing in July in the southern city of Kandahar was killed by a second suicide bombing at the same spot, CPJ said.

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The attack on the NATO troops, meanwhile, happened in the volatile Panjwayi district of Kandahar province near a NATO base, the alliance said. NATO did not release the nationality of the dead soldier.

NATO troops clashed with militants in Panjwayi district last month, and NATO said more than 300 fighters were killed.

In the eastern province of Khost, a suicide car bomber targeted a U.S. patrol near the border with Pakistan, said provincial police chief Mohammed Ayub. Maj. Luke Knittig, a NATO spokesman, said there were no military casualties.

In Ghazni province, police said a regional Taliban commander — Mullah Abdul Rahim Sabauun — was killed by police on Thursday. Sabauun was reportedly a high-ranking politician during the Taliban's rule.

Associated Press writers Rahim Faiez in Kabul and Melissa Eddy in Berlin contributed to this report.

It's Time For Him To Go (WP)

By Robert Dallek

The Washington Post, October 8, 2006

Before he appointed Donald H. Rumsfeld as secretary of defense, President Bush would have done well to listen to the tape of an old telephone conversation between Rumsfeld and President Richard M. Nixon. It was March 1971, and Nixon was offering career advice to Rumsfeld, then head of Nixon's Office of Economic Opportunity:

"You should be thinking of what you should do in the future," he told the 39-year-old Rumsfeld. "Down the road, my view is that you would be a Cabinet officer. . . . [A]nd you can do, as far as I'm concerned, anything in the Cabinet field, except I wouldn't put you in Defense and I wouldn't put you in State . . . actually, you could be attorney general."

Perhaps Nixon understood something about Rumsfeld that eludes Bush. Whether out of loyalty to his defense secretary, or out of a stubborn reluctance to acknowledge Rumsfeld's failings -- and therefore his own -- Bush seems determined to keep Rumsfeld in the Pentagon. In so doing, the president is hanging on to an individual who has become the public face of the U.S. debacle in Iraq, one who has drawn fire not only from political opponents and countless retired military officers, but also from longtime Bush loyalists, such as former chief of staff Andrew H. Card Jr. and even, reportedly, first lady Laura Bush.

But Bush would not be the first president to keep a controversial or ineffective official in place for fear of embarrassing his administration. Predecessors from Woodrow Wilson to Lyndon B. Johnson have grappled with similar dilemmas.

Forcing Rumsfeld to retire would be a political blow for the White House, at least in the short term: It would be an admission that Bush not only miscalculated the need for a preemptive war against Saddam Hussein but also bungled the plan to pacify and democratize Iraq after the invasion. Nonetheless, history shows that such tough personnel decisions can, eventually, prove healthy for an administration and for a nation, particularly in times of war. They force reassessments of long-standing policy; they help presidents stand back, evaluate and chart new directions.

Now, with little more than two years remaining in the Bush administration, the president can still drop his longtime defense secretary in favor of another who could bring fresh ideas and renewed credibility to the battle against terrorism and the war in Iraq. It's not too late.

Some Cabinet members stay in office long beyond their usefulness. Cordell Hull ended up as the longest-serving U.S. secretary of state (from 1933 to 1944) despite his unimaginative leadership and severely limited role in shaping Franklin D. Roosevelt's foreign policy. President Dwight D. Eisenhower was reluctant to kick out "Engine" Charlie Wilson, his much-criticized defense secretary. At the time, some joked that Wilson, a former General Motors executive, had invented the automatic transmission so that he would always have one foot free to stuff in his mouth. And Nixon resisted firing Attorney General John N. Mitchell despite -- or because of -- his role in Watergate.

Other Cabinet secretaries, by contrast, leave too soon. President Jimmy Carter and the country lost a thoughtful public servant when Cyrus Vance resigned as secretary of state after the failed hostage rescue effort in Iran, which he had opposed. Vance's departure deprived the administration of an experienced national security official at a time of great international turmoil; the move only reinforced Carter's shortcomings as a foreign policy leader and weakened his bid for a second term.

It is wars, however, that provide some of the toughest personnel decisions for presidents -- but also some of the best opportunities to change course. The wartime dismissals or resignations of three high-level officials are particularly illustrative:

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William Jennings Bryan, Wilson's secretary of state; Gen. Douglas MacArthur, Harry S. Truman's commander of U.S. forces in Korea; and Robert McNamara, Johnson's secretary of defense and principal architect of the war in Vietnam.

Bryan resigned in 1915 over his belief that Wilson -- by favoring Britain and France -- was violating the stated U.S. policy of neutrality in World War I. The move came as a surprise to the White House, and resurrected questions about Bryan's suitability as the country's chief diplomat. A parochial Midwesterner with limited knowledge of the outside world, Bryan had been puzzled by a diplomat's mention of the Balkans during a trip he took to Europe in 1908. "What are they?" he asked as he boarded a train in Constantinople.

Bryan had been appointed to State for his eminence as a party leader and his help in winning Wilson the Democratic presidential nomination, not for any expertise in world affairs; he was certainly not the best person to shape an effective response to the European war that began in 1914. But his sudden departure -- its initial embarrassment to Wilson notwithstanding -- forced into the open a debate over America's role in the conflict and helped spur the domestic consensus that allowed the United States to join the Great War.

When Truman dismissed MacArthur in 1951 after the general publicly attacked the president's Korea policy as too timid -- "There is no substitute for victory," MacArthur had declared -- Secretary of State Dean Acheson warned Truman that the move would provoke "the biggest fight of your administration" with the men Acheson called the "political primitives." But it was more than right-wing zealots who attacked Truman over his decision. The dismissal became a headline story nationwide. In the words of Truman biographer David McCullough, the reaction "was stupendous, the outcry from the American people was shattering." Calls for Truman's impeachment became common and MacArthur's return to the United States turned into a triumphant tour of major cities, with parades and demonstrations greeting the general. Sixty-nine percent of Americans sided with MacArthur against the president.

Within weeks, however, the outcry turned into acceptance of the president's assertion of civilian authority over military power. MacArthur's firing eventually led to a sober examination of what best served U.S. interests in Asia -- a wider war with China or a conflict confined to Korea that contained communist aggression and left the United States free to defend its security in other parts of the world? In hindsight, MacArthur's firing encouraged a realistic understanding that containment made more sense than war. "Victory" was no more the only exit strategy in Korea than it was decades later in Vietnam or than it is today in Iraq -- no matter what Henry Kissinger said to Nixon in the 1970s or whispers to Bush and Vice President Cheney today.

McNamara's departure from the Johnson administration in 1967 was nothing like MacArthur's. McNamara left with his boss's blessing and received the presidency of the World Bank as a reward. But the real story behind the resignation was different from the image of a public servant in sync with his president on the Vietnam War and taking his leave after years of exhausting service. By the fall of 1967, McNamara had concluded that the war was a lost cause and urged Johnson to reduce U.S. involvement and shift responsibility for the fighting to the South Vietnamese -- a strategy reminiscent of today's "As Iraqis stand up, we will stand down." Indeed, the failed "Vietnamization" experiment of the Vietnam War should only deepen doubts that a rebuilt Iraqi army can deal effectively with Iraq's violent insurgency.

Johnson became angry with his defense secretary for abandoning a strategy that McNamara himself had done so much to put in place, and the president considered his removal a way to sustain the U.S. effort in Vietnam. But instead, McNamara's departure forced Johnson to reconsider the secretary's proposal and, eventually, to adopt it. Following the resignation, the president consulted with America's foreign policy "wise men" -- such as Acheson, W. Averell Harriman and Maxwell D. Taylor -- who convinced him that the country would not pay the price in blood and treasure to win in Vietnam. However uncomfortable and wrenching the departure may have been for both men, it was also a constructive step toward ending what had become a divisive and unpopular war, and one that was ultimately unproductive in the larger contest with Soviet communism.

Today, the nation again faces a divisive and unpopular war, and one that appears counterproductive in the larger battle against Islamic extremism. And in this war, Bush and Rumsfeld -- and, in particular, Cheney and Rumsfeld -- seem joined at the hip.

Yet the president should consider how the departures of Bryan, MacArthur and McNamara helped spark useful national debates and critical course corrections during World War I, Korea and Vietnam. Rather than considering Rumsfeld's exit as

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strictly an embarrassing confession of failure -- which of course it would be in part -- Bush could regard the appointment of a new defense secretary as an opportunity to stand back, review past actions and move in new directions.

Robert Lansing, a competent diplomat, took over for Bryan as Wilson's secretary of state. Johnson chose Clark Clifford, a respected and independent Washington figure, to fill in for McNamara. Both were instrumental in shifting policy on their respective wars, and were just as successful in renewing public confidence in U.S. efforts and intentions. Similarly, Bush could consider replacing Rumsfeld with someone of the stature of former senator George Mitchell or, as former chief of staff Card suggested (according to Bob Woodward's account in his new book "State of Denial"), former secretary of state James A. Baker III.

Finally, there is one candidate who is as qualified as he is unlikely to ever get the job: Zbigniew Brzezinski, the national security adviser under Carter. Brzezinski has proved brilliant and incisive in his criticism of the war. He notes, correctly, that there is no real U.S. strategy underpinning this conflict, as containment and deterrence focused the Cold War. Preemption has been disastrous, and victory is an outcome, not a strategy. Brzezinski also has the force of will and personality to demand real change. But that sort of change would require more than a new defense secretary -- it would require a new administration.

Robert Dallek's book, "Nixon and Kissinger: Partners in Power,"
will be published by HarperCollins next spring.

Worse Than McNamara? (WP)

By Stanley Karnow

The Washington Post, October 8, 2006

By the mid-1960s, President Lyndon B. Johnson had deployed nearly half a million troops to Vietnam. His spokesmen loudly maintained that our troops' palpable military superiority -- they were equipped with ultramodern artillery, supersonic airplanes, technological gadgets and other sophisticated weaponry -- was having a decisive impact, killing countless Viet Cong guerrillas and North Vietnamese regulars.

But even as the situation in Vietnam was being pumped up, a few officials in Washington were questioning the conventional optimism. Not the least of them was Defense Secretary Robert S. McNamara -- the man who had staunchly promoted the anti-communist struggle in Southeast Asia for half a decade, first under President John F. Kennedy and then under Johnson.

As I contemplate McNamara's evolution from war supporter to war skeptic, I ponder whether Donald H. Rumsfeld, his heir at the Pentagon, nurses any similar doubts about the dubious Iraq strategy he vaunts in his rhetoric. I wonder whether it's possible that, despite his projection of unshakable faith today, he may eventually come to make the same confession about Iraq that McNamara did about Vietnam, in the surprisingly candid mea culpa he published in 1995: "We were wrong, terribly wrong."

There's no public sign that Rumsfeld is swayed by such thoughts. But McNamara's dramatic transformation took years to surface.

I first discerned a change in him at a conference in Honolulu in February 1966. The small group of reporters he invited to his deluxe hotel suite for a background briefing was stunned by his appearance. His face seemed grayer, and his patent-leather hair thinner. His voice lacked the authority it had projected in briefings past, when, like the consummate corporate executive he had been, he would briskly point to an array of graphs and flip charts to buttress his roseate appraisals of the war's progress.

Exactly a year before, Johnson had galvanized Operation Rolling Thunder, the sustained aerial offensive that was supposed to crack Hanoi's morale. But McNamara bluntly told us that the attacks were ineffective. A rural society couldn't be blasted into submission, he emotionally insisted. "No amount of bombing can end this conflict."

His aim in leaking his reservations to the news media was to obstruct the Joint Chiefs of Staff and the belligerent faction on Capitol Hill, who were demanding an aggressive program to demolish every ammunition dump, bridge, road, factory, rail junction and warehouse in the North, as well as obliterate the Ho Chi Minh trail that threaded through the jungles adjacent to Cambodia and Laos. Some further advocated mining Haiphong harbor and flooding the Hanoi region by destroying the Red River dikes.

McNamara had partly endorsed their pugnacious scenario in hopes that it would fail and enable him to persuade LBJ to try diplomacy. The president was sympathetic to his proposals. Contrary to the portrait of him as implacably truculent, Johnson felt trapped in the Vietnam quagmire. But he feared that unless he continued to escalate the commitment, he would incur the anger of the hawks and ultraconservatives in Congress, whose support he needed to pursue his liberal domestic agenda.

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McNamara was heavily influenced by the shifting attitudes of his civilian aides, notably John McNaughton, Paul Warnke and Adam Yarmolinsky, whose zest for the war had faded. Searching for fresh ideas, he consulted several prominent scholars. Their studies confirmed his pessimism. The communists were receiving sufficient equipment from Russia and China to bolster their insurgency, while the campaign against them had "clearly engendered their patriotic and nationalistic enthusiasm and strengthened their determination to resist the U.S. incursions," the academics concluded in a 1967 report.

Rumsfeld, unlike McNamara, evidently relies on a tight circle of loyal acolytes and shuns outside mavens. His assessments of the war in Iraq remain upbeat despite a growing drumbeat of criticism from both retired and active military officials, plummeting public support and a stream of disastrous news from Baghdad. In that regard, he may perhaps be more beleaguered than McNamara in 1966-67.

A crucial moment for McNamara arose in August 1967, when he testified at a session of Sen. John C. Stennis's subcommittee on preparedness. Stennis had scheduled the closed hearings to probe the attempts of "unskilled amateurs" to shackle our "professional soldiers." The admirals and generals were there, resplendent in their ribbons. McNamara showed up with mounds of statistics and, lecturing in his patronizing style, repeated his thesis that the clamor for a tough approach would not yield results.

Johnson was furious. Though he distrusted the brass and braid, he flinched at antagonizing their backers. In addition, he suspected that McNamara might be covertly collaborating with Sen. Robert F. Kennedy, who now opposed the war and was ambitiously focused on the White House. Suggesting that the Cabinet officer he had once hailed as a model had suffered a breakdown, Johnson maneuvered McNamara into the presidency of the World Bank, a post he took up after resigning from Defense in February 1968.

As far as I could tell, the experience traumatized McNamara. On one occasion, he rejected my request for an interview, then spent an hour on the telephone explaining to me why he was unable to talk.

In contrast to McNamara's relations with Johnson, Rumsfeld appears to enjoy the entire confidence of President Bush and, just as important, Vice President Cheney, neither of whom seem to be plagued by any Johnson-like uncertainties. So barring his possible ouster, he's unlikely to emulate McNamara by apologizing for a policy in Iraq that has been as misguided as the tragic Vietnam disaster.

Stanley Karnow, author of "Vietnam: A History" (Penguin), covered the Vietnam War for The Washington Post.

Blind Into Baghdad (WP)

Reviewed By Ted Widmer

The Washington Post, October 8, 2006

Like scenes out of "Desperate Housewives," the war room machinations of the White House.

STATE OF DENIAL

By Bob Woodward

Simon & Schuster. 560 pp. $30

On July 20, 2005, a remote-activated explosive device detonated during a senior staff meeting at the White House. That device, according to Bob Woodward's remarkable new book, was a new form of stealth whoopee cushion, placed strategically under the chair of Karl Rove, senior adviser to the president, and discharged to cacophonous laughter all around. The prank had been planned for a staff meeting on July 7 but was postponed because of the terrorist bombings in London that day. July 20 was deemed a much more propitious day -- all that happened was the release of a new survey of the war placing the total number of Iraqi dead at 25,000.

A week after its hasty release, millions of Americans have heard the stunning accusations leveled in State of Denial . If journalism is the first draft of history, President Bush is going to have a very hard time in the posterity he is now approaching. Woodward's new book, the third in his trilogy on George W. Bush, conveys a great deal of information, none of it good for the president and his team. It gives far more operational detail on Iraq than its predecessor, Plan of Attack . It also goes much further in asserting the author's distaste for the war and the administration's handling of it than anything Woodward has written previously.

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In fact, it is the angriest book Woodward has written since his first, All the President's Men . Like that masterpiece, State of Denial feels all the more outraged for its measured, nonpartisan tones and relentless reporting. It is nothing less than a watershed .

The book begins in December 2000, with a shaky president-elect searching for the right secretary of defense and giving in to Dick Cheney's suggestion that his old friend Donald Rumsfeld is available. The story continues to very near the present (July 2006), when Woodward conducts the last of his many interviews with Rumsfeld. It gives a full chronicle of the Iraq adventure, including far more than has been previously reported on what our leaders said and did after the apparent victory of March 2003. In so doing, it reveals a government crippled by dysfunction at precisely the wartime moment when leadership was most necessary.

For many years, we have been hearing the stories of both the failures and the successes coming out of the Iraqi desert. It now appears that the failures were more pronounced than we knew and the successes more fabricated. Judging from the alacrity with which nearly everyone on the Bush team has talked to Woodward, it seems the entire enterprise is now foundering under a pessimism completely out of sync with the cheerful optimism of presidential pronouncements.

With whom did Woodward speak? It's hard to find someone he didn't speak with -- itself a sign of creeping executive dysfunction. It's a sort of Noah's Ark in reverse, with every animal leaving the ship. A quick guess list would include Andrew Card, George Tenet, Colin Powell, Richard Armitage, Jay Garner, David Kay, Prince Bandar bin Sultan and a lot of top military brass, including, to his credit, the book's chief victim, Donald Rumsfeld. But neither President Bush nor Vice President Cheney sat for interviews. By freezing out the author, they appear increasingly trapped in a Nixonian bunker -- perhaps why Woodward has returned to his original home in the opposition.

It's not just that so many people talked -- it's how mad they all seem to be at each other. Often the drama unfolds like an episode of "Desperate Housewives." George is mad at Condi. Condi is mad at Don. Don is mad at Colin. Dick is mad at everybody. Andrew Card, the sane presence at the center of all this bickering, gives the perfect quote: "I was frequently the person trying to take sand out of people's underwear, which is a very difficult task if it's not your underwear."

In crisis after crisis, the government simply failed to operate the way it was designed to. Memos failed to circulate or arrived after they became irrelevant. Briefings conveyed only the news that listeners wanted to hear. Controversial information was rarely presented to the president, who rarely asked for it. New proposals were quashed, and policy was stymied by terrible infighting, or worse, indifference. On point after point, the government's performance was over budget, unapologetic and late. In other words, the Bush administration has become the new Amtrak.

No one fares especially well in this retelling. The familiar stereotypes emerge -- Rice as powerless, Cheney as dark and secretive, Bush as blithe. Even Colin Powell, often lionized, fails to assert himself at crucial moments when the secretary of state might have used his prestige to alter the course of history. But Rumsfeld takes the worst of it. For a public that demands heroes and villains, he will appear in the latter role. Part of Woodward admires him and his charisma, intelligence and willingness to take on the Pentagon bureaucracy. Quoting John le CarrÃ© on George Smiley, Woodward writes of a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all." But throughout the book, with building intensity, Rumsfeld commits mistakes of the highest order, both strategic and tactical. Woodward calls his micromanaging "almost comic." He overwhelms his staff with short administrative notes (called "snowflakes") that he sends around the Pentagon. He crushes bureaucratic opponents such as the National Security council and the Joint Chiefs of Staff, then vacillates before important decisions or blames others when they go badly. He cherry-picks intelligence and distributes it unevenly before meetings. He badly misses crucial warnings before 9/11, sends too few troops to Iraq to do the job and blows the chance to train the Iraqi army when that might have saved it.

So many of Rumsfeld's subordinates appear to have talked to Woodward that the book suggests the feeling of a palace revolt. One Pentagon colonel penned a series of haikus to chase his blues away, including what must be the first poem in history to begin with the five-syllable line, "Rumsfeld is a dick." That gnomic sentence may be the book's motto.

But even if Rumsfeld becomes the fall guy, the book is damaging to the president as well. Like Rumsfeld, he is presented as intelligent and charismatic. But he never asks to be challenged or asks for dissenting views. Clearly, Woodward believes that the ultimate responsibility for Iraq rests on the president's desk. In one of many damning passages, Woodward writes, "the whole

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atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all."

Long after reading this book, lasting images will remain of an "inexperienced president" with his "legs dancing" under the table during serious briefings, failing to rein in his quarreling deputies and laughing inordinately at inappropriate jokes.

There are many revelations like this, tiny pinpoints of light that illuminate the secret workings of a bureaucracy lumbering toward war. There is also a lot of dish, from the glimpses of George H. W. Bush's great sadness over the recent turn of events to inside stories of how the White House made decisions and who was considered a part of the team. It may not help Sen. Joseph Lieberman's quixotic campaign to learn that he was seriously considered to be either secretary of defense or secretary of homeland security in the second term. More than anything, there are countless examples of ineptitude (for example, Vice President Cheney urging that David Kay's team of weapon-trackers look for evidence of Saddam Hussein's WMD at a precise location that turned out to be in Lebanon). The more we learn about the hard facts of the decision to invade, the more it appears to have rested on faulty information, most of it collected before 1998, flimsy enough to assemble in a child's loose-leaf binder of 15 or 20 pages.

What impresses the reader throughout is the quiet force of Woodward's anger. He is no carping liberal, and no such person would be able to secure the kind of access he has. But slowly, the force of his unemotional condemnation overwhelms the reader. One senses, though he never says so, that he is arguing against the White House and the secretary of defense on behalf of one of their most loyal constituencies: the men and women of the U.S. military. But it's also personal to Woodward, more so than in recent books. He does not simply quote Rumsfeld -- he remembers a remark from "a dinner party at my house a dozen years after he had left the Pentagon the first time." These are old friendships that are sundering, rawly, before the klieg lights of his glare.

If overfamiliarity weakened some of his earlier books, here it is a strength. One of the book's arresting observations is how audible the echo of Vietnam has become -- a comparison that no one especially wants to make but is increasingly hard to avoid. If Iraq is slowly Vietnamizing, one reason must be that so many of the original players are still on stage. And that, too, adds to the nostalgic feeling of this book. We often forget how intricately connected the Watergate scandal was to the parallel efforts by the Nixon administration to tamp down dissent about the war, muzzle critics both inside and outside the administration, and prevent the full history of the war from being told. Rumsfeld and Cheney, of course, were in the White House on the day the helicopters removed the last stragglers from the roof of the embassy compound in Saigon. Henry Kissinger makes a lengthy cameo appearance as a maven of deep influence in the Bush White House, blindly repeating the mantra "victory" without ever quite defining it. Wise men are summoned for meetings that adjourn with no results. Body counts are cited as indices of progress. Stephen Hadley, now Bush's national security adviser, wonders about ways that we might be able to retreat quietly and declare victory. It's dÃ©jÃ vu all over again.

Near the beginning of his tenure, President Bush said, "time is our ally at the beginning of the administration. It will at some point turn against me." Abraham Lincoln, whose name graces the aircraft carrier where President Bush declared victory in Iraq, once wrote, "We cannot escape history." That remains true, even for presidents. Soon the full story of the Iraq War will be told by historians, who will be swayed less by the heat of the moment and adhere instead to the simple tally sheet of promises made and kept. They will not be swayed by ABC television scripts, or executive privilege or lofty claims that were once made but, like snowflakes, melted upon human contact. This book, heavy in every sense, will be at the top of their shelves as they proceed to the altar of judgment. Â·

Ted Widmer is the director of the John Carter Brown Library at Brown University. He was director of speechwriting at the National Security Council between 1997 and 2000.

The World According To Rummy (WP)

The Washington Post, October 8, 2006

On May 1, Defense Secretary Donald H. Rumsfeld circulated a secret memo titled "Illustrative New 21st Century Institutions and Approaches." The six-page document, excerpted below, highlights the Iranian threat, calls for a multilateral military force

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and argues that the United States' antiquated system of government makes competence "next to impossible." I obtained the contents of this memo while reporting for "State of Denial: Bush at War, Part III" (Simon & Schuster).

-- Bob Woodward

1. Transformation of international institutions. Today the world requires new international organizations tailored to new circumstances. Many of the more pressing threats are global and transnational in scope. Terrorism proliferation, cyber crime, narcotics, piracy, hostage-taking, criminal gangs, etc. Because they cannot be dealt with successfully by any one nation alone, the cooperation of many nations will be vital. Current institutions such as the UN, NATO, OAS, the African Union, ECOWAS, ASEAN and the European Union, to mention a few, were designed at a time when the world's challenges were notably different. Some were formed over half a century ago to further U.S. foreign and security policy purposes. Today, as U.S. goals in the world at large have changed, existing international institutions have failed to adapt sufficiently. Effective international organizations are needed to bring competence to such areas as quick reaction forces, military training, military police training, counterproliferation, capacity building for the rule of law, governance and domestic ministries. This may require institutions designed for those purposes rather than struggling to reform existing institutions to take on tasks for which they are ill suited.

Examples . . . Peacekeeping and governance. The world and the U.S. would benefit from a "global peace operations and governance corps." A standing capability is needed ready to respond rapidly to deal with emerging situations before they spin out of control. Such a capability would have been useful in just the past few years in Liberia, Haiti and perhaps Sudan.

The U.S. and like-thinking nations could help to enable such a capability by training, equipping and sustaining peacekeepers with military and police capability, perhaps organized regionally in considerably greater numbers than are currently available. . . . Similarly, the U.S. and our friends and allies could help organize and train cadres of international professionals who can assist emerging governments in areas of governance and ministry building. The cost-benefit ratio of being prepared in advance and in benefiting from the use of several nations' troops rather than using solely US military forces would be substantial.

2. Regional challenges. Mideast security initiative. The threat Iran is posing and will likely continue to pose argues that it may well be time to form a new collective security arrangement for the Middle East and/or the Arabian Sea. Already one or two Middle East nations appear to be wondering if they should develop nuclear programs. This is the moment first to reassure key friends of U.S. commitment to shield them from nuclear blackmail through declaratory policy; and second, to find other ways to strengthen cooperation with them. Egypt and Saudi Arabia are the key. The U.S. needs to bolster Arab moderates now while they are viable. Some Gulf states are leaning well forward on this idea. . . .

3. A Goldwater-Nichols process for the national security portions of the U.S. government. The 1986 Goldwater-Nichols legislation led to greater jointness and interdependence in the Department of Defense among the 4 services, but it has taken 20 years to begin to fully realize its potential. The broader [U.S. government] structure is still in the industrial age and it is not serving us well. It is time to consider a new Hoover Commission to recommend ways to reorganize both the executive and legislative branches, to put us on a more appropriate path for the 21st century. Only a broad, fundamental reorganization is likely to enable federal departments and agencies to function with the speed and agility the times demand. The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible.

Foreign assistance. The present structure of the U.S. government foreign assistance is an anachronism. A system is needed that recognizes assistance for what it really is, a component of our national security strategy. In simple terms, DOD has resources but not authorities, while State has authorities but not resources. . . . The only choice is to trash the current laws and to undertake a total overhaul of the current systems.

Strategic communications . . . A new U.S. agency for global communication could serve as a channel to inform, educate and compete in the battle for ideas. . . .

Today the centers of gravity of the conflict in Iraq and the global war on terror are not on battlefields overseas. Rather, the center of gravity of this war are on the centers of public opinion in the U.S. and in the capitals of free nations. The gateways to those centers are the international media hubs and the capitals of the world. [Ayman al-] Zawahiri has said that 50 percent of the current struggle is taking place in the arena of public information. That may be an understatement. Osama bin Laden, Zawahiri,

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[Abu Musab al-] Zarqawi had media committees that consistently outpace our ability to respond. When the U.S. government tries to compete in the communications arena it runs up against lack of national consensus and understanding about what means are acceptable to the media and to the Congress and disagreements as to what is legal. . . .

Rumsfeld Shift Lets Army Seek Larger Budget (NYT)

By Thom Shanker And David S. Cloud

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Defense Secretary Donald H. Rumsfeld is allowing the Army to approach White House budget officials by itself to argue for substantial increases in resources, a significant divergence from initial plans by Mr. Rumsfeld and his inner circle to cut the Army to pay for new technology and a new way of war.

With its troops and equipment worn down by years of fighting in Iraq and Afghanistan, the Army appears likely to receive a significant spike in its share of the Pentagon's budget request when it goes to Congress early next year. Significantly, increases to the size of the Army made by Congress since 2001, amounting to 30,000 troops, have become a permanent fixture of the force, military and Congressional officials say.

Beyond that, the Army is discussing internally whether it should expand by tens of thousands more, as some in Congress have long advocated. This time, Mr. Rumsfeld is not standing in the way. His original vision for a transformed military called for leaner, more agile forces capitalizing on the latest technological innovations.

Mr. Rumsfeld's current acquiescence is viewed within the Pentagon as reflecting both the reality of the Army's needs to increase its size and repair or replace current equipment and a decision not to cross swords with the service — or with the Army's staunchest supporters in Congress. Some of them are sharply critical of the defense secretary's management of the war effort and have called for him to step aside.

But Mr. Rumsfeld is requiring the Army to make its own case. The defense secretary has broken Pentagon precedent by allowing the Army to make its financial case directly to the president's Office of Management and Budget, a task normally managed by the defense secretary and his staff rather than by the individual military services. The Air Force and the Navy also asked to present their budgets directly to the budget agency and the requests were granted.

The federal government is at the point in the budget process where departments are building their budget requests, with the Office of Management and Budget overseeing the effort.

Pentagon officials said the Army was seeking about $138 billion for the next fiscal year, compared with its $112 billion request last year. Army officials told Congress that the service was already $50 billion short in equipment when terrorists struck on Sept. 11, 2001, and that the wars in Iraq and Afghanistan would require $17.1 billion in extra spending for 2007 just to repair and replace tanks, Humvees and other gear. Money to repair and replace equipment is expected to be $13 billion in 2008 and the next five years.

As negotiations in the Defense Department and with the Office of Management and Budget got under way to build the 2008 budget proposal, which the White House is due to submit to Congress in February, the Army took the unusual step of ignoring a deadline for submitting its central budget document, which the armed services use to explain their missions and resource requests.

"This is unusual, but we are in unusual times," a senior Defense Department official said. The official, who said the missions assigned to the armed forces were larger than those envisioned in official Pentagon strategy and far outstrip what can be supported by current budgets, described the conundrum Mr. Rumsfeld and the Army face.

"Do we lower our strategy, or do we raise our resources?" said the official, who was given anonymity to discuss budget deliberations. "That's where we're at."

Army officers made the case that meeting the administration's internal preset deadline for budget proposals before the service had fully assessed its needs — and made the case for a substantial increase — would create a false debate over numbers that would have to be dramatically revised before the February deadline for the administration's public budget submission to Congress.

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Even with additional money and more troops, it is far from clear that the Army will be able in the near term to fulfill all of its commitments in Iraq and Afghanistan, prepare for other contingencies and keep its pledge to active-duty soldiers to give them two years at home between yearlong deployments to the war zone. Some senior Army officials are said to be advocating a growth not just of 30,000 soldiers, but of 60,000 to 80,000, and it is likely that sustained troop levels in Iraq may require a sizable recall of the National Guard to fill out future deployments there.

Steven Kosiak, a defense budget expert at the Center for Strategic and Budgetary Assessments, an independent group that monitors defense policy, said previous budget plans looking ahead to 2011 gave the Army about 25 percent of the defense budget, roughly the same level it has received for decades.

But by pushing for a substantial increase in 2008 and for years thereafter, the Army is saying it needs a bigger share to deal with the requirements of combat in Iraq and Afghanistan, possible future wars and the need to modernize its force.

Unlike the Air Force and the Navy, which have been cutting their total personnel substantially to save money that can be applied to operations and new weapons systems, the Army is being forced to increase its total numbers, drawing from money for overhauling equipment and for new weapons systems.

The Air Force and Navy also have substantial mission requirements that cannot be ignored, so eventually, the question will be whether or by how much the Pentagon budget should be allowed to grow to meet the Army's rising needs.

Loren Thompson, an analyst at the Lexington Institute, a policy research group in Virginia, noted that the military budget was on the verge of exceeding a half trillion dollars a year, a level that, based on inflation-adjusted dollars, has been reached only three times before. Each previous time the budget reached that level, after the wars in Korea and Vietnam and after the defense buildup in the 1980's, it soon went back down.

"The question is, Are we going to break that glass ceiling this time?" Mr. Thompson said. "The future is unknowable, but I would say probably not."

Mr. Rumsfeld has come around to the Army's position of needing more money after a series of meetings and briefings with senior officers.

"The secretary said: 'Prove your case. Show me the metrics,' " a member of Mr. Rumsfeld's policy staff said. "The Army came in and showed him their metrics and proved their case. That's when Rumsfeld said, 'O.K. Now go over to O.M.B. and talk to them.' "

Mr. Rumsfeld has not publicly addressed his reasons for allowing this tactic, although it is a no-cost decision for the defense secretary, one that allows an important yet thorny issue to be raised with the White House without any specific personal commitment from him at this early stage of the debate.

Some Pentagon officials are frustrated that the Army is arguing for increases to pay for current missions even as it resists calls to cut its own $130 billion, 10-year investment in a next-generation weapons program called Future Combat Systems. Others express concern that the Army is using its current resources inefficiently.

Rumsfeld supporters say the continued financing of Future Combat Systems illustrates how his agenda to use technology to overhaul the Army is still being pursued. Some of the additional money the Army is seeking would go toward another part of his plan, realigning the infantry divisions into more deployable brigades.

Mr. Rumsfeld has opposed proposals to increase the size of the military, citing the need to contain health benefits and other personnel costs that have been eating a larger share of the defense budget.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks that was described as a temporary measure. Army officials say they hope to reach the authorized total troop strength of 512,000 by next year.

Lt. Gen. Michael D. Rochelle, the Army's top personnel officer, said that number was being treated as a "permanent floor."

In an interview, General Rochelle called that level "adequate" and said the Army "is growing the force as quickly as we can to get to that."

Inside the Pentagon, officials both in the Army and in Mr. Rumsfeld's inner circle go out of their way to describe a consultative relationship between the defense secretary and senior officers. The tenor, they said, is far more constructive than it was before Mr. Rumsfeld called a retired four-star officer, Gen. Peter J. Schoomaker, from his Rocky Mountain ranch to become the Army chief of staff and rebuild relations.

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General Schoomaker, in his final year as chief, now finds himself negotiating with a strong hand as the Army carries the lion's share of the mission in Iraq.

U.S. Casualties In Iraq Rise Sharply (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, October 8, 2006

Growing American Role in Staving Off Civil War Leads to Most Wounded Since 2004

The number of U.S troops wounded in Iraq has surged to its highest monthly level in nearly two years as American GIs fight block-by-block in Baghdad to try to check a spiral of sectarian violence that U.S. commanders warn could lead to civil war.

Last month, 776 U.S. troops were wounded in action in Iraq, the highest number since the military assault to retake the insurgent-held city of Fallujah in November 2004, according to Defense Department data. It was the fourth-highest monthly total since the U.S.-led invasion of Iraq in March 2003.

The sharp increase in American wounded -- with nearly 300 more in the first week of October -- is a grim measure of the degree to which the U.S. military has been thrust into the lead of the effort to stave off full-scale civil war in Iraq, military officials and experts say. Beyond Baghdad, Marines battling Sunni insurgents in Iraq's western province of Anbar last month also suffered their highest number of wounded in action since late 2004.

More than 20,000 U.S. troops have been wounded in combat in the Iraq war, and about half have returned to duty. While much media reporting has focused on the more than 2,700 killed, military experts say the number of wounded is a more accurate gauge of the fierceness of fighting because advances in armor and medical care today allow many service members to survive who would have perished in past wars. The ratio of wounded to killed among U.S. forces in Iraq is about 8 to 1, compared with 3 to 1 in Vietnam.

"These days, wounded are a much better measure of the intensity of the operations than killed," said Anthony H. Cordesman, a military expert at the Center for Strategic and International Studies in Washington.

The surge in wounded comes as U.S. commanders issue increasingly dire warnings about the threat of civil war in Iraq, all but ruling out cuts in the current contingent of more than 140,000 U.S. troops before the spring of 2007. Last month Gen. John P. Abizaid, the top commander in the Middle East, said "sectarian tensions, if left unchecked, could be fatal to Iraq," making it imperative that the U.S. military now focus its "main effort" squarely on Baghdad.

Thousands of additional U.S. troops have been ordered to Baghdad since July to reinforce Iraqi soldiers and police who failed to halt -- or were in some cases complicit in -- a wave of hundreds of killings of Iraqi civilians by rival Sunni and Shiite groups.

U.S. commanders have appealed for weeks for 3,000 more Iraqi army troops to help secure Baghdad but as of Thursday had received only a few hundred, according to military officials in the Iraqi capital. Mistrust of Iraqi police in Baghdad remains high, Abizaid said. Last week, an Iraqi police brigade with hundreds of officers was removed from duty over its involvement in sectarian killings.

"The Baghdad security plan and the general spiral of operations is driving us to be more active than we have been in recent months," said Michael E. O'Hanlon, a military analyst at the Brookings Institution, a Washington-based think tank. "We have more people on patrols and out of base, so we get more people hurt and killed in firefights," he said, explaining that U.S. military offensives -- more than other factors such as shifting enemy tactics -- tend to drive the number of American casualties.

In March, Defense Secretary Donald H. Rumsfeld said that Iraqi forces -- not U.S. troops -- would deal with a civil war in Iraq "to the extent one were to occur." Today's operations in Baghdad demonstrate that that goal was not realistic, experts say.

"In a sense, the Baghdad security plan is a complete repudiation of the earlier Rumsfeld doctrine where he said the Iraqis would prevent the civil war," said O'Hanlon.

Despite the mounting cost in U.S. wounded and dead -- including 13 American soldiers killed in combat in Baghdad in three days last week -- Pentagon officials say aggressive military operations in the Iraqi capital are at best a short-term and partial solution, buying time for political compromise, which they call the only way to arrest Iraq's disintegration.

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"The Baghdad security plan will only be a temporary fix," said a Pentagon official who has served in Iraq. "You need to address the root causes," said the official, who spoke on the condition of anonymity because he was not authorized to speak publicly.

The rising toll of wounded reflects ongoing heavy combat in Anbar as well as in Baghdad, where U.S. troops face an escalation of small-arms and other attacks as they push into the city's most violent neighborhoods to rein in sectarian death squads, militias and insurgents, officers say.

"Attacks against the coalition have definitely increased as . . . the enemy is trying to come in and reestablish themselves" in a dozen religiously divided districts in east and west Baghdad, said Lt. Col. Jonathan Withington, a spokesman for the U.S. military command in the city. "There's a lot of weapons in Baghdad," contributing to an increase in enemy attacks using small arms, he said.

Withington said he was not authorized to release the number of U.S. military personnel wounded in Baghdad or the number of attacks in the city, although the military has released such data in the past.

A survey of reports on combat deaths from August through early October, however, shows an increase in those killed in Baghdad from small-arms fire as well as bombs along roads. Dense urban terrain in the city of 6 million people, where enemy fighters have many places to hide and can attack from close quarters, reduces the advantage of the better-trained and better-equipped U.S. forces.

"September was horrific" in terms of the toll of wounded, and if the early October trend continues, this month could be "the worst month of the war," said John E. Pike, director of GlobalSecurity.org, a Virginia-based Web site that tracks defense issues.

The worsening violence in Baghdad has led some Pentagon officials to criticize decisions by the U.S. military since early 2005 to transfer responsibility for security in large swaths of Baghdad to Iraqi forces while cutting back on American patrols.

"We made decisions to take an indirect approach, which is great if you want low U.S. casualty rates," said the Pentagon official. However, he said: "Passing responsibility to Iraqis does not equal defeating terrorists and neutralizing the insurgency. Period."

Bomb Kills 14 In Iraqi City That Bush Had Lauded As Safe (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 8, 2006

BAGHDAD, Oct. 7 -- A suicide car bomb slammed into an Iraqi army checkpoint Saturday and killed at least 14 people in Tall Afar, a northern city that President Bush has previously hailed as a symbol of security and normalcy in Iraq.

The fiery explosion, which occurred at 10 a.m. in the city's Salam neighborhood, also wounded at least 11 people, mainly civilians in cars that had been stopped at the checkpoint, authorities said.

"There were screams and shouts of people calling for help," said Hameed Buhriz, 43, a taxi driver who was wounded and knocked unconscious by the attack. "I felt like I was being crushed against the door of my car. After that, I do not recall what happened."

The assault -- which occurred as two construction workers were killed by gunmen west of the city -- followed another suicide bombing in Tall Afar last month that killed at least 21 people and wounded 18. Taken together, the attacks seemed to undercut the president's assertion in March that residents of Tall Afar "can count on a basic level of safety and security, they can live together peacefully."

Violence continued to rage across Iraq on Saturday. At least 25 people were killed in separate attacks, the Associated Press reported. The [a] news service quoted the Interior Ministry as saying 51 bodies had been found in Baghdad in the past 24 hours, many tortured and bound.

The U.S. military announced that a soldier assigned to the 3rd Brigade, 82nd Airborne Division, was killed Friday by enemy action near the city of Baiji, north of Baghdad.

In Kirkuk, a volatile mixed city in the north, Iraqi and U.S.-led forces launched a major security operation, dubbed "the key to peace," to root out members of al-Qaeda and other Sunni Arab insurgent groups. Authorities imposed a 6 p.m. curfew and announced the detention of 155 suspected insurgents.

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Prime Minister Nouri al-Maliki and U.S. Ambassador Zalmay Khalilzad met in Baghdad with more than 100 tribal leaders from volatile Anbar province who have formed a group, known as the Anbar Salvation Council, to fight al-Qaeda and insurgent groups. The tribal leaders have asked Maliki to sack the provincial government and replace it with their new council, but a government spokesman said such a decision would have to be made instead by the people of Anbar.

"If the people of Anbar do decide that they want to have this change," said the spokesman, Ali al-Dabbagh, "then the government does not object."

Washington Post staff in Iraq contributed to this report.

Suicide Bomber Kills 14 In Northern Iraq City (NYT)

By Sabrina Tavernise

The New York Times, October 8, 2006

BAGHDAD, Oct. 7 — A suicide bomber plowed into an Iraqi Army checkpoint in the northern city of Tal Afar on Saturday, killing 14 people and injuring an additional 10, Iraqi officials said.

It was the deadliest bombing in several weeks in Iraq, on a day where 29 people were reported killed across the country. In addition, Iraqi authorities found 51 bodies, many of them bound and showing signs of torture, in western and eastern Baghdad.

The American military on Saturday announced the death of one American soldier, who it said was killed "as the result of enemy action" near Bayji, a town north of Baghdad.

Sunni gunmen shot two Shiite bakery workers dead at their shop on Saturday morning, an Interior Ministry official said. The bakery, Al Nahrain, is in Mansour, a neighborhood in central Baghdad where Sunni Arab fighters gained a foothold this spring.

In Tal Afar, a dusty city near the Syrian border, the bomber blew himself up after ramming his car into the checkpoint, The Associated Press reported. Some of those killed were crushed when parts of buildings collapsed from the force of the explosion.

At various times since the American invasion, Tal Afar has been all but controlled by Sunni Arab insurgents. American forces have twice driven insurgents out of the area.

The attack was the fourth bomb attack on an army or police checkpoint in that city since the start of the holy month of Ramadan several weeks ago, [a news organization] reported.

In Baghdad on Saturday, Prime Minister Nuri Kamal al-Maliki continued efforts at dialogue with Sunni Arab tribes of the western province of Anbar. Meeting with leaders in the Green Zone, Mr. Maliki called for a three-point plan to improve security in the war-torn province. The plan included broadening participation in local governments to include tribal leaders, financing a reconstruction effort, and assembling strong police and army forces quickly.

Iraqi authorities in the northern city of Kirkuk began a broad security crackdown, after an unusual curfew was imposed Friday night. Maj. Gen. Jamal Tahir said Iraqi and American troops were searching neighborhoods for weapons and militants, and that the curfew, imposed 6 p.m. on Friday, would be in place until further notice.

In the southern city of Najaf on Saturday, Iraq's oil minister, Hussein al-Shahristani, opened a new refinery with the capacity to process about 10,000 barrels of oil a day. Mr. Shahristani said the government planned to open another refinery in the south of Iraq, in Karbala, with a daily capacity of about 200,000 barrels.

Iraqi Troops Launch Crackdown In Kirkuk (HC/AP)

By Lee Keath

Houston Chronicle/AP, October 8, 2006

BAGHDAD, Iraq — Thousands of Iraqi troops launched a crackdown in Kirkuk today, ordering residents to stay in their homes in an effort to put down violence that has swelled in the north amid efforts to rein in bloodshed in Baghdad.

Elsewhere in the north, a suicide bomber rammed a police checkpoint with an explosives-packed car, killing 14 people in the town of Tal Afar. It was the deadliest attack in a day that saw 26 Iraqis killed around the country.

In March, President Bush had pointed to Tal Afar as an example of progress made in bringing security to Iraq after a major U.S. offensive swept through the town, 30 miles from the Syrian border.

But after a period of quiet, today's was the fourth suicide attack in the town in the past three weeks.

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Thousands of U.S. and Iraqi troops have been carrying out an intensified sweep of Baghdad since August, searching neighborhood by neighborhood to root out insurgents and militias who have killed thousands this year.

But at the same time, shootings, bombings and other attacks has been swelling in northern areas such as Kirkuk and Mosul, the capital of the province where Tal Afar is located — though the bloodshed has not been on the scale seen in Baghdad.

The U.S. military announced today that a U.S. soldier was killed Friday near Beiji, about 60 miles southwest of Kirkuk.

Authorities in Kirkuk this week completed digging a 10-mile trench around the city's southern and western edges aimed at cutting off side roads to prevent car bombs from being brought into the city. Intensified checkpoints were set up on city entrances that remained.

Today, authorities announced a curfew had been extended to round-the-clock "until further notice," ordering all residents off the streets, said Kirkuk police chief Lt. Gen. Sherko Shaker.

"This operation comes as a measure to cleansing Kirkuk from weapons, as well to prevent the militants from having any chance to reorganize their abilities," he said. "We shouldn't give them any chance to rest."

Troops conducted searches and raids today in the southern and western sectors of the city, where most of the Sunni Arab population is centered. So far, 150 suspected Sunni insurgents have been arrested and more than 220 assault rifles have been seized, Shaker said.

Kirkuk, located 180 miles north of Baghdad, is a major oil center and the focus of an ongoing struggle for power between its large Sunni and Kurdish populations.

The Kurds want to include the city in their autonomous zone further north and are working to resettle thousands of Kurds who were driven out during the regime of Saddam Hussein and replaced with Sunni Arabs.

Al-Qaida in Iraq and another major Sunni group, Ansar al-Sunna, have increased their presence in regions west of the city, said Sheik Abdul-Rahman al-Munshid, a top sheik in the Sunni Obeid tribe. He blamed Kurdish efforts in the city for fueling Sunni Arab support for insurgents.

"The demands of the Kurdish political forces and their attempt ... to work to make Kirkuk part of the northern region that have created worry among the non-Kurdish groups," he said.

Meanwhile, a suicide bomber rammed an explosives-packed vehicle into a police checkpoint in Tal Afar, killing four policemen and 10 civilians. Some of them died when parts of nearby homes collapsed from the force of the blast.

In nearby Mosul, gunmen killed a woman whose son works with the city police, Mosul police Col. Abdel-Karim al-Jubouri said. A Kurdish lawyer was shot to death in front of his home in the evening.

Gunmen killed five people in separate shooting attacks on roads northwest of Mosul, including three Iraqis who worked at a nearby military base.

In Baghdad today, gunmen sprayed a Shiite-owned bakery in the Mansour district with bullets, killing two people and wounding one.

More bodies with bound hands and signs of torture on them were found; two were in the Tigris River in downtown Baghdad and five others were dumped in a southeastern suburb.

Meanwhile, the U.S. command said it had captured 28 suspected terrorists in a series of nine raids early Tuesday in the Jisr Diyala neighborhood of southeastern Baghdad. Among those were three "high value individuals, including the No. 9 person on the division's high-value target list."

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Associated Press writer Yahya Barzanji in Sulaimaniyah, Iraq, contributed to this report.

U.S., Iraqi Forces Clash With Insurgents (NSDY/AP)

Long Island Newsday/AP, October 8, 2006

BAGHDAD, Iraq -- U.S. and Iraqi forces fought militiamen early Sunday in Diwaniyah, a southern city under the growing influence of the Mahdi Army loyal to radical Shiite cleric Muqtada al-Sadr.

Fighting could be seen in two neighborhoods and heavy explosions were heard.

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An Associated Press reporter saw U.S. soldiers sealing off roads to the city, in an apparent attempt to keep the insurgents from bringing in reinforcements.

Fighting broke out after a joint U.S.-Iraqi unit raided the house of Kifah al-Greiti, a Mahdi Army commander in the city, said Iraqi Army Capt. Fatiq Ayed.

The U.S. command in Baghdad had no immediate comment on the fighting.

Diwaniyah, 80 miles south of Baghdad was the scene of a fierce fight in August between the Mahdi Army and Iraqi forces that left 23 Iraqi troops and 50 militiamen dead and scores wounded.

Baker Panel May Recommend Federal Iraq (WT/UPI)

The Washington Times/UPI, October 8, 2006

A commission chaired by former U.S. Secretary of State James Baker may recommend a federal Iraq divided among the country's three major groups.

"The Kurds already effectively have their own area," a source close to the group told the Times of London. "The federalization of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

Baker's panel was set up by Congress with President George W. Bush's approval in an effort to break out of what appears to be a dead end in Iraq, with the United States unable to create a stable regime, the newspaper said. Baker was secretary of state during the first Gulf War while Bush's father was president.

The source said the report to be released next month would favor devolving power to Sunni, Shiite and Kurdish regions with considerable autonomy. A weak central government would be involved with distribution of oil revenues, border security and foreign affairs.

Listen To The Iraqis (NYT)

By Nicholas D. Kristof

The New York Times, October 8, 2006

With our Iraq policy floundering, it's time to take advice from the experts — the Iraqis themselves.

And Iraqis are crystal clear about what the U.S. should do: announce a timetable for withdrawal of our troops within one year. They're right. Our failure to declare a timetable and, above all, our coveting long-term military bases in Iraq feed the insurgency and end up killing more young Americans.

A terrifying new poll conducted last month found that 61 percent of Iraqis now approve of attacks on Americans. That figure, up from 47 percent in January, makes counter-insurgency efforts almost impossible, because ordinary people now cheer, shelter and protect those who lay down bombs to kill Americans. The big change is that while Iraqi Sunnis were always in favor of blowing up Americans, members of the Shiite majority are now 50 percent more likely to support violent attacks against Americans than they were in January.

The poll, by the Program on International Policy Attitudes at the University of Maryland, also found that 78 percent of Iraqis now believe that the American military presence is "provoking more conflict than it is preventing."

So ordinary Iraqis themselves — who have the most at stake — overwhelmingly think they will be better off if U.S. forces leave according to a timetable. Only 9 percent prefer President Bush's policy of toughing it out, while 71 percent favor a withdrawal within one year.

This midterm election season is an ideal time for a public debate on Iraq policy, and Senator John Warner, the longtime Republican leader on military issues, is right to raise the possibility of a "change of course." The evidence suggests ever more clearly what we should do: Don't rush for the exits, but renounce permanent bases and announce that we will withdraw our troops within one year.

Renouncing bases should be a no-brainer, and it would be the simplest way to save American lives. Seventy-seven percent of Iraqis say the U.S. plans permanent bases in Iraq. (They're right, although we hem and haw about it.) And as the poll discovered, "the belief that the United States plans to have permanent bases in Iraq is highly correlated with support for attacks on U.S.-led forces."

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Iraqis who don't think the U.S. wants bases are half as likely to favor attacks on Americans as those who do think the U.S. wants bases. And so if President Bush stands up and unequivocally renounces bases, that will reduce popular support for attacks — and save American lives.

"There is also some evidence that if the United States were to make a commitment to withdraw according to a timetable, support for attacks would diminish," the survey found. For example, half of those who approved of attacks said they would be less supportive if the U.S. did announce a timetable for withdrawal.

The biggest mistake we Americans have made all over the world in the post-World War II era, from China and Vietnam to Latin America and Iraq, has been the failure to appreciate the appeal of nationalism. Ironically, it's the same big mistake King George III made in the 1770's.

All our options are bad, and I worry that a timetable will encourage the insurgents to hang on until we leave. Or maybe Iraq will fall apart no matter what we do. But the evidence is pretty strong that our presence — because of suspicions that we plan to stay forever — is doing more harm than good. One poll conducted by our own State Department found that nearly three-quarters of Baghdad residents said they would feel safer if U.S. forces left Iraq, according to The Washington Post.

The present policy is also nurturing a broader extremism. A letter seized by the U.S. military and reported by The Christian Science Monitor suggests that Al Qaeda itself is rooting for the U.S. to "stay the course" rather than withdraw. "Prolonging the war is in our interest," the Qaeda letter says, presumably as a tool for propaganda and recruitment.

A U.N. report found that the Iraqi insurgency is inspiring the Taliban fighters in Afghanistan. New designs for bombs are used in Afghanistan just a month after they make their appearance in Iraq.

Likewise, Sudan's president is able to defy calls for international peacekeepers in Darfur because he plays on Arab fears that the U.S. plans to do to Sudan what it has done to Iraq. All over the globe, American diplomacy is hobbled because of Iraq.

So it's time to face the grim reality and announce that all our troops will leave Iraq by October 2007.

US Puts Maliki On The Clock In Iraq (AFP)

By Stephen Collinson

AFP, October 8, 2006

WASHINGTON - The United States is putting Prime Minister Nuri al-Maliki and fellow Iraqi leaders on the clock, as frustration in Washington mounts at his government's inability to stem raging violence.

A fearsome week in Iraq which saw Baghdad's worst rash of bombings in three years and a surge in the numbers of US soldiers killed, tightened the political screws on President George W. Bush's administration ahead of crucial November elections.

Top US officials further sharpened the public US message towards the Maliki government -- a process which started with anonymous quotes by US officials leaked to US newspapers in September -- and reached a new pitch when Secretary of State Condoleezza Rice flew into Baghdad on Thursday.

Comments by influential Republican Senator John Warner, meanwhile, fuelled perceptions that a new debate may be emerging on the direction of Iraq policy among members of the administration and political allies.

"The security situation is not one to be tolerated, and is not one that is helped by political inaction," Rice said on her trip to Baghdad this week, which started with the uncomfortable image of the US secretary of state being forced to circle the airport for 45 minutes because of a rocket attack.

Rice complimented Maliki on his "excellent" leadership and strength, but the steel in the US message was a call for the prime minister to bring together all factions in Baghdad to stop the killing.

She flew into Baghdad after Iraq's political leaders signed a pledge to halt sectarian violence, but there are already doubts in Washington that they will follow up on their promises.

Rice did not provide a deadline, but US ambassador to Iraq Zalmay Khalilzad indicated a week ago on CNN that the window for critical action to stem the carnage in Iraq may be down to two months.

Deputy White House spokeswoman Dana Perino also noted Friday that Iraq was at a "crucial moment," while reiterating strong US public support for Maliki.

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The comments by Warner, a World War II veteran who chairs the powerful Senate Armed Services Committee, caused a stir, when he complained that Iraq was "drifting sideways" after returning from his own visit.

He warned the government did not seem to be pulling the "levers" of sovereignty.

"In two or three months, if this thing hasn't come to fruition and this level of violence is not under control, I think it's a responsibility of our government to determine: Is there a change of course we should take?"

The administration hinted in recent weeks that its continuing support for the Maliki government, and the price it pays in blood and treasure on its behalf, is not a one-sided bargain.

"Iraq can count on our partnership, as long as the new government continues to make hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said in an August speech.

What Washington might do if it decides Iraq's government is not making those "hard" choices is not clear.

"The United States is obviously constantly looking at what we're doing and reviewing our options and our policies," said Rice, but she made clear that the US administration was not going to remove American support for the Iraqi government if it could not stand on its own feet.

Some observers have seen veiled US hints as the start of a public relations strategy that would provide a rationale for a drawdown of US troops.

But the administration is adamant American forces will not leave until the Iraqi government and military can control the country.

Other plans floating around Congress include one which would see Iraq divided into sectors for Kurds, Sunnis and Shiites, though that appears fraught with problems.

The real debate on where to go next is likely to heat up after the name-calling and political posturing over Iraq die down following November's congressional elections.

A report is due by the Iraq Study Group, a group of US public service grandees asked by Bush to examine the situation in Iraq and US policy options.

Led by Bush family fixer and former US secretary of state James Baker, the group has already echoed US government warnings that the status quo in Iraq cannot continue indefinitely.

"The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services," group co-chair Lee Hamilton told reporters in September.

Analysis: U.S. Influence On Iraq Limited (AP)

By Anne Gearan

AP, October 8, 2006

The Bush administration is bumping up against the limits of military and political power to influence what happens next in Iraq, four years into an increasingly unpopular war that has not gone as planned.

As U.S. officials now acknowledge, the cycle of sectarian killings poses a greater threat than does al-Qaida or the anti-American insurgency.

"The security situation is not one that can be tolerated and it is not one that is being helped by political inaction," Secretary of State Condoleezza Rice said last week at the start of a two-day trip to Iraq.

The day Rice arrived, a leading Republican and Bush loyalist offered a bleak assessment of Iraq. Sen John Warner, R-Va., said Iraq is "drifting sideways" and that the U.S. military has done what it could.

Warner, chairman of the Senate Armed Services Committee, said Congress must make some "bold decisions" if, after three months, the Iraqis have not made progress to calm ethnic violence and hasten reconstruction.

Rice's visit came a month before the fall elections in the United States that Democrats are portraying as a referendum on President Bush's handling of Iraq.

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Associated Press-Ipsos polling in September found that more than half of likely voters say the U.S. is losing ground in Iraq, and Democrats got higher marks than Republicans about which party would best handle the conflict. Forty-six percent of likely voters said Democrats and 40 percent said Republicans.

Democrats argue that Iraq had nothing to do with the Sept. 11 attacks and that the war has been a costly distraction from the global effort to combat al-Qaida and its leader, Osama bin Laden.

In Iraq's capital, Rice reaffirmed Bush's commitment to help Iraqis finish the job.

She also carried an implicit warning about Americans' patience as she shuttled under heavy guard among the often squabbling factions in Iraq's fragile government.

People in the U.S., she told the Iraqi politicians, do not see the complicated history of grudges and strife among ethnic groups that drives the current violence.

"What they see are Iraqis killing Iraqis, and that is not a good image," a U.S. diplomat who attended the meetings later quoted Rice as saying. "The world, the American people, need to see different views. They need to see Iraqis working together and producing progress."

In other words, Rice was saying, the folks at home who are bankrolling the war at $300 billion and counting may not see why American lives and dollars are being spent to police internecine fighting half a world away.

The U.S. diplomat, who spoke on condition of anonymity because Rice's sessions with Shiites, Sunnis and others were private, also said Rice was frank about the stakes.

Rice told the Iraqis that "of all of the threats facing Iraq — the insurgency, al-Qaida terror, sectarian violence — it's sectarian violence that poses the strategic threat to success, as Iraqis would define it, for their country and in certainly success as we would define it for Iraq."

It also is the force that the United States has the least leverage to counter.

The bodies dumped on Baghdad streets each night are unrelated to the presence of U.S. troops, although mounting deaths among U.S. soldiers reflect the latest attempt to slow the revenge killings.

The United States has put increasing pressure on the government of Prime Minister Nouri al-Maliki to stop sectarian violence amid deep divisions within his Cabinet between Shiite and Sunni parties.

Sunnis complain al-Maliki is hesitant to take tough action against Shiite militias because many of them are linked to parties he relies on. His signature plan to contain the spiral of violence in Baghdad has had little effect, and it is not clear how much authority he commands to do more.

The U.S. claim that democratic politics will triumph in Iraq depends largely on al-Maliki's success, and Rice praised him as a strong and capable leader.

At the same time, she told reporters, she was firm in "saying very clearly to all of them that what the Iraqi people expect, and indeed what the United States expects, is that they're going to overcome any political differences rapidly."

EDITOR'S NOTE — Anne Gearan covers foreign affairs and diplomacy, based in Washington.

Iraq Youths See Frozen Futures (NYT)

By Sabrina Tavernise

The New York Times, October 8, 2006

BAGHDAD, Oct. 7 — In a dimly lighted living room in central Baghdad, Noor is a lonely teenage prisoner. Many of his friends have left the country, and some who have stayed have strange new habits: a Shiite acts holier-than-thou; a Sunni joins an armed gang.

At 19, Noor is neither working nor in college. He is not even allowed outdoors.

Three and a half years after the American invasion, the relentless violence that has disfigured much of Iraqi society is hitting young Iraqis in new ways. Young people from five Baghdad neighborhoods say that their lives have shrunk to the size of their bedrooms and that their dreams have been packed away and largely forgotten. Life is lived in moments. It is no longer possible to make plans.

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"I can't go outside, I can't go to college," said Noor, sitting in the kitchen waiting for tea to boil. "If I'm killed, it doesn't even matter because I'm dead right now."

The American military is trying to address the problem. In August, it began the most systematic series of sweeps of Baghdad since the war began, trying to make the worst neighborhoods safe for a return to normal life. It appears to be bearing some fruit, with deaths in the city down about 17 percent in August from July, according to a United Nations report based on morgue statistics.

But violence between the sects here continues at a frantic pace, wiping out ever more of what middle ground remains. And it has left young Iraqis trying to resist its pull frozen in an impossible present with no good future in sight.

The speed of the descent has been breathtaking. A few short months ago, Noor was taking final exams, squabbling with his little brother and hanging out at home with his friends. But violence touched the family's outer edge — his father's business partner was killed on a desert road far from Baghdad because he was a Shiite — and things began to unravel.

Fearing that the man may have divulged details about them, Noor's parents accelerated their plans for Noor and his younger brother to leave Iraq. His brother was moved to the safety of northern Iraq, but Noor was forced to return after British authorities rejected his application for a student visa.

Since coming back, he spends most days in his living room on the computer, listening to the sounds of life outside his gate. He wants to enroll in college here and even had one of his friends sneak him an application, but his parents will not let him go. Campuses are volatile mixes of sects and ethnicities, and sectarian killings of students are no longer rare.

Before the epidemic of neighborhood assassinations began last year, it was a rare middle-class Iraqi who had a peer involved in sectarian killing. But as the killing spread, increasingly larger portions of the population have been radicalized.

For Noor, a secular Sunni who is solidly middle class, the sectarian killing has broken squarely into his circle of friends. A friend from Adhamiya, Baghdad's Sunni Arab center, joined a neighborhood militia after his father was shot to death in front of their home. Noor heard through friends that he had set up a roadside bomb to kill Iraqi troops.

"He hates the Shia because they killed his father," said Noor, speaking in fluent English and gesturing with his hands. "He became a different person. He became a monster."

It is that radicalization that most frightens Noor's mother. Most of the casualties and the perpetrators in the sectarian killing are young men, and with few jobs and no hope for justice through the government, armed gangs and militias are extremely alluring.

"I'm afraid he'll be drawn to certain currents," she said. "There is a lot of anger inside."

Subtler is the changing nature of his friendships. A few of his Shiite friends feel a new passion for their identity, and he now finds it difficult to relate to them. "They changed," he said. "They talk a lot about identity."

"I can't tell them my true feelings," he added. "I started to expect something bad from them."

As little as a year ago, most Iraqis dismissed fears of sectarian war. Iraqis of different sects had always mixed, they argued, and no amount of bombing would change that. But as the texture of the violence changed from spectacular car bombs set by Sunnis to quiet killings in neighborhoods of both sects, few still cling to that belief.

Three days a week, Safe, 21, walks around sleepy. He stands guard with a machine gun three nights a week to protect his block in the ravaged neighborhood of Dora. As a Sunni Arab, he fears Shiite death squads and policemen. Seven of his friends have been detained and beaten. He has attended more than a dozen funerals in recent months for Sunnis who have been killed.

"Sectarian stuff has come into our life from all doors," he said, speaking in quick bursts. "I am afraid of these checkpoints. They tell you five minutes, and keep you for a month."

The constant battle has left a bad taste in his mouth for Shiites who strongly assert their identity. He got into a fistfight with a Shiite student at the medical school where he studies over the meaning of a Muslim holiday. His campus is in heavily Shiite eastern Baghdad, and a professor referred to the healing powers of a sacred Shiite imam during a physiology lecture this year, to the fury of the Sunni students. Even the typical Shiite jewelry, silver rings with smooth round stones, he finds irritating.

"When you see them, you want to throw up," he said, referring to chauvinist Shiites.

Dora, once a mixed middle-class neighborhood, has been among the most lethal for Shiites over the past two years. Shiite residents report brutal killings for offenses as minor as pinning up posters of Shiite saints in shops. Now few Shiites remain.

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Safe acknowledged that Shiites were singled out, but said insurgents only went after those working with Americans. Other Shiites received threats for spying on mosques, he said.

(He worked at an American base for two months shortly after the American invasion but was not threatened because those who were issuing them knew him, he said.)

For Safe, whose father died when he was young and whose mother died of cancer last year, his neighborhood watch group helps him to have a sense of purpose, to feel connected, at a time when young Iraqis are more isolated than they have ever been.

"If something happens, we are all just one hand," he said.

While they serve as useful new social networks, the groups are largely based on sectarian identity, helping to reinforce increasingly homogeneous districts. Safe has no Shiite relatives and no plans to marry. Even if he did, he would never accept a Shiite, he said.

As Baghdad grows increasingly divided into a Shiite east and a Sunni west along the Tigris River, neighborhood life offers few opportunities for young Shiites and Sunnis to mix.

Every morning, Ali Wahid, 27, rides his motorbike past a dusty soccer park in the capital's largest Shiite district, Sadr City, to work in southeastern Baghdad. He holds tightly to his job, a water project that is part of the American effort here, but would never agree to go west of the Tigris, where vast swaths of Sunni neighborhoods are deadly for Shiites like him. A friend, Hamza Daraji, who does odd jobs in Sadr City, said he had not left the district in two years.

Mr. Wahid, sitting cross-legged on the floor of his modest two-story house, says his life has improved since the American invasion. His job has allowed him to pay off debts, buy a house with his brothers and even afford to marry.

Fewer Sunnis are in his life now than there were when Saddam Hussein ruled. In some ways, relations then were easier, he said, because as the ruling class, the Sunnis, were less likely to lash out.

"Before I could joke with Sunnis about Saddam," he said. "Now if I talk against him, I'm afraid they might hurt me later in a secret way."

The Sharqiya Secondary School in central Baghdad began the day with a prayer on Thursday. The new headmaster, a religious Shiite, took the unusual step of telling the entire student body, several hundred girls, that "the first way we hail the Iraqi flag is by giving prayers to Muhammad and his family," referring to the Prophet Muhammad and his family members, whom Shiites consider to be holy. Three Armenian Christians raised the flag.

"We feel desperate, desperate, desperate," said Sena Hussein, an assistant principal whose daughter is a high school senior. The school, once known citywide for its basketball team, no longer has after-school sports, because parents consider the security situation to be too risky. Trophies in a dusty glass cabinet stand a short way from the entrance to the principal's office. Even enrollment is down. The school used to get 150 new students a year. This year it has about 60.

Prospects for higher education for women coming of age in the capital have also dimmed.

Sara, a graceful 10th grader with perfect English and straight A's, will not be allowed to go to college in Iraq by her parents, who fear sectarian killings en route and on campuses themselves. The caution will cut out the mixing of young Iraqi men and women, because college is the first chance they get to be together. High schools in Iraq are single-sex institutions.

"The future is totally unclear for me now," she said, standing in the courtyard of the school as girls buzzed behind her, busily cleaning classrooms. "I don't know what would happen to me in college. Maybe I would get killed."

In a conversation later on her cellphone after a Ramadan dinner, Sara confided that her family was trying to leave the country, but that if they could not get out, she would seriously think about marrying after high school. Her mother married at 24, after she had earned a degree in civil engineering.

"Their time was different in a thousand ways," she said, her young voice suddenly serious. "It's hard for me to accept. There is no dream for me. I can't really think clearly."

She paused and then spoke a familiar refrain: "I really, really want to leave Iraq."

Amid A Kidnapping, Silence (LAT)

By Saif Rasheed And Borzou Daragahi

The Los Angeles Times, October 8, 2006

DOJ_NMG_0078006

Witnesses can only hold still and then turn away as a shopkeeper in Baghdad is beaten and abducted. Around Iraq, the death toll climbs.

BAGHDAD — Everyone stayed quiet.

The gunmen ordered witnesses to stand aside and remain still Saturday afternoon as they dragged the shopkeeper known as Abu Ammar away. The victim didn't say a word, though he squirmed and tried to break free.

"Stay where you are," one of the gunmen, a cleanshaven man in his 20s wearing a black bulletproof vest and holding an assault rifle, quietly told the frozen passersby. "Don't move."

The eight plainclothes kidnappers didn't even raise their voices when one of them smashed the shopkeeper's bespectacled face with the butt of an assault rifle. They shooed away a shop employee beseeching them to take along a small plastic bag, possibly filled with the 50-ish victim's medicines, stuffed him into one of two white sport utility vehicles without license plates and drove away from the Colors stationery shop.

Drivers watching from their cars turned their heads and continued on their way. Pedestrians took hold of their loved ones and proceeded with their errands.

It was business as usual in Iraq, where at least 81 people were killed or found slain Saturday around the country.

The victim at the two-story shop, known for its high quality, wide selection and pricey wares, probably was the target of a kidnapping for ransom.

In Baghdad alone, police discovered the bodies of 51 gunshot victims, some killed on the streets and others abducted, blindfolded and brutalized before being shot and dumped in desolate lots.

The 3 p.m. kidnapping was pulled off in central Baghdad's Karada neighborhood, one of the city's safest, less than a mile from military forces stationed in the Green Zone and a few hundred yards from Iraqi police checkpoints and the armed security details of political parties and Western contractors.

It put on view the enormous challenge of restoring security to a country coming undone by multiple layers of violence.

Iraqi sports fans Saturday were mourning Nasser Shamil, the 37-year-old former captain of the Iraqi volleyball team, who was shot and killed Thursday night at his goldsmith shop in a Sunni neighborhood in western Baghdad.

Among the 51 bodies found in Baghdad, two were fished out of the Tigris River, both with bullet wounds to the head and signs of torture. An additional five, found blindfolded, handcuffed and shot execution-style, were discovered in a dump 10 miles east of the capital.

At least two more Iraqis were killed by roadside bombs aimed at passing Iraqi police and U.S. vehicle convoys.

To stanch the capital's violence, Prime Minister Nouri Maliki last week announced the creation of neighborhood security committees composed of community leaders. But the plan remains on the drawing board and has yet to be put into practice, politicians said.

"Nothing is concrete now," said Salim Abdullah Jabouri, a spokesman for the main Sunni Arab parliamentary bloc. "Everything is on paper."

U.S. and Iraqi officials struggled to contain violence beyond the capital. A car bomb targeting an army checkpoint in the northern city of Tall Afar killed 14 Iraqis and injured 13.

At least three people were killed and three injured in mortar and bomb attacks in the mostly Shiite city of Hillah, south of Baghdad. Clashes between police and insurgents in downtown Samarra, north of the capital, led to the deaths of two officers and a child caught in the crossfire.

Iraqi police and soldiers, supported by U.S. Army troops and helicopters, intensified operations in several hot spots around the country. More than 14,000 soldiers and police officers sealed off the gritty northern oil city of Kirkuk before conducting house-to-house sweeps in search of weapons and suspected insurgents.

The crackdown has prevented residents from shopping for food during Ramadan, the Muslim holy month of daytime fasting.

"The puzzle in all this is that we do not know when it will be over," said Nozad Qadir, a Kirkuk resident.

DOJ_NMG_0078007

Iraqi soldiers launched raids in the religiously and ethnically mixed province of Diyala, northeast of Baghdad, killing at least four suspected insurgents. The bodies of four victims of apparent sectarian violence were discovered in different parts of Baqubah, the provincial capital.

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Special correspondents in Baghdad, Baqubah, Hillah, Kirkuk, Mosul and Samarra contributed to this report.

Tom Ricks's Inbox (WP)

The Washington Post, October 8, 2006

The following is the concluding paragraph of a letter sent by an Army captain struggling to make sense of his recently ended tour of duty in Iraq. Like many who have spent time there, he offers a summation of his experiences. But his stands out for its eloquence. This excerpt follows his discussion of how the United States might withdraw from Iraq by supporting a partition of the country.

* * *

. . . So we would leave Iraq, scarred, but hopefully smarter as well. The "long war" is a war of ideas. If Iraq is to teach us anything, it must be that a new idea cannot be beat into a society. I'm a believer in John Stuart Mill's assertion that "All people have the government they deserve," implying that both the choice and its consequences belong to the society as a whole. Rather than putting my faith in the force of arms to transform a society, I put my faith in the force of our ideas. The power of the idea of America had been on the march for half a century -- vanquishing its contrapositive in the form of global communism and gradually changing the face of the world -- until those who didn't really believe it themselves corrupted that idea. "Extraordinary rendition," Guantanamo Bay, and Abu Ghraib have all become shorthand for an America (or an American administration) that lost faith in the power of its own idea. Their hypocrisy seemingly exposed, people who had embraced and were gradually working towards that American idea in the world's most volatile regions were emasculated. These liberals, moderates, progressives and reformers have been overwhelmed by a new generation of extremists determined that an open society in which people were free to express themselves, to make decisions about how to live their own lives, and to have a voice in dictating the laws that would govern them was not a desirable one. What gives me some degree of hope is the ultimate vacuity of this alternative to the American idea. But as long as they can point to the adoo baeed -- the external enemy -- to deflect the blame from their own moral and material bankruptcy, they may stay afloat. If we're able to reassert our idea and to hold it up to people as a real choice, I know this current setback can be overcome. No amount of violence inflicted in the name of freedom, however, will be the force to bring it about.

* * *

Tom Ricks is The Post's military correspondent. This feature aims to give readers a snapshot of the conversations about Iraq, Afghanistan and other matters that play out in Ricks's e-mail inbox. Have an interesting document? Send it to TheInbox@washpost.com.

Respect At Issue For Corpsman, Marines (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, October 8, 2006

CAMP PENDLETON — As a sailor among Marines, corpsman Melson Bacos was an outsider. Now he is poised to be the star witness as Marine Corps prosecutors push to convict seven Marines of murder in the first high-profile Iraq war case to hit Camp Pendleton.

Bacos' court-martial proceeding Friday exposed the complex relationship between combat Marines and the sailors who follow them into battle to patch up their wounds.

In exchange for a light sentence, Bacos has promised to testify against the seven, all charged with murdering an unarmed disabled Iraqi man in Hamandiya in April.

Lawyers say the prospect of his detailed testimony may prod other defendants to cut their own deals.

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Sentenced to a year in the brig, the 21-year-old petty officer 3rd class probably will be behind bars for only five more months, after being given credit for good behavior and 142 days already served. Without the plea bargain, the judge said he would have sentenced Bacos to 10 years in prison.

Bacos, with a soft voice and slight build, said he felt powerless to stop the Marines from carrying out a plan to kidnap a suspected insurgent, kill him and then plant phony evidence to make it look as if he'd been caught burying a roadside bomb.

In explaining his actions to the military judge, Bacos said that he pleaded with one Marine to let 52-year-old Hashim Ibrahim Awad go, but the Marine replied with an epithet suggesting Bacos lacked manhood.

Navy corpsman Brandon Snow, testifying on behalf of Bacos, said that it is not easy for corpsmen to be accepted by combat Marines.

"You have to earn that respect and trust as their corpsman," Snow said.

By their nature, Marine infantry troops are clannish. They call each other "grunts" and disdain outsiders as POGs — people other than grunts.

When Marines go into combat, each carries an M-16 assault rifle, a weapon that requires precision handling. Corpsmen, including Bacos, usually carry shotguns, considered a weapon easily handled. Some Marines don't consider the corpsmen to be full members of their teams.

Bacos, the son of Philippine immigrants, enlisted after high school. He said he did not protest the plan to kill an Iraqi on April 26 because he "wanted to be part of the team." But he also said he told another corpsman after the killing that they were different from Marines.

There was no ambivalence when Bacos talked of his first deployment to Iraq with Kilo Company, of the 3rd Battalion, 5th Marine Regiment, during the November 2004 fight in Fallouja.

He said the phrase "corpsman-up," the call for a corpsman to rush to a wounded Marine, still "brings chills to me."

"It brings me memories of Marines who have died," he said.

In possibly the most dramatic moment in the court hearing, Bacos listed from memory the names of nine Marines with his company who were killed in Fallouja. A picture was shown of a memorial service held in Iraq, with nine rifles and nine helmets.

To the judge and later to reporters, Bacos said that by not stopping the April 26 killing he had lost his honor. The only way to regain that honor, he said, was to plead guilty and seek forgiveness.

In March 2003, as Marines crossed into Iraq, each Marine and corpsman received a statement from Maj. Gen. James N. Mattis, then commander of the 1st Marine Division, telling them to "carry out your mission and keep your honor clean."

Mattis is now a lieutenant general and the convening authority in the Hamandiya case and he approved Bacos' plea bargain.

'Secret' Chart Wasn't (WT)

By Terence P. Jeffrey

The Washington Times, October 8, 2006

Bob Woodward's "State of Denial" got scooped on what was presented on national TV as the book's most sensational revelation -- that enemy attacks in Iraq have been escalating.

The Government Accountability Office and the Defense Department beat Mr. Woodward to reporting this information, and reported it in greater detail.

The government's open reporting on the increasing number of enemy attacks also refutes the charge Mr. Woodward made in collaboration with Mike Wallace on CBS' "60 Minutes" on Sunday that the administration kept this "trend" secret to deceive people about how badly the war is going.

Mr. Woodward writes about a May 24, 2006, Joint Chiefs of Staff intelligence assessment classified "Secret." It included two charts indicating enemy attacks in Iraq were escalating. A bar graph (reproduced on Page 472 of the book) indicated that between January and May of this year, average attacks per day had increased from 72 to 113. A line graph (reproduced on Page 473) indicated attacks per month had risen from less than 500 in May 2003 to more than 3,500 in May 2006.

DOJ_NMG_0078009

On Page 476, Mr. Woodward concedes that two days after the "Secret" JCS intelligence assessment was circulated in May, the Defense Department published its quarterly report to Congress on the Iraq war and included a similar chart on the attack trend: "Though there was a chart buried in the middle of the 65-page document showing that average weekly attacks were up to over 600, the document put the most positive spin on stability and security."

In fact, where Mr. Woodward's "Secret" graph showed only the trend in the average daily attacks from January to May of this year, the Defense Department's public graph showed the trend in average weekly attacks for six different periods of the war. The latest was February-May of this year, which Defense called the "Government Transition" period, when attacks were more than 600 per week. The report stated plainly, "Overall, average weekly attacks during this 'Government Transition' period were higher than any of the previous periods."

Yet, on "60 Minutes," Mr. Woodward's second chart from the "Secret" JCS intelligence assessment was presented as evidence the administration had tried to cover up this trend. "When you say the Bush administration has not told the truth about Iraq, what do you mean?" Mr. Wallace asked Mr. Woodward.

"I think probably the prominent, most prominent example is the level of violence," said Mr. Woodward. "Not just the growing sectarian violence, Sunnis against Shias that gets reported everyday ... but attacks on U.S., Iraqi and allied forces," Mr. Wallace said in a voiceover as the "Secret" chart flashed on the screen. "Woodward says that's the most important measure of violence in Iraq, and he unearthed this graph, classified secret, that shows those attacks have increased dramatically over the last three years." In another voiceover, Mr. Wallace says, "Woodward says the government had kept this trend secret for years before finally declassifying the graph just three weeks ago."

In fact, over the last 18 months, GAO has published written congressional testimony on at least six occasions that presented a progressively updated graph illustrating the same attack trend in Mr. Woodward's "Secret" graph. These include testimony released on March 14, 2005; Oct. 18, 2005; Feb. 8, 2006; April 26, 2006; July 11, 2006; and Sept. 11, 2006.

The GAO's bar graphs of the attack trend, readily available on the Internet, are superior to the "Secret" line graph Mr. Woodward reproduces in his book because the bars in the GAO's graphs are coded with shading to indicate the percentage of each month's attacks directed at different targets (i.e., coalition forces, Iraqi security forces, civilians, Iraqi government officials and infrastructure).

For example, on April 25, one month before the JCS circulated the "Secret" intelligence assessment cited by Mr. Woodward, GAO published testimony prepared by Comptroller General David Walker that features a bar graph headlined: "Enemy-Initiated Attacks Against the Coalition and its Partners, June 2003 through February." GAO sourced the information to the Multi-National Force-Iraq. Like Mr. Woodward's graph from the May 2006 intelligence assessment, GAO's April 2006 graph shows overall attacks rising from less than 500 in 2003 to about 2,500 in February 2006. Unlike Mr. Woodward's graph, GAO adds the detail that about 1,500 of these February attacks were aimed at coalition forces, while virtually all the rest were aimed at civilians or Iraqi forces. GAO did not downplay this disturbing trend.

In a section with the subheadline, "Insurgency has intensified and sectarian tensions increased," GAO said: "Over the past three years, significant increases in attacks against the coalition and coalition partners, as well as recent increases in sectarian violence, have made it difficult for the United States to achieve its political and security goals in Iraq. The insurgency in Iraq intensified from June 2003 through October 2005, and has remained strong and resilient."

GAO testimony released July 11 updated the attack-trend chart to include data through April, when attacks numbered about 3,300. GAO testimony released Sept. 11 updated the chart through July, when attacks numbered about 4,500 -- or about 1,000 more than the maximum reported by Mr. Woodward, whose chart stopped in May, when JCS circulated the "Secret" intelligence assessment that featured it.

Before and after the "Secret" chart reported by Mr. Woodward, GAO took the same information and posted it on the Internet.

Terence P. Jeffrey is a nationally syndicated columnist.

CRIMINAL LAW:

Bush Pledges To Work For School Safety (AP)

By Jennifer Loven

AP, October 8, 2006

President Bush on Saturday lamented recent "shocking acts of violence" in schools, and promised his administration will do what it can to keep centers of learning safe for students.

The White House is convening a conference on school safety Tuesday. Federal officials, school workers, parents, law enforcement officials and other experts are to gather in Chevy Chase, Md., a Washington suburb noted for exceptional schools.

The conference is being hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address.

In the past two weeks, three schools in three states have been hit by deadly attacks and several others have faced threats.

A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested Sept. 29 in the shooting death of his principal. On Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Bush also pushed for reauthorization of the No Child Left Behind law, which he says needs some changes. Under the law, schools that get federal poverty aid and fall short of their yearly progress goals for two straight years must offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

The law is scheduled to be renewed by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election.

Leading Democrats backed passage of the law, but they now say Bush has not adequately funded it.

The president outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for 28,000 low-income students across the country to transfer to private schools, and has asked for $100 million to pay for the initiative.

"Thanks to this good law, we are leaving behind the days when schools just shuffled children from grade to grade, whether they learned anything or not," Bush said. "Yet we still have a lot of work to do."

Bush Seeks Better Teachers, More Transfers With `No Child' Law (BLOOM)

By Paul Basken

Bloomberg, October 8, 2006

Oct. 7 (Bloomberg) -- President George W. Bush proposed strengthening the No Child Left Behind law, saying he wants to further improve the quality of U.S. teachers and give parents more options to flee failing schools.

``The No Child Left Behind Act has brought good progress, yet we still have a lot of work to do," Bush said today in his weekly radio address.

The law, enacted in 2002, faces renewal next year. It enjoys support among members of both parties, though Democrats have complained that Bush and his Republican congressional allies aren't providing the money promised to improve struggling schools.

Bush's renewed focus on the law, four weeks before congressional elections, prompted a barrage of Democratic criticism about funding and issues such as administration policies for tracking minority children, ensuring school safety and establishing reading curriculum.

``This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath," said Senator Edward Kennedy of Massachusetts, the top-ranking Democrat on the Senate Education Committee.

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Kennedy, in a statement following Bush's visit Oct. 5 to a public charter school in Washington, said the law has been underfunded by more than $55 billion since enactment, shortchanging 3.7 million children this year.

Law's Penalties

Under the law, elementary and secondary schools that fall short of testing standards for two straight years must let students transfer to a different school in the district, then pay for tutoring in the third year. After six years, schools face the possible replacement of administrators and teachers.

The law is designed to ensure that all grade-school students reach minimum competency levels in subjects such as math and reading by 2014.

Bush said today that his plan for reauthorizing the law next year will include provisions to ``improve teacher quality, so that every child has an excellent teacher." No state met this year's deadline under No Child Left Behind for using only ``highly qualified" teachers in all classrooms.

Bush also promised today to ``give more options to parents whose children are trapped in struggling schools." Fewer than 1 percent of the nearly 4 million students eligible for transfers in the 2003-04 school year actually exercised the option, according to the Education Department.

Part of the reason for the low transfer rate is the time delay in reporting test results. Most states hadn't reported test results for the last school year by the time classes began this fall.

Charter Schools

Education Secretary Margaret Spellings has said the administration hopes with the reauthorization of No Child Left Behind to increase the options for parents in low-performing schools. Her plan includes encouraging more charter schools, which are publicly funded and privately managed alternatives to traditional public schools.

Yet the Education Department reported in August that the nation's $6 billion charter school industry is performing at a lower level than traditional U.S. public schools in both reading and mathematics.

The Friendship-Woodridge Elementary and Middle School in Washington, where Bush visited Thursday, is one of only four, among 34 charter schools in the nation's capital, that currently meet the testing standards established by the No Child Left Behind law.

Representative George Miller of California, the top-ranking Democrat on the House Education Committee, said Bush ``needs to practice what he preaches" concerning accountability.

While Bush is promoting incentive pay for teachers, Republican leaders in Congress have failed to provide the money necessary for states to implement the idea, Miller said in a statement.

Democrat Complaints

Miller also is among a group of House Democrats who wrote last week to Spellings complaining of regulatory changes proposed by her department that would make it more difficult to keep statistics on performance by minority children.

An audit last month by the department's inspector general accused department officials of violating the No Child Left Behind law by steering grants for federally funded reading curriculums toward favored vendors.

Bush said today that he wants to extend the No Child Left Behind law's testing provisions to high schools. Congress has rejected that type of proposal in the past.

In his radio address, Bush also expressed concern for the victims of violence in recent days at U.S. schools, including the attack at a one-room Amish school in Pennsylvania that killed five girls. He plans to hold a conference Oct. 10 with Spellings and Attorney General Alberto Gonzales to study possible solutions to school violence.

``I wouldn't expect a lot of policy outcomes and recommendations to come out of this conference," White House spokeswoman Dana Perino said yesterday. ``This is a gathering where people will be sharing thoughts, best practices and hopefully coming up with some ideas that can help school districts."

How To Make Schools Safer (TIME)

By Irwin Redlener, M.D.

Time, October 8, 2006

DOJ_NMG_0078012

Nickel Mines, Pa., is not just a small, rural town where bad things rarely happen. It is a place, steeped in Amish culture, where peacefulness and spiritualism are nurtured. When big-city dwellers daydream of somewhere far from the high-intensity stresses — and perceived dangers — of the megapolis, it might be a place like Nickel Mines that comes to mind. Surely that's one of the reasons that America was so shaken this week, when five children were executed in Nickel Mines' one-room schoolhouse.

Incidents like this would be deeply distressing no matter where they occur. But with similar deadly school intrusions in Wisconsin and Colorado in the past few weeks, many parents worry that this is a growing crisis, even if statistical trends regarding school shootings do not necessarily support the idea that this is a problem on the rise. Perception counts — and the perception of schools as safe havens is eroding with each new incident. Making matters worse for parents is the feeling of helplessness in the face of what's seen as a new threat to their children.

So, what to do now? In my view, the most effective antidote to the sense of anxiety and helplessness is a meaningful plan of action. The process must start with accurate, balanced information that is neither hysterical nor overly sugar-coated. Let's start with what we know.

It is not just deranged individuals who can invade a school and threaten our children. In the world of international terrorism, children and schools are considered soft targets, providing high visibility for terrible acts that enrage and demoralize civilized communities. Just two years ago, this reality was confirmed when Chechen rebels invaded an elementary school in the remote Russian city of Beslan, killing more than 150 children and an equal number of teachers and other adults.

The problem is that access to schools almost anywhere in the world is, by the nature of these institutions, relatively easy. Schools are supposed to be places where parents entrust officials to oversee the development and education of their children, not pen them in. Traditionally, openness is unfettered by fear of physical or emotional violence. Turning our schools into armed fortresses would be counterproductive, unrealistic and, for the vast majority of our children, entirely unnecessary.

Still, the federal government's response to concerns about school security has been dismal. In fact, since 2003, federal funds to improve security in our schools have been severely cut back, with fewer than 2% of the nation's school districts having received emergency-response grants from the U.S. Department of Education.

The good news, though, is that we can develop prudent, home-grown strategies that make sense, without turning schoolyards into armed camps. Here are common-sense steps that should be taken now:

— Points of entry to schools and school grounds should be limited and controlled, staffed by an adult trained to determine if potential visitors belong there or not.

— Wireless panic alarms could easily and inexpensively be made available in every school, especially for those responsible for access control. If a situation warranting concern arises, an alarm could be sounded to simultaneously alert the school and local law-enforcement officials.

— As back-up, schools also should have strategically placed telephones for making 911 calls.

— Schools need well-designed disaster preparedness plans that are familiar to staff and students and that have been practiced regularly.

— Relationships between school officials and local law-enforcement and first-responder agencies need to be established long before disaster strikes. Response protocols should be clear and understood by all parties.

— Teachers and students need to become "situationally aware," meaning that they will notice — and report — behavior among their peers that seems concerning, or the presence of people who don't belong in the school at all.

Finally, parents have particularly important responsibilities in making our schools safer. They should talk to their children calmly and reassuringly about the true rarity of these horrific events. But parents should also be the main advocates pushing educators and elected officials to do whatever is necessary to improve the security of the nation's schools. This advocacy needs to take place in every community and be directed toward every level of government.

We will never have perfect systems that can prevent every conceivable act of violence in the nation's vast network of schools. But we can reduce the chances of the next Columbine or Nickel Mines by taking some basic actions now. And if these actions help discourage some terror organization from planning an American Beslan, all the better.

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Irwin Redlener, M.D., the author of Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do Now (Knopf), is the director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health and president of the Children's Health Fund

A Very Violent School, Or Just Very Honest About Reporting Its Violence? (NYT)

By Winnie Hu

The New York Times, October 8, 2006

ROME, N.Y. — The students at Rome Free Academy here in upstate New York do not pass through metal detectors. They are not escorted to class by police officers. And their graffiti-free lockers are not routinely searched for drugs.

But last month, the State Education Department placed Rome on its first "watch list" of dangerous schools, a Top 10 of schools that have repeatedly reported student violence like weapons possession, assaults and arson.

Rome Free Academy, a public high school 45 miles east of Syracuse, stands out on a list dominated by urban schools not just because it is nestled on a high-tech campus on a former Air Force base, but also because the teachers, parents and students here contend that it does not belong on the list.

While no one denies that the school has its share of lunchroom fights, the parents say Rome was unfairly singled out after reporting every single case, as the law requires, while other schools did not.

"Maybe they've been too honest," said Gary DeMatteo, chief of police in this city of 35,000, and the husband of a math teacher at the high school. "It just doesn't make sense any other way."

Few things regarding schools — other than perhaps test scores — are parsed as closely as violence statistics or can provoke as much criticism, dismay and even recrimination within a community. After the 1999 shootings at Columbine High School in Colorado, parents and elected officials nationwide sought to hold schools accountable for the safety of their students with a raft of antiviolence laws that called for better record-keeping, among other things.

(In response to deadly attacks in three schools in three states recently, the White House is convening a conference on school safety Tuesday.)

But many of these laws have been inconsistently enforced, leading to what appear to be lopsided records. In a national list of schools identified last year as "persistently dangerous," the most serious category of violent schools, Pennsylvania accounted for one-quarter of the total, and New York and New Jersey combined to account for another quarter, while a majority of states reported none at all.

Even so, an audit by the New York State comptroller, Alan G. Hevesi, in May found that high schools were significantly underreporting school violence.

James Garbarino, a psychology professor at Loyola University in Chicago, is one of many school violence experts skeptical about watch lists that are based on self-reporting, which essentially amounts to an honor system.

"Lots of schools don't want to report because it brings unwanted negative attention," Mr. Garbarino said. "It affects the careers of school administrators and school boards, and it can even affect real estate values. So there's a lot more at work here than just acts of violence."

In Rome, the state watch list made front-page headlines in the local newspaper and brought sharp disavowals from school officials, who have invited parents and members of civic groups to visit Rome Free Academy to see for themselves.

It has also dismayed longtime residents like Kathy Kusch, 45, who moved here a decade ago so her two daughters could attend Rome schools. "I don't particularly like the fights," she said. "But I don't like more the reputation we're getting because it makes it sound like we're not a good place to live."

Under federal and state laws, school administrators have been required since 2001 to report all acts of violence and disruptive conduct during school activities and on school grounds.

State education officials then review two years of the reports and use a weighted system to identify troubled schools as "persistently dangerous," a designation that eases the path for parents to transfer their children to another school. Beginning this year, schools that fall just short of that designation are put on a watch list.

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State education officials last month cited a total of 27 violent schools for the current school year, 17 of them "persistently dangerous," the other 10 on the watch list.

All but 7 of the 27 are in New York City. Two are in Rochester, and one is in Buffalo. Besides Rome Free Academy, the others are two programs for troubled young people, the Berkshire Junior-Senior High School in Columbia County and the Martin Luther King Jr. High School in Westchester County; and the Milton L. Olive Middle School in Wyandanch, on Long Island.

The number of schools highlighted is far higher than in any previous year, but is less than 1 percent of the 4,453 public schools in New York State.

In the United States and Puerto Rico, there were 36 schools listed as "persistently dangerous" last year, down from 47 in 2003; this year's national statistics have not yet been released. Of the 36, Pennsylvania had the most, with 9, while Puerto Rico had 8 and Maryland 6. Five were in New York, four in New Jersey, and none in Connecticut.

All the schools on the list reported a number of violent episodes over the last two school years, ranging from 11 to 104 in each year. Rome Free Academy, which has 1,819 students in grades 9 through 12, reported 53 violent episodes last school year, 8 fewer than the school year before.

School records show that five of those episodes were confiscations of weapons: a switchblade and four penknives. The remaining 48 cases were fights, 2 leading to serious injury. In the first such instance, a student received medical treatment after a fight on a school bus. In the second, a student became upset in class and threw a textbook over his shoulder, striking the teacher.

"I would even dare say that was accidental," said Mark Benson, the school's principal. "But by the way I understand the reporting, we are required to report it."

Complaints about inconsistent reporting have increasingly drawn the attention of state officials. Mr. Hevesi's audit criticized the State Education Department's handling of school violence reporting, finding that 10 of 17 high schools — Rome was not in the sample — failed to report at least one-third of their violent and disruptive events.

For example, the audit cited 780 unreported cases at Albany High School, including 106 assaults that resulted in physical injury. The school, which is not on the state's watch list, tightened security last week after a student was stabbed. School officials, however, dispute the assertion they have failed to report violent cases.

School officials across the state say the reporting process is overly subjective and confusing. First, they must decide whether a confrontation is serious enough to report, and then they must choose among vaguely defined categories. For instance, if a student is scratched in a fight, should that be reported as an "assault with physical injury" or as a "minor altercation"? Or should it be reported at all?

Take, for example, Mount Vernon High School in Westchester County, which has 2,600 students. Officials there did not report a single assault resulting in a physical injury for the 2004-5 school year; Rome Free Academy reported 54. "I think that Rome probably overreported," said Ellen Garcia, who reviews school violence reporting for the Mount Vernon City School District. "And there's a chance Mount Vernon underreported."

To address such discrepancies, state officials have visited 25 schools since June to review records, and plan another 75 visits by June 2007. They held training sessions for 1,500 superintendents, principals and school workers in August, and have requested more money to hire 70 auditors and other staff to monitor school violence reports.

Asked about Rome, Greg Bayduss, the state official who oversees school violence reports, said, "The State Education Department has devoted considerable resources and taken the initiative to address concerns that have been voiced in order to create an environment where all schools are reporting in a consistent and uniform manner."

In Rome, the high school is a source of pride in a down-on-its-luck city that was built on a copper industry long since faded away. In 1995, the closing of Griffiss Air Force Base led to an exodus of military families and businesses that further crippled the community; the gleaming new high school opened on its grounds in 2002. Today, Rome is perhaps best known as the home of two state prisons.

The predominantly white high school, where more than one-third of the students qualify for free or low-cost lunches, has a graduation rate of 78 percent, just above the statewide average of 77 percent.

The school's new home is a brick-and-glass showpiece in a business and development park, the frame of the military base's chapel incorporated into the cafeteria.

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Joelle Taylor, who was school board president when the school moved from an old building downtown, said fighting increased shortly afterward because students were no longer allowed to leave school during the day, so violence that might have occurred off campus moved on campus.

In response, the district secured a $7.8 million federal grant last year for violence prevention, and drew on it to pay for a police officer, a probation officer and a substance abuse counselor at the high school. The district spent two years developing a policy, which takes effect this fall, that broadly defines violence as "any word, look, sign, or act that hurts a person's body, feelings or things."

At Rome Free Academy, the sectional sofas in the lobby have been replaced with wood benches so students are less inclined to linger. A flier above a water fountain advertises a new anger management group. And students sent to the principal's office for fighting are often redirected to an outdoor obstacle course where they have to work together to complete assigned tasks.

During a school open house last week, Mr. Benson, the principal, reassured parents that the school was safe. "I'm not sure what the state is hoping to accomplish with this list," he said afterward. "It's gotten us bad publicity, and it certainly doesn't help."

Elizabeth Monahan, the senior class president, said that the student newspaper would protest the school's inclusion on the watch list in editorials, and that her relatives now asked if she felt threatened at school.

"It makes me very sad because we work so hard to portray ourselves as a really good school," said Ms. Monahan, 17, a fourth-generation Rome Free Academy student.

Conflicting Accounts Leave Plot Holes In Foley Saga (WP)

By Charles Babington

The Washington Post, October 8, 2006

House Ethics Committee and FBI Will Try to Sort Out Who Knew What -- and When

Despite countless hours of TV coverage and reams of newspaper reporting on the House's handling of the Mark Foley page scandal, numerous fundamental questions remain unanswered as the FBI and the House ethics committee begin their first full week of inquiries.

Gaps and inconsistencies in the public accounts include such basic matters as when House Speaker J. Dennis Hastert (R-Ill.) and his top aides first learned of concerns about Foley's relationships with male pages, and what they did about it. Also unclear is which GOP officials decided that only two members of the six-person House Page Board should confront the Florida lawmaker.

And accounts differ on whether the two board members knew the exact contents of e-mails Foley sent last year to a teenage boy in Louisiana. Those messages alarmed the boy and his parents and set into motion the events that eventually would uncover far more sexually graphic messages to other former pages, triggering Foley's abrupt resignation a week ago.

Armed with subpoena power, investigators for the FBI and the ethics committee will pursue scores of questions, almost surely including:

Who decided to keep word of the Louisiana e-mails closely held, so that only a handful of House Republicans -- and no Democrats -- knew of them?

Various accounts agree that only two people -- Rep. John M. Shimkus (R-Ill.), chairman of the Page Board, and then-House Clerk Jeff Trandahl, also a board member -- confronted Foley in November 2005 about the messages. But none has definitively said who decided that only those two should handle the task.

A Sept. 30 "internal review" released by Hastert's office says that aides to Rep. Rodney Alexander (R-La.) alerted Hastert's aides to the e-mails. Among those dealing with the matter were Hastert's deputy chief of staff, Mike Stokke, and his in-house counsel, Ted Van Der Meid.

Stokke contacted Trandahl, who then contacted Shimkus. The review says Trandahl and Shimkus "immediately met" with Foley. But it does not say who chose the meeting's participants, and why other Page Board members -- including Rep. Shelley Moore Capito (R-W.Va.), Rep. Dale E. Kildee (D-Mich.) and Sergeant-at-Arms Wilson "Bill" Livingood -- were never alerted.

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Some lawmakers say Capito, Kildee and Livingood might have urged queries to current and former pages, which could have turned up accounts of Foley's unusual friendliness to the youths and his sexually explicit messages to some of them. Such accounts were quietly traded among pages, former pages and some House staff members, according to recent news reports.

Did Trandahl and Shimkus know exactly what the e-mails to the Louisiana boy said?

Hastert's internal review indicates that the two men did not know the e-mails' precise language when they sat down with Foley, because Alexander's staff refused to divulge it at the boy's parents' request. That may have put the two men at a disadvantage when confronting Foley, who assured them that the messages and his intentions were innocent.

Shimkus has said Alexander's staff did provide him with the text of the e-mails before he confronted Foley. In them, Foley requested a photo of the boy, then 16, and asked what he wanted for his birthday. The boy told an acquaintance he found the request "sick, sick, sick."

How did House Majority Leader John A. Boehner (R-Ohio) handle word of the Louisiana e-mails?

Hours after Foley resigned Sept. 29, Boehner told The Washington Post that he had heard last spring of some contact between Foley and a 16-year-old boy. He said he mentioned it to Hastert, who assured him "we're taking care of it." Soon after The Post asked the speaker's staff for comment on the remarks, Boehner called the paper and said he could not recall whether he had spoken to Hastert about the matter.

On Tuesday, Boehner told a Cincinnati radio station: "I believe I had talked to the speaker, and he told me it had been taken care of. My position is, it's in his corner, it's his responsibility."

Did Hastert know about the e-mails to the Louisiana boy?

Reinforcing Boehner's initial comments, Rep. Thomas M. Reynolds (R-N.Y.) -- chairman of the National Republican Congressional Committee -- says he learned of the e-mails from Alexander this year and told Hastert about them. "I took logical, common-sense steps of notifying my supervisor," Reynolds told the public radio program "On Point" Thursday. "My supervisor was the speaker of the House."

Hastert says he does not recall such conversations with Reynolds or Boehner, but he does not dispute that they may have occurred. He says that Stokke and Van Der Meid did not tell him about the e-mails and that there was no reason for them to do so. Hastert says he does not recall hearing of concerns about Foley's dealings with teenagers until the day Foley resigned.

Was Hastert's staff alerted to earlier concerns about Foley's behavior toward teenage pages?

Kirk Fordham, who served as chief of staff to Foley and later to Reynolds, says that in 2003 he repeatedly asked Hastert's staff to help put a stop to the Floridian's inappropriate attention to male pages on Capitol Hill. Fordham says that he appealed especially to Hastert's chief of staff, Scott Palmer, and that Palmer discussed the matter with Foley in a Capitol meeting.

A congressional staff member with personal knowledge of Foley and his actions has told The Post that Fordham's account is accurate. But Palmer has said through a spokesman that Fordham's account is untrue.

Lawmakers Face Scrutiny In House Probe (AP)

By Larry Margasak

AP, October 8, 2006

The House's investigation of a page sex scandal has only one certainty: Former Rep. Mark Foley will escape punishment by his peers.

It is the Florida Republican's sexually explicit electronic messages to teenage former male pages that have ignited what has become a pre-election firestorm.

Congress only can punish current members, officers and employees. Foley resigned on Sept. 29, but is under investigation by federal and Florida authorities.

If the House ethics committee finds evidence of a Republican cover-up, many people could be in jeopardy, facing consequences that range from a mild rebuke in a committee report to a House vote of censure or expulsion.

Unlike the committee's usual practice of identifying the investigative target at the outset, this probe is wide open. Anyone who knew of Foley's salacious messages before the story broke at the end of September has reason for concern.

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"At this point, what we're launching is an investigation into this whole affair, without a specific target," said California Rep. Howard Berman, the senior Democrat on the 10-member committee divided evenly among Republicans and Democrats.

"But because Mark Foley has left the Congress, we don't have the authority to discipline him in any way. The reason what happened is relevant is because there are people now who have responsibilities, and we're gathering the facts which are related to his conduct to make judgments," Berman said.

A second committee member, Rep. Judy Biggert, R-Ill., said House Speaker Dennis Hastert's prominence in questioning about who knew what and when about Foley's conduct toward pages and Hastert's closeness to her will not be problematic.

Hastert's leadership political committee gave Biggert $6,000 for her 2002 campaign and his re-election committee gave her $1,000. Her district also adjoins Hastert's.

"We're looking at a great number of people, not just one specific person," Biggert said. "The facts will lead to us to who, if there is someone, who perhaps did a cover-up."

Fred Wertheimer, president of Democracy 21, a group that monitors congressional ethics, wondered whether the committee can conduct an impartial investigation without an outside counsel. The committee rejected that idea, as it has done occasionally in other high-profile cases involving House leaders.

"Published reports have clearly indicated a number of House members were aware of the incident with the House page," Wertheimer said, referring to less suggestive e-mails Foley sent to a former page from Louisiana. "You would expect the committee to make clear they would be looking at those members. That doesn't mean they would reach any conclusion."

He noted the committee did not specify who it will interview. Hastert has said he was not aware of Foley's inappropriate conduct until the story broke publicly late last month.

"The House ethics committee process is a secret process so we don't know what's going to go on," Wertheimer said.

The committee was in turmoil from the start of the current Congress in January 2005 through last May, when it finally announced a number of investigations.

Bitter partisan arguments broke out in early 2005 when Hastert, at the request of former Majority Leader Tom DeLay, replaced Republicans on the committee who had voted for reports critical of DeLay's conduct.

Then Hastert's hand-picked chairman, Rep. Doc Hastings, R-Wash., and the committee's top Democrat, Rep. Alan Mollohan of West Virginia, argued to a stalemate over staff and rules for investigations.

It was only after Mollohan — under his own ethics cloud involving business deals — stepped down from the committee that the partisan squabbles ended. Berman took over as ranking Democrat and established a good working relationship with Hastings.

In a burst of activity last May, the two leaders announced a flurry of investigations — focusing on Rep. Bob Ney, R-Ohio, with links to convicted lobbyist Jack Abramoff, and on the Democrat at the center of a separate bribery probe, Rep. William Jefferson of Louisiana.

Ney agreed in September to plead guilty to two criminal charges in the congressional corruption probe spawned by disgraced lobbyist Jack Abramoff. Jefferson, also the subject of a criminal investigation by the Justice Department, has denied any wrongdoing.

Former Foley Aide Expecting To Testify Before House Panel (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — A former senior aide to Mark Foley expects to go before the House ethics committee next week and testify under oath that he alerted the speaker's office as early as 2003 to inappropriate contact with teenage pages by Mr. Foley, his lawyer said Saturday.

The former aide, Kirk Fordham, will also tell the panel that Scott Palmer, the longtime chief of staff to Speaker J. Dennis Hastert, later met with Mr. Foley to talk about his troubling interest in pages, though Mr. Fordham did not attend that meeting, said Timothy J. Heaphy, Mr. Fordham's lawyer.

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"He continues to stand by his claim that he alerted Scott Palmer to this incident with Foley, and he knows there was a subsequent meeting with Foley and Palmer," said Mr. Heaphy, who contacted the ethics committee on Friday to offer Mr. Fordham as a witness. "Kirk is confident and ready to go under oath."

Mr. Palmer has denied having such a discussion with Mr. Fordham, who was a top aide to Mr. Foley, a Florida Republican, until January 2004. The speaker's office has said it had no inkling of Mr. Foley's contact with pages until the family of a former page in Louisiana complained about a communication to their son from Mr. Foley in the fall of 2005.

A chronology assembled by the speaker's office said that neither Mr. Hastert nor Mr. Palmer were ever made aware of that e-mail message, which led to a warning to Mr. Foley to cease communication with the youth but no other action. Mr. Hastert said he had no knowledge of Mr. Foley's activities until just before the lawmaker resigned on Sept. 29 after the disclosure of other, sexually explicit electronic messages to former pages. The resulting political and legal uproar is overshadowing the final weeks of campaigning for the midterm elections.

The speaker's office said Saturday that it would be up to the ethics committee, which began an expansive investigation on Thursday, to sort through the conflicting accounts.

"The House Standards Committee is investigating this matter, and we are confident in its ability to determine the real facts," said Ron Bonjean, spokesman for Mr. Hastert.

The ethics committee intends to reach out to a circle of people in Mr. Hastert's office who may be able to confirm or deny if a meeting took place between Mr. Fordham and Mr. Palmer.

One person emerging as a subject of interest is Christy Surprenant, the former director of administration in the speaker's office, who was Mr. Palmer's assistant. Ms. Surprenant, who later worked for President Bush's campaign in her native Minnesota, could not be reached for comment on Saturday.

Following the initial denial from Mr. Palmer, a second senior Congressional aide, who asked not to be named because of the ethics committee investigation and a separate inquiry by the Justice Department, on Friday offered corroboration of Mr. Fordham's claim that he had met with Mr. Palmer.

At the time of Mr. Foley's resignation, Mr. Fordham was the chief of staff to Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, whose re-election has been complicated by the Foley scandal. Mr. Fordham left Mr. Reynolds's office last Wednesday as he became a central figure in the case.

On Saturday, Mr. Reynolds began broadcasting a television advertisement in his district apologizing for the Foley matter but saying he had seen none of the messages. He also canceled a planned Sunday national television appearance. Mr. Heaphy said investigators for the ethics committee were receptive to his offer to make Mr. Fordham available. "We haven't fixed a time and place, but they indicated they want to interview him," he said, saying he expects the panel to move quickly. "They welcomed the contact."

Mr. Fordham met for about two hours last week with the F.B.I., which is investigating whether a federal crime was committed. The ethics panel's inquiry focuses on how the House handled the matter and whether there was adequate response to any suggestion that Mr. Foley was stepping over the line with pages.

The question of what the speaker's office was told and when is important because the leadership has defended its response to the initial Louisiana e-mail by saying it was only "overfriendly" and did not set off any alarms, a defense that could be undercut had there been earlier discussions about Mr. Foley and House pages.

Mr. Hastert took responsibility last Thursday for the page scandal in an appearance that Republicans hoped would quiet calls for his ouster. He promised to take action if the ethics committee found any staff members had been negligent.

"If it's members of my staff or they didn't do the job, we will act appropriately," Mr. Hastert said. "If it's somebody else's staff, they ought to act appropriately as well."

Tables Turned On Hastert's Go-To Team (LAT)

By Noam N. Levey

The Los Angeles Times, October 8, 2006

The speaker's designated problem-solvers find themselves in a bad spot in the Foley scandal.

WASHINGTON — When a complaint about Rep. Mark Foley's inappropriate interest in a teenage former page was brought to House Speaker J. Dennis Hastert's office last year, it ended up on the desks of two of the Illinois Republican's most trusted lieutenants.

The two men — Hastert's chief political advisor and his senior legal counsel — along with Hastert's longtime chief of staff, are the speaker's go-to team to resolve problems.

Today, what this trio of senior aides knew about Foley's interest in teenage pages and what they did about it may determine whether the story remains a sexual scandal or grows into one of broader deception and coverup, as Hastert's critics have charged.

Fiercely loyal to the speaker and the Republican Party, veteran aides Scott Palmer, Mike Stokke and Ted Van Der Meid have for years helped Hastert tend to his Republican flock — and protect its members when they run into trouble.

According to several current and former congressional staffers, the group played a central role in the effort to rewrite House rules so then-Majority Leader Tom DeLay could retain his leadership post even if he were indicted. The team also helped engineer the elimination of a congressional subcommittee critical of the cost of a construction project favored by Hastert and others.

The speaker's office has acknowledged that Deputy Chief of Staff Stokke and counsel Van Der Meid fielded a complaint last fall that Foley had been sending provocative e-mails to a former page in Louisiana. And Palmer, Hastert's chief of staff, is facing accusations that he was alerted to Foley's behavior by a senior Foley aide as early as 2003.

Now, leaders of the House Ethics Committee — which has been charged with investigating the Foley case — say they plan to look broadly at how House leaders handled the issue.

If they do, that may prove troublesome to the speaker and his party, said congressional scholar Norman Ornstein, a critic of Hastert's leadership. "To an awful lot of people around Capitol Hill, when they look at Palmer and Van Der Meid, they see Ehrlichman and Haldeman," Ornstein said, invoking the names of two principals in the Watergate scandal of a generation ago.

Hastert's office has repeatedly denied any suggestion of a coverup since Foley's resignation Sept. 29 amid reports that he sent sexually explicit messages to former pages.

Palmer said he never received any warning about Foley three years ago. And the speaker has maintained that Stokke and Van Der Meid appropriately forwarded the complaint they received to officials who oversaw the page program.

None of Hastert's aides responded to interview requests for this report.

Being a political problem for Hastert is an odd position for Palmer, Stokke and Van Der Meid.

The three aides, each of whom has decades of experience in politics, are usually the men who take care of problems for a speaker who often leaves the nitty-gritty job of managing House business to others.

"It's been one of the secrets of his success," former Rep. Bill Paxon, a New York Republican who chaired the National Republican Congressional Committee in the early '90s, said of the effectiveness of the Hastert team.

Palmer, 55, has been with Hastert the longest, working with the then-wrestling coach during Hastert's initial run for the Illinois state Legislature in 1980. He came to Washington with Hastert in 1986, and was by his side when Hastert took the speaker's gavel in 1998.

Highly focused, determined and sometimes quick to anger, Palmer is widely considered among the most powerful chiefs of staff in the speaker's office in decades.

"Very few things happened or went through the speaker's office without Scott having some level of involvement…. He is Denny's alter ego," one former House Republican aide said.

Like many current and former congressional staff members who still do business with the speaker, the aide asked not to be identified while talking frankly about Hastert's staff.

Stokke, 45, joined Hastert's team in 1997 after spending his 20s and early 30s working in Illinois politics.

A native of a small town in central Illinois, Stokke is more laid-back than Palmer, people who know the two men say. But Stokke plays a pivotal role for a speaker who travels widely around the country to help raise money and campaign for members of the caucus.

"He's the guy who travels with Hastert when he does the rubber-chicken circuit," said another former Hastert aide. "He views everything through the political prism … knows all the races."

Van Der Meid, 49, became Hastert's chief legal advisor in 1999 after 15 years on Capitol Hill as a staffer and counsel to the House Ethics Committee that is now investigating the Foley case.

A tactician with a lawyer's appreciation for the power of legislative rules and structures, Van Der Meid is also seen as highly partisan. And when trouble arises, those who have worked with him say, he is often deployed to deal with it.

One very big problem that confronted the speaker's office two years ago was DeLay.

Under investigation in Texas for violating campaign finance rules, DeLay was facing indictment at the end of 2004. He had already been admonished twice by the House Ethics Committee, whose chairman, a conservative Colorado Republican, surprised many by backing the condemnation of the powerful majority leader.

And because of a rule enacted by Republicans a decade earlier, DeLay faced the prospect of having to give up his leadership post if indicted.

Hastert's senior aides responded forcefully to protect DeLay, according to people familiar with the planning. Working with DeLay aides, the Hastert team helped make a change in the rules that would allow DeLay to keep his post if indicted. Hastert then pushed the rule through the House on a party-line vote.

Under fierce criticism from Democrats and many government watchdogs, the speaker ultimately reversed himself.

But Hastert's team didn't return everything to the way it was. In February of last year, the speaker removed the chairman of the Ethics Committee, Rep. Joel Hefley (R-Colo.), who had rebuked DeLay.

It wouldn't be the only time that the speaker's office maneuvered to quiet a problem.

Hastert's aides also helped orchestrate the elimination of a congressional subcommittee that expressed concerns about the skyrocketing costs of the massive visitor's center being built underground on the east side of the Capitol, according to a former committee staff member.

Scott Lilly — who spent 31 years on Capitol Hill, mostly working for Democrats on the powerful House Appropriations Committee — said he repeatedly saw Van Der Meid working to quell criticism of the multimillion-dollar project, which is prized by Hastert and several other congressional leaders.

"There really seemed to be a pattern here of ignoring problems or sweeping them under the rug," said Lilly, who now works for the progressive Center for American Progress.

A Hastert spokesman said Friday he couldn't comment on the elimination of the subcommittee.

It is still unclear what Palmer, Stokke and Van Der Meid did with the complaints about Foley.

Several people who worked with the three said it was inconceivable that they would have brushed aside something as serious as a congressman making inappropriate advances on teenagers under the speaker's care.

"They wouldn't have tolerated it," one former associate said.

But at least some outside observers say if the past is a guide, investigators should look closely.

"The instinct, which is very strong in the Republican caucus, is to stand by their own," said Ron Peters, a University of Oklahoma political scientist who has written extensively about the House of Representatives. "What we see with the Foley episode may be a distant cousin, or maybe not so distant, of what happened with DeLay."

Ex-Page Tells Of Foley Liaison (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, October 8, 2006

The young man says the then-congressman eyed males in the program. He says he was 21 when he and the Florida Republican had sex.

A former House page says he had sex with then-Rep. Mark Foley (R-Fla.) after receiving explicit e-mails in which the congressman described assessing the sexual orientation and physical attributes of underage pages but waiting until later to make direct advances.

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The former page, who agreed to discuss his relationship with Foley with the Los Angeles Times on the condition that he not be identified, said his electronic correspondence with Foley began after he finished the respected Capitol Hill page program for high school juniors. His sexual encounter was in the fall of 2000, he said. At the time, he was 21 and a graduate of a rural Northeastern college.

"I always knew you were a player but I don't fool around with pages," declared one instant message from Maf54, a screen name Foley used in exchanges that have become public involving male former pages.

The former page's account is consistent with Foley's assertion that he did not have sexual relations with minors, an issue that will be key to determining whether he committed crimes. The legal age of consent varies from state to state; in the District of Columbia, where the pages live in supervised dormitories, it is 16.

Yet the former page's exchanges with Foley offer a glimpse of possible predatory behavior by the congressman as he assessed male teenagers assigned as House errand-runners.

In the messages, Maf54 described how years earlier, he had looked to see whether the former page had an erection in his tight white pants while the then-teenager was working near the congressman. Maf54 also speculated about the sexual attributes of other males in the same page class, including the observation that one young man was "well hung."

Foley abruptly resigned his House seat Sept. 29, after the disclosure of sexually oriented messages to former pages. Other messages were subsequently divulged, and questions concerning how much House Republican leaders knew about Foley and his interest in pages are being investigated by the House Ethics Committee. Foley is now in seclusion in an alcohol treatment facility, and his lawyer has declined to answer questions about specific pages.

The FBI has begun contacting former pages, and at least one — a deputy campaign manager for Rep. Ernest Istook, an Oklahoma Republican who is running for governor there — has hired a criminal defense lawyer, according to a published report. Istook issued a statement last week urging the media to protect the young man's privacy after his name was briefly posted on the ABC News website.

The former page interviewed by The Times said he had not been contacted by the FBI or the House Ethics Committee. He agreed to talk to The Times only if his identity was protected, because of his fear that exposure could hurt his job prospects.

The Times found the former page after others identified him as someone whose contacts with Foley went beyond graphic messages. At an interview, the former page brought a computer containing his communications with Foley, and allowed a Times reporter to review them. The young man, who now manages a suburban office of a national franchise, says that he is gay and that he had only one sexual encounter with Foley before the contacts abruptly ended. The Times agreed not to publish the year of his page class to protect his identity.

The young man said that while serving as a page, he and his fellow pages gossiped frequently about Foley's overly friendly behavior but did not complain about him to program supervisors or other members of Congress. They nicknamed him "Triple F," for "Florida Fag Foley." One evening, four of the boys made an unannounced visit to Foley's home.

"We knocked on his door and he let us in. Nothing happened, but he was very friendly," the former page said.

Foley's flirtations made the young man feel important at a time when he was struggling with his emerging sexuality. "It seemed cool that he was taking an interest," he said. "I knew he was gay, and he was attracted to me."

After leaving the program, the former page began receiving messages from Foley. He is uncertain how Foley knew his college instant-message name, but assumed the congressman had access to a directory listing former pages' whereabouts.

The exchanges quickly became provocative. In one 2000 message, Maf54 inquired about the length and direction of the youth's erection.

"I always thought you were gay," Maf54 commented.

"Is it obvious?" the former page asked.

Ultimately, the young man said, he had a sexual encounter with Foley at the congressman's Washington home.

Then 21, he was in Washington as an intern in an unrelated program.

The two had wine and pizza on a backyard patio and then retired to a spare bedroom, he recalled.

The former page, who served during Foley's first term, said that he believed Foley became bolder in his behavior during his decade in Congress.

"He clearly has used his position, but who hasn't?" the former page said. He still follows protocol in referring to the former congressman as "Mr. Foley."

He said Foley was really two very different people: a legislator "really devoted to his cause," and a sexual being.

He and other former pages were surprised that it took so long for Foley "to get caught," he said.

"It most saddens me because of the damage it could do to the program," the young man said of the page system. "It was the most spectacular year of my life. I would love to do it all over again."

Foley Case Upsets Tough Balance By Capitol Hill's Gay Republicans (NYT)

By Mark Leibovich

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Every month or so, 10 top staff members from Capitol Hill meet over dinner to commiserate about their uneasy experience as gay Republicans. In a wry reference to the K Street Project, the party's campaign to build influence along the city's lobbying corridor, they privately call themselves the P Street Project, a reference to a street cutting through a local gay enclave.

For many of those men and other gay Republicans in political Washington, reconciling their private lives and public roles has required a discreet existence. But in the last week, the Mark Foley scandal has upset that careful balance.

Since Representative Foley, Republican of Florida, resigned after it was revealed he had sent sexually explicit electronic messages to male pages, gay Republicans in Washington have been under what one describes as "siege and suspicion."

Some conservative groups blamed the "gay lifestyle" and the gathering force of the "gay agenda" for the scandal. Others equated homosexuality with pedophilia, a link that has long outraged gay men and lesbians.

Conservative blogs and Web sites pointed out that gay staff members played principal roles in investigating the Foley case, suggesting that the party was betrayed by gay men trying to hide misconduct by one of their own. In the meantime, a group of gay activists, angered by what they see as hypocrisy by gay Republicans, have begun circulating a document known as The List, a roster of gay Congressional staff members and their Republican bosses.

"You can see where it would be easy for some people to blame gays for something that might bring down the party in Congress," said Brian Bennett, a gay Republican political consultant. He was a longtime chief of staff to former Representative Robert K. Dornan, Republican of California, who regularly referred to gays as Sodomites.

"I'm just waiting for someone in a position of authority to make this a gay issue," Mr. Bennett said of the Foley case.

The presence of homosexuals, particularly gay men, in crucial staff positions has been an enduring if largely hidden staple of Republican life for decades, and particularly in recent years. They have played decisive roles in passing legislation, running campaigns and advancing careers.

Known in some insider slang as the Velvet Mafia or the Pink Elephants, gay Republicans tend to be less open about their sexual orientation than their Democratic counterparts. Even though the G.O.P. fashions itself as "the party of Lincoln" and a promoter of tolerance, it is perceived as hostile by many gay men and lesbians. Republicans have promoted a "traditional values" agenda, while some conservatives have turned the "radical gay subculture" into a reliable campaign villain. And there are few visible role models in the party; Representative Jim Kolbe of Arizona is the only openly gay Republican in Congress.

As the blame from the Foley case has been parceled out in recent days, some people in Washington suggested that the Republican leadership's inadequate response to alarms about Mr. Foley was borne of squeamishness in dealing with a so-called gay issue. Meanwhile, some Republican staff members worried that several gay men caught up in the scandal would be treated unfairly.

They include Kirk Fordham, Mr. Foley's onetime chief of staff who resigned Wednesday as an aide to Representative Thomas M. Reynolds, Republican of New York, and Jeff Trandahl, formerly the clerk of the House of Representatives, a powerful post with oversight of hundreds of staffers and the page program. The two men were among the first to learn of Mr. Foley's inappropriate communications. Along with the Republican leadership, they have been criticized for failing to act more aggressively to stop the congressman's behavior, and possibly covering up for Mr. Foley.

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Mr. Fordham and Mr. Trandahl did not hide their homosexuality, and they were well known in Washington's gay community. (Neither returned phone calls seeking comment.) Others, though, strenuously protect their private life.

"You learn to compartmentalize really well," said one Republican strategist who, like many gay Republicans interviewed for this article, would speak only anonymously for fear of adversely affecting his career.

Mr. Fordham's history illustrates the potential tensions between private life and professional rhetoric. After leaving Mr. Foley's office in 2004, he worked as finance director for the campaign of Senator Mel Martinez, Republican of Florida. In that race, a Martinez campaign flier accused a political rival of favoring the "radical homosexual lobby" by supporting hate crimes legislation that included protections for gay men and lesbians.

One of the inevitable facts, said Mr. Bennett, the former Dornan aide, is that "there are just going to be some days when it's hard to be a gay Republican."

When asked why he remains in the party, Mr. Bennett gave an answer common to gay Republicans: he said that he remained fundamentally in sync with the small government principles of the party and its approach to national security, and that he was committed to changing what he considers its antigay attitudes.

"I'm fighting hard, every day," said Mr. Bennett, who was among a small group of gay Republicans who met with George W. Bush during his 2000 presidential campaign.

Like Mr. Bennett, other gay staff members wind up working for politicians they consider infamous for their inflammatory remarks and hostility to their cause.

Robert Traynham, the top communications aide to Senator Rick Santorum, Republican of Pennsylvania, endured the fallout from an interview with The Associated Press in 2003 in which Mr. Santorum seemed to equate homosexuality with bestiality, bigamy and incest, among other things. Mr. Traynham had been openly gay for years, but that was not widely known in his professional life — until a gay rights advocate revealed his sexual orientation last year. Mr. Traynham confirmed the report, and Mr. Santorum issued a statement in support of his aide.

In contrast to what many view as the right's increasingly antigay rhetoric, members of both parties say there has been a growing tolerance for gay men and lesbians within the Republican ranks.

"There's been a change from 20 years ago when people used to be hyperconscious of staying in the closet," said Steve Elmendorf, an openly gay Democratic strategist who was the chief aide to former Representative Richard A. Gephardt of Missouri, who served as the Democratic leader. "Now there's more of an evolution to a 'don't ask, don't tell' rule."

An addendum could be "don't flaunt." "You just don't wear it on your sleeve, bottom line," said one gay Republican staff member.

"I always made a point of dating women," said Mr. Bennett, who disclosed that he was gay after his tenure with Mr. Dornan.

Others point out that advancing the beliefs and careers of the boss is a priority, and staff members are expected to stay in the background. "Discretion is what most members expect from their staff, no matter who you are," said Tracey St. Pierre, who was chief of staff for former Representative Charles T. Canady, Republican of Florida.

"For many conservative Republicans, just being gay in itself is an act of indiscretion," said Ms. St. Pierre, who is gay but was not open about it until shortly before leaving Mr. Canady's office. When she worked with him in the mid-1990's, one of his chief causes was legislation that would ban same-sex marriage. Ms. St. Pierre, who works for a federal agency, considers herself an independent now.

The code of behavior largely extends to Republican politicians themselves, a point underscored by Mr. Foley, who just this week publicly acknowledged that he was gay. He appeared in public with women whenever possible and held parties at his home, which one guest described as decorated with photographs of himself with attractive women.

Mr. Foley had always refused to discuss his sexual orientation, a topic that drew increasing attention as he considered a bid for the Senate in 2004. Amid intensifying rumors about his personal life, he decided not to run.

Despite Mr. Foley's silence, people on Capitol Hill assumed he was gay. "It was commonly known on Capitol Hill by staff and members," said Representative Ray LaHood, Republican of Illinois. "People have their own lifestyles as long as they mind their own business and play by the rules."

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Joe Scarborough, a former Republican congressman from Florida who served with Mr. Foley, said, “If you’re a gay Republican, you have to act like a Republican.” Mr. Scarborough, who is now the host of “Scarborough Country” on MSNBC, said “acting like a Republican” entailed going out on the campaign trail “talking about guns, chewing tobacco and riding around in a pickup truck.”

He contrasted that with gay Democrats, “who can strut around and still get a standing ovation.” He cited the case of former Representative Gerry E. Studds, a Democrat of Massachusetts who is openly gay, who became embroiled in a sex scandal involving a page and still won re-election. And Representative Barney Frank, another gay Democratic Massachusetts congressman, has attained almost iconic status among gay men and lesbians.

Gay members of both parties describe the Foley matter as something that could jeopardize the role that gay men and lesbians have assumed in Republican politics.

One gay Republican campaign strategist said he feared that conservatives would “play to the base” and redouble their efforts to vilify homosexuals. “It’s one of the places the party goes when it’s in trouble,” he said. “A lot of us are holding our breath to see how this plays out.”

Fear And Loathing In The GOP (WP)

By Byron York op-ed

The Washington Post, October 8, 2006

Even in the grand tradition of scapegoating in American politics, J. Dennis Hastert's current plight stands out. The former high school coach-turned-accidental speaker of the House spent last week as the unlikeliest of fall guys for a sex scandal that involved a closeted gay Republican congressman, underage male House pages and unseemly instant messages. As fear and loathing spread through panicky preelection Republicans, Hastert looked like a goner, then a survivor, then a goner again and then, well, who knows.

"I was inclined at first to believe that Denny Hastert should resign," conservative activist Paul Weyrich told me on Wednesday.

But then Weyrich heard from Hastert, in one of the dozens of calls the speaker made last week. ("He called me, I didn't call him," Weyrich stressed.) Hastert explained that he hadn't known about Foley's graphic sex talk with a teenage House page. And the speaker argued passionately, Weyrich said, that he had properly handled the so-called "overly friendly" e-mail from Foley to another former page. Ultimately, Weyrich was convinced. He would not call for Hastert's resignation.

Hastert's defense strategy has worked -- so far. But the Foley affair has exposed deep fissures within the GOP a few weeks before midterm elections; when the story broke, everyone seemed to be in a different place. Some are in what one top House aide calls the "knee-jerk" camp -- those who called for Hastert's resignation right away. Others are in a camp awaiting more evidence. Still others are in the smell-a-rat camp, suspecting that Democrats were behind the whole thing. And finally, some are in the this-is-proof-of-America's-moral- decline camp, condemning Republican and Democratic leaders alike. No one camp was able to take control, thus allowing Hastert to continue as the longest-serving Republican speaker in history.

On Thursday -- the same day that the House ethics committee announced an investigation and issued dozens of subpoenas for documents and testimony -- the speaker held a news conference. "The bottom line," he said, "is that we're taking responsibility, because ultimately, as someone has said in Washington before: The buck stops here."

At least until November. The Foley scandal has become very much about Hastert, the Republican leadership and the party's permanence in power. Toward the end of our conversation, Weyrich pointed to the post-Watergate election of 1974, when Republicans took a horrendous beating. GOP pollster Richard Wirthlin, Weyrich explained, coined the phrase "the embarrassed Republican vote," referring to those party members who were so appalled by events that they didn't vote.

"I think we may see the embarrassed Republican vote back again," Weyrich said.

One might assume that Hastert's supporters were most worried about the knee-jerk camp. And they were, early last week, when the conservative Washington Times published its editorial "Resign, Mr. Speaker."

But a few days later, the pro-Hastert forces came to believe that the knee-jerkers had done the speaker a favor.

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In the normal course of a Washington scandal, as they explained this scenario to me, many days and many revelations would have to pass before a Republican would become so bold as to float the idea of dumping Hastert. By coming out so quickly against him, the Washington Times and its allies forced conservatives to take sides right away. Most of them, uncertain about the evidence, cautiously sided with Hastert.

"What the Washington Times did, in my mind, is they advanced it," the top House aide told me. "The question was, 'Do you think the Washington Times is right, or are they overreacting?' "

As it turned out, few chose to support resignation, and Hastert survived the initial challenge.

But the good news for the speaker may be temporary, because his support among conservatives is infinitely complicated by his political baggage. It's no secret that conservatives are unhappy with the performance of many GOP officeholders in Washington, from President Bush on down. In particular, they don't like the party's abandonment of fiscal discipline and its failure to restrain the growth of government. They've been complaining for quite a while now, but the Foley scandal has given them a new reason to take shots at the Republican leadership.

When I called David Bossie -- a former Hill investigator who heads an organization called Citizens United and favors Hastert's resignation -- he asked what I thought about the speaker's performance. I told him I wasn't sure. "You're not sure about Hastert on spending?" he asked. "Or on earmarks, or on the utter failure of leadership since he fell into the speakership?"

Bossie seemed genuinely appalled by Hastert's handling of the Foley matter, but he listed other reasons why conservatives are unhappy with Hastert's House. Many conservatives would probably support a change in leadership should Republicans maintain control of the House in November. But they just don't want to rock the boat now, a few weeks before the elections

If we win, they say, then we'll get a new speaker. And if we lose, it's not our problem.

As the week went on, a lot more Republicans joined the smell-a-rat faction. Although they conceded problems with the way the leadership had handled Foley, they were suspicious of how the information came out in dribs and drabs, keeping the story alive day after day. Some of it seemed to originate on a Web site, http://stopsexpredators.blogspot.com , that no one knew much about. Although they didn't have any solid evidence, some Republicans suspected that Democrats were behind it. The speaker was among them. "Hastert believes that with everything in him," Weyrich told me.

Others regarded the Foley matter as a cultural issue as much as a political one. Last Monday, the leaders of a coalition of conservative organizations called the Arlington Group held a conference call to discuss Foley. It included Weyrich, Focus on the Family Chairman James Dobson, American Values President Gary Bauer, Family Research Council President Tony Perkins and American Family Association Chairman Donald Wildmon, among others.

The men agreed that they didn't know enough about the scandal to condemn anyone in the GOP leadership. But they thought that the leadership had gone easy on Foley because, sensitive to charges that Republicans are intolerant, they did not want to be seen as gay-bashers. The coalition members asked Weyrich to draft a statement.

"We are concerned that the early warnings of Mr. Foley's odd behavior toward young male pages may have been overlooked or treated with deference, fearing a backlash from the radical gay rights movement because of Mr. Foley's sexual orientation," the statement said. "It appears that the integrity of the conservative majority has given way to political correctness, trading the virtues of decency and respect for that of tolerance and diversity."

Wildmon later told me that the Foley scandal represents something of a crossroads for the GOP. "Part of the problem Republicans have right now is they have to make up their minds what kind of party they are going to be," he said. "Are they going to be a party of values voters, or are they going to be a party that is for diversity and all the other good buzzwords?"

For all his protestations -- "I'm just a little bitty old preacher in Mississippi" -- Wildmon is an intensely political strategist. But others on the conference call seemed truly dismayed by both parties. "I am not an R, and I am not a D," Phil Burress, president of the Ohio-based Citizens for Community Values, which is affiliated with Focus on the Family, told me.

"Values voters gave up on that a long time ago," he said. "We are thoroughly disgusted with Congress and the way they are conducting business."

'No Further Fallout' (WP)

The Washington Post, October 8, 2006

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White House stonewalling and the Jack Abramoff scandal

REMEMBER WHEN President Bush promised to restore honor and integrity to the Oval Office? He doesn't either, it would seem. A report by the House Government Reform Committee, based on three years of e-mails and billing records from disgraced lobbyist Jack Abramoff's former law firm, detailed how Mr. Abramoff and his team billed clients for hundreds of contacts with White House officials and dispensed coveted tickets to sporting events and concerts to favored officials, including adviser Karl Rove and Republican National Committee Chairman Ken Mehlman, then the White House political director.

A particular recipient of Mr. Abramoff's favors was his former assistant, Susan B. Ralston. She had gone to the White House to work for Mr. Rove but stayed in close touch with her former boss -- more than half of Mr. Abramoff's 66 contacts with the White House were with her. Mr. Abramoff turned to her as a conduit to Mr. Rove and others, seeking her help in placing allies in government or obtaining other favors, not always successfully. Ms. Ralston, in turn, used Mr. Abramoff as a personal Ticketmaster service, taking free tickets to Bruce Springsteen and Andrea Bocelli concerts, Capitals, Wizards and Orioles games. When Ms. Ralston was looking for four floor seats for a Wizards game -- valued at $1,300 -- Mr. Abramoff emailed back, "For you? Anything!"

You might think a White House worried about honor and integrity would want to look more closely at Mr. Abramoff's dealings. You might think it would be concerned about whether Ms. Ralston violated the rules that prohibit administration officials from taking gifts valued at more than $20, though there is an exception for gifts based on preexisting friendships. You might think it would want to make clear that -- whether technically permitted by the rules or not -- this is unacceptable behavior from government officials.

Not this White House, which has been resolutely incurious about Mr. Abramoff's activities and equally unwilling to provide information about it -- making it impossible to know how many of the reported contacts are classic Abramoff puffery and how many real. "Nothing more will come from the report, no further fallout from the report," White House spokeswoman Dana Perino said Friday.

Ms. Perino's comments were occasioned by Friday afternoon's announcement that Ms. Ralston was resigning. Not, mind you, because she did anything wrong but because, as Ms. Perino said, "she did not want to be a distraction to the White House at this important time." White House lawyers won't bother to figure out whether Ms. Ralston violated the gift rules, officials said, because she's leaving anyway -- and, according to counselor Dan Bartlett, "without any animosity from us." Indeed, Mr. Bartlett said, "She's been a tireless worker for the president, and we will be sad to see her leave."

A White House even a little concerned about honor and integrity might have managed to summon up a tiny hint of criticism -- not to mention a promise to make sure its employees behave in a way that befits the term public servant. A White House with nothing to hide would release information about Mr. Abramhoff's his meetings and contacts with its officials.

CIVIL RIGHTS:

Despite Ruling, Voters Are Told To Provide ID (AP)

By The Associated Press

The Associated Press, October 8, 2006

ATLANTA, Oct. 7 — Tens of thousands of Georgia voters recently received letters telling them they must show a photo ID to cast a ballot on Nov. 7, even though a judge recently struck down the requirement.

The State Board of Elections mailed more than 300,000 of the letters, about 20,000 of them after the judge issued his ruling on Sept. 19.

But Claud L. McIver, the Board of Elections vice chairman, said he did not expect voters to be confused.

“Just walk in the door,” Mr. McIver said Friday.

For months, lawyers have been battling in state and federal court over the new ID law. Supporters, primarily Republicans, have said the law is needed to prevent voter fraud.

Opponents say it is intended to discourage voting by members of minorities, the poor and the elderly, who are less likely to have a driver’s license or other photo identification.

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Last month, a state judge declared the law unconstitutional because it established a voting requirement not contained in the Georgia Constitution. After that ruling, state officials said voters would be able to cast a ballot merely by presenting something like a utility bill or a Social Security card.

Mr. McIver said he let the last 20,000 letters go out because he was confronted with two different rulings: the state judge's order and a federal judge's decision to block the law but to consider reinstating it before Election Day.

Mr. McIver said the board was trying to minimize confusion by talking with county registrars and updating its Web site. The are no plans to send out additional mailings or to make public service announcements; Mr. McIver said there was not enough money in the budget to do that.

Some groups are working to counteract possible confusion. The Georgia Coalition for the People's Agenda said it planned an automated call campaign next week to the 305,000 voters who received letters.

American Elections And The Grand Old Tradition Of Disenfranchisement (NYT)

By Adam Cohen

The New York Times, October 8, 2006

The House of Representatives struck a major blow against democracy last month. It passed a bill that would deny the vote to anyone who shows up at the polls without a government-issued photo ID. The bill's requirements are so onerous and inflexible that they could prevent millions of eligible voters without driver's licenses — who are disproportionately poor, minority or elderly — from casting a ballot.

With that vote Congress joined a growing number of states that are erecting new barriers to voting. Republican-dominated legislatures and election officials have adopted absurdly difficult registration rules. They have removed eligible voters from the rolls with Katherine Harris-style purges, and required voters to buy ID cards to vote, a modern form of poll tax.

These new voting laws are disturbing, but they should not be surprising. The story of American voting is usually told as one of steady expansion: constitutional amendments extending the franchise to freed slaves, women and 18-year-olds, and Supreme Court rulings and federal laws eliminating voting obstacles for Southern blacks. But racial and religious minorities, women and the poor have historically had to fight not just to get the right to vote, but to stop it from being taken away.

America has a hidden history of disenfranchisement. It has operated, as a Harvard professor, Alexander Keyssar, recounts in his valuable history, "The Right to Vote," on the expected lines of class, race, ethnicity and religion, and often for partisan gain. Right now, we are in another period of what Professor Keyssar calls "backsliding." Minorities and the poor — and everyone who cares about American democracy — have to stand up for a principle that should by now be beyond debate: universal suffrage.

Long before the Constitution guaranteed women the right to vote in 1920, some women had already had the franchise and had it taken away. New Jersey, which gave women the vote in its state Constitution in 1776, disenfranchised them in 1807. Pennsylvania, which let blacks vote after the Revolution, took away their right to vote in the 1830's.

Immigrants were another common target of disenfranchisement laws. In 1840, New York — which, like most states, did not require pre-Election Day registration — adopted a registration law that applied only to New York City, aimed at the growing Irish Catholic population. The lower classes were another target. In the 1800's, New Jersey adopted "sunset laws" that required the polls to close before factories let out for the day. In the 1800's and early 1900's, many states took the vote away from "paupers."

Disenfranchisement was often motivated by partisan politics. In the South, at the end of Reconstruction, white Democrats pushed through poll taxes and literacy tests to reduce the black Republican vote. In the North, it was Republicans putting up the barriers, like New York's 1921 constitutional amendment imposing a rigorous literacy test, aimed at keeping hundreds of thousands of Yiddish speakers from voting.

Poll taxes and literacy tests are unconstitutional today, but the forces of disenfranchisement have come up with creative new methods. In 2004, the Ohio secretary of state, Kenneth Blackwell, ordered election officials to reject any voter registration form that was submitted on less than 80-pound paper. The edict disproportionately hurt poor and minority voters by interfering with registration drives aimed at them.

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This year, Florida adopted new rules for voter registration drives that were so onerous — and carried such draconian punishments for mistakes — that the League of Women Voters of Florida announced that for the first time in 67 years it would not register voters.

Election officials are still wrongly purging eligible voters from the rolls. Four years after Ms. Harris's error-filled purge of felons, her successor as Florida secretary of state developed another error-filled felon list. She abandoned it only after news media pointed out that, oddly enough, it included 22,000 blacks, a group that votes heavily Democratic, but just 61 Hispanics, a group that tends to vote Republican in Florida. Just last week, a court struck down another error-filled voter roll purge, in Kentucky.

The voter ID laws that have been enacted recently have been set up not to verify voters' identities, but to stop certain groups from voting. Georgia's law — whose sponsor was quoted in a Justice Department memo as saying that if blacks in her district "are not paid to vote, they don't go to the polls" — required people to pay for voter ID cards, until the courts held that to be an illegal poll tax. When it took effect there was not a single office in Atlanta where the cards were for sale.

The current wave of laws began after 2000, when the presidency was decided by just 537 votes. With today's closely divided electorate, there is more strategic value than ever in disenfranchising people who fall into groups likely to support the other party. To a disheartening degree, this new wave is supported almost entirely by Republicans and opposed only by Democrats.

The opposition should be bipartisan. Disenfranchisement undermines not only American democracy, but also the whole idea of America, by illegitimately excluding some people from their rightful place in it.

Abraham Lincoln understood this. In 1859, after Massachusetts Republicans pushed through a requirement that immigrants wait two years after becoming citizens to vote, a group of German-Americans asked Lincoln what he thought of the law — which mere partisanship should have led him to support. "I am against its adoption in Illinois, or in any other place, where I have a right to oppose it," he responded. "Understanding the spirit of our institutions to aim at the elevation of men, I am opposed to whatever tends to degrade them."

ENVIRONMENT:

U.S. Attempting To Reshape Fishing Rules (WP)

By Juliet Eilperin

The Washington Post, October 8, 2006

But How Much to Tighten Reins?

NEW BEDFORD, Mass. -- Working fishing boats cram this city's docks, brightly painted vessels with names like "Let It Ride" and "Fearless." But tied up alongside them are plenty of rusting vessels that have not shipped out in years, stark reminders of the sea's fickle bounty.

Once the nation's foremost whaling town, New Bedford has reemerged as a fishing capital. Riding a boom in the fishery for scallops and other shellfish, its catch sold for $207 million last year at dockside, more than that of any other U.S. port. But cod and other once-plentiful species remain scarce despite a decade of efforts to restore depleted stocks.

Congress, meanwhile, is preparing to rewrite the nation's fishing rules in a bid to improve the much-criticized system for managing fisheries, and that worries Debra Shrader. The director of a fishermen's advocacy group here called Shore Support, she fears the fishing community will pay the price for rebuilding fish populations.

"If they studied us nearly as much as they studied the other biomasses, they would realize what they're doing to us," said Shrader, whose group co-wrote a report last year showing that full-time employment for area fishermen dropped 20 percent between 1993 and 2002. "None of these species are on the verge of extinction, but our communities are."

As lawmakers consider the most comprehensive revision of fisheries regulation in a decade, the argument is focused on how drastically to limit fishing when fish populations decline or crash. The combatants do not divide along the usual partisan lines; the fight over rewriting the Magnuson-Stevens Fishery Conservation and Management Act pits environmentalists against fishermen, the Senate against the House and coastal regions against one another.

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The outcome may determine how many fish will be left in the ocean decades from now and who will be around to catch them.

"The perception among fishermen is that things are getting worse and worse, which is true," said Joshua S. Reichert, who heads the Pew Charitable Trust's environmental program. "We've been steadily driving toward the edge of a cliff and taking meticulous notes along the way."

The nation is also in the midst of a debate over how to regulate fishing in international waters. The administration pledged last week to push for a moratorium on destructive bottom-trawling on the high seas, but environmentalists such as Reichert question whether U.S. negotiators are really pressing the point at the United Nations.

No one questions that increasingly sophisticated fishing technology has devastated many prized fish stocks. In the decade since the current management program began, 74 fish stocks have been formally declared "overfished," and plans have been drawn up to rebuild 67 of them. But so far, fewer than 5 percent have been replenished, a recent study found.

Biologist Andrew A. Rosenberg, lead author of the study in the journal Frontiers in Ecology and the Environment and a professor at University of New Hampshire, said it will take stricter limits, such as those in the pending Senate bill, to bring these species back.

"You need a clean catch limit, and you have to have consequences," said Rosenberg, who was deputy director of the National Marine Fisheries Service from 1998 to 2000.

There are sharp variations across the country, however. In New England, more than a third of native fish stocks are overfished by federal standards, and cod stocks are at 10 percent of the recommended level. By contrast, just 3 percent of Alaska's stocks are overfished.

These disparities have intensified criticism of the eight fishery management councils that enforce the current law. The councils set regional catch limits, subject to federal approval, based on scientific recommendations from federal, state and academic scientists.

Congress passed Magnuson-Stevens 30 years ago in an effort to kick foreign fishing fleets out of U.S. waters, not to conserve species. The act was later amended to include conservation, but the Bush administration and many lawmakers agree it has failed to do the job, and they favor tighter rules.

"The president wants a Magnuson-Stevens bill that ends overfishing, that ensures our fisheries get rebuilt," said James L. Connaughton, Bush's top environmental adviser, although he declined to take sides between the Senate and the House version, which would establish less stringent controls.

Part of the problem is a lack of good data. "Basically, the technology for estimating the abundance of a fish population is still a fishnet," said Brian J. Rothschild, a professor of marine science and technology at the University of Massachusetts at Dartmouth, next door to New Bedford.

At the moment, several regional councils allow catches above the scientifically recommended levels on the theory that deeper cuts will hurt fishing interests too much. Scientists told the Gulf of Mexico council this year that the red snapper catch would have to be held to 5 million pounds to allow the population to recover immediately, and a limit of 7 million pounds would restore it by 2009. Instead, the council endorsed a catch limit of 9.1 million pounds.

"The law does not give the government the authority to step in and end overfishing," said the Fisheries Service's chief scientific adviser, Steven Murawski. "Even though we've made good progress, we haven't reached the goal post."

The Senate-passed bill, written by one of the act's original authors, Ted Stevens (R-Alaska), would require the councils to adhere to scientifically determined catch limits and to reduce future catches anytime industry exceeds the quotas.

Stevens, who said in an interview that Alaska's fisheries have thrived in part because the industry complies with scientists' recommendations, added that if other regions "accept scientific guidance, we'll end overfishing."

The House bill, by Resources Committee Chairman Richard W. Pombo (R-Calif.), which is slated for a floor vote in November, also calls for limits based on the "allowed biological catch" calculated by scientists. But it would allow overfishing to continue for two years under rebuilding plans, and it might extend the current 10-year deadline for replenishing depleted stocks in some instances to ensure a fishing community's infrastructure remains viable.

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Sarah Chasis, who directs the advocacy group Natural Resources Defense Council's ocean initiative, called these provisions "conservation rollbacks" that will hurt fishermen in the long run. "If you rebuild these stocks in a timely way, the net economic value is really significant," she said.

But Rep. Barney Frank (D-Mass.), who represents New Bedford and worked with Pombo on the bill, considers even a 10-year rebuilding timetable arbitrary. In some instances, he said, more modest catch reductions over a longer time period could preserve local jobs and allow stocks to rebound eventually.

"We're not talking about permanent damage to the air or water," Frank said. "We're talking about an extension of overfishing. That's possible."

New Bedford's fishermen acknowledge that they have depleted some of their most valuable stocks, including the once-teeming species that gave nearby Cape Cod its name, and that fishery closures have helped some species rebound.

In the mid-1990s, federal officials closed one-third of Georges Bank, east of Cape Cod, to give scallops and groundfish such as haddock a chance to recover. Scallops did so dramatically -- a scallop boat can now scoop up $120,000 worth in two trips -- and haddock is also back. But the cod, which is more mobile and has a different life span, has yet to recover.

David Harrington switched from being a scalloper to being a ship engine mechanic more than a decade ago when regulators began to impose scientific standards on the fishery; now he thinks he may have acted too hastily. "I thought they were going to ruin it, and you know, they did a great job," he said.

But many local fishermen remain dissatisfied with federal managers, saying they open and close fishing areas without sufficient notice. "You're nervous when you're going out that you're in the wrong place," said Tom Manley, who has been fishing for scallops since he graduated from high school 28 years ago. "They need to listen to the fishermen more."

Some Massachusetts fishermen say attitudes toward conservation are shifting. John W. Pappalardo, who was elected chairman of the New England regional council last week, fished for cod until "there really weren't any left." He noted that with fishermen's support, the council approved rules for herring that bar "pair trawling," in which two ships tow a net between them and scoop up massive catches.

"It's not like a light switch, where we used to be in darkness and now we're illuminated," said Pappalardo, who is based in Chatham, Mass. "It took us many years to screw things up, and it's going to take a few years to unravel things."

EPA Kicks Up A Dust Storm With New Regulation (WT)

By Audrey Hudson

The Washington Times, October 8, 2006

Dust happens.

That's according to Rep. Robert W. Goodlatte, chairman of the House Agriculture Committee, who says the Environmental Protection Agency (EPA) has gone overboard on a regulation over dust. The Virginia Republican and others say the agency has set an impossible standard for the agriculture industry.

"I am deeply concerned and troubled by the direction the EPA is taking to regulate dust and coarse particulate matter," Mr. Goodlatte told a subcommittee on conservation, credit, rural development and research hearing on pesticide programs.

"What we are talking about here is dust, and despite the best efforts of farmers to minimize the impact of their operations on the environment the reality is: dust happens," Mr. Goodlatte said.

The EPA amended its national air quality monitoring requirements late last month, which re-creates a national network to monitor six common pollutants: level ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, lead and particle pollution or dust.

The rule addresses fine particles of 2.5 micrometers in diameter, and inhalable coarse particles of 10 micrometers. A micrometer is 1/1,000th of a millimeter, and there are 25,400 micrometers in an inch. The new rule limits the amount of such particles in a cubic meter of air to a cumulative 150 micrograms over an entire 24-hour period -- the approximate concentration of one gram of a liquid (or 1/28 of an ounce) in 2½ Olympic-sized swimming pools.

The National Cattleman's Beef Association denounced the rule as "an impossible concept in naturally dusty and rural landscapes."

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Sen. Charles E. Grassley, Iowa Republican and chairman of the Finance Committee, has invited EPA Administrator Stephen L. Johnson to visit his family's farm during the fall harvest.

"This will give you the opportunity to see what America's farmers are confronted with when harvesting. This visit will allow you to show me first hand how a farmer is to contain dust on their farm while combining," Mr. Grassley said in a Sept. 26 letter.

"I think the administrator is certainly willing to do what he can to help the senator help him address the concerns of his agriculture constituency," said John Scholl, Mr. Johnson's agriculture adviser.

The EPA program was first set up in 1987 to improve air quality with 54 machine monitors in cities and rural areas; the new program adds 75 monitors.

Jessica Emond, EPA spokeswoman, said 20 of the new monitors will be placed in rural areas.

"We understand certainly that any time you deal with particulate matter, it's a given that dust and dirt are an inherent part of operations," Miss Emond said.

Tamara Thies, director of environmental issues for the cattlemen's group, says this is the first time rules under the Clean Air Act have targeted "fugitive dust" in rural areas.

"When dealing with agriculture, you're dealing with dust -- crops are grown in dirt," Miss Thies said.

"The science does not show there is a health effect from dust, but the EPA has chosen to regulate it anyway," Miss Thies said.

The new rule says such ambient air monitoring systems play a critical role in the nation's air quality management.

"Exposure to particle pollution is linked to a variety of significant health problems. Particle pollution also is the main cause of visibility impairment in the nation's cities and national parks," the rule said.

A Bet On Ethanol, With A Convert At The Helm (NYT)

By Alexei Barrionuevo

The New York Times, October 8, 2006

DECATUR, Ill.

BACK in 1999, when she was the head of refining at Chevron, Patricia A. Woertz told a group of energy officials that it was "time to stop mixing agricultural policy with fuels policy."

In that same speech, at a fuels conference in Washington, Ms. Woertz also publicly expressed worry about the "unintended consequences" of a federal mandate requiring the use of corn-based ethanol in gasoline.

Today Ms. Woertz is standing on the other side of the gasoline debate, wholeheartedly supporting the growth of ethanol, the fuel the oil industry loves to hate but has had to learn to live with. In May, she took over as the chief executive of Archer Daniels Midland, the giant agricultural company that also happens to be the biggest ethanol producer in the country.

A.D.M. spent nearly three decades pushing relentlessly for the use of ethanol in gasoline, lobbying Congress and the White House and rousing farmers. But only in the last few years, amid record-high oil prices and government mandates to use ethanol, has this clear, colorless fuel — a form of ethyl alcohol — finally begun to catch on, transforming it from a dream into almost a religion in the Midwestern states that produce corn.

Ethanol has been a boon to A.D.M.'s fortunes, helping it to achieve record earnings last year of $1.3 billion on sales of $36.6 billion. While the company does not break down the sources of its profit, analysts say ethanol could make up 40 percent of A.D.M.'s net income in fiscal 2007, about double what it meant to the company last year.

With that bigger profit potential has come greater volatility in A.D.M.'s stock, which lately has mirrored more closely the rise and fall of energy prices. That has caused some analysts to caution its investors to go slow on the company.

"For the bulk of the company's history, the vast majority of their profits came from crushing products like corn to feed the world," said Eric Katzman, an analyst at Deutsche Bank. But a greater proportion of A.D.M.'s earnings will come from biofuels in the future, he said, as a large portion of the $2.4 billion the company plans to invest in the next two years is energy related.

So far, that capital is devoted to sustaining corn as the preferred crop for producing ethanol. While ethanol can be made more cheaply from sugar cane, as it is in Brazil, lobbying by A.D.M. and farm-state politicians has helped corn win out as the crop

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of choice for ethanol in the United States. It did not hurt that the powerful American sugar lobby helped to erect trade barriers keeping out cheaper imported sugar and cheaper imported ethanol.

MOST politicians originally saw ethanol as a way to help farmers to make more money from their corn crop. Now it is being seen by policy makers, including President Bush, as a partial antidote to the nation's reliance on foreign oil. To achieve that vision of energy independence will require much more ethanol, and many agricultural experts have begun to worry about the food-for-fuel trade-off of using so much corn — more than 60 percent of which is used to feed livestock, an important American export — to produce fuel. And corn is one of the most energy-intensive and water-intensive crops to grow anywhere.

But A.D.M. has been slow thus far to be a party to research that might sway ethanol production away from corn and into crops that require less water and fossil-fuel based fertilizers; one such crop is switchgrass, a tall prairie grass that is highly drought resistant. Some outside experts call A.D.M.'s strategy shortsighted.

"I am sure A.D.M. shareholders want the company to be economically viable for the next 20 to 25 years, not just for the next 5 to 10," said Clayton K. Yeutter, a former secretary of agriculture and United States trade representative. "If ethanol is going to be a significant part of A.D.M.'s profits, they should have as much interest in finding the lower-cost inputs as anyone would."

Sitting in a conference room in A.D.M.'s global headquarters, Ms. Woertz, 53, did not dwell on the risks of A.D.M.'s focus on corn as the primary source of ethanol. She promoted ethanol's growth potential, saying she sees the fuel making up 10 percent of the country's gasoline supply, by sometime next decade, up from about 4 percent this year.

The idea that ethanol could one day replace more than half of gasoline is not out of the realm of possibility, either, she said, but will require successful development of ethanol from agricultural waste like corn stalks, or hardy grasses like switchgrass. The technology to efficiently produce this so-called "cellulosic" ethanol is most likely many years away. In any event, "We will be there when it's there," she said. "We want to intersect the future and still be a big player in the bio-energy world."

She said she saw little contradiction in her previous concern about the fuel — a worry that she said was tied to federal clean air standards for tailpipe emissions and the debate over how to meet them. Refiners, she said, wanted to be told what the emissions standards were and to allow their scientists to find a way to meet them, rather than to have a specific gasoline formulation dictated by regulators.

"Things have evolved," she said, and the oil industry and ethanol producers "have come to work much more closely on the fuel supplies for this country."

Many analysts saw the hiring of Ms. Woertz as a signal that A.D.M. wanted to become the Exxon Mobil of ethanol. Indeed, her energy experience helped win her the job, A.D.M. officials said. But they added that she was also selected because her background as a strategic planner at Chevron gave A.D.M.'s board members the confidence that she could chart a vision for the company's future.

"We needed someone that was a proven and capable strategist," said Kelvin R. Westbrook, the board member who led the search process. Her energy experience "was a valued part of her background but by no means was it a determining factor."

Ms. Woertz arrives at a favorable time in the company's 104-year history. A.D.M. paid $400 million last year to settle the last of a pile of lawsuits stemming from a price-fixing scandal in the mid-1990's involving lysine, an animal feed additive. Three top executives were sent to prison over the scandal, including Michael D. Andreas, A.D.M.'s former executive vice president and the son of Dwayne O. Andreas, the chief executive who led the company for 27 years.

At the same time, prices are rising for high-fructose corn syrup and other products that A.D.M. processes from corn, soybeans and wheat. And the demand for ethanol is forecast to soar as federally mandated fuel formulations take effect. Congress passed a law last year requiring refiners to increase their use of ethanol to 7.5 billion gallons by 2012, from 4 billion this year.

The future looks even better, if that is possible. While the federal government has mandated greater ethanol use in the United States, European governments are pushing for higher use of soybean-based biodiesel in the fuel supply. A.D.M. is one of the world's biggest producers of both of those fuels.

A.D.M. is also the world's largest producer of food and animal feed. The company, which adopted the slogan "Supermarket to the World" in the 1990's, says it makes enough to feed 300 million people, as well as many millions of cows, chickens and pigs.

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WHEN Ms. Woertz looks to the future, she sees the twin trends of a growing population that needs additional food — with a diet that increasingly demands protein — and the quest for alternative sources of energy to oil.

She said A.D.M. was "uniquely positioned" to benefit from growing global demand for both food and fuel. "We have the technologies, we have the assets and we have the infrastructure," she said.

That optimism is apparent in A.D.M.'s latest annual report, the first to feature Ms. Woertz. Its title is "We See Opportunity."

How exactly A.D.M. will go about capitalizing on its opportunities remains to be seen. Ms. Woertz says senior managers are working on a plan, to be unveiled to analysts in November, that will outline the company's biofuels strategy over the next decade.

While the plan is still being drafted, Ms. Woertz said that it clearly would involve a stronger push by A.D.M. to develop ways to make ethanol from grasses and agricultural waste — cellulosic ethanol. She hinted that the plan might involve partnerships with venture capitalists like Vinod Khosla, the founding chief executive of Sun Microsystems, who is investing in companies working on cellulosic ethanol and other alternative fuels, and stumping for ethanol all over the country.

In August, Ms. Woertz invited Mr. Khosla to sit in on a meeting in Chicago of A.D.M.'s strategic planning committee, where he briefed the executives on cellulosic ethanol opportunities.

"We have discussed opportunities we could pursue together," Ms. Woertz said of Mr. Khosla. "All of this question about the longer term is something we absolutely have under way and there will be more to come."

In Decatur, Ms. Woertz and two other top executives at the company made it clear that A.D.M.'s plans, for the moment, revolved mostly around getting ethanol from corn. The company has little concern about the amount of corn being harvested for biofuels, even as it is set to commercialize a promising new technology to produce biodegradable plastics that will use even more corn.

Ms. Woertz and the other A.D.M. executives said they believed that the genetic modification of corn seed, which has led to a 75 percent increase in corn yields since 1980, would continue to keep pace with growing demand for nonfood products like ethanol. That stands in stark contrast to the concern of some agriculture executives — notably Warren R. Staley, chief executive of Cargill, an A.D.M. rival — that if the ethanol boom were left unchecked, it would eventually raise food prices and hurt America's grain exports.

At A.D.M.'s main research center, a converted high school here in Decatur, two company executives seemed unfazed by that concern. Mark G. Matlock, senior vice president for research and development, said A.D.M. was trying to wring more ethanol out of unused parts of the corn crop. He said he was less optimistic about the near-term economics of producing ethanol from switchgrass, an idea promoted by President Bush in his State of the Union address this year. While switchgrass is cheaper to grow than corn, it would be more costly to convert to ethanol, partly because the country lacks the machines to harvest and transport switchgrass efficiently as a crop.

"From a strategy standpoint it made the most sense to look at the existing corn streams that we are handling through our network of everything from country elevators to processing facilities," said Edward A. Harjehausen, the senior vice president for food and feed ingredients. The company is involved in a research project with the Energy Department to take the corn fiber stream and convert as much of the cellulose as possible to additional ethanol.

The way the A.D.M. executives see it, by focusing on waste streams already coming out of its corn-processing plants, the company can avoid the "chicken and egg" problems that other companies may face in trying to make cellulosic ethanol from new crops like switchgrass: farmers may be hesitant to grow the grass until there is a market for the crop, but companies will be reluctant to create a market and build separate processing plants until they see a ready supply of raw material.

"Everyone has this vision in the end of a billion tons of biomass generating all of our fuel needs," Mr. Matlock said. "That is the far vision. So we focus on those intermediate steps to get to the vision."

Ms. Woertz is a fresh start for a company that had been run by four families for a century. The families once controlled more than half its board seats and still control some 10 percent of A.D.M.'s stock, analysts said. That insular grip on power allowed the company to make long-term bets, which paid off handily. In the 1970's, for example, A.D.M. invested heavily in factories to make high-fructose corn syrup, a low-cost corn-based sweetener that later replaced sugar in Coke and Pepsi and hundreds of other foods.

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A.D.M. fell into the biofuels business later in the decade, when the company tried to solve a problem with seasonal overcapacity in its corn syrup plants by producing something else from abundant corn supplies: ethanol. That set off a two-decade-long lobbying and public-relations effort by the elder Mr. Andreas to win broader acceptance for ethanol as a fuel.

CRITICS, noting ethanol's shortcomings like its lower energy content versus gasoline and the fact that it receives a 51-cent-a-gallon subsidy, say that while the marketing campaign has been good for the company, it has been bad for the country. "A.D.M.'s role in the ethanol debate has largely been to provide the narrative that the politicians need to justify the handouts they want to give to farmers anyway," said Jerry Taylor, a senior fellow at the Cato Institute who has been critical of ethanol.

The ethanol promotion campaign was hurt when the lysine price-fixing scandal torpedoed A.D.M.'s reputation. Secret audio tapes made by a former executive, Mark E. Whitacre, in the early-1990's revealed a scheme by top A.D.M. executives to fix the global price for lysine with executives from Japanese, French and Korean competitors. Michael Andreas and Terrance S. Wilson, the head of corn processing, were both sentenced to two years in prison for their roles in the scandal. Mr. Whitacre was sentenced to nine years for embezzling $9.5 million at the same time he was helping the government to investigate his bosses.

Since the scandals shook public confidence in A.D.M., the board has been overhauled with independent outsiders like Mr. Westbrook, who joined in 2003 and is chief executive of Millennium Digital Media, a broadband services company. Ms. Woertz's hiring continues the trend.

"The board was cognizant of the fact that A.D.M.'s image had approached a Mafioso level over the last few decades with all the scandals," said John M. McMillin, a longtime analyst for the Prudential Equity Group. "I am not sure she understands the difference between a soybean and a rapeseed, but she knows people and has identified the people within the company to trust."

Ms. Woertz's energy background, especially in refining, has helped her grasp quickly the basics of A.D.M.'s agricultural business. Oil refiners take a barrel of crude oil and process it into a slate of products like gasoline and jet fuel. A.D.M. takes a bushel of corn or soybeans and spits out dozens of food products on the other side.

Mr. Westbrook and analysts agree that she also brings a human touch that was lacking at A.D.M. in the past. A divorced mother of three grown children, she quickly embraced the idea of moving to Decatur, a sleepy city of 78,000. Other candidates hoped to commute to work from Chicago, some 180 miles away, Mr. Westbrook said.

SHE is also comfortable with bold initiatives. A.D.M. once controlled more than 60 percent of ethanol production, but today it controls less than 25 percent after the building of a number of farmer-owned ethanol plants in recent years. A.D.M. is planning to recapture some market share by adding 550 million gallons of ethanol capacity over the next two years, pushing up its total by 50 percent, to 1.65 billion gallons.

Ms. Woertz is also fascinated by aspects of A.D.M. that have nothing to do with biofuels, especially the company's push to commercialize technology that uses corn starch to make plastics that, theoretically, at least, are biodegradable.

At one point, she reached behind her chair and pulled a clear plastic bag from her purse containing several green plastic items, including golf tees. "This is made from corn, so it is a corn and starch stream, and you can dial up or dial down the biodegradability," she said, showing off a tee. "People throw their spoons out the window from McDonald's. Ours will biodegrade."

But for now, it is ethanol, the fuel she once questioned, that is giving Ms. Woertz the spotlight. She is set to make her first public speech since becoming C.E.O. at a conference promoting biofuels on Wednesday in St. Louis, where she will be joined by Mike Johanns, the secretary of agriculture; Samuel W. Bodman, the energy secretary; and Charles O. Holliday Jr., the chief executive of DuPont. President Bush has been invited and may speak on Thursday.

One person who has reviewed Ms. Woertz's speech said it would focus on the "innovation, investment, partnership and vision" needed to ensure that biofuels "fulfill their promise in meeting global needs for sustainable supply, energy security and environmental improvement."

Oil Giants Put Energy Into Other Resources (LAT)

By Elizabeth Douglass

The Los Angeles Times, October 8, 2006

Firms are dabbling in a diverse range of projects, including one in which microbes eat grease to help produce electricity.

Inside two half-million-gallon tanks built in the 1950s, a team of microorganisms is preparing to munch its way into the annals of energy innovation.

Late this month, the microbes will start transforming truckloads of restaurant grease into electricity for a water pollution control plant in Millbrae, Calif. The one-of-a-kind setup relieves the city and area eateries of a fatty disposal headache while saving energy. And it has come with the help of a surprising backer: Chevron Corp.

"You don't think of a big energy company being involved in anything but gasoline," said Dick York, superintendent of the Millbrae plant. "But Chevron is really trying to diversify. Working together, we've brought forward a project … that puts waste to work."

It's a small undertaking for a company that takes in millions of dollars in profit each day from selling oil and natural gas, not saving them. But it's part of a growing portfolio of projects backed by some of the biggest oil companies to wring energy from the sun, wind, water and waste.

Royal Dutch Shell has become one of the world's largest developers of wind farms and is part owner of two in California. Chevron operates massive geothermal plants in Indonesia and the Philippines. And BP is a partner in hydrogen power plants proposed for Carson and Scotland.

Energy executives point to such endeavors as proof that oil companies are part of a global push to rein in pollution and boost alternatives to oil and natural gas.

"We think it's important to get things done when it comes to climate change," BP Chief Executive John Browne said in an interview. "If you weigh in the balance what we've done, and what we continue to do, I think it amounts to something very significant."

Critics dismiss the efforts as "greenwash" — using environmentally friendly programs to draw attention away from unfriendly activities.

"If you look at what they are doing in terms of any kind of renewable fuel, it's swamped by a factor of 100 by what they are doing to continue to exploit fossil fuel resources," said Roland Hwang, vehicles policy director at the Natural Resources Defense Council. "If they want to have real green credentials, they need to support real policies to ensure that we can develop cleaner fuels [and] they have to support emission standards on global warming pollution."

Hwang sees Proposition 87, which would tax California oil producers to fund biofuel research, as a test of the oil companies' resolve. "They've failed miserably. They're fighting it tooth and nail," he said.

The measure's supporters say it would reduce dependence on foreign oil and create jobs in new energy ventures; opponents say it would increase oil prices and fund a state energy-research bureaucracy with no guarantee of results.

San Ramon, Calif.-based Chevron, the state's largest oil producer, is the most vigorous opponent, spending an estimated $22 million to persuade voters to reject Proposition 87 in November. Other big contributors are Aera Energy, a joint venture of Royal Dutch Shell and Exxon Mobil Corp., and Westwood-based Occidental Petroleum Corp.

In addition, none of the oil companies stood with California as it embarked on its groundbreaking move to reduce greenhouse gases. The state's ambitious Global Warming Solutions Act, signed into law Sept. 27, faced resistance from the region's largest oil industry trade associations.

"I think critics are reasonable in saying, 'Where's the walk behind the talk?' " said Nicholas Eisenberger, managing principal at GreenOrder, a New York environmental strategy and marketing firm. But, he added, "these resource-based questions, they don't get solved overnight."

A Chevron spokesman declined to discuss the company's oil tax stance, but Chief Executive David O'Reilly recently explained Chevron's opposition to the greenhouse gas law.

"We support the first step of measuring" greenhouse gases, O'Reilly said in an interview. "I think it would be better, from a state competitiveness standpoint, if we could get a similar approach to dealing with carbon emissions across the whole country." He said California "ought to be careful about launching off something in the state that divides us from the rest of the country."

BP's renewable-energy efforts have been the most visible, in part because its "Beyond Petroleum" advertising campaign has for years been highlighting the firm's accomplishments.

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The London-based company is a leader in harnessing the sun's power. Its solar subsidiary is a top manufacturer of solar panels and equipment and it has installed solar systems in 100 countries. In California, the company has funded solar research at Caltech, installed a solar power system at a water pumping station in Vallejo and sold home solar systems through Home Depot.

Late last year, BP created an alternative energy subsidiary and pledged to invest $8 billion in the unit over the next decade — a commitment that dwarfs those of other oil companies. And recently, the company stepped up its wind-energy activities, announcing an alliance with Clipper Windpower Inc. and the purchase of Greenlight Energy Inc., a U.S. company with plans for 39 wind projects.

"Step by step, I think we've achieved a lot," CEO Browne said. "We have a lot more to do, both in the practical — changing the way we do business — and in inventing new businesses and new products."

But BP's efforts have also underscored the difficulties inherent in trying to reshape a company's image and focus when its profit, operations and heft are still in the oil business. A series of major mishaps have provided an uncomfortable contrast to — or mockery of, some environmentalists say — the company's professed devotion to clean energy and corporate responsibility.

Last year, an explosion killed 15 people at its Texas City, Texas, refinery, where federal investigators later cited the company for a list of "egregious and willful" safety violations. In Alaska, where BP is a significant petroleum producer, an oil leak this year was followed by a shutdown of key pipelines because of extensive corrosion, which critics said could have been avoided with proper maintenance.

In California, BP recently agreed to an $81-million settlement over claims that it illegally spewed toxic gas from its Carson refinery for nearly a decade. It also paid a $225,000 fine for nearly 300 air pollution violations at the Port of Long Beach and had 43,000 gallons of gas oil spill from a pipeline in the port.

"There's been this interesting dynamic around all the things that have happened with BP," said Eisenberger of GreenOrder. "In the environmental community, they're wondering, 'Do we yell at these guys or do we hold our fire?' And there's been a little of both."

Browne was contrite in an interview a few days before the Alaskan pipeline corrosion problem emerged.

"I regret everything that's happened," he said. "Our franchise is built on what we do, and that also includes how we respond to our own issues."

Exxon Mobil, the world's largest publicly traded oil company, has long been a lightning rod for critics of the industry's record on greenhouse gas and renewable energy issues. The Irving, Texas-based company has responded by pointing to energy-efficiency and emissions-reduction reducing projects as well as research that could improve existing fuels and vehicles.

But its efforts are relatively meager on the renewable energy front, consisting primarily of hydrogen-power research projects and a $100-million grant to fund research of solar, hydrogen, biomass and other energy technologies at Stanford University's Global Climate and Energy Project.

Exxon spokesman Russ Roberts said that the company's focus remained mostly on traditional forms of energy because it believes that the ability of renewable power sources to meet the world's needs "is very limited."

Even so, "we are doing things in alternative energy," Roberts said. "Just because we're not as visible as those other [oil companies] doesn't mean we're not doing it. We're just doing it in a different way." The company couldn't provide spending figures on alternative energy ventures.

European rival Royal Dutch Shell has invested $1 billion in alternative energy since 2000. It has installed hydrogen fueling stations in five countries and joined with Ottawa-based biotechnology firm Iogen Corp. to make ethanol from straw.

"We're getting quite a bit of experience in the renewables and alternative energy field," John Hofmeister, president of Houston-based Shell Oil Co., said in a interview. "We think that, over time, people will judge us by our deeds, not by our words."

He characterized Shell's spending on alternative energy as "the right amount for what we know and what the market is ready for."

"We will do more as we prove out the commerciality of these renewables or alternative forms of energy, and we will do more as we find the technology breakthroughs to make things happen," Hofmeister said.

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At Chevron, funding for renewable-energy and energy-efficiency projects topped $1.5 billion from 2000 to 2005. The company said it expected to spend $2 billion more from 2006 through 2008 on such projects.

In addition to the Millbrae grease-to-energy project, which is an undertaking by Chevron Energy Solutions, Chevron subsidiaries have installed large commercial hydrogen fuel cells and teamed with California on hydrogen fuel tests, invested in a Texas biodiesel plant and last month pledged as much as $25 million over five years to fund research at UC Davis into next-generation biofuels.

"We have a lot of activity underway in alternatives and in energy conservation, and I think all of that is compatible with getting things done and testing them in a pragmatic way, rather than talking about them and saying this is a big issue," O'Reilly said.

At the Millbrae plant, supervisor York couldn't be happier. He credits Chevron with finding a way for the wastewater plant to produce its own power and at the same time collect and put to use 4,000 pounds per day of the kinds of kitchen grease that has for years clogged and damaged its sewer pipes.

"We've gotten calls from as far away as Singapore … grease is a universal problem," York said. Their solution, he added, "is a natural process that we've learned to enhance."

Come opening day, the $5.5-million project will include a 24-hour automated drop-off system for grease haulers and two giant waste tanks teeming with 19 kinds of microorganisms. In digesting the mix, the organisms will create methane gas that will power — along with natural gas — a 250-kilowatt microturbine.

That electricity will heat the tanks and other operations, replacing a smaller generator that emits more pollutants. The system also will save Millbrae the cost of buying power.

"We're excited about it, and we know it's going to work," York said. What's more, he added, "packaging energy in new ways is beneficial. We can't keep going back to the old oil well."

U.S. Rules Allow The Sale Of Products Others Ban (LAT)

By Marla Cone

The Los Angeles Times, October 8, 2006

Chemical-laden goods outlawed in Europe and Japan are permitted in the American market.

OAKLAND — Destined for American kitchens, planks of birch and poplar plywood are stacked to the ceiling of a cavernous port warehouse. The wood, which arrived in California via a cargo ship, carries two labels: One proclaims "Made in China," while the other warns that it contains formaldehyde, a cancer-causing chemical.

Because formaldehyde wafts off the glues in this plywood, it is illegal to sell in many countries — even the one where it originated, China. But in the United States this wood is legal, and it is routinely crafted into cabinets and furniture.

As the European Union and other nations have tightened their environmental standards, mostly in the last two years, manufacturers — here and around the world — are selling goods to American consumers that fail to meet other nations' stringent laws for toxic chemicals.

Wood, toys, electronics, pesticides and cosmetics are among U.S. products that contain substances that are banned or restricted elsewhere, particularly in Europe and Japan, because they may raise the risk of cancer, alter hormones or cause reproductive or neurological damage.

Michael Wilson, a professor at UC Berkeley's Center for Occupational and Environmental Health, said the United States is becoming a "dumping ground" for consumer goods that are unwanted and illegal in much of the world. Wilson warned earlier this year in a report commissioned by the California Legislature that "the United States has fallen behind globally in the move toward cleaner technologies."

The European Union, driven by consumers' concerns, has banned or heavily restricted hundreds of toxic substances in recent years, invoking its "precautionary principle," which is codified into law and prescribes that protective steps should be taken when there is scientific evidence of risks to public health or the environment.

Meanwhile, the Environmental Protection Agency and other federal agencies have relied on voluntary steps from industries rather than regulations, saying the threats posed by low levels of chemicals are too uncertain to eliminate products valuable to consumers or businesses.

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In the absence of U.S. regulations, some international corporations, including Hewlett-Packard, Dell, Mattel, Revlon and Orly International, have declared that all their products, no matter where they are made or sold, will comply with EU standards, the most stringent chemical laws in the world.

"We don't operate to different standards in different parts of the globe, regardless of differing environmental standards," said John Frey, manager of corporate environmental strategies at Palo Alto-based Hewlett-Packard.

But many U.S. and foreign companies do.

Some toys, nail polishes and other beauty products are made with plastic softeners and solvents called phthalates that the EU has banned as reproductive toxins. Several of U.S. agriculture's most popular herbicides and insecticides, including atrazine, endosulfan and aldicarb, are illegal or restricted to emergency uses in other countries. And a few electronic items, including Palm's Treo 650 smart phone and Apple's iSight camera, were pulled off shelves in Europe this summer because of lead components but are still sold here.

Industry groups say their products have undergone rigorous reviews in the United States and are not only legal here but safe. They say some governments, particularly the EU, have overreacted and banned chemicals with little or no evidence of a human health threat.

"Consumers can remain confident about using their cosmetics given their oversight by the Food and Drug Administration, the extensive research on their safety and long history of safe use," the Cosmetic, Toiletry and Fragrance Assn. said.

The EPA hasn't eliminated any industrial compounds since it sought unsuccessfully to ban asbestos 18 years ago. Unlike EU policies, U.S. law requires the EPA to prove a toxic substance "presents an unreasonable risk of injury to health or the environment," consider the costs of restricting its use and choose "the least burdensome" approach to regulate industry.

"The dumping problem is concentrated in a few product sectors. But these sectors happen to be really ubiquitous in the everyday lives of Americans. Chemical risks are being spread all over the country in ways that are invisible to consumers," said Alastair Iles, an international chemical policy expert who was a research fellow at UC Berkeley and still works with faculty there on consumer issues.

Last year alone, China exported to the United States more than half a billion dollars' worth of hardwood plywood — enough to build cabinets for 2 million kitchens, a sixfold increase since 2002. Though China sends low-formaldehyde timber to Japan and Europe, Americans are getting wood that emits substantially higher levels of the chemical.

One birch plank from China, bought at a Home Depot store in Portland, gave off 100 times more formaldehyde than legal in Japan and 30 times more than allowed in Europe and China, according to July tests conducted by a lab hired by an Oregon-based wood products manufacturer. Formaldehyde exposure has been shown in human studies to cause nose and throat cancer and possibly leukemia, as well as allergic reactions, asthma attacks, headaches and sore throats.

With no government standards, monitoring or labeling, U.S. consumers cannot easily identify chemical-free products.

"I'll guarantee you that no one tells a customer building a $75,000 kitchen that their cabinets contain plywood from China that will off-gas formaldehyde," said Larry Percivalle of Oakland-based EarthSource Forest Products, a distributor that sells low-formaldehyde and sustainably grown wood.

In the wood industry, even though low-cost, chemical-free substitutes are available, much of the plywood, fiberboard and particleboard sold in the United States is manufactured with adhesives, or glues, that contain formaldehyde, said Michael Wolfe, a wood products consultant in Emeryville, Calif.

The only formaldehyde standard for wood in the U.S. is one that applies just to subsidized, low-income housing. U.S. companies voluntarily meet it for all products, though it allows 10 times more formaldehyde than Japan's standards.

California may step in. The Air Resources Board is considering standards roughly equivalent to Europe's for 2008 and Japan's for 2010 through 2012.

The air board estimates that one of every 10,000 Californians is at risk of contracting cancer from breathing average formaldehyde levels found in homes and offices.

"We have a problem that needs to be addressed, we have technology to do it, and there is no requirement for it to happen. Nationally, no one is stepping forward, so we think this is an area where we can," said Mike Scheible, the air board's deputy executive officer.

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Columbia Forest Products, which spent $8 million to switch all its factories to nontoxic glues made of soy flour, says it is being hurt by the lack of U.S. standards for wood.

"While I believe in free trade, I also believe that everybody ought to be held to the same standard," said Harry Demorest, the Portland-based company's president and chief executive. "It's particularly galling and frustrating in the Chinese case, when they're taking our market with products that have high formaldehyde content when we know full well that they can produce it with lower formaldehyde."

Despite its capital investment, Columbia, which is North America's largest producer of hardwood plywood and veneer, has not raised its prices to compensate because the soy glues are as inexpensive as formaldehyde glues, Demorest said.

The state air board estimates that switching to formaldehyde-free glues like those required in Japan would increase the price of a sheet of particleboard from today's $7 to about $9 in 2010.

California's proposal is opposed by nearly all wood producers, who say it could drive them out of business if they are forced to do what Columbia did.

"The entire industry is not ready to make this change. Today we could not be competitive by changing resins," said Darrell Keeling, a general manager at Roseburg Forest Products in Oregon.

Keeling said his company makes some low-formaldehyde products but most customers aren't interested because they cost more.

"Even though people talk green and think green, they won't demonstrate their commitment to it with their wallet," he said. "More regulation and more bureaucracy is not the best way to drive change."

But selling products with risky chemicals to Americans while removing them for consumers elsewhere is shortsighted, said Robert Donkers, the European Commission's Environmental Counselor in Washington, D.C.

"If companies decide to wait and see rather than innovate, they will lose the market," he said. "American consumers follow closely what is happening in other parts of the world. So they can say, 'Hey, you make them in Europe, why don't you sell them to us?'

"Legally, you can still use these chemicals, but you're not doing your company any favors."

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Banned Elsewhere, Compounds Still Used In U.S. (LAT)

By Marla Cone

The Los Angeles Times, October 8, 2006

Although chemical bans overseas have prompted some manufacturers to reformulate all their products worldwide, many toys and cosmetics are exceptions.

Europe banned or restricted six phthalate compounds in toys. In beauty products, Europe has eliminated 900 compounds, including two phthalates, suspected of causing reproductive disorders, cancer or genetic mutations.

The U.S. toy industry said seven years ago, when the European Union first banned some phthalates, that it would voluntarily remove them from products for babies and toddlers. But last year, 15 of 18 vinyl bath toys, teethers that babies chew on and other toys purchased at U.S. stores contained the chemicals, according to tests by the activist organization U.S. Public Interest Research Group. One plastic book labeled "phthalate free" contained phthalates.

Low levels of phthalates, used mostly to soften plastic, are in the bodies of nearly all Americans tested. Animal studies and some human research show that they block testosterone and cause reproductive abnormalities in male newborns.

Federal officials have concluded that the low doses in toys and cosmetics pose little risk. The Toy Industry Assn. does not track the chemicals, saying "the choice to use phthalates in toys sold in the United States is up to the individual manufacturer."

Mattel, which owns Fisher-Price, says all its products will comply with the EU rules by the end of this year.

In cosmetics, some companies, including OPI Products, the largest maker of manicurists' products, have kept nail polishes with the phthalate DBP on U.S. shelves for two years after the EU's 2004 ban. OPI this fall changed course and said it soon will be DBP-free to save the cost of making two formulas.

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Orly International, which sells nail lacquer in 66 countries, decided to be "better safe than sorry" and immediately removed DBP from all formulations, said marketing director Mia Jenner.

"If they remove it there, why shouldn't we remove it here?" she said. "It's a no-brainer."

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Anger Drives Property Rights Measures (NYT)

By William Yardley

The New York Times, October 8, 2006

PICABO, Idaho — Cheeks chapped, patience thinned, Katie Breckenridge had no trouble making up her mind about an Idaho ballot measure that would make the government pay property owners if zoning rules reduce the value of their land.

"Do I think this is almost swinging the pendulum back too far in the other direction? I do," said Ms. Breckenridge, 61, a rancher just in from tending to cattle and quarter horses. "But do I think we've got to do something to bring the balance back to property rights? I do, and I'm going to vote for it."

More than a year after Suzette Kelo and several of her neighbors in New London, Conn., lost their battle against eminent domain in the United States Supreme Court, the backlash against the ruling has made property rights one of the most closely watched ballot issues nationwide.

Already, 30 state legislatures have enacted restrictions on eminent domain in response to the court ruling. Now voters here and in 11 other states will consider property rights measures in November, making it the election's most prevalent ballot issue.

Most of the measures would limit eminent domain to some degree, while others, in Western states, would go further, imposing new restrictions on government's ability to enforce zoning laws, even if those laws are intended to reduce sprawl and improve safety.

In the Kelo case, the Supreme Court ruled that government could transfer private land from one owner to another for the sake of economic development. But the court made a point of saying states were free to change their laws.

Even opponents of the ballot measures concede that support for them appears strong in public opinion polls. They predict years of court fights if the measures pass.

"This thing is an abomination, the way it's written, the way it's being sold," Nils Ribi, a City Council member in nearby Sun Valley who opposes the Idaho measure.

Supporters of the ballot efforts in the West — often called "Kelo-plus" — say they want to stop so-called regulatory takings, the idea that government effectively takes private property when zoning laws limit how it can be used.

Opponents say the regulatory-takings initiatives are essentially a ruse, that they are trying to exploit anger over the Kelo decision and eminent domain to roll back zoning regulations that are critical to controlling growth, protecting the environment and preserving property values.

The more far-reaching proposals in the West — in Idaho, Arizona, California and Washington State — are citizens' initiatives supported by signature petitions, and they are often supported financially and logistically by national libertarian groups.

This House Is My Home, a group based in Boise that is sponsoring the Idaho measure, Proposition 2, is among groups in several states that have received strong financial help from Fund for Democracy, headed by Howard S. Rich, the New York real estate investor who is chairman of the libertarian group Americans for Limited Government. As of late June, Fund for Democracy had given at least $237,000 to This House Is My Home, about two-thirds of the money raised by the group. The next filing deadline is Oct. 10.

"We are essentially a 'networking station' that brings together grass-roots activists, donors and community leaders who share a common interest," John Tillman, president of Americans for Limited Government, said in an e-mail message. "In this case, that common interest is in restoring property rights for the average citizen."

Affluent outsiders have been drawn to Idaho in recent decades, lured by technology jobs, mountain recreation and abundant sunshine. Boise, the capital, has boomed, as has Sun Valley, where newcomers from California build second homes not far from ranchers who herd sheep over the Sawtooth Mountains. About two-thirds of Idaho land is under federal control, and

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frustration runs deep in rural areas with newcomers who, after buying their piece of paradise, try to restrict land use further in the name of preservation and environmentalism.

"Katie's family, my family, they did this great job of developing this country," said Rob Struthers, 59, Ms. Breckenridge's partner in life and work. "Now all these people come in and say, 'Wow, what a beautiful place.' But they don't trust us to keep it that way. Instead of rewarding us, they're penalizing us."

In an era of sun-splashed subdivisions, land here can be a farmer's greatest asset. Mr. Ribi, the councilman, expressed some sympathy for farmers who have been "down-zoned" under a new county plan.

But Mr. Ribi, a venture capitalist, is trying to galvanize opposition to the initiative by tapping the same independent streak that may make some anti-government Idahoans interested in the measure.

"These are guys on the right wing who always want local control and all of a sudden they're saying let's let these guys from Washington, D.C., and outside think tanks have control," Mr. Ribi said. "That's why I think we've lost perspective."

If the Supreme Court ruling in the Connecticut case inflamed passions for property rights, the initiatives in the Western states are more directly rooted in events in Oregon. In 2004, Oregon voters passed a measure that allowed property owners to file claims that zoning restrictions had hurt their property value. That law, known as Measure 37, requires government to either pay for the lost value or waive the zoning rules if an owner makes a successful claim.

About 2,400 claims totaling more than $5.6 billion have been filed since the measure was upheld in court this spring, according to the Oregon Department of Land and Conservation Development. "Not a penny" has been paid to property owners, said Sheila A. Martin, director of the Institute of Portland Metropolitan Studies at Portland State University. Local governments, lacking money to pay, have simply waived the zoning rules.

But while Measure 37 grew out of frustration with Oregon's famously strict zoning rules, Idaho does not have such comprehensive restrictions. Even if some rural landowners are frustrated with new zoning rules, said Stephanie Witt, director of the Center for Public Policy at Boise State University, "It's not like people are rebelling against this really restrictive growth management law."

The Castle Coalition, a property rights group that has fought for eminent domain overhauls, does not list a single "eminent domain abuse" case in Idaho on its Web site. It calls Idaho "one of the best states in the country for protecting owners from eminent domain abuse."

John Eaton, government affairs director for the Idaho Association of Realtors, said the initiative "blows up the stability that we have right now."

"We're the property rights people but we're not going to support this," he said. "This is crazy."

Ms. Breckenridge, dusty boots on the mat by the door, was not ready to predict how the vote might go up in swank Sun Valley or down in urban Boise. Closer to home, however, she was confident.

"Everybody that's connected to the land is going to vote for it," she said, "because there's an anger, a rising anger."

IMMIGRATION:

In New York Immigration Court, Asylum Roulette (NYT)

By Nina Bernstein

The New York Times, October 8, 2006

Tears streaked Meizi Liu's face in 2003 as she told an immigration judge in New York of being forcibly sterilized in China. The judge, Jeffrey S. Chase, had won awards as a human rights advocate before his appointment to the bench in 1995. But now he had 1,000 pending cases, and he had heard it all before.

He insisted that she was lying, ridiculed her story and, when she would not recant, denied her petition for asylum.

The tables turned after appeals by Ms. Liu and others reached federal court this year. In scathing decisions, the court rebuked Judge Chase for "pervasive bias and hostility," "combative and insulting language" and remarks "implying that any asylum claim based on China's coercive family planning policies would be presumed incredible."

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It is always judgment day in the windowless courtrooms where immigrants plead to stay in the United States. But these days, as never before, the nation's 218 immigration judges are also being judged, even as they struggle to complete 350,000 cases a year amid an immigration debate that promises to send them many more.

Appeals courts criticize some judges by name, citing abusive behavior and bad decisions. Studies highlight stark disparities in judgment, like 90 percent of asylum cases granted by one judge and 9 percent down the hall. Faced with mounting criticism, Attorney General Alberto R. Gonzales vowed to introduce yearly performance evaluations of the judges, who are Justice Department employees. The Harvard Law Review urged a campaign to turn the five worst judges into "media villains" to motivate reform.

Yet a more complicated picture emerges in the federal building in Lower Manhattan. There, Judge Chase, who colleagues say is chastened since being rebuked, is one of 27 immigration judges searching for ways to handle 20,000 cases a year, driven as much by scarce resources and escalating demands as by quirks of personality and power.

In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way. But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake as small as pronouncing "rebels" like "robbers."

As the caseload has grown, spurred in part by stepped-up enforcement, so has the pace demanded by "case completion goals" set in Washington.

To stay afloat, New York judges schedule 30 to 70 cases at a time, hold 4 contested hearings a day and decide more than 15 cases a week, all without law clerks, bailiffs, stenographers or enough competent lawyers.

"The court is a stepchild of the whole immigration system," said Sandra Coleman, who spent years on the immigration bench in Miami. "They want to make the judges the villains, and there are judges who are villains, I don't deny that. But the problem is the system."

Many federal judges agree. "I fail to see how immigration judges can be expected to make thorough and competent findings of fact and conclusions of law under these circumstances," John M. Walker Jr., chief judge of the United States Court of Appeals for the Second Circuit, told the Senate Judiciary Committee in April, urging that the number of immigration judges be doubled.

With one of the largest caseloads among the nation's 53 immigration courts, and with nearly half its cases concerning asylum, New York illustrates the crunch that judges face in many big cities where complicated matters crowd the docket.

Caseloads exploded in the 1990's. In 2000, an unpublished report by a Justice Department evaluation team warned that New York judges were "reaching the point of exhaustion and burnout."

The report urged a slower pace and an increase in the staff-judge ratio to three to one from two to one. Instead, an evaluation last year found that the ratio had slipped even lower.

Justice Department rules do not allow immigration judges to speak to reporters. But weeks of observation, court records and interviews with lawyers, clerks, interpreters and immigrants show that the judges are coping in very different ways, with far-reaching consequences.

Patricia Rohan, who keeps a twinkling Statue of Liberty lamp in her chambers, is recognized after 24 years on the bench as a model of soft-spoken fairness and efficiency.

On a recent weekday, with 575 cases pending, she patiently took notes as a man who shells fish explained why deportation to Gambia would put his Bronx-born daughters at risk of genital mutilation. She gently questioned an Ecuadorean cleaning woman of 55 who avowed that love, not a green card, had prompted her marriage to an American 15 years after she immigrated illegally. Teasing out supporting evidence in both cases, Judge Rohan dictated favorable decisions into an aging tape recorder.

Other judges have a different approach. Sandy K. Hom, appointed in 1993, is also invariably polite, but so quick and predictable in his denials of asylum — 91 percent in recent years, compared with Judge Rohan's 25 percent — that lawyers regularly advise people assigned to him to move to another state.

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Given his speed, he has the fewest pending cases, about 345. But many of his decisions have been rejected on appeal, including one in which he denied asylum to a widowed Armenian Christian and her children and ordered them deported to Iraq, arguing that since Saddam Hussein's ouster, they had no reason to fear religious persecution.

In another case, records show, he mixed up the medical documents presented by Janeta Kutina, a 69-year-old Latvian woman of Jewish heritage, confusing the deaths of her father and her husband, both victims of anti-Semitic violence. Then, the appeals court found, he cited his own mistake as evidence that her account was inconsistent.

Down the hall and at the other end of the spectrum, Margaret McManus grants asylum at the highest rate in the country — 90 percent — but at the price of what Kevin Kerr, president of the clerks' and interpreters' union local, complains is a chaotic calendar with 931 pending cases. She typically reschedules cases until petitioners can secure supporting documents, pursue other avenues or find lawyers.

A judge's fact-finding is much harder without a lawyer to speak for those facing deportation, who are not entitled to court-appointed counsel. Many get what the 2000 Justice Department report called "the high-volume, low-margin, piecework approach" practiced by "an unsavory subculture" of "travel agency" lawyers. Nor do government lawyers know each case.

Judge Chase's trajectory illustrates why those judges unable to come to terms with the system's deficiencies may risk losing their judicial bearings.

As a young immigration lawyer, he joined rallies on behalf of Chinese asylum-seekers and gave other lawyers videotaped lessons on asylum.

"Some of the judges will have their minds made up before they enter the courtroom, depending on the country an immigrant is from," Mr. Chase, whose wife immigrated from Iran, told a Newsday reporter in 1995. "A judge needs to start each case with a clean slate and listen to the lawyer and the applicant. Rather than have that look on his face of 'Why are you wasting my time?' "

But before long, incredulous tirades became his trademark in many Chinese asylum cases, according to court records and interviews with a dozen lawyers. Openly frustrated with a pattern of boilerplate claims that he suspected had been concocted by smugglers, he applied his own tests of honesty.

In September 1999, at the first court appearance of Guo-Le Huang, who said his wife had been forced to have an abortion in her last month of pregnancy, Judge Chase rejected the man's assertion that he was not working because he lacked papers.

"That is the most ridiculous thing I have ever heard," Judge Chase said, setting the tone he would take with Mr. Huang over two years. "I'm not going to waste my court time on this case." He questioned why Mr. Huang lived in a Hispanic neighborhood, interrupted an account of persecution with sarcasm and berated him for giving up his firstborn for adoption because she was a girl, calling the act "sexist" and "inhumane."

In the harried world of immigration court, many lawyers seemed to accept his tactics as an idiosyncratic tool, not unlike the long wooden claw that another judge, lacking a clerk, uses to hand down documents. And, statistics show, Judge Chase granted 42 percent of the 2,729 asylum requests he heard through 2004, including 250 of 943 from China.

"He's trying very hard to get to the truth," said one lawyer, Robert Murtha. "A lot of these people, if you look behind the foolish lies they're telling, they really do have a case. But the lawyer that they go to adapts their story to conform with the pattern, and it does drive him crazy."

Another lawyer, Peter Lobel, described Judge Chase as a "deeply caring man," whose approach was " 'I don't care what your claim is, just be honest with me.' " But he added, "He got so it was like an interrogation."

Several lawyers credited Judge Chase with unusual generosity to petitioners who admitted to falsehoods — no help to those who maintained they were telling the truth. Ms. Liu, now 39, the asylum-seeker who told of being forcibly sterilized, testified that family-planning cadres in China subjected her to painful uterine surgery when her second child was a baby. She fled in 2000, leaving her children in hopes of reunion in America.

"The judge said, 'You have been lying all day, but if you admit to lying, I will grant your case,' " Ms. Liu recalled through an interpreter. "I was very angry, because everything I said was true."

In 2003, she appealed his denial to the Board of Immigration Appeals, the internal review body. But a year earlier, its reviews had been sharply curtailed when John Ashcroft, then attorney general, cut board membership to 11 from 23 and set tight

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deadlines to reduce a large backlog. Single board members issued 50 decisions a day, typically one-sentence rulings affirming denials.

Like Ms. Liu, many of those who received such decisions turned to federal court. Second Circuit filings jumped 53 percent; it is finding merit in 20 percent of the immigration appeals, returning them for revision.

Ms. Liu's case was remanded in February, and lawyers say Judge Chase tried to change. But in July, the 2001 Huang case caught up with him, in a blistering Second Circuit decision prominently published in The New York Law Journal.

Mr. Lobel described the judge as devastated and braced for more: "He said, 'I learned my lesson, but some of these cases are still in the pipeline.' "

Ms. Liu is still waiting, too, and worrying about which judge will decide her family's fate.

New Wall Not Expected To Stop Migrants (AP)

By Olga R. Rodriguez, Associated Press Writer

AP, October 8, 2006

Rising from the Pacific surf and zig-zagging along the border for 14 miles, Tijuana's border fence has done little but push illegal migrants into the Arizona desert and feed the smuggling industry since it went up in 1994.

Today, as the U.S. prepares to build a high-tech barrier with 700 miles of extra fencing, motion detectors and remote controlled devices, smugglers are already figuring out how to beat the new security.

Even before President Bush signed the $1.2 billion funding bill Wednesday to strengthen busy crossing points, border patrol figures indicated that smugglers have been hiding more migrants in vehicles, or diverting them across one of the most inhospitable sections of the border — a mountainous stretch of searing desert near Yuma, Ariz.

Some experts predict smugglers could turn to boats and tunnels, two methods popular with drug smugglers but seldom used by migrant traffickers.

"It doesn't matter what they do. There isn't a wall that can stop people because there will always be someone who finds a way to cross," said 37-year-old Jose Lopez, a construction worker who said he had just been deported to Tijuana after being detained in San Francisco.

Because he has three children still in the U.S., Lopez is considering crossing again, even though he risks three years in jail because of prior arrests for carrying fake ID.

No amount of border security will stop illegal immigration; the reality is that roughly half the estimated 12 million undocumented foreigners in the United States entered on bona fide visas and stayed after they expired.

While the interview process for visas has become tougher, it has failed to stop these so-called "overstays" from reaching for the American dream.

If they cannot get a visa, there's a smuggling business that moves millions of people from Mexican towns to employers throughout the United States.

The increased enforcement that began with Operation Gatekeeper in 1994 — and produced the corrugated metal and chain-link fence — dramatically cut illegal border crossings in the Tijuana-San Diego area, but overall, they kept their pace. Total arrests along the nearly 2,000-mile border with Mexico has ebbed and flowed since then but changed little: 1.3 million in 1995, compared with 1.2 million in 2005.

Trafficking has flourished; the average price for being smuggled through a port of entry in the Tijuana-San Diego area — usually in the trunk of a car or using false or borrowed documents — shot up from $300 in 1994 to $2,500. Crossing through the Arizona desert can cost up to $1,800.

Jose Ramos, a professor and researcher at the Tijuana-based Colegio de la Frontera Norte, a think-tank focused on border affairs, expects smugglers to charge even more as they look for new ways to cross.

"These organizations will have to innovate, become more sophisticated, and for the migrant that will mean an even higher cost," Ramos said. "It wouldn't surprise me if smugglers began crossing migrants through underground tunnels or began using boats."

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In Altar, a Mexican farming town of 7,000 and a gathering point for those heading to Arizona, hundreds of men carrying backpacks and jugs of water mill around the town's plaza. They are waiting for their smugglers to drive them to the final staging area, Sasabe, which borders on the sparsely populated Tohono O'odham Indian reservation on the U.S. side.

Hiking for days through snake-infested desert under a broiling sun, some don't survive. Still, the paths through the desert near Sasabe are less hostile than the terrain near Yuma, which is expected to become the next big crossing area.

Other migrants are locked in the back of tractor-trailers, stuffed in hollowed-out dashboards or hidden in car engines, risking suffocation and heat exhaustion.

From Oct. 1, 2005, to Sept. 15 of this year, 426 people died while illegally crossing the border, and the Colegio de la Frontera Norte says the death toll since 1994 is about 3,700.

"More walls will make it more difficult for migrants to cross, but they will keep trying, even if they risk dying," said Luis Kendzierski, a priest who directs a Tijuana migrant shelter.

Often, migrants too tired or poor to attempt another crossing end up staying just south of the border. Ramos said Tijuana's population has more than doubled to about 1.3 million since the U.S. crackdown began.

"This has created all sorts of problems for Tijuana, and many other border cities where this happens, because they lack the necessary public services," he said.

Jesus Villalobos, 31, deported from Los Angeles a week ago, plans to hire a smuggler before crossing again — as soon as possible, to beat the new security measures.

"I need to get back because my daughter is there, my life is there," Villalobos said while resting at a migrant shelter in Tijuana.

"It's already dangerous to cross, and with another wall it will only get more dangerous and expensive."

Associated Press reporter Luis Perez contributed to this story from Tijuana.

A Country Of Newcomers (LAT)

By William H. Frey

The Los Angeles Times, October 8, 2006

Americans need a more rational discussion of immigration, which is the driving force for population growth.

NEARLY 30 years ago, President Lyndon B. Johnson stood before the U.S. Census Bureau's Population Clock to proclaim the arrival of the 200-millionth American.

But don't expect President Bush to do the same when the 300-millionth American is anointed within a week or so.

This time around, because of the milestone's connection with the politically charged issue of immigration, and because of the backlash immigrants have generated in much of the country, the president most likely will remain quiet.

Because the truth is, it is immigration that is driving the growth of the U.S. population. In fact, odds are that the 300-millionth American will be the child of immigrants or an immigrant himself — as likely as not born or residing in Los Angeles. Right now, about half of U.S. population growth in any given year or month is attributable (through migration or natural increase) to Latinos, the vast majority of whom are either first- or second-generation Americans. To celebrate this fact publicly just a few weeks before the midterm elections would be tantamount to rolling the political dice.

The volatility of this issue has much to do with the culture clash that this 300-millionth American symbolizes: He or she is arriving, after all, in a profoundly different mainstream America than 30 years ago.

At the heart of of this mainstream are the baby boomers, who now comprise most adults over age 40. This much-ballyhooed generation came to embody the image of middle America during the second half of the last century. Conceived during the prosperous post-World War II period, they brought a rebellious, progressive sensibility to the country in the 1960s and '70s and beyond. With the help of the programs of the Great Society, they became the most well-schooled generation to date and the epitome of America's largely white suburban middle class with which most of today's adults now identify.

Yet, the boomers also came of age at a moment when the U.S. was becoming more insular than it had been before; they, in fact, had less exposure to immigrants and foreign wars than their parents. From 1946 to 1964, the years of the boom, the

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immigrant share of the U.S. population shrunk to an all-time low (under 5%), and those who did arrive were largely whites from Europe.

Despite their interest in righting domestic wrongs, such as racial discrimination, and bursting glass ceilings, boomers did not have much interaction with people from other countries.

Perhaps it should come as no surprise then that the once liberal baby boomers — who now constitute the core of middle-aged middle America — should be resistant to the country's new younger generation, increasingly made up of first- and second-generation Latin Americans and Asians.

This is especially the case as these newcomers spill out to a heartland which, until recently, was strewn with modern-day "Leave It to Beaver" communities — a dispersal that has spawned about 500 largely anti-immigrant bills introduced in the first half of this year, according to the National Conference of State Legislatures.

What used to be thought of as white flight on the part of the previous generation, which flocked to the suburbs during the 1950s and '60s, is now taking the form of "white fright." Indeed, a Pew Research Center survey in March shows that more than half of the population over 50 believes that immigrants are a burden because they take housing, jobs and healthcare.

Yet, there is actually little need to worry about immigration. It adds a needed youthful element to a population that would become stagnant if it had to rely on the far-below-replacement fertility of the nation's aging native-born whites. Their infusion into the workforce will be especially useful to retiring boomers who wish to be supported in their golden years.

The low immigration years, through which most of today's adult population grew up, were atypical in our history. The "pull yourself up by the bootstrap" attitudes of the early 20th century foreign-stock generations, who survived the Depression and World War II, created the circumstances that made way for the baby boomers.

THE SAME KIND of can-do attitudes are evident among early 21st century immigrants and their children, who show a willingness to work hard, learn English, move to the suburbs and achieve the American dream.

Today's immigration debate is both emotionally and politically charged, but a more rational discussion is possible once the dust settles after the November elections. Such a discussion should move beyond the immediate illegal immigration rancor and focus on how best to provide our newcomers and their children a pathway to the middle class — the same path we and our parents were handed.

Meanwhile, let's celebrate the arrival of the 300-millionth American, be he from across the border or born to a Latino mother here in Southern California. He may not be a boomer, but he is our future.

The 300 Millionth Footprint On U.S. Soil (NYT)

By Sam Roberts

The New York Times, October 8, 2006

By one count, more than half of all the people who have ever lived in the United States are living today. And their ranks are expanding. On any given day, 11,000 babies are born and 3,000 immigrants arrive, outnumbering the people who die or emigrate.

At the current rate, the person who tips the population past 300 million will emerge in a week or so.

The recent surge of immigrants actually makes America's diversity closer to what it was in 1915, when the 100 millionth arrived, than in 1967, when the 200 millionth was born (chances are nearly even that a baby born today will be Hispanic). At all three milestones, the nation was either on the verge of war or already in one.

An American born today will most likely have fewer siblings, delay marriage and other trappings of adulthood, retire later and live longer.

There's a good chance that the 100 millionth did not live long enough to witness the birth of the 200 millionth. The 300 millionth will be only at the midpoint of life when, according to today's estimates, the 400 millionth is born, sometime around 2050.

Getting A Handle On Illegal Immigrant Crime Difficult (HC)

By Peggy O'hare

Houston Chronicle, October 8, 2006

DOJ_NMG_0078047

Numbers are sketchy, but some experts agree group adds strain

The slaying of Houston police officer Rodney Johnson by a Mexican national who returned here after being deported has cast another uncomfortable spotlight on the estimated 400,000 illegal immigrants living in the Greater Houston metropolitan area.

Making up about 10 percent of the area's population, this demographic — alternately scorned as freeloaders and defended as hard workers seeking better lives — accounts for 7 percent to 9 percent of those caught up in the local criminal justice system as inmates or defendants.

While various agencies acknowledge such statistics are incomplete, the numbers nonetheless indicate that immigrants living here without authorization have an impact on Harris County's courts and jails, as well as the state's prisons.

Even a single-digit assessment of 7 percent to 9 percent of the people flowing into the doors of these various entities can involve thousands of people and millions of dollars each year.

"I believe it has created a tremendous burden on the criminal justice system," said U.S. Rep. Michael McCaul, R-Austin, who hosted a congressional subcommittee hearing on the immigration controversy in Houston six weeks ago. "Any percentage of illegal aliens coming in the United States with a criminal history is unacceptable, whether it's 1 percent or 10 percent. All you have to do is talk to the family of Rodney Johnson to verify that."

Still, academics who have studied the immigrant population for years caution against making sweeping judgments of a vast population segment they say is unfairly suffering public wrath for the actions of a few.

With the number of deportations at an all-time high, they question critics' assessment of how Houston should control this burgeoning population.

"The laws are very tough already. I'm not sure there needs to be a toughening-up of the laws," said Joseph Vail, director of the University of Houston Law Center's Immigration Clinic, which represents indigent migrants in immigration matters.

"There may need to be a more effective use of the laws. But the laws already are very tough, and they've been that way since 1996," he said, referring to the passage of the Illegal Immigration Reform and Immigrant Responsibility Act, which vastly expanded the number of offenses that can lead to deportation.

While Vail questions how accurate the estimated numbers of illegal immigrants might be, he understands the volatility surrounding the issue, especially considering the recent outrage over Johnson's death.

"Any alien who's here unlawfully and is arrested or convicted of a crime and has to be incarcerated at taxpayer expense is a burden," Vail said.

Costing millions of dollarsA paucity of statistics makes it difficult to assess how much impact illegal immigrants actually have on public safety and the criminal justice system.

But the inmate populations in the Harris County Jail and state prisons — and the nearly 81,000 defendants referred to the county's local Pretrial Services each year — offer some clues.

According to testimony from Harris County sheriff's Maj. Michael O'Brien at a recent U.S. House subcommittee hearing hosted by McCaul in Houston, the Sheriff's Department spent more than 15 percent of its budget in the most recent fiscal year to investigate, arrest, process, incarcerate and provide medical care to illegal immigrants.

At the time, O'Brien testified, this amounted to more than $41 million, but sheriff's officials said Friday that the actual cost attributed just to those who willingly admitted to being in the U.S. illegally was probably closer to $28 million.

The Texas Department of Criminal Justice, meanwhile, estimated it cost $132 million to incarcerate illegal immigrants in its prisons during the 2005 fiscal year, according to testimony given by a TDCJ official at McCaul's hearing.

Both agencies recovered only a fraction of the money spent through a federal grant program designed to help state and local governments with the costs of incarcerating the undocumented.

Under the State Criminal Alien Assistance Program administered by the U.S. Department of Justice, Texas' state prison system recovered more than $18.5 million — just 14 percent of what it spent locking up undocumented immigrants in its facilities that year.

The Harris County Sheriff's Department, meanwhile, recovered about 10 percent of its costs from the same federal program — or about $2.7 million — which left the rest of the bill to be shouldered by taxpayers.

Harris County received the second-highest payment of any governmental agency in Texas, second only to the prison system.

Records provided by the federal funding program show Harris County locked up 972 illegal immigrants for at least four days in its jail facilities throughout the fiscal year, along with 3,104 other inmates whose immigration status was unknown. Those who spent less than four days in jail weren't counted.

Courts feel impact, tooThe Texas prison system, meanwhile, incarcerated 7,863 undocumented migrants in that same time period, along with 3,852 more inmates whose immigration status remained in question.

A survey of the state prison system's total population on May 31 revealed that nearly 7 percent of the inmates — 10,376 people — said they were foreign citizens, said TDCJ spokeswoman Michelle Lyons.

Slightly more than 4 percent of those locked up in state prisons at that time — 6,612 inmates — have been ordered turned over to federal immigration authorities' custody once they finish serving their state sentences at TDCJ, Lyons said.

Undocumented immigrants also have an impact on Harris County's courts. About 16 percent of those defendants interviewed by Harris County Pretrial Services last year — almost 13,000 of the nearly 81,000 questioned — reported they were not U.S. citizens, said director Carol Oeller.

More than 7,500 of those defendants — about 9 percent of all those interviewed — acknowledged they came here without authorized documentation, Oeller said.

That latter percentage is not much of a change from years past, she said.

Pretrial Services officers do not seek to enforce immigration laws or alert federal authorities of an undocumented immigrant's presence, Oeller said.

"During the course of a defendant interview, we ask, 'Are you a U.S. citizen?' If they say no, the officer will say, 'What documents do you have to be in this country?' We don't see the papers," Oeller said. Based on their answers, defendants are recorded in the court files as legal residents, undocumented immigrants or guests with visas or work permits.

"From our perspective, there are Supreme Court and lower court case laws that say someone who is a non-U.S. citizen is entitled to the same due process as a U.S. citizen," she said.

Years-long debateOne of the country's leading experts on the undocumented-immigrant population's size estimates there are nearly 400,000 such people living in the Greater Houston metropolitan area — making up about 10 percent of the total population.

Jeffrey Passel, a senior research associate at the Pew Hispanic Center in Washington, D.C., estimated that 11.1 million undocumented immigrants were living in the U.S. in March 2005. He concluded that Texas ranked second among states having the most undocumented immigrants, estimating 1.4 million to 1.6 million lived in the Lone Star State at that time.

While such numbers will always be subject to debate, academics and politicians say the undocumented-immigrant population likely will remain an explosive issue for years to come.

"Illegal immigrants are the Willie Horton of the 2006 elections," said criminologist Ramiro Martinez, a visiting scholar who recently arrived at the UH Center for Mexican American Studies to research how Latinos impact Houston crime.

(Horton, a convicted murderer who raped a woman while on furlough from prison, was the focus of a controversial political ad during the 1988 presidential campaign.)

Despite the numbers, Martinez expects to find Latino homicides and violent crimes are lower than expected in areas of Houston having large immigrant populations.

That's because studies across the country have shown the number of immigrants in a community rarely influences the level of crime — and indicate areas with high concentrations of immigrants are safer, he said.

TAX:

As Exemptions Grow, Religion Outweighs Regulation (NYT)

By Diana B. Henriques

The New York Times, October 8, 2006

At any moment, state inspectors can step uninvited into one of the three child care centers that Ethel White runs in Auburn, Ala., to make sure they meet state requirements intended to ensure that the children are safe. There must be continuing training for the staff. Her nurseries must have two sinks, one exclusively for food preparation. All cabinets must have safety locks. Medications for the children must be kept under lock and key, and refrigerated.

The Rev. Ray Fuson of the Harvest Temple Church of God in Montgomery, Ala., does not have to worry about unannounced state inspections at the day care center his church runs. Alabama exempts church day care programs from state licensing requirements, which were tightened after almost a dozen children died in licensed and unlicensed day care centers in the state in two years.

The differences do not end there. As an employer, Ms. White must comply with the civil rights laws; if employees feel mistreated, they can take the center to court. Religious organizations, including Pastor Fuson's, are protected by the courts from almost all lawsuits filed by their ministers or other religious staff members, no matter how unfairly those employees think they have been treated.

And if you are curious about how Ms. White's nonprofit center uses its public grants and donations, read the financial statements she is required to file each year with the Internal Revenue Service. There are no I.R.S. reports from Harvest Temple. Federal law does not require churches to file them.

Far more than an hourlong stretch of highway separates these two busy, cheerful day care centers. Ms. White's center operates in the world occupied by most American organizations. As a religious ministry, Pastor Fuson's center does not.

In recent years, many politicians and commentators have cited what they consider a nationwide "war on religion" that exposes religious organizations to hostility and discrimination. But such organizations — from mainline Presbyterian and Methodist churches to mosques to synagogues to Hindu temples — enjoy an abundance of exemptions from regulations and taxes. And the number is multiplying rapidly.

Some of the exceptions have existed for much of the nation's history, originally devised for Christian churches but expanded to other faiths as the nation has become more religiously diverse. But many have been granted in just the last 15 years — sometimes added to legislation, anonymously and with little attention, much as are the widely criticized "earmarks" benefiting other special interests.

An analysis by The New York Times of laws passed since 1989 shows that more than 200 special arrangements, protections or exemptions for religious groups or their adherents were tucked into Congressional legislation, covering topics ranging from pensions to immigration to land use. New breaks have also been provided by a host of pivotal court decisions at the state and federal level, and by numerous rule changes in almost every department and agency of the executive branch.

The special breaks amount to "a sort of religious affirmative action program," said John Witte Jr., director of the Center for the Study of Law and Religion at the Emory University law school.

Professor Witte added: "Separation of church and state was certainly part of American law when many of today's public opinion makers were in school. But separation of church and state is no longer the law of the land."

The changes reflect, in part, the growing political influence of religious groups and the growing presence of conservatives in the courts and regulatory agencies. But these tax and regulatory breaks have been endorsed by politicians of both major political parties, by judges around the country, and at all levels of government.

"The religious community has a lot of pull, and senators are very deferential to this kind of legislation," said Richard R. Hammar, the editor of Church Law & Tax Report and an accountant with law and divinity degrees from Harvard.

As a result of these special breaks, religious organizations of all faiths stand in a position that American businesses — and the thousands of nonprofit groups without that "religious" label — can only envy. And the new breaks come at a time when many religious organizations are expanding into activities — from day care centers to funeral homes, from ice cream parlors to fitness clubs, from bookstores to broadcasters — that compete with these same businesses and nonprofit organizations.

Religious organizations are exempt from many federal, state and local laws and regulations covering social services, including addiction treatment centers and child care, like those in Alabama.

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Federal law gives religious congregations unique tools to challenge government restrictions on the way they use their land. Consequently, land-use restrictions that are a result of longstanding public demands for open space or historic preservation may be trumped by a religious ministry's construction plans, as in a current dispute in Boulder County, Colo.

Exemptions in the civil rights laws protect religious employers from all legal complaints about faith-based preferences in hiring. The courts have shielded them from many complaints about other forms of discrimination, whether based on race, nationality, age, gender, medical condition or sexual orientation. And most religious organizations have been exempted from federal laws meant to protect pensions and to provide unemployment benefits.

Governments have been as generous with tax breaks as with regulatory exemptions. Congress has imposed limits on the I.R.S.'s ability to audit churches, synagogues and other religious congregations. And beyond the federal income tax exemption they share with all nonprofit groups, houses of worship have long been granted an exemption from local property taxes in every state.

As religious activities expand far beyond weekly worship, that venerable tax break is expanding, too. In recent years, a church-run fitness center with a tanning bed and video arcade in Minnesota, a biblical theme park in Florida, a ministry's 1,800-acre training retreat and conference center in Michigan, religious broadcasters' transmission towers in Washington State, and housing for teachers at church-run schools in Alaska have all been granted tax breaks by local officials — or, when they balked, by the courts or state legislators.

These organizations and their leaders still rely on public services — police and fire protection, street lights and storm drains, highway and bridge maintenance, food and drug inspections, national defense. But their tax exemptions shift the cost of providing those benefits onto other citizens. The total cost nationwide is not known, because no one keeps track.

When Values Collide

Few Americans dispute the value of protecting religious liberty. The framers of the Constitution opened the First Amendment of the Bill of Rights with language preserving religious freedom with two clear goals in mind, constitutional scholars agree.

First, they wanted to assure that everyone, even members of small and possibly unpopular sects, could practice their faith without fearing the kind of persecution that many had experienced in their home countries, where a dominant religion was allied with the state. Just as important, the framers wanted to prevent the government from ever being captive to a particular religion or set of beliefs at the expense of people of other faiths.

Over the last two centuries, many scholars say, this tradition of religious freedom and tolerance, a radical concept in the 18th century, has helped this country avoid the spasms of sectarian violence that have erupted in countries from Ireland to India and attracted immigrants bringing talents from across the world.

Some legal scholars and judges see the special breaks for religious groups as a way to prevent government from infringing on those religious freedoms.

"Never forget that the exercise of religion is a constitutionally protected activity," said Douglas Laycock, a law professor at the University of Michigan who has written and testified in support of greater legislative protection for religious liberty. "Regulation imposes burdens on the free exercise of religion. Exemptions lift those burdens." He added, "That is constitutionally a good thing."

Precious as protecting religious freedom is, however, there are cases where these special breaks collide with other values important in this country — like extending the protections of government to all citizens and sharing the responsibilities of society fairly.

Religious organizations defend the exemptions as a way to recognize the benefits religious groups have provided — operating schools, orphanages, old-age homes and hospitals long before social welfare and education were widely seen as the responsibility of government.

But while ministries that run soup kitchens and homeless shelters benefit from these exemptions, secular nonprofits serving the same needy people often do not. And rather than just rewarding charitable works that benefit society, these breaks are equally available to religious organizations that provide no charitable services to anyone.

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Similarly, religious nonprofit groups that run nationwide broadcasting networks, produce best-selling publications or showcase a charismatic leader's books and speeches can take advantage of exemptions that are not available to secular nonprofit groups — not to mention for-profit companies — engaged in the same activities.

Any government oversight of religious groups must fit within the First Amendment's command that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

For most of the past half-century, courts interpreted the first part of that clause as a barrier to government action that seemed to treat religious groups more favorably than secular ones, legal scholars said. But today, many lawyers agree, courts are taking a more accommodating view of government actions that benefit religious groups.

The willingness of the federal courts to accept these arrangements increased considerably under the influence of William H. Rehnquist when he was chief justice of the Supreme Court, said Derek H. Davis, until recently the director of the J. M. Dawson Institute of Church-State Studies at Baylor University in Waco, Tex.

"Clearly, we're going to be in this accommodative mode for some time," added Mr. Davis, who sees Chief Justice Rehnquist's successor, Chief Justice John G. Roberts Jr., and Justice Samuel A. Alito Jr. as likely to follow in Chief Justice Rehnquist's footsteps on cases affecting religious groups.

The problem is, efforts to protect the free exercise of religion can clash with efforts to assure that religion is not favored by the government.

Besides regulatory exemptions and special tax breaks, some of which have been in place for decades, religious organizations have recently become eligible for an increasing stream of federal grants and contracts from state and federal governments. This policy shift began in 1996 under President Clinton, and has continued with greater force under President Bush. Known in the Bush administration as the Faith Based Initiative, it has drawn considerable attention in political, religious and academic circles.

But the broader tapestry of regulatory and tax exemptions for religious groups has gone largely unacknowledged. Indeed, some religious leaders and politicians — focusing not on these special accommodations but on issues like the display of religious icons on public land — argue that religious groups in America are targets of antagonism, not favoritism. House Speaker J. Dennis Hastert of Illinois, in introducing a legislative agenda last July, said, "Radical courts have attempted to gut our religious freedom and redefine the value system on which America was built."

In March, hundreds of people and a number of influential lawmakers attended a conference called "The War on Christians and the Values Voter in 2006" in Washington and applauded the premise that religion was under attack.

Society "treats Christianity like a second-class superstition," Tom DeLay, then a Republican representative from Texas, told the crowd. "Seen from that perspective, of course there is a war on religion."

The argument that religious groups are victims of discrimination drew a sigh from Ms. White, the day care director in Alabama, where licensed day care centers are finding it harder to compete with unlicensed faith-based centers that do not have to comply with expensive licensing requirements.

James E. Long, a deputy attorney general for Alabama's department of human resources, acknowledged that licensed day care operators have complained time and again that the exemption is unfair. "But I am unaware of any bill ever having been introduced" that would eliminate it, Mr. Long said. "That would be a very contentious issue. I'm sure the churches would want to be heard on that."

Breaks for Social Services

On an early summer day at the Harvest Temple Church of God in Montgomery, a lively group of older children tossed soccer balls around a dim, cool gymnasium. In a smaller room to the side, staff members rocked sleeping infants and comforted cranky toddlers.

This bustling church-based center, next to the church sanctuary in a well-tended middle-class neighborhood, covers its costs and helps support the work of the church, the church pastor said.

"We have talked about getting licensed before in the past, but it would cost us quite a bit of money," Pastor Fuson said. The staff would probably be large enough to meet state standards, he said, but the center would need costly renovations to upgrade the facilities.

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Ms. White, whose licensed program, Auburn Daycare Centers, has become nationally accredited during her tenure, understands how demanding the state requirements are. Her centers in Auburn have to comply with them, down to the specific toys required for each age group.

As in many states, these regulations were a response to conditions that had put young lives at risk. In Alabama alone, almost a dozen children died in day care facilities in the two years before the state began upgrading its licensing requirements in 2000.

Ms. White said the root problem in Alabama is that there is not enough state aid for working families who need good day care. But given the state's limited resources, she said, it seems unfair that subsidies are available to unlicensed centers as well as licensed ones — a view shared by the Federation of Child Care Centers of Alabama, which has lobbied for greater financing and universal licensing.

Some churches in Alabama have voluntarily obtained licenses. The Rev. Paul B. Koch Jr., of First Christian Church in Huntsville, whose day care center is licensed, thinks licensing for such programs is appropriate and raises the quality of care. "But the Christian Coalition is still strong in Alabama and this is an issue for them," he said.

John W. Giles, president of the state's Christian Coalition, confirmed that his organization supported the exemption, noting that state oversight would be intrusive and was unnecessary "because the pastors and congregations are your quality control." Although most of the unlicensed centers are run by Protestant churches or ministries, the exemption covers all faiths, from an Islamic preschool program in Huntsville to a Catholic parish center in Tuscaloosa.

Eleven other states — including Utah, Maryland, Illinois and Florida — also have exempted religious child care programs from at least some of the rules that apply to other nonprofit programs, according to the National Child Care Information Center in Fairfax, Va.

One state that has dropped off that list is Texas.

In 1997, George Bush, who was the governor, pushed through legislation that exempted faith-based day care centers and addiction treatment programs from state licensing, allowing them to be monitored instead by private associations controlled by pastors, program directors and other private citizens. Other laws enacted on his watch steered more state financing to these "alternatively accredited" institutions.

Fewer than a dozen child care centers and about 130 addiction treatment programs took advantage of this new alternative, according to subsequent studies. But several of these later became the focus of state investigations into complaints of physical abuse. A study by the Texas Freedom Network Education Fund, a nonprofit research organization that opposed the faith-based initiatives, found that "the rate of confirmed cases of abuse and neglect at alternatively accredited facilities in Texas is more than 10 times that of state-licensed facilities."

In spring 2001, the Texas Legislature quietly allowed the alternative accreditation program for day care centers to lapse.

Two leading First Amendment scholars, asked about faith-based day care licensing exemptions like these, said they were unfamiliar with the practice but thought it sounded legally dubious. "I think what you describe is unconstitutional," said Ira C. Lupu, a law professor at George Washington University and the co-director of legal research for the Roundtable on Religion and Social Welfare Policy, an independent project of the Rockefeller Institute of Government.

Professor Witte, the director of Emory University's Center for the Study of Law and Religion, said in an e-mail response that he "would frankly be surprised to find even this Supreme Court going that far."

However, when a group of licensed day care centers challenged the Alabama law in a federal court in mid-2001, arguing that it deprived them of their constitutional right to equal protection before the law, the group lost.

Judge Myron H. Thompson of United States District Court, who ruled on the case, said the state could have adopted the arrangement to avoid church-state entanglements or simply to accommodate the free exercise of religion. Indeed, he cited four other federal cases, all decided since 1988, that had upheld similar exemptions for day care centers in other states.

In Judge Thompson's view, it is "well settled" constitutional law that "the possible economic inequalities that might result from religious exemptions such as day care licensing exemptions" are not a violation of anyone's equal-protection rights.

Exemptions From Zoning Rules

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"When you fly in to Denver at night, you can always pick out Boulder," said Ben Pearlman, an athletic young lawyer who grew up there. "It's the only one with big patches of darkness around it."

As one of Boulder County's three governing commissioners, the soft-spoken Mr. Pearlman talks about protecting the county's spectacular beauty as if it were a sacred trust. In 1978, the county limited intensive development to already urbanized areas, buffered by large swaths of prairie and farmland. The landscape therefore now stands in stark contrast to the spreading carpet of subdivisions, office parks and malls in neighboring counties around Denver.

To Alan Ahlgrim, the mellow and mesmerizing preacher who founded Rocky Mountain Christian Church in eastern Boulder County in 1984, those encroaching subdivisions look like spiritual vineyards, full of families ready to be transformed by his church's call for them to become "blessed to be a blessing" to others.

"The church has never grown fast enough to suit me," Pastor Ahlgrim said with a grin that showed he was almost, but not quite, serious.

But the church, one of more than 200 in the county, did grow fast enough in the last 22 years — from about three dozen families in 1984 to more than 2,200 people today — to burst from its original building and five subsequent expansions approved by the county.

Today, its enthusiastic young congregation is once again bumping up against the walls of its 106,000-square-foot home, which sits on 55 acres in an agricultural buffer zone around the small town of Niwot. It is holding multiple services to handle the overflow congregation, but its Sunday school space is full, with some classes spilling out into hallways and temporary buildings set up in a parking lot.

Yet church members cringe at the notion of turning away newcomers. "Who do you say no to? Do you hang a 'no vacancy' sign out front?" asked Guy Scoma, a young father who visited the church as a lonely widower and stayed on when he met, then married, his wife, Kaarin.

The church wants to almost double the size of its facilities so it can accommodate up to 4,500 people. The church could then provide a new children's wing, more rooms for adult classes and a gymnasium with room for two basketball courts or potluck suppers for 1,000. The new wings, linked to the existing building by spacious galleries, would be surrounded by more than 1,200 landscaped parking spaces, 60 percent more than today.

But the county's land-use plan and zoning rules for the agricultural buffer zone where the church stands would limit any construction on the site to a single residential building. So the church cannot build without the approval of the Boulder County commissioners. And in February, after an emotional public hearing attended by more than a thousand people, Mr. Pearlman and his two fellow commissioners said no.

"People are always trying to develop their properties to the limits of the law and sometimes beyond," Mr. Pearlman said. But the worst suburban sprawl is the consequence of "lots of little decisions that have this cumulative effect," he continued. "We're trying to resist this death by a thousand cuts, and preserve the land where we can."

Like the leaders of large, fast-growing churches across the country confronting zoning restrictions on their expansion plans, Pastor Ahlgrim is unhappy. The decision "is severely restrictive to our mission," he said. Like worshiping, teaching and gathering for fellowship, the practice of sharing with the community — in this case, allowing certain outside groups to use the church when it's available — is "vital to our mission," he continued. "When one of your core values is generosity and you are restricted from sharing what you want to share — what God has provided — we consider that to be a severe limitation."

The church had no choice but to go to court, he said.

The church has sued the county under a federal land-use law enacted by Congress and signed by Bill Clinton in 2000 to protect religious organizations from capricious or discriminatory zoning restrictions by local governments. The unusual law came after a decade-long bipartisan tug-of-war between Congress and the Supreme Court.

Before 1990, the court had generally held that any government restriction on religion must serve a compelling public interest in the least burdensome way — a standard known as the "strict scrutiny" test. But in one Oregon case dealing with two Native Americans' sacramental use of peyote, an illegal drug, the majority concluded that there was nothing unconstitutional about states expecting citizens to comply with valid, neutral and generally applicable laws — like those criminalizing peyote — even if compliance conflicted with religious beliefs.

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This "Smith decision," Employment Division v. Smith, provoked a fierce reaction that has energized the drive for more legislative protections for religion ever since. In 1993, under pressure from a broad coalition whose members ranged from the Anti-Defamation League to the Southern Baptist Convention to the American Humanist Association, Congress adopted the Religious Freedom Restoration Act, which restored the "strict scrutiny" test to any federal, state or local government action affecting religious practice. A new tool had been added to the First Amendment emergency kit, although no one was quite sure how to use it.

Then the Supreme Court tugged back. In 1997, it ruled that the religious freedom act could not be applied constitutionally to the states. In reaction, 13 states have subsequently adopted similar measures of their own. But Congress thought the decision left room for it to address zoning restrictions and, separately, religious restrictions imposed on prisoners.

In 2000 Congress adopted and Mr. Clinton signed the Religious Land Use and Institutionalized Persons Act, which restored the "strict scrutiny" test to local zoning decisions, making it easier for churches to challenge those decisions in court. The act also made it easier for prisoners to challenge restrictions on their religious practices.

The provisions that apply to prisoners have been upheld, but the Supreme Court has not yet ruled on the land-use provisions that Rocky Mountain Christian Church is invoking in its lawsuit against Boulder County. One of the church's allies in the fight is the Justice Department's civil rights division, which is defending the law's constitutionality in cases around the country.

Defenders of the law say that some cases invoking its protections have addressed actions by local governments that seem to reflect blatant religious bias. For example, Rabbi Joseph Konikov of Orlando, Fla., successfully sued his local government under the law in 2002 after county officials repeatedly cited and fined him for holding small worship services in his suburban home, in violation of a zoning provision later found to be an unconstitutional burden on religious freedom.

"It was like Communist Russia," said Rabbi Konikov, who said his grandfather had fled the Soviet Union to escape religious oppression. He has continued to hold services in his home. "It was very satisfying to see that, at the end, our Constitution and our American values and freedoms came through for us."

Other zoning challenges, all invoking the 2000 law, have been filed by a Sikh society that wants to build a temple in a low-density residential area of Yuba City, Calif.; a Hindu congregation seeking permission to expand its temple and cultural center on a busy highway in Bridgewater, N.J.; and a Muslim organization that has been trying for years to build a mosque on land that the local government in Wayne Township, N.J., now wants to buy for open space.

Seeking a Protective Balance

Critics of the 2000 law argue that the First Amendment itself has long prohibited religious discrimination in zoning, and that such zoning decisions could have been challenged just as successfully in the courts if the law had never been passed.

When Congress considered the law, "what was actually being discussed was 'How do we make sure churches don't get discriminated against,' " said Marci A. Hamilton, a law professor at the Benjamin N. Cardozo School of Law at Yeshiva University in Manhattan and the author of "God vs. The Gavel: Religion and the Rule of Law" (Cambridge University Press, 2005), which calls for closer scrutiny of some religious exemptions, especially those affecting land use and family law.

"Unfortunately, the answer was to give such an expansive remedy that not only are they not getting discriminated against, but they are now capable of discriminating against all other landowners," added Professor Hamilton, who is advising Boulder County in its case.

The financial stakes in the Boulder lawsuit are large.

Under the 2000 law, if the county loses, it will have to pay not only its own legal bills but also those of the church. If the church loses, it will sacrifice the money it has spent on legal, architectural and public relations fees, but it will not be required to pay the county's legal bills. And unlike the county, it could seek free legal help from various religious advocacy groups, although it has not yet done so.

While a county victory might provide other local governments with a template for defending against similar challenges, some lawyers fear that if Boulder County, with its long history of careful land-use planning and its environmentally demanding voters, cannot successfully argue that preserving open space is a "compelling public interest," few local governments could.

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"Religious institutions have realized that land-use authorities are vulnerable to the threat of litigation," David Evan Hughes, the deputy county attorney, asserted in the county's court filings. Without greater clarity from the courts, he continued, the new law's reach "will expand to the point where religious institutions are effectively dictating their own land-use regulations."

Like most Boulder County residents, several church members said they cherish the open space preserved by the county's past land-use decisions. But they think the county was wrong to reject the church's proposal.

Lanny Pinchuk, a church member who formerly served on the county planning board, praised all that the county has done to preserve the environment. "But you can't keep people from coming to the religious institution of their choice," he said. "I feel that is just, well, un-American."

Church leaders and members said their current proposal was the "forever plan," the last expansion the church would make on this site.

But they all struggled to explain why it is an unconstitutional burden for them to have to turn away newcomers now when, if they continue to grow, they will inevitably have to turn away people when their "forever" building is full.

"At some point, we're going to have to say we can't accommodate any more; I mean, we're not going to have a 100-story building over there," said Gerry Witt, a founding church member who has recently put his house on the market so he and his wife, Carole, can move to a less developed area on the western slope of the Rockies.

"So is there any limit?" He thought a moment, then answered his question. "Yes," he said. "There's God's limit. When he says, 'You're at your limit,' that's when we will stop."

CONGRESS-ADMINISTRATION:

Aircraft Carrier George H. W. Bush Christened (LAT)

By James Gerstenzang

The Los Angeles Times, October 8, 2006

A ceremony honoring one of the Navy's own comes amid growing dissent over his son's course in Iraq.

NEWPORT NEWS, Va. — George H.W. Bush and George W. Bush, the most famous father-son act in American politics since the Adamses, saluted one another at a rain-drenched, shore-side ceremony Saturday, as an aircraft carrier was christened in the name of the father, a naval aviator who survived a direct strike by Japanese antiaircraft fire over the Pacific 62 years ago.

Doro Bush Koch, the former president's daughter and the current president's sister, smashed a bottle of sparkling wine against the bow of the vessel, and declared: "I hereby christen thee USS George H.W. Bush. May God bless all who sail her."

There were Bush family, friends, political supporters, longtime advisors and members of the administration of the first President Bush, some of whom have also served the second Bush presidency.

But against the backdrop of the reunion on a barge tied up at the bow of the vast vessel ran an undercurrent of the troubles facing the present Bush administration.

On the stage just yards from the ship's bow were two Presidents Bush, the current and former first lady and Defense Secretary Donald H. Rumsfeld, whose direction of the war is drawing increasing criticism. Next to Rumsfeld was Sen. John W. Warner, the Senate Armed Services Committee chairman from Virginia who last week became the most prominent Republican officeholder to publicly question the course of the Iraq war.

In the audience was Colin L. Powell, the retired Army general who served the first President Bush as chairman of the Joint Chiefs of Staff and the second as secretary of State. His disagreements with the current president over the Iraq war are slowly surfacing.

Two other key members of the first Bush foreign policy team — former national security advisor Brent Scowcroft, and Bush's secretary of State and White House chief of staff, James A. Baker III — were seated nearby. Vice President Dick Cheney, who was the first President Bush's Defense secretary, was not present.

Without mentioning the war but sending an unmistakable signal, the senior Bush declared: "I am very proud of our president. I support him in every single way, with every fiber in my body."

He did not, however, say he agreed with every decision his son had made.

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The ceremony took place amid renewed questions about the complicated relationship of the father and son, famously competitive and proud and yet never shy about demonstrating their love for each other, as they did again Saturday.

The most recent questions were prompted by a report that the elder Bush and his wife, Barbara, felt that their son had taken the wrong approach in dealing with Saddam Hussein and Iraq.

Bob Woodward, the author and Washington Post editor, writes in his new book, "State of Denial," that Barbara Bush said that her husband was "losing sleep" over Iraq. In addition, Woodward also wrote that Scowcroft, a close friend of the senior Bush, thought that the younger Bush's presidency was, in some respects, a "disaster."

White House officials have bristled at the idea that there is any daylight between the father and son on Iraq policy — or on anything, for that matter, except a competitive round of golf or a chase for the bluefish that run in the Gulf of Maine off the family compound in Kennebunkport.

Without specifying to which statements he was referring, Scowcroft moved earlier in the week to distance himself from the Woodward book. In a declaration eventually distributed by the White House, Scowcroft said that statements attributed to him in Woodward's book "did not and never could have" come from him.

Notwithstanding any possible differences among those at the gathering, the day belonged to the senior Bush and his wife, Barbara, with plenty of family respect and a dose of teasing. He was choked up as he recalled reading, as an officer and thus censor, the letters crewmen with whom he served sent home during World War II — and a bit irreverent when a thunderclap interrupted his speech and he said: "I'm finishing, Lord. I am finishing, Lord."

The younger President Bush said of the new vessel: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable." He added, "As a matter of fact, [she] probably should have been named the Barbara Bush."

For the senior Bush, the moment was especially fitting, given his Navy service. On Sept. 2, 1944, he set off from the deck of the carrier San Jacinto to attack Japanese installations on the Pacific island of Chichi Jima, north of the equator. His Avenger was hit by Japanese fire, and with his engine aflame, he managed to drop his bombs over the target and fly several miles off shore before bailing out. Two others in the plane died.

He spent several hours in an inflated raft in the ocean before he was rescued by the submarine Finback.

"On that day over Chichi Jima, a young American became a war hero and learned an old lesson: With the defense of freedom comes loss and sacrifice," the younger President Bush said, transferring by implication the World War II experience to the battles the military is fighting today.

The San Jacinto, which was decommissioned in 1947 and turned over for scrap in 1971, was a floating shadow compared with the carrier George H.W. Bush. The new ship's displacement will be roughly 100,000 tons, approximately 10 times that of the San Jacinto. It is the 10th and, if the Navy's plan holds, the final carrier in the Nimitz class. The ship is scheduled to be delivered to the Navy in late 2008.

"President Bush," the younger President Bush said. "Your ship has come in."

Aircraft Carrier Is The Bushes' Latest Namesake (NYT)

By Sheryl Gay Stolberg

The New York Times, October 8, 2006

NEWPORT NEWS, Va., Oct. 7 — It was a rare and poignant moment, one that moved President Bush to tears.

Not the current President Bush, but the first, who was joined Saturday at a shipyard here by dozens of political luminaries and his extended clan — including the son he calls "the president" — to christen a Navy aircraft carrier bearing his name.

The christening of the George H. W. Bush, the latest and last in the Navy's line of Nimitz aircraft carriers, took place under rainy skies, punctuated by thunderbolts so sharp that at one point, the elder Mr. Bush interrupted his speech, looked skyward and said: "I'm finishing, Lord! I'm finishing!" He seemed to burst with pride as he pronounced the occasion "any naval aviator's dream come true."

Though it was a day mostly of reminiscences for the 41st president of the United States, who joined the Navy fresh out of high school and became a decorated pilot in World War II, the elder Mr. Bush also took the occasion to do something he does not often do: comment on the administration of the 43rd president.

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"I am very proud of our president," the 82-year-old father said forcefully of his son. "I support him in every single way with every fiber in my body."

The scene was an unusual tableau, both political and personal, for the two Bushes, whose aides have been at odds, and not always beneath the surface, over the war in Iraq.

The audience included some who served both 41 and 43, as the presidential pair are known. Colin L. Powell and James A. Baker III, former secretaries of state, were there, as was Andrew H. Card Jr., who served as transportation secretary for the first President Bush and is the former chief of staff to the second.

But it was also a family reunion for America's current ruling political dynasty. On the stage sat two presidents, two first ladies and a governor, all named Bush. Mr. Card, who was invited to join the current president aboard Air Force One for the trip, described it in deeply personal terms, saying the elder Mr. Bush was like a father to him, the current president like a brother.

"The president is going there not only as the president and commander in chief," Mr. Card said. "He's going there as a very proud son."

Built at the Northrop Grumman naval shipyard here, the George H. W. Bush will not be ready to sail until 2008. Its hulking frame — 1,100 feet long, with a 4.5-acre flight deck — was festooned with red, white and blue bunting, a picture of the elder Mr. Bush attached to its bow.

The current president's sister, Dorothy Bush Koch, who has just published a biography of the elder Mr. Bush titled "My Father, My President," performed the christening honors, whacking a bottle of sparkling wine across the hull as her father and brother looked on.

President Bush introduced "our dad," recounting his father's flying career. His speech touched on light moments, like the time his father was reprimanded for flying too low over a circus ("I was grounded for causing an elephant stampede," he quoted the elder Mr. Bush as saying), and on somber ones, among them the shooting down of his father's plane. Two crew members died; the elder Mr. Bush earned the Distinguished Flying Cross.

But it was the first President Bush, his step a tad slower than in years gone by, his voice a tad shakier, who stole the show. He held hands with his wife, Barbara, belted out the words to "God Bless America" and happily patted his son on the shoulder. In his speech, he grew tearful as he described his duties as a young officer whose job included censoring the mail sent by shipmates.

"I learned a lot about human nature, and I learned a lot about the hearts and dreams of these kids," the elder Mr. Bush said, looking down in an effort to collect himself. He stopped for more than a few seconds, then continued in a throaty voice, "I would see these letters written, and I would count my own blessings."

New Aircraft Carrier Christened In Honor Of George H.W. Bush (WP)

By Michael Abramowitz

The Washington Post, October 8, 2006

NEWPORT NEWS, Oct. 7 -- Despite a steady downpour that chilled thousands gathered Saturday in the shipyard here, President Bush and his father, George H.W. Bush, basked in the warm embrace of extended family and friends as they celebrated the christening of a nuclear-powered aircraft carrier named after the former president.

The 41st president of the United States punctuated an affectionate reminiscence of his storied life with a father's unconditional defense of the 43rd. "I am very proud of our president," said George H.W. Bush to loud applause. "I support him in every single way, with every fiber in my body."

It seemed more than a throwaway line, but a pointed response to speculation, fanned most recently by a new Bob Woodward book, that the former president is anguished over the Iraq war and that his closest advisers now see the son's administration as a debacle. For his part, the current occupant of the Oval Office paid warm tribute to a "great dad" and "a man who exemplifies the great character of our country."

President Bush also drew laughs when he lauded his steely mother, after noting that the USS George H.W. Bush will be the latest in the Nimitz class of aircraft carriers. "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable," Bush thundered.

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"As a matter of fact," he added, "probably should have been named the Barbara Bush."

The official occasion Saturday was the christening of the George H.W. Bush, a naval ceremony that marks the completion of the ship's hull and its ability to float. Another two years of work is necessary before manufacturer Northrop Grumman Corp. can deliver the gigantic $6 billion ship to the Navy, company officials said.

The George H.W. Bush, longer than three football fields and with about 97,000 tons of displacement, is the 10th and last of the Nimitz-class carriers that project American military power to every corner of the globe. The Pentagon is designing the next generation of aircraft carriers, with the first ship's delivery expected in 2015, a Pentagon spokesman said.

Saturday's ceremony was held at the foot of the gigantic gray bow of the unfinished carrier, in the midst of a rainstorm whose loud claps of thunder periodically startled the thousands of dignitaries, Bush family friends, Navy personnel, shipyard workers and company officials gathered at the Northrop Grumman Newport News Shipyard. "I'm finishing, Lord, I'm finishing," Bush promised, drawing laughs as he glanced up at the sky after one particularly powerful thunder clap.

But the storm did little to dampen the festive mood of the crowd, which included dozens of luminaries from the George H.W. Bush administration, including former secretary of state James A. Baker III, former national security adviser Brent Scowcroft and former chairman of the Joint Chiefs of Staff Colin L. Powell, who also served the son as secretary of state. Also in the crowd were four of the former president's fellow pilots who served in the Pacific theater during World War II, as well as dozens of old friends and retainers from a lifetime in politics.

A huge cheer went up from the crowd when Doro Bush Koch, the ship's "sponsor" and the former president's daughter, smashed a bottle of American sparkling wine across the bow of the carrier at the end of the ceremony. The crowd also cheered the two Bush presidents, who seemed delighted. The elder Bush took it all in with an almost boyish glee. Holding Barbara Bush's hand, the former president sang enthusiastically along with tenor Ronan Tynan, who rendered "God Bless America."

George H.W. Bush, 82, is the first living former president to attend the christening of a carrier in his honor, and when it came his turn to speak, he told the crowd: "This is any naval aviator's dream come true."

As a young pilot, Bush flew bombing missions off the USS San Jacinto, part of a naval task force in the Pacific; in 1944, his plane was shot down by Japanese antiaircraft fire. Bush parachuted into the sea and was rescued by a Navy submarine after he spent more than two hours aboard a rubber life raft.

The current president devoted part of his brief remarks to the lessons of his father's military service. "The generation of World War II taught the world's tyrants a telling lesson," Bush said. "There is no power like the power of freedom -- and no soldier as strong as a soldier who fights for a free future for his children."

Remembering his World War II service, the elder Bush choked up, especially after recalling his task of reading servicemen's mail to make sure they did not divulge any secrets. "I learned a lot from that. I learned a lot about human nature. I learned a lot about the hearts and dreams of these kids," he said, pausing to compose himself. "I would see these letters written, and I would count my own blessings."

In keeping with his rambling style of public speaking, the former president quickly moved on to a bout of reflection. "It seems surreal that you can go from being a young naval aviator, then surviving a horrible war, then losing an innocent child and having some modest success in business, then rising through the killing fields of national politics to be president," Bush said. "And after four thoroughly challenging years as president, it would be even more improbable to see your own two sons rise to become respected national leaders, to say nothing of the private success of our three other kids. I am truly blessed as a dad."

Bush did allow that he could not say this was the greatest day of his life. He recalled telling Barbara Bush that it was the greatest day of his life when son George was elected governor of Texas and son Jeb governor of Florida -- only to be asked, "What about the day we were married?"

"I would simply have to say," Bush added, to chuckles, "this is, maybe, the third happiest day of my life."

Bushes Stay Calm During Stormy Rite (WT)

By Joseph Curl, The Washington Times

The Washington Times, October 8, 2006

DOJ_NMG_0078059

NEWPORT NEWS, Va. -- With dark storm clouds looming over a Navy shipyard yesterday and thousands of people gathered for the christening of the USS George H.W. Bush aircraft carrier, Chaplain Jonathan Frusti asked God to be present, to bless the ship and all who sail on it.

The rainstorm did not hold off for the guest of honor, though, and a crack of thunder stopped the 82-year-old former president in midsentence as he addressed the crowd, which included President Bush and his wife, Laura, as well as other members of the Bush family.

The elder Mr. Bush spun toward the sky with alarm, then turned back to the soggy crowd and, with a wry smile, his hands and eyes lifted to the sky, said, "I'm finishing, Lord, I'm finishing."

A few minutes later, standing at the bow of the massive $6 billion ship -- more than three football fields long and able to hold more than 80 warplanes -- the former president's daughter, Dorothy Bush Koch, crashed a bottle of American sparkling wine against the ship, CVN 77, which will take to the seas in late 2008.

The ceremony was at times sentimental and moving. The president choked up as he said: "On this proud day, the children of George H.W. Bush bless their father's name, the United States Navy honors his name, and the ship that bears his name sails into this young century as a symbol of American strength and freedom.

"I know you join me in saying to our father, President Bush, your ship has come in."

The elder Mr. Bush wiped away tears and dabbed his nose with a handkerchief as he recalled one of his tasks aboard the ship on which he served during World War II, the USS San Jacinto. As a senior officer, he censored letters of the crew, and yesterday he remembered the hopes, dreams, courage and fear of his fellow sailors.

The president recounted a story about his father's early days as a Navy pilot, and his impulsive decision to fly low over a beach "where young ladies liked to sunbathe."

"It just so happened to be the same day that a traveling circus had set up its tents. Dad's flyover upset an elephant, causing him to break loose and make a run throughout the town. He was called in for a reprimand from his commander. He puts it this way, 'I was grounded for causing an elephant stampede' -- probably the only Navy pilot in American history who can make that claim," the president said to laughter from the crowd.

The president said of the USS George H.W. Bush, the last of the Nimitz-class carriers: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable. As a matter of fact, [she] probably should have been named the Barbara Bush."

The former president was humble, downplaying his heroism after several speakers praised his bravery during World War II. In 1944, he was shot down during a bombing run over Chichi Jima and survived after parachuting into the Pacific Ocean, earning the Distinguished Flying Cross. But he said his story was no different from that of another president who served in the Navy.

"President Kennedy was asked how he became a hero, and he said, 'They sank my boat.' Well, they shot my plane down. But I never considered myself a hero," he said.

The officials on the dais included Defense Secretary Donald H. Rumsfeld; Gen. Peter Pace, chairman of the Joints Chiefs of Staff; Sens. John W. Warner and George Allen, Virginia Republicans; Florida Gov. Jeb Bush; and Supreme Court Justice Clarence Thomas.

The crowd included high-ranking officials past and present, among them former Secretaries of State James A. Baker III and Colin L. Powell and the elder Mr. Bush's press secretary, Marlin Fitzwater.

Mr. Allen compared the struggle of World War II to the global war against terrorism, saying: "The mission of our time is the same as the one for President Bush fighting in World War II, or leading our country and winning the Cold War: Our mission is to protect our freedom in a sometimes hostile world."

The president also invoked the war on terrorism, saying: "In the 21st century, freedom is again under attack. ... And once again, with perseverance, and courage, and confidence in the power of freedom, a new generation of Americans will leave a more hopeful and peaceful world for generations to come."

The carrier is scheduled to be launched today from its dry dock into the James River and taken to an outfitting berth, where work on interior systems will continue.

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The ceremony closed with tenor Ronan Tynan singing "God Bless America," which opens with the lines: "While the storm clouds gather from across the sea, let us swear allegiance to a land that's free."

As the wet VIPs scurried, Mr. Fitzwater was asked whether his former boss did the right thing by cutting short his remarks in the face of the imminent storm.

"Absolutely," he said with a smile. "He knows how to take a cue."

Bush Clan Christens Carrier Named For Patriarch (VAPILOT)

By Jon W. Glass

Hampton Roads Virginian-Pilot, October 8, 2006

NEWPORT NEWS — Family, U.S. military might and a long tradition of shipbuilding merged into a gray, rainy Saturday at the christening of the aircraft carrier George H.W. Bush.

The Bush family gathered to honor the clan's patriach at Northrop Grumman Newport News' shipyard, where the $6 billion carrier has been under construction since 2001.

President George W. Bush, the namesake's son, gave the keynote speech, drawing laughter when he told his father: "President Bush, your ship has come in."

The president's sister, Doro Bush Koch, the ship's sponsor, shattered a bottle of American sparkling wine on a "breaker bar" attached to the massive carrier's bow.

"I christen thee U.S. ship George H.W. Bush. May God bless all who sail on her," Koch said, before smashing the bottle two-handed against the bar, bubbly spray flying.

Bush the elder, now 82, was the nation's 41st president. During World War II, he flew planes off the carrier San Jacinto, earning the Distinguished Flying Cross.

"This is any aviator's dream come true," Bush told a crowd of around 5,000, who held umbrellas and wore hooded raincoats. "This is magnificent."

Other Bush family members at the ceremony included former First Lady Barbara Bush, current First Lady Laura Bush and Florida Gov. Jeb Bush, the president's brother.

Colin Powell, the former secretary of state and chairman of the Joint Chiefs of Staff under the elder Bush, turned heads when he arrived. Other high-profile government officials attending were Clarence Thomas, the U.S. Supreme Court associate justice; Secretary of Defense Donald Rumsfeld; Navy Secretary Donald Winter; and Mike Mullen, the chief of naval operations.

Bush is the first president in the shipyard's 120-year history to participate in the christening of a namesake ship, yard officials said.

There were light-hearted moments. Describing the new carrier, President Bush said: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable. As a matter of fact, probably should have been named the Barbara Bush" – a reference to his mother's no-nonsense manner.

And there were serious ones. Speaking of his dad's service in World War II, the president said the carrier "honors a generation that valued service above self," but that it also will serve "a new generation of Americans every bit as brave and selfless."

"In the 21st century, freedom is again under attack," he said, noting that 1.6 million Americans have volunteered for military service since the Sept. 11, 2001, terror attacks.

Bush recounted how his father carried out one mission during World War II even after his plane was hit by antiaircraft fire, forcing him to bail out.

But the elder Bush, a decorated aviator who joined the Navy on his 18th birthday, said: "I never considered myself a hero. We were no greater than the kids who serve today – all volunteer."

The nuclear-powered carrier, about 60 percent complete, will join the fleet in late 2008 or early 2009. It's the last 10 Nimitz-class carriers – all built at the Newport News shipyard – and boasts new technology making it the most advanced, including new propellers and an updated aviation fuel system for quicker flight turnarounds.

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About 12,000 of Northrop Grumman Newport News' 19,000 employees have worked on the carrier, and many were at the christening.

Others came to be part of history.

"It's something I'll tell my grandchildren about," said Sharon Zebro, who drove from Norfolk. "To have the father and the son here, you don't see that often." Reach Jon W. Glass at (757) 446-2318 or jon.glass@pilotonline.com

More Pilot photos of the christening ceremony

Submit your own photos

Bush Aircraft Carrier Christened In Virginia (HC/AP)

By Jennifer Loven

Houston Chronicle/AP, October 8, 2006

NEWPORT NEWS, Va. — Spraying the bubbles from sparkling wine across the enormous gray bow of the USS George H.W. Bush, the Bush family today christened the nuclear-powered aircraft carrier named after the 82-year-old former president.

"I know you join me in saying to our father, President Bush, your ship has come in," the current president said during a ceremony for the last of the Nimitz-class carriers, the CVN 77.

"She is unrelenting, she is unyielding, she is unstoppable," Bush said, lauding the warship's state-of-the-art design before pausing for a punch line aimed at his mother's well-known steely constitution. "Matter of fact, she probably should have been named Barbara Bush."

The elder Bush, a decorated Navy pilot in World War II, joined the armed forces on his 18th birthday, June 12, 1942. "After our nation was attacked at Pearl Harbor, you simply couldn't find anyone who wasn't anxious to sign up," he told the audience as a heavy rain fell.

"The point is that our nation was totally united against the insidious totalitarian threat against freedom," he said. He added, "In my humble view, we were no greater than the kids that serve today."

The current president said that in the 21st century, "freedom is again under attack and young Americans are volunteering to answer the call."

Doro Bush Koch, the elder Bush's daughter, handled the ritual smashing of a bottle of sparkling wine against the flattop's bow.

Bush father and son and several relatives joined hundreds of others at the Northrop Grumman Newport News shipyard, where the $6 billion, 1,092-foot-long carrier is being built. It is not yet finished and is scheduled to be delivered to the Navy in late 2008.

The christening ceremony was scheduled to be nearly two hours long, but deafening thunderclaps, lightning, wind and intermittent heavy rain left the speakers mostly abandoning their prepared remarks to merely introduce the next in line.

With friends, Navy personnel and shipyard workers looking on, the elder Bush choked up during his informal and sentimental address, while talking about the men with whom he served in World War II.

Four of his fellow Navy pilots from the war traveled to the ceremony, an event the former president called the "third happiest day of his life," after his wedding and the day when two of his sons were elected governors.

"This is every naval aviator's dream," he said

The 10th of the Nimitz-class carriers — the largest warships in the world — features technological advancements that make it a bridge to the next generation of nuclear-powered aircraft carriers.

On Sunday, the carrier was to be launched from its dry-dock into the James River and taken to an outfitting berth, where work on interior systems will continue.

The former president was the youngest pilot in the Navy when he joined, receiving his commission and naval aviator wings before age 19.

Bush flew torpedo bombers off the aircraft carrier USS San Jacinto. In 1944, he was on a mission over the Pacific when Japanese anti-aircraft fire hit his plane. Bush parachuted into the sea and was rescued by a Navy submarine. He later was awarded the Distinguished Flying Cross and three Air Medals for his Navy service in the Pacific theater.

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Capt. Kevin O'Flaherty, the carrier's prospective commanding officer, is in charge of about 330 sailors now attached to the ship. He said he eventually will be responsible for about 3,000 crew members when the ship is put into service. It is not known where the carrier is to be stationed.

For The Ex-world Leader Who Has Everything: A Bush Aircraft Carrier (AFP)

AFP, October 8, 2006

President George W. Bush unveiled a Nimitz-class aircraft carrier, the George H. W. Bush, christened in honor of his father, in whose footsteps the president followed all the way to the White House.

Speaking to his father as the former president, also an ex-CIA chief and ex-diplomat, looked on in Newport News, Virginia, the US president smiled and said: "President Bush, your ship has come in," calling it "the newest and most advanced aircraft carrier in the nation."

"The generation of World War II taught the world's tyrants a telling lesson: There is no power like the power of freedom," Bush added, referring to his father's service as a young airman in that conflict.

"In the 21st century, freedom is again under attack," the president said. "And young Americans are volunteering to answer the call. And in the years since September 11, 2001, more than 1.6 million Americans have volunteered to wear the uniform of the United States."

Bush said: "The men and women of the United States military represent the best of America. And they deserve the best America can give them. And the George H.W. Bush is the best America can give them."

Made by Northrup Grumman, the nuclear-powered craft is a floating city that will be home to 6,000 Navy staff.

Some seven years in the making, it took 47,000 tonnes of structural steel and one million pounds of aluminum to build the giant, the company says.

It is expected to operate for half a century.

The president's mother, Barbara, looked on as her daughter Doro Bush Koch carried out the traditional honor of breaking a bottle of sparkling wine across the ship's bow.

"The George H. W. Bush is the latest in the Nimitz line. She is unshakable, unyielding, unstoppable. As a matter of fact, she probably should have been named the Barbara Bush," the president quipped.

Of the supercarrier, his father said: "This is a naval aviator's dream come true."

Also on hand for the ceremony were Marvin Bush and his wife, Margaret, and their son Walker; Sandy Randt, the ambassador to China and an old friend of the Bush family; and former White House chief of staff Andrew Card.

"It's a great gift for those of us who get to witness it to see the father and son there at a time of tremendous emotion for both of them. They have such tremendous mutual respect, and it's not just a respect of a father and a son, it's a respect for the country and those who served the country, and a respect for the loneliest office in the world, the president of the United States," Card said.

"Former president Bush is almost like a father to me, and this president is almost like a brother to me, so I feel particularly honored that they would include me," Card added.

Bush Family Celebrates Carrier Christening (UPI)

United Press International, October 8, 2006

NEWPORT NEWS, Va., Oct. 7 (UPI) -- U.S. President Bush christened a nuclear-powered aircraft carrier in Newport News, Va., Saturday named after his father, the 82-year-old former president.

"I know you join me in saying to our father: President Bush, your ship has come in," Bush said to applause as heavy rain fell.

Bush described the Nimitz-class USS George H.W. Bush supercarrier as "unrelenting," "unshakable," "unyielding" and "unstoppable," he said it "probably should have been named the Barbara Bush."

His father, a decorated World War II Navy pilot, once flew low over a beach to see women sunbathing, the president said.

The flyover upset a circus elephant, "causing him to break lose and make a run throughout the town," Bush said. His father "was grounded for causing an elephant stampede -- probably the only Navy pilot in American history who can make that claim."

Dorothy Bush Koch, the president's sister, smashed a bottle of sparkling wine against the carrier bow.

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Security Gaps In Medicare And Medicaid (NYT)

By Robert Pear

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Federal investigators say they have found serious computer security flaws that could lead to the improper disclosure of sensitive medical information on people enrolled in Medicare and Medicaid.

In a new report, the investigators, from the Government Accountability Office, said "key information security controls were missing" from a huge communication network used by the federal Centers for Medicare and Medicaid Services.

As a result, they said, sensitive, personally identifiable information "could be improperly modified, disclosed or deleted." Moreover, the report said, "these weaknesses could lead to disruptions in services" to millions of Medicare and Medicaid beneficiaries.

The network is used to pay claims and to communicate with state Medicaid agencies, health care providers and many private contractors.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said none of the flaws had led to "actual security breaches." Dr. McClellan said he was taking steps to fix the problems.

But the G.A.O. said Medicare officials would not necessarily know if a security breach had occurred because they had no "audit trail" to document use of the computer network, or a reliable way to detect intrusions into their computers.

In their report, the investigators described several problems:

¶The potential for unauthorized users to gain access to the agency's computers because of a lack of strict password controls. Passwords are often so simple that outsiders can guess them.

¶Medicare and Medicaid data not being encrypted. "This could allow an attacker to view medical information" on beneficiaries.

¶A failure to keep complete records of who uses the network, so it cannot be determined who views or modifies files.

Senator Charles E. Grassley, Republican of Iowa, who requested the investigation, said Medicare officials needed "to get on top of these shortcomings immediately."

"Beneficiaries not only rely on Medicare for their health care coverage," said Mr. Grassley, chairman of the Finance Committee, which oversees Medicare and Medicaid, "they expect that the private information they entrust to the government is kept private, safe and secure."

Concern about computer security has increased since May, when the Department of Veterans Affairs reported a laptop computer with personal information on millions of veterans had been stolen from the home of an agency employee.

Dr. McClellan said, "We are very concerned about the specific control weaknesses" identified in the latest report. The computer network carries immense amounts of data with personal information on beneficiaries, including name, sex, date of birth, Social Security number and home address. The network also transmits medical and financial information, showing the diagnosis of a patient's illness, prescriptions, names of doctors and hospitals, services provided and the amounts paid.

Daniel R. Levinson, the inspector general at the Department of Health and Human Services, and his predecessors have expressed concern about weaknesses in Medicare computer security. The weaknesses "could ultimately result in unauthorized disclosure of sensitive information, improper Medicare payments or disruption of critical operations," Mr. Levinson warned last year.

The computer network connects the Centers for Medicare and Medicaid Services with banks, insurance companies, hospitals, nursing homes, health plans, other federal agencies and private contractors that pay claims for the government.

Medicare paid more than 1.1 billion claims last year. The size of its computer network and the number of transactions increased this year with the addition of a prescription drug benefit. The new program fills more than three million prescriptions a day. Insurers must file detailed data on each transaction.

In June, Medicare officials warned Humana after a company employee left personal information on 17,000 Medicare beneficiaries unsecured on a hotel computer in Baltimore.

The Bush administration is encouraging adoption of electronic health records and is urging doctors to send prescriptions electronically to drugstores. It is also asking beneficiaries to keep track of their health information, including Medicare claims

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and prescriptions, by using a new online service at www.MyMedicare.gov. In fine print, the government says it "does not warrant the accuracy" of information on the Web site.

Rules Deter Poor Children From Enrolling In Medicaid (WP)

By Chris L. Jenkins

The Washington Post, October 8, 2006

Needed Documents Unavailable to Some Families, Officials Say

Thousands of low-income children have been unable to enroll in Virginia's Medicaid program since July 1 because of new, tougher federal rules requiring proof of citizenship and identity, state officials said.

Officials for the state program for the poor and disabled said as many as 10,000 eligible children are living without health care largely because their families have been unable to present original birth certificates and other needed documentation to state or local Medicaid officials.

"These new rules are the single greatest factor for why children haven't been able to enroll" in Medicaid, said Linda Nablo, director of Maternal and Child Health at Virginia's Department of Medical Assistance Services, who said exact numbers would be available by the end of the month. "There are cases where everything about them is done, everything about them is approved, and all we're waiting for is [citizenship and identity] documentation.

"In the meantime, these kids are going without health care," she added.

The new federal rules, designed to curb fraud by illegal immigrants, require passports, birth certificates or other identifying documents to be shown when people apply for Medicaid benefits or during annual reenrollment in the program. Parents are also required to offer sworn affidavits as proof of a child's identity.

The rule is part of last year's Deficit Reduction Act, which President Bush signed into law in February. Despite a federal inspector general's report concluding that there was little fraud by illegal immigrants, supporters said the measure would ensure that Medicaid dollars go only to citizens or eligible immigrants. Previously, Medicaid applicants declared their citizenship or legal status, under penalty of perjury, without having to show evidence, although some states demanded proof.

After an outcry from health-care advocates across the country, federal officials exempted elderly and disabled applicants from the new regulations. But the same exemption was not given to most children, which state officials say is making it difficult to enroll minors.

"We're talking about families that don't have a lot of resources," said Shelby Gonzales, director of Partnership for Healthier Kids, a Fairfax County program run by Inova Health System. She and other advocates said families are showing up at social services departments looking for medical coverage but never follow through because of the extra layer of bureaucracy. "There are just a lot of practical reasons why it's been difficult," she said.

State officials said that adults eligible for Medicaid might also be experiencing difficulties enrolling in the program but that it is unclear how many.

Medicaid spokeswoman Mary Kahn said the federal Centers for Medicare and Medicaid Services has done everything it could to prepare low-income families under the parameters set by federal lawmakers.

"Of course we're concerned that children who are entitled to health care may not be receiving it because of any misunderstanding about the new rules," she said. "We're working within the parameters that Congress gave us to assure that the goals of the law are met while not excluding people who are legitimately entitled."

Thus far, the changes have only affected those who are seeking health-care benefits for the first time, state officials said. Like most states, Virginia gave those already enrolled several months to gather the necessary documents. But that grace period ends this month, and there is concern that people who can't come up with the documents will be kicked out of the program.

"This is the tip of the iceberg," said Jill Hanken, a staff attorney for the Virginia Poverty Law Center in Richmond, which has been tracking the impact of the new regulations. "Once the grace period is up, unless we see a change, there are going to be a lot of people who simply won't be able to get reauthorized."

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Officials in Maryland said they have not been able to determine whether any children have been unable to receive health care, largely because they only recently started tracking changes. Officials in the District reported that the number of children enrolling has not dropped.

Virginia officials and advocates for the poor said the new rules have stymied much of the progress the state has made in enrolling children in the state health-care program. Over the past several years, Virginia has averaged a net increase of 1,700 children a month into the Family Access to Medical Insurance Security Plus program; since July it has averaged a net loss of about 3,500 a month. As of Oct. 1, there were 376,314 children on Medicaid in the state.

Congress's Sorry Session (WP)

By David S. Broder

The Washington Post, October 8, 2006

The disgrace of Congress extends far beyond the scandals that have sullied the record of the dominant House Republicans. They are properly being blamed for most of the misdeeds and blunders that have marked this year on Capitol Hill, from the power grabs by Tom DeLay, to the greed of Duke Cunningham and Bob Ney, to the sexual overtures of Mark Foley.

Those were bad enough, and the glacial pace at which party leaders responded to all of them is a further indictment of the current regime. The House session opened with an attempt to change the rule that would have required an indicted Tom DeLay to step down as majority leader. It finished with Mark Foley hustling off to rehab before he answered questions about his electronic messages to underage male House pages.

And in between, what was accomplished? Nothing of significance on any of the major problems confronting the nation.

That is the real failure and the reason there should be a lot of new faces when the next Congress starts work in January.

Whether the need was immigration reform, a rational energy policy, an effort to expand health insurance coverage or greater security for retirement, Congress failed to deliver.

It worked fewer days -- and accomplished less -- than any Congress in recent history, and much of its routine work on spending bills was postponed until after the election.

The legacy of what it left undone -- especially in the fiscal area -- will damage future generations long after the memories of DeLay and Foley and their follies have vanished.

The Committee for a Responsible Federal Budget, a bipartisan group of former government officials, expressed dismay last week that Congress had adjourned without adopting a formal budget resolution. Because the House and Senate were unable to agree, the committee's president, Maya MacGuineas, said, "Congress is tasking itself with spending millions of dollars while flying blind. That is no way to run a country."

The liberal Center on Budget and Policy Priorities added up the damage done by this Congress in a end-of-session report: "The 109th Congress took our already large projected budget deficits and passed legislation that will make them larger. The legislation increased projected deficits from 2005 (the year the Congress convened) through 2011 (when the current five-year budget window ends) by a total of $452 billion. Moreover, the budget deterioration over the past six fiscal years -- 2000 to 2006 -- is the largest deterioration for any six-year period in the past half-century."

Stan Collender, an independent budget analyst writing in National Journal, said that this year's failure implies more tough sledding next year. "Combined with the likely narrower margins in Congress next year (regardless of which party is in the majority), this almost guarantees that work on the budget will be slow, halting and painful. It also means that incremental progress may be too much to expect."

Some of the session's failures may be laid at the feet of the minority Democrats, who used parliamentary tactics, particularly in the Senate, to thwart some Republican proposals. But most of the difficulty can be found on the Republican side of the aisle, where ideological differences and simple political resistance proved to be a persistent problem.

It is difficult to remember, but President Bush's first priority after his reelection in 2004 was changing the Social Security system to include privately owned accounts. For the better part of six months, he spoke everywhere about his plan -- but he never got around to introducing legislation. And every time he tried to drum up support for some version of the scheme, the word came

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back from the Capitol that Republicans were not prepared to vote for any such idea. In the end, Social Security reform never came to a vote in any committee of the House or Senate, let alone reached the floor. The Republicans simply chickened out.

The record on immigration was not much better. The House passed a punitive bill that would have closed the border and clamped down on illegal immigrants already living here. The Senate followed the president's wishes and approved a more generous and comprehensive approach, including a guest worker program and a difficult but manageable path to citizenship for those residing here illegally.

But House and Senate leaders never ordered the negotiations that might have led to agreement on a final bill, so in the end, little was accomplished.

That was the hallmark of this Congress. We have to do better.

davidbroder@washpost.com

The Economy That Could (LAT)

By Editorial

The Los Angeles Times, October 8, 2006

Regardless of what any politician says, the Dow's recovery is a tribute to the resilience of the U.S. economy.

AT LEAST IT DIDN'T TAKE A quarter-century. That's how long it took the Dow Jones industrial average to recover from the 1929 stock market crash. The Dow hit an all-time high Tuesday after a nearly seven-year swoon. The previous closing high for the Dow occurred when the nation was still partying like it was 1999 — even though it was Jan. 14, 2000, when inflated dot-com share prices allowed a company such as AOL to buy a company such as Time-Warner.

We know: There's no reason to break out the champagne. The Dow may be the nation's most established stock index, but it tracks a mere 30 blue-chip companies — and its recent surge owes a lot to such old-economy stalwarts as Caterpillar, Boeing and Altria (which is not a missionary group that builds schoolhouses in Africa but rather Philip Morris renamed). The more representative S&P 500 index is still about 10% off its 2000 high, and the tech-heavy Nasdaq composite is, well, you don't want to know.

Still, the Dow's milestone is worthy of celebration. The economy is strong, as President Bush gloated on Friday. Unemployment — 4.6%, according to the Labor Department's jobs report — and inflation are reassuringly low, growth is steady and the global economy appears to be sound. Corporations have become more efficient and profitable and their market valuations more reasonable than during the '90s bubble.

Despite concerns about a correction in housing prices, consumers remain confident. There have been legitimate concerns about households not faring as well as corporations in recent years, but even on this front, there is good news. Average hourly wages in September were up 4% from a year earlier.

It's always amusing to watch the political spinning of economic data, especially because it foolishly presupposes (on both sides of the statistical food fight) that the government is omnipotent. Democrats look shrill when they engage in mental contortions to argue that what is plainly good news is a mirage. It's equally disingenuous for the president to claim that his temporary tax cuts, which were sold to the country as a needed "stimulus" at a dire time, must be made permanent at a time of prosperity.

If Treasury Secretary Henry M. Paulson Jr. wants to avoid becoming just another in a series of Treasury secretaries who shrank in office to little more than White House cheerleaders, he is going to have to persuade the president to take advantage of this strong economy and address some of the federal government's structural long-term deficits.

In the meantime, all politics aside, the Dow's recovery is a tribute to the resilience of the U.S. economy, which has weathered the 9/11 attacks, Enron and other corporate scandals, increased global competition, rising oil and commodity prices, geopolitical risks associated with the war in Iraq and nuclear proliferation. There is a lot to keep one up at night, and nervousness about uncertainty and change helps explain why not everyone is exulting over objectively good data. What's more important, though, is that people don't panic either. With any luck, the Dow will hit 15,000 before it hits 10,000 again.

OTHER NEWS:

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Raise The Gasoline Tax? Funny, It Doesn't Sound Republican (NYT)

By Daniel Gross

The New York Times, October 8, 2006

FOR nearly two decades, Alan Greenspan owned the biggest megaphone in Washington as chairman of the Federal Reserve. When Mr. Greenspan dispensed advice on matters economic — interest rates, budget and tax policies, entitlements, the stock market, the best kind of mortgage — people listened.

As a rule, Mr. Greenspan, a Republican by temperament and background who was reappointed twice by Bill Clinton, adhered closely to Republican orthodoxy on taxes: the lower the better. Mr. Greenspan was hardly a proponent of raising taxes on energy to encourage conservation, a policy prescription generally associated with the politicians and economists of the left.

Until now. In late September, as he spoke to a group of business executives in Massachusetts, a question was posed as to whether he'd like to see an increase in the federal gasoline tax, which has stood at 18.4 cents a gallon since 1993. "Yes, I would," Mr. Greenspan responded with atypical clarity. "That's the way to get consumption down. It's a national security issue."

Mr. Greenspan isn't the only Republican-aligned economist to have discovered, or rediscovered, a fondness for higher energy taxes since leaving government service. N. Gregory Mankiw, the Harvard economist who served as chairman of President Bush's Council of Economic Advisers from 2003 to 2005, favored a higher gas tax before going to Washington, and has been banging the drum loudly for it since he left. On his blog, Mr. Mankiw has formed the Pigou Club, named for Arthur C. Pigou, the British economist credited with introducing the notion that taxes could be used to correct imperfections in the market. The roster of what Mr. Mankiw calls "economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes," includes some of the usual suspects — Paul Krugman, a columnist for The New York Times, and Al Gore, for example — as well as unusual suspects like Gary S. Becker, the economics professor and Nobel laureate at the University of Chicago.

Andrew A. Samwick, chief economist on the Council of Economic Advisers from July 2003 to June 2004, and a professor of economics at Dartmouth, is a member in good standing. So is Martin S. Feldstein, the intellectual godfather of a generation of Republican economists. In June, Mr. Feldstein laid out his own Pigovian plan on the home page of Republican economic orthodoxy — the Wall Street Journal editorial page. The government, Mr. Feldstein said, should essentially ration gas by distributing tradable gas rights that entitle people to use gasoline. Those who don't want to use them could sell them, and those who want to drive more would buy them. "The 50-cent price of the T.G.R. would have the same incentive effect as a 50-cent gasoline tax," he wrote.

What gives? Clearly, there is an emerging consensus among economists — right and left — that the nation would be better off, geopolitically and economically, if Americans used less gasoline. "Given the role that imported oil plays today, you can't continue to be a responsible economist and not talk about ways to reduce that dependence," Mr. Samwick said. "If you are concerned about the external consequences of imported oil, then you should raise the cost of it." And free-market economists view a higher gas tax as a more elegant solution than, for example, raising auto efficiency standards.

Others chalk up the rising chorus for a higher gas tax to a growing unity among economists across the political spectrum on the deleterious effects of global warming. "The U.S. has reasonable arguments for not signing the Kyoto treaty, but we need to propose some other measure that will help reduce emissions," said Kenneth Rogoff, former chief economist at the International Monetary Fund and professor of economics at Harvard. A sharply higher tax on gas would help reduce consumption, and hence emissions.

But as much as Republican-leaning economists like Messrs. Greenspan, Mankiw and Samwick may think that it's a good idea, the Republican politicians who control the levers of power in Washington think that it's an awfully bad one, even though gas taxes in the United States are far lower than those in other industrialized countries. According to the International Energy Agency, American gas taxes in August were a mere 40 cents a gallon on average, compared with $4.24 a gallon in Britain and $3.99 in Germany.

The last increase in the federal gas tax was enacted as part of the so-called deficit reduction act of 1993, a package of spending cuts and tax hikes that didn't receive a single Republican vote in Congress. And because President Bush and his top

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political advisers are known to be adamantly opposed to any increase in the gas tax, economic advisers haven't pushed it much. "We didn't have policy discussions about raising the gas tax," Mr. Samwick recalls of his time in the White House.

THIS highlights a professional hazard faced by academic economists who serve in presidential administrations. They must act as team players who value the overall success of the administration — even if they don't agree with all of its policies. As a result, economists must often stow some of their policy ideas in an intellectual coat check at the White House gates, where they can be reclaimed upon return to private life.

In the 1990's, during the less-disciplined Clinton years, it was relatively common for economic policy makers and advisers to publicly disagree — sometimes loudly — about issues ranging from health care to welfare reform.

"We were allowed to advocate for our ideas, both inside and to some degree outside," said Brad DeLong, who served as deputy assistant secretary for economic policy at the Treasury Department from 1993 to 1995 and is now a professor of economics at the University of California, Berkeley. "But that's not the way the current system works."

When it comes to economic policy, the Bush administration has proved itself to be an intellectually regimented environment, less like the Harvard economics department and more like the Harvard crew team.

Roller Coaster At The Pump (NYT)

By Editorial

The New York Times, October 8, 2006

It seems a little too convenient. As the stretch run to the midterm Congressional election approaches, gasoline prices fall precipitously. The sudden shifts in prices seem to come out of the blue. And unlike copper or pork bellies, oil is a commodity always charged with political significance.

It only sets the bloggers typing faster and the pundits chattering louder when a key player in the price swing is the investment bank Goldman Sachs, whose chief executive, Henry Paulson, left to become President Bush's Treasury secretary. The suspicions were serious enough that the White House press secretary, Tony Snow, addressed them. He joked that it would take "the kind of magisterial clout unknown to any other human being" to rig gas prices. But with 42 percent of respondents to a Gallup poll saying that they believed the Bush administration was manipulating prices ahead of the election, it is probably not a laughing matter behind closed doors at the White House.

Mr. Snow is actually right — no one can control the 85-million-barrel-a-day global market in petroleum products. But consumers' gut feeling that something is not right with the gasoline market is a recognition of fundamental changes in supply and demand that have made prices more volatile and attracted ever more speculation. Average Americans find themselves at the whim of an increasingly capricious market, one that strikes hard in the pocketbook. And it might become worse.

Our demand for petroleum products strains the limits of the global capacity to supply them. In past decades, if a pipeline broke in Nigeria, Saudi Arabia might compensate by setting workers to pumping more oil. Now, with little additional capacity, rising prices are necessary to balance out supply and demand. Each bump can feel like an earthquake. But to speculators, volatility means the potential for big profits, so hedge funds and investment banks pile in to make bets, bidding oil futures up to unnatural highs and making the market even more unstable.

Summer is usually a time when prices go up; as families climb into minivans for vacations, demand increases. Predictions of another dire hurricane season this summer had the speculators salivating as they envisioned big storms headed for those oil rigs and refineries along the Gulf Coast. When the hurricanes failed to materialize and the driving season came to an unimpressive ending, the shouts of "Buy!" turned to cries of "Sell!"

Consumers may be relieved to find that prices at the gas pump plunged as a result, but unfortunately they could very well be in for more volatility and new price spikes down the road. As long as the demand for oil and gasoline grows faster than the ability to produce and refine them, the slightest shocks to supply will keep sending prices rocketing higher. The only way to get a stable market back is to cut back consumption, through greater efficiency and alternative fuels.

Foley Consuming GOP As Elections Draw Near (WP)

By Michael Grunwald And Chris Cillizza

The Washington Post, October 8, 2006

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FORT LAUDERDALE, Fla. -- Rep. E. Clay Shaw Jr. (R-Fla.) was trying to talk about security Friday at bustling Port Everglades, but with planes roaring overhead and containers slamming onto trucks, nobody could hear him.

That's a common problem for Shaw and Republican candidates around the country these days -- trying urgently 30 days before Election Day to frame a winning message but finding their efforts drowned out by the furor over former representative Mark Foley (R-Fla.).

"It's sucking all the air out of the room," Shaw said in an interview after his news conference at the port. "It's a tough time; there's just total saturation right now."

Back in Washington, Republican strategists acknowledge privately that, even under their best-case scenario, Foley's sexually charged messages and allegations that House leaders were too passive in responding to them will remain an all-consuming distraction for GOP campaigns for the next week.

Their strategy -- equal parts hope and calculation -- relies on waiting for the story to die down in local news outlets, even if it continues to dominate national news, while also accusing Democrats of exploiting a personal lapse for political gain.

In both parties, there is rough agreement among operatives that the impact of the Foley scandal is likely to be felt in two different ways.

There are several places where local factors could amplify the scandal's destructive power against Republican candidates. Rep. Thomas M. Reynolds (R), who is facing questions about his own role in responding to reports of Foley's conduct, is suddenly in a tough race against Democrat Jack Davis in an upstate New York district. In Pennsylvania, Republican Rep. Don Sherwood's already troubled campaign hardly needed anything that might remind voters of his admission earlier this year that he had an affair with a woman who accused him of physical abuse.

Beyond these specific races, however, many strategists in both parties believe the scandal might echo principally as a metaphor for a GOP leadership that over the past year has drawn more attention for ethical lapses and partisan turmoil than legislative achievements.

An Associated Press-Ipsos poll conducted after the revelations found 63 percent of voters "dissatisfied" or "angry" with House Republican leaders, and 73 percent disapproving of the job Congress is doing. In a Time magazine poll, 68 percent said the scandal will have no effect on their vote, but only 16 percent said GOP leaders handled it appropriately.

"People aren't going to vote on this issue, but it's given people an easy way to think about everything they're unhappy about," said Democratic media consultant Anita Dunn.

Rep. Rahm Emanuel (D-Ill.), who is running the House Democrats' campaign committee, said he believes the GOP's own conservative activists are among the most repelled by Foley's behavior and by allegations of a lackadaisical response by House Speaker J. Dennis Hastert (R-Ill.).

Among partisans, he said, "it only energizes our base and makes theirs more despondent." Among independent voters, he added, "nobody votes for this much chaos."

Notably, a frustrated GOP strategist who spoke on the condition of anonymity essentially agreed, saying his party's mishandling of Foley "speaks to our inability to govern and do the right thing. It says everything about who we are as a party."

In several places across the country, the Foley fire is being aggressively fanned by Democrats. In Indiana's 9th District, former representative Baron Hill (D) is airing an ad attacking Rep. Michael E. Sodrel (R) for accepting campaign cash from Republican leaders who "knew about but did nothing to stop sexual predator Congressman Foley." Minnesota child-safety advocate Patty Wetterling, a House candidate whose son was abducted in the 1980s, delivered Saturday's Democratic radio address, attacking GOP leaders for their "silence" on Foley and urging voters to "restore integrity to Congress." In Ohio, Mary Jo Kilroy (D) is running ads on Christian radio, trying to taint Rep. Deborah Pryce (R) by association: "Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages."

Even New Jersey GOP Senate candidate Thomas H. Kean Jr. recently urged Hastert to resign, although most Republican candidates simply condemned Foley's behavior and called for a full investigation before trying to pivot back to local issues and national security.

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In a sign that he is on the defensive, Reynolds went on the air this weekend with ads in Buffalo and Rochester that amounted to a mea culpa over Foley. "Nobody's angrier and more disappointed that I didn't catch his lies," the New York congressman says. "Looking back, more should have been done, and for that, I am sorry."

Most places, though, accusation, not apology, is the Republican approach. Party operatives are distributing talking points to talk radio and conservative blogs detailing the Democratic ties of groups such as Citizens for Responsibility and Ethics in Washington and American Family Voices -- two interest groups working to promote the scandal around the country. Republicans have also been working to remind conservatives of Democratic reaction to past sex scandals including those of President Bill Clinton and then-Rep. Gerry Studds (Mass.), who admitted to sexual contact with a page and went on to serve a decade longer in the House. Rep. Joe Barton (R-Tex.), who is close to White House adviser Karl Rove, released an open letter drawing a connection between the Studds and Foley cases.

For all its intensity, the calculation in both parties is that the Foley scandal is unlikely to reshape the basic dynamics of the Nov. 7 elections, which still seem to hinge on voter attitudes toward Iraq, the economy and President Bush.

Carl Forti, communications director at the National Republican Congressional Committee, said he has seen no polling in individual races that suggest Foley is seriously eroding support for GOP candidates. "I think most of our campaigns had gotten back to talking about local issues by Tuesday or Wednesday," he said.

Shaw, the mild-mannered dean of Florida's congressional delegation, was trying to do just that as he campaigned for a 14th term representing the 22nd District, immediately south of Foley's. He showed off some fancy X-ray machines he had secured for Port Everglades, and suggested his seniority on the Ways and Means Committee and his close relationship with House leaders have paid dividends for his constituents. But polls show him in an extremely tight race with his challenger, state Sen. Ron Klein, who thinks the Foley incident illustrates why Shaw's close ties with national Republicans will be a liability.

"People have lost their trust in Washington, and this shows why," Klein said after a campaign event Friday in Delray Beach. "It reinforces the feeling that the people running the show in Congress are more interested in protecting their power than protecting kids." He added, "People have had enough of this go-along, get-along attitude."

Shaw's ability to get along with Hastert has helped him in the past. In 2000, the speaker helped ram an $8 billion Everglades restoration bill through the House a few days before the election. Shaw was then reelected by fewer than 600 votes, and subsequent redistricting gave him more Republican constituents. But although Shaw was comfortably reelected in 2004, his district narrowly supported Sen. John F. Kerry (D-Mass.) over Bush. And the redistricting has shifted its geographic center from Shaw's Fort Lauderdale toward Klein's Boca Raton.

Klein is the nation's best-funded Democratic challenger, and he has spent his money on ads linking Shaw to Bush and the GOP Congress. He has criticized Shaw's unstinting support for the Iraq war, and in a district teeming with retirees, he has hammered Shaw for supporting Bush's prescription drug plan, as well as elements of Bush's Social Security plans. Now Klein has called for Hastert and anyone else who knew anything about Foley's electronic activities to resign and is assailing Shaw for his close relationship with the speaker.

Shaw says he is also "very proud" of the record of the Republican Congress, as well as his own record of bringing home the bacon. In an interview, Shaw praised Hastert's response to the allegations and suggested it was "quite a coincidence" that the story broke after it was too late to replace Foley on the ballot, on the day Republicans were passing an immigration bill. He warned that Democrats will pay a price "if they timed this politically."

Even if Foley only costs Republican candidates a percentage point or two, that could make the difference in races as close as Shaw's. "It's the only thing people are talking about -- in the parking lot, on the soccer field, everywhere," said Rep. Debbie Wasserman Schultz (D-Fla.), who has been friends with Klein since they served together in the Florida legislature. "It's another congressional scandal, and it's right in our back yard; it can't help but resonate."

Dems Positioned To Challenge GOP Control (NYT/AP)

By David Espo

The New York Times, October 8, 2006

DOJ_NMG_0078071

WASHINGTON (AP) -- Aided by public revulsion over an Internet-age sex scandal, Democrats enter the final month of the campaign well-positioned to challenge for control of Congress, while Republicans increasingly express concern about holding onto power.

"We're going to need everything we have to make sure we're victorious," said Republican Rep. Tom Cole of Oklahoma, who had long experience as a party strategist before his election to Congress.

"I think we have the ability to do that but it depends on how well we perform," he added.

Yet with four weeks -- and an unknown number of swings in political momentum -- remaining until the Nov. 7 elections, Democrats guarded against excessive optimism.

"It's still an uphill battle," said New York Sen. Chuck Schumer, speaking at the end of a tumultuous week in which Republicans struggled to overcome the political damage caused by former Rep. Mark Foley, R-Fla., and his sexually explicit computer messages to teenage male pages.

Democratic candidates are in competitive races for seven Republican-held seats in the Senate and 30 or more in the House, according to public as well as private polls. Equally significant is that barring a change, GOP opportunities for offsetting gains appear minuscule -- only three or four House seats currently under Democratic control and one in the Senate.

Members of the leadership in both the House and Senate are among the Republicans in jeopardy -- Sen. Rick Santorum in Pennsylvania and Rep. Deborah Pryce in Ohio -- as Democrats look for major gains in the Northeast and Midwest.

Four Republican congressmen are in trouble in Pennsylvania. And strikingly, three more are struggling for survival in Republican-red Indiana -- at the same time Sen. Richard Lugar is coasting to a sixth term without so much as a Democratic opponent.

Thirty-six states are electing governors this year. Republican Arnold Schwarzenegger leads in the polls for re-election in California, but Democrats are in commanding positions to succeed retiring Republicans in New York and Ohio.

The fate of hundreds of ballot initiatives will be decided. Several states will vote on proposals to ban same-sex marriages and raise the minimum wage. Republicans hope the former will boost turnout in crucial congressional races, and Democrats have similar plans for the latter.

In the race for control of Congress, Democrats must gain 15 seats to wrest control of the 435-member House, and six to establish a majority in the 100-member Senate.

Strategists in both parties agree the fall campaign already has been marked by two distinct trends. The first, which began after Labor Day, saw gradual movement toward the Republicans as President Bush campaigned vigorously on national security issues.

That momentum began to dissipate two weeks ago with the partial publication of a government intelligence report that cast doubt of his administration's claims of progress in Iraq.

Then came Foley's resignation Sept. 29 after he was confronted with sexually explicit computer messages he had sent to teenage male pages who work in the Capitol. In the following days, Speaker Dennis Hastert, R-Ill., and other GOP leaders struggled to answer questions of when they learned of Foley's actions and what they had done about them.

"It has stopped any momentum that the president had in improving his standing, mostly because it knocked him off the front pages and it knocked security off the front pages," said Steve Lombardo, a Republican pollster.

It did more than that. Some Republicans canceled planned campaign appearances with Hastert, and Democrats challenged their GOP opponents to call for his resignation.

Republican Rep. Mike Simpson of Idaho said he was no longer confident the GOP would retain power, a shift from a week earlier, when he said he was "fairly confident" they would. "It's a real toss-up, he said.

An Associated Press-Ipsos poll taken while the scandal was dominating the news found that about half of likely voters said the issues of corruption and congressional scandal would be important when they cast their ballots.

About two out of three of those voters said they would choose the Democratic candidate.

Officials in both parties said the long term impact of the page scandal was unclear.

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"The real question is whether it's a crystallizing event for voters," said Carter Eskew, who has advised numerous Democratic lawmakers and candidates. "Whether they saw this is the last straw and they start to coalesce" around the belief that Republicans are not willing to be accountable for actions that occur on their watch.

Apart from Santorum, Republican incumbents in trouble include Sens. Conrad Burns in Montana, Lincoln Chafee in Rhode Island, Mike DeWine in Ohio and Jim Talent in Missouri.

Sen. George Allen of Virginia recently has joined the list, although Republicans expressed hope his position had finally stabilized after weeks spent trying to rebut charges of racism and religious insensitivity. Democratic challenger Jim Webb recently reported a sharp jump in fundraising, and the party is also expected to come to his aid with television commercials in the campaign's final weeks.

Democrats also remain optimistic about their prospects in Tennessee, where Republican Bob Corker's staff recently underwent an upheaval and Democratic Rep. Harold Ford has proved a resilient contender.

Republicans cite their prospects in New Jersey, where Tom Kean Jr. is in a close race with Democratic Sen. Bob Menendez. And Democrats unexpectedly began advertising on television in Maryland for Rep. Ben Cardin, although polls show him leading Republican Michael Steele comfortably in a reliably Democratic state.

In the House, Democrats said they were still looking for late-developing opportunities, and Republicans are hoping to avoid last-minute ambushes.

Bush campaigned in recent days for California lawmakers in little evident jeopardy, and the National Republican Congressional Committee commissioned a poll to check the status of an open seat in Idaho, an area that is among the most Republican in the country.

Foley's departure created an instant opportunity for Democrats to gain a seat previously out of reach in Florida. Democrats also said they are increasingly optimistic about their prospects for seats vacated by Rep. Jim Gibbons in Nevada and Katherine Harris in Florida.

Pryce and Rep. John Hostettler of Indiana are among the most vulnerable of the Republicans in the House, both trailing their Democratic rivals in private polls. Other GOP incumbents in tight races include Reps. Jim Gerlach, Michael Fitzpatrick, Curt Weldon and Don Sherwood, all from Pennsylvania; Thelma Drake of Virginia; Heather Wilson of New Mexico; and Chris Chocola and Mike Sodrel of Indiana.

Sodrel had a distinction of sorts -- the first Republican to be hit with commercial that featured a picture of Foley.

It said Sodrel had accepted $77,000 in campaign donations from "the House leadership who knew about but did nothing to stop sexual predator Congressman Foley."

Foley Case Is Campaign Fodder For Democrats (LAT)

By Janet Hook

The Los Angeles Times, October 8, 2006

As candidates seize on the scandal, the issue has changed the focus of the election and appears to be taking a toll on GOP prospects, analysts say.

WASHINGTON — As the congressional page sex scandal has unfolded in Washington, Democratic candidates across the country are seizing on the controversy as a potent campaign issue and an emblem of why voters should strip Republicans of their majority in the midterm elections.

Just over a week after Rep. Mark Foley (R-Fla.) resigned his seat, some analysts said the scandal was abruptly changing the focus of the fight for control of Congress — at least for now. It is taking a toll on Republicans' national prospects, even though only a handful of GOP lawmakers are directly affected by the reports that Foley sent sexually explicit electronic messages to teenage congressional pages.

Democratic ads are popping up nationwide to put a spotlight on allegations that House GOP leaders were slow to respond to early clues about Foley's misconduct. The first such ad was aired days ago by Minnesota House candidate Patty Wetterling, a child safety advocate who was asked by Democratic leaders to give the party's weekly national radio address Saturday.

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"Our nation's children and their parents don't deserve to endure fear in our schools, and it is wrong to make children endure fear within the halls of Congress," Wetterling said.

The scandal has helped increase the number of Republicans facing competitive challenges from 37 last week to 43 now — a shift that includes four lawmakers who were considered safe but have now moved into the danger zone, according to the nonpartisan Cook Political Report's weekly analysis Friday.

"For Democrats, who have been hammering home a 'time for change' theme, the scandal in Washington and the inept handling of it by the Republican leadership in Congress crystallizes this message in a way that 30-second commercials never could," said Amy Walter, analyst of House elections for the Cook report.

Republicans are clearly nervous but remain hopeful that the scandal will recede in the month leading up to election day. They take heart from a poll by the Pew Research Center for the People & the Press that found that the scandal had not had discernible impact on whether voters planned to vote Democratic or Republican.

National Republican Congressional Committee spokesman Carl Forti said the impact would be felt only in a handful of districts where lawmakers were directly involved in controversy about how the scandal was handled — including Foley's district, which was considered safe for the GOP but now is considered likely to go Democratic. In other districts, Forti said, "people are going to the polls and it's going to be a choice between the two people on the ballot."

But a well-placed GOP strategist conceded that the landscape could quickly change as the scandal continued to unfold.

"If something else emerges, because they are following the story so closely, that will also penetrate real quickly so the dynamic could easily change," said the strategist, who spoke on condition of anonymity when discussing party anxieties.

Over the weekend, for example, the Washington Post reported that a new source corroborated a crucial claim by Foley's former aide Kirk Fordham that Scott Palmer, chief of staff to House Speaker J. Dennis Hastert (R-Ill.), was aware of Foley's inappropriate contacts with pages long before he had acknowledged.

Hastert spokesman Ron Bonjean did not contradict the account, saying only that the issue was being reviewed by the House Ethics Committee.

Bill Burton, spokesman for the Democratic Congressional Campaign Committee, said that suggestions of a possible high-level coverup probably would embolden even more Democratic candidates to make the issue part of their campaign.

As a result, the midterm election campaign may end as Democrats had hoped in the beginning — with a focus on ethics. That Democratic strategy had run aground for months when party members got caught up in corruption charges. Now, renewed focus on corruption may work more to their advantage.

An Associated Press-Ipsos poll taken while the scandal was dominating the news found that about half of likely voters said the issues of corruption and congressional scandal would be very or extremely important when they cast their ballots. About two-thirds of those voters said they would choose the Democratic candidate.

"Everybody out here in the Republican Party is trying to decouple as best they can from Washington," said Floyd Ciruli, an independent pollster in Denver. "The Foley issue has reignited the whole notion that Washington is corrupt. It reinforces the notion they don't police themselves, they're arrogant, they think they're above the law."

Democrats need a net gain of 15 seats to win a majority in the House, and six to capture control of the Senate.

The ripple effects of the scandal are reaching beyond House races into Senate campaigns.

In Tennessee, when Republicans ran an ad that said Democratic Rep. Harold E. Ford Jr., who is running for Senate, attended a party with Playboy Playmates, he snapped: "I'm not going to take a lecture on morality from a party that took hush money from a child predator."

In Montana, Democrats are circulating photos of endangered GOP incumbent Sen. Conrad Burns appearing with Foley, with whom he worked on Internet safety legislation.

In the New Jersey Senate race — where questions about the ethics of Democratic Sen. Robert Menendez have been a major issue — GOP nominee Tom Kean Jr. scrambled quickly to distance himself from Washington leaders and Friday issued an unconditional call for Hastert to resign as speaker.

"He is the head of the institution and this happened on his watch," Kean said. "The culture of protecting each other has eroded Congress and the public's faith in government."

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Among House Republicans, probably no one has more to fear than Rep. Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. He has come under scrutiny in the Foley investigation because he learned in the spring of the "overly friendly" e-mails sent to pages. Reynolds said he had informed Hastert, who has said he does not recall the conversation, and relied on others to investigate.

Now, Reynolds' once-safe seat has become a tossup, according to the Cook report analysis. Democrats have released a poll showing Democrat Jack Davis, a businessman, ahead of Reynolds, 50% to 42%. Reynolds aides claim his own polls do not show him trailing, but this weekend the congressman began airing a 60-second ad that strikes a defensive note.

"Nobody's angrier and more disappointed than me that I didn't catch [Foley's] lies," Reynolds says. "Looking back, more should have been done. And for that, I am sorry."

Another member of the GOP leadership, Rep. Deborah Pryce (R-Ohio), has been put on the defensive by her Democratic challenger's assertion that Pryce should have known Foley was a child predator.

"Republican leaders were more concerned about protecting politicians than protecting teenagers," says the ad, broadcast on Christian radio stations by Democrat Mary Jo Kilroy. "Deborah Pryce is part of the problem in Congress."

Pryce immediately called a news conference and accused Democrats of "blatantly politicizing" Foley's resignation. She said it was an "outrage" to suggest she had protected a predator, contending she did not know about the explicit e-mails until the news broke in recent weeks.

The scandal teed up an issue tailor-made for Wetterling, the Minnesota House candidate, who made her name as a national advocate for missing children after her son was abducted, never to be seen again.

In her radio address Saturday she said, "We need to restore integrity to Congress, integrity that was further damaged by congressional leadership's silence."

But she is running against a polished state senator, Michele Bachmann, in a district that leans Republican. Although the Cook report now rates this a tossup, Walter said, "The district's GOP lean gives Bachmann a cushion that may be enough to protect her in this bleak political environment."

Walter also argues that the climate poses new risks even for GOP incumbents far removed from the Foley scandal but who have faced other ethics questions, including Rep. John T. Doolittle (R-Roseville) who has been on the defensive about his relationship with disgraced GOP lobbyist Jack Abramoff.

Some Republican strategists fear that the political impact of the scandal will not be to increase votes for Democrats, but simply to demoralize GOP voters so much that they do not go to the polls at all.

"It's one more blow in terms of Republican turnout, one more reason why Republicans will say, 'Why bother?' " said GOP pollster Eddie Mahe.

Bauer Says Republicans May Be Hurt By Foley Case (Update1) (BLOOM)

By Catherine Dodge

Bloomberg, October 8, 2006

Oct. 7 (Bloomberg) -- The Mark Foley sex scandal may make it harder for Republicans to turn out voters in the November elections, said Gary Bauer, the president of American Values, a group that advocates the protection of traditional marriage.

``The Foley mess makes it harder to galvanize that base," Bauer said in an interview on Bloomberg TV's ``Political Capital with Al Hunt" airing this weekend.

About 78 percent of the American public has heard or read about the scandal and 25 percent said they are less likely to vote for the Republican candidate in their district because of it, according to a Time magazine telephone poll taken Oct. 3-4.

Bauer added that the situation may change if an investigation finds that Democrats had information about Foley and timed its release for political reasons.

``Radical gay rights organizations" and ``liberal politicians" are wrong to be ``sitting in judgment of the Republican Party," Bauer said. ``There are still people serving in the United States Congress that engaged in some fairly bizarre behavior in the other party."

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Bauer, who was domestic policy adviser to former President Ronald Reagan and a 2000 presidential candidate, said anyone who didn't pursue allegations against Foley for political reasons should share the blame.

``If anybody in the leadership or anybody out of the leadership in either party didn't act on this, either to save seats in Congress or didn't act on it because they wanted to wait until a few weeks before an election in order to win seats," they should be held accountable, Bauer said.

The Time poll showed that 64 percent of the respondents said Republican leaders tried to cover up the Foley scandal and just 15 percent said the Republican leadership handled it properly. The poll of 1,002 adults has a margin of error of plus or minus 3 percentage points.

Foley, 52, a Florida Republican, resigned his congressional seat Sept. 29 after ABC News questioned him about sexually explicit electronic messages sent to male pages. Pro-Republican groups and some party lawmakers have said House Speaker Dennis Hastert should have acted more forcefully when informed of other, less explicit Foley e-mails to another page.

Bauer founded his Arlington, Virginia-based group in 2000.

A Political Limbo (NSWK)

By Marcus Mabry

Newsweek, October 8, 2006

How low can the Republicans go?

Come hell or high water-ran the conventional wisdom-Republicans could rely on two issues to win elections: the war on terror and values. Then came Mark Foley. The drip-drip-drip of scandal surrounding the former Congressman from Florida, which became a deluge this week, now threatens to sink Republican hopes of keeping control of Congress, says the NEWSWEEK poll out today.

And that was the good news for the GOP. More worrisome still, the Foley fiasco is jeopardizing the party's monopoly on faith and power. For the first time since 2001, the NEWSWEEK poll shows that more Americans trust the Democrats than the GOP on moral values and the war on terror. Fully 53 percent of Americans want the Democrats to win control of Congress next month, including 10 percent of Republicans, compared to just 35 percent who want the GOP to retain power. If the election were held today, 51 percent of likely voters would vote for the Democrat in their district versus 39 percent who would vote for the Republican. And while the race is closer among male voters (46 percent for the Democrats vs. 42 percent for the Republicans), the Democrats lead among women voters 56 to 34 percent.

The pace of the news on the Foley scandal is making it difficult for Republicans to stop their slide. On Thursday, House Speaker Dennis Hastert declared that mistakes were made in handling the Foley case and that he would remain in his post to make sure the misdeeds were thoroughly investigated. Almost immediately, ABC News reported that three more former pages had come forward to say that they had received suggestive e-mails and instant messages from Foley. And just as Republicans were attempting to form a united front to paint the timing of the Foley revelations as Democratic dirty tricks-What did Nancy Pelosi know and when did she know it?-the Republicans got a fratricidal shot out of the dark-on Iraq. Virginia Republican Sen. John Warner declared that the United States had 90 days to quell the violence in Iraq, or risk losing the war. To top it off, on Friday an aide to Karl Rove resigned over the Jack Abramoff influence-peddling and corruption scandal.

Meanwhile, the president's approval rating has fallen to a new all-time low for the Newsweek poll: 33 percent, down from an already anemic 36 percent in August. Only 25 percent of Americans are satisfied with the direction of the country, while 67 percent say they are not. Foley's disgrace certainly plays a role in Republican unpopularity: 27 percent of registered voters say the scandal and how the Republican leadership in the House handled it makes them less likely to vote for a Republican Congressional candidate; but 65 percent say it won't make much difference in determining how they vote. And Americans are equally divided over whether or not Speaker Hastert should resign over mishandling the situation (43 percent say he should, but 36 percent say he shouldn't).

The scandal's more significant impact seems to be a widening of the yawning credibility gap developing between the President, his party and the nation. While 52 percent of Americans believe Hastert was aware of Foley's actions and tried to cover them up, it's part of a larger loss of faith in Republican leadership, thanks mostly to the war in Iraq. For instance, for the first time

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in the NEWSWEEK poll, a majority of Americans now believe the Bush administration knowingly misled the American people in building its case for war against Saddam Hussein: 58 percent vs. 36 percent who believe it didn't. And pessimism over Iraq is at record highs on every score: nearly two in three Americans, 64 percent, believe the United States is losing ground there; 66 percent say the war has not made America safer from terrorism (just 29 percent believe it has); and 53 percent believe it was a mistake to go to war at all, again the first time the NEWSWEEK poll has registered a majority in that camp.

As a result, Secretary of Defense Donald Rumsfeld's approval rating has fallen to just 30 percent, and more Americans believe he should resign than remain, 48 percent vs. 37 percent. And while a plurality of Americans approve of the job Condoleezza Rice is doing as Secretary of State, 48 percent vs. 32 percent who disapprove, on the heels of Bob Woodward's bestselling critique of the Bush administration, "State of Denial," a solid majority, 58 percent, believe Rice did not pay as much attention as she should have been expected to pay to the domestic terror threat posed by al Qaeda before 9/11. (Only 22 percent believe she did.)

Democrats now outdistance Republicans on every single issue that could decide voters' choices come Nov. 7. In addition to winning—for the first time in the NEWSWEEK poll—on the question of which party is more trusted to fight the war on terror (44 to 37 percent) and moral values (42 percent to 36 percent), the Democrats now inspire more trust than the GOP on handling Iraq (47 to 34); the economy (53 to 31); health care (57 to 24); federal spending and the deficit (53 to 29); gas and oil prices (56 to 23); and immigration (43 to 34).

And even if the Republicans manage to bail out their ship before the midterms, they'll have a hard time matching their one-time strengths to voters' priorities. A third of registered voters, 33 percent, say the single most important issue that will decide their vote will be Iraq; compare to 20 percent who say the economy and only 12 percent who say terrorism, which ties with health care.

The good news for the GOP? The election is still four weeks away.

Democrat Hopeful Assails GOP Over Foley (NYT/AP)

By Frederic J. Frommer

The New York Times, October 8, 2006

WASHINGTON (AP) -- A Democratic congressional candidate whose son was abducted 17 years ago said GOP congressional leadership failed to protect teenage House pages from former Rep. Mark Foley's advances.

"Foley sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug to protect their political power," Minnesota Democrat Patty Wetterling charged in her party's weekly radio address Saturday.

"If a teacher did this and the principal was told but did nothing, once the community found out, that principal would be fired."

Wetterling, running for an open seat against Republican state Sen. Michele Bachmann, is already airing a hard-hitting television ad over revelations that Foley, R-Fla., had been sending inappropriate e-mails to teenage pages for years.

"We need a new direction in Congress because our children need strong voices," Wetterling said in the radio address. "We need to stop the sexual exploitation of children across the country, and in Washington we must hold accountable all those complicit in allowing this victimization to happen."

House Speaker Dennis Hastert, R-Ill., has rejected calls to resign, saying he hasn't done anything wrong. Republicans, including President Bush, have closed ranks around Hastert in recent days.

Hastert had blamed Democrats for the election-season revelations, but on Thursday abruptly changed course and took responsibility for the matter.

In a Newsweek poll released Saturday, 52 percent said they believe that Hastert was aware of Foley's inappropriate messages to pages and tried to cover them up. Forty-two percent said they trust Democrats to do a better job of handling moral values, while 36 percent said they trust Republicans more.

Wetterling's 11-year-old son, Jacob, was abducted in 1989 on a rural road. Despite a massive search effort, Jacob was never seen or heard from again. The loss transformed Wetterling from a stay-at-home mom to a national advocate for missing children.

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"For 17 years, I have fought for tough penalties for those who harm children," Wetterling said. "Members of Congress are not and should not be above the law."

GOP Scandal Shows Dangers Of Stifling Dissent (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 8, 2006

If there was an Olympic competition in closing ranks, surely the Republican Party would take the gold.

Prominent conservatives and House Republican leaders tumbled over one another early last week to complain about the way House Speaker J. Dennis Hastert (R-Ill.) handled the sex scandal that forced the abrupt resignation of Rep. Mark Foley (R-Fla.).

In a private poll of top Republicans, Hastert still might not be their first choice to serve as speaker next year if the party retains its House majority. But by week's end, the public rebellion against him had almost entirely dried up. With leading conservative voices such as the Wall Street Journal editorial page insisting that any leadership change would only embolden Democrats, the flood of criticism thinned to a trickle.

At the revolt's high tide, House Majority Leader John A. Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.), jabbed at Hastert. By week's end, both looked like Chinese officials summoned to a self-criticism session during the Cultural Revolution: Each issued submissive statements praising Hastert and abjectly pledging their support. Even Paul M. Weyrich, a shrewd and independent conservative strategist, reversed his call for Hastert's resignation after an impassioned phone call from the speaker.

The pirouettes might be especially pronounced, but these are familiar steps for the GOP in recent years. Marginalizing internal dissent and promoting party unity have been hallmarks of the Republican governing strategy under President Bush.

Using both carrots and sticks, the White House and GOP congressional leaders have successfully encouraged Republican legislators and activists to see themselves more as part of a team and less as autonomous voices representing distinct and divergent constituencies. With only a few exceptions (education, immigration), the GOP has tried to resolve every policy choice in a manner that maximizes agreement within their coalition and minimizes the opportunity for Democratic influence.

That approach has produced undeniable benefits for the GOP: a series of narrow, often virtually party-line, legislative victories and massive turnouts by the party's base that powered victories in the 2002 and 2004 elections. And, although there's a reasonable political case to be made for removing the speaker, circling the wagons around Hastert might make more sense as a short-term campaign strategy than forcing him out.

But the Foley scandal dramatizes the long-term dangers of governing with a mind-set that prizes party loyalty over principled independence and denies the value of legitimate checks and balances.

In this environment, for instance, it's not surprising that Republicans didn't notify Rep. Dale E. Kildee of Michigan, the sole Democrat on the House Page Board, when questions about Foley first emerged. Republicans probably didn't think it was remarkable to exclude Kildee because they exclude Democrats from virtually all serious House business.

And it was hardly surprising that GOP leaders and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, didn't press Foley too hard or seriously investigate his contacts with pages. For six years, the White House and congressional Republicans have created a culture in which asking tough questions that might cause near-term political headaches for the party is viewed as conduct disloyal to the team.

That was the clear message in 2004 when Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, criticized his Senate counterpart, Sen. John W. Warner (R-Va.), for holding public hearings on the Abu Ghraib abuses. Hastert sent an equally strong signal the next year when he dismissed the GOP chairman of the House Ethics Committee after the panel admonished then-House Majority Leader Tom DeLay (R-Texas) for a series of ethics violations.

Just as revealing is the potential conservative rebellion stewing in South Carolina against first-term Sen. Lindsey Graham (R-S.C.).

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In this year's tumultuous debates over military tribunals and warrantless surveillance, Graham, a military lawyer, has asked the Bush administration tough questions, served as a bridge between the parties and displayed an incisive and independent intellect.

Apparently Graham has been too tough and independent for some back home; one local party official is trying to organize a primary challenge against him in 2008. "The voters of South Carolina sent Lindsey Graham to Washington to vote like a senator from South Carolina, not a senator from New York," Alan Gardner, the activist, told the National Journal's electronic political newsletter, the Hotline.

Unity can be a powerful asset for a party. But the unmistakable lesson from the GOP's current distress is that stifling questions and quashing independence doesn't bury problems. It plants them in soil where they inevitably grow more forbidding.

Does anyone doubt that the Bush administration would be better off today if the Republican-led Congress had conducted more genuine oversight in 2003 about the plans (or lack thereof) to rebuild and stabilize Iraq after overthrowing Saddam Hussein? Or that the House would not have experienced so many scandals — from DeLay to Foley and beyond — if the GOP leadership, with the collusion of leading Democrats, had not crippled the ethics process?

"If everyone thinks there is no sheriff in town," said Fred Wertheimer, president of the independent watchdog group Democracy 21, "you wind up with the Wild West."

Novelist Ellen Ullman wrote that in relationships, you tend to go out the way you came in. That may be true in politics too.

In 1994, Democrats lost control of the House partly because many voters correctly concluded they had grown arrogant and insular during their long years in the majority. Republicans benefited from that experience much more than they appear to have learned from it.

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at http://www.latimes.com/brownstein .

Pelosi Muses About A Democratic House (SDUT/AP)

By David Espo

The San Diego Union-Tribune, October 8, 2006

Possible Madame Speaker puts anti-lobby rules at top

WASHINGTON – Franklin Roosevelt had his first hundred days.

House Democratic leader Nancy Pelosi is thinking 100 hours – time enough, she says, to begin to "drain the swamp" after more than a decade of Republican rule.

As in the first 100 hours the House meets after Democrats – in her fondest wish – win control in the Nov. 7 midterm election and Pelosi takes the gavel as the first "Madame Speaker" in history.

Day One: Put new rules in place to "break the link between lobbyists and legislation."

Day Two: Enact all the recommendations made by the commission that investigated the terrorist attacks of Sept. 11, 2001.

In the time remaining until 100 hours have elapsed: Raise the minimum wage to $7.25 an hour, maybe in one step. Cut the interest rate on student loans in half. Allow the government to negotiate directly with pharmaceutical companies for lower drug prices for Medicare patients.

Broaden the types of stem cell research allowed with federal funds – "I hope with a veto-proof majority," Pelosi added in an Associated Press interview Thursday.

All the days after that: "Pay as you go," meaning no increasing the deficit, whether the issue is middle-class tax relief, health care or some other priority.

To do that, she said, Bush-era tax cuts would have to be rolled back for those above "a certain level." She mentioned annual incomes of $250,000 or $300,000 a year and higher, and said tax rates for those individuals might revert to those of the Clinton era. Details will have to be worked out, she emphasized.

"We believe in the marketplace," Pelosi said of Democrats, then drew a contrast with Republicans. "They have only rewarded wealth, not work."

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"We must share the benefits of our wealth" beyond the privileged few, she added.

Pelosi, 66, has been a leader of the House Democrats since 2002. But her political apprenticeship dates to childhood, when her father was mayor of Baltimore.

Now, her political base is about as liberal as it gets – San Francisco. It's a fact that Republicans love to emphasize to voters who might want to visit, but not feel comfortable living there.

Republicans find her an attractive political target, and recently said she would try to "cut and run" from Iraq while "launching bitter partisan investigations" of the Bush administration, possibly including impeachment hearings.

"If the election were held today, we'd be successful," Pelosi predicted, claiming that her party's prospects are expanding as the campaign enters its final month. "So many other races are emerging right now."

Democrats must gain 15 seats to regain the majority they lost in 1994, and have candidates in competitive races for 30 or so Republican-held seats, say strategists in both parties. By contrast, only a handful of Democratic-controlled seats appear ripe for possible Republican takeover.

How The Democrats Would Rule The Hill (NYT)

By Robin Toner

The New York Times, October 8, 2006

Washington

IN the final weeks of this bruising campaign, the debate, in many ways, comes down to this: What would happen if the Democrats win?

Republicans warn, ever more urgently, that a Democratic takeover of Congress would mean wrenching ideological change: higher taxes; big new spending; maybe even impeachment.

Democrats insist they have no intention of an abrupt lurch to the left, offering instead a relatively modest agenda and the less-than-revolutionary rallying cry of "more oversight!"

In fact, a Democratic majority in the House or the Senate — or both — would immediately change Washington in fundamental ways after four years of one-party Republican rule. That majority seemed less theoretical last week as Republican woes, most recently the scandal over Mark Foley and Congressional pages, added up. Even so, it would operate under some formidable constraints, political and institutional.

A Democratic Congress would have sweeping new powers to set the agenda and focus the political debate — through the hearings it calls, the witnesses it summons and the kind of legislation it brings to the floor. "More oversight" could be more revolutionary than it sounds, with the rise of lawmakers like Representative Henry A. Waxman, the hard-charging California Democrat who would take over the House Government Reform Committee; in an interview, he promised a review into "waste, fraud and abuse of taxpayers' money" related to Iraq, Hurricane Katrina and homeland security.

A Democratic majority in the Senate could also stymie, or at least slow, the conservative reconstruction of the Supreme Court, assuming another vacancy occurs in the next two years, and force President Bush to seek more bipartisanship on all judicial nominees.

"You're not going to have a polarizing figure," said Senator Patrick J. Leahy, the Vermont Democrat who would take over the Judiciary Committee. "It would require more of an effort at consensus for lifetime appointments."

Moreover, a Democratic Congress could force Mr. Bush and a Republican minority to take a stand — again and again, if it chooses — on popular Democratic causes like raising the minimum wage or encouraging embryonic stem cell research. "If you have true openness in the debate, you have the chance to make some of these issues too hot for the president and too hard for many Republicans to vote against," said Representative Nancy Pelosi of California, the minority leader who would most likely be speaker if the Democrats prevail.

But even if Democrats wanted a true liberal restoration, with two years of major legislation — and some, in their heart of hearts, yearn for just that — they almost certainly won't have the numbers to achieve it. Even if they win control of both houses next month, their majorities will most likely be narrow: in the Senate, fewer than the 60 votes necessary to break a filibuster and force a vote; in both House and Senate, fewer than the two-thirds necessary to override a presidential veto.

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Democrats are also unlikely to have the extraordinary unity that the Republican majority had in its early days, given their divisions on issues like Iraq strategy.

The new Democrats would most likely include some high-profile moderates or conservatives like Bob Casey Jr., the Democratic candidate for Senate in Pennsylvania, underscoring the ideological range in the Democratic caucuses. (One veteran Democrat said, somewhat ruefully, that his party would be unable to emulate the Republicans' party discipline even if it wanted to, and thus will have to look for bipartisan coalitions.)

A Democratic candidate like Brad Ellsworth, the sheriff of Vanderburgh County in Indiana, is already carefully differentiating himself from his national party leaders. "This election isn't about Nancy Pelosi or Hillary Clinton," he says in one television ad. "Here's what I believe: I'm pro-life. I believe in a traditional marriage and the Second Amendment."

There are other, more subtle restraints on the Democrats. This would not be a return to the old, pre-1994 Congress, confident in its power, unable to imagine losing majorities and, as a result, willing to take big chances or, put another way, overreach (the failed effort at national health insurance in 1993-94). The men who would probably ascend to the chairmanships of the key committees are some of the last of the "old bulls," who came of age in the Democratic glory days on Capitol Hill. Representative John D. Dingell of Michigan was elected in 1955, Charles B. Rangel of New York in 1970. But even they have been tempered by 12 years in the minority, a Democratic leadership aide said.

More than half the Democrats in the Senate and the House have gone to Congress since the Republican ascendancy began in 1994.

What's more, both parties will immediately head into the presidential election cycle, yet another restraint on Democrats' running off the liberal pier.

Representative Pete Stark, the decidedly liberal Democrat on the House Ways and Means Subcommittee on Health, said: "The '08 contest for the White House will be the major moderating influence. I don't think we're going to run out and impeach Rumsfeld and Bush, although a lot of my constituents would like to."

Ms. Pelosi, mindful of the power of the Republican charge that the Democrats will spend the next two years on partisan payback, explicitly ruled out impeachment of Mr. Bush in an interview on Thursday. "Absolutely," she said. "We don't have time for that."

Ken Mehlman, chairman of the Republican National Committee, contends that these are the same old liberal Democrats — quite literally, in the case of the potential committee chairmen. "And if you look at the agenda," he said, "that hasn't changed."

And "when they talk about investigations and oversight," Mr. Mehlman added, "I think Americans would prefer our generals to be fighting terrorists as opposed to fighting subpoenas."

Still, the official Democratic agenda is less Great Society than New Direction, as it is somewhat ambiguously called. "They're appropriately wary of both high expectations for what they can achieve, as well as the risk of some of their members running off in directions that would be harmful to their long-term interests in winning back the White House and holding the Democratic majority," said Thomas Mann, a Brookings scholar and co-author of "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

So the Democrats, for now, promise carefully focused change, like raising the minimum wage, expanding assistance for college tuition, giving the government the authority to negotiate prices for the new Medicare prescription drug program. They call for the immediate start of a "phased redeployment of U.S. forces from Iraq." They promise to "fight any plan to privatize Social Security, in whole or in part."

Nowhere is the party's careful calibration more apparent than on taxes. Many Democrats are running on a promise of fiscal responsibility and cutting the deficit, and many have argued that the nation should look for new revenues by rolling back the Bush administration's tax cuts for the wealthiest Americans. But as the election approaches, and as Republicans scrutinize every Democratic utterance on taxes, Democrats have grown more cautious. Mr. Rangel, in an interview on Friday, said any major effort to change the tax code would have to be bipartisan and involve Mr. Bush. "Members have to believe that if they're going to support legislation that's politically painful, they're going to have to support it on a bipartisan basis and not have one side pay for it at the polls," he said.

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Stan Collender, a longtime budget analyst, predicts two years of "utter stalemate," regardless of who is in control next year. "There's no agreement on what to do or how to get it done," he said. What would happen under a Democratic majority, Mr. Collender added, would be two years of hearings about the impact of Mr. Bush's tax and budget policies. "Not a bad thing," he said, but "whether it creates sharper divisions in the country is another question."

In the end, the course of divided government turns as much on the attitude in the White House as on Capitol Hill, many Democrats noted. President Bill Clinton, after his party's devastating defeat in 1994, began a complex dance of confrontation and negotiation that resulted in major legislation: the overhaul of welfare and a balanced budget. Many Democrats are skeptical that Mr. Bush, in the final two years of his term, would be quite so eager to compromise and produce.

Morris P. Fiorina, a political scientist at Stanford, said, "I think we're going to limp into 2008."

Fight On All Fronts (NYT)

By DNC Chairman Howard Dean

The New York Times, October 8, 2006

WE live in dangerous times that demand real leadership. The president's foreign policies have failed. Recent polls show that a plurality of Americans trust Democrats over Republicans to handle the war on terrorism and the war in Iraq, and two-thirds of Americans want a new direction for our country.

Democrats will answer this call by standing up for change with a unified agenda, including a defense policy that's tough and smart. That's a policy for tracking down terrorists, providing our troops and agencies with the tools they need to stop future attacks and following the 9/11 commission recommendations to close the gaps in our security.

Democrats will stand up to Republican attempts to once again use fear to win elections in November. We will make sure voters know that a Democratic Congress will not rubber-stamp the administration's policies, which put the agenda of the far right ahead of what's good for America. We offer a new direction that will restore to Congress the competence, efficiency and fairness that Americans deserve.

— HOWARD DEAN, chairman of the Democratic National Committee.

Competence Sells (NYT)

By DCCC Chairman Rahm Emanuel

The New York Times, October 8, 2006

REPUBLICANS have declared Iraq the central front on the war on terrorism. Yet Republicans in Congress ignored warnings that the invasion lacked sufficient troops; did not ask about the plan to secure the postwar environment (as it turns out, there wasn't one); and went into denial as Baghdad descended into chaos. Congressional Republicans asked no questions when the administration staffed the Coalition Provisional Authority with cronies rather than experienced professionals, or when the authority lost track of $8.8 billion in reconstruction money.

Similar Republican negligence and incompetence have led to the failure to secure Afghanistan, to apprehend Osama bin Laden, to address the nuclear ambitions of Iran and North Korea — even to rebuild the Gulf Coast, where, a year after the inept response to Hurricane Katrina, families still live in trailers and billions in relief funds are unaccounted for.

Our nation confronts very real dangers at home and abroad. Will voters feel safer sticking with a Republican Congress that sent our troops into battle without a plan, cut aid to local law enforcement and allowed cronyism to undermine our emergency response system, or will they want a Democratic Congress that will demand real accountability and oversight?

If Republicans want to make national security the fulcrum of the debate this election, Democrats should echo President Bush's immortal words: "Bring it on."

— RAHM EMANUEL, Democratic representative from Illinois and chairman of the Democratic Congressional Campaign Committee.

Iraq, Iraq, Iraq (NYT)

By Jody Powell

The New York Times, October 8, 2006

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DEMOCRATS face the hard necessity of conducting a debate about the war in Iraq — and about ending it well short of victory, even as young Americans continue to fight and die. Debate now will not substitute for the honest, consensus-building discussion that should have happened before we sent our soldiers into battle, nor for the Congressional oversight that might have kept the hole from being dug deeper. Still, it needs to happen in the name of accountability, if for no other reason.

The challenge is to maintain a level of discourse that rises above the glib sloganeering that has typified the administration's defense of its behavior, but that also transcends disgust and anger. Many Americans of my generation inevitably recall the 1960's and 70's, when the repugnant rhetoric and behavior of some war protesters repelled many Americans and thus helped prolong the war in Vietnam.

Today the evidence of arrogance, deceit, and miscalculation has grown so decisive that rhetorical excess will serve only to distract from it. America deserves, and I believe will reward, a level of debate that befits the sad and solemn circumstances that make it necessary.

— JODY POWELL, press secretary to President Jimmy Carter and chief executive of a public relations firm.

Try Truth (NYT)

By Pollster Stanley B. Greenberg

The New York Times, October 8, 2006

KARL ROVE is telling Republicans that they should campaign on the American economy, virtually the "strongest in the world," and on the Iraq war because Republicans will be there for "the last tough battles," while Democrats "fall back on the party's old platform of cutting and running."

Well, do you want to know what I am telling Democrats? Run on the economy and Iraq. We want this battle. This is indeed the strongest economy in the world for the wealthiest 1 percent of Americans. But there has been so little income growth for so many years that the great majority of citizens face stagnant incomes, growing financial pressures, high health care and gas prices, and jobs with fewer and fewer benefits.

The more Republicans talk about great times, the more they fuel voter frustration with a party out of touch with people's financial worries. And the more Republicans talk about "cut and run," the more voters focus on the ugliness of today's Baghdad. It is as though a smug conservative debate team were so busy winning the argument over setting a withdrawal deadline that it completely missed the consuming national anxiety and anger over the deception and incompetence, the misplaced priorities, the spread of violence and the failure to keep America safe. So, Karl, thank you.

— STANLEY B. GREENBERG, author of "The Two Americas: Our Current Political Deadlock and How to Break It" and former adviser to President Bill Clinton.

Take A Risk (NYT)

By Joe Trippi

The New York Times, October 8, 2006

DEMOCRATS face a danger as well as an incredible opportunity this fall. The danger is they will run a safe, "We're not as bad as they are" campaign. To be sure, the Republican leadership under George Bush is so bad that Democrats might be able to win majorities in both the House and the Senate with nothing more than this simple refrain. But such a victory would be hollow and short-lived.

The incredible opportunity before us is to build a new majority for change. This is not a matter of pushing the party to the left or right so much as it is one of embracing the evident hunger among the American people to set the nation on a new course. President Bush and the Republicans represent staying the course; Democrats represent changing the course.

Bold change on Iraq, energy policy and health care will carry the day for Democrats in November. To carry the day beyond November, we must be the party that empowers and challenges the American people to participate in the hard work of charting a new course.

— JOE TRIPPI, manager of Howard Dean's campaign for president and the author of "The Revolution Will Not Be Televised: Democracy, the Internet and the Overthrow of Everything."

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Health Care First (NYT)

By Gov. Phil Bredesen

The New York Times, October 8, 2006

IN 1994, Republicans took advantage of the dissatisfaction Americans felt with the Democratic Party. They didn't win Congress just by saying, "We're not them." Rather, they offered an alternative worldview: the Contract With America. Democrats haven't yet offered that alternative vision.

Time is too short for a comprehensive agenda, so I suggest we concentrate on a single issue: health care. Imagine a November in which Americans are not only unhappy with the Republicans, but when we in our turn hold out clear and believable hope to nearly 50 million uninsured Americans and many more insured but worried ones. Surely my party — the party of Franklin D. Roosevelt and John F. Kennedy, of Social Security and Medicare — still has in it the vigor to offer another plain-spoken, big vision for America.

Americans are sensible. They won't put their faith in us for who we're not, but they might for who we are.

— PHIL BREDESEN, governor of Tennessee.

All Due Respect (NYT)

By Ari Fleischer

The New York Times, October 8, 2006

TAKE the number of children you have, multiply it by $500 and send the money to Uncle Sam. If you're married, the marriage penalty is coming back. Your income tax rate? That goes up too. All this, if the Democrats win.

The Bush tax cuts will terminate three years after the next Congress convenes. The $1,000 per child tax credit will drop to $500, marriage-penalty relief goes away, and all income tax rates go up. Republicans have vowed to make the tax cuts permanent. Democrats have pledged to reverse them. If I were running for Congress, that would be part of my message.

I'd remind elderly voters that their increasingly popular new prescription drug benefit was brought to them thanks to a Republican initiative, delivered through private markets, not government controls.

As for war and peace, stand strong. Whether it was the nuclear freeze, opposition to the liberation of Kuwait, or their cut and run proposals in Iraq, Democrats choose wrongly on foreign policy and defense. The country wants to win in Iraq and I'd proudly support our mission, confident we'll be victorious if we act long-term. Democratic control will lead to retreat.

I'd enjoy clashing with my opponent but, above all, I would treat him or her with respect. At the end of the day, we're all in this together.

— ARI FLEISCHER, press secretary to President Bush from 2001 to 2003.

Back To Basics (NYT)

By Dick Armey

The New York Times, October 8, 2006

REPUBLICANS face a disillusioned base that wonders why it has been abandoned. Despite Republican control of the White House, Senate and House, federal spending has increased 45 percent since 2001 and government is more intrusive in the everyday lives of Americans. Meanwhile, even the Bush tax cuts have yet to be made permanent.

Let's be frank. America is facing a catastrophic fiscal meltdown that has the power to cripple our society. Americans are waiting for a serious, adult debate on retirement security and the appropriate size and scope of government.

Republicans need to return to the ideas that inspire their voters — lower taxes, less government, more freedom. That vision brought us into the majority in the first place. Reining in federal spending, reforming a broken tax code, passing realistic immigration reform and creating an ownership society through entitlement reform are all big ideas that resonate with voters. When conservatives abandon limited government principles, we lose our credibility with voters. It's an Armey's Axiom : When we act like us, we win. When we act like them, we lose.

— DICK ARMEY, former majority leader of the House of Representatives and chairman of Freedom Works.

Safe At Home (NYT)

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By Tom Campbell

The New York Times, October 8, 2006

THE November House elections have now been nationalized. Republicans won't win by saying, "Elect the incumbent." They can still win, however, by embracing the national nature of the contest and emphasizing their strengths: protecting us from terrorism; creating a thriving American economy.

First, there have been no terrorist attacks on America since 9/11. The partisan rebuttal by the Democrats is that this is just good luck. The Republicans should vigorously respond that the good luck explanation is dangerously irresponsible. There are debatable aspects of the war on terrorism, but the results are not attributable simply to good luck. They are the direct result of steps taken by the president and supported by Congress.

Second, look at our economy. Real economic growth, real personal take-home income, numbers of those employed — all are at record highs. This is also not the result of good luck. The robust economy stems from actions the Republican president and Congress have taken and (wisely) not taken. Republicans let working men and women keep more of the fruits of what they create. Republicans have not built up unnecessary regulations and costs on those who create jobs.

The contest will then be between the Democrats' national issues (Iraq and management of the House) versus the Republicans' national issues (protecting us from terrorism and providing more jobs for Americans). Republicans can win that battle.

— TOM CAMPBELL, Republican representative from California from 1989 to 1993 and 1995 to 2001.

Hang Tough (NYT)

By Mark Salter

The New York Times, October 8, 2006

CONDEMN the Foley scandal as the egregious abuses of one man, but don't pretend that the failure to take earlier action wasn't anyone's fault. Apologize for sins of omission — but stress that Republicans would never intentionally allow such behavior.

Failure in Iraq would be catastrophic. But if it's a choice between defeat today or defeat tomorrow, the Democrats' appeal to quit sooner will seem the more practical plan. Concede obvious errors in prosecuting the war, demand accountability from officials and pledge support for the changes necessary to hold territory and improve security. Commit to expanding the Army and Marine Corps and help pay for this by banning earmarks and changing wasteful procurement policies.

John Bolton has done a good job at the United Nations and will strike voters as the right man for an often feckless institution that welcomes anti-American tirades from petty dictators. Democrats blocked his nomination. Hold them accountable.

We have provided a fence and more border agents, but we must do more to secure our borders while we develop a temporary worker plan and a program to impose responsibilities on illegal aliens in exchange for a place at the rear of the citizenship line.

Shock the voters. Admit we have spent too much of their money. Promise to quit acting like Democrats and start acting like the penny-pinching managers they expect us to be.

Remind voters we remain the party best able to provide effective governance in a time of change, instability and war, and that we have not become just the party of government, valuing power over principles.

— MARK SALTER, chief of staff to Senator John McCain.

What's The Matter With The Democrats? (WP)

By John Dickerson Book Review

The Washington Post, October 8, 2006

Two very different takes on how the party can find its way back to power.

BUILDING RED AMERICA

The New Conservative Coalition

and the Drive for Permanent Power

By Thomas B. Edsall

Basic. 320 pp. $26

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WHISTLING PAST DIXIE

How Democrats Can Win Without the South

By Thomas F. Schaller

Simon & Schuster. 336 pp. $26

Everyone has advice for the Democrats these days. If you're ever stranded on a desert island, the quickest way to get attention may not be to launch a signal flare but to declare your candidacy as a Democrat. Someone will be with you shortly to explain what you should do.

The minority party attracts so many caring advisers because it has lost five of the last seven presidential elections and is constitutionally prone to deep bouts of soul-searching. It is going through such an identity crisis now, as liberal activists debate with those in the center-left over how to win back the majority. Making the situation especially urgent is the tantalizing disarray in the GOP ranks: Neoconservatives have been discredited by the Iraq quagmire, Northeastern moderates dislike Southern social conservatives, and small-government-loving fiscal worriers are outraged at the GOP-led government's lack of budgetary restraint. As the midterm elections loom, Democrats have an opportunity; they just need the right plan to embrace their moment.

Thomas B. Edsall and Thomas F. Schaller have both contributed well-documented and thoughtful arguments that might help direct Democrats out of their wilderness. Edsall's accessible Building Red America is not presented as a guidebook but as a tour of the political landscape. Republicans have learned how to manage that landscape and adapt more quickly to changes on it. Democrats, on the other hand, keep losing for a reason: Their party is no longer a populist coalition, but it keeps trying to run as one, and its leaders fail to understand the connection between middle-class voters' economic self-interest and their concerns about cultural values.

These days, both parties have abandoned the middle ground. Republicans don't care about it, and Democrats aren't talented enough to find it. But in this dim world, Republicans keep coming out on top. "The Republican Party holds a set of advantages, some substantial and some marginal," Edsall writes, and unless Democrats find a way to solve their problems, "the odds are that the Republican Party will continue to maintain, over the long run, a thin but durable margin of victory."

Some of the ground covered by Edsall, a veteran Washington Post political reporter now writing for the New Republic, will feel familiar (the rise of conservatives in the South, white flight from the Democratic Party and so on), but unless you're the kind of political junkie who is so intense that people move away from you at cocktail parties, you won't get bored. Building Red America nicely weaves together the strands of contemporary politics, moving from descriptions of tactical electoral strategy to broader cultural currents to demographic shifts. If you've ever wondered why "activist judges" are the two most powerful words in Republican politics, the book offers a tidy explanation. (Corporate executives and small-business owners worry that judges will enforce regulations and reward plaintiffs; social conservatives worry that judges will destroy the institution of marriage and give unfair advantages to women and minorities.)

In analyzing the conservative ascendancy, Edsall has clearly done his reporting and spent time trying to figure out both parties. With a few rare exceptions, he doesn't step into the reporter's trap of falling in love with every bit of his own field work. There's plenty of data, history and anecdote here, but it's not applied with a trowel. The analysis is clinical, not emotional, which means that Edsall can be sympathetic to conservatives' genuine cultural concerns even as he's being clear-eyed about the GOP's rejection of the politics of consensus and its use of anger and fear to rouse its base and demonize its opposition. This should make partisans on both sides angry, which is a good place to be as a political writer.

If Edsall portrays Republicans as cynical and manipulative, he paints the Democratic Party as hapless and structurally flawed. The party has not come to terms with eroding public support for the liberal agenda, he argues; it is held captive by special interests such as unions and trial lawyers but hasn't found a way to manipulate its core constituency groups over long stretches of time the way the GOP has. The occasional bursts of populist sentiment from Democratic candidates -- Al Gore's "people against the powerful" theme, or Howard Dean's claim to represent the "Democratic wing of the Democratic Party" -- will continue to fail because the affluent college-educated voters who make up much of the party's base are more interested in socially liberal issues. "At the top, the ascendant wing of the party is not populist," Edsall writes. "It is elitist."

If that zinger doesn't get him an inbox full of angry letters, Edsall's view of the Democratic Party's cultural failings will. He disagrees with those on the left who argue that Republicans have won voters through trickery -- by emphasizing values issues like

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abortion or prayer in school and then doing nothing to help those voters economically. Instead, he argues that Democrats should forge a link with voters who feel that rapid cultural change undermines the sense of family and community that they believe are preconditions for economic success. "Traditional values of family, neighborhood, church, school, and the workplace are, to millions of voters, 'money in the bank' -- they are what holds people together, providing security against a rainy day."

Schaller's Whistling Past Dixie is more prescriptive and less rewarding. He's got a thorough plan for Democrats, as well as maps and tables to show the party how to win. He wants the party to stop worrying about the former Confederacy and start focusing on the Midwest and the West. The geographical theory makes sense -- so much sense, in fact, that it's not very revolutionary. There are not a lot of presidential strategists arguing that Democratic candidates should spend time in Alabama, Mississippi or South Carolina rather than Ohio, Wisconsin and New Mexico, some of the states the book offers as particularly ripe targets. Yet Schaller argues the case at great length, as if the party were busily planning to build a coalition from the South outward.

Moreover, where Edsall is judicious about dealing with only what is useful in his notebook, Schaller's book makes you suspect there isn't a statistic, chart or study he has left off the page. His analysis is also ideologically tainted. He's a Democrat offering advice for Democrats, so his sources and opinions come almost exclusively from the left. You can feel his thumb on the scale. It also clots the writing; he dishes out clunkers such as, "the Republican minority sheep is bleating loudly while dressed up in a majority wolf's disguise," and "political catnip for tort reform tigers, culture-of-life lions, pro-family panthers, and cages brimming full with a variety of sharp-clawed conservative fat cats." Oh my. Schaller's case would be more persuasive if he'd run it by a cast of Republican strategists and then let us hear their voices, either supporting his view or trying to poke holes in it.

If you can wade through the first part of Whistling Past Dixie , it does pick up steam as Schaller discusses the battleground states and the set of ideas that Democrats should embrace to build a new majority. The analysis of target states is well done, and if you read it before the midterms, you're likely to feel a rush of revelation as you realize how crucial battles in Ohio, Colorado and Nevada are. Schaller's suggestion that Democrats improve their national security credentials by focusing first on homeland security is tightly argued. (This whole set of issues is strangely lacking from the Edsall book.) Schaller also challenges liberal orthodoxy by proposing that Democrats embrace the language of Second Amendment rights to capture the votes of Midwestern and Western gun owners. At least one suggestion -- that Democrats realign their primary and caucus structure to spotlight winnable Western states -- is so prescient the party has done just that by moving Nevada's voting earlier in the process.

The least attractive suggestion in the book, though, is that Democrats should "run against the conservative South" in much the same way that Republicans have ridiculed "liberal elites" along the Eastern seaboard. Lampoon evangelicals in the South, and you offend fellow travelers in those other regions you're trying to win. It would also seem hard to create more negative stereotypes of the Southern Republican than those so often applied to George W. Bush, the supposed know-nothing cowboy, or the cultural conservatives who have supported the GOP majority.

The coming midterm and presidential elections are likely to be highly exciting: Both parties are engaged in deep internal struggles, and the issues are as grave as they have been since the early days of the Cold War. The rhetoric and punditry will be foggy and furious. Two books like these, with hard facts and data, will be useful to have during the storm. Â·

John Dickerson is Slate magazine's chief political correspondent and the author of the forthcoming "On Her Trail," a book about his late mother, the pioneering newswoman Nancy Dickerson.

Cheney Back Delivering The Grim Campaign Speech (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, October 8, 2006

Democrats Cast As Foils to the Nation's Security

MILWAUKEE -- Vice President Cheney sometimes starts speeches with a Ronald Reagan quotation about a "happy" nation needing "hope and faith." But not much happy talk follows. Not a lot of hope, either. He does, though, talk about the prospect of "mass death in the United States."

The not-so-happy warrior of the past two campaign cycles is back on the road delivering a grim message about danger, defeatism and the stakes of the coming election. If it is not a joyful exercise, it is at least a relentless one. Even with poll ratings

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lower than President Bush's, Cheney has become a more ubiquitous presence on the campaign trail than in the last midterm election.

He takes on not only the traditional vice presidential assignment of slicing up the opposition but also the Cassandra role of warning about dire threats to the nation's security. While others get distracted by Capitol Hill scandal, Cheney remains focused on the terrorists, who are, as he says in his stump speech, "still lethal, still desperately trying to hit us again." Bush, he says, is "protecting America" while the Democrats advocate "reckless" policies that add up to a "strategy of resignation and defeatism in the face of determined enemies."

But the message is carefully targeted. More than half of Cheney's fundraisers in this two-year cycle have been behind closed doors. Even at a lunchtime speech to Wisconsin Republican donors that was open to reporters, gubernatorial candidate Rep. Mark Green did not stand on stage, ensuring no pictures of the two together on the news, and some other Republican candidates did not attend at all.

That is okay with the White House, which at a perilous moment is counting on Cheney's under-the-radar campaign to rally the base, not the broader public. "The fact that he's willing to go after Democrats as harshly as the Democrats are going after the White House gets the party faithful going," said GOP strategist Glen Bolger.

It happens to inflame the Democratic faithful as well, and party strategists consider him a prime target for their own pitch to voters. "When he threatens Democrats and calls them names, it's something that really fires up our base," said John Lapp, executive director of the Democratic Congressional Campaign Committee's independent expenditure program.

Cheney's fundraising visits often end up as fodder for opponents of those he tries to help. "Dick Cheney, Big Oil and Big Drug Companies Threw Curt Weldon a secret Washington thank you party," reads a Democratic brochure targeting the Republican Pennsylvania congressman. "And we got stuck with the bill."

The campaign comes at a pivotal moment for Cheney. His influence within the administration is widely perceived to be waning as Secretary of State Condoleezza Rice's star rises. The president in his second term has adopted a more diplomatic approach to problems such as Iran and North Korea than insiders believe would be to Cheney's liking. And as the 2008 presidential sweepstakes heat up, he will be the first vice president in a generation not to be seeking a promotion, leaving him on the sidelines of the most important national discussion.

But White House aides said it would be a mistake to underestimate Cheney even now. Although he is viewed favorably by just 34 percent of the public in the most recent Wall Street Journal-NBC poll, he remains a champion of conservatives at a time when the right has been angry at Bush over issues such as deficit spending and immigration. So Cheney's mission is to bring home core Republican voters when they are needed most.

"He's a good carrier of the Republican message," said Michigan GOP Chairman Saul Anuzis, noting that a Cheney visit to Grand Rapids last month raised between $750,000 and $1 million, a record for western Michigan. "He exudes a confidence. He makes you feel good and comfortable that he's vice president of the country."

Cheney's job is "a lot of volume, a lot of what we call McFundraisers," GOP lobbyist Ed Rogers said. Cheney has headlined 111 fundraisers so far in this two-year cycle, bringing in more than $39 million and already surpassing his total of 106 events for the entire 2002 cycle. Cheney is also regularly dispatched to conservative radio shows hosted by Rush Limbaugh, Sean Hannity and Laura Ingraham. He takes the shots the White House does not want Bush to take or wants to test out first. When Sen. Joseph I. Lieberman (D-Conn.) was defeated by antiwar challenger Ned Lamont in a primary, Cheney called reporters to say the result would encourage "al-Qaeda types" who want "to break the will of the American people."

Out here on the hustings, Cheney does not come across as the most natural campaigner. A Cheney speech does not draw its audience to its feet. It plods through an argument that is more sobering than inspiring. He delivers even red-meat lines in a flat monotone, sounding more like a chief executive reporting to shareholders than a politician issuing a call to action.

The vice president, though, goes after Democrats by name in a way Bush rarely does, including Senate Minority Leader Harry M. Reid (Nev.), Rep. John P. Murtha (Pa.) and party Chairman Howard Dean. At a fundraiser in Sarasota, Fla., last week, he also singled out Sens. Joseph R. Biden Jr. (Del.), Edward M. Kennedy (Mass.), John D. Rockefeller IV (W.Va.) and Reps. John Conyers (Mich.), Henry A. Waxman (Calif.) and Barney Frank (Mass.).

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He talks mainly about terrorism and Iraq, arguing that U.S. withdrawals from Lebanon after the Marine barracks bombing in 1983 and from Somalia after the "Black Hawk Down" ambush in 1993 emboldened terrorists. "If we follow Congressman Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 and Somalia in 1993, all we will do is validate the al-Qaeda strategy and invite even more terrorist attacks," Cheney said in Milwaukee. In Houston last week, he accused Democrats of "apparently having lost their perspective concerning the nature of the enemy."

The crux of his pitch is what he calls the continuing "danger to civilization." Cheney, who warned in 2004 that the United States would be hit by terrorists if Democrat John F. Kerry was elected president, has not gone that far this time but does say that it "is not an accident" that the country has not suffered another attack since Sept. 11, 2001, giving Bush credit.

Democrats regularly punch back, suggesting Cheney is out of touch and desperate. "At a time when the Bush Administration finds itself increasingly isolated on Iraq, Vice President Cheney today went on the attack," Senate Democrats said in a statement last week. "Instead of ranting and raving on the campaign trail, Bush and Cheney should spend their time on the trail of Osama bin Laden."

Five years after Sept. 11, Cheney's message may be wearing. Some find it too limited. "To tell you the truth, I was a little disappointed," David Huibregtse, head of Wisconsin's Log Cabin Republicans, a group of gay party members, said after a speech. "Too much on how great President Bush is doing and very little on why we should vote for the Republicans."

Yet it still resonates in certain quarters. Between fundraisers, Cheney addressed a Michigan National Guard rally, an ostensibly nonpartisan event that nonetheless provided helpful photos of him surrounded by soldiers in uniform.

Dick Szymanski, a manufacturing executive whose son serves in the Marines, applauded the vice president's message. "We respect him," Szymanski said. "It's a very, very hard job that he and the president have, that they've had handed to them. You can belittle people for the things they should or should not have done. But they're there trying to take care of the public."

Iraq Is A Loser For Dems, Too (WP)

By Vic Fingerhut

The Washington Post, October 8, 2006

The deepening controversy over Defense Secretary Donald H. Rumsfeld must seem like a dream come true for Democrats campaigning for the midterm elections. What better foil than a troubled president supporting an embattled defense secretary waging an increasingly unpopular war? Little surprise that the Democrats are pressing the debate on Rumsfeld, engaging the Republicans on terrorism-related matters and issuing a continual flow of press releases on Iraq.

But it's a losing strategy. For nearly 50 years, poll after poll has shown that the Democrats have very limited credibility with the American public on foreign policy issues -- particularly among the swing voters who have a disproportionate say in the outcome of U.S. elections.

The Democratic Party seems certain to make serious gains in November's off-year elections, especially given the fallout from the House page scandal involving former congressman Mark Foley (R-Fla.). But focusing on foreign policy matters -- and the war in Iraq in particular -- during the final weeks of the campaign could cost the Democrats close contests they might otherwise win.

Americans may be unhappy with how the Iraq war is going, but history makes it clear that an antiwar platform will not help the Democrats in 2006, any more than it did in 2004 -- or in 1972, for that matter.

It may seem unjust that the party of victory in World War II, of the Marshall Plan and of NATO does not enjoy much credibility on foreign policy. But that's the way it is -- and has been for quite some time.

President Bush certainly gets this. His recent speeches on the War on Terror and 9/11 sparked a rebound in his public approval rating, and his negatives are barely worse than the percentage who voted against him in 2004.

How could this be, given the constant bad news out of Iraq? Haven't polls over the past two years shown deep unhappiness with the war?

The answer is yes, but the published surveys often miss two critical follow-up questions. First: Do those who are unhappy with the war perceive the Democrats as better at handling the situation than the Republicans are? And second: Which party do swing voters trust the most to handle things in Iraq?

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And here the numbers change dramatically.

A recent poll by my firm in five critical states (four of which barely went to the Democrats in 2004) showed that, by significant margins, swing voters and late deciders trust Republicans more to handle foreign policy issues in general -- not just terrorism, but Iraq as well. These are the voters who often determine the outcome of elections, but many Democrats are not paying attention to this fact.

By 20- to 30-point margins, these critical swing voters indicate that they trust the Republicans more than the Democrats to handle foreign policy (46 to 23 percent) and the fight against terrorism (48 to 19 percent). On Iraq, Republicans were seen as better at handling the war by an 18-point (45 to 27 percent) margin.

For students of polling, there is a history to these results that the Democrats ignore at their peril. In the 1960 contest between John F. Kennedy and Richard M. Nixon, for instance, voters who made their decisions primarily on foreign policy issues chose Nixon by a 5 to 1 margin. Pundits point to the famous 1964 "Daisy Girl" television spot, and Lyndon B. Johnson's 60 to 40 victory over Republican Barry Goldwater as validation that the Democrats can gain from foreign policy issues. But Johnson's lead declined after the ad, which suggested that Goldwater would be dangerously trigger-happy, was aired.

McGovern's huge failure in 1972 to capitalize on widespread unhappiness with the Vietnam War should have taught the Democrats something. Indeed, among swing voters, the Republicans gained votes both as critics of the war in 1968 and as defenders of it four years later.

Democrats' failures to reverse the string of GOP victories in Congress in 2002 and 2004, as well as Sen. John F. Kerry's inability in the 2004 presidential campaign to move swing voters on the war issue, should be more contemporary warning flags.

What, then, should the Democrats do? If they want to change U.S. foreign policy -- or policy on anything else -- they must win elections. And there is a way.

The same swing voters who indicate such overwhelming faith in Republicans on terrorism, Iraq and foreign policy simultaneously express strong Democratic preferences when it comes to basic economic and pocketbook issues. They think that Democrats are more concerned about issues affecting Americans in the workplace, would better control the costs of health insurance by a comfortable 46 to 24 percent margin, and would better protect American workers from the loss of jobs to outsourcing and foreign imports.

Given these findings, it is no surprise that millions of dollars in Democratic candidates' television ads on Iraq and party leaders' statements on the war have only helped Bush's approval ratings -- and, prior to the Foley scandal, reduced a substantial Democratic lead in congressional vote intentions to a near dead heat.

Some Democrats have understood these critical swing voters. In the "Loneliest Campaign," author Irwin Ross describes how in 1948 Harry S. Truman, who led the nation during arguably the most creative and innovative foreign policy period in U.S. history, told his speechwriters to stay away from foreign policy in favor of domestic economic issues, the more populist the better. "Gluttons of privilege," he called Republicans.

Truman's strategy is still right on target.

The Foley scandal has momentarily eclipsed the attention to foreign policy so assiduously nourished by the president's recent terrorism speeches and visits by foreign dignitaries. However, if a victory in these off-year elections leads Democrats to the same false conclusion of failed presidential candidates from George McGovern to Kerry that the road to the White House can be found in foreign policy issues, then the Foley episode may turn out to have an unanticipated and ironic political consequence.

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Democrats Aim To Regain Edge In Getting Voters To The Polls (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, October 8, 2006

ST. PAUL, Minn. -- It may seem like a distant memory now, but Democrats not so long ago dominated the battle between the parties to get their voters to the polls.

Over the past half-dozen years, Republicans reinvented the system, using sophisticated computer modeling and vast amounts of consumer data. In 2002 and 2004, they demonstrated their newfound superiority -- to the dismay of Democratic Party officials and their allies.

"It's no secret that the other side figured this out a little sooner," said Josh Syrjamaki, the state director of America Votes, an umbrella organization of labor and liberal interest groups. "They've had four to six years' jump on us on this stuff . . . but we feel like we can start to catch up. I guess we'll find out in about a month and a half how much we've caught up."

On a blustery afternoon in their third-floor office suite, Syrjamaki and Ed Coleman, the technology director for the Minnesota chapter of America Votes, were hunched over a laptop computer, teasing out information that Democrats hope will begin to narrow the sizable gap with the GOP.

The laptop linked them to a huge new database that holds the names, addresses, voting histories and consumer preferences of every Minnesota resident eligible -- though not necessarily registered -- to vote. That's a weapon that allows them to identify, locate, contact and turn out likely Democratic voters who have been largely invisible to them.

Campaigns and candidates once used blunt instruments to mobilize voters, targeting geographic areas where there were concentrations of Democratic or Republican voters. Those techniques remain an essential part of the turnout wars that can decide a close election, which is why campaigns, political parties and their ideological allies will put legions of volunteers on the streets in the final days before Nov. 7.

Increasingly, however, campaigns have begun identifying potential voters literally one by one, even if they live in areas dominated by the opposition party. Using surveys and modeling and consumer and political data, the parties convert the electorate into subgroups that turnout specialists call by names like "Flag and Family Republicans," "Education-Focused Democrats" and "Older Suburban Newshounds."

This is known as microtargeting, and it turns traditional political mobilizing on its head by giving campaigns the opportunity to create virtual precincts of voters and poach on the opponent's turf.

With the click of a mouse, a Democratic campaign operative can call up a list (and accompanying map) identifying by name and address voters who may live in a Republican precinct or county but who, by virtue of ideology, party identification, religion, favorite drink or television show, or make of car, are more likely to vote Democratic.

In 2004, the biggest jump in GOP votes came in non-GOP precincts, according to former Republican National Committee chairman Ed Gillespie. "The biggest boost came from cities where Republican registration is like 20 or 25 percent," he said.

These voters are often difficult to motivate, but both parties see them as critically important additions to the reliable voters they have concentrated on in the past. "It's a heavier lift, but we're now going to find them, whereas before we never even talked to them," said Karen White, national political director for Emily's List, which backs Democratic women who support abortion rights. "Now we're in the game."

The Republicans have attracted attention to their microtargeting skills by emphasizing the importance of consumer information in predicting voting patterns -- Republicans prefer bourbon, for instance, while Democrats prefer gin. Such lifestyle information is most helpful in tailoring messages for voters, though other information such as party identification or frequency of church attendance remains a more reliable predictor of how someone is likely to vote.

Republicans pioneered these techniques, building on data gathered for years and stored and managed through the Republican National Committee. Democrats acknowledge that they have been far sloppier in their collection and retention of data -- voter files were often lost or tossed out between elections. Even now there is competition between the Democratic National Committee and outside groups, which are essentially building duplicate versions of the same system.

Harold Ickes, a driving force behind outside efforts to put Democrats back in the game, said Republicans have two clear advantages over the Democrats. First is a deeper and richer database, which improves the GOP's ability to "model the electorate" -- the term for identifying and classifying voter blocs -- and to tailor messages to individual voters. Second is a trained cadre of people who know how to make use of the databases.

"We are still behind the eight ball on that, and it will take us a handful of years to catch up," Ickes said.

Ickes is president of a for-profit firm called Catalist, which is creating a national voter file that will be available for purchase by an array of special interest groups, "527" organizations and political campaigns, including those of 2008 presidential

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candidates. Laura Quinn, a veteran Democratic strategist who helped create a voter file for the DNC when Terence R. McAuliffe was chairman, serves as chief executive.

The firm's budget for the year, Ickes said, is "in the low $9 million range," and so far Catalist has produced voter files for about half of the states, including the important 2006 battlegrounds. Ickes said the firm has 19 customers, including the AFL-CIO, the Service Employees International Union and Emily's List.

The private-sector Democratic effort appears cumbersome compared with the centralized operation organized under the RNC. Catalist produces the voter file, but from there the subscribers must manipulate the data to make microtargeting possible. Progressive groups are running experiments in a handful of states, including Minnesota, Michigan, Ohio, Pennsylvania and Colorado.

Emily's List, with help from the service employees union, took the lead, surveying 10,000 people in Michigan and 9,300 in Minnesota. Respondents were asked how they used their free time, what kinds of volunteer work they did, and other lifestyle or values-oriented questions, as well as their voting intentions.

The next step was to build clusters of voters based on political and lifestyle characteristics. The results were then applied to the entire voter file in the states -- more than 7 million in Michigan and more than 4 million in Minnesota.

In Michigan, the process produced 14 clusters -- three strongly Democratic, one weak Democratic, six in the middle, two strongly Republican and two weak Republican. The modeling cost about $250,000. In Minnesota, the process produced 13 clusters, including the Older Suburban Newshounds and Rural Religious Moralists. The highly informed newshounds make up the largest of the 13, while the rural moralists are one of the smallest ones.

Armed with the new database, America Votes coordinates efforts for dozens of interest groups on the left. In Minnesota, Syrjamaki and Coleman provided a demonstration of the new database by pinpointing two heavily Republican counties in the state, rural Otter Tail and exurban Chisago.

With a few clicks, Coleman reduced the vast file to a list of the clusters in Chisago County and with minimal effort was able to show a list of potential Democratic voters surrounded by tens of thousands of Republicans.

"We have a nice chunk of people that we would not normally have known about," Coleman said. "We would not have blindly gone in and called people there, but now we've found a universe, and if we want to we can go call."

Just as important, America Votes tries to assure that the array of Democratic interest groups avoid duplication in contacting voters while reaching out to irregular voters who have been ignored or simply missed in the past. With the help of America Votes, Democratic groups can divide up individual voters, and, based on their profiles, these voters can be targeted with messages that conform to their particular interests and issue preferences.

The Democratic National Committee has spent about $8 million building its own national voter file and is running modeling experiments in six states this fall, although officials there will not name the states. "We've invested a huge amount of money and time to improve the quality of the data in the voter file," said Ben Self, a veteran of DNC Chairman Howard Dean's 2004 presidential campaign who is directing the technology effort for the party.

Republicans retain advantages in this turnout battle. The RNC has successfully used microtargeting to identify potential Republicans who are not registered to vote and have systematically sought to get them to register. That helped changed the balance between Republicans and Democrats in the 2004 election to the GOP's advantage.

The experiments of 2006 are seen as a prelude to the 2008 presidential campaign, when Democrats hope to be closer to parity with Republicans in finding those hard-to-get voters registered and to the polls.

"We had huge voter turnout in our heaviest base areas," Coleman said. "But we cannot count on that turnout to carry the day. We're going to have to do better in these fast-growing counties outside the metro area, and this is one tool we're going to use to try to do that."

Labor Goes Door To Door To Rally Suburban Voters (NYT)

By Steven Greenhouse

The New York Times, October 8, 2006

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COLUMBUS, Ohio — After being outhustled by Republicans in voter turnout drives in recent years, the A.F.L.-C.I.O. plans to spend $40 million nationwide on voter education and turnout, emphasizing swing states like Minnesota, Missouri, Ohio and Pennsylvania.

In addition, just as conservatives used referendums on same-sex marriage to mobilize voters in 2004, labor has helped put measures to raise the state minimum wage on the ballot in Ohio and three other states, an effort that union officials hope will draw low-income voters.

Unions may not feel the economic wind at their back, but they feel good about this year's campaign as they tap into worker discontent over stagnant wages, shuttered factories, shrinking pensions and the soaring trade deficit.

"What we're seeing is dozens of races that are so close that they're really going to be decided on the ground," said the president of the A.F.L.-C.I.O., John J. Sweeney, "and I think that's where we're going to make the difference."

With Democrats trying to win control of the House, unions are focusing on 56 House races, including five in Ohio. Labor is also working hard on the Senate race here, backing Representative Sherrod Brown, a critic of free-trade pacts, in his bid to unseat Mike DeWine, a Republican.

Despite labor's stepped-up efforts, Republicans voice confidence about Nov. 7.

"In 2004, Ken Mehlman and the George Bush turnout operation showed they are better than labor, and they've only improved things since then," said Carl Forti, a spokesman for the National Republican Congressional Committee.

Yet, Republicans acknowledge that unions are a formidable force.

"Democrats outsource a lot of their turnout efforts to labor," said Mike DuHaime, political director of the Republican National Committee. "For a long time, labor did a better job than we did. But for the last two or three election cycles, we've been able to compete with them and do a better job."

Not long ago, Republicans began borrowing many a page from labor, but now unions are borrowing from the Republicans' playbook.

Traditionally strongest in urban areas, unions are devoting more energy than ever to workers in suburbs and even exurbs. Labor is focusing on the "drop-off voter," making sure that union members who vote in presidential elections but not in midterm elections go to the polls.

In another initiative, unions are campaigning among a group that has largely been off limits to them under federal law, nonunion workers. The federation has figured out a way to reach those workers, sending canvassers door to door to sign up 1.5 million nonunion workers, including 700,000 Ohioans, to join a new A.F.L. affiliate, Working America, with an eye to having them vote for labor-endorsed candidates.

"There are more than 1.5 million labor voters in Ohio," said Karen Ackerman, political director of the federation, pointing to union members, union retirees, members of union households and members of Working America. "Organized labor is single-handedly the largest voting bloc in Ohio."

Ms. Ackerman predicted that these labor voters would represent 35 percent of Ohio voters this year, though just 15 percent of Ohio workers belong to unions.

Thanks to the explosive growth of Working America here, some Democrats say their party will receive a bigger boost from labor in Ohio than in any other state.

Mabel Sorrell, a $6-an-hour supermarket worker in Columbus, joined Working America — it is free — saying it helped her learn about issues like the minimum wage. When Jesse Kloth, one of labor's many foot soldiers here, knocked on her door, Ms. Sorrell initially voiced support for Representative Deborah Pryce, a Republican facing her toughest re-election race in a decade. By the time Mr. Kloth finished his five-minute visit, Ms. Sorrell seemed to be leaning against Ms. Pryce.

"I now mainly see political commercials that don't tell you much," Ms. Sorrell, a widowed mother of four, said. "It's good to have people explain things to you in person."

Labor is focusing on Ohio, union leaders say, because it has many union members, because factory closings have unsettled workers and because Ohio could hold the key to the 2008 presidential election, just as it did in 2004. Adding to labor's confidence is a corruption scandal that has rocked Republicans in state government. "I think the majority of people are ready for

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a change," John Russo, president of a steelworkers local in Canton, said. "They're fed up. They see the way the economy is going. They see too many manufacturing jobs being lost."

Democrats like Mr. Brown and Ms. Pryce's opponent, Mary Jo Kilroy, welcome the help. A spokesman for Ms. Pryce, George Rasley, gave grudging praise, saying, "Labor's support is the only reason Kilroy is even in the game."

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, praised labor's member-to-member communication.

"They're spending $40 million," Mr. Emanuel said, "and if it's spent strategically and smart, which labor knows how to do, I think it will be significant."

The get-out-the-vote drive faces problems. Many union presidents in Ohio prefer to focus on the governor's race, eager to put a Democrat in the statehouse. Parent unions in Washington want the foot soldiers to focus on House and Senate races.

Some union leaders are frustrated that there are more undecided union members and fewer volunteers than they would like, partly because this is a midterm election.

"Every family is stretched so thin, you have two people working in just about every household, so it's not easy for people to find time to volunteer," said Mike McNichol, a union official at the Hoover vacuum cleaner plant in North Canton.

Moreover, the schism in labor, with seven unions quitting the A.F.L.-C.I.O., has complicated efforts. Several breakaway unions, most notably the Teamsters, are not letting the federation send political mailings to its members or knock on their doors.

Still, there is cooperation. The federation telephone bank in Cleveland was run from the local headquarters of the United Food and Commercial Workers, which quit the federation in 2005.

When Bob Harper, a steelworker at a giant Timken steel mill in Canton, handed out union-produced fliers shortly after sunup, he encountered some workers who were receptive but others who were not.

Scott Harding, an electrician at the mill, did not seem ready to be swayed when he took a flier praising Ted Strickland, the Democratic candidate for governor.

"I make my own decisions," Mr. Harding said. "I don't know where Strickland is on the Second Amendment," a reference to the right to bear arms.

Labor's strategy is to urge workers to focus on pocketbook issues like employment, health care and pensions, and not same-sex marriage and gun rights, issues they call Republican distractions.

Mr. McNichol, the union official at Hoover, hardly sounded optimistic. "We shouldn't underestimate the Republican Party's ability to get their core members out to vote," he said.

Democrats In Accord (WP)

By Chris Cillizza And Zachary A. Goldfarb

The Washington Post, October 8, 2006

After months of negotiating, the leaders of the Democratic National Committee and Democratic Senatorial Campaign Committee have struck a deal on the national party's spending strategy in its quest to capture control of the Senate in November.

DNC Chairman Howard Dean has agreed to put what one Democratic aide said was roughly $5 million into Senate races. Sen. Charles Schumer (N.Y.), the Democratic Senatorial Campaign Committee chairman, welcomed the agreement, saying: "The DNC is helping us at a time we need it very much, and we appreciate Chairman Dean's efforts."

A few weeks ago, Dean struck a similar deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) to spend $12 million on voter-mobilization efforts this fall, with $2.4 million allotted to the most competitive House races.

The deals bring a measure of closure to a heated debate this year among Dean, Schumer and Emanuel over the party's spending strategy. Emanuel and Schumer have advocated spending resources on this year's races, when the national political climate favors substantial Democratic gains in both chambers. But Dean has said that the party's long-term health relies on spending money to develop party infrastructure across the country.

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The DNC also intends to increase its contribution to the most competitive fall House campaigns by $2 million -- to a total of $4.4 million. "In this important election, as with every election, we can't take any vote for granted," said DNC spokeswoman Karen Finney.Clinton Donates $2 Million

Another prominent Democrat is boosting the Senate campaign committee's bank account this fall. Sen. Hillary Rodham Clinton (N.Y.), cementing her reputation as her party's fundraiser in chief, recently gave $2 million to the Democratic Senatorial Campaign Committee .

Clinton cut a $1 million check from her campaign kitty late last month -- a sum matched by Sens. Edward M. Kennedy (Mass.), Richard J. Durbin (Ill.) and Dianne Feinstein (Calif.). Clinton then gave another $1 million Wednesday, establishing herself as the single largest contributor to the DSCC this election cycle.

"This is very generous and couldn't come at a better time," Schumer said of the contribution.

The money comes from Clinton's massive stash of cash -- more than $22 million in late August. Since coming to the Senate in 2001, Clinton has raised $46 million for her reelection bid, hoping to scare away a big-name Republican challenger.

It worked. Former Yonkers mayor John Spencer is the GOP's sacrificial lamb this fall. An independent poll conducted last month showed Clinton ahead 58 percent to 29 percent.

But the fat bank account also allows her to lavish campaign funds on Democrats hoping to join her in the Senate in January -- a necessary move if she hopes to run for president in 2008. Clinton has also been making campaign stops, including in Virginia last week to support former Navy secretary James Webb's Senate bid. She is expected to visit Pennsylvania, Ohio and Florida before Election Day.

"Senator Clinton is committed to doing all she can to help Democrats win back control of Congress," said Howard Wolfson, a spokesman for Clinton.Primary Turnout Low

For all the talk of energized voters evicting incumbents in this year's congressional primaries, voter turnout reached a record low, according to a new study, which said that 15 percent of eligible voters went to the polls on primary day this year.

"People are becoming increasingly disaffected with both parties, on one level," said Curtis Gans, the director of American University's Center for the Study of the American Electorate, which issued the report. "And on another level, we have eroded the religion of civic duty in this country."

Only two races produced record high turnouts -- 12 percent in the Democratic Senate primary in Connecticut and 9 percent in Rhode Island's Republican Senate primary. Sen. Joseph I. Lieberman (D-Conn.) was defeated by antiwar businessman Ned Lamont, though he is still in the race as an independent, and Sen. Lincoln D. Chafee (R-R.I.) headed off a tough challenge from conservative Cranston Mayor Stephen Laffey.

Despite the low turnout in the primaries, Gans said the election on Nov. 7 could see substantial numbers of voters going to the polls.

"The general election is being driven by the emotional feelings about the presidency of George Bush," he said. "People turn out when they're angry mostly on a temporary basis."

As examples, he cited the 1966 midterm election, when voters punished Democrats for then-President Lyndon B. Johnson's stewardship of the Vietnam War; in 1982, when Republicans were slapped for economic recession; and in 1994, when Democrats were thwarted from their control of the House and Senate after the failure of President Bill Clinton's health-care initiative.

The Fix, Cillizza's political blog, appears at washingtonpost.com.

Too Soon For Obama (LAT)

By Ezra Klein op-ed

The Los Angeles Times, October 8, 2006

His rhetoric soars and inspires, but the Illinois senator has yet to show leadership in Congress.

AS MUCH AS political junkies love the presidential horse race, their deepest affection is reserved for fantasy campaigns. Your average Democratic poll watcher or precinct walker will happily expound on his or her thoughts about the 2008 crop of candidates, but their eyes will really light up when they slip the surly bonds of reality and begin drafting titans and bigfoots, movie

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stars and war heroes. Oprah! Tom Hanks! Al Gore! A constitutionally incapable Bill Clinton! A resurrected FDR! A progressive shape-shifter from the Alpha Centauri quadrant!

It's perhaps predictable that this affliction, at least for now, is most prominent among Democrats, who are understandably insecure about their party's capability to draft winners. Surveying the field, many see a lineup of has-beens and never-wills. Charisma-challenged moderates such as Mark Warner mingle with establishment blowhards such as Joe Biden; disgraced nominees such as John Kerry threaten to drown out promising newcomers such as Russ Feingold. And who-oh-who will stop Hillary?

The latest name rippling through the Democratic ranks is Barack Obama. The half-Kenyan, Harvard-educated, hyper-charismatic senator from Illinois burst onto the national scene in 2004 when, still a state senator with higher-office hopes, he stole the Democratic convention with a soaring, heart-quickening keynote address. Since then, he's been a rare, hyper-eloquent spot of hope in a party desperately searching for cheer.

And although he routinely reminds that he's but a junior senator, his attributes only loom larger when transposed onto the 2008 race. In a crowd of old faces, Obama offers movie star good looks and a dazzling smile. Among a crew of (mostly) stale speakers, his rhetoric soars and excites. And in a particularly polarizing moment, he is preternaturally skilled at swelling the soul with calls for unity and national purpose. Noam Scheiber, a senior editor at the New Republic, gushes that "Obama is easily more intelligent, sophisticated and charismatic than 99% of the politicians I've come across," and, just for good measure, notes that "Bill Clinton is the only one I can think of who combines all three talents in similar proportions." Adding to the Obama mystique, Oprah Winfrey advised those seeking to draft her into the race to "take [that] energy and put it in Barack Obama."

If Obama isn't overtly preparing for a presidential run, he's certainly testing the waters. Recent weeks have seen him headlining Iowa Sen. Tom Harkin's steak fry, a legendary stop on the presidential aspirant road tour. While there, he had Steve Hildebrand, Al Gore's former Iowa director, introduce him to the state's activists. And the attention was only enhanced when Illinois state Comptroller Dan Hynes, who challenged Obama in the 2004 Democratic primary, released an open letter urging the young senator to run for president in 2008.

OK Democrats, deep breath. Despite Obama's undeniable magnetism and star power, he's not your guy. Not yet.

For now, Obama is a cipher, an easy repository for the hopes and dreams of liberals everywhere. He had the good fortune to run his first statewide (and nationally noticed) election against Chicago investment banker Jack Ryan, who dropped out because of a sex scandal, and then the brilliant performance artist (c'mon — you don't really believe that guy's serious, do you?) Alan Keyes. It's easy to focus on lofty ideals and shining rhetoric if you don't have an opponent and need never enter the muck of a competitive campaign.

But if Obama avoided being battle-tested in 2004 by the grace of God, it's his own timidity that has kept his name clean since.

Given his national profile and formidable political talents, he could have been a potent spokesman for Democratic causes in the Senate. Instead, he has refused to expend his political or personal capital on a single controversial issue, preferring to offer anodyne pieces of legislation and sign on to the popular efforts of others.

The closest he came to a showdown was when he sought to ignore John McCain's bipartisan group and decided instead to draft strong new ethics rules for the Senate. McCain flew into a public rage, and Obama backed down; no powerful bill was ever passed.

Indeed, Obama is that oddest of all creatures: a leader who's never led. There are no courageous, lonely crusades to his name, or supremely unlikely electoral battles beneath his belt. He won election running basically unopposed, and then refused to open himself to attack by making a controversial but correct issue his own.

Is that evidence of youth, or timidity? Does he hold no unpopular opinions, or does he simply avoid conflict? How would he react to fusillades launched by able opponents?

For now, nobody knows. But given the smear campaign launched against every recent Democratic nominee, grace and strength under fire should be proven qualities before Democrats even consider a potential candidate.

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There are, to be sure, ways Obama could prove his mettle, not to mention his priorities. He could, say, make universal healthcare coverage his public obsession or demand an end to the war in Iraq. He could fight for full public financing of all campaigns, or seek a national living wage.

But until then, if Obama gleams, Democrats have no way of knowing if it's because he's truly an action hero or because he's refused to step out of his packaging. And until that question is answered, the hardened fighters they know are preferable to the attractive cipher they don't.

It's The Agenda, Stupid (LAT)

By Gregory Rodriguez column

The Los Angeles Times, October 8, 2006

Gregory Rodriguez: A Mormon President? Why Not?

IN A RADIO INTERVIEW last week, prominent evangelical activist James Dobson said that Massachusetts Gov. Mitt Romney's Mormon faith "could pose a serious obstacle" if he decided to run for the Republican presidential nomination in 2008. Dobson said he thought that conservative Christians wouldn't feel comfortable casting a ballot for a Mormon. Chances are, he's wrong.

Sure, plenty of evangelical Protestants refuse to consider Mormonism a branch of Christianity. A Pentecostal missionary recently referred to the heavily Mormon state of Utah as the "last frontier" for Christian proselytizing in the United States.

While Protestants and Catholics accept two books of Scripture, Mormons have three. Mormons believe that church founder Joseph Smith was a prophet of God; other Christians don't consider him anything except the founder of, at best, an unusual sect. Perhaps most troubling to many evangelicals, Mormons believe that the Almighty has a physical body. In other words, theologically speaking, Mormonism is much further away from Christian evangelicalism than, say, Catholicism or any mainline Protestant denomination.

But when it comes to American politics, it seems clear that cultural affinity and a shared political agenda can trump theology. Evangelical activists, for instance, have joined forces with conservative Jews and Tibetan Buddhists on human rights issues such as sex trafficking and North Korean gulags.

Since the earliest days of their religion in the early 19th century, when they were openly persecuted, Mormons have cultivated both their distinctiveness and a greater acceptance by society at large. Indeed, the church's decision to ban polygamy in the late 19th century was tied to its desire to have the Utah Territory accepted as a state. Once keen on establishing their own Zion in the West, over time Mormons became increasingly eager to integrate.

By the late 20th century, Mormons had developed a reputation for being as American as apple pie, even if their beliefs were way out of the mainstream. They also became loyal Republicans. As recently as this summer, Utah voters — two-thirds of whom are Mormon — gave President Bush the highest job-approval rating of any state.

Joseph Cannon, chairman of the Utah Republican Party, calls Mormons the African Americans of the GOP because about 70% vote Republican. He says their affinity for Bush and his party derives from shared values. Of course, the same could be said about evangelicals, who at 40% make up the single biggest demographic bloc in the Republican coalition.

The conservative "values" agenda — anti-abortion, anti-gay marriage, a shared vision of what constitutes America's moral fiber — that connects each group to the GOP also links them to each other, at least politically.

"Some evangelicals may think that Mormons are going to hell," says Notre Dame sociologist Christian Smith, "but at the same time, they might think that it wouldn't be too bad to have one in elected office."

In other words, for all the talk of faith being central to the political behavior of religious conservatives, it can take a back seat to their social and political agendas.

Evangelicals are probably the least ecumenical of the major Christian groups in the county. They believe in evangelization, bringing the Gospel to new peoples, and in the inerrancy of Scripture. They are highly invested in their version of religious truth and less willing to find theological compromise with other denominations and religions.

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It was the secularism of the late 1960s and early 1970s that pushed the once otherworldly evangelicals into the political arena. Feeling put upon by modernity, evangelical activism was fueled by indignation and the belief that they received little respect in an increasingly plural nation.

But the political and cultural successes of recent years, and their unprecedented influence on the Bush administration, have begun to change that equation. "It's harder to keep seeing yourself as an embattled minority when, in fact, your values are becoming increasingly accepted," says Baylor University religion scholar Rodney Stark. "Fifteen years ago, nobody made Hollywood movies to appeal to evangelical Christians. Things have changed."

And while some overly confident evangelical activists may feel their numbers mean they don't need to build bridges with those with whom they disagree, a growing number of evangelicals have begun to feel what Stark calls a "confidence and calmness." Now that their sense of exclusion has diminished, they are more willing to find common cause with non-evangelicals.

Christian evangelicals may think Mormons are dead wrong on fundamental issues of faith, but they share a conservative social vision. Despite Dobson's true-believer (and anti-Mormon) stance, U.S. politics will no doubt — in its time-honored way — once again make strange bedfellows. And Romney, who has called himself an "evangelical Mormon," could reap the benefits.

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Allen Rallies Conservative Supporters (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 8, 2006

MAIDENS, Va. -- Sen. George Allen last night rallied with his most reliable conservative friends, saying he is the only choice for them come Election Day, while Democratic challenger James H. Webb Jr. accused the Republican of running dishonest attack ads.

Mr. Allen, elected to the Senate in 2000, told attendees at his annual "Hoe Down" that Mr. Webb would increase taxes.

Mr. Allen echoed the theme of his latest campaign ad, saying that the national Democrats who support Mr. Webb want to let President Bush's tax cuts expire.

"You know what that means?" he asked. "Tax increases."

"You can count on me to make sure those tax cuts ... stay permanent. My friends, raising taxes would hurt our competitiveness and would cost us jobs and you ought to keep more of what you earn anyway."

The Webb campaign called on the senator to stop running the ads.

One ad says Mr. Webb would increase taxes because he is supported by liberal national Democrats. The other features a woman who accused Mr. Webb of misquoting her in a 1979 article, though she was not quoted in the piece after he interviewed her.

The campaign also said Mr. Allen violated a promise to voters that he would "get back on the issues."

"He must pull these ads and apologize to the people of Virginia for sinking Virginia politics to a new low," the Webb campaign wrote in a memo to reporters.

Mr. Allen yesterday promised he would stay on the issues and his record as a governor and a senator. He promised to be tough on national security and to fight for energy independence, themes that are sure to arise tomorrow at his final debate with Mr. Webb.

When Mr. Allen linked Mr. Webb to "Senator Hillary Rodham Clinton," the crowd booed and hissed.

Conservative talk show host Laura Ingraham spoke at the fundraising event, at a private ranch where attendees dined on barbecued chicken and kept out of the rain under a large tent.

Miss Ingraham threw the 500 attendees some political red meat, saying Virginia voters are smarter than the "dinosaur media."

She asked the crowd what Mrs. Clinton, Howard Dean, Sens. John Kerry and Charles E. Schumer, Barbra Streisand and Venezuelan President Hugo Chavez had in common. "They've all endorsed Webb," she said, adding a "just kidding."

A few minutes later, she told Allen supporters: "When I see the politics of smear and fear versus the politics of substance and focus, I worry for our country."

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Mr. Webb, secretary of the Navy under President Reagan, was forced to cancel several appearances scheduled for the Richmond area yesterday afternoon because of the sloppy weather.

He was scheduled to speak at a Norfolk reception of the National Association for the Advancement of Colored People and at an event in Portsmouth.

At the "Hoe Down," Mr. Allen and his supporters insisted his campaign ads were not negative.

Donors at the event were named "buckaroos," "cow bosses," "ranch hands" and "el ranchero grandes," depending on their gift, from a $50 minimum to $10,000.

Mr. Allen, sporting a bolo tie and a cream-colored cowboy hat along with his everyday footwear, thick-heeled boots, stood on the stage with his family: wife Susan, son Forrest and daughters Tyler and Brooke Victoria.

"We're all cowboys today," said Lt. Gov. William T. Bolling, a Republican.

Will Sen. Allen's Cowboy Boots Fit Virginia Voters? (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, October 8, 2006

Detractors Call Cowboy Image a Shtick

RICHMOND -- Like many kids, George Allen grew up idolizing television cowboys with shiny six-shooters at their hips. But his love affair with the imagery of the Old West endured into adulthood and became a motif of his political career.

He donned the boots, the flannel shirts and the ten-gallon hat as he rose from state lawmaker to congressman, governor and, finally, U.S. senator. The rustic image resonated in Virginia even though the state is far from cowboy country.

Now, as Virginia's junior senator battles for a second term and considers a run for the presidency in 2008, Allen hopes the cowboy persona still gives him the political benefit it gave his hero -- President Ronald Reagan -- and others such as President Lyndon B. Johnson and the current President Bush.

Last night, at a supporter's home near this city of the Old South, Allen held a Western-themed fundraiser called a "hoedown." Those who gave $50 were dubbed "Ranch Hands." Those who gave more than $1,000 earned titles such as "Buckaroo," "Cow Boss" or "Ranch Boss." Those who gave $10,000 or more to the Republican cause earned the title "El Ranchero Grande." In Allen's worldview, there is no greater compliment.

Critics say the would-be cowboy hasn't quite earned his spurs. They call it the tired political shtick of a 54-year-old Republican senator whose reelection is in jeopardy.

But former Allen chief of staff Jay Timmons said the image is genuine, born of a fascination Allen developed early in his childhood and even well into his teenage years in the 1960s.

"That was an age of long hair and the Beatles and wayward souls. Everybody was anti-establishment," said Timmons, a Washington lobbyist who is one of Allen's closest friends. "He was not somebody who was part of a pack. He did his own thing. He was clearly searching for an identity that he could connect with."

For Allen, who uses Copenhagen and wears leather cowboy boots with his blue suits, being a cowboy means dressing and acting the part.

"He connected with that at an early age," Timmons said. "It's because of that self-reliant mentality of the Old West, the pioneering spirit. That all appeals to him."

At the soggy hoedown, about 500 folks gathered under tents at the home in Goochland County along the James River. Many wore the requisite cowboy hats. A 10-foot-tall pair of brown cowboy boots greeted them as they arrived. A four-man old-time band played as the crowd munched on barbecue chicken, coleslaw, baked beans and chocolate-chip cookies.

"As far as I'm concerned, cowboy values are the best values," said Elliott Curzon, 51, a lawyer from Alexandria who called himself a huge Allen fan. "They're American values. They're gentle, but they're tough when they need to be."

The evening's featured speaker was conservative author Laura Ingraham. But the donors were there to see Allen and help him get reelected. Dressed in a white shirt, black bolo tie and tan cowboy hat, Allen promised victory.

"Are y'all ready to win one month from today? This is victory weather!" Allen roared. If voters choose based on issues, he vowed, "we will win."

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On Nov. 7, Allen will follow his custom and wear cowboy boots when he goes to the polls to vote. This time, he is in a tight race against a candidate who has his own meaningful footwear. Democratic nominee James Webb, a decorated Vietnam War veteran, wears combat boots in recognition of his son's deployment to Iraq with the Marines and to symbolize his own opposition to the war there.

Allen's detractors mock the cowboy image as an act dreamed up by an ambitious surfer boy from California to appeal to rural voters in Virginia. To them, it screams phony.

"With all due respect, I know cowboys," said Steve Jarding, who was raised in South Dakota and is now a senior Webb adviser. "I grew up with cowboys. I have nephews who bull ride. I'm sorry, George, you're not a cowboy."

To Jarding, Allen's penchant for cowboy boots and a wad of snuff is as contrived as Billy Crystal's character in the faux-cowboy movie "City Slickers."

"I put on a Superman outfit for Halloween," Jarding said. "It didn't make me a superhero."

Allen declined to be interviewed for this article. But people who know him well say he came under the spell of TV westerns while growing up in a fancy Southern California suburb. His sister, Jennifer, wrote in a memoir that Allen often dressed "like a character on 'Hee Haw' -- cowboy hat, flannel shirt, blue jeans and boots."

His favorite series, according to friends, was the shoot-'em-up classic "Gunsmoke." His brothers nicknamed him "Festus" after a character on the show who was an illiterate deputy marshal in Dodge City.

As a law student, Allen summered twice at a cattle ranch in Winnemucca, Nev., while many of his peers clerked for judges or toiled over briefs at law firms. He roped cattle for a cow boss named Joe Brown. Later, he tried to invite Brown to his gubernatorial inauguration, only to learn he had died.

His law office in Charlottesville was festooned with Western paraphernalia: a saloon sign, lassos, a saddle, a stuffed armadillo and a cowhide rug. One of the items he displayed -- a hangman's noose -- later caused him trouble. Adversaries accused him of displaying a symbol of lynching as part of a pattern of insensitivity toward minorities.

Even today, one room in his Fairfax County house is dedicated to Western memorabilia.

"He's been that way for years. He's been enamored with that since he was a kid," said Chris LaCivita, a consultant who managed Allen's 2000 Senate campaign. "This is not new to a lot of people. What's being done, it's being repackaged in a negative light to assault the guy's character."

In 1979, during his first run for the House of Delegates, consultants told Allen to wear wingtips. He did, and he lost. Thereafter, he vowed to ditch the executive-style footwear.

In 1982, wearing boots and riding in a battered pickup truck, he ran again and won. He hasn't lost since.

Allen held his first hoedown in 1994 when he took office as governor. The next year, it became one of his featured fundraisers. Buttoned-down donors would shed their neckties, open their collars and arrive in stiff blue jeans and recently purchased cowboy hats and boots.

The event has remained an Allen staple even as Virginia has become more urbane, more ethnically diverse and -- some say -- less hospitable to a senator who styles himself a cowboy. In Fairfax, the state's largest jurisdiction, a quarter of the population is foreign-born. Loudoun County is diversifying, with white residents now accounting for 74 percent of the population, down from nearly 83 percent in 2000. The Latino population in Prince William County has more than doubled in the past six years, census figures show.

The Allen campaign says he has garnered plenty of minority support. For example, a group called the Latino Coalition endorsed him Monday. But some minority voters panned the image of Allen on horseback at the Buena Vista Labor Day parade.

Jarding, who last summer mocked Allen's time in Nevada at "a dude ranch," said he thinks voters will put Allen out to pasture.

"He may have wanted to be a cowboy, but there weren't a lot of cowboys on Santa Monica Boulevard," he said.

Allen's advisers say the senator is unlikely to alter his persona.

"He's the kind of person who relates to the old Western way of doing things, where you have a lot of self-responsibility and you have to do things on your own and you can't rely on others." Timmons said. "He is not somebody who is going to change who he is to suit some fad."

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Senate Hopefuls In Tenn. Square Off (AP)

By The Associated Press

The New York Times, October 7, 2006

MEMPHIS, Tenn. (AP) -- Republican Senate candidate Bob Corker on Saturday called his Democratic opponent, Harold Ford Jr., a member of a family engaged in "machine-type politics," while Ford accused Corker of doing nothing about illegal immigrants working on his job site years ago.

Ford, a Memphis congressman who would be the first black U.S. senator from the South since Reconstruction, and Corker, a former Chattanooga mayor, are vying to replace Bill Frist, the Republican Senate majority leader, who is retiring. The Nov. 7 election's outcome could determine whether Democrats can take control of the Senate.

In the first of three scheduled debates, Corker said it is unusual that a Ford has held the 9th District congressional seat for more than three decades and noted that the Ford family has long been active in area politics.

"Let me be clear: I love them," Ford said of his family. But he urged Corker to stick to the debate.

Corker has previously shied away from bringing up the Ford family history. Over the years, members of Ford's family have won numerous local elections in Memphis and won seats in Congress and the state Legislature.

Ford's uncle is awaiting trial on federal bribery charges, and his father once was indicted in a federal bank fraud case but was acquitted.

"I'm making an observation that it's pretty much a family business, and I think it's something we all see and know ... that there's a sort of machine-type politics that takes place," Corker said.

Ford responded: "There's too much joy in my heart to respond to that, so I'll let it go."

After the debate Ford said Corker's comments about his family show a desperate campaign "grasping" for issues to bring up against him.

Both candidates said they want to control government spending, clamp down on illegal immigration and reduce the country's dependence on foreign oil.

But Ford charged that Corker -- who ran a construction company before becoming mayor -- did nothing after illegal immigrants were found to be working on a Memphis construction site he was developing in 1988.

"My question is, when you learned there were illegals on the site, why didn't you fire the subcontractor?" Ford asked Corker, who did not have an opportunity to respond during the debate.

Corker noted afterward that his company cooperated with federal immigration officials.

During the debate, Corker criticized Ford's votes against a ban on a type of late-term abortion, a position that Ford said he has since changed.

"You flipped-flopped on abortion also," Ford said to Corker. "You were for abortion before you ran the last time, and now you're against it."

During an earlier run for Senate in 1994, Corker said government shouldn't be involved in the issue.

"I was wrong in 1994," Corker said Saturday. "I didn't understand the issue in a proper way. It was the first time I ran for public office."

Ford has said he backs upholding the "law of the land" that grants a woman the right to an abortion.

Democrat Ford Wages A Conservative Campaign In His Senate Bid (MCT)

By Steven Thomma

McClatchy Newspapers, October 7, 2006

CAMDEN, Tenn. - No one knows if God is paying much attention to the U.S. Senate race in Tennessee. But the Senate race is paying a lot of attention to God.

The latest and perhaps most revealing battle in the clash for control of the Senate seat here hinges on a campaign commercial shot in a church by Rep. Harold Ford Jr., the Democrat seeking the Republican-held seat being vacated by retiring Sen. Bill Frist.

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"Here," Ford says in the ad, walking down a church aisle before sitting in a pew and ripping into his opponent, "I learned the difference between right and wrong."

Not well enough, counter the Republicans.

"What kind of man parties with Playboy Playmates in lingerie, then films political ads in a church pew?" asks an ad aired by the National Republican Senatorial Committee, referring to Ford's attendance at a Playboy magazine Super Bowl party.

The skirmish over Ford's place in church underscores a central theme in the campaign: whether Ford is culturally and politically conservative enough to win over rural white voters and become the first Democrat elected from the state in 16 years - and the first black ever popularly elected from the South.

If Ford can win the Republican seat being vacated by retiring Sen. Bill Frist, the Senate majority leader, he would help his party along the way to the six-seat gain it needs to win control. More than that, a Ford victory would signal that Democrats could win again in the South, where it has been losing both Senate seats and presidential elections.

"We're 33 days away and I can taste it," Ford said during a campaign stop in Camden.

Polls show the race a tossup between Ford and Republican Bob Corker, the former mayor of Chattanooga. Ford has the support of more than 90 percent of the state's blacks, and solid support around his Memphis base. But he trails among whites, and polls often miss hidden bias against black candidates that could mean he trails among whites by a larger margin.

To be elected, he needs to win and hold the center.

"They say I don't look like you, but I share your values," he said to applause from more than 200 rural white voters crowded into a Camden restaurant called the Catfish Place.

He lauded Ronald Reagan, bragged of his support for gun rights, balanced budgets, the Patriot Act and the war in Iraq, and constantly illustrated political points with references to church, the Bible and God. His cowboy boots, farm co-op baseball hat and generous use of "y'all" belie his East Coast, prep school upbringing.

As if to underscore which audience he's trying to reach, Ford brushed aside a reporter from National Public Radio to give an extended interview after his Camden events to the Christian Broadcasting Network.

In a later interview, Ford said his biggest challenge is the image of the national Democratic Party.

"There is a national perception of the Democratic Party that they are out of touch on moral and cultural issues, they're unable to protect and defend the country," he said. "I think that perception is wrong, and clearly we are making progress in overcoming it."

But he never stops working at it.

He even acknowledged supporting President Bush on some issues.

"When he said let's go take down the terrorists in Afghanistan, I sided with him," he tell crowds. "When he said it was right to give our intelligence officers more tools to make sure they can find those who are doing harm to us in this country, I said, Yes, sir. And when he said I want to remove Saddam Hussein, I wish he had a plan, but I said, Yes, sir, I'll go with you."

Of his attendance at Playboy magazine's Super Bowl Party, the bachelor tells audiences to laughter, "I got to admit, I do like girls."

Said Buck Carter, a county highway superintendent in Camden: "In this part of the world, that's not a negative. Guys around here would rather have gone with him."

He also raises the potentially troubling subject of his family. His father, a former congressman, was acquitted of corruption charges in 1993. His uncle, a state senator, faces trial this fall on corruption charges.

"I love my family," Ford told supporters. "There is nothing anybody can say or do that will bring any distance between any member of my family and me."

Ford accuses Republicans of trying to use "code words" to remind voters that he is black.

"They talk abut how different I am from you. And they got all these mail pieces going out all over the state, saying Harold Ford's not one of you," he said. "I know what he's really trying to say, and you do, too."

He also accused Republicans of altering a photo of him to make him appear darker. Ford is fair skinned.

Corker did not respond to repeated requests for an interview. But Chris Devaney, executive director of the Tennessee Republican Party, said the photograph of Ford was not altered.

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He also said that Ford has a more liberal voting record than he admits. The National Journal last year gave him a rating of 58 percent, with 0 being the most conservative and 100 being the most liberal.

"To get elected in this state, you have to have conservative values," he said. "When you look at his record, he clearly isn't."

For more on the campaigns, see:

-www.bobcorkerforsenate.com

-www.fordfortennessee.com

Senate Debate In New Jersey: War Of Words (NYT)

By David W. Chen

The New York Times, October 8, 2006

Each accused the other of being a liar, their voices often rising. They interrupted each other constantly, making it almost impossible at times to hear what was being said. The tone was so combative that it almost seemed as if the two men, who appeared uncomfortable standing only inches apart, might have been one personal insult away from a World Cup-style head butt.

For anyone who has missed the campaign commercials or news media coverage about the race for the United States Senate in New Jersey, the fractious debate yesterday between Senator Robert Menendez and State Senator Thomas H. Kean Jr. may have come across as a piece of shockingly raw theater. But in both tone and substance, the one-hour session provided a concise summary of the campaign.

There was Mr. Kean, a 38-year-old Republican who is the scion of a storied political family, managing to turn every question, whether about health care or personal foibles, into an opportunity to invoke the key theme of his candidacy: that Mr. Menendez, a veteran of the Darwinian world of Hudson County politics, is a political boss without a moral compass who is saddled with corrupt associates.

"I'm saying that when people look at Bob Menendez's background, all too frequently they need to go to jail," Mr. Kean said. "That's where 37 of Bob Menendez's friends and contributors are."

And there was Mr. Menendez, the 52-year-old Democrat and veteran of Congress who was appointed to serve the last year of Gov. Jon S. Corzine's term, reciprocating by repeating, time and again, one of his key contentions: that Mr. Kean is a partisan Republican who supports the policies, and is beholden to the fund-raising machine of President Bush, whose approval ratings are in the low 30's in the state.

"I think that my opponent basically supports the president across the board," Mr. Menendez said. "He has been relatively supportive and silent for six years. You can't change that in six weeks."

With just a few quiet exceptions, overshadowing it all was the vitriolic way the two men delivered their messages, reinforcing the reasons why the race is considered one of the tightest, nastiest and most closely scrutinized in the country this year.

"It's hard to be lectured on ethics by an individual who's under federal criminal investigation," Mr. Kean said early in the debate.

"That's an absolute lie on your part," Mr. Menendez fired back.

The one-hour debate, sponsored by the CBS affiliates in Manhattan and Philadelphia and The New York Times, was taped yesterday at the studios of WCBS in Manhattan, and was to be broadcast at 8 this morning in New York and Philadelphia.

It was not the candidates' first sparring match; they debated twice in June, shortly after each won his primary. But it may be the last televised one, considering that Mr. Kean last week pulled out of a debate scheduled for next weekend. (There is also a live radio debate scheduled for Oct. 17 on WKXW, 101.5 FM.)

With the election one month away, both sides acknowledged that the stakes were particularly high, as whoever wins in New Jersey could play a major role in determining which party controls the Senate.

Even though New Jersey has been solidly Democratic in recent statewide elections, and has not elected a Republican to the United States Senate since 1972, Mr. Menendez and Mr. Kean have been in a virtual dead heat for months. In the most recent poll last week, from Fairleigh Dickinson University, Mr. Menendez had a lead of 5 percentage points, 42 to 37, in a survey of 514 probable voters, with a margin of error of 4 percentage points.

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During the debate, there were no obvious gaffes, no moments of embarrassment. But there were plenty of memorable exchanges.

At one point, the candidates were asked to grade Mr. Bush.

Mr. Menendez rated the administration between a D and an F, he said, for its handling of the war in Iraq and its amassing of trillions of dollars in debt.

Mr. Kean — who on Friday became the first major Republican candidate to call for the House speaker, J. Dennis Hastert, to resign in the aftermath of the Mark Foley scandal — first expressed frustration with Mr. Bush on the war and stem cell research, but then awarded him a B-minus.

The two candidates also jousted with each other, and with the panel of three journalists, over the tone of their television commercials.

When asked whether they regretted the negative nature of the commercials — including one for Mr. Menendez that linked Mr. Kean to a jailed Hudson County Democrat whom Mr. Kean's campaign had contacted in hopes of sullying Mr. Menendez's image — neither man disavowed his tactics.

"I'm proud of my campaign," Mr. Kean said on two occasions.

Mr. Menendez said his first three commercials were substantive, touching on issues like port security and his record in fighting corruption in Union City and opposing the war in Iraq. He added: "I regret that I have to respond to Tom Kean's vicious attacks."

One of the testier moments came when Mr. Menendez was asked about reports that a longtime friend, Donald Scarinci, had been overheard asking a psychiatrist who had $1 million in Hudson County contracts to hire one of Mr. Menendez's political patrons or risk losing the contracts.

Mr. Menendez distanced himself from Mr. Scarinci, saying he was no longer involved in the campaign. He then repeated his contention that Mr. Kean had tried to "shake down" corporations, receiving tens of thousands of dollars in contributions from members of corporate boards on which his father, former Gov. Thomas H. Kean Sr., served.

"I am tired of Bob Menendez attacking my family," said Mr. Kean, whose father, twin brother, wife and two daughters were with him yesterday. "That's what you're doing, Bob."

"I'm not attacking your family," responded Mr. Menendez, whose two grown children attended the event. "I'm talking about you."

"No, you're not, Bob," Mr. Kean retorted.

"I'm talking about you," Mr. Menendez continued. "Your judgment and your ethics."

"How would I — how in the world would I shake somebody down, Bob?" Mr. Kean said. "That is absurd!"

As the two were trying to talk over each other, Mr. Menendez accused Mr. Kean of rebuffing a request that he meet with families of soldiers fighting in Iraq. "You didn't even have the dignity of answering" the families, Mr. Menendez said.

"Oh, come on, Bob," Mr. Kean responded. "Let's be real."

To end the debate, the moderator, Jim Rosenfield of WCBS-TV in New York, asked the most personal question of the session: what each candidate saw as his biggest mistake.

Mr. Menendez said his biggest mistake had been voting for Mr. Bush's No Child Left Behind education law, which he said he had supported because he trusted that the president would back it up with financing.

Mr. Kean began by saying that he did not spend as much time with his wife and daughters as he would like, but then talked about the importance of rooting out corruption in government.

In a sign of the debate's importance, leading figures in each party showed up in the studios. For the Democrats, it was Mr. Corzine and Representative Robert E. Andrews of Camden County. For the Republicans, it was Mr. Kean's father.

An hour before the debate, as Mr. Corzine was leaving an elevator, he bumped into the elder Mr. Kean. The two exchanged pleasantries, and Mr. Corzine said he looked forward to the conclusion of the debates — and, presumably, to an end to the nastiness of the campaign.

Mr. Kean did not disagree.

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A Show Of Hostility For Menendez And Kean (NYT)

By Ray Rivera

The New York Times, October 8, 2006

For weeks now State Senator Thomas H. Kean Jr. has claimed that his opponent Senator Robert Menendez is under federal investigation. So it was no surprise that he said it again in his very first response during the candidates' third debate yesterday.

Asked about the House scandal involving former Representative Mark Foley, Mr. Kean said Congress's ethics committees need to be revamped, then sneaked in the aside: "I mean, I've got an opponent who is under federal criminal investigation."

"That is absolutely untrue," a finger-wagging Mr. Menendez cut in.

So began a debate marked as much by unproven accusations and overstatement as by hostility. A close look shows how each candidate yesterday used small factual kernels to make sweeping claims that are hard to prove or disprove.

Most notable among the arguable claims was the question of a federal probe into an anti-poverty agency, the North Hudson Community Action Corporation, and Senator Menendez's role in it.

While it is true that Christopher J. Christie, the United States attorney for New Jersey, did subpoena records from the nonprofit agency last month, there have been no reports or statements from federal prosecutors indicating that Mr. Menendez is under criminal investigation, as Mr. Kean claimed repeatedly yesterday.

The nonprofit agency paid more than $320,000 to lease a building in Union City from Mr. Menendez for nearly a decade while he helped it secure millions in federal grants as a member of Congress. Mr. Menendez has said the rent, starting at $3,100 a month and ending at $3,400 a month, was comparable to market rates at the time, a claim supported by a real estate broker quoted in a 1996 Jersey Journal article examining the lease deal.

In that same article, Mr. Menendez said the lease deal was verbally approved by Ellen Weintraub, a lawyer at the time for the House Ethics Committee. Ms. Weintraub, who now serves on the Federal Election Commission, told The New York Times recently that she did not remember Mr. Menendez asking her about the deal but did not dispute that she might have cleared it.

"I'm not aware of any rule in effect then or now that would have prohibited a member of Congress from renting his property to an entity that receives federal funding," she said.

When news of the subpoenas broke last month, Mr. Menendez told ABC's George Stephanopoulos that he welcomed the investigation, "and we look forward to its successful conclusion." Mr. Menendez has also said the timing of Mr. Christie's subpoena appeared politically motivated.

Mr. Kean pointed to those statements yesterday as evidence of an investigation. But since his Sept. 24 appearance on ABC News' "This Week," Mr. Menendez repeatedly has said that he is not under investigation, and that none of his personal banking or financial records have been requested. He told reporters yesterday that his comments to Mr. Stephanopoulos were made "off the top of my mind."

Asked about the North Hudson subpoenas after the debate, Mr. Menendez responded:

"There is constantly an effort to subpoena documents to get information, and then you make a conclusion of whether or not an investigation is even worth pursuing. It's far less than a criminal investigation, come on."

Throughout the frenzied debate, during which the candidates frequently cut each other off and strayed from the questions, both men continued to hurl questionable allegations of ethical lapses at each other.

"On the same day that you received thousands of dollars of contributions from one of the state's largest insurance companies, you gave them a vote that gave them a $40 million tax loophole," Mr. Menendez said, referring to a 2005 vote Mr. Kean made to maintain a tax exemption for the Horizon Blue Cross and Blue Shield health insurance companies after he received thousands in contributions from company executives and their families.

But Mr. Kean's vote was hardly pivotal; he voted with his party, and the exemption was killed in the Democratic-controlled Senate. Company officials and Kean's campaign have said that the contributions had no influence on Mr. Kean's vote.

Mr. Menendez went on to criticize Mr. Kean based on an article published yesterday in the Star-Ledger that said the state senator had accepted $213,025 in donations, both in his state and federal campaigns, from employees of firms who do business

with the state government. Mr. Kean has proposed legislation that would have banned such contributions to candidates for state office.

"First and foremost," Mr. Kean responded. "It's hard to be lectured on ethics by an individual who's under federal criminal investigation — — "

"I'm not, Tom, stop saying that," Mr. Menendez replied.

Mr. Kean told reporters after the debate that until the law is changed, it is perfectly legal to accept such contributions.

Mr. Menendez also accused Mr. Kean of trying to "shake down" a corporation for contributions. He was referring to a report in the Wall Street Journal of a fund-raiser Mr. Kean held in Minnesota with executives of UnitedHealth Group on the same day his father, former Gov. Tom Kean Sr., who sat on the board of directors, was meeting with other directors to discuss possible irregularities with stock options given to top executives.

The company is under investigation by the Securities and Exchange Commission, and the implication was that the donations could be seen as an attempt to influence a witness because the elder Mr. Kean sat on the board's compensation committee.

Mr. Kean accused Mr. Menendez of attacking his father and added, "How in the world would I shake somebody down, Bob? That is absurd."

On the topic of stem-cell research, which both candidates say they support, Mr. Kean said he voted for research financing in the state assembly. Mr. Menendez quickly responded that his opponent voted against it six times. But three of the votes involved research money that was embedded in omnibus state budget bills that Mr. Kean and most of his fellow Republicans voted against. He said he did not like how the other three bills, which involved research facilities, were being financed. Mr. Kean has also gone further than most Republicans in saying that he supports embryonic stem-cell research.

Mr. Menendez also accused Mr. Kean of quitting the powerful State Senate budget committee earlier this year to avoid controversial votes that could haunt him in his bid for United States Senate. Mr. Kean's campaign has said that he left the committee solely to devote more time to the campaign.

Senate Hopefuls Debate Bush Ties, Federal Inquiry (WT)

By Amy Fagan, The Washington Times

The Washington Times, October 8, 2006

NEW YORK -- Democratic Sen. Robert Menendez denied he is under federal investigation, while Republican challenger Thomas H. Kean Jr. rated the Bush administration a "B-minus" during a combative debate yesterday between New Jersey's two U.S. Senate candidates.

The hourlong debate, in which the two men often spoke over each other so loudly that it was difficult to hear what either was saying, showcased an intense contest marked by corruption charges.

Democrats usually win easily in New Jersey, but corruption charges against Mr. Menendez have the party fighting to keep the Senate seat.

"There is no such federal criminal investigation," Mr. Menendez said when asked to respond to an ad by Mr. Kean's camp.

Mr. Menendez said repeatedly that Mr. Kean is in agreement with President Bush and out of touch with state voters.

"When you're wrong on the war in Iraq, when you're wrong on privatizing Social Security ... then you have to play the politics of smear and personal destruction," he said.

Federal investigators are examining a rental deal in which a nonprofit group received millions of dollars in federal funding while Mr. Menendez was a House member, the Star-Ledger reported last month.

"The voters of the state deserve to know that they've got a senator under federal criminal investigation," Mr. Kean said during the debate, which was sponsored by New York and New Jersey CBS affiliates and the New York Times.

Mr. Kean pledged to bring a higher ethical standard to state politics. "We've had our state be the butt of jokes on David Letterman and Jay Leno," he said.

Mr. Menendez told reporters after the debate that a subpoena for records doesn't mean federal authorities are investigating him.

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A Menendez ad says the Kean campaign consulted with a convicted felon, and the Democrat yesterday referenced a report in the Star-Ledger article that said Mr. Kean accepted thousands of dollars in contributions from state contractors even though, as a state senator, he introduced a bill two years ago to ban political candidates from receiving such donations.

Mr. Menendez and Mr. Kean have been at a virtual tie in the race, but two recent polls gave Mr. Menendez a slight edge.

When asked yesterday to rate the Bush administration, Mr. Kean answered "B-minus." The Republican has distanced himself from the president throughout his campaign.

He made headlines last week by calling for the resignation House Speaker J. Dennis Hastert over the Illinois Republican's handling of the scandal involving lurid messages sent by former Rep. Mark Foley, Florida Republican, to a male teenager who was a former page.

"There's things I've been frustrated by," Mr. Kean said. He said he disagrees with Mr. Bush on stem-cell research, energy policy, the environment and spending but supports Mr. Bush's approach to tax cuts and fighting terrorism.

Democrats said Mr. Kean's B-minus rating proves he supports the president.

"B-minus makes the honor roll," said Rep. Robert E. Andrews, a New Jersey Democrat who attended the debate. "I think that Tom Kean made our case for us today, convincingly."

N.J. Senate Hopefuls Face Off In Debate (AP)

By Angela Delli Santi, Associated Press Writer

The Associated Press, October 7, 2006

New Jersey's two Senate hopefuls faced off Saturday in an hourlong exchange characterized more by a lack of civility than the dialogue on issues they had said they wanted.

Sen. Robert Menendez and state Sen. Tom Kean Jr. repeatedly attacked each other during their first meeting of the fall, with Menendez frequently waving his index finger for emphasis and Kean cutting off his opponent in mid-sentence.

Both men relied on familiar lines of attack in the increasingly contentious and closely watched contest for a full six-year Senate term. The race could affect whether Democrats can take control of the U.S. Senate.

Kean, a Republican, has made ethics a centerpiece of his campaign and has tried to tie Menendez to the Democratic machine politics of rough-and-tumble Hudson County, N.J.

Menendez has sought from the beginning to link Kean to the unpopular policies of the Bush administration, most notably the war in Iraq.

When asked to grade the Bush administration, Kean gave the president a B-minus. But he said he disagreed with Bush on several issues, including environmental and energy policies. Kean said he also supports stem cell research.

Kean has said he supported the president's decision to wage war in Iraq, though he believes mistakes have been made and Defense Secretary Donald Rumsfeld should be fired.

Menendez, who voted against the resolution authorizing the Iraq invasion, said he would give Bush a grade of D or F.

Kean Jr. hammered away at Menendez's supposed ethical lapses, repeatedly saying he is under federal criminal investigation on suspicion of renting a building he owned to an anti-poverty organization that receives federal funds.

Menendez acknowledges that federal investigators have issued subpoenas in the lease deal but denies that he is under investigation.

Asked to defend a similarly themed campaign commercial, Kean said he had an obligation to tell voters about his opponent's character.

Menendez was also asked to defend a negative commercial for his campaign, in which he portrays a Kean campaign researcher as befriending a convicted felon in order to dig up dirt on him. Menendez said he made the commercial to dispel the accusations against him and pointed out that he made three positive ads before going negative.

Moderator Jim Rosenfield told both candidates that media reports have accused them of engaging in a smear campaign. Kean said, "I'm proud of my campaign," and Menendez said, "I regret that I have to respond to Tom Kean Jr.'s vicious attacks."

Menendez is considered the incumbent, having been appointed by Gov. Jon S. Corzine to fill the remainder of his term last year. Kean hopes to be New Jersey's first Republican senator in 30 years.

A Fairleigh Dickinson-Public Mind survey out Thursday showed Menendez with a slight edge. There are more Democrats than Republicans in New Jersey, but independent voters far outnumber those registered with either party. Menendez had raised $7.39 million for his campaign, according to the latest filings, while Kean had $2.25 million.

The candidates next meet on Oct. 17 for a one-hour live radio debate.

Saturday's taped debate will be broadcast in New Jersey, New York and Philadelphia on CBS stations at 8 a.m. Sunday.

Democrat Poised To Become First Muslim In Congress (NYT)

By Neil Macfarquhar

The New York Times, October 8, 2006

MINNEAPOLIS — Keith Ellison, the Democratic candidate for Congress here, strode among the stalls of exotically printed fabric, telephone cards and sweet tea at a Somali mall, shaking hands with his fellow Muslims.

"The community showed up big!" Mr. Ellison, 43, said, dispensing hugs as he thanked the many immigrant Somalis whose votes had helped him beat six other candidates in a primary race in September.

Mr. Ellison, a stocky criminal defense lawyer who converted to Islam in college, is expected by experts to make history on Election Day by becoming the first Muslim elected to Congress, as well as the first black representative from Minnesota.

"If he wins, he will take the oath of office on a Koran," Ali Ahmed, a social services worker, said as he wandered through the Karmel Square mall, a popular shopping and social destination for Somali immigrants.

"Our main concern is that Muslims are treated differently from Christians," Mr. Ahmed said. "So he can show that we are all the same people."

The Fifth Congressional District is a Democratic citadel. The last Republican to represent it lost re-election in 1962.

Mr. Ellison's Republican opponent, Alan Fine, has made a concerted effort to discredit him for previous ties to the Nation of Islam, the radical group founded by Louis Farrakhan, but experts do not expect Mr. Fine to pose a serious challenge.

Though Mr. Ellison usually mentions his faith on the campaign trail only when asked, his candidacy has amounted to something of a political awakening among Muslims tired of being vilified since the attacks of Sept. 11, 2001.

"They were resistant to voting because a lot of them thought it wouldn't make a difference," said Abdisalam Adam, the director of a Somali cultural center who helped send scores of volunteers door to door to bring out voters in the primary. "This is the first time we saw people get excited and identify with the issues."

Mr. Ellison's progressive positions, including support for universal health coverage, raising the minimum wage and withdrawing the troops from Iraq, cemented his appeal among a broad swath of Democrats in this liberal district.

But political analysts and community organizers say African-Americans and Muslim immigrants here secured Mr. Ellison's 7,000-vote margin on Sept. 12.

"This is the way we build political power," Mr. Ellison told supporters. "They can't ignore us anymore when we show up to vote."

There are far larger communities of Muslims in the United States, with the overall population estimates ranging from three million to more than six million American Muslims. But few other Congressional districts have such a high concentration.

Somalis started arriving here in 1993 as refugees fleeing the civil war in their country. Their number has grown to 120,000, with one-fourth in the Fifth District, Mr. Adam said. He estimated that 80 percent of the Somalis who voted in the primary cast ballots for the first time. "The Somali community is probably the least educated and the least organized in terms of having any experience with democracy," he said.

Mr. Ellison brushes off the idea that he was motivated to run for Congress to become the first Muslim or first black from Minnesota. Rather it was to change policy, he said, to fight in the manner of the beloved Senator Paul Wellstone against a Republican administration that marginalized the poor and minorities.

Energizing black Muslims or immigrants, Mr. Ellison said, is a side benefit. "I've never sat down and said, 'Gee I'm going to be the first,' " he said, "It holds no magic for me."

He does concede a certain element of breaking ground.

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"Any ethnic or religious group that is new to American politics is going to go through trouble," he said, reaching next to his office desk to open a book called "Jews in American Politics."

He read aloud a passage about how Jews were vilified and blocked from political office until their expertise in various fields proved crucial to the New Deal.

"It's going to be the same way for Muslims," he said. "It is just going to take a while."

The campaign has been an indication of the hurdles ahead. The primary turned nasty in May, after Mr. Ellison won the endorsement from the Democratic-Farmer-Labor Party, as the Democrats are known here.

The press and Republican blogs like MinnesotaDemocratsExposed.com unearthed problems from Mr. Ellison's past. They included late filings of income taxes and campaign finance reports, plus a raft of unpaid moving violations and parking tickets that led to a suspended driver's license.

Most damaging were newspaper columns that he wrote under the pen name Keith E. Hakim in 1989 and 1990, when Mr. Ellison was a law student at the University of Minnesota. One explosive column defended Mr. Farrakhan against accusations of racism. Conservatives accused Mr. Ellison of having been a local leader for the radical group.

Mr. Ellison quickly apologized for past mistakes. He said repeatedly, including in a local synagogue, that he was distantly affiliated with the Nation of Islam for 18 months while helping to organize the Minnesota delegation to the Million Man March in Washington in 1995.

He said he saw the march as a way to promote personal responsibility and economic development but said he later found it pointless.

He also sent a letter to the Jewish Community Relations Council in Minneapolis, repudiating Mr. Farrakhan and his supporters as anti-Semitic.

Mr. Ellison prevailed in the primary despite the controversy because "he had intense, loyal supporters who are not going to be chased off," said Lawrence Jacobs, director of the Center for the Study of Politics and Governance at the Humphrey Institute at the University of Minnesota.

Mr. Fine, the Republican candidate, has reignited the fight.

"I'm extremely concerned about Keith Ellison, Keith Hakim, Keith X Ellison, Keith Ellison Muhammad," Mr. Fine said at a news conference after Mr. Ellison's victory in the primary, mocking pseudonyms that Mr. Ellison used in college.

Mr. Fine has repeatedly accused Mr. Ellison of being a follower of Mr. Farrakhan and of being backed by a Muslim lobbying organization that Mr. Fine said supported terrorism.

"I'm personally offended as a Jew that we have a candidate like this running for U.S. Congress," Mr. Fine said at the news conference.

Some Jews applauded Mr. Fine. Others said they were appalled by what they heard as inflammatory remarks. An older brother of Mr. Fine, Robert Fine, a lawyer, called Mr. Ellison to disassociate himself from the attack.

The Republican, a 44-year-old management lecturer at the Carleton School of Management, has been trying to clarify his remarks.

"This has nothing to do with his being a Muslim, this has nothing to do with his being black," Mr. Fine said in an interview in a coffee shop that serves as his campaign headquarters. "This is about someone who supports people who hate. That is why he is unqualified for Congress."

Mr. Ellison was raised a Roman Catholic in Detroit, converting to Islam as a 19-year-old sophomore at Wayne State University. He refuses to discuss publicly his reasons, stating in snippets of interviews between campaign stops: "I don't remember any grand epiphany. I saw no vision, no lightning on the road to Damascus."

He lives in north Minneapolis, one of the highest crime areas in the city, with his wife, Kim, a high school mathematics teacher, and their four children.

He said he had never met Mr. Farrakhan, but conceded that as a young man he was more taken with the message of social empowerment and figured that the accusations of anti-Semitism were just the usual slur against any black leader.

"It's amazing," Mr. Ellison said, "that people naturally assume that there would not be a measure of anger and frustration in the black community" over their history of exploitation here.

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Control Of The Governors' Mansions In Play (LAT)

By Mark Z. Barabak

The Los Angeles Times, October 8, 2006

Democrats need to gain four seats to achieve a national majority. Fewer than a dozen appear truly up for grabs in November, experts say.

For the first time since the 1994 Republican landslide, Democrats are poised to attain a majority of the nation's governorships, an important political toehold regardless of who wins the battle to control Congress.

Election handicappers forecast Democratic gains of four to eight seats out of the 36 on the Nov. 7 ballot, with the Republican-held governor's chairs in New York and Ohio considered most likely to switch parties. The Democrats need to gain four governorships for a national majority.

Massachusetts, Arkansas, Colorado and Maryland also look promising for Democratic candidates, according to campaign analysts. In Massachusetts — the land of Kennedys — a win would put a Democratic governor under the gold Capitol dome for the first time in more than a dozen years.

Four seats appear to be tossups: Minnesota, Wisconsin, Iowa and Michigan, all states that could prove vital in the 2008 presidential campaign. All but Minnesota have Democratic governors now.

Overall, "I think the Democrats have to be more optimistic about their chances," said elections analyst Tim Storey of the National Conference of State Legislatures. "The way polls show it, Democrats are definitely going to make gains."

As with the state-by-state congressional struggle, factors shaping individual gubernatorial contests vary. In Michigan, it is the state's sagging economy. In Wisconsin, it is government ethics. In Minnesota, it is education and healthcare. In Iowa, it is a grab bag of issues, including immigration.

But more broadly, the voter pessimism that has Republicans fighting to keep control of the House and Senate is hurting the GOP at a time it has to defend far more governors' seats than Democrats do.

"Because Republicans have all this exposure, you've got to draw some connections to what is going on nationally," said Jennifer Duffy, who analyzes gubernatorial contests for the nonpartisan Cook Political Report.

Another problem facing the GOP is longevity: Republicans have been governor for eight or more years in several of the states with midterm elections, and voters often show an inclination to switch party control after such a period.

"It's hard to run a state," said Stuart Rothenberg, an independent election analyst in Washington. "You have to make some tough calls. You're going to make enemies. So there's kind of a normal rotation we don't see in the House and Senate."

Democrats have one other factor going their way: Nine Republican-held seats are open — meaning no incumbent is running, so the seat is more competitive — as opposed to just one open Democratic seat, in Iowa.

There are bright spots for the GOP. Three of the four most populous states — Texas; Florida; and California, where Democratic state Treasurer Phil Angelides is challenging Gov. Arnold Schwarzenegger — seem likely to stay in Republican hands, according to opinion polls and political experts.

Each party has its election-day wish list. Democrats talk of the chance to pick up an open seat in Nevada; to stage an upset in Florida, where Republican Jeb Bush is stepping down; and to knock off the GOP incumbent in Democratic-leaning Rhode Island, where a hot U.S. Senate race could turn out loyalists. Republicans are talking about possible pickups in Oregon, where Gov. Ted Kulongoski finished with a less-than-impressive 54% in May's Democratic primary; and Illinois, where Democratic Gov. Rod Blagojevich seeks reelection but has been dogged by ethics allegations.

But most analysts say that, barring surprises, fewer than a dozen seats appear truly up for grabs.

According to Republican Governors Assn. Executive Director Phil Musser: "There's no question we're facing a bit of a head wind. The national mood ain't great."

Although the scandal surrounding recently resigned Rep. Mark Foley (R-Fla.) has complicated GOP efforts, the party's strategists are counting on a superior get-out-the-vote operation, like the efforts that boosted Republican turnout in the last several elections, to stem midterm losses.

More is at stake in the governor's races than mere bragging rights.

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With Washington twisted in partisan knots, governors have taken the lead on welfare, healthcare, immigration and the environment, among other issues. Statehouse initiatives have offered blueprints for national legislation, such as federal welfare changes during the Clinton administration.

"That's where the policy innovation is going on: with the governors and legislatures," Storey said.

Statehouses have also been an important presidential proving ground; four of the last five White House occupants had been governors. Bill Clinton was in his fifth term as Arkansas governor when he was elected president in 1992, and George W. Bush won the White House in 2000 during his second term as Texas governor.

For 2008, New Mexico Gov. Bill Richardson, Iowa's outgoing Gov. Tom Vilsack and former Virginia Gov. Mark Warner are all exploring bids for the Democratic presidential nomination. Among Republicans, outgoing Govs. George E. Pataki of New York, Mitt Romney of Massachusetts and Mike Huckabee of Arkansas are considering running.

And governors who aren't themselves aspirants can boost presidential campaigns — using their clout to help raise money and muster volunteers, serving as state surrogates for the party nominee and amplifying a campaign's message with the gubernatorial megaphone. (Many Democrats are convinced that Bush would never have won the decisive states of Florida in 2000 or Ohio in 2004 if Republican governors hadn't been overseeing those states' elections.)

As Democratic advisor Mark Mellman puts it: Although "there's far from a perfect correlation between holding the governorship and winning a state" in a presidential campaign, nonetheless, "as my grandmother would have said, it certainly can't hurt and in a lot of ways it can help." Mellman is advising the governors of Michigan and Wisconsin in their reelection bids and was a strategist for the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.).

Governors elected this November also will have a leg up on reelection in 2010, putting them at the center of the political line-drawing that will take place after the next census. That, in turn, could go a long way toward shaping the partisan makeup of Congress for years to come.

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(INFOBOX BELOW)

Hot races

Fewer than a dozen of the 36 gubernatorial races across the country are truly competitive at this point, election analysts say. Here is a look at six of the hardest-fought contests.

Race

Iowa: State Secretary of State Chet Culver (D) faces Rep. Jim Nussle (R) in a race for an open seat that is viewed as a toss-up.

Background

Culver, son of a former U.S. senator, has a homegrown brand name and is portraying Nussle as a Washington insider. But Culver has been a less-than-nimble campaigner in a race heated up by the abortion and immigration issues.

Race

Massachusetts: Deval Patrick (D) faces

Lt. Gov. Kerry Healey (R) and Christy Mihos (I) for an open seat in a state that leans Democratic.

Background

Patrick, deputy U.S. attorney general under President Clinton, is vying to become the second elected black governor in the nation's history. Healey has the tough task of distancing herself from, but not alienating, outgoing Republican Gov. Mitt Romney.

Race

Michigan: Gov. Jennifer Granholm (D) is in a tight race against Dick DeVos (R).

Background

Michigan's woeful economy has made Granholm, once hailed as a rising national star, highly vulnerable. DeVos, drawing millions from his inherited Amway fortune, has been sharply criticizing her on the TV airwaves since February.

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Race

Minnesota: Race between Gov. Tim Pawlenty (R) and Atty. Gen. Mike Hatch (D) is a toss-up.

Background

Voters like Pawlenty, but not his handling of education, healthcare and transportation. Hatch's pugnacious personality may be too much for voters in this famously polite state.

Race

Nevada: In a state that leans Republican, Rep. Jim Gibbons (R) faces state Senate Minority Leader Dina Titus (D) for an open seat.

Background

Gibbons started out as a favorite, but Nevada has been trending Democratic, thanks to its growing Latino population and union muscle. Titus is also benefiting from tensions between Gibbons and outgoing GOP Gov. Kenny Guinn.

Race

Wisconsin: Gov. James Doyle (D) is trying to hold off a challenge from U.S. Rep. Mark Green (R).

Background

Doyle has been plagued by ethics issues. Green is campaigning on the time-for-a-change message that Democrats are using elsewhere. But his Washington return address doesn't help.

Graphics reporting by Mark Z. Barabak

The Big-Sky Dem (NYT)

By Mark Sundeen

The New York Times, October 8, 2006

It's fun being governor of Montana. Just watch Brian Schweitzer bouncing around the streets of Helena in the passenger seat of the state's official S.U.V., fumbling with wires, trying to stick the flashing police light on the roof. When he spots some legislators on the sidewalk, he blasts them with the siren, then summons them by name on the loudspeaker. The men jump, and the governor tumbles out of the car, doubled in laughter, giving everyone a bear hug or a high-five or a soft slap on the cheek. Schweitzer, a Democrat in his first term, marches into a barroom in blue jeans and cowboy boots and a beaded bolo tie, and his border collie, Jag, leaps out of the vehicle and follows him in. The governor throws back a few pints of the local brew and introduces himself to everyone in the place, down to the servers and a small girl stuck there with her parents. He takes time from the backslapping to poach cubes of cheese from the snack platter and sneak them to the girl, who is now chasing his dog around the bar. "This is how you make friends with Jag," he advises her. "Just hold it in your hand and let him take it."

As soon as Schweitzer was elected in 2004 — the same night that George W. Bush carried Montana by 20 percentage points — pundits began declaring him the future of the Democratic Party. Never mind that it was his first elected office: the 51-year-old farmer and irrigation contractor had folksy charm and true-grit swagger. He shot guns, rode horses, took his dog to work and decimated his opponents with off-the-cuff one-liners heavy on the bull-and-horse metaphors. He didn't act like a Democrat, in other words, and to many Democrats, reeling from consecutive losses to Bush, that seemed like a pretty good thing.

Schweitzer's grandparents were homesteaders who immigrated to Montana from Ireland and Germany. His parents were ranchers who never completed high school. And until 2000, Schweitzer and his wife, Nancy, were farming in Whitefish and raising their three children. And then, despite the fact that he was a virtual unknown in politics, Schweitzer began a quixotic bid to oust Conrad Burns, a two-term incumbent Republican senator. To the surprise of Montana's political class, he came within four percentage points of succeeding. Almost immediately, he began campaigning for what would be an open governor's seat. Even after choosing a Republican as his running mate, he thumped his primary opponent by a 52-point margin, then won the general election by four points.

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Within months of his election, bloggers were clamoring for a presidential run, and his popularity transcended the wonk journals to include coronation as "Hot Governor" by Rolling Stone magazine, while "60 Minutes" called him the Coal Cowboy. On camera he persuaded Lesley Stahl to take a whiff from a vial of diesel fuel synthesized from coal — a product that Schweitzer claims will not only fill Montana's coffers but also help end the nation's dependence on foreign oil peddled by "sheiks, rats, crooks, dictators."

Schweitzer's "Montana miracle," in which Democrats took back the governor's seat after 16 years and ended 12 years of Republican majorities in both state chambers, has been cited as evidence that the Republican bastions in the Western states are losing ground to a new, Democratic brand of libertarian-tinged prairie populism. No fewer than four recent books by Democratic strategists have mentioned Schweitzer as the kind of guy Democrats need to win back rural America. A fifth book, Tom Schaller's "Whistling Past Dixie," published earlier this month, also singles out Schweitzer and makes the previously heretical claim that the Democrats' future lies in ignoring the South and embracing the West and Midwest, where voters are less evangelical and more independent.

"He's one of the new stars in the party," Gov. Bill Richardson of New Mexico, chairman of the Democratic Governors' Association, told me recently. "We're highlighting him wherever we can." Indeed, just 54 days into his term, Schweitzer was chosen to deliver the Democrats' weekly radio address, and he has been attracting notice from the party faithful ever since — like when he compared the president to a shifty cattle auctioneer hawking lousy bulls to dubious ranchers.

Six-foot-two and a beefy 205 pounds, Schweitzer has seized the heartland imagery generally monopolized by Republicans. "Schweitzer is the antithesis of the Democrat stereotype," Markos Moulitsas Zuniga, of dailykos.com, the partisan Democratic blog, told me. "Too many Democrats look like targets for the school bully. Schweitzer is a tough guy. And people like guys who will bar-fight their way across a state."

Schweitzer veers right on many economic and social issues: he opposes gun control, favors the death penalty and preaches about lowering taxes and balancing budgets. At the same time, he leans left on some issues that matter to progressives: championing energy conservation and environmental regulation, opposing governmental restrictions on abortion and criticizing free-trade deals. "He's as much a prairie centrist as he is a prairie populist," Bruce Reed of the Democratic Leadership Council told me. Schweitzer has the ability to reduce a complicated issue to a few sharp lines, reframing it with themes of patriotism and underdog know-how. "I was a critic of Nafta, I was a critic of Cafta and I'll be a critic of Shafta," he says of free-trade agreements, long the hobgoblin of even the most articulate liberal politicians. "Why is it that America supposedly creates the best businessmen in the world, but when we go to the table with the third world, we come away losers?"

The Democrats' enthusiasm for their new hero seemed to overlook the fact that the governor of a state as sparsely populated as Montana simply does not wield a lot of national clout. Schweitzer governs fewer than a million people, in a state with a single Congressional representative, only three electoral votes and a Legislature that meets for just 90 days, every other year. Indeed, Schweitzer's national celebrity has less to do with the way he has governed and more to do with Democrats' perception — or their hope — that he is leading a Western resurgence.

The elections next month will test that theory. Schweitzer has been campaigning for the two Western Democrats best poised to replace powerful Republicans. In Montana, a populist farmer named Jon Tester is posing a serious challenge to Senator Conrad Burns, whose close ties to the lobbyist Jack Abramoff have made him an attractive target for Democrats trying to paint the Republicans as corrupt insiders. A Tester victory would solidify Montana as a Democratic stronghold, marking the first time since 1989 that the state's two senators and governor were all Democrats. (Montana's other senator,

Max Baucus, a Democrat, has held his seat since 1978.) In Colorado, meanwhile, Schweitzer has been stumping for Bill Ritter, the former Denver district attorney, who grew up on a farm with 11 brothers and sisters, began working construction at age 14 and is now running for governor. A Ritter win would complete what Schweitzer calls a "blue bridge from Alberta to Mexico," a string of Democratic governorships stretching across Montana, Wyoming, Colorado, New Mexico and Arizona — states that all broke for Bush in 2004.

Some of this has to do with demographics. In the last three decades, professional and service jobs have boomed in the Rocky Mountain states, and farming and mining jobs have not; those two sectors, once the mainstay of the region, now make up just 5 percent of all jobs. In Nevada, Arizona and Colorado, a sharp rise in the Hispanic population in the last decade may also

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have helped tilt the voting base to the left. But Governor Schweitzer says he believes that his success points to something more significant. “Is it that the population in the West is trending toward the traditional Democratic Party?” Schweitzer asked. “Or is it possible that some leaders in the Rocky Mountains are on the vanguard of realigning what the Democrats stand for?”

The Interior West has long been seen by Democrats on election night as simply a disheartening wall of big red blocks. Idaho, Utah and Wyoming haven’t voted for a Democratic presidential candidate since Lyndon Johnson in 1964, and Montana, Colorado and Arizona have all gone Republican in 9 of the last 10 presidential elections. But below the surface, the map of the West is slowly becoming a little less red and a little more blue. In 2000, Democrats had not a single governor in the interior West states; now they have four. Democrats have gradually been picking up House seats, too. In 1996, they won 4 of 24 House seats in the region. But they’ve managed to pick up 1 or 2 seats in each of the last four elections and have now clawed their way up to 8 of 28. In 2004, the party’s only bright spot besides Montana was Colorado, where Ken Salazar won a Republican Senate seat; his brother, John, picked up a House seat; and the Democrats took control of both state chambers.

“The pan-Western states — in an arc from Ohio, west to Montana and south to Arizona — are where the low-hanging and most-ripe-for-the-plucking electoral fruit for Democrats is to be found,” writes Tom Schaller in “Whistling Past Dixie.” The midterm election outlook seems to support Schaller’s thesis. None of the region’s eight Democratic representatives — the so-called Coyote Caucus — are considered at serious risk in 2006. But 10 of the 20 Republican-held seats are included in the list of 56 potential Democratic pickups compiled by Larry Sabato at the University of Virginia’s Center for Politics. The Democratic Senate candidate in Arizona is putting up a surprising fight against the Republican incumbent, and the race for Nevada governor, an open seat vacated by a Republican, is listed by the Cook Report, an influential Washington political newsletter, as a toss up.

Local Democrats portray this trend as a grass-roots, homegrown phenomenon. “These advances were not the results of any national organization,” Jim Farrell, executive director of the Montana Democratic Party, told me, “but of the emergence of great local leadership like Schweitzer and Salazar. The D.S.C.C.” — the Democratic Senatorial Campaign Committee, led by Charles Schumer of New York — “and other national groups have recognized the potential for gain, but they’re chasing after a train that began rolling in the last two cycles here in the West.”

It would seem to be true that Democrats in Washington long ignored the mountain states. As Pat Williams, a Montana Democrat who served in the House from 1979 to 1996, told me, “In 2000 you literally couldn’t get an Al Gore button in Montana.” But in recent years, the national Democratic Party has made some small but significant organizational shifts to increase the West’s political brawn. In August, the Democratic National Committee inserted a Nevada caucus into the 2008 presidential primary schedule, between Iowa and New Hampshire, in recognition that the Southwest is the nation’s fastest-growing region. The West has also gained influence through the elevation of Senator

Harry Reid, a pro-gun, pro-life Nevada Mormon, to Senate minority leader. Democrats have chosen Denver as one of two finalists to be host of their 2008 convention (the other is New York). If Denver is selected, it will mark the first time in a century that Democrats have held a convention in the interior West. The D.N.C. has hired as its Northwest political director Brad Martin, who as executive director of the Montana Democratic Party oversaw its 2004 gains, and

Howard Dean has dispatched more than 30 staff members to the Western states as part of his “50-state strategy.”

Still, Democrats hasten to assure the region’s notoriously prickly and independent voters that the national party’s new Western focus doesn’t mean that Washington will exercise any control over candidates in the region. “We’re not trying to be a top-down organization like the Republicans,” says Karen Finney, spokeswoman of the D.N.C. In the West, of course, being seen as refusing to take orders is a way to demonstrate your frontier spirit. Williams offers this advice to any Western candidate wondering whether to employ a regional strategy: “If it doesn’t exist, create it. And then be against it.”

As fertile as the West may seem for Democrats, some in the party remain skeptical that it matters much. “The problem with the Democrats is that they can’t count,” Dave (Mudcat) Saunders, a Democratic campaign strategist, told me. Saunders’s book, “Foxes in the Henhouse,” argues that the party would be wrong to focus on the West and ignore the South. He notes that 30 percent of the country’s electoral votes come from the South, and that by 2025 that percentage will be 40. “Georgia and Florida have as many votes as all the West put together,” Saunders points out.

Montana Republicans don’t concede that the 2004 results show a Democratic trend in Montana — much less the rest of the West. Roy Brown, the leader of the Republican caucus in the statehouse, says that the Democrats’ pickup of seats in the

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Legislature was not due to a sea change in the electorate but a result of gerrymandering perpetrated by a Montana Supreme Court that is "in bed with the Democrats." Although Montana does not require voters to identify party affiliation, Brown estimates that 40 percent are Republicans, 35 percent are Democrats and 25 percent are independents. He concedes that in recent years the independents have been leaning toward the Democrats, but he says that's not a consequence of a true shift in voter attitudes but a result of a "filter-down" effect from unpopular Republican candidates at the top of the ticket. (Schweitzer's Republican predecessor famously declared herself a "lap dog of industry.") In any event, the Democrats' success in 2004 was not an aberration; the party had been steadily gaining seats in the state chambers for the previous three elections.

Schweitzer agrees that Democrats should be careful about trying to extrapolate Montana's political trends to other states. "Montana ought not serve as a metaphor for the entire West," he told me. Indeed, Montana is the West's answer to New Hampshire: independent, contrary and unpredictable. Its demographic trends do not match that of the Southwest. The state's population is growing, but not skyrocketing the way it is in Arizona and Nevada, and with no city larger than 100,000 residents, Montana essentially does not have suburbs or exurbs like those spreading around Phoenix, Las Vegas and Denver. Hispanics account for less than 3 percent of the population; Montana's most sizable ethnic minority is Native American, at 6 percent of the population. And the state's voters have always been less conservative than their neighbors in Idaho, Utah and Wyoming. While it's true that Montanans voted for a Democratic president only twice in the past 50 years, they've often elected Democrats to the House and Senate. In fact, Max Baucus's Senate seat has been held by a Democrat since 1913. The meaning of the 2004 race is further complicated by the fact that Schweitzer chose a Republican — albeit a moderate of the Jim Jeffords variety — as his running mate.

Within the state, politics have historically been split between east and west. Western Montana, with two college towns, Missoula and Bozeman; the unionized mining town Butte; and the capital, Helena, tends to vote more like the liberal Pacific Northwest. The east is more like the Great Plains, with vast ranches, farms, strip mines and oil fields. When the state had two Congressional districts (they were folded into one in 1993), the western one was consistently held by a Democrat and the eastern one by a Republican. According to David Sirota, who was a strategist for Schweitzer in both 2000 and 2004 and who now lives in Helena, the swing vote in the state is in and around Billings, the state's largest city. ("It is Yellowstone County that is Montana's own Ohio," he says, "and Billings the state's Columbus.") But unlike the rest of the nation, where swing voters are generally characterized as socially conservative suburbanites, Sirota says that many Montana swing voters are rural and libertarian.

Marc Racicot, who served two terms as Montana's governor before he went on to be chairman of the Republican National Committee and President Bush's 2004 campaign committee, says his fellow Montanans are unpredictable voters. "You simply can't classify them," he told me, pointing out that in 2004 they simultaneously voted to ban gay marriage and to legalize medical marijuana. "They are conservative in some ways, but ruggedly independent and populist in others. Party affiliation isn't necessarily the dominant characteristic they consider." Montanans are more mistrustful of large institutions like government and corporations than their counterparts on the coasts, while less religious than the South. Fifty-three percent of Montanans say they are pro-abortion rights. In foreign policy they can be rather isolationist: a poll in September showed that Montanans break with the national trend and rank the economy as more important than national security or the Iraq war. They take a libertarian approach to homeland security that is rarely heard nationally; Jon Tester, in a recent debate, said, "With things like the Patriot Act, we'd damn well better keep our guns." And, contrary to the myth that Westerners are opposed to all environmental regulation, they tend to be conservationists. About 60 percent of Montanans favored the Roadless Area Conservation Rule, which protected land from logging; it was signed by

Bill Clinton and overturned by George W. Bush. Bush's recent plan to auction off public lands was so unpopular in Montana that even Conrad Burns opposed it.

Montana's populist streak dates back more than a century to the mining labor movement, and it surfaced again in 1992, when Ross Perot captured more than a quarter of the vote, allowing Clinton to win the state. As the Republicans honed their populist message in the 1990's, their fortunes improved in Montana. Now, some say, the tide is turning. "The appeal of populism never changed," Sirota says. "The parties changed. The Republicans were the populists. Now the Democrats have learned that they can be populists, too."

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It was a sunny day in June, and Brian Schweitzer and Max Baucus were flanked by Cessnas and helicopters, rallying with Jon Tester. Political rallies in other states might take place in hotel ballrooms; here in Montana everyone was gathered in an aircraft hangar outside Missoula. The place smelled like jet fuel. Corralling the top-ticket Montana Democrats in one place can resemble a "Bonanza" cast reunion, albeit with two Hosses and no Little Joe. Tester is a third-generation wheat farmer, president of the State Senate and a lumbering tank of a guy with a big gut and a flattop haircut. You want prairie authenticity? Have Tester show you his hand with just a thumb and a pinkie; the other three fingers were chopped off in a meat grinder when he was a boy. Tester, a progressive type, ran in the primary against a better-financed centrist, a career politician supported by the Democratic Leadership Council, and as soon as he won, Schweitzer leapt in to claim him as a brother. Onstage at the airport, Schweitzer played the down-home card. "Jon's grandparents homesteaded just 20 miles from my grandparents," he hollered, to a roar of approval from the hangar. "He and I were born in the same tiny hospital, up in Havre!"

Other than the fact that they grew up on farms, it's not immediately clear what unites Schweitzer and Tester, Ritter and the Salazars. With his outspoken criticism of the war in Iraq — "I was very public before we went in that it was a bad idea, and history has borne that out," he told me — Schweitzer has become a hero to progressives, while Ken Salazar has infuriated liberals with his support of Alberto Gonzalez's nomination for attorney general and his endorsement of Joe Lieberman's independent re-election bid. Governor Richardson of New Mexico suggests that such differences are evidence that the movement has no overarching strategy. "It's happening from the bottom up," he told me. "This is a natural evolution. It's no grand design." Or maybe it's that the region's Democrats simply don't have many core beliefs in common. Schweitzer remains an iconoclast; he says he supported

John McCain's presidential bid in 2000, though he has since soured on McCain because of the way he has courted the religious right, and he says he is now intrigued by the possibility of a presidential run by

Mitt Romney, the Republican governor of Massachusetts, in 2008. "If he gets the nomination, I might support him," Schweitzer told me.

Much of Schweitzer's attraction to voters lies in the fact that he doesn't seem like a politician. "I'm just a rancher who ended up governor of Montana," he likes to say. But Schweitzer is not a politician only in the sense that the young Cassius Clay was not a boxer; by the time his opponent realized he'd been hit, he was already on the mat. And since it's accepted in the West that politicians are generally not to be trusted, Schweitzer's greatest talent may be his endless insistence that he's not one, all the while winning your vote and changing your opinion to agree with his. Which is, of course, what a politician does. His success is not the happy accident of a novice or a rube or a cowpoke who happened to ride his donkey into the halls of power — but rather the work of an expert, a virtuoso or, perhaps, a natural.

Besides getting elected and getting on television, what has Schweitzer actually accomplished? Much of the attention he has received came from positions he has taken on national issues: writing an Op-Ed for The Times about the miracle of coal-to-gas liquefaction, or requesting that President Bush return the Montana National Guardsmen from Iraq to fight summer forest fires. His agenda for his first legislative session was hardly radical: it included an increase in education financing, setting a goal to produce more wind power and a tax-reform bill that favored small business over big by eliminating the tax on business equipment valued at less than $20,000, while withdrawing a pending cut on more expensive equipment. He introduced an ultimately unsuccessful plan to prevent government officials from moving directly into lobbying jobs. Still, Schweitzer bristles at the suggestion that he was not sufficiently tested by his first session. "I had 90 days to pass my agenda," he told me. "It was my first day on the job, and I was working with lobbyists and legislators who'd been there for years. We had a State Assembly that was deadlocked. But I pushed through the most progressive legislative agenda in the country. It was not easy. I took on the lobbyists. I wrestled them to the ground, and now I'm kicking them in the ribs."

Despite the boots and bluster, at his core Brian Schweitzer is something of a policy wonk and a science whiz. He says he sleeps no more than five hours a night, and he is at his computer well before dawn, consuming a host of newspapers and a string of political blogs. His true passion is energy independence. On his desk is a contraption of tubes and coils that, as he enthusiastically explains, convert sunlight into hydrogen. In addition to his horsemanship and riflery, Schweitzer likes to tinker with gadgets, and he holds degrees in both soil science and agronomy. He will preach to anyone who will listen about the Fischer-Tropsch process of coal liquefaction, or about his recent switch from a Tahoe S.U.V. to a biodiesel Volkswagen Jetta.

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Schweitzer fancies that he will solve the energy crisis the Montana way, which is to say, with ethanol and syn-fuels and wind power, all readily available in a state that has more grain, coal and wind than it does people. He says he believes that he is setting an example for the rest of the world, and that tends to infuse even the most mundane details of his legislative work with a certain fervor.

When I was visiting with Schweitzer one day during the legislative session, an aide rushed into his office with news that a group of Democratic state representatives from the Great Falls area were threatening to withdraw their support from the governor's ethanol bill. Schweitzer was leaning back in his chair, beneath an oil painting of a Native American woman playing a flute, beside a window opening onto a view of snow-covered mountains. If Schweitzer is, as his critics contend, mostly a showman, he has chosen the perfect stage. Helena's domed State Capitol is a transcendent gallery of marble columns and stained-glass atria, a temple so sincere in its exultation of frontier democracy that, for the cynical, it may resemble a Frank Capra movie version of government more than it resembles the real thing. Citizens wander freely in the corridors of power and, from the Senate gallery, can observe their lawmakers beneath frescoes of Lewis and Clark meeting Sacagawea, and of General Custer about to take a dagger to the gut at Little Bighorn.

The Great Falls representatives refused to come meet Schweitzer in the governor's office — located about 800 steps from their chamber — because they were upset that the governor canceled a meeting with them earlier that day. "That's it," Schweitzer said, leaping up. "I'm taking 'em to the woodshed." In an instant he was stomping down the corridor to the rotunda, his dog at his heels, and charging up the staircase to the House chamber. The governor corralled the Great Falls representatives in a meeting room and listened to their grievances. He leaned forward intently, his head bobbing almost imperceptibly, his eyes wide open and blinking in a strict cadence, receiving and processing data as if it were an electrical current. He clutched the edge of the table, and I suspected that if he let go, the rotors spinning in his skull would have broken the pull of gravity and sent him spiraling into orbit.

Sufficiently charged, the governor whirred into action. His monologue combined pep talk and sales pitch, threats and promises, science lecture and economic briefing. He spoke at length on the difference between malt barley and high-protein wheat, and on the profit margin of ethanol refineries, pounding his finger on the tabletop for emphasis. He went on uninterrupted for seven minutes, and when the fusillade was over, one of the representatives voiced a small objection from an industry lobbyist that Montana wheat would make for low-grade ethanol.

"Now that," said the governor, slapping the table in triumph, almost evangelically, as if the Republic itself depended on this vote, "that sounds like somebody who didn't take a single class in agronomy!"

Later that day, everyone at the meeting voted yes on ethanol, and in the evenly split House, the bill passed 52-48.

Hungry and emboldened, Democrats are already looking past 2006. A few stalwart Western Republicans who have been in the Senate since the Nixon years are rumored to be contemplating retirement in 2008. Pete Domenici of New Mexico will be 76, and

Ted Stevens of Alaska will be 84. In Colorado, Democrats are so eager to oust Senator Wayne Allard that Representative Mark Udall has declared his candidacy a full three years before the election. Udall comes from the political dynasty that has spawned an Arizona Supreme Court justice and a handful of Democratic congressmen, and as a world-class mountaineer who says he is the only member of Congress to have made an attempt on Mount Everest, he fits the bill of an iconic Westerner.

As Democrats look to Montana to try to figure out how to replicate Governor Schweitzer's success, they can't help noticing one recent poll number: in August, 66 percent of Montana Republicans said they approved of Schweitzer, the same portion who said they approved of Conrad Burns, their own party's incumbent senator. It may be that this sort of popularity comes only to a larger-than-life personality like Schweitzer.

Democrats will be wise not to try to replicate Schweitzer himself. When non-Schweitzers try to act like Schweitzer, it usually doesn't work. In his book, Schaller recalls "campaign images of Al Gore wearing cowboy boots with his belt-clipped Blackberry, or a barn-jacket-clad John Kerry buying a goose-hunting license." Schaller goes on to write that these gestures force "liberals to avert their eyes in horror, while conservatives look on from afar with a mixture of disdain and disbelief."

As for Schweitzer's own future plans, he dismisses questions about further political ambitions with one of his trademark similes — something about having spent more days in a saddle than having been governor. Nonetheless, the scope of his battle

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is larger than Montana. In addition to campaigning for Jon Tester in Montana and Bill Ritter in Colorado, he also stumped recently at a fund-raiser in Jackson Hole, Wyo., for a singularly non-Western candidate: Eliot Spitzer of New York.

Debate In Texas Race Focuses On Border, Crime And Cigars (NYT)

By Ralph Blumenthal

The New York Times, October 8, 2006

HOUSTON, Oct. 7 — Competing with the Friday night lights of a big Texas football weekend, Gov. Rick Perry and three challengers faced off in a Dallas television studio for their only debate in the free-for-all that is the governor's race.

But if the long-awaited one-hour showdown had its moments — Kinky Friedman, the comic songster and independent, pledged allegiance to his cigar; former Representative Chris Bell, the Democrat, remembered the Alamo; and Comptroller Carole Keeton Strayhorn, a Republican running as an independent, forgot the name of the president-elect of Mexico — it hardly resolved the uncertainties, some political experts said.

With Mr. Perry, a Republican, leading in the polls a month before Election Day and positioned to become the longest-serving governor of Texas despite being opposed by about two out of three voters, the high-profile race in President Bush's home state is still fluid.

"There was no standout winner," said Harvey Kronberg, who publishes The Quorum Report, an online Texas political journal. In the night's version of "Survivor," he said, "we still have to see who gets thrown off the island."

Yet it was Mr. Perry's debate to lose, and he did not, said Cal Jillson, a professor of political science at Southern Methodist University who monitored the debate for its sponsor, the Belo Corporation, which owns WFAA-TV and The Dallas Morning News. "If he had fallen off the stage or fainted dead away, or fumbled badly, but he didn't do that," Dr. Jillson said.

Answering questions from reporters, viewers and each other with no studio audience, Mr. Friedman and Mr. Bell accused Mr. Perry of picking a date for the event to minimize attention and of ducking additional debates. Mr. Friedman laid it to politics: " 'Poly' means 'more than one,' and 'ticks' are blood-sucking parasites," he said.

Mr. Perry did not respond directly but recently told Texas Monthly that a crowded debate would not yield much substance.

The four candidates — a fifth, James Werner, a Libertarian, was excluded by Belo — squabbled over immigration and crime. Mr. Perry defended his dispatch of National Guard troops to secure the border against illegal crossers but faulted the federal government's actions as inadequate and said he would seek $100 million from the legislature for more enforcement.

Ms. Strayhorn, who goes by the moniker of Grandma, said, "I want the Texas Rangers in charge."

Mr. Friedman, in his black cowboy garb and waving his ever-present unlit cigar, called for taxpayer ID cards for immigrant workers and $25,000 fines for employing illegal immigrants.

Mr. Bell said he would also crack down on employers but asked, "Does anyone believe we could deport 12 million people if we couldn't even evacuate New Orleans?"

Mr. Perry said he would support the death penalty for repeat sexual predators. Ms. Strayhorn said she favored mandatory life terms.

Mr. Friedman, laying a 20 percent upsurge in crime in Houston to evacuees from Hurricane Katrina, called for spending $100 million on more police officers. But he was condemned by the others for remarks that some called racially offensive and that he defended as parody.

"Words matter," Mr. Perry chided.

Mr. Friedman was unrepentant. "Sure, everyone's ganging up on me," he said. "Tackle the guy carrying the ball."

He was also asked if, as governor, "will you have a cigar in your mouth so children will see you?"

Mr. Friedman said, "Yeah, I'll definitely smoke cigars."

Mr. Perry was assailed over a new business tax to remedy a school-financing crisis and lower property levies, and for a planned toll road complex that Ms. Strayhorn called "the Trans-Texas Catastrophe."

Mr. Bell accused Ms. Strayhorn as comptroller of giving half a billion dollars in tax breaks to clients of contributors. She denied it, vowing to install a "government in sunshine."

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In a barrage of tricky questions, Mr. Perry was asked if he knew the going rate for a 30-year mortgage. He said 5.9 percent — it was actually 6.3 percent.

Ms. Strayhorn blanked on the name of the new president of Mexico (Felipe Calderón). “He won by a narrow margin,” she ventured.

But Mr. Bell scored on a perilous question: when was the battle of the Alamo? (1836)

In his summation, Mr. Perry turned on Mr. Bell, saying Democrats were weak on national security, suggesting that the governor may now see the former congressman as his prime threat.

Spinmeisters from various camps immediately unleashed a flurry of e-mail messages dissecting the rivals’ answers. As to who won, Ms. Strayhorn’s campaign said, “Texans won this debate,” but could not resist adding “and learned the truth about Gov. Perry’s false tax cut.” The Perry campaign countered with, “Strayhorn can’t be trusted to keep her ethics pledges.”

Beyond who won was another question: who watched? Fall Friday nights in Texas are famously devoted to the high school gridiron, and football fans are in a special froth over Saturday’s annual Red River Rivalry between the University of Texas and University of Oklahoma in the Cotton Bowl in Dallas.

Still, Amy Powell, 41, a nutritionist, joined Perry supporters to see the debate at County Line Bar-B-Q in north Houston. She left less than enlightened. “I saw a lot of talking,” she said, “typical political stuff.”

California Candidates Spar Over Economy (AP)

By The Associated Press

The Associated Press, October 8, 2006

SACRAMENTO, Calif. -- Gov. Arnold Schwarzenegger and Democratic state Treasurer Phil Angelides sparred over the direction of the state's economy Saturday in their only debate planned for the gubernatorial campaign.

In a series of sharp exchanges, Schwarzenegger and Angelides differed over higher education fees, taxes and the state of the middle class.

Angelides said fees at the California State University and University of California systems have risen by thousands of dollars under Schwarzenegger, a Republican. Schwarzenegger noted that college fees rose dramatically under his predecessor, former Democratic Gov. Gray Davis, and that he has capped them this year.

He also attacked Angelides as wanting to raise billions in taxes if he is elected Nov. 7.

"I can tell by the joy I see in your eyes that you love to raise taxes," the governor said to Angelides. "Why don't you just say right now, 'I love increasing your taxes.'"

Angelides said his plan was to raise taxes on the wealthy and close corporate tax loopholes, in part to help California balance its budget and fully fund education.

"Who can you trust to do the right thing by middle-class families in this state?" Angelides said.

Angelides contrasted the California in which he grew up with the one he sees now, where middle-class families struggle to pay health care, college and other costs. He vowed to provide "a different vision" from Schwarzenegger and "put the government back on the side of working people."

The governor noted the difference between California's economic situation today and three years ago, when Davis was ousted amid a record budget deficit.

Schwarzenegger said he has worked to reduce the deficit, strengthen the state's credit rating, improve the business climate and "make us shine again."

The debate, coming on the third anniversary of the historic recall election that swept Schwarzenegger into office, provided the campaign's first direct exchange between Schwarzenegger and Angelides, allowing a format in which the candidates could question each other. Those exchanges provided periodic fireworks.

After Angelides spoke on array of issues -- against the Iraq war, accusing Schwarzenegger of failing to secure sufficient homeland security funding, criticizing the governor for plans to overhaul state pensions -- Schwarzenegger shot back with a family reference.

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"I feel a little bit like I'm having dinner with Uncle Teddy at Thanksgiving," the governor quipped, referring to Sen. Ted Kennedy, the uncle of his wife, Maria Shriver.

"He's a great man," Angelides shot back. "If my grandmother could hear me being compared to a Kennedy...."

The candidates did not differ sharply on immigration, with both calling for some kind of path to citizenship for illegal immigrants who already are in the United States.

Angelides rejected the idea of a fence along the border, instead saying he would lobby the Bush administration to provide more border guards. Schwarzenegger said the country needed a way for companies to "legally hire people from outside the United States."

The state treasurer has been the underdog since emerging from a bruising Democratic primary fight against state Controller Steve Westly. The race drained his campaign funds.

He has battled ever since to redefine himself, in part by trying to fashion himself as a champion of the middle class.

Schwarzenegger spent much of September highlighting bipartisan agreements with bill signings throughout the state. He has also shown a huge fundraising advantage.

Recent polls have given Schwarzenegger leads of 10 and 17 percentage points.

The debate at Sacramento State University was sponsored by the California Broadcasters Association.

Taxes Take Center Stage In Gov. Debate (LAT)

By Michael Finnegan And Mark Z. Barabak

The Los Angeles Times, October 8, 2006

Schwarzenegger depicts his foe as a big spender. Angelides compares his rival to Bush, Hastert.

SACRAMENTO — Trailing badly in polls, Democrat Phil Angelides on Saturday used the first and only debate of the governor's race to question Arnold Schwarzenegger's integrity and try to yoke him to President Bush and embattled Republicans in Congress.

A jocular Schwarzenegger parried with one-liners and invoked major bipartisan agreements with state lawmakers, portraying Angelides as a big-spending liberal who was eager to hike taxes on those who could least afford it.

The issue of taxes, the governor's preferred ground, dominated the debate. Schwarzenegger mocked state Treasurer Angelides for proposing tax cuts for middle-income families, saying the idea was inconsistent with his support for a $4-billion car-tax hike under former Gov. Gray Davis. Schwarzenegger reeled off billions of dollars in other tax increases that Angelides has supported over the years, including a tractor levy that would have hit "the poor farmers."

"You have been so far for every single tax increase since you have been in public office," Schwarzenegger told Angelides.

At one point, smiling across the stage at his rival, the governor taunted: "I can tell by the joy you see in your eyes when you talk about taxes, you just love to increase taxes…. Look out there right now and just say, 'I love increasing your taxes.' "

Angelides told Schwarzenegger he would not allow him to deceive viewers by repeating "what you've done in those $35 million of TV ads attacking me." Then he invoked a trio of Republican leaders, past and present.

"The fact is, when you speak like this you sound just like Newt Gingrich," Angelides said. "You sound like Speaker Hastert. You sound like George Bush attacking me on taxes."

While Angelides repeatedly linked Schwarzenegger with Bush and other prominent Republicans, the governor sought to lump his Democratic opponent with Davis, who was defeated in the 2003 recall exactly three years ago Saturday. The result was perhaps the liveliest exchange of the evening.

"During the most incredible decline of our economy, just a few years ago, you were part of that," Schwarzenegger said.

"Well, you know, your policies are the Bush policies, and I prefer [former President] Clinton to Bush any day," Angelides shot back.

"No, no, don't talk about Bush, because if you want to do that, go to Iowa," Schwarzenegger said, alluding to the site of the first presidential nominating contest.

"You went to Ohio, governor; I didn't," Angelides said, referring to Schwarzenegger's appearance alongside Bush late in the 2004 campaign. "You stood with President Bush and you helped him get reelected. And we didn't even get a T-shirt!"

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The two then talked past each other for several seconds, the governor suggesting that Angelides was ready "to promise the people everything, and then increase the taxes."

"No, I've been clear, governor," Angelides retorted, "I'm going to close those corporate tax loopholes."

"Oh, sure. Of course," Schwarzenegger said, laughing sarcastically. "Very good. Exactly, yeah."

At various times Angelides sought to turn the tax issue on his opponent, reminding viewers that college and university fees had risen under Schwarzenegger. The governor, in turn, recalled student protests against similar moves by Davis.

"They marched in Sacramento, right by your office, treasurer," Schwarzenegger said, squinting his eyes at his opponent. "You were inside that office, and you looked out, and you didn't join them protesting…. Where were you?"

Angelides has proposed raising taxes by $5 billion a year for corporations and Californians who make more than $250,000 a year. In August, he offset that proposal with a plan for $1.4 billion in tax cuts, mainly for middle-income Californians and small businesses.

But over the years, Angelides has called for a variety of other tax increases that he no longer supports, and Schwarzenegger puts the total cost of them at more than $18 billion a year.

The joint appearance at Sacramento State University offered a crucial opportunity for Angelides to improve his standing in a contest that so far has tilted heavily in the Republican governor's favor. But with no moment of high drama or surprising revelations, the 55-minute session appeared unlikely to change the central dynamics of the race, now in its final weeks.

The two candidates, wearing similar dark suits, sat facing each other at separate tables, with the moderator, Stan Statham of the California Broadcasters Assn., seated between them.

Showing what he learned in Hollywood, the governor was careful to look directly into the camera as he spoke. Angelides spent much of his time addressing the studio audience, presenting a less flattering profile for the majority of those watching at home on television.

The debate, sponsored by the broadcasters association, was aired live on radio and television stations statewide. But the timing — a Saturday night, opposite major league baseball playoffs and college football — limited the size of the audience.

Angelides had hoped to debate Schwarzenegger as many as 10 times, but the governor had nothing to gain by offering his challenger such high-profile exposure on television and declined all other offers. As a result, the debate's terms were essentially the governor's. Statham, a former Republican assemblyman, is a registered lobbyist for the broadcasters.

Schwarzenegger, as the front-runner, spent much of the evening avoiding confrontation, allowing many of Angelides' accusations to go unanswered and breaking the tension with several apparently well-rehearsed quips.

In keeping with his political move to the middle, Schwarzenegger also stressed the bipartisan approach he has taken this year to working with the Democrats, who control the Legislature, on issues such as the infrastructure bonds on the November ballot.

Asked which decision in public office he most regrets, Schwarzenegger cited last year's disastrous special election, in which voters overwhelming rejected his four initiatives after he went over the heads of lawmakers.

"I pushed too fast," he said, again sounding the note of contrition he struck in the days after the debacle. "I did not bring all the legislators on board. I did not bring people together enough.

"The people sent a message loud and clear," he added. "And that message was, 'Don't come to us for every little thing. Go to the legislators. You guys work it out.' And that's exactly what we've done since then."

Angelides responded that it was not a good idea "to attack working men and women" and cut school money, as he characterized Schwarzenegger's past efforts. "The one thing I want to say tonight is: Who can you trust next year to do the right thing? For three years, Arnold Schwarzenegger was very consistent. Only in the last 60 days, as he sought to save his own job, has he tried to move to the middle, so to speak."

At another point, Angelides returned to that theme, saying the election "comes back to who can you really trust?"

Given one chance to question each other directly, Schwarzenegger opted for a gentle approach, asking Angelides about the funniest moment he had experienced during the campaign.

"Every day is just a hoot — I can't tell you how much fun," Angelides joked. More seriously, Angelides expressed joy at the time he has spent with his family.

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He then hit back hard, asking Schwarzenegger how he could justify a proposal — eventually withdrawn — that could have endangered the benefits of police widows and orphans.

The governor responded with his sharpest rejoinder of the evening: "I did not try to take anything away from any police officer or firefighter…. I will never take away the pension, or the disability or the death benefit from anyone, the firefighters, the police officers or anyone else as far as that goes. So you can stop that hype right there."

But more often, when things grew tense, Schwarzenegger tried to lighten the mood with a smile and clever aside.

After Angelides assailed his record on protecting the state from terrorism and criticized his treatment of the state's law enforcement officers, the governor drew a big laugh from the studio crowd — and a smile from Angelides — by suggesting, "I feel a little like I'm having Thanksgiving dinner with Uncle Teddy."

"Thank you so much," Angelides replied, delighted to be compared to U.S. Sen. Edward M. Kennedy (D-Mass.), the uncle of Schwarzenegger's wife, Maria Shriver.

O'Malley's Reach Sends Ehrlich To D.C. Suburbs (WP)

By John Wagner And Matthew Mosk, Washington Post Staff Writers

The Washington Post, October 8, 2006

The road map that Maryland Gov. Robert L. Ehrlich Jr. hopes will guide him to reelection has sent the Republican to an unlikely place in search of votes: the heavily Democratic Washington suburbs.

A month before the Nov. 7 election, Ehrlich has stepped up his efforts in Montgomery and Prince George's counties, a tacit recognition that the strategy he rode to victory in 2002 cannot be fully replicated this year against Baltimore Mayor Martin O'Malley (D).

Four years ago, in edging Lt. Gov. Kathleen Kennedy Townsend to become the state's first Republican governor in a generation, Ehrlich piled up unprecedented vote totals in the suburban counties that ring Baltimore. That region is home to significant numbers of registered Republicans as well as blue-collar Democrats who were willing to give an affable local congressman a shot at the governor's mansion.

With O'Malley, however, Ehrlich faces an opponent whose popularity extends beyond the borders of his own heavily Democratic city into parts of the surrounding suburbs. So the governor has turned toward Washington to help make up the difference.

In the past week, Ehrlich has conducted a half-dozen interviews with news outlets in the Washington market, attended several fundraisers and picked up the Montgomery County Chamber of Commerce's backing.

"Last time, I was a complete stranger" to the D.C. suburbs, Ehrlich said in an interview. "We tried, but we got beaten there. Badly. This time, it's a different story. . . . This time we're looking for a major uptick in support."

In 2002, Ehrlich won statewide by 66,170 votes in a race in which 1.7 million ballots were cast. To win reelection, he is seeking to offset gains the Democratic nominee could make in the Baltimore suburbs by improving his performance elsewhere. The voter-rich Washington suburbs provide the most enticing target, despite their decidedly Democratic tilt.

"It's really a matter of numbers," said John Willis, a former Maryland secretary of state. "If my opponent is eating into the margin in my base, I've got to go eat into the margin in his base."

Last week, O'Malley and his top aides expressed confidence that the mayor, who grew up in Montgomery, was not losing ground to Ehrlich in the Washington area. To the contrary, as he becomes better known in the region, his support among Democrats is firming up, O'Malley said.

"We are picking up strength all over the state, most notably in the last few weeks in the Washington suburbs," he said. "We're going to continue to gain strength there."

Tomorrow, Democrats will hold a unity rally in Prince George's, the state's most heavily Democratic jurisdiction, to build interest in O'Malley and other candidates on the ballot.

When he ran for governor in 2002, Ehrlich said, he arrived in the Washington suburbs as a largely unknown Republican congressman from Baltimore County. Since then, he said, he has worked hard to build trust and political support.

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"I think we'll see a substantial increase from Prince George's as a function of our performance and our record," Ehrlich said. "It's very different than four years ago."

Ehrlich said his support for economic expansion projects -- including National Harbor, the $2 billion waterfront development -- and his efforts to expand minority business opportunities have helped him with voters in Prince George's. He also cited efforts to forge a relationship with County Executive Jack B. Johnson, a Democrat. The two played golf together over the summer to discuss the possibility of attracting the national NAACP headquarters to the county.

State Sen. Ulysses Currie (D-Prince George's), whom Ehrlich identified as someone who has warmed to him, said he has noticed the governor's attempts at courtship. "I think he has tried," Currie said. "But I don't think at the end of the day it's going to necessarily help him."

Currie said he believes that Prince George's residents are not going to be willing to cross party lines in a year when, nationally, Republicans are on the ropes.

"With what's going on at the national level now, I don't see him doing significantly better than what he did in 2002," Currie said. "People know he's a Republican."

Four years ago, Ehrlich attracted more votes than the GOP's 1998 gubernatorial nominee, Ellen R. Sauerbrey, in every Maryland jurisdiction save one: Prince George's. Despite his historic selection of a black running mate from the county, Michael S. Steele, Ehrlich drew 6,178 fewer votes there than Sauerbrey did in 1998.

Townsend wound up outpolling him in Prince George's nearly 77 percent to 23 percent.

O'Malley aides point out the significant growth in the county's Democratic voter base since 2002. The number of Democrats has increased by nearly 50,000 in Prince George's since Ehrlich's election; the Republican side has gained 200.

If he is not able to persuade Prince George's residents to vote for him, Ehrlich may be able to sour them enough on O'Malley that they stay home. That, Democrats say, is the aim of a radio ad Ehrlich has been airing in the county that accuses the Baltimore police department of unlawfully arresting thousands of African Americans a year.

The ad is narrated by William H. Murphy, a prominent black criminal defense lawyer in Baltimore and a longtime friend of Ehrlich's.

"He sanctions and directs the arrests of thousands of Baltimore City people, predominantly black, without ever charging them with a crime," Murphy says in the ad, referring to a policy of stepped-up enforcement of "quality of life" offenses, such as loitering, under O'Malley.

Police say the strategy helps break up drug corners and deter serious crimes. But it has generated some outspoken critics, including members of Baltimore's legislative delegation.

"He's trying to play the politics of division and fear," O'Malley said when asked about Ehrlich's ads last week.

In Montgomery, Ehrlich won 38.3 percent of the vote in 2002 -- not significantly better than other recent GOP nominees for governor. He predicted improvement this year. "I'm not going to say it's a sea change, but it's significantly different."

Ehrlich said Montgomery's Jewish community will be part of that difference. In the 2002 election, Ehrlich said, he was successful in forging ties with Baltimore's Jewish community. As governor, he has reached out to Montgomery's large Jewish population, in part by helping alter homeland security regulations to enable Jewish schools and facilities to get federal grants for security upgrades.

State Del. Luiz R.S. Simmons (D-Montgomery), who used to be a Republican, called the governor's suggestion that he can win broad support in the Jewish community "fanciful."

"He would be exaggerating his connection with the Jewish community to believe that he is going to somehow roll up large numbers," said Simmons, who is Jewish. "There's no basis for that."

Simmons said that if Jewish voters shy away from Ehrlich, it will be because of his approach to issues Jewish voters consider important: higher-education funding and stem cell research.

"If you look at the tuition rises at the University of Maryland, this is not something that's going to sit well," Simmons said. "Not only that, but Jewish voters are disproportionately committed to support for stem cell research, and Ehrlich has waffled on the issue."

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While Ehrlich is hoping to make inroads into the Washington suburbs, O'Malley aides point to polls suggesting that he is making strides in Ehrlich strongholds.

Their confidence is born of O'Malley's popularity in the Baltimore region, which has been bolstered by his constant presence on the local news the past seven years. The expansive Baltimore media market reaches more than half the state. Ehrlich has sought to counter O'Malley there with a series of television ads highlighting the low performance of Baltimore's schools and its continuing struggles with crime.

O'Malley aides are banking on the ads having limited impact, given how much people in the region know about the mayor and governor.

"It's not possible to know two candidates in a region better than people know Ehrlich and O'Malley," said O'Malley spokesman Steve Kearney.

Pay For Good Behavior? (NYT)

By James Traub

The New York Times, October 8, 2006

Ten years ago, when he signed the Personal Responsibility and Work Opportunity Reconciliation Act, thus "ending welfare as we know it," President Bill Clinton blunted a debate over poverty that had been increasingly harmful to the Democratic Party. In fact, welfare reform proved so successful at both shrinking caseloads and reducing poverty levels that the issue lost its urgency. And for the last five years, of course, American politics has been focused on very different threats than the threat of destitution.

About 37 million Americans continue to live below the poverty line. No one living in a big city can be blind to the plight of the poor. In his second inaugural speech, in 2005, New York's mayor, Michael Bloomberg, vowed to focus on poverty reduction, and last month he announced the findings of his blue-ribbon Commission for Economic Opportunity. The panel — not surprisingly, perhaps, given its carefully chosen name — offered a post-ideological blueprint likely to require relatively modest increases in spending by the city as well as the federal and state governments. The report described many ways the city could more effectively spend existing funds, including apprenticeships and training for the working poor and school-based programs for students at risk of dropping out.

Mayor Bloomberg embraced many of the proposals and offered several more daring ones of his own. He proposed that New York become the first city in the country to offer a child-care tax credit, limited to low-income families with children under age 3. And more controversially, he vowed to raise $24 million in private donations to finance "conditional cash transfers" to give poor New Yorkers an incentive "to stay in school, stay at work and stay on track to rise out of poverty." A mayoral aide later explained that this behaviorist approach to fighting poverty has become popular in the developing world and has had a "phenomenal" effect on school attendance in Mexico. (The Bloomberg administration has not stipulated how much it will pay or which behaviors it will reward.)

The mayor's own plan drew a good deal more attention than the commission report did, perhaps because it seemed to be at odds with the report's slightly-left-of-center ethos. Heather Mac Donald, a fellow at the conservative Manhattan Institute for Policy Research, welcomed Bloomberg's implicit acceptance of the view that "it is the underclass poor who need to change more than society or capitalism." At the same time, she argued that he had undermined the case for self-reliance by establishing "an expectation among the underclass that they have a right to cash for simply conforming to the norms of civil society." Bloomberg responded by noting that if you could use a tax credit to "encourage people to do certain types of economic activity," you could use cash just as well.

The mayor's idea has a conservative as well a third-world pedigree: Newt Gingrich once proposed paying children for good grades. Market-oriented conservatives proceed from the assumption that people make rational calculations of self-interest; theorists like Charles Murray and Lawrence Mead long argued that welfare payments encouraged recipients to stay on welfare rather than to work. Welfare reform eliminated that perverse incentive. Why, then, not offer affirmative incentives to engage in healthy behavior? Is there some reason you learn a lesson better from a stick than from a carrot? Or does it just offend our sense of justice to pay people to do what others do for nothing?

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The liberal objection to paying for good behavior is that it assumes that behavior lies at the root of poverty. But this argument has steadily lost ground over the last generation, and the goal of policy is now both to encourage good behavior and to connect good behavior with good opportunities.

Moral considerations nothwithstanding, you could argue that Bloomberg's plan takes far too benign a view of the problem of self-destructive habits. "The stress of poverty," the mayor said in announcing the program, "often causes people to make decisions," by which he meant poor decisions. But many scholars would say that the problem runs much deeper, to the cumulative effect of "underclass culture." Lollipops for good behavior will not break those shackles.

The problem is, What will? A conscientious program of lollipop deprivation? Lectures about the dreadful consequences of cutting school or not making child-support payments? Heather Mac Donald would have Bloomberg stop bribing the poor and instead "call on private industry and ad councils to start a massive educational campaign about marriage." But why would we imagine that mere rhetoric could dislodge the deeply entrenched habits that lead to having children out of wedlock? It's true that poor people who adopt "middle-class values" generally succeed, but you can no more change their behavior by telling them so than you can produce democracy in the Middle East merely by preaching its virtues. The transformation of a culture is slow, arduous work, requiring material support as well as moral and intellectual renewal.

The whole thing is reminiscent of a famous maxim coined by Daniel Patrick Moynihan: "The central conservative truth is that it is culture, not politics, that determines the success of a society. The central liberal truth is that politics can change a culture and save it from itself." The central Bloombergian truth may be that in the absence of serious political energy, a modest appeal to self-interest will have to do.

Japan Warns North Korea On Nuclear Tests (AP)

By Hans Greimel, Associated Press Writer

AP, October 8, 2006

Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out Saturday along the border with South Korea and Japan warning of harsh sanctions if Pyongyang goes nuclear.

With a possible test expected as early as Sunday, the U.N. Security Council issued a stern statement Friday urging the country to abandon its nuclear ambitions and warning of unspecified consequences if the isolated communist regime does not comply.

Jittery nations have warned a test would unravel regional security and possibly trigger an arms race.

A midday incursion Saturday by North Korean troops into the southern side of the no-man's-land separating North and South Korea only stoked the unease.

South Korean soldiers rattled off 40 warning shots at the five communist troops who crossed the center line of the Demilitarized Zone.

It was unclear whether the North Korean advance was intended as a provocation, or was an attempt to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt, and the North Koreans retreated.

While such border skirmishes are not unheard of, they are relatively rare. Saturday's incursion was only the second this year, the official said.

Meanwhile, world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe left for Beijing Sunday for talks with Chinese President Hu Jintao and will then go on to Seoul for talks with South Korean President Roh Moo-hyun the following day.

"North Korea must stop its nuclear tests," Abe demanded as he was leaving for his summits. "I will discuss the situation with leaders of both countries to achieve that goal," he said.

"I want to hold summits to clear the sky for the future of our countries," Abe added.

State Department spokesman Kurtis Cooper said Saturday the United States was concerned about North Korea's threat to test its first atomic bomb and the department was closely monitoring the high tensions.

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Also Saturday, South Korea's nuclear envoy announced he will visit Beijing on Monday for two days of talks with Chinese officials about the threatened nuclear test.

Japan's Foreign Ministry said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test.

"If North Korea conducts a nuclear weapons test despite the concerns expressed by international society, the Security Council must adopt a resolution outlining severely punitive measures," the ministry said.

A top Japanese ruling party official warned of further sanctions if North Korea conducts a nuclear test. Tokyo began stepping up trade restrictions on North Korea in July after it test-fired seven missiles, including a long-range rocket, into the waters between Japan and the Korean Peninsula.

"We have already imposed financial measures ... but we may have to go further, like stopping imports and exports (from North Korea)" if it conducts a nuclear test, Shoichi Nakagawa, the Liberal Democratic Party's policy chief, said on public broadcaster NHK.

The U.N. statement adopted Friday expressed "deep concern" over North Korea's announcement Tuesday that it is planning a test.

The council acted amid speculation that a nuclear test could come on Sunday, the anniversary of North Korean leader Kim Jong Il's appointment as head of the Korean Workers' Party in 1997.

Japanese Vice Foreign Minister Shotaro Yachi told Japan's TV Asahi: "Based on the development so far, it would be best to view that a test is possible this weekend."

The U.N. statement also urged North Korea to return to six-nation negotiations aimed at persuading the country to abandon its nuclear ambitions in exchange for security guarantees and badly needed economic aid.

Those talks, which involve the United States, China, Japan, Russia and North and South Korea, have been stalled since late last year, when North Korea boycotted the negotiations in response to American economic sanctions.

A North Korea expert in China, the North's closest ally, said only the removal of the sanctions could dissuade the North.

"North Korea has already made a decision to carry out a test," said Li Dunqiu of China's State Council Development Research Center, a Cabinet-level think tank. But "if the U.S. removes sanctions ... then tensions can be eased. Otherwise launching a nuclear test is unavoidable for North Korea."

The United States imposed economic restrictions on North Korea last year to punish it for alleged counterfeiting and money laundering.

North Korea said Tuesday it decided to act in the face of what it claimed was "the U.S. extreme threat of a nuclear war," but gave no date for the test. Washington has repeatedly said it has no intention of invading North Korea.

Nuclear Test Threat Strains Korea Border (WT/AP)

By Hans Greimel

The Washington Times/AP, October 8, 2006

SEOUL -- Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out yesterday along the border with South Korea and with Japan warning of harsh sanctions if Pyongyang goes nuclear.

With a test expected as early as today, the U.N. Security Council issued a stern statement Friday urging North Korea to abandon its nuclear ambitions and warning of unspecified consequences if the isolated, communist regime doesn't comply.

Jittery nations have warned that a test would unravel regional security and could trigger an arms race.

A midday incursion yesterday by North Korean troops into the southern side of the no man's land separating North and South Korea stoked the unease.

South Korean soldiers rattled off 40 warning shots at the five communist troops who crossed the center line of the demilitarized zone, the inter-Korean buffer.

It was not clear whether the North Korean advance was intended as a provocation or was an attempt to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on the condition of anonymity, citing official policy. No one was hurt, and the North Koreans retreated.

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Such border skirmishes are rare. The incursion yesterday was the second this year, the official said.

Meanwhile, world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe was to visit Beijing today for talks with Chinese President Hu Jintao and then proceed to Seoul tomorrow for talks with South Korean President Roh Moo-hyun.

A State Department spokesman, Kurtis Cooper, said yesterday that the United States was concerned about North Korea's threat to test its first atomic bomb and that the department was closely monitoring the tensions.

Also yesterday, South Korea's nuclear envoy announced he will visit Beijing tomorrow for two days of talks with Chinese officials about the threatened nuclear test.

In a separate statement from Tokyo, the Japanese Foreign Ministry said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test.

"If North Korea conducts a nuclear weapons test despite the concerns expressed by international society, the Security Council must adopt a resolution outlining severely punitive measures," the ministry said.

Japan plans to step up economic sanctions against North Korea, tighten trade restrictions and freeze additional North Korea-linked bank accounts if a nuclear test occurs, Japan's Nihon Keizai newspaper reported.

North Korea's nuclear weapon would kill up to 200,000 people if used against a city such as Seoul or Tokyo, the London Sunday Telegraph reported in a story filed from Pyongyang, which cited unidentified Russian military specialists.

They say that the weapon, with the same 20-kiloton yield as the bomb dropped on Nagasaki, is about 10 feet long and weighs 4 tons. It is too big to fit onto any missile Kim Jong-il's regime possesses, but if detonated above ground, it could destroy everything within five square miles.

The Nagasaki atomic bomb used plutonium, an element now being manufactured by North Korea, as its explosive core.

The U.N. statement adopted Friday urged North Korea to return to six-nation negotiations aimed at persuading the country to abandon its nuclear ambitions in exchange for security guarantees and badly needed economic aid.

Those talks -- which involve the United States, China, Japan, Russia and North and South Korea -- have been stalled since late last year, when North Korea boycotted the negotiations in response to American economic sanctions.

A North Korea analyst in China, the North's closest ally, said only the removal of the sanctions could dissuade the North.

"North Korea has already made a decision to carry out a test," said Li Dunqiu of China's State Council Development Research Center, a Cabinet-level think tank, but "if the U.S. removes sanctions ... then tensions can be eased. Otherwise, launching a nuclear test is unavoidable for North Korea."

The United States imposed economic restrictions on North Korea last year to punish it for counterfeiting and money laundering.

Shots Fired On Korean Border As Tensions Rise (WP/AP)

By Hans Greimel, Associated Press

The Washington Post, October 8, 2006

SEOUL, Oct. 7 -- Gunfire rang out Saturday along the heavily fortified border between North and South Korea as regional tensions mounted over North Korea's threat to test an atomic bomb for the first time.

South Korean soldiers fired 40 warning shots at five North Korean troops who crossed into the southern side of the no man's land separating the two countries.

It was unclear whether the North Korean advance was intended to provoke or if the troops were trying to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt. The North Koreans retreated.

While such border skirmishes are not unheard of, they are relatively rare. The incursion Saturday was only the second this year, the official said.

With a possible test expected as early as Sunday, the U.N. Security Council issued a stern statement Friday urging North Korea to abandon its nuclear ambitions, warning of unspecified consequences if the isolated, communist country did not comply.

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Jittery countries have warned that a test would unravel regional security and possibly trigger an arms race.

Meanwhile, Japanese Prime Minister Shinzo Abe was scheduled to visit Beijing on Sunday for talks with Chinese President Hu Jintao and then proceed to Seoul for talks with South Korean President Roh Moo Hyun the following day.

South Korea's nuclear envoy announced he would visit Beijing on Monday for two days of talks with Chinese officials about the threatened nuclear test.

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Japan plans to step up economic sanctions against North Korea, tighten trade restrictions and freeze additional North Korea-linked bank accounts should a nuclear test be carried out, Japan's Nihon Keizai newspaper reported.

The council acted as there was speculation that a nuclear test could come Sunday, the anniversary of North Korean leader Kim Jong Il's appointment as head of the Korean Workers' Party in 1997.

A North Korea expert in China, the North's closest ally, said that only the removal of existing sanctions could dissuade the North.

"North Korea has already made a decision to carry out a test," said Li Dunqiu of China's State Council Development Research Center, a cabinet-level institute. But "if the U.S. removes sanctions . . . then tensions can be eased. Otherwise, launching a nuclear test is unavoidable for North Korea."

The United States imposed economic restrictions on North Korea last year to punish it for alleged counterfeiting and money laundering.

Seoul's Reconciliation Bid Faces Test (AP)

By Bo-mi Lim

The Associated Press, October 8, 2006

DIAMOND MOUNTAIN, North Korea -- A hollow building frame, idle cranes and no construction workers in sight at this North Korean mountain resort are bitter reminders of dashed hopes for building a permanent reunion center for families separated by the Korean border.

The building's construction at this South Korean-run resort has been on hold since the North launched a barrage of missiles in July over international objections.

With North Korea now pledging to test an atomic bomb, the fate of projects such as these and other attempts to end decades of hostility across the world's last Cold War frontier hang in the balance.

A test "poses a real problem for South Korea because it tried 40-odd years of containment, and now it's committed to engagement," said Michael Breen, author of books about the peninsula and a longtime Korea watcher. "They know if you disengage that things are going to get worse."

South Korea has consistently pursued dialogue with the North since their leaders held their first summit in 2000. That approach has also caused a rift with its longtime ally the United States, which favors a harder line in pressuring the communist regime to give up its nuclear ambitions.

Diamond Mountain is the only place in North Korea that foreigners can easily visit. More than 1 million tourists -- mostly South Koreans -- have come to hike the unspoiled mountains since 1998, but the number of visitors has dropped sharply since the North's missile tests.

North Koreans at the resort are quick to blame the United States for the standoff over their nuclear program. They also complain that South Koreans side with "the U.S. imperialists" rather than their own brethren in the North -- echoing the propaganda issued daily by the country's state press.

"It's all U.S. imperialists' faults," Chae Jung Hae, a North Korean guide, said during a trip to the resort just before the North said it would carry out a nuclear test. "If it weren't for the North's military, we wouldn't have been able to defend the Korean Peninsula from the U.S. imperialists who constantly try to devour the North and the South."

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Another North Korean guide, Paek Soon Hee, said: "If North and South join forces and stand up against the U.S., there is no way the U.S. can tell us to do this and that on our own matters."

South Korea has warned the North against conducting a nuclear test, while stressing that it won't abandon its engagement policy toward the North.

The current South Korean government -- which follows a so-called "sunshine policy" that won former President Kim Dae-jung a Nobel Peace Prize -- has also faced growing domestic calls to take a tougher line.

North Korea's Nuclear Intentions, Out There For All To See (NYT)

By William J. Broad

The New York Times, October 8, 2006

FOR much of the nuclear age, nations that sought the ultimate weapon kept their intentions and test sites veiled in secrecy, hidden from public view and foreign governments. The first detonations by the United States and the Soviet Union were top secrets and India's test in 1998 caught American intelligence agencies by surprise.

No more, or so it seems. North Korea all but yelled "look at me" in announcing that it plans to conduct its first nuclear test, which experts say might come at any time or perhaps never. "Shouting from the rooftops is new," said Robert S. Norris, author of "Racing for the Bomb" (Steerforth Press, 2002). "It's an unusual way to go about asserting your status as a member of the nuclear club."

What lies behind this outbreak of atomic exhibitionism? While deciphering the intentions of one of the world's most cryptic regimes seems next to impossible, analysts say likely factors include North Korea's taste for bold propaganda as well as its awareness that new classes of satellite technology are making it increasingly hard to hide nuclear sites anyway.

In the bad old days of the cold war, nations that aspired to nuclear fearsomeness wrestled with a fundamental conflict. While seeking to project a terrifying image, they also wanted to keep many test details secret so adversaries would face greater difficulty in crafting potential countermeasures and knowing the exact dimensions of the threat.

"If it was a dud, you didn't want to announce that it was a dud," recalled Philip E. Coyle III, a former head of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapon design center in California.

Nuclear powers hid vast industrial complexes in the middle of nowhere and often tried to keep their tests secret. In 1949, it took weeks for Washington to find out that Moscow had detonated a bomb that ended the American atomic monopoly.

The United States responded with a costly array of instruments meant to pull back the veil — everything from high-flying planes that could sniff out whiffs of stray radioactivity to giant microphones that listened for the distant nuclear rumbles. Jeffrey T. Richelson, who profiles the era in "Spying on the Bomb" (Norton, 2006), said the gargantuan effort cost billions.

Today, a new factor is opening the secretive art to the public: a generation of commercial satellites that can peer down from the heavens to see objects on the ground as small as two or three feet wide, enough to distinguish between a car and a truck. The orbiting eyes can ogle hot tubs and backyard trampolines as well as troop movements and dictators' lairs, undermining what was once a government monopoly on such reconnaissance.

Last week, CNN broadcast satellite images of what it called a potential test site located in a valley in North Korea not far from its northeastern coast. Pentagon sources, CNN reported, confirmed suspicious movements there of people, equipment and vehicles that tended to buttress North Korea's claim that it could detonate a bomb.

GeoEye, a provider of commercial satellite pictures based in Dulles, Va., made available to The New York Times images of the same military complex, but focusing on a rocky site farther up the rugged valley. On July 31, the company's satellite looked down from a height of nearly 300 miles, its camera and telescope zooming in on what appears to be a tunnel entrance dug into the flank of a high mountain and, nearby, buildings that could store mining equipment.

"We provide customers with a map-accurate view of the ground they can't get any other way," said Mark E. Brender, a company spokesman. "Eyes in the sky are good for governments in the region who are concerned about this, and good for customers who need to know as much as they can about what may be going on in North Korea."

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American officials say government spy satellites monitor about a half-dozen suspicious sites in North Korea but have also focused on the military base.

The much-scrutinized base would be an ideal spot for North Korea to set off an underground nuclear blast if it wanted to make a splash. A senior American intelligence official, who spoke on the condition of anonymity because of federal secrecy rules, noted that the mountainous redoubt "is a place they know we're looking at."

Along with lots of civilians. Google Earth, on the Web at earth.google.com, features some of the best public snooping on the isolated base, its software combining close-up images and altitude data so the surrounding mountains rise up in three dimensions. A viewer can zoom overhead like a spy plane. The images come from DigitalGlobe, a satellite company in Longmont, Colo.

Google views of the tunneling area, near 41.279 degrees north latitude and 129.087 east longitude, show a set of industrial buildings and what appears to be a mine entrance.

For North Korea, the emergence of the commercial spies would seem to cut two ways, either reinforcing its propaganda effort or threatening to undermine it by exposing a ruse.

And paradoxically, the best monitor of its actions, the world's largest and most sensitive network meant to detect nuclear blasts, run out of Vienna by the United Nations, is powerless to judge the North's real intentions until there is a test. This network, with its global arrays of hundreds of sensors, is meant to police a shaky global ban on the explosive tests, mainly by listening for the faint reverberations of shock waves.

If North Korea decides to go ahead and press the button, this network will help discern exactly what North Korea has succeeded in developing by way of nuclear arms — or not.

"Until they do, people can argue about their capability," said Dr. Coyle, the weapons expert. "But once they test, there's no question. The world will know."

A US `invasion' Of Korea (BOS)

By Catherine Lutz

The Boston Globe, October 8, 2006

AS WORLD attention is drawn to North Korea's missile launches and nuclear program, many South Koreans are attuned to a threat much closer to home. They have watched a group of rice farmers in the small village of Daechuri near the city of Pyongtaek attempt to defend themselves against invasion by the US military. The farmers' struggle against expansion of a nearby US military base has become a rallying point for Koreans who see their country being further militarized and their security and chances for reunification put at risk.

In May, South Korean police and soldiers descended on a schoolhouse where rice farmers and their supporters were resisting eviction. The police bloodied heads, destroyed the school, and backhoed rice fields and irrigation systems to prevent spring planting. They were sent by the Korean Ministry of Defense, at the behest of the US government, to claim a large swath of land to expand Camp Humphrey. Already covering 2 square miles, the base is slated to swallow an additional 2,851 acres.

Part of a grand plan of global military base restructuring announced by US Defense Secretary Donald Rumsfeld in 2003, the Pyongtaek base is meant to take in soldiers and equipment from closing military installations near the demilitarized zone and in Seoul. However, the bases' relocation to Pyongtaek is part of a plan to use the bases to strike at will anywhere in Asia and to contain China. It is this ``expeditionary'' or aggressive role of the bases that is behind concurrent US negotiations with South Korea, seeking ``strategic flexibility'' to use the forces based there throughout Asia. Such an agreement would change the original defensive purpose of the base. So it concerns people across the region, who see remilitarization, arms races, and intensified danger where the United States simply claims realignment. Recent US and allied military exercises off Guam, itself targeted for a massive US military buildup, were of unprecedented size, and North Korea's missile launch might be seen as a response to that provocation.

While the arguments for this restructuring suggest the United States and Korea are mutual and equal allies, Korea in fact remains a semi sovereign state under US control in many respects. Most strikingly, Korean troops come under the command of an American officer in wartime. US military plans in Asia, then, necessarily implicate the Koreans and draw them into conflict with

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their neighbors. Imagining China as the new national enemy is a process well underway in Washington, and the Koreans know all too well that their surgical twinning to US strategic plans will make them China's enemy as well.

All of this is playing out within the context of a difficult relationship between the more than 30,000 US soldiers based around Korea and the local citizens who see them as a source of prostitution, crime, and pollution. Koreans can point to two young girls crushed by US tanks in 2002, multiple rapes and rape-murders of Korean women, and a recent leaked report showing stratospheric levels of soil and water contamination at closing US bases.

In Daechuri, the farmers have been holding a candlelight vigil every night for the last two years in a Quonset hut on the school grounds, under the thunderous thut-thut-thut of US helicopters passing in and out of Camp Humphrey. Supporters have come in from around the country by the thousands, members of groups from across a wide range of Korea's civil society, still vibrant with an enthusiasm for the democracy they achieved only in 1987 after years of brutal dictatorship (armed and supported by the United States). While a majority of Koreans want to see the US military leave, powerful business interests, conservative Christians, and an older generation convinced of the value of the US presence continue to support Washington's military plans and Korean annual payments of at least $625 million toward their execution.

The justification for the US military buildup across Asia is the advance of political and economic freedom. The residents of Daechuri might be forgiven for being suspicious of such claims. Some of the village's oldest residents with whom I spoke last fall remember the Japanese evicting their parents for a military base during Korea's pre war annexation. The US Army took over and expanded the base in World War II, and now, for some, their third eviction in the name of a misconstrued vision of military rather than human security is imminent.

Halting the eviction of Daechuri's farmers would be a good first step toward demilitarizing the peninsula and the region. Their homes are being destroyed in the name of America 's citizens, and we have more power than anyone to reverse the escalating rhetoric and reality of arms in Asia by calling on the US government to halt its regarrisoning of Korea, Guam, and Asia-Pacific region.

U.S. Project Could Start Atomic War, Experts Warn (HC/Hearst)

By Eric Rosenberg

Houston Chronicle/Hearst, October 8, 2006

Refitted missiles may sound alarm and prompt nuclear response by Russia

WASHINGTON — A Pentagon project to modify its deadliest nuclear missile for use as a conventional weapon against targets such as North Korea and Iran could unwittingly spark an atomic war, two weapons experts warned Thursday.

Russian military officers might misconstrue a submarine-launched conventional D-5 intercontinental ballistic missile and conclude that Russia is under nuclear attack, said MIT's Ted Postol, a physicist and professor of science, technology and national security policy, and Pavel Podvig, a physicist and weapons specialist at Stanford University.

"Any launch of a long-range non-nuclear armed sea or land ballistic missile will cause an automated alert of the Russian early warning system," Postol told reporters.

The triggering of an alert wouldn't necessarily precipitate a retaliatory hail of Russian nuclear missiles, Postol said. Nevertheless, he said, "there can be no doubt that such an alert will greatly increase the chances of a nuclear accident involving strategic nuclear forces."

Podvig said that launching conventional versions of a missile from a submarine that normally carries nuclear warheads "expands the possibility for a misunderstanding so widely that it is hard to contemplate."

Mixing conventional and nuclear D-5s on a U.S. Trident submarine "would be very dangerous," Podvig said, because the Russians have no way of discriminating between the two types of missiles once they are launched.

Russia, unlike the U.S., lacks sufficient satellites to supplement radar and confirm whether missile launches are false alarms.

Russian President Vladimir Putin warned that the project would increase the danger of accidental nuclear war.

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"The media and expert circles are already discussing plans to use intercontinental ballistic missiles to carry non-nuclear warheads," he said in May. "The launch of such a missile could ... provoke a full-scale counterattack using strategic nuclear forces."

Accidental nuclear war is not so far-fetched.

In 1995, Russia initially interpreted the launch of a Norwegian scientific rocket as the onset of a U.S. nuclear attack. Then-President Boris Yeltsin activated his "nuclear briefcase" in the first stages of a retaliatory strike before the mistake was discovered.

Rice's Tour Of Mideast Yields Little Progress On Key Issues (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 8, 2006

LONDON, Oct. 7 -- It was a tough week for Secretary of State Condoleezza Rice in the Middle East. On four issues pivotal to the future of the world's most volatile region, U.S. diplomatic efforts made no visible progress or came up against unexpected resistance during her five-day tour, according to Arab and Israeli officials and analysts.

On Iraq, Arab-Israeli peace, democracy promotion and fostering a so-called moderate bloc of Arab states to stand together against militancy, Rice pressed at each of six stops for new energy or more decisive action. Many of the Arab leaders she met share U.S. fears about the region's future, but there is a growing divide even with Washington's closest allies over what needs to be done, at what pace, in what order and by whom, according to Arab officials interviewed at each stop.

Several Arab officials and analysts privately dismissed Rice's tour as a cheerleading trip without substance. Others questioned the viability of the Bush administration's Middle East policy.

"It is obvious to anyone that U.S. policy built after 9/11 -- including Iraq and the 'you're with us or against us' attitude -- has now come to a dead end," said Paul Salem, the U.S.-educated director of the new Beirut center of the Carnegie Endowment for International Peace and son of Lebanon's former pro-American foreign minister.

The United States and the Arab world are now engaged in a chicken-and-egg argument over what happens next. Arab governments -- including Egypt, Jordan, Saudi Arabia and five oil-rich Persian Gulf sheikdoms -- all appealed to Rice to revive U.S. leadership to break deadlocks on several fronts because they have so far been unable to do it alone, Arab officials said. But Rice basically told governments at each stop that they must first take difficult steps to create conditions more conducive to greater U.S. involvement, U.S. officials said.

Rice did make some progress on a fifth issue, Iran, on her last stop in London, where six major powers agreed Friday to pursue sanctions for Tehran's failure to suspend nuclear enrichment, a process that can be used to develop a nuclear weapon. But on that question, too, the road ahead remains rocky for winning agreement at the U.N. Security Council on what punitive measures to take, U.S. officials conceded.

Rice insisted Friday that her exploratory trip to Saudi Arabia, Egypt, Israel, the West Bank and two Iraqi cities was beneficial as the Bush administration moves toward "intensive" discussions about next steps after the month-long war between Hezbollah and Israel.

"I'm very glad I came out at this time," she told reporters traveling with her. "I've really enjoyed this trip to the Middle East, because I wanted to come out in the post-Lebanon period and get a real sense of what people were thinking. . . . I have a much better sense of how the Lebanese events and this period are affecting people's calculations on what needs to be done."

Rice acknowledged that the Arabs and Israel appealed for new momentum to break the escalating cycle of violence and political division in several strategic countries.

"This is an absolutely crucial time in the Middle East, and I heard in every single place that this isn't a time to stand still," Rice said. "Everyone understands that a lot is changing in the Middle East and that we need to have a positive agenda."

U.S. officials say their goal is to find ways to fill the political vacuum that has developed in the region -- before militants or Islamic radicals fill even more of it. Over the past year, Hamas won parliamentary elections and formed a government in the Palestinian territories, the Muslim Brotherhood became the largest legal opposition force in Egypt, and Hezbollah leader Hasan Nasrallah emerged as a hero in the Muslim world for challenging Israel and surviving. Also, Iranian President Mahmoud

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Ahmadinejad has taken some of the most defiant positions adopted by his country's leadership since the early days after the 1979 revolution.

Rice's trip, U.S. officials said, was partly intended to signal that the Bush administration is still fully engaged and interested, despite the growing unpopularity of the Iraq war at home and election season questions about its broader Middle East policy. But Rice's talks with nine Arab governments and Israel contrasted starkly with her earlier visits in the lack of specific initiatives. A senior Egyptian official called U.S. policy "increasingly unrealistic."

A wide range of senior Arab officials, who all spoke on background because of sensitive diplomacy with Washington, asserted that the administration's brick-by-brick approach to transforming the Middle East is so minimalist that it is unlikely to make significant progress during President Bush's remaining time in office. They also complained that Bush's personal role in the Middle East is nonexistent when compared with his early hands-on involvement in bringing Arabs and Israelis together or his public promises to ensure an end to more than six decades of war through a two-state solution.

The greatest pressure put on Rice at every stop was to do something to jump-start the moribund Arab-Israeli peace process, which Arab leaders almost unanimously described as the key to addressing other flash points as well. Yet Rice found herself negotiating some of the same issues she was engaged in last November, such as movement of people and trade in and out of the Gaza Strip. And Israeli withdrawal from parts of the West Bank, which had been promised by Prime Minister Ehud Olmert, is even further away after the Lebanon war undermined his leverage and popularity.

After Rice met with Iraqi officials in Baghdad, some privately expressed concern about new tensions with Washington over the pace and sequence of handling the major challenges facing the government there, such as reconciliation and disarming militias. They complained that the Bush administration was working on its own schedule and not taking into account the potential for backlash among Iraqis if their leaders took controversial steps precipitously.

Senior Arab officials and analysts also said U.S. efforts to promote democracy and foster an anti-militant bloc were contradictory, because the moderates the United States is trying to rally against radical Islamic groups are some of region's most autocratic governments.

In Arab countries, said Salem, "the United States now looks more afraid of elections than some of the governments themselves."

Rice Wraps Up Snag-filled Trip To Middle East And London (AFP)

By Sylvie Lanteaume

AFP, October 8, 2006

US Secretary of State Condoleezza Rice wrapped up a six-day visit to the Middle East and London that was marked by multiple snags, both in terms of results and images.

Trouble began even before she left Washington Sunday night: A run of tell-all books on US President George W. Bush's handling of Iraq and the war on terror cast a harsh light on Rice, once the diva of the administration.

So an angry Rice began her tour with denials that she had ignored an urgent warning from George Tenet, who was CIA director, about the risk of an Al-Qaeda attack against the United States, two months before September 11, 2001.

Then she traveled to Jeddah, Saudi Arabia and Cairo to try to rally a front of eight moderate Arab governments to vigorously fight extremism and terrorism in the Middle East.

However, what she obtained was a unified message from Washington's Arab allies: the US government must engage seriously in the Israeli-Palestinian peace process, or the new Middle East that she wants will never emerge.

The message was apparently received.

"I'm going to go back for extensive discussions with the president ... and with the national security principals because this is an absolutely crucial time in the Middle East," Rice said.

"And I heard in every single place this isn't a time to stand still in terms of a policy in the Middle East," Rice said.

She then traveled to Jerusalem and the West Bank town of Ramallah to support the moderate president of the Palestinian Authority, Mahmud Abbas, while his Fatah faction and the Hamas Islamist movement that heads the government are locked in clashes that have left dozens dead.

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However, she obtained only limited commitments from the Israelis to ease the humanitarian plight of the Palestinians.

Israeli Prime Minister Ehud Olmert said that the Karni crossing for goods and people between Israel and the Gaza Strip would be re-opened soon, without giving a date.

The Jewish state made no concession on an eventual exchange of prisoners and made no specific commitment to unfreeze funds owed the Palestinian Authority.

Then Rice traveled to Iraq to back the national reconciliation plan of Prime Minister Nuri al-Maliki, but the snags piled up for the secretary of state, who is normally used to carrying out her foreign tours briskly.

While she never stops speaking of progress in Iraq, her plane had to circulate above Baghdad airport for nearly 45 minutes to wait for the end of a rocket attack in order to land.

She left a day later for Arbil, in Iraqi Kurdistan, but what should have appeared in the media as a virtuous effort to convince the Kurds to share their oil wealth with other Iraqis was beset by more difficulties.

The military plane loaned to the secretary of state suffered technical problems, forcing one of the world's most powerful women to wait for more than two hours for another plane.

The trouble caused her to miss the start of a crucial meeting of six world powers on tackling the Iran nuclear crisis, her top priority. In the end, she managed to make the meeting for 45 minutes.

However, she and her counterparts from Britain, China, France, Germany and Russia had to pass up the group photograph, traditionally used to mark a display of unity, because some of them had appointments to keep.

Rice's Baffling Mideast Trip (LAT)

The Los Angeles Times, October 8, 2006

Dodging bullets while hyping progress is not a convincing performance by the secretary of state.

AFTER CIRCLING THE BAGHDAD airport for 40 minutes because of mortar and rocket fire, traveling by helicopter to the Green Zone to avoid the deadly bomb-strewn highway into the city and holding a meeting with President Jalal Talabani in darkness because the power was suddenly cut off, Secretary of State Condoleezza Rice held a news conference Thursday to talk about all the progress being made in Iraq.

This kind of clueless happy talk in the face of overwhelming evidence to the contrary might produce great material for political satirists, but it's not very encouraging for those looking for signs of hope in the Middle East. Rice's recently completed six-day trip to the region, which included her sixth visit as secretary of State to Israel and the Palestinian territories, probably ranks as her least productive. She spent most of her time talking with leaders who don't trust her about issues they'd rather not discuss.

In Egypt and Saudi Arabia on Tuesday, Rice met with leaders of eight moderate Arab governments whom she had hoped to persuade to join U.S. efforts to thwart Iran's nuclear ambitions. Instead, they were more interested in pushing for a solution to the Israeli-Palestinian conflict. President Bush has said the United States will not impose a settlement; Arab leaders want at least as much focus on Israel as Iran.

The next stop was the West Bank. Last year, Rice was able to broker a deal to open border crossings between the Gaza Strip and Israel, but they have been mostly closed since Palestinian guerrillas captured an Israeli soldier on June 25. It's critical that they be reopened soon because Palestinian crops are nearly ready for harvest, and if they can't be exported, it will result in more suffering than the territories are already enduring in the face of an economic embargo. When Rice talked about the crossings with Israeli Prime Minister Ehud Olmert, he was noncommittal.

Then onto Iraq. After some fruitless meetings with the Iraqi leadership, which is trying to govern a country in which political parties have devolved into armed camps at war with one another, Rice turned her attention to the comparatively prosperous and peaceful Kurdish north, which is threatening to secede in a dispute over oil. Even as she was meeting with regional President Massoud Barzani on Friday, news was breaking that a Kurdish lawmaker and his driver had been kidnapped and killed, the first legislator from the current parliament to be murdered.

No visit by a U.S. diplomat could begin to ease the discord that has wracked the region for decades. If there were a silver bullet for solving the Israel-Palestinian conflict or the war in Iraq, it would have been fired long ago. As Rice says, "what is

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necessary is to go step by step on the ground to really improve conditions." The worry now is that every step, including by the administration, is going in the wrong direction.

'He Was Like A Brother To Me' (NSWK)

By Christopher Dickey, Newsweek

Newsweek, October 8, 2006

On the 25th anniversary of Anwar Sadat's assassination, Jimmy Carter discusses the Mideast conflict

The Camp David accords that U.S. President Jimmy Carter negotiated in 1978 between Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin were supposed to be the beginning of the end of the Middle East's terrible conflicts. Yet the killing goes on, and the situation in the region continues to deteriorate. In his book, "Palestine Peace Not Apartheid" (Simon and Schuster), to be published next month, Carter takes a tough look at the reasons why. Last week, on the 25th anniversary of Sadat's assassination, the 82-year-old former president spoke by telephone with NEWSWEEK's Christopher Dickey about the critical turning points in the long struggle to build on the accords, and where the process might go from here.

NEWSWEEK: Do you remember the moment when you heard that Anwar Sadat had been assassinated?

Jimmy Carter: Absolutely. I got a call directly from Cairo. I was at home and they told me at first that Sadat had been attacked but had only been slightly wounded. So I prayed that he would recover. And then they called me back within the hour to say that Sadat had been killed. It was like losing my own brother because Sadat was the closest of all foreign leaders to me. I probably have met more than 100 foreign leaders and he was the boldest and most courageous and most effective leader I've known.

Yet some Egyptians and other Arabs say he moved too far too fast, that his people weren't ready to make peace with Israel.

I don't think he was ahead of the vast majority of Egyptians. Obviously he parted ways with a fringe element of fanatics who later assassinated him. But behind the scenes, some of the other Arab leaders gave me every encouragement for the peace treaty and for the Camp David accords. And that included Saudi Arabia, Jordan and some others who later, because of a desire for unanimity among the Arab League, boycotted Sadat. But I don't think that he was ahead of the vast majority of his people. In fact, they still look upon the Israel-Egyptian treaty as one of the greatest things that ever happened to them.

But it's been a cold peace. Israel calls it a cold peace. There has never been a real mixing of the people, the Israelis and the Egyptians, back and forth, for instance, in serious tourism.

Well, that's not exactly true. When I was over there in the early '80s, I went up the Nile River and I visited the ancient sites and there was a vast array of Israeli tourists there. And I remember once they sang a very wonderful song to me and came over by the busload to thank me for making it possible for them to experience these tourist visits. But I don't think there ever has been a reciprocal visitation among Egyptians into Israel.

Why do you think that is?

Well, I'm not really sure. First of all I don't think that the Egyptian culture is all that highly attuned to visiting the holy places in Israel, with the exception of the Temple Mount. I don't think there was that encouragement to visit, although it was only later, when Israel had invaded Lebanon and was occupying Lebanon that Mubarak tightened down and put out the word that Israel had violated the spirit of the Camp David accords. Still, he didn't disavow the treaty.

Do you think the 1982 Israeli invasion of Lebanon was the real turning point?

Well, they invaded Lebanon in '82 and they stayed there 18 years. As you know, they didn't come out until 2000.

Looking back, you have the accords, the treaty, then Sadat murdered in 1981, a few months later the completion of Israel's withdrawal from the Egyptian Sinai, and then, very quickly, Israel invades Lebanon.

That's true. Israel's withdrawal from Sinai was obviously the high point of the agreement because the Israelis did observe very carefully all the terms of the treaty. In fact, you say 'cold peace' and I wouldn't disagree with that now, but the fact is that not a word of that treaty that was so carefully negotiated has ever been violated.

Why do you think the peace hasn't grown warmer? Do you think both sides are to blame? Or do you think that either the Arabs have refused to make a real peace or Israel's actions have been too provocative?

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You have to remember that the Camp David accords made some very substantial demands on Israel: that is, Israel agreed to withdraw its political and military forces from the West Bank and Gaza. And it agreed for the Palestinians to have full autonomy, and so forth. And Begin also agreed at Camp David to forgo the building of further settlements. Those kinds of agreements have obviously not been honored and I think despite those factors, which certainly have aroused consternation in some Arab countries and I would say coolness in Egypt, the treaty between Egypt and Israel has survived.

If you look at milestones since then, another turning point was the assassination of Israeli Prime Minister Yitzhak Rabin in 1995.

Out of the Camp David accords came the effort to have the Oslo Agreement between Rabin and Shimon Peres on one side and Yasir Arafat on the other. And it was out of that that the Palestine Liberation Organization was recognized by Israel. And there were further promises there for substantial withdrawal of Israel from the occupied territories and also for an agreement that over a five-year period, the full terms of the Camp David accords, including implementation of United Nations Security Council Reslutions 242 and 338 would be honored.

Obviously, at the time the Oslo Accords were consummated there were some prominent Israelis, including Ariel Sharon and Benjamin Netanyahu and others who disavowed the Oslo Accords. Sharon said "the Oslo Accords are national suicide for Israel." Despite that, Rabin went ahead with the early stages of the Oslo Agreement, including the formation of the Palestinian National Authority and permitting Arafat to be elected president and form a governing council or parliament.

I was over there, with Arafat at Arafat's request and with Israel's approval, to help hold that election. And it was an honest and fair and peaceful election and Arafat became the leader of the Palestinian National Authority. Subsequently, with Rabin's assassination and with the election of Netanyahu and later Sharon, of course the Oslo Agreement has not gone anywhere.

Is there a way to move forward now with the peace process?

Yes. We have a series of unequivocal and undeviating standards based on United Nations resolution 242 which Begin accepted without question, every word of it: that is, the inadmissibility of the acquisition of territory by force and the pledge to withdraw from occupied territories. That's still the basis of all the agreements. That was the basis of Camp David; that was the basis of Oslo. That is the international law. And that is also the basis for the so-called "Roadmap for Peace." And on several occasions the Israeli government has confirmed that commitment. And it has been approved not only by the Prime Minister at that time, but also ratified by the Knesset.

But the process doesn't actually seem to move forward.

You're right.

I sometimes detect in your writings over the last few years, Mr. President, what really seems to be frustration if not anger with Israel on this score.

Well, I wouldn't say anger. I would say that in the last 30 years or so one of my main commitments in life, certainly in international affairs has been to bring peace to Israel. That has been a major goal and I've supported every move that's been made to bring a peace to Israel and acceptance by all the Arab countries of Israel's right to exist to live in peace. But I am frustrated when terrorist activities cause a serious setback as they have among the Palestinians and earlier by the PLO with cross-border raids, and by Hizbullah, and the reluctance of Israel to withdraw from occupied territories. All those things concern me very much because I see them as a major obstacle to a final peace for Israel with acknowledgement by the Palestinians and all of the Arabs of Israel's right to exist and the right of the Palestinians to have a state side-by-side with Israel.

Yet the title of your new book "Palestine Peace Not Apartheid" suggests that things could be running in an extremely ugly direction.

I use the word "not" to discourage that happening. What I want to see in the future is not apartheid, but I want to see peace.

Do you think it is possible to make peace with an organization like Hamas now running the Palestinian government?

Yes, I think within the bounds of a unity government, which is not beyond the realm of possibility—they have been on the verge of it recently—I think that the acceptance of that could lead to an accommodation among the Palestinian political parties, Fatah and Hamas. The Hamas leaders have stated publicly and often that they would accept any peace agreement negotiated between the Palestinian people and Israel if the Palestinians were permitted to approve it in a referendum. That was one of the

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premises of the Camp David accords: after any agreement between Israel and the Palestinians, that it should be submitted to the Palestinians for approval. So those things stay below the surface, they are still there.

This is purely speculative, but how different do you think things would have been if Sadat had remained alive?

The treaty has held up. And of course that has removed the preeminent military threat to Israel. There were four wars before that treaty over a period of 25 years. Some of them were quite serious threats to Israel; certainly the 1973 war was. And they were all lead by Egypt. To remove Egypt from the military equation obviously has been a major factor in protecting Israel from existential threat by its neighbors. I think that is still very significant. It is a document that has been binding.

And yet leadership is important in determining the quality of a peace: the question of whether the people on both sides can actually support it.

That's true. I don't think that there is any doubt though that the people on both sides do support that treaty. Although I can't argue with you when you call it a cold peace—it is a peace! And the Israelis have almost full confidence that they are not going to be attacked by Egypt, and I think that if you get any kind of opinion polling in Egypt you'll find an overwhelming portion of the Egyptians support the treaty that prevents Israel and Egypt going to war again.

Nobody, or almost nobody, on either side would seriously like to go back to war.

Right, well that's what the treaty does.

Even though provisions for the Palestinians and on many other fronts have not been observed by Israel.

Remember, that is not in the Egypt-Israel treaty. That was actually in the Camp David accords that were also signed and which included the framework for the treaty.

So, do you think it would have made a big difference if Sadat had lived?

I think it would have, yes. Because Sadat had a lot of influence on the Palestinians and Egypt has always been the preeminent Arab country, at least militarily. But I can't really answer that question, because as you know it wasn't until after Sadat was killed that Israel decided to go into Lebanon. And a big question in my mind is: would Israel have invaded Lebanon in '82 if Sadat had still been alive? I've always had doubts about that, because it could very well have been that if Sadat was living [the Lebanon invasion] would have caused a rejection of the peace treaty by Egypt. But that is just a matter of hypothetical conjecture.

Still, the personalities are important.

Of course Sadat looked on that treaty and the Camp David accords as inseparable. The Camp David accords, with all of Israel's commitment to the Palestinians, and the treaty with Egypt was one unit. And later I don't think that Mubarak had that commitment. He didn't feel that he was an author of and a party to the agreements by Israel concerning the Palestinians. But he did cherish the part of the agreements that I negotiated that related to Egypt.

Looking to the present day, I know you've been very critical of the wall that Israel is building on the West Bank.

The wall and the Jordan River actually completely circles what is left of the West Bank.

Do you see that as a sign of "apartheid" to come?

It's a sign of division, obviously, between the two. I make it clear in my book that when I refer to apartheid I'm not talking about racism. But it is certainly a division and there is no place where the wall separates Palestinians from Israelis—the wall in its entirety separates Palestinians from other Palestinians. It's completely within the West Bank, and sometimes miles and miles within the West Bank. I've got an entire chapter in my forthcoming book describing the wall in detail, and in fact the cover of the book will be a picture of the wall.

Do you see the wall as an insurmountable obstacle to peace?

Yes, as presently located it is an insurmountable obstacle to peace.

Inside Hezbollah, Big Miscalculations (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, October 8, 2006

Militia Leaders Caught Off Guard By Scope of Israel's Response in War

BEIRUT -- The meeting on July 12 was tense, tinged with desperation. A few hours earlier, in a brazen raid, Hezbollah guerrillas had infiltrated across the heavily fortified border and captured two Israeli soldiers. Lebanon's prime minister summoned

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Hussein Khalil, an aide to Hezbollah's leader, to his office at the Serail, the palatial four-story government headquarters of red tile and colonnades in Beirut's downtown.

"What have you done?" Prime Minister Fouad Siniora asked him.

Khalil reassured him, according to an account by two officials briefed by Siniora, one of whom later confirmed it with the prime minister. "It will calm down in 24 to 48 hours."

More technocrat than politician, Siniora was skeptical. He pointed to the Gaza Strip, which Israeli forces had stormed after Palestinian militants abducted a soldier less than three weeks earlier. Israeli warplanes had blasted bridges and Gaza's main power station.

Calmly, Khalil looked at him. "Lebanon is not Gaza," he answered.

What followed was a 33-day war, the most devastating chapter in Lebanon's history since the civil war ended in 1990, as Hezbollah unleashed hundreds of missiles on Israel and the Israeli military shattered Lebanon's infrastructure and invaded its south. Nearly three months later, parts of the country remain a shambles and tens of thousands are still homeless as winter approaches.

In speeches and iconography, Hezbollah has cast the war as a "divine victory." But a reconstruction of the period before and soon after the seizure of the soldiers reveals a series of miscalculations on the part of the 24-year-old movement that defies its carefully cultivated reputation for planning and caution. Hezbollah's leadership sometimes waited days to evacuate the poor, densely populated neighborhood in southern Beirut that is its stronghold. Only as Israeli warplanes began reducing the headquarters to rubble did they realize the scope of what the Israeli military intended. Hezbollah fighters were still planning to train in Iran the very month that the soldiers were seized; Hezbollah leaders in Beirut had assured Lebanese officials of a relatively uneventful summer.

"They were prisoners of their assumptions," said Nizar Abdel-Kader, a retired Lebanese general.

The outcome of the war, still a matter of perceptions, reveals both the strengths and weaknesses of Hezbollah, perhaps the world's best-organized guerrilla group. The movement, even by the admission of its leaders, misjudged the Israeli response. But by virtue of its complex infrastructure and preparations -- years spent digging tunnels, positioning weapons, upgrading its arsenal and carrying out surveillance along the border -- Hezbollah survived.

"We were always prepared because we always knew that the day would come when we have to fight this war," said Hussein Hajj Hassan, a Hezbollah member of parliament. "We also knew that God was with us. He was with us."

Timur Goksel, a former spokesman and adviser to the U.N. peacekeeping force in Lebanon, put it more bluntly: "Hezbollah did not expect this response, but they were ready for it."The Militia as Deterrent

On March 2, to great fanfare, leaders from across Lebanon's fractured political landscape began what was hailed as a National Dialogue. It drew together implacable foes: Walid Jumblatt, the chieftain of the Druze sect, sat across from Hasan Nasrallah, Hezbollah's leader; the two regularly traded thinly veiled insults. Michel Aoun, the most popular Christian leader, sat with Saad Hariri, a political novice who derives clout as the son of a former prime minister slain in a car bombing in 2005. For months, they tackled issues that threatened to tear the country apart: relations with Syria, the presence of armed Palestinians and the future of the isolated, pro-Syrian president.

Last on the agenda were Hezbollah's weapons.

Backed by France and the United States, U.N. Resolution 1559 was passed in September 2004. Under it, all militias in Lebanon -- diplomatic phrasing for Hezbollah -- were supposed to disarm. Five months later, Hariri's father, Rafiq, was assassinated, setting in motion events that forced Syria's withdrawal from Lebanon after a 29-year military presence. Deprived of the cover of one of its two main allies -- Iran is the other --Hezbollah was left relatively isolated, and its weapons became an even more pressing issue in a country whose sectarian tension was as pronounced as at any time since the civil war began.

Virtually no one expected the Lebanese army and its meager, outdated arsenal to disarm Hezbollah, which has cultivated broad support among Shiite Muslims through a variety of social services, political representation and a language of empowerment that resonates with the community's long sense of disenfranchisement. Only consensus could reach a solution short of strife.

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On June 8, at the parliament building on place de l'Etoile, amid a security blanket that shut downtown, Nasrallah offered his defense at the National Dialogue. Dressed in clerical robes and a black turban, he spoke for more than an hour, participants recalled. Lebanese often remark on Nasrallah's highly organized speaking style; this speech was no different. Point by point, confident and determined but not arrogant, he explained why the militia -- what Hezbollah calls the Islamic resistance -- should retain its arms, from guns to thousands of missiles.

First, Nasrallah said, it provided a cover to the Lebanese state; in any battle with Israel, Hezbollah would suffer the consequences of Israeli reprisals, not the rest of the country. Second, Hezbollah had created a deterrent -- in the words of one participant, "a balance of fear and terror." Third, he said, the Lebanese army alone was not enough to protect a border that Israeli routinely violates by air and sometimes by sea.

In that session and the next on June 29, Hezbollah's critics at the dialogue questioned, sometimes sharply, the supposed balance of terror.

"I can reach Haifa and beyond Haifa," Nasrallah was quoted as answering them, according to Marwan Hamadeh, the telecommunications minister and a critic of Hezbollah who took part in the dialogue. Israel would not risk a Hezbollah missile attack, Nasrallah added, which could strike its petrochemical industry and the northern third of the country, including some of its most populated regions.

"He considered his potential threat as his deterrent," Hamadeh said, "that Israel would not escalate."

At the time, much of the talk was hypothetical. Participants were put at ease by what they took as Nasrallah's reassurance that nothing would disrupt the crucial tourist season, one of the Mediterranean country's lone patches of economic vitality. "He said this summer would be a quiet summer," Hamadeh recalled. "He said all the actions they would do would be reminders of their presence."

But almost as a footnote in Nasrallah's speech was a reiteration of a promise he had made many times before: the need to capture Israeli soldiers as leverage to win the release of three Lebanese prisoners. Hezbollah had tried before, in November 2005.

"He didn't say it to take approval," said Boutros Harb, a member of parliament, who sat three seats away from Nasrallah. Harb flicked his wrist in a flippant gesture. "He mentioned it like you'd write in the margins of a text."

"It didn't draw the attention of anyone at all."Preparing for Ground War

Goksel, the former spokesman for the U.N. force, has watched Hezbollah's evolution since its incarnation in the wake of Israel's devastating 1982 invasion of Lebanon. He recalled an incident in 2001-02, more than a year after the Israeli withdrawal from southern Lebanon. In two locales near the border, Khiam in the east and on the road to Naqoura on the coast, Hezbollah brought out excavation equipment and trucks, hauling away dirt. Men hung around, looking suspicious. And over as many as six months, in plain sight, tunnels were dug into the limestone of rugged southern Lebanon.

"We were meant to see these things," he said. "They were not making any effort to stop us looking."

At the time, he said he now believes, Hezbollah, farther from view, was digging other tunnels around Labouna, Aita al-Shaab and Maroun al-Ras, all along the Israeli border, that they employed for ambush and cover in combat to sometimes devastating effect during this summer's war.

"Looking back, they really fooled us on that one," Goksel added.

While Hezbollah's missiles were supposed to deter an all-out Israeli assault, the movement, by its own admission, also began preparing for a ground war almost from the day Israeli forces left in May 2000. Most of the militiamen were drawn from their villages and kept their weapons at home. Abdel-Kader said the town or village became the unit of defense, where other arms were stashed. The towns, in turn, were organized into three or four sectors, with a regional command.

"All the weapons were in the right place," he said. "They didn't need to mobilize."

Elias Hanna, another retired general, said the arsenal was updated over the past two years. In addition to rockets, anti-tank weapons were ferried through Syria; their use required at least some degree of training and their sophistication surprised Israeli forces.

As important to Hezbollah was surveillance. Goksel recalled fighters sometimes sitting for three months on the border "and they would write about everything that moves." He added, "They are the most patient watchers in the world."

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On July 11, Goksel and seven students from a university class he was teaching stood on the Qasmiya Bridge, which spans the Litani River, the natural border of southern Lebanon. "I said, 'Look at this bridge. If anything happens, this is the first target.' " He wasn't worried, though. It was summer, and towns were filled with vacationing Shiite expatriates, many of them Hezbollah supporters. "I've never been so wrong in my life," he said.

The cross-border raid was carried out at 9:05 a.m. the next day. Soon after, Israeli warplanes struck the Qasmiya Bridge.

Three months later, Hezbollah's timing remains puzzling.

"They don't attempt adventures. They're not adventurous types," Goksel said. In every operation, they would project "what it means for Shiites, what it means for the party, what it means for Lebanon, what it means for Syria."

He paused. "One wonders if that process collapsed somehow," he said.

Hezbollah officials have hewed to the line Nasrallah delivered that night: They had long telegraphed such an operation, and the opportunity arose. Nasrallah has acknowledged that they did not anticipate the Israeli response, though Hezbollah's officials say they believe the Israelis were planning to carry out such a campaign by this October. In statement after statement, Nasrallah has dismissed charges by critics that Iran and Syria, both under international pressure, encouraged or even ordered the ambush.

Others offer a domestic rationale. The last session of the National Dialogue was set for July 25, nearly two weeks after the war began. Hamadeh suggested that Hezbollah could return to the table "with the proof that the deterrence philosophy would work." But even he admits, "The precipitation has something of a mystery around it."Underrating a Threat

Two hours after the raid, Hassan, a reticent chemistry professor and one of the longest-serving members of parliament from Hezbollah, was sitting in a meeting for the committee on public works. His cellphone rang. "I smiled, hung up the phone and told the members of parliament in the room, 'Congratulations, our hostages will be coming home soon.' " Some smiled with him; others sat expressionless.

In another room, Nawwar Sahli, a Hezbollah representative who sends his children to an American-affiliated high school, sat in a parliamentary meeting on computerizing Lebanon's ministries. He, too, broke the news to colleagues.

"God help us," he recalled one of them responding.

Sahli went on with his day, getting an MRI exam at 3 p.m. for a pain in his neck. (He picked up the results after the war.) He listened to Nasrallah's speech, then went to his office at night to deal with paperwork in the Hezbollah-controlled southern suburbs known as the Dahiya. He ignored warnings by Hezbollah security not to stay late. From Khalifah, a local fast-food restaurant that was later bombed, he ordered a chicken fajita sandwich and Philly steak sandwich, then went for an interview on a Lebanese television station.

"I said that we shouldn't exaggerate, that Israel will just retaliate a bit, bomb a couple of targets and that would be the end of it," he recalled. "When I stayed in the office, I wasn't trying to be a hero. I seriously didn't think there was a threat."

Near the airport, Amin Sherri, another Hezbollah representative, sat with his wife, four children and three grandchildren.

"My family asked me if we should evacuate the house," he remembered. "I told them, 'Absolutely not.' " On that first day and early into the war, Hezbollah's political arm was relatively lax about security. Officials said they at times slept in other homes and changed their cars, but little else. Sherri kept his cellphone on throughout; Sahli said he was only occasionally advised to shut it off and remove its SIM card. Only by the third day, after Israeli forces had struck the airport road, Nasrallah's offices, Hezbollah's television and radio stations and several bridges, was the Dahiya fully evacuated, military officials said.

It was on that day, Sahli said, that he began getting worried.

But, he added, "I kept telling myself that no war lasts forever."A Fighter's Call to Duty

Along the rolling hills of southern Lebanon that face the Israeli border, Shadi Hani Saad was getting ready for breakfast in the village of Aita al-Shaab on July 12. He was the oldest son of Zeinab Hammoud and her favorite. But when he was as young as 8, with southern Lebanon still occupied, she remembered him asking her, "Will Hezbollah still be there when I grow up?"

Tall and broad-shouldered, Saad joined the Hezbollah youth movement in 2000 after the Israeli withdrawal. As a 14-year-old, he bypassed the lower grades of the Mahdi Scouts -- the Blossoms, the Cubs and the Sailors -- and had become Infantry. Within two years, he had achieved the highest rank, a Rover, and then carried out his first operation as a militiaman.

"They didn't tell us where," she said.

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He trained once or twice a week. This summer, he was groomed for even more responsibility; his mother said Hezbollah was about to send him for six months of military training in Iran.

The trip never happened. A little after 9 a.m. on July 12, after Saad had gotten out of the shower, another fighter showed up at her door and whispered something to him. Saad grabbed his M-16 rifle, along with ammunition he kept at the house, and walked away in a T-shirt and jeans. "He told me, 'I might return, I might not return,' " his mother recalled.

Years of surveillance had given Hezbollah an idea of where the Israeli forces might cross the border, Goksel said. Of 24 gates, they entered four, and at each, Hezbollah had guessed right with its fortifications and defenses, he said.

Aita al-Shaab was one. "They were waiting for them," he said.

In addition, Lebanese analysts say Israeli hesitation in the early part of the war allowed Hezbollah, caught off guard, time to prepare its defenses. By the time Israeli troops entered in force, more than a week later, Hezbollah's men were in place in villages like Aita al-Shaab. Saad's mother said he called her the first day, then the second, using a land line they deemed more secure. On the third day, he planned to come home to visit and asked her to cook dinner.

That was the last time they spoke. Israeli raids escalated that day, and the Israeli military warned residents of border towns to flee. In a blue 1986 Mercedes, she left with her four other children for Tyre, then north to the Chouf Mountains. After they fled, Saad called an uncle. "Where's my family?" he asked. Nearly three weeks later, on a Thursday night, he was killed in an airstrike.

"What God wants to leave me, he'll leave," his mother said. "What he wants to take, he'll take."

She sat at her home, with a picture of Nasrallah on the wall. A school picture of Saad hung nearby in a black frame. A sprawling poster, with a purple tint, pictured Saad in military uniform and declared him a martyred crusader. Another picture showed all nine of the Hezbollah fighters who died in the village, among the 30 or so who stayed -- by local legend, against Nasrallah's wishes -- to face Israeli troops.

Her blue eyes glimmered with tears, and she recalled a conversation before the war. As they sat at home, Saad had asked that when he died he be buried among martyrs. "What do you mean martyrs?" she shot back, half-joking. "Why do you tell me this kind of stuff?"

She shook her head. "Who knew there would be a war?"

Special correspondent Alia Ibrahim contributed to this report.

Bush Brings Faith To Foreign Aid As Funding Rises, Christian Groups Deliver Help -- With A Message (BOS)

By Farah Stockman, Michael Kranish, And Peter S. Canellos Of The Globe Staff, And Kevin Baron

The Boston Globe, October 8, 2006

PART 1: CHANGING THE RULES | EXPORTING FAITH

This story is the first of four parts

LAKARTINYA, Kenya -- The herders of this remote mountain village know little about America, but have learned from those who run a US-funded aid program about the American God.

A Christian God.

The US government has given $10.9 million to Food for the Hungry, a faith-based development organization, to reach deep into the arid mountains of northern Kenya to provide training in hygiene, childhood illnesses, and clean water. The group has brought all that, and something else that increasingly accompanies US-funded aid programs: regular church service and prayer.

President Bush has almost doubled the percentage of US foreign-aid dollars going to faith-based groups such as Food for the Hungry, according to a Globe survey of government data. And in seeking to help such groups obtain more contracts, Bush has systematically eliminated or weakened rules designed to enforce the separation of church and state.

In Lakartinya, a simple hut built with funds from the US government is the first in the area to have a tin roof. It serves as a station for weighing babies, distributing food, teaching health classes -- and, until recently, initiating local people into the rites of Christianity, according to Food for the Hungry staff. Classes begin and end with prayers, and in some cases are followed by Christian services.

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For decades, US policy has sought to avoid intermingling government programs and religious proselytizing. The aim is both to abide by the Constitution's prohibition against a state religion and to ensure that aid recipients don't forgo assistance because they don't share the religion of the provider.

Since medical programs are aimed at the most serious illnesses -- AIDS, malaria, tuberculosis -- the decision whether to seek treatment can determine life or death.

But many of those restrictions were removed by Bush in a little-noticed series of executive orders -- a policy change that cleared the way for religious groups to obtain hundreds of millions of dollars in additional government funding. It also helped change the message American aid workers bring to many corners of the world, from emphasizing religious neutrality to touting the healing powers of the Christian God.

Bush's orders altered the longstanding practice that groups preach religion in one space and run government programs in another. The administration said religious organizations can conduct services in the same space as they hand out government aid, so long as the services don't take place while the aid is being delivered. But the rule allows groups to schedule prayers immediately before or after dispensing taxpayer-funded aid.

Bush's orders also reversed longstanding rules forbidding the use of government funds to pay for employees who are required to take an oath to one religion. In addition, the president's orders allowed faith-based groups to keep religious symbols in places where they distribute taxpayer-funded aid.

And in implementing the president's orders, the administration rejected efforts to require groups to inform beneficiaries that they don't have to attend religious services to get the help they need. Instead of a requirement, groups are merely encouraged to make clear to recipients that they don't have to participate in religious activities.

Bush made some of the changes by executive order only after failing to get Congress to approve them; the bill faltered in the Senate, where moderate Republicans joined Democrats in raising concerns about breaking down the barrier between government and religion.

``I got a little frustrated in Washington because I couldn't get the bill passed," Bush told a meeting of faith-based groups in March 2004. ``Congress wouldn't act, so I signed an executive order -- that means I did it on my own."

The legality of Bush's moves is being challenged by a group advocating separation of church and state. The lawsuit, claiming both that Bush overstepped his powers and that the orders violate the Constitution, is inching its way through the federal courts.

Faith-based groups have long delivered humanitarian assistance in distant and dangerous places, marshaling an impressive array of volunteers. But Bush's initiative has put government dollars into faith-based providers in unprecedented fashion. A Globe survey of more than 52,000 awards of contracts, grants, and cooperative agreements from the US Agency for International Development -- which distributes taxpayer-funded assistance overseas -- provides the first comprehensive assessment of the impact of Bush's policies on foreign aid.

The survey of prime contractors and grantees, based on records obtained through the Freedom of Information Act, shows a sharp increase in money going to faith-based groups between fiscal 2001, the last budget of the Clinton administration, and fiscal 2005, the last year for which complete figures were available. Faith-based groups accounted for 10.5 percent of USAID dollars to nongovernmental aid organizations in fiscal 2001, and 19.9 percent in 2005.

Boost for Christians The numbers also show that the faith-based initiative overseas is almost exclusively a Christian initiative: Only two Jewish development groups and two Muslim groups of any type got any grants or contracts between fiscal 2001 and fiscal 2005, and Christians received 98.3 percent of all such funds to religious groups from fiscal 2001 to fiscal 2005.

The prime beneficiaries have been large groups including Catholic Relief Services and evangelical organizations such as World Vision -- the former employer of Bush's longtime USAID director Andrew Natsios -- and Samaritan's Purse, which is led by evangelist Franklin Graham, the son of Billy Graham, who guided Bush to his own religious rebirth.

Food for the Hungry, which is also evangelical, received its contract to run USAID programs in Lakartinya in fiscal 1999, during the Clinton administration, and it was renewed under Bush. The group's funding jumped from $7 million in fiscal 2001 to $20 million in fiscal 2005. Bush also appointed the group's president, Benjamin Homan, to chair USAID's advisory board.

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Robert Snyder, Food for the Hungry's director for Kenya, said that the group seeks to segregate religious activities from aid programs, but that Kenyans don't usually believe in the concept of church-state separation.

``In Kenya, they don't separate things out,'' he said.

At Food for the Hungry's outpost in Lakartinya, staff members spoke openly of how they preach about Jesus while teaching breast-feeding and nutrition. Over the seven years that the group has been operating there, it has helped convert almost the entire area to Christianity, according to it's own field workers and villagers who participate in the programs.

Sante Dokhe, a 45-year-old mother of five from the Samburu tribe, became one of the health program's first ``contact mothers.'' She said she used to practice a traditional African religion. Then came her US-funded classes, which impressed her by drastically lowering the infant mortality rate in the village.

``The first time that I changed my mind is when we were learning the health education and our teacher was also talking about God,'' Dokhe said. ``We used to go to the rivers and pour milk for the god who stays in the mountain. But I learned through our classes that that is a very tiresome god. Now we have known that you don't need to struggle to please God. Now I have learned through health education that God is everywhere.''

Christian missionaries have crisscrossed the world for generations, seeking to save souls by converting people.

US foreign-aid programs, however, began after World War II for the purely secular aim of winning friends for the United States. Now, aid packages and equipment purchased with government funds are stamped with the words ``From the American People'' so beneficiaries can see the fruits of US generosity.

``The point of foreign assistance is national security,'' said Harriet Babbitt, who was USAID's second-ranking official during the last years of the Clinton administration.

Foreign aid programs have been criticized by some conservatives as unnecessary -- frittering away money that could be used in the United States. But in the late 1990s, evangelical groups began to focus on AIDS in Africa, and conservative Christian leaders became vocal supporters of government-funded programs.

Clinton's last USAID administrator was Brady Anderson, the president's boyhood friend and an evangelical Christian. Relations between USAID and faith-based organizations were strong, according to Babbitt and Anderson.

Nonetheless, after Bush took office in 2001, he surprised many people by declaring that religious groups had been systematically discriminated against in the awarding of government contracts. His administration issued a report called ``Unlevel Playing Field'' that declared that faith-based groups faced too many restrictions. ``Some government rules require faith-based providers to endure something akin to an organizational strip search,'' the report said.

A push for applicants To counter the alleged discrimination against churches, Bush used federal funds to hire outreach workers to hold training sessions and attend religious conferences in hopes of getting groups to apply for funds. The initiative, Bush promised, would ``open up billions of dollars in grant money competition to faith-based charities.''

USAID workers began fanning out to religious events. They tried to convince skeptics that evangelical groups could follow government guidelines while still spreading the word of the Lord.

Clydette Powell, a doctor in USAID's public-health bureau, staged a workshop on public-private partnerships in tuberculosis at an evangelical conference last year in Louisville, Ky., proclaiming, ``There are tremendous opportunities, actually, for Christians -- and for, frankly, evangelistic purposes -- within a public health strategy such as TB.''

She added: ``I think Christians, who are so much more relational in this thing, have a leg up on, you know, just the regular public system because there is interest in developing a relationship -- in fact, hopefully, a relationship that leads them to know Christ as their savior and their lord in their lives.''

When key senators balked at approving Bush's faith-based initiative, he claimed that they, too, were discriminating against churches.

But James Towey, who was director of the White House Office of Faith and Community Based Initiatives from 2002 until June 2006, said the major hang-up was Bush's desire to allow religious groups to reject candidates for government-funded jobs because the workers didn't practice the group's religion.

``The hiring provision gave everybody a lot of indigestion,'' Towey said.

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In 1965, President Lyndon Johnson signed Executive Order No. 11246, a landmark directive that required all federal contractors to consider applications ``without regard to race, color, religion, sex or national origin."

Frustrated by Congress's refusal to reconsider Johnson's policy, Bush issued his own order in 2002 specifically allowing faith-based groups to discriminate in hiring for government-funded positions.

Bush explained himself in a speech in New Orleans on Jan. 15, 2004. Standing in front of a huge cross, the president said the federal government used to tell faith-based programs to ``take the cross down from the wall" to get government money.

``The problem is, faith-based programs only conform to one set of rules, and it's bigger than government rules," Bush said.

His rule changes were encouraged by both the Catholic Church, which was already the largest faith-based recipient of government money overseas, and the National Association of Evangelicals, whose leaders say it represents 30 million people.

The Catholic US Conference of Bishops declared, ``It is more important than ever to make sure that all charities, faith-based or secular, have access to the public and private resources they need" to serve the needy.

Robert Cizik, the evangelical association's vice president for governmental affairs, said, ``Without the faith-based service providers, there is no way to begin to stem the tide of AIDS."

He said Bush's rule changes -- including the reversal of Johnson's non-discrimination order -- were needed to give smaller evangelical providers ``an equal shot at the federal pie."

Other churches protest Yet leaders of many large Christian denominations believe it is wrong for religious groups to discriminate based on religion when using government funds. And while Bush has portrayed many restrictions intended to enforce the separation of church and state as hostile to religion, many religious leaders disagree: They say the separation of church and state has allowed religions to flourish.

Many large Protestant denominations say the administration is catering to the religious right -- particularly evangelical groups seeking funding for missions whose ultimate aim is recruiting new members.

Bishop Frank Griswold, the presiding bishop of the Episcopal Church, the faith in which Bush was raised, said he strongly opposed allowing faith-based contractors to discriminate in hiring. But the bishop said he was unable to express his concerns to Bush.

``I must say it has been very difficult for me -- and I think I can speak for the mainline churches as well -- to have any substantial engagement with the president," Griswold said. He said he has been ``shunted to one side" by the White House, which has been more interested in rewarding the religious right.

``I think it has to do with politics and power," Griswold said. ``It has a great deal to do with what Mr. Bush perceives to be his base."

Criticism also comes from representatives of the faith that Bush now observes -- the United Methodist Church.

James Winkler, general secretary of the church's General Board of Church and Society, compared Bush's claim of discrimination against faith-based organizations to his assertion that Iraq had weapons of mass destruction.

``We heard all the time that Iraq had weapons of mass destruction, and we heard all the time that there has been all this discrimination against faith-based groups," Winkler said. ``We kept on saying we haven't noticed any discrimination. The grants are there. This really came from the religious right as political payback for their support for the president."

The Southern Baptist Convention, which is the largest of several Baptist organizations, also has strong reservations about Bush's faith-based initiative, preferring to maintain a separation of church and state.

Richard Land, president of the convention's Ethics and Religious Liberty Commission, advises Southern Baptist churches not to take federal money. Noting how some British colonies in America financially supported the Anglican Church while persecuting Baptists, he said Baptists have in their ``genetic code" a dislike of such government funding.

Most Jewish groups have not aggressively sought foreign-aid contracts, some leaders said, because they do not seek to convert people, and a prime motivation for religious groups to be active overseas is to win new converts.

``Jews are not missionaries," said Ruth Messinger , president of the American Jewish World Service. ``The whole concept of proselytization is alien to us. Not only alien, almost offensive to us. Jews just don't do that."

Many Christian groups, however, acknowledge that they aim to convert new members, while denying that they proselytize.

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``We would like for everyone to become a Christian, that is part of our faith as Christians," said Mark Howard, general counsel of World Vision.

Nonetheless, neither Natsios, who headed USAID from May 2001 to this year, nor Kent Hill, the assistant administrator for Global Health Programs, said they have ever received complaints of a religious contractor violating rules against proselytizing. But Natsios, at a conference last spring, acknowledged that USAID does not monitor groups for proselytizing.

Outsiders point out that members of the administration -- including the president -- sometimes seem to endorse the use of government funds for religious objectives. Speaking before religious leaders in Los Angeles on March 2, 2004, Bush discussed the difficulties of faith groups.

``I think if you ask them their biggest problem, they'd say, `Well, we need to expand, there's more souls to be saved, we need a little extra space for our rescue mission,' " he said. He then assured the groups: ``The government has got resources."

Robert Tuttle, a George Washington University law professor who has studied USAID policies, said he was dumbfounded that the agency chose not to require that aid recipients be told that they don't have to attend services: ``It is scandalous in the sense that if you really are interested in protecting the religious liberty of beneficiaries, then why not inform them of their rights?"

The government's General Accountability Office this year examined 13 federally funded faith-based organizations in the United States that offer prayer or worship. The agency concluded that four of the 13 ``did not appear to understand the requirement to separate these activities in time or location from their program services."

K. Hollyn Hollman, general counsel for the Baptist Joint Committee, which represents 14 Baptist organizations, said she is alarmed by the administration's policy that a religious group doesn't have to change its ``religious character" when distributing government aid.

Said Hollman: ``If the religious character of my organization involves evangelizing, changing your life through Christian witness, then I will be tempted to do that in a government-funded program."

The Globe's research found that in the absence of clear standards such as a prohibition on running government programs where services are conducted, religious groups feel free to ask recipients to pray, discuss their spiritual needs, and attend services.

Since many groups combine government and private funds, they feel unrestricted about proselytizing so long as they can say they were using private money. For instance, USAID has paid for tens of millions of dollars in equipment for religious hospitals, where patients learn about the Gospel while receiving care. But since the missionaries themselves are not on the government payroll, no rules apply.

Graham, whose Samaritan's Purse receives USAID funding for medical centers in Sudan and Angola, said in an interview: ``Of course you cannot proselytize with tax dollars, and rightfully so. I agree with that. But it doesn't mean that we can't build buildings, we cannot provide housing and buy bricks and mortar. The proselytizing or the preaching or the giving out of Bibles, people give us funds for those."

More Christian converts In the dusty village of Lakartinya, Lucia Loltome, a 34-year-old nurse employed by Food for the Hungry, says proudly that she begins and ends each health class with a prayer.

Loltome became a Christian when she attended a Catholic high school. Now she is in charge of projects that involve 730 households and 1,300 children. She is proud of how she laces her lessons about typhoid, parasites, and breast-feeding with education about the Christian God.

``Before 1999, these people were not even going to church," she said. Now, all the contact mothers in the program and nearly every family in nearby villages are churchgoers, Loltome said.

A similar story is told three miles away, in an area known as Nkirmat, where Food for the Hungry began a similar project under the same USAID grant. In Nkirmat, contact mothers began learning about health education in 1999 and recently began breeding milk-producing goats. As with Lakartinya, the USAID program here has been accompanied by a wholesale conversion to Christianity, according to Antonella Kupona, the lead mother of the goat project.

``There was a church built here in 1972 but people were not going because of the traditional beliefs," she said. ``But now they are taking it up in great numbers. . . . As we go for the health education, we also learn about God."

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Ex-President Bush Seeks More Quake Aid (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 8, 2006

Former President George H.W. Bush has appealed for nearly $100 million in aid for survivors of last year's South Asia earthquake, saying tens of thousands face another winter living in tents.

"If they're in tents, that's not good enough," Bush told a news conference Friday to mark the first anniversary of the Oct. 8, 2005 quake that killed more than 80,000 people and left more than 3 million homeless in Pakistan and India. "But it's a heck of a lot better than it was a year ago."

Bush, the U.N. envoy to promote help for survivors of the 7.6-magnitude quake, recalled predictions immediately after the disaster that Pakistanis in rugged mountains would have difficulty getting through the winter. "And it didn't happen," he said.

"Nearly 300,000 people have now returned home safely after living in tents for nearly half a year," he said. "However, full-scale reconstruction and the full resumption of basic services is going to take years."

Bush said snow was already falling in some parts of Pakistan and it was critical to get access to people in remote locations.

"If the upcoming winter were to be harsh, elderly people and young children can face renewed vulnerabilities," he said. Aid agencies expect mountain dwellers to start pouring soon into lowland camps to escape the coming freeze.

Bush said the Pakistani government was determined "that even if the winter might be harsh, people will have protection — so I think they're moving very hard to try to move toward permanent housing."

Reconstruction, however, has moved slowly, constrained by rigorous new quake-proofing rules.

According to the relief agency Oxfam, 1.8 million survivors are still living in tents or makeshift shacks.

At the news conference, Hina Rabbani Khar, Pakistan's minister of state for economic affairs, disputed that figure and insisted that only about 30,000 people were still living in tents — just 5 percent of the original number last year. She said helping such a small number during the coming winter will be "very manageable."

Bush didn't address the discrepancy in the numbers, but he said the early recovery plan for quake-affected areas had received just two-thirds of the $255 million needed.

"We're still missing $94 million which is still critical for bridging the gap from relief to recovery," he said. "The sectors that remain underfunded are water and sanitation, housing and support for vulnerable people."

Pakistan's President Gen. Pervez Musharraf appealed Thursday for $800 million to cover additional reconstruction costs, Khar said.

Bush told reporters he wasn't satisfied with his efforts to get donors to fulfill aid pledges, saying donor fatigue was part of the problem.

"We've made some progress, but heaven knows I've got a long way to go before I can express total satisfaction," he said.

Pakistani Quake Survivors Still Fearful (AP)

By Paul Garwood, Associated Press Writer

AP, October 8, 2006

Dozens of girls have been skipping school in this Pakistani Kashmir mountain town, but neither bullies nor boredom is to blame. Teachers say pupils fear being crushed in an earthquake like the one that killed 80,000 people one year ago Sunday.

Among the dead were 34 students of the Government Girls Middle School in Chikar, which collapsed in a heap of rubble and trapped scores of pupils and teachers. Four tents have been raised on top of the ruins to serve as classrooms for some 400 pupils aged 14-16.

"There has been low school attendance recently," Saira Bhatti, a teacher at the school, told The Associated Press. "They are so scared that the quake might strike again. Sometimes when the wind blows hard, the children are terrified and start crying because they think it is another quake."

Fear is palpable among many locals in Chikar, which was ravaged by the 7.6 magnitude quake that townspeople claim killed at least 10,000 in and around the hilltop settlement.

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Most said they are sleeping outside now in case Sunday's anniversary leads to a repeat of last year's disaster that killed thousands as they slept in homes, studied in schools or worked in offices.

All said they will offer special prayers Sunday for those who died in the earthquake, which devastated cities, towns and villages across northern Pakistan and in the Indian-controlled part of Kashmir.

Javed Iqbal, 42, said he is not afraid of sleeping inside his home, but acknowledged that he was an exception, particularly after reports spread that tremors had been felt late Friday in Balakot, the worst-affected Pakistani city in the earthquake where more than 30,000 people died.

"News spread throughout Chikar so quickly that there had been an earthquake in Balakot and fears of aftershocks here have forced most people to spend the nights outside," said Iqbal, who works as a curtain maker in Saudi Arabia and returns to his Pakistani home three months each year.

In Chikar, concrete and metal that once formed shops are still heaped throughout the town's main bazaar. Cracks in walls of houses and offices give passers-by a glimpse of the rooms inside.

But earthquake-proof houses with shiny corrugated iron roofs are popping up inside the town and on steep, pine-covered mountainsides. And health clinics run by aid groups are providing around-the-clock primary health care to anyone who asks.

Safia Bibi, a 35-year-old mother of four, received compensation from the government for the deaths of her infant son and mother who were crushed under the rubble of their mud brick house, but said the payments have not healed her pain.

"There remains so much fear and tension since the earthquake and no amount of money will change that," said Bibi, while two of her children underwent routine immunizations at a Chikar health center.

But others see compensation as their best chance at regaining some semblance of normalcy.

More than 1,000 survivors rallied in the capital Islamabad on Saturday demanding that delays in the release of compensation to quake victims be overcome so they can reconstruct housing.

Chanting slogans such as "Stop taking bribes!" "Stop cheating us!" and "Build our homes before snowfall," the protesters marched from the parliament to the government department responsible for releasing aid money for reconstruction.

President Gen. Pervez Musharraf has said that his government will ensure the provision of basic facilities to those affected by the quake and he hopes that 80 percent of the reconstruction will be over in the coming three years.

Muslim Lawmaker Assimilated And Berated (LAT)

By Jeffrey Fleishman

The Los Angeles Times, October 8, 2006

Denmark's Naser Khader is praised by secular Europeans as a voice for moderation and unity. Islamists consider him a traitor.

COPENHAGEN — Ever since he left the laundry-draped alleys of his Syrian village and glimpsed the red-light district of Copenhagen, Naser Khader's life has been a curious, and sometimes dangerous, navigation between Islam and the West.

A man with "democracy" tattooed in Arabic on his arm, the Danish lawmaker epitomizes Europe's struggle to integrate moderate Islam into secular democracy. The Danes view him as the ideal Muslim, a multilingual author with European sensibilities for tolerance. Islamists regard him as a traitor, a factory worker's son who bartered his identity for a bit of Western acceptance.

It is sensitive cultural and political terrain, but Khader's convictions are anything but opaque. This was apparent early this year when he condemned violent Muslim protests against a Danish newspaper's publication of caricatures of the prophet Muhammad. Khader argued that the worldwide demonstrations were orchestrated by radical clerics to aggravate tensions between East and West.

"If you don't want to look at the cartoons, don't buy the paper," Khader, one of three Muslims in the Danish parliament, said in a recent interview at his office. "I understood why Muslims were upset. But you protest in the frame of democracy.

"Why this overreaction? I asked the Islamists why they didn't demonstrate when Abu Musab Zarqawi killed innocent hostages in Iraq. Why didn't they protest when Bin Laden sent planes into New York? This is against Islam too."

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Such sentiments earned Khader, who travels with bodyguards and a wry sense of humor, at least one death threat from an extremist imam. A sturdily built man who perfected his Danish on neighborhood soccer fields, he is bemused by the discreet men who shadow him. "I think it's sad," he said, "that police have to protect those who speak for democracy. But the world has changed. This is my life."

The 43-year-old lawmaker and his adopted Europe are caught amid disturbing agendas. Radical Islamists and anti-immigration attitudes are jeopardizing Muslim integration, giving rise to right-wing political groups such as the Danish People's Party. Muslims with immigrant backgrounds often face high unemployment and alienation, which has led to terrorist threats, including an alleged plot several weeks ago by three men to detonate a bomb in Denmark.

Khader has tried to become a unifying voice; his politics spring from a childhood of trying to fit in and succeed. But his unapologetic political message, praised by secular Europeans, has irritated conservative Muslims. They consider him a man who has drifted too far to the other side, marrying a native Dane, not attending Friday prayers, sipping beer and attending soccer games in a jersey that resembles the Danish flag.

"Naser Khader is irrelevant to Muslims in this country," said Ahmed abu Laban, an outspoken Islamic leader in Copenhagen. "His role is to keep bombarding Muslims and Muslim values. He represents that strain of thought in Europe that's too cowardly to face legitimate Muslims. So they get people like Khader to act as a human shield and to spit in our face."

David Trads, a political analyst who has written a book on Islam in Denmark, said:

"Many are saying that Khader's like an Uncle Tom. That's not a fair criticism, but he wants to make sure everyone in Denmark understands that there's a very serious situation with the Islamists. He wants also to build a bridge between moderate Muslims and Danes."

Dressed in a blue blazer and pinstriped shirt open at the collar, Khader sat the other day at a table strewn with papers, a folder and a book titled "Cradle of Islam." A biography of U.S. Sen. Hillary Rodham Clinton sat on a nearby shelf. Khader, who is straightforward instead of tactical when it comes to politics, weighed the aspirations and pitfalls of being identified as a European and a Muslim in the same breath.

The atmosphere was less volatile in 1974, when an 11-year-old Khader and his mother, three brothers and a sister left their Syrian village to join his father in Copenhagen. The elder Khader, a Palestinian, was among those who had come to Denmark years earlier to fill Northern Europe's need for laborers and factory workers. His parents weren't religious — his father was a Marxist — and unlike today, Islamic head scarves were rarely spotted along the city's canals and alleys.

"There was no Islamophobia in Denmark in the 1970s," said Khader, who first tasted rye bread and licorice on the sidewalks of his new city, where sometimes the "working girls" near the red-light district bought him ice cream on his way home from school. "It was a different world. I had come from a village where the only TV set was in a coffee shop for men."

The tone in Denmark shifted a decade later, however, when refugees from the Lebanese civil war began arriving. More Muslim immigrants landed throughout the 1990s, along with imams financed by radical Islamic groups in the Middle East.

The gap between the parallel societies of Muslims and Danes widened after Sept. 11, and the controversy over the Muhammad caricatures further exposed the integration failures in a nation that prided itself on equality.

Danes were left with the moral question of how far the vaunted tradition of Scandinavian tolerance extended. Muslims, who account for about 200,000 of the population of 5.4 million, are split between those such as Khader and the more extremist voices angry about discrimination and issues such as the participation of Danish troops in the U.S.-led war in Iraq.

"It's not a clash of civilizations. It's a clash of ideologies, and the largest part of that is between Islamists and moderate Muslims," Khader said, adding that Middle East extremists were trying to exploit Muslim integration problems in Europe. "I've founded a group called Democratic Muslims. We're going to hold an international conference. We need to oppose the well-organized Islamists.

"We don't know enough about the Islamists," he said. "Who are they? What's their thinking? Why is radical Islam so attractive to people even born in this country?"

Khader says much of the blame lies with religious leaders such as Abu Laban, who organized a Muslim delegation to the Middle East to gain diplomatic support for protests against the Muhammad cartoons. The demonstrations in Europe were largely peaceful, but the outrage in the Middle East and other regions led to violence, deaths and the storming of Danish embassies.

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"I went to Abu Laban's mosque when I was younger, but then I got tired of his politics," said Khader, a former Copenhagen city councilman with a master's degree in political science. "He started talking about then-President Reagan and the first President Bush. I couldn't listen to him anymore.

"In Denmark today there are between 100 and 120 imams, but only five or six of them [radicalized] the controversy around the cartoons."

Abu Laban said that he was opposed to violence and that "relations between Danes and Muslims are not so fearful as some might imagine."

When asked about Khader, Abu Laban said, "Unfortunately, Mr. Khader is riding two horses, and in my opinion, he doesn't fulfill even the minimum of being called a Muslim."

Khader said he was aware that some might perceive him as a patsy for the West's idea of a Muslim. Europe constantly sifts through the rhetoric of radical mullahs and fundamentalist ideologues to find what it considers palatable Muslim voices. This search is growing more intense as the continent's population ages and immigrants are needed to bolster its economies and fund its welfare states.

Khader said Danes had begun to move away from stereotyping Muslims, but overall the society had been slow to embrace multiculturalism. There are indications that since the publication of the cartoons, Danes are more skeptical about Muslim integration.

The Danish People's Party controls 13% of the parliament; the nation's new bestseller compares radical Islam to Nazism, calling it a threat to Western freedoms.

"It's not enough to think that all Muslims must look like me," Khader said. "Integration has to be for liberal and conservative Muslims, for Muslims who wear head scarves and for Muslims who are devout. Europe must accept this fact."

Khader had to accept it within his family. Five years before his death, Khader's father rediscovered his faith and became an observant Muslim. Khader's mother, who wore no head scarf when she arrived as an immigrant, wears one today.

One Man Leads Often Dangerous Quest To Quell Violence In Yemen (NYT)

By Hassan M. Fattah

The New York Times, October 8, 2006

SANA, Yemen — With his mobile phone buzzing incessantly, the radio blaring and a band of young men standing by the phones for any word of trouble, Abdelrahman al-Marwani waited nervously as the polls closed in Yemen's presidential elections on Sept. 20, eager to see the results of his decade-long campaign.

Success, however, had nothing to do with voting or who might win and everything to do with whether election day remained peaceful.

"People are usually riled up now, and they're easily triggered to seek revenge," Mr. Marwani said on election day, listening to the news wearing his traditional tribal headdress and a sports jacket. "This is usually the most dangerous time."

The election, in which President Ali Abdullah Saleh was re-elected and local councils were chosen, was something of a victory for Mr. Marwani, the son of a tribal sheik who has struggled to bring the issue of violence and the need for gun control into the spotlight here. For the past decade, he has led a lonely and often dangerous fight to quell tribal wars, seeking to break a cycle of revenge and retribution that kills as many as 1,200 people a year.

Through his organization, Dar Al Salam, or the House of Peace, which he formed in 1997 to spread the message of tolerance, he says he has negotiated cease-fire deals between warring tribes and even persuaded some to disarm.

This year he persuaded the government to declare election day a weapons-free day. Then he helped cajole Yemen's combative tribes to sign a contract agreeing to leave their weapons at home, and he enlisted businessmen to plaster his trademark symbol, a pistol crossed out with a thick red line, on billboards, in newspapers, and on bottles of water and laundry detergent, among other items.

Eight people were killed on election night, The Associated Press reported, but that was down from the 67 killed and more than 100 wounded during local council elections in 2001.

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Yet the fact that it took Mr. Marwani so long to get the government's support for just one day of peace is a measure of the difficulty of changing Yemen's mind-set, one person at a time.

"The law doesn't work here," as it should, he said. "It takes months or years to get justice." And even then, he added, the judges are not impartial.

Mr. Marwani formed his organization largely with his own money, persuading select tribal elders to represent their tribes, giving his group more political weight. Today, it has more than 400 members, he says, and can draw on more than 1,000 volunteers throughout Yemen. The group holds exhibitions, classes and theater workshops. He relies on individual donations and has received some help from the government, but operates on a shoestring budget.

Mr. Marwani said he formed the group out of the dogged conviction that if something was not done about the violence soon, Islamic militants would take over the country.

Yemen, one of the poorest countries in the Arab world, is an ally of the United States in the effort to curb terrorism, but it is also a breeding ground for extremism. With a weak, preoccupied central government, law and order in the hinterlands is left to tribes that exist in a perpetual state of war.

At any time, Mr. Marwani said, Yemen has many tribal conflicts, ranging from family squabbles to warfare with heavy weapons and, in some areas, armor from Yemen's civil war a decade ago.

Mr. Marwani traces his determination to end the violence to a severe injury he suffered at age 12, when he and his friends were playing with a grenade that exploded. Although the wounds have healed, he says, he can never forget the damage that the continuous conflict had done to Yemen's society and culture. He had long planned to do something about it, he said, but was waiting for the right moment.

In 1996, with the civil war finally over, he formed a council to try to settle tribal disputes in his region. But when he tried to settle a feud in another province, they refused his services and chased him out of town, he said.

He said he realized he had to broaden his effort, to reach out to other tribes and, "We simply needed to be more organized."

A year later, he started Dar Al Salam with the help of friends and colleagues with the express aim of bringing warring tribes across the country to the negotiating table. In one case in 2004, a man belonging to the Beni Shar tribe was killed while working for members of the Beni Hushaysh tribe, and a tribal war exploded. Mr. Marwani rounded up hundreds of his men and they drove straight between two ridges where the tribes were fighting, he said. In a scene his group videotaped and in photographs, Mr. Marwani could be seen running between the combatants holding up a white flag and beseeching each side to hold its fire. Then, his men, including many elders from various tribes climbed up on either ridgeline and tried to persuade the tribesmen to hand over their weapons.

Once tempers cooled, he said, he set up a makeshift trial, and negotiated a settlement, with livestock exchanging hands as restitution.

In other cases, his group has intervened in revenge attacks, with a goal of finding the original attacker and bringing him to confess and to apologize. "And then it gives the other side a sense of pride and dignity in offering forgiveness," he said.

The work is decidedly dangerous. He has been shot three times, he said, and nine of his volunteers have been killed and 15 injured over the years. Volunteers' cars have been attacked and they have been forced to leave towns and villages where they have tried to intervene.

He estimates he has settled more than 165 feuds over the past 10 years with almost no input from the government. But ultimately, Mr. Marwani said, his battle is to change the public discourse in Yemen from one of trigger-happy intolerance to one of open debate and acceptance.

The small victories keep him going. "I never thought I could get even this far, but people have begun to listen to me," he said. "Extremism is not new, but the oil, the wars, all have turned it into something very dangerous. And now is the time to deal with it."

Knocking It Off In China (AP)

By Foster Klug, Associated Press

The Associated Press, October 8, 2006

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By the time David S. Pearl II saw one of the knockoff versions of his company's refrigeration-testing devices, the damage had been done.

For more than 35 years, Uniweld Products Inc. had painstakingly built its reputation in the air-conditioning-hungry Middle East. But as cheap counterfeits entered the market, sales plummeted. Workers were laid off, consumer confidence destroyed.

The reason for Uniweld's misery sat before him, just out of an express-mail package: a Chinese-made, nearly identical version of the real thing -- one of a flood of pirated American products, the bulk from China, that the United States blames for costing thousands of jobs, robbing companies of profits and seriously harming the U.S. economy's ability to compete.

In Mr. Pearl's case, the bogus equipment matched the original right down to the name, trademark, address and phone number of his manufacturing company's headquarters in Fort Lauderdale, Fla.

The differences, though, were crucial: The fake products cost half as much as the real ones, and they didn't work. Mr. Pearl estimated that over the years Uniweld lost more than $1 million, a significant amount for a small company.

"You look at them side by side, it is absolutely amazing how well they copied them, and it's scary," said Mr. Pearl, Uniweld's executive vice president. "The United States is a country of thousands and thousands and thousands of small businesses, who employ the majority of the employees in the country. For them to be hammered by Chinese counterfeits is a serious problem."

U.S. lawmakers, government officials and businesses agree that stopping the theft of American brands abroad would save companies billions of dollars and would help to correct a U.S. trade deficit that hit a record high of $202 billion with China last year.

But the accord often ends there.

Businesses want lawmakers to do more; Congress urges the Bush administration to take a harder line on China's lax enforcement of existing copyright-protection laws; and the U.S. government threatens China with punitive action in the World Trade Organization (WTO) if progress is not made.

Meanwhile, rampant theft of copyright American products continues.

Officials estimate that piracy and counterfeiting worldwide cost U.S. industry as much as $250 billion a year.

China is a major culprit, U.S. officials say, accounting for nearly 70 percent of all pirated products seized at the U.S. border last year -- more than 10 times greater than any other American trading partner. Russia also is a problem, with American business groups urging stronger pledges from Moscow to protect intellectual property before being allowed WTO entry.

Sen. Carl Levin, a Democrat who represents Michigan's auto-parts makers, says China is thought to be responsible for about $9 billion of the $12 billion in the industry's estimated losses annually to counterfeits.

"There China sits while our government dawdles," Mr. Levin told a recent congressional advisory panel. "We need to stop merely putting China on lists and start taking more effective action."

U.S. officials say they are working hard to get Beijing to fight the problem more aggressively and to follow through on commitments made when China joined the WTO in 2001.

The United States posted its first intellectual property attache in Beijing in 2004 and plans additional attaches this year. Dozens of copyright-protection training programs have been conducted with Chinese officials since 2001, the U.S. government says.

Last year, the U.S. trade envoy formally requested that China document what it was doing to enforce copyright protection under its WTO obligations. Though China's response was "less than forthcoming," officials say they continue to push for those details.

The United States has placed China on a "priority watch list" over concerns about Beijing's failure to improve protection of intellectual property.

A meeting between top U.S. and Chinese officials on the eve of President Hu Jintao's April visit to Washington "yielded measured progress" on the issue, said Timothy Stratford, an assistant U.S. trade envoy for China affairs. China committed to take stronger action against producers of pirated optical discs and to make sure computers are pre-installed with legal operating-system software.

Still, many were disappointed that Mr. Hu did not make greater commitments to crack down on piracy when he met with President Bush.

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Above all, the United States has signaled its willingness to wield what is considered one of its most powerful weapons: a formal WTO complaint against China for inadequate enforcement of copyright protections. A ruling against China could lead to strict sanctions.

"Results are what matter to us," Mr. Stratford recently told the U.S.-China Economic and Security Review Commission. "We will not shy away from using dispute settlement at the WTO when we feel China is not living up to its commitments."

Critics say warnings are meaningless. The Office of the U.S. Trade Representative, Mr. Levin said, "is a paper tiger, I'm afraid."

Lack of government leadership, the senator said, has forced the auto industry to "do too much of the policing itself and at great expense."

Bill Primosch, director for international business policy at the National Association of Manufacturers, said the U.S. government is faced with obstacles as it considers a WTO case. First, he said, it must make sure it can win. If the WTO ruled against the United States, it could send a message to Beijing that its current approach is sufficient.

Another problem is that U.S. companies are reluctant to cooperate publicly. Mr. Primosch said many are afraid that if they complain too loudly, China will retaliate, forcing them out of what is considered the most important major growth market in the world for U.S. manufacturers.

Until the problem is solved, industry representatives say, many U.S. companies eyeing China face bleak prospects.

Patricia Schroeder, president of the Association of American Publishers, estimated in recent testimony that U.S. publishers in China lost $52 million last year, part of a "staggering amount of book piracy plaguing this most promising of markets."

Mrs. Schroeder, a former member of Congress from Colorado, summed up the problem faced by many U.S. industries working in China: "China is a country that boasts millions upon millions of eager potential readers and scholars," she said. "And these readers are largely being supplied with illegal goods."

Castro Foe With C.I.A. Ties Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 8, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

“The fight against terrorism cannot be fought à la carte,” said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. “A terrorist is a terrorist.”

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as “an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites.”

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Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

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He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

"Mostly nature scenes," Mr. Soto said. "He's seen a lot of those."

In Caracas, Thousands Support Opposition (AP)

By Elizabeth Nunez, Associated Press Writer

Associated Press, October 8, 2006

Thousands marched Saturday in the biggest show of public support yet for Venezuela's main opposition presidential candidate, who pledged to undo what he called the ills of President Hugo Chavez's government.

Manuel Rosales accused the government of mismanaging the country's oil wealth and ignoring crime. He also played on fears that Chavez's close friendship with Cuban leader Fidel Castro was leading Venezuela down the same path as the communist island.

"They say the Venezuelan people rule — that's a lie," said Rosales, governor of oil-rich, western Zulia state, who faces Chavez in the Dec. 3 election. "(We have) a government that is a puppet of a communist, totalitarian system. ... We have a government that is governing from Cuba."

Venezuelan authorities had promised to have as many as 2,500 officers on the streets to ensure security amid concerns about violence as Rosales' supporters traversed sectors of the capital that are pro-Chavez.

A government helicopter flew overhead and a heavy police presence was on hand, but there were no reports of disturbances.

Caracas' metropolitan police estimated the crowd at about 9,000, but reporters on the scene estimated the turnout was more than 10,000. The crowd packed full a 2-mile avenue.

"I'm marching for a different future, for better education," said Julia Pena, a 50-year-old teacher, who came out to show her support for the opposition for the first time since April 2002, when a short-lived coup toppled Chavez before he returned amid a popular uprising.

Chavez grabbed headlines recently when he called President Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

Rosales also appeared to rule out the possibility of a boycott against the Dec. 3 presidential election, urging people to vote despite worries about transparency and electronic voting machines. Major opposition parties boycotted congressional elections last year over such concerns.

"We must vote on Dec. 3 and not believe in the threats of the government," he said. "That doesn't help anybody."

Germany Drafts Policy For Europe To Strengthen Russian Ties (NYT)

By Judy Dempsey, International Herald Tribune

DOJ_NMG_0078154

The New York Times, October 8, 2006

BERLIN, Oct. 7 — The German Foreign Ministry is preparing a new policy toward the east that aims to tighten ties between Russia and Europe, but does not address human rights, a theme dear to Chancellor Angela Merkel.

According to Foreign Ministry officials, the Russian president, Vladimir V. Putin, has been informed of the policy and likes it. He will visit Germany on Tuesday for a meeting of the Petersburg Circle, a group established five years ago to promote economic, cultural, social and youth links between Russia and Germany.

The policy is described in an internal paper prepared by the ministry. The subtext is clearly Europe's increasing dependence on Russia to meet its energy needs.

But Mrs. Merkel won support from the German public last year by promising a more critical approach toward Russia, and her advisers say she prefers an approach to the east that takes into account the interests of Poland and the Baltic states, not just Western Europe's ties to Russia.

"The view of the chancellery is that we have to take care of Poland, Ukraine and the immediate neighborhood," said Jörg Himmelreich, a regional expert in the Berlin office of the German Marshall Fund of the United States.

The Foreign Ministry paper advocates the adoption of this policy by the European Union during Germany's six-month presidency of the bloc, which begins Jan. 1.

The gap in the approaches is, at least in part, a reflection of the power-sharing arrangement created after inconclusive elections last September. To create a governing coalition in Parliament, Mrs. Merkel crafted a deal between her Christian Democratic Party and the rival Social Democratic Party in which they split the posts in the 16-member cabinet and she became chancellor.

The Foreign Ministry's paper, titled "The German E.U. Presidency: Russia, European Neighborhood Policy and Central Asia," states that "Russia will play a central role in the German E.U. presidency."

In the ministry's vision, this policy would actively engage Russia and the post-Soviet states to bring them closer to Europe.

The section on Russia highlights the energy ties with Europe that were strengthened by Chancellor Gerhard Schröder, a Social Democrat, from 1998 to 2005.

Mr. Schröder developed a friendship with Mr. Putin. On losing to Mrs. Merkel last year, Mr. Schröder was immediately appointed to head a German-Russian gas consortium dominated by Gazprom, Russia's state-owned monopoly.

Some analysts say the Foreign Ministry's outlined policy is shortsighted, because it does not challenge energy relations.

"Germany is becoming increasingly dependent on Russia for its energy," said Prof. Claudia Kempfert, an energy expert at the German Institute for Economic Research. "This dependence is dangerous, given how Putin is trying to push foreign investors out."

Other experts note that it is uncertain that the policy described in the Foreign Ministry paper would lead to better relations.

"We don't have influence with Russia," said Roland Götz, a Russian expert at the government-financed German Institute for International and Security Affairs. "We cannot integrate Russia into NATO or the E.U., because Russia does not want to be integrated. We have no levers."

Germany's Comeback (WP)

By Jim Hoagland

The Washington Post, October 8, 2006

BERLIN -- Germany's richly deserved 60-year holiday from leadership abroad is ending sooner than many here would like. Since World War II, Germans have become comfortable with standing in the shadows of power while the Americans, the French and others shoulder the costly burden of claiming to run the world.

War-imposed modesty no longer shelters Angela Merkel's coalition government from having to show leadership in defining Europe's new relations with a suddenly assertive Russia, fixing an independent Kosovo's place in the Balkans and perhaps even shaping a broad response by secular societies to the challenges posed by militant Islam.

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This is an especially daunting agenda for Merkel's ideologically dissonant coalition. The chancellor's Christian Democrats and and their Social Democrat "partners" have been battling openly in recent months over domestic reforms. As a result, the chancellor's once-high approval rating has dropped like a stone.

But with power vacuums developing on the country's eastern and western borderlands and the United States bogged down in Iraq, Berlin understands that it is condemned to lead. A visitor finds the capital beset with angst -- but also bubbling with ideas -- about the approaching German moment in international affairs.

In January, Germany takes over the rotating presidency of the European Union for six months while also serving as host for next year's Group of Eight summit. Both jobs involve setting agendas for others, organizing joint action plans and putting out unexpected diplomatic brush fires when national interests collide.

Merkel will stand pretty much alone in doing this. A looming leadership change and urgent domestic problems in France render inoperative the French-German duopoly that often runs European affairs. Britain and Italy are disabled as potential leadership partners for similar reasons.

To the east, political turmoil in Poland and Ukraine makes the task of designing an E.U. "neighborhood policy" more difficult and more urgent. And Germany will be in the saddle as negotiations get underway on a 10-year strategic cooperation agreement between the European Union and Russia just as Russia is flexing its muscles toward Georgia, other ex-Soviet states and an energy-needy Europe.

Fortunately, Merkel continues to distance herself from President Vladimir Putin -- or rather from the unhealthily supine relationship with Putin pursued by her predecessor, Gerhard Schroeder, now employed by Russia's national pipeline company to oversee a deal he blessed while in office.

Merkel returned fuming from a triangular summit last month with Putin and French President Jacques Chirac, suggesting privately that this would be the last such gathering of the three-power group, which originated in opposition to the U.S. invasion of Iraq. Merkel's mood was not helped by Chirac's public announcement that the meeting would be held in the northeastern French town of Compiegne -- the site of Germany's surrender in World War I and of Hitler's infamous victory jig in 1940 -- before he informed Merkel.

In any event, Merkel and Putin are circling each other cautiously as the Russians seek a legally binding new "strategic partnership" with the European Union that would dilute Europe's transatlantic commitments. Merkel instead would like to see a common European-American energy strategy take shape to reduce the political leverage of Russia and other oil and gas producers. That idea has not evoked enthusiasm in Washington yet, but it should.

Moscow also plays hardball with Berlin by demanding that the final status of the former Serbian province of Kosovo be determined through a negotiated settlement with the Serbs.

Official German thinking projects Kosovo moving next year from U.N. administration to declared independence with limited sovereignty. The new state would have no army, and U.N. membership and other diplomatic recognition would be phased in over a decade.

Too timid for the Kosovars and perhaps for the Bush administration, the ideas will nonetheless anger Russia and upset Serb allies in the European Union. The Kremlin is already warning Berlin that Kosovo independence of any kind will bring disaster. It will set a precedent for breakaway factions in Georgia, Moldova and other places where there are "frozen conflicts" to pursue self-determination, with Russian help.

Berlin's new diplomatic activism complements the recent groundbreaking German military deployments abroad that have been the subject of previous columns, and the efforts by Wolfgang Schaeuble, Merkel's highly able interior minister, to counter militant Islam's challenges to European concepts of freedom of speech and equality of the sexes, the subject of a future column here.

For now it is time to welcome the Germans back from the frustrations and joys of living on history's outskirts and to hope that this time their ideas are stronger than their angst.

A Dying Population (LAT)

By Kim Murphy, Times Staff Writer

DOJ_NMG_0078156

The Los Angeles Times, October 8, 2006

The nation is succumbing to a low birthrate, disease and despair. Leaders see the trend as a security threat.

Welcome to Kstinovo, population one.

Antonina Makarova, 78, spends her days watching news and soap operas in her peeling wooden dacha, the only inhabited structure in two lanes of sagging cottages that once were a village. Her nearest neighbor, 80-year-old Maria Belkova, lives in adjacent Sosnovitsy, population two. But she can't hear anymore, and all in all, Makarova finds the television better company.

"All the houses here were filled with people. There was a cheese factory. But now everyone else has died. God has taken care of them, and he's still making me suffer," Makarova said. "Even the thieves have disappeared."

The Tver region, along the upper reaches of the Volga River 130 miles north of Moscow, is dotted with more than 1,400 villages such as Kstinovo labeled nezhiloye — depopulated. Since 1989, the number of people here has shrunk by about 250,000 to about 1.4 million, with deaths outnumbering births more than 2 to 1.

The Tver region is far from unusual in this country.

Russia is rapidly losing population. Its people are succumbing to one of the world's fastest-growing AIDS epidemics, resurgent tuberculosis, rampant cardiovascular disease, alcohol and drug abuse, smoking, suicide and the lethal effects of unchecked industrial pollution.

In addition, abortions outpaced births last year by more than 100,000. An estimated 10 million Russians of reproductive age are sterile because of botched abortions or poor health. The public healthcare system is collapsing. And many parents in more prosperous urban areas say they can't afford homes large enough for the number of children they'd like to have.

The former Soviet Union, with almost 300 million people, was the world's third-most populous country, behind China and India. Slightly more than half of its citizens lived in Russia. The country has lost the equivalent of a city of 700,000 people every year since the collapse of the Soviet Union in 1991, only partially offset by an influx of people from other former Soviet republics.

A country that sprawls across one-eighth of the globe is now home to 142 million people.

The losses have been disproportionately male. At the height of its power, the Soviet Union's people lived almost as long as Americans. But now, the average Russian man can expect to live about 59 years, 16 years less than an American man and 14 less than a Russian woman.

Sergei Mironov, chairman of the upper house of Russia's parliament, said last year that if the trend didn't change, the population would fall to 52 million by 2080.

"There will no longer be a great Russia," he said. "It will be torn apart piece by piece, and finally cease to exist."

That may be an overstatement, but there are serious questions about whether Russia will be able to hold on to its lands along the border with China or field an army, let alone a workforce to support the ill and the elderly.

The government, flush with revenue from record prices for the country's oil exports, has started to respond. President Vladimir V. Putin this year pledged payments of $111 a month to mothers who elected to have a second child, plus a nest egg of $9,260 to be used for education, a mortgage or pensions. He also called for renewed efforts to attract ethnic Russians still living in the former Soviet republics.

"Russia has a huge territory, the largest territory in the world," Putin said. "If the situation remains unchanged, there will simply be no one to protect it."

'This Infection in Us'

The economic earthquake of Russia's transition from communism to capitalism plunged tens of millions into poverty overnight and changed the value systems upon which many had planned their lives.

A small minority, mostly in urban centers such as Moscow and St. Petersburg, were able to exploit the absence of rules in the chaotic 1990s to become fabulously wealthy. But such a profound social transition, coming at the end of a century of war, revolution and ruthless social experimentation, condemned a great many more to a deep malaise.

Those who lost out have proved susceptible to drinking, smoking and other habits that killed millions of Russians even in the best of times. In more extreme cases, they kill themselves.

The suicide rate jumped nearly 50% during the 1990s; half a million people killed themselves from 1995 through 2003. Russians fling themselves from balconies, slash their wrists or simply walk out in the snow on a bitter night.

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Russia's suicide rate, at about 36 per 100,000 people, is second only to that of Lithuania, according to the Serbsky National Research Center for Social and Forensic Psychiatry. In some remote areas of Russia, the rate exceeds 100 per 100,000.

Nikolai Zavada, a 21-year-old musician who goes by the name Serial Self-Killer, posted a song on http://www.mysuicide.ru , a well-known website that was later shut down because of public pressure:

I'm going out.

And it doesn't matter whether it's up or down.

Or who's holding your hand, an angel or otherwise….

The cold has worn me out.

"People have a lack of hope," Zavada said in an interview. "That all their efforts are in vain. And also, they have a feeling of eternal emptiness."

Russia's transformation from a society that guaranteed employment means that millions of people, especially in the provinces, "have become surplus; they do not have a place in the current economy," said Andrei Demin, president of the Russian Public Health Assn., a nongovernmental advocacy group.

"They do not protest openly. They protest inside," he said. "And the most extreme form of protest is just dying."

Others tried to adapt, and still failed. Birthrates declined, not only because couples such as those elsewhere in Europe elected to have fewer children, but because they couldn't afford to have large families.

Roman Kiptenko, 35, has a family, his health and two university degrees, but his life is turning out far differently than he had imagined. The national parks institute where he worked disintegrated in the Soviet collapse. He now works as a technical director in a friend's advertising company in Moscow. But the firm is small and its future uncertain. His wife was laid off last spring from her job as a dental office manager.

Kiptenko has begun to realize that they might never do better than the $330-a-month apartment — a cramped living room adjoining a tiny kitchen — where they live with their 10-year-old daughter. Kiptenko and his wife sleep on a pullout sofa. Their daughter's bed in the corner seats guests by day, her toys stacked neatly to one side. Clothing is stacked in cupboards next to Kiptenko's computer.

"At first, situations would come up when my wife would talk about wanting another child," he said. "But gradually, she stopped raising those questions."

Alexei Chaika, another Moscow resident, blamed the heart attack he suffered at 27 on stress from his job as a transportation manager for a construction company. Recovering at a clinic in the capital, he said he had worked every day until 11 p.m., and every weekend for months on end, all for a salary of $525 a month.

"At work, the tension is very high, and you have to quarrel with people," he said. "Somebody hits me on the back of my head; I hit someone lower than me; he hits somebody else."

Although the problems are surfacing in the post-Soviet period, some argue that their cause can be found in communism's willful destruction of generations of the country's most capable and adaptable people.

"Seventy-five years of Bolshevik life in this country led to the formation of a tribe of people which was cultivated to listen to orders, and fulfill them," said Alexander Gorelik, a St. Petersburg physician. Stalinism, he said, aimed for "the planned and gradual physical destruction of the most moral, the most creative group of the population."

"There is such a thing as a will for life. And the whole trouble is that the Russian public in general, and especially the male population, has a big deficiency in this area."

Vyacheslav Pushkarev, a Russian Orthodox priest who oversees several congregations in Siberian villages now too small to have a full-time cleric, said the Soviet system destroyed bodies and spirits in equal proportion.

"We are left with this infection in us, this sickness of degradation in everything around us because we were all part of it," he said. "We're living in a huge bowl here, and we're all getting boiled together."

Drowning in Alcohol

Many a Russian village that once might have been the subject of an idyllic painting of ruddy-cheeked peasants leading tired horses through the fields are now part of a twilight world of illness, drunkenness and stunning lethargy.

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Moscow has the second-largest concentration of billionaires in the world. But one-fifth of all Russians live on less than $38 a month, many of them in the countryside. The collapse of collective farming and the failure to replace it with viable private agriculture has left thousands of villages in limbo, their residents living on minuscule government stipends, odd jobs, kitchen gardens — and vodka.

There is a long history of alcohol abuse in Russia. Soviet President Mikhail S. Gorbachev tried to tackle the problem 20 years ago by limiting the production and distribution of liquor. Male life expectancy increased three years.

But consumption levels shot back up as soon as the controls were eased. The average Russian drinks five gallons of pure alcohol a year, causing an estimated 900,000 deaths over the last decade from acute alcohol poisoning, fights and accidents, according to figures released by Tatyana Yakovleva, head of the Russian parliament's healthcare committee. Others suffer permanent brain damage or liver damage from homemade alcohol.

"People drink, and they drink a lot, and they drink for a long time, because they can't help but drink," said Yuliya Kovgan, 25, her voice trembling as she struggled to sit without falling over in a potato field on the edge of Ryazanovshchina, a Siberian village northeast of Irkutsk.

She was surrounded by a few dozen seed potatoes, an empty shot glass, a bottle of industrial-grade alcohol and her reeling brother, an unemployed roofer. Standing to the side in an old housecoat was Larisa Berezhnaya, her 53-year-old mother, tapping a grimy foot and affecting a disdainful air; it became apparent that she was drunk too.

"This is our life; we call it normal. We plant potatoes, we dig them out, and that's it," Berezhnaya shrugged. "There's nothing for people here."

A few decades ago, Ryazanovshchina was a collective farm center with thriving livestock operations and about twice its current population. Men would go into the forests to fell timber all summer and the women would celebrate their homecoming with samovars of tea in the street. But without the support of the Soviet state, one by one the farms failed.

Last winter, villagers say, someone burned down a neighbor's hay shed when she wouldn't give a bottle on credit. In a nearby town, a drunk grandmother threw a crying infant out the window of her fifth-floor apartment. Pushkarev, the regional archpriest, confided that the church in nearby Tikhonovka was not functioning because "the priest is on a drunken rampage."

Olga Kolotygina, 36, one of several women who have assumed leadership of the Ryazanovshchina town council, estimates that no more than half a dozen men among the village's 160 people are sober and "trying to improve their lives."

Much more typical is the filthy two-room shack at the end of a street where Lyudmila Borisova, 16, is looking after her three younger siblings. Her mother moved to the next town with her boyfriend, leaving the children behind.

While Borisova earns money by tending cattle in a pasture outside town, her siblings wander the village gathering handouts. They retire each night to a pair of bare mattresses. Borisova says she doesn't blame her mother for leaving, and she'll do the same when she can.

"There's nothing good here," she said.

AIDS Strikes the Young

It has been five years since Svetlana Glukhova was diagnosed as HIV-positive, but she says she still has no idea whether she needs drug therapy. Doctors at the only AIDS center in her city do not have the necessary laboratory equipment to decide that.

She does know that even when she took her first AIDS test, the sores on the fingers she once used to inject heroin already were failing to heal.

The United Nations says Russia has more people infected with HIV than any other country in Europe, due in part to "extraordinarily large numbers of young people who inject drugs."

But the disease has spread widely through the population, and more than half of all new cases result from heterosexual intercourse. Officially, more than 300,000 Russians are infected with HIV or have AIDS, but the U.N. says the number could easily be much higher.

The problem is not as serious as Africa's. The difference, experts say, is that African birthrates are high enough to replace those who die. Not so in Russia.

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Compounding the problem, the prevalence of AIDS among young people threatens to add to the population decline by killing them before they can bring a new generation into the world.

Murray Feshbach of the Woodrow Wilson International Center for Scholars in Washington, one of the world's leading experts on Russian health and demographics, said in a study that 80% of Russian AIDS patients are younger than 30. In the West, it's nearly the reverse: 70% are older than 30.

That means 5 million to 10 million Russian teenagers could contract the disease within a few years, federal health officials say. The Russian Military Medical Commission has recorded a twenty-fivefold increase in the number of HIV-positive military conscripts in the last five years, Feshbach said.

"Even optimistically, you're looking at 250,000 deaths a year from AIDS alone in 2020, and pessimistically, we're talking about 650,000 a year," Feshbach said.

Deaths among adults between the ages of 25 and 49 would be particularly devastating, he said.

The Russian government pledged in 1995 to provide free AIDS treatment. But more than a decade later, only about 5,000 people are getting antiretroviral drug therapy.

Putin announced a twentyfold increase in funding this year, providing $120 million for the treatment of perhaps 15,000 AIDS patients.

A coalition of nongovernmental organizations known as the Global Fund is allocating another $120 million to treat as many as 50,000 additional patients through 2010.

But the World Health Organization said in June that shortages in AIDS drugs had developed in several regions, apparently resulting in interruptions in treatment and possibly some deaths.

Akrom A. Eltom, the agency's AIDS program leader in Moscow, said patients who had been coaxed with great difficulty into a healthcare system that strongly stigmatized them might not return, endangering their health and encouraging the development of drug-resistant strains of the disease.

Glukhova said AIDS patients in the city of Tula, the arms manufacturing center 112 miles southwest of Moscow where she lives, would be ostracized if they went public. She said she wouldn't dare talk to Russian news media without covering her face.

"If I uncover my face, I will be eaten alive at the bus stop tomorrow," she said in an interview. "I will lose my job, without any doubt."

Glukhova headed a support network of fellow HIV patients in Tula until international funds ran out in 2004. She said doctors told her they estimated that 1,000 people in Tula — population 600,000 — needed drug therapy for AIDS, but only 10 were getting it — and only partial treatment at that.

"When I asked the doctors in the AIDS center about this therapy, they just shrugged their shoulders. Because when I told them I heard there are three drugs you're supposed to take, they had a notion of what I was talking about, but they don't have access to it. The maximum they can offer you is just one drug," Glukhova said.

Sitting in a dimly lighted cafe that doubles as a dance hall on Saturday nights, Glukhova wiped away tears and said she was watching her friends slowly die.

"One person I know, he was trying to stifle all his pangs by injecting and injecting himself with drugs. He couldn't even get up from his bed anymore, but he continued to call his friends and ask for more drugs," she said.

"When I said to him, 'Let me take you to the hospital, let me try to get something for you,' he waved me away.

"Some people have such moments of despair that they just don't have the guts to struggle for their life anymore."

Yakov Ryzhak of The Times' Moscow Bureau contributed to this report.

Outspoken Putin Critic Shot Dead In Moscow (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 8, 2006

MOSCOW, Oct. 7 -- Anna Politkovskaya, a Russian journalist whose byline defined the fading craft of investigative and crusading reporting in President Vladimir Putin's Russia, was fatally gunned down Saturday in the lobby of her apartment building in central Moscow.

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Politkovskaya, 48, was renowned for her probes of the brutality of Russia's military campaign in Chechnya as well as the banality of corruption permeating Russian life, from the remote provinces to the bright lights of Moscow.

Born to Soviet diplomats in New York in 1958, Politkovskaya, who also had American citizenship, chronicled nearly every major story in Russia in the past decade. Her reporting often clashed with official versions of such events as the hostage crisis at a theater in Moscow in 2002 and the bloody end of a school siege in Beslan in 2004.

She was a harsh critic of Putin's rule and was working on a story about torture in Chechnya, where a Kremlin-backed strongman has all but routed a separatist movement that sparked two bloody wars, at a cost to Russia that has yet to be measured.

The article was to be published Monday, according to her newspaper, Novaya Gazeta, one of the few independent media outlets in a country where much of the press is timid if not directly controlled by central authorities or regional power brokers.

Former Soviet leader Mikhail Gorbachev, who is said by friends to be concerned about the increasing lack of pluralism in the country, became a minority shareholder in the newspaper this summer.

"It is a savage crime against a professional and serious journalist and a courageous woman," Gorbachev told the Russian news agency Interfax. "It is a blow to the entire democratic, independent press. It is a grave crime against the country, against all of us."

The Kremlin issued no immediate comment on the killing.

The attack was the highest-profile killing of a journalist in Russia since July 2004, when Paul Klebnikov, an American editor of the Russian edition of Forbes magazine, was gunned down outside his office. Twelve journalists have been killed since Putin came to power in 2000, and most of the cases remain unsolved.

Politkovskaya's name carried the kind of weight in Russia that the names Woodward and Hersh carry in the United States. She was unapologetically contrarian and distinguished by her willingness to go to the scene of whatever crisis captured her attention.

During the Moscow theater siege, she entered the building and spoke directly to the hostage-takers. On her way to Beslan to report on the crisis there, she became ill, leading to allegations that she had been poisoned to prevent her from reaching the school, where 331 people later died, most of them children.

"We had different positions on many issues, including issues related to the situation in the North Caucasus, but we always admitted Anna Politkovskaya's amazing fearlessness and inner freedom and her ability to defend her point of view," said Dmitry Rogozin, a member of parliament and former leader of the Motherland party.

Politkovskaya was shot twice, once in the head, at 4:20 p.m. The weapon was thrown at her feet, according to Vitaly Yaroshevsky, deputy editor in chief of her newspaper. He said police had obtained a surveillance tape from a camera on the street. The authorities described the attack as a contract killing, which they said was carried out by a young man dressed in black.

"There is no doubt she was killed for her professional activities," said Igor Yakovenko, general secretary of the Russian Union of Journalists. "She was an absolutely hard-edged person and honest journalist who tackled the toughest subjects."

Politkovskaya's newspaper said it would conduct its own investigation of the killing.

The shooting occurred on Putin's birthday and closely followed the birthday of his anointed leader in Chechnya, Ramzan Kadyrov. Angry journalists here could not let the coincidence pass.

"Apparently, this was a present for the two leaders," Yakovenko said.

"Why do I so dislike Putin?" Politkovskaya had asked in her book, "Putin's Russia." "I dislike him for . . . his cynicism, for his racism, for his lies . . . for the massacre of the innocents which went on throughout his first term as president."

Politkovskaya, the mother of two children, is also the author of "A Dirty War: A Russian Reporter in Chechnya".

In New York, the Committee to Protect Journalists described Politkovskaya's death as a "devastating development for journalism in Russia."

Journalist Critical Of Chechen War Is Shot Dead (NYT)

By C. J. Chivers

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The New York Times, October 8, 2006

MOSCOW, Oct. 7 — Anna Politkovskaya, the veteran Russian journalist and author who made her name as a searing critic of the Kremlin and its policies in Chechnya, was found dead on Saturday in her apartment building, shot in the head with a pistol, the authorities and her colleagues said.

Ms. Politkovskaya, 48, was a journalist with few equals in Russia. She was a special correspondent for the Novaya Gazeta newspaper and had become one of the country's most prominent human rights advocates.

In recent years, as the Russian news media faced intensifying pressure under the administration of President Vladimir V. Putin, she maintained her outspoken stance. And she became an international figure who often spoke abroad about a war she called "state versus group terrorism."

She was a strident critic of Mr. Putin, whom she accused of stifling civil society and allowing a climate of official corruption and brutality.

She was found dead by a neighbor shortly after 5 p.m. A Makarov 9-millimeter pistol had been dropped at her side, the signature of a contract killing, Vitaly Yaroshevsky, the deputy editor of Novaya Gazeta, said in a telephone interview.

"We are certain that this is the horrible outcome of her journalistic activity," he said. "No other versions are assumed."

In Washington, the State Department spokesman, Sean McCormack, said the United States "urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute and bring to justice all those responsible for this heinous murder."

The former Soviet president Mikhail S. Gorbachev, a shareholder of the newspaper where Ms. Politkovskaya worked, called her killing "a savage crime."

"It is a blow to the entire democratic, independent press," he told the Interfax news agency. "It is a grave crime against the country, against all of us."

Accounts about where she died conflicted, with some law enforcement authorities saying she was found inside the entrance of her apartment building and others saying she was in the elevator.

The police said a security video camera had recorded the image of her presumed killer: a tall young man in dark clothes and a black baseball cap. They said a search for him had begun.

Ms. Politkovskaya, who had two adult children, had worked for Novaya Gazeta since 1999, and covered the second Chechen war and the terrorist siege of a Moscow theater in 2002. One of her books, "A Small Corner of Hell: Dispatches from Chechnya," recorded her impressions of the war's unrelenting and often macabre cruelty, and the manifest corruption of many of its participants.

She wrote of torture, mass executions, kidnappings to gain ransom and to eliminate rebel suspects, and the sale by Russian soldiers of Chechen corpses to their families for proper Islamic burial. Her writing cemented her place as one of the war's most vocal domestic critics.

"The army and police, nearly 100,000 strong, wander around Chechnya in a state of complete moral decay," she wrote. "And what response could one expect but more terrorism, and the recruitment of new resistance fighters?"

Since the collapse of the Soviet Union, Russia has been one of the world's more difficult and dangerous countries for journalists. The climate has continued in recent years; at least 12 journalists have been killed in Russia in contract-style murders since 2000, according to the Committee to Protect Journalists.

None has been solved, including the contract killing in 2004 of Paul Klebnikov, the American editor of Forbes magazine's Russian-language edition.

Ms. Politkovskaya had received death threats in the past, and at least once had left the country fearing for her safety. In 2004 she claimed to have been poisoned while en route on an airplane to cover the public school siege in Beslan; she passed out on the flight but survived. Mr. Yaroshevsky also said that Novaya Gazeta had briefly placed her under protective guard a few years ago.

But as prosecutors opened an investigation into what they called premeditated murder, her colleagues expressed astonishment that she had been killed in such a fashion, saying her public stature had seemed to lend her an aura of invincibility.

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"She was doing such risky things for such a long time that it seemed she had transcended the danger," said Tanya Lokshina, chairwoman of Center Demos, a Moscow-based human rights organization. "I am ashamed to say it, but we all felt she was next to a monument, and that she was an icon."

Ms. Lokshina said she had been with Ms. Politkovskaya two weeks ago in Stockholm, and that nothing seemed out of order. "She never spoke about any current threats," she said. "Everything seemed quite normal. She seemed happy and never referred to anything suspicious."

Mr. Yaroshevsky said that Ms. Politkovskaya had been at work on Saturday finishing an article for the Monday paper about torturers in the government of Ramzan A. Kadyrov, the pro-Kremlin premier of Chechnya. He said the story included evidence and pictures.

In an interview in April with The New York Times, Ms. Politkovskaya said she had evidence of torture in Chechnya by Mr. Kadyrov's police and other gunmen, including at least one witness who had been tortured by Mr. Kadyrov himself. Mr. Kadyrov has always vigorously denied such allegations.

Mr. Yaroshevsky said there were no immediate theories about who might be behind her killing, and noted that it might be convenient for an enemy of Mr. Kadyrov to kill Ms. Politkovskaya in order to blacken the Chechen premier's name.

The paper had been expecting her to file the article on Saturday night, he said, and she had apparently been killed after she left her apartment for a trip to a nearby store. The RTR television station reported that investigators believed that she had been followed throughout the day.

Russian Who Reported On Chechnya Killed (AP)

By Maria Danilova, Associated Press Writer

AP, October 8, 2006

A journalist who chronicled Russian military abuses against civilians in Chechnya, garnering awards and accolades from around the world, was found shot to death Saturday in her apartment building. Prosecutors suspect her killing could be connected to her investigative reporting.

Anna Politkovskaya, 48, was found dead in an elevator in the building in central Moscow, police, prosecutors and a colleague said.

Prosecutors have opened a murder investigation, said Svetlana Petrenko, spokeswoman for the Moscow prosecutor's office. Investigators suspect the killing could be linked to her work, Vyacheslav Rosinsky, Moscow's first deputy prosecutor, said on state-run Rossiya television.

Rosinsky said a pistol and bullets were found at the site of the crime. The RIA-Novosti news agency, citing police officials, reported that Politkovskaya was shot twice, the second time in the head.

The ITAR-Tass news agency reported that work was under way on a composite sketch of the attacker based on footage recorded by a security camera at the building. The assailant, believed to have acted alone, wore black.

Politkovskaya, who wrote for the Novaya Gazeta newspaper, chronicled the killings, tortures and beatings of civilians by Russian servicemen in Chechnya in reports that put her on a collision course with the authorities but won her numerous international awards.

"People sometimes pay with their lives for saying out loud what they think. People can even get killed just for giving me information," Reporters Without Borders quoted her as saying at a press freedom conference in Vienna in December.

In Washington, State Department spokesman Sean McCormack said the United States was shocked and profoundly saddened by the murder of a journalist who devoted much of her career to "shining a light on human rights abuses and other atrocities of the war in Chechnya" and the plight of Chechen refugees.

"The United States urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute, and bring to justice all those responsible for this heinous murder," McCormack said in a statement.

Politkovskaya also wrote a book critical of Russian President Vladimir Putin and his military campaign in Chechnya, documenting widespread abuse of civilians by government troops. And she was a persistent critic of Chechnya's Moscow-backed Prime Minister Ramzan Kadyrov, accusing his security forces of kidnapping and torturing civilians.

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In "Putin's Russia," Politkovskaya wrote of more than a million soldiers and officers who have passed through the Chechnya experience.

"Poisoned by a war on their own territory, they have become a serious factor affecting civilian life. They can no longer simply be left out of the social equation," she wrote.

Politkovskaya began reporting on Chechnya in 1999 during Russia's second military campaign there, concentrating less on military engagements than on the human side of the war. She wrote about the Chechen inhabitants of refugee camps and wounded Russian soldiers — until she was banned from visiting the hospitals, said Oleg Panfilov, director of the Moscow-based Center for Journalism in Extreme Situations.

"Whenever the question arose whether there is honest journalism in Russia, almost every time the first name that came to mind was Politkovskaya," he said.

Politkovskaya had frequently received threats, Panfilov said. A few months ago, unknown assailants had tried unsuccessfully to break into a car her daughter, Vera, was driving, he said.

In 2001, she fled to Vienna, Austria, for several months after receiving e-mail threats alleging that a Russian police officer she had accused of committing atrocities against civilians was intent on revenge. The officer, Sergei Lapin, was detained in 2002 but the case against him was closed the following year.

"There are journalists who have this fate hanging over them. I always thought something would happen to Anya, first of all because of Chechnya," Panfilov said, referring to Politkovskaya by her nickname.

In 2004, she fell seriously ill with symptoms of food poisoning after drinking tea on a flight from Moscow to southern Russia during the school hostage crisis in Beslan. Her colleagues suspected the incident was an attempt on her life.

She was one of the few people to enter the Moscow theater where Chechen militants seized hundreds of hostages in October 2002 to try negotiating with the rebels. She later devoted much of her investigative reporting to that crisis, in which 129 victims died, the overwhelming majority succumbing to the gas used by special forces to knock out the hostage-takers.

"Anna was a hero to so many of us, and we'll miss her personally, but we'll also miss the information that she and only she was brave enough and dedicated enough to dig out and make public," said Joel Simon, executive director of the New York-based Committee to Protect Journalists.

The 46-nation Council of Europe, a leading human rights watchdog whose executive body is currently led by Russia, called for her death to be investigated quickly and convincingly.

"We have all lost a strong voice of the kind which is indispensable in any genuine democracy," said the council's secretary general, Terry Davis.

Politkovskaya's murder is the highest-profile killing of a journalist in Russia since the July 2004 slaying of Paul Klebnikov, editor of the Russian edition of Forbes magazine.

Russia has become one of the deadliest countries for journalists. Twenty-three journalists were killed in Russia between 1996 and 2005, many in Chechnya, according to the Committee to Protect Journalists. At least 12 have been murdered in contract-style killings since Putin came to power, Simon said.

"None of those have been adequately investigated," he said. "We do know that record creates an environment where those who might seek to carry out this murder would feel that there would be few likely consequences."

The intimidation and murder of 12 journalists in Russia in the past six years, including American citizen Paul Klebnikov on July 9, 2004 is an affront to free and independent media and to democratic values.

In addition to her daughter, Politkovskaya is survived by a son, Ilya, Panfilov said.

During her career, Politkovskaya received more than 10 awards and prizes, including an award for human rights reporting from the London-based Amnesty International; a freedom of speech award from the Paris-based watchdog Reporters Without Borders; and a journalism and democracy award from the Organization for Security and Cooperation in Europe.

Acclaimed Reporter Killed In Russia (LAT)

By David Holley

The Los Angeles Times, October 8, 2006

DOJ_NMG_0078164

Anna Politkovskaya, known for writing about human rights abuses in Chechnya, is shot in an apparent assassination.

MOSCOW — A prominent Russian journalist known for reporting of human rights abuses in war-torn Chechnya was shot and killed Saturday in her apartment building in what colleagues and authorities described as an apparent assassination.

Anna Politkovskaya, 48, was shot in the chest as she was getting out of an elevator, then shot in the head, the Russian news agency RIA Novosti reported, citing investigative sources. The image of the suspected killer was captured on a surveillance videotape, the agency said.

"We have a feeling, almost an assurance, that it is political murder," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta, the newspaper where she worked. "It was certainly related to her professional activities."

Politkovskaya, known to her friends as Anya, was one in a series of prominent officials and journalists to die violently in post-Soviet Russia, and her slaying sent a chill through Russia's community of pro-democracy and human rights activists.

Last month, gunmen shot and killed a senior central banker, Andrei Kozlov, who had been involved in shutting down banks suspected of money laundering. American journalist Paul Klebnikov, editor of the Russian edition of Forbes magazine, was gunned down near his office in 2004.

Politkovskaya, a mother of two, was considered one of the toughest critics of Russian President Vladimir V. Putin and of pro-Moscow Chechen Prime Minister Ramzan Kadyrov. One of her areas of expertise was documenting mistreatment of ordinary Chechens by Russian troops or forces loyal to Kadyrov.

Yaroshevsky said Politkovskaya had been working on an article about torture in Chechnya that was due to run in Monday's paper.

"As far as I know she was planning to write about Kadyrov people who torture people in order to get confessions from them for anti-government activities," Yaroshevsky said. "I don't know whether she managed to complete her story. But if she did, or there are some drafts left, we will certainly publish it. We know that she had testimonies from those who were tortured, and photos of them."

Former Soviet President Mikhail S. Gorbachev, who recently purchased a major interest in Novaya Gazeta, described Politkovskaya's killing as "a savage crime against a professional and serious journalist and a courageous woman."

"It is a grave crime against the country, against all of us," Gorbachev told the Russian news agency Interfax.

The killing of Politkovskaya led to speculation that it was ordered by someone loyal to Kadyrov or Putin who wanted to eliminate an influential critic. But Yaroshevsky said he didn't think the Kremlin was involved.

"If we were to think that, it would mean that we live in a country of cannibals," he said.

Gorbachev said he thought the killing was ordered by someone "who wants to cast a shadow both on the leadership of the country" and on the "positive" developments taking place in Chechnya, where separatist rebels appear to have been greatly weakened and Kadyrov has reimposed a semblance of order.

Politkovskaya had an exceptionally high international profile for a Russian journalist. She was frequently quoted as an analyst by Western media, and she received more than 10 awards and prizes in her career from groups such as Amnesty International, Reporters Without Borders and the Organization for Security and Cooperation in Europe.

In a 2002 opinion piece for the Los Angeles Times, Politkovskaya chided the West for its faith in Putin.

"Today's regime in Russia, as personified first and foremost by Putin, is interested only in power — to keep it, consolidate and augment it, and do it in such a way that opponents would not even be able to raise their heads," she wrote.

Politkovskaya was scheduled to be in Los Angeles to receive a Courage in Journalism Award from the International Women in Media Foundation in Beverly Hills on Oct. 24, 2002, but instead returned to Moscow in an effort to help resolve the takeover of a theater by Chechen militants. She was one of the few people to enter the theater and attempt to negotiate with the hostage-holding rebels, but the effort failed and authorities eventually stormed the theater. At least 129 hostages and all the rebels died.

After another hostage crisis in 2004, the seizure of a school in Beslan, Politkovskaya became seriously ill on a flight to the region and was hospitalized.

She and her doctors suspected poisoning, but it was never proved.

"I always had a list of journalists whose lives I am scared for," said Oleg Panfilov, director of the Moscow-based Center for Journalism in Extreme Situations. "Anya was first on my list."

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Alexei Venediktov, editor in chief of Echo of Moscow radio, one of the few broadcasting outlets still pursuing Western-style journalism in Russia, said that after word of Politkovskaya's death spread, some of his friends urged him to start using bodyguards.

"I think that this murder may contain a signal for all of us, but this signal is secondary," he said. "The first and primary target was Anna herself, as a journalist."

Lyudmila Alexeyeva, a former Soviet-era dissident who heads the Moscow Helsinki Group human rights organization, said she was sure the attack on Politkovskaya was "a purely political murder."

"As for me personally," she said, "I am not scared because I will turn 80 next year, so what can I be scared of?"

Murder In Moscow (WP)

The Washington Post, October 8, 2006

The Putin era of brutality claims a victim of rare courage.

ANNA POLITKOVSKAYA, who was murdered in her apartment building yesterday, knew it was dangerous to be an honest reporter in President Vladimir Putin's Russia. Yet, as he wielded a combination of blandishments and bullying to gradually reimpose authoritarianism on his country, Ms. Politkovskaya, 48 and the mother of two, never yielded. Whether reporting on Mr. Putin's dirty war in the separatist region of Chechnya or on the diminution of freedom at home in Moscow, she remained, if not unafraid, unbowed.

Chances are Ms. Politkovskaya's murderer will never be officially identified. At least a dozen other journalists have been murdered in contract-style killings in the past six years, according to the Committee to Protect Journalists, and not one of those murders has been solved. Human rights advocates and pro-democracy politicians have been struck down in the same way.

Yet it is quite possible, without performing any detective work, to say what is ultimately responsible for these deaths: It is the climate of brutality that has flourished under Mr. Putin. A former KGB agent himself, he inherited an imperfect democracy and systematically undermined its institutions. The media, political parties, local government, private business -- each in turn was neutered. Loyalty to Mr. Putin has become the quality that matters most, and any opponent is labeled an enemy, to be bankrupted, imprisoned or worse. Meanwhile, ugly nationalism was permitted to flourish.

Now you can see these same values being applied to foreign policy. The independent nation of Georgia, to Russia's south, has not displayed adequate fealty in Mr. Putin's view; it wants to be a democracy, with normal ties to the West. So the czar has launched an ugly campaign of threats against the country and the hundreds of thousands of ethnic Georgians who live in Russia. It is a dangerous moment.

Through all this, the Bush administration has responded with timid complaints bracketed, until recently, by absurd protestations that Russia was moving, overall, in the right direction. France and Germany, dependent on Russian natural gas, have bowed even more cravenly. Against these studies in amoral pragmatism, the courage of small nations, such as Georgia, and lone heroes, such as Anna Politkovskaya, shines all the more luminously.

"Taking a risk comes with the job," she said in 2002, as she accepted an award for courage from the International Women's Media Foundation. "And if you cannot take it any more, if you are unwilling to risk, you have to leave.

"As for myself," she concluded four years ago, "I am not tired yet."

Our Failure In Europe's East (WP)

By Bruce P. Jackson

The Washington Post, October 8, 2006

At Warsaw University in 2002, in what many believe to be his finest speech, President Bush advanced a vision of a free and complete Europe that would stretch "from the Baltic to the Black Sea." At the end of next month, when they gather in Riga, Latvia, on the shores of the Baltic Sea, Bush and the NATO allies will have cause to wonder what happened to their hopes for Europe's East.

At the most superficial level, things never go well in Europe when the United States is preoccupied elsewhere. This was true in 1956 during the Suez crisis, when the Soviet Union invaded Hungary, and again in 1968, when the Vietnam War drowned out interest in the suppression of the Prague spring. Given NATO's difficulties in Afghanistan and the bloody frustration of the

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United States in Iraq, it is not surprising to see Russia bullying its way around its former empire and threatening energy-dependent Europe.

But the newly powerful Kremlin, flush with oil money, is not the real problem of Europe's East. Even truculent Turkey, which now seems lost in a strange haze of anti-Americanism, anti-Semitism and vaguely Islamist nativism, is not the problem. Turkey has been the "sick man" of Europe for at least a century, and Russia has been a threat to its neighbors far longer. What has changed is that Europe has finally reached the frontiers of its influence and has no idea what to do with its new neighborhood.

To the south of Vienna lie Croatia, Macedonia, Serbia, Montenegro, Bosnia, Albania and Kosovo, which have been waiting on Europe's doorstep since the wars of Yugoslav succession ended in 1999. This year at the NATO summit the top three candidates, Albania, Croatia and Macedonia, can only hope for an honorable mention on the back pages of the summit communique.

The rest of the Western Balkans has even less interaction with Europe. Over 70 percent of university students in Serbia have never set foot outside their country. This may not be surprising to Americans, but it is shocking on a continent as interconnected as Europe. Albanian students have given up trying to get visas to visit Italy and now spend their vacations in Libya.

Comparatively, however, the Western Balkans are the most fortunate of the countries in Europe's East. In December, when Romania enters the European Union, Europe will border Moldova, whose gross domestic product is roughly half of Haiti's. Moldova's wine, by far its most important product, is embargoed both by Russia, because of Moldova's deviationist pro-Western tendencies, and by the European Union, because of the high quality and low cost of the wine itself. In a triumph of enlightened E.U. policy and in keeping with the law of unintended consequences, Moldova's largest cash export to Europe today is sexually trafficked women.

Like Moldova and the western Balkans, Ukraine also suffers from the tendency of both Washington and Brussels to isolate what they do not understand. Since the early 1990s the United States has pursued a manic-depressive policy toward the largest country in Eastern Europe -- and for that matter toward the country with the largest Jewish population remaining in Europe.

At first, in the infamous "Chicken Kiev" speech, delivered by President George H.W. Bush in 1991, we advised Ukraine to remain part of the Soviet Union. We then celebrated Ukraine's independence and its common-sense president, Leonid Kuchma -- until we decided that Kuchma was an autocrat who sold radars illegally to Saddam Hussein. It turns out that this did not happen, but you get the point. The same unpredictable volatility characterizes the ups and downs of our response to the coalition government in Kiev today. Seventeen years after the fall of the Berlin Wall, the United States and Europe cannot maintain a consistent policy toward Ukraine from one day to the next.

What confounds both Europe and the United States are the complexity of post-Soviet societies and the impotence of Western institutions. But instead of combining our efforts with those of the European Union to end the isolation of Europe's East, we have allowed the fecklessness of the European Union and the impatience of U.S. policy to re-create what the Soviet Union used to call its "near abroad." In effect, a vacuum of crime, underdevelopment and squabbling political elites now stretches from the Baltic states to the northern shore of the Black Sea. This is the sad Marshall Plan of our generation.

The problem of Europe's East is simply the loss of political vision in Washington and Brussels and the failure to keep the commitment to a Europe that is whole, free and at peace. One wonders: If this is the best Europe can do in its neighborhood and the best the United States can do together with Europe, what chances do we have in the Greater Middle East, where our ideas and influence count for far less than they do in Europe's unloved East?

The writer is president of the Project on Transitional Democracies and the U.S. Committee on NATO.

In A Long-Ago Revolution, Echoes For Today (NYT)

By Roger Cohen

The New York Times, October 8, 2006

FUNNY with history, how remote it can seem, and how close, even in teeming Times Square, scarcely an oasis of retrospection. Charles Legendy recalled being there the other day when his gaze turned to a black-and-white billboard of a tank emblazoned with the words “1956 Hungary” and, beneath that, “Our Revolution Was Not a Movie.”

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His wife, Annemarie, also looked up, and the elegant young man on the left of the tank in a European city rising in revolutionary ire against the Soviet empire caught her eye. She knew him, she felt, with a certain intimacy. "Charlie," she said, grabbing her husband and pointing at the photograph, "that's you!"

A half-century can concertina in a moment, eliding exile and a whole American life, and leaving a 69-year-old New Yorker, Mr. Legendy, back in the Budapest of his youth, on the eve of the Hungarian uprising of Oct. 23, 1956, living once again "that electric atmosphere, that absolute exhilaration."

Mr. Legendy's disorientation — he said it took him some time to accept that he was indeed captured in an image he'd never previously seen — is in some measure also every American's at this 50th anniversary. The Hungarian events are far away, but are they? Once again, in Middle Eastern guise, the United States confronts issues of containment or rollback, of moral principle or pragmatic caution, of liberty or stability.

"The same quandaries are posed, most fundamentally the question of how America can behave responsibly and whether it may be more tragic to engage in war against tyranny or refrain from it," said Paul Berman, an author who has written widely on European political history.

President Bush, who chose to tear down the status quo in Iraq and unleash violent instability in the name of liberty, has not hesitated to draw a straight line from Budapest to Baghdad.

He has compared the Iraqi government's pursuit of democracy to that of the patriots of 1956 and told Hungarians: "We've learned from your example, and we resolve that when people stand up for their freedom, America will stand with them."

That has a ring to it and the stamp of post-cold-war, neoconservative certainty. But the Eisenhower administration had also vowed to roll back Communism from Eastern Europe. Nonetheless, when Hungary rose, it was left to a bleak fate beneath the Soviet yoke. Liberty was set aside in favor of circumventing World War III.

Worse, America misled the freedom fighters. Radio Free Europe, Washington's mouthpiece, egged on the uprising, declaring on Nov. 4, 1956, that a "practical manifestation of Western sympathy is expected at any hour." At the same time, it disparaged the revolution's leader and martyr, Imre Nagy, as a compromised Communist.

A less felicitous mixture of misleading near-promises and maximal demands from an American knight-turned-bystander is hard to imagine. That rankles still, as all blots do on the idealism inextricable from the freedom-bearing narrative of American foreign policy.

"You can't incite people and then do nothing to help them," said Max Boot, a conservative commentator at the Council on Foreign Relations. "The closest parallel is what happened in 1991, when we told the Kurds and Shia of Iraq to rise up and abandoned them. That was really inexcusable, even more so than in 1956, when there were not really military options short of starting a world war."

Or were there? History happens, but only just. Few events are as tantalizing as the Hungarian uprising, whose initial few days saw Soviet hesitation and a growing belief that Nagy, the prime minister, could engineer some form of pluralist democracy — Titoism-plus — even within the Communist orbit. Might the exercise of militant American principle over pliancy have ushered Hungary toward the neutrality achieved by Austria in 1955?

The hypothetical has little value: what happened, happened. Thousands died; Hungary waited another 43 years to be free. But we now know from the Soviet archives that as late as Oct. 30, 1956, a week into the revolution, Nikita Khrushchev was still talking of "a military path," that of "occupation," or "a peaceful path" — "the withdrawal of troops, negotiation."

The die, it seems, was not altogether cast from the outset. Certainly that was the impression on the street, where Mr. Legendy, then a student at Budapest's technical university, recalled: "It seemed we could change the system. Russian troops were ordered to put down the uprising, but were inefficient, hesitant. We were almost sure America would intervene. After all, we were being attacked for being pro-American, and Radio Free Europe was encouraging us to end the regime."

But the United States was not ready to challenge the division of Europe between free and totalitarian spheres; and Britain and France were embroiled in the simultaneous Suez crisis, a Western attempt to reassert empire in the Middle East that proved less successful than Khrushchev's ultimate decision to impose Communist imperialism through force of arms.

No wonder Eisenhower expressed unease, in a discussion with his secretary of state, John Foster Dulles, at feelings that "we have excited Hungarians for all these years," and are "now turning our backs on them when they are in a jam." To which

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Dulles, according to a memorandum of the conversation on Nov. 9, 1956, responded that "we always have been against violent rebellion."

So goes history — and myriad human lives — floating on the whims and hesitations and little hypocrisies of the powerful. But Hungarian bloodshed and loss were not without catalytic effects.

The revolution jolted the West European left into the beginning of a rethinking of Communism, long an affair of the heart. "Hungary signaled to the West that it was not true that the masses supported Communism," Mr. Berman said.

It also carried Hungarians, on the wrong side of two world wars and Europe's division, to a rediscovered pride. Arthur Koestler is quoted in Kati Marton's "Great Escape," a new book on Budapest's loss of its Jewish intelligentsia, as saying that, "To be Hungarian is a collective neurosis." That state was eased by an uprising that became a collective point of reference in the nation's journey toward NATO and the European Union.

Finally, and perhaps most important, Hungary became an example for the Czechs, the Poles and others in the web of dissent and defiance that would lead to the fall of the Berlin Wall.

An optimist, and someone prepared to take the long view, might look to all these developments — a catalyzed region, a changed Western view of the acceptability of a totalitarian ideology, rediscovered national pride — and argue that the Iraqi invasion, for all its own terrible human cost, has also set in motion a cycle that will prove to be a liberating one.

Mr. Legendy, who fled Budapest in November 1956 and later studied at Princeton University, supports the invasion strongly, although he's a Democrat and believes grave mistakes have been made. "Because of my experience of Hungary, I feel very strongly about Iraq," he said. "The Baathists and the Communists are so close, first cousins. The cause of liberty is a great one."

His 23-year-old son, Gabriel, also a Princeton graduate and now a second lieutenant with the United States Army, is in Baghdad. Almost a month ago, on Sept. 11, Lt. Gabriel Legendy sent his parents a letter from Iraq saying he felt melancholy as he recalled the attack on America. "That day and my thoughts and feelings on it are such a benchmark in my life," he wrote. "Maybe this letter is my way of observing a moment of silence."

So a line of sorts does run from Budapest to Baghdad, from a Hungarian student in revolt against Communism a half-century ago to his son, a young American officer trying to fashion a free Iraq. But how best to craft liberty?

A realist might conclude from the events of 1956 and what followed, as well as from today's Iraqi mayhem, that totalitarianism must be tackled not by frontal assault, but by fostering resistance within — through a Polish pope, say, or the anti-Soviet, American-financed mujahedeen of Afghanistan of the 1980's.

Through subtlety, that is, and long-term probing, and knowledge and effective agents of influence — all apparently absent in the Iraq whose freedom the Bush administration likes to trumpet.

But perhaps there is a third view, and that is simply of history as tragedy, a process where sometimes no options, whether transformational or incremental, are good, and events may be as arbitrary as Mr. Legendy's extraordinary sighting of himself in Times Square.

The billboard was put up at a cost of $100,000 by the Hungarian Cultural Center, whose director, Laszlo Jakab Orsos, said: "What happened to Mr. Legendy illustrates the nature of history, which is no more than a chain of stories and lives, all interwoven, often in the most unexpected ways."

Latvia's Coalition Government Leads (AP)

By Gary Peach, Associated Press Writer

AP, October 8, 2006

The governing coalition in the former Soviet republic of Latvia was poised to retain power in Saturday's parliamentary election, nearly complete results showed.

With 89 percent of votes counted, Prime Minister Aigars Kalvitis' center-right coalition of three parties had 45 percent, the electoral commission said. The results give the coalition far more support in parliament than the main opposition New Era party which has no partners and cannot form a government.

If the results hold up, it would be the first time since Latvia regained independence in 1991 from the crumbling Soviet Union that a sitting government survived an election.

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New Era and the People's Party are both right-wing parties but have historically been at odds, and earlier this year New Era dropped out of the coalition government. Both parties are pro-European Union and favor eventual adoption of the euro currency.

With few hot issues in the campaign, the main question was which of the similar right-wing parties would be given a mandate to lead the traditionally shaky coalition government. Latvia has had 12 governments in 15 years of independence.

Gaining admission to the EU and NATO were the dominant goals after winning independence. With that achieved, a sense of complacency set in, analysts said. Latvia will host a NATO summit next month, seen as a way to cement the country's place in the international arena.

"I voted for the People's Party because I like Kalvitis and the way he's brought stability to the government," said Aija, 56, who refused to give her last name.

The electoral commission said voter turnout was 62.3 percent, 10 percentage points lower than in the last election in 2002.

President Vaira Vike-Freiberga urged voters to go to the polls as she cast her ballot in the capital, Riga.

"If a citizen does not make his choice now, someone else will make the choice for him," she said, according to the Baltic News Service.

Although the Baltic country remains among the poorest in the European Union, its economy was the fastest-growing in the bloc in 2005 when gross domestic product soared 10.2 percent.

In all, 19 political parties, consisting of 1,024 candidates competed in the race to fill the 100-member Saeima, or parliament.

The Toughest Job On Earth (WP)

By Edward C. Luck

The Washington Post, October 8, 2006

It's not easy being the U.N. secretary general. The men who've held the post like to call it the most impossible job on Earth. Its duties are largely undefined, and the whole world claims the right to weigh in on how the job should be done. Some clamor for a crusading international leader, on the model of current Secretary Kofi Annan, others for a low-key administrator who'll stay out of the limelight and just make sure the organization runs smoothly.

So when the contest for the eighth secretary general opened earlier this year, it was widely expected to result in prolonged bickering. Some feared that the recent anti-American rants by Venezuelan President Hugo ChÃ¡vez and Iranian President Mahmoud Ahmadinejad before the General Assembly would sour the Security Council's deliberations on the candidates. Meanwhile, editorialists the world over pleaded for the appointment of a political rock star -- an amalgam of Bill Clinton, Mother Teresa and Bono -- who could command headlines and rally supporters.

The Security Council had other ideas. Tomorrow, it is expected to nominate -- unanimously -- Ban Ki Moon, South Korea's minister of foreign affairs and trade. If tradition holds, the 192-member General Assembly will vote within a week or two, without debate or dissension, to complete the appointment (in an arcane rubber-stamping process -- see securitycouncilreport.org).

In selecting Ban, the council chose competence over charisma, performance over promise. Ban proved his diplomatic mettle in the on-and-off six-party talks on North Korea's nuclear ambitions (something he may now have to delegate to envoys from other parts of the world). His campaign received a decisive boost from the fact that three permanent Security Council members -- China, Russia and the United States -- plus the most influential non-permanent member, Japan, were his partners in those critical negotiations.

In 1945, the founders decreed that the council should nominate the secretary general to ensure that he (and someday she) has the confidence of the major powers, which is hard to earn and even harder to sustain. Whenever a secretary general has clashed openly with one of the great powers -- Trygve Lie and Dag Hammarskjold with Moscow in the 1950s and early '60s and Boutros Boutros-Ghali with Washington in the 1990s -- the organization and its efforts to build bridges between rivals have suffered. And as Annan's tenure has confirmed, the pressures to pose as a secular pope rallying the world against U.S. domination are incessant these days, particularly with a United-States-vs.-the-rest mentality already so prevalent at the United Nations.

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The popular image of an outspoken world leader, morally and intellectually above the fray of crass and narrow interstate politics, doesn't reflect the gritty realities of the job. Secretaries general are most effective when they are quietly defusing regional crises and cajoling member states behind the scenes to modernize the United Nations' creaky and sometimes corrupt machinery. Unless Ban is considered an honest broker by all sides of the mistrustful, divided membership, he will have little chance of moving the stalled U.N. reform agenda forward. The less ego and identification with past political glories, the better. For a rookie secretary general, quiet modesty in public and candor in private have their virtues.

Truth be told, the council has never tapped an orator or media star to be secretary general. Hammarskjold and Annan grew into their public personalities while in office, and Ban could do the same. But Lie, U Thant, Kurt Waldheim, Javier PÃ©rez de CuÃ©llar and Boutros-Ghali never mastered that side of the job.

U.S. Ambassador John R. Bolton called earlier this year for "a proletarian" secretary general, who would stick to improving internal management and be little more than the chief administrative officer mentioned in the U.N. Charter. But that is far too narrow a job description. Leading a diverse secretariat and dealing with a 192-member board of directors demands keen political instincts, as well as tough, fair and open management. Paul A. Volcker's Independent Inquiry Committee report on the oil-for-food scandal at www.iic-offp.org provides a chilling look at what can happen when no one is accountable at the top and member states and secretariat leaders prove equally adept at finger-pointing. But the committee also underlined that the secretary general serves as the United Nations' "chief political and diplomatic officer" and that "in unsettled times, those responsibilities tend to be all-consuming."

World-class proletarian diplomats, not to mention proletarian managers (an oxymoron if ever there was one), are in short supply.

No doubt, as former undersecretary general Brian Urquhart asserts in "The Next Secretary-General: How to Fill a Job With No Description," in the current issue of the journal Foreign Affairs, "history has shown that a great secretary-general not only is important for the U.N. but also is a priceless asset for the world at large." Having served every secretary general since 1946, he should know. His classic 1972 biography, "Hammarskjold," depicts the office's lows as well as its highs. There are times when the secretary general is called upon to scramble around the world, breathlessly trying to resolve brutal crises, as journalist William Shawcross described in his 2000 book, "Deliver Us from Evil: Peacekeepers, Warlords and a World of Endless Conflict." At other points, however, the mediating capacity of the office is underemployed by the powers of the day, leaving the secretary general to wait for some juicy assignment, a bit like the passive hero Chauncey Gardener in the movie "Being There."

Two memoirs by past holders of the office tell us more about their authors than intended. PÃ©rez de CuÃ©llar's 1997 "Pilgrimage for Peace: A Secretary-General's Memoir" is solid, dependable -- and dull. In contrast, Boutros-Ghali's "Unvanquished: A U.S.-U.N. Saga" from 1999 is as lively as it is tendentious and self-serving. Annan's roller-coaster ride as secretary general, which will end on Dec. 31, has spurred a record batch of biographies and commentaries. Two upcoming journalistic accounts look especially promising: James Traub's "The Best Intentions: Kofi Annan and the UN in the Era of American Power," out this month, and Stanley Meisler's "Kofi Annan: A Man of Peace in a World of War," to be released in December.

Those who want to dig deeper into the role will have to wait for Simon Chesterman's "Secretary or General?: The UN Secretary-General in World Politics," which will be published next spring.

After all that, if you still find the United Nations and its top post to be enigmas, you're on the right track.

Edward C. Luck is a professor at Columbia University's School of International and Public Affairs and the author, most recently, of "UN Security Council: Practice and Promise" (Routledge). He has consulted for several secretaries general.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Abizaid Lauds Pakistan In Terror Fight (AP)

DOJ_NMG_0078173

By Munir Ahmad
AP, October 8, 2006

The commander of U.S. forces in the Middle East praised Pakistan's intelligence service on Saturday for its fight against terrorism.

Gen. John Abizaid, who met with President Gen. Pervez Musharraf on Saturday, made the comments in talks with Musharraf at his office in Rawalpindi, near the capital Islamabad, a government statement said.

"(Abizaid) particularly lauded the role of Pakistan's intelligence agencies in the anti-terror campaign, and said their cooperation was crucial in thwarting plots and apprehending most-wanted terrorists," it said.

Indian police a week ago alleged that Pakistan's secret service — the Directorate of Inter Services Intelligence, or ISI — was behind a series of bombings that hit Mumbai trains in July, killing more than 200 people.

Pakistan immediately denied the claims and demanded evidence.

The Indian allegation came days after the British Broadcasting Corp. reported that a document prepared for Britain's Defense Ministry accused ISI of indirectly supporting terrorist groups, including al-Qaida.

Musharraf rejected the documents, while Britain's Ministry of Defense also clarified that the leaked document was academic research and did not represent the British government's view.

On Saturday, Musharraf reiterated Pakistan's commitment to combating terrorism, and called for close cooperation in intelligence sharing. Musharraf and Abizaid also discussed the ongoing cooperation between both countries' armed forces.

Pakistan is a key ally of the United States in its fight against international terrorism.

Abizaid often visits Islamabad to ensure coordination between Pakistan and U.S.-led forces that have operated in neighboring Afghanistan since late 2001 when the Taliban regime was ousted for sheltering al-Qaida leader Osama bin Laden.

On Friday, two American senators visited the Afghan capital, Kabul, and asked Pakistan to do more to stem the infiltration of insurgents into Afghanistan. Sen. Richard Durbin, D-Ill., and Sen. Jack Reed, D-R.I., spent a few days in Afghanistan during a regional tour that included a stop in Pakistan.

Pakistan has said it is doing its best to curb militancy and secure its border with Afghanistan.

48 Suspected Taliban Fighters Arrested (LAT)

The Los Angeles Times, October 8, 2006

Police acting on a tip raided several militant hide-outs in Quetta and arrested 48 suspected Taliban fighters who had arrived in small groups from Afghanistan, said Wazir Khan Nasar, the city's police chief.

However, no important Taliban figures were among the detainees, he said.

The suspects were being questioned to determine why they were in Pakistan.

Pakistan was once a main supporter of Afghanistan's Taliban regime but switched sides after the Sept. 11 attacks.

Orange County Man Rises In Al Qaeda Ranks (LAT)

By Greg Krikorian And H.g. Reza
The Los Angeles Times, October 8, 2006

'Azzam the American,' or Adam Gadahn, has moved from translator to propagandist.

Two years ago, no one knew quite what to make of Adam Gadahn.

While many in the U.S. intelligence community saw the angry Muslim convert from Orange County as dangerous, plenty of counterterrorism officials viewed the pudgy 25-year-old as a bit player on the world stage of jihadists.

No longer.

Though the young man who has appeared on four Al Qaeda videotapes and now calls himself Azzam the American is still not deemed part of Al Qaeda's operational command, recent interviews with counterterrorism officials suggest that Gadahn has gone from a valuable translator to an invaluable propagandist for the international terrorist network.

"It is not some masked guy with a rifle saying, 'Death to America,' " one senior U.S. law enforcement official said. "It is an American. And his target audience is the U.S."

Gadahn's newfound stature is underscored by a sealed federal indictment in Los Angeles that, law enforcement sources say, will charge him with supporting terrorism. It also comes as new details are surfacing about his time in Orange County and connections to extremists.

The new attention to Gadahn reflects his ascent in one of the world's most impenetrable terrorist groups. Indeed, although a handful of Americans have been convicted or still face charges of conspiring as terrorists, none has had a more astounding trajectory into Al Qaeda's inner circle than Gadahn.

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From journeying to Pakistan to meeting with Osama bin Laden and later self-proclaimed Sept. 11 mastermind Khalid Shaikh Mohammed, Gadahn quickly established himself as an American entrusted by Al Qaeda's leadership, counterterrorism officials say. Two of the four videotapes in which he has appeared also featured Al Qaeda's second-in-command, Ayman Al-Zawahiri.

"Increasingly, the stature of his statements shows that he not only has credibility as an information operative for Al Qaeda … but if you look at it through the lens of Al Qaeda spreading its message, then he is absolutely an instrumental player," said another counterterrorism official who has watched Gadahn's ascent for years.

"I mean, he is now making statements with Al-Zawahiri, who is the No. 2 and the tactician. And [Gadahn] is right there with him at critical periods of time," said the official, who like others in government spoke on condition of anonymity because of the anticipated criminal case against Gadahn.

The grandson of a Jewish doctor, the young man was raised as Adam Pearlman on a goat farm in the hills of southwestern Riverside County by parents who had eclectic religious tastes and shunned the modern world.

At 14, his spiritual journey took him to the Islamic Center of Orange County, where he fell under the influence of two radical Muslims, Khalil Deek and Hisham Diab, both naturalized U.S. citizens.

Diab, an Egyptian, owned an accounting business, and Deek, a Palestinian, repaired computers. They lived in upstairs apartments across from each other in a complex near Little Gaza, a stretch of Arab-owned shops, restaurants and other businesses on Brookhurst Street in Anaheim.

"Deek and Diab met him at the mosque and [Diab] brought him home like a lost dog," said Saraah Olson, who was married to Diab at the time but divorced him in 1996. "He was hungry and [Diab] asked me to give him something to eat. That's how it began, innocently enough. Then they begin teaching the kid their version of Islam."

Haitham "Danny" Bundakji, president of the Islamic Society of Orange County, said Diab and Gadahn had extremist views that caused him to bar them from the mosque. "They believed that Muslims like me who reached out to Christians and Jews are infidels. They had a warped interpretation of Islam," Bundakji said.

Friends and family members said Diab and Deek were followers of radical cleric Sheikh Omar Abdel Rahman, the so-called blind sheikh who is now serving a life sentence in federal prison for his role in the 1993 bombing of the World Trade Center.

Diab and Deek hosted Abdel Rahman in their apartments during his lecture tours of Orange County mosques in 1992 and 1993. Olson said she cooked dinner for the Egyptian sheikh. A relative of Deek, who asked not to be identified, said Abdel Rahman stayed in Deek's apartment for two days during one visit.

Olson said Gadahn never met the radical cleric, but she said he too was a follower. According to Olson, Abdel Rahman would call Diab and others in Orange County from prison on Sunday afternoon to deliver fiery sermons that were recorded.

In 1995, the year Gadahn converted to Islam, Diab formed Charity Without Borders, which according to state records was founded to "provide an education and humanitarian aid to poor and needy people in USA and in other countries."

The nonprofit's records list Diab as its chief financial officer. In April 1999, Gadahn was added as the charity's secretary. His name is spelled "Gaden" on the form, which also has a phony Santa Ana address for him.

Olson said the $150,000 raised by Charity Without Borders was sent to extremist groups in the Middle East. Deek's relative said he wrote a proposal for the charity that led to one $50,000 grant from the state of California, which he said was supposed to be used for an oil recycling awareness program directed at minority communities.

Two weeks after the Sept. 11 terrorist attacks, California's Department of Justice shut down Charity Without Borders and began an investigation.

U.S. terrorism officials believe that Deek and Gadahn traveled separately to Pakistan in 1998. According to the 9/11 Commission report, by early 1999 Deek was living in Peshawar, Pakistan.

The commission report also said Deek was a close associate in Pakistan of Abu Zubeida, now held at the military's Guantanamo Bay detention facility and identified by the CIA as a senior aide to Osama bin Laden.

Deek's relative who spoke to The Times said Jordanian officials told the family that Deek had a joint bank account with Zubeida in Peshawar.

The senior U.S. law enforcement official said it was Deek who sent Gadahn to Pakistan, where he meet Zubeida. From there, the official said, Gadahn found his way into Al Qaeda's training camps and, ultimately, introductions to its Al Qaeda's leadership.

"Bin Laden was particularly interested in meeting American converts," the official said.

In December 1999, Deek was extradited to Jordan, where he was charged with involvement in the millennium plot to bomb tourist hotels in that country.

Two years later, the charges against him were dropped. He returned to Pakistan in May 2001, the official said.

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That same year, Diab left the U.S., according to Olson, his ex-wife, and hasn't been heard from since.

Three years later, in May 2004, the Justice Department and FBI first identified Gadahn as an alleged extremist and Al Qaeda member. Then-Atty. Gen. John Ashcroft said he was an associate of Zubeida.

Brian Jenkins, a terrorism expert at the Rand Corp., said that although Gadahn has clearly become a "key communicator" for Al Qaeda in the two years since, his effectiveness in reaching and radicalizing other Westerners remains to be seen.

"There is no question he is an articulate communicator," said Jenkins. "The question is whether there is a significant audience for that significant message."

The first Gadahn videotape surfaced in October 2004, months after Ashcroft revealed his Al Qaeda affiliation. At the time, U.S. officials didn't even know for sure that he was the menacing, masked figure making threats against the U.S., although the CIA said he was the most likely suspect.

In that hourlong tape, released just before the U.S. presidential election, a young man hidden behind a head scarf identified himself as "Azzam the American" and said American "streets will run with blood."

Gadahn appeared in another video in September 2005, on the eve of the anniversary of the 9/11 attacks.

In that tape, he invoked the name of the most infamous Sept. 11 attacker, Mohammed Atta, and warned of new attacks in the U.S. and Australia.

"Yesterday, London and Madrid," he said, referring to two cities then recently bombed by terrorists. "Tomorrow, Los Angeles and Melbourne…. "

Then, this year, Gadahn appeared in the two videotapes also featuring Zawahiri.

Now, even those who once doubted Gadahn's importance say they and others were wrong in rejecting the possibility that an American could play a key role for Al Qaeda.

"That," the counterterrorism official said, "was the wrong assumption."

HOMELAND RESPONSE:

NYC Mayor Takes Charge Of WTC Memorial (AP)

By Sara Kugler, Associated Press Writer

The Associated Press, October 7, 2006

The final truckloads of rubble had just left the World Trade Center site in the spring of 2002 when Mayor Michael Bloomberg foretold the difficulties ahead for the process of building a memorial to the victims of the terror attack.

The former CEO, in public office barely six months, told a group of business leaders he couldn't envision the end result.

"I can tell you the process, however," Bloomberg said. "The process is everybody yelling and screaming for a number of years and then somebody taking charge and just doing it."

He was remarkably right. Amid all the shouting — some directed at him — the mayor himself is taking over the memorial's multimillion-dollar foundation, where board members hope his philanthropic credentials and star power will breathe life into lethargic fundraising.

That surprised many people because of his awkward history with the memorial and victims' families.

His predecessor, Rudolph Giuliani, had suggested when he left office that the entire site should be made into a "soaring, monumental" memorial.

Bloomberg, however, was focused on stabilizing the city's shaky post-9/11 economy, and the pragmatic billionaire could not support giving up 16 acres of prime downtown Manhattan real estate. He came across as business-oriented and harsh.

Victims' relatives were angered when he said downtown residents wouldn't want to live next to a "cemetery." Many were already unhappy because at the start of his term Bloomberg did not attend every firefighter's funeral as Giuliani had done, although he quickly changed his ways.

The next year, he took heat for comments reportedly made during a meeting with Diane and Kurt Horning, who lost their son in the attack and were upset that the city buried the sifted trade center dust in a landfill. They say that dust still contains specks of human remains, and are suing the city in federal court to force its removal.

Diane Horning says Bloomberg should not head the emotionally charged memorial effort because he was "dismissive and abrupt" about their views on grieving and remains.

Bloomberg's opponents also say he lacks compassion for rescue workers sickened by toxic trade center debris and has ignored demands to group the names of victims on the memorial by where they died and who employed them, rather than listing the names randomly.

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"I don't get any warmth from the man — I don't feel that he can understand the need for memorializing the victims or the feelings of the families," Horning said. "Does he understand the financials? Of course he does, but that's not enough."

Christy Ferer, who lost her husband on Sept. 11 and serves as Bloomberg's liaison to the families, says the public dramatically misunderstands him.

Ferer said he cares deeply about the families and has been instrumental in countless projects on their behalf.

"He is an amazing, philanthropic guy, but that doesn't mean he's warm and fuzzy, and sometimes people can potentially misread that," she said. "Maybe these families can't recognize his ability to execute his vision in the long run, and therefore think that he's all about lack of feeling."

The mayor lost friends on 9/11 and endured his own grief early in life, but rarely mentions either. His father, who had a weak heart, died during Bloomberg's junior year in college.

In his autobiography, Bloomberg noted that "today, he could have survived; medicine wasn't as capable then as it is now."

It is a revealing passage: The mayor, who wears his father's watch as a remembrance, donates hundreds of millions to medical research.

Many say this is how he deals with adversity, by focusing on what can be changed rather than dwelling on the past.

"His energy is totally directed forward, and sometimes his way of grieving is really not to look backwards," Ferer said.

He has also given $10 million to the memorial foundation. As its chairman, the Republican mayor will likely tap his business connections and wealthy friends for more donations to the project, which is expected to cost more than $700 million. Nearly $145 million has been raised. Construction on the memorial has begun and officials hope to finish in 2009 — Bloomberg's last year in office.

"What we're really seeing is that he understands how central this is to the nation, to the city and to the families," said Mitchell Moss, a New York University urban planning professor. "Even though he has not been that close with them, he understands the power of this and the significance that it has."

Advocates Say Illegal Workers Suffer After 9/11 Cleanup (WP)

By Darryl Fears, Washington Post Staff Writer

The Washington Post, October 8, 2006

But a Recent N.Y. Program Offers Help to Many With Lung, Other Diseases

Jose Moncada watched the World Trade Center towers tumble, and, like so many Americans, felt a patriotic urge to help rescue survivors and rebuild after Sept. 11. "It was my time to put my hand on my heart," he said. "It was my time to help somebody."

It did not matter to him that he was an illegal immigrant from Honduras. And that did not seem to matter to supervisors who oversaw the retrieval of human remains and the removal of toxic debris at Ground Zero. They welcomed Moncada and thousands of other illegal immigrants, no questions asked.

Working on the pile for 10 days, Moncada breathed in thick dust, grainy asbestos and foul-smelling gases driven by an angry downtown wind. Now, five years later, he suffers from a hacking cough, nosebleeds, wheezing breath and life-threatening respiratory illnesses that also trouble thousands of legal U.S. residents who worked there.

No one knows how many illegal immigrants worked at Ground Zero in the days after Sept. 11. Immigration advocates claim it was thousands.

And now, as the workers have become sick, partisans on both sides cast their plight in moral terms.

"After 9/11, everybody responded with their heart," said Carmen CalderÃ³n, coordinator of Sept. 11 immigrant outreach for the New York Committee for Occupational Safety and Health. "Immigrants died in those towers. They wanted to be part of the recovery of this nation."

But when a backlash developed against the huge wave of illegal immigration, "they changed the DMV laws, and a lot of asbestos workers lost their licenses because they couldn't get a picture ID," CalderÃ³n said. "A lot of them are sick now, without work. They've lost their insurance. They lost their incomes. They lost everything."

Mark Krikorian, director of the Center for Immigration Studies, which opposes immigration increases, expressed regret for illegal immigrants who fell sick after working at Ground Zero but said they should not have been allowed to enter the country illegally.

"It tells us how harmful it is to have a policy that winks at illegal immigration and gives status to illegal aliens," Krikorian said. "If they present themselves to authorities, they should be sent home. It makes people squeamish to say this because of what happened. But this is a result of the ridiculous situation we've put ourselves in."

Moncada said fires were still burning on the streets when he showed up to volunteer in September 2001. "No one asked for papers or anything," he said. He worked with others who spoke Spanish.

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Volunteers searched for survivors but found only pieces of remains.

"They had 100 people on one side, 50 people on the other, a big long line. We had to remove all the dust and the debris, the steel and metal. The machines couldn't do it because the vibrations caved everything in, so they worked by hand," Moncada said.

Andrzej, an illegal immigrant from Poland who would not give his last name because he feared deportation, worked for pay. He arrived at Ground Zero in October 2001 and took a job doing cleanup, wearing only a paper mask. "Nobody was asking me for any documents or any paper," he said. "All the time I only heard that I was doing a good job, 'Thank you.' "

Workers were paid about $19 an hour, toiling for up to 16 hours a day. They were given buckets, mops, rags and little protective equipment as they cleared away glass, metal, dust and waste from downtown buildings that were not destroyed, advocates said.

"The ladies were smaller, so they put them in the air ducts, huge pipes," CalderÃ³n said. "They crawled in to wipe down the pipes with no masks, no gloves, nothing, not even a change of clothes."

Two years later, Moncada started to feel tired. Then he felt pain.

"My nose hurts every time I breathe," he said. "My vision is very bad. My breathing is very bad. A doctor gave me Tylenol and Advil.

"I don't want to speak to anybody. I want to stay home. I feel depressed. I can't sleep very well at night. Every day I wake up and I do nothing. I don't know what is happening to my system, my body."

Andrzej said he felt even worse. He went to an emergency room when he could not move his arms. He was admitted for a week and released with medication to control blood clotting.

"I don't work anymore," he said. "I am too sick to work. I can't speak or clearly think. I try but I have to push myself. It feels like someone is sitting on my chest. It's hard to breathe."

The New York Committee for Occupational Safety and Health estimates that 40,000 workers cleaned along Canal Street. Thousands of illegal immigrants from China, Honduras, Russia, El Salvador, Guatemala and Mexico worked beside legal U.S. residents.

"For low-income immigrant communities where health insurance is scarce . . . this disaster magnified an already desperate situation," CalderÃ³n said. "Their choice is concrete. Do I pay my rent? Do I buy medicine? Do I put food on the table? These choices are obviously choices that some victims of Sept. 11 have to make."

In 2004, an advocacy group called Beyond Ground Zero noticed more and more immigrants getting sick. The advocates approached Bellevue Hospital and asked for help. The hospital started an unfunded program that provided care to patients, and last year the American Red Cross donated money to expand the program.

This month, Mayor Michael R. Bloomberg (R) pledged $16 million over five years to expand the initiative further. Within two weeks, the occupational safety committee received more than 350 calls from immigrants, CalderÃ³n said. Newton said 500 people had been screened for medical examinations by her organization, and 700 people were waiting.

But the assistance may have come too late for illegal immigrants who have gone home since working at Ground Zero, advocates and workers said.

"It's going to be a challenge finding them, because undocumented immigrants move around a lot," CalderÃ³n said. "Because of some of the anti-immigrant sentiment, many of them have returned home to Mexico, to Poland. They might not hear the message."

Mike Cutler, who tracked down illegal immigrants for the Immigration and Naturalization Service, said authorities should do what they can to aid the sick. But he said they should also send home illegal immigrants and fix the dysfunctional immigration system.

"While I feel bad for people who saw Sept. 11 happen, chipped in and got sick, I would not want a blanket amnesty for them," he said. "You would wind up with millions and millions of people saying they worked at Ground Zero."

Speedy Lines For Trusted Fliers (NYT)

The New York Times, October 8, 2006

Programs that offer faster airport security check-ins to travelers who pay an annual fee and pass a background check seem poised to expand after a trial run in Orlando, Fla. Advance applications are now being taken for Registered Traveler programs at four additional airports, including Kennedy Airport in New York. As many as 20 airports in all may set aside Registered Traveler lanes by the end of the year.

There is nothing wrong with the overall goal of making security checks a bit easier and more predictable for business travelers and other frequent fliers. The airlines would be in truly dire straits if they stopped flying. But there are qualifications: It is imperative that registered travelers not be allowed to get by with less intense security screening. The expedited service should

not be allowed to further inconvenience the ordinary traveler. And government money should not be used to subsidize the faster service. These are principles that the government itself has for the most part espoused.

Travelers who want to take part in these programs would voluntarily submit personal information, allow fingerprints and iris scans to be taken, and pass a government background check. They would then be given cards identifying them as registered travelers eligible for fast-lane treatment. There was originally a widespread expectation that these certified-as-safe travelers would get less rigorous security screening. But on sober second thought, experts recognized that terrorist groups could easily qualify members with clean backgrounds as registered travelers. The screening of registered travelers must be identical to, or every bit as rigorous as, the screening accorded ordinary folk.

At Orlando International Airport, a pilot program has been operated for the past year by a company founded by Steven Brill and working in collaboration with General Electric and Lockheed Martin. More than 27,000 people have signed up and paid fees of $79.95 a year, a measure of their frustration with long and uncertain waits in security lines. What they get in return is a designated lane that leads directly to one set of the airport's metal detectors and X-ray scanners. In effect, Mr. Brill's customers get preferred treatment similar to what some airlines in other major airports grant their first-class passengers or highest-mileage frequent fliers.

The Orlando project claims registered travelers go through its lines and pass through airport screening machines in five minutes or less. Airport officials believe the program has reduced waiting times for regular passengers as well. The screening machines are operated by regular government-supervised inspectors, and the Transportation Security Administration has announced that it expects to levy a fee — probably $30 per enrollment — to cover its vetting and administrative costs. The government must keep monitoring to make sure it is charging enough.

For the future, Mr. Brill hopes to gain government approval for new screening technologies that would let his customers keep their shoes and jackets on, thus eliminating the annoying and time-consuming ritual of removing the items for X-ray screening. That would be fine, as long as any approved technology his group develops could also be bought for the lines processing regular customers.

Air travelers have long since become used to the fact that they receive different levels of service depending on how much they pay and how often they fly. If Mr. Brill or other entrepreneurs can find a business plan that allows them to make a profit by providing registered travelers with faster lines, without compromising security or adding to the inconvenience of other passengers, it would be a welcome development. But the best option would still be a broader program to improve screening for all passengers, thus rendering the designated fast lanes superfluous.

Homeowners Stay Put In New Orleans (LAT)

By Jean Guccione And Doug Smith

The Los Angeles Times, October 8, 2006

Records show most are using government aid to rebuild their property rather than to relocate.

Most New Orleans-area property owners seeking government aid for hurricane damage are showing a strong preference for restoring their old neighborhoods rather than take the money to seek new horizons.

Although federal and state recovery programs offer aid to those who choose to relocate, few applicants have requested it, records show.

A Times analysis of data from the Small Business Administration, the federal agency primarily responsible for disaster reconstruction loans, found that of more than 150,000 homeowners and business owners approved for the loans, 2% were transferring the money to a new property.

Those who are moving aren't going far. New Orleans suburbs on the north shore of Lake Pontchartrain are favorite destinations of the few loan applicants who are leaving the devastated neighborhoods in the area south of the lake. Only a handful have asked to use the money to buy homes outside the metropolitan area.

Though the 2% relocation figure may seem low considering the widespread property loss after Hurricane Katrina, it is higher than that of other disasters, said Herb Mitchell, the Small Business Administration's associate administrator for disaster assistance.

"In most disasters, there are very few relocations," he said. "Generally they stay in the community and rebuild."

Half of his agency's loans have been distributed. Mitchell said those who hadn't received the money could still request relocation.

Mitchell said he expected that more applicants would ask for relocation funds, and that some who had received only a portion of their loans for personal property might also ask to use the reconstruction funds elsewhere.

"My general impression [is] that people want to come back," Mitchell said. "The circumstances create the uncertainty."

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The will of New Orleanians to return to their homes is also demonstrated by grant applications received by Louisiana's recovery program, the Road Home, which will distribute $10.4 billion in federal housing grants. The Road Home surveyed tens of thousands of applicants about where they intended to live, Road Home spokeswoman Carol Hector-Harris said.

About 12% of respondents planned to relocate — the vast majority of them within the state — whereas more than half intended to return to their properties, Hector-Harris said. The remaining third did not know or did not respond, illustrating the uncertainty that pervades the recovery.

Melanie and Richard Goodyear are among the small percentage of New Orleans area property owners who intend to relocate within the metro area with federal assistance.

The Goodyears had dreamed of moving to the New Orleans suburbs north of Lake Pontchartrain when they retired in 10 or 20 years. They are following a path that was well-worn even before the storm. Many of their friends live on the north shore, an area now packed with hurricane evacuees.

When Katrina damaged the Goodyears' home and scattered their friends and neighbors last year, the couple accelerated plans to leave St. Bernard Parish, one of the areas hit hardest by the storm. "It just pushed us to make a decision a little earlier," said Melanie Goodyear, 45.

She and Richard, 53, are building a home in the north-shore town of Madisonville. The Goodyears return to their damaged house every two weeks to cut the grass. But Melanie Goodyear cannot imagine ever returning to St. Bernard Parish to live.

"We are not going back," she said. "It's not the same. None of our neighbors came back. None of our friends are there…. There is no quality of life right now."

WAR NEWS:

Taliban Back, Using Iraq-style Violence (AP)

By Jim Krane, Associated Press Writer

AP, October 8, 2006

A sweating man wanders into a crowd and blows himself up, leaving a dozen bodies lifeless on the street. A few blocks away, a car bomb pulverizes an armored Humvee, killing two U.S. soldiers and 14 civilians. The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime.

The prospect of a second downward spiral — though so far Afghanistan isn't nearly as violent as Iraq — has experts worried that Western militaries don't have an effective strategy for these irregular wars.

"One Iraq is bad enough," said Bruce Hoffman, a counterinsurgency expert at Georgetown University. "Given that our two main theaters of operations aren't going well, one has to question how well the U.S. understands counterinsurgency."

The reborn Taliban acknowledges that it has adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement. Nearly 200 civilians have been killed in suicide attacks this year that look all too much like the wave of bombings sweeping Iraq.

"We're getting stronger in every province and in every district and every village," said Qari Mohammed Yusuf Ahmadi, who calls himself the Taliban's spokesman for southern Afghanistan. "We don't have helicopters and jet fighters. But we're giving America and its allies a tough time with roadside bombs, suicide attacks and ambushes. Our Muslim brothers in Iraq are using the same tactics."

Resemblances to Iraq don't stop there. Taliban public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers.

The West's military strategy in Afghanistan also resembles that in Iraq.

Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished.

Meanwhile, Afghan observers say the same harsh U.S. tactics, decried in Iraq for causing civilian casualties, have helped the Taliban recruit new fighters.

But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan.

"There will be no end to this insurgency until its sanctuaries and external support are addressed," said Christopher Alexander, the deputy head of the U.N. Assistance Mission in Afghanistan.

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The U.S. military estimates about 6,000 Taliban and other insurgent fighters operate in Afghanistan, many from bases in Pakistan. Yusuf Ahmadi — who spoke by satellite phone from an undisclosed location and whose exact ties to the militia's leadership are unclear — put the figure in the tens of thousands.

The Taliban comeback, while focused on the volatile south and east, has begun to hit Kabul. The mountain capital's tree-lined boulevards are now scarred, like the streets of Baghdad, by garlands of razor wire, towering blast walls and impromptu police checkpoints.

There's little indication that Iraqi insurgents are joining the fight in Afghanistan or giving the Taliban direct aid, although a few Arab and Chechen fighters mingle in Taliban ranks.

But even without much personal contact, the Taliban has learned from Iraq's insurgency. Web sites explain the insurgent's art: everything from concealed rocket launchers to roadside bomb-making.

"We're not saying they're getting direct support from Iraq," a U.S. military official in Afghanistan said on condition of anonymity due to the sensitivity the information. "They've evolved by adapting their tactics. They've seen the value of the suicide bomber in Iraq. For them, it's a very cheap and effective weapons system."

The U.S. and NATO military response in Afghanistan also has nuanced differences from Iraq. U.S. warplanes drop 10 times more bombs in Afghanistan than they do in Iraq, and a few U.S. and NATO troops live off base in village houses, a strategy rarely attempted in Iraq.

But most of the allied war efforts looks similar. In both places, troops cordon off villages and search homes. They employ billions of dollars in technology — things like signal jammers and mine-clearing vehicles — to find and disarm roadside bombs. They operate from bases nearly identical in appearance, with troops living in tin trailers barricaded by dirt-filled metal baskets.

The Afghan war is still far smaller, occupying just 40,000 allied troops — a quarter of those in Iraq — and suffering a fraction of the casualties. But for individual soldiers serving in mountainous Taliban lands like Zabul province, the dangers feel the same.

"I know Iraq grabs a lot of headlines. But there's still a war going on over here," said Lt. Col. Steve Jarrard, 46, of Johnson City, Tenn., based in the hard-bitten southern town of Qalat. "I really hope we're doing the right thing over here."

Right now, it's too early to tell the result of major U.S. and NATO offensives aimed at crushing the Taliban.

"In three to six months you'll see a noticeable effect," said NATO spokesman Maj. Luke Knittig. "But you're talking two to five years before seeing a defeat of the insurgency" in southern Afghanistan.

AP correspondents Noor Khan in Kandahar and Fisnik Abrashi in Kabul contributed to this report.

German Journalists Killed In Afghanistan (AP)

By Jason Straziuso, Associated Press Writer

AP, October 8, 2006

Two German journalists who had pitched a tent on the side of a road outside a northern Afghan village were killed by gunmen early Saturday, the fifth anniversary of the U.S.-led invasion of Afghanistan.

The freelance journalists conducting research for a documentary were the first foreign reporters killed in Afghanistan since late 2001, when eight journalists died.

A NATO soldier, meanwhile, was killed by militants who detonated a roadside bomb and fired on a military patrol in southern Afghanistan. A suicide car bomber targeted a U.S. patrol in eastern Afghanistan but caused no casualties.

The killings came on the fifth anniversary of the Oct. 7, 2001, invasion by U.S.-led troops to oust the Taliban for hosting Osama bin Laden. Western forces and Afghanistan's Northern Alliance quickly routed the Islamic regime.

But the militant fighters who once appeared soundly defeated have returned with a vengeance, taking control of large swaths of countryside in the last year. Taliban fighters have stepped up the use of roadside and suicide bombs, and more than 3,000 people have been killed this year, mostly militants battling Western forces.

Some 40,000 U.S. and NATO troops are now in Afghanistan, 2 1/2 times the number three years ago.

The slain journalists — identified as Karen Fischer, 30, and Christian Struwe, 38 — worked as freelancers for Deutsche Welle, Germany's state-owned broadcast outlet.

The two were traveling through the northern province of Baghlan, about 100 miles northwest of Kabul, and had stopped outside a small village, where they set up a tent to spend the night, said Mohammad Azim Hashami, the provincial police chief.

They were killed by AK-47 gunfire around 1:30 a.m., he said.

"The sound of the shooting was heard by some of the villagers, who ran toward that area," Hashami said. "They found a tent and they found the two journalists dead."

Hashami said nothing was stolen from the journalists, including their vehicle. Police had no suspects.

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Deutsche Welle said the journalists had been conducting private research for a documentary and were en route to the province of Bamiyan, the site of two large Buddha statues that were destroyed by the Taliban in early 2001.

Deutsche Welle director Erik Bettermann called them "pioneers in re-establishing a functioning media system in Afghanistan" and said Struwe helped set up a state-run radio and television newsroom, a project supported by Deutsche Welle.

"It is tragic that Karen Fischer and Christian Struwe had to die in the country that they spent so much of their energy supporting in the past few years," Bettermann said.

The German government condemned the killings.

"This heinous crime must be solved and the perpetrators brought before justice," Foreign Minister Frank-Walter Steinmeier said in a statement. "The atrocious and senseless death of our citizens strengthens all the more our responsibility to support the Afghan government in its commitment to security and a rule of law."

Some 2,700 German soldiers are serving in the NATO-led International Security Assistance Force in the north of the country.

There is little daily violence in the northern province of Baghlan, compared with Afghanistan's volatile south, but militant fighters allied with the renegade warlord Gulbuddin Hekmatyar roam the area. A Canadian aid worker helping to build a school was killed in the province in July.

No foreign journalists have been killed in Afghanistan since late 2001, according to the Committee to Protect Journalists. An Afghan journalist who arrived at the scene of a suicide bombing in July in the southern city of Kandahar was killed by a second suicide bombing at the same spot, CPJ said.

The attack on the NATO troops, meanwhile, happened in the volatile Panjwayi district of Kandahar province near a NATO base, the alliance said. NATO did not release the nationality of the dead soldier.

NATO troops clashed with militants in Panjwayi district last month, and NATO said more than 300 fighters were killed.

In the eastern province of Khost, a suicide car bomber targeted a U.S. patrol near the border with Pakistan, said provincial police chief Mohammed Ayub. Maj. Luke Knittig, a NATO spokesman, said there were no military casualties.

In Ghazni province, police said a regional Taliban commander — Mullah Abdul Rahim Sabauun — was killed by police on Thursday. Sabauun was reportedly a high-ranking politician during the Taliban's rule.

Associated Press writers Rahim Faiez in Kabul and Melissa Eddy in Berlin contributed to this report.

It's Time For Him To Go (WP)

By Robert Dallek

The Washington Post, October 8, 2006

Before he appointed Donald H. Rumsfeld as secretary of defense, President Bush would have done well to listen to the tape of an old telephone conversation between Rumsfeld and President Richard M. Nixon. It was March 1971, and Nixon was offering career advice to Rumsfeld, then head of Nixon's Office of Economic Opportunity:

"You should be thinking of what you should do in the future," he told the 39-year-old Rumsfeld. "Down the road, my view is that you would be a Cabinet officer. . . . [A]nd you can do, as far as I'm concerned, anything in the Cabinet field, except I wouldn't put you in Defense and I wouldn't put you in State . . . actually, you could be attorney general."

Perhaps Nixon understood something about Rumsfeld that eludes Bush. Whether out of loyalty to his defense secretary, or out of a stubborn reluctance to acknowledge Rumsfeld's failings -- and therefore his own -- Bush seems determined to keep Rumsfeld in the Pentagon. In so doing, the president is hanging on to an individual who has become the public face of the U.S. debacle in Iraq, one who has drawn fire not only from political opponents and countless retired military officers, but also from longtime Bush loyalists, such as former chief of staff Andrew H. Card Jr. and even, reportedly, first lady Laura Bush.

But Bush would not be the first president to keep a controversial or ineffective official in place for fear of embarrassing his administration. Predecessors from Woodrow Wilson to Lyndon B. Johnson have grappled with similar dilemmas.

Forcing Rumsfeld to retire would be a political blow for the White House, at least in the short term: It would be an admission that Bush not only miscalculated the need for a preemptive war against Saddam Hussein but also bungled the plan to pacify and democratize Iraq after the invasion. Nonetheless, history shows that such tough personnel decisions can, eventually, prove healthy for an administration and for a nation, particularly in times of war. They force reassessments of long-standing policy; they help presidents stand back, evaluate and chart new directions.

Now, with little more than two years remaining in the Bush administration, the president can still drop his longtime defense secretary in favor of another who could bring fresh ideas and renewed credibility to the battle against terrorism and the war in Iraq. It's not too late.

Some Cabinet members stay in office long beyond their usefulness. Cordell Hull ended up as the longest-serving U.S. secretary of state (from 1933 to 1944) despite his unimaginative leadership and severely limited role in shaping Franklin D.

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Roosevelt's foreign policy. President Dwight D. Eisenhower was reluctant to kick out "Engine" Charlie Wilson, his much-criticized defense secretary. At the time, some joked that Wilson, a former General Motors executive, had invented the automatic transmission so that he would always have one foot free to stuff in his mouth. And Nixon resisted firing Attorney General John N. Mitchell despite -- or because of -- his role in Watergate.

Other Cabinet secretaries, by contrast, leave too soon. President Jimmy Carter and the country lost a thoughtful public servant when Cyrus Vance resigned as secretary of state after the failed hostage rescue effort in Iran, which he had opposed. Vance's departure deprived the administration of an experienced national security official at a time of great international turmoil; the move only reinforced Carter's shortcomings as a foreign policy leader and weakened his bid for a second term.

It is wars, however, that provide some of the toughest personnel decisions for presidents -- but also some of the best opportunities to change course. The wartime dismissals or resignations of three high-level officials are particularly illustrative: William Jennings Bryan, Wilson's secretary of state; Gen. Douglas MacArthur, Harry S. Truman's commander of U.S. forces in Korea; and Robert McNamara, Johnson's secretary of defense and principal architect of the war in Vietnam.

Bryan resigned in 1915 over his belief that Wilson -- by favoring Britain and France -- was violating the stated U.S. policy of neutrality in World War I. The move came as a surprise to the White House, and resurrected questions about Bryan's suitability as the country's chief diplomat. A parochial Midwesterner with limited knowledge of the outside world, Bryan had been puzzled by a diplomat's mention of the Balkans during a trip he took to Europe in 1908. "What are they?" he asked as he boarded a train in Constantinople.

Bryan had been appointed to State for his eminence as a party leader and his help in winning Wilson the Democratic presidential nomination, not for any expertise in world affairs; he was certainly not the best person to shape an effective response to the European war that began in 1914. But his sudden departure -- its initial embarrassment to Wilson notwithstanding -- forced into the open a debate over America's role in the conflict and helped spur the domestic consensus that allowed the United States to join the Great War.

When Truman dismissed MacArthur in 1951 after the general publicly attacked the president's Korea policy as too timid -- "There is no substitute for victory," MacArthur had declared -- Secretary of State Dean Acheson warned Truman that the move would provoke "the biggest fight of your administration" with the men Acheson called the "political primitives." But it was more than right-wing zealots who attacked Truman over his decision. The dismissal became a headline story nationwide. In the words of Truman biographer David McCullough, the reaction "was stupendous, the outcry from the American people was shattering." Calls for Truman's impeachment became common and MacArthur's return to the United States turned into a triumphant tour of major cities, with parades and demonstrations greeting the general. Sixty-nine percent of Americans sided with MacArthur against the president.

Within weeks, however, the outcry turned into acceptance of the president's assertion of civilian authority over military power. MacArthur's firing eventually led to a sober examination of what best served U.S. interests in Asia -- a wider war with China or a conflict confined to Korea that contained communist aggression and left the United States free to defend its security in other parts of the world? In hindsight, MacArthur's firing encouraged a realistic understanding that containment made more sense than war. "Victory" was no more the only exit strategy in Korea than it was decades later in Vietnam or than it is today in Iraq -- no matter what Henry Kissinger said to Nixon in the 1970s or whispers to Bush and Vice President Cheney today.

McNamara's departure from the Johnson administration in 1967 was nothing like MacArthur's. McNamara left with his boss's blessing and received the presidency of the World Bank as a reward. But the real story behind the resignation was different from the image of a public servant in sync with his president on the Vietnam War and taking his leave after years of exhausting service. By the fall of 1967, McNamara had concluded that the war was a lost cause and urged Johnson to reduce U.S. involvement and shift responsibility for the fighting to the South Vietnamese -- a strategy reminiscent of today's "As Iraqis stand up, we will stand down." Indeed, the failed "Vietnamization" experiment of the Vietnam War should only deepen doubts that a rebuilt Iraqi army can deal effectively with Iraq's violent insurgency.

Johnson became angry with his defense secretary for abandoning a strategy that McNamara himself had done so much to put in place, and the president considered his removal a way to sustain the U.S. effort in Vietnam. But instead, McNamara's departure forced Johnson to reconsider the secretary's proposal and, eventually, to adopt it. Following the resignation, the president consulted with America's foreign policy "wise men" -- such as Acheson, W. Averell Harriman and Maxwell D. Taylor -- who convinced him that the country would not pay the price in blood and treasure to win in Vietnam. However uncomfortable and wrenching the departure may have been for both men, it was also a constructive step toward ending what had become a divisive and unpopular war, and one that was ultimately unproductive in the larger contest with Soviet communism.

Today, the nation again faces a divisive and unpopular war, and one that appears counterproductive in the larger battle against Islamic extremism. And in this war, Bush and Rumsfeld -- and, in particular, Cheney and Rumsfeld -- seem joined at the hip.

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Yet the president should consider how the departures of Bryan, MacArthur and McNamara helped spark useful national debates and critical course corrections during World War I, Korea and Vietnam. Rather than considering Rumsfeld's exit as strictly an embarrassing confession of failure -- which of course it would be in part -- Bush could regard the appointment of a new defense secretary as an opportunity to stand back, review past actions and move in new directions.

Robert Lansing, a competent diplomat, took over for Bryan as Wilson's secretary of state. Johnson chose Clark Clifford, a respected and independent Washington figure, to fill in for McNamara. Both were instrumental in shifting policy on their respective wars, and were just as successful in renewing public confidence in U.S. efforts and intentions. Similarly, Bush could consider replacing Rumsfeld with someone of the stature of former senator George Mitchell or, as former chief of staff Card suggested (according to Bob Woodward's account in his new book "State of Denial"), former secretary of state James A. Baker III.

Finally, there is one candidate who is as qualified as he is unlikely to ever get the job: Zbigniew Brzezinski, the national security adviser under Carter. Brzezinski has proved brilliant and incisive in his criticism of the war. He notes, correctly, that there is no real U.S. strategy underpinning this conflict, as containment and deterrence focused the Cold War. Preemption has been disastrous, and victory is an outcome, not a strategy. Brzezinski also has the force of will and personality to demand real change. But that sort of change would require more than a new defense secretary -- it would require a new administration.

Robert Dallek's book, "Nixon and Kissinger: Partners in Power,"
will be published by HarperCollins next spring.

Worse Than McNamara? (WP)

By Stanley Karnow

The Washington Post, October 8, 2006

By the mid-1960s, President Lyndon B. Johnson had deployed nearly half a million troops to Vietnam. His spokesmen loudly maintained that our troops' palpable military superiority -- they were equipped with ultramodern artillery, supersonic airplanes, technological gadgets and other sophisticated weaponry -- was having a decisive impact, killing countless Viet Cong guerrillas and North Vietnamese regulars.

But even as the situation in Vietnam was being pumped up, a few officials in Washington were questioning the conventional optimism. Not the least of them was Defense Secretary Robert S. McNamara -- the man who had staunchly promoted the anti-communist struggle in Southeast Asia for half a decade, first under President John F. Kennedy and then under Johnson.

As I contemplate McNamara's evolution from war supporter to war skeptic, I ponder whether Donald H. Rumsfeld, his heir at the Pentagon, nurses any similar doubts about the dubious Iraq strategy he vaunts in his rhetoric. I wonder whether it's possible that, despite his projection of unshakable faith today, he may eventually come to make the same confession about Iraq that McNamara did about Vietnam, in the surprisingly candid mea culpa he published in 1995: "We were wrong, terribly wrong."

There's no public sign that Rumsfeld is swayed by such thoughts. But McNamara's dramatic transformation took years to surface.

I first discerned a change in him at a conference in Honolulu in February 1966. The small group of reporters he invited to his deluxe hotel suite for a background briefing was stunned by his appearance. His face seemed grayer, and his patent-leather hair thinner. His voice lacked the authority it had projected in briefings past, when, like the consummate corporate executive he had been, he would briskly point to an array of graphs and flip charts to buttress his roseate appraisals of the war's progress.

Exactly a year before, Johnson had galvanized Operation Rolling Thunder, the sustained aerial offensive that was supposed to crack Hanoi's morale. But McNamara bluntly told us that the attacks were ineffective. A rural society couldn't be blasted into submission, he emotionally insisted. "No amount of bombing can end this conflict."

His aim in leaking his reservations to the news media was to obstruct the Joint Chiefs of Staff and the belligerent faction on Capitol Hill, who were demanding an aggressive program to demolish every ammunition dump, bridge, road, factory, rail junction and warehouse in the North, as well as obliterate the Ho Chi Minh trail that threaded through the jungles adjacent to Cambodia and Laos. Some further advocated mining Haiphong harbor and flooding the Hanoi region by destroying the Red River dikes.

McNamara had partly endorsed their pugnacious scenario in hopes that it would fail and enable him to persuade LBJ to try diplomacy. The president was sympathetic to his proposals. Contrary to the portrait of him as implacably truculent, Johnson felt trapped in the Vietnam quagmire. But he feared that unless he continued to escalate the commitment, he would incur the anger of the hawks and ultraconservatives in Congress, whose support he needed to pursue his liberal domestic agenda.

McNamara was heavily influenced by the shifting attitudes of his civilian aides, notably John McNaughton, Paul Warnke and Adam Yarmolinsky, whose zest for the war had faded. Searching for fresh ideas, he consulted several prominent scholars. Their studies confirmed his pessimism. The communists were receiving sufficient equipment from Russia and China to bolster

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their insurgency, while the campaign against them had "clearly engendered their patriotic and nationalistic enthusiasm and strengthened their determination to resist the U.S. incursions," the academics concluded in a 1967 report.

Rumsfeld, unlike McNamara, evidently relies on a tight circle of loyal acolytes and shuns outside mavens. His assessments of the war in Iraq remain upbeat despite a growing drumbeat of criticism from both retired and active military officials, plummeting public support and a stream of disastrous news from Baghdad. In that regard, he may perhaps be more beleaguered than McNamara in 1966-67.

A crucial moment for McNamara arose in August 1967, when he testified at a session of Sen. John C. Stennis's subcommittee on preparedness. Stennis had scheduled the closed hearings to probe the attempts of "unskilled amateurs" to shackle our "professional soldiers." The admirals and generals were there, resplendent in their ribbons. McNamara showed up with mounds of statistics and, lecturing in his patronizing style, repeated his thesis that the clamor for a tough approach would not yield results.

Johnson was furious. Though he distrusted the brass and braid, he flinched at antagonizing their backers. In addition, he suspected that McNamara might be covertly collaborating with Sen. Robert F. Kennedy, who now opposed the war and was ambitiously focused on the White House. Suggesting that the Cabinet officer he had once hailed as a model had suffered a breakdown, Johnson maneuvered McNamara into the presidency of the World Bank, a post he took up after resigning from Defense in February 1968.

As far as I could tell, the experience traumatized McNamara. On one occasion, he rejected my request for an interview, then spent an hour on the telephone explaining to me why he was unable to talk.

In contrast to McNamara's relations with Johnson, Rumsfeld appears to enjoy the entire confidence of President Bush and, just as important, Vice President Cheney, neither of whom seem to be plagued by any Johnson-like uncertainties. So barring his possible ouster, he's unlikely to emulate McNamara by apologizing for a policy in Iraq that has been as misguided as the tragic Vietnam disaster.

Stanley Karnow, author of "Vietnam: A History" (Penguin), covered the Vietnam War for The Washington Post.

Blind Into Baghdad (WP)

Reviewed By Ted Widmer

The Washington Post, October 8, 2006

Like scenes out of "Desperate Housewives," the war room machinations of the White House.

STATE OF DENIAL

By Bob Woodward

Simon & Schuster. 560 pp. $30

On July 20, 2005, a remote-activated explosive device detonated during a senior staff meeting at the White House. That device, according to Bob Woodward's remarkable new book, was a new form of stealth whoopee cushion, placed strategically under the chair of Karl Rove, senior adviser to the president, and discharged to cacophonous laughter all around. The prank had been planned for a staff meeting on July 7 but was postponed because of the terrorist bombings in London that day. July 20 was deemed a much more propitious day -- all that happened was the release of a new survey of the war placing the total number of Iraqi dead at 25,000.

A week after its hasty release, millions of Americans have heard the stunning accusations leveled in State of Denial . If journalism is the first draft of history, President Bush is going to have a very hard time in the posterity he is now approaching. Woodward's new book, the third in his trilogy on George W. Bush, conveys a great deal of information, none of it good for the president and his team. It gives far more operational detail on Iraq than its predecessor, Plan of Attack . It also goes much further in asserting the author's distaste for the war and the administration's handling of it than anything Woodward has written previously. In fact, it is the angriest book Woodward has written since his first, All the President's Men . Like that masterpiece, State of Denial feels all the more outraged for its measured, nonpartisan tones and relentless reporting. It is nothing less than a watershed.

The book begins in December 2000, with a shaky president-elect searching for the right secretary of defense and giving in to Dick Cheney's suggestion that his old friend Donald Rumsfeld is available. The story continues to very near the present (July 2006), when Woodward conducts the last of his many interviews with Rumsfeld. It gives a full chronicle of the Iraq adventure, including far more than has been previously reported on what our leaders said and did after the apparent victory of March 2003. In so doing, it reveals a government crippled by dysfunction at precisely the wartime moment when leadership was most necessary.

For many years, we have been hearing the stories of both the failures and the successes coming out of the Iraqi desert. It now appears that the failures were more pronounced than we knew and the successes more fabricated. Judging from the

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alacrity with which nearly everyone on the Bush team has talked to Woodward, it seems the entire enterprise is now foundering under a pessimism completely out of sync with the cheerful optimism of presidential pronouncements.

With whom did Woodward speak? It's hard to find someone he didn't speak with -- itself a sign of creeping executive dysfunction. It's a sort of Noah's Ark in reverse, with every animal leaving the ship. A quick guess list would include Andrew Card, George Tenet, Colin Powell, Richard Armitage, Jay Garner, David Kay, Prince Bandar bin Sultan and a lot of top military brass, including, to his credit, the book's chief victim, Donald Rumsfeld. But neither President Bush nor Vice President Cheney sat for interviews. By freezing out the author, they appear increasingly trapped in a Nixonian bunker -- perhaps why Woodward has returned to his original home in the opposition.

It's not just that so many people talked -- it's how mad they all seem to be at each other. Often the drama unfolds like an episode of "Desperate Housewives." George is mad at Condi. Condi is mad at Don. Don is mad at Colin. Dick is mad at everybody. Andrew Card, the sane presence at the center of all this bickering, gives the perfect quote: "I was frequently the person trying to take sand out of people's underwear, which is a very difficult task if it's not your underwear."

In crisis after crisis, the government simply failed to operate the way it was designed to. Memos failed to circulate or arrived after they became irrelevant. Briefings conveyed only the news that listeners wanted to hear. Controversial information was rarely presented to the president, who rarely asked for it. New proposals were quashed, and policy was stymied by terrible infighting, or worse, indifference. On point after point, the government's performance was over budget, unapologetic and late. In other words, the Bush administration has become the new Amtrak.

No one fares especially well in this retelling. The familiar stereotypes emerge -- Rice as powerless, Cheney as dark and secretive, Bush as blithe. Even Colin Powell, often lionized, fails to assert himself at crucial moments when the secretary of state might have used his prestige to alter the course of history. But Rumsfeld takes the worst of it. For a public that demands heroes and villains, he will appear in the latter role. Part of Woodward admires him and his charisma, intelligence and willingness to take on the Pentagon bureaucracy. Quoting John le CarrÃ© on George Smiley, Woodward writes of a man who "had been given, in late age, a chance to return to the rained-out contests of his life and play them after all." But throughout the book, with building intensity, Rumsfeld commits mistakes of the highest order, both strategic and tactical. Woodward calls his micromanaging "almost comic." He overwhelms his staff with short administrative notes (called "snowflakes") that he sends around the Pentagon. He crushes bureaucratic opponents such as the National Security council and the Joint Chiefs of Staff, then vacillates before important decisions or blames others when they go badly. He cherry-picks intelligence and distributes it unevenly before meetings. He badly misses crucial warnings before 9/11, sends too few troops to Iraq to do the job and blows the chance to train the Iraqi army when that might have saved it.

So many of Rumsfeld's subordinates appear to have talked to Woodward that the book suggests the feeling of a palace revolt. One Pentagon colonel penned a series of haikus to chase his blues away, including what must be the first poem in history to begin with the five-syllable line, "Rumsfeld is a dick." That gnomic sentence may be the book's motto.

But even if Rumsfeld becomes the fall guy, the book is damaging to the president as well. Like Rumsfeld, he is presented as intelligent and charismatic. But he never asks to be challenged or asks for dissenting views. Clearly, Woodward believes that the ultimate responsibility for Iraq rests on the president's desk. In one of many damning passages, Woodward writes, "the whole atmosphere too often resembled a royal court, with Cheney and Rice in attendance, some upbeat stories, exaggerated good news, and a good time had by all."

Long after reading this book, lasting images will remain of an "inexperienced president" with his "legs dancing" under the table during serious briefings, failing to rein in his quarreling deputies and laughing inordinately at inappropriate jokes.

There are many revelations like this, tiny pinpoints of light that illuminate the secret workings of a bureaucracy lumbering toward war. There is also a lot of dish, from the glimpses of George H. W. Bush's great sadness over the recent turn of events to inside stories of how the White House made decisions and who was considered a part of the team. It may not help Sen. Joseph Lieberman's quixotic campaign to learn that he was seriously considered to be either secretary of defense or secretary of homeland security in the second term. More than anything, there are countless examples of ineptitude (for example, Vice President Cheney urging that David Kay's team of weapon-trackers look for evidence of Saddam Hussein's WMD at a precise location that turned out to be in Lebanon). The more we learn about the hard facts of the decision to invade, the more it appears to have rested on faulty information, most of it collected before 1998, flimsy enough to assemble in a child's loose-leaf binder of 15 or 20 pages.

What impresses the reader throughout is the quiet force of Woodward's anger. He is no carping liberal, and no such person would be able to secure the kind of access he has. But slowly, the force of his unemotional condemnation overwhelms the reader. One senses, though he never says so, that he is arguing against the White House and the secretary of defense on behalf of one of their most loyal constituencies: the men and women of the U.S. military. But it's also personal to Woodward, more so than in recent books. He does not simply quote Rumsfeld -- he remembers a remark from "a dinner party at my house a dozen

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years after he had left the Pentagon the first time." These are old friendships that are sundering, rawly, before the klieg lights of his glare.

If overfamiliarity weakened some of his earlier books, here it is a strength. One of the book's arresting observations is how audible the echo of Vietnam has become -- a comparison that no one especially wants to make but is increasingly hard to avoid. If Iraq is slowly Vietnamizing, one reason must be that so many of the original players are still on stage. And that, too, adds to the nostalgic feeling of this book. We often forget how intricately connected the Watergate scandal was to the parallel efforts by the Nixon administration to tamp down dissent about the war, muzzle critics both inside and outside the administration, and prevent the full history of the war from being told. Rumsfeld and Cheney, of course, were in the White House on the day the helicopters removed the last stragglers from the roof of the embassy compound in Saigon. Henry Kissinger makes a lengthy cameo appearance as a maven of deep influence in the Bush White House, blindly repeating the mantra "victory" without ever quite defining it. Wise men are summoned for meetings that adjourn with no results. Body counts are cited as indices of progress. Stephen Hadley, now Bush's national security adviser, wonders about ways that we might be able to retreat quietly and declare victory. It's dÃ©jÃ vu all over again.

Near the beginning of his tenure, President Bush said, "time is our ally at the beginning of the administration. It will at some point turn against me." Abraham Lincoln, whose name graces the aircraft carrier where President Bush declared victory in Iraq, once wrote, "We cannot escape history." That remains true, even for presidents. Soon the full story of the Iraq War will be told by historians, who will be swayed less by the heat of the moment and adhere instead to the simple tally sheet of promises made and kept. They will not be swayed by ABC television scripts, or executive privilege or lofty claims that were once made but, like snowflakes, melted upon human contact. This book, heavy in every sense, will be at the top of their shelves as they proceed to the altar of judgment. Â·

Ted Widmer is the director of the John Carter Brown Library at Brown University. He was director of speechwriting at the National Security Council between 1997 and 2000.

The World According To Rummy (WP)

The Washington Post, October 8, 2006

On May 1, Defense Secretary Donald H. Rumsfeld circulated a secret memo titled "Illustrative New 21st Century Institutions and Approaches." The six-page document, excerpted below, highlights the Iranian threat, calls for a multilateral military force and argues that the United States' antiquated system of government makes competence "next to impossible." I obtained the contents of this memo while reporting for "State of Denial: Bush at War, Part III" (Simon & Schuster).

-- Bob Woodward

1. Transformation of international institutions. Today the world requires new international organizations tailored to new circumstances. Many of the more pressing threats are global and transnational in scope. Terrorism proliferation, cyber crime, narcotics, piracy, hostage-taking, criminal gangs, etc. Because they cannot be dealt with successfully by any one nation alone, the cooperation of many nations will be vital. Current institutions such as the UN, NATO, OAS, the African Union, ECOWAS, ASEAN and the European Union, to mention a few, were designed at a time when the world's challenges were notably different. Some were formed over half a century ago to further U.S. foreign and security policy purposes. Today, as U.S. goals in the world at large have changed, existing international institutions have failed to adapt sufficiently. Effective international organizations are needed to bring competence to such areas as quick reaction forces, military training, military police training, counterproliferation, capacity building for the rule of law, governance and domestic ministries. This may require institutions designed for those purposes rather than struggling to reform existing institutions to take on tasks for which they are ill suited.

Examples . . . Peacekeeping and governance. The world and the U.S. would benefit from a "global peace operations and governance corps." A standing capability is needed ready to respond rapidly to deal with emerging situations before they spin out of control. Such a capability would have been useful in just the past few years in Liberia, Haiti and perhaps Sudan.

The U.S. and like-thinking nations could help to enable such a capability by training, equipping and sustaining peacekeepers with military and police capability, perhaps organized regionally in considerably greater numbers than are currently available. . . . Similarly, the U.S. and our friends and allies could help organize and train cadres of international professionals who can assist emerging governments in areas of governance and ministry building. The cost-benefit ratio of being prepared in advance and in benefiting from the use of several nations' troops rather than using solely US military forces would be substantial.

2. Regional challenges. Mideast security initiative. The threat Iran is posing and will likely continue to pose argues that it may well be time to form a new collective security arrangement for the Middle East and/or the Arabian Sea. Already one or two Middle East nations appear to be wondering if they should develop nuclear programs. This is the moment first to reassure key friends of U.S. commitment to shield them from nuclear blackmail through declaratory policy; and second, to find other ways to

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strengthen cooperation with them. Egypt and Saudi Arabia are the key. The U.S. needs to bolster Arab moderates now while they are viable. Some Gulf states are leaning well forward on this idea. . . .

3. A Goldwater-Nichols process for the national security portions of the U.S. government. The 1986 Goldwater-Nichols legislation led to greater jointness and interdependence in the Department of Defense among the 4 services, but it has taken 20 years to begin to fully realize its potential. The broader [U.S. government] structure is still in the industrial age and it is not serving us well. It is time to consider a new Hoover Commission to recommend ways to reorganize both the executive and legislative branches, to put us on a more appropriate path for the 21st century. Only a broad, fundamental reorganization is likely to enable federal departments and agencies to function with the speed and agility the times demand. The charge of incompetence against the U.S. government should be easy to rebut if the American people understand the extent to which the current system of government makes competence next to impossible.

Foreign assistance. The present structure of the U.S. government foreign assistance is an anachronism. A system is needed that recognizes assistance for what it really is, a component of our national security strategy. In simple terms, DOD has resources but not authorities, while State has authorities but not resources. . . . The only choice is to trash the current laws and to undertake a total overhaul of the current systems.

Strategic communications . . . A new U.S. agency for global communication could serve as a channel to inform, educate and compete in the battle for ideas. . . .

Today the centers of gravity of the conflict in Iraq and the global war on terror are not on battlefields overseas. Rather, the center of gravity of this war are on the centers of public opinion in the U.S. and in the capitals of free nations. The gateways to those centers are the international media hubs and the capitals of the world. [Ayman al-] Zawahiri has said that 50 percent of the current struggle is taking place in the arena of public information. That may be an understatement. Osama bin Laden, Zawahiri, [Abu Musab al-] Zarqawi had media committees that consistently outpace our ability to respond. When the U.S. government tries to compete in the communications arena it runs up against lack of national consensus and understanding about what means are acceptable to the media and to the Congress and disagreements as to what is legal. . . .

Rumsfeld Shift Lets Army Seek Larger Budget (NYT)

By Thom Shanker And David S. Cloud

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Defense Secretary Donald H. Rumsfeld is allowing the Army to approach White House budget officials by itself to argue for substantial increases in resources, a significant divergence from initial plans by Mr. Rumsfeld and his inner circle to cut the Army to pay for new technology and a new way of war.

With its troops and equipment worn down by years of fighting in Iraq and Afghanistan, the Army appears likely to receive a significant spike in its share of the Pentagon's budget request when it goes to Congress early next year. Significantly, increases to the size of the Army made by Congress since 2001, amounting to 30,000 troops, have become a permanent fixture of the force, military and Congressional officials say.

Beyond that, the Army is discussing internally whether it should expand by tens of thousands more, as some in Congress have long advocated. This time, Mr. Rumsfeld is not standing in the way. His original vision for a transformed military called for leaner, more agile forces capitalizing on the latest technological innovations.

Mr. Rumsfeld's current acquiescence is viewed within the Pentagon as reflecting both the reality of the Army's needs to increase its size and repair or replace current equipment and a decision not to cross swords with the service — or with the Army's staunchest supporters in Congress. Some of them are sharply critical of the defense secretary's management of the war effort and have called for him to step aside.

But Mr. Rumsfeld is requiring the Army to make its own case. The defense secretary has broken Pentagon precedent by allowing the Army to make its financial case directly to the president's Office of Management and Budget, a task normally managed by the defense secretary and his staff rather than by the individual military services. The Air Force and the Navy also asked to present their budgets directly to the budget agency and the requests were granted.

The federal government is at the point in the budget process where departments are building their budget requests, with the Office of Management and Budget overseeing the effort.

Pentagon officials said the Army was seeking about $138 billion for the next fiscal year, compared with its $112 billion request last year. Army officials told Congress that the service was already $50 billion short in equipment when terrorists struck on Sept. 11, 2001, and that the wars in Iraq and Afghanistan would require $17.1 billion in extra spending for 2007 just to repair and replace tanks, Humvees and other gear. Money to repair and replace equipment is expected to be $13 billion in 2008 and the next five years.

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As negotiations in the Defense Department and with the Office of Management and Budget got under way to build the 2008 budget proposal, which the White House is due to submit to Congress in February, the Army took the unusual step of ignoring a deadline for submitting its central budget document, which the armed services use to explain their missions and resource requests.

"This is unusual, but we are in unusual times," a senior Defense Department official said. The official, who said the missions assigned to the armed forces were larger than those envisioned in official Pentagon strategy and far outstrip what can be supported by current budgets, described the conundrum Mr. Rumsfeld and the Army face.

"Do we lower our strategy, or do we raise our resources?" said the official, who was given anonymity to discuss budget deliberations. "That's where we're at."

Army officers made the case that meeting the administration's internal preset deadline for budget proposals before the service had fully assessed its needs — and made the case for a substantial increase — would create a false debate over numbers that would have to be dramatically revised before the February deadline for the administration's public budget submission to Congress.

Even with additional money and more troops, it is far from clear that the Army will be able in the near term to fulfill all of its commitments in Iraq and Afghanistan, prepare for other contingencies and keep its pledge to active-duty soldiers to give them two years at home between yearlong deployments to the war zone. Some senior Army officials are said to be advocating a growth not just of 30,000 soldiers, but of 60,000 to 80,000, and it is likely that sustained troop levels in Iraq may require a sizable recall of the National Guard to fill out future deployments there.

Steven Kosiak, a defense budget expert at the Center for Strategic and Budgetary Assessments, an independent group that monitors defense policy, said previous budget plans looking ahead to 2011 gave the Army about 25 percent of the defense budget, roughly the same level it has received for decades.

But by pushing for a substantial increase in 2008 and for years thereafter, the Army is saying it needs a bigger share to deal with the requirements of combat in Iraq and Afghanistan, possible future wars and the need to modernize its force.

Unlike the Air Force and the Navy, which have been cutting their total personnel substantially to save money that can be applied to operations and new weapons systems, the Army is being forced to increase its total numbers, drawing from money for overhauling equipment and for new weapons systems.

The Air Force and Navy also have substantial mission requirements that cannot be ignored, so eventually, the question will be whether or by how much the Pentagon budget should be allowed to grow to meet the Army's rising needs.

Loren Thompson, an analyst at the Lexington Institute, a policy research group in Virginia, noted that the military budget was on the verge of exceeding a half trillion dollars a year, a level that, based on inflation-adjusted dollars, has been reached only three times before. Each previous time the budget reached that level, after the wars in Korea and Vietnam and after the defense buildup in the 1980's, it soon went back down.

"The question is, Are we going to break that glass ceiling this time?" Mr. Thompson said. "The future is unknowable, but I would say probably not."

Mr. Rumsfeld has come around to the Army's position of needing more money after a series of meetings and briefings with senior officers.

"The secretary said: 'Prove your case. Show me the metrics,' " a member of Mr. Rumsfeld's policy staff said. "The Army came in and showed him their metrics and proved their case. That's when Rumsfeld said, 'O.K. Now go over to O.M.B. and talk to them.' "

Mr. Rumsfeld has not publicly addressed his reasons for allowing this tactic, although it is a no-cost decision for the defense secretary, one that allows an important yet thorny issue to be raised with the White House without any specific personal commitment from him at this early stage of the debate.

Some Pentagon officials are frustrated that the Army is arguing for increases to pay for current missions even as it resists calls to cut its own $130 billion, 10-year investment in a next-generation weapons program called Future Combat Systems. Others express concern that the Army is using its current resources inefficiently.

Rumsfeld supporters say the continued financing of Future Combat Systems illustrates how his agenda to use technology to overhaul the Army is still being pursued. Some of the additional money the Army is seeking would go toward another part of his plan, realigning the infantry divisions into more deployable brigades.

Mr. Rumsfeld has opposed proposals to increase the size of the military, citing the need to contain health benefits and other personnel costs that have been eating a larger share of the defense budget.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks that was described as a temporary measure. Army officials say they hope to reach the authorized total troop strength of 512,000 by next year.

Lt. Gen. Michael D. Rochelle, the Army's top personnel officer, said that number was being treated as a "permanent floor."

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In an interview, General Rochelle called that level “adequate” and said the Army “is growing the force as quickly as we can to get to that.”

Inside the Pentagon, officials both in the Army and in Mr. Rumsfeld’s inner circle go out of their way to describe a consultative relationship between the defense secretary and senior officers. The tenor, they said, is far more constructive than it was before Mr. Rumsfeld called a retired four-star officer, Gen. Peter J. Schoomaker, from his Rocky Mountain ranch to become the Army chief of staff and rebuild relations.

General Schoomaker, in his final year as chief, now finds himself negotiating with a strong hand as the Army carries the lion’s share of the mission in Iraq.

U.S. Casualties In Iraq Rise Sharply (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, October 8, 2006

Growing American Role in Staving Off Civil War Leads to Most Wounded Since 2004

The number of U.S troops wounded in Iraq has surged to its highest monthly level in nearly two years as American GIs fight block-by-block in Baghdad to try to check a spiral of sectarian violence that U.S. commanders warn could lead to civil war.

Last month, 776 U.S. troops were wounded in action in Iraq, the highest number since the military assault to retake the insurgent-held city of Fallujah in November 2004, according to Defense Department data. It was the fourth-highest monthly total since the U.S.-led invasion of Iraq in March 2003.

The sharp increase in American wounded -- with nearly 300 more in the first week of October -- is a grim measure of the degree to which the U.S. military has been thrust into the lead of the effort to stave off full-scale civil war in Iraq, military officials and experts say. Beyond Baghdad, Marines battling Sunni insurgents in Iraq's western province of Anbar last month also suffered their highest number of wounded in action since late 2004.

More than 20,000 U.S. troops have been wounded in combat in the Iraq war, and about half have returned to duty. While much media reporting has focused on the more than 2,700 killed, military experts say the number of wounded is a more accurate gauge of the fierceness of fighting because advances in armor and medical care today allow many service members to survive who would have perished in past wars. The ratio of wounded to killed among U.S. forces in Iraq is about 8 to 1, compared with 3 to 1 in Vietnam.

"These days, wounded are a much better measure of the intensity of the operations than killed," said Anthony H. Cordesman, a military expert at the Center for Strategic and International Studies in Washington.

The surge in wounded comes as U.S. commanders issue increasingly dire warnings about the threat of civil war in Iraq, all but ruling out cuts in the current contingent of more than 140,000 U.S. troops before the spring of 2007. Last month Gen. John P. Abizaid, the top commander in the Middle East, said "sectarian tensions, if left unchecked, could be fatal to Iraq," making it imperative that the U.S. military now focus its "main effort" squarely on Baghdad.

Thousands of additional U.S. troops have been ordered to Baghdad since July to reinforce Iraqi soldiers and police who failed to halt -- or were in some cases complicit in -- a wave of hundreds of killings of Iraqi civilians by rival Sunni and Shiite groups.

U.S. commanders have appealed for weeks for 3,000 more Iraqi army troops to help secure Baghdad but as of Thursday had received only a few hundred, according to military officials in the Iraqi capital. Mistrust of Iraqi police in Baghdad remains high, Abizaid said. Last week, an Iraqi police brigade with hundreds of officers was removed from duty over its involvement in sectarian killings.

"The Baghdad security plan and the general spiral of operations is driving us to be more active than we have been in recent months," said Michael E. O'Hanlon, a military analyst at the Brookings Institution, a Washington-based think tank. "We have more people on patrols and out of base, so we get more people hurt and killed in firefights," he said, explaining that U.S. military offensives -- more than other factors such as shifting enemy tactics -- tend to drive the number of American casualties.

In March, Defense Secretary Donald H. Rumsfeld said that Iraqi forces -- not U.S. troops -- would deal with a civil war in Iraq "to the extent one were to occur." Today's operations in Baghdad demonstrate that that goal was not realistic, experts say.

"In a sense, the Baghdad security plan is a complete repudiation of the earlier Rumsfeld doctrine where he said the Iraqis would prevent the civil war," said O'Hanlon.

Despite the mounting cost in U.S. wounded and dead -- including 13 American soldiers killed in combat in Baghdad in three days last week -- Pentagon officials say aggressive military operations in the Iraqi capital are at best a short-term and partial solution, buying time for political compromise, which they call the only way to arrest Iraq's disintegration.

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"The Baghdad security plan will only be a temporary fix," said a Pentagon official who has served in Iraq. "You need to address the root causes," said the official, who spoke on the condition of anonymity because he was not authorized to speak publicly.

The rising toll of wounded reflects ongoing heavy combat in Anbar as well as in Baghdad, where U.S. troops face an escalation of small-arms and other attacks as they push into the city's most violent neighborhoods to rein in sectarian death squads, militias and insurgents, officers say.

"Attacks against the coalition have definitely increased as . . . the enemy is trying to come in and reestablish themselves" in a dozen religiously divided districts in east and west Baghdad, said Lt. Col. Jonathan Withington, a spokesman for the U.S. military command in the city. "There's a lot of weapons in Baghdad," contributing to an increase in enemy attacks using small arms, he said.

Withington said he was not authorized to release the number of U.S. military personnel wounded in Baghdad or the number of attacks in the city, although the military has released such data in the past.

A survey of reports on combat deaths from August through early October, however, shows an increase in those killed in Baghdad from small-arms fire as well as bombs along roads. Dense urban terrain in the city of 6 million people, where enemy fighters have many places to hide and can attack from close quarters, reduces the advantage of the better-trained and better-equipped U.S. forces.

"September was horrific" in terms of the toll of wounded, and if the early October trend continues, this month could be "the worst month of the war," said John E. Pike, director of GlobalSecurity.org, a Virginia-based Web site that tracks defense issues.

The worsening violence in Baghdad has led some Pentagon officials to criticize decisions by the U.S. military since early 2005 to transfer responsibility for security in large swaths of Baghdad to Iraqi forces while cutting back on American patrols.

"We made decisions to take an indirect approach, which is great if you want low U.S. casualty rates," said the Pentagon official. However, he said: "Passing responsibility to Iraqis does not equal defeating terrorists and neutralizing the insurgency. Period."

Bomb Kills 14 In Iraqi City That Bush Had Lauded As Safe (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 8, 2006

BAGHDAD, Oct. 7 -- A suicide car bomb slammed into an Iraqi army checkpoint Saturday and killed at least 14 people in Tall Afar, a northern city that President Bush has previously hailed as a symbol of security and normalcy in Iraq.

The fiery explosion, which occurred at 10 a.m. in the city's Salam neighborhood, also wounded at least 11 people, mainly civilians in cars that had been stopped at the checkpoint, authorities said.

"There were screams and shouts of people calling for help," said Hameed Buhriz, 43, a taxi driver who was wounded and knocked unconscious by the attack. "I felt like I was being crushed against the door of my car. After that, I do not recall what happened."

The assault -- which occurred as two construction workers were killed by gunmen west of the city -- followed another suicide bombing in Tall Afar last month that killed at least 21 people and wounded 18. Taken together, the attacks seemed to undercut the president's assertion in March that residents of Tall Afar "can count on a basic level of safety and security, they can live together peacefully."

Violence continued to rage across Iraq on Saturday. At least 25 people were killed in separate attacks, the Associated Press reported. The [a] news service quoted the Interior Ministry as saying 51 bodies had been found in Baghdad in the past 24 hours, many tortured and bound.

The U.S. military announced that a soldier assigned to the 3rd Brigade, 82nd Airborne Division, was killed Friday by enemy action near the city of Baiji, north of Baghdad.

In Kirkuk, a volatile mixed city in the north, Iraqi and U.S.-led forces launched a major security operation, dubbed "the key to peace," to root out members of al-Qaeda and other Sunni Arab insurgent groups. Authorities imposed a 6 p.m. curfew and announced the detention of 155 suspected insurgents.

Prime Minister Nouri al-Maliki and U.S. Ambassador Zalmay Khalilzad met in Baghdad with more than 100 tribal leaders from volatile Anbar province who have formed a group, known as the Anbar Salvation Council, to fight al-Qaeda and insurgent groups. The tribal leaders have asked Maliki to sack the provincial government and replace it with their new council, but a government spokesman said such a decision would have to be made instead by the people of Anbar.

"If the people of Anbar do decide that they want to have this change," said the spokesman, Ali al-Dabbagh, "then the government does not object."

Washington Post staff in Iraq contributed to this report.

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Suicide Bomber Kills 14 In Northern Iraq City (NYT)

By Sabrina Tavernise

The New York Times, October 8, 2006

BAGHDAD, Oct. 7 — A suicide bomber plowed into an Iraqi Army checkpoint in the northern city of Tal Afar on Saturday, killing 14 people and injuring an additional 10, Iraqi officials said.

It was the deadliest bombing in several weeks in Iraq, on a day where 29 people were reported killed across the country. In addition, Iraqi authorities found 51 bodies, many of them bound and showing signs of torture, in western and eastern Baghdad.

The American military on Saturday announced the death of one American soldier, who it said was killed "as the result of enemy action" near Bayji, a town north of Baghdad.

Sunni gunmen shot two Shiite bakery workers dead at their shop on Saturday morning, an Interior Ministry official said. The bakery, Al Nahrain, is in Mansour, a neighborhood in central Baghdad where Sunni Arab fighters gained a foothold this spring.

In Tal Afar, a dusty city near the Syrian border, the bomber blew himself up after ramming his car into the checkpoint, The Associated Press reported. Some of those killed were crushed when parts of buildings collapsed from the force of the explosion.

At various times since the American invasion, Tal Afar has been all but controlled by Sunni Arab insurgents. American forces have twice driven insurgents out of the area.

The attack was the fourth bomb attack on an army or police checkpoint in that city since the start of the holy month of Ramadan several weeks ago, [a news organization] reported.

In Baghdad on Saturday, Prime Minister Nuri Kamal al-Maliki continued efforts at dialogue with Sunni Arab tribes of the western province of Anbar. Meeting with leaders in the Green Zone, Mr. Maliki called for a three-point plan to improve security in the war-torn province. The plan included broadening participation in local governments to include tribal leaders, financing a reconstruction effort, and assembling strong police and army forces quickly.

Iraqi authorities in the northern city of Kirkuk began a broad security crackdown, after an unusual curfew was imposed Friday night. Maj. Gen. Jamal Tahir said Iraqi and American troops were searching neighborhoods for weapons and militants, and that the curfew, imposed 6 p.m. on Friday, would be in place until further notice.

In the southern city of Najaf on Saturday, Iraq's oil minister, Hussein al-Shahristani, opened a new refinery with the capacity to process about 10,000 barrels of oil a day. Mr. Shahristani said the government planned to open another refinery in the south of Iraq, in Karbala, with a daily capacity of about 200,000 barrels.

Iraqi Troops Launch Crackdown In Kirkuk (HC/AP)

By Lee Keath

Houston Chronicle/AP, October 8, 2006

BAGHDAD, Iraq — Thousands of Iraqi troops launched a crackdown in Kirkuk today, ordering residents to stay in their homes in an effort to put down violence that has swelled in the north amid efforts to rein in bloodshed in Baghdad.

Elsewhere in the north, a suicide bomber rammed a police checkpoint with an explosives-packed car, killing 14 people in the town of Tal Afar. It was the deadliest attack in a day that saw 26 Iraqis killed around the country.

In March, President Bush had pointed to Tal Afar as an example of progress made in bringing security to Iraq after a major U.S. offensive swept through the town, 30 miles from the Syrian border.

But after a period of quiet, today's was the fourth suicide attack in the town in the past three weeks.

Thousands of U.S. and Iraqi troops have been carrying out an intensified sweep of Baghdad since August, searching neighborhood by neighborhood to root out insurgents and militias who have killed thousands this year.

But at the same time, shootings, bombings and other attacks has been swelling in northern areas such as Kirkuk and Mosul, the capital of the province where Tal Afar is located — though the bloodshed has not been on the scale seen in Baghdad.

The U.S. military announced today that a U.S. soldier was killed Friday near Beiji, about 60 miles southwest of Kirkuk.

Authorities in Kirkuk this week completed digging a 10-mile trench around the city's southern and western edges aimed at cutting off side roads to prevent car bombs from being brought into the city. Intensified checkpoints were set up on city entrances that remained.

Today, authorities announced a curfew had been extended to round-the-clock "until further notice," ordering all residents off the streets, said Kirkuk police chief Lt. Gen. Sherko Shaker.

"This operation comes as a measure to cleansing Kirkuk from weapons, as well to prevent the militants from having any chance to reorganize their abilities," he said. "We shouldn't give them any chance to rest."

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Troops conducted searches and raids today in the southern and western sectors of the city, where most of the Sunni Arab population is centered. So far, 150 suspected Sunni insurgents have been arrested and more than 220 assault rifles have been seized, Shaker said.

Kirkuk, located 180 miles north of Baghdad, is a major oil center and the focus of an ongoing struggle for power between its large Sunni and Kurdish populations.

The Kurds want to include the city in their autonomous zone further north and are working to resettle thousands of Kurds who were driven out during the regime of Saddam Hussein and replaced with Sunni Arabs.

Al-Qaida in Iraq and another major Sunni group, Ansar al-Sunna, have increased their presence in regions west of the city, said Sheik Abdul-Rahman al-Munshid, a top sheik in the Sunni Obeid tribe. He blamed Kurdish efforts in the city for fueling Sunni Arab support for insurgents.

"The demands of the Kurdish political forces and their attempt ... to work to make Kirkuk part of the northern region that have created worry among the non-Kurdish groups," he said.

Meanwhile, a suicide bomber rammed an explosives-packed vehicle into a police checkpoint in Tal Afar, killing four policemen and 10 civilians. Some of them died when parts of nearby homes collapsed from the force of the blast.

In nearby Mosul, gunmen killed a woman whose son works with the city police, Mosul police Col. Abdel-Karim al-Jubouri said. A Kurdish lawyer was shot to death in front of his home in the evening.

Gunmen killed five people in separate shooting attacks on roads northwest of Mosul, including three Iraqis who worked at a nearby military base.

In Baghdad today, gunmen sprayed a Shiite-owned bakery in the Mansour district with bullets, killing two people and wounding one.

More bodies with bound hands and signs of torture on them were found; two were in the Tigris River in downtown Baghdad and five others were dumped in a southeastern suburb.

Meanwhile, the U.S. command said it had captured 28 suspected terrorists in a series of nine raids early Tuesday in the Jisr Diyala neighborhood of southeastern Baghdad. Among those were three "high value individuals, including the No. 9 person on the division's high-value target list."

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Associated Press writer Yahya Barzanji in Sulaimaniyah, Iraq, contributed to this report.

U.S., Iraqi Forces Clash With Insurgents (NSDY/AP)

Long Island Newsday/AP, October 8, 2006

BAGHDAD, Iraq -- U.S. and Iraqi forces fought militiamen early Sunday in Diwaniyah, a southern city under the growing influence of the Mahdi Army loyal to radical Shiite cleric Muqtada al-Sadr.

Fighting could be seen in two neighborhoods and heavy explosions were heard.

An Associated Press reporter saw U.S. soldiers sealing off roads to the city, in an apparent attempt to keep the insurgents from bringing in reinforcements.

Fighting broke out after a joint U.S.-Iraqi unit raided the house of Kifah al-Greiti, a Mahdi Army commander in the city, said Iraqi Army Capt. Fatiq Ayed.

The U.S. command in Baghdad had no immediate comment on the fighting.

Diwaniyah, 80 miles south of Baghdad was the scene of a fierce fight in August between the Mahdi Army and Iraqi forces that left 23 Iraqi troops and 50 militiamen dead and scores wounded.

Baker Panel May Recommend Federal Iraq (WT/UPI)

The Washington Times/UPI, October 8, 2006

A commission chaired by former U.S. Secretary of State James Baker may recommend a federal Iraq divided among the country's three major groups.

"The Kurds already effectively have their own area," a source close to the group told the Times of London. "The federalization of Iraq is going to take place one way or another. The challenge for the Iraqis is how to work that through."

Baker's panel was set up by Congress with President George W. Bush's approval in an effort to break out of what appears to be a dead end in Iraq, with the United States unable to create a stable regime, the newspaper said. Baker was secretary of state during the first Gulf War while Bush's father was president.

The source said the report to be released next month would favor devolving power to Sunni, Shiite and Kurdish regions with considerable autonomy. A weak central government would be involved with distribution of oil revenues, border security and foreign affairs.

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Listen To The Iraqis (NYT)

By Nicholas D. Kristof

The New York Times, October 8, 2006

With our Iraq policy floundering, it's time to take advice from the experts — the Iraqis themselves.

And Iraqis are crystal clear about what the U.S. should do: announce a timetable for withdrawal of our troops within one year. They're right. Our failure to declare a timetable and, above all, our coveting long-term military bases in Iraq feed the insurgency and end up killing more young Americans.

A terrifying new poll conducted last month found that 61 percent of Iraqis now approve of attacks on Americans. That figure, up from 47 percent in January, makes counter-insurgency efforts almost impossible, because ordinary people now cheer, shelter and protect those who lay down bombs to kill Americans. The big change is that while Iraqi Sunnis were always in favor of blowing up Americans, members of the Shiite majority are now 50 percent more likely to support violent attacks against Americans than they were in January.

The poll, by the Program on International Policy Attitudes at the University of Maryland, also found that 78 percent of Iraqis now believe that the American military presence is "provoking more conflict than it is preventing."

So ordinary Iraqis themselves — who have the most at stake — overwhelmingly think they will be better off if U.S. forces leave according to a timetable. Only 9 percent prefer President Bush's policy of toughing it out, while 71 percent favor a withdrawal within one year.

This midterm election season is an ideal time for a public debate on Iraq policy, and Senator John Warner, the longtime Republican leader on military issues, is right to raise the possibility of a "change of course." The evidence suggests ever more clearly what we should do: Don't rush for the exits, but renounce permanent bases and announce that we will withdraw our troops within one year.

Renouncing bases should be a no-brainer, and it would be the simplest way to save American lives. Seventy-seven percent of Iraqis say the U.S. plans permanent bases in Iraq. (They're right, although we hem and haw about it.) And as the poll discovered, "the belief that the United States plans to have permanent bases in Iraq is highly correlated with support for attacks on U.S.-led forces."

Iraqis who don't think the U.S. wants bases are half as likely to favor attacks on Americans as those who do think the U.S. wants bases. And so if President Bush stands up and unequivocally renounces bases, that will reduce popular support for attacks — and save American lives.

"There is also some evidence that if the United States were to make a commitment to withdraw according to a timetable, support for attacks would diminish," the survey found. For example, half of those who approved of attacks said they would be less supportive if the U.S. did announce a timetable for withdrawal.

The biggest mistake we Americans have made all over the world in the post-World War II era, from China and Vietnam to Latin America and Iraq, has been the failure to appreciate the appeal of nationalism. Ironically, it's the same big mistake King George III made in the 1770's.

All our options are bad, and I worry that a timetable will encourage the insurgents to hang on until we leave. Or maybe Iraq will fall apart no matter what we do. But the evidence is pretty strong that our presence — because of suspicions that we plan to stay forever — is doing more harm than good. One poll conducted by our own State Department found that nearly three-quarters of Baghdad residents said they would feel safer if U.S. forces left Iraq, according to The Washington Post.

The present policy is also nurturing a broader extremism. A letter seized by the U.S. military and reported by The Christian Science Monitor suggests that Al Qaeda itself is rooting for the U.S. to "stay the course" rather than withdraw. "Prolonging the war is in our interest," the Qaeda letter says, presumably as a tool for propaganda and recruitment.

A U.N. report found that the Iraqi insurgency is inspiring the Taliban fighters in Afghanistan. New designs for bombs are used in Afghanistan just a month after they make their appearance in Iraq.

Likewise, Sudan's president is able to defy calls for international peacekeepers in Darfur because he plays on Arab fears that the U.S. plans to do to Sudan what it has done to Iraq. All over the globe, American diplomacy is hobbled because of Iraq.

So it's time to face the grim reality and announce that all our troops will leave Iraq by October 2007.

US Puts Maliki On The Clock In Iraq (AFP)

By Stephen Collinson

AFP, October 8, 2006

WASHINGTON - The United States is putting Prime Minister Nuri al-Maliki and fellow Iraqi leaders on the clock, as frustration in Washington mounts at his government's inability to stem raging violence.

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A fearsome week in Iraq which saw Baghdad's worst rash of bombings in three years and a surge in the numbers of US soldiers killed, tightened the political screws on President George W. Bush's administration ahead of crucial November elections.

Top US officials further sharpened the public US message towards the Maliki government -- a process which started with anonymous quotes by US officials leaked to US newspapers in September -- and reached a new pitch when Secretary of State Condoleezza Rice flew into Baghdad on Thursday.

Comments by influential Republican Senator John Warner, meanwhile, fuelled perceptions that a new debate may be emerging on the direction of Iraq policy among members of the administration and political allies.

"The security situation is not one to be tolerated, and is not one that is helped by political inaction," Rice said on her trip to Baghdad this week, which started with the uncomfortable image of the US secretary of state being forced to circle the airport for 45 minutes because of a rocket attack.

Rice complimented Maliki on his "excellent" leadership and strength, but the steel in the US message was a call for the prime minister to bring together all factions in Baghdad to stop the killing.

She flew into Baghdad after Iraq's political leaders signed a pledge to halt sectarian violence, but there are already doubts in Washington that they will follow up on their promises.

Rice did not provide a deadline, but US ambassador to Iraq Zalmay Khalilzad indicated a week ago on CNN that the window for critical action to stem the carnage in Iraq may be down to two months.

Deputy White House spokeswoman Dana Perino also noted Friday that Iraq was at a "crucial moment," while reiterating strong US public support for Maliki.

The comments by Warner, a World War II veteran who chairs the powerful Senate Armed Services Committee, caused a stir, when he complained that Iraq was "drifting sideways" after returning from his own visit.

He warned the government did not seem to be pulling the "levers" of sovereignty.

"In two or three months, if this thing hasn't come to fruition and this level of violence is not under control, I think it's a responsibility of our government to determine: Is there a change of course we should take?"

The administration hinted in recent weeks that its continuing support for the Maliki government, and the price it pays in blood and treasure on its behalf, is not a one-sided bargain.

"Iraq can count on our partnership, as long as the new government continues to make hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said in an August speech.

What Washington might do if it decides Iraq's government is not making those "hard" choices is not clear.

"The United States is obviously constantly looking at what we're doing and reviewing our options and our policies," said Rice, but she made clear that the US administration was not going to remove American support for the Iraqi government if it could not stand on its own feet.

Some observers have seen veiled US hints as the start of a public relations strategy that would provide a rationale for a drawdown of US troops.

But the administration is adamant American forces will not leave until the Iraqi government and military can control the country.

Other plans floating around Congress include one which would see Iraq divided into sectors for Kurds, Sunnis and Shiites, though that appears fraught with problems.

The real debate on where to go next is likely to heat up after the name-calling and political posturing over Iraq die down following November's congressional elections.

A report is due by the Iraq Study Group, a group of US public service grandees asked by Bush to examine the situation in Iraq and US policy options.

Led by Bush family fixer and former US secretary of state James Baker, the group has already echoed US government warnings that the status quo in Iraq cannot continue indefinitely.

"The next three months are critical. Before the end of this year, this government needs to show progress in securing Baghdad, pursuing national reconciliation and delivering basic services," group co-chair Lee Hamilton told reporters in September.

Analysis: U.S. Influence On Iraq Limited (AP)

By Anne Gearan

AP, October 8, 2006

The Bush administration is bumping up against the limits of military and political power to influence what happens next in Iraq, four years into an increasingly unpopular war that has not gone as planned.

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As U.S. officials now acknowledge, the cycle of sectarian killings poses a greater threat than does al-Qaida or the anti-American insurgency.

"The security situation is not one that can be tolerated and it is not one that is being helped by political inaction," Secretary of State Condoleezza Rice said last week at the start of a two-day trip to Iraq.

The day Rice arrived, a leading Republican and Bush loyalist offered a bleak assessment of Iraq. Sen John Warner, R-Va., said Iraq is "drifting sideways" and that the U.S. military has done what it could.

Warner, chairman of the Senate Armed Services Committee, said Congress must make some "bold decisions" if, after three months, the Iraqis have not made progress to calm ethnic violence and hasten reconstruction.

Rice's visit came a month before the fall elections in the United States that Democrats are portraying as a referendum on President Bush's handling of Iraq.

Associated Press-Ipsos polling in September found that more than half of likely voters say the U.S. is losing ground in Iraq, and Democrats got higher marks than Republicans about which party would best handle the conflict. Forty-six percent of likely voters said Democrats and 40 percent said Republicans.

Democrats argue that Iraq had nothing to do with the Sept. 11 attacks and that the war has been a costly distraction from the global effort to combat al-Qaida and its leader, Osama bin Laden.

In Iraq's capital, Rice reaffirmed Bush's commitment to help Iraqis finish the job.

She also carried an implicit warning about Americans' patience as she shuttled under heavy guard among the often squabbling factions in Iraq's fragile government.

People in the U.S., she told the Iraqi politicians, do not see the complicated history of grudges and strife among ethnic groups that drives the current violence.

"What they see are Iraqis killing Iraqis, and that is not a good image," a U.S. diplomat who attended the meetings later quoted Rice as saying. "The world, the American people, need to see different views. They need to see Iraqis working together and producing progress."

In other words, Rice was saying, the folks at home who are bankrolling the war at $300 billion and counting may not see why American lives and dollars are being spent to police internecine fighting half a world away.

The U.S. diplomat, who spoke on condition of anonymity because Rice's sessions with Shiites, Sunnis and others were private, also said Rice was frank about the stakes.

Rice told the Iraqis that "of all of the threats facing Iraq — the insurgency, al-Qaida terror, sectarian violence — it's sectarian violence that poses the strategic threat to success, as Iraqis would define it, for their country and in certainly success as we would define it for Iraq."

It also is the force that the United States has the least leverage to counter.

The bodies dumped on Baghdad streets each night are unrelated to the presence of U.S. troops, although mounting deaths among U.S. soldiers reflect the latest attempt to slow the revenge killings.

The United States has put increasing pressure on the government of Prime Minister Nouri al-Maliki to stop sectarian violence amid deep divisions within his Cabinet between Shiite and Sunni parties.

Sunnis complain al-Maliki is hesitant to take tough action against Shiite militias because many of them are linked to parties he relies on. His signature plan to contain the spiral of violence in Baghdad has had little effect, and it is not clear how much authority he commands to do more.

The U.S. claim that democratic politics will triumph in Iraq depends largely on al-Maliki's success, and Rice praised him as a strong and capable leader.

At the same time, she told reporters, she was firm in "saying very clearly to all of them that what the Iraqi people expect, and indeed what the United States expects, is that they're going to overcome any political differences rapidly."

EDITOR'S NOTE — Anne Gearan covers foreign affairs and diplomacy, based in Washington.

Iraq Youths See Frozen Futures (NYT)

By Sabrina Tavernise

The New York Times, October 8, 2006

BAGHDAD, Oct. 7 — In a dimly lighted living room in central Baghdad, Noor is a lonely teenage prisoner. Many of his friends have left the country, and some who have stayed have strange new habits: a Shiite acts holier-than-thou; a Sunni joins an armed gang.

At 19, Noor is neither working nor in college. He is not even allowed outdoors.

Three and a half years after the American invasion, the relentless violence that has disfigured much of Iraqi society is hitting young Iraqis in new ways. Young people from five Baghdad neighborhoods say that their lives have shrunk to the size of

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their bedrooms and that their dreams have been packed away and largely forgotten. Life is lived in moments. It is no longer possible to make plans.

"I can't go outside, I can't go to college," said Noor, sitting in the kitchen waiting for tea to boil. "If I'm killed, it doesn't even matter because I'm dead right now."

The American military is trying to address the problem. In August, it began the most systematic series of sweeps of Baghdad since the war began, trying to make the worst neighborhoods safe for a return to normal life. It appears to be bearing some fruit, with deaths in the city down about 17 percent in August from July, according to a United Nations report based on morgue statistics.

But violence between the sects here continues at a frantic pace, wiping out ever more of what middle ground remains. And it has left young Iraqis trying to resist its pull frozen in an impossible present with no good future in sight.

The speed of the descent has been breathtaking. A few short months ago, Noor was taking final exams, squabbling with his little brother and hanging out at home with his friends. But violence touched the family's outer edge — his father's business partner was killed on a desert road far from Baghdad because he was a Shiite — and things began to unravel.

Fearing that the man may have divulged details about them, Noor's parents accelerated their plans for Noor and his younger brother to leave Iraq. His brother was moved to the safety of northern Iraq, but Noor was forced to return after British authorities rejected his application for a student visa.

Since coming back, he spends most days in his living room on the computer, listening to the sounds of life outside his gate. He wants to enroll in college here and even had one of his friends sneak him an application, but his parents will not let him go. Campuses are volatile mixes of sects and ethnicities, and sectarian killings of students are no longer rare.

Before the epidemic of neighborhood assassinations began last year, it was a rare middle-class Iraqi who had a peer involved in sectarian killing. But as the killing spread, increasingly larger portions of the population have been radicalized.

For Noor, a secular Sunni who is solidly middle class, the sectarian killing has broken squarely into his circle of friends. A friend from Adhamiya, Baghdad's Sunni Arab center, joined a neighborhood militia after his father was shot to death in front of their home. Noor heard through friends that he had set up a roadside bomb to kill Iraqi troops.

"He hates the Shia because they killed his father," said Noor, speaking in fluent English and gesturing with his hands. "He became a different person. He became a monster."

It is that radicalization that most frightens Noor's mother. Most of the casualties and the perpetrators in the sectarian killing are young men, and with few jobs and no hope for justice through the government, armed gangs and militias are extremely alluring.

"I'm afraid he'll be drawn to certain currents," she said. "There is a lot of anger inside."

Subtler is the changing nature of his friendships. A few of his Shiite friends feel a new passion for their identity, and he now finds it difficult to relate to them. "They changed," he said. "They talk a lot about identity."

"I can't tell them my true feelings," he added. "I started to expect something bad from them."

As little as a year ago, most Iraqis dismissed fears of sectarian war. Iraqis of different sects had always mixed, they argued, and no amount of bombing would change that. But as the texture of the violence changed from spectacular car bombs set by Sunnis to quiet killings in neighborhoods of both sects, few still cling to that belief.

Three days a week, Safe, 21, walks around sleepy. He stands guard with a machine gun three nights a week to protect his block in the ravaged neighborhood of Dora. As a Sunni Arab, he fears Shiite death squads and policemen. Seven of his friends have been detained and beaten. He has attended more than a dozen funerals in recent months for Sunnis who have been killed.

"Sectarian stuff has come into our life from all doors," he said, speaking in quick bursts. "I am afraid of these checkpoints. They tell you five minutes, and keep you for a month."

The constant battle has left a bad taste in his mouth for Shiites who strongly assert their identity. He got into a fistfight with a Shiite student at the medical school where he studies over the meaning of a Muslim holiday. His campus is in heavily Shiite eastern Baghdad, and a professor referred to the healing powers of a sacred Shiite imam during a physiology lecture this year, to the fury of the Sunni students. Even the typical Shiite jewelry, silver rings with smooth round stones, he finds irritating.

"When you see them, you want to throw up," he said, referring to chauvinist Shiites.

Dora, once a mixed middle-class neighborhood, has been among the most lethal for Shiites over the past two years. Shiite residents report brutal killings for offenses as minor as pinning up posters of Shiite saints in shops. Now few Shiites remain.

Safe acknowledged that Shiites were singled out, but said insurgents only went after those working with Americans. Other Shiites received threats for spying on mosques, he said.

(He worked at an American base for two months shortly after the American invasion but was not threatened because those who were issuing them knew him, he said.)

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For Safe, whose father died when he was young and whose mother died of cancer last year, his neighborhood watch group helps him to have a sense of purpose, to feel connected, at a time when young Iraqis are more isolated than they have ever been.

"If something happens, we are all just one hand," he said.

While they serve as useful new social networks, the groups are largely based on sectarian identity, helping to reinforce increasingly homogeneous districts. Safe has no Shiite relatives and no plans to marry. Even if he did, he would never accept a Shiite, he said.

As Baghdad grows increasingly divided into a Shiite east and a Sunni west along the Tigris River, neighborhood life offers few opportunities for young Shiites and Sunnis to mix.

Every morning, Ali Wahid, 27, rides his motorbike past a dusty soccer park in the capital's largest Shiite district, Sadr City, to work in southeastern Baghdad. He holds tightly to his job, a water project that is part of the American effort here, but would never agree to go west of the Tigris, where vast swaths of Sunni neighborhoods are deadly for Shiites like him. A friend, Hamza Daraji, who does odd jobs in Sadr City, said he had not left the district in two years.

Mr. Wahid, sitting cross-legged on the floor of his modest two-story house, says his life has improved since the American invasion. His job has allowed him to pay off debts, buy a house with his brothers and even afford to marry.

Fewer Sunnis are in his life now than there were when Saddam Hussein ruled. In some ways, relations then were easier, he said, because as the ruling class, the Sunnis, were less likely to lash out.

"Before I could joke with Sunnis about Saddam," he said. "Now if I talk against him, I'm afraid they might hurt me later in a secret way."

The Sharqiya Secondary School in central Baghdad began the day with a prayer on Thursday. The new headmaster, a religious Shiite, took the unusual step of telling the entire student body, several hundred girls, that "the first way we hail the Iraqi flag is by giving prayers to Muhammad and his family," referring to the Prophet Muhammad and his family members, whom Shiites consider to be holy. Three Armenian Christians raised the flag.

"We feel desperate, desperate, desperate," said Sena Hussein, an assistant principal whose daughter is a high school senior. The school, once known citywide for its basketball team, no longer has after-school sports, because parents consider the security situation to be too risky. Trophies in a dusty glass cabinet stand a short way from the entrance to the principal's office. Even enrollment is down. The school used to get 150 new students a year. This year it has about 60.

Prospects for higher education for women coming of age in the capital have also dimmed.

Sara, a graceful 10th grader with perfect English and straight A's, will not be allowed to go to college in Iraq by her parents, who fear sectarian killings en route and on campuses themselves. The caution will cut out the mixing of young Iraqi men and women, because college is the first chance they get to be together. High schools in Iraq are single-sex institutions.

"The future is totally unclear for me now," she said, standing in the courtyard of the school as girls buzzed behind her, busily cleaning classrooms. "I don't know what would happen to me in college. Maybe I would get killed."

In a conversation later on her cellphone after a Ramadan dinner, Sara confided that her family was trying to leave the country, but that if they could not get out, she would seriously think about marrying after high school. Her mother married at 24, after she had earned a degree in civil engineering.

"Their time was different in a thousand ways," she said, her young voice suddenly serious. "It's hard for me to accept. There is no dream for me. I can't really think clearly."

She paused and then spoke a familiar refrain: "I really, really want to leave Iraq."

Amid A Kidnapping, Silence (LAT)

By Saif Rasheed And Borzou Daragahi

The Los Angeles Times, October 8, 2006

Witnesses can only hold still and then turn away as a shopkeeper in Baghdad is beaten and abducted. Around Iraq, the death toll climbs.

BAGHDAD — Everyone stayed quiet.

The gunmen ordered witnesses to stand aside and remain still Saturday afternoon as they dragged the shopkeeper known as Abu Ammar away. The victim didn't say a word, though he squirmed and tried to break free.

"Stay where you are," one of the gunmen, a cleanshaven man in his 20s wearing a black bulletproof vest and holding an assault rifle, quietly told the frozen passersby. "Don't move."

The eight plainclothes kidnappers didn't even raise their voices when one of them smashed the shopkeeper's bespectacled face with the butt of an assault rifle. They shooed away a shop employee beseeching them to take along a small plastic bag,

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possibly filled with the 50-ish victim's medicines, stuffed him into one of two white sport utility vehicles without license plates and drove away from the Colors stationery shop.

Drivers watching from their cars turned their heads and continued on their way. Pedestrians took hold of their loved ones and proceeded with their errands.

It was business as usual in Iraq, where at least 81 people were killed or found slain Saturday around the country.

The victim at the two-story shop, known for its high quality, wide selection and pricey wares, probably was the target of a kidnapping for ransom.

In Baghdad alone, police discovered the bodies of 51 gunshot victims, some killed on the streets and others abducted, blindfolded and brutalized before being shot and dumped in desolate lots.

The 3 p.m. kidnapping was pulled off in central Baghdad's Karada neighborhood, one of the city's safest, less than a mile from military forces stationed in the Green Zone and a few hundred yards from Iraqi police checkpoints and the armed security details of political parties and Western contractors.

It put on view the enormous challenge of restoring security to a country coming undone by multiple layers of violence.

Iraqi sports fans Saturday were mourning Nasser Shamil, the 37-year-old former captain of the Iraqi volleyball team, who was shot and killed Thursday night at his goldsmith shop in a Sunni neighborhood in western Baghdad.

Among the 51 bodies found in Baghdad, two were fished out of the Tigris River, both with bullet wounds to the head and signs of torture. An additional five, found blindfolded, handcuffed and shot execution-style, were discovered in a dump 10 miles east of the capital.

At least two more Iraqis were killed by roadside bombs aimed at passing Iraqi police and U.S. vehicle convoys.

To stanch the capital's violence, Prime Minister Nouri Maliki last week announced the creation of neighborhood security committees composed of community leaders. But the plan remains on the drawing board and has yet to be put into practice, politicians said.

"Nothing is concrete now," said Salim Abdullah Jabouri, a spokesman for the main Sunni Arab parliamentary bloc. "Everything is on paper."

U.S. and Iraqi officials struggled to contain violence beyond the capital. A car bomb targeting an army checkpoint in the northern city of Tall Afar killed 14 Iraqis and injured 13.

At least three people were killed and three injured in mortar and bomb attacks in the mostly Shiite city of Hillah, south of Baghdad. Clashes between police and insurgents in downtown Samarra, north of the capital, led to the deaths of two officers and a child caught in the crossfire.

Iraqi police and soldiers, supported by U.S. Army troops and helicopters, intensified operations in several hot spots around the country. More than 14,000 soldiers and police officers sealed off the gritty northern oil city of Kirkuk before conducting house-to-house sweeps in search of weapons and suspected insurgents.

The crackdown has prevented residents from shopping for food during Ramadan, the Muslim holy month of daytime fasting.

"The puzzle in all this is that we do not know when it will be over," said Nozad Qadir, a Kirkuk resident.

Iraqi soldiers launched raids in the religiously and ethnically mixed province of Diyala, northeast of Baghdad, killing at least four suspected insurgents. The bodies of four victims of apparent sectarian violence were discovered in different parts of Baqubah, the provincial capital.

daragahi@latimes.com

Special correspondents in Baghdad, Baqubah, Hillah, Kirkuk, Mosul and Samarra contributed to this report.

Tom Ricks's Inbox (WP)

The Washington Post, October 8, 2006

The following is the concluding paragraph of a letter sent by an Army captain struggling to make sense of his recently ended tour of duty in Iraq. Like many who have spent time there, he offers a summation of his experiences. But his stands out for its eloquence. This excerpt follows his discussion of how the United States might withdraw from Iraq by supporting a partition of the country.

* * *

. . . So we would leave Iraq, scarred, but hopefully smarter as well. The "long war" is a war of ideas. If Iraq is to teach us anything, it must be that a new idea cannot be beat into a society. I'm a believer in John Stuart Mill's assertion that "All people have the government they deserve," implying that both the choice and its consequences belong to the society as a whole. Rather than putting my faith in the force of arms to transform a society, I put my faith in the force of our ideas. The power of the idea of America had been on the march for half a century -- vanquishing its contrapositive in the form of global communism and

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gradually changing the face of the world -- until those who didn't really believe it themselves corrupted that idea. "Extraordinary rendition," Guantanamo Bay, and Abu Ghraib have all become shorthand for an America (or an American administration) that lost faith in the power of its own idea. Their hypocrisy seemingly exposed, people who had embraced and were gradually working towards that American idea in the world's most volatile regions were emasculated. These liberals, moderates, progressives and reformers have been overwhelmed by a new generation of extremists determined that an open society in which people were free to express themselves, to make decisions about how to live their own lives, and to have a voice in dictating the laws that would govern them was not a desirable one. What gives me some degree of hope is the ultimate vacuity of this alternative to the American idea. But as long as they can point to the adoo baeed -- the external enemy -- to deflect the blame from their own moral and material bankruptcy, they may stay afloat. If we're able to reassert our idea and to hold it up to people as a real choice, I know this current setback can be overcome. No amount of violence inflicted in the name of freedom, however, will be the force to bring it about.

* * *

Tom Ricks is The Post's military correspondent. This feature aims to give readers a snapshot of the conversations about Iraq, Afghanistan and other matters that play out in Ricks's e-mail inbox. Have an interesting document? Send it to TheInbox@washpost.com.

Respect At Issue For Corpsman, Marines (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, October 8, 2006

CAMP PENDLETON — As a sailor among Marines, corpsman Melson Bacos was an outsider. Now he is poised to be the star witness as Marine Corps prosecutors push to convict seven Marines of murder in the first high-profile Iraq war case to hit Camp Pendleton.

Bacos' court-martial proceeding Friday exposed the complex relationship between combat Marines and the sailors who follow them into battle to patch up their wounds.

In exchange for a light sentence, Bacos has promised to testify against the seven, all charged with murdering an unarmed disabled Iraqi man in Hamandiya in April.

Lawyers say the prospect of his detailed testimony may prod other defendants to cut their own deals.

Sentenced to a year in the brig, the 21-year-old petty officer 3rd class probably will be behind bars for only five more months, after being given credit for good behavior and 142 days already served. Without the plea bargain, the judge said he would have sentenced Bacos to 10 years in prison.

Bacos, with a soft voice and slight build, said he felt powerless to stop the Marines from carrying out a plan to kidnap a suspected insurgent, kill him and then plant phony evidence to make it look as if he'd been caught burying a roadside bomb.

In explaining his actions to the military judge, Bacos said that he pleaded with one Marine to let 52-year-old Hashim Ibrahim Awad go, but the Marine replied with an epithet suggesting Bacos lacked manhood.

Navy corpsman Brandon Snow, testifying on behalf of Bacos, said that it is not easy for corpsmen to be accepted by combat Marines.

"You have to earn that respect and trust as their corpsman," Snow said.

By their nature, Marine infantry troops are clannish. They call each other "grunts" and disdain outsiders as POGs — people other than grunts.

When Marines go into combat, each carries an M-16 assault rifle, a weapon that requires precision handling. Corpsmen, including Bacos, usually carry shotguns, considered a weapon easily handled. Some Marines don't consider the corpsmen to be full members of their teams.

Bacos, the son of Philippine immigrants, enlisted after high school. He said he did not protest the plan to kill an Iraqi on April 26 because he "wanted to be part of the team." But he also said he told another corpsman after the killing that they were different from Marines.

There was no ambivalence when Bacos talked of his first deployment to Iraq with Kilo Company, of the 3rd Battalion, 5th Marine Regiment, during the November 2004 fight in Fallouja.

He said the phrase "corpsman-up," the call for a corpsman to rush to a wounded Marine, still "brings chills to me."

"It brings me memories of Marines who have died," he said.

In possibly the most dramatic moment in the court hearing, Bacos listed from memory the names of nine Marines with his company who were killed in Fallouja. A picture was shown of a memorial service held in Iraq, with nine rifles and nine helmets.

To the judge and later to reporters, Bacos said that by not stopping the April 26 killing he had lost his honor. The only way to regain that honor, he said, was to plead guilty and seek forgiveness.

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In March 2003, as Marines crossed into Iraq, each Marine and corpsman received a statement from Maj. Gen. James N. Mattis, then commander of the 1st Marine Division, telling them to "carry out your mission and keep your honor clean."

Mattis is now a lieutenant general and the convening authority in the Hamandiya case and he approved Bacos' plea bargain.

'Secret' Chart Wasn't (WT)

By Terence P. Jeffrey

The Washington Times, October 8, 2006

Bob Woodward's "State of Denial" got scooped on what was presented on national TV as the book's most sensational revelation -- that enemy attacks in Iraq have been escalating.

The Government Accountability Office and the Defense Department beat Mr. Woodward to reporting this information, and reported it in greater detail.

The government's open reporting on the increasing number of enemy attacks also refutes the charge Mr. Woodward made in collaboration with Mike Wallace on CBS' "60 Minutes" on Sunday that the administration kept this "trend" secret to deceive people about how badly the war is going.

Mr. Woodward writes about a May 24, 2006, Joint Chiefs of Staff intelligence assessment classified "Secret." It included two charts indicating enemy attacks in Iraq were escalating. A bar graph (reproduced on Page 472 of the book) indicated that between January and May of this year, average attacks per day had increased from 72 to 113. A line graph (reproduced on Page 473) indicated attacks per month had risen from less than 500 in May 2003 to more than 3,500 in May 2006.

On Page 476, Mr. Woodward concedes that two days after the "Secret" JCS intelligence assessment was circulated in May, the Defense Department published its quarterly report to Congress on the Iraq war and included a similar chart on the attack trend: "Though there was a chart buried in the middle of the 65-page document showing that average weekly attacks were up to over 600, the document put the most positive spin on stability and security."

In fact, where Mr. Woodward's "Secret" graph showed only the trend in the average daily attacks from January to May of this year, the Defense Department's public graph showed the trend in average weekly attacks for six different periods of the war. The latest was February-May of this year, which Defense called the "Government Transition" period, when attacks were more than 600 per week. The report stated plainly, "Overall, average weekly attacks during this 'Government Transition' period were higher than any of the previous periods."

Yet, on "60 Minutes," Mr. Woodward's second chart from the "Secret" JCS intelligence assessment was presented as evidence the administration had tried to cover up this trend. "When you say the Bush administration has not told the truth about Iraq, what do you mean?" Mr. Wallace asked Mr. Woodward.

"I think probably the prominent, most prominent example is the level of violence," said Mr. Woodward. "Not just the growing sectarian violence, Sunnis against Shias that gets reported everyday ... but attacks on U.S., Iraqi and allied forces," Mr. Wallace said in a voiceover as the "Secret" chart flashed on the screen. "Woodward says that's the most important measure of violence in Iraq, and he unearthed this graph, classified secret, that shows those attacks have increased dramatically over the last three years." In another voiceover, Mr. Wallace says, "Woodward says the government had kept this trend secret for years before finally declassifying the graph just three weeks ago."

In fact, over the last 18 months, GAO has published written congressional testimony on at least six occasions that presented a progressively updated graph illustrating the same attack trend in Mr. Woodward's "Secret" graph. These include testimony released on March 14, 2005; Oct. 18, 2005; Feb. 8, 2006; April 26, 2006; July 11, 2006; and Sept. 11, 2006.

The GAO's bar graphs of the attack trend, readily available on the Internet, are superior to the "Secret" line graph Mr. Woodward reproduces in his book because the bars in the GAO's graphs are coded with shading to indicate the percentage of each month's attacks directed at different targets (i.e., coalition forces, Iraqi security forces, civilians, Iraqi government officials and infrastructure).

For example, on April 25, one month before the JCS circulated the "Secret" intelligence assessment cited by Mr. Woodward, GAO published testimony prepared by Comptroller General David Walker that features a bar graph headlined: "Enemy-Initiated Attacks Against the Coalition and its Partners, June 2003 through February." GAO sourced the information to the Multi-National Force-Iraq. Like Mr. Woodward's graph from the May 2006 intelligence assessment, GAO's April 2006 graph shows overall attacks rising from less than 500 in 2003 to about 2,500 in February 2006. Unlike Mr. Woodward's graph, GAO adds the detail that about 1,500 of these February attacks were aimed at coalition forces, while virtually all the rest were aimed at civilians or Iraqi forces. GAO did not downplay this disturbing trend.

In a section with the subheadline, "Insurgency has intensified and sectarian tensions increased," GAO said: "Over the past three years, significant increases in attacks against the coalition and coalition partners, as well as recent increases in sectarian

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violence, have made it difficult for the United States to achieve its political and security goals in Iraq. The insurgency in Iraq intensified from June 2003 through October 2005, and has remained strong and resilient."

GAO testimony released July 11 updated the attack-trend chart to include data through April, when attacks numbered about 3,300. GAO testimony released Sept. 11 updated the chart through July, when attacks numbered about 4,500 -- or about 1,000 more than the maximum reported by Mr. Woodward, whose chart stopped in May, when JCS circulated the "Secret" intelligence assessment that featured it.

Before and after the "Secret" chart reported by Mr. Woodward, GAO took the same information and posted it on the Internet.

Terence P. Jeffrey is a nationally syndicated columnist.

CRIMINAL LAW:

Bush Pledges To Work For School Safety (AP)

By Jennifer Loven

AP, October 8, 2006

President Bush on Saturday lamented recent "shocking acts of violence" in schools, and promised his administration will do what it can to keep centers of learning safe for students.

The White House is convening a conference on school safety Tuesday. Federal officials, school workers, parents, law enforcement officials and other experts are to gather in Chevy Chase, Md., a Washington suburb noted for exceptional schools.

The conference is being hosted by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Bush and his wife, Laura, are expected to attend part of it.

"Our goal is clear: Children and teachers should never fear for their safety when they enter a classroom," the president said in his weekly radio address.

In the past two weeks, three schools in three states have been hit by deadly attacks and several others have faced threats.

A gunman killed himself and five girls Monday at a one-room Amish schoolhouse in Pennsylvania. A 15-year-old Wisconsin student was arrested Sept. 29 in the shooting death of his principal. On Sept. 27 a man took six girls hostage in Colorado, sexually assaulting them before fatally shooting one girl and killing himself.

Schools in Virginia, Nebraska, Nevada, Oklahoma, Oregon and Wisconsin have been closed or locked down in the past week because of threats of violence or guns on campus.

"Laura and I are praying for the victims and their families, and we extend our sympathies to them and to the communities that have been devastated by these attacks," the president said.

Bush also pushed for reauthorization of the No Child Left Behind law, which he says needs some changes. Under the law, schools that get federal poverty aid and fall short of their yearly progress goals for two straight years must offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

The law is scheduled to be renewed by Congress next year, but some education observers have speculated it may be bumped until as late as 2009, after the next presidential election.

Leading Democrats backed passage of the law, but they now say Bush has not adequately funded it.

The president outlined a series of ways in which the law could be improved, such as by expanding testing in high schools, an idea he has pitched to Congress for two years. He also said he wants the federal government to pay for 28,000 low-income students across the country to transfer to private schools, and has asked for $100 million to pay for the initiative.

"Thanks to this good law, we are leaving behind the days when schools just shuffled children from grade to grade, whether they learned anything or not," Bush said. "Yet we still have a lot of work to do."

Bush Seeks Better Teachers, More Transfers With `No Child' Law (BLOOM)

By Paul Basken

Bloomberg, October 8, 2006

Oct. 7 (Bloomberg) -- President George W. Bush proposed strengthening the No Child Left Behind law, saying he wants to further improve the quality of U.S. teachers and give parents more options to flee failing schools.

``The No Child Left Behind Act has brought good progress, yet we still have a lot of work to do,'' Bush said today in his weekly radio address.

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The law, enacted in 2002, faces renewal next year. It enjoys support among members of both parties, though Democrats have complained that Bush and his Republican congressional allies aren't providing the money promised to improve struggling schools.

Bush's renewed focus on the law, four weeks before congressional elections, prompted a barrage of Democratic criticism about funding and issues such as administration policies for tracking minority children, ensuring school safety and establishing reading curriculum.

``This administration and the Republican Congress have turned the No Child Left Behind Act into a political slogan rather than the solemn oath," said Senator Edward Kennedy of Massachusetts, the top-ranking Democrat on the Senate Education Committee.

Kennedy, in a statement following Bush's visit Oct. 5 to a public charter school in Washington, said the law has been under- funded by more than $55 billion since enactment, shortchanging 3.7 million children this year.

Law's Penalties

Under the law, elementary and secondary schools that fall short of testing standards for two straight years must let students transfer to a different school in the district, then pay for tutoring in the third year. After six years, schools face the possible replacement of administrators and teachers.

The law is designed to ensure that all grade-school students reach minimum competency levels in subjects such as math and reading by 2014.

Bush said today that his plan for reauthorizing the law next year will include provisions to ``improve teacher quality, so that every child has an excellent teacher." No state met this year's deadline under No Child Left Behind for using only ``highly qualified" teachers in all classrooms.

Bush also promised today to ``give more options to parents whose children are trapped in struggling schools." Fewer than 1 percent of the nearly 4 million students eligible for transfers in the 2003-04 school year actually exercised the option, according to the Education Department.

Part of the reason for the low transfer rate is the time delay in reporting test results. Most states hadn't reported test results for the last school year by the time classes began this fall.

Charter Schools

Education Secretary Margaret Spellings has said the administration hopes with the reauthorization of No Child Left Behind to increase the options for parents in low-performing schools. Her plan includes encouraging more charter schools, which are publicly funded and privately managed alternatives to traditional public schools.

Yet the Education Department reported in August that the nation's $6 billion charter school industry is performing at a lower level than traditional U.S. public schools in both reading and mathematics.

The Friendship-Woodridge Elementary and Middle School in Washington, where Bush visited Thursday, is one of only four, among 34 charter schools in the nation's capital, that currently meet the testing standards established by the No Child Left Behind law.

Representative George Miller of California, the top-ranking Democrat on the House Education Committee, said Bush ``needs to practice what he preaches" concerning accountability.

While Bush is promoting incentive pay for teachers, Republican leaders in Congress have failed to provide the money necessary for states to implement the idea, Miller said in a statement.

Democrat Complaints

Miller also is among a group of House Democrats who wrote last week to Spellings complaining of regulatory changes proposed by her department that would make it more difficult to keep statistics on performance by minority children.

An audit last month by the department's inspector general accused department officials of violating the No Child Left Behind law by steering grants for federally funded reading curriculums toward favored vendors.

Bush said today that he wants to extend the No Child Left Behind law's testing provisions to high schools. Congress has rejected that type of proposal in the past.

In his radio address, Bush also expressed concern for the victims of violence in recent days at U.S. schools, including the attack at a one-room Amish school in Pennsylvania that killed five girls. He plans to hold a conference Oct. 10 with Spellings and Attorney General Alberto Gonzales to study possible solutions to school violence.

``I wouldn't expect a lot of policy outcomes and recommendations to come out of this conference," White House spokeswoman Dana Perino said yesterday. ``This is a gathering where people will be sharing thoughts, best practices and hopefully coming up with some ideas that can help school districts."

How To Make Schools Safer (TIME)

DOJ_NMG_0078203

By Irwin Redlener, M.D.

Time, October 8, 2006

Nickel Mines, Pa., is not just a small, rural town where bad things rarely happen. It is a place, steeped in Amish culture, where peacefulness and spiritualism are nurtured. When big-city dwellers daydream of somewhere far from the high-intensity stresses — and perceived dangers — of the megapolis, it might be a place like Nickel Mines that comes to mind. Surely that's one of the reasons that America was so shaken this week, when five children were executed in Nickel Mines' one-room schoolhouse.

Incidents like this would be deeply distressing no matter where they occur. But with similar deadly school intrusions in Wisconsin and Colorado in the past few weeks, many parents worry that this is a growing crisis, even if statistical trends regarding school shootings do not necessarily support the idea that this is a problem on the rise. Perception counts — and the perception of schools as safe havens is eroding with each new incident. Making matters worse for parents is the feeling of helplessness in the face of what's seen as a new threat to their children.

So, what to do now? In my view, the most effective antidote to the sense of anxiety and helplessness is a meaningful plan of action. The process must start with accurate, balanced information that is neither hysterical nor overly sugar-coated. Let's start with what we know.

It is not just deranged individuals who can invade a school and threaten our children. In the world of international terrorism, children and schools are considered soft targets, providing high visibility for terrible acts that enrage and demoralize civilized communities. Just two years ago, this reality was confirmed when Chechen rebels invaded an elementary school in the remote Russian city of Beslan, killing more than 150 children and an equal number of teachers and other adults.

The problem is that access to schools almost anywhere in the world is, by the nature of these institutions, relatively easy. Schools are supposed to be places where parents entrust officials to oversee the development and education of their children, not pen them in. Traditionally, openness is unfettered by fear of physical or emotional violence. Turning our schools into armed fortresses would be counterproductive, unrealistic and, for the vast majority of our children, entirely unnecessary.

Still, the federal government's response to concerns about school security has been dismal. In fact, since 2003, federal funds to improve security in our schools have been severely cut back, with fewer than 2% of the nation's school districts having received emergency-response grants from the U.S. Department of Education.

The good news, though, is that we can develop prudent, home-grown strategies that make sense, without turning schoolyards into armed camps. Here are common-sense steps that should be taken now:

— Points of entry to schools and school grounds should be limited and controlled, staffed by an adult trained to determine if potential visitors belong there or not.

— Wireless panic alarms could easily and inexpensively be made available in every school, especially for those responsible for access control. If a situation warranting concern arises, an alarm could be sounded to simultaneously alert the school and local law-enforcement officials.

— As back-up, schools also should have strategically placed telephones for making 911 calls.

— Schools need well-designed disaster preparedness plans that are familiar to staff and students and that have been practiced regularly.

— Relationships between school officials and local law-enforcement and first-responder agencies need to be established long before disaster strikes. Response protocols should be clear and understood by all parties.

— Teachers and students need to become "situationally aware," meaning that they will notice — and report — behavior among their peers that seems concerning, or the presence of people who don't belong in the school at all.

Finally, parents have particularly important responsibilities in making our schools safer. They should talk to their children calmly and reassuringly about the true rarity of these horrific events. But parents should also be the main advocates pushing educators and elected officials to do whatever is necessary to improve the security of the nation's schools. This advocacy needs to take place in every community and be directed toward every level of government.

We will never have perfect systems that can prevent every conceivable act of violence in the nation's vast network of schools. But we can reduce the chances of the next Columbine or Nickel Mines by taking some basic actions now. And if these actions help discourage some terror organization from planning an American Beslan, all the better.

Irwin Redlener, M.D., the author of Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do Now (Knopf), is the director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health and president of the Children's Health Fund

A Very Violent School, Or Just Very Honest About Reporting Its Violence? (NYT)

By Winnie Hu

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The New York Times, October 8, 2006

ROME, N.Y. — The students at Rome Free Academy here in upstate New York do not pass through metal detectors. They are not escorted to class by police officers. And their graffiti-free lockers are not routinely searched for drugs.

But last month, the State Education Department placed Rome on its first "watch list" of dangerous schools, a Top 10 of schools that have repeatedly reported student violence like weapons possession, assaults and arson.

Rome Free Academy, a public high school 45 miles east of Syracuse, stands out on a list dominated by urban schools not just because it is nestled on a high-tech campus on a former Air Force base, but also because the teachers, parents and students here contend that it does not belong on the list.

While no one denies that the school has its share of lunchroom fights, the parents say Rome was unfairly singled out after reporting every single case, as the law requires, while other schools did not.

"Maybe they've been too honest," said Gary DeMatteo, chief of police in this city of 35,000, and the husband of a math teacher at the high school. "It just doesn't make sense any other way."

Few things regarding schools — other than perhaps test scores — are parsed as closely as violence statistics or can provoke as much criticism, dismay and even recrimination within a community. After the 1999 shootings at Columbine High School in Colorado, parents and elected officials nationwide sought to hold schools accountable for the safety of their students with a raft of antiviolence laws that called for better record-keeping, among other things.

(In response to deadly attacks in three schools in three states recently, the White House is convening a conference on school safety Tuesday.)

But many of these laws have been inconsistently enforced, leading to what appear to be lopsided records. In a national list of schools identified last year as "persistently dangerous," the most serious category of violent schools, Pennsylvania accounted for one-quarter of the total, and New York and New Jersey combined to account for another quarter, while a majority of states reported none at all.

Even so, an audit by the New York State comptroller, Alan G. Hevesi, in May found that high schools were significantly underreporting school violence.

James Garbarino, a psychology professor at Loyola University in Chicago, is one of many school violence experts skeptical about watch lists that are based on self-reporting, which essentially amounts to an honor system.

"Lots of schools don't want to report because it brings unwanted negative attention," Mr. Garbarino said. "It affects the careers of school administrators and school boards, and it can even affect real estate values. So there's a lot more at work here than just acts of violence."

In Rome, the state watch list made front-page headlines in the local newspaper and brought sharp disavowals from school officials, who have invited parents and members of civic groups to visit Rome Free Academy to see for themselves.

It has also dismayed longtime residents like Kathy Kusch, 45, who moved here a decade ago so her two daughters could attend Rome schools. "I don't particularly like the fights," she said. "But I don't like more the reputation we're getting because it makes it sound like we're not a good place to live."

Under federal and state laws, school administrators have been required since 2001 to report all acts of violence and disruptive conduct during school activities and on school grounds.

State education officials then review two years of the reports and use a weighted system to identify troubled schools as "persistently dangerous," a designation that eases the path for parents to transfer their children to another school. Beginning this year, schools that fall just short of that designation are put on a watch list.

State education officials last month cited a total of 27 violent schools for the current school year, 17 of them "persistently dangerous," the other 10 on the watch list.

All but 7 of the 27 are in New York City. Two are in Rochester, and one is in Buffalo. Besides Rome Free Academy, the others are two programs for troubled young people, the Berkshire Junior-Senior High School in Columbia County and the Martin Luther King Jr. High School in Westchester County; and the Milton L. Olive Middle School in Wyandanch, on Long Island.

The number of schools highlighted is far higher than in any previous year, but is less than 1 percent of the 4,453 public schools in New York State.

In the United States and Puerto Rico, there were 36 schools listed as "persistently dangerous" last year, down from 47 in 2003; this year's national statistics have not yet been released. Of the 36, Pennsylvania had the most, with 9, while Puerto Rico had 8 and Maryland 6. Five were in New York, four in New Jersey, and none in Connecticut.

All the schools on the list reported a number of violent episodes over the last two school years, ranging from 11 to 104 in each year. Rome Free Academy, which has 1,819 students in grades 9 through 12, reported 53 violent episodes last school year, 8 fewer than the school year before.

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School records show that five of those episodes were confiscations of weapons: a switchblade and four penknives. The remaining 48 cases were fights, 2 leading to serious injury. In the first such instance, a student received medical treatment after a fight on a school bus. In the second, a student became upset in class and threw a textbook over his shoulder, striking the teacher.

"I would even dare say that was accidental," said Mark Benson, the school's principal. "But by the way I understand the reporting, we are required to report it."

Complaints about inconsistent reporting have increasingly drawn the attention of state officials. Mr. Hevesi's audit criticized the State Education Department's handling of school violence reporting, finding that 10 of 17 high schools — Rome was not in the sample — failed to report at least one-third of their violent and disruptive events.

For example, the audit cited 780 unreported cases at Albany High School, including 106 assaults that resulted in physical injury. The school, which is not on the state's watch list, tightened security last week after a student was stabbed. School officials, however, dispute the assertion they have failed to report violent cases.

School officials across the state say the reporting process is overly subjective and confusing. First, they must decide whether a confrontation is serious enough to report, and then they must choose among vaguely defined categories. For instance, if a student is scratched in a fight, should that be reported as an "assault with physical injury" or as a "minor altercation"? Or should it be reported at all?

Take, for example, Mount Vernon High School in Westchester County, which has 2,600 students. Officials there did not report a single assault resulting in a physical injury for the 2004-5 school year; Rome Free Academy reported 54. "I think that Rome probably overreported," said Ellen Garcia, who reviews school violence reporting for the Mount Vernon City School District. "And there's a chance Mount Vernon underreported."

To address such discrepancies, state officials have visited 25 schools since June to review records, and plan another 75 visits by June 2007. They held training sessions for 1,500 superintendents, principals and school workers in August, and have requested more money to hire 70 auditors and other staff to monitor school violence reports.

Asked about Rome, Greg Bayduss, the state official who oversees school violence reports, said, "The State Education Department has devoted considerable resources and taken the initiative to address concerns that have been voiced in order to create an environment where all schools are reporting in a consistent and uniform manner."

In Rome, the high school is a source of pride in a down-on-its-luck city that was built on a copper industry long since faded away. In 1995, the closing of Griffiss Air Force Base led to an exodus of military families and businesses that further crippled the community; the gleaming new high school opened on its grounds in 2002. Today, Rome is perhaps best known as the home of two state prisons.

The predominantly white high school, where more than one-third of the students qualify for free or low-cost lunches, has a graduation rate of 78 percent, just above the statewide average of 77 percent.

The school's new home is a brick-and-glass showpiece in a business and development park, the frame of the military base's chapel incorporated into the cafeteria.

Joelle Taylor, who was school board president when the school moved from an old building downtown, said fighting increased shortly afterward because students were no longer allowed to leave school during the day, so violence that might have occurred off campus moved on campus.

In response, the district secured a $7.8 million federal grant last year for violence prevention, and drew on it to pay for a police officer, a probation officer and a substance abuse counselor at the high school. The district spent two years developing a policy, which takes effect this fall, that broadly defines violence as "any word, look, sign, or act that hurts a person's body, feelings or things."

At Rome Free Academy, the sectional sofas in the lobby have been replaced with wood benches so students are less inclined to linger. A flier above a water fountain advertises a new anger management group. And students sent to the principal's office for fighting are often redirected to an outdoor obstacle course where they have to work together to complete assigned tasks.

During a school open house last week, Mr. Benson, the principal, reassured parents that the school was safe. "I'm not sure what the state is hoping to accomplish with this list," he said afterward. "It's gotten us bad publicity, and it certainly doesn't help."

Elizabeth Monahan, the senior class president, said that the student newspaper would protest the school's inclusion on the watch list in editorials, and that her relatives now asked if she felt threatened at school.

"It makes me very sad because we work so hard to portray ourselves as a really good school," said Ms. Monahan, 17, a fourth-generation Rome Free Academy student.

Conflicting Accounts Leave Plot Holes In Foley Saga (WP)

By Charles Babington

The Washington Post, October 8, 2006

House Ethics Committee and FBI Will Try to Sort Out Who Knew What -- and When

Despite countless hours of TV coverage and reams of newspaper reporting on the House's handling of the Mark Foley page scandal, numerous fundamental questions remain unanswered as the FBI and the House ethics committee begin their first full week of inquiries.

Gaps and inconsistencies in the public accounts include such basic matters as when House Speaker J. Dennis Hastert (R-Ill.) and his top aides first learned of concerns about Foley's relationships with male pages, and what they did about it. Also unclear is which GOP officials decided that only two members of the six-person House Page Board should confront the Florida lawmaker.

And accounts differ on whether the two board members knew the exact contents of e-mails Foley sent last year to a teenage boy in Louisiana. Those messages alarmed the boy and his parents and set into motion the events that eventually would uncover far more sexually graphic messages to other former pages, triggering Foley's abrupt resignation a week ago.

Armed with subpoena power, investigators for the FBI and the ethics committee will pursue scores of questions, almost surely including:

Who decided to keep word of the Louisiana e-mails closely held, so that only a handful of House Republicans -- and no Democrats -- knew of them?

Various accounts agree that only two people -- Rep. John M. Shimkus (R-Ill.), chairman of the Page Board, and then-House Clerk Jeff Trandahl, also a board member -- confronted Foley in November 2005 about the messages. But none has definitively said who decided that only those two should handle the task.

A Sept. 30 "internal review" released by Hastert's office says that aides to Rep. Rodney Alexander (R-La.) alerted Hastert's aides to the e-mails. Among those dealing with the matter were Hastert's deputy chief of staff, Mike Stokke, and his in-house counsel, Ted Van Der Meid.

Stokke contacted Trandahl, who then contacted Shimkus. The review says Trandahl and Shimkus "immediately met" with Foley. But it does not say who chose the meeting's participants, and why other Page Board members -- including Rep. Shelley Moore Capito (R-W.Va.), Rep. Dale E. Kildee (D-Mich.) and Sergeant-at-Arms Wilson "Bill" Livingood -- were never alerted.

Some lawmakers say Capito, Kildee and Livingood might have urged queries to current and former pages, which could have turned up accounts of Foley's unusual friendliness to the youths and his sexually explicit messages to some of them. Such accounts were quietly traded among pages, former pages and some House staff members, according to recent news reports.

Did Trandahl and Shimkus know exactly what the e-mails to the Louisiana boy said?

Hastert's internal review indicates that the two men did not know the e-mails' precise language when they sat down with Foley, because Alexander's staff refused to divulge it at the boy's parents' request. That may have put the two men at a disadvantage when confronting Foley, who assured them that the messages and his intentions were innocent.

Shimkus has said Alexander's staff did provide him with the text of the e-mails before he confronted Foley. In them, Foley requested a photo of the boy, then 16, and asked what he wanted for his birthday. The boy told an acquaintance he found the request "sick, sick, sick."

How did House Majority Leader John A. Boehner (R-Ohio) handle word of the Louisiana e-mails?

Hours after Foley resigned Sept. 29, Boehner told The Washington Post that he had heard last spring of some contact between Foley and a 16-year-old boy. He said he mentioned it to Hastert, who assured him "we're taking care of it." Soon after The Post asked the speaker's staff for comment on the remarks, Boehner called the paper and said he could not recall whether he had spoken to Hastert about the matter.

On Tuesday, Boehner told a Cincinnati radio station: "I believe I had talked to the speaker, and he told me it had been taken care of. My position is, it's in his corner, it's his responsibility."

Did Hastert know about the e-mails to the Louisiana boy?

Reinforcing Boehner's initial comments, Rep. Thomas M. Reynolds (R-N.Y.) -- chairman of the National Republican Congressional Committee -- says he learned of the e-mails from Alexander this year and told Hastert about them. "I took logical, common-sense steps of notifying my supervisor," Reynolds told the public radio program "On Point" Thursday. "My supervisor was the speaker of the House."

Hastert says he does not recall such conversations with Reynolds or Boehner, but he does not dispute that they may have occurred. He says that Stokke and Van Der Meid did not tell him about the e-mails and that there was no reason for them to do so. Hastert says he does not recall hearing of concerns about Foley's dealings with teenagers until the day Foley resigned.

Was Hastert's staff alerted to earlier concerns about Foley's behavior toward teenage pages?

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Kirk Fordham, who served as chief of staff to Foley and later to Reynolds, says that in 2003 he repeatedly asked Hastert's staff to help put a stop to the Floridian's inappropriate attention to male pages on Capitol Hill. Fordham says that he appealed especially to Hastert's chief of staff, Scott Palmer, and that Palmer discussed the matter with Foley in a Capitol meeting.

A congressional staff member with personal knowledge of Foley and his actions has told The Post that Fordham's account is accurate. But Palmer has said through a spokesman that Fordham's account is untrue.

Lawmakers Face Scrutiny In House Probe (AP)

By Larry Margasak

AP, October 8, 2006

The House's investigation of a page sex scandal has only one certainty: Former Rep. Mark Foley will escape punishment by his peers.

It is the Florida Republican's sexually explicit electronic messages to teenage former male pages that have ignited what has become a pre-election firestorm.

Congress only can punish current members, officers and employees. Foley resigned on Sept. 29, but is under investigation by federal and Florida authorities.

If the House ethics committee finds evidence of a Republican cover-up, many people could be in jeopardy, facing consequences that range from a mild rebuke in a committee report to a House vote of censure or expulsion.

Unlike the committee's usual practice of identifying the investigative target at the outset, this probe is wide open. Anyone who knew of Foley's salacious messages before the story broke at the end of September has reason for concern.

"At this point, what we're launching is an investigation into this whole affair, without a specific target," said California Rep. Howard Berman, the senior Democrat on the 10-member committee divided evenly among Republicans and Democrats.

"But because Mark Foley has left the Congress, we don't have the authority to discipline him in any way. The reason what happened is relevant is because there are people now who have responsibilities, and we're gathering the facts which are related to his conduct to make judgments," Berman said.

A second committee member, Rep. Judy Biggert, R-Ill., said House Speaker Dennis Hastert's prominence in questioning about who knew what and when about Foley's conduct toward pages and Hastert's closeness to her will not be problematic.

Hastert's leadership political committee gave Biggert $6,000 for her 2002 campaign and his re-election committee gave her $1,000. Her district also adjoins Hastert's.

"We're looking at a great number of people, not just one specific person," Biggert said. "The facts will lead to us to who, if there is someone, who perhaps did a cover-up."

Fred Wertheimer, president of Democracy 21, a group that monitors congressional ethics, wondered whether the committee can conduct an impartial investigation without an outside counsel. The committee rejected that idea, as it has done occasionally in other high-profile cases involving House leaders.

"Published reports have clearly indicated a number of House members were aware of the incident with the House page," Wertheimer said, referring to less suggestive e-mails Foley sent to a former page from Louisiana. "You would expect the committee to make clear they would be looking at those members. That doesn't mean they would reach any conclusion."

He noted the committee did not specify who it will interview. Hastert has said he was not aware of Foley's inappropriate conduct until the story broke publicly late last month.

"The House ethics committee process is a secret process so we don't know what's going to go on," Wertheimer said.

The committee was in turmoil from the start of the current Congress in January 2005 through last May, when it finally announced a number of investigations.

Bitter partisan arguments broke out in early 2005 when Hastert, at the request of former Majority Leader Tom DeLay, replaced Republicans on the committee who had voted for reports critical of DeLay's conduct.

Then Hastert's hand-picked chairman, Rep. Doc Hastings, R-Wash., and the committee's top Democrat, Rep. Alan Mollohan of West Virginia, argued to a stalemate over staff and rules for investigations.

It was only after Mollohan — under his own ethics cloud involving business deals — stepped down from the committee that the partisan squabbles ended. Berman took over as ranking Democrat and established a good working relationship with Hastings.

In a burst of activity last May, the two leaders announced a flurry of investigations — focusing on Rep. Bob Ney, R-Ohio, with links to convicted lobbyist Jack Abramoff, and on the Democrat at the center of a separate bribery probe, Rep. William Jefferson of Louisiana.

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Ney agreed in September to plead guilty to two criminal charges in the congressional corruption probe spawned by disgraced lobbyist Jack Abramoff. Jefferson, also the subject of a criminal investigation by the Justice Department, has denied any wrongdoing.

Former Foley Aide Expecting To Testify Before House Panel (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — A former senior aide to Mark Foley expects to go before the House ethics committee next week and testify under oath that he alerted the speaker's office as early as 2003 to inappropriate contact with teenage pages by Mr. Foley, his lawyer said Saturday.

The former aide, Kirk Fordham, will also tell the panel that Scott Palmer, the longtime chief of staff to Speaker J. Dennis Hastert, later met with Mr. Foley to talk about his troubling interest in pages, though Mr. Fordham did not attend that meeting, said Timothy J. Heaphy, Mr. Fordham's lawyer.

"He continues to stand by his claim that he alerted Scott Palmer to this incident with Foley, and he knows there was a subsequent meeting with Foley and Palmer," said Mr. Heaphy, who contacted the ethics committee on Friday to offer Mr. Fordham as a witness. "Kirk is confident and ready to go under oath."

Mr. Palmer has denied having such a discussion with Mr. Fordham, who was a top aide to Mr. Foley, a Florida Republican, until January 2004. The speaker's office has said it had no inkling of Mr. Foley's contact with pages until the family of a former page in Louisiana complained about a communication to their son from Mr. Foley in the fall of 2005.

A chronology assembled by the speaker's office said that neither Mr. Hastert nor Mr. Palmer were ever made aware of that e-mail message, which led to a warning to Mr. Foley to cease communication with the youth but no other action. Mr. Hastert said he had no knowledge of Mr. Foley's activities until just before the lawmaker resigned on Sept. 29 after the disclosure of other, sexually explicit electronic messages to former pages. The resulting political and legal uproar is overshadowing the final weeks of campaigning for the midterm elections.

The speaker's office said Saturday that it would be up to the ethics committee, which began an expansive investigation on Thursday, to sort through the conflicting accounts.

"The House Standards Committee is investigating this matter, and we are confident in its ability to determine the real facts," said Ron Bonjean, spokesman for Mr. Hastert.

The ethics committee intends to reach out to a circle of people in Mr. Hastert's office who may be able to confirm or deny if a meeting took place between Mr. Fordham and Mr. Palmer.

One person emerging as a subject of interest is Christy Surprenant, the former director of administration in the speaker's office, who was Mr. Palmer's assistant. Ms. Surprenant, who later worked for President Bush's campaign in her native Minnesota, could not be reached for comment on Saturday.

Following the initial denial from Mr. Palmer, a second senior Congressional aide, who asked not to be named because of the ethics committee investigation and a separate inquiry by the Justice Department, on Friday offered corroboration of Mr. Fordham's claim that he had met with Mr. Palmer.

At the time of Mr. Foley's resignation, Mr. Fordham was the chief of staff to Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, whose re-election has been complicated by the Foley scandal. Mr. Fordham left Mr. Reynolds's office last Wednesday as he became a central figure in the case.

On Saturday, Mr. Reynolds began broadcasting a television advertisement in his district apologizing for the Foley matter but saying he had seen none of the messages. He also canceled a planned Sunday national television appearance. Mr. Heaphy said investigators for the ethics committee were receptive to his offer to make Mr. Fordham available. "We haven't fixed a time and place, but they indicated they want to interview him," he said, saying he expects the panel to move quickly. "They welcomed the contact."

Mr. Fordham met for about two hours last week with the F.B.I., which is investigating whether a federal crime was committed. The ethics panel's inquiry focuses on how the House handled the matter and whether there was adequate response to any suggestion that Mr. Foley was stepping over the line with pages.

The question of what the speaker's office was told and when is important because the leadership has defended its response to the initial Louisiana e-mail by saying it was only "overfriendly" and did not set off any alarms, a defense that could be undercut had there been earlier discussions about Mr. Foley and House pages.

Mr. Hastert took responsibility last Thursday for the page scandal in an appearance that Republicans hoped would quiet calls for his ouster. He promised to take action if the ethics committee found any staff members had been negligent.

"If it's members of my staff or they didn't do the job, we will act appropriately," Mr. Hastert said. "If it's somebody else's staff, they ought to act appropriately as well."

Tables Turned On Hastert's Go-To Team (LAT)

By Noam N. Levey

The Los Angeles Times, October 8, 2006

The speaker's designated problem-solvers find themselves in a bad spot in the Foley scandal.

WASHINGTON — When a complaint about Rep. Mark Foley's inappropriate interest in a teenage former page was brought to House Speaker J. Dennis Hastert's office last year, it ended up on the desks of two of the Illinois Republican's most trusted lieutenants.

The two men — Hastert's chief political advisor and his senior legal counsel — along with Hastert's longtime chief of staff, are the speaker's go-to team to resolve problems.

Today, what this trio of senior aides knew about Foley's interest in teenage pages and what they did about it may determine whether the story remains a sexual scandal or grows into one of broader deception and coverup, as Hastert's critics have charged.

Fiercely loyal to the speaker and the Republican Party, veteran aides Scott Palmer, Mike Stokke and Ted Van Der Meid have for years helped Hastert tend to his Republican flock — and protect its members when they run into trouble.

According to several current and former congressional staffers, the group played a central role in the effort to rewrite House rules so then-Majority Leader Tom DeLay could retain his leadership post even if he were indicted. The team also helped engineer the elimination of a congressional subcommittee critical of the cost of a construction project favored by Hastert and others.

The speaker's office has acknowledged that Deputy Chief of Staff Stokke and counsel Van Der Meid fielded a complaint last fall that Foley had been sending provocative e-mails to a former page in Louisiana. And Palmer, Hastert's chief of staff, is facing accusations that he was alerted to Foley's behavior by a senior Foley aide as early as 2003.

Now, leaders of the House Ethics Committee — which has been charged with investigating the Foley case — say they plan to look broadly at how House leaders handled the issue.

If they do, that may prove troublesome to the speaker and his party, said congressional scholar Norman Ornstein, a critic of Hastert's leadership. "To an awful lot of people around Capitol Hill, when they look at Palmer and Van Der Meid, they see Ehrlichman and Haldeman," Ornstein said, invoking the names of two principals in the Watergate scandal of a generation ago.

Hastert's office has repeatedly denied any suggestion of a coverup since Foley's resignation Sept. 29 amid reports that he sent sexually explicit messages to former pages.

Palmer said he never received any warning about Foley three years ago. And the speaker has maintained that Stokke and Van Der Meid appropriately forwarded the complaint they received to officials who oversaw the page program.

None of Hastert's aides responded to interview requests for this report.

Being a political problem for Hastert is an odd position for Palmer, Stokke and Van Der Meid.

The three aides, each of whom has decades of experience in politics, are usually the men who take care of problems for a speaker who often leaves the nitty-gritty job of managing House business to others.

"It's been one of the secrets of his success," former Rep. Bill Paxon, a New York Republican who chaired the National Republican Congressional Committee in the early '90s, said of the effectiveness of the Hastert team.

Palmer, 55, has been with Hastert the longest, working with the then-wrestling coach during Hastert's initial run for the Illinois state Legislature in 1980. He came to Washington with Hastert in 1986, and was by his side when Hastert took the speaker's gavel in 1998.

Highly focused, determined and sometimes quick to anger, Palmer is widely considered among the most powerful chiefs of staff in the speaker's office in decades.

"Very few things happened or went through the speaker's office without Scott having some level of involvement…. He is Denny's alter ego," one former House Republican aide said.

Like many current and former congressional staff members who still do business with the speaker, the aide asked not to be identified while talking frankly about Hastert's staff.

Stokke, 45, joined Hastert's team in 1997 after spending his 20s and early 30s working in Illinois politics.

A native of a small town in central Illinois, Stokke is more laid-back than Palmer, people who know the two men say. But Stokke plays a pivotal role for a speaker who travels widely around the country to help raise money and campaign for members of the caucus.

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"He's the guy who travels with Hastert when he does the rubber-chicken circuit," said another former Hastert aide. "He views everything through the political prism … knows all the races."

Van Der Meid, 49, became Hastert's chief legal advisor in 1999 after 15 years on Capitol Hill as a staffer and counsel to the House Ethics Committee that is now investigating the Foley case.

A tactician with a lawyer's appreciation for the power of legislative rules and structures, Van Der Meid is also seen as highly partisan. And when trouble arises, those who have worked with him say, he is often deployed to deal with it.

One very big problem that confronted the speaker's office two years ago was DeLay.

Under investigation in Texas for violating campaign finance rules, DeLay was facing indictment at the end of 2004. He had already been admonished twice by the House Ethics Committee, whose chairman, a conservative Colorado Republican, surprised many by backing the condemnation of the powerful majority leader.

And because of a rule enacted by Republicans a decade earlier, DeLay faced the prospect of having to give up his leadership post if indicted.

Hastert's senior aides responded forcefully to protect DeLay, according to people familiar with the planning. Working with DeLay aides, the Hastert team helped make a change in the rules that would allow DeLay to keep his post if indicted. Hastert then pushed the rule through the House on a party-line vote.

Under fierce criticism from Democrats and many government watchdogs, the speaker ultimately reversed himself.

But Hastert's team didn't return everything to the way it was. In February of last year, the speaker removed the chairman of the Ethics Committee, Rep. Joel Hefley (R-Colo.), who had rebuked DeLay.

It wouldn't be the only time that the speaker's office maneuvered to quiet a problem.

Hastert's aides also helped orchestrate the elimination of a congressional subcommittee that expressed concerns about the skyrocketing costs of the massive visitor's center being built underground on the east side of the Capitol, according to a former committee staff member.

Scott Lilly — who spent 31 years on Capitol Hill, mostly working for Democrats on the powerful House Appropriations Committee — said he repeatedly saw Van Der Meid working to quell criticism of the multimillion-dollar project, which is prized by Hastert and several other congressional leaders.

"There really seemed to be a pattern here of ignoring problems or sweeping them under the rug," said Lilly, who now works for the progressive Center for American Progress.

A Hastert spokesman said Friday he couldn't comment on the elimination of the subcommittee.

It is still unclear what Palmer, Stokke and Van Der Meid did with the complaints about Foley.

Several people who worked with the three said it was inconceivable that they would have brushed aside something as serious as a congressman making inappropriate advances on teenagers under the speaker's care.

"They wouldn't have tolerated it," one former associate said.

But at least some outside observers say if the past is a guide, investigators should look closely.

"The instinct, which is very strong in the Republican caucus, is to stand by their own," said Ron Peters, a University of Oklahoma political scientist who has written extensively about the House of Representatives. "What we see with the Foley episode may be a distant cousin, or maybe not so distant, of what happened with DeLay."

Ex-Page Tells Of Foley Liaison (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, October 8, 2006

The young man says the then-congressman eyed males in the program. He says he was 21 when he and the Florida Republican had sex.

A former House page says he had sex with then-Rep. Mark Foley (R-Fla.) after receiving explicit e-mails in which the congressman described assessing the sexual orientation and physical attributes of underage pages but waiting until later to make direct advances.

The former page, who agreed to discuss his relationship with Foley with the Los Angeles Times on the condition that he not be identified, said his electronic correspondence with Foley began after he finished the respected Capitol Hill page program for high school juniors. His sexual encounter was in the fall of 2000, he said. At the time, he was 21 and a graduate of a rural Northeastern college.

"I always knew you were a player but I don't fool around with pages," declared one instant message from Maf54, a screen name Foley used in exchanges that have become public involving male former pages.

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The former page's account is consistent with Foley's assertion that he did not have sexual relations with minors, an issue that will be key to determining whether he committed crimes. The legal age of consent varies from state to state; in the District of Columbia, where the pages live in supervised dormitories, it is 16.

Yet the former page's exchanges with Foley offer a glimpse of possible predatory behavior by the congressman as he assessed male teenagers assigned as House errand-runners.

In the messages, Maf54 described how years earlier, he had looked to see whether the former page had an erection in his tight white pants while the then-teenager was working near the congressman. Maf54 also speculated about the sexual attributes of other males in the same page class, including the observation that one young man was "well hung."

Foley abruptly resigned his House seat Sept. 29, after the disclosure of sexually oriented messages to former pages. Other messages were subsequently divulged, and questions concerning how much House Republican leaders knew about Foley and his interest in pages are being investigated by the House Ethics Committee. Foley is now in seclusion in an alcohol treatment facility, and his lawyer has declined to answer questions about specific pages.

The FBI has begun contacting former pages, and at least one — a deputy campaign manager for Rep. Ernest Istook, an Oklahoma Republican who is running for governor there — has hired a criminal defense lawyer, according to a published report. Istook issued a statement last week urging the media to protect the young man's privacy after his name was briefly posted on the ABC News website.

The former page interviewed by The Times said he had not been contacted by the FBI or the House Ethics Committee. He agreed to talk to The Times only if his identity was protected, because of his fear that exposure could hurt his job prospects.

The Times found the former page after others identified him as someone whose contacts with Foley went beyond graphic messages. At an interview, the former page brought a computer containing his communications with Foley, and allowed a Times reporter to review them. The young man, who now manages a suburban office of a national franchise, says that he is gay and that he had only one sexual encounter with Foley before the contacts abruptly ended. The Times agreed not to publish the year of his page class to protect his identity.

The young man said that while serving as a page, he and his fellow pages gossiped frequently about Foley's overly friendly behavior but did not complain about him to program supervisors or other members of Congress. They nicknamed him "Triple F," for "Florida Fag Foley." One evening, four of the boys made an unannounced visit to Foley's home.

"We knocked on his door and he let us in. Nothing happened, but he was very friendly," the former page said.

Foley's flirtations made the young man feel important at a time when he was struggling with his emerging sexuality. "It seemed cool that he was taking an interest," he said. "I knew he was gay, and he was attracted to me."

After leaving the program, the former page began receiving messages from Foley. He is uncertain how Foley knew his college instant-message name, but assumed the congressman had access to a directory listing former pages' whereabouts.

The exchanges quickly became provocative. In one 2000 message, Maf54 inquired about the length and direction of the youth's erection.

"I always thought you were gay," Maf54 commented.

"Is it obvious?" the former page asked.

Ultimately, the young man said, he had a sexual encounter with Foley at the congressman's Washington home.

Then 21, he was in Washington as an intern in an unrelated program.

The two had wine and pizza on a backyard patio and then retired to a spare bedroom, he recalled.

The former page, who served during Foley's first term, said that he believed Foley became bolder in his behavior during his decade in Congress.

"He clearly has used his position, but who hasn't?" the former page said. He still follows protocol in referring to the former congressman as "Mr. Foley."

He said Foley was really two very different people: a legislator "really devoted to his cause," and a sexual being.

He and other former pages were surprised that it took so long for Foley "to get caught," he said.

"It most saddens me because of the damage it could do to the program," the young man said of the page system. "It was the most spectacular year of my life. I would love to do it all over again."

Foley Case Upsets Tough Balance By Capitol Hill's Gay Republicans (NYT)

By Mark Leibovich

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Every month or so, 10 top staff members from Capitol Hill meet over dinner to commiserate about their uneasy experience as gay Republicans. In a wry reference to the K Street Project, the party's campaign to build

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influence along the city's lobbying corridor, they privately call themselves the P Street Project, a reference to a street cutting through a local gay enclave.

For many of those men and other gay Republicans in political Washington, reconciling their private lives and public roles has required a discreet existence. But in the last week, the Mark Foley scandal has upset that careful balance.

Since Representative Foley, Republican of Florida, resigned after it was revealed he had sent sexually explicit electronic messages to male pages, gay Republicans in Washington have been under what one describes as "siege and suspicion."

Some conservative groups blamed the "gay lifestyle" and the gathering force of the "gay agenda" for the scandal. Others equated homosexuality with pedophilia, a link that has long outraged gay men and lesbians.

Conservative blogs and Web sites pointed out that gay staff members played principal roles in investigating the Foley case, suggesting that the party was betrayed by gay men trying to hide misconduct by one of their own. In the meantime, a group of gay activists, angered by what they see as hypocrisy by gay Republicans, have begun circulating a document known as The List, a roster of gay Congressional staff members and their Republican bosses.

"You can see where it would be easy for some people to blame gays for something that might bring down the party in Congress," said Brian Bennett, a gay Republican political consultant. He was a longtime chief of staff to former Representative Robert K. Dornan, Republican of California, who regularly referred to gays as Sodomites.

"I'm just waiting for someone in a position of authority to make this a gay issue," Mr. Bennett said of the Foley case.

The presence of homosexuals, particularly gay men, in crucial staff positions has been an enduring if largely hidden staple of Republican life for decades, and particularly in recent years. They have played decisive roles in passing legislation, running campaigns and advancing careers.

Known in some insider slang as the Velvet Mafia or the Pink Elephants, gay Republicans tend to be less open about their sexual orientation than their Democratic counterparts. Even though the G.O.P. fashions itself as "the party of Lincoln" and a promoter of tolerance, it is perceived as hostile by many gay men and lesbians. Republicans have promoted a "traditional values" agenda, while some conservatives have turned the "radical gay subculture" into a reliable campaign villain. And there are few visible role models in the party; Representative Jim Kolbe of Arizona is the only openly gay Republican in Congress.

As the blame from the Foley case has been parceled out in recent days, some people in Washington suggested that the Republican leadership's inadequate response to alarms about Mr. Foley was borne of squeamishness in dealing with a so-called gay issue. Meanwhile, some Republican staff members worried that several gay men caught up in the scandal would be treated unfairly.

They include Kirk Fordham, Mr. Foley's onetime chief of staff who resigned Wednesday as an aide to Representative Thomas M. Reynolds, Republican of New York, and Jeff Trandahl, formerly the clerk of the House of Representatives, a powerful post with oversight of hundreds of staffers and the page program. The two men were among the first to learn of Mr. Foley's inappropriate communications. Along with the Republican leadership, they have been criticized for failing to act more aggressively to stop the congressman's behavior, and possibly covering up for Mr. Foley.

Mr. Fordham and Mr. Trandahl did not hide their homosexuality, and they were well known in Washington's gay community. (Neither returned phone calls seeking comment.) Others, though, strenuously protect their private life.

"You learn to compartmentalize really well," said one Republican strategist who, like many gay Republicans interviewed for this article, would speak only anonymously for fear of adversely affecting his career.

Mr. Fordham's history illustrates the potential tensions between private life and professional rhetoric. After leaving Mr. Foley's office in 2004, he worked as finance director for the campaign of Senator Mel Martinez, Republican of Florida. In that race, a Martinez campaign flier accused a political rival of favoring the "radical homosexual lobby" by supporting hate crimes legislation that included protections for gay men and lesbians.

One of the inevitable facts, said Mr. Bennett, the former Dornan aide, is that "there are just going to be some days when it's hard to be a gay Republican."

When asked why he remains in the party, Mr. Bennett gave an answer common to gay Republicans: he said that he remained fundamentally in sync with the small government principles of the party and its approach to national security, and that he was committed to changing what he considers its antigay attitudes.

"I'm fighting hard, every day," said Mr. Bennett, who was among a small group of gay Republicans who met with George W. Bush during his 2000 presidential campaign.

Like Mr. Bennett, other gay staff members wind up working for politicians they consider infamous for their inflammatory remarks and hostility to their cause.

Robert Traynham, the top communications aide to Senator Rick Santorum, Republican of Pennsylvania, endured the fallout from an interview with The Associated Press in 2003 in which Mr. Santorum seemed to equate homosexuality with bestiality, bigamy and incest, among other things. Mr. Traynham had been openly gay for years, but that was not widely known in

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his professional life — until a gay rights advocate revealed his sexual orientation last year. Mr. Traynham confirmed the report, and Mr. Santorum issued a statement in support of his aide.

In contrast to what many view as the right's increasingly antigay rhetoric, members of both parties say there has been a growing tolerance for gay men and lesbians within the Republican ranks.

"There's been a change from 20 years ago when people used to be hyperconscious of staying in the closet," said Steve Elmendorf, an openly gay Democratic strategist who was the chief aide to former Representative Richard A. Gephardt of Missouri, who served as the Democratic leader. "Now there's more of an evolution to a 'don't ask, don't tell' rule."

An addendum could be "don't flaunt." "You just don't wear it on your sleeve, bottom line," said one gay Republican staff member.

"I always made a point of dating women," said Mr. Bennett, who disclosed that he was gay after his tenure with Mr. Dornan.

Others point out that advancing the beliefs and careers of the boss is a priority, and staff members are expected to stay in the background. "Discretion is what most members expect from their staff, no matter who you are," said Tracey St. Pierre, who was chief of staff for former Representative Charles T. Canady, Republican of Florida.

"For many conservative Republicans, just being gay in itself is an act of indiscretion," said Ms. St. Pierre, who is gay but was not open about it until shortly before leaving Mr. Canady's office. When she worked with him in the mid-1990's, one of his chief causes was legislation that would ban same-sex marriage. Ms. St. Pierre, who works for a federal agency, considers herself an independent now.

The code of behavior largely extends to Republican politicians themselves, a point underscored by Mr. Foley, who just this week publicly acknowledged that he was gay. He appeared in public with women whenever possible and held parties at his home, which one guest described as decorated with photographs of himself with attractive women.

Mr. Foley had always refused to discuss his sexual orientation, a topic that drew increasing attention as he considered a bid for the Senate in 2004. Amid intensifying rumors about his personal life, he decided not to run.

Despite Mr. Foley's silence, people on Capitol Hill assumed he was gay. "It was commonly known on Capitol Hill by staff and members," said Representative Ray LaHood, Republican of Illinois. "People have their own lifestyles as long as they mind their own business and play by the rules."

Joe Scarborough, a former Republican congressman from Florida who served with Mr. Foley, said, "If you're a gay Republican, you have to act like a Republican." Mr. Scarborough, who is now the host of "Scarborough Country" on MSNBC, said "acting like a Republican" entailed going out on the campaign trail "talking about guns, chewing tobacco and riding around in a pickup truck."

He contrasted that with gay Democrats, "who can strut around and still get a standing ovation." He cited the case of former Representative Gerry E. Studds, a Democrat of Massachusetts who is openly gay, who became embroiled in a sex scandal involving a page and still won re-election. And Representative Barney Frank, another gay Democratic Massachusetts congressman, has attained almost iconic status among gay men and lesbians.

Gay members of both parties describe the Foley matter as something that could jeopardize the role that gay men and lesbians have assumed in Republican politics.

One gay Republican campaign strategist said he feared that conservatives would "play to the base" and redouble their efforts to vilify homosexuals. "It's one of the places the party goes when it's in trouble," he said. "A lot of us are holding our breath to see how this plays out."

Fear And Loathing In The GOP (WP)

By Byron York op-ed

The Washington Post, October 8, 2006

Even in the grand tradition of scapegoating in American politics, J. Dennis Hastert's current plight stands out. The former high school coach-turned-accidental speaker of the House spent last week as the unlikeliest of fall guys for a sex scandal that involved a closeted gay Republican congressman, underage male House pages and unseemly instant messages. As fear and loathing spread through panicky preelection Republicans, Hastert looked like a goner, then a survivor, then a goner again and then, well, who knows.

"I was inclined at first to believe that Denny Hastert should resign," conservative activist Paul Weyrich told me on Wednesday.

But then Weyrich heard from Hastert, in one of the dozens of calls the speaker made last week. ("He called me, I didn't call him," Weyrich stressed.) Hastert explained that he hadn't known about Foley's graphic sex talk with a teenage House page. And

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the speaker argued passionately, Weyrich said, that he had properly handled the so-called "overly friendly" e-mail from Foley to another former page. Ultimately, Weyrich was convinced. He would not call for Hastert's resignation.

Hastert's defense strategy has worked -- so far. But the Foley affair has exposed deep fissures within the GOP a few weeks before midterm elections; when the story broke, everyone seemed to be in a different place. Some are in what one top House aide calls the "knee-jerk" camp -- those who called for Hastert's resignation right away. Others are in a camp awaiting more evidence. Still others are in the smell-a-rat camp, suspecting that Democrats were behind the whole thing. And finally, some are in the this-is-proof-of-America's-moral- decline camp, condemning Republican and Democratic leaders alike. No one camp was able to take control, thus allowing Hastert to continue as the longest-serving Republican speaker in history.

On Thursday -- the same day that the House ethics committee announced an investigation and issued dozens of subpoenas for documents and testimony -- the speaker held a news conference. "The bottom line," he said, "is that we're taking responsibility, because ultimately, as someone has said in Washington before: The buck stops here."

At least until November. The Foley scandal has become very much about Hastert, the Republican leadership and the party's permanence in power. Toward the end of our conversation, Weyrich pointed to the post-Watergate election of 1974, when Republicans took a horrendous beating. GOP pollster Richard Wirthlin, Weyrich explained, coined the phrase "the embarrassed Republican vote," referring to those party members who were so appalled by events that they didn't vote.

"I think we may see the embarrassed Republican vote back again," Weyrich said.

One might assume that Hastert's supporters were most worried about the knee-jerk camp. And they were, early last week, when the conservative Washington Times published its editorial "Resign, Mr. Speaker."

But a few days later, the pro-Hastert forces came to believe that the knee-jerkers had done the speaker a favor.

In the normal course of a Washington scandal, as they explained this scenario to me, many days and many revelations would have to pass before a Republican would become so bold as to float the idea of dumping Hastert. By coming out so quickly against him, the Washington Times and its allies forced conservatives to take sides right away. Most of them, uncertain about the evidence, cautiously sided with Hastert.

"What the Washington Times did, in my mind, is they advanced it," the top House aide told me. "The question was, 'Do you think the Washington Times is right, or are they overreacting?' "

As it turned out, few chose to support resignation, and Hastert survived the initial challenge.

But the good news for the speaker may be temporary, because his support among conservatives is infinitely complicated by his political baggage. It's no secret that conservatives are unhappy with the performance of many GOP officeholders in Washington, from President Bush on down. In particular, they don't like the party's abandonment of fiscal discipline and its failure to restrain the growth of government. They've been complaining for quite a while now, but the Foley scandal has given them a new reason to take shots at the Republican leadership.

When I called David Bossie -- a former Hill investigator who heads an organization called Citizens United and favors Hastert's resignation -- he asked what I thought about the speaker's performance. I told him I wasn't sure. "You're not sure about Hastert on spending?" he asked. "Or on earmarks, or on the utter failure of leadership since he fell into the speakership?"

Bossie seemed genuinely appalled by Hastert's handling of the Foley matter, but he listed other reasons why conservatives are unhappy with Hastert's House. Many conservatives would probably support a change in leadership should Republicans maintain control of the House in November. But they just don't want to rock the boat now, a few weeks before the elections

If we win, they say, then we'll get a new speaker. And if we lose, it's not our problem.

As the week went on, a lot more Republicans joined the smell-a-rat faction. Although they conceded problems with the way the leadership had handled Foley, they were suspicious of how the information came out in dribs and drabs, keeping the story alive day after day. Some of it seemed to originate on a Web site, http://stopsexpredators.blogspot.com , that no one knew much about. Although they didn't have any solid evidence, some Republicans suspected that Democrats were behind it. The speaker was among them. "Hastert believes that with everything in him," Weyrich told me.

Others regarded the Foley matter as a cultural issue as much as a political one. Last Monday, the leaders of a coalition of conservative organizations called the Arlington Group held a conference call to discuss Foley. It included Weyrich, Focus on the Family Chairman James Dobson, American Values President Gary Bauer, Family Research Council President Tony Perkins and American Family Association Chairman Donald Wildmon, among others.

The men agreed that they didn't know enough about the scandal to condemn anyone in the GOP leadership. But they thought that the leadership had gone easy on Foley because, sensitive to charges that Republicans are intolerant, they did not want to be seen as gay-bashers. The coalition members asked Weyrich to draft a statement.

"We are concerned that the early warnings of Mr. Foley's odd behavior toward young male pages may have been overlooked or treated with deference, fearing a backlash from the radical gay rights movement because of Mr. Foley's sexual

orientation," the statement said. "It appears that the integrity of the conservative majority has given way to political correctness, trading the virtues of decency and respect for that of tolerance and diversity."

Wildmon later told me that the Foley scandal represents something of a crossroads for the GOP. "Part of the problem Republicans have right now is they have to make up their minds what kind of party they are going to be," he said. "Are they going to be a party of values voters, or are they going to be a party that is for diversity and all the other good buzzwords?"

For all his protestations -- "I'm just a little bitty old preacher in Mississippi" -- Wildmon is an intensely political strategist. But others on the conference call seemed truly dismayed by both parties. "I am not an R, and I am not a D," Phil Burress, president of the Ohio-based Citizens for Community Values, which is affiliated with Focus on the Family, told me.

"Values voters gave up on that a long time ago," he said. "We are thoroughly disgusted with Congress and the way they are conducting business."

'No Further Fallout' (WP)

The Washington Post, October 8, 2006

White House stonewalling and the Jack Abramoff scandal

REMEMBER WHEN President Bush promised to restore honor and integrity to the Oval Office? He doesn't either, it would seem. A report by the House Government Reform Committee, based on three years of e-mails and billing records from disgraced lobbyist Jack Abramoff's former law firm, detailed how Mr. Abramoff and his team billed clients for hundreds of contacts with White House officials and dispensed coveted tickets to sporting events and concerts to favored officials, including adviser Karl Rove and Republican National Committee Chairman Ken Mehlman, then the White House political director.

A particular recipient of Mr. Abramoff's favors was his former assistant, Susan B. Ralston. She had gone to the White House to work for Mr. Rove but stayed in close touch with her former boss -- more than half of Mr. Abramoff's 66 contacts with the White House were with her. Mr. Abramoff turned to her as a conduit to Mr. Rove and others, seeking her help in placing allies in government or obtaining other favors, not always successfully. Ms. Ralston, in turn, used Mr. Abramoff as a personal Ticketmaster service, taking free tickets to Bruce Springsteen and Andrea Bocelli concerts, Capitals, Wizards and Orioles games. When Ms. Ralston was looking for four floor seats for a Wizards game -- valued at $1,300 -- Mr. Abramoff emailed back, "For you? Anything!"

You might think a White House worried about honor and integrity would want to look more closely at Mr. Abramoff's dealings. You might think it would be concerned about whether Ms. Ralston violated the rules that prohibit administration officials from taking gifts valued at more than $20, though there is an exception for gifts based on preexisting friendships. You might think it would want to make clear that -- whether technically permitted by the rules or not -- this is unacceptable behavior from government officials.

Not this White House, which has been resolutely incurious about Mr. Abramoff's activities and equally unwilling to provide information about it -- making it impossible to know how many of the reported contacts are classic Abramoff puffery and how many real. "Nothing more will come from the report, no further fallout from the report," White House spokeswoman Dana Perino said Friday.

Ms. Perino's comments were occasioned by Friday afternoon's announcement that Ms. Ralston was resigning. Not, mind you, because she did anything wrong but because, as Ms. Perino said, "she did not want to be a distraction to the White House at this important time." White House lawyers won't bother to figure out whether Ms. Ralston violated the gift rules, officials said, because she's leaving anyway -- and, according to counselor Dan Bartlett, "without any animosity from us." Indeed, Mr. Bartlett said, "She's been a tireless worker for the president, and we will be sad to see her leave."

A White House even a little concerned about honor and integrity might have managed to summon up a tiny hint of criticism -- not to mention a promise to make sure its employees behave in a way that befits the term public servant. A White House with nothing to hide would release information about Mr. Abramhoff's his meetings and contacts with its officials.

CIVIL RIGHTS:

Despite Ruling, Voters Are Told To Provide ID (AP)

By The Associated Press

The Associated Press, October 8, 2006

ATLANTA, Oct. 7 — Tens of thousands of Georgia voters recently received letters telling them they must show a photo ID to cast a ballot on Nov. 7, even though a judge recently struck down the requirement.

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The State Board of Elections mailed more than 300,000 of the letters, about 20,000 of them after the judge issued his ruling on Sept. 19.

But Claud L. McIver, the Board of Elections vice chairman, said he did not expect voters to be confused.

"Just walk in the door," Mr. McIver said Friday.

For months, lawyers have been battling in state and federal court over the new ID law. Supporters, primarily Republicans, have said the law is needed to prevent voter fraud.

Opponents say it is intended to discourage voting by members of minorities, the poor and the elderly, who are less likely to have a driver's license or other photo identification.

Last month, a state judge declared the law unconstitutional because it established a voting requirement not contained in the Georgia Constitution. After that ruling, state officials said voters would be able to cast a ballot merely by presenting something like a utility bill or a Social Security card.

Mr. McIver said he let the last 20,000 letters go out because he was confronted with two different rulings: the state judge's order and a federal judge's decision to block the law but to consider reinstating it before Election Day.

Mr. McIver said the board was trying to minimize confusion by talking with county registrars and updating its Web site. The are no plans to send out additional mailings or to make public service announcements; Mr. McIver said there was not enough money in the budget to do that.

Some groups are working to counteract possible confusion. The Georgia Coalition for the People's Agenda said it planned an automated call campaign next week to the 305,000 voters who received letters.

American Elections And The Grand Old Tradition Of Disenfranchisement (NYT)

By Adam Cohen

The New York Times, October 8, 2006

The House of Representatives struck a major blow against democracy last month. It passed a bill that would deny the vote to anyone who shows up at the polls without a government-issued photo ID. The bill's requirements are so onerous and inflexible that they could prevent millions of eligible voters without driver's licenses — who are disproportionately poor, minority or elderly — from casting a ballot.

With that vote Congress joined a growing number of states that are erecting new barriers to voting. Republican-dominated legislatures and election officials have adopted absurdly difficult registration rules. They have removed eligible voters from the rolls with Katherine Harris-style purges, and required voters to buy ID cards to vote, a modern form of poll tax.

These new voting laws are disturbing, but they should not be surprising. The story of American voting is usually told as one of steady expansion: constitutional amendments extending the franchise to freed slaves, women and 18-year-olds, and Supreme Court rulings and federal laws eliminating voting obstacles for Southern blacks. But racial and religious minorities, women and the poor have historically had to fight not just to get the right to vote, but to stop it from being taken away.

America has a hidden history of disenfranchisement. It has operated, as a Harvard professor, Alexander Keyssar, recounts in his valuable history, "The Right to Vote," on the expected lines of class, race, ethnicity and religion, and often for partisan gain. Right now, we are in another period of what Professor Keyssar calls "backsliding." Minorities and the poor — and everyone who cares about American democracy — have to stand up for a principle that should by now be beyond debate: universal suffrage.

Long before the Constitution guaranteed women the right to vote in 1920, some women had already had the franchise and had it taken away. New Jersey, which gave women the vote in its state Constitution in 1776, disenfranchised them in 1807. Pennsylvania, which let blacks vote after the Revolution, took away their right to vote in the 1830's.

Immigrants were another common target of disenfranchisement laws. In 1840, New York — which, like most states, did not require pre-Election Day registration — adopted a registration law that applied only to New York City, aimed at the growing Irish Catholic population. The lower classes were another target. In the 1800's, New Jersey adopted "sunset laws" that required the polls to close before factories let out for the day. In the 1800's and early 1900's, many states took the vote away from "paupers."

Disenfranchisement was often motivated by partisan politics. In the South, at the end of Reconstruction, white Democrats pushed through poll taxes and literacy tests to reduce the black Republican vote. In the North, it was Republicans putting up the barriers, like New York's 1921 constitutional amendment imposing a rigorous literacy test, aimed at keeping hundreds of thousands of Yiddish speakers from voting.

Poll taxes and literacy tests are unconstitutional today, but the forces of disenfranchisement have come up with creative new methods. In 2004, the Ohio secretary of state, Kenneth Blackwell, ordered election officials to reject any voter registration form that was submitted on less than 80-pound paper. The edict disproportionately hurt poor and minority voters by interfering with registration drives aimed at them.

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This year, Florida adopted new rules for voter registration drives that were so onerous — and carried such draconian punishments for mistakes — that the League of Women Voters of Florida announced that for the first time in 67 years it would not register voters.

Election officials are still wrongly purging eligible voters from the rolls. Four years after Ms. Harris's error-filled purge of felons, her successor as Florida secretary of state developed another error-filled felon list. She abandoned it only after news media pointed out that, oddly enough, it included 22,000 blacks, a group that votes heavily Democratic, but just 61 Hispanics, a group that tends to vote Republican in Florida. Just last week, a court struck down another error-filled voter roll purge, in Kentucky.

The voter ID laws that have been enacted recently have been set up not to verify voters' identities, but to stop certain groups from voting. Georgia's law — whose sponsor was quoted in a Justice Department memo as saying that if blacks in her district "are not paid to vote, they don't go to the polls" — required people to pay for voter ID cards, until the courts held that to be an illegal poll tax. When it took effect there was not a single office in Atlanta where the cards were for sale.

The current wave of laws began after 2000, when the presidency was decided by just 537 votes. With today's closely divided electorate, there is more strategic value than ever in disenfranchising people who fall into groups likely to support the other party. To a disheartening degree, this new wave is supported almost entirely by Republicans and opposed only by Democrats.

The opposition should be bipartisan. Disenfranchisement undermines not only American democracy, but also the whole idea of America, by illegitimately excluding some people from their rightful place in it.

Abraham Lincoln understood this. In 1859, after Massachusetts Republicans pushed through a requirement that immigrants wait two years after becoming citizens to vote, a group of German-Americans asked Lincoln what he thought of the law — which mere partisanship should have led him to support. "I am against its adoption in Illinois, or in any other place, where I have a right to oppose it," he responded. "Understanding the spirit of our institutions to aim at the elevation of men, I am opposed to whatever tends to degrade them."

ENVIRONMENT:

U.S. Attempting To Reshape Fishing Rules (WP)

By Juliet Eilperin

The Washington Post, October 8, 2006

But How Much to Tighten Reins?

NEW BEDFORD, Mass. -- Working fishing boats cram this city's docks, brightly painted vessels with names like "Let It Ride" and "Fearless." But tied up alongside them are plenty of rusting vessels that have not shipped out in years, stark reminders of the sea's fickle bounty.

Once the nation's foremost whaling town, New Bedford has reemerged as a fishing capital. Riding a boom in the fishery for scallops and other shellfish, its catch sold for $207 million last year at dockside, more than that of any other U.S. port. But cod and other once-plentiful species remain scarce despite a decade of efforts to restore depleted stocks.

Congress, meanwhile, is preparing to rewrite the nation's fishing rules in a bid to improve the much-criticized system for managing fisheries, and that worries Debra Shrader. The director of a fishermen's advocacy group here called Shore Support, she fears the fishing community will pay the price for rebuilding fish populations.

"If they studied us nearly as much as they studied the other biomasses, they would realize what they're doing to us," said Shrader, whose group co-wrote a report last year showing that full-time employment for area fishermen dropped 20 percent between 1993 and 2002. "None of these species are on the verge of extinction, but our communities are."

As lawmakers consider the most comprehensive revision of fisheries regulation in a decade, the argument is focused on how drastically to limit fishing when fish populations decline or crash. The combatants do not divide along the usual partisan lines; the fight over rewriting the Magnuson-Stevens Fishery Conservation and Management Act pits environmentalists against fishermen, the Senate against the House and coastal regions against one another.

The outcome may determine how many fish will be left in the ocean decades from now and who will be around to catch them.

"The perception among fishermen is that things are getting worse and worse, which is true," said Joshua S. Reichert, who heads the Pew Charitable Trust's environmental program. "We've been steadily driving toward the edge of a cliff and taking meticulous notes along the way."

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The nation is also in the midst of a debate over how to regulate fishing in international waters. The administration pledged last week to push for a moratorium on destructive bottom-trawling on the high seas, but environmentalists such as Reichert question whether U.S. negotiators are really pressing the point at the United Nations.

No one questions that increasingly sophisticated fishing technology has devastated many prized fish stocks. In the decade since the current management program began, 74 fish stocks have been formally declared "overfished," and plans have been drawn up to rebuild 67 of them. But so far, fewer than 5 percent have been replenished, a recent study found.

Biologist Andrew A. Rosenberg, lead author of the study in the journal Frontiers in Ecology and the Environment and a professor at University of New Hampshire, said it will take stricter limits, such as those in the pending Senate bill, to bring these species back.

"You need a clean catch limit, and you have to have consequences," said Rosenberg, who was deputy director of the National Marine Fisheries Service from 1998 to 2000.

There are sharp variations across the country, however. In New England, more than a third of native fish stocks are overfished by federal standards, and cod stocks are at 10 percent of the recommended level. By contrast, just 3 percent of Alaska's stocks are overfished.

These disparities have intensified criticism of the eight fishery management councils that enforce the current law. The councils set regional catch limits, subject to federal approval, based on scientific recommendations from federal, state and academic scientists.

Congress passed Magnuson-Stevens 30 years ago in an effort to kick foreign fishing fleets out of U.S. waters, not to conserve species. The act was later amended to include conservation, but the Bush administration and many lawmakers agree it has failed to do the job, and they favor tighter rules.

"The president wants a Magnuson-Stevens bill that ends overfishing, that ensures our fisheries get rebuilt," said James L. Connaughton, Bush's top environmental adviser, although he declined to take sides between the Senate and the House version, which would establish less stringent controls.

Part of the problem is a lack of good data. "Basically, the technology for estimating the abundance of a fish population is still a fishnet," said Brian J. Rothschild, a professor of marine science and technology at the University of Massachusetts at Dartmouth, next door to New Bedford.

At the moment, several regional councils allow catches above the scientifically recommended levels on the theory that deeper cuts will hurt fishing interests too much. Scientists told the Gulf of Mexico council this year that the red snapper catch would have to be held to 5 million pounds to allow the population to recover immediately, and a limit of 7 million pounds would restore it by 2009. Instead, the council endorsed a catch limit of 9.1 million pounds.

"The law does not give the government the authority to step in and end overfishing," said the Fisheries Service's chief scientific adviser, Steven Murawski. "Even though we've made good progress, we haven't reached the goal post."

The Senate-passed bill, written by one of the act's original authors, Ted Stevens (R-Alaska), would require the councils to adhere to scientifically determined catch limits and to reduce future catches anytime industry exceeds the quotas.

Stevens, who said in an interview that Alaska's fisheries have thrived in part because the industry complies with scientists' recommendations, added that if other regions "accept scientific guidance, we'll end overfishing."

The House bill, by Resources Committee Chairman Richard W. Pombo (R-Calif.), which is slated for a floor vote in November, also calls for limits based on the "allowed biological catch" calculated by scientists. But it would allow overfishing to continue for two years under rebuilding plans, and it might extend the current 10-year deadline for replenishing depleted stocks in some instances to ensure a fishing community's infrastructure remains viable.

Sarah Chasis, who directs the advocacy group Natural Resources Defense Council's ocean initiative, called these provisions "conservation rollbacks" that will hurt fishermen in the long run. "If you rebuild these stocks in a timely way, the net economic value is really significant," she said.

But Rep. Barney Frank (D-Mass.), who represents New Bedford and worked with Pombo on the bill, considers even a 10-year rebuilding timetable arbitrary. In some instances, he said, more modest catch reductions over a longer time period could preserve local jobs and allow stocks to rebound eventually.

"We're not talking about permanent damage to the air or water," Frank said. "We're talking about an extension of overfishing. That's possible."

New Bedford's fishermen acknowledge that they have depleted some of their most valuable stocks, including the once-teeming species that gave nearby Cape Cod its name, and that fishery closures have helped some species rebound.

In the mid-1990s, federal officials closed one-third of Georges Bank, east of Cape Cod, to give scallops and groundfish such as haddock a chance to recover. Scallops did so dramatically -- a scallop boat can now scoop up $120,000 worth in two trips -- and haddock is also back. But the cod, which is more mobile and has a different life span, has yet to recover.

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David Harrington switched from being a scalloper to being a ship engine mechanic more than a decade ago when regulators began to impose scientific standards on the fishery; now he thinks he may have acted too hastily. "I thought they were going to ruin it, and you know, they did a great job," he said.

But many local fishermen remain dissatisfied with federal managers, saying they open and close fishing areas without sufficient notice. "You're nervous when you're going out that you're in the wrong place," said Tom Manley, who has been fishing for scallops since he graduated from high school 28 years ago. "They need to listen to the fishermen more."

Some Massachusetts fishermen say attitudes toward conservation are shifting. John W. Pappalardo, who was elected chairman of the New England regional council last week, fished for cod until "there really weren't any left." He noted that with fishermen's support, the council approved rules for herring that bar "pair trawling," in which two ships tow a net between them and scoop up massive catches.

"It's not like a light switch, where we used to be in darkness and now we're illuminated," said Pappalardo, who is based in Chatham, Mass. "It took us many years to screw things up, and it's going to take a few years to unravel things."

EPA Kicks Up A Dust Storm With New Regulation (WT)

By Audrey Hudson

The Washington Times, October 8, 2006

Dust happens.

That's according to Rep. Robert W. Goodlatte, chairman of the House Agriculture Committee, who says the Environmental Protection Agency (EPA) has gone overboard on a regulation over dust. The Virginia Republican and others say the agency has set an impossible standard for the agriculture industry.

"I am deeply concerned and troubled by the direction the EPA is taking to regulate dust and coarse particulate matter," Mr. Goodlatte told a subcommittee on conservation, credit, rural development and research hearing on pesticide programs.

"What we are talking about here is dust, and despite the best efforts of farmers to minimize the impact of their operations on the environment the reality is: dust happens," Mr. Goodlatte said.

The EPA amended its national air quality monitoring requirements late last month, which re-creates a national network to monitor six common pollutants: level ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, lead and particle pollution or dust.

The rule addresses fine particles of 2.5 micrometers in diameter, and inhalable coarse particles of 10 micrometers. A micrometer is 1/1,000th of a millimeter, and there are 25,400 micrometers in an inch. The new rule limits the amount of such particles in a cubic meter of air to a cumulative 150 micrograms over an entire 24-hour period -- the approximate concentration of one gram of a liquid (or 1/28 of an ounce) in 2½ Olympic-sized swimming pools.

The National Cattleman's Beef Association denounced the rule as "an impossible concept in naturally dusty and rural landscapes."

Sen. Charles E. Grassley, Iowa Republican and chairman of the Finance Committee, has invited EPA Administrator Stephen L. Johnson to visit his family's farm during the fall harvest.

"This will give you the opportunity to see what America's farmers are confronted with when harvesting. This visit will allow you to show me first hand how a farmer is to contain dust on their farm while combining," Mr. Grassley said in a Sept. 26 letter.

"I think the administrator is certainly willing to do what he can to help the senator help him address the concerns of his agriculture constituency," said John Scholl, Mr. Johnson's agriculture adviser.

The EPA program was first set up in 1987 to improve air quality with 54 machine monitors in cities and rural areas; the new program adds 75 monitors.

Jessica Emond, EPA spokeswoman, said 20 of the new monitors will be placed in rural areas.

"We understand certainly that any time you deal with particulate matter, it's a given that dust and dirt are an inherent part of operations," Miss Emond said.

Tamara Thies, director of environmental issues for the cattlemen's group, says this is the first time rules under the Clean Air Act have targeted "fugitive dust" in rural areas.

"When dealing with agriculture, you're dealing with dust -- crops are grown in dirt," Miss Thies said.

"The science does not show there is a health effect from dust, but the EPA has chosen to regulate it anyway," Miss Thies said.

The new rule says such ambient air monitoring systems play a critical role in the nation's air quality management.

"Exposure to particle pollution is linked to a variety of significant health problems. Particle pollution also is the main cause of visibility impairment in the nation's cities and national parks," the rule said.

A Bet On Ethanol, With A Convert At The Helm (NYT)

DOJ_NMG_0078220

By Alexei Barrionuevo
The New York Times, October 8, 2006
DECATUR, Ill.

BACK in 1999, when she was the head of refining at Chevron, Patricia A. Woertz told a group of energy officials that it was "time to stop mixing agricultural policy with fuels policy."

In that same speech, at a fuels conference in Washington, Ms. Woertz also publicly expressed worry about the "unintended consequences" of a federal mandate requiring the use of corn-based ethanol in gasoline.

Today Ms. Woertz is standing on the other side of the gasoline debate, wholeheartedly supporting the growth of ethanol, the fuel the oil industry loves to hate but has had to learn to live with. In May, she took over as the chief executive of Archer Daniels Midland, the giant agricultural company that also happens to be the biggest ethanol producer in the country.

A.D.M. spent nearly three decades pushing relentlessly for the use of ethanol in gasoline, lobbying Congress and the White House and rousing farmers. But only in the last few years, amid record-high oil prices and government mandates to use ethanol, has this clear, colorless fuel — a form of ethyl alcohol — finally begun to catch on, transforming it from a dream into almost a religion in the Midwestern states that produce corn.

Ethanol has been a boon to A.D.M.'s fortunes, helping it to achieve record earnings last year of $1.3 billion on sales of $36.6 billion. While the company does not break down the sources of its profit, analysts say ethanol could make up 40 percent of A.D.M.'s net income in fiscal 2007, about double what it meant to the company last year.

With that bigger profit potential has come greater volatility in A.D.M.'s stock, which lately has mirrored more closely the rise and fall of energy prices. That has caused some analysts to caution its investors to go slow on the company.

"For the bulk of the company's history, the vast majority of their profits came from crushing products like corn to feed the world," said Eric Katzman, an analyst at Deutsche Bank. But a greater proportion of A.D.M.'s earnings will come from biofuels in the future, he said, as a large portion of the $2.4 billion the company plans to invest in the next two years is energy related.

So far, that capital is devoted to sustaining corn as the preferred crop for producing ethanol. While ethanol can be made more cheaply from sugar cane, as it is in Brazil, lobbying by A.D.M. and farm-state politicians has helped corn win out as the crop of choice for ethanol in the United States. It did not hurt that the powerful American sugar lobby helped to erect trade barriers keeping out cheaper imported sugar and cheaper imported ethanol.

MOST politicians originally saw ethanol as a way to help farmers to make more money from their corn crop. Now it is being seen by policy makers, including President Bush, as a partial antidote to the nation's reliance on foreign oil. To achieve that vision of energy independence will require much more ethanol, and many agricultural experts have begun to worry about the food-for-fuel trade-off of using so much corn — more than 60 percent of which is used to feed livestock, an important American export — to produce fuel. And corn is one of the most energy-intensive and water-intensive crops to grow anywhere.

But A.D.M. has been slow thus far to be a party to research that might sway ethanol production away from corn and into crops that require less water and fossil-fuel based fertilizers; one such crop is switchgrass, a tall prairie grass that is highly drought resistant. Some outside experts call A.D.M.'s strategy shortsighted.

"I am sure A.D.M. shareholders want the company to be economically viable for the next 20 to 25 years, not just for the next 5 to 10," said Clayton K. Yeutter, a former secretary of agriculture and United States trade representative. "If ethanol is going to be a significant part of A.D.M.'s profits, they should have as much interest in finding the lower-cost inputs as anyone would."

Sitting in a conference room in A.D.M.'s global headquarters, Ms. Woertz, 53, did not dwell on the risks of A.D.M.'s focus on corn as the primary source of ethanol. She promoted ethanol's growth potential, saying she sees the fuel making up 10 percent of the country's gasoline supply, by sometime next decade, up from about 4 percent this year.

The idea that ethanol could one day replace more than half of gasoline is not out of the realm of possibility, either, she said, but will require successful development of ethanol from agricultural waste like corn stalks, or hardy grasses like switchgrass. The technology to efficiently produce this so-called "cellulosic" ethanol is most likely many years away. In any event, "We will be there when it's there," she said. "We want to intersect the future and still be a big player in the bio-energy world."

She said she saw little contradiction in her previous concern about the fuel — a worry that she said was tied to federal clean air standards for tailpipe emissions and the debate over how to meet them. Refiners, she said, wanted to be told what the emissions standards were and to allow their scientists to find a way to meet them, rather than to have a specific gasoline formulation dictated by regulators.

"Things have evolved," she said, and the oil industry and ethanol producers "have come to work much more closely on the fuel supplies for this country."

Many analysts saw the hiring of Ms. Woertz as a signal that A.D.M. wanted to become the Exxon Mobil of ethanol. Indeed, her energy experience helped win her the job, A.D.M. officials said. But they added that she was also selected because her

background as a strategic planner at Chevron gave A.D.M.'s board members the confidence that she could chart a vision for the company's future.

"We needed someone that was a proven and capable strategist," said Kelvin R. Westbrook, the board member who led the search process. Her energy experience "was a valued part of her background but by no means was it a determining factor."

Ms. Woertz arrives at a favorable time in the company's 104-year history. A.D.M. paid $400 million last year to settle the last of a pile of lawsuits stemming from a price-fixing scandal in the mid-1990's involving lysine, an animal feed additive. Three top executives were sent to prison over the scandal, including Michael D. Andreas, A.D.M.'s former executive vice president and the son of Dwayne O. Andreas, the chief executive who led the company for 27 years.

At the same time, prices are rising for high-fructose corn syrup and other products that A.D.M. processes from corn, soybeans and wheat. And the demand for ethanol is forecast to soar as federally mandated fuel formulations take effect. Congress passed a law last year requiring refiners to increase their use of ethanol to 7.5 billion gallons by 2012, from 4 billion this year.

The future looks even better, if that is possible. While the federal government has mandated greater ethanol use in the United States, European governments are pushing for higher use of soybean-based biodiesel in the fuel supply. A.D.M. is one of the world's biggest producers of both of those fuels.

A.D.M. is also the world's largest producer of food and animal feed. The company, which adopted the slogan "Supermarket to the World" in the 1990's, says it makes enough to feed 300 million people, as well as many millions of cows, chickens and pigs.

WHEN Ms. Woertz looks to the future, she sees the twin trends of a growing population that needs additional food — with a diet that increasingly demands protein — and the quest for alternative sources of energy to oil.

She said A.D.M. was "uniquely positioned" to benefit from growing global demand for both food and fuel. "We have the technologies, we have the assets and we have the infrastructure," she said.

That optimism is apparent in A.D.M.'s latest annual report, the first to feature Ms. Woertz. Its title is "We See Opportunity."

How exactly A.D.M. will go about capitalizing on its opportunities remains to be seen. Ms. Woertz says senior managers are working on a plan, to be unveiled to analysts in November, that will outline the company's biofuels strategy over the next decade.

While the plan is still being drafted, Ms. Woertz said that it clearly would involve a stronger push by A.D.M. to develop ways to make ethanol from grasses and agricultural waste — cellulosic ethanol. She hinted that the plan might involve partnerships with venture capitalists like Vinod Khosla, the founding chief executive of Sun Microsystems, who is investing in companies working on cellulosic ethanol and other alternative fuels, and stumping for ethanol all over the country.

In August, Ms. Woertz invited Mr. Khosla to sit in on a meeting in Chicago of A.D.M.'s strategic planning committee, where he briefed the executives on cellulosic ethanol opportunities.

"We have discussed opportunities we could pursue together," Ms. Woertz said of Mr. Khosla. "All of this question about the longer term is something we absolutely have under way and there will be more to come."

In Decatur, Ms. Woertz and two other top executives at the company made it clear that A.D.M.'s plans, for the moment, revolved mostly around getting ethanol from corn. The company has little concern about the amount of corn being harvested for biofuels, even as it is set to commercialize a promising new technology to produce biodegradable plastics that will use even more corn.

Ms. Woertz and the other A.D.M. executives said they believed that the genetic modification of corn seed, which has led to a 75 percent increase in corn yields since 1980, would continue to keep pace with growing demand for nonfood products like ethanol. That stands in stark contrast to the concern of some agriculture executives — notably Warren R. Staley, chief executive of Cargill, an A.D.M. rival — that if the ethanol boom were left unchecked, it would eventually raise food prices and hurt America's grain exports.

At A.D.M.'s main research center, a converted high school here in Decatur, two company executives seemed unfazed by that concern. Mark G. Matlock, senior vice president for research and development, said A.D.M. was trying to wring more ethanol out of unused parts of the corn crop. He said he was less optimistic about the near-term economics of producing ethanol from switchgrass, an idea promoted by President Bush in his State of the Union address this year. While switchgrass is cheaper to grow than corn, it would be more costly to convert to ethanol, partly because the country lacks the machines to harvest and transport switchgrass efficiently as a crop.

"From a strategy standpoint it made the most sense to look at the existing corn streams that we are handling through our network of everything from country elevators to processing facilities," said Edward A. Harjehausen, the senior vice president for food and feed ingredients. The company is involved in a research project with the Energy Department to take the corn fiber stream and convert as much of the cellulose as possible to additional ethanol.

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The way the A.D.M. executives see it, by focusing on waste streams already coming out of its corn-processing plants, the company can avoid the "chicken and egg" problems that other companies may face in trying to make cellulosic ethanol from new crops like switchgrass: farmers may be hesitant to grow the grass until there is a market for the crop, but companies will be reluctant to create a market and build separate processing plants until they see a ready supply of raw material.

"Everyone has this vision in the end of a billion tons of biomass generating all of our fuel needs," Mr. Matlock said. "That is the far vision. So we focus on those intermediate steps to get to the vision."

Ms. Woertz is a fresh start for a company that had been run by four families for a century. The families once controlled more than half its board seats and still control some 10 percent of A.D.M.'s stock, analysts said. That insular grip on power allowed the company to make long-term bets, which paid off handily. In the 1970's, for example, A.D.M. invested heavily in factories to make high-fructose corn syrup, a low-cost corn-based sweetener that later replaced sugar in Coke and Pepsi and hundreds of other foods.

A.D.M. fell into the biofuels business later in the decade, when the company tried to solve a problem with seasonal overcapacity in its corn syrup plants by producing something else from abundant corn supplies: ethanol. That set off a two-decade-long lobbying and public-relations effort by the elder Mr. Andreas to win broader acceptance for ethanol as a fuel.

CRITICS, noting ethanol's shortcomings like its lower energy content versus gasoline and the fact that it receives a 51-cent-a-gallon subsidy, say that while the marketing campaign has been good for the company, it has been bad for the country. "A.D.M.'s role in the ethanol debate has largely been to provide the narrative that the politicians need to justify the handouts they want to give to farmers anyway," said Jerry Taylor, a senior fellow at the Cato Institute who has been critical of ethanol.

The ethanol promotion campaign was hurt when the lysine price-fixing scandal torpedoed A.D.M.'s reputation. Secret audio tapes made by a former executive, Mark E. Whitacre, in the early-1990's revealed a scheme by top A.D.M. executives to fix the global price for lysine with executives from Japanese, French and Korean competitors. Michael Andreas and Terrance S. Wilson, the head of corn processing, were both sentenced to two years in prison for their roles in the scandal. Mr. Whitacre was sentenced to nine years for embezzling $9.5 million at the same time he was helping the government to investigate his bosses.

Since the scandals shook public confidence in A.D.M., the board has been overhauled with independent outsiders like Mr. Westbrook, who joined in 2003 and is chief executive of Millennium Digital Media, a broadband services company. Ms. Woertz's hiring continues the trend.

"The board was cognizant of the fact that A.D.M.'s image had approached a Mafioso level over the last few decades with all the scandals," said John M. McMillin, a longtime analyst for the Prudential Equity Group. "I am not sure she understands the difference between a soybean and a rapeseed, but she knows people and has identified the people within the company to trust."

Ms. Woertz's energy background, especially in refining, has helped her grasp quickly the basics of A.D.M.'s agricultural business. Oil refiners take a barrel of crude oil and process it into a slate of products like gasoline and jet fuel. A.D.M. takes a bushel of corn or soybeans and spits out dozens of food products on the other side.

Mr. Westbrook and analysts agree that she also brings a human touch that was lacking at A.D.M. in the past. A divorced mother of three grown children, she quickly embraced the idea of moving to Decatur, a sleepy city of 78,000. Other candidates hoped to commute to work from Chicago, some 180 miles away, Mr. Westbrook said.

SHE is also comfortable with bold initiatives. A.D.M. once controlled more than 60 percent of ethanol production, but today it controls less than 25 percent after the building of a number of farmer-owned ethanol plants in recent years. A.D.M. is planning to recapture some market share by adding 550 million gallons of ethanol capacity over the next two years, pushing up its total by 50 percent, to 1.65 billion gallons.

Ms. Woertz is also fascinated by aspects of A.D.M. that have nothing to do with biofuels, especially the company's push to commercialize technology that uses corn starch to make plastics that, theoretically, at least, are biodegradable.

At one point, she reached behind her chair and pulled a clear plastic bag from her purse containing several green plastic items, including golf tees. "This is made from corn, so it is a corn and starch stream, and you can dial up or dial down the biodegradability," she said, showing off a tee. "People throw their spoons out the window from McDonald's. Ours will biodegrade."

But for now, it is ethanol, the fuel she once questioned, that is giving Ms. Woertz the spotlight. She is set to make her first public speech since becoming C.E.O. at a conference promoting biofuels on Wednesday in St. Louis, where she will be joined by Mike Johanns, the secretary of agriculture; Samuel W. Bodman, the energy secretary; and Charles O. Holliday Jr., the chief executive of DuPont. President Bush has been invited and may speak on Thursday.

One person who has reviewed Ms. Woertz's speech said it would focus on the "innovation, investment, partnership and vision" needed to ensure that biofuels "fulfill their promise in meeting global needs for sustainable supply, energy security and environmental improvement."

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Oil Giants Put Energy Into Other Resources (LAT)

By Elizabeth Douglass

The Los Angeles Times, October 8, 2006

Firms are dabbling in a diverse range of projects, including one in which microbes eat grease to help produce electricity.

Inside two half-million-gallon tanks built in the 1950s, a team of microorganisms is preparing to munch its way into the annals of energy innovation.

Late this month, the microbes will start transforming truckloads of restaurant grease into electricity for a water pollution control plant in Millbrae, Calif. The one-of-a-kind setup relieves the city and area eateries of a fatty disposal headache while saving energy. And it has come with the help of a surprising backer: Chevron Corp.

"You don't think of a big energy company being involved in anything but gasoline," said Dick York, superintendent of the Millbrae plant. "But Chevron is really trying to diversify. Working together, we've brought forward a project … that puts waste to work."

It's a small undertaking for a company that takes in millions of dollars in profit each day from selling oil and natural gas, not saving them. But it's part of a growing portfolio of projects backed by some of the biggest oil companies to wring energy from the sun, wind, water and waste.

Royal Dutch Shell has become one of the world's largest developers of wind farms and is part owner of two in California. Chevron operates massive geothermal plants in Indonesia and the Philippines. And BP is a partner in hydrogen power plants proposed for Carson and Scotland.

Energy executives point to such endeavors as proof that oil companies are part of a global push to rein in pollution and boost alternatives to oil and natural gas.

"We think it's important to get things done when it comes to climate change," BP Chief Executive John Browne said in an interview. "If you weigh in the balance what we've done, and what we continue to do, I think it amounts to something very significant."

Critics dismiss the efforts as "greenwash" — using environmentally friendly programs to draw attention away from unfriendly activities.

"If you look at what they are doing in terms of any kind of renewable fuel, it's swamped by a factor of 100 by what they are doing to continue to exploit fossil fuel resources," said Roland Hwang, vehicles policy director at the Natural Resources Defense Council. "If they want to have real green credentials, they need to support real policies to ensure that we can develop cleaner fuels [and] they have to support emission standards on global warming pollution."

Hwang sees Proposition 87, which would tax California oil producers to fund biofuel research, as a test of the oil companies' resolve. "They've failed miserably. They're fighting it tooth and nail," he said.

The measure's supporters say it would reduce dependence on foreign oil and create jobs in new energy ventures; opponents say it would increase oil prices and fund a state energy-research bureaucracy with no guarantee of results.

San Ramon, Calif.-based Chevron, the state's largest oil producer, is the most vigorous opponent, spending an estimated $22 million to persuade voters to reject Proposition 87 in November. Other big contributors are Aera Energy, a joint venture of Royal Dutch Shell and Exxon Mobil Corp., and Westwood-based Occidental Petroleum Corp.

In addition, none of the oil companies stood with California as it embarked on its groundbreaking move to reduce greenhouse gases. The state's ambitious Global Warming Solutions Act, signed into law Sept. 27, faced resistance from the region's largest oil industry trade associations.

"I think critics are reasonable in saying, 'Where's the walk behind the talk?' " said Nicholas Eisenberger, managing principal at GreenOrder, a New York environmental strategy and marketing firm. But, he added, "these resource-based questions, they don't get solved overnight."

A Chevron spokesman declined to discuss the company's oil tax stance, but Chief Executive David O'Reilly recently explained Chevron's opposition to the greenhouse gas law.

"We support the first step of measuring" greenhouse gases, O'Reilly said in an interview. "I think it would be better, from a state competitiveness standpoint, if we could get a similar approach to dealing with carbon emissions across the whole country." He said California "ought to be careful about launching off something in the state that divides us from the rest of the country."

BP's renewable-energy efforts have been the most visible, in part because its "Beyond Petroleum" advertising campaign has for years been highlighting the firm's accomplishments.

The London-based company is a leader in harnessing the sun's power. Its solar subsidiary is a top manufacturer of solar panels and equipment and it has installed solar systems in 100 countries. In California, the company has funded solar research

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at Caltech, installed a solar power system at a water pumping station in Vallejo and sold home solar systems through Home Depot.

Late last year, BP created an alternative energy subsidiary and pledged to invest $8 billion in the unit over the next decade — a commitment that dwarfs those of other oil companies. And recently, the company stepped up its wind-energy activities, announcing an alliance with Clipper Windpower Inc. and the purchase of Greenlight Energy Inc., a U.S. company with plans for 39 wind projects.

"Step by step, I think we've achieved a lot," CEO Browne said. "We have a lot more to do, both in the practical — changing the way we do business — and in inventing new businesses and new products."

But BP's efforts have also underscored the difficulties inherent in trying to reshape a company's image and focus when its profit, operations and heft are still in the oil business. A series of major mishaps have provided an uncomfortable contrast to — or mockery of, some environmentalists say — the company's professed devotion to clean energy and corporate responsibility.

Last year, an explosion killed 15 people at its Texas City, Texas, refinery, where federal investigators later cited the company for a list of "egregious and willful" safety violations. In Alaska, where BP is a significant petroleum producer, an oil leak this year was followed by a shutdown of key pipelines because of extensive corrosion, which critics said could have been avoided with proper maintenance.

In California, BP recently agreed to an $81-million settlement over claims that it illegally spewed toxic gas from its Carson refinery for nearly a decade. It also paid a $225,000 fine for nearly 300 air pollution violations at the Port of Long Beach and had 43,000 gallons of gas oil spill from a pipeline in the port.

"There's been this interesting dynamic around all the things that have happened with BP," said Eisenberger of GreenOrder. "In the environmental community, they're wondering, 'Do we yell at these guys or do we hold our fire?' And there's been a little of both."

Browne was contrite in an interview a few days before the Alaskan pipeline corrosion problem emerged.

"I regret everything that's happened," he said. "Our franchise is built on what we do, and that also includes how we respond to our own issues."

Exxon Mobil, the world's largest publicly traded oil company, has long been a lightning rod for critics of the industry's record on greenhouse gas and renewable energy issues. The Irving, Texas-based company has responded by pointing to energy-efficiency and emissions-reduction reducing projects as well as research that could improve existing fuels and vehicles.

But its efforts are relatively meager on the renewable energy front, consisting primarily of hydrogen-power research projects and a $100-million grant to fund research of solar, hydrogen, biomass and other energy technologies at Stanford University's Global Climate and Energy Project.

Exxon spokesman Russ Roberts said that the company's focus remained mostly on traditional forms of energy because it believes that the ability of renewable power sources to meet the world's needs "is very limited."

Even so, "we are doing things in alternative energy," Roberts said. "Just because we're not as visible as those other [oil companies] doesn't mean we're not doing it. We're just doing it in a different way." The company couldn't provide spending figures on alternative energy ventures.

European rival Royal Dutch Shell has invested $1 billion in alternative energy since 2000. It has installed hydrogen fueling stations in five countries and joined with Ottawa-based biotechnology firm Iogen Corp. to make ethanol from straw.

"We're getting quite a bit of experience in the renewables and alternative energy field," John Hofmeister, president of Houston-based Shell Oil Co., said in a interview. "We think that, over time, people will judge us by our deeds, not by our words."

He characterized Shell's spending on alternative energy as "the right amount for what we know and what the market is ready for."

"We will do more as we prove out the commerciality of these renewables or alternative forms of energy, and we will do more as we find the technology breakthroughs to make things happen," Hofmeister said.

At Chevron, funding for renewable-energy and energy-efficiency projects topped $1.5 billion from 2000 to 2005. The company said it expected to spend $2 billion more from 2006 through 2008 on such projects.

In addition to the Millbrae grease-to-energy project, which is an undertaking by Chevron Energy Solutions, Chevron subsidiaries have installed large commercial hydrogen fuel cells and teamed with California on hydrogen fuel tests, invested in a Texas biodiesel plant and last month pledged as much as $25 million over five years to fund research at UC Davis into next-generation biofuels.

"We have a lot of activity underway in alternatives and in energy conservation, and I think all of that is compatible with getting things done and testing them in a pragmatic way, rather than talking about them and saying this is a big issue," O'Reilly said.

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At the Millbrae plant, supervisor York couldn't be happier. He credits Chevron with finding a way for the wastewater plant to produce its own power and at the same time collect and put to use 4,000 pounds per day of the kinds of kitchen grease that has for years clogged and damaged its sewer pipes.

"We've gotten calls from as far away as Singapore … grease is a universal problem," York said. Their solution, he added, "is a natural process that we've learned to enhance."

Come opening day, the $5.5-million project will include a 24-hour automated drop-off system for grease haulers and two giant waste tanks teeming with 19 kinds of microorganisms. In digesting the mix, the organisms will create methane gas that will power — along with natural gas — a 250-kilowatt microturbine.

That electricity will heat the tanks and other operations, replacing a smaller generator that emits more pollutants. The system also will save Millbrae the cost of buying power.

"We're excited about it, and we know it's going to work," York said. What's more, he added, "packaging energy in new ways is beneficial. We can't keep going back to the old oil well."

U.S. Rules Allow The Sale Of Products Others Ban (LAT)

By Marla Cone

The Los Angeles Times, October 8, 2006

Chemical-laden goods outlawed in Europe and Japan are permitted in the American market.

OAKLAND — Destined for American kitchens, planks of birch and poplar plywood are stacked to the ceiling of a cavernous port warehouse. The wood, which arrived in California via a cargo ship, carries two labels: One proclaims "Made in China," while the other warns that it contains formaldehyde, a cancer-causing chemical.

Because formaldehyde wafts off the glues in this plywood, it is illegal to sell in many countries — even the one where it originated, China. But in the United States this wood is legal, and it is routinely crafted into cabinets and furniture.

As the European Union and other nations have tightened their environmental standards, mostly in the last two years, manufacturers — here and around the world — are selling goods to American consumers that fail to meet other nations' stringent laws for toxic chemicals.

Wood, toys, electronics, pesticides and cosmetics are among U.S. products that contain substances that are banned or restricted elsewhere, particularly in Europe and Japan, because they may raise the risk of cancer, alter hormones or cause reproductive or neurological damage.

Michael Wilson, a professor at UC Berkeley's Center for Occupational and Environmental Health, said the United States is becoming a "dumping ground" for consumer goods that are unwanted and illegal in much of the world. Wilson warned earlier this year in a report commissioned by the California Legislature that "the United States has fallen behind globally in the move toward cleaner technologies."

The European Union, driven by consumers' concerns, has banned or heavily restricted hundreds of toxic substances in recent years, invoking its "precautionary principle," which is codified into law and prescribes that protective steps should be taken when there is scientific evidence of risks to public health or the environment.

Meanwhile, the Environmental Protection Agency and other federal agencies have relied on voluntary steps from industries rather than regulations, saying the threats posed by low levels of chemicals are too uncertain to eliminate products valuable to consumers or businesses.

In the absence of U.S. regulations, some international corporations, including Hewlett-Packard, Dell, Mattel, Revlon and Orly International, have declared that all their products, no matter where they are made or sold, will comply with EU standards, the most stringent chemical laws in the world.

"We don't operate to different standards in different parts of the globe, regardless of differing environmental standards," said John Frey, manager of corporate environmental strategies at Palo Alto-based Hewlett-Packard.

But many U.S. and foreign companies do.

Some toys, nail polishes and other beauty products are made with plastic softeners and solvents called phthalates that the EU has banned as reproductive toxins. Several of U.S. agriculture's most popular herbicides and insecticides, including atrazine, endosulfan and aldicarb, are illegal or restricted to emergency uses in other countries. And a few electronic items, including Palm's Treo 650 smart phone and Apple's iSight camera, were pulled off shelves in Europe this summer because of lead components but are still sold here.

Industry groups say their products have undergone rigorous reviews in the United States and are not only legal here but safe. They say some governments, particularly the EU, have overreacted and banned chemicals with little or no evidence of a human health threat.

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"Consumers can remain confident about using their cosmetics given their oversight by the Food and Drug Administration, the extensive research on their safety and long history of safe use," the Cosmetic, Toiletry and Fragrance Assn. said.

The EPA hasn't eliminated any industrial compounds since it sought unsuccessfully to ban asbestos 18 years ago. Unlike EU policies, U.S. law requires the EPA to prove a toxic substance "presents an unreasonable risk of injury to health or the environment," consider the costs of restricting its use and choose "the least burdensome" approach to regulate industry.

"The dumping problem is concentrated in a few product sectors. But these sectors happen to be really ubiquitous in the everyday lives of Americans. Chemical risks are being spread all over the country in ways that are invisible to consumers," said Alastair Iles, an international chemical policy expert who was a research fellow at UC Berkeley and still works with faculty there on consumer issues.

Last year alone, China exported to the United States more than half a billion dollars' worth of hardwood plywood — enough to build cabinets for 2 million kitchens, a sixfold increase since 2002. Though China sends low-formaldehyde timber to Japan and Europe, Americans are getting wood that emits substantially higher levels of the chemical.

One birch plank from China, bought at a Home Depot store in Portland, gave off 100 times more formaldehyde than legal in Japan and 30 times more than allowed in Europe and China, according to July tests conducted by a lab hired by an Oregon-based wood products manufacturer. Formaldehyde exposure has been shown in human studies to cause nose and throat cancer and possibly leukemia, as well as allergic reactions, asthma attacks, headaches and sore throats.

With no government standards, monitoring or labeling, U.S. consumers cannot easily identify chemical-free products.

"I'll guarantee you that no one tells a customer building a $75,000 kitchen that their cabinets contain plywood from China that will off-gas formaldehyde," said Larry Percivalle of Oakland-based EarthSource Forest Products, a distributor that sells low-formaldehyde and sustainably grown wood.

In the wood industry, even though low-cost, chemical-free substitutes are available, much of the plywood, fiberboard and particleboard sold in the United States is manufactured with adhesives, or glues, that contain formaldehyde, said Michael Wolfe, a wood products consultant in Emeryville, Calif.

The only formaldehyde standard for wood in the U.S. is one that applies just to subsidized, low-income housing. U.S. companies voluntarily meet it for all products, though it allows 10 times more formaldehyde than Japan's standards.

California may step in. The Air Resources Board is considering standards roughly equivalent to Europe's for 2008 and Japan's for 2010 through 2012.

The air board estimates that one of every 10,000 Californians is at risk of contracting cancer from breathing average formaldehyde levels found in homes and offices.

"We have a problem that needs to be addressed, we have technology to do it, and there is no requirement for it to happen. Nationally, no one is stepping forward, so we think this is an area where we can," said Mike Scheible, the air board's deputy executive officer.

Columbia Forest Products, which spent $8 million to switch all its factories to nontoxic glues made of soy flour, says it is being hurt by the lack of U.S. standards for wood.

"While I believe in free trade, I also believe that everybody ought to be held to the same standard," said Harry Demorest, the Portland-based company's president and chief executive. "It's particularly galling and frustrating in the Chinese case, when they're taking our market with products that have high formaldehyde content when we know full well that they can produce it with lower formaldehyde."

Despite its capital investment, Columbia, which is North America's largest producer of hardwood plywood and veneer, has not raised its prices to compensate because the soy glues are as inexpensive as formaldehyde glues, Demorest said.

The state air board estimates that switching to formaldehyde-free glues like those required in Japan would increase the price of a sheet of particleboard from today's $7 to about $9 in 2010.

California's proposal is opposed by nearly all wood producers, who say it could drive them out of business if they are forced to do what Columbia did.

"The entire industry is not ready to make this change. Today we could not be competitive by changing resins," said Darrell Keeling, a general manager at Roseburg Forest Products in Oregon.

Keeling said his company makes some low-formaldehyde products but most customers aren't interested because they cost more.

"Even though people talk green and think green, they won't demonstrate their commitment to it with their wallet," he said. "More regulation and more bureaucracy is not the best way to drive change."

But selling products with risky chemicals to Americans while removing them for consumers elsewhere is shortsighted, said Robert Donkers, the European Commission's Environmental Counselor in Washington, D.C.

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"If companies decide to wait and see rather than innovate, they will lose the market," he said. "American consumers follow closely what is happening in other parts of the world. So they can say, 'Hey, you make them in Europe, why don't you sell them to us?'

"Legally, you can still use these chemicals, but you're not doing your company any favors."

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Banned Elsewhere, Compounds Still Used In U.S. (LAT)

By Marla Cone

The Los Angeles Times, October 8, 2006

Although chemical bans overseas have prompted some manufacturers to reformulate all their products worldwide, many toys and cosmetics are exceptions.

Europe banned or restricted six phthalate compounds in toys. In beauty products, Europe has eliminated 900 compounds, including two phthalates, suspected of causing reproductive disorders, cancer or genetic mutations.

The U.S. toy industry said seven years ago, when the European Union first banned some phthalates, that it would voluntarily remove them from products for babies and toddlers. But last year, 15 of 18 vinyl bath toys, teethers that babies chew on and other toys purchased at U.S. stores contained the chemicals, according to tests by the activist organization U.S. Public Interest Research Group. One plastic book labeled "phthalate free" contained phthalates.

Low levels of phthalates, used mostly to soften plastic, are in the bodies of nearly all Americans tested. Animal studies and some human research show that they block testosterone and cause reproductive abnormalities in male newborns.

Federal officials have concluded that the low doses in toys and cosmetics pose little risk. The Toy Industry Assn. does not track the chemicals, saying "the choice to use phthalates in toys sold in the United States is up to the individual manufacturer."

Mattel, which owns Fisher-Price, says all its products will comply with the EU rules by the end of this year.

In cosmetics, some companies, including OPI Products, the largest maker of manicurists' products, have kept nail polishes with the phthalate DBP on U.S. shelves for two years after the EU's 2004 ban. OPI this fall changed course and said it soon will be DBP-free to save the cost of making two formulas.

Orly International, which sells nail lacquer in 66 countries, decided to be "better safe than sorry" and immediately removed DBP from all formulations, said marketing director Mia Jenner.

"If they remove it there, why shouldn't we remove it here?" she said. "It's a no-brainer."

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Anger Drives Property Rights Measures (NYT)

By William Yardley

The New York Times, October 8, 2006

PICABO, Idaho — Cheeks chapped, patience thinned, Katie Breckenridge had no trouble making up her mind about an Idaho ballot measure that would make the government pay property owners if zoning rules reduce the value of their land.

“Do I think this is almost swinging the pendulum back too far in the other direction? I do,” said Ms. Breckenridge, 61, a rancher just in from tending to cattle and quarter horses. “But do I think we’ve got to do something to bring the balance back to property rights? I do, and I’m going to vote for it.”

More than a year after Suzette Kelo and several of her neighbors in New London, Conn., lost their battle against eminent domain in the United States Supreme Court, the backlash against the ruling has made property rights one of the most closely watched ballot issues nationwide.

Already, 30 state legislatures have enacted restrictions on eminent domain in response to the court ruling. Now voters here and in 11 other states will consider property rights measures in November, making it the election’s most prevalent ballot issue.

Most of the measures would limit eminent domain to some degree, while others, in Western states, would go further, imposing new restrictions on government’s ability to enforce zoning laws, even if those laws are intended to reduce sprawl and improve safety.

In the Kelo case, the Supreme Court ruled that government could transfer private land from one owner to another for the sake of economic development. But the court made a point of saying states were free to change their laws.

Even opponents of the ballot measures concede that support for them appears strong in public opinion polls. They predict years of court fights if the measures pass.

“This thing is an abomination, the way it’s written, the way it’s being sold,” Nils Ribi, a City Council member in nearby Sun Valley who opposes the Idaho measure.

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Supporters of the ballot efforts in the West — often called "Kelo-plus" — say they want to stop so-called regulatory takings, the idea that government effectively takes private property when zoning laws limit how it can be used.

Opponents say the regulatory-takings initiatives are essentially a ruse, that they are trying to exploit anger over the Kelo decision and eminent domain to roll back zoning regulations that are critical to controlling growth, protecting the environment and preserving property values.

The more far-reaching proposals in the West — in Idaho, Arizona, California and Washington State — are citizens' initiatives supported by signature petitions, and they are often supported financially and logistically by national libertarian groups.

This House Is My Home, a group based in Boise that is sponsoring the Idaho measure, Proposition 2, is among groups in several states that have received strong financial help from Fund for Democracy, headed by Howard S. Rich, the New York real estate investor who is chairman of the libertarian group Americans for Limited Government. As of late June, Fund for Democracy had given at least $237,000 to This House Is My Home, about two-thirds of the money raised by the group. The next filing deadline is Oct. 10.

"We are essentially a 'networking station' that brings together grass-roots activists, donors and community leaders who share a common interest," John Tillman, president of Americans for Limited Government, said in an e-mail message. "In this case, that common interest is in restoring property rights for the average citizen."

Affluent outsiders have been drawn to Idaho in recent decades, lured by technology jobs, mountain recreation and abundant sunshine. Boise, the capital, has boomed, as has Sun Valley, where newcomers from California build second homes not far from ranchers who herd sheep over the Sawtooth Mountains. About two-thirds of Idaho land is under federal control, and frustration runs deep in rural areas with newcomers who, after buying their piece of paradise, try to restrict land use further in the name of preservation and environmentalism.

"Katie's family, my family, they did this great job of developing this country," said Rob Struthers, 59, Ms. Breckenridge's partner in life and work. "Now all these people come in and say, 'Wow, what a beautiful place.' But they don't trust us to keep it that way. Instead of rewarding us, they're penalizing us."

In an era of sun-splashed subdivisions, land here can be a farmer's greatest asset. Mr. Ribi, the councilman, expressed some sympathy for farmers who have been "down-zoned" under a new county plan.

But Mr. Ribi, a venture capitalist, is trying to galvanize opposition to the initiative by tapping the same independent streak that may make some anti-government Idahoans interested in the measure.

"These are guys on the right wing who always want local control and all of a sudden they're saying let's let these guys from Washington, D.C., and outside think tanks have control," Mr. Ribi said. "That's why I think we've lost perspective."

If the Supreme Court ruling in the Connecticut case inflamed passions for property rights, the initiatives in the Western states are more directly rooted in events in Oregon. In 2004, Oregon voters passed a measure that allowed property owners to file claims that zoning restrictions had hurt their property value. That law, known as Measure 37, requires government to either pay for the lost value or waive the zoning rules if an owner makes a successful claim.

About 2,400 claims totaling more than $5.6 billion have been filed since the measure was upheld in court this spring, according to the Oregon Department of Land and Conservation Development. "Not a penny" has been paid to property owners, said Sheila A. Martin, director of the Institute of Portland Metropolitan Studies at Portland State University. Local governments, lacking money to pay, have simply waived the zoning rules.

But while Measure 37 grew out of frustration with Oregon's famously strict zoning rules, Idaho does not have such comprehensive restrictions. Even if some rural landowners are frustrated with new zoning rules, said Stephanie Witt, director of the Center for Public Policy at Boise State University, "It's not like people are rebelling against this really restrictive growth management law."

The Castle Coalition, a property rights group that has fought for eminent domain overhauls, does not list a single "eminent domain abuse" case in Idaho on its Web site. It calls Idaho "one of the best states in the country for protecting owners from eminent domain abuse."

John Eaton, government affairs director for the Idaho Association of Realtors, said the initiative "blows up the stability that we have right now."

"We're the property rights people but we're not going to support this," he said. "This is crazy."

Ms. Breckenridge, dusty boots on the mat by the door, was not ready to predict how the vote might go up in swank Sun Valley or down in urban Boise. Closer to home, however, she was confident.

"Everybody that's connected to the land is going to vote for it," she said, "because there's an anger, a rising anger."

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IMMIGRATION:

In New York Immigration Court, Asylum Roulette (NYT)

By Nina Bernstein

The New York Times, October 8, 2006

Tears streaked Meizi Liu's face in 2003 as she told an immigration judge in New York of being forcibly sterilized in China. The judge, Jeffrey S. Chase, had won awards as a human rights advocate before his appointment to the bench in 1995. But now he had 1,000 pending cases, and he had heard it all before.

He insisted that she was lying, ridiculed her story and, when she would not recant, denied her petition for asylum.

The tables turned after appeals by Ms. Liu and others reached federal court this year. In scathing decisions, the court rebuked Judge Chase for "pervasive bias and hostility," "combative and insulting language" and remarks "implying that any asylum claim based on China's coercive family planning policies would be presumed incredible."

It is always judgment day in the windowless courtrooms where immigrants plead to stay in the United States. But these days, as never before, the nation's 218 immigration judges are also being judged, even as they struggle to complete 350,000 cases a year amid an immigration debate that promises to send them many more.

Appeals courts criticize some judges by name, citing abusive behavior and bad decisions. Studies highlight stark disparities in judgment, like 90 percent of asylum cases granted by one judge and 9 percent down the hall. Faced with mounting criticism, Attorney General Alberto R. Gonzales vowed to introduce yearly performance evaluations of the judges, who are Justice Department employees. The Harvard Law Review urged a campaign to turn the five worst judges into "media villains" to motivate reform.

Yet a more complicated picture emerges in the federal building in Lower Manhattan. There, Judge Chase, who colleagues say is chastened since being rebuked, is one of 27 immigration judges searching for ways to handle 20,000 cases a year, driven as much by scarce resources and escalating demands as by quirks of personality and power.

In asylum cases, the wrong decision can be a death sentence. In others, banishment hangs in the balance, with the prospect of families split up or swept into harm's way. But before they can consider the merits of a case, judges must cope with an intricate web of laws, changing conditions in distant lands, and a mix of false and truthful testimony in 227 tongues vulnerable to an interpreter's mistake as small as pronouncing "rebels" like "robbers."

As the caseload has grown, spurred in part by stepped-up enforcement, so has the pace demanded by "case completion goals" set in Washington.

To stay afloat, New York judges schedule 30 to 70 cases at a time, hold 4 contested hearings a day and decide more than 15 cases a week, all without law clerks, bailiffs, stenographers or enough competent lawyers.

"The court is a stepchild of the whole immigration system," said Sandra Coleman, who spent years on the immigration bench in Miami. "They want to make the judges the villains, and there are judges who are villains, I don't deny that. But the problem is the system."

Many federal judges agree. "I fail to see how immigration judges can be expected to make thorough and competent findings of fact and conclusions of law under these circumstances," John M. Walker Jr., chief judge of the United States Court of Appeals for the Second Circuit, told the Senate Judiciary Committee in April, urging that the number of immigration judges be doubled.

With one of the largest caseloads among the nation's 53 immigration courts, and with nearly half its cases concerning asylum, New York illustrates the crunch that judges face in many big cities where complicated matters crowd the docket.

Caseloads exploded in the 1990's. In 2000, an unpublished report by a Justice Department evaluation team warned that New York judges were "reaching the point of exhaustion and burnout."

The report urged a slower pace and an increase in the staff-judge ratio to three to one from two to one. Instead, an evaluation last year found that the ratio had slipped even lower.

Justice Department rules do not allow immigration judges to speak to reporters. But weeks of observation, court records and interviews with lawyers, clerks, interpreters and immigrants show that the judges are coping in very different ways, with far-reaching consequences.

Patricia Rohan, who keeps a twinkling Statue of Liberty lamp in her chambers, is recognized after 24 years on the bench as a model of soft-spoken fairness and efficiency.

On a recent weekday, with 575 cases pending, she patiently took notes as a man who shells fish explained why deportation to Gambia would put his Bronx-born daughters at risk of genital mutilation. She gently questioned an Ecuadorean

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cleaning woman of 55 who avowed that love, not a green card, had prompted her marriage to an American 15 years after she immigrated illegally. Teasing out supporting evidence in both cases, Judge Rohan dictated favorable decisions into an aging tape recorder.

Other judges have a different approach. Sandy K. Hom, appointed in 1993, is also invariably polite, but so quick and predictable in his denials of asylum — 91 percent in recent years, compared with Judge Rohan's 25 percent — that lawyers regularly advise people assigned to him to move to another state.

Given his speed, he has the fewest pending cases, about 345. But many of his decisions have been rejected on appeal, including one in which he denied asylum to a widowed Armenian Christian and her children and ordered them deported to Iraq, arguing that since Saddam Hussein's ouster, they had no reason to fear religious persecution.

In another case, records show, he mixed up the medical documents presented by Janeta Kutina, a 69-year-old Latvian woman of Jewish heritage, confusing the deaths of her father and her husband, both victims of anti-Semitic violence. Then, the appeals court found, he cited his own mistake as evidence that her account was inconsistent.

Down the hall and at the other end of the spectrum, Margaret McManus grants asylum at the highest rate in the country — 90 percent — but at the price of what Kevin Kerr, president of the clerks' and interpreters' union local, complains is a chaotic calendar with 931 pending cases. She typically reschedules cases until petitioners can secure supporting documents, pursue other avenues or find lawyers.

A judge's fact-finding is much harder without a lawyer to speak for those facing deportation, who are not entitled to court-appointed counsel. Many get what the 2000 Justice Department report called "the high-volume, low-margin, piecework approach" practiced by "an unsavory subculture" of "travel agency" lawyers. Nor do government lawyers know each case.

Judge Chase's trajectory illustrates why those judges unable to come to terms with the system's deficiencies may risk losing their judicial bearings.

As a young immigration lawyer, he joined rallies on behalf of Chinese asylum-seekers and gave other lawyers videotaped lessons on asylum.

"Some of the judges will have their minds made up before they enter the courtroom, depending on the country an immigrant is from," Mr. Chase, whose wife immigrated from Iran, told a Newsday reporter in 1995. "A judge needs to start each case with a clean slate and listen to the lawyer and the applicant. Rather than have that look on his face of 'Why are you wasting my time?' "

But before long, incredulous tirades became his trademark in many Chinese asylum cases, according to court records and interviews with a dozen lawyers. Openly frustrated with a pattern of boilerplate claims that he suspected had been concocted by smugglers, he applied his own tests of honesty.

In September 1999, at the first court appearance of Guo-Le Huang, who said his wife had been forced to have an abortion in her last month of pregnancy, Judge Chase rejected the man's assertion that he was not working because he lacked papers.

"That is the most ridiculous thing I have ever heard," Judge Chase said, setting the tone he would take with Mr. Huang over two years. "I'm not going to waste my court time on this case." He questioned why Mr. Huang lived in a Hispanic neighborhood, interrupted an account of persecution with sarcasm and berated him for giving up his firstborn for adoption because she was a girl, calling the act "sexist" and "inhumane."

In the harried world of immigration court, many lawyers seemed to accept his tactics as an idiosyncratic tool, not unlike the long wooden claw that another judge, lacking a clerk, uses to hand down documents. And, statistics show, Judge Chase granted 42 percent of the 2,729 asylum requests he heard through 2004, including 250 of 943 from China.

"He's trying very hard to get to the truth," said one lawyer, Robert Murtha. "A lot of these people, if you look behind the foolish lies they're telling, they really do have a case. But the lawyer that they go to adapts their story to conform with the pattern, and it does drive him crazy."

Another lawyer, Peter Lobel, described Judge Chase as a "deeply caring man," whose approach was " 'I don't care what your claim is, just be honest with me.' " But he added, "He got so it was like an interrogation."

Several lawyers credited Judge Chase with unusual generosity to petitioners who admitted to falsehoods — no help to those who maintained they were telling the truth. Ms. Liu, now 39, the asylum-seeker who told of being forcibly sterilized, testified that family-planning cadres in China subjected her to painful uterine surgery when her second child was a baby. She fled in 2000, leaving her children in hopes of reunion in America.

"The judge said, 'You have been lying all day, but if you admit to lying, I will grant your case,' " Ms. Liu recalled through an interpreter. "I was very angry, because everything I said was true."

In 2003, she appealed his denial to the Board of Immigration Appeals, the internal review body. But a year earlier, its reviews had been sharply curtailed when John Ashcroft, then attorney general, cut board membership to 11 from 23 and set tight

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deadlines to reduce a large backlog. Single board members issued 50 decisions a day, typically one-sentence rulings affirming denials.

Like Ms. Liu, many of those who received such decisions turned to federal court. Second Circuit filings jumped 53 percent; it is finding merit in 20 percent of the immigration appeals, returning them for revision.

Ms. Liu's case was remanded in February, and lawyers say Judge Chase tried to change. But in July, the 2001 Huang case caught up with him, in a blistering Second Circuit decision prominently published in The New York Law Journal.

Mr. Lobel described the judge as devastated and braced for more: "He said, 'I learned my lesson, but some of these cases are still in the pipeline.' "

Ms. Liu is still waiting, too, and worrying about which judge will decide her family's fate.

New Wall Not Expected To Stop Migrants (AP)

By Olga R. Rodriguez, Associated Press Writer

AP, October 8, 2006

Rising from the Pacific surf and zig-zagging along the border for 14 miles, Tijuana's border fence has done little but push illegal migrants into the Arizona desert and feed the smuggling industry since it went up in 1994.

Today, as the U.S. prepares to build a high-tech barrier with 700 miles of extra fencing, motion detectors and remote controlled devices, smugglers are already figuring out how to beat the new security.

Even before President Bush signed the $1.2 billion funding bill Wednesday to strengthen busy crossing points, border patrol figures indicated that smugglers have been hiding more migrants in vehicles, or diverting them across one of the most inhospitable sections of the border — a mountainous stretch of searing desert near Yuma, Ariz.

Some experts predict smugglers could turn to boats and tunnels, two methods popular with drug smugglers but seldom used by migrant traffickers.

"It doesn't matter what they do. There isn't a wall that can stop people because there will always be someone who finds a way to cross," said 37-year-old Jose Lopez, a construction worker who said he had just been deported to Tijuana after being detained in San Francisco.

Because he has three children still in the U.S., Lopez is considering crossing again, even though he risks three years in jail because of prior arrests for carrying fake ID.

No amount of border security will stop illegal immigration; the reality is that roughly half the estimated 12 million undocumented foreigners in the United States entered on bona fide visas and stayed after they expired.

While the interview process for visas has become tougher, it has failed to stop these so-called "overstays" from reaching for the American dream.

If they cannot get a visa, there's a smuggling business that moves millions of people from Mexican towns to employers throughout the United States.

The increased enforcement that began with Operation Gatekeeper in 1994 — and produced the corrugated metal and chain-link fence — dramatically cut illegal border crossings in the Tijuana-San Diego area, but overall, they kept their pace. Total arrests along the nearly 2,000-mile border with Mexico has ebbed and flowed since then but changed little: 1.3 million in 1995, compared with 1.2 million in 2005.

Trafficking has flourished; the average price for being smuggled through a port of entry in the Tijuana-San Diego area — usually in the trunk of a car or using false or borrowed documents — shot up from $300 in 1994 to $2,500. Crossing through the Arizona desert can cost up to $1,800.

Jose Ramos, a professor and researcher at the Tijuana-based Colegio de la Frontera Norte, a think-tank focused on border affairs, expects smugglers to charge even more as they look for new ways to cross.

"These organizations will have to innovate, become more sophisticated, and for the migrant that will mean an even higher cost," Ramos said. "It wouldn't surprise me if smugglers began crossing migrants through underground tunnels or began using boats."

In Altar, a Mexican farming town of 7,000 and a gathering point for those heading to Arizona, hundreds of men carrying backpacks and jugs of water mill around the town's plaza. They are waiting for their smugglers to drive them to the final staging area, Sasabe, which borders on the sparsely populated Tohono O'odham Indian reservation on the U.S. side.

Hiking for days through snake-infested desert under a broiling sun, some don't survive. Still, the paths through the desert near Sasabe are less hostile than the terrain near Yuma, which is expected to become the next big crossing area.

Other migrants are locked in the back of tractor-trailers, stuffed in hollowed-out dashboards or hidden in car engines, risking suffocation and heat exhaustion.

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From Oct. 1, 2005, to Sept. 15 of this year, 426 people died while illegally crossing the border, and the Colegio de la Frontera Norte says the death toll since 1994 is about 3,700.

"More walls will make it more difficult for migrants to cross, but they will keep trying, even if they risk dying," said Luis Kendzierski, a priest who directs a Tijuana migrant shelter.

Often, migrants too tired or poor to attempt another crossing end up staying just south of the border. Ramos said Tijuana's population has more than doubled to about 1.3 million since the U.S. crackdown began.

"This has created all sorts of problems for Tijuana, and many other border cities where this happens, because they lack the necessary public services," he said.

Jesus Villalobos, 31, deported from Los Angeles a week ago, plans to hire a smuggler before crossing again — as soon as possible, to beat the new security measures.

"I need to get back because my daughter is there, my life is there," Villalobos said while resting at a migrant shelter in Tijuana.

"It's already dangerous to cross, and with another wall it will only get more dangerous and expensive."

Associated Press reporter Luis Perez contributed to this story from Tijuana.

A Country Of Newcomers (LAT)

By William H. Frey

The Los Angeles Times, October 8, 2006

Americans need a more rational discussion of immigration, which is the driving force for population growth.

NEARLY 30 years ago, President Lyndon B. Johnson stood before the U.S. Census Bureau's Population Clock to proclaim the arrival of the 200-millionth American.

But don't expect President Bush to do the same when the 300-millionth American is anointed within a week or so.

This time around, because of the milestone's connection with the politically charged issue of immigration, and because of the backlash immigrants have generated in much of the country, the president most likely will remain quiet.

Because the truth is, it is immigration that is driving the growth of the U.S. population. In fact, odds are that the 300-millionth American will be the child of immigrants or an immigrant himself — as likely as not born or residing in Los Angeles. Right now, about half of U.S. population growth in any given year or month is attributable (through migration or natural increase) to Latinos, the vast majority of whom are either first- or second-generation Americans. To celebrate this fact publicly just a few weeks before the midterm elections would be tantamount to rolling the political dice.

The volatility of this issue has much to do with the culture clash that this 300-millionth American symbolizes: He or she is arriving, after all, in a profoundly different mainstream America than 30 years ago.

At the heart of of this mainstream are the baby boomers, who now comprise most adults over age 40. This much-ballyhooed generation came to embody the image of middle America during the second half of the last century. Conceived during the prosperous post-World War II period, they brought a rebellious, progressive sensibility to the country in the 1960s and '70s and beyond. With the help of the programs of the Great Society, they became the most well-schooled generation to date and the epitome of America's largely white suburban middle class with which most of today's adults now identify.

Yet, the boomers also came of age at a moment when the U.S. was becoming more insular than it had been before; they, in fact, had less exposure to immigrants and foreign wars than their parents. From 1946 to 1964, the years of the boom, the immigrant share of the U.S. population shrunk to an all-time low (under 5%), and those who did arrive were largely whites from Europe.

Despite their interest in righting domestic wrongs, such as racial discrimination, and bursting glass ceilings, boomers did not have much interaction with people from other countries.

Perhaps it should come as no surprise then that the once liberal baby boomers — who now constitute the core of middle-aged middle America — should be resistant to the country's new younger generation, increasingly made up of first- and second-generation Latin Americans and Asians.

This is especially the case as these newcomers spill out to a heartland which, until recently, was strewn with modern-day "Leave It to Beaver" communities — a dispersal that has spawned about 500 largely anti-immigrant bills introduced in the first half of this year, according to the National Conference of State Legislatures.

What used to be thought of as white flight on the part of the previous generation, which flocked to the suburbs during the 1950s and '60s, is now taking the form of "white fright." Indeed, a Pew Research Center survey in March shows that more than half of the population over 50 believes that immigrants are a burden because they take housing, jobs and healthcare.

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Yet, there is actually little need to worry about immigration. It adds a needed youthful element to a population that would become stagnant if it had to rely on the far-below-replacement fertility of the nation's aging native-born whites. Their infusion into the workforce will be especially useful to retiring boomers who wish to be supported in their golden years.

The low immigration years, through which most of today's adult population grew up, were atypical in our history. The "pull yourself up by the bootstrap" attitudes of the early 20th century foreign-stock generations, who survived the Depression and World War II, created the circumstances that made way for the baby boomers.

THE SAME KIND of can-do attitudes are evident among early 21st century immigrants and their children, who show a willingness to work hard, learn English, move to the suburbs and achieve the American dream.

Today's immigration debate is both emotionally and politically charged, but a more rational discussion is possible once the dust settles after the November elections. Such a discussion should move beyond the immediate illegal immigration rancor and focus on how best to provide our newcomers and their children a pathway to the middle class — the same path we and our parents were handed.

Meanwhile, let's celebrate the arrival of the 300-millionth American, be he from across the border or born to a Latino mother here in Southern California. He may not be a boomer, but he is our future.

The 300 Millionth Footprint On U.S. Soil (NYT)

By Sam Roberts

The New York Times, October 8, 2006

By one count, more than half of all the people who have ever lived in the United States are living today. And their ranks are expanding. On any given day, 11,000 babies are born and 3,000 immigrants arrive, outnumbering the people who die or emigrate.

At the current rate, the person who tips the population past 300 million will emerge in a week or so.

The recent surge of immigrants actually makes America's diversity closer to what it was in 1915, when the 100 millionth arrived, than in 1967, when the 200 millionth was born (chances are nearly even that a baby born today will be Hispanic). At all three milestones, the nation was either on the verge of war or already in one.

An American born today will most likely have fewer siblings, delay marriage and other trappings of adulthood, retire later and live longer.

There's a good chance that the 100 millionth did not live long enough to witness the birth of the 200 millionth. The 300 millionth will be only at the midpoint of life when, according to today's estimates, the 400 millionth is born, sometime around 2050.

Getting A Handle On Illegal Immigrant Crime Difficult (HC)

By Peggy O'hare

Houston Chronicle, October 8, 2006

Numbers are sketchy, but some experts agree group adds strain

The slaying of Houston police officer Rodney Johnson by a Mexican national who returned here after being deported has cast another uncomfortable spotlight on the estimated 400,000 illegal immigrants living in the Greater Houston metropolitan area.

Making up about 10 percent of the area's population, this demographic — alternately scorned as freeloaders and defended as hard workers seeking better lives — accounts for 7 percent to 9 percent of those caught up in the local criminal justice system as inmates or defendants.

While various agencies acknowledge such statistics are incomplete, the numbers nonetheless indicate that immigrants living here without authorization have an impact on Harris County's courts and jails, as well as the state's prisons.

Even a single-digit assessment of 7 percent to 9 percent of the people flowing into the doors of these various entities can involve thousands of people and millions of dollars each year.

"I believe it has created a tremendous burden on the criminal justice system," said U.S. Rep. Michael McCaul, R-Austin, who hosted a congressional subcommittee hearing on the immigration controversy in Houston six weeks ago. "Any percentage of illegal aliens coming in the United States with a criminal history is unacceptable, whether it's 1 percent or 10 percent. All you have to do is talk to the family of Rodney Johnson to verify that."

Still, academics who have studied the immigrant population for years caution against making sweeping judgments of a vast population segment they say is unfairly suffering public wrath for the actions of a few.

With the number of deportations at an all-time high, they question critics' assessment of how Houston should control this burgeoning population.

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"The laws are very tough already. I'm not sure there needs to be a toughening-up of the laws," said Joseph Vail, director of the University of Houston Law Center's Immigration Clinic, which represents indigent migrants in immigration matters.

"There may need to be a more effective use of the laws. But the laws already are very tough, and they've been that way since 1996," he said, referring to the passage of the Illegal Immigration Reform and Immigrant Responsibility Act, which vastly expanded the number of offenses that can lead to deportation.

While Vail questions how accurate the estimated numbers of illegal immigrants might be, he understands the volatility surrounding the issue, especially considering the recent outrage over Johnson's death.

"Any alien who's here unlawfully and is arrested or convicted of a crime and has to be incarcerated at taxpayer expense is a burden," Vail said.

Costing millions of dollarsA paucity of statistics makes it difficult to assess how much impact illegal immigrants actually have on public safety and the criminal justice system.

But the inmate populations in the Harris County Jail and state prisons — and the nearly 81,000 defendants referred to the county's local Pretrial Services each year — offer some clues.

According to testimony from Harris County sheriff's Maj. Michael O'Brien at a recent U.S. House subcommittee hearing hosted by McCaul in Houston, the Sheriff's Department spent more than 15 percent of its budget in the most recent fiscal year to investigate, arrest, process, incarcerate and provide medical care to illegal immigrants.

At the time, O'Brien testified, this amounted to more than $41 million, but sheriff's officials said Friday that the actual cost attributed just to those who willingly admitted to being in the U.S. illegally was probably closer to $28 million.

The Texas Department of Criminal Justice, meanwhile, estimated it cost $132 million to incarcerate illegal immigrants in its prisons during the 2005 fiscal year, according to testimony given by a TDCJ official at McCaul's hearing.

Both agencies recovered only a fraction of the money spent through a federal grant program designed to help state and local governments with the costs of incarcerating the undocumented.

Under the State Criminal Alien Assistance Program administered by the U.S. Department of Justice, Texas' state prison system recovered more than $18.5 million — just 14 percent of what it spent locking up undocumented immigrants in its facilities that year.

The Harris County Sheriff's Department, meanwhile, recovered about 10 percent of its costs from the same federal program — or about $2.7 million — which left the rest of the bill to be shouldered by taxpayers.

Harris County received the second-highest payment of any governmental agency in Texas, second only to the prison system.

Records provided by the federal funding program show Harris County locked up 972 illegal immigrants for at least four days in its jail facilities throughout the fiscal year, along with 3,104 other inmates whose immigration status was unknown. Those who spent less than four days in jail weren't counted.

Courts feel impact, tooThe Texas prison system, meanwhile, incarcerated 7,863 undocumented migrants in that same time period, along with 3,852 more inmates whose immigration status remained in question.

A survey of the state prison system's total population on May 31 revealed that nearly 7 percent of the inmates — 10,376 people — said they were foreign citizens, said TDCJ spokeswoman Michelle Lyons.

Slightly more than 4 percent of those locked up in state prisons at that time — 6,612 inmates — have been ordered turned over to federal immigration authorities' custody once they finish serving their state sentences at TDCJ, Lyons said.

Undocumented immigrants also have an impact on Harris County's courts. About 16 percent of those defendants interviewed by Harris County Pretrial Services last year — almost 13,000 of the nearly 81,000 questioned — reported they were not U.S. citizens, said director Carol Oeller.

More than 7,500 of those defendants — about 9 percent of all those interviewed — acknowledged they came here without authorized documentation, Oeller said.

That latter percentage is not much of a change from years past, she said.

Pretrial Services officers do not seek to enforce immigration laws or alert federal authorities of an undocumented immigrant's presence, Oeller said.

"During the course of a defendant interview, we ask, 'Are you a U.S. citizen?' If they say no, the officer will say, 'What documents do you have to be in this country?' We don't see the papers," Oeller said. Based on their answers, defendants are recorded in the court files as legal residents, undocumented immigrants or guests with visas or work permits.

"From our perspective, there are Supreme Court and lower court case laws that say someone who is a non-U.S. citizen is entitled to the same due process as a U.S. citizen," she said.

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Years-long debateOne of the country's leading experts on the undocumented-immigrant population's size estimates there are nearly 400,000 such people living in the Greater Houston metropolitan area — making up about 10 percent of the total population.

Jeffrey Passel, a senior research associate at the Pew Hispanic Center in Washington, D.C., estimated that 11.1 million undocumented immigrants were living in the U.S. in March 2005. He concluded that Texas ranked second among states having the most undocumented immigrants, estimating 1.4 million to 1.6 million lived in the Lone Star State at that time.

While such numbers will always be subject to debate, academics and politicians say the undocumented-immigrant population likely will remain an explosive issue for years to come.

"Illegal immigrants are the Willie Horton of the 2006 elections," said criminologist Ramiro Martinez, a visiting scholar who recently arrived at the UH Center for Mexican American Studies to research how Latinos impact Houston crime.

(Horton, a convicted murderer who raped a woman while on furlough from prison, was the focus of a controversial political ad during the 1988 presidential campaign.)

Despite the numbers, Martinez expects to find Latino homicides and violent crimes are lower than expected in areas of Houston having large immigrant populations.

That's because studies across the country have shown the number of immigrants in a community rarely influences the level of crime — and indicate areas with high concentrations of immigrants are safer, he said.

TAX:

As Exemptions Grow, Religion Outweighs Regulation (NYT)

By Diana B. Henriques

The New York Times, October 8, 2006

At any moment, state inspectors can step uninvited into one of the three child care centers that Ethel White runs in Auburn, Ala., to make sure they meet state requirements intended to ensure that the children are safe. There must be continuing training for the staff. Her nurseries must have two sinks, one exclusively for food preparation. All cabinets must have safety locks. Medications for the children must be kept under lock and key, and refrigerated.

The Rev. Ray Fuson of the Harvest Temple Church of God in Montgomery, Ala., does not have to worry about unannounced state inspections at the day care center his church runs. Alabama exempts church day care programs from state licensing requirements, which were tightened after almost a dozen children died in licensed and unlicensed day care centers in the state in two years.

The differences do not end there. As an employer, Ms. White must comply with the civil rights laws; if employees feel mistreated, they can take the center to court. Religious organizations, including Pastor Fuson's, are protected by the courts from almost all lawsuits filed by their ministers or other religious staff members, no matter how unfairly those employees think they have been treated.

And if you are curious about how Ms. White's nonprofit center uses its public grants and donations, read the financial statements she is required to file each year with the Internal Revenue Service. There are no I.R.S. reports from Harvest Temple. Federal law does not require churches to file them.

Far more than an hourlong stretch of highway separates these two busy, cheerful day care centers. Ms. White's center operates in the world occupied by most American organizations. As a religious ministry, Pastor Fuson's center does not.

In recent years, many politicians and commentators have cited what they consider a nationwide "war on religion" that exposes religious organizations to hostility and discrimination. But such organizations — from mainline Presbyterian and Methodist churches to mosques to synagogues to Hindu temples — enjoy an abundance of exemptions from regulations and taxes. And the number is multiplying rapidly.

Some of the exceptions have existed for much of the nation's history, originally devised for Christian churches but expanded to other faiths as the nation has become more religiously diverse. But many have been granted in just the last 15 years — sometimes added to legislation, anonymously and with little attention, much as are the widely criticized "earmarks" benefiting other special interests.

An analysis by The New York Times of laws passed since 1989 shows that more than 200 special arrangements, protections or exemptions for religious groups or their adherents were tucked into Congressional legislation, covering topics ranging from pensions to immigration to land use. New breaks have also been provided by a host of pivotal court decisions at the state and federal level, and by numerous rule changes in almost every department and agency of the executive branch.

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The special breaks amount to "a sort of religious affirmative action program," said John Witte Jr., director of the Center for the Study of Law and Religion at the Emory University law school.

Professor Witte added: "Separation of church and state was certainly part of American law when many of today's public opinion makers were in school. But separation of church and state is no longer the law of the land."

The changes reflect, in part, the growing political influence of religious groups and the growing presence of conservatives in the courts and regulatory agencies. But these tax and regulatory breaks have been endorsed by politicians of both major political parties, by judges around the country, and at all levels of government.

"The religious community has a lot of pull, and senators are very deferential to this kind of legislation," said Richard R. Hammar, the editor of Church Law & Tax Report and an accountant with law and divinity degrees from Harvard.

As a result of these special breaks, religious organizations of all faiths stand in a position that American businesses — and the thousands of nonprofit groups without that "religious" label — can only envy. And the new breaks come at a time when many religious organizations are expanding into activities — from day care centers to funeral homes, from ice cream parlors to fitness clubs, from bookstores to broadcasters — that compete with these same businesses and nonprofit organizations.

Religious organizations are exempt from many federal, state and local laws and regulations covering social services, including addiction treatment centers and child care, like those in Alabama.

Federal law gives religious congregations unique tools to challenge government restrictions on the way they use their land. Consequently, land-use restrictions that are a result of longstanding public demands for open space or historic preservation may be trumped by a religious ministry's construction plans, as in a current dispute in Boulder County, Colo.

Exemptions in the civil rights laws protect religious employers from all legal complaints about faith-based preferences in hiring. The courts have shielded them from many complaints about other forms of discrimination, whether based on race, nationality, age, gender, medical condition or sexual orientation. And most religious organizations have been exempted from federal laws meant to protect pensions and to provide unemployment benefits.

Governments have been as generous with tax breaks as with regulatory exemptions. Congress has imposed limits on the I.R.S.'s ability to audit churches, synagogues and other religious congregations. And beyond the federal income tax exemption they share with all nonprofit groups, houses of worship have long been granted an exemption from local property taxes in every state.

As religious activities expand far beyond weekly worship, that venerable tax break is expanding, too. In recent years, a church-run fitness center with a tanning bed and video arcade in Minnesota, a biblical theme park in Florida, a ministry's 1,800-acre training retreat and conference center in Michigan, religious broadcasters' transmission towers in Washington State, and housing for teachers at church-run schools in Alaska have all been granted tax breaks by local officials — or, when they balked, by the courts or state legislators.

These organizations and their leaders still rely on public services — police and fire protection, street lights and storm drains, highway and bridge maintenance, food and drug inspections, national defense. But their tax exemptions shift the cost of providing those benefits onto other citizens. The total cost nationwide is not known, because no one keeps track.

When Values Collide

Few Americans dispute the value of protecting religious liberty. The framers of the Constitution opened the First Amendment of the Bill of Rights with language preserving religious freedom with two clear goals in mind, constitutional scholars agree.

First, they wanted to assure that everyone, even members of small and possibly unpopular sects, could practice their faith without fearing the kind of persecution that many had experienced in their home countries, where a dominant religion was allied with the state. Just as important, the framers wanted to prevent the government from ever being captive to a particular religion or set of beliefs at the expense of people of other faiths.

Over the last two centuries, many scholars say, this tradition of religious freedom and tolerance, a radical concept in the 18th century, has helped this country avoid the spasms of sectarian violence that have erupted in countries from Ireland to India and attracted immigrants bringing talents from across the world.

Some legal scholars and judges see the special breaks for religious groups as a way to prevent government from infringing on those religious freedoms.

"Never forget that the exercise of religion is a constitutionally protected activity," said Douglas Laycock, a law professor at the University of Michigan who has written and testified in support of greater legislative protection for religious liberty. "Regulation imposes burdens on the free exercise of religion. Exemptions lift those burdens." He added, "That is constitutionally a good thing."

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Precious as protecting religious freedom is, however, there are cases where these special breaks collide with other values important in this country — like extending the protections of government to all citizens and sharing the responsibilities of society fairly.

Religious organizations defend the exemptions as a way to recognize the benefits religious groups have provided — operating schools, orphanages, old-age homes and hospitals long before social welfare and education were widely seen as the responsibility of government.

But while ministries that run soup kitchens and homeless shelters benefit from these exemptions, secular nonprofits serving the same needy people often do not. And rather than just rewarding charitable works that benefit society, these breaks are equally available to religious organizations that provide no charitable services to anyone.

Similarly, religious nonprofit groups that run nationwide broadcasting networks, produce best-selling publications or showcase a charismatic leader's books and speeches can take advantage of exemptions that are not available to secular nonprofit groups — not to mention for-profit companies — engaged in the same activities.

Any government oversight of religious groups must fit within the First Amendment's command that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

For most of the past half-century, courts interpreted the first part of that clause as a barrier to government action that seemed to treat religious groups more favorably than secular ones, legal scholars said. But today, many lawyers agree, courts are taking a more accommodating view of government actions that benefit religious groups.

The willingness of the federal courts to accept these arrangements increased considerably under the influence of William H. Rehnquist when he was chief justice of the Supreme Court, said Derek H. Davis, until recently the director of the J. M. Dawson Institute of Church-State Studies at Baylor University in Waco, Tex.

"Clearly, we're going to be in this accommodative mode for some time," added Mr. Davis, who sees Chief Justice Rehnquist's successor, Chief Justice John G. Roberts Jr., and Justice Samuel A. Alito Jr. as likely to follow in Chief Justice Rehnquist's footsteps on cases affecting religious groups.

The problem is, efforts to protect the free exercise of religion can clash with efforts to assure that religion is not favored by the government.

Besides regulatory exemptions and special tax breaks, some of which have been in place for decades, religious organizations have recently become eligible for an increasing stream of federal grants and contracts from state and federal governments. This policy shift began in 1996 under President Clinton, and has continued with greater force under President Bush. Known in the Bush administration as the Faith Based Initiative, it has drawn considerable attention in political, religious and academic circles.

But the broader tapestry of regulatory and tax exemptions for religious groups has gone largely unacknowledged. Indeed, some religious leaders and politicians — focusing not on these special accommodations but on issues like the display of religious icons on public land — argue that religious groups in America are targets of antagonism, not favoritism. House Speaker J. Dennis Hastert of Illinois, in introducing a legislative agenda last July, said, "Radical courts have attempted to gut our religious freedom and redefine the value system on which America was built."

In March, hundreds of people and a number of influential lawmakers attended a conference called "The War on Christians and the Values Voter in 2006" in Washington and applauded the premise that religion was under attack.

Society "treats Christianity like a second-class superstition," Tom DeLay, then a Republican representative from Texas, told the crowd. "Seen from that perspective, of course there is a war on religion."

The argument that religious groups are victims of discrimination drew a sigh from Ms. White, the day care director in Alabama, where licensed day care centers are finding it harder to compete with unlicensed faith-based centers that do not have to comply with expensive licensing requirements.

James E. Long, a deputy attorney general for Alabama's department of human resources, acknowledged that licensed day care operators have complained time and again that the exemption is unfair. "But I am unaware of any bill ever having been introduced" that would eliminate it, Mr. Long said. "That would be a very contentious issue. I'm sure the churches would want to be heard on that."

Breaks for Social Services

On an early summer day at the Harvest Temple Church of God in Montgomery, a lively group of older children tossed soccer balls around a dim, cool gymnasium. In a smaller room to the side, staff members rocked sleeping infants and comforted cranky toddlers.

This bustling church-based center, next to the church sanctuary in a well-tended middle-class neighborhood, covers its costs and helps support the work of the church, the church pastor said.

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"We have talked about getting licensed before in the past, but it would cost us quite a bit of money," Pastor Fuson said. The staff would probably be large enough to meet state standards, he said, but the center would need costly renovations to upgrade the facilities.

Ms. White, whose licensed program, Auburn Daycare Centers, has become nationally accredited during her tenure, understands how demanding the state requirements are. Her centers in Auburn have to comply with them, down to the specific toys required for each age group.

As in many states, these regulations were a response to conditions that had put young lives at risk. In Alabama alone, almost a dozen children died in day care facilities in the two years before the state began upgrading its licensing requirements in 2000.

Ms. White said the root problem in Alabama is that there is not enough state aid for working families who need good day care. But given the state's limited resources, she said, it seems unfair that subsidies are available to unlicensed centers as well as licensed ones — a view shared by the Federation of Child Care Centers of Alabama, which has lobbied for greater financing and universal licensing.

Some churches in Alabama have voluntarily obtained licenses. The Rev. Paul B. Koch Jr., of First Christian Church in Huntsville, whose day care center is licensed, thinks licensing for such programs is appropriate and raises the quality of care. "But the Christian Coalition is still strong in Alabama and this is an issue for them," he said.

John W. Giles, president of the state's Christian Coalition, confirmed that his organization supported the exemption, noting that state oversight would be intrusive and was unnecessary "because the pastors and congregations are your quality control." Although most of the unlicensed centers are run by Protestant churches or ministries, the exemption covers all faiths, from an Islamic preschool program in Huntsville to a Catholic parish center in Tuscaloosa.

Eleven other states — including Utah, Maryland, Illinois and Florida — also have exempted religious child care programs from at least some of the rules that apply to other nonprofit programs, according to the National Child Care Information Center in Fairfax, Va.

One state that has dropped off that list is Texas.

In 1997, George Bush, who was the governor, pushed through legislation that exempted faith-based day care centers and addiction treatment programs from state licensing, allowing them to be monitored instead by private associations controlled by pastors, program directors and other private citizens. Other laws enacted on his watch steered more state financing to these "alternatively accredited" institutions.

Fewer than a dozen child care centers and about 130 addiction treatment programs took advantage of this new alternative, according to subsequent studies. But several of these later became the focus of state investigations into complaints of physical abuse. A study by the Texas Freedom Network Education Fund, a nonprofit research organization that opposed the faith-based initiatives, found that "the rate of confirmed cases of abuse and neglect at alternatively accredited facilities in Texas is more than 10 times that of state-licensed facilities."

In spring 2001, the Texas Legislature quietly allowed the alternative accreditation program for day care centers to lapse.

Two leading First Amendment scholars, asked about faith-based day care licensing exemptions like these, said they were unfamiliar with the practice but thought it sounded legally dubious. "I think what you describe is unconstitutional," said Ira C. Lupu, a law professor at George Washington University and the co-director of legal research for the Roundtable on Religion and Social Welfare Policy, an independent project of the Rockefeller Institute of Government.

Professor Witte, the director of Emory University's Center for the Study of Law and Religion, said in an e-mail response that he "would frankly be surprised to find even this Supreme Court going that far."

However, when a group of licensed day care centers challenged the Alabama law in a federal court in mid-2001, arguing that it deprived them of their constitutional right to equal protection before the law, the group lost.

Judge Myron H. Thompson of United States District Court, who ruled on the case, said the state could have adopted the arrangement to avoid church-state entanglements or simply to accommodate the free exercise of religion. Indeed, he cited four other federal cases, all decided since 1988, that had upheld similar exemptions for day care centers in other states.

In Judge Thompson's view, it is "well settled" constitutional law that "the possible economic inequalities that might result from religious exemptions such as day care licensing exemptions" are not a violation of anyone's equal-protection rights.

Exemptions From Zoning Rules

"When you fly in to Denver at night, you can always pick out Boulder," said Ben Pearlman, an athletic young lawyer who grew up there. "It's the only one with big patches of darkness around it."

As one of Boulder County's three governing commissioners, the soft-spoken Mr. Pearlman talks about protecting the county's spectacular beauty as if it were a sacred trust. In 1978, the county limited intensive development to already urbanized

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areas, buffered by large swaths of prairie and farmland. The landscape therefore now stands in stark contrast to the spreading carpet of subdivisions, office parks and malls in neighboring counties around Denver.

To Alan Ahlgrim, the mellow and mesmerizing preacher who founded Rocky Mountain Christian Church in eastern Boulder County in 1984, those encroaching subdivisions look like spiritual vineyards, full of families ready to be transformed by his church's call for them to become "blessed to be a blessing" to others.

"The church has never grown fast enough to suit me," Pastor Ahlgrim said with a grin that showed he was almost, but not quite, serious.

But the church, one of more than 200 in the county, did grow fast enough in the last 22 years — from about three dozen families in 1984 to more than 2,200 people today — to burst from its original building and five subsequent expansions approved by the county.

Today, its enthusiastic young congregation is once again bumping up against the walls of its 106,000-square-foot home, which sits on 55 acres in an agricultural buffer zone around the small town of Niwot. It is holding multiple services to handle the overflow congregation, but its Sunday school space is full, with some classes spilling out into hallways and temporary buildings set up in a parking lot.

Yet church members cringe at the notion of turning away newcomers. "Who do you say no to? Do you hang a 'no vacancy' sign out front?" asked Guy Scoma, a young father who visited the church as a lonely widower and stayed on when he met, then married, his wife, Kaarin.

The church wants to almost double the size of its facilities so it can accommodate up to 4,500 people. The church could then provide a new children's wing, more rooms for adult classes and a gymnasium with room for two basketball courts or potluck suppers for 1,000. The new wings, linked to the existing building by spacious galleries, would be surrounded by more than 1,200 landscaped parking spaces, 60 percent more than today.

But the county's land-use plan and zoning rules for the agricultural buffer zone where the church stands would limit any construction on the site to a single residential building. So the church cannot build without the approval of the Boulder County commissioners. And in February, after an emotional public hearing attended by more than a thousand people, Mr. Pearlman and his two fellow commissioners said no.

"People are always trying to develop their properties to the limits of the law and sometimes beyond," Mr. Pearlman said. But the worst suburban sprawl is the consequence of "lots of little decisions that have this cumulative effect," he continued. "We're trying to resist this death by a thousand cuts, and preserve the land where we can."

Like the leaders of large, fast-growing churches across the country confronting zoning restrictions on their expansion plans, Pastor Ahlgrim is unhappy. The decision "is severely restrictive to our mission," he said. Like worshiping, teaching and gathering for fellowship, the practice of sharing with the community — in this case, allowing certain outside groups to use the church when it's available — is "vital to our mission," he continued. "When one of your core values is generosity and you are restricted from sharing what you want to share — what God has provided — we consider that to be a severe limitation."

The church had no choice but to go to court, he said.

The church has sued the county under a federal land-use law enacted by Congress and signed by Bill Clinton in 2000 to protect religious organizations from capricious or discriminatory zoning restrictions by local governments. The unusual law came after a decade-long bipartisan tug-of-war between Congress and the Supreme Court.

Before 1990, the court had generally held that any government restriction on religion must serve a compelling public interest in the least burdensome way — a standard known as the "strict scrutiny" test. But in one Oregon case dealing with two Native Americans' sacramental use of peyote, an illegal drug, the majority concluded that there was nothing unconstitutional about states expecting citizens to comply with valid, neutral and generally applicable laws — like those criminalizing peyote — even if compliance conflicted with religious beliefs.

This "Smith decision," Employment Division v. Smith, provoked a fierce reaction that has energized the drive for more legislative protections for religion ever since. In 1993, under pressure from a broad coalition whose members ranged from the Anti-Defamation League to the Southern Baptist Convention to the American Humanist Association, Congress adopted the Religious Freedom Restoration Act, which restored the "strict scrutiny" test to any federal, state or local government action affecting religious practice. A new tool had been added to the First Amendment emergency kit, although no one was quite sure how to use it.

Then the Supreme Court tugged back. In 1997, it ruled that the religious freedom act could not be applied constitutionally to the states. In reaction, 13 states have subsequently adopted similar measures of their own. But Congress thought the decision left room for it to address zoning restrictions and, separately, religious restrictions imposed on prisoners.

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In 2000 Congress adopted and Mr. Clinton signed the Religious Land Use and Institutionalized Persons Act, which restored the "strict scrutiny" test to local zoning decisions, making it easier for churches to challenge those decisions in court. The act also made it easier for prisoners to challenge restrictions on their religious practices.

The provisions that apply to prisoners have been upheld, but the Supreme Court has not yet ruled on the land-use provisions that Rocky Mountain Christian Church is invoking in its lawsuit against Boulder County. One of the church's allies in the fight is the Justice Department's civil rights division, which is defending the law's constitutionality in cases around the country.

Defenders of the law say that some cases invoking its protections have addressed actions by local governments that seem to reflect blatant religious bias. For example, Rabbi Joseph Konikov of Orlando, Fla., successfully sued his local government under the law in 2002 after county officials repeatedly cited and fined him for holding small worship services in his suburban home, in violation of a zoning provision later found to be an unconstitutional burden on religious freedom.

"It was like Communist Russia," said Rabbi Konikov, who said his grandfather had fled the Soviet Union to escape religious oppression. He has continued to hold services in his home. "It was very satisfying to see that, at the end, our Constitution and our American values and freedoms came through for us."

Other zoning challenges, all invoking the 2000 law, have been filed by a Sikh society that wants to build a temple in a low-density residential area of Yuba City, Calif.; a Hindu congregation seeking permission to expand its temple and cultural center on a busy highway in Bridgewater, N.J.; and a Muslim organization that has been trying for years to build a mosque on land that the local government in Wayne Township, N.J., now wants to buy for open space.

Seeking a Protective Balance

Critics of the 2000 law argue that the First Amendment itself has long prohibited religious discrimination in zoning, and that such zoning decisions could have been challenged just as successfully in the courts if the law had never been passed.

When Congress considered the law, "what was actually being discussed was 'How do we make sure churches don't get discriminated against,' " said Marci A. Hamilton, a law professor at the Benjamin N. Cardozo School of Law at Yeshiva University in Manhattan and the author of "God vs. The Gavel: Religion and the Rule of Law" (Cambridge University Press, 2005), which calls for closer scrutiny of some religious exemptions, especially those affecting land use and family law.

"Unfortunately, the answer was to give such an expansive remedy that not only are they not getting discriminated against, but they are now capable of discriminating against all other landowners," added Professor Hamilton, who is advising Boulder County in its case.

The financial stakes in the Boulder lawsuit are large.

Under the 2000 law, if the county loses, it will have to pay not only its own legal bills but also those of the church. If the church loses, it will sacrifice the money it has spent on legal, architectural and public relations fees, but it will not be required to pay the county's legal bills. And unlike the county, it could seek free legal help from various religious advocacy groups, although it has not yet done so.

While a county victory might provide other local governments with a template for defending against similar challenges, some lawyers fear that if Boulder County, with its long history of careful land-use planning and its environmentally demanding voters, cannot successfully argue that preserving open space is a "compelling public interest," few local governments could.

"Religious institutions have realized that land-use authorities are vulnerable to the threat of litigation," David Evan Hughes, the deputy county attorney, asserted in the county's court filings. Without greater clarity from the courts, he continued, the new law's reach "will expand to the point where religious institutions are effectively dictating their own land-use regulations."

Like most Boulder County residents, several church members said they cherish the open space preserved by the county's past land-use decisions. But they think the county was wrong to reject the church's proposal.

Lanny Pinchuk, a church member who formerly served on the county planning board, praised all that the county has done to preserve the environment. "But you can't keep people from coming to the religious institution of their choice," he said. "I feel that is just, well, un-American."

Church leaders and members said their current proposal was the "forever plan," the last expansion the church would make on this site.

But they all struggled to explain why it is an unconstitutional burden for them to have to turn away newcomers now when, if they continue to grow, they will inevitably have to turn away people when their "forever" building is full.

"At some point, we're going to have to say we can't accommodate any more; I mean, we're not going to have a 100-story building over there," said Gerry Witt, a founding church member who has recently put his house on the market so he and his wife, Carole, can move to a less developed area on the western slope of the Rockies.

"So is there any limit?" He thought a moment, then answered his question. "Yes," he said. "There's God's limit. When he says, 'You're at your limit,' that's when we will stop."

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CONGRESS-ADMINISTRATION:

Aircraft Carrier George H. W. Bush Christened (LAT)

By James Gerstenzang

The Los Angeles Times, October 8, 2006

A ceremony honoring one of the Navy's own comes amid growing dissent over his son's course in Iraq.

NEWPORT NEWS, Va. — George H.W. Bush and George W. Bush, the most famous father-son act in American politics since the Adamses, saluted one another at a rain-drenched, shore-side ceremony Saturday, as an aircraft carrier was christened in the name of the father, a naval aviator who survived a direct strike by Japanese antiaircraft fire over the Pacific 62 years ago.

Doro Bush Koch, the former president's daughter and the current president's sister, smashed a bottle of sparkling wine against the bow of the vessel, and declared: "I hereby christen thee USS George H.W. Bush. May God bless all who sail her."

There were Bush family, friends, political supporters, longtime advisors and members of the administration of the first President Bush, some of whom have also served the second Bush presidency.

But against the backdrop of the reunion on a barge tied up at the bow of the vast vessel ran an undercurrent of the troubles facing the present Bush administration.

On the stage just yards from the ship's bow were two Presidents Bush, the current and former first lady and Defense Secretary Donald H. Rumsfeld, whose direction of the war is drawing increasing criticism. Next to Rumsfeld was Sen. John W. Warner, the Senate Armed Services Committee chairman from Virginia who last week became the most prominent Republican officeholder to publicly question the course of the Iraq war.

In the audience was Colin L. Powell, the retired Army general who served the first President Bush as chairman of the Joint Chiefs of Staff and the second as secretary of State. His disagreements with the current president over the Iraq war are slowly surfacing.

Two other key members of the first Bush foreign policy team — former national security advisor Brent Scowcroft, and Bush's secretary of State and White House chief of staff, James A. Baker III — were seated nearby. Vice President Dick Cheney, who was the first President Bush's Defense secretary, was not present.

Without mentioning the war but sending an unmistakable signal, the senior Bush declared: "I am very proud of our president. I support him in every single way, with every fiber in my body."

He did not, however, say he agreed with every decision his son had made.

The ceremony took place amid renewed questions about the complicated relationship of the father and son, famously competitive and proud and yet never shy about demonstrating their love for each other, as they did again Saturday.

The most recent questions were prompted by a report that the elder Bush and his wife, Barbara, felt that their son had taken the wrong approach in dealing with Saddam Hussein and Iraq.

Bob Woodward, the author and Washington Post editor, writes in his new book, "State of Denial," that Barbara Bush said that her husband was "losing sleep" over Iraq. In addition, Woodward also wrote that Scowcroft, a close friend of the senior Bush, thought that the younger Bush's presidency was, in some respects, a "disaster."

White House officials have bristled at the idea that there is any daylight between the father and son on Iraq policy — or on anything, for that matter, except a competitive round of golf or a chase for the bluefish that run in the Gulf of Maine off the family compound in Kennebunkport.

Without specifying to which statements he was referring, Scowcroft moved earlier in the week to distance himself from the Woodward book. In a declaration eventually distributed by the White House, Scowcroft said that statements attributed to him in Woodward's book "did not and never could have" come from him.

Notwithstanding any possible differences among those at the gathering, the day belonged to the senior Bush and his wife, Barbara, with plenty of family respect and a dose of teasing. He was choked up as he recalled reading, as an officer and thus censor, the letters crewmen with whom he served sent home during World War II — and a bit irreverent when a thunderclap interrupted his speech and he said: "I'm finishing, Lord. I am finishing, Lord."

The younger President Bush said of the new vessel: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable." He added, "As a matter of fact, [she] probably should have been named the Barbara Bush."

For the senior Bush, the moment was especially fitting, given his Navy service. On Sept. 2, 1944, he set off from the deck of the carrier San Jacinto to attack Japanese installations on the Pacific island of Chichi Jima, north of the equator. His Avenger was hit by Japanese fire, and with his engine aflame, he managed to drop his bombs over the target and fly several miles off shore before bailing out. Two others in the plane died.

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He spent several hours in an inflated raft in the ocean before he was rescued by the submarine Finback.

"On that day over Chichi Jima, a young American became a war hero and learned an old lesson: With the defense of freedom comes loss and sacrifice," the younger President Bush said, transferring by implication the World War II experience to the battles the military is fighting today.

The San Jacinto, which was decommissioned in 1947 and turned over for scrap in 1971, was a floating shadow compared with the carrier George H.W. Bush. The new ship's displacement will be roughly 100,000 tons, approximately 10 times that of the San Jacinto. It is the 10th and, if the Navy's plan holds, the final carrier in the Nimitz class. The ship is scheduled to be delivered to the Navy in late 2008.

"President Bush," the younger President Bush said. "Your ship has come in."

Aircraft Carrier Is The Bushes' Latest Namesake (NYT)

By Sheryl Gay Stolberg

The New York Times, October 8, 2006

NEWPORT NEWS, Va., Oct. 7 — It was a rare and poignant moment, one that moved President Bush to tears.

Not the current President Bush, but the first, who was joined Saturday at a shipyard here by dozens of political luminaries and his extended clan — including the son he calls "the president" — to christen a Navy aircraft carrier bearing his name.

The christening of the George H. W. Bush, the latest and last in the Navy's line of Nimitz aircraft carriers, took place under rainy skies, punctuated by thunderbolts so sharp that at one point, the elder Mr. Bush interrupted his speech, looked skyward and said: "I'm finishing, Lord! I'm finishing!" He seemed to burst with pride as he pronounced the occasion "any naval aviator's dream come true."

Though it was a day mostly of reminiscences for the 41st president of the United States, who joined the Navy fresh out of high school and became a decorated pilot in World War II, the elder Mr. Bush also took the occasion to do something he does not often do: comment on the administration of the 43rd president.

"I am very proud of our president," the 82-year-old father said forcefully of his son. "I support him in every single way with every fiber in my body."

The scene was an unusual tableau, both political and personal, for the two Bushes, whose aides have been at odds, and not always beneath the surface, over the war in Iraq.

The audience included some who served both 41 and 43, as the presidential pair are known. Colin L. Powell and James A. Baker III, former secretaries of state, were there, as was Andrew H. Card Jr., who served as transportation secretary for the first President Bush and is the former chief of staff to the second.

But it was also a family reunion for America's current ruling political dynasty. On the stage sat two presidents, two first ladies and a governor, all named Bush. Mr. Card, who was invited to join the current president aboard Air Force One for the trip, described it in deeply personal terms, saying the elder Mr. Bush was like a father to him, the current president like a brother.

"The president is going there not only as the president and commander in chief," Mr. Card said. "He's going there as a very proud son."

Built at the Northrop Grumman naval shipyard here, the George H. W. Bush will not be ready to sail until 2008. Its hulking frame — 1,100 feet long, with a 4.5-acre flight deck — was festooned with red, white and blue bunting, a picture of the elder Mr. Bush attached to its bow.

The current president's sister, Dorothy Bush Koch, who has just published a biography of the elder Mr. Bush titled "My Father, My President," performed the christening honors, whacking a bottle of sparkling wine across the hull as her father and brother looked on.

President Bush introduced "our dad," recounting his father's flying career. His speech touched on light moments, like the time his father was reprimanded for flying too low over a circus ("I was grounded for causing an elephant stampede," he quoted the elder Mr. Bush as saying), and on somber ones, among them the shooting down of his father's plane. Two crew members died; the elder Mr. Bush earned the Distinguished Flying Cross.

But it was the first President Bush, his step a tad slower than in years gone by, his voice a tad shakier, who stole the show. He held hands with his wife, Barbara, belted out the words to "God Bless America" and happily patted his son on the shoulder. In his speech, he grew tearful as he described his duties as a young officer whose job included censoring the mail sent by shipmates.

"I learned a lot about human nature, and I learned a lot about the hearts and dreams of these kids," the elder Mr. Bush said, looking down in an effort to collect himself. He stopped for more than a few seconds, then continued in a throaty voice, "I would see these letters written, and I would count my own blessings."

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New Aircraft Carrier Christened In Honor Of George H.W. Bush (WP)

By Michael Abramowitz

The Washington Post, October 8, 2006

NEWPORT NEWS, Oct. 7 -- Despite a steady downpour that chilled thousands gathered Saturday in the shipyard here, President Bush and his father, George H.W. Bush, basked in the warm embrace of extended family and friends as they celebrated the christening of a nuclear-powered aircraft carrier named after the former president.

The 41st president of the United States punctuated an affectionate reminiscence of his storied life with a father's unconditional defense of the 43rd. "I am very proud of our president," said George H.W. Bush to loud applause. "I support him in every single way, with every fiber in my body."

It seemed more than a throwaway line, but a pointed response to speculation, fanned most recently by a new Bob Woodward book, that the former president is anguished over the Iraq war and that his closest advisers now see the son's administration as a debacle. For his part, the current occupant of the Oval Office paid warm tribute to a "great dad" and "a man who exemplifies the great character of our country."

President Bush also drew laughs when he lauded his steely mother, after noting that the USS George H.W. Bush will be the latest in the Nimitz class of aircraft carriers. "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable," Bush thundered.

"As a matter of fact," he added, "probably should have been named the Barbara Bush."

The official occasion Saturday was the christening of the George H.W. Bush, a naval ceremony that marks the completion of the ship's hull and its ability to float. Another two years of work is necessary before manufacturer Northrop Grumman Corp. can deliver the gigantic $6 billion ship to the Navy, company officials said.

The George H.W. Bush, longer than three football fields and with about 97,000 tons of displacement, is the 10th and last of the Nimitz-class carriers that project American military power to every corner of the globe. The Pentagon is designing the next generation of aircraft carriers, with the first ship's delivery expected in 2015, a Pentagon spokesman said.

Saturday's ceremony was held at the foot of the gigantic gray bow of the unfinished carrier, in the midst of a rainstorm whose loud claps of thunder periodically startled the thousands of dignitaries, Bush family friends, Navy personnel, shipyard workers and company officials gathered at the Northrop Grumman Newport News Shipyard. "I'm finishing, Lord, I'm finishing," Bush promised, drawing laughs as he glanced up at the sky after one particularly powerful thunder clap.

But the storm did little to dampen the festive mood of the crowd, which included dozens of luminaries from the George H.W. Bush administration, including former secretary of state James A. Baker III, former national security adviser Brent Scowcroft and former chairman of the Joint Chiefs of Staff Colin L. Powell, who also served the son as secretary of state. Also in the crowd were four of the former president's fellow pilots who served in the Pacific theater during World War II, as well as dozens of old friends and retainers from a lifetime in politics.

A huge cheer went up from the crowd when Doro Bush Koch, the ship's "sponsor" and the former president's daughter, smashed a bottle of American sparkling wine across the bow of the carrier at the end of the ceremony. The crowd also cheered the two Bush presidents, who seemed delighted. The elder Bush took it all in with an almost boyish glee. Holding Barbara Bush's hand, the former president sang enthusiastically along with tenor Ronan Tynan, who rendered "God Bless America."

George H.W. Bush, 82, is the first living former president to attend the christening of a carrier in his honor, and when it came his turn to speak, he told the crowd: "This is any naval aviator's dream come true."

As a young pilot, Bush flew bombing missions off the USS San Jacinto, part of a naval task force in the Pacific; in 1944, his plane was shot down by Japanese antiaircraft fire. Bush parachuted into the sea and was rescued by a Navy submarine after he spent more than two hours aboard a rubber life raft.

The current president devoted part of his brief remarks to the lessons of his father's military service. "The generation of World War II taught the world's tyrants a telling lesson," Bush said. "There is no power like the power of freedom -- and no soldier as strong as a soldier who fights for a free future for his children."

Remembering his World War II service, the elder Bush choked up, especially after recalling his task of reading servicemen's mail to make sure they did not divulge any secrets. "I learned a lot from that. I learned a lot about human nature. I learned a lot about the hearts and dreams of these kids," he said, pausing to compose himself. "I would see these letters written, and I would count my own blessings."

In keeping with his rambling style of public speaking, the former president quickly moved on to a bout of reflection. "It seems surreal that you can go from being a young naval aviator, then surviving a horrible war, then losing an innocent child and having some modest success in business, then rising through the killing fields of national politics to be president," Bush said.

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"And after four thoroughly challenging years as president, it would be even more improbable to see your own two sons rise to become respected national leaders, to say nothing of the private success of our three other kids. I am truly blessed as a dad."

Bush did allow that he could not say this was the greatest day of his life. He recalled telling Barbara Bush that it was the greatest day of his life when son George was elected governor of Texas and son Jeb governor of Florida -- only to be asked, "What about the day we were married?"

"I would simply have to say," Bush added, to chuckles, "this is, maybe, the third happiest day of my life."

Bushes Stay Calm During Stormy Rite (WT)

By Joseph Curl, The Washington Times

The Washington Times, October 8, 2006

NEWPORT NEWS, Va. -- With dark storm clouds looming over a Navy shipyard yesterday and thousands of people gathered for the christening of the USS George H.W. Bush aircraft carrier, Chaplain Jonathan Frusti asked God to be present, to bless the ship and all who sail on it.

The rainstorm did not hold off for the guest of honor, though, and a crack of thunder stopped the 82-year-old former president in midsentence as he addressed the crowd, which included President Bush and his wife, Laura, as well as other members of the Bush family.

The elder Mr. Bush spun toward the sky with alarm, then turned back to the soggy crowd and, with a wry smile, his hands and eyes lifted to the sky, said, "I'm finishing, Lord, I'm finishing."

A few minutes later, standing at the bow of the massive $6 billion ship -- more than three football fields long and able to hold more than 80 warplanes -- the former president's daughter, Dorothy Bush Koch, crashed a bottle of American sparkling wine against the ship, CVN 77, which will take to the seas in late 2008.

The ceremony was at times sentimental and moving. The president choked up as he said: "On this proud day, the children of George H.W. Bush bless their father's name, the United States Navy honors his name, and the ship that bears his name sails into this young century as a symbol of American strength and freedom.

"I know you join me in saying to our father, President Bush, your ship has come in."

The elder Mr. Bush wiped away tears and dabbed his nose with a handkerchief as he recalled one of his tasks aboard the ship on which he served during World War II, the USS San Jacinto. As a senior officer, he censored letters of the crew, and yesterday he remembered the hopes, dreams, courage and fear of his fellow sailors.

The president recounted a story about his father's early days as a Navy pilot, and his impulsive decision to fly low over a beach "where young ladies liked to sunbathe."

"It just so happened to be the same day that a traveling circus had set up its tents. Dad's flyover upset an elephant, causing him to break loose and make a run throughout the town. He was called in for a reprimand from his commander. He puts it this way, 'I was grounded for causing an elephant stampede' -- probably the only Navy pilot in American history who can make that claim," the president said to laughter from the crowd.

The president said of the USS George H.W. Bush, the last of the Nimitz-class carriers: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable. As a matter of fact, [she] probably should have been named the Barbara Bush."

The former president was humble, downplaying his heroism after several speakers praised his bravery during World War II. In 1944, he was shot down during a bombing run over Chichi Jima and survived after parachuting into the Pacific Ocean, earning the Distinguished Flying Cross. But he said his story was no different from that of another president who served in the Navy.

"President Kennedy was asked how he became a hero, and he said, 'They sank my boat.' Well, they shot my plane down. But I never considered myself a hero," he said.

The officials on the dais included Defense Secretary Donald H. Rumsfeld; Gen. Peter Pace, chairman of the Joints Chiefs of Staff; Sens. John W. Warner and George Allen, Virginia Republicans; Florida Gov. Jeb Bush; and Supreme Court Justice Clarence Thomas.

The crowd included high-ranking officials past and present, among them former Secretaries of State James A. Baker III and Colin L. Powell and the elder Mr. Bush's press secretary, Marlin Fitzwater.

Mr. Allen compared the struggle of World War II to the global war against terrorism, saying: "The mission of our time is the same as the one for President Bush fighting in World War II, or leading our country and winning the Cold War: Our mission is to protect our freedom in a sometimes hostile world."

The president also invoked the war on terrorism, saying: "In the 21st century, freedom is again under attack. ... And once again, with perseverance, and courage, and confidence in the power of freedom, a new generation of Americans will leave a more hopeful and peaceful world for generations to come."

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The carrier is scheduled to be launched today from its dry dock into the James River and taken to an outfitting berth, where work on interior systems will continue.

The ceremony closed with tenor Ronan Tynan singing "God Bless America," which opens with the lines: "While the storm clouds gather from across the sea, let us swear allegiance to a land that's free."

As the wet VIPs scurried, Mr. Fitzwater was asked whether his former boss did the right thing by cutting short his remarks in the face of the imminent storm.

"Absolutely," he said with a smile. "He knows how to take a cue."

Bush Clan Christens Carrier Named For Patriarch (VAPILOT)

By Jon W. Glass

Hampton Roads Virginian-Pilot, October 8, 2006

NEWPORT NEWS — Family, U.S. military might and a long tradition of shipbuilding merged into a gray, rainy Saturday at the christening of the aircraft carrier George H.W. Bush.

The Bush family gathered to honor the clan's patriach at Northrop Grumman Newport News' shipyard, where the $6 billion carrier has been under construction since 2001.

President George W. Bush, the namesake's son, gave the keynote speech, drawing laughter when he told his father: "President Bush, your ship has come in."

The president's sister, Doro Bush Koch, the ship's sponsor, shattered a bottle of American sparkling wine on a "breaker bar" attached to the massive carrier's bow.

"I christen thee U.S. ship George H.W. Bush. May God bless all who sail on her," Koch said, before smashing the bottle two-handed against the bar, bubbly spray flying.

Bush the elder, now 82, was the nation's 41st president. During World War II, he flew planes off the carrier San Jacinto, earning the Distinguished Flying Cross.

"This is any aviator's dream come true," Bush told a crowd of around 5,000, who held umbrellas and wore hooded raincoats. "This is magnificent."

Other Bush family members at the ceremony included former First Lady Barbara Bush, current First Lady Laura Bush and Florida Gov. Jeb Bush, the president's brother.

Colin Powell, the former secretary of state and chairman of the Joint Chiefs of Staff under the elder Bush, turned heads when he arrived. Other high-profile government officials attending were Clarence Thomas, the U.S. Supreme Court associate justice; Secretary of Defense Donald Rumsfeld; Navy Secretary Donald Winter; and Mike Mullen, the chief of naval operations.

Bush is the first president in the shipyard's 120-year history to participate in the christening of a namesake ship, yard officials said.

There were light-hearted moments. Describing the new carrier, President Bush said: "She is unrelenting, she is unshakable, she is unyielding, she is unstoppable. As a matter of fact, probably should have been named the Barbara Bush" – a reference to his mother's no-nonsense manner.

And there were serious ones. Speaking of his dad's service in World War II, the president said the carrier "honors a generation that valued service above self," but that it also will serve "a new generation of Americans every bit as brave and selfless."

"In the 21st century, freedom is again under attack," he said, noting that 1.6 million Americans have volunteered for military service since the Sept. 11, 2001, terror attacks.

Bush recounted how his father carried out one mission during World War II even after his plane was hit by antiaircraft fire, forcing him to bail out.

But the elder Bush, a decorated aviator who joined the Navy on his 18th birthday, said: "I never considered myself a hero. We were no greater than the kids who serve today – all volunteer."

The nuclear-powered carrier, about 60 percent complete, will join the fleet in late 2008 or early 2009. It's the last 10 Nimitz-class carriers – all built at the Newport News shipyard – and boasts new technology making it the most advanced, including new propellers and an updated aviation fuel system for quicker flight turnarounds.

About 12,000 of Northrop Grumman Newport News' 19,000 employees have worked on the carrier, and many were at the christening.

Others came to be part of history.

"It's something I'll tell my grandchildren about," said Sharon Zebro, who drove from Norfolk. "To have the father and the son here, you don't see that often." Reach Jon W. Glass at (757) 446-2318 or jon.glass@pilotonline.com

More Pilot photos of the christening ceremony

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Submit your own photos

Bush Aircraft Carrier Christened In Virginia (HC/AP)

By Jennifer Loven

Houston Chronicle/AP, October 8, 2006

NEWPORT NEWS, Va. — Spraying the bubbles from sparkling wine across the enormous gray bow of the USS George H.W. Bush, the Bush family today christened the nuclear-powered aircraft carrier named after the 82-year-old former president.

"I know you join me in saying to our father, President Bush, your ship has come in," the current president said during a ceremony for the last of the Nimitz-class carriers, the CVN 77.

"She is unrelenting, she is unyielding, she is unstoppable," Bush said, lauding the warship's state-of-the-art design before pausing for a punch line aimed at his mother's well-known steely constitution. "Matter of fact, she probably should have been named Barbara Bush."

The elder Bush, a decorated Navy pilot in World War II, joined the armed forces on his 18th birthday, June 12, 1942. "After our nation was attacked at Pearl Harbor, you simply couldn't find anyone who wasn't anxious to sign up," he told the audience as a heavy rain fell.

"The point is that our nation was totally united against the insidious totalitarian threat against freedom," he said. He added, "In my humble view, we were no greater than the kids that serve today."

The current president said that in the 21st century, "freedom is again under attack and young Americans are volunteering to answer the call."

Doro Bush Koch, the elder Bush's daughter, handled the ritual smashing of a bottle of sparkling wine against the flattop's bow.

Bush father and son and several relatives joined hundreds of others at the Northrop Grumman Newport News shipyard, where the $6 billion, 1,092-foot-long carrier is being built. It is not yet finished and is scheduled to be delivered to the Navy in late 2008.

The christening ceremony was scheduled to be nearly two hours long, but deafening thunderclaps, lightning, wind and intermittent heavy rain left the speakers mostly abandoning their prepared remarks to merely introduce the next in line.

With friends, Navy personnel and shipyard workers looking on, the elder Bush choked up during his informal and sentimental address, while talking about the men with whom he served in World War II.

Four of his fellow Navy pilots from the war traveled to the ceremony, an event the former president called the "third happiest day of his life," after his wedding and the day when two of his sons were elected governors.

"This is every naval aviator's dream," he said

The 10th of the Nimitz-class carriers — the largest warships in the world — features technological advancements that make it a bridge to the next generation of nuclear-powered aircraft carriers.

On Sunday, the carrier was to be launched from its dry-dock into the James River and taken to an outfitting berth, where work on interior systems will continue.

The former president was the youngest pilot in the Navy when he joined, receiving his commission and naval aviator wings before age 19.

Bush flew torpedo bombers off the aircraft carrier USS San Jacinto. In 1944, he was on a mission over the Pacific when Japanese anti-aircraft fire hit his plane. Bush parachuted into the sea and was rescued by a Navy submarine. He later was awarded the Distinguished Flying Cross and three Air Medals for his Navy service in the Pacific theater.

Capt. Kevin O'Flaherty, the carrier's prospective commanding officer, is in charge of about 330 sailors now attached to the ship. He said he eventually will be responsible for about 3,000 crew members when the ship is put into service. It is not known where the carrier is to be stationed.

For The Ex-world Leader Who Has Everything: A Bush Aircraft Carrier (AFP)

AFP, October 8, 2006

President George W. Bush unveiled a Nimitz-class aircraft carrier, the George H. W. Bush, christened in honor of his father, in whose footsteps the president followed all the way to the White House.

Speaking to his father as the former president, also an ex-CIA chief and ex-diplomat, looked on in Newport News, Virginia, the US president smiled and said: "President Bush, your ship has come in," calling it "the newest and most advanced aircraft carrier in the nation."

"The generation of World War II taught the world's tyrants a telling lesson: There is no power like the power of freedom," Bush added, referring to his father's service as a young airman in that conflict.

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"In the 21st century, freedom is again under attack," the president said. "And young Americans are volunteering to answer the call. And in the years since September 11, 2001, more than 1.6 million Americans have volunteered to wear the uniform of the United States."

Bush said: "The men and women of the United States military represent the best of America. And they deserve the best America can give them. And the George H.W. Bush is the best America can give them."

Made by Northrup Grumman, the nuclear-powered craft is a floating city that will be home to 6,000 Navy staff.

Some seven years in the making, it took 47,000 tonnes of structural steel and one million pounds of aluminum to build the giant, the company says.

It is expected to operate for half a century.

The president's mother, Barbara, looked on as her daughter Doro Bush Koch carried out the traditional honor of breaking a bottle of sparkling wine across the ship's bow.

"The George H. W. Bush is the latest in the Nimitz line. She is unshakable, unyielding, unstoppable. As a matter of fact, she probably should have been named the Barbara Bush," the president quipped.

Of the supercarrier, his father said: "This is a naval aviator's dream come true."

Also on hand for the ceremony were Marvin Bush and his wife, Margaret, and their son Walker; Sandy Randt, the ambassador to China and an old friend of the Bush family; and former White House chief of staff Andrew Card.

"It's a great gift for those of us who get to witness it to see the father and son there at a time of tremendous emotion for both of them. They have such tremendous mutual respect, and it's not just a respect of a father and a son, it's a respect for the country and those who served the country, and a respect for the loneliest office in the world, the president of the United States," Card said.

"Former president Bush is almost like a father to me, and this president is almost like a brother to me, so I feel particularly honored that they would include me," Card added.

Bush Family Celebrates Carrier Christening (UPI)

United Press International, October 8, 2006

NEWPORT NEWS, Va., Oct. 7 (UPI) -- U.S. President Bush christened a nuclear-powered aircraft carrier in Newport News, Va., Saturday named after his father, the 82-year-old former president.

"I know you join me in saying to our father: President Bush, your ship has come in," Bush said to applause as heavy rain fell.

Bush described the Nimitz-class USS George H.W. Bush supercarrier as "unrelenting," "unshakable," "unyielding" and "unstoppable," he said it "probably should have been named the Barbara Bush."

His father, a decorated World War II Navy pilot, once flew low over a beach to see women sunbathing, the president said.

The flyover upset a circus elephant, "causing him to break lose and make a run throughout the town," Bush said. His father "was grounded for causing an elephant stampede -- probably the only Navy pilot in American history who can make that claim."

Dorothy Bush Koch, the president's sister, smashed a bottle of sparkling wine against the carrier bow.

Security Gaps In Medicare And Medicaid (NYT)

By Robert Pear

The New York Times, October 8, 2006

WASHINGTON, Oct. 7 — Federal investigators say they have found serious computer security flaws that could lead to the improper disclosure of sensitive medical information on people enrolled in Medicare and Medicaid.

In a new report, the investigators, from the Government Accountability Office, said “key information security controls were missing” from a huge communication network used by the federal Centers for Medicare and Medicaid Services.

As a result, they said, sensitive, personally identifiable information “could be improperly modified, disclosed or deleted.” Moreover, the report said, “these weaknesses could lead to disruptions in services” to millions of Medicare and Medicaid beneficiaries.

The network is used to pay claims and to communicate with state Medicaid agencies, health care providers and many private contractors.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said none of the flaws had led to “actual security breaches.” Dr. McClellan said he was taking steps to fix the problems.

But the G.A.O. said Medicare officials would not necessarily know if a security breach had occurred because they had no “audit trail” to document use of the computer network, or a reliable way to detect intrusions into their computers.

In their report, the investigators described several problems:

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¶The potential for unauthorized users to gain access to the agency's computers because of a lack of strict password controls. Passwords are often so simple that outsiders can guess them.

¶Medicare and Medicaid data not being encrypted. "This could allow an attacker to view medical information" on beneficiaries.

¶A failure to keep complete records of who uses the network, so it cannot be determined who views or modifies files.

Senator Charles E. Grassley, Republican of Iowa, who requested the investigation, said Medicare officials needed "to get on top of these shortcomings immediately."

"Beneficiaries not only rely on Medicare for their health care coverage," said Mr. Grassley, chairman of the Finance Committee, which oversees Medicare and Medicaid, "they expect that the private information they entrust to the government is kept private, safe and secure."

Concern about computer security has increased since May, when the Department of Veterans Affairs reported a laptop computer with personal information on millions of veterans had been stolen from the home of an agency employee.

Dr. McClellan said, "We are very concerned about the specific control weaknesses" identified in the latest report. The computer network carries immense amounts of data with personal information on beneficiaries, including name, sex, date of birth, Social Security number and home address. The network also transmits medical and financial information, showing the diagnosis of a patient's illness, prescriptions, names of doctors and hospitals, services provided and the amounts paid.

Daniel R. Levinson, the inspector general at the Department of Health and Human Services, and his predecessors have expressed concern about weaknesses in Medicare computer security. The weaknesses "could ultimately result in unauthorized disclosure of sensitive information, improper Medicare payments or disruption of critical operations," Mr. Levinson warned last year.

The computer network connects the Centers for Medicare and Medicaid Services with banks, insurance companies, hospitals, nursing homes, health plans, other federal agencies and private contractors that pay claims for the government.

Medicare paid more than 1.1 billion claims last year. The size of its computer network and the number of transactions increased this year with the addition of a prescription drug benefit. The new program fills more than three million prescriptions a day. Insurers must file detailed data on each transaction.

In June, Medicare officials warned Humana after a company employee left personal information on 17,000 Medicare beneficiaries unsecured on a hotel computer in Baltimore.

The Bush administration is encouraging adoption of electronic health records and is urging doctors to send prescriptions electronically to drugstores. It is also asking beneficiaries to keep track of their health information, including Medicare claims and prescriptions, by using a new online service at www.MyMedicare.gov. In fine print, the government says it "does not warrant the accuracy" of information on the Web site.

Rules Deter Poor Children From Enrolling In Medicaid (WP)

By Chris L. Jenkins

The Washington Post, October 8, 2006

Needed Documents Unavailable to Some Families, Officials Say

Thousands of low-income children have been unable to enroll in Virginia's Medicaid program since July 1 because of new, tougher federal rules requiring proof of citizenship and identity, state officials said.

Officials for the state program for the poor and disabled said as many as 10,000 eligible children are living without health care largely because their families have been unable to present original birth certificates and other needed documentation to state or local Medicaid officials.

"These new rules are the single greatest factor for why children haven't been able to enroll" in Medicaid, said Linda Nablo, director of Maternal and Child Health at Virginia's Department of Medical Assistance Services, who said exact numbers would be available by the end of the month. "There are cases where everything about them is done, everything about them is approved, and all we're waiting for is [citizenship and identity] documentation.

"In the meantime, these kids are going without health care," she added.

The new federal rules, designed to curb fraud by illegal immigrants, require passports, birth certificates or other identifying documents to be shown when people apply for Medicaid benefits or during annual reenrollment in the program. Parents are also required to offer sworn affidavits as proof of a child's identity.

The rule is part of last year's Deficit Reduction Act, which President Bush signed into law in February. Despite a federal inspector general's report concluding that there was little fraud by illegal immigrants, supporters said the measure would ensure that Medicaid dollars go only to citizens or eligible immigrants. Previously, Medicaid applicants declared their citizenship or legal status, under penalty of perjury, without having to show evidence, although some states demanded proof.

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After an outcry from health-care advocates across the country, federal officials exempted elderly and disabled applicants from the new regulations. But the same exemption was not given to most children, which state officials say is making it difficult to enroll minors.

"We're talking about families that don't have a lot of resources," said Shelby Gonzales, director of Partnership for Healthier Kids, a Fairfax County program run by Inova Health System. She and other advocates said families are showing up at social services departments looking for medical coverage but never follow through because of the extra layer of bureaucracy. "There are just a lot of practical reasons why it's been difficult," she said.

State officials said that adults eligible for Medicaid might also be experiencing difficulties enrolling in the program but that it is unclear how many.

Medicaid spokeswoman Mary Kahn said the federal Centers for Medicare and Medicaid Services has done everything it could to prepare low-income families under the parameters set by federal lawmakers.

"Of course we're concerned that children who are entitled to health care may not be receiving it because of any misunderstanding about the new rules," she said. "We're working within the parameters that Congress gave us to assure that the goals of the law are met while not excluding people who are legitimately entitled."

Thus far, the changes have only affected those who are seeking health-care benefits for the first time, state officials said. Like most states, Virginia gave those already enrolled several months to gather the necessary documents. But that grace period ends this month, and there is concern that people who can't come up with the documents will be kicked out of the program.

"This is the tip of the iceberg," said Jill Hanken, a staff attorney for the Virginia Poverty Law Center in Richmond, which has been tracking the impact of the new regulations. "Once the grace period is up, unless we see a change, there are going to be a lot of people who simply won't be able to get reauthorized."

Officials in Maryland said they have not been able to determine whether any children have been unable to receive health care, largely because they only recently started tracking changes. Officials in the District reported that the number of children enrolling has not dropped.

Virginia officials and advocates for the poor said the new rules have stymied much of the progress the state has made in enrolling children in the state health-care program. Over the past several years, Virginia has averaged a net increase of 1,700 children a month into the Family Access to Medical Insurance Security Plus program; since July it has averaged a net loss of about 3,500 a month. As of Oct. 1, there were 376,314 children on Medicaid in the state.

Congress's Sorry Session (WP)

By David S. Broder

The Washington Post, October 8, 2006

The disgrace of Congress extends far beyond the scandals that have sullied the record of the dominant House Republicans. They are properly being blamed for most of the misdeeds and blunders that have marked this year on Capitol Hill, from the power grabs by Tom DeLay, to the greed of Duke Cunningham and Bob Ney, to the sexual overtures of Mark Foley.

Those were bad enough, and the glacial pace at which party leaders responded to all of them is a further indictment of the current regime. The House session opened with an attempt to change the rule that would have required an indicted Tom DeLay to step down as majority leader. It finished with Mark Foley hustling off to rehab before he answered questions about his electronic messages to underage male House pages.

And in between, what was accomplished? Nothing of significance on any of the major problems confronting the nation.

That is the real failure and the reason there should be a lot of new faces when the next Congress starts work in January.

Whether the need was immigration reform, a rational energy policy, an effort to expand health insurance coverage or greater security for retirement, Congress failed to deliver.

It worked fewer days -- and accomplished less -- than any Congress in recent history, and much of its routine work on spending bills was postponed until after the election.

The legacy of what it left undone -- especially in the fiscal area -- will damage future generations long after the memories of DeLay and Foley and their follies have vanished.

The Committee for a Responsible Federal Budget, a bipartisan group of former government officials, expressed dismay last week that Congress had adjourned without adopting a formal budget resolution. Because the House and Senate were unable to agree, the committee's president, Maya MacGuineas, said, "Congress is tasking itself with spending millions of dollars while flying blind. That is no way to run a country."

The liberal Center on Budget and Policy Priorities added up the damage done by this Congress in a end-of-session report: "The 109th Congress took our already large projected budget deficits and passed legislation that will make them larger. The legislation increased projected deficits from 2005 (the year the Congress convened) through 2011 (when the current five-year

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budget window ends) by a total of $452 billion. Moreover, the budget deterioration over the past six fiscal years -- 2000 to 2006 -- is the largest deterioration for any six-year period in the past half-century."

Stan Collender, an independent budget analyst writing in National Journal, said that this year's failure implies more tough sledding next year. "Combined with the likely narrower margins in Congress next year (regardless of which party is in the majority), this almost guarantees that work on the budget will be slow, halting and painful. It also means that incremental progress may be too much to expect."

Some of the session's failures may be laid at the feet of the minority Democrats, who used parliamentary tactics, particularly in the Senate, to thwart some Republican proposals. But most of the difficulty can be found on the Republican side of the aisle, where ideological differences and simple political resistance proved to be a persistent problem.

It is difficult to remember, but President Bush's first priority after his reelection in 2004 was changing the Social Security system to include privately owned accounts. For the better part of six months, he spoke everywhere about his plan -- but he never got around to introducing legislation. And every time he tried to drum up support for some version of the scheme, the word came back from the Capitol that Republicans were not prepared to vote for any such idea. In the end, Social Security reform never came to a vote in any committee of the House or Senate, let alone reached the floor. The Republicans simply chickened out.

The record on immigration was not much better. The House passed a punitive bill that would have closed the border and clamped down on illegal immigrants already living here. The Senate followed the president's wishes and approved a more generous and comprehensive approach, including a guest worker program and a difficult but manageable path to citizenship for those residing here illegally.

But House and Senate leaders never ordered the negotiations that might have led to agreement on a final bill, so in the end, little was accomplished.

That was the hallmark of this Congress. We have to do better.

davidbroder@washpost.com

The Economy That Could (LAT)

By Editorial

The Los Angeles Times, October 8, 2006

Regardless of what any politician says, the Dow's recovery is a tribute to the resilience of the U.S. economy.

AT LEAST IT DIDN'T TAKE A quarter-century. That's how long it took the Dow Jones industrial average to recover from the 1929 stock market crash. The Dow hit an all-time high Tuesday after a nearly seven-year swoon. The previous closing high for the Dow occurred when the nation was still partying like it was 1999 — even though it was Jan. 14, 2000, when inflated dot-com share prices allowed a company such as AOL to buy a company such as Time-Warner.

We know: There's no reason to break out the champagne. The Dow may be the nation's most established stock index, but it tracks a mere 30 blue-chip companies — and its recent surge owes a lot to such old-economy stalwarts as Caterpillar, Boeing and Altria (which is not a missionary group that builds schoolhouses in Africa but rather Philip Morris renamed). The more representative S&P 500 index is still about 10% off its 2000 high, and the tech-heavy Nasdaq composite is, well, you don't want to know.

Still, the Dow's milestone is worthy of celebration. The economy is strong, as President Bush gloated on Friday. Unemployment — 4.6%, according to the Labor Department's jobs report — and inflation are reassuringly low, growth is steady and the global economy appears to be sound. Corporations have become more efficient and profitable and their market valuations more reasonable than during the '90s bubble.

Despite concerns about a correction in housing prices, consumers remain confident. There have been legitimate concerns about households not faring as well as corporations in recent years, but even on this front, there is good news. Average hourly wages in September were up 4% from a year earlier.

It's always amusing to watch the political spinning of economic data, especially because it foolishly presupposes (on both sides of the statistical food fight) that the government is omnipotent. Democrats look shrill when they engage in mental contortions to argue that what is plainly good news is a mirage. It's equally disingenuous for the president to claim that his temporary tax cuts, which were sold to the country as a needed "stimulus" at a dire time, must be made permanent at a time of prosperity.

If Treasury Secretary Henry M. Paulson Jr. wants to avoid becoming just another in a series of Treasury secretaries who shrank in office to little more than White House cheerleaders, he is going to have to persuade the president to take advantage of this strong economy and address some of the federal government's structural long-term deficits.

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In the meantime, all politics aside, the Dow's recovery is a tribute to the resilience of the U.S. economy, which has weathered the 9/11 attacks, Enron and other corporate scandals, increased global competition, rising oil and commodity prices, geopolitical risks associated with the war in Iraq and nuclear proliferation. There is a lot to keep one up at night, and nervousness about uncertainty and change helps explain why not everyone is exulting over objectively good data. What's more important, though, is that people don't panic either. With any luck, the Dow will hit 15,000 before it hits 10,000 again.

OTHER NEWS:

Raise The Gasoline Tax? Funny, It Doesn't Sound Republican (NYT)

By Daniel Gross

The New York Times, October 8, 2006

FOR nearly two decades, Alan Greenspan owned the biggest megaphone in Washington as chairman of the Federal Reserve. When Mr. Greenspan dispensed advice on matters economic — interest rates, budget and tax policies, entitlements, the stock market, the best kind of mortgage — people listened.

As a rule, Mr. Greenspan, a Republican by temperament and background who was reappointed twice by Bill Clinton, adhered closely to Republican orthodoxy on taxes: the lower the better. Mr. Greenspan was hardly a proponent of raising taxes on energy to encourage conservation, a policy prescription generally associated with the politicians and economists of the left.

Until now. In late September, as he spoke to a group of business executives in Massachusetts, a question was posed as to whether he'd like to see an increase in the federal gasoline tax, which has stood at 18.4 cents a gallon since 1993. "Yes, I would," Mr. Greenspan responded with atypical clarity. "That's the way to get consumption down. It's a national security issue."

Mr. Greenspan isn't the only Republican-aligned economist to have discovered, or rediscovered, a fondness for higher energy taxes since leaving government service. N. Gregory Mankiw, the Harvard economist who served as chairman of President Bush's Council of Economic Advisers from 2003 to 2005, favored a higher gas tax before going to Washington, and has been banging the drum loudly for it since he left. On his blog, Mr. Mankiw has formed the Pigou Club, named for Arthur C. Pigou, the British economist credited with introducing the notion that taxes could be used to correct imperfections in the market. The roster of what Mr. Mankiw calls "economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes," includes some of the usual suspects — Paul Krugman, a columnist for The New York Times, and Al Gore, for example — as well as unusual suspects like Gary S. Becker, the economics professor and Nobel laureate at the University of Chicago.

Andrew A. Samwick, chief economist on the Council of Economic Advisers from July 2003 to June 2004, and a professor of economics at Dartmouth, is a member in good standing. So is Martin S. Feldstein, the intellectual godfather of a generation of Republican economists. In June, Mr. Feldstein laid out his own Pigovian plan on the home page of Republican economic orthodoxy — the Wall Street Journal editorial page. The government, Mr. Feldstein said, should essentially ration gas by distributing tradable gas rights that entitle people to use gasoline. Those who don't want to use them could sell them, and those who want to drive more would buy them. "The 50-cent price of the T.G.R. would have the same incentive effect as a 50-cent gasoline tax," he wrote.

What gives? Clearly, there is an emerging consensus among economists — right and left — that the nation would be better off, geopolitically and economically, if Americans used less gasoline. "Given the role that imported oil plays today, you can't continue to be a responsible economist and not talk about ways to reduce that dependence," Mr. Samwick said. "If you are concerned about the external consequences of imported oil, then you should raise the cost of it." And free-market economists view a higher gas tax as a more elegant solution than, for example, raising auto efficiency standards.

Others chalk up the rising chorus for a higher gas tax to a growing unity among economists across the political spectrum on the deleterious effects of global warming. "The U.S. has reasonable arguments for not signing the Kyoto treaty, but we need to propose some other measure that will help reduce emissions," said Kenneth Rogoff, former chief economist at the International Monetary Fund and professor of economics at Harvard. A sharply higher tax on gas would help reduce consumption, and hence emissions.

But as much as Republican-leaning economists like Messrs. Greenspan, Mankiw and Samwick may think that it's a good idea, the Republican politicians who control the levers of power in Washington think that it's an awfully bad one, even though gas taxes in the United States are far lower than those in other industrialized countries. According to the International Energy Agency, American gas taxes in August were a mere 40 cents a gallon on average, compared with $4.24 a gallon in Britain and $3.99 in Germany.

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The last increase in the federal gas tax was enacted as part of the so-called deficit reduction act of 1993, a package of spending cuts and tax hikes that didn't receive a single Republican vote in Congress. And because President Bush and his top political advisers are known to be adamantly opposed to any increase in the gas tax, economic advisers haven't pushed it much. "We didn't have policy discussions about raising the gas tax," Mr. Samwick recalls of his time in the White House.

THIS highlights a professional hazard faced by academic economists who serve in presidential administrations. They must act as team players who value the overall success of the administration — even if they don't agree with all of its policies. As a result, economists must often stow some of their policy ideas in an intellectual coat check at the White House gates, where they can be reclaimed upon return to private life.

In the 1990's, during the less-disciplined Clinton years, it was relatively common for economic policy makers and advisers to publicly disagree — sometimes loudly — about issues ranging from health care to welfare reform.

"We were allowed to advocate for our ideas, both inside and to some degree outside," said Brad DeLong, who served as deputy assistant secretary for economic policy at the Treasury Department from 1993 to 1995 and is now a professor of economics at the University of California, Berkeley. "But that's not the way the current system works."

When it comes to economic policy, the Bush administration has proved itself to be an intellectually regimented environment, less like the Harvard economics department and more like the Harvard crew team.

Roller Coaster At The Pump (NYT)

By Editorial

The New York Times, October 8, 2006

It seems a little too convenient. As the stretch run to the midterm Congressional election approaches, gasoline prices fall precipitously. The sudden shifts in prices seem to come out of the blue. And unlike copper or pork bellies, oil is a commodity always charged with political significance.

It only sets the bloggers typing faster and the pundits chattering louder when a key player in the price swing is the investment bank Goldman Sachs, whose chief executive, Henry Paulson, left to become President Bush's Treasury secretary. The suspicions were serious enough that the White House press secretary, Tony Snow, addressed them. He joked that it would take "the kind of magisterial clout unknown to any other human being" to rig gas prices. But with 42 percent of respondents to a Gallup poll saying that they believed the Bush administration was manipulating prices ahead of the election, it is probably not a laughing matter behind closed doors at the White House.

Mr. Snow is actually right — no one can control the 85-million-barrel-a-day global market in petroleum products. But consumers' gut feeling that something is not right with the gasoline market is a recognition of fundamental changes in supply and demand that have made prices more volatile and attracted ever more speculation. Average Americans find themselves at the whim of an increasingly capricious market, one that strikes hard in the pocketbook. And it might become worse.

Our demand for petroleum products strains the limits of the global capacity to supply them. In past decades, if a pipeline broke in Nigeria, Saudi Arabia might compensate by setting workers to pumping more oil. Now, with little additional capacity, rising prices are necessary to balance out supply and demand. Each bump can feel like an earthquake. But to speculators, volatility means the potential for big profits, so hedge funds and investment banks pile in to make bets, bidding oil futures up to unnatural highs and making the market even more unstable.

Summer is usually a time when prices go up; as families climb into minivans for vacations, demand increases. Predictions of another dire hurricane season this summer had the speculators salivating as they envisioned big storms headed for those oil rigs and refineries along the Gulf Coast. When the hurricanes failed to materialize and the driving season came to an unimpressive ending, the shouts of "Buy!" turned to cries of "Sell!"

Consumers may be relieved to find that prices at the gas pump plunged as a result, but unfortunately they could very well be in for more volatility and new price spikes down the road. As long as the demand for oil and gasoline grows faster than the ability to produce and refine them, the slightest shocks to supply will keep sending prices rocketing higher. The only way to get a stable market back is to cut back consumption, through greater efficiency and alternative fuels.

Foley Consuming GOP As Elections Draw Near (WP)

By Michael Grunwald And Chris Cillizza

The Washington Post, October 8, 2006

FORT LAUDERDALE, Fla. -- Rep. E. Clay Shaw Jr. (R-Fla.) was trying to talk about security Friday at bustling Port Everglades, but with planes roaring overhead and containers slamming onto trucks, nobody could hear him.

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That's a common problem for Shaw and Republican candidates around the country these days -- trying urgently 30 days before Election Day to frame a winning message but finding their efforts drowned out by the furor over former representative Mark Foley (R-Fla.).

"It's sucking all the air out of the room," Shaw said in an interview after his news conference at the port. "It's a tough time; there's just total saturation right now."

Back in Washington, Republican strategists acknowledge privately that, even under their best-case scenario, Foley's sexually charged messages and allegations that House leaders were too passive in responding to them will remain an all-consuming distraction for GOP campaigns for the next week.

Their strategy -- equal parts hope and calculation -- relies on waiting for the story to die down in local news outlets, even if it continues to dominate national news, while also accusing Democrats of exploiting a personal lapse for political gain.

In both parties, there is rough agreement among operatives that the impact of the Foley scandal is likely to be felt in two different ways.

There are several places where local factors could amplify the scandal's destructive power against Republican candidates. Rep. Thomas M. Reynolds (R), who is facing questions about his own role in responding to reports of Foley's conduct, is suddenly in a tough race against Democrat Jack Davis in an upstate New York district. In Pennsylvania, Republican Rep. Don Sherwood's already troubled campaign hardly needed anything that might remind voters of his admission earlier this year that he had an affair with a woman who accused him of physical abuse.

Beyond these specific races, however, many strategists in both parties believe the scandal might echo principally as a metaphor for a GOP leadership that over the past year has drawn more attention for ethical lapses and partisan turmoil than legislative achievements.

An Associated Press-Ipsos poll conducted after the revelations found 63 percent of voters "dissatisfied" or "angry" with House Republican leaders, and 73 percent disapproving of the job Congress is doing. In a Time magazine poll, 68 percent said the scandal will have no effect on their vote, but only 16 percent said GOP leaders handled it appropriately.

"People aren't going to vote on this issue, but it's given people an easy way to think about everything they're unhappy about," said Democratic media consultant Anita Dunn.

Rep. Rahm Emanuel (D-Ill.), who is running the House Democrats' campaign committee, said he believes the GOP's own conservative activists are among the most repelled by Foley's behavior and by allegations of a lackadaisical response by House Speaker J. Dennis Hastert (R-Ill.).

Among partisans, he said, "it only energizes our base and makes theirs more despondent." Among independent voters, he added, "nobody votes for this much chaos."

Notably, a frustrated GOP strategist who spoke on the condition of anonymity essentially agreed, saying his party's mishandling of Foley "speaks to our inability to govern and do the right thing. It says everything about who we are as a party."

In several places across the country, the Foley fire is being aggressively fanned by Democrats. In Indiana's 9th District, former representative Baron Hill (D) is airing an ad attacking Rep. Michael E. Sodrel (R) for accepting campaign cash from Republican leaders who "knew about but did nothing to stop sexual predator Congressman Foley." Minnesota child-safety advocate Patty Wetterling, a House candidate whose son was abducted in the 1980s, delivered Saturday's Democratic radio address, attacking GOP leaders for their "silence" on Foley and urging voters to "restore integrity to Congress." In Ohio, Mary Jo Kilroy (D) is running ads on Christian radio, trying to taint Rep. Deborah Pryce (R) by association: "Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages."

Even New Jersey GOP Senate candidate Thomas H. Kean Jr. recently urged Hastert to resign, although most Republican candidates simply condemned Foley's behavior and called for a full investigation before trying to pivot back to local issues and national security.

In a sign that he is on the defensive, Reynolds went on the air this weekend with ads in Buffalo and Rochester that amounted to a mea culpa over Foley. "Nobody's angrier and more disappointed that I didn't catch his lies," the New York congressman says. "Looking back, more should have been done, and for that, I am sorry."

Most places, though, accusation, not apology, is the Republican approach. Party operatives are distributing talking points to talk radio and conservative blogs detailing the Democratic ties of groups such as Citizens for Responsibility and Ethics in Washington and American Family Voices -- two interest groups working to promote the scandal around the country. Republicans have also been working to remind conservatives of Democratic reaction to past sex scandals including those of President Bill Clinton and then-Rep. Gerry Studds (Mass.), who admitted to sexual contact with a page and went on to serve a decade longer in the House. Rep. Joe Barton (R-Tex.), who is close to White House adviser Karl Rove, released an open letter drawing a connection between the Studds and Foley cases.

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For all its intensity, the calculation in both parties is that the Foley scandal is unlikely to reshape the basic dynamics of the Nov. 7 elections, which still seem to hinge on voter attitudes toward Iraq, the economy and President Bush.

Carl Forti, communications director at the National Republican Congressional Committee, said he has seen no polling in individual races that suggest Foley is seriously eroding support for GOP candidates. "I think most of our campaigns had gotten back to talking about local issues by Tuesday or Wednesday," he said.

Shaw, the mild-mannered dean of Florida's congressional delegation, was trying to do just that as he campaigned for a 14th term representing the 22nd District, immediately south of Foley's. He showed off some fancy X-ray machines he had secured for Port Everglades, and suggested his seniority on the Ways and Means Committee and his close relationship with House leaders have paid dividends for his constituents. But polls show him in an extremely tight race with his challenger, state Sen. Ron Klein, who thinks the Foley incident illustrates why Shaw's close ties with national Republicans will be a liability.

"People have lost their trust in Washington, and this shows why," Klein said after a campaign event Friday in Delray Beach. "It reinforces the feeling that the people running the show in Congress are more interested in protecting their power than protecting kids." He added, "People have had enough of this go-along, get-along attitude."

Shaw's ability to get along with Hastert has helped him in the past. In 2000, the speaker helped ram an $8 billion Everglades restoration bill through the House a few days before the election. Shaw was then reelected by fewer than 600 votes, and subsequent redistricting gave him more Republican constituents. But although Shaw was comfortably reelected in 2004, his district narrowly supported Sen. John F. Kerry (D-Mass.) over Bush. And the redistricting has shifted its geographic center from Shaw's Fort Lauderdale toward Klein's Boca Raton.

Klein is the nation's best-funded Democratic challenger, and he has spent his money on ads linking Shaw to Bush and the GOP Congress. He has criticized Shaw's unstinting support for the Iraq war, and in a district teeming with retirees, he has hammered Shaw for supporting Bush's prescription drug plan, as well as elements of Bush's Social Security plans. Now Klein has called for Hastert and anyone else who knew anything about Foley's electronic activities to resign and is assailing Shaw for his close relationship with the speaker.

Shaw says he is also "very proud" of the record of the Republican Congress, as well as his own record of bringing home the bacon. In an interview, Shaw praised Hastert's response to the allegations and suggested it was "quite a coincidence" that the story broke after it was too late to replace Foley on the ballot, on the day Republicans were passing an immigration bill. He warned that Democrats will pay a price "if they timed this politically."

Even if Foley only costs Republican candidates a percentage point or two, that could make the difference in races as close as Shaw's. "It's the only thing people are talking about -- in the parking lot, on the soccer field, everywhere," said Rep. Debbie Wasserman Schultz (D-Fla.), who has been friends with Klein since they served together in the Florida legislature. "It's another congressional scandal, and it's right in our back yard; it can't help but resonate."

Dems Positioned To Challenge GOP Control (NYT/AP)

By David Espo

The New York Times, October 8, 2006

WASHINGTON (AP) -- Aided by public revulsion over an Internet-age sex scandal, Democrats enter the final month of the campaign well-positioned to challenge for control of Congress, while Republicans increasingly express concern about holding onto power.

"We're going to need everything we have to make sure we're victorious," said Republican Rep. Tom Cole of Oklahoma, who had long experience as a party strategist before his election to Congress.

"I think we have the ability to do that but it depends on how well we perform," he added.

Yet with four weeks -- and an unknown number of swings in political momentum -- remaining until the Nov. 7 elections, Democrats guarded against excessive optimism.

"It's still an uphill battle," said New York Sen. Chuck Schumer, speaking at the end of a tumultuous week in which Republicans struggled to overcome the political damage caused by former Rep. Mark Foley, R-Fla., and his sexually explicit computer messages to teenage male pages.

Democratic candidates are in competitive races for seven Republican-held seats in the Senate and 30 or more in the House, according to public as well as private polls. Equally significant is that barring a change, GOP opportunities for offsetting gains appear minuscule -- only three or four House seats currently under Democratic control and one in the Senate.

Members of the leadership in both the House and Senate are among the Republicans in jeopardy -- Sen. Rick Santorum in Pennsylvania and Rep. Deborah Pryce in Ohio -- as Democrats look for major gains in the Northeast and Midwest.

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Four Republican congressmen are in trouble in Pennsylvania. And strikingly, three more are struggling for survival in Republican-red Indiana -- at the same time Sen. Richard Lugar is coasting to a sixth term without so much as a Democratic opponent.

Thirty-six states are electing governors this year. Republican Arnold Schwarzenegger leads in the polls for re-election in California, but Democrats are in commanding positions to succeed retiring Republicans in New York and Ohio.

The fate of hundreds of ballot initiatives will be decided. Several states will vote on proposals to ban same-sex marriages and raise the minimum wage. Republicans hope the former will boost turnout in crucial congressional races, and Democrats have similar plans for the latter.

In the race for control of Congress, Democrats must gain 15 seats to wrest control of the 435-member House, and six to establish a majority in the 100-member Senate.

Strategists in both parties agree the fall campaign already has been marked by two distinct trends. The first, which began after Labor Day, saw gradual movement toward the Republicans as President Bush campaigned vigorously on national security issues.

That momentum began to dissipate two weeks ago with the partial publication of a government intelligence report that cast doubt of his administration's claims of progress in Iraq.

Then came Foley's resignation Sept. 29 after he was confronted with sexually explicit computer messages he had sent to teenage male pages who work in the Capitol. In the following days, Speaker Dennis Hastert, R-Ill., and other GOP leaders struggled to answer questions of when they learned of Foley's actions and what they had done about them.

"It has stopped any momentum that the president had in improving his standing, mostly because it knocked him off the front pages and it knocked security off the front pages," said Steve Lombardo, a Republican pollster.

It did more than that. Some Republicans canceled planned campaign appearances with Hastert, and Democrats challenged their GOP opponents to call for his resignation.

Republican Rep. Mike Simpson of Idaho said he was no longer confident the GOP would retain power, a shift from a week earlier, when he said he was "fairly confident" they would. "It's a real toss-up, he said.

An Associated Press-Ipsos poll taken while the scandal was dominating the news found that about half of likely voters said the issues of corruption and congressional scandal would be important when they cast their ballots.

About two out of three of those voters said they would choose the Democratic candidate.

Officials in both parties said the long term impact of the page scandal was unclear.

"The real question is whether it's a crystallizing event for voters," said Carter Eskew, who has advised numerous Democratic lawmakers and candidates. "Whether they saw this is the last straw and they start to coalesce" around the belief that Republicans are not willing to be accountable for actions that occur on their watch.

Apart from Santorum, Republican incumbents in trouble include Sens. Conrad Burns in Montana, Lincoln Chafee in Rhode Island, Mike DeWine in Ohio and Jim Talent in Missouri.

Sen. George Allen of Virginia recently has joined the list, although Republicans expressed hope his position had finally stabilized after weeks spent trying to rebut charges of racism and religious insensitivity. Democratic challenger Jim Webb recently reported a sharp jump in fundraising, and the party is also expected to come to his aid with television commercials in the campaign's final weeks.

Democrats also remain optimistic about their prospects in Tennessee, where Republican Bob Corker's staff recently underwent an upheaval and Democratic Rep. Harold Ford has proved a resilient contender.

Republicans cite their prospects in New Jersey, where Tom Kean Jr. is in a close race with Democratic Sen. Bob Menendez. And Democrats unexpectedly began advertising on television in Maryland for Rep. Ben Cardin, although polls show him leading Republican Michael Steele comfortably in a reliably Democratic state.

In the House, Democrats said they were still looking for late-developing opportunities, and Republicans are hoping to avoid last-minute ambushes.

Bush campaigned in recent days for California lawmakers in little evident jeopardy, and the National Republican Congressional Committee commissioned a poll to check the status of an open seat in Idaho, an area that is among the most Republican in the country.

Foley's departure created an instant opportunity for Democrats to gain a seat previously out of reach in Florida. Democrats also said they are increasingly optimistic about their prospects for seats vacated by Rep. Jim Gibbons in Nevada and Katherine Harris in Florida.

Pryce and Rep. John Hostettler of Indiana are among the most vulnerable of the Republicans in the House, both trailing their Democratic rivals in private polls. Other GOP incumbents in tight races include Reps. Jim Gerlach, Michael Fitzpatrick, Curt

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Weldon and Don Sherwood, all from Pennsylvania; Thelma Drake of Virginia; Heather Wilson of New Mexico; and Chris Chocola and Mike Sodrel of Indiana.

Sodrel had a distinction of sorts -- the first Republican to be hit with commercial that featured a picture of Foley.

It said Sodrel had accepted $77,000 in campaign donations from "the House leadership who knew about but did nothing to stop sexual predator Congressman Foley."

Foley Case Is Campaign Fodder For Democrats (LAT)

By Janet Hook

The Los Angeles Times, October 8, 2006

As candidates seize on the scandal, the issue has changed the focus of the election and appears to be taking a toll on GOP prospects, analysts say.

WASHINGTON — As the congressional page sex scandal has unfolded in Washington, Democratic candidates across the country are seizing on the controversy as a potent campaign issue and an emblem of why voters should strip Republicans of their majority in the midterm elections.

Just over a week after Rep. Mark Foley (R-Fla.) resigned his seat, some analysts said the scandal was abruptly changing the focus of the fight for control of Congress — at least for now. It is taking a toll on Republicans' national prospects, even though only a handful of GOP lawmakers are directly affected by the reports that Foley sent sexually explicit electronic messages to teenage congressional pages.

Democratic ads are popping up nationwide to put a spotlight on allegations that House GOP leaders were slow to respond to early clues about Foley's misconduct. The first such ad was aired days ago by Minnesota House candidate Patty Wetterling, a child safety advocate who was asked by Democratic leaders to give the party's weekly national radio address Saturday.

"Our nation's children and their parents don't deserve to endure fear in our schools, and it is wrong to make children endure fear within the halls of Congress," Wetterling said.

The scandal has helped increase the number of Republicans facing competitive challenges from 37 last week to 43 now — a shift that includes four lawmakers who were considered safe but have now moved into the danger zone, according to the nonpartisan Cook Political Report's weekly analysis Friday.

"For Democrats, who have been hammering home a 'time for change' theme, the scandal in Washington and the inept handling of it by the Republican leadership in Congress crystallizes this message in a way that 30-second commercials never could," said Amy Walter, analyst of House elections for the Cook report.

Republicans are clearly nervous but remain hopeful that the scandal will recede in the month leading up to election day. They take heart from a poll by the Pew Research Center for the People & the Press that found that the scandal had not had discernible impact on whether voters planned to vote Democratic or Republican.

National Republican Congressional Committee spokesman Carl Forti said the impact would be felt only in a handful of districts where lawmakers were directly involved in controversy about how the scandal was handled — including Foley's district, which was considered safe for the GOP but now is considered likely to go Democratic. In other districts, Forti said, "people are going to the polls and it's going to be a choice between the two people on the ballot."

But a well-placed GOP strategist conceded that the landscape could quickly change as the scandal continued to unfold.

"If something else emerges, because they are following the story so closely, that will also penetrate real quickly so the dynamic could easily change," said the strategist, who spoke on condition of anonymity when discussing party anxieties.

Over the weekend, for example, the Washington Post reported that a new source corroborated a crucial claim by Foley's former aide Kirk Fordham that Scott Palmer, chief of staff to House Speaker J. Dennis Hastert (R-Ill.), was aware of Foley's inappropriate contacts with pages long before he had acknowledged.

Hastert spokesman Ron Bonjean did not contradict the account, saying only that the issue was being reviewed by the House Ethics Committee.

Bill Burton, spokesman for the Democratic Congressional Campaign Committee, said that suggestions of a possible high-level coverup probably would embolden even more Democratic candidates to make the issue part of their campaign.

As a result, the midterm election campaign may end as Democrats had hoped in the beginning — with a focus on ethics. That Democratic strategy had run aground for months when party members got caught up in corruption charges. Now, renewed focus on corruption may work more to their advantage.

An Associated Press-Ipsos poll taken while the scandal was dominating the news found that about half of likely voters said the issues of corruption and congressional scandal would be very or extremely important when they cast their ballots. About two-thirds of those voters said they would choose the Democratic candidate.

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"Everybody out here in the Republican Party is trying to decouple as best they can from Washington," said Floyd Ciruli, an independent pollster in Denver. "The Foley issue has reignited the whole notion that Washington is corrupt. It reinforces the notion they don't police themselves, they're arrogant, they think they're above the law."

Democrats need a net gain of 15 seats to win a majority in the House, and six to capture control of the Senate.

The ripple effects of the scandal are reaching beyond House races into Senate campaigns.

In Tennessee, when Republicans ran an ad that said Democratic Rep. Harold E. Ford Jr., who is running for Senate, attended a party with Playboy Playmates, he snapped: "I'm not going to take a lecture on morality from a party that took hush money from a child predator."

In Montana, Democrats are circulating photos of endangered GOP incumbent Sen. Conrad Burns appearing with Foley, with whom he worked on Internet safety legislation.

In the New Jersey Senate race — where questions about the ethics of Democratic Sen. Robert Menendez have been a major issue — GOP nominee Tom Kean Jr. scrambled quickly to distance himself from Washington leaders and Friday issued an unconditional call for Hastert to resign as speaker.

"He is the head of the institution and this happened on his watch," Kean said. "The culture of protecting each other has eroded Congress and the public's faith in government."

Among House Republicans, probably no one has more to fear than Rep. Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. He has come under scrutiny in the Foley investigation because he learned in the spring of the "overly friendly" e-mails sent to pages. Reynolds said he had informed Hastert, who has said he does not recall the conversation, and relied on others to investigate.

Now, Reynolds' once-safe seat has become a tossup, according to the Cook report analysis. Democrats have released a poll showing Democrat Jack Davis, a businessman, ahead of Reynolds, 50% to 42%. Reynolds aides claim his own polls do not show him trailing, but this weekend the congressman began airing a 60-second ad that strikes a defensive note.

"Nobody's angrier and more disappointed than me that I didn't catch [Foley's] lies," Reynolds says. "Looking back, more should have been done. And for that, I am sorry."

Another member of the GOP leadership, Rep. Deborah Pryce (R-Ohio), has been put on the defensive by her Democratic challenger's assertion that Pryce should have known Foley was a child predator.

"Republican leaders were more concerned about protecting politicians than protecting teenagers," says the ad, broadcast on Christian radio stations by Democrat Mary Jo Kilroy. "Deborah Pryce is part of the problem in Congress."

Pryce immediately called a news conference and accused Democrats of "blatantly politicizing" Foley's resignation. She said it was an "outrage" to suggest she had protected a predator, contending she did not know about the explicit e-mails until the news broke in recent weeks.

The scandal teed up an issue tailor-made for Wetterling, the Minnesota House candidate, who made her name as a national advocate for missing children after her son was abducted, never to be seen again.

In her radio address Saturday she said, "We need to restore integrity to Congress, integrity that was further damaged by congressional leadership's silence."

But she is running against a polished state senator, Michele Bachmann, in a district that leans Republican. Although the Cook report now rates this a tossup, Walter said, "The district's GOP lean gives Bachmann a cushion that may be enough to protect her in this bleak political environment."

Walter also argues that the climate poses new risks even for GOP incumbents far removed from the Foley scandal but who have faced other ethics questions, including Rep. John T. Doolittle (R-Roseville) who has been on the defensive about his relationship with disgraced GOP lobbyist Jack Abramoff.

Some Republican strategists fear that the political impact of the scandal will not be to increase votes for Democrats, but simply to demoralize GOP voters so much that they do not go to the polls at all.

"It's one more blow in terms of Republican turnout, one more reason why Republicans will say, 'Why bother?' " said GOP pollster Eddie Mahe.

Bauer Says Republicans May Be Hurt By Foley Case (Update1) (BLOOM)

By Catherine Dodge

Bloomberg, October 8, 2006

Oct. 7 (Bloomberg) -- The Mark Foley sex scandal may make it harder for Republicans to turn out voters in the November elections, said Gary Bauer, the president of American Values, a group that advocates the protection of traditional marriage.

``The Foley mess makes it harder to galvanize that base," Bauer said in an interview on Bloomberg TV's ``Political Capital with Al Hunt" airing this weekend.

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About 78 percent of the American public has heard or read about the scandal and 25 percent said they are less likely to vote for the Republican candidate in their district because of it, according to a Time magazine telephone poll taken Oct. 3-4.

Bauer added that the situation may change if an investigation finds that Democrats had information about Foley and timed its release for political reasons.

``Radical gay rights organizations'' and ``liberal politicians'' are wrong to be ``sitting in judgment of the Republican Party,'' Bauer said. ``There are still people serving in the United States Congress that engaged in some fairly bizarre behavior in the other party.''

Bauer, who was domestic policy adviser to former President Ronald Reagan and a 2000 presidential candidate, said anyone who didn't pursue allegations against Foley for political reasons should share the blame.

``If anybody in the leadership or anybody out of the leadership in either party didn't act on this, either to save seats in Congress or didn't act on it because they wanted to wait until a few weeks before an election in order to win seats,'' they should be held accountable, Bauer said.

The Time poll showed that 64 percent of the respondents said Republican leaders tried to cover up the Foley scandal and just 15 percent said the Republican leadership handled it properly. The poll of 1,002 adults has a margin of error of plus or minus 3 percentage points.

Foley, 52, a Florida Republican, resigned his congressional seat Sept. 29 after ABC News questioned him about sexually explicit electronic messages sent to male pages. Pro-Republican groups and some party lawmakers have said House Speaker Dennis Hastert should have acted more forcefully when informed of other, less explicit Foley e-mails to another page.

Bauer founded his Arlington, Virginia-based group in 2000.

A Political Limbo (NSWK)

By Marcus Mabry

Newsweek, October 8, 2006

How low can the Republicans go?

Come hell or high water-ran the conventional wisdom-Republicans could rely on two issues to win elections: the war on terror and values. Then came Mark Foley. The drip-drip-drip of scandal surrounding the former Congressman from Florida, which became a deluge this week, now threatens to sink Republican hopes of keeping control of Congress, says the NEWSWEEK poll out today.

And that was the good news for the GOP. More worrisome still, the Foley fiasco is jeopardizing the party's monopoly on faith and power. For the first time since 2001, the NEWSWEEK poll shows that more Americans trust the Democrats than the GOP on moral values and the war on terror. Fully 53 percent of Americans want the Democrats to win control of Congress next month, including 10 percent of Republicans, compared to just 35 percent who want the GOP to retain power. If the election were held today, 51 percent of likely voters would vote for the Democrat in their district versus 39 percent who would vote for the Republican. And while the race is closer among male voters (46 percent for the Democrats vs. 42 percent for the Republicans), the Democrats lead among women voters 56 to 34 percent.

The pace of the news on the Foley scandal is making it difficult for Republicans to stop their slide. On Thursday, House Speaker Dennis Hastert declared that mistakes were made in handling the Foley case and that he would remain in his post to make sure the misdeeds were thoroughly investigated. Almost immediately, ABC News reported that three more former pages had come forward to say that they had received suggestive e-mails and instant messages from Foley. And just as Republicans were attempting to form a united front to paint the timing of the Foley revelations as Democratic dirty tricks-What did Nancy Pelosi know and when did she know it?-the Republicans got a fratricidal shot out of the dark-on Iraq. Virginia Republican Sen. John Warner declared that the United States had 90 days to quell the violence in Iraq, or risk losing the war. To top it off, on Friday an aide to Karl Rove resigned over the Jack Abramoff influence-peddling and corruption scandal.

Meanwhile, the president's approval rating has fallen to a new all-time low for the Newsweek poll: 33 percent, down from an already anemic 36 percent in August. Only 25 percent of Americans are satisfied with the direction of the country, while 67 percent say they are not. Foley's disgrace certainly plays a role in Republican unpopularity: 27 percent of registered voters say the scandal and how the Republican leadership in the House handled it makes them less likely to vote for a Republican Congressional candidate; but 65 percent say it won't make much difference in determining how they vote. And Americans are equally divided over whether or not Speaker Hastert should resign over mishandling the situation (43 percent say he should, but 36 percent say he shouldn't).

The scandal's more significant impact seems to be a widening of the yawning credibility gap developing between the President, his party and the nation. While 52 percent of Americans believe Hastert was aware of Foley's actions and tried to cover them up, it's part of a larger loss of faith in Republican leadership, thanks mostly to the war in Iraq. For instance, for the

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first time in the NEWSWEEK poll, a majority of Americans now believe the Bush administration knowingly misled the American people in building its case for war against Saddam Hussein: 58 percent vs. 36 percent who believe it didn't. And pessimism over Iraq is at record highs on every score: nearly two in three Americans, 64 percent, believe the United States is losing ground there; 66 percent say the war has not made America safer from terrorism (just 29 percent believe it has); and 53 percent believe it was a mistake to go to war at all, again the first time the NEWSWEEK poll has registered a majority in that camp.

As a result, Secretary of Defense Donald Rumsfeld's approval rating has fallen to just 30 percent, and more Americans believe he should resign than remain, 48 percent vs. 37 percent. And while a plurality of Americans approve of the job Condoleezza Rice is doing as Secretary of State, 48 percent vs. 32 percent who disapprove, on the heels of Bob Woodward's bestselling critique of the Bush administration, "State of Denial," a solid majority, 58 percent, believe Rice did not pay as much attention as she should have been expected to pay to the domestic terror threat posed by al Qaeda before 9/11. (Only 22 percent believe she did.)

Democrats now outdistance Republicans on every single issue that could decide voters' choices come Nov. 7. In addition to winning—for the first time in the NEWSWEEK poll—on the question of which party is more trusted to fight the war on terror (44 to 37 percent) and moral values (42 percent to 36 percent), the Democrats now inspire more trust than the GOP on handling Iraq (47 to 34); the economy (53 to 31); health care (57 to 24); federal spending and the deficit (53 to 29); gas and oil prices (56 to 23); and immigration (43 to 34).

And even if the Republicans manage to bail out their ship before the midterms, they'll have a hard time matching their one-time strengths to voters' priorities. A third of registered voters, 33 percent, say the single most important issue that will decide their vote will be Iraq; compare to 20 percent who say the economy and only 12 percent who say terrorism, which ties with health care.

The good news for the GOP? The election is still four weeks away.

Democrat Hopeful Assails GOP Over Foley (NYT/AP)

By Frederic J. Frommer

The New York Times, October 8, 2006

WASHINGTON (AP) -- A Democratic congressional candidate whose son was abducted 17 years ago said GOP congressional leadership failed to protect teenage House pages from former Rep. Mark Foley's advances.

"Foley sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug to protect their political power," Minnesota Democrat Patty Wetterling charged in her party's weekly radio address Saturday.

"If a teacher did this and the principal was told but did nothing, once the community found out, that principal would be fired."

Wetterling, running for an open seat against Republican state Sen. Michele Bachmann, is already airing a hard-hitting television ad over revelations that Foley, R-Fla., had been sending inappropriate e-mails to teenage pages for years.

"We need a new direction in Congress because our children need strong voices," Wetterling said in the radio address. "We need to stop the sexual exploitation of children across the country, and in Washington we must hold accountable all those complicit in allowing this victimization to happen."

House Speaker Dennis Hastert, R-Ill., has rejected calls to resign, saying he hasn't done anything wrong. Republicans, including President Bush, have closed ranks around Hastert in recent days.

Hastert had blamed Democrats for the election-season revelations, but on Thursday abruptly changed course and took responsibility for the matter.

In a Newsweek poll released Saturday, 52 percent said they believe that Hastert was aware of Foley's inappropriate messages to pages and tried to cover them up. Forty-two percent said they trust Democrats to do a better job of handling moral values, while 36 percent said they trust Republicans more.

Wetterling's 11-year-old son, Jacob, was abducted in 1989 on a rural road. Despite a massive search effort, Jacob was never seen or heard from again. The loss transformed Wetterling from a stay-at-home mom to a national advocate for missing children.

"For 17 years, I have fought for tough penalties for those who harm children," Wetterling said. "Members of Congress are not and should not be above the law."

GOP Scandal Shows Dangers Of Stifling Dissent (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 8, 2006

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If there was an Olympic competition in closing ranks, surely the Republican Party would take the gold.

Prominent conservatives and House Republican leaders tumbled over one another early last week to complain about the way House Speaker J. Dennis Hastert (R-Ill.) handled the sex scandal that forced the abrupt resignation of Rep. Mark Foley (R-Fla.).

In a private poll of top Republicans, Hastert still might not be their first choice to serve as speaker next year if the party retains its House majority. But by week's end, the public rebellion against him had almost entirely dried up. With leading conservative voices such as the Wall Street Journal editorial page insisting that any leadership change would only embolden Democrats, the flood of criticism thinned to a trickle.

At the revolt's high tide, House Majority Leader John A. Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.), jabbed at Hastert. By week's end, both looked like Chinese officials summoned to a self-criticism session during the Cultural Revolution: Each issued submissive statements praising Hastert and abjectly pledging their support. Even Paul M. Weyrich, a shrewd and independent conservative strategist, reversed his call for Hastert's resignation after an impassioned phone call from the speaker.

The pirouettes might be especially pronounced, but these are familiar steps for the GOP in recent years. Marginalizing internal dissent and promoting party unity have been hallmarks of the Republican governing strategy under President Bush.

Using both carrots and sticks, the White House and GOP congressional leaders have successfully encouraged Republican legislators and activists to see themselves more as part of a team and less as autonomous voices representing distinct and divergent constituencies. With only a few exceptions (education, immigration), the GOP has tried to resolve every policy choice in a manner that maximizes agreement within their coalition and minimizes the opportunity for Democratic influence.

That approach has produced undeniable benefits for the GOP: a series of narrow, often virtually party-line, legislative victories and massive turnouts by the party's base that powered victories in the 2002 and 2004 elections. And, although there's a reasonable political case to be made for removing the speaker, circling the wagons around Hastert might make more sense as a short-term campaign strategy than forcing him out.

But the Foley scandal dramatizes the long-term dangers of governing with a mind-set that prizes party loyalty over principled independence and denies the value of legitimate checks and balances.

In this environment, for instance, it's not surprising that Republicans didn't notify Rep. Dale E. Kildee of Michigan, the sole Democrat on the House Page Board, when questions about Foley first emerged. Republicans probably didn't think it was remarkable to exclude Kildee because they exclude Democrats from virtually all serious House business.

And it was hardly surprising that GOP leaders and Rep. John Shimkus (R-Ill.), chairman of the House Page Board, didn't press Foley too hard or seriously investigate his contacts with pages. For six years, the White House and congressional Republicans have created a culture in which asking tough questions that might cause near-term political headaches for the party is viewed as conduct disloyal to the team.

That was the clear message in 2004 when Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, criticized his Senate counterpart, Sen. John W. Warner (R-Va.), for holding public hearings on the Abu Ghraib abuses. Hastert sent an equally strong signal the next year when he dismissed the GOP chairman of the House Ethics Committee after the panel admonished then-House Majority Leader Tom DeLay (R-Texas) for a series of ethics violations.

Just as revealing is the potential conservative rebellion stewing in South Carolina against first-term Sen. Lindsey Graham (R-S.C.).

In this year's tumultuous debates over military tribunals and warrantless surveillance, Graham, a military lawyer, has asked the Bush administration tough questions, served as a bridge between the parties and displayed an incisive and independent intellect.

Apparently Graham has been too tough and independent for some back home; one local party official is trying to organize a primary challenge against him in 2008. "The voters of South Carolina sent Lindsey Graham to Washington to vote like a senator from South Carolina, not a senator from New York," Alan Gardner, the activist, told the National Journal's electronic political newsletter, the Hotline.

Unity can be a powerful asset for a party. But the unmistakable lesson from the GOP's current distress is that stifling questions and quashing independence doesn't bury problems. It plants them in soil where they inevitably grow more forbidding.

Does anyone doubt that the Bush administration would be better off today if the Republican-led Congress had conducted more genuine oversight in 2003 about the plans (or lack thereof) to rebuild and stabilize Iraq after overthrowing Saddam Hussein? Or that the House would not have experienced so many scandals — from DeLay to Foley and beyond — if the GOP leadership, with the collusion of leading Democrats, had not crippled the ethics process?

"If everyone thinks there is no sheriff in town," said Fred Wertheimer, president of the independent watchdog group Democracy 21, "you wind up with the Wild West."

Novelist Ellen Ullman wrote that in relationships, you tend to go out the way you came in. That may be true in politics too.

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In 1994, Democrats lost control of the House partly because many voters correctly concluded they had grown arrogant and insular during their long years in the majority. Republicans benefited from that experience much more than they appear to have learned from it.

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Ronald Brownstein's column appears every Sunday. See current and past Brownstein columns on The Times' website at http://www.latimes.com/brownstein .

Pelosi Muses About A Democratic House (SDUT/AP)

By David Espo

The San Diego Union-Tribune, October 8, 2006

Possible Madame Speaker puts anti-lobby rules at top

WASHINGTON – Franklin Roosevelt had his first hundred days.

House Democratic leader Nancy Pelosi is thinking 100 hours – time enough, she says, to begin to "drain the swamp" after more than a decade of Republican rule.

As in the first 100 hours the House meets after Democrats – in her fondest wish – win control in the Nov. 7 midterm election and Pelosi takes the gavel as the first "Madame Speaker" in history.

Day One: Put new rules in place to "break the link between lobbyists and legislation."

Day Two: Enact all the recommendations made by the commission that investigated the terrorist attacks of Sept. 11, 2001.

In the time remaining until 100 hours have elapsed: Raise the minimum wage to $7.25 an hour, maybe in one step. Cut the interest rate on student loans in half. Allow the government to negotiate directly with pharmaceutical companies for lower drug prices for Medicare patients.

Broaden the types of stem cell research allowed with federal funds – "I hope with a veto-proof majority," Pelosi added in an Associated Press interview Thursday.

All the days after that: "Pay as you go," meaning no increasing the deficit, whether the issue is middle-class tax relief, health care or some other priority.

To do that, she said, Bush-era tax cuts would have to be rolled back for those above "a certain level." She mentioned annual incomes of $250,000 or $300,000 a year and higher, and said tax rates for those individuals might revert to those of the Clinton era. Details will have to be worked out, she emphasized.

"We believe in the marketplace," Pelosi said of Democrats, then drew a contrast with Republicans. "They have only rewarded wealth, not work."

"We must share the benefits of our wealth" beyond the privileged few, she added.

Pelosi, 66, has been a leader of the House Democrats since 2002. But her political apprenticeship dates to childhood, when her father was mayor of Baltimore.

Now, her political base is about as liberal as it gets – San Francisco. It's a fact that Republicans love to emphasize to voters who might want to visit, but not feel comfortable living there.

Republicans find her an attractive political target, and recently said she would try to "cut and run" from Iraq while "launching bitter partisan investigations" of the Bush administration, possibly including impeachment hearings.

"If the election were held today, we'd be successful," Pelosi predicted, claiming that her party's prospects are expanding as the campaign enters its final month. "So many other races are emerging right now."

Democrats must gain 15 seats to regain the majority they lost in 1994, and have candidates in competitive races for 30 or so Republican-held seats, say strategists in both parties. By contrast, only a handful of Democratic-controlled seats appear ripe for possible Republican takeover.

How The Democrats Would Rule The Hill (NYT)

By Robin Toner

The New York Times, October 8, 2006

Washington

IN the final weeks of this bruising campaign, the debate, in many ways, comes down to this: What would happen if the Democrats win?

Republicans warn, ever more urgently, that a Democratic takeover of Congress would mean wrenching ideological change: higher taxes; big new spending; maybe even impeachment.

Democrats insist they have no intention of an abrupt lurch to the left, offering instead a relatively modest agenda and the less-than-revolutionary rallying cry of "more oversight!"

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In fact, a Democratic majority in the House or the Senate — or both — would immediately change Washington in fundamental ways after four years of one-party Republican rule. That majority seemed less theoretical last week as Republican woes, most recently the scandal over Mark Foley and Congressional pages, added up. Even so, it would operate under some formidable constraints, political and institutional.

A Democratic Congress would have sweeping new powers to set the agenda and focus the political debate — through the hearings it calls, the witnesses it summons and the kind of legislation it brings to the floor. "More oversight" could be more revolutionary than it sounds, with the rise of lawmakers like Representative Henry A. Waxman, the hard-charging California Democrat who would take over the House Government Reform Committee; in an interview, he promised a review into "waste, fraud and abuse of taxpayers' money" related to Iraq, Hurricane Katrina and homeland security.

A Democratic majority in the Senate could also stymie, or at least slow, the conservative reconstruction of the Supreme Court, assuming another vacancy occurs in the next two years, and force President Bush to seek more bipartisanship on all judicial nominees.

"You're not going to have a polarizing figure," said Senator Patrick J. Leahy, the Vermont Democrat who would take over the Judiciary Committee. "It would require more of an effort at consensus for lifetime appointments."

Moreover, a Democratic Congress could force Mr. Bush and a Republican minority to take a stand — again and again, if it chooses — on popular Democratic causes like raising the minimum wage or encouraging embryonic stem cell research. "If you have true openness in the debate, you have the chance to make some of these issues too hot for the president and too hard for many Republicans to vote against," said Representative Nancy Pelosi of California, the minority leader who would most likely be speaker if the Democrats prevail.

But even if Democrats wanted a true liberal restoration, with two years of major legislation — and some, in their heart of hearts, yearn for just that — they almost certainly won't have the numbers to achieve it. Even if they win control of both houses next month, their majorities will most likely be narrow: in the Senate, fewer than the 60 votes necessary to break a filibuster and force a vote; in both House and Senate, fewer than the two-thirds necessary to override a presidential veto.

Democrats are also unlikely to have the extraordinary unity that the Republican majority had in its early days, given their divisions on issues like Iraq strategy.

The new Democrats would most likely include some high-profile moderates or conservatives like Bob Casey Jr., the Democratic candidate for Senate in Pennsylvania, underscoring the ideological range in the Democratic caucuses. (One veteran Democrat said, somewhat ruefully, that his party would be unable to emulate the Republicans' party discipline even if it wanted to, and thus will have to look for bipartisan coalitions.)

A Democratic candidate like Brad Ellsworth, the sheriff of Vanderburgh County in Indiana, is already carefully differentiating himself from his national party leaders. "This election isn't about Nancy Pelosi or Hillary Clinton," he says in one television ad. "Here's what I believe: I'm pro-life. I believe in a traditional marriage and the Second Amendment."

There are other, more subtle restraints on the Democrats. This would not be a return to the old, pre-1994 Congress, confident in its power, unable to imagine losing majorities and, as a result, willing to take big chances or, put another way, overreach (the failed effort at national health insurance in 1993-94). The men who would probably ascend to the chairmanships of the key committees are some of the last of the "old bulls," who came of age in the Democratic glory days on Capitol Hill. Representative John D. Dingell of Michigan was elected in 1955, Charles B. Rangel of New York in 1970. But even they have been tempered by 12 years in the minority, a Democratic leadership aide said.

More than half the Democrats in the Senate and the House have gone to Congress since the Republican ascendancy began in 1994.

What's more, both parties will immediately head into the presidential election cycle, yet another restraint on Democrats' running off the liberal pier.

Representative Pete Stark, the decidedly liberal Democrat on the House Ways and Means Subcommittee on Health, said: "The '08 contest for the White House will be the major moderating influence. I don't think we're going to run out and impeach Rumsfeld and Bush, although a lot of my constituents would like to."

Ms. Pelosi, mindful of the power of the Republican charge that the Democrats will spend the next two years on partisan payback, explicitly ruled out impeachment of Mr. Bush in an interview on Thursday. "Absolutely," she said. "We don't have time for that."

Ken Mehlman, chairman of the Republican National Committee, contends that these are the same old liberal Democrats — quite literally, in the case of the potential committee chairmen. "And if you look at the agenda," he said, "that hasn't changed."

And "when they talk about investigations and oversight," Mr. Mehlman added, "I think Americans would prefer our generals to be fighting terrorists as opposed to fighting subpoenas."

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Still, the official Democratic agenda is less Great Society than New Direction, as it is somewhat ambiguously called. "They're appropriately wary of both high expectations for what they can achieve, as well as the risk of some of their members running off in directions that would be harmful to their long-term interests in winning back the White House and holding the Democratic majority," said Thomas Mann, a Brookings scholar and co-author of "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

So the Democrats, for now, promise carefully focused change, like raising the minimum wage, expanding assistance for college tuition, giving the government the authority to negotiate prices for the new Medicare prescription drug program. They call for the immediate start of a "phased redeployment of U.S. forces from Iraq." They promise to "fight any plan to privatize Social Security, in whole or in part."

Nowhere is the party's careful calibration more apparent than on taxes. Many Democrats are running on a promise of fiscal responsibility and cutting the deficit, and many have argued that the nation should look for new revenues by rolling back the Bush administration's tax cuts for the wealthiest Americans. But as the election approaches, and as Republicans scrutinize every Democratic utterance on taxes, Democrats have grown more cautious. Mr. Rangel, in an interview on Friday, said any major effort to change the tax code would have to be bipartisan and involve Mr. Bush. "Members have to believe that if they're going to support legislation that's politically painful, they're going to have to support it on a bipartisan basis and not have one side pay for it at the polls," he said.

Stan Collender, a longtime budget analyst, predicts two years of "utter stalemate," regardless of who is in control next year. "There's no agreement on what to do or how to get it done," he said. What would happen under a Democratic majority, Mr. Collender added, would be two years of hearings about the impact of Mr. Bush's tax and budget policies. "Not a bad thing," he said, but "whether it creates sharper divisions in the country is another question."

In the end, the course of divided government turns as much on the attitude in the White House as on Capitol Hill, many Democrats noted. President Bill Clinton, after his party's devastating defeat in 1994, began a complex dance of confrontation and negotiation that resulted in major legislation: the overhaul of welfare and a balanced budget. Many Democrats are skeptical that Mr. Bush, in the final two years of his term, would be quite so eager to compromise and produce.

Morris P. Fiorina, a political scientist at Stanford, said, "I think we're going to limp into 2008."

Fight On All Fronts (NYT)

By DNC Chairman Howard Dean

The New York Times, October 8, 2006

WE live in dangerous times that demand real leadership. The president's foreign policies have failed. Recent polls show that a plurality of Americans trust Democrats over Republicans to handle the war on terrorism and the war in Iraq, and two-thirds of Americans want a new direction for our country.

Democrats will answer this call by standing up for change with a unified agenda, including a defense policy that's tough and smart. That's a policy for tracking down terrorists, providing our troops and agencies with the tools they need to stop future attacks and following the 9/11 commission recommendations to close the gaps in our security.

Democrats will stand up to Republican attempts to once again use fear to win elections in November. We will make sure voters know that a Democratic Congress will not rubber-stamp the administration's policies, which put the agenda of the far right ahead of what's good for America. We offer a new direction that will restore to Congress the competence, efficiency and fairness that Americans deserve.

— HOWARD DEAN, chairman of the Democratic National Committee.

Competence Sells (NYT)

By DCCC Chairman Rahm Emanuel

The New York Times, October 8, 2006

REPUBLICANS have declared Iraq the central front on the war on terrorism. Yet Republicans in Congress ignored warnings that the invasion lacked sufficient troops; did not ask about the plan to secure the postwar environment (as it turns out, there wasn't one); and went into denial as Baghdad descended into chaos. Congressional Republicans asked no questions when the administration staffed the Coalition Provisional Authority with cronies rather than experienced professionals, or when the authority lost track of $8.8 billion in reconstruction money.

Similar Republican negligence and incompetence have led to the failure to secure Afghanistan, to apprehend Osama bin Laden, to address the nuclear ambitions of Iran and North Korea — even to rebuild the Gulf Coast, where, a year after the inept response to Hurricane Katrina, families still live in trailers and billions in relief funds are unaccounted for.

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Our nation confronts very real dangers at home and abroad. Will voters feel safer sticking with a Republican Congress that sent our troops into battle without a plan, cut aid to local law enforcement and allowed cronyism to undermine our emergency response system, or will they want a Democratic Congress that will demand real accountability and oversight?

If Republicans want to make national security the fulcrum of the debate this election, Democrats should echo President Bush's immortal words: "Bring it on."

— RAHM EMANUEL, Democratic representative from Illinois and chairman of the Democratic Congressional Campaign Committee.

Iraq, Iraq, Iraq (NYT)

By Jody Powell

The New York Times, October 8, 2006

DEMOCRATS face the hard necessity of conducting a debate about the war in Iraq — and about ending it well short of victory, even as young Americans continue to fight and die. Debate now will not substitute for the honest, consensus-building discussion that should have happened before we sent our soldiers into battle, nor for the Congressional oversight that might have kept the hole from being dug deeper. Still, it needs to happen in the name of accountability, if for no other reason.

The challenge is to maintain a level of discourse that rises above the glib sloganeering that has typified the administration's defense of its behavior, but that also transcends disgust and anger. Many Americans of my generation inevitably recall the 1960's and 70's, when the repugnant rhetoric and behavior of some war protesters repelled many Americans and thus helped prolong the war in Vietnam.

Today the evidence of arrogance, deceit, and miscalculation has grown so decisive that rhetorical excess will serve only to distract from it. America deserves, and I believe will reward, a level of debate that befits the sad and solemn circumstances that make it necessary.

— JODY POWELL, press secretary to President Jimmy Carter and chief executive of a public relations firm.

Try Truth (NYT)

By Pollster Stanley B. Greenberg

The New York Times, October 8, 2006

KARL ROVE is telling Republicans that they should campaign on the American economy, virtually the "strongest in the world," and on the Iraq war because Republicans will be there for "the last tough battles," while Democrats "fall back on the party's old platform of cutting and running."

Well, do you want to know what I am telling Democrats? Run on the economy and Iraq. We want this battle. This is indeed the strongest economy in the world for the wealthiest 1 percent of Americans. But there has been so little income growth for so many years that the great majority of citizens face stagnant incomes, growing financial pressures, high health care and gas prices, and jobs with fewer and fewer benefits.

The more Republicans talk about great times, the more they fuel voter frustration with a party out of touch with people's financial worries. And the more Republicans talk about "cut and run," the more voters focus on the ugliness of today's Baghdad. It is as though a smug conservative debate team were so busy winning the argument over setting a withdrawal deadline that it completely missed the consuming national anxiety and anger over the deception and incompetence, the misplaced priorities, the spread of violence and the failure to keep America safe. So, Karl, thank you.

— STANLEY B. GREENBERG, author of "The Two Americas: Our Current Political Deadlock and How to Break It" and former adviser to President Bill Clinton.

Take A Risk (NYT)

By Joe Trippi

The New York Times, October 8, 2006

DEMOCRATS face a danger as well as an incredible opportunity this fall. The danger is they will run a safe, "We're not as bad as they are" campaign. To be sure, the Republican leadership under George Bush is so bad that Democrats might be able to win majorities in both the House and the Senate with nothing more than this simple refrain. But such a victory would be hollow and short-lived.

The incredible opportunity before us is to build a new majority for change. This is not a matter of pushing the party to the left or right so much as it is one of embracing the evident hunger among the American people to set the nation on a new course. President Bush and the Republicans represent staying the course; Democrats represent changing the course.

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Bold change on Iraq, energy policy and health care will carry the day for Democrats in November. To carry the day beyond November, we must be the party that empowers and challenges the American people to participate in the hard work of charting a new course.

— JOE TRIPPI, manager of Howard Dean's campaign for president and the author of "The Revolution Will Not Be Televised: Democracy, the Internet and the Overthrow of Everything."

Health Care First (NYT)

By Gov. Phil Bredesen

The New York Times, October 8, 2006

IN 1994, Republicans took advantage of the dissatisfaction Americans felt with the Democratic Party. They didn't win Congress just by saying, "We're not them." Rather, they offered an alternative worldview: the Contract With America. Democrats haven't yet offered that alternative vision.

Time is too short for a comprehensive agenda, so I suggest we concentrate on a single issue: health care. Imagine a November in which Americans are not only unhappy with the Republicans, but when we in our turn hold out clear and believable hope to nearly 50 million uninsured Americans and many more insured but worried ones. Surely my party — the party of Franklin D. Roosevelt and John F. Kennedy, of Social Security and Medicare — still has in it the vigor to offer another plain-spoken, big vision for America.

Americans are sensible. They won't put their faith in us for who we're not, but they might for who we are.

— PHIL BREDESEN, governor of Tennessee.

All Due Respect (NYT)

By Ari Fleischer

The New York Times, October 8, 2006

TAKE the number of children you have, multiply it by $500 and send the money to Uncle Sam. If you're married, the marriage penalty is coming back. Your income tax rate? That goes up too. All this, if the Democrats win.

The Bush tax cuts will terminate three years after the next Congress convenes. The $1,000 per child tax credit will drop to $500, marriage-penalty relief goes away, and all income tax rates go up. Republicans have vowed to make the tax cuts permanent. Democrats have pledged to reverse them. If I were running for Congress, that would be part of my message.

I'd remind elderly voters that their increasingly popular new prescription drug benefit was brought to them thanks to a Republican initiative, delivered through private markets, not government controls.

As for war and peace, stand strong. Whether it was the nuclear freeze, opposition to the liberation of Kuwait, or their cut and run proposals in Iraq, Democrats choose wrongly on foreign policy and defense. The country wants to win in Iraq and I'd proudly support our mission, confident we'll be victorious if we act long-term. Democratic control will lead to retreat.

I'd enjoy clashing with my opponent but, above all, I would treat him or her with respect. At the end of the day, we're all in this together.

— ARI FLEISCHER, press secretary to President Bush from 2001 to 2003.

Back To Basics (NYT)

By Dick Armey

The New York Times, October 8, 2006

REPUBLICANS face a disillusioned base that wonders why it has been abandoned. Despite Republican control of the White House, Senate and House, federal spending has increased 45 percent since 2001 and government is more intrusive in the everyday lives of Americans. Meanwhile, even the Bush tax cuts have yet to be made permanent.

Let's be frank. America is facing a catastrophic fiscal meltdown that has the power to cripple our society. Americans are waiting for a serious, adult debate on retirement security and the appropriate size and scope of government.

Republicans need to return to the ideas that inspire their voters — lower taxes, less government, more freedom. That vision brought us into the majority in the first place. Reining in federal spending, reforming a broken tax code, passing realistic immigration reform and creating an ownership society through entitlement reform are all big ideas that resonate with voters. When conservatives abandon limited government principles, we lose our credibility with voters. It's an Armey's Axiom: When we act like us, we win. When we act like them, we lose.

— DICK ARMEY, former majority leader of the House of Representatives and chairman of Freedom Works.

Safe At Home (NYT)

DOJ_NMG_0078266

By Tom Campbell
The New York Times, October 8, 2006

THE November House elections have now been nationalized. Republicans won't win by saying, "Elect the incumbent." They can still win, however, by embracing the national nature of the contest and emphasizing their strengths: protecting us from terrorism; creating a thriving American economy.

First, there have been no terrorist attacks on America since 9/11. The partisan rebuttal by the Democrats is that this is just good luck. The Republicans should vigorously respond that the good luck explanation is dangerously irresponsible. There are debatable aspects of the war on terrorism, but the results are not attributable simply to good luck. They are the direct result of steps taken by the president and supported by Congress.

Second, look at our economy. Real economic growth, real personal take-home income, numbers of those employed — all are at record highs. This is also not the result of good luck. The robust economy stems from actions the Republican president and Congress have taken and (wisely) not taken. Republicans let working men and women keep more of the fruits of what they create. Republicans have not built up unnecessary regulations and costs on those who create jobs.

The contest will then be between the Democrats' national issues (Iraq and management of the House) versus the Republicans' national issues (protecting us from terrorism and providing more jobs for Americans). Republicans can win that battle.

— TOM CAMPBELL, Republican representative from California from 1989 to 1993 and 1995 to 2001.

Hang Tough (NYT)

By Mark Salter
The New York Times, October 8, 2006

CONDEMN the Foley scandal as the egregious abuses of one man, but don't pretend that the failure to take earlier action wasn't anyone's fault. Apologize for sins of omission — but stress that Republicans would never intentionally allow such behavior.

Failure in Iraq would be catastrophic. But if it's a choice between defeat today or defeat tomorrow, the Democrats' appeal to quit sooner will seem the more practical plan. Concede obvious errors in prosecuting the war, demand accountability from officials and pledge support for the changes necessary to hold territory and improve security. Commit to expanding the Army and Marine Corps and help pay for this by banning earmarks and changing wasteful procurement policies.

John Bolton has done a good job at the United Nations and will strike voters as the right man for an often feckless institution that welcomes anti-American tirades from petty dictators. Democrats blocked his nomination. Hold them accountable.

We have provided a fence and more border agents, but we must do more to secure our borders while we develop a temporary worker plan and a program to impose responsibilities on illegal aliens in exchange for a place at the rear of the citizenship line.

Shock the voters. Admit we have spent too much of their money. Promise to quit acting like Democrats and start acting like the penny-pinching managers they expect us to be.

Remind voters we remain the party best able to provide effective governance in a time of change, instability and war, and that we have not become just the party of government, valuing power over principles.

— MARK SALTER, chief of staff to Senator John McCain.

What's The Matter With The Democrats? (WP)

By John Dickerson Book Review
The Washington Post, October 8, 2006

Two very different takes on how the party can find its way back to power.

BUILDING RED AMERICA
The New Conservative Coalition
and the Drive for Permanent Power
By Thomas B. Edsall
Basic. 320 pp. $26

WHISTLING PAST DIXIE
How Democrats Can Win Without the South
By Thomas F. Schaller
Simon & Schuster. 336 pp. $26

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Everyone has advice for the Democrats these days. If you're ever stranded on a desert island, the quickest way to get attention may not be to launch a signal flare but to declare your candidacy as a Democrat. Someone will be with you shortly to explain what you should do.

The minority party attracts so many caring advisers because it has lost five of the last seven presidential elections and is constitutionally prone to deep bouts of soul-searching. It is going through such an identity crisis now, as liberal activists debate with those in the center-left over how to win back the majority. Making the situation especially urgent is the tantalizing disarray in the GOP ranks: Neoconservatives have been discredited by the Iraq quagmire, Northeastern moderates dislike Southern social conservatives, and small-government-loving fiscal worriers are outraged at the GOP-led government's lack of budgetary restraint. As the midterm elections loom, Democrats have an opportunity; they just need the right plan to embrace their moment.

Thomas B. Edsall and Thomas F. Schaller have both contributed well-documented and thoughtful arguments that might help direct Democrats out of their wilderness. Edsall's accessible Building Red America is not presented as a guidebook but as a tour of the political landscape. Republicans have learned how to manage that landscape and adapt more quickly to changes on it. Democrats, on the other hand, keep losing for a reason: Their party is no longer a populist coalition, but it keeps trying to run as one, and its leaders fail to understand the connection between middle-class voters' economic self-interest and their concerns about cultural values.

These days, both parties have abandoned the middle ground. Republicans don't care about it, and Democrats aren't talented enough to find it. But in this dim world, Republicans keep coming out on top. "The Republican Party holds a set of advantages, some substantial and some marginal," Edsall writes, and unless Democrats find a way to solve their problems, "the odds are that the Republican Party will continue to maintain, over the long run, a thin but durable margin of victory."

Some of the ground covered by Edsall, a veteran Washington Post political reporter now writing for the New Republic, will feel familiar (the rise of conservatives in the South, white flight from the Democratic Party and so on), but unless you're the kind of political junkie who is so intense that people move away from you at cocktail parties, you won't get bored. Building Red America nicely weaves together the strands of contemporary politics, moving from descriptions of tactical electoral strategy to broader cultural currents to demographic shifts. If you've ever wondered why "activist judges" are the two most powerful words in Republican politics, the book offers a tidy explanation. (Corporate executives and small-business owners worry that judges will enforce regulations and reward plaintiffs; social conservatives worry that judges will destroy the institution of marriage and give unfair advantages to women and minorities.)

In analyzing the conservative ascendancy, Edsall has clearly done his reporting and spent time trying to figure out both parties. With a few rare exceptions, he doesn't step into the reporter's trap of falling in love with every bit of his own field work. There's plenty of data, history and anecdote here, but it's not applied with a trowel. The analysis is clinical, not emotional, which means that Edsall can be sympathetic to conservatives' genuine cultural concerns even as he's being clear-eyed about the GOP's rejection of the politics of consensus and its use of anger and fear to rouse its base and demonize its opposition. This should make partisans on both sides angry, which is a good place to be as a political writer.

If Edsall portrays Republicans as cynical and manipulative, he paints the Democratic Party as hapless and structurally flawed. The party has not come to terms with eroding public support for the liberal agenda, he argues; it is held captive by special interests such as unions and trial lawyers but hasn't found a way to manipulate its core constituency groups over long stretches of time the way the GOP has. The occasional bursts of populist sentiment from Democratic candidates -- Al Gore's "people against the powerful" theme, or Howard Dean's claim to represent the "Democratic wing of the Democratic Party" -- will continue to fail because the affluent college-educated voters who make up much of the party's base are more interested in socially liberal issues. "At the top, the ascendant wing of the party is not populist," Edsall writes. "It is elitist."

If that zinger doesn't get him an inbox full of angry letters, Edsall's view of the Democratic Party's cultural failings will. He disagrees with those on the left who argue that Republicans have won voters through trickery -- by emphasizing values issues like abortion or prayer in school and then doing nothing to help those voters economically. Instead, he argues that Democrats should forge a link with voters who feel that rapid cultural change undermines the sense of family and community that they believe are preconditions for economic success. "Traditional values of family, neighborhood, church, school, and the workplace are, to millions of voters, 'money in the bank' -- they are what holds people together, providing security against a rainy day."

Schaller's Whistling Past Dixie is more prescriptive and less rewarding. He's got a thorough plan for Democrats, as well as maps and tables to show the party how to win. He wants the party to stop worrying about the former Confederacy and start focusing on the Midwest and the West. The geographical theory makes sense -- so much sense, in fact, that it's not very revolutionary. There are not a lot of presidential strategists arguing that Democratic candidates should spend time in Alabama, Mississippi or South Carolina rather than Ohio, Wisconsin and New Mexico, some of the states the book offers as particularly ripe targets. Yet Schaller argues the case at great length, as if the party were busily planning to build a coalition from the South outward.

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Moreover, where Edsall is judicious about dealing with only what is useful in his notebook, Schaller's book makes you suspect there isn't a statistic, chart or study he has left off the page. His analysis is also ideologically tainted. He's a Democrat offering advice for Democrats, so his sources and opinions come almost exclusively from the left. You can feel his thumb on the scale. It also clots the writing; he dishes out clunkers such as, "the Republican minority sheep is bleating loudly while dressed up in a majority wolf's disguise," and "political catnip for tort reform tigers, culture-of-life lions, pro-family panthers, and cages brimming full with a variety of sharp-clawed conservative fat cats." Oh my. Schaller's case would be more persuasive if he'd run it by a cast of Republican strategists and then let us hear their voices, either supporting his view or trying to poke holes in it.

If you can wade through the first part of Whistling Past Dixie , it does pick up steam as Schaller discusses the battleground states and the set of ideas that Democrats should embrace to build a new majority. The analysis of target states is well done, and if you read it before the midterms, you're likely to feel a rush of revelation as you realize how crucial battles in Ohio, Colorado and Nevada are. Schaller's suggestion that Democrats improve their national security credentials by focusing first on homeland security is tightly argued. (This whole set of issues is strangely lacking from the Edsall book.) Schaller also challenges liberal orthodoxy by proposing that Democrats embrace the language of Second Amendment rights to capture the votes of Midwestern and Western gun owners. At least one suggestion -- that Democrats realign their primary and caucus structure to spotlight winnable Western states -- is so prescient the party has done just that by moving Nevada's voting earlier in the process.

The least attractive suggestion in the book, though, is that Democrats should "run against the conservative South" in much the same way that Republicans have ridiculed "liberal elites" along the Eastern seaboard. Lampoon evangelicals in the South, and you offend fellow travelers in those other regions you're trying to win. It would also seem hard to create more negative stereotypes of the Southern Republican than those so often applied to George W. Bush, the supposed know-nothing cowboy, or the cultural conservatives who have supported the GOP majority.

The coming midterm and presidential elections are likely to be highly exciting: Both parties are engaged in deep internal struggles, and the issues are as grave as they have been since the early days of the Cold War. The rhetoric and punditry will be foggy and furious. Two books like these, with hard facts and data, will be useful to have during the storm. Â·

John Dickerson is Slate magazine's chief political correspondent and the author of the forthcoming "On Her Trail," a book about his late mother, the pioneering newswoman Nancy Dickerson.

Cheney Back Delivering The Grim Campaign Speech (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, October 8, 2006

Democrats Cast As Foils to the Nation's Security

MILWAUKEE -- Vice President Cheney sometimes starts speeches with a Ronald Reagan quotation about a "happy" nation needing "hope and faith." But not much happy talk follows. Not a lot of hope, either. He does, though, talk about the prospect of "mass death in the United States."

The not-so-happy warrior of the past two campaign cycles is back on the road delivering a grim message about danger, defeatism and the stakes of the coming election. If it is not a joyful exercise, it is at least a relentless one. Even with poll ratings lower than President Bush's, Cheney has become a more ubiquitous presence on the campaign trail than in the last midterm election.

He takes on not only the traditional vice presidential assignment of slicing up the opposition but also the Cassandra role of warning about dire threats to the nation's security. While others get distracted by Capitol Hill scandal, Cheney remains focused on the terrorists, who are, as he says in his stump speech, "still lethal, still desperately trying to hit us again." Bush, he says, is "protecting America" while the Democrats advocate "reckless" policies that add up to a "strategy of resignation and defeatism in the face of determined enemies."

But the message is carefully targeted. More than half of Cheney's fundraisers in this two-year cycle have been behind closed doors. Even at a lunchtime speech to Wisconsin Republican donors that was open to reporters, gubernatorial candidate Rep. Mark Green did not stand on stage, ensuring no pictures of the two together on the news, and some other Republican candidates did not attend at all.

That is okay with the White House, which at a perilous moment is counting on Cheney's under-the-radar campaign to rally the base, not the broader public. "The fact that he's willing to go after Democrats as harshly as the Democrats are going after the White House gets the party faithful going," said GOP strategist Glen Bolger.

It happens to inflame the Democratic faithful as well, and party strategists consider him a prime target for their own pitch to voters. "When he threatens Democrats and calls them names, it's something that really fires up our base," said John Lapp, executive director of the Democratic Congressional Campaign Committee's independent expenditure program.

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Cheney's fundraising visits often end up as fodder for opponents of those he tries to help. "Dick Cheney, Big Oil and Big Drug Companies Threw Curt Weldon a secret Washington thank you party," reads a Democratic brochure targeting the Republican Pennsylvania congressman. "And we got stuck with the bill."

The campaign comes at a pivotal moment for Cheney. His influence within the administration is widely perceived to be waning as Secretary of State Condoleezza Rice's star rises. The president in his second term has adopted a more diplomatic approach to problems such as Iran and North Korea than insiders believe would be to Cheney's liking. And as the 2008 presidential sweepstakes heat up, he will be the first vice president in a generation not to be seeking a promotion, leaving him on the sidelines of the most important national discussion.

But White House aides said it would be a mistake to underestimate Cheney even now. Although he is viewed favorably by just 34 percent of the public in the most recent Wall Street Journal-NBC poll, he remains a champion of conservatives at a time when the right has been angry at Bush over issues such as deficit spending and immigration. So Cheney's mission is to bring home core Republican voters when they are needed most.

"He's a good carrier of the Republican message," said Michigan GOP Chairman Saul Anuzis, noting that a Cheney visit to Grand Rapids last month raised between $750,000 and $1 million, a record for western Michigan. "He exudes a confidence. He makes you feel good and comfortable that he's vice president of the country."

Cheney's job is "a lot of volume, a lot of what we call McFundraisers," GOP lobbyist Ed Rogers said. Cheney has headlined 111 fundraisers so far in this two-year cycle, bringing in more than $39 million and already surpassing his total of 106 events for the entire 2002 cycle. Cheney is also regularly dispatched to conservative radio shows hosted by Rush Limbaugh, Sean Hannity and Laura Ingraham. He takes the shots the White House does not want Bush to take or wants to test out first. When Sen. Joseph I. Lieberman (D-Conn.) was defeated by antiwar challenger Ned Lamont in a primary, Cheney called reporters to say the result would encourage "al-Qaeda types" who want "to break the will of the American people."

Out here on the hustings, Cheney does not come across as the most natural campaigner. A Cheney speech does not draw its audience to its feet. It plods through an argument that is more sobering than inspiring. He delivers even red-meat lines in a flat monotone, sounding more like a chief executive reporting to shareholders than a politician issuing a call to action.

The vice president, though, goes after Democrats by name in a way Bush rarely does, including Senate Minority Leader Harry M. Reid (Nev.), Rep. John P. Murtha (Pa.) and party Chairman Howard Dean. At a fundraiser in Sarasota, Fla., last week, he also singled out Sens. Joseph R. Biden Jr. (Del.), Edward M. Kennedy (Mass.), John D. Rockefeller IV (W.Va.) and Reps. John Conyers (Mich.), Henry A. Waxman (Calif.) and Barney Frank (Mass.).

He talks mainly about terrorism and Iraq, arguing that U.S. withdrawals from Lebanon after the Marine barracks bombing in 1983 and from Somalia after the "Black Hawk Down" ambush in 1993 emboldened terrorists. "If we follow Congressman Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 and Somalia in 1993, all we will do is validate the al-Qaeda strategy and invite even more terrorist attacks," Cheney said in Milwaukee. In Houston last week, he accused Democrats of "apparently having lost their perspective concerning the nature of the enemy."

The crux of his pitch is what he calls the continuing "danger to civilization." Cheney, who warned in 2004 that the United States would be hit by terrorists if Democrat John F. Kerry was elected president, has not gone that far this time but does say that it "is not an accident" that the country has not suffered another attack since Sept. 11, 2001, giving Bush credit.

Democrats regularly punch back, suggesting Cheney is out of touch and desperate. "At a time when the Bush Administration finds itself increasingly isolated on Iraq, Vice President Cheney today went on the attack," Senate Democrats said in a statement last week. "Instead of ranting and raving on the campaign trail, Bush and Cheney should spend their time on the trail of Osama bin Laden."

Five years after Sept. 11, Cheney's message may be wearing. Some find it too limited. "To tell you the truth, I was a little disappointed," David Huibregtse, head of Wisconsin's Log Cabin Republicans, a group of gay party members, said after a speech. "Too much on how great President Bush is doing and very little on why we should vote for the Republicans."

Yet it still resonates in certain quarters. Between fundraisers, Cheney addressed a Michigan National Guard rally, an ostensibly nonpartisan event that nonetheless provided helpful photos of him surrounded by soldiers in uniform.

Dick Szymanski, a manufacturing executive whose son serves in the Marines, applauded the vice president's message. "We respect him," Szymanski said. "It's a very, very hard job that he and the president have, that they've had handed to them. You can belittle people for the things they should or should not have done. But they're there trying to take care of the public."

Iraq Is A Loser For Dems, Too (WP)

By Vic Fingerhut

The Washington Post, October 8, 2006

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The deepening controversy over Defense Secretary Donald H. Rumsfeld must seem like a dream come true for Democrats campaigning for the midterm elections. What better foil than a troubled president supporting an embattled defense secretary waging an increasingly unpopular war? Little surprise that the Democrats are pressing the debate on Rumsfeld, engaging the Republicans on terrorism-related matters and issuing a continual flow of press releases on Iraq.

But it's a losing strategy. For nearly 50 years, poll after poll has shown that the Democrats have very limited credibility with the American public on foreign policy issues -- particularly among the swing voters who have a disproportionate say in the outcome of U.S. elections.

The Democratic Party seems certain to make serious gains in November's off-year elections, especially given the fallout from the House page scandal involving former congressman Mark Foley (R-Fla.). But focusing on foreign policy matters -- and the war in Iraq in particular -- during the final weeks of the campaign could cost the Democrats close contests they might otherwise win.

Americans may be unhappy with how the Iraq war is going, but history makes it clear that an antiwar platform will not help the Democrats in 2006, any more than it did in 2004 -- or in 1972, for that matter.

It may seem unjust that the party of victory in World War II, of the Marshall Plan and of NATO does not enjoy much credibility on foreign policy. But that's the way it is -- and has been for quite some time.

President Bush certainly gets this. His recent speeches on the War on Terror and 9/11 sparked a rebound in his public approval rating, and his negatives are barely worse than the percentage who voted against him in 2004.

How could this be, given the constant bad news out of Iraq? Haven't polls over the past two years shown deep unhappiness with the war?

The answer is yes, but the published surveys often miss two critical follow-up questions. First: Do those who are unhappy with the war perceive the Democrats as better at handling the situation than the Republicans are? And second: Which party do swing voters trust the most to handle things in Iraq?

And here the numbers change dramatically.

A recent poll by my firm in five critical states (four of which barely went to the Democrats in 2004) showed that, by significant margins, swing voters and late deciders trust Republicans more to handle foreign policy issues in general -- not just terrorism, but Iraq as well. These are the voters who often determine the outcome of elections, but many Democrats are not paying attention to this fact.

By 20- to 30-point margins, these critical swing voters indicate that they trust the Republicans more than the Democrats to handle foreign policy (46 to 23 percent) and the fight against terrorism (48 to 19 percent). On Iraq, Republicans were seen as better at handling the war by an 18-point (45 to 27 percent) margin.

For students of polling, there is a history to these results that the Democrats ignore at their peril. In the 1960 contest between John F. Kennedy and Richard M. Nixon, for instance, voters who made their decisions primarily on foreign policy issues chose Nixon by a 5 to 1 margin. Pundits point to the famous 1964 "Daisy Girl" television spot, and Lyndon B. Johnson's 60 to 40 victory over Republican Barry Goldwater as validation that the Democrats can gain from foreign policy issues. But Johnson's lead declined after the ad, which suggested that Goldwater would be dangerously trigger-happy, was aired.

McGovern's huge failure in 1972 to capitalize on widespread unhappiness with the Vietnam War should have taught the Democrats something. Indeed, among swing voters, the Republicans gained votes both as critics of the war in 1968 and as defenders of it four years later.

Democrats' failures to reverse the string of GOP victories in Congress in 2002 and 2004, as well as Sen. John F. Kerry's inability in the 2004 presidential campaign to move swing voters on the war issue, should be more contemporary warning flags.

What, then, should the Democrats do? If they want to change U.S. foreign policy -- or policy on anything else -- they must win elections. And there is a way.

The same swing voters who indicate such overwhelming faith in Republicans on terrorism, Iraq and foreign policy simultaneously express strong Democratic preferences when it comes to basic economic and pocketbook issues. They think that Democrats are more concerned about issues affecting Americans in the workplace, would better control the costs of health insurance by a comfortable 46 to 24 percent margin, and would better protect American workers from the loss of jobs to outsourcing and foreign imports.

Given these findings, it is no surprise that millions of dollars in Democratic candidates' television ads on Iraq and party leaders' statements on the war have only helped Bush's approval ratings -- and, prior to the Foley scandal, reduced a substantial Democratic lead in congressional vote intentions to a near dead heat.

Some Democrats have understood these critical swing voters. In the "Loneliest Campaign," author Irwin Ross describes how in 1948 Harry S. Truman, who led the nation during arguably the most creative and innovative foreign policy period in U.S.

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history, told his speechwriters to stay away from foreign policy in favor of domestic economic issues, the more populist the better. "Gluttons of privilege," he called Republicans.

Truman's strategy is still right on target.

The Foley scandal has momentarily eclipsed the attention to foreign policy so assiduously nourished by the president's recent terrorism speeches and visits by foreign dignitaries. However, if a victory in these off-year elections leads Democrats to the same false conclusion of failed presidential candidates from George McGovern to Kerry that the road to the White House can be found in foreign policy issues, then the Foley episode may turn out to have an unanticipated and ironic political consequence.

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Democrats Aim To Regain Edge In Getting Voters To The Polls (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, October 8, 2006

ST. PAUL, Minn. -- It may seem like a distant memory now, but Democrats not so long ago dominated the battle between the parties to get their voters to the polls.

Over the past half-dozen years, Republicans reinvented the system, using sophisticated computer modeling and vast amounts of consumer data. In 2002 and 2004, they demonstrated their newfound superiority -- to the dismay of Democratic Party officials and their allies.

"It's no secret that the other side figured this out a little sooner," said Josh Syrjamaki, the state director of America Votes, an umbrella organization of labor and liberal interest groups. "They've had four to six years' jump on us on this stuff . . . but we feel like we can start to catch up. I guess we'll find out in about a month and a half how much we've caught up."

On a blustery afternoon in their third-floor office suite, Syrjamaki and Ed Coleman, the technology director for the Minnesota chapter of America Votes, were hunched over a laptop computer, teasing out information that Democrats hope will begin to narrow the sizable gap with the GOP.

The laptop linked them to a huge new database that holds the names, addresses, voting histories and consumer preferences of every Minnesota resident eligible -- though not necessarily registered -- to vote. That's a weapon that allows them to identify, locate, contact and turn out likely Democratic voters who have been largely invisible to them.

Campaigns and candidates once used blunt instruments to mobilize voters, targeting geographic areas where there were concentrations of Democratic or Republican voters. Those techniques remain an essential part of the turnout wars that can decide a close election, which is why campaigns, political parties and their ideological allies will put legions of volunteers on the streets in the final days before Nov. 7.

Increasingly, however, campaigns have begun identifying potential voters literally one by one, even if they live in areas dominated by the opposition party. Using surveys and modeling and consumer and political data, the parties convert the electorate into subgroups that turnout specialists call by names like "Flag and Family Republicans," "Education-Focused Democrats" and "Older Suburban Newshounds."

This is known as microtargeting, and it turns traditional political mobilizing on its head by giving campaigns the opportunity to create virtual precincts of voters and poach on the opponent's turf.

With the click of a mouse, a Democratic campaign operative can call up a list (and accompanying map) identifying by name and address voters who may live in a Republican precinct or county but who, by virtue of ideology, party identification, religion, favorite drink or television show, or make of car, are more likely to vote Democratic.

In 2004, the biggest jump in GOP votes came in non-GOP precincts, according to former Republican National Committee chairman Ed Gillespie. "The biggest boost came from cities where Republican registration is like 20 or 25 percent," he said.

These voters are often difficult to motivate, but both parties see them as critically important additions to the reliable voters they have concentrated on in the past. "It's a heavier lift, but we're now going to find them, whereas before we never even talked to them," said Karen White, national political director for Emily's List, which backs Democratic women who support abortion rights. "Now we're in the game."

The Republicans have attracted attention to their microtargeting skills by emphasizing the importance of consumer information in predicting voting patterns -- Republicans prefer bourbon, for instance, while Democrats prefer gin. Such lifestyle information is most helpful in tailoring messages for voters, though other information such as party identification or frequency of church attendance remains a more reliable predictor of how someone is likely to vote.

Republicans pioneered these techniques, building on data gathered for years and stored and managed through the Republican National Committee. Democrats acknowledge that they have been far sloppier in their collection and retention of

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data -- voter files were often lost or tossed out between elections. Even now there is competition between the Democratic National Committee and outside groups, which are essentially building duplicate versions of the same system.

Harold Ickes, a driving force behind outside efforts to put Democrats back in the game, said Republicans have two clear advantages over the Democrats. First is a deeper and richer database, which improves the GOP's ability to "model the electorate" -- the term for identifying and classifying voter blocs -- and to tailor messages to individual voters. Second is a trained cadre of people who know how to make use of the databases.

"We are still behind the eight ball on that, and it will take us a handful of years to catch up," Ickes said.

Ickes is president of a for-profit firm called Catalist, which is creating a national voter file that will be available for purchase by an array of special interest groups, "527" organizations and political campaigns, including those of 2008 presidential candidates. Laura Quinn, a veteran Democratic strategist who helped create a voter file for the DNC when Terence R. McAuliffe was chairman, serves as chief executive.

The firm's budget for the year, Ickes said, is "in the low $9 million range," and so far Catalist has produced voter files for about half of the states, including the important 2006 battlegrounds. Ickes said the firm has 19 customers, including the AFL-CIO, the Service Employees International Union and Emily's List.

The private-sector Democratic effort appears cumbersome compared with the centralized operation organized under the RNC. Catalist produces the voter file, but from there the subscribers must manipulate the data to make microtargeting possible. Progressive groups are running experiments in a handful of states, including Minnesota, Michigan, Ohio, Pennsylvania and Colorado.

Emily's List, with help from the service employees union, took the lead, surveying 10,000 people in Michigan and 9,300 in Minnesota. Respondents were asked how they used their free time, what kinds of volunteer work they did, and other lifestyle or values-oriented questions, as well as their voting intentions.

The next step was to build clusters of voters based on political and lifestyle characteristics. The results were then applied to the entire voter file in the states -- more than 7 million in Michigan and more than 4 million in Minnesota.

In Michigan, the process produced 14 clusters -- three strongly Democratic, one weak Democratic, six in the middle, two strongly Republican and two weak Republican. The modeling cost about $250,000. In Minnesota, the process produced 13 clusters, including the Older Suburban Newshounds and Rural Religious Moralists. The highly informed newshounds make up the largest of the 13, while the rural moralists are one of the smallest ones.

Armed with the new database, America Votes coordinates efforts for dozens of interest groups on the left. In Minnesota, Syrjamaki and Coleman provided a demonstration of the new database by pinpointing two heavily Republican counties in the state, rural Otter Tail and exurban Chisago.

With a few clicks, Coleman reduced the vast file to a list of the clusters in Chisago County and with minimal effort was able to show a list of potential Democratic voters surrounded by tens of thousands of Republicans.

"We have a nice chunk of people that we would not normally have known about," Coleman said. "We would not have blindly gone in and called people there, but now we've found a universe, and if we want to we can go call."

Just as important, America Votes tries to assure that the array of Democratic interest groups avoid duplication in contacting voters while reaching out to irregular voters who have been ignored or simply missed in the past. With the help of America Votes, Democratic groups can divide up individual voters, and, based on their profiles, these voters can be targeted with messages that conform to their particular interests and issue preferences.

The Democratic National Committee has spent about $8 million building its own national voter file and is running modeling experiments in six states this fall, although officials there will not name the states. "We've invested a huge amount of money and time to improve the quality of the data in the voter file," said Ben Self, a veteran of DNC Chairman Howard Dean's 2004 presidential campaign who is directing the technology effort for the party.

Republicans retain advantages in this turnout battle. The RNC has successfully used microtargeting to identify potential Republicans who are not registered to vote and have systematically sought to get them to register. That helped changed the balance between Republicans and Democrats in the 2004 election to the GOP's advantage.

The experiments of 2006 are seen as a prelude to the 2008 presidential campaign, when Democrats hope to be closer to parity with Republicans in finding those hard-to-get voters registered and to the polls.

"We had huge voter turnout in our heaviest base areas," Coleman said. "But we cannot count on that turnout to carry the day. We're going to have to do better in these fast-growing counties outside the metro area, and this is one tool we're going to use to try to do that."

Labor Goes Door To Door To Rally Suburban Voters (NYT)

By Steven Greenhouse

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The New York Times, October 8, 2006

COLUMBUS, Ohio — After being outhustled by Republicans in voter turnout drives in recent years, the A.F.L.-C.I.O. plans to spend $40 million nationwide on voter education and turnout, emphasizing swing states like Minnesota, Missouri, Ohio and Pennsylvania.

In addition, just as conservatives used referendums on same-sex marriage to mobilize voters in 2004, labor has helped put measures to raise the state minimum wage on the ballot in Ohio and three other states, an effort that union officials hope will draw low-income voters.

Unions may not feel the economic wind at their back, but they feel good about this year's campaign as they tap into worker discontent over stagnant wages, shuttered factories, shrinking pensions and the soaring trade deficit.

"What we're seeing is dozens of races that are so close that they're really going to be decided on the ground," said the president of the A.F.L.-C.I.O., John J. Sweeney, "and I think that's where we're going to make the difference."

With Democrats trying to win control of the House, unions are focusing on 56 House races, including five in Ohio. Labor is also working hard on the Senate race here, backing Representative Sherrod Brown, a critic of free-trade pacts, in his bid to unseat Mike DeWine, a Republican.

Despite labor's stepped-up efforts, Republicans voice confidence about Nov. 7.

"In 2004, Ken Mehlman and the George Bush turnout operation showed they are better than labor, and they've only improved things since then," said Carl Forti, a spokesman for the National Republican Congressional Committee.

Yet, Republicans acknowledge that unions are a formidable force.

"Democrats outsource a lot of their turnout efforts to labor," said Mike DuHaime, political director of the Republican National Committee. "For a long time, labor did a better job than we did. But for the last two or three election cycles, we've been able to compete with them and do a better job."

Not long ago, Republicans began borrowing many a page from labor, but now unions are borrowing from the Republicans' playbook.

Traditionally strongest in urban areas, unions are devoting more energy than ever to workers in suburbs and even exurbs. Labor is focusing on the "drop-off voter," making sure that union members who vote in presidential elections but not in midterm elections go to the polls.

In another initiative, unions are campaigning among a group that has largely been off limits to them under federal law, nonunion workers. The federation has figured out a way to reach those workers, sending canvassers door to door to sign up 1.5 million nonunion workers, including 700,000 Ohioans, to join a new A.F.L. affiliate, Working America, with an eye to having them vote for labor-endorsed candidates.

"There are more than 1.5 million labor voters in Ohio," said Karen Ackerman, political director of the federation, pointing to union members, union retirees, members of union households and members of Working America. "Organized labor is single-handedly the largest voting bloc in Ohio."

Ms. Ackerman predicted that these labor voters would represent 35 percent of Ohio voters this year, though just 15 percent of Ohio workers belong to unions.

Thanks to the explosive growth of Working America here, some Democrats say their party will receive a bigger boost from labor in Ohio than in any other state.

Mabel Sorrell, a $6-an-hour supermarket worker in Columbus, joined Working America — it is free — saying it helped her learn about issues like the minimum wage. When Jesse Kloth, one of labor's many foot soldiers here, knocked on her door, Ms. Sorrell initially voiced support for Representative Deborah Pryce, a Republican facing her toughest re-election race in a decade. By the time Mr. Kloth finished his five-minute visit, Ms. Sorrell seemed to be leaning against Ms. Pryce.

"I now mainly see political commercials that don't tell you much," Ms. Sorrell, a widowed mother of four, said. "It's good to have people explain things to you in person."

Labor is focusing on Ohio, union leaders say, because it has many union members, because factory closings have unsettled workers and because Ohio could hold the key to the 2008 presidential election, just as it did in 2004. Adding to labor's confidence is a corruption scandal that has rocked Republicans in state government. "I think the majority of people are ready for a change," John Russo, president of a steelworkers local in Canton, said. "They're fed up. They see the way the economy is going. They see too many manufacturing jobs being lost."

Democrats like Mr. Brown and Ms. Pryce's opponent, Mary Jo Kilroy, welcome the help. A spokesman for Ms. Pryce, George Rasley, gave grudging praise, saying, "Labor's support is the only reason Kilroy is even in the game."

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, praised labor's member-to-member communication.

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"They're spending $40 million," Mr. Emanuel said, "and if it's spent strategically and smart, which labor knows how to do, I think it will be significant."

The get-out-the-vote drive faces problems. Many union presidents in Ohio prefer to focus on the governor's race, eager to put a Democrat in the statehouse. Parent unions in Washington want the foot soldiers to focus on House and Senate races.

Some union leaders are frustrated that there are more undecided union members and fewer volunteers than they would like, partly because this is a midterm election.

"Every family is stretched so thin, you have two people working in just about every household, so it's not easy for people to find time to volunteer," said Mike McNichol, a union official at the Hoover vacuum cleaner plant in North Canton.

Moreover, the schism in labor, with seven unions quitting the A.F.L.-C.I.O., has complicated efforts. Several breakaway unions, most notably the Teamsters, are not letting the federation send political mailings to its members or knock on their doors.

Still, there is cooperation. The federation telephone bank in Cleveland was run from the local headquarters of the United Food and Commercial Workers, which quit the federation in 2005.

When Bob Harper, a steelworker at a giant Timken steel mill in Canton, handed out union-produced fliers shortly after sunup, he encountered some workers who were receptive but others who were not.

Scott Harding, an electrician at the mill, did not seem ready to be swayed when he took a flier praising Ted Strickland, the Democratic candidate for governor.

"I make my own decisions," Mr. Harding said. "I don't know where Strickland is on the Second Amendment," a reference to the right to bear arms.

Labor's strategy is to urge workers to focus on pocketbook issues like employment, health care and pensions, and not same-sex marriage and gun rights, issues they call Republican distractions.

Mr. McNichol, the union official at Hoover, hardly sounded optimistic. "We shouldn't underestimate the Republican Party's ability to get their core members out to vote," he said.

Democrats In Accord (WP)

By Chris Cillizza And Zachary A. Goldfarb

The Washington Post, October 8, 2006

After months of negotiating, the leaders of the Democratic National Committee and Democratic Senatorial Campaign Committee have struck a deal on the national party's spending strategy in its quest to capture control of the Senate in November.

DNC Chairman Howard Dean has agreed to put what one Democratic aide said was roughly $5 million into Senate races. Sen. Charles Schumer (N.Y.), the Democratic Senatorial Campaign Committee chairman, welcomed the agreement, saying: "The DNC is helping us at a time we need it very much, and we appreciate Chairman Dean's efforts."

A few weeks ago, Dean struck a similar deal with Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) to spend $12 million on voter-mobilization efforts this fall, with $2.4 million allotted to the most competitive House races.

The deals bring a measure of closure to a heated debate this year among Dean, Schumer and Emanuel over the party's spending strategy. Emanuel and Schumer have advocated spending resources on this year's races, when the national political climate favors substantial Democratic gains in both chambers. But Dean has said that the party's long-term health relies on spending money to develop party infrastructure across the country.

The DNC also intends to increase its contribution to the most competitive fall House campaigns by $2 million -- to a total of $4.4 million. "In this important election, as with every election, we can't take any vote for granted," said DNC spokeswoman Karen Finney.Clinton Donates $2 Million

Another prominent Democrat is boosting the Senate campaign committee's bank account this fall. Sen. Hillary Rodham Clinton (N.Y.), cementing her reputation as her party's fundraiser in chief, recently gave $2 million to the Democratic Senatorial Campaign Committee .

Clinton cut a $1 million check from her campaign kitty late last month -- a sum matched by Sens. Edward M. Kennedy (Mass.), Richard J. Durbin (Ill.) and Dianne Feinstein (Calif.). Clinton then gave another $1 million Wednesday, establishing herself as the single largest contributor to the DSCC this election cycle.

"This is very generous and couldn't come at a better time," Schumer said of the contribution.

The money comes from Clinton's massive stash of cash -- more than $22 million in late August. Since coming to the Senate in 2001, Clinton has raised $46 million for her reelection bid, hoping to scare away a big-name Republican challenger.

It worked. Former Yonkers mayor John Spencer is the GOP's sacrificial lamb this fall. An independent poll conducted last month showed Clinton ahead 58 percent to 29 percent.

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But the fat bank account also allows her to lavish campaign funds on Democrats hoping to join her in the Senate in January -- a necessary move if she hopes to run for president in 2008. Clinton has also been making campaign stops, including in Virginia last week to support former Navy secretary James Webb's Senate bid. She is expected to visit Pennsylvania, Ohio and Florida before Election Day.

"Senator Clinton is committed to doing all she can to help Democrats win back control of Congress," said Howard Wolfson, a spokesman for Clinton.Primary Turnout Low

For all the talk of energized voters evicting incumbents in this year's congressional primaries, voter turnout reached a record low, according to a new study, which said that 15 percent of eligible voters went to the polls on primary day this year.

"People are becoming increasingly disaffected with both parties, on one level," said Curtis Gans, the director of American University's Center for the Study of the American Electorate, which issued the report. "And on another level, we have eroded the religion of civic duty in this country."

Only two races produced record high turnouts -- 12 percent in the Democratic Senate primary in Connecticut and 9 percent in Rhode Island's Republican Senate primary. Sen. Joseph I. Lieberman (D-Conn.) was defeated by antiwar businessman Ned Lamont, though he is still in the race as an independent, and Sen. Lincoln D. Chafee (R-R.I.) headed off a tough challenge from conservative Cranston Mayor Stephen Laffey.

Despite the low turnout in the primaries, Gans said the election on Nov. 7 could see substantial numbers of voters going to the polls.

"The general election is being driven by the emotional feelings about the presidency of George Bush," he said. "People turn out when they're angry mostly on a temporary basis."

As examples, he cited the 1966 midterm election, when voters punished Democrats for then-President Lyndon B. Johnson's stewardship of the Vietnam War; in 1982, when Republicans were slapped for economic recession; and in 1994, when Democrats were thwarted from their control of the House and Senate after the failure of President Bill Clinton's health-care initiative.

The Fix, Cillizza's political blog, appears at washingtonpost.com.

Too Soon For Obama (LAT)

By Ezra Klein op-ed

The Los Angeles Times, October 8, 2006

His rhetoric soars and inspires, but the Illinois senator has yet to show leadership in Congress.

AS MUCH AS political junkies love the presidential horse race, their deepest affection is reserved for fantasy campaigns. Your average Democratic poll watcher or precinct walker will happily expound on his or her thoughts about the 2008 crop of candidates, but their eyes will really light up when they slip the surly bonds of reality and begin drafting titans and bigfoots, movie stars and war heroes. Oprah! Tom Hanks! Al Gore! A constitutionally incapable Bill Clinton! A resurrected FDR! A progressive shape-shifter from the Alpha Centauri quadrant!

It's perhaps predictable that this affliction, at least for now, is most prominent among Democrats, who are understandably insecure about their party's capability to draft winners. Surveying the field, many see a lineup of has-beens and never-wills. Charisma-challenged moderates such as Mark Warner mingle with establishment blowhards such as Joe Biden; disgraced nominees such as John Kerry threaten to drown out promising newcomers such as Russ Feingold. And who-oh-who will stop Hillary?

The latest name rippling through the Democratic ranks is Barack Obama. The half-Kenyan, Harvard-educated, hyper-charismatic senator from Illinois burst onto the national scene in 2004 when, still a state senator with higher-office hopes, he stole the Democratic convention with a soaring, heart-quickening keynote address. Since then, he's been a rare, hyper-eloquent spot of hope in a party desperately searching for cheer.

And although he routinely reminds that he's but a junior senator, his attributes only loom larger when transposed onto the 2008 race. In a crowd of old faces, Obama offers movie star good looks and a dazzling smile. Among a crew of (mostly) stale speakers, his rhetoric soars and excites. And in a particularly polarizing moment, he is preternaturally skilled at swelling the soul with calls for unity and national purpose. Noam Scheiber, a senior editor at the New Republic, gushes that "Obama is easily more intelligent, sophisticated and charismatic than 99% of the politicians I've come across," and, just for good measure, notes that "Bill Clinton is the only one I can think of who combines all three talents in similar proportions." Adding to the Obama mystique, Oprah Winfrey advised those seeking to draft her into the race to "take [that] energy and put it in Barack Obama."

If Obama isn't overtly preparing for a presidential run, he's certainly testing the waters. Recent weeks have seen him headlining Iowa Sen. Tom Harkin's steak fry, a legendary stop on the presidential aspirant road tour. While there, he had Steve Hildebrand, Al Gore's former Iowa director, introduce him to the state's activists. And the attention was only enhanced when

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Illinois state Comptroller Dan Hynes, who challenged Obama in the 2004 Democratic primary, released an open letter urging the young senator to run for president in 2008.

OK Democrats, deep breath. Despite Obama's undeniable magnetism and star power, he's not your guy. Not yet.

For now, Obama is a cipher, an easy repository for the hopes and dreams of liberals everywhere. He had the good fortune to run his first statewide (and nationally noticed) election against Chicago investment banker Jack Ryan, who dropped out because of a sex scandal, and then the brilliant performance artist (c'mon — you don't really believe that guy's serious, do you?) Alan Keyes. It's easy to focus on lofty ideals and shining rhetoric if you don't have an opponent and need never enter the muck of a competitive campaign.

But if Obama avoided being battle-tested in 2004 by the grace of God, it's his own timidity that has kept his name clean since.

Given his national profile and formidable political talents, he could have been a potent spokesman for Democratic causes in the Senate. Instead, he has refused to expend his political or personal capital on a single controversial issue, preferring to offer anodyne pieces of legislation and sign on to the popular efforts of others.

The closest he came to a showdown was when he sought to ignore John McCain's bipartisan group and decided instead to draft strong new ethics rules for the Senate. McCain flew into a public rage, and Obama backed down; no powerful bill was ever passed.

Indeed, Obama is that oddest of all creatures: a leader who's never led. There are no courageous, lonely crusades to his name, or supremely unlikely electoral battles beneath his belt. He won election running basically unopposed, and then refused to open himself to attack by making a controversial but correct issue his own.

Is that evidence of youth, or timidity? Does he hold no unpopular opinions, or does he simply avoid conflict? How would he react to fusillades launched by able opponents?

For now, nobody knows. But given the smear campaign launched against every recent Democratic nominee, grace and strength under fire should be proven qualities before Democrats even consider a potential candidate.

There are, to be sure, ways Obama could prove his mettle, not to mention his priorities. He could, say, make universal healthcare coverage his public obsession or demand an end to the war in Iraq. He could fight for full public financing of all campaigns, or seek a national living wage.

But until then, if Obama gleams, Democrats have no way of knowing if it's because he's truly an action hero or because he's refused to step out of his packaging. And until that question is answered, the hardened fighters they know are preferable to the attractive cipher they don't.

It's The Agenda, Stupid (LAT)

By Gregory Rodriguez column

The Los Angeles Times, October 8, 2006

Gregory Rodriguez: A Mormon President? Why Not?

IN A RADIO INTERVIEW last week, prominent evangelical activist James Dobson said that Massachusetts Gov. Mitt Romney's Mormon faith "could pose a serious obstacle" if he decided to run for the Republican presidential nomination in 2008. Dobson said he thought that conservative Christians wouldn't feel comfortable casting a ballot for a Mormon. Chances are, he's wrong.

Sure, plenty of evangelical Protestants refuse to consider Mormonism a branch of Christianity. A Pentecostal missionary recently referred to the heavily Mormon state of Utah as the "last frontier" for Christian proselytizing in the United States.

While Protestants and Catholics accept two books of Scripture, Mormons have three. Mormons believe that church founder Joseph Smith was a prophet of God; other Christians don't consider him anything except the founder of, at best, an unusual sect. Perhaps most troubling to many evangelicals, Mormons believe that the Almighty has a physical body. In other words, theologically speaking, Mormonism is much further away from Christian evangelicalism than, say, Catholicism or any mainline Protestant denomination.

But when it comes to American politics, it seems clear that cultural affinity and a shared political agenda can trump theology. Evangelical activists, for instance, have joined forces with conservative Jews and Tibetan Buddhists on human rights issues such as sex trafficking and North Korean gulags.

Since the earliest days of their religion in the early 19th century, when they were openly persecuted, Mormons have cultivated both their distinctiveness and a greater acceptance by society at large. Indeed, the church's decision to ban polygamy in the late 19th century was tied to its desire to have the Utah Territory accepted as a state. Once keen on establishing their own Zion in the West, over time Mormons became increasingly eager to integrate.

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By the late 20th century, Mormons had developed a reputation for being as American as apple pie, even if their beliefs were way out of the mainstream. They also became loyal Republicans. As recently as this summer, Utah voters — two-thirds of whom are Mormon — gave President Bush the highest job-approval rating of any state.

Joseph Cannon, chairman of the Utah Republican Party, calls Mormons the African Americans of the GOP because about 70% vote Republican. He says their affinity for Bush and his party derives from shared values. Of course, the same could be said about evangelicals, who at 40% make up the single biggest demographic bloc in the Republican coalition.

The conservative "values" agenda — anti-abortion, anti-gay marriage, a shared vision of what constitutes America's moral fiber — that connects each group to the GOP also links them to each other, at least politically.

"Some evangelicals may think that Mormons are going to hell," says Notre Dame sociologist Christian Smith, "but at the same time, they might think that it wouldn't be too bad to have one in elected office."

In other words, for all the talk of faith being central to the political behavior of religious conservatives, it can take a back seat to their social and political agendas.

Evangelicals are probably the least ecumenical of the major Christian groups in the county. They believe in evangelization, bringing the Gospel to new peoples, and in the inerrancy of Scripture. They are highly invested in their version of religious truth and less willing to find theological compromise with other denominations and religions.

It was the secularism of the late 1960s and early 1970s that pushed the once otherworldly evangelicals into the political arena. Feeling put upon by modernity, evangelical activism was fueled by indignation and the belief that they received little respect in an increasingly plural nation.

But the political and cultural successes of recent years, and their unprecedented influence on the Bush administration, have begun to change that equation. "It's harder to keep seeing yourself as an embattled minority when, in fact, your values are becoming increasingly accepted," says Baylor University religion scholar Rodney Stark. "Fifteen years ago, nobody made Hollywood movies to appeal to evangelical Christians. Things have changed."

And while some overly confident evangelical activists may feel their numbers mean they don't need to build bridges with those with whom they disagree, a growing number of evangelicals have begun to feel what Stark calls a "confidence and calmness." Now that their sense of exclusion has diminished, they are more willing to find common cause with non-evangelicals.

Christian evangelicals may think Mormons are dead wrong on fundamental issues of faith, but they share a conservative social vision. Despite Dobson's true-believer (and anti-Mormon) stance, U.S. politics will no doubt — in its time-honored way — once again make strange bedfellows. And Romney, who has called himself an "evangelical Mormon," could reap the benefits.

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Allen Rallies Conservative Supporters (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 8, 2006

MAIDENS, Va. -- Sen. George Allen last night rallied with his most reliable conservative friends, saying he is the only choice for them come Election Day, while Democratic challenger James H. Webb Jr. accused the Republican of running dishonest attack ads.

Mr. Allen, elected to the Senate in 2000, told attendees at his annual "Hoe Down" that Mr. Webb would increase taxes.

Mr. Allen echoed the theme of his latest campaign ad, saying that the national Democrats who support Mr. Webb want to let President Bush's tax cuts expire.

"You know what that means?" he asked. "Tax increases."

"You can count on me to make sure those tax cuts ... stay permanent. My friends, raising taxes would hurt our competitiveness and would cost us jobs and you ought to keep more of what you earn anyway."

The Webb campaign called on the senator to stop running the ads.

One ad says Mr. Webb would increase taxes because he is supported by liberal national Democrats. The other features a woman who accused Mr. Webb of misquoting her in a 1979 article, though she was not quoted in the piece after he interviewed her.

The campaign also said Mr. Allen violated a promise to voters that he would "get back on the issues."

"He must pull these ads and apologize to the people of Virginia for sinking Virginia politics to a new low," the Webb campaign wrote in a memo to reporters.

Mr. Allen yesterday promised he would stay on the issues and his record as a governor and a senator. He promised to be tough on national security and to fight for energy independence, themes that are sure to arise tomorrow at his final debate with Mr. Webb.

When Mr. Allen linked Mr. Webb to "Senator Hillary Rodham Clinton," the crowd booed and hissed.

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Conservative talk show host Laura Ingraham spoke at the fundraising event, at a private ranch where attendees dined on barbecued chicken and kept out of the rain under a large tent.

Miss Ingraham threw the 500 attendees some political red meat, saying Virginia voters are smarter than the "dinosaur media."

She asked the crowd what Mrs. Clinton, Howard Dean, Sens. John Kerry and Charles E. Schumer, Barbra Streisand and Venezuelan President Hugo Chavez had in common. "They've all endorsed Webb," she said, adding a "just kidding."

A few minutes later, she told Allen supporters: "When I see the politics of smear and fear versus the politics of substance and focus, I worry for our country."

Mr. Webb, secretary of the Navy under President Reagan, was forced to cancel several appearances scheduled for the Richmond area yesterday afternoon because of the sloppy weather.

He was scheduled to speak at a Norfolk reception of the National Association for the Advancement of Colored People and at an event in Portsmouth.

At the "Hoe Down," Mr. Allen and his supporters insisted his campaign ads were not negative.

Donors at the event were named "buckaroos," "cow bosses," "ranch hands" and "el ranchero grandes," depending on their gift, from a $50 minimum to $10,000.

Mr. Allen, sporting a bolo tie and a cream-colored cowboy hat along with his everyday footwear, thick-heeled boots, stood on the stage with his family: wife Susan, son Forrest and daughters Tyler and Brooke Victoria.

"We're all cowboys today," said Lt. Gov. William T. Bolling, a Republican.

Will Sen. Allen's Cowboy Boots Fit Virginia Voters? (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, October 8, 2006

Detractors Call Cowboy Image a Shtick

RICHMOND -- Like many kids, George Allen grew up idolizing television cowboys with shiny six-shooters at their hips. But his love affair with the imagery of the Old West endured into adulthood and became a motif of his political career.

He donned the boots, the flannel shirts and the ten-gallon hat as he rose from state lawmaker to congressman, governor and, finally, U.S. senator. The rustic image resonated in Virginia even though the state is far from cowboy country.

Now, as Virginia's junior senator battles for a second term and considers a run for the presidency in 2008, Allen hopes the cowboy persona still gives him the political benefit it gave his hero -- President Ronald Reagan -- and others such as President Lyndon B. Johnson and the current President Bush.

Last night, at a supporter's home near this city of the Old South, Allen held a Western-themed fundraiser called a "hoedown." Those who gave $50 were dubbed "Ranch Hands." Those who gave more than $1,000 earned titles such as "Buckaroo," "Cow Boss" or "Ranch Boss." Those who gave $10,000 or more to the Republican cause earned the title "El Ranchero Grande." In Allen's worldview, there is no greater compliment.

Critics say the would-be cowboy hasn't quite earned his spurs. They call it the tired political shtick of a 54-year-old Republican senator whose reelection is in jeopardy.

But former Allen chief of staff Jay Timmons said the image is genuine, born of a fascination Allen developed early in his childhood and even well into his teenage years in the 1960s.

"That was an age of long hair and the Beatles and wayward souls. Everybody was anti-establishment," said Timmons, a Washington lobbyist who is one of Allen's closest friends. "He was not somebody who was part of a pack. He did his own thing. He was clearly searching for an identity that he could connect with."

For Allen, who uses Copenhagen and wears leather cowboy boots with his blue suits, being a cowboy means dressing and acting the part.

"He connected with that at an early age," Timmons said. "It's because of that self-reliant mentality of the Old West, the pioneering spirit. That all appeals to him."

At the soggy hoedown, about 500 folks gathered under tents at the home in Goochland County along the James River. Many wore the requisite cowboy hats. A 10-foot-tall pair of brown cowboy boots greeted them as they arrived. A four-man old-time band played as the crowd munched on barbecue chicken, coleslaw, baked beans and chocolate-chip cookies.

"As far as I'm concerned, cowboy values are the best values," said Elliott Curzon, 51, a lawyer from Alexandria who called himself a huge Allen fan. "They're American values. They're gentle, but they're tough when they need to be."

The evening's featured speaker was conservative author Laura Ingraham. But the donors were there to see Allen and help him get reelected. Dressed in a white shirt, black bolo tie and tan cowboy hat, Allen promised victory.

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"Are y'all ready to win one month from today? This is victory weather!" Allen roared. If voters choose based on issues, he vowed, "we will win."

On Nov. 7, Allen will follow his custom and wear cowboy boots when he goes to the polls to vote. This time, he is in a tight race against a candidate who has his own meaningful footwear. Democratic nominee James Webb, a decorated Vietnam War veteran, wears combat boots in recognition of his son's deployment to Iraq with the Marines and to symbolize his own opposition to the war there.

Allen's detractors mock the cowboy image as an act dreamed up by an ambitious surfer boy from California to appeal to rural voters in Virginia. To them, it screams phony.

"With all due respect, I know cowboys," said Steve Jarding, who was raised in South Dakota and is now a senior Webb adviser. "I grew up with cowboys. I have nephews who bull ride. I'm sorry, George, you're not a cowboy."

To Jarding, Allen's penchant for cowboy boots and a wad of snuff is as contrived as Billy Crystal's character in the faux-cowboy movie "City Slickers."

"I put on a Superman outfit for Halloween," Jarding said. "It didn't make me a superhero."

Allen declined to be interviewed for this article. But people who know him well say he came under the spell of TV westerns while growing up in a fancy Southern California suburb. His sister, Jennifer, wrote in a memoir that Allen often dressed "like a character on 'Hee Haw' -- cowboy hat, flannel shirt, blue jeans and boots."

His favorite series, according to friends, was the shoot-'em-up classic "Gunsmoke." His brothers nicknamed him "Festus" after a character on the show who was an illiterate deputy marshal in Dodge City.

As a law student, Allen summered twice at a cattle ranch in Winnemucca, Nev., while many of his peers clerked for judges or toiled over briefs at law firms. He roped cattle for a cow boss named Joe Brown. Later, he tried to invite Brown to his gubernatorial inauguration, only to learn he had died.

His law office in Charlottesville was festooned with Western paraphernalia: a saloon sign, lassos, a saddle, a stuffed armadillo and a cowhide rug. One of the items he displayed -- a hangman's noose -- later caused him trouble. Adversaries accused him of displaying a symbol of lynching as part of a pattern of insensitivity toward minorities.

Even today, one room in his Fairfax County house is dedicated to Western memorabilia.

"He's been that way for years. He's been enamored with that since he was a kid," said Chris LaCivita, a consultant who managed Allen's 2000 Senate campaign. "This is not new to a lot of people. What's being done, it's being repackaged in a negative light to assault the guy's character."

In 1979, during his first run for the House of Delegates, consultants told Allen to wear wingtips. He did, and he lost. Thereafter, he vowed to ditch the executive-style footwear.

In 1982, wearing boots and riding in a battered pickup truck, he ran again and won. He hasn't lost since.

Allen held his first hoedown in 1994 when he took office as governor. The next year, it became one of his featured fundraisers. Buttoned-down donors would shed their neckties, open their collars and arrive in stiff blue jeans and recently purchased cowboy hats and boots.

The event has remained an Allen staple even as Virginia has become more urbane, more ethnically diverse and -- some say -- less hospitable to a senator who styles himself a cowboy. In Fairfax, the state's largest jurisdiction, a quarter of the population is foreign-born. Loudoun County is diversifying, with white residents now accounting for 74 percent of the population, down from nearly 83 percent in 2000. The Latino population in Prince William County has more than doubled in the past six years, census figures show.

The Allen campaign says he has garnered plenty of minority support. For example, a group called the Latino Coalition endorsed him Monday. But some minority voters panned the image of Allen on horseback at the Buena Vista Labor Day parade.

Jarding, who last summer mocked Allen's time in Nevada at "a dude ranch," said he thinks voters will put Allen out to pasture.

"He may have wanted to be a cowboy, but there weren't a lot of cowboys on Santa Monica Boulevard," he said.

Allen's advisers say the senator is unlikely to alter his persona.

"He's the kind of person who relates to the old Western way of doing things, where you have a lot of self-responsibility and you have to do things on your own and you can't rely on others." Timmons said. "He is not somebody who is going to change who he is to suit some fad."

Senate Hopefuls In Tenn. Square Off (AP)

By The Associated Press

The New York Times, October 7, 2006

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MEMPHIS, Tenn. (AP) -- Republican Senate candidate Bob Corker on Saturday called his Democratic opponent, Harold Ford Jr., a member of a family engaged in "machine-type politics," while Ford accused Corker of doing nothing about illegal immigrants working on his job site years ago.

Ford, a Memphis congressman who would be the first black U.S. senator from the South since Reconstruction, and Corker, a former Chattanooga mayor, are vying to replace Bill Frist, the Republican Senate majority leader, who is retiring. The Nov. 7 election's outcome could determine whether Democrats can take control of the Senate.

In the first of three scheduled debates, Corker said it is unusual that a Ford has held the 9th District congressional seat for more than three decades and noted that the Ford family has long been active in area politics.

"Let me be clear: I love them," Ford said of his family. But he urged Corker to stick to the debate.

Corker has previously shied away from bringing up the Ford family history. Over the years, members of Ford's family have won numerous local elections in Memphis and won seats in Congress and the state Legislature.

Ford's uncle is awaiting trial on federal bribery charges, and his father once was indicted in a federal bank fraud case but was acquitted.

"I'm making an observation that it's pretty much a family business, and I think it's something we all see and know ... that there's a sort of machine-type politics that takes place," Corker said.

Ford responded: "There's too much joy in my heart to respond to that, so I'll let it go."

After the debate Ford said Corker's comments about his family show a desperate campaign "grasping" for issues to bring up against him.

Both candidates said they want to control government spending, clamp down on illegal immigration and reduce the country's dependence on foreign oil.

But Ford charged that Corker -- who ran a construction company before becoming mayor -- did nothing after illegal immigrants were found to be working on a Memphis construction site he was developing in 1988.

"My question is, when you learned there were illegals on the site, why didn't you fire the subcontractor?" Ford asked Corker, who did not have an opportunity to respond during the debate.

Corker noted afterward that his company cooperated with federal immigration officials.

During the debate, Corker criticized Ford's votes against a ban on a type of late-term abortion, a position that Ford said he has since changed.

"You flipped-flopped on abortion also," Ford said to Corker. "You were for abortion before you ran the last time, and now you're against it."

During an earlier run for Senate in 1994, Corker said government shouldn't be involved in the issue.

"I was wrong in 1994," Corker said Saturday. "I didn't understand the issue in a proper way. It was the first time I ran for public office."

Ford has said he backs upholding the "law of the land" that grants a woman the right to an abortion.

Democrat Ford Wages A Conservative Campaign In His Senate Bid (MCT)

By Steven Thomma

McClatchy Newspapers, October 7, 2006

CAMDEN, Tenn. - No one knows if God is paying much attention to the U.S. Senate race in Tennessee. But the Senate race is paying a lot of attention to God.

The latest and perhaps most revealing battle in the clash for control of the Senate seat here hinges on a campaign commercial shot in a church by Rep. Harold Ford Jr., the Democrat seeking the Republican-held seat being vacated by retiring Sen. Bill Frist.

"Here," Ford says in the ad, walking down a church aisle before sitting in a pew and ripping into his opponent, "I learned the difference between right and wrong."

Not well enough, counter the Republicans.

"What kind of man parties with Playboy Playmates in lingerie, then films political ads in a church pew?" asks an ad aired by the National Republican Senatorial Committee, referring to Ford's attendance at a Playboy magazine Super Bowl party.

The skirmish over Ford's place in church underscores a central theme in the campaign: whether Ford is culturally and politically conservative enough to win over rural white voters and become the first Democrat elected from the state in 16 years - and the first black ever popularly elected from the South.

If Ford can win the Republican seat being vacated by retiring Sen. Bill Frist, the Senate majority leader, he would help his party along the way to the six-seat gain it needs to win control. More than that, a Ford victory would signal that Democrats could win again in the South, where it has been losing both Senate seats and presidential elections.

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"We're 33 days away and I can taste it," Ford said during a campaign stop in Camden.

Polls show the race a tossup between Ford and Republican Bob Corker, the former mayor of Chattanooga. Ford has the support of more than 90 percent of the state's blacks, and solid support around his Memphis base. But he trails among whites, and polls often miss hidden bias against black candidates that could mean he trails among whites by a larger margin.

To be elected, he needs to win and hold the center.

"They say I don't look like you, but I share your values," he said to applause from more than 200 rural white voters crowded into a Camden restaurant called the Catfish Place.

He lauded Ronald Reagan, bragged of his support for gun rights, balanced budgets, the Patriot Act and the war in Iraq, and constantly illustrated political points with references to church, the Bible and God. His cowboy boots, farm co-op baseball hat and generous use of "y'all" belie his East Coast, prep school upbringing.

As if to underscore which audience he's trying to reach, Ford brushed aside a reporter from National Public Radio to give an extended interview after his Camden events to the Christian Broadcasting Network.

In a later interview, Ford said his biggest challenge is the image of the national Democratic Party.

"There is a national perception of the Democratic Party that they are out of touch on moral and cultural issues, they're unable to protect and defend the country," he said. "I think that perception is wrong, and clearly we are making progress in overcoming it."

But he never stops working at it.

He even acknowledged supporting President Bush on some issues.

"When he said let's go take down the terrorists in Afghanistan, I sided with him," he tell crowds. "When he said it was right to give our intelligence officers more tools to make sure they can find those who are doing harm to us in this country, I said, Yes, sir. And when he said I want to remove Saddam Hussein, I wish he had a plan, but I said, Yes, sir, I'll go with you."

Of his attendance at Playboy magazine's Super Bowl Party, the bachelor tells audiences to laughter, "I got to admit, I do like girls."

Said Buck Carter, a county highway superintendent in Camden: "In this part of the world, that's not a negative. Guys around here would rather have gone with him."

He also raises the potentially troubling subject of his family. His father, a former congressman, was acquitted of corruption charges in 1993. His uncle, a state senator, faces trial this fall on corruption charges.

"I love my family," Ford told supporters. "There is nothing anybody can say or do that will bring any distance between any member of my family and me."

Ford accuses Republicans of trying to use "code words" to remind voters that he is black.

"They talk abut how different I am from you. And they got all these mail pieces going out all over the state, saying Harold Ford's not one of you," he said. "I know what he's really trying to say, and you do, too."

He also accused Republicans of altering a photo of him to make him appear darker. Ford is fair skinned.

Corker did not respond to repeated requests for an interview. But Chris Devaney, executive director of the Tennessee Republican Party, said the photograph of Ford was not altered.

He also said that Ford has a more liberal voting record than he admits. The National Journal last year gave him a rating of 58 percent, with 0 being the most conservative and 100 being the most liberal.

"To get elected in this state, you have to have conservative values," he said. "When you look at his record, he clearly isn't."

For more on the campaigns, see:

-www.bobcorkerforsenate.com

-www.fordfortennessee.com

Senate Debate In New Jersey: War Of Words (NYT)

By David W. Chen

The New York Times, October 8, 2006

Each accused the other of being a liar, their voices often rising. They interrupted each other constantly, making it almost impossible at times to hear what was being said. The tone was so combative that it almost seemed as if the two men, who appeared uncomfortable standing only inches apart, might have been one personal insult away from a World Cup-style head butt.

For anyone who has missed the campaign commercials or news media coverage about the race for the United States Senate in New Jersey, the fractious debate yesterday between Senator Robert Menendez and State Senator Thomas H. Kean Jr. may have come across as a piece of shockingly raw theater. But in both tone and substance, the one-hour session provided a concise summary of the campaign.

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There was Mr. Kean, a 38-year-old Republican who is the scion of a storied political family, managing to turn every question, whether about health care or personal foibles, into an opportunity to invoke the key theme of his candidacy: that Mr. Menendez, a veteran of the Darwinian world of Hudson County politics, is a political boss without a moral compass who is saddled with corrupt associates.

"I'm saying that when people look at Bob Menendez's background, all too frequently they need to go to jail," Mr. Kean said. "That's where 37 of Bob Menendez's friends and contributors are."

And there was Mr. Menendez, the 52-year-old Democrat and veteran of Congress who was appointed to serve the last year of Gov. Jon S. Corzine's term, reciprocating by repeating, time and again, one of his key contentions: that Mr. Kean is a partisan Republican who supports the policies, and is beholden to the fund-raising machine of President Bush, whose approval ratings are in the low 30's in the state.

"I think that my opponent basically supports the president across the board," Mr. Menendez said. "He has been relatively supportive and silent for six years. You can't change that in six weeks."

With just a few quiet exceptions, overshadowing it all was the vitriolic way the two men delivered their messages, reinforcing the reasons why the race is considered one of the tightest, nastiest and most closely scrutinized in the country this year.

"It's hard to be lectured on ethics by an individual who's under federal criminal investigation," Mr. Kean said early in the debate.

"That's an absolute lie on your part," Mr. Menendez fired back.

The one-hour debate, sponsored by the CBS affiliates in Manhattan and Philadelphia and The New York Times, was taped yesterday at the studios of WCBS in Manhattan, and was to be broadcast at 8 this morning in New York and Philadelphia.

It was not the candidates' first sparring match; they debated twice in June, shortly after each won his primary. But it may be the last televised one, considering that Mr. Kean last week pulled out of a debate scheduled for next weekend. (There is also a live radio debate scheduled for Oct. 17 on WKXW, 101.5 FM.)

With the election one month away, both sides acknowledged that the stakes were particularly high, as whoever wins in New Jersey could play a major role in determining which party controls the Senate.

Even though New Jersey has been solidly Democratic in recent statewide elections, and has not elected a Republican to the United States Senate since 1972, Mr. Menendez and Mr. Kean have been in a virtual dead heat for months. In the most recent poll last week, from Fairleigh Dickinson University, Mr. Menendez had a lead of 5 percentage points, 42 to 37, in a survey of 514 probable voters, with a margin of error of 4 percentage points.

During the debate, there were no obvious gaffes, no moments of embarrassment. But there were plenty of memorable exchanges.

At one point, the candidates were asked to grade Mr. Bush.

Mr. Menendez rated the administration between a D and an F, he said, for its handling of the war in Iraq and its amassing of trillions of dollars in debt.

Mr. Kean — who on Friday became the first major Republican candidate to call for the House speaker, J. Dennis Hastert, to resign in the aftermath of the Mark Foley scandal — first expressed frustration with Mr. Bush on the war and stem cell research, but then awarded him a B-minus.

The two candidates also jousted with each other, and with the panel of three journalists, over the tone of their television commercials.

When asked whether they regretted the negative nature of the commercials — including one for Mr. Menendez that linked Mr. Kean to a jailed Hudson County Democrat whom Mr. Kean's campaign had contacted in hopes of sullying Mr. Menendez's image — neither man disavowed his tactics.

"I'm proud of my campaign," Mr. Kean said on two occasions.

Mr. Menendez said his first three commercials were substantive, touching on issues like port security and his record in fighting corruption in Union City and opposing the war in Iraq. He added: "I regret that I have to respond to Tom Kean's vicious attacks."

One of the testier moments came when Mr. Menendez was asked about reports that a longtime friend, Donald Scarinci, had been overheard asking a psychiatrist who had $1 million in Hudson County contracts to hire one of Mr. Menendez's political patrons or risk losing the contracts.

Mr. Menendez distanced himself from Mr. Scarinci, saying he was no longer involved in the campaign. He then repeated his contention that Mr. Kean had tried to "shake down" corporations, receiving tens of thousands of dollars in contributions from members of corporate boards on which his father, former Gov. Thomas H. Kean Sr., served.

"I am tired of Bob Menendez attacking my family," said Mr. Kean, whose father, twin brother, wife and two daughters were with him yesterday. "That's what you're doing, Bob."

"I'm not attacking your family," responded Mr. Menendez, whose two grown children attended the event. "I'm talking about you."

"No, you're not, Bob," Mr. Kean retorted.

"I'm talking about you," Mr. Menendez continued. "Your judgment and your ethics."

"How would I — how in the world would I shake somebody down, Bob?" Mr. Kean said. "That is absurd!"

As the two were trying to talk over each other, Mr. Menendez accused Mr. Kean of rebuffing a request that he meet with families of soldiers fighting in Iraq. "You didn't even have the dignity of answering" the families, Mr. Menendez said.

"Oh, come on, Bob," Mr. Kean responded. "Let's be real."

To end the debate, the moderator, Jim Rosenfield of WCBS-TV in New York, asked the most personal question of the session: what each candidate saw as his biggest mistake.

Mr. Menendez said his biggest mistake had been voting for Mr. Bush's No Child Left Behind education law, which he said he had supported because he trusted that the president would back it up with financing.

Mr. Kean began by saying that he did not spend as much time with his wife and daughters as he would like, but then talked about the importance of rooting out corruption in government.

In a sign of the debate's importance, leading figures in each party showed up in the studios. For the Democrats, it was Mr. Corzine and Representative Robert E. Andrews of Camden County. For the Republicans, it was Mr. Kean's father.

An hour before the debate, as Mr. Corzine was leaving an elevator, he bumped into the elder Mr. Kean. The two exchanged pleasantries, and Mr. Corzine said he looked forward to the conclusion of the debates — and, presumably, to an end to the nastiness of the campaign.

Mr. Kean did not disagree.

A Show Of Hostility For Menendez And Kean (NYT)

By Ray Rivera

The New York Times, October 8, 2006

For weeks now State Senator Thomas H. Kean Jr. has claimed that his opponent Senator Robert Menendez is under federal investigation. So it was no surprise that he said it again in his very first response during the candidates' third debate yesterday.

Asked about the House scandal involving former Representative Mark Foley, Mr. Kean said Congress's ethics committees need to be revamped, then sneaked in the aside: "I mean, I've got an opponent who is under federal criminal investigation."

"That is absolutely untrue," a finger-wagging Mr. Menendez cut in.

So began a debate marked as much by unproven accusations and overstatement as by hostility. A close look shows how each candidate yesterday used small factual kernels to make sweeping claims that are hard to prove or disprove.

Most notable among the arguable claims was the question of a federal probe into an anti-poverty agency, the North Hudson Community Action Corporation, and Senator Menendez's role in it.

While it is true that Christopher J. Christie, the United States attorney for New Jersey, did subpoena records from the nonprofit agency last month, there have been no reports or statements from federal prosecutors indicating that Mr. Menendez is under criminal investigation, as Mr. Kean claimed repeatedly yesterday.

The nonprofit agency paid more than $320,000 to lease a building in Union City from Mr. Menendez for nearly a decade while he helped it secure millions in federal grants as a member of Congress. Mr. Menendez has said the rent, starting at $3,100 a month and ending at $3,400 a month, was comparable to market rates at the time, a claim supported by a real estate broker quoted in a 1996 Jersey Journal article examining the lease deal.

In that same article, Mr. Menendez said the lease deal was verbally approved by Ellen Weintraub, a lawyer at the time for the House Ethics Committee. Ms. Weintraub, who now serves on the Federal Election Commission, told The New York Times recently that she did not remember Mr. Menendez asking her about the deal but did not dispute that she might have cleared it.

"I'm not aware of any rule in effect then or now that would have prohibited a member of Congress from renting his property to an entity that receives federal funding," she said.

When news of the subpoenas broke last month, Mr. Menendez told ABC's George Stephanopoulos that he welcomed the investigation, "and we look forward to its successful conclusion." Mr. Menendez has also said the timing of Mr. Christie's subpoena appeared politically motivated.

Mr. Kean pointed to those statements yesterday as evidence of an investigation. But since his Sept. 24 appearance on ABC News' "This Week," Mr. Menendez repeatedly has said that he is not under investigation, and that none of his personal

banking or financial records have been requested. He told reporters yesterday that his comments to Mr. Stephanopoulos were made "off the top of my mind."

Asked about the North Hudson subpoenas after the debate, Mr. Menendez responded:

"There is constantly an effort to subpoena documents to get information, and then you make a conclusion of whether or not an investigation is even worth pursuing. It's far less than a criminal investigation, come on."

Throughout the frenzied debate, during which the candidates frequently cut each other off and strayed from the questions, both men continued to hurl questionable allegations of ethical lapses at each other.

"On the same day that you received thousands of dollars of contributions from one of the state's largest insurance companies, you gave them a vote that gave them a $40 million tax loophole," Mr. Menendez said, referring to a 2005 vote Mr. Kean made to maintain a tax exemption for the Horizon Blue Cross and Blue Shield health insurance companies after he received thousands in contributions from company executives and their families.

But Mr. Kean's vote was hardly pivotal; he voted with his party, and the exemption was killed in the Democratic-controlled Senate. Company officials and Kean's campaign have said that the contributions had no influence on Mr. Kean's vote.

Mr. Menendez went on to criticize Mr. Kean based on an article published yesterday in the Star-Ledger that said the state senator had accepted $213,025 in donations, both in his state and federal campaigns, from employees of firms who do business with the state government. Mr. Kean has proposed legislation that would have banned such contributions to candidates for state office.

"First and foremost," Mr. Kean responded. "It's hard to be lectured on ethics by an individual who's under federal criminal investigation — — "

"I'm not, Tom, stop saying that," Mr. Menendez replied.

Mr. Kean told reporters after the debate that until the law is changed, it is perfectly legal to accept such contributions.

Mr. Menendez also accused Mr. Kean of trying to "shake down" a corporation for contributions. He was referring to a report in the Wall Street Journal of a fund-raiser Mr. Kean held in Minnesota with executives of UnitedHealth Group on the same day his father, former Gov. Tom Kean Sr., who sat on the board of directors, was meeting with other directors to discuss possible irregularities with stock options given to top executives.

The company is under investigation by the Securities and Exchange Commission, and the implication was that the donations could be seen as an attempt to influence a witness because the elder Mr. Kean sat on the board's compensation committee.

Mr. Kean accused Mr. Menendez of attacking his father and added, "How in the world would I shake somebody down, Bob? That is absurd."

On the topic of stem-cell research, which both candidates say they support, Mr. Kean said he voted for research financing in the state assembly. Mr. Menendez quickly responded that his opponent voted against it six times. But three of the votes involved research money that was embedded in omnibus state budget bills that Mr. Kean and most of his fellow Republicans voted against. He said he did not like how the other three bills, which involved research facilities, were being financed. Mr. Kean has also gone further than most Republicans in saying that he supports embryonic stem-cell research.

Mr. Menendez also accused Mr. Kean of quitting the powerful State Senate budget committee earlier this year to avoid controversial votes that could haunt him in his bid for United States Senate. Mr. Kean's campaign has said that he left the committee solely to devote more time to the campaign.

Senate Hopefuls Debate Bush Ties, Federal Inquiry (WT)

By Amy Fagan, The Washington Times

The Washington Times, October 8, 2006

NEW YORK -- Democratic Sen. Robert Menendez denied he is under federal investigation, while Republican challenger Thomas H. Kean Jr. rated the Bush administration a "B-minus" during a combative debate yesterday between New Jersey's two U.S. Senate candidates.

The hourlong debate, in which the two men often spoke over each other so loudly that it was difficult to hear what either was saying, showcased an intense contest marked by corruption charges.

Democrats usually win easily in New Jersey, but corruption charges against Mr. Menendez have the party fighting to keep the Senate seat.

"There is no such federal criminal investigation," Mr. Menendez said when asked to respond to an ad by Mr. Kean's camp.

Mr. Menendez said repeatedly that Mr. Kean is in agreement with President Bush and out of touch with state voters.

"When you're wrong on the war in Iraq, when you're wrong on privatizing Social Security ... then you have to play the politics of smear and personal destruction," he said.

Federal investigators are examining a rental deal in which a nonprofit group received millions of dollars in federal funding while Mr. Menendez was a House member, the Star-Ledger reported last month.

"The voters of the state deserve to know that they've got a senator under federal criminal investigation," Mr. Kean said during the debate, which was sponsored by New York and New Jersey CBS affiliates and the New York Times.

Mr. Kean pledged to bring a higher ethical standard to state politics. "We've had our state be the butt of jokes on David Letterman and Jay Leno," he said.

Mr. Menendez told reporters after the debate that a subpoena for records doesn't mean federal authorities are investigating him.

A Menendez ad says the Kean campaign consulted with a convicted felon, and the Democrat yesterday referenced a report in the Star-Ledger article that said Mr. Kean accepted thousands of dollars in contributions from state contractors even though, as a state senator, he introduced a bill two years ago to ban political candidates from receiving such donations.

Mr. Menendez and Mr. Kean have been at a virtual tie in the race, but two recent polls gave Mr. Menendez a slight edge.

When asked yesterday to rate the Bush administration, Mr. Kean answered "B-minus." The Republican has distanced himself from the president throughout his campaign.

He made headlines last week by calling for the resignation House Speaker J. Dennis Hastert over the Illinois Republican's handling of the scandal involving lurid messages sent by former Rep. Mark Foley, Florida Republican, to a male teenager who was a former page.

"There's things I've been frustrated by," Mr. Kean said. He said he disagrees with Mr. Bush on stem-cell research, energy policy, the environment and spending but supports Mr. Bush's approach to tax cuts and fighting terrorism.

Democrats said Mr. Kean's B-minus rating proves he supports the president.

"B-minus makes the honor roll," said Rep. Robert E. Andrews, a New Jersey Democrat who attended the debate. "I think that Tom Kean made our case for us today, convincingly."

N.J. Senate Hopefuls Face Off In Debate (AP)

By Angela Delli Santi, Associated Press Writer

The Associated Press, October 7, 2006

New Jersey's two Senate hopefuls faced off Saturday in an hourlong exchange characterized more by a lack of civility than the dialogue on issues they had said they wanted.

Sen. Robert Menendez and state Sen. Tom Kean Jr. repeatedly attacked each other during their first meeting of the fall, with Menendez frequently waving his index finger for emphasis and Kean cutting off his opponent in mid-sentence.

Both men relied on familiar lines of attack in the increasingly contentious and closely watched contest for a full six-year Senate term. The race could affect whether Democrats can take control of the U.S. Senate.

Kean, a Republican, has made ethics a centerpiece of his campaign and has tried to tie Menendez to the Democratic machine politics of rough-and-tumble Hudson County, N.J.

Menendez has sought from the beginning to link Kean to the unpopular policies of the Bush administration, most notably the war in Iraq.

When asked to grade the Bush administration, Kean gave the president a B-minus. But he said he disagreed with Bush on several issues, including environmental and energy policies. Kean said he also supports stem cell research.

Kean has said he supported the president's decision to wage war in Iraq, though he believes mistakes have been made and Defense Secretary Donald Rumsfeld should be fired.

Menendez, who voted against the resolution authorizing the Iraq invasion, said he would give Bush a grade of D or F.

Kean Jr. hammered away at Menendez's supposed ethical lapses, repeatedly saying he is under federal criminal investigation on suspicion of renting a building he owned to an anti-poverty organization that receives federal funds.

Menendez acknowledges that federal investigators have issued subpoenas in the lease deal but denies that he is under investigation.

Asked to defend a similarly themed campaign commercial, Kean said he had an obligation to tell voters about his opponent's character.

Menendez was also asked to defend a negative commercial for his campaign, in which he portrays a Kean campaign researcher as befriending a convicted felon in order to dig up dirt on him. Menendez said he made the commercial to dispel the accusations against him and pointed out that he made three positive ads before going negative.

Moderator Jim Rosenfield told both candidates that media reports have accused them of engaging in a smear campaign. Kean said, "I'm proud of my campaign," and Menendez said, "I regret that I have to respond to Tom Kean Jr.'s vicious attacks."

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Menendez is considered the incumbent, having been appointed by Gov. Jon S. Corzine to fill the remainder of his term last year. Kean hopes to be New Jersey's first Republican senator in 30 years.

A Fairleigh Dickinson-Public Mind survey out Thursday showed Menendez with a slight edge. There are more Democrats than Republicans in New Jersey, but independent voters far outnumber those registered with either party. Menendez had raised $7.39 million for his campaign, according to the latest filings, while Kean had $2.25 million.

The candidates next meet on Oct. 17 for a one-hour live radio debate.

Saturday's taped debate will be broadcast in New Jersey, New York and Philadelphia on CBS stations at 8 a.m. Sunday.

Democrat Poised To Become First Muslim In Congress (NYT)

By Neil Macfarquhar

The New York Times, October 8, 2006

MINNEAPOLIS — Keith Ellison, the Democratic candidate for Congress here, strode among the stalls of exotically printed fabric, telephone cards and sweet tea at a Somali mall, shaking hands with his fellow Muslims.

"The community showed up big!" Mr. Ellison, 43, said, dispensing hugs as he thanked the many immigrant Somalis whose votes had helped him beat six other candidates in a primary race in September.

Mr. Ellison, a stocky criminal defense lawyer who converted to Islam in college, is expected by experts to make history on Election Day by becoming the first Muslim elected to Congress, as well as the first black representative from Minnesota.

"If he wins, he will take the oath of office on a Koran," Ali Ahmed, a social services worker, said as he wandered through the Karmel Square mall, a popular shopping and social destination for Somali immigrants.

"Our main concern is that Muslims are treated differently from Christians," Mr. Ahmed said. "So he can show that we are all the same people."

The Fifth Congressional District is a Democratic citadel. The last Republican to represent it lost re-election in 1962.

Mr. Ellison's Republican opponent, Alan Fine, has made a concerted effort to discredit him for previous ties to the Nation of Islam, the radical group founded by Louis Farrakhan, but experts do not expect Mr. Fine to pose a serious challenge.

Though Mr. Ellison usually mentions his faith on the campaign trail only when asked, his candidacy has amounted to something of a political awakening among Muslims tired of being vilified since the attacks of Sept. 11, 2001.

"They were resistant to voting because a lot of them thought it wouldn't make a difference," said Abdisalam Adam, the director of a Somali cultural center who helped send scores of volunteers door to door to bring out voters in the primary. "This is the first time we saw people get excited and identify with the issues."

Mr. Ellison's progressive positions, including support for universal health coverage, raising the minimum wage and withdrawing the troops from Iraq, cemented his appeal among a broad swath of Democrats in this liberal district.

But political analysts and community organizers say African-Americans and Muslim immigrants here secured Mr. Ellison's 7,000-vote margin on Sept. 12.

"This is the way we build political power," Mr. Ellison told supporters. "They can't ignore us anymore when we show up to vote."

There are far larger communities of Muslims in the United States, with the overall population estimates ranging from three million to more than six million American Muslims. But few other Congressional districts have such a high concentration.

Somalis started arriving here in 1993 as refugees fleeing the civil war in their country. Their number has grown to 120,000, with one-fourth in the Fifth District, Mr. Adam said. He estimated that 80 percent of the Somalis who voted in the primary cast ballots for the first time. "The Somali community is probably the least educated and the least organized in terms of having any experience with democracy," he said.

Mr. Ellison brushes off the idea that he was motivated to run for Congress to become the first Muslim or first black from Minnesota. Rather it was to change policy, he said, to fight in the manner of the beloved Senator Paul Wellstone against a Republican administration that marginalized the poor and minorities.

Energizing black Muslims or immigrants, Mr. Ellison said, is a side benefit. "I've never sat down and said, 'Gee I'm going to be the first,' " he said, "It holds no magic for me."

He does concede a certain element of breaking ground.

"Any ethnic or religious group that is new to American politics is going to go through trouble," he said, reaching next to his office desk to open a book called "Jews in American Politics."

He read aloud a passage about how Jews were vilified and blocked from political office until their expertise in various fields proved crucial to the New Deal.

"It's going to be the same way for Muslims," he said. "It is just going to take a while."

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The campaign has been an indication of the hurdles ahead. The primary turned nasty in May, after Mr. Ellison won the endorsement from the Democratic-Farmer-Labor Party, as the Democrats are known here.

The press and Republican blogs like MinnesotaDemocratsExposed.com unearthed problems from Mr. Ellison's past. They included late filings of income taxes and campaign finance reports, plus a raft of unpaid moving violations and parking tickets that led to a suspended driver's license.

Most damaging were newspaper columns that he wrote under the pen name Keith E. Hakim in 1989 and 1990, when Mr. Ellison was a law student at the University of Minnesota. One explosive column defended Mr. Farrakhan against accusations of racism. Conservatives accused Mr. Ellison of having been a local leader for the radical group.

Mr. Ellison quickly apologized for past mistakes. He said repeatedly, including in a local synagogue, that he was distantly affiliated with the Nation of Islam for 18 months while helping to organize the Minnesota delegation to the Million Man March in Washington in 1995.

He said he saw the march as a way to promote personal responsibility and economic development but said he later found it pointless.

He also sent a letter to the Jewish Community Relations Council in Minneapolis, repudiating Mr. Farrakhan and his supporters as anti-Semitic.

Mr. Ellison prevailed in the primary despite the controversy because "he had intense, loyal supporters who are not going to be chased off," said Lawrence Jacobs, director of the Center for the Study of Politics and Governance at the Humphrey Institute at the University of Minnesota.

Mr. Fine, the Republican candidate, has reignited the fight.

"I'm extremely concerned about Keith Ellison, Keith Hakim, Keith X Ellison, Keith Ellison Muhammad," Mr. Fine said at a news conference after Mr. Ellison's victory in the primary, mocking pseudonyms that Mr. Ellison used in college.

Mr. Fine has repeatedly accused Mr. Ellison of being a follower of Mr. Farrakhan and of being backed by a Muslim lobbying organization that Mr. Fine said supported terrorism.

"I'm personally offended as a Jew that we have a candidate like this running for U.S. Congress," Mr. Fine said at the news conference.

Some Jews applauded Mr. Fine. Others said they were appalled by what they heard as inflammatory remarks. An older brother of Mr. Fine, Robert Fine, a lawyer, called Mr. Ellison to disassociate himself from the attack.

The Republican, a 44-year-old management lecturer at the Carleton School of Management, has been trying to clarify his remarks.

"This has nothing to do with his being a Muslim, this has nothing to do with his being black," Mr. Fine said in an interview in a coffee shop that serves as his campaign headquarters. "This is about someone who supports people who hate. That is why he is unqualified for Congress."

Mr. Ellison was raised a Roman Catholic in Detroit, converting to Islam as a 19-year-old sophomore at Wayne State University. He refuses to discuss publicly his reasons, stating in snippets of interviews between campaign stops: "I don't remember any grand epiphany. I saw no vision, no lightning on the road to Damascus."

He lives in north Minneapolis, one of the highest crime areas in the city, with his wife, Kim, a high school mathematics teacher, and their four children.

He said he had never met Mr. Farrakhan, but conceded that as a young man he was more taken with the message of social empowerment and figured that the accusations of anti-Semitism were just the usual slur against any black leader.

"It's amazing," Mr. Ellison said, "that people naturally assume that there would not be a measure of anger and frustration in the black community" over their history of exploitation here.

Control Of The Governors' Mansions In Play (LAT)

By Mark Z. Barabak

The Los Angeles Times, October 8, 2006

Democrats need to gain four seats to achieve a national majority. Fewer than a dozen appear truly up for grabs in November, experts say.

For the first time since the 1994 Republican landslide, Democrats are poised to attain a majority of the nation's governorships, an important political toehold regardless of who wins the battle to control Congress.

Election handicappers forecast Democratic gains of four to eight seats out of the 36 on the Nov. 7 ballot, with the Republican-held governor's chairs in New York and Ohio considered most likely to switch parties. The Democrats need to gain four governorships for a national majority.

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Massachusetts, Arkansas, Colorado and Maryland also look promising for Democratic candidates, according to campaign analysts. In Massachusetts — the land of Kennedys — a win would put a Democratic governor under the gold Capitol dome for the first time in more than a dozen years.

Four seats appear to be tossups: Minnesota, Wisconsin, Iowa and Michigan, all states that could prove vital in the 2008 presidential campaign. All but Minnesota have Democratic governors now.

Overall, "I think the Democrats have to be more optimistic about their chances," said elections analyst Tim Storey of the National Conference of State Legislatures. "The way polls show it, Democrats are definitely going to make gains."

As with the state-by-state congressional struggle, factors shaping individual gubernatorial contests vary. In Michigan, it is the state's sagging economy. In Wisconsin, it is government ethics. In Minnesota, it is education and healthcare. In Iowa, it is a grab bag of issues, including immigration.

But more broadly, the voter pessimism that has Republicans fighting to keep control of the House and Senate is hurting the GOP at a time it has to defend far more governors' seats than Democrats do.

"Because Republicans have all this exposure, you've got to draw some connections to what is going on nationally," said Jennifer Duffy, who analyzes gubernatorial contests for the nonpartisan Cook Political Report.

Another problem facing the GOP is longevity: Republicans have been governor for eight or more years in several of the states with midterm elections, and voters often show an inclination to switch party control after such a period.

"It's hard to run a state," said Stuart Rothenberg, an independent election analyst in Washington. "You have to make some tough calls. You're going to make enemies. So there's kind of a normal rotation we don't see in the House and Senate."

Democrats have one other factor going their way: Nine Republican-held seats are open — meaning no incumbent is running, so the seat is more competitive — as opposed to just one open Democratic seat, in Iowa.

There are bright spots for the GOP. Three of the four most populous states — Texas; Florida; and California, where Democratic state Treasurer Phil Angelides is challenging Gov. Arnold Schwarzenegger — seem likely to stay in Republican hands, according to opinion polls and political experts.

Each party has its election-day wish list. Democrats talk of the chance to pick up an open seat in Nevada; to stage an upset in Florida, where Republican Jeb Bush is stepping down; and to knock off the GOP incumbent in Democratic-leaning Rhode Island, where a hot U.S. Senate race could turn out loyalists. Republicans are talking about possible pickups in Oregon, where Gov. Ted Kulongoski finished with a less-than-impressive 54% in May's Democratic primary; and Illinois, where Democratic Gov. Rod Blagojevich seeks reelection but has been dogged by ethics allegations.

But most analysts say that, barring surprises, fewer than a dozen seats appear truly up for grabs.

According to Republican Governors Assn. Executive Director Phil Musser: "There's no question we're facing a bit of a head wind. The national mood ain't great."

Although the scandal surrounding recently resigned Rep. Mark Foley (R-Fla.) has complicated GOP efforts, the party's strategists are counting on a superior get-out-the-vote operation, like the efforts that boosted Republican turnout in the last several elections, to stem midterm losses.

More is at stake in the governor's races than mere bragging rights.

With Washington twisted in partisan knots, governors have taken the lead on welfare, healthcare, immigration and the environment, among other issues. Statehouse initiatives have offered blueprints for national legislation, such as federal welfare changes during the Clinton administration.

"That's where the policy innovation is going on: with the governors and legislatures," Storey said.

Statehouses have also been an important presidential proving ground; four of the last five White House occupants had been governors. Bill Clinton was in his fifth term as Arkansas governor when he was elected president in 1992, and George W. Bush won the White House in 2000 during his second term as Texas governor.

For 2008, New Mexico Gov. Bill Richardson, Iowa's outgoing Gov. Tom Vilsack and former Virginia Gov. Mark Warner are all exploring bids for the Democratic presidential nomination. Among Republicans, outgoing Govs. George E. Pataki of New York, Mitt Romney of Massachusetts and Mike Huckabee of Arkansas are considering running.

And governors who aren't themselves aspirants can boost presidential campaigns — using their clout to help raise money and muster volunteers, serving as state surrogates for the party nominee and amplifying a campaign's message with the gubernatorial megaphone. (Many Democrats are convinced that Bush would never have won the decisive states of Florida in 2000 or Ohio in 2004 if Republican governors hadn't been overseeing those states' elections.)

As Democratic advisor Mark Mellman puts it: Although "there's far from a perfect correlation between holding the governorship and winning a state" in a presidential campaign, nonetheless, "as my grandmother would have said, it certainly can't hurt and in a lot of ways it can help." Mellman is advising the governors of Michigan and Wisconsin in their reelection bids and was a strategist for the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.).

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Governors elected this November also will have a leg up on reelection in 2010, putting them at the center of the political line-drawing that will take place after the next census. That, in turn, could go a long way toward shaping the partisan makeup of Congress for years to come.

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(INFOBOX BELOW)

Hot races

Fewer than a dozen of the 36 gubernatorial races across the country are truly competitive at this point, election analysts say. Here is a look at six of the hardest-fought contests.

Race

Iowa: State Secretary of State Chet Culver (D) faces Rep. Jim Nussle (R) in a race for an open seat that is viewed as a toss-up.

Background

Culver, son of a former U.S. senator, has a homegrown brand name and is portraying Nussle as a Washington insider. But Culver has been a less-than-nimble campaigner in a race heated up by the abortion and immigration issues.

Race

Massachusetts: Deval Patrick (D) faces

Lt. Gov. Kerry Healey (R) and Christy Mihos (I) for an open seat in a state that leans Democratic.

Background

Patrick, deputy U.S. attorney general under President Clinton, is vying to become the second elected black governor in the nation's history. Healey has the tough task of distancing herself from, but not alienating, outgoing Republican Gov. Mitt Romney.

Race

Michigan: Gov. Jennifer Granholm (D) is in a tight race against Dick DeVos (R).

Background

Michigan's woeful economy has made Granholm, once hailed as a rising national star, highly vulnerable. DeVos, drawing millions from his inherited Amway fortune, has been sharply criticizing her on the TV airwaves since February.

Race

Minnesota: Race between Gov. Tim Pawlenty (R) and Atty. Gen. Mike Hatch (D) is a toss-up.

Background

Voters like Pawlenty, but not his handling of education, healthcare and transportation. Hatch's pugnacious personality may be too much for voters in this famously polite state.

Race

Nevada: In a state that leans Republican, Rep. Jim Gibbons (R) faces state Senate Minority Leader Dina Titus (D) for an open seat.

Background

Gibbons started out as a favorite, but Nevada has been trending Democratic, thanks to its growing Latino population and union muscle. Titus is also benefiting from tensions between Gibbons and outgoing GOP Gov. Kenny Guinn.

Race

Wisconsin: Gov. James Doyle (D) is trying to hold off a challenge from U.S. Rep. Mark Green (R).

Background

Doyle has been plagued by ethics issues. Green is campaigning on the time-for-a-change message that Democrats are using elsewhere. But his Washington return address doesn't help.

Graphics reporting by Mark Z. Barabak

The Big-Sky Dem (NYT)

By Mark Sundeen

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It's fun being governor of Montana. Just watch Brian Schweitzer bouncing around the streets of Helena in the passenger seat of the state's official S.U.V., fumbling with wires, trying to stick the flashing police light on the roof. When he spots some legislators on the sidewalk, he blasts them with the siren, then summons them by name on the loudspeaker. The men jump, and the governor tumbles out of the car, doubled in laughter, giving everyone a bear hug or a high-five or a soft slap on the cheek. Schweitzer, a Democrat in his first term, marches into a barroom in blue jeans and cowboy boots and a beaded bolo tie, and his border collie, Jag, leaps out of the vehicle and follows him in. The governor throws back a few pints of the local brew and introduces himself to everyone in the place, down to the servers and a small girl stuck there with her parents. He takes time from the backslapping to poach cubes of cheese from the snack platter and sneak them to the girl, who is now chasing his dog around the bar. "This is how you make friends with Jag," he advises her. "Just hold it in your hand and let him take it."

As soon as Schweitzer was elected in 2004 — the same night that George W. Bush carried Montana by 20 percentage points — pundits began declaring him the future of the Democratic Party. Never mind that it was his first elected office: the 51-year-old farmer and irrigation contractor had folksy charm and true-grit swagger. He shot guns, rode horses, took his dog to work and decimated his opponents with off-the-cuff one-liners heavy on the bull-and-horse metaphors. He didn't act like a Democrat, in other words, and to many Democrats, reeling from consecutive losses to Bush, that seemed like a pretty good thing.

Schweitzer's grandparents were homesteaders who immigrated to Montana from Ireland and Germany. His parents were ranchers who never completed high school. And until 2000, Schweitzer and his wife, Nancy, were farming in Whitefish and raising their three children. And then, despite the fact that he was a virtual unknown in politics, Schweitzer began a quixotic bid to oust Conrad Burns, a two-term incumbent Republican senator. To the surprise of Montana's political class, he came within four percentage points of succeeding. Almost immediately, he began campaigning for what would be an open governor's seat. Even after choosing a Republican as his running mate, he thumped his primary opponent by a 52-point margin, then won the general election by four points.

Within months of his election, bloggers were clamoring for a presidential run, and his popularity transcended the wonk journals to include coronation as "Hot Governor" by Rolling Stone magazine, while "60 Minutes" called him the Coal Cowboy. On camera he persuaded Lesley Stahl to take a whiff from a vial of diesel fuel synthesized from coal — a product that Schweitzer claims will not only fill Montana's coffers but also help end the nation's dependence on foreign oil peddled by "sheiks, rats, crooks, dictators."

Schweitzer's "Montana miracle," in which Democrats took back the governor's seat after 16 years and ended 12 years of Republican majorities in both state chambers, has been cited as evidence that the Republican bastions in the Western states are losing ground to a new, Democratic brand of libertarian-tinged prairie populism. No fewer than four recent books by Democratic strategists have mentioned Schweitzer as the kind of guy Democrats need to win back rural America. A fifth book, Tom Schaller's "Whistling Past Dixie," published earlier this month, also singles out Schweitzer and makes the previously heretical claim that the Democrats' future lies in ignoring the South and embracing the West and Midwest, where voters are less evangelical and more independent.

"He's one of the new stars in the party," Gov. Bill Richardson of New Mexico, chairman of the Democratic Governors' Association, told me recently. "We're highlighting him wherever we can." Indeed, just 54 days into his term, Schweitzer was chosen to deliver the Democrats' weekly radio address, and he has been attracting notice from the party faithful ever since — like when he compared the president to a shifty cattle auctioneer hawking lousy bulls to dubious ranchers.

Six-foot-two and a beefy 205 pounds, Schweitzer has seized the heartland imagery generally monopolized by Republicans. "Schweitzer is the antithesis of the Democrat stereotype," Markos Moulitsas Zuniga, of dailykos.com, the partisan Democratic blog, told me. "Too many Democrats look like targets for the school bully. Schweitzer is a tough guy. And people like guys who will bar-fight their way across a state."

Schweitzer veers right on many economic and social issues: he opposes gun control, favors the death penalty and preaches about lowering taxes and balancing budgets. At the same time, he leans left on some issues that matter to progressives: championing energy conservation and environmental regulation, opposing governmental restrictions on abortion and criticizing free-trade deals. "He's as much a prairie centrist as he is a prairie populist," Bruce Reed of the Democratic Leadership Council told me. Schweitzer has the ability to reduce a complicated issue to a few sharp lines, reframing it with themes of patriotism and underdog know-how. "I was a critic of Nafta, I was a critic of Cafta and I'll be a critic of Shafta," he says of free-trade agreements, long the hobgoblin of even the most articulate liberal politicians. "Why is it that America supposedly creates the best businessmen in the world, but when we go to the table with the third world, we come away losers?"

The Democrats' enthusiasm for their new hero seemed to overlook the fact that the governor of a state as sparsely populated as Montana simply does not wield a lot of national clout. Schweitzer governs fewer than a million people, in a state with a single Congressional representative, only three electoral votes and a Legislature that meets for just 90 days, every other

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year. Indeed, Schweitzer's national celebrity has less to do with the way he has governed and more to do with Democrats' perception — or their hope — that he is leading a Western resurgence.

The elections next month will test that theory. Schweitzer has been campaigning for the two Western Democrats best poised to replace powerful Republicans. In Montana, a populist farmer named Jon Tester is posing a serious challenge to Senator Conrad Burns, whose close ties to the lobbyist Jack Abramoff have made him an attractive target for Democrats trying to paint the Republicans as corrupt insiders. A Tester victory would solidify Montana as a Democratic stronghold, marking the first time since 1989 that the state's two senators and governor were all Democrats. (Montana's other senator,

Max Baucus, a Democrat, has held his seat since 1978.) In Colorado, meanwhile, Schweitzer has been stumping for Bill Ritter, the former Denver district attorney, who grew up on a farm with 11 brothers and sisters, began working construction at age 14 and is now running for governor. A Ritter win would complete what Schweitzer calls a "blue bridge from Alberta to Mexico," a string of Democratic governorships stretching across Montana, Wyoming, Colorado, New Mexico and Arizona — states that all broke for Bush in 2004.

Some of this has to do with demographics. In the last three decades, professional and service jobs have boomed in the Rocky Mountain states, and farming and mining jobs have not; those two sectors, once the mainstay of the region, now make up just 5 percent of all jobs. In Nevada, Arizona and Colorado, a sharp rise in the Hispanic population in the last decade may also have helped tilt the voting base to the left. But Governor Schweitzer says he believes that his success points to something more significant. "Is it that the population in the West is trending toward the traditional Democratic Party?" Schweitzer asked. "Or is it possible that some leaders in the Rocky Mountains are on the vanguard of realigning what the Democrats stand for?"

The Interior West has long been seen by Democrats on election night as simply a disheartening wall of big red blocks. Idaho, Utah and Wyoming haven't voted for a Democratic presidential candidate since Lyndon Johnson in 1964, and Montana, Colorado and Arizona have all gone Republican in 9 of the last 10 presidential elections. But below the surface, the map of the West is slowly becoming a little less red and a little more blue. In 2000, Democrats had not a single governor in the interior West states; now they have four. Democrats have gradually been picking up House seats, too. In 1996, they won 4 of 24 House seats in the region. But they've managed to pick up 1 or 2 seats in each of the last four elections and have now clawed their way up to 8 of 28. In 2004, the party's only bright spot besides Montana was Colorado, where Ken Salazar won a Republican Senate seat; his brother, John, picked up a House seat; and the Democrats took control of both state chambers.

"The pan-Western states — in an arc from Ohio, west to Montana and south to Arizona — are where the low-hanging and most-ripe-for-the-plucking electoral fruit for Democrats is to be found," writes Tom Schaller in "Whistling Past Dixie." The midterm election outlook seems to support Schaller's thesis. None of the region's eight Democratic representatives — the so-called Coyote Caucus — are considered at serious risk in 2006. But 10 of the 20 Republican-held seats are included in the list of 56 potential Democratic pickups compiled by Larry Sabato at the University of Virginia's Center for Politics. The Democratic Senate candidate in Arizona is putting up a surprising fight against the Republican incumbent, and the race for Nevada governor, an open seat vacated by a Republican, is listed by the Cook Report, an influential Washington political newsletter, as a tossup.

Local Democrats portray this trend as a grass-roots, homegrown phenomenon. "These advances were not the results of any national organization," Jim Farrell, executive director of the Montana Democratic Party, told me, "but of the emergence of great local leadership like Schweitzer and Salazar. The D.S.C.C." — the Democratic Senatorial Campaign Committee, led by Charles Schumer of New York — "and other national groups have recognized the potential for gain, but they're chasing after a train that began rolling in the last two cycles here in the West."

It would seem to be true that Democrats in Washington long ignored the mountain states. As Pat Williams, a Montana Democrat who served in the House from 1979 to 1996, told me, "In 2000 you literally couldn't get an Al Gore button in Montana." But in recent years, the national Democratic Party has made some small but significant organizational shifts to increase the West's political brawn. In August, the Democratic National Committee inserted a Nevada caucus into the 2008 presidential primary schedule, between Iowa and New Hampshire, in recognition that the Southwest is the nation's fastest-growing region. The West has also gained influence through the elevation of Senator

Harry Reid, a pro-gun, pro-life Nevada Mormon, to Senate minority leader. Democrats have chosen Denver as one of two finalists to be host of their 2008 convention (the other is New York). If Denver is selected, it will mark the first time in a century that Democrats have held a convention in the interior West. The D.N.C. has hired as its Northwest political director Brad Martin, who as executive director of the Montana Democratic Party oversaw its 2004 gains, and

Howard Dean has dispatched more than 30 staff members to the Western states as part of his "50-state strategy."

Still, Democrats hasten to assure the region's notoriously prickly and independent voters that the national party's new Western focus doesn't mean that Washington will exercise any control over candidates in the region. "We're not trying to be a top-down organization like the Republicans," says Karen Finney, spokeswoman of the D.N.C. In the West, of course, being seen

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as refusing to take orders is a way to demonstrate your frontier spirit. Williams offers this advice to any Western candidate wondering whether to employ a regional strategy: "If it doesn't exist, create it. And then be against it."

As fertile as the West may seem for Democrats, some in the party remain skeptical that it matters much. "The problem with the Democrats is that they can't count," Dave (Mudcat) Saunders, a Democratic campaign strategist, told me. Saunders's book, "Foxes in the Henhouse," argues that the party would be wrong to focus on the West and ignore the South. He notes that 30 percent of the country's electoral votes come from the South, and that by 2025 that percentage will be 40. "Georgia and Florida have as many votes as all the West put together," Saunders points out.

Montana Republicans don't concede that the 2004 results show a Democratic trend in Montana — much less the rest of the West. Roy Brown, the leader of the Republican caucus in the statehouse, says that the Democrats' pickup of seats in the Legislature was not due to a sea change in the electorate but a result of gerrymandering perpetrated by a Montana Supreme Court that is "in bed with the Democrats." Although Montana does not require voters to identify party affiliation, Brown estimates that 40 percent are Republicans, 35 percent are Democrats and 25 percent are independents. He concedes that in recent years the independents have been leaning toward the Democrats, but he says that's not a consequence of a true shift in voter attitudes but a result of a "filter-down" effect from unpopular Republican candidates at the top of the ticket. (Schweitzer's Republican predecessor famously declared herself a "lap dog of industry.") In any event, the Democrats' success in 2004 was not an aberration; the party had been steadily gaining seats in the state chambers for the previous three elections.

Schweitzer agrees that Democrats should be careful about trying to extrapolate Montana's political trends to other states. "Montana ought not serve as a metaphor for the entire West," he told me. Indeed, Montana is the West's answer to New Hampshire: independent, contrary and unpredictable. Its demographic trends do not match that of the Southwest. The state's population is growing, but not skyrocketing the way it is in Arizona and Nevada, and with no city larger than 100,000 residents, Montana essentially does not have suburbs or exurbs like those spreading around Phoenix, Las Vegas and Denver. Hispanics account for less than 3 percent of the population; Montana's most sizable ethnic minority is Native American, at 6 percent of the population. And the state's voters have always been less conservative than their neighbors in Idaho, Utah and Wyoming. While it's true that Montanans voted for a Democratic president only twice in the past 50 years, they've often elected Democrats to the House and Senate. In fact, Max Baucus's Senate seat has been held by a Democrat since 1913. The meaning of the 2004 race is further complicated by the fact that Schweitzer chose a Republican — albeit a moderate of the Jim Jeffords variety — as his running mate.

Within the state, politics have historically been split between east and west. Western Montana, with two college towns, Missoula and Bozeman; the unionized mining town Butte; and the capital, Helena, tends to vote more like the liberal Pacific Northwest. The east is more like the Great Plains, with vast ranches, farms, strip mines and oil fields. When the state had two Congressional districts (they were folded into one in 1993), the western one was consistently held by a Democrat and the eastern one by a Republican. According to David Sirota, who was a strategist for Schweitzer in both 2000 and 2004 and who now lives in Helena, the swing vote in the state is in and around Billings, the state's largest city. ("It is Yellowstone County that is Montana's own Ohio," he says, "and Billings the state's Columbus.") But unlike the rest of the nation, where swing voters are generally characterized as socially conservative suburbanites, Sirota says that many Montana swing voters are rural and libertarian.

Marc Racicot, who served two terms as Montana's governor before he went on to be chairman of the Republican National Committee and President Bush's 2004 campaign committee, says his fellow Montanans are unpredictable voters. "You simply can't classify them," he told me, pointing out that in 2004 they simultaneously voted to ban gay marriage and to legalize medical marijuana. "They are conservative in some ways, but ruggedly independent and populist in others. Party affiliation isn't necessarily the dominant characteristic they consider." Montanans are more mistrustful of large institutions like government and corporations than their counterparts on the coasts, while less religious than the South. Fifty-three percent of Montanans say they are pro-abortion rights. In foreign policy they can be rather isolationist: a poll in September showed that Montanans break with the national trend and rank the economy as more important than national security or the Iraq war. They take a libertarian approach to homeland security that is rarely heard nationally; Jon Tester, in a recent debate, said, "With things like the Patriot Act, we'd damn well better keep our guns." And, contrary to the myth that Westerners are opposed to all environmental regulation, they tend to be conservationists. About 60 percent of Montanans favored the Roadless Area Conservation Rule, which protected land from logging; it was signed by

Bill Clinton and overturned by George W. Bush. Bush's recent plan to auction off public lands was so unpopular in Montana that even Conrad Burns opposed it.

Montana's populist streak dates back more than a century to the mining labor movement, and it surfaced again in 1992, when Ross Perot captured more than a quarter of the vote, allowing Clinton to win the state. As the Republicans honed their populist message in the 1990's, their fortunes improved in Montana. Now, some say, the tide is turning. "The appeal of populism

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never changed," Sirota says. "The parties changed. The Republicans were the populists. Now the Democrats have learned that they can be populists, too."

It was a sunny day in June, and Brian Schweitzer and Max Baucus were flanked by Cessnas and helicopters, rallying with Jon Tester. Political rallies in other states might take place in hotel ballrooms; here in Montana everyone was gathered in an aircraft hangar outside Missoula. The place smelled like jet fuel. Corralling the top-ticket Montana Democrats in one place can resemble a "Bonanza" cast reunion, albeit with two Hosses and no Little Joe. Tester is a third-generation wheat farmer, president of the State Senate and a lumbering tank of a guy with a big gut and a flattop haircut. You want prairie authenticity? Have Tester show you his hand with just a thumb and a pinkie; the other three fingers were chopped off in a meat grinder when he was a boy. Tester, a progressive type, ran in the primary against a better-financed centrist, a career politician supported by the Democratic Leadership Council, and as soon as he won, Schweitzer leapt in to claim him as a brother. Onstage at the airport, Schweitzer played the down-home card. "Jon's grandparents homesteaded just 20 miles from my grandparents," he hollered, to a roar of approval from the hangar. "He and I were born in the same tiny hospital, up in Havre!"

Other than the fact that they grew up on farms, it's not immediately clear what unites Schweitzer and Tester, Ritter and the Salazars. With his outspoken criticism of the war in Iraq — "I was very public before we went in that it was a bad idea, and history has borne that out," he told me — Schweitzer has become a hero to progressives, while Ken Salazar has infuriated liberals with his support of Alberto Gonzalez's nomination for attorney general and his endorsement of Joe Lieberman's independent re-election bid. Governor Richardson of New Mexico suggests that such differences are evidence that the movement has no overarching strategy. "It's happening from the bottom up," he told me. "This is a natural evolution. It's no grand design." Or maybe it's that the region's Democrats simply don't have many core beliefs in common. Schweitzer remains an iconoclast; he says he supported

John McCain's presidential bid in 2000, though he has since soured on McCain because of the way he has courted the religious right, and he says he is now intrigued by the possibility of a presidential run by

Mitt Romney, the Republican governor of Massachusetts, in 2008. "If he gets the nomination, I might support him," Schweitzer told me.

Much of Schweitzer's attraction to voters lies in the fact that he doesn't seem like a politician. "I'm just a rancher who ended up governor of Montana," he likes to say. But Schweitzer is not a politician only in the sense that the young Cassius Clay was not a boxer; by the time his opponent realized he'd been hit, he was already on the mat. And since it's accepted in the West that politicians are generally not to be trusted, Schweitzer's greatest talent may be his endless insistence that he's not one, all the while winning your vote and changing your opinion to agree with his. Which is, of course, what a politician does. His success is not the happy accident of a novice or a rube or a cowpoke who happened to ride his donkey into the halls of power — but rather the work of an expert, a virtuoso or, perhaps, a natural.

Besides getting elected and getting on television, what has Schweitzer actually accomplished? Much of the attention he has received came from positions he has taken on national issues: writing an Op-Ed for The Times about the miracle of coal-to-gas liquefaction, or requesting that President Bush return the Montana National Guardsmen from Iraq to fight summer forest fires. His agenda for his first legislative session was hardly radical: it included an increase in education financing, setting a goal to produce more wind power and a tax-reform bill that favored small business over big by eliminating the tax on business equipment valued at less than $20,000, while withdrawing a pending cut on more expensive equipment. He introduced an ultimately unsuccessful plan to prevent government officials from moving directly into lobbying jobs. Still, Schweitzer bristles at the suggestion that he was not sufficiently tested by his first session. "I had 90 days to pass my agenda," he told me. "It was my first day on the job, and I was working with lobbyists and legislators who'd been there for years. We had a State Assembly that was deadlocked. But I pushed through the most progressive legislative agenda in the country. It was not easy. I took on the lobbyists. I wrestled them to the ground, and now I'm kicking them in the ribs."

Despite the boots and bluster, at his core Brian Schweitzer is something of a policy wonk and a science whiz. He says he sleeps no more than five hours a night, and he is at his computer well before dawn, consuming a host of newspapers and a string of political blogs. His true passion is energy independence. On his desk is a contraption of tubes and coils that, as he enthusiastically explains, convert sunlight into hydrogen. In addition to his horsemanship and riflery, Schweitzer likes to tinker with gadgets, and he holds degrees in both soil science and agronomy. He will preach to anyone who will listen about the Fischer-Tropsch process of coal liquefaction, or about his recent switch from a Tahoe S.U.V. to a biodiesel Volkswagen Jetta.

Schweitzer fancies that he will solve the energy crisis the Montana way, which is to say, with ethanol and syn-fuels and wind power, all readily available in a state that has more grain, coal and wind than it does people. He says he believes that he is setting an example for the rest of the world, and that tends to infuse even the most mundane details of his legislative work with a certain fervor.

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When I was visiting with Schweitzer one day during the legislative session, an aide rushed into his office with news that a group of Democratic state representatives from the Great Falls area were threatening to withdraw their support from the governor's ethanol bill. Schweitzer was leaning back in his chair, beneath an oil painting of a Native American woman playing a flute, beside a window opening onto a view of snow-covered mountains. If Schweitzer is, as his critics contend, mostly a showman, he has chosen the perfect stage. Helena's domed State Capitol is a transcendent gallery of marble columns and stained-glass atria, a temple so sincere in its exultation of frontier democracy that, for the cynical, it may resemble a Frank Capra movie version of government more than it resembles the real thing. Citizens wander freely in the corridors of power and, from the Senate gallery, can observe their lawmakers beneath frescoes of Lewis and Clark meeting Sacagawea, and of General Custer about to take a dagger to the gut at Little Bighorn.

The Great Falls representatives refused to come meet Schweitzer in the governor's office — located about 800 steps from their chamber — because they were upset that the governor canceled a meeting with them earlier that day. "That's it," Schweitzer said, leaping up. "I'm taking 'em to the woodshed." In an instant he was stomping down the corridor to the rotunda, his dog at his heels, and charging up the staircase to the House chamber. The governor corralled the Great Falls representatives in a meeting room and listened to their grievances. He leaned forward intently, his head bobbing almost imperceptibly, his eyes wide open and blinking in a strict cadence, receiving and processing data as if it were an electrical current. He clutched the edge of the table, and I suspected that if he let go, the rotors spinning in his skull would have broken the pull of gravity and sent him spiraling into orbit.

Sufficiently charged, the governor whirred into action. His monologue combined pep talk and sales pitch, threats and promises, science lecture and economic briefing. He spoke at length on the difference between malt barley and high-protein wheat, and on the profit margin of ethanol refineries, pounding his finger on the tabletop for emphasis. He went on uninterrupted for seven minutes, and when the fusillade was over, one of the representatives voiced a small objection from an industry lobbyist that Montana wheat would make for low-grade ethanol.

"Now that," said the governor, slapping the table in triumph, almost evangelically, as if the Republic itself depended on this vote, "that sounds like somebody who didn't take a single class in agronomy!"

Later that day, everyone at the meeting voted yes on ethanol, and in the evenly split House, the bill passed 52-48.

Hungry and emboldened, Democrats are already looking past 2006. A few stalwart Western Republicans who have been in the Senate since the Nixon years are rumored to be contemplating retirement in 2008. Pete Domenici of New Mexico will be 76, and

Ted Stevens of Alaska will be 84. In Colorado, Democrats are so eager to oust Senator Wayne Allard that Representative Mark Udall has declared his candidacy a full three years before the election. Udall comes from the political dynasty that has spawned an Arizona Supreme Court justice and a handful of Democratic congressmen, and as a world-class mountaineer who says he is the only member of Congress to have made an attempt on Mount Everest, he fits the bill of an iconic Westerner.

As Democrats look to Montana to try to figure out how to replicate Governor Schweitzer's success, they can't help noticing one recent poll number: in August, 66 percent of Montana Republicans said they approved of Schweitzer, the same portion who said they approved of Conrad Burns, their own party's incumbent senator. It may be that this sort of popularity comes only to a larger-than-life personality like Schweitzer.

Democrats will be wise not to try to replicate Schweitzer himself. When non-Schweitzers try to act like Schweitzer, it usually doesn't work. In his book, Schaller recalls "campaign images of Al Gore wearing cowboy boots with his belt-clipped Blackberry, or a barn-jacket-clad John Kerry buying a goose-hunting license." Schaller goes on to write that these gestures force "liberals to avert their eyes in horror, while conservatives look on from afar with a mixture of disdain and disbelief."

As for Schweitzer's own future plans, he dismisses questions about further political ambitions with one of his trademark similes — something about having spent more days in a saddle than having been governor. Nonetheless, the scope of his battle is larger than Montana. In addition to campaigning for Jon Tester in Montana and Bill Ritter in Colorado, he also stumped recently at a fund-raiser in Jackson Hole, Wyo., for a singularly non-Western candidate: Eliot Spitzer of New York.

Debate In Texas Race Focuses On Border, Crime And Cigars (NYT)

By Ralph Blumenthal

The New York Times, October 8, 2006

HOUSTON, Oct. 7 — Competing with the Friday night lights of a big Texas football weekend, Gov. Rick Perry and three challengers faced off in a Dallas television studio for their only debate in the free-for-all that is the governor's race.

But if the long-awaited one-hour showdown had its moments — Kinky Friedman, the comic songster and independent, pledged allegiance to his cigar; former Representative Chris Bell, the Democrat, remembered the Alamo; and Comptroller Carole

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Keeton Strayhorn, a Republican running as an independent, forgot the name of the president-elect of Mexico — it hardly resolved the uncertainties, some political experts said.

With Mr. Perry, a Republican, leading in the polls a month before Election Day and positioned to become the longest-serving governor of Texas despite being opposed by about two out of three voters, the high-profile race in President Bush's home state is still fluid.

"There was no standout winner," said Harvey Kronberg, who publishes The Quorum Report, an online Texas political journal. In the night's version of "Survivor," he said, "we still have to see who gets thrown off the island."

Yet it was Mr. Perry's debate to lose, and he did not, said Cal Jillson, a professor of political science at Southern Methodist University who monitored the debate for its sponsor, the Belo Corporation, which owns WFAA-TV and The Dallas Morning News. "If he had fallen off the stage or fainted dead away, or fumbled badly, but he didn't do that," Dr. Jillson said.

Answering questions from reporters, viewers and each other with no studio audience, Mr. Friedman and Mr. Bell accused Mr. Perry of picking a date for the event to minimize attention and of ducking additional debates. Mr. Friedman laid it to politics: " 'Poly' means 'more than one,' and 'ticks' are blood-sucking parasites," he said.

Mr. Perry did not respond directly but recently told Texas Monthly that a crowded debate would not yield much substance.

The four candidates — a fifth, James Werner, a Libertarian, was excluded by Belo — squabbled over immigration and crime. Mr. Perry defended his dispatch of National Guard troops to secure the border against illegal crossers but faulted the federal government's actions as inadequate and said he would seek $100 million from the legislature for more enforcement.

Ms. Strayhorn, who goes by the moniker of Grandma, said, "I want the Texas Rangers in charge."

Mr. Friedman, in his black cowboy garb and waving his ever-present unlit cigar, called for taxpayer ID cards for immigrant workers and $25,000 fines for employing illegal immigrants.

Mr. Bell said he would also crack down on employers but asked, "Does anyone believe we could deport 12 million people if we couldn't even evacuate New Orleans?"

Mr. Perry said he would support the death penalty for repeat sexual predators. Ms. Strayhorn said she favored mandatory life terms.

Mr. Friedman, laying a 20 percent upsurge in crime in Houston to evacuees from Hurricane Katrina, called for spending $100 million on more police officers. But he was condemned by the others for remarks that some called racially offensive and that he defended as parody.

"Words matter," Mr. Perry chided.

Mr. Friedman was unrepentant. "Sure, everyone's ganging up on me," he said. "Tackle the guy carrying the ball."

He was also asked if, as governor, "will you have a cigar in your mouth so children will see you?"

Mr. Friedman said, "Yeah, I'll definitely smoke cigars."

Mr. Perry was assailed over a new business tax to remedy a school-financing crisis and lower property levies, and for a planned toll road complex that Ms. Strayhorn called "the Trans-Texas Catastrophe."

Mr. Bell accused Ms. Strayhorn as comptroller of giving half a billion dollars in tax breaks to clients of contributors. She denied it, vowing to install a "government in sunshine."

In a barrage of tricky questions, Mr. Perry was asked if he knew the going rate for a 30-year mortgage. He said 5.9 percent — it was actually 6.3 percent.

Ms. Strayhorn blanked on the name of the new president of Mexico (Felipe Calderón). "He won by a narrow margin," she ventured.

But Mr. Bell scored on a perilous question: when was the battle of the Alamo? (1836)

In his summation, Mr. Perry turned on Mr. Bell, saying Democrats were weak on national security, suggesting that the governor may now see the former congressman as his prime threat.

Spinmeisters from various camps immediately unleashed a flurry of e-mail messages dissecting the rivals' answers. As to who won, Ms. Strayhorn's campaign said, "Texans won this debate," but could not resist adding "and learned the truth about Gov. Perry's false tax cut." The Perry campaign countered with, "Strayhorn can't be trusted to keep her ethics pledges."

Beyond who won was another question: who watched? Fall Friday nights in Texas are famously devoted to the high school gridiron, and football fans are in a special froth over Saturday's annual Red River Rivalry between the University of Texas and University of Oklahoma in the Cotton Bowl in Dallas.

Still, Amy Powell, 41, a nutritionist, joined Perry supporters to see the debate at County Line Bar-B-Q in north Houston. She left less than enlightened. "I saw a lot of talking," she said, "typical political stuff."

California Candidates Spar Over Economy (AP)

By The Associated Press

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The Associated Press, October 8, 2006

SACRAMENTO, Calif. -- Gov. Arnold Schwarzenegger and Democratic state Treasurer Phil Angelides sparred over the direction of the state's economy Saturday in their only debate planned for the gubernatorial campaign.

In a series of sharp exchanges, Schwarzenegger and Angelides differed over higher education fees, taxes and the state of the middle class.

Angelides said fees at the California State University and University of California systems have risen by thousands of dollars under Schwarzenegger, a Republican. Schwarzenegger noted that college fees rose dramatically under his predecessor, former Democratic Gov. Gray Davis, and that he has capped them this year.

He also attacked Angelides as wanting to raise billions in taxes if he is elected Nov. 7.

"I can tell by the joy I see in your eyes that you love to raise taxes," the governor said to Angelides. "Why don't you just say right now, 'I love increasing your taxes.'"

Angelides said his plan was to raise taxes on the wealthy and close corporate tax loopholes, in part to help California balance its budget and fully fund education.

"Who can you trust to do the right thing by middle-class families in this state?" Angelides said.

Angelides contrasted the California in which he grew up with the one he sees now, where middle-class families struggle to pay health care, college and other costs. He vowed to provide "a different vision" from Schwarzenegger and "put the government back on the side of working people."

The governor noted the difference between California's economic situation today and three years ago, when Davis was ousted amid a record budget deficit.

Schwarzenegger said he has worked to reduce the deficit, strengthen the state's credit rating, improve the business climate and "make us shine again."

The debate, coming on the third anniversary of the historic recall election that swept Schwarzenegger into office, provided the campaign's first direct exchange between Schwarzenegger and Angelides, allowing a format in which the candidates could question each other. Those exchanges provided periodic fireworks.

After Angelides spoke on array of issues -- against the Iraq war, accusing Schwarzenegger of failing to secure sufficient homeland security funding, criticizing the governor for plans to overhaul state pensions -- Schwarzenegger shot back with a family reference.

"I feel a little bit like I'm having dinner with Uncle Teddy at Thanksgiving," the governor quipped, referring to Sen. Ted Kennedy, the uncle of his wife, Maria Shriver.

"He's a great man," Angelides shot back. "If my grandmother could hear me being compared to a Kennedy...."

The candidates did not differ sharply on immigration, with both calling for some kind of path to citizenship for illegal immigrants who already are in the United States.

Angelides rejected the idea of a fence along the border, instead saying he would lobby the Bush administration to provide more border guards. Schwarzenegger said the country needed a way for companies to "legally hire people from outside the United States."

The state treasurer has been the underdog since emerging from a bruising Democratic primary fight against state Controller Steve Westly. The race drained his campaign funds.

He has battled ever since to redefine himself, in part by trying to fashion himself as a champion of the middle class.

Schwarzenegger spent much of September highlighting bipartisan agreements with bill signings throughout the state. He has also shown a huge fundraising advantage.

Recent polls have given Schwarzenegger leads of 10 and 17 percentage points.

The debate at Sacramento State University was sponsored by the California Broadcasters Association.

Taxes Take Center Stage In Gov. Debate (LAT)

By Michael Finnegan And Mark Z. Barabak

The Los Angeles Times, October 8, 2006

Schwarzenegger depicts his foe as a big spender. Angelides compares his rival to Bush, Hastert.

SACRAMENTO — Trailing badly in polls, Democrat Phil Angelides on Saturday used the first and only debate of the governor's race to question Arnold Schwarzenegger's integrity and try to yoke him to President Bush and embattled Republicans in Congress.

A jocular Schwarzenegger parried with one-liners and invoked major bipartisan agreements with state lawmakers, portraying Angelides as a big-spending liberal who was eager to hike taxes on those who could least afford it.

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The issue of taxes, the governor's preferred ground, dominated the debate. Schwarzenegger mocked state Treasurer Angelides for proposing tax cuts for middle-income families, saying the idea was inconsistent with his support for a $4-billion car-tax hike under former Gov. Gray Davis. Schwarzenegger reeled off billions of dollars in other tax increases that Angelides has supported over the years, including a tractor levy that would have hit "the poor farmers."

"You have been so far for every single tax increase since you have been in public office," Schwarzenegger told Angelides.

At one point, smiling across the stage at his rival, the governor taunted: "I can tell by the joy you see in your eyes when you talk about taxes, you just love to increase taxes…. Look out there right now and just say, 'I love increasing your taxes.' "

Angelides told Schwarzenegger he would not allow him to deceive viewers by repeating "what you've done in those $35 million of TV ads attacking me." Then he invoked a trio of Republican leaders, past and present.

"The fact is, when you speak like this you sound just like Newt Gingrich," Angelides said. "You sound like Speaker Hastert. You sound like George Bush attacking me on taxes."

While Angelides repeatedly linked Schwarzenegger with Bush and other prominent Republicans, the governor sought to lump his Democratic opponent with Davis, who was defeated in the 2003 recall exactly three years ago Saturday. The result was perhaps the liveliest exchange of the evening.

"During the most incredible decline of our economy, just a few years ago, you were part of that," Schwarzenegger said.

"Well, you know, your policies are the Bush policies, and I prefer [former President] Clinton to Bush any day," Angelides shot back.

"No, no, don't talk about Bush, because if you want to do that, go to Iowa," Schwarzenegger said, alluding to the site of the first presidential nominating contest.

"You went to Ohio, governor; I didn't," Angelides said, referring to Schwarzenegger's appearance alongside Bush late in the 2004 campaign. "You stood with President Bush and you helped him get reelected. And we didn't even get a T-shirt!"

The two then talked past each other for several seconds, the governor suggesting that Angelides was ready "to promise the people everything, and then increase the taxes."

"No, I've been clear, governor," Angelides retorted, "I'm going to close those corporate tax loopholes."

"Oh, sure. Of course," Schwarzenegger said, laughing sarcastically. "Very good. Exactly, yeah."

At various times Angelides sought to turn the tax issue on his opponent, reminding viewers that college and university fees had risen under Schwarzenegger. The governor, in turn, recalled student protests against similar moves by Davis.

"They marched in Sacramento, right by your office, treasurer," Schwarzenegger said, squinting his eyes at his opponent. "You were inside that office, and you looked out, and you didn't join them protesting…. Where were you?"

Angelides has proposed raising taxes by $5 billion a year for corporations and Californians who make more than $250,000 a year. In August, he offset that proposal with a plan for $1.4 billion in tax cuts, mainly for middle-income Californians and small businesses.

But over the years, Angelides has called for a variety of other tax increases that he no longer supports, and Schwarzenegger puts the total cost of them at more than $18 billion a year.

The joint appearance at Sacramento State University offered a crucial opportunity for Angelides to improve his standing in a contest that so far has tilted heavily in the Republican governor's favor. But with no moment of high drama or surprising revelations, the 55-minute session appeared unlikely to change the central dynamics of the race, now in its final weeks.

The two candidates, wearing similar dark suits, sat facing each other at separate tables, with the moderator, Stan Statham of the California Broadcasters Assn., seated between them.

Showing what he learned in Hollywood, the governor was careful to look directly into the camera as he spoke. Angelides spent much of his time addressing the studio audience, presenting a less flattering profile for the majority of those watching at home on television.

The debate, sponsored by the broadcasters association, was aired live on radio and television stations statewide. But the timing — a Saturday night, opposite major league baseball playoffs and college football — limited the size of the audience.

Angelides had hoped to debate Schwarzenegger as many as 10 times, but the governor had nothing to gain by offering his challenger such high-profile exposure on television and declined all other offers. As a result, the debate's terms were essentially the governor's. Statham, a former Republican assemblyman, is a registered lobbyist for the broadcasters.

Schwarzenegger, as the front-runner, spent much of the evening avoiding confrontation, allowing many of Angelides' accusations to go unanswered and breaking the tension with several apparently well-rehearsed quips.

In keeping with his political move to the middle, Schwarzenegger also stressed the bipartisan approach he has taken this year to working with the Democrats, who control the Legislature, on issues such as the infrastructure bonds on the November ballot.

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Asked which decision in public office he most regrets, Schwarzenegger cited last year's disastrous special election, in which voters overwhelming rejected his four initiatives after he went over the heads of lawmakers.

"I pushed too fast," he said, again sounding the note of contrition he struck in the days after the debacle. "I did not bring all the legislators on board. I did not bring people together enough.

"The people sent a message loud and clear," he added. "And that message was, 'Don't come to us for every little thing. Go to the legislators. You guys work it out.' And that's exactly what we've done since then."

Angelides responded that it was not a good idea "to attack working men and women" and cut school money, as he characterized Schwarzenegger's past efforts. "The one thing I want to say tonight is: Who can you trust next year to do the right thing? For three years, Arnold Schwarzenegger was very consistent. Only in the last 60 days, as he sought to save his own job, has he tried to move to the middle, so to speak."

At another point, Angelides returned to that theme, saying the election "comes back to who can you really trust?"

Given one chance to question each other directly, Schwarzenegger opted for a gentle approach, asking Angelides about the funniest moment he had experienced during the campaign.

"Every day is just a hoot — I can't tell you how much fun," Angelides joked. More seriously, Angelides expressed joy at the time he has spent with his family.

He then hit back hard, asking Schwarzenegger how he could justify a proposal — eventually withdrawn — that could have endangered the benefits of police widows and orphans.

The governor responded with his sharpest rejoinder of the evening: "I did not try to take anything away from any police officer or firefighter…. I will never take away the pension, or the disability or the death benefit from anyone, the firefighters, the police officers or anyone else as far as that goes. So you can stop that hype right there."

But more often, when things grew tense, Schwarzenegger tried to lighten the mood with a smile and clever aside.

After Angelides assailed his record on protecting the state from terrorism and criticized his treatment of the state's law enforcement officers, the governor drew a big laugh from the studio crowd — and a smile from Angelides — by suggesting, "I feel a little like I'm having Thanksgiving dinner with Uncle Teddy."

"Thank you so much," Angelides replied, delighted to be compared to U.S. Sen. Edward M. Kennedy (D-Mass.), the uncle of Schwarzenegger's wife, Maria Shriver.

O'Malley's Reach Sends Ehrlich To D.C. Suburbs (WP)

By John Wagner And Matthew Mosk, Washington Post Staff Writers

The Washington Post, October 8, 2006

The road map that Maryland Gov. Robert L. Ehrlich Jr. hopes will guide him to reelection has sent the Republican to an unlikely place in search of votes: the heavily Democratic Washington suburbs.

A month before the Nov. 7 election, Ehrlich has stepped up his efforts in Montgomery and Prince George's counties, a tacit recognition that the strategy he rode to victory in 2002 cannot be fully replicated this year against Baltimore Mayor Martin O'Malley (D).

Four years ago, in edging Lt. Gov. Kathleen Kennedy Townsend to become the state's first Republican governor in a generation, Ehrlich piled up unprecedented vote totals in the suburban counties that ring Baltimore. That region is home to significant numbers of registered Republicans as well as blue-collar Democrats who were willing to give an affable local congressman a shot at the governor's mansion.

With O'Malley, however, Ehrlich faces an opponent whose popularity extends beyond the borders of his own heavily Democratic city into parts of the surrounding suburbs. So the governor has turned toward Washington to help make up the difference.

In the past week, Ehrlich has conducted a half-dozen interviews with news outlets in the Washington market, attended several fundraisers and picked up the Montgomery County Chamber of Commerce's backing.

"Last time, I was a complete stranger" to the D.C. suburbs, Ehrlich said in an interview. "We tried, but we got beaten there. Badly. This time, it's a different story. . . . This time we're looking for a major uptick in support."

In 2002, Ehrlich won statewide by 66,170 votes in a race in which 1.7 million ballots were cast. To win reelection, he is seeking to offset gains the Democratic nominee could make in the Baltimore suburbs by improving his performance elsewhere. The voter-rich Washington suburbs provide the most enticing target, despite their decidedly Democratic tilt.

"It's really a matter of numbers," said John Willis, a former Maryland secretary of state. "If my opponent is eating into the margin in my base, I've got to go eat into the margin in his base."

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Last week, O'Malley and his top aides expressed confidence that the mayor, who grew up in Montgomery, was not losing ground to Ehrlich in the Washington area. To the contrary, as he becomes better known in the region, his support among Democrats is firming up, O'Malley said.

"We are picking up strength all over the state, most notably in the last few weeks in the Washington suburbs," he said. "We're going to continue to gain strength there."

Tomorrow, Democrats will hold a unity rally in Prince George's, the state's most heavily Democratic jurisdiction, to build interest in O'Malley and other candidates on the ballot.

When he ran for governor in 2002, Ehrlich said, he arrived in the Washington suburbs as a largely unknown Republican congressman from Baltimore County. Since then, he said, he has worked hard to build trust and political support.

"I think we'll see a substantial increase from Prince George's as a function of our performance and our record," Ehrlich said. "It's very different than four years ago."

Ehrlich said his support for economic expansion projects -- including National Harbor, the $2 billion waterfront development -- and his efforts to expand minority business opportunities have helped him with voters in Prince George's. He also cited efforts to forge a relationship with County Executive Jack B. Johnson, a Democrat. The two played golf together over the summer to discuss the possibility of attracting the national NAACP headquarters to the county.

State Sen. Ulysses Currie (D-Prince George's), whom Ehrlich identified as someone who has warmed to him, said he has noticed the governor's attempts at courtship. "I think he has tried," Currie said. "But I don't think at the end of the day it's going to necessarily help him."

Currie said he believes that Prince George's residents are not going to be willing to cross party lines in a year when, nationally, Republicans are on the ropes.

"With what's going on at the national level now, I don't see him doing significantly better than what he did in 2002," Currie said. "People know he's a Republican."

Four years ago, Ehrlich attracted more votes than the GOP's 1998 gubernatorial nominee, Ellen R. Sauerbrey, in every Maryland jurisdiction save one: Prince George's. Despite his historic selection of a black running mate from the county, Michael S. Steele, Ehrlich drew 6,178 fewer votes there than Sauerbrey did in 1998.

Townsend wound up outpolling him in Prince George's nearly 77 percent to 23 percent.

O'Malley aides point out the significant growth in the county's Democratic voter base since 2002. The number of Democrats has increased by nearly 50,000 in Prince George's since Ehrlich's election; the Republican side has gained 200.

If he is not able to persuade Prince George's residents to vote for him, Ehrlich may be able to sour them enough on O'Malley that they stay home. That, Democrats say, is the aim of a radio ad Ehrlich has been airing in the county that accuses the Baltimore police department of unlawfully arresting thousands of African Americans a year.

The ad is narrated by William H. Murphy, a prominent black criminal defense lawyer in Baltimore and a longtime friend of Ehrlich's.

"He sanctions and directs the arrests of thousands of Baltimore City people, predominantly black, without ever charging them with a crime," Murphy says in the ad, referring to a policy of stepped-up enforcement of "quality of life" offenses, such as loitering, under O'Malley.

Police say the strategy helps break up drug corners and deter serious crimes. But it has generated some outspoken critics, including members of Baltimore's legislative delegation.

"He's trying to play the politics of division and fear," O'Malley said when asked about Ehrlich's ads last week.

In Montgomery, Ehrlich won 38.3 percent of the vote in 2002 -- not significantly better than other recent GOP nominees for governor. He predicted improvement this year. "I'm not going to say it's a sea change, but it's significantly different."

Ehrlich said Montgomery's Jewish community will be part of that difference. In the 2002 election, Ehrlich said, he was successful in forging ties with Baltimore's Jewish community. As governor, he has reached out to Montgomery's large Jewish population, in part by helping alter homeland security regulations to enable Jewish schools and facilities to get federal grants for security upgrades.

State Del. Luiz R.S. Simmons (D-Montgomery), who used to be a Republican, called the governor's suggestion that he can win broad support in the Jewish community "fanciful."

"He would be exaggerating his connection with the Jewish community to believe that he is going to somehow roll up large numbers," said Simmons, who is Jewish. "There's no basis for that."

Simmons said that if Jewish voters shy away from Ehrlich, it will be because of his approach to issues Jewish voters consider important: higher-education funding and stem cell research.

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"If you look at the tuition rises at the University of Maryland, this is not something that's going to sit well," Simmons said. "Not only that, but Jewish voters are disproportionately committed to support for stem cell research, and Ehrlich has waffled on the issue."

While Ehrlich is hoping to make inroads into the Washington suburbs, O'Malley aides point to polls suggesting that he is making strides in Ehrlich strongholds.

Their confidence is born of O'Malley's popularity in the Baltimore region, which has been bolstered by his constant presence on the local news the past seven years. The expansive Baltimore media market reaches more than half the state. Ehrlich has sought to counter O'Malley there with a series of television ads highlighting the low performance of Baltimore's schools and its continuing struggles with crime.

O'Malley aides are banking on the ads having limited impact, given how much people in the region know about the mayor and governor.

"It's not possible to know two candidates in a region better than people know Ehrlich and O'Malley," said O'Malley spokesman Steve Kearney.

Pay For Good Behavior? (NYT)

By James Traub

The New York Times, October 8, 2006

Ten years ago, when he signed the Personal Responsibility and Work Opportunity Reconciliation Act, thus "ending welfare as we know it," President Bill Clinton blunted a debate over poverty that had been increasingly harmful to the Democratic Party. In fact, welfare reform proved so successful at both shrinking caseloads and reducing poverty levels that the issue lost its urgency. And for the last five years, of course, American politics has been focused on very different threats than the threat of destitution.

About 37 million Americans continue to live below the poverty line. No one living in a big city can be blind to the plight of the poor. In his second inaugural speech, in 2005, New York's mayor, Michael Bloomberg, vowed to focus on poverty reduction, and last month he announced the findings of his blue-ribbon Commission for Economic Opportunity. The panel — not surprisingly, perhaps, given its carefully chosen name — offered a post-ideological blueprint likely to require relatively modest increases in spending by the city as well as the federal and state governments. The report described many ways the city could more effectively spend existing funds, including apprenticeships and training for the working poor and school-based programs for students at risk of dropping out.

Mayor Bloomberg embraced many of the proposals and offered several more daring ones of his own. He proposed that New York become the first city in the country to offer a child-care tax credit, limited to low-income families with children under age 3. And more controversially, he vowed to raise $24 million in private donations to finance "conditional cash transfers" to give poor New Yorkers an incentive "to stay in school, stay at work and stay on track to rise out of poverty." A mayoral aide later explained that this behaviorist approach to fighting poverty has become popular in the developing world and has had a "phenomenal" effect on school attendance in Mexico. (The Bloomberg administration has not stipulated how much it will pay or which behaviors it will reward.)

The mayor's own plan drew a good deal more attention than the commission report did, perhaps because it seemed to be at odds with the report's slightly-left-of-center ethos. Heather Mac Donald, a fellow at the conservative Manhattan Institute for Policy Research, welcomed Bloomberg's implicit acceptance of the view that "it is the underclass poor who need to change more than society or capitalism." At the same time, she argued that he had undermined the case for self-reliance by establishing "an expectation among the underclass that they have a right to cash for simply conforming to the norms of civil society." Bloomberg responded by noting that if you could use a tax credit to "encourage people to do certain types of economic activity," you could use cash just as well.

The mayor's idea has a conservative as well a third-world pedigree: Newt Gingrich once proposed paying children for good grades. Market-oriented conservatives proceed from the assumption that people make rational calculations of self-interest; theorists like Charles Murray and Lawrence Mead long argued that welfare payments encouraged recipients to stay on welfare rather than to work. Welfare reform eliminated that perverse incentive. Why, then, not offer affirmative incentives to engage in healthy behavior? Is there some reason you learn a lesson better from a stick than from a carrot? Or does it just offend our sense of justice to pay people to do what others do for nothing?

The liberal objection to paying for good behavior is that it assumes that behavior lies at the root of poverty. But this argument has steadily lost ground over the last generation, and the goal of policy is now both to encourage good behavior and to connect good behavior with good opportunities.

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Moral considerations nothwithstanding, you could argue that Bloomberg's plan takes far too benign a view of the problem of self-destructive habits. "The stress of poverty," the mayor said in announcing the program, "often causes people to make decisions," by which he meant poor decisions. But many scholars would say that the problem runs much deeper, to the cumulative effect of "underclass culture." Lollipops for good behavior will not break those shackles.

The problem is, What will? A conscientious program of lollipop deprivation? Lectures about the dreadful consequences of cutting school or not making child-support payments? Heather Mac Donald would have Bloomberg stop bribing the poor and instead "call on private industry and ad councils to start a massive educational campaign about marriage." But why would we imagine that mere rhetoric could dislodge the deeply entrenched habits that lead to having children out of wedlock? It's true that poor people who adopt "middle-class values" generally succeed, but you can no more change their behavior by telling them so than you can produce democracy in the Middle East merely by preaching its virtues. The transformation of a culture is slow, arduous work, requiring material support as well as moral and intellectual renewal.

The whole thing is reminiscent of a famous maxim coined by Daniel Patrick Moynihan: "The central conservative truth is that it is culture, not politics, that determines the success of a society. The central liberal truth is that politics can change a culture and save it from itself." The central Bloombergian truth may be that in the absence of serious political energy, a modest appeal to self-interest will have to do.

Japan Warns North Korea On Nuclear Tests (AP)

By Hans Greimel, Associated Press Writer

AP, October 8, 2006

Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out Saturday along the border with South Korea and Japan warning of harsh sanctions if Pyongyang goes nuclear.

With a possible test expected as early as Sunday, the U.N. Security Council issued a stern statement Friday urging the country to abandon its nuclear ambitions and warning of unspecified consequences if the isolated communist regime does not comply.

Jittery nations have warned a test would unravel regional security and possibly trigger an arms race.

A midday incursion Saturday by North Korean troops into the southern side of the no-man's-land separating North and South Korea only stoked the unease.

South Korean soldiers rattled off 40 warning shots at the five communist troops who crossed the center line of the Demilitarized Zone.

It was unclear whether the North Korean advance was intended as a provocation, or was an attempt to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt, and the North Koreans retreated.

While such border skirmishes are not unheard of, they are relatively rare. Saturday's incursion was only the second this year, the official said.

Meanwhile, world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe left for Beijing Sunday for talks with Chinese President Hu Jintao and will then go on to Seoul for talks with South Korean President Roh Moo-hyun the following day.

"North Korea must stop its nuclear tests," Abe demanded as he was leaving for his summits. "I will discuss the situation with leaders of both countries to achieve that goal," he said.

"I want to hold summits to clear the sky for the future of our countries," Abe added.

State Department spokesman Kurtis Cooper said Saturday the United States was concerned about North Korea's threat to test its first atomic bomb and the department was closely monitoring the high tensions.

Also Saturday, South Korea's nuclear envoy announced he will visit Beijing on Monday for two days of talks with Chinese officials about the threatened nuclear test.

Japan's Foreign Ministry said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test.

"If North Korea conducts a nuclear weapons test despite the concerns expressed by international society, the Security Council must adopt a resolution outlining severely punitive measures," the ministry said.

A top Japanese ruling party official warned of further sanctions if North Korea conducts a nuclear test. Tokyo began stepping up trade restrictions on North Korea in July after it test-fired seven missiles, including a long-range rocket, into the waters between Japan and the Korean Peninsula.

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"We have already imposed financial measures ... but we may have to go further, like stopping imports and exports (from North Korea)" if it conducts a nuclear test, Shoichi Nakagawa, the Liberal Democratic Party's policy chief, said on public broadcaster NHK.

The U.N. statement adopted Friday expressed "deep concern" over North Korea's announcement Tuesday that it is planning a test.

The council acted amid speculation that a nuclear test could come on Sunday, the anniversary of North Korean leader Kim Jong Il's appointment as head of the Korean Workers' Party in 1997.

Japanese Vice Foreign Minister Shotaro Yachi told Japan's TV Asahi: "Based on the development so far, it would be best to view that a test is possible this weekend."

The U.N. statement also urged North Korea to return to six-nation negotiations aimed at persuading the country to abandon its nuclear ambitions in exchange for security guarantees and badly needed economic aid.

Those talks, which involve the United States, China, Japan, Russia and North and South Korea, have been stalled since late last year, when North Korea boycotted the negotiations in response to American economic sanctions.

A North Korea expert in China, the North's closest ally, said only the removal of the sanctions could dissuade the North.

"North Korea has already made a decision to carry out a test," said Li Dunqiu of China's State Council Development Research Center, a Cabinet-level think tank. But "if the U.S. removes sanctions ... then tensions can be eased. Otherwise launching a nuclear test is unavoidable for North Korea."

The United States imposed economic restrictions on North Korea last year to punish it for alleged counterfeiting and money laundering.

North Korea said Tuesday it decided to act in the face of what it claimed was "the U.S. extreme threat of a nuclear war," but gave no date for the test. Washington has repeatedly said it has no intention of invading North Korea.

Nuclear Test Threat Strains Korea Border (WT/AP)

By Hans Greimel

The Washington Times/AP, October 8, 2006

SEOUL -- Tensions mounted over North Korea's threat to test its first atomic bomb, with shots ringing out yesterday along the border with South Korea and with Japan warning of harsh sanctions if Pyongyang goes nuclear.

With a test expected as early as today, the U.N. Security Council issued a stern statement Friday urging North Korea to abandon its nuclear ambitions and warning of unspecified consequences if the isolated, communist regime doesn't comply.

Jittery nations have warned that a test would unravel regional security and could trigger an arms race.

A midday incursion yesterday by North Korean troops into the southern side of the no man's land separating North and South Korea stoked the unease.

South Korean soldiers rattled off 40 warning shots at the five communist troops who crossed the center line of the demilitarized zone, the inter-Korean buffer.

It was not clear whether the North Korean advance was intended as a provocation or was an attempt to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on the condition of anonymity, citing official policy. No one was hurt, and the North Koreans retreated.

Such border skirmishes are rare. The incursion yesterday was the second this year, the official said.

Meanwhile, world powers were stepping up diplomatic efforts to avert a nuclear test. Japanese Prime Minister Shinzo Abe was to visit Beijing today for talks with Chinese President Hu Jintao and then proceed to Seoul tomorrow for talks with South Korean President Roh Moo-hyun.

A State Department spokesman, Kurtis Cooper, said yesterday that the United States was concerned about North Korea's threat to test its first atomic bomb and that the department was closely monitoring the tensions.

Also yesterday, South Korea's nuclear envoy announced he will visit Beijing tomorrow for two days of talks with Chinese officials about the threatened nuclear test.

In a separate statement from Tokyo, the Japanese Foreign Ministry said it was prepared to push for punitive measures at the United Nations if the North goes ahead with the test.

"If North Korea conducts a nuclear weapons test despite the concerns expressed by international society, the Security Council must adopt a resolution outlining severely punitive measures," the ministry said.

Japan plans to step up economic sanctions against North Korea, tighten trade restrictions and freeze additional North Korea-linked bank accounts if a nuclear test occurs, Japan's Nihon Keizai newspaper reported.

North Korea's nuclear weapon would kill up to 200,000 people if used against a city such as Seoul or Tokyo, the London Sunday Telegraph reported in a story filed from Pyongyang, which cited unidentified Russian military specialists.

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They say that the weapon, with the same 20-kiloton yield as the bomb dropped on Nagasaki, is about 10 feet long and weighs 4 tons. It is too big to fit onto any missile Kim Jong-il's regime possesses, but if detonated above ground, it could destroy everything within five square miles.

The Nagasaki atomic bomb used plutonium, an element now being manufactured by North Korea, as its explosive core.

The U.N. statement adopted Friday urged North Korea to return to six-nation negotiations aimed at persuading the country to abandon its nuclear ambitions in exchange for security guarantees and badly needed economic aid.

Those talks -- which involve the United States, China, Japan, Russia and North and South Korea -- have been stalled since late last year, when North Korea boycotted the negotiations in response to American economic sanctions.

A North Korea analyst in China, the North's closest ally, said only the removal of the sanctions could dissuade the North.

"North Korea has already made a decision to carry out a test," said Li Dunqiu of China's State Council Development Research Center, a Cabinet-level think tank, but "if the U.S. removes sanctions ... then tensions can be eased. Otherwise, launching a nuclear test is unavoidable for North Korea."

The United States imposed economic restrictions on North Korea last year to punish it for counterfeiting and money laundering.

Shots Fired On Korean Border As Tensions Rise (WP/AP)

By Hans Greimel, Associated Press

The Washington Post, October 8, 2006

SEOUL, Oct. 7 -- Gunfire rang out Saturday along the heavily fortified border between North and South Korea as regional tensions mounted over North Korea's threat to test an atomic bomb for the first time.

South Korean soldiers fired 40 warning shots at five North Korean troops who crossed into the southern side of the no man's land separating the two countries.

It was unclear whether the North Korean advance was intended to provoke or if the troops were trying to go fishing at a nearby stream, an official at South Korea's Joint Chiefs of Staff said on condition of anonymity, citing official policy. No one was hurt. The North Koreans retreated.

While such border skirmishes are not unheard of, they are relatively rare. The incursion Saturday was only the second this year, the official said.

With a possible test expected as early as Sunday, the U.N. Security Council issued a stern statement Friday urging North Korea to abandon its nuclear ambitions, warning of unspecified consequences if the isolated, communist country did not comply.

Jittery countries have warned that a test would unravel regional security and possibly trigger an arms race.

Meanwhile, Japanese Prime Minister Shinzo Abe was scheduled to visit Beijing on Sunday for talks with Chinese President Hu Jintao and then proceed to Seoul for talks with South Korean President Roh Moo Hyun the following day.

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Japan plans to step up economic sanctions against North Korea, tighten trade restrictions and freeze additional North Korea-linked bank accounts should a nuclear test be carried out, Japan's Nihon Keizai newspaper reported.

The council acted as there was speculation that a nuclear test could come Sunday, the anniversary of North Korean leader Kim Jong Il's appointment as head of the Korean Workers' Party in 1997.

A North Korea expert in China, the North's closest ally, said that only the removal of existing sanctions could dissuade the North.

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Seoul's Reconciliation Bid Faces Test (AP)

By Bo-mi Lim

The Associated Press, October 8, 2006

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DIAMOND MOUNTAIN, North Korea -- A hollow building frame, idle cranes and no construction workers in sight at this North Korean mountain resort are bitter reminders of dashed hopes for building a permanent reunion center for families separated by the Korean border.

The building's construction at this South Korean-run resort has been on hold since the North launched a barrage of missiles in July over international objections.

With North Korea now pledging to test an atomic bomb, the fate of projects such as these and other attempts to end decades of hostility across the world's last Cold War frontier hang in the balance.

A test "poses a real problem for South Korea because it tried 40-odd years of containment, and now it's committed to engagement," said Michael Breen, author of books about the peninsula and a longtime Korea watcher. "They know if you disengage that things are going to get worse."

South Korea has consistently pursued dialogue with the North since their leaders held their first summit in 2000. That approach has also caused a rift with its longtime ally the United States, which favors a harder line in pressuring the communist regime to give up its nuclear ambitions.

Diamond Mountain is the only place in North Korea that foreigners can easily visit. More than 1 million tourists -- mostly South Koreans -- have come to hike the unspoiled mountains since 1998, but the number of visitors has dropped sharply since the North's missile tests.

North Koreans at the resort are quick to blame the United States for the standoff over their nuclear program. They also complain that South Koreans side with "the U.S. imperialists" rather than their own brethren in the North -- echoing the propaganda issued daily by the country's state press.

"It's all U.S. imperialists' faults," Chae Jung Hae, a North Korean guide, said during a trip to the resort just before the North said it would carry out a nuclear test. "If it weren't for the North's military, we wouldn't have been able to defend the Korean Peninsula from the U.S. imperialists who constantly try to devour the North and the South."

Another North Korean guide, Paek Soon Hee, said: "If North and South join forces and stand up against the U.S., there is no way the U.S. can tell us to do this and that on our own matters."

South Korea has warned the North against conducting a nuclear test, while stressing that it won't abandon its engagement policy toward the North.

The current South Korean government -- which follows a so-called "sunshine policy" that won former President Kim Dae-jung a Nobel Peace Prize -- has also faced growing domestic calls to take a tougher line.

North Korea's Nuclear Intentions, Out There For All To See (NYT)

By William J. Broad

The New York Times, October 8, 2006

FOR much of the nuclear age, nations that sought the ultimate weapon kept their intentions and test sites veiled in secrecy, hidden from public view and foreign governments. The first detonations by the United States and the Soviet Union were top secrets and India's test in 1998 caught American intelligence agencies by surprise.

No more, or so it seems. North Korea all but yelled "look at me" in announcing that it plans to conduct its first nuclear test, which experts say might come at any time or perhaps never. "Shouting from the rooftops is new," said Robert S. Norris, author of "Racing for the Bomb" (Steerforth Press, 2002). "It's an unusual way to go about asserting your status as a member of the nuclear club."

What lies behind this outbreak of atomic exhibitionism? While deciphering the intentions of one of the world's most cryptic regimes seems next to impossible, analysts say likely factors include North Korea's taste for bold propaganda as well as its awareness that new classes of satellite technology are making it increasingly hard to hide nuclear sites anyway.

In the bad old days of the cold war, nations that aspired to nuclear fearsomeness wrestled with a fundamental conflict. While seeking to project a terrifying image, they also wanted to keep many test details secret so adversaries would face greater difficulty in crafting potential countermeasures and knowing the exact dimensions of the threat.

"If it was a dud, you didn't want to announce that it was a dud," recalled Philip E. Coyle III, a former head of weapons testing at the Pentagon and former director of nuclear testing for the Lawrence Livermore National Laboratory, a weapon design center in California.

Nuclear powers hid vast industrial complexes in the middle of nowhere and often tried to keep their tests secret. In 1949, it took weeks for Washington to find out that Moscow had detonated a bomb that ended the American atomic monopoly.

The United States responded with a costly array of instruments meant to pull back the veil — everything from high-flying planes that could sniff out whiffs of stray radioactivity to giant microphones that listened for the distant nuclear rumbles. Jeffrey T. Richelson, who profiles the era in "Spying on the Bomb" (Norton, 2006), said the gargantuan effort cost billions.

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Today, a new factor is opening the secretive art to the public: a generation of commercial satellites that can peer down from the heavens to see objects on the ground as small as two or three feet wide, enough to distinguish between a car and a truck. The orbiting eyes can ogle hot tubs and backyard trampolines as well as troop movements and dictators' lairs, undermining what was once a government monopoly on such reconnaissance.

Last week, CNN broadcast satellite images of what it called a potential test site located in a valley in North Korea not far from its northeastern coast. Pentagon sources, CNN reported, confirmed suspicious movements there of people, equipment and vehicles that tended to buttress North Korea's claim that it could detonate a bomb.

GeoEye, a provider of commercial satellite pictures based in Dulles, Va., made available to The New York Times images of the same military complex, but focusing on a rocky site farther up the rugged valley. On July 31, the company's satellite looked down from a height of nearly 300 miles, its camera and telescope zooming in on what appears to be a tunnel entrance dug into the flank of a high mountain and, nearby, buildings that could store mining equipment.

"We provide customers with a map-accurate view of the ground they can't get any other way," said Mark E. Brender, a company spokesman. "Eyes in the sky are good for governments in the region who are concerned about this, and good for customers who need to know as much as they can about what may be going on in North Korea."

American officials say government spy satellites monitor about a half-dozen suspicious sites in North Korea but have also focused on the military base.

The much-scrutinized base would be an ideal spot for North Korea to set off an underground nuclear blast if it wanted to make a splash. A senior American intelligence official, who spoke on the condition of anonymity because of federal secrecy rules, noted that the mountainous redoubt "is a place they know we're looking at."

Along with lots of civilians. Google Earth, on the Web at earth.google.com, features some of the best public snooping on the isolated base, its software combining close-up images and altitude data so the surrounding mountains rise up in three dimensions. A viewer can zoom overhead like a spy plane. The images come from DigitalGlobe, a satellite company in Longmont, Colo.

Google views of the tunneling area, near 41.279 degrees north latitude and 129.087 east longitude, show a set of industrial buildings and what appears to be a mine entrance.

For North Korea, the emergence of the commercial spies would seem to cut two ways, either reinforcing its propaganda effort or threatening to undermine it by exposing a ruse.

And paradoxically, the best monitor of its actions, the world's largest and most sensitive network meant to detect nuclear blasts, run out of Vienna by the United Nations, is powerless to judge the North's real intentions until there is a test. This network, with its global arrays of hundreds of sensors, is meant to police a shaky global ban on the explosive tests, mainly by listening for the faint reverberations of shock waves.

If North Korea decides to go ahead and press the button, this network will help discern exactly what North Korea has succeeded in developing by way of nuclear arms — or not.

"Until they do, people can argue about their capability," said Dr. Coyle, the weapons expert. "But once they test, there's no question. The world will know."

A US `invasion' Of Korea (BOS)

By Catherine Lutz

The Boston Globe, October 8, 2006

AS WORLD attention is drawn to North Korea's missile launches and nuclear program, many South Koreans are attuned to a threat much closer to home. They have watched a group of rice farmers in the small village of Daechuri near the city of Pyongtaek attempt to defend themselves against invasion by the US military. The farmers' struggle against expansion of a nearby US military base has become a rallying point for Koreans who see their country being further militarized and their security and chances for reunification put at risk.

In May, South Korean police and soldiers descended on a schoolhouse where rice farmers and their supporters were resisting eviction. The police bloodied heads, destroyed the school, and backhoed rice fields and irrigation systems to prevent spring planting. They were sent by the Korean Ministry of Defense, at the behest of the US government, to claim a large swath of land to expand Camp Humphrey . Already covering 2 square miles, the base is slated to swallow an additional 2,851 acres.

Part of a grand plan of global military base restructuring announced by US Defense Secretary Donald Rumsfeld in 2003, the Pyongtaek base is meant to take in soldiers and equipment from closing military installations near the de militarized zone and in Seoul. However, the bases' relocation to Pyongtaek is part of a plan to use the bases to strike at will anywhere in Asia and to contain China. It is this ``expeditionary'' or aggressive role of the bases that is behind concurrent US negotiations with South Korea, seeking ``strategic flexibility'' to use the forces based there throughout Asia. Such an agreement would change the

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original defensive purpose of the base. So it concerns people across the region, who see remilitarization, arms races, and intensified danger where the United States simply claims realignment. Recent US and allied military exercises off Guam, itself targeted for a massive US military buildup, were of unprecedented size, and North Korea's missile launch might be seen as a response to that provocation.

While the arguments for this restructuring suggest the United States and Korea are mutual and equal allies, Korea in fact remains a semi sovereign state under US control in many respects. Most strikingly, Korean troops come under the command of an American officer in wartime. US military plans in Asia, then, necessarily implicate the Koreans and draw them into conflict with their neighbors. Imagining China as the new national enemy is a process well underway in Washington, and the Koreans know all too well that their surgical twinning to US strategic plans will make them China's enemy as well.

All of this is playing out within the context of a difficult relationship between the more than 30,000 US soldiers based around Korea and the local citizens who see them as a source of prostitution, crime, and pollution. Koreans can point to two young girls crushed by US tanks in 2002, multiple rapes and rape-murders of Korean women, and a recent leaked report showing stratospheric levels of soil and water contamination at closing US bases.

In Daechuri, the farmers have been holding a candlelight vigil every night for the last two years in a Quonset hut on the school grounds, under the thunderous thut-thut-thut of US helicopters passing in and out of Camp Humphrey . Supporters have come in from around the country by the thousands, members of groups from across a wide range of Korea's civil society, still vibrant with an enthusiasm for the democracy they achieved only in 1987 after years of brutal dictatorship (armed and supported by the United States). While a majority of Koreans want to see the US military leave, powerful business interests, conservative Christians, and an older generation convinced of the value of the US presence continue to support Washington's military plans and Korean annual payments of at least $625 million toward their execution.

The justification for the US military buildup across Asia is the advance of political and economic freedom. The residents of Daechuri might be forgiven for being suspicious of such claims. Some of the village's oldest residents with whom I spoke last fall remember the Japanese evicting their parents for a military base during Korea's pre war annexation. The US Army took over and expanded the base in World War II, and now, for some, their third eviction in the name of a misconstrued vision of military rather than human security is imminent.

Halting the eviction of Daechuri's farmers would be a good first step toward demilitarizing the peninsula and the region. Their homes are being destroyed in the name of America 's citizens, and we have more power than anyone to reverse the escalating rhetoric and reality of arms in Asia by calling on the US government to halt its regarrisoning of Korea, Guam, and Asia-Pacific region.

U.S. Project Could Start Atomic War, Experts Warn (HC/Hearst)

By Eric Rosenberg

Houston Chronicle/Hearst, October 8, 2006

Refitted missiles may sound alarm and prompt nuclear response by Russia

WASHINGTON — A Pentagon project to modify its deadliest nuclear missile for use as a conventional weapon against targets such as North Korea and Iran could unwittingly spark an atomic war, two weapons experts warned Thursday.

Russian military officers might misconstrue a submarine-launched conventional D-5 intercontinental ballistic missile and conclude that Russia is under nuclear attack, said MIT's Ted Postol, a physicist and professor of science, technology and national security policy, and Pavel Podvig, a physicist and weapons specialist at Stanford University.

"Any launch of a long-range non-nuclear armed sea or land ballistic missile will cause an automated alert of the Russian early warning system," Postol told reporters.

The triggering of an alert wouldn't necessarily precipitate a retaliatory hail of Russian nuclear missiles, Postol said. Nevertheless, he said, "there can be no doubt that such an alert will greatly increase the chances of a nuclear accident involving strategic nuclear forces."

Podvig said that launching conventional versions of a missile from a submarine that normally carries nuclear warheads "expands the possibility for a misunderstanding so widely that it is hard to contemplate."

Mixing conventional and nuclear D-5s on a U.S. Trident submarine "would be very dangerous," Podvig said, because the Russians have no way of discriminating between the two types of missiles once they are launched.

Russia, unlike the U.S., lacks sufficient satellites to supplement radar and confirm whether missile launches are false alarms.

Russian President Vladimir Putin warned that the project would increase the danger of accidental nuclear war.

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"The media and expert circles are already discussing plans to use intercontinental ballistic missiles to carry non-nuclear warheads," he said in May. "The launch of such a missile could ... provoke a full-scale counterattack using strategic nuclear forces."

Accidental nuclear war is not so far-fetched.

In 1995, Russia initially interpreted the launch of a Norwegian scientific rocket as the onset of a U.S. nuclear attack. Then-President Boris Yeltsin activated his "nuclear briefcase" in the first stages of a retaliatory strike before the mistake was discovered.

Rice's Tour Of Mideast Yields Little Progress On Key Issues (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, October 8, 2006

LONDON, Oct. 7 -- It was a tough week for Secretary of State Condoleezza Rice in the Middle East. On four issues pivotal to the future of the world's most volatile region, U.S. diplomatic efforts made no visible progress or came up against unexpected resistance during her five-day tour, according to Arab and Israeli officials and analysts.

On Iraq, Arab-Israeli peace, democracy promotion and fostering a so-called moderate bloc of Arab states to stand together against militancy, Rice pressed at each of six stops for new energy or more decisive action. Many of the Arab leaders she met share U.S. fears about the region's future, but there is a growing divide even with Washington's closest allies over what needs to be done, at what pace, in what order and by whom, according to Arab officials interviewed at each stop.

Several Arab officials and analysts privately dismissed Rice's tour as a cheerleading trip without substance. Others questioned the viability of the Bush administration's Middle East policy.

"It is obvious to anyone that U.S. policy built after 9/11 -- including Iraq and the 'you're with us or against us' attitude -- has now come to a dead end," said Paul Salem, the U.S.-educated director of the new Beirut center of the Carnegie Endowment for International Peace and son of Lebanon's former pro-American foreign minister.

The United States and the Arab world are now engaged in a chicken-and-egg argument over what happens next. Arab governments -- including Egypt, Jordan, Saudi Arabia and five oil-rich Persian Gulf sheikdoms -- all appealed to Rice to revive U.S. leadership to break deadlocks on several fronts because they have so far been unable to do it alone, Arab officials said. But Rice basically told governments at each stop that they must first take difficult steps to create conditions more conducive to greater U.S. involvement, U.S. officials said.

Rice did make some progress on a fifth issue, Iran, on her last stop in London, where six major powers agreed Friday to pursue sanctions for Tehran's failure to suspend nuclear enrichment, a process that can be used to develop a nuclear weapon. But on that question, too, the road ahead remains rocky for winning agreement at the U.N. Security Council on what punitive measures to take, U.S. officials conceded.

Rice insisted Friday that her exploratory trip to Saudi Arabia, Egypt, Israel, the West Bank and two Iraqi cities was beneficial as the Bush administration moves toward "intensive" discussions about next steps after the month-long war between Hezbollah and Israel.

"I'm very glad I came out at this time," she told reporters traveling with her. "I've really enjoyed this trip to the Middle East, because I wanted to come out in the post-Lebanon period and get a real sense of what people were thinking. . . . I have a much better sense of how the Lebanese events and this period are affecting people's calculations on what needs to be done."

Rice acknowledged that the Arabs and Israel appealed for new momentum to break the escalating cycle of violence and political division in several strategic countries.

"This is an absolutely crucial time in the Middle East, and I heard in every single place that this isn't a time to stand still," Rice said. "Everyone understands that a lot is changing in the Middle East and that we need to have a positive agenda."

U.S. officials say their goal is to find ways to fill the political vacuum that has developed in the region -- before militants or Islamic radicals fill even more of it. Over the past year, Hamas won parliamentary elections and formed a government in the Palestinian territories, the Muslim Brotherhood became the largest legal opposition force in Egypt, and Hezbollah leader Hasan Nasrallah emerged as a hero in the Muslim world for challenging Israel and surviving. Also, Iranian President Mahmoud Ahmadinejad has taken some of the most defiant positions adopted by his country's leadership since the early days after the 1979 revolution.

Rice's trip, U.S. officials said, was partly intended to signal that the Bush administration is still fully engaged and interested, despite the growing unpopularity of the Iraq war at home and election season questions about its broader Middle East policy. But Rice's talks with nine Arab governments and Israel contrasted starkly with her earlier visits in the lack of specific initiatives. A senior Egyptian official called U.S. policy "increasingly unrealistic."

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A wide range of senior Arab officials, who all spoke on background because of sensitive diplomacy with Washington, asserted that the administration's brick-by-brick approach to transforming the Middle East is so minimalist that it is unlikely to make significant progress during President Bush's remaining time in office. They also complained that Bush's personal role in the Middle East is nonexistent when compared with his early hands-on involvement in bringing Arabs and Israelis together or his public promises to ensure an end to more than six decades of war through a two-state solution.

The greatest pressure put on Rice at every stop was to do something to jump-start the moribund Arab-Israeli peace process, which Arab leaders almost unanimously described as the key to addressing other flash points as well. Yet Rice found herself negotiating some of the same issues she was engaged in last November, such as movement of people and trade in and out of the Gaza Strip. And Israeli withdrawal from parts of the West Bank, which had been promised by Prime Minister Ehud Olmert, is even further away after the Lebanon war undermined his leverage and popularity.

After Rice met with Iraqi officials in Baghdad, some privately expressed concern about new tensions with Washington over the pace and sequence of handling the major challenges facing the government there, such as reconciliation and disarming militias. They complained that the Bush administration was working on its own schedule and not taking into account the potential for backlash among Iraqis if their leaders took controversial steps precipitously.

Senior Arab officials and analysts also said U.S. efforts to promote democracy and foster an anti-militant bloc were contradictory, because the moderates the United States is trying to rally against radical Islamic groups are some of region's most autocratic governments.

In Arab countries, said Salem, "the United States now looks more afraid of elections than some of the governments themselves."

Rice Wraps Up Snag-filled Trip To Middle East And London (AFP)

By Sylvie Lanteaume

AFP, October 8, 2006

US Secretary of State Condoleezza Rice wrapped up a six-day visit to the Middle East and London that was marked by multiple snags, both in terms of results and images.

Trouble began even before she left Washington Sunday night: A run of tell-all books on US President George W. Bush's handling of Iraq and the war on terror cast a harsh light on Rice, once the diva of the administration.

So an angry Rice began her tour with denials that she had ignored an urgent warning from George Tenet, who was CIA director, about the risk of an Al-Qaeda attack against the United States, two months before September 11, 2001.

Then she traveled to Jeddah, Saudi Arabia and Cairo to try to rally a front of eight moderate Arab governments to vigorously fight extremism and terrorism in the Middle East.

However, what she obtained was a unified message from Washington's Arab allies: the US government must engage seriously in the Israeli-Palestinian peace process, or the new Middle East that she wants will never emerge.

The message was apparently received.

"I'm going to go back for extensive discussions with the president ... and with the national security principals because this is an absolutely crucial time in the Middle East," Rice said.

"And I heard in every single place this isn't a time to stand still in terms of a policy in the Middle East," Rice said.

She then traveled to Jerusalem and the West Bank town of Ramallah to support the moderate president of the Palestinian Authority, Mahmud Abbas, while his Fatah faction and the Hamas Islamist movement that heads the government are locked in clashes that have left dozens dead.

However, she obtained only limited commitments from the Israelis to ease the humanitarian plight of the Palestinians.

Israeli Prime Minister Ehud Olmert said that the Karni crossing for goods and people between Israel and the Gaza Strip would be re-opened soon, without giving a date.

The Jewish state made no concession on an eventual exchange of prisoners and made no specific commitment to unfreeze funds owed the Palestinian Authority.

Then Rice traveled to Iraq to back the national reconciliation plan of Prime Minister Nuri al-Maliki, but the snags piled up for the secretary of state, who is normally used to carrying out her foreign tours briskly.

While she never stops speaking of progress in Iraq, her plane had to circulate above Baghdad airport for nearly 45 minutes to wait for the end of a rocket attack in order to land.

She left a day later for Arbil, in Iraqi Kurdistan, but what should have appeared in the media as a virtuous effort to convince the Kurds to share their oil wealth with other Iraqis was beset by more difficulties.

The military plane loaned to the secretary of state suffered technical problems, forcing one of the world's most powerful women to wait for more than two hours for another plane.

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The trouble caused her to miss the start of a crucial meeting of six world powers on tackling the Iran nuclear crisis, her top priority. In the end, she managed to make the meeting for 45 minutes.

However, she and her counterparts from Britain, China, France, Germany and Russia had to pass up the group photograph, traditionally used to mark a display of unity, because some of them had appointments to keep.

Rice's Baffling Mideast Trip (LAT)

The Los Angeles Times, October 8, 2006

Dodging bullets while hyping progress is not a convincing performance by the secretary of state.

AFTER CIRCLING THE BAGHDAD airport for 40 minutes because of mortar and rocket fire, traveling by helicopter to the Green Zone to avoid the deadly bomb-strewn highway into the city and holding a meeting with President Jalal Talabani in darkness because the power was suddenly cut off, Secretary of State Condoleezza Rice held a news conference Thursday to talk about all the progress being made in Iraq.

This kind of clueless happy talk in the face of overwhelming evidence to the contrary might produce great material for political satirists, but it's not very encouraging for those looking for signs of hope in the Middle East. Rice's recently completed six-day trip to the region, which included her sixth visit as secretary of State to Israel and the Palestinian territories, probably ranks as her least productive. She spent most of her time talking with leaders who don't trust her about issues they'd rather not discuss.

In Egypt and Saudi Arabia on Tuesday, Rice met with leaders of eight moderate Arab governments whom she had hoped to persuade to join U.S. efforts to thwart Iran's nuclear ambitions. Instead, they were more interested in pushing for a solution to the Israeli-Palestinian conflict. President Bush has said the United States will not impose a settlement; Arab leaders want at least as much focus on Israel as Iran.

The next stop was the West Bank. Last year, Rice was able to broker a deal to open border crossings between the Gaza Strip and Israel, but they have been mostly closed since Palestinian guerrillas captured an Israeli soldier on June 25. It's critical that they be reopened soon because Palestinian crops are nearly ready for harvest, and if they can't be exported, it will result in more suffering than the territories are already enduring in the face of an economic embargo. When Rice talked about the crossings with Israeli Prime Minister Ehud Olmert, he was noncommittal.

Then onto Iraq. After some fruitless meetings with the Iraqi leadership, which is trying to govern a country in which political parties have devolved into armed camps at war with one another, Rice turned her attention to the comparatively prosperous and peaceful Kurdish north, which is threatening to secede in a dispute over oil. Even as she was meeting with regional President Massoud Barzani on Friday, news was breaking that a Kurdish lawmaker and his driver had been kidnapped and killed, the first legislator from the current parliament to be murdered.

No visit by a U.S. diplomat could begin to ease the discord that has wracked the region for decades. If there were a silver bullet for solving the Israel-Palestinian conflict or the war in Iraq, it would have been fired long ago. As Rice says, "what is necessary is to go step by step on the ground to really improve conditions." The worry now is that every step, including by the administration, is going in the wrong direction.

'He Was Like A Brother To Me' (NSWK)

By Christopher Dickey, Newsweek

Newsweek, October 8, 2006

On the 25th anniversary of Anwar Sadat's assassination, Jimmy Carter discusses the Mideast conflict

The Camp David accords that U.S. President Jimmy Carter negotiated in 1978 between Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin were supposed to be the beginning of the end of the Middle East's terrible conflicts. Yet the killing goes on, and the situation in the region continues to deteriorate. In his book, "Palestine Peace Not Apartheid" (Simon and Schuster), to be published next month, Carter takes a tough look at the reasons why. Last week, on the 25th anniversary of Sadat's assassination, the 82-year-old former president spoke by telephone with NEWSWEEK's Christopher Dickey about the critical turning points in the long struggle to build on the accords, and where the process might go from here.

NEWSWEEK: Do you remember the moment when you heard that Anwar Sadat had been assassinated?

Jimmy Carter: Absolutely. I got a call directly from Cairo. I was at home and they told me at first that Sadat had been attacked but had only been slightly wounded. So I prayed that he would recover. And then they called me back within the hour to say that Sadat had been killed. It was like losing my own brother because Sadat was the closest of all foreign leaders to me. I probably have met more than 100 foreign leaders and he was the boldest and most courageous and most effective leader I've known.

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Yet some Egyptians and other Arabs say he moved too far too fast, that his people weren't ready to make peace with Israel.

I don't think he was ahead of the vast majority of Egyptians. Obviously he parted ways with a fringe element of fanatics who later assassinated him. But behind the scenes, some of the other Arab leaders gave me every encouragement for the peace treaty and for the Camp David accords. And that included Saudi Arabia, Jordan and some others who later, because of a desire for unanimity among the Arab League, boycotted Sadat. But I don't think that he was ahead of the vast majority of his people. In fact, they still look upon the Israel-Egyptian treaty as one of the greatest things that ever happened to them.

But it's been a cold peace. Israel calls it a cold peace. There has never been a real mixing of the people, the Israelis and the Egyptians, back and forth, for instance, in serious tourism.

Well, that's not exactly true. When I was over there in the early '80s, I went up the Nile River and I visited the ancient sites and there was a vast array of Israeli tourists there. And I remember once they sang a very wonderful song to me and came over by the busload to thank me for making it possible for them to experience these tourist visits. But I don't think there ever has been a reciprocal visitation among Egyptians into Israel.

Why do you think that is?

Well, I'm not really sure. First of all I don't think that the Egyptian culture is all that highly attuned to visiting the holy places in Israel, with the exception of the Temple Mount. I don't think there was that encouragement to visit, although it was only later, when Israel had invaded Lebanon and was occupying Lebanon that Mubarak tightened down and put out the word that Israel had violated the spirit of the Camp David accords. Still, he didn't disavow the treaty.

Do you think the 1982 Israeli invasion of Lebanon was the real turning point?

Well, they invaded Lebanon in '82 and they stayed there 18 years. As you know, they didn't come out until 2000.

Looking back, you have the accords, the treaty, then Sadat murdered in 1981, a few months later the completion of Israel's withdrawal from the Egyptian Sinai, and then, very quickly, Israel invades Lebanon.

That's true. Israel's withdrawal from Sinai was obviously the high point of the agreement because the Israelis did observe very carefully all the terms of the treaty. In fact, you say 'cold peace' and I wouldn't disagree with that now, but the fact is that not a word of that treaty that was so carefully negotiated has ever been violated.

Why do you think the peace hasn't grown warmer? Do you think both sides are to blame? Or do you think that either the Arabs have refused to make a real peace or Israel's actions have been too provocative?

You have to remember that the Camp David accords made some very substantial demands on Israel: that is, Israel agreed to withdraw its political and military forces from the West Bank and Gaza. And it agreed for the Palestinians to have full autonomy, and so forth. And Begin also agreed at Camp David to forgo the building of further settlements. Those kinds of agreements have obviously not been honored and I think despite those factors, which certainly have aroused consternation in some Arab countries and I would say coolness in Egypt, the treaty between Egypt and Israel has survived.

If you look at milestones since then, another turning point was the assassination of Israeli Prime Minister Yitzhak Rabin in 1995.

Out of the Camp David accords came the effort to have the Oslo Agreement between Rabin and Shimon Peres on one side and Yasir Arafat on the other. And it was out of that that the Palestine Liberation Organization was recognized by Israel. And there were further promises there for substantial withdrawal of Israel from the occupied territories and also for an agreement that over a five-year period, the full terms of the Camp David accords, including implementation of United Nations Security Council Reslutions 242 and 338 would be honored.

Obviously, at the time the Oslo Accords were consummated there were some prominent Israelis, including Ariel Sharon and Benjamin Netanyahu and others who disavowed the Oslo Accords. Sharon said "the Oslo Accords are national suicide for Israel." Despite that, Rabin went ahead with the early stages of the Oslo Agreement, including the formation of the Palestinian National Authority and permitting Arafat to be elected president and form a governing council or parliament.

I was over there, with Arafat at Arafat's request and with Israel's approval, to help hold that election. And it was an honest and fair and peaceful election and Arafat became the leader of the Palestinian National Authority. Subsequently, with Rabin's assassination and with the election of Netanyahu and later Sharon, of course the Oslo Agreement has not gone anywhere.

Is there a way to move forward now with the peace process?

Yes. We have a series of unequivocal and undeviating standards based on United Nations resolution 242 which Begin accepted without question, every word of it: that is, the inadmissibility of the acquisition of territory by force and the pledge to withdraw from occupied territories. That's still the basis of all the agreements. That was the basis of Camp David; that was the basis of Oslo. That is the international law. And that is also the basis for the so-called "Roadmap for Peace." And on several occasions the Israeli government has confirmed that commitment. And it has been approved not only by the Prime Minister at that time, but also ratified by the Knesset.

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But the process doesn't actually seem to move forward.

You're right.

I sometimes detect in your writings over the last few years, Mr. President, what really seems to be frustration if not anger with Israel on this score.

Well, I wouldn't say anger. I would say that in the last 30 years or so one of my main commitments in life, certainly in international affairs has been to bring peace to Israel. That has been a major goal and I've supported every move that's been made to bring a peace to Israel and acceptance by all the Arab countries of Israel's right to exist to live in peace. But I am frustrated when terrorist activities cause a serious setback as they have among the Palestinians and earlier by the PLO with cross-border raids, and by Hizbullah, and the reluctance of Israel to withdraw from occupied territories. All those things concern me very much because I see them as a major obstacle to a final peace for Israel with acknowledgement by the Palestinians and all of the Arabs of Israel's right to exist and the right of the Palestinians to have a state side-by-side with Israel.

Yet the title of your new book "Palestine Peace Not Apartheid" suggests that things could be running in an extremely ugly direction.

I use the word "not" to discourage that happening. What I want to see in the future is not apartheid, but I want to see peace.

Do you think it is possible to make peace with an organization like Hamas now running the Palestinian government?

Yes, I think within the bounds of a unity government, which is not beyond the realm of possibility—they have been on the verge of it recently—I think that the acceptance of that could lead to an accommodation among the Palestinian political parties, Fatah and Hamas. The Hamas leaders have stated publicly and often that they would accept any peace agreement negotiated between the Palestinian people and Israel if the Palestinians were permitted to approve it in a referendum. That was one of the premises of the Camp David accords: after any agreement between Israel and the Palestinians, that it should be submitted to the Palestinians for approval. So those things stay below the surface, they are still there.

This is purely speculative, but how different do you think things would have been if Sadat had remained alive?

The treaty has held up. And of course that has removed the preeminent military threat to Israel. There were four wars before that treaty over a period of 25 years. Some of them were quite serious threats to Israel; certainly the 1973 war was. And they were all lead by Egypt. To remove Egypt from the military equation obviously has been a major factor in protecting Israel from existential threat by its neighbors. I think that is still very significant. It is a document that has been binding.

And yet leadership is important in determining the quality of a peace: the question of whether the people on both sides can actually support it.

That's true. I don't think that there is any doubt though that the people on both sides do support that treaty. Although I can't argue with you when you call it a cold peace—it is a peace! And the Israelis have almost full confidence that they are not going to be attacked by Egypt, and I think that if you get any kind of opinion polling in Egypt you'll find an overwhelming portion of the Egyptians support the treaty that prevents Israel and Egypt going to war again.

Nobody, or almost nobody, on either side would seriously like to go back to war.

Right, well that's what the treaty does.

Even though provisions for the Palestinians and on many other fronts have not been observed by Israel.

Remember, that is not in the Egypt-Israel treaty. That was actually in the Camp David accords that were also signed and which included the framework for the treaty.

So, do you think it would have made a big difference if Sadat had lived?

I think it would have, yes. Because Sadat had a lot of influence on the Palestinians and Egypt has always been the preeminent Arab country, at least militarily. But I can't really answer that question, because as you know it wasn't until after Sadat was killed that Israel decided to go into Lebanon. And a big question in my mind is: would Israel have invaded Lebanon in '82 if Sadat had still been alive? I've always had doubts about that, because it could very well have been that if Sadat was living [the Lebanon invasion] would have caused a rejection of the peace treaty by Egypt. But that is just a matter of hypothetical conjecture.

Still, the personalities are important.

Of course Sadat looked on that treaty and the Camp David accords as inseparable. The Camp David accords, with all of Israel's commitment to the Palestinians, and the treaty with Egypt was one unit. And later I don't think that Mubarak had that commitment. He didn't feel that he was an author of and a party to the agreements by Israel concerning the Palestinians. But he did cherish the part of the agreements that I negotiated that related to Egypt.

Looking to the present day, I know you've been very critical of the wall that Israel is building on the West Bank.

The wall and the Jordan River actually completely circles what is left of the West Bank.

Do you see that as a sign of "apartheid" to come?

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It's a sign of division, obviously, between the two. I make it clear in my book that when I refer to apartheid I'm not talking about racism. But it is certainly a division and there is no place where the wall separates Palestinians from Israelis—the wall in its entirety separates Palestinians from other Palestinians. It's completely within the West Bank, and sometimes miles and miles within the West Bank. I've got an entire chapter in my forthcoming book describing the wall in detail, and in fact the cover of the book will be a picture of the wall.

Do you see the wall as an insurmountable obstacle to peace?

Yes, as presently located it is an insurmountable obstacle to peace.

Inside Hezbollah, Big Miscalculations (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, October 8, 2006

Militia Leaders Caught Off Guard By Scope of Israel's Response in War

BEIRUT -- The meeting on July 12 was tense, tinged with desperation. A few hours earlier, in a brazen raid, Hezbollah guerrillas had infiltrated across the heavily fortified border and captured two Israeli soldiers. Lebanon's prime minister summoned Hussein Khalil, an aide to Hezbollah's leader, to his office at the Serail, the palatial four-story government headquarters of red tile and colonnades in Beirut's downtown.

"What have you done?" Prime Minister Fouad Siniora asked him.

Khalil reassured him, according to an account by two officials briefed by Siniora, one of whom later confirmed it with the prime minister. "It will calm down in 24 to 48 hours."

More technocrat than politician, Siniora was skeptical. He pointed to the Gaza Strip, which Israeli forces had stormed after Palestinian militants abducted a soldier less than three weeks earlier. Israeli warplanes had blasted bridges and Gaza's main power station.

Calmly, Khalil looked at him. "Lebanon is not Gaza," he answered.

What followed was a 33-day war, the most devastating chapter in Lebanon's history since the civil war ended in 1990, as Hezbollah unleashed hundreds of missiles on Israel and the Israeli military shattered Lebanon's infrastructure and invaded its south. Nearly three months later, parts of the country remain a shambles and tens of thousands are still homeless as winter approaches.

In speeches and iconography, Hezbollah has cast the war as a "divine victory." But a reconstruction of the period before and soon after the seizure of the soldiers reveals a series of miscalculations on the part of the 24-year-old movement that defies its carefully cultivated reputation for planning and caution. Hezbollah's leadership sometimes waited days to evacuate the poor, densely populated neighborhood in southern Beirut that is its stronghold. Only as Israeli warplanes began reducing the headquarters to rubble did they realize the scope of what the Israeli military intended. Hezbollah fighters were still planning to train in Iran the very month that the soldiers were seized; Hezbollah leaders in Beirut had assured Lebanese officials of a relatively uneventful summer.

"They were prisoners of their assumptions," said Nizar Abdel-Kader, a retired Lebanese general.

The outcome of the war, still a matter of perceptions, reveals both the strengths and weaknesses of Hezbollah, perhaps the world's best-organized guerrilla group. The movement, even by the admission of its leaders, misjudged the Israeli response. But by virtue of its complex infrastructure and preparations -- years spent digging tunnels, positioning weapons, upgrading its arsenal and carrying out surveillance along the border -- Hezbollah survived.

"We were always prepared because we always knew that the day would come when we have to fight this war," said Hussein Hajj Hassan, a Hezbollah member of parliament. "We also knew that God was with us. He was with us."

Timur Goksel, a former spokesman and adviser to the U.N. peacekeeping force in Lebanon, put it more bluntly: "Hezbollah did not expect this response, but they were ready for it."The Militia as Deterrent

On March 2, to great fanfare, leaders from across Lebanon's fractured political landscape began what was hailed as a National Dialogue. It drew together implacable foes: Walid Jumblatt, the chieftain of the Druze sect, sat across from Hasan Nasrallah, Hezbollah's leader; the two regularly traded thinly veiled insults. Michel Aoun, the most popular Christian leader, sat with Saad Hariri, a political novice who derives clout as the son of a former prime minister slain in a car bombing in 2005. For months, they tackled issues that threatened to tear the country apart: relations with Syria, the presence of armed Palestinians and the future of the isolated, pro-Syrian president.

Last on the agenda were Hezbollah's weapons.

Backed by France and the United States, U.N. Resolution 1559 was passed in September 2004. Under it, all militias in Lebanon -- diplomatic phrasing for Hezbollah -- were supposed to disarm. Five months later, Hariri's father, Rafiq, was assassinated, setting in motion events that forced Syria's withdrawal from Lebanon after a 29-year military presence. Deprived of

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the cover of one of its two main allies -- Iran is the other --Hezbollah was left relatively isolated, and its weapons became an even more pressing issue in a country whose sectarian tension was as pronounced as at any time since the civil war began.

Virtually no one expected the Lebanese army and its meager, outdated arsenal to disarm Hezbollah, which has cultivated broad support among Shiite Muslims through a variety of social services, political representation and a language of empowerment that resonates with the community's long sense of disenfranchisement. Only consensus could reach a solution short of strife.

On June 8, at the parliament building on place de l'Etoile, amid a security blanket that shut downtown, Nasrallah offered his defense at the National Dialogue. Dressed in clerical robes and a black turban, he spoke for more than an hour, participants recalled. Lebanese often remark on Nasrallah's highly organized speaking style; this speech was no different. Point by point, confident and determined but not arrogant, he explained why the militia -- what Hezbollah calls the Islamic resistance -- should retain its arms, from guns to thousands of missiles.

First, Nasrallah said, it provided a cover to the Lebanese state; in any battle with Israel, Hezbollah would suffer the consequences of Israeli reprisals, not the rest of the country. Second, Hezbollah had created a deterrent -- in the words of one participant, "a balance of fear and terror." Third, he said, the Lebanese army alone was not enough to protect a border that Israeli routinely violates by air and sometimes by sea.

In that session and the next on June 29, Hezbollah's critics at the dialogue questioned, sometimes sharply, the supposed balance of terror.

"I can reach Haifa and beyond Haifa," Nasrallah was quoted as answering them, according to Marwan Hamadeh, the telecommunications minister and a critic of Hezbollah who took part in the dialogue. Israel would not risk a Hezbollah missile attack, Nasrallah added, which could strike its petrochemical industry and the northern third of the country, including some of its most populated regions.

"He considered his potential threat as his deterrent," Hamadeh said, "that Israel would not escalate."

At the time, much of the talk was hypothetical. Participants were put at ease by what they took as Nasrallah's reassurance that nothing would disrupt the crucial tourist season, one of the Mediterranean country's lone patches of economic vitality. "He said this summer would be a quiet summer," Hamadeh recalled. "He said all the actions they would do would be reminders of their presence."

But almost as a footnote in Nasrallah's speech was a reiteration of a promise he had made many times before: the need to capture Israeli soldiers as leverage to win the release of three Lebanese prisoners. Hezbollah had tried before, in November 2005.

"He didn't say it to take approval," said Boutros Harb, a member of parliament, who sat three seats away from Nasrallah. Harb flicked his wrist in a flippant gesture. "He mentioned it like you'd write in the margins of a text."

"It didn't draw the attention of anyone at all."Preparing for Ground War

Goksel, the former spokesman for the U.N. force, has watched Hezbollah's evolution since its incarnation in the wake of Israel's devastating 1982 invasion of Lebanon. He recalled an incident in 2001-02, more than a year after the Israeli withdrawal from southern Lebanon. In two locales near the border, Khiam in the east and on the road to Naqoura on the coast, Hezbollah brought out excavation equipment and trucks, hauling away dirt. Men hung around, looking suspicious. And over as many as six months, in plain sight, tunnels were dug into the limestone of rugged southern Lebanon.

"We were meant to see these things," he said. "They were not making any effort to stop us looking."

At the time, he said he now believes, Hezbollah, farther from view, was digging other tunnels around Labouna, Aita al-Shaab and Maroun al-Ras, all along the Israeli border, that they employed for ambush and cover in combat to sometimes devastating effect during this summer's war.

"Looking back, they really fooled us on that one," Goksel added.

While Hezbollah's missiles were supposed to deter an all-out Israeli assault, the movement, by its own admission, also began preparing for a ground war almost from the day Israeli forces left in May 2000. Most of the militiamen were drawn from their villages and kept their weapons at home. Abdel-Kader said the town or village became the unit of defense, where other arms were stashed. The towns, in turn, were organized into three or four sectors, with a regional command.

"All the weapons were in the right place," he said. "They didn't need to mobilize."

Elias Hanna, another retired general, said the arsenal was updated over the past two years. In addition to rockets, anti-tank weapons were ferried through Syria; their use required at least some degree of training and their sophistication surprised Israeli forces.

As important to Hezbollah was surveillance. Goksel recalled fighters sometimes sitting for three months on the border "and they would write about everything that moves." He added, "They are the most patient watchers in the world."

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On July 11, Goksel and seven students from a university class he was teaching stood on the Qasmiya Bridge, which spans the Litani River, the natural border of southern Lebanon. "I said, 'Look at this bridge. If anything happens, this is the first target.' " He wasn't worried, though. It was summer, and towns were filled with vacationing Shiite expatriates, many of them Hezbollah supporters. "I've never been so wrong in my life," he said.

The cross-border raid was carried out at 9:05 a.m. the next day. Soon after, Israeli warplanes struck the Qasmiya Bridge.

Three months later, Hezbollah's timing remains puzzling.

"They don't attempt adventures. They're not adventurous types," Goksel said. In every operation, they would project "what it means for Shiites, what it means for the party, what it means for Lebanon, what it means for Syria."

He paused. "One wonders if that process collapsed somehow," he said.

Hezbollah officials have hewed to the line Nasrallah delivered that night: They had long telegraphed such an operation, and the opportunity arose. Nasrallah has acknowledged that they did not anticipate the Israeli response, though Hezbollah's officials say they believe the Israelis were planning to carry out such a campaign by this October. In statement after statement, Nasrallah has dismissed charges by critics that Iran and Syria, both under international pressure, encouraged or even ordered the ambush.

Others offer a domestic rationale. The last session of the National Dialogue was set for July 25, nearly two weeks after the war began. Hamadeh suggested that Hezbollah could return to the table "with the proof that the deterrence philosophy would work." But even he admits, "The precipitation has something of a mystery around it."Underrating a Threat

Two hours after the raid, Hassan, a reticent chemistry professor and one of the longest-serving members of parliament from Hezbollah, was sitting in a meeting for the committee on public works. His cellphone rang. "I smiled, hung up the phone and told the members of parliament in the room, 'Congratulations, our hostages will be coming home soon.' " Some smiled with him; others sat expressionless.

In another room, Nawwar Sahli, a Hezbollah representative who sends his children to an American-affiliated high school, sat in a parliamentary meeting on computerizing Lebanon's ministries. He, too, broke the news to colleagues.

"God help us," he recalled one of them responding.

Sahli went on with his day, getting an MRI exam at 3 p.m. for a pain in his neck. (He picked up the results after the war.) He listened to Nasrallah's speech, then went to his office at night to deal with paperwork in the Hezbollah-controlled southern suburbs known as the Dahiya. He ignored warnings by Hezbollah security not to stay late. From Khalifah, a local fast-food restaurant that was later bombed, he ordered a chicken fajita sandwich and Philly steak sandwich, then went for an interview on a Lebanese television station.

"I said that we shouldn't exaggerate, that Israel will just retaliate a bit, bomb a couple of targets and that would be the end of it," he recalled. "When I stayed in the office, I wasn't trying to be a hero. I seriously didn't think there was a threat."

Near the airport, Amin Sherri, another Hezbollah representative, sat with his wife, four children and three grandchildren.

"My family asked me if we should evacuate the house," he remembered. "I told them, 'Absolutely not.' " On that first day and early into the war, Hezbollah's political arm was relatively lax about security. Officials said they at times slept in other homes and changed their cars, but little else. Sherri kept his cellphone on throughout; Sahli said he was only occasionally advised to shut it off and remove its SIM card. Only by the third day, after Israeli forces had struck the airport road, Nasrallah's offices, Hezbollah's television and radio stations and several bridges, was the Dahiya fully evacuated, military officials said.

It was on that day, Sahli said, that he began getting worried.

But, he added, "I kept telling myself that no war lasts forever."A Fighter's Call to Duty

Along the rolling hills of southern Lebanon that face the Israeli border, Shadi Hani Saad was getting ready for breakfast in the village of Aita al-Shaab on July 12. He was the oldest son of Zeinab Hammoud and her favorite. But when he was as young as 8, with southern Lebanon still occupied, she remembered him asking her, "Will Hezbollah still be there when I grow up?"

Tall and broad-shouldered, Saad joined the Hezbollah youth movement in 2000 after the Israeli withdrawal. As a 14-year-old, he bypassed the lower grades of the Mahdi Scouts -- the Blossoms, the Cubs and the Sailors -- and had become Infantry. Within two years, he had achieved the highest rank, a Rover, and then carried out his first operation as a militiaman.

"They didn't tell us where," she said.

He trained once or twice a week. This summer, he was groomed for even more responsibility; his mother said Hezbollah was about to send him for six months of military training in Iran.

The trip never happened. A little after 9 a.m. on July 12, after Saad had gotten out of the shower, another fighter showed up at her door and whispered something to him. Saad grabbed his M-16 rifle, along with ammunition he kept at the house, and walked away in a T-shirt and jeans. "He told me, 'I might return, I might not return,' " his mother recalled.

Years of surveillance had given Hezbollah an idea of where the Israeli forces might cross the border, Goksel said. Of 24 gates, they entered four, and at each, Hezbollah had guessed right with its fortifications and defenses, he said.

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Aita al-Shaab was one. "They were waiting for them," he said.

In addition, Lebanese analysts say Israeli hesitation in the early part of the war allowed Hezbollah, caught off guard, time to prepare its defenses. By the time Israeli troops entered in force, more than a week later, Hezbollah's men were in place in villages like Aita al-Shaab. Saad's mother said he called her the first day, then the second, using a land line they deemed more secure. On the third day, he planned to come home to visit and asked her to cook dinner.

That was the last time they spoke. Israeli raids escalated that day, and the Israeli military warned residents of border towns to flee. In a blue 1986 Mercedes, she left with her four other children for Tyre, then north to the Chouf Mountains. After they fled, Saad called an uncle. "Where's my family?" he asked. Nearly three weeks later, on a Thursday night, he was killed in an airstrike.

"What God wants to leave me, he'll leave," his mother said. "What he wants to take, he'll take."

She sat at her home, with a picture of Nasrallah on the wall. A school picture of Saad hung nearby in a black frame. A sprawling poster, with a purple tint, pictured Saad in military uniform and declared him a martyred crusader. Another picture showed all nine of the Hezbollah fighters who died in the village, among the 30 or so who stayed -- by local legend, against Nasrallah's wishes -- to face Israeli troops.

Her blue eyes glimmered with tears, and she recalled a conversation before the war. As they sat at home, Saad had asked that when he died he be buried among martyrs. "What do you mean martyrs?" she shot back, half-joking. "Why do you tell me this kind of stuff?"

She shook her head. "Who knew there would be a war?"

Special correspondent Alia Ibrahim contributed to this report.

Bush Brings Faith To Foreign Aid As Funding Rises, Christian Groups Deliver Help -- With A Message (BOS)

By Farah Stockman, Michael Kranish, And Peter S. Canellos Of The Globe Staff, And Kevin Baron

The Boston Globe, October 8, 2006

PART 1: CHANGING THE RULES | EXPORTING FAITH

This story is the first of four parts

LAKARTINYA, Kenya -- The herders of this remote mountain village know little about America, but have learned from those who run a US-funded aid program about the American God.

A Christian God.

The US government has given $10.9 million to Food for the Hungry, a faith-based development organization, to reach deep into the arid mountains of northern Kenya to provide training in hygiene, childhood illnesses, and clean water. The group has brought all that, and something else that increasingly accompanies US-funded aid programs: r egular church service and prayer.

President Bush has almost doubled the percentage of US foreign-aid dollars going to faith-based groups such as Food for the Hungry, according to a Globe survey of government data. And in seeking to help such groups obtain more contracts, Bush has systematically eliminated or weakened rules designed to enforce the separation of church and state.

In Lakartinya, a simple hut built with funds from the US government is the first in the area to have a tin roof. It serves as a station for weighing babies, distributing food, teaching health classes -- and, until recently, initiating local people into the rites of Christianity, according to Food for the Hungry staff. Classes begin and end with prayers, and in some cases are followed by Christian services.

For decades, US policy has sought to avoid intermingling government programs and religious proselytizing. The aim is both to abide by the Constitution's prohibition against a state religion and to ensure that aid recipients don't forgo assistance because they don't share the religion of the provider.

Since medical programs are aimed at the most serious illnesses -- AIDS, malaria, tuberculosis -- the decision whether to seek treatment can determine life or death.

But many of those restrictions were removed by Bush in a little-noticed series of executive orders -- a policy change that cleared the way for religious groups to obtain hundreds of millions of dollars in additional government funding. It also helped change the message American aid workers bring to many corners of the world, from emphasizing religious neutrality to touting the healing powers of the Christian God.

Bush's orders altered the longstanding practice that groups preach religion in one space and run government programs in another. The administration said religious organizations can conduct services in the same space as they hand out government aid, so long as the services don't take place while the aid is being delivered. But the rule allows groups to schedule prayers immediately before or after dispensing taxpayer-funded aid.

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Bush's orders also reversed longstanding rules forbidding the use of government funds to pay for employees who are required to take an oath to one religion. In addition, the president's orders allowed faith-based groups to keep religious symbols in places where they distribute taxpayer-funded aid.

And in implementing the president's orders, the administration rejected efforts to require groups to inform beneficiaries that they don't have to attend religious services to get the help they need. Instead of a requirement, groups are merely encouraged to make clear to recipients that they don't have to participate in religious activities.

Bush made some of the changes by executive order only after failing to get Congress to approve them; the bill faltered in the Senate, where moderate Republicans joined Democrats in raising concerns about breaking down the barrier between government and religion.

``I got a little frustrated in Washington because I couldn't get the bill passed," Bush told a meeting of faith-based groups in March 2004. ``Congress wouldn't act, so I signed an executive order -- that means I did it on my own."

The legality of Bush's moves is being challenged by a group advocating separation of church and state. The lawsuit, claiming both that Bush overstepped his powers and that the orders violate the Constitution, is inching its way through the federal courts.

Faith-based groups have long delivered humanitarian assistance in distant and dangerous places, marshaling an impressive array of volunteers. But Bush's initiative has put government dollars into faith-based providers in unprecedented fashion. A Globe survey of more than 52,000 awards of contracts, grants, and cooperative agreements from the US Agency for International Development -- which distributes taxpayer-funded assistance overseas -- provides the first comprehensive assessment of the impact of Bush's policies on foreign aid.

The survey of prime contractors and grantees, based on records obtained through the Freedom of Information Act, shows a sharp increase in money going to faith-based groups between fiscal 2001, the last budget of the Clinton administration, and fiscal 2005, the last year for which complete figures were available. Faith-based groups accounted for 10.5 percent of USAID dollars to nongovernmental aid organizations in fiscal 2001, and 19.9 percent in 2005.

Boost for Christians The numbers also show that the faith-based initiative overseas is almost exclusively a Christian initiative: Only two Jewish development groups and two Muslim groups of any type got any grants or contracts between fiscal 2001 and fiscal 2005, and Christians received 98.3 percent of all such funds to religious groups from fiscal 2001 to fiscal 2005.

The prime beneficiaries have been large groups including Catholic Relief Services and evangelical organizations such as World Vision -- the former employer of Bush's longtime USAID director Andrew Natsios -- and Samaritan's Purse, which is led by evangelist Franklin Graham, the son of Billy Graham, who guided Bush to his own religious rebirth.

Food for the Hungry, which is also evangelical, received its contract to run USAID programs in Lakartinya in fiscal 1999, during the Clinton administration, and it was renewed under Bush. The group's funding jumped from $7 million in fiscal 2001 to $20 million in fiscal 2005. Bush also appointed the group's president, Benjamin Homan, to chair USAID's advisory board.

Robert Snyder, Food for the Hungry's director for Kenya, said that the group seeks to segregate religious activities from aid programs, but that Kenyans don't usually believe in the concept of church-state separation.

``In Kenya, they don't separate things out," he said.

At Food for the Hungry's outpost in Lakartinya, staff members spoke openly of how they preach about Jesus while teaching breast-feeding and nutrition. Over the seven years that the group has been operating there, it has helped convert almost the entire area to Christianity, according to it's own field workers and villagers who participate in the programs.

Sante Dokhe, a 45-year-old mother of five from the Samburu tribe, became one of the health program's first ``contact mothers." She said she used to practice a traditional African religion. Then came her US-funded classes, which impressed her by drastically lowering the infant mortality rate in the village.

``The first time that I changed my mind is when we were learning the health education and our teacher was also talking about God," Dokhe said. ``We used to go to the rivers and pour milk for the god who stays in the mountain. But I learned through our classes that that is a very tiresome god. Now we have known that you don't need to struggle to please God. Now I have learned through health education that God is everywhere."

Christian missionaries have crisscrossed the world for generations, seeking to save souls by converting people.

US foreign-aid programs, however, began after World War II for the purely secular aim of winning friends for the United States. Now, aid packages and equipment purchased with government funds are stamped with the words ``From the American People" so beneficiaries can see the fruits of US generosity.

``The point of foreign assistance is national security," said Harriet Babbitt, who was USAID's second-ranking official during the last years of the Clinton administration.

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Foreign aid programs have been criticized by some conservatives as unnecessary -- frittering away money that could be used in the United States. But in the late 1990s, evangelical groups began to focus on AIDS in Africa, and conservative Christian leaders became vocal supporters of government-funded programs.

Clinton's last USAID administrator was Brady Anderson, the president's boyhood friend and an evangelical Christian. Relations between USAID and faith-based organizations were strong, according to Babbitt and Anderson.

Nonetheless, after Bush took office in 2001, he surprised many people by declaring that religious groups had been systematically discriminated against in the awarding of government contracts. His administration issued a report called ``Unlevel Playing Field" that declared that faith-based groups faced too many restrictions. ``Some government rules require faith-based providers to endure something akin to an organizational strip search," the report said.

A push for applicants To counter the alleged discrimination against churches, Bush used federal funds to hire outreach workers to hold training sessions and attend religious conferences in hopes of getting groups to apply for funds. The initiative, Bush promised, would ``open up billions of dollars in grant money competition to faith-based charities."

USAID workers began fanning out to religious events. They tried to convince skeptics that evangelical groups could follow government guidelines while still spreading the word of the Lord.

Clydette Powell, a doctor in USAID's public-health bureau, staged a workshop on public-private partnerships in tuberculosis at an evangelical conference last year in Louisville, Ky., proclaiming, ``There are tremendous opportunities, actually, for Christians -- and for, frankly, evangelistic purposes -- within a public health strategy such as TB. "

She added: ``I think Christians, who are so much more relational in this thing, have a leg up on, you know, just the regular public system because there is interest in developing a relationship -- in fact, hopefully, a relationship that leads them to know Christ as their savior and their lord in their lives."

When key senators balked at approving Bush's faith-based initiative, he claimed that they, too, were discriminating against churches.

But James Towey, who was director of the White House Office of Faith and Community Based Initiatives from 2002 until June 2006, said the major hang-up was Bush's desire to allow religious groups to reject candidates for government-funded jobs because the workers didn't practice the group's religion.

``The hiring provision gave everybody a lot of indigestion," Towey said.

In 1965, President Lyndon Johnson signed Executive Order No. 11246, a landmark directive that required all federal contractors to consider applications ``without regard to race, color, religion, sex or national origin."

Frustrated by Congress's refusal to reconsider Johnson's policy, Bush issued his own order in 2002 specifically allowing faith-based groups to discriminate in hiring for government-funded positions.

Bush explained himself in a speech in New Orleans on Jan. 15, 2004. Standing in front of a huge cross, the president said the federal government used to tell faith-based programs to ``take the cross down from the wall" to get government money.

``The problem is, faith-based programs only conform to one set of rules, and it's bigger than government rules," Bush said.

His rule changes were encouraged by both the Catholic Church, which was already the largest faith-based recipient of government money overseas, and the National Association of Evangelicals, whose leaders say it represents 30 million people.

The Catholic US Conference of Bishops declared, ``It is more important than ever to make sure that all charities, faith-based or secular, have access to the public and private resources they need" to serve the needy.

Robert Cizik, the evangelical association's vice president for governmental affairs, said, ``Without the faith-based service providers, there is no way to begin to stem the tide of AIDS."

He said Bush's rule changes -- including the reversal of Johnson's non-discrimination order -- were needed to give smaller evangelical providers ``an equal shot at the federal pie."

Other churches protest Yet leaders of many large Christian denominations believe it is wrong for religious groups to discriminate based on religion when using government funds. And while Bush has portrayed many restrictions intended to enforce the separation of church and state as hostile to religion, many religious leaders disagree: They say the separation of church and state has allowed religions to flourish.

Many large Protestant denominations say the administration is catering to the religious right -- particularly evangelical groups seeking funding for missions whose ultimate aim is recruiting new members.

Bishop Frank Griswold, the presiding bishop of the Episcopal Church, the faith in which Bush was raised, said he strongly opposed allowing faith-based contractors to discriminate in hiring. But the bishop said he was unable to express his concerns to Bush.

``I must say it has been very difficult for me -- and I think I can speak for the mainline churches as well -- to have any substantial engagement with the president," Griswold said. He said he has been ``shunted to one side" by the White House, which has been more interested in rewarding the religious right.

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``I think it has to do with politics and power," Griswold said. ``It has a great deal to do with what Mr. Bush perceives to be his base."

Criticism also comes from representatives of the faith that Bush now observes -- the United Methodist Church.

James Winkler, general secretary of the church's General Board of Church and Society, compared Bush's claim of discrimination against faith-based organizations to his assertion that Iraq had weapons of mass destruction.

``We heard all the time that Iraq had weapons of mass destruction, and we heard all the time that there has been all this discrimination against faith-based groups," Winkler said. ``We kept on saying we haven't noticed any discrimination. The grants are there. This really came from the religious right as political payback for their support for the president."

The Southern Baptist Convention, which is the largest of several Baptist organizations, also has strong reservations about Bush's faith-based initiative, preferring to maintain a separation of church and state.

Richard Land, president of the convention's Ethics and Religious Liberty Commission, advises Southern Baptist churches not to take federal money. Noting how some British colonies in America financially supported the Anglican Church while persecuting Baptists, he said Baptists have in their ``genetic code" a dislike of such government funding.

Most Jewish groups have not aggressively sought foreign-aid contracts, some leaders said, because they do not seek to convert people, and a prime motivation for religious groups to be active overseas is to win new converts.

``Jews are not missionaries," said Ruth Messinger , president of the American Jewish World Service. ``The whole concept of proselytization is alien to us. Not only alien, almost offensive to us. Jews just don't do that."

Many Christian groups, however, acknowledge that they aim to convert new members, while denying that they proselytize.

``We would like for everyone to become a Christian, that is part of our faith as Christians," said Mark Howard, general counsel of World Vision.

Nonetheless, neither Natsios, who headed USAID from May 2001 to this year, nor Kent Hill, the assistant administrator for Global Health Programs, said they have ever received complaints of a religious contractor violating rules against proselytizing. But Natsios, at a conference last spring, acknowledged that USAID does not monitor groups for proselytizing.

Outsiders point out that members of the administration -- including the president -- sometimes seem to endorse the use of government funds for religious objectives. Speaking before religious leaders in Los Angeles on March 2, 2004, Bush discussed the difficulties of faith groups.

``I think if you ask them their biggest problem, they'd say, `Well, we need to expand, there's more souls to be saved, we need a little extra space for our rescue mission,' " he said. He then assured the groups: ``The government has got resources."

Robert Tuttle, a George Washington University law professor who has studied USAID policies, said he was dumbfounded that the agency chose not to require that aid recipients be told that they don't have to attend services: ``It is scandalous in the sense that if you really are interested in protecting the religious liberty of beneficiaries, then why not inform them of their rights?"

The government's General Accountability Office this year examined 13 federally funded faith-based organizations in the United States that offer prayer or worship. The agency concluded that four of the 13 ``did not appear to understand the requirement to separate these activities in time or location from their program services."

K. Hollyn Hollman, general counsel for the Baptist Joint Committee, which represents 14 Baptist organizations, said she is alarmed by the administration's policy that a religious group doesn't have to change its ``religious character" when distributing government aid.

Said Hollman: ``If the religious character of my organization involves evangelizing, changing your life through Christian witness, then I will be tempted to do that in a government-funded program."

The Globe's research found that in the absence of clear standards such as a prohibition on running government programs where services are conducted, religious groups feel free to ask recipients to pray, discuss their spiritual needs, and attend services.

Since many groups combine government and private funds, they feel unrestricted about proselytizing so long as they can say they were using private money. For instance, USAID has paid for tens of millions of dollars in equipment for religious hospitals, where patients learn about the Gospel while receiving care. But since the missionaries themselves are not on the government payroll, no rules apply.

Graham, whose Samaritan's Purse receives USAID funding for medical centers in Sudan and Angola, said in an interview: ``Of course you cannot proselytize with tax dollars, and rightfully so. I agree with that. But it doesn't mean that we can't build buildings, we cannot provide housing and buy bricks and mortar. The proselytizing or the preaching or the giving out of Bibles, people give us funds for those."

More Christian converts In the dusty village of Lakartinya, Lucia Loltome, a 34-year-old nurse employed by Food for the Hungry, says proudly that she begins and ends each health class with a prayer.

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Loltome became a Christian when she attended a Catholic high school. Now she is in charge of projects that involve 730 households and 1,300 children. She is proud of how she laces her lessons about typhoid, parasites, and breast-feeding with education about the Christian God.

``Before 1999, these people were not even going to church," she said. Now, all the contact mothers in the program and nearly every family in nearby villages are churchgoers, Loltome said.

A similar story is told three miles away, in an area known as Nkirmat, where Food for the Hungry began a similar project under the same USAID grant. In Nkirmat, contact mothers began learning about health education in 1999 and recently began breeding milk-producing goats. As with Lakartinya, the USAID program here has been accompanied by a wholesale conversion to Christianity, according to Antonella Kupona, the lead mother of the goat project.

``There was a church built here in 1972 but people were not going because of the traditional beliefs," she said. ``But now they are taking it up in great numbers. . . . As we go for the health education, we also learn about God."

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Ex-President Bush Seeks More Quake Aid (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 8, 2006

Former President George H.W. Bush has appealed for nearly $100 million in aid for survivors of last year's South Asia earthquake, saying tens of thousands face another winter living in tents.

"If they're in tents, that's not good enough," Bush told a news conference Friday to mark the first anniversary of the Oct. 8, 2005 quake that killed more than 80,000 people and left more than 3 million homeless in Pakistan and India. "But it's a heck of a lot better than it was a year ago."

Bush, the U.N. envoy to promote help for survivors of the 7.6-magnitude quake, recalled predictions immediately after the disaster that Pakistanis in rugged mountains would have difficulty getting through the winter. "And it didn't happen," he said.

"Nearly 300,000 people have now returned home safely after living in tents for nearly half a year," he said. "However, full-scale reconstruction and the full resumption of basic services is going to take years."

Bush said snow was already falling in some parts of Pakistan and it was critical to get access to people in remote locations.

"If the upcoming winter were to be harsh, elderly people and young children can face renewed vulnerabilities," he said. Aid agencies expect mountain dwellers to start pouring soon into lowland camps to escape the coming freeze.

Bush said the Pakistani government was determined "that even if the winter might be harsh, people will have protection — so I think they're moving very hard to try to move toward permanent housing."

Reconstruction, however, has moved slowly, constrained by rigorous new quake-proofing rules.

According to the relief agency Oxfam, 1.8 million survivors are still living in tents or makeshift shacks.

At the news conference, Hina Rabbani Khar, Pakistan's minister of state for economic affairs, disputed that figure and insisted that only about 30,000 people were still living in tents — just 5 percent of the original number last year. She said helping such a small number during the coming winter will be "very manageable."

Bush didn't address the discrepancy in the numbers, but he said the early recovery plan for quake-affected areas had received just two-thirds of the $255 million needed.

"We're still missing $94 million which is still critical for bridging the gap from relief to recovery," he said. "The sectors that remain underfunded are water and sanitation, housing and support for vulnerable people."

Pakistan's President Gen. Pervez Musharraf appealed Thursday for $800 million to cover additional reconstruction costs, Khar said.

Bush told reporters he wasn't satisfied with his efforts to get donors to fulfill aid pledges, saying donor fatigue was part of the problem.

"We've made some progress, but heaven knows I've got a long way to go before I can express total satisfaction," he said.

Pakistani Quake Survivors Still Fearful (AP)

By Paul Garwood, Associated Press Writer

AP, October 8, 2006

Dozens of girls have been skipping school in this Pakistani Kashmir mountain town, but neither bullies nor boredom is to blame. Teachers say pupils fear being crushed in an earthquake like the one that killed 80,000 people one year ago Sunday.

Among the dead were 34 students of the Government Girls Middle School in Chikar, which collapsed in a heap of rubble and trapped scores of pupils and teachers. Four tents have been raised on top of the ruins to serve as classrooms for some 400 pupils aged 14-16.

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"There has been low school attendance recently," Saira Bhatti, a teacher at the school, told The Associated Press. "They are so scared that the quake might strike again. Sometimes when the wind blows hard, the children are terrified and start crying because they think it is another quake."

Fear is palpable among many locals in Chikar, which was ravaged by the 7.6 magnitude quake that townspeople claim killed at least 10,000 in and around the hilltop settlement.

Most said they are sleeping outside now in case Sunday's anniversary leads to a repeat of last year's disaster that killed thousands as they slept in homes, studied in schools or worked in offices.

All said they will offer special prayers Sunday for those who died in the earthquake, which devastated cities, towns and villages across northern Pakistan and in the Indian-controlled part of Kashmir.

Javed Iqbal, 42, said he is not afraid of sleeping inside his home, but acknowledged that he was an exception, particularly after reports spread that tremors had been felt late Friday in Balakot, the worst-affected Pakistani city in the earthquake where more than 30,000 people died.

"News spread throughout Chikar so quickly that there had been an earthquake in Balakot and fears of aftershocks here have forced most people to spend the nights outside," said Iqbal, who works as a curtain maker in Saudi Arabia and returns to his Pakistani home three months each year.

In Chikar, concrete and metal that once formed shops are still heaped throughout the town's main bazaar. Cracks in walls of houses and offices give passers-by a glimpse of the rooms inside.

But earthquake-proof houses with shiny corrugated iron roofs are popping up inside the town and on steep, pine-covered mountainsides. And health clinics run by aid groups are providing around-the-clock primary health care to anyone who asks.

Safia Bibi, a 35-year-old mother of four, received compensation from the government for the deaths of her infant son and mother who were crushed under the rubble of their mud brick house, but said the payments have not healed her pain.

"There remains so much fear and tension since the earthquake and no amount of money will change that," said Bibi, while two of her children underwent routine immunizations at a Chikar health center.

But others see compensation as their best chance at regaining some semblance of normalcy.

More than 1,000 survivors rallied in the capital Islamabad on Saturday demanding that delays in the release of compensation to quake victims be overcome so they can reconstruct housing.

Chanting slogans such as "Stop taking bribes!" "Stop cheating us!" and "Build our homes before snowfall," the protesters marched from the parliament to the government department responsible for releasing aid money for reconstruction.

President Gen. Pervez Musharraf has said that his government will ensure the provision of basic facilities to those affected by the quake and he hopes that 80 percent of the reconstruction will be over in the coming three years.

Muslim Lawmaker Assimilated And Berated (LAT)

By Jeffrey Fleishman

The Los Angeles Times, October 8, 2006

Denmark's Naser Khader is praised by secular Europeans as a voice for moderation and unity. Islamists consider him a traitor.

COPENHAGEN — Ever since he left the laundry-draped alleys of his Syrian village and glimpsed the red-light district of Copenhagen, Naser Khader's life has been a curious, and sometimes dangerous, navigation between Islam and the West.

A man with "democracy" tattooed in Arabic on his arm, the Danish lawmaker epitomizes Europe's struggle to integrate moderate Islam into secular democracy. The Danes view him as the ideal Muslim, a multilingual author with European sensibilities for tolerance. Islamists regard him as a traitor, a factory worker's son who bartered his identity for a bit of Western acceptance.

It is sensitive cultural and political terrain, but Khader's convictions are anything but opaque. This was apparent early this year when he condemned violent Muslim protests against a Danish newspaper's publication of caricatures of the prophet Muhammad. Khader argued that the worldwide demonstrations were orchestrated by radical clerics to aggravate tensions between East and West.

"If you don't want to look at the cartoons, don't buy the paper," Khader, one of three Muslims in the Danish parliament, said in a recent interview at his office. "I understood why Muslims were upset. But you protest in the frame of democracy.

"Why this overreaction? I asked the Islamists why they didn't demonstrate when Abu Musab Zarqawi killed innocent hostages in Iraq. Why didn't they protest when Bin Laden sent planes into New York? This is against Islam too."

Such sentiments earned Khader, who travels with bodyguards and a wry sense of humor, at least one death threat from an extremist imam. A sturdily built man who perfected his Danish on neighborhood soccer fields, he is bemused by the discreet men

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who shadow him. "I think it's sad," he said, "that police have to protect those who speak for democracy. But the world has changed. This is my life."

The 43-year-old lawmaker and his adopted Europe are caught amid disturbing agendas. Radical Islamists and anti-immigration attitudes are jeopardizing Muslim integration, giving rise to right-wing political groups such as the Danish People's Party. Muslims with immigrant backgrounds often face high unemployment and alienation, which has led to terrorist threats, including an alleged plot several weeks ago by three men to detonate a bomb in Denmark.

Khader has tried to become a unifying voice; his politics spring from a childhood of trying to fit in and succeed. But his unapologetic political message, praised by secular Europeans, has irritated conservative Muslims. They consider him a man who has drifted too far to the other side, marrying a native Dane, not attending Friday prayers, sipping beer and attending soccer games in a jersey that resembles the Danish flag.

"Naser Khader is irrelevant to Muslims in this country," said Ahmed abu Laban, an outspoken Islamic leader in Copenhagen. "His role is to keep bombarding Muslims and Muslim values. He represents that strain of thought in Europe that's too cowardly to face legitimate Muslims. So they get people like Khader to act as a human shield and to spit in our face."

David Trads, a political analyst who has written a book on Islam in Denmark, said:

"Many are saying that Khader's like an Uncle Tom. That's not a fair criticism, but he wants to make sure everyone in Denmark understands that there's a very serious situation with the Islamists. He wants also to build a bridge between moderate Muslims and Danes."

Dressed in a blue blazer and pinstriped shirt open at the collar, Khader sat the other day at a table strewn with papers, a folder and a book titled "Cradle of Islam." A biography of U.S. Sen. Hillary Rodham Clinton sat on a nearby shelf. Khader, who is straightforward instead of tactical when it comes to politics, weighed the aspirations and pitfalls of being identified as a European and a Muslim in the same breath.

The atmosphere was less volatile in 1974, when an 11-year-old Khader and his mother, three brothers and a sister left their Syrian village to join his father in Copenhagen. The elder Khader, a Palestinian, was among those who had come to Denmark years earlier to fill Northern Europe's need for laborers and factory workers. His parents weren't religious — his father was a Marxist — and unlike today, Islamic head scarves were rarely spotted along the city's canals and alleys.

"There was no Islamophobia in Denmark in the 1970s," said Khader, who first tasted rye bread and licorice on the sidewalks of his new city, where sometimes the "working girls" near the red-light district bought him ice cream on his way home from school. "It was a different world. I had come from a village where the only TV set was in a coffee shop for men."

The tone in Denmark shifted a decade later, however, when refugees from the Lebanese civil war began arriving. More Muslim immigrants landed throughout the 1990s, along with imams financed by radical Islamic groups in the Middle East.

The gap between the parallel societies of Muslims and Danes widened after Sept. 11, and the controversy over the Muhammad caricatures further exposed the integration failures in a nation that prided itself on equality.

Danes were left with the moral question of how far the vaunted tradition of Scandinavian tolerance extended. Muslims, who account for about 200,000 of the population of 5.4 million, are split between those such as Khader and the more extremist voices angry about discrimination and issues such as the participation of Danish troops in the U.S.-led war in Iraq.

"It's not a clash of civilizations. It's a clash of ideologies, and the largest part of that is between Islamists and moderate Muslims," Khader said, adding that Middle East extremists were trying to exploit Muslim integration problems in Europe. "I've founded a group called Democratic Muslims. We're going to hold an international conference. We need to oppose the well-organized Islamists.

"We don't know enough about the Islamists," he said. "Who are they? What's their thinking? Why is radical Islam so attractive to people even born in this country?"

Khader says much of the blame lies with religious leaders such as Abu Laban, who organized a Muslim delegation to the Middle East to gain diplomatic support for protests against the Muhammad cartoons. The demonstrations in Europe were largely peaceful, but the outrage in the Middle East and other regions led to violence, deaths and the storming of Danish embassies.

"I went to Abu Laban's mosque when I was younger, but then I got tired of his politics," said Khader, a former Copenhagen city councilman with a master's degree in political science. "He started talking about then-President Reagan and the first President Bush. I couldn't listen to him anymore.

"In Denmark today there are between 100 and 120 imams, but only five or six of them [radicalized] the controversy around the cartoons."

Abu Laban said that he was opposed to violence and that "relations between Danes and Muslims are not so fearful as some might imagine."

When asked about Khader, Abu Laban said, "Unfortunately, Mr. Khader is riding two horses, and in my opinion, he doesn't fulfill even the minimum of being called a Muslim."

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Khader said he was aware that some might perceive him as a patsy for the West's idea of a Muslim. Europe constantly sifts through the rhetoric of radical mullahs and fundamentalist ideologues to find what it considers palatable Muslim voices. This search is growing more intense as the continent's population ages and immigrants are needed to bolster its economies and fund its welfare states.

Khader said Danes had begun to move away from stereotyping Muslims, but overall the society had been slow to embrace multiculturalism. There are indications that since the publication of the cartoons, Danes are more skeptical about Muslim integration.

The Danish People's Party controls 13% of the parliament; the nation's new bestseller compares radical Islam to Nazism, calling it a threat to Western freedoms.

"It's not enough to think that all Muslims must look like me," Khader said. "Integration has to be for liberal and conservative Muslims, for Muslims who wear head scarves and for Muslims who are devout. Europe must accept this fact."

Khader had to accept it within his family. Five years before his death, Khader's father rediscovered his faith and became an observant Muslim. Khader's mother, who wore no head scarf when she arrived as an immigrant, wears one today.

One Man Leads Often Dangerous Quest To Quell Violence In Yemen (NYT)

By Hassan M. Fattah

The New York Times, October 8, 2006

SANA, Yemen — With his mobile phone buzzing incessantly, the radio blaring and a band of young men standing by the phones for any word of trouble, Abdelrahman al-Marwani waited nervously as the polls closed in Yemen's presidential elections on Sept. 20, eager to see the results of his decade-long campaign.

Success, however, had nothing to do with voting or who might win and everything to do with whether election day remained peaceful.

"People are usually riled up now, and they're easily triggered to seek revenge," Mr. Marwani said on election day, listening to the news wearing his traditional tribal headdress and a sports jacket. "This is usually the most dangerous time."

The election, in which President Ali Abdullah Saleh was re-elected and local councils were chosen, was something of a victory for Mr. Marwani, the son of a tribal sheik who has struggled to bring the issue of violence and the need for gun control into the spotlight here. For the past decade, he has led a lonely and often dangerous fight to quell tribal wars, seeking to break a cycle of revenge and retribution that kills as many as 1,200 people a year.

Through his organization, Dar Al Salam, or the House of Peace, which he formed in 1997 to spread the message of tolerance, he says he has negotiated cease-fire deals between warring tribes and even persuaded some to disarm.

This year he persuaded the government to declare election day a weapons-free day. Then he helped cajole Yemen's combative tribes to sign a contract agreeing to leave their weapons at home, and he enlisted businessmen to plaster his trademark symbol, a pistol crossed out with a thick red line, on billboards, in newspapers, and on bottles of water and laundry detergent, among other items.

Eight people were killed on election night, The Associated Press reported, but that was down from the 67 killed and more than 100 wounded during local council elections in 2001.

Yet the fact that it took Mr. Marwani so long to get the government's support for just one day of peace is a measure of the difficulty of changing Yemen's mind-set, one person at a time.

"The law doesn't work here," as it should, he said. "It takes months or years to get justice." And even then, he added, the judges are not impartial.

Mr. Marwani formed his organization largely with his own money, persuading select tribal elders to represent their tribes, giving his group more political weight. Today, it has more than 400 members, he says, and can draw on more than 1,000 volunteers throughout Yemen. The group holds exhibitions, classes and theater workshops. He relies on individual donations and has received some help from the government, but operates on a shoestring budget.

Mr. Marwani said he formed the group out of the dogged conviction that if something was not done about the violence soon, Islamic militants would take over the country.

Yemen, one of the poorest countries in the Arab world, is an ally of the United States in the effort to curb terrorism, but it is also a breeding ground for extremism. With a weak, preoccupied central government, law and order in the hinterlands is left to tribes that exist in a perpetual state of war.

At any time, Mr. Marwani said, Yemen has many tribal conflicts, ranging from family squabbles to warfare with heavy weapons and, in some areas, armor from Yemen's civil war a decade ago.

Mr. Marwani traces his determination to end the violence to a severe injury he suffered at age 12, when he and his friends were playing with a grenade that exploded. Although the wounds have healed, he says, he can never forget the damage that the

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continuous conflict had done to Yemen's society and culture. He had long planned to do something about it, he said, but was waiting for the right moment.

In 1996, with the civil war finally over, he formed a council to try to settle tribal disputes in his region. But when he tried to settle a feud in another province, they refused his services and chased him out of town, he said.

He said he realized he had to broaden his effort, to reach out to other tribes and, "We simply needed to be more organized."

A year later, he started Dar Al Salam with the help of friends and colleagues with the express aim of bringing warring tribes across the country to the negotiating table. In one case in 2004, a man belonging to the Beni Shar tribe was killed while working for members of the Beni Hushaysh tribe, and a tribal war exploded. Mr. Marwani rounded up hundreds of his men and they drove straight between two ridges where the tribes were fighting, he said. In a scene his group videotaped and in photographs, Mr. Marwani could be seen running between the combatants holding up a white flag and beseeching each side to hold its fire. Then, his men, including many elders from various tribes climbed up on either ridgeline and tried to persuade the tribesmen to hand over their weapons.

Once tempers cooled, he said, he set up a makeshift trial, and negotiated a settlement, with livestock exchanging hands as restitution.

In other cases, his group has intervened in revenge attacks, with a goal of finding the original attacker and bringing him to confess and to apologize. "And then it gives the other side a sense of pride and dignity in offering forgiveness," he said.

The work is decidedly dangerous. He has been shot three times, he said, and nine of his volunteers have been killed and 15 injured over the years. Volunteers' cars have been attacked and they have been forced to leave towns and villages where they have tried to intervene.

He estimates he has settled more than 165 feuds over the past 10 years with almost no input from the government. But ultimately, Mr. Marwani said, his battle is to change the public discourse in Yemen from one of trigger-happy intolerance to one of open debate and acceptance.

The small victories keep him going. "I never thought I could get even this far, but people have begun to listen to me," he said. "Extremism is not new, but the oil, the wars, all have turned it into something very dangerous. And now is the time to deal with it."

Knocking It Off In China (AP)

By Foster Klug, Associated Press

The Associated Press, October 8, 2006

By the time David S. Pearl II saw one of the knockoff versions of his company's refrigeration-testing devices, the damage had been done.

For more than 35 years, Uniweld Products Inc. had painstakingly built its reputation in the air-conditioning-hungry Middle East. But as cheap counterfeits entered the market, sales plummeted. Workers were laid off, consumer confidence destroyed.

The reason for Uniweld's misery sat before him, just out of an express-mail package: a Chinese-made, nearly identical version of the real thing -- one of a flood of pirated American products, the bulk from China, that the United States blames for costing thousands of jobs, robbing companies of profits and seriously harming the U.S. economy's ability to compete.

In Mr. Pearl's case, the bogus equipment matched the original right down to the name, trademark, address and phone number of his manufacturing company's headquarters in Fort Lauderdale, Fla.

The differences, though, were crucial: The fake products cost half as much as the real ones, and they didn't work. Mr. Pearl estimated that over the years Uniweld lost more than $1 million, a significant amount for a small company.

"You look at them side by side, it is absolutely amazing how well they copied them, and it's scary," said Mr. Pearl, Uniweld's executive vice president. "The United States is a country of thousands and thousands and thousands of small businesses, who employ the majority of the employees in the country. For them to be hammered by Chinese counterfeits is a serious problem."

U.S. lawmakers, government officials and businesses agree that stopping the theft of American brands abroad would save companies billions of dollars and would help to correct a U.S. trade deficit that hit a record high of $202 billion with China last year.

But the accord often ends there.

Businesses want lawmakers to do more; Congress urges the Bush administration to take a harder line on China's lax enforcement of existing copyright-protection laws; and the U.S. government threatens China with punitive action in the World Trade Organization (WTO) if progress is not made.

Meanwhile, rampant theft of copyright American products continues.

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Officials estimate that piracy and counterfeiting worldwide cost U.S. industry as much as $250 billion a year.

China is a major culprit, U.S. officials say, accounting for nearly 70 percent of all pirated products seized at the U.S. border last year -- more than 10 times greater than any other American trading partner. Russia also is a problem, with American business groups urging stronger pledges from Moscow to protect intellectual property before being allowed WTO entry.

Sen. Carl Levin, a Democrat who represents Michigan's auto-parts makers, says China is thought to be responsible for about $9 billion of the $12 billion in the industry's estimated losses annually to counterfeits.

"There China sits while our government dawdles," Mr. Levin told a recent congressional advisory panel. "We need to stop merely putting China on lists and start taking more effective action."

U.S. officials say they are working hard to get Beijing to fight the problem more aggressively and to follow through on commitments made when China joined the WTO in 2001.

The United States posted its first intellectual property attache in Beijing in 2004 and plans additional attaches this year. Dozens of copyright-protection training programs have been conducted with Chinese officials since 2001, the U.S. government says.

Last year, the U.S. trade envoy formally requested that China document what it was doing to enforce copyright protection under its WTO obligations. Though China's response was "less than forthcoming," officials say they continue to push for those details.

The United States has placed China on a "priority watch list" over concerns about Beijing's failure to improve protection of intellectual property.

A meeting between top U.S. and Chinese officials on the eve of President Hu Jintao's April visit to Washington "yielded measured progress" on the issue, said Timothy Stratford, an assistant U.S. trade envoy for China affairs. China committed to take stronger action against producers of pirated optical discs and to make sure computers are pre-installed with legal operating-system software.

Still, many were disappointed that Mr. Hu did not make greater commitments to crack down on piracy when he met with President Bush.

Above all, the United States has signaled its willingness to wield what is considered one of its most powerful weapons: a formal WTO complaint against China for inadequate enforcement of copyright protections. A ruling against China could lead to strict sanctions.

"Results are what matter to us," Mr. Stratford recently told the U.S.-China Economic and Security Review Commission. "We will not shy away from using dispute settlement at the WTO when we feel China is not living up to its commitments."

Critics say warnings are meaningless. The Office of the U.S. Trade Representative, Mr. Levin said, "is a paper tiger, I'm afraid."

Lack of government leadership, the senator said, has forced the auto industry to "do too much of the policing itself and at great expense."

Bill Primosch, director for international business policy at the National Association of Manufacturers, said the U.S. government is faced with obstacles as it considers a WTO case. First, he said, it must make sure it can win. If the WTO ruled against the United States, it could send a message to Beijing that its current approach is sufficient.

Another problem is that U.S. companies are reluctant to cooperate publicly. Mr. Primosch said many are afraid that if they complain too loudly, China will retaliate, forcing them out of what is considered the most important major growth market in the world for U.S. manufacturers.

Until the problem is solved, industry representatives say, many U.S. companies eyeing China face bleak prospects.

Patricia Schroeder, president of the Association of American Publishers, estimated in recent testimony that U.S. publishers in China lost $52 million last year, part of a "staggering amount of book piracy plaguing this most promising of markets."

Mrs. Schroeder, a former member of Congress from Colorado, summed up the problem faced by many U.S. industries working in China: "China is a country that boasts millions upon millions of eager potential readers and scholars," she said. "And these readers are largely being supplied with illegal goods."

Castro Foe With C.I.A. Ties Puts U.S. In An Awkward Spot (NYT)

By Marc Lacey

The New York Times, October 8, 2006

EL PASO, Oct. 6 — Thirty years ago, long before liquids and gels were restricted on airliners, a tube of Colgate toothpaste may have brought a plane down from the sky.

Cubana Airlines Flight 455 crashed off the coast of Barbados on Oct. 6, 1976, killing all 73 people aboard. Plastic explosives stuffed into a toothpaste tube ignited the plane, according to recently declassified police records.

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Implicated in the attack, but never convicted, was Luis Posada Carriles, a Cuban exile who has long sought to topple the government of Fidel Castro.

Today, Mr. Posada, 78, is in a detention center in El Paso, held on an immigration violation while the government tries to figure out what to do with him. His case presents a quandary for the Bush administration, at least in part because Mr. Posada is a former C.I.A. operative and United States Army officer who directed his wrath at a government that Washington has long opposed.

Despite insistent calls from Cuba and Venezuela for his extradition, the administration has refused to send him to either country for trial.

Intensifying the problem is that Mr. Posada, who was arrested last year in Miami after sneaking into the country, may soon go free because the United States has been reluctant to press the terrorism charges that could keep him in jail.

That prospect has brought a hail of criticism of the Bush administration for holding a double standard when it comes to those who commit terrorist acts.

"The fight against terrorism cannot be fought à la carte," said José Pertierra, a Washington lawyer who is representing the government of Venezuela in its effort to extradite Mr. Posada. "A terrorist is a terrorist."

The Bush administration has stopped short of prosecuting him as a terrorist, however, even though the Justice Department called him as much this week. In papers filed in federal court in El Paso on Thursday, it described him as "an unrepentant criminal and admitted mastermind of terrorist plots and attacks on tourist sites."

Instead, Mr. Posada faces immigration charges, as the Bush administration tries its best to deport him somewhere else, where he would walk free.

Few countries seem willing to take him. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have all turned down American requests to take Mr. Posada, who denies that he bombed the plane but who is linked to the case in declassified C.I.A. and F.B.I. files.

"Who would want him?" asked one lawyer close to the case, who spoke on the condition that he not be identified because of the delicacy of the litigation. "Wherever he goes there will be intelligence agents from a variety of nations following him, not to mention hit squads."

Two countries do want Mr. Posada: Venezuela, where he is wanted for blowing up the plane, and Cuba, where he is viewed as an enemy of the state who has repeatedly tried to assassinate Mr. Castro.

An immigration judge has ruled that Mr. Posada may be subject to torture in those two countries. But because no other country has stepped forward, and because he has not been officially deemed a terrorist by the American government, a federal judge recommended last month — coincidentally on Sept. 11 — that Mr. Posada be released.

The Bush administration is now invoking a law that bars the release of an illegal immigrant who poses adverse foreign policy consequences for the United States. That tack has placed it in the awkward position of, in effect, having to call Mr. Posada a terrorist even as it refuses to charge him as one.

Mr. Posada has longstanding links to American intelligence agencies, and his colorful past helps to explain why this is not a garden variety terrorism case. One immigration judge involved in the proceedings described them as being "not unlike one of Robert Ludlum's espionage thrillers."

A former sugar chemist and exterminator in Cuba, Mr. Posada has been working in the shadows to carry out a policy not unlike the one Washington has advocated over the decades — the removal of Mr. Castro.

"How can you call someone a terrorist who allegedly committed acts on your behalf?" asked Felipe D. J. Millan, Mr. Posada's El Paso-based lawyer. "This would be the equivalent of calling Patrick Henry or Paul Revere or Benjamin Franklin a terrorist."

Mr. Posada received military training in the United States and worked for the C.I.A. as far back as the failed Bay of Pigs invasion. He played a role in supplying the contras in Nicaragua. He has admitted, but subsequently denied, involvement in a string of bombings of Cuban tourist facilities.

By the time the Cubana Airlines plane exploded, Mr. Posada was no longer in the employ of the C.I.A. But records show that he may have notified his former bosses that a bomb was going to be set off on a plane shortly before it happened.

Venezuela and Cuba staged events on Friday, the 30th anniversary of the airplane bombing, where Mr. Bush was condemned for his government's failure to turn over Mr. Posada. A billboard posted outside the United States Interest Section in Havana features the image of Mr. Bush, Mr. Posada and Hitler.

Some of the anger directed at the Bush administration's handling of the case originates closer to home. Roseanne Nenninger Persaud, whose 19-year-old brother, Raymond, was one of the passengers who perished, recently wrote a letter to Attorney General Alberto R. Gonzales urging him to brand Mr. Posada a terrorist.

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"It feels like a double standard," Ms. Nenninger, who was born in Guyana but has since become an American citizen, said in a telephone interview from New York. "He should be treated like bin Laden. If this were a plane full of Americans, it would have been a different story."

A majority of the victims were Cubans, including the entire Olympic fencing team, which was returning from a competition in Venezuela. Guyanese and North Koreans made up most of the other passengers.

"Luis Posada Carriles is a terrorist, but he's our terrorist," said Peter Kornbluh of the National Security Archive at George Washington University, which has been unearthing documents on Mr. Posada's case. "The historical baggage that he brought with him when he sneaked into the U.S. has created this dilemma for the Bush administration."

Getting out of jail has not been a problem for Mr. Posada in the past. In Venezuela, where he was held in the prison bombing, he had associates bribe a guard and he walked out dressed as a priest in 1985. In Panama, where he was implicated in a plot to kill Mr. Castro during a visit there, the departing president pardoned him in 2004.

He appears headed for release again, this time from a nondescript holding center ringed by barbed wire near El Paso's airport.

Mr. Posada's cloak-and-dagger past — his aliases, his fake passports, his life on the run through Latin America — is over, insists his Miami-based lawyer, Eduardo R. Soto.

In fact, even before Mr. Castro fell ill and ceded power to his brother, Mr. Posada declared his campaign to topple the Cuban leader by force to be over.

"The Cuban government is in a very deteriorated condition, inexorably reaching its end, and I sincerely believe that nothing would help to go back to the past with sabotage campaigns," Mr. Posada said.

Mr. Posada's case has eerie parallels with the case of Orlando Bosch, an associate who has also been accused of playing a role in the bombing. The administration of Mr. Bush's father released Mr. Bosch from prison in 1990, a step praised by many in Florida's Cuban community. Now 80, he lives outside Miami.

Mr. Posada is two years younger and in failing health, partly the result of a 1990 assassination attempt against him. His application to become a United States citizen has been rejected by the government, but Mr. Posada, who is a naturalized Venezuelan citizen, is pursuing the matter on appeal.

Mr. Soto says Mr. Posada wants to devote whatever time he has left in life to members of his family who live in South Florida, and to a hobby he picked up years ago in prison — painting.

"Mostly nature scenes," Mr. Soto said. "He's seen a lot of those."

In Caracas, Thousands Support Opposition (AP)

By Elizabeth Nunez, Associated Press Writer

Associated Press, October 8, 2006

Thousands marched Saturday in the biggest show of public support yet for Venezuela's main opposition presidential candidate, who pledged to undo what he called the ills of President Hugo Chavez's government.

Manuel Rosales accused the government of mismanaging the country's oil wealth and ignoring crime. He also played on fears that Chavez's close friendship with Cuban leader Fidel Castro was leading Venezuela down the same path as the communist island.

"They say the Venezuelan people rule — that's a lie," said Rosales, governor of oil-rich, western Zulia state, who faces Chavez in the Dec. 3 election. "(We have) a government that is a puppet of a communist, totalitarian system. ... We have a government that is governing from Cuba."

Venezuelan authorities had promised to have as many as 2,500 officers on the streets to ensure security amid concerns about violence as Rosales' supporters traversed sectors of the capital that are pro-Chavez.

A government helicopter flew overhead and a heavy police presence was on hand, but there were no reports of disturbances.

Caracas' metropolitan police estimated the crowd at about 9,000, but reporters on the scene estimated the turnout was more than 10,000. The crowd packed full a 2-mile avenue.

"I'm marching for a different future, for better education," said Julia Pena, a 50-year-old teacher, who came out to show her support for the opposition for the first time since April 2002, when a short-lived coup toppled Chavez before he returned amid a popular uprising.

Chavez grabbed headlines recently when he called President Bush "the devil" and slammed U.S. leaders for trying to block his country from taking a seat on the U.N. Security Council.

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Rosales also appeared to rule out the possibility of a boycott against the Dec. 3 presidential election, urging people to vote despite worries about transparency and electronic voting machines. Major opposition parties boycotted congressional elections last year over such concerns.

"We must vote on Dec. 3 and not believe in the threats of the government," he said. "That doesn't help anybody."

Germany Drafts Policy For Europe To Strengthen Russian Ties (NYT)

By Judy Dempsey, International Herald Tribune

The New York Times, October 8, 2006

BERLIN, Oct. 7 — The German Foreign Ministry is preparing a new policy toward the east that aims to tighten ties between Russia and Europe, but does not address human rights, a theme dear to Chancellor Angela Merkel.

According to Foreign Ministry officials, the Russian president, Vladimir V. Putin, has been informed of the policy and likes it. He will visit Germany on Tuesday for a meeting of the Petersburg Circle, a group established five years ago to promote economic, cultural, social and youth links between Russia and Germany.

The policy is described in an internal paper prepared by the ministry. The subtext is clearly Europe's increasing dependence on Russia to meet its energy needs.

But Mrs. Merkel won support from the German public last year by promising a more critical approach toward Russia, and her advisers say she prefers an approach to the east that takes into account the interests of Poland and the Baltic states, not just Western Europe's ties to Russia.

"The view of the chancellery is that we have to take care of Poland, Ukraine and the immediate neighborhood," said Jörg Himmelreich, a regional expert in the Berlin office of the German Marshall Fund of the United States.

The Foreign Ministry paper advocates the adoption of this policy by the European Union during Germany's six-month presidency of the bloc, which begins Jan. 1.

The gap in the approaches is, at least in part, a reflection of the power-sharing arrangement created after inconclusive elections last September. To create a governing coalition in Parliament, Mrs. Merkel crafted a deal between her Christian Democratic Party and the rival Social Democratic Party in which they split the posts in the 16-member cabinet and she became chancellor.

The Foreign Ministry's paper, titled "The German E.U. Presidency: Russia, European Neighborhood Policy and Central Asia," states that "Russia will play a central role in the German E.U. presidency."

In the ministry's vision, this policy would actively engage Russia and the post-Soviet states to bring them closer to Europe.

The section on Russia highlights the energy ties with Europe that were strengthened by Chancellor Gerhard Schröder, a Social Democrat, from 1998 to 2005.

Mr. Schröder developed a friendship with Mr. Putin. On losing to Mrs. Merkel last year, Mr. Schröder was immediately appointed to head a German-Russian gas consortium dominated by Gazprom, Russia's state-owned monopoly.

Some analysts say the Foreign Ministry's outlined policy is shortsighted, because it does not challenge energy relations.

"Germany is becoming increasingly dependent on Russia for its energy," said Prof. Claudia Kempfert, an energy expert at the German Institute for Economic Research. "This dependence is dangerous, given how Putin is trying to push foreign investors out."

Other experts note that it is uncertain that the policy described in the Foreign Ministry paper would lead to better relations.

"We don't have influence with Russia," said Roland Götz, a Russian expert at the government-financed German Institute for International and Security Affairs. "We cannot integrate Russia into NATO or the E.U., because Russia does not want to be integrated. We have no levers."

Germany's Comeback (WP)

By Jim Hoagland

The Washington Post, October 8, 2006

BERLIN -- Germany's richly deserved 60-year holiday from leadership abroad is ending sooner than many here would like. Since World War II, Germans have become comfortable with standing in the shadows of power while the Americans, the French and others shoulder the costly burden of claiming to run the world.

War-imposed modesty no longer shelters Angela Merkel's coalition government from having to show leadership in defining Europe's new relations with a suddenly assertive Russia, fixing an independent Kosovo's place in the Balkans and perhaps even shaping a broad response by secular societies to the challenges posed by militant Islam.

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This is an especially daunting agenda for Merkel's ideologically dissonant coalition. The chancellor's Christian Democrats and and their Social Democrat "partners" have been battling openly in recent months over domestic reforms. As a result, the chancellor's once-high approval rating has dropped like a stone.

But with power vacuums developing on the country's eastern and western borderlands and the United States bogged down in Iraq, Berlin understands that it is condemned to lead. A visitor finds the capital beset with angst -- but also bubbling with ideas -- about the approaching German moment in international affairs.

In January, Germany takes over the rotating presidency of the European Union for six months while also serving as host for next year's Group of Eight summit. Both jobs involve setting agendas for others, organizing joint action plans and putting out unexpected diplomatic brush fires when national interests collide.

Merkel will stand pretty much alone in doing this. A looming leadership change and urgent domestic problems in France render inoperative the French-German duopoly that often runs European affairs. Britain and Italy are disabled as potential leadership partners for similar reasons.

To the east, political turmoil in Poland and Ukraine makes the task of designing an E.U. "neighborhood policy" more difficult and more urgent. And Germany will be in the saddle as negotiations get underway on a 10-year strategic cooperation agreement between the European Union and Russia just as Russia is flexing its muscles toward Georgia, other ex-Soviet states and an energy-needy Europe.

Fortunately, Merkel continues to distance herself from President Vladimir Putin -- or rather from the unhealthily supine relationship with Putin pursued by her predecessor, Gerhard Schroeder, now employed by Russia's national pipeline company to oversee a deal he blessed while in office.

Merkel returned fuming from a triangular summit last month with Putin and French President Jacques Chirac, suggesting privately that this would be the last such gathering of the three-power group, which originated in opposition to the U.S. invasion of Iraq. Merkel's mood was not helped by Chirac's public announcement that the meeting would be held in the northeastern French town of Compiegne -- the site of Germany's surrender in World War I and of Hitler's infamous victory jig in 1940 -- before he informed Merkel.

In any event, Merkel and Putin are circling each other cautiously as the Russians seek a legally binding new "strategic partnership" with the European Union that would dilute Europe's transatlantic commitments. Merkel instead would like to see a common European-American energy strategy take shape to reduce the political leverage of Russia and other oil and gas producers. That idea has not evoked enthusiasm in Washington yet, but it should.

Moscow also plays hardball with Berlin by demanding that the final status of the former Serbian province of Kosovo be determined through a negotiated settlement with the Serbs.

Official German thinking projects Kosovo moving next year from U.N. administration to declared independence with limited sovereignty. The new state would have no army, and U.N. membership and other diplomatic recognition would be phased in over a decade.

Too timid for the Kosovars and perhaps for the Bush administration, the ideas will nonetheless anger Russia and upset Serb allies in the European Union. The Kremlin is already warning Berlin that Kosovo independence of any kind will bring disaster. It will set a precedent for breakaway factions in Georgia, Moldova and other places where there are "frozen conflicts" to pursue self-determination, with Russian help.

Berlin's new diplomatic activism complements the recent groundbreaking German military deployments abroad that have been the subject of previous columns, and the efforts by Wolfgang Schaeuble, Merkel's highly able interior minister, to counter militant Islam's challenges to European concepts of freedom of speech and equality of the sexes, the subject of a future column here.

For now it is time to welcome the Germans back from the frustrations and joys of living on history's outskirts and to hope that this time their ideas are stronger than their angst.

A Dying Population (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, October 8, 2006

The nation is succumbing to a low birthrate, disease and despair. Leaders see the trend as a security threat.

Welcome to Kstinovo, population one.

Antonina Makarova, 78, spends her days watching news and soap operas in her peeling wooden dacha, the only inhabited structure in two lanes of sagging cottages that once were a village. Her nearest neighbor, 80-year-old Maria Belkova, lives in adjacent Sosnovitsy, population two. But she can't hear anymore, and all in all, Makarova finds the television better company.

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"All the houses here were filled with people. There was a cheese factory. But now everyone else has died. God has taken care of them, and he's still making me suffer," Makarova said. "Even the thieves have disappeared."

The Tver region, along the upper reaches of the Volga River 130 miles north of Moscow, is dotted with more than 1,400 villages such as Kstinovo labeled nezhiloye — depopulated. Since 1989, the number of people here has shrunk by about 250,000 to about 1.4 million, with deaths outnumbering births more than 2 to 1.

The Tver region is far from unusual in this country.

Russia is rapidly losing population. Its people are succumbing to one of the world's fastest-growing AIDS epidemics, resurgent tuberculosis, rampant cardiovascular disease, alcohol and drug abuse, smoking, suicide and the lethal effects of unchecked industrial pollution.

In addition, abortions outpaced births last year by more than 100,000. An estimated 10 million Russians of reproductive age are sterile because of botched abortions or poor health. The public healthcare system is collapsing. And many parents in more prosperous urban areas say they can't afford homes large enough for the number of children they'd like to have.

The former Soviet Union, with almost 300 million people, was the world's third-most populous country, behind China and India. Slightly more than half of its citizens lived in Russia. The country has lost the equivalent of a city of 700,000 people every year since the collapse of the Soviet Union in 1991, only partially offset by an influx of people from other former Soviet republics.

A country that sprawls across one-eighth of the globe is now home to 142 million people.

The losses have been disproportionately male. At the height of its power, the Soviet Union's people lived almost as long as Americans. But now, the average Russian man can expect to live about 59 years, 16 years less than an American man and 14 less than a Russian woman.

Sergei Mironov, chairman of the upper house of Russia's parliament, said last year that if the trend didn't change, the population would fall to 52 million by 2080.

"There will no longer be a great Russia," he said. "It will be torn apart piece by piece, and finally cease to exist."

That may be an overstatement, but there are serious questions about whether Russia will be able to hold on to its lands along the border with China or field an army, let alone a workforce to support the ill and the elderly.

The government, flush with revenue from record prices for the country's oil exports, has started to respond. President Vladimir V. Putin this year pledged payments of $111 a month to mothers who elected to have a second child, plus a nest egg of $9,260 to be used for education, a mortgage or pensions. He also called for renewed efforts to attract ethnic Russians still living in the former Soviet republics.

"Russia has a huge territory, the largest territory in the world," Putin said. "If the situation remains unchanged, there will simply be no one to protect it."

'This Infection in Us'

The economic earthquake of Russia's transition from communism to capitalism plunged tens of millions into poverty overnight and changed the value systems upon which many had planned their lives.

A small minority, mostly in urban centers such as Moscow and St. Petersburg, were able to exploit the absence of rules in the chaotic 1990s to become fabulously wealthy. But such a profound social transition, coming at the end of a century of war, revolution and ruthless social experimentation, condemned a great many more to a deep malaise.

Those who lost out have proved susceptible to drinking, smoking and other habits that killed millions of Russians even in the best of times. In more extreme cases, they kill themselves.

The suicide rate jumped nearly 50% during the 1990s; half a million people killed themselves from 1995 through 2003. Russians fling themselves from balconies, slash their wrists or simply walk out in the snow on a bitter night.

Russia's suicide rate, at about 36 per 100,000 people, is second only to that of Lithuania, according to the Serbsky National Research Center for Social and Forensic Psychiatry. In some remote areas of Russia, the rate exceeds 100 per 100,000.

Nikolai Zavada, a 21-year-old musician who goes by the name Serial Self-Killer, posted a song on http://www.mysuicide.ru , a well-known website that was later shut down because of public pressure:

I'm going out.

And it doesn't matter whether it's up or down.

Or who's holding your hand, an angel or otherwise….

The cold has worn me out.

"People have a lack of hope," Zavada said in an interview. "That all their efforts are in vain. And also, they have a feeling of eternal emptiness."

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Russia's transformation from a society that guaranteed employment means that millions of people, especially in the provinces, "have become surplus; they do not have a place in the current economy," said Andrei Demin, president of the Russian Public Health Assn., a nongovernmental advocacy group.

"They do not protest openly. They protest inside," he said. "And the most extreme form of protest is just dying."

Others tried to adapt, and still failed. Birthrates declined, not only because couples such as those elsewhere in Europe elected to have fewer children, but because they couldn't afford to have large families.

Roman Kiptenko, 35, has a family, his health and two university degrees, but his life is turning out far differently than he had imagined. The national parks institute where he worked disintegrated in the Soviet collapse. He now works as a technical director in a friend's advertising company in Moscow. But the firm is small and its future uncertain. His wife was laid off last spring from her job as a dental office manager.

Kiptenko has begun to realize that they might never do better than the $330-a-month apartment — a cramped living room adjoining a tiny kitchen — where they live with their 10-year-old daughter. Kiptenko and his wife sleep on a pullout sofa. Their daughter's bed in the corner seats guests by day, her toys stacked neatly to one side. Clothing is stacked in cupboards next to Kiptenko's computer.

"At first, situations would come up when my wife would talk about wanting another child," he said. "But gradually, she stopped raising those questions."

Alexei Chaika, another Moscow resident, blamed the heart attack he suffered at 27 on stress from his job as a transportation manager for a construction company. Recovering at a clinic in the capital, he said he had worked every day until 11 p.m., and every weekend for months on end, all for a salary of $525 a month.

"At work, the tension is very high, and you have to quarrel with people," he said. "Somebody hits me on the back of my head; I hit someone lower than me; he hits somebody else."

Although the problems are surfacing in the post-Soviet period, some argue that their cause can be found in communism's willful destruction of generations of the country's most capable and adaptable people.

"Seventy-five years of Bolshevik life in this country led to the formation of a tribe of people which was cultivated to listen to orders, and fulfill them," said Alexander Gorelik, a St. Petersburg physician. Stalinism, he said, aimed for "the planned and gradual physical destruction of the most moral, the most creative group of the population."

"There is such a thing as a will for life. And the whole trouble is that the Russian public in general, and especially the male population, has a big deficiency in this area."

Vyacheslav Pushkarev, a Russian Orthodox priest who oversees several congregations in Siberian villages now too small to have a full-time cleric, said the Soviet system destroyed bodies and spirits in equal proportion.

"We are left with this infection in us, this sickness of degradation in everything around us because we were all part of it," he said. "We're living in a huge bowl here, and we're all getting boiled together."

Drowning in Alcohol

Many a Russian village that once might have been the subject of an idyllic painting of ruddy-cheeked peasants leading tired horses through the fields are now part of a twilight world of illness, drunkenness and stunning lethargy.

Moscow has the second-largest concentration of billionaires in the world. But one-fifth of all Russians live on less than $38 a month, many of them in the countryside. The collapse of collective farming and the failure to replace it with viable private agriculture has left thousands of villages in limbo, their residents living on minuscule government stipends, odd jobs, kitchen gardens — and vodka.

There is a long history of alcohol abuse in Russia. Soviet President Mikhail S. Gorbachev tried to tackle the problem 20 years ago by limiting the production and distribution of liquor. Male life expectancy increased three years.

But consumption levels shot back up as soon as the controls were eased. The average Russian drinks five gallons of pure alcohol a year, causing an estimated 900,000 deaths over the last decade from acute alcohol poisoning, fights and accidents, according to figures released by Tatyana Yakovleva, head of the Russian parliament's healthcare committee. Others suffer permanent brain damage or liver damage from homemade alcohol.

"People drink, and they drink a lot, and they drink for a long time, because they can't help but drink," said Yuliya Kovgan, 25, her voice trembling as she struggled to sit without falling over in a potato field on the edge of Ryazanovshchina, a Siberian village northeast of Irkutsk.

She was surrounded by a few dozen seed potatoes, an empty shot glass, a bottle of industrial-grade alcohol and her reeling brother, an unemployed roofer. Standing to the side in an old housecoat was Larisa Berezhnaya, her 53-year-old mother, tapping a grimy foot and affecting a disdainful air; it became apparent that she was drunk too.

"This is our life; we call it normal. We plant potatoes, we dig them out, and that's it," Berezhnaya shrugged. "There's nothing for people here."

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A few decades ago, Ryazanovshchina was a collective farm center with thriving livestock operations and about twice its current population. Men would go into the forests to fell timber all summer and the women would celebrate their homecoming with samovars of tea in the street. But without the support of the Soviet state, one by one the farms failed.

Last winter, villagers say, someone burned down a neighbor's hay shed when she wouldn't give a bottle on credit. In a nearby town, a drunk grandmother threw a crying infant out the window of her fifth-floor apartment. Pushkarev, the regional archpriest, confided that the church in nearby Tikhonovka was not functioning because "the priest is on a drunken rampage."

Olga Kolotygina, 36, one of several women who have assumed leadership of the Ryazanovshchina town council, estimates that no more than half a dozen men among the village's 160 people are sober and "trying to improve their lives."

Much more typical is the filthy two-room shack at the end of a street where Lyudmila Borisova, 16, is looking after her three younger siblings. Her mother moved to the next town with her boyfriend, leaving the children behind.

While Borisova earns money by tending cattle in a pasture outside town, her siblings wander the village gathering handouts. They retire each night to a pair of bare mattresses. Borisova says she doesn't blame her mother for leaving, and she'll do the same when she can.

"There's nothing good here," she said.

AIDS Strikes the Young

It has been five years since Svetlana Glukhova was diagnosed as HIV-positive, but she says she still has no idea whether she needs drug therapy. Doctors at the only AIDS center in her city do not have the necessary laboratory equipment to decide that.

She does know that even when she took her first AIDS test, the sores on the fingers she once used to inject heroin already were failing to heal.

The United Nations says Russia has more people infected with HIV than any other country in Europe, due in part to "extraordinarily large numbers of young people who inject drugs."

But the disease has spread widely through the population, and more than half of all new cases result from heterosexual intercourse. Officially, more than 300,000 Russians are infected with HIV or have AIDS, but the U.N. says the number could easily be much higher.

The problem is not as serious as Africa's. The difference, experts say, is that African birthrates are high enough to replace those who die. Not so in Russia.

Compounding the problem, the prevalence of AIDS among young people threatens to add to the population decline by killing them before they can bring a new generation into the world.

Murray Feshbach of the Woodrow Wilson International Center for Scholars in Washington, one of the world's leading experts on Russian health and demographics, said in a study that 80% of Russian AIDS patients are younger than 30. In the West, it's nearly the reverse: 70% are older than 30.

That means 5 million to 10 million Russian teenagers could contract the disease within a few years, federal health officials say. The Russian Military Medical Commission has recorded a twenty-fivefold increase in the number of HIV-positive military conscripts in the last five years, Feshbach said.

"Even optimistically, you're looking at 250,000 deaths a year from AIDS alone in 2020, and pessimistically, we're talking about 650,000 a year," Feshbach said.

Deaths among adults between the ages of 25 and 49 would be particularly devastating, he said.

The Russian government pledged in 1995 to provide free AIDS treatment. But more than a decade later, only about 5,000 people are getting antiretroviral drug therapy.

Putin announced a twentyfold increase in funding this year, providing $120 million for the treatment of perhaps 15,000 AIDS patients.

A coalition of nongovernmental organizations known as the Global Fund is allocating another $120 million to treat as many as 50,000 additional patients through 2010.

But the World Health Organization said in June that shortages in AIDS drugs had developed in several regions, apparently resulting in interruptions in treatment and possibly some deaths.

Akrom A. Eltom, the agency's AIDS program leader in Moscow, said patients who had been coaxed with great difficulty into a healthcare system that strongly stigmatized them might not return, endangering their health and encouraging the development of drug-resistant strains of the disease.

Glukhova said AIDS patients in the city of Tula, the arms manufacturing center 112 miles southwest of Moscow where she lives, would be ostracized if they went public. She said she wouldn't dare talk to Russian news media without covering her face.

"If I uncover my face, I will be eaten alive at the bus stop tomorrow," she said in an interview. "I will lose my job, without any doubt."

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Glukhova headed a support network of fellow HIV patients in Tula until international funds ran out in 2004. She said doctors told her they estimated that 1,000 people in Tula — population 600,000 — needed drug therapy for AIDS, but only 10 were getting it — and only partial treatment at that.

"When I asked the doctors in the AIDS center about this therapy, they just shrugged their shoulders. Because when I told them I heard there are three drugs you're supposed to take, they had a notion of what I was talking about, but they don't have access to it. The maximum they can offer you is just one drug," Glukhova said.

Sitting in a dimly lighted cafe that doubles as a dance hall on Saturday nights, Glukhova wiped away tears and said she was watching her friends slowly die.

"One person I know, he was trying to stifle all his pangs by injecting and injecting himself with drugs. He couldn't even get up from his bed anymore, but he continued to call his friends and ask for more drugs," she said.

"When I said to him, 'Let me take you to the hospital, let me try to get something for you,' he waved me away.

"Some people have such moments of despair that they just don't have the guts to struggle for their life anymore."

Yakov Ryzhak of The Times' Moscow Bureau contributed to this report.

Outspoken Putin Critic Shot Dead In Moscow (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, October 8, 2006

MOSCOW, Oct. 7 -- Anna Politkovskaya, a Russian journalist whose byline defined the fading craft of investigative and crusading reporting in President Vladimir Putin's Russia, was fatally gunned down Saturday in the lobby of her apartment building in central Moscow.

Politkovskaya, 48, was renowned for her probes of the brutality of Russia's military campaign in Chechnya as well as the banality of corruption permeating Russian life, from the remote provinces to the bright lights of Moscow.

Born to Soviet diplomats in New York in 1958, Politkovskaya, who also had American citizenship, chronicled nearly every major story in Russia in the past decade. Her reporting often clashed with official versions of such events as the hostage crisis at a theater in Moscow in 2002 and the bloody end of a school siege in Beslan in 2004.

She was a harsh critic of Putin's rule and was working on a story about torture in Chechnya, where a Kremlin-backed strongman has all but routed a separatist movement that sparked two bloody wars, at a cost to Russia that has yet to be measured.

The article was to be published Monday, according to her newspaper, Novaya Gazeta, one of the few independent media outlets in a country where much of the press is timid if not directly controlled by central authorities or regional power brokers.

Former Soviet leader Mikhail Gorbachev, who is said by friends to be concerned about the increasing lack of pluralism in the country, became a minority shareholder in the newspaper this summer.

"It is a savage crime against a professional and serious journalist and a courageous woman," Gorbachev told the Russian news agency Interfax. "It is a blow to the entire democratic, independent press. It is a grave crime against the country, against all of us."

The Kremlin issued no immediate comment on the killing.

The attack was the highest-profile killing of a journalist in Russia since July 2004, when Paul Klebnikov, an American editor of the Russian edition of Forbes magazine, was gunned down outside his office. Twelve journalists have been killed since Putin came to power in 2000, and most of the cases remain unsolved.

Politkovskaya's name carried the kind of weight in Russia that the names Woodward and Hersh carry in the United States. She was unapologetically contrarian and distinguished by her willingness to go to the scene of whatever crisis captured her attention.

During the Moscow theater siege, she entered the building and spoke directly to the hostage-takers. On her way to Beslan to report on the crisis there, she became ill, leading to allegations that she had been poisoned to prevent her from reaching the school, where 331 people later died, most of them children.

"We had different positions on many issues, including issues related to the situation in the North Caucasus, but we always admitted Anna Politkovskaya's amazing fearlessness and inner freedom and her ability to defend her point of view," said Dmitry Rogozin, a member of parliament and former leader of the Motherland party.

Politkovskaya was shot twice, once in the head, at 4:20 p.m. The weapon was thrown at her feet, according to Vitaly Yaroshevsky, deputy editor in chief of her newspaper. He said police had obtained a surveillance tape from a camera on the street. The authorities described the attack as a contract killing, which they said was carried out by a young man dressed in black.

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"There is no doubt she was killed for her professional activities," said Igor Yakovenko, general secretary of the Russian Union of Journalists. "She was an absolutely hard-edged person and honest journalist who tackled the toughest subjects."

Politkovskaya's newspaper said it would conduct its own investigation of the killing.

The shooting occurred on Putin's birthday and closely followed the birthday of his anointed leader in Chechnya, Ramzan Kadyrov. Angry journalists here could not let the coincidence pass.

"Apparently, this was a present for the two leaders," Yakovenko said.

"Why do I so dislike Putin?" Politkovskaya had asked in her book, "Putin's Russia." "I dislike him for . . . his cynicism, for his racism, for his lies . . . for the massacre of the innocents which went on throughout his first term as president."

Politkovskaya, the mother of two children, is also the author of "A Dirty War: A Russian Reporter in Chechnya".

In New York, the Committee to Protect Journalists described Politkovskaya's death as a "devastating development for journalism in Russia."

Journalist Critical Of Chechen War Is Shot Dead (NYT)

By C. J. Chivers

The New York Times, October 8, 2006

MOSCOW, Oct. 7 — Anna Politkovskaya, the veteran Russian journalist and author who made her name as a searing critic of the Kremlin and its policies in Chechnya, was found dead on Saturday in her apartment building, shot in the head with a pistol, the authorities and her colleagues said.

Ms. Politkovskaya, 48, was a journalist with few equals in Russia. She was a special correspondent for the Novaya Gazeta newspaper and had become one of the country's most prominent human rights advocates.

In recent years, as the Russian news media faced intensifying pressure under the administration of President Vladimir V. Putin, she maintained her outspoken stance. And she became an international figure who often spoke abroad about a war she called "state versus group terrorism."

She was a strident critic of Mr. Putin, whom she accused of stifling civil society and allowing a climate of official corruption and brutality.

She was found dead by a neighbor shortly after 5 p.m. A Makarov 9-millimeter pistol had been dropped at her side, the signature of a contract killing, Vitaly Yaroshevsky, the deputy editor of Novaya Gazeta, said in a telephone interview.

"We are certain that this is the horrible outcome of her journalistic activity," he said. "No other versions are assumed."

In Washington, the State Department spokesman, Sean McCormack, said the United States "urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute and bring to justice all those responsible for this heinous murder."

The former Soviet president Mikhail S. Gorbachev, a shareholder of the newspaper where Ms. Politkovskaya worked, called her killing "a savage crime."

"It is a blow to the entire democratic, independent press," he told the Interfax news agency. "It is a grave crime against the country, against all of us."

Accounts about where she died conflicted, with some law enforcement authorities saying she was found inside the entrance of her apartment building and others saying she was in the elevator.

The police said a security video camera had recorded the image of her presumed killer: a tall young man in dark clothes and a black baseball cap. They said a search for him had begun.

Ms. Politkovskaya, who had two adult children, had worked for Novaya Gazeta since 1999, and covered the second Chechen war and the terrorist siege of a Moscow theater in 2002. One of her books, "A Small Corner of Hell: Dispatches from Chechnya," recorded her impressions of the war's unrelenting and often macabre cruelty, and the manifest corruption of many of its participants.

She wrote of torture, mass executions, kidnappings to gain ransom and to eliminate rebel suspects, and the sale by Russian soldiers of Chechen corpses to their families for proper Islamic burial. Her writing cemented her place as one of the war's most vocal domestic critics.

"The army and police, nearly 100,000 strong, wander around Chechnya in a state of complete moral decay," she wrote. "And what response could one expect but more terrorism, and the recruitment of new resistance fighters?"

Since the collapse of the Soviet Union, Russia has been one of the world's more difficult and dangerous countries for journalists. The climate has continued in recent years; at least 12 journalists have been killed in Russia in contract-style murders since 2000, according to the Committee to Protect Journalists.

None has been solved, including the contract killing in 2004 of Paul Klebnikov, the American editor of Forbes magazine's Russian-language edition.

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Ms. Politkovskaya had received death threats in the past, and at least once had left the country fearing for her safety. In 2004 she claimed to have been poisoned while en route on an airplane to cover the public school siege in Beslan; she passed out on the flight but survived. Mr. Yaroshevsky also said that Novaya Gazeta had briefly placed her under protective guard a few years ago.

But as prosecutors opened an investigation into what they called premeditated murder, her colleagues expressed astonishment that she had been killed in such a fashion, saying her public stature had seemed to lend her an aura of invincibility.

"She was doing such risky things for such a long time that it seemed she had transcended the danger," said Tanya Lokshina, chairwoman of Center Demos, a Moscow-based human rights organization. "I am ashamed to say it, but we all felt she was next to a monument, and that she was an icon."

Ms. Lokshina said she had been with Ms. Politkovskaya two weeks ago in Stockholm, and that nothing seemed out of order. "She never spoke about any current threats," she said. "Everything seemed quite normal. She seemed happy and never referred to anything suspicious."

Mr. Yaroshevsky said that Ms. Politkovskaya had been at work on Saturday finishing an article for the Monday paper about torturers in the government of Ramzan A. Kadyrov, the pro-Kremlin premier of Chechnya. He said the story included evidence and pictures.

In an interview in April with The New York Times, Ms. Politkovskaya said she had evidence of torture in Chechnya by Mr. Kadyrov's police and other gunmen, including at least one witness who had been tortured by Mr. Kadyrov himself. Mr. Kadyrov has always vigorously denied such allegations.

Mr. Yaroshevsky said there were no immediate theories about who might be behind her killing, and noted that it might be convenient for an enemy of Mr. Kadyrov to kill Ms. Politkovskaya in order to blacken the Chechen premier's name.

The paper had been expecting her to file the article on Saturday night, he said, and she had apparently been killed after she left her apartment for a trip to a nearby store. The RTR television station reported that investigators believed that she had been followed throughout the day.

Russian Who Reported On Chechnya Killed (AP)

By Maria Danilova, Associated Press Writer

AP, October 8, 2006

A journalist who chronicled Russian military abuses against civilians in Chechnya, garnering awards and accolades from around the world, was found shot to death Saturday in her apartment building. Prosecutors suspect her killing could be connected to her investigative reporting.

Anna Politkovskaya, 48, was found dead in an elevator in the building in central Moscow, police, prosecutors and a colleague said.

Prosecutors have opened a murder investigation, said Svetlana Petrenko, spokeswoman for the Moscow prosecutor's office. Investigators suspect the killing could be linked to her work, Vyacheslav Rosinsky, Moscow's first deputy prosecutor, said on state-run Rossiya television.

Rosinsky said a pistol and bullets were found at the site of the crime. The RIA-Novosti news agency, citing police officials, reported that Politkovskaya was shot twice, the second time in the head.

The ITAR-Tass news agency reported that work was under way on a composite sketch of the attacker based on footage recorded by a security camera at the building. The assailant, believed to have acted alone, wore black.

Politkovskaya, who wrote for the Novaya Gazeta newspaper, chronicled the killings, tortures and beatings of civilians by Russian servicemen in Chechnya in reports that put her on a collision course with the authorities but won her numerous international awards.

"People sometimes pay with their lives for saying out loud what they think. People can even get killed just for giving me information," Reporters Without Borders quoted her as saying at a press freedom conference in Vienna in December.

In Washington, State Department spokesman Sean McCormack said the United States was shocked and profoundly saddened by the murder of a journalist who devoted much of her career to "shining a light on human rights abuses and other atrocities of the war in Chechnya" and the plight of Chechen refugees.

"The United States urges the Russian government to conduct an immediate and thorough investigation in order to find, prosecute, and bring to justice all those responsible for this heinous murder," McCormack said in a statement.

Politkovskaya also wrote a book critical of Russian President Vladimir Putin and his military campaign in Chechnya, documenting widespread abuse of civilians by government troops. And she was a persistent critic of Chechnya's Moscow-backed Prime Minister Ramzan Kadyrov, accusing his security forces of kidnapping and torturing civilians.

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In "Putin's Russia," Politkovskaya wrote of more than a million soldiers and officers who have passed through the Chechnya experience.

"Poisoned by a war on their own territory, they have become a serious factor affecting civilian life. They can no longer simply be left out of the social equation," she wrote.

Politkovskaya began reporting on Chechnya in 1999 during Russia's second military campaign there, concentrating less on military engagements than on the human side of the war. She wrote about the Chechen inhabitants of refugee camps and wounded Russian soldiers — until she was banned from visiting the hospitals, said Oleg Panfilov, director of the Moscow-based Center for Journalism in Extreme Situations.

"Whenever the question arose whether there is honest journalism in Russia, almost every time the first name that came to mind was Politkovskaya," he said.

Politkovskaya had frequently received threats, Panfilov said. A few months ago, unknown assailants had tried unsuccessfully to break into a car her daughter, Vera, was driving, he said.

In 2001, she fled to Vienna, Austria, for several months after receiving e-mail threats alleging that a Russian police officer she had accused of committing atrocities against civilians was intent on revenge. The officer, Sergei Lapin, was detained in 2002 but the case against him was closed the following year.

"There are journalists who have this fate hanging over them. I always thought something would happen to Anya, first of all because of Chechnya," Panfilov said, referring to Politkovskaya by her nickname.

In 2004, she fell seriously ill with symptoms of food poisoning after drinking tea on a flight from Moscow to southern Russia during the school hostage crisis in Beslan. Her colleagues suspected the incident was an attempt on her life.

She was one of the few people to enter the Moscow theater where Chechen militants seized hundreds of hostages in October 2002 to try negotiating with the rebels. She later devoted much of her investigative reporting to that crisis, in which 129 victims died, the overwhelming majority succumbing to the gas used by special forces to knock out the hostage-takers.

"Anna was a hero to so many of us, and we'll miss her personally, but we'll also miss the information that she and only she was brave enough and dedicated enough to dig out and make public," said Joel Simon, executive director of the New York-based Committee to Protect Journalists.

The 46-nation Council of Europe, a leading human rights watchdog whose executive body is currently led by Russia, called for her death to be investigated quickly and convincingly.

"We have all lost a strong voice of the kind which is indispensable in any genuine democracy," said the council's secretary general, Terry Davis.

Politkovskaya's murder is the highest-profile killing of a journalist in Russia since the July 2004 slaying of Paul Klebnikov, editor of the Russian edition of Forbes magazine.

Russia has become one of the deadliest countries for journalists. Twenty-three journalists were killed in Russia between 1996 and 2005, many in Chechnya, according to the Committee to Protect Journalists. At least 12 have been murdered in contract-style killings since Putin came to power, Simon said.

"None of those have been adequately investigated," he said. "We do know that record creates an environment where those who might seek to carry out this murder would feel that there would be few likely consequences."

The intimidation and murder of 12 journalists in Russia in the past six years, including American citizen Paul Klebnikov on July 9, 2004 is an affront to free and independent media and to democratic values.

In addition to her daughter, Politkovskaya is survived by a son, Ilya, Panfilov said.

During her career, Politkovskaya received more than 10 awards and prizes, including an award for human rights reporting from the London-based Amnesty International; a freedom of speech award from the Paris-based watchdog Reporters Without Borders; and a journalism and democracy award from the Organization for Security and Cooperation in Europe.

Acclaimed Reporter Killed In Russia (LAT)

By David Holley

The Los Angeles Times, October 8, 2006

Anna Politkovskaya, known for writing about human rights abuses in Chechnya, is shot in an apparent assassination.

MOSCOW — A prominent Russian journalist known for reporting of human rights abuses in war-torn Chechnya was shot and killed Saturday in her apartment building in what colleagues and authorities described as an apparent assassination.

Anna Politkovskaya, 48, was shot in the chest as she was getting out of an elevator, then shot in the head, the Russian news agency RIA Novosti reported, citing investigative sources. The image of the suspected killer was captured on a surveillance videotape, the agency said.

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"We have a feeling, almost an assurance, that it is political murder," said Vitaly Yaroshevsky, deputy editor of Novaya Gazeta, the newspaper where she worked. "It was certainly related to her professional activities."

Politkovskaya, known to her friends as Anya, was one in a series of prominent officials and journalists to die violently in post-Soviet Russia, and her slaying sent a chill through Russia's community of pro-democracy and human rights activists.

Last month, gunmen shot and killed a senior central banker, Andrei Kozlov, who had been involved in shutting down banks suspected of money laundering. American journalist Paul Klebnikov, editor of the Russian edition of Forbes magazine, was gunned down near his office in 2004.

Politkovskaya, a mother of two, was considered one of the toughest critics of Russian President Vladimir V. Putin and of pro-Moscow Chechen Prime Minister Ramzan Kadyrov. One of her areas of expertise was documenting mistreatment of ordinary Chechens by Russian troops or forces loyal to Kadyrov.

Yaroshevsky said Politkovskaya had been working on an article about torture in Chechnya that was due to run in Monday's paper.

"As far as I know she was planning to write about Kadyrov people who torture people in order to get confessions from them for anti-government activities," Yaroshevsky said. "I don't know whether she managed to complete her story. But if she did, or there are some drafts left, we will certainly publish it. We know that she had testimonies from those who were tortured, and photos of them."

Former Soviet President Mikhail S. Gorbachev, who recently purchased a major interest in Novaya Gazeta, described Politkovskaya's killing as "a savage crime against a professional and serious journalist and a courageous woman."

"It is a grave crime against the country, against all of us," Gorbachev told the Russian news agency Interfax.

The killing of Politkovskaya led to speculation that it was ordered by someone loyal to Kadyrov or Putin who wanted to eliminate an influential critic. But Yaroshevsky said he didn't think the Kremlin was involved.

"If we were to think that, it would mean that we live in a country of cannibals," he said.

Gorbachev said he thought the killing was ordered by someone "who wants to cast a shadow both on the leadership of the country" and on the "positive" developments taking place in Chechnya, where separatist rebels appear to have been greatly weakened and Kadyrov has reimposed a semblance of order.

Politkovskaya had an exceptionally high international profile for a Russian journalist. She was frequently quoted as an analyst by Western media, and she received more than 10 awards and prizes in her career from groups such as Amnesty International, Reporters Without Borders and the Organization for Security and Cooperation in Europe.

In a 2002 opinion piece for the Los Angeles Times, Politkovskaya chided the West for its faith in Putin.

"Today's regime in Russia, as personified first and foremost by Putin, is interested only in power — to keep it, consolidate and augment it, and do it in such a way that opponents would not even be able to raise their heads," she wrote.

Politkovskaya was scheduled to be in Los Angeles to receive a Courage in Journalism Award from the International Women in Media Foundation in Beverly Hills on Oct. 24, 2002, but instead returned to Moscow in an effort to help resolve the takeover of a theater by Chechen militants. She was one of the few people to enter the theater and attempt to negotiate with the hostage-holding rebels, but the effort failed and authorities eventually stormed the theater. At least 129 hostages and all the rebels died.

After another hostage crisis in 2004, the seizure of a school in Beslan, Politkovskaya became seriously ill on a flight to the region and was hospitalized.

She and her doctors suspected poisoning, but it was never proved.

"I always had a list of journalists whose lives I am scared for," said Oleg Panfilov, director of the Moscow-based Center for Journalism in Extreme Situations. "Anya was first on my list."

Alexei Venediktov, editor in chief of Echo of Moscow radio, one of the few broadcasting outlets still pursuing Western-style journalism in Russia, said that after word of Politkovskaya's death spread, some of his friends urged him to start using bodyguards.

"I think that this murder may contain a signal for all of us, but this signal is secondary," he said. "The first and primary target was Anna herself, as a journalist."

Lyudmila Alexeyeva, a former Soviet-era dissident who heads the Moscow Helsinki Group human rights organization, said she was sure the attack on Politkovskaya was "a purely political murder."

"As for me personally," she said, "I am not scared because I will turn 80 next year, so what can I be scared of?"

Murder In Moscow (WP)

The Washington Post, October 8, 2006

The Putin era of brutality claims a victim of rare courage.

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ANNA POLITKOVSKAYA, who was murdered in her apartment building yesterday, knew it was dangerous to be an honest reporter in President Vladimir Putin's Russia. Yet, as he wielded a combination of blandishments and bullying to gradually reimpose authoritarianism on his country, Ms. Politkovskaya, 48 and the mother of two, never yielded. Whether reporting on Mr. Putin's dirty war in the separatist region of Chechnya or on the diminution of freedom at home in Moscow, she remained, if not unafraid, unbowed.

Chances are Ms. Politkovskaya's murderer will never be officially identified. At least a dozen other journalists have been murdered in contract-style killings in the past six years, according to the Committee to Protect Journalists, and not one of those murders has been solved. Human rights advocates and pro-democracy politicians have been struck down in the same way.

Yet it is quite possible, without performing any detective work, to say what is ultimately responsible for these deaths: It is the climate of brutality that has flourished under Mr. Putin. A former KGB agent himself, he inherited an imperfect democracy and systematically undermined its institutions. The media, political parties, local government, private business -- each in turn was neutered. Loyalty to Mr. Putin has become the quality that matters most, and any opponent is labeled an enemy, to be bankrupted, imprisoned or worse. Meanwhile, ugly nationalism was permitted to flourish.

Now you can see these same values being applied to foreign policy. The independent nation of Georgia, to Russia's south, has not displayed adequate fealty in Mr. Putin's view; it wants to be a democracy, with normal ties to the West. So the czar has launched an ugly campaign of threats against the country and the hundreds of thousands of ethnic Georgians who live in Russia. It is a dangerous moment.

Through all this, the Bush administration has responded with timid complaints bracketed, until recently, by absurd protestations that Russia was moving, overall, in the right direction. France and Germany, dependent on Russian natural gas, have bowed even more cravenly. Against these studies in amoral pragmatism, the courage of small nations, such as Georgia, and lone heroes, such as Anna Politkovskaya, shines all the more luminously.

"Taking a risk comes with the job," she said in 2002, as she accepted an award for courage from the International Women's Media Foundation. "And if you cannot take it any more, if you are unwilling to risk, you have to leave.

"As for myself," she concluded four years ago, "I am not tired yet."

Our Failure In Europe's East (WP)

By Bruce P. Jackson

The Washington Post, October 8, 2006

At Warsaw University in 2002, in what many believe to be his finest speech, President Bush advanced a vision of a free and complete Europe that would stretch "from the Baltic to the Black Sea." At the end of next month, when they gather in Riga, Latvia, on the shores of the Baltic Sea, Bush and the NATO allies will have cause to wonder what happened to their hopes for Europe's East.

At the most superficial level, things never go well in Europe when the United States is preoccupied elsewhere. This was true in 1956 during the Suez crisis, when the Soviet Union invaded Hungary, and again in 1968, when the Vietnam War drowned out interest in the suppression of the Prague spring. Given NATO's difficulties in Afghanistan and the bloody frustration of the United States in Iraq, it is not surprising to see Russia bullying its way around its former empire and threatening energy-dependent Europe.

But the newly powerful Kremlin, flush with oil money, is not the real problem of Europe's East. Even truculent Turkey, which now seems lost in a strange haze of anti-Americanism, anti-Semitism and vaguely Islamist nativism, is not the problem. Turkey has been the "sick man" of Europe for at least a century, and Russia has been a threat to its neighbors far longer. What has changed is that Europe has finally reached the frontiers of its influence and has no idea what to do with its new neighborhood.

To the south of Vienna lie Croatia, Macedonia, Serbia, Montenegro, Bosnia, Albania and Kosovo, which have been waiting on Europe's doorstep since the wars of Yugoslav succession ended in 1999. This year at the NATO summit the top three candidates, Albania, Croatia and Macedonia, can only hope for an honorable mention on the back pages of the summit communique.

The rest of the Western Balkans has even less interaction with Europe. Over 70 percent of university students in Serbia have never set foot outside their country. This may not be surprising to Americans, but it is shocking on a continent as interconnected as Europe. Albanian students have given up trying to get visas to visit Italy and now spend their vacations in Libya.

Comparatively, however, the Western Balkans are the most fortunate of the countries in Europe's East. In December, when Romania enters the European Union, Europe will border Moldova, whose gross domestic product is roughly half of Haiti's. Moldova's wine, by far its most important product, is embargoed both by Russia, because of Moldova's deviationist pro-Western tendencies, and by the European Union, because of the high quality and low cost of the wine itself. In a triumph of enlightened

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E.U. policy and in keeping with the law of unintended consequences, Moldova's largest cash export to Europe today is sexually trafficked women.

Like Moldova and the western Balkans, Ukraine also suffers from the tendency of both Washington and Brussels to isolate what they do not understand. Since the early 1990s the United States has pursued a manic-depressive policy toward the largest country in Eastern Europe -- and for that matter toward the country with the largest Jewish population remaining in Europe.

At first, in the infamous "Chicken Kiev" speech, delivered by President George H.W. Bush in 1991, we advised Ukraine to remain part of the Soviet Union. We then celebrated Ukraine's independence and its common-sense president, Leonid Kuchma -- until we decided that Kuchma was an autocrat who sold radars illegally to Saddam Hussein. It turns out that this did not happen, but you get the point. The same unpredictable volatility characterizes the ups and downs of our response to the coalition government in Kiev today. Seventeen years after the fall of the Berlin Wall, the United States and Europe cannot maintain a consistent policy toward Ukraine from one day to the next.

What confounds both Europe and the United States are the complexity of post-Soviet societies and the impotence of Western institutions. But instead of combining our efforts with those of the European Union to end the isolation of Europe's East, we have allowed the fecklessness of the European Union and the impatience of U.S. policy to re-create what the Soviet Union used to call its "near abroad." In effect, a vacuum of crime, underdevelopment and squabbling political elites now stretches from the Baltic states to the northern shore of the Black Sea. This is the sad Marshall Plan of our generation.

The problem of Europe's East is simply the loss of political vision in Washington and Brussels and the failure to keep the commitment to a Europe that is whole, free and at peace. One wonders: If this is the best Europe can do in its neighborhood and the best the United States can do together with Europe, what chances do we have in the Greater Middle East, where our ideas and influence count for far less than they do in Europe's unloved East?

The writer is president of the Project on Transitional Democracies and the U.S. Committee on NATO.

In A Long-Ago Revolution, Echoes For Today (NYT)

By Roger Cohen

The New York Times, October 8, 2006

FUNNY with history, how remote it can seem, and how close, even in teeming Times Square, scarcely an oasis of retrospection. Charles Legendy recalled being there the other day when his gaze turned to a black-and-white billboard of a tank emblazoned with the words “1956 Hungary” and, beneath that, “Our Revolution Was Not a Movie.”

His wife, Annemarie, also looked up, and the elegant young man on the left of the tank in a European city rising in revolutionary ire against the Soviet empire caught her eye. She knew him, she felt, with a certain intimacy. “Charlie,” she said, grabbing her husband and pointing at the photograph, “that’s you!”

A half-century can concertina in a moment, eliding exile and a whole American life, and leaving a 69-year-old New Yorker, Mr. Legendy, back in the Budapest of his youth, on the eve of the Hungarian uprising of Oct. 23, 1956, living once again “that electric atmosphere, that absolute exhilaration.”

Mr. Legendy’s disorientation — he said it took him some time to accept that he was indeed captured in an image he’d never previously seen — is in some measure also every American’s at this 50th anniversary. The Hungarian events are far away, but are they? Once again, in Middle Eastern guise, the United States confronts issues of containment or rollback, of moral principle or pragmatic caution, of liberty or stability.

“The same quandaries are posed, most fundamentally the question of how America can behave responsibly and whether it may be more tragic to engage in war against tyranny or refrain from it,” said Paul Berman, an author who has written widely on European political history.

President Bush, who chose to tear down the status quo in Iraq and unleash violent instability in the name of liberty, has not hesitated to draw a straight line from Budapest to Baghdad.

He has compared the Iraqi government’s pursuit of democracy to that of the patriots of 1956 and told Hungarians: “We’ve learned from your example, and we resolve that when people stand up for their freedom, America will stand with them.”

That has a ring to it and the stamp of post-cold-war, neoconservative certainty. But the Eisenhower administration had also vowed to roll back Communism from Eastern Europe. Nonetheless, when Hungary rose, it was left to a bleak fate beneath the Soviet yoke. Liberty was set aside in favor of circumventing World War III.

Worse, America misled the freedom fighters. Radio Free Europe, Washington’s mouthpiece, egged on the uprising, declaring on Nov. 4, 1956, that a “practical manifestation of Western sympathy is expected at any hour.” At the same time, it disparaged the revolution’s leader and martyr, Imre Nagy, as a compromised Communist.

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A less felicitous mixture of misleading near-promises and maximal demands from an American knight-turned-bystander is hard to imagine. That rankles still, as all blots do on the idealism inextricable from the freedom-bearing narrative of American foreign policy.

"You can't incite people and then do nothing to help them," said Max Boot, a conservative commentator at the Council on Foreign Relations. "The closest parallel is what happened in 1991, when we told the Kurds and Shia of Iraq to rise up and abandoned them. That was really inexcusable, even more so than in 1956, when there were not really military options short of starting a world war."

Or were there? History happens, but only just. Few events are as tantalizing as the Hungarian uprising, whose initial few days saw Soviet hesitation and a growing belief that Nagy, the prime minister, could engineer some form of pluralist democracy — Titoism-plus — even within the Communist orbit. Might the exercise of militant American principle over pliancy have ushered Hungary toward the neutrality achieved by Austria in 1955?

The hypothetical has little value: what happened, happened. Thousands died; Hungary waited another 43 years to be free. But we now know from the Soviet archives that as late as Oct. 30, 1956, a week into the revolution, Nikita Khrushchev was still talking of "a military path," that of "occupation," or "a peaceful path" — "the withdrawal of troops, negotiation."

The die, it seems, was not altogether cast from the outset. Certainly that was the impression on the street, where Mr. Legendy, then a student at Budapest's technical university, recalled: "It seemed we could change the system. Russian troops were ordered to put down the uprising, but were inefficient, hesitant. We were almost sure America would intervene. After all, we were being attacked for being pro-American, and Radio Free Europe was encouraging us to end the regime."

But the United States was not ready to challenge the division of Europe between free and totalitarian spheres; and Britain and France were embroiled in the simultaneous Suez crisis, a Western attempt to reassert empire in the Middle East that proved less successful than Khrushchev's ultimate decision to impose Communist imperialism through force of arms.

No wonder Eisenhower expressed unease, in a discussion with his secretary of state, John Foster Dulles, at feelings that "we have excited Hungarians for all these years," and are "now turning our backs on them when they are in a jam." To which Dulles, according to a memorandum of the conversation on Nov. 9, 1956, responded that "we always have been against violent rebellion."

So goes history — and myriad human lives — floating on the whims and hesitations and little hypocrisies of the powerful. But Hungarian bloodshed and loss were not without catalytic effects.

The revolution jolted the West European left into the beginning of a rethinking of Communism, long an affair of the heart. "Hungary signaled to the West that it was not true that the masses supported Communism," Mr. Berman said.

It also carried Hungarians, on the wrong side of two world wars and Europe's division, to a rediscovered pride. Arthur Koestler is quoted in Kati Marton's "Great Escape," a new book on Budapest's loss of its Jewish intelligentsia, as saying that, "To be Hungarian is a collective neurosis." That state was eased by an uprising that became a collective point of reference in the nation's journey toward NATO and the European Union.

Finally, and perhaps most important, Hungary became an example for the Czechs, the Poles and others in the web of dissent and defiance that would lead to the fall of the Berlin Wall.

An optimist, and someone prepared to take the long view, might look to all these developments — a catalyzed region, a changed Western view of the acceptability of a totalitarian ideology, rediscovered national pride — and argue that the Iraqi invasion, for all its own terrible human cost, has also set in motion a cycle that will prove to be a liberating one.

Mr. Legendy, who fled Budapest in November 1956 and later studied at Princeton University, supports the invasion strongly, although he's a Democrat and believes grave mistakes have been made. "Because of my experience of Hungary, I feel very strongly about Iraq," he said. "The Baathists and the Communists are so close, first cousins. The cause of liberty is a great one."

His 23-year-old son, Gabriel, also a Princeton graduate and now a second lieutenant with the United States Army, is in Baghdad. Almost a month ago, on Sept. 11, Lt. Gabriel Legendy sent his parents a letter from Iraq saying he felt melancholy as he recalled the attack on America. "That day and my thoughts and feelings on it are such a benchmark in my life," he wrote. "Maybe this letter is my way of observing a moment of silence."

So a line of sorts does run from Budapest to Baghdad, from a Hungarian student in revolt against Communism a half-century ago to his son, a young American officer trying to fashion a free Iraq. But how best to craft liberty?

A realist might conclude from the events of 1956 and what followed, as well as from today's Iraqi mayhem, that totalitarianism must be tackled not by frontal assault, but by fostering resistance within — through a Polish pope, say, or the anti-Soviet, American-financed mujahedeen of Afghanistan of the 1980's.

Through subtlety, that is, and long-term probing, and knowledge and effective agents of influence — all apparently absent in the Iraq whose freedom the Bush administration likes to trumpet.

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But perhaps there is a third view, and that is simply of history as tragedy, a process where sometimes no options, whether transformational or incremental, are good, and events may be as arbitrary as Mr. Legendy's extraordinary sighting of himself in Times Square.

The billboard was put up at a cost of $100,000 by the Hungarian Cultural Center, whose director, Laszlo Jakab Orsos, said: "What happened to Mr. Legendy illustrates the nature of history, which is no more than a chain of stories and lives, all interwoven, often in the most unexpected ways."

Latvia's Coalition Government Leads (AP)

By Gary Peach, Associated Press Writer

AP, October 8, 2006

The governing coalition in the former Soviet republic of Latvia was poised to retain power in Saturday's parliamentary election, nearly complete results showed.

With 89 percent of votes counted, Prime Minister Aigars Kalvitis' center-right coalition of three parties had 45 percent, the electoral commission said. The results give the coalition far more support in parliament than the main opposition New Era party which has no partners and cannot form a government.

If the results hold up, it would be the first time since Latvia regained independence in 1991 from the crumbling Soviet Union that a sitting government survived an election.

New Era and the People's Party are both right-wing parties but have historically been at odds, and earlier this year New Era dropped out of the coalition government. Both parties are pro-European Union and favor eventual adoption of the euro currency.

With few hot issues in the campaign, the main question was which of the similar right-wing parties would be given a mandate to lead the traditionally shaky coalition government. Latvia has had 12 governments in 15 years of independence.

Gaining admission to the EU and NATO were the dominant goals after winning independence. With that achieved, a sense of complacency set in, analysts said. Latvia will host a NATO summit next month, seen as a way to cement the country's place in the international arena.

"I voted for the People's Party because I like Kalvitis and the way he's brought stability to the government," said Aija, 56, who refused to give her last name.

The electoral commission said voter turnout was 62.3 percent, 10 percentage points lower than in the last election in 2002.

President Vaira Vike-Freiberga urged voters to go to the polls as she cast her ballot in the capital, Riga.

"If a citizen does not make his choice now, someone else will make the choice for him," she said, according to the Baltic News Service.

Although the Baltic country remains among the poorest in the European Union, its economy was the fastest-growing in the bloc in 2005 when gross domestic product soared 10.2 percent.

In all, 19 political parties, consisting of 1,024 candidates competed in the race to fill the 100-member Saeima, or parliament.

The Toughest Job On Earth (WP)

By Edward C. Luck

The Washington Post, October 8, 2006

It's not easy being the U.N. secretary general. The men who've held the post like to call it the most impossible job on Earth. Its duties are largely undefined, and the whole world claims the right to weigh in on how the job should be done. Some clamor for a crusading international leader, on the model of current Secretary Kofi Annan, others for a low-key administrator who'll stay out of the limelight and just make sure the organization runs smoothly.

So when the contest for the eighth secretary general opened earlier this year, it was widely expected to result in prolonged bickering. Some feared that the recent anti-American rants by Venezuelan President Hugo ChÃ¡vez and Iranian President Mahmoud Ahmadinejad before the General Assembly would sour the Security Council's deliberations on the candidates. Meanwhile, editorialists the world over pleaded for the appointment of a political rock star -- an amalgam of Bill Clinton, Mother Teresa and Bono -- who could command headlines and rally supporters.

The Security Council had other ideas. Tomorrow, it is expected to nominate -- unanimously -- Ban Ki Moon, South Korea's minister of foreign affairs and trade. If tradition holds, the 192-member General Assembly will vote within a week or two, without debate or dissension, to complete the appointment (in an arcane rubber-stamping process -- see securitycouncilreport.org).

In selecting Ban, the council chose competence over charisma, performance over promise. Ban proved his diplomatic mettle in the on-and-off six-party talks on North Korea's nuclear ambitions (something he may now have to delegate to envoys

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from other parts of the world). His campaign received a decisive boost from the fact that three permanent Security Council members -- China, Russia and the United States -- plus the most influential non-permanent member, Japan, were his partners in those critical negotiations.

In 1945, the founders decreed that the council should nominate the secretary general to ensure that he (and someday she) has the confidence of the major powers, which is hard to earn and even harder to sustain. Whenever a secretary general has clashed openly with one of the great powers -- Trygve Lie and Dag Hammarskjold with Moscow in the 1950s and early '60s and Boutros Boutros-Ghali with Washington in the 1990s -- the organization and its efforts to build bridges between rivals have suffered. And as Annan's tenure has confirmed, the pressures to pose as a secular pope rallying the world against U.S. domination are incessant these days, particularly with a United-States-vs.-the-rest mentality already so prevalent at the United Nations.

The popular image of an outspoken world leader, morally and intellectually above the fray of crass and narrow interstate politics, doesn't reflect the gritty realities of the job. Secretaries general are most effective when they are quietly defusing regional crises and cajoling member states behind the scenes to modernize the United Nations' creaky and sometimes corrupt machinery. Unless Ban is considered an honest broker by all sides of the mistrustful, divided membership, he will have little chance of moving the stalled U.N. reform agenda forward. The less ego and identification with past political glories, the better. For a rookie secretary general, quiet modesty in public and candor in private have their virtues.

Truth be told, the council has never tapped an orator or media star to be secretary general. Hammarskjold and Annan grew into their public personalities while in office, and Ban could do the same. But Lie, U Thant, Kurt Waldheim, Javier PÃ©rez de CuÃellar and Boutros-Ghali never mastered that side of the job.

U.S. Ambassador John R. Bolton called earlier this year for "a proletarian" secretary general, who would stick to improving internal management and be little more than the chief administrative officer mentioned in the U.N. Charter. But that is far too narrow a job description. Leading a diverse secretariat and dealing with a 192-member board of directors demands keen political instincts, as well as tough, fair and open management. Paul A. Volcker's Independent Inquiry Committee report on the oil-for-food scandal at www.iic-offp.org provides a chilling look at what can happen when no one is accountable at the top and member states and secretariat leaders prove equally adept at finger-pointing. But the committee also underlined that the secretary general serves as the United Nations' "chief political and diplomatic officer" and that "in unsettled times, those responsibilities tend to be all-consuming."

World-class proletarian diplomats, not to mention proletarian managers (an oxymoron if ever there was one), are in short supply.

No doubt, as former undersecretary general Brian Urquhart asserts in "The Next Secretary-General: How to Fill a Job With No Description," in the current issue of the journal Foreign Affairs, "history has shown that a great secretary-general not only is important for the U.N. but also is a priceless asset for the world at large." Having served every secretary general since 1946, he should know. His classic 1972 biography, "Hammarskjold," depicts the office's lows as well as its highs. There are times when the secretary general is called upon to scramble around the world, breathlessly trying to resolve brutal crises, as journalist William Shawcross described in his 2000 book, "Deliver Us from Evil: Peacekeepers, Warlords and a World of Endless Conflict." At other points, however, the mediating capacity of the office is underemployed by the powers of the day, leaving the secretary general to wait for some juicy assignment, a bit like the passive hero Chauncey Gardener in the movie "Being There."

Two memoirs by past holders of the office tell us more about their authors than intended. PÃ©rez de CuÃellar's 1997 "Pilgrimage for Peace: A Secretary-General's Memoir" is solid, dependable -- and dull. In contrast, Boutros-Ghali's "Unvanquished: A U.S.-U.N. Saga" from 1999 is as lively as it is tendentious and self-serving. Annan's roller-coaster ride as secretary general, which will end on Dec. 31, has spurred a record batch of biographies and commentaries. Two upcoming journalistic accounts look especially promising: James Traub's "The Best Intentions: Kofi Annan and the UN in the Era of American Power," out this month, and Stanley Meisler's "Kofi Annan: A Man of Peace in a World of War," to be released in December.

Those who want to dig deeper into the role will have to wait for Simon Chesterman's "Secretary or General?: The UN Secretary-General in World Politics," which will be published next spring.

After all that, if you still find the United Nations and its top post to be enigmas, you're on the right track.

Edward C. Luck is a professor at Columbia University's School of International and Public Affairs and the author, most recently, of "UN Security Council: Practice and Promise" (Routledge). He has consulted for several secretaries general.

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Subject:	Attorney General's News Briefing for Saturday, October 07, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Pentagon Will Investigate Alleged Guantanamo Beatings. The AP (10/7, Watkins) reports, "The Pentagon said Friday that it will investigate a Marine's sworn statement that guards at Guantanamo Bay bragged about beating detainees and described it as a common practice." Several DOD officials are quoted promising a full investigation. The AP writes about the camp, "Human-rights groups have roundly criticized the Bush administration for detaining most without criminal charges, but U.S. officials have defended the detentions as necessary in the war on terrorism and say the detainees are treated humanely."

The New York Times (10/7, Cloud, 1.21M) also reports the unnamed Marine paralegal's claims "that guards at the United States military prison at Guantanámo Bay bragged about beating prisoners and denying them privileges to anger them."

Isolation Becomes Gitmo Norm. The Los Angeles Times (10/7, Williams, 918K) reports, "A May riot in which dozens of detainees attacked U.S. soldiers, the suicide of three prisoners in June, and changes in the camp population -- including the arrival of 14 'high value detainees' -- have transformed Guantanamo into a largely maximum security facility." The Times adds, "The hardening of Guantanamo detention dispirits the detainees and their lawyers, who see it as part of U.S. political posturing in an election year. ... Rank-and-file guards express little concern or curiosity about the conditions of the prisoners' confinement, noting that they are just doing their duty."

Richard Epstein Argues For Habeas Corpus. In a commentary for he Wall Street Journal (10/7, A7, 2.03M), law

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professor Richard Epstein argues for retaining habeas corpus for Guantanamo detainees, "The law [MCA] allows the government to hold any prisoner -- even if he is not an unlawful enemy combatant -- in custody for the rest of his life, with no due process and no recourse to the courts. No one deserves that fate. Truth must count. Innocence must matter."

US Denies Wrongdoing In Idaho Computer Terrorism Suit. The AP (10/7, Boone) reports from Boise, ID, "The United States says it did nothing wrong when federal agents arrested and detained an American citizen as a material witness in a computer terrorism case. … The government's formal response to the lawsuit brought by Abdullah al-Kidd was filed in U.S. District Court on Friday." The AP continues, "In his lawsuit, al-Kidd contended that the federal government and several of its agents - including former U.S. Attorney General John Ashcroft and his successor, Alberto Gonzales, FBI Director Robert Mueller, Homeland Security Secretary Michael Chertoff and others - violated his civil rights by improperly using material witness laws. … The individuals named in the case have until Nov. 27 to respond; the United States' response deadline was Friday." The AP adds, "In its response, filed by Justice Department lawyer J. Marcus Meeks, the United States denied al-Kidd's allegations and said that al-Kidd was not entitled to any damages. … The lawsuit arose after al-Kidd - a former student at the University of Idaho who played football for the Vandals under the name Lavoni Kidd - was arrested in 2003 as a material witness in the government's case against a fellow student, Sami Omar Al-Hussayen. Al-Kidd and Al-Hussayen both worked on behalf of the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators alleged funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States. .. .A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen was eventually deported to Saudi Arabia."

Harper Raises Arar Rendition Case With Bush, Will Seek Investigation. AFP (10/7) reports Canadian Prime Minister Stephen Harper "has protested to" President Bush "about the deportation to Syria of a Canadian, who was tortured and held for a year. Harper spoke about Maher Arar, a Canadian of Syrian origin, in a 15-minute telephone call with Bush following a Canadian inquiry's report that cleared Arar of any terror links." He later told reporters that he "indicated to" Bush that Foreign Minister Peter MacKay "would be sending a letter today to" Secretary Rice "to launch a formal protest on the treatment of Maher Arar." Harper is further quoted saying Bush "said that he would look at the complaint seriously, and we are expecting a response, an official response, to our complaint as well as assurances that we will not be facing that kind of conduct on the part of US authorities in the future."

Detainees May Have Been Questioned In Germany Before Guantanamo. The Washington Post (10/7, Whitlock, 748K) reports, "The chief plotter of the Sept. 11 hijackings and another al-Qaeda leader who spent time in secret CIA prisons might have been interrogated in Germany before their transfer last month to Guantanamo Bay, Cuba, according to lawyers for other terrorism suspects in U.S. custody." The statements "challenge repeated denials by the German government that it played any part in the U.S. government's secret network to detain and transport terrorism suspects after the Sept. 11, 2001, attacks in the United States. The statements also open the possibility that the CIA held prisoners on a U.S. military base in Germany without the knowledge of the host government in the early days after the attacks." The German and US governments respectively dismissed and denied the report.

Francis Fukuyama Sees Historical Pattern Of Excessive Secrecy. In the New York Times (10/7, 1.21M), scholar Francis Fukuyama reviews US government secrecy during the Cold War and argues, "Then, as now, there was a pronounced tendency to assume the worst, and for the government to claim enormous discretion in protecting the American public. The Bush administration has consistently argued that it needs to be protected from Congressional oversight and media scrutiny. ... But the American government does have a track record in dealing with similar problems in the past, one suggesting that all American institutions — Congress, the courts, the news media — need to do their jobs in scrutinizing official behavior, and not take the easy way out of deferring to the executive."

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HOMELAND RESPONSE:

US And EU Agree To Deal On Airline Passenger Data. The Financial Times (10/7, Laitner) reports, "The FBI and other American anti-terror agencies will have easier access to sensitive personal information on passengers flying from the European Union to the US, under a deal agreed on Friday. Brussels and Washington struck the fresh concord after weeks of negotiations to replace a controversial pact from 2004 through which the US receives up to 34 pieces of data on air travellers. That deal was invalidated by the EU's highest court on a legal technicality and expired last Saturday, prompting fears of transatlantic travel chaos."

The Wall Street Journal (10/7, A3, Echikson, Jolis, 2.03M) reports, "Negotiations collapsed about a week ago when EU negotiators rejected Homeland Security Secretary Michael Chertoff's demand to lift restrictions on sharing the passenger data with other U.S. law-enforcement agencies. 'This is positive for the EU -- this will guarantee legal continuity on a very sensitive matter,' said EU Security Commissioner Franco Frattini. Mr. Frattini said Friday's new deal is applicable until the end of July 2007, by which time the two sides will 'agree on a more permanent arrangement.' Mr. Frattini said the EU agreed to allow Homeland Security to share the data with other U.S. agencies with a 'comparable standard of data protection.' This includes the Federal Bureau of Investigation and agencies within the Department of Justice. This will allow the U.S. to 'make full use of passenger data,' Mr. Chertoff said in a statement Friday."

The Washington Post (10/7, A12, Moore, Nakashima, 748K) reports, "Under the new system, 'if we have particular interest in a number of flights, or a specific destination, then we can therefore use that information and share it with other counterterrorism agencies,' said Jarrod Agen, a spokesman for the Department of Homeland Security, which includes the customs and border agency. The data request must have some 'specificity,' he said, such as the recent alleged plot to bomb airliners flying from London."

The Washington Times (10/7, Hudson, 88K) reports Graham Watson, leader of the Alliance of Liberals and Democrats in the European Parliament, "called the agreement the 'least-worst option' and said the Bush administration 'is determined to extract ever more personal data and share it with the wider intelligence community.'"

Watch List Is Rife With Errors. The New York Times/AP (10/7) reports, "Thousands of people have been mistakenly linked to names on terrorist watch lists when they crossed the border, boarded commercial airliners or were stopped for traffic violations, a government report said Friday. ... When '60 Minutes' spoke with 12 people named Robert Johnson, it reported, all said that they are detained almost every time they fly."

Anthrax Suspects Still Burdened Despite Being Cleared. The Washington Post (10/7, A3, Powell, 748K) reports, "On Nov. 15, 2001, Irshad and Masood Shaikh found themselves standing under the darkest cloud imaginable: The brothers had become suspects in the worst bioterrorism attack in American history. An FBI SWAT team battered down their front door, pointed semiautomatic rifles at Irshad's wife and carried out the first raid on a private home in the federal investigation of the anthrax attacks. … But the FBI had acted on a bad tip. By every account available, agents found no evidence implicating the brothers, who are widely respected public health experts. Since then, the Shaikhs have suffered consequences great and small. Irshad Shaikh, 44, who is Chester's health commissioner and has worked on humanitarian missions in Iraq and Afghanistan with U.S. officials, has been blocked by the FBI from obtaining a federal contract with the Centers for Disease Control and Prevention. Immigration officials canceled his scheduled interview for U.S. citizenship. And whenever Irshad returns to the United States from abroad, federal agents escort him off the airplane and interrogate him for hours."

Security Barriers Removed From Manhattan Sites. The New York Times (10/7, Buckley, 1.21M) reports, "They started appearing on Manhattan streets immediately after September 11: concrete and metal barriers in front of skyscrapers, offices and museums. … But now, five years later, their numbers have begun to dwindle. After evaluations by the New York Police Department, the city's Department of Transportation has demanded that many of the planters and concrete traffic medians known as jersey barriers be taken away. So far, barriers have been removed at 30 buildings out of an estimated 50 to 70 in the city."

Bush Signing Statement Objects To FEMA Director Criteria. The Washington Post (10/7, A2, Hsu, 748K) reports President Bush "reserved the right to ignore key

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changes in Congress's overhaul of the Federal Emergency Management Agency -- including a requirement to appoint someone with experience handling disasters as the agency's head -- in setting aside dozens of provisions contained in a major homeland security spending bill this week." According to the Post, "The standards for the FEMA director were inspired by criticism of former FEMA chief Michael D. Brown's performance after Hurricane Katrina last year. Brown, a lawyer and judge of Arabian horses, had no experience in disaster response before joining FEMA." White House spokesman Tony Fratto "said the actions, first reported by the Associated Press, upheld the president's right to choose his advisers and control executive branch activities." However, a spokesman for Rep. Tom Davis "said the White House is slighting Congress and ignoring the political toll of Brown's incompetence and ties to GOP cronies." Bush "also claimed the right to edit or withhold reports to Congress by a watchdog agency within the Department of Homeland Security that is responsible for protecting Americans' personal privacy."

New Orleans Experiences Extreme Population Decrease. The New York Times (10/7, Nossiter, 1.21M) reports that The City of New Orleans "population has dropped by nearly 60 percent since Hurricane Katrina, far more sharply than recent optimistic estimates had suggested, according to an authoritative post-storm survey released this week." According to the survey "The population of New Orleans is now only 187,525, well under half the pre-storm population of 454,863." In addition, "Mayor C. Ray Nagin has suggested that about half of New Orleans's former residents had returned, basing his projections partly on utility users. But the new numbers indicate that repopulation will take awhile to reach that level." However, "officials expect these population figures to go up, eventually. More than 11,000 people from New Orleans have applied for federal rebuilding aid through the state's Road Home program. Some 80,000 housing units were destroyed in Orleans Parish alone, and their reconstruction has hardly begun."

WAR NEWS:

Warner Warning On Iraq Seen As Signal US Considering Policy Shift. All three network news programs highlighted Sen. John Warner's warning that increased violence in Iraq may signal the need for a change in US policy. NBC Nightly News (10/6, story 2, 3:10, Miklaszewski, 9.87M) reported, "Nobody's calling it an exit strategy, but there's a growing consensus that US war plans in Iraq have got to change." After returning from Iraq Sen. John Warner "said the US is close to losing the battle in Baghdad." He "warned however, if the violence is not brought under control in the next 90 days, the US has to rethink its strategy." Sen. Warner: "I think it's a responsibility of our government internally to determine, is there a change of course that we should take and I wouldn't take off the table any option at this time." Miklaszewski: "Warner's statement came the same day Secretary of State Condoleezza Rice was in Baghdad, warning Prime Minister Nouri al-Maliki that he must accelerate efforts to disarm militias and end the sectarian violence. Leading Democrats claim it's all part of a grand strategy by the Bush administration to begin to change the US course in Iraq. The administration has rejected calls for a timetable for withdrawal of American troops, but Democratic senator Carl Levin tells NBC news both President Bush and the U.S. Ambassador to Iraq, Zalmay Khalilzad, told him lawmakers should publicly pressure the Iraqis, with the warning if they don't reduce the violence, the US would start pulling out its troops." Sen. Carl Levin: "It's not enough for them to hear it from me and hopefully Senator Warner. It's the administration that's got to deliver the message."

ABC World News (10/6, story 3, 2:25, Karl, 8.78M) reported, "It's not just Senator Warner. There are urgent discussions among prominent allies of the Bush administration, about the need to consider changing course in Iraq. One prominent Republican who advises the Pentagon told me today, 'if we don't make real significant changes, this will all collapse.' Among the options on the table -- a more aggressive approach, to defeat the insurgency and protect civilians, putting more American troops on the streets and more money into improving the quality of life in Iraq." Another option would be "a totally different approach -- phased withdrawal. The thinking, if US troops move out, the Iraqis will be forced to find their own solution to the ethnic hatred tearing their country apart. Don't look for the White House to embrace this option." President Bush: "We're not leaving, so long as I'm the President. That would be a huge mistake."

In a shorter story CBS Evening News (10/6, story 3, 1:10, Axelrod, 7.66M) quoted Sen. Warner saying, "It seems to me that the situation is simply drifting sidewise." Axelrod: "I ran

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the 'drifting sidewise' comment by a White House official and he says considering the way things are going lately, he hardly considers than to be deep criticism."

The New York Times (10/7, Stolberg, 1.21M) reports, "The White House, caught off guard by a leading Republican senator who said the situation in Iraq was 'drifting sideways,' responded cautiously on Friday, with a spokeswoman for President Bush stopping short of saying outright that Mr. Bush disagreed with the assessment. ... Ms. Perino's carefully worded response underscores the delicate situation that Mr. Warner, chairman of the Armed Services Committee, has created for the White House just one month before an election." The senator's "comments are...forcing Republicans to confront the issue before some are ready." GOP Senator Susan Collins "said the current approach, which she attributed to Secretary of Defense Donald H. Rumsfeld, had not led to an overall reduction in violence or any prospect that American troop levels would come down soon." The Washington Times/UPI (10/6) reports Warner's "grim outlook" in a 4-sentence article.

In Arbil, Rice Sought To Solidify Kurdish Ties To Baghdad. In continuing reporting of Secretary Rice's visit to Iraq, AFP (10/7, Lanteaume) notes Rice "met the leaders of Iraq's autonomous Kurdish region, urging them to cooperate with Iraqi Arabs in building a peaceful and unified country." She "dropped in on Kurdish regional president Massud Barzani in Arbil, his northern capital, after an unannounced visit to the Iraqi capital Baghdad, which is in the grip of a brutal sectarian conflict." AFP says Kurds remain "grateful for US support in throwing off the yoke of ousted dictator Saddam Hussein," and have therefore "put their long-cherished dreams of independence on hold while the Baghdad government struggles to rebuild the war torn country." Rice "tried to calm the oil row during her visit" by asking for renewed cooperation and sharing of oil profits.

The AP (10/7, Gearan) says Rice is "convinced oil revenue is the long-term key to economic independence for a unified Iraq," and notes she "appealed Friday for cooperation from the autonomous and oil rich Kurdish north." Appearing before US and Kurdish flags, Rice "thanked Barzani for the Kurds' long cooperation with the United States, adding, 'and I appreciate also your important participation in the process of national reconciliation. Thank you.'"

Separate AP (10/7, Barzanji) reporting focuses directly on Kurdish separatist politics. "With violence bloodying Iraq, Kurds in the peaceful north have been showing signs of going their own way, raising their own flag and even hinting they could secede in a dispute over oil wealth -- moves that have alarmed Shiites and Sunnis." Secretary Rice's "visit to Kurdistan on Friday underlined American worries that Kurds may be pushing too hard too soon for autonomy powers at a time of increasing sectarian tensions." The AP says, in all regions of Iraq, "even mere talk of federalism -- amid a wave of Shiite-Sunni violence that has killed thousands this year -- has raised fears of the country falling apart."

The Los Angeles Times (10/7, Richter, Daragahi, 918K) adds Rice "urged restless Iraqi Kurds to seek their future in a closer alliance with other Iraqis, as she visited the country's relatively peaceful Kurdistan region Friday for talks with" Barzani. She "declared that Iraq's minority Kurds, who suffered greatly under the rule of Saddam Hussein, can find their best security guarantee not from their powerful ally, the Americans, but from the Iraqi Constitution." Barzani "spoke publicly in terms likely to please Rice, saying Kurds are committed to working within the federal system and will share oil revenue from wells discovered in their region." The Times notes, "Despite the apparent harmony, U.S. officials are concerned by issues now swirling in Kurdistan, the least violent and most pro-American part of Iraq."

Rumsfeld Sees Progress In Afghanistan. In an op-ed in the Washington Post (10/7, A23, 748K), Defense Secretary Rumsfeld acknowledges, "There is, for example, the legitimate worry that increased poppy production could be a destabilizing factor. And rising violence in southern Afghanistan is real." However, he points to progress in security, the economy, education, health care, and infrastructure. He concludes, "In Afghanistan, the trajectory is a hopeful and promising one."

The AP (10/7) summarizes the commentary, observing critically, "Rumsfeld touched on only a few of the setbacks, including a surge in the drug production that the Taliban had almost wiped out five years earlier. But the defense secretary glossed over other dangers: The Taliban has taken control large parts of the countryside, more than 3,000 people have been killed in rising violence this year ..."

Taliban Is Resurgent In Southern Afghanistan. The Minneapolis Star Tribune/AP (10/7, Krane) reports, "The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime.

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The prospect of a second downward spiral -- though so far Afghanistan isn't nearly as violent as Iraq -- has experts worried that Western militaries don't have an effective strategy for these irregular wars." The AP quotes concerned soldiers, Bruce Hoffman of Georgetown University, and alleged Taliban spokesman Qari Mohammed Yusuf Ahmadi.

Iraqi Police Have Lost 4,000 Men In Two Years. The New York Times (10/7, O'Neil, 1.21M) reports, "About 4,000 Iraqi policemen have been killed and more than 8,000 have been wounded in the last two years, the American general in charge of training the country's police forces said yesterday." Maj. Gen. Joseph Peterson "said the figures covered casualties from September 2004 to the present." The numbers "appear to show a rising casualty rate among the Iraqi police, who have replaced American troops as the prime focus of insurgent attacks for much of this year." Peterson "emphasized the 'tremendous progress' made since American forces designated 2006 as the 'year of the police.' He cited Anbar Province, the restive western region long dominated by Sunni insurgents, as one example. 'We've cleared out the Euphrates River valley and are starting to see police forces grow and take hold and perform their responsibilities admirably,' he said."

The AP (10/7, Keath) reports that Peterson "said the force's performance was improving and officials are working to weed out militiamen." The AP adds, "Beefing up Iraq's security forces is a cornerstone of efforts to stop the violence that has torn the country since the fall of Saddam Hussein in 2003. Police have been a prime target for attacks by Sunni insurgents. Sunnis accuse the Shiite-led police of helping fuel sectarian violence that has killed thousands this year."

The Washington Post (10/7, Tyson, 748K) reports that Peterson "said continued efforts will be needed in 2007 to improve the quality of the force, provide training in leadership and basic policing skills, and weed out militia members -- some of whom are known to have carried out sectarian executions." The Post adds, "This week, Iraq's Interior Ministry had to remove a brigade of hundreds of Iraqi police from duty in Baghdad after it participated in sectarian violence, including one battalion that raided a meat-processing factory and kidnapped more than 20 Sunni workers, seven of whom were later found executed. That brigade, as well as other Iraqi police units now being inspected, will undergo three weeks of 'police transformational training' to improve policing skills."

NBC Nightly News reported on the suspicion of militia infiltration of police. NBC Nightly News (10/6, story 3, 2:45, Williams, 9.87M) reported, "There have been these suspicions that Shi'ite death squads and at least some of the Iraqi police force may be one and the same. Today Richard Engel went out on a patrol with the top flight US Army Stryker Brigade in Baghdad and found that many of those Americans putting their lives on the line there each day often don't know who to trust or even why they are still there." NBC (Engel) added, "The US Calvary's Crazy Horse, 3rd platoon, ventures out into southern Baghdad, where the enemy is invisible, Iraqi allies untrustworthy and where American troops increasingly ask themselves -- is this their fight anymore? And who is the enemy?" Sergeant Mike Schmieder: "It's not clear now who we're always fighting. If they're terrorists, if they're criminals or they're religious radicals." Engel: "After the mission, the soldiers tell us their morale remains high, but insist Iraqis need to do more." Unidentified male soldier: "It's time for them to take the reins and take responsibility for their country." Engel: "Until then, it's US troops in the middle of the war, mediating, fighting and dying."

US Troops Are Caught "In the Middle" Of Many Small Iraqi Wars. The Los Angeles Times (10/7, Moore, Roug, 918K) reports in a pessimistic front page article, "In all, at least 57 people died and 17 were injured in the violence that day, Sept. 18. They were all killed in the same country, but not in the same war. The fighting in Iraq is not a single conflict, but an overlapping set of conflicts, fought on multiple battlegrounds, with different combatants. Increasingly, American troops are caught between the competing forces." Many American officials fear "the original U.S. counterinsurgency mission has become something else -- an operation aimed at quelling civil war, which is a much more ambiguous and politically fraught objective. American troops find themselves in the crossfire, caught among foreign militants, Sunni Muslim nationalist rebels, Shiite Muslim militiamen and other armed groups -- all fighting each other."

Multiple Deployments Seen As Stretching Resources. The Atlanta Journal Constitution (10/7, Martz) reports on the 3rd ID's 1st Brigade Combat Team, which is "preparing for a third tour in Iraq, this time facing nearly out-of-control sectarian violence." The Journal Constitution adds, "Dozens of soldiers in the brigade -- unit officials say they don't have an official count…will be making

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their third combat tour in Iraq in less than four years. The multiple deployments and rapid turnaround are evidence that the service is stretched so thin it may have to request broader access to National Guard units to meet demands being made on it ... The short turnaround time for the brigade has resulted in a training pace so accelerated that the two weeks it would have normally spent at one of the Army's major training facilities at Fort Irwin, Calif., or Fort Polk, La., before going to Iraq were instead spent here."

Medic Testifies That Marines Shot Iraqi Civilian. ABC and CBS covered the trial of corpsman Melson J. Bacos in brief stories. ABC World News (10/6, story 4, 0:20, Gibson, 8.78M) reported, " Seven Marines charged with kidnapping and murdering an innocent Iraqi civilian. In California, a Navy medic by the name of Melson Bacos told a military judge that the Marines he was on Patrol with, dragged the man from his home and shoot him ten times in the chest and head. He testified on a guilty plea agreement."

CBS Evening News (10/6, story 6, 0:10, Couric, 7.66M) reported, "A court-martial at Camp Pendleton, California, a Navy medic admits he had a role in the kidnap and murder of an Iraqi civilian. He avoided murder charges by testifying he saw two Marines carry out the execution-style killing last April in Hamdania. A total of seven Marines still face charges in the case."

The major dailies and wire services also reported the trial. MSNBC (10/6) reports, "A Navy corpsman was sentenced Friday after testifying that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent. Petty Officer Melson Bacos, 21, was sentenced to 10 years in prison, but he will end up serving only a year under a plea deal. Bacos was also dishonorably discharged." The killing "was one in a series in which the conduct of American troops in Iraq have damaged America's image worldwide."

The Washington Post (10/7, Geis, 748K) reports, "Eight members of a Marine squad planned to kill a suspected Iraqi insurgent and developed a cover story before their April raid, but when they could not find their target, they pulled a neighbor from his bed and shot him to death instead, a Navy medic who was part of the group testified Friday."

The New York Times (10/7, Marshall, 1.21M), the AP (10/7, Deutsch), the Washington Times/UPI (10/7), and the Los Angeles Times (10/7, Perry, 918K) also report the story. The Los Angeles Times observes that the Hamdaniya incident "is the first of two high-profile cases of alleged brutality against Iraqis by Marines from Camp Pendleton to come to court-martial. Two dozen Marines are being investigated in a November incident in which 24 Iraqis, including women and children, were killed in the town of Haditha."

Army National Guard Recruiter Has Hard Task. The New York Times (10/7, Elliott, 1.21M) reports on Sgt. Cameron Murad, who works in California and "must persuade native Arabic speakers to enlist and serve with front-line troops." The Times describes the insults he experienced as a soldier and his difficulties in recruiting linguists: "Before his first week was up, he felt like an outcast. Stacks of fliers and business cards that he had left in grocery stores had vanished. Cashiers who welcomed him on his first visits were suddenly too busy to talk. ... From late 2002 to May 2006, 172 civilian contract linguists were killed in Afghanistan and Iraq, representing 2.6 percent of the roughly 6,500 linguists who worked for United States coalition forces, a Department of Defense official said. None of the 152 interpreters who have served in Iraq for the 09-Lima program have been killed. But that fact carries little weight in El Cajon, where memories of violence linger."

Nicholson Touts Polytrauma Centers, Says Funding Is Sufficient. In an interview VA Secretary James Nicholson said on FNC's Dayside (10/6, 1:06 p.m.) that "600,000 veterans now have returned from the combat zone and I write a letter to each one of them, telling them what they are entitled to for veterans benefits and health care and how to access it." He added, "We have set up 21, we call polytrauma centers distributed around the United States. We aggregated medical disciplines there so they do not have long distances to travel. These are the number one priority of the VA at this time. I just had a meeting yesterday in the Oval Office with the President and commander of the American Legion, talking about how well we are taking care of these people that are now coming home."

When asked about the VA's budget, the Secretary replied, "We are generously funded. In fact, we discussed this yesterday with the President. Spending under President Bush for the VA has gone up 70% since he has become president. We have the resources because it is a priority. There was an incident in '05 that related to the fiscal '05 budget that was

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drawn based on the '02 real data, before the war started. There was a gap there, but as soon as we went to the Congress and the president, they took care of us. This president is extremely supportive of these troops. It is a number one thing on his mind, and the Congress is supportive as well."

Bikers Honor Fallen Troops. NBC Nightly News (10/6, story 9, 2:40, Williams, 9.87M) reported, "Please remember more than 2,700 American soldiers have now died in the war in Iraq but some have only had a handful of people come to say their final farewells. A group of very patriotic Americans who happen to be motorcyclists think that is wrong. They're doing their part now to make sure every fallen soldier gets a proper goodbye." NBC (Taibbi) added, "The funeral of Marine Nick Whyte of Brooklyn -- his family in agony. More than 40 other mourners shared the family's grief. And provided a motorcycle escort for the funeral process. Mourners like veteran Bill Connelly who didn't know Nick Whyte in life, but who, with the family's permission, asked to be here." Bill Connely: "I didn't know the soldier but I'm a Marine and it's my brother who died there today." Taibbi adds, "They are the Patriot Guard Riders, perhaps 40,000 nationwide organized originally to shield grieving families from a fringe church group that was picketing soldiers' funerals to promote the group's extremist views."

Depot Returns Dead Troops' Belongings. In an emotional 1,269-word front page article, the Washington Post (10/7, White, 748K) reports on the Joint Personal Effects Depot in Aberdeen, which processes the belongings of troops killed in Iraq and Afghanistan: "Within days of troops' deaths in action, their clothes, pictures and books and everything else that defined their lives on the battlefield wind up here. It is then the job of 138 people to inventory, photograph, clean and pack all of the items so they can be sent home to grieving families, the last remnants of the ones they loved. There are ghosts here, whispers of these people who sacrificed their lives to serve their country." Several workers are quoted describing the emotional impact of the work.

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Potter Sworn In As New Northern WV US Attorney. The Wheeling (WV) Intelligencer (10/7) reports, "Sharon Potter was sworn in Friday as the new U.S. Attorney for the Northern District of West Virginia, but a formal ceremony will be held at a later date, according to information provided by Potter's office." The Intelligencer continues, "Potter succeeds Thomas Johnston, who was sworn in as U.S. District Judge for the Southern District of West Virginia in April." The Intelligencer adds, "Potter was sworn in by U.S District Judge Irene M. Keeley in Clarksburg. … Potter has served as assistant U.S. Attorney for the Northern District of West Virginia since September 1992, according to information provided by Potter's office. … Assigned to the U.S. Attorney's office in Wheeling, Potter has handled a variety of criminal prosecutions ranging from fraud and tax evasion to drug trafficking and computer-related crime. … Potter has also been involved in criminal and civil property forfeiture cases, generating resources for state and local law enforcement agencies. She has also obtained funds for victims of fraud through restitution in a variety of cases."

CORPORATE SCANDALS:

Farmer Mac Attempts To Restate Company Results Form Past Three Years. The Washington Post/Bloom (10/7, D1) reports that "Farmer Mac, the government-chartered buyer of US farm loans, said it would restate its financial results for 2003, 2004 and 2005 to correct how it accounted for some derivatives transactions." The Washington Post reports that the changes will not change the profits of the company significantly. Farmer Mac "reported combined profit of $87.3 million for 2003, 2004 and 2005."

Judge Dismisses Suit Over MySpace Sale. Bloomberg (10/7) reports, "News Corp., Rupert Murdoch's media company, said a judge dismissed a lawsuit challenging its purchase of MySpace.com, rejecting claims by Brad Greenspan, former chief executive officer of the Web site's parent, that the deal cheated shareholders." Bloomberg continues, "Los Angeles Superior Court Judge Carolyn Kuhl ruled Friday that the acquisition of Intermix Media Inc., MySpace's parent company, last year was lawful and shareholders were fully informed when they voted on the transaction, New York-based News Corp. said Monday. … The decision lifts a cloud over the popular networking site, which Greenspan says he started in August 2003." Bloomberg adds, "He sued MySpace in February, saying the $580 million paid by News Corp.'s Fox unit didn't reflect the growth prospects. … Thursday, he demanded a federal

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investigation into the sale, claiming the deal defrauded shareholders of more than $20 billion. … News Corp. and Fox Interactive 'feel vindicated' by the ruling, Mike Angus, general counsel of News Corp.'s Fox Interactive Media, said."

CRIMINAL LAW:

Ralston Resigns Over Disclosure Of Abramoff Gifts. The Washington Post (10/7, A1, Baker, Grimaldi, 748K), in a front-page story titled, "Rove Aide Linked To Abramoff Resigns: Scandal Claims Its First West Wing Job," reports Susan Ralston, a "top aide to White House strategist Karl Rove resigned yesterday after disclosures that she accepted gifts from and passed information to now-convicted lobbyist Jack Abramoff, becoming the first official in the West Wing to lose a job in the influence-peddling scandal." The Post notes, "A congressional report showed last week that Ralston accepted sometimes-pricey tickets to nine sports and entertainment events from Abramoff while she provided him with inside White House information. The bipartisan report said there is no evidence that Rove knew of or approved of Ralston's actions, and sources said yesterday that the White House was surprised by the report's revelations. The White House counsel's office conducted a review of the report, but with Ralston's departure it closed its inquiry yesterday." The Post quotes a "senior administration official who spoke on the condition of anonymity" who said "the counsel's office reached no conclusion about whether Ralston violated gift limits because her resignation made the point moot. But the official said there were 'mitigating circumstances' in her case because she had a preexisting relationship with Abramoff." The Post goes on to report, "As right hand to the president's most important adviser, Ralston was closer to the center of the Bush operation. She was a key organizer of presidential events, coordinating with White House political, scheduling, advance and public liaison offices."

The New York Times (10/7, Kornblut, 1.21M) reports Administration officials "acknowledged…that she quit as a result of" the Congressional report. White House spokeswoman, Dana Perino is quoted as saying, "A protracted discussion of the report was not in anyone's best interest, and when she chose to step down, we supported her decision." The Times adds that, "For more than a year, Ms. Ralston was entangled in two Washington scandals at once. A nexus between Mr. Abramoff and Mr. Rove, she was also pivotal in the C.I.A. leak case." Bloomberg (10/7) reports that in her resignation letter, Ralston said "the time has come for me to pursue other opportunities."

Waxman Claims Ralston Is Being Used As "Scapegoat." The AP (10/7, Reichmann) reports Rep. Henry Waxman, the senior Democrat on the House Government Reform Committee, "said he suspects the White House is trying to make Ralston a scapegoat. 'There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House, but there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff,' Waxman said. 'The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston,' Waxman said."

Waxman Notes Mehlman's Contacts With Abramoff. The Los Angeles Times (10/7, Wallsten, 918K) reports Waxman said "the actions of senior aides such as former political director Ken Mehlman deserved more scrutiny. Last week's report included e-mails suggesting that Mehlman, now chairman of the Republican National Committee, was offered tickets to a rock concert and helped an Indian tribe represented by Abramoff secure $16 million for a jail despite resistance from Justice Department officials. … In an interview Friday, Mehlman said he did not recall any specifics from his dealings with the Abramoff team. 'I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules,' he said."

Libby Hopes To Avoid Trial By Introducing Classified Information. The Washington Post/AP (10/7, A8) reports Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff, "intends to load up his criminal trial with information about nine national security matters, the names of foreign leaders and details about various terrorist groups, according to court filings in the Valerie Plame leak case. The papers filed this week hint at what has been taking place behind closed doors as Special Counsel Patrick J. Fitzgerald tries to limit the amount of classified data that…Libby is permitted to use at his trial, scheduled for January." U.S. District Judge Reggie B. Walton "is asking whether classified evidence would overlap with what Libby is likely to say in his testimony. … In court documents, prosecutors argued that it would be 'unnecessarily wasteful of

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time' to allow Libby to present 'names of foreign leaders or government officials of other countries, or the names and histories of various terrorist groups.' The danger for prosecutors is that the sheer volume and sensitivity of the classified information Libby wants to introduce could scuttle the trial."

Harman Angered Over Pace Of Cunningham Investigation. According to the New York Times (10/7, Johnston, 1.21M) a report on former Rep. Randy "Duke" Cunningham "has remained under wraps for nearly four months, largely because of a battle between the committee's leaders over issuing a subpoena in the matter, members of Congress say." The Intelligence Committee's ranking Democrat Rep. Jane Harman "complained about the delay in a letter sent Thursday to the chairman, Representative Peter Hoekstra. … Harman protested what she said had been Mr. Hoekstra's refusal to subpoena" Cunningham. The committee "hired an outside counsel, Michael Stern, to carry out the Cunningham inquiry. Mr. Stern's specific findings are not known, although some Congressional officials have suggested that his report, which was completed in June, is critical of Mr. Cunningham for using the committee's secrecy to conceal his efforts on behalf of friends to insert spending items into classified bills." Harman "said Mr. Hoekstra wrote her last month saying that he had been in direct contact with Mr. Cunningham — apparently to seek informally his appearance before the committee. 'I am deeply disappointed that you contacted him unilaterally without notifying me,' Ms. Harman wrote.'"

Cunningham's Wife Agrees To Pay Back Taxes. The Washington Post/AP (10/7, A6) reports Cunningham's wife "will pay $1.6 million in back taxes and penalties for her role in the bribery scandal that landed him in prison, according to a settlement filed Friday." The Los Angeles Times (10/7, Krikorian, 918K) reports, "In exchange for her acceptance of responsibility in the case and continuing cooperation with an ongoing federal investigation, authorities say they have not filed criminal charges against Nancy Cunningham."

Former Shelby Aide Used Tech Firm To Garner Government Contracts. The Wall Street Journal (10/7, A1, Mullins, 2.03M) profiles lobbyist Stewart Hall, who previously worked for Sen. Richard Shelby, "a fellow Alabaman. … After working for nearly five years on Capitol Hill, he left government and became a lobbyist. Then, a few years ago, Mr. Hall went one better than the other former aides who prowl the halls of Congress on behalf of government-contracting clients. Mr. Hall, 40 years old, set out to become the client himself. All he needed was a company." Hall "decided to create a government contractor nearly from scratch. He assembled a group of investors, many of them fellow lobbyists. Together they bought a 25% stake in Huntsville, Ala.-based Digital Fusion Inc., a small technology-consulting company on the verge of bankruptcy. It did little business with the government, so Mr. Hall set out to beef up its defense-contracting business. Today, it mainly helps government agencies use computer technology for tasks ranging from budget analysis to missile engineering." Digital Fusion "became the No. 2 financial supporter of the political action committee of Sen. Shelby."

CIVIL RIGHTS:

DOJ Cites New Jersey Park For ADA Violations. The Asbury Park (NJ) Press (10/7, Cullinane) reports, "By locking the front door of the Visitor Center in Thompson Park on weekends but leaving the back door open for restroom access, the Monmouth County Park System is likely violating federal law, a spokesman for the U.S. Department of Justice said Tuesday. … That's because the back door of the Middletown park building is at the top of an eight-step stairway, making the restrooms inaccessible to some people with disabilities, especially those in wheelchairs." The Press continues, "The park system cannot open the facility on weekends — the busiest visiting days in summer — 'yet close the only accessible entrance to it' without violating standards of the federal Americans with Disabilities Act, said Eric Holland of the U.S. Department of Justice. His is the agency that enforces the regulations of the disability act. … Holland said that in order to comply with the law, the Park System must provide an entrance accessible to all visitors if it opens the building at all." The Press adds, "Laura Kirkpatrick, the parks' public information officer, said there are no plans to open the front entrance on weekends. … 'There are restroom facilities at the Craft Center (in the park) that are handicapped-accessible,' Kirkpatrick said of another park building at the park's western end. … However, there is no sign at the Visitor Center advising people about the other location. And there are no paved public roads connecting the two buildings. Visitors would need to drive outside the park

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and re-enter at a different entrance on Newman Springs Road."

DOJ Eyes Bias Probe Of Florida Sheriff's Office. The Daytona Beach (FL) News-Journal (10/7, Woodard) reports, "The Flagler County (FL) Sheriff's Office could face an investigation by the U.S. Department of Justice after a federal commission found 'reasonable cause to believe' the office discriminated against an employee who was fired in May." The News-Journal continues, "The U.S. Equal Employment Opportunity Commission said it found "reasonable cause to believe" the Sheriff's Office discriminated against former victim's advocate Vicky Peppin because of her Cuban background, according to a letter dated Aug. 31 from Federico Costales, director of the commission's Miami District. … In addition, the commission determined 'that there was reasonable cause to believe' the Sheriff's Office retaliated against Peppin after she filed her complaint with the EEOC in November 2005, Costales said in a separate letter dated Aug. 31. … In a telephone interview Wednesday, Peppin said she felt compelled to file the complaint to fend off allegations of a poor work performance and to combat the harassment and discrimination she faced." The News-Journal notes, "The EEOC's ruling is the latest controversy involving the Sheriff's Office. The agency is still under a shroud of scandal following the May indictments of six deputies and the former jail director following investigations of inmate abuse. One of those investigations involved State Attorney John Tanner's daughter Lisa being strapped into a restraint chair at the jail. Two deputies were charged with abuse in that incident."

DOJ Clears St Landry Parish Elections. The Baton Rouge Advocate (10/7, Burgess) reports, "Federal observers found no irregularities in recent elections in St. Landry Parish, federal and state officials said Friday. … But a losing candidate in the town of Washington's mayoral race said he plans to file a legal challenge alleging widespread voter registration fraud." The Advocate continues, "A team of observers with the U.S. Department of Justice kept watch on last Saturday's elections in St. Landry Parish after complaints of possible racial intimidation of voters, particularly in the sheriff's race. … 'They gave us a clean bill of health,' said St. Landry Parish Clerk of Court Charles Jagneaux." The Advocate adds, "Justice Department observers are expected to return to the parish for the Nov. 7 election, which includes a runoff in the sheriff's race between Laura Balthazar and Bobby Guidroz and the general election for U.S. Representative in the 7th Congressional District. … U.S. Atorney Donald Washington said the concern over voter intimidation arose during a routine pre-election meeting between state election officials and Justice Department. … Though federal observers noted no complaints on election day, Washington mayoral candidate Anthony James Soileau said he plans to file a lawsuit Monday to challenge the qualifications of at least 40 voters."

Brownback Puts Hold On Federal Judge Nomination Over Same Sex Ceremony. The AP (10/7, Hananel, Thomas) reports that "a judge's elevation to the federal bench could be derailed because she helped preside over a commitment ceremony for a lesbian couple four years ago." Sen. Sam Brownback "has placed a hold on the nomination of Michigan Court of Appeals Judge Janet T. Neff, saying her presence at the 2002 Massachusetts ceremony raises questions about her judicial philosophy." According to Senator Borwnback, "It seems to speak about her view of judicial activism."

ANTITRUST:

Wall Street Likes AT&T-BellSouth Merger. The Atlanta Journal-Constitution (10/7, Leith) reports, "Federal regulators are still weighing their approval of AT&T's deal to acquire BellSouth. But the buyout, as it draws close, has earned the blessing of Wall Street." The AJC continues, "Slowly but surely, shares of AT&T and BellSouth have climbed since the companies announced their deal March 5. As a result, the value of the transaction has spiked by about $10 billion, to a total of about $99 billion at the moment. AT&T's purchase of BellSouth is easily the most expensive acquisition involving a Georgia company — ever." The AJC adds, "The jump is particularly noteworthy in Georgia, home to a high concentration of BellSouth shareholders — about 50,000 of them. After the deal closes, those shareholders will get AT&T stock, which has traded upward in tandem with BellSouth. … The spike in share prices means the value of the deal has jumped, given that AT&T's purchase of BellSouth is an all-stock transaction. At current prices, the deal is valued at about $77 billion in stock and $22 billion in BellSouth debt." The AJC notes, "Before the deal can close, AT&T needs approval from the Department of Justice and the

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Federal Communications Commission. … The DOJ could announce a decision at any time; the FCC is scheduled to vote on the issue Thursday, although meeting times have been known to change."

ENVIRONMENT:

EPA Administrator Criticized For Failing To Tighten Soot Regulation. The Los Angeles Times (10/7, Wilson, 918K) reports, "As many as 24,000 lives — a large number of them Californians' — could have been saved each year if the head of the Environmental Protection Agency had tightened soot standards by one microgram per cubic meter annually, according to an analysis released Friday. The cost-benefit analysis also shows that although the tab for power plants, refineries, auto manufacturers and other industry for such a change would be about $1.9 billion a year — or about $15 per household — the savings in healthcare costs, work and school attendance and other benefits would be between $4.3 billion and $51 billion." EPA administrator Stephen Johnson "has been harshly criticized by medical groups, environmentalists and his own science advisors for his Sept. 21 decision to retain a standard allowing annual exposure of 15 micrograms per cubic meter, rather than tightening it to 14 micrograms or fewer." An analysis "released Friday shows that every member of a 12-member panel of scientists convened at the request of the White House Office of Management and Budget and National Academy of Sciences found that thousands of additional lives could be saved if the tougher annual standard were adopted."

FBI/DEA/ATF/USMS:

56 Indicted For Drug, Money-Laundering Charges. The Washington Times (10/7, Seper, 88K) reports that "Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels." According to ICE spokesman Dean Boyd "simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats." He also said "Federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations."

IMMIGRATION:

Bush Urges Congress To Pass Guest Worker Program. The AP (10/7, Riechmann) reports President Bush "shoehorned a plug for his guest worker program between making a joke about an award winner and listening to love songs Friday at a White House celebration of Hispanic Heritage Month. Bush said that as lawmakers debate immigration policy, they need to remember that while enforcing U.S. borders is important, it is only one step in the struggle to stop illegal immigration. He pressed Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's illegal immigrants a shot at U.S. citizenship. 'We must understand that you can't kick 12 million people out of your country — that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship,' Bush said.

Bush's Use Of "Earn Citizenship" Phrasing Noted. The Washington Times (10/7, Dinan, 88K) reports Bush "said immigration reform requires granting citizenship to current illegal aliens." Bush "praised U.S. troops who are Hispanic, noting that more than 200,000 are in uniform now. He also urged that the immigration debate not turn nasty. 'We are a land of immigrants, and as we debate immigration policy, we must always keep that important fact in mind,' Mr. Bush said." The Times notes that yesterday was "the first time the president has used the phrase 'earn citizenship,' a description popular among groups that lobby for granting rights to illegal aliens. But many critics, including Republican leaders, equate that concept with amnesty."

Hunter Says Border Fence Must Be Built. The Washington Times (10/7, Dinan, 88K) reports Bush "will soon sign a bill authorizing 700 miles of fence to be built along the U.S.-Mexico border. … The fence is already stirring the political pot, even before construction begins. Mexican officials sent a diplomatic protest to the Bush administration this week and have said they doubt the fence will ever be built. A report in The Washington Post yesterday seemed to concur, stating that the wording of the fence and spending measures gives the Bush administration so much leeway that it is

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unlikely the 700 miles will be completed. But Rep. Duncan Hunter, California Republican, who wrote the fence provisions that passed last year as part of the House's enforcement-only bill, said yesterday that building the fence is not optional. He held a press conference yesterday on the U.S.-Mexico border to address the report and said the language in the bill means the administration 'shall' build it."

Columbia Students Disrupt Appearance By Minuteman Official. The New York Times (10/7, Arenson, Cave, 1.21M) reports that "protesters stormed a Columbia University stage on Wednesday evening, shutting down a speech by the head of a fiercely anti-immigration group," the Minuteman Project's Jim Gilchrist. The Times notes, "Yesterday Mayor Michael R. Bloomberg chastised Columbia for the disruption."

CONGRESS-ADMINISTRATION:

Tax Revenues Fuel Drop In Budget Deficit To $250 Billion. The AP (10/7, Taylor) reports, "The federal budget deficit estimate for the fiscal year just completed has dropped to $250 billion…as the economy continued to fuel impressive tax revenues." The CBO's "latest estimate is $10 billion below CBO predictions issued in August and well below a July White House prediction of $296 billion." It would be the lowest deficit "since the $158 billion figure in 2002" and "when measured against the size of the economy, which is the comparison economists think is most important, the deficit picture looks even better." The AP notes, "At 1.9 percent of gross domestic product, the 2006 deficit registers far below those seen in the 1980s and early 1990s. The modern record of 6 percent of GDP came in 1983 and deficits greater than 4 percent in 1991 and 1992 drove Congress to embark on a 1993 deficit-cutting drive." Yet, "the long-term deficit picture remains bleak due to the looming retirement of the Baby Boom generation, which threatens to swamp Social Security and the Medicare health care program for the elderly."

The Wall Street Journal (10/7, A2, Wessel, 2.03M) in an article titled "Budget Deficit Progress Will Be Tough To Sustain" reports the decreasing deficit "will allow President Bush to boast that he has met his goal of halving the deficit, measured as a share of the gross domestic product, ahead of schedule. 'The president's goal of cutting the deficit in half by 2009, which drew the scoffs of many, is now likely to be reached before that date,' Edward Lazear, chairman of the White House Council of Economic Advisers, told the Senate Budget Committee the other day, a preview of what's to come next week. There's even talk that the president will set a new headline-grabbing goal: balancing the federal budget by the end of the decade." But "the smart money says the deficit is very likely to get deeper from here."

FDA Reportedly Hampered By Budget Concerns. The Los Angeles Times (10/7, Alonso-Zaldivar, 918K) reported, "When scientific advisors urged" the FDA "to put a strong warning about suspected cardiovascular risks on attention-deficit drugs…agency officials said more clinical evidence was needed. Now, the FDA-funded study meant to authoritatively answer questions about the drugs…may be halted in midstream. The reason: The agency doesn't have the money to finish it. … It is one symptom of a federal agency increasingly constrained by a budget that has failed to keep up with costs. This crunch is even more dire in the food division, which tries to keep tainted foodstuffs from supermarket shelves." The Times notes, "Recently, three former secretaries of Health and Human Services sounded a public alarm about what they saw as a dangerous squeeze on the overall FDA budget." Tommy G. Thompson, Donna Shalala and Louis W. Sullivan "joined consumer and industry groups in calling on the administration to substantially boost — perhaps double — the agency's $1.5-billion annual budget, which has increased only modestly in recent years."

President Bush Will Speak At Father's Namesake Carrier's Christening. The Norfolk Virginian Pilot (10/7, Glass) reports, "Today's christening of the aircraft carrier George H.W. Bush may be wet and windy, but workers building the $6 billion warship say they'll be shining. ... President Bush will give the keynote address in honor of his father, the carrier's namesake and the nation's 41st president, who will be present."

Baker Refrains From Criticizing Bush In New Book. In the New York Times (10/7, 1.21M) author Jacob Heilbrunn reviews, "Work Hard, Study…And Keep Out Of Politics!" by James A. Baker III with Steve Fiffer. Heilbrunn writes, "One of George W. Bush's most remarkable accomplishments has been to burnish the reputations of his Republican predecessors. The longer Bush is in office, the better they look by comparison. … It would hardly be

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surprising if James A. Baker III felt a certain measure of vindication about this unexpected turn of events. Though the ruthlessly efficient Baker preserved -- or, if you prefer, secured -- Bush's victory in Florida during the contentious 2000 presidential election, he has always been condemned by the right as a moderate. Like many officials from the first Bush administration, including the former national security adviser Brent Scowcroft, Baker was exiled to the sidelines as the younger Bush embraced the right. Unlike Scowcroft, however, Baker has maintained a studied silence about the current Bush administration."

NYT Accuses Bush Of Pursuing "Vendetta" Against Unions. The New York Times (10/7, 1.21M) editorializes that "the National Labor Relations Board recently expanded the pool of workers exempted from union membership. Specifically, the labor board found that registered nurses who assigned others to some shifts or tasks were supervisors, and thus not eligible to join unions. It was a bad decision." According to the Times, "this is one more step curbing the power of organized labor since President Bush came to office. The administration's philosophical vendetta against unions has come at a time when their power is already on the wane. Membership has fallen to 7.8 percent of the private work force in this country, from over a third in the 1950's. Far from balancing the scales, the anti-union drive comes when workers are already at a historic low in bargaining strength. Despite a growing economy and rising productivity, hourly wages adjusted for inflation have declined 2 percent since 2003. Corporate profits, meanwhile, are at their highest share of gross domestic product since the 1960's."

WSJ Urges Kennedy To Rule On Merits. The Wall Street Journal (10/7, A6, 2.03M) writes in an editorial that "the Roberts Court started its second term this week, but to read the coverage you might think that the nine-member Supreme Court has been reduced to Justice Anthony Kennedy's single vote." And "it's unlikely we've seen the last one-man majority from Justice Kennedy. This possibility is not lost on the political left, which explains the current publicity given to Justice Kennedy's role. The hope seems to be that Justice Kennedy can be conditioned with carrots and sticks to make him the next Blackmun or Souter -- earning praise for his 'moderation' if he votes with the liberal wing, but earning obloquy if he tacks right." But "what is clear is that Justice Kennedy enjoys being in the position of he who decides. It seems this term will offer him ample scope to play Solomon. The problem with this 'swing-vote' theory is that it trivializes the Court into a results-based political body when there are real judicial disputes to settle. The Court would be best helped if Justice Kennedy pointed it toward clarity rather than judicial confusion."

OTHER NEWS:

Bush Touts Jobs Figures As Sign Of Administration Progress On Economy. Providing the most detailed coverage of President Bush's remarks on the economy Friday, the Washington Post (10/7, A1, Henderson, Baker, 748K) in a generally positive front page article titled "U.S. Job Numbers Remain Strong" reports, "Unemployment went down and paychecks went up last month, the government said yesterday, and it added that job growth for the year ending in March may have been far stronger than previously thought." The news was "greeted warmly by the White House -- and less so by the financial markets." At a FedEx facility Bush touted "the job numbers and the rest of the Republican economic record a month before congressional elections." Bush and "other White House representatives used multiple briefings and statements to highlight yesterday's news." OMB director Rob Portman said, "This economy is strong and growing. … The president's pro-growth policies, including the tax relief, are working."

Focusing on the revised March job figures the Financial Times (10/7, Guha, Pimlott, Mackenzie, Beales) calls the revision "dramatic" and "the biggest in a quarter of a century" which "casts the expansion in a new light, leaving it less 'jobless' than before, though the rate of job creation since the 2001 recession remains low by historic standards." OMB director Portman said, "We now find we created not 5.7m new jobs but 6.6m new jobs since August 2003. … That happens to be about the time when the president's tax relief was fully implemented."

Taking a negative tone, the New York Times (10/7, Porter, 1.21M) in an article titled "Job Growth Was Slack Last Month" reports, "For American workers, the job market is starting to look a lot less inviting. The Labor Department reported yesterday that employment grew by just 51,000 jobs in September, adding slack job growth to the emerging tableau of an economy gradually slowed by higher interest

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rates, expensive energy and a sputtering housing sector." Toward the end of its article the Times notes, "President Bush pointed to the decline in unemployment as evidence that his economic policies are working, urging Congress to extend his tax cuts beyond their planned expiration at the end of the decade." But "most economists see a slowing economy taking its toll on hiring, with many now predicting that the Fed's next interest rate movement will be down, as it moves next year to try to revive growth."

And the Los Angeles Times (10/7, Hennessy-Fiske, 918K) in an article titled "Sluggish Job Growth Could Affect Elections" reports, "The U.S. economy added a disappointing 51,000 jobs last month, the government said Friday, and although hiring in July and August was revised sharply higher, lackluster employment growth is still expected to dog Republicans in upcoming midterm elections." The economy "has proven to be resilient," yet "President Bush and his party have struggled to capitalize on such gains, analysts and polls say. Even with the Federal Reserve pausing its campaign to raise interest rates, Republicans face voters worried about jobs and the possibility of a recession."

Describing the economic signals as mixed, NBC Nightly News (10/6, story 6, 0:15, Williams, 9.87M) said they presented "a bit of a mixed picture. While the US job market grew by only 51,000 jobs across the whole country last month, the previous two months were revised upward and the unemployment rate did tick down a notch to 4.6%."

Similarly, the Wall Street Journal (10/7, A3, Conkey, 2.03M) reports, "Job creation sputtered in September, in a sign that the economy is cooling, but other data suggested that the labor market is still producing enough jobs to boost wages." Economists said the "mixed data "made any interest-rate changes by the Federal Reserve unlikely before year's end. Speaking ahead of congressional elections next month, Bush administration officials said the figures pointed to a healthy economy." The Journal continues, "The decline in the politically prominent unemployment rate, the upward revisions to last year's payrolls and the modest acceleration in wage growth could help the Bush administration's efforts to play up the strengths of the economy heading into next month's congressional elections. 'The labor market to my mind is still very tight,' Edward Lazear, chairman of President Bush's Council of Economic Advisers, told reporters Friday." He "also highlighted that construction employment has held up despite the continuing decline in home building."

The Washington Times (10/7, Hill, 88K) offers a contrasting view from Peter Morici, a former chief economist at the International Trade Commission, who believes "the picture is decidedly mixed. … Those with more education and skills in professions like health care, finance and information technology have little trouble finding jobs, while those with only a high school education face higher unemployment rates around 6 percent." Morici said, "Had the current economic expansion followed the pattern of past recoveries, 2 million manufacturing jobs would have been regained. … Much of the stress in the jobs market falls in contested congressional districts in western Pennsylvania, New York and the lower Midwest. … This combination of economics and geography explains why Republicans are in danger of losing control of the House of Representatives."

Stocks Down Slightly After Strong Week. NBC Nightly News (10/6, story 7, 0:10, Williams, 9.87M) reported, "On Wall Street today here in New York the Dow dropped 16 points [to close at 11,850.21]. NASDAQ was down more than 6 points [to close at 2,299.99].

The New York Times/AP (10/7) reports, "Wall Street ended a record-breaking week quietly yesterday, edging lower after the Labor Department said employers added far fewer jobs than expected last month. The major indexes all scored big gains for the week." Although "the jobs report gave investors further confirmation that the economy was slowing -- employers created just 51,000 new jobs last month, well off the 120,000 Wall Street expected -- the market is now concerned that the economy might be moderating too much. Even the prospect of a rate cut by the Federal Reserve came as little comfort yesterday." Wachovia Securities market analyst Bryan Piskorowski said, "We've had a market that wants to see bad news as good news with respect to the Fed." But "the economy is slowing, the housing market is slowing, and consumer spending is starting to slow."

The Financial Times (10/7John O'Doherty) quotes Aim Investments senior investment officer Fritz Meyer saying, "I think a soft-landing is absolutely what's going to happen. … Sentiment has been increasing that there is more momentum in the economy than we thought, and the inflation statistics continue to look good."

Experts To Monitor GE For Clues On Economy. The Wall Street Journal (10/7, A2, Kranhold, 2.03M) reports, "Investors will be watching anxiously Friday when General Electric Co. reports third-quarter financial results. The

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industrial and financial giant disappointed investors with both its first- and second-quarter results. And the U.S. economy, for which GE has long been considered a bellwether, appears to have cooled in recent months." It's "far-flung operations touch much of the economy, from power turbines and media to aircraft engines, consumer credit and corporate financing. GE's plastics unit sells to the auto industry, and its appliance business is a barometer of housing." The Journal notes, "One critical unit to watch: the energy unit that makes power-plant turbines, which is recovering from a long slump that followed the collapse of Enron Corp. GE told investors this summer that operating profit at the unit would rise 25% to 30% in the second half of the year after falling 6% in the first half of the year."

NYT Columnists Offer Cautionary Prognoses After Dow Record. Floyd Norris in his column in the New York Times (10/7, 1.21M) downplays Dow Jones new record last week, writing "The Dow never had the technology representation of some other indexes, which held it back in the old days and holds it up now. Moreover, it is calculated on a price-weighted basis, so that high-priced stocks have larger influences than lower-priced ones." Norris concludes, "Can this continue? The tech stocks kept rising long after some warned they were ridiculously overvalued. But when they fell, they fell far and fast as owners found that no one wanted to buy them. That could happen to some of today's favorites as well."

And Mark Stein in an analysis titled "To Muted Cheers, The Dow Climbs Past A Record" in the New York Times (10/7, 1.21M) writes, "Stocks shattered records. Corporate profits soared. Economists waxed about a so-called Goldilocks economy -- not too hot, not too cold. Sound familiar? That was the siren song of the 1990's economic boom, and there was an eerie echo on Wall Street this week." Dow's rally "was driven not by expectations of rapid economic growth, as it was seven years ago, but by a rapid fall in energy prices caused in part by expectations that global economic growth is slowing."

OPEC To Hold Oil Prices Steady Around $60, But Competition May Drive Price Lower. The Wall Street Journal (10/7, B14, Hutchinson, Cox, Silva, 2.03M) in its EU notebook column reports, "OPEC announced Thursday that it intends to steady the oil price at something like the current level of about $60 a barrel. It may be able to defend this level in the months to come, but over the long haul this effort is doomed." That's because the "cost of producing oil is much less than $60. Even Canadian oil sands, which require expensive and energy-intensive processing, are profitable at something like $50. Eventually, the lure of profits will bring on new supply, damping the price."

Foley Scandal Affects Key GOP House Races. The political turmoil over the investigation of how the GOP handled allegations of Rep. Mark Foley's misbehavior continued to receive significant coverage in major US media outlets, including front page stories in the Washington Post and New York Times. CBS and NBC led their broadcasts with the Foley scandal and its impact on the GOP and altogether the TV news programs devoted four stories totaling 10 minutes to the issue.

CBS Evening News (10/6, lead story, 2:40, Couric, 7.66M) examined whether the Foley scandal was "reverberating outside the Beltway?" CBS' Borger noted while it was negatively impacting NRCC chairman Tom Reynolds and Rep. Clay Shaw's re-election campaigns, "most Republicans from the very top down are simply trying to get back to their issues." President Bush: "Today we got more good news: National unemployment rate is down to 4.6%." Borger: "Democrats for a change are all speaking the same language, from their House campaign chairman... " DCCC Chairman Rahm Emanuel: "You cannot change Washington unless you change the people you send to Washington." Borger: "To ads they're running against Republican incumbents." Ad attacking GOP Rep. Mike Sodrel: "You want change in Washington? Then change the people you send." Borger: "This has been a long week for Republicans and in 30 days they're about to discover whether they're in for a long couple of years. It will depend on just how much the Foley mess really matters to the voters."

NBC Nightly News (10/6, lead story, 3:00, Williams, 9.87M) reported the Foley scandal may "end up doing heavy damage to the national Republican party. There are dire predictions concerning how this will all play a month from now on election day and how much we've yet to learn." NBC's Reid notes that "the House Republican leadership is rallying around Speaker Dennis Hastert now that he's made clear he has no intention of stepping down. Majority Leader John Boehner whose loyalty was questioned when he said the page issue was Hastert's responsibility now says in a statement, 'he has my full support and I strongly believe he should remain our Speaker.' But while some Republicans

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show a united front, others, especially in tough races in Democratic states, are running away from Hastert." Tom Kean Jr.: "Speaker Hastert should step down as Speaker. He, after all, is the head of the institution where this happened." Reid adds, "Some Democrats are already running campaign ads." Unidentified male voice: "Did nothing to stop sexual predator Congressman Foley."

Focusing on Rep. Deborah Pryce's re-election campaign in Ohio, CBS Evening News (10/6, story 2, 1:40, Cowan, 7.66M) reported, "At Waldo's hair salon along one of Columbus's main drags, the sentiment is enough already. Are you sick of people talking about it, though?" Salon owner Pati Young: "Yeah, I am. I'm just sick of it. Forget about it." Cowan: "And that's coming from a Democrat. The war and the economy were the issues being talked about by both sides and it seems these issues are still what Midwest voters want to hear. But since last week this is what they've been getting." Democratic candidate Mary Jo Kilroy: "Deborah Pryce is going to come here and tell you even though she's the fourth-ranking Republican, she never knew Mark Foley. She's got no questions for Mr. Hastert, either."

Examining the impact on the open seat race for Minnesota's 6th district, ABC World News (10/6, story 6, 2:35, Gibson, 8.78M) said "this scandal could be pivotal, when the Democrats need 6 seats to gain the senate and 15 to gain the house." ABC's Reynolds reported Democratic candidate Patty Wetterling "is taking the Capitol Hill page scandal personally. She's been a public advocate for children since her son, Jacob, was abducted 17 years ago and never seen again." Tom Hauser, KSTP-TV political reporter: "No doubt, it's energized the Patty Wetterling campaign." Reynolds: "This is a suburban district nearby Minnesota's twin cities. It's a conservative place and a reliable Republican stronghold. President Bush won 57% of the vote here two years ago. Will the Foley affair shake things up?" Prof. Kathryn Pearson, University of Minnesotta political scientist: "It is something that voters can easily understand as being horrible. And so, voters are talking about this."

Most news stories on the Foley scandal note that Wetterling will make it the subject of the weekly Democratic radio address. The Minneapolis Star Tribune (10/7, Von Sternberg, 398K) provides the most detail reporting that in her remarks audio taped Friday "that if a 'full and complete investigation' finds that any congressmen covered up the Mark Foley scandal, they should be expelled."

The New York Times (10/7, A1, Nagourney, 1.21M) in a front page article titled "In House Races, More G.O.P. Seats Are Seen At Risk" reports, "At least five more Republican Congressional seats are now in serious contention, analysts said Friday, an unwelcome development for Republicans as they begin to confront a political environment further darkened for them by the Congressional page scandal." The Foley scandal "is undercutting Republican support among elderly voters, suburbanites and women, analysts from both parties said." And "more alarmingly for Republican strategists who have looked to the party's powerful voter turnout operation to save the party this year -- there are signs that the furor is sapping the enthusiasm of a group essential to Republican victories in 2002 and 2004: religious conservatives." White House aides "have watched with frustration as campaign appearances by Mr. Bush, in which he hammers Democrats on national security, receive little coverage, subsumed by the Foley case."

And McClatchy Newspapers (10/7, Talev, Black) in an article titled "Polls Show Little National Fallout From Page Scandal" reports the Foley scandal "could have a decisive effect on several key political campaigns across the country and prove crucial to Democratic hopes of gaining control of the House of Representatives in November." Surveys show it "hasn't created a voter backlash against Republicans nationally," yet "in four House districts currently held by Republicans the issue could prove decisive, political analysts said, because of the candidates' connections to Foley or to child protection issues."

Among GOP candidates cited by the New York Times and McClatchy as particularly effected by the Foley scandal are Rep. Tom Reynolds, Rep. John Shimkus in Illinois, Rep. Deborah Pryce in Ohio, Rep. Heather Wilson in New Mexico, Rep. Mike Sodrel in Indiana, Rep. Clay Shaw in Florida, Rep. Don Sherwood in Pennsylvania, Rep. Jon Doolittle and Rep. Michael Pombo in California and Michele Bachmann in Minnesota's open 6th CD.

Democrats Increase Pressure On GOP Over Foley Scandal. The AP (10/7, Taylor) reports, "More Democrats went on the attack Friday with campaign ads linking Republican candidates to the Mark Foley House page scandal while GOP candidates moved to distance themselves from embattled Speaker Dennis Hastert." In addition to Kean's call for Hastert to step down, "additional campaign appearances by Hastert for House GOP candidates got canceled. Hastert has come under heavy

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attack within his party's rank and file." The AP notes, "The nonstop news cycles for over a week have been filled with details of" the Foley scandal yet "with no significant developments Friday, GOP strategists hoped the party could catch its breath and gain traction on issues like lower gas prices, the peaking stock market and the economy. Great skittishness remained about unforeseen developments in the Foley saga, nevertheless."

The AP (10/7, Hammer) notes Democratic challenger Mary Jo Kilroy launched a radio ad on Christian radio stations attacking Rep. Deborah Pryce for her ties to Foley.

Kean Calls For Hastert To Resign Speakership. New Jersey GOP Senate candidate Tom Kean's call for Speaker Hastert to resign was noted in virtually all media reports. The New York Times (10/7, Chen, 1.21M) reports, "Breaking ranks with President Bush and his party once again," Kean "called Friday for House Speaker J. Dennis Hastert to resign in the aftermath of the Mark Foley scandal." He "has made ethics the central plank in his campaign to unseat the Democratic incumbent, Senator Robert Menendez. And although he has staked out reliably Republican positions on most issues, like Mr. Bush's tax cuts and the war in Iraq, Mr. Kean has also bucked party orthodoxy on occasion."

GOP Seeks To Bolster Support For Hastert. Republicans leaders and candidates were described as wary of supporting Speaker Hastert after he addressed the Foley scandal Friday. The Washington Times (10/7, Hurt, 88K) in an article titled "GOP Leaders Rally To House Speaker's Defense" reports, "Several top Republicans, including President Bush and Senate Majority Leader Bill Frist of Tennessee, have rallied behind Mr. Hastert" recently yet "in a clear indication of the damage the scandal could cause the Republican Party in November, some candidates continue to distance themselves." The Times cites New Jersey GOP Senate candidate Tom Kean and Kentucky GOP Rep. Ron Lewis and notes that in addition some "candidates who aren't explicitly chiding Mr. Hastert are at least denouncing the Republican Congress for the scandal and casting doubt that an independent investigation can be conducted by the House ethics committee." For example, Michigan GOP Senate candidate Michael Bouchard said, "The investigation must be taken out of the hands of politicians and put into the hands of trained investigators."

Similarly focusing on GOP support for Hastert, the Financial Times (10/7, Luce) reports, "For the time being, top Republicans are rallying behind Dennis Hastert," but "for many social conservatives…the Foley scandal could prove to be the final straw." Two key GOP groups "feel betrayed. Many traditional Republicans have been alienated by the growth in 'K Street' lobby groups over the past decade and the accompanying rise in federal spending." And "social conservatives have grown disillusioned with their party's relative lack of success in pushing forward a moral agenda to restrict abortion, oppose gay marriage and rein back the culture of permissiveness." But GOP "leaders believe there is plenty of time for the scandal to blow over. They also believe that their party's larger campaign war chest and the fact that voters remain concerned about national security could still prove decisive in the build-up to voting."

Assessing the GOP response to Hastert's remarks Friday, the New York Times (10/7, Hulse, 1.21M) reports, "House Republicans held their breath on Friday and hoped that Speaker J. Dennis Hastert's expression of remorse about the page scandal combined with the start of a House ethics investigation would stabilize his grip on power." One "senior Republican official who would speak about internal party matters only without being named said Mr. Hastert in his remarks had accomplished two goals sought by his colleagues: He had accepted some responsibility and had acknowledged that the response to complaints about the initial e-mail sent to a former teenage page in Louisiana had been inadequate." And "other members of the leadership issued statements backing him, putting aside, at least for now, some of the divisions exposed over the scandal and who was responsible."

Speaker's Top Aide Reportedly Met With Foley About Behavior "Prior To November 2005." The Washington Post (10/7, A1, Weisman, 748K) in a front page story reports that Speaker Dennis Hastert's chief of staff Scott Palmer "confronted then-Rep. Mark Foley about his inappropriate social contact with male pages well before the speaker said aides in his office took any action, a current congressional staff member with personal knowledge of Foley and his behavior with pages said yesterday." The unidentified congressional aide's account supports claims made by former Foley chief of staff Kirk Fordham. But, "Hastert's office contends that the first confrontation with Foley occurred in November 2005, when Shimkus, the head of the House Page Board, and then-House Clerk Jeff Trandahl took Foley aside to discuss what they termed 'over-friendly' e-mails that Foley had sent to a Louisiana boy. Fordham's account

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not only pushed the matter back at least two years but also indicated that alarms over Foley's behavior had gone well beyond bland e-mails."

Potential Federal Prosecution Of Foley Examined. The National Journal (10/6, Friel) reports, "In March of this year, a federal judge sentenced Dwight Whorley of Richmond, Va., to 20 years in prison after he was found guilty of a variety of child-pornography charges, including receiving 20 obscene Japanese anime cartoons. The case drew attention in child-protection circles because Whorley was the first person convicted under a 2003 federal statute that makes viewing such nonphotographic material a crime." The Journal continues, "Whorley was also convicted of sending and receiving 20 obscene e-mails that described sex involving children. He had broken the federal law that prohibits online viewing of 'any obscene, lewd, lascivious, or filthy book, pamphlet, picture, motion-picture film, paper, letter, writing, print, or other matter of indecent character.' … That federal statute is one of several that could come into play as the FBI's Washington Field Office and the Justice Department's Child Exploitation and Obscenity Section run an investigation into former Rep. Mark Foley, R-Fla., and his online sexual activities with underage boys. The federal investigators, as well as state and local agents who may be brought into the case, will try to determine what Foley actually did, the jurisdiction in which he did it, the age of the boys involved, and what state or federal laws he might have violated." The Journal adds, "The federal laws potentially in play include an obscenity statute that prohibits the 'transfer of obscene material to minors' and defines a minor as a child age 15 or younger. The youngest alleged recipient of sexually suggestive or sexually explicit messages from Foley was 16. … The statutes that Whorley was convicted of violating are based on the material itself, not on the age of the sender or receiver. Under such laws, juries determine whether community standards were violated and whether the material in question appeals to 'prurient' interests. … Also in play are federal and state 'coercion and enticement' statutes. Federal law prohibits adults from persuading -- or attempting to persuade -- children younger than 18 to engage in illegal sexual activity. Brian Doyle, a former public-affairs officer in the Homeland Security Department, pleaded no contest in Florida last month after being arrested for engaging in online discussions about a sexual rendezvous with a law enforcement agent posing as a 14-year-old girl. … Justice Department spokeswoman Tasia Scolinos said Attorney General Alberto Gonzales 'takes any allegations of child exploitation extremely seriously. And he has directed those in charge of the inquiry to take all appropriate steps to get to the bottom of this unfortunate situation as soon as possible.'"

Shimkus Could Face Long-Term Ramifications From Foley Scandal. McClatchy Newspapers (10/7, Bjerga) reports, "With more than a million dollars to spend and 69 percent of the votes in his last election, Rep. John Shimkus may well survive the Mark Foley scandal at the ballot box." But his "congressional influence could be diminished permanently by the scandal."

Lawyer Defends Page As Victim While Conservative Blogs Allege IMs Were Prank. NBC Nightly News (10/6, lead story, 3:00, Williams, 9.87M) reported. "We do know tonight the former page at the center of this story is now cooperating with the FBI." Stephen Jones, Congressional page's attorney: "I think he is a victim. This is an older man that made inappropriate comments, suggestions to him."

The Washington Post (10/7, A7, Williamson, 748K) reports that Jordan Edmund, "a key figure in the Foley page scandal" as a page who exchanged IMs with Foley, "has been targeted by conservative blogs" who "have published reports that the exchanges were a prank and that the teen in the messages…was actually trying to solicit sexually suggestive messages from Foley." But Edmund's lawyer Stephen Jones said, "It was not a prank, not a practical joke, that pages played on a congressman." Jones added ,"I don't think Jordan intended for any of this to become public."

House Republicans Accuse Democrats Of Political Setup. CNN (10/7) on its web site reports, "House Republicans took the offensive Friday, asking Minority Leader Nancy Pelosi and other Democrats to testify about whether they engaged in partisan trickery by releasing Foley's messages weeks before the midterm elections." In a letter signed by 10 other Republican congressmen Rep. Jack Kingston "asked them to disclose whether Democrats played a role in publicizing Foley's correspondences." Kingston wrote, "Just as it must be determined whether any Republican members or political operatives were aware of and attempted to conceal Mr. Foley's activities, it must also be determined whether any Democrat members or political operatives were aware of and attempted to conceal these same activities."

Failure To Pass Ethics Reform May Hurt GOP In Election. The Wall Street Journal (10/7, A4, Cummings, 2.03M) reports, "As House Republicans struggle to contain

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the fallout from the Mark Foley page scandal, two coming court dates will push long-lingering lobbying misdeeds back into the headlines just before Election Day." Next week Rep. Bob Ney is expected enter guilty pleas in the Abramoff probe and former Abramoff associate David Safavian faces sentencing Oct. 27. In addition to the Foley scandal it provides "'a clothesline' that Democrats can use to drive the scandal issue through the final days of the campaign," according to political observer David Gergen. Congress failed to pass tougher ethics reforms last spring and in private "House leaders said they didn't feel pressed to pass a tougher measure because the issue didn't show up on public polls as a concern to voters, several lawmakers and aides said." Yet, "in the wake of the Foley scandal, that could be changing. An Associated Press-Ipsos poll conducted in the past week found that about half of likely voters said scandal will be very or extremely important when they cast their vote. And by nearly 2-1, the respondents said they trust Democrats more than Republicans to clean up Congress."

Critics Scrutinize House Ethics Panel. The Los Angeles Times (10/7, Simon, 918K) reports, "The House Ethics Committee has had little to say as one scandal after another has rocked Capitol Hill since early 2005." Critics of the committee "abound" yet Rep. Howard Berman, "the committee's top Democrat, said in an interview Friday that since he rejoined the panel in the spring, 'there is a lot more going on' within the committee than people realize, but that he couldn't publicly discuss it. And despite the committee's paralysis for much of 2005, Berman said, 'As slow and as torturous as the process appears to be, the fact is if you look at the last 20 years, a number of careers have been ended by virtue of committee actions.'"

Foley Pressed To Release Name Of Abuser By Victims Advocates. The Washington Post (10/7, A6, Cooperman, 748K) reports, "The Roman Catholic diocese of Palm Beach, Fla., and national advocacy groups for victims of sexual abuse called yesterday for former representative Mark Foley (R-Fla.) to give police the name of the clergyman who allegedly abused him as a teenager." Survivors Network of Those Abused by Priests director David Clohessy said, "Every day that a molester walks free is a day when he can hurt other kids."

Former Pages Want To See Program Continued. McClatchy Newspapers (10/7, Diaz, Montgomery) reports that "for generations of other pages, the experience was a once-in-a-lifetime chance to get a sneak peek at the backstage of history, sometimes before it was made." Many "regard their service as a life-shaping experience. And they're eager to defend the program in a growing scandal evolving around" the Foley scandal.

The Los Angeles Times (10/7, Gaouette, Mendoza, 918K) reports, "When Republican representatives hooked up for a conference call this week to discuss the political crisis over former Rep. Mark Foley's salacious messages to former pages, the most heated discussion was not over House Speaker J. Dennis Hastert's handling of the matter, but over the future of the congressional page program." But "the venerable program is likely to persevere. For senators and representatives, it's a much-cherished perk that they can bestow on the children of constituents. For former pages, who ardently defend the program, it's an inspirational opportunity to see politicians at work in the cloakrooms of power."

WSJ Faults Media For Focusing On Foley At The Expense Of More Serious Concerns. The Wall Street Journal (10/7, A6, 2.03M) in an editorial writes, "Speaker Hastert should not resign before the election. It would be a disservice to send voters to the polls in five weeks amid tumult over Mark Foley. Those for whom this is a deciding issue should certainly vote on it. Our view is that the country would be better served with a clearer sense of the electorate's sentiment on dealing with the global threat and domestic well-being. Those are fit subjects of a serious national election."

Dorothy Bush Koch Discusses New Book On Bush 41. In an interview with Newsweek's Jessica Bennett (10/7) President Bush's sister Dorothy Bush Koch answers questions about her new book, "My Father, My President," which "takes an inside look at the personal stories, family memories and intimate challenges that remained largely out of the public eye during" Bush 41's "presidential years." Asked what the book will "tell us about your father than we may not have known," Koch replies, "My dad reached the highest pinnacle of his career when he became president, but he also had some low points, such as the death of a daughter. We have a firsthand account of when my dad was shot down on Sept. 2, 1944, which I think is very fascinating. But I hope people will learn how he coped not only with the good times but with the bad times with sort of dignity and grace."

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Clinton To Distribute Several Million Dollars To Democratic Party Entities. The New York Times (10/7, Hernandez, 1.21M) reports Senator Hillary Rodham Clinton "is mounting a major push for Democratic Congressional candidates across the nation during the final weeks of the fiercely contested midterm elections, her aides said on Friday." Clinton, "who has been occasionally criticized by liberal bloggers for not using enough of her bulging campaign coffers to help her party, is shipping $1.5 million to two Democratic Congressional campaign committees based in Washington, as well as to the financially strained New York State Democratic Party, her advisers said. Mrs. Clinton is giving $1.1 million to the Democratic Senatorial Campaign Committee, which comes on top of the $1 million that she gave the committee last month. In addition, the senator is donating $250,000 to the Democratic Congressional Campaign Committee and $150,000 to the New York State Democratic Party. At the same time, Mrs. Clinton also plans to campaign for nearly 20 candidates in about a dozen states." According to the Times, Clinton will appear in Ohio, Pennsylvania, Virginia, New Jersey, Florida, Nevada, Rhode Island and Minnesota.

Wesley Clark Endorses Lamont. The New York Times (10/7, Medina, 1.21M) reports Gen. Wesley Clark "criticized" Sen. Joseph Lieberman "accusing him of having 'rubber-stamped' the Bush administration's Iraq policies, and he questioned Mr. Lieberman's understanding of military issues, during campaign appearances with Ned Lamont, the Democratic nominee for United States Senate." Clark "offered a strong endorsement of Mr. Lamont, saying that he would be 'the key to changing the course in this country.'"

Steele's Attacks On Cardin Over Drug Industry Ties Considered Hypocritical. The Washington Post (10/7, B1, Mosk, 748K) reports, "In a recent commercial advertising his bid for U.S. Senate, Maryland Republican Michael S. Steele tells voters that his opponent, Democrat Benjamin L. Cardin, has been tainted by contributions from pharmaceutical companies and special interests. … The ad does not mention that less than a week before the commercial began airing, a top drug company executive and an industry lobbyist hosted a $1,000-a-person fundraiser for Steele at a K Street steakhouse in Washington. The invitation to the fundraiser, obtained by The Washington Post, says the Sept. 20 lunch reception was to be hosted by Sally Walsh, a director of federal government relations at GlaxoSmithKline, and Michael Carozza, a lobbyist for Bristol-Myers Squibb. It advises donors to send contributions to lobbyist Frederick T. Dombo III, who identifies himself on his Web site as a Steele campaign volunteer. Federal records show that Dombo represents AmerisourceBergen Specialty Group, one of the largest pharmaceutical services companies in the country." The Post adds that the Steele commercial, "which aired Sept. 26, marked the first negative turn in his advertising campaign, coming in response to a spot by national Democrats that painted the Republican candidate as being in President Bush's hip pocket."

Dean Wishes Democrats Had Black Statewide Candidate In Maryland. The Washington Times (10/7, Ward, 88K) reports Democratic National Committee Chairman Howard Dean "said that Maryland's Democratic ticket should have had a black or other minority at the top, but added that the national party isn't to blame for the lack of diversity. 'I do think there should be more diversity on this ticket,' Mr. Dean said. … However, Mr. Dean said that the national party bears no responsibility for Maryland's Democratic ticket, which offers four white men for the state's top offices -- the U.S. Senate, governor, attorney general and comptroller. 'We don't interfere in primaries,' he said of the DNC."

Webb Uses Warner's Assessment Of Iraq To Criticize Allen. The Washington Post (10/7, B2, Craig, Shear, 748K) reports Democratic Virginia Senate candidate James Webb "said yesterday that it is time for the United States to seek an end to the fighting in Iraq through diplomacy, citing a new and dire assessment of the war effort by Virginia's senior senator, John W. Warner (R). Webb sought to capitalize on Warner's appraisal of the war to highlight what Webb called the failure of his GOP opponent, Sen. George Allen, to face reality about the worsening situation in Iraq. … 'They have a victory quite frankly in military terms,' Webb said of soldiers in Iraq. 'What we have to do is to move this into the political, diplomatic environment. All I've heard from Senator Allen is that we need a victory in Iraq, whatever that is.'" The Allen campaign "quickly organized a conference call for reporters with Warner as a show of Republican unity. 'The bottom-line goal that Senator Warner and I share is that we cannot leave Iraq as a central haven for terrorists,' Allen said."

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Allen's Sister's Memoir Noted. The Washington Times (10/7, Bellantoni, 88K) reports Allen's "political opponents have cited his sister's memoir to portray him as a bully, but an attentive read of her recollections of growing up with football-minded men provides deep insight into the Virginia Republican's past now at issue in his re-election campaign. 'Fifth Quarter: The Scrimmage of a Football Coach's Daughter' by Jennifer Allen includes some eyebrow-raising passages such as a young George Allen dragging his sister by her hair or hitting her boyfriend with a pool cue, incidents that are often noted by Mr. Allen's Democratic foes. But his critics don't use excerpts noting that the senator was a star student or how he set out a chair in honor of his late father…at his 1994 gubernatorial inauguration."

Underdog House Candidate Claims Democratic Backers Have Abandoned Him. The New York Times (10/7, Leibovich, 1.21M) reports, "Implausible pursuits can be humbling. Jim Marcinkowski, a Democrat, discovers this every day in his bid to dislodge Representative Mike Rogers, a three-term Republican, from the United States Congress." Rogers "clearly holds a big advantage in name recognition. And money, organization, experience, knowledge of the district, and everything else that make incumbency such a near-invincible force in Congressional elections. It is easy to overlook this in an environment that many predict will be hostile to sitting members of Congress, especially Republicans." Marcinkowski "personifies the thankless underdog. He is a probable loser (some say surefire) who is unknown to most voters in this district northwest of Detroit and irrelevant to the national party officials who recruited him — and, in his telling, then abandoned him — as they focused on 50 or so 'battleground' contests." Marcinkowski "says many of the Democrats who enticed him to run abandoned him after his fund-raising lagged and they deemed other races to be more winnable."

This Year Could See Substantial Rise In Female Members Of Congress. The Washington Post (10/7, A9, Asthana, 748K) reports on "a drive by U-Va.'s Center for Politics to inspire young women to get involved in politics." The Center's Director Larry Sabato "is predicting that 2006 could be the best year for women in 14 years. In a conservative scenario, according to the Crystal Ball, female candidates would gain nine seats in the House -- the largest rise since the Year of the Woman in 1992, when the number of women in Congress jumped from 32 to 54."

Nagin Endorses Jefferson. The New York Times/AP (10/7, Press) reports New Orleans Mayor C. Ray Nagin "says he is enthusiastically supporting the re-election of Representative William J. Jefferson, an eight-term Democrat who is the target of a federal bribery investigation. 'I've told the congressman that since he supported me during the mayor's race, that I would reciprocate,' Mr. Nagin said Thursday."

Schwarzenegger's Resurgence Attributed To His Bipartisanship. NBC Nightly News (10/6, story 11, 2:20, Williams, 9.87M) reported, "A red-state Governor in a blue state, Arnold Schwarzenegger is running for re-election as you May know. Even after some mistakes that really hurt him, including one just this week, he is way ahead in the polls. … Schwarzenegger has been able to shake off past controversies that hurt his popularity. … After he backed a series of losing partisan initiatives, his approval rating slumped to 35%. But one thing about Schwarzenegger -- he knows how to reinvent himself and he's doing it again. The new Arnold is bipartisan. Signing legislation Democrats favor such as measures to fight global warming and hike the minimum wage."

Schwarzenegger's Stance On Immigration Said To Have Evolved. The Los Angeles Times (10/7, Marosi, 918K) reports, "The national immigration debate is reverberating in California's gubernatorial campaign, with the two major-party candidates trading verbal jabs but treading carefully on the volatile issue." Schwarzenegger, "who has talked tough in the past on border-related issues — praising Minuteman-style private border patrols and supporting the anti-illegal immigrant Proposition 187 — now plays up his immigrant roots, calling for a comprehensive and compassionate border policy that bolsters security without mistreating illegal immigrants. The softened public stance hasn't stopped Democratic gubernatorial candidate Phil Angelides from portraying Schwarzenegger as an anti-immigrant extremist who has harmed relations with Mexico." The Times notes, "The dispute continued this week, when Angelides supporters criticized Schwarzenegger for saying Mexican immigrants should 'immerse yourself and assimilate into the American culture.'"

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Elizabeth Edwards Busy Promoting Memoir. McClatchy Newspapers (10/7, Krentz) report, "In the days since her book was published, Elizabeth Edwards has gone from one interview to the next, from Oprah Winfrey to Diane Rehm to Charlie Rose, talking about the pain of losing her son and her battle with breast cancer. … John Edwards seems to be a probable 2008 presidential candidate. And the family has moved into a new home in Orange County, N.C."

Murdoch's Sky TV To Carry Gore Channel In UK. The Financial Times (10/7, Terazono, Correspondent) reports former Vice President Al Gore "is bringing his user-generated content television channel to the UK, courtesy of James Murdoch's British Sky Broadcasting. Mr Gore launched Current TV, the US channel made of clips created by viewers and producers, in August last year, and said that the channel was 'democratising television.' Mr Murdoch, who has claimed that BSkyB was the first media company in the world to go carbon neutral, and Mr Gore share their passion for the environment."

Rice, Colleagues Move Toward Sanctioning Iran But Continue Diplomacy. The Washington Post (10/7, A18, Wright, 748K) reports Washington "and five other major powers agreed Friday to take the next step toward imposing sanctions on Iran for failing to comply with [an UNSCR] to prevent it from subverting its nuclear energy program to develop a nuclear weapon." However, the grouping, "in response to Russian and Chinese wariness about the impact and effectiveness of sanctions," decided "to keep the door open to diplomacy." EU foreign policy chief Javier Solana "will remain available for talks if Iran chooses to come to the table and suspend its uranium enrichment program," a move that would end consideration of sanctions. Undersecretary Burns said the existing incentives package "will still be on offer if the Islamic republic changes its position." The Post says that, "after a dramatic buildup all week to a possible turning point following the collapse of European negotiations with Iran, the tone and scope of the agreement appeared significantly milder than anticipated." The deal "does not close the deep gap between the United States and Russia over strategy toward Iran. [Secretary] Rice acknowledged the split. 'It's long been the view of particularly Russia that sanctions may not have the intended effect,' she said, adding that Moscow had an obligation to act since it had voted for Resolution 1696 in July."

The New York Times (10/7, Shenon, 1.21M) adds Washington "said it had won agreement on Friday from" its six partners "to seek sanctions against Iran." However, US "diplomats conceded that there could still be long and difficult negotiations over what penalties to impose and their timing." Burns "said after the meeting that whatever the other nations' diplomatic language, 'What we've got is an agreement to go to the Security Council' to punish'" Tehran. The Times says "none of the other nations [involved] issued such an explicit statement after the meeting." An anonymous "senior State Department official" said "senior diplomats from the six countries would talk next week by video conference to begin debating the list of sanctions."

The Los Angeles Times (10/7, Richter, 918K) adds the six powers "said after a meeting of foreign ministers that they continued to hold out hope that the Iranian government would relent, suspend nuclear enrichment and accept a package of economic incentives they offered June 1." The Times notes, " A senior U.S. official described the decision to discuss sanctions as 'a little bit of progress' but acknowledged that agreeing on penalties against Iran would be difficult. Yet the Americans, who have pressed for sanctions, insisted that it was significant that the six nations have held together."

The Wall Street Journal (10/7, King, 2.03M) notes Washington "and its major partners sought to deliver strong messages to both North Korea and Iran over their nuclear programs, but divisions persist over how hard to push either country within the United Nations." London meeting participants "said they plan next week to begin talks within the [UNSC] over a package of sanctions," but Moscow and Beijing "reiterated Friday that they won't support threats or coercion." In somewhat more negative tones, the Financial Times (10/7, Khalaf, Smyth) says "after two hours of talks in London, no agreement was reached on the details of potential measures and it was far from clear that differences between the US and Europe on one hand, and Russia and China on the other, had been overcome." The AP (10/7, Gardiner) adds the six powers "left crucial questions about the scope and timing of any measures unresolved. … Apparently divided about how quickly to move, the envoys stopped short of explicitly declaring European negotiations with Iran a failure, as some had expected them to do. Their statement also shied away from demanding Tehran be punished by the [UNSC], but said" the discussion would continue at the UN.

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UNSC Statement Says Any North Korean Nuclear Test Would "Jeopardize Peace." The New York Times (10/7, Hoge, 1.21M) reports the UNSC "urged North Korea Friday not to carry out a planned test of a nuclear weapon, saying it would endanger regional stability and provoke worldwide denunciation." The unanimously approved statement "said such action would 'jeopardize peace, stability and security in the region and beyond.'" The text also "urged Pyongyang to return to six-party talks," and Ambassador Bolton is quoted saying, "At an absolute minimum, North Korea must come back to the six-party talks which it has boycotted for 13 consecutive months and shows no inclination to come back to." However, the statement "made no mention of possible…sanctions or punishment other than to note that the Council would act 'consistent with' its obligations if Pyongyang followed through with its threat."

As the only network TV news program to cover North Korea Friday evening, ABC World News (10/6, story 5, 0:15, Gibson, 8.78M) in a brief story noted, "And in North Korea, the dictator, Kim Jong-Il, made his first appearance since the country announced plans to conduct a nuclear test. Today, the UN Security Council threatened unspecified action against North Korea if it moves ahead with the test."

The Washington Post (10/7, A17, Lynch, 748K) notes the UNSC "issued a veiled threat to weigh tougher action, including the possibility of sanctions, against Pyongyang it if proceeds with the test. The nonbinding statement capped three days of intensive negotiation after North Korea's announcement Tuesday that it plans to test a nuclear device to strengthen its defenses against the United States." The Administration "expressed frustration that the council was not prepared to adopt an even tougher response spelling out the punitive actions to be imposed on North Korea if it conducts a test." Nevertheless, Bolton and Japanese PermRep and UNSC President Kenzo Oshima "said the statement will be helpful to Japanese Prime Minister Shinzo Abe, who is expected to advocate a tougher response to North Korea's nuclear program in visits to Beijing on Sunday and Seoul on Monday." The Washington Times (10/7, Pisik, 88K) runs a similar story.

AFP (10/7) keys on continuing White House reaction, noting Deputy Spokeswoman Dana Perino "warned that a North Korean nuclear test would be an 'incendiary' event threatening Pyongyang's neighbors." She is quoted saying, "The international community has joined us in sending a clear signal to the North Koreans that any such test of a nuclear device would be unacceptable. … It would be destabilizing to the region and could lead to further escalation of tensions. And a test, by its very nature, could advance the North Koreans' capabilities."

The Los Angeles Times (10/7, Farley, 918K) adds Moscow and Beijing "had objected to earlier drafts of the statement that threatened an arms embargo, economic penalties or military force for failing to comply. The two nations rejected wording to 'demand' that North Korea halt its plans, settling instead for a statement that would 'urge' it to do so. But Russian diplomats said they were 'very concerned' about the possibility of a test." Japanese Prime Minister Shinzo Abe "said [yesterday] that the test could come as early as this weekend. U.S. spy satellites have detected sustained activity at a suspected underground test site in North Korea."

The AP (10/7, Lederer) notes, "A unanimous [UNSC] statement urged the secretive, communist nation Friday to abandon all atomic weapons as it promised last year and cancel plans to detonate a device. Japan hinted the North could face sanctions or possible military action." Tokyo "issued a statement later saying if North Korea defies international concerns about a test, 'the Security Council must adopt a resolution outlining severely punitive measures.'" In Pyongyang, Kim Jong-Il "met hundreds of his top military commanders and urged them to bolster the nation's defenses, as officers cheered, 'Fight at the cost of our lives!'" One Chinese analyst "said only the removal of American economic sanctions against Pyongyang could dissuade the country from carrying out a nuclear test."

The Financial Times (10/7, Turner, Dinmore) adds the UNSC "has agreed a unanimous statement, warning North Korea to refrain from testing a nuclear weapon, or face unspecified action." The Times says Washington "is reportedly looking at possible sanctions against" Pyongyang. Assistant Secretary Chris Hill refused to say precisely what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of" WMDs.

Lebanon's "Accidental" Premier Works To Rebuild Nation. In a 1,896-word profile piece, the Wall Street Journal (10/7, Young, 2.03M) reports, "There was a time, not so long ago, when Fuad al-Siniora was the most vilified man in Lebanon." Despite being "a proper technocrat, seemingly misplaced amid the promenading politicians," the Lebanese Prime Minster "remains firmly in place" in spite of

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"efforts by an array of forces to bring his government down." The Journal says Siniora "is velvety and unflappable," avoiding "hard angles in favor of nods, winks and baroque compromises -- qualities essential for herding the fat cats that make up Lebanese government." After discussing Siniora's "difficult" political position following the Israel-Hezbollah war, the Journal notes, "Politics are not the only thing the prime minister has to worry about. With a $40 billion debt, a GDP estimated at only $18 to $20 billion, and losses from the July-August conflict estimated by some U.N. agencies at over $10 billion, Lebanon is in dire financial straits." In conclusion, the Journal adds, "Many of Mr. Siniora's enemies will readily admit, of course, to a fear of God. What he must worry about is that they will increasingly fear Fuad al-Siniora, the accidental prime minister who may have turned out to be more than they bargained for."

Cluster Bombs Continue To Threaten Lebanese Civilians. ABC World News (10/6, story 8, 2:35, Gibson, 8.78M) reported, "The US is investigating whether Israel used" cluster bombs during its retaliation against Hezbollah in Lebanon "improperly. But no one disputes that the bombs are injuring and killing civilians right now." ABC (Dinnick) added, "The Lebanese army accuses Israel of violating International law by dropping to many bombs in populated areas. Israeli officials organize they argue they had no choice." Mark Regev, Israel government spokesman: "One of the problems of the conflict in Hezbollah, was that Hezbollah used the population as a human shield." Dinnick: "He says his team is finding and safely destroying a handful of cluster bombs every day. But the UN estimates there may be as many as 1 million still out there."

Haniya Says Hamas Will Not Recognize Israel. The New York Times (10/7, Myre, 1.21M) reports remarks by Palestinian Prime Minister Ismail Haniya, made "in a defiant speech delivered to a teeming crowd of Hamas supporters," that "insisted" that Hamas "would not recognize Israel despite the cutoff in Western aid that has strangled his government." The Times says the speech "appeared to be aimed at the Palestinian Authority president, Mahmoud Abbas, and Secretary of State Condoleezza Rice." Abbas recently told Rice that "there is a need for a new Palestinian government that will recognize Israel and deal with it. He also indicated that he was prepared to invoke his presidential powers and dismiss the current government." Haniya and Abbas' "blunt public remarks" this week "reflected what seems to be an increasingly bitter power struggle that could dim the prospects for a compromise."

The AP (10/7, El Deeb) notes Haniya said "Hamas will not recognize Israel or give in to international pressure that has crippled the Palestinian government." His "fiery speech was interrupted when he fainted onstage, apparently overcome by the heat and two weeks of dawn-to-dusk fasting during the holy month of Ramadan." He "ruled out a proposal by members of his own Hamas movement to form a new government of technocrats as a way of winning international support and ending a seven-month aid freeze." Haniya did say that "Hamas remains willing to invite other parties into a coalition, but that it would not soften its positions."

Writer Says Israel Perpetuates Family Separations. In an op-ed in today's New York Times (10/7, 1.21M), Palestinian writer Sam Bahour describes how he "left a comfortable life in the United States for an uncertain future in the West Bank" in 1993. He "helped create a $100 million telecommunications company" and build "a $10 million shopping center." However, "Israeli authorities have decided that my life here has come to an end." Bahour concludes, "Israelis and Palestinians are destined to be neighbors. … Many people like me…whom Israel is denying entry came to build bridges, not walls. We came to invest in a better life to follow this occupation — a bright, joint future for Palestinian and Israeli children alike."

Czech Authorities Heighten Alert Amid Anti-Jew Terror Plot Rumors. The New York Times (10/7, Smith, 1.21M) carries Czech media reports that "a report that there was a plot to attack Jews in Prague has set off a terrorism alert there." The "Czech news media have been feverishly speculating on the nature of the threat since the government announced heightened security measures on Sept. 23, the first day of the Jewish New Year. The Czech interior minister, Ivan Langer, called the threat 'unprecedented in the history of the Czech Republic.'" The Times notes, "The news of possible terrorism threats in both Oslo and Prague raise the possibility that Islamist terrorist plots, having been foiled by vigilant antiterrorism efforts in capitals like Paris and London, are turning to 'softer' targets elsewhere in Europe where security is more lax."

China's Current Account Surplus Continues To Grow. The Wall Street Journal (10/7, A4, Wu, 2.03M) reports an announcement by the Chinese State

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Administration of Foreign Exchange that Beijing's "current-account surplus in the first half of this year totaled $91.58 billion, widening from $67.26 billion in the same period a year earlier." The surplus "in the January-June period was bolstered by a growing surplus in China's trade in goods." The Journal says this data suggests that "China's current-account surplus is on track to exceed the $160.82 billion posted for full-year 2005." The government "reiterated it will encourage outflows and control the use of foreign debt" in an effort to reach "equilibrium in the balance of payments, including moving toward yuan convertibility on the capital account."

China's Hu Will Stress Unity, Highlight His Policies At Party Conference. The Los Angeles Times (10/7, Magnier, 918K) details Chinese President Hu Jintao's political preparations for the Chinese Communist Party (CCP) conference that begins tomorrow. He "has worked overtime to burnish the image of harmony in the party, even if it's taken some bloodletting to drive the point home." Recent purges and arrests in Shanghai "sent shock waves through China's political establishment" and "served as a warning to those in lower party ranks that Hu means business, further consolidating his power and stressing his underdogoriented policies as he heads into the fourth year of an expected 10-year administration. " The Times says Hu has repeatedly "stressed the importance of harmony as a salve for growing tensions over China's rich-poor gap and endemic corruption — even as the party and the nation's wide-ranging security apparatus have backed up words with force, intimidation and censorship when appeals for calm are ignored by rioting farmers, the media or social activists."

Putin Steps Up Deportations Of Georgians, Seizures Of Businesses. The New York Times (10/7, Myers, 1.21M) notes Moscow "deported 153 citizens of Georgia on Friday as a wave of punitive measures against Georgian migrants and businesses grew, prompting criticism that the government is carrying out an ethnically motivated campaign of harassment." The Times says the past week has been marked by "political and diplomatic conflict between Russia and Georgia that began with the arrests of four Russian military officers for espionage, and has shown little sign of easing despite the officers' release." An ethnic Georgian who runs a Moscow-based NGO "described the authorities' actions as an unjustified overreaction to political disputes with Georgia's president, Mikheil Saakashvili." These measures "have coincided with two new campaigns announced this week by" President Vladimir Putin – "sweeping new restrictions on gambling," and "new regulations of migrant workers, especially those in wholesale and retail markets." The Times adds, "Using some of the most strikingly nationalistic language of his presidency, Mr. Putin said that markets should be regulated 'with a view to protect the interests of Russian producers and population, the native Russian population.'"

WSJ Says Georgian Independence Has Fueled Kremlin Retaliation. The Wall Street Journal (10/7, 2.03M) editorializes, "The world needs to watch Russia's current pressure on Georgia." Moscow's moves this week are "a fresh reminder of just how paranoid and bullying the Kremlin's foreign policy has become in the hands of President Vladimir Putin." Foreign Minister Sergei Lavrov "alleges that the arrest of the [Russian] officers is part of a Western plot apparently hatched in Washington." While "Comrade Lavrov" may believe that "the Bush Administration wastes its time hatching two-bit schemes in the Caucasus to humiliate Mother Russia," the Journal says "what we are likelier witnessing is another fit of Russian pique at [Georgian President] Saakashvili's courageous decision to yank Georgia out of Moscow's orbit…and into the orbit of the West." Tblisi's efforts over the past three years "can serve as a model for other former Soviet republics such as Kyrgyzstan and Ukraine as they struggle to prosper. It could also serve as a model for Russia itself, which may be why Moscow has used every opportunity to bring Georgia and its leaders to heel." The Journal concludes the world should "feel grateful that President Bush, after placing too much faith in Mr. Putin in his first term, has given Mr. Saakashvili the support he deserves."

Administration Believes Unconfirmed Reports That Castro Has Cancer. Time Magazine (10/6, Burger, Donnelly) reported, "Ever since President Fidel Castro was sidelined for what was said to be abdominal surgery last July, Cuban officials have maintained that the country's leader will return to his post." However, Time says the Administration is "now convinced that Castro, 80, has terminal cancer and will never return to power." Time continues, "Of course, such intelligence reports could be wrong, and one official cautioned that definitive proof is nearly impossible for the U.S. to come by. Yet the fact that the Cuban government removed Castro from the public stage before his death could suggest that Castro and his would-be successors

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were aware of a terminal condition and wanted to gauge public reaction to his absence." While the Administration is preparing for "the inevitable," Times adds Castro's death wouldn't "mean that things will change much. Fidel's brother Raul…has given no indication that he will change the policies of the isolated Communist government that has tormented the U.S. since taking power in 1959."

Hungarian Premier Wins Confidence Vote. The Financial Times (10/7, Condon) reports, "Lawmakers from Hungary's two coalition parties on Friday signalled their near unanimous support for" Prime Minister Ferenc Gyurcsany "in a confidence vote. Despite a withering attack from the opposition and the knowledge that hundreds of thousands of Hungarians were expected to mass outside parliament to demand the prime minister's resignation later in the day, MPs voted 207-165" to support the premier. "Only three coalition MPs failed to vote for the measure."

The AP (10/7, Gorondi) adds, "Even as parliament voted, however, tens of thousands of people gathered on Kossuth Square just outside the legislature and demanded Gyurcsany's dismissal. The Fidesz party called on supporters to bring alarm clocks to the rally, a symbolic wake-up call for the ruling coalition to get rid of the prime minister." Gyurcsany "had requested the vote of confidence to reinforce political support for his austerity package and the transformation of the inefficient public sector" after his "coalition suffered large setbacks in Sunday's nationwide municipal elections."

Darfur Divestment Movement Finds Success In States And Cities. The Washington Post (10/7, A12, Boustany, 748K) reports, "House members are scattering to their home states this week with inconclusive results on the humanitarian crisis in the Darfur region of western Sudan, but momentum is growing at the state level for governments to divest public funds from companies, mostly foreign-based, doing business with Khartoum." The Post calls the sanctions bill, HR 3127, "a victory for business lobbyists" because it omits "language that would have endorsed states' rights to pass divestment laws." However, the Post notes, "a divestment movement appears to be gaining momentum across the country, with active campaigns on university campuses and at city and state levels. Six states have already passed divestment laws: Maine, Connecticut, Oregon, Illinois, New Jersey and California."

California State Moves Progressive Agenda. The Financial Times (10/7, Garrahan, Dinmore) reports that the progressive politics driving California politics "are beginning to take on an increasingly international dimension. This has left some businesses leaders and Washington policy makers uneasy." For example Gov. Arnold Schwarzenegger, signed "a law that prohibits the state's pension funds from investing in companies with active business in Sudan." Schwarzenegger's "efforts were hailed by voters from across the political spectrum. But the Sudan divestment law…is troubling the Bush administration, as well as business lobby groups and some senators." And it "comes weeks after the US Senate blocked legislation that would have ratified divestment from the Sudan by US states."

Volcker Says World Bank Must Lead Worldwide Anti-Corruption Effort. In an op-ed in today's Wall Street Journal (10/7, 2.03M), former Federal Reserve Chairman Paul Volcker says the murder of Russian central banker Andrei Koslov does not mean financial crimes occur only in Russia. Koslov's murder "defines the battle lines for all of us. It's a battle that all those supporting economic development and the rule of law cannot afford to lose. And, appropriately, it is international institutions that are placed front and center in that battle." He concludes, "My impression is that the corruption problem may be getting worse. … The implications go far beyond any one institution. But I know of no institution, by its leadership, by its professional staff, by its standing in the world, that is better equipped to take on that challenge than the World Bank."

NYT Says Paisley's DUP Should Renew Northern Ireland Peace Efforts. The New York Times (10/7, 1.21M) editorializes, "The transformation of militant Irish Republicanism from terrorism to democratic politics over the past decade has been little short of remarkable — a welcome success story in troubled times." Now that the IRA "has fully renounced terrorism, dissociated itself from organized criminal activity and committed itself to following an exclusively political path, the very steps its critics have demanded for years," the Times says the Democratic Unionist Party "led by the Rev. Ian Paisley," should offer "a similarly remarkable response." The DUP should "acknowledge that the conditions it has long set out for entering into a power-sharing government with [Sinn Fein] have been achieved."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Deaths Across Iraq Show It Is A Nation Of Many Wars, With U.S. In The Middle."
"Not Fit to Print For Amish."
"A Harvard Football Scandal? That Smarts."
"FDA Budget Malnourished."
"Playboy Hopes It's Back Front And Center."
"State Fines Ski Resort In Patrollers' Deaths."

New York Times:

"In House Races, More G.O.P. Seats Are Seen At Risk."
"Battling Power Of Incumbency, And Feeling Left To Fight Alone."
"Google Is Said To Set Sights On YouTube."
"For Recruiter, Saying 'Go Army' Is A Hard Job."
"Security Barriers Of New York Are Removed."
"Film On Pedophile Priest Revives Focus On Cardinal."

Washington Post:

"Staffer Cites Earlier Role By Hastert's Office."
"U.S. Job Numbers Remain Strong."
"Rove Aide Linked To Abramoff Resigns."
"Picking Up The Pieces Of Slain Troops' Lives."
"After Machismo's Long Reign, Women Gain In Spain."

Washington Times:

"U.N. Warns N. Korea On Nuclear Test."
"Dean laments Lack Of Diversity."
"GOP Leaders rally To House Speaker's Defense."
"Unemployment Falls Wages Up 4 Percent."
"U.S., EU Set Pact On Air Passengers."
"Red Ink Threatens Voice Of French Left."
"Atomic Bomb's Home Preserved As Historic Site."

Detroit Free Press:

"Battle For GM Takes Shape."
"Motown Mow-Down!"

Story Lineup From Last Night's Network News:

ABC: Chemical Explosion; Chemical Site Safety; Changing Course In Iraq; Seven Marines Charged; North Korea Nuclear Test; Foley Aftermath; Visiting Mars; Fighting Child Obesity; Racing For The Cure.

CBS: Foley GOP Impact; Foley Midwest GOP Impact; Warner Iraq Concern; NC Waste Treatment Fire; Memphis Church Fire; Marine Kidnapping Court Martial; Google YouTube Takeover; Celiac Disease; African American Social Problems; Lebanese Animal Adoptions.

NBC: Foley Aftermath; Changing The Course In Iraq; US Troops-Iraq; Building Fire-Memphis; Chemical Fire-North Carolina; The Economy; Stock Market; Fighting Child Obesity; Troops Funeral Mourners; Coumadin Warning; California Governors Race; Songs For Kids.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – President and Mrs. Bush depart the White House via Marine One. South Lawn. President and Mrs. Bush participate in Christening Ceremony of the George H.W. Bush (CVN 77). Northrop Grumman Newport News Shipyard, Newport News, Va.

President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Oct. 5 - 7. C-3 CONFERENCE _ The University of Martyland holds the 5th annual C-3 Conference on Cyberethics, Cybersafety and Cybersecurity on implications for the educational community. Highlights: 10:30 a.m. Keynote - Don McCabe, Founding past President of the Center for Academic Integrity. Location: University of Maryland, College Park. Contacts: David Ottalini, 301-405-4076.

Oct. 5 - 7. ONLINE NEWS _ The Online News Association holds its 7th annual conference and awards banquet. Highlights: 9:30 a.m. General session on how young people consume information. 3:15 p.m. State of the industry panel discussion. 7 p.m. Awards banquet.. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Lori Schwab, 646-290-7900

Oct. 6 - 8. 10 a.m. - 5:30 p.m. MONGOLIA _ The National Museum of Natural History holds the Mongolia Family Festival, with performances, games, film lectures, research displays and photographs. Location: 2nd floor,

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National Museum of Natural History. Contacts: Michele Urie, 202-633-2950.

3:30 p.m. - 5:30 p.m. TRANSAFRICA-ASHE RECEPTION _ TransAfrica Forum holds its 13th Annual Arthur R. Ashe, Jr. Foreign Policy Library Reception, with guest of honor Charlayne Hunter-Gault, author, ``New News Out of Africa." Mistress of ceremonies is Maureen Bunyan News Anchor, WJLA-TV, Washington, D.C. Remarks will be delivered by Danny Glover, chairman, Board of Directors, TransAfrica Forum. Location: Mimi's American Bistro, 2120 P St. NW.

6:30 p.m. HUMAN RIGHTS _ The Human Rights Campaign holds its 10th Annual National Dinner. Location: Washington Convention Center, Mt. Vernon Square. Contacts: n/a, 202-628-4160

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Pentagon Will Investigate Alleged Guantanamo Beatings. The AP (10/7, Watkins) reports, "The Pentagon said Friday that it will investigate a Marine's sworn statement that guards at Guantanamo Bay bragged about beating detainees and described it as a common practice." Several DOD officials are quoted promising a full investigation. The AP writes about the camp, "Human-rights groups have roundly criticized the Bush administration for detaining most without criminal charges, but U.S. officials have defended the detentions as necessary in the war on terrorism and say the detainees are treated humanely."

The New York Times (10/7, Cloud, 1.21M) also reports the unnamed Marine paralegal's claims "that guards at the United States military prison at Guantanámo Bay bragged about beating prisoners and denying them privileges to anger them."

Isolation Becomes Gitmo Norm. The Los Angeles Times (10/7, Williams, 918K) reports, "A May riot in which dozens of detainees attacked U.S. soldiers, the suicide of three prisoners in June, and changes in the camp population -- including the arrival of 14 'high value detainees' -- have transformed Guantanamo into a largely maximum security facility." The Times adds, "The hardening of Guantanamo detention dispirits the detainees and their lawyers, who see it as part of U.S. political posturing in an election year. ... Rank-and-file guards express little concern or curiosity about the conditions of the prisoners' confinement, noting that they are just doing their duty."

Richard Epstein Argues For Habeas Corpus. In a commentary for he Wall Street Journal (10/7, A7, 2.03M), law professor Richard Epstein argues for retaining habeas corpus for Guantanamo detainees, "The law [MCA] allows the government to hold any prisoner -- even if he is not an unlawful enemy combatant -- in custody for the rest of his life, with no due process and no recourse to the courts. No one deserves that fate. Truth must count. Innocence must matter."

US Denies Wrongdoing In Idaho Computer Terrorism Suit. The AP (10/7, Boone) reports from Boise, ID, "The United States says it did nothing wrong when federal agents arrested and detained an American citizen as a material witness in a computer terrorism case. … The government's formal response to the lawsuit brought by Abdullah al-Kidd was filed in U.S. District Court on Friday." The AP continues, "In his lawsuit, al-Kidd contended that the federal government and several of its agents - including former U.S. Attorney General John Ashcroft and his successor, Alberto Gonzales, FBI Director Robert Mueller, Homeland Security Secretary Michael Chertoff and others - violated his civil rights by improperly using material witness laws. … The individuals named in the case have until Nov. 27 to respond; the United States' response deadline was Friday." The AP adds, "In its response, filed by Justice Department lawyer J. Marcus Meeks, the United States denied al-Kidd's allegations and said that al-Kidd was not entitled to any damages. … The lawsuit arose after al-Kidd - a former student at the University of Idaho who played football for the Vandals under the name Lavoni Kidd - was arrested in 2003 as a material witness in the government's case against a

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fellow student, Sami Omar Al-Hussayen. Al-Kidd and Al-Hussayen both worked on behalf of the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators alleged funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States. .. .A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen was eventually deported to Saudi Arabia."

Harper Raises Arar Rendition Case With Bush, Will Seek Investigation. AFP (10/7) reports Canadian Prime Minister Stephen Harper "has protested to" President Bush "about the deportation to Syria of a Canadian, who was tortured and held for a year. Harper spoke about Maher Arar, a Canadian of Syrian origin, in a 15-minute telephone call with Bush following a Canadian inquiry's report that cleared Arar of any terror links." He later told reporters that he "indicated to" Bush that Foreign Minister Peter MacKay "would be sending a letter today to" Secretary Rice "to launch a formal protest on the treatment of Maher Arar." Harper is further quoted saying Bush "said that he would look at the complaint seriously, and we are expecting a response, an official response, to our complaint as well as assurances that we will not be facing that kind of conduct on the part of US authorities in the future."

Detainees May Have Been Questioned In Germany Before Guantanamo. The Washington Post (10/7, Whitlock, 748K) reports, "The chief plotter of the Sept. 11 hijackings and another al-Qaeda leader who spent time in secret CIA prisons might have been interrogated in Germany before their transfer last month to Guantanamo Bay, Cuba, according to lawyers for other terrorism suspects in U.S. custody." The statements "challenge repeated denials by the German government that it played any part in the U.S. government's secret network to detain and transport terrorism suspects after the Sept. 11, 2001, attacks in the United States. The statements also open the possibility that the CIA held prisoners on a U.S. military base in Germany without the knowledge of the host government in the early days after the attacks." The German and US governments respectively dismissed and denied the report.

Francis Fukuyama Sees Historical Pattern Of Excessive Secrecy. In the New York Times (10/7, 1.21M), scholar Francis Fukuyama reviews US government secrecy during the Cold War and argues, "Then, as now, there was a pronounced tendency to assume the worst, and for the government to claim enormous discretion in protecting the American public. The Bush administration has consistently argued that it needs to be protected from Congressional oversight and media scrutiny. ... But the American government does have a track record in dealing with similar problems in the past, one suggesting that all American institutions — Congress, the courts, the news media — need to do their jobs in scrutinizing official behavior, and not take the easy way out of deferring to the executive."

HOMELAND RESPONSE:

US And EU Agree To Deal On Airline Passenger Data. The Financial Times (10/7, Laitner) reports, "The FBI and other American anti-terror agencies will have easier access to sensitive personal information on passengers flying from the European Union to the US, under a deal agreed on Friday. Brussels and Washington struck the fresh concord after weeks of negotiations to replace a controversial pact from 2004 through which the US receives up to 34 pieces of data on air travellers. That deal was invalidated by the EU's highest court on a legal technicality and expired last Saturday, prompting fears of transatlantic travel chaos."

The Wall Street Journal (10/7, A3, Echikson, Jolis, 2.03M) reports, "Negotiations collapsed about a week ago when EU negotiators rejected Homeland Security Secretary Michael Chertoff's demand to lift restrictions on sharing the passenger data with other U.S. law-enforcement agencies. 'This is positive for the EU -- this will guarantee legal continuity on a very sensitive matter,' said EU Security Commissioner Franco Frattini. Mr. Frattini said Friday's new deal is applicable until the end of July 2007, by which time the two sides will 'agree on a more permanent arrangement.' Mr. Frattini said the EU agreed to allow Homeland Security to share the data with other U.S. agencies with a 'comparable standard of data protection.' This includes the Federal Bureau of Investigation and agencies within the Department of Justice. This will allow the U.S. to 'make full use of passenger data,' Mr. Chertoff said in a statement Friday."

The Washington Post (10/7, A12, Moore, Nakashima, 748K) reports, "Under the new system, 'if we have particular interest in a number of flights, or a specific destination, then we can therefore use that information and share it with other counterterrorism agencies,' said Jarrod Agen, a spokesman for the Department of Homeland Security, which includes the customs and border agency. The data request must have some 'specificity,' he said, such as the recent alleged plot to bomb airliners flying from London."

The Washington Times (10/7, Hudson, 88K) reports Graham Watson, leader of the Alliance of Liberals and Democrats in the European Parliament, "called the agreement the 'least-worst option' and said the Bush administration 'is determined to extract ever more personal data and share it with the wider intelligence community.'"

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Watch List Is Rife With Errors. The New York Times/AP (10/7) reports, "Thousands of people have been mistakenly linked to names on terrorist watch lists when they crossed the border, boarded commercial airliners or were stopped for traffic violations, a government report said Friday. ... When '60 Minutes' spoke with 12 people named Robert Johnson, it reported, all said that they are detained almost every time they fly."

Anthrax Suspects Still Burdened Despite Being Cleared. The Washington Post (10/7, A3, Powell, 748K) reports, "On Nov. 15, 2001, Irshad and Masood Shaikh found themselves standing under the darkest cloud imaginable: The brothers had become suspects in the worst bioterrorism attack in American history. An FBI SWAT team battered down their front door, pointed semiautomatic rifles at Irshad's wife and carried out the first raid on a private home in the federal investigation of the anthrax attacks. … But the FBI had acted on a bad tip. By every account available, agents found no evidence implicating the brothers, who are widely respected public health experts. Since then, the Shaikhs have suffered consequences great and small. Irshad Shaikh, 44, who is Chester's health commissioner and has worked on humanitarian missions in Iraq and Afghanistan with U.S. officials, has been blocked by the FBI from obtaining a federal contract with the Centers for Disease Control and Prevention. Immigration officials canceled his scheduled interview for U.S. citizenship. And whenever Irshad returns to the United States from abroad, federal agents escort him off the airplane and interrogate him for hours."

Security Barriers Removed From Manhattan Sites. The New York Times (10/7, Buckley, 1.21M) reports, "They started appearing on Manhattan streets immediately after September 11: concrete and metal barriers in front of skyscrapers, offices and museums. … But now, five years later, their numbers have begun to dwindle. After evaluations by the New York Police Department, the city's Department of Transportation has demanded that many of the planters and concrete traffic medians known as jersey barriers be taken away. So far, barriers have been removed at 30 buildings out of an estimated 50 to 70 in the city."

Bush Signing Statement Objects To FEMA Director Criteria. The Washington Post (10/7, A2, Hsu, 748K) reports President Bush "reserved the right to ignore key changes in Congress's overhaul of the Federal Emergency Management Agency -- including a requirement to appoint someone with experience handling disasters as the agency's head -- in setting aside dozens of provisions contained in a major homeland security spending bill this week." According to the Post, "The standards for the FEMA director were inspired by criticism of former FEMA chief Michael D. Brown's performance after Hurricane Katrina last year. Brown, a lawyer and judge of Arabian horses, had no experience in disaster response before joining FEMA." White House spokesman Tony Fratto "said the actions, first reported by the Associated Press, upheld the president's right to choose his advisers and control executive branch activities." However, a spokesman for Rep. Tom Davis "said the White House is slighting Congress and ignoring the political toll of Brown's incompetence and ties to GOP cronies." Bush "also claimed the right to edit or withhold reports to Congress by a watchdog agency within the Department of Homeland Security that is responsible for protecting Americans' personal privacy."

New Orleans Experiences Extreme Population Decrease. The New York Times (10/7, Nossiter, 1.21M) reports that The City of New Orleans "population has dropped by nearly 60 percent since Hurricane Katrina, far more sharply than recent optimistic estimates had suggested, according to an authoritative post-storm survey released this week." According to the survey "The population of New Orleans is now only 187,525, well under half the pre-storm population of 454,863." In addition, "Mayor C. Ray Nagin has suggested that about half of New Orleans's former residents had returned, basing his projections partly on utility users. But the new numbers indicate that repopulation will take awhile to reach that level." However, "officials expect these population figures to go up, eventually. More than 11,000 people from New Orleans have applied for federal rebuilding aid through the state's Road Home program. Some 80,000 housing units were destroyed in Orleans Parish alone, and their reconstruction has hardly begun."

WAR NEWS:

Warner Warning On Iraq Seen As Signal US Considering Policy Shift. All three network news programs highlighted Sen. John Warner's warning that increased violence in Iraq may signal the need for a change in US policy. NBC Nightly News (10/6, story 2, 3:10, Miklaszewski, 9.87M) reported, "Nobody's calling it an exit strategy, but there's a growing consensus that US war plans in Iraq have got to change." After returning from Iraq Sen. John Warner "said the US is close to losing the battle in Baghdad." He "warned however, if the violence is not brought under control in the next 90 days, the US has to rethink its strategy." Sen. Warner: "I think it's a responsibility of our government internally to determine, is there a change of course that we should take and I wouldn't take off the table any option at this time." Miklaszewski: "Warner's statement came the same day Secretary of State Condoleezza Rice

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was in Baghdad, warning Prime Minister Nouri al-Maliki that he must accelerate efforts to disarm militias and end the sectarian violence. Leading Democrats claim it's all part of a grand strategy by the Bush administration to begin to change the US course in Iraq. The administration has rejected calls for a timetable for withdrawal of American troops, but Democratic senator Carl Levin tells NBC news both President Bush and the U.S. Ambassador to Iraq, Zalmay Khalilzad, told him lawmakers should publicly pressure the Iraqis, with the warning if they don't reduce the violence, the US would start pulling out its troops." Sen. Carl Levin: "It's not enough for them to hear it from me and hopefully Senator Warner. It's the administration that's got to deliver the message."

ABC World News (10/6, story 3, 2:25, Karl, 8.78M) reported, "It's not just Senator Warner. There are urgent discussions among prominent allies of the Bush administration, about the need to consider changing course in Iraq. One prominent Republican who advises the Pentagon told me today, 'if we don't make real significant changes, this will all collapse.' Among the options on the table -- a more aggressive approach, to defeat the insurgency and protect civilians, putting more American troops on the streets and more money into improving the quality of life in Iraq." Another option would be "a totally different approach -- phased withdrawal. The thinking, if US troops move out, the Iraqis will be forced to find their own solution to the ethnic hatred tearing their country apart. Don't look for the White House to embrace this option." President Bush: "We're not leaving, so long as I'm the President. That would be a huge mistake."

In a shorter story CBS Evening News (10/6, story 3, 1:10, Axelrod, 7.66M) quoted Sen. Warner saying, "It seems to me that the situation is simply drifting sidewise." Axelrod: "I ran the 'drifting sidewise' comment by a White House official and he says considering the way things are going lately, he hardly considers than to be deep criticism."

The New York Times (10/7, Stolberg, 1.21M) reports, "The White House, caught off guard by a leading Republican senator who said the situation in Iraq was 'drifting sideways,' responded cautiously on Friday, with a spokeswoman for President Bush stopping short of saying outright that Mr. Bush disagreed with the assessment. ... Ms. Perino's carefully worded response underscores the delicate situation that Mr. Warner, chairman of the Armed Services Committee, has created for the White House just one month before an election." The senator's "comments are...forcing Republicans to confront the issue before some are ready." GOP Senator Susan Collins "said the current approach, which she attributed to Secretary of Defense Donald H. Rumsfeld, had not led to an overall reduction in violence or any prospect that American troop levels would come down soon." The Washington Times/UPI (10/6) reports Warner's "grim outlook" in a 4-sentence article.

In Arbil, Rice Sought To Solidify Kurdish Ties To Baghdad. In continuing reporting of Secretary Rice's visit to Iraq, AFP (10/7, Lanteaume) notes Rice "met the leaders of Iraq's autonomous Kurdish region, urging them to cooperate with Iraqi Arabs in building a peaceful and unified country." She "dropped in on Kurdish regional president Massud Barzani in Arbil, his northern capital, after an unannounced visit to the Iraqi capital Baghdad, which is in the grip of a brutal sectarian conflict." AFP says Kurds remain "grateful for US support in throwing off the yoke of ousted dictator Saddam Hussein," and have therefore "put their long-cherished dreams of independence on hold while the Baghdad government struggles to rebuild the war torn country." Rice "tried to calm the oil row during her visit" by asking for renewed cooperation and sharing of oil profits.

The AP (10/7, Gearan) says Rice is "convinced oil revenue is the long-term key to economic independence for a unified Iraq," and notes she "appealed Friday for cooperation from the autonomous and oil rich Kurdish north." Appearing before US and Kurdish flags, Rice "thanked Barzani for the Kurds' long cooperation with the United States, adding, 'and I appreciate also your important participation in the process of national reconciliation. Thank you.'"

Separate AP (10/7, Barzanji) reporting focuses directly on Kurdish separatist politics. "With violence bloodying Iraq, Kurds in the peaceful north have been showing signs of going their own way, raising their own flag and even hinting they could secede in a dispute over oil wealth -- moves that have alarmed Shiites and Sunnis." Secretary Rice's "visit to Kurdistan on Friday underlined American worries that Kurds may be pushing too hard too soon for autonomy powers at a time of increasing sectarian tensions." The AP says, in all regions of Iraq, "even mere talk of federalism -- amid a wave of Shiite-Sunni violence that has killed thousands this year -- has raised fears of the country falling apart."

The Los Angeles Times (10/7, Richter, Daragahi, 918K) adds Rice "urged restless Iraqi Kurds to seek their future in a closer alliance with other Iraqis, as she visited the country's relatively peaceful Kurdistan region Friday for talks with" Barzani. She "declared that Iraq's minority Kurds, who suffered greatly under the rule of Saddam Hussein, can find their best security guarantee not from their powerful ally, the Americans, but from the Iraqi Constitution." Barzani "spoke publicly in terms likely to please Rice, saying Kurds are committed to working within the federal system and will share oil revenue from wells discovered in their region." The Times notes, "Despite the apparent harmony, U.S. officials are concerned by issues now swirling in Kurdistan, the least violent and most pro-American part of Iraq."

Rumsfeld Sees Progress In Afghanistan. In an op-ed in the Washington Post (10/7, A23, 748K), Defense

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Secretary Rumsfeld acknowledges, "There is, for example, the legitimate worry that increased poppy production could be a destabilizing factor. And rising violence in southern Afghanistan is real." However, he points to progress in security, the economy, education, health care, and infrastructure. He concludes, "In Afghanistan, the trajectory is a hopeful and promising one."

The AP (10/7) summarizes the commentary, observing critically, "Rumsfeld touched on only a few of the setbacks, including a surge in the drug production that the Taliban had almost wiped out five years earlier. But the defense secretary glossed over other dangers: The Taliban has taken control large parts of the countryside, more than 3,000 people have been killed in rising violence this year ..."

Taliban Is Resurgent In Southern Afghanistan. The Minneapolis Star Tribune/AP (10/7, Krane) reports, "The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime. The prospect of a second downward spiral -- though so far Afghanistan isn't nearly as violent as Iraq -- has experts worried that Western militaries don't have an effective strategy for these irregular wars." The AP quotes concerned soldiers, Bruce Hoffman of Georgetown University, and alleged Taliban spokesman Qari Mohammed Yusuf Ahmadi.

Iraqi Police Have Lost 4,000 Men In Two Years.

The New York Times (10/7, O'Neil, 1.21M) reports, "About 4,000 Iraqi policemen have been killed and more than 8,000 have been wounded in the last two years, the American general in charge of training the country's police forces said yesterday." Maj. Gen. Joseph Peterson "said the figures covered casualties from September 2004 to the present." The numbers "appear to show a rising casualty rate among the Iraqi police, who have replaced American troops as the prime focus of insurgent attacks for much of this year." Peterson "emphasized the 'tremendous progress' made since American forces designated 2006 as the 'year of the police.' He cited Anbar Province, the restive western region long dominated by Sunni insurgents, as one example. 'We've cleared out the Euphrates River valley and are starting to see police forces grow and take hold and perform their responsibilities admirably,' he said."

The AP (10/7, Keath) reports that Peterson "said the force's performance was improving and officials are working to weed out militiamen." The AP adds, "Beefing up Iraq's security forces is a cornerstone of efforts to stop the violence that has torn the country since the fall of Saddam Hussein in 2003. Police have been a prime target for attacks by Sunni insurgents. Sunnis accuse the Shiite-led police of helping fuel sectarian violence that has killed thousands this year."

The Washington Post (10/7, Tyson, 748K) reports that Peterson "said continued efforts will be needed in 2007 to improve the quality of the force, provide training in leadership and basic policing skills, and weed out militia members -- some of whom are known to have carried out sectarian executions." The Post adds, "This week, Iraq's Interior Ministry had to remove a brigade of hundreds of Iraqi police from duty in Baghdad after it participated in sectarian violence, including one battalion that raided a meat-processing factory and kidnapped more than 20 Sunni workers, seven of whom were later found executed. That brigade, as well as other Iraqi police units now being inspected, will undergo three weeks of 'police transformational training' to improve policing skills."

NBC Nightly News reported on the suspicion of militia infiltration of police. NBC Nightly News (10/6, story 3, 2:45, Williams, 9.87M) reported, "There have been these suspicions that Shi'ite death squads and at least some of the Iraqi police force may be one and the same. Today Richard Engel went out on a patrol with the top flight US Army Stryker Brigade in Baghdad and found that many of those Americans putting their lives on the line there each day often don't know who to trust or even why they are still there." NBC (Engel) added, "The US Calvary's Crazy Horse, 3rd platoon, ventures out into southern Baghdad, where the enemy is invisible, Iraqi allies untrustworthy and where American troops increasingly ask themselves -- is this their fight anymore? And who is the enemy?" Sergeant Mike Schmieder: "It's not clear now who we're always fighting. If they're terrorists, if they're criminals or they're religious radicals." Engel: "After the mission, the soldiers tell us their morale remains high, but insist Iraqis need to do more." Unidentified male soldier: "It's time for them to take the reins and take responsibility for their country." Engel: "Until then, it's US troops in the middle of the war, mediating, fighting and dying."

US Troops Are Caught "In the Middle" Of Many Small Iraqi Wars.

The Los Angeles Times (10/7, Moore, Roug, 918K) reports in a pessimistic front page article, "In all, at least 57 people died and 17 were injured in the violence that day, Sept. 18. They were all killed in the same country, but not in the same war. The fighting in Iraq is not a single conflict, but an overlapping set of conflicts, fought on multiple battlegrounds, with different combatants. Increasingly, American troops are caught between the competing forces." Many American officials fear "the original U.S. counterinsurgency mission has become something else -- an operation aimed at quelling civil war, which is a much more ambiguous and politically fraught objective. American troops find themselves in the crossfire, caught among foreign militants, Sunni Muslim nationalist rebels, Shiite Muslim militiamen and other armed groups -- all fighting each other."

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Multiple Deployments Seen As Stretching Resources. The Atlanta Journal Constitution (10/7, Martz) reports on the 3rd ID's 1st Brigade Combat Team, which is "preparing for a third tour in Iraq, this time facing nearly out-of-control sectarian violence." The Journal Constitution adds, "Dozens of soldiers in the brigade -- unit officials say they don't have an official count…will be making their third combat tour in Iraq in less than four years. The multiple deployments and rapid turnaround are evidence that the service is stretched so thin it may have to request broader access to National Guard units to meet demands being made on it ... The short turnaround time for the brigade has resulted in a training pace so accelerated that the two weeks it would have normally spent at one of the Army's major training facilities at Fort Irwin, Calif., or Fort Polk, La., before going to Iraq were instead spent here."

Medic Testifies That Marines Shot Iraqi Civilian. ABC and CBS covered the trial of corpsman Melson J. Bacos in brief stories. ABC World News (10/6, story 4, 0:20, Gibson, 8.78M) reported, " Seven Marines charged with kidnapping and murdering an innocent Iraqi civilian. In California, a Navy medic by the name of Melson Bacos told a military judge that the Marines he was on Patrol with, dragged the man from his home and shoot him ten times in the chest and head. He testified on a guilty plea agreement."

CBS Evening News (10/6, story 6, 0:10, Couric, 7.66M) reported, "A court-martial at Camp Pendleton, California, a Navy medic admits he had a role in the kidnap and murder of an Iraqi civilian. He avoided murder charges by testifying he saw two Marines carry out the execution-style killing last April in Hamdania. A total of seven Marines still face charges in the case."

The major dailies and wire services also reported the trial. MSNBC (10/6) reports, "A Navy corpsman was sentenced Friday after testifying that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent. Petty Officer Melson Bacos, 21, was sentenced to 10 years in prison, but he will end up serving only a year under a plea deal. Bacos was also dishonorably discharged." The killing "was one in a series in which the conduct of American troops in Iraq have damaged America's image worldwide."

The Washington Post (10/7, Geis, 748K) reports, "Eight members of a Marine squad planned to kill a suspected Iraqi insurgent and developed a cover story before their April raid, but when they could not find their target, they pulled a neighbor from his bed and shot him to death instead, a Navy medic who was part of the group testified Friday."

The New York Times (10/7, Marshall, 1.21M), the AP (10/7, Deutsch), the Washington Times/UPI (10/7), and the Los Angeles Times (10/7, Perry, 918K) also report the story. The Los Angeles Times observes that the Hamdaniya incident "is the first of two high-profile cases of alleged brutality against Iraqis by Marines from Camp Pendleton to come to court-martial. Two dozen Marines are being investigated in a November incident in which 24 Iraqis, including women and children, were killed in the town of Haditha."

Army National Guard Recruiter Has Hard Task. The New York Times (10/7, Elliott, 1.21M) reports on Sgt. Cameron Murad, who works in California and "must persuade native Arabic speakers to enlist and serve with front-line troops." The Times describes the insults he experienced as a soldier and his difficulties in recruiting linguists: "Before his first week was up, he felt like an outcast. Stacks of fliers and business cards that he had left in grocery stores had vanished. Cashiers who welcomed him on his first visits were suddenly too busy to talk. ... From late 2002 to May 2006, 172 civilian contract linguists were killed in Afghanistan and Iraq, representing 2.6 percent of the roughly 6,500 linguists who worked for United States coalition forces, a Department of Defense official said. None of the 152 interpreters who have served in Iraq for the 09-Lima program have been killed. But that fact carries little weight in El Cajon, where memories of violence linger."

Nicholson Touts Polytrauma Centers, Says Funding Is Sufficient. In an interview VA Secretary James Nicholson said on FNC's Dayside (10/6, 1:06 p.m.) that "600,000 veterans now have returned from the combat zone and I write a letter to each one of them, telling them what they are entitled to for veterans benefits and health care and how to access it." He added, "We have set up 21, we call polytrauma centers distributed around the United States. We aggregated medical disciplines there so they do not have long distances to travel. These are the number one priority of the VA at this time. I just had a meeting yesterday in the Oval Office with the President and commander of the American Legion, talking about how well we are taking care of these people that are now coming home."

When asked about the VA's budget, the Secretary replied, "We are generously funded. In fact, we discussed this yesterday with the President. Spending under President Bush for the VA has gone up 70% since he has become president. We have the resources because it is a priority. There was an incident in '05 that related to the fiscal '05 budget that was drawn based on the '02 real data, before the war started. There was a gap there, but as soon as we went to the Congress and the president, they took care of us. This president is extremely supportive of these troops. It is a number one thing on his mind, and the Congress is supportive as well."

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Bikers Honor Fallen Troops. NBC Nightly News (10/6, story 9, 2:40, Williams, 9.87M) reported, "Please remember more than 2,700 American soldiers have now died in the war in Iraq but some have only had a handful of people come to say their final farewells. A group of very patriotic Americans who happen to be motorcyclists think that is wrong. They're doing their part now to make sure every fallen soldier gets a proper goodbye." NBC (Taibbi) added, "The funeral of Marine Nick Whyte of Brooklyn -- his family in agony. More than 40 other mourners shared the family's grief. And provided a motorcycle escort for the funeral process. Mourners like veteran Bill Connelly who didn't know Nick Whyte in life, but who, with the family's permission, asked to be here." Bill Connely: "I didn't know the soldier but I'm a Marine and it's my brother who died there today." Taibbi adds, "They are the Patriot Guard Riders, perhaps 40,000 nationwide organized originally to shield grieving families from a fringe church group that was picketing soldiers' funerals to promote the group's extremist views."

Depot Returns Dead Troops' Belongings. In an emotional 1,269-word front page article, the Washington Post (10/7, White, 748K) reports on the Joint Personal Effects Depot in Aberdeen, which processes the belongings of troops killed in Iraq and Afghanistan: "Within days of troops' deaths in action, their clothes, pictures and books and everything else that defined their lives on the battlefield wind up here. It is then the job of 138 people to inventory, photograph, clean and pack all of the items so they can be sent home to grieving families, the last remnants of the ones they loved. There are ghosts here, whispers of these people who sacrificed their lives to serve their country." Several workers are quoted describing the emotional impact of the work.

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Potter Sworn In As New Northern WV US Attorney. The Wheeling (WV) Intelligencer (10/7) reports, "Sharon Potter was sworn in Friday as the new U.S. Attorney for the Northern District of West Virginia, but a formal ceremony will be held at a later date, according to information provided by Potter's office." The Intelligencer continues, "Potter succeeds Thomas Johnston, who was sworn in as U.S. District Judge for the Southern District of West Virginia in April." The Intelligencer adds, "Potter was sworn in by U.S District Judge Irene M. Keeley in Clarksburg. … Potter has served as assistant U.S. Attorney for the Northern District of West Virginia since September 1992, according to information provided by Potter's office. … Assigned to the U.S. Attorney's office in Wheeling, Potter has handled a variety of criminal prosecutions ranging from fraud and tax evasion to drug trafficking and computer-related crime. … Potter has also been involved in criminal and civil property forfeiture cases, generating resources for state and local law enforcement agencies. She has also obtained funds for victims of fraud through restitution in a variety of cases."

CORPORATE SCANDALS:

Farmer Mac Attempts To Restate Company Results Form Past Three Years. The Washington Post/Bloom (10/7, D1) reports that "Farmer Mac, the government-chartered buyer of US farm loans, said it would restate its financial results for 2003, 2004 and 2005 to correct how it accounted for some derivatives transactions." The Washington Post reports that the changes will not change the profits of the company significantly. Farmer Mac "reported combined profit of $87.3 million for 2003, 2004 and 2005."

Judge Dismisses Suit Over MySpace Sale. Bloomberg (10/7) reports, "News Corp., Rupert Murdoch's media company, said a judge dismissed a lawsuit challenging its purchase of MySpace.com, rejecting claims by Brad Greenspan, former chief executive officer of the Web site's parent, that the deal cheated shareholders." Bloomberg continues, "Los Angeles Superior Court Judge Carolyn Kuhl ruled Friday that the acquisition of Intermix Media Inc., MySpace's parent company, last year was lawful and shareholders were fully informed when they voted on the transaction, New York-based News Corp. said Monday. … The decision lifts a cloud over the popular networking site, which Greenspan says he started in August 2003." Bloomberg adds, "He sued MySpace in February, saying the $580 million paid by News Corp.'s Fox unit didn't reflect the growth prospects. … Thursday, he demanded a federal investigation into the sale, claiming the deal defrauded shareholders of more than $20 billion. … News Corp. and Fox Interactive 'feel vindicated' by the ruling, Mike Angus, general counsel of News Corp.'s Fox Interactive Media, said."

CRIMINAL LAW:

Ralston Resigns Over Disclosure Of Abramoff Gifts. The Washington Post (10/7, A1, Baker, Grimaldi, 748K), in a front-page story titled, "Rove Aide Linked To Abramoff Resigns: Scandal Claims Its First West Wing Job," reports Susan Ralston, a "top aide to White House strategist Karl Rove resigned yesterday after disclosures that she accepted gifts from and passed information to now-convicted lobbyist Jack Abramoff, becoming the first official in the West Wing to lose a job in the influence-peddling scandal." The Post notes, "A congressional report showed last week that Ralston accepted sometimes-pricey tickets to nine sports and

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entertainment events from Abramoff while she provided him with inside White House information. The bipartisan report said there is no evidence that Rove knew of or approved of Ralston's actions, and sources said yesterday that the White House was surprised by the report's revelations. The White House counsel's office conducted a review of the report, but with Ralston's departure it closed its inquiry yesterday." The Post quotes a "senior administration official who spoke on the condition of anonymity" who said "the counsel's office reached no conclusion about whether Ralston violated gift limits because her resignation made the point moot. But the official said there were 'mitigating circumstances' in her case because she had a preexisting relationship with Abramoff." The Post goes on to report, "As right hand to the president's most important adviser, Ralston was closer to the center of the Bush operation. She was a key organizer of presidential events, coordinating with White House political, scheduling, advance and public liaison offices."

The New York Times (10/7, Kornblut, 1.21M) reports Administration officials "acknowledged…that she quit as a result of" the Congressional report. White House spokeswoman, Dana Perino is quoted as saying, "A protracted discussion of the report was not in anyone's best interest, and when she chose to step down, we supported her decision." The Times adds that, "For more than a year, Ms. Ralston was entangled in two Washington scandals at once. A nexus between Mr. Abramoff and Mr. Rove, she was also pivotal in the C.I.A. leak case." Bloomberg (10/7) reports that in her resignation letter, Ralston said "the time has come for me to pursue other opportunities."

Waxman Claims Ralston Is Being Used As "Scapegoat." The AP (10/7, Reichmann) reports Rep. Henry Waxman, the senior Democrat on the House Government Reform Committee, "said he suspects the White House is trying to make Ralston a scapegoat. 'There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House, but there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff,' Waxman said. 'The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston,' Waxman said."

Waxman Notes Mehlman's Contacts With Abramoff. The Los Angeles Times (10/7, Wallsten, 918K) reports Waxman said "the actions of senior aides such as former political director Ken Mehlman deserved more scrutiny. Last week's report included e-mails suggesting that Mehlman, now chairman of the Republican National Committee, was offered tickets to a rock concert and helped an Indian tribe represented by Abramoff secure $16 million for a jail despite resistance from Justice Department officials. … In an interview Friday, Mehlman said he did not recall any specifics from his dealings with the Abramoff team. 'I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules,' he said."

Libby Hopes To Avoid Trial By Introducing Classified Information. The Washington Post/AP (10/7, A8) reports Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff, "intends to load up his criminal trial with information about nine national security matters, the names of foreign leaders and details about various terrorist groups, according to court filings in the Valerie Plame leak case. The papers filed this week hint at what has been taking place behind closed doors as Special Counsel Patrick J. Fitzgerald tries to limit the amount of classified data that…Libby is permitted to use at his trial, scheduled for January." U.S. District Judge Reggie B. Walton "is asking whether classified evidence would overlap with what Libby is likely to say in his testimony. … In court documents, prosecutors argued that it would be 'unnecessarily wasteful of time' to allow Libby to present 'names of foreign leaders or government officials of other countries, or the names and histories of various terrorist groups.' The danger for prosecutors is that the sheer volume and sensitivity of the classified information Libby wants to introduce could scuttle the trial."

Harman Angered Over Pace Of Cunningham Investigation. According to the New York Times (10/7, Johnston, 1.21M) a report on former Rep. Randy "Duke" Cunningham "has remained under wraps for nearly four months, largely because of a battle between the committee's leaders over issuing a subpoena in the matter, members of Congress say." The Intelligence Committee's ranking Democrat Rep. Jane Harman "complained about the delay in a letter sent Thursday to the chairman, Representative Peter Hoekstra. … Harman protested what she said had been Mr. Hoekstra's refusal to subpoena" Cunningham. The committee "hired an outside counsel, Michael Stern, to carry out the Cunningham inquiry. Mr. Stern's specific findings are not known, although some Congressional officials have suggested that his report, which was completed in June, is critical of Mr. Cunningham for using the committee's secrecy to conceal his efforts on behalf of friends to insert spending items into classified bills." Harman "said Mr. Hoekstra wrote her last month saying that he had been in direct contact with Mr. Cunningham — apparently to seek informally his appearance before the committee. 'I am deeply disappointed that you contacted him unilaterally without notifying me,' Ms. Harman wrote.'"

Cunningham's Wife Agrees To Pay Back Taxes. The Washington Post/AP (10/7, A6) reports Cunningham's

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wife "will pay $1.6 million in back taxes and penalties for her role in the bribery scandal that landed him in prison, according to a settlement filed Friday." The Los Angeles Times (10/7, Krikorian, 918K) reports, "In exchange for her acceptance of responsibility in the case and continuing cooperation with an ongoing federal investigation, authorities say they have not filed criminal charges against Nancy Cunningham."

Former Shelby Aide Used Tech Firm To Garner Government Contracts. The Wall Street Journal (10/7, A1, Mullins, 2.03M) profiles lobbyist Stewart Hall, who previously worked for Sen. Richard Shelby, "a fellow Alabaman. … After working for nearly five years on Capitol Hill, he left government and became a lobbyist. Then, a few years ago, Mr. Hall went one better than the other former aides who prowl the halls of Congress on behalf of government-contracting clients. Mr. Hall, 40 years old, set out to become the client himself. All he needed was a company." Hall "decided to create a government contractor nearly from scratch. He assembled a group of investors, many of them fellow lobbyists. Together they bought a 25% stake in Huntsville, Ala.-based Digital Fusion Inc., a small technology-consulting company on the verge of bankruptcy. It did little business with the government, so Mr. Hall set out to beef up its defense-contracting business. Today, it mainly helps government agencies use computer technology for tasks ranging from budget analysis to missile engineering." Digital Fusion "became the No. 2 financial supporter of the political action committee of Sen. Shelby."

CIVIL RIGHTS:

DOJ Cites New Jersey Park For ADA Violations. The Asbury Park (NJ) Press (10/7, Cullinane) reports, "By locking the front door of the Visitor Center in Thompson Park on weekends but leaving the back door open for restroom access, the Monmouth County Park System is likely violating federal law, a spokesman for the U.S. Department of Justice said Tuesday. … That's because the back door of the Middletown park building is at the top of an eight-step stairway, making the restrooms inaccessible to some people with disabilities, especially those in wheelchairs." The Press continues, "The park system cannot open the facility on weekends — the busiest visiting days in summer — 'yet close the only accessible entrance to it' without violating standards of the federal Americans with Disabilities Act, said Eric Holland of the U.S. Department of Justice. His is the agency that enforces the regulations of the disability act. … Holland said that in order to comply with the law, the Park System must provide an entrance accessible to all visitors if it opens the building at all." The Press adds, "Laura Kirkpatrick, the parks' public information officer, said there are no plans to open the front entrance on weekends. … 'There are restroom facilities at the Craft Center (in the park) that are handicapped-accessible,' Kirkpatrick said of another park building at the park's western end. … However, there is no sign at the Visitor Center advising people about the other location. And there are no paved public roads connecting the two buildings. Visitors would need to drive outside the park and re-enter at a different entrance on Newman Springs Road."

DOJ Eyes Bias Probe Of Florida Sheriff's Office. The Daytona Beach (FL) News-Journal (10/7, Woodard) reports, "The Flagler County (FL) Sheriff's Office could face an investigation by the U.S. Department of Justice after a federal commission found 'reasonable cause to believe' the office discriminated against an employee who was fired in May." The News-Journal continues, "The U.S. Equal Employment Opportunity Commission said it found "reasonable cause to believe" the Sheriff's Office discriminated against former victim's advocate Vicky Peppin because of her Cuban background, according to a letter dated Aug. 31 from Federico Costales, director of the commission's Miami District. … In addition, the commission determined 'that there was reasonable cause to believe' the Sheriff's Office retaliated against Peppin after she filed her complaint with the EEOC in November 2005, Costales said in a separate letter dated Aug. 31. … In a telephone interview Wednesday, Peppin said she felt compelled to file the complaint to fend off allegations of a poor work performance and to combat the harassment and discrimination she faced." The News-Journal notes, "The EEOC's ruling is the latest controversy involving the Sheriff's Office. The agency is still under a shroud of scandal following the May indictments of six deputies and the former jail director following investigations of inmate abuse. One of those investigations involved State Attorney John Tanner's daughter Lisa being strapped into a restraint chair at the jail. Two deputies were charged with abuse in that incident."

DOJ Clears St Landry Parish Elections. The Baton Rouge Advocate (10/7, Burgess) reports, "Federal observers found no irregularities in recent elections in St. Landry Parish, federal and state officials said Friday. … But a losing candidate in the town of Washington's mayoral race said he plans to file a legal challenge alleging widespread voter registration fraud." The Advocate continues, "A team of observers with the U.S. Department of Justice kept watch on last Saturday's elections in St. Landry Parish after complaints of possible racial intimidation of voters, particularly in the sheriff's race. … 'They gave us a clean bill of health,' said St. Landry Parish Clerk of Court Charles Jagneaux." The Advocate adds, "Justice Department observers are expected

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to return to the parish for the Nov. 7 election, which includes a runoff in the sheriff's race between Laura Balthazar and Bobby Guidroz and the general election for U.S. Representative in the 7th Congressional District. … U.S. Atorney Donald Washington said the concern over voter intimidation arose during a routine pre-election meeting between state election officials and Justice Department. … Though federal observers noted no complaints on election day, Washington mayoral candidate Anthony James Soileau said he plans to file a lawsuit Monday to challenge the qualifications of at least 40 voters."

Brownback Puts Hold On Federal Judge Nomination Over Same Sex Ceremony. The AP (10/7, Hananel, Thomas) reports that "a judge's elevation to the federal bench could be derailed because she helped preside over a commitment ceremony for a lesbian couple four years ago." Sen. Sam Brownback "has placed a hold on the nomination of Michigan Court of Appeals Judge Janet T. Neff, saying her presence at the 2002 Massachusetts ceremony raises questions about her judicial philosophy." According to Senator Borwnback, "It seems to speak about her view of judicial activism."

ANTITRUST:

Wall Street Likes AT&T-BellSouth Merger. The Atlanta Journal-Constitution (10/7, Leith) reports, "Federal regulators are still weighing their approval of AT&T's deal to acquire BellSouth. But the buyout, as it draws close, has earned the blessing of Wall Street." The AJC continues, "Slowly but surely, shares of AT&T and BellSouth have climbed since the companies announced their deal March 5. As a result, the value of the transaction has spiked by about $10 billion, to a total of about $99 billion at the moment. AT&T's purchase of BellSouth is easily the most expensive acquisition involving a Georgia company — ever." The AJC adds, "The jump is particularly noteworthy in Georgia, home to a high concentration of BellSouth shareholders — about 50,000 of them. After the deal closes, those shareholders will get AT&T stock, which has traded upward in tandem with BellSouth. … The spike in share prices means the value of the deal has jumped, given that AT&T's purchase of BellSouth is an all-stock transaction. At current prices, the deal is valued at about $77 billion in stock and $22 billion in BellSouth debt." The AJC notes, "Before the deal can close, AT&T needs approval from the Department of Justice and the Federal Communications Commission. … The DOJ could announce a decision at any time; the FCC is scheduled to vote on the issue Thursday, although meeting times have been known to change."

ENVIRONMENT:

EPA Administrator Criticized For Failing To Tighten Soot Regulation. The Los Angeles Times (10/7, Wilson, 918K) reports, "As many as 24,000 lives — a large number of them Californians' — could have been saved each year if the head of the Environmental Protection Agency had tightened soot standards by one microgram per cubic meter annually, according to an analysis released Friday. The cost-benefit analysis also shows that although the tab for power plants, refineries, auto manufacturers and other industry for such a change would be about $1.9 billion a year — or about $15 per household — the savings in healthcare costs, work and school attendance and other benefits would be between $4.3 billion and $51 billion." EPA administrator Stephen Johnson "has been harshly criticized by medical groups, environmentalists and his own science advisors for his Sept. 21 decision to retain a standard allowing annual exposure of 15 micrograms per cubic meter, rather than tightening it to 14 micrograms or fewer." An analysis "released Friday shows that every member of a 12-member panel of scientists convened at the request of the White House Office of Management and Budget and National Academy of Sciences found that thousands of additional lives could be saved if the tougher annual standard were adopted."

FBI/DEA/ATF/USMS:

56 Indicted For Drug, Money-Laundering Charges. The Washington Times (10/7, Seper, 88K) reports that "Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels." According to ICE spokesman Dean Boyd "simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats." He also said "Federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations."

IMMIGRATION:

Bush Urges Congress To Pass Guest Worker Program. The AP (10/7, Riechmann) reports President

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Bush "shoehorned a plug for his guest worker program between making a joke about an award winner and listening to love songs Friday at a White House celebration of Hispanic Heritage Month. Bush said that as lawmakers debate immigration policy, they need to remember that while enforcing U.S. borders is important, it is only one step in the struggle to stop illegal immigration. He pressed Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's illegal immigrants a shot at U.S. citizenship. 'We must understand that you can't kick 12 million people out of your country — that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship,' Bush said.

Bush's Use Of "Earn Citizenship" Phrasing Noted. The Washington Times (10/7, Dinan, 88K) reports Bush "said immigration reform requires granting citizenship to current illegal aliens." Bush "praised U.S. troops who are Hispanic, noting that more than 200,000 are in uniform now. He also urged that the immigration debate not turn nasty. 'We are a land of immigrants, and as we debate immigration policy, we must always keep that important fact in mind,' Mr. Bush said." The Times notes that yesterday was "the first time the president has used the phrase 'earn citizenship,' a description popular among groups that lobby for granting rights to illegal aliens. But many critics, including Republican leaders, equate that concept with amnesty."

Hunter Says Border Fence Must Be Built. The Washington Times (10/7, Dinan, 88K) reports Bush "will soon sign a bill authorizing 700 miles of fence to be built along the U.S.-Mexico border. … The fence is already stirring the political pot, even before construction begins. Mexican officials sent a diplomatic protest to the Bush administration this week and have said they doubt the fence will ever be built. A report in The Washington Post yesterday seemed to concur, stating that the wording of the fence and spending measures gives the Bush administration so much leeway that it is unlikely the 700 miles will be completed. But Rep. Duncan Hunter, California Republican, who wrote the fence provisions that passed last year as part of the House's enforcement-only bill, said yesterday that building the fence is not optional. He held a press conference yesterday on the U.S.-Mexico border to address the report and said the language in the bill means the administration 'shall' build it."

Columbia Students Disrupt Appearance By Minuteman Official. The New York Times (10/7, Arenson, Cave, 1.21M) reports that "protesters stormed a Columbia University stage on Wednesday evening, shutting down a speech by the head of a fiercely anti-immigration group," the Minuteman Project's Jim Gilchrist. The Times notes, "Yesterday Mayor Michael R. Bloomberg chastised Columbia for the disruption."

CONGRESS-ADMINISTRATION:

Tax Revenues Fuel Drop In Budget Deficit To $250 Billion. The AP (10/7, Taylor) reports, "The federal budget deficit estimate for the fiscal year just completed has dropped to $250 billion…as the economy continued to fuel impressive tax revenues." The CBO's "latest estimate is $10 billion below CBO predictions issued in August and well below a July White House prediction of $296 billion." It would be the lowest deficit "since the $158 billion figure in 2002" and "when measured against the size of the economy, which is the comparison economists think is most important, the deficit picture looks even better." The AP notes, "At 1.9 percent of gross domestic product, the 2006 deficit registers far below those seen in the 1980s and early 1990s. The modern record of 6 percent of GDP came in 1983 and deficits greater than 4 percent in 1991 and 1992 drove Congress to embark on a 1993 deficit-cutting drive." Yet, "the long-term deficit picture remains bleak due to the looming retirement of the Baby Boom generation, which threatens to swamp Social Security and the Medicare health care program for the elderly."

The Wall Street Journal (10/7, A2, Wessel, 2.03M) in an article titled "Budget Deficit Progress Will Be Tough To Sustain" reports the decreasing deficit "will allow President Bush to boast that he has met his goal of halving the deficit, measured as a share of the gross domestic product, ahead of schedule. 'The president's goal of cutting the deficit in half by 2009, which drew the scoffs of many, is now likely to be reached before that date,' Edward Lazear, chairman of the White House Council of Economic Advisers, told the Senate Budget Committee the other day, a preview of what's to come next week. There's even talk that the president will set a new headline-grabbing goal: balancing the federal budget by the end of the decade." But "the smart money says the deficit is very likely to get deeper from here."

FDA Reportedly Hampered By Budget Concerns. The Los Angeles Times (10/7, Alonso-Zaldivar, 918K) reported, "When scientific advisors urged" the FDA "to put a strong warning about suspected cardiovascular risks on attention-deficit drugs…agency officials said more clinical evidence was needed. Now, the FDA-funded study meant to authoritatively answer questions about the drugs…may be halted in midstream. The reason: The agency doesn't have the money to finish it. … It is one symptom of a federal agency increasingly constrained by a budget that has failed to keep up with costs. This crunch is even more dire in the food division, which tries to keep tainted foodstuffs from supermarket shelves." The Times notes, "Recently, three former secretaries of Health and Human Services sounded a

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public alarm about what they saw as a dangerous squeeze on the overall FDA budget." Tommy G. Thompson, Donna Shalala and Louis W. Sullivan "joined consumer and industry groups in calling on the administration to substantially boost — perhaps double — the agency's $1.5-billion annual budget, which has increased only modestly in recent years."

President Bush Will Speak At Father's Namesake Carrier's Christening. The Norfolk Virginian Pilot (10/7, Glass) reports, "Today's christening of the aircraft carrier George H.W. Bush may be wet and windy, but workers building the $6 billion warship say they'll be shining. ... President Bush will give the keynote address in honor of his father, the carrier's namesake and the nation's 41st president, who will be present."

Baker Refrains From Criticizing Bush In New Book. In the New York Times (10/7, 1.21M) author Jacob Heilbrunn reviews, "Work Hard, Study…And Keep Out Of Politics!" by James A. Baker III with Steve Fiffer. Heilbrunn writes, "One of George W. Bush's most remarkable accomplishments has been to burnish the reputations of his Republican predecessors. The longer Bush is in office, the better they look by comparison. … It would hardly be surprising if James A. Baker III felt a certain measure of vindication about this unexpected turn of events. Though the ruthlessly efficient Baker preserved -- or, if you prefer, secured -- Bush's victory in Florida during the contentious 2000 presidential election, he has always been condemned by the right as a moderate. Like many officials from the first Bush administration, including the former national security adviser Brent Scowcroft, Baker was exiled to the sidelines as the younger Bush embraced the right. Unlike Scowcroft, however, Baker has maintained a studied silence about the current Bush administration."

NYT Accuses Bush Of Pursuing "Vendetta" Against Unions. The New York Times (10/7, 1.21M) editorializes that "the National Labor Relations Board recently expanded the pool of workers exempted from union membership. Specifically, the labor board found that registered nurses who assigned others to some shifts or tasks were supervisors, and thus not eligible to join unions. It was a bad decision." According to the Times, "this is one more step curbing the power of organized labor since President Bush came to office. The administration's philosophical vendetta against unions has come at a time when their power is already on the wane. Membership has fallen to 7.8 percent of the private work force in this country, from over a third in the 1950's. Far from balancing the scales, the anti-union drive comes when workers are already at a historic low in bargaining strength. Despite a growing economy and rising productivity, hourly wages adjusted for inflation have declined 2 percent since 2003. Corporate profits, meanwhile, are at their highest share of gross domestic product since the 1960's."

WSJ Urges Kennedy To Rule On Merits. The Wall Street Journal (10/7, A6, 2.03M) writes in an editorial that "the Roberts Court started its second term this week, but to read the coverage you might think that the nine-member Supreme Court has been reduced to Justice Anthony Kennedy's single vote." And "it's unlikely we've seen the last one-man majority from Justice Kennedy. This possibility is not lost on the political left, which explains the current publicity given to Justice Kennedy's role. The hope seems to be that Justice Kennedy can be conditioned with carrots and sticks to make him the next Blackmun or Souter -- earning praise for his 'moderation' if he votes with the liberal wing, but earning obloquy if he tacks right." But "what is clear is that Justice Kennedy enjoys being in the position of he who decides. It seems this term will offer him ample scope to play Solomon. The problem with this 'swing-vote' theory is that it trivializes the Court into a results-based political body when there are real judicial disputes to settle. The Court would be best helped if Justice Kennedy pointed it toward clarity rather than judicial confusion."

OTHER NEWS:

Bush Touts Jobs Figures As Sign Of Administration Progress On Economy. Providing the most detailed coverage of President Bush's remarks on the economy Friday, the Washington Post (10/7, A1, Henderson, Baker, 748K) in a generally positive front page article titled "U.S. Job Numbers Remain Strong" reports, "Unemployment went down and paychecks went up last month, the government said yesterday, and it added that job growth for the year ending in March may have been far stronger than previously thought." The news was "greeted warmly by the White House -- and less so by the financial markets." At a FedEx facility Bush touted "the job numbers and the rest of the Republican economic record a month before congressional elections." Bush and "other White House representatives used multiple briefings and statements to highlight yesterday's news." OMB director Rob Portman said, "This economy is strong and growing. … The president's pro-growth policies, including the tax relief, are working."

Focusing on the revised March job figures the Financial Times (10/7, Guha, Pimlott, Mackenzie, Beales) calls the revision "dramatic" and "the biggest in a quarter of a century" which "casts the expansion in a new light, leaving it less 'jobless' than before, though the rate of job creation since the

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2001 recession remains low by historic standards." OMB director Portman said, "We now find we created not 5.7m new jobs but 6.6m new jobs since August 2003. … That happens to be about the time when the president's tax relief was fully implemented."

Taking a negative tone, the New York Times (10/7, Porter, 1.21M) in an article titled "Job Growth Was Slack Last Month" reports, "For American workers, the job market is starting to look a lot less inviting. The Labor Department reported yesterday that employment grew by just 51,000 jobs in September, adding slack job growth to the emerging tableau of an economy gradually slowed by higher interest rates, expensive energy and a sputtering housing sector." Toward the end of its article the Times notes, "President Bush pointed to the decline in unemployment as evidence that his economic policies are working, urging Congress to extend his tax cuts beyond their planned expiration at the end of the decade." But "most economists see a slowing economy taking its toll on hiring, with many now predicting that the Fed's next interest rate movement will be down, as it moves next year to try to revive growth."

And the Los Angeles Times (10/7, Hennessy-Fiske, 918K) in an article titled "Sluggish Job Growth Could Affect Elections" reports, "The U.S. economy added a disappointing 51,000 jobs last month, the government said Friday, and although hiring in July and August was revised sharply higher, lackluster employment growth is still expected to dog Republicans in upcoming midterm elections." The economy "has proven to be resilient," yet "President Bush and his party have struggled to capitalize on such gains, analysts and polls say. Even with the Federal Reserve pausing its campaign to raise interest rates, Republicans face voters worried about jobs and the possibility of a recession."

Describing the economic signals as mixed, NBC Nightly News (10/6, story 6, 0:15, Williams, 9.87M) said they presented "a bit of a mixed picture. While the US job market grew by only 51,000 jobs across the whole country last month, the previous two months were revised upward and the unemployment rate did tick down a notch to 4.6%."

Similarly, the Wall Street Journal (10/7, A3, Conkey, 2.03M) reports, "Job creation sputtered in September, in a sign that the economy is cooling, but other data suggested that the labor market is still producing enough jobs to boost wages." Economists said the "mixed data "made any interest-rate changes by the Federal Reserve unlikely before year's end. Speaking ahead of congressional elections next month, Bush administration officials said the figures pointed to a healthy economy." The Journal continues, "The decline in the politically prominent unemployment rate, the upward revisions to last year's payrolls and the modest acceleration in wage growth could help the Bush administration's efforts to play up the strengths of the economy heading into next month's congressional elections. 'The labor market to my mind is still very tight,' Edward Lazear, chairman of President Bush's Council of Economic Advisers, told reporters Friday." He "also highlighted that construction employment has held up despite the continuing decline in home building."

The Washington Times (10/7, Hill, 88K) offers a contrasting view from Peter Morici, a former chief economist at the International Trade Commission, who believes "the picture is decidedly mixed. … Those with more education and skills in professions like health care, finance and information technology have little trouble finding jobs, while those with only a high school education face higher unemployment rates around 6 percent." Morici said, "Had the current economic expansion followed the pattern of past recoveries, 2 million manufacturing jobs would have been regained. … Much of the stress in the jobs market falls in contested congressional districts in western Pennsylvania, New York and the lower Midwest. … This combination of economics and geography explains why Republicans are in danger of losing control of the House of Representatives."

Stocks Down Slightly After Strong Week. NBC Nightly News (10/6, story 7, 0:10, Williams, 9.87M) reported, "On Wall Street today here in New York the Dow dropped 16 points [to close at 11,850.21]. NASDAQ was down more than 6 points [to close at 2,299.99].

The New York Times/AP (10/7) reports, "Wall Street ended a record-breaking week quietly yesterday, edging lower after the Labor Department said employers added far fewer jobs than expected last month. The major indexes all scored big gains for the week." Although "the jobs report gave investors further confirmation that the economy was slowing -- employers created just 51,000 new jobs last month, well off the 120,000 Wall Street expected -- the market is now concerned that the economy might be moderating too much. Even the prospect of a rate cut by the Federal Reserve came as little comfort yesterday." Wachovia Securities market analyst Bryan Piskorowski said, "We've had a market that wants to see bad news as good news with respect to the Fed." But "the economy is slowing, the housing market is slowing, and consumer spending is starting to slow."

The Financial Times (10/7John O'Doherty) quotes Aim Investments senior investment officer Fritz Meyer saying, "I think a soft-landing is absolutely what's going to happen. … Sentiment has been increasing that there is more momentum in the economy than we thought, and the inflation statistics continue to look good."

Experts To Monitor GE For Clues On Economy. The Wall Street Journal (10/7, A2, Kranhold, 2.03M) reports, "Investors will be watching anxiously Friday when General Electric Co. reports third-quarter financial results. The industrial and financial giant disappointed investors with both its first- and second-quarter results. And the U.S. economy, for which GE has long been considered a bellwether, appears

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to have cooled in recent months." It's "far-flung operations touch much of the economy, from power turbines and media to aircraft engines, consumer credit and corporate financing. GE's plastics unit sells to the auto industry, and its appliance business is a barometer of housing." The Journal notes, "One critical unit to watch: the energy unit that makes power-plant turbines, which is recovering from a long slump that followed the collapse of Enron Corp. GE told investors this summer that operating profit at the unit would rise 25% to 30% in the second half of the year after falling 6% in the first half of the year."

NYT Columnists Offer Cautionary Prognoses After Dow Record. Floyd Norris in his column in the New York Times (10/7, 1.21M) downplays Dow Jones new record last week, writing "The Dow never had the technology representation of some other indexes, which held it back in the old days and holds it up now. Moreover, it is calculated on a price-weighted basis, so that high-priced stocks have larger influences than lower-priced ones." Norris concludes, "Can this continue? The tech stocks kept rising long after some warned they were ridiculously overvalued. But when they fell, they fell far and fast as owners found that no one wanted to buy them. That could happen to some of today's favorites as well."

And Mark Stein in an analysis titled "To Muted Cheers, The Dow Climbs Past A Record" in the New York Times (10/7, 1.21M) writes, "Stocks shattered records. Corporate profits soared. Economists waxed about a so-called Goldilocks economy -- not too hot, not too cold. Sound familiar? That was the siren song of the 1990's economic boom, and there was an eerie echo on Wall Street this week." Dow's rally "was driven not by expectations of rapid economic growth, as it was seven years ago, but by a rapid fall in energy prices caused in part by expectations that global economic growth is slowing."

OPEC To Hold Oil Prices Steady Around $60, But Competition May Drive Price Lower. The Wall Street Journal (10/7, B14, Hutchinson, Cox, Silva, 2.03M) in its EU notebook column reports, "OPEC announced Thursday that it intends to steady the oil price at something like the current level of about $60 a barrel. It may be able to defend this level in the months to come, but over the long haul this effort is doomed." That's because the "cost of producing oil is much less than $60. Even Canadian oil sands, which require expensive and energy-intensive processing, are profitable at something like $50. Eventually, the lure of profits will bring on new supply, damping the price."

Foley Scandal Affects Key GOP House Races. The political turmoil over the investigation of how the GOP handled allegations of Rep. Mark Foley's misbehavior continued to receive significant coverage in major US media outlets, including front page stories in the Washington Post and New York Times. CBS and NBC led their broadcasts with the Foley scandal and its impact on the GOP and altogether the TV news programs devoted four stories totaling 10 minutes to the issue.

CBS Evening News (10/6, lead story, 2:40, Couric, 7.66M) examined whether the Foley scandal was "reverberating outside the Beltway?" CBS' Borger noted while it was negatively impacting NRCC chairman Tom Reynolds and Rep. Clay Shaw's re-election campaigns, "most Republicans from the very top down are simply trying to get back to their issues." President Bush: "Today we got more good news: National unemployment rate is down to 4.6%." Borger: "Democrats for a change are all speaking the same language, from their House campaign chairman... " DCCC Chairman Rahm Emanuel: "You cannot change Washington unless you change the people you send to Washington." Borger: "To ads they're running against Republican incumbents." Ad attacking GOP Rep. Mike Sodrel: "You want change in Washington? Then change the people you send." Borger: "This has been a long week for Republicans and in 30 days they're about to discover whether they're in for a long couple of years. It will depend on just how much the Foley mess really matters to the voters."

NBC Nightly News (10/6, lead story, 3:00, Williams, 9.87M) reported the Foley scandal may "end up doing heavy damage to the national Republican party. There are dire predictions concerning how this will all play a month from now on election day and how much we've yet to learn." NBC's Reid notes that "the House Republican leadership is rallying around Speaker Dennis Hastert now that he's made clear he has no intention of stepping down. Majority Leader John Boehner whose loyalty was questioned when he said the page issue was Hastert's responsibility now says in a statement, 'he has my full support and I strongly believe he should remain our Speaker.' But while some Republicans show a united front, others, especially in tough races in Democratic states, are running away from Hastert." Tom Kean Jr.: "Speaker Hastert should step down as Speaker. He, after all, is the head of the institution where this happened." Reid adds, "Some Democrats are already running campaign ads." Unidentified male voice: "Did nothing to stop sexual predator Congressman Foley."

Focusing on Rep. Deborah Pryce's re-election campaign in Ohio, CBS Evening News (10/6, story 2, 1:40, Cowan, 7.66M) reported, "At Waldo's hair salon along one of Columbus's main drags, the sentiment is enough already. Are you sick of people talking about it, though?" Salon owner Pati Young: "Yeah, I am. I'm just sick of it. Forget about it." Cowan: "And that's coming from a Democrat. The war and the economy were the issues being talked about by both sides and it seems these issues are still what Midwest voters

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want to hear. But since last week this is what they've been getting." Democratic candidate Mary Jo Kilroy: "Deborah Pryce is going to come here and tell you even though she's the fourth-ranking Republican, she never knew Mark Foley. She's got no questions for Mr. Hastert, either."

Examining the impact on the open seat race for Minnesota's 6th district, ABC World News (10/6, story 6, 2:35, Gibson, 8.78M) said "this scandal could be pivotal, when the Democrats need 6 seats to gain the senate and 15 to gain the house." ABC's Reynolds reported Democratic candidate Patty Wetterling "is taking the Capitol Hill page scandal personally. She's been a public advocate for children since her son, Jacob, was abducted 17 years ago and never seen again." Tom Hauser, KSTP-TV political reporter: "No doubt, it's energized the Patty Wetterling campaign." Reynolds: "This is a suburban district nearby Minnesota's twin cities. It's a conservative place and a reliable Republican stronghold. President Bush won 57% of the vote here two years ago. Will the Foley affair shake things up?" Prof. Kathryn Pearson, University of Minnesotta political scientist: "It is something that voters can easily understand as being horrible. And so, voters are talking about this."

Most news stories on the Foley scandal note that Wetterling will make it the subject of the weekly Democratic radio address. The Minneapolis Star Tribune (10/7, Von Sternberg, 398K) provides the most detail reporting that in her remarks audio taped Friday "that if a 'full and complete investigation' finds that any congressmen covered up the Mark Foley scandal, they should be expelled."

The New York Times (10/7, A1, Nagourney, 1.21M) in a front page article titled "In House Races, More G.O.P. Seats Are Seen At Risk" reports, "At least five more Republican Congressional seats are now in serious contention, analysts said Friday, an unwelcome development for Republicans as they begin to confront a political environment further darkened for them by the Congressional page scandal." The Foley scandal "is undercutting Republican support among elderly voters, suburbanites and women, analysts from both parties said." And "more alarmingly for Republican strategists who have looked to the party's powerful voter turnout operation to save the party this year -- there are signs that the furor is sapping the enthusiasm of a group essential to Republican victories in 2002 and 2004: religious conservatives." White House aides "have watched with frustration as campaign appearances by Mr. Bush, in which he hammers Democrats on national security, receive little coverage, subsumed by the Foley case."

And McClatchy Newspapers (10/7, Talev, Black) in an article titled "Polls Show Little National Fallout From Page Scandal" reports the Foley scandal "could have a decisive effect on several key political campaigns across the country and prove crucial to Democratic hopes of gaining control of the House of Representatives in November." Surveys show it "hasn't created a voter backlash against Republicans nationally," yet "in four House districts currently held by Republicans the issue could prove decisive, political analysts said, because of the candidates' connections to Foley or to child protection issues."

Among GOP candidates cited by the New York Times and McClatchy as particularly effected by the Foley scandal are Rep. Tom Reynolds, Rep. John Shimkus in Illinois, Rep. Deborah Pryce in Ohio, Rep. Heather Wilson in New Mexico, Rep. Mike Sodrel in Indiana, Rep. Clay Shaw in Florida, Rep. Don Sherwood in Pennsylvania, Rep. Jon Doolittle and Rep. Michael Pombo in California and Michele Bachmann in Minnesota's open 6th CD.

Democrats Increase Pressure On GOP Over Foley Scandal. The AP (10/7, Taylor) reports, "More Democrats went on the attack Friday with campaign ads linking Republican candidates to the Mark Foley House page scandal while GOP candidates moved to distance themselves from embattled Speaker Dennis Hastert." In addition to Kean's call for Hastert to step down, "additional campaign appearances by Hastert for House GOP candidates got canceled. Hastert has come under heavy attack within his party's rank and file." The AP notes, "The nonstop news cycles for over a week have been filled with details of" the Foley scandal yet "with no significant developments Friday, GOP strategists hoped the party could catch its breath and gain traction on issues like lower gas prices, the peaking stock market and the economy. Great skittishness remained about unforeseen developments in the Foley saga, nevertheless."

The AP (10/7, Hammer) notes Democratic challenger Mary Jo Kilroy launched a radio ad on Christian radio stations attacking Rep. Deborah Pryce for her ties to Foley.

Kean Calls For Hastert To Resign Speakership. New Jersey GOP Senate candidate Tom Kean's call for Speaker Hastert to resign was noted in virtually all media reports. The New York Times (10/7, Chen, 1.21M) reports, "Breaking ranks with President Bush and his party once again," Kean "called Friday for House Speaker J. Dennis Hastert to resign in the aftermath of the Mark Foley scandal." He "has made ethics the central plank in his campaign to unseat the Democratic incumbent, Senator Robert Menendez. And although he has staked out reliably Republican positions on most issues, like Mr. Bush's tax cuts and the war in Iraq, Mr. Kean has also bucked party orthodoxy on occasion."

GOP Seeks To Bolster Support For Hastert. Republicans leaders and candidates were described as wary of supporting Speaker Hastert after he addressed the Foley scandal Friday. The Washington Times (10/7, Hurt, 88K) in an article titled "GOP Leaders Rally To House Speaker's Defense" reports, "Several top Republicans, including President Bush and Senate Majority Leader Bill Frist of

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Tennessee, have rallied behind Mr. Hastert" recently yet "in a clear indication of the damage the scandal could cause the Republican Party in November, some candidates continue to distance themselves." The Times cites New Jersey GOP Senate candidate Tom Kean and Kentucky GOP Rep. Ron Lewis and notes that in addition some "candidates who aren't explicitly chiding Mr. Hastert are at least denouncing the Republican Congress for the scandal and casting doubt that an independent investigation can be conducted by the House ethics committee." For example, Michigan GOP Senate candidate Michael Bouchard said, "The investigation must be taken out of the hands of politicians and put into the hands of trained investigators."

Similarly focusing on GOP support for Hastert, the Financial Times (10/7, Luce) reports, "For the time being, top Republicans are rallying behind Dennis Hastert," but "for many social conservatives…the Foley scandal could prove to be the final straw." Two key GOP groups "feel betrayed. Many traditional Republicans have been alienated by the growth in 'K Street' lobby groups over the past decade and the accompanying rise in federal spending." And "social conservatives have grown disillusioned with their party's relative lack of success in pushing forward a moral agenda to restrict abortion, oppose gay marriage and rein back the culture of permissiveness." But GOP "leaders believe there is plenty of time for the scandal to blow over. They also believe that their party's larger campaign war chest and the fact that voters remain concerned about national security could still prove decisive in the build-up to voting."

Assessing the GOP response to Hastert's remarks Friday, the New York Times (10/7, Hulse, 1.21M) reports, "House Republicans held their breath on Friday and hoped that Speaker J. Dennis Hastert's expression of remorse about the page scandal combined with the start of a House ethics investigation would stabilize his grip on power." One "senior Republican official who would speak about internal party matters only without being named said Mr. Hastert in his remarks had accomplished two goals sought by his colleagues: He had accepted some responsibility and had acknowledged that the response to complaints about the initial e-mail sent to a former teenage page in Louisiana had been inadequate." And "other members of the leadership issued statements backing him, putting aside, at least for now, some of the divisions exposed over the scandal and who was responsible."

Speaker's Top Aide Reportedly Met With Foley About Behavior "Prior To November 2005." The Washington Post (10/7, A1, Weisman, 748K) in a front page story reports that Speaker Dennis Hastert's chief of staff Scott Palmer "confronted then-Rep. Mark Foley about his inappropriate social contact with male pages well before the speaker said aides in his office took any action, a current congressional staff member with personal knowledge of Foley and his behavior with pages said yesterday." The unidentified congressional aide's account supports claims made by former Foley chief of staff Kirk Fordham. But, "Hastert's office contends that the first confrontation with Foley occurred in November 2005, when Shimkus, the head of the House Page Board, and then-House Clerk Jeff Trandahl took Foley aside to discuss what they termed 'over-friendly' e-mails that Foley had sent to a Louisiana boy. Fordham's account not only pushed the matter back at least two years but also indicated that alarms over Foley's behavior had gone well beyond bland e-mails."

Potential Federal Prosecution Of Foley Examined. The National Journal (10/6, Friel) reports, "In March of this year, a federal judge sentenced Dwight Whorley of Richmond, Va., to 20 years in prison after he was found guilty of a variety of child-pornography charges, including receiving 20 obscene Japanese anime cartoons. The case drew attention in child-protection circles because Whorley was the first person convicted under a 2003 federal statute that makes viewing such nonphotographic material a crime." The Journal continues, "Whorley was also convicted of sending and receiving 20 obscene e-mails that described sex involving children. He had broken the federal law that prohibits online viewing of 'any obscene, lewd, lascivious, or filthy book, pamphlet, picture, motion-picture film, paper, letter, writing, print, or other matter of indecent character.' … That federal statute is one of several that could come into play as the FBI's Washington Field Office and the Justice Department's Child Exploitation and Obscenity Section run an investigation into former Rep. Mark Foley, R-Fla., and his online sexual activities with underage boys. The federal investigators, as well as state and local agents who may be brought into the case, will try to determine what Foley actually did, the jurisdiction in which he did it, the age of the boys involved, and what state or federal laws he might have violated." The Journal adds, "The federal laws potentially in play include an obscenity statute that prohibits the 'transfer of obscene material to minors' and defines a minor as a child age 15 or younger. The youngest alleged recipient of sexually suggestive or sexually explicit messages from Foley was 16. … The statutes that Whorley was convicted of violating are based on the material itself, not on the age of the sender or receiver. Under such laws, juries determine whether community standards were violated and whether the material in question appeals to 'prurient' interests. … Also in play are federal and state 'coercion and enticement' statutes. Federal law prohibits adults from persuading -- or attempting to persuade -- children younger than 18 to engage in illegal sexual activity. Brian Doyle, a former public-affairs officer in the Homeland Security Department, pleaded no contest in Florida last month after being arrested for engaging in online discussions about a sexual rendezvous with a law enforcement agent posing as a 14-year-old girl. … Justice

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Department spokeswoman Tasia Scolinos said Attorney General Alberto Gonzales 'takes any allegations of child exploitation extremely seriously. And he has directed those in charge of the inquiry to take all appropriate steps to get to the bottom of this unfortunate situation as soon as possible.'"

Shimkus Could Face Long-Term Ramifications From Foley Scandal. McClatchy Newspapers (10/7, Bjerga) reports, "With more than a million dollars to spend and 69 percent of the votes in his last election, Rep. John Shimkus may well survive the Mark Foley scandal at the ballot box." But his "congressional influence could be diminished permanently by the scandal."

Lawyer Defends Page As Victim While Conservative Blogs Allege IMs Were Prank. NBC Nightly News (10/6, lead story, 3:00, Williams, 9.87M) reported. "We do know tonight the former page at the center of this story is now cooperating with the FBI." Stephen Jones, Congressional page's attorney: "I think he is a victim. This is an older man that made inappropriate comments, suggestions to him."

The Washington Post (10/7, A7, Williamson, 748K) reports that Jordan Edmund, "a key figure in the Foley page scandal" as a page who exchanged IMs with Foley, "has been targeted by conservative blogs" who "have published reports that the exchanges were a prank and that the teen in the messages…was actually trying to solicit sexually suggestive messages from Foley." But Edmund's lawyer Stephen Jones said, "It was not a prank, not a practical joke, that pages played on a congressman." Jones added ,"I don't think Jordan intended for any of this to become public."

House Republicans Accuse Democrats Of Political Setup. CNN (10/7) on its web site reports, "House Republicans took the offensive Friday, asking Minority Leader Nancy Pelosi and other Democrats to testify about whether they engaged in partisan trickery by releasing Foley's messages weeks before the midterm elections." In a letter signed by 10 other Republican congressmen Rep. Jack Kingston "asked them to disclose whether Democrats played a role in publicizing Foley's correspondences." Kingston wrote, "Just as it must be determined whether any Republican members or political operatives were aware of and attempted to conceal Mr. Foley's activities, it must also be determined whether any Democrat members or political operatives were aware of and attempted to conceal these same activities."

Failure To Pass Ethics Reform May Hurt GOP In Election. The Wall Street Journal (10/7, A4, Cummings, 2.03M) reports, "As House Republicans struggle to contain the fallout from the Mark Foley page scandal, two coming court dates will push long-lingering lobbying misdeeds back into the headlines just before Election Day." Next week Rep. Bob Ney is expected enter guilty pleas in the Abramoff probe and former Abramoff associate David Safavian faces sentencing Oct. 27. In addition to the Foley scandal it provides "'a clothesline' that Democrats can use to drive the scandal issue through the final days of the campaign," according to political observer David Gergen. Congress failed to pass tougher ethics reforms last spring and in private "House leaders said they didn't feel pressed to pass a tougher measure because the issue didn't show up on public polls as a concern to voters, several lawmakers and aides said." Yet, "in the wake of the Foley scandal, that could be changing. An Associated Press-Ipsos poll conducted in the past week found that about half of likely voters said scandal will be very or extremely important when they cast their vote. And by nearly 2-1, the respondents said they trust Democrats more than Republicans to clean up Congress."

Critics Scrutinize House Ethics Panel. The Los Angeles Times (10/7, Simon, 918K) reports, "The House Ethics Committee has had little to say as one scandal after another has rocked Capitol Hill since early 2005." Critics of the committee "abound" yet Rep. Howard Berman, "the committee's top Democrat, said in an interview Friday that since he rejoined the panel in the spring, 'there is a lot more going on' within the committee than people realize, but that he couldn't publicly discuss it. And despite the committee's paralysis for much of 2005, Berman said, 'As slow and as torturous as the process appears to be, the fact is if you look at the last 20 years, a number of careers have been ended by virtue of committee actions.'"

Foley Pressed To Release Name Of Abuser By Victims Advocates. The Washington Post (10/7, A6, Cooperman, 748K) reports, "The Roman Catholic diocese of Palm Beach, Fla., and national advocacy groups for victims of sexual abuse called yesterday for former representative Mark Foley (R-Fla.) to give police the name of the clergyman who allegedly abused him as a teenager." Survivors Network of Those Abused by Priests director David Clohessy said, "Every day that a molester walks free is a day when he can hurt other kids."

Former Pages Want To See Program Continued. McClatchy Newspapers (10/7, Diaz, Montgomery) reports that "for generations of other pages, the experience was a once-in-a-lifetime chance to get a sneak peek at the backstage of history, sometimes before it was made." Many "regard their service as a life-shaping experience. And they're eager to defend the program in a growing scandal evolving around" the Foley scandal.

The Los Angeles Times (10/7, Gaouette, Mendoza, 918K) reports, "When Republican representatives hooked up for a conference call this week to discuss the political crisis over former Rep. Mark Foley's salacious messages to former pages, the most heated discussion was not over House Speaker J. Dennis Hastert's handling of the matter, but over the future of the congressional page program." But "the venerable program is likely to persevere. For senators and representatives, it's a much-cherished perk that they can

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bestow on the children of constituents. For former pages, who ardently defend the program, it's an inspirational opportunity to see politicians at work in the cloakrooms of power."

WSJ Faults Media For Focusing On Foley At The Expense Of More Serious Concerns. The Wall Street Journal (10/7, A6, 2.03M) in an editorial writes, "Speaker Hastert should not resign before the election. It would be a disservice to send voters to the polls in five weeks amid tumult over Mark Foley. Those for whom this is a deciding issue should certainly vote on it. Our view is that the country would be better served with a clearer sense of the electorate's sentiment on dealing with the global threat and domestic well-being. Those are fit subjects of a serious national election."

Dorothy Bush Koch Discusses New Book On Bush 41. In an interview with Newsweek's Jessica Bennett (10/7) President Bush's sister Dorothy Bush Koch answers questions about her new book, "My Father, My President," which "takes an inside look at the personal stories, family memories and intimate challenges that remained largely out of the public eye during" Bush 41's "presidential years." Asked what the book will "tell us about your father than we may not have known," Koch replies, "My dad reached the highest pinnacle of his career when he became president, but he also had some low points, such as the death of a daughter. We have a firsthand account of when my dad was shot down on Sept. 2, 1944, which I think is very fascinating. But I hope people will learn how he coped not only with the good times but with the bad times with sort of dignity and grace."

Clinton To Distribute Several Million Dollars To Democratic Party Entities. The New York Times (10/7, Hernandez, 1.21M) reports Senator Hillary Rodham Clinton "is mounting a major push for Democratic Congressional candidates across the nation during the final weeks of the fiercely contested midterm elections, her aides said on Friday." Clinton, "who has been occasionally criticized by liberal bloggers for not using enough of her bulging campaign coffers to help her party, is shipping $1.5 million to two Democratic Congressional campaign committees based in Washington, as well as to the financially strained New York State Democratic Party, her advisers said. Mrs. Clinton is giving $1.1 million to the Democratic Senatorial Campaign Committee, which comes on top of the $1 million that she gave the committee last month. In addition, the senator is donating $250,000 to the Democratic Congressional Campaign Committee and $150,000 to the New York State Democratic Party. At the same time, Mrs. Clinton also plans to campaign for nearly 20 candidates in about a dozen states." According to the Times, Clinton will appear in Ohio, Pennsylvania, Virginia, New Jersey, Florida, Nevada, Rhode Island and Minnesota.

Wesley Clark Endorses Lamont. The New York Times (10/7, Medina, 1.21M) reports Gen. Wesley Clark "criticized" Sen. Joseph Lieberman "accusing him of having 'rubber-stamped' the Bush administration's Iraq policies, and he questioned Mr. Lieberman's understanding of military issues, during campaign appearances with Ned Lamont, the Democratic nominee for United States Senate." Clark "offered a strong endorsement of Mr. Lamont, saying that he would be 'the key to changing the course in this country.'"

Steele's Attacks On Cardin Over Drug Industry Ties Considered Hypocritical. The Washington Post (10/7, B1, Mosk, 748K) reports, "In a recent commercial advertising his bid for U.S. Senate, Maryland Republican Michael S. Steele tells voters that his opponent, Democrat Benjamin L. Cardin, has been tainted by contributions from pharmaceutical companies and special interests. … The ad does not mention that less than a week before the commercial began airing, a top drug company executive and an industry lobbyist hosted a $1,000-a-person fundraiser for Steele at a K Street steakhouse in Washington. The invitation to the fundraiser, obtained by The Washington Post, says the Sept. 20 lunch reception was to be hosted by Sally Walsh, a director of federal government relations at GlaxoSmithKline, and Michael Carozza, a lobbyist for Bristol-Myers Squibb. It advises donors to send contributions to lobbyist Frederick T. Dombo III, who identifies himself on his Web site as a Steele campaign volunteer. Federal records show that Dombo represents AmerisourceBergen Specialty Group, one of the largest pharmaceutical services companies in the country." The Post adds that the Steele commercial, "which aired Sept. 26, marked the first negative turn in his advertising campaign, coming in response to a spot by national Democrats that painted the Republican candidate as being in President Bush's hip pocket."

Dean Wishes Democrats Had Black Statewide Candidate In Maryland. The Washington Times (10/7, Ward, 88K) reports Democratic National Committee Chairman Howard Dean "said that Maryland's Democratic ticket should have had a black or other minority at the top, but added that the national party isn't to blame for the lack of diversity. 'I do think there should be more diversity on this ticket,' Mr. Dean said. … However, Mr. Dean said that the national party bears no responsibility for Maryland's Democratic ticket, which offers four white men for the state's top offices -- the U.S. Senate, governor, attorney general and comptroller. 'We don't interfere in primaries,' he said of the DNC."

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Webb Uses Warner's Assessment Of Iraq To Criticize Allen. The Washington Post (10/7, B2, Craig, Shear, 748K) reports Democratic Virginia Senate candidate James Webb "said yesterday that it is time for the United States to seek an end to the fighting in Iraq through diplomacy, citing a new and dire assessment of the war effort by Virginia's senior senator, John W. Warner (R). Webb sought to capitalize on Warner's appraisal of the war to highlight what Webb called the failure of his GOP opponent, Sen. George Allen, to face reality about the worsening situation in Iraq. … 'They have a victory quite frankly in military terms,' Webb said of soldiers in Iraq. 'What we have to do is to move this into the political, diplomatic environment. All I've heard from Senator Allen is that we need a victory in Iraq, whatever that is.'" The Allen campaign "quickly organized a conference call for reporters with Warner as a show of Republican unity. 'The bottom-line goal that Senator Warner and I share is that we cannot leave Iraq as a central haven for terrorists,' Allen said."

Allen's Sister's Memoir Noted. The Washington Times (10/7, Bellantoni, 88K) reports Allen's "political opponents have cited his sister's memoir to portray him as a bully, but an attentive read of her recollections of growing up with football-minded men provides deep insight into the Virginia Republican's past now at issue in his re-election campaign. 'Fifth Quarter: The Scrimmage of a Football Coach's Daughter' by Jennifer Allen includes some eyebrow-raising passages such as a young George Allen dragging his sister by her hair or hitting her boyfriend with a pool cue, incidents that are often noted by Mr. Allen's Democratic foes. But his critics don't use excerpts noting that the senator was a star student or how he set out a chair in honor of his late father…at his 1994 gubernatorial inauguration."

Underdog House Candidate Claims Democratic Backers Have Abandoned Him. The New York Times (10/7, Leibovich, 1.21M) reports, "Implausible pursuits can be humbling. Jim Marcinkowski, a Democrat, discovers this every day in his bid to dislodge Representative Mike Rogers, a three-term Republican, from the United States Congress." Rogers "clearly holds a big advantage in name recognition. And money, organization, experience, knowledge of the district, and everything else that make incumbency such a near-invincible force in Congressional elections. It is easy to overlook this in an environment that many predict will be hostile to sitting members of Congress, especially Republicans." Marcinkowski "personifies the thankless underdog. He is a probable loser (some say surefire) who is unknown to most voters in this district northwest of Detroit and irrelevant to the national party officials who recruited him — and, in his telling, then abandoned him — as they focused on 50 or so 'battleground' contests." Marcinkowski "says many of the Democrats who enticed him to run abandoned him after his fund-raising lagged and they deemed other races to be more winnable."

This Year Could See Substantial Rise In Female Members Of Congress. The Washington Post (10/7, A9, Asthana, 748K) reports on "a drive by U-Va.'s Center for Politics to inspire young women to get involved in politics." The Center's Director Larry Sabato "is predicting that 2006 could be the best year for women in 14 years. In a conservative scenario, according to the Crystal Ball, female candidates would gain nine seats in the House -- the largest rise since the Year of the Woman in 1992, when the number of women in Congress jumped from 32 to 54."

Nagin Endorses Jefferson. The New York Times/AP (10/7, Press) reports New Orleans Mayor C. Ray Nagin "says he is enthusiastically supporting the re-election of Representative William J. Jefferson, an eight-term Democrat who is the target of a federal bribery investigation. 'I've told the congressman that since he supported me during the mayor's race, that I would reciprocate,' Mr. Nagin said Thursday."

Schwarzenegger's Resurgence Attributed To His Bipartisanship. NBC Nightly News (10/6, story 11, 2:20, Williams, 9.87M) reported, "A red-state Governor in a blue state, Arnold Schwarzenegger is running for re-election as you May know. Even after some mistakes that really hurt him, including one just this week, he is way ahead in the polls. … Schwarzenegger has been able to shake off past controversies that hurt his popularity. … After he backed a series of losing partisan initiatives, his approval rating slumped to 35%. But one thing about Schwarzenegger -- he knows how to reinvent himself and he's doing it again. The new Arnold is bipartisan. Signing legislation Democrats favor such as measures to fight global warming and hike the minimum wage."

Schwarzenegger's Stance On Immigration Said To Have Evolved. The Los Angeles Times (10/7, Marosi, 918K) reports, "The national immigration debate is reverberating in California's gubernatorial campaign, with the two major-party candidates trading verbal jabs but treading carefully on the volatile issue." Schwarzenegger, "who has talked tough in the past on border-related issues — praising Minuteman-style private border patrols and supporting the anti-illegal immigrant Proposition 187 — now plays up his immigrant roots, calling for a comprehensive and compassionate border policy that bolsters security without mistreating illegal immigrants. The softened public stance hasn't stopped Democratic gubernatorial candidate Phil Angelides from portraying Schwarzenegger as an anti-immigrant extremist who has harmed relations with Mexico." The Times notes,

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"The dispute continued this week, when Angelides supporters criticized Schwarzenegger for saying Mexican immigrants should 'immerse yourself and assimilate into the American culture.'"

Elizabeth Edwards Busy Promoting Memoir. McClatchy Newspapers (10/7, Krentz) report, "In the days since her book was published, Elizabeth Edwards has gone from one interview to the next, from Oprah Winfrey to Diane Rehm to Charlie Rose, talking about the pain of losing her son and her battle with breast cancer. … John Edwards seems to be a probable 2008 presidential candidate. And the family has moved into a new home in Orange County, N.C."

Murdoch's Sky TV To Carry Gore Channel In UK. The Financial Times (10/7, Terazono, Correspondent) reports former Vice President Al Gore "is bringing his user-generated content television channel to the UK, courtesy of James Murdoch's British Sky Broadcasting. Mr Gore launched Current TV, the US channel made of clips created by viewers and producers, in August last year, and said that the channel was 'democratising television.' Mr Murdoch, who has claimed that BSkyB was the first media company in the world to go carbon neutral, and Mr Gore share their passion for the environment."

Rice, Colleagues Move Toward Sanctioning Iran But Continue Diplomacy. The Washington Post (10/7, A18, Wright, 748K) reports Washington "and five other major powers agreed Friday to take the next step toward imposing sanctions on Iran for failing to comply with [an UNSCR] to prevent it from subverting its nuclear energy program to develop a nuclear weapon." However, the grouping, "in response to Russian and Chinese wariness about the impact and effectiveness of sanctions," decided "to keep the door open to diplomacy." EU foreign policy chief Javier Solana "will remain available for talks if Iran chooses to come to the table and suspend its uranium enrichment program," a move that would end consideration of sanctions. Undersecretary Burns said the existing incentives package "will still be on offer if the Islamic republic changes its position." The Post says that, "after a dramatic buildup all week to a possible turning point following the collapse of European negotiations with Iran, the tone and scope of the agreement appeared significantly milder than anticipated." The deal "does not close the deep gap between the United States and Russia over strategy toward Iran. [Secretary] Rice acknowledged the split. 'It's long been the view of particularly Russia that sanctions may not have the intended effect,' she said, adding that Moscow had an obligation to act since it had voted for Resolution 1696 in July."

The New York Times (10/7, Shenon, 1.21M) adds Washington "said it had won agreement on Friday from" its six partners "to seek sanctions against Iran." However, US "diplomats conceded that there could still be long and difficult negotiations over what penalties to impose and their timing." Burns "said after the meeting that whatever the other nations' diplomatic language, 'What we've got is an agreement to go to the Security Council' to punish'" Tehran. The Times says "none of the other nations [involved] issued such an explicit statement after the meeting." An anonymous "senior State Department official" said "senior diplomats from the six countries would talk next week by video conference to begin debating the list of sanctions."

The Los Angeles Times (10/7, Richter, 918K) adds the six powers "said after a meeting of foreign ministers that they continued to hold out hope that the Iranian government would relent, suspend nuclear enrichment and accept a package of economic incentives they offered June 1." The Times notes, " A senior U.S. official described the decision to discuss sanctions as 'a little bit of progress' but acknowledged that agreeing on penalties against Iran would be difficult. Yet the Americans, who have pressed for sanctions, insisted that it was significant that the six nations have held together."

The Wall Street Journal (10/7, King, 2.03M) notes Washington "and its major partners sought to deliver strong messages to both North Korea and Iran over their nuclear programs, but divisions persist over how hard to push either country within the United Nations." London meeting participants "said they plan next week to begin talks within the [UNSC] over a package of sanctions," but Moscow and Beijing "reiterated Friday that they won't support threats or coercion." In somewhat more negative tones, the Financial Times (10/7, Khalaf, Smyth) says "after two hours of talks in London, no agreement was reached on the details of potential measures and it was far from clear that differences between the US and Europe on one hand, and Russia and China on the other, had been overcome." The AP (10/7, Gardiner) adds the six powers "left crucial questions about the scope and timing of any measures unresolved. … Apparently divided about how quickly to move, the envoys stopped short of explicitly declaring European negotiations with Iran a failure, as some had expected them to do. Their statement also shied away from demanding Tehran be punished by the [UNSC], but said" the discussion would continue at the UN.

UNSC Statement Says Any North Korean Nuclear Test Would "Jeopardize Peace." The New York Times (10/7, Hoge, 1.21M) reports the UNSC "urged North Korea Friday not to carry out a planned test of a nuclear weapon, saying it would endanger regional stability and provoke worldwide denunciation." The unanimously approved statement "said such action would 'jeopardize peace, stability and security in the region and beyond.'" The

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text also "urged Pyongyang to return to six-party talks," and Ambassador Bolton is quoted saying, "At an absolute minimum, North Korea must come back to the six-party talks which it has boycotted for 13 consecutive months and shows no inclination to come back to." However, the statement "made no mention of possible…sanctions or punishment other than to note that the Council would act 'consistent with' its obligations if Pyongyang followed through with its threat."

As the only network TV news program to cover North Korea Friday evening, ABC World News (10/6, story 5, 0:15, Gibson, 8.78M) in a brief story noted, "And in North Korea, the dictator, Kim Jong-Il, made his first appearance since the country announced plans to conduct a nuclear test. Today, the UN Security Council threatened unspecified action against North Korea if it moves ahead with the test."

The Washington Post (10/7, A17, Lynch, 748K) notes the UNSC "issued a veiled threat to weigh tougher action, including the possibility of sanctions, against Pyongyang it if proceeds with the test. The nonbinding statement capped three days of intensive negotiation after North Korea's announcement Tuesday that it plans to test a nuclear device to strengthen its defenses against the United States." The Administration "expressed frustration that the council was not prepared to adopt an even tougher response spelling out the punitive actions to be imposed on North Korea if it conducts a test." Nevertheless, Bolton and Japanese PermRep and UNSC President Kenzo Oshima "said the statement will be helpful to Japanese Prime Minister Shinzo Abe, who is expected to advocate a tougher response to North Korea's nuclear program in visits to Beijing on Sunday and Seoul on Monday." The Washington Times (10/7, Pisik, 88K) runs a similar story.

AFP (10/7) keys on continuing White House reaction, noting Deputy Spokeswoman Dana Perino "warned that a North Korean nuclear test would be an 'incendiary' event threatening Pyongyang's neighbors." She is quoted saying, "The international community has joined us in sending a clear signal to the North Koreans that any such test of a nuclear device would be unacceptable. … It would be destabilizing to the region and could lead to further escalation of tensions. And a test, by its very nature, could advance the North Koreans' capabilities."

The Los Angeles Times (10/7, Farley, 918K) adds Moscow and Beijing "had objected to earlier drafts of the statement that threatened an arms embargo, economic penalties or military force for failing to comply. The two nations rejected wording to 'demand' that North Korea halt its plans, settling instead for a statement that would 'urge' it to do so. But Russian diplomats said they were 'very concerned' about the possibility of a test." Japanese Prime Minister Shinzo Abe "said [yesterday] that the test could come as early as this weekend. U.S. spy satellites have detected sustained activity at a suspected underground test site in North Korea."

The AP (10/7, Lederer) notes, "A unanimous [UNSC] statement urged the secretive, communist nation Friday to abandon all atomic weapons as it promised last year and cancel plans to detonate a device. Japan hinted the North could face sanctions or possible military action." Tokyo "issued a statement later saying if North Korea defies international concerns about a test, 'the Security Council must adopt a resolution outlining severely punitive measures.'" In Pyongyang, Kim Jong-Il "met hundreds of his top military commanders and urged them to bolster the nation's defenses, as officers cheered, 'Fight at the cost of our lives!'" One Chinese analyst "said only the removal of American economic sanctions against Pyongyang could dissuade the country from carrying out a nuclear test."

The Financial Times (10/7, Turner, Dinmore) adds the UNSC "has agreed a unanimous statement, warning North Korea to refrain from testing a nuclear weapon, or face unspecified action." The Times says Washington "is reportedly looking at possible sanctions against" Pyongyang. Assistant Secretary Chris Hill refused to say precisely what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of" WMDs.

Lebanon's "Accidental" Premier Works To Rebuild Nation. In a 1,896-word profile piece, the Wall Street Journal (10/7, Young, 2.03M) reports, "There was a time, not so long ago, when Fuad al-Siniora was the most vilified man in Lebanon." Despite being "a proper technocrat, seemingly misplaced amid the promenading politicians," the Lebanese Prime Minster "remains firmly in place" in spite of "efforts by an array of forces to bring his government down." The Journal says Siniora "is velvety and unflappable," avoiding "hard angles in favor of nods, winks and baroque compromises -- qualities essential for herding the fat cats that make up Lebanese government." After discussing Siniora's "difficult" political position following the Israel-Hezbollah war, the Journal notes, "Politics are not the only thing the prime minister has to worry about. With a $40 billion debt, a GDP estimated at only $18 to $20 billion, and losses from the July-August conflict estimated by some U.N. agencies at over $10 billion, Lebanon is in dire financial straits." In conclusion, the Journal adds, "Many of Mr. Siniora's enemies will readily admit, of course, to a fear of God. What he must worry about is that they will increasingly fear Fuad al-Siniora, the accidental prime minister who may have turned out to be more than they bargained for."

Cluster Bombs Continue To Threaten Lebanese Civilians. ABC World News (10/6, story 8, 2:35, Gibson, 8.78M) reported, "The US is investigating whether Israel

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used" cluster bombs during its retaliation against Hezbollah in Lebanon "improperly. But no one disputes that the bombs are injuring and killing civilians right now." ABC (Dinnick) added, "The Lebanese army accuses Israel of violating International law by dropping to many bombs in populated areas. Israeli officials organize they argue they had no choice." Mark Regev, Israel government spokesman: "One of the problems of the conflict in Hezbollah, was that Hezbollah used the population as a human shield." Dinnick: "He says his team is finding and safely destroying a handful of cluster bombs every day. But the UN estimates there may be as many as 1 million still out there."

Haniya Says Hamas Will Not Recognize Israel. The New York Times (10/7, Myre, 1.21M) reports remarks by Palestinian Prime Minister Ismail Haniya, made "in a defiant speech delivered to a teeming crowd of Hamas supporters," that "insisted" that Hamas "would not recognize Israel despite the cutoff in Western aid that has strangled his government." The Times says the speech "appeared to be aimed at the Palestinian Authority president, Mahmoud Abbas, and Secretary of State Condoleezza Rice." Abbas recently told Rice that "there is a need for a new Palestinian government that will recognize Israel and deal with it. He also indicated that he was prepared to invoke his presidential powers and dismiss the current government." Haniya and Abbas' "blunt public remarks" this week "reflected what seems to be an increasingly bitter power struggle that could dim the prospects for a compromise."

The AP (10/7, El Deeb) notes Haniya said "Hamas will not recognize Israel or give in to international pressure that has crippled the Palestinian government." His "fiery speech was interrupted when he fainted onstage, apparently overcome by the heat and two weeks of dawn-to-dusk fasting during the holy month of Ramadan." He "ruled out a proposal by members of his own Hamas movement to form a new government of technocrats as a way of winning international support and ending a seven-month aid freeze." Haniya did say that "Hamas remains willing to invite other parties into a coalition, but that it would not soften its positions."

Writer Says Israel Perpetuates Family Separations. In an op-ed in today's New York Times (10/7, 1.21M), Palestinian writer Sam Bahour describes how he "left a comfortable life in the United States for an uncertain future in the West Bank" in 1993. He "helped create a $100 million telecommunications company" and build "a $10 million shopping center." However, "Israeli authorities have decided that my life here has come to an end." Bahour concludes, "Israelis and Palestinians are destined to be neighbors. … Many people like me…whom Israel is denying entry came to build bridges, not walls. We came to invest in a better life to follow this occupation — a bright, joint future for Palestinian and Israeli children alike."

Czech Authorities Heighten Alert Amid Anti-Jew Terror Plot Rumors. The New York Times (10/7, Smith, 1.21M) carries Czech media reports that "a report that there was a plot to attack Jews in Prague has set off a terrorism alert there." The "Czech news media have been feverishly speculating on the nature of the threat since the government announced heightened security measures on Sept. 23, the first day of the Jewish New Year. The Czech interior minister, Ivan Langer, called the threat 'unprecedented in the history of the Czech Republic.'" The Times notes, "The news of possible terrorism threats in both Oslo and Prague raise the possibility that Islamist terrorist plots, having been foiled by vigilant antiterrorism efforts in capitals like Paris and London, are turning to 'softer' targets elsewhere in Europe where security is more lax."

China's Current Account Surplus Continues To Grow. The Wall Street Journal (10/7, A4, Wu, 2.03M) reports an announcement by the Chinese State Administration of Foreign Exchange that Beijing's "current-account surplus in the first half of this year totaled $91.58 billion, widening from $67.26 billion in the same period a year earlier." The surplus "in the January-June period was bolstered by a growing surplus in China's trade in goods." The Journal says this data suggests that "China's current-account surplus is on track to exceed the $160.82 billion posted for full-year 2005." The government "reiterated it will encourage outflows and control the use of foreign debt" in an effort to reach "equilibrium in the balance of payments, including moving toward yuan convertibility on the capital account."

China's Hu Will Stress Unity, Highlight His Policies At Party Conference. The Los Angeles Times (10/7, Magnier, 918K) details Chinese President Hu Jintao's political preparations for the Chinese Communist Party (CCP) conference that begins tomorrow. He "has worked overtime to burnish the image of harmony in the party, even if it's taken some bloodletting to drive the point home." Recent purges and arrests in Shanghai "sent shock waves through China's political establishment" and "served as a warning to those in lower party ranks that Hu means business, further consolidating his power and stressing his underdogoriented policies as he heads into the fourth year of an expected 10-year administration. " The Times says Hu has repeatedly "stressed the importance of harmony as a salve for growing tensions over China's rich-poor gap and endemic corruption — even as the party and the nation's wide-ranging security apparatus have backed up words with force, intimidation and

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censorship when appeals for calm are ignored by rioting farmers, the media or social activists."

Putin Steps Up Deportations Of Georgians, Seizures Of Businesses. The New York Times (10/7, Myers, 1.21M) notes Moscow "deported 153 citizens of Georgia on Friday as a wave of punitive measures against Georgian migrants and businesses grew, prompting criticism that the government is carrying out an ethnically motivated campaign of harassment." The Times says the past week has been marked by "political and diplomatic conflict between Russia and Georgia that began with the arrests of four Russian military officers for espionage, and has shown little sign of easing despite the officers' release." An ethnic Georgian who runs a Moscow-based NGO "described the authorities' actions as an unjustified overreaction to political disputes with Georgia's president, Mikheil Saakashvili." These measures "have coincided with two new campaigns announced this week by" President Vladimir Putin – "sweeping new restrictions on gambling," and "new regulations of migrant workers, especially those in wholesale and retail markets." The Times adds, "Using some of the most strikingly nationalistic language of his presidency, Mr. Putin said that markets should be regulated 'with a view to protect the interests of Russian producers and population, the native Russian population.'"

WSJ Says Georgian Independence Has Fueled Kremlin Retaliation. The Wall Street Journal (10/7, 2.03M) editorializes, "The world needs to watch Russia's current pressure on Georgia." Moscow's moves this week are "a fresh reminder of just how paranoid and bullying the Kremlin's foreign policy has become in the hands of President Vladimir Putin." Foreign Minister Sergei Lavrov "alleges that the arrest of the [Russian] officers is part of a Western plot apparently hatched in Washington." While "Comrade Lavrov" may believe that "the Bush Administration wastes its time hatching two-bit schemes in the Caucasus to humiliate Mother Russia," the Journal says "what we are likelier witnessing is another fit of Russian pique at [Georgian President] Saakashvili's courageous decision to yank Georgia out of Moscow's orbit…and into the orbit of the West." Tblisi's efforts over the past three years "can serve as a model for other former Soviet republics such as Kyrgyzstan and Ukraine as they struggle to prosper. It could also serve as a model for Russia itself, which may be why Moscow has used every opportunity to bring Georgia and its leaders to heel." The Journal concludes the world should "feel grateful that President Bush, after placing too much faith in Mr. Putin in his first term, has given Mr. Saakashvili the support he deserves."

Administration Believes Unconfirmed Reports That Castro Has Cancer. Time Magazine (10/6, Burger, Donnelly) reported, "Ever since President Fidel Castro was sidelined for what was said to be abdominal surgery last July, Cuban officials have maintained that the country's leader will return to his post." However, Time says the Administration is "now convinced that Castro, 80, has terminal cancer and will never return to power." Time continues, "Of course, such intelligence reports could be wrong, and one official cautioned that definitive proof is nearly impossible for the U.S. to come by. Yet the fact that the Cuban government removed Castro from the public stage before his death could suggest that Castro and his would-be successors were aware of a terminal condition and wanted to gauge public reaction to his absence." While the Administration is preparing for "the inevitable," Times adds Castro's death wouldn't "mean that things will change much. Fidel's brother Raul…has given no indication that he will change the policies of the isolated Communist government that has tormented the U.S. since taking power in 1959."

Hungarian Premier Wins Confidence Vote. The Financial Times (10/7, Condon) reports, "Lawmakers from Hungary's two coalition parties on Friday signalled their near unanimous support for" Prime Minister Ferenc Gyurcsany "in a confidence vote. Despite a withering attack from the opposition and the knowledge that hundreds of thousands of Hungarians were expected to mass outside parliament to demand the prime minister's resignation later in the day, MPs voted 207-165" to support the premier. "Only three coalition MPs failed to vote for the measure."

The AP (10/7, Gorondi) adds, "Even as parliament voted, however, tens of thousands of people gathered on Kossuth Square just outside the legislature and demanded Gyurcsany's dismissal. The Fidesz party called on supporters to bring alarm clocks to the rally, a symbolic wake-up call for the ruling coalition to get rid of the prime minister." Gyurcsany "had requested the vote of confidence to reinforce political support for his austerity package and the transformation of the inefficient public sector" after his "coalition suffered large setbacks in Sunday's nationwide municipal elections."

Darfur Divestment Movement Finds Success In States And Cities. The Washington Post (10/7, A12, Boustany, 748K) reports, "House members are scattering to their home states this week with inconclusive results on the humanitarian crisis in the Darfur region of western Sudan, but momentum is growing at the state level for governments to divest public funds from companies, mostly foreign-based, doing business with Khartoum." The Post calls the sanctions bill, HR 3127, "a victory for business lobbyists" because it

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omits "language that would have endorsed states' rights to pass divestment laws." However, the Post notes, "a divestment movement appears to be gaining momentum across the country, with active campaigns on university campuses and at city and state levels. Six states have already passed divestment laws: Maine, Connecticut, Oregon, Illinois, New Jersey and California."

California State Moves Progressive Agenda. The Financial Times (10/7, Garrahan, Dinmore) reports that the progressive politics driving California politics "are beginning to take on an increasingly international dimension. This has left some businesses leaders and Washington policy makers uneasy." For example Gov. Arnold Schwarzenegger, signed "a law that prohibits the state's pension funds from investing in companies with active business in Sudan." Schwarzenegger's "efforts were hailed by voters from across the political spectrum. But the Sudan divestment law…is troubling the Bush administration, as well as business lobby groups and some senators." And it "comes weeks after the US Senate blocked legislation that would have ratified divestment from the Sudan by US states."

Volcker Says World Bank Must Lead Worldwide Anti-Corruption Effort. In an op-ed in today's Wall Street Journal (10/7, 2.03M), former Federal Reserve Chairman Paul Volcker says the murder of Russian central banker Andrei Koslov does not mean financial crimes occur only in Russia. Koslov's murder "defines the battle lines for all of us. It's a battle that all those supporting economic development and the rule of law cannot afford to lose. And, appropriately, it is international institutions that are placed front and center in that battle." He concludes, "My impression is that the corruption problem may be getting worse. … The implications go far beyond any one institution. But I know of no institution, by its leadership, by its professional staff, by its standing in the world, that is better equipped to take on that challenge than the World Bank."

NYT Says Paisley's DUP Should Renew Northern Ireland Peace Efforts. The New York Times (10/7, 1.21M) editorializes, "The transformation of militant Irish Republicanism from terrorism to democratic politics over the past decade has been little short of remarkable — a welcome success story in troubled times." Now that the IRA "has fully renounced terrorism, dissociated itself from organized criminal activity and committed itself to following an exclusively political path, the very steps its critics have demanded for years," the Times says the Democratic Unionist Party "led by the Rev. Ian Paisley," should offer "a similarly remarkable response." The DUP should "acknowledge that the conditions it has long set out for entering into a power-sharing government with [Sinn Fein] have been achieved."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Deaths Across Iraq Show It Is A Nation Of Many Wars, With U.S. In The Middle."
"Not Fit to Print For Amish."
"A Harvard Football Scandal? That Smarts."
"FDA Budget Malnourished."
"Playboy Hopes It's Back Front And Center."
"State Fines Ski Resort In Patrollers' Deaths."

New York Times:
"In House Races, More G.O.P. Seats Are Seen At Risk."
"Battling Power Of Incumbency, And Feeling Left To Fight Alone."
"Google Is Said To Set Sights On YouTube."
"For Recruiter, Saying 'Go Army' Is A Hard Job."
"Security Barriers Of New York Are Removed."
"Film On Pedophile Priest Revives Focus On Cardinal."

Washington Post:
"Staffer Cites Earlier Role By Hastert's Office."
"U.S. Job Numbers Remain Strong."
"Rove Aide Linked To Abramoff Resigns."
"Picking Up The Pieces Of Slain Troops' Lives."
"After Machismo's Long Reign, Women Gain In Spain."

Washington Times:
"U.N. Warns N. Korea On Nuclear Test."
"Dean laments Lack Of Diversity."
"GOP Leaders rally To House Speaker's Defense."
"Unemployment Falls Wages Up 4 Percent."
"U.S., EU Set Pact On Air Passengers."
"Red Ink Threatens Voice Of French Left."
"Atomic Bomb's Home Preserved As Historic Site."

Detroit Free Press:
"Battle For GM Takes Shape."
"Motown Mow-Down!"

Story Lineup From Last Night's Network News:

ABC: Chemical Explosion; Chemical Site Safety; Changing Course In Iraq; Seven Marines Charged; North Korea Nuclear Test; Foley Aftermath; Visiting Mars; Fighting Child Obesity; Racing For The Cure.
CBS: Foley GOP Impact; Foley Midwest GOP Impact; Warner Iraq Concern; NC Waste Treatment Fire; Memphis Church Fire; Marine Kidnapping Court Martial; Google

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YouTube Takeover; Celiac Disease; African American Social Problems; Lebanese Animal Adoptions.
NBC: Foley Aftermath; Changing The Course In Iraq; US Troops-Iraq; Building Fire-Memphis; Chemical Fire-North Carolina; The Economy; Stock Market; Fighting Child Obesity; Troops Funeral Mourners; Coumadin Warning; California Governors Race; Songs For Kids.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – President and Mrs. Bush depart the White House via Marine One. South Lawn. President and Mrs. Bush participate in Christening Ceremony of the George H.W. Bush (CVN 77). Northrop Grumman Newport News Shipyard, Newport News, Va.

President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Oct. 5 - 7. C-3 CONFERENCE _ The University of Martyland holds the 5th annual C-3 Conference on Cyberethics, Cybersafety and Cybersecurity on implications for the educational community. Highlights: 10:30 a.m. Keynote - Don McCabe, Founding past President of the Center for Academic Integrity. Location: University of Maryland, College Park. Contacts: David Ottalini, 301-405-4076.

Oct. 5 - 7. ONLINE NEWS _ The Online News Association holds its 7th annual conference and awards banquet. Highlights: 9:30 a.m. General session on how young people consume information. 3:15 p.m. State of the industry panel discussion. 7 p.m. Awards banquet.. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Lori Schwab, 646-290-7900

Oct. 6 - 8. 10 a.m. - 5:30 p.m. MONGOLIA _ The National Museum of Natural History holds the Mongolia Family Festival, with performances, games, film lectures, research displays and photographs. Location: 2nd floor, National Museum of Natural History. Contacts: Michele Urie, 202-633-2950.

3:30 p.m. - 5:30 p.m. TRANSAFRICA-ASHE RECEPTION _ TransAfrica Forum holds its 13th Annual Arthur R. Ashe, Jr. Foreign Policy Library Reception, with guest of honor Charlayne Hunter-Gault, author, ``New News Out of Africa." Mistress of ceremonies is Maureen Bunyan News Anchor, WJLA-TV, Washington, D.C. Remarks will be delivered by Danny Glover, chairman, Board of Directors, TransAfrica Forum. Location: Mimi's American Bistro, 2120 P St. NW.

6:30 p.m. HUMAN RIGHTS _ The Human Rights Campaign holds its 10th Annual National Dinner. Location: Washington Convention Center, Mt. Vernon Square. Contacts: n/a, 202-628-4160

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USDOJ- Office of Public Affairs

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Pentagon To Probe Gitmo Beatings Claim (AP)

By Thomas Watkins

AP, October 7, 2006

The Pentagon said Friday that it will investigate a Marine's sworn statement that guards at Guantanamo Bay bragged about beating detainees and described it as a common practice.

The Marine, a paralegal who was at the U.S. Navy station in Cuba last month, alleges that several guards she talked to at the base club said they routinely hit detainees.

"From the whole conversation, I understood that striking detainees was a common practice," the sergeant wrote. "Everyone in the group laughed at the others' stories of beating detainees."

The woman's name was blacked out of a copy of a two-page affidavit provided to The Associated Press by a civilian defense attorney working with Lt. Col. Colby Vokey, the Marine Corps' defense coordinator for the Western United States and based at Camp Pendleton.

Vokey, who sent the statement Wednesday to the Inspector General at the Department of Defense, called for an investigation, saying the abuse alleged in the affidavit "is offensive and violates United States and international law."

Pentagon spokesman Lt. Cmdr. Chito Peppler said defense officials "are reviewing this affidavit and will investigate these allegations fully." A call to the inspector general's office was not immediately returned

Navy Cmdr. Robert Durand, spokesman for the Joint Task Force that oversees detention facilities at Guantanamo, said the force "will participate fully with the inspector general to learn the facts of the matter and will take action where misconduct is discovered."

"Abuse or harassment of detainees in any form is not condoned or tolerated," Durand said.

Guantanamo Bay houses about 450 suspected members of al-Qaida and the Taliban. Human-rights groups have roundly criticized the Bush administration for detaining most without criminal charges, but U.S. officials have defended the detentions as necessary in the war on terrorism and say the detainees are treated humanely.

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The Marine said in the sworn statement that she has been working at Marine Corps Base, Camp Pendleton in Southern California on a Guantanamo-related case, and was in Guantanamo from Sept. 20-27.

She said some Marines had invited her to the base club Sept. 23. She didn't see them but a group of at least 15 sailors invited her to join them. She said she spoke with the sailors for about an hour, during which she had one drink, and that the sailors did not appear drunk.

A 19-year-old sailor referred to only as Bo "told the other guards and me about him beating different detainees being held in the prison," the statement said.

"One such story Bo told involved him taking a detainee by the head and hitting the detainee's head into the cell door. Bo said that his actions were known by others," the statement said. The sailor said he was never punished.

Other guards "also told their own stories of abuse towards the detainees" that included hitting them, denying them water and "removing privileges for no reason."

"About 5 others in the group admitted hitting detainees" and that included "punching in the face," the affidavit said.

Guantanamo was internationally condemned shortly after it opened more than four years ago when pictures captured prisoners kneeling, shackled and being herded into wire cages. That was followed by reports of prisoner abuse, heavy-handed interrogations, hunger strikes and suicides.

Military investigators said in July 2005 they confirmed abusive and degrading treatment of a suspected terrorist at Guantanamo Bay that included forcing him to wear a bra, dance with another man and behave like a dog.

However, the chief investigator, Air Force Lt. Gen. Randall M. Schmidt, said "no torture occurred" during the interrogation of Mohamed al-Qahtani, a Saudi who was captured in December 2001 along the Afghanistan-Pakistan border.

Description Of Prisoner Abuse At Guantánamo (NYT)

By David S. Cloud

The New York Times, October 7, 2006

The Pentagon said it would investigate claims by a Marine Corps sergeant that guards at the United States military prison at Guantanámo Bay bragged about beating prisoners and denying them privileges to anger them. The accusations are in an affidavit by a sergeant that was made public after being sent to the Defense Department's inspector general for investigation by Lt. Col. Colby Vokey, a Marine Corps defense lawyer. The sergeant, a paralegal whose name was not released, said in the affidavit that she heard about the alleged abuse while talking to several guards at the Guantanámo Bay base club while she was visiting Cuba last month, Colonel Vokey said. "Examples of this abuse included hitting detainees, denying them water and removal of privileges for no reason," the sergeant said in the affidavit read to The New York Times by Colonel Vokey. A Pentagon spokesman, Lt. Cmdr. Chito Peppler told the Associated Press that defense officials "are reviewing this affidavit and will investigate these allegations fully."

At Guantanamo: Hard Time And A View Of What Could Have Been (LAT)

By Carol J. Williams

The Los Angeles Times, October 7, 2006

Detainees at a new camp will see only a sliver of a common area; isolation has become the norm.

GUANTANAMO BAY, Cuba — The narrow windows in the 7-by-12 steel and concrete cells of Camp 6 will give detainees a view of a common room designed to bring them together as brothers in faith, language and customs.

But looking is all they will be able to do. The area will be off-limits.

When the Guantanamo prison complex's new camp was designed two years ago, the triangular communal area was intended to let detainees mingle over meals, games and conversation.

But virtually all time at Guantanamo has become hard time, and when prisoners begin arriving at the $38-million building in the next few weeks, they will be kept mostly in isolation.

A May riot in which dozens of detainees attacked U.S. soldiers, the suicide of three prisoners in June, and changes in the camp population — including the arrival of 14 "high value detainees" — have transformed Guantanamo into a largely maximum security facility.

The first new arrivals in two years — the group including the self-proclaimed Sept. 11 plotter Khalid Shaikh Mohammed and his alleged lieutenant Ramzi Binalshibh — were flown from secret CIA prisons abroad over Labor Day weekend. But dozens have left in recent months, too, having been cleared by annual review boards for release or transfer to their native countries. Negotiations also are underway between the State Department and foreign governments on the possible group repatriations of more than 300 Afghans, Saudis and Yemenis. Washington is trying to obtain assurances that the men will neither be tortured nor freed to potentially threaten U.S. or allied forces.

The 100 or so expected to remain after the transfers will be the detainees considered the most dangerous, those with little hope of release or reward for good behavior, according to military jailers. That population is unlikely to elicit much softening of the conditions.

Near the same time of the May and June incidents, officials discovered that prisoners with good behavior records had been dismantling their faucets to fashion weapons, officials said. That prompted jailers to reconsider whether prisoners should be allowed to interact and possibly plot resistance.

"We had to think about whether there is such a thing as a medium-security terrorist," said Rear Adm. Harry B. Harris Jr., commander of the prison and interrogation network that houses 460 war-on-terror suspects.

Col. Wade Dennis, who is effectively Guantanamo's warden, echoed Harris' concern that although most detainees cooperated with camp rules, the recent violence suggested some had been hiding their true nature.

"Detainees have already demonstrated they have the will and the thought processes to do self-harm and I facilitate that if I let them live in a communal-type environment," said Dennis.

Shortly after the suicides, the prison commanders decided to scrap the medium-security comforts, and will keep inmates isolated behind steel doors for all but an hour or two of daily exercise time.

"Meals will be served in their cells," said Naval Cmdr. Kris Winter, head of the force staffing the prisons.

Since the discovery of the vandalized faucets, Camp 1 has been emptied and its detainees moved to temporary metal-mesh cells pending repairs or relocation to Camp 6, which is expected to be fully populated by the end of the year.

Camp 4, which held about 175 prisoners before the riot, is a barracks-like compound where detainees slept 10 to a room, ate together and were free to congregate for as much as 14 hours daily. It has been cleared of all but about 30 Afghans who didn't take part in the uprising — the only detainees not confined to solitary cells.

Harris and Dennis say they will invoke tougher screening before any prisoners are allowed back into communal living.

Where to hold the prisoners among Guantanamo's eight detention facilities is an exercise in risk assessment complicated by the shutdown of Camp 1 — previously the most populous prison — and the virtual emptying of Camp 4 to modify fans and light fixtures that the rioters used to make weapons.

Unlike Camp 5, the reigning hard-time housing, Camp 6 has no outside windows or natural light in the cells. The prefabricated units are arrayed along two sides of a triangle. Bare concrete walls, floors and metal furnishings make the common room an echo chamber.

In addition to mothballing the tables, lockers and leg-stretching spaces in the new camp, the Navy's construction force, or SeaBees, and the prison's Kellogg Brown and Root contractors have erected chain-link partitions to make 10-by-30-foot exercise pens in what was designed as an open sports court.

Other retrofitting has included shower doors that will prevent the detainees from communicating, said Lt. Cmdr. Eileen D'Andrea, who was in charge of the prison's construction and 11th-hour revisions. An expanded guard force also will be needed to provide the manpower to shackle and escort each prisoner every time he needs to leave his cell, said Lt. Col. Mike Nicolucci, Dennis' deputy.

The hardening of Guantanamo detention dispirits the detainees and their lawyers, who see it as part of U.S. political posturing in an election year.

"They've set this up as a showcase and they feel they can't back down from it," Marine Maj. Michael Mori, who represents Australian detainee David Hicks, said of the Bush administration's Guantanamo operations. "Every day in Iraq and Afghanistan they let people go who they know are far more dangerous than these guys."

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Rank-and-file guards express little concern or curiosity about the conditions of the prisoners' confinement, noting that they are just doing their duty.

"I don't know exactly what they did but they must have done something wrong to be here," said Master-at-Arms Seaman Leif Kreizenbeck, a 23-year-old Oregonian who arrived barely a month ago.

Construction chief D'Andrea said the prison's design allows for future changes. Each of the eight clusters of 22 cells around a common area is self-contained and could be transformed to a medium-security, communal-living "pod" if that is what detention authorities decide.

That prospect seems distant.

"Once we get Camp 4 repaired — and that is costing us a tremendous amount of money — we will be very selective about who goes back to Camp 4," said Harris.

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Produce The Body (WSJ)

By Richard A. Epstein

The Wall Street Journal, October 7, 2006

Last week, the Bush administration persuaded a divided Congress to pass the Military Commissions Act (MCA), giving the president the authorization the Supreme Court ruled that he needed to try enemy combatants in Guantanamo.

The MCA was bitterly contested, and one of the most hard-fought provisions involves the right of detainees to demand that the government justify their detention to an independent judicial officer. On this point, Sens. John Warner, John McCain and Lindsey Graham have claimed in this newspaper that the MCA preserves the rights of individuals "to challenge his status in administrative and judicial fora," and that "these challenges are in excess of what our soldiers would be afforded as prisoners of war." In fact, the law offers far less protection than their broad observation suggests. The MCA strips them of their right to habeas corpus -- unwisely removing an indispensable and long-standing check on the abuse of executive power.

The average American naturally responds with a blank stare to that Latin mouthful, habeas corpus ad subjiciendum. But the phrase loses all of its obscurity -- and none of its punch -- when expressed in plain English: "Produce the body that it may be subjected to examination."

The writ grew up in England, long before the American Revolution, to counter the power of the Crown to arbitrarily imprison and execute its foes. Historically, habeas corpus directed the officer of the Crown who had custody of a prisoner to bring him into court, where an impartial judge could independently decide whether the confinement was justified. If, however, the original conviction was tainted by a coerced confession or the admission of illegally obtained evidence, the judge could order the prisoner freed, then and there.

Modern American practice no longer requires that the prisoner literally be brought into court at the outset of legal proceedings. Today, a judicial hearing attended by lawyers for both sides decides on the legality of the prisoner's confinement. Nevertheless, the older concerns still animate the modern practice. Lawful imprisonment, second only to lawful infliction of death, is the hallmark of state power. In any system of limited government, such loss of liberty should be hedged by strong procedural protections unless some grave public necessity requires its suspension.

By eliminating habeas review for Guantanamo detainees, the MCA has jettisoned the fundamental right of any prisoner to test the lawfulness of his detention. You may immediately object: Why, if ordinary prisoners of war may be detained for the duration of the conflict without habeas corpus -- as in World War II, the Korean War or the Vietnam War -- should the writ be available to unlawful enemy combatants captured in the war on terror? Because context matters. In conflicts between states, the prisoners are uniformed soldiers. We know they are combatants, we know what counts as the end of the war, and habeas serves no useful role. In a terrorist war, with nonuniformed combatants and chaotic battlefield conditions, wide military sweeps make sense -- but only if we take steps after the heat of battle to allow detainees to challenge their status. Without meaningful judicial review, innocent people could be arbitrarily or erroneously imprisoned, indefinitely.

To be sure, an individual's status as an enemy combatant is determined by a Combatant Status Review Tribunal (CSRT), and the MCA subjects this military tribunal's determination to judicial review. But the process is grossly deficient. It denies a

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detainee the assistance of counsel. It prohibits him from seeing the evidence against him. It lets the government alone decide what evidence the tribunal sees; it lets the government rely on evidence consisting of double or even triple hearsay; and it lets military superiors override tribunal decisions and fire tribunal members when they disapprove of their decisions.

The MCA also sharply limits judicial review. The court sees only the questionable evidence that the government allowed the tribunal to see, which the detainee has no opportunity to confront. And even this limited judicial review kicks in only if the government (1) triggers a CSRT proceeding for the detainee and (2) carries that review process through to a "final decision." The MCA does not require the government to do either. However, unless the government does both, the law allows the government to hold any prisoner -- even if he is not an unlawful enemy combatant -- in custody for the rest of his life, with no due process and no recourse to the courts.

No one deserves that fate. Truth must count. Innocence must matter. A deeply flawed Combatant Status Review Tribunal process and an optional system of limited judicial review sacrifices both. Only habeas corpus review can fill the gap. Happily, the Supreme Court is likely to invalidate this part of the MCA. The Constitution states that the writ of habeas corpus can be suspended only when rebellion or invasion endangers public safety. That's not the case here: A world of difference separates the risk of future terrorist acts from a present invasion on American soil.

To strip the federal courts of habeas jurisdiction for individuals captured in the war on terror tramples a fundamental guarantee of liberty that the Constitution provides to citizen and alien alike. It makes a mockery of our efforts to advance the cause of freedom throughout the world, and will be seen, both at home and abroad, as a cynical exercise in hypocrisy.

We can effectively respond to terrorist threats as long as our institutions remain open, as they are today. No disorder or unrest blocks the use of ordinary judicial processes; an aggressive foreign policy abroad, coupled with lawful surveillance at home, can go a long way to reduce the terrorist threat without trenching on key personal liberties. Retaining habeas corpus is vital if we are to remain faithful to our noblest constitutional traditions when they matter most, in times of trouble.

The Supreme Court should enforce the constitutional guarantee that Congress has authorized the president to ignore.

Mr. Epstein is the James Parker Hall Distinguished Service Professor of Law at the University of Chicago and the Peter and Kirsten Bedford Senior Fellow at Stanford University's Hoover Institution.

USA Denies Any Wrongdoing In Computer Terrorism Lawsuit (AP)

By Rebecca Boone, Associated Press Writer

AP, October 7, 2006

BOISE, Idaho (AP) -- The United States says it did nothing wrong when federal agents arrested and detained an American citizen as a material witness in a computer terrorism case.

The government's formal response to the lawsuit brought by Abdullah al-Kidd was filed in U.S. District Court on Friday.

In his lawsuit, al-Kidd contended that the federal government and several of its agents - including former U.S. Attorney General John Ashcroft and his successor, Alberto Gonzales, FBI Director Robert Mueller, Homeland Security Secretary Michael Chertoff and others - violated his civil rights by improperly using material witness laws.

The individuals named in the case have until Nov. 27 to respond; the United States' response deadline was Friday.

In its response, filed by Justice Department lawyer J. Marcus Meeks, the United States denied al-Kidd's allegations and said that al-Kidd was not entitled to any damages.

The lawsuit arose after al-Kidd - a former student at the University of Idaho who played football for the Vandals under the name Lavoni Kidd - was arrested in 2003 as a material witness in the government's case against a fellow student, Sami Omar Al-Hussayen. Al-Kidd and Al-Hussayen both worked on behalf of the Islamic Assembly of North America, a Michigan-based charitable organization that federal investigators alleged funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel. He sued, alleging that he was falsely imprisoned and that the

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government violated due process, using material witness laws to arrest, detain and investigate individuals without first proving probable cause.

Al-Kidd said the investigation and detention not only caused him to lose a scholarship to study in Saudi Arabia, but cost him employment opportunities.

Harper Protests US Deportation Of Canadian To Syria (AFP)

AFP, October 7, 2006

Canadian Prime Minister Stephen Harper has protested to US President George W. Bush about the deportation to Syria of a Canadian, who was tortured and held for a year.

Harper spoke about Maher Arar, a Canadian of Syrian origin, in a 15-minute telephone call with Bush following a Canadian inquiry's report that cleared Arar of any terror links.

"I indicated to president Bush that Foreign Minister Peter MacKay, would be sending a letter today to his counterpart, Secretary of State (Condoleezza) Rice, to launch a formal protest on the treatment of Maher Arar," Harper told reporters.

"He had been unfairly deported where he had faced torture in Syria, and that American officials had not been candid and truthful in their dealings with Canadian officials in the case and had violated what we understand to be the protocols for such communications between our two governments," he said.

Arar was stopped in New York, on his way to Canada from a trip to Tunisia, in September 2002 and was deported to Syria where he was jailed and tortured for more than a year.

"The president said that he would look at the complaint seriously, and we are expecting a response, an official response, to our complaint as well as assurances that we will not be facing that kind of conduct on the part of US authorities in the future, because we want to help the US in the fight against terrorism, and certainly, we share their concerns about security," Harper told reporters.

The inquiry headed by Judge Dennis O'Connor said in its report that US authorities had likely relied on faulty intelligence provided by the Royal Canadian Mounted Police (RCMP) to hold and deport the 36-year-old software engineer to Syria.

The mid-September report also urged Ottawa to register officially objections with Syria and the United States for their treatment of Arar.

Germany's Denials On Detainees Challenged (WP)

By Craig Whitlock

The Washington Post, October 7, 2006

BERLIN, Oct. 6 -- The chief plotter of the Sept. 11 hijackings and another al-Qaeda leader who spent time in secret CIA prisons might have been interrogated in Germany before their transfer last month to Guantanamo Bay, Cuba, according to lawyers for other terrorism suspects in U.S. custody.

Lawyers for a British legal association that represents Guantanamo prisoners reported Friday that two of their clients had given independent -- though secondhand -- accounts that al-Qaeda leaders Khalid Sheik Mohammed and Tawfiq bin Attash were questioned on military bases in Germany after their capture in Pakistan in 2003.

The prisoners' statements, based on information that they said was revealed to them by interrogators, challenge repeated denials by the German government that it played any part in the U.S. government's secret network to detain and transport terrorism suspects after the Sept. 11, 2001, attacks in the United States.

The statements also open the possibility that the CIA held prisoners on a U.S. military base in Germany without the knowledge of the host government in the early days after the attacks.

The British legal defense group, Reprieve, acknowledged that it did not have proof that German airspace or territory was used. But it called on the German government to investigate further. The prisoner statements, which have been declassified by the U.S. military, are contained in notes from interviews with their lawyers at the U.S. military detention center at Guantanamo.

"I'm certainly not saying it's established fact," Clive Stafford Smith, Reprieve's legal director, said in a telephone interview. "But it's definitely something we should follow up on."

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Thomas Steg, a German government spokesman, dismissed the report. He said a German parliamentary committee had already found no evidence that the CIA used Germany to transfer or detain terrorism suspects. "There is nothing to these accusations," Steg said at a news briefing. "There were and are no such facilities in Germany."

Robert Wood, a spokesman for the U.S. Embassy in Berlin, declined to comment.

Last month, President Bush revealed that 14 senior members of the al-Qaeda leadership had been taken to Guantanamo on Sept. 6 after spending years overseas in secret prisons operated by the CIA. The 14 prisoners included Mohammed, the mastermind of the Sept. 11 attacks, and Attash, who helped plan the 2000 bombing of the USS Cole in Yemen.

After the two were captured, they disappeared from public view. The Bush administration has not revealed where they were detained before they were taken to Cuba last month.

According to Reprieve, however, foreign interrogators fishing for information about Mohammed and Attash revealed to other prisoners that the al-Qaeda leaders were being kept in Germany for at least part of that time.

One of those prisoners, Binyam Mohammed, said that he was imprisoned in Morocco for 18 months after the CIA transferred him there. Moroccan interrogators, he said, accused him of meeting Khalid Sheik Mohammed in March 2002 to discuss an alleged plot to explode a radiological device, or "dirty bomb."

During questioning, Binyam Mohammed said his Moroccan interrogators told him the al-Qaeda leader was being held at a U.S. prison at an air base in Germany. The Moroccan prisoner, who was later taken back to Guantanamo, denies having any connection to al-Qaeda or knowing Khalid Sheik Mohammed, his lawyers said.

Separately, Attash's younger brother said he was told by Jordanian interrogators in 2003 that the USS Cole plotter was also being detained at a U.S.-run prison at an air base in Germany, according to Reprieve. The brother, 21-year-old Hassan Attash, was also later transferred to Guantanamo and remains in custody there.

Reprieve said both prisoners' statements concerning Germany were unsolicited. Because they were being held in isolation at Guantanamo and elsewhere, the group said, it would have been difficult to coordinate their story.

Since last year, German prosecutors have also been investigating whether the CIA used Ramstein Air Base, a NATO installation and headquarters of the U.S. Air Forces in Europe, to transfer a kidnapped radical cleric from Italy to Egypt in 2003.

In that case, German and Italian investigators have tracked flight logs indicating that the cleric was flown from a joint U.S.-Italian base in northern Italy to Ramstein, where he was put on another plane and flown to Cairo.

The American Way Of Secrecy (NYT)

By Francis Fukuyama

The New York Times, October 7, 2006

A RECENT article in The Washington Post described how researchers at George Washington University's National Security Archive were surprised to find 1970's statistics on the size of the American nuclear arsenal blacked out in documents they had obtained. This was surprising because the figures had been published many times in the past; more detailed ones had in fact been given directly to the Soviets in various arms control talks. And yet bureaucrats in the Defense and Energy Departments, acting under new post-9/11 rules, deemed the airing of this historical information dangerous in a world of terrorists and rogue nations.

It has become a cliché to say that "everything changed" after 9/11, but for two great American intellectuals — the sociologist Edward Shils and Daniel Patrick Moynihan, the former New York senator — recent events would have represented the eternal return of the same. Both argued that in the past, the United States has taken real foreign threats and vastly exaggerated the menace they represented, spinning out conspiracy theories. These justified the creation of a state based on secrecy that undermined American liberties and the free exchange of information, the fundamental sources of success for the United States as a society.

Shils, one of the founders of modernization theory and a longtime professor at the University of Chicago, wrote "The Torment of Secrecy: The Background and Consequences of American Security Policies" in 1956, in the immediate aftermath of the McCarthy era. Shils accepted the reality of the Soviet threat and the existence of conspiracies against the American way of life. But he also argued that American democracy, in contrast to the historically aristocratic orders in Europe, was based on a

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principle of publicity in public affairs — indeed, it "luxuriated" in its wide-open culture. That openness made the idea of external threat and internal subversion especially shocking: "In America, more excitable temperaments and a tradition of violence in expression and energy in action have prompted a passionate response to the threat of secret machinations." A weaker sense of privacy than that of the Europeans, as well as a "flimsier attachment to corporate bodies," made Americans seek their identity in great national symbols, leading to a hyperpatriotism and a tendency to see things in black and white.

In the early days of the cold war, the government's response to these fears was to grant the executive branch a huge degree of discretion in security affairs. The most visible manifestation of this tendency was the development of a classification system that suddenly removed a large amount of information from public scrutiny, and a system of loyalty checks that, in Shils's words, "hurt the delicate tissue which binds our society together."

Shils had no more ardent disciple than Moynihan, who wrote an introduction to a 1996 reissue of "The Torment of Secrecy." Moynihan used his perch on the Senate Intelligence Committee to make a sustained attack on the government's penchant for secrecy, and for his fellow Americans' willingness to tolerate restrictions on their liberties in the name of security. In his book "Secrecy: The American Experience," published in 1998, he argued that "secrecy enables a constitutionally weak executive to bypass the legislature in making decisions that the legislature will not support when things go wrong."

Moynihan pointed out that the Venona intercepts of decrypted Soviet communications from the late 1940's, declassified only after the cold war ended, showed without a doubt that there had been a major Soviet spy network in the United States. The intercepts proved that Julius Rosenberg was guilty of atomic espionage, and that Whittaker Chambers's charges that Alger Hiss was a Soviet agent were correct. Defense of Hiss had of course become a cause célèbre among the liberal intelligentsia of the 1950's. And yet security officials within the government all along had conclusive evidence of his spying, and of the true scope of the Soviet conspiracy. But they failed to reveal what they knew, even to President Truman. This failure, Moynihan said, allowed the public imagination to supplement real knowledge with destructive fantasies, which in turn called into being a generation of anti-anti-Communists. This is a polarization with which we are still living today.

The creation of a national security bureaucracy walled off from public scrutiny produced other malign effects as well. Assumptions about the economic strength of the Soviet Union generated by the intelligence community were not scrutinized against what many people who had actually visited the country knew about its condition. This led to a consistent overestimating of the Soviet threat and the failure to predict the largest event of the late-20th century, the collapse of Communism. All bureaucracies seek to enlarge their missions, and in true form the end of the cold war led not to a decrease in the number of official secrets, but to a vast increase.

Rereading these books in the light of 9/11, the Iraq war and the Bush administration's current efforts to extend executive power makes one realize the extent to which our current situation is not in the least new. While the nihilistic murder of nearly 3,000 Americans on American soil was unprecedented, the fact remains that both the actual and perceived threat of the late 1940's was much more acute than the one presented by Islamist terrorism today. The Communists controlled a huge nation-state — the Soviet Union — and conquered half of Europe. In 1949 they came to power in the most populous country in the world. The awesome destructive power of nuclear weapons was new; experts at the time confidently predicted that many states would acquire them in short order and that future wars would be nuclear. Americans lived in the shadow not of the destruction of a single city, but of their entire society. And the enemy had agents who could potentially penetrate the country's most elite institutions, something few jihadists can aspire to do today.

All new threats entail huge uncertainties. Then, as now, there was a pronounced tendency to assume the worst, and for the government to claim enormous discretion in protecting the American public. The Bush administration has consistently argued that it needs to be protected from Congressional oversight and media scrutiny. An example is the National Security Agency's warrantless surveillance of telephone traffic into and out of the United States. Rather than going to Congress and trying to negotiate changes to the law that regulates such activities, the administration simply grabbed that authority for itself, saying, in effect, "Trust us: if you knew what we know about the threat, you'd be perfectly happy to have us do what we're doing." In other areas, like the holding of prisoners in Guantánamo and interrogation methods used there and in the Middle East, one can only quote Moynihan on an earlier era: "As fears of Communist conspiracies and German subversion mounted, it was the U.S. government's conduct that approached the illegal."

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Even if we do not at this juncture know the full scope of the threat we face from jihadist terrorism, it is certainly large enough to justify many changes in the way we conduct our lives, both at home and abroad. But the American government does have a track record in dealing with similar problems in the past, one suggesting that all American institutions — Congress, the courts, the news media — need to do their jobs in scrutinizing official behavior, and not take the easy way out of deferring to the executive. Past experience also suggests that the government would do far better to make public what it knows, as well as the limits of that knowledge, if we are to arrive at a balanced view of the challenges we face today.

HOMELAND RESPONSE:

US And Europe Reach Draft Air Data Deal (FT)

By Sarah Laitner

Financial Times, October 7, 2006

The FBI and other American anti-terror agencies will have easier access to sensitive personal information on passengers flying from the European Union to the US, under a deal agreed on Friday.

Brussels and Washington struck the fresh concord after weeks of negotiations to replace a controversial pact from 2004 through which the US receives up to 34 pieces of data on air travellers.

That deal was invalidated by the EU's highest court on a legal technicality and expired last Saturday, prompting fears of transatlantic travel chaos.

Negotiations on a new pact had hit a sticking point over Washington's demands for an easing of restrictions on sharing the passenger records among US anti-terror authorities.

Michael Chertoff, head of the US department of homeland security, last month warned that his agency was "handcuffed" by European privacy requirements that had hindered it giving information to other agencies.

But Franco Frattini, EU justice commissioner, on Friday said that he had agreed to allow smoother passage of information between US authorities after Washington gave fresh guarantees over data protection.

Speaking at an EU justice ministers' meeting in Luxembourg, he said: "We are not talking about more data or more exchanges, we are talking about making it easier to transmit data."

In a statement issued after agreement was reached, Mr Chertoff said: "I applaud my counterparts at the European Union for agreeing with me on the importance of sharing this passenger data to defend us against terrorism." He pointedly emphasised the EU and US's "joint goal of combating terrorism while respecting our joint commitment to fundamental rights and freedoms, notably privacy".

Requests from other agencies that might conduct counter-terrorism investigations, such as the US Treasury and the Department of Justice, would have to be examined on a case-by-case basis, EU officials said, and these authorities would not have direct electronic access to the records.

US authorities demand records including name, age, seat preferences and payment details on incoming air travellers as part of toughened measures introduced after the September 11 attacks.

EU officials said that Washington will continue to store the data for up to three and a half years. The US will also retain the right to share the records with other governments, they added.

The court decision to strike down the original concord was an embarrassment to the EU, which spent months crafting the initial deal in the face of concerns over passengers' privacy rights.

A failure last week to establish a new agreement had prompted fears of legal limbo for airlines, amid worries that they would face lawsuits for breaching privacy rights.

The new pact, finalised after a nine-hour video conference, is valid until next July. Brussels and Washington will in November start talks for a longer-term agreement.

U.S. Reaches Deal With EU To Obtain Data From Airlines (WSJ)

By William Echikson And Anne Jolis

DOJ_NMG_0078411

The Wall Street Journal, October 7, 2006

BRUSSELS -- The European Union and the U.S. on Friday reached a deal over the exchange of data on airline passengers.

The agreement was reached after the two sides missed a court-appointed Oct. 1 deadline to renew a 2004 deal under which airlines gave 34 pieces of passenger information to the U.S. Department of Homeland Security.

Negotiations collapsed about a week ago when EU negotiators rejected Homeland Security Secretary Michael Chertoff's demand to lift restrictions on sharing the passenger data with other U.S. law-enforcement agencies.

"This is positive for the EU -- this will guarantee legal continuity on a very sensitive matter," said EU Security Commissioner Franco Frattini.

Mr. Frattini said Friday's new deal is applicable until the end of July 2007, by which time the two sides will "agree on a more permanent arrangement." Mr. Frattini said the EU agreed to allow Homeland Security to share the data with other U.S. agencies with a "comparable standard of data protection." This includes the Federal Bureau of Investigation and agencies within the Department of Justice.

This will allow the U.S. to "make full use of passenger data," Mr. Chertoff said in a statement Friday.

Trans-Atlantic carriers breathed a sigh of relief at the deal. "The agreement signed today will put an end to a period of uncertainty that was highly uncomfortable both for European carriers and their passengers," said Ulrich Schult-Strathaus, secretary-general of the Association of European Airlines.

The U.S. has acceded to the EU's demand that Homeland Security may no longer directly access the data from the airlines' databases, but will have to request the data from airline authorities.

Under the previous deal, the Department of Homeland Security was able to access the names, addresses and credit-card details of passengers within 15 minutes of a flight's departure for the U.S. Mr. Chertoff added, however, that the new agreement means Homeland Security will receive the data it wants earlier still "when there is an indication that early access could assist in responding to a specific threat."

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E.U. Agrees To Ease U.S. Access To Data On Passengers (WP)

By Molly Moore And Ellen Nakashima

The Washington Post, October 7, 2006

PARIS, Oct. 6 -- European officials agreed Friday to grant U.S. law enforcement and intelligence agencies easier access to detailed personal data on transatlantic air passengers, despite concerns about individual privacy and fears that the information could be misused.

The new pact, replacing one struck down by a European Union court in May, continues arrangements by which all passenger names, credit card numbers and other personal information are passed electronically to the U.S. Customs and Border Protection agency.

But it softens various restrictions on when and how that data can be passed to the CIA and other intelligence organizations.

Under the new system, "if we have particular interest in a number of flights, or a specific destination, then we can therefore use that information and share it with other counterterrorism agencies," said Jarrod Agen, a spokesman for the Department of Homeland Security, which includes the customs and border agency.

The data request must have some "specificity," he said, such as the recent alleged plot to bomb airliners flying from London. In that case, passenger information on flights from Britain to the United States could be shared with the FBI, he said.

The Europeans insisted on certain data protection safeguards. The U.S. agencies sharing the information, for instance, may retain the data for no more than 3 1/2 years, the same limit that applies to the border protection agency. And not everything that an airline knows about a passenger -- special meal requests, for instance -- will be turned over.

Many Europeans, living in countries with some of the most stringent privacy protections in the world, have been critical of what they perceive as U.S. efforts to usurp privacy of personal data, banking records and other information as part of attempts to identify potential terrorists.

In 2004, the European Commission -- the E.U.'s executive arm -- approved an agreement with the United States on the transfer of passenger data. But the European Parliament -- the E.U.'s elected lawmaking body -- challenged the deal in court, leading to it being overturned in May.

Pierre Sellal, France's permanent representative to the E.U., told reporters Friday that the new arrangement, reached after a nine-hour, transatlantic video conference, "permits the United States to protect against terrorist attack, but at the same time safeguards the essential liberties of passengers."

Homeland Security Secretary Michael Chertoff offered a similar view.

But some European officials remain skeptical of the new agreement, which requires airlines to provide the data to the U.S. government on flights heading to the United States within 15 minutes of takeoff.

"The E.U. has once again caved in to U.S. pressure at the expense of E.U. citizens' civil liberties," Cem Oezdemir, a German member of the European Parliament, said in a statement released in Brussels. He said the new accord "allows the continued plundering of E.U. passengers' personal information."

"It's clear that the U.S. government continues to want more data than it needs to screen passengers and that it wants to use the data for purposes other than simply keeping dangerous people off of airplanes and in this agreement it has made some steps in that direction," said Jim Dempsey, policy director for the Washington-based Center for Democracy and Technology.

Since the court ruling in May, airlines have been operating in a legal limbo, subject to possible lawsuits from passengers alleging privacy violations and facing potential fines or landing-rights refusals from the United States if they fail to provide the data.

"This is an important agreement that will ensure normal operations for the 105,000 passengers who fly between these two jurisdictions each day," Giovanni Bisignani, director general of the International Air Transport Association, said in a statement.

The new agreement does not change the type of information to be provided on each passenger. It will include name, address, credit card information, frequent flier number, telephone and e-mail contacts and the history of the person's no-shows for flights.

E.U. officials said that airlines would not have to provide data that could be used to identify racial origin, political opinions, health and sex life. Meal orders, for instance, could help identify a passenger's religious or ethnic background.

Nakashima reported from Washington.

Report Cites Watch List Errors (NYT/AP)

By The Associated Press

The New York Times, October 7, 2006

WASHINGTON, Oct 6 — Thousands of people have been mistakenly linked to names on terrorist watch lists when they crossed the border, boarded commercial airliners or were stopped for traffic violations, a government report said Friday.

More than 30,000 airline passengers have asked just one agency — the Transportation Security Administration — to have their names cleared from the lists, according to the Government Accountability Office report.

Separately, the National Security News Service and "60 Minutes" reported that the no-fly lists contain the names of 14 of the 19 Sept. 11 hijackers; Evo Morales, the president of Bolivia; Nabih Berri, the speaker of Lebanon's Parliament; and Saddam Hussein.

In a statement released Friday, the F.B.I. denied that either Mr. Morales or Mr. Berri were on the list.

The list also contains such generic names as Gary Smith, John Williams and Robert Johnson. When "60 Minutes" spoke with 12 people named Robert Johnson, it reported, all said that they are detained almost every time they fly.

But the list did not have the names of any of the 11 British suspects charged with trying to blow up airliners with liquid explosives.

Probe Of Anthrax Attacks Casts Shadow On Brothers (WP)

By Michael Powell

The Washington Post, October 7, 2006

CHESTER, Pa. -- On Nov. 15, 2001, Irshad and Masood Shaikh found themselves standing under the darkest cloud imaginable: The brothers had become suspects in the worst bioterrorism attack in American history.

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An FBI SWAT team battered down their front door, pointed semiautomatic rifles at Irshad's wife and carried out the first raid on a private home in the federal investigation of the anthrax attacks. Agents in moon suits carted out the Shaikhs' computers, medicines and books and swabbed the television set for anthrax spores.

But the FBI had acted on a bad tip. By every account available, agents found no evidence implicating the brothers, who are widely respected public health experts.

Since then, the Shaikhs have suffered consequences great and small. Irshad Shaikh, 44, who is Chester's health commissioner and has worked on humanitarian missions in Iraq and Afghanistan with U.S. officials, has been blocked by the FBI from obtaining a federal contract with the Centers for Disease Control and Prevention. Immigration officials canceled his scheduled interview for U.S. citizenship. And whenever Irshad returns to the United States from abroad, federal agents escort him off the airplane and interrogate him for hours.

Masood Shaikh, 46, serves as the Chester city epidemiologist. Like Irshad, he obtained a medical degree in Pakistan and a master's degree and a doctorate in public health from Johns Hopkins University. Two years ago, Masood was selected to work on removing land mines from Iraq. But the federal government refused to extend Masood's work visa pending a "security clearance." The clearance never came through, and Masood could not leave the country.

Masood, once poised to apply for American citizenship, now faces the expiration of his work visa and a return to Pakistan after 15 years in the United States.

The brothers acknowledge that they cannot prove that the government is behind every one of these roadblocks, but they point to a pattern.

"Our whole life has been turned upside down since 9/11," Irshad said by telephone from Cairo, where he is working with the World Health Organization. "For God's sake, they are welcome to search my house anytime. I will give them the key."

No one could argue with the FBI's urgency in trying to find the anthrax killers. The mail attacks in September and October 2001 claimed five lives and left 17 people gravely ill. The assailant possessed one of the deadliest bioweapons, and, with the slightest tweak in delivery, the anthrax spores might have caused tens of thousands of deaths. As the years passed and the FBI turned its searchlight on half a dozen people, careers and lives have been shattered.

The FBI designated Steven J. Hatfill, a Washington infectious disease researcher, as "a person of interest," and Louisiana State University dismissed him in 2004. In August 2004, FBI teams searched the home of Kenneth Berry, a New York physician who held three patents related to bioterrorism. He has lost his job and now lives in New Jersey.

Neither Hatfill nor Berry has been charged with a crime. Both vehemently deny any involvement with the anthrax letters, and Hatfill has sued the Justice Department.

But few suspects so unequivocally lack any connection to anthrax research as do the Shaikh brothers. They have never done biowarfare research. Their attorney, former prosecutor Anthony F. List, describes a Kafkaesque maze in which federal officials argue that they cannot be expected to "clear" men who, officially, are accused of nothing.

Spokesmen for the FBI, the U.S. attorney's office and the Department of Homeland Security say they are prohibited by federal law from talking about anyone even tangentially connected to a criminal investigation.

"This office has made no allegations regarding the Shaikhs," said Richard Manieri, a spokesman for the U.S. attorney in the Eastern District of Pennsylvania. "The Justice Department . . . typically doesn't announce when an investigation is closed or comment on the status."

List says prosecutors gave him Web addresses for federal inspectors general, but that is an uncertain path, and appeals can take years. "My clients are committed public servants," List said. "They don't have years to get on with their lives."

The Shaikh brothers grew up in Islamabad, Pakistan, in what they described as a secular and upper-middle-class family -- nine of their cousins are doctors. They immigrated to the United States and attended Johns Hopkins; Irshad was a Fulbright scholar.

In Chester, a working-class city of 36,000 just south of Philadelphia on the Delaware River, many residents view the Shaikh brothers with something approaching reverence. Irshad has served as health commissioner since 1994. On holidays, the brothers would volunteer to run the animal-control truck, picking up dead dogs and deer.

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"We are very lucky to be the beneficiaries of their talents," said Chester City Council member Monir Z. Ahmed. "They've had a thousand opportunities to hurt people right here in Chester, and all they do is help us."

Then came the terrorist attacks of Sept. 11, 2001. The anthrax mailings began a week later. When Irshad heard a knock at his office door Nov. 15 and found four federal agents waiting, he was not surprised, he recalls.

"Muslim? Pakistani? Unfortunately we have all these characteristics," Irshad said. "I understand that. We are not angry, we are not resentful. This was logical."

The FBI smashed through the door of his house and found Irshad's wife, a dentist, asleep in bed. They handcuffed her at gunpoint. Other agents burst into the downstairs office, which was rented by the AIDS Care Group of Chester.

"They handcuffed our carpenter," recalled physician Howell Strauss. "One agent asked about the white dust -- I explained it was from the Sheetrocking. Then they took away our Elmer's glue for testing. I told them, 'You've been surveilling this house for weeks, and this is what you do?' I'll never have the same faith in our government."

Half a year later, Irshad Shaikh took a job with the Vietnam Veterans of America Foundation, running a mortality survey in Afghanistan. He worked closely with State Department officials. Later, the CDC asked Irshad to work in Atlanta and analyze the data, but the FBI insisted that he could not set foot in the federal offices, a ban that at least one senior CDC administrator protested, according to a federal official.

In June 2003, Irshad served as a leader with the Emergency Mine Action Survey in Iraq under the auspices of the U.S.-led Coalition Provisional Authority. He was responsible for securing and removing ammunition stockpiles, working closely with Lt. Gen. David H. Petraeus and Brig. Gen. Frank G. Helmick of the Army's 101st Airborne Division. Irshad proudly e-mailed a photo of himself in a Black Hawk helicopter. He's sitting shoulder to shoulder with Helmick.

When Irshad returned to the United States, agents escorted him off the airplane. "You know what the other passengers are thinking: 'Terrorist!' " Irshad said.

Irshad and his wife have decided it is wiser to stay overseas in Cairo with WHO until the matter blows over -- although, for the first time, he has started saying, " If this blows over . . ."

"I decided to live this difficult exile," he said. "I know we are collateral damage. But we know, we believe , that fairness will prevail in our adopted country."

He paused.

"I would like say, respectfully, please let us get on with our lives."

The phone clicked off. Masood, sitting in their attorney's office listening to the conversation, shrugged. Irshad is the family optimist. "I came to this country hoping I could work and have a good career," Masood said. "My brothers still has some hope. I'm losing mine."

Bush Balks At Criteria For FEMA Director (WP)

By Spencer S. Hsu

The Washington Post, October 7, 2006

President Bush reserved the right to ignore key changes in Congress's overhaul of the Federal Emergency Management Agency -- including a requirement to appoint someone with experience handling disasters as the agency's head -- in setting aside dozens of provisions contained in a major homeland security spending bill this week.

Besides objecting to Congress's list of qualifications for FEMA's director, the White House also claimed the right to edit or withhold reports to Congress by a watchdog agency within the Department of Homeland Security that is responsible for protecting Americans' personal privacy.

The standards for the FEMA director were inspired by criticism of former FEMA chief Michael D. Brown's performance after Hurricane Katrina last year. Brown, a lawyer and judge of Arabian horses, had no experience in disaster response before joining FEMA.

Bush's moves came in a controversial assertion of executive authority known as a "signing statement," which the White House issued late Wednesday, the same day the president signed the $34.8 billion measure. Congress has assailed the

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unprecedented extent of Bush's use of signing statements to reinterpret or repudiate measures approved by lawmakers instead of exercising a formal veto.

White House spokesman Tony Fratto said the actions, first reported by the Associated Press, upheld the president's right to choose his advisers and control executive branch activities.

"There's nothing new here. The president has the authority to choose which of his subordinate officers he'll rely on," Fratto said. "The president has the authority to determine what the relationship is between them."

Lawmakers in both parties -- Democrats more harshly than Republicans -- said Bush was ignoring precedent and neglecting lessons of the bungled response to Katrina.

"Amazingly, President Bush continues to show more interest in expanding his executive power than in running the government in a fair, effective and competent manner," said Rep. Martin O. Sabo (Minn.), ranking Democrat on the House Appropriations subcommittee on homeland security.

A spokesman for Rep. Thomas M. Davis III (R-Va.), who chaired a House Katrina investigation, said the White House is slighting Congress and ignoring the political toll of Brown's incompetence and ties to GOP cronies.

"Davis hopes the White House isn't saying they don't understand the need for minimal qualifications, or that they might bypass them. If indeed they are, then we haven't come very far from the days of 'Heck of a job, Brownie,' " Davis spokesman David Marin said, in a reference to Bush's early praise for Brown. "Good luck getting someone confirmed who doesn't meet these standards."

Sen. Susan Collins (R-Maine), chairman of the Senate's Katrina investigation, said its findings showed that the president needs a principal adviser for emergency management, as he has on military matters in the Joint Chiefs of Staff.

Congress sets job requirements for officials from the U.S. solicitor general to the director of the U.S. Fish and Wildlife Service, she said. They are comparable to the five years of management experience and demonstrated emergency-management skills it mandated for the head of FEMA, she said. The director also should be allowed to make recommendations directly to Congress, she said, authority that the White House rejected.

"Congress needs a forthright assessment of the state of the nation's preparedness from the FEMA director," Collins said.

The White House also reserved the right to withhold or alter reports of a unit that monitors DHS use of Americans' personal information in background checks, employment screening and air travel, among other things.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, warned against muzzling the office, as DHS emerges as "the central hub for the integration" of government databases containing that information.

The DHS Privacy Office's last report to Congress covered activities up to June 2004. DHS spokesman Larry Orluskie said a new report, updated through this June, will be sent to the White House for review in coming days and is expected to be made public in about a week.

New Orleans Population Is Reduced Nearly 60% (NYT)

By Adam Nossiter

The New York Times, October 7, 2006

NEW ORLEANS, Oct. 6 — The city's population has dropped by nearly 60 percent since Hurricane Katrina, far more sharply than recent optimistic estimates had suggested, according to an authoritative post-storm survey released this week.

The population of New Orleans is now only 187,525, well under half the pre-storm population of 454,863, according to the survey, commissioned by several state agencies. The United States Census Bureau and the Centers for Disease Control and Prevention advised those who carried out the door-to-door population count this summer.

"We actually knocked on doors and asked how many people lived there," said Dr. Alden Henderson of the centers. About 490 households were surveyed, and researchers went to more than 1,100 dwellings, he said.

Mayor C. Ray Nagin has suggested that about half of New Orleans's former residents had returned, basing his projections partly on utility users. But the new numbers indicate that repopulation will take awhile to reach that level.

"The recovery is going to be slower than we anticipated," said David Bowman, an official with the Louisiana Recovery Authority, which helped commission the survey. "It's going to take time to get the housing stock back online."

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The margin of error for the survey was relatively high, plus or minus 12 percentage points.

The new figures also suggest that many more whites than blacks have returned to New Orleans. The white and black populations here are now separated by less than three percentage points, according to the survey — a gap much smaller than previously thought, and far less than the pre-hurricane divide, when New Orleans was 67 percent black. Whites now make up 44 percent of the population and blacks 46 percent, according to the new survey.

For months, neighborhood activists and housing advocates have suggested that the city's African-American population has had a difficult time re-establishing itself. Much of the rental housing was destroyed by the storm, rents have risen significantly and federal housing aid has barely begun to flow. The new numbers appear to bear out these concerns. They also suggest that the relatively high black vote in last spring's city elections — as much as 57 percent of the electorate — was elevated by citizens making the trip specifically to vote.

Still, officials expect these population figures to go up, eventually. More than 11,000 people from New Orleans have applied for federal rebuilding aid through the state's Road Home program. Some 80,000 housing units were destroyed in Orleans Parish alone, and their reconstruction has hardly begun.

The new population count has taken analysts here somewhat aback.

"The conventional wisdom was higher," said Richard Campanella, a Tulane University geographer. "It's a little bit of a disappointment. I don't question the numbers, that's for sure. This is the most authoritative survey yet."

Though officials acknowledged the new survey might not fully account for all of the city's daytime population — many are still commuting in to work on their houses — they emphasized that it was likely to be far more reliable than previous efforts, which relied on measures like school enrollment and electricity use.

WAR NEWS:

Warner's Iraq Remarks Surprise White House (NYT)

By Sheryl Gay Stolberg

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — The White House, caught off guard by a leading Republican senator who said the situation in Iraq was "drifting sideways," responded cautiously on Friday, with a spokeswoman for President Bush stopping short of saying outright that Mr. Bush disagreed with the assessment.

"I don't believe that the president thinks that way," Dana Perino, the deputy White House press secretary, said when asked whether the president agreed with the senator, John Warner of Virginia. "I think that he believes that while it is tough going in Iraq, that slow progress is being made."

Ms. Perino's carefully worded response underscores the delicate situation that Mr. Warner, chairman of the Armed Services Committee, has created for the White House just one month before an election in which Mr. Bush has been trying to shift the national debate from the war in Iraq to the broader war on terror.

Speaking to reporters on Thursday after returning from a trip that included a one-day stop in Baghdad, Mr. Warner said the United States should consider "a change of course" if the violence there did not diminish soon. He did not specify what shift might be necessary, but said that the American military had done what it could to stabilize Iraq and that no policy options should be taken "off the table."

With the blessing of the White House, a high-level commission led by James A. Baker III, the former secretary of state, is already reviewing American policy in Iraq. But the commission is not scheduled to report to Mr. Bush and Congress until after the November elections, a timeline that the White House had hoped would enable Mr. Bush to avoid public discussion of any change of course until after voters determine which party will control Congress next year.

Now, Mr. Warner's comments are pushing up that timeline, forcing Republicans to confront the issue before some are ready. In an interview on Friday, Senator Susan Collins, a Maine Republican who has been critical of the administration's approach in the past, said there was a "growing sense of unease" among other Republicans, which she said could deepen because of Senator Warner's comments.

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Ms. Collins, who is the chairwoman of the Senate Homeland Security Committee, echoed Mr. Warner's calls for a shift in strategy in Iraq. "When Chairman Warner, who has been a steadfast ally of this administration, calls for a new strategy," she said, "that is clearly significant."

She said the current approach, which she attributed to Secretary of Defense Donald H. Rumsfeld, had not led to an overall reduction in violence or any prospect that American troop levels would come down soon.

"We've heard over and over that as Iraqis stand up, our troops will stand down," Ms. Collins said. "Well, there are now hundreds of thousands of Iraqi troops and security forces, and yet we have not seen any reduction in violence."

Democrats, who have been using their fall election campaigns to tap into intense voter dissatisfaction with the way that Mr. Bush has handled Iraq, quickly seized on the Warner remarks, circulating them in e-mail messages to reporters. Senator Joseph R. Biden Jr., the senior Democrat on the Foreign Relations Committee, convened a conference call on Friday afternoon to hammer home the theme that even Republicans believed that the administration must change course. "Warner's statement is an important, important statement and, I hope, a turning point," Mr. Biden told reporters.

He that at least two Republican colleagues other than Mr. Warner had told him that once the election was over, they would join with Democrats in working on a bipartisan plan for bringing stability to Iraq. Echoing Mr. Warner's language, he said, "I wouldn't take any option off the table at this time. We are at the point of no return."

The White House said Friday that Mr. Bush had not spoken to Mr. Warner about his comments, and otherwise insisted that it had not glossed over the problems in Iraq. During her afternoon briefing, Ms. Perino harked back to a speech in late August in which, she said, the president said Iraq was at a "crucial moment." She said Secretary of State Condoleezza Rice had put forth the same message during her unannounced visit to Baghdad this week.

Later in the day, the White House circulated an e-mail message titled "Iraq Update: Political Progress," citing comments of other lawmakers, including Democrats, who had returned from the Middle East with more hopeful assessments than the one offered by Mr. Warner.

Senator Warner Has Grim View Of Iraq (WT/UPI)

The Washington Times/UPI, October 7, 2006

U.S. Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, returned from Baghdad with a grim outlook on how things are going there.

Normally a supporter of Bush policies in Iraq, Warner now says he believes in giving Iraqi leaders 90 days to make progress against insurgents.

Otherwise, the United States will need to make some "bold" moves, he told the Virginia Pilot. He did not elaborate.

Rice Urges Kurds To Work For Peaceful, Unified Iraq (AFP)

By Sylvie Lanteaume

AFP, October 7, 2006

US Secretary of State Condoleezza Rice met the leaders of Iraq's autonomous Kurdish region, urging them to cooperate with Iraqi Arabs in building a peaceful and unified country.

Rice dropped in on Kurdish regional president Massud Barzani in Arbil, his northern capital, after an unannounced visit to the Iraqi capital Baghdad, which is in the grip of a brutal sectarian conflict.

"The Kurdish people will ... certainly be better served if Baghdad and its surrounding areas are stable and democratic," Rice told reporters at a joint press conference with Barzani.

"We had a very good discussion about the national reconciliation process and the vision of unified democratic Iraq that is stable, that is at peace and at peace with its neighbors," she said.

Grateful for US support in throwing off the yoke of ousted dictator Saddam Hussein, Iraq's Kurds have put their long-cherished dreams of independence on hold while the Baghdad government struggles to rebuild the war torn country.

But separatist tensions are never far from the surface, and fierce rows have recently erupted over the banning of Iraq's national flag in the north and the Kurdish government's determination to develop its own oil industry.

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Washington fears a Kurdish declaration of independence would accelerate the possible disintegration of Iraq and knows it would be bound to anger regional ally Turkey, which has a restive Kurdish minority of its own.

Kurdish leaders regularly warn that they will secede if the rights of their region -- a union of three Iraqi provinces which has been broadly autonomous since 1991 -- are trampled on by the Arab-led Baghdad administration.

This threat reared its head again last week, when the Kurds announced the development of a new oil field, amid complaints from the central government that it should be consulted before deals are signed with foreign firms.

Barzani's oil minister furiously rejected federal oversight of oil contracts, and repeated the threat to declare independence.

Rice tried to calm the oil row during her visit.

"Our view... which I think most Iraqis agree with, is that oil needs to be a unifying factor and not one that would help to make the country less unified," she told reporters late Thursday.

Barzani said after meeting Rice: "We are for a fair distribution of oil revenues for the Iraqis."

Meanwhile, officials in Baghdad confirmed that a Kurdish lawmaker in Iraq's national parliament had been kidnapped and murdered during Rice's visit, which came after Monday's breakthrough pledge by Iraq's political factions to work together to halt the bloodshed.

Rice met with Iraqi Prime Minister Nuri al-Maliki, President Jalal Talabani and senior leaders from both sides of Iraq's bitter sectarian divide between Sunni and Shiite factions.

"The mass murders have shocked the people," Maliki said on Iraqi television, insisting that the reconciliation initiative was not reached under foreign pressure "but by the will of the Iraqis."

The violence convulsing the capital was in full evidence for Rice's visit, with 16 US soldiers killed since Monday. A rocket attack on the airport upon her arrival forced her military C-130 transport plane to spend 45 minutes circling the airfield.

Rice departed Arbil after a delay of more than two hours due to aircraft problems and headed to London for a meeting of six major powers on whether to urge the United Nations to slap sanctions on Iran over its suspect nuclear programme.

The Iraqi authorities, meanwhile, declared a total curfew Friday evening in the northern oil city of Kirkuk, shutting down entrances to the city for an undisclosed period of time, police said.

"This operation comes within the context of a new security being implemented by Iraqi forces in Kirkuk," said Captain Emad Jassem Khidr of Kirkuk police.

Police said they had collected 35 corpses over a period of 24 hours in Baghdad, mostly in the Sunni western half of the city.

The bodies bore the tell tale markings of Baghdad's grim sectarian war with signs of torture and bullet wounds to the head.

Rice Appeals To Oil-rich Kurdish North (AP)

By Anne Gearan, Associated Press Writer

AP, October 7, 2006

Convinced oil revenue is the long-term key to economic independence for a unified Iraq, Secretary of State Condoleezza Rice appealed Friday for cooperation from the autonomous and oil rich Kurdish north.

Rice visited the region's powerful president, Massoud Barzani, less than two weeks after the regional government threatened to break away from Iraq in a dispute over oil.

After a session with their staff, followed by a lengthy one-on-one meeting at the Kurdish government offices in Irbil, Rice and Barzani stood in front of U.S. and Kurdish flags and spoke to reporters.

Barzani, speaking in Kurdish through an interpreter, said Kurdistan, "like any other nation, has the right to self-determination." However, he said he is committed to a "federal democratic and pluralistic Iraq."

For her part, Rice thanked Barzani for the Kurds' long cooperation with the United States, adding, "and I appreciate also your important participation in the process of national reconciliation. Thank you."

When he was asked about the future distribution of oil wealth, Barzani did not repeat recent assertions that Kurdistan alone should control new contracts and business arrangements for oil pumped in the region. But at the same time, he gave no endorsement of proposed national legislation on dividing up income from oil.

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Rice's two-day trip to Iraq is meant to show U.S. support for the country's fragile central government, under assault by a spiral of sectarian violence and growing calls for autonomy among Iraq's regions.

And while she said the administration is always reviewing its policies in Iraq, she said it would not halt its backing for the country's struggling government.

"The option that the President has been very clear that he is not reviewing is beginning to somehow remove American support for this regime, for this new government in Iraq, before it's able to do the job on its own," she told reporters as they flew to London for a meeting on Iran's nuclear program.

Rice's departure from Irbil was delayed Friday, leaving unclear how much progress would be made at the London session.

Rice had to wait about two hours for a replacement plane because of mechanical problems discovered in the C-17 military transport that was supposed to ferry her to Turkey, where another jet was waiting to fly her to London.

The delay meant Rice would arrive late for a meeting with foreign ministers from Britain, France, Germany, Russia and China. The group still planned to meet but would be unable to finish its business and refer Iran to the U.N. Security Council on Friday as had been expected, said State Department spokesman Sean McCormack, who was traveling with the secretary.

In Iraq, fears of Kurdish secession have risen in recent weeks, especially when Barzani briefly banned the display of the Iraqi flag in government buildings.

The oil dispute reflects the larger fight over federal control in Iraq.

Although the parliament briefly averted a crisis over the Kurdish threat last month, leaders have been unable to pass a federal law on the distribution of oil wealth

The U.S. and other international backers want quick action on a law that would streamline the complicated oil sector, attract foreign investment and provide for equitable distribution of oil profits across Iraq.

Oil is still pumping at prewar levels more than three years after the invasion that toppled the former president of Iraq, Saddam Hussein.

Oil resources are now governed by vague terms in the national constitution written last year.

Energy analysts estimate oil revenues make up more than 95 percent of Iraq's domestic budget.

Since the Gulf War of 1991 the Kurdish north had been out of Saddam's control and the Kurds established their autonomous region under U.S. and British protection. After the U.S.-led invasion and occupation of Iraq, Kurdistan was the only region that did not witness major changes.

Iraq's new constitution recognizes Kurdish self-rule and provides a legal mechanism for other areas to govern themselves but within the Iraqi state.

Sunni Arabs, who had enjoyed control over Iraq under Saddam, now fear the Kurdish push for secession under the nation's new federal system. Should the Shiite majority in the oil-rich south follow suit, the Sunnis would find themselves with little more than date groves and sand.

Kurds Show Signs Of Seceding From Iraq (AP)

By Yahya Barzanji, Associated Press Writer

AP, October 7, 2006

With violence bloodying Iraq, Kurds in the peaceful north have been showing signs of going their own way, raising their own flag and even hinting they could secede in a dispute over oil wealth — moves that have alarmed Shiites and Sunnis.

Secretary of State Condoleezza Rice's visit to Kurdistan on Friday underlined American worries that Kurds may be pushing too hard too soon for autonomy powers at a time of increasing sectarian tensions.

Kurds insist they are only using the autonomous powers given to them by the constitution passed last year that laid down a federal system in Iraq. But many of those powers — particularly the division of oil wealth — remain vague.

Some Shiites are also pressing for their own autonomous region in the south, but even mere talk of federalism — amid a wave of Shiite-Sunni violence that has killed thousands this year — has raised fears of the country falling apart.

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"I warn those who back federal regions," a top Sunni Arab cleric, Harith al-Obeidi, said in his prayer sermon Friday in a Baghdad mosque. "They should think about security in Baghdad before claiming that federalism will provide security for the regions. ... Federalism in its current form will lead to the division of Iraq."

Sunnis in particular worry that a breakup of the country will create strong Shiite and Kurdish regions in the south and north — where Iraq's oil wealth is concentrated — and leave Sunnis in an impoverished central zone with no resources.

Backing for independence has always been strong in the autonomous zone in Iraq's northernmost three provinces, where the majority of the country's 5 million Kurds live. They have enjoyed self-rule since 1991.

While much of the rest of Iraq has been torn by violence, Kurdistan has remained largely at peace. Sunni and Shiite Arabs who want to enter Kurdistan must go through elaborate permit procedures — still, many have flocked there seeking jobs in one of Iraq's few areas that see significant private investment.

Kurdistan's president, Massoud Barzani, sparked an outcry last month when he ordered all Iraqi flags removed from government buildings in the region and replaced with the Kurdistan flag — a green, red and white tricolor with a yellow sun.

The Kurdish flags remain in place, and Barzani refuses to raise the Iraqi one — a holdover from the rule of Saddam Hussein, who persecuted the minority Kurds and Iraq's Shiite majority — until a new national flag is created representing all of the country's communities.

Kurdish oil deals have also raised concerns in Baghdad. The Kurdistan government signed a series of agreements with foreign companies to develop new oil fields this year. Over the summer, a Canadian-Turkish consortium drilled a test well in the area of Taq Taq, between Sulaimaniyah and Irbil.

Oil Minister Hussain al-Shahristani said the central government would review contracts signed separately by the Kurdistan government — drawing a sharp warning from the region's prime minister, who said if Baghdad moves in on Kurdish deals it would fuel independence sentiment.

"The people of Kurdistan chose to be in a voluntary union with Iraq on the basis of the constitution," Prime Minister Nechirvan Barzani said in a statement issued Sept. 28. "If Baghdad ministers refuse to abide by that constitution, the people of Kurdistan reserve the right to reconsider our choice."

At a news conference with Rice in the Kurdish city of Irbil, Barzani underlined that Kurdistan, "like any other nation, has the right to self-determination." However, he said he is committed to a "federal, democratic and pluralistic Iraq."

For her part, Rice told Barzani, "I appreciate also your important participation in the process of national reconciliation."

Kurdish officials insisted they would move ahead with developing their oil sector, arguing the constitution gives them the right to do so.

"We will continue in exploring the oil resources in Kurdistan in accordance with articles in the constitution that allow each region to exploit its resources," Kamal Kirkoukli, deputy president of the Kurdistan parliament, told The Associated Press.

But the constitution remains vague on sharing oil wealth. It calls for a fair distribution, but also gives regions a hand in developing new oil fields. Parliament has been debating legislation on dividing oil wealth, but has yet to pass a law.

Kirkoukli and other Kurdish officials dismissed worries of the Kurds pressing a bid to secede.

"This is nothing new. ... They always accuse the Kurds that they want to break up Iraq," said Saadi Ahmed Pira, the Irbil chief of the Patriotic Union of Kurdistan, one of the region's two main parties. "Today in the Iraqi government, there are strange voices of Arab chauvinism and they mirror the ideas of the previous Saddam government."

"The Kurds' decision not to withdraw from Iraq is not for the sake of the Sunnis," he said. "In the current political situation, the Kurds have chosen to live in a united federal Iraq."

Rice Tells Kurds That Unity Is Key (LAT)

By Paul Richter And Borzou Daragahi, Times Staff Writers

The Los Angeles Times, October 7, 2006

Their security rests with closer ties to fellow Iraqis, not to their friend the U.S., she says.

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IRBIL, Iraq — Secretary of State Condoleezza Rice urged restless Iraqi Kurds to seek their future in a closer alliance with other Iraqis, as she visited the country's relatively peaceful Kurdistan region Friday for talks with regional President Massoud Barzani.

Meanwhile, political and sectarian violence continued to afflict the rest of the nation. Kurds condemned Thursday's abduction and slaying of a Kurdish lawmaker in Baghdad, a probable sectarian attack, and a Danish soldier was killed in southern Iraq. At least 20 Iraqi civilians were reported killed in bombings and shootings around the country, Iraqi officials said.

Rice declared that Iraq's minority Kurds, who suffered greatly under the rule of Saddam Hussein, can find their best security guarantee not from their powerful ally, the Americans, but from the Iraqi Constitution.

The efforts of Iraq's new government to revise the constitution and better develop a federal system "is one that can, within the framework of a united Iraq, protect and defend the rights of all people," she said in an appearance with Barzani at his offices in Irbil, in northern Iraq.

Barzani, president of the Kurdistan regional government, spoke publicly in terms likely to please Rice, saying Kurds are committed to working within the federal system and will share oil revenue from wells discovered in their region.

"Our views were very similar, and we have pledged that we will continue in our efforts in our cooperation to implement the process that we have started, until we establish a federal, democratic, pluralistic Iraq, an Iraq which will be free from terrorism and terrorists," Barzani said.

Despite the apparent harmony, U.S. officials are concerned by issues now swirling in Kurdistan, the least violent and most pro-American part of Iraq.

Many Kurds want the region to secede, especially as they see sectarian violence between Sunni and Shiite Arabs to the south on the rise.

There has been growing tension with Turkey, which has attacked members of the separatist Kurdistan Workers Party, or PKK, within Iraq's borders. Iraqi President Jalal Talabani, a Kurd, recently warned that if Iraq's neighbors, including Turkey, sought to undermine the sovereignty of the country, Iraqis could reciprocate.

Kurds are also at odds with fellow Iraqis over how to divide oil revenue. Some Kurds think money from newly developed fields should be spent in Kurdistan, not turned over to the federal treasury. The constitution is vague on that point.

Barzani, asked for his view on the issue, said that as the constitution provides, "we are [for] a fair distribution of the oil revenues all over Iraq."

Rice didn't mention the issue during her appearance, but earlier in the week she said the United States favored an equal distribution of oil wealth to all segments of the country.

The dispute has exacerbated tensions between Kurds and those Iraqis who favor a strong role for the central government in allocating energy revenue. The conflict is often played out violently on the streets of the oil-rich northern city of Kirkuk, where U.S. and Iraqi forces Friday imposed a new curfew in an effort to stem a string of bombings and assassinations.

Danish military officials said a soldier was slain in fighting in Basra.

Violence has been a constant in Baghdad, where Mohammed Redha Mohammed, a Kurdish member of parliament, and a bodyguard were abducted Thursday and later found dead. The two were kidnapped as they left the offices of a prominent Sunni charity.

Such killings are often carried out by sectarian death squads suspected of having ties to Iraq's Shiite-dominated security forces. U.S. and Iraqi officials consider the Shiite gangs the most destabilizing element in the civil warfare that has gripped much of central Iraq.

The 1,200-man 8th Brigade of the Interior Ministry was taken off Baghdad's streets this week amid charges of complicity or cooperation with Shiite death squads. But at a news briefing Friday, U.S. Maj. Gen. Joseph Peterson, the officer in charge of training Iraqi police, called that move an "isolated incident."

The 8th Brigade has had a bad reputation for months, he said, and he commended Iraqi police, noting that 4,000 officers have been killed and 8,000 wounded since August 2004.

Iraqi forces have made significant progress under the current government, he said.

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"A year ago we had a situation where a police station was attacked and policemen were running out the back door leaving all the equipment," he said. "That does not occur anymore. Our policemen are more confident."

But Iraqis continue to express grave doubts about the government and its security forces.

"These days the Iraqi people are being slaughtered, and the politicians are only concerned about how to divide Iraq, to make one part for a particular sect," Hareth Ubaidi of the Sunni Nawaf Mosque in Baghdad told worshipers gathered for Friday prayers.

"All of this is preparing for a sectarian war."

Richter reported from Irbil and Daragahi from Baghdad. Times staff writers and special correspondents in Baghdad, Diwaniya, Kirkuk and near Basra contributed to this report.

Afghanistan: Five Years Later (WP)

By Donald H. Rumsfeld

The Washington Post, October 7, 2006

On Oct. 7, 2001, President Bush spoke from the Treaty Room of the White House to announce the beginning of Operation Enduring Freedom, a mission designed to disrupt and destroy al-Qaeda operations in Afghanistan and the regime that had harbored and supported Osama bin Laden's terrorist network.

It was never going to be an easy mission. Afghanistan was among the world's poorest nations, with little political or economic infrastructure. Nearly three decades of war, drought and a Soviet occupation by hundreds of thousands of troops had yielded a broken, lawless nation.

Yet from halfway around the world -- with but a few weeks' notice -- coalition forces were charged with securing a landlocked, mountainous country that history had dubbed the "graveyard" of great powers.

Given the circumstances, it is not surprising that military experts and columnists raised the specter of Vietnam and "quagmires" -- both before and during combat operations. They cited the forbidding terrain, brutal weather and the Soviet Union's total failure.

Within weeks of our launching combat operations, however, the Taliban regime had been defeated, consigning yet another cruel regime to the dustbin of history. Coalition forces took control of Kabul, and since then the Afghan people have fashioned a new constitution and successfully held the first democratic presidential election in their long history.

Now, five years after the start of Operation Enduring Freedom, another signpost has been marked on Afghanistan's long, difficult road to stability: NATO took control of security operations for the entire country on Thursday, as well as the 24 Provincial Reconstruction Teams that are strengthening infrastructure across the nation.

This is an unprecedented moment for the NATO alliance. In 2001 NATO forces were for the first time deployed beyond their traditional European borders. Today the number of troops in Afghanistan from nations besides the United States has reached more than 20,000 -- to add to the approximately 21,000 American troops serving there.

Not all the news about Afghanistan is encouraging. There is, for example, the legitimate worry that increased poppy production could be a destabilizing factor. And rising violence in southern Afghanistan is real.

President Hamid Karzai, speaking with President Bush recently at the White House, acknowledged the difficulties: "Afghanistan is a country that is emerging out of so many years of war and destruction. . . . We lost almost two generations to the lack of education. . . . We know our problems. We have difficulties. But Afghanistan also knows where the problem is."

The problem, he said, is poverty and extremism. Success requires a strong and capable Afghan government that can provide services and opportunities for all its people.

During the active combat or conventional phase of any war, there are clear signs of progress: battles won, key strategic points taken, enemy forces captured or killed. In the post-battle phase, however, the measure of progress is not as clear -- especially in a war such as the Global War on Terror, which relies so heavily on the development of civic institutions in places

that have known little more than war and destitution.

And yet, for all of the challenges the Afghan people face, there are many promising indicators. Among them:

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Â· Security: The Afghan National Army has grown to more than 30,000, with approximately 1,000 soldiers added each month. The Afghan National Police now number more than 46,000. Afghan forces were successful in providing security for the two national elections held since 2004.

Â· Economy: The size of Afghanistan's economy has tripled in the past five years and is projected to increase another 20 percent next year. Between 2003 and 2004, government revenue increased 70 percent, to $300 million. Coca-Cola recently opened a $25 million bottling plant in Kabul, and other large multinational companies are considering opportunities in Afghanistan.

Â· Education: In the past five years, more than 42 million school textbooks have been printed and distributed, and some 50,000 Afghan teachers have been trained. Almost 600 schools have been built, and now more than 5 million children attend school, a 500 percent increase from 2001.

Â· Health care: In 2001 only 8 percent of Afghans had access to at least basic health care; at least 80 percent do today. Some 5 million Afghan children have been vaccinated.

Â· Infrastructure: Thousands of kilometers of roads have been built or improved since the Taliban fell. Since 2004, 25 provincial courthouses have been built and hundreds of judges trained.

Building a new nation is never a straight, steady climb upward. Today can sometimes look worse than yesterday -- or even two months ago. What matters is the overall trajectory: Where do things stand today when compared to what they were five years ago?

In Afghanistan, the trajectory is a hopeful and promising one.

The writer is secretary of defense.

Rumsfeld Cites Progress In Afghanistan (AP)

AP, October 7, 2006

Defense Secretary Donald H. Rumsfeld said that despite Afghanistan's rising opium production and violence in the south, "the trajectory is a hopeful and promising one" five years after the Taliban's fall.

Rumsfeld, in an opinion piece in Saturday's edition of The Washington Post, said Afghanistan's economy has tripled in five years, its forces have grown by 1,000 soldiers a month, the number of students in school has grown fivefold and 80 percent of the population has access to basic health care, up from 8 percent.

Ticking off more progress, he cited the building of 25 courthouses, a 70 percent jump in revenue and even Coca-Cola's opening of a $25 million bottling plant in Kabul.

"Building a new nation is never a straight, steady climb upward," he wrote. "Today can sometimes look worse than yesterday — or even two months ago. What matters is the overall trajectory."

Rumsfeld touched on only a few of the setbacks, including a surge in the drug production that the Taliban had almost wiped out five years earlier.

But the defense secretary glossed over other dangers: The Taliban has taken control large parts of the countryside, more than 3,000 people have been killed in rising violence this year, and militants have been assassinating political figures, burning down schools and creating havoc with roadside bombs.

Taliban Revived In Southern Afghanistan (AP)

By JIM KRANE

Minneapolis Star Tribune/AP, October 7, 2006

New Zealand soldiers, part of International Security Assistance Force, man in the city of Bamyan, north west of Kabul, Afghanistan on Thursday, Oct. 5, 2006. NATO took over eastern Afghanistan from U.S.-led forces Thursday, assuming control of 12,000 U.S. troops and command of the entire country.

Afghanistan (AP) - A sweating man wanders into a crowd and blows himself up, leaving a dozen bodies lifeless on the street. A few blocks away, a car bomb pulverizes an armored Humvee, killing two U.S. soldiers and 14 civilians. The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime.

The prospect of a second downward spiral - though so far Afghanistan isn't nearly as violent as Iraq - has experts worried that Western militaries don't have an effective strategy for these irregular wars.

"One Iraq is bad enough," said Bruce Hoffman, a counterinsurgency expert at Georgetown University. "Given that our two main theaters of operations aren't going well, one has to question how well the U.S. understands counterinsurgency."

The reborn Taliban acknowledges that it has adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement. Nearly 200 civilians have been killed in suicide attacks this year that look all too much like the wave of bombings sweeping Iraq.

"We're getting stronger in every province and in every district and every village," said Qari Mohammed Yusuf Ahmadi, who calls himself the Taliban's spokesman for southern Afghanistan. "We don't have helicopters and jet fighters. But we're giving America and its allies a tough time with roadside bombs, suicide attacks and ambushes. Our Muslim brothers in Iraq are using the same tactics."

Resemblances to Iraq don't stop there. Taliban public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers.

The West's military strategy in Afghanistan also resembles that in Iraq.

Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished.

Meanwhile, Afghan observers say the same harsh U.S. tactics, decried in Iraq for causing civilian casualties, have helped the Taliban recruit new fighters.

But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan.

"There will be no end to this insurgency until its sanctuaries and external support are addressed," said Christopher Alexander, the deputy head of the U.N. Assistance Mission in Afghanistan.

The U.S. military estimates about 6,000 Taliban and other insurgent fighters operate in Afghanistan, many from bases in Pakistan. Yusuf Ahmadi - who spoke by satellite phone from an undisclosed location and whose exact ties to the militia's leadership are unclear - put the figure in the tens of thousands.

The Taliban comeback, while focused on the volatile south and east, has begun to hit Kabul. The mountain capital's tree-lined boulevards are now scarred, like the streets of Baghdad, by garlands of razor wire, towering blast walls and impromptu police checkpoints.

There's little indication that Iraqi insurgents are joining the fight in Afghanistan or giving the Taliban direct aid, although a few Arab and Chechen fighters mingle in Taliban ranks.

But even without much personal contact, the Taliban has learned from Iraq's insurgency. Web sites explain the insurgent's art: everything from concealed rocket launchers to roadside bomb-making.

"We're not saying they're getting direct support from Iraq," a U.S. military official in Afghanistan said on condition of anonymity due to the sensitivity the information. "They've evolved by adapting their tactics. They've seen the value of the suicide bomber in Iraq. For them, it's a very cheap and effective weapons system."

The U.S. and NATO military response in Afghanistan also has nuanced differences from Iraq. U.S. warplanes drop 10 times more bombs in Afghanistan than they do in Iraq, and a few U.S. and NATO troops live off base in village houses, a strategy rarely attempted in Iraq.

But most of the allied war efforts looks similar. In both places, troops cordon off villages and search homes. They employ billions of dollars in technology - things like signal jammers and mine-clearing vehicles - to find and disarm roadside bombs. They operate from bases nearly identical in appearance, with troops living in tin trailers barricaded by dirt-filled metal baskets.

The Afghan war is still far smaller, occupying just 40,000 allied troops - a quarter of those in Iraq - and suffering a fraction of the casualties. But for individual soldiers serving in mountainous Taliban lands like Zabul province, the dangers feel the same.

"I know Iraq grabs a lot of headlines. But there's still a war going on over here," said Lt. Col. Steve Jarrard, 46, of Johnson City, Tenn., based in the hard-bitten southern town of Qalat. "I really hope we're doing the right thing over here."

Right now, it's too early to tell the result of major U.S. and NATO offensives aimed at crushing the Taliban.

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"In three to six months you'll see a noticeable effect," said NATO spokesman Maj. Luke Knittig. "But you're talking two to five years before seeing a defeat of the insurgency" in southern Afghanistan.

AP correspondents Noor Khan in Kandahar and Fisnik Abrashi in Kabul contributed to this report.

U.S. General Says 4,000 Iraqi Policemen Have Died In 2 Years (NYT)

By John O'Neil

The New York Times, October 7, 2006

About 4,000 Iraqi policemen have been killed and more than 8,000 have been wounded in the last two years, the American general in charge of training the country's police forces said yesterday.

"They have paid a great price," Maj. Gen. Joseph Peterson said, "yet Iraqis are signing up as recruits every day."

General Peterson said the figures covered casualties from September 2004 to the present. Earlier this year, a spokesman for the general told Congressional researchers that 1,497 Iraqi police officers were killed and 3,256 were wounded in 2005.

Taken together, the numbers appear to show a rising casualty rate among the Iraqi police, who have replaced American troops as the prime focus of insurgent attacks for much of this year.

In a televised briefing from Baghdad, General Peterson acknowledged that the police forces and the Interior Ministry that supervises them were still plagued by corruption and sectarianism, and that good unit commanders were in short supply.

But he pointed to a number of recent developments as reason for optimism, including the decision last week by Interior Minister Jawad al-Bolani to suspend the Eighth Brigade, Second Division, an 800-member police unit in Baghdad, after some of its officers were suspected of taking part in the kidnapping and killing of Sunni workers from a food processing plant.

General Peterson said that a battalion commander had been arrested in the episode, in which his unit was operating outside of its authorized area, and that two of the brigade's three battalions had previously failed inspection.

Murders carried out by death squads linked to sectarian militias are the main cause of Iraqi deaths now, according to the American military, and Sunni leaders have complained about Shiite killers operating under the cover of the forces led by the Shiite-dominated government.

Mr. Bolani is seen as a more independent figure than his predecessor, who was a leader of one of the main Shiite parties. General Peterson called the suspension of the Eighth Brigade the result of an "isolated incident," but said that Mr. Bolani "realizes that within his ministry he has individuals who joined the legitimate security forces of Iraq but maintained loyalty to militias."

Asked about the Sunni perception that the police are dominated by Shiites, the general said that local police units were meant to reflect the makeup of the area they patrolled. He said the national police force was 75 percent Shiite and 25 percent Sunni, which reflects the ethnic breakdown of the country apart from Iraqi Kurdistan, where security is handled by the regional government.

The national police will be the focus of a new round of training meant to improve the quality of the forces, now that a goal of recruiting 188,000 officers has been all but met, General Peterson said. The force had been created to do paramilitary duties, and its members now need to learn more basic skills, he said.

Over all, General Peterson emphasized the "tremendous progress" made since American forces designated 2006 as the "year of the police."

He cited Anbar Province, the restive western region long dominated by Sunni insurgents, as one example. "We've cleared out the Euphrates River valley and are starting to see police forces grow and take hold and perform their responsibilities admirably," he said.

But he stressed that solving the problems of the police would take time.

"This is like trying to build an airplane in flight," he said. "They're just rookies, and we put them all throughout Iraq. We give them some capable leaders, but this is not simple."

In Baghdad, authorities reported a fresh crop of sectarian deaths, with 15 bodies found yesterday. In a Shiite enclave in southern Baghdad, Abu Dshir, 5 Iraqis were killed and 10 were wounded when mortars crashed into a house, an Iraqi police official said.

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4,000 Iraq Police Killed In Past 2 Years (AP)

By Lee Keath

AP, October 7, 2006

About 4,000 Iraqi police have been killed and more than 8,000 wounded in the past two years, the U.S. commander in charge of police training said Friday, but he said the force's performance was improving and officials are working to weed out militiamen.

Beefing up Iraq's security forces is a cornerstone of efforts to stop the violence that has torn the country since the fall of Saddam Hussein in 2003. Police have been a prime target for attacks by Sunni insurgents.

Sunnis accuse the Shiite-led police of helping fuel sectarian violence that has killed thousands this year. They say the police have been infiltrated by Shiite militias and turn a blind eye to death squads who kidnap and kill Sunnis.

On Friday, a Sunni Kurdish party accused Shiite militias of killing a Kurdish lawmaker, Mohammed Ridha Mohammed, who was kidnapped in Baghdad the night before and whose body was found dumped along with that of his driver.

Members of parliament have fallen victim in the past to Sunni insurgents, who have often targeted Kurds. But Mohammed's slaying was the first blamed on Shiite militias. He was a member of a religious conservative Kurdish party, the Islamic Group , a small faction in the Kurdish coalition that is part of the Shiite-led government.

More victims were found Friday in the spiral of slayings between Shiite and Sunni groups. Nine bodies were discovered in the southern Shiite city of Kut and the nearby town of Suwayrah. Among them was that of a Suwayrah city councilman.

During Friday prayers at the Imam al-Hussein shrine in the southern city of Karbala, the representative of Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, urged militias to put down their arms.

"The weapons should be in the hands of the government only," Ahmed al-Safi told worshippers. "No other group should be allowed to carry weapons, so that the state would be able to provide the appropriate security conditions to the Iraqi people."

Army Maj. Gen. Joseph Peterson said it is hard to tell how many militia members have infiltrated the police forces.

"I have no idea what the number is," said Peterson, speaking from Baghdad to reporters at the Pentagon. "Certainly if we ask the question, they won't respond that they are associated with any militia. ... It's something we continue to look for. We do ask the question."

He said that any Iraqi police who are identified with a militia or who commit crimes are arrested, and others who have affiliations that cannot be tied directly to a crime are released from duty.

Iraqi authorities on Wednesday pulled a brigade of about 700 policemen out of service in their biggest move ever to uproot troops linked to death squads. The brigade is suspected of allowing gunmen to kidnap 24 workers from a frozen food factory in a district of Baghdad where the Shiite Mahdi Army militia is known to have considerable power.

The brigade commander was relieved of his duties, and a battalion commander was arrested, Peterson said, adding that officials had identified problems with the brigade during an inspection in August. He said the brigade "demonstrated very poor performance" in their missions.

Still, he said he believes the matter, which included the deaths of seven workers, was "an isolated incident."

"We have not seen other actions of late tied to sectarianism," he said. He added that Iraqi officials realize there are "individuals who joined the legitimate security forces of Iraq but yet still maintain loyalties to militias. So that is an issue."

Peterson said there are many police who are loyal to the country and "they've paid a great price" — putting the toll since September 2004 at 4,000 policemen killed and 8,000 wounded in attacks.

Altogether about 186,000 Iraqi police have been trained, and officials expect to exceed the goal of 188,000 by 10,000 by year's end, he said.

Currently there are 6,000 coalition forces embedded with the Iraqi police units as training teams, and Peterson said the Iraqis are improving.

"A year ago we had a situation where a police station was attacked and policemen would run out the back door, leaving all the equipment," he said. "That does not occur anymore."

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The United States has put increasing pressure on the government of Prime Minister Nouri al-Maliki to take action to stop sectarian violence amid deep divisions within his Cabinet between Shiite and Sunni parties. Sunnis complain al-Maliki is hesitant to take tough action against Shiite militias because many of them are linked to parties he relies on.

Associated Press correspondent Lolita C. Baldor in Washington contributed to this report.

4,000 Iraqi Police Killed In 2 Years, U.S. Official Says (WP)

By Ann Scott Tyson

The Washington Post, October 7, 2006

Iraqi police have suffered 4,000 killed and 8,000 wounded over the past two years as the fledgling force grapples with wartime problems including corruption and infiltration by sectarian militia, a U.S. commander said yesterday.

Maj. Gen. Joseph Peterson, commander of the Civilian Police Assistance Training Team in Baghdad, described significant headway in building an Iraqi police force, saying that 99 percent of the target force of 188,000 police has been trained and 82 percent have their equipment.

But he said continued efforts will be needed in 2007 to improve the quality of the force, provide training in leadership and basic policing skills, and weed out militia members -- some of whom are known to have carried out sectarian executions.

"It's hard to really ascertain how many individuals within the national police forces . . . still maintain loyalties to militias," Peterson said in a Pentagon teleconference with reporters. "We do ask the question, but obviously the response is always 'no.' So I have no idea what the number is."

This week, Iraq's Interior Ministry had to remove a brigade of hundreds of Iraqi police from duty in Baghdad after it participated in sectarian violence, including one battalion that raided a meat-processing factory and kidnapped more than 20 Sunni workers, seven of whom were later found executed.

That brigade, as well as other Iraqi police units now being inspected, will undergo three weeks of "police transformational training" to improve policing skills, Peterson said.

Peterson called the sectarian killings by police "an isolated incident" and said the decision to order the police brigade back to its garrison was "very positive."

"The minister has been concerned about two principal issues within the ministry: corruption and sectarianism," said Peterson, whose 1,000-person team is in charge of supporting the training, manning and equipping of Iraq's police force. In addition, about 6,500 U.S. troops and more than 600 police officers are currently acting as embedded advisers to Iraqi police units.

Deaths Across Iraq Show It Is A Nation Of Many Wars, With U.S. In The Middle (LAT)

By Solomon Moore And Louise Roug, Times Staff Writers

The Los Angeles Times, October 7, 2006

BAGHDAD — Consider a recent day — an average 24 hours in Iraq.

Here in the capital, the bodies of eight young men were found chained together, stripped of identification papers, shot and dumped in a parking lot, the first of 20 corpses found in the city that day.

In northern Iraq, a man detonated a bomb vest amid a group of women, children and men lining up for cooking oil, killing himself and 21 others. In the south, police found the bullet-torn body of a senior anti-terrorism official. And in Al Anbar province, in the west, a car smashed into a line of police recruits and exploded, killing 13 by fire and shrapnel.

In all, at least 57 people died and 17 were injured in the violence that day, Sept. 18.

They were all killed in the same country, but not in the same war. The fighting in Iraq is not a single conflict, but an overlapping set of conflicts, fought on multiple battlegrounds, with different combatants. Increasingly, American troops are caught between the competing forces.

In western Iraq's deserts, Sunni Arab insurgent groups, some homegrown and others dominated by foreign fighters, attack Iraqi government forces and the U.S. troops who back them up. In Baghdad and surrounding provinces, Sunni and Shiite fighters attack each other and their rivals' civilians in a burgeoning civil war that U.S. troops have tried to quell.

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In southern Iraq, the Shiites dominate. But they are divided, with rival militias fighting over oil and commerce. And in the north of the country, Arabs and Kurds battle for control.

Often during the last three years, the U.S. military has shifted troops to try to tamp down one of these conflicts, only to see another escalate. Now, many American officials worry that with the proliferation of armed actors in Iraq's multiple conflicts, the original U.S. counterinsurgency mission has become something else — an operation aimed at quelling civil war, which is a much more ambiguous and politically fraught objective.

American troops find themselves in the crossfire, caught among foreign militants, Sunni Muslim nationalist rebels, Shiite Muslim militiamen and other armed groups — all fighting each other.

"It's a very complex situation," said Maj. Gen. Thomas R. Turner, commander of the Army's 101st Airborne Division. "Sometimes it's difficult to figure out where the violence is coming from."

West Desert Insurgency

Al Anbar province houses the conflict most familiar to Americans and most costly to U.S. troops — Marines and Iraqi insurgents, battling in the country's vast western desert.

The insurgents, almost all Sunni Arabs, are a mix of groups, some made up primarily of Iraqis, others heavily composed of foreign fighters drawn to the battle against the U.S. occupation. In addition to American troops, they target Iraqi forces and Sunnis who are suspected of cooperating with the government.

Barely a week passes without the U.S. military sending out several terse death notices from Al Anbar.

Attacks against U.S. forces have climbed 27% in Al Anbar since last year, according to the U.S. Marine Corps. American attempts to reduce the toll by turning over security duties there to Iraqi forces have met with little success. Marines say there are 5,000 Iraqi police officers and 13,000 Iraqi soldiers in the province, but that the Iraqi forces remain fragile and unable to sustain themselves. Half the Iraqi soldiers are on leave at any given time, and many don't return to duty. In May, desertion rates in some Iraqi units reached 40%.

In August, threats from insurgents led half of Fallouja's police force to stay home for days, a U.S. general said. And Fallouja at least has a police force. Other strategic cities, including Haditha, Hit and Ramadi, remain virtually lawless.

Meanwhile, Al Qaeda in Iraq, the best known of the insurgent groups, continues to make inroads in the province, consolidating and expanding its reach. Al Qaeda in Iraq was led by Abu Musab Zarqawi until U.S. forces killed him in June. American officials had hoped Zarqawi's death would severely disrupt the group, but that does not appear to have happened.

"Al Qaeda has murdered, intimidated, co-opted or paid off all the local national insurgent groups," said Marine Lt. Col. Bryan Salas, a military spokesman in Fallouja. "They run an organized criminal enterprise that has its tentacles in everything from black-market gasoline sales to extortion of police and government paychecks. Al Qaeda provides the leadership and organization for this loose association of organized criminals."

In addition to the deaths of U.S. troops, the conflict has taken a toll on Al Anbar's residents, many of whom have fled. Those who stay are at constant risk.

Among the police recruits killed in Ramadi recently was Faiz Mohamad Ali. In an interview, his brother described Ali as an art institute graduate, painter and optimist.

Ali attempted to join the police after failing to find a market for his paintings, said the brother, who asked not be identified for fear insurgents would track him down.

"Four days before he got killed, we were chatting about Iraq. He was enthusiastic and went on talking about how everybody should take part in building this country," Ali's brother said. "I remember him talking about how he could serve Iraq as a painter: 'My paintings are talking about Iraq in my own way,' he said. 'The new, shiny Iraq.' "

Militia-Plagued Capital

While the Sunni Arab insurgency is blamed for much of the violence in Al Anbar province, in Baghdad, Shiite militias carry out the majority of killings, according to most U.S. officials. Sunnis account for most of the victims.

The capital, with its 6 million residents, is home to about a fourth of Iraq's population. It is the nation's administrative center and among its most religiously and ethnically diverse cities. This year, it has also been a sectarian killing field.

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The United Nations reported that 2,884 people were killed in Baghdad in July, the highest monthly death toll since the 2003 U.S.-led invasion. In August, 2,222 people were killed and in September, 1,980 — the decline probably due to increased patrols in the capital.

In addition to the thousands killed, hundreds of thousands of residents of Baghdad and the provinces immediately around it have fled their homes. Shiites and Sunnis have abandoned mixed neighborhoods in favor of others offering more homogeneous populations.

In recent weeks, Diyala, a province with about 1 million residents just north of Baghdad, has been particularly violent.

On Sept. 18, police in Baqubah, the provincial capital, reported that gunmen had assassinated the Sunni mayor of the nearby village of Udayem, making the official one of hundreds of people killed in the province in recent weeks. It remains unclear why the mayor was targeted or who killed him.

Internal Shiite Warfare

Until recently, southern Iraq seemed relatively peaceful. Now, Shiites, who dominate the region, have splintered into factions that feud over oil resources, smuggling proceeds, political power and religious authority. Violence remains smaller in scale than in the capital, but it is increasing.

Virtually all the south's political and religious institutions are divided among four Shiite groups: the Supreme Council for Islamic Revolution in Iraq, the largest Shiite party in the country; followers of Muqtada Sadr, the radical cleric who has called for the U.S. to pull out its troops; and two smaller parties, the Islamic Dawa Party and Al Fadila al Islamiya. Because each of the warring local parties is affiliated with Iraq's governing Shiite alliance, local disputes often spread to the highest reaches of society, threatening national stability.

Huge amounts of money are at stake in the fighting. The southern city of Basra, Iraq's second-largest, controls vast oil reserves and the nation's only seaport, making it a vital trailhead for billions of dollars of imports and exports — much of them smuggled. The Shiite parties there compete for illicit profits, many Iraqi analysts say.

The struggles in some cases have flared into open war. In August, in the town of Diwaniya, militiamen loyal to Sadr squared off against government troops infiltrated by the Badr organization, the militia loyal to the Supreme Council for Islamic Revolution in Iraq. The resulting battle left 40 dead, including a dozen troops who ran out of ammunition and were executed by Sadr's loyalists. That same month in Karbala, Sadr's fighters fought supporters of competing Shiite cleric Mahmoud Hassani.

Shiite political parties are also using assassinations to knock off opponents in advance of upcoming provincial elections.

"There are clashes among parties and militias at various levels, and by the time the provincial council elections come, there will be bloody conflicts in Basra," an Iraqi intelligence official said.

U.S. and British military officials are moving ahead with plans to withdraw troops from the south, saying the area has stabilized enough for Iraqi troops to handle. Whether that assessment is accurate is unclear. After British troops handed over a base in Maysan province, militiamen vandalized it and stripped it bare as Iraqi troops looked on. American forces plan to withdraw from Najaf by November, said Lt. Col. Michael Hilliard, the commander of Forward Operating Base Duke near Najaf.

These withdrawals are designed to turn security over to the Iraqi government but seem likely to further empower the militias.

"We have no authority in our cities because the clerics and religious powers are controlling the area," Gov. Aqeel Kharzali of Najaf province said Sept. 18 at a conference of Iraqi police and southern politicians.

"This is evident when a policeman tries to confront a militia without a fatwa. Our police in Diwaniya and Karbala are marginalized, and we have no authority to fire renegade officers aligned with the militias."

Kurdish-Arab Clashes

The same day Kharzali spoke, gunmen driving a BMW attacked guards at an oil pipeline near Kirkuk, in northern Iraq. In Mosul, four police officers were ambushed and shot to death.

The main players and political stakes in Kirkuk and Mosul are similar: Both cities have mixed Kurdish and Arab populations battling for local control.

During ousted President Saddam Hussein's rule, the government pursued a policy of 'Arabization' in the north. More than 100,000 Kurds were exiled from the Kirkuk area alone.

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Iraq's constitution calls for a census that will define the voting districts for a referendum on Kirkuk's fate — whether it will be annexed to Kurdistan or to Arab-dominated Tamim province. In Kirkuk and Mosul, Kurdish politicians have been accused of trying to gerrymander yet-to-be-scheduled provincial votes. Arabs and Kurds accuse each other of politically motivated killings.

Kirkuk is the biggest prize because the city and its environs contain about 40% of Iraq's oil reserves.

About 40% of the area's residents are Kurds, including many who have returned since the 2003 invasion. Approximately one-third of Kirkuk's residents are Arabs, many of whom arrived in the city during Hussein's reign. Turkmens constitute about 20% of the regional population. The two smaller groups have sometimes joined forces to resist Kurdish control, but have also battled each another.

Car bomb attacks in Kirkuk have tripled in the last year, and roadside bombings have doubled, according to U.S. military officials who provided trend lines but not actual numbers of such assaults.

Assassinations have also increased, with attackers focusing on politicians and police. Explosions in August targeted a courthouse and Kurdish political offices affiliated with President Jalal Talabani's party, the Patriotic Union of Kurdistan.

Mosul has none of Kirkuk's oil wealth, but it remains a trouble spot because of its Sunni extremist element. In the wake of the U.S. siege of Fallouja in 2004, fleeing rebels made Mosul their haven. When American troops retook Mosul, insurgent forces fled to Tall Afar. U.S. troops retook the latter city in September 2005 in a large-scale assault, but rebels remain deeply rooted in all three cities.

Until March of this year, most attacks in the Mosul area targeted U.S.-led forces, but by April, there were almost as many assaults against Iraqi security forces as against the Americans. There was also an increase in attacks against civilians, according to the U.S. military.

Despite the violence, the number of U.S.-led troops in Iraq's six northern provinces has been reduced from 31,000 to 21,000.

Alla Eid, a 26-year-old student at Mosul University, said the city has been taken hostage by clashing insurgents and U.S. forces. "We are living like cavemen. We eat and go to work or school every morning, and then life ends before sunset," she said. After dark, Mosul "turns into a city of ghosts."

Times special correspondents Ali Windawi in Kirkuk and Saad Fakhrildeen in Najaf and correspondents in Baghdad, Mosul, Ramadi, Fallouja, Diwaniya and Baqubah and in Kuwait contributed to this report.

Unit Due For 3rd Iraq Tour As Troops' Burden Deepens (AJC)

By Ron Martz

The Atlanta Journal-Constitution, October 7, 2006

Fort Stewart — In April 2003, Army Spc. Cedric Shelbon was among the 3rd Infantry Division soldiers based here who led the American assault on Baghdad that hastened the fall of Saddam Hussein. Last year, Shelbon returned to Iraq as a push was made to train Iraqi forces to assume more responsibility for defense of their country.

Now, after less than a year at home, Shelbon and about 4,000 of his fellow soldiers from the division's 1st Brigade Combat Team are preparing for a third tour in Iraq, this time facing nearly out-of-control sectarian violence.

The prospect of spending another year in Iraq as a Humvee driver has left the 23-year-old from Marion, La., pondering his own fate.

"It's kind of nerve-racking. You see your friends get killed and you wonder if the next time it's going to be you," Shelbon said earlier this week as his unit went through its final major training exercises at home before deploying overseas in January.

Shelbon is among dozens of soldiers in the brigade — unit officials say they don't have an official count — who will be making their third combat tour in Iraq in less than four years.

The multiple deployments and rapid turnaround are evidence that the service is stretched so thin it may have to request broader access to National Guard units to meet demands being made on it, Army officials said recently at an infantry conference at Fort Benning.

Turnover has been high

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Col. John Charlton, the brigade commander, is among those who will be serving a third combat tour in Iraq, all with the 3rd Infantry Division.

"Duty calls," Charlton, 46, of Spokane, Wash., said with a smile and a shrug when asked about going back so soon.

Charlton commanded an infantry battalion of about 750 soldiers during the initial invasion, then last year was responsible for helping the division plan its operations. He said he has known for some time that the unit was likely to return in January, even though the official announcement did not come until last week.

"We still have lots of work to do over there," he said. Charlton estimated that a significant percentage of the senior officers and senior enlisted soldiers are combat veterans, but about 20 percent have no combat experience at all.

"There's a significant amount of learning that needs to take place," said Lt. Col. Doug Crissman, commander of the brigade's 2nd Battalion, 7th Infantry Regiment, who has not been to Iraq and only took command in late July.

Crissman, 40, of Burke, Va., estimates about 40 percent of the 728 soldiers in his battalion will be making their third trip to the war zone. "I think it's made for a slightly shorter preparation window and flattened the learning curve for us," Crissman said.

But the turnover in Crissman's unit has been high, especially among officers and senior enlisted, said Command Sgt. Major Samuel Coston, the top enlisted soldier in the battalion.

Out of 728 soldiers in the unit, 316 changed duty stations or left the Army after returning from Iraq in January.

"None of the lieutenants we have now were here [for the last tour], all the previous company commanders are gone and all the first sergeants are new," said Coston, 45, of Wallace, N.C., a combat veteran of Panama and Iraq.

Trainers come to troops

The short turnaround time for the brigade has resulted in a training pace so accelerated that the two weeks it would have normally spent at one of the Army's major training facilities at Fort Irwin, Calif., or Fort Polk, La., before going to Iraq were instead spent here.

Rather than packing up the brigade and sending it to Fort Irwin, the Army brought the trainers from the California base to Fort Stewart to replicate as best they could what is offered at the high-desert training site, which more closely resembles Iraq than the piney woods of southeast Georgia.

Although the woodsy terrain at Fort Stewart is much more confining than Fort Irwin, the trainers were able to use the mock Iraqi villages here and the Iraqi role players in scenarios that allowed the soldiers to use their tanks, Bradley Fighting Vehicles, Humvees and helicopters in much the same fashion as they will once they get to the war zone.

This is only the third time Fort Irwin trainers have taken their Iraq-preparation program on the road. But the first two times, at Fort Bragg, N.C., and Fort Carson, Colo., were on a much smaller scale, each involving training fewer than 1,000 soldiers, said Lt. Col. Jim Miller, deputy commander for the Fort Irwin training operations group. "It was a little bit of a challenge" to move the Fort Irwin training to Fort Stewart, Miller said.

Iraq combat is changing

Training the 1st Brigade's 4,000 soldiers meant moving much of the Fort Irwin equipment and personnel — about 1,000 trainers and Iraqi role players plus more than 600 vehicles — across the country with just three weeks notice. The total cost was about $10 million, only slightly cheaper than it would have cost to send the brigade to California. But by bringing the trainers to Georgia, what would have been a five-to-six week preparation and training process for the brigade was accomplished in only three weeks.

It was a good exercise for the Fort Irwin group, Miller said, because the pace of current operations may mean future pre-Iraq training exercises at other major bases.

"At some point we anticipate the Army having this capability to come to your home [post] and do the training there," Miller said.

Charlton, the brigade commander, said even the two-time combat veterans need to be retrained because of the changing nature of the fighting in Iraq. More emphasis is being put on such things as quelling sectarian violence and dealing with suicide bombers in these three weeks of training — ending today — than in previous training. "They do a very good job of replicating every scenario we could face over there," Charlton said.

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Staff Sgt. Joshua Pickering, a squad leader with Bravo Company, 2nd Battalion, 7th Infantry Regiment, agreed with Charlton, to a degree.

"For our time constraints, they did the best they could," said Pickering, 24, of Miami, another of the brigade's soldiers heading to Iraq for a third time. But Pickering, whose wife is expecting their first child next month, said his unit did not get this level of training before the initial invasion. He said it is especially good for newcomers because many of the role players are expatriate Iraqis who take their jobs seriously. "I think it opens [the new soldiers'] eyes about how difficult it is to deal with the civilians over there," Pickering said.

Shelbon, the Humvee driver, said, "Nothing is ever going to be close to the real thing, but they do a pretty good job."

Charlton said he is not sure where his unit will be headed in Iraq, although there has been speculation it will replace a brigade of the 1st Armored Division in Anbar province in western Iraq, one of the more restive areas in the country. Pickering, who re-enlisted last year in Iraq for the tax-free bonus, said no matter where the brigade goes, it will be easier dealing with another deployment for most of the soldiers once they are there.

"I'm a little nervous now," he admitted. "It's tough leaving the wife behind, but once you are there you get focused on what you have to do."

Medic Testifies That Marines Shot Iraqi Civilian (MSN)

MSNBC, October 7, 2006

CAMP PENDLETON, Calif. - A Navy corpsman was sentenced Friday after testifying that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent.

Petty Officer Melson Bacos, 21, was sentenced to 10 years in prison, but he will end up serving only a year under a plea deal. Bacos was also dishonorably discharged.

Bacos agreed to a plea deal earlier Friday in which he agreed to testify in exchange for a lesser sentence on kidnapping and conspiracy charges.

A medic, Bacos was charged along with seven Marines in the slaying of Hashim Ibrahim Awad last spring in the town of Hamdania.

“I knew what we were doing was wrong,” Bacos testified, speaking nearly in a whisper. “I tried to say something and then I decided to look away.”

“I was shocked and I felt sick to my stomach,” he added.

Bacos was the first of the servicemen to be court-martialed. The seven others could get up to life in prison.

Prosecutors have said that the servicemen killed Awad out of frustration and then planted an AK-47 assault rifle and a shovel by the body to make it look as if he had been caught digging a hole for a roadside bomb.

The incident was one in a series in which the conduct of American troops in Iraq have damaged America's image worldwide.

Sergeant was 'mad' at release

Bacos testified that the squad entered Hamdania on April 26 while searching for a known insurgent who had been captured three times, then released. Squad leader Sgt. Lawrence Hutchins was “just mad that we kept letting him go and he was a known terrorist,” Bacos said.

The group approached a house where the insurgent was believed to be hiding, but when someone inside woke up, the Marines instead went to another home and grabbed Awad, according to the testimony.

Bacos said the squad had intended to get someone else if they did not capture the insurgent, then stage a firefight to make it appear they had found an Iraqi planting a roadside bomb.

Awad, 52, was taken from the home with his feet and hands bound, then placed in a hole, Bacos said. Bacos said he asked the Marines to let Awad go, but Cpl. Marshall L. Magincalda told him in crude terms that he was being weak and should stop protesting.

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Bacos said Hutchins fired three rounds into the man's head after checking to see if he was dead, then Cpl. Trent Thomas fired seven to 10 more rounds into his chest.

Hutchins also called in to a command center and reported the squad had seen a man digging a hole and wanted permission to fire at him, Bacos alleged.

Bacos said he saw Lance Cpl. Robert B. Pennington put the victim's fingerprints onto an AK-47 and on a shovel to implicate him as an insurgent who had fired first. Bacos was told to fire an AK-47 into the air to simulate the sound of a firefight.

After the killing, Bacos said, he was standing in the road when another Navy corpsman drove by.

"He asked me what happened, and I was very vague," Bacos testified. "I said, 'I want you to remember something. We're different. We're not like these men."'

Transferred for safety

Bacos was recently transferred from Camp Pendleton, where the Marines have been held, to Marine Corps Air Station Miramar for his own safety.

Military prosecutors had charged Bacos under the theory that he did nothing to stop the alleged crime. In return for his testimony, murder charges and other counts against him were dropped.

Along with Magincalda, Pennington, Hutchins and Thomas, the other Marines charged are: Lance Cpl. Tyler A. Jackson, Pfc. John J. Jodka, and Lance Cpl. Jerry E. Shumate Jr.

David Brahms, Pennington's lawyer, said Bacos' account will be subjected to intense scrutiny. "This is just one guy who is going to tell the story as he sees it," Brahms said.

"The defense's job is to climb a mountain," he added. "With Bacos' plea, the mountain is slightly higher."

Former Army prosecutor Tom Umberg suggested that others might follow Bacos' lead and strike similar plea bargains.

"You don't want to be the last guy standing. The first guy gets the best deal," he said.

Medic's background

A Purple Heart recipient with Kilo Company, 3rd Battalion, 5th Marine Regiment, Bacos was the first to admit his role in the Hamdania case. The murder was one in a series of incidents in which the conduct of American troops in Iraq have hurt the country's image worldwide.

The son of immigrant Philippine parents, Bacos, a former high school varsity wrestler, had hoped to become a doctor and administered first-aid for his platoon.

He enrolled in the Navy after graduating from high school in 2003, was first deployed to Iraq in 2004 and redeployed for a second tour in Iraq this year. In court he wore a Navy summer white service uniform bearing several medals.

Bacos' wife, who is also a Navy corpsman, attended the hearing at Camp Pendleton near San Diego, as did his father.

Other Camp Pendleton-based Marines are under investigation in a separate incident in November 2005 in which 24 civilians were killed in the Iraqi town of Haditha.

Courts have also convicted a series of low-ranking U.S. soldiers for abusing Iraqis at the notorious Abu Ghraib prison.

Sailor Details Killing Of Iraqi Civilian (WP)

By Sonya Geis

The Washington Post, October 7, 2006

CAMP PENDLETON, Calif., Oct. 6 -- Eight members of a Marine squad planned to kill a suspected Iraqi insurgent and developed a cover story before their April raid, but when they could not find their target, they pulled a neighbor from his bed and shot him to death instead, a Navy medic who was part of the group testified Friday.

Melson J. Bacos offered the first testimony in the case -- one of several the government has brought against servicemen charged with assaulting and killing Iraqi civilians -- and it came as the result of a plea bargain for the hospital corpsman 3rd class. Bacos and seven Marines in his squad were charged with shooting a civilian in the Iraqi town of Hamdaniyah on April 26, then planting a shovel and an AK-47 next to him to make it appear he was burying a roadside bomb.

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In exchange for his testimony and an agreement to testify against his former squadmates, prosecutors dropped murder charges against Bacos and accused him instead of kidnapping and conspiracy. Bacos, 21, was effectively sentenced to about seven more months in the brig.

The seven Marines still face charges of premeditated murder, kidnapping and conspiracy.

In quiet but vivid testimony in a courtroom on the military base where he had been imprisoned since May 23, Bacos mostly corroborated the government's account of the slaying and added new detail.

With his wife and father sitting behind him, Bacos haltingly told the court that the squad of eight servicemen was on ambush patrol when their leader gathered them under a tree in a palm grove and said he had a plan. Sgt. Lawrence G. Hutchins III wanted to kill an Iraqi named Saleh Gowad, who Hutchins thought was an insurgent, Bacos said. Gowad had been detained and released three times, Bacos testified, and Hutchins "was mad that we kept letting him go."

Hutchins assigned each man a role: Bacos and two others would steal a shovel and an AK-47 to plant near the body, while others would go to Gowad's home and pull him out at night, Bacos said. They planned to dig a hole so it would seem Gowad had been burying a bomb when he was killed.

If Gowad was not home, they would carry out their plan on another civilian, Bacos testified. They agreed to lie to military investigators who would come behind them.

"We all said, 'I'm in,' " Bacos said.

At 3 a.m. on April 26, the squad put the plan in action, Bacos said. When they went to Gowad's home, "one of the family members woke up and saw us," Bacos said. "So Corporal [Trent D.] Thomas and Corporal [Marshall L.] Magincalda pointed at the house next door."

Thomas and Magincalda went into the house while Bacos and a Marine waited outside. The pair came out with Hashim Ibrahim Awad, Bacos said. Awad was a 52-year-old father of 11 with an injured leg who had worked as a policeman from 1969 to 1990, two of Awad's brothers told military investigators in a videotaped interview that was played in court Friday. Bacos said he did not know Awad's name at the time and had no reason to suspect him of insurgent activity.

The Marines bound his feet and gagged him, Bacos said.

Bacos said he saw Hutchins fire "three rounds into the man's head," Bacos said. "And after, I saw Corporal Thomas fire seven to 10 rounds into the man's chest."

Bacos said he then fired the stolen weapon into the air to make it sound as if a firefight had occurred, he said.

Bacos told Col. Steven Folsom, a military judge, that he had tried to stop the squad members from killing Awad. "I knew what we were doing was wrong," he said. "I tried to say something, sir, and then I decided to look away."

"Why didn't I do more to stop it? Why didn't I just walk away?" Bacos asked during his sentencing. "The answer to that question is, I wanted to be part of the team. I wanted to be loyal. I wanted to be a respected corpsman. But wanting to be a loyal, respected corpsman is not an excuse for immorality. . . . I apologize to my country, to the United States Navy and to the United States Marine Corps . . . and I also ask forgiveness of the Iraqi family."

Bacos was moved two days ago from the brig at Camp Pendleton to a cell at Marine Corps Air Station Miramar. His plea agreement includes a provision that he be notified if any of his co-conspirators are to be housed in the facility where he is serving his sentence.

Government prosecutors argued that Bacos deserved 10 to 15 years in prison and a dishonorable discharge. "This court has a responsibility to harness this tragedy to send a general message to all of the troops serving in Iraq that if you commit a crime of this magnitude, you will face swift and severe justice," said Capt. Nicholas Gannon, the government's attorney.

Bacos can expect blistering cross-examination when he testifies at the courts-martial for the Marines in his squad, said Eugene R. Fidell, a former military prosecutor who now is president of the National Institute of Military Justice. "I know a number of the lawyers involved in the case, and these are not potted plants," he said.

A defense attorney for Hutchins, Lt. Col. Joe Smith, said, "At this point we look forward to proceeding with the case, and think that a much more complete picture will develop through the proceedings."

Corpsman Who Failed To Halt Killing Of Iraqi Receives Prison Sentence (NYT)

By Carolyn Marshall

The New York Times, October 7, 2006

CAMP PENDLETON, Calif., Oct. 6 — A Navy hospital corpsman who said he watched seven members of his Marine squad repeatedly shoot an unarmed Iraqi in the head and chest in April was sentenced Friday to 10 years in prison, which was reduced to one year in a plea agreement..

The corpsman, Petty Officer Third Class Melson J. Bacos, 21, pleaded guilty to modified charges of conspiracy and kidnapping, but avoided the charge of murder and a possible death sentence by agreeing to cooperate with prosecutors and testify against members of his squad.

With time served, Petty Officer Bacos could be released in five months.

His testimony offered the first detailed public description of the April 26 incident in Hamdaniya, a Sunni stronghold west of Baghdad, where prosecutors say the eight soldiers joined in an unprovoked murder tantamount to a war crime.

The men, all members of Kilo Company in the Third Battalion, Fifth Marine Regiment, are accused of dragging Hashim Ibrahim Awad from his home, binding his hands and feet, gagging him and then shooting him at point-blank range; and later planting evidence and lying to cover up his death.

"I witnessed Sergeant Hutchins dead check the man and then fire three rounds into the man's head," Petty Officer Bacos said, speaking about his squad leader, Sgt. Lawrence G. Hutchins III, a focus of his testimony. After that, he said, Cpl. Trent D. Thomas, another squad member, fired 7 to 10 rounds into the man's chest.

All eight men — the others are Cpl. Marshall L. Magincalda, Lance Cpl. Tyler A. Jackson, Lance Cpl. Robert B. Pennington, Lance Cpl. Jerry E. Shumate Jr. and Pvt. First Class John J. Jodka III — were charged June 21 with premeditated murder, kidnapping, conspiracy and making false statements to investigators.

Charges against Petty Officer Bacos were reduced as part of his plea bargain.

The petty officer said the plot to kill an Iraqi and cover it up was devised hours before the shooting as the men "huddled" in a palm grove near the crime scene. The unit had been on ambush duty, searching for Saleh Gowad, a man the government considered "a known, high-value individual," he said. Mr. Gowad had been a detainee at the Abu Ghraib prison but was released, which was an apparent sore point for Sergeant Hutchins, the petty officer said.

"He was just mad that they kept letting him go when he was a known terrorist, sir," Petty Officer Bacos told the military judge, Col. Steven Folsom. "He was detained and released three times, sir."

The petty officer said Sergeant Hutchins and the other marines "devised a plan" to kill any Iraqi if Mr. Gowad could not be found. But he said that he was not part of the initial planning, and that when he first heard the proposal, he brushed it off.

"I didn't believe they would carry out a plan like that," he said.

He protested, he told the judge, saying that in his view, "there was no justification."

"It was unlawful, sir," he testified, but he eventually went along. "I knew what we were doing was wrong," he said. "I tried to say something, and then I decided to look away."

He also said: "I wanted to be part of the team. I wanted to be loyal."

Court documents read into the record Friday recounted how the men stole a shovel and an AK-47 to plant near the body, and later shot rounds in the air to create bullet casings that would suggest a gunfight.

"I feel my honor is gone," Petty Officer Bacos said.

In a statement to the court, he apologized to the victim's family, as well as to his own, and to the Marines and the nation.

"Perhaps he could have had a crisis of conscience when he stole that shovel," said Nicholas Gannon, the prosecutor. "He could have had a crisis of conscience when they approached Mr. Awad's house. But he did not."

Sailor Testifies About Killing Of Iraqi (AP-Y)

By Linda Deutsch, Ap Special Correspondent

AP, October 7, 2006

A Navy corpsman testified Friday that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent.

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Petty Officer 3rd Class Melson J. Bacos said he saw a Marine put fingerprints from the victim onto a rifle and on a shovel to implicate him as an insurgent.

"I was shocked and I felt sick to my stomach," Bacos said.

Bacos, a medic who had been on patrol with the squad, was charged along with seven Marines in the slaying of Hashim Ibrahim Awad last spring in the town of Hamdania. But Bacos struck a deal with prosecutors under which he pleaded guilty to kidnapping and conspiracy and agreed to testify Friday at his court-martial about what he saw.

"I knew what we were doing was wrong," Bacos testified, speaking nearly in a whisper. "I tried to say something and then I decided to look away."

Bacos said he asked the Marines to let Awad go, but Cpl. Marshall L. Magincalda told him in crude terms that he was being weak and should stop protesting.

Bacos, 21, was the first of the servicemen to be court-martialed. The seven others could get up to life in prison.

Military judge Col. Steven Folsom sentenced Bacos to 10 years in prison but reduced the term to one year because of the plea agreement. That will be further reduced by time served. Other counts of murder, kidnapping and conspiracy were dropped in exchange for his cooperation while a reduction in rank and a dishonorable discharge also were suspended.

Prosecutors have said that the servicemen killed Awad out of frustration and then planted the assault rifle and shovel by the body to make it look as if he had been caught digging a hole for a roadside bomb.

Bacos testified that the squad entered Hamdania on April 26 while searching for a known insurgent who had been captured three times, then released. Squad leader Sgt. Lawrence Hutchins was "just mad that we kept letting him go and he was a known terrorist," Bacos said.

The group approached a house where the insurgent was believed to be hiding, but when someone inside woke up, the Marines instead went to another home and grabbed Awad, according to the testimony.

Bacos said the squad had intended to get someone else if they did not capture the insurgent, then stage a firefight to make it appear they had found an Iraqi planting a roadside bomb.

Awad, 52, was taken from the home with his feet and hands bound, then placed in a hole, Bacos said.

"I felt I couldn't stop it any more that day," Bacos testified. "They were going to do it. They were going to carry out the plan, so I continued on."

Bacos said Hutchins fired three rounds into the man's head after checking to see if he was dead, then Cpl. Trent Thomas fired seven to 10 more rounds into his chest.

After the killing, Bacos said Hutchins called in to a command center and reported the squad had seen a man digging a hole and wanted permission to fire at him.

Bacos said he saw Lance Cpl. Robert B. Pennington put the victim's fingerprints onto an AK-47 and on a shovel to implicate him as an insurgent who had fired first. Bacos was told to fire an AK-47 into the air to simulate the sound of a firefight.

"Why didn't I just walk away?" Bacos asked before being sentenced. "The answer to that question was I wanted to be part of the team. I wanted to be a respected corpman, but that is no excuse for immorality."

After the killing, Bacos said, he was standing in the road when another Navy corpsman drove by.

"He asked me what happened, and I was very vague," Bacos testified. "I said, 'I want you to remember something. We're different. We're not like these men.'"

Bacos' wife and father sat in the front row of the courtroom during the court-martial. During a break, Bacos turned to her and mouthed the words, "I love you."

The tiny courtroom was still as Folsom repeatedly asked Bacos if he had been coerced into giving his account of the shooting.

Bacos said he was testifying voluntarily. He wore a white Navy uniform and a Purple Heart his wife said he had been awarded during a previous tour in Iraq.

Bacos was recently transferred from Camp Pendleton, where the Marines have been held, to Marine Corps Air Station Miramar for his own safety.

Military prosecutors had charged Bacos under the theory that he did nothing to stop the alleged crime.

Along with Magincalda, Hutchins and Thomas and Pennington, the other Marines charged are: Lance Cpl. Tyler A. Jackson, Pfc. John J. Jodka and Lance Cpl. Jerry E. Shumate Jr.

David Brahms, Pennington's lawyer, said Bacos' account will be subjected to intense scrutiny. "This is just one guy who is going to tell the story as he sees it," Brahms said.

Former Army prosecutor Tom Umberg suggested that others might follow Bacos' lead and strike similar plea bargains.

"You don't want to be the last guy standing. The first guy gets the best deal," he said.

After the proceedings, Bacos said he deeply regrets what happened in Hamdania.

"Hopefully, that family will forgive us for what we have done," he said.

Navy Man Admits Kidnapping Iraqi (WT/UPI)

The Washington Times/UPI, October 7, 2006

A Navy petty officer admitted Friday that he was involved in kidnapping an Iraqi man allegedly shot dead by U.S. Marines.

Melson Bacos pleaded guilty to conspiracy and kidnapping in a proceeding at Camp Pendleton, Calif., the Los Angeles Times reported. He was sentenced to a year with credit for time he has already spent in custody.

Bacos' description of the crime can be used in the prosecution of seven Marines charged with the murder of Hashim Ibrahim Awad. He said Awad was trussed up, with hands and feet tied, when he was shot.

Sgt. Lawrence Hutchins, the team leader, went after Awad because he was frustrated at not finding a known insurgent, Bacos said.

"He was mad we kept letting him go when he was a known terrorist," Bacos said.

The Marines and Bacos allegedly set the scene so that Awad appeared to have been planting a bomb when he was shot. But his family complained to military authorities that he had been taken from his house.

Sailor Sentenced To One Year In Iraqi's Slaying (LAT)

By Tony Perry

The Los Angeles Times, October 7, 2006

Navy corpsman admits his role in the killing and asks forgiveness of the victim's family. He will testify against seven Marines in the incident.

CAMP PENDLETON — A Navy corpsman was sentenced Friday to one year in the brig after he pleaded guilty to conspiracy and kidnapping in the death of an Iraqi man and agreed to testify against seven Marines charged with murder.

In an emotional statement at his court-martial, Petty Officer 3rd Class Melson Bacos admitted his role in killing an unarmed man and asked forgiveness of the dead man's family.

"I also apologize to our country, to the Navy and the Marine Corps for not living up to the values of honor, courage and commitment," he told the judge, Col. Steven Folsom. "I've learned from this mistake, and to tell the truth is the only honorable thing I can do."

Bacos, 21, said he was sickened as he watched Marines fatally shoot 52-year-old Hashim Ibrahim Awad, a disabled Iraqi who had been dragged from his home shortly after midnight April 26 in Hamandiya, west of Baghdad.

"I felt shocked and sick to my stomach," Bacos testified.

He said he knew that what the Marines were doing was illegal but he felt powerless to stop it.

"They were going to do what they were going to do," he said. "I felt I couldn't do anything else."

But he added that later in the night, he told a fellow corpsman about his dismay over what the Marines had done, saying: "I want you to remember something — we're different. We're not like these men."

Bacos testified that the Marine squad leader, Sgt. Lawrence G. Hutchins III, had hoped to capture and kill a "high value" Iraqi long suspected of planting bombs. When the original target could not be found, Hutchins allegedly decided to kidnap and kill Awad, who had also been suspected of insurgent connections. The squad was on a late-night ambush mission to catch insurgents planting roadside bombs.

Bacos said he watched the Marines line up and fire at Awad. Hutchins then did a "dead check" on Awad, firing three more rounds into his head, and Cpl. Trent D. Thomas fired seven to 10 rounds into him, Bacos testified.

Bacos said he had earlier asked Cpl. Marshall Magincalda to release Awad but Magincalda refused, telling Bacos he was being a weakling. As a corpsman, Bacos was assigned to provide additional firepower as well as emergency medical help to the Marine squad.

"Why didn't I do more to stop it?" Bacos said in his statement to Folsom. "Why didn't I just walk away? The answer is I wanted to be part of the team."

Prosecutors had asked for a sentence of 10 to 15 years in prison and a dishonorable discharge. Defense attorneys said a term of several months would be sufficient.

Folsom said Friday that he would have sentenced Bacos to 10 years in prison and a dishonorable discharge but that he was bound by the plea agreement already approved by the top general that mandated one year in the brig and no discharge. The secretary of the Navy or the Marine brass, however, could move to discharge him under less than honorable circumstances.

In exchange for his guilty pleas, a murder charge that could have brought the death penalty was dismissed.

Bacos agreed to testify against the Marines, who were once his comrades in Kilo Company, 3rd Battalion, 5th Marine Regiment.

In the original charges, Bacos faced a murder count even though he was not alleged to have fired his weapon. That charge was based on the theory that any co-conspirator is equally guilty when a murder is committed.

The Marines and Bacos were charged with leaving an AK-47 and shovel near the body to suggest that Awad was an insurgent caught burying a roadside bomb.

Bacos testified that he stole an AK-47 from an Iraqi home and fired it into the air so the Marines would have shell casings to leave beside Awad's body.

Bacos, who is married to a Navy corpsman, had been held at the brig at Camp Pendleton with the other seven defendants since being returned from Iraq in May. But once the plea bargain was reached, he was moved to the brig at Miramar Marine Corps Air Station in San Diego for his safety.

Marine Pfc. John Jodka also has been moved from the brig at Camp Pendleton, suggesting that another plea deal is underway. A gag order prevents lawyers from discussing his case.

Bacos was on his second deployment to Iraq; in his first tour, during the battle in Fallouja in late 2004, he received a Purple Heart after being wounded and a Combat Action Ribbon.

Initially, the Marines told their superiors that Awad had been killed after he was discovered planting a roadside bomb to explode beneath a U.S. military or Iraqi civilian vehicle. But the Marine Corps launched an investigation after Awad's family protested that he had been taken away without provocation and was not connected to the insurgency.

Folsom watched a 19-minute tape of Awad's relatives explaining their version of the April 26 killing before he handed down the sentence. The Iraqi's brothers described Awad as a disabled police officer and father of 11 who bore no malice toward American forces in Iraq.

On Friday, an attorney for one of the Marines asked the judge to close the hearing to the media so Bacos' comments would not be made public and possibly taint any jury pool. Folsom denied the request from attorney David Brahms, who is representing Lance Cpl. Robert Pennington.

"This is not a game," Brahms told reporters. "This is real. I have a man's life in my hands."

The Hamandiya incident is the first of two high-profile cases of alleged brutality against Iraqis by Marines from Camp Pendleton to come to court-martial.

Two dozen Marines are being investigated in a November incident in which 24 Iraqis, including women and children, were killed in the town of Haditha.

A preliminary investigation has concluded that some of the Marines should face murder charges. But Lt. Gen. James N. Mattis Jr., commanding general of Marine Forces Central Command, is still reviewing those recommendations and has not decided whether charges will be filed.

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For Recruiter, Saying 'Go Army' Is A Hard Job (NYT)

By Andrea Elliott

The New York Times, October 7, 2006

EL CAJON, Calif. — Sgt. Cameron Murad wanders the strip malls and parking lots of this Iraqi immigrant enclave in the arid foothills beyond San Diego. Wherever he goes, a hush seems to follow.

He stands by the entrance of a Middle Eastern grocery in khakis and a baseball cap, trying to blend in. He smiles gently. He offers the occasional Arabic greeting.

Quietly, he searches the aisles for a version of himself: an Iraqi expatriate with greater ambition than prospects, a Muslim immigrant willing to fight an American war.

There are countless hard jobs for American soldiers supporting the occupation of Iraq. Few seem more impossible than the one assigned to Sergeant Murad. As the conflict grows increasingly violent and unpopular, the sergeant must persuade native Arabic speakers to enlist and serve with front-line troops.

"I feel like a nomad in the middle of the desert, looking for green pastures," said Sergeant Murad, 34, who is from the Kurdish region of Iraq.

Linguists have emerged as critical figures in the occupation. They interpret for commanders in meetings with mayors and sheiks. They translate during the interrogation of Iraqi prisoners. They shadow troops on risky missions.

In the pressing search for Arabic speakers, the military has turned to Middle Eastern immigrants in the United States. Sergeant Murad is a rising star in this effort. He has recruited 10 men to the program in little more than a year, a record unrivaled in the Army National Guard.

Still, he is an unlikely foot soldier in the campaign. His own evolution — from a teenage immigrant who landed in North Dakota after the first gulf war to a spit-and-polish sergeant — has been marked with private suffering.

In boot camp, he was called a "raghead." Comrades have questioned his patriotism. Last year a staff sergeant greeted him by calling out, "Here comes the Taliban!"

He remembers a day in 2002 when the comedian Drew Carey visited a base in Saudi Arabia where he was working. During a skit, Sergeant Murad recalled, Mr. Carey dropped to the ground to mimic the Muslim prayer. As the troops roared with laughter, Sergeant Murad walked out.

"I thought about my mom when she prays, how humble she is," he said.

Yet, day after day, Sergeant Murad sets out to sell other immigrants on the life he has lived. He believes that Muslims need the military more than ever, he said: At a time when many feel alienated, it offers them a path to assimilation, a way to become undeniably American.

It has proved, for him and others, the ultimate rite of passage.

"It's almost like Superman wearing his cape," said Gunnery Sgt. Jamal Baadani, 42, an Egyptian immigrant with the United States Marine Corps. "I've got my uniform on, and you can't take that away from me because I've earned it."

Sergeant Murad has earned it, but with a price. He has changed his name. He has drifted from Islam. He often finds himself at odds with the immigrants he is trying to enlist.

To many of them, he is a mystery. He sees himself as a man of unavoidable contradictions: an American patriot and a loyal Kurd; a champion of the military to outsiders, a survivor within its ranks.

Feeling Like an Outcast

The sergeant is six feet tall, but often stands shrunken, his hands politely clasped. He has a long, distinguished nose and wears glasses that darken in the sun but never fully fade, lending him a distant aura.

He plies the streets of El Cajon in a rumbling, black Toyota Tacoma pickup. In the back, he carries stacks of fliers advertising what the Army calls the "09-Lima" program.

Through the program, speakers of Arabic, Farsi, Dari, Pashto and Kurdish are sent to boot camp like other soldiers. They later receive specialized training as linguists, and a majority are deployed to Iraq.

Of the thousands of interpreters working for the military in Iraq, most are civilians under contract, some of whom earn as much as $170,000 a year. But military commanders prefer uniformed linguists because they cannot refuse combat missions and are subjected to more thorough security checks.

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They are offered a fraction of what many civilian linguists earn, with salaries starting at roughly $28,000, including allowances. The program's perks, such as expedited citizenship, a starting bonus and medical coverage, are a major draw, military officials said.

Since the Army created the program in 2003, more than 800 people have signed up. But nearly 40 percent of them have either dropped out or failed language tests or boot camp. Enlistment in the program has improved with the help of civilian Arabic speakers contracted by the Army to recruit.

In California, the Army National Guard is trying the same approach, but with troops. Capt. Hatem Abdine assembled a team of soldiers of mostly Middle Eastern descent to help recruit full time, and brought Sergeant Murad on board last year.

In April, the sergeant arrived in El Cajon. Before his first week was up, he felt like an outcast.

Stacks of fliers and business cards that he had left in grocery stores had vanished. Cashiers who welcomed him on his first visits were suddenly too busy to talk. One manager fled the store. The owner of another shop turned his back and flipped kebobs over a high-licking flame.

"They're so agitated when I approach them," Sergeant Murad said. "Is it because I'm ugly? I don't think I'm that ugly."

Nestled in a parched valley, El Cajon drew its first Iraqi settlers half a century ago because of the resemblance it bore to their homeland. The population boomed in the 1990's when thousands of refugees — primarily Kurds and Shiites — joined what had long been the domain of whites and Hispanics.

Sergeant Murad makes his rounds with a truck full of Army promotional items, including a box of T-shirts that state, in Arabic, "If you can read this" — and then in English — "the National Guard needs you." He cannot bring himself to wear one.

"To put on that shirt and keep a face free of blush — it's just an impossible thing for me to do," he said

He favors a more subdued approach. He strolls into restaurants and barber shops, as though he were just passing through. He offers a smooth, "Assalamu alaikum," or peace be upon you.

A conversation begins. Soon, Sergeant Murad is reminiscing about his hometown, Kirkuk. Then, almost as an afterthought, he mentions his job. "Call if you know anyone," he says, offering a card.

But the calls rarely come. When they do, recruitment is hard won. In the fall of 2005, Sergeant Murad signed up his first two recruits. Over the next 12 months, he found about 20 other men. Half of them changed their minds.

Most often, recruits do not follow through because of objections from a parent or spouse. Others learn of more lucrative opportunities. Store windows in El Cajon are plastered with fliers advertising the six-figure salaries offered to civilian interpreters.

Some of the sergeant's candidates are overcome by fear. A 33-year-old Egyptian man from Hemet, Calif., withdrew from the program in June after watching news from the region on Arabic television channels.

"I know what's happening over there," said the man, who would not give his name. "My kids need me more than the money."

From late 2002 to May 2006, 172 civilian contract linguists were killed in Afghanistan and Iraq, representing 2.6 percent of the roughly 6,500 linguists who worked for United States coalition forces, a Department of Defense official said.

None of the 152 interpreters who have served in Iraq for the 09-Lima program have been killed. But that fact carries little weight in El Cajon, where memories of violence linger.

"They came here to live in peace and now you're asking them to go to war," said the owner of a bakery on Main Street who had fought against Iran with Saddam Hussein's army. "We are full up of the war."

In the pursuit of trust, it does not help that Sergeant Murad is Kurdish. The Kurds, like the Shiites, are often seen to have an interest in promoting the American occupation of Iraq because of the repression they suffered under Mr. Hussein.

The sergeant, who refers to the occupation as "the liberation," does not hide his impassioned support of the war, or the fact that he is Kurdish.

Sometimes, this backfires. When he told an Iraqi woman at a Laundromat that he was Kurdish, she snapped, "Saddam was a wonderful president."

One afternoon last April, Sergeant Murad dropped by the Main Street bakery, bought a box of chocolates and left another stack of pamphlets behind. He was sure they would be tossed, but seemed not to care. He was feeling giddy.

For the first time in weeks, he had a candidate.

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The Sting of 9/11

Sergeant Murad's path to the United States military began 15 years ago, on a lush meadow in Kurdistan.

American helicopters hovered overhead, dropping packets of dehydrated food to thousands of refugees, including Sergeant Murad, his three brothers and their parents.

The next day, they reached a refugee camp run by the United States military in Zakho. There, a group of marines was standing guard, hefty, tattooed and smiling. Sergeant Murad, then 18 and rail-thin, thought the men looked like warriors.

Soon after, in September 1991, the family arrived in Minot, N.D., as political refugees. A year later, Sergeant Murad got his green card and enlisted in the Army.

"If a person like me isn't obligated to serve this country, who is?" he said. "I had to make a decision that this is my country, that this side is my side."

He entered the military as Kamaran Taha Muhammad. When he got to boot camp at Fort Jackson, S.C., he spoke choppy English.

He was, and remains, a shy man. "If a fly looks at me, I turn red," Sergeant Murad said.

But the first time a fellow soldier insulted him, he threw a punch. He fought often enough that he was relegated to kitchen patrol.

In time, Sergeant Murad made friends. When he graduated as a light-wheel mechanic, his fellow soldiers cheered.

The first few years of his military life went smoothly. He was stationed at a base in Germany. After his tour of duty ended, he found work as the head civilian linguist at an Air Force base in Riyadh.

But on Sept. 11, 2001, as Sergeant Murad watched the attacks on television in Riyadh, he felt a searing angst. The next day, he walked into the dining hall holding a tray, and stopped at a table of officers he knew.

He told them he was sorry. No one responded.

"He didn't know where he fit in," said Fernando Muzquiz, 42, now a retired master sergeant with the Air Force.

Sergeant Murad experienced a shift after Sept. 11, both in his relationship to Islam and to America. It was as if a fault line crept through him.

As a Muslim, he felt ashamed.

"I was crushed theologically," he said. He pored through the Koran, looking for proof that it condemned terrorism. But from the loud speakers of mosques in Riyadh, he heard sheiks praying for the mujahedeen.

From Americans, he felt the sting of suspicion.

On trips home to Minnesota, where his parents had moved, Sergeant Murad noticed the new attention he got at airports. In Atlanta, a security officer saw his last name, which was still Muhammad, and called out, "We got one."

Sergeant Murad wanted to prove his loyalty. He got his chance when the United States invaded Iraq.

By then, he was working in Bahrain as a civilian linguist with the Naval Criminal Investigative Service. (He had lost his job in Riyadh after taking an unauthorized trip off base, which he attributed to a lapse of judgment.)

In Bahrain, he was elated to learn that he would be sent to southern Iraq on a top-secret mission with the Navy Seals. But several days into the voyage, he heard a sailor on his ship whisper, "Cam is one of them."

Sergeant Murad stopped working for the Navy in March, with his mission in Iraq successfully completed.

That month, he changed his name.

"In a way, it was my reaction to say, 'No, I am not the same as this criminal, this coward,' " said Sergeant Murad, referring to Osama bin Laden. "I am an American, I am Cam, I am a naturalized citizen."

Kamaran became Cameron. Muhammad was dropped for another, less conspicuous family name, Murad.

The middle name he chose was perhaps most surprising: Fargo.

"I always wanted a connection to North Dakota," he said.

Even with a new name, Sergeant Murad felt ill at ease back in the United States. He has stopped going to mosques. He no longer considers himself a practicing Muslim. He has few Middle Eastern friends.

"If somebody's name is on a list, and that person has my name or contact number, I will get harassed," he said.

The Army, he decided, was the most comfortable place to be. In 2005, he joined the National Guard full time.

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He is careful to tell potential recruits about the military's zero tolerance policy on discrimination, and urges them to file complaints should harassment occur.

Still, Sergeant Murad has never filed a complaint of his own. During several interviews, he was reluctant to talk about his negative experiences, saying that he did not want to "whine" and that all immigrants endure hardship before they are accepted.

Last year, when an instructor at an Army base referred to Sergeant Murad as "the Taliban," he laughed along.

"I laughed not to cause trouble," he said. "I laughed because I am really getting tired of this. I laughed because I know it's a hopeless situation. What do you do? You just have to laugh."

"It doesn't matter what you think of me," he said. "Like it or not, I'm your brother in arms."

Closing the Deal

The new candidate's name was Khaled. Sergeant Murad jotted down his number, passed on by the captain. The Iraqi immigrant had called after spotting a brochure about the program, the captain explained. And there was one more thing: the man was on the fence.

Sergeant Murad's job is often one of delicate persuasion. He began by talking to Khaled, who lived near El Cajon, on the phone. (To protect his identity, the military requested that his last name not be published.)

By the time they agreed to meet, Sergeant Murad felt uneasy. Not only was Khaled a Sunni; he was from Mr. Hussein's home province.

A stout man with a mustache answered the door. He seemed overweight for the rigors of boot camp, thought the sergeant, and his age — 39 — was just short of the cutoff.

They stiffly shook hands, and then sat and sipped tea in a tidy, candle-scented apartment. A framed picture showed Khaled, his wife and three children waving from Disney World. Since arriving in the United States in 1999, Khaled had hopped from one low-wage job to another, pumping gas, stocking groceries.

Now, he told Sergeant Murad, he had made up his mind. He needed the educational loans the military offered.

Still, he was nervous.

"I'm expecting a shock," said Khaled. "I've been hearing good things, bad things."

As he does with all recruits, Sergeant Murad warned Khaled that he might be hazed at boot camp, and distrusted by other soldiers. But over time, the sergeant promised, he would make friends.

The two men sat talking until the afternoon turned to dusk. The sergeant gave Khaled tips on how to lose weight, and promised to help prepare him for the English tests. Before parting, they embraced.

As Sergeant Murad drove off, he smiled and shook his head. "This is an Arab from the Sunni Triangle trusting a Kurd with his life," he said.

Khaled entered boot camp in July and is now in advanced training.

Often, finding recruits is only the beginning of Sergeant Murad's job. He spends time with their families after they have joined up, reassuring mothers that their sons will eat properly, and helping wives fill out insurance forms.

Last April, Sergeant Murad drove to a boxy stucco house to visit the pregnant wife of a 22-year-old Shiite recruit. The woman was worried about her husband's safety in Iraq.

"The fact that he's an Iraqi — it's unfathomable to these nationals that he would be with the United States military," she said in Arabic, perched on a couch next to her mother-in-law.

"He is Muslim and in the military — it doesn't look right."

The older woman frowned.

"If it were up to me, I would make you join the military because they freed you from Saddam," she told her daughter-in-law.

Boot camp had been effective, the mother said. Her son seemed newly disciplined, more mature. There was only one thing she disliked: his limited vacation.

"Just two weeks!" she said. "Even in the army of Saddam Hussein, this wasn't the case."

On a sunny afternoon in August, Sergeant Murad was back in his truck, cruising El Cajon with a fresh stack of business cards.

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He was learning to avoid certain shops. He waved mockingly at the kebab store as his truck rolled by, no longer concerned about who might be watching.

He had come to the conclusion that first impressions counted little.

Plenty of Iraqis had misjudged him. Eventually, though, they grew to like him.

It was the same with soldiers, Sergeant Murad said. He looked back on his time in boot camp as the ultimate proof that hardship can be overcome, and wary comrades, won over.

"In the end, when somebody gets to know Cam the soldier, Cam the citizen, they always take my side," he said. "That's where my triumph is. The hurt goes away."

Picking Up The Pieces Of Slain Troops' Lives (WP)

By Josh White

The Washington Post, October 7, 2006

ABERDEEN PROVING GROUND, Md. -- Spread across several tables in a vast warehouse here are the pieces of one soldier's life.

There is the photo album with images of graduations and family gatherings, tanks and smiling military buddies. There are piles of brown T-shirts and socks, a jumble of sneakers and boots, a plastic bag filled with handwritten letters. A knife. A stack of video games.

Nearby, surrounded by walls of metal mesh, are rows of dusty black footlockers that have just returned from war. Inside each are the artifacts of other lives cut short.

This is the Joint Personal Effects Depot, a pair of warehouses on this base northeast of Baltimore that serve as the military's main repository for the possessions of U.S. troops killed in Iraq and Afghanistan. Within days of troops' deaths in action, their clothes, pictures and books and everything else that defined their lives on the battlefield wind up here.

It is then the job of 138 people to inventory, photograph, clean and pack all of the items so they can be sent home to grieving families, the last remnants of the ones they loved.

There are ghosts here, whispers of these people who sacrificed their lives to serve their country. In a recent tour of the facility, the names and identifying information of the dead were concealed to protect their families, but the presence of the dead was still strong.

"There's a lot of each individual in those lockers," said Lt. Col. L. Scott Kilmon Jr., who commands the depot. Working with the materials day after day can be an emotional strain, he said. "It takes a toll on you."

The workload has gotten steadily heavier over the past few years, as nearly 3,000 U.S. troops have died in the Middle East and thousands more have been injured. The seriously wounded who are evacuated from the fighting also have their things shipped to Aberdeen now. Kilmon said the depot is bracing for the fall and winter, when there have been higher levels of U.S. casualties in Iraq.

And because the fighting seems likely to continue, the Defense Department is working to establish the depot as a more permanent operation. Kilmon said there are plans underway to move the temporary, wartime facility to Dover Air Force Base by 2009, which would put it at the same facility where the troops' remains are processed. Now, the items are flown to Dover and are loaded on semitrailers for the 90-minute drive to this makeshift operation in Maryland, where the effects are organized.

The warehouse feels a bit like a morgue. The rows of mesh cages are chilly, and somber employees meticulously sift through the items.

"Five brown T-shirts," called out Pfc. Alisha Ricketts, sitting in one cage cataloguing the contents of eight footlockers that belonged to a noncommissioned officer recently killed in Baghdad. "One white washcloth."

A photograph of two young children peeked out of a plastic bag in front of Ricketts. Spec. Tyrone Wheatley placed woodworking magazines into a footlocker and glanced at a clipboard. Dirty socks, Fruit of the Loom underwear, shirts and shorts were streaked with desert dust and grime, the pile giving off the scent of the soldier's sweat, fresh from the Iraqi summer heat. A little bit of Baghdad.

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In most cases, after all the items are inventoried, workers wash the clothes, scrub the boots and clean all equipment with compressed air, said Maj. Leslie Rafferty, the depot's operations officer. Washers and dryers hum constantly. Compact discs are wiped of dust. Camera film is developed.

"We slowly but surely lay out their life," Rafferty said.

Some families, she said, send notice that they do not want the clothes washed, so they can smell their loved one when the items are returned. All government-issued items are logged and returned to circulation, so the sleeping bags and compasses are later issued to others who might be deployed.

Marvin Scott, 63, looked up as he tied the laces of a soldier's left Asics sneaker, tucking the bow behind its tongue.

"You're seeing the pictures of their families, their wives, their children, and you know they have a lot of hurt," Scott said. "It can be very emotional. Not everyone can work here."

Scott, a civilian contractor who puts the finishing touches on items that are to be sent home, folds creases into T-shirts and creates careful stacks of DVDs. It can be heartbreaking, he said, but he wants each family to see that someone has taken the time to neatly pack the reminders away for them. And he has seen a lot of those reminders up close.

"You can read a lot about a person by what they had with them," Scott said. "You can tell how they dressed, you can tell what they listened to, what they watched and what they read. Sometimes you can really see them."

This soldier, the one Scott was getting to know on a recent day, was devoted to video games and anime. A PlayStation 2 sat in a plastic bag, a large television tipped on its back in a footlocker. Games like "Ape Escape: On the Loose" lay next to such DVDs as "The Matrix," "Eraser" and "South Park," a veritable catalogue of young-American-male pop culture.

In a separate bag with a set of the soldier's dog tags was a solitary black plastic comb, its tines bent and color slightly faded from countless runs through the man's hair.

Nearby, on a set of tables where a new footlocker was just unlocked and opened, Pfc. James Childress ran a gloved hand over a pile of books, traces of dirt slipping from the worn pages. Stephen King's "Desperation" sat next to a yellowed copy of "You've Come a Long Way, Charlie Brown." Farther down the table was a pair of flip-flops, an impression of feet in the foam.

All documents, letters, data drives and photographs are carefully examined in a secret environment to make sure that nothing classified returns home, and also to make sure that nothing untoward is left for parents, spouses and children. Pornography, for example, is removed. "Human beings are human beings," Rafferty said.

Kilmon said depot employees have found wills and messages to family members on computer drives, including an audiotape one soldier made for his child, who was not yet born when he recorded the message. Sometimes workers have to walk off the line to gather their emotions.

Big-screen televisions have become more common, and employees said they see a lot of guitars, too. An acoustic guitar waited on a table to be packed last week. The most unusual item: a motorcycle.

Though clothes with blood or tissue on them are supposed to go with the bodies for transfer to medical examiners, they appear at the depot from time to time. A large cardboard box sits on a loading dock, labeled "medical examiner." Under the lid are dozens of translucent red biohazard bags filled with camouflage clothes, some bloodstained. Sometimes there are bits of human remains.

The officers here know that when there are mass casualties in Iraq or Afghanistan, their operation is going to be busy about three weeks later; there is an average of 22 days between a death in the field and the arrival of personal items at the depot. Another 11 days or so later, the items are shipped by FedEx to families around the country.

"In my first days here, I was just in awe," Childress said, standing back for a moment to survey one soldier's belongings. "These are all real people. We know we're the final link between them and their families."

DOJ:

Sharon Potter Sworn In As Local U.S. Attorney (WHI)

By MICHELLE BLUM

Wheeling (WV) Intelligencer, October 7, 2006

WHEELING — Sharon Potter was sworn in Friday as the new U.S. Attorney for the Northern District of West Virginia, but a formal ceremony will be held at a later date, according to information provided by Potter's office.

Potter succeeds Thomas Johnston, who was sworn in as U.S. District Judge for the Southern District of West Virginia in April.

Potter was sworn in by U.S District Judge Irene M. Keeley in Clarksburg. Details of the formal event have not yet been released.

Potter has served as assistant U.S. Attorney for the Northern District of West Virginia since September 1992, according to information provided by Potter's office.

Assigned to the U.S. Attorney's office in Wheeling, Potter has handled a variety of criminal prosecutions ranging from fraud and tax evasion to drug trafficking and computer-related crime.

Potter has also been involved in criminal and civil property forfeiture cases, generating resources for state and local law enforcement agencies. She has also obtained funds for victims of fraud through restitution in a variety of cases.

Working with the FBI, Potter assisted in forming a district-wide computer crime task force and has been involved in initiatives with federal agencies designed to foster the networking and sharing of knowledge and resources between academia, industry and law enforcement to better identify and prosecute computer crimes.

In 1997, Potter received the Department of Justice Director's Award for Superior Performance following her prosecution of a nationwide securities fraud/money laundering case, which involved about 15,000 victims and netted more than $2.3 million in forfeitures.

In addition, Potter worked closely with the Internal Revenue Service Criminal Investigation Division investigating and prosecuting tax-related cases involving income and employment tax evasion, abusive tax shelters and other financial fraud matters.

She also worked with the Three Rivers Drug Task Force in Fairmont, prosecuting federal drug trafficking offenses.

A graduate of Vanderbilt University and California Western School of Law, Potter began her legal career with the West Virginia Public Service Commission in 1985. From 1987-89, Potter worked as an assistant district attorney in Centre County, Pa. From 1990-92, Potter was an associate with the law firm of Martin & Seibert in Martinsburg and was an assistant prosecutor in Berkley County, W.Va.

Potter resides in Wheeling with her husband and three children.

CORPORATE SCANDALS:

Farmer Mac Plans To Restate Results From Three Years (WP/BLOOM)

The Washington Post, October 7, 2006

Farmer Mac, the government-chartered buyer of U.S. farm loans, said it would restate its financial results for 2003, 2004 and 2005 to correct how it accounted for some derivatives transactions.

The changes won't "have any significant" effect on capital, the company said yesterday. Farmer Mac didn't provide an estimate of the size of the restatement. The company reported combined profit of $87.3 million for 2003, 2004 and 2005.

The accounting rule involved in Farmer Mac's restatement is the same one that caused mortgage finance companies Fannie Mae and Freddie Mac and some of the Federal Home Loan banks to restate their results in recent years. The rule requires companies to determine the market value of derivatives and account for them on their balance sheets.

Derivatives are financial instruments derived from stocks, bonds, loans, currencies and commodities, or linked to specific events, such as changes in interest rates or the weather.

There are exceptions, but after reviewing its books, Farmer Mac determined that "fluctuations in the fair value of its derivatives will be reflected in the statements of operations rather than being deferred or offset," the company said.

Shares of Farmer Mac fell 35 cents, to $25.33.

Farmer Mac made no personnel changes related to the restatement, company spokeswoman Andrea Calise said. She declined to say when Farmer Mac began its accounting review.

Accounting errors at Fannie Mae and Freddie Mac and quarterly losses at some Federal Home Loan banks are fueling a push in Congress to change how government-chartered finance companies are regulated.

Suit Over Sale Of MySpace Dismissed (BLOOM)

Bloomberg, October 7, 2006

News Corp., the buyer, says it feels 'vindicated'

News Corp., Rupert Murdoch's media company, said a judge dismissed a lawsuit challenging its purchase of MySpace.com, rejecting claims by Brad Greenspan, former chief executive officer of the Web site's parent, that the deal cheated shareholders.

Los Angeles Superior Court Judge Carolyn Kuhl ruled Friday that the acquisition of Intermix Media Inc., MySpace's parent company, last year was lawful and shareholders were fully informed when they voted on the transaction, New York-based News Corp. said Monday.

The decision lifts a cloud over the popular networking site, which Greenspan says he started in August 2003.

He sued MySpace in February, saying the $580 million paid by News Corp.'s Fox unit didn't reflect the growth prospects.

Thursday, he demanded a federal investigation into the sale, claiming the deal defrauded shareholders of more than $20 billion.

News Corp. and Fox Interactive "feel vindicated" by the ruling, Mike Angus, general counsel of News Corp.'s Fox Interactive Media, said.

Greenspan last week posted his claims in a report at Freemyspace.com, a Web site where he argued the purchase should be nullified.

He said he was seeking an investigation by the Securities and Exchange Commission, the Justice Department and the Senate.

MySpace would be worth billions of dollars had it stayed on its own and sold shares to the public, Greenspan said, an assertion challenged by analysts.

News Corp. snatched MySpace during a weekend in July 2005 after Viacom Inc. offered $500 million for the business. MySpace has more than doubled its registered users this year, to more than 110 million.

CRIMINAL LAW:

Rove Aide Linked To Abramoff Resigns (WP)

By Peter Baker And James V. Grimaldi

The Washington Post, October 7, 2006

A top aide to White House strategist Karl Rove resigned yesterday after disclosures that she accepted gifts from and passed information to now-convicted lobbyist Jack Abramoff, becoming the first official in the West Wing to lose a job in the influence-peddling scandal.

Susan B. Ralston submitted her resignation to avoid causing political damage to President Bush a month before the midterm elections, officials said. "She did not want to be a distraction to the White House at this important time," said White House spokeswoman Dana Perino.

A congressional report showed last week that Ralston accepted sometimes-pricey tickets to nine sports and entertainment events from Abramoff while she provided him with inside White House information. The bipartisan report said there is no evidence that Rove knew of or approved of Ralston's actions, and sources said yesterday that the White House was surprised by the report's revelations.

The White House counsel's office conducted a review of the report, but with Ralston's departure it closed its inquiry yesterday. "Nothing more will come from the report, no further fallout from the report," Perino said.

A senior administration official who spoke on the condition of anonymity said the counsel's office reached no conclusion about whether Ralston violated gift limits because her resignation made the point moot. But the official said there were

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"mitigating circumstances" in her case because she had a preexisting relationship with Abramoff, for whom she worked before joining the White House. The official said the White House made no criminal referral in her case. A Justice Department spokesman declined to comment.

The sprawling Abramoff investigations have triggered prosecutions on Capitol Hill and on K Street, but Ralston's resignation brought the scandal into the White House proper. The only other White House official caught up in the probe has been David H. Safavian, the procurement chief for the Office of Management and Budget, who was convicted in June of lying about his ties to Abramoff.

As right hand to the president's most important adviser, Ralston was closer to the center of the Bush operation. She was a key organizer of presidential events, coordinating with White House political, scheduling, advance and public liaison offices. "She will be missed because she solves problems, and finding people in government who solve problems" is rare, a colleague said.

Ralston, who earned $122,000 a year, had been a minor player in the scandal for more than a year, but it was not until her e-mails with the lobbyist were released by the House Government Reform Committee last week that her role became known.

The information supplied by Ralston to Abramoff often involved procedural matters, social events and possible administration appointments, the committee said.

Rules ban White House officials from accepting gifts worth more than $20 from anyone doing business with the government. Exceptions can be made for preexisting relationships, although ethics officers generally advise officials to avoid anything that might be misinterpreted.

Rove has been out of town all week and declined to comment yesterday. A colleague said that neither Rove nor anyone else at the White House pushed Ralston to leave. Ralston did not respond to telephone or e-mail messages yesterday, and her attorney, Bradford A. Berenson, declined to comment.

In a letter to the president dated Thursday, Ralston wrote: "It has been a tremendous privilege to work at the White House and now after almost six years the time has come for me to pursue other opportunities." The White House did not announce the resignation until Friday afternoon, timing that is often used to minimize bad news.

"She leaves without any animosity from us," said White House counselor Dan Bartlett. "She's been a tireless worker for the president, and we will be sad to see her leave."

As a former Abramoff assistant, Ralston played intermediary between the lobbyist and Rove. The congressional report found 66 Abramoff contacts with the White House, more than half of them with Ralston. In addition, Abramoff's lobbying colleagues contacted Ralston 69 times.

On Oct. 21, 2001, Ralston e-mailed Abramoff that Rove had read an Abramoff memo about a political endorsement in the Mariana Islands governor's race, a little-noticed election but one important to Abramoff because he had lucrative clients there. Ralston reported to Abramoff that Rove had agreed, writing the next day: "You win :)."

More often, Abramoff fell short at the White House. Abramoff contacted Ralston to get Rove to place a close ally, Mark Zachares, as head of the Interior Department's Office of Insular Affairs. Ralston rebuffed a meeting with Rove for Zachares, saying it was unnecessary because Rove was on their side. But Zachares did not get the position.

In November and December 2003, Abramoff e-mailed Ralston about Iraqi bonds apparently issued by one of his clients, American Bondholders Foundation, the House committee said. In response, Ralston indicated that the National Security Council had not "gotten back to me yet." Six days later, she had an answer. "The NSC is very suspect of this proposal," she wrote. "The White House will not support it."

Ralston helped Rove get tickets from Abramoff for a game in the NCAA basketball tournament but told Abramoff that "Karl has to pay for his tickets." The White House said last week that Rove paid for his tickets. But Ralston apparently did not pay for tickets she accepted to Bruce Springsteen and Andrea Bocelli concerts and Washington Capitals, Washington Wizards and Baltimore Orioles games.

"Are floor seats available," Ralston asked in December 2001 for four Wizards tickets worth a combined $1,300, the report said.

"For you? Anything!" Abramoff replied. "How many do you need?"

Ralston: "4"

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"You got 'em," Abramoff said. "I'll organize."

Aide Who Linked Abramoff And Rove Resigns At White House (NYT)

By Anne E. Kornblut

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — Susan B. Ralston, a former aide to the disgraced lobbyist Jack Abramoff who went on to work for the presidential adviser Karl Rove, has resigned from the White House after a report that she was a conduit between the two men.

Ms. Ralston submitted her resignation to President Bush on Thursday night, saying the time had come "to pursue other opportunities."

Administration officials acknowledged, however, that she quit as a result of a Congressional report, released last week, that documented hundreds of contacts between Mr. Abramoff and the White House.

"A protracted discussion of the report was not in anyone's best interest, and when she chose to step down, we supported her decision," a White House spokeswoman, Dana Perino, said.

According to the report, Ms. Ralston was repeatedly lobbied by Mr. Abramoff after she became a top aide to Mr. Rove, as her former boss sought to curry favor with her new one. Once a high-rolling operator who lavished gifts on lawmakers and officials — in exchange, he hoped, for help with his clients — Mr. Abramoff has become, in the midterm elections, synonymous with corruption.

For more than a year, Ms. Ralston was entangled in two Washington scandals at once. A nexus between Mr. Abramoff and Mr. Rove, she was also pivotal in the C.I.A. leak case. It was Ms. Ralston who patched through a telephone call from a Time magazine reporter to Mr. Rove, a conversation that cast a suspicion on the White House strategist. Ms. Ralston testified to a grand jury on the leak and was interviewed by prosecutors in the Abramoff case.

Ms. Ralston was never accused of wrongdoing. The Congressional report suggested she merely passed on messages from Mr. Abramoff to Mr. Rove, who sought basketball tickets from the lobbyist and ate at his restaurant (where, White House officials said, Mr. Rove paid for his own meals).

On Friday, Representative Henry A. Waxman of California, the ranking Democrat on the House Government Reform Committee, which issued the report, accused White House officials of "trying to make Susan Ralston the scapegoat."

"There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House," Mr. Waxman said in a statement. "But there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff."

Ms. Ralston was promoted after the 2004 election, receiving the title special assistant to the president and a raise to $122,000, from $64,700.

White House Aide Ralston Quits After Abramoff Report (Update1) (BLOOM)

By Richard Keil

Bloomberg, October 7, 2006

Oct. 6 (Bloomberg) -- A top aide to White House political director Karl Rove has resigned after a U.S. House report examined her ties to disgraced Republican lobbyist Jack Abramoff.

The aide, Susan Ralston, is quitting a week after a House Government Reform panel described her role in arranging tickets to sporting events from the lobbyist to Rove.

``She recognized that a protracted discussion of the matters in the House Government Reform Committee's report would be a distraction to the White House, and she chose to step down," assistant White House Press Secretary Dana Perino said. ``We support her decision, and after a review of the report, we consider the matter closed."

The report showed that Abramoff claimed at least 485 contacts with administration officials between 2001 and 2004, including nine with Rove. Based on billing records from Abramoff's former law firm, the report said he claimed 17 meetings, seven telephone conversations and 42 e-mail exchanges with White House officials -- more than half with Ralston, who also is a former colleague of Abramoff's.

The report cited several instances in which Ralston helped Abramoff get access to White House officials, passed documents to Rove and kept Abramoff informed about political appointees he was pushing for jobs.

Iraqi Bonds

In November 2003, Ralston told Abramoff about the position the National Security Council was taking on Iraqi bonds, which was of interest to one of Abramoff's clients, the American Bondholders Foundation, according to the report.

Abramoff and Ralston also discussed the possibility of Ralston taking a job with a defense company, the report said.

Ralston may have received tickets for nine sporting events and concerts, including four tickets to an Aug. 10, 2002, Bruce Springsteen concert, the report said. In all, the tickets offered to Ralston were worth $1,300, it said.

``In most cases, the documents do not indicate whether the White House officials paid or offered to pay for the tickets," the report said. Ralston requested tickets for herself on at least seven occasions, the report said. In one instance, Abramoff e-mailed Ralston about hockey tickets: ``No problem, you don't have to pay!"

Other Opportunities

In her resignation letter to President George W. Bush yesterday, Ralston said ``the time has come for me to pursue other opportunities."

The report showed that Abramoff routinely offered concert and sports tickets to White House officials, and that in 2002 Ralston was also the go-between on tickets to the NCAA basketball tournament for Rove, tickets Rove said he paid for.

Abramoff pleaded guilty Jan. 3 to conspiracy to corrupt public officials and is cooperating with a federal probe.

The Abramoff case has already led to the conviction of former White House official David Safavian and an agreement to plead guilty to accepting illegal gifts by Representative Robert Ney, an Ohio Republican.

Abramoff also was sentenced in March to five years and 10 months in prison in a separate Florida fraud case.

In her capacity as Rove's assistant, Ralston also testified before a federal grand jury investigating whether administration officials purposely leaked the identity of CIA agent Valerie Plame; neither Rove nor Ralston was charged with wrongdoing in that matter.

White House Aide To Rove Resigns (AP)

By Deb Riechmann

AP, October 7, 2006

The latest casualty in the Jack Abramoff lobbying scandal was a key aide to presidential political strategist Karl Rove who once worked for the disgraced influence-peddler.

Susan Ralston stepped down Friday from her post as a special assistant to President Bush. A congressional report showed she had extensive contacts with Abramoff and had accepted tickets to sporting events and concerts from him.

Corruption and scandal are major issues going into the Nov. 7 elections. Ralston's resignation followed accusations that her contacts with Abramoff showed he was closer to Rove and Bush than the White House has been willing to acknowledge.

"She recognized that a protracted discussion of these matters would be a distraction to the White House and she's chosen to step down," deputy White House press secretary Dana Perino said.

A recent House Government Reform Committee report listed hundreds of contacts that Abramoff's lobbying group had with the White House. Ralston had been administrative assistant to Abramoff and, after Bush took office, assumed the same post with Rove.

Ralston played an instrumental role in organizing and choosing presidential event sites.

Rep. Henry Waxman of California, the top Democrat on the House Government Reform Committee, said he suspects the White House is trying to make Ralston a scapegoat.

"There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House, but there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff," Waxman said.

"The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston," Waxman said.

Abramoff has pleaded guilty to fraud and is now cooperating with prosecutors in an influence-peddling investigation that has enveloped Capitol Hill even as lawmakers, facing elections, struggle with the fallout from a scandal involving former Rep. Mark Foley's salacious messages to teenage male pages.

The latest Associated Press-Ipsos poll found that about half of likely voters consider corruption and scandal in Congress very or extremely important, and about two in three of those said they would vote for Democrats in House races.

The committee's report — based largely on Abramoff's billing records and e-mails — listed 485 lobbying contacts with White House officials over three years, including 10 with Rove. The report indicated that Abramoff and associates lobbied on behalf of more than 20 individuals for administration jobs but were successful only once.

According to e-mails, Abramoff and his team offered White House officials tickets to 19 sporting events and concerts. Ralston was the most frequent recipient. The report did not make clear whether Ralston or other White House officials paid for any of the tickets.

The federal gratuities statute makes it a crime to give anything of value to a public official for any official act performed by that official. Ethics rules prohibit federal employees from accepting gifts unless given because of personal friendship.

Top Rove Aide Resigns In Lobby Scandal (LAT)

By Peter Wallsten

The Los Angeles Times, October 7, 2006

Susan Ralston quits after a panel shows her as a link between Jack Abramoff and officials.

WASHINGTON — The top aide to White House strategist Karl Rove quit Friday, a week after congressional investigators portrayed her as a key link between senior officials and the now-disgraced lobbyist Jack Abramoff — brokering deals for his clients as she accepted premium tickets to sporting events and concerts.

Susan Ralston had worked as Rove's executive assistant, functioning as a gatekeeper of sorts for President Bush's most trusted political advisor. She was an aide to Abramoff before she joined the White House and became what the lobbyist called his "implant" there.

As Rove's top staffer and a special assistant to the president, Ralston becomes the closest aide to Bush to leave in a scandal that has so far enveloped lobbyists, lawmakers, Capitol Hill aides and an administration procurement official while, until now, sparing the inner sanctum of the White House.

Her departure comes as Republican leaders on Capitol Hill combat allegations that they did not adequately respond to inappropriate behavior toward House pages by Rep. Mark Foley (R-Fla.). It is the latest GOP setback in a midterm election year increasingly defined by scandal. Republicans are hoping to retain majorities in the House and Senate for the final two years of Bush's presidency.

Ralston "did not want to be a distraction to the White House at this important time," said White House spokeswoman Dana Perino, adding that Ralston "played a very valuable role in advancing the president's agenda." Perino said Ralston would leave within the next couple of weeks.

The report issued last week by the House Governmental Reform Committee quoted e-mails from Ralston in which, among other things, she helped lobby Rove about political endorsements in tiny U.S. protectorates represented by Abramoff and arranged for Rove to sit as Abramoff's guest in a private box for first-round games in the NCAA basketball tournament.

The bipartisan investigation documented more than 400 lobbying contacts between Abramoff's team and the White House between January 2001 and March 2004, including dozens with Rove's office and nine with the top strategist himself. The report was based on thousands of pages of billing records and e-mails obtained from Abramoff's firm.

The committee did not subpoena information from the White House, making it difficult to conclude in many cases whether Abramoff's requests were granted and whether the lobbyist, as White House officials have argued, was exaggerating his influence.

The report suggests Ralston accepted premium tickets to nine events, including professional basketball, hockey and baseball games as well as a performance by Italian tenor Andrea Bocelli for which ticket prices, according to a newspaper account at the time, ranged from $88 to $333.

Ethics rules forbid officials from taking gifts worth more than $20 from people doing business with the government, but the committee investigation did not determine whether Ralston and other officials paid for tickets in every case or listed them on disclosure forms. E-mails suggested Rove paid $50 apiece for NCAA basketball tickets.

Perino said Friday that the White House review of the 91-page report was "complete" and that "we expect nothing further to come of the report" beyond Ralston's departure.

Democrats were not satisfied, charging that the White House was making Ralston a "scapegoat" to avoid answering more serious questions. The committee's senior Democrat, Rep. Henry A. Waxman of Los Angeles, issued a statement Friday noting that Ralston's 69 contacts with Abramoff and his team reflected less than 15% of all of the contacts with White House officials, and saying that the actions of senior aides such as former political director Ken Mehlman deserved more scrutiny.

Last week's report included e-mails suggesting that Mehlman, now chairman of the Republican National Committee, was offered tickets to a rock concert and helped an Indian tribe represented by Abramoff secure $16 million for a jail despite resistance from Justice Department officials.

"The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston," Waxman said. "It is ludicrous for the White House to say it considers the review of the committee report 'complete' when it has not provided answers to any of the most important questions involving Mr. Mehlman and other senior White House officials."

In an interview Friday, Mehlman said he did not recall any specifics from his dealings with the Abramoff team.

"I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules," he said.

Abramoff pleaded guilty in January to federal charges as part of an ongoing congressional bribery investigation that continues to loom over Capitol Hill and the GOP. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

One associate, Tony Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), has pleaded guilty to conspiracy. He admitted accepting favors, cash and other gifts while working for DeLay and after leaving to become a lobbyist.

According to the House report, Ralston often helped coordinate dealings between the Abramoff team and her bosses.

In October 2001, when Abramoff asked through a series of memos and e-mails that the White House withhold an endorsement from a candidate in the tiny Commonwealth of the Northern Mariana Islands, Ralston finally responded: "You win :). KR said no endorsement."

Another set of e-mails suggested Ralston could be interested in parlaying her relationships with Abramoff and the White House into a lucrative business deal, perhaps creating a defense or homeland security firm, but only for the right price.

"It would take a significant amount of money for me to be lured away [from the White House] so unless you're really serious and can make it worth my while, let's wait until 2005," she wrote to Abramoff in November 2002.

Replied Abramoff: "I am not in a position to offer you serious money for this right now."

peter.wallsten@latimes.com

Secret Papers Could Halt CIA Case (WP/AP)

The Washington Post, October 7, 2006

Vice President Cheney's former chief of staff intends to load up his criminal trial with information about nine national security matters, the names of foreign leaders and details about various terrorist groups, according to court filings in the Valerie Plame leak case.

The papers filed this week hint at what has been taking place behind closed doors as Special Counsel Patrick J. Fitzgerald tries to limit the amount of classified data that I. Lewis "Scooter" Libby is permitted to use at his trial, scheduled for January.

U.S. District Judge Reggie B. Walton is asking whether classified evidence would overlap with what Libby is likely to say in his testimony. Libby's attorneys have said he will take the witness stand to deny lying to the FBI in its investigation of the disclosure of Plame's identity to the media.

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Even if prosecutors agreed ahead of time about the importance of the "nine national security matters" he wants to disclose, Libby would be entitled to introduce additional evidence, the lawyers wrote.

In court documents, prosecutors argued that it would be "unnecessarily wasteful of time" to allow Libby to present "names of foreign leaders or government officials of other countries, or the names and histories of various terrorist groups."

The danger for prosecutors is that the sheer volume and sensitivity of the classified information Libby wants to introduce could scuttle the trial. Once the judge identifies classified information Libby is entitled to present, U.S. intelligence agencies must rule on whether the secrets can be declassified. The trial would collapse if the intelligence agencies refuse to declassify the information.

Libby is charged with five felony counts of perjury, obstruction and making false statements to the FBI. He is accused of lying about how he learned of Plame's CIA employment and what he told reporters about her when her husband, former U.S. ambassador Joseph C. Wilson IV, was accusing the Bush administration of twisting prewar intelligence to help sell the public on waging war against Iraq.

Libby plans to use what his attorneys call "a memory defense" and must be allowed to demonstrate how busy he was, the lawyers say.

Report On Possible Abuses By Former Member Of Intelligence Panel Is Held Up (NYT)

By David Johnston

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — A report on whether a convicted former member of the House Intelligence Committee abused his position has remained under wraps for nearly four months, largely because of a battle between the committee's leaders over issuing a subpoena in the matter, members of Congress say.

Representative Jane Harman of California, the ranking Democrat on the committee, complained about the delay in a letter sent Thursday to the chairman, Representative Peter Hoekstra, Republican of Michigan. Ms. Harman protested what she said had been Mr. Hoekstra's refusal to subpoena the former lawmaker, Randy Cunningham, a California Republican.

Mr. Cunningham resigned from Congress in November and is serving an eight-year sentence in federal prison for accepting more than $2 million from supporters and military contractors in return for helping them obtain government business.

Mr. Cunningham's guilty plea centered mainly on his actions as a member of the House Appropriations Committee. He was also a member of the intelligence panel, and its investigation examined whether he tried to improperly influence decisions on classified spending proposals. Mr. Cunningham first sat on the Intelligence Committee in 2001 and for part of last year was chairman of its subcommittee on terrorism and human intelligence.

The committee hired an outside counsel, Michael Stern, to carry out the Cunningham inquiry. Mr. Stern's specific findings are not known, although some Congressional officials have suggested that his report, which was completed in June, is critical of Mr. Cunningham for using the committee's secrecy to conceal his efforts on behalf of friends to insert spending items into classified bills.

The skirmishing over the subpoena and the Cunningham report, as well as its possibly embarrassing conclusions, reflects the erosion of bipartisanship that once flourished on the intelligence panel but has frayed over the years, with the rancor seeming to grow as the November elections approach.

A spokesman for Mr. Hoekstra, Jamal D. Ware, said Mr. Hoekstra wanted to obtain Mr. Cunningham's testimony, which he said was crucial to the inquiry. But Mr. Ware said that issuing a subpoena would not force Mr. Cunningham to testify because the former lawmaker had said he would cite his constitutional right against compelled self-incrimination to refuse to appear before the panel.

Ms. Harman's office declined to comment on the confidential letter, a copy of which was provided to The New York Times by a Congressional official who insisted on anonymity.

In the letter, Ms. Harman also expressed dismay over another issue. She said Mr. Hoekstra wrote her last month saying that he had been in direct contact with Mr. Cunningham — apparently to seek informally his appearance before the committee.

"I am deeply disappointed that you contacted him unilaterally without notifying me," Ms. Harman wrote.

In her letter, Ms. Harman also said, “I again urge you to reconsider your decision not to subpoena him.”

She also wrote about her concern that Mr. Hoekstra might try to visit Mr. Cunningham in prison, saying, “I believe this would be highly inappropriate.”

Ms. Harman said the report should be released now because it was an unclassified document.

Mr. Ware said the report was not meant to be public. He said it had never been assigned a security classification because it had not been reviewed to determine whether it contained classified information.

Cunningham's Wife To Pay U.S. $1.6 Million (WP/AP)

The Washington Post, October 7, 2006

SAN DIEGO, Oct. 6 -- The estranged wife of disgraced former congressman Randy "Duke" Cunningham will pay $1.6 million in back taxes and penalties for her role in the bribery scandal that landed him in prison, according to a settlement filed Friday.

The federal government sued Nancy Cunningham last year. The settlement means she will not be prosecuted for any charges relating to her husband's activities, according to papers filed in federal civil court.

Duke Cunningham resigned from Congress and was sentenced in March to more than eight years in prison. The eight-term Republican admitted last November that he took $2.4 million in bribes from defense contractors in exchange for government contracts and other favors.

The couple separated in July 2005, when FBI agents raided their home in ritzy Rancho Santa Fe, seizing rugs, furniture and jewelry.

Nancy Cunningham's attorney, Douglas Brown, called the deal "a compromise settlement" and said his client intends to file for divorce soon.

Spouse Of Lawmaker Agrees To Penalties (LAT)

By Greg Krikorian

The Los Angeles Times, October 7, 2006

The estranged wife of disgraced former Rep. Randy "Duke" Cunningham has agreed to forfeit $760,000 to the IRS from the sale of the couple's Rancho Santa Fe home, acknowledging that they had financed the house, in part, with more than $1 million in bribe money, authorities said Friday.

Additionally, Nancy Cunningham signed an agreement admitting that she had tax violations and will pay $1.6 million in taxes and penalties.

Her husband, a former eight-term Republican congressman from Rancho Santa Fe, pleaded guilty in November to taking $2.4 million in bribes and evading more than $1 million in taxes. In March, he was sentenced to serve 100 months in prison.

An investigation by the FBI and IRS determined that Cunningham bought the home after a defense contractor, Mitchell Wade, paid an inflated price for the Cunninghams' former home in Del Mar Heights. Wade pleaded guilty to federal charges earlier this year.

This week's actions came more than a year after the U.S. attorney's office in San Diego filed a civil forfeiture action against the Cunninghams, declaring that the home had been financed with significant proceeds from a bribe.

Coupled with the $1.2 million already turned over to the IRS from the home's sale, U.S. Atty. Carol Lam said the new court order "returns nearly $2 million to the public … and ensures that the Cunninghams in no way profit from the sordid conduct that occurred in this case."

The most recent payment to the government leaves the Cunninghams with about $900,000 in outstanding tax liability.

In exchange for her acceptance of responsibility in the case and continuing cooperation with an ongoing federal investigation, authorities say they have not filed criminal charges against Nancy Cunningham.

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Dialing For Dollars: A Lobbyist's New Twist (WSJ)

By Brody Mullins

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DOW JONES REPRINTS
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Wins Government Contracts
Boosting Contributions to a Key Senator
By BRODY MULLINS
October 7, 2006; Page A1

Huntsville, Ala.

AS A GRADUATE STUDENT in political philosophy at the University of Virginia, Stewart Hall grew a beard, rented a house in the woods and lived what he calls the "hippie lifestyle."

In 1991, after earning his Ph.D., he set off down a different path. He shaved, squeezed into his only sport coat and drove to Washington to seek a job with Sen. Richard Shelby, a fellow Alabaman. Mr. Shelby hired him as a legislative assistant.

So began Mr. Hall's second education -- in the ways that politics and private enterprise intersect in modern Washington. After working for nearly five years on Capitol Hill, he left government and became a lobbyist.

Stewart Hall in his Washington office

Then, a few years ago, Mr. Hall went one better than the other former aides who prowl the halls of Congress on behalf of government-contracting clients. Mr. Hall, 40 years old, set out to become the client himself. All he needed was a company.

"Business is business, whether it's a government-relations firm or a coffee shop," says Mr. Hall. "You learn lessons in business and life, and you apply those lessons to other ventures."

He decided to create a government contractor nearly from scratch. He assembled a group of investors, many of them fellow lobbyists. Together they bought a 25% stake in Huntsville, Ala.-based Digital Fusion Inc., a small technology-consulting company on the verge of bankruptcy. It did little business with the government, so Mr. Hall set out to beef up its defense-contracting business. Today, it mainly helps government agencies use computer technology for tasks ranging from budget analysis to missile engineering.

That happens to be a growing part of the government's large defense operations in Huntsville, the home terrain of Sen. Shelby.

Mr. Hall hired a slew of people with connections to Congress, the Pentagon and the Department of Homeland Security, including former generals -- unusual star power for a company of its size. Digital Fusion and its officials and investors became the No. 2 financial supporter of the political action committee of Sen. Shelby, a top lawmaker on the Senate Appropriations Committee.

Since then, Digital Fusion has cashed in on the post-9/11 boom in defense and homeland-security spending. It has snagged more than $85 million in federal software contracts. In the two years since Mr. Hall invested in the company, revenue tripled to $20.9 million. The stock shot up as high as $3.75 earlier this year from a low of 15 cents before Mr. Hall showed up.

Friday it closed at $1.50 a share in trading on the OTC Bulletin Board, a market for small stocks. In two years, the value of Mr. Hall and his lobbyist friends' stake has jumped 50% to $3.2 million. Mr. Hall, who sits on the company's board, and one of his investors are entitled to 20% of the company's profit.

AS THE NOVEMBER elections draw near, lobbyists are under more scrutiny than ever. A sweeping Justice Department probe into bribery by lobbyists has netted guilty pleas from a half-dozen of them, including lobbyist Jack Abramoff, and cost three House members their jobs. The scandal gave currency to the view that money and connections can be used to manipulate the appropriations and legislative processes, and that lobbyists are in the thick of such dealing.

Mr. Hall seems to have found a new and legal twist in the lobbying game. There is no evidence that Digital Fusion did anything improper to get its contracts, nor are there any rules against lobbyists like Mr. Hall going after government contracts themselves. Mr. Hall, who is still a lobbyist, says he simply took what he knew about Washington spending and positioned Digital Fusion to benefit.

Neither Mr. Hall nor representatives of most of the federal agencies that awarded contracts to Digital Fusion will discuss in detail how decisions about the contracts were made. Mr. Shelby, 72, says he hasn't lifted a finger to help Digital Fusion or Mr. Hall. "How he does in his private business? Gosh, I don't know," Mr. Shelby says. "My interest is what's best for the nation and how it can help Huntsville."

Mr. Hall, who holds power of attorney for his investment group's stake, says he never asked Mr. Shelby for help, even though he frequently lobbies his former boss on behalf of other government contractors. "I don't think Richard Shelby even knew the name of this company until a few weeks ago," Mr. Hall said in a recent interview.

The National Aeronautics and Space Administration, which has awarded work to Digital Fusion, said the company simply won a competitive-bidding process, with no outside help from anyone. Spokespersons for the White House, the State Department, the Homeland Security Department and the Army declined to comment on their decisions to hire Digital Fusion.

Financial ties between lobbyists and their clients are unusual but are no longer unheard of. Over the past few years, some cash-poor companies have paid lobbyists with stock. Mr. Hall received 50,000 shares of Flight Safety Technologies Inc. as compensation for lobbying on the aviation company's behalf as it sought contracts from the Transportation Department and NASA. It is unclear whether Mr. Hall still holds that stake, which would currently be valued at about $93,000.

AT 6 FEET 4 INCHES TALL and more than 250 pounds, Mr. Hall looks more like an offensive guard than a lobbyist. As students at the University of Alabama, he and his wife volunteered for Mr. Shelby's successful 1986 campaign for the U.S. Senate. At the time, Messrs. Shelby and Hall were Democrats.

Mr. Shelby says he thought Mr. Hall would "wind up as a professor." But Mr. Hall says he didn't think he would fit in with the liberal academic world, so he took a job with Mr. Shelby.

When Democrats lost control of Congress in 1994, Mr. Shelby switched parties and became a Republican. So did Mr. Hall. Republicans gave Mr. Shelby a coveted seat on the Appropriations Committee, which funds every program in the federal government. Mr. Hall became his boss's top legislative aide and his envoy to the appropriations panel.

With Republicans in control of Congress for the first time in decades, demand shot up almost overnight for lobbyists with connections to key congressional Republicans. In early 1996, at the age of 30, Mr. Hall left government and founded his own lobbying outfit: G. Stewart Hall & Associates.

The following year, Mr. Shelby became chairman of an appropriations subcommittee that funds highways, bridges and other transportation projects. Later, he snagged top positions on panels allocating money for defense and NASA. Since 1998, Mr. Shelby has issued more than 1,000 press releases touting his success steering billions of federal dollars to Alabama.

Mr. Hall billed $1 million in lobbying fees in his first year, and the next year, he hit $2 million, according to public records. Eventually, his clients included AT&T Inc., FedEx Corp. and Philip Morris, now called Altria Group Inc. A proposal his firm sent to one client touted his connections. With an "especially close relationship with Senator Richard Shelby and his staff," it said, Mr. Hall has "successfully secured millions of dollars in appropriated funds" for clients.

After renaming his firm the Federalist Group, he began hiring other lobbyists, primarily young, Southern Republicans with ties to the top lawmakers. Eventually, he merged with a firm run by Wayne Berman, a top fund-raiser for Mr. Bush whose wife is currently the White House social secretary.

In 2003, Mr. Hall wanted a new challenge, he says, and decided to try to get into the government-contracting business. "I never let a lot of grass grow under my feet," he says.

IN THE MONTHS after the 9/11 attacks, Congress had created the Department of Homeland Security and funded it with a budget that is now $35 billion a year. Wars in Afghanistan and Iraq drove up defense spending to $500 billion last year from $300 billion in 2001. "Money poured into security and defense," says Mr. Hall. "The government as a market became very attractive....We felt like the time was then to start a new business opportunity."

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Mr. Hall figured that Huntsville, one of the nation's defense-contracting hubs, would be a beneficiary. At a gated military compound stretching across 60 square miles of former cotton fields, more than three dozen federal agencies conduct research into defense, space and homeland security. Researchers at the Richard C. Shelby Center for Missile Intelligence analyze foreign missile systems and help U.S. pilots evade enemy attacks. A huge office park across the street is home to more than 200 defense and aerospace contractors. All told, Congress funds about $20 billion in research and development in Huntsville each year, accounting for half the area jobs.

In the fall of 2003, Mr. Hall flew to Huntsville to meet Gary Ryan, a man with a lifetime of experience in Huntsville's contracting business. The two had met a decade earlier when Mr. Hall was an aide on Capitol Hill. When Mr. Hall arrived in Huntsville, he told Mr. Ryan that he could raise the money to buy a small government contractor in Huntsville if Mr. Ryan agreed to run it.

The government tries to help small businesses by setting aside some contracts for them. Within a few months, Messrs. Hall and Ryan had set their sights on Digital Fusion, which had been founded in New Jersey as Internet Broadcasting Systems during the technology boom. The company had struggled to find its niche. Initially it planned to deliver television content over the Internet. Then it shifted to computer networking and Internet services for businesses, then to hosting Web pages and providing Internet service.

It went public in March 1998. In 1999, its shares began plummeting as the dot-com bubble burst. The company shifted course yet again, buying a small Internet consulting firm in Tampa, Fla., and taking the name Digital Fusion. By the end of 2003, its market capitalization had shrunken to $2 million, its revenue was only $6 million, and just a few dozen employees were left.

Only a small portion of Digital Fusion's revenue came from government contracts. Mr. Hall figured it could do more, so he set out to buy a big stake. First, he started an investment fund, named after Madison County, which surrounds Huntsville. He chipped in about $300,000. Mr. Berman, his lobbying partner, invested. So did Ray Cole, another former aide to Mr. Shelby who worked at a competing lobbying firm, and Tom Young, Mr. Shelby's chief of staff for 12 years, then a political adviser to Sen. John McCain. Other investors included onetime top aides to former House Majority Leader Tom DeLay and former Senate Majority Leader Trent Lott.

Eventually, Mr. Hall raised $2.1 million. Between May and October 2004, Digital Fusion sold his group new stock and warrants that gave it a 27.7% stake, making it the largest single shareholder.

Not long after the deal was completed, the company won a $277,596 contract from the White House to install a customized software program to manage assets.

MUCH OF THE government's missile-defense research and development takes place in Huntsville, so one way to win contracts there is to bid for modeling and simulation work on the systems. Digital Fusion didn't have such a business, so it paid $2.7 million to buy Summit Research Corp., a smaller defense contractor that did, and hired an engineer with three decades of experience in Huntsville's defense industry. Days after the deal was struck, Summit won a $24.4 million Defense Department contract to help design and test software related to the missile-defense shield. John Cummings, a spokesman for the Space and Missile Defense Command, said the contract was awarded after a competitive bidding process.

To help land more contracts, Digital Fusion hired Mr. Shelby's appropriations aide, Joseph Summers. In a press release, Digital Fusion said his "considerable understanding of federal programs and processes will assist us tremendously in our pursuit of opportunities in markets such as NASA, Homeland Security, Intelligence and Defense."

In March 2005, Lt. Gen. Frank Libutti, a former top official at the Department of Homeland Security and a onetime Marine known for doing one-armed pushups during meetings, was hired to find homeland-security contracts. The following month, the company added to its board both Mr. Libutti and former Lt. Gen. Jay Garner, once the Bush administration's reconstruction czar in Iraq.

At about that time, Mr. Shelby became chairman of the appropriations subcommittee that funds science programs, including NASA's Marshall Space Flight Center in Huntsville. Mr. Shelby also served on the defense-spending committee.

Business has rolled in: $49 million to help NASA with accounting and procurement; $11.7 million to help integrate the missile-defense system; $12,554 to install software for the State Department's Baghdad annex; $2,522 to update computer software for the secretary of the Homeland Security Department; and $13,000 to configure computer equipment for the Army.

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Although funding for all contracts comes from congressional appropriations committees, bid winners are generally chosen by the government agencies and departments for which the work will be done.

Digital Fusion secured the NASA contract, for example, through a competitive-bidding process run by the space agency's Huntsville-based Marshall Space Flight Center. A report prepared by an agency procurement director said that Digital Fusion's proposal was better than those of two other bidders, and that it "was not a close competition." Mr. Ryan, the seasoned defense-contracting executive recruited early on by Mr. Hall, had once performed similar work for another company. A spokesman for the flight center says the selection of Digital Fusion was based on the recommendation of a committee of experts, including procurement specialists. "No one tried to influence [the] decision in any way," the spokesman says.

Mr. Hall declines to detail how the company goes about winning contracts. The company noted in its 2005 annual report that the "relationships and reputation that many members of our senior management team have established and maintain with government personnel contribute to our ability to maintain good client relations and to identify new business opportunities."

BECAUSE CONGRESS controls the purse strings, lawmakers can deny funding for projects they oppose or beef up spending on pet projects. In the five years before Mr. Hall invested, Digital Fusion executives made a total of $2,250 in political donations to all candidates. Although Mr. Hall says he has never lobbied Mr. Shelby on behalf of Digital Fusion, the company's executives and investors have contributed $60,500 to Mr. Shelby's Defend America PAC. Lawmakers use money from leadership PACs to help colleagues in other races.

Mr. Shelby says he is proud of the amount of defense-contracting money that he has helped bring to Huntsville, although he says he hasn't helped Digital Fusion get any of it. "I work for the community," he says. "It's very important to my state."

Last fall Mr. Hall and his partners sold their lobbying firm to Ogilvy Public Relations Worldwide, part of WPP Group PLC, for more than $20 million. Under the terms of the deal, he will continue to work there for a few more years.

The year Mr. Hall invested in Digital Fusion, it lost $1 million. Last year it reported net income of $7,000, its first profit ever. In September, it said it would deregister its common stock, freeing it from the obligation to file regular financial reports with the Securities and Exchange Commission. The company said doing so would save time and money.

The government accounted for nearly all of its business last year. This summer it opened a Washington office. "If you're not here, you're absent," says Mr. Libutti, the former Marine general, who now serves as the company's chairman and chief executive. "You have to physically be there … . You have to walk the hallways."

CIVIL RIGHTS:

Disabled Can't Use Park's Restrooms (APP)

By Bob Cullinane, STAFF WRITER

Asbury Park (NJ) Press, October 7, 2006

Feds: That's an ADA violation

By locking the front door of the Visitor Center in Thompson Park on weekends but leaving the back door open for restroom access, the Monmouth County Park System is likely violating federal law, a spokesman for the U.S. Department of Justice said Tuesday.

That's because the back door of the Middletown park building is at the top of an eight-step stairway, making the restrooms inaccessible to some people with disabilities, especially those in wheelchairs.

The park system cannot open the facility on weekends — the busiest visiting days in summer — "yet close the only accessible entrance to it" without violating standards of the federal Americans with Disabilities Act, said Eric Holland of the U.S. Department of Justice. His is the agency that enforces the regulations of the disability act.

Holland said that in order to comply with the law, the Park System must provide an entrance accessible to all visitors if it opens the building at all.

The front entrance has a ramp.

Policy not changing

Laura Kirkpatrick, the parks' public information officer, said there are no plans to open the front entrance on weekends.

"There are restroom facilities at the Craft Center (in the park) that are handicapped-accessible," Kirkpatrick said of another park building at the park's western end.

However, there is no sign at the Visitor Center advising people about the other location. And there are no paved public roads connecting the two buildings. Visitors would need to drive outside the park and re-enter at a different entrance on Newman Springs Road.

Kirkpatrick added that since the Visitor Center also houses park employee offices on the second floor, there are security concerns with opening the front entrance on weekends.

"You can't just open and let people walk through," she said of the building, which was recently renovated by the county at a cost of $3.6 million.

"County officials should know better," said Carolyn Schwebel, a Middletown resident who uses both a cane and a wheelchair to get around.

Schwebel, who recently filed a lawsuit charging that Monmouth County violates ADA access regulations at seven other county buildings, said she checked out the VisitorCenter last weekend after an Asbury Park Press story reported the building is closed on weekends. In addition to not having a ramp, "there are also supposed to be two handrails along the stairs," she said of the back entrance. There's only one handrail.

Park officials "probably just didn't think about wheelchairs when they decided to leave the back door open," said Jim Marzano, 70, of Union Beach, who has used a wheelchair his entire life.

"Why don't they just unlock the front door on weekends? That would fix things."

Kirkpatrick, the parks spokeswoman, said that won't happen until sometime in October, when the park celebrates Thompson Park Day with an exhibit in the Visitor Center.

And there's no guarantee that after that, the park will keep the Visitor Center open on weekends.

"We plan to monitor attend-ance and see what kind of visitation we have," she said. "We may just open it seasonally."

"Internal" decision

Kirkpatrick said park officials did not consult with the director of the county's Office on Disabilities, Alexander Buono, about access to Visitor Center on weekends. Buono could not be reached for comment.

Kirkpatrick said park officials also did not contact federal authorities to see if the practice of leaving the center's back door open complied with ADA regulations.

Instead, she said, an "internal committee" made the decision that the park system was not violating ADA guidelines.

Dave Yanchulis, an accessibility specialist with the Access Board, a federal agency that maintains accessibility design standards, agreed that weekend access at the Visitor Center is likely in violation of federal law.

Stan Soden, a coordinator for Moceans, a "center for independent living" in Long Branch, said he is surprised by the county's noncompliance.

"I've been to a number of county parks, and they are relatively accessible in terms of the restrooms," said Soden, who uses a wheelchair.

Pat McShane, the executive director of Moceans, said the organization may contact both the county and the Department of Justice about the issue.

"We'd just like to make sure (the county) is in compliance" with ADA regulations, she said.

Justice Department May Investigate Case Against Sheriff's Office (DAYBNJ)

By Kenya Woodard, Staff Writer

Daytona Beach (FL) News-Journal, October 7, 2006

PALM COAST -- The Flagler County Sheriff's Office could face an investigation by the U.S. Department of Justice after a federal commission found "reasonable cause to believe" the office discriminated against an employee who was fired in May.

The U.S. Equal Employment Opportunity Commission said it found "reasonable cause to believe" the Sheriff's Office discriminated against former victim's advocate Vicky Peppin because of her Cuban background, according to a letter dated Aug. 31 from Federico Costales, director of the commission's Miami District.

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In addition, the commission determined "that there was reasonable cause to believe" the Sheriff's Office retaliated against Peppin after she filed her complaint with the EEOC in November 2005, Costales said in a separate letter dated Aug. 31.

In a telephone interview Wednesday, Peppin said she felt compelled to file the complaint to fend off allegations of a poor work performance and to combat the harassment and discrimination she faced.

"The only thing I have is my name," she said. "All I wanted to do was my job."

The EEOC's ruling is the latest controversy involving the Sheriff's Office. The agency is still under a shroud of scandal following the May indictments of six deputies and the former jail director following investigations of inmate abuse. One of those investigations involved State Attorney John Tanner's daughter Lisa being strapped into a restraint chair at the jail. Two deputies were charged with abuse in that incident.

The EEOC's nine-month investigation began when Peppin filed a complaint with the commission in which she stated that she was being "discriminated against, harassed and retaliated against on a daily basis by the new sheriff and his staff."

In addition to the EEOC complaint, Peppin filed a lawsuit this summer in circuit court against the Sheriff's Office alleging wrongful termination.

In her EEOC complaint, Peppin, 45, also charged she was a victim of sex and age discrimination.

However, Costales told Peppin in a letter dated Aug. 31 that evidence obtained by the commission was "insufficient" to support those claims.

Costales told Peppin in a letter dated Sept. 18 that the commission's efforts to settle the case had been "unsuccessful" and it will forward the matter to the Department of Justice "for whatever action is deemed appropriate on this charge."

Peppin voluntarily turned over copies of the commission's ruling and other documents related to the investigation to The Daytona Beach News-Journal.

Sheriff's Office attorney Wayne Helsby said Thursday the EEOC passing the case along to the Department of Justice for review was "just part of the process."

"It doesn't signal anything," he said. "(Department of Justice) may or may not investigate."

Peppin was the former director of the Victim's Services Unit and began working in the Sheriff's Office under former Sheriff Bob McCarthy in 1999.

On Wednesday, Peppin said she never experienced any mistreatment while working under McCarthy or Jim Manfre, who became sheriff in 2000.

But things changed when Sheriff Don Fleming took office in January 2005, she said.

According to Peppin's complaint, Fleming demoted her as director of the victim's services division and cut her salary shortly after taking office. In September 2005, Peppin was formally stripped of her title and the victim's services unit was split between the Sheriff's Office in Bunnell and a precinct in Palm Coast. When Peppin asked about the changes, Look told her it was "due to a perception that we were not doing our jobs" and that "a division with three people did not need a director," the complaint said.

At that time, there were several departments operating with three or fewer people and white directors at the helm, Peppin said in her complaint.

Peppin said Wednesday she was fired from the Sheriff's Office because she filed the EEOC complaint.

But sheriff's officials dispute Peppin's claims in documents obtained by The News-Journal through a public records request.

In a statement to the EEOC, Helsby said Peppin's salary was readjusted after an evaluation found it to be "significantly inflated."

Peppin was "earning the salary of a 10-year supervisor" although she only had seven years of experience, Helsby said.

Peppin's title change was made to comply with the terms of a state grant that financed the victim's services division, Helsby said.

A supervisor also found that Peppin had mismanaged cases and that the Sheriff's Office had received complaints about her job performance from the Department of Children & Families and Diane Christen, director of the Family Life Center, a Flagler County women's shelter, Helsby said.

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Peppin was fired in May after an internal investigation found she had violated agency policies and procedures, Helsby said in the statement.

Feds Clear St. Landry Elections (BRADV)

By Richard Burgess, Advocate Acadiana Bureau

Baton Rouge Advocate, October 7, 2006

OPELOUSAS — Federal observers found no irregularities in recent elections in St. Landry Parish, federal and state officials said Friday.

But a losing candidate in the town of Washington's mayoral race said he plans to file a legal challenge alleging widespread voter registration fraud.

A team of observers with the U.S. Department of Justice kept watch on last Saturday's elections in St. Landry Parish after complaints of possible racial intimidation of voters, particularly in the sheriff's race.

"They gave us a clean bill of health," said St. Landry Parish Clerk of Court Charles Jagneaux.

Justice Department observers are expected to return to the parish for the Nov. 7 election, which includes a runoff in the sheriff's race between Laura Balthazar and Bobby Guidroz and the general election for U.S. Representative in the 7th Congressional District.

U.S. Atorney Donald Washington said the concern over voter intimidation arose during a routine pre-election meeting between state election officials and Justice Department.

Though federal observers noted no complaints on election day, Washington mayoral candidate Anthony James Soileau said he plans to file a lawsuit Monday to challenge the qualifications of at least 40 voters.

Incumbent Joseph "Joe" Pitre retained the mayor's seat with 299 votes to Soileau's 217. A third candidate, Thirkield Smith, received 58.

Soileau said he began working to verify voter registration records before the election. He alleges that dozens of out-of-towners registered to vote in Washington using the addresses of abandoned houses or the names of dead people.

He also claims that felons who had lost their right to vote were allowed to cast ballots.

"I was amazed how easy it is to commit voter fraud," Soileau said.

Soileau said he does not have evidence linking his opponents to the alleged voter fraud.

Washington, the U.S. attorney, said he has heard second-hand of the complaints of voter fraud in the Town of Washington.

"We do want to take a look at those issues," he said.

An investigation of similar complaints in the 2002 St. Martinville elections resulted in the conviction of a former city councilwoman for falsifying voter registration information to allow people who lived outside of her district to vote there.

Same-sex Rite Stalls Judge Nomination (AP)

By Sam Hananel And Ken Thomas

AP, October 7, 2006

A judge's elevation to the federal bench could be derailed because she helped preside over a commitment ceremony for a lesbian couple four years ago.

Republican Sen. Sam Brownback of Kansas has placed a hold on the nomination of Michigan Court of Appeals Judge Janet T. Neff, saying her presence at the 2002 Massachusetts ceremony raises questions about her judicial philosophy.

"It seems to speak about her view of judicial activism," Brownback said Friday. "It's something I want to inquire of her further."

Brownback, a vehement opponent of gay marriage who has presidential ambitions, said he wants to know whether Neff might have presided over "an illegal marriage ceremony" that skirted Massachusetts law. He has asked the Justice Department for a formal legal opinion on Neff's conduct.

Ceremonies marking the union of same-sex couples are usually symbolic events that carry no legal benefits and require no government approval. Massachusetts did not recognize gay marriages in 2002 but legalized same-sex marriage two years later after a ruling from its highest court.

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Conservative activists expressed concerns about Neff after seeing her name in a September 2002 New York Times "Weddings/Celebrations" announcement. It said Neff led the commitment ceremony for Karen Adelman and Mary Curtin with the Rev. Kelly A. Gallagher, a minister of the United Church of Christ.

Both women are former employees of the gay rights group Human Rights Campaign in Washington.

"When she did the commitment ceremony, she was doing it in her role as a judge, and that draws up a serious question," said Tom McClusky, a spokesman for the Family Research Council, a conservative group. "She would be more sympathetic to an activist on the issue of homosexual marriage."

The Senate Judiciary Committee last week approved Neff for a seat on the U.S. District Court in Michigan's Western District, and the nomination is pending before the full Senate. A single senator can block a nomination from moving forward by placing a hold on it.

Neither Neff nor a White House spokesman returned calls seeking comment on Friday.

Sen. Carl Levin, D-Mich., who learned about the ceremony this week, said based on the newspaper announcement it didn't sound like Neff did anything illegal.

"There's no reason why two people can't stand up and exchange commitments with each other provided they don't do anything illegal," Levin said.

Brownback cited recent instances in California and New York where local officials issued marriage licenses to same-sex couples contrary to existing laws.

"I don't know what she did," Brownback said. "That's why there's a factual question."

Gay activists call Brownback's inquiry a publicity stunt that is irrelevant to Neff's qualifications.

"This has got nothing to do with legal or ethical concerns by Sam Brownback and everything to do with him finding another opportunity to show himself to be the mean-spirited bigot that he is," said Joe Solmonese, president of the Human Rights Campaign.

Neff, 61, has served on the Michigan Court of Appeals since 1989. She was nominated by President Bush in June — along with Grand Rapids attorney Robert Jonker and Berrien County Circuit Judge Paul Maloney — to fill three vacancies on the district court.

Levin said Neff was nominated along with Jonker and Maloney as part of an agreement he and Sen. Debbie Stabenow, D-Mich., reached with the White House. Brownback said Neff has a more liberal reputation while Jonker and Maloney are considered conservatives.

McClusky said he doesn't understand why Bush struck a deal to appoint Neff and said the president is going back on his promise to appoint judges in the mold of Supreme Court Justices Antonin Scalia and Clarence Thomas.

Bush has long advocated a ban on gay marriage. In July, a proposed constitutional amendment to ban same-sex marriage failed to win the needed two-thirds support in both the Senate and House.

Forty-five states have either constitutional amendments banning gay marriage or statutes outlawing same-sex weddings. Twenty states, including Michigan, have approved bans on same-sex marriage, and eight states are considering similar measures in November.

ANTITRUST:

AT&T-BellSouth Deal Looking Sweeter (AJC)

By Scott Leith, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 7, 2006

Federal regulators are still weighing their approval of AT&T's deal to acquire BellSouth. But the buyout, as it draws close, has earned the blessing of Wall Street.

Slowly but surely, shares of AT&T and BellSouth have climbed since the companies announced their deal March 5. As a result, the value of the transaction has spiked by about $10 billion, to a total of about $99 billion at the moment. AT&T's purchase of BellSouth is easily the most expensive acquisition involving a Georgia company — ever.

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BellSouth shares, which closed at $31.46 just prior to the news that AT&T would buy the company, have been trading in the mid-to-low $40s lately. Shares topped $44 on Sept. 25, their highest level in five years but still well below the all-time peak of $52.31 on April 11, 2000.

The jump is particularly noteworthy in Georgia, home to a high concentration of BellSouth shareholders — about 50,000 of them. After the deal closes, those shareholders will get AT&T stock, which has traded upward in tandem with BellSouth.

AT&T shares, meanwhile, have partly recovered from their malaise. AT&T, formerly known as SBC Communications, reached a high of $33.49 on Sept. 25, which put shares in territory not seen since the middle of 2002.

The spike in share prices means the value of the deal has jumped, given that AT&T's purchase of BellSouth is an all-stock transaction. At current prices, the deal is valued at about $77 billion in stock and $22 billion in BellSouth debt.

Announced deal put worth at $89B

When the deal was announced, the price tag was $67 billion in stock plus $22 billion in debt, for a total of $89 billion.

BellSouth shareholders will receive 1.325 shares of AT&T for each share of BellSouth.

Analyst Tim Horan, of CIBC World Markets, recently raised his targets for AT&T performance. He thinks the deal will help earnings next year instead of causing a slight drag.

But analysts differ on AT&T's expected performance. The consensus estimate is for shares to be trading at about $33 a year from now. But Horan, who is bullish, believes AT&T will climb to $40.

Though BellSouth Chairman and Chief Executive Duane Ackerman was criticized at times for not pursuing deals that could have expanded the company, spokesman Jeff Battcher said the results show the sale to AT&T was the right move.

"With a 60 percent increase in our stock price in the last 12 months, it is clearly obvious that shareholders overwhelming approve of the direction that Duane Ackerman has put BellSouth on," Battcher said.

Before the deal can close, AT&T needs approval from the Department of Justice and the Federal Communications Commission.

The DOJ could announce a decision at any time; the FCC is scheduled to vote on the issue Thursday, although meeting times have been known to change.

ENVIRONMENT:

EPA Criticized For Not Toughening Soot Law (LAT)

By Janet Wilson

The Los Angeles Times, October 7, 2006

Up to 24,000 lives could be saved annually in the U.S., and savings on healthcare and in other areas would outweigh the costs, a panel says.

As many as 24,000 lives — a large number of them Californians' — could have been saved each year if the head of the Environmental Protection Agency had tightened soot standards by one microgram per cubic meter annually, according to an analysis released Friday.

The cost-benefit analysis also shows that although the tab for power plants, refineries, auto manufacturers and other industry for such a change would be about $1.9 billion a year — or about $15 per household — the savings in healthcare costs, work and school attendance and other benefits would be between $4.3 billion and $51 billion.

Exposure to soot, or fine particulate matter, has been repeatedly linked to respiratory and cardiac illness and premature death. Southern California and the San Joaquin Valley have the worst fine particulate pollution in the nation, largely because of diesel-powered vehicles. The estimates found as many as 6,400 lives would be saved annually in California.

By law, the EPA is not allowed to consider the costs of a new regulation. But it, along with all other federal agencies, is required to calculate them. The agency is required to consider health benefits.

EPA administrator Stephen Johnson has been harshly criticized by medical groups, environmentalists and his own science advisors for his Sept. 21 decision to retain a standard allowing annual exposure of 15 micrograms per cubic meter, rather than tightening it to 14 micrograms or fewer.

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The American Medical Assn., the American Lung Assn., pediatric and environmental groups and scores of doctors and academics who specialize in heart and lung disease had asked Johnson to set a standard of between 12 and 14 micrograms per cubic meter of air for fine particulates, saying that study after study had shown a correlation between increased exposure to soot and higher numbers of illnesses and deaths.

Friday's online posting unleashed a new round of criticism.

"It's pretty sobering and shocking stuff to realize the agency concluded the human cost of refusing to strengthen these air quality protections was going to be [thousands of lives] lost each year," said attorney John Walke, the clean air director for the Natural Resources Defense Council.

Walke said that although the cost to industry "is not insignificant … it pales in comparison to the $50 billion annually that they project will be incurred in healthcare costs as a result of the failure to upgrade the standards."

"It's pretty darned obvious that better standards would mean fewer premature deaths," said Frank O'Donnell of Clean Air Watch.

Industry representatives could not be reached for comment late Friday.

Johnson did significantly tighten daily exposure amounts to soot, cutting the allowable level from 65 to 35 micrograms, which electric industry representatives in particular had criticized as being of unproven need and costly. The same analysis released Friday shows as many as 13,000 lives will be saved as a result of that change, at a cost of $5 billion annually, with $9 billion to $76 billion in social benefits. Johnson was not available for comment Friday. He said at the time of his decision that "reasonable minds can disagree" and that there was disagreement among scientists on the evidence concerning annual particulate exposure.

But the analysis released Friday shows that every member of a 12-member panel of scientists convened at the request of the White House Office of Management and Budget and National Academy of Sciences found that thousands of additional lives could be saved if the tougher annual standard were adopted.

The panel was made up of authors of the studies that Johnson used and specialists picked by their peers as the leading experts in particulate pollution. All reviewed the available literature on soot illness and death and primarily relied on the same two studies that Johnson did in making their estimates.

"I feel that he didn't really take into account the best available science, which is now saying very clearly that there are very significant health effects related to this longer-term exposure," said Dr. Bart Ostro, one of the 12 panelists and chief of the air pollution epidemiology section for the California EPA.

Ostro said the science panel had set risk percentages of increased illness and mortality, which the EPA then converted into possible deaths based on U.S. population and total death rates. Under a limit of 14 micrograms, those estimates found a range of lives saved from 2,200 to 24,000, or an average 13,000 annually. In all cases, the highest number of deaths avoided would be in California.

Ostro said that because California has the most fine particulate pollution and a large population, "we would see a large chunk of the benefits" if the standard were set at 14 micrograms.

"We're talking about … hospitalization and emergency room visits, asthma attacks and work loss as well as mortality," he said.

Acting assistant EPA administrator William Wehrum, who worked with Johnson on the new rules, said Friday that the new analysis was not ready when Johnson made his decision, so it was not included as part of that process. But it would be helpful in future regulations, he said, adding that Johnson and agency staff "absolutely considered impacts to human health."

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FBI/DEA/ATF/USMS:

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

IMMIGRATION:

Bush Pushes Guest Worker Program (AP)

By Deb Riechmann

AP, October 7, 2006

President Bush on Friday shoehorned a plug for his guest worker program between making a joke about an award winner and listening to love songs Friday at a White House celebration of Hispanic Heritage Month.

Bush said that as lawmakers debate immigration policy, they need to remember that while enforcing U.S. borders is important, it is only one step in the struggle to stop illegal immigration. He pressed Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's illegal immigrants a shot at U.S. citizenship.

"We must understand that you can't kick 12 million people out of your country — that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship," Bush said.

"Nobody in our land wants to grant automatic amnesty. But everybody in our land understands these people must be treated with respect and dignity," he continued. "There are citizenship lines for people from our neighborhood. People ought to be given a chance to get at the back of the citizenship line and have a chance."

Latin pop singer Ana Christina closed the event in the East Room with three love songs, singing one in English and two in Spanish.

Bush opened the event with a few jokes.

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"I am proud to be here with Lt. Col. Consuelo Kickbusch," Bush said about an influential Hispanic motivational speaker and the highest ranking Hispanic woman in the Army, who won the 2006 Hispanic Heritage Award.

"Interesting name: Kickbusch," Bush said. "Sounds like a political campaign."

President Touts Alien Citizenship (WT)

By Stephen Dinan

The Washington Times, October 7, 2006

On the heels of signing a bill to boost border security funding, President Bush yesterday said immigration reform requires granting citizenship to current illegal aliens.

"You can't kick 12 million people out of your country," Mr. Bush said at the White House celebration of Hispanic Heritage Month. "We must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Since this spring, Mr. Bush has been a supporter of allowing some illegal aliens to earn citizenship, and he backed a Senate plan that divided immigrants, giving longtime illegal aliens a chance for citizenship while withholding that chance from less-entrenched illegal aliens.

Any action on immigration will have to wait until Congress returns, either during a lame-duck session after next month's elections or next year, when a new Congress is sworn in.

But in the meantime, Mr. Bush will soon sign a bill authorizing 700 miles of fence to be built along the U.S.-Mexico border. This week he signed a spending bill that included the first installment of money for that fence, as well as for other infrastructure such as vehicle barriers and ground-based radar.

The fence is already stirring the political pot, even before construction begins.

Mexican officials sent a diplomatic protest to the Bush administration this week and have said they doubt the fence will ever be built. A report in The Washington Post yesterday seemed to concur, stating that the wording of the fence and spending measures gives the Bush administration so much leeway that it is unlikely the 700 miles will be completed.

But Rep. Duncan Hunter, California Republican, who wrote the fence provisions that passed last year as part of the House's enforcement-only bill, said yesterday that building the fence is not optional.

He held a press conference yesterday on the U.S.-Mexico border to address the report and said the language in the bill means the administration "shall" build it.

During the celebration of Hispanic Heritage Month Mr. Bush praised U.S. troops who are Hispanic, noting that more than 200,000 are in uniform now.

He also urged that the immigration debate not turn nasty.

"We are a land of immigrants, and as we debate immigration policy, we must always keep that important fact in mind," Mr. Bush said.

It is the first time the president has used the phrase "earn citizenship," a description popular among groups that lobby for granting rights to illegal aliens. But many critics, including Republican leaders, equate that concept with amnesty.

Mr. Bush had some fun with one of yesterday's visitors to the White House, retired Lt. Col. Consuelo Kickbusch, winner of the 2006 Hispanic Heritage Award for leadership.

"Interesting name, 'Kickbusch' -- sounds like a political campaign," the president said.

This article is based in part on wire service reports

Silencing Of A Speech Causes A Furor (NYT)

By Karen W. Arenson And Damien Cave

The New York Times, October 7, 2006

When protesters stormed a Columbia University stage on Wednesday evening, shutting down a speech by the head of a fiercely anti-immigration group, they not only stopped the program, but also hurtled the university back into the debate over free speech on campus.

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The fracas, which came just weeks after the president of Iran was invited to speak at Columbia and then told not to come, was captured live by Columbia's student-run television station, CTV, as well as by two commercial stations. It was shown repeatedly on television in New York yesterday and was widely available on the Internet.

Yesterday Mayor Michael R. Bloomberg chastised Columbia for the disruption. "I think it's an outrage that somebody that was invited to speak didn't get a chance to speak," he said in response to a question on his weekly radio program.

"Bollinger's just got to get his hands around this," Mr. Bloomberg added, referring to Columbia's president, Lee C. Bollinger. "There are too many incidents at the same school where people get censored," he said, using Iranian President Mahmoud Ahmadinejad as an example.

This time the speaker, invited by a campus Republican group, was Jim Gilchrist, the head of the Minuteman Project, which assembled hundreds of volunteers last year, some armed, to patrol the Arizona-Mexico border for illegal immigrants.

Mr. Bollinger, a legal scholar whose specialty is free speech and the First Amendment, quickly condemned this week's disruption.

"Students and faculty have rights to invite speakers to the campus," he said yesterday in an interview. "Others have rights to hear them. Those who wish to protest have rights to do so. No one, however, shall have the right or the power to use the cover of protest to silence speakers."

He added, "There is a vast difference between reasonable protest that allows a speaker to continue, and protest that makes it impossible for speech to continue."

Monique Dols, a senior in history at Columbia's School of General Studies, said she had mounted the stage in protest and unfurled a banner but that at such events in the past the speakers had kept going.

"We have always been escorted off the stage and the event continues," she said, adding that this time the protesters were attacked.

"We were punched and kicked," she said. "Unfortunately, the story being circulated is that we initiated the violence."

While college campuses have long been battlegrounds for freedom of speech issues, Columbia seems to attract more attention than most when such problems arise, perhaps because of its location in New York and its history of political protest.

Mr. Bollinger, who has held high-level positions at the University of Michigan and Dartmouth, said he did not believe that Columbia was unusual in the number of disputes over free speech. Officials are studying whether disciplinary steps are warranted, he said.

On campus yesterday, many people condemned the silencing of Mr. Gilchrist.

"I think it was really wrong not to let him speak," said Anusha Sriram, 18, a Columbia freshman studying political science and human rights, who moved to the United States from Mumbai five years ago. "He wasn't being violent. He was giving his view peacefully."

She said she was upset that by keeping Mr. Gilchrist from speaking, the protesters had unwittingly turned the tables of the discussion against themselves.

"That just undermined the entire protest," she said. "Now everyone looks at the protest in a bad light instead of him in a bad light."

She added, "They should invite him back and maybe set up a debate."

The program was sponsored by the Columbia University College Republicans, a five-year-old group that says on its Web site that it has 600 members. Its president, Chris Kulawik, a junior, is described on the site as a "staunch conservative" who "endeavors to attain the cherished title of 'Most Despised Person on Campus.' "

He said he was "very much surprised" by Wednesday night's events.

"We always understood that this is a very left-wing campus," he said. "But to see your peers resort to physical violence because they disagree with you is very frightening."

He said he had been working to ensure there is more campus security next week when his group has three more potentially controversial speakers, including Walid Shoebat, a former P.L.O. member, and Hilmar von Campe, an author who fought for Germany during World War II.

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When asked how he chooses speakers, and whether he tries to stir up controversy, he said he chooses people that his group's members request.

Wei Wei Hsing, 20, is a junior at Columbia and general manager of the Columbia Political Union, which has frequently co-sponsored events with the College Republicans, including a lecture by John Ashcroft last year. She criticized both Mr. Gilchrist's supporters and the protesters for yelling and shouting before the lecture started, setting a tone of intolerance. But she said the controversy simply reflected the political mood. "The polarization of the country in general is reflected in the microcosm of Columbia," she said. "And because people here happen to read the news more, and talk about politics, it's expressed more outwardly."

The Minuteman Project, which calls itself a "citizens' vigilance operation," featured photos, video and news accounts of the Columbia events yesterday on its Web site and said they amounted "a riot."

"At Columbia University free speech took quite the hit," it said. "At an event hosted by the college Republicans at Columbia we were reminded that the left advocates free speech only for those who regurgitate the same tripe that they spew."

Columbia officials said yesterday that while there had been pushing and shoving on stage, as protesters surrounded Mr. Gilchrist and others tried to defend him, there were no reports of injuries.

Mr. Bollinger said he believed that the importance of free speech must be reinforced repeatedly. He said he hoped to do "a number of things" over the next several weeks to accomplish that on campus.

Donna Lieberman, executive director of the New York Civil Liberties Union, said yesterday, "Academic freedom thrives when all ideas, including racist ideas, have the opportunity to be aired."

CONGRESS-ADMINISTRATION:

Budget Deficit Drops To $250 Billion (AP)

By Andrew Taylor

AP, October 7, 2006

The federal budget deficit estimate for the fiscal year just completed has dropped to $250 billion, congressional estimators said Friday, as the economy continued to fuel impressive tax revenues.

The Congressional Budget Office's latest estimate is $10 billion below CBO predictions issued in August and well below a July White House prediction of $296 billion.

The improving deficit picture — Bush predicted a $423 billion deficit in his February budget — has been driven by better-than-expected tax receipts, especially from corporate profits, CBO said.

The 2005 deficit registered $318 billion; the record $413 billion deficit was posted in 2004.

At $250 billion, it would be the lowest since the $158 billion figure in 2002, the first deficit following four years of surpluses.

The CBO estimate continues a positive trend on the deficit after a grim deficit performance during President Bush's first term, and comes despite soaring war costs and $50 billion in emergency spending for hurricane relief.

House Budget Committee Chairman Jim Nussle, R-Iowa, credited the improving deficit numbers to "a responsible budget blueprint and pro-growth policies," even as Democrats pointed out that at $250 billion, the deficit is still one of the largest in history.

"Though today's estimates for 2006 are not as pessimistic as some earlier estimates, it is clear that the budget remains on the wrong track," said top budget panel Democrat John Spratt Jr. of South Carolina. "The Congressional Budget Office and even the Bush administration are estimating that deficits will be even larger next year."

White House budget chief Rob Portman said the economy's current performance, with the unemployment dropping to 4.6 percent in September and the Dow Jones industrial average hitting record highs this week, provided more evidence that the president's economic policies are working.

"This economy is strong and growing," Portman told reporters at a briefing. "This is a very strong indication that the president's tax relief program is working."

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But when measured against the size of the economy, which is the comparison economists think is most important, the deficit picture looks even better.

At 1.9 percent of gross domestic product, the 2006 deficit registers far below those seen in the 1980s and early 1990s. The modern record of 6 percent of GDP came in 1983 and deficits greater than 4 percent in 1991 and 1992 drove Congress to embark on a 1993 deficit-cutting drive.

Still, the long-term deficit picture remains bleak due to the looming retirement of the Baby Boom generation, which threatens to swamp Social Security and the Medicare health care program for the elderly.

The CBO estimates reflect actual government revenues and expenditures through August and estimates for September. The Treasury and the White House budget office are expected to release official deficit numbers next week.

Tax receipts are up $253 billion, a whopping 12 percent over last year. That's the thirds consecutive year of strong revenue growth after a dismal performance in the early part of the decade. Revenues dropped three years in a row after fiscal 2000 but picked up again in 2004.

Taxes paid quarterly on corporate profits and by wealthier people and small businessmen were especially strong in 2006. Corporate income taxes rose 27 percent over 2005 while nonwithheld receipts increased 19 percent.

In contrast, income taxes and payroll taxes for Social Security, Medicare and unemployment insurance grew by only 7 percent. Critics of GOP economic policies say that's a sign that lower- and middle-income people aren't getting as much of a lift from the current recovery.

"The benefits of the economic expansion have not been equally distributed," said Jim Horney, a budget analysts for the liberal-leaning Center on Budget and Policy Priorities.

Budget Deficit Progress Will Be Tough To Sustain (WSJ)

By David Wessel

The Wall Street Journal, October 7, 2006

THE WHITE HOUSE, eager to share some good news before the November elections, will release next week the final deficit tally for the fiscal year ended Sept. 30. The news will be good: The deficit is likely to come in well below the previous year's $318 billion, perhaps as low as $250 billion if the Congressional Budget Office's guess is right.

That will allow President Bush to boast that he has met his goal of halving the deficit, measured as a share of the gross domestic product, ahead of schedule. "The president's goal of cutting the deficit in half by 2009, which drew the scoffs of many, is now likely to be reached before that date," Edward Lazear, chairman of the White House Council of Economic Advisers, told the Senate Budget Committee the other day, a preview of what's to come next week. There's even talk that the president will set a new headline-grabbing goal: balancing the federal budget by the end of the decade.

That would require a major change in fiscal policy, such as spending cuts or tax increases. Despite the good news about last year -- largely the result of a remarkable 12% surge in tax receipts from individuals and corporations that overwhelmed a nearly 9% increase in spending -- the smart money says the deficit is very likely to get deeper from here. "The world doesn't end, but the deficit goes in the other direction next year," says Douglas Holtz-Eakin, a former CBO director. Interest rates are rising, adding to the government's annual interest tab. Iraq continues to be costly. The revenue surge already is beginning to fade. And a slowing economy is likely to restrain revenue growth even further. A one-percentage-point drop in economic growth for a full year increases the deficit by about $35 billion.

Pleasant-looking projections that suggest a happier near-term deficit trend obscure two big items: They assume that Congress will resist intense lobbying by the American Medical Association and allow an existing law to take effect that would slice Medicare doctors' fees by 5%. Just delaying the cut by one year would add $11 billion to the deficit over five years. And then there's the pesky Alternative Minimum Tax, which needs another adjustment to stop it from reaching further into the middle class, one that would cost nearly $50 billion a year.

Budget wonks on Capitol Hill fret that these short-term deficit "improvements" will lead their bosses to conclude that they needn't make major changes to Medicare, Medicaid and Social Security spending, thereby precipitating even tougher choices in the future. New Federal Reserve Chairman Ben Bernanke, echoing his predecessor's warnings of a demographic time bomb,

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said this past week: "At the heart of the choices our elected representatives will have to make...will be an issue of fairness: What responsibility do we, who are alive today, have to future generations?"

FDA Budget Malnourished (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, October 7, 2006

A study of ADHD drug risks may be halted as the agency struggles to keep up with demands.

WASHINGTON — When scientific advisors urged the Food and Drug Administration in February to put a strong warning about suspected cardiovascular risks on attention-deficit drugs taken by millions of children and adults, agency officials said more clinical evidence was needed.

Now, the FDA-funded study meant to authoritatively answer questions about the drugs for attention-deficit hyperactivity disorder may be halted in midstream. The reason: The agency doesn't have the money to finish it.

The threat to the study, as revealed in documents and interviews, stems from chronic shortchanging of the nation's drug safety program. It is one symptom of a federal agency increasingly constrained by a budget that has failed to keep up with costs. This crunch is even more dire in the food division, which tries to keep tainted foodstuffs from supermarket shelves.

Even as concerns grow, the agency has budgeted only $1.6 million for such safety studies of medications already on the market, and that number is scheduled to drop to $900,000 in the coming year. Outside experts estimate that the agency needs $20 million to $100 million a year to conduct such studies.

Recently, three former secretaries of Health and Human Services sounded a public alarm about what they saw as a dangerous squeeze on the overall FDA budget. Tommy G. Thompson, who served in President Bush's first term; Donna Shalala, who served under President Clinton; and Louis W. Sullivan, who served under President George H.W. Bush, joined consumer and industry groups in calling on the administration to substantially boost — perhaps double — the agency's $1.5-billion annual budget, which has increased only modestly in recent years.

FDA officials declined to discuss problems with funding for drug safety, saying the issue was under internal review. In a statement, the agency acknowledged that more money was needed for safety and noted that funding to complete the ADHD study had "not yet been identified."

A special fact-finding panel of the Institute of Medicine recently put the troubles in blunt terms in a report that called for significant FDA changes. Funding for drug safety is "especially inadequate [and] resource limitations have hobbled the agency's ability to improve and expand this essential component of its mission," the panel concluded.

FDA officials estimate the study of ADHD medications, including such well-known brands as Ritalin and Adderall, will cost $2 million to $3 million. About $1 million has been committed.

By analyzing the records of thousands of individuals, outside medical researchers have been trying to determine whether the medications predispose patients to heart attacks and sudden death.

Most ADHD drugs are derived from powerful stimulants. They help patients concentrate, but they also raise blood pressure, a major risk factor for heart disease and stroke. The medications, once given primarily to children, are increasingly prescribed for adults — a population more susceptible to heart problems. About 2.5 million children and 1.5 million adults now take such medications.

"If the FDA lacks the resources to complete the study of cardiovascular risks of ADHD drugs, the consequences can have a profound adverse impact on public health," said Dr. Steven Nissen, chairman of cardiovascular medicine at the Cleveland Clinic.

"The makers of these agents have no incentive to study the hazards of their own drugs. Therefore, the FDA will likely represent the only entity capable of objectively assessing the safety of the ADHD drugs."

The ADHD study is not the only example of a patchwork system.

The FDA bought — at a cost of $500,000 a year — a British database that is considered a state-of-the-art tool for drug safety research.

The General Practice Research Database contains complete medical records on 4 million patients that can be mined for information on reactions to drugs.

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But the FDA has acknowledged that its drug safety office doesn't have enough professionals — epidemiologists, biostatisticians and computer programmers — to take full advantage of the database.

Meanwhile, the 90-person drug safety office is reeling from a surge in reports on medication side effects. The number of such "adverse event" reports jumped from about 250,000 in 2000 to more than 450,000 in 2005.

The trend reflects greater use of prescription drugs, growing awareness of their risks and improvements in the reporting system.

"We have to do difficult triage about which ones we are going to follow up on," said an FDA official closely involved with the agency's budget who asked not to be identified because of the sensitivity of discussions within the Bush administration. "Our funding is just not robust enough for scientific research."

Fully funding the ADHD risk study would mean "we wouldn't be able to do too many other studies," the official added.

The FDA's budget crunch has also hurt its ability to safeguard fresh produce, some critics say. That has become an issue in the aftermath of the E. coli outbreak traced to California spinach. The number of inspectors and field office staffers has been cut from 2,217 in 2003 to about 1,960.

"The agency is like a fire department running around with a little fire extinguisher," said Michael Jacobson, director of the Center for Science in the Public Interest, a nutrition advocacy group. "The money situation for foods is probably worse than it's ever been."

Earlier this year, the FDA's food division announced that budget pressures had forced cuts in its headquarters workforce from 950 in 2003 to fewer than 850, with further reductions expected.

The FDA has "been presented with unique challenges, and we will not be able to take on the same large number of objectives we have identified in previous years," Robert E. Brackett, director of the food division, wrote in an unusually candid letter to consumer and industry groups. "The challenges are likely to continue [in 2007] and beyond for domestic agencies in the federal government."

The agency's budget challenge has three facets, outside experts and agency officials say.

First, modest annual increases for the FDA have not kept up with escalating salaries for its doctors, pharmacologists, epidemiologists and other professionals. For example, experts in the FDA's Center for Drug Evaluation and Research made an average of $70,000 in 1997, but now command salaries of $140,000 to keep up with industry.

A recent internal FDA analysis estimated that the 2006 budget would have needed to be $2.2 billion — not $1.5 billion — just to keep pace with increases in personnel costs.

Second, the post-market drug safety program — with a few exceptions — is not allowed to tap into user fees that pharmaceutical companies pay the agency for the review of proposed new drugs. The user fees add about $400 million a year to the FDA's $1.5-billion budget.

Finally, compared with funding for the National Institutes of Health, which sponsors cutting-edge medical research, securing more money for the FDA has been a low priority for the administration and Congress. The NIH budget has increased from $20.5 billion in 2001 to $28.6 billion.

"There has been a dramatic increase in the attention focused on NIH, and we believe similar attention needs to be given to the FDA," said Sheila Burke, chairwoman of the Institute of Medicine panel that recently reported on drug safety. "The center of that effort has to be an increase in resources. There is no question that it needs to be done."

Meanwhile, despite the uncertainty over funding for the ADHD study, researchers are continuing work on it.

They plan to use several medical databases to try to address three key issues: whether there is a link between ADHD drugs and higher rates of heart attack and sudden death in children; whether such a risk exists for adults; and whether there is a link between ADHD drugs and heart-rhythm abnormalities in children.

They have designed the study, but without more money won't be able to determine whether these popular drugs can lead to heart attacks.

"That's a very important question," said Laurel Habel, an epidemiologist at the Kaiser Foundation Research Institute in Oakland, which is participating in the study.

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"These drugs are being prescribed for a large and growing number of children, and they are also being prescribed to a growing number of adults. And, in general, they are medications that are taken for the long term."

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President Bush To Honor His Father At Ship Christening (VAPILOT)

By Jon Glass

Hampton Roads Virginian-Pilot, October 7, 2006

NEWPORT NEWS - Today's christening of the aircraft carrier George H.W. Bush may be wet and windy, but workers building the $6 billion warship say they'll be shining.

"This will be a national asset, and I take a lot of pride in that," said Kevin Green, a construction superintendent at Northrop Grumman Newport News, on Friday afternoon. "This is our moment as a company to show off - this is our ship right now."

The massive gray CVN-77 towered 20 stories behind Green as work crews in hard hats and storm gear made final preparations for today's 10 a.m. ceremony in chilly, wind-driven rain. The National Weather Service forecast calls for light rain and 15 to 20 mph northerly winds this morning.

"It's going to be a wonderful day, regardless," said Scott Stabler, vice president of the company's CVN-77 program. "There are a handful of truly great days in shipbuilding, and the christening is one of them."

President Bush will give the keynote address in honor of his father, the carrier's namesake and the nation's 41st president, who will be present.

Construction on the ship, which began in 2001, is about 60 percent completed and is slated for delivery to the Navy in late 2008. The christening is open to the public.

Mr. Fixit (NYT)

By Jacob Heilbrunn

The New York Times, October 7, 2006

One of George W. Bush's most remarkable accomplishments has been to burnish the reputations of his Republican predecessors. The longer Bush is in office, the better they look by comparison. Even realist foreign policy doctrine, revered by Richard Nixon and George H. W. Bush and scorned for decades by the right as a synonym for pusillanimity, has begun to make something of a comeback within the ranks of the party, as William F. Buckley Jr. and George F. Will, among others, look askance at the neoconservative crusade that has issued in the Iraq imbroglio.

It would hardly be surprising if James A. Baker III felt a certain measure of vindication about this unexpected turn of events. Though the ruthlessly efficient Baker preserved — or, if you prefer, secured — Bush's victory in Florida during the contentious 2000 presidential election, he has always been condemned by the right as a moderate. Like many officials from the first Bush administration, including the former national security adviser Brent Scowcroft, Baker was exiled to the sidelines as the younger Bush embraced the right. Unlike Scowcroft, however, Baker has maintained a studied silence about the current Bush administration.

That doesn't change in " 'Work Hard, Study ... and Keep Out of Politics!' " (written with Steve Fiffer). Anyone looking for yet another Republican apostate to denounce Bush should look elsewhere. But there's no need to worry: the stiletto once wielded so deftly by Baker in Washington has not gone dull. Baker, who has already discussed the end of the cold war in an earlier book called "The Politics of Diplomacy," here offers a more personal account that implicitly contrasts the past with the present, and is the more telling for its restraint. He focuses on his years as a political operative and official in the Ford, Reagan and Bush 1 administrations to draw lessons about the importance of planning ahead in running political campaigns and governments. Though his memoir may at some points envelop the Reagan years in a nostalgic haze, it provides an extraordinarily illuminating account of the decades-old Republican feud between old-money power brokers and true believers. Ultimately, it shows how he successfully kept the right in check — and what happens when someone doesn't.

Baker's pragmatic approach can probably be traced to the fact that money, not the political barricades, was what always interested his forebears: the title of his memoir was the motto of James Addison Baker, his grandfather and the family patriarch,

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who ran a law firm in Houston and helped transform that city into the capital of the American oil industry. The young Baker dutifully followed in the legal footsteps of his elders, but after the sudden death of his first wife, he was eager for a distraction. In 1970, he dropped out of the Democratic Party and signed on with the Republicans in order to join his longtime tennis doubles partner's campaign for the United States Senate. It failed, but "from that time forward," Baker writes, "I was hooked on politics and forever linked with the candidate, George Herbert Walker Bush." Baker, who chafed at continuing to work as a corporate lawyer, didn't get his big break until 1975, when Bush helped him land his first Washington job as under secretary of commerce in the Ford administration. Soon enough, the political smarts Baker displayed in dealing with unions and trade issues caught the eye of the White House, which tapped him to lead the hunt for swing delegates during the 1976 Republican primary fight against Ronald Reagan, who depicted Gerald Ford and Henry Kissinger as soft on the Red menace.

Baker sent out biographical questionnaires to the delegates and relentlessly stalked the uncommitteds, convinced "the contest would go to the outfit that did the best job of corralling its own herd while picking off strays from the other side." He picked them off. A grateful Ford promoted Baker to run his campaign against Jimmy Carter, but no amount of political savvy could rescue Ford from his serial self-inflicted wounds.

When Bush ran for the Republican presidential nomination in 1980, Baker was in his element. As his campaign manager, Baker drew on a network of contacts to raise money and, in an imitation of the 1976 Carter strategy, plotted to reduce the cluttered field to Reagan versus Bush as rapidly as possible. He succeeded. By sending out one million pieces of mail in the final week before the Iowa caucuses and making thousands of telephone calls, Baker outfoxed the Reagan forces, allowing Bush to score an upset victory. "Hell," said Charles Black, a Reagan political operative, "I didn't know it was gonna be a primary." But the tidal wave of the resurgent right soon washed over the Bush forces, and Bush's only political life preserver was to accept Reagan's offer of the vice-presidential nomination. It was a telling moment. Where Dwight Eisenhower had deigned to offer the vice presidency to Richard Nixon, now the right was the master and the Eastern Establishment the supplicant.

Still, Baker, against all the odds, managed to insinuate himself into the Reagan camp by offering unsolicited advice about the coming election to Reagan's campaign manager, William Casey, and to the Gipper himself. Even though Baker had led primary battles against him, Reagan recognized his talents and named him White House chief of staff. The right was apoplectic: it accused Baker of being a Trojan horse for the Eastern Establishment and of selling out its social agenda on abortion, school prayer and other hot-button issues. Baker knows better: he quotes Reagan as telling him, "Jim, I'd rather get 80 percent of what I want than to go over the cliff with my flag flying." Together with Michael Deaver and Ed Meese, Baker formed a "troika" that exercised firm control. According to him, this system gave Reagan "a functional administrative system to keep things moving, plus a useful way to hear competing views on important issues."

It was no accident that after Baker left to head the Treasury Department, Reagan's second term almost ended in disaster. Had Baker remained in the White House and become national security adviser, he would have unquestionably quashed the cabal that ended up hijacking Central American and Middle Eastern policy. Reagan wrote in his memoir, "My decision not to appoint Jim Baker as national security adviser, I suppose, was a turning point for my administration, although I had no idea at the time how significant it would prove to be." Instead, the lunatics took charge of the asylum, dragging a befuddled Reagan into the arms-for-hostages deal, which turned into the Iran-contra affair — a reckless endeavor prefiguring, in many ways, the ideological zealotry that, on a far grander scale, has mired the United States in Iraq.

As George H. W. Bush's secretary of state, Baker remained the object of the right's ire. Bush's refusal to continue on to Baghdad, reluctance to intervene in Bosnia and criticism of Israel were laid at the doorstep of realists like Baker, whose record was, in truth, not unblemished. Baker's realpolitik could curdle into cynical indifference when it came to the Balkans. But there is a difference between making mistakes and wholesale ineptitude. Only recently has George W. Bush reached out to Baker, acceding to his appointment as co-chairman of a high-level nonpartisan commission on Iraq. By now, however, it's unlikely that even this faithful retainer can once more pull Bush's chestnuts out of the fire.

Kicked While Down (NYT)

The New York Times, October 7, 2006

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In a blow to labor unions, the National Labor Relations Board recently expanded the pool of workers exempted from union membership. Specifically, the labor board found that registered nurses who assigned others to some shifts or tasks were supervisors, and thus not eligible to join unions. It was a bad decision, not only because of the specifics of the case, but also in its broader ramifications.

There are good reasons to bar managers from unionizing. It is extremely difficult to run a large organization efficiently if the people at the top are unable to easily hold their managers accountable for overall success or failure. But responsibilities like making out a schedule do not amount to management. If they did, interns would be the only non- managers in many of today's workplaces.

Companies facing unionization drives have long found it convenient to discover that employees who are basically rank-and-file workers are actually managers. That seems to be the case with the nurses. The board's decision opens the door for possibly millions of health-care workers and other professionals to be disqualified from the option of union protection.

This is one more step curbing the power of organized labor since President Bush came to office. The administration's philosophical vendetta against unions has come at a time when their power is already on the wane. Membership has fallen to 7.8 percent of the private work force in this country, from over a third in the 1950's. Far from balancing the scales, the anti-union drive comes when workers are already at a historic low in bargaining strength. Despite a growing economy and rising productivity, hourly wages adjusted for inflation have declined 2 percent since 2003. Corporate profits, meanwhile, are at their highest share of gross domestic product since the 1960's.

We are getting closer and closer to a work force with no benefits and no substantive protections. Some unions succumbed to corruption and contributed to their own decline. But their role in giving common workers a voice is essential to a functioning society.

The Kennedy Court? (WSJ)

The Wall Street Journal, October 7, 2006

The Roberts Court started its second term this week, but to read the coverage you might think that the nine-member Supreme Court has been reduced to Justice Anthony Kennedy's single vote.

Of course, Samuel Alito and Chief Justice John Roberts are the new members, and it remains to be seen how they'll vote on some of the hot-button issues the court will hear this term. But in replacing Sandra Day O'Connor and William Rehnquist on the court, Messrs. Roberts and Alito have thrust Justice Kennedy onto center-stage, as he now stands squarely between the four liberal and four conservative Justices on a number of issues. We had a foretaste of this last term, with Justice Kennedy playing kingmaker in Hamdan v. Rumsfeld and Rapanos v. U.S. In both cases, the vote was effectively 4-1-4, with Justice Kennedy controlling the outcome and muddying the jurisprudence.

Hamdan dealt with the design of military commissions for trying detainees in the war on terror. Justice Kennedy mostly sided with the liberal minority in the case, turning the liberal bloc into a Kennedian majority and forcing Congress to write a set of rules by which some detainees may soon, finally, be tried. In Rapanos, an environmental-regulation case, Justice Kennedy more or less sided with the conservatives on the Court, but on idiosyncratic grounds that caused the Chief Justice to lament the resulting muddle.

It's unlikely we've seen the last one-man majority from Justice Kennedy. This possibility is not lost on the political left, which explains the current publicity given to Justice Kennedy's role. The hope seems to be that Justice Kennedy can be conditioned with carrots and sticks to make him the next Blackmun or Souter -- earning praise for his "moderation" if he votes with the liberal wing, but earning obloquy if he tacks right.

Thus, we can expect a good deal of hand-wringing about whether Justice Kennedy will take an "activist" view in the partial-birth abortion case docketed for November. Here the Court will weigh the constitutionality of the 2003 Partial-Birth Abortion Act. In 2000, the Court struck down a Nebraska law banning partial-birth abortions by a 5-4 vote. Justice Kennedy vigorously dissented from that decision, writing that the majority had misinterpreted Planned Parenthood v. Casey, the 1992 decision that Justice Kennedy helped write. This would seem to offer Justice Kennedy a clear rationale for upholding the federal ban on partial-birth

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abortions, which may be why pundits are already wondering aloud whether Justice Kennedy will adhere to his "strong respect for stare decisis."

In December the court will hear two consolidated race-related cases; both deal with the use of race in assigning public-school students to classrooms. In the 2003 University of Michigan affirmative-action cases, Sandra Day O'Connor cast the deciding votes. The Court upheld the Michigan law school's racial-preference program. Justice Kennedy dissented from that decision, but did so on the grounds that the decision didn't give judges adequate authority to review racial-preference programs in the future. Given this judicial-supremacist line of reasoning, it is difficult to know how Justice Kennedy will approach the racial-preference cases the Court will hear this term.

What is clear is that Justice Kennedy enjoys being in the position of he who decides. It seems this term will offer him ample scope to play Solomon. The problem with this "swing-vote" theory is that it trivializes the Court into a results-based political body when there are real judicial disputes to settle. The Court would be best helped if Justice Kennedy pointed it toward clarity rather than judicial confusion.

OTHER NEWS:

U.S. Job Numbers Remain Strong (WP)

By Nell Henderson And Peter Baker

The Washington Post, October 7, 2006

Unemployment went down and paychecks went up last month, the government said yesterday, and it added that job growth for the year ending in March may have been far stronger than previously thought.

The announcements were greeted warmly by the White House -- and less so by the financial markets. Stock and bond prices fell amid fears the tight job market, by adding to inflation, will compel the Federal Reserve to hold interest rates steady or even raise them to slow economic growth. Many traders had convinced themselves that the Fed would cut rates early next year, but that looks increasingly unlikely.

President Bush traveled yesterday to a FedEx sorting facility to tout the job numbers and the rest of the Republican economic record a month before congressional elections.

"I'm pleased with the economic progress we're making," he said as other White House representatives used multiple briefings and statements to highlight yesterday's news.

The Labor Department's employment report -- and other figures released last week -- depict an economy that remained generally healthy in September outside of the slumping housing market. Workers found jobs and got paid more, while consumers hit the stores and auto showrooms to spend some of the extra cash gained from falling gasoline prices.

The unemployment rate fell to 4.6 percent in September from 4.7 percent in August, which was down from 4.8 percent in July. The jobless rate has varied from 4.6 to 4.8 percent all year. Considering that a few workers have such poor skills as to be nearly unemployable, many economists consider a rate below 5 percent to constitute full employment, meaning just about every worker with the skills and desire to work can find a job.

Demand for labor helped drive workers' average hourly wages, not including those of most managers, up to $16.84 last month. That's a 4 percent increase from September 2005, the fastest wage growth in more than five years.

But other details in the Labor report bolstered some economists' expectations that unemployment will rise as the housing downturn drags on, cooling economic growth to a below-average pace for many months.

The number of jobs on employers' payrolls rose only slightly in September, as employers turned more cautious in their hiring. Retailers, temporary employment agencies and manufacturers cut nearly as many jobs as other employers added. And a measure of the number of hours worked across the country slipped slightly last month, as it did the month before -- a tentative sign of softening labor demand.

The major stock indicators all fell yesterday, with analysts seeing the weak job growth as further evidence that economic growth is slowing while inflation pressures remain high. The Dow Jones industrial average, which had hit new records on three consecutive days last week, lost 16.48 points yesterday, or 0.14 percent, to close at 11,850.21.

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The report reflects "an economy with a solid labor force," said Richard Yamarone, director of economic research at Argus Research Corp. But with low unemployment and rising wages, he said, "there's simply no way you can paint this report other than inflationary."

The Bush administration emphasized the positive. The president's advisers have been frustrated that he gets little credit for an economy that remains healthy by many measures. Just 39 percent of those questioned in the latest Washington Post-ABC News poll in August approved of Bush's handling of the economy, compared with 59 percent who disapproved.

"This economy is strong and growing," White House budget director Rob Portman said during a meeting with reporters. "The president's pro-growth policies, including the tax relief, are working."

Democrats rejected the administration effort as spin. "Under their economic policies, the rich are getting richer, the poor are getting poorer and the middle class is getting squeezed," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "President Bush may be 'pleased' with what his economy has done, but hard-working families know America needs a new direction."

Bush decided to highlight economic issues yesterday by spending part of his morning at the FedEx facility in Northeast Washington. He conducted an hour-long roundtable with business executives who described how they got started, and he used their stories to emphasize his tax cuts and other initiatives.

Bush also said he sees increasing protectionism and isolationism among the American people. When Clifton Broumand, who owns a Maryland company that makes keyboards and computer mice, complained that China rips off designs for his products, Bush shared the lament. "This is the problem," the president said.

Democrats sought to shift attention to slowing economic growth, which has cooled from a torrid 5.6 percent annual rate in the first three months of the year to a pace closer to 2 percent in the second half of the year, by many estimates.

"Slower economic growth is taking its toll on job creation," declared Jack Reed (R.I.), the ranking Senate Democrat on Congress's Joint Economic Committee.

Though unemployment dipped, yesterday's data showed that employers added just 51,000 new jobs in September, a negligible number in an economy with 135.6 million payroll workers.

Labor analysts also released a preliminary finding that the economy may have added 810,000 more jobs than previously tallied in the 12 months that ended in March. If that estimate holds, it would mark a much bigger revision than usually occurs during a lengthy process of gathering information from unemployment insurance filings. And it would help explain why tax revenue surged so unexpectedly this spring and why consumer spending has held steady even as the cooling housing market has slowed the nation's economic growth.

The employers that added jobs last month included doctor's offices, hospital, insurers, lenders, restaurants and businesses that needed accountants and managers.

Employment related to housing has flattened, according to the Economic Policy Institute, which focuses on labor issues. Last year, housing-related industries -- construction, real estate and lending -- added 321,000 jobs, according to the institute's calculations. This year, they've added 6,000.

Another sign of potential weakness is the continuing decline in temporary service agency jobs, which have fallen by 36,000 since December. Employers tend to add temps as the economy gains momentum, waiting to see if the growth continues before adding permanent employees. Conversely, during a slowdown, "when layoffs may become necessary, the contract or temp workers are the first out the door," said Ray Stone, of Stone & McCarthy Research Associates.

US Labour Market Tighter Than Estimated (FT)

By Krishna Guha In Washington And Daniel Pimlott, Michael Mackenzie And Richard Beales In New York

Financial Times, October 7, 2006

The US economy added many more jobs than previously estimated in the later stages of the current cycle, dramatic new data revealed on Friday, raising the prospect that the labour market today may also be tighter than previously thought.

According to the new figures, the economy added 810,000 more jobs than earlier estimated between April 2005 and March 2006, an average of 67,500 more jobs every month over that period.

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The upward revision – the biggest in a quarter of a century – casts the expansion in a new light, leaving it less "jobless" than before, though the rate of job creation since the 2001 recession remains low by historic standards.

Friday's employment report also showed the unemployment rate fell from 4.7 per cent to 4.6 per cent in September.

The latest non-farm payroll numbers offered a mixed picture, with only 51,000 jobs added in September – well short of analysts' estimates of about 125,000 – but a combined 61,000 upward revision for July and August.

The job market data sent stocks and bonds lower as the signs of unexpectedly high employment outweighed the weak headline growth in September.

Meanwhile, the Congressional Budget Office announced that it was cutting its estimate for the federal budget deficit by another $10bn to $250bn, down from $318bn the previous year.

Bush administration economic officials seized on the jobs and deficit numbers to try to draw political debate away from the scandal in Congress on to the economy ahead of mid-term elections next month.

"We now find we created not 5.7m new jobs but 6.6m new jobs since August 2003," Rob Portman, director of the office of management and budget, said on Friday. "That happens to be about the time when the president's tax relief was fully implemented."

Mr Portman said the official figures for the deficit, which will be announced next week, will also be better than forecast in July, with tax revenues higher than their historic average of 18.2 per cent of gross domestic product. Some analysts said that the employment report vindicated the Federal Reserve's continued focus on inflation in spite of signs of slowing economic growth in the US.

"A few key aspects of the report are strong and will add to fears that labour market resources are tight and will keep the pressure on the Fed to err on the side of tightening," said Alan Ruskin, chief international strategist at RBS Greenwich Capital.

Hourly wages rose by 0.2 per cent, bringing the year-on-year increase to 4.0 per cent.

"The 810,000 upward revision was far larger than typical, and implies an increment of almost 70,000 to monthly payroll gains in the year ending in March," said Peter Kretzmer, senior economist at Bank of America.

Joshua Shapiro, chief US economist at MFR, said the revisions pointed to "a much more vibrant labour market in the not too distant past than had been reported earlier".

Stocks were lower on the news after three days of multi-year highs. Treasuries also fell on fears the report made it less likely the Fed would cut rates next year.

"The bond market was looking for further signs of moderation and didn't get it," said Kevin Flanagan, fixed income strategist at Morgan Stanley.

He said the upward revisions and wage growth did not support the market perception the Fed could cut rates soon.

But other economists questioned the reliability of the data.

"We are skeptical, given the quality of the data," said Mike Englund, an analyst at Action Economics.

The US jobs report also indicated that people evacuated as a result of Hurricane Katrina are still struggling to find work a year on.

The unemployment rate for evacuees was 8.3 per cent in September.

But the rate was much higher for evacuees who were not living in their old homes.

Job Growth Was Slack Last Month (NYT)

By Eduardo Porter

The New York Times, October 7, 2006

For American workers, the job market is starting to look a lot less inviting.

The Labor Department reported yesterday that employment grew by just 51,000 jobs in September, adding slack job growth to the emerging tableau of an economy gradually slowed by higher interest rates, expensive energy and a sputtering housing sector.

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In the last three years, the American economy has added about six million jobs. Unemployment, which dipped to 4.6 percent last month, has fallen to the lowest point since early 2001. And in recent months, the wages of ordinary workers have finally started to increase enough to slightly outpace inflation.

But the new government data, said Joseph LaVorgna, chief United States economist at Deutsche Bank, suggests that "the best news on job creation is behind us."

The payroll growth recorded in September — culled from a survey of some 300,000 businesses that is seasonally adjusted in an effort to factor out normal variations — was the weakest since October of last year. And even though job growth for the previous two months was revised up significantly, it now appears that payroll growth has decelerated sharply.

From March 2005 through March 2006, according to new information from the Labor Department, job growth averaged 236,000 a month. For the last three months, it has averaged just 121,000.

Analysts said the downshift puts the Federal Reserve and its chairman, Ben S. Bernanke, in a good position to keep interest rates steady.

"The slowdown the Fed wants to engineer is clearly in the data," said Robert J. Barbera, chief economist of ITG Hoenig. "This is just what the doctor ordered if the doctor is Ben Bernanke."

Still, the job market may not be quite as weak as the monthly number suggested. Not only did unemployment — based on a separate survey of households that showed more robust employment gains — fall slightly to 4.6 percent from 4.7 percent in August, but paychecks also recorded some of their biggest gains so far this year.

Hourly wages for regular workers, excluding managers, rose 4 percent in September compared with a year earlier. This was the same as in August but higher than any other month since June 2001 —when workers were still benefiting from inertial wage gains coming out of the Internet-fueled economy of the late 1990's.

The mixed signals left financial markets divided, with the bond market falling while stocks mostly treaded water.

Contributing to the confusion was an unusually large annual revision of payrolls, with the Labor Department now saying that it had undercounted employment growth by 810,000 jobs from March 2005 to March 2006.

In surveying employers in September, though, the government found that most were being much more cautious than earlier in the year.

Health care providers added 24,000 jobs. Hotels and restaurants increased employment by 19,000. Manufacturers cut 19,000 jobs in September; retailers shed 12,000.

And while construction companies unexpectedly added 8,000 jobs, experts do not think they will be hiring much in the future, and many may soon be shedding workers.

"It's going to be a teeter-totter," said Kenneth Simonson, chief economist of the Associated General Contractors of America. "I would expect construction growth over the next 12 months to be minimal, perhaps less than 1 percent."

Over all, the index of total hours worked in the private sector, the broadest measure of demand for labor, declined from 105.1 to 105.0 in September. But some economists, looking at other evidence like healthy consumer spending and the recent decline in gasoline prices, predicted that the current slowdown in employment will not last.

"If you were a lawyer, you would have no problem prosecuting this for reasonable doubt," said John Ryding, chief United States economist at Bear Stearns. "I would prosecute that any day."

He added that he expected the tight job market to put further pressure on the Fed to raise interest rates again soon.

President Bush pointed to the decline in unemployment as evidence that his economic policies are working, urging Congress to extend his tax cuts beyond their planned expiration at the end of the decade.

"Today we got more good news," President Bush said in a speech at a Federal Express operation in Washington. "I'm pleased with the economic progress we're making."

Still, most economists see a slowing economy taking its toll on hiring, with many now predicting that the Fed's next interest rate movement will be down, as it moves next year to try to revive growth.

"The Fed now has less justification to raise interest rates in the future," said Anthony Chan, chief economist at J. P. Morgan Private Client Services.

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Mr. Bernanke, in a speech in New York on Wednesday, said that he also foresaw slower growth. He predicted that the falloff in the housing market would shave output in the second half of the year by about one percentage point.

By and large, economists are not uncomfortable with the gradual deceleration of economic growth recorded to far. "The trend doesn't appear to be that alarming at all," Mr. Chan said.

But the changing condition of the labor market may not be so benign for workers. "The data is consistent with stable to modestly rising unemployment," Mr. Barbera said. "Roughly 4.5 percent unemployment is as tight as it's going to get. I see no obvious additional increases in workers' bargaining power."

Sluggish Job Growth Could Affect Elections (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, October 7, 2006

WASHINGTON — The U.S. economy added a disappointing 51,000 jobs last month, the government said Friday, and although hiring in July and August was revised sharply higher, lackluster employment growth is still expected to dog Republicans in upcoming midterm elections.

The economy is slowing from last year's pace but has proven to be resilient, weathering a housing slowdown while providing modest wage gains in recent months. Falling energy prices have also helped. On Friday, investors pushed up bond yields, signaling faith that the economy won't slow as much as they once believed.

But President Bush and his party have struggled to capitalize on such gains, analysts and polls say. Even with the Federal Reserve pausing its campaign to raise interest rates, Republicans face voters worried about jobs and the possibility of a recession.

As a result, Republicans could lose several seats in both houses of Congress, analysts say.

"There's an uncomfortable problem for Republicans right now — which is the economy is headed toward slower growth in response to Federal Reserve policy," said Kevin Hassett, director of economic policy studies at the conservative American Enterprise Institute in Washington.

"The economy has been doing well in recent years and Republicans may not have received enough credit, but that's all going to become irrelevant in November because we're getting all this disappointing data," Hassett said.

Analysts had expected 120,000 new jobs for September, and instead saw the slowest monthly job growth since October 2005, according to data from the Labor Department on Friday.

The economy has added an average 137,000 jobs a month this year versus 165,000 last year. Employment grew 1.2% this year, down from 1.5% last year and 1.6% in 2004, according to the Labor Department.

Offsetting the disappointing September data were revised Labor Department figures showing that 188,000 new jobs were added in August, 60,000 more than originally reported. July hiring was also revised higher by 2,000 jobs, to 123,000. That brought the average monthly jobs gains to 121,000 this quarter.

The Labor Department also revised upward by 810,000 its estimate of the number of new jobs added in the 12 months ended in March, bringing that period's monthly average up to 200,000. A final estimate is expected in February.

The unemployment rate fell to 4.6% in September from 4.7% in August.

Some analysts pointed to September wage gains as a sign of increasing economic strength. Average hourly and weekly earnings rose 0.2% last month, and both are up 4% for the year. Analysts said that could lead to wage gains beating inflation if oil prices don't rise again soon.

"There are risks to the economy going forward, but I don't think this particular report shows risks," said Ethan Harris, chief U.S. economist at Lehman Bros. in New York. "I think this shows an economy that's doing well."

Still, Democrats continued to seize on sluggish job creation and wage gains. Sen. Jack Reed (D-R.I.), ranking Democrat on the congressional Joint Economic Committee, released a statement Friday berating the administration for creating fewer jobs than in past recoveries.

"Job growth has been quite modest and wages have not kept pace with high energy prices and soaring healthcare costs," Reed wrote.

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Bush touted Friday's job numbers during a morning visit to a FedEx Corp. office at Ronald Reagan Washington National Airport with Treasury Secretary Henry M. Paulson Jr., and deployed Cabinet members to spread the message nationwide.

"Wages are going up, energy prices are falling, which means people are going to have more money in their pocket to save, invest or spend," Bush said.

Californians were almost evenly divided on the economy in the coming year, with 45% expecting good times, 43% expecting bad times and 12% undecided, according to a poll released last week by the nonpartisan Public Policy Institute of California in San Francisco. Likely voters were more optimistic: 48% expected good times ahead; 40%, bad times; and 12% undecided.

One reason for increased consumer confidence may be lower gasoline prices, which dropped to a national average of $2.31 this week, according to the Energy Department.

"The easing of gas prices is one of those signals in the economy that tells people they don't have to worry about inflation and rising prices as much as they might have been feeling," said Mark Baldassare, the institute's research and survey director.

Homeowners who have seen the value of their homes double in recent years have reason to feel encouraged too, said Dean Baker, co-director of the left-leaning Center for Economic and Policy Research in Washington. Employment was up last month in construction, and the sector added 36,000 jobs during the last three months. Real estate held steady, employing 2.1% more workers than this time last year.

But homeowners who have borrowed heavily against their homes now worry that, as housing sales and starts fall, prices will nose-dive, Baker said. Federal Reserve Chairman Ben S. Bernanke warned earlier this week that housing is likely to undergo a "substantial correction."

"Certainly in large chunks of the country — the East Coast, California, Florida, Seattle — housing has been going up and now that they see a turn. That has to be kind of scary," Baker said. "People's confidence about the future is limited. We've sort of been treading water but there's a lot of bad signs on the horizon."

Manufacturing and retail both shed jobs last month: 19,000 in manufacturing, including 3,800 at textile mills, and 11,900 in retail. Manufacturing has lost 12% of its workforce during the last year.

Harris, the Lehman Bros. analyst, predicts that the economy will weather the housing slump and add an average 100,000 jobs a month during the next year, growing at an annual rate of 2.5% during the next three to four quarters as it coasts toward the Fed's intended soft landing. The economy grew 2.6% in the second quarter after posting a 5.6% rate in the first three months.

On Friday, Harris joined the consensus among analysts, who expect the Fed to pause again at its next meeting Oct. 24 to see how much the economy is slowing, rather than raise interest rates to combat signs of wage inflation in the jobs report.

"They've got a tough choice" between fighting inflation and preventing a recession, Harris said. "You can't fight both wars at the same time."

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Jobs Report Shows A Mixed Picture (WSJ)

By Christopher Conkey

The Wall Street Journal, October 7, 2006

Job creation sputtered in September, in a sign that the economy is cooling, but other data suggested that the labor market is still producing enough jobs to boost wages.

The Labor Department Friday released the mixed data, which economists said made any interest-rate changes by the Federal Reserve unlikely before year's end. Speaking ahead of congressional elections next month, Bush administration officials said the figures pointed to a healthy economy.

Payrolls of nonfarm employers increased by 51,000 in September after a gain of 188,000 in August, according to the data. Last month's tepid pace of hiring -- the weakest since the aftermath of Hurricane Katrina last fall -- is fresh evidence that the economy is still slowing under the weight of higher interest rates and a weakening housing market.

WALL STREET JOURNAL VIDEO

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1

Commerce Secretary Carlos Gutierrez2 comments on the jobs data and the state of the economy.

President Bush speaks3 on the new economic data, stressing that entrepreneurs are helped low taxes and intellectual property rights.

Journal reporter Lee Hawkins says4 that one of the reasons for disappointing September job numbers are the massive layoffs in the automotive sector.

Council of Economic Advisors chairman Edward Lazear explains5 the revisions in job data, which he says suggest balance and robustness in the economy, including growth in non-residential construction.

DESKTOP NEWS ALERTS

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At the same time, though, unemployment dipped to 4.6% in September from 4.7% the previous month. Hourly pay for workers occupying production or nonmanagerial positions rose 0.2%, putting the average hourly wage 4% higher than a year ago.

And revisions of previous data showed that employers added 60,000 more jobs in August than initially estimated. The Labor Department said it expects upcoming revisions to show that the economy created roughly 70,000 more jobs per month in the year that ended in March than initially estimated.

Economists said the latest data suggest that the Federal Reserve is unlikely to change interest rates before year's end. "We continue to see the [Fed] on hold for the time being," said Peter Kretzmer, senior economist at Bank of America Corp.

The Fed halted its rate-raising campaign in August in hopes of easing inflation through slower economic growth.

A main reason it may not feel the need to raise rates further to stem inflation, besides the recent drop in oil prices, is that wage growth isn't putting the kind of upward pressure on prices that it has in past economic expansions.

"Wage pressures are cresting," said Zoltan Pozsar, an economist at Moody's Economy.com9. He said average hourly earnings expanded at a 4.5% annual rate in the second quarter, but then grew at a slower pace of 3.9% in the third quarter.

Bond investors focused on the upward revisions to earlier months' employment and other signs of job market firmness in the report, and drove down bond prices. As a result, the yield on the benchmark 10-year Treasury note rose to 4.7%.

The decline in the politically prominent unemployment rate, the upward revisions to last year's payrolls and the modest acceleration in wage growth could help the Bush administration's efforts to play up the strengths of the economy heading into next month's congressional elections. "The labor market to my mind is still very tight," Edward Lazear, chairman of President Bush's Council of Economic Advisers, told reporters Friday.

Mr. Lazear also highlighted that construction employment has held up despite the continuing decline in home building. The Labor Department said employment in residential construction and trade contractors fell by 15,600 jobs last month but rose by 15,800 jobs for nonresidential construction. He said that was evidence that the economy is in transition to greater dependence on business investment and exports, from its reliance on housing and consumer spending. "I like the fact the economy is becoming more balanced," he said.

Employment even picked up at some building-equipment and garden-supply stores last month. Home-improvement chain Lowe's Cos. said it employs 25,000 more workers now than it did a year ago.

Elsewhere, there are signs that the housing slump is hitting the labor market. Wood-product and furniture manufacturers cut a total of 7,700 positions in September and have trimmed jobs compared with a year ago, according to the Labor Department. Real-estate employment has flatlined since June.

Mortgage banking titan Countrywide Financial Corp. said it is in the process of eliminating between 5% and 10% of nonrevenue-generating positions as part of a plan to trim its budget by $500 million this year.

One bright spot for the labor market has been the stock-market rally. Financial-services firms added 16,000 jobs in September and roughly 170,000 positions over the past year, the Labor Department said.

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St. Louis brokerage firm Edward Jones said it hired 289 future investment representatives last month, its second-highest monthly intake ever.

Price Woodward, who oversees recruiting for the company, said Edward Jones increased broker compensation by roughly 25% this year after several years of holding pay steady. The typical first-year broker at the company will earn $54,000 in annual compensation, Mr. Woodward said, although 60% of that is from commissions and bonuses.

Separately, the Federal Reserve said consumer credit rose at a 2.6% annual rate in August against 4.3% in July, another sign of slowing economic activity. The data do not include mortgages.

-- Greg Ip contributed to this article.

Unemployment Falls; Wages Up 4 Percent (WT)

By Patrice Hill

The Washington Times, October 7, 2006

The nation's unemployment rate fell to 4.6 percent last month, down from 4.7 in August, and average wages rose by 4 percent over the previous year -- the best performance for both measures in five years.

The monthly Labor Department report released yesterday revealed that 51,000 new jobs were reported last month, a disappointing figure, but job gains were stronger than reported earlier for the previous year and a half.

"The economy is actually stronger than these employment numbers suggest," said Bernard Baumohl, executive director of the Economic Outlook Group, a Princeton, N.J., economic-advisory firm. The figures were mixed and elicited widely varying reactions from financial markets and analysts.

The stock market declined after focusing on the weakness in job growth, which was the lowest new-jobs figure since Hurricane Katrina blew a hole in the economy last year, and included sizable job losses in manufacturing and retail trade as factories and stores continued to retrench.

A revision in the number of jobs created in August, to 188,000, and a huge revision adding 810,000 to the number of jobs created between March 2005 and March 2006 sparked fears of inflation in the bond market and suggested an underlying strength in the labor market that is unlikely to dissipate anytime soon.

"At the very least, this shows the soft landing is still on course," Mr. Baumohl said. "There is little to suggest that we are on the precipice of a recession."

Roger M. Kubarych, economist at HVB Group, said the report was "mixed," but the downtrend in job growth is likely to continue this fall and raise further concerns about economic weakness.

"Announced job cuts in the motor vehicles and computer industry will be taking effect in the next few months, so payroll gains will likely subside further," he said. Since workers laid off in those industries tend to be highly paid, their job losses "may temper wage increases" later this year, he said.

Dean Baker, economist with the Center for Economic and Policy Research, said that while the report showed some hidden strengths, the continued addition of jobs in housing-related construction and finance seems unlikely to continue, given the big drops in home sales and mortgage financings in the last year.

"With housing data showing a sharp downturn, it is implausible that employment in the sector will not soon be affected," he said. "Given that employment elsewhere is already weak, when the downturn in the housing-related sectors begins to show up, the prospects for employment will be bleak."

Embattled House Speaker J. Dennis Hastert sought to highlight the good news as he and other Republican leaders struggle to maintain their majority in Congress.

"September's lower unemployment rate, steady job growth and increased hourly earnings comes on the heels of a record-setting week on Wall Street," the Illinois Republican noted.

Peter Morici, a former chief economist at the International Trade Commission, said the Federal Reserve should be pleased with the soft growth shown in the report.

"Subpar jobs-and-wage growth indicates the economy is slowing significantly and underperforming its potential. In the months ahead, loosening labor-market conditions will put a lid on wages and help contain inflation," he said. "Along with lower

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gasoline and natural-gas prices, modest wage pressures will keep prices in check and the Federal Reserve will have no cause to raise interest rates."

For workers, the picture is decidedly mixed, Mr. Morici said. Those with more education and skills in professions like health care, finance and information technology have little trouble finding jobs, while those with only a high school education face higher unemployment rates around 6 percent.

Displaced manufacturing workers are having a particularly difficult time, as factories continue to shed jobs despite growth in exports and big-ticket capital goods.

"Had the current economic expansion followed the pattern of past recoveries, 2 million manufacturing jobs would have been regained" instead of lost, he said. The layoffs in manufacturing have been concentrated in the Rust Belt and are having an impact on the upcoming elections.

"Much of the stress in the jobs market falls in contested congressional districts in western Pennsylvania, New York and the lower Midwest," he said. "This combination of economics and geography explains why Republicans are in danger of losing control of the House of Representatives."

Shares Rest After A Record Week (NYT/AP)

By The Associated Press

The New York Times, October 7, 2006

Wall Street ended a record-breaking week quietly yesterday, edging lower after the Labor Department said employers added far fewer jobs than expected last month. The major indexes all scored big gains for the week.

While the jobs report gave investors further confirmation that the economy was slowing — employers created just 51,000 new jobs last month, well off the 120,000 Wall Street expected — the market is now concerned that the economy might be moderating too much.

Even the prospect of a rate cut by the Federal Reserve came as little comfort yesterday.

“We’ve had a market that wants to see bad news as good news with respect to the Fed,” said Bryan Piskorowski, a market analyst at Wachovia Securities. Now, he said, the economy is slowing, the housing market is slowing, and consumer spending is starting to slow. “You run that tight wire where bad news eventually becomes bad news,” he said.

Investors concerned about the jobs report yesterday were also disappointed by news of the resignation of a General Motors board member who had lobbied unsuccessfully for an alliance with other automakers.

Still, hopes for a Fed rate cut as well as a further decline in oil prices helped drive the Dow Jones industrial average to three consecutive record closes this week. The blue chips also set new intraday highs. Broader indexes showed robust gains, though remained well below their records.

The Dow fell 16.48 points, or 0.14 percent, to 11,850.21 yesterday, slightly below the record close of 11,866.69 set the day before. For the week, the Dow was up 1.47 percent.

Broader stock indicators also fell yesterday. The Standard & Poor’s 500-stock index was down 3.64 points, or 0.27 percent, to 1,349.58, and the Nasdaq composite index fell 6.35 points, or 0.28 percent, to 2,299.99. For the week, the S.& P. gained 1.03 percent, while the Nasdaq gained 1.84 percent.

Light crude oil settled down 27 cents at $59.76 a barrel on the New York Mercantile Exchange. Investors are still paying close attention to oil prices, as their decline has helped drive the market’s upward rise in recent months. Crude prices are down sharply from their trading high of $78.40 a barrel set in July.

G.M. was down $2.08, or 6.3 percent, to $31.05 after Jerome York resigned from the automaker’s board after the company’s failure to form an alliance with the Nissan Motor Company of Japan and Renault of France.

In other corporate news, Micron Technology fell $2.40, or 13.7 percent, to $15.14 after issuing a profit report that disappointed investors. Lackluster sales of flash memory chips raised questions about the company’s efforts to diversify.

Crown Castle International, which builds signal towers for mobile phones, declined $1.65, or 4.7 percent, to $33.10, after agreeing to acquire a rival, Global Signal, for $4 billion in cash and stock. Global Signal rose $3.84, or 7.7 percent, to $53.94.

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Chattem rose $9.77, or 28.4 percent, to $44.20 after it agreed to buy five over-the-counter products, including mouthwash and a sleep aid, from Johnson & Johnson and Pfizer.

Bonds fell, with the benchmark 10-year Treasury note losing 21/32, to 10113/32. The yield, which moves in the opposite direction from the price, rose to 4.69 percent, from 4.60 percent late Thursday.

Wall Street Dips But Finishes Week Higher (FT)

By John O'doherty In New York

Financial Times, October 7, 2006

US stocks dipped on Friday, but finished the week higher after three consecutive days of record closing peaks for the Dow Jones Industrial Average.

Aerospace group Boeing led gainers on the Dow, up 6.1 per cent over the week to $83.68. On Tuesday, EADS, the parent of Boeing's rival Airbus, issued a €4.8bn ($6bn) profit warning and said delivery of its A380 superjumbo would be delayed by a further year. Christian Streiff, chief executive of Airbus, said it could take a decade for Airbus to catch up with Boeing.

The blue chip index was also buoyed by gains in chemicals group Dupont, which added 4.9 per cent to $44.95. Industrial products group Honeywell gained 3.4 per cent to $42.31.

Coffee chain Starbucks jumped 12.8 per cent to $38.41 – its best week in six years – after it said September same-store sales had risen 6 per cent, almost double analysts' estimates. The company raised its growth target to 40,000 outlets worldwide.

Investors in casino operator Harrah's Entertainment hit the jackpot after private equity groups Apollo and Texas Pacific made a $15bn offer to take the company private, pushing its shares up 15 per cent to $76.41. The Dow Jones Wilshire Gambling Index has gained 17 per cent in the past eight weeks.

Sovereign Bancorp added 12 per cent to a three-year high of $24.10 after reports that the bank's board could terminate the contract of the chairman and chief executive, potentially opening it up to takeover bids.

At the close, the Dow was up 1.5 per cent over the week, but down 0.1 per cent or 16.48 points on the day, at 11,850.21.

The S&P 500 was up 1 per cent for the week, but down 0.3 per cent or 3.64 points on the day, at 1,349.58.

The Nasdaq Composite gained 1.8 per cent over the week to 2,299.59, a loss of 0.3 per cent or 6.35 points on the day.

Equities were supported by hopes that the outlook for the economy was improving.

"I think a soft-landing is absolutely what's going to happen," said Fritz Meyer, senior investment officer at Aim Investments.

"Sentiment has been increasing that there is more momentum in the economy than we thought, and the inflation statistics continue to look good."

General Motors dropped 6.6 per cent to $31.05 after Kirk Kerkorian said he would not buy additional stock in the company following its rejection of an alliance with Renault and Nissan. Mr Kerkorian's Tracinda investment group holds a 9.9 per cent stake in GM.

Recruitment and advertising website Monster Worldwide leapt 10.5 per cent to $39.98 after positive analyst comment on the stock. Morgan Stanley said Monster was well-positioned to benefit from the shift to online job listings.

There were mixed fortunes for makers of medical equipment. Quest Diagnostic, maker of medical testing equipment, tumbled 16.1 per cent to $51.30. On Tuesday, the company said it had lost its contract with health insurer UnitedHealth, a contract that accounts for 7 per cent of Quest's revenues.

St Jude Medical was more fortunate, jumping 8.9 per cent over the week to $38.43, after two of its implantable heart devices were approved by European regulators.

Falling crude oil prices depressed energy stocks in the first part of the week, although an informal agreement on a production cut by the Organisation of the Petroleum Exporting Countries mitigated some of the losses. The S&P Energy Index finished the week down 1.3 per cent.

Hess slid 5.6 per cent to $39.12, while National Oilwell Varco sank 6.6 per cent to $53.88 after JPMorgan lowered its rating on the stock from "overweight" to "neutral", citing earnings risk in North America.

Retailers were in focus after mostly reporting better-than-expected sales in September.

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Circuit City gained 8.4 per cent to $27.21, and Nordstrom rose 5.7 per cent to $44.69. Department store Dillards sank 6.8 per cent to $30.49 after it disappointed analysts with flat same-store sales in December.

Drugstore CVS lost 8.7 per cent to $29.32 as Wal-Mart announced it was expanding its discounted sales of generic drugs.

Micron Technologies, the maker of computer memory chips, slumped 13 per cent to $15.14 after its 47 per cent increase in fourth-quarter profit fell short of estimates.

Economy For Bellwether GE, A Big Report Card (WSJ)

By Kathryn Kranhold

The Wall Street Journal, October 7, 2006

Investors will be watching anxiously Friday when General Electric Co. reports third-quarter financial results. The industrial and financial giant disappointed investors with both its first- and second-quarter results. And the U.S. economy, for which GE has long been considered a bellwether, appears to have cooled in recent months.

This is a "critical quarter" for GE, says Ann Duignan, an analyst with Bear Stearns, noting investors' earlier disquiet. GE shares are up 13% in the past three months, but still trail the Dow Jones Industrial Average for the year.

Beyond GE, Ms. Duignan says, investors will "try to read into GE's comments what could follow for other companies." GE's far-flung operations touch much of the economy, from power turbines and media to aircraft engines, consumer credit and corporate financing. GE's plastics unit sells to the auto industry, and its appliance business is a barometer of housing. Ms. Duignan says orders for GE's aircraft engines, turbines, rail locomotives and oil-and-gas equipment look strong.

But a growing share of GE's business now comes from outside the U.S., which could help the company bridge a U.S. slowdown. International sales are projected to account for 49% of GE's estimated $163 billion of revenue this year, up from 40% five years ago.

Its airline-engines unit, for example, landed September orders from Qatar Airways, China Eastern Airlines and Ireland's AerVenture, with a combined value of nearly $15 billion. The transportation unit signed a $650 million contract for 310 new locomotives from Kazakhstan's national railroad. GE's energy unit recently opened a technology center in Warsaw to help develop coal-gasification equipment intended to reduce emissions that contribute to global warming.

Analysts estimate GE will post third-quarter revenue of $39.9 billion, down about 5% from a year ago, reflecting the sale of most of GE's insurance business. They peg earnings at 49 cents a share, up 11%.

GE rarely misses those targets. But analysts and investors sometimes fret about the "quality" of GE's posted numbers. In the second quarter, that meant concerns about an unexpectedly low tax rate at GE's financial units and an unexpected gain from the sale of a portion of GE's stake in Penske Truck Leasing. To minimize future complaints, GE has since outlined potential future gains from small sales, which the company says will be offset by increased pension and restructuring costs.

One critical unit to watch: the energy unit that makes power-plant turbines, which is recovering from a long slump that followed the collapse of Enron Corp. GE told investors this summer that operating profit at the unit would rise 25% to 30% in the second half of the year after falling 6% in the first half of the year.

Dow Set A Record In Height, But Weight Had A Lot To Do With That (NYT)

By Floyd Norris

The New York Times, October 7, 2006

Averages can be deceiving, as many investors can attest.

The Dow Jones industrial average, the best-known stock index in the United States, broke through its old high this week, for the first time exceeding the level of 10,722 set on Jan. 14, 2000. But only 10 of the 30 stocks in the index are higher than they were then.

By contrast, the Standard & Poor's 500-stock index was 9 percent lower than it was in January 2000, and even farther below its level when it peaked in March of that year. But most stocks in that index are higher than they were in 2000.

The Nasdaq composite index, which a decade ago was often cited as an indicator of small-stock performance, is still more than 40 percent below its high levels of 2000. But the Russell 2000, also viewed as an indicator of small-stock performance, is up more than 40 percent since January 2000.

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How can that be? It relates to how the indexes are computed, and to what they capture. The Dow never had the technology representation of some other indexes, which held it back in the old days and holds it up now. Moreover, it is calculated on a price-weighted basis, so that high-priced stocks have larger influences than lower-priced ones.

The S.& P., like most indexes, is calculated on a market capitalization basis, which means the most important stocks are the ones with the highest market value. Many of those stocks were swept up in 2000, as conservative investors bought the big-cap stocks, and are still recovering from that overvaluation.

The Nasdaq composite was, and is, heavily influenced by technology stocks. But the Russell 2000, which is periodically reconstituted to include the stocks with market capitalization ranks from 1,001 to 3,000, dropped many of those overvalued stocks as they grew larger, and thus was not as hurt in the bubble's aftermath.

As the graphic shows, the markets to invest in since 2000 have not been the ones most investors were comfortable with then. Most European markets are shown as being higher than they were in early 2000, but most or all of those increases reflect the fact that the moves are based on dollar performance. The CAC 40 in France, for example, is shown as being up 13 percent, but it is down almost 10 percent in euros. The gain came solely from the dollar's weakness.

The big winners were in emerging markets, often ones that investors had good reasons to avoid after the 1998 currency crises. A major Russian index is up 651 percent. Hungary, where there have been recent riots after the prime minister admitted lying to win re-election, is up 161 percent. (All figures are from Jan. 14, 2000, to Oct. 3, 2006.)

Peru is up nearly 500 percent, and Mexico has risen 150 percent. The Prague stock index in the Czech Republic is up almost 350 percent, but that performance seems poor next to that of the Slovak index next door, which has risen more than 600 percent.

Even Lebanon, whose economy and political situation have not exactly been good of late, is up 84 percent.

Can this continue? The tech stocks kept rising long after some warned they were ridiculously overvalued. But when they fell, they fell far and fast as owners found that no one wanted to buy them. That could happen to some of today's favorites as well.

To Muted Cheers, The Dow Climbs Past A Record (NYT)

By Mark A. Stein

The New York Times, October 7, 2006

STOCKS shattered records. Corporate profits soared. Economists waxed about a so-called Goldilocks economy — not too hot, not too cold. Sound familiar? That was the siren song of the 1990's economic boom, and there was an eerie echo on Wall Street this week.

The only thing missing this time was the mirth. A wary sense of relief greeted a record for blue-chip stocks. Robust profit reports came with warnings of weak numbers to come. A fingers-crossed optimism underpinned economic forecasts.

And then there was another echo of the boom: a new round of criminal indictments of senior corporate officials. This time the charges were not for fraud or theft, but for spying.

A RELUCTANT RECORD After flirting with the record for several days running, the Dow Jones industrial average of 30 major stocks cracked the record closing high it set in January 2000 amid a technology-driven boom.

The rally, which peaked for the week on Thursday with a record close of 11,866.69, was driven not by expectations of rapid economic growth, as it was seven years ago, but by a rapid fall in energy prices caused in part by expectations that global economic growth is slowing.

Some economists interpreted lower oil prices and a cooling housing market as signs of more-stable growth rather than a slump. Others, however, noted that the Dow is a narrow measure of the market and that other closely watched benchmarks, including the Standard & Poor's 500-stock index and the Nasdaq composite index, are still well below their tech-bubble records.

More information on the economy's direction will come on Friday, when retail sales figures are released.

SPYING CHARGES California authorities indicted Patricia C. Dunn, the former chairwoman of Hewlett-Packard, and four other people on criminal charges in the corporate espionage case that has rocked the company.

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In addition to Ms. Dunn, the indictment named Kevin T. Hunsaker, a former senior lawyer at H.P.; Ronald DeLia, a private detective from Massachusetts; Matthew DePante, manager of the Action Research Group, a Melbourne, Fla., information broker; and Bryan C. Wagner, a Colorado man who is believed to have obtained private phone records while working for Mr. DePante.

All five defendants were charged with using false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes. All of the charges are felonies. Lawyers for Ms. Dunn and Mr. DePante said their clients were innocent. The other defendants and their lawyers did not immediately respond.

California's attorney general, Bill Lockyer, filed the charges, which stem from an internal H.P. investigation into leaks of confidential discussions among its directors. As part of the investigation, private investigators working for the company apparently used deception to obtain the private telephone records of company officials and others.

The United States attorney's office for Northern California is also conducting its own investigation, and could file federal charges in the case soon.

BIG BET A pair of private-equity firms teamed up to offer $15 billion in cash for Harrah's Entertainment, the country's largest casino operator. Combined with Harrah's long-term debt of $10 billion, the buyout would be worth more than $25 billion, making it one of the largest leveraged buyouts ever.

Private equity firms have raised billions of dollars this year to buy publicly traded companies, improve their management or financing, and then sell them or take them public to realize a profit. Until now, they have rarely tapped the gambling industry, and the offer sent the shares of other casino operators soaring. Harrah's operates Harrah's, Caesars and Horseshoe casinos in Las Vegas, Atlantic City and elsewhere.

Casino takeovers require buyers to be approved by gambling regulators in each state where the company operates, to make sure that organized crime does not infiltrate the industry.

STOCK CAR RACE Led by the introduction of its new pickup truck, Toyota said its sales in the United States jumped 20 percent last month and the company closed in on Ford as the No. 2 car company in America.

Toyota's gains came even as receding gasoline prices and generous manufacturer rebates propped up sagging sales of pickup trucks and sport utility vehicles, normally a field dominated by General Motors, Ford and Chrysler.

Ford increased its market share slightly, to 17.3 percent, but Toyota expanded faster and accounted for 16.5 percent of the market. Sales at G.M. fell almost 7 percent and its market share slipped to 21.6 percent.

With large inventories of unsold 2006 models, automakers plan to offer bigger incentives, including no-interest financing or thousands of dollars in cash rebates.

JUMBO PROBLEM Persistent assembly-line problems will further delay the first deliveries of the A380 superjumbo jet by Airbus, perhaps by as much as one more year, pushing the program off by a full two years.

The European Aeronautic Defense and Space Company, the parent company of Airbus, also warned that the delays would cut earnings over the next four years by 4.8 billion euros ($6.1 billion), more than double the amount forecast in June.

Compounding the problem, Emirates, the largest customer for the A380 plane, signaled publicly that it might cancel part of its multibillion-dollar order for the superjumbo jet. Emirates, which hopes to expand its long-haul international airline service through its base in the Middle East, was originally scheduled to receive its first planes this year; now the earliest it would receive its first jetliners is 2008.

EADS and Airbus said the first A380 would be delivered next year, to Singapore Airlines in October, down from nine that had been promised as recently as June.

OPEC's Oil-Price Line In The Sand Cartel's Effort To Maintain $60-a-Barrel Seems Doable, But Only For The Near Term (WSJ)

The Wall Street Journal, October 7, 2006

OPEC announced Thursday that it intends to steady the oil price at something like the current level of about $60 a barrel. It may be able to defend this level in the months to come, but over the long haul this effort is doomed.

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It certainly sounds ambitious by the standards of two years ago. The price then was $45 a barrel, and most experts and exporters thought that was too high to last. But experience changes standards. After more than a year of $60-plus prices, the level seems more plausible.

Plausibility matters, because the price defense is going to require some production cuts, at least for the short term. OPEC needs a target that its swing producers, especially Saudi Arabia, are willing to defend. Otherwise the group won't be able to stop squabbling over who should take the pain. At least for now, it looks like the will to succeed is there.

There are other trends working in OPEC's favor. The balance of supply and demand is still pretty tight. Although higher prices have slowed demand growth, the direction remains positive. That's largely because of the emerging markets, which accounted for 90% of incremental demand growth in 2005. And while new sources of oil eventually will come onstream, it's a slow process. For the moment, OPEC members control marginal supply. Outside of the cartel, production hasn't budged since 2004.

Second, financial conditions remain supportive of a high oil price. Low real interest rates and the recycling of petrodollars by oil exporters have mitigated the pain of higher oil prices. American households have blithely borrowed to fill the tanks of their SUVs.

But OPEC faces one huge obstacle. The cost of producing oil is much less than $60. Even Canadian oil sands, which require expensive and energy-intensive processing, are profitable at something like $50. Eventually, the lure of profits will bring on new supply, damping the price.

Fortress Within

Wall Street firm Morgan Stanley is hunting for a hedge fund manager. FrontPoint Partners, with whom it danced in the past, might be a good fit. But there are more ambitious targets to consider, such as Fortress Investment Group.

The Wild West era of the alternative asset-management industry is coming to a close. As a result, its practitioners are considering ways to cash out and grow like any normal business. Their options include going public and selling to bigger financial institutions.

But the first avenue looks more difficult today than it did just a few months ago. The implosion of Amaranth Advisors, troubles at other big funds like Vega and continued middling performance across the industry are making investors wary of the industry. RAB Capital, for example, a U.K.-listed hedge fund manager, has seen its stock plunge by a third in the past month. Even a Fortress, with $24 billion in hedge-fund and private-equity vehicles, would find it difficult to withstand these market pressures.

That may be one reason the firm has yet to file for an IPO despite months of contemplation. At RAB's valuation of 15% of assets under management, Fortress would be worth about $4 billion. But to Morgan Stanley, Fortress might be worth more. It would jump-start the Wall Street firm's attempts to gain a foothold in hedge funds and private equity, where it considerably lags behind chief rival Goldman Sachs. The two sides know each other a bit: top Fortress and Morgan Stanley honchos dined last week.

Of course, to entrepreneurs, going public and selling out aren't interchangeable outcomes. But a flirtation with the public markets is clearly a step closer to the exit than sitting still. Morgan Stanley has gotten its mojo back of late. Its stock price is up, risk-taking is being rewarded and talent has returned to the firm. To complete the turnaround, it needs to build a fortress in asset management. It might be quicker to buy one.

Private-Equity Eye?

The blow-up of Amaranth and a few cases of outright fraud have spurred calls for more oversight of hedge funds. Private equity, however, which has also attracted billions of dollars of pension money in recent years, has largely avoided the regulators' spotlight. Still, it may only take a few buyout scandals for this to change.

Like hedge funds, larger private-equity managers have to register with the SEC as investment advisers. But small buyout funds avoid all scrutiny. And even the registered funds have minimal disclosure requirements. Yet the private-equity world is growing rapidly. Investors have poured $172 billion into 253 funds in the U.S. so far this year, according to Dow Jones Private Equity Analyst (a publication owned by Dow Jones & Co., publisher of The Wall Street Journal). With all that money sloshing around, it would be surprising if there were no bad eggs.

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AA Capital, a $194 million fund that was spun off from the Dutch bank ABN Amro in 2001, could be one. The Securities and Exchange Commission has accused the fund of misappropriating nearly $11 million of its clients' cash. The SEC complaint charges that the firm's president, John Orecchio, put some of this money into a Michigan horse farm and slipped a wad to the manager of a Detroit strip club. Calls to AA Capital weren't returned.

Questionable use of limited partners' funds may not be the only type of abuse going on in private equity. There could also be inaccurate valuations. The longer lock-up periods and lack of a market price for private-equity investments make that relatively easy to practice and hard to detect. Some buyout firms are no doubt pushing the envelope when it comes to valuing portfolios. It's even conceivable that the increasing number of transactions between buyout funds have led some to swap favors in order to boost reported returns.

The leading private firms have lobbied hard to avoid getting caught up in hedge-fund regulation. These efforts could be thwarted if there's any more mischief among the minnows of their industry.

--Martin Hutchinson, Rob Cox and Lauren Silva

Wetterling Goes National With Her Call For Foley Inquiry (MINNST)

By Bob Von Sternberg

Minneapolis Star Tribune, October 7, 2006

She delivered the Democrats' weekly address after drawing wide attention. Bachmann calls it opportunistic.

Sixth Congressional District candidate Patty Wetterling said on Friday that if a "full and complete investigation" finds that any congressmen covered up the Mark Foley scandal, they should be expelled.

Her comments were taped for the Democratic Party's five-minute response that will be broadcast nationally this morning after President Bush's weekly radio address.

It was a publicity coup for Wetterling in her campaign against state Sen. Michele Bachmann and came at the end of a week in which Wetterling pushed to link outrage over Foley's sexually explicit e-mails with teenage congressional pages with her work as a children's safety advocate since her son, Jacob, disappeared.

"For 17 years, I have fought for tough penalties for those who harm children," she said. "Members of Congress are not and should not be above the law."

Wetterling said Foley "sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug."

She repeated many of the points she raised in her latest TV ad and in a long string of interviews with national publications that turned their attention to her almost immediately after the scandal broke.

Bachmann has said Wetterling's focus on the issue has been opportunistic and called the ad "a rush to judgment."

Bachmann said on Friday that Wetterling's radio comments "are reminiscent of her TV ad, which even the Star Tribune called misleading. The investigation of this matter by the FBI and the ethics committee is already underway and was called for by the leadership."

Wetterling said on Friday that Bachmann's criticisms "are appalling."They show an insensitivity to the victims," she said. "T o not respond to this would have been wrong. This is something I know an awful lot about."

She said House Minority Leader Nancy Pelosi, D-Calif., called her earlier this week and asked her to present the radio address. "I wrote my own words," she said. "It's daunting, but it's an honor."

She said she had met Foley several times as her work crossed paths with his role as chairman of the House Caucus on Missing and Exploited Children. In July, Foley and Wetterling attended a signing ceremony at the White House for the Child Protection and Safety Act of 2006.

"I know Mark Foley, and he's done good things," she said. "It's a betrayal and hits me at a personal level."

When Wetterling arrived at KSTP's recording studio in St. Paul on Friday afternoon, she was met by four television c ameras and nearly a dozen local journalists. "Holy moley," she said, startled.

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In House Races, More G.O.P. Seats Are Seen At Risk (NYT)

By Adam Nagourney

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — At least five more Republican Congressional seats are now in serious contention, analysts said Friday, an unwelcome development for Republicans as they begin to confront a political environment further darkened for them by the Congressional page scandal.

The fury over sexually charged messages sent to male teenage pages by Representative Mark Foley of Florida is undercutting Republican support among elderly voters, suburbanites and women, analysts from both parties said.

More immediately — and more alarmingly for Republican strategists who have looked to the party's powerful voter turnout operation to save the party this year — there are signs that the furor is sapping the enthusiasm of a group essential to Republican victories in 2002 and 2004: religious conservatives.

"The social conservatives are frustrated with what's going on," said Saulius Anuzis, the chairman of the Republican Party in Michigan, where, he said, one-third of his volunteers are social conservatives. "We have heard disappointment and disenchantment. The level of commitment isn't as fierce as it ought to be."

The political uproar is playing out in races across the country and comes with Republicans already struggling against the political weight of more bad news from Iraq. The page scandal has left leaders and candidates in both parties to come up with new strategies a month from Election Day.

Democrats placed advertisements linking embattled Republican incumbents to Mr. Foley, including spots in Ohio and Indiana that began broadcasting Friday. Democratic House and Senate candidates pressed Republican incumbents to say whether they thought Speaker J. Dennis Hastert of Illinois, who along with other senior members of the Republican leadership has come under fire as failing to act on early signals that Mr. Foley was sexually harassing teenagers, should stay in power.

In New Jersey, Thomas H. Kean Jr., the Republican Senate candidate, called on Mr. Hastert to step down.

The Democratic response to President Bush's radio address on Saturday features a Democratic House candidate, Patty Wetterling of Minnesota, attacking House Republican leaders as ignoring warnings about Mr. Foley's behavior, according to excerpts released Friday.

"Foley sent obvious predatory signals, received loud and clear by members of Congressional leadership, who swept them under the rug to protect their political power," says Ms. Wetterling, a Democrat whose 11-year-old son was kidnapped 17 years ago and has not been found.

Republicans and their allies, including conservative talk radio hosts, have responded by rallying around Mr. Hastert and blaming Democrats and the news media for the frenzy.

Talk radio hosts, working off a list of talking points distributed by Republican Party officials, recounted how two decades ago, House Democrats stood behind Representative Gerry E. Studds, Democrat of Massachusetts, after he engaged in sex with a male page.

In upstate New York, Representative Thomas M. Reynolds, who is trailing his Democratic challenger according to two new polls, planned to go on television to defend himself after a labor union began broadcasting a 30-second radio advertisement questioning whether he had done all he could after hearing a complaint that Mr. Foley was harassing teenagers.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Mr. Reynolds said in advertisements scheduled to begin over the weekend. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

George Rasley, an aide to Representative Deborah Pryce, Republican of Ohio, who was linked to Mr. Foley in a Democratic advertisement that began running Friday, said the Foley investigation further soured an already tough environment for Republicans in Ohio, a state hammered by corruption investigations this year.

"This is one more thing that makes people wonder about politicians and politics," Mr. Rasley said. "It reinforces this notion of Washington being a place that bears no resemblance to real America."

The page scandal is part of a run of difficult tidings for Republicans, including a stream of bad news out of Iraq, disclosure of an intelligence report that found that the invasion might have worsened the threat of terrorism and Mr. Bush's continued unpopularity.

In the White House, aides have watched with frustration as campaign appearances by Mr. Bush, in which he hammers Democrats on national security, receive little coverage, subsumed by the Foley case.

Ken Mehlman, chairman of the Republican National Committee, said he believed that Republicans turned a corner when Mr. Hastert accepted responsibility for the mishandling of the page scandal after days of being pressed to take action by restive Republicans.

"I'm looking at every single bit of public and private data," Mr. Mehlman said. "So far, I have seen a minimal effect of this particular situation, which is not to say that I don't take it seriously."

Democrats need to capture 15 House seats to take control of Congress; until the last week or two, about 40 Republican seats had been judged in play, of which 20 had been considered highly competitive. But analysts said at least five more Republican seats, and as many as eight, that had once been considered relative long shots for Democrats had now swung firmly into play.

At least two of those seats are directly related to the Foley scandal. One is held by Mr. Reynolds, who as chairman of the House Republican campaign committee had entered this election cycle as a prohibitive favorite for re-election. Republicans in Florida do not plan to spend any money to defend the seat once held by Mr. Foley, effectively conceding it to the Democratic challenger, Tim Mahoney, who, not taking any chances, is running advertisements in which he pledges to return "moral values" to Congress.

In other races, the Foley case has created an unfavorable backdrop for Republicans. In Pennsylvania this week, Representative Don Sherwood, a suddenly endangered Republican, bought time on television to offer an apology in response to allegations that he had abused his mistress. Analysts for both parties said the sweep of outrage over Congressional misbehavior had weakened Mr. Sherwood and forced him to deal directly with the issue.

Beyond that, analysts said the page scandal had raised new concerns about ethics in Congress, an unwanted focus for Republicans in races where Democrats have sought to make an issue of what they have called a Republican culture of corruption.

Those include re-election races by Representatives Richard W. Pombo and John T. Doolittle, both of California, who have been touched by the fallout from the Jack Abramoff lobbying scandal, as well as the contests to fill two seats vacated by Republicans who have quit the race, Tom DeLay of Texas and Bob Ney of Ohio.

"I would think the Ney seat is more of a problem because of another round of ethics problems," said Stu Rothenberg, an independent analyst who studies Congressional races.

Amy Walter, an analyst who follows Congressional races for The Cook Political Report, said the Foley inquiry was having an indirect effect on races in which corruption might be an issue. "When the spotlight is where the spotlight sits right now," Ms. Walter said, "on scandal and dysfunction in Congress, then people like Pombo and Doolittle suffer."

Mr. Pombo has also been the target of advertisements by the Sierra Club and the League of Women Voters criticizing his record on environmental issues.

Other races that have become increasingly competitive are the one to replace Representative Katherine Harris, a Florida Republican running for the Senate, and the challenge to Representative E. Clay Shaw Jr., also a Florida Republican. Party officials said polls showed the two races were tight.

Officials in both parties said it was not the Foley scandal alone as much as the accumulated weight of problems for Republicans these past two weeks that was giving them concern.

"We're working to redirect the debate back to national security and lower taxes," said Brian Jones, the communications director for the Republican National Committee. "But this week that's proved to be a difficult task."

Republican pollsters said their first concern was that the page scandal could discourage Republican voters from turning out.

"We're not seeing it affecting voter behavior; we are seeing it affect voter intensity," said Glenn Bolger, a Republican pollster. "It's more of a deflation effect among Republicans than it is a motivator for Democrats. Does that change in the next 34 days? That's part of our job."

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Meanwhile, Democrats were pushing hard to make sure the Republicans' troubles stayed in the public consciousness. On Saturday, Democrats plan to run an advertisement against Mike Whalen, a Republican running for an open House seat in Iowa, picturing him alongside Mr. Hastert.

Democratic advertisements are linking Mr. Foley to both Ms. Pryce of Ohio and Representative Mike Sodrel of Indiana. Ms. Pryce once described Mr. Foley as a friend, one advertisement says, while Mr. Sodrel is criticized as taking a campaign contribution "from the House leadership, who knew about it but did nothing to stop sexual predator Congressman Foley."

A fund-raiser for Mr. Sodrel headlined by Mr. Hastert was postponed this week. Mr. Sodrel's campaign manager, Cam Savage, said that was only because of a scheduling conflict.

Mr. Savage described the Foley scandal as an issue in Mr. Sodrel's district, but not an overwhelming one. "It's not the No. 1 priority on people's minds," he said, "but it does have some resonance to it."

Democrat Ads Attack GOP Over Scandal (AP-Y)

By Andrew Taylor

AP, October 7, 2006

More Democrats went on the attack Friday with campaign ads linking Republican candidates to the Mark Foley House page scandal while GOP candidates moved to distance themselves from embattled Speaker Dennis Hastert.

On Saturday, Democrat Patty Wetterling, a candidate for an open House seat in Minnesota, will continue the attack in the Democratic response to President Bush's weekly radio address as the party looks to reap political gains in coming midterm elections.

"Foley sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug to protect their political power," Wetterling said in the prerecorded address. "We must hold accountable all those complicit in allowing this victimization to happen."

Republican New Jersey Senate candidate Tom Kean Jr. Friday became the first major GOP candidate to call for Hastert to resign, while additional campaign appearances by Hastert for House GOP candidates got canceled. Hastert has come under heavy attack within his party's rank and file for damage inflicted on the party just weeks before the Nov. 7 elections.

"Hastert should resign as speaker," Kean said. "He is the head of the institution and this happened on his watch."

Shelley Sekula-Gibbs, a Republican write-in candidate in the race to replace Tom DeLay in Texas, decided not to pursue plans to invite Hastert to raise money for her campaign after the Foley scandal broke.

"We just made a decision not to have" a fundraiser with Hastert, said Sekula-Gibbs' campaign manager, Lisa Diamond.

Democrats stepped up their attacks.

"What is going on in Washington? ... Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages. Speaker of the House Dennis Hastert looked the other way," says an ad for Democrat Mary Jo Kilroy, challenging seven-term Rep. Deborah Pryce, R-Ohio, the No. 4 Republican in the House in a particularly competitive race.

And in culturally conservative southern Indiana, former Democratic Rep. Baron Hill took to the airwaves Friday with an ad attacking freshman Republican Mike Sodrel for taking thousands of dollars in donations from House GOP leaders, "who knew about but did nothing to stop sexual predator congressman Foley."

At the same time, Hastert canceled plans to raise money for Sodrel on Tuesday.

Earlier, Rep. Ron Lewis, R-Ky., a Baptist preacher and social conservative, canceled plans for a fundraiser with Hastert, who also dropped an appearance with Ohio GOP candidate Joy Padgett, who is in an uphill race to replace the disgraced Rep. Bob Ney.

The nonstop news cycles for over a week have been filled with details of Foley's lurid messages to former pages and accusations by former top Foley staff aide Kirk Fordham that top GOP aides, including some in Hastert's office, knew about Foley's problems and the issue of the pages years ago.

But with no significant developments Friday, GOP strategists hoped the party could catch its breath and gain traction on issues like lower gas prices, the peaking stock market and the economy. Great skittishness remained about unforeseen developments in the Foley saga, nevertheless.

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Democrats are increasingly optimistic that they will retake the House and possibly even the Senate. Even a prominent Senate Republican, John Cornyn of Texas, seemed pessimistic about his party keeping its hold on the House.

"It's happened in the past that we've had divided government in terms of the House and Senate," Cornyn said. "I'm sure we'll do our best to work together to try to address the nation's problems."

Democrat Christian Radio Ad Slams Foley (AP)

By David Hammer

AP, October 7, 2006

A Democratic candidate accuses her Republican rival of not doing enough to stop disgraced former Rep. Mark Foley and his salacious messages to teenage males in an ad for Christian radio stations.

Democrat Mary Jo Kilroy is challenging seven-term Rep. Deborah Pryce, a member of the GOP House leadership, in one of the more competitive races. Kilroy's weeklong ads begin Saturday.

"What is going on in Washington? ... Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages," says the ad, which will air on Christian and Clear Channel Communications Inc., stations in central Ohio.

The spots cost Kilroy's campaign $5,000.

Foley, a former Florida congressman, helped Pryce get elected Republican Conference secretary, then Conference chairwoman — the No. 4 position in the House leadership. Pryce mentioned five friends in Congress in an article last month in Columbus Monthly magazine and Foley was one of them.

Pryce said she was out of the loop about complaints that Foley had sent improper messages to teenage male pages until after the congressman resigned Sept. 29.

"I was dumbfounded," she said.

Pryce held a news conference in Columbus, Ohio, to respond to the ad. She accused Kilroy of smearing her and gay-baiting, although Kilroy never mentioned homosexuality.

"She implied that since I knew him, I knew that he was a predator and I asssume there's only two conclusions you can draw from that: that I knew because I knew him, that he was a predator, or that I knew that he was gay because I knew him, that he was a predator," Pryce said.

Kilroy spokeswoman Amanda Wurst said the campaign chose Christian and conservative radio stations because their listeners are concerned about values.

The ad also blames Pryce for standing by House Speaker Dennis Hastert, R-Ill, complaining that he looked the other way when warned of Foley's behavior.

Hastert said Thursday he did not know about the sexually explicit messages sent by Foley until last week, but he also took responsibility for the matter.

Standing Apart From His Party, Kean Calls For House Speaker To Step Down (NYT)

By David W. Chen

The New York Times, October 7, 2006

TRENTON, Oct. 6 — Breaking ranks with President Bush and his party once again, State Senator Thomas H. Kean Jr., the Republican candidate for United States Senate in New Jersey, called Friday for House Speaker J. Dennis Hastert to resign in the aftermath of the Mark Foley scandal.

Mr. Kean did so without consulting any of the six Republicans in New Jersey's Congressional delegation, according to two Republicans involved in New Jersey politics.

"Hastert should resign as speaker," Mr. Kean said in a two-paragraph statement. "He is the head of the institution and this happened on his watch. I urge House leaders to go further by appointing an outside panel to review the matter immediately."

Mr. Kean has made ethics the central plank in his campaign to unseat the Democratic incumbent, Senator Robert Menendez. And although he has staked out reliably Republican positions on most issues, like Mr. Bush's tax cuts and the war in Iraq, Mr. Kean has also bucked party orthodoxy on occasion.

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He was one of the first Republicans to call on Defense Secretary Donald H. Rumsfeld to resign over his handling of the war in Iraq. He has also criticized Mr. Bush for his handling of Hurricane Katrina and the ballooning federal deficit.

But Mr. Kean has never taken so unequivocal and so contrarian a position at the hottest political moment: the widening scandal in which Mr. Foley, a Florida Republican, is accused of having sent sexually suggestive electronic messages to underage Congressional pages. Mr. Foley resigned from the House last Friday after the existence of the messages was disclosed.

Mr. Menendez's campaign expressed skepticism over Mr. Kean's comments.

"This is Tom Kean Jr. running scared because New Jerseyans are just starting to understand he is just another Bush Republican, and a vote for him keeps all these guys in power," said Brian Fallon, a spokesman for Mr. Menendez.

GOP Leaders Rally To House Speaker's Defense (WT)

By Charles Hurt

The Washington Times, October 7, 2006

Republican leaders closed ranks yesterday around House Speaker J. Dennis Hastert, while candidates facing election in November continued to distance themselves from Mr. Hastert for his handling of a scandal that could cost Republicans control of Congress.

Several top Republicans, including President Bush and Senate Majority Leader Bill Frist of Tennessee, have rallied behind Mr. Hastert in recent days after the speaker and other House Republicans were criticized for not responding more aggressively when they learned of ex-Rep. Mark Foley's "over-friendly" relationship with a congressional page.

But in a clear indication of the damage the scandal could cause the Republican Party in November, some candidates continue to distance themselves.

State Sen. Tom Kean Jr., New Jersey Republican, who is running for the Senate, called yesterday for Mr. Hastert of Illinois to step down.

"He is the head of that institution, and this happened on his watch, and Kean urges House leaders to go further by appointing an outside panel to review the matter immediately," said Jill Hazelbaker, Mr. Kean's spokeswoman.

Mr. Kean hopes to unseat Sen. Robert Menendez, a Democrat, and pushed for a broad investigation of anyone in leadership who knew about the concerns involving Mr. Foley.

"This disturbing situation is another reason why the public holds the Congress in such low esteem. The culture of protecting each other has eroded Congress and the public's faith in government, and the system needs reform," Ms. Hazelbaker said.

In Kentucky, Rep. Ron Lewis this week canceled a fundraising appearance with Mr. Hastert.

Even candidates who aren't explicitly chiding Mr. Hastert are at least denouncing the Republican Congress for the scandal and casting doubt that an independent investigation can be conducted by the House ethics committee, which Thursday opened a probe into the matter.

"To assure that this grievous behavior does not occur again in the halls of Congress, an independent investigation is necessary," said Michael Bouchard, the Republican challenging Sen. Debbie Stabenow, Michigan Democrat. "The investigation must be taken out of the hands of politicians and put into the hands of trained investigators."

But Mr. Bouchard, the sheriff of Michigan's second-largest county, was quick to say that it's not a partisan issue.

"This is not about Republicans and Democrats. This is about right and wrong, cracking down on criminals, and protecting victims," he said yesterday. "An independent investigation will take politics out of the process."

Conservatives, for the most part, have toned down the calls for Mr. Hastert to give up his leadership post.

Former Secretary of State James A. Baker III said yesterday that Mr. Hastert should not become "a sacrificial lamb."

Mr. Baker warned on CBS' "The Early Show" yesterday that dumping Mr. Hastert would not bring an end to the scandal.

"If they throw Denny Hastert off the sled to slow down the wolves, it won't be long before you'll be crying, 'Hey, you've got to throw somebody else over because they knew about it, too,' " Mr. Baker said.

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And while the conservative publication Human Events stopped short of calling for Mr. Hastert to resign, an editorial yesterday said he should quit his speaker post before the next Congress is seated in January.

"Conservatives differ on whether House Speaker Dennis Hastert ought to resign right now, but it cannot be reasonably argued that Hastert is the best possible choice to lead Republicans in the next Congress," the publication said. "He is not."

Republicans Rally Round Hastert (FT)

By Edward Luce In Washington

Financial Times, October 7, 2006

It was Newt Gingrich, the former speaker of the House and Republican leader, who best summarised his party's response to the scandal over a lawmaker's lewd internet messages to teenage interns. "There's a certain stench of hypocrisy," he said in reference to past sex scandals among Democrats.

For the time being, top Republicans are rallying behind Dennis Hastert, the current speaker, who on Thursday rejected calls to resign and who denied allegations that he knew of congressman Mark Foley's behaviour as early as 2003, when members of his staff on Capitol Hill were apparently informed.

But Mr Hastert also raised eyebrows when, by questioning the timing of the scandal, he hinted at a leftwing conspiracy to derail his party's mid-term election chances. The story hit the front pages last week, at a point when Republican chances appeared to be on the mend for the first time in more than a year.

Still, for many social conservatives, whose support has been critical to Republican election success ever since Mr Gingrich led the party to control of the House in 1994, the Foley scandal could prove to be the final straw. In the 2000 presidential elections, many Christian Republicans abstained from voting for George W. Bush when it was revealed he had once been caught driving under the influence of alcohol. In contrast, many analysts attributed Mr Bush's clear – although narrow – victory in the 2004 presidential election to his success in motivating socially conservative voters.

According to polls, that "intensity" of support app-ears to be falling off. Among voters who go to church once a week, only 44 per cent now lean towards the Republicans, compared with 58 per cent in 2004, according the Pew Research Center. For those who attend church more than once a week, the proportion has dropped from 64 to 56 per cent.

Although the mid-term elections have been dominated until now by other themes, such as the "war on terror", the war in Iraq and the state of the economy, moral issues often sway Christian voters on polling day. "Mid-term elections are all about motivating your party's base," said David Keene, the president of the Amer-ican Conservative Union. "There is no doubt about it, the Foley scandal has been very bad for Republican motivation."

The contrast could not be more stark with the 1994 elections, when Democrats stayed at home in droves, permitting Republicans to capture the House for the first time in a generation. Mr Gingrich's "contract with America", which helped deliver the Republican victory, was dominated by two pledges: to reduce the size of government and to restore ethics to Washington.

On both counts, large numbers of Republicans feel betrayed. Many traditional Republicans have been alienated by the growth in "K Street" lobby groups over the past decade and the accompanying rise in federal spending, which has grown at almost three times the rate of inflation since 2001.

Many social conservatives have grown disillusioned with their party's relative lack of success in pushing forward a moral agenda to restrict abortion, oppose gay marriage and rein back the culture of permissiveness. Just under a quarter of American voters describe themselves as "evangelical".

However, with more than a month to go before polling day, Republican leaders believe there is plenty of time for the scandal to blow over. They also believe that their party's larger campaign war chest and the fact that voters remain concerned about national security could still prove decisive in the build-up to voting.

"People know there is hypocrisy and double-standards in Washington and they know it falls on both sides of the aisle," said Saul Anuzis, the head of the Republican party in Michigan. "There is a good chance this scandal will be forgotten in a few weeks. The majority of voters aren't paying much attention."

Republicans Hope Hastert's Words And A Committee's Action Can Quell Uproar (NYT)

By Carl Hulse

DOJ_NMG_0078495

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — House Republicans held their breath on Friday and hoped that Speaker J. Dennis Hastert's expression of remorse about the page scandal combined with the start of a House ethics investigation would stabilize his grip on power.

"The speaker has taken responsibility and is taking control of the situation," his spokesman, Ron Bonjean, said Friday afternoon.

After a chaotic week that began with the resignation of Representative Mark Foley, Republican of Florida, other lawmakers were assessing whether Mr. Hastert's announcement on Thursday that he would not resign but would punish anyone found to have been derelict in the Foley case would be enough to calm the furor. They were hoping to avoid more leadership turmoil just one month before the midterm elections.

Even as the House ethics committee entered the second day of its inquiry, several contradictions had yet to be resolved, particularly whether Mr. Hastert's staff had been alerted to complaints about Mr. Foley before 2004. Kirk Fordham, a longtime aide to Mr. Foley who resigned this week from the office of another congressman, said he alerted Scott Palmer, the speaker's chief of staff, to Mr. Foley's behavior up to three years ago.

The speaker's office has denied hearing an advance warning from Mr. Fordham, but a senior Republican aide on Capitol Hill, who was close to Mr. Foley, confirmed Mr. Fordham's version of events in an interview on Friday. The aide, who declined to be identified because the matter was under investigation, said Mr. Fordham had alerted Mr. Palmer to concerns surrounding Mr. Foley's behavior with under-age pages.

Another senior Republican official who would speak about internal party matters only without being named said Mr. Hastert in his remarks had accomplished two goals sought by his colleagues: He had accepted some responsibility and had acknowledged that the response to complaints about the initial e-mail sent to a former teenage page in Louisiana had been inadequate.

"I'm hoping this is gone," said the official, who, like others, cautioned that new disclosures could quickly imperil Mr. Hastert and that the coming elections could answer the question of his future regardless.

After Mr. Hastert's remarks, other members of the leadership issued statements backing him, putting aside, at least for now, some of the divisions exposed over the scandal and who was responsible.

Republicans and some Democrats said the ethics committee had bought Mr. Hastert some relief by promising a full and relatively quick inquiry, though it was unclear whether the committee's findings would be known before the election. Aides in leadership offices said Friday that they were not aware of any staff members receiving requests to meet with the panel, which on Thursday approved nearly four dozen potential subpoenas for testimony and documents.

James A. Baker III, a leading Republican and former secretary of state with strong ties to the Bush family, also expressed support for Mr. Hastert on Friday, saying his resignation would do little to stem the uproar.

"If you think that's going to stop the story, you've been smoking dope, because the minute they get Denny, they'll go after the next person who might have known something about this," Mr. Baker said on Fox News. "I think the speaker's done the right thing by calling for an investigation."

In Oklahoma, a lawyer for a former page who has been identified as the recipient of explicit messages from Mr. Foley dismissed reports that the former page, now 21, was engaging in a practical joke. "From what I do know, this was not a prank," the lawyer, Stephen Jones, said on CNN.

The case continued to provoke sharp exchanges between Republicans and Democrats.

Representative John Shimkus, Republican of Illinois and chairman of the board that oversees the page program, said he was outraged at criticism of his handling of the initial complaint against Mr. Foley. Mr. Shimkus said he was the person who questioned Mr. Foley, only to be told by the lawmaker that the initial e-mail communication was innocent.

"I did nothing wrong," said Mr. Shimkus, a former teacher, who on a radio program in his district accused Democrats of questioning his integrity in the matter.

Staffer Cites Earlier Role By Hastert's Office (WP)

By Jonathan Weisman

The Washington Post, October 7, 2006

House Speaker J. Dennis Hastert's chief of staff confronted then-Rep. Mark Foley about his inappropriate social contact with male pages well before the speaker said aides in his office took any action, a current congressional staff member with personal knowledge of Foley and his behavior with pages said yesterday.

The staff member said Hastert's chief of staff, Scott Palmer, met with the Florida Republican at the Capitol to discuss complaints about Foley's behavior toward pages. The alleged meeting occurred long before Hastert says aides in his office dispatched Rep. John M. Shimkus (R-Ill.) and the clerk of the House in November 2005 to confront Foley about troubling e-mails he had sent to a Louisiana boy.

The staff member's account buttresses the position of Foley's onetime chief of staff, Kirk Fordham, who said earlier this week that he had appealed to Palmer in 2003 or earlier to intervene, after Fordham's own efforts to stop Foley's behavior had failed. Fordham said Foley and Palmer, one of the most powerful figures in the House of Representatives, met within days to discuss the allegations.

Palmer said this week that the meeting Fordham described "did not happen." Timothy J. Heaphy, Fordham's attorney, said yesterday that Fordham is prepared to testify under oath that he had arranged the meeting and that both Foley and Palmer told him the meeting had taken place. Fordham spent more than three hours with the FBI on Thursday, and Heaphy said that on Friday he contacted the House Committee on Standards of Official Conduct to offer his client's cooperation.

"We are not preparing to cooperate. We are affirmatively seeking to," Heaphy said.

Hastert spokesman Ron Bonjean declined to directly comment on the second House staff member's assertion, saying that it is a matter for a House ethics committee investigation. "The Standards Committee has asked that no one discuss this matter because of its ongoing investigation," Bonjean said.

The emergence of a second congressional staffer describing such a meeting came on a day that Hastert (R-Ill.) was working to solidify his hold on the speakership. Prominent Republicans, including President Bush, have defended Hastert, saying he should not step down, but the criticism continues to flow.

New Jersey's Thomas H. Kean Jr., whose candidacy offers the GOP its most promising hope to take a Senate seat from a Democrat in November, called for Hastert's resignation yesterday, as did the editorial page of the Los Angeles Times. Democratic House candidate Patty Wetterling of Minnesota, a child-safety advocate and the first to air a television commercial about the Foley scandal, will deliver the national Democratic response to Bush's weekly radio address today.

Hastert maintains that he knew nothing of Foley's actions until last week, when the story first broke and Foley resigned. His stance contradicts that of House Majority Leader John A. Boehner (R-Ohio) and National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.), both of whom said they had informed Hastert this spring.

Palmer has resolutely said he had no earlier meeting with Foley, and other leadership aides have questioned the truthfulness of Fordham. Fordham quit his job as Reynolds's chief of staff last week after acknowledging that he had tried to persuade ABC News not to publish the salacious instant-message exchanges between Foley and two former pages.

Hastert's office contends that the first confrontation with Foley occurred in November 2005, when Shimkus, the head of the House Page Board, and then-House Clerk Jeff Trandahl took Foley aside to discuss what they termed "over-friendly" e-mails that Foley had sent to a Louisiana boy. Fordham's account not only pushed the matter back at least two years but also indicated that alarms over Foley's behavior had gone well beyond bland e-mails.

Sources close to Fordham say Trandahl repeatedly urged the longtime aide and close family friend to confront Foley about his inappropriate advances on pages. Each time, Foley pledged to no longer socialize with the teenagers, but, weeks later, Trandahl would again alert Fordham about more contacts. Out of frustration, the sources said, Fordham contacted Palmer, hoping that an intervention from such a powerful figure in the House would persuade Foley to stop.

Now, a second House aide familiar with Foley and his actions told The Washington Post yesterday that "Scott Palmer had spoken to Foley prior to November 2005." The aide spoke on the condition of anonymity because the matter is now the subject of a criminal investigation and the House ethics committee inquiry.

Two law enforcement officials said yesterday that the FBI had not yet determined whether a crime had occurred in the Foley case. Justice Department and FBI officials have cautioned that cases involving the enticement of minors are notoriously difficult to prosecute.

On Wednesday night, Palmer was described as highly emotional while aides sifted through e-mails and files to determine whether he had ever spoken to Fordham. Several people who spoke with Palmer said the chief of staff was emphatic in denying that he knew anything about Foley's questionable contacts with young male pages.

Palmer, who shares a townhouse with Hastert when they are in town, is more powerful than all but a few House members. Members know that he speaks for Hastert.

The divergent accounts have highlighted the holes in the public's understanding of Foley's undoing. And they are sure to ratchet up the pressure on Trandahl to come forward with his knowledge of events. As House clerk between January 1999 and November 2005, Trandahl had direct control over the page program.

Pages apparently saw Trandahl as a strict disciplinarian. In one instant-message exchange obtained by The Post, a former page, on his way to his first annual reunion in Washington, told Foley in January 2003 that "everyone is going to be pretty wasted a lot of the time in dc."

He then added, "well we dont have the [expletive] clerk to fire us anymore. . . . we didnt like trandahl that much . . . he isnt a nice guy . . . and he gets really scarey when he is mad."

Trandahl's departure came within days of his confrontation with Foley over e-mails that the congressman had sent a former page. House aides say the circumstances of Trandahl's exit were oddly quiet. The departure of a staff member of long standing, especially one as important as the House clerk, is usually marked with considerable fanfare, said Scott Lilly, a former Democratic staff director of the House Appropriations Committee. Debate is suspended in mid-afternoon to accommodate a stream of testimonials from lawmakers.

Trandahl's departure was marked by a one-minute salute from Shimkus and a brief insert into the Congressional Record.

"My one-hour Special Order changed to a five-minute Special Order, now to a one-minute," Shimkus said. "I just want to say thank you for the work you have done."

Lilly said: "He seemed to suddenly disappear in a puff of smoke."

Trandahl, now the executive director of the National Fish and Wildlife Foundation, has not returned repeated phone calls and e-mails.

Congressional aides point to another factor that links Trandahl to the Foley matter. A member of the board of the national gay rights group Human Rights Campaign, Trandahl is openly homosexual and personally close to the now-disgraced former lawmaker, who announced through his lawyer this week that he is gay.

SPECIAL REPORT: SEX, LIES AND ELECTION DAY (NATJOUR)

By Brian Friel

National Journal, October 6, 2006

The Law's Long Arms

In March of this year, a federal judge sentenced Dwight Whorley of Richmond, Va., to 20 years in prison after he was found guilty of a variety of child-pornography charges, including receiving 20 obscene Japanese anime cartoons. The case drew attention in child-protection circles because Whorley was the first person convicted under a 2003 federal statute that makes viewing such nonphotographic material a crime.

Whorley was also convicted of sending and receiving 20 obscene e-mails that described sex involving children. He had broken the federal law that prohibits online viewing of "any obscene, lewd, lascivious, or filthy book, pamphlet, picture, motion-picture film, paper, letter, writing, print, or other matter of indecent character."

That federal statute is one of several that could come into play as the FBI's Washington Field Office and the Justice Department's Child Exploitation and Obscenity Section run an investigation into former Rep. Mark Foley, R-Fla., and his online sexual activities with underage boys. The federal investigators, as well as state and local agents who may be brought into the case, will try to determine what Foley actually did, the jurisdiction in which he did it, the age of the boys involved, and what state or

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federal laws he might have violated. "You've got to look at specifics," said Robert Peters, president of Morality in Media, a New York-based anti-pornography group. "Where did the thing get sent from? If it was all in Washington, that eliminates Florida.... And if it's interstate, then you're back to the federal law."

The federal laws potentially in play include an obscenity statute that prohibits the "transfer of obscene material to minors" and defines a minor as a child age 15 or younger. The youngest alleged recipient of sexually suggestive or sexually explicit messages from Foley was 16.

The statutes that Whorley was convicted of violating are based on the material itself, not on the age of the sender or receiver. Under such laws, juries determine whether community standards were violated and whether the material in question appeals to "prurient" interests.

Also in play are federal and state "coercion and enticement" statutes. Federal law prohibits adults from persuading -- or attempting to persuade -- children younger than 18 to engage in illegal sexual activity. Brian Doyle, a former public-affairs officer in the Homeland Security Department, pleaded no contest in Florida last month after being arrested for engaging in online discussions about a sexual rendezvous with a law enforcement agent posing as a 14-year-old girl.

If Foley attempted to arrange sexual encounters with anyone under the age of consent, he could face enticement charges. The age of consent is 16 in the District and 18 in Florida. If Foley stopped short of arranging physical encounters, his messages still might constitute a sex crime, depending on location. California law, for example, makes it a crime for an adult to send material designed to "arouse" and "seduce" a minor. Florida law prohibits adults from using a computer to transmit a statement "encouraging ... sexual conduct of or with any minor." The federal coercion statute, which could be applied in conjunction with various state laws, carries a mandatory minimum prison sentence of 10 years, according to child-protection expert Mary Leary, a visiting professor at Catholic University of America's law school.

Leary, who stressed that she wasn't commenting specifically on the Foley investigation, said prosecution of online child sex cases relies heavily on each case's details -- where the activities occurred, when they took place, and who was involved. "It really is a fact-specific, fact-driven inquiry," she said.

Experts in the laws dealing with obscenity and child exploitation generally say that federal and state statutes are adequate for dealing with most online predators. "We have some excellent federal laws," said Jan LaRue, chief counsel for Concerned Women for America, a conservative Washington advocacy group. "They need more vigorous enforcement."

Melanie Sloan, executive director of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington, is a former sex-crimes prosecutor. In July, Sloan sent the FBI copies of e-mails from Foley that had "freaked out" a former congressional page -- the first Foley messages that became public last week. At the time, the FBI did not see evidence of a federal crime. "The law is a little tricky," Sloan said when asked how the government will decide whether to bring charges. "The way you do it is, you find out what he did."

Justice Department spokeswoman Tasia Scolinos said Attorney General Alberto Gonzales "takes any allegations of child exploitation extremely seriously. And he has directed those in charge of the inquiry to take all appropriate steps to get to the bottom of this unfortunate situation as soon as possible."

For Shimkus, Stain From Foley Scandal Could Linger (MCT)

By Alan Bjerga

McClatchy Newspapers, October 7, 2006

WASHINGTON - With more than a million dollars to spend and 69 percent of the votes in his last election, Rep. John Shimkus may well survive the Mark Foley scandal at the ballot box.

But should voters re-elect the Illinois Republican next month, they might be returning to Washington a man whose congressional influence could be diminished permanently by the scandal.

The stain from his role as the head of the House Page Board while former Rep. Mark Foley, R-Fla., was making advances toward pages could trail Shimkus for years, political analysts said. That will make it more difficult for him to rise in the House of Representatives' ranks to top committee or leadership assignments that benefit his district.

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"Even being associated with a scandal can irreparably harm a career," said Steven Smith, political science professor at Washington University in St. Louis.

Shimkus is reeling this week from charges that, as the head of the page board, he wasn't aggressive enough in investigating concerns about Foley's conduct.

In a Belleville News-Democrat interview earlier this week, Shimkus defended his actions in 2005, when he reacted to a page's parents' worries over an "overly friendly" e-mail that Foley had sent their son by simply telling Foley to stay away from pages.

Shimkus said that, based on the information he had, his response seemed reasonable. Now that more explicit and damaging messages have been revealed, second-guessing - from himself as well as critics - is to be expected.

"I only tell people what I did with the information I had available, and history will judge that," he told the News-Democrat.

Ross Baker, a longtime Democratic congressional staffer who now teaches at Rutgers University in New Jersey, said it remained to be seen whether the public would view Shimkus as a participant in a cover-up or as someone who was in the wrong place at the wrong time.

"He's clearly not the principal player in this," Baker said.

But whether or not Shimkus' actions are defensible, political damage-by-association appears inevitable.

"This will continue to be a big mark against him," Baker said.

Democrats say Shimkus should lose his seat for his role in the scandal. While his opponent in November, Dan Stover, said he would rather talk about differences on issues other than the scandal, he acknowledges that it's giving his campaign new life.

And after November, assuming Shimkus is re-elected, the scandal could ruin his ability ever to take a bigger role in the House, where he has served since 1997, Smith said.

"Even if it turns out he did everything right, Republicans won't ever want to read news stories that say, `Leader Shimkus, who was involved in the House page scandal ...'

"Politics is a lot about reputation," Smith continued. "Congress is a competitive place, and there are plenty of other legislators without baggage" competing with Shimkus for more power and projects for their districts.

"Any legislator touched by this will be disadvantaged within the House," Smith said.

Speculation Centers On A Republican Former Page (WP)

By Elizabeth Williamson

The Washington Post, October 7, 2006

Likable and popular with female pages, a committed Republican who even as a teenager knew how to parlay chance meetings into political friendships, Jordan Edmund has emerged as a key figure in the Foley page scandal.

The former House page has been targeted by conservative blogs as the young man on the receiving end of former representative Mark Foley's sexually explicit online instant messages, which have engulfed the GOP in a scandal that could affect the outcome of the Nov. 7 congressional elections.

Edmund has hired a lawyer, Stephen Jones, who will not acknowledge whether his client was the one who corresponded extensively with Foley for nearly a year. Jones said he is going public with his client's name to help Edmund fend off conservative attacks and a barrage of media inquiries. He said he will represent Edmund when he is interviewed early next week by the FBI.

"I did not discuss the messages with him," Jones said. "I'm not saying they're his. At this time I don't know."

Jones declined to discuss his client's involvement in disclosing the instant messages to the news media.

"To me that's a side issue," he said. "The issue is whether Congressman Foley or anyone else violated the law, not whether Jordan had good judgment or not."

A student at the University of California at Berkeley, Edmund has taken time off this year to serve as deputy campaign manager on Rep. Ernest J. Istook Jr.'s campaign for Oklahoma governor. Edmund contacted Jones, a well-known Oklahoma City trial lawyer and Republican Party member who was appointed to represent Timothy McVeigh after the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Jones said he believed fellow Republicans referred Edmund to him.

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The message transcripts show a humorous, sometimes self-conscious high school student who showed an easy familiarity with Foley. Engaged in a typical round of teen dances and lacrosse games, he at one point asked the congressman for help getting into a fundraiser for Rep. Randy "Duke" Cunningham (R-Calif.).

Cunningham, who resigned from the House last year after pleading guilty to taking bribes, was Edmund's sponsor in the 2002 page program.

Edmund's MySpace entry, where he goes by "EDMO!," also mentions lacrosse and dancing among his interests. But chiefly, he wrote, "Politics is my passion; I love the game . . . I grew up all over the place but I call San Diego home."

In the instant messages, Foley mentions a San Diego meeting with the former page to whom he is writing.

In the section headed "Who I'd like to meet," Edmund says: "I don't know, but I do know who I don't want to meet. Stupid people, people who don't like politics (politicians make your [expletive] laws)."

Edmund's allegiance to the GOP, say some, raises one of the biggest questions about him: Why would a young man with seemingly such a bright future in the Republican Party save messages so potentially damaging to it?

"He's a very personable guy and . . . certainly a rising star," said one page who served with Edmund in 2002 and who spoke on the condition of anonymity because of the ongoing investigation. The page said Edmund was known among some fellow pages that year for boasting of his friendship with Foley.

In recent days, some blogs have published reports that the exchanges were a prank and that the teen in the messages, who seems uncertain about his sexual orientation, was actually trying to solicit sexually suggestive messages from Foley.

In daily online exchanges with fellow former pages over the last week, the former page who served with Edmund said, "Someone commented that if it was indeed a prank then it's very upsetting and disappointing that Jordan would do that. It would have been insensitive to Foley's sexual orientation."

Jones, Edmund's lawyer, said: "It was not a prank, not a practical joke, that pages played on a congressman."

Edmund "demonstrated integrity" by agreeing to cooperate in the investigation, Jones said. "I don't think Jordan intended for any of this to become public.

"I think he'd like to have his privacy respected. I told him I thought he was a victim."

GOP Prods Democrats Over Foley Scandal (CNN)

CNN – GOP Dem Foley, October 7, 2006

WASHINGTON (CNN) -- Faced with fending off the backlash from the Mark Foley scandal, House Republicans took the offensive Friday, asking Minority Leader Nancy Pelosi and other Democrats to testify about whether they engaged in partisan trickery by releasing Foley's messages weeks before the midterm elections.

Top GOP leaders -- including House Speaker Dennis Hastert, of Illinois, and Majority Leader John Boehner, of Ohio -- have accused the Democrats of knowing about Foley's correspondences with teen pages, and waiting to release them until it was politically advantageous.

Foley, a Republican who represented a Florida district for six terms, resigned abruptly September 29 as allegations surfaced that he exchanged inappropriate e-mails and lurid text messages with underage pages. Democratic candidates are using the scandal as fodder in their campaign ads. Candidate Baron Hill, of Indiana, criticized Rep. Mike Sodrel, R-Indiana, for refusing to return contributions "from the House leadership who knew about but did nothing to stop sexual predator Congressman Foley." (Full story)

Foley's attorney said this week that his client acknowledges inappropriate exchanges with teen pages, but he "never, ever had an inappropriate sexual contact with a minor in his life."

Candidate Patty Wetterling, of Minnesota, who is in a tight race against Republican Michelle Bachmann, also focused on an alleged cover-up, according to a radio address she released.

Suspicion of a cover-up is common across the nation. In a Time magazine poll of 1,002 voting-age adults this week, 80 percent were aware of the scandal. Of those, two-thirds suspected a cover-up by GOP leaders, and only 16 percent approved of how Republicans handled the scandal.

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In a letter to Pelosi, which also was sent to Democratic Party Chairman Howard Dean, Rep. Jack Kingston, R-Georgia, asked them to disclose whether Democrats played a role in publicizing Foley's correspondences.

"Just as it must be determined whether any Republican members or political operatives were aware of and attempted to conceal Mr. Foley's activities, it must also be determined whether any Democrat members or political operatives were aware of and attempted to conceal these same activities," Kingston wrote in a letter signed by 10 other GOP lawmakers.

Hastert has been on the front line of the fallout since he and other top Republicans were accused of knowing before 2005 about an "overly friendly" e-mail Foley sent to a teenage page. A conservative Washington newspaper even called for the speaker's resignation, a demand Hastert, of Illinois, rebuffed.

In a speech Thursday in Batavia, Illinois, Hastert denied the accusation, said he had "done nothing wrong" and refused to step down. He also suggested the timing of the release of the messages was a Democratic ploy to get the upper hand in November elections.

"Our friends on the other side of the aisle really don't have a story to tell, and maybe they're resolving to another way, to another political tactic," he said.

Hastert has asked the FBI to investigate, and the House Ethics Committee launched its own probe Thursday and authorized four dozen subpoenas. (Watch how the Foley scandal has changed the political landscape -- 2:10)

Top GOP leaders, including Boehner and Majority Whip Roy Blunt, of Missouri, have rushed to Hastert's defense. Rep. Joe Barton, R-Texas, wrote a letter supporting Hastert, saying it was inappropriate to ask for the speaker's resignation when similar scandals in the 1980s prompted a "dramatically different standard."

Barton was referring to Democratic Reps. Gerry Studds of Massachusetts and Dan Crane of Illinois, both of whom were censured after having sexual relationships with 17-year-old pages. Crane lost his re-election bid, while Studds survived the scandal.

"No Democrat demanded prescience from Speaker Tip O'Neill, and no Democrat shouted for his resignation. Neither did any Republican," Barton wrote. "The focus was on the members who created the problem, as it should have been and as it should be now."

In a statement accompanying his letter to Pelosi, Kingston wrote that the Foley matter "should not be a partisan issue."

"All members of the House, our staff, and members of the public regardless of political party should come forward and provide whatever information they know," he wrote.

Pressure On Republicans Won't Ease (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 7, 2006

WASHINGTON -- As House Republicans struggle to contain the fallout from the Mark Foley page scandal, two coming court dates will push long-lingering lobbying misdeeds back into the headlines just before Election Day.

Next Friday, Ohio Republican Rep. Bob Ney is scheduled to enter guilty pleas to accepting hundreds of thousands of dollars worth of trips, meals and other gifts in exchange for taking official action on behalf of clients of former Republican lobbyist Jack Abramoff.

On Oct. 27 -- less than two weeks before the Nov. 7 election -- David H. Safavian, a former White House official and Abramoff ally, is scheduled to be sentenced for his conviction, earlier this spring, on lying and obstruction-of-justice charges. Those also flowed from the Abramoff investigation.

The successive sentencings, combined with the continuing investigations of Mr. Foley -- and how House leaders handled his behavior -- provide "a clothesline" that Democrats can use to drive the scandal issue through the final days of the campaign, says David Gergen, an adviser to Republican and Democratic White Houses, who now teaches at Harvard University's Kennedy School of Government.

Carl Forti, a spokesman for the National Republican Congressional Committee, dismisses that notion. "I still don't know of any member of Congress who has lost because of what another member did or didn't do," he said. "We believe congressional races are more about local and pocketbook issues."

The blending of the sex and lobbying scandals in the final weeks of the campaign will make it harder for Republican candidates to dismiss them as isolated incidents involving a few bad characters, says Julian E. Zelizer, a congressional historian at Boston University. "When you have two or three big scandals going on at the same time, it becomes about the party," he says. "This is now about a broader theme of Republicans misusing their power. That's the link between Abramoff and Foley."

Some Republicans fear that congressional leaders may have made the issue more difficult politically, because they failed to take action on ethics legislation before adjourning this year.

When Mr. Abramoff in January pleaded guilty to attempting to bribe lawmakers with expensive trips, meals and sporting-event tickets, House Speaker Dennis Hastert vowed to pass tough ethics-reform legislation. A succession of guilty pleas in the Abramoff probe by high-level congressional aides seemed to provide some momentum for the push.

But after heavy lobbying from the business community, and a shift in media attention to other issues, the House leadership backed away. House Majority Leader John Boehner called a lobbyist travel ban "childish." That drained energy in April from any significant ethics legislation, including a ban on lobbyist-paid travel, and the creation of an independent Office of Professional Integrity. That office could have been charged with investigating allegations like those that swirled around former Florida Rep. Foley, whose sexually explicit messages to teenage pages set off the current firestorm.

Instead, House leaders threw their weight behind a less-restrictive bill that required greater disclosure of lobbyist gifts but didn't ban them. The legislation didn't match a bill passed by the Senate, and it never became law. "They made a farce out of the whole thing when they should have tightened down and clamped down," said Ed Rollins, a Republican strategist.

In private meetings, House leaders said they didn't feel pressed to pass a tougher measure because the issue didn't show up on public polls as a concern to voters, several lawmakers and aides said.

But in the wake of the Foley scandal, that could be changing. An Associated Press-Ipsos poll conducted in the past week found that about half of likely voters said scandal will be very or extremely important when they cast their vote. And by nearly 2-1, the respondents said they trust Democrats more than Republicans to clean up Congress.

"It was reckless," says Connecticut Republican Rep. Christopher Shays, a key sponsor of the ethics legislation, who is now locked in a fierce re-election campaign. "We were on the edge of a cliff, and they [House leaders] said, 'We're not over the cliff.' The Foley thing has pushed a lot of us over the cliff," he added.

Just months after House leaders took ethics legislation off the agenda, the Abramoff scandal captured its first elected official: Ohio's Mr. Ney. Last month, the Department of Justice announced a plea agreement with Mr. Ney: He will plead guilty to one count of conspiracy and one count of making false statements. He could face 10 years for the charges, but prosecutors are expected to seek a sentence of 27 months.

According to the agreement, Mr. Ney has admitted accepting from Mr. Abramoff free international and domestic trips -- including a golfing trip to Scotland. In exchange, Mr. Ney attached amendments to a bill to help an Abramoff client, and inserted statements beneficial to the lobbyist in the Congressional Record, Mr. Ney admitted.

Mr. Ney dropped his re-election bid in August shortly before the plea deal was announced, but he has not resigned from Congress, and House Republican leaders have refused calls to insist that he do so.

The Scotland trip featured in the Ney plea agreement was also highlighted in the obstruction trial of Mr. Safavian, the former top procurement officer for the White House. Prosecutors charged that Mr. Abramoff floated most of the costs of the golfing trip for Mr. Safavian, and provided other benefits such as free meals and box seats at sporting events. Mr. Safavian was convicted of helping, in exchange, Mr. Abramoff and his clients who were seeking government property. Mr. Safavian, 38 years old, faces as much as 20 years in prison and about $1 million in fines.

Troubled Ethics Panel Tackles Scandal (LAT)

By Richard Simon

The Los Angeles Times, October 7, 2006

The committee looking at the handling of the Foley case has been under fire for months.

WASHINGTON — The House Ethics Committee has had little to say as one scandal after another has rocked Capitol Hill since early 2005.

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Now, can a panel that has been derided as a symbol of congressional dysfunction take up a tough, politically sensitive case a month before an election and produce results within weeks, as promised?

Skeptics abound.

"We don't have a lot of confidence in the Ethics Committee," said James Benton of the public watchdog group Common Cause.

The committee launched an investigation Thursday into the House GOP leadership's handling of a scandal involving sexually explicit communications that former Rep. Mark Foley (R-Fla.) sent to teenage pages. It has prepared nearly four dozen subpoenas for records and testimony, and its leaders are promising to go wherever the evidence takes them.

But the investigation follows months of attacks on the committee by those who say it failed to aggressively investigate the dealings of lobbyist Jack Abramoff and other scandals.

The committee's last major action — admonishing then-Majority Leader Tom DeLay (R-Texas) — was two years ago. Afterward, the Ethics Committee chairman was booted from the panel.

"The last time the committee did its job … it had its head chopped off," Democracy 21 President Fred Wertheimer, a longtime champion of ethics reform, said Friday, calling it "not exactly a good sign" for the job ahead. He has called for the committee to appoint an outside counsel to investigate.

While the DeLay case was considered politically sensitive, this one could be tougher. It involves looking into what House Speaker J. Dennis Hastert (R-Ill.) and other lawmakers knew about Foley's activities, when, and how they responded.

The investigation also is being conducted in the heat of a partisan fight for control of Congress. On Friday, New Jersey Republican Senate candidate Tom Kean Jr. called for Hastert to resign as speaker. And Democrats plan to discuss the scandal in their radio address today.

Most of Hastert's House GOP colleagues appear to be standing by him. Rep. Joe L. Barton (R-Texas) sent a letter Friday urging fellow Republicans to wait for the results of the investigations. "Then we can judge everyone's actions for ourselves, based on facts instead of frenzy or ambition," he wrote.

The investigation comes as a new AP-Ipsos poll, conducted after the sex scandal broke, found that about half of likely voters polled thought that recent disclosures of corruption and scandal in Congress would be very or extremely important to their vote in the November elections.

A new poll by the Pew Research Center, however, found that the scandal had not significantly affected the midterm race. In interviews before the scandal broke, the poll found Democrats were favored over Republicans for Congress, 51% to 38%, among registered voters. That was essentially unchanged in the days after Foley resigned.

The congressional probe also comes as the FBI conducts a separate criminal investigation that could affect the willingness of witnesses to cooperate with the Ethics Committee.

On Friday, the lawyer for a former Hill page from California identified as having traded messages with Foley said his client would be willing to answer questions from the ethics panel and the FBI. "Clearly, he wishes he had never been a House page," attorney Stephen Jones told CNN. "Nevertheless, his name has been brought into it. He wants to cooperate with the investigation. Whatever he is asked he will testify under oath truthfully to what he knows. It is up to others to know if it is relevant."

Given the committee's recent track record, few expect results soon. Hardly anyone expects a report before the November election.

"One of the problems is that the Ethics Committee has been somewhat dormant for a while," said Larry Noble, a Washington lawyer who specializes in ethics issues. "So it's hard to have a real sense of what it's capable of doing."

But Rep. Howard L. Berman of Valley Village, the committee's top Democrat, said in an interview Friday that since he rejoined the panel in the spring, "there is a lot more going on" within the committee than people realize, but that he couldn't publicly discuss it. And despite the committee's paralysis for much of 2005, Berman said, "As slow and as torturous as the process appears to be, the fact is if you look at the last 20 years, a number of careers have been ended by virtue of committee actions."

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The panel, known officially as the Committee on Standards of Official Conduct, operates largely in secret. On Friday, committee officials declined any comment, including on whom they planned to summon to the committee's meeting room in the Capitol Hill basement, though it is expected to interview House GOP leaders and perhaps Foley and former pages.

The investigative subcommittee will be made up of committee Chairman Doc Hastings (R-Wash.), Berman and Reps. Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio). Anyone summoned before the committee may be represented by an attorney and invoke the Fifth Amendment right against self-incrimination.

The committee, the only one in the House evenly divided between Republicans and Democrats, was paralyzed for more than a year. Rep. Alan B. Mollohan of West Virginia stepped down earlier this year as the top Democrat after his conduct came under scrutiny, and ethics watchdogs had new hope for the committee after Berman was named as his replacement.

It was an "honor I could have done without," Berman quipped at the time.

The committee in May launched investigations into the activities of Reps. Bob Ney (R-Ohio) and William J. Jefferson (D-La.), and into whether other House members were involved in the dealings of now-imprisoned former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe). None of those probes have yet resulted in public reports.

Victim Advocates, Fla. Diocese Urge Foley To Name Alleged Abuser (WP)

By Alan Cooperman

The Washington Post, October 7, 2006

The Roman Catholic diocese of Palm Beach, Fla., and national advocacy groups for victims of sexual abuse called yesterday for former representative Mark Foley (R-Fla.) to give police the name of the clergyman who allegedly abused him as a teenager.

"He should absolutely report the perpetrator, living or dead," said David Clohessy, national director of the 7,000-member Survivors Network of Those Abused by Priests. "He should do it now, not when his civil lawyer says it is convenient. Every day that a molester walks free is a day when he can hurt other kids."

Foley's attorney, David Roth, told reporters Tuesday that the former congressman, who was raised as a Catholic, was molested by a clergyman when he was 13 to 15 years old. But Roth did not name the clergyman, and Palm Beach police said they have not received any report of the abuse.

Alexis Walkenstein, a spokeswoman for the Palm Beach diocese, said Foley has not reported the abuse to local Catholic Church officials, either.

"It would be inappropriate to comment, because at this time we've only heard a vague allegation. If Mr. Foley was abused within the Catholic Church, we would encourage him to report it to law enforcement," she said.

Foley, 52, abruptly resigned his House seat a week ago and checked into an alcohol treatment center after lewd electronic messages that he sent to teenage former congressional pages were made public.

Clohessy said Foley "has the same responsibility that every citizen has to report crimes." He said that police and prosecutors have become more aggressive and successful at prosecuting older cases of sexual abuse and that Foley is "in no position to determine whether prosecution is possible."

"Every single day, we tell victims: Tell the police, tell the police. Because every so often, someone provides that extra bit of information that allows a prosecutor to make a case," Clohessy said. "Even if the perpetrator is dead, those who enabled or covered up the crimes might be prosecuted."

William J. Brooks, a Palm Beach Town Council member who is a former Catholic priest and a friend of Foley's, said it was "outrageous" that Roth pinpointed the years of the abuse without naming the abuser. In 1969 and 1970, Foley attended Cardinal Newman High School, a parochial school where Brooks was on the faculty.

"Get the name out there and let the legal process unfold. And clear the names of the other clergy people back in the early 1970s," Brooks said.

Theresa LePore, the former Palm Beach County elections supervisor who designed the "butterfly ballot" that stirred national controversy in the 2000 presidential election, is now director of development at Cardinal Newman High. She was also a classmate of Foley's.

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She said she does not remember him and never heard of any molestation cases when she was a student at the school, which at the time was run by a religious order, the Missionary Oblates of Mary Immaculate.

Amid Growing Scandal, Former Pages Defend Program (MCT)

By Kevin Diaz And Dave Montgomery

McClatchy Newspapers, October 7, 2006

WASHINGTON - Andy Brehm's job as a congressional page got him into President Clinton's dramatic 1998 State of the Union speech, at the start of the Monica Lewinsky sex scandal.

Gina Schilmoeller, another former page from Minnesota, went to a party on Randy "Duke" Cunningham's infamous yacht, the "Duke Stir," years before it became a top exhibit in the bribery case that put the congressman in prison.

Lauren Farrelly and Ashley Foster, former pages from Texas, have their own lasting recollections. Farrelly, who served as a House page this summer, shook hands with the Iraqi prime minister. Foster, a House page in 1999-2000, stood elbow to elbow with political celebrities most Americans see only on TV.

For them and for generations of other pages, the experience was a once-in-a-lifetime chance to get a sneak peek at the backstage of history, sometimes before it was made.

Most regard their service as a life-shaping experience. And they're eager to defend the program in a growing scandal evolving around sexually explicit e-mails and instant messages that disgraced former Rep. Mark Foley exchanged with House pages.

"I just hate that the page program is getting bad press," Foster said. "I don't think there is one member of my page class that would tell you anything negative about the program."

James Kotecki, of Raleigh, N.C., a page from January to June 2003, said that when he heard of the scandal with Foley last week, he was shocked. Then he began to fear what might happen to the program.

"I don't want this to be shining a negative light on this program," said Kotecki, who's now a senior at Georgetown University in Washington. "I felt very, very safe. I was never aware of any inappropriate interaction with members and pages."

Citing concerns over the well-being of the approximately 100 high school pages who work in Washington, some House members have suggested putting the 150-year-old program on hold.

The House Clerk's Office, which runs the program, says it's looking for ways to better protect the pages, who serve as congressional gofers and live in a dorm-style environment near the U.S. Capitol.

"We're going to ... step back and re-examine the program as it stands and decide if they need to make changes," spokeswoman Salley Collins said.

Rep. Betty McCollum, D-Minn., who sponsored a page last year, said new safeguards needed to be put in place: "Parents, before they send their children to Washington, should know that Congress is going to take measures to protect them."

Sex abuse victims' groups question whether congressional leaders in either party, who've been embroiled in a bitter fight for political advantage, are in the best position to propose reforms.

"What leaps out at me is that the oversight body consists of the very officials most apt to abuse and cover it up," said David Clohessy, the national director of the Survivors Network of Those Abused by Priests, one of the nation's leading sex abuse-victims advocacy groups. "For starters, the ongoing Catholic abuse crisis has taught us yet again that no institution can police itself."

Teenage pages are part of daily life in the Capitol, scurrying along hallways with papers and messages for their bosses, easily identifiable by their neatly pressed white shirts and navy blazers. Nominated by home-state lawmakers, they're often chosen because of outstanding grades or community service.

Dozens of politicians got their start as pages, including Colorado Gov. Bill Owens, Sens. Christopher Dodd, D-Conn. and Mark Pryor, D-Ark., and Rep. John Dingell, D-Mich. Microsoft founder Bill Gates was a 15-year-old House page in 1972 and has described the experience as "an exciting opportunity."

Virtually all ex-pages have stories about their brushes with history, but for sheer drama few can match that of Altho A. Allen, who's now a 71-year-old retiree in San Antonio. He was on the House floor in 1954 when four Puerto Rican nationalists stood up in the gallery and sprayed gunfire into a chamber milling with lawmakers.

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Allen, recalling the incident in a telephone interview, said he heard "some popping noises" and saw a congressman fall, one of five who were wounded in the attack. Allen said he then helped House Speaker Joe Martin and the parliamentarian flee the chamber.

Living in triple rooms, pages occupy the very bottom of the political food chain in Washington and generally appreciate any direct interaction with members of Congress, who are the city's rock stars.

"We really didn't have that much unsupervised contact with House members," said Brehm, a University of Minnesota law school student and former press secretary for Sen. Norm Coleman, R-Minn. "What little time you spent with them was usually on the House floor."

The daily routine, which includes chaperones, monitored government computers, a buddy system and 10 p.m. weekday curfews, reflects the scandals of a previous generation in Congress.

One involved Rep. Dan Crane, R-Ill., who admitted to sexual relations with a 17-year-old female page. Another ensnared Rep. Gerry Studds, D-Mass., who acknowledged a sexual relationship with a 17-year-old male page.

Beginning with the 6:45 a.m. start of page school, five days a week, and ending with the adjournment of Congress, sometimes late at night, a page's life can be a long grind of schoolwork, running errands and delivering documents.

"You didn't have enough time to get homesick," Farrelly said.

Even with the restrictions and sometimes menial duties, the rewards of working in the Capitol and watching the nation's political machinery offer once-in-a lifetime advantages, said Foster, who's now a graduate student at George Washington University in Washington.

"I learned what you can't learn from a textbook," she said. "It opened the door to the rest of my life."

Debate Turns To Future Of Page Program (LAT)

By Nicole Gaouette And Moises Mendoza

The Los Angeles Times, October 7, 2006

Some call for its end, saying lawmakers can't be trusted. Others, including past pages, defend what has long been a Hill institution.

WASHINGTON — When Republican representatives hooked up for a conference call this week to discuss the political crisis over former Rep. Mark Foley's salacious messages to former pages, the most heated discussion was not over House Speaker J. Dennis Hastert's handling of the matter, but over the future of the congressional page program.

"They all supported the speaker," said one participant in the call. "It got tense over whether the entire page program should be abolished."

A few lawmakers, notably Rep. Ray LaHood (R-Ill.), have suggested that the program be scrapped. "Send the pages home," he said, noting at one point that it's "pretty obvious" lawmakers can't be trusted around them.

But after Congress scrubs off the latest tarnish, the venerable program is likely to persevere. For senators and representatives, it's a much-cherished perk that they can bestow on the children of constituents. For former pages, who ardently defend the program, it's an inspirational opportunity to see politicians at work in the cloakrooms of power.

"For every page failed by a congressman, there is a page who turned out to be a congressman," Kevin O'Connor, a Republican page in the summer of 2003, wrote in an e-mail. "I left the page program with a broadened perspective, a wildly diverse array of friends and no regrets."

There are currently 63 House pages and 30 Senate pages, mostly 16-year-olds. They attend high school starting at 6 a.m. and then run errands for Congress — answering phones, taking messages, delivering documents — often late into the night, when they return to secured dorms to finish their homework.

Foley's sexually explicit messages have recalled the program's lowest point, in 1983, when two House members were censured for sexual relationships with pages. A six-member board made up of lawmakers and staffers was then set up to oversee the program. But in this case, only one of the three congressional members was told about Foley's messages.

Hastert has rebuffed calls to suspend or end the program. Instead, he said Thursday that he was looking "for a person of high caliber to advise us." He also set up a tip line to report inappropriate behavior toward pages.

The patronage program has a long history, starting with a 9-year-old appointed by Sen. Daniel Webster of Massachusetts in 1829. It's a favorite of the Capitol's 535 politicians because it allows them to reward promising students — and sometimes the scions of powerful political allies.

For years, Rep. Dan Rostenkowski (D-Ill.), chairman of the powerful Ways and Means Committee, visited Gordon Tech High School in Chicago to select two pages to join him in Washington for the school year. On the Senate side, Sen. Strom Thurmond (R-S.C.), who served the longest in the upper chamber, brought new pages to his office from South Carolina every month.

These days, the page program is more regulated and has strict merit requirements — students can't be appointed unless they have 3.0 grade-point averages and letters of recommendation from community leaders.

But the families of some pages are politically well-connected.

Robert Rose, a Senate page in 2002 and now a senior at Georgetown University, said his mother's cousin was a political memorabilia expert who became friends with an aide to Thurmond, who nominated Rose. "This sort of thing is very typical," he said. "I only knew of one or two people in my page class who did not have some sort of prior connection to somebody in office."

But Shyanna Hughes of Los Angeles said just a few in her class arrived through connections. "It was kind of obvious: 'OK, they have a lot of money. OK, her dad is the governor of a state,' " said Hughes, who was a page in 1997. "You could definitely tell there were some there, but I would say it was a very low percentage."

Most of the pages during the 1992-93 school year had no ties to politicians, said Naomi Wallace, who was appointed by Rep. Henry A. Waxman (D-Los Angeles). "I had one roommate from Michigan who competed against 3,000 applicants and another from West Virginia whose family income was $20,000 a year," said Wallace, who is shopping around a book about her year in Washington.

Mindful of the political calendar, Wallace, now a theater arts student in London, dismissed talk of scrapping the program as rhetoric timed for the midterm elections. "In my opinion, 16-year-olds should not be punished because the Republicans are afraid of losing their majority in the House," she said.

Wallace said pages were warned to be wary. "Sexwise, we were constantly reminded about the scandal from a few years prior," she said.

James Kotecki, of Raleigh, N.C., remembers that the pages at his orientation in 2003 were told to address lawmakers formally. But he said the informal conversations the politicians initiated were among the most rewarding experiences. "They just made us love politics even more, to see it at an up-close level," said Kotecki, now at Georgetown University. "If they feel they can't have informal contact with us, the pages would lose a very valuable experience."

The rules on fraternization are so strict that one page said even his mother had to prove who she was to see him.

"When my mom came, she had to sign me out, show ID and talk to my proctor before she could take me out," said Richard Frohlichstein, who served as a page from Missouri. "When someone asks me about the program, I can never think of a negative thing."

The idea that one congressman's lewd behavior toward male pages could jeopardize the existence of the program has alarmed its graduates.

Zack Hall, a University of Texas sophomore who was a House page in 2004, has launched "Save the Congressional Page Program" on the networking site Facebook.com.

"I think getting rid of the page program would be avoiding the problem," he said. "The problem is, members of Congress are powerful people and we need to protect pages, not just get rid of it."

This view is shared by some powerful ex-pages — members of Congress.

"It's just as good a program now as it was for me in 1938," said Rep. John D. Dingell (D-Mich.), a former page who was first elected in 1955 and is now the most senior member of Congress. "Asking if we should suspend the page program is the wrong question. We should be asking what has happened to Congress that would bring us to even consider ending this terrific opportunity for talented teenagers."

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Times staff writers Sandy Banks in Los Angeles and Janet Hook, Johanna Neuman and Maura Reynolds in Washington and researcher Vicki Gallay in Los Angeles contributed to this report.

The Foley Fires (WSJ)

The Wall Street Journal, October 7, 2006

We hope that when the Mark Foley story expires, the Washington political community will step back to reflect. It is generally argued that stories such as this gain prominence because the news is slow. But the news cycle is not slow. Russia is imposing trade and travel restrictions on an independent nation (see the editorial on Georgia nearby1). It was possible as we went to press yesterday that North Korea this weekend would carry out an underground nuclear-weapon test; and if it does, how should the U.S. respond? This story was deep inside the major newspapers yesterday, while the Foley flap covered their front pages.

Mr. Foley's activities with congressional pages, described so far as exchanges of sexually explicit emails and instant messages, were vile. The Republicans should have notified the Democrat on the Page Board. Mr. Foley should have been barred from contact with pages. He has resigned. He is being criminally investigated. If, however, the modern media forces in play over the Foley affair can conspire to submerge all other political life, then batten down the hatches for the 2008 presidential election. The 2004 election will look like toy boats on the water.

Sexually Explicit Communications Rock Congress3

Most likely, the Foley fire will burn on. The House Ethics Committee has issued some four dozen subpoenas. They will learn something about who knew what when. This gasoline will be leaked. And given the volatility of the subject, the fire could burn well beyond the Speaker's office.

One useful lesson may be we'll find that the House "system" that should have caught this problem is in fact a bloated bureaucracy of staffs for committees upon subcommittees created to oversee every nook in the federal empire. It is not beyond imagining that the private life of Mark Foley could slip through. Would it be reprehensible if true? Yes. Shocking?

Speaker Hastert should not resign before the election. It would be a disservice to send voters to the polls in five weeks amid tumult over Mark Foley. Those for whom this is a deciding issue should certainly vote on it. Our view is that the country would be better served with a clearer sense of the electorate's sentiment on dealing with the global threat and domestic well-being. Those are fit subjects of a serious national election.

My Poppy, Mr. President (NSWK)

By Jessica Bennett, Newsweek

Newsweek, October 7, 2006

Doro Bush Koch talks about her new book—and growing up in a presidential family. WEB EXCLUSIVE

As president, George H.W. Bush faced a starkly changing world: the Berlin Wall came down and the cold war ended after 40 tense years. He overthrew the corrupt regime of Panama's Manuel Noriega and invaded Iraq (without ousting Saddam Hussein) to protect Kuwait in a 100-hour war. As a father and younger man, he dealt with the daily challenges of raising five young children, as well as the tragic death of his daughter from leukemia at age 4. Now at 82, a new book—written by the former president's only living daughter—highlights Bush's life beyond his political career.

"My Father, My President" (Warner) takes an inside look at the personal stories, family memories and intimate challenges that remained largely out of the public eye during Bush's presidential years. Dorothy (Doro) Bush Koch, spoke with NEWSWEEK's Jessica Bennett about her father's legacy. Excerpts:

NEWSWEEK: What does this book tell us about your father than we may not have known?

Doro Bush Koch: My dad reached the highest pinnacle of his career when he became president, but he also had some low points, such as the death of a daughter. We have a firsthand account of when my dad was shot down on Sept. 2, 1944, which I think is very fascinating. But I hope people will learn how he coped not only with the good times but with the bad times with sort of dignity and grace.

What were your family dynamics growing up—did you ever think your father or brother would be president?

I never really thought that—it just sort of evolved and happened. But we have a very close-knit family, my brothers all played Little League, so we didn't ever dream really that anything like that would happen. But when it did happen it wasn't a surprise.

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I know your sister died before you were born, but what kind of an impact did her death have on your family.

The thing about Robin, it was obviously very, very sad for my parents. But on the other hand, looking back, they only have happy memories of Robin. Her life has really inspired my parents to do so much for cancer research, so her life has really been a blessing in a way. Many families break apart over the death of a child, but my parents grew stronger and were able to make good out of her short little life.

What does the book say about the relationship between your mother and father?

There's one story in the book that I really love. After he became president, my dad was knighted by Queen Elizabeth. And, my dad said to my mom one day, "What's it like to live with a real live knight?" And my mom turned to him and said, "Make the coffee, Sir George." That's sort of typical of their rapport.

Is there any childhood story you remember that really gives a sense of the type of father George H.W. Bush was?

When I moved to Washington [at age 8] and my dad was entering the House of Representatives, school was starting and my dad brought my two brothers and I to Washington to start school. I was very worried because in Houston, the girls wore short socks, and I wasn't sure if they wore knee socks in the Northeast or short socks. My dad went across the street to the neighbors and rang the doorbell, because he'd heard a little girl there was going to be in my class, and he asked the neighbors if the girls were wearing short or long socks. I love that story because it's just kind of sweet.

Why hasn't your father written his own memoirs?

He has such a full life and he's constantly out there doing things for other people, you've seen him with President Clinton, doing all his work for the tsunami and Katrina [victims], he really doesn't put aside much time for writing a book.

Describe your father's relationship with Bill Clinton, his onetime rival.

A friend of mine told me once, "If your father invites Bill Clinton to Kennebunkport then I'll know he's really lost it." And then sure enough the very next weekend, he got invited up to Kennebunkport, and he's been twice already. They have a genuinely warm friendship based on the bond of both being former presidents and both wanting to get out in the world and do something good. President Clinton is very respectful of my dad. When they traveled [together after] the tsunami, my dad's chief of staff told me that if there were rough roads they were walking on, President Clinton would take my dad's arm and [be] very tender in making sure he was taken care of. That says a lot to me, and I think that's very sweet.

What has it been like, on a personal level, seeing your father and brother picked apart by critics over the years?

It's hard in both cases, as you can imagine, because politics—for someone who's related to a president—is very personal. It's hard, and I talk a lot about that in the book. You know, sometimes the media has a narrative about something, and they decide that someone's going to be out of touch or something like that and they find stories to fill that narrative, and then it becomes sort of a false history.

Was it kind of crazy growing up in such a political family?

It's kind of amazing when I think about it. I don't think about it very much, I have four children, I'm very busy. I've been able to see history from the front row in many cases, which has been a real thrill for me. I feel very lucky.

Do you call your brother George or Mr. President?

I call him Mr. President, with affection though. He doesn't ask me to, but I do just out of respect for the office, something my dad had taught me early on. He has great respect for the presidency. So it's Mr. President, but with affection.

Was there ever a time when you flatly disagreed with one of your dad's or brother's policies?

Probably.

Was that something you'd raise with them or keep to yourself?

Yeah, sure, we'd talk about all kinds of things. But I don't want to make it news reported in NEWSWEEK.

Your husband is a Democrat. Has that caused political debates over the years?

It's been fine. A lot of Democrats marry Republicans and it works out just fine.

Your father was president, your brother is president, another brother is a governor, and your parents' late dog wrote a best seller. Is that a lot to live up to?

No, not at all. One of the things that I love about my dad is that he loves you if you're a governor, he loves you if you're a mom, he loves you if you're a banker, whatever you are. He really was a father first, so there wasn't any pressure in any way.

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What's the one thing you hope people can take away from your father's life?

There's a chapter in the book called "Master of the Small Gesture," that no matter who you are and what you do in life you can always take the time to call someone who's down and out or write a note to cheer someone up. It's the little things in life that make the enormous difference, and that's something my father's very, very good at.

Mrs. Clinton Hits Road To Support The Party (NYT)

By Raymond Hernandez

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — Underscoring her national ambitions and the weakness of her opposition in New York as she runs for a second term, Senator Hillary Rodham Clinton is mounting a major push for Democratic Congressional candidates across the nation during the final weeks of the fiercely contested midterm elections, her aides said on Friday.

Mrs. Clinton, who has been occasionally criticized by liberal bloggers for not using enough of her bulging campaign coffers to help her party, is shipping $1.5 million to two Democratic Congressional campaign committees based in Washington, as well as to the financially strained New York State Democratic Party, her advisers said.

Mrs. Clinton is giving $1.1 million to the Democratic Senatorial Campaign Committee, which comes on top of the $1 million that she gave the committee last month. In addition, the senator is donating $250,000 to the Democratic Congressional Campaign Committee and $150,000 to the New York State Democratic Party.

At the same time, Mrs. Clinton also plans to campaign for nearly 20 candidates in about a dozen states, occupying time she could have otherwise used to campaign for herself in New York, where she faces a little known and poorly financed Republican challenger, John Spencer, a former mayor of Yonkers.

Among the places where Mrs. Clinton plans to appear are Ohio and Pennsylvania, two important presidential battleground states, where she will campaign for House and Senate Democratic candidates. Mrs. Clinton alsowill be in Virginia, New Jersey, Florida, Nevada, Rhode Island and Minnesota.

But Mrs. Clinton will also be touching her bases in New York, where she will be campaigning and fund-raising on behalf of House candidates in the Albany region, the Finger Lakes region and the Utica region. Mrs. Clinton will also hold a $200,000 fund-raiser for the State Democratic Party in New York City next week.

Her advisers say that Mrs. Clinton is motivated by her desire to bolster her party's political prospects this November. "She is committed to winning back the House and the Senate," said Patti Solis Doyle, the executive director of Friends of Hillary, the senator's political committee.

But for Mrs. Clinton, a possible 2008 presidential candidate, there is an obvious benefit to playing such a prominent role nationally: an opportunity to curry favor with Democratic candidates around the country who can, in turn, be helpful to her in a national campaign. In the case of the Senate Democratic committee for example, Mrs. Clinton has given far more money than any other Democrat who is considering running for the presidency.

Mr. Spencer, who is far behind Mrs. Clinton in public opinion polls and fund-raising, wasted little time in trying to use her efforts on the national stage against her.

Robert Ryan, a spokesman for the Spencer campaign, said Mrs. Clinton had an obligation to level with New Yorkers about the prospect that she might have to cut her second term in the Senate short to leave for the presidency.

"It's obvious Hillary Clinton is running for president," he said. "She needs to tell New Yorkers if she will serve out her term if she is re-elected. It's a simple yes or no. And voters deserve to know."

The more than $2 million that Mrs. Clinton is donating from her own campaign war chest is on top of the roughly $18 million that Mrs. Clinton's advisers say she has helped individual candidates and party committees raise in the 2005-6 election cycle.

Still, Mrs. Clinton, who has about $22 million in her own campaign account, has been the target of criticism from some liberals who have said she should do more to help the party since her own race is not competitive.

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The new round of donations from Mrs. Clinton comes at a time when some national Democratic leaders are openly worried that the huge fund-raising edge that Republicans enjoy could cloud the otherwise favorable political environment that Democrats are facing as Election Day approaches.

In an interview, Senator Charles E. Schumer of New York, who is heading the Democrats' effort to win the Senate, said he recently sat down with Mrs. Clinton, his junior colleague from New York, and made a personal appeal for help. "She said, 'I am not going to let you down,' and she sure didn't," Mr. Schumer said. "The money makes a big difference to us and could not come at a better time."

Mrs. Clinton's campaign also reported on Friday that she and her husband raised $2.5 million during a fund-raiser this week that the couple played host to at Whitehaven, their home here in Washington on Whitehaven Street near Embassy Row. The money was for the Democrats' Senate and House committees.

General Endorses Lamont, Faulting Lieberman On Iraq (NYT)

By Jennifer Medina

The New York Times, October 7, 2006

STORRS, Conn., Oct. 6 — Gen. Wesley K. Clark criticized Senator Joseph I. Lieberman on Friday, accusing him of having "rubber-stamped" the Bush administration's Iraq policies, and he questioned Mr. Lieberman's understanding of military issues, during campaign appearances with Ned Lamont, the Democratic nominee for United States Senate.

During a rally at the University of Connecticut, General Clark offered a strong endorsement of Mr. Lamont, saying that he would be "the key to changing the course in this country." General Clark, who is retired from the Army, is one of several potential candidates for the Democratic presidential nomination in 2008 who has campaigned for Mr. Lamont.

"We're not winning the war on terror," General Clark said during the rally. "George Bush says stay the course; how can you stay the course when you're in a ditch? Joe Lieberman — he's been a part of that ditch. The truth is, he didn't exactly control the steering wheel, but he was sort of supporting the elbow of the guy who drove us into the ditch."

About 300 people turned out for the campus rally, a few waving handmade signs saying "Ned for Change." A few dozen Lieberman supporters also attended, and workers for his campaign passed out large hats in the shape of a light bulb that read "Ned Lamont has no idea."

Mr. Lieberman spent the day in the New Haven area, continuing his efforts to appeal to middle-class voters. He proposed increasing college tuition tax credits, and he promoted two proposals he has introduced in the Senate, which would triple tax deductions for college tuition and more than double the maximum federal Pell Grant award.

Mr. Lieberman said the increases could be paid for by rolling back Bush administration tax cuts.

Earlier in the day, General Clark, who ran against Mr. Lieberman in the 2004 Democratic presidential primaries, spoke to veterans at a McDonald's in Derby. Many of them said they supported Mr. Lamont, but others said they respected Mr. Lieberman's experience.

General Clark recalled that when he was the supreme commander of the North Atlantic Treaty Organization in the 1990's, he briefed Mr. Lieberman and other members of the Senate Armed Services Committee.

"I thought he understood, but he didn't understand," General Clark said of Mr. Lieberman. "All that experience, he still rubber-stamped the Bush administration going into Iraq. I like Joe, but I am very disappointed."

Mr. Lieberman called that characterization "just wrong," saying that he had criticized the Bush administration's handling of the Iraq insurgency since the 2003 invasion.

During the rally, Mr. Lamont cited a recent National Intelligence Estimate that suggested that the war in Iraq was inflaming terrorists.

"They told us this war is weakening America; they told us this war is making us less secure," Mr. Lamont said of the federal report, asserting that the Bush administration has been ignoring growing criticism of the war from military experts.

"Every course must have an end," Mr. Lamont told the crowd, adding: "Only the Iraqis can solve this for themselves. We can't impose this peace in a barrel of a gun. Our troops have done everything you can humanly ask them to do."

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Mr. Lamont has said he would support a deadline or a timeline for withdrawing most troops from Iraq, though he says some troops should stay for "humanitarian efforts."

Mr. Lieberman said he respected General Clark, adding: "We disagree on some things, we agree on some things. Endorsements come and go in politics." But he questioned whether the general supported Mr. Lamont's proposal to begin withdrawing front-line combat troops.

Speaking to reporters after the rally, General Clark did not make clear whether he would support a timeline or a deadline, saying there "may be a place for a timeline." He said that it would not be possible to win militarily in Iraq and that the United States should negotiate with all countries in the Middle East.

Mr. Lieberman opposes implementing a timeline for troop withdrawal, saying that to do so would embolden insurgents. He has said the United States should do more to train Iraqi troops to help bring American troops home more quickly.

Steele's Ad Seemingly At Odds With Fundraising (WP)

By Matthew Mosk

The Washington Post, October 7, 2006

In a recent commercial advertising his bid for U.S. Senate, Maryland Republican Michael S. Steele tells voters that his opponent, Democrat Benjamin L. Cardin, has been tainted by contributions from pharmaceutical companies and special interests.

"Congressman Cardin took money from drug companies," Steele says. "I want to ban gifts from special interests."

The ad does not mention that less than a week before the commercial began airing, a top drug company executive and an industry lobbyist hosted a $1,000-a-person fundraiser for Steele at a K Street steakhouse in Washington.

The invitation to the fundraiser, obtained by The Washington Post, says the Sept. 20 lunch reception was to be hosted by Sally Walsh, a director of federal government relations at GlaxoSmithKline, and Michael Carozza, a lobbyist for Bristol-Myers Squibb.

It advises donors to send contributions to lobbyist Frederick T. Dombo III, who identifies himself on his Web site as a Steele campaign volunteer. Federal records show that Dombo represents AmerisourceBergen Specialty Group, one of the largest pharmaceutical services companies in the country.

"I think, charitably, you'd have assume people will look at this and say this guy is being hypocritical," said Donald Norris, a political science professor at the University of Maryland Baltimore County. "How can he slam the other guy if he's doing the same thing?"

Neither Dombo nor Walsh returned calls to their offices. Carozza would not comment.

The Steele campaign rejects suggestions that it was hypocritical, pointing to a line in the ad that draws a key distinction between the candidates. "I support cheaper medicine from Canada," Steele says in the ad. Cardin took the money "and voted against cheaper medicine."

"One of these two candidates does not dance to the tune of Washington special interests, and it's Michael Steele," said Steele campaign spokesman Doug Heye.

The reimportation issue is significant to drug industry lobbyists, who vehemently oppose allowing U.S. citizens to purchase drugs from Canada. Republican Gov. Robert L. Ehrlich Jr.'s administration has voiced safety concerns about reimportation. One of the lobbyists who attended the Steele fundraiser expressed surprise that Steele would run an ad supporting the policy.

The lobbyist said he and others had considerable concern about having donated to Steele, only to learn days later of his position. The lobbyist spoke on the condition of anonymity to avoid angering Steele.

The lobbyist said Steele's campaign reassured him that his position was consistent with existing law. But Heye said that's not the case.

"He supports the safe reimportation of prescription drugs to reduce the cost," Heye said. "The key word there is 'reduce.' Current law doesn't do that. In his ad, he makes it very clear. If lobbyists or special interests are upset because of that position, so be it."

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Cardin spokesman Oren Shur said: "Michael Steele made promises to his special interest friends and pocketed their money. Six days later he told Maryland families something different. Whose side is Michael Steele on?"

The Steele commercial, which aired Sept. 26, marked the first negative turn in his advertising campaign, coming in response to a spot by national Democrats that painted the Republican candidate as being in President Bush's hip pocket.

But the line of attack against Cardin was not new. In news releases and interviews, state Republican Party officials have been criticizing Cardin's financial ties to the drug companies. They gave him heat for asserting in a television ad that he has "taken on the drug companies, the oil companies, the insurance companies."

Records showed Cardin had accepted checks from political action committees representing six large pharmaceutical companies, 22 oil and energy outfits, 27 insurance firms and industry associations, and eight HMOs.

At last report, Cardin's accounts contained more than $874,826 from political action committees, many of them pushing the interests of large corporations, according to the Center for Responsive Politics, which compiles such data. Steele's contributions included $613,578 from PACs.

Attention to the role of special interests escalated yesterday when the state Republican Party issued a news release accusing Cardin of letting lobbyists write key portions of pension legislation he sponsored.

"It is the height of hypocrisy for Congressman Cardin to say he will stand up to special interests -- and claim to oppose special interests' writing legislation -- when his own legislation was handwritten by corporate lobbyists," said GOP Chairman John Kane.

Norris said the conflict between Steele's assertions in the commercial and his fundraising presents a more potent political issue because it compounds a problem that has dogged Steele the entire campaign -- whether he can square his portrayal of himself as a Washington outsider with his long-standing ties to big name Washington insiders.

Although Steele rarely mentions his party affiliation in public, he served as state GOP chairman, spoke at the Republican National Convention in 2004 and campaigned across the country for Bush. Bush, Vice President Cheney, aide Karl Rove and others helped enlist Steele to run and raised more than $1 million for his campaign.

Dean Laments Lack Of Diversity (WT)

By Jon Ward

The Washington Times, October 7, 2006

Democratic National Committee Chairman Howard Dean yesterday said that Maryland's Democratic ticket should have had a black or other minority at the top, but added that the national party isn't to blame for the lack of diversity.

"I do think there should be more diversity on this ticket," Mr. Dean said during a visit to the Maryland Democratic Party's campaign headquarters in Hyattsville.

However, Mr. Dean said that the national party bears no responsibility for Maryland's Democratic ticket, which offers four white men for the state's top offices -- the U.S. Senate, governor, attorney general and comptroller.

"We don't interfere in primaries," he said of the DNC.

The Washington Times yesterday reported that black business owners and religious leaders have expressed discontent with the Maryland Democratic Party's lack of black statewide candidates and said it will encourage support for Republicans -- especially Lt. Gov. Michael S. Steele's run for the U.S. Senate.

In addition, the Baltimore Sun reported Thursday that Maryland's 10 black state senators met last week with U.S. Rep. Benjamin L. Cardin, the Democratic nominee for the Senate, and Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, to complain about the lack of diversity at the top of the statewide ticket.

State Sen. Ulysses Currie, a black Democrat from Prince George's County, blamed a lack of discipline by the national party for the lack of diversity among the top nominees on Maryland's Democratic ticket.

"The Republican Party made the decision at the national level that they wanted Michael Steele to run for the U.S. Senate," said Mr. Currie, who supported Mr. Cardin over Kweisi Mfume, a past president of the National Association for the Advancement of Colored People, in last month's primary.

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Mr. Cardin beat Mr. Mfume in the statewide contest, but Mr. Mfume trounced the 10-term congressman in the majority-black districts of Prince George's County and Baltimore.

In next month's general election, Mr. Cardin squares off against Mr. Steele, who is the first black to win a statewide office in Maryland.

What's more, the Republican Party offers two women in other top contests -- Anne McCarthy for comptroller and Disabilities Secretary Kristen Cox for lieutenant governor.

Mr. O'Malley's running mate for lieutenant governor -- Delegate Anthony G. Brown of Prince George's County, who is black -- is the only minority at the top of the Democratic ticket.

Mr. Dean, a former Vermont governor whose presidential campaign fell apart in 2004, took issue with charges that Maryland Democrats lack diversity, noting Mr. Brown's candidacy.

"We don't have a lack of diversity. We just don't have as much as I would like," he said. "But we do have some, and Brown is a fantastic candidate, and he's got a great future in Maryland politics.

"Yes, we need more diversity. I'm pushing that very hard. I know [state party Chairman] Terry Lierman's pushing that very hard," Mr. Dean said. "But on the other hand, we've got four weeks left until this election. We need to do what's right for America, and what's right for America is to make sure we get rid of this rubber-stamp Congress."

Mr. Dean toured the basement office, where about 20 Democratic volunteers and staffers were working phone banks and conducting surveys.

He took questions from the volunteers, and a few expressed anxiety about the upcoming election.

One said many people she had called "don't seem to know a lot about the Democratic Party" and asked if there would be a "concerted effort to get the party message out before the election."

"That's really up to the individual candidates to do that, and I think they will," Mr. Dean said. "It's hard to do it, frankly, with all the scandal stuff that's coming out of Washington. It's hard for anybody to get their message out."

He pointed to a monthlong voter-turnout effort that the Democratic Party is kicking off today, saying that activists plan to knock on 3 million doors.

Mr. Dean's strategy to invest money and resources in all 50 states has angered other national Democratic leaders who say the party needs to focus on states with close races.

Webb Shifts Debate To Iraq, Urging Diplomacy To End War (WP)

By Tim Craig And Michael D. Shear

The Washington Post, October 7, 2006

Democratic Senate candidate James Webb said yesterday that it is time for the United States to seek an end to the fighting in Iraq through diplomacy, citing a new and dire assessment of the war effort by Virginia's senior senator, John W. Warner (R).

Webb sought to capitalize on Warner's appraisal of the war to highlight what Webb called the failure of his GOP opponent, Sen. George Allen, to face reality about the worsening situation in Iraq. Warner, chairman of the Senate Armed Services Committee, said Thursday that the United States should reconsider its approach if the violence does not subside soon.

"They have a victory quite frankly in military terms," Webb said of soldiers in Iraq. "What we have to do is to move this into the political, diplomatic environment. All I've heard from Senator Allen is that we need a victory in Iraq, whatever that is."

Allen, who is battling Webb for a second term, shot back that Webb's comments at a news conference yesterday in Richmond were turning Iraq "into some sort of political game." Allen's campaign quickly organized a conference call for reporters with Warner as a show of Republican unity.

"The bottom-line goal that Senator Warner and I share is that we cannot leave Iraq as a central haven for terrorists," Allen said.

The exchange was the first substantive argument between the two on Iraq policy since they clashed Sept. 17 on NBC's "Meet the Press." And it comes as they prepare for their final scheduled televised debate Monday night.

Warner, who returned this week from Iraq, said parts of the country have "taken steps backwards." Webb, an early critic of the war, seized on Warner's comments as proof that Allen has failed to offer a clear plan for ending the war.

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In his stump speech, Allen says the United States cannot "cut and run" and must continue to fight in Iraq because "there is no substitute for victory." Webb said he wants the United States to start talking to Iraq's neighbors to develop plans to shift troops to other Arab nations.

"It's pretty hard to even see what Senator Allen's position is," Webb said. "The only things he has been saying is basically the three- or four-word phrase that matches what the administration has been saying."

In the conference call, Allen warned that Iraq would escalate into chaos and become a haven for terrorists if troops leave before the country's government and police force are stable.

"These terrorist threats we face are real. This is not some political game we are in. . . . We need to remain vigilant in it rather than turn it into some political game, as my opponent wishes to do," Allen said.

Warner declined to criticize Webb, but the senator predicted horrific consequences if "those [oil] fields would fall into the hands of terrorists." But he added that "bold decisions" will be needed if the violence does not subside soon.

Webb said that if elected he would offer "a different set of eyes on the problem."

The return to the Iraq discussion marked a change for a campaign that has been dominated by personal issues, including Allen's alleged use of racial slurs in college and a 1979 article by Webb that some women have called demeaning.

In a two-minute commercial Monday, Allen asked for an end to personal attacks. "The negative personal attacks and baseless allegations have also pulled us away from what you expect and deserve."

But Allen yesterday unveiled two television ads, one attacking Webb on taxes and the other focused on Webb's attitude toward women 30 years ago.

The tax ad shows a rotating cube with the pictures of Sens. Edward M. Kennedy (D-Mass.), John F. Kerry (D-Mass.) and Hillary Rodham Clinton (D-N.Y.). "There are some people in Washington who think you don't pay enough taxes. And they all support Jim Webb," an announcer says.

The ad then accuses Webb of wanting to raise taxes on families by $2,000 a year and says he supports other tax hikes. Webb aides called the ad "another gross misrepresentation of Jim's positions."

The other Allen ad features a Naval Academy graduate who claims Webb made up her quotes after he interviewed her for the 1979 magazine article. The quotes did not appear in the article.

"I looked at him and said, 'I never said any of those things; they're all lies,' " said Janice Buxbaum of Springfield. "And he said, 'Too bad.' He's a bright man; he's just not an honest man. I don't want him in my party, and I don't want him in my Senate."

In an interview, Buxbaum said that she could not recall the exact quotes Webb had proposed to use and that the quotes were removed after she refused to sign a release. She said Webb had showed her statements he planned to attribute to her about "sexual activities and exploits" of female midshipmen.

"It didn't happen, so I never said it, and he was ascribing them to me," she said.

Webb accused Allen of conducting a "Karl Rove era" campaign, referring to President Bush's chief political adviser. "This woman isn't even in the article," Webb said.

Shear reported from Richmond.

Allen Foes Cite Sister's Book (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 7, 2006

Sen. George Allen's political opponents have cited his sister's memoir to portray him as a bully, but an attentive read of her recollections of growing up with football-minded men provides deep insight into the Virginia Republican's past now at issue in his re-election campaign. "Fifth Quarter: The Scrimmage of a Football Coach's Daughter" by Jennifer Allen includes some eyebrow-raising passages such as a young George Allen dragging his sister by her hair or hitting her boyfriend with a pool cue, incidents that are often noted by Mr. Allen's Democratic foes. But his critics don't use excerpts noting that the senator was a star student or how he set out a chair in honor of his late father, famed NFL coach George H. Allen, at his 1994 gubernatorial inauguration. "He got straight A's, even when he acted like a hick," Miss Allen writes in the book, published in 2000 just before George, the oldest of her three brothers, was elected to the Senate. Mr. Allen's youth, particularly his stint as a second-string quarterback for the

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University of Virginia, has become a campaign issue since some former teammates have accused him of racism and uttering racial slurs while there. If young George had any racist tendencies, Miss Allen kept them out of "Fifth Quarter," which casts the family with an international understanding and Coach Allen as a man who was colorblind on the field. In reading the book, it is easy to understand why the senator equates almost everything with football -- his family lived, breathed and died by the game. The coach's career with the Los Angeles Rams and the Washington Redskins (during which he never had a losing season) taught the children about loyalty, the power of the press and appreciation of physical strength. "George never cried; I didn't think he even knew how," is one revealing passage from the book, which opens with 8-year-old Jennifer's observations of the 1968 football season. "I saw George get blindsided by a car, roll over its hood and land shoulder-first onto the pavement to make a diving catch without shedding a tear," she remembers of her brother, nine years her senior. Mr. Allen often invokes his father's favorite phrase, "The future is now," especially when asked about his 2008 presidential ambitions. The phrase is pertinent today, as he is nearly tied with Democratic challenger James H. Webb Jr., a Vietnam veteran and Navy secretary under President Reagan. "Fifth Quarter" also provides an understanding of Henrietta "Etty" Allen, the family's brash matriarch. Raised in French Tunisia, Mrs. Allen frequently cursed at reporters, fans of opposing football teams and her children. "Fifth Quarter" depicts a dysfunctional family obsessed with football. One night soon after a Rams loss, Coach Allen and middle son Gregory argued after the boy failed to pour him a glass of milk. "Dad lifted Gregory up by the shirt collar. ... Dad picked up a plate and George stood up. It was the first time I had seen anyone take a stand against Dad. George said, 'If you're going to hit him, you'll have to hit me first.' " Jennifer, who ran from the room and hid in her closet, didn't spell out what happened next between her father and George, but Gregory ended up with a broken nose. The book sometimes portrays young George as a violent teen who called his sister "ugly," but Miss Allen also says she wanted her brothers to "turn me upside down, rough me up, because I thought I was in training to be the NFL's first girl quarterback." Some choice quotes include "George hoped someday to become a dentist ...a perfect profession -- getting paid to make people suffer," and "Ever since my brother George held me over the railing at Niagara Falls, I've had a fear of heights." Attempts by The Washington Times to reach the author, now Jennifer Richard, were unsuccessful, but she told the Associated Press in May that the pool cue incident wasn't violent -- her brother was testing her boyfriend's reflexes. Calling "Fifth Quarter" a "novelization of the past," Mrs. Richard told the AP that when George walked her down her wedding aisle in the absence of their late father, "He was crying more than anybody." The author notes in the acknowledgments that she consulted with her family while writing the memoir: "My brother George sat with me for hours by the pool one day, measuring out parcels of his past, all the while reminding me to remain faithful to the facts."

Battling Power Of Incumbency, And Feeling Left To Fight Alone (NYT)

By Mark Leibovich

The New York Times, October 7, 2006

BRIGHTON, Mich. — Implausible pursuits can be humbling. Jim Marcinkowski, a Democrat, discovers this every day in his bid to dislodge Representative Mike Rogers, a three-term Republican, from the United States Congress.

“Hi, Jim Marcinkowski,” he says to an elderly man in a recent visit to a senior center.

“What?” The man is having trouble hearing over the accordion.

“I’m Jim, running for Congress.”

“Oh.”

The candidate pivots, approaches an elderly woman.

“Hi, Jim Marcinkowski.”

“Who?”

“Jim Marcinkowski.”

“Sounds Polish.”

“It is Polish.” He has a little Polish flag on his lapel.

“I’m German,” says the woman, Lieselotta Olsen. She thinks she has heard of him, or maybe not. She knows of his opponent, Mr. Rogers, who clearly holds a big advantage in name recognition.

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And money, organization, experience, knowledge of the district, and everything else that make incumbency such a near-invincible force in Congressional elections. It is easy to overlook this in an environment that many predict will be hostile to sitting members of Congress, especially Republicans. But 98 percent of incumbents have been re-elected in House contests since 1998, and even when Republicans took control of Congress in 1994 in a seismic realignment, 91 percent of incumbents still won.

Mr. Marcinkowski, 51, personifies the thankless underdog. He is a probable loser (some say surefire) who is unknown to most voters in this district northwest of Detroit and irrelevant to the national party officials who recruited him — and, in his telling, then abandoned him — as they focused on 50 or so "battleground" contests. The news media ignore him, too. When told Mr. Marcinkowski was a candidate, Chuck Todd, editor of Hotline, the online political tip-sheet, asked whether he was "that guy who played quarterback for the Atlanta Falcons in the 1980's." (No, that was Steve Bartkowski.)

Jim Marcinkowski is the deputy city attorney for Royal Oak, Mich. He has three teenage children whom he used to see after work, and a Hobie Cat sailboat he used to float around on, on weekends.

Mr. Marcinkowski, a crisply groomed former C.I.A. operations officer, could represent a tougher-than-usual test for Mr. Rogers, who was re-elected by a margin of 37 percentage points in 2002 and 24 percentage points in 2004. A former Republican, Mr. Marcinkowski has a tough-guy résumé — Navy, C.I.A., teamster — and the silvery-haired presence of a Famous Guy you would swear you had seen before, maybe on television.

He drew national attention in 2003 and 2005 when he testified before Congress about his friend and former C.I.A. classmate Valerie Wilson. The story of Ms. Wilson, the agent whose identity was leaked by Bush administration officials, sealed Mr. Marcinkowski's divorce from the Republicans. He had been active in the party from the time he organized the Michigan State University campus for Ronald Reagan's presidential campaign in 1980 but had gradually become disenchanted, particularly during the George W. Bush years.

His story — former C.I.A. officer, disaffected Republican — had great appeal to Democratic bigwigs seeking Congressional candidates. He talked to Representatives Nancy Pelosi, the House Democratic leader; Steny Hoyer, the Democratic whip; and Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. All urged him to run, especially Mr. Emanuel, who called several times, and even shipped him a thank-you cheesecake after he had agreed to run.

Mr. Marcinkowski says everyone promised their full support.

"That and a buck-seventy will get you a nice cup of coffee at Starbucks," he said, adding that if he could do it again, he would have sought assurances that the campaign committee would devote ample "resources" — also known as money — to his race.

He says many of the Democrats who enticed him to run abandoned him after his fund-raising lagged and they deemed other races to be more winnable. "Sometimes I feel like the marine who they sent charging up a hill," he said. "Then the marine looks back over his shoulder and wonders, 'Hey, where'd everyone go?' "

This is a recurring lament among challengers. "You hear a lot of long-shot candidates around this time who will feel used by their committees," said Nathan Gonzales, political editor for Rothenberg Political Report.

Mr. Marcinkowski said he spent virtually all his campaign time on fund-raising earlier this year. He devoted every weekend, lunch hour and weeknight to calling lists of past Democratic donors. He has used up six weeks of vacation time, burned through two cellphones and made about 15,000 calls, nearly all to raise money.

Mr. Emanuel's deputies from his committee phoned him relentlessly, he said, asking "how many calls I made, how many people I contacted, whether I'd hit up all my relatives, neighbors, friends from high school."

He raised more than $130,000 in the first quarter of 2006. Not bad, except that Mr. Rogers had about $1 million in the bank from past campaigns. Mr. Marcinkowski hired a small staff, recruited volunteers and bought local television, cable and radio advertisements. In June, Congressional Quarterly even moved Michigan's Eighth Congressional District to the Republican Favored category from Safe Republican.

But eventually, Mr. Marcinkowski said, the calls reaped less and less money. His donors focused on higher-profile races. The calls from the Congressional committee's officials pretty much stopped. "I fell off way their radar," he said, adding that he "really misses those phone calls."

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The sudden silence left him “scarred,” he said, and added that no one at the committee even sent him flowers to say goodbye. He suggested that his story could be called “The Spy Left Out in the Cold.”

When did he last hear from Rahm Emanuel?

“Rahm who?”

A spokeswoman for Mr. Emanuel and the Congressional committee declined to comment.

For all his disappointment, Mr. Marcinkowski said he has no regrets about running and keeps thinking of the strangers who have encouraged him. He carries in his wallet a laminated copy of a $10 donation from a 92-year-old man. He said he loved meeting voters, “getting out in front of people.” That can include polka dancing with elderly strangers before noon, as he did on that recent day at the Brighton Senior Center.

Mr. Marcinkowski calls himself a sleeper on the national map, saying he operates beyond the purview of the party apparatus and the narrow definitions of what constitutes “in play.” He believes the dynamics in Michigan — the depth of voter agitation, concern about job losses and opposition to the Iraq war — have been underestimated outside the state.

“I don’t think the people who read the political tea leaves are reading the real tea leaves,” Mr. Marcinkowski said. He added that he has a prediction for how much he will win by on Election Day, but does not want to jinx anything by sharing it.

A Political Opportunity For Women (WP)

By Anushka Asthana

The Washington Post, October 7, 2006

Geraldine A. Ferraro made history in 1984 as the first woman to run for vice president on a major-party ticket. Twenty-two years later, she wishes she was no longer in a club of one.

"I thought it would have happened by now," Ferraro said with a sad note in her voice as she looked down at a room packed with more than 600 people, young and old, at the University of Virginia last month.

The glass ceiling in presidential politics will not be broken in her lifetime, she predicted to reporters before taking the stage. But she was there to persuade a new generation of women to continue the fight.

"We have to keep reminding them what it was like before, so they recognize that the only way they are going to make it better for the future -- for their future and their children's future -- is by becoming involved politically," she said.

The Democrat's appearance that night was part of a drive by U-Va.'s Center for Politics to inspire young women to get involved in politics. Its director, Larry J. Sabato, described Ferraro as a "trailblazer for the United States of America" and said she would be introduced by a "trailblazer in Virginia."

Mary Sue Terry, who in 1985 was elected Virginia's first female attorney general before losing the governor's race to now-Sen. George Allen (R) in 1993, said that there are many obstacles to women's advancement in politics but that she has hope. "It is not going to be easy, but it is not impossible," she said.

In fact, this year may prove to be a major breakthrough for women in Congress, according to experts at the university. Sabato's Crystal Ball, a Web page that provides analysis of House and Senate races around the country, is predicting that 2006 could be the best year for women in 14 years.

In a conservative scenario, according to the Crystal Ball, female candidates would gain nine seats in the House -- the largest rise since the Year of the Woman in 1992, when the number of women in Congress jumped from 32 to 54.

"There is going to be a net gain in the House for women," agreed Dennis Simon, a professor at Southern Methodist University and co-author of "Breaking the Political Glass Ceiling." But there is still a "gender gap in running for office," he said.

With co-author Barbara Palmer, of the Women & Politics Institute at American University, Simon looked at which jurisdictions tend to be most and least friendly to women. Topping the list of those most likely to vote for female candidates are New York City, San Francisco and Los Angeles. At the other end are Gadsden, Ala., and Paducah and Bowling Green, Ky.

Districts that elect women, according to Simon, tend to be "upscale -- more degrees, more professionals, urban." Those less likely, he added, are "more rural, lower-income and more traditional."

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Simon said female candidates are often seen as more liberal than they actually are -- as in the case of Sen. Hillary Rodham Clinton (D-N.Y.). But her possible presidential candidacy, and the speculation that Secretary of State Condoleezza Rice might be a presidential candidate in 2008 or later, has shifted perceptions about the plausibility of a female president.

Having Rice and former secretary of state Madeleine Albright in top national security jobs "made it normal to see women as leaders," said Marie Wilson, president and founder of the White House Project, which aims to advance female leadership and is training hundreds of women to run for office. "It we have three or four women in '08, it would have to be agenda," rather than sex, that separates them, she added.

Wilson said the United States has fallen through the rankings in women's political representation -- to 68th -- as other countries such as South Africa and Great Britain and Scandinavian nations climbed the list. Some countries used quotas to address the imbalance.

The recent U-Va. conference used persuasion. "New blood is needed," Ferraro told the audience. "If ever there was a time when the world and our nation needed new voices, new values, new approaches and sensitivities, this is it. Politics gives us the power to make a difference."

Women, she argued, would ensure that the concerns of half the population were listened to. In the same way that John McCain, as a former prisoner of war, pushed hard for legislation to ban torture, so women would shout loudest on behalf of day care, flexible work hours, prenatal health care, immunization, the aging population and more, she argued.

The challenge, she added, is to get enough women into the candidate pool. "The American electorate is accustomed to expect certain types of experience from candidates for national office," she said. "It doesn't hurt to be a governor of a large state, to be vice president or a senator of long experience."

Help For Congressman (NYT/AP)

By The Associated Press

The New York Times, October 7, 2006

NEW ORLEANS, Oct. 6 (AP) — Mayor C. Ray Nagin says he is enthusiastically supporting the re-election of Representative William J. Jefferson, an eight-term Democrat who is the target of a federal bribery investigation.

“I’ve told the congressman that since he supported me during the mayor’s race, that I would reciprocate,” Mr. Nagin said Thursday.

According to government affidavits, Mr. Jefferson is accused of taking bribes to help promote a cable television and Internet business in Nigeria and Ghana. An F.B.I. affidavit said that he was videotaped accepting a briefcase with $100,000 in $100 bills on July 30, 2005, and that all but $10,000 of the cash was found four days later in his freezer.

Mr. Jefferson denies the accusations and has not been charged.

The congressman has 12 opponents on the fall ballot.

Schwarzenegger And Rival Spar But Step Lightly (LAT)

By Richard Marosi

The Los Angeles Times, October 7, 2006

Most of the rhetoric on immigration has been voiced at partisan events. The candidates are not far apart on key issues, political analysts say.

The national immigration debate is reverberating in California's gubernatorial campaign, with the two major-party candidates trading verbal jabs but treading carefully on the volatile issue.

Gov. Arnold Schwarzenegger, who has talked tough in the past on border-related issues — praising Minuteman-style private border patrols and supporting the anti-illegal immigrant Proposition 187 — now plays up his immigrant roots, calling for a comprehensive and compassionate border policy that bolsters security without mistreating illegal immigrants.

The softened public stance hasn't stopped Democratic gubernatorial candidate Phil Angelides from portraying Schwarzenegger as an anti-immigrant extremist who has harmed relations with Mexico.

"He's talked about closing the border. He sent the National Guard to the border instead of demanding that George Bush do his job. He sent the wrong signal to Mexico, our ally," Angelides said in a speech last month to Latino leaders in Los Angeles.

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Schwarzenegger has labeled Angelides weak on national security for not supporting the deployment of 1,000 National Guard troops to the border. He also has criticized him for supporting driver's licenses for illegal immigrants.

The dispute continued this week, when Angelides supporters criticized Schwarzenegger for saying Mexican immigrants should "immerse yourself and assimilate into the American culture."

State Democratic Party chief Art Torres said the remark was "a calculated political insult to all immigrants." Schwarzenegger, defending his comments Friday, said they were not meant as an insult. "This is not against Latinos; it's not against anybody," he said at a campaign event in Los Angeles.

That disagreement aside, most of the rhetoric on immigration has been voiced at partisan events. It has also been muted compared with the fireworks of past campaigns when immigration-related issues polarized voters and generated flurries of negative television advertising.

Part of the reason, political analysts say, is that the candidates' positions are not far apart on key issues, including their support for a guest worker policy and a path to citizenship for illegal immigrants.

The other reason is political: Neither wants to risk losing support from core constituencies if he strays too far from the carefully crafted views that both have staked out.

Republican Schwarzenegger has already angered conservatives with his moves to the center in recent months. And Democrat Angelides, analysts say, could lose moderate Democrats' votes if he is perceived as being too liberal on immigration issues.

"It's such a hot-button issue that maybe both are afraid to push the button. There's a loss potential on either side," said Harry Pachon, president of the Tomas Rivera Policy Institute at USC.

Illegal immigration along the California-Mexico border has slowed significantly since increased enforcement in the 1990s pushed migration flows east to Arizona. From October 2005 to mid-September, 190,000 illegal immigrants were apprehended in California, compared with 500,000 in Arizona.

Still, immigration reform groups say, the continuing migration adds to California's estimated population of 2.6 million illegal immigrants and costs the state more than $10 billion a year in health, education and law enforcement funds.

Migrant rights group say the state's economy would break down without the labor of illegal immigrants, who provide much of the workforce in key industries such as construction, service and agriculture.

Immigration remains an important topic for voters. A Los Angeles Times poll in September showed that 34% of likely voters consider immigration issues to be the biggest problem facing the state — making it the top mention.

That presents something of a dilemma for state officials. Though governors of border states have historically struggled to make good on campaign promises of increased border funding, it is the federal government that is responsible for everything from patrolling the state's 150-mile frontier to inspecting the millions of vehicles that enter California from Mexico each year.

In the race for governor, both candidates have promised to pressure Washington to improve conditions along the border and to reimburse costs associated with illegal immigration. But, experts say, the winner probably will follow a long line of governors who failed at the task.

"It's a completely quixotic exercise," said Wayne Cornelius, director of the Center for Comparative Immigration Studies at UC San Diego. "The reality is that neither one is going to have much leverage in this area."

That's not to say that governors can't try.

"In Washington, any time that a well-known governor — let alone a superstar — comes to testify on a political issue, they attract attention, not just from the news media, but from lawmakers," said Adam Segal, director of the Hispanic Voter Project at Johns Hopkins University. "Certainly, there have been governors from various states that have used their stature to advance issues."

Last year, the Democratic governors of New Mexico and Arizona, Bill Richardson and Janet Napolitano respectively, intensified the national debate on illegal immigration when they declared states of emergency.

Schwarzenegger declined to follow their lead but has acted in other ways. He has written op-ed articles, sent letters to congressional leaders and spoken to President Bush on border issues.

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The efforts have yielded mixed results. Congress did appropriate $80 million more in funding this year — for a total of about $200 million — for the State Criminal Alien Assistance Program, which reimburses states for incarcerating illegal immigrants. California spends more than $750 million a year for the incarceration of criminal illegal immigrants.

But at the same time, the number of Border Patrol agents in California has dipped, from 2,500 in 2003 to 2,300 this year, though there are plans to add more. The cuts were caused by redeployments to Arizona and other border areas.

Angelides, in a telephone interview, said that Schwarzenegger hasn't "lifted a finger" on border issues and that if he were governor, he would work more closely with California's representatives in Washington to pressure the White House.

"This governor … went to Ohio to campaign for Bush. Certainly, he can pick up the phone to implore the Bush/Cheney White House to meet its border commitments," Angelides said.

He said the governor's views on immigration issues have been divisive, and he criticized Schwarzenegger for, at one time, backing the Minuteman freelance group.

"If I'm governor, you won't see me going on right-wing radio and praising the Minutemen, or making statements about closing the border, or using this issue to divide Californians," Angelides said.

He said he would push for comprehensive immigration reform and would urge the federal government to increase the number of Border Patrol agents and high-technology tools along the border. He said he opposed the deployment of the National Guard because California's contingent is already overextended and the troops send the wrong signal to Mexico.

Schwarzenegger's campaign criticized the challenger's position.

"Phil Angelides would take California's border security backward by removing National Guard troops," said Julie Soderlund, a spokesperson for the governor. (Schwarzenegger initially balked at the president's request to send the Guard to the border, and later refused Bush's request for more troops.)

Last year, he said illegal immigration could be choked off by closing the border. He corrected himself later, saying he meant "secure" the border.

Schwarzenegger's views on some border issues have moderated. This year, he came out against the congressional plan for a 700-mile border fence, saying it would be ineffective and amount to going back to the "Stone Age."

The governor also said this summer that he had made mistakes in praising Minuteman-style groups, and he repeated his earlier comment that Proposition 187 was "the wrong decision."

Schwarzenegger also supports immigration reform that includes a path to citizenship for illegal immigrants already in the U.S. — a stance shared by Bush and criticized by some conservatives.

"It impressed many in the Latino community that he took a moderate stance at a time when the tide was seeming to go the other way," said Pachon of USC.

Skeptics remain, however, saying Schwarzenegger's move to the center is politically motivated to boost support among Latinos. A recent Los Angeles Times poll showed that 65% of likely Latino voters disapprove of the governor's job performance.

"We always have to remember that he's an actor and … without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not," said Enrique Morones, president of the Border Angels, a San Diego-based immigrant rights group.

But others consider Schwarzenegger's positions in line with those of most voters, including many Latinos.

"On immigration issues, the governor probably pretty much reflects the views of most Californians," said Allan Hoffenblum, a longtime Republican strategist who publishes the California Target Book, a nonpartisan election guide.

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(INFOBOX BELOW)

Debate broadcasts

The sole debate between Republican Gov. Arnold Schwarzenegger and his Democratic challenger, state Treasurer Phil Angelides, will be held tonight. Several Southern California media outlets plan to broadcast the one-hour session, according to the sponsor, the California Broadcasters Assn., and station officials.

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Broadcasting the event live at 6 p.m. will be KCBS-TV Channel 2, KCET-TV Channel 28, KWHY-TV Channel 22 and cable station C-SPAN. KABC-TV Channel 7, which will be airing college football during the debate, will delay its broadcast until 11 a.m. Sunday.

The association said the debate will also be broadcast on radio stations KABC-AM (790) and KNX-AM (1070).

Los Angeles Times

After Son's Death And Battle With Breast Cancer, Elizabeth Edwards Trying To Inspire (MCT)

By Jeri Krentz

McClatchy Newspapers, October 7, 2006

CHARLOTTE, N.C. - In the days since her book was published, Elizabeth Edwards has gone from one interview to the next, from Oprah Winfrey to Diane Rehm to Charlie Rose, talking about the pain of losing her son and her battle with breast cancer.

She's answered questions about her son's life, relived his car accident in 1996 and shared stories about grief and healing.

Sometimes, she said, she feels the tears coming, and hopes the interview is almost over.

"Honestly, even though it's necessary to tell my story of grief, I don't want it to be about me," she said on her way to another airport. "I want it to be a larger message about how we need one another. If I break down, I don't think I become as good a messenger."

Edwards' book, "Saving Graces: Finding Solace and Strength From Friends and Strangers" (Broadway Books; $24.95), is a frank memoir about loss and accepting support.

Edwards, 57, and her husband, former Sen. John Edwards, D-N.C., rarely spoke of their son's death during her husband's 2004 run for president or during his bid for vice president as Sen. John Kerry's running mate. In her book, she describes the tragedy in detail.

Wade, 16, had been on his way to meet his family at the beach for spring break. A gust of wind blew his car from the road; it fishtailed, then flipped.

"If I make myself think back on that night and on the next days, I can see everyone, I can bring everyone back," Edwards wrote. "But it is so hard to do it without also bringing back that pain. The heat of it. The chill of it. What's important and what's not? People came, that's what's important. They were there."

Edwards found support through an Internet group for the bereaved. Some days, she shared her sorrow. "I have no strength to face his death," she wrote in a post three weeks after what would have been Wade's 17th birthday. "Even comfort about his death brings me to the floor. I cannot look it in the eye. ... I don't know how many days without him I have left inside me."

Other days, she vented:

"I used to think that the greatest gift you could give a child was the sense that anything was possible. Now that gift has a horrid twist: Anything is possible."

She visited her son's grave daily, talking to him, reading letters to him, taking his SAT score when it came in the mail. When what would've been Wade's last year of high school began, she read aloud every book on the senior reading list.

"I went every day to Wade's grave," she wrote, "... because that was what felt right to me."

At age 46, she decided to undergo fertility treatments and have two more children. Emma Claire was born in 1998. Jack came two years later, when the Edwardses' oldest daughter, Cate, was a high school senior.

Politics is part of Edwards' story, too.

She describes meeting with Secret Service agents to learn what to expect. She tells how her friends helped fix up Cate's bedroom in Raleigh, thinking the Kerrys might spend the night. (They didn't. "But now Cate has nice new bed linens," she wrote.)

Two weeks before Election Day in 2004, she discovered a lump while taking a shower in a hotel room in Kenosha, Wis. After John Kerry delivered his concession speech, Elizabeth and John Edwards left for the Dana-Farber Cancer Institute in Boston.

Though she feared cancer, Edwards wrote that she'd "already been through the worst," that nothing will ever be as bad as losing a child. "The worst day of my life had already come."

She went through chemotherapy, then surgery followed by radiation.

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At times, she wrote, "there was no part of me that did not feel beaten."

Other times, facing bruising and bleeding, hair loss, nausea and mouth sores: "I could not wait to get started. I wanted to be a warrior."

By that March, the number of e-mails from strangers and friends had reached 65,000.

The book's message is simple: Family is all around us, in strangers and friends, a "sea of support," nourishment to help in the next storm.

"I hope (readers) will take that away from the story," Edwards said. "Start including people in your lives that otherwise would be invisible and find out how rewarding that is. ... It sounds naive, but it's 57 not-always-easy years that have been made easier because I was good to people. And when I needed it, they were good back."

Explaining her faith, Edwards said, was the part of the book she "fiddled with" the most.

She believes in a God who lets human actions and nature take their course.

"The other option - that he set up the world so that he could intervene when he wanted to - that God is a very hard God to accept if your child dies."

Edwards admitted that she felt worried before "Saving Graces" reached stores last week. Reporters who traveled with her during the presidential campaign often described her as honest and down to earth. In the book, that openness sometimes makes her words difficult to read.

"I wanted it to seem like a conversation with people," she said. "But right before it came out, it was very scary. I don't know any other way to be, but you don't know how this candor will be received. I don't want to tell you all the adjectives that I didn't want to hear."

In the book, Edwards wrote that "life has found its cadence again." Her cancer appears to be gone. Her oldest daughter has started law school. Her younger children are busy with school and sports. John Edwards seems to be a probable 2008 presidential candidate. And the family has moved into a new home in Orange County, N.C.

At first, Elizabeth Edwards said, she worried about emptying Wade's room in their old house. But a hole in a washing machine hose started a flood and she had to rush to save his belongings.

"In order to save his stuff, I had to get it out," she said. "Where I thought it was going to be so hard, I was relieved to get it out of his room."

Still, grief is unpredictable. Ten years away from her son's death, there are days when she's "just a puddle."

"Something will trigger it, and you have no idea what it's going to be. You can walk right through the obvious thing - and then a pile of shirts at Abercrombie & Fitch will do you in."

Gore And Murdoch Join Forces In TV Deal (FT)

By Emiko Terazono, Media Correspondent

Financial Times, October 7, 2006

Al Gore, the former US vice-president, is bringing his user-generated content television channel to the UK, courtesy of James Murdoch's British Sky Broadcasting.

Mr Gore launched Current TV, the US channel made of clips created by viewers and producers, in August last year, and said that the channel was "democratising television."

Mr Murdoch, who has claimed that BSkyB was the first media company in the world to go carbon neutral, and Mr Gore share their passion for the environment. Mr Murdoch invited Mr Gore to the gathering of News Corp's executives at Pebble Beach, California, this summer.

At Pebble Beach Rupert Murdoch, News Corp chief executive, urged News Corp officials to follow his son James' lead and to try and tackle climate change issues.

The pair have now come together to promote user generated content in the UK and Ireland. Current TV's agreement for the channel to be carried on BSkyB's satellite platform is its first international move outside the US.

Mr Gore said that the channel was one of the few on the cable network to break even in the first year and was looking to make profits in the second year. He rejected suggestions that viewer created clips was about gaining cheap content.

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The deal with BSkyB brings Current TV to some 8m households. In the US, it is available in nearly 30m homes through cable and satellite television. With Current TV, viewers and producers upload their clips on to the channel's website, where content which gets the most votes is broadcast on its television channel.

Mr Gore compared Current TV to the introduction of the printing press in the 15th century, which led to enlightenment. He said: "The television medium for 50 years has had the depressing effect on the conversation of democracy by excluding individuals. But the new affordable digital tools of both cameras and digital video cameras and laptop editing systems now make it completely feasible for individuals with accessible training to participate in the conversation."

Mr Murdoch said that Mr Gore's channel TV was "an elegant way" to marry user-generated content on the web to the broadcast medium. He said: "Current TV is bringing the web's sense of empowerment to television for the first time."

Listen to audio excerpts from Emiko Terazono's interview with Al Gore and James Murdoch

Six Powers Agree To Take Next Step On Iran (WP)

By Robin Wright

The Washington Post, October 7, 2006

LONDON, Oct. 6 -- The United States and five other major powers agreed Friday to take the next step toward imposing sanctions on Iran for failing to comply with a U.N. resolution to prevent it from subverting its nuclear energy program to develop a nuclear weapon, according to U.S. and European officials.

But in response to Russian and Chinese wariness about the impact and effectiveness of sanctions, the group also agreed to keep the door open to diplomacy, the officials said. The chief negotiator will remain available for talks if Iran chooses to come to the table and suspend its uranium enrichment program. As soon as Iran suspends enrichment, any U.N. sanctions would also be suspended, they said.

The package of economic, technological, scientific and diplomatic incentives already offered to Iran to surrender control over its fuel cycle -- but not its peaceful energy program -- will still be on offer if the Islamic republic changes its position, Undersecretary of State R. Nicholas Burns said.

The agreement came at the conclusion of talks hosted by Britain and attended by Secretary of State Condoleezza Rice and top diplomats from France, Russia, China and Germany. But after a dramatic buildup all week to a possible turning point following the collapse of European negotiations with Iran, the tone and scope of the agreement appeared significantly milder than anticipated.

The timing of the talks and the wording of the agreement were affected by mechanical problems delaying Rice's arrival in London from Iraq. The military plane ferrying Rice got stuck in the northern Iraqi city of Irbil, the last stop on her five-day Middle East tour, and she attended only the last 45 minutes of the six-nation talks that she had pressed the hardest to hold.

French Foreign Minister Philippe Douste-Blazy described the new international goal as "proportionate and reversible sanctions." U.S. officials said they viewed the agreement on sanctions as a tactic to try to force Iran to return to negotiations.

En route to London, Rice said sanctions would be aimed at convincing Iran that returning to the table was "the best strategy here. Nobody wants to have [sanctions] just to have them. The hope would be that the Iranians recognize that increasing isolation from the international system is not good for Iran or for the people of Iran."

The general agreement comes after years of controversial diplomacy, including a period when Iran suspended enrichment of uranium, only to resume after hard-line President Mahmoud Ahmadinejad was inaugurated in August 2005. Since then, Iran has missed at least two deadlines, including one set for Aug. 31 by the United Nations, to comply with demands that it halt enrichment.

"The extra innings are over. We're on to a new phase," Burns said. "We have no alternative but to proceed" and raise the cost for Iran's "irresponsible attitude."

Iran, he added, is missing a "major opportunity" in rejecting the package of incentives, particularly the opportunity for the first formal talks with the United States since relations were broken in 1980.

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The administration has been pressing hard over the past six weeks to get the six major powers to agree to sanctions. A senior State Department official said Friday's agreement is likely to come as a surprise to Iran, which has calculated that it could continue to divide the international community.

In announcing the agreement, British Foreign Secretary Margaret Beckett said the six powers were "deeply disappointed" that the European Union's foreign policy chief, Javier Solana, had to report Iran's failure to suspend its enrichment and reprocessing activities, as required by U.N. Resolution 1696.

"We said there are two paths ahead," Beckett said. "We regret that Iran has not yet taken the positive one."

Discussions on which sanctions to invoke against Iran, drawn from a two-page list assembled last summer, will begin next Tuesday or Wednesday in videoconference talks among specialists, U.S. officials said.

Burns predicted that the behind-the-scenes diplomacy would be "spirited" and possibly lengthy. A European envoy involved in the talks Friday said it would be a "struggle" to come up with details to follow through on what is now a joint strategy.

The agreement reached Friday also does not close the deep gap between the United States and Russia over strategy toward Iran. Rice acknowledged the split.

"It's long been the view of particularly Russia that sanctions may not have the intended effect," she said, adding that Moscow had an obligation to act since it had voted for Resolution 1696 in July.

Rice began the day in Iraq, where she met with Massoud Barzani, president of the regional government in the Kurdish-populated north. Rice urged Barzani to cooperate with the national government's reconciliation efforts, and Barzani said the three northern Kurdish provinces would remain part of Iraq despite growing support for independence.

"Kurds, like any other nation, have the right to self-determination," he said. "This is a natural right. But a parliament in Kurdistan has been adopted within the framework of a democratic Iraq, a federal system."

Regional officials said privately, however, that there is growing sentiment for independence as violence increases in the rest of Iraq.

U.S. Says It Has Deal With Other U.N. Members To Penalize Iran For Nuclear Drive (NYT)

By Philip Shenon

The New York Times, October 7, 2006

LONDON, Oct. 6 — The United States said it had won agreement on Friday from the other four permanent members of the United Nations Security Council and Germany to seek sanctions against Iran over its refusal to shut down a nuclear enrichment program that could be used to build bombs.

While the State Department praised the agreement, which was reached at a one-day meeting here of senior officials from the six nations, American diplomats conceded that there could still be long and difficult negotiations over what penalties to impose and their timing.

Indeed, none of the other nations here — Britain, China, France, Germany and Russia — issued such an explicit statement after the meeting. In the past, China and Russia have both said they would be wary of sanctions against Iran, despite its defiance of international demands to end nuclear enrichment.

R. Nicholas Burns, the American under secretary of state for political affairs, said after the meeting that whatever the other nations' diplomatic language, "What we've got is an agreement to go to the Security Council" to punish Iran.

In essence, Mr. Burns said, the six nations "concluded that Iran is not prepared to negotiate with us" based on conditions set last spring, and that "we'll go forward with sanctions."

But he admitted the issue was far from decided. "I think there's going to be a spirited debate about what kind of sanctions should be agreed to."

Mr. Burns was the senior American negotiator at the talks for the most of the day because Secretary of State Condoleezza Rice, who traveled here from Iraq, was delayed when her military jet — and its replacement — developed mechanical problems, stranding her in the northern Iraqi city of Erbil for about two hours.

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The German foreign minister, Frank-Walter Steinmeier, who attended the London meeting, may have come closest to the American statement when he told ZDF television on Friday that "if there is no new decision from inside the Iranian leadership, there is at present no alternative to having the Security Council deal with this conflict."

Agence France-Presse quoted the French foreign minister, Philippe Douste-Blazy, as saying that the six nations have "decided, in a unified manner, to work together in the next few days to speak about proportionate and reversible sanctions."

The debate over Iran's nuclear program is being conducted while the United States weighs a broad list of new sanctions to bring against North Korea, if it follows through on its threat to carry out a nuclear test.

Like his North Korean counterparts, President Mahmoud Ahmadinejad of Iran has said he will not be intimidated by the possibility of economic and military sanctions. "This nation will not be frightened by the threats," Iran's state-run television quoted him as saying Thursday.

Iran says its nuclear program is for peaceful uses, but the United States says it is a cover for making nuclear weapons.

A senior State Department official, speaking on condition of anonymity, said Friday that as a result of the London meeting, senior diplomats from the six countries would talk next week by video conference to begin debating the list of sanctions on Iran.

The official said that the United States and other nations would work from a two-page "menu" of potential penalties that was drawn up earlier this year, and that the sanctions would be ordered in stages.

"The agreement we have is that we will begin a series of graduated sanction measures against Iran, and that we'll start with sanctions directed at Iran's nuclear industry," like limits on the import of so-called dual-use technology and on the travel of scientists and bureaucrats involved in the Iranian nuclear program.

The London meeting was called after the European Union foreign policy chief, Javier Solana, acting on behalf of the six nations, reported this week that he had reached a stalemate in negotiations with the Iranians over curtailing their nuclear program.

The British foreign secretary, Margaret Beckett, praised Mr. Solana and said there were "two paths ahead" — a negotiated end to Iran's enrichment program, or sanctions — and "we regret that Iran has not yet taken the positive one."

While Ms. Rice's transportation troubles in Iraq meant that she had little chance to participate in Friday's negotiations in London, she said she would be actively involved next week in talks over the next step with the Iranians.

"When the diplomatic course is not going to produce an outcome, then the other path has to be pursued," she said. "I think we're getting pretty close to that time."

"The United States has always said that this can't go on endlessly, and we are already more than a month past the deadline," she added, referring to Iran's failure to abide by the Aug. 31 deadline set by the United Nations for suspension of the enrichment program.

Talks Planned On Sanctions Against Iran (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, October 7, 2006

A senior U.S. official says getting a U.N. agreement on penalties will be difficult.

LONDON — The United States and five other world powers said Friday that they were "deeply disappointed" by Iran's refusal to halt its nuclear enrichment program and that they would begin discussing sanctions against Tehran at the United Nations.

The countries, which have jointly pursued a diplomatic solution to the standoff for 18 months, said after a meeting of foreign ministers here that they continued to hold out hope that the Iranian government would relent, suspend nuclear enrichment and accept a package of economic incentives they offered June 1.

A senior U.S. official described the decision to discuss sanctions as "a little bit of progress" but acknowledged that agreeing on penalties against Iran would be difficult. Yet the Americans, who have pressed for sanctions, insisted that it was significant that the six nations have held together.

In addition to the United States, the six are Russia, China, Britain, France and Germany. All but Germany are veto-wielding members of the U.N. Security Council.

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The United States and Britain have been most eager for sanctions, and Russia and China most hesitant.

The statement approved at the meeting here refers only to possible economic sanctions and excludes military action.

R. Nicholas Burns, the undersecretary of State for policy, said that with the failure of the latest round of talks between Iranian officials and Javier Solana, the European Union foreign policy chief, "there's no question we have to proceed with sanctions."

German Foreign Minister Frank-Walter Steinmeier, talking to ZDF television after the meeting, said, "We have also agreed that if there is no new decision from inside the Iranian leadership, there is at present no alternative to having the Security Council deal with this conflict over the Iranian nuclear program."

Margaret Beckett, the British foreign secretary, told reporters that the group made the decision to discuss sanctions because "further pressure is required."

The sanctions, if approved, would be graduated, and would begin with restrictions aimed at Iran's nuclear industry. Crafting such sanctions would be complex and take some time in the best of circumstances, the senior U.S. official said. He said representatives of the group would be in touch Tuesday or Wednesday and take the issue to the U.N. on Thursday.

U.S. Secretary of State Condoleezza Rice, speaking to reporters, said world leaders had threatened so long to move to sanctions that to back away now would undermine their credibility.

"You can't extend deadline after deadline after deadline, because nobody will take the international system seriously," she said.

Rice recalled that the Security Council adopted a resolution in the summer signaling its intention to consider sanctions if Iran didn't suspend its nuclear enrichment.

"When you adopt U.N. Security Council resolutions, they're supposed to mean something," she said.

Rice almost missed the meeting because the military C-17 cargo plane on which she was traveling had an engine malfunction during a visit to Irbil, in northern Iraq's Kurdish region.

Sean McCormack, the chief State Department spokesman, said the plane, which had carried Rice from Baghdad for a visit with Kurdistan regional President Massoud Barzani, had developed a crack in a turbine. Officials summoned another plane, but it took longer to arrive than hoped, and U.S. officials waited in an airport visitor's terminal.

It wasn't the only travel snag on the trip. On Thursday, the C-17 ferrying Rice was forced to circle the Baghdad airport for about 45 minutes, delaying meetings with top Iraqi officials, because of mortar or rocket fire nearby.

U.S., Partners Seek Tough Stance On North Korea, Iran (WSJ)

By Neil King Jr.

The Wall Street Journal, October 7, 2006

The U.S. and its major partners sought to deliver strong messages to both North Korea and Iran over their nuclear programs, but divisions persist over how hard to push either country within the United Nations.

North Korea's threat to conduct a first-ever nuclear test and Iran's refusal to suspend its uranium-enrichment program are posing twin challenges to the international system. Prolonged attempts to negotiate an end to both countries' nuclear programs appear to have fallen apart, leaving little consensus about what steps to take next.

In New York, the U.N. Security Council Friday approved a strongly worded statement that "deplored" North Korea's assertion that it was planning a nuclear test. A test, the statement said, would "represent a clear threat to international peace and security." In U.N. parlance, that implies that a nuclear test would trigger international sanctions, but it is unclear how far China, in particular, would agree to push the volatile government in Pyongyang.

The U.N. move came amid rising concern that North Korea could conduct a nuclear test as early as this weekend, the ninth anniversary of North Korean leader Kim Jong Il's appointment as head of the Worker's Party. Pyongyang's official media said Mr. Kim met with his top military commanders Friday.

North Korea claims that it has nuclear weapons, but it isn't known to have tested one before. For more than a year, it has declined to join six-country talks aimed at persuading it to give up its pursuit of nuclear weapons.

The U.S., France, Britain, Russia, China and Germany have reached a similar impasse with Iran over its nuclear ambitions, which it claims are purely for peaceful, civilian purposes.

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Meeting in London Friday, the five permanent members of the Security Council plus Germany said they were "deeply disappointed" that talks between Iran and European Union foreign-policy chief Javier Solana had shown no real results.

The countries said they plan next week to begin talks within the Security Council over a package of sanctions aimed at pressuring Iran to return to talks to curb any efforts by Tehran to develop nuclear weapons. China and Russia reiterated Friday that they won't support threats or coercion.

Secretary of State Condoleezza Rice said en route to London from Iraq Friday that the credibility of the international community is at stake in both the North Korea and Iran cases. "We can't continue to extend deadline after deadline after deadline, or nobody will take the international system seriously," she said.

Powers Agree To Consult UN On Measures Against Tehran (FT)

By Roula Khalaf And Gareth Smyth

Financial Times, October 7, 2006

World powers meeting on Iran on Friday agreed to consult on possible UN sanctions after Tehran refused to heed international calls for a halt to the most sensitive parts of its controversial nuclear programme.

But after two hours of talks in London, no agreement was reached on the details of potential measures and it was far from clear that differences between the US and Europe on one hand, and Russia and China on the other, had been overcome.

The meeting of foreign ministers from the US, UK, France, Germany, Russia and China was complicated by the late arrival of Condoleezza Rice, US secretary of state, due to travel delays, and by the departure of Sergey Lavrov, her Russian counterpart, before a planned dinner, because of prior engagements.

It came as Alexander Alekseyev, Russian deputy foreign minister, declared that serving Iran with ultimatums would be "counterproductive".

Speaking on behalf of the participants, Margaret Beckett, UK foreign secretary, said the six nations were 'deeply disappointed' that Iran was not prepared to suspend its uranium enrichment activities after extensive talks with Javier Solana, the European Union foreign policy chief.

Stopping short of declaring Mr Solana's talks a failure, she said the six nations would now 'consult on measures under Article 41 of Chapter Seven of the UN charter,' as agreed in a July UN Security Council resolution. The UN decision effectively authorised commercial and diplomatic sanctions but ruled out the use of force.

The UK expects discussions on sanctions to begin at the UN next week. But Russia and China still appear reluctant to impose punishing measures. Mr Lavrov declared on Thursday that sanctions would be 'extreme' until all 'diplomatic possibilities have been exhausted.'

UK officials, however, say sanctions envisioned would be gradual, targeted and reversible, and would start with a tightening of restrictions on procurement for Iran's nuclear and ballistic missile programmes.

Mr Solana's talks with Iranian officials were designed to persuade Tehran to heed UN calls for a stop in atomic work, a condition for starting negotiations on a longer term solution to Iran's nuclear dispute.

The six governments have been hoping that, once negotiations start, they might persuade Tehran to abandon all enrichment in return for a package of economic and political incentives.

In Tehran, regime insiders told the FT this week that the leadership was now ruling out any prospect of suspending uranium enrichment.

A few weeks ago, Iran had floated the idea that it could be ready to stop the nuclear activities for three months, during which negotiations on the six-nation package would begin.

But it conditioned this on the other side accepting that, at the end of the negotiations, Iran would keep a small-scale uranium enrichment facility.

European diplomats say these terms would have pre-judged the outcome of the negotiations and indeed rendered them meaningless.

Regime insiders in Tehran also say that prospects of even a limited suspension had met with growing opposition at home.

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"Iran is not unduly worried about sanctions, especially as we think Russia and China aren't in favour," says one insider, adding that Tehran's fears of US military actions were also receding given the accumulation of crises in the Middle East, from Iraq, to Lebanon, and Afghanistan.

"They are very wrong if they think they can gain through negotiations what they failed to gain through pressure," President Mahmoud Ahmadi-Nejad told a crowd this week in Hashtgerd, a new town near Tehran, in reference to western governments. In a separate speech at a graduation ceremony for police cadets, he said Iran was not isolated because two-thirds of the countries in the world supported its right "to pursue peaceful nuclear energy".

Nations To Pursue Sanctions Against Iran (AP)

By Beth Gardiner, Associated Press Writer

AP, October 7, 2006

Six world powers agreed Friday to pursue possible U.N. sanctions against Iran over its nuclear program, but left crucial questions about the scope and timing of any measures unresolved.

Top diplomats from the United States, Britain, France, Germany, China and Russia said in a joint statement after talks in London that they were "deeply disappointed" by Tehran's refusal to suspend uranium enrichment, a key step toward making nuclear weapons.

Apparently divided about how quickly to move, the envoys stopped short of explicitly declaring European negotiations with Iran a failure, as some had expected them to do.

Their statement also shied away from demanding Tehran be punished by the U.N. Security Council, but said they would discuss sanctions in talks at the U.N.

U.S. Undersecretary of State Nicholas Burns went further.

"The decision has been made that we'll go for sanctions, the question is what the sanctions will be," he said after the meeting. "In the view of the United States, we have to move for sanctions to raise the stakes for Iran."

Reading the diplomats' joint statement, British Foreign Secretary Margaret Beckett said Iran had two choices when the United Nations demanded it halt enrichment activities.

"We regret that Iran has not yet taken the positive one," she said.

Beckett said the six powers "will now consult on measures under Article 41 of Chapter 7 of the U.N. Charter." Article 41 authorizes the Security Council to impose nonmilitary sanctions such as completely or partially severing diplomatic and economic relations, transportation and communications links.

Russian Foreign Minister Sergey Lavrov said the discussions on how to win Iranian compliance would take place at the Security Council, Russian news agencies reported. German Foreign Minister Frank-Walter Steinmeier told ZDF television the powers would begin drafting a resolution.

Burns said political directors of the six nations' foreign ministries would hold a videoconference Tuesday or Wednesday, and their U.N. ambassadors would then meet, probably the following day.

Britain's U.N. ambassador said Thursday that he expected "the Iran dossier" to return to the Security Council in the next week, but Beckett set no timeframe for action.

Iran insists its enrichment of uranium is purely for peaceful purposes to be used for nuclear energy. But the United States and many European nations believe Iran is seeking to produce nuclear weapons.

The U.S. and Britain are leading the push for sanctions against Tehran. To avoid alienating the Russians and the Chinese — both major commercial partners of Iran — any measures are likely to be relatively mild, including embargoes on missile and nuclear technology, and possible travel bans and other penalties on Iranian officials involved in their country's nuclear program.

Secretary of State Condoleezza Rice was delayed leaving Iraq on Friday because of mechanical difficulties with her plane, meaning the diplomats had little time to reach a consensus. But even before the logistical problems arose, it was clear there were significant differences among the participants, with Russia voicing reluctance to move toward sanctions and Rice suggesting it was "getting pretty close" to the time to take Iran to the Security Council.

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"There is an issue of the credibility of the Security Council and the international system and you simply can't just keep talking with no outcome," she told reporters on her way to London.

Lavrov, who said Thursday that sanctions now would be "extreme," hinted Friday that Moscow might accept some action. "We do not rule out additional measures" the Interfax news agency quoted him as saying in London.

But his deputy, Alexander Alexeyev, warned that it would be "counterproductive" to speak to Iran "in the language of threats and ultimatums."

Beckett denied suggestions the five permanent U.N. Security Council members and Germany had been unable to agree on a course of action. She told The Associated Press that the international community was united in wanting to negotiate with Iran and urging it to suspend enrichment.

"None of us want to get involved in sanctions, but at the present time, Iran is not responding to probably the most generous offer that has ever been made by the international community," she told the AP.

She said the package of technological and political incentives the six countries offered Iran in June was still on the table if it commits to freezing enrichment, which it has refused to do.

The European-Iranian negotiations had been seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council after it ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

Iranian President Mahmoud Ahmadinejad was defiant Thursday, saying his country would not be intimidated into giving up its nuclear program.

Associated Press Writers Thomas Wagner and Anne Gearan in London, Stephen Graham in Berlin and Steve Gutterman in Moscow contributed to this report.

U.N. Council Presses North Korea To Drop Plans For Nuclear Test (NYT)

By Warren Hoge

The New York Times, October 7, 2006

UNITED NATIONS, Oct. 6 — The Security Council urged North Korea Friday not to carry out a planned test of a nuclear weapon, saying it would endanger regional stability and provoke worldwide denunciation.

Taking action three days after North Korea said it was preparing for an underground test, the Council said such action would "jeopardize peace, stability and security in the region and beyond."

The statement, agreed to by all 15 members, was issued amid speculation that the test could come as soon as Sunday, the anniversary of the appointment of the North Korean leader, Kim Jong Il, as head of the Communist Party. It urged Pyongyang to return to six-party talks on its nuclear program that include North and South Korea, China, Japan, Russia and the United States.

North Korea left the talks last year and claims it will return only if the United States lifts sanctions aimed at stopping counterfeiting and other illegal economic activities.

"At an absolute minimum, North Korea must come back to the six-party talks which it has boycotted for 13 consecutive months and shows no inclination to come back to," said John R. Bolton, the American ambassador to the United Nations.

The statement made no mention of possible United Nations sanctions or punishment other than to note that the Council would act "consistent with" its obligations if Pyongyang followed through with its threat.

In July, the Security Council passed a resolution condemning recent missile launchings by North Korea, urging abandonment of its nuclear program and a return to the six-party talks but not imposing any penalties.

At that time, Japan and the United States, the principal sponsors of the original resolution draft, obtained unanimous backing only by dropping language citing the part of the United Nations Charter that makes actions enforceable by armed action.

Mr. Bolton said Friday, "We think the main point is that North Korea should understand how strongly the United States and other council members feel that they should not test this nuclear device." He warned, "And if they do test it, it will be a very different world a day after the test."

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Kenzo Oshima, the ambassador from Japan, who is this month's president of the Council, said he had hoped for adoption of the statement before a planned visit by the country's new prime minister, Shinzo Abe, to Beijing and Seoul this weekend to discuss ways to ease regional tensions.

A North Korea expert in China told [a news organization] that the threats of a nuclear test were tied to the economic sanctions that Washington imposed earlier this year.

If the United States removes the sanctions, said the expert, Li Dunqiu, of China's State Council Development Research Center, "then tensions can be eased." He added, "Otherwise, launching a nuclear test is unavoidable for North Korea."

U.N. Council Urges N. Korea Not To Conduct Nuclear Test (WP)

By Colum Lynch

The Washington Post, October 7, 2006

UNITED NATIONS, Oct. 6 -- The U.N. Security Council issued a statement Friday expressing "deep concern" about North Korea's threat to conduct its first test of a nuclear explosive, saying it would "jeopardize peace, stability and security in the region and beyond."

The action came as U.S. officials look toward Sunday as a possible date for North Korea to carry out the test. Oct. 8 is the ninth anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, and is only a day before South Korean Foreign Minister Ban Ki Moon will face a vote on his bid to become the next secretary general of the United Nations.

The 15-nation council urged North Korea to resume multiparty talks over its nuclear program, warning that a nuclear test "would bring universal condemnation." The council also issued a veiled threat to weigh tougher action, including the possibility of sanctions, against Pyongyang it if proceeds with the test.

The nonbinding statement capped three days of intensive negotiation after North Korea's announcement Tuesday that it plans to test a nuclear device to strengthen its defenses against the United States.

The Bush administration expressed frustration that the council was not prepared to adopt an even tougher response spelling out the punitive actions to be imposed on North Korea if it conducts a test. "At this point, no, I don't think there's a strategy of preventive diplomacy in place," said John R. Bolton, the U.S. ambassador to the United Nations.

Still, Bolton and Kenzo Oshima, Japan's ambassador, said the statement will be helpful to Japanese Prime Minister Shinzo Abe, who is expected to advocate a tougher response to North Korea's nuclear program in visits to Beijing on Sunday and Seoul on Monday.

China and Russia have urged the United States and other members of the council to pursue only diplomatic means to end the nuclear standoff with North Korea. Russia's ambassador, Vitaly Churkin, said he spoke with Bolton on Friday about the need for the United States to engage in direct talks with North Korea.

But Churkin said Bolton insisted that the United States would sit down with North Korean officials only if they resumed multiparty talks on the nuclear program. "We think that bilateral contacts between the United States and North Korea could be useful in resolving the situation," Churkin said.

In an effort to persuade Pyongyang to back down, Bush administration officials have issued a number of stern warnings that the United States will not accept a nuclear-armed North Korea. State Department spokesman Tom Casey said on Friday that the United States has also encouraged China and others "that have influence on North Korea to use it to convince them to turn away from this."

"I'd leave it up to the Chinese as to what the best way for them to exert their influence on the North Korean government is -- but, certainly, we want to see them and everyone else do whatever they can to prevent this from happening," he added.

U.S. officials suspect North Korea has acquired enough plutonium to produce as many as 11 nuclear bombs. In February, Pyongyang announced that it had succeeded in building a nuclear device, but analysts estimate that it could be years before North Korea is able to launch it.

U.N. Warns N. Korea On Nuclear Test (WT)

By Betsy Pisik

The Washington Times, October 7, 2006

DOJ_NMG_0078532

NEW YORK -- The U.N. Security Council warned North Korea yesterday not to conduct a nuclear test, telling the isolated communist state it would face unspecified consequences under the U.N. charter if it did so.

"The Security Council deems that should [North Korea] carry out its threat of a nuclear-weapon test, it would jeopardize peace, stability and security in the region and beyond," said Japanese Ambassador Kenzo Oshima, who presides over the council this month.

Mr. Oshima's remarks, approved unanimously by the 15-nation council, also warned, "should [North Korea] ignore calls of the international community, the Security Council will act consistent with its responsibility under the charter of the United Nations."

The vote came amid speculation that North Korea could conduct a nuclear test as early as this weekend.

The council's "presidential statement," which does not carry the weight of a formal Security Council resolution, also urged Pyongyang to return to six-nation talks and to abandon its pursuit of nuclear weapons.

Japan and China drafted the statement, which the United States supported.

"We think the main point that North Korea should understand is how strongly the United States and many other council members feel that they should not test this nuclear device, and that if they do test it, it will be a very different world the day after the test," U.S. Ambassador John R. Bolton told reporters.

The United States maintains a force of about 30,000 troops in South Korea, a legacy of the 1950-53 Korean War.

The council was in broad agreement on yesterday's statement, putting aside sniping earlier this week to craft an unambiguous response.

"It was a very good statement," Russian Ambassador Vitaly Churkin said. "We are pleased that it has been adopted."

South Korean Foreign Minister Ban Ki-moon, who is scheduled to become U.N. secretary-general when Kofi Annan's term expires this year, has offered to travel to Pyongyang to press international opposition to the North's nuclear-weapons program.

Mr. Bolton declined to endorse the proposed trip, but said yesterday that Washington is looking forward to having fresh ideas at the United Nations.

In North Korea, television images of the nation's leader, Kim Jong-il, showed him meeting soldiers at an undisclosed location.

The meeting marked Mr. Kim's first reported public appearance since Tuesday's announcement that North Korea would set off an atomic explosion.

Earlier, Japanese Vice Foreign Minister Shotaro Yachi told Japanese television after meeting with U.S. officials: "Based on the development so far, it would be best to view that a test is possible this weekend."

North Koreans are fond of anniversaries and a weekend test would coincide with Mr. Kim's 1997 appointment as leader of the ruling Korean Workers' Party.

The United States, along with South Korea, Japan, China and Russia, have been trying to persuade Pyongyang to give up its nuclear programs in exchange for fuel and security guarantees.

North Korea has boycotted the talks for nearly a year.

Japanese Prime Minister Shinzo Abe is to meet with his Chinese and South Korean counterparts this weekend to discuss the crisis.

North Korean Nuclear Test Would Be 'Incendiary': White House (AFP)

AFP, October 7, 2006

The White House warned that a North Korean nuclear test would be an "incendiary" event threatening Pyongyang's neighbors, but it refused to comment on the possible timing of the test.

"I'm not going to comment on any of our intelligence," White House deputy spokeswoman Dana Perino told reporters.

Japan said North Korea could test a nuclear device as early as this weekend.

"The international community has joined us in sending a clear signal to the North Koreans that any such test of a nuclear device would be unacceptable," Perino said.

"And this hostile act would be most incendiary and threatening to North Korea's immediate neighbors," she said.

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"It would be destabilizing to the region and could lead to further escalation of tensions. And a test, by its very nature, could advance the North Koreans' capabilities," the spokeswoman added.

White House chief spokesman Tony Snow said Thursday that a US diplomat's warning that a nuclear-armed North Korea would be "unacceptable" was "not a lethal threat" against the Stalinist regime.

U.N. Tells N. Korea Not To Test A Device (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 7, 2006

UNITED NATIONS — The Security Council unanimously urged North Korea on Friday to scrap plans for a nuclear test and return to six-party talks — or face unspecified consequences.

Newly elected Japanese Prime Minister Shinzo Abe said Friday that the test could come as early as this weekend. U.S. spy satellites have detected sustained activity at a suspected underground test site in North Korea. Abe will travel to Beijing on Sunday and Seoul on Monday to press for support in corralling North Korea's nuclear ambitions.

North Korea has in the past timed its military exercises to coincide with significant dates: It launched missiles on July 4, despite international warnings. Monday is Workers' Party Day in North Korea and Columbus Day in the United States.

North Korea's Foreign Ministry had announced Oct. 3 that the nation was preparing for a nuclear test to ensure its security in the face of what the government in Pyongyang described as threats from the United States.

The U.S. levied financial sanctions against North Korea last year and has encouraged banks around the world to cut off business dealings because of Pyongyang's suspected money laundering and counterfeiting. The North Koreans want the U.S. to lift the sanctions and engage in direct talks, and the threat to test a nuclear device is seen by diplomats and analysts as a way to heighten pressure.

The Security Council statement said that a test would not bring Pyongyang closer to its goals. Rather it would "bring universal condemnation by the international community," the statement said. "The Security Council urges the DPRK not to undertake such a test and to refrain from any action that might aggravate tension," the statement added, using the initials for the country's official name, the Democratic People's Republic of Korea.

U.S. Ambassador John R. Bolton said the Security Council took the threat seriously and that the United States was prepared to push for international economic sanctions. "If they do test it, it will be a very different world the day after," he said before the meeting. "There would be another nuclear power. This would be proof positive of North Korea having a weapon."

China and Russia had objected to earlier drafts of the statement that threatened an arms embargo, economic penalties or military force for failing to comply. The two nations rejected wording to "demand" that North Korea halt its plans, settling instead for a statement that would "urge" it to do so. But Russian diplomats said they were "very concerned" about the possibility of a test.

"We very clearly and strongly believe that to threaten conducting nuclear tests, or even worse, to conduct such tests … would not help anybody, including North Korea," Russian Ambassador Vitaly Churkin said. "This message is very clearly conveyed in the useful presidential statement which we today adopted.

"Let's hope that things will cool off and that everybody will return to six-party talks," he said, referring to the on-and-off negotiations that have involved China, Russia, the U.S., South Korea and Japan along with North Korea.

Chinese Ambassador Wang Guangya said that North Korea was ultimately seeking direct talks with the U.S., and that the key to containing Pyongyang might be negotiations. "I don't know if that is possible right at this moment, but at some point it is necessary," he said.

To Bush administration officials, offering one-on-one talks with the North Koreans is tantamount to rewarding them for bad behavior. When asked previously if the U.S. would consider direct talks, Bolton answered curtly, "No. Next question." Instead, he said Friday, the Security Council should now move toward a "broad strategic approach."

The U.S. is contemplating punitive measures even if the council won't back them. One possible response, a U.S. diplomat said, would be a naval blockade to prevent nuclear-related materials from entering or leaving the country.

North Korea Urged To Cancel Nuclear Test (AP)

By Edith M. Lederer, Associated Press Writer

DOJ_NMG_0078534

AP, October 7, 2006

With speculation mounting of a North Korean nuclear test as early as this weekend, a unanimous U.N. Security Council urged the secretive, communist nation Friday to abandon all atomic weapons as it promised last year and cancel plans to detonate a device. Japan hinted the North could face sanctions or possible military action.

A statement adopted by the council expresses "deep concern" over North Korea's announcement that it planned a test — which would confirm strong suspicions it is a nuclear power — and warns Pyongyang of unspecified consequences if it carries through. The message also urges the North to return to six-party talks on scrapping its nuclear weapons program.

With tensions rising, North Korean leader Kim Jong Il met hundreds of his top military commanders and urged them to bolster the nation's defenses, as officers cheered, "Fight at the cost of our lives!" the North's official Korean Central News Agency reported earlier Friday.

A North Korea expert in China, the North's closest ally, said only the removal of American economic sanctions against Pyongyang could dissuade the country from carrying out a nuclear test.

"North Korea has already made a decision to carry out a test," said Li Dunqiu, of China's State Council Development Research Center, a Cabinet-level think tank. But "if the U.S. removes sanctions ... then tensions can be eased. Otherwise launching a nuclear test is unavoidable for North Korea."

The United States imposed economic sanctions on North Korea last year to punish it for alleged counterfeiting and money laundering. For the last 13 months, North Korea has boycotted six-nation talks aimed at persuading it to abandon its nuclear ambitions.

North Korea said Tuesday it decided to act in the face of what it claimed was "the U.S. extreme threat of a nuclear war," but gave no date for the test. Washington has repeatedly said it has no intention of invading North Korea.

Both China and Russia have urged the United States and North Korea to hold talks, which Russia's U.N. Ambassador Vitaly Churkin said Friday "could be useful in resolving the situation." But he said U.S. Ambassador John Bolton informed the council that there would be no North Korean-U.S. talks except in the margins of resumed six-party talks.

Bolton said the Security Council needs to adopt a long-term strategy to deal with North Korea but the top U.S. priority now is to stop a nuclear test.

"We take the threat by North Korea seriously. We don't think this is an attention-getting device of people waving their arm to say `see me, see me.' We think this would be consistent with the unfortunate logic that North Korea has been following," he said.

"North Korea should understand how strongly the United States and many other council members feel that they should not test this nuclear device," Bolton said. "And that if they do test it, it would be a very different world the day after the test ... because there would be another nuclear power."

Russia's Churkin said threatening or conducting a nuclear test "would not help anybody including North Korea."

"This message is very clearly conveyed in the useful presidential statement which we today adopted," he said. "Let's hope that things will cool off and that everybody will return to six-party talks."

South Korea's Foreign Ministry also urged its communist neighbor to return to talks and applauded the council's warning.

"North Korea should be held responsible for any consequences that could be caused by a test," the ministry said Saturday.

The warning was read at a formal meeting by the council president, Ambassador Kenzo Oshima of Japan. The Japanese Foreign Ministry issued a statement later saying if North Korea defies international concerns about a test, "the Security Council must adopt a resolution outlining severely punitive measures."

Japan, which would be in close proximity to any North Korean nuclear test, proposed the initial text of the statement, which becomes part of the council record. Oshima had pressed to have it adopted before Japanese Prime Minister Shinzo Abe travels to China on Sunday and South Korea on Monday with a message that the North should stop testing.

"It's good that the council has come up with a very clear, strongly worded message warning against a nuclear test" before the "very important" Japan-China summit meeting, Oshima said.

The statement says a nuclear test would not help Pyongyang address its concerns, especially strengthening its security.

It warns that a nuclear test would bring "universal condemnation," lead to further unspecified council action, and "jeopardize peace, stability and security in the region and beyond."

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The council said it "deplores" the pursuit of nuclear weapons by the Democratic People's Republic of Korea, known as the DPRK.

"The Security Council will be monitoring the situation closely," the statement said. "The Security Council stresses that a nuclear test, if carried out by the DPRK, would represent a clear threat to international peace and security and that should the DPRK ignore calls of the international community, the Security Council will act consistent with its responsibility under the Charter of the United Nations."

Oshima indicated that the North could face sanctions or possible military action under Chapter 7 of the U.N. Charter if it detonates a nuclear device. Chapter 7 outlines actions the council can take to deal with threats to international peace. He stressed that the statement says a nuclear test would constitute such a threat, which "is clear enough."

"I think the terms in which this statement was prepared clearly indicate what will be the consequences of their action if they, in fact, resort to a nuclear test," Oshima said.

The statement also urges North Korea to return immediately to the six-party talks and work toward implementation of a September 2005 agreement in which the North pledged to give up its nuclear program in exchange for aid and security guarantees. The six parties to the talks are the two Koreas, China, Japan, the United States and Russia.

The council acted amid speculation that a nuclear test could come on Sunday, the anniversary of Kim's appointment as head of the Communist party in 1997. Japanese Vice Foreign Minister Shotaro Yachi, currently in Washington, told the Japan's TV Asahi: "Based on the development so far, it would be best to view that a test is possible this weekend."

The dispatch by North Korea's news agency did not mention a nuclear test.

North Korean state television showed still photos of Kim, with his distinctive bouffant-hair, waving to an assembled crowd of about 500 olive-suited officers in dress caps. Kim later posed for a group photo with his commanders in front of Pyongyang's sprawling mausoleum for his father and national founder, Kim Il Sung.

The meeting was the reclusive leader's first reported appearance in three weeks and the first since Tuesday, when his government shocked the world by announcing plans to test a nuclear device on its way to building an atomic arsenal.

It was unclear when the rally took place, or how many attended, but it could show that Kim is trying to polish his credentials with the military at a time when international pressure is mounting on Pyongyang.

Associated Press writers Hans Greimel and Bo-Mi Lim in Seoul, South Korea, Kana Inagaki and Mari Yamaguchi in Tokyo, and Foster Klug in Washington contributed to this report.

UN Warns N Korea On Nuclear Test (FT)

By Mark Turner And Guy Dinmore

Financial Times, October 7, 2006

The United Nations Security Council has agreed a unanimous statement, warning North Korea to refrain from testing a nuclear weapon, or face unspecified action.

Details of the statement were expected to be read by Kenzo Oshima, the council president and Japan's UN ambassador, at a formal open meeting of the council later in on Friday, said Vitaly Churkin, Russia's UN ambassador.

Should North Korea ignore the UN's calls, according to an earlier draft statement, "the Security Council will act consistent with its responsibility under the charter of the United Nations", language that could lead to sanctions or tougher measures.

The negotiations came amid warnings from Japan that the reclusive state could conduct a test as soon as this weekend. "Based on the development so far, it would be best to view that a test is possible this weekend,'' Shotaro Yachi, the Japanese vice-foreign minister, told Japanese broadcaster TV Asahi.

According to the draft UN statement: "The members of the Security Council deem that should the DPRK [North Korea] carry out its threat of a nuclear weapon test, it would jeopardise peace, stability and security in the region and beyond. Such a test would bring universal condemnation," it said, and called for an early resumption of the six-party talks aimed at achieving "the verifiable denuclearisation of the Korean Peninsula".

John Bolton, US ambassador to the UN, said before the meeting: "If they do test it, it will be a very different world the day after. There would be another nuclear power. This would be proof positive of North Korea having a weapon."

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Mr Churkin warned: “Non-proliferation is very important internationally, for the region and for North Korea.

“It would be in everyone’s interest for them to refrain from this action. We think that bilateral contacts between the US and North Korea could be useful in resolving the situation,” he said. But he had heard no proposals for a broader strategy

China has clashed with the US over the precise strategy, resulting in a harsh exchange of words in a closed-door session earlier this week.

The US is reportedly looking at possible sanctions against North Korea. Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, said on Wednesday: “We are not going to live with a nuclear North Korea. We are not going to accept it.”

The US would “have no choice but to act resolutely”, he told the School of Advanced International Studies of Johns Hopkins University in Washington.

He refused to say precisely what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Fuad Al-Siniora The Accidental Prime Minister (WSJ)

By Michael Young

The Wall Street Journal, October 7, 2006

BEIRUT -- There was a time, not so long ago, when Fuad al-Siniora was the most vilified man in Lebanon. As the person in charge of the nation's finances under the late prime minister, Rafiq Hariri, he was regarded by the Lebanese as the abominable taxman. On the evening of Hariri's assassination on Feb. 14, 2005, it was another Mr. Siniora I recall seeing among a gathering of anti-Syrian opposition figures at the Hariri mansion -- a proper technocrat, seemingly misplaced amid the promenading politicians. Yet when the opposition elected a majority to parliament later in the year, Mr. Siniora emerged, almost naturally, as the successor to his onetime boss. For now, despite efforts by an array of forces to bring his government down, Mr. Siniora remains firmly in place.

There is an urban Sunni merchant's litheness in that metamorphosis from staid number-cruncher to persuasive prime minister. A native of the southern port city of Sidon who started his career as a Citibank executive, Mr. Siniora is velvety and unflappable, as befits a maven of the Levantine marketplace. He avoids hard angles in favor of nods, winks and baroque compromises -- qualities essential for herding the fat cats that make up Lebanese government.

Mr. Siniora receives me in his cavernous office in the Grand Sérail, an Ottoman barracks that after World War I housed the French Mandatory authorities. The vast structure, built in 1853, was destroyed during Lebanon's civil war, before Hariri rebuilt it as a headquarters for the prime minister. Mr. Siniora now works as well as lives there, with his family. These days, like most of Syria's Lebanese foes, he spends much time indoors, to avoid assassination. * * *

During the summer war between Hezbollah and Israel, Mr. Siniora walked a tightrope. A seven-point plan he devised was instrumental in creating a framework for an exit from the conflict and the extension of Lebanese state authority to the southern border. But this little endeared him to Hezbollah, which controlled an autonomous area in the south from which the Lebanese Army had been excluded. As Israel began bombing after the abduction of two of its soldiers on July 12, the prime minister had to balance conflicting interests: to use the violence as leverage to loosen Hezbollah's hold over the south, but without appearing to betray the party, which controls two ministers in his cabinet.

The highwire act is continuing. That's why Mr. Siniora will admit that "it's definitely difficult now for Hezbollah to conduct any military operation south of the Litani River" -- but he won't gloat. On the contrary, he insists, "We managed to stop Israel from winning, for the second time since the October 1973 Arab-Israeli war. This is important in the conscience of the Arabs." When I point out he is being disingenuous, that he and his allies in the parliamentary majority were never keen to see Hezbollah make gains, let alone endorse its claim of having scored a "victory" against Israel, Mr. Siniora says: "There were heroic efforts by [Hezbollah] combatants and by Lebanese who received the displaced. But I don't claim we won a victory. We could have sent the army south without this war, and we've now done so for the first time in 35 years. But here were the negatives: My country was reoccupied; it was destroyed; Israel took us back 10 years [economically]; and we must comply with international resolutions that affect Lebanese sovereignty."

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I bring up a prickly moment two weeks ago when Hezbollah's secretary-general, Hassan Nasrallah, speaking at a rally in Beirut's southern suburbs, mocked Mr. Siniora. Last August, during an Arab League foreign ministers' summit in Beirut at the height of the fighting, the prime minister dissolved into tears in the midst of a speech defending Lebanon's Arab bona fides. In his address, Mr. Nasrallah affirmed: "Tears don't liberate [land]." What did Mr. Siniora think of the statement? "I don't react to every word I hear. I take it easy. I have a high degree of serenity. . . . Yet the impact of those tears on all the Arab world was greater than a thousand rockets [Hezbollah] fired on Israel."

There was a less obvious subtext to the exchange. The Arab summit was very much an effort by the predominantly Sunni Arab states to contain Shiite Iran and Hezbollah in Lebanon. Their way of doing so was to support the Siniora plan, which sought to remove excuses for new wars in the south. This succeeded: Aspects of the seven-point plan, including Lebanon's declaring a desire to return to the 1949 Armistice Agreement with Israel, were integrated into the U.N. resolution that ended the fighting, and Hezbollah agreed to them, albeit reluctantly. Mr. Nasrallah, in ridiculing Mr. Siniora, was expressing antipathy for his attachment to a Sunni Arab order that Hezbollah loathes.

As for a return to the armistice, I suggest to Mr. Siniora that this is easier said than done. Some experts argue the agreement is no longer valid, given its repeated violations; others say it needs to be updated. More importantly, Hezbollah and Iran don't like it. Mr. Siniora is dismissive: "It doesn't have to be updated or renegotiated. It was approved by the government, and will be implemented de facto." But going back to an armistice first requires a resolution of the disputed Shebaa Farms issue. The U.N. says the farms area, occupied by Israel, is Syrian; the Lebanese say it is part of Lebanon. Mr. Siniora wants to place it under U.N. auspices until this is decided, in effect forcing the Israelis out. His aim is to deny Hezbollah a reason to pursue armed resistance there. But the U.N. is not enthusiastic. Won't this only encourage Hezbollah to say Mr. Siniora's methods have failed, justifying the guns again? "What can armed resistance bring?" he retorts. "Israel recently reoccupied Lebanon. Only diplomacy made them withdraw."

Would Hezbollah play along, given its Iranian agenda? "I must assume that, and act as if Hezbollah has a Lebanese agenda," he answers. However, his government is not taking chances: "There are no restrictions on the Lebanese army's movements in the south. It has clear instructions to prohibit the appearance of weapons or uniforms, and to confiscate them." More worrying is that the U.N. force helping the Lebanese might be attacked by al Qaeda, or by Islamists supported by Syria. Does Mr. Siniora consider this likely? "I don't think so," he answers, adding, far less reassuringly, "but we should take our precautions." * * *

The prime minister tells me once again that he has "a high level of serenity," but he does seem unsettled by the increasing pressure from Hezbollah, Christian leader Michel Aoun, Syria and Iran for him and the parliamentary majority to accept a new "national unity" government. He even sounds mildly irritated: "Change is unwarranted. Our performance this summer was outstanding. We passed the seven-point plan, reworked the U.N. resolution on Lebanon in our favor, ended the hostilities, sent the army south, forced Israel out, and gained international support, including financial support. What more could be done?"

Some discern more sinister designs in the effort to bring the government down. A few days ago, on Wednesday, the influential Christian Maronite bishops issued a statement implying that the call for a broader cabinet was a furtive way of blocking progress in the Hariri investigation. In the coming weeks the government must consent to guidelines for a mixed tribunal to try those accused of involvement in the late prime minister's murder. Syria is the leading suspect, and Mr. Siniora's allies fear the push to change the government is meant to ensure there are enough pro-Syrian ministers to block any cabinet vote on the tribunal -- or impose a limper court.

The prime minister is sanguine. "This is a tempest in a teapot. My experience in this cabinet is that in a very limited number of cases did we resort to voting. The tribunal was agreed upon [in a national dialogue between Lebanese leaders], and it's in no one's interest to make an issue of it." But his last phase is plainly a warning to Hezbollah, one Mr. Siniora repeats: "If someone tries to stop the legal process, then we must make sure we don't go back on what was agreed." When I ask whether Syria is the Svengali behind the new government plan, he sidesteps only slightly: "The effort is being made by people who are pro-Syrian."

But Mr. Siniora's strongest argument against a cabinet change comes in an anodyne phrase: "Nabih Birri says it might be difficult to form a new government, and could take Lebanon into a crisis to no one's advantage." Mr. Birri is the parliament

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speaker, and a Shiite. By invoking him, Mr. Siniora is using one powerful Shiite to offset the demands of another, Mr. Nasrallah, in warning that a political vacuum might ensue.

Politics are not the only thing the prime minister has to worry about. With a $40 billion debt, a GDP estimated at only $18 to $20 billion, and losses from the July-August conflict estimated by some U.N. agencies at over $10 billion, Lebanon is in dire financial straits. Mr. Siniora says the situation was already "unsustainable" before the "catastrophe," making reform imperative. What he outlines, however, is a dilemma.

Lebanon's credit rating is set to go down in the near future, and the government urgently needs revenue. However, Mr. Siniora is first to admit that, given the country's dark mood, "we cannot raise taxes, this would lead to a recession. We need alternative sources." He means privatization, particularly of the lucrative fixed and mobile telecommunications network.

Fair enough, except that unless the government shows tangible progress on financial reform soon, particularly on privatization, a long-anticipated international donor conference to help Lebanon out of its debt noose will not materialize. And like so much else, privatization remains vulnerable to political discord. So, when Mr. Siniora says the conference might happen "I hope before the end of the year," I have my doubts.

A government priority is compensating those whose homes were destroyed in the recent fighting. Hezbollah garnered publicity by handing money to victims out of suitcases, an approach it sought to contrast with the slowness of the state's reaction. Does Mr. Siniora see himself in competition with the party? "No. We have an obligation toward the people. It was not their mistake that they suffered." He accepts that "Hezbollah might politicize the relief effort against the government," and when I ask whether the party's distribution of funds had provoked problems in certain villages, Mr. Siniora probably sees an opportunity to get one back: "I've heard there are problems. Giving more aid to certain people and less to others creates a great deal of sensitivity."

As we wrap up, the inevitable question provokes an inevitable answer. I ask Mr. Siniora what it feels like being a marked man. "I'm a believer. I know that if anything must happen, it will happen. But I take my precautions. I'm afraid of God. My mother once said: 'Don't be afraid of whoever is afraid of God.'" Many of Mr. Siniora's enemies will readily admit, of course, to a fear of God. What he must worry about is that they will increasingly fear Fuad al-Siniora, the accidental prime minister who may have turned out to be more than they bargained for.

Mr. Young, a Lebanese national, is opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine.

'We Will Not Recognize Israel,' Palestinian Premier Affirms (NYT)

By Greg Myre

The New York Times, October 7, 2006

JERUSALEM, Oct. 6 — In a defiant speech delivered to a teeming crowd of Hamas supporters, the Palestinian prime minister, Ismail Haniya, insisted on Friday that his Hamas movement would not recognize Israel despite the cutoff in Western aid that has strangled his government.

"I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel," Mr. Haniya said to thunderous applause from tens of thousands of supporters, many waving green Hamas flags, at the Yarmouk soccer stadium in Gaza City.

Mr. Haniya's remarks appeared to be aimed at the Palestinian Authority president, Mahmoud Abbas, and Secretary of State Condoleezza Rice, who met Wednesday in the West Bank. At that time, Mr. Abbas declared that talks between his secular Fatah movement and Hamas on a Palestinian unity government had broken down, and that the political stalemate could not go on indefinitely.

Mr. Abbas says there is a need for a new Palestinian government that will recognize Israel and deal with it. He also indicated that he was prepared to invoke his presidential powers and dismiss the current government, which is dominated by Hamas, the radical Islamic movement.

Less than a month ago, on Sept. 11, Mr. Abbas and Mr. Haniya agreed in principle to form a unity government in an effort to find a way out of the worsening political and economic crisis facing the Palestinians. The goal was to bring Fatah and other

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political factions into the government. And the hope was that this would persuade Israel, the United States and the European Union to resume the flow of money that had been cut off when Hamas assumed power.

Without that aid the Palestinian Authority has been unable to pay salaries, provide services or govern in any meaningful way.

But the blunt public remarks by Mr. Abbas on Wednesday and Mr. Haniya on Friday reflected what seems to be an increasingly bitter power struggle that could dim the prospects for a compromise.

Still, Mr. Haniya called on Mr. Abbas, who works in the West Bank city of Ramallah, to return to Gaza to resume talks on a broad-based government. “Come down to Gaza to protect our people and declare our commitment to a national unity government,” Mr. Haniya said.

But Mr. Abbas has given no indication that he plans to accept the invitation any time soon. Mr. Haniya and other senior Hamas officials are based in Gaza, and Israel does not permit them to travel to the West Bank.

During the lengthy speech on a sweltering afternoon, Mr. Haniya appeared on the verge of collapse at one point and could not continue his remarks. Bodyguards rushed to physically support him and whisked him off the stage. During the Muslim holy month of Ramadan, Mr. Haniya, like many Muslims, observes a dawn-to-dusk fast, which apparently caused his weakness.

He re-emerged about 10 minutes later and continued. “Our bodies may get tired, but our souls will not,” Mr. Haniya said as the crowd roared.

The United States and the European Union are demanding that the Palestinian government recognize Israel, renounce violence and accept previous Israeli-Palestinian accords.

In negotiations, Fatah and Hamas have sought a formula under which a new government would accept such positions, though Hamas as a political party would not be forced to endorse them. But Hamas has repeatedly rejected the Western demands, and Fatah leaders say they see no rationale for joining a unity government that will continue to be ostracized by the Western countries and much of the international community.

Israel, which is withholding more than $50 million a month in taxes and customs duties it collects for the Palestinians, refuses to deal with the Hamas government. Prime Minister Ehud Olmert says he is willing to meet with Mr. Abbas, but stresses that there is no prospect for progress until the Palestinians release an Israeli soldier seized by Palestinian militants and taken to Gaza on June 25.

Mr. Haniya, meanwhile, said that the Palestinians faced an “unethical and unjust siege led by the United States administration,” and that “many parties, internal and external, colluded in an attempt to force us to surrender.” He noted that even Arab governments had not invited him to visit, aside from Qatar.

The Fatah-Hamas friction boiled over into street fighting in Gaza on Sunday and Monday, leaving 10 Palestinians dead and more than 100 wounded in some of the worst internal fighting in recent years. The violence has subsided, but the tension remains.

Haniyeh: Hamas Won't Recognize Israel (AP)

By Sarah El Deeb, Associated Press Writer

AP, October 7, 2006

Hamas will not recognize Israel or give in to international pressure that has crippled the Palestinian government, Prime Minister Ismail Haniyeh told tens of thousands of banner-waving supporters at a rally Friday.

Haniyeh's fiery speech was interrupted when he fainted onstage, apparently overcome by the heat and two weeks of dawn-to-dusk fasting during the holy month of Ramadan. He resumed his speech after a few minutes.

"I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel," Haniyeh declared to a roar of applause from the crowd. "We say we will be in every government, we will stay in the government."

The Hamas leader ruled out a proposal by members of his own Hamas movement to form a new government of technocrats as a way of winning international support and ending a seven-month aid freeze.

"There are new scenarios, such as an emergency government, a technocrat government, or early elections," Haniyeh told the crowd in a packed soccer stadium. "They all aim at one thing, getting Hamas out of the government."

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Moderate Palestinian President Mahmoud Abbas, who was elected separately, has the authority to dissolve the Hamas Cabinet and replace it with an emergency government, or could call early elections. However, Abbas aides say he's not considering either option at the moment, fearing such moves would not have popular support. An emergency government would also require approval of the parliament, which is controlled by Hamas.

Haniyeh said Hamas remains willing to invite other parties into a coalition, but that it would not soften its positions. In addition to recognizing Israel, the international community demands that Hamas renounce violence and accept existing peace agreements.

He accused the international community of trying to impose its will on the Palestinians. "They want a government with American and Israeli dimensions that implements external dictates, the so-called Quartet demands," he said, referring to the group of Mideast peacemakers — the U.S., the U.N., the European Union and Russia.

Haniyeh said his best offer to Israel was a temporary truce in return for establishment of a Palestinian state in the West Bank and Gaza Strip, with its capital in Jerusalem, over which Israel claims complete sovereignty. He also repeated demands for the release of thousands of Palestinians held in Israeli prisons

The 46-year-old leader's address had just got under way when, apparently weakened by fasting and the sweltering hot day, he began to slur his words, then slumped against aides surrounding him. He sat on a chair and resumed his address after a few minutes.

"Our bodies can get tired, but our soul will not, and we will not stop our steadfastness," he said of the incident.

The rally, with heavy security provided by armed Hamas militiamen, came at a time of increasing tension between the Islamic group and Abbas' Fatah Party.

The dispute between the two groups erupted into gunbattles last week, fueling concerns it could escalate into a full-fledged civil war.

Haniyeh called for Abbas to come to Gaza from his West Bank headquarters for talks to defuse the crisis. "Come here to Gaza to resume dialogue to protect the unity of our people," he said.

Hamas won a parliamentary election in January, bringing the party into direct confrontation with Abbas, who controls some of the security forces and backs peace talks with Israel.

In the West Bank on Friday, Israeli troops and Palestinians scuffled at a checkpoint south of Jerusalem when hundreds of Muslims tried to enter the Israeli-ruled city for Muslim prayers, witnesses said.

The Palestinians had arrived at the checkpoint, seeking to reach the Al Aqsa Mosque, Islam's third-holiest shrine. When some 300 people began pushing forward, paramilitary border police threw stun grenades to disperse the crowd.

A spokesman for the border police said nobody was injured in the incident.

During Ramadan, tens of thousands of Muslims attend prayers at the mosque. Citing security concerns, Israel bars Palestinian men under the age of 40 from reaching the site, in Jerusalem's walled Old City.

We Can't Go Home Again (NYT)

By Sam Bahour

The New York Times, October 7, 2006

Ramallah, West Bank

THIRTEEN years ago, I left a comfortable life in the United States for an uncertain future in the West Bank. Israel and the Palestinian Liberation Organization had just signed the Oslo Accords. Like many others, I saw an opportunity for Palestinians to finally build a society and economy that would lead to freedom — to a thriving Palestine alongside Israel.

As a Palestinian-American businessman, I was determined to do my part. So I moved to the West Bank city of El Bireh, where my family has lived for centuries. There I helped create a $100 million telecommunications company, which today employs more than 2,000 Palestinians. I earned an M.B.A. through Tel Aviv University. Then I developed a $10 million shopping center — the first of its kind in the Palestinian territories, employing more than 220 Palestinians. I married and had two beautiful daughters.

Now the Israeli authorities have decided that my life here has come to an end.

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Even after the Oslo Accords were signed and the Palestinian Authority established, Israel retained control of all borders and of the Palestinian Population Registry. Nothing or no one gets into or out of the West Bank and Gaza without Israeli permission. For a dozen years I have waited for Israel to approve my application for Palestinian residency.

American Jews, indeed Jews from anywhere in the world, can come to Israel and be granted automatic citizenship. Thousands of American Jews freely enter and exit Israel to live in illegal Israeli settlements in the middle of the West Bank. But Palestinians whose families have lived here continually for centuries do not enjoy the same right. I need a residency card from Israel to live with my Palestinian family in my grandfather's home in the Palestinian West Bank.

For 13 years, I've lived here by renewing my tourist visa every three months. Last month, an Israeli soldier stamped my American passport with a one-month visa and wrote "last permit" on it in Arabic, Hebrew and English. Now I am faced with a terrible choice. I can leave, uprooting my family and abandoning the businesses I've worked hard to build. I can leave alone and be separated from my wife and daughters. Or I can remain here "illegally," risking deportation at any time.

My situation is not unique. Thousands of Palestinians are in a similar limbo. Most have less desirable options than mine. My children are American citizens. We can return to the United States. But I came here with a vision, and I remain determined to play a role in developing an economy, nonviolently ending Israel's military occupation and building a Palestinian state.

Israeli policies effectively discourage people like me. According to the Israeli human rights group B'Tselem, it has been official Israeli policy since 1983 to "reduce, as much as possible, the approval of requests for family unification" of Palestinians. B'Tselem reports that in the last six years alone, more than 70,000 people have applied for permission to immigrate to the West Bank and Gaza to join family. Their applications have either been denied or, like mine, languish.

Each Palestinian who leaves lessens what Israelis openly call the "demographic threat" of a growing Palestinian population. But Israel needs to understand that the real threat comes not from demographics. It comes from controlling an entire population, breaking families apart and placing obstacles in the path of economic development.

Israelis and Palestinians are destined to be neighbors. One neighbor cannot ensure its security by condemning the other to hardship and despair. Many people like me — business owners, educators, artists and others — whom Israel is denying entry came to build bridges, not walls. We came to invest in a better life to follow this occupation — a bright, joint future for Palestinian and Israeli children alike.

Report Of Plot To Attack Jews Prompts Terror Alert In Prague (NYT)

By Craig S. Smith

The New York Times, October 7, 2006

PARIS, Oct. 6 — A report that there was a plot to attack Jews in Prague has set off a terrorism alert there, a Prague newspaper reported Friday.

The Czech news media have been feverishly speculating on the nature of the threat since the government announced heightened security measures on Sept. 23, the first day of the Jewish New Year. The Czech interior minister, Ivan Langer, called the threat "unprecedented in the history of the Czech Republic."

The government has refused to characterize the threat further other than to say that information about it came from foreign intelligence services.

That has led some Czech news organizations to suggest that the terrorism alert was related to the arrest of three Norwegian men earlier in September on charges of plotting to bomb the United States and Israeli Embassies in Oslo. One of those men, a Norwegian of Pakistani origin named Arfan Qadeer Bhatti, had close contacts with a notorious ethnic Albanian gun and drug runner who operated for years out of Prague.

The news of possible terrorism threats in both Oslo and Prague raise the possibility that Islamist terrorist plots, having been foiled by vigilant antiterrorism efforts in capitals like Paris and London, are turning to "softer" targets elsewhere in Europe where security is more lax.

President Pervez Musharraf of Pakistan alleges in his memoir, published in the United States last month, that in 2003 Al Qaeda planned to hijack planes from the national carriers of the Czech Republic, Slovakia, Croatia, Poland, Romania and Malta

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for use in a Sept.-11-style attack against Heathrow Airport near London "because security at these airports and in their aircraft was lax."

The Czech newspaper Mlada Fronta Dnes reported Friday that an attack was supposed to coincide with Rosh Hashana, the Jewish New Year, during which many Israeli Jews visit the picturesque capital. The holiday was celebrated from sunset on Sept. 22 until nightfall on Sept. 26 this year.

According to the newspaper, which cited unidentified Czech intelligence officials, "Arab terrorists wanted to abduct dozens of people, hold them hostage, and, in the end, massacre all of them."

Government officials have declined to comment on the report. The newspaper quoted one unnamed minister as saying that an abduction plot was only an "extreme" possibility.

The heightened security alert was followed by several anonymous bomb threats, which interrupted service on a Prague subway and forced the evacuation of a hotel, but proved to be false.

Nonetheless, police officers bearing automatic weapons continue to patrol Prague's airport, train stations and the areas around the city's seven major synagogues, residents say.

China Reports Increase In Gauge Of Foreign Trade (WSJ)

By J.r. Wu

The Wall Street Journal, October 7, 2006

BEIJING -- China's current-account surplus in the first half of this year totaled $91.58 billion, widening from $67.26 billion in the same period a year earlier, the country's foreign-exchange regulator said Friday.

The current-account surplus in the January-June period was bolstered by a growing surplus in China's trade in goods, the State Administration of Foreign Exchange said in a statement on its Web site.

The latest data indicate China's current-account surplus is on track to exceed the $160.82 billion posted for full-year 2005. The current account is the broadest gauge of foreign trade and it measures trade in goods, services, tourism and investment.

"We expect China's current account in the second half of the year, especially trade in goods, to maintain a relatively large surplus," SAFE said in China's first-half 2006 balance-of-payments report.

As part of its aim of achieving equilibrium in the balance of payments, including moving toward yuan convertibility on the capital account, SAFE reiterated it will encourage outflows and control the use of foreign debt.

It said it will continue to expand channels for overseas financial investments made by banks, brokerages, and insurance institutions.

SAFE will also seek to control the use of foreign debt by domestic institutions and encourage the early repayment of medium- and long-term foreign debt.

An Iron Fist, Extended Harmoniously (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, October 7, 2006

As China's leadership prepares for a key meeting, President Hu is showing he means business when he calls for unity in the party.

BEIJING — In advance of a key Communist Party meeting this weekend, Chinese President Hu Jintao has worked overtime to burnish the image of harmony in the party, even if it's taken some bloodletting to drive the point home.

The purge late last month of Shanghai party boss Chen Liangyu on corruption charges, quickly followed by the fall of two prominent party officials in Henan province, sent shock waves through China's political establishment.

The incidents also served as a warning to those in lower party ranks that Hu means business, further consolidating his power and stressing his underdogoriented policies as he heads into the fourth year of an expected 10-year administration.

Hu has stressed the importance of harmony as a salve for growing tensions over China's rich-poor gap and endemic corruption — even as the party and the nation's wide-ranging security apparatus have backed up words with force, intimidation and censorship when appeals for calm are ignored by rioting farmers, the media or social activists.

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It comes as no surprise, then, that "harmonious society" will be the theme of this year's Central Committee meeting, which starts Sunday and runs through Wednesday. About 350 members of the party elite will attend.

Beyond the pageantry and long-winded speeches, the party conference serves an important function in the Chinese political world.

On a stage before China's 70 million party members and its vast nonparty population, Hu hopes to further demarcate his policies from those of predecessor Jiang Zemin, who placed greater emphasis on economic winners.

The meeting also aims to bind lower-tier state and party workers to the leadership after extensive promotions and government reshuffling. And it will emphasize anti-corruption themes, the environment and the building of a social safety net in a bid to reach out to an increasingly cynical public.

"Hu's policies will be endorsed more strongly than ever before," said Cheng Li, a senior fellow at the Brookings Institution and author of "China's Leaders: The New Generation." "Moving into his second term, you'll see more policy initiatives, although probably not much political reform."

Chinese presidents in recent decades have tended to spend their first five-year term consolidating power and their second making their policy mark. It's a laborious process, analogous to a U.S. president inheriting his predecessor's Cabinet and then spending years nudging out the old guard through attrition, transfers, intrigue and strategic use of scandals.

Hu's recent power plays are in line with this timetable. Chen, a fellow member of the "Shanghai gang," was an ally of Jiang who in recent years defied Beijing's call to discourage real estate speculation and stem other policies favoring the well-heeled.

Speculation is rife that other Politburo members with ties to Jiang — Jia Qinglin and Huang Ju have been mentioned — may be squeezed out in coming months or, at the least, forced to retire by the Party Congress next fall.

Governing China, with its vast size, complex problems and economic and social turmoil, would challenge any politician, and so far Hu has exceeded generally modest expectations. His identification with the poor and underprivileged plays well, particularly outside the big cities, as does his modesty.

He has avoided major mistakes. And his quiet competence is generally admired by a nation on the move.

Now that he has the power, many analysts are looking closely at what he does with it. Few expect many new ideas during his likely 2007-12 second term, given his relatively cautious, conservative style.

There is likely to be continued emphasis on rural education, welfare issues, unemployment funds and allocation of resources from the richer coastal region to poorer interior areas.

But some see potentially interesting shadow plays in the wings, including gradual moves to strengthen the rule of law and improve human rights. These reflect the concerns of a growing middle class and an awareness of China's checkered international reputation as it prepares to host the 2008 Olympics.

That contrasts with the dim chances for change in the way China is run, although there may be some tinkering with the relationship between the central and local governments.

"The regime's institutional changes have so far served to consolidate rather than weaken authoritarianism," said Andrew Nathan, a political science professor at Columbia University.

To date, attacks on corruption appear selective rather than systemic.

And despite the many problems and contradictions inherent in China's one-party political system, few analysts expect much progress toward multiparty elections, a robust media, empowered civic watchdogs, an independent court system or external checks on police abuses anytime soon.

If anything, the Communist leadership in recent years has become even more jealous of its monopoly, actively rooting out even the hint of a threat amid suggestions it is running scared.

"Beijing will try to find ways to enhance governability without major changes that it deems unsettling to the regime," said Xiaobo Lu, a professor of political science at Barnard College and Columbia University.

"By implementing socially and economically harmonious policies," he added, "the leaders hope to avoid more painful, possibly destabilizing, political changes."

Russia Deports Georgians And Increases Pressures On Businesses And Students (NYT)

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By Steven Lee Myers

The New York Times, October 7, 2006

MOSCOW, Oct. 6 — Russia deported 153 citizens of Georgia on Friday as a wave of punitive measures against Georgian migrants and businesses grew, prompting criticism that the government is carrying out an ethnically motivated campaign of harassment.

The deportations came at the end of a week of political and diplomatic conflict between Russia and Georgia that began with the arrests of four Russian military officers for espionage, and has shown little sign of easing despite the officers' release.

The police, who had already begun to shutter some businesses linked to Georgians, searched and closed still more on Friday, including two more casinos and two of Moscow's better-known Georgian restaurants, according to officials and news reports.

At least some schools in Moscow received requests from the police to list students with Georgian names, presumably to help in identifying illegal immigrants, prompting a complaint from an education official, Lyubov Kezina.

And one of the country's most famous writers, Grigory Chkhartishvili, a Georgian native who writes under the pseudonym Boris Akunin, told a radio station that tax inspectors questioned his publisher about his income from his hugely popular novels.

Yuri Dzhibladze, an ethnic Georgian and president of the Center for the Development of Democracy and Human Rights in Moscow, described the authorities' actions as an unjustified overreaction to political disputes with Georgia's president, Mikheil Saakashvili.

"It smacks of racism and xenophobia," he said in a telephone interview.

Russian officials have cited legal or procedural violations as justifications for their actions, accusing the casinos and restaurants of violating health or other regulatory standards and the deportees of breaking immigration laws. "Everything that is taking place today is exclusively within the framework of the law," the prosecutor general, Yuri Y. Chaika, said on Friday, according to Interfax.

Officials' remarks, however, have left little doubt that they have singled out Georgians for enforcement.

Mikhail L. Tyurkin, the head of the country's migration service, said on Thursday that all future work visas for Georgians would be eliminated. "Our analyses showed that today we do not need to attract Georgian citizens," he said.

In the wake of last week's arrests, which provoked an ominous war of words between the countries, Russia severed transportation links to Georgia, effective Tuesday, and has vowed to restrict postal service and money transfers.

The steps against Georgians in Russia have coincided with two new campaigns announced this week by President Vladimir V. Putin. On Wednesday, he proposed sweeping new restrictions on gambling. A day later, he called for new regulations of migrant workers, especially those in wholesale and retail markets, which he said were controlled by "semigangs, some of them ethnic."

Using some of the most strikingly nationalistic language of his presidency, Mr. Putin said that markets should be regulated "with a view to protect the interests of Russian producers and population, the native Russian population," according to the Kremlin's transcript of his remarks.

It is not clear exactly how many Georgian citizens live in Russia, though some estimates run as high as 1 million. Like many citizens of former Soviet republics, they come to Russia to work, often temporarily, sending money home to support their families.

The Georgians deported on Friday were detained over the last several days in what officials have described as a sweep of illegal migrants. Viktor P. Beltsov, a spokesman for the Emergency Services Ministry, said that 153 deportees were flown to Georgia's capital, Tbilisi, aboard a ministry airplane from an airfield outside of Moscow.

The campaign against Georgians has been echoed in television and newspaper reports that have indulged in stereotypes and lurid descriptions of Georgian mafias and criminality. At the same time, however, the authorities have come under unusually sharp criticism in other parts of the news media.

"Searches in restaurants, closed casinos, threats of deportations looming over hundreds of thousands of people," a commentator, Demis Polandov, wrote in the newspaper Gazeta on Friday. "If this is not an ethnic cleansing, then I do not have a word to name it."

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Kremlin Rules (WSJ)

The Wall Street Journal, October 7, 2006

The world needs to watch Russia's current pressure on Georgia. Its decision this week to ban trade, travel and postal links to neighboring Georgia isn't the first time Moscow has tangled with the former Soviet republic. But it is a fresh reminder of just how paranoid and bullying the Kremlin's foreign policy has become in the hands of President Vladimir Putin.

The current dispute involves Georgia's arrest last week of four Russian officers, whom the Tbilisi government of President Mikheil Saakashvili accuses of being spies. Mr. Saakashvili quickly handed over the four "hostages" -- as Mr. Putin's government calls them -- to the custody of the Organization for Security and Cooperation in Europe, which promptly returned them to Moscow.

That should have been the end of it. Instead, Mr. Putin's rubber-stamp parliament -- which already bars the import of Georgian goods, including its famous wines -- now threatens to prevent the 300,000 or more Georgians living in Russia from wiring money home. Yesterday, Mr. Putin urged the international community not to "ignore the irresponsibility of the Georgian government." His foreign minister, Sergei Lavrov, alleges that the arrest of the officers is part of a Western plot apparently hatched in Washington: "The seizure of our officers immediately followed, I repeat, NATO's decision to grant Georgia an intense cooperation plan, intense dialogue," he said, noting Mr. Saakashvili's recent visit to the U.S. as part of the annual meeting of the U.N. General Assembly.

Maybe Comrade Lavrov really believes the Bush Administration wastes its time hatching two-bit schemes in the Caucasus to humiliate Mother Russia. What we are likelier witnessing is another fit of Russian pique at Mr. Saakashvili's courageous decision to yank Georgia out of Moscow's orbit -- where it had remained for a dozen dreary years after its nominal independence from the Soviet Union in 1991 -- and into the orbit of the West.

Since coming to office after the 2003 Rose Revolution, the U.S.-educated Mr. Saakashvili has moved aggressively to reform and deregulate the Georgian economy. Customs tariffs have been abolished, income taxes have been cut to a flat 12% rate, inflation has been brought below 10%, growth is in double-digits, the birthrate is again positive and the World Bank now cites Georgia as a global role model in the fight against corruption. Mr. Saakashvili has also sent 900 troops to Iraq and brought Georgia into NATO's Partnership for Peace program, a likely precursor to actual membership.

All this can serve as a model for other former Soviet republics such as Kyrgyzstan and Ukraine as they struggle to prosper. It could also serve as a model for Russia itself, which may be why Moscow has used every opportunity to bring Georgia and its leaders to heel. Mr. Putin continues to provide military and political support to the breakaway Georgian provinces of Abkhazia and South Ossetia. Earlier this year, gas and electricity lines to Georgia were mysteriously disrupted in the dead of winter in what senior Georgian officials believe was an act of sabotage by Mr. Putin's secret services. Georgia has now switched to Azeri gas and expects to maintain supplies through this winter.

That doesn't preclude future acts of mischief by Mr. Putin's KGB government, in Georgia or anywhere else in the former U.S.S.R. that they consider properly their own. Which is one reason to feel grateful that President Bush, after placing too much faith in Mr. Putin in his first term, has given Mr. Saakashvili the support he deserves. "Nobody else would stand up for cases like Georgia except if you're idealistic," the Georgian told us during a recent visit to our offices in New York. "And Americans are the most idealistic people in the world."

Castro Is Reported To Have Cancer (TIME)

By Timothy J. BURGER AND SALLY B. DONNELLY

Time, October 7, 2006

Ever since President Fidel Castro was sidelined for what was said to be abdominal surgery last July, Cuban officials have maintained that the country's leader will return to his post. "We will again have him leading the revolution," said Foreign Minister Felipe Pérez Roque just two days ago, speaking at an outdoor rally to protest the U.S. trade embargo against Cuba, according to the Communist Party daily newspaper Granma.

But U.S. officials tell TIME that many in the U.S. government are now convinced that Castro, 80, has terminal cancer and will never return to power. "Certainly we have heard this, that this guy has terminal cancer," said one U.S. official.

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Of course, such intelligence reports could be wrong, and one official cautioned that definitive proof is nearly impossible for the U.S. to come by. Yet the fact that the Cuban government removed Castro from the public stage before his death could suggest that Castro and his would-be successors were aware of a terminal condition and wanted to gauge public reaction to his absence. "They got to see how people would react," says one U.S. official. "They have had a chance to see how things might work without out him functioning day-to-day."

The U.S. government has been preparing for Castro's departure for half a century. But this time, the Bush Administration has set up an interagency group to coordinate policy once the inevitable happens.

That doesn't mean that things will change much. Fidel's brother Raul, 75, has been acting president since Fidel went into the hospital and has given no indication that he will change the policies of the isolated Communist government that has tormented the U.S. since taking power in 1959. Though he has until recently kept a very low profile, Raul Castro — not Fidel — was feted as the host of the non-aligned nations' summit on Sept. 15. Then Raul called a high profile meeting of the country's local, provincial and national leadership at what he called "this historic moment in our country's history." In another sign of his increasing prominence, two weeks ago Raul delivered his first televised national speech at the close of a trade union federation congress.

Hungarian PM Wins Confidence Vote (FT)

By Christopher Condon

Financial Times, October 7, 2006

Lawmakers from Hungary's two coalition parties on Friday signalled their near unanimous support for Ferenc Gyurcsany, the prime minister, in a confidence vote.

Despite a withering attack from the opposition and the knowledge that hundreds of thousands of Hungarians were expected to mass outside parliament to demand the prime minister's resignation later in the day, MPs voted 207-165 in favour of Mr Gyurcsany. Only three coalition MPs failed to vote for the measure.

Before the vote, Mr Gyurcsany offered a qualified apology for admitting to lying about state finances in a speech he gave to his party in May, the publication of which sparked rioting and anti-government protests last month.

On Friday, Mr Gyurcsany said he was sorry for not having confronted the budget problem earlier. He vowed again to continue austerity measures and to introduce public sector reforms designed to reduce the budget deficit from the 10 per cent of gross domestic product projected for this year.

Mr Gyurcsany vowed to press on with crucial public sector reforms and apologised for not speaking honestly about Hungary's budget woes earlier. "I call on parliament not to give in to threats and street blackmail organised by the opposition," he said.

In connection to the speech he made behind closed doors in May to his party – the publication of which three weeks ago sparked riots and an ongoing political crisis – Mr Gyurcsany said he regretted not making the same message public.

The speech was an emotional and obscenity-laced appeal to his party to stop lying and confront Hungary's mounting budget deficit with budget reforms. In it, Mr Gyurcsany admitted his party lied about state finances to win April's parliamentary elections.

As the prime minister spoke, opposition supporters gathered in the square outside parliament for a demonstration expected to draw hundreds of thousands calling for the prime minister's resignation.

The events are unlikely to resolve the most perilous political stand-off in Hungary's 16 years of post-communist democracy, and one that threatens to paralyse the country's badly needed efforts at budget reforms.

Both the government and the opposition this week contributed increasingly heated rhetoric to the three-week-old crisis.

Lajos Kosa, the mayor of Debrecen and a vice-president of Fidesz, the largest opposition party, warned that Hungarians might overthrow parliamentary democracy unless the prime minister resigned.

Opposition frustration stems from the prime minister's majority in parliament, which means that only a split in his coalition could topple the government.

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Investors, particularly long-term bond holders, are relying heavily on the ability of Hungary's government to continue new austerity measures and deliver public sector reforms. Both are needed to reduce the country's dangerously high budget deficit, which is expected to reach 10 per cent of gross domestic product this year.

The forint weakened modestly against the euro this week, though yields on Hungarian government bonds rose sharply, signalling nervousness among investors. At a Wednesday auction of six-month treasury bills, demand was down and yields rose to 8.62 per cent, compared with Tuesday's benchmark fixing of 8.30 per cent.

On Thursday, Hungary sold Ft40bn-worth ($185m, €146m, £99m) of one-year government bonds. The average yield rose to 8.84 per cent, compared with Wednesday's benchmark of 8.7 per cent.

Hungary PM Wins Vote Of Confidence (AP)

By Pablo Gorondi, Associated Press Writer

AP, October 7, 2006

Prime Minister Ferenc Gyurcsany, whose admission that he lied to the country about Hungary's economy led to huge street protests, won a vote of confidence in parliament Friday.

The motion in support of Gyurcsany passed 207-165. He needed 193 votes to win.

Even as parliament voted, however, tens of thousands of people gathered on Kossuth Square just outside the legislature and demanded Gyurcsany's dismissal.

The Fidesz party called on supporters to bring alarm clocks to the rally, a symbolic wake-up call for the ruling coalition to get rid of the prime minister.

Gyurcsany, whose coalition suffered large setbacks in Sunday's nationwide municipal elections, had requested the vote of confidence to reinforce political support for his austerity package and the transformation of the inefficient public sector.

Speaking ahead of Friday's vote, Gyurcsany insisted he did not consciously mislead the country.

"I must reject accusations that the first Gyurcsany government falsified data, that it knowingly misled or deceived the people," he said.

Hungarians have been protesting since Sept. 17, when Gyurcsany was heard, in a leaked recording, admitting that the government lied about the economy to win April's general elections.

Two nights of rioting two weeks ago, including an attack on state television headquarters, injured some 150 police and dozens of participants.

In a May speech to Socialist lawmakers, Gyurcsany said his first government — the first to win re-election in post-communist Hungary — "lied throughout the last year and a half, two years.

"It was totally clear that what we are saying is not true. ... And at the same time, we did nothing for four years. Nothing," Gyurcsany said at the closed meeting May 26. "Instead, we lied morning, evening and night. I don't want to do it anymore."

But on Friday, the prime minister said the lies he had been referring to were about unsustainable policies implemented by Hungary since 2001 that led to a false sense of security and created illusions about the stability of the economy.

"Maybe we have to apologize because we allowed appearances to be maintained; what is more, we ourselves sustained the illusion that higher, larger incomes could be accomplished without better achievement," Gyurcsany said.

"I did not have the courage to tell the voters to their eyes that everything I did, everything we did, everything that many, many people in Hungary did and believed in for the past years, was based partly on self-deception, partly on lack of valor," he said.

"Yes, in this sense we eluded the facts, we were timid and we tried to avoid the straightest, most simple answers," he said. "If there's anything to apologize for, this is it. Sorry."

In the last few months, Gyurcsany's government has started implementing austerity measures and some reforms aimed at lowering the state budget deficit, which at over 10 percent of gross domestic product is the largest in the European Union.

Gyurcsany said the austerity and reforms would have negative effects next year before leading to improvements.

Former premier Viktor Orban, who leads the Fidesz party, has proposed the formation of a government of experts — not politicians — to find a solution to the country's economic crisis.

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"The prime minister does not listen to the people, the people do not and will not listen the prime minister," Orban told the crowd, estimated at 80,000 by state news agency MTI. "The consequences are difficult to foresee."

Orban said his party was not seeking early elections but would continue its Kossuth Square protest until the coalition replaced Gyurcsany, claiming Hungary's economic crisis would continue to deepen as long as he was power.

"We will be here every day," Orban said, standing on the steps of the parliament building's main entrance. "We have to do this even though we know it may be difficult and take a long time."

Sudan Divestment Effort Gains Momentum At State Level (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, October 7, 2006

House members are scattering to their home states this week with inconclusive results on the humanitarian crisis in the Darfur region of western Sudan, but momentum is growing at the state level for governments to divest public funds from companies, mostly foreign-based, doing business with Khartoum.

In a victory for business lobbyists on Capitol Hill, lawmakers approved a Sudan sanctions bill stripped of language that would have endorsed states' rights to pass divestment laws. The National Foreign Trade Council, representing more than 300 multinational companies, had lobbied aggressively against the provision on state investments inserted by the House during its consideration of the bill last year.

A divestment movement, however, appears to be gaining momentum across the country, with active campaigns on university campuses and at city and state levels. Six states have already passed divestment laws: Maine, Connecticut, Oregon, Illinois, New Jersey and California.

Although state legislatures will not be in session until January, lawmakers in many states are pushing for divestment bills, according to Adam Sterling, the executive director of the Sudan Divestment Task Force, a nonprofit organization dedicated to the issue.

Colorado, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Nebraska, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, Vermont, Virginia and Washington could consider some form of legislation early next year, according to the task force's Web site, which is tracking the initiatives and keeping a list of companies that warrant scrutiny.

California Gov. Arnold Schwarzenegger's much-publicized signing of his state's divestment law -- standing alongside actor-activists Don Cheadle and George Clooney -- has helped spread popular awareness on the continuing violence in Darfur and given added momentum to the divestment drive, Sterling said.

The violence in Darfur began three years ago, when the Sudanese government, backed by a state-sponsored Arab militia called the Janjaweed, moved to crush African rebel movements in the fertile agricultural territory that has long resisted central government control of its resources. The conflict has left as many as 450,000 people dead and driven more than 2 million people from their homes.

Sudan has refused to allow a U.N. peacekeeping force into Darfur, and on Monday said it opposed an indefinite extension of an African Union peace mission there.

"At this point, we are approaching that critical mass where it is past symbolism," Sterling said. "We are already seeing a response from the Sudanese government. Last April, a press release from the Sudanese Embassy here urged institutions to stop divesting, and in a recent discussion with our campaign leader in Indiana, Beth Reilly, that was the only topic the Sudanese ambassador was interested in addressing."

The National Foreign Trade Council has argued that unilateral American sanctions will not alter the behavior of a government if other countries continue to do business with it. U.S. companies have been prohibited from conducting business in Sudan since 1997, when terrorism-related sanctions were imposed on the country, but some are exempt.

The Darfur Peace and Accountability Act (HR 3127), which passed last month with bipartisan support, urges President Bush to prohibit Sudanese oil tankers from entering U.S. ports and bans cargo ships that deliver goods to Sudan's armed forces. The bill also would deny visas to individuals implicated in the killing in Darfur.

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"The bill is not bad, it is just incomplete," Rep. Michael E. Capuano (D-Mass.) said in a telephone interview from Boston last Tuesday. "I don't think that divestment will have the impact of shutting down the economy of the Sudan, but if it is just a penny it is worth doing -- you do what you think is right and you hope that it works."

"This issue can't wait any longer," Rep. Tom Lantos (D-Calif.) warned this week, vowing to push for an amendment he co-sponsored with Rep. Barbara T. Lee (D-Calif.) to restore the divestment language. "These are people who respond only to pressure, and one of our efforts is to push the Europeans who share our position on this to do more. It is unfathomable that . . . before our very eyes yet another genocide should unfold, specifically in Darfur. The Rwanda episode is still very much on people's minds."

The amendment calls for a halt to federal contracts going to international companies whose business in Sudan may directly or indirectly support the Sudanese government's military campaign in Darfur. Lee said similar measures against South Africa helped end apartheid.

While the sanctions campaign to end apartheid in South Africa took more than 20 years to show any effect, the Sudan divestment movement is only 18 months old. The effort grew out of an eight-month study group at UCLA and has quickly developed into a nationwide network.

Lee, who sits on the House International Relations Committee and serves on the Africa subcommittee, has been a leading voice in the divestment movement.

"So many people have died, we have to use every tool at our disposal," she said. "It is our duty to make sure pension funds don't have blood in their banks. It is the blood of genocide. We don't know how many companies are involved. We know there are $600 million in federal contracts, and this is just the tip of the iceberg. We have got to step up and do something."

There are no American companies that are directly involved, but at least two dozen multinational companies, mostly in the energy sector, have been targeted by divestment campaigners. Already, 3M and Xerox have restricted all operations in Sudan to humanitarian work, according to Sterling, and Royal Dutch Shell is engaging with human rights groups so as not to be perceived as complicit in atrocities.

State Rushes In Where Washington Fears To Tread (FT)

By Matthew Garrahan In Los Angeles And Guy Dinmore In Washington

Financial Times, October 7, 2006

From laws that led to catalytic converters being fitted to new cars in the US, to the recent passing of far-reaching climate change legislation, California has never been afraid to make ambitious policy decisions.

But the progressive politics that drive the Golden State, the world's fifth largest economy, are beginning to take on an increasingly international dimension. This has left some businesses leaders and Washington policy makers uneasy.

Arnold Schwarzenegger, California's Republican governor, followed last month's landmark bill to cut greenhouse gas emissions with another first: passing a law that prohibits the state's pension funds from investing in companies with active business in Sudan.

The bill, prompted by the killings that have sparked a humanitarian crisis in Darfur, saw Mr Schwarzenegger cross party lines to find consensus on an issue that has galvanized California's liberal population.

His efforts were hailed by voters from across the political spectrum. But the Sudan divestment law, which follows the example of several other states this year, is troubling the Bush administration, as well as business lobby groups and some senators.

The National Foreign Trade Council (NFTC), which represents big industries, is fighting the divestment campaign and has sued the state of Illinois. California is also in its sights. Bill Reinsch, its president, said there would be paralysis in foreign policy if the US did not speak with one voice.

California's action comes weeks after the US Senate blocked legislation that would have ratified divestment from the Sudan by US states.

In common with its action on climate change, California's determination to divest from Sudan signals its intent to pursue its own foreign policy agenda – with or without the explicit agreement of the federal government.

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Mr Schwarzenegger followed the signing of the bill with a letter to George W. Bush this week urging the president to "confront this genocide with an equally clear and urgent national focus".

Aides to the governor said it was unlikely he would seek to curb California's independent spirit. "California is the world's fifth largest economy," said Margita Thompson, the governor's press secretary, saying the state almost "constitutes a country unto itself".

California played "a leadership role in anything it does," she added. "California has led on improving air quality and in signing the [Sudan divestment] bill, the governor has shown that Californians will stand against genocide."

Mr Schwarzenegger's relationship with state Democrats is an important factor in the boldness of his recent policy decisions. His willingness to act on causes more traditionally associated with the Democratic party – such as climate change – have won support from Democrat voters and helped him build a commanding lead over Phil Angelides, the governor's opponent in November's gubernatorial election.

Whereas President Bush has refused to commit the US to carbon limits, Mr Schwarzenegger has passed a law that will cap California's greenhouse gas emissions at 1990 levels, an effective cut of 25 per cent. The governor went so far as to chastise Mr Bush for his failure to take tougher action, saying: "California will not wait for our federal government to take strong action on global warming."

"I can imagine that California is going to ruffle feathers in Washington," says Mark Baldassare, director of research at the Public Policy Institute of California. "First of all, we have a Republican president and congress going in one direction on foreign policy. Then we have a Republican governor and a Democratic legislature [in California] going in another."

History shows that where California leads other US states and countries tend to follow. The implementation of clean air regulations in California in the mid-1970s, for example, led to a country-wide policy that saw catalytic converters fitted to all new cars, with other nations following suit.

With the new climate change legislation, Mr Schwarzenegger has already secured the support of international figures such as Tony Blair, Britain's prime minister. Britain and California have bypassed the Bush administration and agreed to work together to explore ways to fight global warming.

"It all gives Californians confidence that we are not going to be left holding the bag by ourselves," said Daniel Kammen, professor in the energy and resources group at the University of California, Berkeley. "A lot of states and countries are going to follow what California is doing."

The Murder Of Andrei Koslov (WSJ)

By Paul Volcker

The Wall Street Journal, October 7, 2006

On Sept. 14, the first deputy chairman of the Russian central bank was killed in Moscow. Andrei Koslov was a brave young man on a patriotic mission to restore a sense of integrity and confidence in Russian banking. He knew he was in danger as he attacked money laundering and other shady financial practices by strong men in government or out; his must have been a lonely effort, but he persisted. His murder is a dramatic reflection of the corrupt forces resisting governance reform in that one country. But plainly, those forces are not confined to Russia. In much of the emerging world, they undercut efforts to develop a strong competitive economy.

In that light, the murder of Andrei Koslov defines the battle lines for all of us. It's a battle that all those supporting economic development and the rule of law cannot afford to lose. And, appropriately, it is international institutions that are placed front and center in that battle.

I learned of Koslov's death as I traveled to the annual meetings of the World Bank and International Monetary Fund in Singapore, to speak at a panel on governance and corruption. My interest in the subject was sharpened by my recent experience investigating the U.N.'s Oil for Food program, which seems to me a prime example of good intentions being frustrated by failures in governance. Corruption not only limited the success of that particular program, but very real questions have been raised about the competence of the U.N. organization generally. And I would emphasize that it is difficult for any organization to maintain support and legitimacy unless it is perceived as competent.

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I think it is now generally recognized and accepted that corruption is an obstacle -- and in some countries the major obstacle -- to effective economic development. That simple fact has been increasingly recognized by the World Bank. It was the central message of my fellow panelists in Singapore who at personal risk are fighting corruption on the front lines in Africa and elsewhere.

It is fatuous to suggest that a serious attack on corruption in borrowing countries -- including in the last analysis a threat or the actuality of denying loans -- is somehow inconsistent with supporting the development goals of the World Bank. The contrary is much more likely. Failure to deal with corruption undercuts development. It will limit, and likely will more than offset, any value added in new lending.

Of course, that's easy to say. Much more difficult is what can be effectively done in combating corruption. The key to dealing with corruption is leadership -- leadership at the multilateral institutions, but also in lending countries, in borrowing countries, in private companies and in nongovernmental organizations. A consistent message really needs to come from the top. It has to infuse the culture of all the organizations concerned, public and private.

A reasonable starting point might be to take a leaf from Nancy Reagan, with her old anti-drug slogan: "Just Say No." After all, corruption is a kind of addictive drug. I know that some companies endorse and successfully enforce that approach, but I also know that isolated efforts and slogans aren't enough. Private companies, public institutions, NGOs -- all can do more by making that kind of pledge publicly and jointly. They should have a common approach toward conflicts of interest, financial reporting, ethical standards and transparency.

But still, I am not so naïve as to think that a plea for voluntary cooperation by itself is going to do the job. It seems to me entirely legitimate, with respect to individual loans, that the World Bank and other development institutions be assured that really effective independent oversight and auditing arrangements of the projects they finance are in place. That has been the intent in the past, but my sense is that the approach may need to be toughened up, especially when experience with a particular country suggests the need for stronger World Bank oversight.

I think it also implies a strong internal inspection function. This has to be thought of not as an unwanted addendum to the bank, but as an integral part of it, right up there with the lending function itself. It will be intrusive, but it is not a question of national sovereignty. These are voluntary lending programs, with a willing borrower and lender. If corruption is found, and remedial action falls short, then suspension is not only justified but mandatory. The more difficult case is when the concern is not confined to a particular loan but when the country and its government are broadly and deeply corrupted, the corruption embedded in long-standing traditions and practice. Then a different approach is initially required. Consultation and step-by-step criteria for change may be the best course.

Those are very general statements. The policies need to be made more concrete and specific. It would be very helpful if they were spelled out in program guidelines at the World Bank. And it should be done in consultation and partnership with private parties and NGOs as well as interested governments. But let me make a simple declaration: The greatest threat to development and, ultimately, to the World Bank Group itself, would be to sit back passively in the face of this challenge. To take the view that its job is simply to lend freely whenever a perception of marginal benefit seems to justify it, and without concern for entrenched corruption, will inevitably erode support for the institution and undercut the effectiveness of its work to help the world's poor have a chance for a better life.

My impression is that the corruption problem may be getting worse. Whether or not that is the case, it plainly needs priority attention. The implications go far beyond any one institution. But I know of no institution, by its leadership, by its professional staff, by its standing in the world, that is better equipped to take on that challenge than the World Bank.

Mr. Volcker was chairman of the Federal Reserve from 1979-1987.

Good News From Northern Ireland (NYT)

The New York Times, October 7, 2006

The transformation of militant Irish Republicanism from terrorism to democratic politics over the past decade has been little short of remarkable — a welcome success story in troubled times.

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This week's highly positive report by an official monitoring commission confirmed the good news. It declared that the Irish Republican Army has fully renounced terrorism, dissociated itself from organized criminal activity and committed itself to following an exclusively political path, the very steps its critics have demanded for years.

That calls for a similarly remarkable response from the harshest of those critics, the Democratic Unionist Party led by the Rev. Ian Paisley.

It is time for the D.U.P. to acknowledge that the conditions it has long set out for entering into a power-sharing government with the I.R.A.'s political arm, Sinn Fein, have been achieved. If that happens within the next month or so, Northern Ireland can complete its transformation from sectarian terror to democratic self-government.

Britain's prime minister, Tony Blair, and his Irish counterpart, Bertie Ahern, have set a Nov. 24 deadline for Northern Ireland's parties to agree on a new power-sharing government. If they fail to do so, Britain will cease its efforts to revive power-sharing and will rule the province from London.

The I.R.A.'s gradual shift from violence to politics was a matter of hardheaded calculation about what could and could not succeed. Even before 9/11, terrorism had become repellent to Northern Ireland's people and a blight on their neighborhoods and economic prospects. Those circumstances made it possible to coax Sinn Fein into a purely peaceful, electoral role.

An impressive array of political leaders — Irish, British, Roman Catholic and Protestant — have helped Northern Ireland get this far. These include Mr. Blair and Mr. Ahern, who did much of the coaxing, and Gerry Adams, the Sinn Fein leader, who persuaded the I.R.A. to give up its arms, its terror and its organized criminal activities.

The Rev. Paisley now needs to join these other leaders in completing the job. With the threat of renewed I.R.A. terror at last put to rest, Northern Ireland should be moving forward toward a self-governing future.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Pentagon To Probe Gitmo Beatings Claim (AP)

By Thomas Watkins

AP, October 7, 2006

The Pentagon said Friday that it will investigate a Marine's sworn statement that guards at Guantanamo Bay bragged about beating detainees and described it as a common practice.

The Marine, a paralegal who was at the U.S. Navy station in Cuba last month, alleges that several guards she talked to at the base club said they routinely hit detainees.

"From the whole conversation, I understood that striking detainees was a common practice," the sergeant wrote. "Everyone in the group laughed at the others' stories of beating detainees."

The woman's name was blacked out of a copy of a two-page affidavit provided to The Associated Press by a civilian defense attorney working with Lt. Col. Colby Vokey, the Marine Corps' defense coordinator for the Western United States and based at Camp Pendleton.

Vokey, who sent the statement Wednesday to the Inspector General at the Department of Defense, called for an investigation, saying the abuse alleged in the affidavit "is offensive and violates United States and international law."

Pentagon spokesman Lt. Cmdr. Chito Peppler said defense officials "are reviewing this affidavit and will investigate these allegations fully." A call to the inspector general's office was not immediately returned

Navy Cmdr. Robert Durand, spokesman for the Joint Task Force that oversees detention facilities at Guantanamo, said the force "will participate fully with the inspector general to learn the facts of the matter and will take action where misconduct is discovered."

"Abuse or harassment of detainees in any form is not condoned or tolerated," Durand said.

Guantanamo Bay houses about 450 suspected members of al-Qaida and the Taliban. Human-rights groups have roundly criticized the Bush administration for detaining most without criminal charges, but U.S. officials have defended the detentions as necessary in the war on terrorism and say the detainees are treated humanely.

The Marine said in the sworn statement that she has been working at Marine Corps Base, Camp Pendleton in Southern California on a Guantanamo-related case, and was in Guantanamo from Sept. 20-27.

She said some Marines had invited her to the base club Sept. 23. She didn't see them but a group of at least 15 sailors invited her to join them. She said she spoke with the sailors for about an hour, during which she had one drink, and that the sailors did not appear drunk.

A 19-year-old sailor referred to only as Bo "told the other guards and me about him beating different detainees being held in the prison," the statement said.

"One such story Bo told involved him taking a detainee by the head and hitting the detainee's head into the cell door. Bo said that his actions were known by others," the statement said. The sailor said he was never punished.

Other guards "also told their own stories of abuse towards the detainees" that included hitting them, denying them water and "removing privileges for no reason."

"About 5 others in the group admitted hitting detainees" and that included "punching in the face," the affidavit said.

Guantanamo was internationally condemned shortly after it opened more than four years ago when pictures captured prisoners kneeling, shackled and being herded into wire cages. That was followed by reports of prisoner abuse, heavy-handed interrogations, hunger strikes and suicides.

Military investigators said in July 2005 they confirmed abusive and degrading treatment of a suspected terrorist at Guantanamo Bay that included forcing him to wear a bra, dance with another man and behave like a dog.

However, the chief investigator, Air Force Lt. Gen. Randall M. Schmidt, said "no torture occurred" during the interrogation of Mohamed al-Qahtani, a Saudi who was captured in December 2001 along the Afghanistan-Pakistan border.

Description Of Prisoner Abuse At Guantánamo (NYT)

By David S. Cloud

The New York Times, October 7, 2006

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The Pentagon said it would investigate claims by a Marine Corps sergeant that guards at the United States military prison at Guantanámo Bay bragged about beating prisoners and denying them privileges to anger them. The accusations are in an affidavit by a sergeant that was made public after being sent to the Defense Department's inspector general for investigation by Lt. Col. Colby Vokey, a Marine Corps defense lawyer. The sergeant, a paralegal whose name was not released, said in the affidavit that she heard about the alleged abuse while talking to several guards at the Guantanámo Bay base club while she was visiting Cuba last month, Colonel Vokey said. "Examples of this abuse included hitting detainees, denying them water and removal of privileges for no reason," the sergeant said in the affidavit read to The New York Times by Colonel Vokey. A Pentagon spokesman, Lt. Cmdr. Chito Peppler told the Associated Press that defense officials "are reviewing this affidavit and will investigate these allegations fully."

At Guantanamo: Hard Time And A View Of What Could Have Been (LAT)

By Carol J. Williams

The Los Angeles Times, October 7, 2006

Detainees at a new camp will see only a sliver of a common area; isolation has become the norm.

GUANTANAMO BAY, Cuba — The narrow windows in the 7-by-12 steel and concrete cells of Camp 6 will give detainees a view of a common room designed to bring them together as brothers in faith, language and customs.

But looking is all they will be able to do. The area will be off-limits.

When the Guantanamo prison complex's new camp was designed two years ago, the triangular communal area was intended to let detainees mingle over meals, games and conversation.

But virtually all time at Guantanamo has become hard time, and when prisoners begin arriving at the $38-million building in the next few weeks, they will be kept mostly in isolation.

A May riot in which dozens of detainees attacked U.S. soldiers, the suicide of three prisoners in June, and changes in the camp population — including the arrival of 14 "high value detainees" — have transformed Guantanamo into a largely maximum security facility.

The first new arrivals in two years — the group including the self-proclaimed Sept. 11 plotter Khalid Shaikh Mohammed and his alleged lieutenant Ramzi Binalshibh — were flown from secret CIA prisons abroad over Labor Day weekend. But dozens have left in recent months, too, having been cleared by annual review boards for release or transfer to their native countries. Negotiations also are underway between the State Department and foreign governments on the possible group repatriations of more than 300 Afghans, Saudis and Yemenis. Washington is trying to obtain assurances that the men will neither be tortured nor freed to potentially threaten U.S. or allied forces.

The 100 or so expected to remain after the transfers will be the detainees considered the most dangerous, those with little hope of release or reward for good behavior, according to military jailers. That population is unlikely to elicit much softening of the conditions.

Near the same time of the May and June incidents, officials discovered that prisoners with good behavior records had been dismantling their faucets to fashion weapons, officials said. That prompted jailers to reconsider whether prisoners should be allowed to interact and possibly plot resistance.

"We had to think about whether there is such a thing as a medium-security terrorist," said Rear Adm. Harry B. Harris Jr., commander of the prison and interrogation network that houses 460 war-on-terror suspects.

Col. Wade Dennis, who is effectively Guantanamo's warden, echoed Harris' concern that although most detainees cooperated with camp rules, the recent violence suggested some had been hiding their true nature.

"Detainees have already demonstrated they have the will and the thought processes to do self-harm and I facilitate that if I let them live in a communal-type environment," said Dennis.

Shortly after the suicides, the prison commanders decided to scrap the medium-security comforts, and will keep inmates isolated behind steel doors for all but an hour or two of daily exercise time.

"Meals will be served in their cells," said Naval Cmdr. Kris Winter, head of the force staffing the prisons.

Since the discovery of the vandalized faucets, Camp 1 has been emptied and its detainees moved to temporary metal-mesh cells pending repairs or relocation to Camp 6, which is expected to be fully populated by the end of the year.

Camp 4, which held about 175 prisoners before the riot, is a barracks-like compound where detainees slept 10 to a room, ate together and were free to congregate for as much as 14 hours daily. It has been cleared of all but about 30 Afghans who didn't take part in the uprising — the only detainees not confined to solitary cells.

Harris and Dennis say they will invoke tougher screening before any prisoners are allowed back into communal living.

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Where to hold the prisoners among Guantanamo's eight detention facilities is an exercise in risk assessment complicated by the shutdown of Camp 1 — previously the most populous prison — and the virtual emptying of Camp 4 to modify fans and light fixtures that the rioters used to make weapons.

Unlike Camp 5, the reigning hard-time housing, Camp 6 has no outside windows or natural light in the cells. The prefabricated units are arrayed along two sides of a triangle. Bare concrete walls, floors and metal furnishings make the common room an echo chamber.

In addition to mothballing the tables, lockers and leg-stretching spaces in the new camp, the Navy's construction force, or SeaBees, and the prison's Kellogg Brown and Root contractors have erected chain-link partitions to make 10-by-30-foot exercise pens in what was designed as an open sports court.

Other retrofitting has included shower doors that will prevent the detainees from communicating, said Lt. Cmdr. Eileen D'Andrea, who was in charge of the prison's construction and 11th-hour revisions. An expanded guard force also will be needed to provide the manpower to shackle and escort each prisoner every time he needs to leave his cell, said Lt. Col. Mike Nicolucci, Dennis' deputy.

The hardening of Guantanamo detention dispirits the detainees and their lawyers, who see it as part of U.S. political posturing in an election year.

"They've set this up as a showcase and they feel they can't back down from it," Marine Maj. Michael Mori, who represents Australian detainee David Hicks, said of the Bush administration's Guantanamo operations. "Every day in Iraq and Afghanistan they let people go who they know are far more dangerous than these guys."

Rank-and-file guards express little concern or curiosity about the conditions of the prisoners' confinement, noting that they are just doing their duty.

"I don't know exactly what they did but they must have done something wrong to be here," said Master-at-Arms Seaman Leif Kreizenbeck, a 23-year-old Oregonian who arrived barely a month ago.

Construction chief D'Andrea said the prison's design allows for future changes. Each of the eight clusters of 22 cells around a common area is self-contained and could be transformed to a medium-security, communal-living "pod" if that is what detention authorities decide.

That prospect seems distant.

"Once we get Camp 4 repaired — and that is costing us a tremendous amount of money — we will be very selective about who goes back to Camp 4," said Harris.

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Produce The Body (WSJ)

By Richard A. Epstein

The Wall Street Journal, October 7, 2006

Last week, the Bush administration persuaded a divided Congress to pass the Military Commissions Act (MCA), giving the president the authorization the Supreme Court ruled that he needed to try enemy combatants in Guantanamo.

The MCA was bitterly contested, and one of the most hard-fought provisions involves the right of detainees to demand that the government justify their detention to an independent judicial officer. On this point, Sens. John Warner, John McCain and Lindsey Graham have claimed in this newspaper that the MCA preserves the rights of individuals "to challenge his status in administrative and judicial fora," and that "these challenges are in excess of what our soldiers would be afforded as prisoners of war." In fact, the law offers far less protection than their broad observation suggests. The MCA strips them of their right to habeas corpus -- unwisely removing an indispensable and long-standing check on the abuse of executive power.

The average American naturally responds with a blank stare to that Latin mouthful, habeas corpus ad subjiciendum. But the phrase loses all of its obscurity -- and none of its punch -- when expressed in plain English: "Produce the body that it may be subjected to examination."

The writ grew up in England, long before the American Revolution, to counter the power of the Crown to arbitrarily imprison and execute its foes. Historically, habeas corpus directed the officer of the Crown who had custody of a prisoner to bring him into court, where an impartial judge could independently decide whether the confinement was justified. If, however, the original conviction was tainted by a coerced confession or the admission of illegally obtained evidence, the judge could order the prisoner freed, then and there.

Modern American practice no longer requires that the prisoner literally be brought into court at the outset of legal proceedings. Today, a judicial hearing attended by lawyers for both sides decides on the legality of the prisoner's confinement. Nevertheless, the older concerns still animate the modern practice. Lawful imprisonment, second only to lawful infliction of death,

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is the hallmark of state power. In any system of limited government, such loss of liberty should be hedged by strong procedural protections unless some grave public necessity requires its suspension.

By eliminating habeas review for Guantanamo detainees, the MCA has jettisoned the fundamental right of any prisoner to test the lawfulness of his detention. You may immediately object: Why, if ordinary prisoners of war may be detained for the duration of the conflict without habeas corpus -- as in World War II, the Korean War or the Vietnam War -- should the writ be available to unlawful enemy combatants captured in the war on terror? Because context matters. In conflicts between states, the prisoners are uniformed soldiers. We know they are combatants, we know what counts as the end of the war, and habeas serves no useful role. In a terrorist war, with nonuniformed combatants and chaotic battlefield conditions, wide military sweeps make sense -- but only if we take steps after the heat of battle to allow detainees to challenge their status. Without meaningful judicial review, innocent people could be arbitrarily or erroneously imprisoned, indefinitely.

To be sure, an individual's status as an enemy combatant is determined by a Combatant Status Review Tribunal (CSRT), and the MCA subjects this military tribunal's determination to judicial review. But the process is grossly deficient. It denies a detainee the assistance of counsel. It prohibits him from seeing the evidence against him. It lets the government alone decide what evidence the tribunal sees; it lets the government rely on evidence consisting of double or even triple hearsay; and it lets military superiors override tribunal decisions and fire tribunal members when they disapprove of their decisions.

The MCA also sharply limits judicial review. The court sees only the questionable evidence that the government allowed the tribunal to see, which the detainee has no opportunity to confront. And even this limited judicial review kicks in only if the government (1) triggers a CSRT proceeding for the detainee and (2) carries that review process through to a "final decision." The MCA does not require the government to do either. However, unless the government does both, the law allows the government to hold any prisoner -- even if he is not an unlawful enemy combatant -- in custody for the rest of his life, with no due process and no recourse to the courts.

No one deserves that fate. Truth must count. Innocence must matter. A deeply flawed Combatant Status Review Tribunal process and an optional system of limited judicial review sacrifices both. Only habeas corpus review can fill the gap. Happily, the Supreme Court is likely to invalidate this part of the MCA. The Constitution states that the writ of habeas corpus can be suspended only when rebellion or invasion endangers public safety. That's not the case here: A world of difference separates the risk of future terrorist acts from a present invasion on American soil.

To strip the federal courts of habeas jurisdiction for individuals captured in the war on terror tramples a fundamental guarantee of liberty that the Constitution provides to citizen and alien alike. It makes a mockery of our efforts to advance the cause of freedom throughout the world, and will be seen, both at home and abroad, as a cynical exercise in hypocrisy.

We can effectively respond to terrorist threats as long as our institutions remain open, as they are today. No disorder or unrest blocks the use of ordinary judicial processes; an aggressive foreign policy abroad, coupled with lawful surveillance at home, can go a long way to reduce the terrorist threat without trenching on key personal liberties. Retaining habeas corpus is vital if we are to remain faithful to our noblest constitutional traditions when they matter most, in times of trouble.

The Supreme Court should enforce the constitutional guarantee that Congress has authorized the president to ignore.

Mr. Epstein is the James Parker Hall Distinguished Service Professor of Law at the University of Chicago and the Peter and Kirsten Bedford Senior Fellow at Stanford University's Hoover Institution.

USA Denies Any Wrongdoing In Computer Terrorism Lawsuit (AP)

By Rebecca Boone, Associated Press Writer

AP, October 7, 2006

BOISE, Idaho (AP) -- The United States says it did nothing wrong when federal agents arrested and detained an American citizen as a material witness in a computer terrorism case.

The government's formal response to the lawsuit brought by Abdullah al-Kidd was filed in U.S. District Court on Friday.

In his lawsuit, al-Kidd contended that the federal government and several of its agents - including former U.S. Attorney General John Ashcroft and his successor, Alberto Gonzales, FBI Director Robert Mueller, Homeland Security Secretary Michael Chertoff and others - violated his civil rights by improperly using material witness laws.

The individuals named in the case have until Nov. 27 to respond; the United States' response deadline was Friday.

In its response, filed by Justice Department lawyer J. Marcus Meeks, the United States denied al-Kidd's allegations and said that al-Kidd was not entitled to any damages.

The lawsuit arose after al-Kidd - a former student at the University of Idaho who played football for the Vandals under the name Lavoni Kidd - was arrested in 2003 as a material witness in the government's case against a fellow student, Sami Omar Al-Hussayen. Al-Kidd and Al-Hussayen both worked on behalf of the Islamic Assembly of North America, a Michigan-based

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charitable organization that federal investigators alleged funneled money to activities supporting terrorism and published material advocating suicide attacks on the United States.

A jury acquitted Al-Hussayen of using his computer skills to foster terrorism and of three immigration violations after an eight-week federal trial. But Al-Hussayen was eventually deported to Saudi Arabia.

Al-Kidd was never actually called to testify, but he spent two weeks in jail as a material witness and was later released to the custody of his wife with strict limitations on where he could travel. He sued, alleging that he was falsely imprisoned and that the government violated due process, using material witness laws to arrest, detain and investigate individuals without first proving probable cause.

Al-Kidd said the investigation and detention not only caused him to lose a scholarship to study in Saudi Arabia, but cost him employment opportunities.

Harper Protests US Deportation Of Canadian To Syria (AFP)

AFP, October 7, 2006

Canadian Prime Minister Stephen Harper has protested to US President George W. Bush about the deportation to Syria of a Canadian, who was tortured and held for a year.

Harper spoke about Maher Arar, a Canadian of Syrian origin, in a 15-minute telephone call with Bush following a Canadian inquiry's report that cleared Arar of any terror links.

"I indicated to president Bush that Foreign Minister Peter MacKay, would be sending a letter today to his counterpart, Secretary of State (Condoleezza) Rice, to launch a formal protest on the treatment of Maher Arar," Harper told reporters.

"He had been unfairly deported where he had faced torture in Syria, and that American officials had not been candid and truthful in their dealings with Canadian officials in the case and had violated what we understand to be the protocols for such communications between our two governments," he said.

Arar was stopped in New York, on his way to Canada from a trip to Tunisia, in September 2002 and was deported to Syria where he was jailed and tortured for more than a year.

"The president said that he would look at the complaint seriously, and we are expecting a response, an official response, to our complaint as well as assurances that we will not be facing that kind of conduct on the part of US authorities in the future, because we want to help the US in the fight against terrorism, and certainly, we share their concerns about security," Harper told reporters.

The inquiry headed by Judge Dennis O'Connor said in its report that US authorities had likely relied on faulty intelligence provided by the Royal Canadian Mounted Police (RCMP) to hold and deport the 36-year-old software engineer to Syria.

The mid-September report also urged Ottawa to register officially objections with Syria and the United States for their treatment of Arar.

Germany's Denials On Detainees Challenged (WP)

By Craig Whitlock

The Washington Post, October 7, 2006

BERLIN, Oct. 6 -- The chief plotter of the Sept. 11 hijackings and another al-Qaeda leader who spent time in secret CIA prisons might have been interrogated in Germany before their transfer last month to Guantanamo Bay, Cuba, according to lawyers for other terrorism suspects in U.S. custody.

Lawyers for a British legal association that represents Guantanamo prisoners reported Friday that two of their clients had given independent -- though secondhand -- accounts that al-Qaeda leaders Khalid Sheik Mohammed and Tawfiq bin Attash were questioned on military bases in Germany after their capture in Pakistan in 2003.

The prisoners' statements, based on information that they said was revealed to them by interrogators, challenge repeated denials by the German government that it played any part in the U.S. government's secret network to detain and transport terrorism suspects after the Sept. 11, 2001, attacks in the United States.

The statements also open the possibility that the CIA held prisoners on a U.S. military base in Germany without the knowledge of the host government in the early days after the attacks.

The British legal defense group, Reprieve, acknowledged that it did not have proof that German airspace or territory was used. But it called on the German government to investigate further. The prisoner statements, which have been declassified by the U.S. military, are contained in notes from interviews with their lawyers at the U.S. military detention center at Guantanamo.

"I'm certainly not saying it's established fact," Clive Stafford Smith, Reprieve's legal director, said in a telephone interview. "But it's definitely something we should follow up on."

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Thomas Steg, a German government spokesman, dismissed the report. He said a German parliamentary committee had already found no evidence that the CIA used Germany to transfer or detain terrorism suspects. "There is nothing to these accusations," Steg said at a news briefing. "There were and are no such facilities in Germany."

Robert Wood, a spokesman for the U.S. Embassy in Berlin, declined to comment.

Last month, President Bush revealed that 14 senior members of the al-Qaeda leadership had been taken to Guantanamo on Sept. 6 after spending years overseas in secret prisons operated by the CIA. The 14 prisoners included Mohammed, the mastermind of the Sept. 11 attacks, and Attash, who helped plan the 2000 bombing of the USS Cole in Yemen.

After the two were captured, they disappeared from public view. The Bush administration has not revealed where they were detained before they were taken to Cuba last month.

According to Reprieve, however, foreign interrogators fishing for information about Mohammed and Attash revealed to other prisoners that the al-Qaeda leaders were being kept in Germany for at least part of that time.

One of those prisoners, Binyam Mohammed, said that he was imprisoned in Morocco for 18 months after the CIA transferred him there. Moroccan interrogators, he said, accused him of meeting Khalid Sheik Mohammed in March 2002 to discuss an alleged plot to explode a radiological device, or "dirty bomb."

During questioning, Binyam Mohammed said his Moroccan interrogators told him the al-Qaeda leader was being held at a U.S. prison at an air base in Germany. The Moroccan prisoner, who was later taken back to Guantanamo, denies having any connection to al-Qaeda or knowing Khalid Sheik Mohammed, his lawyers said.

Separately, Attash's younger brother said he was told by Jordanian interrogators in 2003 that the USS Cole plotter was also being detained at a U.S.-run prison at an air base in Germany, according to Reprieve. The brother, 21-year-old Hassan Attash, was also later transferred to Guantanamo and remains in custody there.

Reprieve said both prisoners' statements concerning Germany were unsolicited. Because they were being held in isolation at Guantanamo and elsewhere, the group said, it would have been difficult to coordinate their story.

Since last year, German prosecutors have also been investigating whether the CIA used Ramstein Air Base, a NATO installation and headquarters of the U.S. Air Forces in Europe, to transfer a kidnapped radical cleric from Italy to Egypt in 2003.

In that case, German and Italian investigators have tracked flight logs indicating that the cleric was flown from a joint U.S.-Italian base in northern Italy to Ramstein, where he was put on another plane and flown to Cairo.

The American Way Of Secrecy (NYT)

By Francis Fukuyama

The New York Times, October 7, 2006

A RECENT article in The Washington Post described how researchers at George Washington University's National Security Archive were surprised to find 1970's statistics on the size of the American nuclear arsenal blacked out in documents they had obtained. This was surprising because the figures had been published many times in the past; more detailed ones had in fact been given directly to the Soviets in various arms control talks. And yet bureaucrats in the Defense and Energy Departments, acting under new post-9/11 rules, deemed the airing of this historical information dangerous in a world of terrorists and rogue nations.

It has become a cliché to say that "everything changed" after 9/11, but for two great American intellectuals — the sociologist Edward Shils and Daniel Patrick Moynihan, the former New York senator — recent events would have represented the eternal return of the same. Both argued that in the past, the United States has taken real foreign threats and vastly exaggerated the menace they represented, spinning out conspiracy theories. These justified the creation of a state based on secrecy that undermined American liberties and the free exchange of information, the fundamental sources of success for the United States as a society.

Shils, one of the founders of modernization theory and a longtime professor at the University of Chicago, wrote "The Torment of Secrecy: The Background and Consequences of American Security Policies" in 1956, in the immediate aftermath of the McCarthy era. Shils accepted the reality of the Soviet threat and the existence of conspiracies against the American way of life. But he also argued that American democracy, in contrast to the historically aristocratic orders in Europe, was based on a principle of publicity in public affairs — indeed, it "luxuriated" in its wide-open culture. That openness made the idea of external threat and internal subversion especially shocking: "In America, more excitable temperaments and a tradition of violence in expression and energy in action have prompted a passionate response to the threat of secret machinations." A weaker sense of privacy than that of the Europeans, as well as a "flimsier attachment to corporate bodies," made Americans seek their identity in great national symbols, leading to a hyperpatriotism and a tendency to see things in black and white.

In the early days of the cold war, the government's response to these fears was to grant the executive branch a huge degree of discretion in security affairs. The most visible manifestation of this tendency was the development of a classification

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system that suddenly removed a large amount of information from public scrutiny, and a system of loyalty checks that, in Shils's words, "hurt the delicate tissue which binds our society together."

Shils had no more ardent disciple than Moynihan, who wrote an introduction to a 1996 reissue of "The Torment of Secrecy." Moynihan used his perch on the Senate Intelligence Committee to make a sustained attack on the government's penchant for secrecy, and for his fellow Americans' willingness to tolerate restrictions on their liberties in the name of security. In his book "Secrecy: The American Experience," published in 1998, he argued that "secrecy enables a constitutionally weak executive to bypass the legislature in making decisions that the legislature will not support when things go wrong."

Moynihan pointed out that the Venona intercepts of decrypted Soviet communications from the late 1940's, declassified only after the cold war ended, showed without a doubt that there had been a major Soviet spy network in the United States. The intercepts proved that Julius Rosenberg was guilty of atomic espionage, and that Whittaker Chambers's charges that Alger Hiss was a Soviet agent were correct. Defense of Hiss had of course become a cause célèbre among the liberal intelligentsia of the 1950's. And yet security officials within the government all along had conclusive evidence of his spying, and of the true scope of the Soviet conspiracy. But they failed to reveal what they knew, even to President Truman. This failure, Moynihan said, allowed the public imagination to supplement real knowledge with destructive fantasies, which in turn called into being a generation of anti-anti-Communists. This is a polarization with which we are still living today.

The creation of a national security bureaucracy walled off from public scrutiny produced other malign effects as well. Assumptions about the economic strength of the Soviet Union generated by the intelligence community were not scrutinized against what many people who had actually visited the country knew about its condition. This led to a consistent overestimating of the Soviet threat and the failure to predict the largest event of the late-20th century, the collapse of Communism. All bureaucracies seek to enlarge their missions, and in true form the end of the cold war led not to a decrease in the number of official secrets, but to a vast increase.

Rereading these books in the light of 9/11, the Iraq war and the Bush administration's current efforts to extend executive power makes one realize the extent to which our current situation is not in the least new. While the nihilistic murder of nearly 3,000 Americans on American soil was unprecedented, the fact remains that both the actual and perceived threat of the late 1940's was much more acute than the one presented by Islamist terrorism today. The Communists controlled a huge nation-state — the Soviet Union — and conquered half of Europe. In 1949 they came to power in the most populous country in the world. The awesome destructive power of nuclear weapons was new; experts at the time confidently predicted that many states would acquire them in short order and that future wars would be nuclear. Americans lived in the shadow not of the destruction of a single city, but of their entire society. And the enemy had agents who could potentially penetrate the country's most elite institutions, something few jihadists can aspire to do today.

All new threats entail huge uncertainties. Then, as now, there was a pronounced tendency to assume the worst, and for the government to claim enormous discretion in protecting the American public. The Bush administration has consistently argued that it needs to be protected from Congressional oversight and media scrutiny. An example is the National Security Agency's warrantless surveillance of telephone traffic into and out of the United States. Rather than going to Congress and trying to negotiate changes to the law that regulates such activities, the administration simply grabbed that authority for itself, saying, in effect, "Trust us: if you knew what we know about the threat, you'd be perfectly happy to have us do what we're doing." In other areas, like the holding of prisoners in Guantánamo and interrogation methods used there and in the Middle East, one can only quote Moynihan on an earlier era: "As fears of Communist conspiracies and German subversion mounted, it was the U.S. government's conduct that approached the illegal."

Even if we do not at this juncture know the full scope of the threat we face from jihadist terrorism, it is certainly large enough to justify many changes in the way we conduct our lives, both at home and abroad. But the American government does have a track record in dealing with similar problems in the past, one suggesting that all American institutions — Congress, the courts, the news media — need to do their jobs in scrutinizing official behavior, and not take the easy way out of deferring to the executive. Past experience also suggests that the government would do far better to make public what it knows, as well as the limits of that knowledge, if we are to arrive at a balanced view of the challenges we face today.

HOMELAND RESPONSE:

US And Europe Reach Draft Air Data Deal (FT)

By Sarah Laitner
Financial Times, October 7, 2006

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The FBI and other American anti-terror agencies will have easier access to sensitive personal information on passengers flying from the European Union to the US, under a deal agreed on Friday.

Brussels and Washington struck the fresh concord after weeks of negotiations to replace a controversial pact from 2004 through which the US receives up to 34 pieces of data on air travellers.

That deal was invalidated by the EU's highest court on a legal technicality and expired last Saturday, prompting fears of transatlantic travel chaos.

Negotiations on a new pact had hit a sticking point over Washington's demands for an easing of restrictions on sharing the passenger records among US anti-terror authorities.

Michael Chertoff, head of the US department of homeland security, last month warned that his agency was "handcuffed" by European privacy requirements that had hindered it giving information to other agencies.

But Franco Frattini, EU justice commissioner, on Friday said that he had agreed to allow smoother passage of information between US authorities after Washington gave fresh guarantees over data protection.

Speaking at an EU justice ministers' meeting in Luxembourg, he said: "We are not talking about more data or more exchanges, we are talking about making it easier to transmit data."

In a statement issued after agreement was reached, Mr Chertoff said: "I applaud my counterparts at the European Union for agreeing with me on the importance of sharing this passenger data to defend us against terrorism." He pointedly emphasised the EU and US's "joint goal of combating terrorism while respecting our joint commitment to fundamental rights and freedoms, notably privacy".

Requests from other agencies that might conduct counter-terrorism investigations, such as the US Treasury and the Department of Justice, would have to be examined on a case-by-case basis, EU officials said, and these authorities would not have direct electronic access to the records.

US authorities demand records including name, age, seat preferences and payment details on incoming air travellers as part of toughened measures introduced after the September 11 attacks.

EU officials said that Washington will continue to store the data for up to three and a half years. The US will also retain the right to share the records with other governments, they added.

The court decision to strike down the original concord was an embarrassment to the EU, which spent months crafting the initial deal in the face of concerns over passengers' privacy rights.

A failure last week to establish a new agreement had prompted fears of legal limbo for airlines, amid worries that they would face lawsuits for breaching privacy rights.

The new pact, finalised after a nine-hour video conference, is valid until next July. Brussels and Washington will in November start talks for a longer-term agreement.

U.S. Reaches Deal With EU To Obtain Data From Airlines (WSJ)

By William Echikson And Anne Jolis

The Wall Street Journal, October 7, 2006

BRUSSELS -- The European Union and the U.S. on Friday reached a deal over the exchange of data on airline passengers.

The agreement was reached after the two sides missed a court-appointed Oct. 1 deadline to renew a 2004 deal under which airlines gave 34 pieces of passenger information to the U.S. Department of Homeland Security.

Negotiations collapsed about a week ago when EU negotiators rejected Homeland Security Secretary Michael Chertoff's demand to lift restrictions on sharing the passenger data with other U.S. law-enforcement agencies.

"This is positive for the EU -- this will guarantee legal continuity on a very sensitive matter," said EU Security Commissioner Franco Frattini.

Mr. Frattini said Friday's new deal is applicable until the end of July 2007, by which time the two sides will "agree on a more permanent arrangement." Mr. Frattini said the EU agreed to allow Homeland Security to share the data with other U.S. agencies with a "comparable standard of data protection." This includes the Federal Bureau of Investigation and agencies within the Department of Justice.

This will allow the U.S. to "make full use of passenger data," Mr. Chertoff said in a statement Friday.

Trans-Atlantic carriers breathed a sigh of relief at the deal. "The agreement signed today will put an end to a period of uncertainty that was highly uncomfortable both for European carriers and their passengers," said Ulrich Schult-Strathaus, secretary-general of the Association of European Airlines.

The U.S. has acceded to the EU's demand that Homeland Security may no longer directly access the data from the airlines' databases, but will have to request the data from airline authorities.

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Under the previous deal, the Department of Homeland Security was able to access the names, addresses and credit-card details of passengers within 15 minutes of a flight's departure for the U.S. Mr. Chertoff added, however, that the new agreement means Homeland Security will receive the data it wants earlier still "when there is an indication that early access could assist in responding to a specific threat."

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E.U. Agrees To Ease U.S. Access To Data On Passengers (WP)

By Molly Moore And Ellen Nakashima

The Washington Post, October 7, 2006

PARIS, Oct. 6 -- European officials agreed Friday to grant U.S. law enforcement and intelligence agencies easier access to detailed personal data on transatlantic air passengers, despite concerns about individual privacy and fears that the information could be misused.

The new pact, replacing one struck down by a European Union court in May, continues arrangements by which all passenger names, credit card numbers and other personal information are passed electronically to the U.S. Customs and Border Protection agency.

But it softens various restrictions on when and how that data can be passed to the CIA and other intelligence organizations.

Under the new system, "if we have particular interest in a number of flights, or a specific destination, then we can therefore use that information and share it with other counterterrorism agencies," said Jarrod Agen, a spokesman for the Department of Homeland Security, which includes the customs and border agency.

The data request must have some "specificity," he said, such as the recent alleged plot to bomb airliners flying from London. In that case, passenger information on flights from Britain to the United States could be shared with the FBI, he said.

The Europeans insisted on certain data protection safeguards. The U.S. agencies sharing the information, for instance, may retain the data for no more than 3 1/2 years, the same limit that applies to the border protection agency. And not everything that an airline knows about a passenger -- special meal requests, for instance -- will be turned over.

Many Europeans, living in countries with some of the most stringent privacy protections in the world, have been critical of what they perceive as U.S. efforts to usurp privacy of personal data, banking records and other information as part of attempts to identify potential terrorists.

In 2004, the European Commission -- the E.U.'s executive arm -- approved an agreement with the United States on the transfer of passenger data. But the European Parliament -- the E.U.'s elected lawmaking body -- challenged the deal in court, leading to it being overturned in May.

Pierre Sellal, France's permanent representative to the E.U., told reporters Friday that the new arrangement, reached after a nine-hour, transatlantic video conference, "permits the United States to protect against terrorist attack, but at the same time safeguards the essential liberties of passengers."

Homeland Security Secretary Michael Chertoff offered a similar view.

But some European officials remain skeptical of the new agreement, which requires airlines to provide the data to the U.S. government on flights heading to the United States within 15 minutes of takeoff.

"The E.U. has once again caved in to U.S. pressure at the expense of E.U. citizens' civil liberties," Cem Oezdemir, a German member of the European Parliament, said in a statement released in Brussels. He said the new accord "allows the continued plundering of E.U. passengers' personal information."

"It's clear that the U.S. government continues to want more data than it needs to screen passengers and that it wants to use the data for purposes other than simply keeping dangerous people off of airplanes and in this agreement it has made some steps in that direction," said Jim Dempsey, policy director for the Washington-based Center for Democracy and Technology.

Since the court ruling in May, airlines have been operating in a legal limbo, subject to possible lawsuits from passengers alleging privacy violations and facing potential fines or landing-rights refusals from the United States if they fail to provide the data.

"This is an important agreement that will ensure normal operations for the 105,000 passengers who fly between these two jurisdictions each day," Giovanni Bisignani, director general of the International Air Transport Association, said in a statement.

The new agreement does not change the type of information to be provided on each passenger. It will include name, address, credit card information, frequent flier number, telephone and e-mail contacts and the history of the person's no-shows for flights.

E.U. officials said that airlines would not have to provide data that could be used to identify racial origin, political opinions, health and sex life. Meal orders, for instance, could help identify a passenger's religious or ethnic background.

Nakashima reported from Washington.

Report Cites Watch List Errors (NYT/AP)

By The Associated Press

The New York Times, October 7, 2006

WASHINGTON, Oct 6 — Thousands of people have been mistakenly linked to names on terrorist watch lists when they crossed the border, boarded commercial airliners or were stopped for traffic violations, a government report said Friday.

More than 30,000 airline passengers have asked just one agency — the Transportation Security Administration — to have their names cleared from the lists, according to the Government Accountability Office report.

Separately, the National Security News Service and "60 Minutes" reported that the no-fly lists contain the names of 14 of the 19 Sept. 11 hijackers; Evo Morales, the president of Bolivia; Nabih Berri, the speaker of Lebanon's Parliament; and Saddam Hussein.

In a statement released Friday, the F.B.I. denied that either Mr. Morales or Mr. Berri were on the list.

The list also contains such generic names as Gary Smith, John Williams and Robert Johnson. When "60 Minutes" spoke with 12 people named Robert Johnson, it reported, all said that they are detained almost every time they fly.

But the list did not have the names of any of the 11 British suspects charged with trying to blow up airliners with liquid explosives.

Probe Of Anthrax Attacks Casts Shadow On Brothers (WP)

By Michael Powell

The Washington Post, October 7, 2006

CHESTER, Pa. -- On Nov. 15, 2001, Irshad and Masood Shaikh found themselves standing under the darkest cloud imaginable: The brothers had become suspects in the worst bioterrorism attack in American history.

An FBI SWAT team battered down their front door, pointed semiautomatic rifles at Irshad's wife and carried out the first raid on a private home in the federal investigation of the anthrax attacks. Agents in moon suits carted out the Shaikhs' computers, medicines and books and swabbed the television set for anthrax spores.

But the FBI had acted on a bad tip. By every account available, agents found no evidence implicating the brothers, who are widely respected public health experts.

Since then, the Shaikhs have suffered consequences great and small. Irshad Shaikh, 44, who is Chester's health commissioner and has worked on humanitarian missions in Iraq and Afghanistan with U.S. officials, has been blocked by the FBI from obtaining a federal contract with the Centers for Disease Control and Prevention. Immigration officials canceled his scheduled interview for U.S. citizenship. And whenever Irshad returns to the United States from abroad, federal agents escort him off the airplane and interrogate him for hours.

Masood Shaikh, 46, serves as the Chester city epidemiologist. Like Irshad, he obtained a medical degree in Pakistan and a master's degree and a doctorate in public health from Johns Hopkins University. Two years ago, Masood was selected to work on removing land mines from Iraq. But the federal government refused to extend Masood's work visa pending a "security clearance." The clearance never came through, and Masood could not leave the country.

Masood, once poised to apply for American citizenship, now faces the expiration of his work visa and a return to Pakistan after 15 years in the United States.

The brothers acknowledge that they cannot prove that the government is behind every one of these roadblocks, but they point to a pattern.

"Our whole life has been turned upside down since 9/11," Irshad said by telephone from Cairo, where he is working with the World Health Organization. "For God's sake, they are welcome to search my house anytime. I will give them the key."

No one could argue with the FBI's urgency in trying to find the anthrax killers. The mail attacks in September and October 2001 claimed five lives and left 17 people gravely ill. The assailant possessed one of the deadliest bioweapons, and, with the slightest tweak in delivery, the anthrax spores might have caused tens of thousands of deaths. As the years passed and the FBI turned its searchlight on half a dozen people, careers and lives have been shattered.

The FBI designated Steven J. Hatfill, a Washington infectious disease researcher, as "a person of interest," and Louisiana State University dismissed him in 2004. In August 2004, FBI teams searched the home of Kenneth Berry, a New York physician who held three patents related to bioterrorism. He has lost his job and now lives in New Jersey.

Neither Hatfill nor Berry has been charged with a crime. Both vehemently deny any involvement with the anthrax letters, and Hatfill has sued the Justice Department.

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But few suspects so unequivocally lack any connection to anthrax research as do the Shaikh brothers. They have never done biowarfare research. Their attorney, former prosecutor Anthony F. List, describes a Kafkaesque maze in which federal officials argue that they cannot be expected to "clear" men who, officially, are accused of nothing.

Spokesmen for the FBI, the U.S. attorney's office and the Department of Homeland Security say they are prohibited by federal law from talking about anyone even tangentially connected to a criminal investigation.

"This office has made no allegations regarding the Shaikhs," said Richard Manieri, a spokesman for the U.S. attorney in the Eastern District of Pennsylvania. "The Justice Department . . . typically doesn't announce when an investigation is closed or comment on the status."

List says prosecutors gave him Web addresses for federal inspectors general, but that is an uncertain path, and appeals can take years. "My clients are committed public servants," List said. "They don't have years to get on with their lives."

The Shaikh brothers grew up in Islamabad, Pakistan, in what they described as a secular and upper-middle-class family -- nine of their cousins are doctors. They immigrated to the United States and attended Johns Hopkins; Irshad was a Fulbright scholar.

In Chester, a working-class city of 36,000 just south of Philadelphia on the Delaware River, many residents view the Shaikh brothers with something approaching reverence. Irshad has served as health commissioner since 1994. On holidays, the brothers would volunteer to run the animal-control truck, picking up dead dogs and deer.

"We are very lucky to be the beneficiaries of their talents," said Chester City Council member Monir Z. Ahmed. "They've had a thousand opportunities to hurt people right here in Chester, and all they do is help us."

Then came the terrorist attacks of Sept. 11, 2001. The anthrax mailings began a week later. When Irshad heard a knock at his office door Nov. 15 and found four federal agents waiting, he was not surprised, he recalls.

"Muslim? Pakistani? Unfortunately we have all these characteristics," Irshad said. "I understand that. We are not angry, we are not resentful. This was logical."

The FBI smashed through the door of his house and found Irshad's wife, a dentist, asleep in bed. They handcuffed her at gunpoint. Other agents burst into the downstairs office, which was rented by the AIDS Care Group of Chester.

"They handcuffed our carpenter," recalled physician Howell Strauss. "One agent asked about the white dust -- I explained it was from the Sheetrocking. Then they took away our Elmer's glue for testing. I told them, 'You've been surveilling this house for weeks, and this is what you do?' I'll never have the same faith in our government."

Half a year later, Irshad Shaikh took a job with the Vietnam Veterans of America Foundation, running a mortality survey in Afghanistan. He worked closely with State Department officials. Later, the CDC asked Irshad to work in Atlanta and analyze the data, but the FBI insisted that he could not set foot in the federal offices, a ban that at least one senior CDC administrator protested, according to a federal official.

In June 2003, Irshad served as a leader with the Emergency Mine Action Survey in Iraq under the auspices of the U.S.-led Coalition Provisional Authority. He was responsible for securing and removing ammunition stockpiles, working closely with Lt. Gen. David H. Petraeus and Brig. Gen. Frank G. Helmick of the Army's 101st Airborne Division. Irshad proudly e-mailed a photo of himself in a Black Hawk helicopter. He's sitting shoulder to shoulder with Helmick.

When Irshad returned to the United States, agents escorted him off the airplane. "You know what the other passengers are thinking: 'Terrorist!' " Irshad said.

Irshad and his wife have decided it is wiser to stay overseas in Cairo with WHO until the matter blows over -- although, for the first time, he has started saying, " If this blows over . . ."

"I decided to live this difficult exile," he said. "I know we are collateral damage. But we know, we believe , that fairness will prevail in our adopted country."

He paused.

"I would like say, respectfully, please let us get on with our lives."

The phone clicked off. Masood, sitting in their attorney's office listening to the conversation, shrugged. Irshad is the family optimist. "I came to this country hoping I could work and have a good career," Masood said. "My brothers still has some hope. I'm losing mine."

Bush Balks At Criteria For FEMA Director (WP)

By Spencer S. Hsu

The Washington Post, October 7, 2006

President Bush reserved the right to ignore key changes in Congress's overhaul of the Federal Emergency Management Agency -- including a requirement to appoint someone with experience handling disasters as the agency's head -- in setting aside dozens of provisions contained in a major homeland security spending bill this week.

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Besides objecting to Congress's list of qualifications for FEMA's director, the White House also claimed the right to edit or withhold reports to Congress by a watchdog agency within the Department of Homeland Security that is responsible for protecting Americans' personal privacy.

The standards for the FEMA director were inspired by criticism of former FEMA chief Michael D. Brown's performance after Hurricane Katrina last year. Brown, a lawyer and judge of Arabian horses, had no experience in disaster response before joining FEMA.

Bush's moves came in a controversial assertion of executive authority known as a "signing statement," which the White House issued late Wednesday, the same day the president signed the $34.8 billion measure. Congress has assailed the unprecedented extent of Bush's use of signing statements to reinterpret or repudiate measures approved by lawmakers instead of exercising a formal veto.

White House spokesman Tony Fratto said the actions, first reported by the Associated Press, upheld the president's right to choose his advisers and control executive branch activities.

"There's nothing new here. The president has the authority to choose which of his subordinate officers he'll rely on," Fratto said. "The president has the authority to determine what the relationship is between them."

Lawmakers in both parties -- Democrats more harshly than Republicans -- said Bush was ignoring precedent and neglecting lessons of the bungled response to Katrina.

"Amazingly, President Bush continues to show more interest in expanding his executive power than in running the government in a fair, effective and competent manner," said Rep. Martin O. Sabo (Minn.), ranking Democrat on the House Appropriations subcommittee on homeland security.

A spokesman for Rep. Thomas M. Davis III (R-Va.), who chaired a House Katrina investigation, said the White House is slighting Congress and ignoring the political toll of Brown's incompetence and ties to GOP cronies.

"Davis hopes the White House isn't saying they don't understand the need for minimal qualifications, or that they might bypass them. If indeed they are, then we haven't come very far from the days of 'Heck of a job, Brownie,' " Davis spokesman David Marin said, in a reference to Bush's early praise for Brown. "Good luck getting someone confirmed who doesn't meet these standards."

Sen. Susan Collins (R-Maine), chairman of the Senate's Katrina investigation, said its findings showed that the president needs a principal adviser for emergency management, as he has on military matters in the Joint Chiefs of Staff.

Congress sets job requirements for officials from the U.S. solicitor general to the director of the U.S. Fish and Wildlife Service, she said. They are comparable to the five years of management experience and demonstrated emergency-management skills it mandated for the head of FEMA, she said. The director also should be allowed to make recommendations directly to Congress, she said, authority that the White House rejected.

"Congress needs a forthright assessment of the state of the nation's preparedness from the FEMA director," Collins said.

The White House also reserved the right to withhold or alter reports of a unit that monitors DHS use of Americans' personal information in background checks, employment screening and air travel, among other things.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, warned against muzzling the office, as DHS emerges as "the central hub for the integration" of government databases containing that information.

The DHS Privacy Office's last report to Congress covered activities up to June 2004. DHS spokesman Larry Orluskie said a new report, updated through this June, will be sent to the White House for review in coming days and is expected to be made public in about a week.

New Orleans Population Is Reduced Nearly 60% (NYT)

By Adam Nossiter

The New York Times, October 7, 2006

NEW ORLEANS, Oct. 6 — The city's population has dropped by nearly 60 percent since Hurricane Katrina, far more sharply than recent optimistic estimates had suggested, according to an authoritative post-storm survey released this week.

The population of New Orleans is now only 187,525, well under half the pre-storm population of 454,863, according to the survey, commissioned by several state agencies. The United States Census Bureau and the Centers for Disease Control and Prevention advised those who carried out the door-to-door population count this summer.

"We actually knocked on doors and asked how many people lived there," said Dr. Alden Henderson of the centers. About 490 households were surveyed, and researchers went to more than 1,100 dwellings, he said.

Mayor C. Ray Nagin has suggested that about half of New Orleans's former residents had returned, basing his projections partly on utility users. But the new numbers indicate that repopulation will take awhile to reach that level.

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"The recovery is going to be slower than we anticipated," said David Bowman, an official with the Louisiana Recovery Authority, which helped commission the survey. "It's going to take time to get the housing stock back online."

The margin of error for the survey was relatively high, plus or minus 12 percentage points.

The new figures also suggest that many more whites than blacks have returned to New Orleans. The white and black populations here are now separated by less than three percentage points, according to the survey — a gap much smaller than previously thought, and far less than the pre-hurricane divide, when New Orleans was 67 percent black. Whites now make up 44 percent of the population and blacks 46 percent, according to the new survey.

For months, neighborhood activists and housing advocates have suggested that the city's African-American population has had a difficult time re-establishing itself. Much of the rental housing was destroyed by the storm, rents have risen significantly and federal housing aid has barely begun to flow. The new numbers appear to bear out these concerns. They also suggest that the relatively high black vote in last spring's city elections — as much as 57 percent of the electorate — was elevated by citizens making the trip specifically to vote.

Still, officials expect these population figures to go up, eventually. More than 11,000 people from New Orleans have applied for federal rebuilding aid through the state's Road Home program. Some 80,000 housing units were destroyed in Orleans Parish alone, and their reconstruction has hardly begun.

The new population count has taken analysts here somewhat aback.

"The conventional wisdom was higher," said Richard Campanella, a Tulane University geographer. "It's a little bit of a disappointment. I don't question the numbers, that's for sure. This is the most authoritative survey yet."

Though officials acknowledged the new survey might not fully account for all of the city's daytime population — many are still commuting in to work on their houses — they emphasized that it was likely to be far more reliable than previous efforts, which relied on measures like school enrollment and electricity use.

WAR NEWS:

Warner's Iraq Remarks Surprise White House (NYT)

By Sheryl Gay Stolberg

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — The White House, caught off guard by a leading Republican senator who said the situation in Iraq was "drifting sideways," responded cautiously on Friday, with a spokeswoman for President Bush stopping short of saying outright that Mr. Bush disagreed with the assessment.

"I don't believe that the president thinks that way," Dana Perino, the deputy White House press secretary, said when asked whether the president agreed with the senator, John Warner of Virginia. "I think that he believes that while it is tough going in Iraq, that slow progress is being made."

Ms. Perino's carefully worded response underscores the delicate situation that Mr. Warner, chairman of the Armed Services Committee, has created for the White House just one month before an election in which Mr. Bush has been trying to shift the national debate from the war in Iraq to the broader war on terror.

Speaking to reporters on Thursday after returning from a trip that included a one-day stop in Baghdad, Mr. Warner said the United States should consider "a change of course" if the violence there did not diminish soon. He did not specify what shift might be necessary, but said that the American military had done what it could to stabilize Iraq and that no policy options should be taken "off the table."

With the blessing of the White House, a high-level commission led by James A. Baker III, the former secretary of state, is already reviewing American policy in Iraq. But the commission is not scheduled to report to Mr. Bush and Congress until after the November elections, a timeline that the White House had hoped would enable Mr. Bush to avoid public discussion of any change of course until after voters determine which party will control Congress next year.

Now, Mr. Warner's comments are pushing up that timeline, forcing Republicans to confront the issue before some are ready. In an interview on Friday, Senator Susan Collins, a Maine Republican who has been critical of the administration's approach in the past, said there was a "growing sense of unease" among other Republicans, which she said could deepen because of Senator Warner's comments.

Ms. Collins, who is the chairwoman of the Senate Homeland Security Committee, echoed Mr. Warner's calls for a shift in strategy in Iraq. "When Chairman Warner, who has been a steadfast ally of this administration, calls for a new strategy," she said, "that is clearly significant."

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She said the current approach, which she attributed to Secretary of Defense Donald H. Rumsfeld, had not led to an overall reduction in violence or any prospect that American troop levels would come down soon.

"We've heard over and over that as Iraqis stand up, our troops will stand down," Ms. Collins said. "Well, there are now hundreds of thousands of Iraqi troops and security forces, and yet we have not seen any reduction in violence."

Democrats, who have been using their fall election campaigns to tap into intense voter dissatisfaction with the way that Mr. Bush has handled Iraq, quickly seized on the Warner remarks, circulating them in e-mail messages to reporters. Senator Joseph R. Biden Jr., the senior Democrat on the Foreign Relations Committee, convened a conference call on Friday afternoon to hammer home the theme that even Republicans believed that the administration must change course. "Warner's statement is an important, important statement and, I hope, a turning point," Mr. Biden told reporters.

He that at least two Republican colleagues other than Mr. Warner had told him that once the election was over, they would join with Democrats in working on a bipartisan plan for bringing stability to Iraq. Echoing Mr. Warner's language, he said, "I wouldn't take any option off the table at this time. We are at the point of no return."

The White House said Friday that Mr. Bush had not spoken to Mr. Warner about his comments, and otherwise insisted that it had not glossed over the problems in Iraq. During her afternoon briefing, Ms. Perino harked back to a speech in late August in which, she said, the president said Iraq was at a "crucial moment." She said Secretary of State Condoleezza Rice had put forth the same message during her unannounced visit to Baghdad this week.

Later in the day, the White House circulated an e-mail message titled "Iraq Update: Political Progress," citing comments of other lawmakers, including Democrats, who had returned from the Middle East with more hopeful assessments than the one offered by Mr. Warner.

Senator Warner Has Grim View Of Iraq (WT/UPI)

The Washington Times/UPI, October 7, 2006

U.S. Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, returned from Baghdad with a grim outlook on how things are going there.

Normally a supporter of Bush policies in Iraq, Warner now says he believes in giving Iraqi leaders 90 days to make progress against insurgents.

Otherwise, the United States will need to make some "bold" moves, he told the Virginia Pilot. He did not elaborate.

Rice Urges Kurds To Work For Peaceful, Unified Iraq (AFP)

By Sylvie Lanteaume

AFP, October 7, 2006

US Secretary of State Condoleezza Rice met the leaders of Iraq's autonomous Kurdish region, urging them to cooperate with Iraqi Arabs in building a peaceful and unified country.

Rice dropped in on Kurdish regional president Massud Barzani in Arbil, his northern capital, after an unannounced visit to the Iraqi capital Baghdad, which is in the grip of a brutal sectarian conflict.

"The Kurdish people will ... certainly be better served if Baghdad and its surrounding areas are stable and democratic," Rice told reporters at a joint press conference with Barzani.

"We had a very good discussion about the national reconciliation process and the vision of unified democratic Iraq that is stable, that is at peace and at peace with its neighbors," she said.

Grateful for US support in throwing off the yoke of ousted dictator Saddam Hussein, Iraq's Kurds have put their long-cherished dreams of independence on hold while the Baghdad government struggles to rebuild the war torn country.

But separatist tensions are never far from the surface, and fierce rows have recently erupted over the banning of Iraq's national flag in the north and the Kurdish government's determination to develop its own oil industry.

Washington fears a Kurdish declaration of independence would accelerate the possible disintegration of Iraq and knows it would be bound to anger regional ally Turkey, which has a restive Kurdish minority of its own.

Kurdish leaders regularly warn that they will secede if the rights of their region -- a union of three Iraqi provinces which has been broadly autonomous since 1991 -- are trampled on by the Arab-led Baghdad administration.

This threat reared its head again last week, when the Kurds announced the development of a new oil field, amid complaints from the central government that it should be consulted before deals are signed with foreign firms.

Barzani's oil minister furiously rejected federal oversight of oil contracts, and repeated the threat to declare independence.

Rice tried to calm the oil row during her visit.

"Our view... which I think most Iraqis agree with, is that oil needs to be a unifying factor and not one that would help to make the country less unified," she told reporters late Thursday.

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Barzani said after meeting Rice: "We are for a fair distribution of oil revenues for the Iraqis."

Meanwhile, officials in Baghdad confirmed that a Kurdish lawmaker in Iraq's national parliament had been kidnapped and murdered during Rice's visit, which came after Monday's breakthrough pledge by Iraq's political factions to work together to halt the bloodshed.

Rice met with Iraqi Prime Minister Nuri al-Maliki, President Jalal Talabani and senior leaders from both sides of Iraq's bitter sectarian divide between Sunni and Shiite factions.

"The mass murders have shocked the people," Maliki said on Iraqi television, insisting that the reconciliation initiative was not reached under foreign pressure "but by the will of the Iraqis."

The violence convulsing the capital was in full evidence for Rice's visit, with 16 US soldiers killed since Monday. A rocket attack on the airport upon her arrival forced her military C-130 transport plane to spend 45 minutes circling the airfield.

Rice departed Arbil after a delay of more than two hours due to aircraft problems and headed to London for a meeting of six major powers on whether to urge the United Nations to slap sanctions on Iran over its suspect nuclear programme.

The Iraqi authorities, meanwhile, declared a total curfew Friday evening in the northern oil city of Kirkuk, shutting down entrances to the city for an undisclosed period of time, police said.

"This operation comes within the context of a new security being implemented by Iraqi forces in Kirkuk," said Captain Emad Jassem Khidr of Kirkuk police.

Police said they had collected 35 corpses over a period of 24 hours in Baghdad, mostly in the Sunni western half of the city.

The bodies bore the tell tale markings of Baghdad's grim sectarian war with signs of torture and bullet wounds to the head.

Rice Appeals To Oil-rich Kurdish North (AP)

By Anne Gearan, Associated Press Writer

AP, October 7, 2006

Convinced oil revenue is the long-term key to economic independence for a unified Iraq, Secretary of State Condoleezza Rice appealed Friday for cooperation from the autonomous and oil rich Kurdish north.

Rice visited the region's powerful president, Massoud Barzani, less than two weeks after the regional government threatened to break away from Iraq in a dispute over oil.

After a session with their staff, followed by a lengthy one-on-one meeting at the Kurdish government offices in Irbil, Rice and Barzani stood in front of U.S. and Kurdish flags and spoke to reporters.

Barzani, speaking in Kurdish through an interpreter, said Kurdistan, "like any other nation, has the right to self-determination." However, he said he is committed to a "federal democratic and pluralistic Iraq."

For her part, Rice thanked Barzani for the Kurds' long cooperation with the United States, adding, "and I appreciate also your important participation in the process of national reconciliation. Thank you."

When he was asked about the future distribution of oil wealth, Barzani did not repeat recent assertions that Kurdistan alone should control new contracts and business arrangements for oil pumped in the region. But at the same time, he gave no endorsement of proposed national legislation on dividing up income from oil.

Rice's two-day trip to Iraq is meant to show U.S. support for the country's fragile central government, under assault by a spiral of sectarian violence and growing calls for autonomy among Iraq's regions.

And while she said the administration is always reviewing its policies in Iraq, she said it would not halt its backing for the country's struggling government.

"The option that the President has been very clear that he is not reviewing is beginning to somehow remove American support for this regime, for this new government in Iraq, before it's able to do the job on its own," she told reporters as they flew to London for a meeting on Iran's nuclear program.

Rice's departure from Irbil was delayed Friday, leaving unclear how much progress would be made at the London session.

Rice had to wait about two hours for a replacement plane because of mechanical problems discovered in the C-17 military transport that was supposed to ferry her to Turkey, where another jet was waiting to fly her to London.

The delay meant Rice would arrive late for a meeting with foreign ministers from Britain, France, Germany, Russia and China. The group still planned to meet but would be unable to finish its business and refer Iran to the U.N. Security Council on Friday as had been expected, said State Department spokesman Sean McCormack, who was traveling with the secretary.

In Iraq, fears of Kurdish secession have risen in recent weeks, especially when Barzani briefly banned the display of the Iraqi flag in government buildings.

The oil dispute reflects the larger fight over federal control in Iraq.

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Although the parliament briefly averted a crisis over the Kurdish threat last month, leaders have been unable to pass a federal law on the distribution of oil wealth

The U.S. and other international backers want quick action on a law that would streamline the complicated oil sector, attract foreign investment and provide for equitable distribution of oil profits across Iraq.

Oil is still pumping at prewar levels more than three years after the invasion that toppled the former president of Iraq, Saddam Hussein.

Oil resources are now governed by vague terms in the national constitution written last year.

Energy analysts estimate oil revenues make up more than 95 percent of Iraq's domestic budget.

Since the Gulf War of 1991 the Kurdish north had been out of Saddam's control and the Kurds established their autonomous region under U.S. and British protection. After the U.S.-led invasion and occupation of Iraq, Kurdistan was the only region that did not witness major changes.

Iraq's new constitution recognizes Kurdish self-rule and provides a legal mechanism for other areas to govern themselves but within the Iraqi state.

Sunni Arabs, who had enjoyed control over Iraq under Saddam, now fear the Kurdish push for secession under the nation's new federal system. Should the Shiite majority in the oil-rich south follow suit, the Sunnis would find themselves with little more than date groves and sand.

Kurds Show Signs Of Seceding From Iraq (AP)

By Yahya Barzanji, Associated Press Writer

AP, October 7, 2006

With violence bloodying Iraq, Kurds in the peaceful north have been showing signs of going their own way, raising their own flag and even hinting they could secede in a dispute over oil wealth — moves that have alarmed Shiites and Sunnis.

Secretary of State Condoleezza Rice's visit to Kurdistan on Friday underlined American worries that Kurds may be pushing too hard too soon for autonomy powers at a time of increasing sectarian tensions.

Kurds insist they are only using the autonomous powers given to them by the constitution passed last year that laid down a federal system in Iraq. But many of those powers — particularly the division of oil wealth — remain vague.

Some Shiites are also pressing for their own autonomous region in the south, but even mere talk of federalism — amid a wave of Shiite-Sunni violence that has killed thousands this year — has raised fears of the country falling apart.

"I warn those who back federal regions," a top Sunni Arab cleric, Harith al-Obeidi, said in his prayer sermon Friday in a Baghdad mosque. "They should think about security in Baghdad before claiming that federalism will provide security for the regions. ... Federalism in its current form will lead to the division of Iraq."

Sunnis in particular worry that a breakup of the country will create strong Shiite and Kurdish regions in the south and north — where Iraq's oil wealth is concentrated — and leave Sunnis in an impoverished central zone with no resources.

Backing for independence has always been strong in the autonomous zone in Iraq's northernmost three provinces, where the majority of the country's 5 million Kurds live. They have enjoyed self-rule since 1991.

While much of the rest of Iraq has been torn by violence, Kurdistan has remained largely at peace. Sunni and Shiite Arabs who want to enter Kurdistan must go through elaborate permit procedures — still, many have flocked there seeking jobs in one of Iraq's few areas that see significant private investment.

Kurdistan's president, Massoud Barzani, sparked an outcry last month when he ordered all Iraqi flags removed from government buildings in the region and replaced with the Kurdistan flag — a green, red and white tricolor with a yellow sun.

The Kurdish flags remain in place, and Barzani refuses to raise the Iraqi one — a holdover from the rule of Saddam Hussein, who persecuted the minority Kurds and Iraq's Shiite majority — until a new national flag is created representing all of the country's communities.

Kurdish oil deals have also raised concerns in Baghdad. The Kurdistan government signed a series of agreements with foreign companies to develop new oil fields this year. Over the summer, a Canadian-Turkish consortium drilled a test well in the area of Taq Taq, between Sulaimaniyah and Irbil.

Oil Minister Hussain al-Shahristani said the central government would review contracts signed separately by the Kurdistan government — drawing a sharp warning from the region's prime minister, who said if Baghdad moves in on Kurdish deals it would fuel independence sentiment.

"The people of Kurdistan chose to be in a voluntary union with Iraq on the basis of the constitution," Prime Minister Nechirvan Barzani said in a statement issued Sept. 28. "If Baghdad ministers refuse to abide by that constitution, the people of Kurdistan reserve the right to reconsider our choice."

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At a news conference with Rice in the Kurdish city of Irbil, Barzani underlined that Kurdistan, "like any other nation, has the right to self-determination." However, he said he is committed to a "federal, democratic and pluralistic Iraq."

For her part, Rice told Barzani, "I appreciate also your important participation in the process of national reconciliation."

Kurdish officials insisted they would move ahead with developing their oil sector, arguing the constitution gives them the right to do so.

"We will continue in exploring the oil resources in Kurdistan in accordance with articles in the constitution that allow each region to exploit its resources," Kamal Kirkoukli, deputy president of the Kurdistan parliament, told The Associated Press.

But the constitution remains vague on sharing oil wealth. It calls for a fair distribution, but also gives regions a hand in developing new oil fields. Parliament has been debating legislation on dividing oil wealth, but has yet to pass a law.

Kirkoukli and other Kurdish officials dismissed worries of the Kurds pressing a bid to secede.

"This is nothing new. ... They always accuse the Kurds that they want to break up Iraq," said Saadi Ahmed Pira, the Irbil chief of the Patriotic Union of Kurdistan, one of the region's two main parties. "Today in the Iraqi government, there are strange voices of Arab chauvinism and they mirror the ideas of the previous Saddam government."

"The Kurds' decision not to withdraw from Iraq is not for the sake of the Sunnis," he said. "In the current political situation, the Kurds have chosen to live in a united federal Iraq."

Rice Tells Kurds That Unity Is Key (LAT)

By Paul Richter And Borzou Daragahi, Times Staff Writers

The Los Angeles Times, October 7, 2006

Their security rests with closer ties to fellow Iraqis, not to their friend the U.S., she says.

IRBIL, Iraq — Secretary of State Condoleezza Rice urged restless Iraqi Kurds to seek their future in a closer alliance with other Iraqis, as she visited the country's relatively peaceful Kurdistan region Friday for talks with regional President Massoud Barzani.

Meanwhile, political and sectarian violence continued to afflict the rest of the nation. Kurds condemned Thursday's abduction and slaying of a Kurdish lawmaker in Baghdad, a probable sectarian attack, and a Danish soldier was killed in southern Iraq. At least 20 Iraqi civilians were reported killed in bombings and shootings around the country, Iraqi officials said.

Rice declared that Iraq's minority Kurds, who suffered greatly under the rule of Saddam Hussein, can find their best security guarantee not from their powerful ally, the Americans, but from the Iraqi Constitution.

The efforts of Iraq's new government to revise the constitution and better develop a federal system "is one that can, within the framework of a united Iraq, protect and defend the rights of all people," she said in an appearance with Barzani at his offices in Irbil, in northern Iraq.

Barzani, president of the Kurdistan regional government, spoke publicly in terms likely to please Rice, saying Kurds are committed to working within the federal system and will share oil revenue from wells discovered in their region.

"Our views were very similar, and we have pledged that we will continue in our efforts in our cooperation to implement the process that we have started, until we establish a federal, democratic, pluralistic Iraq, an Iraq which will be free from terrorism and terrorists," Barzani said.

Despite the apparent harmony, U.S. officials are concerned by issues now swirling in Kurdistan, the least violent and most pro-American part of Iraq.

Many Kurds want the region to secede, especially as they see sectarian violence between Sunni and Shiite Arabs to the south on the rise.

There has been growing tension with Turkey, which has attacked members of the separatist Kurdistan Workers Party, or PKK, within Iraq's borders. Iraqi President Jalal Talabani, a Kurd, recently warned that if Iraq's neighbors, including Turkey, sought to undermine the sovereignty of the country, Iraqis could reciprocate.

Kurds are also at odds with fellow Iraqis over how to divide oil revenue. Some Kurds think money from newly developed fields should be spent in Kurdistan, not turned over to the federal treasury. The constitution is vague on that point.

Barzani, asked for his view on the issue, said that as the constitution provides, "we are [for] a fair distribution of the oil revenues all over Iraq."

Rice didn't mention the issue during her appearance, but earlier in the week she said the United States favored an equal distribution of oil wealth to all segments of the country.

The dispute has exacerbated tensions between Kurds and those Iraqis who favor a strong role for the central government in allocating energy revenue. The conflict is often played out violently on the streets of the oil-rich northern city of Kirkuk, where U.S. and Iraqi forces Friday imposed a new curfew in an effort to stem a string of bombings and assassinations.

Danish military officials said a soldier was slain in fighting in Basra.

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Violence has been a constant in Baghdad, where Mohammed Redha Mohammed, a Kurdish member of parliament, and a bodyguard were abducted Thursday and later found dead. The two were kidnapped as they left the offices of a prominent Sunni charity.

Such killings are often carried out by sectarian death squads suspected of having ties to Iraq's Shiite-dominated security forces. U.S. and Iraqi officials consider the Shiite gangs the most destabilizing element in the civil warfare that has gripped much of central Iraq.

The 1,200-man 8th Brigade of the Interior Ministry was taken off Baghdad's streets this week amid charges of complicity or cooperation with Shiite death squads. But at a news briefing Friday, U.S. Maj. Gen. Joseph Peterson, the officer in charge of training Iraqi police, called that move an "isolated incident."

The 8th Brigade has had a bad reputation for months, he said, and he commended Iraqi police, noting that 4,000 officers have been killed and 8,000 wounded since August 2004.

Iraqi forces have made significant progress under the current government, he said.

"A year ago we had a situation where a police station was attacked and policemen were running out the back door leaving all the equipment," he said. "That does not occur anymore. Our policemen are more confident."

But Iraqis continue to express grave doubts about the government and its security forces.

"These days the Iraqi people are being slaughtered, and the politicians are only concerned about how to divide Iraq, to make one part for a particular sect," Hareth Ubaidi of the Sunni Nawaf Mosque in Baghdad told worshipers gathered for Friday prayers.

"All of this is preparing for a sectarian war."

Richter reported from Irbil and Daragahi from Baghdad. Times staff writers and special correspondents in Baghdad, Diwaniya, Kirkuk and near Basra contributed to this report.

Afghanistan: Five Years Later (WP)

By Donald H. Rumsfeld

The Washington Post, October 7, 2006

On Oct. 7, 2001, President Bush spoke from the Treaty Room of the White House to announce the beginning of Operation Enduring Freedom, a mission designed to disrupt and destroy al-Qaeda operations in Afghanistan and the regime that had harbored and supported Osama bin Laden's terrorist network.

It was never going to be an easy mission. Afghanistan was among the world's poorest nations, with little political or economic infrastructure. Nearly three decades of war, drought and a Soviet occupation by hundreds of thousands of troops had yielded a broken, lawless nation.

Yet from halfway around the world -- with but a few weeks' notice -- coalition forces were charged with securing a landlocked, mountainous country that history had dubbed the "graveyard" of great powers.

Given the circumstances, it is not surprising that military experts and columnists raised the specter of Vietnam and "quagmires" -- both before and during combat operations. They cited the forbidding terrain, brutal weather and the Soviet Union's total failure.

Within weeks of our launching combat operations, however, the Taliban regime had been defeated, consigning yet another cruel regime to the dustbin of history. Coalition forces took control of Kabul, and since then the Afghan people have fashioned a new constitution and successfully held the first democratic presidential election in their long history.

Now, five years after the start of Operation Enduring Freedom, another signpost has been marked on Afghanistan's long, difficult road to stability: NATO took control of security operations for the entire country on Thursday, as well as the 24 Provincial Reconstruction Teams that are strengthening infrastructure across the nation.

This is an unprecedented moment for the NATO alliance. In 2001 NATO forces were for the first time deployed beyond their traditional European borders. Today the number of troops in Afghanistan from nations besides the United States has reached more than 20,000 -- to add to the approximately 21,000 American troops serving there.

Not all the news about Afghanistan is encouraging. There is, for example, the legitimate worry that increased poppy production could be a destabilizing factor. And rising violence in southern Afghanistan is real.

President Hamid Karzai, speaking with President Bush recently at the White House, acknowledged the difficulties: "Afghanistan is a country that is emerging out of so many years of war and destruction. . . . We lost almost two generations to the lack of education. . . . We know our problems. We have difficulties. But Afghanistan also knows where the problem is."

The problem, he said, is poverty and extremism. Success requires a strong and capable Afghan government that can provide services and opportunities for all its people.

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During the active combat or conventional phase of any war, there are clear signs of progress: battles won, key strategic points taken, enemy forces captured or killed. In the post-battle phase, however, the measure of progress is not as clear -- especially in a war such as the Global War on Terror, which relies so heavily on the development of civic institutions in places

that have known little more than war and destitution.

And yet, for all of the challenges the Afghan people face, there are many promising indicators. Among them:

Â· Security: The Afghan National Army has grown to more than 30,000, with approximately 1,000 soldiers added each month. The Afghan National Police now number more than 46,000. Afghan forces were successful in providing security for the two national elections held since 2004.

Â· Economy: The size of Afghanistan's economy has tripled in the past five years and is projected to increase another 20 percent next year. Between 2003 and 2004, government revenue increased 70 percent, to $300 million. Coca-Cola recently opened a $25 million bottling plant in Kabul, and other large multinational companies are considering opportunities in Afghanistan.

Â· Education: In the past five years, more than 42 million school textbooks have been printed and distributed, and some 50,000 Afghan teachers have been trained. Almost 600 schools have been built, and now more than 5 million children attend school, a 500 percent increase from 2001.

Â· Health care: In 2001 only 8 percent of Afghans had access to at least basic health care; at least 80 percent do today. Some 5 million Afghan children have been vaccinated.

Â· Infrastructure: Thousands of kilometers of roads have been built or improved since the Taliban fell. Since 2004, 25 provincial courthouses have been built and hundreds of judges trained.

Building a new nation is never a straight, steady climb upward. Today can sometimes look worse than yesterday -- or even two months ago. What matters is the overall trajectory: Where do things stand today when compared to what they were five years ago?

In Afghanistan, the trajectory is a hopeful and promising one.

The writer is secretary of defense.

Rumsfeld Cites Progress In Afghanistan (AP)

AP, October 7, 2006

Defense Secretary Donald H. Rumsfeld said that despite Afghanistan's rising opium production and violence in the south, "the trajectory is a hopeful and promising one" five years after the Taliban's fall.

Rumsfeld, in an opinion piece in Saturday's edition of The Washington Post, said Afghanistan's economy has tripled in five years, its forces have grown by 1,000 soldiers a month, the number of students in school has grown fivefold and 80 percent of the population has access to basic health care, up from 8 percent.

Ticking off more progress, he cited the building of 25 courthouses, a 70 percent jump in revenue and even Coca-Cola's opening of a $25 million bottling plant in Kabul.

"Building a new nation is never a straight, steady climb upward," he wrote. "Today can sometimes look worse than yesterday — or even two months ago. What matters is the overall trajectory."

Rumsfeld touched on only a few of the setbacks, including a surge in the drug production that the Taliban had almost wiped out five years earlier.

But the defense secretary glossed over other dangers: The Taliban has taken control large parts of the countryside, more than 3,000 people have been killed in rising violence this year, and militants have been assassinating political figures, burning down schools and creating havoc with roadside bombs.

Taliban Revived In Southern Afghanistan (AP)

By JIM KRANE

Minneapolis Star Tribune/AP, October 7, 2006

New Zealand soldiers, part of International Security Assistance Force, man in the city of Bamyan, north west of Kabul, Afghanistan on Thursday, Oct. 5, 2006. NATO took over eastern Afghanistan from U.S.-led forces Thursday, assuming control of 12,000 U.S. troops and command of the entire country.

Afghanistan (AP) - A sweating man wanders into a crowd and blows himself up, leaving a dozen bodies lifeless on the street. A few blocks away, a car bomb pulverizes an armored Humvee, killing two U.S. soldiers and 14 civilians. The kind of anonymous insurgent violence that is convulsing Iraq has migrated 1,500 miles east to plague Afghanistan five years after the U.S.-led invasion that toppled the Taliban regime.

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The prospect of a second downward spiral - though so far Afghanistan isn't nearly as violent as Iraq - has experts worried that Western militaries don't have an effective strategy for these irregular wars.

"One Iraq is bad enough," said Bruce Hoffman, a counterinsurgency expert at Georgetown University. "Given that our two main theaters of operations aren't going well, one has to question how well the U.S. understands counterinsurgency."

The reborn Taliban acknowledges that it has adopted the suicide bombings, beheadings and remote-controlled bombs of the Iraqi insurgent movement. Nearly 200 civilians have been killed in suicide attacks this year that look all too much like the wave of bombings sweeping Iraq.

"We're getting stronger in every province and in every district and every village," said Qari Mohammed Yusuf Ahmadi, who calls himself the Taliban's spokesman for southern Afghanistan. "We don't have helicopters and jet fighters. But we're giving America and its allies a tough time with roadside bombs, suicide attacks and ambushes. Our Muslim brothers in Iraq are using the same tactics."

Resemblances to Iraq don't stop there. Taliban public relations teams videotape attacks and post them online, an uncharacteristic venture into modern technology for a Muslim fundamentalist group that once banned cameras and computers.

The West's military strategy in Afghanistan also resembles that in Iraq.

Just as critics say Washington did not send enough troops to Iraq before the insurgency took root, analysts fault the U.S. for failing to press its advantage in Afghanistan in 2002 and 2003 when the Taliban were all but vanquished.

Meanwhile, Afghan observers say the same harsh U.S. tactics, decried in Iraq for causing civilian casualties, have helped the Taliban recruit new fighters.

But unlike Iraq's insurgents, the Taliban has ready sanctuary and support just outside their battle zone, in the border areas of Pakistan.

"There will be no end to this insurgency until its sanctuaries and external support are addressed," said Christopher Alexander, the deputy head of the U.N. Assistance Mission in Afghanistan.

The U.S. military estimates about 6,000 Taliban and other insurgent fighters operate in Afghanistan, many from bases in Pakistan. Yusuf Ahmadi - who spoke by satellite phone from an undisclosed location and whose exact ties to the militia's leadership are unclear - put the figure in the tens of thousands.

The Taliban comeback, while focused on the volatile south and east, has begun to hit Kabul. The mountain capital's tree-lined boulevards are now scarred, like the streets of Baghdad, by garlands of razor wire, towering blast walls and impromptu police checkpoints.

There's little indication that Iraqi insurgents are joining the fight in Afghanistan or giving the Taliban direct aid, although a few Arab and Chechen fighters mingle in Taliban ranks.

But even without much personal contact, the Taliban has learned from Iraq's insurgency. Web sites explain the insurgent's art: everything from concealed rocket launchers to roadside bomb-making.

"We're not saying they're getting direct support from Iraq," a U.S. military official in Afghanistan said on condition of anonymity due to the sensitivity the information. "They've evolved by adapting their tactics. They've seen the value of the suicide bomber in Iraq. For them, it's a very cheap and effective weapons system."

The U.S. and NATO military response in Afghanistan also has nuanced differences from Iraq. U.S. warplanes drop 10 times more bombs in Afghanistan than they do in Iraq, and a few U.S. and NATO troops live off base in village houses, a strategy rarely attempted in Iraq.

But most of the allied war efforts looks similar. In both places, troops cordon off villages and search homes. They employ billions of dollars in technology - things like signal jammers and mine-clearing vehicles - to find and disarm roadside bombs. They operate from bases nearly identical in appearance, with troops living in tin trailers barricaded by dirt-filled metal baskets.

The Afghan war is still far smaller, occupying just 40,000 allied troops - a quarter of those in Iraq - and suffering a fraction of the casualties. But for individual soldiers serving in mountainous Taliban lands like Zabul province, the dangers feel the same.

"I know Iraq grabs a lot of headlines. But there's still a war going on over here," said Lt. Col. Steve Jarrard, 46, of Johnson City, Tenn., based in the hard-bitten southern town of Qalat. "I really hope we're doing the right thing over here."

Right now, it's too early to tell the result of major U.S. and NATO offensives aimed at crushing the Taliban.

"In three to six months you'll see a noticeable effect," said NATO spokesman Maj. Luke Knittig. "But you're talking two to five years before seeing a defeat of the insurgency" in southern Afghanistan.

AP correspondents Noor Khan in Kandahar and Fisnik Abrashi in Kabul contributed to this report.

U.S. General Says 4,000 Iraqi Policemen Have Died In 2 Years (NYT)

By John O'Neil

The New York Times, October 7, 2006

About 4,000 Iraqi policemen have been killed and more than 8,000 have been wounded in the last two years, the American general in charge of training the country's police forces said yesterday.

"They have paid a great price," Maj. Gen. Joseph Peterson said, "yet Iraqis are signing up as recruits every day."

General Peterson said the figures covered casualties from September 2004 to the present. Earlier this year, a spokesman for the general told Congressional researchers that 1,497 Iraqi police officers were killed and 3,256 were wounded in 2005.

Taken together, the numbers appear to show a rising casualty rate among the Iraqi police, who have replaced American troops as the prime focus of insurgent attacks for much of this year.

In a televised briefing from Baghdad, General Peterson acknowledged that the police forces and the Interior Ministry that supervises them were still plagued by corruption and sectarianism, and that good unit commanders were in short supply.

But he pointed to a number of recent developments as reason for optimism, including the decision last week by Interior Minister Jawad al-Bolani to suspend the Eighth Brigade, Second Division, an 800-member police unit in Baghdad, after some of its officers were suspected of taking part in the kidnapping and killing of Sunni workers from a food processing plant.

General Peterson said that a battalion commander had been arrested in the episode, in which his unit was operating outside of its authorized area, and that two of the brigade's three battalions had previously failed inspection.

Murders carried out by death squads linked to sectarian militias are the main cause of Iraqi deaths now, according to the American military, and Sunni leaders have complained about Shiite killers operating under the cover of the forces led by the Shiite-dominated government.

Mr. Bolani is seen as a more independent figure than his predecessor, who was a leader of one of the main Shiite parties. General Peterson called the suspension of the Eighth Brigade the result of an "isolated incident," but said that Mr. Bolani "realizes that within his ministry he has individuals who joined the legitimate security forces of Iraq but maintained loyalty to militias."

Asked about the Sunni perception that the police are dominated by Shiites, the general said that local police units were meant to reflect the makeup of the area they patrolled. He said the national police force was 75 percent Shiite and 25 percent Sunni, which reflects the ethnic breakdown of the country apart from Iraqi Kurdistan, where security is handled by the regional government.

The national police will be the focus of a new round of training meant to improve the quality of the forces, now that a goal of recruiting 188,000 officers has been all but met, General Peterson said. The force had been created to do paramilitary duties, and its members now need to learn more basic skills, he said.

Over all, General Peterson emphasized the "tremendous progress" made since American forces designated 2006 as the "year of the police."

He cited Anbar Province, the restive western region long dominated by Sunni insurgents, as one example. "We've cleared out the Euphrates River valley and are starting to see police forces grow and take hold and perform their responsibilities admirably," he said.

But he stressed that solving the problems of the police would take time.

"This is like trying to build an airplane in flight," he said. "They're just rookies, and we put them all throughout Iraq. We give them some capable leaders, but this is not simple."

In Baghdad, authorities reported a fresh crop of sectarian deaths, with 15 bodies found yesterday. In a Shiite enclave in southern Baghdad, Abu Dshir, 5 Iraqis were killed and 10 were wounded when mortars crashed into a house, an Iraqi police official said.

4,000 Iraq Police Killed In Past 2 Years (AP)

By Lee Keath

AP, October 7, 2006

About 4,000 Iraqi police have been killed and more than 8,000 wounded in the past two years, the U.S. commander in charge of police training said Friday, but he said the force's performance was improving and officials are working to weed out militiamen.

Beefing up Iraq's security forces is a cornerstone of efforts to stop the violence that has torn the country since the fall of Saddam Hussein in 2003. Police have been a prime target for attacks by Sunni insurgents.

Sunnis accuse the Shiite-led police of helping fuel sectarian violence that has killed thousands this year. They say the police have been infiltrated by Shiite militias and turn a blind eye to death squads who kidnap and kill Sunnis.

On Friday, a Sunni Kurdish party accused Shiite militias of killing a Kurdish lawmaker, Mohammed Ridha Mohammed, who was kidnapped in Baghdad the night before and whose body was found dumped along with that of his driver.

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Members of parliament have fallen victim in the past to Sunni insurgents, who have often targeted Kurds. But Mohammed's slaying was the first blamed on Shiite militias. He was a member of a religious conservative Kurdish party, the Islamic Group, a small faction in the Kurdish coalition that is part of the Shiite-led government.

More victims were found Friday in the spiral of slayings between Shiite and Sunni groups. Nine bodies were discovered in the southern Shiite city of Kut and the nearby town of Suwayrah. Among them was that of a Suwayrah city councilman.

During Friday prayers at the Imam al-Hussein shrine in the southern city of Karbala, the representative of Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, urged militias to put down their arms.

"The weapons should be in the hands of the government only," Ahmed al-Safi told worshippers. "No other group should be allowed to carry weapons, so that the state would be able to provide the appropriate security conditions to the Iraqi people."

Army Maj. Gen. Joseph Peterson said it is hard to tell how many militia members have infiltrated the police forces.

"I have no idea what the number is," said Peterson, speaking from Baghdad to reporters at the Pentagon. "Certainly if we ask the question, they won't respond that they are associated with any militia. ... It's something we continue to look for. We do ask the question."

He said that any Iraqi police who are identified with a militia or who commit crimes are arrested, and others who have affiliations that cannot be tied directly to a crime are released from duty.

Iraqi authorities on Wednesday pulled a brigade of about 700 policemen out of service in their biggest move ever to uproot troops linked to death squads. The brigade is suspected of allowing gunmen to kidnap 24 workers from a frozen food factory in a district of Baghdad where the Shiite Mahdi Army militia is known to have considerable power.

The brigade commander was relieved of his duties, and a battalion commander was arrested, Peterson said, adding that officials had identified problems with the brigade during an inspection in August. He said the brigade "demonstrated very poor performance" in their missions.

Still, he said he believes the matter, which included the deaths of seven workers, was "an isolated incident."

"We have not seen other actions of late tied to sectarianism," he said. He added that Iraqi officials realize there are "individuals who joined the legitimate security forces of Iraq but yet still maintain loyalties to militias. So that is an issue."

Peterson said there are many police who are loyal to the country and "they've paid a great price" — putting the toll since September 2004 at 4,000 policemen killed and 8,000 wounded in attacks.

Altogether about 186,000 Iraqi police have been trained, and officials expect to exceed the goal of 188,000 by 10,000 by year's end, he said.

Currently there are 6,000 coalition forces embedded with the Iraqi police units as training teams, and Peterson said the Iraqis are improving.

"A year ago we had a situation where a police station was attacked and policemen would run out the back door, leaving all the equipment," he said. "That does not occur anymore."

The United States has put increasing pressure on the government of Prime Minister Nouri al-Maliki to take action to stop sectarian violence amid deep divisions within his Cabinet between Shiite and Sunni parties. Sunnis complain al-Maliki is hesitant to take tough action against Shiite militias because many of them are linked to parties he relies on.

Associated Press correspondent Lolita C. Baldor in Washington contributed to this report.

4,000 Iraqi Police Killed In 2 Years, U.S. Official Says (WP)

By Ann Scott Tyson

The Washington Post, October 7, 2006

Iraqi police have suffered 4,000 killed and 8,000 wounded over the past two years as the fledgling force grapples with wartime problems including corruption and infiltration by sectarian militia, a U.S. commander said yesterday.

Maj. Gen. Joseph Peterson, commander of the Civilian Police Assistance Training Team in Baghdad, described significant headway in building an Iraqi police force, saying that 99 percent of the target force of 188,000 police has been trained and 82 percent have their equipment.

But he said continued efforts will be needed in 2007 to improve the quality of the force, provide training in leadership and basic policing skills, and weed out militia members -- some of whom are known to have carried out sectarian executions.

"It's hard to really ascertain how many individuals within the national police forces . . . still maintain loyalties to militias," Peterson said in a Pentagon teleconference with reporters. "We do ask the question, but obviously the response is always 'no.' So I have no idea what the number is."

This week, Iraq's Interior Ministry had to remove a brigade of hundreds of Iraqi police from duty in Baghdad after it participated in sectarian violence, including one battalion that raided a meat-processing factory and kidnapped more than 20 Sunni workers, seven of whom were later found executed.

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That brigade, as well as other Iraqi police units now being inspected, will undergo three weeks of "police transformational training" to improve policing skills, Peterson said.

Peterson called the sectarian killings by police "an isolated incident" and said the decision to order the police brigade back to its garrison was "very positive."

"The minister has been concerned about two principal issues within the ministry: corruption and sectarianism," said Peterson, whose 1,000-person team is in charge of supporting the training, manning and equipping of Iraq's police force. In addition, about 6,500 U.S. troops and more than 600 police officers are currently acting as embedded advisers to Iraqi police units.

Deaths Across Iraq Show It Is A Nation Of Many Wars, With U.S. In The Middle (LAT)

By Solomon Moore And Louise Roug, Times Staff Writers

The Los Angeles Times, October 7, 2006

BAGHDAD — Consider a recent day — an average 24 hours in Iraq.

Here in the capital, the bodies of eight young men were found chained together, stripped of identification papers, shot and dumped in a parking lot, the first of 20 corpses found in the city that day.

In northern Iraq, a man detonated a bomb vest amid a group of women, children and men lining up for cooking oil, killing himself and 21 others. In the south, police found the bullet-torn body of a senior anti-terrorism official. And in Al Anbar province, in the west, a car smashed into a line of police recruits and exploded, killing 13 by fire and shrapnel.

In all, at least 57 people died and 17 were injured in the violence that day, Sept. 18.

They were all killed in the same country, but not in the same war. The fighting in Iraq is not a single conflict, but an overlapping set of conflicts, fought on multiple battlegrounds, with different combatants. Increasingly, American troops are caught between the competing forces.

In western Iraq's deserts, Sunni Arab insurgent groups, some homegrown and others dominated by foreign fighters, attack Iraqi government forces and the U.S. troops who back them up. In Baghdad and surrounding provinces, Sunni and Shiite fighters attack each other and their rivals' civilians in a burgeoning civil war that U.S. troops have tried to quell.

In southern Iraq, the Shiites dominate. But they are divided, with rival militias fighting over oil and commerce. And in the north of the country, Arabs and Kurds battle for control.

Often during the last three years, the U.S. military has shifted troops to try to tamp down one of these conflicts, only to see another escalate. Now, many American officials worry that with the proliferation of armed actors in Iraq's multiple conflicts, the original U.S. counterinsurgency mission has become something else — an operation aimed at quelling civil war, which is a much more ambiguous and politically fraught objective.

American troops find themselves in the crossfire, caught among foreign militants, Sunni Muslim nationalist rebels, Shiite Muslim militiamen and other armed groups — all fighting each other.

"It's a very complex situation," said Maj. Gen. Thomas R. Turner, commander of the Army's 101st Airborne Division. "Sometimes it's difficult to figure out where the violence is coming from."

West Desert Insurgency

Al Anbar province houses the conflict most familiar to Americans and most costly to U.S. troops — Marines and Iraqi insurgents, battling in the country's vast western desert.

The insurgents, almost all Sunni Arabs, are a mix of groups, some made up primarily of Iraqis, others heavily composed of foreign fighters drawn to the battle against the U.S. occupation. In addition to American troops, they target Iraqi forces and Sunnis who are suspected of cooperating with the government.

Barely a week passes without the U.S. military sending out several terse death notices from Al Anbar.

Attacks against U.S. forces have climbed 27% in Al Anbar since last year, according to the U.S. Marine Corps. American attempts to reduce the toll by turning over security duties there to Iraqi forces have met with little success. Marines say there are 5,000 Iraqi police officers and 13,000 Iraqi soldiers in the province, but that the Iraqi forces remain fragile and unable to sustain themselves. Half the Iraqi soldiers are on leave at any given time, and many don't return to duty. In May, desertion rates in some Iraqi units reached 40%.

In August, threats from insurgents led half of Fallouja's police force to stay home for days, a U.S. general said. And Fallouja at least has a police force. Other strategic cities, including Haditha, Hit and Ramadi, remain virtually lawless.

Meanwhile, Al Qaeda in Iraq, the best known of the insurgent groups, continues to make inroads in the province, consolidating and expanding its reach. Al Qaeda in Iraq was led by Abu Musab Zarqawi until U.S. forces killed him in June. American officials had hoped Zarqawi's death would severely disrupt the group, but that does not appear to have happened.

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"Al Qaeda has murdered, intimidated, co-opted or paid off all the local national insurgent groups," said Marine Lt. Col. Bryan Salas, a military spokesman in Fallouja. "They run an organized criminal enterprise that has its tentacles in everything from black-market gasoline sales to extortion of police and government paychecks. Al Qaeda provides the leadership and organization for this loose association of organized criminals."

In addition to the deaths of U.S. troops, the conflict has taken a toll on Al Anbar's residents, many of whom have fled. Those who stay are at constant risk.

Among the police recruits killed in Ramadi recently was Faiz Mohamad Ali. In an interview, his brother described Ali as an art institute graduate, painter and optimist.

Ali attempted to join the police after failing to find a market for his paintings, said the brother, who asked not be identified for fear insurgents would track him down.

"Four days before he got killed, we were chatting about Iraq. He was enthusiastic and went on talking about how everybody should take part in building this country," Ali's brother said. "I remember him talking about how he could serve Iraq as a painter: 'My paintings are talking about Iraq in my own way,' he said. 'The new, shiny Iraq.' "

Militia-Plagued Capital

While the Sunni Arab insurgency is blamed for much of the violence in Al Anbar province, in Baghdad, Shiite militias carry out the majority of killings, according to most U.S. officials. Sunnis account for most of the victims.

The capital, with its 6 million residents, is home to about a fourth of Iraq's population. It is the nation's administrative center and among its most religiously and ethnically diverse cities. This year, it has also been a sectarian killing field.

The United Nations reported that 2,884 people were killed in Baghdad in July, the highest monthly death toll since the 2003 U.S.-led invasion. In August, 2,222 people were killed and in September, 1,980 — the decline probably due to increased patrols in the capital.

In addition to the thousands killed, hundreds of thousands of residents of Baghdad and the provinces immediately around it have fled their homes. Shiites and Sunnis have abandoned mixed neighborhoods in favor of others offering more homogeneous populations.

In recent weeks, Diyala, a province with about 1 million residents just north of Baghdad, has been particularly violent.

On Sept. 18, police in Baqubah, the provincial capital, reported that gunmen had assassinated the Sunni mayor of the nearby village of Udayem, making the official one of hundreds of people killed in the province in recent weeks. It remains unclear why the mayor was targeted or who killed him.

Internal Shiite Warfare

Until recently, southern Iraq seemed relatively peaceful. Now, Shiites, who dominate the region, have splintered into factions that feud over oil resources, smuggling proceeds, political power and religious authority. Violence remains smaller in scale than in the capital, but it is increasing.

Virtually all the south's political and religious institutions are divided among four Shiite groups: the Supreme Council for Islamic Revolution in Iraq, the largest Shiite party in the country; followers of Muqtada Sadr, the radical cleric who has called for the U.S. to pull out its troops; and two smaller parties, the Islamic Dawa Party and Al Fadila al Islamiya. Because each of the warring local parties is affiliated with Iraq's governing Shiite alliance, local disputes often spread to the highest reaches of society, threatening national stability.

Huge amounts of money are at stake in the fighting. The southern city of Basra, Iraq's second-largest, controls vast oil reserves and the nation's only seaport, making it a vital trailhead for billions of dollars of imports and exports — much of them smuggled. The Shiite parties there compete for illicit profits, many Iraqi analysts say.

The struggles in some cases have flared into open war. In August, in the town of Diwaniya, militiamen loyal to Sadr squared off against government troops infiltrated by the Badr organization, the militia loyal to the Supreme Council for Islamic Revolution in Iraq. The resulting battle left 40 dead, including a dozen troops who ran out of ammunition and were executed by Sadr's loyalists. That same month in Karbala, Sadr's fighters fought supporters of competing Shiite cleric Mahmoud Hassani.

Shiite political parties are also using assassinations to knock off opponents in advance of upcoming provincial elections.

"There are clashes among parties and militias at various levels, and by the time the provincial council elections come, there will be bloody conflicts in Basra," an Iraqi intelligence official said.

U.S. and British military officials are moving ahead with plans to withdraw troops from the south, saying the area has stabilized enough for Iraqi troops to handle. Whether that assessment is accurate is unclear. After British troops handed over a base in Maysan province, militiamen vandalized it and stripped it bare as Iraqi troops looked on. American forces plan to withdraw from Najaf by November, said Lt. Col. Michael Hilliard, the commander of Forward Operating Base Duke near Najaf.

These withdrawals are designed to turn security over to the Iraqi government but seem likely to further empower the militias.

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"We have no authority in our cities because the clerics and religious powers are controlling the area," Gov. Aqeel Kharzali of Najaf province said Sept. 18 at a conference of Iraqi police and southern politicians.

"This is evident when a policeman tries to confront a militia without a fatwa. Our police in Diwaniya and Karbala are marginalized, and we have no authority to fire renegade officers aligned with the militias."

Kurdish-Arab Clashes

The same day Kharzali spoke, gunmen driving a BMW attacked guards at an oil pipeline near Kirkuk, in northern Iraq. In Mosul, four police officers were ambushed and shot to death.

The main players and political stakes in Kirkuk and Mosul are similar: Both cities have mixed Kurdish and Arab populations battling for local control.

During ousted President Saddam Hussein's rule, the government pursued a policy of 'Arabization' in the north. More than 100,000 Kurds were exiled from the Kirkuk area alone.

Iraq's constitution calls for a census that will define the voting districts for a referendum on Kirkuk's fate — whether it will be annexed to Kurdistan or to Arab-dominated Tamim province. In Kirkuk and Mosul, Kurdish politicians have been accused of trying to gerrymander yet-to-be-scheduled provincial votes. Arabs and Kurds accuse each other of politically motivated killings.

Kirkuk is the biggest prize because the city and its environs contain about 40% of Iraq's oil reserves.

About 40% of the area's residents are Kurds, including many who have returned since the 2003 invasion. Approximately one-third of Kirkuk's residents are Arabs, many of whom arrived in the city during Hussein's reign. Turkmens constitute about 20% of the regional population. The two smaller groups have sometimes joined forces to resist Kurdish control, but have also battled each another.

Car bomb attacks in Kirkuk have tripled in the last year, and roadside bombings have doubled, according to U.S. military officials who provided trend lines but not actual numbers of such assaults.

Assassinations have also increased, with attackers focusing on politicians and police. Explosions in August targeted a courthouse and Kurdish political offices affiliated with President Jalal Talabani's party, the Patriotic Union of Kurdistan.

Mosul has none of Kirkuk's oil wealth, but it remains a trouble spot because of its Sunni extremist element. In the wake of the U.S. siege of Fallouja in 2004, fleeing rebels made Mosul their haven. When American troops retook Mosul, insurgent forces fled to Tall Afar. U.S. troops retook the latter city in September 2005 in a large-scale assault, but rebels remain deeply rooted in all three cities.

Until March of this year, most attacks in the Mosul area targeted U.S.-led forces, but by April, there were almost as many assaults against Iraqi security forces as against the Americans. There was also an increase in attacks against civilians, according to the U.S. military.

Despite the violence, the number of U.S.-led troops in Iraq's six northern provinces has been reduced from 31,000 to 21,000.

Alla Eid, a 26-year-old student at Mosul University, said the city has been taken hostage by clashing insurgents and U.S. forces. "We are living like cavemen. We eat and go to work or school every morning, and then life ends before sunset," she said. After dark, Mosul "turns into a city of ghosts."

Times special correspondents Ali Windawi in Kirkuk and Saad Fakhrildeen in Najaf and correspondents in Baghdad, Mosul, Ramadi, Fallouja, Diwaniya and Baqubah and in Kuwait contributed to this report.

Unit Due For 3rd Iraq Tour As Troops' Burden Deepens (AJC)

By Ron Martz

The Atlanta Journal-Constitution, October 7, 2006

Fort Stewart — In April 2003, Army Spc. Cedric Shelbon was among the 3rd Infantry Division soldiers based here who led the American assault on Baghdad that hastened the fall of Saddam Hussein. Last year, Shelbon returned to Iraq as a push was made to train Iraqi forces to assume more responsibility for defense of their country.

Now, after less than a year at home, Shelbon and about 4,000 of his fellow soldiers from the division's 1st Brigade Combat Team are preparing for a third tour in Iraq, this time facing nearly out-of-control sectarian violence.

The prospect of spending another year in Iraq as a Humvee driver has left the 23-year-old from Marion, La., pondering his own fate.

"It's kind of nerve-racking. You see your friends get killed and you wonder if the next time it's going to be you," Shelbon said earlier this week as his unit went through its final major training exercises at home before deploying overseas in January.

Shelbon is among dozens of soldiers in the brigade — unit officials say they don't have an official count — who will be making their third combat tour in Iraq in less than four years.

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The multiple deployments and rapid turnaround are evidence that the service is stretched so thin it may have to request broader access to National Guard units to meet demands being made on it, Army officials said recently at an infantry conference at Fort Benning.

Turnover has been high

Col. John Charlton, the brigade commander, is among those who will be serving a third combat tour in Iraq, all with the 3rd Infantry Division.

"Duty calls," Charlton, 46, of Spokane, Wash., said with a smile and a shrug when asked about going back so soon.

Charlton commanded an infantry battalion of about 750 soldiers during the initial invasion, then last year was responsible for helping the division plan its operations. He said he has known for some time that the unit was likely to return in January, even though the official announcement did not come until last week.

"We still have lots of work to do over there," he said. Charlton estimated that a significant percentage of the senior officers and senior enlisted soldiers are combat veterans, but about 20 percent have no combat experience at all.

"There's a significant amount of learning that needs to take place," said Lt. Col. Doug Crissman, commander of the brigade's 2nd Battalion, 7th Infantry Regiment, who has not been to Iraq and only took command in late July.

Crissman, 40, of Burke, Va., estimates about 40 percent of the 728 soldiers in his battalion will be making their third trip to the war zone. "I think it's made for a slightly shorter preparation window and flattened the learning curve for us," Crissman said.

But the turnover in Crissman's unit has been high, especially among officers and senior enlisted, said Command Sgt. Major Samuel Coston, the top enlisted soldier in the battalion.

Out of 728 soldiers in the unit, 316 changed duty stations or left the Army after returning from Iraq in January.

"None of the lieutenants we have now were here [for the last tour], all the previous company commanders are gone and all the first sergeants are new," said Coston, 45, of Wallace, N.C., a combat veteran of Panama and Iraq.

Trainers come to troops

The short turnaround time for the brigade has resulted in a training pace so accelerated that the two weeks it would have normally spent at one of the Army's major training facilities at Fort Irwin, Calif., or Fort Polk, La., before going to Iraq were instead spent here.

Rather than packing up the brigade and sending it to Fort Irwin, the Army brought the trainers from the California base to Fort Stewart to replicate as best they could what is offered at the high-desert training site, which more closely resembles Iraq than the piney woods of southeast Georgia.

Although the woodsy terrain at Fort Stewart is much more confining than Fort Irwin, the trainers were able to use the mock Iraqi villages here and the Iraqi role players in scenarios that allowed the soldiers to use their tanks, Bradley Fighting Vehicles, Humvees and helicopters in much the same fashion as they will once they get to the war zone.

This is only the third time Fort Irwin trainers have taken their Iraq-preparation program on the road. But the first two times, at Fort Bragg, N.C., and Fort Carson, Colo., were on a much smaller scale, each involving training fewer than 1,000 soldiers, said Lt. Col. Jim Miller, deputy commander for the Fort Irwin training operations group. "It was a little bit of a challenge" to move the Fort Irwin training to Fort Stewart, Miller said.

Iraq combat is changing

Training the 1st Brigade's 4,000 soldiers meant moving much of the Fort Irwin equipment and personnel — about 1,000 trainers and Iraqi role players plus more than 600 vehicles — across the country with just three weeks notice. The total cost was about $10 million, only slightly cheaper than it would have cost to send the brigade to California. But by bringing the trainers to Georgia, what would have been a five-to-six week preparation and training process for the brigade was accomplished in only three weeks.

It was a good exercise for the Fort Irwin group, Miller said, because the pace of current operations may mean future pre-Iraq training exercises at other major bases.

"At some point we anticipate the Army having this capability to come to your home [post] and do the training there," Miller said.

Charlton, the brigade commander, said even the two-time combat veterans need to be retrained because of the changing nature of the fighting in Iraq. More emphasis is being put on such things as quelling sectarian violence and dealing with suicide bombers in these three weeks of training — ending today — than in previous training. "They do a very good job of replicating every scenario we could face over there," Charlton said.

Staff Sgt. Joshua Pickering, a squad leader with Bravo Company, 2nd Battalion, 7th Infantry Regiment, agreed with Charlton, to a degree.

"For our time constraints, they did the best they could," said Pickering, 24, of Miami, another of the brigade's soldiers heading to Iraq for a third time. But Pickering, whose wife is expecting their first child next month, said his unit did not get this

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level of training before the initial invasion. He said it is especially good for newcomers because many of the role players are expatriate Iraqis who take their jobs seriously. "I think it opens [the new soldiers'] eyes about how difficult it is to deal with the civilians over there," Pickering said.

Shelbon, the Humvee driver, said, "Nothing is ever going to be close to the real thing, but they do a pretty good job."

Charlton said he is not sure where his unit will be headed in Iraq, although there has been speculation it will replace a brigade of the 1st Armored Division in Anbar province in western Iraq, one of the more restive areas in the country. Pickering, who re-enlisted last year in Iraq for the tax-free bonus, said no matter where the brigade goes, it will be easier dealing with another deployment for most of the soldiers once they are there.

"I'm a little nervous now," he admitted. "It's tough leaving the wife behind, but once you are there you get focused on what you have to do."

Medic Testifies That Marines Shot Iraqi Civilian (MSN)

MSNBC, October 7, 2006

CAMP PENDLETON, Calif. - A Navy corpsman was sentenced Friday after testifying that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent.

Petty Officer Melson Bacos, 21, was sentenced to 10 years in prison, but he will end up serving only a year under a plea deal. Bacos was also dishonorably discharged.

Bacos agreed to a plea deal earlier Friday in which he agreed to testify in exchange for a lesser sentence on kidnapping and conspiracy charges.

A medic, Bacos was charged along with seven Marines in the slaying of Hashim Ibrahim Awad last spring in the town of Hamdania.

“I knew what we were doing was wrong,” Bacos testified, speaking nearly in a whisper. “I tried to say something and then I decided to look away.”

“I was shocked and I felt sick to my stomach,” he added.

Bacos was the first of the servicemen to be court-martialed. The seven others could get up to life in prison.

Prosecutors have said that the servicemen killed Awad out of frustration and then planted an AK-47 assault rifle and a shovel by the body to make it look as if he had been caught digging a hole for a roadside bomb.

The incident was one in a series in which the conduct of American troops in Iraq have damaged America's image worldwide.

Sergeant was 'mad' at release

Bacos testified that the squad entered Hamdania on April 26 while searching for a known insurgent who had been captured three times, then released. Squad leader Sgt. Lawrence Hutchins was “just mad that we kept letting him go and he was a known terrorist,” Bacos said.

The group approached a house where the insurgent was believed to be hiding, but when someone inside woke up, the Marines instead went to another home and grabbed Awad, according to the testimony.

Bacos said the squad had intended to get someone else if they did not capture the insurgent, then stage a firefight to make it appear they had found an Iraqi planting a roadside bomb.

Awad, 52, was taken from the home with his feet and hands bound, then placed in a hole, Bacos said. Bacos said he asked the Marines to let Awad go, but Cpl. Marshall L. Magincalda told him in crude terms that he was being weak and should stop protesting.

Bacos said Hutchins fired three rounds into the man's head after checking to see if he was dead, then Cpl. Trent Thomas fired seven to 10 more rounds into his chest.

Hutchins also called in to a command center and reported the squad had seen a man digging a hole and wanted permission to fire at him, Bacos alleged.

Bacos said he saw Lance Cpl. Robert B. Pennington put the victim’s fingerprints onto an AK-47 and on a shovel to implicate him as an insurgent who had fired first. Bacos was told to fire an AK-47 into the air to simulate the sound of a firefight.

After the killing, Bacos said, he was standing in the road when another Navy corpsman drove by.

“He asked me what happened, and I was very vague,” Bacos testified. “I said, ‘I want you to remember something. We’re different. We’re not like these men.’”

Transferred for safety

Bacos was recently transferred from Camp Pendleton, where the Marines have been held, to Marine Corps Air Station Miramar for his own safety.

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Military prosecutors had charged Bacos under the theory that he did nothing to stop the alleged crime. In return for his testimony, murder charges and other counts against him were dropped.

Along with Magincalda, Pennington, Hutchins and Thomas, the other Marines charged are: Lance Cpl. Tyler A. Jackson, Pfc. John J. Jodka, and Lance Cpl. Jerry E. Shumate Jr.

David Brahms, Pennington's lawyer, said Bacos' account will be subjected to intense scrutiny. "This is just one guy who is going to tell the story as he sees it," Brahms said.

"The defense's job is to climb a mountain," he added. "With Bacos' plea, the mountain is slightly higher."

Former Army prosecutor Tom Umberg suggested that others might follow Bacos' lead and strike similar plea bargains.

"You don't want to be the last guy standing. The first guy gets the best deal," he said.

Medic's background

A Purple Heart recipient with Kilo Company, 3rd Battalion, 5th Marine Regiment, Bacos was the first to admit his role in the Hamdania case. The murder was one in a series of incidents in which the conduct of American troops in Iraq have hurt the country's image worldwide.

The son of immigrant Philippine parents, Bacos, a former high school varsity wrestler, had hoped to become a doctor and administered first-aid for his platoon.

He enrolled in the Navy after graduating from high school in 2003, was first deployed to Iraq in 2004 and redeployed for a second tour in Iraq this year. In court he wore a Navy summer white service uniform bearing several medals.

Bacos' wife, who is also a Navy corpsman, attended the hearing at Camp Pendleton near San Diego, as did his father.

Other Camp Pendleton-based Marines are under investigation in a separate incident in November 2005 in which 24 civilians were killed in the Iraqi town of Haditha.

Courts have also convicted a series of low-ranking U.S. soldiers for abusing Iraqis at the notorious Abu Ghraib prison.

Sailor Details Killing Of Iraqi Civilian (WP)

By Sonya Geis

The Washington Post, October 7, 2006

CAMP PENDLETON, Calif., Oct. 6 -- Eight members of a Marine squad planned to kill a suspected Iraqi insurgent and developed a cover story before their April raid, but when they could not find their target, they pulled a neighbor from his bed and shot him to death instead, a Navy medic who was part of the group testified Friday.

Melson J. Bacos offered the first testimony in the case -- one of several the government has brought against servicemen charged with assaulting and killing Iraqi civilians -- and it came as the result of a plea bargain for the hospital corpsman 3rd class. Bacos and seven Marines in his squad were charged with shooting a civilian in the Iraqi town of Hamdaniyah on April 26, then planting a shovel and an AK-47 next to him to make it appear he was burying a roadside bomb.

In exchange for his testimony and an agreement to testify against his former squadmates, prosecutors dropped murder charges against Bacos and accused him instead of kidnapping and conspiracy. Bacos, 21, was effectively sentenced to about seven more months in the brig.

The seven Marines still face charges of premeditated murder, kidnapping and conspiracy.

In quiet but vivid testimony in a courtroom on the military base where he had been imprisoned since May 23, Bacos mostly corroborated the government's account of the slaying and added new detail.

With his wife and father sitting behind him, Bacos haltingly told the court that the squad of eight servicemen was on ambush patrol when their leader gathered them under a tree in a palm grove and said he had a plan. Sgt. Lawrence G. Hutchins III wanted to kill an Iraqi named Saleh Gowad, who Hutchins thought was an insurgent, Bacos said. Gowad had been detained and released three times, Bacos testified, and Hutchins "was mad that we kept letting him go."

Hutchins assigned each man a role: Bacos and two others would steal a shovel and an AK-47 to plant near the body, while others would go to Gowad's home and pull him out at night, Bacos said. They planned to dig a hole so it would seem Gowad had been burying a bomb when he was killed.

If Gowad was not home, they would carry out their plan on another civilian, Bacos testified. They agreed to lie to military investigators who would come behind them.

"We all said, 'I'm in,' " Bacos said.

At 3 a.m. on April 26, the squad put the plan in action, Bacos said. When they went to Gowad's home, "one of the family members woke up and saw us," Bacos said. "So Corporal [Trent D.] Thomas and Corporal [Marshall L.] Magincalda pointed at the house next door."

Thomas and Magincalda went into the house while Bacos and a Marine waited outside. The pair came out with Hashim Ibrahim Awad, Bacos said. Awad was a 52-year-old father of 11 with an injured leg who had worked as a policeman from 1969 to

1990, two of Awad's brothers told military investigators in a videotaped interview that was played in court Friday. Bacos said he did not know Awad's name at the time and had no reason to suspect him of insurgent activity.

The Marines bound his feet and gagged him, Bacos said.

Bacos said he saw Hutchins fire "three rounds into the man's head," Bacos said. "And after, I saw Corporal Thomas fire seven to 10 rounds into the man's chest."

Bacos said he then fired the stolen weapon into the air to make it sound as if a firefight had occurred, he said.

Bacos told Col. Steven Folsom, a military judge, that he had tried to stop the squad members from killing Awad. "I knew what we were doing was wrong," he said. "I tried to say something, sir, and then I decided to look away."

"Why didn't I do more to stop it? Why didn't I just walk away?" Bacos asked during his sentencing. "The answer to that question is, I wanted to be part of the team. I wanted to be loyal. I wanted to be a respected corpsman. But wanting to be a loyal, respected corpsman is not an excuse for immorality. . . . I apologize to my country, to the United States Navy and to the United States Marine Corps . . . and I also ask forgiveness of the Iraqi family."

Bacos was moved two days ago from the brig at Camp Pendleton to a cell at Marine Corps Air Station Miramar. His plea agreement includes a provision that he be notified if any of his co-conspirators are to be housed in the facility where he is serving his sentence.

Government prosecutors argued that Bacos deserved 10 to 15 years in prison and a dishonorable discharge. "This court has a responsibility to harness this tragedy to send a general message to all of the troops serving in Iraq that if you commit a crime of this magnitude, you will face swift and severe justice," said Capt. Nicholas Gannon, the government's attorney.

Bacos can expect blistering cross-examination when he testifies at the courts-martial for the Marines in his squad, said Eugene R. Fidell, a former military prosecutor who now is president of the National Institute of Military Justice. "I know a number of the lawyers involved in the case, and these are not potted plants," he said.

A defense attorney for Hutchins, Lt. Col. Joe Smith, said, "At this point we look forward to proceeding with the case, and think that a much more complete picture will develop through the proceedings."

Corpsman Who Failed To Halt Killing Of Iraqi Receives Prison Sentence (NYT)

By Carolyn Marshall

The New York Times, October 7, 2006

CAMP PENDLETON, Calif., Oct. 6 — A Navy hospital corpsman who said he watched seven members of his Marine squad repeatedly shoot an unarmed Iraqi in the head and chest in April was sentenced Friday to 10 years in prison, which was reduced to one year in a plea agreement..

The corpsman, Petty Officer Third Class Melson J. Bacos, 21, pleaded guilty to modified charges of conspiracy and kidnapping, but avoided the charge of murder and a possible death sentence by agreeing to cooperate with prosecutors and testify against members of his squad.

With time served, Petty Officer Bacos could be released in five months.

His testimony offered the first detailed public description of the April 26 incident in Hamdaniya, a Sunni stronghold west of Baghdad, where prosecutors say the eight soldiers joined in an unprovoked murder tantamount to a war crime.

The men, all members of Kilo Company in the Third Battalion, Fifth Marine Regiment, are accused of dragging Hashim Ibrahim Awad from his home, binding his hands and feet, gagging him and then shooting him at point-blank range; and later planting evidence and lying to cover up his death.

“I witnessed Sergeant Hutchins dead check the man and then fire three rounds into the man’s head,” Petty Officer Bacos said, speaking about his squad leader, Sgt. Lawrence G. Hutchins III, a focus of his testimony. After that, he said, Cpl. Trent D. Thomas, another squad member, fired 7 to 10 rounds into the man’s chest.

All eight men — the others are Cpl. Marshall L. Magincalda, Lance Cpl. Tyler A. Jackson, Lance Cpl. Robert B. Pennington, Lance Cpl. Jerry E. Shumate Jr. and Pvt. First Class John J. Jodka III — were charged June 21 with premeditated murder, kidnapping, conspiracy and making false statements to investigators.

Charges against Petty Officer Bacos were reduced as part of his plea bargain.

The petty officer said the plot to kill an Iraqi and cover it up was devised hours before the shooting as the men “huddled” in a palm grove near the crime scene. The unit had been on ambush duty, searching for Saleh Gowad, a man the government considered “a known, high-value individual,” he said. Mr. Gowad had been a detainee at the Abu Ghraib prison but was released, which was an apparent sore point for Sergeant Hutchins, the petty officer said.

“He was just mad that they kept letting him go when he was a known terrorist, sir,” Petty Officer Bacos told the military judge, Col. Steven Folsom. “He was detained and released three times, sir.”

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The petty officer said Sergeant Hutchins and the other marines “devised a plan” to kill any Iraqi if Mr. Gowad could not be found. But he said that he was not part of the initial planning, and that when he first heard the proposal, he brushed it off.

“I didn’t believe they would carry out a plan like that,” he said.

He protested, he told the judge, saying that in his view, “there was no justification.”

“It was unlawful, sir,” he testified, but he eventually went along. “I knew what we were doing was wrong,” he said. “I tried to say something, and then I decided to look away.”

He also said: “I wanted to be part of the team. I wanted to be loyal.”

Court documents read into the record Friday recounted how the men stole a shovel and an AK-47 to plant near the body, and later shot rounds in the air to create bullet casings that would suggest a gunfight.

“I feel my honor is gone,” Petty Officer Bacos said.

In a statement to the court, he apologized to the victim’s family, as well as to his own, and to the Marines and the nation.

“Perhaps he could have had a crisis of conscience when he stole that shovel,” said Nicholas Gannon, the prosecutor. “He could have had a crisis of conscience when they approached Mr. Awad’s house. But he did not.”

Sailor Testifies About Killing Of Iraqi (AP-Y)

By Linda Deutsch, Ap Special Correspondent

AP, October 7, 2006

A Navy corpsman testified Friday that Marines in his patrol seized an Iraqi civilian from his home, threw him into a hole and put at least 10 bullets in his head and chest after growing frustrated in their search for an insurgent.

Petty Officer 3rd Class Melson J. Bacos said he saw a Marine put fingerprints from the victim onto a rifle and on a shovel to implicate him as an insurgent.

"I was shocked and I felt sick to my stomach," Bacos said.

Bacos, a medic who had been on patrol with the squad, was charged along with seven Marines in the slaying of Hashim Ibrahim Awad last spring in the town of Hamdania. But Bacos struck a deal with prosecutors under which he pleaded guilty to kidnapping and conspiracy and agreed to testify Friday at his court-martial about what he saw.

"I knew what we were doing was wrong," Bacos testified, speaking nearly in a whisper. "I tried to say something and then I decided to look away."

Bacos said he asked the Marines to let Awad go, but Cpl. Marshall L. Magincalda told him in crude terms that he was being weak and should stop protesting.

Bacos, 21, was the first of the servicemen to be court-martialed. The seven others could get up to life in prison.

Military judge Col. Steven Folsom sentenced Bacos to 10 years in prison but reduced the term to one year because of the plea agreement. That will be further reduced by time served. Other counts of murder, kidnapping and conspiracy were dropped in exchange for his cooperation while a reduction in rank and a dishonorable discharge also were suspended.

Prosecutors have said that the servicemen killed Awad out of frustration and then planted the assault rifle and shovel by the body to make it look as if he had been caught digging a hole for a roadside bomb.

Bacos testified that the squad entered Hamdania on April 26 while searching for a known insurgent who had been captured three times, then released. Squad leader Sgt. Lawrence Hutchins was "just mad that we kept letting him go and he was a known terrorist," Bacos said.

The group approached a house where the insurgent was believed to be hiding, but when someone inside woke up, the Marines instead went to another home and grabbed Awad, according to the testimony.

Bacos said the squad had intended to get someone else if they did not capture the insurgent, then stage a firefight to make it appear they had found an Iraqi planting a roadside bomb.

Awad, 52, was taken from the home with his feet and hands bound, then placed in a hole, Bacos said.

"I felt I couldn't stop it any more that day," Bacos testified. "They were going to do it. They were going to carry out the plan, so I continued on."

Bacos said Hutchins fired three rounds into the man's head after checking to see if he was dead, then Cpl. Trent Thomas fired seven to 10 more rounds into his chest.

After the killing, Bacos said Hutchins called in to a command center and reported the squad had seen a man digging a hole and wanted permission to fire at him.

Bacos said he saw Lance Cpl. Robert B. Pennington put the victim's fingerprints onto an AK-47 and on a shovel to implicate him as an insurgent who had fired first. Bacos was told to fire an AK-47 into the air to simulate the sound of a firefight.

"Why didn't I just walk away?" Bacos asked before being sentenced. "The answer to that question was I wanted to be part of the team. I wanted to be a respected corpman, but that is no excuse for immorality."

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After the killing, Bacos said, he was standing in the road when another Navy corpsman drove by.

"He asked me what happened, and I was very vague," Bacos testified. "I said, 'I want you to remember something. We're different. We're not like these men.'"

Bacos' wife and father sat in the front row of the courtroom during the court-martial. During a break, Bacos turned to her and mouthed the words, "I love you."

The tiny courtroom was still as Folsom repeatedly asked Bacos if he had been coerced into giving his account of the shooting.

Bacos said he was testifying voluntarily. He wore a white Navy uniform and a Purple Heart his wife said he had been awarded during a previous tour in Iraq.

Bacos was recently transferred from Camp Pendleton, where the Marines have been held, to Marine Corps Air Station Miramar for his own safety.

Military prosecutors had charged Bacos under the theory that he did nothing to stop the alleged crime.

Along with Magincalda, Hutchins and Thomas and Pennington, the other Marines charged are: Lance Cpl. Tyler A. Jackson, Pfc. John J. Jodka and Lance Cpl. Jerry E. Shumate Jr.

David Brahms, Pennington's lawyer, said Bacos' account will be subjected to intense scrutiny. "This is just one guy who is going to tell the story as he sees it," Brahms said.

Former Army prosecutor Tom Umberg suggested that others might follow Bacos' lead and strike similar plea bargains.

"You don't want to be the last guy standing. The first guy gets the best deal," he said.

After the proceedings, Bacos said he deeply regrets what happened in Hamdania.

"Hopefully, that family will forgive us for what we have done," he said.

Navy Man Admits Kidnapping Iraqi (WT/UPI)

The Washington Times/UPI, October 7, 2006

A Navy petty officer admitted Friday that he was involved in kidnapping an Iraqi man allegedly shot dead by U.S. Marines.

Melson Bacos pleaded guilty to conspiracy and kidnapping in a proceeding at Camp Pendleton, Calif., the Los Angeles Times reported. He was sentenced to a year with credit for time he has already spent in custody.

Bacos' description of the crime can be used in the prosecution of seven Marines charged with the murder of Hashim Ibrahim Awad. He said Awad was trussed up, with hands and feet tied, when he was shot.

Sgt. Lawrence Hutchins, the team leader, went after Awad because he was frustrated at not finding a known insurgent, Bacos said.

"He was mad we kept letting him go when he was a known terrorist," Bacos said.

The Marines and Bacos allegedly set the scene so that Awad appeared to have been planting a bomb when he was shot. But his family complained to military authorities that he had been taken from his house.

Sailor Sentenced To One Year In Iraqi's Slaying (LAT)

By Tony Perry

The Los Angeles Times, October 7, 2006

Navy corpsman admits his role in the killing and asks forgiveness of the victim's family. He will testify against seven Marines in the incident.

CAMP PENDLETON — A Navy corpsman was sentenced Friday to one year in the brig after he pleaded guilty to conspiracy and kidnapping in the death of an Iraqi man and agreed to testify against seven Marines charged with murder.

In an emotional statement at his court-martial, Petty Officer 3rd Class Melson Bacos admitted his role in killing an unarmed man and asked forgiveness of the dead man's family.

"I also apologize to our country, to the Navy and the Marine Corps for not living up to the values of honor, courage and commitment," he told the judge, Col. Steven Folsom. "I've learned from this mistake, and to tell the truth is the only honorable thing I can do."

Bacos, 21, said he was sickened as he watched Marines fatally shoot 52-year-old Hashim Ibrahim Awad, a disabled Iraqi who had been dragged from his home shortly after midnight April 26 in Hamandiya, west of Baghdad.

"I felt shocked and sick to my stomach," Bacos testified.

He said he knew that what the Marines were doing was illegal but he felt powerless to stop it.

"They were going to do what they were going to do," he said. "I felt I couldn't do anything else."

But he added that later in the night, he told a fellow corpsman about his dismay over what the Marines had done, saying: "I want you to remember something — we're different. We're not like these men."

DOJ_NMG_0078586

Bacos testified that the Marine squad leader, Sgt. Lawrence G. Hutchins III, had hoped to capture and kill a "high value" Iraqi long suspected of planting bombs. When the original target could not be found, Hutchins allegedly decided to kidnap and kill Awad, who had also been suspected of insurgent connections. The squad was on a late-night ambush mission to catch insurgents planting roadside bombs.

Bacos said he watched the Marines line up and fire at Awad. Hutchins then did a "dead check" on Awad, firing three more rounds into his head, and Cpl. Trent D. Thomas fired seven to 10 rounds into him, Bacos testified.

Bacos said he had earlier asked Cpl. Marshall Magincalda to release Awad but Magincalda refused, telling Bacos he was being a weakling. As a corpsman, Bacos was assigned to provide additional firepower as well as emergency medical help to the Marine squad.

"Why didn't I do more to stop it?" Bacos said in his statement to Folsom. "Why didn't I just walk away? The answer is I wanted to be part of the team."

Prosecutors had asked for a sentence of 10 to 15 years in prison and a dishonorable discharge. Defense attorneys said a term of several months would be sufficient.

Folsom said Friday that he would have sentenced Bacos to 10 years in prison and a dishonorable discharge but that he was bound by the plea agreement already approved by the top general that mandated one year in the brig and no discharge. The secretary of the Navy or the Marine brass, however, could move to discharge him under less than honorable circumstances.

In exchange for his guilty pleas, a murder charge that could have brought the death penalty was dismissed.

Bacos agreed to testify against the Marines, who were once his comrades in Kilo Company, 3rd Battalion, 5th Marine Regiment.

In the original charges, Bacos faced a murder count even though he was not alleged to have fired his weapon. That charge was based on the theory that any co-conspirator is equally guilty when a murder is committed.

The Marines and Bacos were charged with leaving an AK-47 and shovel near the body to suggest that Awad was an insurgent caught burying a roadside bomb.

Bacos testified that he stole an AK-47 from an Iraqi home and fired it into the air so the Marines would have shell casings to leave beside Awad's body.

Bacos, who is married to a Navy corpsman, had been held at the brig at Camp Pendleton with the other seven defendants since being returned from Iraq in May. But once the plea bargain was reached, he was moved to the brig at Miramar Marine Corps Air Station in San Diego for his safety.

Marine Pfc. John Jodka also has been moved from the brig at Camp Pendleton, suggesting that another plea deal is underway. A gag order prevents lawyers from discussing his case.

Bacos was on his second deployment to Iraq; in his first tour, during the battle in Fallouja in late 2004, he received a Purple Heart after being wounded and a Combat Action Ribbon.

Initially, the Marines told their superiors that Awad had been killed after he was discovered planting a roadside bomb to explode beneath a U.S. military or Iraqi civilian vehicle. But the Marine Corps launched an investigation after Awad's family protested that he had been taken away without provocation and was not connected to the insurgency.

Folsom watched a 19-minute tape of Awad's relatives explaining their version of the April 26 killing before he handed down the sentence. The Iraqi's brothers described Awad as a disabled police officer and father of 11 who bore no malice toward American forces in Iraq.

On Friday, an attorney for one of the Marines asked the judge to close the hearing to the media so Bacos' comments would not be made public and possibly taint any jury pool. Folsom denied the request from attorney David Brahms, who is representing Lance Cpl. Robert Pennington.

"This is not a game," Brahms told reporters. "This is real. I have a man's life in my hands."

The Hamandiya incident is the first of two high-profile cases of alleged brutality against Iraqis by Marines from Camp Pendleton to come to court-martial.

Two dozen Marines are being investigated in a November incident in which 24 Iraqis, including women and children, were killed in the town of Haditha.

A preliminary investigation has concluded that some of the Marines should face murder charges. But Lt. Gen. James N. Mattis Jr., commanding general of Marine Forces Central Command, is still reviewing those recommendations and has not decided whether charges will be filed.

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For Recruiter, Saying 'Go Army' Is A Hard Job (NYT)

By Andrea Elliott

The New York Times, October 7, 2006

EL CAJON, Calif. — Sgt. Cameron Murad wanders the strip malls and parking lots of this Iraqi immigrant enclave in the arid foothills beyond San Diego. Wherever he goes, a hush seems to follow.

He stands by the entrance of a Middle Eastern grocery in khakis and a baseball cap, trying to blend in. He smiles gently. He offers the occasional Arabic greeting.

Quietly, he searches the aisles for a version of himself: an Iraqi expatriate with greater ambition than prospects, a Muslim immigrant willing to fight an American war.

There are countless hard jobs for American soldiers supporting the occupation of Iraq. Few seem more impossible than the one assigned to Sergeant Murad. As the conflict grows increasingly violent and unpopular, the sergeant must persuade native Arabic speakers to enlist and serve with front-line troops.

"I feel like a nomad in the middle of the desert, looking for green pastures," said Sergeant Murad, 34, who is from the Kurdish region of Iraq.

Linguists have emerged as critical figures in the occupation. They interpret for commanders in meetings with mayors and sheiks. They translate during the interrogation of Iraqi prisoners. They shadow troops on risky missions.

In the pressing search for Arabic speakers, the military has turned to Middle Eastern immigrants in the United States. Sergeant Murad is a rising star in this effort. He has recruited 10 men to the program in little more than a year, a record unrivaled in the Army National Guard.

Still, he is an unlikely foot soldier in the campaign. His own evolution — from a teenage immigrant who landed in North Dakota after the first gulf war to a spit-and-polish sergeant — has been marked with private suffering.

In boot camp, he was called a "raghead." Comrades have questioned his patriotism. Last year a staff sergeant greeted him by calling out, "Here comes the Taliban!"

He remembers a day in 2002 when the comedian Drew Carey visited a base in Saudi Arabia where he was working. During a skit, Sergeant Murad recalled, Mr. Carey dropped to the ground to mimic the Muslim prayer. As the troops roared with laughter, Sergeant Murad walked out.

"I thought about my mom when she prays, how humble she is," he said.

Yet, day after day, Sergeant Murad sets out to sell other immigrants on the life he has lived. He believes that Muslims need the military more than ever, he said: At a time when many feel alienated, it offers them a path to assimilation, a way to become undeniably American.

It has proved, for him and others, the ultimate rite of passage.

"It's almost like Superman wearing his cape," said Gunnery Sgt. Jamal Baadani, 42, an Egyptian immigrant with the United States Marine Corps. "I've got my uniform on, and you can't take that away from me because I've earned it."

Sergeant Murad has earned it, but with a price. He has changed his name. He has drifted from Islam. He often finds himself at odds with the immigrants he is trying to enlist.

To many of them, he is a mystery. He sees himself as a man of unavoidable contradictions: an American patriot and a loyal Kurd; a champion of the military to outsiders, a survivor within its ranks.

Feeling Like an Outcast

The sergeant is six feet tall, but often stands shrunken, his hands politely clasped. He has a long, distinguished nose and wears glasses that darken in the sun but never fully fade, lending him a distant aura.

He plies the streets of El Cajon in a rumbling, black Toyota Tacoma pickup. In the back, he carries stacks of fliers advertising what the Army calls the "09-Lima" program.

Through the program, speakers of Arabic, Farsi, Dari, Pashto and Kurdish are sent to boot camp like other soldiers. They later receive specialized training as linguists, and a majority are deployed to Iraq.

Of the thousands of interpreters working for the military in Iraq, most are civilians under contract, some of whom earn as much as $170,000 a year. But military commanders prefer uniformed linguists because they cannot refuse combat missions and are subjected to more thorough security checks.

They are offered a fraction of what many civilian linguists earn, with salaries starting at roughly $28,000, including allowances. The program's perks, such as expedited citizenship, a starting bonus and medical coverage, are a major draw, military officials said.

Since the Army created the program in 2003, more than 800 people have signed up. But nearly 40 percent of them have either dropped out or failed language tests or boot camp. Enlistment in the program has improved with the help of civilian Arabic speakers contracted by the Army to recruit.

In California, the Army National Guard is trying the same approach, but with troops. Capt. Hatem Abdine assembled a team of soldiers of mostly Middle Eastern descent to help recruit full time, and brought Sergeant Murad on board last year.

In April, the sergeant arrived in El Cajon. Before his first week was up, he felt like an outcast.

Stacks of fliers and business cards that he had left in grocery stores had vanished. Cashiers who welcomed him on his first visits were suddenly too busy to talk. One manager fled the store. The owner of another shop turned his back and flipped kebobs over a high-licking flame.

"They're so agitated when I approach them," Sergeant Murad said. "Is it because I'm ugly? I don't think I'm that ugly."

Nestled in a parched valley, El Cajon drew its first Iraqi settlers half a century ago because of the resemblance it bore to their homeland. The population boomed in the 1990's when thousands of refugees — primarily Kurds and Shiites — joined what had long been the domain of whites and Hispanics.

Sergeant Murad makes his rounds with a truck full of Army promotional items, including a box of T-shirts that state, in Arabic, "If you can read this" — and then in English — "the National Guard needs you." He cannot bring himself to wear one.

"To put on that shirt and keep a face free of blush — it's just an impossible thing for me to do," he said

He favors a more subdued approach. He strolls into restaurants and barber shops, as though he were just passing through. He offers a smooth, "Assalamu alaikum," or peace be upon you.

A conversation begins. Soon, Sergeant Murad is reminiscing about his hometown, Kirkuk. Then, almost as an afterthought, he mentions his job. "Call if you know anyone," he says, offering a card.

But the calls rarely come. When they do, recruitment is hard won. In the fall of 2005, Sergeant Murad signed up his first two recruits. Over the next 12 months, he found about 20 other men. Half of them changed their minds.

Most often, recruits do not follow through because of objections from a parent or spouse. Others learn of more lucrative opportunities. Store windows in El Cajon are plastered with fliers advertising the six-figure salaries offered to civilian interpreters.

Some of the sergeant's candidates are overcome by fear. A 33-year-old Egyptian man from Hemet, Calif., withdrew from the program in June after watching news from the region on Arabic television channels.

"I know what's happening over there," said the man, who would not give his name. "My kids need me more than the money."

From late 2002 to May 2006, 172 civilian contract linguists were killed in Afghanistan and Iraq, representing 2.6 percent of the roughly 6,500 linguists who worked for United States coalition forces, a Department of Defense official said.

None of the 152 interpreters who have served in Iraq for the 09-Lima program have been killed. But that fact carries little weight in El Cajon, where memories of violence linger.

"They came here to live in peace and now you're asking them to go to war," said the owner of a bakery on Main Street who had fought against Iran with Saddam Hussein's army. "We are full up of the war."

In the pursuit of trust, it does not help that Sergeant Murad is Kurdish. The Kurds, like the Shiites, are often seen to have an interest in promoting the American occupation of Iraq because of the repression they suffered under Mr. Hussein.

The sergeant, who refers to the occupation as "the liberation," does not hide his impassioned support of the war, or the fact that he is Kurdish.

Sometimes, this backfires. When he told an Iraqi woman at a Laundromat that he was Kurdish, she snapped, "Saddam was a wonderful president."

One afternoon last April, Sergeant Murad dropped by the Main Street bakery, bought a box of chocolates and left another stack of pamphlets behind. He was sure they would be tossed, but seemed not to care. He was feeling giddy.

For the first time in weeks, he had a candidate.

The Sting of 9/11

Sergeant Murad's path to the United States military began 15 years ago, on a lush meadow in Kurdistan.

American helicopters hovered overhead, dropping packets of dehydrated food to thousands of refugees, including Sergeant Murad, his three brothers and their parents.

The next day, they reached a refugee camp run by the United States military in Zakho. There, a group of marines was standing guard, hefty, tattooed and smiling. Sergeant Murad, then 18 and rail-thin, thought the men looked like warriors.

Soon after, in September 1991, the family arrived in Minot, N.D., as political refugees. A year later, Sergeant Murad got his green card and enlisted in the Army.

"If a person like me isn't obligated to serve this country, who is?" he said. "I had to make a decision that this is my country, that this side is my side."

He entered the military as Kamaran Taha Muhammad. When he got to boot camp at Fort Jackson, S.C., he spoke choppy English.

He was, and remains, a shy man. "If a fly looks at me, I turn red," Sergeant Murad said.

But the first time a fellow soldier insulted him, he threw a punch. He fought often enough that he was relegated to kitchen patrol.

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In time, Sergeant Murad made friends. When he graduated as a light-wheel mechanic, his fellow soldiers cheered.

The first few years of his military life went smoothly. He was stationed at a base in Germany. After his tour of duty ended, he found work as the head civilian linguist at an Air Force base in Riyadh.

But on Sept. 11, 2001, as Sergeant Murad watched the attacks on television in Riyadh, he felt a searing angst. The next day, he walked into the dining hall holding a tray, and stopped at a table of officers he knew.

He told them he was sorry. No one responded.

"He didn't know where he fit in," said Fernando Muzquiz, 42, now a retired master sergeant with the Air Force.

Sergeant Murad experienced a shift after Sept. 11, both in his relationship to Islam and to America. It was as if a fault line crept through him.

As a Muslim, he felt ashamed.

"I was crushed theologically," he said. He pored through the Koran, looking for proof that it condemned terrorism. But from the loud speakers of mosques in Riyadh, he heard sheiks praying for the mujahedeen.

From Americans, he felt the sting of suspicion.

On trips home to Minnesota, where his parents had moved, Sergeant Murad noticed the new attention he got at airports. In Atlanta, a security officer saw his last name, which was still Muhammad, and called out, "We got one."

Sergeant Murad wanted to prove his loyalty. He got his chance when the United States invaded Iraq.

By then, he was working in Bahrain as a civilian linguist with the Naval Criminal Investigative Service. (He had lost his job in Riyadh after taking an unauthorized trip off base, which he attributed to a lapse of judgment.)

In Bahrain, he was elated to learn that he would be sent to southern Iraq on a top-secret mission with the Navy Seals. But several days into the voyage, he heard a sailor on his ship whisper, "Cam is one of them."

Sergeant Murad stopped working for the Navy in March, with his mission in Iraq successfully completed.

That month, he changed his name.

"In a way, it was my reaction to say, 'No, I am not the same as this criminal, this coward,' " said Sergeant Murad, referring to Osama bin Laden. "I am an American, I am Cam, I am a naturalized citizen."

Kamaran became Cameron. Muhammad was dropped for another, less conspicuous family name, Murad.

The middle name he chose was perhaps most surprising: Fargo.

"I always wanted a connection to North Dakota," he said.

Even with a new name, Sergeant Murad felt ill at ease back in the United States. He has stopped going to mosques. He no longer considers himself a practicing Muslim. He has few Middle Eastern friends.

"If somebody's name is on a list, and that person has my name or contact number, I will get harassed," he said.

The Army, he decided, was the most comfortable place to be. In 2005, he joined the National Guard full time.

He is careful to tell potential recruits about the military's zero tolerance policy on discrimination, and urges them to file complaints should harassment occur.

Still, Sergeant Murad has never filed a complaint of his own. During several interviews, he was reluctant to talk about his negative experiences, saying that he did not want to "whine" and that all immigrants endure hardship before they are accepted.

Last year, when an instructor at an Army base referred to Sergeant Murad as "the Taliban," he laughed along.

"I laughed not to cause trouble," he said. "I laughed because I am really getting tired of this. I laughed because I know it's a hopeless situation. What do you do? You just have to laugh."

"It doesn't matter what you think of me," he said. "Like it or not, I'm your brother in arms."

Closing the Deal

The new candidate's name was Khaled. Sergeant Murad jotted down his number, passed on by the captain. The Iraqi immigrant had called after spotting a brochure about the program, the captain explained. And there was one more thing: the man was on the fence.

Sergeant Murad's job is often one of delicate persuasion. He began by talking to Khaled, who lived near El Cajon, on the phone. (To protect his identity, the military requested that his last name not be published.)

By the time they agreed to meet, Sergeant Murad felt uneasy. Not only was Khaled a Sunni; he was from Mr. Hussein's home province.

A stout man with a mustache answered the door. He seemed overweight for the rigors of boot camp, thought the sergeant, and his age — 39 — was just short of the cutoff.

They stiffly shook hands, and then sat and sipped tea in a tidy, candle-scented apartment. A framed picture showed Khaled, his wife and three children waving from Disney World. Since arriving in the United States in 1999, Khaled had hopped from one low-wage job to another, pumping gas, stocking groceries.

Now, he told Sergeant Murad, he had made up his mind. He needed the educational loans the military offered.

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Still, he was nervous.

“I’m expecting a shock,” said Khaled. “I’ve been hearing good things, bad things.”

As he does with all recruits, Sergeant Murad warned Khaled that he might be hazed at boot camp, and distrusted by other soldiers. But over time, the sergeant promised, he would make friends.

The two men sat talking until the afternoon turned to dusk. The sergeant gave Khaled tips on how to lose weight, and promised to help prepare him for the English tests. Before parting, they embraced.

As Sergeant Murad drove off, he smiled and shook his head. “This is an Arab from the Sunni Triangle trusting a Kurd with his life,” he said.

Khaled entered boot camp in July and is now in advanced training.

Often, finding recruits is only the beginning of Sergeant Murad’s job. He spends time with their families after they have joined up, reassuring mothers that their sons will eat properly, and helping wives fill out insurance forms.

Last April, Sergeant Murad drove to a boxy stucco house to visit the pregnant wife of a 22-year-old Shiite recruit. The woman was worried about her husband’s safety in Iraq.

“The fact that he’s an Iraqi — it’s unfathomable to these nationals that he would be with the United States military,” she said in Arabic, perched on a couch next to her mother-in-law.

“He is Muslim and in the military — it doesn’t look right.”

The older woman frowned.

“If it were up to me, I would make you join the military because they freed you from Saddam,” she told her daughter-in-law.

Boot camp had been effective, the mother said. Her son seemed newly disciplined, more mature. There was only one thing she disliked: his limited vacation.

“Just two weeks!” she said. “Even in the army of Saddam Hussein, this wasn’t the case.”

On a sunny afternoon in August, Sergeant Murad was back in his truck, cruising El Cajon with a fresh stack of business cards.

He was learning to avoid certain shops. He waved mockingly at the kebab store as his truck rolled by, no longer concerned about who might be watching.

He had come to the conclusion that first impressions counted little.

Plenty of Iraqis had misjudged him. Eventually, though, they grew to like him.

It was the same with soldiers, Sergeant Murad said. He looked back on his time in boot camp as the ultimate proof that hardship can be overcome, and wary comrades, won over.

“In the end, when somebody gets to know Cam the soldier, Cam the citizen, they always take my side,” he said. “That’s where my triumph is. The hurt goes away.”

Picking Up The Pieces Of Slain Troops' Lives (WP)

By Josh White

The Washington Post, October 7, 2006

ABERDEEN PROVING GROUND, Md. -- Spread across several tables in a vast warehouse here are the pieces of one soldier's life.

There is the photo album with images of graduations and family gatherings, tanks and smiling military buddies. There are piles of brown T-shirts and socks, a jumble of sneakers and boots, a plastic bag filled with handwritten letters. A knife. A stack of video games.

Nearby, surrounded by walls of metal mesh, are rows of dusty black footlockers that have just returned from war. Inside each are the artifacts of other lives cut short.

This is the Joint Personal Effects Depot, a pair of warehouses on this base northeast of Baltimore that serve as the military's main repository for the possessions of U.S. troops killed in Iraq and Afghanistan. Within days of troops' deaths in action, their clothes, pictures and books and everything else that defined their lives on the battlefield wind up here.

It is then the job of 138 people to inventory, photograph, clean and pack all of the items so they can be sent home to grieving families, the last remnants of the ones they loved.

There are ghosts here, whispers of these people who sacrificed their lives to serve their country. In a recent tour of the facility, the names and identifying information of the dead were concealed to protect their families, but the presence of the dead was still strong.

"There's a lot of each individual in those lockers," said Lt. Col. L. Scott Kilmon Jr., who commands the depot. Working with the materials day after day can be an emotional strain, he said. "It takes a toll on you."

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The workload has gotten steadily heavier over the past few years, as nearly 3,000 U.S. troops have died in the Middle East and thousands more have been injured. The seriously wounded who are evacuated from the fighting also have their things shipped to Aberdeen now. Kilmon said the depot is bracing for the fall and winter, when there have been higher levels of U.S. casualties in Iraq.

And because the fighting seems likely to continue, the Defense Department is working to establish the depot as a more permanent operation. Kilmon said there are plans underway to move the temporary, wartime facility to Dover Air Force Base by 2009, which would put it at the same facility where the troops' remains are processed. Now, the items are flown to Dover and are loaded on semitrailers for the 90-minute drive to this makeshift operation in Maryland, where the effects are organized.

The warehouse feels a bit like a morgue. The rows of mesh cages are chilly, and somber employees meticulously sift through the items.

"Five brown T-shirts," called out Pfc. Alisha Ricketts, sitting in one cage cataloguing the contents of eight footlockers that belonged to a noncommissioned officer recently killed in Baghdad. "One white washcloth."

A photograph of two young children peeked out of a plastic bag in front of Ricketts. Spec. Tyrone Wheatley placed woodworking magazines into a footlocker and glanced at a clipboard. Dirty socks, Fruit of the Loom underwear, shirts and shorts were streaked with desert dust and grime, the pile giving off the scent of the soldier's sweat, fresh from the Iraqi summer heat. A little bit of Baghdad.

In most cases, after all the items are inventoried, workers wash the clothes, scrub the boots and clean all equipment with compressed air, said Maj. Leslie Rafferty, the depot's operations officer. Washers and dryers hum constantly. Compact discs are wiped of dust. Camera film is developed.

"We slowly but surely lay out their life," Rafferty said.

Some families, she said, send notice that they do not want the clothes washed, so they can smell their loved one when the items are returned. All government-issued items are logged and returned to circulation, so the sleeping bags and compasses are later issued to others who might be deployed.

Marvin Scott, 63, looked up as he tied the laces of a soldier's left Asics sneaker, tucking the bow behind its tongue.

"You're seeing the pictures of their families, their wives, their children, and you know they have a lot of hurt," Scott said. "It can be very emotional. Not everyone can work here."

Scott, a civilian contractor who puts the finishing touches on items that are to be sent home, folds creases into T-shirts and creates careful stacks of DVDs. It can be heartbreaking, he said, but he wants each family to see that someone has taken the time to neatly pack the reminders away for them. And he has seen a lot of those reminders up close.

"You can read a lot about a person by what they had with them," Scott said. "You can tell how they dressed, you can tell what they listened to, what they watched and what they read. Sometimes you can really see them."

This soldier, the one Scott was getting to know on a recent day, was devoted to video games and anime . A PlayStation 2 sat in a plastic bag, a large television tipped on its back in a footlocker. Games like "Ape Escape: On the Loose" lay next to such DVDs as "The Matrix," "Eraser" and "South Park," a veritable catalogue of young-American-male pop culture.

In a separate bag with a set of the soldier's dog tags was a solitary black plastic comb, its tines bent and color slightly faded from countless runs through the man's hair.

Nearby, on a set of tables where a new footlocker was just unlocked and opened, Pfc. James Childress ran a gloved hand over a pile of books, traces of dirt slipping from the worn pages. Stephen King's "Desperation" sat next to a yellowed copy of "You've Come a Long Way, Charlie Brown." Farther down the table was a pair of flip-flops, an impression of feet in the foam.

All documents, letters, data drives and photographs are carefully examined in a secret environment to make sure that nothing classified returns home, and also to make sure that nothing untoward is left for parents, spouses and children. Pornography, for example, is removed. "Human beings are human beings," Rafferty said.

Kilmon said depot employees have found wills and messages to family members on computer drives, including an audiotape one soldier made for his child, who was not yet born when he recorded the message. Sometimes workers have to walk off the line to gather their emotions.

Big-screen televisions have become more common, and employees said they see a lot of guitars, too. An acoustic guitar waited on a table to be packed last week. The most unusual item: a motorcycle.

Though clothes with blood or tissue on them are supposed to go with the bodies for transfer to medical examiners, they appear at the depot from time to time. A large cardboard box sits on a loading dock, labeled "medical examiner." Under the lid are dozens of translucent red biohazard bags filled with camouflage clothes, some bloodstained. Sometimes there are bits of human remains.

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The officers here know that when there are mass casualties in Iraq or Afghanistan, their operation is going to be busy about three weeks later; there is an average of 22 days between a death in the field and the arrival of personal items at the depot. Another 11 days or so later, the items are shipped by FedEx to families around the country.

"In my first days here, I was just in awe," Childress said, standing back for a moment to survey one soldier's belongings. "These are all real people. We know we're the final link between them and their families."

DOJ:

Sharon Potter Sworn In As Local U.S. Attorney (WHI)

By MICHELLE BLUM

Wheeling (WV) Intelligencer, October 7, 2006

WHEELING — Sharon Potter was sworn in Friday as the new U.S. Attorney for the Northern District of West Virginia, but a formal ceremony will be held at a later date, according to information provided by Potter's office.

Potter succeeds Thomas Johnston, who was sworn in as U.S. District Judge for the Southern District of West Virginia in April.

Potter was sworn in by U.S District Judge Irene M. Keeley in Clarksburg. Details of the formal event have not yet been released.

Potter has served as assistant U.S. Attorney for the Northern District of West Virginia since September 1992, according to information provided by Potter's office.

Assigned to the U.S. Attorney's office in Wheeling, Potter has handled a variety of criminal prosecutions ranging from fraud and tax evasion to drug trafficking and computer-related crime.

Potter has also been involved in criminal and civil property forfeiture cases, generating resources for state and local law enforcement agencies. She has also obtained funds for victims of fraud through restitution in a variety of cases.

Working with the FBI, Potter assisted in forming a district-wide computer crime task force and has been involved in initiatives with federal agencies designed to foster the networking and sharing of knowledge and resources between academia, industry and law enforcement to better identify and prosecute computer crimes.

In 1997, Potter received the Department of Justice Director's Award for Superior Performance following her prosecution of a nationwide securities fraud/money laundering case, which involved about 15,000 victims and netted more than $2.3 million in forfeitures.

In addition, Potter worked closely with the Internal Revenue Service Criminal Investigation Division investigating and prosecuting tax-related cases involving income and employment tax evasion, abusive tax shelters and other financial fraud matters.

She also worked with the Three Rivers Drug Task Force in Fairmont, prosecuting federal drug trafficking offenses.

A graduate of Vanderbilt University and California Western School of Law, Potter began her legal career with the West Virginia Public Service Commission in 1985. From 1987-89, Potter worked as an assistant district attorney in Centre County, Pa. From 1990-92, Potter was an associate with the law firm of Martin & Seibert in Martinsburg and was an assistant prosecutor in Berkley County, W.Va.

Potter resides in Wheeling with her husband and three children.

CORPORATE SCANDALS:

Farmer Mac Plans To Restate Results From Three Years (WP/BLOOM)

The Washington Post, October 7, 2006

Farmer Mac, the government-chartered buyer of U.S. farm loans, said it would restate its financial results for 2003, 2004 and 2005 to correct how it accounted for some derivatives transactions.

The changes won't "have any significant" effect on capital, the company said yesterday. Farmer Mac didn't provide an estimate of the size of the restatement. The company reported combined profit of $87.3 million for 2003, 2004 and 2005.

The accounting rule involved in Farmer Mac's restatement is the same one that caused mortgage finance companies Fannie Mae and Freddie Mac and some of the Federal Home Loan banks to restate their results in recent years. The rule requires companies to determine the market value of derivatives and account for them on their balance sheets.

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Derivatives are financial instruments derived from stocks, bonds, loans, currencies and commodities, or linked to specific events, such as changes in interest rates or the weather.

There are exceptions, but after reviewing its books, Farmer Mac determined that "fluctuations in the fair value of its derivatives will be reflected in the statements of operations rather than being deferred or offset," the company said.

Shares of Farmer Mac fell 35 cents, to $25.33.

Farmer Mac made no personnel changes related to the restatement, company spokeswoman Andrea Calise said. She declined to say when Farmer Mac began its accounting review.

Accounting errors at Fannie Mae and Freddie Mac and quarterly losses at some Federal Home Loan banks are fueling a push in Congress to change how government-chartered finance companies are regulated.

Suit Over Sale Of MySpace Dismissed (BLOOM)

Bloomberg, October 7, 2006

News Corp., the buyer, says it feels 'vindicated'

News Corp., Rupert Murdoch's media company, said a judge dismissed a lawsuit challenging its purchase of MySpace.com, rejecting claims by Brad Greenspan, former chief executive officer of the Web site's parent, that the deal cheated shareholders.

Los Angeles Superior Court Judge Carolyn Kuhl ruled Friday that the acquisition of Intermix Media Inc., MySpace's parent company, last year was lawful and shareholders were fully informed when they voted on the transaction, New York-based News Corp. said Monday.

The decision lifts a cloud over the popular networking site, which Greenspan says he started in August 2003.

He sued MySpace in February, saying the $580 million paid by News Corp.'s Fox unit didn't reflect the growth prospects.

Thursday, he demanded a federal investigation into the sale, claiming the deal defrauded shareholders of more than $20 billion.

News Corp. and Fox Interactive "feel vindicated" by the ruling, Mike Angus, general counsel of News Corp.'s Fox Interactive Media, said.

Greenspan last week posted his claims in a report at Freemyspace.com, a Web site where he argued the purchase should be nullified.

He said he was seeking an investigation by the Securities and Exchange Commission, the Justice Department and the Senate.

MySpace would be worth billions of dollars had it stayed on its own and sold shares to the public, Greenspan said, an assertion challenged by analysts.

News Corp. snatched MySpace during a weekend in July 2005 after Viacom Inc. offered $500 million for the business. MySpace has more than doubled its registered users this year, to more than 110 million.

CRIMINAL LAW:

Rove Aide Linked To Abramoff Resigns (WP)

By Peter Baker And James V. Grimaldi

The Washington Post, October 7, 2006

A top aide to White House strategist Karl Rove resigned yesterday after disclosures that she accepted gifts from and passed information to now-convicted lobbyist Jack Abramoff, becoming the first official in the West Wing to lose a job in the influence-peddling scandal.

Susan B. Ralston submitted her resignation to avoid causing political damage to President Bush a month before the midterm elections, officials said. "She did not want to be a distraction to the White House at this important time," said White House spokeswoman Dana Perino.

A congressional report showed last week that Ralston accepted sometimes-pricey tickets to nine sports and entertainment events from Abramoff while she provided him with inside White House information. The bipartisan report said there is no evidence that Rove knew of or approved of Ralston's actions, and sources said yesterday that the White House was surprised by the report's revelations.

The White House counsel's office conducted a review of the report, but with Ralston's departure it closed its inquiry yesterday. "Nothing more will come from the report, no further fallout from the report," Perino said.

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A senior administration official who spoke on the condition of anonymity said the counsel's office reached no conclusion about whether Ralston violated gift limits because her resignation made the point moot. But the official said there were "mitigating circumstances" in her case because she had a preexisting relationship with Abramoff, for whom she worked before joining the White House. The official said the White House made no criminal referral in her case. A Justice Department spokesman declined to comment.

The sprawling Abramoff investigations have triggered prosecutions on Capitol Hill and on K Street, but Ralston's resignation brought the scandal into the White House proper. The only other White House official caught up in the probe has been David H. Safavian, the procurement chief for the Office of Management and Budget, who was convicted in June of lying about his ties to Abramoff.

As right hand to the president's most important adviser, Ralston was closer to the center of the Bush operation. She was a key organizer of presidential events, coordinating with White House political, scheduling, advance and public liaison offices. "She will be missed because she solves problems, and finding people in government who solve problems" is rare, a colleague said.

Ralston, who earned $122,000 a year, had been a minor player in the scandal for more than a year, but it was not until her e-mails with the lobbyist were released by the House Government Reform Committee last week that her role became known.

The information supplied by Ralston to Abramoff often involved procedural matters, social events and possible administration appointments, the committee said.

Rules ban White House officials from accepting gifts worth more than $20 from anyone doing business with the government. Exceptions can be made for preexisting relationships, although ethics officers generally advise officials to avoid anything that might be misinterpreted.

Rove has been out of town all week and declined to comment yesterday. A colleague said that neither Rove nor anyone else at the White House pushed Ralston to leave. Ralston did not respond to telephone or e-mail messages yesterday, and her attorney, Bradford A. Berenson, declined to comment.

In a letter to the president dated Thursday, Ralston wrote: "It has been a tremendous privilege to work at the White House and now after almost six years the time has come for me to pursue other opportunities." The White House did not announce the resignation until Friday afternoon, timing that is often used to minimize bad news.

"She leaves without any animosity from us," said White House counselor Dan Bartlett. "She's been a tireless worker for the president, and we will be sad to see her leave."

As a former Abramoff assistant, Ralston played intermediary between the lobbyist and Rove. The congressional report found 66 Abramoff contacts with the White House, more than half of them with Ralston. In addition, Abramoff's lobbying colleagues contacted Ralston 69 times.

On Oct. 21, 2001, Ralston e-mailed Abramoff that Rove had read an Abramoff memo about a political endorsement in the Mariana Islands governor's race, a little-noticed election but one important to Abramoff because he had lucrative clients there. Ralston reported to Abramoff that Rove had agreed, writing the next day: "You win :)."

More often, Abramoff fell short at the White House. Abramoff contacted Ralston to get Rove to place a close ally, Mark Zachares, as head of the Interior Department's Office of Insular Affairs. Ralston rebuffed a meeting with Rove for Zachares, saying it was unnecessary because Rove was on their side. But Zachares did not get the position.

In November and December 2003, Abramoff e-mailed Ralston about Iraqi bonds apparently issued by one of his clients, American Bondholders Foundation, the House committee said. In response, Ralston indicated that the National Security Council had not "gotten back to me yet." Six days later, she had an answer. "The NSC is very suspect of this proposal," she wrote. "The White House will not support it."

Ralston helped Rove get tickets from Abramoff for a game in the NCAA basketball tournament but told Abramoff that "Karl has to pay for his tickets." The White House said last week that Rove paid for his tickets. But Ralston apparently did not pay for tickets she accepted to Bruce Springsteen and Andrea Bocelli concerts and Washington Capitals, Washington Wizards and Baltimore Orioles games.

"Are floor seats available," Ralston asked in December 2001 for four Wizards tickets worth a combined $1,300, the report said.

"For you? Anything!" Abramoff replied. "How many do you need?"

Ralston: "4"

"You got 'em," Abramoff said. "I'll organize."

Aide Who Linked Abramoff And Rove Resigns At White House (NYT)

By Anne E. Kornblut

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — Susan B. Ralston, a former aide to the disgraced lobbyist Jack Abramoff who went on to work for the presidential adviser Karl Rove, has resigned from the White House after a report that she was a conduit between the two men.

Ms. Ralston submitted her resignation to President Bush on Thursday night, saying the time had come "to pursue other opportunities."

Administration officials acknowledged, however, that she quit as a result of a Congressional report, released last week, that documented hundreds of contacts between Mr. Abramoff and the White House.

"A protracted discussion of the report was not in anyone's best interest, and when she chose to step down, we supported her decision," a White House spokeswoman, Dana Perino, said.

According to the report, Ms. Ralston was repeatedly lobbied by Mr. Abramoff after she became a top aide to Mr. Rove, as her former boss sought to curry favor with her new one. Once a high-rolling operator who lavished gifts on lawmakers and officials — in exchange, he hoped, for help with his clients — Mr. Abramoff has become, in the midterm elections, synonymous with corruption.

For more than a year, Ms. Ralston was entangled in two Washington scandals at once. A nexus between Mr. Abramoff and Mr. Rove, she was also pivotal in the C.I.A. leak case. It was Ms. Ralston who patched through a telephone call from a Time magazine reporter to Mr. Rove, a conversation that cast a suspicion on the White House strategist. Ms. Ralston testified to a grand jury on the leak and was interviewed by prosecutors in the Abramoff case.

Ms. Ralston was never accused of wrongdoing. The Congressional report suggested she merely passed on messages from Mr. Abramoff to Mr. Rove, who sought basketball tickets from the lobbyist and ate at his restaurant (where, White House officials said, Mr. Rove paid for his own meals).

On Friday, Representative Henry A. Waxman of California, the ranking Democrat on the House Government Reform Committee, which issued the report, accused White House officials of "trying to make Susan Ralston the scapegoat."

"There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House," Mr. Waxman said in a statement. "But there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff."

Ms. Ralston was promoted after the 2004 election, receiving the title special assistant to the president and a raise to $122,000, from $64,700.

White House Aide Ralston Quits After Abramoff Report (Update1) (BLOOM)

By Richard Keil

Bloomberg, October 7, 2006

Oct. 6 (Bloomberg) -- A top aide to White House political director Karl Rove has resigned after a U.S. House report examined her ties to disgraced Republican lobbyist Jack Abramoff.

The aide, Susan Ralston, is quitting a week after a House Government Reform panel described her role in arranging tickets to sporting events from the lobbyist to Rove.

``She recognized that a protracted discussion of the matters in the House Government Reform Committee's report would be a distraction to the White House, and she chose to step down," assistant White House Press Secretary Dana Perino said. ``We support her decision, and after a review of the report, we consider the matter closed."

The report showed that Abramoff claimed at least 485 contacts with administration officials between 2001 and 2004, including nine with Rove. Based on billing records from Abramoff's former law firm, the report said he claimed 17 meetings, seven telephone conversations and 42 e-mail exchanges with White House officials -- more than half with Ralston, who also is a former colleague of Abramoff's.

The report cited several instances in which Ralston helped Abramoff get access to White House officials, passed documents to Rove and kept Abramoff informed about political appointees he was pushing for jobs.

Iraqi Bonds

In November 2003, Ralston told Abramoff about the position the National Security Council was taking on Iraqi bonds, which was of interest to one of Abramoff's clients, the American Bondholders Foundation, according to the report.

Abramoff and Ralston also discussed the possibility of Ralston taking a job with a defense company, the report said.

Ralston may have received tickets for nine sporting events and concerts, including four tickets to an Aug. 10, 2002, Bruce Springsteen concert, the report said. In all, the tickets offered to Ralston were worth $1,300, it said.

``In most cases, the documents do not indicate whether the White House officials paid or offered to pay for the tickets," the report said. Ralston requested tickets for herself on at least seven occasions, the report said. In one instance, Abramoff e-mailed Ralston about hockey tickets: ``No problem, you don't have to pay!"

Other Opportunities

In her resignation letter to President George W. Bush yesterday, Ralston said ``the time has come for me to pursue other opportunities."

The report showed that Abramoff routinely offered concert and sports tickets to White House officials, and that in 2002 Ralston was also the go-between on tickets to the NCAA basketball tournament for Rove, tickets Rove said he paid for.

Abramoff pleaded guilty Jan. 3 to conspiracy to corrupt public officials and is cooperating with a federal probe.

The Abramoff case has already led to the conviction of former White House official David Safavian and an agreement to plead guilty to accepting illegal gifts by Representative Robert Ney, an Ohio Republican.

Abramoff also was sentenced in March to five years and 10 months in prison in a separate Florida fraud case.

In her capacity as Rove's assistant, Ralston also testified before a federal grand jury investigating whether administration officials purposely leaked the identity of CIA agent Valerie Plame; neither Rove nor Ralston was charged with wrongdoing in that matter.

White House Aide To Rove Resigns (AP)

By Deb Riechmann

AP, October 7, 2006

The latest casualty in the Jack Abramoff lobbying scandal was a key aide to presidential political strategist Karl Rove who once worked for the disgraced influence-peddler.

Susan Ralston stepped down Friday from her post as a special assistant to President Bush. A congressional report showed she had extensive contacts with Abramoff and had accepted tickets to sporting events and concerts from him.

Corruption and scandal are major issues going into the Nov. 7 elections. Ralston's resignation followed accusations that her contacts with Abramoff showed he was closer to Rove and Bush than the White House has been willing to acknowledge.

"She recognized that a protracted discussion of these matters would be a distraction to the White House and she's chosen to step down," deputy White House press secretary Dana Perino said.

A recent House Government Reform Committee report listed hundreds of contacts that Abramoff's lobbying group had with the White House. Ralston had been administrative assistant to Abramoff and, after Bush took office, assumed the same post with Rove.

Ralston played an instrumental role in organizing and choosing presidential event sites.

Rep. Henry Waxman of California, the top Democrat on the House Government Reform Committee, said he suspects the White House is trying to make Ralston a scapegoat.

"There is a lot that we don't yet know about the assistance that Ms. Ralston provided Mr. Abramoff from inside the White House, but there are also many unanswered questions about the assistance that higher-ranking White House officials appeared to provide Mr. Abramoff," Waxman said.

"The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston," Waxman said.

Abramoff has pleaded guilty to fraud and is now cooperating with prosecutors in an influence-peddling investigation that has enveloped Capitol Hill even as lawmakers, facing elections, struggle with the fallout from a scandal involving former Rep. Mark Foley's salacious messages to teenage male pages.

The latest Associated Press-Ipsos poll found that about half of likely voters consider corruption and scandal in Congress very or extremely important, and about two in three of those said they would vote for Democrats in House races.

The committee's report — based largely on Abramoff's billing records and e-mails — listed 485 lobbying contacts with White House officials over three years, including 10 with Rove. The report indicated that Abramoff and associates lobbied on behalf of more than 20 individuals for administration jobs but were successful only once.

According to e-mails, Abramoff and his team offered White House officials tickets to 19 sporting events and concerts. Ralston was the most frequent recipient. The report did not make clear whether Ralston or other White House officials paid for any of the tickets.

The federal gratuities statute makes it a crime to give anything of value to a public official for any official act performed by that official. Ethics rules prohibit federal employees from accepting gifts unless given because of personal friendship.

Top Rove Aide Resigns In Lobby Scandal (LAT)

By Peter Wallsten

The Los Angeles Times, October 7, 2006

Susan Ralston quits after a panel shows her as a link between Jack Abramoff and officials.

DOJ_NMG_0078597

WASHINGTON — The top aide to White House strategist Karl Rove quit Friday, a week after congressional investigators portrayed her as a key link between senior officials and the now-disgraced lobbyist Jack Abramoff — brokering deals for his clients as she accepted premium tickets to sporting events and concerts.

Susan Ralston had worked as Rove's executive assistant, functioning as a gatekeeper of sorts for President Bush's most trusted political advisor. She was an aide to Abramoff before she joined the White House and became what the lobbyist called his "implant" there.

As Rove's top staffer and a special assistant to the president, Ralston becomes the closest aide to Bush to leave in a scandal that has so far enveloped lobbyists, lawmakers, Capitol Hill aides and an administration procurement official while, until now, sparing the inner sanctum of the White House.

Her departure comes as Republican leaders on Capitol Hill combat allegations that they did not adequately respond to inappropriate behavior toward House pages by Rep. Mark Foley (R-Fla.). It is the latest GOP setback in a midterm election year increasingly defined by scandal. Republicans are hoping to retain majorities in the House and Senate for the final two years of Bush's presidency.

Ralston "did not want to be a distraction to the White House at this important time," said White House spokeswoman Dana Perino, adding that Ralston "played a very valuable role in advancing the president's agenda." Perino said Ralston would leave within the next couple of weeks.

The report issued last week by the House Governmental Reform Committee quoted e-mails from Ralston in which, among other things, she helped lobby Rove about political endorsements in tiny U.S. protectorates represented by Abramoff and arranged for Rove to sit as Abramoff's guest in a private box for first-round games in the NCAA basketball tournament.

The bipartisan investigation documented more than 400 lobbying contacts between Abramoff's team and the White House between January 2001 and March 2004, including dozens with Rove's office and nine with the top strategist himself. The report was based on thousands of pages of billing records and e-mails obtained from Abramoff's firm.

The committee did not subpoena information from the White House, making it difficult to conclude in many cases whether Abramoff's requests were granted and whether the lobbyist, as White House officials have argued, was exaggerating his influence.

The report suggests Ralston accepted premium tickets to nine events, including professional basketball, hockey and baseball games as well as a performance by Italian tenor Andrea Bocelli for which ticket prices, according to a newspaper account at the time, ranged from $88 to $333.

Ethics rules forbid officials from taking gifts worth more than $20 from people doing business with the government, but the committee investigation did not determine whether Ralston and other officials paid for tickets in every case or listed them on disclosure forms. E-mails suggested Rove paid $50 apiece for NCAA basketball tickets.

Perino said Friday that the White House review of the 91-page report was "complete" and that "we expect nothing further to come of the report" beyond Ralston's departure.

Democrats were not satisfied, charging that the White House was making Ralston a "scapegoat" to avoid answering more serious questions. The committee's senior Democrat, Rep. Henry A. Waxman of Los Angeles, issued a statement Friday noting that Ralston's 69 contacts with Abramoff and his team reflected less than 15% of all of the contacts with White House officials, and saying that the actions of senior aides such as former political director Ken Mehlman deserved more scrutiny.

Last week's report included e-mails suggesting that Mehlman, now chairman of the Republican National Committee, was offered tickets to a rock concert and helped an Indian tribe represented by Abramoff secure $16 million for a jail despite resistance from Justice Department officials.

"The vast majority of lobbying contacts and meals with White House officials documented in the report were with White House officials other than Ms. Ralston," Waxman said. "It is ludicrous for the White House to say it considers the review of the committee report 'complete' when it has not provided answers to any of the most important questions involving Mr. Mehlman and other senior White House officials."

In an interview Friday, Mehlman said he did not recall any specifics from his dealings with the Abramoff team.

"I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules," he said.

Abramoff pleaded guilty in January to federal charges as part of an ongoing congressional bribery investigation that continues to loom over Capitol Hill and the GOP. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

One associate, Tony Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), has pleaded guilty to conspiracy. He admitted accepting favors, cash and other gifts while working for DeLay and after leaving to become a lobbyist.

According to the House report, Ralston often helped coordinate dealings between the Abramoff team and her bosses.

In October 2001, when Abramoff asked through a series of memos and e-mails that the White House withhold an endorsement from a candidate in the tiny Commonwealth of the Northern Mariana Islands, Ralston finally responded: "You win :). KR said no endorsement."

Another set of e-mails suggested Ralston could be interested in parlaying her relationships with Abramoff and the White House into a lucrative business deal, perhaps creating a defense or homeland security firm, but only for the right price.

"It would take a significant amount of money for me to be lured away [from the White House] so unless you're really serious and can make it worth my while, let's wait until 2005," she wrote to Abramoff in November 2002.

Replied Abramoff: "I am not in a position to offer you serious money for this right now."

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Secret Papers Could Halt CIA Case (WP/AP)

The Washington Post, October 7, 2006

Vice President Cheney's former chief of staff intends to load up his criminal trial with information about nine national security matters, the names of foreign leaders and details about various terrorist groups, according to court filings in the Valerie Plame leak case.

The papers filed this week hint at what has been taking place behind closed doors as Special Counsel Patrick J. Fitzgerald tries to limit the amount of classified data that I. Lewis "Scooter" Libby is permitted to use at his trial, scheduled for January.

U.S. District Judge Reggie B. Walton is asking whether classified evidence would overlap with what Libby is likely to say in his testimony. Libby's attorneys have said he will take the witness stand to deny lying to the FBI in its investigation of the disclosure of Plame's identity to the media.

Even if prosecutors agreed ahead of time about the importance of the "nine national security matters" he wants to disclose, Libby would be entitled to introduce additional evidence, the lawyers wrote.

In court documents, prosecutors argued that it would be "unnecessarily wasteful of time" to allow Libby to present "names of foreign leaders or government officials of other countries, or the names and histories of various terrorist groups."

The danger for prosecutors is that the sheer volume and sensitivity of the classified information Libby wants to introduce could scuttle the trial. Once the judge identifies classified information Libby is entitled to present, U.S. intelligence agencies must rule on whether the secrets can be declassified. The trial would collapse if the intelligence agencies refuse to declassify the information.

Libby is charged with five felony counts of perjury, obstruction and making false statements to the FBI. He is accused of lying about how he learned of Plame's CIA employment and what he told reporters about her when her husband, former U.S. ambassador Joseph C. Wilson IV, was accusing the Bush administration of twisting prewar intelligence to help sell the public on waging war against Iraq.

Libby plans to use what his attorneys call "a memory defense" and must be allowed to demonstrate how busy he was, the lawyers say.

Report On Possible Abuses By Former Member Of Intelligence Panel Is Held Up (NYT)

By David Johnston

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — A report on whether a convicted former member of the House Intelligence Committee abused his position has remained under wraps for nearly four months, largely because of a battle between the committee's leaders over issuing a subpoena in the matter, members of Congress say.

Representative Jane Harman of California, the ranking Democrat on the committee, complained about the delay in a letter sent Thursday to the chairman, Representative Peter Hoekstra, Republican of Michigan. Ms. Harman protested what she said had been Mr. Hoekstra's refusal to subpoena the former lawmaker, Randy Cunningham, a California Republican.

Mr. Cunningham resigned from Congress in November and is serving an eight-year sentence in federal prison for accepting more than $2 million from supporters and military contractors in return for helping them obtain government business.

Mr. Cunningham's guilty plea centered mainly on his actions as a member of the House Appropriations Committee. He was also a member of the intelligence panel, and its investigation examined whether he tried to improperly influence decisions on classified spending proposals. Mr. Cunningham first sat on the Intelligence Committee in 2001 and for part of last year was chairman of its subcommittee on terrorism and human intelligence.

The committee hired an outside counsel, Michael Stern, to carry out the Cunningham inquiry. Mr. Stern's specific findings are not known, although some Congressional officials have suggested that his report, which was completed in June, is critical of

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Mr. Cunningham for using the committee's secrecy to conceal his efforts on behalf of friends to insert spending items into classified bills.

The skirmishing over the subpoena and the Cunningham report, as well as its possibly embarrassing conclusions, reflects the erosion of bipartisanship that once flourished on the intelligence panel but has frayed over the years, with the rancor seeming to grow as the November elections approach.

A spokesman for Mr. Hoekstra, Jamal D. Ware, said Mr. Hoekstra wanted to obtain Mr. Cunningham's testimony, which he said was crucial to the inquiry. But Mr. Ware said that issuing a subpoena would not force Mr. Cunningham to testify because the former lawmaker had said he would cite his constitutional right against compelled self-incrimination to refuse to appear before the panel.

Ms. Harman's office declined to comment on the confidential letter, a copy of which was provided to The New York Times by a Congressional official who insisted on anonymity.

In the letter, Ms. Harman also expressed dismay over another issue. She said Mr. Hoekstra wrote her last month saying that he had been in direct contact with Mr. Cunningham — apparently to seek informally his appearance before the committee.

"I am deeply disappointed that you contacted him unilaterally without notifying me," Ms. Harman wrote.

In her letter, Ms. Harman also said, "I again urge you to reconsider your decision not to subpoena him."

She also wrote about her concern that Mr. Hoekstra might try to visit Mr. Cunningham in prison, saying, "I believe this would be highly inappropriate."

Ms. Harman said the report should be released now because it was an unclassified document.

Mr. Ware said the report was not meant to be public. He said it had never been assigned a security classification because it had not been reviewed to determine whether it contained classified information.

Cunningham's Wife To Pay U.S. $1.6 Million (WP/AP)

The Washington Post, October 7, 2006

SAN DIEGO, Oct. 6 -- The estranged wife of disgraced former congressman Randy "Duke" Cunningham will pay $1.6 million in back taxes and penalties for her role in the bribery scandal that landed him in prison, according to a settlement filed Friday.

The federal government sued Nancy Cunningham last year. The settlement means she will not be prosecuted for any charges relating to her husband's activities, according to papers filed in federal civil court.

Duke Cunningham resigned from Congress and was sentenced in March to more than eight years in prison. The eight-term Republican admitted last November that he took $2.4 million in bribes from defense contractors in exchange for government contracts and other favors.

The couple separated in July 2005, when FBI agents raided their home in ritzy Rancho Santa Fe, seizing rugs, furniture and jewelry.

Nancy Cunningham's attorney, Douglas Brown, called the deal "a compromise settlement" and said his client intends to file for divorce soon.

Spouse Of Lawmaker Agrees To Penalties (LAT)

By Greg Krikorian

The Los Angeles Times, October 7, 2006

The estranged wife of disgraced former Rep. Randy "Duke" Cunningham has agreed to forfeit $760,000 to the IRS from the sale of the couple's Rancho Santa Fe home, acknowledging that they had financed the house, in part, with more than $1 million in bribe money, authorities said Friday.

Additionally, Nancy Cunningham signed an agreement admitting that she had tax violations and will pay $1.6 million in taxes and penalties.

Her husband, a former eight-term Republican congressman from Rancho Santa Fe, pleaded guilty in November to taking $2.4 million in bribes and evading more than $1 million in taxes. In March, he was sentenced to serve 100 months in prison.

An investigation by the FBI and IRS determined that Cunningham bought the home after a defense contractor, Mitchell Wade, paid an inflated price for the Cunninghams' former home in Del Mar Heights. Wade pleaded guilty to federal charges earlier this year.

This week's actions came more than a year after the U.S. attorney's office in San Diego filed a civil forfeiture action against the Cunninghams, declaring that the home had been financed with significant proceeds from a bribe.

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Coupled with the $1.2 million already turned over to the IRS from the home's sale, U.S. Atty. Carol Lam said the new court order "returns nearly $2 million to the public … and ensures that the Cunninghams in no way profit from the sordid conduct that occurred in this case."

The most recent payment to the government leaves the Cunninghams with about $900,000 in outstanding tax liability.

In exchange for her acceptance of responsibility in the case and continuing cooperation with an ongoing federal investigation, authorities say they have not filed criminal charges against Nancy Cunningham.

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Dialing For Dollars: A Lobbyist's New Twist (WSJ)

By Brody Mullins

The Wall Street Journal, October 7, 2006

October 7, 2006

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Wins Government Contracts

Boosting Contributions to a Key Senator

By BRODY MULLINS

October 7, 2006; Page A1

Huntsville, Ala.

AS A GRADUATE STUDENT in political philosophy at the University of Virginia, Stewart Hall grew a beard, rented a house in the woods and lived what he calls the "hippie lifestyle."

In 1991, after earning his Ph.D., he set off down a different path. He shaved, squeezed into his only sport coat and drove to Washington to seek a job with Sen. Richard Shelby, a fellow Alabaman. Mr. Shelby hired him as a legislative assistant.

So began Mr. Hall's second education -- in the ways that politics and private enterprise intersect in modern Washington. After working for nearly five years on Capitol Hill, he left government and became a lobbyist.

Stewart Hall in his Washington office

Then, a few years ago, Mr. Hall went one better than the other former aides who prowl the halls of Congress on behalf of government-contracting clients. Mr. Hall, 40 years old, set out to become the client himself. All he needed was a company.

"Business is business, whether it's a government-relations firm or a coffee shop," says Mr. Hall. "You learn lessons in business and life, and you apply those lessons to other ventures."

He decided to create a government contractor nearly from scratch. He assembled a group of investors, many of them fellow lobbyists. Together they bought a 25% stake in Huntsville, Ala.-based Digital Fusion Inc., a small technology-consulting company on the verge of bankruptcy. It did little business with the government, so Mr. Hall set out to beef up its defense-contracting business. Today, it mainly helps government agencies use computer technology for tasks ranging from budget analysis to missile engineering.

That happens to be a growing part of the government's large defense operations in Huntsville, the home terrain of Sen. Shelby.

Mr. Hall hired a slew of people with connections to Congress, the Pentagon and the Department of Homeland Security, including former generals -- unusual star power for a company of its size. Digital Fusion and its officials and investors became the No. 2 financial supporter of the political action committee of Sen. Shelby, a top lawmaker on the Senate Appropriations Committee.

Since then, Digital Fusion has cashed in on the post-9/11 boom in defense and homeland-security spending. It has snagged more than $85 million in federal software contracts. In the two years since Mr. Hall invested in the company, revenue tripled to $20.9 million. The stock shot up as high as $3.75 earlier this year from a low of 15 cents before Mr. Hall showed up.

Friday it closed at $1.50 a share in trading on the OTC Bulletin Board, a market for small stocks. In two years, the value of Mr. Hall and his lobbyist friends' stake has jumped 50% to $3.2 million. Mr. Hall, who sits on the company's board, and one of his investors are entitled to 20% of the company's profit.

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AS THE NOVEMBER elections draw near, lobbyists are under more scrutiny than ever. A sweeping Justice Department probe into bribery by lobbyists has netted guilty pleas from a half-dozen of them, including lobbyist Jack Abramoff, and cost three House members their jobs. The scandal gave currency to the view that money and connections can be used to manipulate the appropriations and legislative processes, and that lobbyists are in the thick of such dealing.

Mr. Hall seems to have found a new and legal twist in the lobbying game. There is no evidence that Digital Fusion did anything improper to get its contracts, nor are there any rules against lobbyists like Mr. Hall going after government contracts themselves. Mr. Hall, who is still a lobbyist, says he simply took what he knew about Washington spending and positioned Digital Fusion to benefit.

Neither Mr. Hall nor representatives of most of the federal agencies that awarded contracts to Digital Fusion will discuss in detail how decisions about the contracts were made. Mr. Shelby, 72, says he hasn't lifted a finger to help Digital Fusion or Mr. Hall. "How he does in his private business? Gosh, I don't know," Mr. Shelby says. "My interest is what's best for the nation and how it can help Huntsville."

Mr. Hall, who holds power of attorney for his investment group's stake, says he never asked Mr. Shelby for help, even though he frequently lobbies his former boss on behalf of other government contractors. "I don't think Richard Shelby even knew the name of this company until a few weeks ago," Mr. Hall said in a recent interview.

The National Aeronautics and Space Administration, which has awarded work to Digital Fusion, said the company simply won a competitive-bidding process, with no outside help from anyone. Spokespersons for the White House, the State Department, the Homeland Security Department and the Army declined to comment on their decisions to hire Digital Fusion.

Financial ties between lobbyists and their clients are unusual but are no longer unheard of. Over the past few years, some cash-poor companies have paid lobbyists with stock. Mr. Hall received 50,000 shares of Flight Safety Technologies Inc. as compensation for lobbying on the aviation company's behalf as it sought contracts from the Transportation Department and NASA. It is unclear whether Mr. Hall still holds that stake, which would currently be valued at about $93,000.

AT 6 FEET 4 INCHES TALL and more than 250 pounds, Mr. Hall looks more like an offensive guard than a lobbyist. As students at the University of Alabama, he and his wife volunteered for Mr. Shelby's successful 1986 campaign for the U.S. Senate. At the time, Messrs. Shelby and Hall were Democrats.

Mr. Shelby says he thought Mr. Hall would "wind up as a professor." But Mr. Hall says he didn't think he would fit in with the liberal academic world, so he took a job with Mr. Shelby.

When Democrats lost control of Congress in 1994, Mr. Shelby switched parties and became a Republican. So did Mr. Hall. Republicans gave Mr. Shelby a coveted seat on the Appropriations Committee, which funds every program in the federal government. Mr. Hall became his boss's top legislative aide and his envoy to the appropriations panel.

With Republicans in control of Congress for the first time in decades, demand shot up almost overnight for lobbyists with connections to key congressional Republicans. In early 1996, at the age of 30, Mr. Hall left government and founded his own lobbying outfit: G. Stewart Hall & Associates.

The following year, Mr. Shelby became chairman of an appropriations subcommittee that funds highways, bridges and other transportation projects. Later, he snagged top positions on panels allocating money for defense and NASA. Since 1998, Mr. Shelby has issued more than 1,000 press releases touting his success steering billions of federal dollars to Alabama.

Mr. Hall billed $1 million in lobbying fees in his first year, and the next year, he hit $2 million, according to public records. Eventually, his clients included AT&T Inc., FedEx Corp. and Philip Morris, now called Altria Group Inc. A proposal his firm sent to one client touted his connections. With an "especially close relationship with Senator Richard Shelby and his staff," it said, Mr. Hall has "successfully secured millions of dollars in appropriated funds" for clients.

After renaming his firm the Federalist Group, he began hiring other lobbyists, primarily young, Southern Republicans with ties to the top lawmakers. Eventually, he merged with a firm run by Wayne Berman, a top fund-raiser for Mr. Bush whose wife is currently the White House social secretary.

In 2003, Mr. Hall wanted a new challenge, he says, and decided to try to get into the government-contracting business. "I never let a lot of grass grow under my feet," he says.

IN THE MONTHS after the 9/11 attacks, Congress had created the Department of Homeland Security and funded it with a budget that is now $35 billion a year. Wars in Afghanistan and Iraq drove up defense spending to $500 billion last year from $300 billion in 2001. "Money poured into security and defense," says Mr. Hall. "The government as a market became very attractive....We felt like the time was then to start a new business opportunity."

Mr. Hall figured that Huntsville, one of the nation's defense-contracting hubs, would be a beneficiary. At a gated military compound stretching across 60 square miles of former cotton fields, more than three dozen federal agencies conduct research into defense, space and homeland security. Researchers at the Richard C. Shelby Center for Missile Intelligence analyze foreign missile systems and help U.S. pilots evade enemy attacks. A huge office park across the street is home to more than 200

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defense and aerospace contractors. All told, Congress funds about $20 billion in research and development in Huntsville each year, accounting for half the area jobs.

In the fall of 2003, Mr. Hall flew to Huntsville to meet Gary Ryan, a man with a lifetime of experience in Huntsville's contracting business. The two had met a decade earlier when Mr. Hall was an aide on Capitol Hill. When Mr. Hall arrived in Huntsville, he told Mr. Ryan that he could raise the money to buy a small government contractor in Huntsville if Mr. Ryan agreed to run it.

The government tries to help small businesses by setting aside some contracts for them. Within a few months, Messrs. Hall and Ryan had set their sights on Digital Fusion, which had been founded in New Jersey as Internet Broadcasting Systems during the technology boom. The company had struggled to find its niche. Initially it planned to deliver television content over the Internet. Then it shifted to computer networking and Internet services for businesses, then to hosting Web pages and providing Internet service.

It went public in March 1998. In 1999, its shares began plummeting as the dot-com bubble burst. The company shifted course yet again, buying a small Internet consulting firm in Tampa, Fla., and taking the name Digital Fusion. By the end of 2003, its market capitalization had shrunken to $2 million, its revenue was only $6 million, and just a few dozen employees were left.

Only a small portion of Digital Fusion's revenue came from government contracts. Mr. Hall figured it could do more, so he set out to buy a big stake. First, he started an investment fund, named after Madison County, which surrounds Huntsville. He chipped in about $300,000. Mr. Berman, his lobbying partner, invested. So did Ray Cole, another former aide to Mr. Shelby who worked at a competing lobbying firm, and Tom Young, Mr. Shelby's chief of staff for 12 years, then a political adviser to Sen. John McCain. Other investors included onetime top aides to former House Majority Leader Tom DeLay and former Senate Majority Leader Trent Lott.

Eventually, Mr. Hall raised $2.1 million. Between May and October 2004, Digital Fusion sold his group new stock and warrants that gave it a 27.7% stake, making it the largest single shareholder.

Not long after the deal was completed, the company won a $277,596 contract from the White House to install a customized software program to manage assets.

MUCH OF THE government's missile-defense research and development takes place in Huntsville, so one way to win contracts there is to bid for modeling and simulation work on the systems. Digital Fusion didn't have such a business, so it paid $2.7 million to buy Summit Research Corp., a smaller defense contractor that did, and hired an engineer with three decades of experience in Huntsville's defense industry. Days after the deal was struck, Summit won a $24.4 million Defense Department contract to help design and test software related to the missile-defense shield. John Cummings, a spokesman for the Space and Missile Defense Command, said the contract was awarded after a competitive bidding process.

To help land more contracts, Digital Fusion hired Mr. Shelby's appropriations aide, Joseph Summers. In a press release, Digital Fusion said his "considerable understanding of federal programs and processes will assist us tremendously in our pursuit of opportunities in markets such as NASA, Homeland Security, Intelligence and Defense."

In March 2005, Lt. Gen. Frank Libutti, a former top official at the Department of Homeland Security and a onetime Marine known for doing one-armed pushups during meetings, was hired to find homeland-security contracts. The following month, the company added to its board both Mr. Libutti and former Lt. Gen. Jay Garner, once the Bush administration's reconstruction czar in Iraq.

At about that time, Mr. Shelby became chairman of the appropriations subcommittee that funds science programs, including NASA's Marshall Space Flight Center in Huntsville. Mr. Shelby also served on the defense-spending committee.

Business has rolled in: $49 million to help NASA with accounting and procurement; $11.7 million to help integrate the missile-defense system; $12,554 to install software for the State Department's Baghdad annex; $2,522 to update computer software for the secretary of the Homeland Security Department; and $13,000 to configure computer equipment for the Army.

Although funding for all contracts comes from congressional appropriations committees, bid winners are generally chosen by the government agencies and departments for which the work will be done.

Digital Fusion secured the NASA contract, for example, through a competitive-bidding process run by the space agency's Huntsville-based Marshall Space Flight Center. A report prepared by an agency procurement director said that Digital Fusion's proposal was better than those of two other bidders, and that it "was not a close competition." Mr. Ryan, the seasoned defense-contracting executive recruited early on by Mr. Hall, had once performed similar work for another company. A spokesman for the flight center says the selection of Digital Fusion was based on the recommendation of a committee of experts, including procurement specialists. "No one tried to influence [the] decision in any way," the spokesman says.

Mr. Hall declines to detail how the company goes about winning contracts. The company noted in its 2005 annual report that the "relationships and reputation that many members of our senior management team have established and maintain with government personnel contribute to our ability to maintain good client relations and to identify new business opportunities."

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BECAUSE CONGRESS controls the purse strings, lawmakers can deny funding for projects they oppose or beef up spending on pet projects. In the five years before Mr. Hall invested, Digital Fusion executives made a total of $2,250 in political donations to all candidates. Although Mr. Hall says he has never lobbied Mr. Shelby on behalf of Digital Fusion, the company's executives and investors have contributed $60,500 to Mr. Shelby's Defend America PAC. Lawmakers use money from leadership PACs to help colleagues in other races.

Mr. Shelby says he is proud of the amount of defense-contracting money that he has helped bring to Huntsville, although he says he hasn't helped Digital Fusion get any of it. "I work for the community," he says. "It's very important to my state."

Last fall Mr. Hall and his partners sold their lobbying firm to Ogilvy Public Relations Worldwide, part of WPP Group PLC, for more than $20 million. Under the terms of the deal, he will continue to work there for a few more years.

The year Mr. Hall invested in Digital Fusion, it lost $1 million. Last year it reported net income of $7,000, its first profit ever. In September, it said it would deregister its common stock, freeing it from the obligation to file regular financial reports with the Securities and Exchange Commission. The company said doing so would save time and money.

The government accounted for nearly all of its business last year. This summer it opened a Washington office. "If you're not here, you're absent," says Mr. Libutti, the former Marine general, who now serves as the company's chairman and chief executive. "You have to physically be there … . You have to walk the hallways."

CIVIL RIGHTS:

Disabled Can't Use Park's Restrooms (APP)

By Bob Cullinane, STAFF WRITER

Asbury Park (NJ) Press, October 7, 2006

Feds: That's an ADA violation

By locking the front door of the Visitor Center in Thompson Park on weekends but leaving the back door open for restroom access, the Monmouth County Park System is likely violating federal law, a spokesman for the U.S. Department of Justice said Tuesday.

That's because the back door of the Middletown park building is at the top of an eight-step stairway, making the restrooms inaccessible to some people with disabilities, especially those in wheelchairs.

The park system cannot open the facility on weekends — the busiest visiting days in summer — "yet close the only accessible entrance to it" without violating standards of the federal Americans with Disabilities Act, said Eric Holland of the U.S. Department of Justice. His is the agency that enforces the regulations of the disability act.

Holland said that in order to comply with the law, the Park System must provide an entrance accessible to all visitors if it opens the building at all.

The front entrance has a ramp.

Policy not changing

Laura Kirkpatrick, the parks' public information officer, said there are no plans to open the front entrance on weekends.

"There are restroom facilities at the Craft Center (in the park) that are handicapped-accessible," Kirkpatrick said of another park building at the park's western end.

However, there is no sign at the Visitor Center advising people about the other location. And there are no paved public roads connecting the two buildings. Visitors would need to drive outside the park and re-enter at a different entrance on Newman Springs Road.

Kirkpatrick added that since the Visitor Center also houses park employee offices on the second floor, there are security concerns with opening the front entrance on weekends.

"You can't just open and let people walk through," she said of the building, which was recently renovated by the county at a cost of $3.6 million.

"County officials should know better," said Carolyn Schwebel, a Middletown resident who uses both a cane and a wheelchair to get around.

Schwebel, who recently filed a lawsuit charging that Monmouth County violates ADA access regulations at seven other county buildings, said she checked out the VisitorCenter last weekend after an Asbury Park Press story reported the building is closed on weekends. In addition to not having a ramp, "there are also supposed to be two handrails along the stairs," she said of the back entrance. There's only one handrail.

Park officials "probably just didn't think about wheelchairs when they decided to leave the back door open," said Jim Marzano, 70, of Union Beach, who has used a wheelchair his entire life.

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"Why don't they just unlock the front door on weekends? That would fix things."

Kirkpatrick, the parks spokeswoman, said that won't happen until sometime in October, when the park celebrates Thompson Park Day with an exhibit in the Visitor Center.

And there's no guarantee that after that, the park will keep the Visitor Center open on weekends.

"We plan to monitor attend-ance and see what kind of visitation we have," she said. "We may just open it seasonally."

"Internal" decision

Kirkpatrick said park officials did not consult with the director of the county's Office on Disabilities, Alexander Buono, about access to Visitor Center on weekends. Buono could not be reached for comment.

Kirkpatrick said park officials also did not contact federal authorities to see if the practice of leaving the center's back door open complied with ADA regulations.

Instead, she said, an "internal committee" made the decision that the park system was not violating ADA guidelines.

Dave Yanchulis, an accessibility specialist with the Access Board, a federal agency that maintains accessibility design standards, agreed that weekend access at the Visitor Center is likely in violation of federal law.

Stan Soden, a coordinator for Moceans, a "center for independent living" in Long Branch, said he is surprised by the county's noncompliance.

"I've been to a number of county parks, and they are relatively accessible in terms of the restrooms," said Soden, who uses a wheelchair.

Pat McShane, the executive director of Moceans, said the organization may contact both the county and the Department of Justice about the issue.

"We'd just like to make sure (the county) is in compliance" with ADA regulations, she said.

Justice Department May Investigate Case Against Sheriff's Office (DAYBNJ)

By Kenya Woodard, Staff Writer

Daytona Beach (FL) News-Journal, October 7, 2006

PALM COAST -- The Flagler County Sheriff's Office could face an investigation by the U.S. Department of Justice after a federal commission found "reasonable cause to believe" the office discriminated against an employee who was fired in May.

The U.S. Equal Employment Opportunity Commission said it found "reasonable cause to believe" the Sheriff's Office discriminated against former victim's advocate Vicky Peppin because of her Cuban background, according to a letter dated Aug. 31 from Federico Costales, director of the commission's Miami District.

In addition, the commission determined "that there was reasonable cause to believe" the Sheriff's Office retaliated against Peppin after she filed her complaint with the EEOC in November 2005, Costales said in a separate letter dated Aug. 31.

In a telephone interview Wednesday, Peppin said she felt compelled to file the complaint to fend off allegations of a poor work performance and to combat the harassment and discrimination she faced.

"The only thing I have is my name," she said. "All I wanted to do was my job."

The EEOC's ruling is the latest controversy involving the Sheriff's Office. The agency is still under a shroud of scandal following the May indictments of six deputies and the former jail director following investigations of inmate abuse. One of those investigations involved State Attorney John Tanner's daughter Lisa being strapped into a restraint chair at the jail. Two deputies were charged with abuse in that incident.

The EEOC's nine-month investigation began when Peppin filed a complaint with the commission in which she stated that she was being "discriminated against, harassed and retaliated against on a daily basis by the new sheriff and his staff."

In addition to the EEOC complaint, Peppin filed a lawsuit this summer in circuit court against the Sheriff's Office alleging wrongful termination.

In her EEOC complaint, Peppin, 45, also charged she was a victim of sex and age discrimination.

However, Costales told Peppin in a letter dated Aug. 31 that evidence obtained by the commission was "insufficient" to support those claims.

Costales told Peppin in a letter dated Sept. 18 that the commission's efforts to settle the case had been "unsuccessful" and it will forward the matter to the Department of Justice "for whatever action is deemed appropriate on this charge."

Peppin voluntarily turned over copies of the commission's ruling and other documents related to the investigation to The Daytona Beach News-Journal.

Sheriff's Office attorney Wayne Helsby said Thursday the EEOC passing the case along to the Department of Justice for review was "just part of the process."

"It doesn't signal anything," he said. "(Department of Justice) may or may not investigate."

Peppin was the former director of the Victim's Services Unit and began working in the Sheriff's Office under former Sheriff Bob McCarthy in 1999.

On Wednesday, Peppin said she never experienced any mistreatment while working under McCarthy or Jim Manfre, who became sheriff in 2000.

But things changed when Sheriff Don Fleming took office in January 2005, she said.

According to Peppin's complaint, Fleming demoted her as director of the victim's services division and cut her salary shortly after taking office. In September 2005, Peppin was formally stripped of her title and the victim's services unit was split between the Sheriff's Office in Bunnell and a precinct in Palm Coast. When Peppin asked about the changes, Look told her it was "due to a perception that we were not doing our jobs" and that "a division with three people did not need a director," the complaint said.

At that time, there were several departments operating with three or fewer people and white directors at the helm, Peppin said in her complaint.

Peppin said Wednesday she was fired from the Sheriff's Office because she filed the EEOC complaint.

But sheriff's officials dispute Peppin's claims in documents obtained by The News-Journal through a public records request.

In a statement to the EEOC, Helsby said Peppin's salary was readjusted after an evaluation found it to be "significantly inflated."

Peppin was "earning the salary of a 10-year supervisor" although she only had seven years of experience, Helsby said.

Peppin's title change was made to comply with the terms of a state grant that financed the victim's services division, Helsby said.

A supervisor also found that Peppin had mismanaged cases and that the Sheriff's Office had received complaints about her job performance from the Department of Children & Families and Diane Christen, director of the Family Life Center, a Flagler County women's shelter, Helsby said.

Peppin was fired in May after an internal investigation found she had violated agency policies and procedures, Helsby said in the statement.

Feds Clear St. Landry Elections (BRADV)

By Richard Burgess, Advocate Acadiana Bureau

Baton Rouge Advocate, October 7, 2006

OPELOUSAS — Federal observers found no irregularities in recent elections in St. Landry Parish, federal and state officials said Friday.

But a losing candidate in the town of Washington's mayoral race said he plans to file a legal challenge alleging widespread voter registration fraud.

A team of observers with the U.S. Department of Justice kept watch on last Saturday's elections in St. Landry Parish after complaints of possible racial intimidation of voters, particularly in the sheriff's race.

"They gave us a clean bill of health," said St. Landry Parish Clerk of Court Charles Jagneaux.

Justice Department observers are expected to return to the parish for the Nov. 7 election, which includes a runoff in the sheriff's race between Laura Balthazar and Bobby Guidroz and the general election for U.S. Representative in the 7th Congressional District.

U.S. Atorney Donald Washington said the concern over voter intimidation arose during a routine pre-election meeting between state election officials and Justice Department.

Though federal observers noted no complaints on election day, Washington mayoral candidate Anthony James Soileau said he plans to file a lawsuit Monday to challenge the qualifications of at least 40 voters.

Incumbent Joseph "Joe" Pitre retained the mayor's seat with 299 votes to Soileau's 217. A third candidate, Thirkield Smith, received 58.

Soileau said he began working to verify voter registration records before the election. He alleges that dozens of out-of-towners registered to vote in Washington using the addresses of abandoned houses or the names of dead people.

He also claims that felons who had lost their right to vote were allowed to cast ballots.

"I was amazed how easy it is to commit voter fraud," Soileau said.

Soileau said he does not have evidence linking his opponents to the alleged voter fraud.

Washington, the U.S. attorney, said he has heard second-hand of the complaints of voter fraud in the Town of Washington.

"We do want to take a look at those issues," he said.

An investigation of similar complaints in the 2002 St. Martinville elections resulted in the conviction of a former city councilwoman for falsifying voter registration information to allow people who lived outside of her district to vote there.

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Same-sex Rite Stalls Judge Nomination (AP)

By Sam Hananel And Ken Thomas

AP, October 7, 2006

A judge's elevation to the federal bench could be derailed because she helped preside over a commitment ceremony for a lesbian couple four years ago.

Republican Sen. Sam Brownback of Kansas has placed a hold on the nomination of Michigan Court of Appeals Judge Janet T. Neff, saying her presence at the 2002 Massachusetts ceremony raises questions about her judicial philosophy.

"It seems to speak about her view of judicial activism," Brownback said Friday. "It's something I want to inquire of her further."

Brownback, a vehement opponent of gay marriage who has presidential ambitions, said he wants to know whether Neff might have presided over "an illegal marriage ceremony" that skirted Massachusetts law. He has asked the Justice Department for a formal legal opinion on Neff's conduct.

Ceremonies marking the union of same-sex couples are usually symbolic events that carry no legal benefits and require no government approval. Massachusetts did not recognize gay marriages in 2002 but legalized same-sex marriage two years later after a ruling from its highest court.

Conservative activists expressed concerns about Neff after seeing her name in a September 2002 New York Times "Weddings/Celebrations" announcement. It said Neff led the commitment ceremony for Karen Adelman and Mary Curtin with the Rev. Kelly A. Gallagher, a minister of the United Church of Christ.

Both women are former employees of the gay rights group Human Rights Campaign in Washington.

"When she did the commitment ceremony, she was doing it in her role as a judge, and that draws up a serious question," said Tom McClusky, a spokesman for the Family Research Council, a conservative group. "She would be more sympathetic to an activist on the issue of homosexual marriage."

The Senate Judiciary Committee last week approved Neff for a seat on the U.S. District Court in Michigan's Western District, and the nomination is pending before the full Senate. A single senator can block a nomination from moving forward by placing a hold on it.

Neither Neff nor a White House spokesman returned calls seeking comment on Friday.

Sen. Carl Levin, D-Mich., who learned about the ceremony this week, said based on the newspaper announcement it didn't sound like Neff did anything illegal.

"There's no reason why two people can't stand up and exchange commitments with each other provided they don't do anything illegal," Levin said.

Brownback cited recent instances in California and New York where local officials issued marriage licenses to same-sex couples contrary to existing laws.

"I don't know what she did," Brownback said. "That's why there's a factual question."

Gay activists call Brownback's inquiry a publicity stunt that is irrelevant to Neff's qualifications.

"This has got nothing to do with legal or ethical concerns by Sam Brownback and everything to do with him finding another opportunity to show himself to be the mean-spirited bigot that he is," said Joe Solmonese, president of the Human Rights Campaign.

Neff, 61, has served on the Michigan Court of Appeals since 1989. She was nominated by President Bush in June — along with Grand Rapids attorney Robert Jonker and Berrien County Circuit Judge Paul Maloney — to fill three vacancies on the district court.

Levin said Neff was nominated along with Jonker and Maloney as part of an agreement he and Sen. Debbie Stabenow, D-Mich., reached with the White House. Brownback said Neff has a more liberal reputation while Jonker and Maloney are considered conservatives.

McClusky said he doesn't understand why Bush struck a deal to appoint Neff and said the president is going back on his promise to appoint judges in the mold of Supreme Court Justices Antonin Scalia and Clarence Thomas.

Bush has long advocated a ban on gay marriage. In July, a proposed constitutional amendment to ban same-sex marriage failed to win the needed two-thirds support in both the Senate and House.

Forty-five states have either constitutional amendments banning gay marriage or statutes outlawing same-sex weddings. Twenty states, including Michigan, have approved bans on same-sex marriage, and eight states are considering similar measures in November.

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ANTITRUST:

AT&T-BellSouth Deal Looking Sweeter (AJC)

By Scott Leith, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 7, 2006

Federal regulators are still weighing their approval of AT&T's deal to acquire BellSouth. But the buyout, as it draws close, has earned the blessing of Wall Street.

Slowly but surely, shares of AT&T and BellSouth have climbed since the companies announced their deal March 5. As a result, the value of the transaction has spiked by about $10 billion, to a total of about $99 billion at the moment. AT&T's purchase of BellSouth is easily the most expensive acquisition involving a Georgia company — ever.

BellSouth shares, which closed at $31.46 just prior to the news that AT&T would buy the company, have been trading in the mid-to-low $40s lately. Shares topped $44 on Sept. 25, their highest level in five years but still well below the all-time peak of $52.31 on April 11, 2000.

The jump is particularly noteworthy in Georgia, home to a high concentration of BellSouth shareholders — about 50,000 of them. After the deal closes, those shareholders will get AT&T stock, which has traded upward in tandem with BellSouth.

AT&T shares, meanwhile, have partly recovered from their malaise. AT&T, formerly known as SBC Communications, reached a high of $33.49 on Sept. 25, which put shares in territory not seen since the middle of 2002.

The spike in share prices means the value of the deal has jumped, given that AT&T's purchase of BellSouth is an all-stock transaction. At current prices, the deal is valued at about $77 billion in stock and $22 billion in BellSouth debt.

Announced deal put worth at $89B

When the deal was announced, the price tag was $67 billion in stock plus $22 billion in debt, for a total of $89 billion.

BellSouth shareholders will receive 1.325 shares of AT&T for each share of BellSouth.

Analyst Tim Horan, of CIBC World Markets, recently raised his targets for AT&T performance. He thinks the deal will help earnings next year instead of causing a slight drag.

But analysts differ on AT&T's expected performance. The consensus estimate is for shares to be trading at about $33 a year from now. But Horan, who is bullish, believes AT&T will climb to $40.

Though BellSouth Chairman and Chief Executive Duane Ackerman was criticized at times for not pursuing deals that could have expanded the company, spokesman Jeff Battcher said the results show the sale to AT&T was the right move.

"With a 60 percent increase in our stock price in the last 12 months, it is clearly obvious that shareholders overwhelming approve of the direction that Duane Ackerman has put BellSouth on," Battcher said.

Before the deal can close, AT&T needs approval from the Department of Justice and the Federal Communications Commission.

The DOJ could announce a decision at any time; the FCC is scheduled to vote on the issue Thursday, although meeting times have been known to change.

ENVIRONMENT:

EPA Criticized For Not Toughening Soot Law (LAT)

By Janet Wilson

The Los Angeles Times, October 7, 2006

Up to 24,000 lives could be saved annually in the U.S., and savings on healthcare and in other areas would outweigh the costs, a panel says.

As many as 24,000 lives — a large number of them Californians' — could have been saved each year if the head of the Environmental Protection Agency had tightened soot standards by one microgram per cubic meter annually, according to an analysis released Friday.

The cost-benefit analysis also shows that although the tab for power plants, refineries, auto manufacturers and other industry for such a change would be about $1.9 billion a year — or about $15 per household — the savings in healthcare costs, work and school attendance and other benefits would be between $4.3 billion and $51 billion.

Exposure to soot, or fine particulate matter, has been repeatedly linked to respiratory and cardiac illness and premature death. Southern California and the San Joaquin Valley have the worst fine particulate pollution in the nation, largely because of diesel-powered vehicles. The estimates found as many as 6,400 lives would be saved annually in California.

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By law, the EPA is not allowed to consider the costs of a new regulation. But it, along with all other federal agencies, is required to calculate them. The agency is required to consider health benefits.

EPA administrator Stephen Johnson has been harshly criticized by medical groups, environmentalists and his own science advisors for his Sept. 21 decision to retain a standard allowing annual exposure of 15 micrograms per cubic meter, rather than tightening it to 14 micrograms or fewer.

The American Medical Assn., the American Lung Assn., pediatric and environmental groups and scores of doctors and academics who specialize in heart and lung disease had asked Johnson to set a standard of between 12 and 14 micrograms per cubic meter of air for fine particulates, saying that study after study had shown a correlation between increased exposure to soot and higher numbers of illnesses and deaths.

Friday's online posting unleashed a new round of criticism.

"It's pretty sobering and shocking stuff to realize the agency concluded the human cost of refusing to strengthen these air quality protections was going to be [thousands of lives] lost each year," said attorney John Walke, the clean air director for the Natural Resources Defense Council.

Walke said that although the cost to industry "is not insignificant … it pales in comparison to the $50 billion annually that they project will be incurred in healthcare costs as a result of the failure to upgrade the standards."

"It's pretty darned obvious that better standards would mean fewer premature deaths," said Frank O'Donnell of Clean Air Watch.

Industry representatives could not be reached for comment late Friday.

Johnson did significantly tighten daily exposure amounts to soot, cutting the allowable level from 65 to 35 micrograms, which electric industry representatives in particular had criticized as being of unproven need and costly. The same analysis released Friday shows as many as 13,000 lives will be saved as a result of that change, at a cost of $5 billion annually, with $9 billion to $76 billion in social benefits. Johnson was not available for comment Friday. He said at the time of his decision that "reasonable minds can disagree" and that there was disagreement among scientists on the evidence concerning annual particulate exposure.

But the analysis released Friday shows that every member of a 12-member panel of scientists convened at the request of the White House Office of Management and Budget and National Academy of Sciences found that thousands of additional lives could be saved if the tougher annual standard were adopted.

The panel was made up of authors of the studies that Johnson used and specialists picked by their peers as the leading experts in particulate pollution. All reviewed the available literature on soot illness and death and primarily relied on the same two studies that Johnson did in making their estimates.

"I feel that he didn't really take into account the best available science, which is now saying very clearly that there are very significant health effects related to this longer-term exposure," said Dr. Bart Ostro, one of the 12 panelists and chief of the air pollution epidemiology section for the California EPA.

Ostro said the science panel had set risk percentages of increased illness and mortality, which the EPA then converted into possible deaths based on U.S. population and total death rates. Under a limit of 14 micrograms, those estimates found a range of lives saved from 2,200 to 24,000, or an average 13,000 annually. In all cases, the highest number of deaths avoided would be in California.

Ostro said that because California has the most fine particulate pollution and a large population, "we would see a large chunk of the benefits" if the standard were set at 14 micrograms.

"We're talking about … hospitalization and emergency room visits, asthma attacks and work loss as well as mortality," he said.

Acting assistant EPA administrator William Wehrum, who worked with Johnson on the new rules, said Friday that the new analysis was not ready when Johnson made his decision, so it was not included as part of that process. But it would be helpful in future regulations, he said, adding that Johnson and agency staff "absolutely considered impacts to human health."

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FBI/DEA/ATF/USMS:

U.S. Indicts 56 On Drug, Laundering Charges (WT)

By Jerry Seper

The Washington Times, October 7, 2006

Federal authorities yesterday announced the indictment of 56 persons on drug-smuggling and money-laundering charges, 27 of whom were arrested for their purported links to international drug cartels.

The arrests were part of "Operation Watusi," coordinated by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA), along with the FBI's "Operation Green Traketon" -- operating under the Organized Crime Drug Enforcement Task Force.

The investigations focused on drug cartels that operated in Puerto Rico, Colombia, St. Martin, Netherlands Antilles, the U.S. Virgin Islands, the British Virgin Islands and the Dominican Republic.

ICE spokesman Dean Boyd said simultaneous arrests took place in several countries. Numerous foreign and domestic bank accounts were seized, along with $3.1 million cash, about 4,000 pounds of cocaine and six boats.

According to one of the indictments, a purported leader of one of the organizations, Luis Pena-Pena, coordinated the kidnapping of an undercover ICE agent in Medellin, Colombia, in December. The indictment also said a ransom of $2 million was requested for the release of the undercover agent.

The purported drug traffickers, who thought they were dealing with a drug smuggler, later discovered the kidnapped man was a U.S. drug agent and he was released.

"We will leave no stone unturned in hunting down those that kidnap and threaten undercover ICE agents. In this case, our agent was fortunate to escape with his life," said Homeland Security Assistant Secretary Julie B. Myers, who heads ICE.

Two of eight indictments in the probe said the cartel members and their co-conspirators coordinated the transportation of multimillion-dollar shipments of cocaine from South America to Puerto Rico via boat. Seven of the eight indictments accused cartel members of laundering the narcotics proceeds through various financial transactions.

Mr. Boyd said the cash was laundered through a complex money-laundering scheme known as the "Black Market Peso Exchange."

During the investigation, Mr. Boyd said federal agents were able to infiltrate money-laundering and drug-trafficking organizations, identifying the source of the drugs, the foreign and domestic drug transporters, a distributor and money launderers. As a result of the simultaneous arrests, he said, federal agents dismantled several drug-trafficking and money-laundering organizations.

IMMIGRATION:

Bush Pushes Guest Worker Program (AP)

By Deb Riechmann

AP, October 7, 2006

President Bush on Friday shoehorned a plug for his guest worker program between making a joke about an award winner and listening to love songs Friday at a White House celebration of Hispanic Heritage Month.

Bush said that as lawmakers debate immigration policy, they need to remember that while enforcing U.S. borders is important, it is only one step in the struggle to stop illegal immigration. He pressed Congress to pass his guest worker program to legally bring in new foreign workers and give some of the country's illegal immigrants a shot at U.S. citizenship.

"We must understand that you can't kick 12 million people out of your country — that we must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship," Bush said.

"Nobody in our land wants to grant automatic amnesty. But everybody in our land understands these people must be treated with respect and dignity," he continued. "There are citizenship lines for people from our neighborhood. People ought to be given a chance to get at the back of the citizenship line and have a chance."

Latin pop singer Ana Christina closed the event in the East Room with three love songs, singing one in English and two in Spanish.

Bush opened the event with a few jokes.

"I am proud to be here with Lt. Col. Consuelo Kickbusch," Bush said about an influential Hispanic motivational speaker and the highest ranking Hispanic woman in the Army, who won the 2006 Hispanic Heritage Award.

"Interesting name: Kickbusch," Bush said. "Sounds like a political campaign."

President Touts Alien Citizenship (WT)

By Stephen Dinan

The Washington Times, October 7, 2006

DOJ_NMG_0078610

On the heels of signing a bill to boost border security funding, President Bush yesterday said immigration reform requires granting citizenship to current illegal aliens.

"You can't kick 12 million people out of your country," Mr. Bush said at the White House celebration of Hispanic Heritage Month. "We must figure out a way to say to those that if you're lawful and if you've contributed to the United States of America, there is a way for you to eventually earn citizenship."

Since this spring, Mr. Bush has been a supporter of allowing some illegal aliens to earn citizenship, and he backed a Senate plan that divided immigrants, giving longtime illegal aliens a chance for citizenship while withholding that chance from less-entrenched illegal aliens.

Any action on immigration will have to wait until Congress returns, either during a lame-duck session after next month's elections or next year, when a new Congress is sworn in.

But in the meantime, Mr. Bush will soon sign a bill authorizing 700 miles of fence to be built along the U.S.-Mexico border. This week he signed a spending bill that included the first installment of money for that fence, as well as for other infrastructure such as vehicle barriers and ground-based radar.

The fence is already stirring the political pot, even before construction begins.

Mexican officials sent a diplomatic protest to the Bush administration this week and have said they doubt the fence will ever be built. A report in The Washington Post yesterday seemed to concur, stating that the wording of the fence and spending measures gives the Bush administration so much leeway that it is unlikely the 700 miles will be completed.

But Rep. Duncan Hunter, California Republican, who wrote the fence provisions that passed last year as part of the House's enforcement-only bill, said yesterday that building the fence is not optional.

He held a press conference yesterday on the U.S.-Mexico border to address the report and said the language in the bill means the administration "shall" build it.

During the celebration of Hispanic Heritage Month Mr. Bush praised U.S. troops who are Hispanic, noting that more than 200,000 are in uniform now.

He also urged that the immigration debate not turn nasty.

"We are a land of immigrants, and as we debate immigration policy, we must always keep that important fact in mind," Mr. Bush said.

It is the first time the president has used the phrase "earn citizenship," a description popular among groups that lobby for granting rights to illegal aliens. But many critics, including Republican leaders, equate that concept with amnesty.

Mr. Bush had some fun with one of yesterday's visitors to the White House, retired Lt. Col. Consuelo Kickbusch, winner of the 2006 Hispanic Heritage Award for leadership.

"Interesting name, 'Kickbusch' -- sounds like a political campaign," the president said.

This article is based in part on wire service reports

Silencing Of A Speech Causes A Furor (NYT)

By Karen W. Arenson And Damien Cave

The New York Times, October 7, 2006

When protesters stormed a Columbia University stage on Wednesday evening, shutting down a speech by the head of a fiercely anti-immigration group, they not only stopped the program, but also hurtled the university back into the debate over free speech on campus.

The fracas, which came just weeks after the president of Iran was invited to speak at Columbia and then told not to come, was captured live by Columbia's student-run television station, CTV, as well as by two commercial stations. It was shown repeatedly on television in New York yesterday and was widely available on the Internet.

Yesterday Mayor Michael R. Bloomberg chastised Columbia for the disruption. "I think it's an outrage that somebody that was invited to speak didn't get a chance to speak," he said in response to a question on his weekly radio program.

"Bollinger's just got to get his hands around this," Mr. Bloomberg added, referring to Columbia's president, Lee C. Bollinger. "There are too many incidents at the same school where people get censored," he said, using Iranian President Mahmoud Ahmadinejad as an example.

This time the speaker, invited by a campus Republican group, was Jim Gilchrist, the head of the Minuteman Project, which assembled hundreds of volunteers last year, some armed, to patrol the Arizona-Mexico border for illegal immigrants.

Mr. Bollinger, a legal scholar whose specialty is free speech and the First Amendment, quickly condemned this week's disruption.

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"Students and faculty have rights to invite speakers to the campus," he said yesterday in an interview. "Others have rights to hear them. Those who wish to protest have rights to do so. No one, however, shall have the right or the power to use the cover of protest to silence speakers."

He added, "There is a vast difference between reasonable protest that allows a speaker to continue, and protest that makes it impossible for speech to continue."

Monique Dols, a senior in history at Columbia's School of General Studies, said she had mounted the stage in protest and unfurled a banner but that at such events in the past the speakers had kept going.

"We have always been escorted off the stage and the event continues," she said, adding that this time the protesters were attacked.

"We were punched and kicked," she said. "Unfortunately, the story being circulated is that we initiated the violence."

While college campuses have long been battlegrounds for freedom of speech issues, Columbia seems to attract more attention than most when such problems arise, perhaps because of its location in New York and its history of political protest.

Mr. Bollinger, who has held high-level positions at the University of Michigan and Dartmouth, said he did not believe that Columbia was unusual in the number of disputes over free speech. Officials are studying whether disciplinary steps are warranted, he said.

On campus yesterday, many people condemned the silencing of Mr. Gilchrist.

"I think it was really wrong not to let him speak," said Anusha Sriram, 18, a Columbia freshman studying political science and human rights, who moved to the United States from Mumbai five years ago. "He wasn't being violent. He was giving his view peacefully."

She said she was upset that by keeping Mr. Gilchrist from speaking, the protesters had unwittingly turned the tables of the discussion against themselves.

"That just undermined the entire protest," she said. "Now everyone looks at the protest in a bad light instead of him in a bad light."

She added, "They should invite him back and maybe set up a debate."

The program was sponsored by the Columbia University College Republicans, a five-year-old group that says on its Web site that it has 600 members. Its president, Chris Kulawik, a junior, is described on the site as a "staunch conservative" who "endeavors to attain the cherished title of 'Most Despised Person on Campus.' "

He said he was "very much surprised" by Wednesday night's events.

"We always understood that this is a very left-wing campus," he said. "But to see your peers resort to physical violence because they disagree with you is very frightening."

He said he had been working to ensure there is more campus security next week when his group has three more potentially controversial speakers, including Walid Shoebat, a former P.L.O. member, and Hilmar von Campe, an author who fought for Germany during World War II.

When asked how he chooses speakers, and whether he tries to stir up controversy, he said he chooses people that his group's members request.

Wei Wei Hsing, 20, is a junior at Columbia and general manager of the Columbia Political Union, which has frequently co-sponsored events with the College Republicans, including a lecture by John Ashcroft last year. She criticized both Mr. Gilchrist's supporters and the protesters for yelling and shouting before the lecture started, setting a tone of intolerance. But she said the controversy simply reflected the political mood. "The polarization of the country in general is reflected in the microcosm of Columbia," she said. "And because people here happen to read the news more, and talk about politics, it's expressed more outwardly."

The Minuteman Project, which calls itself a "citizens' vigilance operation," featured photos, video and news accounts of the Columbia events yesterday on its Web site and said they amounted "a riot."

"At Columbia University free speech took quite the hit," it said. "At an event hosted by the college Republicans at Columbia we were reminded that the left advocates free speech only for those who regurgitate the same tripe that they spew."

Columbia officials said yesterday that while there had been pushing and shoving on stage, as protesters surrounded Mr. Gilchrist and others tried to defend him, there were no reports of injuries.

Mr. Bollinger said he believed that the importance of free speech must be reinforced repeatedly. He said he hoped to do "a number of things" over the next several weeks to accomplish that on campus.

Donna Lieberman, executive director of the New York Civil Liberties Union, said yesterday, "Academic freedom thrives when all ideas, including racist ideas, have the opportunity to be aired."

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CONGRESS-ADMINISTRATION:

Budget Deficit Drops To $250 Billion (AP)

By Andrew Taylor

AP, October 7, 2006

The federal budget deficit estimate for the fiscal year just completed has dropped to $250 billion, congressional estimators said Friday, as the economy continued to fuel impressive tax revenues.

The Congressional Budget Office's latest estimate is $10 billion below CBO predictions issued in August and well below a July White House prediction of $296 billion.

The improving deficit picture — Bush predicted a $423 billion deficit in his February budget — has been driven by better-than-expected tax receipts, especially from corporate profits, CBO said.

The 2005 deficit registered $318 billion; the record $413 billion deficit was posted in 2004.

At $250 billion, it would be the lowest since the $158 billion figure in 2002, the first deficit following four years of surpluses.

The CBO estimate continues a positive trend on the deficit after a grim deficit performance during President Bush's first term, and comes despite soaring war costs and $50 billion in emergency spending for hurricane relief.

House Budget Committee Chairman Jim Nussle, R-Iowa, credited the improving deficit numbers to "a responsible budget blueprint and pro-growth policies," even as Democrats pointed out that at $250 billion, the deficit is still one of the largest in history.

"Though today's estimates for 2006 are not as pessimistic as some earlier estimates, it is clear that the budget remains on the wrong track," said top budget panel Democrat John Spratt Jr. of South Carolina. "The Congressional Budget Office and even the Bush administration are estimating that deficits will be even larger next year."

White House budget chief Rob Portman said the economy's current performance, with the unemployment dropping to 4.6 percent in September and the Dow Jones industrial average hitting record highs this week, provided more evidence that the president's economic policies are working.

"This economy is strong and growing," Portman told reporters at a briefing. "This is a very strong indication that the president's tax relief program is working."

But when measured against the size of the economy, which is the comparison economists think is most important, the deficit picture looks even better.

At 1.9 percent of gross domestic product, the 2006 deficit registers far below those seen in the 1980s and early 1990s. The modern record of 6 percent of GDP came in 1983 and deficits greater than 4 percent in 1991 and 1992 drove Congress to embark on a 1993 deficit-cutting drive.

Still, the long-term deficit picture remains bleak due to the looming retirement of the Baby Boom generation, which threatens to swamp Social Security and the Medicare health care program for the elderly.

The CBO estimates reflect actual government revenues and expenditures through August and estimates for September. The Treasury and the White House budget office are expected to release official deficit numbers next week.

Tax receipts are up $253 billion, a whopping 12 percent over last year. That's the thirds consecutive year of strong revenue growth after a dismal performance in the early part of the decade. Revenues dropped three years in a row after fiscal 2000 but picked up again in 2004.

Taxes paid quarterly on corporate profits and by wealthier people and small businessmen were especially strong in 2006. Corporate income taxes rose 27 percent over 2005 while nonwithheld receipts increased 19 percent.

In contrast, income taxes and payroll taxes for Social Security, Medicare and unemployment insurance grew by only 7 percent. Critics of GOP economic policies say that's a sign that lower- and middle-income people aren't getting as much of a lift from the current recovery.

"The benefits of the economic expansion have not been equally distributed," said Jim Horney, a budget analysts for the liberal-leaning Center on Budget and Policy Priorities.

Budget Deficit Progress Will Be Tough To Sustain (WSJ)

By David Wessel

The Wall Street Journal, October 7, 2006

THE WHITE HOUSE, eager to share some good news before the November elections, will release next week the final deficit tally for the fiscal year ended Sept. 30. The news will be good: The deficit is likely to come in well below the previous year's $318 billion, perhaps as low as $250 billion if the Congressional Budget Office's guess is right.

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That will allow President Bush to boast that he has met his goal of halving the deficit, measured as a share of the gross domestic product, ahead of schedule. "The president's goal of cutting the deficit in half by 2009, which drew the scoffs of many, is now likely to be reached before that date," Edward Lazear, chairman of the White House Council of Economic Advisers, told the Senate Budget Committee the other day, a preview of what's to come next week. There's even talk that the president will set a new headline-grabbing goal: balancing the federal budget by the end of the decade.

That would require a major change in fiscal policy, such as spending cuts or tax increases. Despite the good news about last year -- largely the result of a remarkable 12% surge in tax receipts from individuals and corporations that overwhelmed a nearly 9% increase in spending -- the smart money says the deficit is very likely to get deeper from here. "The world doesn't end, but the deficit goes in the other direction next year," says Douglas Holtz-Eakin, a former CBO director. Interest rates are rising, adding to the government's annual interest tab. Iraq continues to be costly. The revenue surge already is beginning to fade. And a slowing economy is likely to restrain revenue growth even further. A one-percentage-point drop in economic growth for a full year increases the deficit by about $35 billion.

Pleasant-looking projections that suggest a happier near-term deficit trend obscure two big items: They assume that Congress will resist intense lobbying by the American Medical Association and allow an existing law to take effect that would slice Medicare doctors' fees by 5%. Just delaying the cut by one year would add $11 billion to the deficit over five years. And then there's the pesky Alternative Minimum Tax, which needs another adjustment to stop it from reaching further into the middle class, one that would cost nearly $50 billion a year.

Budget wonks on Capitol Hill fret that these short-term deficit "improvements" will lead their bosses to conclude that they needn't make major changes to Medicare, Medicaid and Social Security spending, thereby precipitating even tougher choices in the future. New Federal Reserve Chairman Ben Bernanke, echoing his predecessor's warnings of a demographic time bomb, said this past week: "At the heart of the choices our elected representatives will have to make...will be an issue of fairness: What responsibility do we, who are alive today, have to future generations?"

FDA Budget Malnourished (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, October 7, 2006

A study of ADHD drug risks may be halted as the agency struggles to keep up with demands.

WASHINGTON — When scientific advisors urged the Food and Drug Administration in February to put a strong warning about suspected cardiovascular risks on attention-deficit drugs taken by millions of children and adults, agency officials said more clinical evidence was needed.

Now, the FDA-funded study meant to authoritatively answer questions about the drugs for attention-deficit hyperactivity disorder may be halted in midstream. The reason: The agency doesn't have the money to finish it.

The threat to the study, as revealed in documents and interviews, stems from chronic shortchanging of the nation's drug safety program. It is one symptom of a federal agency increasingly constrained by a budget that has failed to keep up with costs. This crunch is even more dire in the food division, which tries to keep tainted foodstuffs from supermarket shelves.

Even as concerns grow, the agency has budgeted only $1.6 million for such safety studies of medications already on the market, and that number is scheduled to drop to $900,000 in the coming year. Outside experts estimate that the agency needs $20 million to $100 million a year to conduct such studies.

Recently, three former secretaries of Health and Human Services sounded a public alarm about what they saw as a dangerous squeeze on the overall FDA budget. Tommy G. Thompson, who served in President Bush's first term; Donna Shalala, who served under President Clinton; and Louis W. Sullivan, who served under President George H.W. Bush, joined consumer and industry groups in calling on the administration to substantially boost — perhaps double — the agency's $1.5-billion annual budget, which has increased only modestly in recent years.

FDA officials declined to discuss problems with funding for drug safety, saying the issue was under internal review. In a statement, the agency acknowledged that more money was needed for safety and noted that funding to complete the ADHD study had "not yet been identified."

A special fact-finding panel of the Institute of Medicine recently put the troubles in blunt terms in a report that called for significant FDA changes. Funding for drug safety is "especially inadequate [and] resource limitations have hobbled the agency's ability to improve and expand this essential component of its mission," the panel concluded.

FDA officials estimate the study of ADHD medications, including such well-known brands as Ritalin and Adderall, will cost $2 million to $3 million. About $1 million has been committed.

By analyzing the records of thousands of individuals, outside medical researchers have been trying to determine whether the medications predispose patients to heart attacks and sudden death.

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Most ADHD drugs are derived from powerful stimulants. They help patients concentrate, but they also raise blood pressure, a major risk factor for heart disease and stroke. The medications, once given primarily to children, are increasingly prescribed for adults — a population more susceptible to heart problems. About 2.5 million children and 1.5 million adults now take such medications.

"If the FDA lacks the resources to complete the study of cardiovascular risks of ADHD drugs, the consequences can have a profound adverse impact on public health," said Dr. Steven Nissen, chairman of cardiovascular medicine at the Cleveland Clinic.

"The makers of these agents have no incentive to study the hazards of their own drugs. Therefore, the FDA will likely represent the only entity capable of objectively assessing the safety of the ADHD drugs."

The ADHD study is not the only example of a patchwork system.

The FDA bought — at a cost of $500,000 a year — a British database that is considered a state-of-the-art tool for drug safety research.

The General Practice Research Database contains complete medical records on 4 million patients that can be mined for information on reactions to drugs.

But the FDA has acknowledged that its drug safety office doesn't have enough professionals — epidemiologists, biostatisticians and computer programmers — to take full advantage of the database.

Meanwhile, the 90-person drug safety office is reeling from a surge in reports on medication side effects. The number of such "adverse event" reports jumped from about 250,000 in 2000 to more than 450,000 in 2005.

The trend reflects greater use of prescription drugs, growing awareness of their risks and improvements in the reporting system.

"We have to do difficult triage about which ones we are going to follow up on," said an FDA official closely involved with the agency's budget who asked not to be identified because of the sensitivity of discussions within the Bush administration. "Our funding is just not robust enough for scientific research."

Fully funding the ADHD risk study would mean "we wouldn't be able to do too many other studies," the official added.

The FDA's budget crunch has also hurt its ability to safeguard fresh produce, some critics say. That has become an issue in the aftermath of the E. coli outbreak traced to California spinach. The number of inspectors and field office staffers has been cut from 2,217 in 2003 to about 1,960.

"The agency is like a fire department running around with a little fire extinguisher," said Michael Jacobson, director of the Center for Science in the Public Interest, a nutrition advocacy group. "The money situation for foods is probably worse than it's ever been."

Earlier this year, the FDA's food division announced that budget pressures had forced cuts in its headquarters workforce from 950 in 2003 to fewer than 850, with further reductions expected.

The FDA has "been presented with unique challenges, and we will not be able to take on the same large number of objectives we have identified in previous years," Robert E. Brackett, director of the food division, wrote in an unusually candid letter to consumer and industry groups. "The challenges are likely to continue [in 2007] and beyond for domestic agencies in the federal government."

The agency's budget challenge has three facets, outside experts and agency officials say.

First, modest annual increases for the FDA have not kept up with escalating salaries for its doctors, pharmacologists, epidemiologists and other professionals. For example, experts in the FDA's Center for Drug Evaluation and Research made an average of $70,000 in 1997, but now command salaries of $140,000 to keep up with industry.

A recent internal FDA analysis estimated that the 2006 budget would have needed to be $2.2 billion — not $1.5 billion — just to keep pace with increases in personnel costs.

Second, the post-market drug safety program — with a few exceptions — is not allowed to tap into user fees that pharmaceutical companies pay the agency for the review of proposed new drugs. The user fees add about $400 million a year to the FDA's $1.5-billion budget.

Finally, compared with funding for the National Institutes of Health, which sponsors cutting-edge medical research, securing more money for the FDA has been a low priority for the administration and Congress. The NIH budget has increased from $20.5 billion in 2001 to $28.6 billion.

"There has been a dramatic increase in the attention focused on NIH, and we believe similar attention needs to be given to the FDA," said Sheila Burke, chairwoman of the Institute of Medicine panel that recently reported on drug safety. "The center of that effort has to be an increase in resources. There is no question that it needs to be done."

Meanwhile, despite the uncertainty over funding for the ADHD study, researchers are continuing work on it.

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They plan to use several medical databases to try to address three key issues: whether there is a link between ADHD drugs and higher rates of heart attack and sudden death in children; whether such a risk exists for adults; and whether there is a link between ADHD drugs and heart-rhythm abnormalities in children.

They have designed the study, but without more money won't be able to determine whether these popular drugs can lead to heart attacks.

"That's a very important question," said Laurel Habel, an epidemiologist at the Kaiser Foundation Research Institute in Oakland, which is participating in the study.

"These drugs are being prescribed for a large and growing number of children, and they are also being prescribed to a growing number of adults. And, in general, they are medications that are taken for the long term."

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President Bush To Honor His Father At Ship Christening (VAPILOT)

By Jon Glass

Hampton Roads Virginian-Pilot, October 7, 2006

NEWPORT NEWS - Today's christening of the aircraft carrier George H.W. Bush may be wet and windy, but workers building the $6 billion warship say they'll be shining.

"This will be a national asset, and I take a lot of pride in that," said Kevin Green, a construction superintendent at Northrop Grumman Newport News, on Friday afternoon. "This is our moment as a company to show off - this is our ship right now."

The massive gray CVN-77 towered 20 stories behind Green as work crews in hard hats and storm gear made final preparations for today's 10 a.m. ceremony in chilly, wind-driven rain. The National Weather Service forecast calls for light rain and 15 to 20 mph northerly winds this morning.

"It's going to be a wonderful day, regardless," said Scott Stabler, vice president of the company's CVN-77 program. "There are a handful of truly great days in shipbuilding, and the christening is one of them."

President Bush will give the keynote address in honor of his father, the carrier's namesake and the nation's 41st president, who will be present.

Construction on the ship, which began in 2001, is about 60 percent completed and is slated for delivery to the Navy in late 2008. The christening is open to the public.

Mr. Fixit (NYT)

By Jacob Heilbrunn

The New York Times, October 7, 2006

One of George W. Bush's most remarkable accomplishments has been to burnish the reputations of his Republican predecessors. The longer Bush is in office, the better they look by comparison. Even realist foreign policy doctrine, revered by Richard Nixon and George H. W. Bush and scorned for decades by the right as a synonym for pusillanimity, has begun to make something of a comeback within the ranks of the party, as William F. Buckley Jr. and George F. Will, among others, look askance at the neoconservative crusade that has issued in the Iraq imbroglio.

It would hardly be surprising if James A. Baker III felt a certain measure of vindication about this unexpected turn of events. Though the ruthlessly efficient Baker preserved — or, if you prefer, secured — Bush's victory in Florida during the contentious 2000 presidential election, he has always been condemned by the right as a moderate. Like many officials from the first Bush administration, including the former national security adviser Brent Scowcroft, Baker was exiled to the sidelines as the younger Bush embraced the right. Unlike Scowcroft, however, Baker has maintained a studied silence about the current Bush administration.

That doesn't change in " 'Work Hard, Study ... and Keep Out of Politics!' " (written with Steve Fiffer). Anyone looking for yet another Republican apostate to denounce Bush should look elsewhere. But there's no need to worry: the stiletto once wielded so deftly by Baker in Washington has not gone dull. Baker, who has already discussed the end of the cold war in an earlier book called "The Politics of Diplomacy," here offers a more personal account that implicitly contrasts the past with the present, and is the more telling for its restraint. He focuses on his years as a political operative and official in the Ford, Reagan and Bush 1 administrations to draw lessons about the importance of planning ahead in running political campaigns and governments. Though his memoir may at some points envelop the Reagan years in a nostalgic haze, it provides an extraordinarily illuminating account of the decades-old Republican feud between old-money power brokers and true believers. Ultimately, it shows how he successfully kept the right in check — and what happens when someone doesn't.

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Baker's pragmatic approach can probably be traced to the fact that money, not the political barricades, was what always interested his forebears: the title of his memoir was the motto of James Addison Baker, his grandfather and the family patriarch, who ran a law firm in Houston and helped transform that city into the capital of the American oil industry. The young Baker dutifully followed in the legal footsteps of his elders, but after the sudden death of his first wife, he was eager for a distraction. In 1970, he dropped out of the Democratic Party and signed on with the Republicans in order to join his longtime tennis doubles partner's campaign for the United States Senate. It failed, but "from that time forward," Baker writes, "I was hooked on politics and forever linked with the candidate, George Herbert Walker Bush." Baker, who chafed at continuing to work as a corporate lawyer, didn't get his big break until 1975, when Bush helped him land his first Washington job as under secretary of commerce in the Ford administration. Soon enough, the political smarts Baker displayed in dealing with unions and trade issues caught the eye of the White House, which tapped him to lead the hunt for swing delegates during the 1976 Republican primary fight against Ronald Reagan, who depicted Gerald Ford and Henry Kissinger as soft on the Red menace.

Baker sent out biographical questionnaires to the delegates and relentlessly stalked the uncommitteds, convinced "the contest would go to the outfit that did the best job of corralling its own herd while picking off strays from the other side." He picked them off. A grateful Ford promoted Baker to run his campaign against Jimmy Carter, but no amount of political savvy could rescue Ford from his serial self-inflicted wounds.

When Bush ran for the Republican presidential nomination in 1980, Baker was in his element. As his campaign manager, Baker drew on a network of contacts to raise money and, in an imitation of the 1976 Carter strategy, plotted to reduce the cluttered field to Reagan versus Bush as rapidly as possible. He succeeded. By sending out one million pieces of mail in the final week before the Iowa caucuses and making thousands of telephone calls, Baker outfoxed the Reagan forces, allowing Bush to score an upset victory. "Hell," said Charles Black, a Reagan political operative, "I didn't know it was gonna be a primary." But the tidal wave of the resurgent right soon washed over the Bush forces, and Bush's only political life preserver was to accept Reagan's offer of the vice-presidential nomination. It was a telling moment. Where Dwight Eisenhower had deigned to offer the vice presidency to Richard Nixon, now the right was the master and the Eastern Establishment the supplicant.

Still, Baker, against all the odds, managed to insinuate himself into the Reagan camp by offering unsolicited advice about the coming election to Reagan's campaign manager, William Casey, and to the Gipper himself. Even though Baker had led primary battles against him, Reagan recognized his talents and named him White House chief of staff. The right was apoplectic: it accused Baker of being a Trojan horse for the Eastern Establishment and of selling out its social agenda on abortion, school prayer and other hot-button issues. Baker knows better: he quotes Reagan as telling him, "Jim, I'd rather get 80 percent of what I want than to go over the cliff with my flag flying." Together with Michael Deaver and Ed Meese, Baker formed a "troika" that exercised firm control. According to him, this system gave Reagan "a functional administrative system to keep things moving, plus a useful way to hear competing views on important issues."

It was no accident that after Baker left to head the Treasury Department, Reagan's second term almost ended in disaster. Had Baker remained in the White House and become national security adviser, he would have unquestionably quashed the cabal that ended up hijacking Central American and Middle Eastern policy. Reagan wrote in his memoir, "My decision not to appoint Jim Baker as national security adviser, I suppose, was a turning point for my administration, although I had no idea at the time how significant it would prove to be." Instead, the lunatics took charge of the asylum, dragging a befuddled Reagan into the arms-for-hostages deal, which turned into the Iran-contra affair — a reckless endeavor prefiguring, in many ways, the ideological zealotry that, on a far grander scale, has mired the United States in Iraq.

As George H. W. Bush's secretary of state, Baker remained the object of the right's ire. Bush's refusal to continue on to Baghdad, reluctance to intervene in Bosnia and criticism of Israel were laid at the doorstep of realists like Baker, whose record was, in truth, not unblemished. Baker's realpolitik could curdle into cynical indifference when it came to the Balkans. But there is a difference between making mistakes and wholesale ineptitude. Only recently has George W. Bush reached out to Baker, acceding to his appointment as co-chairman of a high-level nonpartisan commission on Iraq. By now, however, it's unlikely that even this faithful retainer can once more pull Bush's chestnuts out of the fire.

Kicked While Down (NYT)

The New York Times, October 7, 2006

In a blow to labor unions, the National Labor Relations Board recently expanded the pool of workers exempted from union membership. Specifically, the labor board found that registered nurses who assigned others to some shifts or tasks were supervisors, and thus not eligible to join unions. It was a bad decision, not only because of the specifics of the case, but also in its broader ramifications.

There are good reasons to bar managers from unionizing. It is extremely difficult to run a large organization efficiently if the people at the top are unable to easily hold their managers accountable for overall success or failure. But responsibilities like

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making out a schedule do not amount to management. If they did, interns would be the only non- managers in many of today's workplaces.

Companies facing unionization drives have long found it convenient to discover that employees who are basically rank-and-file workers are actually managers. That seems to be the case with the nurses. The board's decision opens the door for possibly millions of health-care workers and other professionals to be disqualified from the option of union protection.

This is one more step curbing the power of organized labor since President Bush came to office. The administration's philosophical vendetta against unions has come at a time when their power is already on the wane. Membership has fallen to 7.8 percent of the private work force in this country, from over a third in the 1950's. Far from balancing the scales, the anti-union drive comes when workers are already at a historic low in bargaining strength. Despite a growing economy and rising productivity, hourly wages adjusted for inflation have declined 2 percent since 2003. Corporate profits, meanwhile, are at their highest share of gross domestic product since the 1960's.

We are getting closer and closer to a work force with no benefits and no substantive protections. Some unions succumbed to corruption and contributed to their own decline. But their role in giving common workers a voice is essential to a functioning society.

The Kennedy Court? (WSJ)

The Wall Street Journal, October 7, 2006

The Roberts Court started its second term this week, but to read the coverage you might think that the nine-member Supreme Court has been reduced to Justice Anthony Kennedy's single vote.

Of course, Samuel Alito and Chief Justice John Roberts are the new members, and it remains to be seen how they'll vote on some of the hot-button issues the court will hear this term. But in replacing Sandra Day O'Connor and William Rehnquist on the court, Messrs. Roberts and Alito have thrust Justice Kennedy onto center-stage, as he now stands squarely between the four liberal and four conservative Justices on a number of issues. We had a foretaste of this last term, with Justice Kennedy playing kingmaker in Hamdan v. Rumsfeld and Rapanos v. U.S. In both cases, the vote was effectively 4-1-4, with Justice Kennedy controlling the outcome and muddying the jurisprudence.

Hamdan dealt with the design of military commissions for trying detainees in the war on terror. Justice Kennedy mostly sided with the liberal minority in the case, turning the liberal bloc into a Kennedian majority and forcing Congress to write a set of rules by which some detainees may soon, finally, be tried. In Rapanos, an environmental-regulation case, Justice Kennedy more or less sided with the conservatives on the Court, but on idiosyncratic grounds that caused the Chief Justice to lament the resulting muddle.

It's unlikely we've seen the last one-man majority from Justice Kennedy. This possibility is not lost on the political left, which explains the current publicity given to Justice Kennedy's role. The hope seems to be that Justice Kennedy can be conditioned with carrots and sticks to make him the next Blackmun or Souter -- earning praise for his "moderation" if he votes with the liberal wing, but earning obloquy if he tacks right.

Thus, we can expect a good deal of hand-wringing about whether Justice Kennedy will take an "activist" view in the partial-birth abortion case docketed for November. Here the Court will weigh the constitutionality of the 2003 Partial-Birth Abortion Act. In 2000, the Court struck down a Nebraska law banning partial-birth abortions by a 5-4 vote. Justice Kennedy vigorously dissented from that decision, writing that the majority had misinterpreted Planned Parenthood v. Casey, the 1992 decision that Justice Kennedy helped write. This would seem to offer Justice Kennedy a clear rationale for upholding the federal ban on partial-birth abortions, which may be why pundits are already wondering aloud whether Justice Kennedy will adhere to his "strong respect for stare decisis."

In December the court will hear two consolidated race-related cases; both deal with the use of race in assigning public-school students to classrooms. In the 2003 University of Michigan affirmative-action cases, Sandra Day O'Connor cast the deciding votes. The Court upheld the Michigan law school's racial-preference program. Justice Kennedy dissented from that decision, but did so on the grounds that the decision didn't give judges adequate authority to review racial-preference programs in the future. Given this judicial-supremacist line of reasoning, it is difficult to know how Justice Kennedy will approach the racial-preference cases the Court will hear this term.

What is clear is that Justice Kennedy enjoys being in the position of he who decides. It seems this term will offer him ample scope to play Solomon. The problem with this "swing-vote" theory is that it trivializes the Court into a results-based political body when there are real judicial disputes to settle. The Court would be best helped if Justice Kennedy pointed it toward clarity rather than judicial confusion.

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OTHER NEWS:

U.S. Job Numbers Remain Strong (WP)

By Nell Henderson And Peter Baker

The Washington Post, October 7, 2006

Unemployment went down and paychecks went up last month, the government said yesterday, and it added that job growth for the year ending in March may have been far stronger than previously thought.

The announcements were greeted warmly by the White House -- and less so by the financial markets. Stock and bond prices fell amid fears the tight job market, by adding to inflation, will compel the Federal Reserve to hold interest rates steady or even raise them to slow economic growth. Many traders had convinced themselves that the Fed would cut rates early next year, but that looks increasingly unlikely.

President Bush traveled yesterday to a FedEx sorting facility to tout the job numbers and the rest of the Republican economic record a month before congressional elections.

"I'm pleased with the economic progress we're making," he said as other White House representatives used multiple briefings and statements to highlight yesterday's news.

The Labor Department's employment report -- and other figures released last week -- depict an economy that remained generally healthy in September outside of the slumping housing market. Workers found jobs and got paid more, while consumers hit the stores and auto showrooms to spend some of the extra cash gained from falling gasoline prices.

The unemployment rate fell to 4.6 percent in September from 4.7 percent in August, which was down from 4.8 percent in July. The jobless rate has varied from 4.6 to 4.8 percent all year. Considering that a few workers have such poor skills as to be nearly unemployable, many economists consider a rate below 5 percent to constitute full employment, meaning just about every worker with the skills and desire to work can find a job.

Demand for labor helped drive workers' average hourly wages, not including those of most managers, up to $16.84 last month. That's a 4 percent increase from September 2005, the fastest wage growth in more than five years.

But other details in the Labor report bolstered some economists' expectations that unemployment will rise as the housing downturn drags on, cooling economic growth to a below-average pace for many months.

The number of jobs on employers' payrolls rose only slightly in September, as employers turned more cautious in their hiring. Retailers, temporary employment agencies and manufacturers cut nearly as many jobs as other employers added. And a measure of the number of hours worked across the country slipped slightly last month, as it did the month before -- a tentative sign of softening labor demand.

The major stock indicators all fell yesterday, with analysts seeing the weak job growth as further evidence that economic growth is slowing while inflation pressures remain high. The Dow Jones industrial average, which had hit new records on three consecutive days last week, lost 16.48 points yesterday, or 0.14 percent, to close at 11,850.21.

The report reflects "an economy with a solid labor force," said Richard Yamarone, director of economic research at Argus Research Corp. But with low unemployment and rising wages, he said, "there's simply no way you can paint this report other than inflationary."

The Bush administration emphasized the positive. The president's advisers have been frustrated that he gets little credit for an economy that remains healthy by many measures. Just 39 percent of those questioned in the latest Washington Post-ABC News poll in August approved of Bush's handling of the economy, compared with 59 percent who disapproved.

"This economy is strong and growing," White House budget director Rob Portman said during a meeting with reporters. "The president's pro-growth policies, including the tax relief, are working."

Democrats rejected the administration effort as spin. "Under their economic policies, the rich are getting richer, the poor are getting poorer and the middle class is getting squeezed," Senate Minority Leader Harry M. Reid (D-Nev.) said in a statement. "President Bush may be 'pleased' with what his economy has done, but hard-working families know America needs a new direction."

Bush decided to highlight economic issues yesterday by spending part of his morning at the FedEx facility in Northeast Washington. He conducted an hour-long roundtable with business executives who described how they got started, and he used their stories to emphasize his tax cuts and other initiatives.

Bush also said he sees increasing protectionism and isolationism among the American people. When Clifton Broumand, who owns a Maryland company that makes keyboards and computer mice, complained that China rips off designs for his products, Bush shared the lament. "This is the problem," the president said.

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Democrats sought to shift attention to slowing economic growth, which has cooled from a torrid 5.6 percent annual rate in the first three months of the year to a pace closer to 2 percent in the second half of the year, by many estimates.

"Slower economic growth is taking its toll on job creation," declared Jack Reed (R.I.), the ranking Senate Democrat on Congress's Joint Economic Committee.

Though unemployment dipped, yesterday's data showed that employers added just 51,000 new jobs in September, a negligible number in an economy with 135.6 million payroll workers.

Labor analysts also released a preliminary finding that the economy may have added 810,000 more jobs than previously tallied in the 12 months that ended in March. If that estimate holds, it would mark a much bigger revision than usually occurs during a lengthy process of gathering information from unemployment insurance filings. And it would help explain why tax revenue surged so unexpectedly this spring and why consumer spending has held steady even as the cooling housing market has slowed the nation's economic growth.

The employers that added jobs last month included doctor's offices, hospital, insurers, lenders, restaurants and businesses that needed accountants and managers.

Employment related to housing has flattened, according to the Economic Policy Institute, which focuses on labor issues. Last year, housing-related industries -- construction, real estate and lending -- added 321,000 jobs, according to the institute's calculations. This year, they've added 6,000.

Another sign of potential weakness is the continuing decline in temporary service agency jobs, which have fallen by 36,000 since December. Employers tend to add temps as the economy gains momentum, waiting to see if the growth continues before adding permanent employees. Conversely, during a slowdown, "when layoffs may become necessary, the contract or temp workers are the first out the door," said Ray Stone, of Stone & McCarthy Research Associates.

US Labour Market Tighter Than Estimated (FT)

By Krishna Guha In Washington And Daniel Pimlott, Michael Mackenzie And Richard Beales In New York

Financial Times, October 7, 2006

The US economy added many more jobs than previously estimated in the later stages of the current cycle, dramatic new data revealed on Friday, raising the prospect that the labour market today may also be tighter than previously thought.

According to the new figures, the economy added 810,000 more jobs than earlier estimated between April 2005 and March 2006, an average of 67,500 more jobs every month over that period.

The upward revision – the biggest in a quarter of a century – casts the expansion in a new light, leaving it less “jobless” than before, though the rate of job creation since the 2001 recession remains low by historic standards.

Friday’s employment report also showed the unemployment rate fell from 4.7 per cent to 4.6 per cent in September.

The latest non-farm payroll numbers offered a mixed picture, with only 51,000 jobs added in September – well short of analysts’ estimates of about 125,000 – but a combined 61,000 upward revision for July and August.

The job market data sent stocks and bonds lower as the signs of unexpectedly high employment outweighed the weak headline growth in September.

Meanwhile, the Congressional Budget Office announced that it was cutting its estimate for the federal budget deficit by another $10bn to $250bn, down from $318bn the previous year.

Bush administration economic officials seized on the jobs and deficit numbers to try to draw political debate away from the scandal in Congress on to the economy ahead of mid-term elections next month.

“We now find we created not 5.7m new jobs but 6.6m new jobs since August 2003,” Rob Portman, director of the office of management and budget, said on Friday. “That happens to be about the time when the president’s tax relief was fully implemented.”

Mr Portman said the official figures for the deficit, which will be announced next week, will also be better than forecast in July, with tax revenues higher than their historic average of 18.2 per cent of gross domestic product. Some analysts said that the employment report vindicated the Federal Reserve’s continued focus on inflation in spite of signs of slowing economic growth in the US.

“A few key aspects of the report are strong and will add to fears that labour market resources are tight and will keep the pressure on the Fed to err on the side of tightening,” said Alan Ruskin, chief international strategist at RBS Greenwich Capital.

Hourly wages rose by 0.2 per cent, bringing the year-on-year increase to 4.0 per cent.

“The 810,000 upward revision was far larger than typical, and implies an increment of almost 70,000 to monthly payroll gains in the year ending in March,” said Peter Kretzmer, senior economist at Bank of America.

Joshua Shapiro, chief US economist at MFR, said the revisions pointed to “a much more vibrant labour market in the not too distant past than had been reported earlier”.

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Stocks were lower on the news after three days of multi-year highs. Treasuries also fell on fears the report made it less likely the Fed would cut rates next year.

"The bond market was looking for further signs of moderation and didn't get it," said Kevin Flanagan, fixed income strategist at Morgan Stanley.

He said the upward revisions and wage growth did not support the market perception the Fed could cut rates soon.

But other economists questioned the reliability of the data.

"We are skeptical, given the quality of the data," said Mike Englund, an analyst at Action Economics.

The US jobs report also indicated that people evacuated as a result of Hurricane Katrina are still struggling to find work a year on.

The unemployment rate for evacuees was 8.3 per cent in September.

But the rate was much higher for evacuees who were not living in their old homes.

Job Growth Was Slack Last Month (NYT)

By Eduardo Porter

The New York Times, October 7, 2006

For American workers, the job market is starting to look a lot less inviting.

The Labor Department reported yesterday that employment grew by just 51,000 jobs in September, adding slack job growth to the emerging tableau of an economy gradually slowed by higher interest rates, expensive energy and a sputtering housing sector.

In the last three years, the American economy has added about six million jobs. Unemployment, which dipped to 4.6 percent last month, has fallen to the lowest point since early 2001. And in recent months, the wages of ordinary workers have finally started to increase enough to slightly outpace inflation.

But the new government data, said Joseph LaVorgna, chief United States economist at Deutsche Bank, suggests that "the best news on job creation is behind us."

The payroll growth recorded in September — culled from a survey of some 300,000 businesses that is seasonally adjusted in an effort to factor out normal variations — was the weakest since October of last year. And even though job growth for the previous two months was revised up significantly, it now appears that payroll growth has decelerated sharply.

From March 2005 through March 2006, according to new information from the Labor Department, job growth averaged 236,000 a month. For the last three months, it has averaged just 121,000.

Analysts said the downshift puts the Federal Reserve and its chairman, Ben S. Bernanke, in a good position to keep interest rates steady.

"The slowdown the Fed wants to engineer is clearly in the data," said Robert J. Barbera, chief economist of ITG Hoenig. "This is just what the doctor ordered if the doctor is Ben Bernanke."

Still, the job market may not be quite as weak as the monthly number suggested. Not only did unemployment — based on a separate survey of households that showed more robust employment gains — fall slightly to 4.6 percent from 4.7 percent in August, but paychecks also recorded some of their biggest gains so far this year.

Hourly wages for regular workers, excluding managers, rose 4 percent in September compared with a year earlier. This was the same as in August but higher than any other month since June 2001 —when workers were still benefiting from inertial wage gains coming out of the Internet-fueled economy of the late 1990's.

The mixed signals left financial markets divided, with the bond market falling while stocks mostly treaded water.

Contributing to the confusion was an unusually large annual revision of payrolls, with the Labor Department now saying that it had undercounted employment growth by 810,000 jobs from March 2005 to March 2006.

In surveying employers in September, though, the government found that most were being much more cautious than earlier in the year.

Health care providers added 24,000 jobs. Hotels and restaurants increased employment by 19,000. Manufacturers cut 19,000 jobs in September; retailers shed 12,000.

And while construction companies unexpectedly added 8,000 jobs, experts do not think they will be hiring much in the future, and many may soon be shedding workers.

"It's going to be a teeter-totter," said Kenneth Simonson, chief economist of the Associated General Contractors of America. "I would expect construction growth over the next 12 months to be minimal, perhaps less than 1 percent."

Over all, the index of total hours worked in the private sector, the broadest measure of demand for labor, declined from 105.1 to 105.0 in September. But some economists, looking at other evidence like healthy consumer spending and the recent decline in gasoline prices, predicted that the current slowdown in employment will not last.

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"If you were a lawyer, you would have no problem prosecuting this for reasonable doubt," said John Ryding, chief United States economist at Bear Stearns. "I would prosecute that any day."

He added that he expected the tight job market to put further pressure on the Fed to raise interest rates again soon.

President Bush pointed to the decline in unemployment as evidence that his economic policies are working, urging Congress to extend his tax cuts beyond their planned expiration at the end of the decade.

"Today we got more good news," President Bush said in a speech at a Federal Express operation in Washington. "I'm pleased with the economic progress we're making."

Still, most economists see a slowing economy taking its toll on hiring, with many now predicting that the Fed's next interest rate movement will be down, as it moves next year to try to revive growth.

"The Fed now has less justification to raise interest rates in the future," said Anthony Chan, chief economist at J. P. Morgan Private Client Services.

Mr. Bernanke, in a speech in New York on Wednesday, said that he also foresaw slower growth. He predicted that the falloff in the housing market would shave output in the second half of the year by about one percentage point.

By and large, economists are not uncomfortable with the gradual deceleration of economic growth recorded to far. "The trend doesn't appear to be that alarming at all," Mr. Chan said.

But the changing condition of the labor market may not be so benign for workers. "The data is consistent with stable to modestly rising unemployment," Mr. Barbera said. "Roughly 4.5 percent unemployment is as tight as it's going to get. I see no obvious additional increases in workers' bargaining power."

Sluggish Job Growth Could Affect Elections (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, October 7, 2006

WASHINGTON — The U.S. economy added a disappointing 51,000 jobs last month, the government said Friday, and although hiring in July and August was revised sharply higher, lackluster employment growth is still expected to dog Republicans in upcoming midterm elections.

The economy is slowing from last year's pace but has proven to be resilient, weathering a housing slowdown while providing modest wage gains in recent months. Falling energy prices have also helped. On Friday, investors pushed up bond yields, signaling faith that the economy won't slow as much as they once believed.

But President Bush and his party have struggled to capitalize on such gains, analysts and polls say. Even with the Federal Reserve pausing its campaign to raise interest rates, Republicans face voters worried about jobs and the possibility of a recession.

As a result, Republicans could lose several seats in both houses of Congress, analysts say.

"There's an uncomfortable problem for Republicans right now — which is the economy is headed toward slower growth in response to Federal Reserve policy," said Kevin Hassett, director of economic policy studies at the conservative American Enterprise Institute in Washington.

"The economy has been doing well in recent years and Republicans may not have received enough credit, but that's all going to become irrelevant in November because we're getting all this disappointing data," Hassett said.

Analysts had expected 120,000 new jobs for September, and instead saw the slowest monthly job growth since October 2005, according to data from the Labor Department on Friday.

The economy has added an average 137,000 jobs a month this year versus 165,000 last year. Employment grew 1.2% this year, down from 1.5% last year and 1.6% in 2004, according to the Labor Department.

Offsetting the disappointing September data were revised Labor Department figures showing that 188,000 new jobs were added in August, 60,000 more than originally reported. July hiring was also revised higher by 2,000 jobs, to 123,000. That brought the average monthly jobs gains to 121,000 this quarter.

The Labor Department also revised upward by 810,000 its estimate of the number of new jobs added in the 12 months ended in March, bringing that period's monthly average up to 200,000. A final estimate is expected in February.

The unemployment rate fell to 4.6% in September from 4.7% in August.

Some analysts pointed to September wage gains as a sign of increasing economic strength. Average hourly and weekly earnings rose 0.2% last month, and both are up 4% for the year. Analysts said that could lead to wage gains beating inflation if oil prices don't rise again soon.

"There are risks to the economy going forward, but I don't think this particular report shows risks," said Ethan Harris, chief U.S. economist at Lehman Bros. in New York. "I think this shows an economy that's doing well."

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Still, Democrats continued to seize on sluggish job creation and wage gains. Sen. Jack Reed (D-R.I.), ranking Democrat on the congressional Joint Economic Committee, released a statement Friday berating the administration for creating fewer jobs than in past recoveries.

"Job growth has been quite modest and wages have not kept pace with high energy prices and soaring healthcare costs," Reed wrote.

Bush touted Friday's job numbers during a morning visit to a FedEx Corp. office at Ronald Reagan Washington National Airport with Treasury Secretary Henry M. Paulson Jr., and deployed Cabinet members to spread the message nationwide.

"Wages are going up, energy prices are falling, which means people are going to have more money in their pocket to save, invest or spend," Bush said.

Californians were almost evenly divided on the economy in the coming year, with 45% expecting good times, 43% expecting bad times and 12% undecided, according to a poll released last week by the nonpartisan Public Policy Institute of California in San Francisco. Likely voters were more optimistic: 48% expected good times ahead; 40%, bad times; and 12% undecided.

One reason for increased consumer confidence may be lower gasoline prices, which dropped to a national average of $2.31 this week, according to the Energy Department.

"The easing of gas prices is one of those signals in the economy that tells people they don't have to worry about inflation and rising prices as much as they might have been feeling," said Mark Baldassare, the institute's research and survey director.

Homeowners who have seen the value of their homes double in recent years have reason to feel encouraged too, said Dean Baker, co-director of the left-leaning Center for Economic and Policy Research in Washington. Employment was up last month in construction, and the sector added 36,000 jobs during the last three months. Real estate held steady, employing 2.1% more workers than this time last year.

But homeowners who have borrowed heavily against their homes now worry that, as housing sales and starts fall, prices will nose-dive, Baker said. Federal Reserve Chairman Ben S. Bernanke warned earlier this week that housing is likely to undergo a "substantial correction."

"Certainly in large chunks of the country — the East Coast, California, Florida, Seattle — housing has been going up and now that they see a turn. That has to be kind of scary," Baker said. "People's confidence about the future is limited. We've sort of been treading water but there's a lot of bad signs on the horizon."

Manufacturing and retail both shed jobs last month: 19,000 in manufacturing, including 3,800 at textile mills, and 11,900 in retail. Manufacturing has lost 12% of its workforce during the last year.

Harris, the Lehman Bros. analyst, predicts that the economy will weather the housing slump and add an average 100,000 jobs a month during the next year, growing at an annual rate of 2.5% during the next three to four quarters as it coasts toward the Fed's intended soft landing. The economy grew 2.6% in the second quarter after posting a 5.6% rate in the first three months.

On Friday, Harris joined the consensus among analysts, who expect the Fed to pause again at its next meeting Oct. 24 to see how much the economy is slowing, rather than raise interest rates to combat signs of wage inflation in the jobs report.

"They've got a tough choice" between fighting inflation and preventing a recession, Harris said. "You can't fight both wars at the same time."

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Jobs Report Shows A Mixed Picture (WSJ)

By Christopher Conkey

The Wall Street Journal, October 7, 2006

Job creation sputtered in September, in a sign that the economy is cooling, but other data suggested that the labor market is still producing enough jobs to boost wages.

The Labor Department Friday released the mixed data, which economists said made any interest-rate changes by the Federal Reserve unlikely before year's end. Speaking ahead of congressional elections next month, Bush administration officials said the figures pointed to a healthy economy.

Payrolls of nonfarm employers increased by 51,000 in September after a gain of 188,000 in August, according to the data. Last month's tepid pace of hiring -- the weakest since the aftermath of Hurricane Katrina last fall -- is fresh evidence that the economy is still slowing under the weight of higher interest rates and a weakening housing market.

WALL STREET JOURNAL VIDEO

1

Commerce Secretary Carlos Gutierrez2 comments on the jobs data and the state of the economy.

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President Bush speaks3 on the new economic data, stressing that entrepreneurs are helped low taxes and intellectual property rights.

Journal reporter Lee Hawkins says4 that one of the reasons for disappointing September job numbers are the massive layoffs in the automotive sector.

Council of Economic Advisors chairman Edward Lazear explains5 the revisions in job data, which he says suggest balance and robustness in the economy, including growth in non-residential construction.

DESKTOP NEWS ALERTS

6

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At the same time, though, unemployment dipped to 4.6% in September from 4.7% the previous month. Hourly pay for workers occupying production or nonmanagerial positions rose 0.2%, putting the average hourly wage 4% higher than a year ago.

And revisions of previous data showed that employers added 60,000 more jobs in August than initially estimated. The Labor Department said it expects upcoming revisions to show that the economy created roughly 70,000 more jobs per month in the year that ended in March than initially estimated.

Economists said the latest data suggest that the Federal Reserve is unlikely to change interest rates before year's end. "We continue to see the [Fed] on hold for the time being," said Peter Kretzmer, senior economist at Bank of America Corp.

The Fed halted its rate-raising campaign in August in hopes of easing inflation through slower economic growth.

A main reason it may not feel the need to raise rates further to stem inflation, besides the recent drop in oil prices, is that wage growth isn't putting the kind of upward pressure on prices that it has in past economic expansions.

"Wage pressures are cresting," said Zoltan Pozsar, an economist at Moody's Economy.com9. He said average hourly earnings expanded at a 4.5% annual rate in the second quarter, but then grew at a slower pace of 3.9% in the third quarter.

Bond investors focused on the upward revisions to earlier months' employment and other signs of job market firmness in the report, and drove down bond prices. As a result, the yield on the benchmark 10-year Treasury note rose to 4.7%.

The decline in the politically prominent unemployment rate, the upward revisions to last year's payrolls and the modest acceleration in wage growth could help the Bush administration's efforts to play up the strengths of the economy heading into next month's congressional elections. "The labor market to my mind is still very tight," Edward Lazear, chairman of President Bush's Council of Economic Advisers, told reporters Friday.

Mr. Lazear also highlighted that construction employment has held up despite the continuing decline in home building. The Labor Department said employment in residential construction and trade contractors fell by 15,600 jobs last month but rose by 15,800 jobs for nonresidential construction. He said that was evidence that the economy is in transition to greater dependence on business investment and exports, from its reliance on housing and consumer spending. "I like the fact the economy is becoming more balanced," he said.

Employment even picked up at some building-equipment and garden-supply stores last month. Home-improvement chain Lowe's Cos. said it employs 25,000 more workers now than it did a year ago.

Elsewhere, there are signs that the housing slump is hitting the labor market. Wood-product and furniture manufacturers cut a total of 7,700 positions in September and have trimmed jobs compared with a year ago, according to the Labor Department. Real-estate employment has flatlined since June.

Mortgage banking titan Countrywide Financial Corp. said it is in the process of eliminating between 5% and 10% of nonrevenue-generating positions as part of a plan to trim its budget by $500 million this year.

One bright spot for the labor market has been the stock-market rally. Financial-services firms added 16,000 jobs in September and roughly 170,000 positions over the past year, the Labor Department said.

St. Louis brokerage firm Edward Jones said it hired 289 future investment representatives last month, its second-highest monthly intake ever.

Price Woodward, who oversees recruiting for the company, said Edward Jones increased broker compensation by roughly 25% this year after several years of holding pay steady. The typical first-year broker at the company will earn $54,000 in annual compensation, Mr. Woodward said, although 60% of that is from commissions and bonuses.

Separately, the Federal Reserve said consumer credit rose at a 2.6% annual rate in August against 4.3% in July, another sign of slowing economic activity. The data do not include mortgages.

-- Greg Ip contributed to this article.

DOJ_NMG_0078624

Unemployment Falls; Wages Up 4 Percent (WT)

By Patrice Hill

The Washington Times, October 7, 2006

The nation's unemployment rate fell to 4.6 percent last month, down from 4.7 in August, and average wages rose by 4 percent over the previous year -- the best performance for both measures in five years.

The monthly Labor Department report released yesterday revealed that 51,000 new jobs were reported last month, a disappointing figure, but job gains were stronger than reported earlier for the previous year and a half.

"The economy is actually stronger than these employment numbers suggest," said Bernard Baumohl, executive director of the Economic Outlook Group, a Princeton, N.J., economic-advisory firm. The figures were mixed and elicited widely varying reactions from financial markets and analysts.

The stock market declined after focusing on the weakness in job growth, which was the lowest new-jobs figure since Hurricane Katrina blew a hole in the economy last year, and included sizable job losses in manufacturing and retail trade as factories and stores continued to retrench.

A revision in the number of jobs created in August, to 188,000, and a huge revision adding 810,000 to the number of jobs created between March 2005 and March 2006 sparked fears of inflation in the bond market and suggested an underlying strength in the labor market that is unlikely to dissipate anytime soon.

"At the very least, this shows the soft landing is still on course," Mr. Baumohl said. "There is little to suggest that we are on the precipice of a recession."

Roger M. Kubarych, economist at HVB Group, said the report was "mixed," but the downtrend in job growth is likely to continue this fall and raise further concerns about economic weakness.

"Announced job cuts in the motor vehicles and computer industry will be taking effect in the next few months, so payroll gains will likely subside further," he said. Since workers laid off in those industries tend to be highly paid, their job losses "may temper wage increases" later this year, he said.

Dean Baker, economist with the Center for Economic and Policy Research, said that while the report showed some hidden strengths, the continued addition of jobs in housing-related construction and finance seems unlikely to continue, given the big drops in home sales and mortgage financings in the last year.

"With housing data showing a sharp downturn, it is implausible that employment in the sector will not soon be affected," he said. "Given that employment elsewhere is already weak, when the downturn in the housing-related sectors begins to show up, the prospects for employment will be bleak."

Embattled House Speaker J. Dennis Hastert sought to highlight the good news as he and other Republican leaders struggle to maintain their majority in Congress.

"September's lower unemployment rate, steady job growth and increased hourly earnings comes on the heels of a record-setting week on Wall Street," the Illinois Republican noted.

Peter Morici, a former chief economist at the International Trade Commission, said the Federal Reserve should be pleased with the soft growth shown in the report.

"Subpar jobs-and-wage growth indicates the economy is slowing significantly and underperforming its potential. In the months ahead, loosening labor-market conditions will put a lid on wages and help contain inflation," he said. "Along with lower gasoline and natural-gas prices, modest wage pressures will keep prices in check and the Federal Reserve will have no cause to raise interest rates."

For workers, the picture is decidedly mixed, Mr. Morici said. Those with more education and skills in professions like health care, finance and information technology have little trouble finding jobs, while those with only a high school education face higher unemployment rates around 6 percent.

Displaced manufacturing workers are having a particularly difficult time, as factories continue to shed jobs despite growth in exports and big-ticket capital goods.

"Had the current economic expansion followed the pattern of past recoveries, 2 million manufacturing jobs would have been regained" instead of lost, he said. The layoffs in manufacturing have been concentrated in the Rust Belt and are having an impact on the upcoming elections.

"Much of the stress in the jobs market falls in contested congressional districts in western Pennsylvania, New York and the lower Midwest," he said. "This combination of economics and geography explains why Republicans are in danger of losing control of the House of Representatives."

Shares Rest After A Record Week (NYT/AP)

DOJ_NMG_0078625

By The Associated Press

The New York Times, October 7, 2006

Wall Street ended a record-breaking week quietly yesterday, edging lower after the Labor Department said employers added far fewer jobs than expected last month. The major indexes all scored big gains for the week.

While the jobs report gave investors further confirmation that the economy was slowing — employers created just 51,000 new jobs last month, well off the 120,000 Wall Street expected — the market is now concerned that the economy might be moderating too much.

Even the prospect of a rate cut by the Federal Reserve came as little comfort yesterday.

"We've had a market that wants to see bad news as good news with respect to the Fed," said Bryan Piskorowski, a market analyst at Wachovia Securities. Now, he said, the economy is slowing, the housing market is slowing, and consumer spending is starting to slow. "You run that tight wire where bad news eventually becomes bad news," he said.

Investors concerned about the jobs report yesterday were also disappointed by news of the resignation of a General Motors board member who had lobbied unsuccessfully for an alliance with other automakers.

Still, hopes for a Fed rate cut as well as a further decline in oil prices helped drive the Dow Jones industrial average to three consecutive record closes this week. The blue chips also set new intraday highs. Broader indexes showed robust gains, though remained well below their records.

The Dow fell 16.48 points, or 0.14 percent, to 11,850.21 yesterday, slightly below the record close of 11,866.69 set the day before. For the week, the Dow was up 1.47 percent.

Broader stock indicators also fell yesterday. The Standard & Poor's 500-stock index was down 3.64 points, or 0.27 percent, to 1,349.58, and the Nasdaq composite index fell 6.35 points, or 0.28 percent, to 2,299.99. For the week, the S.& P. gained 1.03 percent, while the Nasdaq gained 1.84 percent.

Light crude oil settled down 27 cents at $59.76 a barrel on the New York Mercantile Exchange. Investors are still paying close attention to oil prices, as their decline has helped drive the market's upward rise in recent months. Crude prices are down sharply from their trading high of $78.40 a barrel set in July.

G.M. was down $2.08, or 6.3 percent, to $31.05 after Jerome York resigned from the automaker's board after the company's failure to form an alliance with the Nissan Motor Company of Japan and Renault of France.

In other corporate news, Micron Technology fell $2.40, or 13.7 percent, to $15.14 after issuing a profit report that disappointed investors. Lackluster sales of flash memory chips raised questions about the company's efforts to diversify.

Crown Castle International, which builds signal towers for mobile phones, declined $1.65, or 4.7 percent, to $33.10, after agreeing to acquire a rival, Global Signal, for $4 billion in cash and stock. Global Signal rose $3.84, or 7.7 percent, to $53.94.

Chattem rose $9.77, or 28.4 percent, to $44.20 after it agreed to buy five over-the-counter products, including mouthwash and a sleep aid, from Johnson & Johnson and Pfizer.

Bonds fell, with the benchmark 10-year Treasury note losing 21/32, to 10113/32. The yield, which moves in the opposite direction from the price, rose to 4.69 percent, from 4.60 percent late Thursday.

Wall Street Dips But Finishes Week Higher (FT)

By John O'doherty In New York

Financial Times, October 7, 2006

US stocks dipped on Friday, but finished the week higher after three consecutive days of record closing peaks for the Dow Jones Industrial Average.

Aerospace group Boeing led gainers on the Dow, up 6.1 per cent over the week to $83.68. On Tuesday, EADS, the parent of Boeing's rival Airbus, issued a €4.8bn ($6bn) profit warning and said delivery of its A380 superjumbo would be delayed by a further year. Christian Streiff, chief executive of Airbus, said it could take a decade for Airbus to catch up with Boeing.

The blue chip index was also buoyed by gains in chemicals group Dupont, which added 4.9 per cent to $44.95. Industrial products group Honeywell gained 3.4 per cent to $42.31.

Coffee chain Starbucks jumped 12.8 per cent to $38.41 – its best week in six years – after it said September same-store sales had risen 6 per cent, almost double analysts' estimates. The company raised its growth target to 40,000 outlets worldwide.

Investors in casino operator Harrah's Entertainment hit the jackpot after private equity groups Apollo and Texas Pacific made a $15bn offer to take the company private, pushing its shares up 15 per cent to $76.41. The Dow Jones Wilshire Gambling Index has gained 17 per cent in the past eight weeks.

Sovereign Bancorp added 12 per cent to a three-year high of $24.10 after reports that the bank's board could terminate the contract of the chairman and chief executive, potentially opening it up to takeover bids.

At the close, the Dow was up 1.5 per cent over the week, but down 0.1 per cent or 16.48 points on the day, at 11,850.21.

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The S&P 500 was up 1 per cent for the week, but down 0.3 per cent or 3.64 points on the day, at 1,349.58.

The Nasdaq Composite gained 1.8 per cent over the week to 2,299.59, a loss of 0.3 per cent or 6.35 points on the day.

Equities were supported by hopes that the outlook for the economy was improving.

"I think a soft-landing is absolutely what's going to happen," said Fritz Meyer, senior investment officer at Aim Investments.

"Sentiment has been increasing that there is more momentum in the economy than we thought, and the inflation statistics continue to look good."

General Motors dropped 6.6 per cent to $31.05 after Kirk Kerkorian said he would not buy additional stock in the company following its rejection of an alliance with Renault and Nissan. Mr Kerkorian's Tracinda investment group holds a 9.9 per cent stake in GM.

Recruitment and advertising website Monster Worldwide leapt 10.5 per cent to $39.98 after positive analyst comment on the stock. Morgan Stanley said Monster was well-positioned to benefit from the shift to online job listings.

There were mixed fortunes for makers of medical equipment. Quest Diagnostic, maker of medical testing equipment, tumbled 16.1 per cent to $51.30. On Tuesday, the company said it had lost its contract with health insurer UnitedHealth, a contract that accounts for 7 per cent of Quest's revenues.

St Jude Medical was more fortunate, jumping 8.9 per cent over the week to $38.43, after two of its implantable heart devices were approved by European regulators.

Falling crude oil prices depressed energy stocks in the first part of the week, although an informal agreement on a production cut by the Organisation of the Petroleum Exporting Countries mitigated some of the losses. The S&P Energy Index finished the week down 1.3 per cent.

Hess slid 5.6 per cent to $39.12, while National Oilwell Varco sank 6.6 per cent to $53.88 after JPMorgan lowered its rating on the stock from "overweight" to "neutral", citing earnings risk in North America.

Retailers were in focus after mostly reporting better-than-expected sales in September.

Circuit City gained 8.4 per cent to $27.21, and Nordstrom rose 5.7 per cent to $44.69. Department store Dillards sank 6.8 per cent to $30.49 after it disappointed analysts with flat same-store sales in December.

Drugstore CVS lost 8.7 per cent to $29.32 as Wal-Mart announced it was expanding its discounted sales of generic drugs.

Micron Technologies, the maker of computer memory chips, slumped 13 per cent to $15.14 after its 47 per cent increase in fourth-quarter profit fell short of estimates.

Economy For Bellwether GE, A Big Report Card (WSJ)

By Kathryn Kranhold

The Wall Street Journal, October 7, 2006

Investors will be watching anxiously Friday when General Electric Co. reports third-quarter financial results. The industrial and financial giant disappointed investors with both its first- and second-quarter results. And the U.S. economy, for which GE has long been considered a bellwether, appears to have cooled in recent months.

This is a "critical quarter" for GE, says Ann Duignan, an analyst with Bear Stearns, noting investors' earlier disquiet. GE shares are up 13% in the past three months, but still trail the Dow Jones Industrial Average for the year.

Beyond GE, Ms. Duignan says, investors will "try to read into GE's comments what could follow for other companies." GE's far-flung operations touch much of the economy, from power turbines and media to aircraft engines, consumer credit and corporate financing. GE's plastics unit sells to the auto industry, and its appliance business is a barometer of housing. Ms. Duignan says orders for GE's aircraft engines, turbines, rail locomotives and oil-and-gas equipment look strong.

But a growing share of GE's business now comes from outside the U.S., which could help the company bridge a U.S. slowdown. International sales are projected to account for 49% of GE's estimated $163 billion of revenue this year, up from 40% five years ago.

Its airline-engines unit, for example, landed September orders from Qatar Airways, China Eastern Airlines and Ireland's AerVenture, with a combined value of nearly $15 billion. The transportation unit signed a $650 million contract for 310 new locomotives from Kazakhstan's national railroad. GE's energy unit recently opened a technology center in Warsaw to help develop coal-gasification equipment intended to reduce emissions that contribute to global warming.

Analysts estimate GE will post third-quarter revenue of $39.9 billion, down about 5% from a year ago, reflecting the sale of most of GE's insurance business. They peg earnings at 49 cents a share, up 11%.

GE rarely misses those targets. But analysts and investors sometimes fret about the "quality" of GE's posted numbers. In the second quarter, that meant concerns about an unexpectedly low tax rate at GE's financial units and an unexpected gain from the sale of a portion of GE's stake in Penske Truck Leasing. To minimize future complaints, GE has since outlined potential future gains from small sales, which the company says will be offset by increased pension and restructuring costs.

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One critical unit to watch: the energy unit that makes power-plant turbines, which is recovering from a long slump that followed the collapse of Enron Corp. GE told investors this summer that operating profit at the unit would rise 25% to 30% in the second half of the year after falling 6% in the first half of the year.

Dow Set A Record In Height, But Weight Had A Lot To Do With That (NYT)

By Floyd Norris

The New York Times, October 7, 2006

Averages can be deceiving, as many investors can attest.

The Dow Jones industrial average, the best-known stock index in the United States, broke through its old high this week, for the first time exceeding the level of 10,722 set on Jan. 14, 2000. But only 10 of the 30 stocks in the index are higher than they were then.

By contrast, the Standard & Poor's 500-stock index was 9 percent lower than it was in January 2000, and even farther below its level when it peaked in March of that year. But most stocks in that index are higher than they were in 2000.

The Nasdaq composite index, which a decade ago was often cited as an indicator of small-stock performance, is still more than 40 percent below its high levels of 2000. But the Russell 2000, also viewed as an indicator of small-stock performance, is up more than 40 percent since January 2000.

How can that be? It relates to how the indexes are computed, and to what they capture. The Dow never had the technology representation of some other indexes, which held it back in the old days and holds it up now. Moreover, it is calculated on a price-weighted basis, so that high-priced stocks have larger influences than lower-priced ones.

The S.& P., like most indexes, is calculated on a market capitalization basis, which means the most important stocks are the ones with the highest market value. Many of those stocks were swept up in 2000, as conservative investors bought the big-cap stocks, and are still recovering from that overvaluation.

The Nasdaq composite was, and is, heavily influenced by technology stocks. But the Russell 2000, which is periodically reconstituted to include the stocks with market capitalization ranks from 1,001 to 3,000, dropped many of those overvalued stocks as they grew larger, and thus was not as hurt in the bubble's aftermath.

As the graphic shows, the markets to invest in since 2000 have not been the ones most investors were comfortable with then. Most European markets are shown as being higher than they were in early 2000, but most or all of those increases reflect the fact that the moves are based on dollar performance. The CAC 40 in France, for example, is shown as being up 13 percent, but it is down almost 10 percent in euros. The gain came solely from the dollar's weakness.

The big winners were in emerging markets, often ones that investors had good reasons to avoid after the 1998 currency crises. A major Russian index is up 651 percent. Hungary, where there have been recent riots after the prime minister admitted lying to win re-election, is up 161 percent. (All figures are from Jan. 14, 2000, to Oct. 3, 2006.)

Peru is up nearly 500 percent, and Mexico has risen 150 percent. The Prague stock index in the Czech Republic is up almost 350 percent, but that performance seems poor next to that of the Slovak index next door, which has risen more than 600 percent.

Even Lebanon, whose economy and political situation have not exactly been good of late, is up 84 percent.

Can this continue? The tech stocks kept rising long after some warned they were ridiculously overvalued. But when they fell, they fell far and fast as owners found that no one wanted to buy them. That could happen to some of today's favorites as well.

To Muted Cheers, The Dow Climbs Past A Record (NYT)

By Mark A. Stein

The New York Times, October 7, 2006

STOCKS shattered records. Corporate profits soared. Economists waxed about a so-called Goldilocks economy — not too hot, not too cold. Sound familiar? That was the siren song of the 1990's economic boom, and there was an eerie echo on Wall Street this week.

The only thing missing this time was the mirth. A wary sense of relief greeted a record for blue-chip stocks. Robust profit reports came with warnings of weak numbers to come. A fingers-crossed optimism underpinned economic forecasts.

And then there was another echo of the boom: a new round of criminal indictments of senior corporate officials. This time the charges were not for fraud or theft, but for spying.

A RELUCTANT RECORD After flirting with the record for several days running, the Dow Jones industrial average of 30 major stocks cracked the record closing high it set in January 2000 amid a technology-driven boom.

DOJ_NMG_0078628

The rally, which peaked for the week on Thursday with a record close of 11,866.69, was driven not by expectations of rapid economic growth, as it was seven years ago, but by a rapid fall in energy prices caused in part by expectations that global economic growth is slowing.

Some economists interpreted lower oil prices and a cooling housing market as signs of more-stable growth rather than a slump. Others, however, noted that the Dow is a narrow measure of the market and that other closely watched benchmarks, including the Standard & Poor's 500-stock index and the Nasdaq composite index, are still well below their tech-bubble records.

More information on the economy's direction will come on Friday, when retail sales figures are released.

SPYING CHARGES California authorities indicted Patricia C. Dunn, the former chairwoman of Hewlett-Packard, and four other people on criminal charges in the corporate espionage case that has rocked the company.

In addition to Ms. Dunn, the indictment named Kevin T. Hunsaker, a former senior lawyer at H.P.; Ronald DeLia, a private detective from Massachusetts; Matthew DePante, manager of the Action Research Group, a Melbourne, Fla., information broker; and Bryan C. Wagner, a Colorado man who is believed to have obtained private phone records while working for Mr. DePante.

All five defendants were charged with using false or fraudulent pretenses to obtain confidential information from a public utility, unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes. All of the charges are felonies. Lawyers for Ms. Dunn and Mr. DePante said their clients were innocent. The other defendants and their lawyers did not immediately respond.

California's attorney general, Bill Lockyer, filed the charges, which stem from an internal H.P. investigation into leaks of confidential discussions among its directors. As part of the investigation, private investigators working for the company apparently used deception to obtain the private telephone records of company officials and others.

The United States attorney's office for Northern California is also conducting its own investigation, and could file federal charges in the case soon.

BIG BET A pair of private-equity firms teamed up to offer $15 billion in cash for Harrah's Entertainment, the country's largest casino operator. Combined with Harrah's long-term debt of $10 billion, the buyout would be worth more than $25 billion, making it one of the largest leveraged buyouts ever.

Private equity firms have raised billions of dollars this year to buy publicly traded companies, improve their management or financing, and then sell them or take them public to realize a profit. Until now, they have rarely tapped the gambling industry, and the offer sent the shares of other casino operators soaring. Harrah's operates Harrah's, Caesars and Horseshoe casinos in Las Vegas, Atlantic City and elsewhere.

Casino takeovers require buyers to be approved by gambling regulators in each state where the company operates, to make sure that organized crime does not infiltrate the industry.

STOCK CAR RACE Led by the introduction of its new pickup truck, Toyota said its sales in the United States jumped 20 percent last month and the company closed in on Ford as the No. 2 car company in America.

Toyota's gains came even as receding gasoline prices and generous manufacturer rebates propped up sagging sales of pickup trucks and sport utility vehicles, normally a field dominated by General Motors, Ford and Chrysler.

Ford increased its market share slightly, to 17.3 percent, but Toyota expanded faster and accounted for 16.5 percent of the market. Sales at G.M. fell almost 7 percent and its market share slipped to 21.6 percent.

With large inventories of unsold 2006 models, automakers plan to offer bigger incentives, including no-interest financing or thousands of dollars in cash rebates.

JUMBO PROBLEM Persistent assembly-line problems will further delay the first deliveries of the A380 superjumbo jet by Airbus, perhaps by as much as one more year, pushing the program off by a full two years.

The European Aeronautic Defense and Space Company, the parent company of Airbus, also warned that the delays would cut earnings over the next four years by 4.8 billion euros ($6.1 billion), more than double the amount forecast in June.

Compounding the problem, Emirates, the largest customer for the A380 plane, signaled publicly that it might cancel part of its multibillion-dollar order for the superjumbo jet. Emirates, which hopes to expand its long-haul international airline service through its base in the Middle East, was originally scheduled to receive its first planes this year; now the earliest it would receive its first jetliners is 2008.

EADS and Airbus said the first A380 would be delivered next year, to Singapore Airlines in October, down from nine that had been promised as recently as June.

OPEC's Oil-Price Line In The Sand Cartel's Effort To Maintain $60-a-Barrel Seems Doable, But Only For The Near Term (WSJ)

The Wall Street Journal, October 7, 2006

DOJ_NMG_0078629

OPEC announced Thursday that it intends to steady the oil price at something like the current level of about $60 a barrel. It may be able to defend this level in the months to come, but over the long haul this effort is doomed.

It certainly sounds ambitious by the standards of two years ago. The price then was $45 a barrel, and most experts and exporters thought that was too high to last. But experience changes standards. After more than a year of $60-plus prices, the level seems more plausible.

Plausibility matters, because the price defense is going to require some production cuts, at least for the short term. OPEC needs a target that its swing producers, especially Saudi Arabia, are willing to defend. Otherwise the group won't be able to stop squabbling over who should take the pain. At least for now, it looks like the will to succeed is there.

There are other trends working in OPEC's favor. The balance of supply and demand is still pretty tight. Although higher prices have slowed demand growth, the direction remains positive. That's largely because of the emerging markets, which accounted for 90% of incremental demand growth in 2005. And while new sources of oil eventually will come onstream, it's a slow process. For the moment, OPEC members control marginal supply. Outside of the cartel, production hasn't budged since 2004.

Second, financial conditions remain supportive of a high oil price. Low real interest rates and the recycling of petrodollars by oil exporters have mitigated the pain of higher oil prices. American households have blithely borrowed to fill the tanks of their SUVs.

But OPEC faces one huge obstacle. The cost of producing oil is much less than $60. Even Canadian oil sands, which require expensive and energy-intensive processing, are profitable at something like $50. Eventually, the lure of profits will bring on new supply, damping the price.

Fortress Within

Wall Street firm Morgan Stanley is hunting for a hedge fund manager. FrontPoint Partners, with whom it danced in the past, might be a good fit. But there are more ambitious targets to consider, such as Fortress Investment Group.

The Wild West era of the alternative asset-management industry is coming to a close. As a result, its practitioners are considering ways to cash out and grow like any normal business. Their options include going public and selling to bigger financial institutions.

But the first avenue looks more difficult today than it did just a few months ago. The implosion of Amaranth Advisors, troubles at other big funds like Vega and continued middling performance across the industry are making investors wary of the industry. RAB Capital, for example, a U.K.-listed hedge fund manager, has seen its stock plunge by a third in the past month. Even a Fortress, with $24 billion in hedge-fund and private-equity vehicles, would find it difficult to withstand these market pressures.

That may be one reason the firm has yet to file for an IPO despite months of contemplation. At RAB's valuation of 15% of assets under management, Fortress would be worth about $4 billion. But to Morgan Stanley, Fortress might be worth more. It would jump-start the Wall Street firm's attempts to gain a foothold in hedge funds and private equity, where it considerably lags behind chief rival Goldman Sachs. The two sides know each other a bit: top Fortress and Morgan Stanley honchos dined last week.

Of course, to entrepreneurs, going public and selling out aren't interchangeable outcomes. But a flirtation with the public markets is clearly a step closer to the exit than sitting still. Morgan Stanley has gotten its mojo back of late. Its stock price is up, risk-taking is being rewarded and talent has returned to the firm. To complete the turnaround, it needs to build a fortress in asset management. It might be quicker to buy one.

Private-Equity Eye?

The blow-up of Amaranth and a few cases of outright fraud have spurred calls for more oversight of hedge funds. Private equity, however, which has also attracted billions of dollars of pension money in recent years, has largely avoided the regulators' spotlight. Still, it may only take a few buyout scandals for this to change.

Like hedge funds, larger private-equity managers have to register with the SEC as investment advisers. But small buyout funds avoid all scrutiny. And even the registered funds have minimal disclosure requirements. Yet the private-equity world is growing rapidly. Investors have poured $172 billion into 253 funds in the U.S. so far this year, according to Dow Jones Private Equity Analyst (a publication owned by Dow Jones & Co., publisher of The Wall Street Journal). With all that money sloshing around, it would be surprising if there were no bad eggs.

AA Capital, a $194 million fund that was spun off from the Dutch bank ABN Amro in 2001, could be one. The Securities and Exchange Commission has accused the fund of misappropriating nearly $11 million of its clients' cash. The SEC complaint charges that the firm's president, John Orecchio, put some of this money into a Michigan horse farm and slipped a wad to the manager of a Detroit strip club. Calls to AA Capital weren't returned.

DOJ_NMG_0078630

Questionable use of limited partners' funds may not be the only type of abuse going on in private equity. There could also be inaccurate valuations. The longer lock-up periods and lack of a market price for private-equity investments make that relatively easy to practice and hard to detect. Some buyout firms are no doubt pushing the envelope when it comes to valuing portfolios. It's even conceivable that the increasing number of transactions between buyout funds have led some to swap favors in order to boost reported returns.

The leading private firms have lobbied hard to avoid getting caught up in hedge-fund regulation. These efforts could be thwarted if there's any more mischief among the minnows of their industry.

--Martin Hutchinson, Rob Cox and Lauren Silva

Wetterling Goes National With Her Call For Foley Inquiry (MINNST)

By Bob Von Sternberg

Minneapolis Star Tribune, October 7, 2006

She delivered the Democrats' weekly address after drawing wide attention. Bachmann calls it opportunistic.

Sixth Congressional District candidate Patty Wetterling said on Friday that if a "full and complete investigation" finds that any congressmen covered up the Mark Foley scandal, they should be expelled.

Her comments were taped for the Democratic Party's five-minute response that will be broadcast nationally this morning after President Bush's weekly radio address.

It was a publicity coup for Wetterling in her campaign against state Sen. Michele Bachmann and came at the end of a week in which Wetterling pushed to link outrage over Foley's sexually explicit e-mails with teenage congressional pages with her work as a children's safety advocate since her son, Jacob, disappeared.

"For 17 years, I have fought for tough penalties for those who harm children," she said. "Members of Congress are not and should not be above the law."

Wetterling said Foley "sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug."

She repeated many of the points she raised in her latest TV ad and in a long string of interviews with national publications that turned their attention to her almost immediately after the scandal broke.

Bachmann has said Wetterling's focus on the issue has been opportunistic and called the ad "a rush to judgment."

Bachmann said on Friday that Wetterling's radio comments "are reminiscent of her TV ad, which even the Star Tribune called misleading. The investigation of this matter by the FBI and the ethics committee is already underway and was called for by the leadership."

Wetterling said on Friday that Bachmann's criticisms "are appalling."They show an insensitivity to the victims," she said. "To not respond to this would have been wrong. This is something I know an awful lot about."

She said House Minority Leader Nancy Pelosi, D-Calif., called her earlier this week and asked her to present the radio address. "I wrote my own words," she said. "It's daunting, but it's an honor."

She said she had met Foley several times as her work crossed paths with his role as chairman of the House Caucus on Missing and Exploited Children. In July, Foley and Wetterling attended a signing ceremony at the White House for the Child Protection and Safety Act of 2006.

"I know Mark Foley, and he's done good things," she said. "It's a betrayal and hits me at a personal level."

When Wetterling arrived at KSTP's recording studio in St. Paul on Friday afternoon, she was met by four television cameras and nearly a dozen local journalists. "Holy moley," she said, startled.

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In House Races, More G.O.P. Seats Are Seen At Risk (NYT)

By Adam Nagourney

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — At least five more Republican Congressional seats are now in serious contention, analysts said Friday, an unwelcome development for Republicans as they begin to confront a political environment further darkened for them by the Congressional page scandal.

The fury over sexually charged messages sent to male teenage pages by Representative Mark Foley of Florida is undercutting Republican support among elderly voters, suburbanites and women, analysts from both parties said.

More immediately — and more alarmingly for Republican strategists who have looked to the party's powerful voter turnout operation to save the party this year — there are signs that the furor is sapping the enthusiasm of a group essential to Republican victories in 2002 and 2004: religious conservatives.

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"The social conservatives are frustrated with what's going on," said Saulius Anuzis, the chairman of the Republican Party in Michigan, where, he said, one-third of his volunteers are social conservatives. "We have heard disappointment and disenchantment. The level of commitment isn't as fierce as it ought to be."

The political uproar is playing out in races across the country and comes with Republicans already struggling against the political weight of more bad news from Iraq. The page scandal has left leaders and candidates in both parties to come up with new strategies a month from Election Day.

Democrats placed advertisements linking embattled Republican incumbents to Mr. Foley, including spots in Ohio and Indiana that began broadcasting Friday. Democratic House and Senate candidates pressed Republican incumbents to say whether they thought Speaker J. Dennis Hastert of Illinois, who along with other senior members of the Republican leadership has come under fire as failing to act on early signals that Mr. Foley was sexually harassing teenagers, should stay in power.

In New Jersey, Thomas H. Kean Jr., the Republican Senate candidate, called on Mr. Hastert to step down.

The Democratic response to President Bush's radio address on Saturday features a Democratic House candidate, Patty Wetterling of Minnesota, attacking House Republican leaders as ignoring warnings about Mr. Foley's behavior, according to excerpts released Friday.

"Foley sent obvious predatory signals, received loud and clear by members of Congressional leadership, who swept them under the rug to protect their political power," says Ms. Wetterling, a Democrat whose 11-year-old son was kidnapped 17 years ago and has not been found.

Republicans and their allies, including conservative talk radio hosts, have responded by rallying around Mr. Hastert and blaming Democrats and the news media for the frenzy.

Talk radio hosts, working off a list of talking points distributed by Republican Party officials, recounted how two decades ago, House Democrats stood behind Representative Gerry E. Studds, Democrat of Massachusetts, after he engaged in sex with a male page.

In upstate New York, Representative Thomas M. Reynolds, who is trailing his Democratic challenger according to two new polls, planned to go on television to defend himself after a labor union began broadcasting a 30-second radio advertisement questioning whether he had done all he could after hearing a complaint that Mr. Foley was harassing teenagers.

"Nobody's angrier and more disappointed than me that I didn't catch his lies," Mr. Reynolds said in advertisements scheduled to begin over the weekend. "I trusted that others had investigated. Looking back, more should have been done, and for that I am sorry."

George Rasley, an aide to Representative Deborah Pryce, Republican of Ohio, who was linked to Mr. Foley in a Democratic advertisement that began running Friday, said the Foley investigation further soured an already tough environment for Republicans in Ohio, a state hammered by corruption investigations this year.

"This is one more thing that makes people wonder about politicians and politics," Mr. Rasley said. "It reinforces this notion of Washington being a place that bears no resemblance to real America."

The page scandal is part of a run of difficult tidings for Republicans, including a stream of bad news out of Iraq, disclosure of an intelligence report that found that the invasion might have worsened the threat of terrorism and Mr. Bush's continued unpopularity.

In the White House, aides have watched with frustration as campaign appearances by Mr. Bush, in which he hammers Democrats on national security, receive little coverage, subsumed by the Foley case.

Ken Mehlman, chairman of the Republican National Committee, said he believed that Republicans turned a corner when Mr. Hastert accepted responsibility for the mishandling of the page scandal after days of being pressed to take action by restive Republicans.

"I'm looking at every single bit of public and private data," Mr. Mehlman said. "So far, I have seen a minimal effect of this particular situation, which is not to say that I don't take it seriously."

Democrats need to capture 15 House seats to take control of Congress; until the last week or two, about 40 Republican seats had been judged in play, of which 20 had been considered highly competitive. But analysts said at least five more Republican seats, and as many as eight, that had once been considered relative long shots for Democrats had now swung firmly into play.

At least two of those seats are directly related to the Foley scandal. One is held by Mr. Reynolds, who as chairman of the House Republican campaign committee had entered this election cycle as a prohibitive favorite for re-election. Republicans in Florida do not plan to spend any money to defend the seat once held by Mr. Foley, effectively conceding it to the Democratic challenger, Tim Mahoney, who, not taking any chances, is running advertisements in which he pledges to return "moral values" to Congress.

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In other races, the Foley case has created an unfavorable backdrop for Republicans. In Pennsylvania this week, Representative Don Sherwood, a suddenly endangered Republican, bought time on television to offer an apology in response to allegations that he had abused his mistress. Analysts for both parties said the sweep of outrage over Congressional misbehavior had weakened Mr. Sherwood and forced him to deal directly with the issue.

Beyond that, analysts said the page scandal had raised new concerns about ethics in Congress, an unwanted focus for Republicans in races where Democrats have sought to make an issue of what they have called a Republican culture of corruption.

Those include re-election races by Representatives Richard W. Pombo and John T. Doolittle, both of California, who have been touched by the fallout from the Jack Abramoff lobbying scandal, as well as the contests to fill two seats vacated by Republicans who have quit the race, Tom DeLay of Texas and Bob Ney of Ohio.

"I would think the Ney seat is more of a problem because of another round of ethics problems," said Stu Rothenberg, an independent analyst who studies Congressional races.

Amy Walter, an analyst who follows Congressional races for The Cook Political Report, said the Foley inquiry was having an indirect effect on races in which corruption might be an issue. "When the spotlight is where the spotlight sits right now," Ms. Walter said, "on scandal and dysfunction in Congress, then people like Pombo and Doolittle suffer."

Mr. Pombo has also been the target of advertisements by the Sierra Club and the League of Women Voters criticizing his record on environmental issues.

Other races that have become increasingly competitive are the one to replace Representative Katherine Harris, a Florida Republican running for the Senate, and the challenge to Representative E. Clay Shaw Jr., also a Florida Republican. Party officials said polls showed the two races were tight.

Officials in both parties said it was not the Foley scandal alone as much as the accumulated weight of problems for Republicans these past two weeks that was giving them concern.

"We're working to redirect the debate back to national security and lower taxes," said Brian Jones, the communications director for the Republican National Committee. "But this week that's proved to be a difficult task."

Republican pollsters said their first concern was that the page scandal could discourage Republican voters from turning out.

"We're not seeing it affecting voter behavior; we are seeing it affect voter intensity," said Glenn Bolger, a Republican pollster. "It's more of a deflation effect among Republicans than it is a motivator for Democrats. Does that change in the next 34 days? That's part of our job."

Meanwhile, Democrats were pushing hard to make sure the Republicans' troubles stayed in the public consciousness. On Saturday, Democrats plan to run an advertisement against Mike Whalen, a Republican running for an open House seat in Iowa, picturing him alongside Mr. Hastert.

Democratic advertisements are linking Mr. Foley to both Ms. Pryce of Ohio and Representative Mike Sodrel of Indiana. Ms. Pryce once described Mr. Foley as a friend, one advertisement says, while Mr. Sodrel is criticized as taking a campaign contribution "from the House leadership, who knew about it but did nothing to stop sexual predator Congressman Foley."

A fund-raiser for Mr. Sodrel headlined by Mr. Hastert was postponed this week. Mr. Sodrel's campaign manager, Cam Savage, said that was only because of a scheduling conflict.

Mr. Savage described the Foley scandal as an issue in Mr. Sodrel's district, but not an overwhelming one. "It's not the No. 1 priority on people's minds," he said, "but it does have some resonance to it."

Democrat Ads Attack GOP Over Scandal (AP-Y)

By Andrew Taylor

AP, October 7, 2006

More Democrats went on the attack Friday with campaign ads linking Republican candidates to the Mark Foley House page scandal while GOP candidates moved to distance themselves from embattled Speaker Dennis Hastert.

On Saturday, Democrat Patty Wetterling, a candidate for an open House seat in Minnesota, will continue the attack in the Democratic response to President Bush's weekly radio address as the party looks to reap political gains in coming midterm elections.

"Foley sent obvious predatory signals, received loud and clear by members of congressional leadership, who swept them under the rug to protect their political power," Wetterling said in the prerecorded address. "We must hold accountable all those complicit in allowing this victimization to happen."

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Republican New Jersey Senate candidate Tom Kean Jr. Friday became the first major GOP candidate to call for Hastert to resign, while additional campaign appearances by Hastert for House GOP candidates got canceled. Hastert has come under heavy attack within his party's rank and file for damage inflicted on the party just weeks before the Nov. 7 elections.

"Hastert should resign as speaker," Kean said. "He is the head of the institution and this happened on his watch."

Shelley Sekula-Gibbs, a Republican write-in candidate in the race to replace Tom DeLay in Texas, decided not to pursue plans to invite Hastert to raise money for her campaign after the Foley scandal broke.

"We just made a decision not to have" a fundraiser with Hastert, said Sekula-Gibbs' campaign manager, Lisa Diamond.

Democrats stepped up their attacks.

"What is going on in Washington? ... Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages. Speaker of the House Dennis Hastert looked the other way," says an ad for Democrat Mary Jo Kilroy, challenging seven-term Rep. Deborah Pryce, R-Ohio, the No. 4 Republican in the House in a particularly competitive race.

And in culturally conservative southern Indiana, former Democratic Rep. Baron Hill took to the airwaves Friday with an ad attacking freshman Republican Mike Sodrel for taking thousands of dollars in donations from House GOP leaders, "who knew about but did nothing to stop sexual predator congressman Foley."

At the same time, Hastert canceled plans to raise money for Sodrel on Tuesday.

Earlier, Rep. Ron Lewis, R-Ky., a Baptist preacher and social conservative, canceled plans for a fundraiser with Hastert, who also dropped an appearance with Ohio GOP candidate Joy Padgett, who is in an uphill race to replace the disgraced Rep. Bob Ney.

The nonstop news cycles for over a week have been filled with details of Foley's lurid messages to former pages and accusations by former top Foley staff aide Kirk Fordham that top GOP aides, including some in Hastert's office, knew about Foley's problems and the issue of the pages years ago.

But with no significant developments Friday, GOP strategists hoped the party could catch its breath and gain traction on issues like lower gas prices, the peaking stock market and the economy. Great skittishness remained about unforeseen developments in the Foley saga, nevertheless.

Democrats are increasingly optimistic that they will retake the House and possibly even the Senate. Even a prominent Senate Republican, John Cornyn of Texas, seemed pessimistic about his party keeping its hold on the House.

"It's happened in the past that we've had divided government in terms of the House and Senate," Cornyn said. "I'm sure we'll do our best to work together to try to address the nation's problems."

Democrat Christian Radio Ad Slams Foley (AP)

By David Hammer

AP, October 7, 2006

A Democratic candidate accuses her Republican rival of not doing enough to stop disgraced former Rep. Mark Foley and his salacious messages to teenage males in an ad for Christian radio stations.

Democrat Mary Jo Kilroy is challenging seven-term Rep. Deborah Pryce, a member of the GOP House leadership, in one of the more competitive races. Kilroy's weeklong ads begin Saturday.

"What is going on in Washington? ... Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages," says the ad, which will air on Christian and Clear Channel Communications Inc., stations in central Ohio.

The spots cost Kilroy's campaign $5,000.

Foley, a former Florida congressman, helped Pryce get elected Republican Conference secretary, then Conference chairwoman — the No. 4 position in the House leadership. Pryce mentioned five friends in Congress in an article last month in Columbus Monthly magazine and Foley was one of them.

Pryce said she was out of the loop about complaints that Foley had sent improper messages to teenage male pages until after the congressman resigned Sept. 29.

"I was dumbfounded," she said.

Pryce held a news conference in Columbus, Ohio, to respond to the ad. She accused Kilroy of smearing her and gay-baiting, although Kilroy never mentioned homosexuality.

"She implied that since I knew him, I knew that he was a predator and I asssume there's only two conclusions you can draw from that: that I knew because I knew him, that he was a predator, or that I knew that he was gay because I knew him, that he was a predator," Pryce said.

Kilroy spokeswoman Amanda Wurst said the campaign chose Christian and conservative radio stations because their listeners are concerned about values.

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The ad also blames Pryce for standing by House Speaker Dennis Hastert, R-Ill, complaining that he looked the other way when warned of Foley's behavior.

Hastert said Thursday he did not know about the sexually explicit messages sent by Foley until last week, but he also took responsibility for the matter.

Standing Apart From His Party, Kean Calls For House Speaker To Step Down (NYT)

By David W. Chen

The New York Times, October 7, 2006

TRENTON, Oct. 6 — Breaking ranks with President Bush and his party once again, State Senator Thomas H. Kean Jr., the Republican candidate for United States Senate in New Jersey, called Friday for House Speaker J. Dennis Hastert to resign in the aftermath of the Mark Foley scandal.

Mr. Kean did so without consulting any of the six Republicans in New Jersey's Congressional delegation, according to two Republicans involved in New Jersey politics.

"Hastert should resign as speaker," Mr. Kean said in a two-paragraph statement. "He is the head of the institution and this happened on his watch. I urge House leaders to go further by appointing an outside panel to review the matter immediately."

Mr. Kean has made ethics the central plank in his campaign to unseat the Democratic incumbent, Senator Robert Menendez. And although he has staked out reliably Republican positions on most issues, like Mr. Bush's tax cuts and the war in Iraq, Mr. Kean has also bucked party orthodoxy on occasion.

He was one of the first Republicans to call on Defense Secretary Donald H. Rumsfeld to resign over his handling of the war in Iraq. He has also criticized Mr. Bush for his handling of Hurricane Katrina and the ballooning federal deficit.

But Mr. Kean has never taken so unequivocal and so contrarian a position at the hottest political moment: the widening scandal in which Mr. Foley, a Florida Republican, is accused of having sent sexually suggestive electronic messages to underage Congressional pages. Mr. Foley resigned from the House last Friday after the existence of the messages was disclosed.

Mr. Menendez's campaign expressed skepticism over Mr. Kean's comments.

"This is Tom Kean Jr. running scared because New Jerseyans are just starting to understand he is just another Bush Republican, and a vote for him keeps all these guys in power," said Brian Fallon, a spokesman for Mr. Menendez.

GOP Leaders Rally To House Speaker's Defense (WT)

By Charles Hurt

The Washington Times, October 7, 2006

Republican leaders closed ranks yesterday around House Speaker J. Dennis Hastert, while candidates facing election in November continued to distance themselves from Mr. Hastert for his handling of a scandal that could cost Republicans control of Congress.

Several top Republicans, including President Bush and Senate Majority Leader Bill Frist of Tennessee, have rallied behind Mr. Hastert in recent days after the speaker and other House Republicans were criticized for not responding more aggressively when they learned of ex-Rep. Mark Foley's "over-friendly" relationship with a congressional page.

But in a clear indication of the damage the scandal could cause the Republican Party in November, some candidates continue to distance themselves.

State Sen. Tom Kean Jr., New Jersey Republican, who is running for the Senate, called yesterday for Mr. Hastert of Illinois to step down.

"He is the head of that institution, and this happened on his watch, and Kean urges House leaders to go further by appointing an outside panel to review the matter immediately," said Jill Hazelbaker, Mr. Kean's spokeswoman.

Mr. Kean hopes to unseat Sen. Robert Menendez, a Democrat, and pushed for a broad investigation of anyone in leadership who knew about the concerns involving Mr. Foley.

"This disturbing situation is another reason why the public holds the Congress in such low esteem. The culture of protecting each other has eroded Congress and the public's faith in government, and the system needs reform," Ms. Hazelbaker said.

In Kentucky, Rep. Ron Lewis this week canceled a fundraising appearance with Mr. Hastert.

Even candidates who aren't explicitly chiding Mr. Hastert are at least denouncing the Republican Congress for the scandal and casting doubt that an independent investigation can be conducted by the House ethics committee, which Thursday opened a probe into the matter.

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"To assure that this grievous behavior does not occur again in the halls of Congress, an independent investigation is necessary," said Michael Bouchard, the Republican challenging Sen. Debbie Stabenow, Michigan Democrat. "The investigation must be taken out of the hands of politicians and put into the hands of trained investigators."

But Mr. Bouchard, the sheriff of Michigan's second-largest county, was quick to say that it's not a partisan issue.

"This is not about Republicans and Democrats. This is about right and wrong, cracking down on criminals, and protecting victims," he said yesterday. "An independent investigation will take politics out of the process."

Conservatives, for the most part, have toned down the calls for Mr. Hastert to give up his leadership post.

Former Secretary of State James A. Baker III said yesterday that Mr. Hastert should not become "a sacrificial lamb."

Mr. Baker warned on CBS' "The Early Show" yesterday that dumping Mr. Hastert would not bring an end to the scandal.

"If they throw Denny Hastert off the sled to slow down the wolves, it won't be long before you'll be crying, 'Hey, you've got to throw somebody else over because they knew about it, too,' " Mr. Baker said.

And while the conservative publication Human Events stopped short of calling for Mr. Hastert to resign, an editorial yesterday said he should quit his speaker post before the next Congress is seated in January.

"Conservatives differ on whether House Speaker Dennis Hastert ought to resign right now, but it cannot be reasonably argued that Hastert is the best possible choice to lead Republicans in the next Congress," the publication said. "He is not."

Republicans Rally Round Hastert (FT)

By Edward Luce In Washington

Financial Times, October 7, 2006

It was Newt Gingrich, the former speaker of the House and Republican leader, who best summarised his party's response to the scandal over a lawmaker's lewd internet messages to teenage interns. "There's a certain stench of hypocrisy," he said in reference to past sex scandals among Democrats.

For the time being, top Republicans are rallying behind Dennis Hastert, the current speaker, who on Thursday rejected calls to resign and who denied allegations that he knew of congressman Mark Foley's behaviour as early as 2003, when members of his staff on Capitol Hill were apparently informed.

But Mr Hastert also raised eyebrows when, by questioning the timing of the scandal, he hinted at a leftwing conspiracy to derail his party's mid-term election chances. The story hit the front pages last week, at a point when Republican chances appeared to be on the mend for the first time in more than a year.

Still, for many social conservatives, whose support has been critical to Republican election success ever since Mr Gingrich led the party to control of the House in 1994, the Foley scandal could prove to be the final straw. In the 2000 presidential elections, many Christian Republicans abstained from voting for George W. Bush when it was revealed he had once been caught driving under the influence of alcohol. In contrast, many analysts attributed Mr Bush's clear – although narrow – victory in the 2004 presidential election to his success in motivating socially conservative voters.

According to polls, that "intensity" of support app-ears to be falling off. Among voters who go to church once a week, only 44 per cent now lean towards the Republicans, compared with 58 per cent in 2004, according the Pew Research Center. For those who attend church more than once a week, the proportion has dropped from 64 to 56 per cent.

Although the mid-term elections have been dominated until now by other themes, such as the "war on terror", the war in Iraq and the state of the economy, moral issues often sway Christian voters on polling day. "Mid-term elections are all about motivating your party's base," said David Keene, the president of the Amer-ican Conservative Union. "There is no doubt about it, the Foley scandal has been very bad for Republican motivation."

The contrast could not be more stark with the 1994 elections, when Democrats stayed at home in droves, permitting Republicans to capture the House for the first time in a generation. Mr Gingrich's "contract with America", which helped deliver the Republican victory, was dominated by two pledges: to reduce the size of government and to restore ethics to Washington.

On both counts, large numbers of Republicans feel betrayed. Many traditional Republicans have been alienated by the growth in "K Street" lobby groups over the past decade and the accompanying rise in federal spending, which has grown at almost three times the rate of inflation since 2001.

Many social conservatives have grown disillusioned with their party's relative lack of success in pushing forward a moral agenda to restrict abortion, oppose gay marriage and rein back the culture of permissiveness. Just under a quarter of American voters describe themselves as "evangelical".

However, with more than a month to go before polling day, Republican leaders believe there is plenty of time for the scandal to blow over. They also believe that their party's larger campaign war chest and the fact that voters remain concerned about national security could still prove decisive in the build-up to voting.

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"People know there is hypocrisy and double-standards in Washington and they know it falls on both sides of the aisle," said Saul Anuzis, the head of the Republican party in Michigan. "There is a good chance this scandal will be forgotten in a few weeks. The majority of voters aren't paying much attention."

Republicans Hope Hastert's Words And A Committee's Action Can Quell Uproar (NYT)

By Carl Hulse

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — House Republicans held their breath on Friday and hoped that Speaker J. Dennis Hastert's expression of remorse about the page scandal combined with the start of a House ethics investigation would stabilize his grip on power.

"The speaker has taken responsibility and is taking control of the situation," his spokesman, Ron Bonjean, said Friday afternoon.

After a chaotic week that began with the resignation of Representative Mark Foley, Republican of Florida, other lawmakers were assessing whether Mr. Hastert's announcement on Thursday that he would not resign but would punish anyone found to have been derelict in the Foley case would be enough to calm the furor. They were hoping to avoid more leadership turmoil just one month before the midterm elections.

Even as the House ethics committee entered the second day of its inquiry, several contradictions had yet to be resolved, particularly whether Mr. Hastert's staff had been alerted to complaints about Mr. Foley before 2004. Kirk Fordham, a longtime aide to Mr. Foley who resigned this week from the office of another congressman, said he alerted Scott Palmer, the speaker's chief of staff, to Mr. Foley's behavior up to three years ago.

The speaker's office has denied hearing an advance warning from Mr. Fordham, but a senior Republican aide on Capitol Hill, who was close to Mr. Foley, confirmed Mr. Fordham's version of events in an interview on Friday. The aide, who declined to be identified because the matter was under investigation, said Mr. Fordham had alerted Mr. Palmer to concerns surrounding Mr. Foley's behavior with under-age pages.

Another senior Republican official who would speak about internal party matters only without being named said Mr. Hastert in his remarks had accomplished two goals sought by his colleagues: He had accepted some responsibility and had acknowledged that the response to complaints about the initial e-mail sent to a former teenage page in Louisiana had been inadequate.

"I'm hoping this is gone," said the official, who, like others, cautioned that new disclosures could quickly imperil Mr. Hastert and that the coming elections could answer the question of his future regardless.

After Mr. Hastert's remarks, other members of the leadership issued statements backing him, putting aside, at least for now, some of the divisions exposed over the scandal and who was responsible.

Republicans and some Democrats said the ethics committee had bought Mr. Hastert some relief by promising a full and relatively quick inquiry, though it was unclear whether the committee's findings would be known before the election. Aides in leadership offices said Friday that they were not aware of any staff members receiving requests to meet with the panel, which on Thursday approved nearly four dozen potential subpoenas for testimony and documents.

James A. Baker III, a leading Republican and former secretary of state with strong ties to the Bush family, also expressed support for Mr. Hastert on Friday, saying his resignation would do little to stem the uproar.

"If you think that's going to stop the story, you've been smoking dope, because the minute they get Denny, they'll go after the next person who might have known something about this," Mr. Baker said on Fox News. "I think the speaker's done the right thing by calling for an investigation."

In Oklahoma, a lawyer for a former page who has been identified as the recipient of explicit messages from Mr. Foley dismissed reports that the former page, now 21, was engaging in a practical joke. "From what I do know, this was not a prank," the lawyer, Stephen Jones, said on CNN.

The case continued to provoke sharp exchanges between Republicans and Democrats.

Representative John Shimkus, Republican of Illinois and chairman of the board that oversees the page program, said he was outraged at criticism of his handling of the initial complaint against Mr. Foley. Mr. Shimkus said he was the person who questioned Mr. Foley, only to be told by the lawmaker that the initial e-mail communication was innocent.

"I did nothing wrong," said Mr. Shimkus, a former teacher, who on a radio program in his district accused Democrats of questioning his integrity in the matter.

Staffer Cites Earlier Role By Hastert's Office (WP)

By Jonathan Weisman

DOJ_NMG_0078637

The Washington Post, October 7, 2006

House Speaker J. Dennis Hastert's chief of staff confronted then-Rep. Mark Foley about his inappropriate social contact with male pages well before the speaker said aides in his office took any action, a current congressional staff member with personal knowledge of Foley and his behavior with pages said yesterday.

The staff member said Hastert's chief of staff, Scott Palmer, met with the Florida Republican at the Capitol to discuss complaints about Foley's behavior toward pages. The alleged meeting occurred long before Hastert says aides in his office dispatched Rep. John M. Shimkus (R-Ill.) and the clerk of the House in November 2005 to confront Foley about troubling e-mails he had sent to a Louisiana boy.

The staff member's account buttresses the position of Foley's onetime chief of staff, Kirk Fordham, who said earlier this week that he had appealed to Palmer in 2003 or earlier to intervene, after Fordham's own efforts to stop Foley's behavior had failed. Fordham said Foley and Palmer, one of the most powerful figures in the House of Representatives, met within days to discuss the allegations.

Palmer said this week that the meeting Fordham described "did not happen." Timothy J. Heaphy, Fordham's attorney, said yesterday that Fordham is prepared to testify under oath that he had arranged the meeting and that both Foley and Palmer told him the meeting had taken place. Fordham spent more than three hours with the FBI on Thursday, and Heaphy said that on Friday he contacted the House Committee on Standards of Official Conduct to offer his client's cooperation.

"We are not preparing to cooperate. We are affirmatively seeking to," Heaphy said.

Hastert spokesman Ron Bonjean declined to directly comment on the second House staff member's assertion, saying that it is a matter for a House ethics committee investigation. "The Standards Committee has asked that no one discuss this matter because of its ongoing investigation," Bonjean said.

The emergence of a second congressional staffer describing such a meeting came on a day that Hastert (R-Ill.) was working to solidify his hold on the speakership. Prominent Republicans, including President Bush, have defended Hastert, saying he should not step down, but the criticism continues to flow.

New Jersey's Thomas H. Kean Jr., whose candidacy offers the GOP its most promising hope to take a Senate seat from a Democrat in November, called for Hastert's resignation yesterday, as did the editorial page of the Los Angeles Times. Democratic House candidate Patty Wetterling of Minnesota, a child-safety advocate and the first to air a television commercial about the Foley scandal, will deliver the national Democratic response to Bush's weekly radio address today.

Hastert maintains that he knew nothing of Foley's actions until last week, when the story first broke and Foley resigned. His stance contradicts that of House Majority Leader John A. Boehner (R-Ohio) and National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.), both of whom said they had informed Hastert this spring.

Palmer has resolutely said he had no earlier meeting with Foley, and other leadership aides have questioned the truthfulness of Fordham. Fordham quit his job as Reynolds's chief of staff last week after acknowledging that he had tried to persuade ABC News not to publish the salacious instant-message exchanges between Foley and two former pages.

Hastert's office contends that the first confrontation with Foley occurred in November 2005, when Shimkus, the head of the House Page Board, and then-House Clerk Jeff Trandahl took Foley aside to discuss what they termed "over-friendly" e-mails that Foley had sent to a Louisiana boy. Fordham's account not only pushed the matter back at least two years but also indicated that alarms over Foley's behavior had gone well beyond bland e-mails.

Sources close to Fordham say Trandahl repeatedly urged the longtime aide and close family friend to confront Foley about his inappropriate advances on pages. Each time, Foley pledged to no longer socialize with the teenagers, but, weeks later, Trandahl would again alert Fordham about more contacts. Out of frustration, the sources said, Fordham contacted Palmer, hoping that an intervention from such a powerful figure in the House would persuade Foley to stop.

Now, a second House aide familiar with Foley and his actions told The Washington Post yesterday that "Scott Palmer had spoken to Foley prior to November 2005." The aide spoke on the condition of anonymity because the matter is now the subject of a criminal investigation and the House ethics committee inquiry.

Two law enforcement officials said yesterday that the FBI had not yet determined whether a crime had occurred in the Foley case. Justice Department and FBI officials have cautioned that cases involving the enticement of minors are notoriously difficult to prosecute.

On Wednesday night, Palmer was described as highly emotional while aides sifted through e-mails and files to determine whether he had ever spoken to Fordham. Several people who spoke with Palmer said the chief of staff was emphatic in denying that he knew anything about Foley's questionable contacts with young male pages.

Palmer, who shares a townhouse with Hastert when they are in town, is more powerful than all but a few House members. Members know that he speaks for Hastert.

The divergent accounts have highlighted the holes in the public's understanding of Foley's undoing. And they are sure to ratchet up the pressure on Trandahl to come forward with his knowledge of events. As House clerk between January 1999 and November 2005, Trandahl had direct control over the page program.

Pages apparently saw Trandahl as a strict disciplinarian. In one instant-message exchange obtained by The Post, a former page, on his way to his first annual reunion in Washington, told Foley in January 2003 that "everyone is going to be pretty wasted a lot of the time in dc."

He then added, "well we dont have the [expletive] clerk to fire us anymore. . . . we didnt like trandahl that much . . . he isnt a nice guy . . . and he gets really scarey when he is mad."

Trandahl's departure came within days of his confrontation with Foley over e-mails that the congressman had sent a former page. House aides say the circumstances of Trandahl's exit were oddly quiet. The departure of a staff member of long standing, especially one as important as the House clerk, is usually marked with considerable fanfare, said Scott Lilly, a former Democratic staff director of the House Appropriations Committee. Debate is suspended in mid-afternoon to accommodate a stream of testimonials from lawmakers.

Trandahl's departure was marked by a one-minute salute from Shimkus and a brief insert into the Congressional Record.

"My one-hour Special Order changed to a five-minute Special Order, now to a one-minute," Shimkus said. "I just want to say thank you for the work you have done."

Lilly said: "He seemed to suddenly disappear in a puff of smoke."

Trandahl, now the executive director of the National Fish and Wildlife Foundation, has not returned repeated phone calls and e-mails.

Congressional aides point to another factor that links Trandahl to the Foley matter. A member of the board of the national gay rights group Human Rights Campaign, Trandahl is openly homosexual and personally close to the now-disgraced former lawmaker, who announced through his lawyer this week that he is gay.

SPECIAL REPORT: SEX, LIES AND ELECTION DAY (NATJOUR)

By Brian Friel

National Journal, October 6, 2006

The Law's Long Arms

In March of this year, a federal judge sentenced Dwight Whorley of Richmond, Va., to 20 years in prison after he was found guilty of a variety of child-pornography charges, including receiving 20 obscene Japanese anime cartoons. The case drew attention in child-protection circles because Whorley was the first person convicted under a 2003 federal statute that makes viewing such nonphotographic material a crime.

Whorley was also convicted of sending and receiving 20 obscene e-mails that described sex involving children. He had broken the federal law that prohibits online viewing of "any obscene, lewd, lascivious, or filthy book, pamphlet, picture, motion-picture film, paper, letter, writing, print, or other matter of indecent character."

That federal statute is one of several that could come into play as the FBI's Washington Field Office and the Justice Department's Child Exploitation and Obscenity Section run an investigation into former Rep. Mark Foley, R-Fla., and his online sexual activities with underage boys. The federal investigators, as well as state and local agents who may be brought into the case, will try to determine what Foley actually did, the jurisdiction in which he did it, the age of the boys involved, and what state or federal laws he might have violated. "You've got to look at specifics," said Robert Peters, president of Morality in Media, a New York-based anti-pornography group. "Where did the thing get sent from? If it was all in Washington, that eliminates Florida.... And if it's interstate, then you're back to the federal law."

The federal laws potentially in play include an obscenity statute that prohibits the "transfer of obscene material to minors" and defines a minor as a child age 15 or younger. The youngest alleged recipient of sexually suggestive or sexually explicit messages from Foley was 16.

The statutes that Whorley was convicted of violating are based on the material itself, not on the age of the sender or receiver. Under such laws, juries determine whether community standards were violated and whether the material in question appeals to "prurient" interests.

Also in play are federal and state "coercion and enticement" statutes. Federal law prohibits adults from persuading -- or attempting to persuade -- children younger than 18 to engage in illegal sexual activity. Brian Doyle, a former public-affairs officer in the Homeland Security Department, pleaded no contest in Florida last month after being arrested for engaging in online discussions about a sexual rendezvous with a law enforcement agent posing as a 14-year-old girl.

If Foley attempted to arrange sexual encounters with anyone under the age of consent, he could face enticement charges. The age of consent is 16 in the District and 18 in Florida. If Foley stopped short of arranging physical encounters, his messages

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still might constitute a sex crime, depending on location. California law, for example, makes it a crime for an adult to send material designed to "arouse" and "seduce" a minor. Florida law prohibits adults from using a computer to transmit a statement "encouraging ... sexual conduct of or with any minor." The federal coercion statute, which could be applied in conjunction with various state laws, carries a mandatory minimum prison sentence of 10 years, according to child-protection expert Mary Leary, a visiting professor at Catholic University of America's law school.

Leary, who stressed that she wasn't commenting specifically on the Foley investigation, said prosecution of online child sex cases relies heavily on each case's details -- where the activities occurred, when they took place, and who was involved. "It really is a fact-specific, fact-driven inquiry," she said.

Experts in the laws dealing with obscenity and child exploitation generally say that federal and state statutes are adequate for dealing with most online predators. "We have some excellent federal laws," said Jan LaRue, chief counsel for Concerned Women for America, a conservative Washington advocacy group. "They need more vigorous enforcement."

Melanie Sloan, executive director of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington, is a former sex-crimes prosecutor. In July, Sloan sent the FBI copies of e-mails from Foley that had "freaked out" a former congressional page -- the first Foley messages that became public last week. At the time, the FBI did not see evidence of a federal crime. "The law is a little tricky," Sloan said when asked how the government will decide whether to bring charges. "The way you do it is, you find out what he did."

Justice Department spokeswoman Tasia Scolinos said Attorney General Alberto Gonzales "takes any allegations of child exploitation extremely seriously. And he has directed those in charge of the inquiry to take all appropriate steps to get to the bottom of this unfortunate situation as soon as possible."

For Shimkus, Stain From Foley Scandal Could Linger (MCT)

By Alan Bjerga

McClatchy Newspapers, October 7, 2006

WASHINGTON - With more than a million dollars to spend and 69 percent of the votes in his last election, Rep. John Shimkus may well survive the Mark Foley scandal at the ballot box.

But should voters re-elect the Illinois Republican next month, they might be returning to Washington a man whose congressional influence could be diminished permanently by the scandal.

The stain from his role as the head of the House Page Board while former Rep. Mark Foley, R-Fla., was making advances toward pages could trail Shimkus for years, political analysts said. That will make it more difficult for him to rise in the House of Representatives' ranks to top committee or leadership assignments that benefit his district.

"Even being associated with a scandal can irreparably harm a career," said Steven Smith, political science professor at Washington University in St. Louis.

Shimkus is reeling this week from charges that, as the head of the page board, he wasn't aggressive enough in investigating concerns about Foley's conduct.

In a Belleville News-Democrat interview earlier this week, Shimkus defended his actions in 2005, when he reacted to a page's parents' worries over an "overly friendly" e-mail that Foley had sent their son by simply telling Foley to stay away from pages.

Shimkus said that, based on the information he had, his response seemed reasonable. Now that more explicit and damaging messages have been revealed, second-guessing - from himself as well as critics - is to be expected.

"I only tell people what I did with the information I had available, and history will judge that," he told the News-Democrat.

Ross Baker, a longtime Democratic congressional staffer who now teaches at Rutgers University in New Jersey, said it remained to be seen whether the public would view Shimkus as a participant in a cover-up or as someone who was in the wrong place at the wrong time.

"He's clearly not the principal player in this," Baker said.

But whether or not Shimkus' actions are defensible, political damage-by-association appears inevitable.

"This will continue to be a big mark against him," Baker said.

Democrats say Shimkus should lose his seat for his role in the scandal. While his opponent in November, Dan Stover, said he would rather talk about differences on issues other than the scandal, he acknowledges that it's giving his campaign new life.

And after November, assuming Shimkus is re-elected, the scandal could ruin his ability ever to take a bigger role in the House, where he has served since 1997, Smith said.

"Even if it turns out he did everything right, Republicans won't ever want to read news stories that say, `Leader Shimkus, who was involved in the House page scandal ...'

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"Politics is a lot about reputation," Smith continued. "Congress is a competitive place, and there are plenty of other legislators without baggage" competing with Shimkus for more power and projects for their districts.

"Any legislator touched by this will be disadvantaged within the House," Smith said.

Speculation Centers On A Republican Former Page (WP)

By Elizabeth Williamson

The Washington Post, October 7, 2006

Likable and popular with female pages, a committed Republican who even as a teenager knew how to parlay chance meetings into political friendships, Jordan Edmund has emerged as a key figure in the Foley page scandal.

The former House page has been targeted by conservative blogs as the young man on the receiving end of former representative Mark Foley's sexually explicit online instant messages, which have engulfed the GOP in a scandal that could affect the outcome of the Nov. 7 congressional elections.

Edmund has hired a lawyer, Stephen Jones, who will not acknowledge whether his client was the one who corresponded extensively with Foley for nearly a year. Jones said he is going public with his client's name to help Edmund fend off conservative attacks and a barrage of media inquiries. He said he will represent Edmund when he is interviewed early next week by the FBI.

"I did not discuss the messages with him," Jones said. "I'm not saying they're his. At this time I don't know."

Jones declined to discuss his client's involvement in disclosing the instant messages to the news media.

"To me that's a side issue," he said. "The issue is whether Congressman Foley or anyone else violated the law, not whether Jordan had good judgment or not."

A student at the University of California at Berkeley, Edmund has taken time off this year to serve as deputy campaign manager on Rep. Ernest J. Istook Jr.'s campaign for Oklahoma governor. Edmund contacted Jones, a well-known Oklahoma City trial lawyer and Republican Party member who was appointed to represent Timothy McVeigh after the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Jones said he believed fellow Republicans referred Edmund to him.

The message transcripts show a humorous, sometimes self-conscious high school student who showed an easy familiarity with Foley. Engaged in a typical round of teen dances and lacrosse games, he at one point asked the congressman for help getting into a fundraiser for Rep. Randy "Duke" Cunningham (R-Calif.).

Cunningham, who resigned from the House last year after pleading guilty to taking bribes, was Edmund's sponsor in the 2002 page program.

Edmund's MySpace entry, where he goes by "EDMO!," also mentions lacrosse and dancing among his interests. But chiefly, he wrote, "Politics is my passion; I love the game . . . I grew up all over the place but I call San Diego home."

In the instant messages, Foley mentions a San Diego meeting with the former page to whom he is writing.

In the section headed "Who I'd like to meet," Edmund says: "I don't know, but I do know who I don't want to meet. Stupid people, people who don't like politics (politicians make your [expletive] laws)."

Edmund's allegiance to the GOP, say some, raises one of the biggest questions about him: Why would a young man with seemingly such a bright future in the Republican Party save messages so potentially damaging to it?

"He's a very personable guy and . . . certainly a rising star," said one page who served with Edmund in 2002 and who spoke on the condition of anonymity because of the ongoing investigation. The page said Edmund was known among some fellow pages that year for boasting of his friendship with Foley.

In recent days, some blogs have published reports that the exchanges were a prank and that the teen in the messages, who seems uncertain about his sexual orientation, was actually trying to solicit sexually suggestive messages from Foley.

In daily online exchanges with fellow former pages over the last week, the former page who served with Edmund said, "Someone commented that if it was indeed a prank then it's very upsetting and disappointing that Jordan would do that. It would have been insensitive to Foley's sexual orientation."

Jones, Edmund's lawyer, said: "It was not a prank, not a practical joke, that pages played on a congressman."

Edmund "demonstrated integrity" by agreeing to cooperate in the investigation, Jones said. "I don't think Jordan intended for any of this to become public.

"I think he'd like to have his privacy respected. I told him I thought he was a victim."

GOP Prods Democrats Over Foley Scandal (CNN)

CNN – GOP Dem Foley, October 7, 2006

WASHINGTON (CNN) -- Faced with fending off the backlash from the Mark Foley scandal, House Republicans took the offensive Friday, asking Minority Leader Nancy Pelosi and other Democrats to testify about whether they engaged in partisan trickery by releasing Foley's messages weeks before the midterm elections.

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Top GOP leaders -- including House Speaker Dennis Hastert, of Illinois, and Majority Leader John Boehner, of Ohio -- have accused the Democrats of knowing about Foley's correspondences with teen pages, and waiting to release them until it was politically advantageous.

Foley, a Republican who represented a Florida district for six terms, resigned abruptly September 29 as allegations surfaced that he exchanged inappropriate e-mails and lurid text messages with underage pages. Democratic candidates are using the scandal as fodder in their campaign ads. Candidate Baron Hill, of Indiana, criticized Rep. Mike Sodrel, R-Indiana, for refusing to return contributions "from the House leadership who knew about but did nothing to stop sexual predator Congressman Foley." (Full story)

Foley's attorney said this week that his client acknowledges inappropriate exchanges with teen pages, but he "never, ever had an inappropriate sexual contact with a minor in his life."

Candidate Patty Wetterling, of Minnesota, who is in a tight race against Republican Michelle Bachmann, also focused on an alleged cover-up, according to a radio address she released.

Suspicion of a cover-up is common across the nation. In a Time magazine poll of 1,002 voting-age adults this week, 80 percent were aware of the scandal. Of those, two-thirds suspected a cover-up by GOP leaders, and only 16 percent approved of how Republicans handled the scandal.

In a letter to Pelosi, which also was sent to Democratic Party Chairman Howard Dean, Rep. Jack Kingston, R-Georgia, asked them to disclose whether Democrats played a role in publicizing Foley's correspondences.

"Just as it must be determined whether any Republican members or political operatives were aware of and attempted to conceal Mr. Foley's activities, it must also be determined whether any Democrat members or political operatives were aware of and attempted to conceal these same activities," Kingston wrote in a letter signed by 10 other GOP lawmakers.

Hastert has been on the front line of the fallout since he and other top Republicans were accused of knowing before 2005 about an "overly friendly" e-mail Foley sent to a teenage page. A conservative Washington newspaper even called for the speaker's resignation, a demand Hastert, of Illinois, rebuffed.

In a speech Thursday in Batavia, Illinois, Hastert denied the accusation, said he had "done nothing wrong" and refused to step down. He also suggested the timing of the release of the messages was a Democratic ploy to get the upper hand in November elections.

"Our friends on the other side of the aisle really don't have a story to tell, and maybe they're resolving to another way, to another political tactic," he said.

Hastert has asked the FBI to investigate, and the House Ethics Committee launched its own probe Thursday and authorized four dozen subpoenas. (Watch how the Foley scandal has changed the political landscape -- 2:10)

Top GOP leaders, including Boehner and Majority Whip Roy Blunt, of Missouri, have rushed to Hastert's defense. Rep. Joe Barton, R-Texas, wrote a letter supporting Hastert, saying it was inappropriate to ask for the speaker's resignation when similar scandals in the 1980s prompted a "dramatically different standard."

Barton was referring to Democratic Reps. Gerry Studds of Massachusetts and Dan Crane of Illinois, both of whom were censured after having sexual relationships with 17-year-old pages. Crane lost his re-election bid, while Studds survived the scandal.

"No Democrat demanded prescience from Speaker Tip O'Neill, and no Democrat shouted for his resignation. Neither did any Republican," Barton wrote. "The focus was on the members who created the problem, as it should have been and as it should be now."

In a statement accompanying his letter to Pelosi, Kingston wrote that the Foley matter "should not be a partisan issue."

"All members of the House, our staff, and members of the public regardless of political party should come forward and provide whatever information they know," he wrote.

Pressure On Republicans Won't Ease (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 7, 2006

WASHINGTON -- As House Republicans struggle to contain the fallout from the Mark Foley page scandal, two coming court dates will push long-lingering lobbying misdeeds back into the headlines just before Election Day.

Next Friday, Ohio Republican Rep. Bob Ney is scheduled to enter guilty pleas to accepting hundreds of thousands of dollars worth of trips, meals and other gifts in exchange for taking official action on behalf of clients of former Republican lobbyist Jack Abramoff.

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On Oct. 27 -- less than two weeks before the Nov. 7 election -- David H. Safavian, a former White House official and Abramoff ally, is scheduled to be sentenced for his conviction, earlier this spring, on lying and obstruction-of-justice charges. Those also flowed from the Abramoff investigation.

The successive sentencings, combined with the continuing investigations of Mr. Foley -- and how House leaders handled his behavior -- provide "a clothesline" that Democrats can use to drive the scandal issue through the final days of the campaign, says David Gergen, an adviser to Republican and Democratic White Houses, who now teaches at Harvard University's Kennedy School of Government.

Carl Forti, a spokesman for the National Republican Congressional Committee, dismisses that notion. "I still don't know of any member of Congress who has lost because of what another member did or didn't do," he said. "We believe congressional races are more about local and pocketbook issues."

The blending of the sex and lobbying scandals in the final weeks of the campaign will make it harder for Republican candidates to dismiss them as isolated incidents involving a few bad characters, says Julian E. Zelizer, a congressional historian at Boston University. "When you have two or three big scandals going on at the same time, it becomes about the party," he says. "This is now about a broader theme of Republicans misusing their power. That's the link between Abramoff and Foley."

Some Republicans fear that congressional leaders may have made the issue more difficult politically, because they failed to take action on ethics legislation before adjourning this year.

When Mr. Abramoff in January pleaded guilty to attempting to bribe lawmakers with expensive trips, meals and sporting-event tickets, House Speaker Dennis Hastert vowed to pass tough ethics-reform legislation. A succession of guilty pleas in the Abramoff probe by high-level congressional aides seemed to provide some momentum for the push.

But after heavy lobbying from the business community, and a shift in media attention to other issues, the House leadership backed away. House Majority Leader John Boehner called a lobbyist travel ban "childish." That drained energy in April from any significant ethics legislation, including a ban on lobbyist-paid travel, and the creation of an independent Office of Professional Integrity. That office could have been charged with investigating allegations like those that swirled around former Florida Rep. Foley, whose sexually explicit messages to teenage pages set off the current firestorm.

Instead, House leaders threw their weight behind a less-restrictive bill that required greater disclosure of lobbyist gifts but didn't ban them. The legislation didn't match a bill passed by the Senate, and it never became law. "They made a farce out of the whole thing when they should have tightened down and clamped down," said Ed Rollins, a Republican strategist.

In private meetings, House leaders said they didn't feel pressed to pass a tougher measure because the issue didn't show up on public polls as a concern to voters, several lawmakers and aides said.

But in the wake of the Foley scandal, that could be changing. An Associated Press-Ipsos poll conducted in the past week found that about half of likely voters said scandal will be very or extremely important when they cast their vote. And by nearly 2-1, the respondents said they trust Democrats more than Republicans to clean up Congress.

"It was reckless," says Connecticut Republican Rep. Christopher Shays, a key sponsor of the ethics legislation, who is now locked in a fierce re-election campaign. "We were on the edge of a cliff, and they [House leaders] said, 'We're not over the cliff.' The Foley thing has pushed a lot of us over the cliff," he added.

Just months after House leaders took ethics legislation off the agenda, the Abramoff scandal captured its first elected official: Ohio's Mr. Ney. Last month, the Department of Justice announced a plea agreement with Mr. Ney: He will plead guilty to one count of conspiracy and one count of making false statements. He could face 10 years for the charges, but prosecutors are expected to seek a sentence of 27 months.

According to the agreement, Mr. Ney has admitted accepting from Mr. Abramoff free international and domestic trips -- including a golfing trip to Scotland. In exchange, Mr. Ney attached amendments to a bill to help an Abramoff client, and inserted statements beneficial to the lobbyist in the Congressional Record, Mr. Ney admitted.

Mr. Ney dropped his re-election bid in August shortly before the plea deal was announced, but he has not resigned from Congress, and House Republican leaders have refused calls to insist that he do so.

The Scotland trip featured in the Ney plea agreement was also highlighted in the obstruction trial of Mr. Safavian, the former top procurement officer for the White House. Prosecutors charged that Mr. Abramoff floated most of the costs of the golfing trip for Mr. Safavian, and provided other benefits such as free meals and box seats at sporting events. Mr. Safavian was convicted of helping, in exchange, Mr. Abramoff and his clients who were seeking government property. Mr. Safavian, 38 years old, faces as much as 20 years in prison and about $1 million in fines.

Troubled Ethics Panel Tackles Scandal (LAT)

By Richard Simon

The Los Angeles Times, October 7, 2006

The committee looking at the handling of the Foley case has been under fire for months.

WASHINGTON — The House Ethics Committee has had little to say as one scandal after another has rocked Capitol Hill since early 2005.

Now, can a panel that has been derided as a symbol of congressional dysfunction take up a tough, politically sensitive case a month before an election and produce results within weeks, as promised?

Skeptics abound.

"We don't have a lot of confidence in the Ethics Committee," said James Benton of the public watchdog group Common Cause.

The committee launched an investigation Thursday into the House GOP leadership's handling of a scandal involving sexually explicit communications that former Rep. Mark Foley (R-Fla.) sent to teenage pages. It has prepared nearly four dozen subpoenas for records and testimony, and its leaders are promising to go wherever the evidence takes them.

But the investigation follows months of attacks on the committee by those who say it failed to aggressively investigate the dealings of lobbyist Jack Abramoff and other scandals.

The committee's last major action — admonishing then-Majority Leader Tom DeLay (R-Texas) — was two years ago. Afterward, the Ethics Committee chairman was booted from the panel.

"The last time the committee did its job … it had its head chopped off," Democracy 21 President Fred Wertheimer, a longtime champion of ethics reform, said Friday, calling it "not exactly a good sign" for the job ahead. He has called for the committee to appoint an outside counsel to investigate.

While the DeLay case was considered politically sensitive, this one could be tougher. It involves looking into what House Speaker J. Dennis Hastert (R-Ill.) and other lawmakers knew about Foley's activities, when, and how they responded.

The investigation also is being conducted in the heat of a partisan fight for control of Congress. On Friday, New Jersey Republican Senate candidate Tom Kean Jr. called for Hastert to resign as speaker. And Democrats plan to discuss the scandal in their radio address today.

Most of Hastert's House GOP colleagues appear to be standing by him. Rep. Joe L. Barton (R-Texas) sent a letter Friday urging fellow Republicans to wait for the results of the investigations. "Then we can judge everyone's actions for ourselves, based on facts instead of frenzy or ambition," he wrote.

The investigation comes as a new AP-Ipsos poll, conducted after the sex scandal broke, found that about half of likely voters polled thought that recent disclosures of corruption and scandal in Congress would be very or extremely important to their vote in the November elections.

A new poll by the Pew Research Center, however, found that the scandal had not significantly affected the midterm race. In interviews before the scandal broke, the poll found Democrats were favored over Republicans for Congress, 51% to 38%, among registered voters. That was essentially unchanged in the days after Foley resigned.

The congressional probe also comes as the FBI conducts a separate criminal investigation that could affect the willingness of witnesses to cooperate with the Ethics Committee.

On Friday, the lawyer for a former Hill page from California identified as having traded messages with Foley said his client would be willing to answer questions from the ethics panel and the FBI. "Clearly, he wishes he had never been a House page," attorney Stephen Jones told CNN. "Nevertheless, his name has been brought into it. He wants to cooperate with the investigation. Whatever he is asked he will testify under oath truthfully to what he knows. It is up to others to know if it is relevant."

Given the committee's recent track record, few expect results soon. Hardly anyone expects a report before the November election.

"One of the problems is that the Ethics Committee has been somewhat dormant for a while," said Larry Noble, a Washington lawyer who specializes in ethics issues. "So it's hard to have a real sense of what it's capable of doing."

But Rep. Howard L. Berman of Valley Village, the committee's top Democrat, said in an interview Friday that since he rejoined the panel in the spring, "there is a lot more going on" within the committee than people realize, but that he couldn't publicly discuss it. And despite the committee's paralysis for much of 2005, Berman said, "As slow and as torturous as the process appears to be, the fact is if you look at the last 20 years, a number of careers have been ended by virtue of committee actions."

The panel, known officially as the Committee on Standards of Official Conduct, operates largely in secret. On Friday, committee officials declined any comment, including on whom they planned to summon to the committee's meeting room in the Capitol Hill basement, though it is expected to interview House GOP leaders and perhaps Foley and former pages.

The investigative subcommittee will be made up of committee Chairman Doc Hastings (R-Wash.), Berman and Reps. Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio). Anyone summoned before the committee may be represented by an attorney and invoke the Fifth Amendment right against self-incrimination.

The committee, the only one in the House evenly divided between Republicans and Democrats, was paralyzed for more than a year. Rep. Alan B. Mollohan of West Virginia stepped down earlier this year as the top Democrat after his conduct came under scrutiny, and ethics watchdogs had new hope for the committee after Berman was named as his replacement.

It was an "honor I could have done without," Berman quipped at the time.

The committee in May launched investigations into the activities of Reps. Bob Ney (R-Ohio) and William J. Jefferson (D-La.), and into whether other House members were involved in the dealings of now-imprisoned former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe). None of those probes have yet resulted in public reports.

Victim Advocates, Fla. Diocese Urge Foley To Name Alleged Abuser (WP)

By Alan Cooperman

The Washington Post, October 7, 2006

The Roman Catholic diocese of Palm Beach, Fla., and national advocacy groups for victims of sexual abuse called yesterday for former representative Mark Foley (R-Fla.) to give police the name of the clergyman who allegedly abused him as a teenager.

"He should absolutely report the perpetrator, living or dead," said David Clohessy, national director of the 7,000-member Survivors Network of Those Abused by Priests. "He should do it now, not when his civil lawyer says it is convenient. Every day that a molester walks free is a day when he can hurt other kids."

Foley's attorney, David Roth, told reporters Tuesday that the former congressman, who was raised as a Catholic, was molested by a clergyman when he was 13 to 15 years old. But Roth did not name the clergyman, and Palm Beach police said they have not received any report of the abuse.

Alexis Walkenstein, a spokeswoman for the Palm Beach diocese, said Foley has not reported the abuse to local Catholic Church officials, either.

"It would be inappropriate to comment, because at this time we've only heard a vague allegation. If Mr. Foley was abused within the Catholic Church, we would encourage him to report it to law enforcement," she said.

Foley, 52, abruptly resigned his House seat a week ago and checked into an alcohol treatment center after lewd electronic messages that he sent to teenage former congressional pages were made public.

Clohessy said Foley "has the same responsibility that every citizen has to report crimes." He said that police and prosecutors have become more aggressive and successful at prosecuting older cases of sexual abuse and that Foley is "in no position to determine whether prosecution is possible."

"Every single day, we tell victims: Tell the police, tell the police. Because every so often, someone provides that extra bit of information that allows a prosecutor to make a case," Clohessy said. "Even if the perpetrator is dead, those who enabled or covered up the crimes might be prosecuted."

William J. Brooks, a Palm Beach Town Council member who is a former Catholic priest and a friend of Foley's, said it was "outrageous" that Roth pinpointed the years of the abuse without naming the abuser. In 1969 and 1970, Foley attended Cardinal Newman High School, a parochial school where Brooks was on the faculty.

"Get the name out there and let the legal process unfold. And clear the names of the other clergy people back in the early 1970s," Brooks said.

Theresa LePore, the former Palm Beach County elections supervisor who designed the "butterfly ballot" that stirred national controversy in the 2000 presidential election, is now director of development at Cardinal Newman High. She was also a classmate of Foley's.

She said she does not remember him and never heard of any molestation cases when she was a student at the school, which at the time was run by a religious order, the Missionary Oblates of Mary Immaculate.

Amid Growing Scandal, Former Pages Defend Program (MCT)

By Kevin Diaz And Dave Montgomery

McClatchy Newspapers, October 7, 2006

WASHINGTON - Andy Brehm's job as a congressional page got him into President Clinton's dramatic 1998 State of the Union speech, at the start of the Monica Lewinsky sex scandal.

Gina Schilmoeller, another former page from Minnesota, went to a party on Randy "Duke" Cunningham's infamous yacht, the "Duke Stir," years before it became a top exhibit in the bribery case that put the congressman in prison.

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Lauren Farrelly and Ashley Foster, former pages from Texas, have their own lasting recollections. Farrelly, who served as a House page this summer, shook hands with the Iraqi prime minister. Foster, a House page in 1999-2000, stood elbow to elbow with political celebrities most Americans see only on TV.

For them and for generations of other pages, the experience was a once-in-a-lifetime chance to get a sneak peek at the backstage of history, sometimes before it was made.

Most regard their service as a life-shaping experience. And they're eager to defend the program in a growing scandal evolving around sexually explicit e-mails and instant messages that disgraced former Rep. Mark Foley exchanged with House pages.

"I just hate that the page program is getting bad press," Foster said. "I don't think there is one member of my page class that would tell you anything negative about the program."

James Kotecki, of Raleigh, N.C., a page from January to June 2003, said that when he heard of the scandal with Foley last week, he was shocked. Then he began to fear what might happen to the program.

"I don't want this to be shining a negative light on this program," said Kotecki, who's now a senior at Georgetown University in Washington. "I felt very, very safe. I was never aware of any inappropriate interaction with members and pages."

Citing concerns over the well-being of the approximately 100 high school pages who work in Washington, some House members have suggested putting the 150-year-old program on hold.

The House Clerk's Office, which runs the program, says it's looking for ways to better protect the pages, who serve as congressional gofers and live in a dorm-style environment near the U.S. Capitol.

"We're going to ... step back and re-examine the program as it stands and decide if they need to make changes," spokeswoman Salley Collins said.

Rep. Betty McCollum, D-Minn., who sponsored a page last year, said new safeguards needed to be put in place: "Parents, before they send their children to Washington, should know that Congress is going to take measures to protect them."

Sex abuse victims' groups question whether congressional leaders in either party, who've been embroiled in a bitter fight for political advantage, are in the best position to propose reforms.

"What leaps out at me is that the oversight body consists of the very officials most apt to abuse and cover it up," said David Clohessy, the national director of the Survivors Network of Those Abused by Priests, one of the nation's leading sex abuse-victims advocacy groups. "For starters, the ongoing Catholic abuse crisis has taught us yet again that no institution can police itself."

Teenage pages are part of daily life in the Capitol, scurrying along hallways with papers and messages for their bosses, easily identifiable by their neatly pressed white shirts and navy blazers. Nominated by home-state lawmakers, they're often chosen because of outstanding grades or community service.

Dozens of politicians got their start as pages, including Colorado Gov. Bill Owens, Sens. Christopher Dodd, D-Conn. and Mark Pryor, D-Ark., and Rep. John Dingell, D-Mich. Microsoft founder Bill Gates was a 15-year-old House page in 1972 and has described the experience as "an exciting opportunity."

Virtually all ex-pages have stories about their brushes with history, but for sheer drama few can match that of Altho A. Allen, who's now a 71-year-old retiree in San Antonio. He was on the House floor in 1954 when four Puerto Rican nationalists stood up in the gallery and sprayed gunfire into a chamber milling with lawmakers.

Allen, recalling the incident in a telephone interview, said he heard "some popping noises" and saw a congressman fall, one of five who were wounded in the attack. Allen said he then helped House Speaker Joe Martin and the parliamentarian flee the chamber.

Living in triple rooms, pages occupy the very bottom of the political food chain in Washington and generally appreciate any direct interaction with members of Congress, who are the city's rock stars.

"We really didn't have that much unsupervised contact with House members," said Brehm, a University of Minnesota law school student and former press secretary for Sen. Norm Coleman, R-Minn. "What little time you spent with them was usually on the House floor."

The daily routine, which includes chaperones, monitored government computers, a buddy system and 10 p.m. weekday curfews, reflects the scandals of a previous generation in Congress.

One involved Rep. Dan Crane, R-Ill., who admitted to sexual relations with a 17-year-old female page. Another ensnared Rep. Gerry Studds, D-Mass., who acknowledged a sexual relationship with a 17-year-old male page.

Beginning with the 6:45 a.m. start of page school, five days a week, and ending with the adjournment of Congress, sometimes late at night, a page's life can be a long grind of schoolwork, running errands and delivering documents.

"You didn't have enough time to get homesick," Farrelly said.

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Even with the restrictions and sometimes menial duties, the rewards of working in the Capitol and watching the nation's political machinery offer once-in-a lifetime advantages, said Foster, who's now a graduate student at George Washington University in Washington.

"I learned what you can't learn from a textbook," she said. "It opened the door to the rest of my life."

Debate Turns To Future Of Page Program (LAT)

By Nicole Gaouette And Moises Mendoza

The Los Angeles Times, October 7, 2006

Some call for its end, saying lawmakers can't be trusted. Others, including past pages, defend what has long been a Hill institution.

WASHINGTON — When Republican representatives hooked up for a conference call this week to discuss the political crisis over former Rep. Mark Foley's salacious messages to former pages, the most heated discussion was not over House Speaker J. Dennis Hastert's handling of the matter, but over the future of the congressional page program.

"They all supported the speaker," said one participant in the call. "It got tense over whether the entire page program should be abolished."

A few lawmakers, notably Rep. Ray LaHood (R-Ill.), have suggested that the program be scrapped. "Send the pages home," he said, noting at one point that it's "pretty obvious" lawmakers can't be trusted around them.

But after Congress scrubs off the latest tarnish, the venerable program is likely to persevere. For senators and representatives, it's a much-cherished perk that they can bestow on the children of constituents. For former pages, who ardently defend the program, it's an inspirational opportunity to see politicians at work in the cloakrooms of power.

"For every page failed by a congressman, there is a page who turned out to be a congressman," Kevin O'Connor, a Republican page in the summer of 2003, wrote in an e-mail. "I left the page program with a broadened perspective, a wildly diverse array of friends and no regrets."

There are currently 63 House pages and 30 Senate pages, mostly 16-year-olds. They attend high school starting at 6 a.m. and then run errands for Congress — answering phones, taking messages, delivering documents — often late into the night, when they return to secured dorms to finish their homework.

Foley's sexually explicit messages have recalled the program's lowest point, in 1983, when two House members were censured for sexual relationships with pages. A six-member board made up of lawmakers and staffers was then set up to oversee the program. But in this case, only one of the three congressional members was told about Foley's messages.

Hastert has rebuffed calls to suspend or end the program. Instead, he said Thursday that he was looking "for a person of high caliber to advise us." He also set up a tip line to report inappropriate behavior toward pages.

The patronage program has a long history, starting with a 9-year-old appointed by Sen. Daniel Webster of Massachusetts in 1829. It's a favorite of the Capitol's 535 politicians because it allows them to reward promising students — and sometimes the scions of powerful political allies.

For years, Rep. Dan Rostenkowski (D-Ill.), chairman of the powerful Ways and Means Committee, visited Gordon Tech High School in Chicago to select two pages to join him in Washington for the school year. On the Senate side, Sen. Strom Thurmond (R-S.C.), who served the longest in the upper chamber, brought new pages to his office from South Carolina every month.

These days, the page program is more regulated and has strict merit requirements — students can't be appointed unless they have 3.0 grade-point averages and letters of recommendation from community leaders.

But the families of some pages are politically well-connected.

Robert Rose, a Senate page in 2002 and now a senior at Georgetown University, said his mother's cousin was a political memorabilia expert who became friends with an aide to Thurmond, who nominated Rose. "This sort of thing is very typical," he said. "I only knew of one or two people in my page class who did not have some sort of prior connection to somebody in office."

But Shyanna Hughes of Los Angeles said just a few in her class arrived through connections. "It was kind of obvious: 'OK, they have a lot of money. OK, her dad is the governor of a state,' " said Hughes, who was a page in 1997. "You could definitely tell there were some there, but I would say it was a very low percentage."

Most of the pages during the 1992-93 school year had no ties to politicians, said Naomi Wallace, who was appointed by Rep. Henry A. Waxman (D-Los Angeles). "I had one roommate from Michigan who competed against 3,000 applicants and another from West Virginia whose family income was $20,000 a year," said Wallace, who is shopping around a book about her year in Washington.

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Mindful of the political calendar, Wallace, now a theater arts student in London, dismissed talk of scrapping the program as rhetoric timed for the midterm elections. "In my opinion, 16-year-olds should not be punished because the Republicans are afraid of losing their majority in the House," she said.

Wallace said pages were warned to be wary. "Sexwise, we were constantly reminded about the scandal from a few years prior," she said.

James Kotecki, of Raleigh, N.C., remembers that the pages at his orientation in 2003 were told to address lawmakers formally. But he said the informal conversations the politicians initiated were among the most rewarding experiences. "They just made us love politics even more, to see it at an up-close level," said Kotecki, now at Georgetown University. "If they feel they can't have informal contact with us, the pages would lose a very valuable experience."

The rules on fraternization are so strict that one page said even his mother had to prove who she was to see him.

"When my mom came, she had to sign me out, show ID and talk to my proctor before she could take me out," said Richard Frohlichstein, who served as a page from Missouri. "When someone asks me about the program, I can never think of a negative thing."

The idea that one congressman's lewd behavior toward male pages could jeopardize the existence of the program has alarmed its graduates.

Zack Hall, a University of Texas sophomore who was a House page in 2004, has launched "Save the Congressional Page Program" on the networking site Facebook.com.

"I think getting rid of the page program would be avoiding the problem," he said. "The problem is, members of Congress are powerful people and we need to protect pages, not just get rid of it."

This view is shared by some powerful ex-pages — members of Congress.

"It's just as good a program now as it was for me in 1938," said Rep. John D. Dingell (D-Mich.), a former page who was first elected in 1955 and is now the most senior member of Congress. "Asking if we should suspend the page program is the wrong question. We should be asking what has happened to Congress that would bring us to even consider ending this terrific opportunity for talented teenagers."

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Times staff writers Sandy Banks in Los Angeles and Janet Hook, Johanna Neuman and Maura Reynolds in Washington and researcher Vicki Gallay in Los Angeles contributed to this report.

The Foley Fires (WSJ)

The Wall Street Journal, October 7, 2006

We hope that when the Mark Foley story expires, the Washington political community will step back to reflect. It is generally argued that stories such as this gain prominence because the news is slow. But the news cycle is not slow. Russia is imposing trade and travel restrictions on an independent nation (see the editorial on Georgia nearby1). It was possible as we went to press yesterday that North Korea this weekend would carry out an underground nuclear-weapon test; and if it does, how should the U.S. respond? This story was deep inside the major newspapers yesterday, while the Foley flap covered their front pages.

Mr. Foley's activities with congressional pages, described so far as exchanges of sexually explicit emails and instant messages, were vile. The Republicans should have notified the Democrat on the Page Board. Mr. Foley should have been barred from contact with pages. He has resigned. He is being criminally investigated. If, however, the modern media forces in play over the Foley affair can conspire to submerge all other political life, then batten down the hatches for the 2008 presidential election. The 2004 election will look like toy boats on the water.

Sexually Explicit Communications Rock Congress3

Most likely, the Foley fire will burn on. The House Ethics Committee has issued some four dozen subpoenas. They will learn something about who knew what when. This gasoline will be leaked. And given the volatility of the subject, the fire could burn well beyond the Speaker's office.

One useful lesson may be we'll find that the House "system" that should have caught this problem is in fact a bloated bureaucracy of staffs for committees upon subcommittees created to oversee every nook in the federal empire. It is not beyond imagining that the private life of Mark Foley could slip through. Would it be reprehensible if true? Yes. Shocking?

Speaker Hastert should not resign before the election. It would be a disservice to send voters to the polls in five weeks amid tumult over Mark Foley. Those for whom this is a deciding issue should certainly vote on it. Our view is that the country would be better served with a clearer sense of the electorate's sentiment on dealing with the global threat and domestic well-being. Those are fit subjects of a serious national election.

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My Poppy, Mr. President (NSWK)

By Jessica Bennett, Newsweek

Newsweek, October 7, 2006

Doro Bush Koch talks about her new book—and growing up in a presidential family. WEB EXCLUSIVE

As president, George H.W. Bush faced a starkly changing world: the Berlin Wall came down and the cold war ended after 40 tense years. He overthrew the corrupt regime of Panama's Manuel Noriega and invaded Iraq (without ousting Saddam Hussein) to protect Kuwait in a 100-hour war. As a father and younger man, he dealt with the daily challenges of raising five young children, as well as the tragic death of his daughter from leukemia at age 4. Now at 82, a new book—written by the former president's only living daughter—highlights Bush's life beyond his political career.

"My Father, My President" (Warner) takes an inside look at the personal stories, family memories and intimate challenges that remained largely out of the public eye during Bush's presidential years. Dorothy (Doro) Bush Koch, spoke with NEWSWEEK's Jessica Bennett about her father's legacy. Excerpts:

NEWSWEEK: What does this book tell us about your father than we may not have known?

Doro Bush Koch: My dad reached the highest pinnacle of his career when he became president, but he also had some low points, such as the death of a daughter. We have a firsthand account of when my dad was shot down on Sept. 2, 1944, which I think is very fascinating. But I hope people will learn how he coped not only with the good times but with the bad times with sort of dignity and grace.

What were your family dynamics growing up—did you ever think your father or brother would be president?

I never really thought that—it just sort of evolved and happened. But we have a very close-knit family, my brothers all played Little League, so we didn't ever dream really that anything like that would happen. But when it did happen it wasn't a surprise.

I know your sister died before you were born, but what kind of an impact did her death have on your family.

The thing about Robin, it was obviously very, very sad for my parents. But on the other hand, looking back, they only have happy memories of Robin. Her life has really inspired my parents to do so much for cancer research, so her life has really been a blessing in a way. Many families break apart over the death of a child, but my parents grew stronger and were able to make good out of her short little life.

What does the book say about the relationship between your mother and father?

There's one story in the book that I really love. After he became president, my dad was knighted by Queen Elizabeth. And, my dad said to my mom one day, "What's it like to live with a real live knight?" And my mom turned to him and said, "Make the coffee, Sir George." That's sort of typical of their rapport.

Is there any childhood story you remember that really gives a sense of the type of father George H.W. Bush was?

When I moved to Washington [at age 8] and my dad was entering the House of Representatives, school was starting and my dad brought my two brothers and I to Washington to start school. I was very worried because in Houston, the girls wore short socks, and I wasn't sure if they wore knee socks in the Northeast or short socks. My dad went across the street to the neighbors and rang the doorbell, because he'd heard a little girl there was going to be in my class, and he asked the neighbors if the girls were wearing short or long socks. I love that story because it's just kind of sweet.

Why hasn't your father written his own memoirs?

He has such a full life and he's constantly out there doing things for other people, you've seen him with President Clinton, doing all his work for the tsunami and Katrina [victims], he really doesn't put aside much time for writing a book.

Describe your father's relationship with Bill Clinton, his onetime rival.

A friend of mine told me once, "If your father invites Bill Clinton to Kennebunkport then I'll know he's really lost it." And then sure enough the very next weekend, he got invited up to Kennebunkport, and he's been twice already. They have a genuinely warm friendship based on the bond of both being former presidents and both wanting to get out in the world and do something good. President Clinton is very respectful of my dad. When they traveled [together after] the tsunami, my dad's chief of staff told me that if there were rough roads they were walking on, President Clinton would take my dad's arm and [be] very tender in making sure he was taken care of. That says a lot to me, and I think that's very sweet.

What has it been like, on a personal level, seeing your father and brother picked apart by critics over the years?

It's hard in both cases, as you can imagine, because politics—for someone who's related to a president—is very personal. It's hard, and I talk a lot about that in the book. You know, sometimes the media has a narrative about something, and they decide that someone's going to be out of touch or something like that and they find stories to fill that narrative, and then it becomes sort of a false history.

Was it kind of crazy growing up in such a political family?

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It's kind of amazing when I think about it. I don't think about it very much, I have four children, I'm very busy. I've been able to see history from the front row in many cases, which has been a real thrill for me. I feel very lucky.

Do you call your brother George or Mr. President?

I call him Mr. President, with affection though. He doesn't ask me to, but I do just out of respect for the office, something my dad had taught me early on. He has great respect for the presidency. So it's Mr. President, but with affection.

Was there ever a time when you flatly disagreed with one of your dad's or brother's policies?

Probably.

Was that something you'd raise with them or keep to yourself?

Yeah, sure, we'd talk about all kinds of things. But I don't want to make it news reported in NEWSWEEK.

Your husband is a Democrat. Has that caused political debates over the years?

It's been fine. A lot of Democrats marry Republicans and it works out just fine.

Your father was president, your brother is president, another brother is a governor, and your parents' late dog wrote a best seller. Is that a lot to live up to?

No, not at all. One of the things that I love about my dad is that he loves you if you're a governor, he loves you if you're a mom, he loves you if you're a banker, whatever you are. He really was a father first, so there wasn't any pressure in any way.

What's the one thing you hope people can take away from your father's life?

There's a chapter in the book called "Master of the Small Gesture," that no matter who you are and what you do in life you can always take the time to call someone who's down and out or write a note to cheer someone up. It's the little things in life that make the enormous difference, and that's something my father's very, very good at.

Mrs. Clinton Hits Road To Support The Party (NYT)

By Raymond Hernandez

The New York Times, October 7, 2006

WASHINGTON, Oct. 6 — Underscoring her national ambitions and the weakness of her opposition in New York as she runs for a second term, Senator Hillary Rodham Clinton is mounting a major push for Democratic Congressional candidates across the nation during the final weeks of the fiercely contested midterm elections, her aides said on Friday.

Mrs. Clinton, who has been occasionally criticized by liberal bloggers for not using enough of her bulging campaign coffers to help her party, is shipping $1.5 million to two Democratic Congressional campaign committees based in Washington, as well as to the financially strained New York State Democratic Party, her advisers said.

Mrs. Clinton is giving $1.1 million to the Democratic Senatorial Campaign Committee, which comes on top of the $1 million that she gave the committee last month. In addition, the senator is donating $250,000 to the Democratic Congressional Campaign Committee and $150,000 to the New York State Democratic Party.

At the same time, Mrs. Clinton also plans to campaign for nearly 20 candidates in about a dozen states, occupying time she could have otherwise used to campaign for herself in New York, where she faces a little known and poorly financed Republican challenger, John Spencer, a former mayor of Yonkers.

Among the places where Mrs. Clinton plans to appear are Ohio and Pennsylvania, two important presidential battleground states, where she will campaign for House and Senate Democratic candidates. Mrs. Clinton alsowill be in Virginia, New Jersey, Florida, Nevada, Rhode Island and Minnesota.

But Mrs. Clinton will also be touching her bases in New York, where she will be campaigning and fund-raising on behalf of House candidates in the Albany region, the Finger Lakes region and the Utica region. Mrs. Clinton will also hold a $200,000 fund-raiser for the State Democratic Party in New York City next week.

Her advisers say that Mrs. Clinton is motivated by her desire to bolster her party's political prospects this November. "She is committed to winning back the House and the Senate," said Patti Solis Doyle, the executive director of Friends of Hillary, the senator's political committee.

But for Mrs. Clinton, a possible 2008 presidential candidate, there is an obvious benefit to playing such a prominent role nationally: an opportunity to curry favor with Democratic candidates around the country who can, in turn, be helpful to her in a national campaign. In the case of the Senate Democratic committee for example, Mrs. Clinton has given far more money than any other Democrat who is considering running for the presidency.

Mr. Spencer, who is far behind Mrs. Clinton in public opinion polls and fund-raising, wasted little time in trying to use her efforts on the national stage against her.

Robert Ryan, a spokesman for the Spencer campaign, said Mrs. Clinton had an obligation to level with New Yorkers about the prospect that she might have to cut her second term in the Senate short to leave for the presidency.

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"It's obvious Hillary Clinton is running for president," he said. "She needs to tell New Yorkers if she will serve out her term if she is re-elected. It's a simple yes or no. And voters deserve to know."

The more than $2 million that Mrs. Clinton is donating from her own campaign war chest is on top of the roughly $18 million that Mrs. Clinton's advisers say she has helped individual candidates and party committees raise in the 2005-6 election cycle.

Still, Mrs. Clinton, who has about $22 million in her own campaign account, has been the target of criticism from some liberals who have said she should do more to help the party since her own race is not competitive.

The new round of donations from Mrs. Clinton comes at a time when some national Democratic leaders are openly worried that the huge fund-raising edge that Republicans enjoy could cloud the otherwise favorable political environment that Democrats are facing as Election Day approaches.

In an interview, Senator Charles E. Schumer of New York, who is heading the Democrats' effort to win the Senate, said he recently sat down with Mrs. Clinton, his junior colleague from New York, and made a personal appeal for help. "She said, 'I am not going to let you down,' and she sure didn't," Mr. Schumer said. "The money makes a big difference to us and could not come at a better time."

Mrs. Clinton's campaign also reported on Friday that she and her husband raised $2.5 million during a fund-raiser this week that the couple played host to at Whitehaven, their home here in Washington on Whitehaven Street near Embassy Row. The money was for the Democrats' Senate and House committees.

General Endorses Lamont, Faulting Lieberman On Iraq (NYT)

By Jennifer Medina

The New York Times, October 7, 2006

STORRS, Conn., Oct. 6 — Gen. Wesley K. Clark criticized Senator Joseph I. Lieberman on Friday, accusing him of having "rubber-stamped" the Bush administration's Iraq policies, and he questioned Mr. Lieberman's understanding of military issues, during campaign appearances with Ned Lamont, the Democratic nominee for United States Senate.

During a rally at the University of Connecticut, General Clark offered a strong endorsement of Mr. Lamont, saying that he would be "the key to changing the course in this country." General Clark, who is retired from the Army, is one of several potential candidates for the Democratic presidential nomination in 2008 who has campaigned for Mr. Lamont.

"We're not winning the war on terror," General Clark said during the rally. "George Bush says stay the course; how can you stay the course when you're in a ditch? Joe Lieberman — he's been a part of that ditch. The truth is, he didn't exactly control the steering wheel, but he was sort of supporting the elbow of the guy who drove us into the ditch."

About 300 people turned out for the campus rally, a few waving handmade signs saying "Ned for Change." A few dozen Lieberman supporters also attended, and workers for his campaign passed out large hats in the shape of a light bulb that read "Ned Lamont has no idea."

Mr. Lieberman spent the day in the New Haven area, continuing his efforts to appeal to middle-class voters. He proposed increasing college tuition tax credits, and he promoted two proposals he has introduced in the Senate, which would triple tax deductions for college tuition and more than double the maximum federal Pell Grant award.

Mr. Lieberman said the increases could be paid for by rolling back Bush administration tax cuts.

Earlier in the day, General Clark, who ran against Mr. Lieberman in the 2004 Democratic presidential primaries, spoke to veterans at a McDonald's in Derby. Many of them said they supported Mr. Lamont, but others said they respected Mr. Lieberman's experience.

General Clark recalled that when he was the supreme commander of the North Atlantic Treaty Organization in the 1990's, he briefed Mr. Lieberman and other members of the Senate Armed Services Committee.

"I thought he understood, but he didn't understand," General Clark said of Mr. Lieberman. "All that experience, he still rubber-stamped the Bush administration going into Iraq. I like Joe, but I am very disappointed."

Mr. Lieberman called that characterization "just wrong," saying that he had criticized the Bush administration's handling of the Iraq insurgency since the 2003 invasion.

During the rally, Mr. Lamont cited a recent National Intelligence Estimate that suggested that the war in Iraq was inflaming terrorists.

"They told us this war is weakening America; they told us this war is making us less secure," Mr. Lamont said of the federal report, asserting that the Bush administration has been ignoring growing criticism of the war from military experts.

"Every course must have an end," Mr. Lamont told the crowd, adding: "Only the Iraqis can solve this for themselves. We can't impose this peace in a barrel of a gun. Our troops have done everything you can humanly ask them to do."

Mr. Lamont has said he would support a deadline or a timeline for withdrawing most troops from Iraq, though he says some troops should stay for "humanitarian efforts."

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Mr. Lieberman said he respected General Clark, adding: “We disagree on some things, we agree on some things. Endorsements come and go in politics.” But he questioned whether the general supported Mr. Lamont’s proposal to begin withdrawing front-line combat troops.

Speaking to reporters after the rally, General Clark did not make clear whether he would support a timeline or a deadline, saying there “may be a place for a timeline.” He said that it would not be possible to win militarily in Iraq and that the United States should negotiate with all countries in the Middle East.

Mr. Lieberman opposes implementing a timeline for troop withdrawal, saying that to do so would embolden insurgents. He has said the United States should do more to train Iraqi troops to help bring American troops home more quickly.

Steele's Ad Seemingly At Odds With Fundraising (WP)

By Matthew Mosk

The Washington Post, October 7, 2006

In a recent commercial advertising his bid for U.S. Senate, Maryland Republican Michael S. Steele tells voters that his opponent, Democrat Benjamin L. Cardin, has been tainted by contributions from pharmaceutical companies and special interests.

"Congressman Cardin took money from drug companies," Steele says. "I want to ban gifts from special interests."

The ad does not mention that less than a week before the commercial began airing, a top drug company executive and an industry lobbyist hosted a $1,000-a-person fundraiser for Steele at a K Street steakhouse in Washington.

The invitation to the fundraiser, obtained by The Washington Post, says the Sept. 20 lunch reception was to be hosted by Sally Walsh, a director of federal government relations at GlaxoSmithKline, and Michael Carozza, a lobbyist for Bristol-Myers Squibb.

It advises donors to send contributions to lobbyist Frederick T. Dombo III, who identifies himself on his Web site as a Steele campaign volunteer. Federal records show that Dombo represents AmerisourceBergen Specialty Group, one of the largest pharmaceutical services companies in the country.

"I think, charitably, you'd have assume people will look at this and say this guy is being hypocritical," said Donald Norris, a political science professor at the University of Maryland Baltimore County. "How can he slam the other guy if he's doing the same thing?"

Neither Dombo nor Walsh returned calls to their offices. Carozza would not comment.

The Steele campaign rejects suggestions that it was hypocritical, pointing to a line in the ad that draws a key distinction between the candidates. "I support cheaper medicine from Canada," Steele says in the ad. Cardin took the money "and voted against cheaper medicine."

"One of these two candidates does not dance to the tune of Washington special interests, and it's Michael Steele," said Steele campaign spokesman Doug Heye.

The reimportation issue is significant to drug industry lobbyists, who vehemently oppose allowing U.S. citizens to purchase drugs from Canada. Republican Gov. Robert L. Ehrlich Jr.'s administration has voiced safety concerns about reimportation. One of the lobbyists who attended the Steele fundraiser expressed surprise that Steele would run an ad supporting the policy.

The lobbyist said he and others had considerable concern about having donated to Steele, only to learn days later of his position. The lobbyist spoke on the condition of anonymity to avoid angering Steele.

The lobbyist said Steele's campaign reassured him that his position was consistent with existing law. But Heye said that's not the case.

"He supports the safe reimportation of prescription drugs to reduce the cost," Heye said. "The key word there is 'reduce.' Current law doesn't do that. In his ad, he makes it very clear. If lobbyists or special interests are upset because of that position, so be it."

Cardin spokesman Oren Shur said: "Michael Steele made promises to his special interest friends and pocketed their money. Six days later he told Maryland families something different. Whose side is Michael Steele on?"

The Steele commercial, which aired Sept. 26, marked the first negative turn in his advertising campaign, coming in response to a spot by national Democrats that painted the Republican candidate as being in President Bush's hip pocket.

But the line of attack against Cardin was not new. In news releases and interviews, state Republican Party officials have been criticizing Cardin's financial ties to the drug companies. They gave him heat for asserting in a television ad that he has "taken on the drug companies, the oil companies, the insurance companies."

Records showed Cardin had accepted checks from political action committees representing six large pharmaceutical companies, 22 oil and energy outfits, 27 insurance firms and industry associations, and eight HMOs.

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At last report, Cardin's accounts contained more than $874,826 from political action committees, many of them pushing the interests of large corporations, according to the Center for Responsive Politics, which compiles such data. Steele's contributions included $613,578 from PACs.

Attention to the role of special interests escalated yesterday when the state Republican Party issued a news release accusing Cardin of letting lobbyists write key portions of pension legislation he sponsored.

"It is the height of hypocrisy for Congressman Cardin to say he will stand up to special interests -- and claim to oppose special interests' writing legislation -- when his own legislation was handwritten by corporate lobbyists," said GOP Chairman John Kane.

Norris said the conflict between Steele's assertions in the commercial and his fundraising presents a more potent political issue because it compounds a problem that has dogged Steele the entire campaign -- whether he can square his portrayal of himself as a Washington outsider with his long-standing ties to big name Washington insiders.

Although Steele rarely mentions his party affiliation in public, he served as state GOP chairman, spoke at the Republican National Convention in 2004 and campaigned across the country for Bush. Bush, Vice President Cheney, aide Karl Rove and others helped enlist Steele to run and raised more than $1 million for his campaign.

Dean Laments Lack Of Diversity (WT)

By Jon Ward

The Washington Times, October 7, 2006

Democratic National Committee Chairman Howard Dean yesterday said that Maryland's Democratic ticket should have had a black or other minority at the top, but added that the national party isn't to blame for the lack of diversity.

"I do think there should be more diversity on this ticket," Mr. Dean said during a visit to the Maryland Democratic Party's campaign headquarters in Hyattsville.

However, Mr. Dean said that the national party bears no responsibility for Maryland's Democratic ticket, which offers four white men for the state's top offices -- the U.S. Senate, governor, attorney general and comptroller.

"We don't interfere in primaries," he said of the DNC.

The Washington Times yesterday reported that black business owners and religious leaders have expressed discontent with the Maryland Democratic Party's lack of black statewide candidates and said it will encourage support for Republicans -- especially Lt. Gov. Michael S. Steele's run for the U.S. Senate.

In addition, the Baltimore Sun reported Thursday that Maryland's 10 black state senators met last week with U.S. Rep. Benjamin L. Cardin, the Democratic nominee for the Senate, and Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, to complain about the lack of diversity at the top of the statewide ticket.

State Sen. Ulysses Currie, a black Democrat from Prince George's County, blamed a lack of discipline by the national party for the lack of diversity among the top nominees on Maryland's Democratic ticket.

"The Republican Party made the decision at the national level that they wanted Michael Steele to run for the U.S. Senate," said Mr. Currie, who supported Mr. Cardin over Kweisi Mfume, a past president of the National Association for the Advancement of Colored People, in last month's primary.

Mr. Cardin beat Mr. Mfume in the statewide contest, but Mr. Mfume trounced the 10-term congressman in the majority-black districts of Prince George's County and Baltimore.

In next month's general election, Mr. Cardin squares off against Mr. Steele, who is the first black to win a statewide office in Maryland.

What's more, the Republican Party offers two women in other top contests -- Anne McCarthy for comptroller and Disabilities Secretary Kristen Cox for lieutenant governor.

Mr. O'Malley's running mate for lieutenant governor -- Delegate Anthony G. Brown of Prince George's County, who is black -- is the only minority at the top of the Democratic ticket.

Mr. Dean, a former Vermont governor whose presidential campaign fell apart in 2004, took issue with charges that Maryland Democrats lack diversity, noting Mr. Brown's candidacy.

"We don't have a lack of diversity. We just don't have as much as I would like," he said. "But we do have some, and Brown is a fantastic candidate, and he's got a great future in Maryland politics.

"Yes, we need more diversity. I'm pushing that very hard. I know [state party Chairman] Terry Lierman's pushing that very hard," Mr. Dean said. "But on the other hand, we've got four weeks left until this election. We need to do what's right for America, and what's right for America is to make sure we get rid of this rubber-stamp Congress."

Mr. Dean toured the basement office, where about 20 Democratic volunteers and staffers were working phone banks and conducting surveys.

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He took questions from the volunteers, and a few expressed anxiety about the upcoming election.

One said many people she had called "don't seem to know a lot about the Democratic Party" and asked if there would be a "concerted effort to get the party message out before the election."

"That's really up to the individual candidates to do that, and I think they will," Mr. Dean said. "It's hard to do it, frankly, with all the scandal stuff that's coming out of Washington. It's hard for anybody to get their message out."

He pointed to a monthlong voter-turnout effort that the Democratic Party is kicking off today, saying that activists plan to knock on 3 million doors.

Mr. Dean's strategy to invest money and resources in all 50 states has angered other national Democratic leaders who say the party needs to focus on states with close races.

Webb Shifts Debate To Iraq, Urging Diplomacy To End War (WP)

By Tim Craig And Michael D. Shear

The Washington Post, October 7, 2006

Democratic Senate candidate James Webb said yesterday that it is time for the United States to seek an end to the fighting in Iraq through diplomacy, citing a new and dire assessment of the war effort by Virginia's senior senator, John W. Warner (R).

Webb sought to capitalize on Warner's appraisal of the war to highlight what Webb called the failure of his GOP opponent, Sen. George Allen, to face reality about the worsening situation in Iraq. Warner, chairman of the Senate Armed Services Committee, said Thursday that the United States should reconsider its approach if the violence does not subside soon.

"They have a victory quite frankly in military terms," Webb said of soldiers in Iraq. "What we have to do is to move this into the political, diplomatic environment. All I've heard from Senator Allen is that we need a victory in Iraq, whatever that is."

Allen, who is battling Webb for a second term, shot back that Webb's comments at a news conference yesterday in Richmond were turning Iraq "into some sort of political game." Allen's campaign quickly organized a conference call for reporters with Warner as a show of Republican unity.

"The bottom-line goal that Senator Warner and I share is that we cannot leave Iraq as a central haven for terrorists," Allen said.

The exchange was the first substantive argument between the two on Iraq policy since they clashed Sept. 17 on NBC's "Meet the Press." And it comes as they prepare for their final scheduled televised debate Monday night.

Warner, who returned this week from Iraq, said parts of the country have "taken steps backwards." Webb, an early critic of the war, seized on Warner's comments as proof that Allen has failed to offer a clear plan for ending the war.

In his stump speech, Allen says the United States cannot "cut and run" and must continue to fight in Iraq because "there is no substitute for victory." Webb said he wants the United States to start talking to Iraq's neighbors to develop plans to shift troops to other Arab nations.

"It's pretty hard to even see what Senator Allen's position is," Webb said. "The only things he has been saying is basically the three- or four-word phrase that matches what the administration has been saying."

In the conference call, Allen warned that Iraq would escalate into chaos and become a haven for terrorists if troops leave before the country's government and police force are stable.

"These terrorist threats we face are real. This is not some political game we are in. . . . We need to remain vigilant in it rather than turn it into some political game, as my opponent wishes to do," Allen said.

Warner declined to criticize Webb, but the senator predicted horrific consequences if "those [oil] fields would fall into the hands of terrorists." But he added that "bold decisions" will be needed if the violence does not subside soon.

Webb said that if elected he would offer "a different set of eyes on the problem."

The return to the Iraq discussion marked a change for a campaign that has been dominated by personal issues, including Allen's alleged use of racial slurs in college and a 1979 article by Webb that some women have called demeaning.

In a two-minute commercial Monday, Allen asked for an end to personal attacks. "The negative personal attacks and baseless allegations have also pulled us away from what you expect and deserve."

But Allen yesterday unveiled two television ads, one attacking Webb on taxes and the other focused on Webb's attitude toward women 30 years ago.

The tax ad shows a rotating cube with the pictures of Sens. Edward M. Kennedy (D-Mass.), John F. Kerry (D-Mass.) and Hillary Rodham Clinton (D-N.Y.). "There are some people in Washington who think you don't pay enough taxes. And they all support Jim Webb," an announcer says.

The ad then accuses Webb of wanting to raise taxes on families by $2,000 a year and says he supports other tax hikes. Webb aides called the ad "another gross misrepresentation of Jim's positions."

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The other Allen ad features a Naval Academy graduate who claims Webb made up her quotes after he interviewed her for the 1979 magazine article. The quotes did not appear in the article.

"I looked at him and said, 'I never said any of those things; they're all lies,' " said Janice Buxbaum of Springfield. "And he said, 'Too bad.' He's a bright man; he's just not an honest man. I don't want him in my party, and I don't want him in my Senate."

In an interview, Buxbaum said that she could not recall the exact quotes Webb had proposed to use and that the quotes were removed after she refused to sign a release. She said Webb had showed her statements he planned to attribute to her about "sexual activities and exploits" of female midshipmen.

"It didn't happen, so I never said it, and he was ascribing them to me," she said.

Webb accused Allen of conducting a "Karl Rove era" campaign, referring to President Bush's chief political adviser. "This woman isn't even in the article," Webb said.

Shear reported from Richmond.

Allen Foes Cite Sister's Book (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, October 7, 2006

Sen. George Allen's political opponents have cited his sister's memoir to portray him as a bully, but an attentive read of her recollections of growing up with football-minded men provides deep insight into the Virginia Republican's past now at issue in his re-election campaign. "Fifth Quarter: The Scrimmage of a Football Coach's Daughter" by Jennifer Allen includes some eyebrow-raising passages such as a young George Allen dragging his sister by her hair or hitting her boyfriend with a pool cue, incidents that are often noted by Mr. Allen's Democratic foes. But his critics don't use excerpts noting that the senator was a star student or how he set out a chair in honor of his late father, famed NFL coach George H. Allen, at his 1994 gubernatorial inauguration. "He got straight A's, even when he acted like a hick," Miss Allen writes in the book, published in 2000 just before George, the oldest of her three brothers, was elected to the Senate. Mr. Allen's youth, particularly his stint as a second-string quarterback for the University of Virginia, has become a campaign issue since some former teammates have accused him of racism and uttering racial slurs while there. If young George had any racist tendencies, Miss Allen kept them out of "Fifth Quarter," which casts the family with an international understanding and Coach Allen as a man who was colorblind on the field. In reading the book, it is easy to understand why the senator equates almost everything with football -- his family lived, breathed and died by the game. The coach's career with the Los Angeles Rams and the Washington Redskins (during which he never had a losing season) taught the children about loyalty, the power of the press and appreciation of physical strength. "George never cried; I didn't think he even knew how," is one revealing passage from the book, which opens with 8-year-old Jennifer's observations of the 1968 football season. "I saw George get blindsided by a car, roll over its hood and land shoulder-first onto the pavement to make a diving catch without shedding a tear," she remembers of her brother, nine years her senior. Mr. Allen often invokes his father's favorite phrase, "The future is now," especially when asked about his 2008 presidential ambitions. The phrase is pertinent today, as he is nearly tied with Democratic challenger James H. Webb Jr., a Vietnam veteran and Navy secretary under President Reagan. "Fifth Quarter" also provides an understanding of Henrietta "Etty" Allen, the family's brash matriarch. Raised in French Tunisia, Mrs. Allen frequently cursed at reporters, fans of opposing football teams and her children. "Fifth Quarter" depicts a dysfunctional family obsessed with football. One night soon after a Rams loss, Coach Allen and middle son Gregory argued after the boy failed to pour him a glass of milk. "Dad lifted Gregory up by the shirt collar. ... Dad picked up a plate and George stood up. It was the first time I had seen anyone take a stand against Dad. George said, 'If you're going to hit him, you'll have to hit me first.' " Jennifer, who ran from the room and hid in her closet, didn't spell out what happened next between her father and George, but Gregory ended up with a broken nose. The book sometimes portrays young George as a violent teen who called his sister "ugly," but Miss Allen also says she wanted her brothers to "turn me upside down, rough me up, because I thought I was in training to be the NFL's first girl quarterback." Some choice quotes include "George hoped someday to become a dentist ...a perfect profession -- getting paid to make people suffer," and "Ever since my brother George held me over the railing at Niagara Falls, I've had a fear of heights." Attempts by The Washington Times to reach the author, now Jennifer Richard, were unsuccessful, but she told the Associated Press in May that the pool cue incident wasn't violent -- her brother was testing her boyfriend's reflexes. Calling "Fifth Quarter" a "novelization of the past," Mrs. Richard told the AP that when George walked her down her wedding aisle in the absence of their late father, "He was crying more than anybody." The author notes in the acknowledgments that she consulted with her family while writing the memoir: "My brother George sat with me for hours by the pool one day, measuring out parcels of his past, all the while reminding me to remain faithful to the facts."

Battling Power Of Incumbency, And Feeling Left To Fight Alone (NYT)

By Mark Leibovich

DOJ_NMG_0078655

The New York Times, October 7, 2006

BRIGHTON, Mich. — Implausible pursuits can be humbling. Jim Marcinkowski, a Democrat, discovers this every day in his bid to dislodge Representative Mike Rogers, a three-term Republican, from the United States Congress.

"Hi, Jim Marcinkowski," he says to an elderly man in a recent visit to a senior center.

"What?" The man is having trouble hearing over the accordion.

"I'm Jim, running for Congress."

"Oh."

The candidate pivots, approaches an elderly woman.

"Hi, Jim Marcinkowski."

"Who?"

"Jim Marcinkowski."

"Sounds Polish."

"It is Polish." He has a little Polish flag on his lapel.

"I'm German," says the woman, Lieselotta Olsen. She thinks she has heard of him, or maybe not. She knows of his opponent, Mr. Rogers, who clearly holds a big advantage in name recognition.

And money, organization, experience, knowledge of the district, and everything else that make incumbency such a near-invincible force in Congressional elections. It is easy to overlook this in an environment that many predict will be hostile to sitting members of Congress, especially Republicans. But 98 percent of incumbents have been re-elected in House contests since 1998, and even when Republicans took control of Congress in 1994 in a seismic realignment, 91 percent of incumbents still won.

Mr. Marcinkowski, 51, personifies the thankless underdog. He is a probable loser (some say surefire) who is unknown to most voters in this district northwest of Detroit and irrelevant to the national party officials who recruited him — and, in his telling, then abandoned him — as they focused on 50 or so "battleground" contests. The news media ignore him, too. When told Mr. Marcinkowski was a candidate, Chuck Todd, editor of Hotline, the online political tip-sheet, asked whether he was "that guy who played quarterback for the Atlanta Falcons in the 1980's." (No, that was Steve Bartkowski.)

Jim Marcinkowski is the deputy city attorney for Royal Oak, Mich. He has three teenage children whom he used to see after work, and a Hobie Cat sailboat he used to float around on, on weekends.

Mr. Marcinkowski, a crisply groomed former C.I.A. operations officer, could represent a tougher-than-usual test for Mr. Rogers, who was re-elected by a margin of 37 percentage points in 2002 and 24 percentage points in 2004. A former Republican, Mr. Marcinkowski has a tough-guy résumé — Navy, C.I.A., teamster — and the silvery-haired presence of a Famous Guy you would swear you had seen before, maybe on television.

He drew national attention in 2003 and 2005 when he testified before Congress about his friend and former C.I.A. classmate Valerie Wilson. The story of Ms. Wilson, the agent whose identity was leaked by Bush administration officials, sealed Mr. Marcinkowski's divorce from the Republicans. He had been active in the party from the time he organized the Michigan State University campus for Ronald Reagan's presidential campaign in 1980 but had gradually become disenchanted, particularly during the George W. Bush years.

His story — former C.I.A. officer, disaffected Republican — had great appeal to Democratic bigwigs seeking Congressional candidates. He talked to Representatives Nancy Pelosi, the House Democratic leader; Steny Hoyer, the Democratic whip; and Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. All urged him to run, especially Mr. Emanuel, who called several times, and even shipped him a thank-you cheesecake after he had agreed to run.

Mr. Marcinkowski says everyone promised their full support.

"That and a buck-seventy will get you a nice cup of coffee at Starbucks," he said, adding that if he could do it again, he would have sought assurances that the campaign committee would devote ample "resources" — also known as money — to his race.

He says many of the Democrats who enticed him to run abandoned him after his fund-raising lagged and they deemed other races to be more winnable. "Sometimes I feel like the marine who they sent charging up a hill," he said. "Then the marine looks back over his shoulder and wonders, 'Hey, where'd everyone go?' "

This is a recurring lament among challengers. "You hear a lot of long-shot candidates around this time who will feel used by their committees," said Nathan Gonzales, political editor for Rothenberg Political Report.

Mr. Marcinkowski said he spent virtually all his campaign time on fund-raising earlier this year. He devoted every weekend, lunch hour and weeknight to calling lists of past Democratic donors. He has used up six weeks of vacation time, burned through two cellphones and made about 15,000 calls, nearly all to raise money.

Mr. Emanuel's deputies from his committee phoned him relentlessly, he said, asking "how many calls I made, how many people I contacted, whether I'd hit up all my relatives, neighbors, friends from high school."

He raised more than $130,000 in the first quarter of 2006. Not bad, except that Mr. Rogers had about $1 million in the bank from past campaigns. Mr. Marcinkowski hired a small staff, recruited volunteers and bought local television, cable and radio advertisements. In June, Congressional Quarterly even moved Michigan's Eighth Congressional District to the Republican Favored category from Safe Republican.

But eventually, Mr. Marcinkowski said, the calls reaped less and less money. His donors focused on higher-profile races. The calls from the Congressional committee's officials pretty much stopped. "I fell off way their radar," he said, adding that he "really misses those phone calls."

The sudden silence left him "scarred," he said, and added that no one at the committee even sent him flowers to say goodbye. He suggested that his story could be called "The Spy Left Out in the Cold."

When did he last hear from Rahm Emanuel?

"Rahm who?"

A spokeswoman for Mr. Emanuel and the Congressional committee declined to comment.

For all his disappointment, Mr. Marcinkowski said he has no regrets about running and keeps thinking of the strangers who have encouraged him. He carries in his wallet a laminated copy of a $10 donation from a 92-year-old man. He said he loved meeting voters, "getting out in front of people." That can include polka dancing with elderly strangers before noon, as he did on that recent day at the Brighton Senior Center.

Mr. Marcinkowski calls himself a sleeper on the national map, saying he operates beyond the purview of the party apparatus and the narrow definitions of what constitutes "in play." He believes the dynamics in Michigan — the depth of voter agitation, concern about job losses and opposition to the Iraq war — have been underestimated outside the state.

"I don't think the people who read the political tea leaves are reading the real tea leaves," Mr. Marcinkowski said. He added that he has a prediction for how much he will win by on Election Day, but does not want to jinx anything by sharing it.

A Political Opportunity For Women (WP)

By Anushka Asthana

The Washington Post, October 7, 2006

Geraldine A. Ferraro made history in 1984 as the first woman to run for vice president on a major-party ticket. Twenty-two years later, she wishes she was no longer in a club of one.

"I thought it would have happened by now," Ferraro said with a sad note in her voice as she looked down at a room packed with more than 600 people, young and old, at the University of Virginia last month.

The glass ceiling in presidential politics will not be broken in her lifetime, she predicted to reporters before taking the stage. But she was there to persuade a new generation of women to continue the fight.

"We have to keep reminding them what it was like before, so they recognize that the only way they are going to make it better for the future -- for their future and their children's future -- is by becoming involved politically," she said.

The Democrat's appearance that night was part of a drive by U-Va.'s Center for Politics to inspire young women to get involved in politics. Its director, Larry J. Sabato, described Ferraro as a "trailblazer for the United States of America" and said she would be introduced by a "trailblazer in Virginia."

Mary Sue Terry, who in 1985 was elected Virginia's first female attorney general before losing the governor's race to now-Sen. George Allen (R) in 1993, said that there are many obstacles to women's advancement in politics but that she has hope. "It is not going to be easy, but it is not impossible," she said.

In fact, this year may prove to be a major breakthrough for women in Congress, according to experts at the university. Sabato's Crystal Ball, a Web page that provides analysis of House and Senate races around the country, is predicting that 2006 could be the best year for women in 14 years.

In a conservative scenario, according to the Crystal Ball, female candidates would gain nine seats in the House -- the largest rise since the Year of the Woman in 1992, when the number of women in Congress jumped from 32 to 54.

"There is going to be a net gain in the House for women," agreed Dennis Simon, a professor at Southern Methodist University and co-author of "Breaking the Political Glass Ceiling." But there is still a "gender gap in running for office," he said.

With co-author Barbara Palmer, of the Women & Politics Institute at American University, Simon looked at which jurisdictions tend to be most and least friendly to women. Topping the list of those most likely to vote for female candidates are New York City, San Francisco and Los Angeles. At the other end are Gadsden, Ala., and Paducah and Bowling Green, Ky.

Districts that elect women, according to Simon, tend to be "upscale -- more degrees, more professionals, urban." Those less likely, he added, are "more rural, lower-income and more traditional."

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Simon said female candidates are often seen as more liberal than they actually are -- as in the case of Sen. Hillary Rodham Clinton (D-N.Y.). But her possible presidential candidacy, and the speculation that Secretary of State Condoleezza Rice might be a presidential candidate in 2008 or later, has shifted perceptions about the plausibility of a female president.

Having Rice and former secretary of state Madeleine Albright in top national security jobs "made it normal to see women as leaders," said Marie Wilson, president and founder of the White House Project, which aims to advance female leadership and is training hundreds of women to run for office. "It we have three or four women in '08, it would have to be agenda," rather than sex, that separates them, she added.

Wilson said the United States has fallen through the rankings in women's political representation -- to 68th -- as other countries such as South Africa and Great Britain and Scandinavian nations climbed the list. Some countries used quotas to address the imbalance.

The recent U-Va. conference used persuasion. "New blood is needed," Ferraro told the audience. "If ever there was a time when the world and our nation needed new voices, new values, new approaches and sensitivities, this is it. Politics gives us the power to make a difference."

Women, she argued, would ensure that the concerns of half the population were listened to. In the same way that John McCain, as a former prisoner of war, pushed hard for legislation to ban torture, so women would shout loudest on behalf of day care, flexible work hours, prenatal health care, immunization, the aging population and more, she argued.

The challenge, she added, is to get enough women into the candidate pool. "The American electorate is accustomed to expect certain types of experience from candidates for national office," she said. "It doesn't hurt to be a governor of a large state, to be vice president or a senator of long experience."

Help For Congressman (NYT/AP)

By The Associated Press

The New York Times, October 7, 2006

NEW ORLEANS, Oct. 6 (AP) — Mayor C. Ray Nagin says he is enthusiastically supporting the re-election of Representative William J. Jefferson, an eight-term Democrat who is the target of a federal bribery investigation.

“I've told the congressman that since he supported me during the mayor’s race, that I would reciprocate,” Mr. Nagin said Thursday.

According to government affidavits, Mr. Jefferson is accused of taking bribes to help promote a cable television and Internet business in Nigeria and Ghana. An F.B.I. affidavit said that he was videotaped accepting a briefcase with $100,000 in $100 bills on July 30, 2005, and that all but $10,000 of the cash was found four days later in his freezer.

Mr. Jefferson denies the accusations and has not been charged.

The congressman has 12 opponents on the fall ballot.

Schwarzenegger And Rival Spar But Step Lightly (LAT)

By Richard Marosi

The Los Angeles Times, October 7, 2006

Most of the rhetoric on immigration has been voiced at partisan events. The candidates are not far apart on key issues, political analysts say.

The national immigration debate is reverberating in California's gubernatorial campaign, with the two major-party candidates trading verbal jabs but treading carefully on the volatile issue.

Gov. Arnold Schwarzenegger, who has talked tough in the past on border-related issues — praising Minuteman-style private border patrols and supporting the anti-illegal immigrant Proposition 187 — now plays up his immigrant roots, calling for a comprehensive and compassionate border policy that bolsters security without mistreating illegal immigrants.

The softened public stance hasn't stopped Democratic gubernatorial candidate Phil Angelides from portraying Schwarzenegger as an anti-immigrant extremist who has harmed relations with Mexico.

"He's talked about closing the border. He sent the National Guard to the border instead of demanding that George Bush do his job. He sent the wrong signal to Mexico, our ally," Angelides said in a speech last month to Latino leaders in Los Angeles.

Schwarzenegger has labeled Angelides weak on national security for not supporting the deployment of 1,000 National Guard troops to the border. He also has criticized him for supporting driver's licenses for illegal immigrants.

The dispute continued this week, when Angelides supporters criticized Schwarzenegger for saying Mexican immigrants should "immerse yourself and assimilate into the American culture."

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State Democratic Party chief Art Torres said the remark was "a calculated political insult to all immigrants." Schwarzenegger, defending his comments Friday, said they were not meant as an insult. "This is not against Latinos; it's not against anybody," he said at a campaign event in Los Angeles.

That disagreement aside, most of the rhetoric on immigration has been voiced at partisan events. It has also been muted compared with the fireworks of past campaigns when immigration-related issues polarized voters and generated flurries of negative television advertising.

Part of the reason, political analysts say, is that the candidates' positions are not far apart on key issues, including their support for a guest worker policy and a path to citizenship for illegal immigrants.

The other reason is political: Neither wants to risk losing support from core constituencies if he strays too far from the carefully crafted views that both have staked out.

Republican Schwarzenegger has already angered conservatives with his moves to the center in recent months. And Democrat Angelides, analysts say, could lose moderate Democrats' votes if he is perceived as being too liberal on immigration issues.

"It's such a hot-button issue that maybe both are afraid to push the button. There's a loss potential on either side," said Harry Pachon, president of the Tomas Rivera Policy Institute at USC.

Illegal immigration along the California-Mexico border has slowed significantly since increased enforcement in the 1990s pushed migration flows east to Arizona. From October 2005 to mid-September, 190,000 illegal immigrants were apprehended in California, compared with 500,000 in Arizona.

Still, immigration reform groups say, the continuing migration adds to California's estimated population of 2.6 million illegal immigrants and costs the state more than $10 billion a year in health, education and law enforcement funds.

Migrant rights group say the state's economy would break down without the labor of illegal immigrants, who provide much of the workforce in key industries such as construction, service and agriculture.

Immigration remains an important topic for voters. A Los Angeles Times poll in September showed that 34% of likely voters consider immigration issues to be the biggest problem facing the state — making it the top mention.

That presents something of a dilemma for state officials. Though governors of border states have historically struggled to make good on campaign promises of increased border funding, it is the federal government that is responsible for everything from patrolling the state's 150-mile frontier to inspecting the millions of vehicles that enter California from Mexico each year.

In the race for governor, both candidates have promised to pressure Washington to improve conditions along the border and to reimburse costs associated with illegal immigration. But, experts say, the winner probably will follow a long line of governors who failed at the task.

"It's a completely quixotic exercise," said Wayne Cornelius, director of the Center for Comparative Immigration Studies at UC San Diego. "The reality is that neither one is going to have much leverage in this area."

That's not to say that governors can't try.

"In Washington, any time that a well-known governor — let alone a superstar — comes to testify on a political issue, they attract attention, not just from the news media, but from lawmakers," said Adam Segal, director of the Hispanic Voter Project at Johns Hopkins University. "Certainly, there have been governors from various states that have used their stature to advance issues."

Last year, the Democratic governors of New Mexico and Arizona, Bill Richardson and Janet Napolitano respectively, intensified the national debate on illegal immigration when they declared states of emergency.

Schwarzenegger declined to follow their lead but has acted in other ways. He has written op-ed articles, sent letters to congressional leaders and spoken to President Bush on border issues.

The efforts have yielded mixed results. Congress did appropriate $80 million more in funding this year — for a total of about $200 million — for the State Criminal Alien Assistance Program, which reimburses states for incarcerating illegal immigrants. California spends more than $750 million a year for the incarceration of criminal illegal immigrants.

But at the same time, the number of Border Patrol agents in California has dipped, from 2,500 in 2003 to 2,300 this year, though there are plans to add more. The cuts were caused by redeployments to Arizona and other border areas.

Angelides, in a telephone interview, said that Schwarzenegger hasn't "lifted a finger" on border issues and that if he were governor, he would work more closely with California's representatives in Washington to pressure the White House.

"This governor … went to Ohio to campaign for Bush. Certainly, he can pick up the phone to implore the Bush/Cheney White House to meet its border commitments," Angelides said.

He said the governor's views on immigration issues have been divisive, and he criticized Schwarzenegger for, at one time, backing the Minuteman freelance group.

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"If I'm governor, you won't see me going on right-wing radio and praising the Minutemen, or making statements about closing the border, or using this issue to divide Californians," Angelides said.

He said he would push for comprehensive immigration reform and would urge the federal government to increase the number of Border Patrol agents and high-technology tools along the border. He said he opposed the deployment of the National Guard because California's contingent is already overextended and the troops send the wrong signal to Mexico.

Schwarzenegger's campaign criticized the challenger's position.

"Phil Angelides would take California's border security backward by removing National Guard troops," said Julie Soderlund, a spokesperson for the governor. (Schwarzenegger initially balked at the president's request to send the Guard to the border, and later refused Bush's request for more troops.)

Last year, he said illegal immigration could be choked off by closing the border. He corrected himself later, saying he meant "secure" the border.

Schwarzenegger's views on some border issues have moderated. This year, he came out against the congressional plan for a 700-mile border fence, saying it would be ineffective and amount to going back to the "Stone Age."

The governor also said this summer that he had made mistakes in praising Minuteman-style groups, and he repeated his earlier comment that Proposition 187 was "the wrong decision."

Schwarzenegger also supports immigration reform that includes a path to citizenship for illegal immigrants already in the U.S. — a stance shared by Bush and criticized by some conservatives.

"It impressed many in the Latino community that he took a moderate stance at a time when the tide was seeming to go the other way," said Pachon of USC.

Skeptics remain, however, saying Schwarzenegger's move to the center is politically motivated to boost support among Latinos. A recent Los Angeles Times poll showed that 65% of likely Latino voters disapprove of the governor's job performance.

"We always have to remember that he's an actor and … without a doubt he is putting on an Academy Award-winning performance that he cares about the Latino community, when we know he does not," said Enrique Morones, president of the Border Angels, a San Diego-based immigrant rights group.

But others consider Schwarzenegger's positions in line with those of most voters, including many Latinos.

"On immigration issues, the governor probably pretty much reflects the views of most Californians," said Allan Hoffenblum, a longtime Republican strategist who publishes the California Target Book, a nonpartisan election guide.

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(INFOBOX BELOW)

Debate broadcasts

The sole debate between Republican Gov. Arnold Schwarzenegger and his Democratic challenger, state Treasurer Phil Angelides, will be held tonight. Several Southern California media outlets plan to broadcast the one-hour session, according to the sponsor, the California Broadcasters Assn., and station officials.

Broadcasting the event live at 6 p.m. will be KCBS-TV Channel 2, KCET-TV Channel 28, KWHY-TV Channel 22 and cable station C-SPAN. KABC-TV Channel 7, which will be airing college football during the debate, will delay its broadcast until 11 a.m. Sunday.

The association said the debate will also be broadcast on radio stations KABC-AM (790) and KNX-AM (1070).

Los Angeles Times

After Son's Death And Battle With Breast Cancer, Elizabeth Edwards Trying To Inspire (MCT)

By Jeri Krentz

McClatchy Newspapers, October 7, 2006

CHARLOTTE, N.C. - In the days since her book was published, Elizabeth Edwards has gone from one interview to the next, from Oprah Winfrey to Diane Rehm to Charlie Rose, talking about the pain of losing her son and her battle with breast cancer.

She's answered questions about her son's life, relived his car accident in 1996 and shared stories about grief and healing.

Sometimes, she said, she feels the tears coming, and hopes the interview is almost over.

"Honestly, even though it's necessary to tell my story of grief, I don't want it to be about me," she said on her way to another airport. "I want it to be a larger message about how we need one another. If I break down, I don't think I become as good a messenger."

Edwards' book, "Saving Graces: Finding Solace and Strength From Friends and Strangers" (Broadway Books; $24.95), is a frank memoir about loss and accepting support.

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Edwards, 57, and her husband, former Sen. John Edwards, D-N.C., rarely spoke of their son's death during her husband's 2004 run for president or during his bid for vice president as Sen. John Kerry's running mate. In her book, she describes the tragedy in detail.

Wade, 16, had been on his way to meet his family at the beach for spring break. A gust of wind blew his car from the road; it fishtailed, then flipped.

"If I make myself think back on that night and on the next days, I can see everyone, I can bring everyone back," Edwards wrote. "But it is so hard to do it without also bringing back that pain. The heat of it. The chill of it. What's important and what's not? People came, that's what's important. They were there."

Edwards found support through an Internet group for the bereaved. Some days, she shared her sorrow. "I have no strength to face his death," she wrote in a post three weeks after what would have been Wade's 17th birthday. "Even comfort about his death brings me to the floor. I cannot look it in the eye. ... I don't know how many days without him I have left inside me."

Other days, she vented:

"I used to think that the greatest gift you could give a child was the sense that anything was possible. Now that gift has a horrid twist: Anything is possible."

She visited her son's grave daily, talking to him, reading letters to him, taking his SAT score when it came in the mail. When what would've been Wade's last year of high school began, she read aloud every book on the senior reading list.

"I went every day to Wade's grave," she wrote, "... because that was what felt right to me."

At age 46, she decided to undergo fertility treatments and have two more children. Emma Claire was born in 1998. Jack came two years later, when the Edwardses' oldest daughter, Cate, was a high school senior.

Politics is part of Edwards' story, too.

She describes meeting with Secret Service agents to learn what to expect. She tells how her friends helped fix up Cate's bedroom in Raleigh, thinking the Kerrys might spend the night. (They didn't. "But now Cate has nice new bed linens," she wrote.)

Two weeks before Election Day in 2004, she discovered a lump while taking a shower in a hotel room in Kenosha, Wis. After John Kerry delivered his concession speech, Elizabeth and John Edwards left for the Dana-Farber Cancer Institute in Boston.

Though she feared cancer, Edwards wrote that she'd "already been through the worst," that nothing will ever be as bad as losing a child. "The worst day of my life had already come."

She went through chemotherapy, then surgery followed by radiation.

At times, she wrote, "there was no part of me that did not feel beaten."

Other times, facing bruising and bleeding, hair loss, nausea and mouth sores: "I could not wait to get started. I wanted to be a warrior."

By that March, the number of e-mails from strangers and friends had reached 65,000.

The book's message is simple: Family is all around us, in strangers and friends, a "sea of support," nourishment to help in the next storm.

"I hope (readers) will take that away from the story," Edwards said. "Start including people in your lives that otherwise would be invisible and find out how rewarding that is. ... It sounds naive, but it's 57 not-always-easy years that have been made easier because I was good to people. And when I needed it, they were good back."

Explaining her faith, Edwards said, was the part of the book she "fiddled with" the most.

She believes in a God who lets human actions and nature take their course.

"The other option - that he set up the world so that he could intervene when he wanted to - that God is a very hard God to accept if your child dies."

Edwards admitted that she felt worried before "Saving Graces" reached stores last week. Reporters who traveled with her during the presidential campaign often described her as honest and down to earth. In the book, that openness sometimes makes her words difficult to read.

"I wanted it to seem like a conversation with people," she said. "But right before it came out, it was very scary. I don't know any other way to be, but you don't know how this candor will be received. I don't want to tell you all the adjectives that I didn't want to hear."

In the book, Edwards wrote that "life has found its cadence again." Her cancer appears to be gone. Her oldest daughter has started law school. Her younger children are busy with school and sports. John Edwards seems to be a probable 2008 presidential candidate. And the family has moved into a new home in Orange County, N.C.

At first, Elizabeth Edwards said, she worried about emptying Wade's room in their old house. But a hole in a washing machine hose started a flood and she had to rush to save his belongings.

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"In order to save his stuff, I had to get it out," she said. "Where I thought it was going to be so hard, I was relieved to get it out of his room."

Still, grief is unpredictable. Ten years away from her son's death, there are days when she's "just a puddle."

"Something will trigger it, and you have no idea what it's going to be. You can walk right through the obvious thing - and then a pile of shirts at Abercrombie & Fitch will do you in."

Gore And Murdoch Join Forces In TV Deal (FT)

By Emiko Terazono, Media Correspondent

Financial Times, October 7, 2006

Al Gore, the former US vice-president, is bringing his user-generated content television channel to the UK, courtesy of James Murdoch's British Sky Broadcasting.

Mr Gore launched Current TV, the US channel made of clips created by viewers and producers, in August last year, and said that the channel was "democratising television."

Mr Murdoch, who has claimed that BSkyB was the first media company in the world to go carbon neutral, and Mr Gore share their passion for the environment. Mr Murdoch invited Mr Gore to the gathering of News Corp's executives at Pebble Beach, California, this summer.

At Pebble Beach Rupert Murdoch, News Corp chief executive, urged News Corp officials to follow his son James' lead and to try and tackle climate change issues.

The pair have now come together to promote user generated content in the UK and Ireland. Current TV's agreement for the channel to be carried on BSkyB's satellite platform is its first international move outside the US.

Mr Gore said that the channel was one of the few on the cable network to break even in the first year and was looking to make profits in the second year. He rejected suggestions that viewer created clips was about gaining cheap content.

The deal with BSkyB brings Current TV to some 8m households. In the US, it is available in nearly 30m homes through cable and satellite television. With Current TV, viewers and producers upload their clips on to the channel's website, where content which gets the most votes is broadcast on its television channel.

Mr Gore compared Current TV to the introduction of the printing press in the 15th century, which led to enlightenment. He said: "The television medium for 50 years has had the depressing effect on the conversation of democracy by excluding individuals. But the new affordable digital tools of both cameras and digital video cameras and laptop editing systems now make it completely feasible for individuals with accessible training to participate in the conversation."

Mr Murdoch said that Mr Gore's channel TV was "an elegant way" to marry user-generated content on the web to the broadcast medium. He said: "Current TV is bringing the web's sense of empowerment to television for the first time."

Listen to audio excerpts from Emiko Terazono's interview with Al Gore and James Murdoch

Six Powers Agree To Take Next Step On Iran (WP)

By Robin Wright

The Washington Post, October 7, 2006

LONDON, Oct. 6 -- The United States and five other major powers agreed Friday to take the next step toward imposing sanctions on Iran for failing to comply with a U.N. resolution to prevent it from subverting its nuclear energy program to develop a nuclear weapon, according to U.S. and European officials.

But in response to Russian and Chinese wariness about the impact and effectiveness of sanctions, the group also agreed to keep the door open to diplomacy, the officials said. The chief negotiator will remain available for talks if Iran chooses to come to the table and suspend its uranium enrichment program. As soon as Iran suspends enrichment, any U.N. sanctions would also be suspended, they said.

The package of economic, technological, scientific and diplomatic incentives already offered to Iran to surrender control over its fuel cycle -- but not its peaceful energy program -- will still be on offer if the Islamic republic changes its position, Undersecretary of State R. Nicholas Burns said.

The agreement came at the conclusion of talks hosted by Britain and attended by Secretary of State Condoleezza Rice and top diplomats from France, Russia, China and Germany. But after a dramatic buildup all week to a possible turning point following the collapse of European negotiations with Iran, the tone and scope of the agreement appeared significantly milder than anticipated.

The timing of the talks and the wording of the agreement were affected by mechanical problems delaying Rice's arrival in London from Iraq. The military plane ferrying Rice got stuck in the northern Iraqi city of Irbil, the last stop on her five-day Middle East tour, and she attended only the last 45 minutes of the six-nation talks that she had pressed the hardest to hold.

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French Foreign Minister Philippe Douste-Blazy described the new international goal as "proportionate and reversible sanctions." U.S. officials said they viewed the agreement on sanctions as a tactic to try to force Iran to return to negotiations.

En route to London, Rice said sanctions would be aimed at convincing Iran that returning to the table was "the best strategy here. Nobody wants to have [sanctions] just to have them. The hope would be that the Iranians recognize that increasing isolation from the international system is not good for Iran or for the people of Iran."

The general agreement comes after years of controversial diplomacy, including a period when Iran suspended enrichment of uranium, only to resume after hard-line President Mahmoud Ahmadinejad was inaugurated in August 2005. Since then, Iran has missed at least two deadlines, including one set for Aug. 31 by the United Nations, to comply with demands that it halt enrichment.

"The extra innings are over. We're on to a new phase," Burns said. "We have no alternative but to proceed" and raise the cost for Iran's "irresponsible attitude."

Iran, he added, is missing a "major opportunity" in rejecting the package of incentives, particularly the opportunity for the first formal talks with the United States since relations were broken in 1980.

The administration has been pressing hard over the past six weeks to get the six major powers to agree to sanctions. A senior State Department official said Friday's agreement is likely to come as a surprise to Iran, which has calculated that it could continue to divide the international community.

In announcing the agreement, British Foreign Secretary Margaret Beckett said the six powers were "deeply disappointed" that the European Union's foreign policy chief, Javier Solana, had to report Iran's failure to suspend its enrichment and reprocessing activities, as required by U.N. Resolution 1696.

"We said there are two paths ahead," Beckett said. "We regret that Iran has not yet taken the positive one."

Discussions on which sanctions to invoke against Iran, drawn from a two-page list assembled last summer, will begin next Tuesday or Wednesday in videoconference talks among specialists, U.S. officials said.

Burns predicted that the behind-the-scenes diplomacy would be "spirited" and possibly lengthy. A European envoy involved in the talks Friday said it would be a "struggle" to come up with details to follow through on what is now a joint strategy.

The agreement reached Friday also does not close the deep gap between the United States and Russia over strategy toward Iran. Rice acknowledged the split.

"It's long been the view of particularly Russia that sanctions may not have the intended effect," she said, adding that Moscow had an obligation to act since it had voted for Resolution 1696 in July.

Rice began the day in Iraq, where she met with Massoud Barzani, president of the regional government in the Kurdish-populated north. Rice urged Barzani to cooperate with the national government's reconciliation efforts, and Barzani said the three northern Kurdish provinces would remain part of Iraq despite growing support for independence.

"Kurds, like any other nation, have the right to self-determination," he said. "This is a natural right. But a parliament in Kurdistan has been adopted within the framework of a democratic Iraq, a federal system."

Regional officials said privately, however, that there is growing sentiment for independence as violence increases in the rest of Iraq.

U.S. Says It Has Deal With Other U.N. Members To Penalize Iran For Nuclear Drive (NYT)

By Philip Shenon

The New York Times, October 7, 2006

LONDON, Oct. 6 — The United States said it had won agreement on Friday from the other four permanent members of the United Nations Security Council and Germany to seek sanctions against Iran over its refusal to shut down a nuclear enrichment program that could be used to build bombs.

While the State Department praised the agreement, which was reached at a one-day meeting here of senior officials from the six nations, American diplomats conceded that there could still be long and difficult negotiations over what penalties to impose and their timing.

Indeed, none of the other nations here — Britain, China, France, Germany and Russia — issued such an explicit statement after the meeting. In the past, China and Russia have both said they would be wary of sanctions against Iran, despite its defiance of international demands to end nuclear enrichment.

R. Nicholas Burns, the American under secretary of state for political affairs, said after the meeting that whatever the other nations' diplomatic language, "What we've got is an agreement to go to the Security Council" to punish Iran.

In essence, Mr. Burns said, the six nations "concluded that Iran is not prepared to negotiate with us" based on conditions set last spring, and that "we'll go forward with sanctions."

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But he admitted the issue was far from decided. “I think there’s going to be a spirited debate about what kind of sanctions should be agreed to.”

Mr. Burns was the senior American negotiator at the talks for the most of the day because Secretary of State Condoleezza Rice, who traveled here from Iraq, was delayed when her military jet — and its replacement — developed mechanical problems, stranding her in the northern Iraqi city of Erbil for about two hours.

The German foreign minister, Frank-Walter Steinmeier, who attended the London meeting, may have come closest to the American statement when he told ZDF television on Friday that “if there is no new decision from inside the Iranian leadership, there is at present no alternative to having the Security Council deal with this conflict.”

Agence France-Presse quoted the French foreign minister, Philippe Douste-Blazy, as saying that the six nations have “decided, in a unified manner, to work together in the next few days to speak about proportionate and reversible sanctions.”

The debate over Iran’s nuclear program is being conducted while the United States weighs a broad list of new sanctions to bring against North Korea, if it follows through on its threat to carry out a nuclear test.

Like his North Korean counterparts, President Mahmoud Ahmadinejad of Iran has said he will not be intimidated by the possibility of economic and military sanctions. “This nation will not be frightened by the threats,” Iran’s state-run television quoted him as saying Thursday.

Iran says its nuclear program is for peaceful uses, but the United States says it is a cover for making nuclear weapons.

A senior State Department official, speaking on condition of anonymity, said Friday that as a result of the London meeting, senior diplomats from the six countries would talk next week by video conference to begin debating the list of sanctions on Iran.

The official said that the United States and other nations would work from a two-page “menu” of potential penalties that was drawn up earlier this year, and that the sanctions would be ordered in stages.

“The agreement we have is that we will begin a series of graduated sanction measures against Iran, and that we’ll start with sanctions directed at Iran’s nuclear industry,” like limits on the import of so-called dual-use technology and on the travel of scientists and bureaucrats involved in the Iranian nuclear program.

The London meeting was called after the European Union foreign policy chief, Javier Solana, acting on behalf of the six nations, reported this week that he had reached a stalemate in negotiations with the Iranians over curtailing their nuclear program.

The British foreign secretary, Margaret Beckett, praised Mr. Solana and said there were “two paths ahead” — a negotiated end to Iran’s enrichment program, or sanctions — and “we regret that Iran has not yet taken the positive one.”

While Ms. Rice’s transportation troubles in Iraq meant that she had little chance to participate in Friday’s negotiations in London, she said she would be actively involved next week in talks over the next step with the Iranians.

“When the diplomatic course is not going to produce an outcome, then the other path has to be pursued,” she said. “I think we’re getting pretty close to that time.”

“The United States has always said that this can’t go on endlessly, and we are already more than a month past the deadline,” she added, referring to Iran’s failure to abide by the Aug. 31 deadline set by the United Nations for suspension of the enrichment program.

Talks Planned On Sanctions Against Iran (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, October 7, 2006

A senior U.S. official says getting a U.N. agreement on penalties will be difficult.

LONDON — The United States and five other world powers said Friday that they were "deeply disappointed" by Iran's refusal to halt its nuclear enrichment program and that they would begin discussing sanctions against Tehran at the United Nations.

The countries, which have jointly pursued a diplomatic solution to the standoff for 18 months, said after a meeting of foreign ministers here that they continued to hold out hope that the Iranian government would relent, suspend nuclear enrichment and accept a package of economic incentives they offered June 1.

A senior U.S. official described the decision to discuss sanctions as "a little bit of progress" but acknowledged that agreeing on penalties against Iran would be difficult. Yet the Americans, who have pressed for sanctions, insisted that it was significant that the six nations have held together.

In addition to the United States, the six are Russia, China, Britain, France and Germany. All but Germany are veto-wielding members of the U.N. Security Council.

The United States and Britain have been most eager for sanctions, and Russia and China most hesitant.

The statement approved at the meeting here refers only to possible economic sanctions and excludes military action.

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R. Nicholas Burns, the undersecretary of State for policy, said that with the failure of the latest round of talks between Iranian officials and Javier Solana, the European Union foreign policy chief, "there's no question we have to proceed with sanctions."

German Foreign Minister Frank-Walter Steinmeier, talking to ZDF television after the meeting, said, "We have also agreed that if there is no new decision from inside the Iranian leadership, there is at present no alternative to having the Security Council deal with this conflict over the Iranian nuclear program."

Margaret Beckett, the British foreign secretary, told reporters that the group made the decision to discuss sanctions because "further pressure is required."

The sanctions, if approved, would be graduated, and would begin with restrictions aimed at Iran's nuclear industry. Crafting such sanctions would be complex and take some time in the best of circumstances, the senior U.S. official said. He said representatives of the group would be in touch Tuesday or Wednesday and take the issue to the U.N. on Thursday.

U.S. Secretary of State Condoleezza Rice, speaking to reporters, said world leaders had threatened so long to move to sanctions that to back away now would undermine their credibility.

"You can't extend deadline after deadline after deadline, because nobody will take the international system seriously," she said.

Rice recalled that the Security Council adopted a resolution in the summer signaling its intention to consider sanctions if Iran didn't suspend its nuclear enrichment.

"When you adopt U.N. Security Council resolutions, they're supposed to mean something," she said.

Rice almost missed the meeting because the military C-17 cargo plane on which she was traveling had an engine malfunction during a visit to Irbil, in northern Iraq's Kurdish region.

Sean McCormack, the chief State Department spokesman, said the plane, which had carried Rice from Baghdad for a visit with Kurdistan regional President Massoud Barzani, had developed a crack in a turbine. Officials summoned another plane, but it took longer to arrive than hoped, and U.S. officials waited in an airport visitor's terminal.

It wasn't the only travel snag on the trip. On Thursday, the C-17 ferrying Rice was forced to circle the Baghdad airport for about 45 minutes, delaying meetings with top Iraqi officials, because of mortar or rocket fire nearby.

U.S., Partners Seek Tough Stance On North Korea, Iran (WSJ)

By Neil King Jr.

The Wall Street Journal, October 7, 2006

The U.S. and its major partners sought to deliver strong messages to both North Korea and Iran over their nuclear programs, but divisions persist over how hard to push either country within the United Nations.

North Korea's threat to conduct a first-ever nuclear test and Iran's refusal to suspend its uranium-enrichment program are posing twin challenges to the international system. Prolonged attempts to negotiate an end to both countries' nuclear programs appear to have fallen apart, leaving little consensus about what steps to take next.

In New York, the U.N. Security Council Friday approved a strongly worded statement that "deplored" North Korea's assertion that it was planning a nuclear test. A test, the statement said, would "represent a clear threat to international peace and security." In U.N. parlance, that implies that a nuclear test would trigger international sanctions, but it is unclear how far China, in particular, would agree to push the volatile government in Pyongyang.

The U.N. move came amid rising concern that North Korea could conduct a nuclear test as early as this weekend, the ninth anniversary of North Korean leader Kim Jong Il's appointment as head of the Worker's Party. Pyongyang's official media said Mr. Kim met with his top military commanders Friday.

North Korea claims that it has nuclear weapons, but it isn't known to have tested one before. For more than a year, it has declined to join six-country talks aimed at persuading it to give up its pursuit of nuclear weapons.

The U.S., France, Britain, Russia, China and Germany have reached a similar impasse with Iran over its nuclear ambitions, which it claims are purely for peaceful, civilian purposes.

Meeting in London Friday, the five permanent members of the Security Council plus Germany said they were "deeply disappointed" that talks between Iran and European Union foreign-policy chief Javier Solana had shown no real results.

The countries said they plan next week to begin talks within the Security Council over a package of sanctions aimed at pressuring Iran to return to talks to curb any efforts by Tehran to develop nuclear weapons. China and Russia reiterated Friday that they won't support threats or coercion.

Secretary of State Condoleezza Rice said en route to London from Iraq Friday that the credibility of the international community is at stake in both the North Korea and Iran cases. "We can't continue to extend deadline after deadline after deadline, or nobody will take the international system seriously," she said.

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Powers Agree To Consult UN On Measures Against Tehran (FT)

By Roula Khalaf And Gareth Smyth

Financial Times, October 7, 2006

World powers meeting on Iran on Friday agreed to consult on possible UN sanctions after Tehran refused to heed international calls for a halt to the most sensitive parts of its controversial nuclear programme.

But after two hours of talks in London, no agreement was reached on the details of potential measures and it was far from clear that differences between the US and Europe on one hand, and Russia and China on the other, had been overcome.

The meeting of foreign ministers from the US, UK, France, Germany, Russia and China was complicated by the late arrival of Condoleezza Rice, US secretary of state, due to travel delays, and by the departure of Sergey Lavrov, her Russian counterpart, before a planned dinner, because of prior engagements.

It came as Alexander Alekseyev, Russian deputy foreign minister, declared that serving Iran with ultimatums would be "counterproductive".

Speaking on behalf of the participants, Margaret Beckett, UK foreign secretary, said the six nations were 'deeply disappointed' that Iran was not prepared to suspend its uranium enrichment activities after extensive talks with Javier Solana, the European Union foreign policy chief.

Stopping short of declaring Mr Solana's talks a failure, she said the six nations would now 'consult on measures under Article 41 of Chapter Seven of the UN charter,' as agreed in a July UN Security Council resolution. The UN decision effectively authorised commercial and diplomatic sanctions but ruled out the use of force.

The UK expects discussions on sanctions to begin at the UN next week. But Russia and China still appear reluctant to impose punishing measures. Mr Lavrov declared on Thursday that sanctions would be 'extreme' until all 'diplomatic possibilities have been exhausted.'

UK officials, however, say sanctions envisioned would be gradual, targeted and reversible, and would start with a tightening of restrictions on procurement for Iran's nuclear and ballistic missile programmes.

Mr Solana's talks with Iranian officials were designed to persuade Tehran to heed UN calls for a stop in atomic work, a condition for starting negotiations on a longer term solution to Iran's nuclear dispute.

The six governments have been hoping that, once negotiations start, they might persuade Tehran to abandon all enrichment in return for a package of economic and political incentives.

In Tehran, regime insiders told the FT this week that the leadership was now ruling out any prospect of suspending uranium enrichment.

A few weeks ago, Iran had floated the idea that it could be ready to stop the nuclear activities for three months, during which negotiations on the six-nation package would begin.

But it conditioned this on the other side accepting that, at the end of the negotiations, Iran would keep a small-scale uranium enrichment facility.

European diplomats say these terms would have pre-judged the outcome of the negotiations and indeed rendered them meaningless.

Regime insiders in Tehran also say that prospects of even a limited suspension had met with growing opposition at home.

"Iran is not unduly worried about sanctions, especially as we think Russia and China aren't in favour," says one insider, adding that Tehran's fears of US military actions were also receding given the accumulation of crises in the Middle East, from Iraq, to Lebanon, and Afghanistan.

"They are very wrong if they think they can gain through negotiations what they failed to gain through pressure," President Mahmoud Ahmadi-Nejad told a crowd this week in Hashtgerd, a new town near Tehran, in reference to western governments. In a separate speech at a graduation ceremony for police cadets, he said Iran was not isolated because two-thirds of the countries in the world supported its right "to pursue peaceful nuclear energy".

Nations To Pursue Sanctions Against Iran (AP)

By Beth Gardiner, Associated Press Writer

AP, October 7, 2006

Six world powers agreed Friday to pursue possible U.N. sanctions against Iran over its nuclear program, but left crucial questions about the scope and timing of any measures unresolved.

Top diplomats from the United States, Britain, France, Germany, China and Russia said in a joint statement after talks in London that they were "deeply disappointed" by Tehran's refusal to suspend uranium enrichment, a key step toward making nuclear weapons.

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Apparently divided about how quickly to move, the envoys stopped short of explicitly declaring European negotiations with Iran a failure, as some had expected them to do.

Their statement also shied away from demanding Tehran be punished by the U.N. Security Council, but said they would discuss sanctions in talks at the U.N.

U.S. Undersecretary of State Nicholas Burns went further.

"The decision has been made that we'll go for sanctions, the question is what the sanctions will be," he said after the meeting. "In the view of the United States, we have to move for sanctions to raise the stakes for Iran."

Reading the diplomats' joint statement, British Foreign Secretary Margaret Beckett said Iran had two choices when the United Nations demanded it halt enrichment activities.

"We regret that Iran has not yet taken the positive one," she said.

Beckett said the six powers "will now consult on measures under Article 41 of Chapter 7 of the U.N. Charter." Article 41 authorizes the Security Council to impose nonmilitary sanctions such as completely or partially severing diplomatic and economic relations, transportation and communications links.

Russian Foreign Minister Sergey Lavrov said the discussions on how to win Iranian compliance would take place at the Security Council, Russian news agencies reported. German Foreign Minister Frank-Walter Steinmeier told ZDF television the powers would begin drafting a resolution.

Burns said political directors of the six nations' foreign ministries would hold a videoconference Tuesday or Wednesday, and their U.N. ambassadors would then meet, probably the following day.

Britain's U.N. ambassador said Thursday that he expected "the Iran dossier" to return to the Security Council in the next week, but Beckett set no timeframe for action.

Iran insists its enrichment of uranium is purely for peaceful purposes to be used for nuclear energy. But the United States and many European nations believe Iran is seeking to produce nuclear weapons.

The U.S. and Britain are leading the push for sanctions against Tehran. To avoid alienating the Russians and the Chinese — both major commercial partners of Iran — any measures are likely to be relatively mild, including embargoes on missile and nuclear technology, and possible travel bans and other penalties on Iranian officials involved in their country's nuclear program.

Secretary of State Condoleezza Rice was delayed leaving Iraq on Friday because of mechanical difficulties with her plane, meaning the diplomats had little time to reach a consensus. But even before the logistical problems arose, it was clear there were significant differences among the participants, with Russia voicing reluctance to move toward sanctions and Rice suggesting it was "getting pretty close" to the time to take Iran to the Security Council.

"There is an issue of the credibility of the Security Council and the international system and you simply can't just keep talking with no outcome," she told reporters on her way to London.

Lavrov, who said Thursday that sanctions now would be "extreme," hinted Friday that Moscow might accept some action. "We do not rule out additional measures" the Interfax news agency quoted him as saying in London.

But his deputy, Alexander Alexeyev, warned that it would be "counterproductive" to speak to Iran "in the language of threats and ultimatums."

Beckett denied suggestions the five permanent U.N. Security Council members and Germany had been unable to agree on a course of action. She told The Associated Press that the international community was united in wanting to negotiate with Iran and urging it to suspend enrichment.

"None of us want to get involved in sanctions, but at the present time, Iran is not responding to probably the most generous offer that has ever been made by the international community," she told the AP.

She said the package of technological and political incentives the six countries offered Iran in June was still on the table if it commits to freezing enrichment, which it has refused to do.

The European-Iranian negotiations had been seen as a final attempt to avoid a full-blown confrontation between Tehran and the Security Council after it ignored an Aug. 31 deadline to suspend uranium enrichment or face punishment.

Iranian President Mahmoud Ahmadinejad was defiant Thursday, saying his country would not be intimidated into giving up its nuclear program.

Associated Press Writers Thomas Wagner and Anne Gearan in London, Stephen Graham in Berlin and Steve Gutterman in Moscow contributed to this report.

U.N. Council Presses North Korea To Drop Plans For Nuclear Test (NYT)

By Warren Hoge

The New York Times, October 7, 2006

DOJ_NMG_0078667

UNITED NATIONS, Oct. 6 — The Security Council urged North Korea Friday not to carry out a planned test of a nuclear weapon, saying it would endanger regional stability and provoke worldwide denunciation.

Taking action three days after North Korea said it was preparing for an underground test, the Council said such action would "jeopardize peace, stability and security in the region and beyond."

The statement, agreed to by all 15 members, was issued amid speculation that the test could come as soon as Sunday, the anniversary of the appointment of the North Korean leader, Kim Jong Il, as head of the Communist Party. It urged Pyongyang to return to six-party talks on its nuclear program that include North and South Korea, China, Japan, Russia and the United States.

North Korea left the talks last year and claims it will return only if the United States lifts sanctions aimed at stopping counterfeiting and other illegal economic activities.

"At an absolute minimum, North Korea must come back to the six-party talks which it has boycotted for 13 consecutive months and shows no inclination to come back to," said John R. Bolton, the American ambassador to the United Nations.

The statement made no mention of possible United Nations sanctions or punishment other than to note that the Council would act "consistent with" its obligations if Pyongyang followed through with its threat.

In July, the Security Council passed a resolution condemning recent missile launchings by North Korea, urging abandonment of its nuclear program and a return to the six-party talks but not imposing any penalties.

At that time, Japan and the United States, the principal sponsors of the original resolution draft, obtained unanimous backing only by dropping language citing the part of the United Nations Charter that makes actions enforceable by armed action.

Mr. Bolton said Friday, "We think the main point is that North Korea should understand how strongly the United States and other council members feel that they should not test this nuclear device." He warned, "And if they do test it, it will be a very different world a day after the test."

Kenzo Oshima, the ambassador from Japan, who is this month's president of the Council, said he had hoped for adoption of the statement before a planned visit by the country's new prime minister, Shinzo Abe, to Beijing and Seoul this weekend to discuss ways to ease regional tensions.

A North Korea expert in China told [a news organization] that the threats of a nuclear test were tied to the economic sanctions that Washington imposed earlier this year.

If the United States removes the sanctions, said the expert, Li Dunqiu, of China's State Council Development Research Center, "then tensions can be eased." He added, "Otherwise, launching a nuclear test is unavoidable for North Korea."

U.N. Council Urges N. Korea Not To Conduct Nuclear Test (WP)

By Colum Lynch

The Washington Post, October 7, 2006

UNITED NATIONS, Oct. 6 -- The U.N. Security Council issued a statement Friday expressing "deep concern" about North Korea's threat to conduct its first test of a nuclear explosive, saying it would "jeopardize peace, stability and security in the region and beyond."

The action came as U.S. officials look toward Sunday as a possible date for North Korea to carry out the test. Oct. 8 is the ninth anniversary of Kim Jong Il's appointment as head of the Korean Workers' Party, and is only a day before South Korean Foreign Minister Ban Ki Moon will face a vote on his bid to become the next secretary general of the United Nations.

The 15-nation council urged North Korea to resume multiparty talks over its nuclear program, warning that a nuclear test "would bring universal condemnation." The council also issued a veiled threat to weigh tougher action, including the possibility of sanctions, against Pyongyang it if proceeds with the test.

The nonbinding statement capped three days of intensive negotiation after North Korea's announcement Tuesday that it plans to test a nuclear device to strengthen its defenses against the United States.

The Bush administration expressed frustration that the council was not prepared to adopt an even tougher response spelling out the punitive actions to be imposed on North Korea if it conducts a test. "At this point, no, I don't think there's a strategy of preventive diplomacy in place," said John R. Bolton, the U.S. ambassador to the United Nations.

Still, Bolton and Kenzo Oshima, Japan's ambassador, said the statement will be helpful to Japanese Prime Minister Shinzo Abe, who is expected to advocate a tougher response to North Korea's nuclear program in visits to Beijing on Sunday and Seoul on Monday.

China and Russia have urged the United States and other members of the council to pursue only diplomatic means to end the nuclear standoff with North Korea. Russia's ambassador, Vitaly Churkin, said he spoke with Bolton on Friday about the need for the United States to engage in direct talks with North Korea.

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But Churkin said Bolton insisted that the United States would sit down with North Korean officials only if they resumed multiparty talks on the nuclear program. "We think that bilateral contacts between the United States and North Korea could be useful in resolving the situation," Churkin said.

In an effort to persuade Pyongyang to back down, Bush administration officials have issued a number of stern warnings that the United States will not accept a nuclear-armed North Korea. State Department spokesman Tom Casey said on Friday that the United States has also encouraged China and others "that have influence on North Korea to use it to convince them to turn away from this."

"I'd leave it up to the Chinese as to what the best way for them to exert their influence on the North Korean government is -- but, certainly, we want to see them and everyone else do whatever they can to prevent this from happening," he added.

U.S. officials suspect North Korea has acquired enough plutonium to produce as many as 11 nuclear bombs. In February, Pyongyang announced that it had succeeded in building a nuclear device, but analysts estimate that it could be years before North Korea is able to launch it.

U.N. Warns N. Korea On Nuclear Test (WT)

By Betsy Pisik

The Washington Times, October 7, 2006

NEW YORK -- The U.N. Security Council warned North Korea yesterday not to conduct a nuclear test, telling the isolated communist state it would face unspecified consequences under the U.N. charter if it did so.

"The Security Council deems that should [North Korea] carry out its threat of a nuclear-weapon test, it would jeopardize peace, stability and security in the region and beyond," said Japanese Ambassador Kenzo Oshima, who presides over the council this month.

Mr. Oshima's remarks, approved unanimously by the 15-nation council, also warned, "should [North Korea] ignore calls of the international community, the Security Council will act consistent with its responsibility under the charter of the United Nations."

The vote came amid speculation that North Korea could conduct a nuclear test as early as this weekend.

The council's "presidential statement," which does not carry the weight of a formal Security Council resolution, also urged Pyongyang to return to six-nation talks and to abandon its pursuit of nuclear weapons.

Japan and China drafted the statement, which the United States supported.

"We think the main point that North Korea should understand is how strongly the United States and many other council members feel that they should not test this nuclear device, and that if they do test it, it will be a very different world the day after the test," U.S. Ambassador John R. Bolton told reporters.

The United States maintains a force of about 30,000 troops in South Korea, a legacy of the 1950-53 Korean War.

The council was in broad agreement on yesterday's statement, putting aside sniping earlier this week to craft an unambiguous response.

"It was a very good statement," Russian Ambassador Vitaly Churkin said. "We are pleased that it has been adopted."

South Korean Foreign Minister Ban Ki-moon, who is scheduled to become U.N. secretary-general when Kofi Annan's term expires this year, has offered to travel to Pyongyang to press international opposition to the North's nuclear-weapons program.

Mr. Bolton declined to endorse the proposed trip, but said yesterday that Washington is looking forward to having fresh ideas at the United Nations.

In North Korea, television images of the nation's leader, Kim Jong-il, showed him meeting soldiers at an undisclosed location.

The meeting marked Mr. Kim's first reported public appearance since Tuesday's announcement that North Korea would set off an atomic explosion.

Earlier, Japanese Vice Foreign Minister Shotaro Yachi told Japanese television after meeting with U.S. officials: "Based on the development so far, it would be best to view that a test is possible this weekend."

North Koreans are fond of anniversaries and a weekend test would coincide with Mr. Kim's 1997 appointment as leader of the ruling Korean Workers' Party.

The United States, along with South Korea, Japan, China and Russia, have been trying to persuade Pyongyang to give up its nuclear programs in exchange for fuel and security guarantees.

North Korea has boycotted the talks for nearly a year.

Japanese Prime Minister Shinzo Abe is to meet with his Chinese and South Korean counterparts this weekend to discuss the crisis.

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North Korean Nuclear Test Would Be 'Incendiary': White House (AFP)

AFP, October 7, 2006

The White House warned that a North Korean nuclear test would be an "incendiary" event threatening Pyongyang's neighbors, but it refused to comment on the possible timing of the test.

"I'm not going to comment on any of our intelligence," White House deputy spokeswoman Dana Perino told reporters.

Japan said North Korea could test a nuclear device as early as this weekend.

"The international community has joined us in sending a clear signal to the North Koreans that any such test of a nuclear device would be unacceptable," Perino said.

"And this hostile act would be most incendiary and threatening to North Korea's immediate neighbors," she said.

"It would be destabilizing to the region and could lead to further escalation of tensions. And a test, by its very nature, could advance the North Koreans' capabilities," the spokeswoman added.

White House chief spokesman Tony Snow said Thursday that a US diplomat's warning that a nuclear-armed North Korea would be "unacceptable" was "not a lethal threat" against the Stalinist regime.

U.N. Tells N. Korea Not To Test A Device (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 7, 2006

UNITED NATIONS — The Security Council unanimously urged North Korea on Friday to scrap plans for a nuclear test and return to six-party talks — or face unspecified consequences.

Newly elected Japanese Prime Minister Shinzo Abe said Friday that the test could come as early as this weekend. U.S. spy satellites have detected sustained activity at a suspected underground test site in North Korea. Abe will travel to Beijing on Sunday and Seoul on Monday to press for support in corralling North Korea's nuclear ambitions.

North Korea has in the past timed its military exercises to coincide with significant dates: It launched missiles on July 4, despite international warnings. Monday is Workers' Party Day in North Korea and Columbus Day in the United States.

North Korea's Foreign Ministry had announced Oct. 3 that the nation was preparing for a nuclear test to ensure its security in the face of what the government in Pyongyang described as threats from the United States.

The U.S. levied financial sanctions against North Korea last year and has encouraged banks around the world to cut off business dealings because of Pyongyang's suspected money laundering and counterfeiting. The North Koreans want the U.S. to lift the sanctions and engage in direct talks, and the threat to test a nuclear device is seen by diplomats and analysts as a way to heighten pressure.

The Security Council statement said that a test would not bring Pyongyang closer to its goals. Rather it would "bring universal condemnation by the international community," the statement said. "The Security Council urges the DPRK not to undertake such a test and to refrain from any action that might aggravate tension," the statement added, using the initials for the country's official name, the Democratic People's Republic of Korea.

U.S. Ambassador John R. Bolton said the Security Council took the threat seriously and that the United States was prepared to push for international economic sanctions. "If they do test it, it will be a very different world the day after," he said before the meeting. "There would be another nuclear power. This would be proof positive of North Korea having a weapon."

China and Russia had objected to earlier drafts of the statement that threatened an arms embargo, economic penalties or military force for failing to comply. The two nations rejected wording to "demand" that North Korea halt its plans, settling instead for a statement that would "urge" it to do so. But Russian diplomats said they were "very concerned" about the possibility of a test.

"We very clearly and strongly believe that to threaten conducting nuclear tests, or even worse, to conduct such tests … would not help anybody, including North Korea," Russian Ambassador Vitaly Churkin said. "This message is very clearly conveyed in the useful presidential statement which we today adopted.

"Let's hope that things will cool off and that everybody will return to six-party talks," he said, referring to the on-and-off negotiations that have involved China, Russia, the U.S., South Korea and Japan along with North Korea.

Chinese Ambassador Wang Guangya said that North Korea was ultimately seeking direct talks with the U.S., and that the key to containing Pyongyang might be negotiations. "I don't know if that is possible right at this moment, but at some point it is necessary," he said.

To Bush administration officials, offering one-on-one talks with the North Koreans is tantamount to rewarding them for bad behavior. When asked previously if the U.S. would consider direct talks, Bolton answered curtly, "No. Next question." Instead, he said Friday, the Security Council should now move toward a "broad strategic approach."

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The U.S. is contemplating punitive measures even if the council won't back them. One possible response, a U.S. diplomat said, would be a naval blockade to prevent nuclear-related materials from entering or leaving the country.

North Korea Urged To Cancel Nuclear Test (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 7, 2006

With speculation mounting of a North Korean nuclear test as early as this weekend, a unanimous U.N. Security Council urged the secretive, communist nation Friday to abandon all atomic weapons as it promised last year and cancel plans to detonate a device. Japan hinted the North could face sanctions or possible military action.

A statement adopted by the council expresses "deep concern" over North Korea's announcement that it planned a test — which would confirm strong suspicions it is a nuclear power — and warns Pyongyang of unspecified consequences if it carries through. The message also urges the North to return to six-party talks on scrapping its nuclear weapons program.

With tensions rising, North Korean leader Kim Jong Il met hundreds of his top military commanders and urged them to bolster the nation's defenses, as officers cheered, "Fight at the cost of our lives!" the North's official Korean Central News Agency reported earlier Friday.

A North Korea expert in China, the North's closest ally, said only the removal of American economic sanctions against Pyongyang could dissuade the country from carrying out a nuclear test.

"North Korea has already made a decision to carry out a test," said Li Dunqiu, of China's State Council Development Research Center, a Cabinet-level think tank. But "if the U.S. removes sanctions ... then tensions can be eased. Otherwise launching a nuclear test is unavoidable for North Korea."

The United States imposed economic sanctions on North Korea last year to punish it for alleged counterfeiting and money laundering. For the last 13 months, North Korea has boycotted six-nation talks aimed at persuading it to abandon its nuclear ambitions.

North Korea said Tuesday it decided to act in the face of what it claimed was "the U.S. extreme threat of a nuclear war," but gave no date for the test. Washington has repeatedly said it has no intention of invading North Korea.

Both China and Russia have urged the United States and North Korea to hold talks, which Russia's U.N. Ambassador Vitaly Churkin said Friday "could be useful in resolving the situation." But he said U.S. Ambassador John Bolton informed the council that there would be no North Korean-U.S. talks except in the margins of resumed six-party talks.

Bolton said the Security Council needs to adopt a long-term strategy to deal with North Korea but the top U.S. priority now is to stop a nuclear test.

"We take the threat by North Korea seriously. We don't think this is an attention-getting device of people waving their arm to say `see me, see me.' We think this would be consistent with the unfortunate logic that North Korea has been following," he said.

"North Korea should understand how strongly the United States and many other council members feel that they should not test this nuclear device," Bolton said. "And that if they do test it, it would be a very different world the day after the test ... because there would be another nuclear power."

Russia's Churkin said threatening or conducting a nuclear test "would not help anybody including North Korea."

"This message is very clearly conveyed in the useful presidential statement which we today adopted," he said. "Let's hope that things will cool off and that everybody will return to six-party talks."

South Korea's Foreign Ministry also urged its communist neighbor to return to talks and applauded the council's warning.

"North Korea should be held responsible for any consequences that could be caused by a test," the ministry said Saturday.

The warning was read at a formal meeting by the council president, Ambassador Kenzo Oshima of Japan. The Japanese Foreign Ministry issued a statement later saying if North Korea defies international concerns about a test, "the Security Council must adopt a resolution outlining severely punitive measures."

Japan, which would be in close proximity to any North Korean nuclear test, proposed the initial text of the statement, which becomes part of the council record. Oshima had pressed to have it adopted before Japanese Prime Minister Shinzo Abe travels to China on Sunday and South Korea on Monday with a message that the North should stop testing.

"It's good that the council has come up with a very clear, strongly worded message warning against a nuclear test" before the "very important" Japan-China summit meeting, Oshima said.

The statement says a nuclear test would not help Pyongyang address its concerns, especially strengthening its security.

It warns that a nuclear test would bring "universal condemnation," lead to further unspecified council action, and "jeopardize peace, stability and security in the region and beyond."

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The council said it "deplores" the pursuit of nuclear weapons by the Democratic People's Republic of Korea, known as the DPRK.

"The Security Council will be monitoring the situation closely," the statement said. "The Security Council stresses that a nuclear test, if carried out by the DPRK, would represent a clear threat to international peace and security and that should the DPRK ignore calls of the international community, the Security Council will act consistent with its responsibility under the Charter of the United Nations."

Oshima indicated that the North could face sanctions or possible military action under Chapter 7 of the U.N. Charter if it detonates a nuclear device. Chapter 7 outlines actions the council can take to deal with threats to international peace. He stressed that the statement says a nuclear test would constitute such a threat, which "is clear enough."

"I think the terms in which this statement was prepared clearly indicate what will be the consequences of their action if they, in fact, resort to a nuclear test," Oshima said.

The statement also urges North Korea to return immediately to the six-party talks and work toward implementation of a September 2005 agreement in which the North pledged to give up its nuclear program in exchange for aid and security guarantees. The six parties to the talks are the two Koreas, China, Japan, the United States and Russia.

The council acted amid speculation that a nuclear test could come on Sunday, the anniversary of Kim's appointment as head of the Communist party in 1997. Japanese Vice Foreign Minister Shotaro Yachi, currently in Washington, told the Japan's TV Asahi: "Based on the development so far, it would be best to view that a test is possible this weekend."

The dispatch by North Korea's news agency did not mention a nuclear test.

North Korean state television showed still photos of Kim, with his distinctive bouffant-hair, waving to an assembled crowd of about 500 olive-suited officers in dress caps. Kim later posed for a group photo with his commanders in front of Pyongyang's sprawling mausoleum for his father and national founder, Kim Il Sung.

The meeting was the reclusive leader's first reported appearance in three weeks and the first since Tuesday, when his government shocked the world by announcing plans to test a nuclear device on its way to building an atomic arsenal.

It was unclear when the rally took place, or how many attended, but it could show that Kim is trying to polish his credentials with the military at a time when international pressure is mounting on Pyongyang.

Associated Press writers Hans Greimel and Bo-Mi Lim in Seoul, South Korea, Kana Inagaki and Mari Yamaguchi in Tokyo, and Foster Klug in Washington contributed to this report.

UN Warns N Korea On Nuclear Test (FT)

By Mark Turner And Guy Dinmore

Financial Times, October 7, 2006

The United Nations Security Council has agreed a unanimous statement, warning North Korea to refrain from testing a nuclear weapon, or face unspecified action.

Details of the statement were expected to be read by Kenzo Oshima, the council president and Japan's UN ambassador, at a formal open meeting of the council later in on Friday, said Vitaly Churkin, Russia's UN ambassador.

Should North Korea ignore the UN's calls, according to an earlier draft statement, "the Security Council will act consistent with its responsibility under the charter of the United Nations", language that could lead to sanctions or tougher measures.

The negotiations came amid warnings from Japan that the reclusive state could conduct a test as soon as this weekend. "Based on the development so far, it would be best to view that a test is possible this weekend,'' Shotaro Yachi, the Japanese vice-foreign minister, told Japanese broadcaster TV Asahi.

According to the draft UN statement: "The members of the Security Council deem that should the DPRK [North Korea] carry out its threat of a nuclear weapon test, it would jeopardise peace, stability and security in the region and beyond. Such a test would bring universal condemnation," it said, and called for an early resumption of the six-party talks aimed at achieving "the verifiable denuclearisation of the Korean Peninsula".

John Bolton, US ambassador to the UN, said before the meeting: "If they do test it, it will be a very different world the day after. There would be another nuclear power. This would be proof positive of North Korea having a weapon."

Mr Churkin warned: "Non-proliferation is very important internationally, for the region and for North Korea.

"It would be in everyone's interest for them to refrain from this action. We think that bilateral contacts between the US and North Korea could be useful in resolving the situation," he said. But he had heard no proposals for a broader strategy

China has clashed with the US over the precise strategy, resulting in a harsh exchange of words in a closed-door session earlier this week.

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The US is reportedly looking at possible sanctions against North Korea. Chris Hill, US assistant secretary of state and chief negotiator at the stalled six-party talks, said on Wednesday: “We are not going to live with a nuclear North Korea. We are not going to accept it.”

The US would “have no choice but to act resolutely”, he told the School of Advanced International Studies of Johns Hopkins University in Washington.

He refused to say precisely what the US would do in the event of a nuclear test, but indicated the response could be some kind of blockade, saying the top US priority was to prevent proliferation of weapons of mass destruction.

Fuad Al-Siniora The Accidental Prime Minister (WSJ)

By Michael Young

The Wall Street Journal, October 7, 2006

BEIRUT -- There was a time, not so long ago, when Fuad al-Siniora was the most vilified man in Lebanon. As the person in charge of the nation's finances under the late prime minister, Rafiq Hariri, he was regarded by the Lebanese as the abominable taxman. On the evening of Hariri's assassination on Feb. 14, 2005, it was another Mr. Siniora I recall seeing among a gathering of anti-Syrian opposition figures at the Hariri mansion -- a proper technocrat, seemingly misplaced amid the promenading politicians. Yet when the opposition elected a majority to parliament later in the year, Mr. Siniora emerged, almost naturally, as the successor to his onetime boss. For now, despite efforts by an array of forces to bring his government down, Mr. Siniora remains firmly in place.

There is an urban Sunni merchant's litheness in that metamorphosis from staid number-cruncher to persuasive prime minister. A native of the southern port city of Sidon who started his career as a Citibank executive, Mr. Siniora is velvety and unflappable, as befits a maven of the Levantine marketplace. He avoids hard angles in favor of nods, winks and baroque compromises -- qualities essential for herding the fat cats that make up Lebanese government.

Mr. Siniora receives me in his cavernous office in the Grand Sérail, an Ottoman barracks that after World War I housed the French Mandatory authorities. The vast structure, built in 1853, was destroyed during Lebanon's civil war, before Hariri rebuilt it as a headquarters for the prime minister. Mr. Siniora now works as well as lives there, with his family. These days, like most of Syria's Lebanese foes, he spends much time indoors, to avoid assassination. * * *

During the summer war between Hezbollah and Israel, Mr. Siniora walked a tightrope. A seven-point plan he devised was instrumental in creating a framework for an exit from the conflict and the extension of Lebanese state authority to the southern border. But this little endeared him to Hezbollah, which controlled an autonomous area in the south from which the Lebanese Army had been excluded. As Israel began bombing after the abduction of two of its soldiers on July 12, the prime minister had to balance conflicting interests: to use the violence as leverage to loosen Hezbollah's hold over the south, but without appearing to betray the party, which controls two ministers in his cabinet.

The highwire act is continuing. That's why Mr. Siniora will admit that "it's definitely difficult now for Hezbollah to conduct any military operation south of the Litani River" -- but he won't gloat. On the contrary, he insists, "We managed to stop Israel from winning, for the second time since the October 1973 Arab-Israeli war. This is important in the conscience of the Arabs." When I point out he is being disingenuous, that he and his allies in the parliamentary majority were never keen to see Hezbollah make gains, let alone endorse its claim of having scored a "victory" against Israel, Mr. Siniora says: "There were heroic efforts by [Hezbollah] combatants and by Lebanese who received the displaced. But I don't claim we won a victory. We could have sent the army south without this war, and we've now done so for the first time in 35 years. But here were the negatives: My country was reoccupied; it was destroyed; Israel took us back 10 years [economically]; and we must comply with international resolutions that affect Lebanese sovereignty."

I bring up a prickly moment two weeks ago when Hezbollah's secretary-general, Hassan Nasrallah, speaking at a rally in Beirut's southern suburbs, mocked Mr. Siniora. Last August, during an Arab League foreign ministers' summit in Beirut at the height of the fighting, the prime minister dissolved into tears in the midst of a speech defending Lebanon's Arab bona fides. In his address, Mr. Nasrallah affirmed: "Tears don't liberate [land]." What did Mr. Siniora think of the statement? "I don't react to every word I hear. I take it easy. I have a high degree of serenity. . . . Yet the impact of those tears on all the Arab world was greater than a thousand rockets [Hezbollah] fired on Israel."

There was a less obvious subtext to the exchange. The Arab summit was very much an effort by the predominantly Sunni Arab states to contain Shiite Iran and Hezbollah in Lebanon. Their way of doing so was to support the Siniora plan, which sought to remove excuses for new wars in the south. This succeeded: Aspects of the seven-point plan, including Lebanon's declaring a desire to return to the 1949 Armistice Agreement with Israel, were integrated into the U.N. resolution that ended the fighting, and Hezbollah agreed to them, albeit reluctantly. Mr. Nasrallah, in ridiculing Mr. Siniora, was expressing antipathy for his attachment to a Sunni Arab order that Hezbollah loathes.

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As for a return to the armistice, I suggest to Mr. Siniora that this is easier said than done. Some experts argue the agreement is no longer valid, given its repeated violations; others say it needs to be updated. More importantly, Hezbollah and Iran don't like it. Mr. Siniora is dismissive: "It doesn't have to be updated or renegotiated. It was approved by the government, and will be implemented de facto." But going back to an armistice first requires a resolution of the disputed Shebaa Farms issue. The U.N. says the farms area, occupied by Israel, is Syrian; the Lebanese say it is part of Lebanon. Mr. Siniora wants to place it under U.N. auspices until this is decided, in effect forcing the Israelis out. His aim is to deny Hezbollah a reason to pursue armed resistance there. But the U.N. is not enthusiastic. Won't this only encourage Hezbollah to say Mr. Siniora's methods have failed, justifying the guns again? "What can armed resistance bring?" he retorts. "Israel recently reoccupied Lebanon. Only diplomacy made them withdraw."

Would Hezbollah play along, given its Iranian agenda? "I must assume that, and act as if Hezbollah has a Lebanese agenda," he answers. However, his government is not taking chances: "There are no restrictions on the Lebanese army's movements in the south. It has clear instructions to prohibit the appearance of weapons or uniforms, and to confiscate them." More worrying is that the U.N. force helping the Lebanese might be attacked by al Qaeda, or by Islamists supported by Syria. Does Mr. Siniora consider this likely? "I don't think so," he answers, adding, far less reassuringly, "but we should take our precautions." * * *

The prime minister tells me once again that he has "a high level of serenity," but he does seem unsettled by the increasing pressure from Hezbollah, Christian leader Michel Aoun, Syria and Iran for him and the parliamentary majority to accept a new "national unity" government. He even sounds mildly irritated: "Change is unwarranted. Our performance this summer was outstanding. We passed the seven-point plan, reworked the U.N. resolution on Lebanon in our favor, ended the hostilities, sent the army south, forced Israel out, and gained international support, including financial support. What more could be done?"

Some discern more sinister designs in the effort to bring the government down. A few days ago, on Wednesday, the influential Christian Maronite bishops issued a statement implying that the call for a broader cabinet was a furtive way of blocking progress in the Hariri investigation. In the coming weeks the government must consent to guidelines for a mixed tribunal to try those accused of involvement in the late prime minister's murder. Syria is the leading suspect, and Mr. Siniora's allies fear the push to change the government is meant to ensure there are enough pro-Syrian ministers to block any cabinet vote on the tribunal -- or impose a limper court.

The prime minister is sanguine. "This is a tempest in a teapot. My experience in this cabinet is that in a very limited number of cases did we resort to voting. The tribunal was agreed upon [in a national dialogue between Lebanese leaders], and it's in no one's interest to make an issue of it." But his last phase is plainly a warning to Hezbollah, one Mr. Siniora repeats: "If someone tries to stop the legal process, then we must make sure we don't go back on what was agreed." When I ask whether Syria is the Svengali behind the new government plan, he sidesteps only slightly: "The effort is being made by people who are pro-Syrian."

But Mr. Siniora's strongest argument against a cabinet change comes in an anodyne phrase: "Nabih Birri says it might be difficult to form a new government, and could take Lebanon into a crisis to no one's advantage." Mr. Birri is the parliament speaker, and a Shiite. By invoking him, Mr. Siniora is using one powerful Shiite to offset the demands of another, Mr. Nasrallah, in warning that a political vacuum might ensue.

Politics are not the only thing the prime minister has to worry about. With a $40 billion debt, a GDP estimated at only $18 to $20 billion, and losses from the July-August conflict estimated by some U.N. agencies at over $10 billion, Lebanon is in dire financial straits. Mr. Siniora says the situation was already "unsustainable" before the "catastrophe," making reform imperative. What he outlines, however, is a dilemma.

Lebanon's credit rating is set to go down in the near future, and the government urgently needs revenue. However, Mr. Siniora is first to admit that, given the country's dark mood, "we cannot raise taxes, this would lead to a recession. We need alternative sources." He means privatization, particularly of the lucrative fixed and mobile telecommunications network.

Fair enough, except that unless the government shows tangible progress on financial reform soon, particularly on privatization, a long-anticipated international donor conference to help Lebanon out of its debt noose will not materialize. And like so much else, privatization remains vulnerable to political discord. So, when Mr. Siniora says the conference might happen "I hope before the end of the year," I have my doubts.

A government priority is compensating those whose homes were destroyed in the recent fighting. Hezbollah garnered publicity by handing money to victims out of suitcases, an approach it sought to contrast with the slowness of the state's reaction. Does Mr. Siniora see himself in competition with the party? "No. We have an obligation toward the people. It was not their mistake that they suffered." He accepts that "Hezbollah might politicize the relief effort against the government," and when I ask whether the party's distribution of funds had provoked problems in certain villages, Mr. Siniora probably sees an opportunity to get one back: "I've heard there are problems. Giving more aid to certain people and less to others creates a great deal of sensitivity."

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As we wrap up, the inevitable question provokes an inevitable answer. I ask Mr. Siniora what it feels like being a marked man. "I'm a believer. I know that if anything must happen, it will happen. But I take my precautions. I'm afraid of God. My mother once said: 'Don't be afraid of whoever is afraid of God.'" Many of Mr. Siniora's enemies will readily admit, of course, to a fear of God. What he must worry about is that they will increasingly fear Fuad al-Siniora, the accidental prime minister who may have turned out to be more than they bargained for.

Mr. Young, a Lebanese national, is opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine.

'We Will Not Recognize Israel,' Palestinian Premier Affirms (NYT)

By Greg Myre

The New York Times, October 7, 2006

JERUSALEM, Oct. 6 — In a defiant speech delivered to a teeming crowd of Hamas supporters, the Palestinian prime minister, Ismail Haniya, insisted on Friday that his Hamas movement would not recognize Israel despite the cutoff in Western aid that has strangled his government.

"I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel," Mr. Haniya said to thunderous applause from tens of thousands of supporters, many waving green Hamas flags, at the Yarmouk soccer stadium in Gaza City.

Mr. Haniya's remarks appeared to be aimed at the Palestinian Authority president, Mahmoud Abbas, and Secretary of State Condoleezza Rice, who met Wednesday in the West Bank. At that time, Mr. Abbas declared that talks between his secular Fatah movement and Hamas on a Palestinian unity government had broken down, and that the political stalemate could not go on indefinitely.

Mr. Abbas says there is a need for a new Palestinian government that will recognize Israel and deal with it. He also indicated that he was prepared to invoke his presidential powers and dismiss the current government, which is dominated by Hamas, the radical Islamic movement.

Less than a month ago, on Sept. 11, Mr. Abbas and Mr. Haniya agreed in principle to form a unity government in an effort to find a way out of the worsening political and economic crisis facing the Palestinians. The goal was to bring Fatah and other political factions into the government. And the hope was that this would persuade Israel, the United States and the European Union to resume the flow of money that had been cut off when Hamas assumed power.

Without that aid the Palestinian Authority has been unable to pay salaries, provide services or govern in any meaningful way.

But the blunt public remarks by Mr. Abbas on Wednesday and Mr. Haniya on Friday reflected what seems to be an increasingly bitter power struggle that could dim the prospects for a compromise.

Still, Mr. Haniya called on Mr. Abbas, who works in the West Bank city of Ramallah, to return to Gaza to resume talks on a broad-based government. "Come down to Gaza to protect our people and declare our commitment to a national unity government," Mr. Haniya said.

But Mr. Abbas has given no indication that he plans to accept the invitation any time soon. Mr. Haniya and other senior Hamas officials are based in Gaza, and Israel does not permit them to travel to the West Bank.

During the lengthy speech on a sweltering afternoon, Mr. Haniya appeared on the verge of collapse at one point and could not continue his remarks. Bodyguards rushed to physically support him and whisked him off the stage. During the Muslim holy month of Ramadan, Mr. Haniya, like many Muslims, observes a dawn-to-dusk fast, which apparently caused his weakness.

He re-emerged about 10 minutes later and continued. "Our bodies may get tired, but our souls will not," Mr. Haniya said as the crowd roared.

The United States and the European Union are demanding that the Palestinian government recognize Israel, renounce violence and accept previous Israeli-Palestinian accords.

In negotiations, Fatah and Hamas have sought a formula under which a new government would accept such positions, though Hamas as a political party would not be forced to endorse them. But Hamas has repeatedly rejected the Western demands, and Fatah leaders say they see no rationale for joining a unity government that will continue to be ostracized by the Western countries and much of the international community.

Israel, which is withholding more than $50 million a month in taxes and customs duties it collects for the Palestinians, refuses to deal with the Hamas government. Prime Minister Ehud Olmert says he is willing to meet with Mr. Abbas, but stresses that there is no prospect for progress until the Palestinians release an Israeli soldier seized by Palestinian militants and taken to Gaza on June 25.

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Mr. Haniya, meanwhile, said that the Palestinians faced an “unethical and unjust siege led by the United States administration,” and that “many parties, internal and external, colluded in an attempt to force us to surrender.” He noted that even Arab governments had not invited him to visit, aside from Qatar.

The Fatah-Hamas friction boiled over into street fighting in Gaza on Sunday and Monday, leaving 10 Palestinians dead and more than 100 wounded in some of the worst internal fighting in recent years. The violence has subsided, but the tension remains.

Haniyeh: Hamas Won't Recognize Israel (AP)

By Sarah El Deeb, Associated Press Writer

AP, October 7, 2006

Hamas will not recognize Israel or give in to international pressure that has crippled the Palestinian government, Prime Minister Ismail Haniyeh told tens of thousands of banner-waving supporters at a rally Friday.

Haniyeh's fiery speech was interrupted when he fainted onstage, apparently overcome by the heat and two weeks of dawn-to-dusk fasting during the holy month of Ramadan. He resumed his speech after a few minutes.

"I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel," Haniyeh declared to a roar of applause from the crowd. "We say we will be in every government, we will stay in the government."

The Hamas leader ruled out a proposal by members of his own Hamas movement to form a new government of technocrats as a way of winning international support and ending a seven-month aid freeze.

"There are new scenarios, such as an emergency government, a technocrat government, or early elections," Haniyeh told the crowd in a packed soccer stadium. "They all aim at one thing, getting Hamas out of the government."

Moderate Palestinian President Mahmoud Abbas, who was elected separately, has the authority to dissolve the Hamas Cabinet and replace it with an emergency government, or could call early elections. However, Abbas aides say he's not considering either option at the moment, fearing such moves would not have popular support. An emergency government would also require approval of the parliament, which is controlled by Hamas.

Haniyeh said Hamas remains willing to invite other parties into a coalition, but that it would not soften its positions. In addition to recognizing Israel, the international community demands that Hamas renounce violence and accept existing peace agreements.

He accused the international community of trying to impose its will on the Palestinians. "They want a government with American and Israeli dimensions that implements external dictates, the so-called Quartet demands," he said, referring to the group of Mideast peacemakers — the U.S., the U.N., the European Union and Russia.

Haniyeh said his best offer to Israel was a temporary truce in return for establishment of a Palestinian state in the West Bank and Gaza Strip, with its capital in Jerusalem, over which Israel claims complete sovereignty. He also repeated demands for the release of thousands of Palestinians held in Israeli prisons

The 46-year-old leader's address had just got under way when, apparently weakened by fasting and the sweltering hot day, he began to slur his words, then slumped against aides surrounding him. He sat on a chair and resumed his address after a few minutes.

"Our bodies can get tired, but our soul will not, and we will not stop our steadfastness," he said of the incident.

The rally, with heavy security provided by armed Hamas militiamen, came at a time of increasing tension between the Islamic group and Abbas' Fatah Party.

The dispute between the two groups erupted into gunbattles last week, fueling concerns it could escalate into a full-fledged civil war.

Haniyeh called for Abbas to come to Gaza from his West Bank headquarters for talks to defuse the crisis. "Come here to Gaza to resume dialogue to protect the unity of our people," he said.

Hamas won a parliamentary election in January, bringing the party into direct confrontation with Abbas, who controls some of the security forces and backs peace talks with Israel.

In the West Bank on Friday, Israeli troops and Palestinians scuffled at a checkpoint south of Jerusalem when hundreds of Muslims tried to enter the Israeli-ruled city for Muslim prayers, witnesses said.

The Palestinians had arrived at the checkpoint, seeking to reach the Al Aqsa Mosque, Islam's third-holiest shrine. When some 300 people began pushing forward, paramilitary border police threw stun grenades to disperse the crowd.

A spokesman for the border police said nobody was injured in the incident.

During Ramadan, tens of thousands of Muslims attend prayers at the mosque. Citing security concerns, Israel bars Palestinian men under the age of 40 from reaching the site, in Jerusalem's walled Old City.

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We Can't Go Home Again (NYT)

By Sam Bahour

The New York Times, October 7, 2006

Ramallah, West Bank

THIRTEEN years ago, I left a comfortable life in the United States for an uncertain future in the West Bank. Israel and the Palestinian Liberation Organization had just signed the Oslo Accords. Like many others, I saw an opportunity for Palestinians to finally build a society and economy that would lead to freedom — to a thriving Palestine alongside Israel.

As a Palestinian-American businessman, I was determined to do my part. So I moved to the West Bank city of El Bireh, where my family has lived for centuries. There I helped create a $100 million telecommunications company, which today employs more than 2,000 Palestinians. I earned an M.B.A. through Tel Aviv University. Then I developed a $10 million shopping center — the first of its kind in the Palestinian territories, employing more than 220 Palestinians. I married and had two beautiful daughters.

Now the Israeli authorities have decided that my life here has come to an end.

Even after the Oslo Accords were signed and the Palestinian Authority established, Israel retained control of all borders and of the Palestinian Population Registry. Nothing or no one gets into or out of the West Bank and Gaza without Israeli permission. For a dozen years I have waited for Israel to approve my application for Palestinian residency.

American Jews, indeed Jews from anywhere in the world, can come to Israel and be granted automatic citizenship. Thousands of American Jews freely enter and exit Israel to live in illegal Israeli settlements in the middle of the West Bank. But Palestinians whose families have lived here continually for centuries do not enjoy the same right. I need a residency card from Israel to live with my Palestinian family in my grandfather's home in the Palestinian West Bank.

For 13 years, I've lived here by renewing my tourist visa every three months. Last month, an Israeli soldier stamped my American passport with a one-month visa and wrote "last permit" on it in Arabic, Hebrew and English. Now I am faced with a terrible choice. I can leave, uprooting my family and abandoning the businesses I've worked hard to build. I can leave alone and be separated from my wife and daughters. Or I can remain here "illegally," risking deportation at any time.

My situation is not unique. Thousands of Palestinians are in a similar limbo. Most have less desirable options than mine. My children are American citizens. We can return to the United States. But I came here with a vision, and I remain determined to play a role in developing an economy, nonviolently ending Israel's military occupation and building a Palestinian state.

Israeli policies effectively discourage people like me. According to the Israeli human rights group B'Tselem, it has been official Israeli policy since 1983 to "reduce, as much as possible, the approval of requests for family unification" of Palestinians. B'Tselem reports that in the last six years alone, more than 70,000 people have applied for permission to immigrate to the West Bank and Gaza to join family. Their applications have either been denied or, like mine, languish.

Each Palestinian who leaves lessens what Israelis openly call the "demographic threat" of a growing Palestinian population. But Israel needs to understand that the real threat comes not from demographics. It comes from controlling an entire population, breaking families apart and placing obstacles in the path of economic development.

Israelis and Palestinians are destined to be neighbors. One neighbor cannot ensure its security by condemning the other to hardship and despair. Many people like me — business owners, educators, artists and others — whom Israel is denying entry came to build bridges, not walls. We came to invest in a better life to follow this occupation — a bright, joint future for Palestinian and Israeli children alike.

Report Of Plot To Attack Jews Prompts Terror Alert In Prague (NYT)

By Craig S. Smith

The New York Times, October 7, 2006

PARIS, Oct. 6 — A report that there was a plot to attack Jews in Prague has set off a terrorism alert there, a Prague newspaper reported Friday.

The Czech news media have been feverishly speculating on the nature of the threat since the government announced heightened security measures on Sept. 23, the first day of the Jewish New Year. The Czech interior minister, Ivan Langer, called the threat "unprecedented in the history of the Czech Republic."

The government has refused to characterize the threat further other than to say that information about it came from foreign intelligence services.

That has led some Czech news organizations to suggest that the terrorism alert was related to the arrest of three Norwegian men earlier in September on charges of plotting to bomb the United States and Israeli Embassies in Oslo. One of those men, a Norwegian of Pakistani origin named Arfan Qadeer Bhatti, had close contacts with a notorious ethnic Albanian gun and drug runner who operated for years out of Prague.

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The news of possible terrorism threats in both Oslo and Prague raise the possibility that Islamist terrorist plots, having been foiled by vigilant antiterrorism efforts in capitals like Paris and London, are turning to "softer" targets elsewhere in Europe where security is more lax.

President Pervez Musharraf of Pakistan alleges in his memoir, published in the United States last month, that in 2003 Al Qaeda planned to hijack planes from the national carriers of the Czech Republic, Slovakia, Croatia, Poland, Romania and Malta for use in a Sept.-11-style attack against Heathrow Airport near London "because security at these airports and in their aircraft was lax."

The Czech newspaper Mlada Fronta Dnes reported Friday that an attack was supposed to coincide with Rosh Hashana, the Jewish New Year, during which many Israeli Jews visit the picturesque capital. The holiday was celebrated from sunset on Sept. 22 until nightfall on Sept. 26 this year.

According to the newspaper, which cited unidentified Czech intelligence officials, "Arab terrorists wanted to abduct dozens of people, hold them hostage, and, in the end, massacre all of them."

Government officials have declined to comment on the report. The newspaper quoted one unnamed minister as saying that an abduction plot was only an "extreme" possibility.

The heightened security alert was followed by several anonymous bomb threats, which interrupted service on a Prague subway and forced the evacuation of a hotel, but proved to be false.

Nonetheless, police officers bearing automatic weapons continue to patrol Prague's airport, train stations and the areas around the city's seven major synagogues, residents say.

China Reports Increase In Gauge Of Foreign Trade (WSJ)

By J.r. Wu

The Wall Street Journal, October 7, 2006

BEIJING -- China's current-account surplus in the first half of this year totaled $91.58 billion, widening from $67.26 billion in the same period a year earlier, the country's foreign-exchange regulator said Friday.

The current-account surplus in the January-June period was bolstered by a growing surplus in China's trade in goods, the State Administration of Foreign Exchange said in a statement on its Web site.

The latest data indicate China's current-account surplus is on track to exceed the $160.82 billion posted for full-year 2005. The current account is the broadest gauge of foreign trade and it measures trade in goods, services, tourism and investment.

"We expect China's current account in the second half of the year, especially trade in goods, to maintain a relatively large surplus," SAFE said in China's first-half 2006 balance-of-payments report.

As part of its aim of achieving equilibrium in the balance of payments, including moving toward yuan convertibility on the capital account, SAFE reiterated it will encourage outflows and control the use of foreign debt.

It said it will continue to expand channels for overseas financial investments made by banks, brokerages, and insurance institutions.

SAFE will also seek to control the use of foreign debt by domestic institutions and encourage the early repayment of medium- and long-term foreign debt.

An Iron Fist, Extended Harmoniously (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, October 7, 2006

As China's leadership prepares for a key meeting, President Hu is showing he means business when he calls for unity in the party.

BEIJING — In advance of a key Communist Party meeting this weekend, Chinese President Hu Jintao has worked overtime to burnish the image of harmony in the party, even if it's taken some bloodletting to drive the point home.

The purge late last month of Shanghai party boss Chen Liangyu on corruption charges, quickly followed by the fall of two prominent party officials in Henan province, sent shock waves through China's political establishment.

The incidents also served as a warning to those in lower party ranks that Hu means business, further consolidating his power and stressing his underdogoriented policies as he heads into the fourth year of an expected 10-year administration.

Hu has stressed the importance of harmony as a salve for growing tensions over China's rich-poor gap and endemic corruption — even as the party and the nation's wide-ranging security apparatus have backed up words with force, intimidation and censorship when appeals for calm are ignored by rioting farmers, the media or social activists.

It comes as no surprise, then, that "harmonious society" will be the theme of this year's Central Committee meeting, which starts Sunday and runs through Wednesday. About 350 members of the party elite will attend.

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Beyond the pageantry and long-winded speeches, the party conference serves an important function in the Chinese political world.

On a stage before China's 70 million party members and its vast nonparty population, Hu hopes to further demarcate his policies from those of predecessor Jiang Zemin, who placed greater emphasis on economic winners.

The meeting also aims to bind lower-tier state and party workers to the leadership after extensive promotions and government reshuffling. And it will emphasize anti-corruption themes, the environment and the building of a social safety net in a bid to reach out to an increasingly cynical public.

"Hu's policies will be endorsed more strongly than ever before," said Cheng Li, a senior fellow at the Brookings Institution and author of "China's Leaders: The New Generation." "Moving into his second term, you'll see more policy initiatives, although probably not much political reform."

Chinese presidents in recent decades have tended to spend their first five-year term consolidating power and their second making their policy mark. It's a laborious process, analogous to a U.S. president inheriting his predecessor's Cabinet and then spending years nudging out the old guard through attrition, transfers, intrigue and strategic use of scandals.

Hu's recent power plays are in line with this timetable. Chen, a fellow member of the "Shanghai gang," was an ally of Jiang who in recent years defied Beijing's call to discourage real estate speculation and stem other policies favoring the well-heeled.

Speculation is rife that other Politburo members with ties to Jiang — Jia Qinglin and Huang Ju have been mentioned — may be squeezed out in coming months or, at the least, forced to retire by the Party Congress next fall.

Governing China, with its vast size, complex problems and economic and social turmoil, would challenge any politician, and so far Hu has exceeded generally modest expectations. His identification with the poor and underprivileged plays well, particularly outside the big cities, as does his modesty.

He has avoided major mistakes. And his quiet competence is generally admired by a nation on the move.

Now that he has the power, many analysts are looking closely at what he does with it. Few expect many new ideas during his likely 2007-12 second term, given his relatively cautious, conservative style.

There is likely to be continued emphasis on rural education, welfare issues, unemployment funds and allocation of resources from the richer coastal region to poorer interior areas.

But some see potentially interesting shadow plays in the wings, including gradual moves to strengthen the rule of law and improve human rights. These reflect the concerns of a growing middle class and an awareness of China's checkered international reputation as it prepares to host the 2008 Olympics.

That contrasts with the dim chances for change in the way China is run, although there may be some tinkering with the relationship between the central and local governments.

"The regime's institutional changes have so far served to consolidate rather than weaken authoritarianism," said Andrew Nathan, a political science professor at Columbia University.

To date, attacks on corruption appear selective rather than systemic.

And despite the many problems and contradictions inherent in China's one-party political system, few analysts expect much progress toward multiparty elections, a robust media, empowered civic watchdogs, an independent court system or external checks on police abuses anytime soon.

If anything, the Communist leadership in recent years has become even more jealous of its monopoly, actively rooting out even the hint of a threat amid suggestions it is running scared.

"Beijing will try to find ways to enhance governability without major changes that it deems unsettling to the regime," said Xiaobo Lu, a professor of political science at Barnard College and Columbia University.

"By implementing socially and economically harmonious policies," he added, "the leaders hope to avoid more painful, possibly destabilizing, political changes."

Russia Deports Georgians And Increases Pressures On Businesses And Students (NYT)

By Steven Lee Myers

The New York Times, October 7, 2006

MOSCOW, Oct. 6 — Russia deported 153 citizens of Georgia on Friday as a wave of punitive measures against Georgian migrants and businesses grew, prompting criticism that the government is carrying out an ethnically motivated campaign of harassment.

The deportations came at the end of a week of political and diplomatic conflict between Russia and Georgia that began with the arrests of four Russian military officers for espionage, and has shown little sign of easing despite the officers' release.

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The police, who had already begun to shutter some businesses linked to Georgians, searched and closed still more on Friday, including two more casinos and two of Moscow's better-known Georgian restaurants, according to officials and news reports.

At least some schools in Moscow received requests from the police to list students with Georgian names, presumably to help in identifying illegal immigrants, prompting a complaint from an education official, Lyubov Kezina.

And one of the country's most famous writers, Grigory Chkhartishvili, a Georgian native who writes under the pseudonym Boris Akunin, told a radio station that tax inspectors questioned his publisher about his income from his hugely popular novels.

Yuri Dzhibladze, an ethnic Georgian and president of the Center for the Development of Democracy and Human Rights in Moscow, described the authorities' actions as an unjustified overreaction to political disputes with Georgia's president, Mikheil Saakashvili.

"It smacks of racism and xenophobia," he said in a telephone interview.

Russian officials have cited legal or procedural violations as justifications for their actions, accusing the casinos and restaurants of violating health or other regulatory standards and the deportees of breaking immigration laws. "Everything that is taking place today is exclusively within the framework of the law," the prosecutor general, Yuri Y. Chaika, said on Friday, according to Interfax.

Officials' remarks, however, have left little doubt that they have singled out Georgians for enforcement.

Mikhail L. Tyurkin, the head of the country's migration service, said on Thursday that all future work visas for Georgians would be eliminated. "Our analyses showed that today we do not need to attract Georgian citizens," he said.

In the wake of last week's arrests, which provoked an ominous war of words between the countries, Russia severed transportation links to Georgia, effective Tuesday, and has vowed to restrict postal service and money transfers.

The steps against Georgians in Russia have coincided with two new campaigns announced this week by President Vladimir V. Putin. On Wednesday, he proposed sweeping new restrictions on gambling. A day later, he called for new regulations of migrant workers, especially those in wholesale and retail markets, which he said were controlled by "semigangs, some of them ethnic."

Using some of the most strikingly nationalistic language of his presidency, Mr. Putin said that markets should be regulated "with a view to protect the interests of Russian producers and population, the native Russian population," according to the Kremlin's transcript of his remarks.

It is not clear exactly how many Georgian citizens live in Russia, though some estimates run as high as 1 million. Like many citizens of former Soviet republics, they come to Russia to work, often temporarily, sending money home to support their families.

The Georgians deported on Friday were detained over the last several days in what officials have described as a sweep of illegal migrants. Viktor P. Beltsov, a spokesman for the Emergency Services Ministry, said that 153 deportees were flown to Georgia's capital, Tbilisi, aboard a ministry airplane from an airfield outside of Moscow.

The campaign against Georgians has been echoed in television and newspaper reports that have indulged in stereotypes and lurid descriptions of Georgian mafias and criminality. At the same time, however, the authorities have come under unusually sharp criticism in other parts of the news media.

"Searches in restaurants, closed casinos, threats of deportations looming over hundreds of thousands of people," a commentator, Demis Polandov, wrote in the newspaper Gazeta on Friday. "If this is not an ethnic cleansing, then I do not have a word to name it."

Kremlin Rules (WSJ)

The Wall Street Journal, October 7, 2006

The world needs to watch Russia's current pressure on Georgia. Its decision this week to ban trade, travel and postal links to neighboring Georgia isn't the first time Moscow has tangled with the former Soviet republic. But it is a fresh reminder of just how paranoid and bullying the Kremlin's foreign policy has become in the hands of President Vladimir Putin.

The current dispute involves Georgia's arrest last week of four Russian officers, whom the Tbilisi government of President Mikheil Saakashvili accuses of being spies. Mr. Saakashvili quickly handed over the four "hostages" -- as Mr. Putin's government calls them -- to the custody of the Organization for Security and Cooperation in Europe, which promptly returned them to Moscow.

That should have been the end of it. Instead, Mr. Putin's rubber-stamp parliament -- which already bars the import of Georgian goods, including its famous wines -- now threatens to prevent the 300,000 or more Georgians living in Russia from wiring money home. Yesterday, Mr. Putin urged the international community not to "ignore the irresponsibility of the Georgian government." His foreign minister, Sergei Lavrov, alleges that the arrest of the officers is part of a Western plot apparently

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hatched in Washington: "The seizure of our officers immediately followed, I repeat, NATO's decision to grant Georgia an intense cooperation plan, intense dialogue," he said, noting Mr. Saakashvili's recent visit to the U.S. as part of the annual meeting of the U.N. General Assembly.

Maybe Comrade Lavrov really believes the Bush Administration wastes its time hatching two-bit schemes in the Caucasus to humiliate Mother Russia. What we are likelier witnessing is another fit of Russian pique at Mr. Saakashvili's courageous decision to yank Georgia out of Moscow's orbit -- where it had remained for a dozen dreary years after its nominal independence from the Soviet Union in 1991 -- and into the orbit of the West.

Since coming to office after the 2003 Rose Revolution, the U.S.-educated Mr. Saakashvili has moved aggressively to reform and deregulate the Georgian economy. Customs tariffs have been abolished, income taxes have been cut to a flat 12% rate, inflation has been brought below 10%, growth is in double-digits, the birthrate is again positive and the World Bank now cites Georgia as a global role model in the fight against corruption. Mr. Saakashvili has also sent 900 troops to Iraq and brought Georgia into NATO's Partnership for Peace program, a likely precursor to actual membership.

All this can serve as a model for other former Soviet republics such as Kyrgyzstan and Ukraine as they struggle to prosper. It could also serve as a model for Russia itself, which may be why Moscow has used every opportunity to bring Georgia and its leaders to heel. Mr. Putin continues to provide military and political support to the breakaway Georgian provinces of Abkhazia and South Ossetia. Earlier this year, gas and electricity lines to Georgia were mysteriously disrupted in the dead of winter in what senior Georgian officials believe was an act of sabotage by Mr. Putin's secret services. Georgia has now switched to Azeri gas and expects to maintain supplies through this winter.

That doesn't preclude future acts of mischief by Mr. Putin's KGB government, in Georgia or anywhere else in the former U.S.S.R. that they consider properly their own. Which is one reason to feel grateful that President Bush, after placing too much faith in Mr. Putin in his first term, has given Mr. Saakashvili the support he deserves. "Nobody else would stand up for cases like Georgia except if you're idealistic," the Georgian told us during a recent visit to our offices in New York. "And Americans are the most idealistic people in the world."

Castro Is Reported To Have Cancer (TIME)

By Timothy J. BURGER AND SALLY B. DONNELLY

Time, October 7, 2006

Ever since President Fidel Castro was sidelined for what was said to be abdominal surgery last July, Cuban officials have maintained that the country's leader will return to his post. "We will again have him leading the revolution," said Foreign Minister Felipe Pérez Roque just two days ago, speaking at an outdoor rally to protest the U.S. trade embargo against Cuba, according to the Communist Party daily newspaper Granma.

But U.S. officials tell TIME that many in the U.S. government are now convinced that Castro, 80, has terminal cancer and will never return to power. "Certainly we have heard this, that this guy has terminal cancer," said one U.S. official.

Of course, such intelligence reports could be wrong, and one official cautioned that definitive proof is nearly impossible for the U.S. to come by. Yet the fact that the Cuban government removed Castro from the public stage before his death could suggest that Castro and his would-be successors were aware of a terminal condition and wanted to gauge public reaction to his absence. "They got to see how people would react," says one U.S. official. "They have had a chance to see how things might work without out him functioning day-to-day."

The U.S. government has been preparing for Castro's departure for half a century. But this time, the Bush Administration has set up an interagency group to coordinate policy once the inevitable happens.

That doesn't mean that things will change much. Fidel's brother Raul, 75, has been acting president since Fidel went into the hospital and has given no indication that he will change the policies of the isolated Communist government that has tormented the U.S. since taking power in 1959. Though he has until recently kept a very low profile, Raul Castro — not Fidel — was feted as the host of the non-aligned nations' summit on Sept. 15. Then Raul called a high profile meeting of the country's local, provincial and national leadership at what he called "this historic moment in our country's history." In another sign of his increasing prominence, two weeks ago Raul delivered his first televised national speech at the close of a trade union federation congress.

Hungarian PM Wins Confidence Vote (FT)

By Christopher Condon

Financial Times, October 7, 2006

Lawmakers from Hungary's two coalition parties on Friday signalled their near unanimous support for Ferenc Gyurcsany, the prime minister, in a confidence vote.

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Despite a withering attack from the opposition and the knowledge that hundreds of thousands of Hungarians were expected to mass outside parliament to demand the prime minister's resignation later in the day, MPs voted 207-165 in favour of Mr Gyurcsany. Only three coalition MPs failed to vote for the measure.

Before the vote, Mr Gyurcsany offered a qualified apology for admitting to lying about state finances in a speech he gave to his party in May, the publication of which sparked rioting and anti-government protests last month.

On Friday, Mr Gyurcsany said he was sorry for not having confronted the budget problem earlier. He vowed again to continue austerity measures and to introduce public sector reforms designed to reduce the budget deficit from the 10 per cent of gross domestic product projected for this year.

Mr Gyurcsany vowed to press on with crucial public sector reforms and apologised for not speaking honestly about Hungary's budget woes earlier. "I call on parliament not to give in to threats and street blackmail organised by the opposition," he said.

In connection to the speech he made behind closed doors in May to his party – the publication of which three weeks ago sparked riots and an ongoing political crisis – Mr Gyurcsany said he regretted not making the same message public.

The speech was an emotional and obscenity-laced appeal to his party to stop lying and confront Hungary's mounting budget deficit with budget reforms. In it, Mr Gyurcsany admitted his party lied about state finances to win April's parliamentary elections.

As the prime minister spoke, opposition supporters gathered in the square outside parliament for a demonstration expected to draw hundreds of thousands calling for the prime minister's resignation.

The events are unlikely to resolve the most perilous political stand-off in Hungary's 16 years of post-communist democracy, and one that threatens to paralyse the country's badly needed efforts at budget reforms.

Both the government and the opposition this week contributed increasingly heated rhetoric to the three-week-old crisis.

Lajos Kosa, the mayor of Debrecen and a vice-president of Fidesz, the largest opposition party, warned that Hungarians might overthrow parliamentary democracy unless the prime minister resigned.

Opposition frustration stems from the prime minister's majority in parliament, which means that only a split in his coalition could topple the government.

Investors, particularly long-term bond holders, are relying heavily on the ability of Hungary's government to continue new austerity measures and deliver public sector reforms. Both are needed to reduce the country's dangerously high budget deficit, which is expected to reach 10 per cent of gross domestic product this year.

The forint weakened modestly against the euro this week, though yields on Hungarian government bonds rose sharply, signalling nervousness among investors. At a Wednesday auction of six-month treasury bills, demand was down and yields rose to 8.62 per cent, compared with Tuesday's benchmark fixing of 8.30 per cent.

On Thursday, Hungary sold Ft40bn-worth ($185m, €146m, £99m) of one-year government bonds. The average yield rose to 8.84 per cent, compared with Wednesday's benchmark of 8.7 per cent.

Hungary PM Wins Vote Of Confidence (AP)

By Pablo Gorondi, Associated Press Writer

AP, October 7, 2006

Prime Minister Ferenc Gyurcsany, whose admission that he lied to the country about Hungary's economy led to huge street protests, won a vote of confidence in parliament Friday.

The motion in support of Gyurcsany passed 207-165. He needed 193 votes to win.

Even as parliament voted, however, tens of thousands of people gathered on Kossuth Square just outside the legislature and demanded Gyurcsany's dismissal.

The Fidesz party called on supporters to bring alarm clocks to the rally, a symbolic wake-up call for the ruling coalition to get rid of the prime minister.

Gyurcsany, whose coalition suffered large setbacks in Sunday's nationwide municipal elections, had requested the vote of confidence to reinforce political support for his austerity package and the transformation of the inefficient public sector.

Speaking ahead of Friday's vote, Gyurcsany insisted he did not consciously mislead the country.

"I must reject accusations that the first Gyurcsany government falsified data, that it knowingly misled or deceived the people," he said.

Hungarians have been protesting since Sept. 17, when Gyurcsany was heard, in a leaked recording, admitting that the government lied about the economy to win April's general elections.

Two nights of rioting two weeks ago, including an attack on state television headquarters, injured some 150 police and dozens of participants.

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In a May speech to Socialist lawmakers, Gyurcsany said his first government — the first to win re-election in post-communist Hungary — "lied throughout the last year and a half, two years.

"It was totally clear that what we are saying is not true. ... And at the same time, we did nothing for four years. Nothing," Gyurcsany said at the closed meeting May 26. "Instead, we lied morning, evening and night. I don't want to do it anymore."

But on Friday, the prime minister said the lies he had been referring to were about unsustainable policies implemented by Hungary since 2001 that led to a false sense of security and created illusions about the stability of the economy.

"Maybe we have to apologize because we allowed appearances to be maintained; what is more, we ourselves sustained the illusion that higher, larger incomes could be accomplished without better achievement," Gyurcsany said.

"I did not have the courage to tell the voters to their eyes that everything I did, everything we did, everything that many, many people in Hungary did and believed in for the past years, was based partly on self-deception, partly on lack of valor," he said.

"Yes, in this sense we eluded the facts, we were timid and we tried to avoid the straightest, most simple answers," he said. "If there's anything to apologize for, this is it. Sorry."

In the last few months, Gyurcsany's government has started implementing austerity measures and some reforms aimed at lowering the state budget deficit, which at over 10 percent of gross domestic product is the largest in the European Union.

Gyurcsany said the austerity and reforms would have negative effects next year before leading to improvements.

Former premier Viktor Orban, who leads the Fidesz party, has proposed the formation of a government of experts — not politicians — to find a solution to the country's economic crisis.

"The prime minister does not listen to the people, the people do not and will not listen the prime minister," Orban told the crowd, estimated at 80,000 by state news agency MTI. "The consequences are difficult to foresee."

Orban said his party was not seeking early elections but would continue its Kossuth Square protest until the coalition replaced Gyurcsany, claiming Hungary's economic crisis would continue to deepen as long as he was power.

"We will be here every day," Orban said, standing on the steps of the parliament building's main entrance. "We have to do this even though we know it may be difficult and take a long time."

Sudan Divestment Effort Gains Momentum At State Level (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, October 7, 2006

House members are scattering to their home states this week with inconclusive results on the humanitarian crisis in the Darfur region of western Sudan, but momentum is growing at the state level for governments to divest public funds from companies, mostly foreign-based, doing business with Khartoum.

In a victory for business lobbyists on Capitol Hill, lawmakers approved a Sudan sanctions bill stripped of language that would have endorsed states' rights to pass divestment laws. The National Foreign Trade Council, representing more than 300 multinational companies, had lobbied aggressively against the provision on state investments inserted by the House during its consideration of the bill last year.

A divestment movement, however, appears to be gaining momentum across the country, with active campaigns on university campuses and at city and state levels. Six states have already passed divestment laws: Maine, Connecticut, Oregon, Illinois, New Jersey and California.

Although state legislatures will not be in session until January, lawmakers in many states are pushing for divestment bills, according to Adam Sterling, the executive director of the Sudan Divestment Task Force, a nonprofit organization dedicated to the issue.

Colorado, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Nebraska, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, Vermont, Virginia and Washington could consider some form of legislation early next year, according to the task force's Web site, which is tracking the initiatives and keeping a list of companies that warrant scrutiny.

California Gov. Arnold Schwarzenegger's much-publicized signing of his state's divestment law -- standing alongside actor-activists Don Cheadle and George Clooney -- has helped spread popular awareness on the continuing violence in Darfur and given added momentum to the divestment drive, Sterling said.

The violence in Darfur began three years ago, when the Sudanese government, backed by a state-sponsored Arab militia called the Janjaweed, moved to crush African rebel movements in the fertile agricultural territory that has long resisted central government control of its resources. The conflict has left as many as 450,000 people dead and driven more than 2 million people from their homes.

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Sudan has refused to allow a U.N. peacekeeping force into Darfur, and on Monday said it opposed an indefinite extension of an African Union peace mission there.

"At this point, we are approaching that critical mass where it is past symbolism," Sterling said. "We are already seeing a response from the Sudanese government. Last April, a press release from the Sudanese Embassy here urged institutions to stop divesting, and in a recent discussion with our campaign leader in Indiana, Beth Reilly, that was the only topic the Sudanese ambassador was interested in addressing."

The National Foreign Trade Council has argued that unilateral American sanctions will not alter the behavior of a government if other countries continue to do business with it. U.S. companies have been prohibited from conducting business in Sudan since 1997, when terrorism-related sanctions were imposed on the country, but some are exempt.

The Darfur Peace and Accountability Act (HR 3127), which passed last month with bipartisan support, urges President Bush to prohibit Sudanese oil tankers from entering U.S. ports and bans cargo ships that deliver goods to Sudan's armed forces. The bill also would deny visas to individuals implicated in the killing in Darfur.

"The bill is not bad, it is just incomplete," Rep. Michael E. Capuano (D-Mass.) said in a telephone interview from Boston last Tuesday. "I don't think that divestment will have the impact of shutting down the economy of the Sudan, but if it is just a penny it is worth doing -- you do what you think is right and you hope that it works."

"This issue can't wait any longer," Rep. Tom Lantos (D-Calif.) warned this week, vowing to push for an amendment he co-sponsored with Rep. Barbara T. Lee (D-Calif.) to restore the divestment language. "These are people who respond only to pressure, and one of our efforts is to push the Europeans who share our position on this to do more. It is unfathomable that . . . before our very eyes yet another genocide should unfold, specifically in Darfur. The Rwanda episode is still very much on people's minds."

The amendment calls for a halt to federal contracts going to international companies whose business in Sudan may directly or indirectly support the Sudanese government's military campaign in Darfur. Lee said similar measures against South Africa helped end apartheid.

While the sanctions campaign to end apartheid in South Africa took more than 20 years to show any effect, the Sudan divestment movement is only 18 months old. The effort grew out of an eight-month study group at UCLA and has quickly developed into a nationwide network.

Lee, who sits on the House International Relations Committee and serves on the Africa subcommittee, has been a leading voice in the divestment movement.

"So many people have died, we have to use every tool at our disposal," she said. "It is our duty to make sure pension funds don't have blood in their banks. It is the blood of genocide. We don't know how many companies are involved. We know there are $600 million in federal contracts, and this is just the tip of the iceberg. We have got to step up and do something."

There are no American companies that are directly involved, but at least two dozen multinational companies, mostly in the energy sector, have been targeted by divestment campaigners. Already, 3M and Xerox have restricted all operations in Sudan to humanitarian work, according to Sterling, and Royal Dutch Shell is engaging with human rights groups so as not to be perceived as complicit in atrocities.

State Rushes In Where Washington Fears To Tread (FT)

By Matthew Garrahan In Los Angeles And Guy Dinmore In Washington

Financial Times, October 7, 2006

From laws that led to catalytic converters being fitted to new cars in the US, to the recent passing of far-reaching climate change legislation, California has never been afraid to make ambitious policy decisions.

But the progressive politics that drive the Golden State, the world's fifth largest economy, are beginning to take on an increasingly international dimension. This has left some businesses leaders and Washington policy makers uneasy.

Arnold Schwarzenegger, California's Republican governor, followed last month's landmark bill to cut greenhouse gas emissions with another first: passing a law that prohibits the state's pension funds from investing in companies with active business in Sudan.

The bill, prompted by the killings that have sparked a humanitarian crisis in Darfur, saw Mr Schwarzenegger cross party lines to find consensus on an issue that has galvanized California's liberal population.

His efforts were hailed by voters from across the political spectrum. But the Sudan divestment law, which follows the example of several other states this year, is troubling the Bush administration, as well as business lobby groups and some senators.

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The National Foreign Trade Council (NFTC), which represents big industries, is fighting the divestment campaign and has sued the state of Illinois. California is also in its sights. Bill Reinsch, its president, said there would be paralysis in foreign policy if the US did not speak with one voice.

California's action comes weeks after the US Senate blocked legislation that would have ratified divestment from the Sudan by US states.

In common with its action on climate change, California's determination to divest from Sudan signals its intent to pursue its own foreign policy agenda – with or without the explicit agreement of the federal government.

Mr Schwarzenegger followed the signing of the bill with a letter to George W. Bush this week urging the president to "confront this genocide with an equally clear and urgent national focus".

Aides to the governor said it was unlikely he would seek to curb California's independent spirit. "California is the world's fifth largest economy," said Margita Thompson, the governor's press secretary, saying the state almost "constitutes a country unto itself".

California played "a leadership role in anything it does," she added. "California has led on improving air quality and in signing the [Sudan divestment] bill, the governor has shown that Californians will stand against genocide."

Mr Schwarzenegger's relationship with state Democrats is an important factor in the boldness of his recent policy decisions. His willingness to act on causes more traditionally associated with the Democratic party – such as climate change – have won support from Democrat voters and helped him build a commanding lead over Phil Angelides, the governor's opponent in November's gubernatorial election.

Whereas President Bush has refused to commit the US to carbon limits, Mr Schwarzenegger has passed a law that will cap California's greenhouse gas emissions at 1990 levels, an effective cut of 25 per cent. The governor went so far as to chastise Mr Bush for his failure to take tougher action, saying: "California will not wait for our federal government to take strong action on global warming."

"I can imagine that California is going to ruffle feathers in Washington," says Mark Baldassare, director of research at the Public Policy Institute of California. "First of all, we have a Republican president and congress going in one direction on foreign policy. Then we have a Republican governor and a Democratic legislature [in California] going in another."

History shows that where California leads other US states and countries tend to follow. The implementation of clean air regulations in California in the mid-1970s, for example, led to a country-wide policy that saw catalytic converters fitted to all new cars, with other nations following suit.

With the new climate change legislation, Mr Schwarzenegger has already secured the support of international figures such as Tony Blair, Britain's prime minister. Britain and California have bypassed the Bush administration and agreed to work together to explore ways to fight global warming.

"It all gives Californians confidence that we are not going to be left holding the bag by ourselves," said Daniel Kammen, professor in the energy and resources group at the University of California, Berkeley. "A lot of states and countries are going to follow what California is doing."

The Murder Of Andrei Koslov (WSJ)

By Paul Volcker

The Wall Street Journal, October 7, 2006

On Sept. 14, the first deputy chairman of the Russian central bank was killed in Moscow. Andrei Koslov was a brave young man on a patriotic mission to restore a sense of integrity and confidence in Russian banking. He knew he was in danger as he attacked money laundering and other shady financial practices by strong men in government or out; his must have been a lonely effort, but he persisted. His murder is a dramatic reflection of the corrupt forces resisting governance reform in that one country. But plainly, those forces are not confined to Russia. In much of the emerging world, they undercut efforts to develop a strong competitive economy.

In that light, the murder of Andrei Koslov defines the battle lines for all of us. It's a battle that all those supporting economic development and the rule of law cannot afford to lose. And, appropriately, it is international institutions that are placed front and center in that battle.

I learned of Koslov's death as I traveled to the annual meetings of the World Bank and International Monetary Fund in Singapore, to speak at a panel on governance and corruption. My interest in the subject was sharpened by my recent experience investigating the U.N.'s Oil for Food program, which seems to me a prime example of good intentions being frustrated by failures in governance. Corruption not only limited the success of that particular program, but very real questions have been raised about the competence of the U.N. organization generally. And I would emphasize that it is difficult for any organization to maintain support and legitimacy unless it is perceived as competent.

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I think it is now generally recognized and accepted that corruption is an obstacle -- and in some countries the major obstacle -- to effective economic development. That simple fact has been increasingly recognized by the World Bank. It was the central message of my fellow panelists in Singapore who at personal risk are fighting corruption on the front lines in Africa and elsewhere.

It is fatuous to suggest that a serious attack on corruption in borrowing countries -- including in the last analysis a threat or the actuality of denying loans -- is somehow inconsistent with supporting the development goals of the World Bank. The contrary is much more likely. Failure to deal with corruption undercuts development. It will limit, and likely will more than offset, any value added in new lending.

Of course, that's easy to say. Much more difficult is what can be effectively done in combating corruption. The key to dealing with corruption is leadership -- leadership at the multilateral institutions, but also in lending countries, in borrowing countries, in private companies and in nongovernmental organizations. A consistent message really needs to come from the top. It has to infuse the culture of all the organizations concerned, public and private.

A reasonable starting point might be to take a leaf from Nancy Reagan, with her old anti-drug slogan: "Just Say No." After all, corruption is a kind of addictive drug. I know that some companies endorse and successfully enforce that approach, but I also know that isolated efforts and slogans aren't enough. Private companies, public institutions, NGOs -- all can do more by making that kind of pledge publicly and jointly. They should have a common approach toward conflicts of interest, financial reporting, ethical standards and transparency.

But still, I am not so naïve as to think that a plea for voluntary cooperation by itself is going to do the job. It seems to me entirely legitimate, with respect to individual loans, that the World Bank and other development institutions be assured that really effective independent oversight and auditing arrangements of the projects they finance are in place. That has been the intent in the past, but my sense is that the approach may need to be toughened up, especially when experience with a particular country suggests the need for stronger World Bank oversight.

I think it also implies a strong internal inspection function. This has to be thought of not as an unwanted addendum to the bank, but as an integral part of it, right up there with the lending function itself. It will be intrusive, but it is not a question of national sovereignty. These are voluntary lending programs, with a willing borrower and lender. If corruption is found, and remedial action falls short, then suspension is not only justified but mandatory. The more difficult case is when the concern is not confined to a particular loan but when the country and its government are broadly and deeply corrupted, the corruption embedded in long-standing traditions and practice. Then a different approach is initially required. Consultation and step-by-step criteria for change may be the best course.

Those are very general statements. The policies need to be made more concrete and specific. It would be very helpful if they were spelled out in program guidelines at the World Bank. And it should be done in consultation and partnership with private parties and NGOs as well as interested governments. But let me make a simple declaration: The greatest threat to development and, ultimately, to the World Bank Group itself, would be to sit back passively in the face of this challenge. To take the view that its job is simply to lend freely whenever a perception of marginal benefit seems to justify it, and without concern for entrenched corruption, will inevitably erode support for the institution and undercut the effectiveness of its work to help the world's poor have a chance for a better life.

My impression is that the corruption problem may be getting worse. Whether or not that is the case, it plainly needs priority attention. The implications go far beyond any one institution. But I know of no institution, by its leadership, by its professional staff, by its standing in the world, that is better equipped to take on that challenge than the World Bank.

Mr. Volcker was chairman of the Federal Reserve from 1979-1987.

Good News From Northern Ireland (NYT)

The New York Times, October 7, 2006

The transformation of militant Irish Republicanism from terrorism to democratic politics over the past decade has been little short of remarkable — a welcome success story in troubled times.

This week's highly positive report by an official monitoring commission confirmed the good news. It declared that the Irish Republican Army has fully renounced terrorism, dissociated itself from organized criminal activity and committed itself to following an exclusively political path, the very steps its critics have demanded for years.

That calls for a similarly remarkable response from the harshest of those critics, the Democratic Unionist Party led by the Rev. Ian Paisley.

It is time for the D.U.P. to acknowledge that the conditions it has long set out for entering into a power-sharing government with the I.R.A.'s political arm, Sinn Fein, have been achieved. If that happens within the next month or so, Northern Ireland can complete its transformation from sectarian terror to democratic self-government.

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Britain's prime minister, Tony Blair, and his Irish counterpart, Bertie Ahern, have set a Nov. 24 deadline for Northern Ireland's parties to agree on a new power-sharing government. If they fail to do so, Britain will cease its efforts to revive power-sharing and will rule the province from London.

The I.R.A.'s gradual shift from violence to politics was a matter of hardheaded calculation about what could and could not succeed. Even before 9/11, terrorism had become repellent to Northern Ireland's people and a blight on their neighborhoods and economic prospects. Those circumstances made it possible to coax Sinn Fein into a purely peaceful, electoral role.

An impressive array of political leaders — Irish, British, Roman Catholic and Protestant — have helped Northern Ireland get this far. These include Mr. Blair and Mr. Ahern, who did much of the coaxing, and Gerry Adams, the Sinn Fein leader, who persuaded the I.R.A. to give up its arms, its terror and its organized criminal activities.

The Rev. Paisley now needs to join these other leaders in completing the job. With the threat of renewed I.R.A. terror at last put to rest, Northern Ireland should be moving forward toward a self-governing future.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, October 11, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, October 11, 2006
Attachments:	agnb061011.pdf; agnb061011.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 11, 2006 7:45 AM EDT

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TERRORISM NEWS:

Albany Mosque Leaders Convicted Of Terrorism-Related Charges. In a widely-distributed story, the AP (10/11, Virtanen) reports, "Two mosque leaders arrested in a terrorism-related sting were convicted Tuesday of federal money laundering charges. Yassin Aref, imam at the Masjid as-Salam mosque in Albany, and Mohammed Hossain, a pizzeria owner and a founder of the mosque, were never accused of being terrorists, but prosecutors said they laundered money in 2003-04 for an FBI informant." The AP notes, "Hossain was convicted on all 27 charges against him, including three counts of conspiracy. The jury…found Aref guilty of 10 of the 30 charges against him. … 'Obviously we had a couple of individuals that were prone to supporting terrorism,' U.S. Attorney Glenn Suddaby said after the verdict. 'The FBI did what they had to do.'"

The Albany Times Union (10/11, Lyons, 103K) notes, "Jurors on Friday asked to watch an FBI surveillance videotape of a key meeting between an undercover informant and Aref. At the meeting, which took place in January 2004, about six months after the sting began, the two men discussed the informant's plan to 'legalize' money that he was

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loaning to Hossain." Capital News 9 Albany (10/10, Ferrence) reported US Attorney Bill Pericak said, "This is a world where when we have suspicions about people, we have a choice. Do we do something or do we wait until something happens?" Pericak added that "the government sting operation nabbed two men who could have walked away from the FBI informant who pretended to be a missile dealer to a terrorist organization. But they didn't."

The New York Times (10/11, Wilson, 1.21M) reports, "A lawyer for Mr. Hossain, Kevin A. Luibrand, said that the defendants would appeal, and that the entrapment theory would again be raised. 'Before the government arrived on the scene, they were not committing any crimes and were not thinking about committing any crimes,' he said. The men are to be sentenced on Feb. 12. The lengths of their sentences were unknown Tuesday, with Mr. Luibrand estimating 20 years in prison for Mr. Hossain, who was convicted of more crimes than Mr. Aref."

FBI Still Has Few Arabic-Speaking Agents. Under the headline "FBI Agents Still Lacking Arabic Skills," the Washington Post (10/11, Eggen, 748K) reports in a front-page story that five years after 9/11, "only 33 FBI agents have even a limited proficiency in Arabic, and none of them work in the sections of the bureau that coordinate investigations of international terrorism, according to new FBI statistics. … The same challenge is facing the CIA and other agencies as the government competes with the private sector for a limited number of applicants with foreign-language proficiency, according to U.S. officials and experts." Georgetown associate professor Daniel Byman "said the FBI's continuing failure to attract Arabic-speaking agents is 'a serious problem' that hurts the bureau's relations with immigrant communities and makes it more difficult to gather intelligence on extremist groups." However, "Margaret Gulotta, chief of the FBI's language services section, said in an interview that the bureau has made significant progress since 9/11 in increasing the number of translators who speak Arabic and other foreign languages."

NYTimes Says Navy Killed Lawyer's Career Following Hamdan Case. The New York Times (10/11, 1.21M) editorializes that Lt. Cmdr. Charles Swift's "integrity helped spark" the debate over prisoner treatment at Guantánamo Bay when he refused "to represent Salim Hamdan, a Yemeni citizen accused of being a high-ranking member of Al Qaeda — for the sole purpose of getting him to plead guilty before one of the military commissions that President Bush created for Guantánamo Bay." Instead, Swift "did his duty and defended his client," only to see the Navy respond "by killing his military career. About two weeks after the historic high court victory in Hamdan v. Rumsfeld, Commander Swift was told he was being denied a promotion. Under the Navy's up-or-out system, that spelled the end of his 20-year career, and Commander Swift said last week that he will be retiring in March or April." The Times says the Navy's actions send a "chilling message…to remaining military lawyers about the potential consequences of taking their job, and justice, seriously."

HOMELAND RESPONSE:

Tariq Ramadan Said To Have Chance Of Obtaining US Visa. Rachel Ehrenfeld, director of the American Center for Democracy and Alyssa A. Lappen, a senior fellow at the American Center for Democracy, in an op-ed for the Washington Times (10/11, Ehrenfeld, Lappen, 88K) write, "Tariq Ramadan's latest attempt to legally obtain a visa to the United States was denied on Sept. 24.," on the grounds that his actions "constituted providing material support to a terrorist organization," according to State Department spokeswoman Janelle Hironimus. Ramadan contends that his contributions to "the French-based Hamas front 'Committee for Palestinian Charity and Aid'" were made before it was listed as a terrorist organization and says that "his funding of Hamas was just an excuse. The 'Bush administration has barred me for a much simpler reason: It doesn't care for my political views.'" However, Ehrenfeld and Lappen write that Ramadan enjoys growing "popularity among the Europeans," and say he should not be counted "out, yet. The American Civil Liberties Union, which filled several lawsuits on his behalf, condemned the State Department's decision, and said, 'it was considering an appeal.' Stay tuned."

Congress Sets Six-Month Deadline For DHS To Fix Watch Lists. Government Executive/CongressDaily (10/10, Strohm) reported, "With frustration levels apparently reaching an all-time high, lawmakers have given the Homeland Security Department a hard deadline to revamp its process for clearing individuals who have been wrongly put on terrorist watch lists. The fiscal

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2007 Homeland Security appropriations bill…requires the department within six months to 'establish revised procedures for expeditiously clearing individuals whose names have been mistakenly placed on a terrorist database list or who have names identical or similar to individuals on a terrorist database list.'" CongressDaily noted, "The FBI's Terrorist Screening Center is responsible for managing and consolidating all government watch lists. The FBI and TSA both issued statements in the last two days defending watch lists as valuable counterterrorism tools and clarifying current redress procedures."

State Farm Alleged To Have Wrongfully Denied Katrina-Related Claims. The National Law Journal (10/11, Geier) reports, "Allegations by whistleblowers and plaintiffs lawyers that State Farm Fire & Casualty Co. used a 'one-size-fits-all' engineering report to deny policyholders' Katrina-related claims are stirring up Mississippi's southern federal district." The Journal continues, "State and federal prosecutors and grand jurors are looking into allegations that insurance claims were denied on the basis of a biased engineering report. The allegations were brought to light by two claims adjusters who had worked for an Alabama risk management firm under contract with Bloomington, Ill.-based State Farm." The Journal adds, "Richard T. 'Flip' Phillips of Smith, Phillips, Mitchell, Scott & Nowak of Batesville, Miss., an attorney representing Judy M. Guice in a mass tort on behalf of Mississippi homeowners who lost their homes, alleges that State Farm's tactics reveal 'a calculated strategy of wrongful claims denial.' Guice v. State Farm Fire & Casualty Co., No. 06-cv-1 (S.D. Miss.). … 'If they're allowed to do this, the lesson the insurance industry will have learned is that in mass catastrophe situations, a calculated course of across-the-board, wrongful claims denial and trying one case at a time pays,' Phillips said. … State Farm spokesman Phil Supple said that the company has been resolving claims fairly and is cooperating with state and federal probes into its activities." The Journal notes, "Underlying the litigation is the issue of whether the damage to policyholders' homes was caused by Katrina's high winds, which most policies cover, or by the storm surge and high waters, against which many policyholders were not insured. The southern district of Mississippi so far has denied class certification on the ground that each case involves its own set of circumstances as to the percentage of wind to water damage. … But the plaintiffs allege that State Farm used a 'generic engineering report ... which concluded that all of the hurricane damage to property on the Mississippi Gulf Coast was caused by storm surge and not by hurricane wind,' in essence to deny all of their claims, according to an amended complaint filed in McFarland v. State Farm Fire & Casualty Co., No. 06-466 (S.D. Miss.)."

WAR NEWS:

Dozens Of Bodies Turn Up In Baghdad As Violence Continues. The New York Times (10/11, Luo, 1.21M) reports in a bleak article, "Dozens of bodies turned up in Baghdad and a series of bombs killed at least 17 people on Tuesday, indicating that the sectarian violence in the capital showed little sign of easing, despite efforts by the American military and its Iraqi counterparts to quell it. At least 50 bodies, riddled with bullets and many bearing signs of torture, were discovered across Baghdad."

The Iraqi immigration minister "said more than 300,000 Iraqis have fled their homes [while remaining in Iraq] since the American-led invasion in 2003, The Associated Press reported. Half of them left after the February bombing of a sacred Shiite shrine in Samarra set off cascades of sectarian violence. He estimated that about 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003."

USA Today (10/11, 2.27M) reports, "A bomb blew up Tuesday outside a bakery in a mixed Sunni-Shiite neighborhood of Baghdad, killing 11 people who had been waiting in line. In addition, police told the Associated Press they had discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning."

The AP (10/11, Al-Bashir) reports the bombing and observes that the "Iraqi government put forward a new idea to help stop sectarian violence: ensuring security checkpoints in the capital have an equal number of Shiite and Sunni troops." The AP also reports the ammunition fire on the US military base.

All three networks reported the ammunition dump explosion. ABC World News (10/10, story 5, 0:30, Gibson, 8.78M) reported, "Still overseas tonight, several spectacular explosions have rocked a small US military base in southern Baghdad. An ammunitions storage area caught fire, possibly as the result of mortar fire. The blaze set off stores of ammunition and ordnance. There were no reports of injuries. Also in Baghdad, the bodies of 110 men have been found

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bumped across the city just since yesterday morning. Most of them had been bound, shot and tortured. Sectarian death squads are suspected."

CBS Evening News (10/10, story 6, 0:15, Couric, 7.66M) reported it as an insurgent attack, saying, "Overseas tonight a US military base in Baghdad came under attack. An ammunition dump was hit, setting off huge explosions. The blast continued for hours, and the flames could be seen for miles. No injuries were reported, and it's not known who is responsible."

NBC Nightly News (10/10, story 3, , Williams, 9.87M) reported, "We turn to Iraq, where there have been explosions in Baghdad tonight. A series of them on the outskirts of that city felt across a wide area." NBC (Engel) added, "These explosions at a forward operating base in south Baghdad, an ammunition depot caught fire, the US military is still not saying exactly why but thousands of tank, shells and artillery rounds were exploding into the night sky. Witnesses in the area said the base had been attacked by mortar rounds for about 20 minutes before this fire began. After the explosions erupted, the base was put on a state of high alert. Soldiers were ordered into bunkers. The fire brigade on the base was able to contain it and according to the US military, there were no casualties." Williams: "Another topic in Iraq, I know we'll have more reporting on it tomorrow night, but something in the news lately, this exodus of Iraqis out of that country. How big are the numbers?" Engel: "The numbers are staggering according to Iraq's minister of migration. Some of it happening in this area where the base was attacked, apparently this evening. According to the minister, the ethnic tension that has been on the rise in this country has caused about 300,000 Iraqis to flee their homes. These are internally displaced people. Shi'ites forced out of Sunni neighborhoods, Sunnis forced to leave Shi'ite areas. They call it ethnic cleansing and almost one million Iraqis have left the country all together, moving to neighboring countries. Right after the fall of Saddam, people here started to save their money. Some Iraqis, doctors and professionals, left the country looking for work. Now people are saving their money just so they can leave. Anyone who can get $1,000 together is trying to get themselves to Syria, Jordan or Iran."

The AP (10/11, Keath) reports, "A fire broke out at an ammunition depot at a U.S. base in southern Baghdad on Tuesday night, setting off a series of explosions from detonating tank and artillery shells that shook buildings miles away. ... It was not clear whether the depot at Forward Operating Base Falcon was hit by an attack." The base "is near the violence-torn district of Dora, where U.S. troops have been focusing in a 2-month-old sweep of the capital neighborhood-by-neighborhood aimed at rooting out militants and weapons."

The McClatchy Newspapers (10/11, Price) also reports the fire, noting, "An insurgent group called Al Fataheen Army took credit for the damage in a posting on an Islamic forum used by various insurgent groups in Iraq. The group said it had attacked the base with several missiles at 11:55 p.m., but that timing cast suspicion on the claim. The explosions, which could be felt throughout the city, had begun about an hour earlier."

AFP (10/10) reports, "The damage appeared to have been contained within the base, the US spokesman said, although Iraqi officials said that shells 'cooking off' in the fire had crashed down in five districts in the south of the city."

US Forces' Efforts Clean Up Violent Neighborhood Examined. The Los Angeles Times (10/11, Daragahi, 918K) reports, "The Amariya neighborhood has won a reputation as the most fearsome quarter of the capital, with car bombs, snipers and frequent clashes between U.S. forces and hardened Sunni Arab fighters. But over the last few weeks, U.S. officials and Iraqi residents say, life has improved markedly in the notorious district, thanks to an American-led effort to improve security and services." However, Lt. Col. Gian Gentile of the 4th ID "acknowledged in an interview that he had to move troops from nearby neighborhoods under his command to bolster security in Amariya, risking rising peril in those districts. He has also had to close off the western Baghdad neighborhood at all but two gateways ... And he has watched helplessly as the district's Shiite Muslim population has plummeted." Gentile "made strenuous efforts to build goodwill. Drawing lessons from previous commanders, he softened his tactical approach."

Study Estimates 600,000 Iraqis Killed Since 2003. USA Today (10/11, Zoroya, 2.27M) reports, "More than 600,000 Iraqis have died by violence since the U.S.-led invasion in 2003, according to a study released today by researchers at Johns Hopkins University. The figure is based on surveys of households throughout most of the country. It vastly exceeds estimates cited by the Iraqi government, the United Nations, aid and anti-war groups, and President Bush." The study "estimates that 2.5% of the Iraqi population has

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died as a result of the conflict." The Pentagon and NSC "immediately challenged" the study.

The Wall Street Journal (10/11, A4, King, 2.03M) also reports the study, writing, "The findings are sure to draw fire from skeptics and could color the debate over the war ahead of congressional elections next month." Lead researcher Gilbert Burnham said, "What our data show is that the level of violence is going on throughout the country."

The New York Times (10/11, Tavernise, McNeil, 1.21M) reports in an article that quotes skeptics, "The figure breaks down to about 15,000 violent deaths a month, a number that is quadruple the one for July given by Iraqi government hospitals and the morgue in Baghdad and published last month in a United Nations report in Iraq. ... But it is an estimate and not a precise count, and researchers acknowledged a margin of error that ranged from 426,369 to 793,663 deaths." The findings of the 2004 predecessor study had been "criticized as high, in part because of its relatively narrow sampling of about 1,000 families, and because it carried a large margin of error." Academics Robert Blendon and Donald Berry expressed their misgivings about the current study's sample size and "inappropriate" "tone of accuracy."

The Washington Post (10/11, A12, Brown, 748K) reports that the findings will be "equally" as controversial as those of the 2004 predecessor study. Academic Ronald Waldman and Human Rights Watch official Sarah Leah Whitson are quoted giving credence to the study.

Five US Servicemen Killed In Iraq. The AP (10/10) reports the deaths of three Marines and two soldiers in a brief, factual article: "Three U.S. Marines and two soldiers were killed in fighting in Iraq, the U.S. command said Wednesday. The Marines, assigned to 1st Brigade, 1st Armored Division, died Monday from enemy action in Iraq's western Anbar province, the military said in a statement. It did not provide further details. Also Monday, a U.S. soldier was killed when his patrol was attacked by insurgents in an eastern part of Baghdad, the military said. The second soldier, attached to the 25th Combat Aviation Brigade, died of wounds from an explosion during a vehicle patrol Sunday north of the city of Tikrit."

Troops Often Need Iraqi Approval To Act. USA Today (10/11, Jervis, 2.27M) reports, "U.S. and Iraqi military forces battling militias in Baghdad often must seek permission from Iraq's government before launching even routine missions, complicating efforts to loosen the grip of religious violence in the capital. ... Tackling militias is a sensitive matter for Iraq's Shiite-dominated government. ... The political considerations have complicated matters for troops operating in Baghdad. ... some officers think a direct confrontation with the Mahdi Army may be inevitable."

DNA Confirms Identity Of Dead Al Qaeda Militant. The AP (10/10, Rising) reports, "DNA tests have confirmed that a man shot to death by British forces was a leading al-Qaida militant who embarrassed the U.S. military by making an unprecedented escape from a maximum-security military prison in Afghanistan, the U.S. command said Tuesday. Omar al-Farouq was shot and killed Sept. 25."

Snowe Seeks Policy Change On Iraq. The AP (10/11, Flaherty) reports, "Sen. Olympia Snowe joined a growing list of Republicans calling for a change of course in Iraq, a position that could undermine President Bush's election-year assertion that the nation shouldn't set a timetable for troops to come home. Snowe, a moderate who often bucks the Republican Party line, said in a statement Tuesday more should be done to pressure the Iraqis to take control of their country and make clear U.S. support is not unlimited." Her remarks "echoed" earlier ones by Sen. John Warner. Other Republicans voicing disappointment are "Sens. Susan Collins of Maine and Chuck Hagel of Nebraska, along with Reps. Christopher Shays of Connecticut and Walter Jones of North Carolina." The AP adds, "As the Nov. 7 elections inch closer, more and more Republicans have grown louder in expressing their opposition to the White House's handling of the war."

Kurds Build Airport. The Washington Post (10/11, A17, 748K) reports, "The Kurds are building a new $300 million airport in Irbil that will take the biggest aircraft in the world, including the Russian Antonov 225 cargo plane and the American C-5 Galaxy ... The Kurds are hoping their dramatic mountain region, the one tranquil part of Iraq, will become a tourist haven as well as a transit refueling stop for international carriers between Europe and Asia or Australia." They also hope the facility becomes "a backup landing strip for NASA shuttles for emergency landings."

Military Meets Recruiting Goals. ABC World News (10/10, story 6, 0:15, Gibson, 8.78M) reported, "And the Pentagon, today, said all four military branches have met

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recruiting goals this year, one year after the Army missed its mark by a wide margin. The Army topped its goal of 80,000 active duty recruits by 635, while the Navy, Marines and Air Force made their goals, as well. The Army offered cash bonuses, raised age limits and lowered test standards to help boost its numbers."

More Commentary. The Wall Street Journal (10/11) editorializes, "Critics of the Iraq war often slam the Bush Administration for sending unwitting American soldiers off to an unwinnable battle. ... The Pentagon announced yesterday that in fiscal 2006 the Army, Navy, Air Force and Marines all met or exceeded active-duty recruitment goals. ... Many of those young people, despite the luxury of choice, have decided to ship off to boot camp and join the world's finest all-volunteer military force. It'd be nice if a few more politicians and pundits respected their decision."

Data Suggest Vast Disability Claims Lie Ahead. The New York Times (10/11, Shane, 1.21M) reports, "Nearly one in five soldiers leaving the military after serving in Iraq and Afghanistan has been at least partly disabled as a result of service, according to documents of the Department of Veterans Affairs obtained by a Washington research group. The number of veterans granted disability compensation, more than 100,000 to date, suggests that taxpayers have only begun to pay the long-term financial cost of the two conflicts. ... [Veterans' advocate Paul Sullivan] said that if the current proportions held up over time, 400,000 returning service members could eventually apply for disability benefits when they retired."

Fallen Troops Remembered. Both the New York Times (10/11, Applebome, 1.21M) and Washington Post (10/11, A1, Morse, 748K) report on the grief felt by survivors of fallen troops. The New York Times (10/11, Applebome, 1.21M) writes that the town of Highland, N.Y., with a population of 10,000, has lost three servicemen in Iraq: "When Pfc. Michael K. Oremus — 'Mikey O' to his friends — was killed by a sniper bullet in Baghdad on Oct. 2, the numbers lost all meaning, washed away by tears ... Death is more tornado than hurricane, picking its spots with capricious malice, but a third soldier gone, Mikey O, in this close-knit throwback of a town, Grover's Corners on the Hudson, seemed particularly beyond grief, beyond pain, beyond knowing." The Times writes, "The funeral for Mikey O, dead at 21, could be the biggest in town history."

The Washington Post (10/11, A1, Morse, 748K) reports on the mother of Marine Sgt. Alex Carbonaro, an only child who died from wounds caused by a roadside bomb and "remains the only service member listed from Bethesda killed in Iraq or Afghanistan." The 2,628-word front page article describes his childhood and service in Iraq, as well as Marines' consolation of Mrs. Carbonaro after his death.

Schoomaker Says US Needs Consensus Against Terrorism. McClatchy (10/11, Brown) reports, "The United States needs to reach a consensus on how to fight terrorists and increase defense spending to make sure the Army stays ready to fight, the Army's chief of staff said Tuesday. Gen. Peter J. Schoomaker also called on teachers, parents and other influential adults to encourage young people to serve in the military." He did not "give specific figures about the amount of defense-spending increases he thought was necessary. He said the Army had learned a 'bitter lesson' during the 1990s when 425,000 soldiers were cut from its ranks and expenditures fell to levels unseen since the late 1940s."

CORPORATE SCANDALS:

Bed Bath & Beyond Admits To Backdating Stock Options. The Wall Street Journal (10/11, C4, Maremont) reports, "Bed Bath & Beyond Inc. admitted to rampant backdating of stock-option grants as part of a policy to provide extra incentives to insiders, but said an internal probe found no evidence of 'willful misconduct.' … Bed Bath & Beyond said its internal probe examining the period from its 1992 initial public offering through May 2006 found that the company had misdated options on 44 occasions, 37 of them in favor of the recipients. In many cases, the probe concluded, executives used 'hindsight' to select favorable grant dates in the past when the stock was trading at low points." The Journal adds, "The company said it doesn't intend to restate past financials to record the extra compensation expense associated with the backdated options. Instead, it said it will cut $66 million from the equity portion of its balance sheet, and expects to record another $8 million in expense in its fiscal third quarter."

The AP (10/11) reports, "The review committee found 31 off-cycle monthly grant dates not made on the 15th of the month as required by the company's policies, and 12 of them were 'at notable low prices.' Interviews and the

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documentation reviewed did not explain the selection of the dates, the company said. … 'The low prices were suggestive of the use of some hindsight in selecting the low price off-cycle grant dates,' according to the filing. However, the committee found no willful misconduct and no intent to mislead auditors. … At least 136 companies have disclosed internal, SEC or Justice Department investigations into the possible backdating of past stock options to artificially inflate their value."

Two Former Comverse Officials In Plea Talks With US. The Houston Chronicle/Dow Jones Newswires (10/11, Bray) reports, "Two former executives of Comverse Technology Inc. are engaged in plea discussions with the U.S. Justice Department to end the criminal fraud case against them, according to court documents filed late last week." Dow Jones continues, "In separate orders filed late Friday, U.S. Magistrate Judge Joan M. Azrack ordered that the time to indict former Comverse finance chief David Kreinberg and ex-senior general counsel William F. Sorin be extended by 30 days to Nov. 8." Dow Jones adds, "According to court documents, Sorin and Kreinberg are engaged in plea negotiations with the U.S. Attorney's office in Brooklyn, which 'they believe are likely to result in a disposition of this case without trial.' … Kreinberg and Sorin were charged, along with ex-Comverse Chief Executive Jacob 'Kobi' Alexander, with conspiracy to commit mail fraud, securities fraud and wire fraud in August in an alleged scheme to improperly backdate options at the company. The men were charged at the time under a criminal complaint. … Alexander, who was arrested in the African nation Namibia last month, has since been indicted on charges of conspiracy, securities fraud, making false filings with the Securities and Exchange Commission, mail fraud, wire fraud, money laundering and engaging in unlawful monetary transactions. Alexander was granted bail at a hearing last week in Namibia. … The SEC also has separately filed civil charges against the men."

Brooklyn, Manhattan Federal Prosecutors Spar Over White-Collar Cases. The Wall Street Journal (10/11, C1, Davies, Lattman) reports, "Federal prosecutors in Manhattan aren't used to being upstaged. But if Kobi Alexander, the fugitive executive arrested last month in Namibia, makes it stateside to answer stock-option-backdating charges, he will do so across the East River, in a different borough of New York City: Brooklyn." The Journal continues, "Ownership of the case -- involving Comverse Technology Inc., which Mr. Alexander co-founded -- is the latest in a string of white-collar cases overseen by the Justice Department's U.S. attorney's office in Brooklyn. Known as the Eastern District of New York, its prosecutors lately have gained ground in a friendly, but sometimes-pointed, rivalry with their Southern District counterparts in the borough of Manhattan, who have stumbled recently on a few big cases." The Journal adds, "That rivalry between prosecutors in two of the country's 93 judicial districts is playing out amid a broader competition for business cases that has intensified nationwide since the dot-com collapse. Led by New York state's attorney general, Eliot Spitzer, and Manhattan District Attorney Robert Morgenthau, state and local prosecutors also have jockeyed for prominence, sometimes stepping on the toes of regulators, especially at the Securities and Exchange Commission, which has authority to bring only civil cases. … In the criminal realm, the Manhattan U.S. attorney's office is the 'old established group that considers itself the best,' says Alan Vinegrad, a former Brooklyn U.S. attorney. But now the scrappy underdog is 'on the map.' … Unwilling to concede much, Steve Peikin, former head of the Manhattan office's securities unit, quips that Brooklyn is a 'great second.'"

Skilling Wants Enron Conviction Overturned. Bloomberg News (10/11, News) reports, "Enron's former chief executive, Jeffrey K. Skilling, found guilty in May of directing a huge fraud, asked a judge to throw out his conviction, citing a successful appeal in another Enron case." Bloomberg continues, "In a filing yesterday in federal court in Houston, Mr. Skilling, 52, joined other convicted Enron executives in asking a trial judge to void his guilty verdict, based on an August ruling by a federal appeals court in New Orleans. Mr. Skilling's request came as part of a motion to remain free pending an appeal he said he planned to file after his sentencing, scheduled for Oct. 23." Bloomberg adds, "Mr. Skilling told Judge Simeon T. Lake III of the United States District Court that his conviction should be thrown out because the jury might have relied on a prosecution claim that he deprived the company of "honest services," a theory that caused the New Orleans court to overturn four other Enron-related convictions in August. … Mr. Skilling, convicted of 19 counts of fraud, conspiracy and insider trading, faces a sentence of as much as 25 years in prison. Prosecutors gave jurors several situations under which they could find him guilty of defrauding Enron, which collapsed into bankruptcy in December 2001. Having deprived the

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company of his honest services was one. Deliberately deceiving investors was another. … Since the jury did not explain how it reached its guilty verdict, the fraud and conspiracy convictions were tainted by the possibility that 'honest services' played a part. Mr. Skilling argued that his entire conviction should be thrown out, using the logic the appeals court followed in August. … The government will respond to Mr. Skilling's motion 'in an appropriate court filing,' a Justice Department spokeswoman, Jaclyn Lesch, said."

Third Trial Begins For Cendant's Forbes. The third trial of former Cendant chairman Walter Forbes began yesterday with prosecutors accusing Forbes of masterminding an accounting fraud which inflated Cendant's earnings by $252 million. USA Today (10/11, Farrell) reports that "the government argued that Forbes, 63, founder of Comp-U-Card International, used CUC's merger-and-acquisition reserves as a slush fund through which his underlings padded the company's earnings." USA adds, "The government has already put Forbes on trial twice for his alleged actions. In a trial that began two years ago, a jury convicted Forbes' right-hand man, E. Kirk Shelton, of securities fraud, but it deadlocked on the question of Forbes' involvement. Shelton received a 10-year prison sentence. In a retrial of Forbes last year, a different jury also reached an impasse."

Buffett Warns Berkshire Managers Against Unethical Behavior. The Washington Post/AP (10/11, D2, Ross) reports in a letter to managers of his company, Berkshire Hathaway, Inc., Warren Buffett warned against unethical business practices, saying the excuse "everybody else is doing it" is no justification. Buffett "cautioned managers that many corporate scandals arise because questionable activity is accepted as normal behavior. … Buffett acknowledged that it is inevitable that someone among Berkshire Hathaway's almost 200,000 workers would give in to temptation. He called on his top executives to resist improper behavior and head it off in employees. 'Berkshire's reputation is in your hands,' Buffett wrote."

Dunn Defends Her Actions As H-P Chairman. Former Hewlett-Packard chairman Patricia Dunn writes in the Wall Street Journal (10/11, A14), "When I agreed to accept the position of non-executive chairman of the Hewlett-Packard board during the tumultuous period surrounding Carly Fiorina's departure, I knew there would be challenging and difficult times ahead…. One of the first requests I received from my fellow directors was to find a way to stop leaks of confidential information emanating from our boardroom. … As I testified before Congress, the first thing I did after being directed by the majority of the board to find and stop the leaks was to approach one of my fellow directors… to ask him how I should proceed. I said I wanted to make sure that everything done was not only legal and proper, but in the H-P way." Dunn adds, "As a result of extraordinary negative publicity from these episodes, the board asked me to step down as chairman and director. Less than two weeks later I was charged by the California attorney general on four felony counts of fraud and conspiracy. Some have said they feel I have been made a scapegoat. That is not for me to say. What I will say is that throughout the process I asked the right questions of the right people at the right times. I have no reason to believe that the people who continually assured me that what was being done was being done both legally and properly did not believe this to be true. And, despite the outrage and incredulity with which my statements about accepting assurances that phone records could be obtained legally, my lawyers assure me that there are in fact ways this can be done."

Defendants In H-P Case May Turn On One Another. The New York Times (10/11, Richtel) reports that while the five defendants in the H-P case "must overcome a paper trail of evidence against them," they could "wind up with as much to fear from one another. At least one lawyer involved in the case and several outside legal experts said the five defendants might wind up turning on one another as part of a way to shift blame away from themselves." The Times adds, "It is not yet clear whether the defendants will be tried together or separately. It is possible that one or more defendants could choose to cooperate with the prosecution and testify against others. But lawyers for any of the defendants could also try to shade the evidence in a way that is more favorable to their client and less so to another defendant. If the cases are severed, evidence presented in one trial could be subpoenaed in another trial."

Three Private Investigators In H-P Scandal Arraigned In California. The AP (10/11, Robertson) reports, "Three private investigators who allegedly obtained confidential telephone records as part of Hewlett-Packard's boardroom spying probe pleaded not guilty Tuesday to identity theft and other felony charges." The AP continues,

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"Ronald DeLia of Massachusetts-based Security Outsourcing Solutions Inc., Matthew DePante of Florida-based Action Research Group Inc. and Bryan Wagner of Colorado were arraigned in Santa Clara County Superior Court. Each was later booked and released on personal recognizance." The AP adds, "DeLia, DePante and Wagner are among five people criminally charged last week for their roles in the spying scandal at the computer and printer giant. Former HP Chairwoman Patricia Dunn surrendered and appeared in court late last week, and the company's ousted ethics chief Kevin Hunsaker also turned himself in and was released. … The three investigators are accused of impersonating HP board members, employees and journalists to trick telephone companies into divulging their private phone logs. … All five are charged with using false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 and three years in prison. … They are all scheduled to return to court Nov. 17."

Dowd Stresses Need For "Emphatic And Sensitive" Corporate Leadership. Maureen Dowd The New York Times (10/11, Dowd) reports, "Carly Fiorina prided herself on being adept at succeeding in a man's world without whining about sexism. … The male-dominated [H-P] board's handling of her exit was 'heartless in some ways and disrespectful in other ways," she said. "Maybe they took great pleasure in seeing me beat up publicly for weeks and weeks.'" Dowd adds, "With several of the few high-profile women at the top tanking, it's interesting to note that Columbia Business School has introduced a new program that teaches the importance of a more empathetic and sensitive leadership style in globalized business, as opposed to the command-and-control style that has dominated the White House and Pentagon for, lo, these many messed up years. … Neenu Sharma, an M.B.A. student in the new Columbia program, says the moral of the story is that leadership works best with both sexes involved."

Judge Orders Conrad Black Not To Sell Wife's Diamond Ring. The Toronto Star (10/11, Westhead) reports, "Conrad Black has been slapped with a restraining order that will bar him from selling a rare $2.9 million diamond ring he gave his wife Barbara Amiel-Black as a gift and other antique jewellery." The Star continues, "Black, accused of engineering a racketeering, fraud and tax evasion scheme when he was CEO of Chicago publisher Hollinger International Inc., successfully fought off an attempt by the U.S. Justice Department to force him to relinquish the 26-carat diamond ring he purchased in 2000 at British jeweller Graff Diamonds Ltd. Black has pleaded not guilty to the charges. He is on bail and living in Toronto." The Star adds, "He has said the ring and other antiques were gifts to Amiel-Black, who has not been charged with any wrongdoing. Nevertheless, in an Oct. 6 restraining order, Judge Amy St. Eve in Chicago barred Black from 'selling, transferring, assigning, pledging, distributing, encumbering, wasting, secreting, depreciating, damaging, or in any way diminishing the value' of the diamond ring and other antiques."

CRIMINAL LAW:

President Holds School Safety Conference. The AP (10/11, Feller) reports, "President Bush urged the nation Tuesday to help prevent deadly school shootings, saying adults should intervene when they notice children are in trouble." At a conference he hosted on school violence, Bush "seemed most struck by one of the points raised by experts: When students plot violence, they often brag about it in advance to other students. Safety specialists say schools must encourage students to speak up when they notice any ominous behavioral changes." Bush called for "a cultural change inside schools, for teachers to become more aware and more active." But "there were no new policies nor new money announced." And "Democrats mocked the event as a photo opportunity with little substance." Still, "the White House, sensitive to the concerns of many parents, wanted to show it was doing something." US Secretary of Education Margaret Spellings and Attorney General Alberto Gonzales "led three panel discussions." Experts said that "schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening." The conference "gave Bush a chance to emphasize education, the issue at the center of his domestic agenda."

All three networks covered the conference. NBC Nightly News (10/10, story 7, Costello, 9.87M) reported, "Since the 1999 Columbine massacre, 225 people have died in school-related violence: 13 this school year alone, including five at an Amish schoolhouse in Pennsylvania and one at Platte Canyon High School in Colorado." So "today, law enforcement, educators, students and parents gathered to share their experiences and potential solutions, like getting

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dads more involved." Still, "critics point out the conference comes as the White House moves to cut more than $300 million in drug and violence prevention grant money to school districts. The Administration says those programs have proved to be ineffective and it's up to local communities to deal with violence issues."

ABC World News (10/10, story 2, 2:30, Gibson, 8.78M) said "the conference on school safety the President called was almost a carbon copy of a similar summit after Columbine. Similar solutions were proposed then. But what has really been done since Columbine?" ABC (Muir) added, "Seven years after Columbine, and school safety experts say it's still a struggle to get the number of reduced open doors," and "federal funding for safety in schools has decreased" from $180 million to "this fiscal year, it's not even in the budget."

CBS Evening News (10/10, story 5, 2:35, Couric, 7.66M) reported "one school in the Midwest may be a model for the nation had when it comes protecting our children." CBS (Bowers) added, "These days, at Green Bay's East High School, students can't get past the front door without IDs. That's in addition to surveillance cameras and security officers. The school remains in full lockdown mode, less than one month after a student walked into the associate principal's office and told him some classmates were planning a Columbine-style massacre." And "experts say communication is key to school safety" because "in more than 80% of the cases, at least one kid who wasn't involved, knew about it ahead of time, and in more than half the cases, at least two kids knew."

CNN's The Situation Room (10/10, Nguyen) reported, "President Bush says the nation must find a way to keep its children safe. He spoke at a White House-sponsored conference today on school violence. First Lady Laura Bush said children need to know adults are there to protect them. A survivor of the 1999 Columbine shooting was also at today's conference. Mr. Bush called the meeting after three recent deadly shootings in Pennsylvania, Wisconsin and Colorado."

Newspaper coverage suggested the conference was part of a PR effort to show the President's involvement and concern in the wake of the recent shooting. A number of reports also noted the absence of new policy initiatives. The Washington Post (10/11, A3, Shaver, 748K) reports the Conference on School Safety was "hastily arranged last week." Bush "announced no new funding or policy initiatives to handle the problem." He "heard calls for more coordinated planning between schools and police, more character education, more peer mentoring programs, more parental involvement and more counseling." USA Today (10/11, Toppo, 2.27M) reports the president was "reacting to a spate of school shootings." He "attended the last hour of the event." The conference "pointed to the biggest challenge facing those who would stop school violence: There are different theories about what causes it and how to prevent it. Panelists and attendees floated at least a dozen theories."

The New York Times (10/11, Schemo, 1.21M) reports, "The federal government should not play the primary role in responding to school violence, President Bush said Tuesday, but should instead give out information about strategies to help parents and schools grappling with the threat of deadly outbursts in the nation's schools."

The Milwaukee Journal Sentinel (10/11, Gilbert, 259K) reports the conference "was clearly meant to signal that the administration was actively engaged in the issue, even though the president and his education secretary pointed out that matters such as school security and school policy are largely a state and local domain."

The Baltimore Sun (10/11, Davis) reports, "President Bush urged Americans Tuesday to turn their anguish over school shootings in Pennsylvania and around the nation into "concrete action" to prevent further tragedies. … But he told a gathering of educators, activists and law enforcement officials that more federal funding and government regulation won't solve the problem. … 'In many ways, I'm sorry we're having this meeting,' Bush said as he wrapped up a conference hastily organized by the White House to respond to the recent spate of deadly school violence. 'In other ways, I know how important it is.'" The Sun continues, "Bush said the meeting, moderated by Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales, was part of 'a nationwide effort to help people who are responsible to protect our children.' … More than 300 local leaders and specialists from around the country spent about six hours trading ideas, from drafting strong school emergency plans to urging fathers to get more involved in school, to providing character education for kids." The Sun adds, "Bush took a seat at a three-sided table on the stage of a packed suburban Maryland auditorium in the headquarters of the National 4-H Council, a youth development organization. The administration had set up a mock classroom complete with fake wood paneling and a chalkboard backdrop emblazoned with the event's title, and Bush questioned participants about

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how best to share their experiences with others around the nation."

The Los Angeles Times (10/11, Mohammed) reports, "Conspicuously absent in the all-day session was any mention of the role of firearms in the shootings, a politically volatile issue sure to inflame partisan passions in a midterm election year." The Times adds, "Some participants argued that schools needed to do a better job of determining which students might bring weapons on campus. Psychologists pointed out that students who have suicidal tendencies often have thoughts of homicide too. And many panelists focused on the importance of building character in students, which they said had been degraded by media influences such as music and video games. … Harsher measures such as installing metal detectors in schools were viewed with skepticism. Gonzales said metal detectors may not be appropriate, noting that not all school shootings occur inside the buildings."

Gannett (10/11, King) reports Secretary Spellings said of the recent school tragedy, "This could really happen anywhere." Attorney General Gonzales "dismissed one questioner's call for increased gun control" and "panelists also didn't give metal detectors much of a thumbs-up."

The Richmond Times-Dispatch/Media General (10/11, Klein) reports, "Metal detectors won't stop school shootings, speakers at a conference on school safety told President Bush yesterday. Only listening to students, hearing about their problems and getting them help will stop the violence before it begins." Bush "heard Craig Scott describe how in April 1999 he hid under a table in the Columbine High School library as his two friends next to him were shot and killed." Bush "called on both departments to put together the best practices learned from this conference and distribute them to law-enforcement and education officials."

McClatchy (10/11, Hutcheson) reports, "Victims of school violence shared their horrific experiences" and the conference "ended with a call for more focus on character and values in the nation's classrooms." Experts "cited a host of factors that have contributed to the violence, including stress and feelings of alienation among students, negative media influences and inattentive parents." But "some advocates of character education offered implicit criticism of Bush's No Child Left Behind Act, which stresses academic achievement and requires frequent testing." Bush responded, "I think you can make sure a child learns, and I think you can instill character at the same time." He also "told the audience members that they shouldn't look to the federal government to bankroll character education or other school programs."

The Denver Post (10/11, Farrell, 256K) reports, "Bush said he wanted Tuesday's White House conference on school safety to produce a concrete plan of action. But tangible solutions like the use of metal detectors or a ban on assault weapons were rejected and eclipsed by testaments to the power of love." And "several speakers at Tuesday's conference urged Bush to purge America's coarse and violent culture, and to order that schools teach students about character, virtue and God. But the president noted the limitations of government in the battle against school violence." Bush said that "the best solution…is for parents, educators and students to find the love and compassion to reach out to troubled youths before they turn to violence." One panel said that "the purchase and operation of metal detectors and security cameras" were "overly expensive and easily evaded."

The Houston Chronicle (10/11, Mason) reports, "Keys to stopping what appears to be an epidemic of school violence include learning how to spot troubled students, boosting their self-esteem and preparing for emergencies, according to panelists at a special White House conference Tuesday." The Chronicle continues, "Organized in response to a recent spate of deadly shootings at schools, the conference did not address gun control or firearms-related issues. Rather, it focused on values and community action. … 'The violence we've seen is upsetting to a lot of people and I know it's upsetting to the professionals who are with us,' President Bush told participants. 'But rather than be upset, it's best for all of us who are responsible for helping the folks not only to cope, but to prevent action from taking place.'" The Chronicle adds, "In an effort to make schools safer, many Houston schools employ cameras, uniformed officers and metal detectors — an approach that drew skepticism from Bush administration officials. … 'One panel member said that it sends the wrong message about what we think of our kids when we have them come to an environment where they're supposed to learn and have to pass through metal detectors,' said Attorney General Alberto Gonzales."

Long Island Newsday (10/22, Dutton) reports, "Nearly 10 years ago, Daniel Gross' brother Matthew was shot in the head by a gunman while standing on an observation deck of the Empire State Building. After watching his brother slowly recover from a coma, Daniel started a gun violence prevention organization, PAX. … The group Gross co-

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founded runs a nationwide anonymous hotline that, he says, is helping kids fight school violence, 866-SPEAK-UP. … 'You could safely say hundreds of incidents have been averted,' Gross said. He cites 15,000 calls to the hotline in the past four years. 'New York has lagged behind a lot of other communities' in terms of school violence prevention, he said." Newsday adds, "Gross joined other advocates, law enforcement officers and educators from around the country yesterday in Chevy Chase, Md., for a conference on school safety. … The rate of violent crime in schools dropped over 10 years, according to the most recent figures from the Bureau of Justice Statistics and National Center for Education Statistics. In 1992, 48 of every 1,000 students would fall prey to violence at school, but in 2003 that number fell to 28 of every 1,000. … 'We are, however, seeing some indications in the last two years that those trends are changing,' Attorney General Alberto Gonzales said."

The Pittsburgh Post-Gazette (10/11, Sherman, 241K) says the conference "emphasized the faith-based approaches at the center of some of his domestic policies."

Dana Milbank writes in an analysis for the Washington Post (10/11, A2, 748K), "Bush has always been a disciplined man, but yesterday he set a new standard for self-control: He moderated an hour-long discussion about the rash of school shootings in the past week without once mentioning the word 'guns.'" First lady Laura Bush "was nearly as good, giving a seven-minute speech…without mentioning guns." Gonzales and Spellings "deftly led hours of panels at the National 4-H building in Chevy Chase with only a few glancing references to weapons." The White House "neglected to invite any gun-control advocates. In fact, how the killers had carried out their deeds might have remained a mystery if 19-year-old twin brothers Theo and Niko Milonopoulos hadn't infiltrated the gathering" and "pointed out to Gonzales that 'the common denominator in the rash of school shootings' has been access to high-powered guns." The lack of discussion about guns was "unusual" and "even the invited guests found it a bit odd." Also, "with gun control off the table, the questions and comments became a bit repetitious, too, as a long line of participants echoed the belief that school violence would be reduced by values education and religious belief." Bush "had been having trouble finding his voice on school shootings" and "labeled the violence 'inexplissible,' apparently merging 'inexplicable' and 'inexpressible.'"

FNC's Studio B with Shepard Smith (9/10, 3:53 p.m.) reported, "From the daily school shootings in Colorado, Wisconsin and Pennsylvania to violent bullies on campuses across the nation, the potential for school violence is a real concern for millions of parents and students across the nation. Today, President Bush responding by convening a conference on school safety, a way for educators and law enforcement to share ideas to make schools a safer place, that according to the White House. Joining us now from Washington is one of the speakers at today summit, Alberto Gonzales, the attorney general of the United States. What did we learn today, sir?" Alberto Gonzales said, "Well, we learned we've got by and large a good system of providing quality education to our students in a safe environment. We are seeing some troubling trends in recent years and we need to watch it very carefully. But clearly your child is safer in school than they are at the mall, for example. I think we also learned that law enforcement agencies are doing a good job in working with educators to make our schools as safe as possible. But we looked at a lot of issues today. I think we made good progress talking about what's already being done at the federal, state and local level, and making sure we find some kind of mechanism to educate and inform people about all the resources that are available to make sure our kids are safe at school." FNC's Shepard: "A federal program was put into place after the Columbine massacre called COPS, that's an acronym. And today, the Democrat of New York Anthony Weiner said it's a shameful hypocrisy that the program has been cut from some 150 million in the beginning to 5 million this year. Why the cuts and how do you respond to that?' Alberto Gonzales: "Well, we have spent billions of dollars since President Bush became President with respect to state and local assistance and we have spend millions of dollars to provide specifically safety for our schools. I think what we need to look at is everything that we're doing to ensure our kids are safe. Look at the task forces that we have in place, working with state and local officials. Look at the prosecutions, the number of prosecutions for gun crimes since 2001. Gun prosecutions are up 62%. So, we're sending a very clear message that if you engage in gun crime you're going to pay severe time in our federal prisons. I think we're doing a lot. We talked a lot about the successes we've enjoyed working with state and local officials, and we also talked about what we can do going forward."

Appearing on CNN's American Morning (10/10), Attorney General Gonzales said, "we obviously need to make sure that we have our laws -- we have good laws to deal with

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this kind of violence. We have really spent a lot of time prosecuting violent crime during the Bush administration. I think prosecutions are up on violent crimes about 10% since 2001. It really has been a focus to go against gun crimes. Most do involve guns. What we're doing is to send a very clear message that if you're going to engage a crime using a gun, there are going to be severe consequences for doing so." Gonzales added, "During the Bush administration, our primary focus is on existing laws. We have seen violent gun crimes go down during the time of this president. The focus should be on criminals who break the law, not focusing on law-abiding citizens who follow the law. Obviously, we want to ensure we have an environment where our kids can learn. It's difficult for the kids to learn if they don't feel safe. One of the things that we can do is to educate people, to provide training to state and local officials at the federal level and to prosecute people who engage in violent gun crimes."

Local Television. Several local television networks reported on the first day of the national conference on school violence, being held in Chevy Chase, Maryland. The focus of the reporting centered around attorney general Alberto Gonzales' call for tougher enforcement of existing gun laws rather than the promotion of new ones. Some examples: WKRN-TV Nashville, (10/10, 6:16 p.m.) reported, "President Bush calls a summit on school safety. Attorney general Alberto Gonzales and education secretary Margaret Spellings each led discussion panels. People who have experienced the terror of school violence talked about the importance of communication as a means to safety."

WVLT-TV Knoxville, (10/10, 4:02 p.m.) reported, "First Lady Laura Bush and attorney general Alberto Gonzales gathered to speak about an issue that has gripped our nation, especially in the past two weeks: school violence."

KMSP-TV Minneapolis, (10/10, 5:47 p.m.) reported, "Some experts advocate better gun control laws. But attorney general Alberto Gonzales urged using current laws to more aggressively prosecute gun crimes. 'The focus should be on criminals who break the law, not focusing on law-abiding citizens who follow the law.' Track participants said schools must pay more attention to student bullying and spend more time rehearsing crisis plans, but agreed there is no single, simple answer to the problem."

KRON-TV San Francisco, (10/10, 6:01 p.m.) reported, "In the seven years since the Columbine school mass killing, many schools have installed video monitors, limited access and put panic buttons in classrooms. Today attorney general Alberto Gonzales rejected another idea allowing teachers to carry guns."

KDFW-TV Dallas, (10/10, 12:10 p.m.) reported, "Some people, including the U.S. Attorney General, Alberto Gonzalez, believe part of the solution is tougher gun laws. 'What we're doing is sending a very clear message that if you're going to engage in a crime using a gun, there are going to be severe consequences. Schools need to create a culture where their encouraged to tell officials what they know and have a good crisis response plan.'"

WTMJ-TV Milwaukee, (10/10, 5:01 p.m.) reported, "Attorney general Alberto Gonzales opposes the idea of allowing teachers to carry guns. 'Our teachers are there to train and teach our children. They're not there to protect the children.'"

California School Locked Down After Apparent Gun Prank. The Contra Costa Times (10/11, Graham) reports, "A rumor that a student had carried a firearm onto the Castro Valley High School campus today forced administrators to lock down the school for three hours while nearly two dozen deputies and investigators searched the campus. … No weapon was found, and police later attributed the scare to an apparent prank." The Times continues, "The lockdown was issued around 11:40 a.m. after school officials received word of the report. Teachers were ordered to lock all doors, close all windows and pull down all the window blinds, said Alameda County Sheriff's Sgt. Scott Dudek. … School officials informed the sheriff's office of the threat as soon as the rumor reached administrators. The sheriff's office responded by dispatching 25 deputies and three K-9 units to the 2,800-pupil campus at 19400 Santa Maria Ave., Dudek said." The Times adds, "Deputies cordoned off the campus, setting up a perimeter where worried parents gathered and waited in vain for about three hours, not sure what exactly had transpired at the 40-acre campus. … The lockdown occurred at a time when public awareness has been heightened by a recent series of deadly school shootings in Wisconsin, Colorado and Pennsylvania. … In response to the violence, U.S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings convened a school safety conference today in Chevy Chase, Md."

Utah School Practices Lockdown In Preparation For The Worst. The Salt Lake Tribune (10/11, Lyon) reports, "At Bountiful (UT) High on Tuesday morning, the school was teaching a post-Columbine lesson in a subject most of us never expected to study: school violence. By

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practicing a lockdown situation as it has for several years, members of the staff learned what they need to do to keep students safe. The students taste what a scary situation at school could be like and how to help. … What was new at Bountiful High this year was the number of police agencies involved and the hostage twist. Schools have been reeling from the spate of shootings over the past few weeks that seemed to leave no community, even the peaceful Amish, untouched. On Tuesday, safety and education experts from across the country met in Maryland at a conference called by the White House." The Tribune adds, "Bountiful High is far from a fearful place. Students walk in the high school without having their bags searched or being screened by metal detectors. Several doors are open during the school day. Unlike some schools, it does have an on-campus school resource officer who can react immediately. … While the school lockdown may have been more for the school's benefit, officers Tuesday filmed their exercise and evaluators stood nearby taking notes. The police shouted commands and codes over their radios communicating with an improvised command post outside. Not communicating, as one officer put it, can be deadly."

911 Transcripts Released From Amish School Shooting. CBS Evening News (10/10, story 4, 0:45, Couric) reported that "one week after Charles Roberts shot those ten Amish school children, killing five of them, officials released a transcript of the 911 call he made as police accomplice surrounded the schoolhouse. Roberts says 'I just took ten girls hostage, and I want everybody off the property, or else' When the dispatcher asked Robert's to hold. He said 'No … right now or they're dead in two seconds.' Asked again to hold. 'Roberts says, 'two seconds that's it!!' His last words before he opened fire."

ABC World News (10/10, lead story, 2:50, Donovan) reported that Roberts "made up his mind to die that day. … But his wife was first to suspect it. Marie Roberts. She was at home. This is the house. She called 911 herself. 'I am really scared,' she told the dispatcher. 'and I wonder if -- how I find out what's going on.' It was almost 11:00 when she made that call. She didn't know much. But she knew something was wrong, because she'd just heard from her husband, who had left suicide notes."

The New York Times (10/11, Hamill) reports, "An hour after walking into a small Amish schoolhouse in Pennsylvania last week with a small arsenal of guns and hardware, Charles C. Roberts IV told a dispatcher in a calm, dispassionate voice just what his emergency was. 'I just took, uh, 10 girls hostage and I want everybody off the property or, or else,' Mr. Roberts told a 911 dispatcher for Lancaster County." As the dispatcher tries to engage him, "Mr. Roberts threatens to kill the girls, but his voice 'is not angry, there is no yelling and screaming,' the county district attorney, Don Totaro, said in an interview." The Times adds, "The dispatcher's short conversation with Mr. Roberts, as well as calls from his wife, Marie, and the farmer who made the first 911 call, after a young teacher fled the schoolhouse to seek help, show how frantic Mr. Roberts's brief siege was."

The Washington Post/AP (10/11, A2, Scolforo) reports, "Before authorities could react, he started shooting inside the West Nickel Mines Amish School, killing five girls and wounding five others before killing himself. Police burst in after hearing the gunfire."

USA Today (10/11, Welch) reports that Totaro said, "They tried to keep him on the line as long as possible," adding, "They tried to diffuse the situation, but there was just no possible way for them to do so. It was clear he was intent on carrying out his mission."

Laura Bush Praises Amish Girls. The Lancaster Newspapers (PA) (10/10, Itkowitz) reports, "Two Amish girls who put their classmates' lives before their own represent the country's best, First Lady Laura Bush said during a school safety summit Tuesday. The first lady was referring to Marian Fisher, 13, and her 11-year-old sister, Barbie Fisher, both of whom beseeched Charles Carl Roberts IV to shoot them first, hoping he'd spare the lives of the younger Amish girls locked inside their one-room schoolhouse on Oct. 2."

FBI Interviews Page Who Received Messages From Foley. NBC Nightly News (10/10, story 5, Reid, 9.87M) reported, "This is the public's first look at the former House page at the center of the Foley scandal. 21-year-old Jordan Edmond today in Oklahoma City where he met for two and a half hours with the FBI." Stephen Jones, attorney for Jordan Edmund: "I'm not able to discuss the interview except to say that it occurred and that our client answered their questions and cooperated to the fullest." Reid: "While serving as a page five years ago, Edmund, then 16, got to know Congressman Foley. After leaving the program, he reportedly received sexually explicit instant messages from Foley. 11 days ago, shortly before those messages were made public, Foley resigned." Edmond is

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"also expected to testify before the House Ethics Committee which already has 400 calls to align taking reports of potentially inappropriate contact with pages." ABC World News (10/10, story 8, 0:15, Gibson, 8.78M) and the CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) also mentioned Edmond's interview.

CNN's The Situation Room (10/10, Koppel) reported attorney Stephen Jones "said that he was contacted today by the House Ethics Committee, which…is conducting its own investigation. He's not clear, though, whether or not his client will be asked to appear before them."

Former House Clerk Emerges As Key Figure In Foley Investigation. The Chicago Tribune (10/11, Dorning, Zajac, 623K) reports former House Clerk Jeff Trandahl, "who formerly controlled the administrative apparatus of the House," emerged "as a key figure in the scandal over former Rep. Mark Foley's inappropriate emails to underage pages." Rep. Jim Kolbe, who "was informed as early as 2000 of suggestive emails from Foley to a former page described a more significant role for then-House Clerk Jeff Trandahl." Kolbe "said he passed the complaint on to Trandahl, who also was involved in handling a complaint in 2005 about inappropriate emails to another former page." The account "raises new questions about the quiet disposition of the later complaint, which officials handled by privately warning Foley to cease contact with pages." But House Speaker Dennis Hastert "defended his own staff's handling of the 2005 complaint about inappropriate emails from Foley, saying he could not find any fault in their actions based on what they knew at the time." However, Hastert said "he would dismiss any member of his staff involved in a cover-up, while Sen. John McCain (R-Ariz.) asked for an independent investigation of Republican leaders' handling of the complaints."

Fordham To Appear Before House Ethics Panel Thursday. CNN's The Situation Room (10/10, Koppel) reported, "CNN has also learned…that Kirk Fordham, who is Foley's former chief of staff, he is scheduled to appear before the House Ethics Committee on Thursday. Now, remember, that Fordham claims that he told a senior member of House Speaker Dennis Hastert's office about these concerns about e-mails, or at least contact that was inappropriate between Foley and interns, going back three -- or, I should say, pages going back three years." CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) reported, "Foley's former chief of staff, Kirk Fordham, testifies tomorrow before the House Ethics Committee."

McCain Calls For Independent Investigation Of House Page Scandal. ABC World News (10/10, story 8, 0:15, Gibson, 8.78M) reported, "Republican Senator John McCain called for an independent investigation of the House page scandal."

Doubts Raised About Foley's Alleged Drinking Problem. The Hill (10/11, Young) reports photographs and "first-hand accounts of Foley's public drinking told by acquaintances in Washington and Florida could reinforce doubts about the veracity of the claim that a drinking problem fueled his behavior, which included carrying on sexually explicit instant-message chats with former pages." Though "no law-enforcement authority has filed charges against Foley, his attorney could cite alcohol addiction as part of a legal defense by arguing that Foley was not in complete control of his actions when he contacted former pages over the Internet."

Hastert Pledges To Fire Any Aides Involved In Foley "Cover Up." The Los Angeles Times (10/11, Simon, Levey, 918K) reports Speaker Dennis Hastert said Tuesday "that anyone who covered up information about contacts between then Rep. Mark Foley and male pages 'really ought to go.'" During a "question and answer session with reporters outside a meeting of the Hispanic Chamber of Commerce in Aurora, Ill., Hastert said that ongoing investigations in the sex scandal should determine if his staff or anyone in Congress covered up information about the former Florida representative, and the former pages, 'shouldn't continue to have their jobs.'" Hastert "noted that none of the pages were approached by Foley while they were in Washington — only after they had graduated from the program. Moreover, Hastert said he is still searching for a candidate to run the program. 'I asked (former FBI Director) Louie Freeh to do it and (House Democratic Leader) Nancy Pelosi rejected him for some reason.'"

NBC Nightly News (10/10, story 5, , Williams, 9.87M) reported, "Hastert has been criticized for not doing more and today three new polls show large percentages of Americans think he should resign as Speaker. Hastert says he knew nothing about the Foley issue until the day Foley resigned but some of the staffers did know about Foley's less explicit emails months ago. Today Hastert was asked if any of those staff members should resign for not telling him." Rep, Dennis Hastert: "If anybody's found to have hidden information or covered up information, they really should be gone." ABC

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World News (10/10, story 8, 0:15, Gibson, 8.78M) and the CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) also briefly reported the story.

CNN's The Situation Room (10/10, Koppel) reported that House Speaker Dennis Hastert says "if anyone on his staff hushed up concerns about Mark Foley and the congressional pages, those people, in his words, will be fired." Hastert "acknowledged that complaints about Foley's conduct could have been handled better."

MSNBC's Hardball (10/10, Shuster) reported, "In Illinois today before a backdrop of a graveyard, House Speaker Dennis Hastert all but sacrificed his own staff." Hastert: "If there is a problem, if there was a cover-up, then we should find that out through the investigation process. They will be under oath. And we'll find out. If they did cover something up, then they should not continue to have their jobs."

USA Today (10/11, Kiely, Johnson, 2.27M) reports the story under the headline, "Hastert Says Fire Anyone Who 'covered' For Foley." The New York Times (10/11, Zeleny, Johnston, 1.21M) reports Hastert's remarks "were the first time he had used the term 'cover-up' in talking about the case. Mr. Foley, a Florida Republican, resigned late last month after explicit messages he had sent to a former page became public."

The Washington Post (10/11, A4, Babington, 748K) reports Hastert's remarks "came amid a quickening pace of investigations into Foley's relationships with teenage congressional pages and the House's handling of warnings about the Florida Republican's behavior." Hastert "again said he knew nothing of alarms raised in some circles about Foley's behavior toward pages until the day he resigned. Two high-ranking GOP House members have said they mentioned to Hastert concerns about 2005 e-mails that Foley sent to a former page from Louisiana."

The Washington Times (10/11, Hurt, 88K) reports the story under the headline, "Hastert Vows To Fire Staff In Foley Cover-up."

Prominent Democrats Refrain From Seeking Hastert Resignation. The Hill (10/11, Schor, Sherman, O'Connor) reports while House Republicans "rush to contain the political damage from the Mark Foley scandal, Democrats have relied on their challengers to push for Speaker Dennis Hastert's (R-Ill.) resignation while party leaders and most vulnerable incumbents refrain from calling for Hastert's head." More than "20 Democratic opponents of vulnerable GOP incumbents have urged Hastert to abandon the Speakership," but "no elected Democratic leader and no Democratic incumbents in competitive races have echoed those challengers, according to a search of public statements conducted by The Hill." The "trend places" Minority Leader Nancy Pelosi, Minority Whip Steny Hoyer (D-Md.) and Democratic caucus chairman James Clyburn (S.C.), "all of whom have declined to urge Hastert to step aside, in a less combative camp than the conservative Washington Times editorial page, several conservative activists and at least one Republican candidate."

Hastert Meets Critic Of Handling Of Foley Scandal. The AP (10/11, Hernandez) reports House Speaker Dennis Hastert met "with an evangelist who hoped to persuade the Illinois Republican to step down because of the congressional page sex scandal. Hastert had no comment after the meeting at his home with Christian evangelist K.A. Paul, founder of the Global Peace Initiative." Paul said he "met alone with Hastert for about 30 minutes and prayed with him." Said Paul, "I am humbled with his humility and simplicity." Paul said "the scandal is distracting the country from other issues."

Hastert's Memoir Highlighted Claims About "Incredible" Memory. The Hill (10/11, Heil) reports Speaker Hastert's "memory lapses may cost him some points this fall." House Majority Leader John Boehner and NRCC chair Thomas Reynolds "have said they talked to the Speaker about suspicious e-mails that former Rep. Mark Foley (R-Fla.) sent to House pages. Hastert had not denied that those conversations took place, but maintains he does not recall them." Democrat John Laesch, who is challenging Speaker Hastert, "highlights a noteworthy paragraph in Hastert's 2004 autobiography" on his Website. In the memoir, Hastert says, "Some say I have an incredible memory or recall for exactly what happened when and who said what to whom. I do listen pretty diligently, more than a lot of people listen, and I do pick up facts that way." The Hill adds Laesch "may not win, but he certainly knows how to compile opposition research."

Kolbe Clarifies His Knowledge Of Foley E-Mails. CNN's The Situation Room (10/10, Koppel) reported that Rep. Jim Kolbe "sought to clarify his knowledge of e-mails that were received dating back to 2000, or on or about 2000, between yet another former page and Congressman Foley. According to Congressman Kolbe, he was notified -- or his office was notified -- on or about 2000 by this former page, who said that he had received e-mails from

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Congressman Foley that made him uncomfortable. He said, 'I was not shown the content of the messages and was not told they were sexually explicit.' And, so, he recommended that this be passed on to Congressman Foley's office and to the House clerk."

NBC Nightly News (10/10, story 5, Reid, 9.87M) reported Kolbe "confirmed that he was told by another former page about six years ago of emails from Foley that made him uncomfortable. Kolbe says he sent the complaint to Foley's office. In statement, he says, 'I believe then and now that this is the appropriate way to handle this incident.' But Speaker of the House Dennis Hastert who was besieged by the media today, said Kolbe should have done more, including confronting Foley.

The AP (10/11, Taylor) reports Kolbe "said a former page he had sponsored contacted his office to complain of e-mails from Foley and that he 'passed along' the complaint to Foley, R-Fla., and then-House Clerk Jeff Trandahl. Kolbe said he did not take the matter to other lawmakers."

The Wall Street Journal (10/11, A6, Rogers, 2.03M) reports Kolbe "informed Kirk Fordham," then chief of staff to Foley, and "Jeff Trandahl, then the House Clerk, of the complaint." The complaint "appears to have been made between 2000 and 2002, or more than two years before a separate incident last fall, when a Louisiana family complained to their congressman of Foley emails to their teenage son, also a former page." In both cases, Foley was "warned directly or through his staff to cease contact with the former pages, and he apparently did. But following Mr. Foley's resignation on Sept. 29 -- and disclosure of his sexually explicit messages to former pages -- House Republicans are under fire for not having done more to investigate these early warnings of his behavior."

The AP (10/11, Talhelm) reports the issue has "thrust Kolbe, 64, the only openly gay Republican in Congress, into the spotlight just as he is preparing to leave Washington after 22 years in the House." It is "unclear whether Kolbe's role in the Foley saga will affect his post-Congress employment options. This week, he was named one of five finalists to head the Global Fund to Prevent AIDS, Tuberculosis and Malaria, the central financing engine of international efforts to fight those diseases."

Records Suggest Abramoff Had Lobbying Contacts With Pombo. In an exclusive story, the AP (10/11, Werner) reports, "California Rep. Richard Pombo has insisted he was never lobbied by Jack Abramoff. Records show the disgraced lobbyist billed a client for at least two contacts with Pombo a decade ago." The AP continues, "The lobbying records released by the Northern Mariana Islands show that Abramoff billed once for calls to Pombo, chairman of the House Resources Committee, and a second time for a discussion with him, while lobbying in 1996." The AP adds, "On more than two dozen other occasions from 1996 through 2001, Abramoff associates called or met with members of Pombo's staff, including his chief of staff, the records indicate. As the contacts picked up, Pombo voted Abramoff's way on a bill important to Abramoff's clients. … Pombo spokesman Brian Kennedy disputed the reported contacts, saying direct lobbying by Abramoff 'never happened' and the staff-level contacts were 'greatly inflated.' Abramoff, who pleaded guilty in a congressional corruption investigation, is 'an admitted felon' who can't be trusted, Kennedy said. … 'I think any of these billing records should be taken with a grain of salt if not dismissed entirely,' Kennedy said. He noted that e-mails have surfaced showing Abramoff instructed associates to inflate their billing hours. … Still, the records put in question Pombo's campaign-trail assertions that he barely knew Abramoff and was never lobbied by him."

Judge Orders DOJ To Respond To Siegelman Evidence Preservation Order. WSFA-TV, NBC 12, Montgomery, AL (10/11, Hammons) reports, "U.S. District Judge Mark Fuller has given the government until Friday, October 13, 2006 to show cause in writing why the emergency motion submitted by attorneys for Governor Don Siegelman, requesting preservation of evidence related to alleged jury misconduct, should not be granted. … The action of the judge is standard procedure." WSFA-TV continues, "Assistant United States Attorney Steve Feaga told WSFA.com, 'We will of course comply with the Court's order. We do not believe the motion is well founded and will so state in our response and provide our reasoning at that time.'" WSFA-TV adds, "Siegelman attorney David McDonald, responding to Mr. Feaga's comment told WSFA.com, 'I can't wait for the Justice Department to file a brief that opposes the preservation of evidence. I'm going to blow it up, frame it, and hang it on my wall.' … McDonald says he understands the government and the judge need time to respond to the motion concerning alleged juror misconduct and the possible introduction of extrinsic evidence into the jury room. However, McDonald says all he's asking is that all

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evidence be preserved while the judge takes the motions into consideration. 'How in the world is the government going to oppose that?" questions McDonald."

DOJ Seeks Death Penalty In Puerto Rico Murder Case. The AP (10/11, Rivera) reports, "Federal prosecutors on Tuesday urged a jury to choose capital punishment for a Puerto Rican man convicted of killing a hospital guard in what could be the first death sentence handed down in the U.S. territory in nearly 80 years." The AP continues, "Carlos Ayala Lopez was found guilty two months ago in the 2002 slaying of Jose Rodriguez Reyes, a guard at the Veteran's Medical Center in Rio Piedras. The jury reconvened Tuesday to decide if Ayala should be executed or sentenced to life in prison. … 'Justice will be to give him the punishment that he deserves ... and to sentence Carlos Ayala Lopez to death,' Assistant U.S. Attorney Jacabed Rodriguez told the jury of six men and six women." The AP adds, "One of the jurors cried as Rodriguez displayed photos of the crime scene at the hospital just outside San Juan. Prosecutors said Ayala shot the guard while trying to steal the man's gun for a planned drug trafficking operation. … Puerto Rico abolished capital punishment in 1929, but federal prosecutors can still seek the death penalty in some cases because the territory is subject to U.S. federal law. The island's last execution was in 1927, when a man was hanged for murder. The island's legislature approved a resolution reaffirming the anti-death penalty stance in May. … The only other case in which a federal jury in Puerto Rico had to decide whether to impose a death sentence was in 2005. The jury opted to give two men charged with murder a life sentence."

High Court Considers Viability Of Flawed Indictments. The AP (10/11, Sherman) reports, "Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court Tuesday, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case." The AP continues, "A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States. … The omission was so serious that it required automatic reversal of the conviction, the appellate court said." The AP adds, "Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver license when he approached the border crossing at San Luis, Ariz., on June 1, 2003. … Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began. .. .Even so, he said, the conviction should stand. … 'Such an error violates the Fifth Amendment, but it is harmless,' he said."

Attorney For Suspect In Killing Of Washington Federal Prosecutor Declares Innocence. The Seattle Post-Intelligencer (10/11, Shukovsky) reports, "The lawyer representing the prime suspect in the killing of federal prosecutor Tom Wales publicly declared his client's innocence Tuesday, rejecting the notion that he held a grudge against Wales and protesting the government's inquisitionlike investigation. … 'This is Richard Jewell all over again,' Seattle attorney Larry Setchell said, referring to the man wrongly suspected in the 1996 Olympics bombing." The P-I continues, "Setchell's client, a 45-year-old commercial pilot who recently moved to Snohomish, has been in the FBI's cross hairs since Wales was shot to death in his Queen Anne home five years ago today. … Next week, Setchell said, the pilot will provide agents with handwriting samples -- hoping to prove he wasn't the author of a bizarre, anonymous letter sent to the bureau earlier this year by someone claiming to be a hit man hired to kill Wales." The P-I adds, "After the Oct. 11, 2001, slaying, federal authorities launched a massive manhunt. If Wales was killed because of his job, he would be the first federal prosecutor murdered in the line of duty. … But in an interview with the Seattle P-I, Setchell said the FBI has 'no science' connecting the pilot to the scene of the killing. … 'They took everything from his house and they have nothing connecting him to Tom Wales. If they did, he wouldn't be walking the streets,' the attorney said. The P-I isn't identifying the pilot because he hasn't been charged with a crime." The P-I notes, "In 2001, Wales prosecuted the pilot, his business partner and others on charges that they improperly modified a surplus military helicopter for civilian use. Wales ultimately dropped the charges after an expert witness for the government was shown to have lied in another, similar case to the Justice Department, Federal Aviation Administration

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and the court, Setchell said. An internal investigative report from the Department of Transportation's Inspector General obtained by the P-I confirms that the expert witness lied. … FBI Special Inspector Robert Jordan, who this summer took charge of the investigation, will conduct a media briefing at noon today in which authorities will provide 'new information about the investigation.'"

FBI Investigating Specter Aide Over Pentagon Contract To Lobbyist Husband. USA Today (10/11, 5A, Kelley, 2.27M) reports, "The FBI is investigating whether a member of Sen. Arlen Specter's staff broke the law by helping her husband, a lobbyist, secure almost $50 million in Pentagon spending for his clients, the senator acknowledged Tuesday. In an Aug. 21 letter, FBI official Joseph Persichini Jr. told Specter, R-Pa., that the bureau is investigating 'allegations of possible criminal misconduct' by staff member Vicki Siegel Herson. Persichini also asked for a copy of a report summarizing the results of an investigation of Siegel and other Specter employees with relatives who are lobbyists." USA notes, "Specter says he didn't know of the link to Siegel, who was one of his top advisers on spending issues until last fall. Specter says he did nothing wrong."

The Philadelphia Daily News (10/11, Davies, 109K) reports, "FBI agents have reviewed…Specter's financial disclosure statements" in the Siegel probe. "Specter said in a phone interview yesterday that he has not been interviewed by the FBI and neither he nor his staff has received subpoenas in the matter. 'Everything that was ever done here was within the [Senate] ethics rules,' Specter said." The Philadelphia Inquirer (10/11, Goldstein, 399K) adds, "'I really do not know' what the FBI was looking for, Specter said" of the review of his financial disclosures. "He said the FBI contacted neither him nor any member of his staff. … He has also changed the rules in his office to preclude any contact between office staff and relatives of employees engaged in lobbying.

Ney To Appear In Court Friday. Rep. Bob Ney, who has admitted to accepting gifts from lobbyists in exchange for legislative favors is due to appear in federal court Friday to formally admit wrongdoing. The Hill (10/11, Kucinich) describes Ney's scheduled appearance as "more bad news" for the GOP which is still reeling from the scandal involving former Rep. Mark Foley's inappropriate contacts with house pages. The Hill notes that "to the dismay of Republicans," Ney is likely to make his court appearance as a sitting member of Congress. While Ney "has given up his gavels on the House Administration Committee and the Financial Services Housing and Community Opportunity subcommittee," he "has kept his seat. … A spokeswoman for the House Administration Committee confirmed Ney is still on the congressional payroll. Ney makes $165,200 annually, or $452.60 per day."

Malvo Pleads Guilty To Six Counts Of First Degree Murder. The Washington Post (10/11, B1, Londoano) reports that sniper Lee Boyd Malvo yesterday pleaded guilty to six counts of first degree murder, taking responsibility for his role in the October 2002 sniper shootings in Montgomery County. Malvo's attorneys said that before his scheduled November 9 sentencing hearing, "they will try to reach a 'global resolution,' which presumably would entail his pleading guilty to slayings and shootings in other parts of the country where he is a suspect. If such a deal is reached, Malvo, 21, could benefit by being allowed to serve time in a federal prison rather than a maximum-security penitentiary in Virginia, where he was first convicted of murder. Although defense lawyers raised the prospect of such an agreement, no negotiations appear to be underway."

The Washington Times (10/11, Wagner) reports, "State's Attorney Douglas F. Gansler said Malvo probably will be sentenced to six consecutive life terms without a chance for parole. The minimum sentence would be a single life term with a chance for parole." The Times adds, "According to an interstate agreement before the Montgomery trials, Mr. Gansler said Malvo will be returned to Virginia, where he was sentenced to life in 2003 for killing FBI analyst Linda Franklin, 47, on Oct. 14, 2002, in a parking lot outside the Home Depot in Falls Church."

The Baltimore Sun (10/11, Siegel) reports, "Malvo's lawyers said Tuesday they will move quickly to try to reach an agreement by his scheduled Nov. 9 sentencing in Rockville, where prosecutors are seeking the maximum sentence of six consecutive prison terms of life without parole. … 'We are about to hopefully embark on some candid and frank discussions with some local prosecutors,' said William C. Brennan, Malvo's lawyer. He said he will try in the coming weeks to 'to effectuate a global resolution to Mr. Malvo's legal problems,' but he and prosecutors declined to specify which shootings might be involved. … Charges are pending against Malvo and Muhammad in Alabama, Louisiana and

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Washington, D.C.. The pair is suspected -- in some cases because Malvo reportedly told police about them -- in shootings in Arizona, California, Florida, Georgia, Texas and Washington state."

The AP (10/11, Manning) reports, "Malvo has already been convicted of shootings in neighboring Virginia. Montgomery County State's Attorney Douglas Gansler said such a plea deal could mean Malvo may not serve his sentence there. … Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot in Washington, D.C. and serve his life term in the federal system, Gansler said. Federal prosecutors handle murder cases in the District of Columbia." The AP adds, "Gansler said the decision rests with Virginia authorities, who agreed to let Malvo and his one-time mentor, John Allen Muhammad, come to Maryland for new trials. Under an interstate agreement, Maryland must return Malvo after his sentencing. … Kevin Hall, a spokesman for Virginia Gov. Tim Kaine, said Kaine's staff has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The Virginia prosecutors who first tried the pair were opposed when the idea was proposed a few months ago."

Judge Delays Wecht Trial Until 3rd Circuit Rules On FBI Records. The Pittsburgh Tribune-Review (10/11, Cato) reports, "The federal public corruption trial of Dr. Cyril H. Wecht will not begin next week as scheduled. U.S. District Judge Arthur J. Schwab released the jury pool of nearly 300 people, effectively postponing the Oct. 16 trial start date indefinitely." The Tribune-Review notes that the 3rd US Circuit Court "has been asked to decide whether internal disciplinary records of the lead FBI agent in the case should be made public and whether a federal court rule in Pittsburgh that keeps lawyers from speaking to the media is constitutional." The AP (10/11, Mandak) adds, "Wecht's attorneys appealed to the 3rd Circuit after Schwab upheld FBI searches for Wecht's records and computers. Defense attorneys had attacked the credibility of the FBI agent who obtained the search warrants, but Schwab overruled some of their objections because he said they were filed too late."

California City Councilman Pleads Not Guilty To Corruption Charges. Bay City News Wires (10/11) reports, "A Colma city councilman facing public corruption charges was arraigned Tuesday morning in San Francisco federal court." Philip J. Lum "pleaded not guilty before a U.S. Northern District Court judge to charges he failed to report gifts accepted from the owner of a Colma casino in exchange for voting favorably on City Council matters that benefited the casino." BCN notes, "The charges came after a three-year FBI investigation revealed that Lum, who has been on the Colma City Council since 1986, accepted first-class and coach airline tickets to the Philippines from 1999 until 2001 from the owner of Colma's Lucky Chances Casino, according to the U.S. attorney's office. … Lum was released on $100,000 bail."

Philadelphia Architect Sentenced To Probation For Illegal Contributions. The Philadelphia Inquirer (10/11, Shiffman, 399K) reports, "A Philadelphia architect who participated in a pay-to-play scheme in which $30,000 from a corporation was illegally funneled toward Mayor Street's reelection was sentenced to two years' probation yesterday. The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe. The architect, Terry Crockett, had pleaded guilty to conspiracy and fraud and had helped authorities make a case against two codefendants." The Inquirer notes, "After Sky Sites paid Crockett, he gave $10,000 each to consultant Joseph Moderski and Eric Selby, a former vice president of Sky Sites. The three men then each gave $10,000 to a political action committee controlled by Ronald A. White, a chief Street supporter."

Immunized Computer Technician Helped FBI Access Fumo Emails. The Philadelphia Inquirer (10/11, Shiffman, Cattabiani, 399K) reports, "Last fall, agents on the FBI's public corruption squad faced a problem: They couldn't read encrypted e-mail seized from State Sen. Vincent J. Fumo's offices. On Oct. 18, they got a break. Donald Wilson, a state Senate computer technician who had been granted immunity, suddenly remembered something, according to a newly unsealed FBI affidavit. He still had two portable data cards -- with all the passwords to open the e-mail. … With that breakthrough, the affidavit said, agents were able to read more Fumo office e-mails talking about destroying records and fretting about the FBI -- a trail that helped lead to obstruction-of-justice charges against two other Fumo computer technicians, Leonard Luchko and Mark Eister." The Inquirer notes, "Prosecutors, who have been investigating Fumo for three years, say they will decide by Christmas whether to indict Fumo, or others."

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Missouri Federal Prosecutors Begin Child-Porn Crackdown. The St. Louis Post-Dispatch (10/11, Patrick) reports, "Missouri's federal prosecutors said Tuesday that they are reinforcing the battle against an 'epidemic' of online child pornography, in an effort funded in part by well-known St. Louis concert promoter and philanthropist Steven Schankman." The Post-Dispatch continues, "Schankman) said he donated $100,000 toward the estimated $600,000 annual budget to help provide a more coordinated attack. He said his desire comes from various directions, including experiences of his employees' children. … Schankman said it had little or nothing to do with federal charges that sent his son, Jason P. Schankman, to prison in April for almost 16 years for producing and receiving child pornography here. The younger Schankman, 31 when he was charged last year, lived in Kirkwood." The Post-Dispatch adds, "Steven Schankman said his financial help was not intended to get his son a break from U.S. Attorney Catherine L. Hanaway's office. 'I'm too smart to say this will help my son and she's too smart to say it will,' he said. 'Catherine Hanaway did what she had to do.' … Hanaway said she had told Steven Schankman she could not work with him on the project while his son's case was open. … On Tuesday, her office announced creation of a child exploitation unit, which will refocus some prosecutors' efforts on child pornography. She also said the FBI is planning to bear down on pornographers who use 'peer-to peer' file-sharing networks that are commonly used to share music. … Several cases where child pornographers used the Kazaa network have been prosecuted in federal court in Kansas City, said Bradley Schlozman, U.S. attorney for the Western District of Missouri. Kazaa cases have also been handled in St. Louis, Assistant U.S. Attorney Jeff Jensen said."

Former California TV Reporter Charged In Alleged Child Sex Abuse Case. The AP (10/11) reports, "A retired police sergeant and former television reporter was charged Tuesday in connection with several encounters between him and two 12-year-old boys in a cruise ship spa, authorities said." Roderick "Rod" Bernsen "was arrested at the Port of Los Angeles Saturday by FBI agents investigating a complaint by the mother of one of the boys, authorities said. He faces one count of abusive sexual contact. He made his first appearance in federal court Tuesday, where his bail was set at $850,000." The AP notes, "During an encounter in the steam room, the boys alleged that Bernsen inappropriately touched himself in front of them. They claim he later followed them to shower stalls where he inappropriately touched them, the affidavit said." The Los Angeles Times (10/11, Mozingo, 918K) adds after the boys' mother reported the alleged incident, "Bernsen went to ship security too, said nothing inappropriate had happened, but promised to stay away from the boys. A Princess Cruise Lines executive called the FBI that day to report 'a possible sexual assault of two 12-year-old boys by a 58-year-old man.' The FBI waited until the ship docked five days later to question and then arrest Bernsen."

Aviation Experts Debate Whether Criminal Charges Should Follow Jet Crashes. USA Today (10/11, Levin) reports, "Two U.S. charter pilots being held in Brazil following a fatal midair collision over the Amazon jungle are at the forefront of the latest debate over whether members of flight crews should face criminal charges in jet crashes, aviation experts said Tuesday. … Criminal investigations after an accident are part of 'an increasing and alarming trend,' said William Voss, president of the Flight Safety Foundation, a safety group. 'This tends to get in the way of the safety investigation, whose purpose is to find the causes and prevent future tragedies,' Voss said." USA adds, "The NTSB determines the 'probable cause' of accidents, but steers away from criminal cases or civil lawsuits. Groups such as the Flight Safety Foundation say that punishing individuals for mistakes does not help prevent accidents."

Prosecutor Drops Assault Charge Against Maryland State Senate President. The Washington Post (10/11, B1, Wiggins) reports, "A Baltimore prosecutor dropped an assault charge yesterday against Senate President Thomas V. Mike Miller Jr., who was accused last month of punching a developer," Leo Bruso, "in the jaw during a" County Council meeting. Gerard B. Volatile, "who was handling the case on behalf of the Prince George's County state's attorney's office, said he did not have enough evidence to move forward with the case. … 'After interviewing numerous potential witnesses, including the witnesses closest to Mr. Bruso at the council hearing and persons in a position to have the best perspective to see what happened, I do not believe that this allegation rises to a criminal matter,' Volatile told District Judge Thurman H. Rhodes yesterday."

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Volatile "said that he interviewed more than a dozen potential witnesses and that none corroborated Bruso's account."

Missouri Nursing Home Operator Pleads Guilty To Medicare Fraud. The St. Louis Post-Dispatch (10/11, Patrick, 300K) reports Missouri nursing home company "American Healthcare Management and its former chief executive officer, Robert Wachter, reaped at least $4 million by slashing care while some patients lay dehydrated, underfed or in their own filth, officials said. One resident was covered in ants, one was bruised from falls, one wandered off across a six-lane intersection and one was beaten to death by an employee. … Wachter, AHM and three nursing homes pleaded guilty Tuesday to one count of conspiring to defraud the federally backed Medicare and Medicaid programs by taking payments for a level of care not provided." The Post-Dispatch notes, "State surveys originally alerted the Department of Health and Human Services to problems, said Roland Corvington, special agent in charge of the FBI at St. Louis, which joined the investigation."

Federal Officials Eye Woman's Property In Prostitution Case. The Washington Times (10/11, Emerling) reports, "Federal officials have filed suit against two California properties owned by a woman whose D.C.-based escort service is the subject of a money-laundering and prostitution investigation. A civil suit filed Oct. 3 by the U.S. Attorney's Office in the District lists two properties owned by Deborah Jean Palfrey -- one in Vallejo and one in Escondido, Calif. -- as subject to forfeiture pending the outcome of the criminal investigation. As of July, the properties were worth $495,000 and $480,000, respectively."

DC Mosque Accuses Financial Manager Of Embezzlement. The Washington Times (10/11, McElhatton) reports, "The Islamic Center of Washington, D.C., one of the most prominent mosques in the country, is accusing its longtime financial manager of embezzling hundreds of thousands of dollars by funneling checks to companies under his control. Farzad Darui of Falls Church was suspended last month as financial manager of the center, according to court records." Officials for the Islamic Center "have told their attorneys that they discovered more than $300,000 in canceled checks since 2000 that were paid by the center to at least two Virginia companies under Mr. Darui's control, court records show. … No criminal charges have been filed in the case."

Chicago Police Question Suspect In Triple Homicide. The Chicago Tribune (10/11, Heinzmann, Meisner) reports, "Chicago police were questioning a suspect Tuesday in the weekend slayings of an 80-year-old grandmother and two of her adult children and the assault of a teenage relative in their South Side home. The male suspect was in custody and charges were expected, but none had been filed Tuesday evening, Chicago police spokeswoman Monique Bond said. She declined to say how long he had been in custody or whether it was believed he acted alone." The Tribune adds, "The bodies of Elnora White, her son Curtis, 56, and her daughter Elnoria Countee, 54, were found Saturday afternoon in their first-floor apartment in the 8100 block of South Green Street in the Auburn Gresham neighborhood, police said. … According to the Cook County medical examiner's office, which conducted autopsies Sunday, Curtis White, who was disabled and found dead in bed, died of stab wounds in his face. Elnora White, who was found on the floor of the dining room, died of blunt trauma wounds. Countee, who was found on her bedroom floor, died of a stab wound in the chest."

Three Year Old Girl's Alleged Shooter Captured. The Los Angeles Times (10/11, Winton, Hayasaki) reports, "A 17-year-old gang member accused of intentionally shooting a 3-year-old girl at point-blank range last month was captured by an LAPD-FBI task force in San Bernardino County today after community members gave up his location, police said. Jonathan Banks of Los Angeles was named Monday by the LAPD as the man who killed Kaitlyn Avila and wounded her father, Cesar, during a Sept. 24 attack that stunned the Baldwin Village neighborhood. An alleged accomplice of Banks was arrested Friday."

Liquor Store Owner Fears Reprisals After Tracking Down Gang Members Who Robbed His Store. The Los Angeles Times (10/11, Becerra, Winton) reports, "Ten times in the last month, the same group of robbers walked in and hauled away beer, chips and other food. Brandishing a knife, the robbers warned the store's owner: 'We know where you live.' But the owner of the Washington Boulevard shop would not back down. Instead, he installed video cameras around the store to capture

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images of the robbers. Then he roamed the neighborhood with the photos, getting their identities. The culmination of his detective work came Monday night when undercover Los Angeles police officers watched as several of the young men walked out of the store with two cases of stolen beer. The detectives chased the men and arrested two of them." But now, the store owner is "worried about reprisals."

Three Men Charged In Robbery Murder. The Washington Post (10/11, B4, Partlow) reports, "Three Prince George's County men have been charged with attempting to rob a 41-year-old man of his backpack and cellphone, then beating him with a baseball bat and fatally shooting him, according to charging documents. The three men -- Timothy McLeod, 20, James D. Brumfield, 19, and Douglas I. Riley Jr., 21 -- are charged with first-degree murder in the killing of Jose Vicente Yaque, who lived along Edmonston Road in the Bladensburg area. They appeared yesterday via teleconference in Prince George's County District Court for a bond hearing."

CIVIL LAW:

Oracle Settles GSA Contract Fraud Charges With DOJ For $98.5 Million. The Wall Street Journal (10/11, B3, Vara) reports, "Oracle Corp. agreed to pay $98.5 million to the U.S. government to settle a lawsuit alleging PeopleSoft Inc., which Oracle acquired last year, overcharged the government on contracts for software and services." The Journal continues, "Under a General Services Administration program, vendors agree to disclose pricing policies for their private-sector customers in exchange for a chance to sell to government customers under one contract. … In this case, during PeopleSoft's negotiation with the government over an initial software contract and two extensions, the company understated the discounts it provided to commercial customers, according to a statement from the Justice Department. That meant most federal purchasers under the contract paid inflated prices between March 1997 and Sept. 2005, the Justice Department said."

The Washington Post (10/11, D3, Rich) reports, "The civil settlement, reached at U.S. District Court in Maryland, was disclosed at a news conference in Washington as officials announced a new task force targeting procurement fraud. Deputy Attorney General Paul J. McNulty said the task force, established by the department's criminal division, would detect and prosecute fraud associated with increased contracting activity for national security and other government programs." The Post continues, "McNulty said the task force is modeled on efforts to combat fraud after Hurricane Katrina and a similar program he initiated last year when he was U.S. attorney in the Eastern District of Virginia. … The settlement with Oracle resolved allegations that PeopleSoft understated to the GSA the discounts it provided to commercial customers. GSA regulations require that a vendor disclose its commercial pricing policies during negotiations for a single contract that can give a vendor access to hundreds of government purchasers."

The AP (10/11, Jordan) reports, "The settlement with Oracle's PeopleSoft kicked off what the department called a crackdown on waste, fraud and abuse in federal contracts. … 'Criminals who cheat the government must be identified, stopped and punished,' Deputy Attorney General Paul McNulty told reporters in Washington. He estimated that 5 percent of federal agencies' annual revenues is wasted on faulty or otherwise illegal contracts."

The CNET News (10/11, Fried) reports, "The settlement was the largest ever related to the General Services Administration's Multiple Award Schedule program, the Justice Department said. The MAS program requires vendors to provide their commercial pricing information to the government in exchange for the ability to strike deals with hundreds of federal agencies under a single contract. The Justice Department said PeopleSoft's disclosures 'were not current, accurate and complete.' … 'The program works well when vendors follow the disclosure rules and provide GSA with the information it needs to negotiate good prices for government purchasers,' Deputy Attorney General Paul McNulty said in a statement. 'This agreement demonstrates the department's determination to hold vendors accountable for abusing GSA's trust and damaging its programs.'"

CNN.com (10/11, Frieden) reports, "Justice Department officials said the Task Force would be modeled after the Hurricane Katrina Fraud Task Force, which they say has been successful in uncovering efforts to defraud the federal government."

Market Watch (10/11, Paige) reports, "The settlement resolved allegations that PeopleSoft provided inaccurate and incomplete pricing information for licenses of its software and related maintenance during negotiations with the government. As a result, federal agencies overpaid for software and maintenance between March 1997 and

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September of last year, according to the Justice Department. … A spokeswoman for Oracle, of Redwood Shores, Calif., said the company cooperated fully with the investigation of the PeopleSoft contract. … 'Oracle was not aware of the suit at the time of the acquisition,' said Deborah Hellinger, the spokeswoman. 'Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract.'"

High Court Finds For Small Tobacco Firms. The Wall Street Journal (10/11, A10, Anderson, O'Connell, 2.03M) reports that Supreme Court was not convinced by 30 states seeking a High Court review of "whether three small tobacco companies can use one lawsuit to challenge state-by-state payment requirements related to a massive 1998 industry settlement. The court's decision not to consider the appeal means the three companies can proceed, in a New York federal court, to challenge payments to state accounts established to cover damages in tobacco lawsuits." The Journal adds, "But Grand River Enterprises Six Nations Ltd. of Gowanda, N.Y.; Nationwide Tobacco Inc. of Blaine, Wash.; and 3B Holdings Inc. of Lewiston, Idaho, challenged the payments in a lawsuit filed in New York, where the master agreement was negotiated and signed by the four major cigarette makers and 46 states. The small companies weren't party to the settlement."

Dow Jones (10/11) reports, "The 2nd U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge against all of the state escrow fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty because the tobacco company challenge deals with 30 different sets of state laws. … 'The Second Circuit's ruling...upsets the delicate relationship between the states and the federal courts,' the states said in their appeal."

The AP (10/11, Yost) reports, "The justices' decision allows the companies to continue to fight state laws requiring payments to accounts set up as part of a $206 billion financial settlement eight years ago with the largest tobacco companies. Each of the 30 states had passed a law requiring companies that didn't participate in that settlement to pay into the escrow funds to help cover future damage awards." The AP adds, "The three small companies sued, alleging the states violated antitrust law and the Commerce Clause of the U.S. Constitution. The laws each state passed were mostly identical to model legislation contained in an appendix to the settlement with the biggest tobacco companies. … The 2nd U.S. Circuit Court of Appeals in New York, the state where the settlement negotiations had taken place, allowed the small companies to pursue the antitrust claims." The AP notes, "In asking the Supreme Court to take the case, the state governments say the appeals court is treating a state's most sovereign act, the passage of legislation, 'as though it were the culmination of a commercial antitrust conspiracy.' … The states wanted the court to consider whether principles of due process and state sovereignty permit a federal judge in New York to exercise jurisdiction over the state attorney general in another state."

Plame Parts Ways With Lawyer In Civil Suit. John McCaslin in his "Inside the Beltway" column in the Washington Times (10/11, 88K) writes that the latest issue of the American Lawyer suggests Valerie Plame's civil lawsuit has no merit as "one theory as to why" she "suddenly parted ways with her attorney, Proskauer Rose partner Christopher Wolf -- her next-door neighbor, no less -- shortly after her civil action was filed against senior Bush administration officials." McCaslin notes, "Headlined 'File and run,' the article quotes lawyer Victoria Toensing, a former chief counsel to the Senate Select Committee on Intelligence, as saying: 'I'm amazed Proskauer took the case in the first place.'"

US Challenges AIDS Funding Ruling. The AP (10/11) reports, "The Bush administration sought Tuesday to overturn a court decision that lets nonprofit AIDS groups apply for federal funding without signing a pledge opposing prostitution and sex trafficking." The AP continues, "At least one of the groups, DKT International Inc., has refused to sign the pledge because it helps distribute condoms to prostitutes and other sex workers in Vietnam." The AP adds, "DKT last year sued the U.S. Agency for International Development, contending their free speech rights were violated by a 2003 law requiring that they explicitly oppose prostitution and sex trafficking to qualify for part of a $15 billion AIDS program. … In May, U.S. District Judge Emmet G. Sullivan sided with DKT, saying the funding conditions insist that groups 'parrot' the U.S. government's position on prostitution. … But the Justice Department, in its appeal Tuesday, called the funding condition 'highly germane' to the overall goal of fighting the spread of AIDS and HIV. … The case now heads to the U.S. Court of Appeals for the District of Columbia. A date for arguments has not yet been set."

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CIVIL RIGHTS:

DOJ Charges Black Political Leader In Mississippi With Suppressing White Vote. The New York Times (10/11, Nossiter) reports from Macon, MS, "The Justice Department has chosen this no-stoplight, courthouse town buried in the eastern Mississippi prairie for an unusual civil rights test: the first federal lawsuit under the Voting Rights Act accusing blacks of suppressing the rights of whites." The Times continues, "The action represents a sharp shift, and it has raised eyebrows outside the state. The government is charging blacks with voting fraud in a state whose violent rejection of blacks' right to vote, over generations, helped give birth to the Voting Rights Act of 1965. Yet within Mississippi the case has provoked knowing nods rather than cries of outrage, even among liberal Democrats." The Times adds, "The Justice Department's main focus is Ike Brown, a local power broker whose imaginative electoral tactics have for 20 years caused whisperings from here to the state capital in Jackson, 100 miles to the southwest. Mr. Brown, tall, thin, a twice-convicted felon, the chairman of the Noxubee County Democratic Executive Committee and its undisputed political boss, is accused by the federal government of orchestrating -- with the help of others – 'relentless voting-related racial discrimination' against whites, whom blacks outnumber by more than 3 to 1 in the county. … His goal, according to the government: keeping black politicians -- ones supported by Mr. Brown, that is -- in office. … To do that, the department says, he and his allies devised a watertight system for controlling the all-determining Democratic primary, much as segregationists did decades ago."

Parties Agree To Stop Crossover Voting In South Carolina Primaries. The AP (10/11, Davenport) reports, "South Carolina Republican and Democratic party leaders have agreed to swap voter rolls in their 2008 presidential primaries to stop people from casting ballots in both contests." The AP continues, "Neither party likes the idea of voters casting a ballot in both primaries. … 'I don't want people who have voted in their primary attempting to vote in ours,' state Democratic Party Chairman Joe Erwin said Tuesday. … But that might not be an easy task in a state where the parties pay for and run the presidential primaries. Voters don't register by party and State Election Commission spokesman Chris Whitmire said the parties can set whatever rules they want. … 'We don't view it as a real election. We liken it more to a straw poll' that guides delegates at national conventions, he said." The AP adds, "A quarter of presidential primary voters here describe themselves as independents. The Legislature has repeatedly refused to require party registration in the presidential primaries. … The first party to hold a primary will hand over the voter rolls to the other party, leaders said. … Erwin said he's having legal experts look at the plan. … 'I want a legal opinion on whether or not a poll worker can deny anyone from voting because they are looking at a list,' Erwin said. … A U.S. Justice Department spokeswoman on Tuesday could not immediately answer questions about the plan."

Report Finds Little Evidence Of Polling Place Fraud. A preliminary report to the US Election Assistance Commission has found little evidence of the type of polling place fraud many states are instituting new voter registration and identification requirements to stop. USA Today (10/11, Wolf, 2.27M) reports, "USA TODAY obtained the report from the commission four months after it was delivered by two consultants hired to write it. The commission has not distributed it publicly. At least 11 states have approved new rules for independent voter-registration drives or requirements that voters produce specific forms of photo ID at polling places. Several of those laws have been blocked in court, most recently in Arizona last week. The House of Representatives last month approved a photo-ID law, now pending in the Senate. The bipartisan report by two consultants to the election commission casts doubt on the problem those laws are intended to address. 'There is widespread but not unanimous agreement that there is little polling-place fraud, or at least much less than is claimed, including voter impersonation, 'dead' voters, non-citizen voting and felon voters,' the report says."

A separate story in USA Today (10/11, Wolf, 2.27M) reports that these new laws restricting who can register and vote "e have reduced the number of people who may have voted otherwise. Some of those laws have been blocked in court. Even so, critics say, the damage has been done." USA adds, "Advocates of registration and photo identification laws say they are needed to prevent fraud. They say the rules apply to all potential voters, regardless of race, ethnicity, income or ideology."

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SCOTUS Rejects Gay Marriage, Abortion Cases. The AP (10/11) reports, "The Supreme Court refused to intervene Tuesday in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed." The AP continues, "The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage." The AP adds, "A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts. … The 9th U.S. Circuit Court of Appeals agreed in May that the couple should await the outcome of the state court challenge. .. .Last week, a California appeals court upheld the state ban on same-sex weddings. That case appears headed for the California Supreme Court." The AP notes, "The Supreme Court on Tuesday turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago. … Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade."

Marcus Concerned Over Popularity Of South Dakota Abortion Ban. Ruth Marcus in her column in the Washington Post (10/11, A19, 748K) writes that "it's alarming that the vote on repealing the" South Dakota law banning abortions "may be so close. An independent poll in July found 47 percent of voters opposed, 39 percent in favor. But a more recent poll, commissioned by an antiabortion group, showed the gap much narrower, 47 to 44 percent. Four of the eight Republican state senators who had opposed the ban were ousted in primary elections." And the repeal effort, "rather than challenge the law in court, where it would almost certainly be overturned, carries twin risks -- failure and success." And if it is repealed "what happens if and when antiabortion forces come back with a version more palatable to South Dakotans? The July poll showing 47 percent of voters opposed to the ban found that 59 percent would support it with exceptions for rape and incest."

Real Estate Brokerage Accused Of Discriminatory Sales Practices. The New York Times (10/11, Scott) reports, "The National Fair Housing Alliance…charged yesterday that agents in the Brooklyn Heights office of the city's largest residential real estate brokerage, the Corcoran Group, had engaged in discriminatory sales practices, including racial steering and withholding information from African-American clients." The report said "an agent 'produced a map of Brooklyn and drew a red outline of the areas in which the white home seeker should consider living.' The agent used arrows to indicate neighborhoods that were 'changing.'" The Times adds, "Pamela Liebman, president and chief executive officer of Corcoran, said in an interview yesterday that her firm 'has always been devoted to fair housing' and recently required all of its agents to undergo four hours of training in fair housing law and practices. She said, 'I have never been given the specific charges as they relate to the Corcoran Group and I anxiously await them as we intend to defend ourselves vigorously.'"

NYTimes Celebrates US Diversity. The New York Times (10/11, 1.21M)in an editorial writes that whoever becomes America's 300 millionth person "should get a bouquet and a thank-you card. It should be signed by President Bush on behalf of a grateful nation that is buzzing with a youthful energy for which the aging powers of Europe would gladly trade their pension obligations. If the newcomer is an immigrant, he or she should also get an apology from Mr. Bush for the scarcity of worker visas, and a promise to get right on that problem." The Times concludes, "Our teeming immensity keeps us from going stale, and despite some people's panic attacks, our population issues have mysterious ways of working themselves out. America has big problems, but it also has 300 million reasons to be hopeful."

ANTITRUST:

DOJ Expected To Approve AT&T-BellSouth Merger. The AP (10/11, Dunbar) reports, "The Justice Department is expected to approve AT&T Inc.'s buyout of BellSouth Corp. without attaching any conditions to the deal, three people knowledgeable about the matter said Tuesday. … The proposed merger, now valued at about $78 billion, would create a telecommunications giant with both the largest landline and wireless networks in the nation. A Justice

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Department official declined to comment on the decision, and the sources who disclosed it declined to be identified because the action had not been formally announced." The AP continues, "The Justice Department is expected to approve the buyout Wednesday despite a plea from the chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., and other members of Congress that the deal not be allowed to go through until details related to two previous telecommunications mergers are settled and other concerns are addressed."

Bloomberg (10/11, Rowley) reports, "AT&T, formed last year by SBC Communication Inc.'s takeover of AT&T, is the largest U.S. telephone company. The combination with BellSouth, the third-largest U.S. phone company, would provide service in 22 states. … The Federal Communications Commission is scheduled to vote on the deal two days from now. The FCC typically doesn't act on a takeover before the Justice Department has announced its decision. FCC Chairman Kevin Martin has pushed for approving the transaction without conditions."

USA Today (10/11, Davidson) reports, "Justice could still shift course and require some last-minute concessions, these people say. But the department typically acts on telecom mergers before the Federal Communications Commission, which is scheduled to vote on the deal Thursday." US Aadds, "A Justice decision not to require concessions could embolden FCC Democrats to seek even tougher conditions than they might otherwise, say people with knowledge of the situation. They requested anonymity because Justice has not announced its decision. … FCC Chairman Kevin Martin, a Republican, has recommended approval without conditions."

The Wall Street Journal (10/11, A10, Schatz) reports, "Justice Department officials are expected to say that the merger of the two phone giants doesn't pose significant competitive threats that require divestures, conditions or a consent decree, the lawyers said. The Federal Communications Commission has scheduled a vote to approve the deal tomorrow. … The decisions by the Justice Department and FCC to approve the deal quickly come despite bipartisan requests from some congressional leaders to hold off until a federal judge rules on an antitrust review of the mergers last year of SBC Communications Inc. and AT&T Corp., and Verizon Communications Inc. and MCI Inc." The Journal notes, "Opponents of the AT&T/BellSouth deal, including smaller phone companies and consumer groups, have complained the deal will result in higher prices for consumers and high-volume business customers. The fact that the government appears to have few qualms about approving the deal so soon after the Baby Bell mergers last year shows how much the communications industry has changed in the 22 years since the government broke up Ma Bell."

Investor Claims Microsoft Helped Utah Firm Finance Linux Litigation. The AP (10/11, Foy) reports, "Microsoft Corp. helped a Utah company raise money for its legal challenge to the open-source Linux operating system, an investor said in a court filing." The AP continues, "In a sworn statement, Lawrence R. Goldfarb, a founder of BayStar Capital Management of Larkspur, Calif., said he invested $50 million in The SCO Group Inc. at the urging of Microsoft executives who promised to guarantee BayStar's investment against any losses. … Goldfarb says Microsoft reneged on the promise. In a statement to The Associated Press, Microsoft denied making any such assurance." The AP adds, "Goldfarb's statement was filed in federal court last week by IBM Corp. as the tech company asked a judge to throw out what remains of a long-running legal battle. SCO sued IBM for $5 billion in 2003, accusing it of donating SCO's proprietary Unix code to Linux developers. … A magistrate, however, has dismissed 182 of SCO's 294 claims against IBM. U.S. District Judge Dale Kimball has scheduled an Oct. 24 hearing to hear SCO's appeal of that ruling."

DOJ Launches Antitrust Probe Of Private Equity Firms. Bloomberg (10/11, Cole) reports, "The U.S. Department of Justice has begun an informal antitrust inquiry of private-equity firms and their collaboration on leveraged buyouts, a person familiar with the matter said today." Bloomberg continues, "Justice officials in recent weeks sent letters to firms seeking information about deals and business practices, according to the person, who asked not to be identified because the probe isn't public. Kohlberg Kravis Roberts & Co. and Silver Lake Partners were among those contacted, the Wall Street Journal reported earlier today. … 'It's very serious for the buyouts firms as this investigation could last up to a year,' Sean Boland, co-chair of the antitrust practice at Washington-based law firm Howrey LLP, said in a telephone interview."

The Financial Times (10/11, White, Kirchgaessner) reports, "The US private equity industry was hit on Tuesday by

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the revelation of a government inquiry into potentially anti-competitive behaviour by some of its top groups. The Department of Justice investigation appears to focus on whether buy-out groups colluded to keep asset prices down in company auctions, according to industry executives. In a letter to buy-out groups including Carlyle, Kohlberg Kravis Roberts and Silver Lake Partners the government demanded information about deals dating back to January 2003, people familiar with the requests said on Tuesday. … The DoJ declined to comment, as did Carlyle, KKR, Silver Lake and other private equity groups."

The New York Times (10/11, Sorkin) reports, "Two rival leveraged buyout firms make bids for the same company. At the 11th hour, one firm drops out of the auction, unwilling to pay more. … The remaining buyout firm is declared the winner. A month later, another company is put up for sale — only this time the two firms that had just been fierce competitors have teamed up to bid together for it. … Friendly competition? Or collusion?" The Times continues, "That question is what the Justice Department appears to be examining as part of a preliminary inquiry into possible anticompetitive behavior in the clubby private equity industry, according to people briefed on the investigation." The Times adds, "Several of the nation's largest firms, including Kohlberg Kravis Roberts & Company, the Carlyle Group, Clayton, Dubilier & Rice and Silver Lake Partners, have received letters from the Justice Department seeking broad information about their business practices and involvements in auctions going back to 2003. … The letters, sent within the last 10 days, appear to be the beginning of a wide-ranging inquiry into private equity, an industry that has become an increasingly powerful force on Wall Street in recent years but remains relatively unregulated. Of particular concern has been the emergence of consortiums in many big buyouts."

The Wall Street Journal (10/11, C1, Berman, Sender) reports, "When hospital operator HCA Inc. announced a deal to be taken private by a trio of private-equity firms earlier this summer for $21.3 billion, the buyers worried that a rival bidding group would crash the party and force the price higher. But no such bid materialized. … At least some of these rivals held off, say people familiar with the decision making, because they feared a competing bid for HCA would open the door for other firms to jump in on the rivals' own, other buyout deals, these people said. (In other words, you don't bid on my deal, I won't bid on yours.)" The Journal adds, "Such calculations on whether to join forces or face off against competitors have been at the heart of private-equity investing over the last three years. Assessing these rules of engagement in the multibillion-dollar world of corporate buyouts is also part of a new Justice Department inquiry into private equity's auction practices since 2003, according to people familiar with the effort. .. .The inquiry, reported yesterday by The Wall Street Journal, centers on how groups of private-equity firms conduct their bidding in corporate auctions, according to people familiar with letters sent to buyout firms." The Journal notes, "In many of these transactions, powerhouse private-equity firms -- which pool large sums of capital from wealthy investors and institutions -- team up to make bids to take companies private, hoping to cash in by selling them later at a higher price. .. .The inquiry, run by the Justice Department's antitrust division in Manhattan, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Those receiving letters include Kohlberg Kravis Roberts & Co., Silver Lake Partners and Carlyle Group, according to people familiar with the matter, and the list is likely to grow."

Judge Delivers Split Ruling In Qualcomm-Broadcom Dispute. The AP (10/11) reports, "Semiconductor maker Qualcomm Inc. violated parts of a patent held by rival Broadcom Corp. that helps cell phones conserve battery power when out of cellular network range, a judge ruled Tuesday. … However, Qualcomm did not infringe two other patents on chips used in cell phones and other wireless devices, according to Charles E. Bullock, an administrative law judge hearing the case in Washington, D.C., on behalf of the International Trade Commission." The AP continues, "Qualcomm had challenged the patents held by Broadcom, but the judge ruled all three patents were valid. .. .The case was brought to the commission by Broadcom, based in Irvine, Calif." The AP adds, "Qualcomm, based in San Diego, said it would appeal the decision to the full commission as it explored designs to replace the disputed technology. … The judge's ruling will go to the full commission next year for a final determination. … Broadcom said it would ask the commission to review the portion of the ruling that favored Qualcomm." The AP notes, "The rival chip makers have 10 suits and countersuits pending in courts from California to Europe over trade and patent issues relating to technologies that power cell phones, Bluetooth devices and wireless Internet equipment. .. Last week, a federal court judge in San Diego ordered the billionaire founders of the

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feuding companies to face each other behind closed doors to try to resolve their differences. No agreement was struck and the judge was expected to order further sessions."

The Wall Street Journal (10/11, B3, Clark) reports, "Qualcomm Inc. avoided a tough sanction in a legal skirmish with Broadcom Corp. But the chip makers continue to tangle on multiple fronts and face increasing pressure to reach a settlement. An International Trade Commission administrative law judge ruled that Qualcomm's chips infringed on a Broadcom patent. Judge Charles Bullock stopped short, however, of recommending that cellphones containing the chips be barred from importation to the US. He also ruled that Qualcomm didn't infringe on two other patents that Broadcom had cited. … Although the full ITC could contradict the judge's recommendation in a commission ruling expected in February, Qualcomm investors breathed a sigh of relief after yesterday's ruling. Qualcomm's shares were up 83 cents, or 2.3%, to $37.07 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market. Broadcom's shares were down 79 cents, or 2.7% to $28.80 on the Nasdaq."

SCOTUS Considers Case Pitting Telecoms Against Pay-Phone Providers. The AP (10/11, Rugaber) reports, "The Supreme Court heard arguments Tuesday in a case that could force telecommunications companies to compensate pay-telephone providers billions of dollars for so-called 10-10-220 calls made by consumers, legal experts said." The AP continues, "The case stems from federal laws and regulations requiring long-distance telephone companies to compensate pay-phone providers for calls that consumers make using special dialing codes, commonly known as 10-10-220 or coinless calls." The AP adds, "Metrophones Telecommunications Inc., based in Washington state, sued Global Crossing Telecommunications Inc. in 2003, alleging that Global Crossing had not fully compensated it for phone calls made from Metrophones pay phones. Metrophones claims Global Crossing owed it $31,330.42 in fees and interest. … While the dollar damages in that particular case are low, at issue is whether companies can sue in federal court over regulatory violations or whether they can only sue over violations of federal laws." The AP notes, "Global Crossing has argued that federal law does not necessarily require long-distance companies to compensate pay-phone providers, but instead directs the Federal Communications Commission to issue rules governing how the pay phone providers would be compensated. Telecom providers Verizon Communications Inc., AT&T Inc. and Sprint Communications have filed briefs in support of Global Crossing."

Sprint Nextel Losing Ground Since Last Year's Merger. The Wall Street Journal (10/11, A1, Sharma) reports that since Sprint's Acquisition of rival Nextel last year, "Sprint Nextel Corp. has been losing ground. Millions of its cellphone subscribers have defected to competitors. Its remaining customers have increasingly been switching to less profitable calling plans. Yesterday, amid mounting troubles at Sprint Nextel, former Nextel CEO Tim Donahue said he was retiring as executive chairman. The move came just two months after Len Lauer, Sprint's chief operating officer, was let go after the release of dismal financial results." The Journal adds, "The Sprint-Nextel saga shows the perils of consolidation in an intensely competitive field where technology and customer expectations keep changing quickly. Instead of each company fixing the other one's weakness, the problems have just added up."

Texas Pacific Group, AXA To Buy 60% Stake In TDF. The Wall Street Journal (10/11, C4, Singer) reports, "US private-equity firm Texas Pacific Group and one of its investors has clinched a deal to buy a 60% stake in French television and cellphone transmission business TDF SA for about €3.3 billion ($4.16 billion), according to people close to the deal. … The deal will bring fresh money into the company, which is seeing strong growth from the transfer of analog TV signals to digital service. Television transmissions account for the bulk of TDF's business." Texas Pacific Group "is buying the 60% stake with one of its investors, French insurance giant AXA SA."

Google To Pay $1.65 Billion For YouTube. The New York Times (10/11, Sorkin) reports, "Google, the online search behemoth, agreed yesterday to pay $1.65 billion in stock for…YouTube, the video-sharing phenomenon that is the darling of an Internet resurgence known as Web 2.0. … Google is expected to try to make money from YouTube by integrating the site with its search technology and search-based advertising program. But the purchase price has also invited comparisons to the mind-boggling valuations that were once given to dozens of Silicon Valley companies a decade ago. Like YouTube, those companies were once the Next Big Thing, but some soon folded.

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Google, with a market value of $132 billion, can clearly afford to take a gamble with YouTube, but the question remains: How to put a price tag on an unproven business?"

You Tubers' Have Mixed Reaction To Google Purchase. The Washington Post (10/11, D1, Goo) reports, "Dozens of YouTubers turned their cameras on themselves to share their opinions on the sale, while thousands responded to a video posted yesterday by YouTube founders Chad Hurley and Steve Chen. The reaction was mixed and displayed a range of emotions, from outrage and accusations that YouTube had sold out to corporate interests to admiration and optimism that Google will improve it."

Google Move Makes Yahoo Look Out Of Step With Internet Advertising. The New York Times (10/11, Hansell) reports that Google's purchase of YouTube "is making Yahoo look even more out of step with the fast-changing Internet advertising market. Yahoo itself tried to buy YouTube just a few weeks ago and got as close as negotiating price and terms, according to an executive briefed on the discussions. But the talks broke down, and Google swooped in and closed the deal quickly, just as it has in several recent partnership negotiations. Indeed, many Internet executives are noting just how often Yahoo appears to be late and slow, both in its own business and in negotiations with other companies." Google "has neutralized Yahoo's big competitive advantage on Madison Avenue: its ability to sell the full range of advertising, from splashy video campaigns to text ads on search results."

MySpace Looks To Expand Relationship With Google. The Wall Street Journal (10/11, A3, Angwin) reports, "News Corp.'s MySpace.com, rebuffed in its effort to bid for YouTube Inc., is seeking to expand its relationship with the company that snatched the video-sharing Web site away, Google Inc. Google Chief Executive Eric Schmidt and Advertising Sales Vice President Tim Armstrong are expected to meet this week in Los Angeles with News Corp. executives, including Chairman Rupert Murdoch, to discuss new ways of working together. One possibility is to expand Google's recently signed ad deal with social-networking site MySpace to include video advertising on the Web." The Journal adds, "Plans for the meeting come just days after Google struck a $1.65 billion deal to buy YouTube, significantly boosting the search titan's presence in the fast-growing Web-video arena. But the deal poses a potential competitive threat to MySpace, which is a direct competitor with YouTube among Web sites that let users post their own content."

ENVIRONMENT:

Lettuce Tests Negative For E. Coli Bacteria.

The Washington Post/AP (10/11, D3) reports that officials of Nunes Co. said lettuces from California that was recalled amid E. coli fears tested negative for the bacteria. Nunes Co. "said multiple samples from among the more than 8,500 cartons of recalled green leaf lettuce tested negative for pathogenic E. coli O157:H7. That strain is the one responsible for the E. coli outbreak linked to spinach that killed at least three people and sickened 199 others. The company ordered the recall after irrigation water tested positive for E. coli. Follow-up testing of water samples determined it did not contain the pathogenic strain of the bacteria. … The Food and Drug Administration is also testing the company's irrigation water. The results should be available late today or tomorrow."

Regulators Urged To Set Guidelines For E. Coli. The Los Angeles Times (10/11) editorializes, "The Salinas Valley grower that recalled 8,500 cartons of lettuce this week did all the right things: The company tested its irrigation water, and when it found E. coli, it took its lettuce off the market even before the tests could show whether it was a dangerous strain. But the current E. coli outbreak, the 20th in a decade, indicates that not all farmers take all the steps they should." The Times adds, "Each time there is an E. coli breakout, the state and the US Food and Drug Administration demand that the industry clean up its act. The industry asks for precise guidelines on what to do, and it gets no answers. Regulators can start by outlining mandatory, common-sense safety practices to protect both public health and farming's reputation."

Federal Court Rulings Hinder Administration's Federal Land Development Strategy.

USA Today (10/11, Kenworthy) reports, "The Bush administration's push for more commercial development on federal land in the West is colliding with the environmental legacy of former president Richard Nixon." USA continues, "In a half-dozen cases since August, federal courts have slapped down the administration's plans to drill for oil and gas in Utah and Alaska, to allow road-building and logging in federal forests, to ease regulation of livestock grazing on public rangeland and to divert water from a Colorado national park." USA adds, "The judges in each case

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said the administration failed to comply with a landmark environmental law overwhelmingly passed by Congress and signed by Nixon in 1970 called the National Environmental Policy Act (NEPA). … The law requires government agencies to study potential environmental consequences of federal projects and to allow citizens to comment on those actions. Agencies must prepare 'environmental impact statements' that can run hundreds of pages, or issue less extensive 'environmental assessments' on minor projects." USA notes, "In its nearly 40-year history, the law has had a broad impact on how government agencies decide on everything from constructing highways to logging forests to building dams. … In recent months, the law has been an effective tool for environmentalists seeking to block initiatives that would allow commercial activities on hundreds of millions of acres of public land."

EPA Says Texas Copper Plant Illegally Burned Hazardous Waste. The New York Times (10/11, Blumenthal) reports, "A bankrupt copper giant facing billions of dollars in pollution claims across the nation pretended for years to recycle metals while illegally burning hazardous waste in a notorious El Paso smelter, according to a newly released Environmental Protection Agency document." The Times continues, "The agency, in a 1998 internal memorandum, said the company, Asarco, and its Corpus Christi subsidiary, Encycle, had a permit to extract metals from hazardous waste products but used that as a cover to burn the waste until the late 1990's, saving the high costs of proper disposal." The Times adds, "Among the more than 5,000 tons the company was accused of misrepresenting as containing metals for reclamation were more than 300 tons of nonmetallic residues from the former Army chemical warfare depot at the Rocky Mountain Arsenal outside Denver. (It is not clear what the arsenal's material contained.) … 'This activity, plain and simple, was illegal treatment and disposal of hazardous waste,' the environmental agency said in the memorandum, long held confidential but recently obtained by two El Paso environmental groups opposed to the smelter. 'Encycle's own business records provide compelling evidence of sham recycling.'" The Times notes, "Asarco was founded as the American Smelting and Refining Company in 1899 and was bought by Mexican interests in 1999. It has long faced complaints of contaminating broad swaths of downtown El Paso and borderland areas of Mexico with lead and other dangerous metals, and it has been the target of federal, state and local complaints involving at least 94 sites in 21 states. … But although the environmental agency reached a landmark national $20 million cleanup and penalty settlement with Asarco in 1999, the details of the violations had never been disclosed. The El Paso plant was shut down in 1999, but the company is now seeking permission to reopen it."

Ultralow-Sulfur Diesel Fuel To Debut In US Market. The Wall Street Journal (10/11, D9, Spector, 2.03M) reports, "Ultralow-sulfur diesel fuel will start hitting U.S. fuel pumps this month, opening the door for auto makers to expand the use of European diesel technology in U.S. cars and light trucks." The EPA and the Natural Resources Defense Council "yesterday hailed the expected arrival Sunday of ultralow-sulfur diesel fuels and the potential for modern diesel engines to use such fuels to help the U.S. reduce its oil consumption. The new diesel contains 97% less sulfur than the old version, officials said, emitting only 15 parts per million of sulfur, compared with 500 parts per million."

The New York Times (10/11, Barringer, 1.21M) says the Bush Administration "embraced this signal accomplishment as its own, ignoring the origins of the underlying regulation in the 1990's and the fact that it became effective in December 2000, before President Bush took office."

Environmentalist Faces Charges For Destroying Invasive Plant. The Los Angeles Times (10/11, Pool) reports, "He has spent decades working to protect Los Angeles' endangered Ballona Wetlands. But did environmentalist Roy van de Hoek go too far when he took his pruning shears to a nonnative tree and plants in the Westside nature preserve? Los Angeles prosecutors say yes. They have filed six vandalism counts against Van de Hoek, alleging that he entered the wetlands without permission and destroyed city parks property when he cut down the invasive plants. If convicted, he could face six years in prison and fines of up to $15,000." Conservationists say "the prosecution is simply payback from those who for years have felt the sting of Van de Hoek's activism. The case, they suggest, is designed to scare away others from actively harvesting invasive plants from local nature preserves."

Supreme Court Upholds Ruling Requiring W.R. Grace To Pay For Asbestos Cleanup.

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The Los Angeles Times (10/11, Verhovek) reports that the Supreme Court yesterday "let stand lower court rulings that require W.R. Grace & Co. to pay a $54.5-million federal bill for asbestos cleanup in a Montana mining town described by federal regulators as one of the nation's most contaminated Superfund sites. The court rejected Grace's appeal of a decision in favor of the Environmental Protection Agency, which sued Grace five years ago to recover the cleanup costs at a vermiculite mine in the town of Libby. The government is also pursuing a criminal case involving several former executives or managers of the mining company for allegedly concealing health risks at the mine. That trial will not begin until next year at the earliest."

The Baltimore Sun (10/11, Connolly) reports, "Grace and seven current and former executives face criminal charges of covering up the extent of the contamination. Their federal trial was supposed to start last month but was delayed until late next year at the earliest, after prosecutors appealed several pretrial rulings. " The Sun adds, "Grace doesn't dispute it has a financial obligation to clean up the contamination. However, the company challenged the EPA's method of calculating the cost. Grace argued that those costs are capped at $2 million unless an analysis is conducted before the cleanup starts to ensure it is done cost effectively. … The 9th U.S. Circuit Court of Appeals sided with the EPA, and wrote in its Dec. 1, 2005 decision that an 'immediate, aggressive response' was necessary and exempt from any cap. In August, Solicitor General Paul D. Clement issued a statement endorsing the appeals court's decision and urging the Supreme Court not to hear the case."

The AP (10/11) reports, "Grace argued in court papers that the EPA had no authority to hand the company the entire cleanup bill, as well as responsibility for future costs. The 9th Circuit U.S. Court of Appeals and a federal district judge sided with EPA, which sued Grace in 2001 to recover cleanup costs. … Grace said others appeals courts have ruled that companies can't be forced to pay the entire cost of cleaning a polluted site without being allowed to challenge whether the cleanup was necessary."

Congress, Bush Move To Cleanup Pacific "Garbage Patch." The Christian Science Monitor (10/11, Clayton, 58K) reports a "garbage patch in the Pacific is double the size of Texas. The president is likely to sign the cleanup law." A "biologically rich coral island chain in the Pacific Ocean northwest of Hawaii, which President Bush designated as a marine national monument, is under assault from floating garbage ranging from plastic bottlecaps to baby diapers." Hailed by "environmentalists as one of the president's most enduring contributions to the environment, the Montana-sized monument includes uninhabited islands home to some 7,000 marine species, at least a quarter of which are found nowhere else on earth. But the new national monument also resides on the edge what marine scientists call the great 'eastern garbage patch:' a section of slowly rotating Pacific Ocean currents - or gyre - double the size of Texas that acts as a giant garbage collector."

FBI/DEA/ATF/USMS:

Six Indicted In Missouri Cocaine Trafficking Ring. The St. Louis Post-Dispatch (9/30, Ratcliffe, 300K) reported Hillsdale Police Sgt. Christopher Cornell, tow-truck company owner Bruce Gales and alleged drug dealer Bobby Wood were among the six indicted by a federal grand jury on drug trafficking charges. "The FBI spent more than a year watching them, officials revealed…in announcing charges against six men that accuse them of trafficking in more than $2.4 million worth of cocaine. U.S. Attorney Catherine Hanaway said the alleged leader, Wood, 37, arranged for out-of-state couriers to drive through Hillsdale, where…Cornell would stop the vehicles and arrest the drivers." Gales "took the couriers' cars away and then stole the drugs from hidden compartments, the indictments say. Gales allegedly received at least $35,000 for his role." The St. Louis Business Journal (9/29) also reported on the indictments, and the Kansas City Star (9/30, 278K) briefly noted the charges in "Across Missouri."

Baltimore Company's Online Painkiller Sales Lead To Arrests. The Baltimore Sun (10/11) reports that before federal agents "arrested its owners yesterday, Baltimore's Newcare pharmacy appeared to be a phenomenal success." However, authorities say the company this year has already bought 4.8 million doses of the drug commonly known as Vicodin. According to prosecutors, the "amazing performance concealed a lucrative cybercrime: The company sold more than $20 million worth of the painkiller to Internet customers without legitimate prescriptions. … Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office, said the operation at Newcare sparked the largest

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federal pharmaceutical drug investigation in the state's history." The Sun notes that Karen Tandy "told Congress in April that her agency had initiated 100 new Internet investigations involving the online sales of prescription drugs during the last fiscal year, arresting 62 people and seizing $44 million in cash, property, computers and bank account assets."

Georgia Man Seeks To Return Home Before Drug-Trafficking Trial Begins. The Rome (GA) News-Tribune (10/11) reports a bond hearing "is set in federal court today for Rome businessman Mario Enrique Armas, who pleaded not guilty Oct. 5 to charges of money laundering and possession with intent to distribute more than a ton of marijuana. Armas and his defense team will present witnesses to U.S. District Magistrate Judge Walter L. Johnson showing reason why he should be allowed to return home before his trial. … Armas was arrested last Thursday, culminating what officials said was a two-year investigation by the Federal Bureau of Investigation, the Drug Enforcement Agency and the Internal Revenue Service's Criminal Investigations Division."

Man Gets Stuck In Tunnel Trying To Enter US From Mexico. The San Diego Union-Tribune (10/10, Baker, Martinez, Kucher) reports 14 people "trying to enter the United States through a storm drain tunnel in Otay Mesa ran into a glitch Tuesday morning, when the third person exiting the narrow opening became stuck." The Union-Tribune says fire crews managed to pull the man out and notes that the San Diego Tunnel Task Force "has been working with Mexican authorities to investigate [border] crossings. The task force is made up of agents from the Border Patrol, Immigration and Customs Enforcement and the Drug Enforcement Administration."

Arizona Couple Facing Federal Drug Charges Relinquishes Church Leadership. The AP (10/10) reports a Pima, Arizona couple "has stepped down as leaders of a church that considers marijuana a sacrament and deity. Dan and Mary Quaintance say pending federal charges against them have made it impossible to properly lead the church. In February, the two were arrested in a car that contained 172 pounds of marijuana in the New Mexican town of Lordsburg near the Arizona state line. … The government contends the church is a front for drug trafficking."

FARC Member's Trial To Begin In DC. The AP (10/11) reports the most senior member "ever captured from Latin America's largest rebel army goes on trial in a U.S. courtroom Thursday for the kidnapping of three Americans - a case that some fear could scuttle moves for the Americans' liberation. The fate of Ricardo Palmera, better known by his nom de guerre Simon Trinidad, is to be decided by a federal jury in Washington. … The Palmera prosecution is the latest sign the U.S. government is stepping up its pressure on the FARC, listed by the State Department as 'foreign terrorist organization' in 1997."

Prensa Latina (10/10) reports the trial of Palmera "began Tuesday following a protest for his liberation by mostly U.S. citizens. The protesters consider the trial interference in Colombian affairs and Tom Burke, head of the pro-release committee, says the administration lacks the legal and moral authority to judge him. He added that U.S. taxpayers contribute five billion dollars to Plan Colombia, but they do not wish their country's involvement since they consider it a violation of Colombian laws. In addition, the DEA denied FARC involvement in drug trafficking to the U.S. or terrorism in statements to the Bush Administration, he said." Presna Latina notes that Palmera will be tried in Washington for terrorism, drug trafficking and the death of a U.S. citizen.

US Cracks Down On Illegal Guns In New Orleans. The AP (10/11, Foster) reports, "A day after four people were wounded by gun violence that continues to mar this city's hurricane recovery, local and federal authorities announced their latest attempt to crack down on criminals with guns." The AP continues, "A hot line for reporting illegal firearms is being relaunched, they said at a Tuesday news conference. A similar hot line operated in the 1990s but was eventually discontinued as the city's murder rate declined, police said. The murder rate has picked up this year as the city has repopulated, reaching 113 so far." The AP adds, "Federal law prohibits anyone convicted of a felony from possessing a firearm, U.S. Attorney Jim Letten said. … 'And there's no early release in federal cases,' Letten said. 'If they're convicted they're going to serve the time.' … Police Chief Warren Riley is counting on that. … 'We have found that through the federal system once they are convicted we don't see them again,' Riley said. 'We have to get the guns and the

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people with them off our streets if this city is going to come back.'" The AP notes, "In 2005 law officers confiscated 2,787 illegal firearms in New Orleans. Since January, 1,522 have been confiscated, even though the city has only about 40 percent of the population it had before the storm. … 'Everyone knows the problem New Orleans has with gun violence,' Bureau of Alcohol, Tobacco, Firearms and Explosives special agent Robert Browning. 'We're going after the illegal guns and the criminals who have them.'"

West Virginia Attorney Sentenced To Six Months For Gun Violations. The Charleston Gazette (10/11, Searls) reports, "Dante di Trapano was sentenced to six months in prison Tuesday, after pleading guilty earlier to being a drug addict in possession of firearms. … Chief U.S. District Judge David Faber gave di Trapano the maximum time for the crime, after deciding government prosecutors could not prove the seven handguns found in di Trapano's Johnson Road, Charleston, residence were not collector's items." The Gazette continues, "He also sentenced di Trapano to three years of supervised release that will include special criteria to be worked out with the federal probation office and a $10,000 fine. … 'I think this is an extremely close call,' Faber said in ruling di Trapano had purchased the guns as collector items. He added, 'I believe [di Trapano] has just made the preponderance test.'" The Gazette adds, "Di Trapano, a Charleston lawyer and former agent for National Football League wide receiver Randy Moss, has already served about three months in jail, time that he will be given credit for by the federal Bureau of Prisons. … Monica Dillion, the assistant U.S. attorney handling the case, had called several witnesses in an effort to show di Trapano used the guns for protection because he had a large stash of drugs in his residence. … Prosecutors also failed to show there were drugs in the residence when it was raided last April. Initially, the government said field tests showed a white powder residue on a laptop computer was cocaine. Laboratory tests, however, showed that was not so. … But Faber also showed his disdain for the defendant, noting he did not tell the truth when testifying in September about cocaine use. Faber had released di Trapano on bond in August to receive drug treatment, but revoked that after an initial urine tests showed he had used cocaine."

Washington Gang Sweep Nets 40 Arrests. The Seattle Times (10/11, Green) reports, "Federal and local law enforcement officials today announced the arrests of 40 violent gang leaders, half of whom were taken into custody in the last week." The Times continues, "In a four-month investigation dubbed 'Operation Crackdown,' members of the Violent Gang Task Force - which is led by the local office of the federal bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) targeted violent gang members suspected in a rash of drive by shootings, narcotics deals and other offenses. The task force also includes members of Seattle police, the King County Sheriff's Office and the FBI." The Times adds, "At a news conference in the Henry M. Jackson Federal Building in downtown Seattle, ATF Special Agent in Charge Kelvin Crenshaw gestured to an assortment of assault rifles and pistols laid out before him. … 'What's so unique about these firearms is that they were actually found in the possession of individuals,' he said. 'They weren't lying on a bed or leaning against a chair… these people were carrying them around.' … Of the 40 people arrested, 10 are facing federal charges, including two who will be charged as armed career criminals; a federal statute that carries a mandatory 15-year prison term for anyone caught with a firearm after previously being convicted of three violent crimes or drug distribution charges, said Andrew Friedman, an assistant U.S. Attorney who is coordinating the office's gang prosecutions."

IMMIGRATION:

High Court Refuses To Hear Deportation Appeal Of Former Nazi Guard. McClatchy Newspapers distributes a Detroit Free Press story (10/11, Ashenfelter) that reports, "An 86-year-old former Nazi concentration camp guard who lives in Michigan and has Alzheimer's disease could be deported following the U.S. Supreme Court's refusal to review his case Tuesday. .. .It remains to be seen, however, whether the Justice Department will follow through with deportation proceedings against Iwan Mandycz of Sterling Heights, given his age and medical condition. Court records say Mandycz is incompetent." The Free Press continues, "Mandycz was stripped of his citizenship last year for not telling U.S. authorities before emigrating that he was a guard at two Nazi labor camps in Poland during World War II, including one where 14,000 Jews were murdered in a single day. … Mandycz, who emigrated in 1949, has denied being a Nazi camp guard."

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The AP (10/11) reports, "The Justice Department succeeded in revoking the U.S. citizenship of 86-year-old Iwan Mandycz. He could face deportation. His lawyers say the right that prevents the U.S. government from prosecuting a mentally incompetent person also should apply to citizenship cases, which are civil proceedings. … 'The accused should be able to assist in the preparation of his defense and consult with his attorneys before he may be punished by the government,' Mandycz's lawyers said in a filing that had asked the Supreme Court to take the case." The AP adds, "The Justice Department, which wants to remove him from the United States, initiated denaturalization proceedings, saying Mandycz had concealed that he worked for the Nazis. … Officials said that Mandycz was a guard in 1943 at the Trawniki and Poniatowa labor camps in Poland, where prisoners were starved, beaten and executed en masse. … Mandycz has denied working at the camps and has said he spent World War II working at his parents' farm in Poland and, later, as a forced laborer at a farm in Austria."

The Detroit News (10/11, Lynch) reports, "Fifty-one years ago, Iwan Mandycz became a U.S. citizen. On Tuesday, his last chance at remaining one appeared to slip away. … The U.S. Supreme Court declined to hear the case of the 86-year-old Sterling Heights resident, whom the U.S. Department of Justice has targeted for deportation because of his past as a Nazi prison guard." The News adds, "Federal prosecutors believe Mandycz was a guard for six months in 1943 at the SS prison camp Poniatowa in Poland. In that year, the Nazis conducted 'Operation Harvest Festival' -- a plan to kill Jews. A total of 42,000 Jews were killed. … Mandycz arrived in the United States in 1949 and became a citizen six years later. He has denied being a Nazi prison guard despite being identified as such by two former guards." The News notes, "In March 2005, a U.S. District Court judge ruled Mandycz was in fact a guard at the prison and stripped him of his citizenship. … 'I can't imagine what would be accomplished by deporting him at his age,' said Mandycz' neighbor, Eugene Winowski. 'But at the same time, I also understand the flip side -- everything (Jewish prisoners) went through -- you can't ignore that.'"

Groups Seek Freedom For Immigrant Detainees In California. The AP (10/11) reports, "Several legal advocacy groups asked a federal judge to order the immediate release of four immigrants who have been detained for months or years without receiving a hearing on why they're being held so long." The AP continues, "The motion filed Friday asks U.S. District Judge Terry Hatter to release the detainees under conditions of supervision or grant them hearings." The AP adds, "The move followed a class-action lawsuit filed Sept. 25 on behalf of six detainees by the American Civil Liberties Union of Southern California, the ACLU Immigrants' Rights Project and the Stanford Law School Immigrants' Rights Clinic. Two detainees have since been released. … The lawsuit alleges the U.S Department of Homeland Security held immigrants for long periods despite court rulings that banned indefinite detention."

Bush Seen As Avoiding Immigration Issue On Campaign Trail. The Washington Times (10/11, Dinan, 88K) reports, "Immigration is a dominant issue in congressional races from Arizona to Michigan to Pennsylvania -- just about everywhere but where President Bush is on the campaign trail. After having pressed all year to get a broad immigration bill, including legal status for illegal aliens from Congress, Mr. Bush now ignores the issue at campaign events and fundraisers, and Vice President Dick Cheney has even dropped what used to be a regular reference to immigration from his campaign stump speech." The Times adds, "It's an odd mixed message, given that many Republicans are running heavily -- and in some cases almost exclusively -- on the issue, promising an enforcement-first approach and attacking Democrats for supporting citizenship for illegal aliens." White House deputy press secretary Dana Perino "said they think the election will be decided on other issues. 'While immigration is an important issue, this election is also about the philosophical choices facing voters this November when it comes to national security and keeping taxes low,' Mrs. Perino said." She added that Bush "has been consistent in pushing for a broad approach 'because he believes that that is the only way to solve any of the individual immigration reform bills.'" But "most Republicans in Congress disagree, preferring an enforcement-first approach, of which the border fence is crucial."

Lawmakers Press Administration To Build Fence. The Washington Times (10/11, Seper, Dinan, 88K) reports, "Bush has signed off on a small down payment for a 700-mile fence along the U.S.-Mexico border, but legislators and fence advocates worry the barrier will never be fully funded and fear a lack of White House commitment." Lawmakers, " including Rep. Duncan Hunter, California Republican and chairman of

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the House Armed Services Committee," are "forcefully reminding the Bush administration and Homeland Security officials that Congress' 'directive' that the fence be built is not optional." Hunter told the Times, "We didn't put the fence as a goal or an option or something that should be mixed with other solutions, we made it mandatory. … It is not an option for the Department of Homeland Security. What part of 'shall' don't they understand?"

Banks Reaching Out to Illegals. The Wall Street Journal (10/11, B1, Jordan, 2.03M) reports, "As .. leaders craft policies to curb illegal immigration from Mexico, the US Federal Reserve is devising programs to extend banking services to undocumented immigrants. A new remittance program aims to bring Mexican migrants who send money home into the mainstream U.S. financial system, regardless of their immigration status." Dubbed "Directo a Mexico," the remittance program "enables US commercial banks to make money transfers for Mexican workers through the Federal Reserve's own automated clearinghouse, which is linked to Banco de Mexico, the Mexican central bank." To use the service, "a Mexican need only possess a matricula consular, an I.D. issued by the Mexican consulate in most major US cities to those with proof of Mexican birth or citizenship, or a picture ID card issued by the US or another foreign government. T he idea is to make it cheaper and safer for Mexican workers to send funds to their relatives."

Illegals Stuck In Cross-Border Pipeline. The Los Angeles Times (10/11, Marosi, 918K) reports, "More than a dozen illegal immigrants were briefly trapped inside a cross-border pipeline structure Tuesday after a man got stuck in the narrow passageway and had to be rescued by San Diego firefighters." The immigrants "were crawling through a passageway connecting a Mexican-based industrial gas supplier with a holding tank on the U.S. side, according to Lauren Mack, spokesperson for Immigration and Customs Enforcement." This is "believed to be the first time in the San Diego area that migrants have been caught using an existing subterranean passageway that appears to be privately owned."

TAX:

Many US Expatriates Face Tax Increase This Year. The Wall Street Journal (10/11, D1, Herman, Spencer) reports in its "Tax Report" column, "The US Treasury Department removed part of the sting from a recent law that boosted taxes for many Americans working overseas, but many US expatriates still are facing sharp tax increases this year. A new Treasury notice allows Americans to deduct or exclude from their US taxes more of the cost of housing in many foreign locations, where rents frequently are higher than in the US, than they otherwise would have. Accountants say this new relief varies widely from place to place. Still, the revised rule, announced by Treasury in a notice issued Friday, offsets only a fraction of the higher tax bills that many individuals must pay this year. Among those hit the hardest are Americans with relatively high incomes working in places with high housing costs and low taxes, such as Hong Kong, and whose employers don't protect them from the additional tax cost of working abroad."

Minister Fights To Preserve Religious-Based Tax Breaks. The New York Times (10/11, Henriques, 1.21M) reports that for thousands of ministers, the Rev. Rick Warren will be remembered "as their champion in a fight over the most valuable tax break available to ordained clergy members of all faiths: an exemption from federal taxes for most of the money they spend on housing, which typically represents roughly a third of their compensation. Pastor Warren argued that the tax break is essential to poorly paid clergy members who serve society." The housing deduction "is one of several tax breaks that leave extra money in the pockets of clergy members and their religious employers. Ministers of every faith are also exempt from income tax withholding and can opt out of Social Security. And every state but one exempts religious employers from paying state unemployment taxes -- reducing the employers' payroll expenses but also leaving their workers without unemployment benefits if they are laid off."

Religious Activists Have Long Legislative Wish List. The New York Times (10/11, Henriques, 1.21M) reports that some "advocates for religious freedom" say "government must do more to protect religious institutions of all kinds from the hostile environment of modern America. A Congressional wish list supported by some religious leaders and other advocacy groups would accomplish that. One bill, H.R. 235, would exempt churches and other religious institutions — but not secular nonprofits — from the I.R.S. rule against partisan political endorsements by tax-exempt organizations." H.R. 27 "would grant religious employers even more leeway to discriminate on religious grounds in their hiring." H.R. 2679 would "prohibit the courts from awarding damages, lawyers'

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fees or costs to any plaintiff who successfully sues over possible violations of the establishment clause of the First Amendment." The Public Prayer Protection Act, H.R. 4364, "would protect the right of government officials 'to express their religious beliefs through public prayer' by barring federal courts, including the Supreme Court, from hearing lawsuits raising constitutional objections to those prayers." The Workplace Religious Freedom Act "would amend the Civil Rights Act of 1964 to require employers to be more accommodating to the religious observances of their employees." H.R. 1054, "would transform into law the executive orders that created President Bush's 'faith-based initiative,' to make federal grants and contracts more available to religious groups."

CONGRESS-ADMINISTRATION:

Bush Warns Democrats Would Raise Taxes.

The AP (10/11, Loven) reports President Bush "portrayed Democrats on Tuesday as the party of big spending and high taxes, aiming to give increasingly endangered Republicans an edge in a midterm election debate dominated recently by congressional scandal and overseas crises." Speaking at a fundraiser for former Georgia Republican Rep. Mac Collins, Bush said, "If you want to keep your tax cuts, vote Republican on Nov. 7." The AP adds Collins is "challenging Rep. Jim Marshall, seen as one of the most vulnerable Democratic incumbents." Bush said, "Do we keep taxes low so we can keep this economy growing? Or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country? ... This decision will have a huge impact on the working people all across the United States of America." The AP adds the "taxes-and-terrorism pillars of the GOP midterm election strategy, the mainstays of Bush's campaign-trail speeches, have been partially drowned out of late."

Rangel, Reid, Baucus Deny Democrats Have Plans To Boost Taxes On Middle Class. In a Wall Street Journal letter to the editor (10/11), Rep. Charles Rangel says, "President Bush and Republican campaign committees have attacked Democrats with a claim that we would raise taxes if elected to a majority in Congress. That's not true. Democrats have a long history of supporting targeted relief for middle-income families. In fact, many of the tax benefits extended by this administration began as Democratic initiatives." Democrats "want to pursue new priorities to strengthen relief for middle-class families that have been left behind during the Bush administration."

In a Wall Street Journal letter to the editor (10/11), Senate Minority Leader Harry Reid and Sen. Max Baucus say, "The president, the majority party in Congress, and now your editorial page are attempting to convince the American public that Democrats are intent on increasing their taxes. We find it curious that Democrats are being accused of planning to increase taxes on middle-income families when decisions made by the current majority have already done so. Those in charge of the Congress now deliberately chose not to extend middle-class tax relief -- such as the deductions for college tuition, state and local sales taxes, and teachers' out-of-pocket classroom expenses -- before Congress adjourned for the elections. And President Bush's fiscal year 2007 budget failed to include relief beyond 2006 from the increasingly middle-class Alternative Minimum Tax."

White House Touts Shrinking Budget Deficit. Under the headline "Painting A Rosy Budget Picture," the Washington Post (10/11, A6, Abramowitz, Baker, 748K) reports, "The federal budget deficit shrank from $318 billion to less than $260 billion in the fiscal year that concluded in September, officials disclosed yesterday. It marks the second year in a row that the deficit has declined after ballooning in the early years of the Bush administration." White House officials "hailed the improving short-term budget picture as a vindication of President Bush's tax-cutting agenda, though the long-term prospects are considerably bleaker, given the escalating costs of health-care and retirement programs and, in the view of many economists, the red ink produced by tax cuts." The President "will step up his efforts to tout the economy at a White House event Wednesday, when officials said he will announce that he has met his target of cutting the deficit in half over five years -- three years ahead of schedule." But Robert D. Reischauer, "former director of the Congressional Budget Office and now president of the Urban Institute, gave the tax cuts little credit because the economic effect of putting that money back into the economy was offset by the debt incurred from extra spending on the wars in Iraq and Afghanistan and relief from Hurricane Katrina." Reischauer "agreed that revenue is stronger than most observers expected. "But what we're seeing is the calm before the storm," he said. 'Everyone knows that the current revenue and spending structures taken together will be unsustainable as the baby-boom generation begins to enter its retirement years.'"

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In Fiscal 2006, Medicaid Saw Smallest Spending Boost In A Decade. The Washington Post (10/11, A3, Lee, 748K) reports, "Medicaid spending rose by 2.8 percent in fiscal 2006, the smallest increase in a decade, according to a study released yesterday by the nonprofit Kaiser Family Foundation." At the same time, "state tax revenue grew by 3.7 percent as the economy continued to improve, the survey of 50 states and their Medicaid directors found." The Post adds, "Together those trends signal that the state-federal program that pays for health care for the poor and disabled is emerging -- at least temporarily -- from a period in which many states limited eligibility, benefits and reimbursement rates for health-care services in a drive to corral costs. For 2007, only five states plan to restrict eligibility, while 26 indicated they will restore benefits, relax application and enrollment restrictions and undertake new outreach efforts."

DOE Says Most Home Heating Costs Will Drop This Winter. The Energy Department's report that natural gas home heating costs will be lower this winter received considerable coverage, almost all of it portraying the news in a positive light. NBC Nightly News (10/10, story 8, Williams, 9.87M) reported that during "that horrible spike in energy prices" a "few months ago," a "whole lot of Americans were fearing this coming winter, but sharp drops in oil and natural gas prices combined with a mild winter forecast are bringing some good news on that front tonight." ABC World News (10/10, story 9, 2:15, Potter, 8.78M) said DOE "says if you use natural gas, you can expect to save $119 compared to last winter. Electric and oil heat should cost slightly more, but fewer Americans use them."

The Washington Post (10/11, D1, Tse, 748K) reports that "as consumers revel in plummeting gas prices," the report from DOE's Energy Information Administration "offered another pleasant surprise: lower heating bills this winter. For the first time since the 2001-02 season, natural gas bills are expected to drop by an average of 13 percent." But "consumers using other fuels won't fare as well, according to the report. Households heated by electricity are likely to see their bills increase by an average of 7 percent, or $58, because of the higher costs late last year for fuels for electricity generation and the loosening of caps on rates. People who use heating oil can expect to pay 6 percent, or $91, more this winter. Users of propane, however, can expect an average decrease of 1.1 percent, or $15, in their heating bills."

The New York Times/AP (10/11) reports EIA "based its predictions on its forecast of a mild winter for most of the nation and its assessment of energy supplies and costs as the nation's oil and natural gas production and refinery output recover from hurricane damage in 2005." USA Today (10/11, 1B, Hagenbaugh, 2.27M) said that "although this winter is expected to be warmer than normal in most of the USA, it is still expected to be colder than last year, which was exceptionally mild."

The Washington Times (10/11, Hill, 88K) says economists said consumers "are set to enjoy an energy dividend just in time for the holidays." The Chicago Tribune (10/11, Manor, 623K) says "it is by no means a sure thing, but your heating bill this winter could be a bit more reasonable than last year." But in one of the few negative reports, the Houston Chronicle (10/11, Ivanovich, 535K) says that while consumers "are likely to get some relief in their heating bills this winter, they should still expect to pay substantially more than they did just two years ago. In fact, if the government's energy forecasters are correct, ratepayers will still be paying nearly 30 percent more this winter than they did on average between 2000 and 2005." The Los Angeles Times (10/11, 918K) and Bloomberg (10/10, Smith, Tuttle) run similar reports.

Administration's Effort To End Homelessness Said to Neglect Rural Areas. The New York Times (10/11, Archibold, 1.21M) reports that as the Bush Administration "promotes a widely praised multibillion-dollar effort to end chronic homelessness in cities like Washington and San Francisco, a growing outcry is rising from rural areas that worsening problems far away from urban centers are being overlooked." Rural homelessness "has always taken a back seat to the more glaring problems in cities. Most studies estimate homeless people in small towns account for about 9 percent of the 600,000 or so homeless nationwide." But local officials "and advocates for the homeless in small towns say that economic distress in recent years, including closing plants, failing farms, rising housing costs and other troubles, has left more people without homes and in greater need of help."

Defense Contractors Consider Murtha As Majority Leader. The Hill (10/11, Tiron) reports, "The

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defense industry is assessing the impact that Rep. John Murtha (D-Pa.) will have on its fortunes if the Democrats retake the House in the midterm election. ... some within the industry believe that Murtha could be the man with whom to hedge their bets." Murtha has paradoxically become "a vehement critic of a war that has boosted defense contractors' coffers, but also a staunch supporter of a military and defense industry fed on big-ticket programs and well-placed earmarks." Industry insiders ponder his behavior if he becomes majority leader or chair of the defense appropriations committee: "As a majority leader, Murtha would bring defense to the forefront and stave off cuts that the Democrats have traditionally made, some industry insiders say. In such a position, Murtha would determine how the budget is put together and the amendments that would come to the floor, but he would lose the day-to-day touch on the appropriations committee, which to the defense industry is more important, said an industry source."

DeMint Expected To Head GOP Steering Committee. The Hill (10/11, Allen) reports Sen. Jim DeMint (R-S.C.) "is in line to take the reins of the Republican Steering Committee, a cabal that serves as the base for conservative activism in the upper chamber." The Steering Committee "would play a much different role in the institution if Republicans are cast into the minority. The secretive committee now seeks to pressure GOP leaders to adopt more conservative policies, but it once served to block the liberal priorities of a Democratic majority." DeMint, "chosen for the job through an informal process, is a fierce partisan warrior who has one foot in leadership circles and the other in conservative circles. That combination could make him an effective leader whether Republicans retain control of the Senate or not."

FAA Administrator Seeks To Strengthen Agency's Public Profile. Al Kamen in his "In the Loop" column in the Washington Post (10/11, A17, 748K) writes, "Federal Aviation Administration chief Marion C. Blakey worries that people have been confusing her agency with the Food and Drug Administration (FDA), or worse, the Federal Emergency Management Agency (FEMA)." So in September she "signed an order establishing the FAA 'Branding Identity Program' (FAABIP) to clarify matters. The FAA does so many wonderful things, she notes in a cover message to the order, 'but it has not received proper credit for all the good work it does in so many areas because it does not have a strong brand identity.'"

Stalled Postal Reform Bill Examined. Stephen Barr, in his "Federal Diary" column in the Washington Post (10/11, D4, 748K), writes that National Association of Letter Carriers president William Young feels "badly" about "blocking legislation to overhaul the U.S. Postal Service. But he emphasized that his union members were his highest priority, making it impossible for him to accept a provision that would single out injured postal employees for different worker compensation rules than other federal employees." He "said that he was trying to contact Sen. Susan Collins (R), the chief sponsor of a compromise bill, who is traveling in her home state of Maine, 'to determine where our communications failed.'" While "the bill has drawn little public attention, it represented a decade-long effort to revamp Postal Service business operations."

NYTimes Urges High Court To Uphold Ruling On Courtroom Photos. The New York Times (10/11, 1.21M)in an editorial writes, "When Mathew Musladin went on trial for murder, members of the victim's family sat near the jury every day wearing buttons with the dead man's photograph. A federal appeals court held that those buttons in the courtroom deprived Mr. Musladin of a fair trial. The Supreme Court is hearing arguments in his case today. It should affirm the appeals court's ruling."

WPost Calls For Increasing Federal Funding For Education. The Washington Post (10/11, A18, 748K) in the seventh editorial in an occasional series on inequality writes, "Some commentators, pointing to the fact that schools in low-income districts already spend more per pupil than schools in affluent ones do, argue that failures at poor schools reflect complacent management rather than a lack of resources. Signaling at least partial acceptance of that theory, the Bush administration has tried to improve schools by holding them accountable and subjecting them to competition. Choice and accountability are attractive in principle, but studies of voucher programs in New York City, Milwaukee and Cleveland have found negligible gains from them. Costlier interventions must also be part of the solution." The Post argues for increasing spending on Head Start citing a "range of" studies that show "that high-quality programs have lasting effects on poor children. Upgrading the 900,000 children in Head Start programs to something like the Perry

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program might require around $2 billion a year, according to W. Steven Barnett of Rutgers University. But quality preschools reduce spending on special education, jails and welfare, saving money for society in the long term." The Post also argues for investing "in K-12 education directly. Although it's true that low-income districts already spend more per pupil than do rich ones, this slight advantage is swamped by the challenge of teaching poor children, who on average have more discipline problems and require more remedial attention -- and will continue to do so even if preschool is improved."

OTHER NEWS:

Mortgage Debt Said To Color Voters' Perceptions Of The Economy. The Christian Science Monitor (10/11, Trumbull, 58K) reports the "health of the economy is the subject of a major clash in which voters are hearing starkly different views." Last week, President Bush said, "Today we got more good news," citing "lower unemployment, rising wages, and the creation of 6.6 million new jobs since August 2003." The Democratic National Committee "fired back in a statement" that "the Bush economy has been marked by falling wages and anemic job numbers that don't even keep up with population growth." The Monitor adds, "The numbers, shorn of partisan interpretation, point to an economy that is neither collapsing on its own weakness nor lifting all Americans to new heights of prosperity. In this climate, marked by the subsidence of an epic housing boom, personal debt may be the dividing line between those who are better off and those who are falling behind." It "could be especially tough on people who stretched to buy a home. A cooling real estate market means that rising home values have stopped adding to families' net worth, for now. Meanwhile, their monthly payments can jump by several hundred dollars as adjustable loan rates reset." This election cycle, Democrats "hope to capitalize on that edge of anxiety, the darker side of a housing-fueled economic expansion." Republicans, "struggling to maintain a majority in Congress and their governorships, are playing up brighter aspects of the economy, including a recent drop in energy prices."

Economy Taking Precedence Over Culture Issues In Ohio Gubernatorial Race. The Washington Post (10/11, A1, Fletcher, 748K) reports in a front page story that in the Ohio gubernatorial race, "The culture wars are being eclipsed as a voting issue by economic worries and Republican scandals that have altered the political dynamic here in striking ways. Several polls find" Republican Ken Blackwell "trailing his Democratic opponent, five-term Rep. Ted Strickland, by double digits with less than four weeks to go until the Nov. 7 midterm elections." The "difficulty Blackwell is experiencing winning support for his socially conservative message reflects the anxiety evident this year among voters in Ohio and elsewhere, some pollsters say." Strickland, "an ordained but non-practicing minister, has built his lead by speaking about the economic distress of this manufacturing state and by painting his opponent as a loyal soldier of a scandal-plagued Ohio Republican Party. At the same time, he is directly challenging Blackwell for values voters in ways that many analysts believe Democratic presidential nominee John F. Kerry did not two years ago."

Fed Governor Reconsiders Housing Slowdown. The Financial Times (10/11, Guha, Mackenzie) reports, "Influential voices inside and outside the Federal Reserve are challenging the notion that the US economy is heading for a deepening housing-led slowdown, cheering equity investors and sending bears in the bond market into retreat. The thesis, put forward by Fed vice-chairman Don Kohn last week, and endorsed by Alan Greenspan, the former Fed chairman on Friday, argues that the trough in housing market activity could be near, and that the economy should come through it in reasonable shape." Financial Times notes that while Kohn "argued that a sharp correction in construction activity and new home price inflation could soon bring down inventories and stabilise residential investment," "some experts" are "skeptical." For example, Fannie Mae chief economist David Berson "said inventories remained high, and there could be a significant decline in investor demand."

Falling Housing Prices Could Put Damper On Consumer Spending. In his column in the Washington Post (10/11, 748K), Robert J. Samuelson writes, "With fewer buyers, home construction, sales and prices have weakened. In August housing starts were 20 percent lower than a year earlier. Last year, sales of new and existing homes totaled almost 8.4 million; next year the NAR expects 7.4 million. Construction workers, real estate agents and mortgage bankers will lose jobs. Consumer spending will also suffer as the borrowing and buying against rising real estate values subsides." Seeing an "endgame" in the real estate market, Samuelson opines, "Even a leveling of home prices suggests that Americans will save more from current income and

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spend less. Up to a point, that's okay, especially if the lost spending is offset by higher exports and business investment. … Moody's Economy.com forecasts falling prices in 100 metro areas and an average decline of 3.5 percent next year -- the first annual drop since the Great Depression, says chief economist Mark Zandi. There's the endgame's true danger: If prices drop too much or too persistently, the damage to confidence and spending won't be easily neutralized."

S&P500 Firms Expected To Post 18th Consecutive Quarter Of Double-Digit Earnings Growth. USA Today (10/11, Krantz, 2.27M) reports, "Nothing, it seems, can slow the unprecedented boom in corporate earnings." Companies in "the Standard & Poor's 500 index on average are expected to post 14% higher profits in the third-quarter season, which unofficially kicked off Tuesday when Alcoa reported 86% higher profit of $537 million and biotech Genentech posted 58% higher profit of $568 million." If "earnings come in as expected, it'll be the 18th-consecutive quarter of double-digit earnings growth, S&P says. The unprecedented streak began just before the bear market ended four years ago this week and is a big reason the stock market has powered back, with the Dow Jones industrials on Tuesday closing at a new record of 11,867 and the S&P 500 setting another 5½-year high."

Stock Markets Finish Higher As Oil Futures Continue To Fall. NBC Nightly News (10/10, story 6, Williams, 9.87M) reported, "Turning to Wall Street today. Stocks turned slightly higher. They claimed another record. The Dow was up a little over 9 points [to close at 11,867.17]. NASDAQ was up almost 4 points [to close at 2,315.43]."

The Wall Street Journal (10/11, C1, McKay, 2.03M) reports stocks "nudged higher, helped by cheaper crude oil but hobbled by falling bond prices." The Dow Jones Industrial Average "gained 9.36 points, or 0.1%, to finish at a new closing high of 11867.17, up 10.7% on the year. It was the fifth gain in six days." As has "often been the case in recent days, crude prices fluctuated amid shifting expectations about a possible production cut by the Organization of Petroleum Exporting Countries." Traders "increasingly suspected that Saudi Arabia, OPEC's largest producer, opposes a cut. Crude futures for November delivery plummeted $1.44, or 2.4%, to $58.52 a barrel, off 4.1% on the year at the New York Mercantile Exchange." The "broad Standard & Poor's 500-stock index rose 0.2%, or 2.76 points, to 1353.42, up 8.4% on the year."

Exposure Of Foley's Internet Contact With Pages Included Effort By Democrats. The Washington Post (10/11, A4, Weisman, 748K) reports, "Two of the news media's sources of Mark Foley's sexually explicit instant messages to former House pages said this week that they came forward to expose the Florida congressman's actions, not to help the Democrats in the midterm elections." But there "are indications that Democrats spent months circulating five less insidious Foley e-mails to news organizations before they were finally published by ABC News late last month, which prompted the leaking of the more salacious instant messages. Harper's Magazine said yesterday that it obtained the five e-mails from a Democratic Party operative, albeit in May, long before the election season." The "most sexually explicit material -- the instant messages that forced Foley's abrupt resignation on Sept. 29 and turned his actions into a full-fledged scandal -- appears to be disconnected from politics. The two former pages who revealed the correspondence to ABC News and The Washington Post, however, may never have come forward had Democratic operatives not divulged the five more benign e-mails that Foley had sent to a Louisiana boy."

Foley Scandal Said To Have Left GOP In "Disarray." The Financial Times (10/11, Yeager) reports Republican leaders "scrambled on Tuesday to contain the fallout from a Capitol Hill ethics scandal amid growing evidence that the episode, and deepening dissatisfaction with the war in Iraq, will lead voters to support Democrats in the next month's midterm elections." A Washington Post-ABC News poll "showed registered voters favoured Democratic candidates over Republican candidates in House races by 54 per cent to 41 per cent, an advantage matched in several other new studies of public opinion." GOP officials "had hoped to use the final month of campaigning to highlight Republicans' stance on national security. But the public appears to be increasingly displeased with President George W. Bush's handling of Iraq, with strong majorities saying the war was not worth fighting. At the same time, Republicans have been in disarray for 10 days, plagued by questions about the handling of explicit electronic messages sent by" former Rep. Mark Foley.

AFP (10/11, Raab) reports polls "out four weeks before US Election Day showed Democrats wielding a solid lead in the race to control the US Congress, sending Republicans who now control the legislature scrambling." Conservative commentator Bill Bennett "told the National Review," "Now is

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the time for all good men -- and women -- to come to the aid of the party." The AFP adds the GOP is "worried socially conservative voters may stay home."

Minnesota Voters Said To Be Interested In Substance, Not Washington Politics. The New York Times (10/11, Clemetson, 1.21M) reports that for residents of Anoka, Minnesota "interviewed here over two days at coffee shops and bars, schools and small businesses, on sidewalks and at kitchen tables, the topics that have had Washington hopping in the final weeks before the midterm elections — Congressional scandals, new books saying there was administration in-fighting over the war in Iraq — were little more than distant political chatter, best tuned out." The "conclusions drawn by Republicans and Democrats alike sounded a similar theme: People craved substance and not rhetoric, wanting to hear about the nuts and bolts of national issues like health care, local ones like a proposed light rail system and international concerns like a better strategy for the war in Iraq."

More Commentary. In a USA Today op-ed (10/11) titled "People Like Foley Are Gays' Worst Nightmare," novelist and playwright Steve Kluger says, "Thirty years ago, singer, former beauty queen and human being Anita Bryant sat before Florida's Dade County Metro Commission and demanded the repeal of the recently passed ordinance that prohibited discrimination on the basis of sexual orientation." From "the day he was sworn in as the representative from Florida's 16th District," all Foley "was missing was Bryant's hair. There was the matter of his very public Christianity, his endorsement of the so-called Defense of Marriage Act (which, incidentally, puts adult same-sex couples who wish to pledge lifelong fidelity into a category with national security threats), his authorship of numerous Internet restrictions to protect children from homosexuals and others online, and his repeated use of the word 'revolting' to describe rumors that he's gay. Then he became Bryant's worst nightmare. And ours, too."

Rove's Fundraising For GOP Candidates Seen As Unprecedented. The Hill (10/11, Bolton) reports, "White House politico Karl Rove, whose legacy as a strategist hinges on Republicans' fate at the polls on Nov. 7, has raised more than $12 million for GOP candidates this election cycle." The "total is remarkable for a White House staffer, more than any aide has been known to raise before, and confirms Rove's place among the most celebrated strategists in American political history." Rove's "personal stake in the upcoming election is undeniable. If Republicans hang on to power, Rove's reputation as a political genius will be secure, say political observers. But if they lose, Republicans may look back at Rove's ambitious and unsuccessful efforts to reform Social Security and immigration policy with bitterness."

Democrats Hope To Take Advantage Of Dissatisfaction With Iraq War. CBS Evening News (10/10, story 9, 3:15, Couric, 7.66M) reported, "With the Congressional elections just four weeks away, our latest CBS News/'New York Times' poll shows a growing number of Americans say the Iraq war is the number one issue facing the country, far ahead of terror and the economy. Two out of three Americans polled say the war is going badly, and it's not just Democrats. 39% of Republicans agree. Against this backdrop, a number of Democratic candidates with real combat experience are fighting a new battle." Democratic candidate Patrick Murphy: "I'm an Iraq war veteran, Democrat running for Congress." Couric: "The Democratic party has high hopes for this group of Iraq war vets who are battling for congressional seats hoping the message voters are getting is this: We're against the war, but tough on national defense. And we have the medals to prove it."

Scholar Says Congress Failing It Its Oversight Role. The Washington Post (10/11, A17, Babington, 748K) in a Q& A with congressional scholars Thomas Mann and Norman Ornstein examines the problems with Congress, calling it "The Broken Branch." Asked about Congress' oversight role, Mann said, "It is striking, the extent to which the Republican majority in Congress deferred to the president in the face of one of the most aggressive and ambitious assertions of executive authority in American history. … They are now paying a political price for the policy consequences of their inattention. In Iraq, for example, it has meant flawed planning, poor implementation and no midcourse corrections."

Democrats Said To Need Support Of Rural Red State Voters To Flip Senate. The Los Angeles Times (10/11, Brownstein, 918K) reports Democrat Claire McCaskill's "ability to win votes in rural Missouri may determine whether she topples" Republican Sen. Jim Talent. More broadly, "it probably will signal whether Democrats can overcome the principal obstacle in their drive for a Senate

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majority: The Republican dominance of Senate seats in states that President Bush carried in 2000 and 2004." To gain "the majority, Democrats must win at least four, and maybe more, GOP-held seats in red states such as Missouri. Recent polls have buoyed their hopes. Democrats are running about even with or slightly ahead of Republicans in each of the hotly contested red-state Senate races except Arizona's." From "disenchantment over the Iraq war to the sex scandal surrounding former Rep. Mark Foley (R-Fla.), a national tide may be gathering behind Democrats. But for Republicans, the red states loom as the sea wall against that force. Election day will decide whether discontent over the nation's direction overrides entrenched GOP advantages, especially among rural voters, in these culturally conservative states." In "all but one of the key red-state Senate races, rural voters constitute a larger share of the population than they do nationally (Arizona is the exception). And that means that to gain Senate seats, Democrats need to minimize the GOP edge among culturally conservative exurban and rural voters."

Many Democratic Candidates Taking Conservative Positions. The Washington Times (10/11, Hallow, 88K) reports that "across the South and Midwest," Democratic congressional candidates "from Illinois to Georgia are casting aside liberal loyalties to compete in conservative districts where they hope to gain the 15 seats needed for Democrats to take control of the House." National Republican Congressional Committee (NRCC) spokesman Jonathan Collegio said, "There are especially strong cases of 'blank slate' candidates with no voting records, trying to hedge on every issue -- in Pennsylvania, Illinois and Virginia, for example -- and other Democrats running like they're Republicans, in Georgia, Indiana and North Carolina." The Times adds the "reasons for the plethora of rightward-running Democratic candidates? Polls show Democrats will have a hard time winning in strong Republican and swing districts if they spout traditional Democratic positions." To "make a successful play for House control, Democrats have to win in Republican districts. But voter surveys consistently show that the national Democratic Party's liberal positions on taxes, abortion and other issues do not go down well in districts that supported Mr. Bush by 10 percentage points or more."

527 Groups Expected To Spend Over $300 Million On Midterm Election Ads. The New York Times (10/11, Broder, 1.21M) reports a "previously unknown group led by a Republican political consultant in Houston is financing television advertisements against nine Democratic House candidates from North Carolina to Arizona." The group, "Americans for Honesty on Issues, is spending more than $1 million on the advertisements, which accuse Democratic candidates of carpetbagging, coddling illegal immigrants, being soft on crime and advocating cutting off money for troops in Iraq." The group's ads "appear to be the first wave of a boatload of negative political advertising that will appear in the weeks before the Nov. 7 election. Many of the advertisements will be produced by independent organizations known as 527 groups, after the provision in the tax code that allows such groups to spend virtually unlimited sums on political activity as long as it is not formally coordinated with parties or candidates." The 527 groups "had raised nearly $200 million as of June 30, much of which appears to be available to be spent on pre-election activities. And if past trends hold, the total raised and spent by the groups on this election will surpass $300 million, eclipsing the $258 million spent by such groups in the last midterm election, in 2002." The leader "of Americans for Honesty on Issues is Sue Walden, a close ally of Tom DeLay, the former House majority leader who left Congress amid questions on ethics and fund-raising."

Belated Agreements Over Turnout Plan Funding Could Make Difference For Democrats. The Hill (10/11, Kaplan) reports the "clash" between DNC chair Howard Dean and DCCC chief Rep. Rahm Emanuel "over how much money the national party would spend to help congressional Democrats ended last month. But the heart of the disagreement, whether the national party has identified new and drop-off voters, could determine whether the Democrats retake the House and Senate in November." Emanuel, "chairman of the Democratic Congressional Campaign Committee, and Dean agreed last month that the Democratic National Committee would spend $2.6 million on GOTV efforts; Dean reportedly reached a deal Monday with Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, to direct $5 million to state parties to help Democratic Senate candidates." In the months "preceding these agreements, the DSCC and DCCC set up their own field programs, which is something the DNC would have done in the past, said several Democratic strategists." Referring to "voters who cast ballots in presidential years but

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not in off-year elections," Emanuel said, "Did they [the DNC] waste a year and a half not targeting drop-off voters? Yes." However, he added, "House Democratic candidates would be fine, because, 'It's not like we have slouches over there … they [the DCCC] know what they're doing.'" The Hill adds Emanuel "hired Michael Whouley and Jack Corrigan, longtime Democratic field operatives, to implement the DCCC's strategy. The committee has worked with 70 campaigns devising a field strategy; it is helping pay for field programs in several campaigns, said a senior Democratic aide."

DSCC Launches $1 Million Ad Campaign For Webb. The Hampton Roads Virginian-Pilot (10/11, Germanotta) in an article titled "Democratic Senate Group Backs Webb In A Big Way" reports, "Forget about the polls, what really sends a message is money, and on Tuesday the Democratic Senate Caucus' political arm bought in big-time with an anti-George Allen ad." The Virginian Pilot notes, "The 30-second ad lumps together a number of anti-Allen charges" including "references to Allen's calling a Webb campaign worker of Indian descent 'macaca,'…as well as citations of stories that have emerged during the campaign about Allen not reporting stock options and of having used racial slurs while in college."

The AP (10/11, Lewis) reports the $950,000 DSCC ad "is among the largest yet in a race the latest polls indicate is tied or very close." In response "Allen's campaign quickly labeled the DSCC's ad as 'deceitful' and immediately sought to tie it to national Democrats, particularly New York Sen. Hillary Clinton." The DSCC ad "opens mocking Allen's appeal last week for restoring the campaign to issues" and "accuses him of voting against body armor for U.S. troops, favoring tax breaks for energy companies that gave his campaign $322,000, and voting to boost his own salary while opposing increases in the minimum wage." But "Allen's campaign released a list of rebuttals to each point, particularly the claim he opposed body armor for American troops."

Allen, Webb Trade Charges On Taxes. The Washington Post (10/11, B1, Shear, Craig, 748K) reports, "Taxes have moved to the forefront of Virginia's Senate race, with Republican Sen. George Allen accusing Democrat James Webb of plotting to raise taxes on millions of Virginians." The Post notes, "Allen made the allegations at the candidates' final debate Monday and is repeating them in a statewide television commercial. But the accusations are based almost entirely on Webb's support from national Democratic leaders and on two vague statements by Webb questioning whether Congress should make federal tax cuts permanent." And Webb "has angrily denied the charge and on Tuesday began airing a commercial defending his views. The Democrat's ad also examines Allen's voting history to accuse him of raising taxes on retirement savings, increasing the cost of tuition and giving tax breaks to oil companies. Webb also told reporters which tax cuts he would keep and what tax loopholes he would consider closing."

The Washington Times (10/11, Bellantoni, 88K) notes, "Virginia conservatives say an unrelenting focus on taxes will give" Allen "a win over" Webb. On "Monday night, Mr. Allen, a Republican, hammered Mr. Webb on taxes and yesterday kept up the attack. The Allen campaign Web site yesterday declared: 'Hillary Clinton gave James Webb Jr. 1,000,000 reasons to raise taxes on 3 million hard-working Virginians.'" And "Conservatives irritated with national Republicans on fiscal issues say Mr. Allen finally has landed on a winning strategy in the final weeks of the race, one of the hottest in the nation with the major candidates nearly tied in the polls."

Allen Campaign Runs Ad In Support Of Gay Marriage Ban In Rural Areas. The AP (10/11, Lewis) notes the Allen campaign has also begun "airing a radio ad" costing $60,000 in rural areas "making his strongest link yet to groups supporting a referendum on the Nov. 7 statewide ballot that would write a ban on same-sex marriages or anything resembling it into the Virginia Constitution's Bill of Rights." The ad states, "There are those who would like to change the definition of marriage. Jim Webb is one of those people. … This Election Day you'll have an opportunity to stand up to the Jim Webbs of the world, to the people who want to weaken marriage."

Character Seen As Key Issue In Virginia Senate Race. The Washington Post (10/11, B1, Barnes, 748K) reports, "If Virginia voters want to pick their next U.S. senator based on issues, Democratic challenger James Webb and Republican incumbent George Allen give them plenty to work with. They disagree on taxes, the war in Iraq, support for the Bush administration, the deficit, how the government should fight terrorism, and a constitutional amendment aimed at same-sex marriage." Yet "if the character of the candidate is the deciding factor, Virginians are entering murkier territory." Democrats are worried Webb "is still an attractive resume in search of a campaign persona. His appearances on stage

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with Allen have been described by party professionals as feisty but chilly. And, strapped for cash, he was not able to introduce himself to voters on television before Allen put him on the defensive, especially with women, key voters for any Democratic candidate." Meanwhile Allen "has not looked comfortable defending his lead, which polls show may be down to almost nothing." During Monday's debate "neglected to mention his record of loyal support to President Bush. But he intoned the endorsement of Virginia's senior Republican, Sen. John W. Warner, who more regularly bucks his party's leadership, at least three times."

Ford, Corker Seek To Seek To Establish Independent Credentials. The AP (10/11, Rucker) reports, "Tennessee's U.S. Senate candidates traded caricatures during a debate Tuesday night that painted a grim choice for voters: rubber stamp or political insider." Democratic Rep. Harold Ford said, "If you want a rubber stamp, don't vote for me," while "Republican Bob Corker accused the Memphis congressman of being a Washington insider who benefited from the 'machine-style' politics of his politically connected family."

Poll Shows Lieberman Leading Lamont 48%-40%. The Hartford Courant (10/11, Pazniokas, 195K) reports Connecticut Sen. Joseph I. Lieberman leads Ned Lamont (D) "by eight percentage points" 48%-40% "in the Senate race, although a majority of voters agree with Lamont on the war in Iraq and the need for change in Washington, a Courant/University of Connecticut poll says." The survey conducted Oct. 4-9 "found that 60 percent of voters believe going to war was wrong, and a slim majority favors a deadline for withdrawal, issues Lamont used to defeat Lieberman in the Democratic primary." Yet Lieberman "enjoys a 57 percent approval rating and has managed to capture 67 percent of Republican vote, while keeping 35 percent of Democrats in his camp. Unaffiliated voters prefer him over Lamont 45-37 percent."

Lamont Contributes Additional $2 Million To His Campaign. The AP (10/11, Miga) reports, "Wealthy Democratic businessman Ned Lamont is pumping another $2 million of his personal fortune into his bid to unseat three-term Sen. Joe Lieberman, whom he trails in a recent statewide poll." He "has personally contributed $8,751,500 to his campaign." Both candidates "are spending heavily for TV ad campaigns as the fall race intensifies. Lamont has criticized Lieberman for missing Senate votes in a new commercial. One Lieberman ad receiving heavy air play accuses the Greenwich millionaire of lacking the experience to be an effective senator."

Trial Lawyer Pledges $5 Million To Jump Start Bell Bid For Texas Governor. The Washington Times (10/11, Aynesworth, 88K) reports Houston trial lawyer John O'Quinn's "huge political contribution" of $5 million "may tighten the Texas gubernatorial race in the final weeks." He "said yesterday he had donated $1 million and would give or raise an additional $4 million toward the campaign of Chris Bell, a Democrat challenging Gov. Rick Perry in the Nov. 7 election. The $5 million would be the largest single donation ever in a state race." While Texas Gov. Rick Perry and "independent challenger Carole Keeton Strayhorn have been spending heavily on television ads" Bell "and independent candidate Kinky Friedman have not had the campaign money to keep up the pace." But the "O'Quinn injection immediately energized the Bell campaign. Spokeswoman Heather Guntert said the Democrat already had placed more television ads in Houston and planned to buy heavily in other major markets this week."

Friedman Resists Calls By Democrats To Drop Campaign. The Dallas Morning News (10/11, Garrett, Jeffers, 500K) reports, "Democratic nominee Chris Bell is trying to persuade independent Kinky Friedman to quit the race for governor, but Mr. Friedman insisted Tuesday that he's in to stay." While "Bell campaign aides said that Mr. Friedman performed poorly in Friday night's candidate debate and that Friedman supporters have told the Democrat that they'd support him if he could persuade Mr. Friedman to step aside," Friedman "said of Mr. Bell and his advisers: 'They're desperate and scrambling.'" Yet "Bell's debate performance has won generally strong reviews, giving the Democrat hope he can emerge as the main challenger to Mr. Perry."

Poll Show Crist With Ten Point Lead In Florida Governor's Race. Greg Pierce in his "Inside Politics" column in the Washington Times (10/11, 88K) notes, "Florida Attorney General Charlie Crist has a commanding lead over Democratic nominee Rep. Jim Davis in their race to replace Gov. Jeb Bush, a new poll shows." He "was backed by 53 percent of likely voters, compared with 43 percent who said they favored the Democratic congressman from Tampa,

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with 3 percent undecided." A "random telephone survey of 783 likely voters was taken between Oct. 3 and 8 by Quinnipiac (Conn.) University Polling Institute. Mr. Crist was favored by 50 percent to Mr. Davis' 39 percent in a larger sampling of 968 registered voters."

The Wall Street Journal (10/9, Schatz, 2.03M) in its "Washington Wire" column notes Crist's "lead wasn't exactly the worst news in the poll for Davis. A full 57% of the 968 registered Florida voters polled didn't know enough about him to form an opinion. What's worse, 54% of Democrats said they hadn't heard enough to know how they felt about him. Actually, that was an improvement for the five-term congressman. According to the poll, which has been taken every month since February, the percentage of respondents who hadn't heard enough about him dropped 20 points from the 74% to 77% range."

Taylor Benefited From Earmarks For District. The Wall Street Journal (10/11, A1, Wilke, 2.03M) reports NC11 Rep. Charles Taylor (R), "wealthy businessman and banker, owns at least 14,000 acres of prime land in western North Carolina." So when he "steers federal dollars to his district, sometimes he helps himself, too." Last year, Taylor "added $11.4 million to a big federal transportation bill to widen U.S. Highway 19, the main road through Maggie Valley, a rural resort town in the Great Smoky Mountains. His companies own thousands of acres near the highway there and had already developed a subdivision called Maggie Valley Leisure Estates." Taylor also "got $3.8 million in federal funds for a park now being built in downtown Asheville with fountains, tree-shaded terraces and an open-air stage. It's directly in front of the Blue Ridge Savings Bank, flagship of his financial empire. He is among the richest congressmen with assets of at least $72 million, records show." Taylor is "one of at least a half-dozen House members whose public actions in directing special-interest spending known as earmarks have also benefited their private interests or those of business partners, according to congressional, corporate and real-estate records. Among them is a senior Democrat, Rep. Alan Mollohan of West Virginia."

Rural Areas Benefit From More Charitable Giving. The New York Times (10/11, Leonhardt, 1.21M) reports, "The economics of rural America have not really changed. If anything, the advantages that Chicago, Dallas, New York and other big cities have over Nebraska have only continued to grow." But the Nebraska city of "Ord has finally figured out how to fight back" with the help of charitable donations. For example the New Tithing Group "tries to persuade Americans to base their charitable giving on their assets as well as their income, given how many now have substantial assets." The Group has compiled a list ranking charitable efforts and "What is striking about the top of NewTithing's list is that it is dominated by a group of states that run from the Rockies through the Plains and down into the Southeast."

Stark Says Private Sector Not More Efficient Than Medicare On Prescription Drugs. In a Wall Street Journal letter to the editor (10/11), Rep. Pete Stark says, "Your Oct. 4 editorial 'Markets and Medicare' implies that the private sector is more efficient than Medicare. Medicare trustees suggest the opposite, finding that administrative costs for the new prescription drug program's private drug plans average 12% -- six times Medicare's historic 2% ratio." Stark adds, "You also claim that 'competition' is responsible for a decline in the drug program's cost. But these reductions are primarily a result of a trend of lower drug spending that is unrelated to Medicare. And you allege that the Veterans Administration limits drug access. But the VA covers 16,000 prescription drugs on its formulary, and ensures access to other drugs when necessary. VA patient satisfaction is high and the VA negotiates price discounts far below those in Medicare's private plans."

As China Signals Support For Sanctions, Rice Says US Not Planning To Attack North Korea. North Korea's claimed nuclear test received heavy coverage last night and this morning, leading two network newscasts and receiving over 16 minutes of airtime amongst all three networks. Major papers also ran multiple stories, including front page stories. The New York Times (10/11, A1, Shanker, Hoge, 1.21M) reports, "Secretary of State Condoleezza Rice said Tuesday that the United States did not intend to invade or attack North Korea, but she warned the North's leaders that they now risked sanctions 'unlike anything that they have faced before.'" She also "stressed that 'the diplomatic path is open' for the North, and that giving up its nuclear program would 'lead to all kinds of benefits for North Korea.'" China also said "that tough measures were in order, though its representatives said the punishments might

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not necessarily be the harsh ones that Washington was proposing." US Ambassador to the UN John R. Bolton, said, "I'm pleased by the positive nature of the discussions and look forward to more progress tomorrow." When "Asked if he would limit the American demands in the interests of speeding the process of drafting a resolution, he said: 'We want firmness and swiftness, and I think we can have both.'" Administration officials say that the US "is pursuing a two-track approach: trying at the United Nations to persuade other countries to cut off economic ties with the North, and using American banking laws to punish banks overseas that deal with North Korean companies." Still, "even as the administration sought to push tough language into a Security Council resolution, the White House expressed doubts about the capacity of North Korea's nuclear program, based on evidence that the reported test had a smaller yield than expected."

Rice said on CNN's The Situation Room (10/10), "The United States of America doesn't have any intention to attack North Korea or to invade North Korea." Asked if the military option is not practical, Rice said, "The President never takes any of his options off the table. But the United States somehow in a provocative way trying to invade North Korea, it's just not the case."

NBC Nightly News (10/10, lead story, 2:45, Williams, 9.87M) reported that "as talks continue at the United Nations, Secretary of State Rice may move up a trip to Asia, perhaps leaving within a week. Another sign of how seriously the US considers the North Korean threat."

On ABC World News (10/10, story 3, 2:30, Gibson, 8.78M), Rice was shown saying, "We are going to get sanctions passed because we can't tolerate a nuclear North Korea. The important things here is that you're getting universal condemnation. … But I do believe we have the right configuration now, both to make an agreement stick, if we get one. But also to pressure the North Koreans to take a different course." She later added, "The Chinese have said they will take serious steps to deal with the North Korean problem. We're going to have a sanctions resolution in the Security Council. We'll see how the North Koreans react to that. It is important that our security alliances make very clear to the North Koreans that we will not permit a deterioration of the security environment in this region. We have many arrows in our quiver. And we'll start to use them."

CBS Evening News (10/10, story 2, 2:35, Couric, 7.66M) interviewed Rice. Asked about the possibility of one-on-one talks with North Korea, Rice said, "You have to ask yourself…why are the North Koreans so insistent that there be bilateral talks? It's because they don't want the pressure of having China and south Korea and Russia and Japan at the table, too. They would like nothing better than to have all of the pressure be on the United States to deliver a deal." Rice added, "Well, certainly, one of the great worries if North Korea were to continue down this path is that it would try to transfer a weapon to either another state or perhaps even more alarmingly, to a non-state actor, a terrorist. But the President's made very clear that North Korea would be held fully accountable for any effort to try to use weapons technologies to threaten the security interests of the United States and its allies, and certainly the transfer of these technologies would do precisely that."

The AP (10/11, Gearan) reports, "The White House contends that North Korea wants to set up a confrontation with the United States and direct talks would play to that hand. By insisting on talks only in the awkward company of four other nations, the argument goes, the United States deprives the North of the chance to play David to the US Goliath." Instead, "the North also has South Korea, Japan, China and Russia to answer to." Another AP dispatch (10/11, Riechmann) quotes US Ambassador Bolton saying, "This is the way North Korea typically negotiates by threat and intimidation. It's worked for them before. It won't work for them now.'" McClatchy (10/11, Strobel), in a story discussing the US stance on direct talks, says the Administration is "under fire for policies that have failed to stop North Korea from advancing its nuclear weapons arsenal."

Rice was asked on Fox News (10/10) what North Korea is trying to accomplish. Rice said, "Far be it from me to try to read the mind of Kim Jong Il and the North Koreans. I can tell you what they could have. They could have a situation, if they give up their nuclear weapons ambitions, in which there's an opening to the international system, in which they begin to have more normal relations with countries." The Secretary was also asked how susceptible North Korea is to further sanctions, "if the sanctions that have imposed already haven't done the trick." She said, "Part of the goal is to make sure that it is really the countries that have leverage that are a part of the effort to pressure North Korea into coming back to the talks. The United States has some leverage, but not nearly the leverage that China has, not nearly the leverage that South Korea has."

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The Los Angeles Times (10/11, Spiegel, Miller, 918K) reports, "The sanctions demanded by US officials to punish North Korea for this week's weapons test are primarily aimed at what the Bush administration increasingly views as the greatest threat posed by North Korea: the spread of nuclear technology. On the high seas, the Pentagon has managed to track and even interdict weapons shipments coming out of North Korea. US spy planes, manned and unmanned, as well as naval ships have been able to keep close watch on cargo vessels leaving North Korean ports." But "as a result, North Korea has begun to avoid sending arms shipments by sea, government officials believe, sending cargo overland and by aircraft to the north, where they enter Chinese territory and become more difficult to follow, current and former US officials said."

The Financial Times (10/11, Fidler) reports that a resolution that includes searching cargo ships "raises many practical and legal questions about how such inspections would be carried out. To work, it would almost certainly need the backing of China, not only in the Security Council but also as a practical matter because many of the sea lanes out of North Korea pass close to China." Also, "the likelihood is that any attempt to board a North Korean cargo ship would be refused and the interdiction force would have to contemplate shooting across the ship's bows and mounting an opposed boarding," which "would probably be interpreted by North Korea as a hostile act, potentially leading to a significant further escalation of tensions in the region."

China's apparent shift toward supporting sanctions is receiving ample media attention. CNN's The Situation Room (10/10, Blitzer) reported China "is signaling today that it may be willing to support some punishment of its ally, North Korea." In a front page article, the Washington Post (10/11, A1, Lynch, Fan, 748K) also reports that China "expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs." It "opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy," and "insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea." Still, "officials in Beijing faced criticism at home over their diplomatic strategy" of relying "on the now-stalled six-nation talks." Meanwhile, the US and Japan "continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program," even as "the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government."

The Financial Times (10/11, Daniel, Fidler, Fifield, McGregor, Pilling, Turner) says China's position is an "apparent retreat from its long-standing opposition to international sanctions against Pyongyang." China's ambassador to the United Nations, Wang Guangya, "said a 13-point US proposal - which included inspections of cargo ships entering and leaving North Korea - provided a 'good basis for working'." North Korea's nuclear and missile tests are "seen in China as a demonstration of the failure of Beijing's strategy of playing a moderating role between North Korea, regional neighbours and the US." USA Today (10/11, MacLeod, 2.27M), the AP (10/11, Wadhams), AFP (10/11, Aziakou), Christian Science Monitor (10/11, Montlake, 58K) and Washington Times (10/11, Pisik, 88K) run similar assessments of China's stance on the crisis.

A number of reports also note South Korea's shift away from its "sunshine policy" toward the North. In an front page article, the Washington Post (10/11, A1, Faiola, Cho, 748K) reports, "Monday's reported test cast a sudden chill on North-South relations, stalling Seoul's financial incentives to the North," as "the biggest potential casualty of the announced test appears to be" South Korea's sunshine policy. While "South Korean officials say it is too early to declare that detente is dead," there are "changing sentiments across South Korea in the wake of Monday's purported test, which was something of a national wake-up call in a country where the perception of a North Korean threat had all but evaporated after years of detente." With "the most significant step to date, President Roh Moo Hyun -- who had become South Korea's leading voice for engagement -- effectively acknowledged on Monday that the sunshine policy had failed," and "the leading voices for detente here…express a profound sense of shock and betrayal. A number of them are calling for a complete review of the policy they had long held up as the cornerstone of Korea's eventual reunification." This "marks a radical shift in thinking in South Korea."

The Financial Times (10/11, Fifield) says that "with Monday's provocative nuclear test it has become patently clear that South Korea has gained next to nothing for its efforts." While some analysts "doubt South Korea will

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jeopardise its primary goal of maintaining stability," others say "that Seoul has little to lose from wielding a bigger stick."

In contrast, the New York Times (10/11, A8, Onishi, Fackler, 1.21M) reports, "South Korea and Japan, America's two major allies in this region, have grown increasingly apart in their attitudes and policies toward North Korea, even though President Roh Moo-hyun said Monday that the North's announcement of a nuclear test had put him on the same page as Japan's prime minister, Shinzo Abe," and "the calculations and interests that have led each country on its respective path have changed little." In interviews, South Koreans, "while expressing anger and disappointment, said they did not support the economic sanctions and other punitive measures sought by the United States and Japan, but called for continuing to engage the North, though with more sticks." By contrast, the Japanese "interviewed agreed that the country should take a firmer stance, both in punishing North Korea and in strengthening its own military."

US Experts Analyze North Korean Blast. The Wall Street Journal (10/11, A4, Block, 2.03M) reports, "The US has marshaled a network of military aircraft, ships, seismic-listening posts, spy satellites and intelligence agents to glean as much as possible about North Korea's claim that it tested a nuclear device, and officials say they may have a good idea about what took place as soon as today." The objective "is to detect radioactive isotopes and gases released in the atmosphere, usually within 72 hours, after such a test. The presence or absence of these indicators will tell analysts if the device detonated underground Sunday was a nuclear weapon."

The New York Times (10/11, Sanger, Broad, 1.21M) reports, "The White House seized on further evidence on Tuesday that North Korea's proclaimed nuclear test had resulted in a surprisingly small blast, questioning at one point whether the test was, in the end, 'a big deal event.'" The White House spokesman, Tony Snow, "appeared to backtrack from that assessment later in the day, as he turned from mounting a defense of the administration's troubled history with North Korea to arguing that the only logical response to the test was to impose harsh sanctions." The Times adds that officials "said that their current assessment was that North Korea had in fact detonated a nuclear device, and that they were discounting some reports that North Korea had staged a hoax, trying to disguise a large conventional explosion as a nuclear blast. 'The working assumption is that this was a nuclear explosion of some kind,' one intelligence official said, speaking on condition of anonymity. 'The conventional explosion theory doesn't make a hell of a lot of sense, even for the North Koreans.'" But "that left the mystery of why the explosion appeared to be so small, less than a kiloton, or a fraction of the explosions at Hiroshima and Nagasaki in 1945."

The Washington Post (10/11, A14, Linzer, Ricks, 748K) reports a "Defense Department official" said "there are multiple ways" the US government "will seek to verify North Korea's claim that it detonated a nuclear device, the official said. But there is no hard information yet, the official said. Intelligence analysts are also reviewing intercepted communications and other data." The official "declined to be quoted by name, saying that the Pentagon is not playing a lead role in the US response and that he wanted to defer to the White House." Tony Snow "said there is a 'remote possibility' that US intelligence will be unable to fully determine whether the test succeeded." The Washington Times (10/11, Curl, 88K) quotes Snow saying, "You could have something that is very old and off-the-shelf here as well, in which case they've dusted off something that is old and dormant."

USA Today (10/11, Vergano, 2.27M), under the headline "Even A Small Nuke Poses Big Threat," reports, "Some analysts, such as physicist David Albright of the Institute for Science and International Security, suggest that the North Koreans may have miniaturized a bomb to arm missile warheads."

Earthquake Led Japan To Suspect A Second Test. The AP (10/11, Freire) reports, "A strong earthquake in northern Japan on Wednesday may have led the Tokyo government to suspect that North Korea had conducted a second nuclear test." In Washington, White House spokesman Blair Jones "said US officials had not detected any evidence of additional North Korea testing. 'Japanese officials are now saying that this occurrence may be related to an earthquake in northern Japan,' Jones said." The AP adds, "A senior State Department official said the US would not be surprised if there were multiple tests, but so far there is no sign of one. The official spoke on condition of anonymity because of the sensitivity of the situation." Japanese Prime Minister Shinzo Abe's spokesman "confirmed the government was checking whether the North had tested another nuclear device. Shortly after that, the Japanese meteorological agency said a strong earthquake with a preliminary magnitude of 6.0 shook northern Japan."

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Abe Says Japan Will Keep Constitutional Nuclear Weapons Ban. The Washington Times (10/11, Sands, 88K) reports, "Japanese Prime Minister Shinzo Abe said yesterday that North Korea's claim it conducted a nuclear test will not affect his country's constitutional ban on developing nuclear weapons, but all of the North's neighbors face fundamental military and foreign policy questions in the wake of the test." Abe, "a hard-liner who has long pushed for a more assertive Japanese defense, told a parliamentary committee that fears in the region that Japan will seek a nuclear deterrent in response to North Korea's test are unfounded."

Crisis' Effect On Asian Stability Examined. The Christian Science Monitor (10/11, Grier, 58K) reports, "North Korea's apparent test of a nuclear device could have a devastating effect on the world's long struggle to contain the spread of the most powerful military weapon known to man. Experts have long worried that if the Pyongyang regime flaunted its atomic hardware, Asia might be drawn into an arms race reminiscent of the early days of the cold war. The spiral could develop like this: Threatened, Japan and South Korea start their own weapons programs. China piles up bombs to protect its regional superpower status. India strives to catch China, and then Pakistan tries to counter India, and then...." But "this nightmare scenario is far from inevitable, point out experts. Everything depends on what the US and other interested governments do to try to repair a nonproliferation system that, despite its faults, has served the globe well for decades."

The Wall Street Journal (10/11, A4, Fairclough, Ramstad, Soloman, 2.03M) reports that while "the prospect of regime change in Pyongyang may cheer many in Washington," such "turmoil in North Korea could damage the economies of China and South Korea, set off a refugee crisis and lead to military conflict." Therefore, "How the U.S. and Asia assess these risks could influence the outcome of Security Council meetings to decide how to respond." Today, "many North Korean officials view U.S. policies as wholly focused on removing Kim Jong Il," and some US officials who have worked on North Korea policy in recent years "say the Bush administration's approach has largely been driven by what they describe as President Bush's hatred of Mr. Kim, and not a comprehensive strategy."

The New York Times (10/11, Greenlees, 1.21M) reports "military officials and analysts interviewed today said that the North closely watched conflicts elsewhere in the world, particularly the invasions of Iraq in 1991 and 2003, and saw that masses of tanks and artillery could be neutralized with ease by superior American military technology. So, methodically but with growing nervousness, the Communist regime sought a new trump card to maintain the security standoff on the peninsula."

Iran Seeks Distance From North Korea, Says It Opposes Nuclear Weapons. The Financial Times (10/11, Smyth) reports, "Iran on Tuesday distanced its own nuclear dispute from the North Korean crisis, reiterating its claim that it opposes nuclear weapons. While analysts abroad speculated that Tehran could be emboldened by North Korea's defiance, comments from officials and the media put the emphasis on the different paths taken by the two countries." Tehran, they stressed, "remained committed to the Nuclear non-Proliferation Treaty." Tehran "insists its nuclear experiments are designed for the production of energy but western governments suspect the Islamic Republic is intent on developing nuclear weapons."

The AP (10/11, Dareini) reports Iran also clamed "Washington for North Korea's reported test blast and vowing to keep developing its own suspect atomic program." Iran "appeared emboldened by North Korea's defiance as its hardline Islamic leaders pledged not to bow to international demands that Tehran suspend uranium enrichment."

Crisis Seen As Reducing Chances Senate Will Pass US-India Nuclear Deal. The Financial Times (10/11, Johnson) reports, "North Korea's nuclear test will reduce the chances of the Indo-US civilian nuclear energy agreement being passed by a lame duck session of the Senate in November and strengthen the non-proliferation lobby in the US, Indian security analysts warned on Tuesday." Bush "is expected to face renewed criticism that he is rewarding bad behaviour by allowing a resumption of civil nuclear trade and co-operation with India, despite its 1998 nuclear test and refusal to join the nuclear non-proliferation treaty."

More Commentary. Henry Sokolski, executive director of the Nonproliferation Policy Education Center, writes in the Wall Street Journal (10/11, A14, 2.03M), "For more than two decades, the US and its allies blinked at the regime's nuclear-weapons activities, even when they clearly violated international treaties Pyongyang had signed; bent the nuclear rules to accommodate North Korea's misbehavior; and groveled more than once before Pyongyang and Beijing to keep this duplicitous diplomacy afloat."

Thomas Friedman writes in his column in the New York Times (10/11, 1.21M) that "compared with the vast repression

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and nuclear standoff that characterized the cold war, the post-cold-war era has been much better for a lot of humanity. Too bad it's probably over." The new "era will be defined by three new features — if things continue as they are. First is a nuclear Asia, triggered by North Korea's flaunting of its nuclear weapons. … Second is a nuclear Middle East. … Third is a disintegrating Iraq in the heart of the Arab world, with its destabilizing impact on oil prices and terrorism." The current era "can be preserved only if Russia and China get over their ambivalence about U.S. power and if the Bush team gets over its ambivalence about Iran and North Korea." After all, "When an administration can't make up its mind between regime change and change of behavior, it gets neither. And that is what the Bush team has gotten." Still, while "we have to make up our minds, but so, too, must Moscow and Beijing." Their pressure can stop Iran and North Korea, but to do so, "They've got to start paying a price to preserve this world."

David Ignatius writes in the Washington Post (10/11, A19, 748K), "The United States and its allies must begin constructing a system that can succeed where the Non-Proliferation Treaty has failed. A terrorist nuclear bomb in Manhattan or Washington isn't a thriller writer's fantasy; it's a probability, unless America and its allies establish new rules for nuclear accountability that are clear and credible."

McCain Says Clinton Policies Set Stage For Current North Korean Situation. CNN's The Situation Room (10/10, Blitzer) reported, "Republican Senator John McCain today accused directly the Clinton administration of setting the stage for the current situation by rewarding North Korea's bad behavior." McCain was shown saying, "We had a carrot and no sticks policy that only encouraged bad behavior. When one carrot didn't work, we offered another. Now we are facing the consequences of the failed Clinton administration policies and we must stop at long last reinforcing failure with failure."

The Washington Post (10/11, A10, Babington, 748K) reports, "In what sounded to many Washington ears yesterday like an early shot in the 2008 presidential campaign," McCain "singled out Sen. Hillary Rodham Clinton (D-N.Y.) as he denounced the Clinton administration's policies toward North Korea." Said McCain, "I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure." McCain spoke "in a speech near Detroit, where he was campaigning for a Republican Senate candidate." He added, "Every single time the Clinton administration warned the Koreans not to do something -- not to kick out the IAEA inspectors, not to remove the fuel rods from their reactor -- they did it. And they were rewarded every single time by the Clinton administration with further talks." The Post adds, "Aides said McCain was responding to Hillary Clinton's comments Monday, when she criticized North Korea for its announcement of having tested a nuclear weapon and added: 'Some of the reasons we are facing this dangerous situation is because of the failed policies of the Bush administration. I regret deeply their failure to deal with the threat posed by North Korea. And I hope that the administration will now adopt a much more effective response than what they have up until now.'"

The AP (10/11, Karush) reports Sen. Clinton's spokesman "dismissed McCain's criticism and argued that it was time for a new policy from the president. 'Now is not the time to play politics of the most dangerous kind -- with our policy on North Korea,' Philippe Reines, spokesman for Clinton, said in a statement. 'History is clear that nothing the Bush administration has done has stopped the North Koreans from openly testing a nuclear weapon and presenting a new danger to the region of the world.'"

Parties Scramble For Political Edge In Wake Of North Korean Claim. Under the headline "Test Byproduct: Quick Scramble To Point Fingers," the New York Times (10/11, Stolberg, 1.21M) reports "McCain's attack was part of an increasingly bitter partisan row over who was responsible for allowing North Korea to achieve nuclear ability." Republicans "sought to focus attention on what they said was a misguided and naïve policy of negotiating with North Korea during the 1990's. Democrats pressed the argument that North Korea's claimed advance was a byproduct of President Bush's decision to wage war against Iraq, which proved not to have any banned weapons, while doing too little to confront a real threat developing in North Korea. … With polls showing Republicans having difficulty holding on to their traditional strength when it comes to which party is better suited to keeping Americans safe, the candidates and parties have moved quickly to take political advantage of the crisis."

NBC Nightly News (10/10, story 2, , Williams, 9.87M) reported, "The exchange was a sample of the national security debate likely to play out down the stretch of this congressional campaign. Democratic critics charge in the march to war against Saddam the White House ignored the growing threat from the North Korea." Kurt Campbell, Asia

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expert: "Behind the scenes, every country in Asia recognizes and knows that the United States at best, half-heartedly contemplated diplomacy with North Korea." NBC added that "the situation has worsened since Bush took office, and later vowed he would never tolerate a nuclear North Korea. Last summer, the Institute for Science and International Security estimated that North Korea's potential arsenal of nuclear weapon was four to 13 -- up from one or two in 2000. But Tony Snow argued it was 'silly to ask whether the President made mistakes in his approach to North Korea." Gregory: 'You don't think it's fair to ask for some accountability as to what happened and whether there were mistakes made?'" Tony Snow: "David, the accountability lies in North Korea, not in Washington." Gregory: "And now the White House argues, North Korea may be nuclear, but it's not necessarily lost, particularly, the White House says, since its Asian neighbors, namely China, are turning up the heat. Brian?"

AFP (10/11, Lozano) reports the White House "rebuffed criticism that failed US diplomacy led to North Korea's nuclear test, while downplaying the significance of Pyongyang's blast, which rattled the world." White House spokesman Tony Snow "branded criticism faulting the US approach for failing to bridge differences with North Korea, Iran and Iraq and leading to the world-stunning test announced by Pyongyang Monday as 'back-seat generalship.'" Said Snow, "What you have is the fact that the United States has been engaged actively on all three problems. ... We are continuing to work aggressively on diplomacy with the Iranians and with the North Koreans." Snow "responded to comments especially from opposition Democrats that the administration of President George W. Bush had taken the wrong approach to dealing with perceived global threats, as signified by the North Korean nuclear test, which came after years of attempts to convince Pyongyang to not develop a bomb."

The AP (10/11, Hennessey) reports that speaking in Boulder City, NV, "Sen. John Kerry said Tuesday that a nuclear test in North Korea is evidence of the Bush administration's 'failed policies,' and called for the U.S. to engage in direct talks with Pyongyang." Said Kerry, "The president attacks the place that has no weapons of mass destruction and does nothing about the place that does."

William Perry, Defense Secretary under Clinton, writes in today's Washington Post (10/11, A19, 748K) says the North Korean test "demonstrates the total failure of the Bush administration's policy toward that country. For almost six years this policy has been a strange combination of harsh rhetoric and inaction. … Our government's inattention has allowed North Korea to establish a new and dangerous threat to the Asia-Pacific region. It is probably too late to reverse that damage, but serious attention to this problem can still limit the extent of the damage."

The Wall Street Journal (10/11, A14, 2.03M) editorializes that the crisis "may also have finally settled the question of how much time this and future Administrations will have available to deal with genuine foreign policy crises before they become merely political. The answer, it seems, can be measured in milliseconds." The Journal adds that "it would help if just once public discourse on the subject did not instantly degrade into an exercise in cynical political point-scoring. Fat chance."

Writing in The Hill (10/11), Dick Morris says, "In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by Speaker Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention. … There is nothing like a national security crisis to force Americans to realize the consequences of paralyzing a presidency by sending to Washington a Congress with which he cannot work. We fell into just that trap in the final years of the Clinton presidency and we would do so now at our peril. But Bush has to produce and has to do it in the next five weeks. Just like JFK did in 1962."

Rice Sidesteps Question On Whether Clinton's 1994 Agreement Was A Mistake. Rice was asked on CNN's The Situation Room (10/10) if she agrees with Sen. John McCain's comments blaming the Clinton administration for the missteps in dealing with North Korea in '93 and '94. Rice said, "There is no doubt that the North Koreans used the cover of the framework agreement to pursue a different path to a nuclear weapon through highly enriched uranium. There is no doubt that they did divert assistance. There is now doubt, also, that they got millions of dollars in assistance. But I don't want to get into the game of whether or not that was a mistake. We did sign the agreed framework. We went forward with it. We went forward with it on a bilateral basis, the United States and North Korea. Yes, there were some multilateral elements to pursuing the fuel through a consortium of states. But it was essentially bilateral. The United States and North Korea. And when they cheated, we had no one to stand with

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us and say to the North Koreans, you've cheated. And that's a problem not just for the United States but for China and for Japan and for Russia and South Korea. That's the difference in what President Bush has built."

Carter Says North Korea Won't Back Down Unless Its "Basic Demand" Is Met. Former President Jimmy Carter, in the New York Times (10/11, 1.21M), says "it is unlikely that the North Koreans will back down unless the United States meets" its "basic demand" for direct one-on-one talks with the US. He adds that "Washington's pledge of no direct talks could be finessed through secret discussions with a trusted emissary like former Secretary of State Jim Baker, who earlier this week said, 'It's not appeasement to talk to your enemies.'" Carter concludes, "What must be avoided is to leave a beleaguered nuclear nation convinced that it is permanently excluded from the international community, its existence threatened, its people suffering horrible deprivation and its hard-liners in total control of military and political policy."

Officials From Six Nations To Discuss Possible Sanctions On Iran. The AP (10/11, Schweid) reports, "Senior officials of the United States and five other nations plan to confer Wednesday on possible U.N. sanctions against Iran for processing uranium as part of its disputed nuclear program." Undersecretary of State Nicholas Burns and his counterparts in Britain, France, Germany, Russia and China "will confer by video about what should be on a U.N. sanctions list, State Department spokesman Sean McCormack said Tuesday."

Olmert Dismisses Syrian Peace Overtures. The AP (10/11, Nessman) reports, "Israel has brushed off the Syrian president's recent calls to restart peace talks as a ploy by Bashar Assad to deflect international pressure from his increasingly isolated regime." But "some in Israel say Prime Minister Ehud Olmert may be making a major mistake in ignoring even a slim chance to pursue peace with one of his country's most implacable enemies." Israeli Vice Premier Shimon Peres, meanwhile, "invited the Syrian leader to come to Jerusalem." The AP adds, "Israeli-Syrian peace talks broke down in 2000, with Syria demanding assurances it would get back all of the Golan Heights, which Israel captured in the 1967 Mideast War and later annexed. Israel wanted slight modifications to the pre-1967 line, conforming to the international frontier, and insisted that issues of security and normalization be spelled out first." Assad "has sporadically called for new talks, but his appeals grew more intense following this summer's war between Israel and Lebanon's Hezbollah guerrillas, which Syria backed."

Israel Fences Off Village That Extends Into Lebanon. The New York Times (10/11, Fattah, 1.21M) reports, "Little more than a week after Israeli troops withdrew from Lebanon, the shiny new fence around the northern portion of" Ghajar "is a reminder of the possible flash points that remain." For the Lebanese, the fence, erected over the past several weeks to separate the northern side of the village from the rest of Lebanon, amounts to a new occupation of their territory," but "to Israel, which says the fence is only temporary, it is a means of ensuring that Hezbollah fighters do not enter the village, which straddles the border, and attack Israelis." The village began in Israel and expanded over the boarder during Israel's occupation. Once they withdrew, the village was divided into Lebanese and Israeli sides. "The Israelis have now posted troops within the northern section of the village. Lebanese officials say the continued presence of Israeli soldiers on Lebanese soil is a violation of United Nations Resolution 1701, which settled this summer's conflict." While "Hezbollah official…have remained mute on the issue of Ghajar, opting to allow the government to negotiate a diplomatic solution," a Hezbollah representative noted that "patience is growing thin."

Hamas Rejects Conditions For Unity Government. USA Today (10/11, 2.27M) reports, "Qatar's attempt to mediate a growing crisis in the Palestinian territories took a blow Tuesday when Hamas rejected demands that it recognize Israel and renounce violence as a prerequisite for forming a unity government with the Fatah Party." It was "the latest setback in efforts to moderate the Islamic militant group Hamas and restore much-needed international aid to the Palestinians."

The Washington Post (10/11, A18, 748K) editorializes, "It's easy enough for global leaders to issue flowery appeals for action on the Middle East or to imply that progress would be possible if only the United States used its leverage with Israel. The stubborn reality is that there can be no movement toward peace until a Palestinian leadership appears that is ready to accept a two-state solution."

Bush Tells Peru's Garcia He Will Press For Trade Pact Approval. The AP (10/11) reports

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President George W. Bush Tuesday "assured Peruvian President Alan Garcia that he would work with US lawmakers to try to quickly push through a free trade agreement between the two countries." After meeting with Garcia, Bush told reporters, "The central issue facing us right now is the passage of a free trade agreement. I assured the president that I will work with Congress as soon as possible to get this agreement passed." Garcia "expressed satisfaction" with Bush's assurance, saying the pact would "help achieve stronger democratic institutions in Peru." The AP called the White House invitation "a demonstration of Administration support for the moderate policies Garcia espouses in contrast to leftist sentiment evident elsewhere on the continent."

LATimes Calls For Pact's Approval. The Los Angeles Times (10/11, 918K) editorializes that President Kennedy's program to develop Latin America called the Alliance for Progress "was invoked Tuesday by Peruvian President Alan Garcia during a news conference at the White House with President Bush," when he said "that the things the aid program failed to do in the 1960s, free trade could do today. Garcia is anxious over a free-trade pact that both the U.S. and Peru have signed but that has yet to be ratified by Congress" that replaces a previous trade pact. If, by the end of the year "the new pact isn't in place…thousands of Peruvian products will lose duty-free access to the U.S. market, which accounts for about 30% of Peru's exports." This "would be a disaster on many fronts," as the access helps "build diversified economies" that "lessen…reliance on coca." Also, "it will be playing into the hands of Venezuelan President Hugo Chavez and others trying to encourage the spread of anti-Americanism in the region." This "shouldn't be a tough decision by Congress, yet leaders have held up a vote until after the Nov. 7 election," but "Election-year politics should not be allowed to hijack this important trade deal."

Federal Taskforce To Pursue Cuba Sanctions Violators. The AP (10/11, Anderson) reports that in "the latest move by the Bush administration to tighten restrictions that were first imposed in the early 1960s and expanded frequently since," a new law enforcement task force "will aggressively pursue violators of the U.S. trade and travel sanctions that have been in effect against Cuba for more than four decades." It "includes the Treasury Department, FBI, and departments of Homeland Security and Commerce," and is intended to "bring greater emphasis to existing Cuba sanction enforcement efforts that are scattered among several federal agencies." It will "be coordinated by two senior prosecutors in Miami-based U.S. Attorney R. Alexander Acosta's office." The move "comes about a month before U.S. elections in which Cuban-American voters in South Florida — most of them fervently anti-Castro — form an important Republican Party constituency."

Top Treasury Aide On China Quits. The Wall Street Journal (10/11, A7, Phillips, 2.03M) reports, "Treasury Secretary Henry Paulson's top China hand," Deborah Lehr, "quit just a month after coming aboard to run the Bush administration's new economic dialogue with Beijing." When Paulson "met with top Chinese officials, he had Ms. Lehr close by his side as a signal of her stature at Treasury and in the new two-way financial diplomacy." She "resigned for 'personal reasons,' not because of any disagreement over how the U.S. should approach China." Now the "task of organizing the strategic dialogue falls to Undersecretary for International Affairs Timothy Adams…and to former State Department aide Taiya Smith, the secretary's deputy chief of staff."

Libya Makes Deal With Nonprofit To Supply Its Schoolchildren With Laptops. The New York Times (10/11, Markoff, 1.21M) reports, "The government of Libya reached an agreement on Tuesday with One Laptop Per Child, a nonprofit United States group developing an inexpensive, educational laptop computer, with the goal of supplying machines to all 1.2 million Libyan schoolchildren by June of 2008." Conceived in 2005 by MIT computer researcher Nicholas Negroponte, the brother of the United States intelligence director, John D. Negroponte, "The project, which is intended to supply computers broadly to children in developing nations," already "reached tentative purchase agreements with Brazil, Argentina, Nigeria and Thailand, and has struck a manufacturing deal with Quanta Computer Inc., a Taiwanese computer maker."

Washington Gathering Pushes For Action On Uganda. The Washington Post (10/11, A13, Boustany, 748K) reports, "Donning yellow and orange T-shirts, 700 activists from across the country pressed legislators and Capitol Hill staffers yesterday on the need for high-level American involvement to bring peace to northern Uganda," as "A number of nonprofit civic groups participated in the two-day gathering." John Prendergast, a senior adviser

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to the International Crisis Group who has served in past U.S. administrations," said, "I think a deal" between the warring factions "is possible, but it won't happen unless the U.S. engages." He added, "The absence of the Bush administration from the talks is condemning millions of northern Ugandans to a fate little better than death." New Jersey Rep. Christopher H. Smith "said he was going to call Secretary of State Condoleezza Rice to ask her to send an envoy to the Uganda peace talks."

Europe's "Centrists" Growing Concerned Over Islam. The New York Times (10/11, Bilefsky, Fisher, 1.21M) reports, "Europe appears to be crossing an invisible line regarding its Muslim minorities: more people in the political mainstream are arguing that Islam cannot be reconciled with European values." The Times adds "centrists" across Europe are "angry at terror attacks in the name of religion on a continent that has largely abandoned it, and disturbed that any criticism of Islam or Muslim immigration provokes threats of violence." Now "Europeans are discussing the limits of tolerance, the right with increasing stridency and the left with trepidation" as "those normally seen as moderates — ordinary people as well as politicians — are asking whether once unquestioned values of tolerance and multiculturalism should have limits." However, some "Muslims say this new mood is suddenly imposing expectations that never existed before that Muslims be exactly like their European hosts." Also, "the line between open criticism of another group or religion and bigotry can be a thin one, and many Muslims worry that it is being crossed more and more."

TV Producer Calls For Understanding Arab Side Of Issues. Souheila Al-Jadda, associate producer of a Peabody award-winning show, "Mosaic: World News from the Middle East," on Link TV, writes in an op-ed in USA Today (10/11, 2.27M) that "people in the Middle East don't hate us; in fact, most like our Western culture and its values. What they hate is our foreign policy," and "To win the confidence of people in the Arab world and have them accept Western values, U.S. foreign policy must reflect these values." There is "a new trend…emerging, with Western and Middle East news outlets planning to reach out to the other side and build bridges of understanding between their nations and people," and "To spare future generations further conflicts and wars, the world must support these modest attempts to bring differing opinions to new audiences. Ultimately, though, the will to engage in a global dialogue must be backed by a will to understand and a desire to change."

Arab, Muslim Activists Call On US To Support Arab Democracy. Radwan A. Masmoudi and Amr Hamzawy adapt an open letter to President Bush signed by 103 other Arab and Muslim activists and thinkers in Arab countries, Europe, the United States and elsewhere who have worked in support of democracy in an op-ed in the Washington Post (10/11, A19, 748K), "As Arab and Muslim intellectuals and activists concerned about the promotion of democracy in our region, we call on America and its president to reaffirm -- in words and actions -- its commitment to sustained democratic reform in the Arab world" and "entreat America to do all it can to ensure that a small number of authoritarian rulers will not control the future of more than 300 million Arabs." Some in the United States are "worried by recent Islamist gains among voters in Palestine and Egypt." However, "there is no way to advance liberty without inclusion of all elements that are willing to abide by democratic rules and reject violence," and "Democratic participation is the only way to combat extremism and pressure all groups, including Islamists, to moderate their stance in order to maximize their share of the vote." While "democracy is not easily attained and must ultimately come from within," it also "can receive encouragement and support, both of which it badly needs today in Arab countries." When "Arab citizens are able to have their choice, they will choose democracy, freedom, peace and progress."

NYTimes Urges US To Support Ban's Proposed UN Reforms. The New York Times (10/11, 1.21M) editorializes, "This week the Security Council picked Foreign Minister Ban Ki-moon of South Korea" to be Secretary General. "The United Nations is an essential organization for promoting American foreign policy goals and for achieving a fairer and more peaceful world. Yet the past few years have done serious damage," and "the single most ominous problem has been the sometimes hostile, sometimes aloof, but never constructively supportive attitude of the Bush administration." Secretary General Ban "cannot succeed without Washington's active cooperation, or without pushing through the reforms that fell short in the current term." He also needs "to cut back on obsolete study missions, layers of duplicative committees and sinecure staff positions that

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have piled up over decades without serious review. The United States strongly backed Mr. Ban's candidacy. If it supports Mr. Ban in doing his job, it would increase his chances for success."

WSJournal Urges Costa Rica To Implement Flat Tax. The Wall Street Journal (10/11, A14, 2.03M) editorializes, "The first country in Latin America that institutes a flat-tax regime is going to make history for that region." Former Estonian Prime Minister Mart Laar was in "Costa Rica last month to explain the groundbreaking structural change in his own country that sparked a free-market revolution all over Eastern Europe," but "the Costa Rican government is already trying to close the door on Mr. Laar's ideas." Instead, it "is promising an alternate plan that, if" President Oscar Arias's "rhetoric is any guide, will almost certainly raise taxes." However, the flat tax is supported by the press, and Arias's proposal may not pass his Congress. "Costa Rica has a chance to transform the region. It should take it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Democrats Aim At The Red."
"U.S. Fears Export Of Technology."
"O.C.'s 'Ring' Cycle Is Heaven For World's Opera Buffs."
"Two More Finalists Disclosed In Search For L.A. Schools Chief Job."
"Biologist Bushwhacks His Way To Court."
"U.S. Fears Export Of Technology."
"L.A. Liquor Store Owner Dares To Stand Up To Gangs."

USA Today:
"Against All Odds, Barbaro Perseveres."
"Report Skeptical Of Fraud At Polls."
"A Flunked Nuclear Test?"

New York Times:
"Rice Asserts U.S. Plans No Attack On North Korea."
"Instant Fallout For Politicians: Finger-Pointing."
"Religion-Based Tax Breaks: Housing To Paychecks To Books."
"3rd Iraq Death Has One Town Shaken To Core."
"Across Europe, Worries On Islam Spread To Center."
"Far From Big City, Hidden Toll Of Homelessness."

Washington Post:
"China Says It Will Back Sanctions On N. Korea."
"In Ohio, 'Values' Decline As Voting Issue."
"In Marine's Death, Clues To A Son's Life."
"North-South Relations Suffer A Sudden Chill."
"FBI Agents Still Lacking Arabic Skills."
"The Handwriting Is On The Wall."

Washington Times:
"China Hints Agreement On N. Korea."
"Winter Heating Likely To Cost Less."
"Islamic Center Files Suit On Checks."
"Fence Funding In Budget Just The Start."
"Hastert Vows To Fire Staff In Foley Cover-Up."
"Democrats Veer To The Right In Fight For House."

Atlanta Journal-Constitution:
"Fulton Jail Not Fixed, Judge Told."
"Consumers Warm Up To Lower Energy Costs."
"N. Korea Strains Chinese Support."
"Google Deal Makes YouTube Founders Giddy Millionaires."

Houston Chronicle:
"Council Divided On Wider Smoking Ban."
"Rains Bring Deadly Decision."
"Sanctions Target Sale Of Nuclear Technology."
"My, How Children's Museum Has Grown."
"'King Of The Apartment Business.'"

Story Lineup From Last Night's Network News:
ABC: Amish School Shooting-Transcripts; School Violence Summit; North Korea Nuclear Test; Possible Asian Nuclear Arms Race; Explosions In Baghdad; Military Recruiting Goals Met; Russian Journalist Killed; Foley Investigation; Warmer Winter; Working Mothers.
CBS: North Korea Nuclear Test; Condoleezza Rice Interview; Black Market-Nuclear Weapon Sales; Amish School Shooting- 911 Transcripts; School Safety; Explosions In Baghdad; Russian Journalist Killed; Foley Investigation; Veteran Candidates; Wade Zinkle Opinion-Iraq; Child Wakes From Coma.
NBC: Nuclear Test Reaction; Political Reaction-North Korea; Explosions In Baghdad; Russian Journalist Killed; Foley Investigation; Stock Market; School Violence Summit; Heating Prices Drop; Not Able To Retire; Bump Flights; Kids Making Money.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: North Korea Nuke Test; Iraq-US Ammo Dump Explosion; Bush-School Safety Summit; Midwest-Cold Snap.

CBS: China-North Korea Nuke Test; Hastert-Foley Scandal; Amish School Shootings-911 Calls; Bush-School Safety Summit; MLB Playoffs.

NPR: Japan-Earthquake; UN-North Korea Nuke Test; Durbin-Iraq Comments; Amish School Shootings-911 Calls; Bush-School Safety Summit; Foley Scandal Investigation; Philippines-Bombings; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Commander in Chief of the Veterans of Foreign Wars, Oval Office; meets with the President of the Southern Baptist Convention, Oval Office; speaks on the budget and the economy, Room 450, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Steve Chabot for Congress luncheon, Cincinnati Museum Center at Union Terminal, Cincinnati; participates in a Helping America's Youth event, Knoxville, Tenn.; speaks at a Bob Corker for Senate and Tennessee Republican Party reception, Knoxville.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER GEIR HAARDE OF ICELAND _ Highlights: 4:30 p.m. Speaks at the Johns Hopkins School of Advanced International Studies on U.S.-Iceland relations and future defense arrangements. room 500, 1717 Massachusetts Ave. Nw.

ARMY ASSOCIATION _ The Association of the United States Army holds its 2006 Annual Meeting & Exposition. Highlights: 11:30 a.m. Sustaining member reception/luncheon. Speaker: Kenneth J. Krieg, under secretary of defense for acquisition, technology and logistics, 12 p.m. Army Civilian Luncheon. Speaker: Under Secretary of the Army Pete Geren. 6 p.m. George C. Marshall Memorial Reception and Dinner. Marshall Medal receipient is former Sen. Warren Rudman, R-N.H. Location: Washington Convention Center.

BIOSCIENCE _ 8:30 a.m. 2006 Mid-Atlantic Bio: The Conference for Industry and Investors, the 2nd annual regional biotechnology forum. Highlights: 10:15 a.m. Plenary Session - Keynote Address. Keynote Address by Anthony S. Fauci, M.D., Director, NIAID, National Institutes of Health. Contacts: Alicia Moran, 703-739-2424 ext 110.

SCIENCE DEBATES _ 8:15 a.m. The American Association for the Advancement of Science holds a seminar to discuss how scientists, political strategists, reporters and others define science in debates over global warming, stem cells and other issues. Location: AAAS Auditorium, 1200 New York Ave. NW.

RUSSIA-GEORGIA _ 8:30 a.m. The Carnegie Endowment for International Peace holds a discussion with Russian experts discussing the situation in Georgia. Location: 1779 Massachusetts Ave. NW.

PUBLIC OPINION _ 8:45 a.m. The Chicago Council on Global Affairs, others, releases its 2006 Public Opinion Survey revealing important similarities and differences between public attitudes in the United States, China and India with regard to foreign policy priorities. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

CHINA _ 9 a.m. The Center for Strategic and International Studies holds a conference on expanding and improving interaction between U.S. and Chinese policy communities. Location: 4th floor conference room, 1800 K St. NW.

TRADE PREFERENCES _ 9 a.m. - 10:30 a.m. WITA hosts an off-the-record Insider panel discussion of the prospects for renewal of the Generalized System of Preferecnes (GSP) Program. Speakers include: Laura Baughman, Coalition for GSP and President, The Trade Partnership; Angela Ellard, Staff Director and Trade Counsel (Republican), House Ways and Means; Tim Reif, Chief Trade Counsel (Democrat), House Ways and Means. Location: Horizon Ballroom, ground level, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

GLOBAL THREATS _ 10 a.m. The Brookings Institution holds a briefing to release the findings of a report on the use of force to confront the proliferation of weapons of mass destruction, terrorism and grave humanitarian crises. Participants include James Steinbert of the University of Texas, former Botswana Amb. Alfred Dube, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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IRAN _ 10 a.m. Rep. Dennis Kucinich holds a briefing on the threat of war against Iran, with former nuclear weapons inspector David Kay, Joseph Cirincione at the Center for American Progress, President Trita Parsi of the National Iranian American Council, others. Location: Room 2154, Rayburn.

BASHAM-HOMELAND SECURITY _ 11 a.m. The US Chamber of Commerce hosts a trade security business forum with Commissioner W. Ralph Basham, Customs and Border Protection, U.S. Department of Homeland Security. Basham will address the broader business community for the first time in his new role, and will discuss top issues affecting homeland security today. Location: U.S. Chamber of Commerce, 1615 H St. NW.

NORTH KOREA _ 11 a.m. The Center for Strategic and International Studies holds a briefing regarding North Koreas nuclear test and associated issues. Location: B-1-B conference level, 1800 K St. NW.

ENVIRONMENTAL SCORECARD _ 12 p.m. The League of Conservation Voters holds a news conference to release its 2006 National Environmental Scorecard. Location: LCV offices, Suite 800, 1920 L St. NW.

HURRICANES-CLIMATE CHANGE _ 12 p.m. The Washington Roundtable on Science and Public Policy hosts a presentation on ``Hurricanes and Climate Change: Assessing the Linkages Following the 2006 Season," with Dr. William Gray, Colorado State University. Location: Capitol Hill Club, 300 First St. SE.

HEALTHCARE _ 12 p.m. - 1:30 p.m. Former Senator John Breaux joins David Kendall, Senior Fellow for Health Policy and Director of the Health Priorities Project, Progressive Policy Institute; Peter Pitts, Director of the Center for Medicine in the Public Interest; and Professor James A. Thurber, Director, Center for Congressional and Presidential Studies, American University for a lunch forum as part of Breaux's ``Ceasefire on Health Care" campaign. Location: American University, Butler Ballroom, Butler Pavilion, 6th floor.

HEALTHCARE _ 12:15 p.m. - 2 p.m. The Commonwealth Fund and the Alliance for Health Reform co-sponsor a luncheon briefing, ``Measuring up: A Comprehensive Scorecard for America's Health System." A new assessment by Commonwealth finds that deficiencies in the nations health care system cost 100,000 to 150,000 lives and $50 to $100 billion annually. Panelists: Cathy Schoen, The Commonwealth Fund and Tom Miller, American Enterprise Institute. Senior congressional staff members will be on hand to react to panelist presentations. Ed Howard of the Alliance and Steve Schoenbaum of Commonwealth will moderate. Location: Room G-50, Dirksen Senate Office Building.

VOTER SURVEY _ 1:30 p.m. The Civil Society Institute holds a telephone briefing to release a survey of likely voters who are ``red, white and green." Notes: Callin number: 800-860-2442; passcode: ``red, white and green voter survey."

IRAQ-REID _ 2:15 p.m. Sen. Jack Reid holds a news conference on his trip to Iraq. Location: Senate Radio-TV Gallery.

IRAQ _ 6 p.m. George Washington University's Public Diplomacy Institute will host ``Anatomy of a Failure: What Went Wrong in Iraq?" featuring Washington Post reporters Tom Ricks and Rajiv Chandresakaran, who have both recently written books on the subject. The forum will be followed by a book signing for both authors. Location: George Washington University Law School, LL102, Lerner Hall Lower Level, 2000 H St. NW.

MILITARY COMMISSIONS _ 7 p.m. Georgetown University holds a panel discussion on the Military Commissions Act of 2006, with university faculty. Location: Bunn Center Auditorium, on campus.

US-PALESTINE _ 7 p.m. Secretary of State Condoleezza Rice will deliver the keynote speech at the American Task Force on Palestine Inaugural Gala. Other participants include Prince Turki al-Faisal, Ambassador of Saudi Arabia; Ambassador Afif Safiyeh, Head of the PLO Mission to the U.S.; Sens. Carl Levin and John Sununu. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 11, 2006 7:45 AM EDT

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TERRORISM NEWS:

Albany Mosque Leaders Convicted Of Terrorism-Related Charges. In a widely-distributed story, the AP (10/11, Virtanen) reports, "Two mosque leaders arrested in a terrorism-related sting were convicted Tuesday of federal money laundering charges. Yassin Aref, imam at the Masjid as-Salam mosque in Albany, and Mohammed Hossain, a pizzeria owner and a founder of the mosque, were never accused of being terrorists, but prosecutors said they laundered money in 2003-04 for an FBI informant." The AP notes, "Hossain was convicted on all 27 charges against him, including three counts of conspiracy. The jury…found Aref guilty of 10 of the 30 charges against him. … 'Obviously we had a couple of individuals that were prone to supporting terrorism,' U.S. Attorney Glenn Suddaby said after the verdict. 'The FBI did what they had to do.'"

The Albany Times Union (10/11, Lyons, 103K) notes, "Jurors on Friday asked to watch an FBI surveillance videotape of a key meeting between an undercover informant and Aref. At the meeting, which took place in January 2004, about six months after the sting began, the two men discussed the informant's plan to 'legalize' money that he was loaning to Hossain." Capital News 9 Albany (10/10, Ferrence) reported US Attorney Bill Pericak said, "This is a world where when we have suspicions about people, we have a choice. Do we do something or do we wait until something happens?" Pericak added that "the government sting operation nabbed two men who could have walked away from the FBI informant who pretended to be a missile dealer to a terrorist organization. But they didn't."

The New York Times (10/11, Wilson, 1.21M) reports, "A lawyer for Mr. Hossain, Kevin A. Luibrand, said that the defendants would appeal, and that the entrapment theory would again be raised. 'Before the government arrived on the scene, they were not committing any crimes and were not thinking about committing any crimes,' he said. The men are to be sentenced on Feb. 12. The lengths of their sentences were unknown Tuesday, with Mr. Luibrand estimating 20 years in prison for Mr. Hossain, who was convicted of more crimes than Mr. Aref."

FBI Still Has Few Arabic-Speaking Agents. Under the headline "FBI Agents Still Lacking Arabic Skills," the Washington Post (10/11, Eggen, 748K) reports in a front-page story that five years after 9/11, "only 33 FBI agents have even a limited proficiency in Arabic, and none of them work in the sections of the bureau that coordinate investigations of international terrorism, according to new FBI statistics. … The same challenge is facing the CIA and other agencies as the government competes with the private sector for a limited number of applicants with foreign-language proficiency, according to U.S. officials and experts." Georgetown associate professor Daniel Byman "said the FBI's continuing failure to attract Arabic-speaking agents is 'a serious problem' that hurts the bureau's relations with immigrant communities and makes it more difficult to gather intelligence on extremist groups." However, "Margaret Gulotta, chief of the FBI's language services section, said in an interview that the bureau has made significant progress since 9/11 in increasing the number of translators who speak Arabic and other foreign languages."

NYTimes Says Navy Killed Lawyer's Career Following Hamdan Case. The New York Times (10/11, 1.21M) editorializes that Lt. Cmdr. Charles Swift's "integrity helped spark" the debate over prisoner treatment at Guantánamo Bay when he refused "to represent Salim Hamdan, a Yemeni citizen accused of being a high-ranking member of Al Qaeda — for the sole purpose of getting him to plead guilty before one of the military commissions that President Bush created for Guantánamo Bay." Instead, Swift "did his duty and defended his client," only to see the Navy respond "by killing his military career. About two weeks after the historic high court victory in Hamdan v. Rumsfeld, Commander Swift was told he was being denied a promotion. Under the Navy's up-or-out system, that spelled the end of his 20-year career, and Commander Swift said last week that he will be retiring in March or April." The Times says the Navy's actions send a "chilling message…to remaining military lawyers about the potential consequences of taking their job, and justice, seriously."

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HOMELAND RESPONSE:

Tariq Ramadan Said To Have Chance Of Obtaining US Visa. Rachel Ehrenfeld, director of the American Center for Democracy and Alyssa A. Lappen, a senior fellow at the American Center for Democracy, in an op-ed for the Washington Times (10/11, Ehrenfeld, Lappen, 88K) write, "Tariq Ramadan's latest attempt to legally obtain a visa to the United States was denied on Sept. 24.," on the grounds that his actions "constituted providing material support to a terrorist organization," according to State Department spokeswoman Janelle Hironimus. Ramadan contends that his contributions to "the French-based Hamas front 'Committee for Palestinian Charity and Aid'" were made before it was listed as a terrorist organization and says that "his funding of Hamas was just an excuse. The 'Bush administration has barred me for a much simpler reason: It doesn't care for my political views.'" However, Ehrenfeld and Lappen write that Ramadan enjoys growing "popularity among the Europeans," and say he should not be counted "out, yet. The American Civil Liberties Union, which filled several lawsuits on his behalf, condemned the State Department's decision, and said, 'it was considering an appeal.' Stay tuned."

Congress Sets Six-Month Deadline For DHS To Fix Watch Lists. Government Executive/CongressDaily (10/10, Strohm) reported, "With frustration levels apparently reaching an all-time high, lawmakers have given the Homeland Security Department a hard deadline to revamp its process for clearing individuals who have been wrongly put on terrorist watch lists. The fiscal 2007 Homeland Security appropriations bill…requires the department within six months to 'establish revised procedures for expeditiously clearing individuals whose names have been mistakenly placed on a terrorist database list or who have names identical or similar to individuals on a terrorist database list.'" CongressDaily noted, "The FBI's Terrorist Screening Center is responsible for managing and consolidating all government watch lists. The FBI and TSA both issued statements in the last two days defending watch lists as valuable counterterrorism tools and clarifying current redress procedures."

State Farm Alleged To Have Wrongfully Denied Katrina-Related Claims. The National Law Journal (10/11, Geier) reports, "Allegations by whistleblowers and plaintiffs lawyers that State Farm Fire & Casualty Co. used a 'one-size-fits-all' engineering report to deny policyholders' Katrina-related claims are stirring up Mississippi's southern federal district." The Journal continues, "State and federal prosecutors and grand jurors are looking into allegations that insurance claims were denied on the basis of a biased engineering report. The allegations were brought to light by two claims adjusters who had worked for an Alabama risk management firm under contract with Bloomington, Ill.-based State Farm." The Journal adds, "Richard T. 'Flip' Phillips of Smith, Phillips, Mitchell, Scott & Nowak of Batesville, Miss., an attorney representing Judy M. Guice in a mass tort on behalf of Mississippi homeowners who lost their homes, alleges that State Farm's tactics reveal 'a calculated strategy of wrongful claims denial.' Guice v. State Farm Fire & Casualty Co., No. 06-cv-1 (S.D. Miss.). … 'If they're allowed to do this, the lesson the insurance industry will have learned is that in mass catastrophe situations, a calculated course of across-the-board, wrongful claims denial and trying one case at a time pays,' Phillips said. … State Farm spokesman Phil Supple said that the company has been resolving claims fairly and is cooperating with state and federal probes into its activities." The Journal notes, "Underlying the litigation is the issue of whether the damage to policyholders' homes was caused by Katrina's high winds, which most policies cover, or by the storm surge and high waters, against which many policyholders were not insured. The southern district of Mississippi so far has denied class certification on the ground that each case involves its own set of circumstances as to the percentage of wind to water damage. … But the plaintiffs allege that State Farm used a 'generic engineering report ... which concluded that all of the hurricane damage to property on the Mississippi Gulf Coast was caused by storm surge and not by hurricane wind,' in essence to deny all of their claims, according to an amended complaint filed in McFarland v. State Farm Fire & Casualty Co., No. 06-466 (S.D. Miss.)."

WAR NEWS:

Dozens Of Bodies Turn Up In Baghdad As Violence Continues. The New York Times (10/11, Luo, 1.21M) reports in a bleak article, "Dozens of bodies turned up in Baghdad and a series of bombs killed at least 17 people on Tuesday, indicating that the sectarian violence in the capital showed little sign of easing, despite efforts by the American military and its Iraqi counterparts to quell it. At least 50 bodies, riddled with bullets and many bearing signs of torture, were discovered across Baghdad."

The Iraqi immigration minister "said more than 300,000 Iraqis have fled their homes [while remaining in Iraq] since the American-led invasion in 2003, The Associated Press reported. Half of them left after the February bombing of a sacred Shiite shrine in Samarra set off cascades of sectarian violence. He estimated that about 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003."

USA Today (10/11, 2.27M) reports, "A bomb blew up Tuesday outside a bakery in a mixed Sunni-Shiite

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neighborhood of Baghdad, killing 11 people who had been waiting in line. In addition, police told the Associated Press they had discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning."

The AP (10/11, Al-Bashir) reports the bombing and observes that the "Iraqi government put forward a new idea to help stop sectarian violence: ensuring security checkpoints in the capital have an equal number of Shiite and Sunni troops." The AP also reports the ammunition fire on the US military base.

All three networks reported the ammunition dump explosion. ABC World News (10/10, story 5, 0:30, Gibson, 8.78M) reported, "Still overseas tonight, several spectacular explosions have rocked a small US military base in southern Baghdad. An ammunitions storage area caught fire, possibly as the result of mortar fire. The blaze set off stores of ammunition and ordnance. There were no reports of injuries. Also in Baghdad, the bodies of 110 men have been found bumped across the city just since yesterday morning. Most of them had been bound, shot and tortured. Sectarian death squads are suspected."

CBS Evening News (10/10, story 6, 0:15, Couric, 7.66M) reported it as an insurgent attack, saying, "Overseas tonight a US military base in Baghdad came under attack. An ammunition dump was hit, setting off huge explosions. The blast continued for hours, and the flames could be seen for miles. No injuries were reported, and it's not known who is responsible."

NBC Nightly News (10/10, story 3, , Williams, 9.87M) reported, "We turn to Iraq, where there have been explosions in Baghdad tonight. A series of them on the outskirts of that city felt across a wide area." NBC (Engel) added, "These explosions at a forward operating base in south Baghdad, an ammunition depot caught fire, the US military is still not saying exactly why but thousands of tank, shells and artillery rounds were exploding into the night sky. Witnesses in the area said the base had been attacked by mortar rounds for about 20 minutes before this fire began. After the explosions erupted, the base was put on a state of high alert. Soldiers were ordered into bunkers. The fire brigade on the base was able to contain it and according to the US military, there were no casualties." Williams: "Another topic in Iraq, I know we'll have more reporting on it tomorrow night, but something in the news lately, this exodus of Iraqis out of that country. How big are the numbers?" Engel: "The numbers are staggering according to Iraq's minister of migration. Some of it happening in this area where the base was attacked, apparently this evening. According to the minister, the ethnic tension that has been on the rise in this country has caused about 300,000 Iraqis to flee their homes. These are internally displaced people. Shi'ites forced out of Sunni neighborhoods, Sunnis forced to leave Shi'ite areas. They call it ethnic cleansing and almost one million Iraqis have left the country all together, moving to neighboring countries. Right after the fall of Saddam, people here started to save their money. Some Iraqis, doctors and professionals, left the country looking for work. Now people are saving their money just so they can leave. Anyone who can get $1,000 together is trying to get themselves to Syria, Jordan or Iran."

The AP (10/11, Keath) reports, "A fire broke out at an ammunition depot at a U.S. base in southern Baghdad on Tuesday night, setting off a series of explosions from detonating tank and artillery shells that shook buildings miles away. ... It was not clear whether the depot at Forward Operating Base Falcon was hit by an attack." The base "is near the violence-torn district of Dora, where U.S. troops have been focusing in a 2-month-old sweep of the capital neighborhood-by-neighborhood aimed at rooting out militants and weapons."

The McClatchy Newspapers (10/11, Price) also reports the fire, noting, "An insurgent group called Al Fataheen Army took credit for the damage in a posting on an Islamic forum used by various insurgent groups in Iraq. The group said it had attacked the base with several missiles at 11:55 p.m., but that timing cast suspicion on the claim. The explosions, which could be felt throughout the city, had begun about an hour earlier."

AFP (10/10) reports, "The damage appeared to have been contained within the base, the US spokesman said, although Iraqi officials said that shells 'cooking off' in the fire had crashed down in five districts in the south of the city."

US Forces' Efforts Clean Up Violent Neighborhood Examined. The Los Angeles Times (10/11, Daragahi, 918K) reports, "The Amariya neighborhood has won a reputation as the most fearsome quarter of the capital, with car bombs, snipers and frequent clashes between U.S. forces and hardened Sunni Arab fighters. But over the last few weeks, U.S. officials and Iraqi residents say, life has improved markedly in the notorious district, thanks to an American-led effort to improve security and services." However, Lt. Col. Gian Gentile of the 4th ID "acknowledged in an interview that he had to move troops from nearby neighborhoods under his command to bolster security in Amariya, risking rising peril in those districts. He has also had to close off the western Baghdad neighborhood at all but two gateways ... And he has watched helplessly as the district's Shiite Muslim population has plummeted." Gentile "made strenuous efforts to build goodwill. Drawing lessons from previous commanders, he softened his tactical approach."

Study Estimates 600,000 Iraqis Killed Since 2003. USA Today (10/11, Zoroya, 2.27M) reports, "More than 600,000 Iraqis have died by violence since the U.S.-led invasion in 2003, according to a study released today by

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researchers at Johns Hopkins University. The figure is based on surveys of households throughout most of the country. It vastly exceeds estimates cited by the Iraqi government, the United Nations, aid and anti-war groups, and President Bush." The study "estimates that 2.5% of the Iraqi population has died as a result of the conflict." The Pentagon and NSC "immediately challenged" the study.

The Wall Street Journal (10/11, A4, King, 2.03M) also reports the study, writing, "The findings are sure to draw fire from skeptics and could color the debate over the war ahead of congressional elections next month." Lead researcher Gilbert Burnham said, "What our data show is that the level of violence is going on throughout the country."

The New York Times (10/11, Tavernise, McNeil, 1.21M) reports in an article that quotes skeptics, "The figure breaks down to about 15,000 violent deaths a month, a number that is quadruple the one for July given by Iraqi government hospitals and the morgue in Baghdad and published last month in a United Nations report in Iraq. ... But it is an estimate and not a precise count, and researchers acknowledged a margin of error that ranged from 426,369 to 793,663 deaths." The findings of the 2004 predecessor study had been "criticized as high, in part because of its relatively narrow sampling of about 1,000 families, and because it carried a large margin of error." Academics Robert Blendon and Donald Berry expressed their misgivings about the current study's sample size and "inappropriate" "tone of accuracy."

The Washington Post (10/11, A12, Brown, 748K) reports that the findings will be "equally" as controversial as those of the 2004 predecessor study. Academic Ronald Waldman and Human Rights Watch official Sarah Leah Whitson are quoted giving credence to the study.

Five US Servicemen Killed In Iraq. The AP (10/10) reports the deaths of three Marines and two soldiers in a brief, factual article: "Three U.S. Marines and two soldiers were killed in fighting in Iraq, the U.S. command said Wednesday. The Marines, assigned to 1st Brigade, 1st Armored Division, died Monday from enemy action in Iraq's western Anbar province, the military said in a statement. It did not provide further details. Also Monday, a U.S. soldier was killed when his patrol was attacked by insurgents in an eastern part of Baghdad, the military said. The second soldier, attached to the 25th Combat Aviation Brigade, died of wounds from an explosion during a vehicle patrol Sunday north of the city of Tikrit."

Troops Often Need Iraqi Approval To Act. USA Today (10/11, Jervis, 2.27M) reports, "U.S. and Iraqi military forces battling militias in Baghdad often must seek permission from Iraq's government before launching even routine missions, complicating efforts to loosen the grip of religious violence in the capital. ... Tackling militias is a sensitive matter for Iraq's Shiite-dominated government. ... The political considerations have complicated matters for troops operating in Baghdad. ... some officers think a direct confrontation with the Mahdi Army may be inevitable."

DNA Confirms Identity Of Dead Al Qaeda Militant. The AP (10/10, Rising) reports, "DNA tests have confirmed that a man shot to death by British forces was a leading al-Qaida militant who embarrassed the U.S. military by making an unprecedented escape from a maximum-security military prison in Afghanistan, the U.S. command said Tuesday. Omar al-Farouq was shot and killed Sept. 25."

Snowe Seeks Policy Change On Iraq. The AP (10/11, Flaherty) reports, "Sen. Olympia Snowe joined a growing list of Republicans calling for a change of course in Iraq, a position that could undermine President Bush's election-year assertion that the nation shouldn't set a timetable for troops to come home. Snowe, a moderate who often bucks the Republican Party line, said in a statement Tuesday more should be done to pressure the Iraqis to take control of their country and make clear U.S. support is not unlimited." Her remarks "echoed" earlier ones by Sen. John Warner. Other Republicans voicing disappointment are "Sens. Susan Collins of Maine and Chuck Hagel of Nebraska, along with Reps. Christopher Shays of Connecticut and Walter Jones of North Carolina." The AP adds, "As the Nov. 7 elections inch closer, more and more Republicans have grown louder in expressing their opposition to the White House's handling of the war."

Kurds Build Airport. The Washington Post (10/11, A17, 748K) reports, "The Kurds are building a new $300 million airport in Irbil that will take the biggest aircraft in the world, including the Russian Antonov 225 cargo plane and the American C-5 Galaxy ... The Kurds are hoping their dramatic mountain region, the one tranquil part of Iraq, will become a tourist haven as well as a transit refueling stop for international carriers between Europe and Asia or Australia." They also hope the facility becomes "a backup landing strip for NASA shuttles for emergency landings."

Military Meets Recruiting Goals. ABC World News (10/10, story 6, 0:15, Gibson, 8.78M) reported, "And the Pentagon, today, said all four military branches have met recruiting goals this year, one year after the Army missed its mark by a wide margin. The Army topped its goal of 80,000 active duty recruits by 635, while the Navy, Marines and Air Force made their goals, as well. The Army offered cash bonuses, raised age limits and lowered test standards to help boost its numbers."

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More Commentary. The Wall Street Journal (10/11) editorializes, "Critics of the Iraq war often slam the Bush Administration for sending unwitting American soldiers off to an unwinnable battle. ... The Pentagon announced yesterday that in fiscal 2006 the Army, Navy, Air Force and Marines all met or exceeded active-duty recruitment goals. ... Many of those young people, despite the luxury of choice, have decided to ship off to boot camp and join the world's finest all-volunteer military force. It'd be nice if a few more politicians and pundits respected their decision."

Data Suggest Vast Disability Claims Lie Ahead. The New York Times (10/11, Shane, 1.21M) reports, "Nearly one in five soldiers leaving the military after serving in Iraq and Afghanistan has been at least partly disabled as a result of service, according to documents of the Department of Veterans Affairs obtained by a Washington research group. The number of veterans granted disability compensation, more than 100,000 to date, suggests that taxpayers have only begun to pay the long-term financial cost of the two conflicts. ... [Veterans' advocate Paul Sullivan] said that if the current proportions held up over time, 400,000 returning service members could eventually apply for disability benefits when they retired."

Fallen Troops Remembered. Both the New York Times (10/11, Applebome, 1.21M) and Washington Post (10/11, A1, Morse, 748K) report on the grief felt by survivors of fallen troops. The New York Times (10/11, Applebome, 1.21M) writes that the town of Highland, N.Y., with a population of 10,000, has lost three servicemen in Iraq: "When Pfc. Michael K. Oremus — 'Mikey O' to his friends — was killed by a sniper bullet in Baghdad on Oct. 2, the numbers lost all meaning, washed away by tears ... Death is more tornado than hurricane, picking its spots with capricious malice, but a third soldier gone, Mikey O, in this close-knit throwback of a town, Grover's Corners on the Hudson, seemed particularly beyond grief, beyond pain, beyond knowing." The Times writes, "The funeral for Mikey O, dead at 21, could be the biggest in town history."

The Washington Post (10/11, A1, Morse, 748K) reports on the mother of Marine Sgt. Alex Carbonaro, an only child who died from wounds caused by a roadside bomb and "remains the only service member listed from Bethesda killed in Iraq or Afghanistan." The 2,628-word front page article describes his childhood and service in Iraq, as well as Marines' consolation of Mrs. Carbonaro after his death.

Schoomaker Says US Needs Consensus Against Terrorism. McClatchy (10/11, Brown) reports, "The United States needs to reach a consensus on how to fight terrorists and increase defense spending to make sure the Army stays ready to fight, the Army's chief of staff said Tuesday. Gen. Peter J. Schoomaker also called on teachers, parents and other influential adults to encourage young people to serve in the military." He did not "give specific figures about the amount of defense-spending increases he thought was necessary. He said the Army had learned a 'bitter lesson' during the 1990s when 425,000 soldiers were cut from its ranks and expenditures fell to levels unseen since the late 1940s."

CORPORATE SCANDALS:

Bed Bath & Beyond Admits To Backdating Stock Options. The Wall Street Journal (10/11, C4, Maremont) reports, "Bed Bath & Beyond Inc. admitted to rampant backdating of stock-option grants as part of a policy to provide extra incentives to insiders, but said an internal probe found no evidence of 'willful misconduct.' … Bed Bath & Beyond said its internal probe examining the period from its 1992 initial public offering through May 2006 found that the company had misdated options on 44 occasions, 37 of them in favor of the recipients. In many cases, the probe concluded, executives used 'hindsight' to select favorable grant dates in the past when the stock was trading at low points." The Journal adds, "The company said it doesn't intend to restate past financials to record the extra compensation expense associated with the backdated options. Instead, it said it will cut $66 million from the equity portion of its balance sheet, and expects to record another $8 million in expense in its fiscal third quarter."

The AP (10/11) reports, "The review committee found 31 off-cycle monthly grant dates not made on the 15th of the month as required by the company's policies, and 12 of them were 'at notable low prices.' Interviews and the documentation reviewed did not explain the selection of the dates, the company said. … 'The low prices were suggestive of the use of some hindsight in selecting the low price off-cycle grant dates,' according to the filing. However, the committee found no willful misconduct and no intent to mislead auditors. … At least 136 companies have disclosed internal, SEC or Justice Department investigations into the possible backdating of past stock options to artificially inflate their value."

Two Former Comverse Officials In Plea Talks With US. The Houston Chronicle/Dow Jones Newswires (10/11, Bray) reports, "Two former executives of Comverse Technology Inc. are engaged in plea discussions with the U.S. Justice Department to end the criminal fraud case against them, according to court documents filed late last week." Dow Jones continues, "In separate orders filed late Friday, U.S. Magistrate Judge Joan M. Azrack ordered that the time to indict former Comverse finance chief David Kreinberg and ex-senior general counsel William F. Sorin be

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extended by 30 days to Nov. 8." Dow Jones adds, "According to court documents, Sorin and Kreinberg are engaged in plea negotiations with the U.S. Attorney's office in Brooklyn, which 'they believe are likely to result in a disposition of this case without trial.' … Kreinberg and Sorin were charged, along with ex-Comverse Chief Executive Jacob 'Kobi' Alexander, with conspiracy to commit mail fraud, securities fraud and wire fraud in August in an alleged scheme to improperly backdate options at the company. The men were charged at the time under a criminal complaint. … Alexander, who was arrested in the African nation Namibia last month, has since been indicted on charges of conspiracy, securities fraud, making false filings with the Securities and Exchange Commission, mail fraud, wire fraud, money laundering and engaging in unlawful monetary transactions. Alexander was granted bail at a hearing last week in Namibia. … The SEC also has separately filed civil charges against the men."

Brooklyn, Manhattan Federal Prosecutors Spar Over White-Collar Cases. The Wall Street Journal (10/11, C1, Davies, Lattman) reports, "Federal prosecutors in Manhattan aren't used to being upstaged. But if Kobi Alexander, the fugitive executive arrested last month in Namibia, makes it stateside to answer stock-option-backdating charges, he will do so across the East River, in a different borough of New York City: Brooklyn." The Journal continues, "Ownership of the case -- involving Comverse Technology Inc., which Mr. Alexander co-founded -- is the latest in a string of white-collar cases overseen by the Justice Department's U.S. attorney's office in Brooklyn. Known as the Eastern District of New York, its prosecutors lately have gained ground in a friendly, but sometimes-pointed, rivalry with their Southern District counterparts in the borough of Manhattan, who have stumbled recently on a few big cases." The Journal adds, "That rivalry between prosecutors in two of the country's 93 judicial districts is playing out amid a broader competition for business cases that has intensified nationwide since the dot-com collapse. Led by New York state's attorney general, Eliot Spitzer, and Manhattan District Attorney Robert Morgenthau, state and local prosecutors also have jockeyed for prominence, sometimes stepping on the toes of regulators, especially at the Securities and Exchange Commission, which has authority to bring only civil cases. … In the criminal realm, the Manhattan U.S. attorney's office is the 'old established group that considers itself the best,' says Alan Vinegrad, a former Brooklyn U.S. attorney. But now the scrappy underdog is 'on the map.' … Unwilling to concede much, Steve Peikin, former head of the Manhattan office's securities unit, quips that Brooklyn is a 'great second.'"

Skilling Wants Enron Conviction Overturned. Bloomberg News (10/11, News) reports, "Enron's former chief executive, Jeffrey K. Skilling, found guilty in May of directing a huge fraud, asked a judge to throw out his conviction, citing a successful appeal in another Enron case." Bloomberg continues, "In a filing yesterday in federal court in Houston, Mr. Skilling, 52, joined other convicted Enron executives in asking a trial judge to void his guilty verdict, based on an August ruling by a federal appeals court in New Orleans. Mr. Skilling's request came as part of a motion to remain free pending an appeal he said he planned to file after his sentencing, scheduled for Oct. 23." Bloomberg adds, "Mr. Skilling told Judge Simeon T. Lake III of the United States District Court that his conviction should be thrown out because the jury might have relied on a prosecution claim that he deprived the company of "honest services," a theory that caused the New Orleans court to overturn four other Enron-related convictions in August. … Mr. Skilling, convicted of 19 counts of fraud, conspiracy and insider trading, faces a sentence of as much as 25 years in prison. Prosecutors gave jurors several situations under which they could find him guilty of defrauding Enron, which collapsed into bankruptcy in December 2001. Having deprived the company of his honest services was one. Deliberately deceiving investors was another. … Since the jury did not explain how it reached its guilty verdict, the fraud and conspiracy convictions were tainted by the possibility that 'honest services' played a part. Mr. Skilling argued that his entire conviction should be thrown out, using the logic the appeals court followed in August. … The government will respond to Mr. Skilling's motion 'in an appropriate court filing,' a Justice Department spokeswoman, Jaclyn Lesch, said."

Third Trial Begins For Cendant's Forbes. The third trial of former Cendant chairman Walter Forbes began yesterday with prosecutors accusing Forbes of masterminding an accounting fraud which inflated Cendant's earnings by $252 million. USA Today (10/11, Farrell) reports that "the government argued that Forbes, 63, founder of Comp-U-Card International, used CUC's merger-and-acquisition reserves as a slush fund through which his underlings padded the company's earnings." USA adds, "The government has already put Forbes on trial twice for his alleged actions. In a trial that began two years ago, a jury convicted Forbes' right-hand man, E. Kirk Shelton, of securities fraud, but it deadlocked on the question of Forbes' involvement. Shelton received a 10-year prison sentence. In a retrial of Forbes last year, a different jury also reached an impasse."

Buffett Warns Berkshire Managers Against Unethical Behavior. The Washington Post/AP (10/11, D2, Ross) reports in a letter to managers of his company, Berkshire Hathaway, Inc., Warren Buffett warned against unethical business practices, saying the excuse "everybody else is doing it" is no justification. Buffett "cautioned managers that many corporate scandals arise because

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questionable activity is accepted as normal behavior. … Buffett acknowledged that it is inevitable that someone among Berkshire Hathaway's almost 200,000 workers would give in to temptation. He called on his top executives to resist improper behavior and head it off in employees. 'Berkshire's reputation is in your hands,' Buffett wrote."

Dunn Defends Her Actions As H-P Chairman. Former Hewlett-Packard chairman Patricia Dunn writes in the Wall Street Journal (10/11, A14), "When I agreed to accept the position of non-executive chairman of the Hewlett-Packard board during the tumultuous period surrounding Carly Fiorina's departure, I knew there would be challenging and difficult times ahead…. One of the first requests I received from my fellow directors was to find a way to stop leaks of confidential information emanating from our boardroom. … As I testified before Congress, the first thing I did after being directed by the majority of the board to find and stop the leaks was to approach one of my fellow directors… to ask him how I should proceed. I said I wanted to make sure that everything done was not only legal and proper, but in the H-P way." Dunn adds, "As a result of extraordinary negative publicity from these episodes, the board asked me to step down as chairman and director. Less than two weeks later I was charged by the California attorney general on four felony counts of fraud and conspiracy. Some have said they feel I have been made a scapegoat. That is not for me to say. What I will say is that throughout the process I asked the right questions of the right people at the right times. I have no reason to believe that the people who continually assured me that what was being done was being done both legally and properly did not believe this to be true. And, despite the outrage and incredulity with which my statements about accepting assurances that phone records could be obtained legally, my lawyers assure me that there are in fact ways this can be done."

Defendants In H-P Case May Turn On One Another. The New York Times (10/11, Richtel) reports that while the five defendants in the H-P case "must overcome a paper trail of evidence against them," they could "wind up with as much to fear from one another. At least one lawyer involved in the case and several outside legal experts said the five defendants might wind up turning on one another as part of a way to shift blame away from themselves." The Times adds, "It is not yet clear whether the defendants will be tried together or separately. It is possible that one or more defendants could choose to cooperate with the prosecution and testify against others. But lawyers for any of the defendants could also try to shade the evidence in a way that is more favorable to their client and less so to another defendant. If the cases are severed, evidence presented in one trial could be subpoenaed in another trial."

Three Private Investigators In H-P Scandal Arraigned In California. The AP (10/11, Robertson) reports, "Three private investigators who allegedly obtained confidential telephone records as part of Hewlett-Packard's boardroom spying probe pleaded not guilty Tuesday to identity theft and other felony charges." The AP continues, "Ronald DeLia of Massachusetts-based Security Outsourcing Solutions Inc., Matthew DePante of Florida-based Action Research Group Inc. and Bryan Wagner of Colorado were arraigned in Santa Clara County Superior Court. Each was later booked and released on personal recognizance." The AP adds, "DeLia, DePante and Wagner are among five people criminally charged last week for their roles in the spying scandal at the computer and printer giant. Former HP Chairwoman Patricia Dunn surrendered and appeared in court late last week, and the company's ousted ethics chief Kevin Hunsaker also turned himself in and was released. … The three investigators are accused of impersonating HP board members, employees and journalists to trick telephone companies into divulging their private phone logs. … All five are charged with using false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 and three years in prison. … They are all scheduled to return to court Nov. 17."

Dowd Stresses Need For "Emphatic And Sensitive" Corporate Leadership. Maureen Dowd The New York Times (10/11, Dowd) reports, "Carly Fiorina prided herself on being adept at succeeding in a man's world without whining about sexism. … The male-dominated [H-P] board's handling of her exit was 'heartless in some ways and disrespectful in other ways," she said. "Maybe they took great pleasure in seeing me beat up publicly for weeks and weeks.'" Dowd adds, "With several of the few high-profile women at the top tanking, it's interesting to note that Columbia Business School has introduced a new program that teaches the importance of a more empathetic and sensitive leadership style in globalized business, as opposed to the command-and-control style that has dominated the White House and Pentagon for, lo, these many messed up years. … Neenu Sharma, an M.B.A. student in the new Columbia program, says the moral of the story is that leadership works best with both sexes involved."

Judge Orders Conrad Black Not To Sell Wife's Diamond Ring. The Toronto Star (10/11, Westhead) reports, "Conrad Black has been slapped with a restraining order that will bar him from selling a rare $2.9 million diamond ring he gave his wife Barbara Amiel-Black as a gift and other antique jewellery." The Star continues, "Black, accused of engineering a racketeering, fraud and tax evasion scheme when he was CEO of Chicago publisher Hollinger

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International Inc., successfully fought off an attempt by the U.S. Justice Department to force him to relinquish the 26-carat diamond ring he purchased in 2000 at British jeweller Graff Diamonds Ltd. Black has pleaded not guilty to the charges. He is on bail and living in Toronto." The Star adds, "He has said the ring and other antiques were gifts to Amiel-Black, who has not been charged with any wrongdoing. Nevertheless, in an Oct. 6 restraining order, Judge Amy St. Eve in Chicago barred Black from 'selling, transferring, assigning, pledging, distributing, encumbering, wasting, secreting, depreciating, damaging, or in any way diminishing the value' of the diamond ring and other antiques."

CRIMINAL LAW:

President Holds School Safety Conference. The AP (10/11, Feller) reports, "President Bush urged the nation Tuesday to help prevent deadly school shootings, saying adults should intervene when they notice children are in trouble." At a conference he hosted on school violence, Bush "seemed most struck by one of the points raised by experts: When students plot violence, they often brag about it in advance to other students. Safety specialists say schools must encourage students to speak up when they notice any ominous behavioral changes." Bush called for "a cultural change inside schools, for teachers to become more aware and more active." But "there were no new policies nor new money announced." And "Democrats mocked the event as a photo opportunity with little substance." Still, "the White House, sensitive to the concerns of many parents, wanted to show it was doing something." US Secretary of Education Margaret Spellings and Attorney General Alberto Gonzales "led three panel discussions." Experts said that "schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening." The conference "gave Bush a chance to emphasize education, the issue at the center of his domestic agenda."

All three networks covered the conference. NBC Nightly News (10/10, story 7, Costello, 9.87M) reported, "Since the 1999 Columbine massacre, 225 people have died in school-related violence: 13 this school year alone, including five at an Amish schoolhouse in Pennsylvania and one at Platte Canyon High School in Colorado." So "today, law enforcement, educators, students and parents gathered to share their experiences and potential solutions, like getting dads more involved." Still, "critics point out the conference comes as the White House moves to cut more than $300 million in drug and violence prevention grant money to school districts. The Administration says those programs have proved to be ineffective and it's up to local communities to deal with violence issues."

ABC World News (10/10, story 2, 2:30, Gibson, 8.78M) said "the conference on school safety the President called was almost a carbon copy of a similar summit after Columbine. Similar solutions were proposed then. But what has really been done since Columbine?" ABC (Muir) added, "Seven years after Columbine, and school safety experts say it's still a struggle to get the number of reduced open doors," and "federal funding for safety in schools has decreased" from $180 million to "this fiscal year, it's not even in the budget."

CBS Evening News (10/10, story 5, 2:35, Couric, 7.66M) reported "one school in the Midwest may be a model for the nation had when it comes protecting our children." CBS (Bowers) added, "These days, at Green Bay's East High School, students can't get past the front door without IDs. That's in addition to surveillance cameras and security officers. The school remains in full lockdown mode, less than one month after a student walked into the associate principal's office and told him some classmates were planning a Columbine-style massacre." And "experts say communication is key to school safety" because "in more than 80% of the cases, at least one kid who wasn't involved, knew about it ahead of time, and in more than half the cases, at least two kids knew."

CNN's The Situation Room (10/10, Nguyen) reported, "President Bush says the nation must find a way to keep its children safe. He spoke at a White House-sponsored conference today on school violence. First Lady Laura Bush said children need to know adults are there to protect them. A survivor of the 1999 Columbine shooting was also at today's conference. Mr. Bush called the meeting after three recent deadly shootings in Pennsylvania, Wisconsin and Colorado."

Newspaper coverage suggested the conference was part of a PR effort to show the President's involvement and concern in the wake of the recent shooting. A number of reports also noted the absence of new policy initiatives. The Washington Post (10/11, A3, Shaver, 748K) reports the Conference on School Safety was "hastily arranged last week." Bush "announced no new funding or policy initiatives to handle the problem." He "heard calls for more coordinated planning between schools and police, more character education, more peer mentoring programs, more parental involvement and more counseling." USA Today (10/11, Toppo, 2.27M) reports the president was "reacting to a spate of school shootings." He "attended the last hour of the event." The conference "pointed to the biggest challenge facing those who would stop school violence: There are different theories about what causes it and how to prevent it. Panelists and attendees floated at least a dozen theories."

The New York Times (10/11, Schemo, 1.21M) reports, "The federal government should not play the primary role in responding to school violence, President Bush said Tuesday, but should instead give out information about strategies to

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help parents and schools grappling with the threat of deadly outbursts in the nation's schools."

The Milwaukee Journal Sentinel (10/11, Gilbert, 259K) reports the conference "was clearly meant to signal that the administration was actively engaged in the issue, even though the president and his education secretary pointed out that matters such as school security and school policy are largely a state and local domain."

The Baltimore Sun (10/11, Davis) reports, "President Bush urged Americans Tuesday to turn their anguish over school shootings in Pennsylvania and around the nation into "concrete action" to prevent further tragedies. … But he told a gathering of educators, activists and law enforcement officials that more federal funding and government regulation won't solve the problem. … 'In many ways, I'm sorry we're having this meeting,' Bush said as he wrapped up a conference hastily organized by the White House to respond to the recent spate of deadly school violence. 'In other ways, I know how important it is.'" The Sun continues, "Bush said the meeting, moderated by Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales, was part of 'a nationwide effort to help people who are responsible to protect our children.' … More than 300 local leaders and specialists from around the country spent about six hours trading ideas, from drafting strong school emergency plans to urging fathers to get more involved in school, to providing character education for kids." The Sun adds, "Bush took a seat at a three-sided table on the stage of a packed suburban Maryland auditorium in the headquarters of the National 4-H Council, a youth development organization. The administration had set up a mock classroom complete with fake wood paneling and a chalkboard backdrop emblazoned with the event's title, and Bush questioned participants about how best to share their experiences with others around the nation."

The Los Angeles Times (10/11, Mohammed) reports, "Conspicuously absent in the all-day session was any mention of the role of firearms in the shootings, a politically volatile issue sure to inflame partisan passions in a midterm election year." The Times adds, "Some participants argued that schools needed to do a better job of determining which students might bring weapons on campus. Psychologists pointed out that students who have suicidal tendencies often have thoughts of homicide too. And many panelists focused on the importance of building character in students, which they said had been degraded by media influences such as music and video games. … Harsher measures such as installing metal detectors in schools were viewed with skepticism. Gonzales said metal detectors may not be appropriate, noting that not all school shootings occur inside the buildings."

Gannett (10/11, King) reports Secretary Spellings said of the recent school tragedy, "This could really happen anywhere." Attorney General Gonzales "dismissed one questioner's call for increased gun control" and "panelists also didn't give metal detectors much of a thumbs-up."

The Richmond Times-Dispatch/Media General (10/11, Klein) reports, "Metal detectors won't stop school shootings, speakers at a conference on school safety told President Bush yesterday. Only listening to students, hearing about their problems and getting them help will stop the violence before it begins." Bush "heard Craig Scott describe how in April 1999 he hid under a table in the Columbine High School library as his two friends next to him were shot and killed." Bush "called on both departments to put together the best practices learned from this conference and distribute them to law-enforcement and education officials."

McClatchy (10/11, Hutcheson) reports, "Victims of school violence shared their horrific experiences" and the conference "ended with a call for more focus on character and values in the nation's classrooms." Experts "cited a host of factors that have contributed to the violence, including stress and feelings of alienation among students, negative media influences and inattentive parents." But "some advocates of character education offered implicit criticism of Bush's No Child Left Behind Act, which stresses academic achievement and requires frequent testing." Bush responded, "I think you can make sure a child learns, and I think you can instill character at the same time." He also "told the audience members that they shouldn't look to the federal government to bankroll character education or other school programs."

The Denver Post (10/11, Farrell, 256K) reports, "Bush said he wanted Tuesday's White House conference on school safety to produce a concrete plan of action. But tangible solutions like the use of metal detectors or a ban on assault weapons were rejected and eclipsed by testaments to the power of love." And "several speakers at Tuesday's conference urged Bush to purge America's coarse and violent culture, and to order that schools teach students about character, virtue and God. But the president noted the limitations of government in the battle against school violence." Bush said that "the best solution…is for parents, educators and students to find the love and compassion to reach out to troubled youths before they turn to violence." One panel said that "the purchase and operation of metal detectors and security cameras" were "overly expensive and easily evaded."

The Houston Chronicle (10/11, Mason) reports, "Keys to stopping what appears to be an epidemic of school violence include learning how to spot troubled students, boosting their self-esteem and preparing for emergencies, according to panelists at a special White House conference Tuesday." The Chronicle continues, "Organized in response to a recent spate of deadly shootings at schools, the conference did not address gun control or firearms-related

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issues. Rather, it focused on values and community action. … 'The violence we've seen is upsetting to a lot of people and I know it's upsetting to the professionals who are with us,' President Bush told participants. 'But rather than be upset, it's best for all of us who are responsible for helping the folks not only to cope, but to prevent action from taking place.'" The Chronicle adds, "In an effort to make schools safer, many Houston schools employ cameras, uniformed officers and metal detectors — an approach that drew skepticism from Bush administration officials. … 'One panel member said that it sends the wrong message about what we think of our kids when we have them come to an environment where they're supposed to learn and have to pass through metal detectors,' said Attorney General Alberto Gonzales."

Long Island Newsday (10/22, Dutton) reports, "Nearly 10 years ago, Daniel Gross' brother Matthew was shot in the head by a gunman while standing on an observation deck of the Empire State Building. After watching his brother slowly recover from a coma, Daniel started a gun violence prevention organization, PAX. … The group Gross co-founded runs a nationwide anonymous hotline that, he says, is helping kids fight school violence, 866-SPEAK-UP. … 'You could safely say hundreds of incidents have been averted,' Gross said. He cites 15,000 calls to the hotline in the past four years. 'New York has lagged behind a lot of other communities' in terms of school violence prevention, he said." Newsday adds, "Gross joined other advocates, law enforcement officers and educators from around the country yesterday in Chevy Chase, Md., for a conference on school safety. … The rate of violent crime in schools dropped over 10 years, according to the most recent figures from the Bureau of Justice Statistics and National Center for Education Statistics. In 1992, 48 of every 1,000 students would fall prey to violence at school, but in 2003 that number fell to 28 of every 1,000. … 'We are, however, seeing some indications in the last two years that those trends are changing,' Attorney General Alberto Gonzales said."

The Pittsburgh Post-Gazette (10/11, Sherman, 241K) says the conference "emphasized the faith-based approaches at the center of some of his domestic policies."

Dana Milbank writes in an analysis for the Washington Post (10/11, A2, 748K), "Bush has always been a disciplined man, but yesterday he set a new standard for self-control: He moderated an hour-long discussion about the rash of school shootings in the past week without once mentioning the word 'guns.'" First lady Laura Bush "was nearly as good, giving a seven-minute speech…without mentioning guns." Gonzales and Spellings "deftly led hours of panels at the National 4-H building in Chevy Chase with only a few glancing references to weapons." The White House "neglected to invite any gun-control advocates. In fact, how the killers had carried out their deeds might have remained a mystery if 19-year-old twin brothers Theo and Niko Milonopoulos hadn't infiltrated the gathering" and "pointed out to Gonzales that 'the common denominator in the rash of school shootings' has been access to high-powered guns." The lack of discussion about guns was "unusual" and "even the invited guests found it a bit odd." Also, "with gun control off the table, the questions and comments became a bit repetitious, too, as a long line of participants echoed the belief that school violence would be reduced by values education and religious belief." Bush "had been having trouble finding his voice on school shootings" and "labeled the violence 'inexplissible,' apparently merging 'inexplicable' and 'inexpressible.'"

FNC's Studio B with Shepard Smith (9/10, 3:53 p.m.) reported, "From the daily school shootings in Colorado, Wisconsin and Pennsylvania to violent bullies on campuses across the nation, the potential for school violence is a real concern for millions of parents and students across the nation. Today, President Bush responding by convening a conference on school safety, a way for educators and law enforcement to share ideas to make schools a safer place, that according to the White House. Joining us now from Washington is one of the speakers at today summit, Alberto Gonzales, the attorney general of the United States. What did we learn today, sir?" Alberto Gonzales said, "Well, we learned we've got by and large a good system of providing quality education to our students in a safe environment. We are seeing some troubling trends in recent years and we need to watch it very carefully. But clearly your child is safer in school than they are at the mall, for example. I think we also learned that law enforcement agencies are doing a good job in working with educators to make our schools as safe as possible. But we looked at a lot of issues today. I think we made good progress talking about what's already being done at the federal, state and local level, and making sure we find some kind of mechanism to educate and inform people about all the resources that are available to make sure our kids are safe at school." FNC's Shepard: "A federal program was put into place after the Columbine massacre called COPS, that's an acronym. And today, the Democrat of New York Anthony Weiner said it's a shameful hypocrisy that the program has been cut from some 150 million in the beginning to 5 million this year. Why the cuts and how do you respond to that?' Alberto Gonzales: "Well, we have spent billions of dollars since President Bush became President with respect to state and local assistance and we have spend millions of dollars to provide specifically safety for our schools. I think what we need to look at is everything that we're doing to ensure our kids are safe. Look at the task forces that we have in place, working with state and local officials. Look at the prosecutions, the number of prosecutions for gun crimes since 2001. Gun prosecutions are up 62%. So, we're sending a very clear message that if you engage in gun crime you're going to pay severe time in our federal prisons. I think we're doing a lot. We talked a lot about the successes we've

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enjoyed working with state and local officials, and we also talked about what we can do going forward."

Appearing on CNN's American Morning (10/10), Attorney General Gonzales said, "we obviously need to make sure that we have our laws -- we have good laws to deal with this kind of violence. We have really spent a lot of time prosecuting violent crime during the Bush administration. I think prosecutions are up on violent crimes about 10% since 2001. It really has been a focus to go against gun crimes. Most do involve guns. What we're doing is to send a very clear message that if you're going to engage a crime using a gun, there are going to be severe consequences for doing so." Gonzales added, "During the Bush administration, our primary focus is on existing laws. We have seen violent gun crimes go down during the time of this president. The focus should be on criminals who break the law, not focusing on law-abiding citizens who follow the law. Obviously, we want to ensure we have an environment where our kids can learn. It's difficult for the kids to learn if they don't feel safe. One of the things that we can do is to educate people, to provide training to state and local officials at the federal level and to prosecute people who engage in violent gun crimes."

Local Television. Several local television networks reported on the first day of the national conference on school violence, being held in Chevy Chase, Maryland. The focus of the reporting centered around attorney general Alberto Gonzales' call for tougher enforcement of existing gun laws rather than the promotion of new ones. Some examples: WKRN-TV Nashville, (10/10, 6:16 p.m.) reported, "President Bush calls a summit on school safety. Attorney general Alberto Gonzales and education secretary Margaret Spellings each led discussion panels. People who have experienced the terror of school violence talked about the importance of communication as a means to safety."

WVLT-TV Knoxville, (10/10, 4:02 p.m.) reported, "First Lady Laura Bush and attorney general Alberto Gonzales gathered to speak about an issue that has gripped our nation, especially in the past two weeks: school violence."

KMSP-TV Minneapolis, (10/10, 5:47 p.m.) reported, "Some experts advocate better gun control laws. But attorney general Alberto Gonzales urged using current laws to more aggressively prosecute gun crimes. 'The focus should be on criminals who break the law, not focusing on law-abiding citizens who follow the law.' Track participants said schools must pay more attention to student bullying and spend more time rehearsing crisis plans, but agreed there is no single, simple answer to the problem."

KRON-TV San Francisco, (10/10, 6:01 p.m.) reported, "In the seven years since the Columbine school mass killing, many schools have installed video monitors, limited access and put panic buttons in classrooms. Today attorney general Alberto Gonzales rejected another idea allowing teachers to carry guns."

KDFW-TV Dallas, (10/10, 12:10 p.m.) reported, "Some people, including the U.S. Attorney General, Alberto Gonzalez, believe part of the solution is tougher gun laws. 'What we're doing is sending a very clear message that if you're going to engage in a crime using a gun, there are going to be severe consequences. Schools need to create a culture where their encouraged to tell officials what they know and have a good crisis response plan.'"

WTMJ-TV Milwaukee, (10/10, 5:01 p.m.) reported, "Attorney general Alberto Gonzales opposes the idea of allowing teachers to carry guns. 'Our teachers are there to train and teach our children. They're not there to protect the children.'"

California School Locked Down After Apparent Gun Prank. The Contra Costa Times (10/11, Graham) reports, "A rumor that a student had carried a firearm onto the Castro Valley High School campus today forced administrators to lock down the school for three hours while nearly two dozen deputies and investigators searched the campus. … No weapon was found, and police later attributed the scare to an apparent prank." The Times continues, "The lockdown was issued around 11:40 a.m. after school officials received word of the report. Teachers were ordered to lock all doors, close all windows and pull down all the window blinds, said Alameda County Sheriff's Sgt. Scott Dudek. … School officials informed the sheriff's office of the threat as soon as the rumor reached administrators. The sheriff's office responded by dispatching 25 deputies and three K-9 units to the 2,800-pupil campus at 19400 Santa Maria Ave., Dudek said." The Times adds, "Deputies cordoned off the campus, setting up a perimeter where worried parents gathered and waited in vain for about three hours, not sure what exactly had transpired at the 40-acre campus. … The lockdown occurred at a time when public awareness has been heightened by a recent series of deadly school shootings in Wisconsin, Colorado and Pennsylvania. … In response to the violence, U.S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings convened a school safety conference today in Chevy Chase, Md."

Utah School Practices Lockdown In Preparation For The Worst. The Salt Lake Tribune (10/11, Lyon) reports, "At Bountiful (UT) High on Tuesday morning, the school was teaching a post-Columbine lesson in a subject most of us never expected to study: school violence. By practicing a lockdown situation as it has for several years, members of the staff learned what they need to do to keep students safe. The students taste what a scary situation at school could be like and how to help. … What was new at Bountiful High this year was the number of police agencies involved and the hostage twist. Schools have been reeling from the spate of shootings over the past few weeks that seemed to leave no community, even the peaceful Amish, untouched. On Tuesday, safety and education experts from across the

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country met in Maryland at a conference called by the White House." The Tribune adds, "Bountiful High is far from a fearful place. Students walk in the high school without having their bags searched or being screened by metal detectors. Several doors are open during the school day. Unlike some schools, it does have an on-campus school resource officer who can react immediately. … While the school lockdown may have been more for the school's benefit, officers Tuesday filmed their exercise and evaluators stood nearby taking notes. The police shouted commands and codes over their radios communicating with an improvised command post outside. Not communicating, as one officer put it, can be deadly."

911 Transcripts Released From Amish School Shooting. CBS Evening News (10/10, story 4, 0:45, Couric) reported that "one week after Charles Roberts shot those ten Amish school children, killing five of them, officials released a transcript of the 911 call he made as police accomplice surrounded the schoolhouse. Roberts says 'I just took ten girls hostage, and I want everybody off the property, or else' When the dispatcher asked Robert's to hold. He said 'No … right now or they're dead in two seconds.' Asked again to hold. 'Roberts says, 'two seconds that's it!!' His last words before he opened fire."

ABC World News (10/10, lead story, 2:50, Donovan) reported that Roberts "made up his mind to die that day. … But his wife was first to suspect it. Marie Roberts. She was at home. This is the house. She called 911 herself. 'I am really scared,' she told the dispatcher. 'and I wonder if -- how I find out what's going on.' It was almost 11:00 when she made that call. She didn't know much. But she knew something was wrong, because she'd just heard from her husband, who had left suicide notes."

The New York Times (10/11, Hamill) reports, "An hour after walking into a small Amish schoolhouse in Pennsylvania last week with a small arsenal of guns and hardware, Charles C. Roberts IV told a dispatcher in a calm, dispassionate voice just what his emergency was. 'I just took, uh, 10 girls hostage and I want everybody off the property or, or else,' Mr. Roberts told a 911 dispatcher for Lancaster County." As the dispatcher tries to engage him, "Mr. Roberts threatens to kill the girls, but his voice 'is not angry, there is no yelling and screaming,' the county district attorney, Don Totaro, said in an interview." The Times adds, "The dispatcher's short conversation with Mr. Roberts, as well as calls from his wife, Marie, and the farmer who made the first 911 call, after a young teacher fled the schoolhouse to seek help, show how frantic Mr. Roberts's brief siege was."

The Washington Post/AP (10/11, A2, Scolforo) reports, "Before authorities could react, he started shooting inside the West Nickel Mines Amish School, killing five girls and wounding five others before killing himself. Police burst in after hearing the gunfire."

USA Today (10/11, Welch) reports that Totaro said, "They tried to keep him on the line as long as possible," adding, "They tried to diffuse the situation, but there was just no possible way for them to do so. It was clear he was intent on carrying out his mission."

Laura Bush Praises Amish Girls. The Lancaster Newspapers (PA) (10/10, Itkowitz) reports, "Two Amish girls who put their classmates' lives before their own represent the country's best, First Lady Laura Bush said during a school safety summit Tuesday. The first lady was referring to Marian Fisher, 13, and her 11-year-old sister, Barbie Fisher, both of whom beseeched Charles Carl Roberts IV to shoot them first, hoping he'd spare the lives of the younger Amish girls locked inside their one-room schoolhouse on Oct. 2."

FBI Interviews Page Who Received Messages From Foley. NBC Nightly News (10/10, story 5, Reid, 9.87M) reported, "This is the public's first look at the former House page at the center of the Foley scandal. 21-year-old Jordan Edmond today in Oklahoma City where he met for two and a half hours with the FBI." Stephen Jones, attorney for Jordan Edmund: "I'm not able to discuss the interview except to say that it occurred and that our client answered their questions and cooperated to the fullest." Reid: "While serving as a page five years ago, Edmund, then 16, got to know Congressman Foley. After leaving the program, he reportedly received sexually explicit instant messages from Foley. 11 days ago, shortly before those messages were made public, Foley resigned." Edmond is "also expected to testify before the House Ethics Committee which already has 400 calls to align taking reports of potentially inappropriate contact with pages." ABC World News (10/10, story 8, 0:15, Gibson, 8.78M) and the CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) also mentioned Edmond's interview.

CNN's The Situation Room (10/10, Koppel) reported attorney Stephen Jones "said that he was contacted today by the House Ethics Committee, which…is conducting its own investigation. He's not clear, though, whether or not his client will be asked to appear before them."

Former House Clerk Emerges As Key Figure In Foley Investigation. The Chicago Tribune (10/11, Dorning, Zajac, 623K) reports former House Clerk Jeff Trandahl, "who formerly controlled the administrative apparatus of the House," emerged "as a key figure in the scandal over former Rep. Mark Foley's inappropriate emails to underage pages." Rep. Jim Kolbe, who "was informed as early as 2000 of suggestive emails from Foley to a former page described a more significant role for then-House Clerk Jeff Trandahl." Kolbe "said he passed the complaint on to Trandahl, who also was involved in handling a complaint in 2005 about

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inappropriate emails to another former page." The account "raises new questions about the quiet disposition of the later complaint, which officials handled by privately warning Foley to cease contact with pages." But House Speaker Dennis Hastert "defended his own staff's handling of the 2005 complaint about inappropriate emails from Foley, saying he could not find any fault in their actions based on what they knew at the time." However, Hastert said "he would dismiss any member of his staff involved in a cover-up, while Sen. John McCain (R-Ariz.) asked for an independent investigation of Republican leaders' handling of the complaints."

Fordham To Appear Before House Ethics Panel Thursday. CNN's The Situation Room (10/10, Koppel) reported, "CNN has also learned…that Kirk Fordham, who is Foley's former chief of staff, he is scheduled to appear before the House Ethics Committee on Thursday. Now, remember, that Fordham claims that he told a senior member of House Speaker Dennis Hastert's office about these concerns about e-mails, or at least contact that was inappropriate between Foley and interns, going back three -- or, I should say, pages going back three years." CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) reported, "Foley's former chief of staff, Kirk Fordham, testifies tomorrow before the House Ethics Committee."

McCain Calls For Independent Investigation Of House Page Scandal. ABC World News (10/10, story 8, 0:15, Gibson, 8.78M) reported, "Republican Senator John McCain called for an independent investigation of the House page scandal."

Doubts Raised About Foley's Alleged Drinking Problem. The Hill (10/11, Young) reports photographs and "first-hand accounts of Foley's public drinking told by acquaintances in Washington and Florida could reinforce doubts about the veracity of the claim that a drinking problem fueled his behavior, which included carrying on sexually explicit instant-message chats with former pages." Though "no law-enforcement authority has filed charges against Foley, his attorney could cite alcohol addiction as part of a legal defense by arguing that Foley was not in complete control of his actions when he contacted former pages over the Internet."

Hastert Pledges To Fire Any Aides Involved In Foley "Cover Up." The Los Angeles Times (10/11, Simon, Levey, 918K) reports Speaker Dennis Hastert said Tuesday "that anyone who covered up information about contacts between then Rep. Mark Foley and male pages 'really ought to go.'" During a "question and answer session with reporters outside a meeting of the Hispanic Chamber of Commerce in Aurora, Ill., Hastert said that ongoing investigations in the sex scandal should determine if his staff or anyone in Congress covered up information about the former Florida representative, and the former pages, 'shouldn't continue to have their jobs.'" Hastert "noted that none of the pages were approached by Foley while they were in Washington — only after they had graduated from the program. Moreover, Hastert said he is still searching for a candidate to run the program. 'I asked (former FBI Director) Louie Freeh to do it and (House Democratic Leader) Nancy Pelosi rejected him for some reason.'"

NBC Nightly News (10/10, story 5, , Williams, 9.87M) reported, "Hastert has been criticized for not doing more and today three new polls show large percentages of Americans think he should resign as Speaker. Hastert says he knew nothing about the Foley issue until the day Foley resigned but some of the staffers did know about Foley's less explicit emails months ago. Today Hastert was asked if any of those staff members should resign for not telling him." Rep, Dennis Hastert: "If anybody's found to have hidden information or covered up information, they really should be gone." ABC World News (10/10, story 8, 0:15, Gibson, 8.78M) and the CBS Evening News (10/10, story 8, 0:25, Couric, 7.66M) also briefly reported the story.

CNN's The Situation Room (10/10, Koppel) reported that House Speaker Dennis Hastert says "if anyone on his staff hushed up concerns about Mark Foley and the congressional pages, those people, in his words, will be fired." Hastert "acknowledged that complaints about Foley's conduct could have been handled better."

MSNBC's Hardball (10/10, Shuster) reported, "In Illinois today before a backdrop of a graveyard, House Speaker Dennis Hastert all but sacrificed his own staff." Hastert: "If there is a problem, if there was a cover-up, then we should find that out through the investigation process. They will be under oath. And we'll find out. If they did cover something up, then they should not continue to have their jobs."

USA Today (10/11, Kiely, Johnson, 2.27M) reports the story under the headline, "Hastert Says Fire Anyone Who 'covered' For Foley." The New York Times (10/11, Zeleny, Johnston, 1.21M) reports Hastert's remarks "were the first time he had used the term 'cover-up' in talking about the case. Mr. Foley, a Florida Republican, resigned late last month after explicit messages he had sent to a former page became public."

The Washington Post (10/11, A4, Babington, 748K) reports Hastert's remarks "came amid a quickening pace of investigations into Foley's relationships with teenage congressional pages and the House's handling of warnings about the Florida Republican's behavior." Hastert "again said he knew nothing of alarms raised in some circles about Foley's behavior toward pages until the day he resigned. Two high-ranking GOP House members have said they mentioned to Hastert concerns about 2005 e-mails that Foley sent to a former page from Louisiana."

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The Washington Times (10/11, Hurt, 88K) reports the story under the headline, "Hastert Vows To Fire Staff In Foley Cover-up."

Prominent Democrats Refrain From Seeking Hastert Resignation. The Hill (10/11, Schor, Sherman, O'Connor) reports while House Republicans "rush to contain the political damage from the Mark Foley scandal, Democrats have relied on their challengers to push for Speaker Dennis Hastert's (R-Ill.) resignation while party leaders and most vulnerable incumbents refrain from calling for Hastert's head." More than "20 Democratic opponents of vulnerable GOP incumbents have urged Hastert to abandon the Speakership," but "no elected Democratic leader and no Democratic incumbents in competitive races have echoed those challengers, according to a search of public statements conducted by The Hill." The "trend places" Minority Leader Nancy Pelosi, Minority Whip Steny Hoyer (D-Md.) and Democratic caucus chairman James Clyburn (S.C.), "all of whom have declined to urge Hastert to step aside, in a less combative camp than the conservative Washington Times editorial page, several conservative activists and at least one Republican candidate."

Hastert Meets Critic Of Handling Of Foley Scandal. The AP (10/11, Hernandez) reports House Speaker Dennis Hastert met "with an evangelist who hoped to persuade the Illinois Republican to step down because of the congressional page sex scandal. Hastert had no comment after the meeting at his home with Christian evangelist K.A. Paul, founder of the Global Peace Initiative." Paul said he "met alone with Hastert for about 30 minutes and prayed with him." Said Paul, "I am humbled with his humility and simplicity." Paul said "the scandal is distracting the country from other issues."

Hastert's Memoir Highlighted Claims About "Incredible" Memory. The Hill (10/11, Heil) reports Speaker Hastert's "memory lapses may cost him some points this fall." House Majority Leader John Boehner and NRCC chair Thomas Reynolds "have said they talked to the Speaker about suspicious e-mails that former Rep. Mark Foley (R-Fla.) sent to House pages. Hastert had not denied that those conversations took place, but maintains he does not recall them." Democrat John Laesch, who is challenging Speaker Hastert, "highlights a noteworthy paragraph in Hastert's 2004 autobiography" on his Website. In the memoir, Hastert says, "Some say I have an incredible memory or recall for exactly what happened when and who said what to whom. I do listen pretty diligently, more than a lot of people listen, and I do pick up facts that way." The Hill adds Laesch "may not win, but he certainly knows how to compile opposition research."

Kolbe Clarifies His Knowledge Of Foley E-Mails. CNN's The Situation Room (10/10, Koppel) reported that Rep. Jim Kolbe "sought to clarify his knowledge of e-mails that were received dating back to 2000, or on or about 2000, between yet another former page and Congressman Foley. According to Congressman Kolbe, he was notified -- or his office was notified -- on or about 2000 by this former page, who said that he had received e-mails from Congressman Foley that made him uncomfortable. He said, 'I was not shown the content of the messages and was not told they were sexually explicit.' And, so, he recommended that this be passed on to Congressman Foley's office and to the House clerk."

NBC Nightly News (10/10, story 5, Reid, 9.87M) reported Kolbe "confirmed that he was told by another former page about six years ago of emails from Foley that made him uncomfortable. Kolbe says he sent the complaint to Foley's office. In statement, he says, 'I believe then and now that this is the appropriate way to handle this incident.' But Speaker of the House Dennis Hastert who was besieged by the media today, said Kolbe should have done more, including confronting Foley.

The AP (10/11, Taylor) reports Kolbe "said a former page he had sponsored contacted his office to complain of e-mails from Foley and that he 'passed along' the complaint to Foley, R-Fla., and then-House Clerk Jeff Trandahl. Kolbe said he did not take the matter to other lawmakers."

The Wall Street Journal (10/11, A6, Rogers, 2.03M) reports Kolbe "informed Kirk Fordham," then chief of staff to Foley, and "Jeff Trandahl, then the House Clerk, of the complaint." The complaint "appears to have been made between 2000 and 2002, or more than two years before a separate incident last fall, when a Louisiana family complained to their congressman of Foley emails to their teenage son, also a former page." In both cases, Foley was "warned directly or through his staff to cease contact with the former pages, and he apparently did. But following Mr. Foley's resignation on Sept. 29 -- and disclosure of his sexually explicit messages to former pages -- House Republicans are under fire for not having done more to investigate these early warnings of his behavior."

The AP (10/11, Talhelm) reports the issue has "thrust Kolbe, 64, the only openly gay Republican in Congress, into the spotlight just as he is preparing to leave Washington after 22 years in the House." It is "unclear whether Kolbe's role in the Foley saga will affect his post-Congress employment options. This week, he was named one of five finalists to head the Global Fund to Prevent AIDS, Tuberculosis and Malaria, the central financing engine of international efforts to fight those diseases."

Records Suggest Abramoff Had Lobbying Contacts With Pombo. In an exclusive story, the AP (10/11, Werner) reports, "California Rep. Richard Pombo has insisted he was never lobbied by Jack Abramoff. Records

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show the disgraced lobbyist billed a client for at least two contacts with Pombo a decade ago." The AP continues, "The lobbying records released by the Northern Mariana Islands show that Abramoff billed once for calls to Pombo, chairman of the House Resources Committee, and a second time for a discussion with him, while lobbying in 1996." The AP adds, "On more than two dozen other occasions from 1996 through 2001, Abramoff associates called or met with members of Pombo's staff, including his chief of staff, the records indicate. As the contacts picked up, Pombo voted Abramoff's way on a bill important to Abramoff's clients. … Pombo spokesman Brian Kennedy disputed the reported contacts, saying direct lobbying by Abramoff 'never happened' and the staff-level contacts were 'greatly inflated.' Abramoff, who pleaded guilty in a congressional corruption investigation, is 'an admitted felon' who can't be trusted, Kennedy said. … 'I think any of these billing records should be taken with a grain of salt if not dismissed entirely,' Kennedy said. He noted that e-mails have surfaced showing Abramoff instructed associates to inflate their billing hours. … Still, the records put in question Pombo's campaign-trail assertions that he barely knew Abramoff and was never lobbied by him."

Judge Orders DOJ To Respond To Siegelman Evidence Preservation Order. WSFA-TV, NBC 12, Montgomery, AL (10/11, Hammons) reports, "U.S. District Judge Mark Fuller has given the government until Friday, October 13, 2006 to show cause in writing why the emergency motion submitted by attorneys for Governor Don Siegelman, requesting preservation of evidence related to alleged jury misconduct, should not be granted. … The action of the judge is standard procedure." WSFA-TV continues, "Assistant United States Attorney Steve Feaga told WSFA.com, 'We will of course comply with the Court's order. We do not believe the motion is well founded and will so state in our response and provide our reasoning at that time.'" WSFA-TV adds, "Siegelman attorney David McDonald, responding to Mr. Feaga's comment told WSFA.com, 'I can't wait for the Justice Department to file a brief that opposes the preservation of evidence. I'm going to blow it up, frame it, and hang it on my wall.' … McDonald says he understands the government and the judge need time to respond to the motion concerning alleged juror misconduct and the possible introduction of extrinsic evidence into the jury room. However, McDonald says all he's asking is that all evidence be preserved while the judge takes the motions into consideration. 'How in the world is the government going to oppose that?" questions McDonald."

DOJ Seeks Death Penalty In Puerto Rico Murder Case. The AP (10/11, Rivera) reports, "Federal prosecutors on Tuesday urged a jury to choose capital punishment for a Puerto Rican man convicted of killing a hospital guard in what could be the first death sentence handed down in the U.S. territory in nearly 80 years." The AP continues, "Carlos Ayala Lopez was found guilty two months ago in the 2002 slaying of Jose Rodriguez Reyes, a guard at the Veteran's Medical Center in Rio Piedras. The jury reconvened Tuesday to decide if Ayala should be executed or sentenced to life in prison. … 'Justice will be to give him the punishment that he deserves ... and to sentence Carlos Ayala Lopez to death,' Assistant U.S. Attorney Jacabed Rodriguez told the jury of six men and six women." The AP adds, "One of the jurors cried as Rodriguez displayed photos of the crime scene at the hospital just outside San Juan. Prosecutors said Ayala shot the guard while trying to steal the man's gun for a planned drug trafficking operation. … Puerto Rico abolished capital punishment in 1929, but federal prosecutors can still seek the death penalty in some cases because the territory is subject to U.S. federal law. The island's last execution was in 1927, when a man was hanged for murder. The island's legislature approved a resolution reaffirming the anti-death penalty stance in May. … The only other case in which a federal jury in Puerto Rico had to decide whether to impose a death sentence was in 2005. The jury opted to give two men charged with murder a life sentence."

High Court Considers Viability Of Flawed Indictments. The AP (10/11, Sherman) reports, "Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court Tuesday, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case." The AP continues, "A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States. … The omission was so serious that it required automatic reversal of the conviction, the appellate court said." The AP adds, "Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver license when he approached the border crossing at San Luis, Ariz., on June 1, 2003. … Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began. .. .Even so, he said, the conviction should stand. … 'Such an error violates the Fifth Amendment, but it is harmless,' he said."

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Attorney For Suspect In Killing Of Washington Federal Prosecutor Declares Innocence. The Seattle Post-Intelligencer (10/11, Shukovsky) reports, "The lawyer representing the prime suspect in the killing of federal prosecutor Tom Wales publicly declared his client's innocence Tuesday, rejecting the notion that he held a grudge against Wales and protesting the government's inquisitionlike investigation. … 'This is Richard Jewell all over again,' Seattle attorney Larry Setchell said, referring to the man wrongly suspected in the 1996 Olympics bombing." The P-I continues, "Setchell's client, a 45-year-old commercial pilot who recently moved to Snohomish, has been in the FBI's cross hairs since Wales was shot to death in his Queen Anne home five years ago today. … Next week, Setchell said, the pilot will provide agents with handwriting samples -- hoping to prove he wasn't the author of a bizarre, anonymous letter sent to the bureau earlier this year by someone claiming to be a hit man hired to kill Wales." The P-I adds, "After the Oct. 11, 2001, slaying, federal authorities launched a massive manhunt. If Wales was killed because of his job, he would be the first federal prosecutor murdered in the line of duty. … But in an interview with the Seattle P-I, Setchell said the FBI has 'no science' connecting the pilot to the scene of the killing. … 'They took everything from his house and they have nothing connecting him to Tom Wales. If they did, he wouldn't be walking the streets,' the attorney said. The P-I isn't identifying the pilot because he hasn't been charged with a crime." The P-I notes, "In 2001, Wales prosecuted the pilot, his business partner and others on charges that they improperly modified a surplus military helicopter for civilian use. Wales ultimately dropped the charges after an expert witness for the government was shown to have lied in another, similar case to the Justice Department, Federal Aviation Administration and the court, Setchell said. An internal investigative report from the Department of Transportation's Inspector General obtained by the P-I confirms that the expert witness lied. … FBI Special Inspector Robert Jordan, who this summer took charge of the investigation, will conduct a media briefing at noon today in which authorities will provide 'new information about the investigation.'"

FBI Investigating Specter Aide Over Pentagon Contract To Lobbyist Husband. USA Today (10/11, 5A, Kelley, 2.27M) reports, "The FBI is investigating whether a member of Sen. Arlen Specter's staff broke the law by helping her husband, a lobbyist, secure almost $50 million in Pentagon spending for his clients, the senator acknowledged Tuesday. In an Aug. 21 letter, FBI official Joseph Persichini Jr. told Specter, R-Pa., that the bureau is investigating 'allegations of possible criminal misconduct' by staff member Vicki Siegel Herson. Persichini also asked for a copy of a report summarizing the results of an investigation of Siegel and other Specter employees with relatives who are lobbyists." USA notes, "Specter says he didn't know of the link to Siegel, who was one of his top advisers on spending issues until last fall. Specter says he did nothing wrong."

The Philadelphia Daily News (10/11, Davies, 109K) reports, "FBI agents have reviewed…Specter's financial disclosure statements" in the Siegel probe. "Specter said in a phone interview yesterday that he has not been interviewed by the FBI and neither he nor his staff has received subpoenas in the matter. 'Everything that was ever done here was within the [Senate] ethics rules,' Specter said." The Philadelphia Inquirer (10/11, Goldstein, 399K) adds, "'I really do not know' what the FBI was looking for, Specter said" of the review of his financial disclosures. "He said the FBI contacted neither him nor any member of his staff. … He has also changed the rules in his office to preclude any contact between office staff and relatives of employees engaged in lobbying.

Ney To Appear In Court Friday. Rep. Bob Ney, who has admitted to accepting gifts from lobbyists in exchange for legislative favors is due to appear in federal court Friday to formally admit wrongdoing. The Hill (10/11, Kucinich) describes Ney's scheduled appearance as "more bad news" for the GOP which is still reeling from the scandal involving former Rep. Mark Foley's inappropriate contacts with house pages. The Hill notes that "to the dismay of Republicans," Ney is likely to make his court appearance as a sitting member of Congress. While Ney "has given up his gavels on the House Administration Committee and the Financial Services Housing and Community Opportunity subcommittee," he "has kept his seat. … A spokeswoman for the House Administration Committee confirmed Ney is still on the congressional payroll. Ney makes $165,200 annually, or $452.60 per day."

Malvo Pleads Guilty To Six Counts Of First Degree Murder. The Washington Post (10/11, B1, Londoano) reports that sniper Lee Boyd Malvo yesterday pleaded guilty to six counts of first degree murder, taking responsibility for his role in the October 2002 sniper shootings in Montgomery County. Malvo's attorneys said that before his scheduled November 9 sentencing hearing, "they will try to reach a 'global resolution,' which presumably would entail his pleading guilty to slayings and shootings in other parts of the country where he is a suspect. If such a deal is reached, Malvo, 21, could benefit by being allowed to serve time in a federal prison rather than a maximum-security penitentiary in Virginia, where he was first convicted of murder. Although defense lawyers raised the prospect of such an agreement, no negotiations appear to be underway."

The Washington Times (10/11, Wagner) reports, "State's Attorney Douglas F. Gansler said Malvo probably will

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be sentenced to six consecutive life terms without a chance for parole. The minimum sentence would be a single life term with a chance for parole." The Times adds, "According to an interstate agreement before the Montgomery trials, Mr. Gansler said Malvo will be returned to Virginia, where he was sentenced to life in 2003 for killing FBI analyst Linda Franklin, 47, on Oct. 14, 2002, in a parking lot outside the Home Depot in Falls Church."

The Baltimore Sun (10/11, Siegel) reports, "Malvo's lawyers said Tuesday they will move quickly to try to reach an agreement by his scheduled Nov. 9 sentencing in Rockville, where prosecutors are seeking the maximum sentence of six consecutive prison terms of life without parole. … 'We are about to hopefully embark on some candid and frank discussions with some local prosecutors,' said William C. Brennan, Malvo's lawyer. He said he will try in the coming weeks to 'to effectuate a global resolution to Mr. Malvo's legal problems,' but he and prosecutors declined to specify which shootings might be involved. … Charges are pending against Malvo and Muhammad in Alabama, Louisiana and Washington, D.C.. The pair is suspected -- in some cases because Malvo reportedly told police about them -- in shootings in Arizona, California, Florida, Georgia, Texas and Washington state."

The AP (10/11, Manning) reports, "Malvo has already been convicted of shootings in neighboring Virginia. Montgomery County State's Attorney Douglas Gansler said such a plea deal could mean Malvo may not serve his sentence there. … Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot in Washington, D.C. and serve his life term in the federal system, Gansler said. Federal prosecutors handle murder cases in the District of Columbia." The AP adds, "Gansler said the decision rests with Virginia authorities, who agreed to let Malvo and his one-time mentor, John Allen Muhammad, come to Maryland for new trials. Under an interstate agreement, Maryland must return Malvo after his sentencing. … Kevin Hall, a spokesman for Virginia Gov. Tim Kaine, said Kaine's staff has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The Virginia prosecutors who first tried the pair were opposed when the idea was proposed a few months ago."

Judge Delays Wecht Trial Until 3rd Circuit Rules On FBI Records. The Pittsburgh Tribune-Review (10/11, Cato) reports, "The federal public corruption trial of Dr. Cyril H. Wecht will not begin next week as scheduled. U.S. District Judge Arthur J. Schwab released the jury pool of nearly 300 people, effectively postponing the Oct. 16 trial start date indefinitely." The Tribune-Review notes that the 3rd US Circuit Court "has been asked to decide whether internal disciplinary records of the lead FBI agent in the case should be made public and whether a federal court rule in Pittsburgh that keeps lawyers from speaking to the media is constitutional." The AP (10/11, Mandak) adds, "Wecht's attorneys appealed to the 3rd Circuit after Schwab upheld FBI searches for Wecht's records and computers. Defense attorneys had attacked the credibility of the FBI agent who obtained the search warrants, but Schwab overruled some of their objections because he said they were filed too late."

California City Councilman Pleads Not Guilty To Corruption Charges. Bay City News Wires (10/11) reports, "A Colma city councilman facing public corruption charges was arraigned Tuesday morning in San Francisco federal court." Philip J. Lum "pleaded not guilty before a U.S. Northern District Court judge to charges he failed to report gifts accepted from the owner of a Colma casino in exchange for voting favorably on City Council matters that benefited the casino." BCN notes, "The charges came after a three-year FBI investigation revealed that Lum, who has been on the Colma City Council since 1986, accepted first-class and coach airline tickets to the Philippines from 1999 until 2001 from the owner of Colma's Lucky Chances Casino, according to the U.S. attorney's office. … Lum was released on $100,000 bail."

Philadelphia Architect Sentenced To Probation For Illegal Contributions. The Philadelphia Inquirer (10/11, Shiffman, 399K) reports, "A Philadelphia architect who participated in a pay-to-play scheme in which $30,000 from a corporation was illegally funneled toward Mayor Street's reelection was sentenced to two years' probation yesterday. The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe. The architect, Terry Crockett, had pleaded guilty to conspiracy and fraud and had helped authorities make a case against two codefendants." The Inquirer notes, "After Sky Sites paid Crockett, he gave $10,000 each to consultant Joseph Moderski and Eric Selby, a former vice president of Sky Sites. The three men then each gave $10,000 to a political action committee controlled by Ronald A. White, a chief Street supporter."

Immunized Computer Technician Helped FBI Access Fumo Emails. The Philadelphia Inquirer (10/11, Shiffman, Cattabiani, 399K) reports, "Last fall, agents on the FBI's public corruption squad faced a problem: They couldn't read encrypted e-mail seized from State Sen. Vincent J. Fumo's offices. On Oct. 18, they got a break. Donald Wilson, a state Senate computer technician who had been granted immunity, suddenly remembered something, according to a newly unsealed FBI affidavit. He still had two

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portable data cards -- with all the passwords to open the e-mail. … With that breakthrough, the affidavit said, agents were able to read more Fumo office e-mails talking about destroying records and fretting about the FBI -- a trail that helped lead to obstruction-of-justice charges against two other Fumo computer technicians, Leonard Luchko and Mark Eister." The Inquirer notes, "Prosecutors, who have been investigating Fumo for three years, say they will decide by Christmas whether to indict Fumo, or others."

Missouri Federal Prosecutors Begin Child-Porn Crackdown. The St. Louis Post-Dispatch (10/11, Patrick) reports, "Missouri's federal prosecutors said Tuesday that they are reinforcing the battle against an 'epidemic' of online child pornography, in an effort funded in part by well-known St. Louis concert promoter and philanthropist Steven Schankman." The Post-Dispatch continues, "Schankman) said he donated $100,000 toward the estimated $600,000 annual budget to help provide a more coordinated attack. He said his desire comes from various directions, including experiences of his employees' children. … Schankman said it had little or nothing to do with federal charges that sent his son, Jason P. Schankman, to prison in April for almost 16 years for producing and receiving child pornography here. The younger Schankman, 31 when he was charged last year, lived in Kirkwood." The Post-Dispatch adds, "Steven Schankman said his financial help was not intended to get his son a break from U.S. Attorney Catherine L. Hanaway's office. 'I'm too smart to say this will help my son and she's too smart to say it will,' he said. 'Catherine Hanaway did what she had to do.' … Hanaway said she had told Steven Schankman she could not work with him on the project while his son's case was open. … On Tuesday, her office announced creation of a child exploitation unit, which will refocus some prosecutors' efforts on child pornography. She also said the FBI is planning to bear down on pornographers who use 'peer-to peer' file-sharing networks that are commonly used to share music. … Several cases where child pornographers used the Kazaa network have been prosecuted in federal court in Kansas City, said Bradley Schlozman, U.S. attorney for the Western District of Missouri. Kazaa cases have also been handled in St. Louis, Assistant U.S. Attorney Jeff Jensen said."

Former California TV Reporter Charged In Alleged Child Sex Abuse Case. The AP (10/11) reports, "A retired police sergeant and former television reporter was charged Tuesday in connection with several encounters between him and two 12-year-old boys in a cruise ship spa, authorities said." Roderick "Rod" Bernsen "was arrested at the Port of Los Angeles Saturday by FBI agents investigating a complaint by the mother of one of the boys, authorities said. He faces one count of abusive sexual contact. He made his first appearance in federal court Tuesday, where his bail was set at $850,000." The AP notes, "During an encounter in the steam room, the boys alleged that Bernsen inappropriately touched himself in front of them. They claim he later followed them to shower stalls where he inappropriately touched them, the affidavit said." The Los Angeles Times (10/11, Mozingo, 918K) adds after the boys' mother reported the alleged incident, "Bernsen went to ship security too, said nothing inappropriate had happened, but promised to stay away from the boys. A Princess Cruise Lines executive called the FBI that day to report 'a possible sexual assault of two 12-year-old boys by a 58-year-old man.' The FBI waited until the ship docked five days later to question and then arrest Bernsen."

Aviation Experts Debate Whether Criminal Charges Should Follow Jet Crashes. USA Today (10/11, Levin) reports, "Two U.S. charter pilots being held in Brazil following a fatal midair collision over the Amazon jungle are at the forefront of the latest debate over whether members of flight crews should face criminal charges in jet crashes, aviation experts said Tuesday. … Criminal investigations after an accident are part of 'an increasing and alarming trend,' said William Voss, president of the Flight Safety Foundation, a safety group. 'This tends to get in the way of the safety investigation, whose purpose is to find the causes and prevent future tragedies,' Voss said." USA adds, "The NTSB determines the 'probable cause' of accidents, but steers away from criminal cases or civil lawsuits. Groups such as the Flight Safety Foundation say that punishing individuals for mistakes does not help prevent accidents."

Prosecutor Drops Assault Charge Against Maryland State Senate President. The Washington Post (10/11, B1, Wiggins) reports, "A Baltimore prosecutor dropped an assault charge yesterday against Senate President Thomas V. Mike Miller Jr., who was accused last month of punching a developer," Leo Bruso, "in the jaw during a" County Council meeting. Gerard B. Volatile, "who was handling the case on behalf of the Prince George's County state's attorney's office, said he did not have enough evidence to move forward with the case. … 'After interviewing numerous potential witnesses, including the witnesses closest to Mr. Bruso at the council hearing and persons in a position to have the best perspective to see what happened, I do not believe that this allegation rises to a criminal matter,' Volatile told District Judge Thurman H. Rhodes yesterday." Volatile "said that he interviewed more than a dozen potential witnesses and that none corroborated Bruso's account."

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Missouri Nursing Home Operator Pleads Guilty To Medicare Fraud. The St. Louis Post-Dispatch (10/11, Patrick, 300K) reports Missouri nursing home company "American Healthcare Management and its former chief executive officer, Robert Wachter, reaped at least $4 million by slashing care while some patients lay dehydrated, underfed or in their own filth, officials said. One resident was covered in ants, one was bruised from falls, one wandered off across a six-lane intersection and one was beaten to death by an employee. … Wachter, AHM and three nursing homes pleaded guilty Tuesday to one count of conspiring to defraud the federally backed Medicare and Medicaid programs by taking payments for a level of care not provided." The Post-Dispatch notes, "State surveys originally alerted the Department of Health and Human Services to problems, said Roland Corvington, special agent in charge of the FBI at St. Louis, which joined the investigation."

Federal Officials Eye Woman's Property In Prostitution Case. The Washington Times (10/11, Emerling) reports, "Federal officials have filed suit against two California properties owned by a woman whose D.C.-based escort service is the subject of a money-laundering and prostitution investigation. A civil suit filed Oct. 3 by the U.S. Attorney's Office in the District lists two properties owned by Deborah Jean Palfrey -- one in Vallejo and one in Escondido, Calif. -- as subject to forfeiture pending the outcome of the criminal investigation. As of July, the properties were worth $495,000 and $480,000, respectively."

DC Mosque Accuses Financial Manager Of Embezzlement. The Washington Times (10/11, McElhatton) reports, "The Islamic Center of Washington, D.C., one of the most prominent mosques in the country, is accusing its longtime financial manager of embezzling hundreds of thousands of dollars by funneling checks to companies under his control. Farzad Darui of Falls Church was suspended last month as financial manager of the center, according to court records." Officials for the Islamic Center "have told their attorneys that they discovered more than $300,000 in canceled checks since 2000 that were paid by the center to at least two Virginia companies under Mr. Darui's control, court records show. … No criminal charges have been filed in the case."

Chicago Police Question Suspect In Triple Homicide. The Chicago Tribune (10/11, Heinzmann, Meisner) reports, "Chicago police were questioning a suspect Tuesday in the weekend slayings of an 80-year-old grandmother and two of her adult children and the assault of a teenage relative in their South Side home. The male suspect was in custody and charges were expected, but none had been filed Tuesday evening, Chicago police spokeswoman Monique Bond said. She declined to say how long he had been in custody or whether it was believed he acted alone." The Tribune adds, "The bodies of Elnora White, her son Curtis, 56, and her daughter Elnoria Countee, 54, were found Saturday afternoon in their first-floor apartment in the 8100 block of South Green Street in the Auburn Gresham neighborhood, police said. … According to the Cook County medical examiner's office, which conducted autopsies Sunday, Curtis White, who was disabled and found dead in bed, died of stab wounds in his face. Elnora White, who was found on the floor of the dining room, died of blunt trauma wounds. Countee, who was found on her bedroom floor, died of a stab wound in the chest."

Three Year Old Girl's Alleged Shooter Captured. The Los Angeles Times (10/11, Winton, Hayasaki) reports, "A 17-year-old gang member accused of intentionally shooting a 3-year-old girl at point-blank range last month was captured by an LAPD-FBI task force in San Bernardino County today after community members gave up his location, police said. Jonathan Banks of Los Angeles was named Monday by the LAPD as the man who killed Kaitlyn Avila and wounded her father, Cesar, during a Sept. 24 attack that stunned the Baldwin Village neighborhood. An alleged accomplice of Banks was arrested Friday."

Liquor Store Owner Fears Reprisals After Tracking Down Gang Members Who Robbed His Store. The Los Angeles Times (10/11, Becerra, Winton) reports, "Ten times in the last month, the same group of robbers walked in and hauled away beer, chips and other food. Brandishing a knife, the robbers warned the store's owner: 'We know where you live.' But the owner of the Washington Boulevard shop would not back down. Instead, he installed video cameras around the store to capture images of the robbers. Then he roamed the neighborhood with the photos, getting their identities. The culmination of his detective work came Monday night when undercover Los Angeles police officers watched as several of the young men walked out of the store with two cases of stolen beer. The detectives chased the men and arrested two of them." But now, the store owner is "worried about reprisals."

Three Men Charged In Robbery Murder. The Washington Post (10/11, B4, Partlow) reports, "Three Prince George's County men have been charged with attempting to rob a 41-year-old man of his backpack and cellphone, then beating him with a baseball bat and fatally shooting him, according to charging documents. The three men -- Timothy McLeod, 20, James D. Brumfield, 19, and Douglas I. Riley Jr., 21 -- are charged with first-degree murder in the killing of

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Jose Vicente Yaque, who lived along Edmonston Road in the Bladensburg area. They appeared yesterday via teleconference in Prince George's County District Court for a bond hearing."

CIVIL LAW:

Oracle Settles GSA Contract Fraud Charges With DOJ For $98.5 Million. The Wall Street Journal (10/11, B3, Vara) reports, "Oracle Corp. agreed to pay $98.5 million to the U.S. government to settle a lawsuit alleging PeopleSoft Inc., which Oracle acquired last year, overcharged the government on contracts for software and services." The Journal continues, "Under a General Services Administration program, vendors agree to disclose pricing policies for their private-sector customers in exchange for a chance to sell to government customers under one contract. … In this case, during PeopleSoft's negotiation with the government over an initial software contract and two extensions, the company understated the discounts it provided to commercial customers, according to a statement from the Justice Department. That meant most federal purchasers under the contract paid inflated prices between March 1997 and Sept. 2005, the Justice Department said."

The Washington Post (10/11, D3, Rich) reports, "The civil settlement, reached at U.S. District Court in Maryland, was disclosed at a news conference in Washington as officials announced a new task force targeting procurement fraud. Deputy Attorney General Paul J. McNulty said the task force, established by the department's criminal division, would detect and prosecute fraud associated with increased contracting activity for national security and other government programs." The Post continues, "McNulty said the task force is modeled on efforts to combat fraud after Hurricane Katrina and a similar program he initiated last year when he was U.S. attorney in the Eastern District of Virginia. … The settlement with Oracle resolved allegations that PeopleSoft understated to the GSA the discounts it provided to commercial customers. GSA regulations require that a vendor disclose its commercial pricing policies during negotiations for a single contract that can give a vendor access to hundreds of government purchasers."

The AP (10/11, Jordan) reports, "The settlement with Oracle's PeopleSoft kicked off what the department called a crackdown on waste, fraud and abuse in federal contracts. … 'Criminals who cheat the government must be identified, stopped and punished,' Deputy Attorney General Paul McNulty told reporters in Washington. He estimated that 5 percent of federal agencies' annual revenues is wasted on faulty or otherwise illegal contracts."

The CNET News (10/11, Fried) reports, "The settlement was the largest ever related to the General Services Administration's Multiple Award Schedule program, the Justice Department said. The MAS program requires vendors to provide their commercial pricing information to the government in exchange for the ability to strike deals with hundreds of federal agencies under a single contract. The Justice Department said PeopleSoft's disclosures 'were not current, accurate and complete.' … 'The program works well when vendors follow the disclosure rules and provide GSA with the information it needs to negotiate good prices for government purchasers,' Deputy Attorney General Paul McNulty said in a statement. 'This agreement demonstrates the department's determination to hold vendors accountable for abusing GSA's trust and damaging its programs.'"

CNN.com (10/11, Frieden) reports, "Justice Department officials said the Task Force would be modeled after the Hurricane Katrina Fraud Task Force, which they say has been successful in uncovering efforts to defraud the federal government."

Market Watch (10/11, Paige) reports, "The settlement resolved allegations that PeopleSoft provided inaccurate and incomplete pricing information for licenses of its software and related maintenance during negotiations with the government. As a result, federal agencies overpaid for software and maintenance between March 1997 and September of last year, according to the Justice Department. … A spokeswoman for Oracle, of Redwood Shores, Calif., said the company cooperated fully with the investigation of the PeopleSoft contract. … 'Oracle was not aware of the suit at the time of the acquisition,' said Deborah Hellinger, the spokeswoman. 'Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract.'"

High Court Finds For Small Tobacco Firms. The Wall Street Journal (10/11, A10, Anderson, O'Connell, 2.03M) reports that Supreme Court was not convinced by 30 states seeking a High Court review of "whether three small tobacco companies can use one lawsuit to challenge state-by-state payment requirements related to a massive 1998 industry settlement. The court's decision not to consider the appeal means the three companies can proceed, in a New York federal court, to challenge payments to state accounts established to cover damages in tobacco lawsuits." The Journal adds, "But Grand River Enterprises Six Nations Ltd. of Gowanda, N.Y.; Nationwide Tobacco Inc. of Blaine, Wash.; and 3B Holdings Inc. of Lewiston, Idaho, challenged the payments in a lawsuit filed in New York, where the master agreement was negotiated and signed by the four major cigarette makers and 46 states. The small companies weren't party to the settlement."

Dow Jones (10/11) reports, "The 2nd U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge against all of the state

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escrow fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty because the tobacco company challenge deals with 30 different sets of state laws. … 'The Second Circuit's ruling...upsets the delicate relationship between the states and the federal courts,' the states said in their appeal."

The AP (10/11, Yost) reports, "The justices' decision allows the companies to continue to fight state laws requiring payments to accounts set up as part of a $206 billion financial settlement eight years ago with the largest tobacco companies. Each of the 30 states had passed a law requiring companies that didn't participate in that settlement to pay into the escrow funds to help cover future damage awards." The AP adds, "The three small companies sued, alleging the states violated antitrust law and the Commerce Clause of the U.S. Constitution. The laws each state passed were mostly identical to model legislation contained in an appendix to the settlement with the biggest tobacco companies. … The 2nd U.S. Circuit Court of Appeals in New York, the state where the settlement negotiations had taken place, allowed the small companies to pursue the antitrust claims." The AP notes, "In asking the Supreme Court to take the case, the state governments say the appeals court is treating a state's most sovereign act, the passage of legislation, 'as though it were the culmination of a commercial antitrust conspiracy.' … The states wanted the court to consider whether principles of due process and state sovereignty permit a federal judge in New York to exercise jurisdiction over the state attorney general in another state."

Plame Parts Ways With Lawyer In Civil Suit. John McCaslin in his "Inside the Beltway" column in the Washington Times (10/11, 88K) writes that the latest issue of the American Lawyer suggests Valerie Plame's civil lawsuit has no merit as "one theory as to why" she "suddenly parted ways with her attorney, Proskauer Rose partner Christopher Wolf -- her next-door neighbor, no less -- shortly after her civil action was filed against senior Bush administration officials." McCaslin notes, "Headlined 'File and run,' the article quotes lawyer Victoria Toensing, a former chief counsel to the Senate Select Committee on Intelligence, as saying: 'I'm amazed Proskauer took the case in the first place.'"

US Challenges AIDS Funding Ruling. The AP (10/11) reports, "The Bush administration sought Tuesday to overturn a court decision that lets nonprofit AIDS groups apply for federal funding without signing a pledge opposing prostitution and sex trafficking." The AP continues, "At least one of the groups, DKT International Inc., has refused to sign the pledge because it helps distribute condoms to prostitutes and other sex workers in Vietnam." The AP adds, "DKT last year sued the U.S. Agency for International Development, contending their free speech rights were violated by a 2003 law requiring that they explicitly oppose prostitution and sex trafficking to qualify for part of a $15 billion AIDS program. … In May, U.S. District Judge Emmet G. Sullivan sided with DKT, saying the funding conditions insist that groups 'parrot' the U.S. government's position on prostitution. … But the Justice Department, in its appeal Tuesday, called the funding condition 'highly germane' to the overall goal of fighting the spread of AIDS and HIV. … The case now heads to the U.S. Court of Appeals for the District of Columbia. A date for arguments has not yet been set."

CIVIL RIGHTS:

DOJ Charges Black Political Leader In Mississippi With Suppressing White Vote. The New York Times (10/11, Nossiter) reports from Macon, MS, "The Justice Department has chosen this no-stoplight, courthouse town buried in the eastern Mississippi prairie for an unusual civil rights test: the first federal lawsuit under the Voting Rights Act accusing blacks of suppressing the rights of whites." The Times continues, "The action represents a sharp shift, and it has raised eyebrows outside the state. The government is charging blacks with voting fraud in a state whose violent rejection of blacks' right to vote, over generations, helped give birth to the Voting Rights Act of 1965. Yet within Mississippi the case has provoked knowing nods rather than cries of outrage, even among liberal Democrats." The Times adds, "The Justice Department's main focus is Ike Brown, a local power broker whose imaginative electoral tactics have for 20 years caused whisperings from here to the state capital in Jackson, 100 miles to the southwest. Mr. Brown, tall, thin, a twice-convicted felon, the chairman of the Noxubee County Democratic Executive Committee and its undisputed political boss, is accused by the federal government of orchestrating -- with the help of others – 'relentless voting-related racial discrimination' against whites, whom blacks outnumber by more than 3 to 1 in the county. … His goal, according to the government: keeping black politicians -- ones supported by Mr. Brown, that is -- in office. … To do that, the department says, he and his allies devised a watertight system for controlling the all-determining Democratic primary, much as segregationists did decades ago."

Parties Agree To Stop Crossover Voting In South Carolina Primaries. The AP (10/11, Davenport) reports, "South Carolina Republican and Democratic party leaders have agreed to swap voter rolls in their 2008 presidential primaries to stop people from casting ballots in both contests." The AP continues, "Neither party likes the idea of voters casting a ballot in both primaries. … 'I don't want people who have voted in their primary attempting to

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vote in ours,' state Democratic Party Chairman Joe Erwin said Tuesday. … But that might not be an easy task in a state where the parties pay for and run the presidential primaries. Voters don't register by party and State Election Commission spokesman Chris Whitmire said the parties can set whatever rules they want. … 'We don't view it as a real election. We liken it more to a straw poll' that guides delegates at national conventions, he said." The AP adds, "A quarter of presidential primary voters here describe themselves as independents. The Legislature has repeatedly refused to require party registration in the presidential primaries. … The first party to hold a primary will hand over the voter rolls to the other party, leaders said. … Erwin said he's having legal experts look at the plan. … 'I want a legal opinion on whether or not a poll worker can deny anyone from voting because they are looking at a list,' Erwin said. … A U.S. Justice Department spokeswoman on Tuesday could not immediately answer questions about the plan."

Report Finds Little Evidence Of Polling Place Fraud. A preliminary report to the US Election Assistance Commission has found little evidence of the type of polling place fraud many states are instituting new voter registration and identification requirements to stop. USA Today (10/11, Wolf, 2.27M) reports, "USA TODAY obtained the report from the commission four months after it was delivered by two consultants hired to write it. The commission has not distributed it publicly. At least 11 states have approved new rules for independent voter-registration drives or requirements that voters produce specific forms of photo ID at polling places. Several of those laws have been blocked in court, most recently in Arizona last week. The House of Representatives last month approved a photo-ID law, now pending in the Senate. The bipartisan report by two consultants to the election commission casts doubt on the problem those laws are intended to address. 'There is widespread but not unanimous agreement that there is little polling-place fraud, or at least much less than is claimed, including voter impersonation, 'dead' voters, non-citizen voting and felon voters,' the report says."

A separate story in USA Today (10/11, Wolf, 2.27M) reports that these new laws restricting who can register and vote "e have reduced the number of people who may have voted otherwise. Some of those laws have been blocked in court. Even so, critics say, the damage has been done." USA adds, "Advocates of registration and photo identification laws say they are needed to prevent fraud. They say the rules apply to all potential voters, regardless of race, ethnicity, income or ideology."

SCOTUS Rejects Gay Marriage, Abortion Cases. The AP (10/11) reports, "The Supreme Court refused to intervene Tuesday in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed." The AP continues, "The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage." The AP adds, "A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts. … The 9th U.S. Circuit Court of Appeals agreed in May that the couple should await the outcome of the state court challenge. .. .Last week, a California appeals court upheld the state ban on same-sex weddings. That case appears headed for the California Supreme Court." The AP notes, "The Supreme Court on Tuesday turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago. … Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade."

Marcus Concerned Over Popularity Of South Dakota Abortion Ban. Ruth Marcus in her column in the Washington Post (10/11, A19, 748K) writes that "it's alarming that the vote on repealing the" South Dakota law banning abortions "may be so close. An independent poll in July found 47 percent of voters opposed, 39 percent in favor. But a more recent poll, commissioned by an antiabortion group, showed the gap much narrower, 47 to 44 percent. Four of the eight Republican state senators who had opposed the ban were ousted in primary elections." And the repeal effort, "rather than challenge the law in court, where it would almost certainly be overturned, carries twin risks -- failure and success." And if it is repealed "what happens if and when antiabortion forces come back with a version more palatable to South Dakotans? The July poll showing 47 percent of voters opposed to the ban found that 59 percent would support it with exceptions for rape and incest."

Real Estate Brokerage Accused Of Discriminatory Sales Practices. The New York Times (10/11, Scott) reports, "The National Fair Housing Alliance…charged yesterday that agents in the Brooklyn Heights office of the city's largest residential real estate brokerage, the Corcoran Group, had engaged in discriminatory sales practices, including racial steering and withholding information from African-American clients." The

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report said "an agent 'produced a map of Brooklyn and drew a red outline of the areas in which the white home seeker should consider living.' The agent used arrows to indicate neighborhoods that were 'changing.'" The Times adds, "Pamela Liebman, president and chief executive officer of Corcoran, said in an interview yesterday that her firm 'has always been devoted to fair housing' and recently required all of its agents to undergo four hours of training in fair housing law and practices. She said, 'I have never been given the specific charges as they relate to the Corcoran Group and I anxiously await them as we intend to defend ourselves vigorously.'"

NYTimes Celebrates US Diversity. The New York Times (10/11, 1.21M)in an editorial writes that whoever becomes America's 300 millionth person "should get a bouquet and a thank-you card. It should be signed by President Bush on behalf of a grateful nation that is buzzing with a youthful energy for which the aging powers of Europe would gladly trade their pension obligations. If the newcomer is an immigrant, he or she should also get an apology from Mr. Bush for the scarcity of worker visas, and a promise to get right on that problem." The Times concludes, "Our teeming immensity keeps us from going stale, and despite some people's panic attacks, our population issues have mysterious ways of working themselves out. America has big problems, but it also has 300 million reasons to be hopeful."

ANTITRUST:

DOJ Expected To Approve AT&T-BellSouth Merger. The AP (10/11, Dunbar) reports, "The Justice Department is expected to approve AT&T Inc.'s buyout of BellSouth Corp. without attaching any conditions to the deal, three people knowledgeable about the matter said Tuesday. … The proposed merger, now valued at about $78 billion, would create a telecommunications giant with both the largest landline and wireless networks in the nation. A Justice Department official declined to comment on the decision, and the sources who disclosed it declined to be identified because the action had not been formally announced." The AP continues, "The Justice Department is expected to approve the buyout Wednesday despite a plea from the chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., and other members of Congress that the deal not be allowed to go through until details related to two previous telecommunications mergers are settled and other concerns are addressed."

Bloomberg (10/11, Rowley) reports, "AT&T, formed last year by SBC Communication Inc.'s takeover of AT&T, is the largest U.S. telephone company. The combination with BellSouth, the third-largest U.S. phone company, would provide service in 22 states. … The Federal Communications Commission is scheduled to vote on the deal two days from now. The FCC typically doesn't act on a takeover before the Justice Department has announced its decision. FCC Chairman Kevin Martin has pushed for approving the transaction without conditions."

USA Today (10/11, Davidson) reports, "Justice could still shift course and require some last-minute concessions, these people say. But the department typically acts on telecom mergers before the Federal Communications Commission, which is scheduled to vote on the deal Thursday." US Aadds, "A Justice decision not to require concessions could embolden FCC Democrats to seek even tougher conditions than they might otherwise, say people with knowledge of the situation. They requested anonymity because Justice has not announced its decision. … FCC Chairman Kevin Martin, a Republican, has recommended approval without conditions."

The Wall Street Journal (10/11, A10, Schatz) reports, "Justice Department officials are expected to say that the merger of the two phone giants doesn't pose significant competitive threats that require divestures, conditions or a consent decree, the lawyers said. The Federal Communications Commission has scheduled a vote to approve the deal tomorrow. … The decisions by the Justice Department and FCC to approve the deal quickly come despite bipartisan requests from some congressional leaders to hold off until a federal judge rules on an antitrust review of the mergers last year of SBC Communications Inc. and AT&T Corp., and Verizon Communications Inc. and MCI Inc." The Journal notes, "Opponents of the AT&T/BellSouth deal, including smaller phone companies and consumer groups, have complained the deal will result in higher prices for consumers and high-volume business customers. The fact that the government appears to have few qualms about approving the deal so soon after the Baby Bell mergers last year shows how much the communications industry has changed in the 22 years since the government broke up Ma Bell."

Investor Claims Microsoft Helped Utah Firm Finance Linux Litigation. The AP (10/11, Foy) reports, "Microsoft Corp. helped a Utah company raise money for its legal challenge to the open-source Linux operating system, an investor said in a court filing." The AP continues, "In a sworn statement, Lawrence R. Goldfarb, a founder of BayStar Capital Management of Larkspur, Calif., said he invested $50 million in The SCO Group Inc. at the urging of Microsoft executives who promised to guarantee BayStar's investment against any losses. … Goldfarb says Microsoft reneged on the promise. In a statement to The Associated Press, Microsoft denied making any such

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assurance." The AP adds, "Goldfarb's statement was filed in federal court last week by IBM Corp. as the tech company asked a judge to throw out what remains of a long-running legal battle. SCO sued IBM for $5 billion in 2003, accusing it of donating SCO's proprietary Unix code to Linux developers. … A magistrate, however, has dismissed 182 of SCO's 294 claims against IBM. U.S. District Judge Dale Kimball has scheduled an Oct. 24 hearing to hear SCO's appeal of that ruling."

DOJ Launches Antitrust Probe Of Private Equity Firms. Bloomberg (10/11, Cole) reports, "The U.S. Department of Justice has begun an informal antitrust inquiry of private-equity firms and their collaboration on leveraged buyouts, a person familiar with the matter said today." Bloomberg continues, "Justice officials in recent weeks sent letters to firms seeking information about deals and business practices, according to the person, who asked not to be identified because the probe isn't public. Kohlberg Kravis Roberts & Co. and Silver Lake Partners were among those contacted, the Wall Street Journal reported earlier today. … 'It's very serious for the buyouts firms as this investigation could last up to a year,' Sean Boland, co-chair of the antitrust practice at Washington-based law firm Howrey LLP, said in a telephone interview."

The Financial Times (10/11, White, Kirchgaessner) reports, "The US private equity industry was hit on Tuesday by the revelation of a government inquiry into potentially anti-competitive behaviour by some of its top groups. The Department of Justice investigation appears to focus on whether buy-out groups colluded to keep asset prices down in company auctions, according to industry executives. In a letter to buy-out groups including Carlyle, Kohlberg Kravis Roberts and Silver Lake Partners the government demanded information about deals dating back to January 2003, people familiar with the requests said on Tuesday. … The DoJ declined to comment, as did Carlyle, KKR, Silver Lake and other private equity groups."

The New York Times (10/11, Sorkin) reports, "Two rival leveraged buyout firms make bids for the same company. At the 11th hour, one firm drops out of the auction, unwilling to pay more. … The remaining buyout firm is declared the winner. A month later, another company is put up for sale — only this time the two firms that had just been fierce competitors have teamed up to bid together for it. … Friendly competition? Or collusion?" The Times continues, "That question is what the Justice Department appears to be examining as part of a preliminary inquiry into possible anticompetitive behavior in the clubby private equity industry, according to people briefed on the investigation." The Times adds, "Several of the nation's largest firms, including Kohlberg Kravis Roberts & Company, the Carlyle Group, Clayton, Dubilier & Rice and Silver Lake Partners, have received letters from the Justice Department seeking broad information about their business practices and involvements in auctions going back to 2003. … The letters, sent within the last 10 days, appear to be the beginning of a wide-ranging inquiry into private equity, an industry that has become an increasingly powerful force on Wall Street in recent years but remains relatively unregulated. Of particular concern has been the emergence of consortiums in many big buyouts."

The Wall Street Journal (10/11, C1, Berman, Sender) reports, "When hospital operator HCA Inc. announced a deal to be taken private by a trio of private-equity firms earlier this summer for $21.3 billion, the buyers worried that a rival bidding group would crash the party and force the price higher. But no such bid materialized. … At least some of these rivals held off, say people familiar with the decision making, because they feared a competing bid for HCA would open the door for other firms to jump in on the rivals' own, other buyout deals, these people said. (In other words, you don't bid on my deal, I won't bid on yours.)" The Journal adds, "Such calculations on whether to join forces or face off against competitors have been at the heart of private-equity investing over the last three years. Assessing these rules of engagement in the multibillion-dollar world of corporate buyouts is also part of a new Justice Department inquiry into private equity's auction practices since 2003, according to people familiar with the effort. .. .The inquiry, reported yesterday by The Wall Street Journal, centers on how groups of private-equity firms conduct their bidding in corporate auctions, according to people familiar with letters sent to buyout firms." The Journal notes, "In many of these transactions, powerhouse private-equity firms -- which pool large sums of capital from wealthy investors and institutions -- team up to make bids to take companies private, hoping to cash in by selling them later at a higher price. .. .The inquiry, run by the Justice Department's antitrust division in Manhattan, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Those receiving letters include Kohlberg Kravis Roberts & Co., Silver Lake Partners and Carlyle Group, according to people familiar with the matter, and the list is likely to grow."

Judge Delivers Split Ruling In Qualcomm-Broadcom Dispute. The AP (10/11) reports, "Semiconductor maker Qualcomm Inc. violated parts of a patent held by rival Broadcom Corp. that helps cell phones conserve battery power when out of cellular network range, a judge ruled Tuesday. … However, Qualcomm did not infringe two other patents on chips used in cell phones and other wireless devices, according to Charles E. Bullock, an administrative law judge hearing the case in Washington, D.C., on behalf of the International Trade Commission." The

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AP continues, "Qualcomm had challenged the patents held by Broadcom, but the judge ruled all three patents were valid. .. .The case was brought to the commission by Broadcom, based in Irvine, Calif." The AP adds, "Qualcomm, based in San Diego, said it would appeal the decision to the full commission as it explored designs to replace the disputed technology. … The judge's ruling will go to the full commission next year for a final determination. … Broadcom said it would ask the commission to review the portion of the ruling that favored Qualcomm." The AP notes, "The rival chip makers have 10 suits and countersuits pending in courts from California to Europe over trade and patent issues relating to technologies that power cell phones, Bluetooth devices and wireless Internet equipment. .. Last week, a federal court judge in San Diego ordered the billionaire founders of the feuding companies to face each other behind closed doors to try to resolve their differences. No agreement was struck and the judge was expected to order further sessions."

The Wall Street Journal (10/11, B3, Clark) reports, "Qualcomm Inc. avoided a tough sanction in a legal skirmish with Broadcom Corp. But the chip makers continue to tangle on multiple fronts and face increasing pressure to reach a settlement. An International Trade Commission administrative law judge ruled that Qualcomm's chips infringed on a Broadcom patent. Judge Charles Bullock stopped short, however, of recommending that cellphones containing the chips be barred from importation to the US. He also ruled that Qualcomm didn't infringe on two other patents that Broadcom had cited. … Although the full ITC could contradict the judge's recommendation in a commission ruling expected in February, Qualcomm investors breathed a sigh of relief after yesterday's ruling. Qualcomm's shares were up 83 cents, or 2.3%, to $37.07 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market. Broadcom's shares were down 79 cents, or 2.7% to $28.80 on the Nasdaq."

SCOTUS Considers Case Pitting Telecoms Against Pay-Phone Providers. The AP (10/11, Rugaber) reports, "The Supreme Court heard arguments Tuesday in a case that could force telecommunications companies to compensate pay-telephone providers billions of dollars for so-called 10-10-220 calls made by consumers, legal experts said." The AP continues, "The case stems from federal laws and regulations requiring long-distance telephone companies to compensate pay-phone providers for calls that consumers make using special dialing codes, commonly known as 10-10-220 or coinless calls." The AP adds, "Metrophones Telecommunications Inc., based in Washington state, sued Global Crossing Telecommunications Inc. in 2003, alleging that Global Crossing had not fully compensated it for phone calls made from Metrophones pay phones. Metrophones claims Global Crossing owed it $31,330.42 in fees and interest. … While the dollar damages in that particular case are low, at issue is whether companies can sue in federal court over regulatory violations or whether they can only sue over violations of federal laws." The AP notes, "Global Crossing has argued that federal law does not necessarily require long-distance companies to compensate pay-phone providers, but instead directs the Federal Communications Commission to issue rules governing how the pay phone providers would be compensated. Telecom providers Verizon Communications Inc., AT&T Inc. and Sprint Communications have filed briefs in support of Global Crossing."

Sprint Nextel Losing Ground Since Last Year's Merger. The Wall Street Journal (10/11, A1, Sharma) reports that since Sprint's Acquisition of rival Nextel last year, "Sprint Nextel Corp. has been losing ground. Millions of its cellphone subscribers have defected to competitors. Its remaining customers have increasingly been switching to less profitable calling plans. Yesterday, amid mounting troubles at Sprint Nextel, former Nextel CEO Tim Donahue said he was retiring as executive chairman. The move came just two months after Len Lauer, Sprint's chief operating officer, was let go after the release of dismal financial results." The Journal adds, "The Sprint-Nextel saga shows the perils of consolidation in an intensely competitive field where technology and customer expectations keep changing quickly. Instead of each company fixing the other one's weakness, the problems have just added up."

Texas Pacific Group, AXA To Buy 60% Stake In TDF. The Wall Street Journal (10/11, C4, Singer) reports, "US private-equity firm Texas Pacific Group and one of its investors has clinched a deal to buy a 60% stake in French television and cellphone transmission business TDF SA for about €3.3 billion ($4.16 billion), according to people close to the deal. … The deal will bring fresh money into the company, which is seeing strong growth from the transfer of analog TV signals to digital service. Television transmissions account for the bulk of TDF's business." Texas Pacific Group "is buying the 60% stake with one of its investors, French insurance giant AXA SA."

Google To Pay $1.65 Billion For YouTube. The New York Times (10/11, Sorkin) reports, "Google, the online search behemoth, agreed yesterday to pay $1.65 billion in stock for…YouTube, the video-sharing phenomenon that is the darling of an Internet resurgence known as Web 2.0. … Google is expected to try to make money from YouTube by integrating the site with its search technology and search-based advertising program. But the purchase price has also invited comparisons to the mind-boggling valuations that were

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once given to dozens of Silicon Valley companies a decade ago. Like YouTube, those companies were once the Next Big Thing, but some soon folded. Google, with a market value of $132 billion, can clearly afford to take a gamble with YouTube, but the question remains: How to put a price tag on an unproven business?"

You Tubers' Have Mixed Reaction To Google Purchase. The Washington Post (10/11, D1, Goo) reports, "Dozens of YouTubers turned their cameras on themselves to share their opinions on the sale, while thousands responded to a video posted yesterday by YouTube founders Chad Hurley and Steve Chen. The reaction was mixed and displayed a range of emotions, from outrage and accusations that YouTube had sold out to corporate interests to admiration and optimism that Google will improve it."

Google Move Makes Yahoo Look Out Of Step With Internet Advertising. The New York Times (10/11, Hansell) reports that Google's purchase of YouTube "is making Yahoo look even more out of step with the fast-changing Internet advertising market. Yahoo itself tried to buy YouTube just a few weeks ago and got as close as negotiating price and terms, according to an executive briefed on the discussions. But the talks broke down, and Google swooped in and closed the deal quickly, just as it has in several recent partnership negotiations. Indeed, many Internet executives are noting just how often Yahoo appears to be late and slow, both in its own business and in negotiations with other companies." Google "has neutralized Yahoo's big competitive advantage on Madison Avenue: its ability to sell the full range of advertising, from splashy video campaigns to text ads on search results."

MySpace Looks To Expand Relationship With Google. The Wall Street Journal (10/11, A3, Angwin) reports, "News Corp.'s MySpace.com, rebuffed in its effort to bid for YouTube Inc., is seeking to expand its relationship with the company that snatched the video-sharing Web site away, Google Inc. Google Chief Executive Eric Schmidt and Advertising Sales Vice President Tim Armstrong are expected to meet this week in Los Angeles with News Corp. executives, including Chairman Rupert Murdoch, to discuss new ways of working together. One possibility is to expand Google's recently signed ad deal with social-networking site MySpace to include video advertising on the Web." The Journal adds, "Plans for the meeting come just days after Google struck a $1.65 billion deal to buy YouTube, significantly boosting the search titan's presence in the fast-growing Web-video arena. But the deal poses a potential competitive threat to MySpace, which is a direct competitor with YouTube among Web sites that let users post their own content."

ENVIRONMENT:

Lettuce Tests Negative For E. Coli Bacteria. The Washington Post/AP (10/11, D3) reports that officials of Nunes Co. said lettuces from California that was recalled amid E. coli fears tested negative for the bacteria. Nunes Co. "said multiple samples from among the more than 8,500 cartons of recalled green leaf lettuce tested negative for pathogenic E. coli O157:H7. That strain is the one responsible for the E. coli outbreak linked to spinach that killed at least three people and sickened 199 others. The company ordered the recall after irrigation water tested positive for E. coli. Follow-up testing of water samples determined it did not contain the pathogenic strain of the bacteria. … The Food and Drug Administration is also testing the company's irrigation water. The results should be available late today or tomorrow."

Regulators Urged To Set Guidelines For E. Coli. The Los Angeles Times (10/11) editorializes, "The Salinas Valley grower that recalled 8,500 cartons of lettuce this week did all the right things: The company tested its irrigation water, and when it found E. coli, it took its lettuce off the market even before the tests could show whether it was a dangerous strain. But the current E. coli outbreak, the 20th in a decade, indicates that not all farmers take all the steps they should." The Times adds, "Each time there is an E. coli breakout, the state and the US Food and Drug Administration demand that the industry clean up its act. The industry asks for precise guidelines on what to do, and it gets no answers. Regulators can start by outlining mandatory, common-sense safety practices to protect both public health and farming's reputation."

Federal Court Rulings Hinder Administration's Federal Land Development Strategy. USA Today (10/11, Kenworthy) reports, "The Bush administration's push for more commercial development on federal land in the West is colliding with the environmental legacy of former president Richard Nixon." USA continues, "In a half-dozen cases since August, federal courts have slapped down the administration's plans to drill for oil and gas in Utah and Alaska, to allow road-building and logging in federal forests, to ease regulation of livestock grazing on public rangeland and to divert water from a Colorado national park." USA adds, "The judges in each case said the administration failed to comply with a landmark environmental law overwhelmingly passed by Congress and signed by Nixon in 1970 called the National Environmental Policy Act (NEPA). … The law requires government agencies to study potential environmental consequences of federal projects and to allow citizens to comment on those actions. Agencies must prepare

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'environmental impact statements' that can run hundreds of pages, or issue less extensive 'environmental assessments' on minor projects." USA notes, "In its nearly 40-year history, the law has had a broad impact on how government agencies decide on everything from constructing highways to logging forests to building dams. … In recent months, the law has been an effective tool for environmentalists seeking to block initiatives that would allow commercial activities on hundreds of millions of acres of public land."

EPA Says Texas Copper Plant Illegally Burned Hazardous Waste. The New York Times (10/11, Blumenthal) reports, "A bankrupt copper giant facing billions of dollars in pollution claims across the nation pretended for years to recycle metals while illegally burning hazardous waste in a notorious El Paso smelter, according to a newly released Environmental Protection Agency document." The Times continues, "The agency, in a 1998 internal memorandum, said the company, Asarco, and its Corpus Christi subsidiary, Encycle, had a permit to extract metals from hazardous waste products but used that as a cover to burn the waste until the late 1990's, saving the high costs of proper disposal." The Times adds, "Among the more than 5,000 tons the company was accused of misrepresenting as containing metals for reclamation were more than 300 tons of nonmetallic residues from the former Army chemical warfare depot at the Rocky Mountain Arsenal outside Denver. (It is not clear what the arsenal's material contained.) … 'This activity, plain and simple, was illegal treatment and disposal of hazardous waste,' the environmental agency said in the memorandum, long held confidential but recently obtained by two El Paso environmental groups opposed to the smelter. 'Encycle's own business records provide compelling evidence of sham recycling.'" The Times notes, "Asarco was founded as the American Smelting and Refining Company in 1899 and was bought by Mexican interests in 1999. It has long faced complaints of contaminating broad swaths of downtown El Paso and borderland areas of Mexico with lead and other dangerous metals, and it has been the target of federal, state and local complaints involving at least 94 sites in 21 states. … But although the environmental agency reached a landmark national $20 million cleanup and penalty settlement with Asarco in 1999, the details of the violations had never been disclosed. The El Paso plant was shut down in 1999, but the company is now seeking permission to reopen it."

Ultralow-Sulfur Diesel Fuel To Debut In US Market. The Wall Street Journal (10/11, D9, Spector, 2.03M) reports, "Ultralow-sulfur diesel fuel will start hitting U.S. fuel pumps this month, opening the door for auto makers to expand the use of European diesel technology in U.S. cars and light trucks." The EPA and the Natural Resources Defense Council "yesterday hailed the expected arrival Sunday of ultralow-sulfur diesel fuels and the potential for modern diesel engines to use such fuels to help the U.S. reduce its oil consumption. The new diesel contains 97% less sulfur than the old version, officials said, emitting only 15 parts per million of sulfur, compared with 500 parts per million."

The New York Times (10/11, Barringer, 1.21M) says the Bush Administration "embraced this signal accomplishment as its own, ignoring the origins of the underlying regulation in the 1990's and the fact that it became effective in December 2000, before President Bush took office."

Environmentalist Faces Charges For Destroying Invasive Plant. The Los Angeles Times (10/11, Pool) reports, "He has spent decades working to protect Los Angeles' endangered Ballona Wetlands. But did environmentalist Roy van de Hoek go too far when he took his pruning shears to a nonnative tree and plants in the Westside nature preserve? Los Angeles prosecutors say yes. They have filed six vandalism counts against Van de Hoek, alleging that he entered the wetlands without permission and destroyed city parks property when he cut down the invasive plants. If convicted, he could face six years in prison and fines of up to $15,000." Conservationists say "the prosecution is simply payback from those who for years have felt the sting of Van de Hoek's activism. The case, they suggest, is designed to scare away others from actively harvesting invasive plants from local nature preserves."

Supreme Court Upholds Ruling Requiring W.R. Grace To Pay For Asbestos Cleanup. The Los Angeles Times (10/11, Verhovek) reports that the Supreme Court yesterday "let stand lower court rulings that require W.R. Grace & Co. to pay a $54.5-million federal bill for asbestos cleanup in a Montana mining town described by federal regulators as one of the nation's most contaminated Superfund sites. The court rejected Grace's appeal of a decision in favor of the Environmental Protection Agency, which sued Grace five years ago to recover the cleanup costs at a vermiculite mine in the town of Libby. The government is also pursuing a criminal case involving several former executives or managers of the mining company for allegedly concealing health risks at the mine. That trial will not begin until next year at the earliest."

The Baltimore Sun (10/11, Connolly) reports, "Grace and seven current and former executives face criminal charges of covering up the extent of the contamination. Their federal trial was supposed to start last month but was delayed until late next year at the earliest, after prosecutors appealed several pretrial rulings. " The Sun adds, "Grace doesn't

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dispute it has a financial obligation to clean up the contamination. However, the company challenged the EPA's method of calculating the cost. Grace argued that those costs are capped at $2 million unless an analysis is conducted before the cleanup starts to ensure it is done cost effectively. … The 9th U.S. Circuit Court of Appeals sided with the EPA, and wrote in its Dec. 1, 2005 decision that an 'immediate, aggressive response' was necessary and exempt from any cap. In August, Solicitor General Paul D. Clement issued a statement endorsing the appeals court's decision and urging the Supreme Court not to hear the case."

The AP (10/11) reports, "Grace argued in court papers that the EPA had no authority to hand the company the entire cleanup bill, as well as responsibility for future costs. The 9th Circuit U.S. Court of Appeals and a federal district judge sided with EPA, which sued Grace in 2001 to recover cleanup costs. … Grace said others appeals courts have ruled that companies can't be forced to pay the entire cost of cleaning a polluted site without being allowed to challenge whether the cleanup was necessary."

Congress, Bush Move To Cleanup Pacific "Garbage Patch." The Christian Science Monitor (10/11, Clayton, 58K) reports a "garbage patch in the Pacific is double the size of Texas. The president is likely to sign the cleanup law." A "biologically rich coral island chain in the Pacific Ocean northwest of Hawaii, which President Bush designated as a marine national monument, is under assault from floating garbage ranging from plastic bottlecaps to baby diapers." Hailed by "environmentalists as one of the president's most enduring contributions to the environment, the Montana-sized monument includes uninhabited islands home to some 7,000 marine species, at least a quarter of which are found nowhere else on earth. But the new national monument also resides on the edge what marine scientists call the great 'eastern garbage patch:' a section of slowly rotating Pacific Ocean currents - or gyre - double the size of Texas that acts as a giant garbage collector."

FBI/DEA/ATF/USMS:

Six Indicted In Missouri Cocaine Trafficking Ring. The St. Louis Post-Dispatch (9/30, Ratcliffe, 300K) reported Hillsdale Police Sgt. Christopher Cornell, tow-truck company owner Bruce Gales and alleged drug dealer Bobby Wood were among the six indicted by a federal grand jury on drug trafficking charges. "The FBI spent more than a year watching them, officials revealed…in announcing charges against six men that accuse them of trafficking in more than $2.4 million worth of cocaine. U.S. Attorney Catherine Hanaway said the alleged leader, Wood, 37, arranged for out-of-state couriers to drive through Hillsdale, where…Cornell would stop the vehicles and arrest the drivers." Gales "took the couriers' cars away and then stole the drugs from hidden compartments, the indictments say. Gales allegedly received at least $35,000 for his role." The St. Louis Business Journal (9/29) also reported on the indictments, and the Kansas City Star (9/30, 278K) briefly noted the charges in "Across Missouri."

Baltimore Company's Online Painkiller Sales Lead To Arrests. The Baltimore Sun (10/11) reports that before federal agents "arrested its owners yesterday, Baltimore's Newcare pharmacy appeared to be a phenomenal success." However, authorities say the company this year has already bought 4.8 million doses of the drug commonly known as Vicodin. According to prosecutors, the "amazing performance concealed a lucrative cybercrime: The company sold more than $20 million worth of the painkiller to Internet customers without legitimate prescriptions. … Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office, said the operation at Newcare sparked the largest federal pharmaceutical drug investigation in the state's history." The Sun notes that Karen Tandy "told Congress in April that her agency had initiated 100 new Internet investigations involving the online sales of prescription drugs during the last fiscal year, arresting 62 people and seizing $44 million in cash, property, computers and bank account assets."

Georgia Man Seeks To Return Home Before Drug-Trafficking Trial Begins. The Rome (GA) News-Tribune (10/11) reports a bond hearing "is set in federal court today for Rome businessman Mario Enrique Armas, who pleaded not guilty Oct. 5 to charges of money laundering and possession with intent to distribute more than a ton of marijuana. Armas and his defense team will present witnesses to U.S. District Magistrate Judge Walter L. Johnson showing reason why he should be allowed to return home before his trial. … Armas was arrested last Thursday, culminating what officials said was a two-year investigation by the Federal Bureau of Investigation, the Drug Enforcement Agency and the Internal Revenue Service's Criminal Investigations Division."

Man Gets Stuck In Tunnel Trying To Enter US From Mexico. The San Diego Union-Tribune (10/10, Baker, Martinez, Kucher) reports 14 people "trying to enter the United States through a storm drain tunnel in Otay Mesa ran into a glitch Tuesday morning, when the third person exiting the narrow opening became stuck." The Union-Tribune says fire crews managed to pull the man out and notes that the San Diego Tunnel Task Force "has been

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working with Mexican authorities to investigate [border] crossings. The task force is made up of agents from the Border Patrol, Immigration and Customs Enforcement and the Drug Enforcement Administration."

Arizona Couple Facing Federal Drug Charges Relinquishes Church Leadership. The AP (10/10) reports a Pima, Arizona couple "has stepped down as leaders of a church that considers marijuana a sacrament and deity. Dan and Mary Quaintance say pending federal charges against them have made it impossible to properly lead the church. In February, the two were arrested in a car that contained 172 pounds of marijuana in the New Mexican town of Lordsburg near the Arizona state line. … The government contends the church is a front for drug trafficking."

FARC Member's Trial To Begin In DC. The AP (10/11) reports the most senior member "ever captured from Latin America's largest rebel army goes on trial in a U.S. courtroom Thursday for the kidnapping of three Americans - a case that some fear could scuttle moves for the Americans' liberation. The fate of Ricardo Palmera, better known by his nom de guerre Simon Trinidad, is to be decided by a federal jury in Washington. … The Palmera prosecution is the latest sign the U.S. government is stepping up its pressure on the FARC, listed by the State Department as 'foreign terrorist organization' in 1997."

Prensa Latina (10/10) reports the trial of Palmera "began Tuesday following a protest for his liberation by mostly U.S. citizens. The protesters consider the trial interference in Colombian affairs and Tom Burke, head of the pro-release committee, says the administration lacks the legal and moral authority to judge him. He added that U.S. taxpayers contribute five billion dollars to Plan Colombia, but they do not wish their country's involvement since they consider it a violation of Colombian laws. In addition, the DEA denied FARC involvement in drug trafficking to the U.S. or terrorism in statements to the Bush Administration, he said." Presna Latina notes that Palmera will be tried in Washington for terrorism, drug trafficking and the death of a U.S. citizen.

US Cracks Down On Illegal Guns In New Orleans. The AP (10/11, Foster) reports, "A day after four people were wounded by gun violence that continues to mar this city's hurricane recovery, local and federal authorities announced their latest attempt to crack down on criminals with guns." The AP continues, "A hot line for reporting illegal firearms is being relaunched, they said at a Tuesday news conference. A similar hot line operated in the 1990s but was eventually discontinued as the city's murder rate declined, police said. The murder rate has picked up this year as the city has repopulated, reaching 113 so far." The AP adds, "Federal law prohibits anyone convicted of a felony from possessing a firearm, U.S. Attorney Jim Letten said. … 'And there's no early release in federal cases,' Letten said. 'If they're convicted they're going to serve the time.' … Police Chief Warren Riley is counting on that. … 'We have found that through the federal system once they are convicted we don't see them again,' Riley said. 'We have to get the guns and the people with them off our streets if this city is going to come back.'" The AP notes, "In 2005 law officers confiscated 2,787 illegal firearms in New Orleans. Since January, 1,522 have been confiscated, even though the city has only about 40 percent of the population it had before the storm. … 'Everyone knows the problem New Orleans has with gun violence,' Bureau of Alcohol, Tobacco, Firearms and Explosives special agent Robert Browning. 'We're going after the illegal guns and the criminals who have them.'"

West Virginia Attorney Sentenced To Six Months For Gun Violations. The Charleston Gazette (10/11, Searls) reports, "Dante di Trapano was sentenced to six months in prison Tuesday, after pleading guilty earlier to being a drug addict in possession of firearms. … Chief U.S. District Judge David Faber gave di Trapano the maximum time for the crime, after deciding government prosecutors could not prove the seven handguns found in di Trapano's Johnson Road, Charleston, residence were not collector's items." The Gazette continues, "He also sentenced di Trapano to three years of supervised release that will include special criteria to be worked out with the federal probation office and a $10,000 fine. … 'I think this is an extremely close call,' Faber said in ruling di Trapano had purchased the guns as collector items. He added, 'I believe [di Trapano] has just made the preponderance test.'" The Gazette adds, "Di Trapano, a Charleston lawyer and former agent for National Football League wide receiver Randy Moss, has already served about three months in jail, time that he will be given credit for by the federal Bureau of Prisons. … Monica Dillion, the assistant U.S. attorney handling the case, had called several witnesses in an effort to show di Trapano used the guns for protection because he had a large stash of drugs in his residence. … Prosecutors also failed to show there were drugs in the residence when it was raided last April. Initially, the government said field tests showed a white powder residue on a laptop computer was cocaine. Laboratory tests, however, showed that was not so. … But Faber also showed his disdain for the defendant, noting he did not tell the truth when testifying in September about cocaine use. Faber had released di Trapano on bond in August to receive drug treatment, but revoked that after an initial urine tests showed he had used cocaine."

Washington Gang Sweep Nets 40 Arrests. The Seattle Times (10/11, Green) reports, "Federal and local law

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enforcement officials today announced the arrests of 40 violent gang leaders, half of whom were taken into custody in the last week." The Times continues, "In a four-month investigation dubbed 'Operation Crackdown,' members of the Violent Gang Task Force - which is led by the local office of the federal bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) targeted violent gang members suspected in a rash of drive by shootings, narcotics deals and other offenses. The task force also includes members of Seattle police, the King County Sheriff's Office and the FBI." The Times adds, "At a news conference in the Henry M. Jackson Federal Building in downtown Seattle, ATF Special Agent in Charge Kelvin Crenshaw gestured to an assortment of assault rifles and pistols laid out before him. … 'What's so unique about these firearms is that they were actually found in the possession of individuals,' he said. 'They weren't lying on a bed or leaning against a chair… these people were carrying them around.' … Of the 40 people arrested, 10 are facing federal charges, including two who will be charged as armed career criminals; a federal statute that carries a mandatory 15-year prison term for anyone caught with a firearm after previously being convicted of three violent crimes or drug distribution charges, said Andrew Friedman, an assistant U.S. Attorney who is coordinating the office's gang prosecutions."

IMMIGRATION:

High Court Refuses To Hear Deportation Appeal Of Former Nazi Guard. McClatchy Newspapers distributes a Detroit Free Press story (10/11, Ashenfelter) that reports, "An 86-year-old former Nazi concentration camp guard who lives in Michigan and has Alzheimer's disease could be deported following the U.S. Supreme Court's refusal to review his case Tuesday. .. .It remains to be seen, however, whether the Justice Department will follow through with deportation proceedings against Iwan Mandycz of Sterling Heights, given his age and medical condition. Court records say Mandycz is incompetent." The Free Press continues, "Mandycz was stripped of his citizenship last year for not telling U.S. authorities before emigrating that he was a guard at two Nazi labor camps in Poland during World War II, including one where 14,000 Jews were murdered in a single day. … Mandycz, who emigrated in 1949, has denied being a Nazi camp guard."

The AP (10/11) reports, "The Justice Department succeeded in revoking the U.S. citizenship of 86-year-old Iwan Mandycz. He could face deportation. His lawyers say the right that prevents the U.S. government from prosecuting a mentally incompetent person also should apply to citizenship cases, which are civil proceedings. … 'The accused should be able to assist in the preparation of his defense and consult with his attorneys before he may be punished by the government,' Mandycz's lawyers said in a filing that had asked the Supreme Court to take the case." The AP adds, "The Justice Department, which wants to remove him from the United States, initiated denaturalization proceedings, saying Mandycz had concealed that he worked for the Nazis. … Officials said that Mandycz was a guard in 1943 at the Trawniki and Poniatowa labor camps in Poland, where prisoners were starved, beaten and executed en masse. … Mandycz has denied working at the camps and has said he spent World War II working at his parents' farm in Poland and, later, as a forced laborer at a farm in Austria."

The Detroit News (10/11, Lynch) reports, "Fifty-one years ago, Iwan Mandycz became a U.S. citizen. On Tuesday, his last chance at remaining one appeared to slip away. … The U.S. Supreme Court declined to hear the case of the 86-year-old Sterling Heights resident, whom the U.S. Department of Justice has targeted for deportation because of his past as a Nazi prison guard." The News adds, "Federal prosecutors believe Mandycz was a guard for six months in 1943 at the SS prison camp Poniatowa in Poland. In that year, the Nazis conducted 'Operation Harvest Festival' -- a plan to kill Jews. A total of 42,000 Jews were killed. … Mandycz arrived in the United States in 1949 and became a citizen six years later. He has denied being a Nazi prison guard despite being identified as such by two former guards." The News notes, "In March 2005, a U.S. District Court judge ruled Mandycz was in fact a guard at the prison and stripped him of his citizenship. … 'I can't imagine what would be accomplished by deporting him at his age,' said Mandycz' neighbor, Eugene Winowski. 'But at the same time, I also understand the flip side -- everything (Jewish prisoners) went through -- you can't ignore that.'"

Groups Seek Freedom For Immigrant Detainees In California. The AP (10/11) reports, "Several legal advocacy groups asked a federal judge to order the immediate release of four immigrants who have been detained for months or years without receiving a hearing on why they're being held so long." The AP continues, "The motion filed Friday asks U.S. District Judge Terry Hatter to release the detainees under conditions of supervision or grant them hearings." The AP adds, "The move followed a class-action lawsuit filed Sept. 25 on behalf of six detainees by the American Civil Liberties Union of Southern California, the ACLU Immigrants' Rights Project and the Stanford Law School Immigrants' Rights Clinic. Two detainees have since been released. … The lawsuit alleges the U.S Department of Homeland Security held immigrants for long periods despite court rulings that banned indefinite detention."

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Bush Seen As Avoiding Immigration Issue On Campaign Trail. The Washington Times (10/11, Dinan, 88K) reports, "Immigration is a dominant issue in congressional races from Arizona to Michigan to Pennsylvania -- just about everywhere but where President Bush is on the campaign trail. After having pressed all year to get a broad immigration bill, including legal status for illegal aliens from Congress, Mr. Bush now ignores the issue at campaign events and fundraisers, and Vice President Dick Cheney has even dropped what used to be a regular reference to immigration from his campaign stump speech." The Times adds, "It's an odd mixed message, given that many Republicans are running heavily -- and in some cases almost exclusively -- on the issue, promising an enforcement-first approach and attacking Democrats for supporting citizenship for illegal aliens." White House deputy press secretary Dana Perino "said they think the election will be decided on other issues. 'While immigration is an important issue, this election is also about the philosophical choices facing voters this November when it comes to national security and keeping taxes low,' Mrs. Perino said." She added that Bush "has been consistent in pushing for a broad approach 'because he believes that that is the only way to solve any of the individual immigration reform bills.'" But "most Republicans in Congress disagree, preferring an enforcement-first approach, of which the border fence is crucial."

Lawmakers Press Administration To Build Fence. The Washington Times (10/11, Seper, Dinan, 88K) reports, "Bush has signed off on a small down payment for a 700-mile fence along the U.S.-Mexico border, but legislators and fence advocates worry the barrier will never be fully funded and fear a lack of White House commitment." Lawmakers, " including Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee," are "forcefully reminding the Bush administration and Homeland Security officials that Congress' 'directive' that the fence be built is not optional." Hunter told the Times, "We didn't put the fence as a goal or an option or something that should be mixed with other solutions, we made it mandatory. … It is not an option for the Department of Homeland Security. What part of 'shall' don't they understand?"

Banks Reaching Out to Illegals. The Wall Street Journal (10/11, B1, Jordan, 2.03M) reports, "As .. leaders craft policies to curb illegal immigration from Mexico, the US Federal Reserve is devising programs to extend banking services to undocumented immigrants. A new remittance program aims to bring Mexican migrants who send money home into the mainstream U.S. financial system, regardless of their immigration status." Dubbed "Directo a Mexico," the remittance program "enables US commercial banks to make money transfers for Mexican workers through the Federal Reserve's own automated clearinghouse, which is linked to Banco de Mexico, the Mexican central bank." To use the service, "a Mexican need only possess a matricula consular, an I.D. issued by the Mexican consulate in most major US cities to those with proof of Mexican birth or citizenship, or a picture ID card issued by the US or another foreign government. T he idea is to make it cheaper and safer for Mexican workers to send funds to their relatives."

Illegals Stuck In Cross-Border Pipeline. The Los Angeles Times (10/11, Marosi, 918K) reports, "More than a dozen illegal immigrants were briefly trapped inside a cross-border pipeline structure Tuesday after a man got stuck in the narrow passageway and had to be rescued by San Diego firefighters." The immigrants "were crawling through a passageway connecting a Mexican-based industrial gas supplier with a holding tank on the U.S. side, according to Lauren Mack, spokesperson for Immigration and Customs Enforcement." This is "believed to be the first time in the San Diego area that migrants have been caught using an existing subterranean passageway that appears to be privately owned."

TAX:

Many US Expatriates Face Tax Increase This Year. The Wall Street Journal (10/11, D1, Herman, Spencer) reports in its "Tax Report" column, "The US Treasury Department removed part of the sting from a recent law that boosted taxes for many Americans working overseas, but many US expatriates still are facing sharp tax increases this year. A new Treasury notice allows Americans to deduct or exclude from their US taxes more of the cost of housing in many foreign locations, where rents frequently are higher than in the US, than they otherwise would have. Accountants say this new relief varies widely from place to place. Still, the revised rule, announced by Treasury in a notice issued Friday, offsets only a fraction of the higher tax bills that many individuals must pay this year. Among those hit the hardest are Americans with relatively high incomes working in places with high housing costs and low taxes, such as Hong Kong, and whose employers don't protect them from the additional tax cost of working abroad."

Minister Fights To Preserve Religious-Based Tax Breaks. The New York Times (10/11, Henriques, 1.21M) reports that for thousands of ministers, the Rev. Rick Warren will be remembered "as their champion in a fight over the most valuable tax break available to ordained clergy members of all faiths: an exemption from federal taxes for most of the money they spend on housing, which typically represents roughly a third of their compensation. Pastor Warren argued that the tax break is essential to poorly paid

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clergy members who serve society." The housing deduction "is one of several tax breaks that leave extra money in the pockets of clergy members and their religious employers. Ministers of every faith are also exempt from income tax withholding and can opt out of Social Security. And every state but one exempts religious employers from paying state unemployment taxes -- reducing the employers' payroll expenses but also leaving their workers without unemployment benefits if they are laid off."

Religious Activists Have Long Legislative Wish List. The New York Times (10/11, Henriques, 1.21M) reports that some "advocates for religious freedom" say "government must do more to protect religious institutions of all kinds from the hostile environment of modern America. A Congressional wish list supported by some religious leaders and other advocacy groups would accomplish that. One bill, H.R. 235, would exempt churches and other religious institutions — but not secular nonprofits — from the I.R.S. rule against partisan political endorsements by tax-exempt organizations." H.R. 27 "would grant religious employers even more leeway to discriminate on religious grounds in their hiring." H.R. 2679 would "prohibit the courts from awarding damages, lawyers' fees or costs to any plaintiff who successfully sues over possible violations of the establishment clause of the First Amendment." The Public Prayer Protection Act, H.R. 4364, "would protect the right of government officials 'to express their religious beliefs through public prayer' by barring federal courts, including the Supreme Court, from hearing lawsuits raising constitutional objections to those prayers." The Workplace Religious Freedom Act "would amend the Civil Rights Act of 1964 to require employers to be more accommodating to the religious observances of their employees." H.R. 1054, "would transform into law the executive orders that created President Bush's 'faith-based initiative,' to make federal grants and contracts more available to religious groups."

CONGRESS-ADMINISTRATION:

Bush Warns Democrats Would Raise Taxes. The AP (10/11, Loven) reports President Bush "portrayed Democrats on Tuesday as the party of big spending and high taxes, aiming to give increasingly endangered Republicans an edge in a midterm election debate dominated recently by congressional scandal and overseas crises." Speaking at a fundraiser for former Georgia Republican Rep. Mac Collins, Bush said, "If you want to keep your tax cuts, vote Republican on Nov. 7." The AP adds Collins is "challenging Rep. Jim Marshall, seen as one of the most vulnerable Democratic incumbents." Bush said, "Do we keep taxes low so we can keep this economy growing? Or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country? ... This decision will have a huge impact on the working people all across the United States of America." The AP adds the "taxes-and-terrorism pillars of the GOP midterm election strategy, the mainstays of Bush's campaign-trail speeches, have been partially drowned out of late."

Rangel, Reid, Baucus Deny Democrats Have Plans To Boost Taxes On Middle Class. In a Wall Street Journal letter to the editor (10/11), Rep. Charles Rangel says, "President Bush and Republican campaign committees have attacked Democrats with a claim that we would raise taxes if elected to a majority in Congress. That's not true. Democrats have a long history of supporting targeted relief for middle-income families. In fact, many of the tax benefits extended by this administration began as Democratic initiatives." Democrats "want to pursue new priorities to strengthen relief for middle-class families that have been left behind during the Bush administration."

In a Wall Street Journal letter to the editor (10/11), Senate Minority Leader Harry Reid and Sen. Max Baucus say, "The president, the majority party in Congress, and now your editorial page are attempting to convince the American public that Democrats are intent on increasing their taxes. We find it curious that Democrats are being accused of planning to increase taxes on middle-income families when decisions made by the current majority have already done so. Those in charge of the Congress now deliberately chose not to extend middle-class tax relief -- such as the deductions for college tuition, state and local sales taxes, and teachers' out-of-pocket classroom expenses -- before Congress adjourned for the elections. And President Bush's fiscal year 2007 budget failed to include relief beyond 2006 from the increasingly middle-class Alternative Minimum Tax."

White House Touts Shrinking Budget Deficit. Under the headline "Painting A Rosy Budget Picture," the Washington Post (10/11, A6, Abramowitz, Baker, 748K) reports, "The federal budget deficit shrank from $318 billion to less than $260 billion in the fiscal year that concluded in September, officials disclosed yesterday. It marks the second year in a row that the deficit has declined after ballooning in the early years of the Bush administration." White House officials "hailed the improving short-term budget picture as a vindication of President Bush's tax-cutting agenda, though the long-term prospects are considerably bleaker, given the escalating costs of health-care and retirement programs and, in the view of many economists, the red ink produced by tax cuts." The President "will step up his efforts to tout the economy at a White House event Wednesday, when officials said he will announce that he has met his target of cutting the deficit in half over five years -- three years ahead of schedule." But Robert D. Reischauer, "former director of the Congressional Budget Office and now president of the Urban Institute, gave the tax cuts little credit because the economic

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effect of putting that money back into the economy was offset by the debt incurred from extra spending on the wars in Iraq and Afghanistan and relief from Hurricane Katrina." Reischauer "agreed that revenue is stronger than most observers expected. "But what we're seeing is the calm before the storm," he said. 'Everyone knows that the current revenue and spending structures taken together will be unsustainable as the baby-boom generation begins to enter its retirement years.'"

In Fiscal 2006, Medicaid Saw Smallest Spending Boost In A Decade. The Washington Post (10/11, A3, Lee, 748K) reports, "Medicaid spending rose by 2.8 percent in fiscal 2006, the smallest increase in a decade, according to a study released yesterday by the nonprofit Kaiser Family Foundation." At the same time, "state tax revenue grew by 3.7 percent as the economy continued to improve, the survey of 50 states and their Medicaid directors found." The Post adds, "Together those trends signal that the state-federal program that pays for health care for the poor and disabled is emerging -- at least temporarily -- from a period in which many states limited eligibility, benefits and reimbursement rates for health-care services in a drive to corral costs. For 2007, only five states plan to restrict eligibility, while 26 indicated they will restore benefits, relax application and enrollment restrictions and undertake new outreach efforts."

DOE Says Most Home Heating Costs Will Drop This Winter. The Energy Department's report that natural gas home heating costs will be lower this winter received considerable coverage, almost all of it portraying the news in a positive light. NBC Nightly News (10/10, story 8, Williams, 9.87M) reported that during "that horrible spike in energy prices" a "few months ago," a "whole lot of Americans were fearing this coming winter, but sharp drops in oil and natural gas prices combined with a mild winter forecast are bringing some good news on that front tonight." ABC World News (10/10, story 9, 2:15, Potter, 8.78M) said DOE "says if you use natural gas, you can expect to save $119 compared to last winter. Electric and oil heat should cost slightly more, but fewer Americans use them."

The Washington Post (10/11, D1, Tse, 748K) reports that "as consumers revel in plummeting gas prices," the report from DOE's Energy Information Administration "offered another pleasant surprise: lower heating bills this winter. For the first time since the 2001-02 season, natural gas bills are expected to drop by an average of 13 percent." But "consumers using other fuels won't fare as well, according to the report. Households heated by electricity are likely to see their bills increase by an average of 7 percent, or $58, because of the higher costs late last year for fuels for electricity generation and the loosening of caps on rates. People who use heating oil can expect to pay 6 percent, or $91, more this winter. Users of propane, however, can expect an average decrease of 1.1 percent, or $15, in their heating bills."

The New York Times/AP (10/11) reports EIA "based its predictions on its forecast of a mild winter for most of the nation and its assessment of energy supplies and costs as the nation's oil and natural gas production and refinery output recover from hurricane damage in 2005." USA Today (10/11, 1B, Hagenbaugh, 2.27M) said that "although this winter is expected to be warmer than normal in most of the USA, it is still expected to be colder than last year, which was exceptionally mild."

The Washington Times (10/11, Hill, 88K) says economists said consumers "are set to enjoy an energy dividend just in time for the holidays." The Chicago Tribune (10/11, Manor, 623K) says "it is by no means a sure thing, but your heating bill this winter could be a bit more reasonable than last year." But in one of the few negative reports, the Houston Chronicle (10/11, Ivanovich, 535K) says that while consumers "are likely to get some relief in their heating bills this winter, they should still expect to pay substantially more than they did just two years ago. In fact, if the government's energy forecasters are correct, ratepayers will still be paying nearly 30 percent more this winter than they did on average between 2000 and 2005." The Los Angeles Times (10/11, 918K) and Bloomberg (10/10, Smith, Tuttle) run similar reports.

Administration's Effort To End Homelessness Said to Neglect Rural Areas. The New York Times (10/11, Archibold, 1.21M) reports that as the Bush Administration "promotes a widely praised multibillion-dollar effort to end chronic homelessness in cities like Washington and San Francisco, a growing outcry is rising from rural areas that worsening problems far away from urban centers are being overlooked." Rural homelessness "has always taken a back seat to the more glaring problems in cities. Most studies estimate homeless people in small towns account for about 9 percent of the 600,000 or so homeless nationwide." But local officials "and advocates for the homeless in small towns say that economic distress in recent years, including closing plants, failing farms, rising housing costs and other troubles, has left more people without homes and in greater need of help."

Defense Contractors Consider Murtha As Majority Leader. The Hill (10/11, Tiron) reports, "The defense industry is assessing the impact that Rep. John Murtha (D-Pa.) will have on its fortunes if the Democrats retake the House in the midterm election. ... some within the

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industry believe that Murtha could be the man with whom to hedge their bets." Murtha has paradoxically become "a vehement critic of a war that has boosted defense contractors' coffers, but also a staunch supporter of a military and defense industry fed on big-ticket programs and well-placed earmarks." Industry insiders ponder his behavior if he becomes majority leader or chair of the defense appropriations committee: "As a majority leader, Murtha would bring defense to the forefront and stave off cuts that the Democrats have traditionally made, some industry insiders say. In such a position, Murtha would determine how the budget is put together and the amendments that would come to the floor, but he would lose the day-to-day touch on the appropriations committee, which to the defense industry is more important, said an industry source."

DeMint Expected To Head GOP Steering Committee. The Hill (10/11, Allen) reports Sen. Jim DeMint (R-S.C.) "is in line to take the reins of the Republican Steering Committee, a cabal that serves as the base for conservative activism in the upper chamber." The Steering Committee "would play a much different role in the institution if Republicans are cast into the minority. The secretive committee now seeks to pressure GOP leaders to adopt more conservative policies, but it once served to block the liberal priorities of a Democratic majority." DeMint, "chosen for the job through an informal process, is a fierce partisan warrior who has one foot in leadership circles and the other in conservative circles. That combination could make him an effective leader whether Republicans retain control of the Senate or not."

FAA Administrator Seeks To Strengthen Agency's Public Profile. Al Kamen in his "In the Loop" column in the Washington Post (10/11, A17, 748K) writes, "Federal Aviation Administration chief Marion C. Blakey worries that people have been confusing her agency with the Food and Drug Administration (FDA), or worse, the Federal Emergency Management Agency (FEMA)." So in September she "signed an order establishing the FAA 'Branding Identity Program' (FAABIP) to clarify matters. The FAA does so many wonderful things, she notes in a cover message to the order, 'but it has not received proper credit for all the good work it does in so many areas because it does not have a strong brand identity.'"

Stalled Postal Reform Bill Examined. Stephen Barr, in his "Federal Diary" column in the Washington Post (10/11, D4, 748K), writes that National Association of Letter Carriers president William Young feels "badly" about "blocking legislation to overhaul the U.S. Postal Service. But he emphasized that his union members were his highest priority, making it impossible for him to accept a provision that would single out injured postal employees for different worker compensation rules than other federal employees." He "said that he was trying to contact Sen. Susan Collins (R), the chief sponsor of a compromise bill, who is traveling in her home state of Maine, 'to determine where our communications failed.'" While "the bill has drawn little public attention, it represented a decade-long effort to revamp Postal Service business operations."

NYTimes Urges High Court To Uphold Ruling On Courtroom Photos. The New York Times (10/11, 1.21M)in an editorial writes, "When Mathew Musladin went on trial for murder, members of the victim's family sat near the jury every day wearing buttons with the dead man's photograph. A federal appeals court held that those buttons in the courtroom deprived Mr. Musladin of a fair trial. The Supreme Court is hearing arguments in his case today. It should affirm the appeals court's ruling."

WPost Calls For Increasing Federal Funding For Education. The Washington Post (10/11, A18, 748K) in the seventh editorial in an occasional series on inequality writes, "Some commentators, pointing to the fact that schools in low-income districts already spend more per pupil than schools in affluent ones do, argue that failures at poor schools reflect complacent management rather than a lack of resources. Signaling at least partial acceptance of that theory, the Bush administration has tried to improve schools by holding them accountable and subjecting them to competition. Choice and accountability are attractive in principle, but studies of voucher programs in New York City, Milwaukee and Cleveland have found negligible gains from them. Costlier interventions must also be part of the solution." The Post argues for increasing spending on Head Start citing a "range of" studies that show "that high-quality programs have lasting effects on poor children. Upgrading the 900,000 children in Head Start programs to something like the Perry program might require around $2 billion a year, according to W. Steven Barnett of Rutgers University. But quality preschools reduce spending on special education, jails and welfare, saving money for society in the long term." The Post also argues for investing "in K-12 education directly. Although it's true that low-income districts already spend more per pupil than do rich ones, this slight advantage is swamped by the challenge of teaching poor children, who on average have more discipline problems and require more remedial attention -- and will continue to do so even if preschool is improved."

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OTHER NEWS:

Mortgage Debt Said To Color Voters' Perceptions Of The Economy. The Christian Science Monitor (10/11, Trumbull, 58K) reports the "health of the economy is the subject of a major clash in which voters are hearing starkly different views." Last week, President Bush said, "Today we got more good news," citing "lower unemployment, rising wages, and the creation of 6.6 million new jobs since August 2003." The Democratic National Committee "fired back in a statement" that "the Bush economy has been marked by falling wages and anemic job numbers that don't even keep up with population growth." The Monitor adds, "The numbers, shorn of partisan interpretation, point to an economy that is neither collapsing on its own weakness nor lifting all Americans to new heights of prosperity. In this climate, marked by the subsidence of an epic housing boom, personal debt may be the dividing line between those who are better off and those who are falling behind." It "could be especially tough on people who stretched to buy a home. A cooling real estate market means that rising home values have stopped adding to families' net worth, for now. Meanwhile, their monthly payments can jump by several hundred dollars as adjustable loan rates reset." This election cycle, Democrats "hope to capitalize on that edge of anxiety, the darker side of a housing-fueled economic expansion." Republicans, "struggling to maintain a majority in Congress and their governorships, are playing up brighter aspects of the economy, including a recent drop in energy prices."

Economy Taking Precedence Over Culture Issues In Ohio Gubernatorial Race. The Washington Post (10/11, A1, Fletcher, 748K) reports in a front page story that in the Ohio gubernatorial race, "The culture wars are being eclipsed as a voting issue by economic worries and Republican scandals that have altered the political dynamic here in striking ways. Several polls find" Republican Ken Blackwell "trailing his Democratic opponent, five-term Rep. Ted Strickland, by double digits with less than four weeks to go until the Nov. 7 midterm elections." The "difficulty Blackwell is experiencing winning support for his socially conservative message reflects the anxiety evident this year among voters in Ohio and elsewhere, some pollsters say." Strickland, "an ordained but non-practicing minister, has built his lead by speaking about the economic distress of this manufacturing state and by painting his opponent as a loyal soldier of a scandal-plagued Ohio Republican Party. At the same time, he is directly challenging Blackwell for values voters in ways that many analysts believe Democratic presidential nominee John F. Kerry did not two years ago."

Fed Governor Reconsiders Housing Slowdown. The Financial Times (10/11, Guha, Mackenzie) reports, "Influential voices inside and outside the Federal Reserve are challenging the notion that the US economy is heading for a deepening housing-led slowdown, cheering equity investors and sending bears in the bond market into retreat. The thesis, put forward by Fed vice-chairman Don Kohn last week, and endorsed by Alan Greenspan, the former Fed chairman on Friday, argues that the trough in housing market activity could be near, and that the economy should come through it in reasonable shape." Financial Times notes that while Kohn "argued that a sharp correction in construction activity and new home price inflation could soon bring down inventories and stabilise residential investment," "some experts" are "skeptical." For example, Fannie Mae chief economist David Berson "said inventories remained high, and there could be a significant decline in investor demand."

Falling Housing Prices Could Put Damper On Consumer Spending. In his column in the Washington Post (10/11, 748K), Robert J. Samuelson writes, "With fewer buyers, home construction, sales and prices have weakened. In August housing starts were 20 percent lower than a year earlier. Last year, sales of new and existing homes totaled almost 8.4 million; next year the NAR expects 7.4 million. Construction workers, real estate agents and mortgage bankers will lose jobs. Consumer spending will also suffer as the borrowing and buying against rising real estate values subsides." Seeing an "endgame" in the real estate market, Samuelson opines, "Even a leveling of home prices suggests that Americans will save more from current income and spend less. Up to a point, that's okay, especially if the lost spending is offset by higher exports and business investment. … Moody's Economy.com forecasts falling prices in 100 metro areas and an average decline of 3.5 percent next year -- the first annual drop since the Great Depression, says chief economist Mark Zandi. There's the endgame's true danger: If prices drop too much or too persistently, the damage to confidence and spending won't be easily neutralized."

S&P500 Firms Expected To Post 18th Consecutive Quarter Of Double-Digit Earnings Growth. USA Today (10/11, Krantz, 2.27M) reports, "Nothing, it seems, can slow the unprecedented boom in corporate earnings." Companies in "the Standard & Poor's 500 index on average are expected to post 14% higher profits in the third-quarter season, which unofficially kicked off Tuesday when Alcoa reported 86% higher profit of $537 million and biotech Genentech posted 58% higher profit of $568 million." If "earnings come in as expected, it'll be the 18th-consecutive quarter of double-digit earnings growth, S&P says. The unprecedented streak began just before the bear market ended four years ago this week and is a big reason the stock market has powered back, with the Dow Jones industrials on Tuesday closing at a

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new record of 11,867 and the S&P 500 setting another 5½-year high."

Stock Markets Finish Higher As Oil Futures Continue To Fall. NBC Nightly News (10/10, story 6, Williams, 9.87M) reported, "Turning to Wall Street today. Stocks turned slightly higher. They claimed another record. The Dow was up a little over 9 points [to close at 11,867.17]. NASDAQ was up almost 4 points [to close at 2,315.43]."

The Wall Street Journal (10/11, C1, McKay, 2.03M) reports stocks "nudged higher, helped by cheaper crude oil but hobbled by falling bond prices." The Dow Jones Industrial Average "gained 9.36 points, or 0.1%, to finish at a new closing high of 11867.17, up 10.7% on the year. It was the fifth gain in six days." As has "often been the case in recent days, crude prices fluctuated amid shifting expectations about a possible production cut by the Organization of Petroleum Exporting Countries." Traders "increasingly suspected that Saudi Arabia, OPEC's largest producer, opposes a cut. Crude futures for November delivery plummeted $1.44, or 2.4%, to $58.52 a barrel, off 4.1% on the year at the New York Mercantile Exchange." The "broad Standard & Poor's 500-stock index rose 0.2%, or 2.76 points, to 1353.42, up 8.4% on the year."

Exposure Of Foley's Internet Contact With Pages Included Effort By Democrats. The Washington Post (10/11, A4, Weisman, 748K) reports, "Two of the news media's sources of Mark Foley's sexually explicit instant messages to former House pages said this week that they came forward to expose the Florida congressman's actions, not to help the Democrats in the midterm elections." But there "are indications that Democrats spent months circulating five less insidious Foley e-mails to news organizations before they were finally published by ABC News late last month, which prompted the leaking of the more salacious instant messages. Harper's Magazine said yesterday that it obtained the five e-mails from a Democratic Party operative, albeit in May, long before the election season." The "most sexually explicit material -- the instant messages that forced Foley's abrupt resignation on Sept. 29 and turned his actions into a full-fledged scandal -- appears to be disconnected from politics. The two former pages who revealed the correspondence to ABC News and The Washington Post, however, may never have come forward had Democratic operatives not divulged the five more benign e-mails that Foley had sent to a Louisiana boy."

Foley Scandal Said To Have Left GOP In "Disarray." The Financial Times (10/11, Yeager) reports Republican leaders "scrambled on Tuesday to contain the fallout from a Capitol Hill ethics scandal amid growing evidence that the episode, and deepening dissatisfaction with the war in Iraq, will lead voters to support Democrats in the next month's midterm elections." A Washington Post-ABC News poll "showed registered voters favoured Democratic candidates over Republican candidates in House races by 54 per cent to 41 per cent, an advantage matched in several other new studies of public opinion." GOP officials "had hoped to use the final month of campaigning to highlight Republicans' stance on national security. But the public appears to be increasingly displeased with President George W. Bush's handling of Iraq, with strong majorities saying the war was not worth fighting. At the same time, Republicans have been in disarray for 10 days, plagued by questions about the handling of explicit electronic messages sent by" former Rep. Mark Foley.

AFP (10/11, Raab) reports polls "out four weeks before US Election Day showed Democrats wielding a solid lead in the race to control the US Congress, sending Republicans who now control the legislature scrambling." Conservative commentator Bill Bennett "told the National Review," "Now is the time for all good men -- and women -- to come to the aid of the party." The AFP adds the GOP is "worried socially conservative voters may stay home."

Minnesota Voters Said To Be Interested In Substance, Not Washington Politics. The New York Times (10/11, Clemetson, 1.21M) reports that for residents of Anoka, Minnesota "interviewed here over two days at coffee shops and bars, schools and small businesses, on sidewalks and at kitchen tables, the topics that have had Washington hopping in the final weeks before the midterm elections — Congressional scandals, new books saying there was administration in-fighting over the war in Iraq — were little more than distant political chatter, best tuned out." The "conclusions drawn by Republicans and Democrats alike sounded a similar theme: People craved substance and not rhetoric, wanting to hear about the nuts and bolts of national issues like health care, local ones like a proposed light rail system and international concerns like a better strategy for the war in Iraq."

More Commentary. In a USA Today op-ed (10/11) titled "People Like Foley Are Gays' Worst Nightmare," novelist and playwright Steve Kluger says, "Thirty years ago, singer, former beauty queen and human being Anita Bryant sat before Florida's Dade County Metro Commission and demanded the repeal of the recently passed ordinance that prohibited discrimination on the basis of sexual orientation." From "the day he was sworn in as the representative from Florida's 16th District," all Foley "was missing was Bryant's hair. There was the matter of his very public Christianity, his endorsement of the so-called Defense of Marriage Act (which, incidentally, puts adult same-sex couples who wish to pledge lifelong fidelity into a category with national security threats), his authorship of numerous Internet restrictions to protect children from homosexuals and others online, and his repeated use of the word 'revolting' to describe rumors that

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he's gay. Then he became Bryant's worst nightmare. And ours, too."

Rove's Fundraising For GOP Candidates Seen As Unprecedented. The Hill (10/11, Bolton) reports, "White House politico Karl Rove, whose legacy as a strategist hinges on Republicans' fate at the polls on Nov. 7, has raised more than $12 million for GOP candidates this election cycle." The "total is remarkable for a White House staffer, more than any aide has been known to raise before, and confirms Rove's place among the most celebrated strategists in American political history." Rove's "personal stake in the upcoming election is undeniable. If Republicans hang on to power, Rove's reputation as a political genius will be secure, say political observers. But if they lose, Republicans may look back at Rove's ambitious and unsuccessful efforts to reform Social Security and immigration policy with bitterness."

Democrats Hope To Take Advantage Of Dissatisfaction With Iraq War. CBS Evening News (10/10, story 9, 3:15, Couric, 7.66M) reported, "With the Congressional elections just four weeks away, our latest CBS News/'New York Times' poll shows a growing number of Americans say the Iraq war is the number one issue facing the country, far ahead of terror and the economy. Two out of three Americans polled say the war is going badly, and it's not just Democrats. 39% of Republicans agree. Against this backdrop, a number of Democratic candidates with real combat experience are fighting a new battle." Democratic candidate Patrick Murphy: "I'm an Iraq war veteran, Democrat running for Congress." Couric: "The Democratic party has high hopes for this group of Iraq war vets who are battling for congressional seats hoping the message voters are getting is this: We're against the war, but tough on national defense. And we have the medals to prove it."

Scholar Says Congress Failing It Its Oversight Role. The Washington Post (10/11, A17, Babington, 748K) in a Q& A with congressional scholars Thomas Mann and Norman Ornstein examines the problems with Congress, calling it "The Broken Branch." Asked about Congress' oversight role, Mann said, "It is striking, the extent to which the Republican majority in Congress deferred to the president in the face of one of the most aggressive and ambitious assertions of executive authority in American history. … They are now paying a political price for the policy consequences of their inattention. In Iraq, for example, it has meant flawed planning, poor implementation and no midcourse corrections."

Democrats Said To Need Support Of Rural Red State Voters To Flip Senate. The Los Angeles Times (10/11, Brownstein, 918K) reports Democrat Claire McCaskill's "ability to win votes in rural Missouri may determine whether she topples" Republican Sen. Jim Talent. More broadly, "it probably will signal whether Democrats can overcome the principal obstacle in their drive for a Senate majority: The Republican dominance of Senate seats in states that President Bush carried in 2000 and 2004." To gain "the majority, Democrats must win at least four, and maybe more, GOP-held seats in red states such as Missouri. Recent polls have buoyed their hopes. Democrats are running about even with or slightly ahead of Republicans in each of the hotly contested red-state Senate races except Arizona's." From "disenchantment over the Iraq war to the sex scandal surrounding former Rep. Mark Foley (R-Fla.), a national tide may be gathering behind Democrats. But for Republicans, the red states loom as the sea wall against that force. Election day will decide whether discontent over the nation's direction overrides entrenched GOP advantages, especially among rural voters, in these culturally conservative states." In "all but one of the key red-state Senate races, rural voters constitute a larger share of the population than they do nationally (Arizona is the exception). And that means that to gain Senate seats, Democrats need to minimize the GOP edge among culturally conservative exurban and rural voters."

Many Democratic Candidates Taking Conservative Positions. The Washington Times (10/11, Hallow, 88K) reports that "across the South and Midwest," Democratic congressional candidates "from Illinois to Georgia are casting aside liberal loyalties to compete in conservative districts where they hope to gain the 15 seats needed for Democrats to take control of the House." National Republican Congressional Committee (NRCC) spokesman Jonathan Collegio said, "There are especially strong cases of 'blank slate' candidates with no voting records, trying to hedge on every issue -- in Pennsylvania, Illinois and Virginia, for example -- and other Democrats running like they're Republicans, in Georgia, Indiana and North Carolina." The Times adds the "reasons for the plethora of rightward-running Democratic candidates? Polls show Democrats will have a hard time winning in strong Republican and swing districts if they spout traditional Democratic positions." To "make a successful play for House control, Democrats have to win in Republican districts. But voter surveys consistently show that the national Democratic Party's liberal positions on taxes, abortion and other issues do not go down well in districts that supported Mr. Bush by 10 percentage points or more."

527 Groups Expected To Spend Over $300 Million On Midterm Election Ads. The New York Times (10/11, Broder, 1.21M) reports a "previously unknown group led by a Republican political consultant in Houston is

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financing television advertisements against nine Democratic House candidates from North Carolina to Arizona." The group, "Americans for Honesty on Issues, is spending more than $1 million on the advertisements, which accuse Democratic candidates of carpetbagging, coddling illegal immigrants, being soft on crime and advocating cutting off money for troops in Iraq." The group's ads "appear to be the first wave of a boatload of negative political advertising that will appear in the weeks before the Nov. 7 election. Many of the advertisements will be produced by independent organizations known as 527 groups, after the provision in the tax code that allows such groups to spend virtually unlimited sums on political activity as long as it is not formally coordinated with parties or candidates." The 527 groups "had raised nearly $200 million as of June 30, much of which appears to be available to be spent on pre-election activities. And if past trends hold, the total raised and spent by the groups on this election will surpass $300 million, eclipsing the $258 million spent by such groups in the last midterm election, in 2002." The leader "of Americans for Honesty on Issues is Sue Walden, a close ally of Tom DeLay, the former House majority leader who left Congress amid questions on ethics and fund-raising."

Belated Agreements Over Turnout Plan Funding Could Make Difference For Democrats. The Hill (10/11, Kaplan) reports the "clash" between DNC chair Howard Dean and DCCC chief Rep. Rahm Emanuel "over how much money the national party would spend to help congressional Democrats ended last month. But the heart of the disagreement, whether the national party has identified new and drop-off voters, could determine whether the Democrats retake the House and Senate in November." Emanuel, "chairman of the Democratic Congressional Campaign Committee, and Dean agreed last month that the Democratic National Committee would spend $2.6 million on GOTV efforts; Dean reportedly reached a deal Monday with Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, to direct $5 million to state parties to help Democratic Senate candidates." In the months "preceding these agreements, the DSCC and DCCC set up their own field programs, which is something the DNC would have done in the past, said several Democratic strategists." Referring to "voters who cast ballots in presidential years but not in off-year elections," Emanuel said, "Did they [the DNC] waste a year and a half not targeting drop-off voters? Yes." However, he added, "House Democratic candidates would be fine, because, 'It's not like we have slouches over there … they [the DCCC] know what they're doing.'" The Hill adds Emanuel "hired Michael Whouley and Jack Corrigan, longtime Democratic field operatives, to implement the DCCC's strategy. The committee has worked with 70 campaigns devising a field strategy; it is helping pay for field programs in several campaigns, said a senior Democratic aide."

DSCC Launches $1 Million Ad Campaign For Webb. The Hampton Roads Virginian-Pilot (10/11, Germanotta) in an article titled "Democratic Senate Group Backs Webb In A Big Way" reports, "Forget about the polls, what really sends a message is money, and on Tuesday the Democratic Senate Caucus' political arm bought in big-time with an anti-George Allen ad." The Virginian Pilot notes, "The 30-second ad lumps together a number of anti-Allen charges" including "references to Allen's calling a Webb campaign worker of Indian descent 'macaca,'…as well as citations of stories that have emerged during the campaign about Allen not reporting stock options and of having used racial slurs while in college."

The AP (10/11, Lewis) reports the $950,000 DSCC ad "is among the largest yet in a race the latest polls indicate is tied or very close." In response "Allen's campaign quickly labeled the DSCC's ad as 'deceitful' and immediately sought to tie it to national Democrats, particularly New York Sen. Hillary Clinton." The DSCC ad "opens mocking Allen's appeal last week for restoring the campaign to issues" and "accuses him of voting against body armor for U.S. troops, favoring tax breaks for energy companies that gave his campaign $322,000, and voting to boost his own salary while opposing increases in the minimum wage." But "Allen's campaign released a list of rebuttals to each point, particularly the claim he opposed body armor for American troops."

Allen, Webb Trade Charges On Taxes. The Washington Post (10/11, B1, Shear, Craig, 748K) reports, "Taxes have moved to the forefront of Virginia's Senate race, with Republican Sen. George Allen accusing Democrat James Webb of plotting to raise taxes on millions of Virginians." The Post notes, "Allen made the allegations at the candidates' final debate Monday and is repeating them in a statewide television commercial. But the accusations are based almost entirely on Webb's support from national Democratic leaders and on two vague statements by Webb questioning whether Congress should make federal tax cuts permanent." And Webb "has angrily denied the charge and on Tuesday began airing a commercial defending his views. The Democrat's ad also examines Allen's voting history to accuse him of raising taxes on retirement savings, increasing the cost of tuition and giving tax breaks to oil companies. Webb also told reporters which tax cuts he would keep and what tax loopholes he would consider closing."

The Washington Times (10/11, Bellantoni, 88K) notes, "Virginia conservatives say an unrelenting focus on taxes will give" Allen "a win over" Webb. On "Monday night, Mr. Allen,

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a Republican, hammered Mr. Webb on taxes and yesterday kept up the attack. The Allen campaign Web site yesterday declared: 'Hillary Clinton gave James Webb Jr. 1,000,000 reasons to raise taxes on 3 million hard-working Virginians.'" And "Conservatives irritated with national Republicans on fiscal issues say Mr. Allen finally has landed on a winning strategy in the final weeks of the race, one of the hottest in the nation with the major candidates nearly tied in the polls."

Allen Campaign Runs Ad In Support Of Gay Marriage Ban In Rural Areas. The AP (10/11, Lewis) notes the Allen campaign has also begun "airing a radio ad" costing $60,000 in rural areas "making his strongest link yet to groups supporting a referendum on the Nov. 7 statewide ballot that would write a ban on same-sex marriages or anything resembling it into the Virginia Constitution's Bill of Rights." The ad states, "There are those who would like to change the definition of marriage. Jim Webb is one of those people. … This Election Day you'll have an opportunity to stand up to the Jim Webbs of the world, to the people who want to weaken marriage."

Character Seen As Key Issue In Virginia Senate Race. The Washington Post (10/11, B1, Barnes, 748K) reports, "If Virginia voters want to pick their next U.S. senator based on issues, Democratic challenger James Webb and Republican incumbent George Allen give them plenty to work with. They disagree on taxes, the war in Iraq, support for the Bush administration, the deficit, how the government should fight terrorism, and a constitutional amendment aimed at same-sex marriage." Yet "if the character of the candidate is the deciding factor, Virginians are entering murkier territory." Democrats are worried Webb "is still an attractive resume in search of a campaign persona. His appearances on stage with Allen have been described by party professionals as feisty but chilly. And, strapped for cash, he was not able to introduce himself to voters on television before Allen put him on the defensive, especially with women, key voters for any Democratic candidate." Meanwhile Allen "has not looked comfortable defending his lead, which polls show may be down to almost nothing." During Monday's debate "neglected to mention his record of loyal support to President Bush. But he intoned the endorsement of Virginia's senior Republican, Sen. John W. Warner, who more regularly bucks his party's leadership, at least three times."

Ford, Corker Seek To Seek To Establish Independent Credentials. The AP (10/11, Rucker) reports, "Tennessee's U.S. Senate candidates traded caricatures during a debate Tuesday night that painted a grim choice for voters: rubber stamp or political insider." Democratic Rep. Harold Ford said, "If you want a rubber stamp, don't vote for me," while "Republican Bob Corker accused the Memphis congressman of being a Washington insider who benefited from the 'machine-style' politics of his politically connected family."

Poll Shows Lieberman Leading Lamont 48%-40%. The Hartford Courant (10/11, Pazniokas, 195K) reports Connecticut Sen. Joseph I. Lieberman leads Ned Lamont (D) "by eight percentage points" 48%-40% "in the Senate race, although a majority of voters agree with Lamont on the war in Iraq and the need for change in Washington, a Courant/University of Connecticut poll says." The survey conducted Oct. 4-9 "found that 60 percent of voters believe going to war was wrong, and a slim majority favors a deadline for withdrawal, issues Lamont used to defeat Lieberman in the Democratic primary." Yet Lieberman "enjoys a 57 percent approval rating and has managed to capture 67 percent of Republican vote, while keeping 35 percent of Democrats in his camp. Unaffiliated voters prefer him over Lamont 45-37 percent."

Lamont Contributes Additional $2 Million To His Campaign. The AP (10/11, Miga) reports, "Wealthy Democratic businessman Ned Lamont is pumping another $2 million of his personal fortune into his bid to unseat three-term Sen. Joe Lieberman, whom he trails in a recent statewide poll." He "has personally contributed $8,751,500 to his campaign." Both candidates "are spending heavily for TV ad campaigns as the fall race intensifies. Lamont has criticized Lieberman for missing Senate votes in a new commercial. One Lieberman ad receiving heavy air play accuses the Greenwich millionaire of lacking the experience to be an effective senator."

Trial Lawyer Pledges $5 Million To Jump Start Bell Bid For Texas Governor. The Washington Times (10/11, Aynesworth, 88K) reports Houston trial lawyer John O'Quinn's "huge political contribution" of $5 million "may tighten the Texas gubernatorial race in the final weeks." He "said yesterday he had donated $1 million and would give or raise an additional $4 million toward the campaign of Chris Bell, a Democrat challenging Gov. Rick Perry in the Nov. 7 election. The $5 million would be the largest single donation ever in a state race." While Texas Gov. Rick Perry and "independent challenger Carole Keeton Strayhorn have been spending heavily on television ads" Bell "and independent candidate Kinky Friedman have not had the campaign money to keep up the pace." But the "O'Quinn injection immediately energized the Bell campaign. Spokeswoman Heather Guntert said the Democrat already had placed more television ads in Houston and planned to buy heavily in other major markets this week."

Friedman Resists Calls By Democrats To Drop Campaign. The Dallas Morning News (10/11, Garrett, Jeffers, 500K) reports, "Democratic nominee Chris Bell is

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trying to persuade independent Kinky Friedman to quit the race for governor, but Mr. Friedman insisted Tuesday that he's in to stay." While "Bell campaign aides said that Mr. Friedman performed poorly in Friday night's candidate debate and that Friedman supporters have told the Democrat that they'd support him if he could persuade Mr. Friedman to step aside," Friedman "said of Mr. Bell and his advisers: 'They're desperate and scrambling.'" Yet "Bell's debate performance has won generally strong reviews, giving the Democrat hope he can emerge as the main challenger to Mr. Perry."

Poll Show Crist With Ten Point Lead In Florida Governor's Race. Greg Pierce in his "Inside Politics" column in the Washington Times (10/11, 88K) notes, "Florida Attorney General Charlie Crist has a commanding lead over Democratic nominee Rep. Jim Davis in their race to replace Gov. Jeb Bush, a new poll shows." He "was backed by 53 percent of likely voters, compared with 43 percent who said they favored the Democratic congressman from Tampa, with 3 percent undecided." A "random telephone survey of 783 likely voters was taken between Oct. 3 and 8 by Quinnipiac (Conn.) University Polling Institute. Mr. Crist was favored by 50 percent to Mr. Davis' 39 percent in a larger sampling of 968 registered voters."

The Wall Street Journal (10/9, Schatz, 2.03M) in its "Washington Wire" column notes Crist's "lead wasn't exactly the worst news in the poll for Davis. A full 57% of the 968 registered Florida voters polled didn't know enough about him to form an opinion. What's worse, 54% of Democrats said they hadn't heard enough to know how they felt about him. Actually, that was an improvement for the five-term congressman. According to the poll, which has been taken every month since February, the percentage of respondents who hadn't heard enough about him dropped 20 points from the 74% to 77% range."

Taylor Benefited From Earmarks For District. The Wall Street Journal (10/11, A1, Wilke, 2.03M) reports NC11 Rep. Charles Taylor (R), "wealthy businessman and banker, owns at least 14,000 acres of prime land in western North Carolina." So when he "steers federal dollars to his district, sometimes he helps himself, too." Last year, Taylor "added $11.4 million to a big federal transportation bill to widen U.S. Highway 19, the main road through Maggie Valley, a rural resort town in the Great Smoky Mountains. His companies own thousands of acres near the highway there and had already developed a subdivision called Maggie Valley Leisure Estates." Taylor also "got $3.8 million in federal funds for a park now being built in downtown Asheville with fountains, tree-shaded terraces and an open-air stage. It's directly in front of the Blue Ridge Savings Bank, flagship of his financial empire. He is among the richest congressmen with assets of at least $72 million, records show." Taylor is "one of at least a half-dozen House members whose public actions in directing special-interest spending known as earmarks have also benefited their private interests or those of business partners, according to congressional, corporate and real-estate records. Among them is a senior Democrat, Rep. Alan Mollohan of West Virginia."

Rural Areas Benefit From More Charitable Giving. The New York Times (10/11, Leonhardt, 1.21M) reports, "The economics of rural America have not really changed. If anything, the advantages that Chicago, Dallas, New York and other big cities have over Nebraska have only continued to grow." But the Nebraska city of "Ord has finally figured out how to fight back" with the help of charitable donations. For example the New Tithing Group "tries to persuade Americans to base their charitable giving on their assets as well as their income, given how many now have substantial assets." The Group has compiled a list ranking charitable efforts and "What is striking about the top of NewTithing's list is that it is dominated by a group of states that run from the Rockies through the Plains and down into the Southeast."

Stark Says Private Sector Not More Efficient Than Medicare On Prescription Drugs. In a Wall Street Journal letter to the editor (10/11), Rep. Pete Stark says, "Your Oct. 4 editorial 'Markets and Medicare' implies that the private sector is more efficient than Medicare. Medicare trustees suggest the opposite, finding that administrative costs for the new prescription drug program's private drug plans average 12% -- six times Medicare's historic 2% ratio." Stark adds, "You also claim that 'competition' is responsible for a decline in the drug program's cost. But these reductions are primarily a result of a trend of lower drug spending that is unrelated to Medicare. And you allege that the Veterans Administration limits drug access. But the VA covers 16,000 prescription drugs on its formulary, and ensures access to other drugs when necessary. VA patient satisfaction is high and the VA negotiates price discounts far below those in Medicare's private plans."

As China Signals Support For Sanctions, Rice Says US Not Planning To Attack North Korea. North Korea's claimed nuclear test received heavy coverage last night and this morning, leading two network newscasts and receiving over 16 minutes of airtime amongst all three networks. Major papers also ran multiple stories, including front page stories. The New York Times (10/11, A1, Shanker, Hoge, 1.21M) reports, "Secretary of State Condoleezza Rice said Tuesday that the United States did not intend to invade or attack North Korea, but she warned the North's leaders that they now risked sanctions 'unlike anything that they have

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faced before.'" She also "stressed that 'the diplomatic path is open' for the North, and that giving up its nuclear program would 'lead to all kinds of benefits for North Korea.'" China also said "that tough measures were in order, though its representatives said the punishments might not necessarily be the harsh ones that Washington was proposing." US Ambassador to the UN John R. Bolton, said, "I'm pleased by the positive nature of the discussions and look forward to more progress tomorrow." When "Asked if he would limit the American demands in the interests of speeding the process of drafting a resolution, he said: 'We want firmness and swiftness, and I think we can have both.'" Administration officials say that the US "is pursuing a two-track approach: trying at the United Nations to persuade other countries to cut off economic ties with the North, and using American banking laws to punish banks overseas that deal with North Korean companies." Still, "even as the administration sought to push tough language into a Security Council resolution, the White House expressed doubts about the capacity of North Korea's nuclear program, based on evidence that the reported test had a smaller yield than expected."

Rice said on CNN's The Situation Room (10/10), "The United States of America doesn't have any intention to attack North Korea or to invade North Korea." Asked if the military option is not practical, Rice said, "The President never takes any of his options off the table. But the United States somehow in a provocative way trying to invade North Korea, it's just not the case."

NBC Nightly News (10/10, lead story, 2:45, Williams, 9.87M) reported that "as talks continue at the United Nations, Secretary of State Rice may move up a trip to Asia, perhaps leaving within a week. Another sign of how seriously the US considers the North Korean threat."

On ABC World News (10/10, story 3, 2:30, Gibson, 8.78M), Rice was shown saying, "We are going to get sanctions passed because we can't tolerate a nuclear North Korea. The important things here is that you're getting universal condemnation. … But I do believe we have the right configuration now, both to make an agreement stick, if we get one. But also to pressure the North Koreans to take a different course." She later added, "The Chinese have said they will take serious steps to deal with the North Korean problem. We're going to have a sanctions resolution in the Security Council. We'll see how the North Koreans react to that. It is important that our security alliances make very clear to the North Koreans that we will not permit a deterioration of the security environment in this region. We have many arrows in our quiver. And we'll start to use them."

CBS Evening News (10/10, story 2, 2:35, Couric, 7.66M) interviewed Rice. Asked about the possibility of one-on-one talks with North Korea, Rice said, "You have to ask yourself…why are the North Koreans so insistent that there be bilateral talks? It's because they don't want the pressure of having China and south Korea and Russia and Japan at the table, too. They would like nothing better than to have all of the pressure be on the United States to deliver a deal." Rice added, "Well, certainly, one of the great worries if North Korea were to continue down this path is that it would try to transfer a weapon to either another state or perhaps even more alarmingly, to a non-state actor, a terrorist. But the President's made very clear that North Korea would be held fully accountable for any effort to try to use weapons technologies to threaten the security interests of the United States and its allies, and certainly the transfer of these technologies would do precisely that."

The AP (10/11, Gearan) reports, "The White House contends that North Korea wants to set up a confrontation with the United States and direct talks would play to that hand. By insisting on talks only in the awkward company of four other nations, the argument goes, the United States deprives the North of the chance to play David to the US Goliath." Instead, "the North also has South Korea, Japan, China and Russia to answer to." Another AP dispatch (10/11, Riechmann) quotes US Ambassador Bolton saying, "This is the way North Korea typically negotiates by threat and intimidation. It's worked for them before. It won't work for them now.'" McClatchy (10/11, Strobel), in a story discussing the US stance on direct talks, says the Administration is "under fire for policies that have failed to stop North Korea from advancing its nuclear weapons arsenal."

Rice was asked on Fox News (10/10) what North Korea is trying to accomplish. Rice said, "Far be it from me to try to read the mind of Kim Jong Il and the North Koreans. I can tell you what they could have. They could have a situation, if they give up their nuclear weapons ambitions, in which there's an opening to the international system, in which they begin to have more normal relations with countries." The Secretary was also asked how susceptible North Korea is to further sanctions, "if the sanctions that have imposed already haven't done the trick." She said, "Part of the goal is to make sure that it is really the countries that have leverage that are a part of the effort to pressure North Korea into coming back to the talks. The United States has some leverage, but not nearly the leverage that China has, not nearly the leverage that South Korea has."

The Los Angeles Times (10/11, Spiegel, Miller, 918K) reports, "The sanctions demanded by US officials to punish North Korea for this week's weapons test are primarily aimed at what the Bush administration increasingly views as the greatest threat posed by North Korea: the spread of nuclear technology. On the high seas, the Pentagon has managed to track and even interdict weapons shipments coming out of North Korea. US spy planes, manned and unmanned, as well as naval ships have been able to keep close watch on cargo vessels leaving North Korean ports." But "as a result, North Korea has begun to avoid sending arms shipments by

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sea, government officials believe, sending cargo overland and by aircraft to the north, where they enter Chinese territory and become more difficult to follow, current and former US officials said."

The Financial Times (10/11, Fidler) reports that a resolution that includes searching cargo ships "raises many practical and legal questions about how such inspections would be carried out. To work, it would almost certainly need the backing of China, not only in the Security Council but also as a practical matter because many of the sea lanes out of North Korea pass close to China." Also, "the likelihood is that any attempt to board a North Korean cargo ship would be refused and the interdiction force would have to contemplate shooting across the ship's bows and mounting an opposed boarding," which "would probably be interpreted by North Korea as a hostile act, potentially leading to a significant further escalation of tensions in the region."

China's apparent shift toward supporting sanctions is receiving ample media attention. CNN's The Situation Room (10/10, Blitzer) reported China "is signaling today that it may be willing to support some punishment of its ally, North Korea." In a front page article, the Washington Post (10/11, A1, Lynch, Fan, 748K) also reports that China "expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs." It "opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy," and "insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea." Still, "officials in Beijing faced criticism at home over their diplomatic strategy" of relying "on the now-stalled six-nation talks." Meanwhile, the US and Japan "continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program," even as "the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government."

The Financial Times (10/11, Daniel, Fidler, Fifield, McGregor, Pilling, Turner) says China's position is an "apparent retreat from its long-standing opposition to international sanctions against Pyongyang." China's ambassador to the United Nations, Wang Guangya, "said a 13-point US proposal - which included inspections of cargo ships entering and leaving North Korea - provided a 'good basis for working'." North Korea's nuclear and missile tests are "seen in China as a demonstration of the failure of Beijing's strategy of playing a moderating role between North Korea, regional neighbours and the US." USA Today (10/11, MacLeod, 2.27M), the AP (10/11, Wadhams), AFP (10/11, Aziakou), Christian Science Monitor (10/11, Montlake, 58K) and Washington Times (10/11, Pisik, 88K) run similar assessments of China's stance on the crisis.

A number of reports also note South Korea's shift away from its "sunshine policy" toward the North. In an front page article, the Washington Post (10/11, A1, Faiola, Cho, 748K) reports, "Monday's reported test cast a sudden chill on North-South relations, stalling Seoul's financial incentives to the North," as "the biggest potential casualty of the announced test appears to be" South Korea's sunshine policy. While "South Korean officials say it is too early to declare that detente is dead," there are "changing sentiments across South Korea in the wake of Monday's purported test, which was something of a national wake-up call in a country where the perception of a North Korean threat had all but evaporated after years of detente." With "the most significant step to date, President Roh Moo Hyun -- who had become South Korea's leading voice for engagement -- effectively acknowledged on Monday that the sunshine policy had failed," and "the leading voices for detente here…express a profound sense of shock and betrayal. A number of them are calling for a complete review of the policy they had long held up as the cornerstone of Korea's eventual reunification." This "marks a radical shift in thinking in South Korea."

The Financial Times (10/11, Fifield) says that "with Monday's provocative nuclear test it has become patently clear that South Korea has gained next to nothing for its efforts." While some analysts "doubt South Korea will jeopardise its primary goal of maintaining stability," others say "that Seoul has little to lose from wielding a bigger stick."

In contrast, the New York Times (10/11, A8, Onishi, Fackler, 1.21M) reports, "South Korea and Japan, America's two major allies in this region, have grown increasingly apart in their attitudes and policies toward North Korea, even though President Roh Moo-hyun said Monday that the North's announcement of a nuclear test had put him on the same page as Japan's prime minister, Shinzo Abe," and "the calculations and interests that have led each country on its respective path have changed little." In interviews, South Koreans, "while expressing anger and disappointment, said they did not support the economic sanctions and other punitive measures sought by the United States and Japan, but called for continuing to engage the North, though with more sticks." By contrast, the Japanese "interviewed agreed that the country should take a firmer stance, both in punishing North Korea and in strengthening its own military."

US Experts Analyze North Korean Blast. The Wall Street Journal (10/11, A4, Block, 2.03M) reports, "The US has marshaled a network of military aircraft, ships, seismic-listening posts, spy satellites and intelligence agents to glean as much as possible about North Korea's claim that it tested a nuclear device, and officials say they may have a good idea about what took place as soon as today." The objective "is to

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detect radioactive isotopes and gases released in the atmosphere, usually within 72 hours, after such a test. The presence or absence of these indicators will tell analysts if the device detonated underground Sunday was a nuclear weapon."

The New York Times (10/11, Sanger, Broad, 1.21M) reports, "The White House seized on further evidence on Tuesday that North Korea's proclaimed nuclear test had resulted in a surprisingly small blast, questioning at one point whether the test was, in the end, 'a big deal event.'" The White House spokesman, Tony Snow, "appeared to backtrack from that assessment later in the day, as he turned from mounting a defense of the administration's troubled history with North Korea to arguing that the only logical response to the test was to impose harsh sanctions." The Times adds that officials "said that their current assessment was that North Korea had in fact detonated a nuclear device, and that they were discounting some reports that North Korea had staged a hoax, trying to disguise a large conventional explosion as a nuclear blast. 'The working assumption is that this was a nuclear explosion of some kind,' one intelligence official said, speaking on condition of anonymity. 'The conventional explosion theory doesn't make a hell of a lot of sense, even for the North Koreans.'" But "that left the mystery of why the explosion appeared to be so small, less than a kiloton, or a fraction of the explosions at Hiroshima and Nagasaki in 1945."

The Washington Post (10/11, A14, Linzer, Ricks, 748K) reports a "Defense Department official" said "there are multiple ways" the US government "will seek to verify North Korea's claim that it detonated a nuclear device, the official said. But there is no hard information yet, the official said. Intelligence analysts are also reviewing intercepted communications and other data." The official "declined to be quoted by name, saying that the Pentagon is not playing a lead role in the US response and that he wanted to defer to the White House." Tony Snow "said there is a 'remote possibility' that US intelligence will be unable to fully determine whether the test succeeded." The Washington Times (10/11, Curl, 88K) quotes Snow saying, "You could have something that is very old and off-the-shelf here as well, in which case they've dusted off something that is old and dormant."

USA Today (10/11, Vergano, 2.27M), under the headline "Even A Small Nuke Poses Big Threat," reports, "Some analysts, such as physicist David Albright of the Institute for Science and International Security, suggest that the North Koreans may have miniaturized a bomb to arm missile warheads."

Earthquake Led Japan To Suspect A Second Test. The AP (10/11, Freire) reports, "A strong earthquake in northern Japan on Wednesday may have led the Tokyo government to suspect that North Korea had conducted a second nuclear test." In Washington, White House spokesman Blair Jones "said US officials had not detected any evidence of additional North Korea testing. 'Japanese officials are now saying that this occurrence may be related to an earthquake in northern Japan,' Jones said." The AP adds, "A senior State Department official said the US would not be surprised if there were multiple tests, but so far there is no sign of one. The official spoke on condition of anonymity because of the sensitivity of the situation." Japanese Prime Minister Shinzo Abe's spokesman "confirmed the government was checking whether the North had tested another nuclear device. Shortly after that, the Japanese meteorological agency said a strong earthquake with a preliminary magnitude of 6.0 shook northern Japan."

Abe Says Japan Will Keep Constitutional Nuclear Weapons Ban. The Washington Times (10/11, Sands, 88K) reports, "Japanese Prime Minister Shinzo Abe said yesterday that North Korea's claim it conducted a nuclear test will not affect his country's constitutional ban on developing nuclear weapons, but all of the North's neighbors face fundamental military and foreign policy questions in the wake of the test." Abe, "a hard-liner who has long pushed for a more assertive Japanese defense, told a parliamentary committee that fears in the region that Japan will seek a nuclear deterrent in response to North Korea's test are unfounded."

Crisis' Effect On Asian Stability Examined. The Christian Science Monitor (10/11, Grier, 58K) reports, "North Korea's apparent test of a nuclear device could have a devastating effect on the world's long struggle to contain the spread of the most powerful military weapon known to man. Experts have long worried that if the Pyongyang regime flaunted its atomic hardware, Asia might be drawn into an arms race reminiscent of the early days of the cold war. The spiral could develop like this: Threatened, Japan and South Korea start their own weapons programs. China piles up bombs to protect its regional superpower status. India strives to catch China, and then Pakistan tries to counter India, and then...." But "this nightmare scenario is far from inevitable, point out experts. Everything depends on what the US and other interested governments do to try to repair a nonproliferation system that, despite its faults, has served the globe well for decades."

The Wall Street Journal (10/11, A4, Fairclough, Ramstad, Soloman, 2.03M) reports that while "the prospect of regime change in Pyongyang may cheer many in Washington," such "turmoil in North Korea could damage the economies of China and South Korea, set off a refugee crisis and lead to military conflict." Therefore, "How the U.S. and Asia assess these risks could influence the outcome of Security Council meetings to decide how to respond." Today, "many North Korean officials view U.S. policies as wholly focused on removing Kim Jong Il," and some US officials who have worked on North Korea policy in recent years "say the

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Bush administration's approach has largely been driven by what they describe as President Bush's hatred of Mr. Kim, and not a comprehensive strategy."

The New York Times (10/11, Greenlees, 1.21M) reports "military officials and analysts interviewed today said that the North closely watched conflicts elsewhere in the world, particularly the invasions of Iraq in 1991 and 2003, and saw that masses of tanks and artillery could be neutralized with ease by superior American military technology. So, methodically but with growing nervousness, the Communist regime sought a new trump card to maintain the security standoff on the peninsula."

Iran Seeks Distance From North Korea, Says It Opposes Nuclear Weapons. The Financial Times (10/11, Smyth) reports, "Iran on Tuesday distanced its own nuclear dispute from the North Korean crisis, reiterating its claim that it opposes nuclear weapons. While analysts abroad speculated that Tehran could be emboldened by North Korea's defiance, comments from officials and the media put the emphasis on the different paths taken by the two countries." Tehran, they stressed, "remained committed to the Nuclear non-Proliferation Treaty." Tehran "insists its nuclear experiments are designed for the production of energy but western governments suspect the Islamic Republic is intent on developing nuclear weapons."

The AP (10/11, Dareini) reports Iran also clamed "Washington for North Korea's reported test blast and vowing to keep developing its own suspect atomic program." Iran "appeared emboldened by North Korea's defiance as its hardline Islamic leaders pledged not to bow to international demands that Tehran suspend uranium enrichment."

Crisis Seen As Reducing Chances Senate Will Pass US-India Nuclear Deal. The Financial Times (10/11, Johnson) reports, "North Korea's nuclear test will reduce the chances of the Indo-US civilian nuclear energy agreement being passed by a lame duck session of the Senate in November and strengthen the non-proliferation lobby in the US, Indian security analysts warned on Tuesday." Bush "is expected to face renewed criticism that he is rewarding bad behaviour by allowing a resumption of civil nuclear trade and co-operation with India, despite its 1998 nuclear test and refusal to join the nuclear non-proliferation treaty."

More Commentary. Henry Sokolski, executive director of the Nonproliferation Policy Education Center, writes in the Wall Street Journal (10/11, A14, 2.03M), "For more than two decades, the US and its allies blinked at the regime's nuclear-weapons activities, even when they clearly violated international treaties Pyongyang had signed; bent the nuclear rules to accommodate North Korea's misbehavior; and groveled more than once before Pyongyang and Beijing to keep this duplicitous diplomacy afloat."

Thomas Friedman writes in his column in the New York Times (10/11, 1.21M) that "compared with the vast repression and nuclear standoff that characterized the cold war, the post-cold-war era has been much better for a lot of humanity. Too bad it's probably over." The new "era will be defined by three new features — if things continue as they are. First is a nuclear Asia, triggered by North Korea's flaunting of its nuclear weapons. … Second is a nuclear Middle East. … Third is a disintegrating Iraq in the heart of the Arab world, with its destabilizing impact on oil prices and terrorism." The current era "can be preserved only if Russia and China get over their ambivalence about U.S. power and if the Bush team gets over its ambivalence about Iran and North Korea." After all, "When an administration can't make up its mind between regime change and change of behavior, it gets neither. And that is what the Bush team has gotten." Still, while "we have to make up our minds, but so, too, must Moscow and Beijing." Their pressure can stop Iran and North Korea, but to do so, "They've got to start paying a price to preserve this world."

David Ignatius writes in the Washington Post (10/11, A19, 748K), "The United States and its allies must begin constructing a system that can succeed where the Non-Proliferation Treaty has failed. A terrorist nuclear bomb in Manhattan or Washington isn't a thriller writer's fantasy; it's a probability, unless America and its allies establish new rules for nuclear accountability that are clear and credible."

McCain Says Clinton Policies Set Stage For Current North Korean Situation. CNN's The Situation Room (10/10, Blitzer) reported, "Republican Senator John McCain today accused directly the Clinton administration of setting the stage for the current situation by rewarding North Korea's bad behavior." McCain was shown saying, "We had a carrot and no sticks policy that only encouraged bad behavior. When one carrot didn't work, we offered another. Now we are facing the consequences of the failed Clinton administration policies and we must stop at long last reinforcing failure with failure."

The Washington Post (10/11, A10, Babington, 748K) reports, "In what sounded to many Washington ears yesterday like an early shot in the 2008 presidential campaign," McCain "singled out Sen. Hillary Rodham Clinton (D-N.Y.) as he denounced the Clinton administration's policies toward North Korea." Said McCain, "I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure." McCain spoke "in a speech near Detroit, where he was campaigning for a Republican Senate candidate." He added, "Every single time the Clinton administration warned the Koreans not to do something -- not to kick out the IAEA inspectors, not to remove the fuel rods from their reactor -- they did it. And they were rewarded every single time by the Clinton administration

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with further talks." The Post adds, "Aides said McCain was responding to Hillary Clinton's comments Monday, when she criticized North Korea for its announcement of having tested a nuclear weapon and added: 'Some of the reasons we are facing this dangerous situation is because of the failed policies of the Bush administration. I regret deeply their failure to deal with the threat posed by North Korea. And I hope that the administration will now adopt a much more effective response than what they have up until now.'"

The AP (10/11, Karush) reports Sen. Clinton's spokesman "dismissed McCain's criticism and argued that it was time for a new policy from the president. 'Now is not the time to play politics of the most dangerous kind -- with our policy on North Korea,' Philippe Reines, spokesman for Clinton, said in a statement. 'History is clear that nothing the Bush administration has done has stopped the North Koreans from openly testing a nuclear weapon and presenting a new danger to the region of the world.'"

Parties Scramble For Political Edge In Wake Of North Korean Claim. Under the headline "Test Byproduct: Quick Scramble To Point Fingers," the New York Times (10/11, Stolberg, 1.21M) reports "McCain's attack was part of an increasingly bitter partisan row over who was responsible for allowing North Korea to achieve nuclear ability." Republicans "sought to focus attention on what they said was a misguided and naïve policy of negotiating with North Korea during the 1990's. Democrats pressed the argument that North Korea's claimed advance was a byproduct of President Bush's decision to wage war against Iraq, which proved not to have any banned weapons, while doing too little to confront a real threat developing in North Korea. … With polls showing Republicans having difficulty holding on to their traditional strength when it comes to which party is better suited to keeping Americans safe, the candidates and parties have moved quickly to take political advantage of the crisis."

NBC Nightly News (10/10, story 2, , Williams, 9.87M) reported, "The exchange was a sample of the national security debate likely to play out down the stretch of this congressional campaign. Democratic critics charge in the march to war against Saddam the White House ignored the growing threat from the North Korea." Kurt Campbell, Asia expert: "Behind the scenes, every country in Asia recognizes and knows that the United States at best, half-heartedly contemplated diplomacy with North Korea." NBC added that "the situation has worsened since Bush took office, and later vowed he would never tolerate a nuclear North Korea. Last summer, the Institute for Science and International Security estimated that North Korea's potential arsenal of nuclear weapon was four to 13 -- up from one or two in 2000. But Tony Snow argued it was 'silly to ask whether the President made mistakes in his approach to North Korea." Gregory: 'You don't think it's fair to ask for some accountability as to what happened and whether there were mistakes made?'" Tony Snow: "David, the accountability lies in North Korea, not in Washington." Gregory: "And now the White House argues, North Korea may be nuclear, but it's not necessarily lost, particularly, the White House says, since its Asian neighbors, namely China, are turning up the heat. Brian?"

AFP (10/11, Lozano) reports the White House "rebuffed criticism that failed US diplomacy led to North Korea's nuclear test, while downplaying the significance of Pyongyang's blast, which rattled the world." White House spokesman Tony Snow "branded criticism faulting the US approach for failing to bridge differences with North Korea, Iran and Iraq and leading to the world-stunning test announced by Pyongyang Monday as 'back-seat generalship.'" Said Snow, "What you have is the fact that the United States has been engaged actively on all three problems. ... We are continuing to work aggressively on diplomacy with the Iranians and with the North Koreans." Snow "responded to comments especially from opposition Democrats that the administration of President George W. Bush had taken the wrong approach to dealing with perceived global threats, as signified by the North Korean nuclear test, which came after years of attempts to convince Pyongyang to not develop a bomb."

The AP (10/11, Hennessey) reports that speaking in Boulder City, NV, "Sen. John Kerry said Tuesday that a nuclear test in North Korea is evidence of the Bush administration's 'failed policies,' and called for the U.S. to engage in direct talks with Pyongyang." Said Kerry, "The president attacks the place that has no weapons of mass destruction and does nothing about the place that does."

William Perry, Defense Secretary under Clinton, writes in today's Washington Post (10/11, A19, 748K) says the North Korean test "demonstrates the total failure of the Bush administration's policy toward that country. For almost six years this policy has been a strange combination of harsh rhetoric and inaction. … Our government's inattention has allowed North Korea to establish a new and dangerous threat to the Asia-Pacific region. It is probably too late to reverse that damage, but serious attention to this problem can still limit the extent of the damage."

The Wall Street Journal (10/11, A14, 2.03M) editorializes that the crisis "may also have finally settled the question of how much time this and future Administrations will have available to deal with genuine foreign policy crises before they become merely political. The answer, it seems, can be measured in milliseconds." The Journal adds that "it would help if just once public discourse on the subject did not instantly degrade into an exercise in cynical political point-scoring. Fat chance."

Writing in The Hill (10/11), Dick Morris says, "In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by Speaker Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the

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hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention. … There is nothing like a national security crisis to force Americans to realize the consequences of paralyzing a presidency by sending to Washington a Congress with which he cannot work. We fell into just that trap in the final years of the Clinton presidency and we would do so now at our peril. But Bush has to produce and has to do it in the next five weeks. Just like JFK did in 1962."

Rice Sidesteps Question On Whether Clinton's 1994 Agreement Was A Mistake. Rice was asked on CNN's The Situation Room (10/10) if she agrees with Sen. John McCain's comments blaming the Clinton administration for the missteps in dealing with North Korea in '93 and '94. Rice said, "There is no doubt that the North Koreans used the cover of the framework agreement to pursue a different path to a nuclear weapon through highly enriched uranium. There is no doubt that they did divert assistance. There is now doubt, also, that they got millions of dollars in assistance. But I don't want to get into the game of whether or not that was a mistake. We did sign the agreed framework. We went forward with it. We went forward with it on a bilateral basis, the United States and North Korea. Yes, there were some multilateral elements to pursuing the fuel through a consortium of states. But it was essentially bilateral. The United States and North Korea. And when they cheated, we had no one to stand with us and say to the North Koreans, you've cheated. And that's a problem not just for the United States but for China and for Japan and for Russia and South Korea. That's the difference in what President Bush has built."

Carter Says North Korea Won't Back Down Unless Its "Basic Demand" Is Met. Former President Jimmy Carter, in the New York Times (10/11, 1.21M), says "it is unlikely that the North Koreans will back down unless the United States meets" its "basic demand" for direct one-on-one talks with the US. He adds that "Washington's pledge of no direct talks could be finessed through secret discussions with a trusted emissary like former Secretary of State Jim Baker, who earlier this week said, 'It's not appeasement to talk to your enemies.'" Carter concludes, "What must be avoided is to leave a beleaguered nuclear nation convinced that it is permanently excluded from the international community, its existence threatened, its people suffering horrible deprivation and its hard-liners in total control of military and political policy."

Officials From Six Nations To Discuss Possible Sanctions On Iran. The AP (10/11, Schweid) reports, "Senior officials of the United States and five other nations plan to confer Wednesday on possible U.N. sanctions against Iran for processing uranium as part of its disputed nuclear program." Undersecretary of State Nicholas Burns and his counterparts in Britain, France, Germany, Russia and China "will confer by video about what should be on a U.N. sanctions list, State Department spokesman Sean McCormack said Tuesday."

Olmert Dismisses Syrian Peace Overtures. The AP (10/11, Nessman) reports, "Israel has brushed off the Syrian president's recent calls to restart peace talks as a ploy by Bashar Assad to deflect international pressure from his increasingly isolated regime." But "some in Israel say Prime Minister Ehud Olmert may be making a major mistake in ignoring even a slim chance to pursue peace with one of his country's most implacable enemies." Israeli Vice Premier Shimon Peres, meanwhile, "invited the Syrian leader to come to Jerusalem." The AP adds, "Israeli-Syrian peace talks broke down in 2000, with Syria demanding assurances it would get back all of the Golan Heights, which Israel captured in the 1967 Mideast War and later annexed. Israel wanted slight modifications to the pre-1967 line, conforming to the international frontier, and insisted that issues of security and normalization be spelled out first." Assad "has sporadically called for new talks, but his appeals grew more intense following this summer's war between Israel and Lebanon's Hezbollah guerrillas, which Syria backed."

Israel Fences Off Village That Extends Into Lebanon. The New York Times (10/11, Fattah, 1.21M) reports, "Little more than a week after Israeli troops withdrew from Lebanon, the shiny new fence around the northern portion of" Ghajar "is a reminder of the possible flash points that remain." For the Lebanese, the fence, erected over the past several weeks to separate the northern side of the village from the rest of Lebanon, amounts to a new occupation of their territory," but "to Israel, which says the fence is only temporary, it is a means of ensuring that Hezbollah fighters do not enter the village, which straddles the border, and attack Israelis." The village began in Israel and expanded over the boarder during Israel's occupation. Once they withdrew, the village was divided into Lebanese and Israeli sides. "The Israelis have now posted troops within the northern section of the village. Lebanese officials say the continued presence of Israeli soldiers on Lebanese soil is a violation of United Nations Resolution 1701, which settled this summer's conflict." While "Hezbollah official…have remained mute on the issue of Ghajar, opting to allow the government to negotiate a diplomatic solution," a Hezbollah representative noted that "patience is growing thin."

Hamas Rejects Conditions For Unity Government. USA Today (10/11, 2.27M) reports, "Qatar's attempt to mediate a growing crisis in the Palestinian territories took a blow Tuesday when Hamas rejected demands that it recognize Israel and renounce violence as a prerequisite for forming a unity government with the Fatah Party." It was "the latest setback in efforts to moderate the

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Islamic militant group Hamas and restore much-needed international aid to the Palestinians."

The Washington Post (10/11, A18, 748K) editorializes, "It's easy enough for global leaders to issue flowery appeals for action on the Middle East or to imply that progress would be possible if only the United States used its leverage with Israel. The stubborn reality is that there can be no movement toward peace until a Palestinian leadership appears that is ready to accept a two-state solution."

Bush Tells Peru's Garcia He Will Press For Trade Pact Approval. The AP (10/11) reports President George W. Bush Tuesday "assured Peruvian President Alan Garcia that he would work with US lawmakers to try to quickly push through a free trade agreement between the two countries." After meeting with Garcia, Bush told reporters, "The central issue facing us right now is the passage of a free trade agreement. I assured the president that I will work with Congress as soon as possible to get this agreement passed." Garcia "expressed satisfaction" with Bush's assurance, saying the pact would "help achieve stronger democratic institutions in Peru." The AP called the White House invitation "a demonstration of Administration support for the moderate policies Garcia espouses in contrast to leftist sentiment evident elsewhere on the continent."

LATimes Calls For Pact's Approval. The Los Angeles Times (10/11, 918K) editorializes that President Kennedy's program to develop Latin America called the Alliance for Progress "was invoked Tuesday by Peruvian President Alan Garcia during a news conference at the White House with President Bush," when he said "that the things the aid program failed to do in the 1960s, free trade could do today. Garcia is anxious over a free-trade pact that both the U.S. and Peru have signed but that has yet to be ratified by Congress" that replaces a previous trade pact. If, by the end of the year "the new pact isn't in place…thousands of Peruvian products will lose duty-free access to the U.S. market, which accounts for about 30% of Peru's exports." This "would be a disaster on many fronts," as the access helps "build diversified economies" that "lessen…reliance on coca." Also, "it will be playing into the hands of Venezuelan President Hugo Chavez and others trying to encourage the spread of anti-Americanism in the region." This "shouldn't be a tough decision by Congress, yet leaders have held up a vote until after the Nov. 7 election," but "Election-year politics should not be allowed to hijack this important trade deal."

Federal Taskforce To Pursue Cuba Sanctions Violators. The AP (10/11, Anderson) reports that in "the latest move by the Bush administration to tighten restrictions that were first imposed in the early 1960s and expanded frequently since," a new law enforcement task force "will aggressively pursue violators of the U.S. trade and travel sanctions that have been in effect against Cuba for more than four decades." It "includes the Treasury Department, FBI, and departments of Homeland Security and Commerce," and is intended to "bring greater emphasis to existing Cuba sanction enforcement efforts that are scattered among several federal agencies." It will "be coordinated by two senior prosecutors in Miami-based U.S. Attorney R. Alexander Acosta's office." The move "comes about a month before U.S. elections in which Cuban-American voters in South Florida — most of them fervently anti-Castro — form an important Republican Party constituency."

Top Treasury Aide On China Quits. The Wall Street Journal (10/11, A7, Phillips, 2.03M) reports, "Treasury Secretary Henry Paulson's top China hand," Deborah Lehr, "quit just a month after coming aboard to run the Bush administration's new economic dialogue with Beijing." When Paulson "met with top Chinese officials, he had Ms. Lehr close by his side as a signal of her stature at Treasury and in the new two-way financial diplomacy." She "resigned for 'personal reasons,' not because of any disagreement over how the U.S. should approach China." Now the "task of organizing the strategic dialogue falls to Undersecretary for International Affairs Timothy Adams…and to former State Department aide Taiya Smith, the secretary's deputy chief of staff."

Libya Makes Deal With Nonprofit To Supply Its Schoolchildren With Laptops. The New York Times (10/11, Markoff, 1.21M) reports, "The government of Libya reached an agreement on Tuesday with One Laptop Per Child, a nonprofit United States group developing an inexpensive, educational laptop computer, with the goal of supplying machines to all 1.2 million Libyan schoolchildren by June of 2008." Conceived in 2005 by MIT computer researcher Nicholas Negroponte, the brother of the United States intelligence director, John D. Negroponte, "The project, which is intended to supply computers broadly to children in developing nations," already "reached tentative purchase agreements with Brazil, Argentina, Nigeria and Thailand, and has struck a manufacturing deal with Quanta Computer Inc., a Taiwanese computer maker."

Washington Gathering Pushes For Action On Uganda. The Washington Post (10/11, A13, Boustany, 748K) reports, "Donning yellow and orange T-shirts, 700 activists from across the country pressed legislators and Capitol Hill staffers yesterday on the need for high-level American involvement to bring peace to northern Uganda," as "A number of nonprofit civic groups participated in the two-day gathering." John Prendergast, a senior adviser to the International Crisis Group who has served in past U.S.

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administrations," said, "I think a deal" between the warring factions "is possible, but it won't happen unless the U.S. engages." He added, "The absence of the Bush administration from the talks is condemning millions of northern Ugandans to a fate little better than death." New Jersey Rep. Christopher H. Smith "said he was going to call Secretary of State Condoleezza Rice to ask her to send an envoy to the Uganda peace talks."

Europe's "Centrists" Growing Concerned Over Islam. The New York Times (10/11, Bilefsky, Fisher, 1.21M) reports, "Europe appears to be crossing an invisible line regarding its Muslim minorities: more people in the political mainstream are arguing that Islam cannot be reconciled with European values." The Times adds "centrists" across Europe are "angry at terror attacks in the name of religion on a continent that has largely abandoned it, and disturbed that any criticism of Islam or Muslim immigration provokes threats of violence." Now "Europeans are discussing the limits of tolerance, the right with increasing stridency and the left with trepidation" as "those normally seen as moderates — ordinary people as well as politicians — are asking whether once unquestioned values of tolerance and multiculturalism should have limits." However, some "Muslims say this new mood is suddenly imposing expectations that never existed before that Muslims be exactly like their European hosts." Also, "the line between open criticism of another group or religion and bigotry can be a thin one, and many Muslims worry that it is being crossed more and more."

TV Producer Calls For Understanding Arab Side Of Issues. Souheila Al-Jadda, associate producer of a Peabody award-winning show, "Mosaic: World News from the Middle East," on Link TV, writes in an op-ed in USA Today (10/11, 2.27M) that "people in the Middle East don't hate us; in fact, most like our Western culture and its values. What they hate is our foreign policy," and "To win the confidence of people in the Arab world and have them accept Western values, U.S. foreign policy must reflect these values." There is "a new trend…emerging, with Western and Middle East news outlets planning to reach out to the other side and build bridges of understanding between their nations and people," and "To spare future generations further conflicts and wars, the world must support these modest attempts to bring differing opinions to new audiences. Ultimately, though, the will to engage in a global dialogue must be backed by a will to understand and a desire to change."

Arab, Muslim Activists Call On US To Support Arab Democracy. Radwan A. Masmoudi and Amr Hamzawy adapt an open letter to President Bush signed by 103 other Arab and Muslim activists and thinkers in Arab countries, Europe, the United States and elsewhere who have worked in support of democracy in an op-ed in the Washington Post (10/11, A19, 748K), "As Arab and Muslim intellectuals and activists concerned about the promotion of democracy in our region, we call on America and its president to reaffirm -- in words and actions -- its commitment to sustained democratic reform in the Arab world" and "entreat America to do all it can to ensure that a small number of authoritarian rulers will not control the future of more than 300 million Arabs." Some in the United States are "worried by recent Islamist gains among voters in Palestine and Egypt." However, "there is no way to advance liberty without inclusion of all elements that are willing to abide by democratic rules and reject violence," and "Democratic participation is the only way to combat extremism and pressure all groups, including Islamists, to moderate their stance in order to maximize their share of the vote." While "democracy is not easily attained and must ultimately come from within," it also "can receive encouragement and support, both of which it badly needs today in Arab countries." When "Arab citizens are able to have their choice, they will choose democracy, freedom, peace and progress."

NYTimes Urges US To Support Ban's Proposed UN Reforms. The New York Times (10/11, 1.21M) editorializes, "This week the Security Council picked Foreign Minister Ban Ki-moon of South Korea" to be Secretary General. "The United Nations is an essential organization for promoting American foreign policy goals and for achieving a fairer and more peaceful world. Yet the past few years have done serious damage," and "the single most ominous problem has been the sometimes hostile, sometimes aloof, but never constructively supportive attitude of the Bush administration." Secretary General Ban "cannot succeed without Washington's active cooperation, or without pushing through the reforms that fell short in the current term." He also needs "to cut back on obsolete study missions, layers of duplicative committees and sinecure staff positions that have piled up over decades without serious review. The United States strongly backed Mr. Ban's candidacy. If it supports Mr. Ban in doing his job, it would increase his chances for success."

WSJournal Urges Costa Rica To Implement Flat Tax. The Wall Street Journal (10/11, A14, 2.03M) editorializes, "The first country in Latin America that institutes a flat-tax regime is going to make history for that region." Former Estonian Prime Minister Mart Laar was in "Costa Rica last month to explain the groundbreaking structural change in his own country that sparked a free-market revolution all over

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Eastern Europe," but "the Costa Rican government is already trying to close the door on Mr. Laar's ideas." Instead, it "is promising an alternate plan that, if" President Oscar Arias's "rhetoric is any guide, will almost certainly raise taxes." However, the flat tax is supported by the press, and Arias's proposal may not pass his Congress. "Costa Rica has a chance to transform the region. It should take it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Democrats Aim At The Red."
"U.S. Fears Export Of Technology."
"O.C.'s 'Ring' Cycle Is Heaven For World's Opera Buffs."
"Two More Finalists Disclosed In Search For L.A. Schools Chief Job."
"Biologist Bushwhacks His Way To Court."
"U.S. Fears Export Of Technology."
"L.A. Liquor Store Owner Dares To Stand Up To Gangs."

USA Today:
"Against All Odds, Barbaro Perseveres."
"Report Skeptical Of Fraud At Polls."
"A Flunked Nuclear Test?"

New York Times:
"Rice Asserts U.S. Plans No Attack On North Korea."
"Instant Fallout For Politicians: Finger-Pointing."
"Religion-Based Tax Breaks: Housing To Paychecks To Books."
"3rd Iraq Death Has One Town Shaken To Core."
"Across Europe, Worries On Islam Spread To Center."
"Far From Big City, Hidden Toll Of Homelessness."

Washington Post:
"China Says It Will Back Sanctions On N. Korea."
"In Ohio, 'Values' Decline As Voting Issue."
"In Marine's Death, Clues To A Son's Life."
"North-South Relations Suffer A Sudden Chill."
"FBI Agents Still Lacking Arabic Skills."
"The Handwriting Is On The Wall."

Washington Times:
"China Hints Agreement On N. Korea."
"Winter Heating Likely To Cost Less."
"Islamic Center Files Suit On Checks."
"Fence Funding In Budget Just The Start."
"Hastert Vows To Fire Staff In Foley Cover-Up."
"Democrats Veer To The Right In Fight For House."

Atlanta Journal-Constitution:
"Fulton Jail Not Fixed, Judge Told."
"Consumers Warm Up To Lower Energy Costs."
"N. Korea Strains Chinese Support."
"Google Deal Makes YouTube Founders Giddy Millionaires."

Houston Chronicle:
"Council Divided On Wider Smoking Ban."
"Rains Bring Deadly Decision."
"Sanctions Target Sale Of Nuclear Technology."
"My, How Children's Museum Has Grown."
"'King Of The Apartment Business.'"

Story Lineup From Last Night's Network News:
ABC: Amish School Shooting-Transcripts; School Violence Summit; North Korea Nuclear Test; Possible Asian Nuclear Arms Race; Explosions In Baghdad; Military Recruiting Goals Met; Russian Journalist Killed; Foley Investigation; Warmer Winter; Working Mothers.
CBS: North Korea Nuclear Test; Condoleezza Rice Interview; Black Market-Nuclear Weapon Sales; Amish School Shooting- 911 Transcripts; School Safety; Explosions In Baghdad; Russian Journalist Killed; Foley Investigation; Veteran Candidates; Wade Zinkle Opinion-Iraq; Child Wakes From Coma.
NBC: Nuclear Test Reaction; Political Reaction-North Korea; Explosions In Baghdad; Russian Journalist Killed; Foley Investigation; Stock Market; School Violence Summit; Heating Prices Drop; Not Able To Retire; Bump Flights; Kids Making Money.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea Nuke Test; Iraq-US Ammo Dump Explosion; Bush-School Safety Summit; Midwest-Cold Snap.
CBS: China-North Korea Nuke Test; Hastert-Foley Scandal; Amish School Shootings-911 Calls; Bush-School Safety Summit; MLB Playoffs.
NPR: Japan-Earthquake; UN-North Korea Nuke Test; Durbin-Iraq Comments; Amish School Shootings-911 Calls; Bush-School Safety Summit; Foley Scandal Investigation; Philippines-Bombings; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Commander in Chief of the Veterans of Foreign Wars, Oval Office; meets with the President of the Southern Baptist Convention, Oval Office; speaks on the budget and the economy, Room 450, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Steve Chabot for Congress luncheon, Cincinnati Museum Center at Union Terminal, Cincinnati; participates in a Helping America's Youth event, Knoxville, Tenn.; speaks at a Bob Corker for

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Senate and Tennessee Republican Party reception, Knoxville.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER GEIR HAARDE OF ICELAND _ Highlights: 4:30 p.m. Speaks at the Johns Hopkins School of Advanced International Studies on U.S.-Iceland relations and future defense arrangements. room 500, 1717 Massachusetts Ave. Nw.

ARMY ASSOCIATION _ The Association of the United States Army holds its 2006 Annual Meeting & Exposition. Highlights: 11:30 a.m. Sustaining member reception/luncheon. Speaker: Kenneth J. Krieg, under secretary of defense for acquisition, technology and logistics, 12 p.m. Army Civilian Luncheon. Speaker: Under Secretary of the Army Pete Geren. 6 p.m. George C. Marshall Memorial Reception and Dinner. Marshall Medal receipient is former Sen. Warren Rudman, R-N.H. Location: Washington Convention Center.

BIOSCIENCE _ 8:30 a.m. 2006 Mid-Atlantic Bio: The Conference for Industry and Investors, the 2nd annual regional biotechnology forum. Highlights: 10:15 a.m. Plenary Session - Keynote Address. Keynote Address by Anthony S. Fauci, M.D., Director, NIAID, National Institutes of Health. Contacts: Alicia Moran, 703-739-2424 ext 110.

SCIENCE DEBATES _ 8:15 a.m. The American Association for the Advancement of Science holds a seminar to discuss how scientists, political strategists, reporters and others define science in debates over global warming, stem cells and other issues. Location: AAAS Auditorium, 1200 New York Ave. NW.

RUSSIA-GEORGIA _ 8:30 a.m. The Carnegie Endowment for International Peace holds a discussion with Russian experts discussing the situation in Georgia. Location: 1779 Massachusetts Ave. NW.

PUBLIC OPINION _ 8:45 a.m. The Chicago Council on Global Affairs, others, releases its 2006 Public Opinion Survey revealing important similarities and differences between public attitudes in the United States, China and India with regard to foreign policy priorities. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

CHINA _ 9 a.m. The Center for Strategic and International Studies holds a conference on expanding and improving interaction between U.S. and Chinese policy communities. Location: 4th floor conference room, 1800 K St. NW.

TRADE PREFERENCES _ 9 a.m. - 10:30 a.m. WITA hosts an off-the-record Insider panel discussion of the prospects for renewal of the Generalized System of Preferecnes (GSP) Program. Speakers include: Laura Baughman, Coalition for GSP and President, The Trade Partnership; Angela Ellard, Staff Director and Trade Counsel (Republican), House Ways and Means; Tim Reif, Chief Trade Counsel (Democrat), House Ways and Means. Location: Horizon Ballroom, ground level, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

GLOBAL THREATS _ 10 a.m. The Brookings Institution holds a briefing to release the findings of a report on the use of force to confront the proliferation of weapons of mass destruction, terrorism and grave humanitarian crises. Participants include James Steinbert of the University of Texas, former Botswana Amb. Alfred Dube, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN _ 10 a.m. Rep. Dennis Kucinich holds a briefing on the threat of war against Iran, with former nuclear weapons inspector David Kay, Joseph Cirincione at the Center for American Progress, President Trita Parsi of the National Iranian American Council, others. Location: Room 2154, Rayburn.

BASHAM-HOMELAND SECURITY _ 11 a.m. The US Chamber of Commerce hosts a trade security business forum with Commissioner W. Ralph Basham, Customs and Border Protection, U.S. Department of Homeland Security. Basham will address the broader business community for the first time in his new role, and will discuss top issues affecting homeland security today. Location: U.S. Chamber of Commerce, 1615 H St. NW.

NORTH KOREA _ 11 a.m. The Center for Strategic and International Studies holds a briefing regarding North Koreas nuclear test and associated issues. Location: B-1-B conference level, 1800 K St. NW.

ENVIRONMENTAL SCORECARD _ 12 p.m. The League of Conservation Voters holds a news conference to release its 2006 National Environmental Scorecard. Location: LCV offices, Suite 800, 1920 L St. NW.

HURRICANES-CLIMATE CHANGE _ 12 p.m. The Washington Roundtable on Science and Public Policy hosts a presentation on ``Hurricanes and Climate Change: Assessing the Linkages Following the 2006 Season," with Dr. William Gray, Colorado State University. Location: Capitol Hill Club, 300 First St. SE.

HEALTHCARE _ 12 p.m. - 1:30 p.m. Former Senator John Breaux joins David Kendall, Senior Fellow for Health Policy and Director of the Health Priorities Project, Progressive Policy Institute; Peter Pitts, Director of the Center for Medicine in the Public Interest; and Professor James A. Thurber, Director, Center for Congressional and Presidential Studies, American University for a lunch forum as part of Breaux's ``Ceasefire on Health Care" campaign. Location: American University, Butler Ballroom, Butler Pavilion, 6th floor.

HEALTHCARE _ 12:15 p.m. - 2 p.m. The Commonwealth Fund and the Alliance for Health Reform co-sponsor a luncheon briefing, ``Measuring up: A Comprehensive Scorecard for America's Health System." A

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new assessment by Commonwealth finds that deficiencies in the nations health care system cost 100,000 to 150,000 lives and $50 to $100 billion annually. Panelists: Cathy Schoen, The Commonwealth Fund and Tom Miller, American Enterprise Institute. Senior congressional staff members will be on hand to react to panelist presentations. Ed Howard of the Alliance and Steve Schoenbaum of Commonwealth will moderate. Location: Room G-50, Dirksen Senate Office Building.

VOTER SURVEY _ 1:30 p.m. The Civil Society Institute holds a telephone briefing to release a survey of likely voters who are ``red, white and green." Notes: Callin number: 800-860-2442; passcode: ``red, white and green voter survey."

IRAQ-REID _ 2:15 p.m. Sen. Jack Reid holds a news conference on his trip to Iraq. Location: Senate Radio-TV Gallery.

IRAQ _ 6 p.m. George Washington University's Public Diplomacy Institute will host ``Anatomy of a Failure: What Went Wrong in Iraq?" featuring Washington Post reporters Tom Ricks and Rajiv Chandresakaran, who have both recently written books on the subject. The forum will be followed by a book signing for both authors. Location: George Washington University Law School, LL102, Lerner Hall Lower Level, 2000 H St. NW.

MILITARY COMMISSIONS _ 7 p.m. Georgetown University holds a panel discussion on the Military Commissions Act of 2006, with university faculty. Location: Bunn Center Auditorium, on campus.

US-PALESTINE _ 7 p.m. Secretary of State Condoleezza Rice will deliver the keynote speech at the American Task Force on Palestine Inaugural Gala. Other participants include Prince Turki al-Faisal, Ambassador of Saudi Arabia; Ambassador Afif Safiyeh, Head of the PLO Mission to the U.S.; Sens. Carl Levin and John Sununu. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, October 11, 2006 8:09 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, October 11, 2006
Attachments:	dojclips061011.pdf; dojclips061011.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 11, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

N.Y. Mosque Leaders Found Guilty (AP)

By Michael Virtanen

AP, October 11, 2006

ALBANY, N.Y. - Two mosque leaders arrested in a terrorism-related sting were convicted Tuesday of federal money laundering charges.

Yassin Aref, imam at the Masjid as-Salam mosque in Albany, and Mohammed Hossain, a pizzeria owner and a founder of the mosque, were never accused of being terrorists, but prosecutors said they laundered money in 2003-04 for an FBI informant.

They were accused of attempting to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization.

Hossain was convicted on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Prosecutors said the informant, a Pakistani businessman posing as an arms dealer, asked Hossain to launder $50,000 from the sale of a shoulder-fired missile that they were told would be used to kill a Pakistani diplomat in New York City. Aref acted as a witness to the series of transactions.

"Obviously we had a couple of individuals that were prone to supporting terrorism," U.S. Attorney Glenn Suddaby said after the verdict. "The FBI did what they had to do."

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar.

Assistant U.S. Attorney William Pericek said through the sting, the men were simply offered an opportunity to choose whether to participate with the informant in a terrorist plot.

Defense lawyers said the two men had an incomplete understanding of what the informant was proposing. Hossain's lawyer, Kevin Luibrand, said his client was entrapped. Aref merely thought he was acting as a witness to financial transactions according to Muslim custom, said his lawyer, Terence Kindlon.

Hossain, a 51-year-old naturalized U.S. citizen from Bangladesh with severe diabetes, faces about 20 years in prison. Luibrand said that is tantamount to a life sentence and that the verdict likely will be appealed.

Kindlon did not comment on what kind of sentence Aref could face, saying he didn't want to speculate. Pericek said Aref likely would be deported after serving his prison sentence.

Luibrand added that his client had not committed any crimes, nor did he intend to, before he was targeted by the government. The FBI acknowledged Aref was its ultimate target, using Hossain to get close to him.

The men are scheduled to be sentenced Feb. 12.

Terror Trial Verdict Reached (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, October 11, 2006

Yassin Aref found guilty of 10 of 30 terrorism-related counts; Mohammed Hossain guilty on all 27 counts

ALBANY -- A federal court jury this afternoon found the leader of a Central Avenue mosque guilty of 10 of 30 terrorism-related counts against him and his co-defendant guilty on all 27 counts he faced.

Yassin M. Aref, the religious leader, and Mohammed M. Hossain are accused of taking part in a fictitious plot to help launder money from the sale of a shoulder-fired missile to terrorists plotting an attack in New York City.

Aref faced separate charges for allegedly lying on a green card application and while being interviewed by FBI agents about his ties to a Kurdish political party.

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The verdicts came in the fourth day of deliberations in U.S. District Court. Jurors were sent home for the weekend late Friday afternoon and resumed deliberations this morning after the three-day holiday weekend.

Jurors on Friday asked to watch an FBI surveillance videotape of a key meeting between an undercover informant and Aref. At the meeting, which took place in January 2004, about six months after the sting began, the two men discussed the informant's plan to ``legalize" money that he was loaning to Hossain.

At the end of the day Friday, the jury also asked U.S. District Judge Thomas J. McAvoy to clarify two charges in the 30-count indictment. Jurors wanted to know whether the charges, as written, require that the defendants knew the informant was making money from the illicit smuggling of any firearms, or, specifically making money off the sale of the shoulder-fired missile that was used in the sting and shown to jurors during the trial.

The informant showed Hossain the missile launcher during a meeting in November 2003. Aref never saw the missile launcher. At another meeting with both men, in January 2004, the informant pulled out a missile-triggering device. Aref said he never saw it because he was counting money as the informant flashed the foot-long device.

Verdict Reached In Aref And Hossain Trial (CAPN9)

By Steve Ference

Capital News 9, October 11, 2006

Jurors have found two Albany Mosque leaders guilty of terrorism charges. Pizzeria owner Mohammed Hossain was found guilty on all charges against him, while Imam Yassen Aref was only convicted of 10 of the charges. Our Steve Ference has the latest information on the verdict.

The jury foreman speaks out after he and his fellow jurors spent a full four days deliberating over charges these two men supported terrorism through money laundering, lied on immigration documents and aided a designated terrorist group.

U.S. Attorney, Bill Pericak, said "This is a world where when we have suspicions about people, we have a choice. Do we do something or do we wait until something happens?"

Jurors have found two Albany Mosque leaders guilty of terrorism charges. Pizzeria owner Mohammed Hossain was found guilty on all charges against him, while Imam Yassen Aref was only convicted of 10 of the charges. Our Steve Ference has the latest information on the verdict.

Prosecutor Bill Pericak said the government sting operation nabbed two men who could have walked away from the FBI informant who pretended to be a missile dealer to a terrorist organization.

But they didn't.

The jury found Mohammad Hossain, a pizza shop owner guilty on all charges, conspiring to conceal money believed to be the proceeds of supporting a terror organization, importing and dealing firearms without a license and conspiring to prepare and threatening to use a weapon of mass destruction.

"The jury worked very hard," Pericak said. "And you could tell from their verdict that they really examined the evidence very carefully and I think they arrived at a just result."

While not found guilty on all counts, the jury decided Albany Muslim leader Yassin Aref also conspired to conceal money believed to be the proceeds of the sale of a surface to air missile, threatening to use a weapon of mass destruction and providing support to the terrorist group Jaish-il Muhammad.

Defense attorney, Terrence Kindlon, said he looks to the future.

"You know clearly, the willingness of the jury in this case to acquit on 20 of the 30 counts gives us a glimmer of hope for the future."

Now the attorneys try to figure out the complicated sentencing guidelines that could lead to Aref's deportation and Hossain's incarceration for around 20 years.

Jury Convicts 2 Albany Men In Missile Plot (NYT)

By Michael Wilson

The New York Times, October 11, 2006

ALBANY, Oct. 10 — A federal jury on Tuesday convicted two Muslim immigrants of participating in a plot with a man who said he was helping plan a missile attack on a Pakistani diplomat in New York City in 2004.

The man to whom the immigrants were linked was actually an informant working with the F.B.I. in a sting operation against the two defendants, Yassin M. Aref, 36, an Iraqi refugee and the imam at an Albany mosque, and Mohammed M. Hossain, 51, a Bangladeshi immigrant and the owner of a pizzeria here. The gestation of the case, with the government's informant ingratiating himself with the men and initiating all the conversations about a shoulder-fired rocket launcher, led to claims of entrapment from Mr. Hossain's lawyers during the three-week trial in Federal District Court.

"Obviously we had a couple of individuals that were prone to supporting terrorism," United States Attorney Glenn T. Suddaby said after the verdict.

Mr. Aref, the imam, smiled at his lawyers Tuesday as he left the courtroom in custody. He has been in jail for the past year awaiting trial in the case. Mr. Hossain, who had been free on bail, turned to address the handful of supporters from the Masjid as-Salam Mosque where he and Mr. Aref met several years ago. "Peace is my victory," he shouted. "God is great. He is watching who is right and who is wrong. Thank you so much to everyone." He, too, was led away in shackles.

Prosecutors argued that he was driven by greed to enter a money-laundering scheme, and the imam by ideology. The defense argued that both men were duped into taking part in a deal they never understood. The garbled words supporting both versions played out before the jury in several hours of surveillance tapes.

A lawyer for Mr. Hossain, Kevin A. Luibrand, said that the defendants would appeal, and that the entrapment theory would again be raised. "Before the government arrived on the scene, they were not committing any crimes and were not thinking about committing any crimes," he said.

The men are to be sentenced on Feb. 12. The lengths of their sentences were unknown Tuesday, with Mr. Luibrand estimating 20 years in prison for Mr. Hossain, who was convicted of more crimes than Mr. Aref.

The case began when the undercover informant, Shahed Hussain, who used the name "Malik," introduced himself to Mr. Hossain at the Little Italy Pizzeria on Central Avenue in July 2003, bringing gifts for the restaurateur's children, according to testimony. The two became friends, and the informant offered to lend Mr. Hossain $50,000 for improvements to the pizzeria. At later meetings, Mr. Hussain testified that he told Mr. Hossain that the money he was going to lend to him came from the sale of a missile launcher that would be used to kill a Pakistani diplomat in New York.

In reality, there never was a plot. In one meeting, captured on a video that was played at the trial, the informant showed Mr. Hossain a launcher. The restaurateur said he had only seen such a weapon on television, and he asked if it was legal, and the informant replied, "What is legal in this world?"

The defense argued that such cryptic statements made it unclear what was being discussed. Mr. Hossain, at the informant's request, began repaying the loan in small checks of $2,000 to $6,000 over several months.

According to testimony, Mr. Hossain asked Mr. Aref to attend another meeting with the informant to act, by Muslim custom, as a witness to the loan. Mr. Aref, whose name and telephone number in Albany the government said were found in Iraq that same year on papers discovered among suspected terrorists, testified that he never knew of any plot.

A friend of Mr. Aref testified that at a dinner in 2004 at the imam's home, the informant suddenly blurted out that New York would soon be attacked by a missile, and that Mr. Aref quickly patted him down and asked, "Are you carrying a recorder?" That time, there was none.

Mr. Aref testified that he thought Mr. Hussain was joking.

He also testified that anyone looking to attack the United States "came to the wrong person." Mr. Hossain had been interviewed several times at his pizzeria over the years, saying once, after the Sept. 11 attacks, "I'm proud to be an American."

The men were convicted of conspiring to aid a terrorist group and provide support for a weapon of mass destruction, as well as money-laundering and supporting a foreign terrorist organization, Jaish-e-Mohammed, or JEM, a group in Pakistan that the informant told the men he supported. Mr. Aref was acquitted of most of the 30 counts that involved writing checks.

Mr. Hossain is a citizen, but Mr. Aref, who arrived as a refugee from the Kurdish region of Iraq, will eventually be deported, prosecutors said.

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Before the verdict, Mr. Hossain's wife, Mossammat Fatima Hossain, sat quietly in a booth at the pizzeria, which was empty but for a friend and her eldest son, who is 13. Business had fallen since the indictment, she said. After she learned of the verdict, she sat in the restaurant, unable to speak.

FBI Agents Still Lacking Arabic Skills (WP)

By Dan Eggen

The Washington Post, October 11, 2006

Five years after Arab terrorists attacked the United States, only 33 FBI agents have even a limited proficiency in Arabic, and none of them work in the sections of the bureau that coordinate investigations of international terrorism, according to new FBI statistics.

Counting agents who know only a handful of Arabic words -- including those who scored zero on a standard proficiency test -- just 1 percent of the FBI's 12,000 agents have any familiarity with the language, the statistics show.

The numbers reflect the FBI's continued struggle to attract employees who speak Arabic, Urdu, Farsi and other languages of the Middle East and South Asia, even as the bureau leads a fight against terrorist groups primarily centered in those parts of the world. The same challenge is facing the CIA and other agencies as the government competes with the private sector for a limited number of applicants with foreign-language proficiency, according to U.S. officials and experts.

The shortage of agents with foreign-language skills also shows the extent to which the FBI has focused on translators since the Sept. 11, 2001, attacks, in part because officials believe it is more valuable to have specially trained linguists.

In a recent deposition filed in an employee lawsuit, a senior FBI official testified that the bureau's two International Terrorism Operations Sections (ITOS) do not require any agents to know Arabic, even though the sections coordinate all foreign terrorism investigations. Only four agents in ITOS have any familiarity with Arabic, and none of them are ranked above elementary proficiency, documents show.

"There are no agent positions, at any level, in either ITOS I or II that utilize the Arabic language as part of their ITOS duties or responsibilities," Michael J. Heimbach, head of ITOS I, testified in his deposition. ". . . As such, knowledge of the Arabic language is not a skill set utilized by either ITOS I or II."

FBI officials said it is not crucial for agents working in the ITOS sections to know Arabic or other foreign languages, because they rely primarily on documents or interviews already translated by FBI linguists. As for agents in the field in the United States or overseas, FBI officials say translators are readily available when needed by investigators, usually within 24 hours.

But Daniel Byman, a Georgetown University associate professor who heads the school's Security Studies Program, said the FBI's continuing failure to attract Arabic-speaking agents is "a serious problem" that hurts the bureau's relations with immigrant communities and makes it more difficult to gather intelligence on extremist groups.

"With any new immigrant communities, they need these language skills, whether it's Vietnamese or Pakistani or Arabic," Byman said. "It also often gives you extra cultural knowledge and sensitivity. It makes you more sensitive to nuance, which is what investigations are often all about."

Margaret Gulotta, chief of the FBI's language services section, said in an interview that the bureau has made significant progress since 9/11 in increasing the number of translators who speak Arabic and other foreign languages. The number of translators proficient in Arabic has grown from 70 in September 2001 to 269 as of July -- an increase of nearly 300 percent -- while the overall number of linguists has nearly doubled.

The FBI also has a "very aggressive training program" of foreign-language instruction for agents and other programs that make it easier to hire candidates with foreign-language ability, Gulotta said. In fiscal 2005, she said, more than 1,600 agents took classes.

"Do we need more Arabic-speaking agents? By all means we want more Arabic-speaking agents," Gulotta said. "But admittedly it's a very difficult group of people to recruit and hire. . . . We've been a lot more successful in recruiting and hiring contract linguists and language specialists."

More than 1,400 agents have at least a limited working proficiency in a foreign language, including nearly 900 who speak Spanish. Other languages include Russian, Farsi, Vietnamese, Japanese, Korean, Mandarin and Cantonese, the FBI said.

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Gulotta and other officials said several factors limit the number of foreign speakers who can become agents at the FBI. Special agents, for example, must be U.S. citizens. They also must undergo background checks that are much more difficult to pass if the candidate has relatives or friends overseas.

"It is easier to get a security clearance if you don't have any interaction with foreigners, which is not what you want if you want better interaction with foreigners," Byman said.

Some of the new information about language abilities at the FBI has emerged in connection with a lawsuit by one of the FBI's highest-ranking Arabic speakers, Special Agent Bassem Youssef, who sued the Justice Department and the bureau alleging retaliation after he complained that he was cut out of terrorism cases after the Sept. 11 attacks.

Youssef, a naturalized U.S. citizen who was born in Egypt, is one of only six FBI agents who scored a 4 for "advanced professional proficiency" in Arabic on standardized speaking tests administered by the Interagency Language Roundtable for federal agencies.

Youssef's attorney, Stephen M. Kohn, said the statistics indicate that most FBI agents have no way to gauge the accuracy of translated materials and must rely on linguists or other third parties for their information.

"How do you fight a war with that kind of disadvantage?" Kohn asked.

Gulotta and other experts note that the FBI is not alone in its struggle to attract qualified job candidates who speak Arabic or other foreign languages.

A study released last week, for example, found that three terrorists housed at a federal prison in Colorado were able to send more than 90 letters to fellow extremists overseas, in part because the prison did not have enough qualified language translators to understand what was happening.

The Bush administration early this year unveiled a "National Security Language Initiative" aimed at encouraging more instruction in "critical" languages in elementary schools, secondary schools and universities.

The lack of such programs hurts "national security, diplomacy, law enforcement [and] intelligence communities," said a fact sheet accompanying the initiative's launch.

Steve Ackley, director of communications for the American Council on the Teaching of Foreign Languages in Alexandria, said the FBI and other agencies are faced with a serious challenge, because language instruction is so undervalued in U.S. schools.

"American society in general does not put a huge premium or value on multilingualism," Ackley said. "Until the general public . . . recognizes that this is an area that the government in general and agencies like the FBI and CIA have to invest in, this is not a problem that's going to get better."

The Cost Of Doing Your Duty (NYT)

The New York Times, October 11, 2006

During the recent debate over how to handle the prisoners at Guantánamo Bay, the Bush administration made a lot of noise about its commitment to fair treatment for the detainees and its respect for the uniformed lawyers of the armed forces. Anyone who believed those claims should consider the fate of the Navy lawyer whose integrity helped spark that debate in the first place.

In 2003, Lt. Cmdr. Charles Swift was assigned to represent Salim Hamdan, a Yemeni citizen accused of being a high-ranking member of Al Qaeda — for the sole purpose of getting him to plead guilty before one of the military commissions that President Bush created for Guantánamo Bay. Instead of carrying out this morally repugnant task, Commander Swift concluded that the commissions were unconstitutional. He did his duty and defended his client. The case went to the Supreme Court, which ruled in June that the tribunals violated American law as well as the Geneva Conventions.

The Navy responded by killing his military career. About two weeks after the historic high court victory in Hamdan v. Rumsfeld, Commander Swift was told he was being denied a promotion. Under the Navy's up-or-out system, that spelled the end of his 20-year career, and Commander Swift said last week that he will be retiring in March or April.

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With his defense of Mr. Hamdan and his testimony before Congress starting in July 2003, Commander Swift did as much as any single individual to expose the awful wrongs of Guantánamo Bay and Mr. Bush's lawless military commissions. It was a valuable public service and a brave act of conscience, and his treatment is deeply troubling.

The law creating military tribunals for terror suspects, passed by Congress in a pre-election panic, leaves enormous room for the continued abuse of prisoners and for the continued detention of scores of men who committed no crime. If their military lawyers are afraid to represent them vigorously, their hopes for justice dim even further.

The Navy gave no reason for refusing Commander Swift's promotion. But there is no denying the chilling message it sends to remaining military lawyers about the potential consequences of taking their job, and justice, seriously.

HOMELAND RESPONSE:

Why Tariq Ramadan Lost (WT)

By Rachel Ehrenfeld And Alyssa A. Lappen

The Washington Times, October 11, 2006

Tariq Ramadan's latest attempt to legally obtain a visa to the United States was denied on Sept. 24. This was not the first time that Mr. Ramadan -- an Egyptian-born, Swiss citizen and the grandson of Muslim Brotherhood founder Hasan al-Banna -- was barred from the United States On July 28, 2004, the Department of Homeland Security revoked Mr. Ramadan's visa under the Immigration and Nationality Act. In that instance, while no specifics were given, Mr. Ramadan's activities -- lectures and writings in support of the Islamist agenda -- were presumed the obvious cause.

According to State Department spokeswoman Janelle Hironimus, Mr. Ramadan's latest application for a visa was denied "based solely on his actions, which constituted providing material support to a terrorist organization." However, Mr. Ramadan, an Oxford University fellow, claims that his contributions of $940 between 1998-2002 to the French-based Hamas front "Committee for Palestinian Charity and Aid" were legal, because the United States listed it as "Specially Designated Global Terrorists" only in 2003. Nevertheless, the Palestinian charity (and its 17 aliases) at the same Lille, Lyon and Paris addresses, had already been publicly identified and designated by Israel as a Hamas front organization in May 1997. Indeed, Mr. Ramadan reiterated his commitment to Hamas saying: "If the price to pay for this commitment is to never to tread upon American soil, I am ready to pay that without the slightest hesitation."

Mr. Ramadan, however, claims his funding of Hamas was just an excuse. The "Bush administration has barred me for a much simpler reason: It doesn't care for my political views."

In public statements from London, where he was appointed last year to the government's "working group on tackling extremism," and in an Oct. 1 op-ed in The Washington Post, Mr. Ramadan declared that unlike the enlightened Europeans who allow criticism, especially regarding the war on terrorism, "the U.S. government's paranoia has evolved far beyond a fear of particular individuals and taken on a much more insidious form: the fear of ideas."

Although the U.S. government barred him for his terror financing, his "ideas" and influence among Muslims are nothing to sneeze at.

Consider the following: On Dec. 8, 2005, the French prosecution of Chechen terror network chief Menad Benchellali revealed evidence of Mr. Ramadan's links to terrorists in Europe. Benchellali had traveled to Switzerland "one or two times in 2000, to attend conferences on Islam provided by Tariq Ramadan." Benchellali, who later planned chemical attacks in France "under the supervision of Abu Musab Al Zarqawi," was sentenced in June to 10 years in prison.

Earlier, in March 2005, Algerian al Qaeda member Djamel Beghal received 10 years in prison in Paris for participating in a foiled terror attack on the U.S. embassy there. Beghal testified in September 2001 that "his religious engagement started in 1994," when "he was in charge of writing the statements of Tariq Ramadan." That October, Beghal added that he had also taken "courses given by Tariq Ramadan."

Moreover, a 2001 Swiss intelligence memo said: "brothers Hani and Tariq Ramadan coordinated a meeting held in 1991 in Geneva attended by [al Qaeda leader] Ayman Al Zawahiri and Omar Abdel Rahman," the imprisoned planner of the 1993 World Trade Center attack.

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Spanish Judge Balatasar Garzon, whose investigations into the terror activities of the Algerian Ahmed Brahim, rendered a 10-year prison sentence in April 2006, reported Ramadan's "routine contacts" with Brahim, the alleged financial chief of Al Qaeda in Europe and financier of the 1998 U.S. embassy bombings in Kenya and Tanzania.

Mr. Ramadan denies these charges. But according to French terrorism expert Jean-Charles Brisard, Mr. Ramadan also "denied being a director of the Geneva Islamic Center, a position he still holds, according to the official Swiss register of companies."

Mr. Ramadan's activities do not stop in Europe. In 1995, when the Algerian Armed Islamist Movement (AIM) perpetrated several terrorist attacks in Paris, French Interior Minister Jean Louis Debre barred Mr. Ramadan at that time from France -- based on his links to AIM. Tunisia, Saudi Arabia and his native Egypt also bar Mr. Ramadan from crossing their boarders. He is denied entrance to those countries, not for supporting Hamas or because he carries peaceful messages. They keep him out because of his links to and influence on radical Muslim groups.

Regardless, Mr. Ramadan's popularity among the Europeans is growing fast. He was just nominated by the EuropeanVoice, a Brussels-based newspaper covering the European Union, for a Europeans of the Year Award in two categories: the Non-EU Citizen who "has had the biggest impact on the Union in 2006," together with Bill Gates, Kofi Annan, Alan Greenspan and Mahmoud Abbas, and as European of the Year with the likes of Italy's prime minister, Romano Prodi, and German Chancellor Angela Merkel.

So do not count Mr. Ramadan out, yet. The American Civil Liberties Union, which filled several lawsuits on his behalf, condemned the State Department's decision, and said, "it was considering an appeal." Stay tuned.

Rachel Ehrenfeld is director of the American Center for Democracy. Alyssa A. Lappen is a senior fellow at the American Center for Democracy.

Congress Gives DHS Six Months To Revise Terrorist Watch Lists (GovExec/CD)

By Chris Strohm

Government Executive/CongressDaily, October 10, 2006

With frustration levels apparently reaching an all-time high, lawmakers have given the Homeland Security Department a hard deadline to revamp its process for clearing individuals who have been wrongly put on terrorist watch lists.

The fiscal 2007 Homeland Security appropriations bill -- signed into law last week -- requires the department within six months to "establish revised procedures for expeditiously clearing individuals whose names have been mistakenly placed on a terrorist database list or who have names identical or similar to individuals on a terrorist database list."

Frustration and anger has grown in Congress during the last year that government watch lists are riddled with inaccuracies, especially in the aviation arena where innocent U.S. citizens and even lawmakers themselves have been detained because their names appeared on one of the lists.

"If we're going to have a watch list that works, we should fine-tune it," Rep. Zoe Lofgren, D-Calif., said during a June hearing.

Senate Commerce Committee Chairman Ted Stevens, R-Alaska, said in February that his wife, Catherine, was questioned at airport checkpoints because her name matched that of a singer formerly known as Cat Stevens. And well-known Sen. Edward Kennedy, D-Mass, and civil rights pioneer Rep. John Lewis, D-Ga., also have said they were wrongly placed on a watch list and stopped many times.

A spokesman for the Homeland Security Department was unable to provide comment as of Tuesday afternoon. But Homeland Security Secretary Michael Chertoff and Secretary of State Rice last January announced that the government would "accelerate efforts to establish a government-wide traveler screening redress process to resolve questions if travelers are incorrectly selected for additional screening."

Last Friday, the American Civil Liberties Union called for the government to shut down its aviation watch lists. The demand came in response to a CBS "60 Minutes" report disclosing that the lists include many common names along with people who are dead, in prison, or are international dignitaries, such as the president of Bolivia. The report also said the lists do not include the names of some suspected terrorists because agencies do not want to share them outside the government.

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"Until Homeland Security can figure out a way to create a genuine, narrow, targeted list of real terrorists rather than harming innocent people, Congress needs to shut this monstrosity down," said Tim Sparapani, ACLU legislative counsel.

The Homeland Security Department's Transportation Security Administration operates three aviation watch lists: one with names of individuals who are not allowed to fly; one with names who need secondary screening; and one with names who have been cleared through a redress process. The FBI's Terrorist Screening Center is responsible for managing and consolidating all government watch lists.

The FBI and TSA both issued statements in the last two days defending watch lists as valuable counterterrorism tools and clarifying current redress procedures. A TSA spokeswoman said about 35,000 people have sought redress for mistakenly being on an aviation watch list. Both TSA and the FBI declined to reveal names or how many people are on any of the lists, saying that information is secret.

Katrina-Related Brawl With State Farm Heats Up (LAW)

By Peter Geier, The National Law Journal

National Law Journal, October 11, 2006

Allegations by whistleblowers and plaintiffs lawyers that State Farm Fire & Casualty Co. used a "one-size-fits-all" engineering report to deny policyholders' Katrina-related claims are stirring up Mississippi's southern federal district.

State and federal prosecutors and grand jurors are looking into allegations that insurance claims were denied on the basis of a biased engineering report. The allegations were brought to light by two claims adjusters who had worked for an Alabama risk management firm under contract with Bloomington, Ill.-based State Farm.

Richard T. "Flip" Phillips of Smith, Phillips, Mitchell, Scott & Nowak of Batesville, Miss., an attorney representing Judy M. Guice in a mass tort on behalf of Mississippi homeowners who lost their homes, alleges that State Farm's tactics reveal "a calculated strategy of wrongful claims denial." Guice v. State Farm Fire & Casualty Co., No. 06-cv-1 (S.D. Miss.).

"If they're allowed to do this, the lesson the insurance industry will have learned is that in mass catastrophe situations, a calculated course of across-the-board, wrongful claims denial and trying one case at a time pays," Phillips said.

State Farm spokesman Phil Supple said that the company has been resolving claims fairly and is cooperating with state and federal probes into its activities.

Loretta L. Worters, vice president of the New York-based Insurance Information Institute, an insurance industry-funded group, said that the accusations were merely the plaintiffs lawyers latest attempt "to see what, if anything, will stick -- both through the media and in a court of law."

"First, it was the so-called hurricane deductible (which does not exist), then it was the supposedly vague policy language (which, in fact, a judge has ruled is clear); now it is unfounded charges of conspiracy. As each one of [their] arguments gets shot down, [they try] a new tactic," Worters wrote in an e-mail.

Underlying the litigation is the issue of whether the damage to policyholders' homes was caused by Katrina's high winds, which most policies cover, or by the storm surge and high waters, against which many policyholders were not insured. The southern district of Mississippi so far has denied class certification on the ground that each case involves its own set of circumstances as to the percentage of wind to water damage.

But the plaintiffs allege that State Farm used a "generic engineering report ... which concluded that all of the hurricane damage to property on the Mississippi Gulf Coast was caused by storm surge and not by hurricane wind," in essence to deny all of their claims, according to an amended complaint filed in McFarland v. State Farm Fire & Casualty Co., No. 06-466 (S.D. Miss.).

Plaintiffs further allege that State Farm is following a pattern of fraudulent claims handling that was established in Oklahoma, Texas and other jurisdictions around the country.

A federal grand jury in Jackson, Miss., that is investigating these allegations reportedly asked to see the record and transcripts of an Oklahoma insurance claim case in which a state jury awarded $9.9 million in punitive damages in May to a homeowner who sued State Farm after a tornado destroyed his home in 1999. Watkins v. State Farm Fire & Casualty Co., No. CJ-2000-303 (Grady Co., Okla., Dist. Ct.).

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In a related development, a recent State Farm motion for a protective order identifies by name two of five State Farm employees who are possible targets of state and federal criminal investigations and grand jury proceedings over claims-handling issues. State Farm has sought to prevent its employees from being deposed in civil matters while the criminal probes are pending.

Plaintiffs lawyers support their allegations regarding State Farm's claims handling with at least 15,000 documents copied and disclosed to them and to state and federal law enforcement authorities by Cori Rigsby Moran and Kerri Rigsby, sisters who were formerly adjusting Katrina claims for State Farm through their former employer, E.A. Renfroe & Co. of Birmingham, Ala. The sisters reportedly now work for Richard F. "Dickie" Scruggs of Oxford, Miss., who represents the McFarland plaintiffs. He did not return a call for comment.

Renfroe is now suing Moran and Rigsby in federal court in Alabama, seeking injunctive relief and unspecified damages for the sisters' alleged breach of contract and violation of the Alabama Trade Secrets Act. E.A. Renfroe & Co. Inc. v. Moran, No. 06-1752 (N.D. Ala.).

WAR NEWS:

Baghdad Blasts Kill 17; Dozens Of Bodies Found (NYT)

By Michael Luo

The New York Times, October 11, 2006

BAGHDAD, Oct. 10 — Dozens of bodies turned up in Baghdad and a series of bombs killed at least 17 people on Tuesday, indicating that the sectarian violence in the capital showed little sign of easing, despite efforts by the American military and its Iraqi counterparts to quell it.

At least 50 bodies, riddled with bullets and many bearing signs of torture, were discovered across Baghdad, an Interior Ministry official said. About 60 bodies were discovered the day before.

Meanwhile, a troubled neighborhood at the center of the American military's push to secure the capital was hit by three deadly bomb blasts, including one at a busy bakery, the authorities said.

The bombings came in addition to a series of huge explosions that shook the capital over several hours late Tuesday evening, apparently caused by a fire inside an ammunition holding area at a United States military base in southern Baghdad.

The origins of the blaze are still being investigated, but it set off ammunition and ordnance, including tank rounds and artillery, said Lt. Col. Jonathan B. Withington, a spokesman for the Fourth Infantry Division.

Television images showed an extensive fire burning in the night, punctuated by periodic explosions.

The deadly blasts earlier in the day took place in the southern Baghdad neighborhood of Dora. The area was one of the earliest to experience the sectarian bloodletting in Baghdad.

American and Iraqi soldiers moved into the neighborhood in force in August, as part of a new security plan for the capital that involved neighborhood-by-neighborhood sweeps in which troops would secure and hold areas.

Dora had been mostly quiet over the past two months, aside from periodic explosions that killed small numbers of people. Residents were able to sleep on their rooftops again. Garbage crews moved through and cleaned its streets for the first time in months.

On Tuesday, any semblance of normalcy was shattered, however. About 12:30 p.m. a bomb exploded outside a bakery and killed 10 civilians and wounded four others. The blast reduced the bakery to rubble.

About the same time, six policemen were killed when, as they responded to a report about a body in a car, the car exploded, said an officer of the Rafdian Brigade, an Iraqi commando unit assigned to Dora. Four others were wounded.

A half hour earlier, a roadside bomb killed one policeman and wounded four others, an Interior Ministry official said.

The deadly day in Dora underscored the difficulty for the American military as it tries to secure neighborhoods.

Iraqi lawmakers pushed ahead on Tuesday in their efforts to flesh out a plan introduced by Prime Minister Nuri Kamal al-Maliki to stem the sectarian attacks in the city.

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At the heart of the plan is the creation of joint Shiite and Sunni committees that will be in charge of safeguarding each district in Baghdad.

Overseeing their efforts will be a Central Committee for Peace and Security, whose members met Tuesday to discuss a plan to require that each checkpoint in the capital be operated by an equal number of Sunni and Shiite troops, or perhaps by joint teams of police and army officers, said Basim al-Sharif, a Shiite and a committee member.

The Iraqi immigration minister, Abdul-Samad Sultan, said more than 300,000 Iraqis hade fled their homes since the American-led invasion in 2003, The Associated Press reported. Half of them left after the February bombing of a sacred Shiite shrine in Samarra set off cascades of sectarian violence.

He estimated that about 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003, after the American-led invasion toppled the government of Saddam Hussein.

On Tuesday, the chief judge at the genocide trial of Mr. Hussein once again ejected him from the courtroom. The former dictator is being tried on charges of killing more than 50,000 Kurds in a 1988 military campaign in northeastern Iraq.

When it was his turn to question a prosecution witness, Mr. Hussein made a speech, beginning with a quotation from the Koran. The judge, Muhammad al-Uraibi, who has been stricter in his courtroom than his predecessor, Abdullah al-Amiri, immediately cut him off and then eventually ejected him. Mr. Amiri, the previous chief judge, was removed from his position last month by Mr. Maliki for allegedly showing bias toward the defense.

One of Mr. Hussein's co-defendants, Hussein Rashid, a former military commander, was also dispatched from the courtroom. Mr. Rashid punched a guard and called prosecutors pimps and traitors as he was escorted out by guards.

Meanwhile, the American military reported that a joint United States and Iraqi patrol killed 11 militants on Monday evening in a clash in the southern Shiite city of Diwaniya, a stronghold of the Shiite cleric Moktada al-Sadr and his militia, the Mahdi Army.

Abdul Razzaq al-Nedawi, the head of Mr. Sadr's office in Diwaniya, insisted that no Mahdi Army members were killed in Monday's clash. He said it was provoked by American and Iraqi troops.

"They started to shoot randomly," he said, explaining the soldiers had come to search the al-Qaim mosque in the area but found it empty. "The brothers responded to that and shot back."

The Defense Ministry issued a statement denying that the patrol had raided the mosque and said militants had opened fire on the soldiers.

The military announced the death of an American soldier in Tikrit on Sunday from a roadside bomb.

Bomb Kills 11 At Baghdad Bakery (USAT)

USA Today, October 11, 2006

BAGHDAD — A bomb blew up Tuesday outside a bakery in a mixed Sunni-Shiite neighborhood of Baghdad, killing 11 people who had been waiting in line.

In addition, police told the Associated Press they had discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning — the latest victims of killings blamed on six months of intensifying Sunni-Shiite fighting.

U.S. forces also continued to pay a toll amid operations aimed at stemming bloodshed in the capital. The U.S. command said five more soldiers had been killed. This month, 37 U.S. servicemembers have died in Iraq.

Late Tuesday, a fire at an ammunition depot at a U.S. base in southeast Baghdad set off explosions that rocked the city. The cause of the fire was not immediately known, and there were no injuries, the U.S. military said.

Bombing At Iraq Bakery Kills At Least 11 (AP)

By Qais Al-bashir

AP, October 11, 2006

A bombing at a Baghdad bakery killed at least 11 people Tuesday as the Iraqi government put forward a new idea to help stop sectarian violence: ensuring security checkpoints in the capital have an equal number of Shiite and Sunni troops.

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The bomb, planted under a car in the mixed Sunni-Shiite neighborhood of Dora, ripped through a line of people waiting outside a bakery — the worst in a day of attacks which left at least 23 dead across the country. Dora has long been one of Baghdad's most dangerous areas, with near daily killings

Hours after the bombing, a massive fire broke out Tuesday evening in an ammunition dump on a U.S. military base on Baghdad's southern edge, adjacent to Dora. It set off ordnance in a series of explosions that lasted for hours into the night and shook buildings miles away.

The cause of the fire was not immediately known and there were no injuries, the U.S. military said. A large fire and smoke were seen from the Forward Operating Base Falcon. Blasts from detonating artillery and tank shells sent up sparks, and the force of the explosions could be felt miles away in central Baghdad.

The blaze broke out in an area where ammunition is kept temporarily before distribution to the units at Falcon, where more than three battalions are located, said Lt. Col. Jonathan Withington, a spokesman at the base.

U.S. forces continued to pay a heavy toll amid stepped-up operations aimed at stemming the bloodshed, with the U.S. command announcing the death of five more service members. On Monday, three Marines were killed in fighting in western Anbar province, and a soldier died from an attack on his patrol in Baghdad, it said. Another soldier died Sunday from a roadside bomb in Tikrit, north of the capital.

The deaths bring the number of U.S. troops killed in October to 37 — many the result of stepped-up efforts to end violence in the capital.

Authorities discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning, police said. The bullet-riddled bodies all had their hands and feet bound and showed signs of torture — hallmarks of death-squad killings.

Under intense pressure to halt the sectarian violence, which has killed thousands this year, Prime Minister Nouri al-Maliki a week ago announced a four-point security plan aimed at stopping Shiite-Sunni killings.

In a first step, officials said Tuesday that all security checkpoints in Baghdad would soon be manned by an equal number of Shiite and Sunni Arab troops.

The new effort reflects the deep mistrust between Shiites and Sunnis even within the security forces — effectively putting them together to keep watch on each other. Each side accuses the other of backing militias, and Sunnis in particular say the Shiite-dominated police force often allows Shiite militias to carry out kidnappings and murders.

Al-Maliki's overall plan calls for the creation of local Shiite-Sunni committees that will oversee policing in each district of Baghdad, reporting back to a Central Committee for Peace and Security to coordinate with the security forces and the prime minister.

The parties agreed Saturday on the makeup of the central committee, said a member, Bassem Sherif, who represents the Shiite Fadila party on the body. It includes four representatives each from the Shiite coalition that dominates parliament and the main Sunni coalition, along with one representative each from the Kurds and the Iraqi List, a mixed, secular party, Sherif said.

The committee will meet in coming days to work with the Interior and Defense ministries on arranging the balanced checkpoints, Sherif said. A Sunni participant in Saturday's talks, Khalaf al-Alayan, head of the National Dialogue Council party, confirmed details of the plan.

The six-month wave of Sunni-Shiite killings has fueled the flight of Iraqis from their homes.

Iraq's Immigration Minister Abdul-Samad Sultan said more than 300,000 Iraqis have been displaced since the U.S.-led invasion in 2003. Half of them, he said, fled their homes after the February bombing of a Shiite shrine in the city of Samarra that sparked waves of violence.

Those displaced mostly moved in with their own sectarian communities — Shiites fleeing mainly Sunni or mixed areas to Shiite-dominated ones, and vice versa — exacerbating the segregation of the country of some 30 million.

Some 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003, Sultan said.

In other violence Tuesday, a car bombing in the primarily Sunni neighborhood of Azamiyah in north Baghdad killed four people and wounded nine, police 1st Sgt. Mahmud Hussein said.

DOJ_NMG_0078818

The brother of a Baghdad police brigadier was found shot dead, tied to a lamppost in Buhriz, 35 miles north of the capital, police in the nearby city of Baqouba said. Later authorities found the body of another of the brigadier's brothers, also shot, lying in the street.

The bodies of two other shooting victims were found in Khalis, 50 miles north of Baghdad, and another was found in Baqouba, police said.

The U.S. military said Iraqi and U.S. troops killed at least nine fighters in clashes with the Mahdi Army — Iraq's most powerful Shiite militia — in the southern city of Diwaniya on Monday. Two U.S. soldiers were wounded.

On Sunday, U.S.-Iraqi forces in Diwaniya battled for hours with members of the Mahdi Army, who are loyal to radical Shiite cleric Muqtada al-Sadr. The military said 30 militiamen were killed; the militia denied it.

The U.S. command also announced that DNA tests have confirmed that a man shot and killed by British forces in Iraq was the leading al-Qaida terrorist who embarrassed the U.S. military by escaping from the Bagram maximum security military prison in Afghanistan.

Omar al-Farouq was killed Sept. 25 after he fired on British forces during a raid in Basra, 340 miles southeast of Baghdad.

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Associated Press Writer Qassim Abdul-Zahra contributed to this report.

Fire Erupts At U.S. Ammo Dump In Iraq (AP)

By Lee Keath

AP, October 11, 2006

A fire broke out at an ammunition dump at a U.S. base in southern Baghdad on Tuesday night, setting off a series of explosions from detonating tank and artillery shells that shook buildings miles away. The U.S. military said there were no immediate reports of casualties.

It was not clear whether the ammunition holding area at Forward Operating Base Falcon was hit by an attack. The cause of the fire was not immediately known, said Lt. Col. Christopher C. Garver, a military spokesman.

Explosions from detonating tank and artillery ordnance and small-arms ammunition stored at the site went off for hours after the fire erupted.

Large flames and smoke rose from the region, and flashes from the blasts and showers of sparks were visible on the horizon from several miles away in central Baghdad, where the force of the blasts could be felt. The blasts came at times sporadically, at times in rapid succession, lasting into the night. Helicopters were seen in the night sky flying over the area.

The blaze broke out in an ammunition holding area, where material is kept temporarily before distribution to the units at Falcon, said Lt. Col. Jonathan Withington, a spokesman at the base. He said more than three battalions were stationed there at the time of the fire but he would not give a specific number of troops.

"There is a lot of ammunition there, but it's not a full storage depot," he said. "This does not degrade our operational ability at all."

He said the cause of the fire was under investigation.

Falcon is located in a former commercial trucking depot in a sprawling industrial area at the southern entrance of Baghdad. It is near the violence-torn district of Dora, where U.S. troops have been focusing in a 2-month-old sweep of the capital neighborhood-by-neighborhood aimed at rooting out militants and weapons.

It lies on the main highway heading south of Baghdad. Much of the area around it is sparsely populated, but on the opposite side of the highway, about 600 yards away, are residential neighborhoods.

Iraqi military officials said no evacuations of residents were ordered from the Dora area.

Iraqi Interior Minister Jawad al-Bolani went on television to reassure residents of the capital.

"The situation is under control," he said. "There is an alert to security forces to provide any help to the residents of the area. We are waiting for information from the Americans" on the cause, he said.

U.S. Ammo Dump Explodes In Baghdad (MCT)

By Jay Price

DOJ_NMG_0078819

McClatchy Newspapers, October 11, 2006

BAGHDAD, Iraq - A U.S. ammunition dump on the southeastern edge of Baghdad caught fire late Tuesday, setting off at least a half-dozen thunderous explosions and several smaller ones that rattled windows across the city.

Despite the size of the blasts, no casualties were reported, Spc. Jennifer Fulk, a U.S. military spokeswoman, said early Wednesday. There was no information yet on the cause of the fire, Fulk said.

An insurgent group called Al Fataheen Army took credit for the damage in a posting on an Islamic forum used by various insurgent groups in Iraq.

The group said it had attacked the base with several missiles at 11:55 p.m., but that timing cast suspicion on the claim. The explosions, which could be felt throughout the city, had begun about an hour earlier.

The same group claimed responsibility for attacking U.S. camps in northern Iraq on Sunday.

The blasts were the culmination of a particularly violent day in Baghdad.

Police reported that at least five bombs exploded throughout the city, killing at least 10 civilians and at least one police officer. Police also said they'd discovered at least 60 bodies in the 24 hours that ended at 6 a.m. Tuesday. The bodies were bound hand and foot and showed signs of torture, the police said.

An unknown number of troops from the 4th Infantry Division based at Fort Hood, Texas, were at Forward Operating Base Falcon when the base's ammo dump began to explode.

A military statement said the fire began at about 10:40 p.m. and ignited tank and artillery shells and small arms ammunition.

The fire, clouds of smoke and flashes from the ammunition detonating could be seen for miles.

The fire was contained on the base by emergency first responders, and the damage wasn't expected to hinder military operations, the statement said.

Price reports for the Raleigh News & Observer. Contributing to this report were McClatchy Newspapers special correspondents Mohammed al Awsy and Mohammed al Dulaimy.

Explosions Rock Baghdad As US Arms Dump Catches Fire (AFP)

AFP, October 11, 2006

A fire erupted in an ammunition store at an United States military base in Baghdad, a spokesman said, triggering massive explosions that could be heard across the war-torn Iraqi capital.

Lieutenant Colonel Jonathan Withington of the 4th Infantry Division told AFP that military and civilian personnel had been evacuated from Forward Operating Base Falcon without injury but that the fire was continuing to burn.

"We have a fire," he said. "An ammunition holding area caught on fire. It's in our operating base in the Rasheed area of the city. The ammunition holding area contains tank and artillery rounds as well as small arms ammunition."

The blaze broke out at around 10:40 pm (1940 GMT) and Baghdad was rocked by a series of loud explosions. Iraqi officials appeared on state television to urge calm and prevent rumours of an attack from spreading.

US forces do not yet know the cause of the fire, Withington said.

The damage appeared to have been contained within the base, the US spokesman said, although Iraqi officials said that shells "cooking off" in the fire had crashed down in five districts in the south of the city.

State television showed live pictures of a blazing inferno and ordnance exploding skywards, but there was no immediate news of civilian casualties outside the base.

Two hours after the fire broke out a regular drumbeat of explosions could still be heard five kilometres (2.4 miles) away in the city centre, a barrage more intense that Baghdad's daily diet of car bombs and mortar strikes.

"All coalition forces and workers at the base were safely evacuated. At this time, no injuries have been reported," a coalition news release said.

"Baghdad Joint Coordination Center alerted Iraqi authorities who notified Iraqi citizens in the area of the fire and subsequent detonations. The damage to the area will not degrade the operational capability of MND-B."

Under U.S. Patrol, Once-Tough District Revives (LAT)

By Borzou Daragahi

DOJ_NMG_0078820

The Los Angeles Times, October 11, 2006

BAGHDAD — The Amariya neighborhood has won a reputation as the most fearsome quarter of the capital, with car bombs, snipers and frequent clashes between U.S. forces and hardened Sunni Arab fighters.

But over the last few weeks, U.S. officials and Iraqi residents say, life has improved markedly in the notorious district, thanks to an American-led effort to improve security and services.

On a tour of the largely Sunni Arab district with U.S. soldiers Tuesday, a day on which at least 60 mutilated bodies were found elsewhere in Baghdad and violence left an additional 23 dead across Iraq, schoolchildren walked home gingerly along streets recently cleared of rotting garbage mounds. Young men emerged from newly reopened shops on main thoroughfares. Women shopped for vegetables at outdoor produce stands.

"Electricity is a problem, jobs are a problem, there's no gas, but thank God," said one woman as she gestured toward a group of U.S. soldiers, "security has gotten better."

The improvement in Amariya has come at a price, however.

Lt. Col. Gian Gentile, the 4th Infantry Division squadron commander in charge, acknowledged in an interview that he had to move troops from nearby neighborhoods under his command to bolster security in Amariya, risking rising peril in those districts.

He has also had to close off the western Baghdad neighborhood at all but two gateways in an effort to stanch the flow in and out of Sunni Arab insurgents and Shiite militia members. And he has watched helplessly as the district's Shiite Muslim population has plummeted. Once 15%, it is now less than 2%, he said, part of a displacement crisis that has disrupted lives but made neighborhoods such as Amariya less prone to sectarian violence.

He has also had to readjust his views, coming to grips with the hardened opinions of the people he must protect as well as occasionally fight.

"They see the [Sunni Arab] insurgents as their final source of protection," says Gentile, a Danville, Calif., native. "When we leave and they're left with this [Shiite-dominated] sectarian government, who else are they going to be left with?"

Amariya is to Sunni insurgents what Camp Victory — the nearby U.S. military headquarters — is to the Americans, Gentile says. An affluent and leafy suburban enclave teeming with out-of-work officers of toppled President Saddam Hussein's military and security apparatus, Amariya has been a stronghold of anti-American, anti-government and religiously radical groups since the U.S.-led invasion of Iraq in March 2003. American and Iraqi forces are frequently the targets of car bombs and snipers, including one who wounded an Iraqi soldier in Amariya on Tuesday.

"Down, down U.S.A.!" say the fading graffiti on an Amariya side street.

But though Sunni Arab militants continue to use Amariya as a haven, the general mood toward Americans has shifted since Iraq's Shiite-led elected government began to exert its muscle. In the wake of anti-Sunni reprisals that followed the Feb. 22 bombing of a Shiite shrine in Samarra, many Sunni Muslims in Amariya came to see the Americans they detest as occupiers as the only force capable of protecting them from a Shiite hunger for revenge.

Until March and April, there was little U.S. presence in Amariya, Gentile said. Once Gentile took over the district, he said, he made strenuous efforts to build goodwill. Drawing lessons from previous commanders, he softened his tactical approach, ordering his troops to drive slowly and not brandish weapons at passing motor vehicles.

"We started off with our gunners showing their weapons and being very aggressive," Gentile said. "But we've moved away from that. As much time as we've spent out there, we've learned that the traffic is just traffic."

Sometimes his men complain about their peacekeeping posture.

"I'm a soldier," said Spc. Justin Cook, 26, an affable former bartender from Titusville, Fla. "They didn't train me to do this."

But during a drive through the district, Cook frequently yielded to oncoming Iraqi drivers. Gentile took other practical steps to improve the area's quality of life. After more than a dozen suicide bombs hit a pair of checkpoints along a main street in June and July, Gentile simply removed the checkpoints. As many as 60% of the businesses that were shut down along the street have reopened.

Gentile's armored reconnaissance squadron, formally part of the 4th Brigade of the 4th Infantry Division but currently attached to the 1st Armored Division, launched an effort to clean up the garbage-strewn district as part of an operation aimed at securing several volatile Baghdad neighborhoods. U.S. patrols increased about 50%, Gentile said.

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"All they saw before was American patrols … up and down the main streets," Gentile said. "Now we've got American patrols out there with the Iraqi army. And we've got garbage trucks out here and workers from Amariya picking up garbage. It gave them a sense of security that things are a little better."

The improvements to the quality of life have been tangible. Artist Fuad Hamdi, a 44-year-old Amariya resident reached by phone Tuesday night, said he had fled his neighborhood. "We were living in terror, fear and chaos, and no one dared to leave his house unless it was an emergency," he said.

When he heard from neighbors that the security situation had improved, he returned, he said.

But Gentile readily acknowledges that despite the improvements, "bad things still happen in Amariya every day," including, he said, roadside bombings targeting U.S. patrols and killings of Iraqi officials and ordinary residents.

To consolidate the district's modest improvements, Gentile hopes to build a new police station staffed by locals.

The police are under the control of the Shiite-dominated Ministry of the Interior, whose alleged excesses against Sunnis are believed to fuel the popularity of the insurgents. The force remains an object of mistrust in Amariya.

Reducing the violence in Baghdad has proved bedeviling for U.S. forces. Despite a similar security crackdown in the southern neighborhood of Dora, a car bomb killed 10 civilians and injured four others at a bakery in the district Tuesday, and a roadside bomb killed a police officer.

Bombs in or near the capital killed at least six Iraqi police officers and soldiers and injured 10.

The U.S. military reported Tuesday that a soldier attached to the 25th Combat Aviation Brigade died of wounds sustained when his vehicle was struck by a bomb Sunday north of Tikrit. Three Marines assigned to the 1st Brigade, 1st Armored Division, were killed Monday as a result of "enemy action" in the western province of Al Anbar, the U.S.-led multinational force said today.

Among the corpses found was that of Azad Mohammed, a 29-year-old Kurdish radio reporter abducted a week ago. Ali Kareem, a journalist working for a weekly magazine, was abducted Tuesday on his way home from work.

Study Estimates 600,000 Iraqis Dead By Violence (USAT)

By Gregg Zoroya, Usa Today

USA Today, October 11, 2006

More than 600,000 Iraqis have died by violence since the U.S.-led invasion in 2003, according to a study released today by researchers at Johns Hopkins University.

The figure is based on surveys of households throughout most of the country. It vastly exceeds estimates cited by the Iraqi government, the United Nations, aid and anti-war groups, and President Bush.

The new estimate was immediately challenged by the Pentagon. Lt. Col. Mark Bellesteros, a Pentagon spokesman, said the Iraqi government "would be in a better position … to provide more accurate information on deaths in Iraq."

Frederick Jones, a spokesman for the National Security Council said "many experts" found that a 2004 study by the same group "wildly inflated the findings." That study said the war had caused 100,000 Iraqi deaths.

"This study appears to be equally flawed," he said. The new study said the deaths have resulted from coalition military activity, crime and religious violence.

Iraq's Health Ministry estimated 50,000 violent deaths since the war began, through June. Last December, President Bush put the figure at 30,000. The Brookings Institution, a Washington think tank, estimated the death toll at 60,000.

Overall, the analysis estimates that 2.5% of the Iraqi population has died as a result of the conflict.

The research relied on random sampling of 1,800 Iraqi households by researchers from the Bloomberg School of Public Health at Johns Hopkins University in Baltimore and the School of Medicine at Al Mustansiriya University in Baghdad. Based on deaths suffered by those households, analysts calculated an average of about 600 deaths a day since the invasion.

"I think it's perfectly plausible," said the study's lead author, Gilbert Burnham, professor of international health at Johns Hopkins.

Then-British foreign secretary Jack Straw was among those who criticized the earlier study.

This time the researchers doubled the size of their random survey. In 92% of the homes in which residents reported deaths, families had death certificates, they said.

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Beyond violent deaths, the study said about 53,000 deaths from other causes, such as accident and illness, were attributable to the war because of its effect on health care.

Gunfire was the leading cause of violent deaths; car bomb fatalities are rising, the study said.

James Fearon, a Stanford University political scientist and Iraq expert, said, “One thing (the study may) certainly do is confirm the view that there is a very, very serious civil war going in Iraq.”

Iraqi Death Toll Exceeds 600,000, Study Estimates (WSJ)

By Neil King Jr.

The Wall Street Journal, October 11, 2006

WASHINGTON -- A new study asserts that roughly 600,000 Iraqis have died from violence since the U.S.-led invasion in March 2003, a figure many times higher than any previous estimate.

The study, to be published Saturday in the British medical journal the Lancet, was conducted by the Johns Hopkins Bloomberg School of Public Health by sending teams of Iraqi doctors across Iraq from May through July. The findings are sure to draw fire from skeptics and could color the debate over the war ahead of congressional elections next month.

The Defense Department until 2004 eschewed any effort to compute the number of Iraqi dead but this summer released a study putting the civilian casualty rate between May and August at 117 people a day. Other tabulations using different methodologies put the range of total civilian fatalities so far from about 50,000 to more than 150,000. President Bush in December said "30,000, more or less" had died in Iraq during the invasion and in the violence since.

The Johns Hopkins team conducted its study using a methodology known as "cluster sampling." That involved randomly picking 47 clusters of households for a total 1,849 households, scattered across Iraq. Team members interviewed each household about any deaths in the family during the 40 months since the invasion, as well as in the year before the invasion. The team says it reviewed death certificates for 92% of all deaths reported. Based on those figures, it tabulated national mortality rates for various periods before and after the start of the war. The mortality rate last year was nearly four times the preinvasion rate, the study found.

"Since March 2003, an additional 2.5% of Iraq's population has died above what would have occurred without conflict," the report said. The country's population is roughly 24 million people.

Human Rights Watch has estimated Saddam Hussein's regime killed 250,000 to 290,000 people over 20 years.

The Lancet study, funded largely by the Massachusetts Institute of Technology's Center for International Studies, said while the percentage of deaths attributed to the U.S.-led coalition has decreased over the past year, coalition forces were involved in 31% of all violent deaths since March 2003. Most of the deaths in Iraq, particularly in the past two years, have been caused by insurgent, terrorist and sectarian violence.

Overall, the study found 55% of deaths since March 2003 were due to violence. Of that subset, 56% resulted from gunshots; car bombs and other explosives accounted for 27%, and airstrikes caused 13%. The rest were due to other factors.

Paul Bolton, a public-health researcher at Boston University who has reviewed the study, called the methodology "excellent" and said it was standard procedure in a wide range of studies he has worked on. "You can't be sure of the exact number, but you can be quite sure that you are in the right ballpark," he said.

A similar, smaller study by the same team in 2004 put the number of deaths at the time at 9,000 to 194,000. That report drew fire for the breadth of its estimate. In part to offset such criticism, the researchers said they picked the largest sample possible for this survey, after considering the high level of danger involved in sending teams door-to-door in Iraq.

The study's lead researchers, Gilbert Burnham and Les Roberts of Johns Hopkins, have done studies in the Congo, Rwanda and other war zones. "This is a standard methodology that the U.S. government and others have encouraged groups to use in developing countries," said Mr. Burnham, who defended the study as "a scientifically extremely strong paper."

This study, "The Human Cost of the War in Iraq," puts civilian fatalities at 426,369 to 793,663 but gives a 95% certainty to the figure of 601,027.

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Hamit Dardagan, co-founder of Iraq Body Count, a London-based human-rights group, called the Lancet study's figures "pretty shockingly high." His group tabulates the civilian death toll based on media reports augmented by local hospital and morgue records. His group says it has accumulated reports of as many as 48,693 civilian deaths caused by the U.S. intervention.

Mr. Burnham said the disparity between his survey and tabulations like Iraq Body Count are largely because of the heavy media and government focus on Baghdad and a few other cities. "What our data show is that the level of violence is going on throughout the country," he said.

Lt. Col. Mark Ballesteros, a Defense Department spokesman, said the Pentagon doesn't comment on reports that haven't been publicly released. Nonetheless, he said, "the coalition takes enormous precautions to prevent civilian deaths and injuries," adding that "the Iraqi ministry of health would be in a better position, with all of its records, to provide more accurate information on deaths in Iraq."

Since 2004, the Pentagon has collected data on civilian deaths in incidents where coalition forces were involved. According to its August civilian-casualty report, those figures show that the daily civilian death rate has increased nearly sixfold, to almost 120 this summer from about 20 in early 2004. The Lancet study cites the Pentagon's numbers to back its own findings, saying the mortality-rate increases in both tabulations closely parallel one another.

Write to Neil King Jr. at neil.king@wsj.com1

Iraqi Dead May Total 600,000, Study Says (NYT)

By Sabrina Tavernise And Donald G. Mcneil Jr.

The New York Times, October 11, 2006

BAGHDAD, Oct. 10 — A team of American and Iraqi public health researchers has estimated that 600,000 civilians have died in violence across Iraq since the 2003 American invasion, the highest estimate ever for the toll of the war here.

The figure breaks down to about 15,000 violent deaths a month, a number that is quadruple the one for July given by Iraqi government hospitals and the morgue in Baghdad and published last month in a United Nations report in Iraq. That month was the highest for Iraqi civilian deaths since the American invasion.

But it is an estimate and not a precise count, and researchers acknowledged a margin of error that ranged from 426,369 to 793,663 deaths.

It is the second study by researchers from the Johns Hopkins Bloomberg School of Public Health. It uses samples of casualties from Iraqi households to extrapolate an overall figure of 601,027 Iraqis dead from violence between March 2003 and July 2006.

The findings of the previous study, published in The Lancet, a British medical journal, in 2004, had been criticized as high, in part because of its relatively narrow sampling of about 1,000 families, and because it carried a large margin of error.

The new study is more representative, its researchers said, and the sampling is broader: it surveyed 1,849 Iraqi families in 47 different neighborhoods across Iraq. The selection of geographical areas in 18 regions across Iraq was based on population size, not on the level of violence, they said.

The study comes at a sensitive time for the Iraqi government, which is under pressure from American officials to take action against militias driving the sectarian killings.

In the last week of September, the government barred the central morgue in Baghdad and the Health Ministry — the two main sources of information for civilian deaths — from releasing figures to the news media. Now, only the government is allowed to release figures. It has not provided statistics for September, though a spokesman said Tuesday that it would.

The American military has disputed the Iraqi figures, saying that they are far higher than the actual number of deaths from the insurgency and sectarian violence, in part because they include natural deaths and deaths from ordinary crime, like domestic violence.

But the military has not released figures of its own, giving only percentage comparisons. For example, it cited a 46 percent drop in the murder rate in Baghdad in August from July as evidence of the success of its recent sweeps. At a briefing on Monday, the military's spokesman declined to characterize the change for September.

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The military has released rough counts of average numbers of Iraqis killed and wounded in a quarterly accounting report mandated by Congress. In the report, "Measuring Stability and Security in Iraq," daily averages of dead and wounded Iraqi civilians, soldiers and police officers rose from 26 a day in 2004 to almost 120 a day in August 2006.

The study uses a method similar to that employed in estimates of casualty figures in other conflict areas like Darfur and Congo. It sought to measure the number of deaths that occurred as a result of the war.

It argues that absolute numbers of dead, like morgue figures, could not give a full picture of the "burden of conflict on an entire population," because they were often incomplete.

The mortality rate before the American invasion was about 5.5 people per 1,000 per year, the study found. That rate rose to 19.8 deaths per 1,000 people in the year ending in June.

Gunshots were the largest cause of death, the study said, at 56 percent of all violent deaths, while car bombs accounted for about 13 percent. Deaths caused by the American military declined as an overall percentage from March 2003 to June 2006.

Violent deaths have soared since the American invasion, but the rise is in part a matter of spotty statistical history. Under Saddam Hussein, the state had a monopoly on killing, and the deaths of thousands of Iraqi Shiites and Kurds that it caused were never counted.

While the near collapse of the Iraqi state makes precise record-keeping difficult, authorities have made considerable progress toward tracking death figures. In 2004, when the Johns Hopkins study was first released, authorities were still compiling deaths on an ad hoc basis. But by this year, they were being provided regularly.

Iraqi authorities say morgue counts are more accurate than is generally thought. Iraqis prefer to bury their dead immediately, and hurry bodies of loved ones to plots near mosques or, in the case of Shiites, in sacred burial sites. Even so, they have strong incentives to register the death with a central morgue or hospital in order to obtain a death certificate, required at highway checkpoints, by cemetery workers, and for government pensions. Death certificates are counted in the statistics kept by morgues around the country.

The most recent United Nations figure, 3,009 Iraqis killed in violence across the country in August, was compiled by statistics from Baghdad's central morgue, and from hospitals and morgues countrywide. It assumes a daily rate of about 97.

The figure is not exhaustive. A police official at Yarmouk Hospital in Baghdad who spoke on the condition of anonymity said he had seen nationwide counts provided to the hospital that indicated as many as 200 people a day were dying.

Gilbert Burnham, the principle author of the study, said the figures showed an increase of deaths over time that was similar to that of another civilian casualty project, Iraq Body Count, which collates deaths reported in the news media, and even to that of the military. But even Iraq Body Count puts the maximum number of deaths at just short of 49,000.

As far as skepticism about the death count, he said that counts made by journalists and others focused disproportionately on Baghdad, and that death rates were higher elsewhere.

"We found deaths all over the country," he said. Baghdad was an area of medium violence in the country, he said. The provinces of Diyala and Salahuddin, north of Baghdad, and Anbar to the west, all had higher death rates than the capital.

Statistics experts in the United States who were able to review the study said the methods used by the interviewers looked legitimate.

Robert Blendon, director of the Harvard Program on Public Opinion and Health and Social Policy, said interviewing urban dwellers chosen at random was "the best of what you can expect in a war zone."

But he said the number of deaths in the families interviewed — 547 in the post-invasion period versus 82 in a similar period before the invasion — was too few to extrapolate up to more than 600,000 deaths across the country.

Donald Berry, chairman of biostatistics at M. D. Anderson Cancer Center in Houston, was even more troubled by the study, which he said had "a tone of accuracy that's just inappropriate."

Study Claims Iraq's 'Excess' Death Toll Has Reached 655,000 (WP)

By David Brown

The Washington Post, October 11, 2006

DOJ_NMG_0078825

A team of American and Iraqi epidemiologists estimates that 655,000 more people have died in Iraq since coalition forces arrived in March 2003 than would have died if the invasion had not occurred.

The estimate, produced by interviewing residents during a random sampling of households throughout the country, is far higher than ones produced by other groups, including Iraq's government.

It is more than 20 times the estimate of 30,000 civilian deaths that President Bush gave in a speech in December. It is more than 10 times the estimate of roughly 50,000 civilian deaths made by the British-based Iraq Body Count research group.

The surveyors said they found a steady increase in mortality since the invasion, with a steeper rise in the last year that appears to reflect a worsening of violence as reported by the U.S. military, the news media and civilian groups. In the year ending in June, the team calculated Iraq's mortality rate to be roughly four times what it was the year before the war.

Of the total 655,000 estimated "excess deaths," 601,000 resulted from violence and the rest from disease and other causes, according to the study. This is about 500 unexpected violent deaths per day throughout the country.

The survey was done by Iraqi physicians and overseen by epidemiologists at Johns Hopkins University's Bloomberg School of Public Health. The findings are being published online today by the British medical journal the Lancet.

The same group in 2004 published an estimate of roughly 100,000 deaths in the first 18 months after the invasion. That figure was much higher than expected, and was controversial. The new study estimates that about 500,000 more Iraqis, both civilian and military, have died since then -- a finding likely to be equally controversial.

Both this and the earlier study are the only ones to estimate mortality in Iraq using scientific methods. The technique, called "cluster sampling," is used to estimate mortality in famines and after natural disasters.

While acknowledging that the estimate is large, the researchers believe it is sound for numerous reasons. The recent survey got the same estimate for immediate post-invasion deaths as the early survey, which gives the researchers confidence in the methods. The great majority of deaths were also substantiated by death certificates.

"We're very confident with the results," said Gilbert Burnham, a Johns Hopkins physician and epidemiologist.

A Defense Department spokesman did not comment directly on the estimate.

"The Department of Defense always regrets the loss of any innocent life in Iraq or anywhere else," said Lt. Col. Mark Ballesteros. "The coalition takes enormous precautions to prevent civilian deaths and injuries."

He added that "it would be difficult for the U.S. to precisely determine the number of civilian deaths in Iraq as a result of insurgent activity. The Iraqi Ministry of Health would be in a better position, with all of its records, to provide more accurate information on deaths in Iraq."

Ronald Waldman, an epidemiologist at Columbia University who worked at the Centers for Disease Control and Prevention for many years, called the survey method "tried and true," and added that "this is the best estimate of mortality we have."

This viewed was echoed by Sarah Leah Whitson, an official of Human Rights Watch in New York, who said, "We have no reason to question the findings or the accuracy" of the survey.

"I expect that people will be surprised by these figures," she said. "I think it is very important that, rather than questioning them, people realize there is very, very little reliable data coming out of Iraq."

The survey was conducted between May 20 and July 10 by eight Iraqi physicians organized through Mustansiriya University in Baghdad. They visited 1,849 randomly selected households that had an average of seven members each. One person in each household was asked about deaths in the 14 months before the invasion and in the period after.

The interviewers asked for death certificates 87 percent of the time; when they did, more than 90 percent of households produced certificates.

According to the survey results, Iraq's mortality rate in the year before the invasion was 5.5 deaths per 1,000 people; in the post-invasion period it was 13.3 deaths per 1,000 people per year. The difference between these rates was used to calculate "excess deaths."

Of the 629 deaths reported, 87 percent occurred after the invasion. A little more than 75 percent of the dead were men, with a greater male preponderance after the invasion. For violent post-invasion deaths, the male-to-female ratio was 10-to-1, with most victims between 15 and 44 years old.

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Gunshot wounds caused 56 percent of violent deaths, with car bombs and other explosions causing 14 percent, according to the survey results. Of the violent deaths that occurred after the invasion, 31 percent were caused by coalition forces or airstrikes, the respondents said.

Burnham said that the estimate of Iraq's pre-invasion death rate -- 5.5 deaths per 1,000 people -- found in both of the Hopkins surveys was roughly the same estimate used by the CIA and the U.S. Census Bureau. He said he believes that attests to the accuracy of his team's results.

He thinks further evidence of the survey's robustness is that the steepness of the upward trend it found in excess deaths in the last two years is roughly the same tendency found by other groups -- even though the actual numbers differ greatly.

An independent group of researchers and biostatisticians based in England produces the Iraq Body Count. It estimates that there have been 44,000 to 49,000 civilian deaths since the invasion. An Iraqi nongovernmental organization estimated 128,000 deaths between the invasion and July 2005.

The survey cost about $50,000 and was paid for by Massachusetts Institute of Technology's Center for International Studies.

Staff researcher Madonna Lebling contributed to this report.

3 U.S. Marines, 2 Soldiers Die In Iraq (AP)

AP, October 11, 2006

Three U.S. Marines and two soldiers were killed in fighting in Iraq, the U.S. command said Wednesday. The Marines, assigned to 1st Brigade, 1st Armored Division, died Monday from enemy action in Iraq's western Anbar province, the military said in a statement. It did not provide further details.

Also Monday, a U.S. soldier was killed when his patrol was attacked by insurgents in an eastern part of Baghdad, the military said.

The second soldier, attached to the 25th Combat Aviation Brigade, died of wounds from an explosion during a vehicle patrol Sunday north of the city of Tikrit.

No further details were available, and the soldiers' names were being withheld pending notification of family.

U.S. Troops Often Need Iraqi Approval To Act (USAT)

By Rick Jervis

USA Today, October 11, 2006

BAGHDAD — U.S. and Iraqi military forces battling militias in Baghdad often must seek permission from Iraq's government before launching even routine missions, complicating efforts to loosen the grip of religious violence in the capital.

Lt. Col. Avanulas Smiley, commander of the 1st Battalion, 23rd Infantry Regiment, which patrols northwest Baghdad, said the requirements have made some operations difficult but so far haven't limited his unit's ability to fight the enemy.

“I have been able to exercise and execute everything we've wanted to do,” Smiley said. “Now, how easy that's been to get through the approval process, we could debate that endlessly. Sometimes those things are difficult.”

The U.S. military has said its main focus now is securing Baghdad, where religious killings and militia violence is the main threat. Tackling militias is a sensitive matter for Iraq's Shiite-dominated government.

One of the largest Shiite militias, the Mahdi Army, is loyal to Muqtada al-Sadr, a radical cleric whose forces have battled the American military. Today, al-Sadr's political organization is a key part of the coalition government of Prime Minister Nouri al-Maliki. Al-Sadr's organization controls 30 seats in Parliament and four Cabinet posts.

“The government, in a sense, is talking about taking on some of the very elements that support it,” said Andrew Krepinevich of the Washington-based Center for Strategic and Budgetary Assessments.

Riyad al-Nouri, a senior member of al-Sadr's political organization, said al-Sadr has denounced the killings. “These accusations are false and aimed at ruining this great movement,” he said.

The U.S. military says it needs approval before entering government offices and mosques and before targeting high-ranking Shiite leaders suspected of militia ties. U.S. troops won't conduct major operations into Sadr City, the sprawling Shiite slum in Baghdad, without al-Maliki's approval, Maj. Gen. William Caldwell, the top U.S. spokesman in Iraq, said last week. “The

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Iraqi security forces, with coalition forces in support, will conduct operations there whenever the prime minister so dictates," he said.

The political considerations have complicated matters for troops operating in Baghdad. 1st Sgt. John Blue of the 1st Battalion, 23rd Infantry Regiment said the Baghdad battle is far different from his experience in the northern cities of Tal Afar and Mosul in 2004. In Baghdad, soldiers are operating "not only under the guidance of your command, but under the guidance of the government of Iraq as well."

Government spokesman Ali al-Dabagh said the al-Maliki government is not protecting allies when it disapproves target requests. "The government is behaving as a sovereign and legitimate government and is taking proper action to prosecute anyone who violates the law," he said.

He said al-Sadr has called for an end to the violence, and that rogue gunmen posing as Mahdi militants are carrying out the killings.

The al-Maliki government is attempting to reach a political settlement with militias. But some officers think a direct confrontation with the Mahdi Army may be inevitable.

"At some point, from the coalition side, we have to say (the Mahdi Army) is a terrorist organization that must be dealt with by the Iraqi government and the U.S.," said Brig. Gen. Dana Pittard, head of the Iraqi Assistance Group. The Mahdi Army "hasn't seen the full weight of what we could put on them."

DNA Shows Dead Man Was Al-Qaida Militant (AP)

By David Rising

AP, October 11, 2006

DNA tests have confirmed that a man shot to death by British forces was a leading al-Qaida militant who embarrassed the U.S. military by making an unprecedented escape from a maximum-security military prison in Afghanistan, the U.S. command said Tuesday.

Omar al-Farouq was shot and killed Sept. 25 after he opened fire on British forces during a raid on his home in Basra, 340 miles southeast of Baghdad.

British forces had said at the time that they had hoped to capture the suspect, but had returned fire on him when he started shooting at them.

"After taking photographs and gathering DNA evidence from the individual, ground forces left the suspected terrorist remains at the site," the U.S. military said. "It was later determined through DNA gathered the individual killed was Omar al-Farouq."

Al-Farouq, who allegedly led al-Qaida's Southeast Asia operations, had slipped into Iraq three months earlier, according to police. It was not known why al-Farouq fled to Iraq, but officials have said he was born in Kuwait to Iraqi parents and may have had roots in the area.

He and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, picking locks and navigating a minefield, then evading a massive manhunt.

The escaped prisoners later appeared in a video sent to the Dubai-based television station Al-Arabiya and boasted of their feat.

The Pentagon waited until November to confirm his escape and the delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States.

Al-Farouq has been linked to thwarted plots on U.S. embassies in Southeast Asia, and is alleged to have been a key link between al-Qaida and regional terrorists.

On hearing the initial reports of his death, his Indonesia wife said she almost fainted, but then wondered if the news was true. "I still have faith he is still alive," Mira Agustina told el-Shinta radio at the time.

GOP Senator Wants Iraq War Policy Change (AP-Y)

By Anne Plummer Flaherty, Associated Press Writer

AP, October 11, 2006

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Sen. Olympia Snowe joined a growing list of Republicans calling for a change of course in Iraq, a position that could undermine President Bush's election-year assertion that the nation shouldn't set a timetable for troops to come home.

Snowe, a moderate who often bucks the Republican Party line, said in a statement Tuesday more should be done to pressure the Iraqis to take control of their country and make clear U.S. support is not unlimited.

Her remarks echoed those of Senate Armed Services Committee Chairman John Warner, R-Va., who last week said Congress should reconsider its options if the security situation — which he described as dire — does not improve in the next couple of months.

Warner is not up for re-election, while Snowe is, although she is considered a shoo-in.

As the Nov. 7 elections inch closer, more and more Republicans have grown louder in expressing their opposition to the White House's handling of the war, which remains unpopular with voters and a thorn in the side of Republicans struggling to maintain control of Congress.

Among those voicing their disappointment with the war are Republican Sens. Susan Collins of Maine and Chuck Hagel of Nebraska, along with Reps. Christopher Shays of Connecticut and Walter Jones of North Carolina.

"As conditions in Iraq continue to worsen, there must be no question among the administration, the Congress and the Iraqi unity government that staying the course is neither an option nor a plan," Snowe said Tuesday.

Last year, the Senate overwhelmingly passed a measure championed by Warner that labeled 2006 the year of transition in Iraq. But a spike in U.S. casualties and ethnic violence kept troop numbers high with no chance troops will return home in large numbers by the time voters head to the poll.

Iraqi Airport Hopes To Land Tourists, NASA (WP)

By Robin Wright

The Washington Post, October 11, 2006

There's at least one optimist in Iraq these days.

The Kurds are building a new $300 million airport in Irbil that will take the biggest aircraft in the world, including the Russian Antonov 225 cargo plane and the American C-5 Galaxy, which is so big that the Wright brothers could have made their entire flight within its cargo bay.

The Kurds are hoping their dramatic mountain region, the one tranquil part of Iraq, will become a tourist haven as well as a transit refueling stop for international carriers between Europe and Asia or Australia.

But Kurdistan Regional Government Civil Aviation Director Zaid Zwain hopes the airport, scheduled for completion next year, will intrigue another potential customer: NASA.

When Secretary of State Condoleezza Rice's military aircraft developed technical problems in Irbil last week, Zwain took advantage of the two-hour delay to tell U.S. officials and journalists about his goal of becoming a backup landing strip for NASA shuttles for emergency landings.

The runway will be about three miles long -- just a bit longer than the length required by the space shuttle, he told members of the U.S. delegation. "If you have any trouble," Zwain offered, "you can land here free of charge."

Enlistment Success Story (WSJ)

The Wall Street Journal, October 11, 2006

Critics of the Iraq war often slam the Bush Administration for sending unwitting American soldiers off to an unwinnable battle. The question is: On whose behalf are these concerned folks speaking?

Not the military, judging from the impressive recruitment and retention numbers for the armed forces just released by the Defense Department. The Pentagon announced yesterday that in fiscal 2006 the Army, Navy, Air Force and Marines all met or exceeded active-duty recruitment goals. More impressive, the number of active duty servicemen who re-enlisted exceeded the DoD's goals in every area. Looks like many troops believe in the mission enough to willingly return to a difficult battlefield.

As much as these numbers speak to patriotism, they also say something about the Defense Department's efforts to modernize its recruitment and retention program. This year's achievements are in contrast to 2005, when the Army fell about 6,600 recruits short of its goal of 80,000. Since then, services have added recruiters, revamped advertising and made a greater

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effort to reach out to the families of potential or acting servicemen, as spouses and relatives often help with decisions to enlist or re-enlist. The retention numbers are particularly important for the Pentagon because these experienced servicemen train the next generation.

Critics took an immediate swipe at the new numbers, arguing that the Army had raised recruits' maximum allowable age to 42 from 35. Yet it turns out a tiny fraction -- maybe 500 -- of new soldiers fall into that category.

The other standard complaint is that the military meets its goals because it offers cash bonuses. But these youngsters had a choice in FY 2006: The military's recruitment success took place in a period of strong economic growth that offered young people ever greater civilian job opportunities. Anyway, given how fierce the competition is for talent, the military would be derelict to not offer competitive incentives to get the best young Americans.

Many of those young people, despite the luxury of choice, have decided to ship off to boot camp and join the world's finest all-volunteer military force. It'd be nice if a few more politicians and pundits respected their decision.

Data Suggests Vast Costs Loom In Disability Claims (NYT)

By Scott Shane

The New York Times, October 11, 2006

Nearly one in five soldiers leaving the military after serving in Iraq and Afghanistan has been at least partly disabled as a result of service, according to documents of the Department of Veterans Affairs obtained by a Washington research group.

The number of veterans granted disability compensation, more than 100,000 to date, suggests that taxpayers have only begun to pay the long-term financial cost of the two conflicts. About 567,000 of the 1.5 million American troops who have served so far have been discharged.

“The trend is ominous,” said Paul Sullivan, director of programs for Veterans for America, an advocacy group, and a former V.A. analyst.

Mr. Sullivan said that if the current proportions held up over time, 400,000 returning service members could eventually apply for disability benefits when they retired.

About 2.6 million veterans were receiving disability compensation as of 2005, according to testimony to Congress by the V.A. The largest group of recipients is from the Vietnam era. Of the 1.1 million who served in the Middle East during the Persian Gulf war in 1991, 291,740 have been granted disability compensation.

The documents on the current conflicts provide no details on the type of disabilities claimed by veterans. Most were found to be 30 percent disabled or less, and one in 10 recipients was found to be 100 percent disabled. Payments run from a few hundred dollars to more than $1,000 a month depending on the severity of the disability.

A separate V.A. health care report shows that the most common treatments sought by recently discharged troops are for musculoskeletal disorders like back pain, followed by mental disorders, notably post traumatic stress disorder. About 30,000 Iraq and Afghanistan veterans have sought treatment for post traumatic stress, which afflicts soldiers who have been under fire or in prolonged danger of attack.

A V.A. spokesman, Terry Jemison, said “service-related” disabilities could include an amputation as the result of a bomb injury or a case of diabetes or heart disease that was first diagnosed or found to get worse while in uniform. Mr. Jemison said officials had no cost projections for disability payments to Iraq and Afghanistan veterans.

The documents were obtained under the Freedom of Information Act by the National Security Archive at George Washington University.

The documents show that 37 percent of active duty veterans have filed for disability compensation, compared with 20 percent of those who served with National Guard or Reserve units. Also, 18 percent of claims filed by Guard and Reserve soldiers are denied, compared with 8 percent of those filed by active duty troops.

The report offered no explanation for the differences, but veterans’ advocates said efforts to explain V.A. procedures might be better for those leaving active duty than those offered to reservists.

“The Guard and reservists may be falling through the cracks at a higher rate,” said Joseph A. Violante, national legislative director for Disabled American Veterans. “The V.A. needs to study why there’s a difference.”

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Mr. Violante, a Vietnam veteran, said young soldiers returning from war often shrugged off their injuries and did not necessarily seek compensation right away. "But as they get older," he said, "and their injuries cause them more problems, then they're more likely to file."

In recent years, disability compensation programs have seen a number of changes that are likely to increase the filing of claims by veterans.

Congress told the V.A. last year to advertise the availability of compensation to veterans in states where payments had been disproportionately low, a program that the agency has predicted will attract nearly 100,000 new applicants.

3rd Iraq Death Has One Town Shaken To Core (NYT)

By Peter Applebome

The New York Times, October 11, 2006

HIGHLAND, N.Y.

When Eugene Williams was killed by a suicide bomber north of Najaf, Iraq, on March 29, 2003, the grief was shadowed by what looked like a cruel accident of history. Only 11 days later, Baghdad fell. If he had lived a few more days, people thought, the war would have been over.

When Doron Chan died on March 18, 2004, after his vehicle turned over near Balad, it seemed too much to bear. This Hudson River town of 10,000 had accounted for three of the 58,000 servicemen lost in Vietnam. Now two of its sons were among what was then 600 lost in Iraq? How could that be?

But when Pfc. Michael K. Oremus — "Mikey O" to his friends — was killed by a sniper bullet in Baghdad on Oct. 2, the numbers lost all meaning, washed away by tears: Jimmy Ventriglia crying all 45 minutes of his drive to coach soccer at West Point, Kevin Brennie unable to pull himself together when he heard the news at the town hall, tears and more tears at the wake here yesterday.

Death is more tornado than hurricane, picking its spots with capricious malice, but a third soldier gone, Mikey O, in this close-knit throwback of a town, Grover's Corners on the Hudson, seemed particularly beyond grief, beyond pain, beyond knowing.

"You have to understand, all the relationships here are so layered," said Peter Harris, who coached Mr. Oremus on the high school soccer team and taught him English. "You know people, you know their brothers and their parents, you know them for generations. So I held Michael when he was a baby, I played with him when he was 2 or 3, I coached him in high school, I played soccer with him after he graduated, as a friend. You don't experience that most places in the world. But you do here."

In this Ulster County town of deep ties and long memories, where family and soccer are two of the most enduring threads, few family names mean more than Oremus. Michael's older brothers, Eric and Richard, were soccer stalwarts. His parents, Madeline and Bruce, were universally admired. And when Bruce Oremus, who coached youth soccer teams in Highland and taught special education nearby in New Paltz, died of cancer in 1995, everyone in town shared the pain.

Many also shared the job of raising Michael, then 11 years old, a small, thin boy with a shock of blond hair. The Oremus family's kid brother became something of the town's kid brother as well. And if part of that meant developing a bit of moxie to be able to stand up to bigger brothers and bigger kids, he did it in spades. Despite his size, Michael was the kind of kid who would put on the goalie's gloves in practice and dare teammates, dare them, to kick one by him. The one in any group who would be first to vote yes on whatever plan was in the offing.

After graduating from high school in 2002, and a short stint studying at Dutchess Community College and doing odd jobs, he had a surprise announcement for his soccer buddies. He would not be playing with them next year. He had joined the Army to become a military policeman, a job that almost certainly meant hazardous duty in Iraq.

Some were scared for him, but they were impressed as well. "When he told me, I was shocked," said Mr. Brennie, who runs a pizza parlor where Mr. Oremus worked and who serves on the Town Council. "I thought, this kid has way more guts than anyone ever realized."

After he enlisted in February 2005, he came back from training beaming — buff, grown up, his post-graduation uncertainty washed away by the rigor and mission of military life. While many here worried over every casualty report on the radio, others felt

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oddly insulated. They figured Highland had already overpaid its bill to the god of war. “We had lost two people already,” said his best friend, Jacob Brett. “It seemed impossible to me we could lose anyone else.”

When the impossible happened, some could not separate one town’s tragedy from a nation’s. “Highland should not send another soldier to Iraq,” one woman told the local newspaper, The Mid-Hudson Post Pioneer. Mr. Brett said neither he nor Mr. Oremus had been political, but the death had changed him. “I hope this does make people look differently at the war,” Mr. Brett said. “I don’t want any other people to go through what we’re going through.”

But for most, for now, the grief has obliterated the larger debate over the war. For the people in Highland, like generations before them, it is about young people who died much too soon, about families having to cope with too much and, this time, about a burden no town should have to bear.

On the road into town, there are war memorials from the Civil War to Vietnam. The flagpole and monument in front of the Methodist church honors those who served and those who died “in the Great War of the Nations,” the quaint coinage before World War I merited a Roman numeral. And today, people say, the funeral for Mikey O, dead at 21, could be the biggest in town history.

“All three of them died so young,” said Mr. Brennie. “They had so much to offer, so much they wanted to achieve, and it was all ripped away.”

In Marine's Death, Clues To A Son's Life (WP)

By Dan Morse

The Washington Post, October 11, 2006

Gilda Carbonaro pulled her car to a stop inside Arlington National Cemetery, stepping out to visit the freshly dug grave of her only child, Alex.

With her was a broad-shouldered Marine, limping from a leg shattered in battle, who towered a foot over Gilda. The Marine hadn't known Alex well but held precious clues about the person he had become.

Gilda had many questions. She and her husband had raised Alex in a world different from the military's -- the protected streets of Bethesda. Alex graduated from a Quaker high school, then stunned them by enlisting in the Marine Corps.

Gilda trusted he would serve out his initial five-year commitment, come home and go to college. Instead, he reenlisted, earning a spot in one of the Marines' elite reconnaissance units, called Recon, which operate deep inside enemy territory. That took Alex on two tours in Iraq, a war Gilda had spent two years trying to end.

On May 1, a roadside bomb tore through Alex's Humvee, setting him and two of his men on fire. He died 10 days later in a military hospital in Germany in the arms of his mom, his dad, his wife of not quite 12 months and his mother-in-law.

Alex remains the only service member listed from Bethesda killed in Iraq or Afghanistan. He was 28.

His grave in sight, Gilda -- a 56-year-old school teacher -- wrestled with unyielding grief, and with a mother's need to understand her son. The Marine walking with Gilda was a sergeant, like Alex. They placed flowers on Alex's grave, doing the same at the nearby grave of one of Alex's men. They walked to a big tree and sat down.

"Have you read the Recon Creed?" the Marine asked. "We live by that."The Corps Over College

Alex was a tough read, even as a kid. Private and headstrong, he tended to reveal big decisions only after he had made them.

The world around him couldn't have been more focused on college. In 2000, according to U.S. Census data, Bethesda held more degrees per capita than any place in the country with more than 50,000 people.

Gilda held a master's in linguistics from Georgetown University. She taught Spanish at two of the area's top prep schools, first Holton-Arms, then St. Albans. Alex's father, Fulvio, a native of Italy with a master's in computer science, consulted at financial institutions in developing nations around the world.

The couple tried not to smother their only child. When he was 12, Gilda walked him through their neighborhood, helping line up friends who needed lawns mowed. Alex spent $300 of his earnings on a watch for his dad.

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Alex spelled poorly, shaking his confidence as he advanced in school. Seeking smaller classes, his parents enrolled him at Sandy Spring Friends School, an eclectic prep school where students call teachers by their first names and are exposed to the Quaker tenets of peace and pacifism.

Alex applied himself to only what interested him -- Russian history, Brazilian history, creative writing -- and posted erratic grades reflecting that. He came to see college as a place others headed simply to get a degree. Without studying, he posted an SAT score high enough to give him a good shot at Georgetown.

Gilda handed him an application. "You'll have the most fun you've had in your life," she said.

Alex began to fill it out but halted at a section he viewed as phony. "This is when the person applying to college writes these essays saying what wonderful people they are," Gilda recalled him saying. "I'm not doing that."

Alex stood a wafer-thin 5 feet 7 inches tall, making it that much more shocking when he told his parents that he had enlisted after high school. The three drove to the Marine recruiting office in Rockville. "You can live a year of your life wasting time," the recruiter told them. "Or you can live it, planning every minute of it, and living it well."

To Gilda, it sounded like a standard spiel for parents. But part of it reflected her beliefs. "The unexamined life is not worth living," she thought.

Alex's decision stunned friends. He was the kid playing Dungeons & Dragons, the garage-band guitarist, the high-schooler squeezed into a booth at TGI Friday's, sucking down cigarettes and endless cups of coffee. He told them that he wanted to be financially free, to travel, to become stronger. "You know what," he told buddy Jon Codell, cutting off his concerns, "I think it's honorable."

Alex shipped off for boot camp at Parris Island in summer 1998. His parents soaked up his letters.

"My first shot was in the 2-ring center and to the left," Alex wrote. He had to nail seven bull's-eyes from 500 yards in his final seven shots. He did, "and so now I can move on in boot camp."

After graduating, Alex was sent to Japan to maintain electronic components of Marine aircraft.

"Hi Bug," Gilda e-mailed, addressing him by a nickname she had coined when he was a baby. "Well, so it's Lance Corporal now. Fantastic! What is the rank that follows it? Some sort of sergeant?"

"What follows lance Corporal is Corporal," Alex responded. "A lance Corporal is just a Corporal without a horse. I learned that yesterday. From the sound of it, most LCPL's don't get their horse for about three years in this particular occupation."

The Marines sent him to an Air National Guard base in New York. Then terrorists struck the Pentagon and World Trade Center on Sept. 11, 2001. The world seemed to be going to hell, Alex told a high school friend, and he wanted to get in the middle of it. Apart from that, he had never become the Marine he envisioned. He reenlisted, setting his sights on Recon. Fewer than one in five make it.

Gilda suggested having the Marines send him to college so he would come out an officer: "Doesn't it make sense to seek a commission?"

"So I can be stacking papers and signing things while my men are in the field?" Alex responded. "I don't think so."'I Struggle With Myself'

Gilda and Fulvio fully supported removing Afghanistan's Taliban government. Given time, Fulvio thought, the United States would lead poorer nations toward democracy. "I am now convinced I was wrong," he e-mailed friends a month after the Iraq invasion.

A year later, Gilda and Fulvio thought the United States shouldn't pull out. Then, for Gilda, came a growing sense that staying was doing more harm. In spring 2004, she joined Military Families Speak Out.

She placed a sign in her living room window: "Bring The Troops Home Now." She kept postcards in her purse calling for withdrawal and slipped them onto windshields in downtown Bethesda. She went to rallies, visited members of Congress. She sent Alex articles on such topics as the challenges of reconstructing Iraq.

"I struggle with myself in deciding whether or not to send you these things," she wrote. "Obviously I want you to have total conviction in what you are doing. To me, this conviction translates to your safety. But another part of me is convinced the more knowledge you have, the better off, the safer you'll be."

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Alex kept training for Recon. At home one weekend, he and Bethesda friend Andy Huff jogged to Bradley Hills Elementary School. Alex reached for a chin-up bar, knocking out 20. He took a quick break and did nearly 20 more. "Whoa," Huff remembers telling him. "That's pretty crazy."

In September 2004, as part of a Recon battalion with the motto "Swift, Silent, Deadly," Alex shipped off to Iraq.'Enough of the Politics'

Two months later, Gilda heard from Alex's fiancee. A bomb had blown up under Alex's Humvee, sending shrapnel into his foot and laying him up in a field hospital outside Fallujah.

"Mom, Mom, Mom," he said over the phone. "I don't want you to make a big deal out of this. I don't want anybody out there thinking, 'Oh, poor Alex, poor Alex.' "

He asked his parents to visit a wounded buddy at the National Naval Medical Center in Bethesda. While there, they met other Marines, too, including one blinded by a gunshot who asked what Alex did.

"He's Recon," Gilda said.

"Recon. They're crazy, ma'am."

She asked what he meant.

"They have no fear," he said.

Gilda and Fulvio also met Frank Delgado, the tall Recon Marine who two years later would go with Gilda to Alex's grave. Three metal rings surrounded Delgado's lower left leg, and rods descended into his bones. He told the Carbonaros that he had just seen Alex. He was okay, and Delgado told them how lucky he was: Alex soon would be fighting alongside his buddies, not laid up worrying about them.

Gilda began visiting the hospital weekly. She also learned of Marines in boot camp who didn't get mail. She wrote them, trying to lift their spirits.

She sent Alex cookies, cakes, books, articles. She tried to engage him in campaign discussions.

"Enough of the politics," Alex e-mailed her from Iraq.

A month later, a red bouquet arrived for Gilda. "Happy Birthday," the card read. "Just know that I am doing OK. I love you. Alex."Joining in Protests

May 28, 2005, was his wedding day.

At 11:30 a.m. he walked downstairs in his dress-blue uniform, a row of five medals, including a purple heart, hanging on his chest.

"Wait a minute," Gilda said. "The wedding is at 3, Alex."

He wanted to join six other Marines at the church to practice a ceremony in which he and his bride would walk under an arch of swords.

The newlyweds settled outside a Recon base in North Carolina. Selected as team leader, Alex was in charge of five younger Marines. It was down there, between his deployments, that Alex searched the Internet for his mom's name.

At the rallies, Gilda hadn't mentioned Alex's name. She had rarely mentioned hers. Still, as Alex could see, she had certainly been active. At a rally in Washington, a speaker saw Gilda, calling out her name. She spoke in Philadelphia. And just before Alex had left on his first tour, she spoke by phone to a reporter with Radio Free Europe.

"I can't let my son see how upset I am," she said in an online version of the story. "How do you turn around and tell your son: 'Your president, he made a mistake. You need to abandon your men.' You don't tell your child that."

Alex didn't like it. "Keep a low profile," he told Gilda.

She did. As Gilda wrote senators and friends, she stacked copies in a box, hoping one day to give them to Alex.

"How did the pistol shooting go? . . . What's the mood like in the country at least as far as Marines are concerned about the way things are going in Iraq?" she e-mailed from Italy.

"Political-wise marines are marines," he wrote back, "and will always just talk about the last time they went over there or the next time they may have to go."Part of the Family

By April this year, Alex was back in Iraq for his second tour. "Hi guys," he wrote to his parents April 28. "I'm doing fine. I really haven't been in [camp] a lot. Maybe five days since I've been here. . . . I will get a hold of you soon. Alex."

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Four days later, Gilda heard a knock on her classroom door. The chaplain asked her to her office. "It's Alex, isn't it?" Gilda asked.

Within days, she stood outside Alex's hospital room in Germany, being asked to put on a gown, rubber gloves, a mask and a hair cap. She walked in. Alex was hooked to a respirator. Bandages covered all but small patches of his darkened face.

"Don't worry," Gilda told him. "Everyone says you've been such a fighter, how tough you are. You have the best doctors, baby. You're going to be just fine."

Alex couldn't respond. "You've had more Masses than the pope," his wife told him, forcing a smile in her voice. Alex's mom broke for the door, screaming as she reached the hall.

Two weeks later, Alex's parents, his widow and his in-laws sat in a front row at Washington National Cathedral. More than 700 mourners sat behind them -- relatives, friends, Marines, St. Albans boys in their coats and ties.

Jeff Corwon, a Marine, walked to the lectern, his lower lip quivering, his back ramrod straight. He spoke of Alex's dedication. He turned to Alex's parents.

"Mr. and Mrs. Carbonaro, in your eyes Alex may have been an only child," he said, his voice halting. "But through your eyes, you may not have seen how good of a brother he was of mine."

It was the kind of language they had heard for weeks -- over the phone from North Carolina, in Germany, in Washington setting up the funeral: You are part of our family.

That evening, friends and relatives gathered at the Carbonaros'. Carloads of Marines pulled up, parking near Gilda's Bring The Troops Home sign. Inside, they stood in clumps, telling stories about Alex and smiling. Gilda kept approaching. They offered to do anything for her -- now, 20 years from now. "We're going to get together again, right?" she asked.

Absolutely, they said.

Online, she found tributes: "Many times, I went to Alex for ideas and advice on how to accomplish a task," wrote his platoon commander, Lt. Tommy Waller, "never walking away without a better plan than the one I had started with."

Gilda also found the Recon Creed, which offers its own tenets for life: Sacrifice comfort. Complete the mission. "A Recon Marine can speak without saying a word," it closes, "and achieve what others can only imagine."

Alex's widow, who is also named Gilda, told his parents of her final phone conversation with Alex in late April. She told him that people were praying for him. He told her to thank them. "Tell them to pray for my team, too," he said, adding that if something happened to them, it would be as bad or worse than if it happened to him. Alex also asked his wife to round up information on the veteran's college scholarships they had discussed. He planned to leave the Corps next year.

Alex's mom read the book "One Bullet Away," written by a Recon officer. In battle, he wrote, Recon operated in such small units that its team leaders were "the battalion's backbone."The Bombing

Closer to home, two Marine veterans of the Iraq war check on Gilda and Fulvio. Sometimes they bring Italian wine, staying for dinner. "There's a bit of Alex in all of us," Delgado, who just retired from the Corps, told them last month.

Alex's full unit is due home this month, with members planning to visit Arlington. Gilda has invited many of them over. She and Fulvio want to meet Marines such as David Drexler, the last known person to hear Alex speak.

After the blast, he wrestled Alex to the ground, damping out flames with his gloved hands. He wrapped Alex in a gel-lined blanket, laid him on his back and propped Alex's head on his leg as they waited for the helicopter. Alex cursed roadside bombs, joking that they had gotten him again. He asked for water.

"Where's Elmo?" Alex asked. "Where's Moss?"

"Doc's working on them now," Drexler said.

"How's Palmer? How's Fulks?"

"Everybody's fine," Drexler said.

Twenty minutes passed. Alex kept asking about his team. Finally, he said his arms felt like they were burning, and his face hurt.

"Okay," Drexler said, knowing he needed morphine. "I'm going to call for Doc."

Chief Of The Army Says U.S. Needs Consensus To Combat Terrorism (MCT)

DOJ_NMG_0078835

By Drew Brown

McClatchy Newspapers, October 11, 2006

WASHINTON - The United States needs to reach a consensus on how to fight terrorists and increase defense spending to make sure the Army stays ready to fight, the Army's chief of staff said Tuesday.

Gen. Peter J. Schoomaker also called on teachers, parents and other influential adults to encourage young people to serve in the military.

Speaking at the Army's annual convention, Schoomaker said the United States was "much closer to the beginning than the end" of the war on al-Qaida and other terrorists. "Ultimate victory," he said, would require a common understanding of the enemy and the nature of the conflict, plus a "national strategic consensus" on how to address the threat.

"While such a common strategic foundation - understood and accepted by the American people - existed during the Cold War in the form of `containment,' it is not evident that such common understanding exists today," he said.

Schoomaker didn't give specific figures about the amount of defense-spending increases he thought was necessary. He said the Army had learned a "bitter lesson" during the 1990s when 425,000 soldiers were cut from its ranks and expenditures fell to levels unseen since the late 1940s. From the late 1980s until 2001, there was a $100 billion shortfall in investment in new technologies and $56 billion in equipment shortages, Schoomaker said.

Defense spending now is less than 4 percent of U.S. gross domestic product, compared with 38 percent during World War II, 14 percent during the Korean War and 10 percent during the Vietnam War.

"Let there be no mistake: Our soldiers' effectiveness in battle - both today and tomorrow - ultimately depends upon a national commitment to recruit, train, equip and support them and their families properly," he said. "This is a matter of national priorities, not affordability."

Schoomaker, who's nearing the end of his four-year term, said the Army faced a challenge in recruiting enough soldiers to fight in a protracted war.

"We should see our best young people seeking to serve," he said. "America's future depends on it."

The Army missed recruiting targets in 2005. It made its goals in fiscal year 2006, which ended Sept. 30, but had to make some changes, including increasing the maximum age for recruits to 42 and allowing 4 percent of recruits to score in category 4, the lowest level, compared with a previous limit of 2 percent in the lowest category.

Army officials denied that they'd lowered standards. They said the overall Pentagon standard was 4 percent in category 4 and the change brought the Army's standard in line with that.

Army officials said waivers for crimes had increased but that most were for misdemeanors. Waivers for serious crimes are below 1 percent of the total number of recruits, and waivers for drug and alcohol use also remain below 1 percent of the total.

A study last month by the National Priorities Project, a nonprofit group that examines federal spending, found that new recruits in 2005 came primarily from low- and middle-income neighborhoods, and that recruits from households with annual incomes of more than $55,000 were increasingly underrepresented.

CORPORATE SCANDALS:

Bed Bath & Beyond Admits Extensive Options Backdating (WSJ)

By Mark Maremont

The Wall Street Journal, October 11, 2006

Bed Bath & Beyond Inc. admitted to rampant backdating of stock-option grants as part of a policy to provide extra incentives to insiders, but said an internal probe found no evidence of "willful misconduct."

The detailed mea culpa by the big Union, N.J., retail chain is another demonstration that the options scandal, which has engulfed more than 100 companies, is reaching far beyond Silicon Valley and the technology sector.

MORE ON OPTIONS

• Bed, Bath & Beyond's Oct. 10 filing on options1

• Options Scorecard: Companies under scrutiny2

DOJ_NMG_0078836

• Perfect Payday: Complete coverage3

Bed Bath & Beyond said its internal probe examining the period from its 1992 initial public offering through May 2006 found that the company had misdated options on 44 occasions, 37 of them in favor of the recipients. In many cases, the probe concluded, executives used "hindsight" to select favorable grant dates in the past when the stock was trading at low points. (Read the text of the company's report on options.4)

The probe criticized the company's options-granting process as deficient in a number of ways, including the practice of allowing its three senior executives to select the dates for their own options grants. It said the responsibility for selecting grant dates rested with its co-founders and current co-chairmen, Leonard Feinstein and Warren Eisenberg, and its current chief executive, Steven H. Temares.

The company said it doesn't intend to restate past financials to record the extra compensation expense associated with the backdated options. Instead, it said it will cut $66 million from the equity portion of its balance sheet, and expects to record another $8 million in expense in its fiscal third quarter. The company also said it is reviewing potential tax implications of the backdated options.

Backdating involves pretending the option was granted at an earlier time when the stock price was lower, thus handing the employee an instant potential profit. Backdating generally is improper or illegal, and can lead to criminal or civil charges, plus accounting problems. The Securities and Exchange Commission is conducting an informal inquiry of Bed Bath & Beyond, the company has said.

While companies such as Apple Computer Inc. recently have provided only bare-bones disclosures about the conclusions of their internal options probes, Bed Bath & Beyond's statement late yesterday gives copious details.

Bed Bath & Beyond Ends Internal Probe (AP)

AP, October 11, 2006

Bed Bath & Beyond Completes Internal Stock Probe, Will Take $8M Charge in 3Q

WASHINGTON (AP) -- Bed Bath & Beyond Inc. said Tuesday it completed its internal investigation of stock-option practices, and while the home furnishings retailer will not revise past financial statements, it will take an $8 million charge in third quarter.

The Union, N.J.-based retailer said the general and administrative expense charge represents "the total of the first and second quarter charges related to the impact of the revised measurement dates...and the applicable charge for the third quarter," in a filing with the Securities and Exchange Commission.

The review committee found 31 off-cycle monthly grant dates not made on the 15th of the month as required by the company's policies, and 12 of them were "at notable low prices." Interviews and the documentation reviewed did not explain the selection of the dates, the company said.

"The low prices were suggestive of the use of some hindsight in selecting the low price off-cycle grant dates," according to the filing. However, the committee found no willful misconduct and no intent to mislead auditors.

At least 136 companies have disclosed internal, SEC or Justice Department investigations into the possible backdating of past stock options to artificially inflate their value.

Bed Bath & Beyond also will reclassify $66 million "within the equity section of the consolidated balance sheet to be included in its Form 10-K for the fiscal year ending March 3, 2007." The charge represents the effect of the adjustment resulting from non-cash charges from fiscal 1993 through the second quarter of this year, according to the filing.

"The company is reviewing any potential tax implications relating to the company's stock option grants and restricted share awards, but believes that such matters will not have a material impact on the company's financial position," according to the filing.

Shares of Bed Bath & Beyond dipped 5 cents to $39.88 in after-hours trading, after losing 6 cents to close at $39.93 on the Nasdaq.

2 Ex-Comverse Execs In Plea Discussions (HC)

By Chad Bray, Dow Jones Newswires

DOJ_NMG_0078837

Houston Chronicle, October 11, 2006

NEW YORK — Two former executives of Comverse Technology Inc. are engaged in plea discussions with the U.S. Justice Department to end the criminal fraud case against them, according to court documents filed late last week.

In separate orders filed late Friday, U.S. Magistrate Judge Joan M. Azrack ordered that the time to indict former Comverse finance chief David Kreinberg and ex-senior general counsel William F. Sorin be extended by 30 days to Nov. 8.

According to court documents, Sorin and Kreinberg are engaged in plea negotiations with the U.S. Attorney's office in Brooklyn, which "they believe are likely to result in a disposition of this case without trial."

Kreinberg and Sorin were charged, along with ex-Comverse Chief Executive Jacob "Kobi" Alexander, with conspiracy to commit mail fraud, securities fraud and wire fraud in August in an alleged scheme to improperly backdate options at the company. The men were charged at the time under a criminal complaint.

Alexander, who was arrested in the African nation Namibia last month, has since been indicted on charges of conspiracy, securities fraud, making false filings with the Securities and Exchange Commission, mail fraud, wire fraud, money laundering and engaging in unlawful monetary transactions. Alexander was granted bail at a hearing last week in Namibia.

The SEC also has separately filed civil charges against the men.

A spokesman for the U.S. Attorney's office in Brooklyn declined comment Tuesday. Lawyers for Sorin and Kreinberg didn't immediately return phone calls for comment on Tuesday.

Prosecutors have alleged that Alexander and others engaged in a scheme to backdate millions of stock options for themselves and other employees when the stock was trading at periodic lows. The improper grants occurred between 1998 and 2002, according to court documents. As a result, Alexander "reaped substantial personal gain" from his alleged conduct, prosecutors said.

Alexander and others allegedly arranged to award new hires with "in-the-money options backdated to days before the new employees were employed by CTI," according to court documents.

The government also has alleged that Alexander and others used fictitious names to generate hundreds of thousands of backdated options, which were parked in a "secret slush fund" designed to evade the requirements of Comverse's stock-option plans. Alexander then unilaterally awarded options from the slush fund to favored employees, according to prosecutors.

The slush fund was first named I.M. Fanton, after "Phantom of the Opera," according to the indictment against Alexander. The earlier criminal complaint said the assistant who helped manage the slush fund named after "Phantom" said the name fit what they were being asked to do: create phantom employees.

The slush fund's name was later changed "Fargo" _ based on the Coen brothers' movie of the same name, according to the indictment. The earlier complaint said the name was changed after thinking better of the wisdom of naming the fund after "Phantom."

Prosecutors are seeking the forfeiture of about $138 million in Alexander's assets, as well as two apartments in Alexander's name in Manhattan, according to court documents.

Subway Series Alive After All: The Legal One (WSJ)

By Paul Davies And Peter Lattman

The Wall Street Journal, October 11, 2006

Federal Prosecutors in Brooklyn One-Up Prosecutors Across River, Snag More White-Collar Cases

NEW YORK -- Federal prosecutors in Manhattan aren't used to being upstaged. But if Kobi Alexander, the fugitive executive arrested last month in Namibia, makes it stateside to answer stock-option-backdating charges, he will do so across the East River, in a different borough of New York City: Brooklyn.

Ownership of the case -- involving Comverse Technology Inc., which Mr. Alexander co-founded -- is the latest in a string of white-collar cases overseen by the Justice Department's U.S. attorney's office in Brooklyn. Known as the Eastern District of New York, its prosecutors lately have gained ground in a friendly, but sometimes-pointed, rivalry with their Southern District counterparts in the borough of Manhattan, who have stumbled recently on a few big cases.

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That rivalry between prosecutors in two of the country's 93 judicial districts is playing out amid a broader competition for business cases that has intensified nationwide since the dot-com collapse. Led by New York state's attorney general, Eliot Spitzer, and Manhattan District Attorney Robert Morgenthau, state and local prosecutors also have jockeyed for prominence, sometimes stepping on the toes of regulators, especially at the Securities and Exchange Commission, which has authority to bring only civil cases.

In the criminal realm, the Manhattan U.S. attorney's office is the "old established group that considers itself the best," says Alan Vinegrad, a former Brooklyn U.S. attorney. But now the scrappy underdog is "on the map."

Unwilling to concede much, Steve Peikin, former head of the Manhattan office's securities unit, quips that Brooklyn is a "great second."

The Eastern District's white-collar troops used to focus mainly on Long Island boiler-room operations peddling dicey stocks.

More recently, they were among the first to jump on stock-options backdating, launching probes of Comverse and Cablevision Systems Corp., of Bethpage, N.Y. No charges have been filed in the Cablevision case. Mr. Alexander and two other former Comverse executives were charged with illegally backdating grant dates to days when share prices were low, potentially increasing the options' value. The others pleaded not guilty, but court records show they are in plea-bargain talks. Prosecutors are trying to extradite Mr. Alexander from Namibia, where he is out on bail.

In the spring, the Brooklyn prosecutors secured guilty pleas from three former executives of CA Inc., an Islandia, N.Y., software company. They indicted about a dozen brokers for allegedly trading on information from brokerage giants' communications systems, known as squawk boxes; five pleaded guilty, the rest await trial. The prosecutors also landed guilty pleas in May from nine people for fraudulently boosting circulation at Newsday, a Long Island newspaper owned by Tribune Co. A former FBI agent was sentenced Oct. 2 in Brooklyn federal court to six years in prison for trading on information about companies under investigation.

One setback for the office: a hung jury in February in an accounting-fraud case against three former Symbol Technologies Inc. executives. A retrial is set for next year. The company's former general counsel pleaded guilty in 2004.

After the collapse of Enron Corp. and the passage of the Sarbanes-Oxley corporate-oversight law, the Brooklyn office enhanced its white-collar expertise, says Roslynn Mauskopf, the Eastern District's U.S. attorney. With public companies having proliferated on Long Island, the district was in need of more business policing, Ms. Mauskopf adds.

The office got a boost in July 2002 when the Bush administration formed the Corporate Fraud Task Force, which included both Brooklyn and Manhattan, and decided to spread white-collar cases around the country.

"We quickly leveraged our in-house expertise and made some really smart hires," including lawyers from the SEC, the Manhattan district attorney's office and other U.S. attorney shops, says Ms. Mauskopf, recently nominated for a federal judgeship.

The Brooklyn office's experience in organized-crime cases aided its white-collar push. "If you've tried complicated, multidefendant RICO [racketeering] cases, it's not going to be a challenge to you to try a complicated corporate-fraud case," says Leslie Caldwell, an Eastern District alumna who headed the Enron prosecution team, which included two other former Brooklynites.

The Manhattan U.S. attorney's office -- the nation's oldest, created by President Washington in 1789 -- opened a securities-fraud unit in the 1960s, decades before other offices. It has a reputation for jealously guarding its dominance of corporate-fraud cases, earning the moniker among critics as the "Sovereign District."

Rudolph Giuliani, later New York City's mayor, made his name there in the 1980s, prosecuting Wall Street titans Ivan Boesky, Michael Milken and others. More recently, the office won convictions in a string of cases -- against Martha Stewart, WorldCom Inc.'s Bernard Ebbers and Adelphia Communications Corp.'s John Rigas and Timothy Rigas.

Now headed by Michael J. Garcia, the office recently has hit a rough patch, mostly from missteps that predated him. Charges against former star investment banker Frank Quattrone were deferred in August, after a mistrial and an overturned conviction. A federal judge chastised the office for heavy-handed tactics against former KPMG LLP executives charged with tax fraud. Prosecutors dropped fraud charges against two New York Stock Exchange floor traders after losing trials against two others; another two pleaded guilty, and two were convicted.

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The office still wins most cases, and it remains aggressive on the white-collar front, pursuing some of its own stock-options probes. (An inquiry into buyout deals by private-equity firms is being handled by a separate Justice Department antitrust unit in New York.)

"I am proud of our long history of prosecuting securities-fraud cases," Mr. Garcia said in a statement. "Many offices around the country have increased their efforts in this area, with fine results for the public. We applaud the excellent work of our colleagues."

The two offices have had past turf battles involving mob and drug cases. Their securities units bump into each other less often, battling over boiler-room cases in the 1990s. They butted heads over the securities-fraud prosecution of shoe designer Steve Madden. Each office ended up indicting him. He pleaded guilty in both cases and was sentenced to 41 months.

Ms. Caldwell sees the competition as healthy because it gives investigators in the SEC and Federal Bureau of Investigation alternative avenues to pursue cases.

"In either district here in New York, if a case is not being given the attention it deserves, the agents can just go across the river," she says.

Write to Paul Davies at paul.davies@wsj.com1 and Peter Lattman at peter.lattman@wsj.com2

Skilling Asks Judge To Overturn Conviction (BLOOM)

By Bloomberg News

Bloomberg News, October 11, 2006

Enron's former chief executive, Jeffrey K. Skilling, found guilty in May of directing a huge fraud, asked a judge to throw out his conviction, citing a successful appeal in another Enron case.

In a filing yesterday in federal court in Houston, Mr. Skilling, 52, joined other convicted Enron executives in asking a trial judge to void his guilty verdict, based on an August ruling by a federal appeals court in New Orleans. Mr. Skilling's request came as part of a motion to remain free pending an appeal he said he planned to file after his sentencing, scheduled for Oct. 23.

Mr. Skilling told Judge Simeon T. Lake III of the United States District Court that his conviction should be thrown out because the jury might have relied on a prosecution claim that he deprived the company of "honest services," a theory that caused the New Orleans court to overturn four other Enron-related convictions in August.

"The whole theory of deprivation of honest services is that I have a duty of loyalty to the company, yet I'm going out and doing something that hurts the company and benefits me personally," said Barry Pollack, a lawyer who successfully defended Michael W. Krautz, an accountant for Enron Broadband Services. "With these Enron guys, it's different. These individuals went out and did something they honestly believed was in the company's best interest and what the company's management at the highest level wanted done."

Mr. Skilling, convicted of 19 counts of fraud, conspiracy and insider trading, faces a sentence of as much as 25 years in prison. Prosecutors gave jurors several situations under which they could find him guilty of defrauding Enron, which collapsed into bankruptcy in December 2001. Having deprived the company of his honest services was one. Deliberately deceiving investors was another.

Since the jury did not explain how it reached its guilty verdict, the fraud and conspiracy convictions were tainted by the possibility that "honest services" played a part. Mr. Skilling argued that his entire conviction should be thrown out, using the logic the appeals court followed in August.

The government will respond to Mr. Skilling's motion "in an appropriate court filing," a Justice Department spokeswoman, Jaclyn Lesch, said. The government has already asked the entire appeals court in New Orleans to review the honest-services issue and reinstate the ex-bankers' convictions.

Third Trial Begins For Former Cendant Exec (USAT)

By Greg Farrell

USA Today, October 11, 2006

BRIDGEPORT, Conn. — For the third time in the past two years, prosecutors on Tuesday accused former Cendant chairman Walter Forbes of masterminding an accounting fraud that inflated his company's earnings by $252 million. The

disclosure of the fraud in April 1998 caused Cendant's share price to plummet 50%, wiping out $14 billion in shareholder value in one day, making it one of the biggest accounting frauds of the 1990s.

In a scene reminiscent of the movie Groundhog Day, the government argued that Forbes, 63, founder of Comp-U-Card International, used CUC's merger-and-acquisition reserves as a slush fund through which his underlings padded the company's earnings.

The government has already put Forbes on trial twice for his alleged actions. In a trial that began two years ago, a jury convicted Forbes' right-hand man, E. Kirk Shelton, of securities fraud, but it deadlocked on the question of Forbes' involvement. Shelton received a 10-year prison sentence. In a retrial of Forbes last year, a different jury also reached an impasse.

In the 1990s, CUC was profitable, prosecutors conceded, but Forbes wanted the company to grow by 25% per year, so he had his subordinates "cook the books," according to assistant U.S. Attorney Michael Martinez.

Forbes allegedly pulled off the fraud, Martinez said in Tuesday's opening arguments, by merging CUC with other companies and creating huge accounting reserves. But the problem with the scheme, Martinez continued, was that CUC had to fill a larger and larger hole each year in order to keep up with the 25% growth rate.

Finally, in 1997, Forbes agreed to merge CUC with a franchise company, HFS, to form the travel and real estate firm Cendant. Under terms of the merger, top HFS executives would run the company the first two years and then Forbes and his executives would assume control. Martinez argued that Forbes tried to hide CUC's accounting games from Cendant CEO Henry Silverman, but that the new management eventually uncovered the fraud.

In response to the government's accusations, Forbes' lead attorney, Brendan Sullivan, said Forbes knew nothing about the fraud. He laid the blame for the accounting mess squarely at the feet of the government's chief witness, former CFO Cosmo Corigliano.

Forbes' first two trials took place in Hartford, before U.S. District Judge Alvin Thompson. The current trial is being heard in Bridgeport before U.S. District Judge Alan Nevas. Unlike Thompson, who gave defense attorneys wide latitude to argue motions, Nevas sternly lectured one of Forbes' lawyers, Barry Simon, for raising questions about witnesses Tuesday afternoon, saying he wanted to deal with specific requests regarding the testimony of government witnesses all at once, not each day on the jury's time.

Buffett Waves Ethical Vigilance Flag (WP/AP)

By Timberly Ross

The Washington Post, October 11, 2006

OMAHA -- "Everyone else is doing it" is no justification for unethical business practices, Warren E. Buffett told managers of his company, Berkshire Hathaway Inc.

In a Sept. 27 memo, Buffett cautioned managers that many corporate scandals arise because questionable activity is accepted as normal behavior.

"Somewhere along the line they picked up the notion . . . that a number of well-respected managers were engaging in such practices and therefore it must be OK to do so," Buffett wrote. "It's a seductive argument."

Buffett acknowledged that it is inevitable that someone among Berkshire Hathaway's almost 200,000 workers would give in to temptation. He called on his top executives to resist improper behavior and head it off in employees.

"Berkshire's reputation is in your hands," Buffett wrote.

The memo comes as the former chairman of Hewlett-Packard Co. is being investigated on charges she violated state privacy laws when probing her board for leaks to the press.

Berkshire Hathaway owns 68 companies, according to its most recent annual report, including insurance, reinsurance, carpet, jewelry, furniture, restaurants and utility firms. And it has major investments in such companies as H&R Block Inc., Anheuser-Busch Cos. and The Washington Post Co. Buffett is on the Washington Post Co. board of directors.

The recent ethics lesson is nothing new for Buffett.

"Every couple of years for the past 15 or 20 years, he has been sending out memos to our Berkshire subsidiaries," Buffett's spokeswoman Debbie Bosanek said Tuesday.

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This is necessary, she said, because Berkshire Hathaway continues to acquire new companies and works with new people in top positions.

He said in his Sept. 27 memo, "Let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper."

The H-P Investigation (WSJ)

By Patricia Dunn

The Wall Street Journal, October 11, 2006

When I agreed to accept the position of non-executive chairman of the Hewlett-Packard board during the tumultuous period surrounding Carly Fiorina's departure, I knew there would be challenging and difficult times ahead. Never in my wildest dreams did I anticipate how difficult.

One of the first requests I received from my fellow directors was to find a way to stop leaks of confidential information emanating from our boardroom. The company had actually begun efforts to identify the source of the leaks prior to my assuming the chairmanship, but made no progress. It was of concern to us all. Well, almost all of us.

The most sensitive aspects of a company's business come before its board: strategy, executive succession, acquisitions, new product development. This is exactly the type of information a company's competitors and those who trade in its stock would love to have before that information is properly disseminated. This is exactly why it is so essential that directors respect the confidentiality of the discussions and decisions that occur in the boardroom.

At H-P, all directors, officers and employees are bound by the same Standards of Business Conduct, to which they attest compliance annually, including a section which says, "You may not grant interviews or provide comments to the press without prior approval from H-P Corporate Communications . . ." Boards are also highly regulated, with a myriad of complex structures. These regulations cannot be followed if any individual discloses sensitive information in an unauthorized manner. If any suspicion emerges that one or more board members are violating their oath of confidentiality, then, it is the board's responsibility to do something about it. This is the situation we faced at H-P in 2005, when seven of my nine fellow directors made it clear that taking steps to identify and correct the problem was a top priority of my new appointment.

As I testified before Congress, the first thing I did after being directed by the majority of the board to find and stop the leaks was to approach one of my fellow directors -- who at the time was the company's CFO and acting CEO, and to whom H-P's legal and security departments reported -- to ask him how I should proceed. I said I wanted to make sure that everything done was not only legal and proper, but in the H-P way.

I was told that H-P did this kind of work all the time, and instructed to contact an executive in H-P's security department, who directed me to an outside licensed investigator who was under a long-term contract with H-P to do investigations of this nature. I reiterated to both H-P's head of security and the outside licensed investigator what I had told the acting CEO: Any work undertaken must comply with all applicable laws and H-P's Standards of Business Conduct. I was assured it would.

This first phase of the investigation started in April 2005 and ended in August 2005. While it yielded no information about the identity of the leaker, the leaks ceased or at least slowed dramatically. Satisfied that the investigation had achieved its primary goal -- to stop the leaking of confidential information -- the investigation halted, and I was relieved that the problem was behind us.

That is, until Jan. 5, 2006, when an article appeared in this newspaper about the potential acquisition of Computer Science Corp. by H-P and Blackstone. CSC stock jumped about 8% the day after that article appeared. Approximately 15 days later, two other articles appeared which said H-P was no longer considering this acquisition. CSC's stock dropped approximately 5% the next day. Shortly thereafter, yet another article appeared disclosing sensitive and confidential information discussed by directors at the board's annual strategy offsite.

H-P's board members were upset, and the board, general counsel and CEO felt that the leak investigation should be re-opened. I suggested we use a global investigatory firm to create some independence and assure that top-notch resources were being used. The general counsel advocated the work remain in-house. She recommended that a team headed by the company's head of ethics investigations -- also a lawyer -- be given the assignment, as they regularly dealt with sensitive, high-

level issues. The By ethics officer chose to work with H-P's internal security department, which decided to use the same licensed private investigator who had handled the first investigation. I did not learn until late August 2006 that the first investigator subcontracted to a second firm, which undertook the methods now so widely reported in the media.

Despite reports to the contrary, I did not unilaterally decide to initiate a leak investigation. I did not run, supervise or direct the investigations. I did not select or hire the investigators or direct who should be investigated. Nor was I aware of exactly who was being investigated. The company's legal and security departments were in charge of the work. In fact, I was a full subject of the investigations and was "pretexted" along with the others. While I did (appropriately) receive periodic reports on the progress of the investigation, I was not aware until after the investigation was complete and the results were presented to the full board of some of the tactics used. I am still learning about some of the techniques that were used or contemplated.

Throughout the process I asked and was assured -- by both H-P's internal security department and the company's top lawyers, both verbally and in writing -- that the work being undertaken to investigate and discover these leaks was legal, proper and consistent with the H-P way of performing investigations.

Prior to the presentation of the results of the investigation to the board, two lawyers reviewed the report we had obtained. Neither raised concerns about the information or what was known to that point about the process used to obtain it. Subsequently, in response to an email inquiring about the methods and legality of the investigation, a prominent outside attorney stated, "the process was well done and within legal limits."

I offered during the week the story broke, and will continue to offer, my sincere apologies to those whose phone records were accessed, particularly those outside the company. I had no knowledge that journalists' phone records were being accessed. It was always my understanding that their telephone numbers were only being cross-referenced against legally obtained director phone records.

I want to be clear on one point, though: Once conclusive information determined that a director had been disclosing confidential information, the board had no choice but to act. The risk of a future disclosure that could result in a security laws violation or some other problem was too great, and against the backdrop of having done nothing about previous leaks, would have raised serious questions about the board's resolve to deal with a chronic problem.

Upon receiving the report, we were given legal advice that proper handling of the matter was for the full board to deliberate on any appropriate actions. At the risk of bursting yet another myth about this investigation, there was no "Perry Mason" moment, no dramatic revelation about the identity of the leaker. Rather, directors received a reasoned and balanced summary of the matter not from me, but from the audit committee chairman. * * *

As a result of extraordinary negative publicity from these episodes, the board asked me to step down as chairman and director. Less than two weeks later I was charged by the California attorney general on four felony counts of fraud and conspiracy.

Some have said they feel I have been made a scapegoat. That is not for me to say. What I will say is that throughout the process I asked the right questions of the right people at the right times. I have no reason to believe that the people who continually assured me that what was being done was being done both legally and properly did not believe this to be true. And, despite the outrage and incredulity with which my statements about accepting assurances that phone records could be obtained legally, my lawyers assure me that there are in fact ways this can be done. That is one reason Congress is considering a bill against pretexting, which I support.

One more thing: Tom Perkins did not resign from the H-P board because of concern over the leak investigation -- he resigned because he was upset that the full board had been given the chance to decide his friend's fate.

H-P remains a great company with outstanding people. I am proud of the contributions I made during my tenure as a board member, particularly the leadership role I played in bringing Mark Hurd to the company and recruiting two new outstanding directors. I am fully confident that the H-P board and management are completely focused on continuing their work to create value for the customers, employees and shareholders of H-P. The constituents of this great company expect and deserve nothing less.

Ms. Dunn is former non-executive chairman of Hewlett-Packard.

H.P. Could Be A Finger-Pointing Case (NYT)

By Matt Richtel

The New York Times, October 11, 2006

SAN FRANCISCO, Oct. 10 — The five defendants in the Hewlett-Packard spying case must overcome a paper trail of evidence against them. But they could wind up with as much to fear from one another.

At least one lawyer involved in the case and several outside legal experts said the five defendants might wind up turning on one another as part of a way to shift blame away from themselves.

"It's every man for himself," said Stephen Naratil, the lawyer for Bryan Wagner, who is charged with having misrepresented himself to phone companies to obtain calling records of Hewlett-Packard directors. "Everyone is going to pass the buck down, and that's where my guy is sitting."

Mr. Naratil said he would not be surprised ultimately to see conflict between the lawyers for the company's former chairwoman, Patricia C. Dunn, and its former head of ethics, Kevin T. Hunsaker. "They're going to point fingers at each other and other executives."

His comments, and interviews with lawyers for the other defendants, have begun to bring preliminary shape to a defense strategy in a case that is moving from the political and media stage to the courtroom.

At a joint arraignment hearing on Tuesday in San Jose, Calif., Mr. Wagner and two private investigators — Ronald R. DeLia and Matthew DePante — pleaded not guilty and agreed to return to court on Nov. 17 for a preliminary hearing along with Ms. Dunn and Ms. Hunsaker.

It is not yet clear whether the defendants will be tried together or separately. It is possible that one or more defendants could choose to cooperate with the prosecution and testify against others.

But lawyers for any of the defendants could also try to shade the evidence in a way that is more favorable to their client and less so to another defendant. If the cases are severed, evidence presented in one trial could be subpoenaed in another trial.

Prosecutors want to try all the defendants at once. "We will resist any attempt to sever the prosecution of the case," said Tom Dresslar, a spokesman for Attorney General Bill Lockyer, citing the interest of "judicial economy."

Legal experts and lawyers in the case said that for all five defendants, the case was likely to be fought not just on the facts but also on the law. If there is one theme that will unify the defendants, legal experts said, it is that they will seek to challenge whether California law is even applicable to "pretexting" — a technique involving misrepresentation to get personal and calling records.

The defendants are said to have engaged in a conspiracy to obtain such records to determine the identity of a director who Ms. Dunn and others thought was giving confidential information to the news media.

"The thing we're most interested in is whether the statutes selected for charging do not address the alleged conduct," said Richard J. Preira, co-counsel for Mr. DePante. Mr. Preira said the defense lawyers "have a common interest in educating the court as to the inapplicability of the statutes."

The defendants are each charged with four felony counts. Among the charges, the state accuses them of violating laws against knowingly gaining unauthorized access to computer data to devise or execute a scheme, or using the data to defraud or deceive, or for unlawful purposes.

Legal experts said there would certainly be a vigorous pretrial debate about whether the laws fitted the charges. The legal experts themselves are sorely divided on the question.

"The statutes would have to be expansively interpreted in order to reach pretexting," said Joseph A. Grundfest, professor of law and business at Stanford University. "But courts have interpreted statutes expansively before."

In a recent interview, Mr. Lockyer, the attorney general, said, "I think our laws are sufficient to cover the behavior."

Ms. Dunn's lawyer, Jim Brosnahan, declined to discuss many aspects of his strategy. But he said he might argue that his client had not ordered anyone to commit an illegal act and had not known one was being committed.

"If the attorney general has progressed against Pattie Dunn on the theory she didn't have to know she was doing anything wrong or didn't have to order that something be done wrong, the weakness of that case will be subject to some very interesting motions," Mr. Brosnahan said.

Ms. Dunn also hinted at her own strategy in an interview broadcast Sunday on "60 Minutes." She said she did not recall — as prosecutors assert — that she had given home phone numbers of Hewlett-Packard board members to Mr. DeLia, the investigator.

She also rejected contentions, indicated in interview notes from Hewlett-Packard's outside lawyer, that she had been told that investigators might have to use false pretenses to obtain calling records.

But legal experts said Ms. Dunn might not have done her defense team any favors by appearing on "60 Minutes."

"It was an act of total lunacy," said Jonathan Turley, professor of law at George Washington University. Because everything in the interview can be used as evidence, it could close the door on some lines of defense, he said.

Mr. Turley said Ms. Dunn's best defense is "rather obvious."

"She's got to claim that she did not micromanage the investigation," he said. "Her best defense must not be ignorance of the law, but ignorance of the act."

But he and other legal experts said Ms. Dunn and Mr. Hunsaker might have trouble making the case.

Joel Reidenberg, professor of law and director of the center on law and information policy at Fordham University, said: "Their best argument is to say, 'We didn't know what Wagner was doing'? Is it a credible argument? I don't think so. They got reports of detailed phone records."

Mr. Turley said he expected the challenges to be severe for Mr. Wagner as well, because the other defendants would seek to isolate him as the bad actor.

"He is someone we call the 'designated defendant,' " Mr. Turley said. "He'll be portrayed as the rogue employee or rogue contractor."

But that could work against the other defendants, too, he said. "If prosecutors really want to nail the top executives, they could cut a deal with him."

Mr. Wagner's lawyer, Mr. Naratil, said he was still studying the statutes in the case but said one central question was whether the state of California has jurisdiction over his client, who lives in Littleton, Colo.

Mr. Wagner is said to have been hired to gather phone records in the Hewlett-Packard investigation for Mr. DePante's firm, Action Research Group, based in Florida, which was hired in turn by Mr. DeLia, an investigative consultant in the Boston area.

Outside the courtroom on Tuesday, Mr. Naratil said Mr. Wagner "didn't know anyone at H.P. and he didn't know he was working for H.P."

The lawyer representing Mr. DeLia in court on Tuesday, John Williams, declined to comment after the hearing.

Michael Pancer, the lawyer for Mr. Hunsaker, said he expected to be able to elaborate on his strategy after he got further into the pretrial procedures. For now, he said, his client's defense is based on a good-faith belief that the investigators' conduct was legal.

But Mr. Turley said Mr. Hunsaker could have a tough road, too, partly because of an e-mail message that the defendant is said to have written. In that message — in response to a note from investigators saying that a ruse had been used to obtain phone records — Mr. Hunsaker wrote back that he "shouldn't have asked."

Mr. Turley said that, whatever the defense strategy, that message could become a cornerstone of the prosecutor's case. "The quote supplies a ready-made narrative," Mr. Turley said. "It sums up the case in a single sentence."

He said prosecutors would characterize a corporate culture in which top executives did not confront the hard questions, telling the jurors: "Isn't that what Dunn is all about? She knew not to ask."

Three Investigators In HP Scandal Arraigned In California (AP)

By Jordan Robertson, The Associated Press

AP, October 11, 2006

Three private investigators who allegedly obtained confidential telephone records as part of Hewlett-Packard's boardroom spying probe pleaded not guilty Tuesday to identity theft and other felony charges.

DOJ_NMG_0078845

Ronald DeLia of Massachusetts-based Security Outsourcing Solutions Inc., Matthew DePante of Florida-based Action Research Group Inc. and Bryan Wagner of Colorado were arraigned in Santa Clara County Superior Court. Each was later booked and released on personal recognizance.

DeLia, DePante and Wagner are among five people criminally charged last week for their roles in the spying scandal at the computer and printer giant. Former HP Chairwoman Patricia Dunn surrendered and appeared in court late last week, and the company's ousted ethics chief Kevin Hunsaker also turned himself in and was released.

The three investigators are accused of impersonating HP board members, employees and journalists to trick telephone companies into divulging their private phone logs.

All five are charged with using false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 and three years in prison.

They are all scheduled to return to court Nov. 17.

Wagner's defense lawyer, Stephen Naratil, said outside court that his client worked for many companies and didn't know what the telephone records were being used for.

He declined to comment on prosecutors' claims that Wagner acknowledged destroying the computer linking him to the HP probe "because it had incriminating evidence on it."

"He's a hard worker," Naratil said. "He didn't know anything about HP. He didn't know anyone at HP. He was just doing his job."

DePante's defense lawyer, Richard Preira, reiterated his client's innocence but declined to comment further.

DeLia's defense lawyer declined to comment.

State Attorney General Bill Lockyer has said the investigation is ongoing and could lead to more charges.

DeLia, a longtime HP contractor on security investigations, was allegedly the middleman between HP and the other two investigators.

According to an affidavit filed in support of the charges, Dunn worked with DeLia on HP's ultimately unsuccessful media-leak investigation in 2005.

HP then contracted with him again this year after a story appeared on CNET's News.com in January with an anonymous source dishing about a private board retreat.

DeLia contracted with Action Research Group, where DePante is a manager, to obtain the private phone logs, who in turn hired Wagner as a subcontractor, according to the criminal complaint.

Prosecutors say a series of e-mails shows that DeLia regularly updated Dunn, Hunsaker and other members of HP's security team on the investigation, which became public last month and has prompted the resignation of three board members and three top HP employees.

According to the criminal complaint, private investigators working for HP compromised the personal data of more than 24 people. By March, the detectives had compiled records of 1,750 phone calls made on 157 cellular phones and 413 landlines.

In one of the more egregious cases, an impostor had a reporter's cell phone password removed, logged into her online account, changed her password and viewed the detailed call log for nine minutes.

The probe eventually identified longtime board member and former presidential adviser George Keyworth II as the anonymous source in the News.com story. Keyworth was outed in a board meeting, prompting the resignation of another director, venture capitalist Tom Perkins. Keyworth himself later resigned.

Dunn initially said she would cede the chairmanship to HP Chief Executive Officer Mark Hurd in January while remaining on the board, but she eventually stepped down entirely.

Hunsaker refused to resign from HP and was fired, according to his defense lawyer, Michael Pancer, who said Tuesday that his client would also be arraigned on Nov. 17.

Pretexting will become a criminal offense in California when a new law signed by Gov. Arnold Schwarzenegger takes effect Jan. 1. Violators will be punished by $2,500 in fines and up to a year in jail, though the law will not retroactively apply to the HP investigation.

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How Carly Lost Her Gender Groove (NYT)

By Maureen Dowd

The New York Times, October 11, 2006

Carly Fiorina prided herself on being adept at succeeding in a man's world without whining about sexism.

In her new memoir, "Tough Choices," the expelled C.E.O. of Hewlett-Packard — the first female head of a Fortune 20 company — describes how she insisted on going along to a business meeting at a Washington strip club when she started out as an ambitious young woman at AT&T.

"I was scared to death," she writes, adding that she wore her most conservative dress-for-success business suit and little bow tie, carried her briefcase like "a shield of honor," and repeated the mantra, "I am a professional woman," even when her cabdriver asked her if she was the new act for the club, where babes in see-through negligees danced on tables.

"In a show of empathy that brings tears to my eyes still," she recounts, "each woman who approached the table would look the situation over and say: 'Sorry, gentlemen. Not till the lady leaves.' "

On her first day at HP, she proclaimed, "The glass ceiling doesn't exist." But she now concedes that the glass trapdoor might.

"I think somehow men understand other men's need for respect differently than they understand it for a woman," Ms. Fiorina told Lesley Stahl on "60 Minutes."

The male-dominated board's handling of her exit was "heartless in some ways and disrespectful in other ways," she said. "Maybe they took great pleasure in seeing me beat up publicly for weeks and weeks."

Other controlling blondes, like Hillary Clinton, Martha Stewart and Tina Brown, were slapped back after great success (in a trend that The Times's Alessandra Stanley dubbed blondenfreude), and Ms. Fiorina now thinks she was victimized by gender.

"In the chat rooms around Silicon Valley, from the time I arrived until long after I left HP, I was routinely referred to as either a 'bimbo' or a 'bitch,' she writes. "Too soft or too hard, and presumptuous, besides." She adds: "I watched with interest as male C.E.O.'s fired people and were hailed as 'decisive.' I was labeled 'vindictive."

She reels off things that offended her: The editor of Business Week asked her if she was wearing an Armani suit. She felt adjectives such as "flashy," "glamorous," and "diamond studded" were meant to make her seem superficial. (Who doesn't like being called glamorous?) Stories referred to her by her first name. There was "painful commentary" that she'd chosen not to have children because she was "too ambitious."

"When I finally reached the top, after striving my entire career to be judged by results and accomplishments," she concludes, "the coverage of my gender, my appearance and the perceptions of my personality would vastly outweigh anything else."

One of her foes was Tom Perkins, the 74-year-old rich venture capitalist on the HP board who also tangled with Patricia Dunn, the former board chairwoman. Being married to the romance novelist Danielle Steel and writing his own steamy novel, "Sex and the Single Zillionaire," did not improve Mr. Perkins's skills in dealing with women, it seems.

With several of the few high-profile women at the top tanking, it's interesting to note that Columbia Business School has introduced a new program that teaches the importance of a more empathetic and sensitive leadership style in globalized business, as opposed to the command-and-control style that has dominated the White House and Pentagon for, lo, these many messed up years.

Students learn how to read facial expressions, body language and posture, and get coaching on their brain's "mirror neurons" — how what they're thinking and feeling can affect others.

"This less autocratic leadership style draws on capabilities in which women are as good as men," says Michael Morris, a professor of psychology and management who is running the business school's new program.

Daniel Goleman, whose new book "Social Intelligence" is being taught in the program, points out that "while women are, in general, better at reading emotions, men tend to be better at managing them during a crisis. Women tend to be more sophisticated in reading social interactions but also tend to ruminate more when things go wrong."

And that can lead to score-settling memoirs — Ms. Fiorina fillets both her male tormentors on the "dysfunctional" board and Ms. Dunn — and to the sort of awful judgment and sneaky behavior that Ms. Dunn exhibited.

Neenu Sharma, an M.B.A. student in the new Columbia program, says the moral of the story is that leadership works best with both sexes involved. "You need the woman there to know what's actually going on, but you need the man there to deal with the critical emotions at the time."

Black Ordered Not To Sell Wife's $2.9M Diamond Ring (TORSTAR)

By Rick Westhead, BUSINESS REPORTER

Toronto Star, October 11, 2006

Conrad Black has been slapped with a restraining order that will bar him from selling a rare $2.9 million diamond ring he gave his wife Barbara Amiel-Black as a gift and other antique jewellery.

Black, accused of engineering a racketeering, fraud and tax evasion scheme when he was CEO of Chicago publisher Hollinger International Inc., successfully fought off an attempt by the U.S. Justice Department to force him to relinquish the 26-carat diamond ring he purchased in 2000 at British jeweller Graff Diamonds Ltd. Black has pleaded not guilty to the charges. He is on bail and living in Toronto.

He has said the ring and other antiques were gifts to Amiel-Black, who has not been charged with any wrongdoing. Nevertheless, in an Oct. 6 restraining order, Judge Amy St. Eve in Chicago barred Black from "selling, transferring, assigning, pledging, distributing, encumbering, wasting, secreting, depreciating, damaging, or in any way diminishing the value" of the diamond ring and other antiques.

Black has also been ordered to provide the court by tomorrow with proof he has bought insurance for the items. To post bail, Black, whose trial is scheduled to begin in March, has already has put up as collateral his Palm Beach estate, worth more than $20 million.

CRIMINAL LAW:

Bush Calls For Help In School Shootings (AP-Y)

By Ben Feller

AP-Yahoo, October 11, 2006

President Bush urged the nation Tuesday to help prevent deadly school shootings, saying adults should intervene when they notice children are in trouble.

"Hopefully, out of these tragedies will come the sense of communal obligation all throughout our country, for people to take an extra effort to comfort the lonely," Bush said at a summit he ordered in response to recent violence.

Bush seemed most struck by one of the points raised by experts: When students plot violence, they often brag about it in advance to other students. Safety specialists say schools must encourage students to speak up when they notice any ominous behavioral changes.

"The whole purpose of this exercise is to help educate," Bush said at the National 4-H Conference Center, "and if there needs to be a cultural change inside schools, for teachers to become more aware and more active."

There were no new policies nor new money announced. The administration instead touted Web sites of existing resources. Panelists spent the day sharing examples of local programs.

Democrats mocked the event as a photo opportunity with little substance. Democratic senators challenged Bush to reinstate funding that's been cut from school-safety programs.

"It seems every week we learn of yet another school shooting, and all the president is willing to do is hold a summit," said Sen. Frank Lautenberg, D-N.J.

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Over the last two weeks, school shootings in Wisconsin, Colorado and Pennsylvania have unnerved the nation. Two involved adult intruders; the other was a student seeking revenge.

The federal role in school safety is limited. It's mainly a local matter. But the White House, sensitive to the concerns of many parents, wanted to show it was doing something.

Education Secretary Margaret Spellings and Attorney General Alberto Gonzales led three panel discussions. Time and again, speakers said schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening.

"Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the University of Colorado Center for the Study and Prevention of Violence.

Columbine survivor Craig Scott told the wrenching story of the day his sister died. He was in the Colorado school in 1999 when two student gunmen went on a rampage, killing 13 people, including his sister Rachel. He told Bush that kindness and compassion can trump violence.

"Please take my words to heart today," Scott said. "They were bought at a high price."

Bush applauded Scott's efforts. But when responding to an audience member, Bush challenged an assertion that the school testing he champions has crowded out character education.

"I don't think it's zero sum," Bush said. "I think you make sure a child learns and you can instill character at the same time."

He also said it was beyond the federal government to change what is in people's hearts.

"Government is law and justice," Bush said. "Loves comes from the hearts of people that are able to impart love."

At one point, someone in the audience asked Gonzales why the government hadn't done more to keep guns out of kids' hands.

"Obviously, kids should not have access to weapons, and there should be no weapons in our schools," the attorney general said. "That's been the position of our president since his days as governor."

The number of deadly shootings has gone up and down over the last 15 years. Overall school violence has trended downward, although it has increased lately.

Students in middle school and high school reported about 660,000 violent crimes in school in 2002 — a 43 percent drop from a decade earlier. But the number rose to 740,000 in 2003.

Four weeks before Election Day, the event gave Bush a chance to emphasize education, the issue at the center of his domestic agenda. The summit comes as Republicans in Congress have been eager to change the subject from a sex scandal involving former House pages.

Conference Addresses School Shootings (WP)

By Katherine Shaver

The Washington Post, October 11, 2006

President Bush said at a conference of school officials, police officers and youth advocates yesterday that communities need a list of "best practices" to prevent and respond to the kinds of school attacks that have occurred in recent weeks.

"In many ways, I'm sorry we're having this meeting," Bush told about 350 people at the National 4-H Conference Center in Chevy Chase. "In other ways, we know how important it is that we're having this meeting."

Bush said he was "troubled" by the recent school shootings in Colorado, Wisconsin and Pennsylvania. "All of us in this country want our classrooms to be gentle places for learning," he said.

His remarks wrapped up the six-hour Conference on School Safety, hastily arranged last week by the White House, the U.S. Department of Justice and the U.S. Department of Education after five girls were killed and five were wounded at an Amish schoolhouse in Pennsylvania. The president announced no new funding or policy initiatives to handle the problem but said he wanted the conference to reveal "concrete actions to help people understand what's possible and what's working."

"It seems to me, a lot of our attention should be on preventing" such incidents, Bush said. That would require "a mosaic of programs," he said, such as better training for school officials to spot the warning signs of a student bent on violence.

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Bush spoke while seated onstage at a U-shaped table with a Florida sheriff, a Los Angeles specialist in school crisis counseling, a survivor of the 1999 shootings at Columbine High School and the Fairfax County school system's director of safety and security.

The president heard calls for more coordinated planning between schools and police, more character education, more peer mentoring programs, more parental involvement and more counseling for suicidal children who might also have homicidal tendencies. Adding metal detectors and more security cameras can create a "lockdown" atmosphere and make the school less hospitable, several panelists said.

Frederick E. Ellis, head of safety and security for Fairfax schools, said safety plans need to be updated frequently and practiced. Fairfax schools fine-tuned their security plans after the Columbine shootings in Colorado, the Sept. 11, 2001, attacks, the anthrax mail attacks and the Washington-area sniper shootings, he said.

For example, the system created a plan to shelter in place in response to an attack rather than automatically evacuate.

"We tell [school officials] you can't learn to dance the night of the ball," Ellis said. "It's too late."

U.S. Education Secretary Margaret Spellings called Fairfax schools a national model for security planning.

In a room full of national experts dressed in conservative suits and police uniforms, it was a 23-year-old Colorado man in a brown leather jacket who received the standing ovation. Craig Scott described how two friends were shot to death next to him under a table in the Columbine High School library. His older sister, Rachel, then 17, was also killed.

Scott now tours the country as part of Rachel's Challenge, a program that urges teenagers to show more kindness and compassion and avoid violent music and video games.

"I've seen depression and a lot of loneliness and anger" among teenagers, Scott said. "Incorporating character back into the education system is something my generation is desperately crying out for."

The conference about school violence began with a national expert saying that schools are still among the safest places. Children ages 12 to 18 are far more likely to be killed or seriously assaulted outside school, said Delbert S. Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado.

Although high-profile attacks are relatively rare, he said, statistics show that "everyday violence," such as fights and gang attacks, are on the rise.

Warlene Gary, chief executive of the National Parent Teacher Association, said she wondered why it took three highly publicized school shootings to prompt a national conference when shootings in and near schools have become a too-frequent occurrence in urban areas such as the District.

"I hope people will collaborate and get things done, but we're sitting in the audience listening to experts talk about issues," said Gary, who lives in Silver Spring.

"The question is, when people walk away from it, what will they do?"

Summit On School Safety Focuses On Collaboration (USAT)

By Greg Toppo, Usa Today

USA Today, October 11, 2006

CHEVY CHASE, Md. — Reacting to a spate of school shootings, President Bush convened a one-day summit Tuesday on school safety and said he expected "some concrete action" out of it.

"All of us in this country want our classrooms to be gentle places of learning," he told a crowd of safety advocates, parents and police, "places where people not only learn the basics ... but learn to relate to one another."

Parents, he added, want to send their kids "to schools that are safe places. The violence we're seeing is upsetting to a lot of people."

Bush attended the last hour of the event, run by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Though it focused mostly on what communities can do to keep kids from acting out violently, a good portion of the discussion centered on how schools react to violence.

Gonzales said schools need to review "crisis plans" regularly, in part because of staff turnover. "You can't just assume that people know what to do," he said.

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When a gunman entered a Park County, Colo., school on Sept. 27 and took a group of girls hostage, the school had just practiced an emergency "lockdown" drill — officers were "able to get right to Room 206 and pin the shooter down there," said Sheriff Fred Wegener, a summit panelist.

In many ways, the conference pointed to the biggest challenge facing those who would stop school violence: There are different theories about what causes it and how to prevent it.

Panelists and attendees floated at least a dozen theories: bullying, easy access to firearms, a broken mental health system, bad parental role models, absent fathers, the death of God in public schools, not enough character education, too much emphasis on academics, too much testing, too many violent video games and movies, too much violent TV and music, the side effects of antidepressants.

Lisa VanSyckel, a New Jersey mother whose 15-year-old daughter became violent while taking the antidepressant Paxil, said the Food and Drug Administration isn't doing enough to get information about drug side effects into the hands of teachers, who often don't know that kids are taking them. "How is a teacher going to know how to monitor them?" she asked.

When an audience member forcefully recommended limiting access to guns, Wegener suggested guns weren't the problem. "When I went to school, I had a .30-30 (rifle) in the bed of my pickup, but I never thought about shooting anybody with it," he said.

To those steeped in violence prevention and children's well-being, the summit delivered few fresh ideas. But a few attendees said the discussion had advanced since 1999, when two teenage gunmen stormed Columbine High School in Colorado.

Darrell Scott's daughter Rachel was killed at Columbine, and after that horrific attack, he recalled, most discussions centered on metal detectors and other "exterior solutions." Tuesday's summit, with its emphasis on mental health, communication and community building, represented a promising change, he said.

Bush Emphasizes Local, Private Role In Ending School Violence (NYT)

By Diana Jean Schemo

The New York Times, October 11, 2006

CHEVY CHASE, Md., Oct. 10 — The federal government should not play the primary role in responding to school violence, President Bush said Tuesday, but should instead give out information about strategies to help parents and schools grappling with the threat of deadly outbursts in the nation's schools.

The president and his wife, Laura, both spoke at a conference on school violence here, which he asked Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales to convene after a recent spate of school shootings that left six students and a principal dead in three incidents in a single week.

Several of the participants, many of whom run private, nonprofit efforts to prevent school shootings, urged a greater emphasis on character education. Gerard W. Rosolie, principal of Solanco High School, down the road from the Amish schoolhouse where five girls were killed last week, noted that money had been cut from a federal program intended to reduce school violence. Another participant said schools were under such pressure to show academic progress that they had no time to teach morality or values.

Mr. Bush bristled at any suggestion that his cornerstone education plan, No Child Left Behind, which emphasizes academic gains, might be a problem. "I don't think it's zero sum," he said.

He added that it was not up to the federal government to legislate character education. "It requires a higher power than the federal government to cause somebody to love somebody," he said.

No Single Answer To School Violence, Bush Says (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, October 11, 2006

Summit explores safety measures after shootings

Chevy Chase, Md. - Spurred by recent school shootings in Wisconsin, Colorado and Pennsylvania, the White House convened a presidential summit Tuesday to talk about what students, parents, teachers and police can do.

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"In many ways, I'm sorry we're having these meetings," President Bush told participants, many of whom had personal stories to tell about some of the country's most horrific school tragedies, from Columbine High School in Colorado (1999), to Springfield, Ore. (1998), to Jonesboro, Ark. (1998).

Experts at the conference said Tuesday that those killings had led to meaningful changes: new schools designed for safety; anti-bullying programs; and better police training and information-sharing with the schools.

But the fact that seven or eight years later the country has endured another wave of school violence injected a note of caution about finding big lessons and grand solutions.

Recent incidents include the arrest of a student in the shooting of a high school principal in Cazenovia on Sept. 29; a shooting and hostage-taking by a 53-year-old man in Colorado on Sept. 27; and the shooting deaths of five Amish girls a week ago in Pennsylvania.

In the latest incident, a 13-year-old student in Joplin, Mo., was accused of firing an assault weapon in school Monday but was arrested before anyone was hurt.

"The risk of being murdered (for kids) . . . is 70 times greater away from school than it is at school," said Delbert Elliott of the University of Colorado. But the bad news, he said, is that - after a decade of positive trend lines - some overall indicators of school violence are up in the past two years.

Joining one discussion panel, Bush said that schools should be "gentle places of learning," but recent events are "upsetting to a lot of people."

Bush said there was "no single answer" but a "mosaic of programs."

Also speaking were first lady Laura Bush, Attorney General Alberto Gonzales and Education Secretary Margaret Spellings.

Sheriff thought it was drill

The Colorado sheriff who responded to the hostage-taking and shootings there two weeks ago recounted his experiences to an invited audience of several hundred.

"I first heard it over the radio. I think it's a drill," Park County Sheriff Fred Wegener said.

Wegener said law enforcement had the benefit in this case of a "post-Columbine" school design that made it easier to isolate the area where the gunman was, and up-to-date training and procedures, down to "the little cards to slip under the door" of locked-down classrooms to find out whether students inside were safe.

But Wegener said he wasn't sure what lessons he could draw from the incident, in which six girls were held hostage. One was shot dead.

"I still think our school was safe," Wegener said. "I think this is just one of those times when an individual is able to get in."

Encouraging expression

Others talked about the importance of encouraging classmates to let authorities know when students seem deeply troubled or express violent thoughts about school. One expert said that, in about four out of five cases, a student planning a violent act tells others about it beforehand.

Last month in Green Bay, authorities said they pre-empted a plan by students to attack their school when a classmate tipped them off.

The conference was clearly meant to signal that the administration was actively engaged in the issue, even though the president and his education secretary pointed out that matters such as school security and school policy are largely a state and local domain.

By the time it was over, the discussion had veered across a wide range, from the pros and cons of metal detectors to the importance of fatherhood to faith-based programs to post-traumatic stress disorder to the condition of society in general.

The audience members selected by the administration included a large number of advocates of character, or "values," education in the schools, including the father and brother of a student killed in the Columbine massacre, Rachel Scott.

The girl's brother, Craig Scott, speaks across the country about Columbine and promotes values education. Scott spoke to Bush and the conference about surviving the massacre, decried the influence of popular culture and violent video games, and called on schools to put the same priority on building character as imparting knowledge.

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Others in the audience made similar appeals, in one case suggesting that the emphasis on regular achievement tests in schools (a feature of Bush's No Child Left Behind law) left too little room for moral instruction.

In response, Bush said it wasn't a "zero-sum" game.

"I think you can make sure a child learns, and I think you can instill character at the same time," said Bush, who also suggested that the ultimate answers to school violence won't come from government but from parents and communities.

"It's really important . . . that people not think government is a loving entity. Government is law and justice. Love comes from the hearts of people that are able to impart love," Bush said. Recovery after violence

Also discussed Tuesday was how to help communities and students recover emotionally after school violence, from the process of re-opening schools to choosing memorials.

"Recovery takes a long time. We're eight years out, and we're still recovering," said Cathy Paine, who was in charge of recovery programs at Springfield, Ore., after the 1998 incident in which a student killed his parents, then went to school and opened fire in the cafeteria, killing two.

One attendee, Milwaukee Public Schools security director Peter Pochowski, said he didn't expect to change "the way we do things" as a result of Tuesday's conference.

"Nobody expects a magic wand (or) one pearl of wisdom," he said in an interview. But "it's good to have people come together."

Turn Anguish To Action, Bush Says (BSUN)

By Julie Hirschfeld Davis, Sun Reporter

The Baltimore Sun, October 11, 2006

President attends meeting in Md. on ways to keep kids safe in school

CHEVY CHASE -- President Bush urged Americans Tuesday to turn their anguish over school shootings in Pennsylvania and around the nation into "concrete action" to prevent further tragedies.

But he told a gathering of educators, activists and law enforcement officials that more federal funding and government regulation won't solve the problem.

"In many ways, I'm sorry we're having this meeting," Bush said as he wrapped up a conference hastily organized by the White House to respond to the recent spate of deadly school violence. "In other ways, I know how important it is."

Bush said the meeting, moderated by Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales, was part of "a nationwide effort to help people who are responsible to protect our children."

Trading ideas

More than 300 local leaders and specialists from around the country spent about six hours trading ideas, from drafting strong school emergency plans to urging fathers to get more involved in school, to providing character education for kids.

The president, peppered by criticism from Democrats who accused him of short-changing school-safety programs, said the government shouldn't play the lead role in fostering a nurturing school environment.

"The federal government is a limited funder of education, and that's the way it should be," Bush said during a brief question-and-answer session. "It's really important that people not think government is a loving entity. Government is law and justice."

Administration officials also rejected calls for enacting new gun laws, saying Bush is focusing on enforcing existing statutes and prosecuting violent crime.

"There's only one common thread in all of these recent shootings, and that's the easy availability of guns by the assailants, whether they were [age] 15 or 50," said Theo Milonopoulos, a 19-year-old gun control activist from Los Angeles, Calif. "They just didn't want to address it."

Milonopoulos made the only mention of the issue during a question period with Gonzales.

'Complete denial'

Kristen Rand of the Washington-based Violence Policy Center said leaving guns off the agenda showed the administration's "complete denial regarding the catalytic role that guns play in school violence."

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Bush took a seat at a three-sided table on the stage of a packed suburban Maryland auditorium in the headquarters of the National 4-H Council, a youth development organization. The administration had set up a mock classroom complete with fake wood paneling and a chalkboard backdrop emblazoned with the event's title, and Bush questioned participants about how best to share their experiences with others around the nation.

"What it shows is that this is a concern, and they're marshaling these types of figures from the federal government to show that the government is aware of what's going on in our schools," said Russell Tedesco, the director of security for Prince George's County public schools.

Democrats seized the opportunity to blast Bush for his education policy, noting that he worked to wipe out a key school safety grant program, which has been cut by more than 25 percent over the past four years.

Bush slashed the program because his budget office determined it was "ineffective," said Emily Lawrimore, a spokeswoman, and instead proposed "a more targeted and accountability-based approach."

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President Tackles School Safety (LAT)

By Mima Mohammed, Times Staff Writer

The Los Angeles Times, October 11, 2006

Recent shootings help prompt the summit on prevention. Bush calls for more civic and parental involvement.

WASHINGTON — In the wake of three deadly school shootings in recent weeks, President Bush convened a conference on school safety Tuesday in which Cabinet members, educators, police and students discussed ways to recognize and prevent violence.

Conspicuously absent in the all-day session was any mention of the role of firearms in the shootings, a politically volatile issue sure to inflame partisan passions in a midterm election year.

"In many ways, I'm sorry we're having this meeting. In other ways, I know how important it is that we're having this meeting," Bush said. "The violence that has been occurring in our schools is incredibly sad."

Bush, joined on a panel by Atty. Gen. Alberto R. Gonzales and Education Secretary Margaret Spellings, called on parents and communities to take responsibility for ensuring school safety, saying that there are limits to what the government can do.

Indeed, the federal government plays a limited role in school safety, as education is mainly under local and state jurisdiction.

The panel discussions focused on human interaction and the psychology of violence.

Some participants argued that schools needed to do a better job of determining which students might bring weapons on campus. Psychologists pointed out that students who have suicidal tendencies often have thoughts of homicide too. And many panelists focused on the importance of building character in students, which they said had been degraded by media influences such as music and video games.

Harsher measures such as installing metal detectors in schools were viewed with skepticism. Gonzales said metal detectors may not be appropriate, noting that not all school shootings occur inside the buildings.

The conference at the 4-H Youth Conference Center in Chevy Chase, Md., took place four weeks before a midterm election that could cost the Republicans control of Congress and allowed Bush to focus on the seemingly politically safe issue of child safety in schools.

But critics used the occasion to attack the administration's policies on gun control and funding for school safety programs.

"I'm disappointed that today's White House conference on school violence did not focus on the too-easy access to guns in our society," said Paul Helmke, president of the Brady Campaign to Prevent Gun Violence.

"Two years ago, President Bush abandoned his campaign pledge to reauthorize the federal assault weapons ban," Helmke said. "Yesterday, a 13-year-old Missouri boy brought an AK-47 clone to school and fired it before being apprehended. The Bush administration's inaction two years ago has led to even deadlier weapons being available in our communities."

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In a statement issued Tuesday, the Democratic National Committee weighed in with a shot at White House budget priorities: "Funding for the Cops in Schools program has been slashed on numerous occasions under the watch of Bush and his GOP Congress."

White House spokeswoman Emily Lawrimore responded with an e-mailed statement: "President Bush believes we should target criminals who break our laws — not law-abiding citizens who follow the law.

"At the same time, he has made school safety a priority.… President Bush has proposed a more targeted and accountability-based approach, which we believe would be more effective in making schools safer."

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Bush Summit On School Violence Begins (GANNETT)

By Ledyard King, Gannett News Service

Gannett News Service, October 11, 2006

CHEVY CHASE, Md. — The Colorado high school where a gunman took hostages and killed a student Sept. 27 had crisis plans in place, limited access to visitors and recently drilled for the possibility of an armed intruder.

"I still think we have a safe school," Park County Sheriff Fred Wegener told police officers, students and teachers gathered for a summit on school violence convened by President Bush on Tuesday. "This is just one of those times when an individual was able to get in. ... We're not supposed to lose our kids at school."

The Conference on School Safety, moderated by top White House advisers, featured more than a dozen education and law enforcement experts trading ideas: encouraging students to come forward with tips, controlling the movement of visitors, running drills so students and staff know what to do when an emergency arises.

"You can't learn to dance the night of the ball," said Fred Ellis, security director of Fairfax County, Va., schools.

But last month's shooting at Platte County High School in Bailey, Colo., suggests that even the most prepared and equipped schools can't always protect children.

"We can never really let our guard down and that was one the things that was clear to us last week," said U.S. Education Secretary Margaret Spellings, one of the summit's moderators. "All of us who are parents know it's frightening. This could really happen anywhere."

The summit was called following a spate of school shootings nationwide, including the killing of five girls at an Amish schoolhouse in rural Pennsylvania. Although researchers say that school remains one of the safest places for children, statistics indicate that campus violence and death is on the rise after a decade of decrease.

A recent survey found that 6 percent of students reported carrying a weapon to school within the past 30 days, said Delbert Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado. That makes knowing what students are up to paramount, he said.

"Our first line of prevention is having good intelligence," he told the summit.

Researchers say most students planning attacks often share their intentions with someone. So student-run programs like Walton Senior High School's Youth Crime Watch in Defuniak Springs, Fla., could prove extremely valuable in gauging the student behavior that could lead to violence.

"If you know a real good friend and they start changing, they stop doing stuff that you know that they love, happy one day, depressed the next, talk to (them)," said Chiara Perkins, a junior who leads the program. "If there's nothing you can do as a friend, go ahead and talk to an adult," Perkins, the only student panelist at Tuesday's summit, said.

U.S. Attorney General Alberto Gonzales dismissed one questioner's call for increased gun control, saying weapons prosecutions had increased dramatically since Bush took office in 2001. Following the 1999 shooting at Columbine High School in Littleton, Colo., then-President Bill Clinton pushed for restricting access to guns.

Panelists also didn't give metal detectors much of a thumbs-up. Not only do they give schools the kind of foreboding climate that feeds into student rebellion, they don't work very well.

"It doesn't take long for students to know how to circumvent (it)," said Thomas Kube, executive director of the Council of Education Facility Planners in Scottsdale, Ariz., adding that 80 percent of school shootings happen outside the building.

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Bush, Others Hear Ideas On School Safety (RTD)

By Gil Klein, MEDIA GENERAL NEWS SERVICE

Richmond Times-Dispatch, October 11, 2006

WASHINGTON -- Metal detectors won't stop school shootings, speakers at a conference on school safety told President Bush yesterday. Only listening to students, hearing about their problems and getting them help will stop the violence before it begins.

The White House hastily called the conference of law-enforcement officers, school counselors and safety-advocacy groups after three school shootings in two weeks in Wisconsin, Colorado and Pennsylvania -- stunned the nation.

"All of us want our classrooms to be gentle places of learning," Bush said. "Rather than be upset . . . it's best to be proactive, and that's what this meeting is all about."

Bush, sitting between Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, heard Craig Scott describe how in April 1999 he hid under a table in the Columbine High School library as his two friends next to him were shot and killed. The rampage took the lives of 12 students and a teacher.

Not until Eric Harris and Dylan Klebold had shot themselves did Scott crawl from under the desk and discover that his sister, Rachel, was the first victim.

Seven and a half years later, Scott now talks to high school students through an organization his family started, "Rachel's Challenge." He told Bush that stressing academics alone will not stop school shootings.

About 300 people attended the conference, which was planned only last week. The Justice and Education departments invited participants.

Bush called on both departments to put together the best practices learned from this conference and distribute them to law-enforcement and education officials.

Gil Klein writes for the Washington bureau of Media General News Service. He can be reached at gklein@mediageneral.com.

Conference On School Safety Ends With Call For Focus On Character (MCT)

By Ron Hutcheson, McClatchy Newspapers

McClatchy Newspapers, October 11, 2006

CHEVY CHASE, Md. - Victims of school violence shared their horrific experiences at a White House conference Tuesday that ended with a call for more focus on character and values in the nation's classrooms.

Sitting at a table with President Bush, Craig Scott, a survivor of the 1999 Columbine High School massacre, urged educators to influence students' hearts as well as their heads.

"Eric Harris and Dylan Klebold were very smart," Scott said of the two shooters who killed his sister and 12 others at the Colorado school. "The problem wasn't their education at my school, Columbine. Their problem was their character."

Other conference participants - including Bush - echoed Scott's assessment. The meeting, hosted in a Maryland suburb of Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, examined ways to prevent school violence and strategies for dealing with the trauma of a school shooting.

Bush announced the conference after recent shootings in Wisconsin, Colorado and Pennsylvania schools claimed seven victims and left two of the shooters dead.

Experts cited a host of factors that have contributed to the violence, including stress and feelings of alienation among students, negative media influences and inattentive parents. They said shooters tended to be depressed and suicidal.

"What we've learned about shooters is suicide and homicide are two sides of the same coin. They all in some ways express a wish to die," said Marleen Wong, the director of crisis counseling for the Los Angeles School District.

A 2004 threat assessment by the Secret Service warned that attempting to profile school shooters is dangerous, however, because some shooters don't fit the mold.

"Rather than asking whether a particular student `looks like' those who have launched school-based attacks before, it is more productive to ask whether a student is on a path toward a violent attack," the assessment concluded.

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Conference participants urged educators, parents and students to pay more attention to students who complain of alienation, appear depressed or talk about violence. School shootings are rarely impulsive acts; in 81 percent of cases, at least one person knew that the attacker was contemplating violence, the Secret Service report said.

"Teachers should know more about mental health and have a system to report concerns," said Cathy Paine, a crisis-response specialist for the Springfield School District in Oregon. Paine said teachers at Thurston High School in Springfield saw potential warning signs in 15-year-old Kip Kinkel in 1998, but didn't connect the dots until he opened fire in the school's cafeteria, killing two students and wounding about two dozen others.

Scott of Columbine, who's now a film student at the University of Colorado, said he frequently met potential shooters on his travels for Rachel's Challenge, an organization founded in memory of his slain sister. The group urges students to reach out to loners, victims of bullies and other vulnerable students.

"I see a lot of depression. I see a lot of loneliness and a lot of anger," he said. "I've heard all kinds of terrible stories about things they've been through." He urged educators to "take a look at teaching that doesn't just teach the head, but teaches the heart. ... You can help point them to what's right and what's wrong."

Some advocates of character education offered implicit criticism of Bush's No Child Left Behind Act, which stresses academic achievement and requires frequent testing.

"I think you can make sure a child learns, and I think you can instill character at the same time. I don't think you have to choose," the president said after one of the speakers complained that "testing and testing and testing" was crowding out attention to character and values in schools.

He also told the audience members that they shouldn't look to the federal government to bankroll character education or other school programs.

"Let me put the funding issue right on the table. The federal government is a limited funder of education. And I happen to believe that's the way it should be. ... This is a local responsibility," he said.

Acknowledging the reality of school shootings, one conference panel focused on helping students cope with classroom deaths. Experts advised extensive mental-health follow-up.

"Recovery takes a long time. We're eight years out and we're still recovering," Paine said of the Oregon shooting. "Whenever something happens, we're always right back there again in that cafeteria."

Compassion, Not Laws (DENP)

By John Aloysius Farrell

Denver Post, October 11, 2006

Bush meeting on schools big on emotions. The brother of a girl killed at Columbine speaks of healing amid talk of recent safety improvements.

Attorney General Alberto Gonzales takes part in a conference on school safety Tuesday in Chevy Chase, Md. (AP / Evan Vucci)

Chevy Chase, Md. - President Bush said he wanted Tuesday's White House conference on school safety to produce a concrete plan of action. But tangible solutions like the use of metal detectors or a ban on assault weapons were rejected and eclipsed by testaments to the power of love.

The conference was quickly staged after recent invasions by berserk intruders at schools in Colorado and Pennsylvania. But the session's most emotionally potent moments were devoted to identifying and communicating with murderous homegrown students like Eric Harris and Dylan Klebold, who killed 13 people in the 1999 shootings at Columbine High School.

"The main thing I have learned is that kindness and compassion can be the biggest antidote," said Craig Scott, whose sister Rachel died at Columbine, and who narrowly escaped death himself that day.

"Take my words to heart today; they were bought at a high price," he said.

The audience of several hundred law enforcement officials, educators and others rose and applauded as Scott finished speaking. Bush told Scott's father, Darrell Scott, who was in the audience, that he "raised a good man here."

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Several speakers at Tuesday's conference urged Bush to purge America's coarse and violent culture, and to order that schools teach students about character, virtue and God. But the president noted the limitations of government in the battle against school violence.

Craig Scott "is inspiring others to continue to reach out to say to somebody who is lonely, 'I love you.' And I'm afraid this requires a higher power than the federal government to cause somebody to love somebody," Bush said.

The best solution, he added, is for parents, educators and students to find the love and compassion to reach out to troubled youths before they turn to violence.

"Societies change one heart at a time," said Bush. "This need to say 'I love you' comes from your soul. Hopefully, out of these tragedies will come the sense of communal obligation ... for people to take an extra effort to comfort the lonely."

First lady Laura Bush, Attorney General Alberto Gonzales and Education Secretary Margaret Spellings also addressed the conference, which was held on the campus of the National 4-H Conference Center in one of the capital's wealthy suburbs.

Delbert Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, spoke approvingly about steps that have been taken since the Columbine tragedy.

"Our kids are safer at school than they are at almost anyplace," Elliott said.

He noted that students today have a greater chance of being killed at a shopping mall or in their home than at school.

Yet in the last two years, Elliott said, gang-related violence and school-related deaths have risen.

Improved safety touted

Law enforcement officials vowed renewed dedication to school design improvements aimed at security, better coordination among local authorities, and lockdown and evacuation drills that have been widely adopted since the Columbine killings.

Such drills "made a big difference two weeks ago in ... the shooting in Bailey, Colo., where they were able to respond in a very effective manner to that tragedy," Gonzales said.

The attorney general and other experts urged parents and educators to stay on the alert for potentially violent students and to get them treatment.

During one panel presentation, Gonzales and Park County Sheriff Fred Wegener, who led the raid that ended the Sept. 27 hostage crisis at Platte Canyon High School in Bailey, characterized some proposals - like the purchase and operation of metal detectors and security cameras - as overly expensive and easily evaded.

And both dismissed the proposal of California student Theo Milonopoulos, who suggested that a ban on assault weapons and other gun-control measures might reduce the number of school shootings.

"Obviously, kids should not have access to weapons," said Gonzales, but he advocated tougher enforcement of existing gun laws rather than promoting new ones.

Wegener noted how in his younger days it was not uncommon for students in his rural community to keep rifles in their pickup trucks or to carry knives in school. A subsequent breakdown in society, he said, has led to school violence.

"I'm not sure that response - that society should change - is enough," Milonopoulos replied.

The conference was largely ceremonial, with victims and representatives of volunteer organizations offering testimony to Bush administration officials, who listened but offered little.

Sen. Ken Salazar, D-Colo., joined other Democratic senators in criticizing the administration for cutting the budgets of federal programs that had been adopted after Columbine to funnel funding to law enforcement agencies for community police officers and other assets.

"As the recent tragedies in Colorado, Wisconsin and Pennsylvania have made clear," Salazar and eight other Democratic senators wrote Bush, "our children remain all too vulnerable in school."

Prevent School Violence, Bush Tells Conference (HC)

By Julie Mason

Houston Chronicle, October 11, 2006

Panelists focus on warning signs and values issues

DOJ_NMG_0078858

WASHINGTON - Keys to stopping what appears to be an epidemic of school violence include learning how to spot troubled students, boosting their self-esteem and preparing for emergencies, according to panelists at a special White House conference Tuesday.

Organized in response to a recent spate of deadly shootings at schools, the conference did not address gun control or firearms-related issues. Rather, it focused on values and community action.

"The violence we've seen is upsetting to a lot of people and I know it's upsetting to the professionals who are with us," President Bush told participants. "But rather than be upset, it's best for all of us who are responsible for helping the folks not only to cope, but to prevent action from taking place."

Among the recent attacks, a gunman in Colorado took six girls hostage in a classroom, sexually assaulted them and then killed one. In Wisconsin, a 15-year-old student walked into his high school and shot the principal. And in Pennsylvania, an intruder shot five girls to death at an Amish schoolhouse.

Experts said warning signs of possible violent behavior include changes in dress, mood, friends and diet. Students expressing suicidal or despairing thoughts also warrant special attention, they said.

One of the speakers was a survivor of the 1999 Columbine massacre that left 15 people dead. Craig Scott, currently a film student at the University of Colorado, told Bush that his sister, Rachel, died in the attack.

"I'm not promoting that religion be brought back to schools, I don't believe that's the answer," Scott said. "But I do believe in education that touches and teaches the heart and helps form character."

In the Houston area, all school districts have emergency preparedness plans, said Linda Clarke, director of education and special projects in the Office of Mayor Bill White.

"Houston adopted a community-based program to work with kids, and there are programs in the schools to help kids with emotional problems," Clarke said. "And of course there's been a lot done in the past year after the hurricane, to make sure we are better prepared for any kind of emergency situation."

In an effort to make schools safer, many Houston schools employ cameras, uniformed officers and metal detectors — an approach that drew skepticism from Bush administration officials.

"One panel member said that it sends the wrong message about what we think of our kids when we have them come to an environment where they're supposed to learn and have to pass through metal detectors," said Attorney General Alberto Gonzales.

Bush said he agreed, but asked whether sheriff departments could be more involved with enforcing school safety.

Democratic leaders, meanwhile, faulted Bush for cutting funding for two programs that provide funding and personnel for law enforcement officers around schools. Eight Democratic senators wrote to Bush Tuesday asking the funding be fully restored in future budgets.

"As the recent tragedies in Colorado, Wisconsin, and Pennsylvania have made clear, our children remain all too vulnerable in school," they wrote.

First lady Laura Bush, a former teacher and school librarian, said easing school violence calls for addressing the underlying causes.

"One of the best ways to keep Americans away from violent behavior, both as young people and adults, is to give our children a more positive vision for their future," the first lady said.

Helping Kids Fight School Violence (NSDY)

By Audrey Dutton, Newsday Washington Bureau

Long Island Newsday, October 11, 2006

WASHINGTON - Nearly 10 years ago, Daniel Gross' brother Matthew was shot in the head by a gunman while standing on an observation deck of the Empire State Building. After watching his brother slowly recover from a coma, Daniel started a gun violence prevention organization, PAX.

The group Gross co-founded runs a nationwide anonymous hotline that, he says, is helping kids fight school violence, 866-SPEAK-UP.

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"You could safely say hundreds of incidents have been averted," Gross said. He cites 15,000 calls to the hotline in the past four years. "New York has lagged behind a lot of other communities" in terms of school violence prevention, he said.

Gross joined other advocates, law enforcement officers and educators from around the country yesterday in Chevy Chase, Md., for a conference on school safety.

President George W. Bush participated in a panel at the conference, which followed recent school-shooting tragedies in Pennsylvania, Colorado and Wisconsin.

"Hopefully, out of these tragedies will come the sense of communal obligation all throughout our country, for people to take an extra effort to comfort the lonely," Bush said, but he expressed hopes that "people not think government is a loving entity. Government is law and justice."

The rate of violent crime in schools dropped over 10 years, according to the most recent figures from the Bureau of Justice Statistics and National Center for Education Statistics. In 1992, 48 of every 1,000 students would fall prey to violence at school, but in 2003 that number fell to 28 of every 1,000.

"We are, however, seeing some indications in the last two years that those trends are changing," Attorney General Alberto Gonzales said.

Of all violent crime in 2004, 14.2 percent occurred inside a school building or on school grounds. But there is no nationally mandated standard for school crime reporting, leaving it up to local officials to decide whether a shove in the cafeteria line should be considered an assault.

This year, Canton and Middletown school districts won a combined $2.9 million in federal funds to merge youth-saving efforts by law enforcement, teachers and mental health professionals. The Uniondale school district also has received grant money from the federal Safe Schools/Healthy Students Initiative.

The Safe Schools program doled out a total of $31 million this year, but of 485 school districts that applied, only 19 received funding. And their grants, which are awarded under No Child Left Behind, expire after three years.

Bush Advocates Volunteers For Schools (PPG)

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 11, 2006

WASHINGTON -- President Bush yesterday said local communities need more impassioned volunteers, not more federal government intervention, as a means for promoting stronger moral values in the wake of several deadly school shootings.

"It's really important to me that people not think government is a loving entity. Government is law and justice. Love comes from the hearts of people who are able to impart love," the president said during a conference on school safety in Chevy Chase, Md., that emphasized the faith-based approaches at the center of some of his domestic policies. "I'm afraid it requires a higher power than the federal government to cause somebody to love somebody."

Mr. Bush called for the meeting shortly after a gunman killed five girls and wounded five others at the West Nickel Mines Amish School on Oct. 2. His administration invited educators, public safety experts, and shooting survivors from across the country, including Craig Scott, whose 17-year-old sister, Rachel, was one of 15 people killed in the 1999 Columbine High School massacre in Littleton, Colo.

The president cited Mr. Scott as a "social entrepreneur" for his work with Rachel's Challenge, an organization -- started by his father, Darrell -- that teaches students about Rachel Scott's life, trying to inspire them to rethink how they treat others. Mr. Bush also pointed to the potential of the USA Freedom Corps, a White House initiative aimed at encouraging more volunteer service among Americans.

Craig Scott, now 23, was in his school library on April 20, 1999 when two fellow students, Eric Harris and Dylan Klebold, entered and started shooting. He saw them kill several of his close friends. His sister, shot in the head, was the first person to die that day.

Mr. Scott told the president that he thinks schools often focus too much on academic performance, not moral character, echoing a theme stated by several speakers. "The youth are crying for something to stand for, something to believe in," Mr. Scott said.

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Mr. Bush agreed, but defended his administration's emphasis on academic testing through the No Child Left Behind Act.

"I think you can make sure a child learns and you can instill character at the same time. I don't think you have to choose," he said.

He also called on local law enforcement agencies and school districts to start sharing their "best practices" in preventing violence, and he said educators may need to be more aware of sudden personality changes in their students, especially evidence of suicidal tendencies.

Marleen Wong, director of crisis counseling and intervention services for the Los Angles Unified School District, said most school shootings involve children who likely have discussed their plans with fellow students.

She shared a panel with Larry Macaluso, superintendent of the Red Lion Area School District in York County, Pa., where in April 2003 an eighth grade student shot and killed a junior high school principal in the cafeteria before shooting himself.

Mr. Macaluso said his students and staff had made a "remarkable recovery" since then, partly because of steps administrators took in the days and weeks immediately following the shooting.

In particular, he said, officials held an open house with parents and students just before classes resumed, serving beverages in the cafeteria as a symbol of a return to normalcy.

"Try to share with them how safe and warm this environment can be," Mr. Macaluso said.

During the first day of classes, students were encouraged, but not required, to visit the cafeteria and put their handprints on a makeshift memorial there.

This month's violence at the Amish school, however, brought back painful memories for Mr. Macaluso and many others in Red Lion. "The healing process never ends," he said.

In Lancaster County, locals have decided to take down the school house where the girls were killed as part of their recovery.

One panelist yesterday commended the Amish for forgiving Charles Carl Roberts IV, the shooter, and his family. Betty Alvarez Ham, president of City Impact, a Christian outreach group for young people in Ventura County, Calif., said forgiveness is something that should be taught in schools to help children avoid outbursts of anger.

Guns Are In Schools But Not In The President's Vocabulary (WP)

By Dana Milbank

The Washington Post, October 11, 2006

President Bush has always been a disciplined man, but yesterday he set a new standard for self-control: He moderated an hour-long discussion about the rash of school shootings in the past week without once mentioning the word "guns."

First lady Laura Bush was nearly as good, giving a seven-minute speech at yesterday's White House Conference on School Safety without mentioning guns. Two longtime aides, Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, deftly led hours of panels at the National 4-H building in Chevy Chase with only a few glancing references to weapons.

This was no misfire. The White House, hastily arranging yesterday's forum to react to shootings over the past fortnight at schools in Pennsylvania, Colorado, Wisconsin and Missouri, neglected to invite any gun-control advocates. In fact, how the killers had carried out their deeds might have remained a mystery if 19-year-old twin brothers Theo and Niko Milonopoulos hadn't infiltrated the gathering.

Managing to get in front of a microphone during question time, Theo pointed out to Gonzales that "the common denominator in the rash of school shootings" has been access to high-powered guns. He asked what could be done to reduce the spread of such weapons "in light of the expiration of the federal assault weapons ban?"

"Assault weapons," Gonzales repeated. Some in the audience chuckled as he looked to see who on the panel would take the question.

The attorney general decided to do it himself. "Obviously, kids shouldn't have access," he granted, before quickly adding that there is no need for new laws. "We need to make sure those who break the laws are prosecuted," he said.

"There's a big elephant in the room and it's gun control," Niko observed after the panel ended.

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The Bush administration has for years been known for its use of human props to make its points: middle-class "tax families" to pitch for tax cuts, victims of Saddam Hussein's torture to pitch for the Iraq war, and friendly partisans to pitch soft questions at "Ask President Bush" sessions. The technique is not new; Bill Clinton did much the same when hosting events about race.

Still, yesterday's forum was unusual. While experts dispute how much blame to place on children's access to guns, even the invited guests found it a bit odd to banish the topic entirely from a school-violence forum. "No one wants to touch gun control before an election," surmised one participant, Warlene Gary of the National PTA.

Democrats and gun-control advocates shut out of the invitation-only event had to do their sniping from a distance. They pointed out the COPS in Schools program, given $160 million in 2000, has been cut to zero. "The Bush administration is in denial," protested the Violence Policy Center.

At the conference, Bush's thoughts leaned in the opposite direction; he mused at one point about whether schools were becoming too locked down.

Gonzales advised Bush that one panelist said metal detectors send "the wrong message about what we think of our kids."

"I happen to agree," Bush said. "But what do I know?"

"Yes, sir," Gonzales replied, drawing chuckles from those in the crowd who thought he was agreeing with the "what do I know" quip.

Bush and his fellow participants stood in front of a faux blackboard inscribed with the words "Conference on School Safety" 42 times. With gun control off the table, the questions and comments became a bit repetitious, too, as a long line of participants echoed the belief that school violence would be reduced by values education and religious belief.

"It's illegal to say 'God' in the public schools these days," complained one questioner. He was followed by a representative of the American Association of Christian Schools. Craig Scott, brother of a girl killed in the Columbine massacre, said she was "killed for her faith."

"Lots of folks find answers in their faith," Spellings observed.

They certainly did yesterday. Another panelist spoke about the need for churches to "adopt" schools. An organization started by the Scotts, Rachel's Challenge, distributed brochures comparing the slain girl and her father to Anne Frank and her father.

When Bush arrived, Craig Scott was invited to speak again. This time, he read a poem he said his father read while appearing before a congressional committee.

"You've outlawed simple prayer.

"Now gunshots fill our classrooms and precious children die . . .

"You regulate restrictive law through legislative creed, and yet you failed to understand that God is what we need."

Until that point, Bush had been having trouble finding his voice on school shootings, which one of his own panelists asserted could number as high as 600 over the past six years. He labeled the violence "inexplissible," apparently merging "inexplicable" and "inexpressible." And he had to guide the discussion away from one panelist's remark about "computer predators" -- a dangerous topic during the Mark Foley scandal.

But on hearing Scott's "unbelievably eloquent testimony," Bush brightened considerably.

"That was great, Craig," the president said, after the audience finished its standing ovation. "Could I have that?"

Apparent Prank Puts Castro Valley High On Lockdown (CCT)

By Ricci Graham

The Contra Costa Times, October 11, 2006

CASTRO VALLEY - A rumor that a student had carried a firearm onto the Castro Valley High School campus today forced administrators to lock down the school for three hours while nearly two dozen deputies and investigators searched the campus.

No weapon was found, and police later attributed the scare to an apparent prank.

The lockdown was issued around 11:40 a.m. after school officials received word of the report. Teachers were ordered to lock all doors, close all windows and pull down all the window blinds, said Alameda County Sheriff's Sgt. Scott Dudek.

School officials informed the sheriff's office of the threat as soon as the rumor reached administrators. The sheriff's office responded by dispatching 25 deputies and three K-9 units to the 2,800-pupil campus at 19400 Santa Maria Ave., Dudek said.

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Deputies cordoned off the campus, setting up a perimeter where worried parents gathered and waited in vain for about three hours, not sure what exactly had transpired at the 40-acre campus.

As students huddled underneath their desks or gathered in classroom closets, sheriff's deputies patrolled the halls with K-9s trained to detect gunpowder and weapons, Dudek said.

The police dogs searched the lockers, and another K-9 Unit searched the exterior of the campus, but no weapon was found, Dudek said.

At about 2:45 p.m. -- just over three hours after the lockdown was issued -- the campus was cleared by deputies and students were permitted to leave.

Dudek said deputies interviewed a number of students and learned that one pupil whom he described "as a prankster" joked that he was armed with a firearm when he arrived at school this morning.

"Basically, his comment was, 'I'm strapped,'" Dudek said. The teenager then asked a friend, "Are you strapped?" Dudek said.

"I really think that he was a prankster," Dudek said. "If it wasn't for the nature of today's incidents, it would not have made everyone's concern go sky high."

Deputy Superintendent Jerry Marcy said the student who made the comment will face disciplinary action."It's not appropriate to comment on any possible disciplinary action," Macy said. "Obviously, we take this whole thing seriously."

As investigators combed the campus, nervous parents gathered on the surrounding streets, fearful that the recent spate of violence at schools throughout the country had touched down close to home.

"I was thinking about Columbine," said Rhonda Scott, whose son is a junior at the high school. "I was thinking, 'Oh, my God. Not in Castro Valley.'"

As parents waited, many expressed frustration because they said they had to depend on text messages or cell phone calls from their children to find out what was going on inside the campus.

"The only thing that upset me is that they should let the parents know ahead of time," Deborah Dillon said of school officials. "My daughter had to text message me (about what was going on). I got 15 text messages."

Though it was a difficult call to make, Sgt. Scott Dudek said investigators decided against sharing information with parents for fear it would set off a near riot.

"I think the parents were concerned that we didn't come out sooner and let them know what was going on," Dudek said. "But we were concerned that we didn't want to put out false information.

"If we had told the parents the reason for the lockdown, then we would have had parents trying to covertly go onto school grounds,"

he said. "Then we would have had a nightmare."

Students were clearly relieved when the lockdown was lifted and they were permitted to go home.Andrew Quan, a junior, said students gathered in a closet and waited for three hours with his teacher, who was clearly shaken by the incident.

"We hid in the back and occasionally, when we thought it was safe, we popped out," Quan said. "We had to wait it out. It really was that big a deal."

Joel Becker, another junior, said he found the incident frightening."I was sort of scared," Becker said. "I didn't expect it, because the school is not known for dangerous stuff. It was a drag to have to do that."

The lockdown occurred at a time when public awareness has been heightened by a recent series of deadly school shootings in Wisconsin, Colorado and Pennsylvania.

In response to the violence, U.S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings convened a school safety conference today in Chevy Chase, Md.

The conference was attended by parents, teachers, researchers, law enforcement leaders and policy officials, who discussed violence prevention and ways to help the schools and their communities recover from the traumatic attacks that have shaken campuses across the nation.

Student Safety (SLT)

DOJ_NMG_0078863

By Julia Lyon, The Salt Lake Tribune

Salt Lake Tribune, October 11, 2006

BOUNTIFUL - The choir continued to rehearse as a hostage situation evolved in the classroom next door. The music was about to be interrupted.

"Police! Hands up!" the officers yelled as they burst into the room at Bountiful High School. An armed intruder had been "shot" and lay face down on the hall floor. Now the police were looking for more suspects.

The students wound out of the classroom with their hands behind their heads, but many were laughing. One wiggled her hips. They knew this was not real.

It could have been. At Bountiful High on Tuesday morning, the school was teaching a post-Columbine lesson in a subject most of us never expected to study: school violence. By practicing a lockdown situation as it has for several years, members of the staff learned what they need to do to keep students safe. The students taste what a scary situation at school could be like and how to help.

"I'd hate to go to sleep at night thinking we hadn't done our best to prepare," Principal Ryck Astle said.

What was new at Bountiful High this year was the number of police agencies involved and the hostage twist. Schools have been reeling from the spate of shootings over the past few weeks that seemed to leave no community, even the peaceful Amish, untouched. On Tuesday, safety and education experts from across the country met in Maryland at a conference called by the White House.

Education Secretary Margaret Spellings and Attorney General Alberto Gonzales led three panel discussions. Time and again, speakers said schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening.

"Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the University of Colorado Center for the Study and Prevention of Violence.

Bountiful High is far from a fearful place. Students walk in the high school without having their bags searched or being screened by metal detectors. Several doors are open during the school day. Unlike some schools, it does have an on-campus school resource officer who can react immediately.

While the school lockdown may have been more for the school's benefit, officers Tuesday filmed their exercise and evaluators stood nearby taking notes. The police shouted commands and codes over their radios communicating with an improvised command post outside. Not communicating, as one officer put it, can be deadly.

Joel Briscoe, who began teaching 24 years ago, mused after the lockdown about how times have changed.

"If you would have told me we'd be debating public policy about arming teachers in schools, I wouldn't have believed you," the Bountiful U.S. history and government teacher said.

The drills are worthwhile, the teacher said, if only for the benefit of practice. The unanswerable question is whether any school is ever perfectly safe.

"It's like saying is it safe to fly on an airplane," Briscoe said. "I don't think they can ever be 100 percent safe."

Jake Craig, 16, was in the choir room when the police rushed in the door. It seemed pretty real, he said afterward. They were yelling and running around the room.

Some teens shrugged off the lockdown, but several confessed an underlying anxiety.

"I think everyone fears Columbine a lot," said Heidi Thueson, 16. "Bountiful is a safe place - but you never know."

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The Associated Press contributed to this story.

911 Transcripts Are Released In Amish School Shooting; Killer Was Calm (NYT)

By Sean D. Hamill

The New York Times, October 11, 2006

An hour after walking into a small Amish schoolhouse in Pennsylvania last week with a small arsenal of guns and hardware, Charles C. Roberts IV told a dispatcher in a calm, dispassionate voice just what his emergency was.

DOJ_NMG_0078864

"I just took, uh, 10 girls hostage and I want everybody off the property or, or else," Mr. Roberts told a 911 dispatcher for Lancaster County, according to a transcript of the conversation released yesterday.

As the dispatcher tries to engage him, Mr. Roberts threatens to kill the girls, but his voice "is not angry, there is no yelling and screaming," the county district attorney, Don Totaro, said in an interview.

Mr. Totaro authorized the release of the transcript after formal requests from state and national news media under Pennsylvania's Right to Know Law. He said he listened to the tapes to check the transcript's accuracy.

Mr. Roberts's voice is "flat," Mr. Totaro said. "It's almost like there's no soul there."

"It's beyond comprehension, particularly when you listen to the tapes and realize he's about to shoot 10 innocent Amish girls," he said.

Mr. Roberts, 32, a married father of three children who collected milk from farms in the area and delivered it for processing, shot all 10 girls inside the West Nickel Mines Amish School. Five were killed and five others suffered serious wounds, including at least one who is not expected to recover, officials have said.

The dispatcher's short conversation with Mr. Roberts, as well as calls from his wife, Marie, and the farmer who made the first 911 call, after a young teacher fled the schoolhouse to seek help, show how frantic Mr. Roberts's brief siege was.

Mr. Roberts's call came in at 10:55 a.m. on Oct. 2, and lasted just over a minute, with the dispatcher trying to figure out what was going on.

"O.K., what's the problem there?" asks the dispatcher, who was not identified.

"Don't try to talk me out of it, get 'em all off the property now," Mr. Roberts replies, referring to the state police, who were already on the scene in response to a call some 20 minutes earlier from the farmer, Amos Smoker, who first alerted the police to the situation after the teacher, Emma Mae Zook, fled to his home.

"I'm going to let the state police down there," the dispatcher says to Mr. Roberts. "I need to let you talk to them. O.K., can I transfer you to them?"

Mr. Roberts replies: "No, you tell them, and that's it. Right now or they're dead, in two seconds."

As the dispatcher tries to transfer the call, Mr. Roberts repeats, "Two seconds, that's it," before the line goes dead.

About two minutes later, Marie Roberts called 911 about a phone conversation she had just had with her husband.

"She's obviously distraught and concerned," Mr. Totaro said, characterizing the call. "But she's composed."

During the call, Mrs. Roberts says: "Yes, my name is Marie Roberts, my husband just called me on his cellphone and told me that he wasn't going to be coming home and that the police were there and not to worry about it. And I have no idea what he is talking about, but I am really scared."

Mrs. Roberts tells the dispatcher her husband told her that "he was upset about something that had happened 20 years ago and he said he was getting revenge for it. I don't think he was getting revenge on another person. I'm worried that maybe he was trying to commit suicide."

After her call is transferred to a state police dispatcher, Mrs. Roberts explains that her husband took her grandfather's blue GMC pickup truck that morning and left behind notes expressing the thought of not seeing his children, "not seeing them grow up, like, let's see, uh, I'm not even sure."

"Here it is: 'My daughter Abigail. I want you to know that I love you and I'm sorry I couldn't be here to watch you grow up.' That's how the note starts," Mrs. Roberts says.

A 1999 Pennsylvania Supreme Court decision allows withholding 911 tapes from the news media, but "because of the unfettered media access in this case," Mr. Totaro said, he decided to release a transcript.

He decided against releasing an audiotape of the calls after discussing the issue with the state police commissioner, Jeffrey Miller, and concluding that to do so "would only serve to further traumatize the victim's family and the family of the perpetrator," Mr. Totaro said.

The state police are now considering whether to release a transcript from their dispatch tapes, which would include additional conversations, a spokeswoman, Trooper Linette Quinn, said.

"We've never released them before, but this is a different set of circumstances," Trooper Quinn said.

DOJ_NMG_0078865

Pa. Schoolhouse Gunman Made Demand, Began Firing (WP/AP)

By Mark Scolforo

The Washington Post, October 11, 2006

LANCASTER, Pa., Oct. 10 -- The gunman who attacked an Amish schoolhouse opened fire on his 10 hostages just moments after demanding that authorities get off the property, giving state troopers no time to try to save the girls, according to investigators and 911 transcripts released Tuesday.

Charles Carl Roberts IV threatened to kill the children "in two seconds" during a 70-second call to a 911 dispatcher.

"Don't try to talk me out of it, get 'em all off the property now," Roberts told a Lancaster County dispatcher in a calm, flat voice, his only contact with police.

The dispatcher asked Roberts to stay on the phone so he could be transferred to state police. Roberts replied: "Two seconds, that's it." He then hung up, before police could have him talk to a negotiator.

Before authorities could react, he started shooting inside the West Nickel Mines Amish School, killing five girls and wounding five others before killing himself. Police burst in after hearing the gunfire.

"He clearly did not give the police any opportunity to get off the property," said Lancaster County prosecutor Don Totaro, who did not release the actual audiotapes to avoid further traumatizing the Amish community and Roberts's family.

PA. Gunman Intent On Massacre, 911 Tapes Show (USAT)

By William M. Welch

USA Today, October 11, 2006

A 911 dispatcher tried to keep gunman Charles Carl Roberts IV on the phone moments before he shot 10 girls at an Amish school, according to transcripts of the call released Tuesday.

Roberts dialed 911 nearly an hour after he entered the Nickel Mines Amish School in Lancaster County, Pa., on Oct. 2. By then, police were outside the school.

Transcripts of the call, along with one from Roberts' wife and two others to 911, were released by Lancaster County District Attorney Don Totaro.

“They tried to keep him on the line as long as possible,” Totaro said. “They tried to diffuse the situation, but there was just no possible way for them to do so. It was clear he was intent on carrying out his mission.”

Roberts' call came in to the Lancaster County 911 dispatch center at 10:55 a.m. By then he had been in the school since about 10 a.m. Asked if he had an emergency, he said “yes.”

The dispatcher asked for the address.

“It's on White Oak Road. I just took, uh, 10 girls hostage, and I want everybody off the property or, or else,” Roberts replied.

The dispatcher responded, “OK. All right.”

Roberts: “Now.”

Dispatcher: “Hold on a second. Hello.”

Roberts: “Yeah.”

Dispatcher: “OK, what's the problem there?”

Roberts: “Don't try to talk me out of it. Get 'em all off the property now.”

Dispatcher: “Sir, I want you to stay on the phone with me. OK? I'm going to let the state police down there — I need to let you talk to them, OK? Can I transfer you to them?”

Roberts: “No. You tell them, and that's it. Right now or they're dead, in two seconds.”

After a pause, he repeats: “Two seconds. That's it.”

Dispatcher: “Sir, listen to me. Listen.”

Totaro says Roberts then hung up.

Moments later, Roberts, 32, a milk truck driver and father of three children, opened fire on the 10 girls he was holding, then turned the gun on himself. Five girls were fatally wounded and five more were injured. Roberts also was dead.

“It was chilling,” Totaro said of listening to the 911 tapes. “There really was no anger. It was very matter-of-fact.”

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Among the other calls released was one made at 10:35 a.m. from Amos Smoker, who lives in a farmhouse behind the school.

A teacher and another adult at the school ran there after seeing Roberts.

"There's a, there's a guy in the school with a gun," Smoker said. The next call was from Marie Roberts, the gunman's wife, at 10:58 a.m. She said she was worried that her husband was trying to commit suicide.

She told the 911 dispatcher that her husband had called her from his cellphone "and told me he wasn't going to be coming home and that the police were there and not to worry about it."

"I have no idea what he is talking about, but I am really scared," she said.

She was transferred to the state police and described notes her husband had left for the family. She read from one:

"My daughter Abigail, I want you to know that I love you, and I'm sorry I couldn't be here to watch you grow up."

First Lady Lauds Sisters (LANNP)

By Colby Itkowitz

Lancaster Newspapers (PA), October 10, 2006

Bush holds summit on school safety

CHEVY CHASE, Md. - Two Amish girls who put their classmates' lives before their own represent the country's best, first lady Laura Bush said during a school safety summit Tuesday.

The first lady was referring to Marian Fisher, 13, and her 11-year-old sister, Barbie Fisher, both of whom beseeched Charles Carl Roberts IV to shoot them first, hoping he'd spare the lives of the younger Amish girls locked inside their one-room schoolhouse on Oct. 2.

"The most recent school attacks have saddened and troubled all Americans, yet these tragedies have also shown the best in our country," Laura Bush said. "We saw tremendous courage in the Amish girls who in the face of immediate danger thought first of the safety of their younger schoolmates."

In response to the string of school shootings, President Bush called a summit Tuesday in suburban Maryland to open a dialogue among experts on how school violence can be stopped. "The violence in our schools is incredibly sad and troubles a lot of folks, and it troubles me," Bush said at the National 4-H Conference Center. "Everyone in our country wants our classrooms to be gentle places of learning."

During three panel discussions, one moderated by Attorney General Alberto Gonzales and two by Secretary of Education Margaret Spellings, speakers offered their suggestions for the prevention of violence.

GOP Employee Seen As Key To Foley Timetable Investigation (CHIT)

By Mike Dorning And Andrew Zajac

Chicago Tribune, October 11, 2006

WASHINGTON -- A Republican patronage employee who formerly controlled the administrative apparatus of the House emerged Tuesday as a key figure in the scandal over former Rep. Mark Foley's inappropriate emails to underage pages.

A new account from a Republican congressman who was informed as early as 2000 of suggestive emails from Foley to a former page described a more significant role for then-House Clerk Jeff Trandahl. The congressman, Rep. Jim Kolbe (R-Ariz.), said he passed the complaint on to Trandahl, who also was involved in handling a complaint in 2005 about inappropriate emails to another former page.

The account raises new questions about the quiet disposition of the later complaint, which officials handled by privately warning Foley to cease contact with pages.

With an Aurora, Ill. graveyard as a backdrop, House Speaker Dennis Hastert (R-Ill.) defended his own staff's handling of the 2005 complaint about inappropriate emails from Foley, saying he could not find any fault in their actions based on what they knew at the time.

"They've handled it as well as they should," Hastert said. " I didn't think anybody at any time in my office did anything wrong."

Hastert added, "in 20/20 hindsight probably you could do everything better."

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However, Hastert said he would dismiss any member of his staff involved in a cover-up, while Sen. John McCain (R-Ariz.) asked for an independent investigation of Republican leaders' handling of the complaints. The House Ethics Committee is currently examining the response.

More signs of discontent among the party's core social conservative supporters also emerged, with a prominent conservative activist questioning in an article whether gay Republican staffers and members of Congress were working behind the scenes to undercut the political agenda of religious conservatives.

Tony Perkins, president of the Family Research Council, wrote in a web newsletter for members of the organization that the Foley scandal "raises another plausible question for values voters: has the social agenda of the GOP been stalled by homosexual members and/or staffers?"

Several key figures involved in the scandal and its handling are gay or linked to gay causes. Foley has acknowledged he is gay. Kolbe, who is retiring and received the first complaint, is openly gay. And Trandahl, 42, is a board member for the gay-rights group Human Rights Campaign.

Noting that, Perkins continued, "The GOP will have to decide whether it wants to be the party that defends the traditional moral and family values that our nation was built upon and directed by for two centuries. Put another way, does the party want to represent values voters, or Mark Foley and friends?"

Patrick Sammon, executive vice president of Log Cabin Republicans, a gay Republican organization, said the connection was spurious.

"The anti-gay groups are trying to spin this into some kind of gay cover-up," Sammon said. "But I don't think any of this had anything to do with sexual orientation."

Kolbe, who has been traveling in Europe, offered his first account of the 2000 complaint he received about Foley in a written statement.

Kolbe said a former page whom he had sponsored contacted his office to complain about emails from Foley "that made him uncomfortable.

"I was not shown the content of the messages and I was not told they were sexually explicit," Kolbe said in the statement. "It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk, who supervised the page program. This was done promptly."

Kolbe, who is a former page, was on the House Page Board at the time. But Rep. Sue Kelly (R-N.Y.), who was then the chair of the Page Board, was never informed, said her spokesman, Kevin Callahan.

Five years later, a Louisiana Republican received another complaint about Foley from a page that congressman had sponsored. The complaint was forwarded to Hastert's office, which referred the matter to Trandahl.

Rep. John Shimkus (R-Ill.), chairman of the Page Board when the second complaint arrived, has said he and Trandahl decided to keep the matter private and ask Foley to cease contact with pages.

Shimkus spokesman Steve Tomaszewski said that Trandahl never informed Shimkus of the earlier complaint, though he acknowledged that Shimkus did not ask about any prior aberrant behavior.

"He had never heard anything before, so there was no impetus to ask about anything else," Tomaszewski said.

Trandahl, who left his House position last November to become a lobbyist for the National Fish and Wildlife Foundation, declined through his attorney to comment.

Trandahl "will cooperate fully with the FBI and the House ethics committee investigations," his lawyer, Cono Namorati, said in a statement.

Another key figure in the investigation, Kirk Fordham, a former chief of staff to Foley, is slated to appear before the ethics committee on Thursday, according to his attorney Tim Heaphy. Fordham was interviewed by the FBI last week.

Fordham has said that he warned Hastert's chief of staff, Scott Palmer, no later than January 2004 that Foley had exhibited inappropriate behavior with pages.

Hastert has maintained that no one on his staff learned of Foley's aberrant behavior with pages until fall 2005. Hastert said he did not personally know of any inappropriate behavior until Foley resigned late last month.

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Hastert's attorney, J. Randolph Evans, said Hastert has not yet been asked to appear before the committee, but is willing to do so.

"I've reached out to the committee to let them know that we want to be as cooperative as possible," Evans said.

Doubt Is Raised About Foley As Secret Drinker (HILL)

By Jeffrey Young

The Hill, October 11, 2006

When former Rep. Mark Foley (R-Fla.) entered alcohol-abuse treatment amid scandal over his relationships with congressional page boys, his attorney said the ex-lawmaker never drank alcohol in public.

Attorney David Roth categorically stated that the disgraced lawmaker hid his abuse by drinking alone.

But the photograph (above) from The Hill's archives shows Foley holding a glass of wine at a Capitol Hill reception on May 19, 2004.

He went to the reception with several other House members. This and other evidence suggests Foley was a social drinker and a wine aficionado.

The photograph and first-hand accounts of Foley's public drinking told by acquaintances in Washington and Florida could reinforce doubts about the veracity of the claim that a drinking problem fueled his behavior, which included carrying on sexually explicit instant-message chats with former pages.

Reps. Steve Buyer (R-Ind.), Norm Dicks (D-Wash.), Nick Rahall (D-W. Va.) and Mike Thompson (D-Calif.) also appear in other photographs by The Hill of the 2004 event, which was hosted by the Washington Wine Commission to tout the state's wineries and to honor Washington's congressional delegation and the Congressional Wine Caucus, of which Foley was a member.

Thompson cannot recall seeing Foley at the reception, according to his spokesman; calls to the other lawmakers' offices were not returned. Sen. Patty Murray (D-Wash.) also attended but does not remember seeing Foley, according to her spokesman.

Though no law-enforcement authority has filed charges against Foley, his attorney could cite alcohol addiction as part of a legal defense by arguing that Foley was not in complete control of his actions when he contacted former pages over the Internet.

At a press conference in West Palm Beach, Fla. last Tuesday, Roth said that the former congressman did not drink around other people.

"People close to Mark knew that he was a closet drinker, as it is referred to," Roth said, adding, "Mark, to my knowledge and based upon all the information that I have, never drank in public," according to a transcript of the press conference. "However, at night he did drink and has admitted to that and he has indicated that he strongly believes that he's an alcoholic and is receiving treatment for it."

Roth did not return two calls requesting comment.

In addition to the 2004 photograph, news reports during Foley's tenure in Congress have included accounts of him drinking at public events. Recently published interviews with lawmakers and other acquaintances of Foley also indicate that he was often seen at parties, receptions and fundraisers drinking alcohol.

In a story that ran in the St. Petersburg Times (Fla.) on Sunday, Rep. Ginny Brown-Waite (R-Fla.) is quoted saying that while she saw Foley drink alcohol on occasions, "I never saw him inebriated, never saw him even close, never saw him slur a word." Speaking to Fox News Channel after Foley resigned, Rep. Peter King (R-N.Y.) stated directly that he did not believe Foley's claims of alcoholism.

So far, no one has come forward with a specific account of Foley appearing to be inebriated in public. Rep. Deborah Pryce (R-Ohio), however, has pressed for an investigation of allegations that a drunken Foley once tried to gain admittance to the House pages' dormitory but was turned away by Capitol Police officers.

The public record seems to belie Roth's claims about Foley's drinking habits.

In one well-reported example, Foley was a co-host of two fundraising events for Ways and Means Committee Republicans that used alcohol as a theme.

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The “D Street Block Party” took place in the spring of 2005 and 2006 in the homes of Foley and four colleagues who live on the same city block in S.E. Washington, D.C.

At the fundraiser on May 18, 2006, Foley served wine to his guests, according to the invitation and reports by The Washington Post and others.

Along with Foley, GOP Reps. Chris Chocola (Ind.), Clay Shaw (Fla.) and Nancy Johnson (Conn.) each offered different alcoholic drinks in their homes, while Rep. Jim Ryun (R-Kan.) served coffee and dessert. The mandatory contribution to visit each home during the event was $1,000.

One criminal-defense attorney who specializes in alcohol-related cases said that if Roth is angling to use Foley's drinking as a mitigating factor in his behavior with pages and former pages, the approach could work.

“From a criminal-defense perspective, somebody being an alcoholic can be helpful,” said Darren Kavinoky, whose practice is in Southern California.

If a defense attorney can convince a jury and a judge that the defendant did not have a specific intent to break a law, the penalty could be smaller, even if the defendant did violate that law, Kavinoky said. Roth could be looking to avoid a prison sentence for his client and hoping to persuade a judge to consider an alternative sentence, such as alcoholism treatment.

“This could be laying the foundation for that kind of defense,” said Kavinoky, who added, “I think it would be effective in court” against any charges that might be levied against Foley.

Ironically, if Foley has successfully hidden an addiction to alcohol from his friends, family and colleagues, as Roth asserts, the alcoholism defense becomes more problematic, Kavinoky said. Without witnesses to Foley being intoxicated, his attorney would have a harder time establishing his condition as an alcoholic, he said.

Staff Heads Would Roll For Foley Cover Ups (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 11, 2006

WASHINGTON — House Speaker J. Dennis Hastert (R-Ill.) said today that anyone who covered up information about contacts between then Rep. Mark Foley and male pages "really ought to go."

During a question and answer session with reporters outside a meeting of the Hispanic Chamber of Commerce in Aurora, Ill., Hastert said that ongoing investigations in the sex scandal should determine if his staff or anyone in Congress covered up information about the former Florida representative, and the former pages, "shouldn't continue to have their jobs."

Hastert acknowledged today that his office could have handled the matter better. "In 20/20 hindsight, probably you could do everything a little better."

Hastert noted that none of the pages were approached by Foley while they were in Washington — only after they had graduated from the program. Moreover, Hastert said he is still searching for a candidate to run the program. "I asked (former FBI Director) Louie Freeh to do it and (House Democratic Leader) Nancy Pelosi rejected him for some reason."

Witnesses will begin testimony behind closed doors this week in the sex scandal, which has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House Ethics Committee in an otherwise quiet Capitol, will look into who knew what, and when, about the contacts between Foley and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned Hastert's office in 2003 or earlier about Foley's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's interest until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

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Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its inquiry to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics Committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard L. Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Rep. Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become an issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages. Other possible witnesses include:

.Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

.Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

.Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

.Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

.Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages. Kolbe issued a statement today, saying he contacted Foley's office after receiving a complaint from a page but knew nothing about contents of the message.

"Some time after leaving the page program, an individual I had appointed as a page contacted my office to say had had received e-mails from Rep. Foley that made him uncomfortable," Kolbe said in a statement.

"I was not shown the content of he messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly."

Hastert said in Illinois that Kolbe was on the page board at the time and "that was his job…that confrontation," but that "if it was something he should have reported" to more authorities, "then he should have done that. If anyone's found to have covered up information, they really ought to go."

The panel has prepared about four dozen subpoenas, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the 5th Amendment protection against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call

invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Hastert Says Fire Anyone Who 'covered' For Foley (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, October 11, 2006

WASHINGTON — House Speaker Dennis Hastert said Tuesday that any staff member who failed to alert him to former representative Mark Foley's advances to congressional pages should be fired.

"If they covered something up, then they should not continue to have their jobs," the Illinois Republican said to reporters in his suburban Chicago district.

The speaker's comments came amid signs that investigations are moving ahead into Foley's sexually explicit e-mails and instant-message exchanges with teenage boys who served in the page program:

•Kirk Fordham, a former Foley aide who says he alerted Hastert staffers to Foley's inappropriate behavior as early as 2003, is scheduled to appear before the House ethics committee Thursday.

•Jordan Edmund, a 21-year-old former page who received electronic messages from Foley, met with FBI agents for two hours in Oklahoma City. He was not required to turn over copies of the messages, and the FBI did not schedule any additional meetings with him, said Edmund's attorney, Stephen Jones.

Jones wouldn't describe the contents of the messages. He said there was no physical relationship between his client and Foley.

Foley, a Florida Republican, resigned from the House of Representatives on Sept. 29 and checked into an alcohol rehabilitation program after he was confronted by ABC News with sexually explicit messages that he allegedly sent pages. His lawyer, David Roth, has said the former congressman did not have sex with minors. Roth also said Foley is gay.

The FBI is investigating the possibility that Foley violated criminal statues against sex with minors. The ethics committee is trying to determine whether members of the House or its staff failed to respond appropriately when alerted to Foley's activities.

At least five FBI field offices are now involved in the federal government's preliminary inquiry into Foley's conduct, two federal law enforcement officials said.

The sources, who are briefed on aspects of the investigation, declined to be identified because they were not authorized to speak publicly. They said agents were working off rosters of current and former pages, dating back at least to 1995, when Foley arrived in the House.

Rep. Jim Kolbe, an Arizona Republican and the party's only openly gay House member, confirmed Tuesday that a former page complained to him several years ago about e-mails received from Foley. Kolbe is a former House page and a strong supporter of the program.

In a statement, Kolbe said that the page told him the e-mails made him "uncomfortable" but that he was not shown the messages. "It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was promptly done," the statement said. Kolbe is in Europe and was not available for further comment.

Kolbe press secretary Korenna Cline said the congressman's staff members believe that the page contacted Kolbe in 2000 or 2001. Kolbe assigned an aide to contact Foley's office and the office of the House clerk, which oversees the page program, Cline said.

Jeff Trandahl, House clerk from 1999 until last year, has not commented about the case. Trandahl has retained defense lawyer Cono Namorato to represent him.

Revelations about Foley's contact with pages have created a political nightmare for Republicans one month before an election that will determine control of the House and Senate. In a USA TODAY/Gallup Poll taken over the weekend, 55% of respondents said they have an unfavorable view of the Republican Party; 43% said Hastert should resign.

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Hastert Vows To Fire Aides If A Cover-Up Is Discovered (NYT)

By Jeff Zeleny And David Johnston

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — Speaker J. Dennis Hastert said Tuesday that members of his staff should be fired "if there was a cover-up" in the way they had handled complaints about Mark Foley's conduct toward teenagers in the Congressional page program.

"They'll be under oath, and we'll find that out," said Mr. Hastert, an Illinois Republican who along with his top aides is expected to be called to give sworn testimony in a House inquiry into the page scandal. "If they did cover something up, then they should not have their jobs."

The remarks by Mr. Hastert, made to reporters in his Congressional district in Aurora, Ill., were the first time he had used the term "cover-up" in talking about the case. Mr. Foley, a Florida Republican, resigned late last month after explicit messages he had sent to a former page became public.

Mr. Hastert has contacted the House ethics committee through his lawyer, J. Randolph Evans, who said in an interview on Tuesday, "We want to be as helpful and cooperative as we can."

A former Congressional aide, Kirk Fordham, is scheduled to testify Thursday that he alerted Mr. Hastert's staff to Mr. Foley's behavior at least three years ago. A former clerk of the House, Jeff Trandahl, who had received numerous complaints about Mr. Foley's conduct, issued a statement through his lawyer on Tuesday, saying he would "cooperate fully with the F.B.I. and the House ethics committee."

The Federal Bureau of Investigation has begun its own inquiry to determine whether laws were broken in the exchange of sexually explicit messages. On Tuesday, F.B.I. officials in Oklahoma City interviewed a former page for more than two hours, said a person briefed on the matter who spoke on the condition of anonymity because the case was under investigation.

The former page, Jordan Edmund, 21, who was accompanied by his lawyer, Stephen Jones, said he had had limited contact with Mr. Foley while he was a page in 2001 and 2002, the person said, but Mr. Foley sent him e-mail after he left the program.

Mr. Edmund said the exchanges led to two meetings with Mr. Foley, the person briefed said, including dinner in San Diego in October 2002. Afterward, Mr. Edmund said, he returned to Mr. Foley's hotel room, where the congressman touched his knee. Mr. Edmund said he had left after about 20 minutes, and he told the agents that nothing untoward had happened.

It was unclear whether this encounter was the one described in instant messages obtained by ABC News, which quoted Mr. Foley writing to a page, "I miss you lots since San Diego."

Also on Tuesday, Representative Jim Kolbe, Republican of Arizona, said a former page had complained to him of being uncomfortable with e-mail messages Mr. Foley had sent him. Mr. Kolbe said he had not confronted Mr. Foley, but had "passed along" the complaint to Mr. Foley's office and the House clerk.

A spokeswoman for Mr. Kolbe confirmed Tuesday that during the Fourth of July Congressional recess in 1996, Mr. Kolbe took two former pages on a three-day rafting trip through the Grand Canyon. The spokeswoman, Korenna Cline, said several of Mr. Kolbe's staff members and his sister had gone on the excursion, and that the former pages had paid their own way.

Hastert Expresses Faith In Staff As FBI Questions Former Page (WP)

By Charles Babington

The Washington Post, October 11, 2006

House Speaker J. Dennis Hastert (R-Ill.) said yesterday that he believes his staff has handled the Mark Foley matter properly, but "if they did cover something up, then they should not continue to have their jobs."

Hastert's remarks came amid a quickening pace of investigations into Foley's relationships with teenage congressional pages and the House's handling of warnings about the Florida Republican's behavior. FBI agents interviewed former House page Jordan Edmund in Oklahoma City, and Foley's former chief of staff, Kirk Fordham, is scheduled to speak with House ethics committee members and staffers on Thursday.

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Edmund was among the male pages who received sexually explicit instant messages from Foley, a six-term House member. Foley abruptly resigned on Sept. 29, just as ABC News was airing some of the graphic exchanges.

Speaking yesterday to reporters in Illinois, Hastert again said he knew nothing of alarms raised in some circles about Foley's behavior toward pages until the day he resigned. Two high-ranking GOP House members have said they mentioned to Hastert concerns about 2005 e-mails that Foley sent to a former page from Louisiana. The speaker's office says that two of his high-ranking aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke -- also knew of those e-mails but did not inform Hastert.

Hastert said he recalls no such conversations with colleagues. He said his aides have "handled it as well as they should." He added: "In 20/20 hindsight, probably you could do everything a little bit better. . . . If anybody's found to have hidden information or covered up information, they really should be gone."

In Oklahoma City, Edmund and his attorney, Stephen Jones, talked to reporters after meeting with FBI agents. Edmund "answered their questions and cooperated to the fullest," Jones said.

The FBI is investigating only whether Foley committed a crime. The ethics committee has jurisdiction over current House members and employees, and is focusing on how they handled suspicions about Foley.

Foley, who is in a Florida treatment center for alcoholism, has said through a lawyer that he never had sexual contact with a minor. Congressional pages are high school students -- typically 16 or 17 years old -- who spend a semester or two in Washington and live in a Capitol Hill dorm. E-mail records indicate that Foley kept in touch with some of them for several years after they left Washington.

Meanwhile yesterday, Rep. Jim Kolbe (R-Ariz.) issued a statement regarding his knowledge of one complaint about Foley's dealings with pages. Kolbe said that, several years ago, a former page alerted his office to "e-mails from Rep. Foley that made him uncomfortable." Kolbe, a former member of the House Page Board, said he did not see the messages "and was not told they were sexually explicit."

Kolbe said that, at his suggestion, the complaint was taken to Foley's office and to the House clerk, who oversees the page program on the speaker's behalf.

"I believed then, and believe now, that this was the appropriate way to handle this incident," Kolbe said.

Also yesterday, former House clerk Jeff Trandahl said through a lawyer that he will cooperate fully with the FBI and the ethics committee. Trandahl, considered a key witness to several reported meetings regarding Foley and House GOP leaders, has not spoken with reporters since the scandal broke two weeks ago.

Fordham resigned as chief of staff to Rep. Thomas M. Reynolds (R-N.Y.) last week after it was learned that he had tried to negotiate with ABC News on Foley's behalf. Fordham has said that several years ago he implored Hastert's chief of staff, Scott Palmer, to help persuade Foley to stop showing so much attention to male pages.

Palmer released a statement last week saying: "What Kirk Fordham said did not happen."

Hastert Vows To Fire Staff In Foley Cover-up (WT)

By Charles Hurt

The Washington Times, October 11, 2006

House Speaker J. Dennis Hastert yesterday said that he would remove from his staff anyone found to have participated in any cover-up of the Foley scandal.

"If they did cover something up, then they should not continue to have their jobs," he told reporters yesterday before a speech in Aurora, Ill.

Mr. Hastert also said that after meeting last week with staff, he thinks they handled the concerns that had been raised about former Rep. Mark Foley's inappropriate contact with teenage boys in the congressional page program.

"In 20/20 hindsight, you probably could have done everything a little bit better," he said.

"But if there is a problem -- if there was a cover-up -- then we should find that out through the investigation process. They'll be under oath, and we'll find out," Mr. Hastert said, adding that he "didn't think anybody at any time in my office did anything wrong."

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The House ethics committee is investigating the matter, including whether there was a cover-up after the initial "over-friendly" e-mails from Mr. Foley to teenage boys came to light.

The panel is expected this week to interview former Foley staffer Kirk Fordham, who resigned last week amid accusations that he tried to suppress some of the more lurid Internet messages. Upon resigning, Mr. Fordham said Republican leadership staff members knew about Mr. Foley's inappropriate behavior at least a year earlier than they have said.

Ethics committee members indicated last week that their inquiry into the scandal could be resolved before the November elections.

The FBI is also conducting an investigation and has been contacting former congressional pages who may have been pursued by Mr. Foley. Federal investigators interviewed for more than two hours yesterday a former page in Oklahoma City who reportedly received sexually explicit Internet messages from Mr. Foley.

Mr. Hastert's confidence that his staff will be exonerated in the investigations brought scorn from Democrats.

"America's parents are fed up with double talk and hypocrisy. They want Republican leaders to put politics aside and put our children first," said Stacie Paxton, press secretary for the Democratic National Committee, who accused Mr. Hastert of "fishy explanations, hair-splitting spin and blanket denials about the Republican cover-up of the Foley scandal."

Evidence emerged yesterday that suggests that it wasn't only Republicans who knew about Mr. Foley's bad behavior.

Writing in Harper's Magazine online, editor and blogger Ken Silverstein said it was a Democrat who provided him with the Foley e-mails that Democrats and some conservatives say should have tipped Republicans off that something was wrong. Like Mr. Hastert and several other news organizations, Harper's Magazine decided the e-mails were inconclusive and did not publish the story.

Also yesterday, Rep. Jim Kolbe, Arizona Republican, explained that he, too, had been contacted by a page who said Mr. Foley had sent him e-mails that made him "uncomfortable."

"I was not shown the content of the messages and was not told they were sexually explicit," he said yesterday, adding that he recommended forwarding the complaint to Mr. Foley's office and the House clerk, which he said "was done promptly."

Outside Washington, the scandal continued roiling congressional campaigns.

In California, Democrat Jerry McNerny challenged Republican Rep. Richard W. Pombo to call for Mr. Hastert's resignation and return campaign contributions from the speaker.

"For more than a week, Pombo has remained silent about Dennis Hastert's failure to protect 16- and 17-year-old congressional pages from Mark Foley's predatory behavior," Mr. McNerny said. Continued silence from Mr. Pombo, he added, would be a sign of "complicity."

In West Virginia, meanwhile, a Republican sought to use the issue of child predators against his Democratic opponent, Rep. Alan B. Mollohan.

Republican Chris Wakim said Mr. Mollohan voted against the Children's Safety Act of 2005 to authorize $2 million in federal grants for technology and training for a task force going after online child predators.

"Alan Mollohan owes the voters an explanation of why he voted against authorizing money for a program designed to protect our children from Internet predators," Mr. Wakim said.

Prominent Democrats Refrain From Calling For Hastert's Ouster (HILL)

By Elana Schor, Amy Sherman And Patrick O'Connor

The Hill, October 11, 2006

While House Republicans rush to contain the political damage from the Mark Foley scandal, Democrats have relied on their challengers to push for Speaker Dennis Hastert's (R-Ill.) resignation while party leaders and most vulnerable incumbents refrain from calling for Hastert's head.

More than 20 Democratic opponents of vulnerable GOP incumbents have urged Hastert to abandon the Speakership in the wake of questions over how much and how early Republican leaders knew about Foley's sexual pursuit of House pages. Yet no elected Democratic leader and no Democratic incumbents in competitive races have echoed those challengers, according to a search of public statements conducted by The Hill.

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One senior Democratic aide said it was "normal" for candidates to take the politically potent step of asking for Hastert's resignation while incumbents use more measured rhetoric. House Minority Leader Nancy Pelosi (D-Calif.) has set the tone for her caucus, stating that the ethics committee investigation should run its course before any leader is asked to step down.

The trend places Pelosi, Minority Whip Steny Hoyer (D-Md.) and Democratic caucus chairman James Clyburn (S.C.), all of whom have declined to urge Hastert to step aside, in a less combative camp than the conservative Washington Times editorial page, several conservative activists and at least one Republican candidate. New Jersey state Sen. Tom Kean Jr. (R), who is running a close race against Sen. Robert Menendez (D-N.J.), said Friday that Hastert should resign his post for failing to put a stop to Foley's behavior.

"The incumbents don't have to do it. Why bother?" University of Virginia political scientist Larry Sabato said. "They work with the Speaker, and I suppose they want to reduce the friction to a certain degree."

Sabato also noted the political value of staying silent and leaving Republicans to sort out the internal fault lines exposed by Foley's swift and stunning fall. "It's not [Democrats'] story," he added. "Remember the old rule: When your opponent's committing suicide, get out of the way."

Of the eight Democratic incumbents remaining in reelection bids rated highly competitive by the nonpartisan Cook Political Report, only Rep. Leonard Boswell (D-Iowa) has publicly entertained the possibility of Hastert's departure, according to The Hill's survey. Boswell said during a debate last week with his GOP foe Jeff Lamberti that an "immediate, quick investigation" should preclude any resignations.

Foley resigned his seat on Sept. 29, soon after the first reports emerged of sexually improper instant message conversations he conducted with underage pages. National Republican Congressional Committee Chairman Thomas Reynolds (R-N.Y.) and Hastert have since come under fire for their aides' alleged prior knowledge of Foley's actions.

Hastert stood by members of his own staff while reiterating his call to dismiss any member or aide who covered up Foley's inappropriate contact with the pages.

"If they did cover something up, then they should not continue to have their jobs," Hastert told reporters in Aurora, Ill., yesterday. "But I didn't think anybody at any time in my office did anything wrong."

Across the country, Democratic challengers are readily employing Hastert's role in the scandal. Gabrielle Giffords, who is vying for the open seat created by Rep. Jim Kolbe's (R-Ariz.) retirement, has directly urged an end to the Hastert era, as has Kentucky Democratic nominee Ken Lucas, a former House member. Pennsylvania's three top Democratic challengers, Lois Murphy, Joe Sestak and Patrick Murphy, have repeated the calls.

Other Democratic challengers use Hastert's public troubles to neatly define their outsider status compared with their Republican opponents. In Connecticut, Democrat Joe Courtney has implored Rep. Rob Simmons (R) "to demand the immediate resignation of GOP Speaker of the House Dennis Hastert." California Democratic nominee Jerry McNerney similarly insists that Rep. Richard Pombo (R) explicitly ask for Hastert's resignation, and Colorado candidate Angie Paccione (D) makes a similar request of incumbent Rep. Marilyn Musgrave (R).

"It is an organic movement," Democratic Congressional Campaign Committee spokeswoman Jen Psaki said. "See it from New Mexico to Minnesota to New York. Public outcry has come from families in the districts who are outraged with the Republican leadership ...and are outraged with how the republican leadership has mishandled it and brushed the facts under the rug in favor of politics."

A small minority of candidates has not demanded Hastert resign but advocate the incumbent-favored stance of a full investigation of the Speaker's role in the Foley scandal. Democrat Mike Weaver, running against Rep. Ron Lewis (R-Ky.), has said the matter should be investigated before resignations are demanded. Colorado Democratic candidate Ed Perlmutter, running against Republican Rick O'Donnell for an open seat in the 7th district, put himself in line with Rep. Tom Davis (R-Va.), the former GOP campaign chief, by calling for a probe to play out first.

"We have not called for his immediate resignation and events are continuing to unfold but we want the matter fully investigated," Perlmutter communications director Scott Chase said.

Many of Hastert's top aides are expected to testify before the ethics committee before the November midterms.

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Kirk Fordham, Foley's former chief of staff who accused Hastert's chief of staff last week of knowing about the Florida Republican's behavior as early as 2003, is set to testify tomorrow, his lawyer said. Fordham resigned his post last week as chief of staff in Reynolds' personal office amid reports that he tried to suppress the emails that ended Foley's political career.

Timothy Heaphy, an attorney at McGuireWoods, LLP, representing Fordham, would not discuss his clients conversations with Hastert chief of staff Scott Palmer or any other members of the Speaker's staff now that the FBI and the ethics committee have both initiated investigations into an alleged cover-up of Foley's relationship with pages.

An attorney for Jordan Edmund, a former congressional page who received suggestive e-mails from Foley, confirmed that his client met with FBI investigators yesterday to discuss the e-mails Stephen Jones, Edmund's attorney, told reporters in Oklahoma yesterday that the House ethics committee had contacted him in order to question his client about the former page's interaction with Foley.

Hastert Meets With Critic Over Scandal (AP-Y)

By Nathaniel Hernandez

AP-Yahoo, October 11, 2006

House Speaker Dennis Hastert met Tuesday with an evangelist who hoped to persuade the Illinois Republican to step down because of the congressional page sex scandal.

Hastert had no comment after the meeting at his home with Christian evangelist K.A. Paul, founder of the Global Peace Initiative.

Paul told The Associated Press he met alone with Hastert for about 30 minutes and prayed with him.

"I am humbled with his humility and simplicity," Paul said of Hastert.

Hastert has resisted calls for his resignation over his handling of the situation involving former Rep. Mark Foley of Florida, who stepped down after he was confronted with sexually explicit electronic messages he sent to teenage male pages. Foley is under investigation by federal and Florida authorities.

Paul said the scandal is distracting the country from other issues.

"We don't want the Foley scandal when we have 100 more important things to do," said Paul, whose Global Peace Initiative is a nonprofit group that focuses on causes aimed at peace and humanitarian aid.

The page sex scandal threatens Republicans' congressional control just a month before the elections.

Rep. Thomas Reynolds, who has been criticized by Democrats who say he didn't do enough to protect a page from Foley, says he told Hastert months ago about his concerns about Foley.

Hastert has insisted he was not aware of the charges until more recently but has accepted responsibility for the matter.

Hastert's Great Listening Skills (HILL)

By Emily Heil

The Hill, October 11, 2006

John Laesch is not a household name, but he is getting more attention in the wake of the House page program fiasco. Laesch is running against House Speaker Dennis Hastert (R-Ill.), who attracted 69 percent of the vote in 2004.

Hastert is still a prohibitive favorite to win on Nov. 7, but his memory lapses may cost him some points this fall.

Reps. John Boehner (R-Ohio) and Thomas Reynolds (R-N.Y.) have said they talked to the Speaker about suspicious e-mails that former Rep. Mark Foley (R-Fla.) sent to House pages. Hastert had not denied that those conversations took place, but maintains he does not recall them.

His office has also claimed that the Speaker was not made aware of the e-mails until very recently, even though his aides were told of them a year ago.

Laesch doesn't buy it. On his website, he highlights a noteworthy paragraph in Hastert's 2004 autobiography.

On page 186, Hastert writes, "Reading is not my strong point … In our office the basic rule is: 'If you can say it, don't write it down. If you can nod your head, don't say it.'… I'm not comfortable with computers ... I need to be focused on what's going on in the room and who's saying what to whom. I base most of my knowledge on listening to people. I get a lot of briefings and have good people working for me."

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Here's the kicker: "Some say I have an incredible memory or recall for exactly what happened when and who said what to whom. I do listen pretty diligently, more than a lot of people listen, and I do pick up facts that way."

Laesch may not win, but he certainly knows how to compile opposition research.

A spokesman for Hastert did not comment.

American Idol, Senate style

Sens. Trent Lott (R-Miss.) and Larry Craig (R-Idaho) aren't quite Jake and Elwood Blues, but they're putting the band back together, and given their conservative credentials, they might think they're on a mission from God.

Well, not exactly a band, it's actually a barbershop quartet, which is just as cool as a blues band — at least that's what someone needs to tell Sen. John Thune (R-S.D.).

That's right, Lott and Craig are putting their quartet, the "Singing Senators," back together after a six-year hiatus. The Republican quartet, which originally included Lott, Craig, Sen. Jim Jeffords (I-Vt.), and Sen. John Ashcroft (R-Mo.), broke up after Ashcroft lost his re-election bid in 2000. Any hopes keeping the group intact with a replacement fell apart half a year later when Jeffords defected from the GOP, swinging control of the Senate to Democrats.

Now that Lott has decided to serve another term, it appears the 65-year-old wants to revive the good ol' days when he sang bass (and also was majority leader).

Lott and Craig are auditioning for new singing partners and they've found two solid prospects in Sen. Bob Bennett (R-Utah) and Thune.

"Senator Thune has a lovely tenor voice," said Craig, who also sings tenor. "And Senator Bennett has a good baritone."

On the original quartet, Jeffords sang tenor and Ashcroft baritone.

But it appears the comeback tour may be threatened by a generation gap. While the 73-year-old Bennett is enthusiastic, the 45-year-old Thune isn't so sure.

"Bob wants to do it," said Craig, 61. "It's Thune who doesn't know. He thinks it's a little hokey. He asked if senators do this sort of thing."

"I said yes," said Craig, who has advised his colleague to relax and live a little. "You've got to let your hair down and enjoy it."

Iraq as the 51st State? No, we don't think so.

One of the more startling disclosures in Bob Woodward's new book about the Bush administration's handling of the war in Iraq apparently has been overlooked because of other juicy tales of vicious turf battles among Bush's top advisers.

But turn to pages 223-24 of "State of Denial" to read how a leading Shiite cleric hopes to make Iraq the 51st state.

As Woodward tells it, retired Army Gen. Jay Garner, who briefly served as Iraq's first occupation administrator before being abruptly dismissed, told Bush and Defense Secretary Don Rumsfeld during a meeting in the Oval Office about a meeting he held with the cleric.

Asked by Garner for guidance "on what we should do next," the cleric spoke for an hour. He summed up his advice by saying Iraq needed a working government founded on democratic principles and based on a constitution supported by all the Iraqi people.

"So we must follow these principles and we must put a democracy together and we have to write a constitution built on the principles of Jesus Christ," the cleric, identified as Sheik Farqat al-Quizwini, said.

Then, he added, "Once we have this government, you'll bring us in as the 51st state."

Garner said he told the cleric that was "a terrific idea" and he would work on it. Afterward, when talking to Malcolm McPherson, a Time magazine reporter who was at the meeting, Garner asked the journalist if he would report the story.

"For Christ's sake, I'll never put this in Time," McPherson replied. "Nobody would believe it."

Democrats for Mark Foley

Democrats have been scoring some major political points off the Mark Foley scandal, with some predicting it will help them take control of Congress next year.

But a leading Democrat for Congress, at least at first glance, appears to have been a fan of the disgraced lawmaker by registering the domain name democratsformarkfoley.com last year.

The Democrat is Tim Mahoney, who is looking to win Foley's seat on Nov. 7.

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After expressing surprise that Mahoney had reserved the domain name, his spokeswoman Jessica Santillo went searching for answers.

Within a couple of hours, Santillo confirmed it, saying that “our Web guy” registered it “as a strategic move.”

Mahoney is also listed as the contact for the domain name republicansfortimmahoney.com. Neither site is live.

Mahoney’s rights to the Mark Foley domain name expire tomorrow. Will he be retaining those rights?

No comment, Santillo said.

Joe Negron, the Republican who is actually pushing for signs at Florida polling places that say, “A vote for Mark Foley is a vote for Joe Negron,” could not be reached for comment. Despite his resignation, Foley’s name will appear on the ballot while Negron’s will not.

Kolbe Says He Warned Of Foley Years Ago (AP-Y)

By Andrew Taylor

AP-Yahoo, October 11, 2006

Arizona Rep. Jim Kolbe said Tuesday he told the House official in charge of the page program as early as 2001 about Rep. Mark Foley's "creepy" e-mail to a former page.

Kolbe, the only openly gay Republican in Congress, said a former page he had sponsored contacted his office to complain of e-mails from Foley and that he "passed along" the complaint to Foley, R-Fla., and then-House Clerk Jeff Trandahl. Kolbe said he did not take the matter to other lawmakers.

Elsewhere on Tuesday, House Speaker Dennis Hastert, R-Ill., again said his staff aides acted appropriately last fall in handling information on Foley's conduct.

"I didn't think anybody at any time in my office did anything wrong," Hastert said. But he also issued a stern warning: "If they did cover something up, then they should not continue to have their jobs."

The developments unfolded as a prominent conservative quoted Hastert as casting doubt on claims by two members of the leadership in connection with the page scandal.

Hastert "assured me that the statement by Congressman John A. Boehner ... that months ago he had told Hastert about the page problem with Congressman Foley, was incorrect," Paul Weyrich wrote in an e-mail commentary on the issue. Boehner, R-Ohio, is the majority leader.

"As to Congressman Thomas M. Reynolds, the speaker said, 'If he had mentioned this problem to me, I surely would have taken notice,'" Weyrich added in an account of a phone conversation with Hastert. Reynolds, R-N.Y., heads the House Republican campaign organization.

Weyrich quoted Hastert as saying Reynolds often came to him with numerous requests to help "incumbents who are in trouble. The speaker said he signs off on the majority of requests and only listens with one ear because the requests are repetitive."

Kolbe spokeswoman Korenna Cline said the complaints to the lawmaker from a former page involved e-mails that were described as "creepy" but were not seen by Kolbe, and occurred in 2001 or 2002, well before House leaders say they first learned of inappropriate messages sent by Foley.

Kolbe is the second person to come forward and say that top House officials had early warnings about inappropriate Foley approaches to pages. Trandahl, the top administrative officer of the House, got his job from Hastert.

A lawyer for Kirk Fordham, Foley's longtime chief of staff, said Fordham will tell the House ethics panel Thursday that he warned Hastert's chief of staff, Scott Palmer, about inappropriate Foley conduct with pages in 2003 or possibly the previous year. Palmer has denied Fordham's account.

Hastert says he learned of Foley's conduct toward pages only on Sept. 29, when the Florida lawmaker abruptly resigned after being confronted by ABC News with copies of lurid instant messages he had sent to a former page. About a year ago, Hastert aides learned from Rep. Rodney Alexander, R-La., about "over-friendly" but not sexually explicit e-mails from Foley to a former page from Louisiana. The aides did not inform Hastert, according to an account by his office.

In other developments Tuesday:

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_A former congressional page said to have received electronic messages from Foley met with FBI agents in Oklahoma City. Stephen Jones, an attorney for ex-page Jordan Edmund, said Edmund "answered their questions and cooperated to the fullest" and that he had been contacted by the House ethics committee as well.

• Trandahl's lawyer, Cono Namorato, said Trandahl "will cooperate fully with the FBI and the House ethics committee investigations."

• Rep. John Shimkus, R-Ill., chairman of the House Page Board, has relayed to the House Ethics Committee his "interest to cooperate" and appear before the panel whenever requested, Shimkus spokesman Steve Tomaszewski said. Shimkus has not been informed when he should expect to testify.

_Ethics Committee Chairman Doc Hastings, R-Wash., told The Associated Press the panel is "moving to have this done in weeks. ... We are moving as quickly as we can." But he declined to say whether the committee would complete its investigation before the elections on Nov. 7.

Kolbe, who is retiring from Congress at the end of this year, defended his actions in response to the complaint from the former page.

"Some time after leaving the page program, an individual I had appointed as a page contacted my office to say he had received e-mails from Rep. Foley that made him uncomfortable," Kolbe said in a statement. "I was not shown the content of the messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly."

Asked about Kolbe's statement, Hastert told reporters in Aurora, Ill.: "I don't know anything more about it. If there's something that was of a nature that should have been reported or brought forward, then he should have done that."

Hastert confirmed reports from last week that he had suggested having former FBI Director Louis Freeh head a Capitol Hill inquiry on the page program, but that House Democratic leader Nancy Pelosi objected.

Foley has acknowledged through his attorney that he is gay but has denied having any sexual contact with minors.

Meanwhile, lawmakers are responding to the ethics committee's request that they survey aides and former House pages to find out if any of them had knowledge of inappropriate conduct by Foley toward male pages.

Earlier Warning About Foley Emails Is Confirmed (WSJ)

By David Rogers

The Wall Street Journal, October 11, 2006

WASHINGTON -- A Republican congressman and past member of the House Page Board confirmed an earlier incident in which a former House page complained of inappropriate email from Rep. Mark Foley.

Rep. Jim Kolbe of Arizona said his office informed Kirk Fordham, chief of staff to Mr. Foley -- a former Republican congressman from Florida -- and Jeff Trandahl, then the House Clerk, of the complaint.

"We contacted Kirk Fordham in Foley's office and told him he should advise Mr. Foley to stop communicating with the individual," Mr. Kolbe said Tuesday. "My staff says the Clerk was advised."

The complaint appears to have been made between 2000 and 2002, or more than two years before a separate incident last fall, when a Louisiana family complained to their congressman of Foley emails to their teenage son, also a former page.

In both cases, Mr. Foley was warned directly or through his staff to cease contact with the former pages, and he apparently did. But following Mr. Foley's resignation on Sept. 29 -- and disclosure of his sexually explicit messages to former pages -- House Republicans are under fire for not having done more to investigate these early warnings of his behavior.

Mr. Fordham, who is to testify Thursday before the House Ethics Committee in its probe of the matter, has accused the House Republican leadership of ignoring his pre-2005 warnings about Mr. Foley's inappropriate contacts with House pages. A veteran political operative who left Mr. Foley's employ in late 2003, Mr. Fordham said last week that he went to the leadership because of his own concerns, as well as warnings by Mr. Trandahl about Mr. Foley's conduct.

At a speech about the economy, House Speaker Dennis Hastert (R-Ill.) says2 anyone linked to a cover up in the Foley scandal will be fired, but insists that no one in his office did anything wrong.

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Mr. Trandahl, who is described by friends as having been very protective of the pages under his supervision, has declined to comment. The new developments highlight the importance of his future testimony, because he was responsible for the page program and reported to Speaker Dennis Hastert's office. If Mr. Trandahl was informed, the Ethics Committee will want to know if he shared that information with the speaker's office. When the complaint came last year from the Louisiana family, it would have been a second red flag about Mr. Foley's behavior for Mr. Trandahl and anyone he advised in Mr. Hastert's office.

At home in Illinois, Mr. Hastert again defended how his staff handled the 2005 complaint, but said that "in 20/20 hindsight, probably you could do everything a little bit better." He added, "If they did cover something up, then they should not continue to have their jobs."

Mr. Fordham's attorney, Timothy Heaphy, declined to comment about whether his client had been a contact in dealing with the page complaint raised by Mr. Kolbe. Mr. Trandahl's attorney, Cono Namorato, also declined to comment when told of Mr. Kolbe's account.

Mr. Kolbe, a former page, is retiring this year after 11 terms in Congress, during which he served a stint on the Page Board until February 2001.

Traveling in Europe, Mr. Kolbe responded Tuesday, in written answers sent by email to the Journal and then later in a statement from his office.

"I never saw any of the messages," he said, "And was never told they were sexually explicit, only that they made the former page uncomfortable."

He said his best recollection is the complaint came to him "much later than 2000," that he didn't speak directly to Mr. Foley, and instead his office contacted Mr. Fordham and Mr. Trandahl's office.

Mr. Kolbe said that if the former page, whom he appointed to the House program, says the complaint was made in 2000, he wouldn't dispute this. But he believed the date was later and after he had left the Page Board.

"Whenever this happened, it was after his tenure as page," Mr. Kolbe said. "He was no longer a page, not subject to the jurisdiction of the Page Board. I thought then and think now we handled this exactly correctly, given the amount of information we were given."

Nonetheless, the Foley matter has forced the House to rethink its responsibility for teenagers after leaving the page program, in which they work for one or two semesters on Capitol Hill. Mr. Foley showed a pattern of engaging in flirtatious, friendly behavior with pages while in Washington, and then pursuing them on the Internet after their stints as pages.

Retiring Kolbe In Spotlight (AP-Y)

By Jennifer Talhelm

AP-Yahoo, October 11, 2006

If Arizona Rep. Jim Kolbe was trying to retire quietly, it isn't working out that way.

Kolbe confirmed Tuesday that he referred concerns about then-Rep. Mark Foley to the House clerk's office in 2001 or 2002 after a former page told him Foley had sent him e-mails that made him feel uncomfortable.

The revelation is key to the question of when top House Republicans knew about Foley's behavior and whether they should have acted sooner to intervene.

It has thrust Kolbe, 64, the only openly gay Republican in Congress, into the spotlight just as he is preparing to leave Washington after 22 years in the House.

Kolbe is best known for his advocacy for free trade, international development and immigration reform. He also has waged a quixotic campaign to eliminate the penny, which costs more to produce than it is worth and which many argue is becoming obsolete.

He served on the board that oversees the page program between 1995 and February 2001. He was a page for Arizona Sen. Barry Goldwater from 1958 to 1960, and Kolbe's young staffers have described him as a professor-like figure who was willing to make time to discuss the issues of the day with them.

Spokeswoman Korenna Cline said Kolbe frequently offers his home to former pages, interns, constituents and colleagues.

"We joke in the office that we can't keep track of who is staying there," she said. "He's just very generous."

Kolbe, who is traveling in Europe, has declined interviews about his knowledge of concerns about Foley.

It may have been Kolbe's close relationship to the young staffers that led his former page to approach him about Foley.

Kolbe said in a statement Tuesday that his office reported the matter to the House clerk and took it up with Foley himself. The page did not report further problems, and Kolbe said he believed the matter was resolved.

"I believed then and believe now that this was the appropriate way to handle this incident given the information I had," Kolbe said.

It is unclear whether Kolbe's role in the Foley saga will affect his post-Congress employment options. This week, he was named one of five finalists to head the Global Fund to Prevent AIDS, Tuberculosis and Malaria, the central financing engine of international efforts to fight those diseases.

Among his supporters is Jack Valenti, former president and chief executive officer of the Motion Picture Association of America and president of the Friends of the Global Fight Against AIDS, Tuberculosis and Malaria.

In an interview, Valenti said Kolbe is ideal for the job because he regularly won consensus while serving as chairman of the appropriations subcommittee on foreign operations, export financing and related programs.

"Members of his subcommittee ... trust him, they respect him and they believe in him," Valenti said.

AP Exclusive: Records Suggest Abramoff, Pombo Lobbying Contacts (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

AP, October 11, 2006

WASHINGTON -- California Rep. Richard Pombo has insisted he was never lobbied by Jack Abramoff. Records show the disgraced lobbyist billed a client for at least two contacts with Pombo a decade ago.

The lobbying records released by the Northern Mariana Islands show that Abramoff billed once for calls to Pombo, chairman of the House Resources Committee, and a second time for a discussion with him, while lobbying in 1996.

On more than two dozen other occasions from 1996 through 2001, Abramoff associates called or met with members of Pombo's staff, including his chief of staff, the records indicate. As the contacts picked up, Pombo voted Abramoff's way on a bill important to Abramoff's clients.

Pombo spokesman Brian Kennedy disputed the reported contacts, saying direct lobbying by Abramoff "never happened" and the staff-level contacts were "greatly inflated." Abramoff, who pleaded guilty in a congressional corruption investigation, is "an admitted felon" who can't be trusted, Kennedy said.

"I think any of these billing records should be taken with a grain of salt if not dismissed entirely," Kennedy said. He noted that e-mails have surfaced showing Abramoff instructed associates to inflate their billing hours.

Still, the records put in question Pombo's campaign-trail assertions that he barely knew Abramoff and was never lobbied by him. Pombo is running against Democrat Jerry McNerney and is favored to win an eighth term representing California's Central Valley.

The race is drawing attention from the national political parties and from environmental groups that oppose Pombo's pro-industry policies as chairman of the Resources Committee, which writes environmental laws.

Abramoff pleaded guilty in January to tax evasion and wire fraud and is cooperating in a wide-ranging federal bribery investigation that has already led to guilty pleas from Rep. Bob Ney, R-Ohio, and several congressional aides. On Friday, an aide to presidential strategist Karl Rove resigned after a congressional report showed she had extensive contacts with Abramoff.

"I met the guy two or three times in my whole life - he never once lobbied me on anything," Pombo said of Abramoff last week in a debate against McNerney, who's made ethics an issue in the campaign. It's a claim Pombo's made repeatedly during the campaign.

The Northern Mariana Islands, a chain of 14 islands near Guam, became a U.S. commonwealth in 1986. Residents have nonvoting citizenship but the islands are exempt from many federal labor laws.

Democrats, complaining about reported abuses at low-paying garment factories, have sought to end those exemptions and increase the minimum wage, now $3.05 an hour. The Marianas government hired Abramoff to block such moves.

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The island government released billing records and correspondence to The Associated Press and other organizations after Abramoff came under federal investigation last year for his work for Indian tribes.

The records, covering 1996 to 2001, indicate contacts beginning in March 1996 between officials at Abramoff's then-law firm, Preston Gates, and Pombo's staff.

One focus was legislation in the Resources Committee, of which Pombo was then a junior member, to give the Marianas a nonvoting delegate to Congress. Then-Marianas Gov. Froilan Tenorio was opposed. Abramoff and his associates lobbied the Hill, including a July 29, 1996, contact with Pombo's office.

Three days later the bill was narrowly defeated in committee. Pombo voted no.

"I have great news!" Abramoff wrote to Tenorio on Aug. 1, 1996. The delegate bill "was DEFEATED at the markup which finished about an hour ago. ... We were able to add four conservative Republicans to the block of Democrat opponents and defeat the bill by a vote of 13-12."

Kennedy said Pombo's opposition had nothing to do with Abramoff, whom he hadn't yet met. Instead, Pombo believed the Mariana Islands were too politically unstable to merit congressional representation. He now believes the situation has improved and supports a delegate for the islands, Kennedy said.

On Sept. 10, 1996, Abramoff billed for a discussion with Pombo. Two days later he gave Pombo a $500 donation, the first of what would become $7,500 in campaign contributions. Pombo has since donated the money to charity. On Nov. 21, 1996, Abramoff reported putting in calls to Pombo and other lawmakers.

In December 1996, a Marianas newspaper reported that Pombo was among lawmakers who would be visiting the island later in the month. The trip was being arranged by Abramoff's firm, but Pombo didn't end up going; Kennedy said he never was confirmed on the trip. One of Pombo's staffers, Todd Willens, did visit the islands with other congressional staffers on an Abramoff-planned trip the following year.

Pombo became Resources Committee chairman in 2003 when then-Majority Leader Tom DeLay, an Abramoff ally, helped jump him over more senior lawmakers.

Last year, a Mariana Islands audit became public that questioned the island's payments to Abramoff. Democratic Rep. George Miller, D-Calif., called on Pombo to hold hearings in the Resources Committee on Abramoff's conduct with the Marianas.

Pombo declined. Instead he and the Resources Committee's top Democrat, Nick Rahall of West Virginia, sent a letter to the Justice Department asking for the Marianas allegations to become part of the Abramoff investigation.

Judge Orders Government To Respond To Siegelman Evidence Preservation Order (WSFA-TV)

By Helen Hammons

WSFA-TV, NBC 12, Montgomery, AL, October 11, 2006

MONTGOMERY, Ala., October 10, 2006 -- U.S. District Judge Mark Fuller has given the government until Friday, October 13, 2006 to show cause in writing why the emergency motion submitted by attorneys for Governor Don Siegelman, requesting preservation of evidence related to alleged jury misconduct, should not be granted.

"Upon consideration of the defendant's Emergency Motion For Order to Require Preservation of Evidence (Doc. #469) filed on October 6, 2006, it is hereby ORDERED that the government show cause in writing on or before October 13, 2006 as to why the motion should not be granted."

The action of the judge is standard procedure.

Assistant United States Attorney Steve Feaga told wsfa.com,"We will of course comply with the Court's order. We do not believe the motion is well founded and will so state in our response and provide our reasoning at that time."

Siegelman attorney David McDonald, responding to Mr. Feaga's comment told wsfa.com,"I can't wait for the Justice Department to file a brief that opposes the preservation of evidence. I'm going to blow it up, frame it, and hang it on my wall."

McDonald says he understands the government and the judge need time to respond to the motion concerning alleged juror misconduct and the possible introduction of extrinsic evidence into the jury room. However, McDonald says all he's asking

is that all evidence be preserved while the judge takes the motions into consideration. "How in the world is the government going to oppose that?" questions McDonald.

Concerning Judge Fullers order McDonald says, "I think it signifies to us the judge is taking this motion seriously..."

Death Penalty Sought In Puerto Rico Case (AP)

By Manuel Ernesto Rivera

AP, October 11, 2006

Federal prosecutors on Tuesday urged a jury to choose capital punishment for a Puerto Rican man convicted of killing a hospital guard in what could be the first death sentence handed down in the U.S. territory in nearly 80 years.

Carlos Ayala Lopez was found guilty two months ago in the 2002 slaying of Jose Rodriguez Reyes, a guard at the Veteran's Medical Center in Rio Piedras. The jury reconvened Tuesday to decide if Ayala should be executed or sentenced to life in prison.

"Justice will be to give him the punishment that he deserves ... and to sentence Carlos Ayala Lopez to death," Assistant U.S. Attorney Jacabed Rodriguez told the jury of six men and six women.

One of the jurors cried as Rodriguez displayed photos of the crime scene at the hospital just outside San Juan. Prosecutors said Ayala shot the guard while trying to steal the man's gun for a planned drug trafficking operation.

Puerto Rico abolished capital punishment in 1929, but federal prosecutors can still seek the death penalty in some cases because the territory is subject to U.S. federal law. The island's last execution was in 1927, when a man was hanged for murder. The island's legislature approved a resolution reaffirming the anti-death penalty stance in May.

The only other case in which a federal jury in Puerto Rico had to decide whether to impose a death sentence was in 2005. The jury opted to give two men charged with murder a life sentence.

Gov. Anibal Acevedo Vila has urged the U.S. Justice Department not to seek the death penalty in cases in Puerto Rico. Anti-death penalty protests are held often in the territory, and local activists have accused the United States of trying to impose federal capital punishment in colonialist fashion.

Supreme Court Considers Indictment Flaws (AP)

By Mark Sherman, Associated Press Writer

AP, October 11, 2006

WASHINGTON -- Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court Tuesday, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case.

A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States.

The omission was so serious that it required automatic reversal of the conviction, the appellate court said.

Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver license when he approached the border crossing at San Luis, Ariz., on June 1, 2003.

Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began.

Even so, he said, the conviction should stand.

"Such an error violates the Fifth Amendment, but it is harmless," he said.

Upholding the appeals court ruling would force "the government to pay a tremendous penalty when a mistake is made in the indictment," Dreeben said.

Some justices said they saw nothing wrong with the indictment. "It doesn't seem to me there's any defect in this indictment," Justice Samuel Alito said.

Atmore Baggot, Resendiz-Ponce's lawyer, said the grand jury meets in secret and the only public record of its work is the indictment. If there are errors, the government should be required to have a grand jury correct them, Baggot said.

Resendiz-Ponce remains in jail while the government's appeal is pending. Prosecutors could seek to indict him again.

The case is U.S. v. Resendiz-Ponce, 05-998.

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On the Net:

Supreme Court: http://www.supremecourtus.gov

Pilot Didn't Kill Wales, Lawyer Says (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 11, 2006

FBI to reveal new details today on prosecutor's death 5 years ago

The lawyer representing the prime suspect in the killing of federal prosecutor Tom Wales publicly declared his client's innocence Tuesday, rejecting the notion that he held a grudge against Wales and protesting the government's inquisitionlike investigation.

"This is Richard Jewell all over again," Seattle attorney Larry Setchell said, referring to the man wrongly suspected in the 1996 Olympics bombing.

Setchell's client, a 45-year-old commercial pilot who recently moved to Snohomish, has been in the FBI's cross hairs since Wales was shot to death in his Queen Anne home five years ago today.

Next week, Setchell said, the pilot will provide agents with handwriting samples -- hoping to prove he wasn't the author of a bizarre, anonymous letter sent to the bureau earlier this year by someone claiming to be a hit man hired to kill Wales.

After the Oct. 11, 2001, slaying, federal authorities launched a massive manhunt. If Wales was killed because of his job, he would be the first federal prosecutor murdered in the line of duty.

But in an interview with the Seattle P-I, Setchell said the FBI has "no science" connecting the pilot to the scene of the killing.

"They took everything from his house and they have nothing connecting him to Tom Wales. If they did, he wouldn't be walking the streets," the attorney said. The P-I isn't identifying the pilot because he hasn't been charged with a crime.

Making his most extensive comments on the case to date, Setchell likened it to the Atlanta Olympics bombing investigation, which has become synonymous with FBI blunders. Jewell, a security guard at the games, was named in national news reports as the focus of the federal investigation, only to be cleared.

In the Wales case, FBI agents have searched the pilot's homes three times and hauled away clothes, cars and most of his shoes. They got the airline he worked for to ground him. They've also intercepted his phone calls, put him under surveillance, interviewed friends and neighbors -- even talked to the women he was dating. He has since remarried.

Despite the pilot's assertions of innocence, investigators consider him a "vengeful, calculating, controlling" man who had a strong motive to kill Wales.

In 2001, Wales prosecuted the pilot, his business partner and others on charges that they improperly modified a surplus military helicopter for civilian use. Wales ultimately dropped the charges after an expert witness for the government was shown to have lied in another, similar case to the Justice Department, Federal Aviation Administration and the court, Setchell said. An internal investigative report from the Department of Transportation's Inspector General obtained by the P-I confirms that the expert witness lied.

Setchell said his client, who spent more than $100,000 in legal fees, felt "profound frustration" over the prosecution. "How could there not be? He hadn't done anything wrong."

But Setchell said that he and his client "never once blamed Tom Wales."

The pilot later sued the government, alleging that Wales' prosecution had been improper.

In a response to that suit filed shortly before Wales was killed, prosecutors said the pilot had a "violent and retributive nature" and was trying to ferret out the names of government witnesses in order to "avenge himself."

Setchell said two of the witnesses were the pilot's ex-wife, with whom he had a contentious divorce, and a former business partner who had an ax to grind.

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While Setchell insists "there weren't bad words" between his client and Wales, a federal criminal justice source said that in the middle of the helicopter case -- after Wales had talked to the pilot's ex-wife -- the pilot angrily confronted Wales in person and told him to stop talking to her.

Setchell flatly denied that. "It never happened," he said.

In the middle of the pilot's suit to recover attorney's fees, terrorists attacked America on 9/11. Wales, a leading anti-gun activist, argued on television against calls to arm commercial pilots. One federal criminal justice source later speculated that the pilot, whom he called a "Second Amendment nut" who owned several guns, saw Wales on TV and "went over the edge."

A few weeks later, Wales was found dead in his basement. He had been shot through a window while he worked on his computer.

Setchell rejects such speculation, saying his client isn't a gun activist, didn't belong to any gun club and didn't know Wales was an anti-gun activist.

The night of the killing, the pilot maintains he was with a friend at the Cinerama in downtown Seattle watching "2001, A Space Odyssey." They left the film and went to their separate homes, Setchell said.

The lawyer said records will confirm the pilot was at home at the time of the killing, making phone calls. But federal agents say there was enough unaccounted-for time for the pilot to drive to Wales' home, fire the fatal shot and return to his residence in Bellevue.

"Just like any other human being, the pilot can't account for all of his time that night," Setchell acknowledged.

Authorities dissecting the pilot's life started by getting him grounded. On Dec. 20, 2001, U.S. Airways wrote the pilot a letter saying that it had been "notified by federal law enforcement personnel that you are a 'person of interest' in a homicide" and that he was also suspected of transporting illicit drugs on US Airways planes.

The following March, the company allowed him back in the cockpit, saying their internal investigation was complete.

Authorities notified the airline of the investigation on the direct order of then-U.S. Attorney General John Ashcroft, according to a federal criminal justice source.

FBI Special Inspector Robert Jordan, who this summer took charge of the investigation, will conduct a media briefing at noon today in which authorities will provide "new information about the investigation." The briefing will follow a memorial observance to be attended by Wales' family members and top federal and local law enforcement officials.

Jordan did not return a call for comment Tuesday. Steven Clymer, the special prosecutor appointed to the investigation, declined to comment.

In their exhaustive investigation into the pilot's life, the feds have found stories that reinforce their psychological profile that the suspect is "the kind of guy that would do this," according to a federal criminal justice source.

The case against the pilot is replete with circumstantial tidbits: For example, shortly after the shooting, the pilot left town and headed east of the mountains for a time, according to the source. The pilot also sent his brother a letter with information just in case "something happened," the source said.

The most tantalizing circumstantial evidence to emerge so far may be the fact that the pilot was in Las Vegas earlier this year when the anonymous "hit man" letter was mailed from there.

Setchell said his client was in Las Vegas at the time on a layover. The August search of his Snohomish home was conducted to obtain examples of his handwriting to compare it with the letter.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

FBI Investigating Actions Of Specter Staff Member (USAT)

By Matt Kelley

USA Today, October 11, 2006

WASHINGTON — The FBI is investigating whether a member of Sen. Arlen Specter's staff broke the law by helping her husband, a lobbyist, secure almost $50 million in Pentagon spending for his clients, the senator acknowledged Tuesday.

In an Aug. 21 letter, FBI official Joseph Persichini Jr. told Specter, R-Pa., that the bureau is investigating “allegations of possible criminal misconduct” by staff member Vicki Siegel Herson. Persichini also asked for a copy of a report summarizing the

results of an investigation of Siegel and other Specter employees with relatives who are lobbyists. Specter's former chief of staff, William Reynolds, carried out the investigation.

Specter provided a copy of the FBI letter to USA TODAY and said his staff gave the FBI the report last month.

The federal probe stems from a February report by USA TODAY about Siegel. Specter helped direct $48.7 million in Pentagon spending over the past five years to clients of her lobbyist husband, Michael Herson.

Specter has acknowledged he used his position on the Senate Appropriations Committee to put special-interest language in Pentagon spending bills directing the money to clients of Herson's firm, American Defense International.

Specter says he didn't know of the link to Siegel, who was one of his top advisers on spending issues until last fall.

Specter says he did nothing wrong. “There's no violation of the (Senate) ethics rules,” Specter, the chairman of the Senate Judiciary Committee, said Tuesday.

Siegel and Herson did not return messages seeking comment Tuesday evening.

Specter's investigation found that two lobbyists related to Specter staff members had lobbied the senator's office and that Specter inserted language directing a $200,000 grant to the client of one of them last year. That lobbyist, Eric Wallace, is the son of Specter's Scranton office chief, Andy Wallace.

USA TODAY reported on the findings April 25. That day, FBI agent Jennifer Bach reviewed Specter's personal financial disclosure statements, Senate records show. Specter said his family's assets are in a blind trust, and “I've taken every step to avoid problems.”

After the first report about Siegel, Specter changed his office rules to ban contact with any lobbyists related to staff members. Specter also referred the matter to the Senate ethics committee, which has taken no action.

The Siegel investigation is the latest probe centering on the House and Senate appropriations committees. Federal authorities are investigating the links among House Appropriations Committee Chairman Jerry Lewis, R-Calif., his staff and a lobbying firm that employs several of his friends, former staffers and relatives of staffers.

FBI Eyed Specter $$ Reports In Probe Of Aide (PHI)

By Dave Davies

The Philadelphia Inquirer, October 11, 2006

FBI agents have reviewed U.S. Sen. Arlen Specter's financial disclosure statements as part of an investigation into a Specter aide whose husband's lobbying firm secured millions in federal funds with Specter's help.

The agents are "conducting an investigation into allegations of possible criminal misconduct" by Specter staff member Vicki Siegel Herson, according to an FBI letter sent in August requesting an internal staff report on the aide.

Siegel Herson's husband, Michael Herson, is a lobbyist whose clients secured $48.7 million in appropriations "earmarked" by Specter, R-Pa., according to a USA Today report in April .

Earmarks are funds inserted in legislation by a lawmaker for a specific project that weren't requested by the receiving agency or authorized by previous legislation.

Specter said in a phone interview yesterday that he has not been interviewed by the FBI and neither he nor his staff has received subpoenas in the matter.

"Everything that was ever done here was within the [Senate] ethics rules," Specter said.

After USA Today stories appeared on Siegel Herson and another staff member whose son is a lobbyist for federal funds, Specter said he banned lobbying contact with his office by relatives of his staff, asked for a Senate Ethics Committee probe, and ordered his own staff to investigate.

FBI agents reviewed the staff report, which found no impropriety, in September, Specter said.

The Capitol Hill newspaper Roll Call reported yesterday that in April an FBI agent reviewed Specter's own financial disclosure report, a public document on file in Washington.

Specter confirmed the newspaper report yesterday and said he had no idea why authorities might be interested in his financial statement.

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He said he'd placed stocks owned by him and his wife, Joan, in a blind trust and "taken every precaution" to avoid any conflict of interest.

Neither Siegel Herson nor her husband could be reached for comment yesterday.

According to USA Today, Michael Herson's lobbying firm, American Defense International, represented six firms between 2002 and 2005 that got nearly $50 million in funds earmarked by Specter.

None of the firms had gotten earmarks from Specter before hiring Herson's firm.

Specter said he had no idea that the firms were represented by a relative of his staff member, and said that Herson had not lobbied his office.

He also noted that some senators are married to lobbyists, citing former Minority Leader Tom Daschle, D-S.D., and Sen. Kent Conrad, D-N.D.

USA Today also reported that Specter staff member Andy Wallace has a son, Eric Wallace, whose firm succeeded in getting a $200,000 earmark for a Philadelphia nonprofit.

Specter said yesterday he's suspended the practice of earmarking in his subcommittee of the Appropriations Committee, and is considering whether to make the ban permanent.

Specter: FBI Reviewed His Report On Lobbying Ties (PHI)

By Steve Goldstein

The Philadelphia Inquirer, October 11, 2006

WASHINGTON - Sen. Arlen Specter (R., Pa.) said yesterday that the FBI reviewed results of an internal investigation by his office into whether staffers on his appropriations subcommittee steered earmarks to relatives working for lobbying firms.

The FBI sent a letter requesting access to the report in late July and examined it in September, Specter said. He said the internal review concluded there was no impropriety.

The senator said he thought the inquiry was prompted by a USA Today story in April that alleged that lobbyists related to Specter aides used that access to obtain earmarks for clients.

The congressional newspaper Roll Call reported yesterday that an FBI agent reviewed Specter's financial disclosure forms when the USA Today story appeared. The FBI acknowledged that it reviewed the forms but had no further comment.

"I really do not know" what the FBI was looking for, Specter said. He said the FBI contacted neither him nor any member of his staff.

Specter referred the matter to the Senate ethics committee, which has not concluded its inquiry. He has also changed the rules in his office to preclude any contact between office staff and relatives of employees engaged in lobbying.

Ney, Still Collecting Federal Salary, To Appear In Court This Week (HILL)

By Jackie Kucinich

The Hill, October 11, 2006

With Republicans still reeling from the former Rep. Mark Foley (R-Fla.) scandal, more bad news is on the way for the GOP later this week.

Rep. Bob Ney (R-Ohio), who has admitted to corruptly accepting thousands of gifts from lobbyists in exchange for legislative favors, is scheduled to appear before a federal judge on Friday the 13th to formally admit wrongdoing.

And to the dismay of Republicans, he will likely do so as a sitting member of Congress.

Ney has given up his gavels on the House Administration Committee and the Financial Services Housing and Community Opportunity subcommittee, but has kept his seat.

He will appear before Judge Ellen Segal Huvelle at 10 a.m. at the U.S. District Court for the District of Columbia.

Shortly after announcing his plea agreement with the Justice Department on Sept. 15, Ney checked himself into an alcohol rehabilitation program.

Ney's last vote was cast Sept. 12 in support of a monument to the World Trade Center attacks in 2001 and 1993.

His congressional website makes no mention of his legal troubles and has not posted a new release since August.

Neither Ney's lawyer nor his congressional office returned calls for comment.

A spokeswoman for the House Administration Committee confirmed Ney is still on the congressional payroll. Ney makes $165,200 annually, or $452.60 per day.

Ney has ignored calls from colleagues and outside ethics groups to step down from his post, including one from Ohio state Sen. Joy Padgett, who is running to replace him.

On Sept. 18, Padgett said, "Congressman Ney's admission of guilt to serious charges requires his immediate resignation."

She added that if he fails to do so, Congress should take action to expel him.

Earlier last month, House Speaker Dennis Hastert (R-Ill.) had promised a "quick solution" to Ney's admissions, as the ethics committee launched an investigation.

Asked whether Ney should resign, Hastert said, "I think you will see a solution to that very, very quickly."

House Majority Leader John Boehner (R-Ohio) was more guarded, saying, "Until he has his day in court, I don't think it is up to me to say what he should and shouldn't do."

Seeking to deflect criticism about Foley, Hastert has noted that the disgraced ex-legislator is no longer a member of Congress, adding that Republicans moved quickly to address the matter.

On CBS's "Face the Nation" on Sunday, Rep. Ray LaHood (R-Ill.) also defended Hastert, saying, "I give Speaker Hastert high marks for strong leadership. He took care of [former Rep.] Tom DeLay [R-Texas], his best friend, when Tom was having ethical problems. The Speaker went to him and asked him to leave. When he appointed [former Rep.] Randy "Duke" Cunningham to the Intelligence Committee, he went to Duke and made sure he wasn't on the Intelligence Committee after it was disclosed he took $2.3 million. And when Bob Ney was appointed chairman of the House Administration Committee, he was appointed by Speaker Hastert. Speaker Hastert went to him and told him to step down from that committee after the [Jack] Abramoff disclosures. Hastert has the ability to take on these big ethical challenges that our party has faced."

However, he has apparently fallen short in persuading Ney to step aside.

Hastert's office did not comment for this article.

Current rules permit Ney to keep his pension should he go to prison, which has outraged tax and ethics watchdog groups.

"This Ney thing has been outrageous for years," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "The ethics committee is never going to look into it."

Others echo that claim, saying the ethics panel will focus on Foley in the coming weeks.

Sloan added that she believes the ethics committee would use Ney's plea as an excuse to not aggressively probe his behavior as a member of Congress.

Tim Batkins, a spokesman for the National Taxpayers Union said, "A government pension is basically a federal entitlement. … Some felons can't vote and yet members of Congress [in prison] will receive $30,000 to $40,000 a year," after they are released.

Foley resigned Sept. 29 after inappropriate e-mails and instant messages to House pages surfaced in the media. The ethics committee, the FBI and the Florida Department of Law Enforcement are investigating the matter.

Malvo Pleads Guilty To Montgomery Slayings (WP)

By Ernesto Londoã±o

The Washington Post, October 11, 2006

Sniper Lee Boyd Malvo formally took responsibility yesterday for his role in the October 2002 sniper shootings in Montgomery County, pleading guilty to six counts of first-degree murder.

His attorneys said that before Malvo's scheduled Nov. 9 sentencing hearing, they will try to reach a "global resolution," which presumably would entail his pleading guilty to slayings and shootings in other parts of the country where he is a suspect.

If such a deal is reached, Malvo, 21, could benefit by being allowed to serve time in a federal prison rather than a maximum-security penitentiary in Virginia, where he was first convicted of murder. Although defense lawyers raised the prospect of such an agreement, no negotiations appear to be underway.

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Malvo, dressed in a green prison jumpsuit, said little during the 30-minute hearing in Rockville. He spoke softly, answering "yes" or "no" to questions that are routinely asked in plea hearings to ensure that the admission of guilt is being offered freely and legitimately.

"This is an articulate, intelligent kid who was manipulated and cajoled by a monster, a coward," said attorney Timothy J. Sullivan, referring to Malvo's fellow sniper, John Allen Muhammad. "Malvo is making attempts to redeem himself and to move forward."

Malvo pleaded guilty in the slayings of James D. Martin, 55; James L. "Sonny" Buchanan, 39; Premkumar A. Walekar, 54; Sarah Ramos, 34; Lori Lewis Rivera, 25; and Conrad Johnson, 35.

Malvo's attorneys spoke only broadly about his "legal problems" outside the Washington area and declined to describe their efforts to reach a sweeping plea agreement.

"The jurisdictions know who they are, and they know where we are," said William Brennan, Malvo's other attorney.

In June, The Washington Post reported that Malvo told law enforcement officials in the spring that he and Muhammad committed two homicides and two nonfatal shootings outside the area that had not been publicly attributed to them. The slayings happened in California and Texas; the other shootings took place in Florida and Louisiana.

Muhammad and Malvo killed 10 people in the Washington area and wounded four. Including the four crimes Malvo cited this spring, the pair are suspects in seven homicides and six nonfatal shootings that took place before they reached the Washington area.

Montgomery State's Attorney Douglas F. Gansler said his office made no concessions to Malvo in exchange for his guilty plea in the Maryland cases. Prosecutors intend to ask Montgomery Circuit Court Judge James L. Ryan to sentence Malvo to six terms of life in prison without the possibility of parole. His punishment in Maryland is likely to be merely symbolic, however, because he is serving life without the possibility of parole in Virginia.

Gansler said a plea hearing on a deal that would allow Malvo to serve time in a federal prison could provide answers and closure to dozens of victims' relatives.

"It's not about Mr. Malvo," Gansler said. "In our view, the families of victims in other states totally deserve the right to know what happened and why."

If there is no deal, Malvo is expected to return to southwestern Virginia's Red Onion State Prison, which holds some of the state's most dangerous criminals and has been criticized by human rights organizations for what they say are severe conditions.

Gansler said his office won't try to persuade Virginia Gov. Timothy M. Kaine (D) to relinquish custody of Malvo. But he said the office could assist in consolidating dozens of crimes in numerous jurisdictions into a single plea hearing if a deal is reached. Such a plea hearing should happen in the Washington area, Gansler said.

Kevin Hall, a spokesman for Kaine, said no one has formally approached the governor with a proposal that would allow Malvo to serve time outside Virginia. He said Montgomery prosecutors raised the idea this year with the governor, which triggered stern opposition from the Virginia prosecutors in the sniper trials.

"Their wishes carry considerable weight in this discussion," Hall said, referring to Fairfax County Commonwealth's Attorney Robert F. Horan Jr. and Prince William County Commonwealth's Attorney Paul B. Ebert.

Ebert said criminals shouldn't be allowed to choose their prison.

"I know Malvo doesn't like Red Onion," Ebert said. "He should have thought about that before he came here and committed these crimes."

Ebert said he still has "serious doubts" about Malvo's credibility and thinks that relatives of victims in other jurisdictions "got all the answers they're going to get."

A federal indictment encompassing the unsettled shootings could be an alternative to a plea deal at the state level. But that option seems unlikely.

"This is a state case," FBI Special Agent Michelle Crnkovich said yesterday. "Any deals they're making are being made by the states."

She said FBI agents assisted Montgomery prosecutors during Muhammad's trial but are not actively involved in the case.

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Tom Reedy, a spokesman for the Denton County Sheriff's Office in North Texas -- which is investigating the May 27, 2002, shooting of landscaper Billy G. Dillon, one of the crimes Malvo cited in the spring -- said the case remains unsolved.

"We haven't had any movement on that," Reedy said. "We haven't heard anything from anybody."

Cheryll Witz, the daughter of 60-year-old Jerry R. Taylor, who was fatally shot March 19, 2002, at a Tucson golf course, said she would like her day in court. Malvo told investigators that he and Muhammad were responsible for killing Taylor.

"I really would like an answer as to why and an 'I'm sorry,' " Witz said. "I would like to know that he's remorseful for what he did. You can tell that someone is truly remorseful by looking in their eyes."

Malvo testified against Muhammad during his month-long trial in Maryland in May, providing the first public firsthand account of the shooting spree that the two carried out while traveling in an old Chevy Caprice. The pair shot people in public places with a high-powered rifle, often pulling the trigger from the trunk of the car. Muhammad, 45, has been convicted of murder in Virginia and Maryland for his role in the shootings and is awaiting execution in Virginia.

Malvo said he was indoctrinated by Muhammad, whom he described as a cunning man bent on killing scores of people and then moving to Canada to train dozens of young killers.

Muhammad, who represented himself, described Maryland's case against him as a law enforcement conspiracy. Malvo said he was acknowledging his role because he is no longer under Muhammad's spell.

Malvo Pleads Guilty To 6 Sniper Killings (WT)

By Arlo Wagner

The Washington Times, October 11, 2006

Lee Boyd Malvo pleaded guilty yesterday to the six sniper murders in Montgomery County, a deal that might lead to legal conclusion of other shootings in the District, Virginia, Alabama and Louisiana.

Circuit Judge James L. Ryan postponed sentencing until Nov. 9 after public defender William Brennan said time was needed "to reach a global resolution to Mr. Malvo's legal problems."

During the 45-minute hearing, Principal Deputy State's Attorney Katherine Winfree read an eight-page proffer detailing the killings of 13 persons and wounding of seven in Maryland, Virginia, the District, Alabama and Louisiana from Sept. 5 to Oct. 22, 2002.

Wearing a green prison jumpsuit, Malvo, now 21, showed no emotion during the hearing and answered only "yes" or "no" to his attorneys' questions. The proffer included details from his testimony during the May trial of his partner, John Allen Muhammad, 45, who was convicted of the six Montgomery County murders and sentenced to six life terms. Muhammad is now back in Virginia on death row for killing Dean Harold Meyers, 53, in Manassas.

"Mr. Malvo is making attempts to redeem himself and move forward," said his other public defender, Timothy Sullivan. "The first step was when he had the courage to testify against the man who taught him to be a killer. He's going to make the best of what is left of his life.

"This kid was manipulated by a monster," Mr. Sullivan said.

State's Attorney Douglas F. Gansler said Malvo probably will be sentenced to six consecutive life terms without a chance for parole. The minimum sentence would be a single life term with a chance for parole.

According to an interstate agreement before the Montgomery trials, Mr. Gansler said Malvo will be returned to Virginia, where he was sentenced to life in 2003 for killing FBI analyst Linda Franklin, 47, on Oct. 14, 2002, in a parking lot outside the Home Depot in Falls Church.

Mr. Gansler said the plea deal could mean Malvo won't serve his sentence in Virginia. Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot, 72, in the District and thus serve a life term in the federal system, which houses D.C. prisoners.

Malvo is "willing to give these families the satisfaction of knowing what happened, how it happened," Mr. Gansler said of the shootings that have yet to be prosecuted.

But Mr. Gansler said the decision on a plea rests with Virginia authorities, who agreed to let Muhammad and Malvo go temporarily to Montgomery County for new trials.

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Kevin Hall, a spokesman for Virginia Gov. Timothy M. Kaine, said the governor's office has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The prosecutors who first tried Muhammad and Malvo, Paul B. Ebert in Prince William County and Robert F. Horan Jr. in Fairfax County, were opposed when the idea was proposed a few months ago.

"Their objections were pretty sharp," Mr. Hall said.

Muhammad was described as the killer in the Montgomery County shootings, most from the trunk of a blue Chevrolet Caprice, firing a .223-caliber rifle through a hole just above the license plate.

The first victim in Montgomery County was James D. Martin, 55, who was shot in the parking lot of Shoppers Food Warehouse in Wheaton on Oct. 2. The next day, the victims were landscaper James L. "Sonny" Buchanan, 39, at Fitzgerald Auto Mall in Rockville; cabdriver Premkumar A. Walekar, 54, at a gas station on Connecticut Avenue in Aspen Hill; Sarah Ramos, 34, at the Leisure World shopping center in Silver Spring; and Lori-Ann Lewis-Rivera, 25, at a gas station in Kensington. The snipers struck elsewhere over the next three weeks until they returned to Montgomery County and killed bus driver Conrad E. Johnson, 35, on Grand Pre Road in Silver Spring on Oct. 22.

Malvo and Muhammad were arrested Oct. 24 in Frederick County, Md.

In all, 10 persons were slain and three wounded in Maryland, Virginia and the District.

The short hearing to formalize Malvo's Montgomery County plea contrasted with the two days of riveting testimony Malvo gave in May while helping prosecutors win convictions against Muhammad. It was the first insider account of the three-week rampage across the Washington region. The two snipers shot random victims with the high-powered rifle using the beat-up Chevrolet Caprice as cover.

Malvo described the genesis of the plot, saying Muhammad wanted to use it to extort $10 million and wreak havoc on the Washington area. Malvo described how they mapped out shooting sites in advance and worked as a team -- one spotting random victims, the other firing.

The young sniper also laid out Muhammad's grander scheme to shoot up to six persons each day for a month, target school buses and police officers with explosives, and set up a camp in Canada where homeless children would be trained as terrorists.

Malvo's Lawyers Seek Plea Deal (BSUN)

By Andrea F. Siegel, Sun Reporter

The Baltimore Sun, October 11, 2006

Young sniper reportedly seeks prison change for admitting to shootings

Attorneys for Washington-area sniper Lee Boyd Malvo, who pleaded guilty Tuesday to six murders in Montgomery County, are trying to forge a wide agreement that would have him also admit his role in other 2002 shootings in other states.

The deal has the potential to give Malvo what he reportedly wants -- a move from Virginia's Red Onion prison to a federal penitentiary -- if it includes a plea to the fatal shooting in Washington, D.C. to which he and John Allen Muhammad have been linked.

Malvo's lawyers said Tuesday they will move quickly to try to reach an agreement by his scheduled Nov. 9 sentencing in Rockville, where prosecutors are seeking the maximum sentence of six consecutive prison terms of life without parole.

"We are about to hopefully embark on some candid and frank discussions with some local prosecutors," said William C. Brennan, Malvo's lawyer. He said he will try in the coming weeks to "to effectuate a global resolution to Mr. Malvo's legal problems," but he and prosecutors declined to specify which shootings might be involved.

Charges are pending against Malvo and Muhammad in Alabama, Louisiana and Washington, D.C.. The pair is suspected -- in some cases because Malvo reportedly told police about them -- in shootings in Arizona, California, Florida, Georgia, Texas and Washington state.

Malvo, 21, is already serving a life prison term without parole in Virginia for a fatal sniper shooting there. Muhammad is on Virginia's death row for a fatal sniper shooting in that state, and has been sentenced to six life prison terms without parole for his role in the Montgomery County slayings of James D. Martin, 55; James L. "Sonny" Buchanan Jr., 39; Premkumar A. Walekar, 54; Sarah Ramos, 34; Lori Lewis-Rivera, 25; and Conrad E. Johnson, 35.

DOJ_NMG_0078892

Buchanan's sister, Vickie Snider, was the only relative of a sniper victim to see Malvo plead guilty Tuesday before Judge James L. Ryan. She said she has no opinion on where Malvo serves his time, just that he remains incarcerated.

"I don't care whether it's a federal prison or Red Onion" prison in Virginia, said Snider, whose brother was the first of four people fatally shot on Oct. 3, 2002, in Montgomery County. Buchanan was killed while cutting the grass for an auto dealership in Rockville.

More family members of victims are likely to attend the sentencing, when they may speak in court. They also may provide written statements in advance.

Snider said her heart breaks for the families who have yet to hear their murdered loved ones formally named as among Malvo and Muhammad's victims.

Montgomery County State's Attorney Douglas F. Gansler, the Democratic candidate for Maryland attorney general, agreed: "I would imagine it would give them more peace. They have the right to know what happened."

Malvo cooperated with Maryland authorities, providing details about crimes. He testified in May at Muhammad's trial, breaking his public silence about his role in the crimes, saying his mentor turned him into a killing machine.

Timothy J. Sullivan, Malvo's other lawyer, said that the native Jamaican would like to "redeem himself." No longer under Muhammad's sway, "he is growing every single day in sadness about the life he has wasted," Sullivan said.

An arrangement to shift Malvo into the federal prison system would hinge on authorities in Virginia, where Malvo is serving multiple life sentences for sniper shootings. Virginia authorities sent Malvo to Maryland for trial as part of a pact that says he has to be returned, Gansler said.

"It's really up to Virginia," Gansler said, adding that his office would not be involved in efforts to reach an expansive agreement for Malvo.

But last year when the subject was first broached, the two Virginia prosecutors who obtained convictions in trials against Malvo and Muhammad vehemently objected to what they viewed as letting Malvo pick his prison.

"I don't think any defendant should be able to choose the venue of his incarceration," Paul Ebert, the commonwealth's attorney for Prince William County who obtained a death sentence for Muhammad that is now on appeal, said Tuesday. "He should have thought of that when he came to Virginia to commit his crimes."

Kevin Hall, spokesman for Virginia Gov. Tim Kaine, said the prosecutors' opinions "would be a significant factor if the governor were to be asked to consider such a request." Told that Malvo reportedly might prefer federal prison accommodations to those in Virginia, Hall replied, "He hunted people. Tough."

A deal also would hinge on Malvo reaching an agreement with federal prosecutors in Washington, D.C. They said they cannot discuss any open case.

Ellen Brooks, the district attorney for Montgomery County, Ala., where authorities believe Malvo and Muhammad killed one woman and wounded another as they closed a liquor store Sept. 21, 2002, said she has not heard anything in months about Malvo.

"Certainly, we are interested in a resolution to our case," she said.

In the Washington area, 10 people were killed, three wounded and the region terrified by sniper shootings during the fall of 2002. Malvo maintained that he was following Muhammad's plan to extort $10 million from the government to end the terror. At his Maryland trial last spring. Muhammad claimed innocence, saying he'd come east from Washington state to reclaim the three children he'd lost in a bitter divorce.

Though Malvo initially said he did all the shootings, he later said he took full responsibility to shield Muhammad. He testified that he shot and wounded two people and killed only the final victim, bus driver Conrad E. Johnson, on Oct. 22, 2002, serving as Muhammad's spotter in the rest.

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Attorney: Sniper Seeking Deal For Life In Federal Prison (FINDLAW/AP)

By Stephen Manning, Associated Press Writer

AP, October 11, 2006

(AP) - ROCKVILLE, Maryland-Convicted Washington-area sniper Lee Boyd Malvo is seeking a broad plea agreement in which he would plead guilty to other 2002 sniper shootings that authorities have linked him to, defense attorneys and Maryland prosecutors said Tuesday.

The deal, announced as Malvo formally pleaded guilty to six Maryland murders, could be reached before his Nov. 9 sentencing for those killings. He is expected to receive six life sentences at that hearing.

Malvo lawyer William Brennan told Montgomery County Circuit Judge James Ryan that he hoped to use the time before sentencing to "reach a global resolution to Mr. Malvo's legal problems." Asked later by reporters for specifics, Brennan would only say that he would have "candid, frank discussions with some local prosecutors."

Malvo has already been convicted of shootings in neighboring Virginia. Montgomery County State's Attorney Douglas Gansler said such a plea deal could mean Malvo may not serve his sentence there.

Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot in Washington, D.C. and serve his life term in the federal system, Gansler said. Federal prosecutors handle murder cases in the District of Columbia.

Gansler said the decision rests with Virginia authorities, who agreed to let Malvo and his one-time mentor, John Allen Muhammad, come to Maryland for new trials. Under an interstate agreement, Maryland must return Malvo after his sentencing.

Kevin Hall, a spokesman for Virginia Gov. Tim Kaine, said Kaine's staff has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The Virginia prosecutors who first tried the pair were opposed when the idea was proposed a few months ago.

"Their objections were pretty sharp," Hall said.

Malvo, 21, is already serving a life prison term in Virginia for his 2003 conviction of murdering FBI analyst Linda Franklin at a Home Depot parking lot in Falls Church, Virginia, in October 2002. He later pleaded guilty to another Virginia sniper shooting.

Charges are still pending against Malvo and Muhammad for sniper shootings in Louisiana, Alabama, Washington, D.C., and Prince George's County, Maryland. In addition, authorities and published reports have tied the pair to shootings in Arizona, California, Georgia, Texas, and Washington state.

In all, 10 people were murdered and three wounded during the October 2002 shootings in Maryland, Virginia and Washington, D.C.

Brennan and Montgomery County State's Attorney Douglas Gansler would not say which shootings could be included in the larger plea agreement.

Another Malvo attorney, Timothy Sullivan, said Malvo has accepted responsibility for his part in the shootings and wants to make amends.

"Every single day this kid realizes the enormity of what he has done," Sullivan said. "Mr. Malvo is making attempts to redeem himself and move forward."

Muhammad, who was convicted in May by a Montgomery County jury and given six life terms, has already been sent back to Virginia, where he is on death row for a sniper shooting in Manassas, Virginia.

In May, while helping prosecutors win convictions against Muhammad, Malvo gave two days of riveting testimony that provided the first insider account of the duo's three-week rampage across the Washington region, shooting random victims with a rifle while using a beat-up Chevrolet Caprice as cover.

Malvo said Muhammad wanted to use it to extort $10 million (â,¬800,000) and wreak havoc. He described how they mapped out shooting sites and worked as a team - one spotting random victims, the other firing the .223-caliber rifle.

He also laid out Muhammad's grander scheme to shoot as many as six people each day for a month, target school buses and police with explosives, and set up a camp in Canada where homeless children would be trained as terrorists.

Before testifying in May, Malvo also confessed to shooting two liquor store clerks in Montgomery, Alabama.

Wecht Corruption Trial Postponed (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, October 11, 2006

The federal public corruption trial of Dr. Cyril H. Wecht will not begin next week as scheduled.

DOJ_NMG_0078894

U.S. District Judge Arthur J. Schwab released the jury pool of nearly 300 people, effectively postponing the Oct. 16 trial start date indefinitely.

At issue is whether the 3rd U.S. Circuit Court in Philadelphia will remove Schwab from the case. Wecht's lawyers have asked the court to disqualify Schwab, saying he has exhibited bias against their client by having secret communication with prosecutors and through a number of rulings against Wecht.

The judge and prosecutors have denied the allegations.

Wecht, 75, of Squirrel Hill, was charged in January with 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office while Allegheny County coroner for private financial gain.

The appeals court has been asked to decide whether internal disciplinary records of the lead FBI agent in the case should be made public and whether a federal court rule in Pittsburgh that keeps lawyers from speaking to the media is constitutional.

There is no deadline for the appeals court to make a decision.

A three-judge panel heard arguments Sept. 12 and issued a stay of Wecht's trial three days later.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Wecht Trial Delayed While Attorneys Wait For Appeals Court Ruling (AP)

By Joe Mandak

AP, October 11, 2006

PITTSBURGH - Former Allegheny County coroner Dr. Cyril Wecht's federal corruption trial has been postponed indefinitely because an appeals court has yet to rule whether a judge is biased and should be removed from the case.

The order canceling jury selection, which was to have begun next Monday, was issued Tuesday by U.S. District Judge Arthur Schwab.

The 3rd U.S. Circuit Court of Appeals last month ordered all pretrial proceedings halted until it rules on Schwab's alleged bias and other issues. Wecht's attorneys contend Schwab has favored prosecutors in his rulings; the judge has threatened to hold a contempt hearing for defense lawyers after the trial.

Federal prosecutors in Pittsburgh say Wecht used his county staff to do work and otherwise help his multimillion-dollar private pathology practice. Wecht is also accused of trading cadavers for lab space at a local college, and overbilling private clients using faked limousine bills for trips in which he was allegedly chauffeured by county employees in a county car.

Wecht's attorneys appealed to the 3rd Circuit after Schwab upheld FBI searches for Wecht's records and computers. Defense attorneys had attacked the credibility of the FBI agent who obtained the search warrants, but Schwab overruled some of their objections because he said they were filed too late.

Wecht is a renowned pathologist who has consulted on high-profile deaths including those of Elvis Presley and JonBenet Ramsey and, most recently, the son of former Playboy model Anna Nicole Smith. He resigned from county office in January after he was indicted on charges of theft of honest services, mail fraud and wire fraud.

Colma Councilman Pleads Not Guilty To Corruption (BCNW)

Bay City News Wires, October 11, 2006

COLMA A Colma city councilman facing public corruption charges was arraigned Tuesday morning in San Francisco federal court.

Philip J. Lum, 53, pleaded not guilty before a U.S. Northern District Court judge to charges he failed to report gifts accepted from the owner of a Colma casino in exchange for voting favorably on City Council matters that benefited the casino.

A federal grand jury in San Francisco indicted Lum on Oct. 3 on one count of conspiracy to commit mail fraud and two counts of mail fraud. If convicted, Lum faces a maximum sentence of 20 years in prison and fines of $250,000 for each count, according to the U.S. attorney's office.

The charges came after a three-year FBI investigation revealed that Lum, who has been on the Colma City Council since 1986, accepted first-class and coach airline tickets to the Philippines from 1999 until 2001 from the owner of Colma's Lucky Chances Casino, according to the U.S. attorney's office.

DOJ_NMG_0078895

The indictment alleges that Lum didn't notify the state of the gifts as required annually by the Fair Political Practices Commission and took part in City Council action in favor of the casino without revealing his profits, according to the U.S. attorney's office.

Lum was released on $100,000 bail and is next scheduled to appear in federal court in San Francisco in front of U.S. District Judge Jeffrey White on Dec. 7.

Colma City Manager Diane McGrath said she did not know if the City Council was planning to take any action on the matter, or whether Lum would be at the next City Council meeting, scheduled to take place Wednesday at 7:30 p.m. at the Colma Town Hall.

Figure In Pay-to-play Scandal Sentenced To Probation (PHI)

By John Shiffman

The Philadelphia Inquirer, October 11, 2006

A Philadelphia architect who participated in a pay-to-play scheme in which $30,000 from a corporation was illegally funneled toward Mayor Street's reelection was sentenced to two years' probation yesterday.

The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe.

The architect, Terry Crockett, had pleaded guilty to conspiracy and fraud and had helped authorities make a case against two codefendants.

"There's no excuse for allowing friendship and the need to sustain your business to [make you think] you are above the law," Crockett told U.S. District Judge James T. Giles. "This I am very sorry for."

Crockett, 61, generated bogus paperwork for $30,000 worth of architectural services submitted to the victim corporation, Sky Sites Inc., which hoped to continue an airport advertising contract. Sky Sites is a subsidiary of JCDecaux, which specializes in indoor, back-lit advertising displays in airport terminals throughout the world.

After Sky Sites paid Crockett, he gave $10,000 each to consultant Joseph Moderski and Eric Selby, a former vice president of Sky Sites. The three men then each gave $10,000 to a political action committee controlled by Ronald A. White, a chief Street supporter.

It is against state law for corporations to make campaign contributions.

Moderski, Selby and Joseph Evans, former Sky Sites chief executive, have all pleaded guilty and are to be sentenced in January.

White, indicted with former City Treasurer Corey Kemp in a much larger conspiracy case, died before trial.

Assistant U.S. Attorney Joan L. Markman told Giles yesterday that although Crockett's offense was serious, it was Moderski who proposed the idea, "and the others went along it." Crockett deserved credit for confessing and helping the government, she said.

The advisory federal sentencing guidelines called for a sentence of probation to six months in prison.

Crockett's lawyer, Joel Slomsky, said that "what occurred in this case was an aberration."

"He should have known better," Slomsky said. "He's tried to do the right thing by correcting his mistake and cooperating with the government."

In sentencing Crockett, Giles compared the architect's conduct to that of someone who skates on a pond he knows is covered with thin ice.

When the ice breaks and the skater plunges in, the judge said, "the water is always deeper than was thought to be the case."

Passwords Jump-started Fumo Probe (PHI)

By John Shiffman And Mario F. Cattabiani

The Philadelphia Inquirer, October 11, 2006

Last fall, agents on the FBI's public corruption squad faced a problem: They couldn't read encrypted e-mail seized from State Sen. Vincent J. Fumo's offices.

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On Oct. 18, they got a break. Donald Wilson, a state Senate computer technician who had been granted immunity, suddenly remembered something, according to a newly unsealed FBI affidavit. He still had two portable data cards - with all the passwords to open the e-mail.

Wilson's lawyer called authorities and turned over the passwords. The feds were in.

With that breakthrough, the affidavit said, agents were able to read more Fumo office e-mails talking about destroying records and fretting about the FBI - a trail that helped lead to obstruction-of-justice charges against two other Fumo computer technicians, Leonard Luchko and Mark Eister.

Thus far, they're the only ones charged. Prosecutors, who have been investigating Fumo for three years, say they will decide by Christmas whether to indict Fumo, or others.

The FBI's corruption and extortion probe is focused on whether Fumo or others misused a South Philadelphia charity, Citizens Alliance for Better Neighborhoods, for personal or political gain. Donations from Verizon and Peco Energy Co. to Citizens Alliance are also under review.

Prosecutors declined to comment yesterday, as did Wilson's lawyer, Mark Cedrone. Fumo's lawyer, Geoffrey Johnson, did not return a phone call.

Fumo, long considered the most powerful Democrat in the state Senate, has said he has done nothing wrong. He has said the investigation was politically inspired by Republicans.

The newly unsealed affidavit also includes other new information about the case.

For example, it says the charity "organized and managed" by Fumo paid money to a polling company, Kiley & Co. of Boston. Sources say it was for a 2002 poll that cost $44,800.

Tax laws prohibit charities from engaging in political activity.

The charity paid another polling firm about $215,000, The Inquirer reported last year. A Fumo politicial committee repaid the charity for that expense, public records show.

The series of events that led the FBI to the computer passwords last fall are detailed in the affidavit, written by FBI agent Kathleen McAfee:

Wilson was an apparently reluctant witness who was granted immunity and testified to the grand jury Oct. 4, 2005.

According to the affidavit, Wilson said then that he and Luchko "systematically destroyed" e-mails and other evidence after The Inquirer reported the existence of the investigation in January 2004.

The FBI had already seized computers but couldn't unlock certain files because of an encryption program. Wilson told the grand jury that he no longer had the passwords - he had deleted them to thwart the FBI.

Two weeks later, his lawyer called prosecutors with news: Wilson had found a copy of the passwords in an Excel spreadsheet.

Wilson also gave authorities two portable computer drives; on one, agents found a document that suggested Luchko had stashed backup copies of Citizens Alliance records at his home.

That triggered a scramble by the FBI to search Luchko's house in Collingdale. The affidavit that agents used to obtain the warrant for that search is the one that was unsealed late Friday.

On Oct. 20, agents raided Luchko's home and hauled away boxfuls of electronic storage devices, including CDs, portable data cards, a Blackberry, and a large quantity of computer backup tapes, records show.

Luchko and Eister were charged in May with trying to thwart the FBI's corruption and extortion investigation. They have pleaded not guilty.

Federal Prosecutors Start Special Child Porn Fight (SLPD)

By Robert Patrick, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, October 11, 2006

Missouri's federal prosecutors said Tuesday that they are reinforcing the battle against an "epidemic" of online child pornography, in an effort funded in part by well-known St. Louis concert promoter and philanthropist Steven Schankman.

He said he donated $100,000 toward the estimated $600,000 annual budget to help provide a more coordinated attack. He said his desire comes from various directions, including experiences of his employees' children.

Schankman said it had little or nothing to do with federal charges that sent his son, Jason P. Schankman, to prison in April for almost 16 years for producing and receiving child pornography here. The younger Schankman, 31 when he was charged last year, lived in Kirkwood.

Steven Schankman said his financial help was not intended to get his son a break from U.S. Attorney Catherine L. Hanaway's office. "I'm too smart to say this will help my son and she's too smart to say it will," he said. "Catherine Hanaway did what she had to do."

Hanaway said she had told Steven Schankman she could not work with him on the project while his son's case was open.

On Tuesday, her office announced creation of a child exploitation unit, which will refocus some prosecutors' efforts on child pornography. She also said the FBI is planning to bear down on pornographers who use "peer-to peer" file-sharing networks that are commonly used to share music.

Several cases where child pornographers used the Kazaa network have been prosecuted in federal court in Kansas City, said Bradley Schlozman, U.S. attorney for the Western District of Missouri. Kazaa cases have also been handled in St. Louis, Assistant U.S. Attorney Jeff Jensen said.

Schlozman, who is introducing similar initiatives in his office, is cooperating with Hanaway, Gov. Matt Blunt and Attorney General Jay Nixon in the statewide initiative.

Its Website, INOBTR.com, pronounced "I know better," will debut in January to provide information to children, parents, teachers and law enforcement.

The initiatives have roots in February's launch of "Project Safe Childhood" by U.S. Attorney General Alberto Gonzales, designed to coordinate federal, state and local law enforcement efforts "to prosecute predators and rescue their victims." At the time, Gonzales cited an "epidemic of sexual abuse and exploitation of our children."

Former LA Sergeant Charged With Abusive Sexual Contact (MHCA)

Monterey (CA) Herald, October 11, 2006

LOS ANGELES - A retired police sergeant and former television reporter was charged Tuesday in connection with several encounters between him and two 12-year-old boys in a cruise ship spa, authorities said.

Roderick "Rod" Bernsen, 58, was arrested at the Port of Los Angeles Saturday by FBI agents investigating a complaint by the mother of one of the boys, authorities said.

He faces one count of abusive sexual contact. He made his first appearance in federal court Tuesday, where his bail was set at $850,000.

"He is shocked and devastated by these charges, as minor as they are," Bernsen's attorney, James Epstein, said about his client. " ... and I think we should let this play out in court."

While aboard the Princess cruise ship to Mexico, Bernsen met and befriended the boys after they sneaked into a spa restricted to men and women over the age of 16, according to an FBI affidavit.

During an encounter in the steam room, the boys alleged that Bernsen inappropriately touched himself in front of them. They claim he later followed them to shower stalls where he inappropriately touched them, the affidavit said.

The boys told their parents about the alleged encounters, which led to a heated discussion between a boy's mother and Bernsen, the affidavit said. They reported him to the security staff, which also spoke with Bernsen about the complaints.

"Bernsen stated that he spoke to the boys, but not in an inappropriate manner," the document said.

Bernsen, who lives in Colorado, was KTTV-TV's law enforcement specialist until he left the station in 2004. His broadcasting career followed service in the Los Angeles Police Department as a sergeant and spokesman.

From late last year until May, he filled in as a host on KFI-AM, Los Angeles' most popular talk radio station.

Ex-Reporter Appears In Court To Face Sex Count (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, October 11, 2006

DOJ_NMG_0078898

In shackles and handcuffs, former Los Angeles police spokesman Roderick "Rod" Bernsen appeared in a federal courtroom Tuesday to face a felony count of "abusive sexual contact" during an encounter with two 12-year-old boys in a cruise ship sauna.

Bernsen, 58, also a former Fox 11 news reporter, was arrested on board the Diamond Princess after it docked in Long Beach on Saturday at the end of a weeklong cruise to Mazatlan, Puerto Vallarta and Cabo San Lucas, Mexico.

The single criminal count alleges that Bernsen spanked the bare buttocks of one boy, and touched the other's penis with his toe. His lawyer, James Epstein, downplayed the allegations. "He's shocked and devastated by these charges, minor as they are," he said.

The count carries a statutory maximum of two years in prison, according to Assistant U.S. Atty. Patricia Donahue. Prosecutors have until Nov. 13 to return with a grand jury indictment, which could contain different charges, or to drop the case.

Bernsen was released on $850,000 bond and ordered to stay away from children. In court, he sat behind glass gazing at former colleagues in the news media, mostly with a pained expression, but at one point clowning with a court artist he knew by briefly covering his face with his hands and then laughing.

According to the arrest affidavit, the two boys, cousins and part of an extended family taking the cruise together, first encountered Bernsen in the Lotus Spa sauna Sept. 30. Children were not allowed in the sauna, but it was not monitored.

Bernsen was naked. He introduced himself and chatted about golf, eventually showing them a scar from a back injury that he said prevented him from playing sports, the boys told FBI Special Agent Julie Viana, according to the affidavit.

"John Doe 2 explained that he was surprised when Rod stood up, since he was naked…. It appeared to John Doe 2 that Rod was purposefully sticking out his buttocks to the boys," Viana wrote in the affidavit.

"The boys were uncomfortable … " she wrote. "As they left the sauna Rod tried to arrange a time when the three of them could meet again."

The boys went to the steam room later, where Bernsen allegedly talked to them about puberty and questioned them about erections while "holding and rubbing his own penis with his hand." As the boys left to take a shower, Rod spanked John Doe 2 "hard enough to sting," according to the affidavit.

Wearing only towels, they then moved to the sauna, where Bernsen shortly thereafter arrived naked, authorities allege. As one of the boys walked out, arranging his towel, Rod touched the adolescent's uncovered penis with his big toe, the affidavit said.

The boys allegedly had three more encounters with Bernsen before one of their mothers confronted the older man and accused him of saying inappropriate things to the children. She then reported to security what the boys had told her, including the touching, the affidavit said.

Later that day, Bernsen went to ship security too, said nothing inappropriate had happened, but promised to stay away from the boys. A Princess Cruise Lines executive called the FBI that day to report "a possible sexual assault of two 12-year-old boys by a 58-year-old man." The FBI waited until the ship docked five days later to question and then arrest Bernsen.

Outside the court building Tuesday, Bernsen's lawyers questioned why the boys would repeatedly return to the sauna after such allegedly disturbing behavior. "They kept sneaking back in," Epstein said.

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Aviation Debate Centers On Use Of Criminal Probes (USAT)

By Alan Levin

USA Today, October 11, 2006

Two U.S. charter pilots being held in Brazil following a fatal midair collision over the Amazon jungle are at the forefront of the latest debate over whether members of flight crews should face criminal charges in jet crashes, aviation experts said Tuesday.

Authorities in Brazil are trying to determine why a Gol Airlines Boeing 737 and a Embraer Legacy 600 corporate jet collided at 37,000 feet on Sept. 29, sending the Gol jet plunging to the ground. All 154 people aboard the large jet died, but the pilots of the corporate jet with seven people on board managed to land at a military base.

The pilots, Joseph Lepore, 42, of Bay Shore, N.Y., and Jan Paladino, 34, of Westhampton Beach, N.Y., are being held in a Rio de Janeiro hotel. The local acting federal police director, Geraldo Pereira, said last week that the pilots were not under arrest but could face charges of involuntary manslaughter.

Lepore and Paladino work for the New York charter company ExcelAire.

The main question investigators seem to be focusing on is why the two jets were flying at the same altitude; flight rules are designed to keep jets at different altitudes when flying near each other.

Criminal investigations after an accident are part of "an increasing and alarming trend," said William Voss, president of the Flight Safety Foundation, a safety group. "This tends to get in the way of the safety investigation, whose purpose is to find the causes and prevent future tragedies," Voss said.

"There is nothing like the threat of criminal charges to put a chill on an accident investigation," said Peter Goelz, former managing director of the U.S. National Transportation Safety Board.

The NTSB determines the "probable cause" of accidents, but steers away from criminal cases or civil lawsuits. Groups such as the Flight Safety Foundation say that punishing individuals for mistakes does not help prevent accidents.

Among the recent criminal cases:

•Two retired airline executives, an Airbus official, a retired French aviation official and an air traffic controller face charges of negligent homicide in connection with a 1992 crash of a jet in Strasbourg, France.

•Charges were brought this year against eight air traffic officials for their roles in a 2002 midair crash in Swiss-controlled airspace above Germany that killed 71 people. The controller who issued the command that led to the crash, Peter Nielsen, was later stabbed to death by the father of one of the victims.

•Five aviation officials were convicted of manslaughter for their roles in a 2001 crash that killed 118 people on two jets that collided on the ground in Milan. The convictions were upheld in July.

A lawyer for the two pilots in the Brazil crash, Jose Carlos Dias, issued a statement saying they are "confident that they acted appropriately." Calls to the Brazilian Embassy in Washington were not returned.

Assault Charge Against Miller Dropped For Lack Of Evidence (WP)

By Ovetta Wiggins

The Washington Post, October 11, 2006

A Baltimore prosecutor dropped an assault charge yesterday against Senate President Thomas V. Mike Miller Jr., who was accused last month of punching a developer in the jaw during a public meeting.

Gerard B. Volatile, who was handling the case on behalf of the Prince George's County state's attorney's office, said he did not have enough evidence to move forward with the case. State's Attorney Glenn F. Ivey recused himself from the case because of his political ties to Miller (D) and Leo Bruso, the developer, who accused the senator of hitting him during a County Council meeting.

"After interviewing numerous potential witnesses, including the witnesses closest to Mr. Bruso at the council hearing and persons in a position to have the best perspective to see what happened, I do not believe that this allegation rises to a criminal matter," Volatile told District Judge Thurman H. Rhodes yesterday.

"I'm just glad it's over," Miller said. "I'm very grateful for the citizens of my district that came forward and their honest testimony to assist the prosecutor in this investigation."

Volatile said that he interviewed more than a dozen potential witnesses and that none corroborated Bruso's account.

"I talked to the man directly behind him, the man directly in front of him, people in front of the room, people in back of the room," Volatile said. "None characterized it the way he did."

Bruso said: "I'm highly disappointed with the judicial system. I just don't know why I wasn't given my day in court."

According to the charging documents filed last month, Bruso said Miller put his left arm on Bruso's left bicep, then slugged him in his left jaw.

"I did nothing to provoke this attack," Bruso wrote in the documents. "Apparently my political positions offend him. He has seen me at other political functions."

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Shortly after the charges were filed, several witnesses came to Miller's defense, calling Bruso's charges false.

William Brennan, Miller's attorney, said Miller was just saying hello as he left the public hearing. "There is no such thing as an assault by handshake," Brennan said.

Because Bruso, a supporter of Miller's Republican opponent, reported the incident to the District Court commissioners, a summons rather than an arrest warrant was issued against Miller.

"Fortunately I was in a room with 400 people, and there were eyewitnesses galore," Miller said.

Don't Scrimp On Care, Prosecutor Warns Nursing Homes (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, October 11, 2006

With a nursing home CEO facing prison and stiff fines for scrimping on care, U.S. Attorney Catherine L. Hanaway gave a "strong warning" to the industry Tuesday that patients must come ahead of profits.

American Healthcare Management and its former chief executive officer, Robert Wachter, reaped at least $4 million by slashing care while some patients lay dehydrated, underfed or in their own filth, officials said. One resident was covered in ants, one was bruised from falls, one wandered off across a six-lane intersection and one was beaten to death by an employee.

Wachter, AHM and three nursing homes pleaded guilty Tuesday to one count of conspiring to defraud the federally backed Medicare and Medicaid programs by taking payments for a level of care not provided.

The homes named in the plea agreement, Claywest House Healthcare, Lutheran Care Center, and Oak Forest North, now operate under different names and owners. Claywest was in St. Charles, Lutheran in north St. Louis and Oak Forest North in north St. Louis County.

Eight other Missouri nursing homes cited in the charges - in St. Louis, Florissant, Ballwin, Herculaneum, Lexington, Linn, Jefferson City and Rolla - also have new names and owners. AHM owned or managed all 11.

The company also has settled civil lawsuits by residents or their relatives for millions of dollars.

Prosecutors will recommend 18 months in prison for Wachter, 59, of Jackson, Wyo., and a total fine of $750,000 spread among him and the companies. The government agreed to drop five charges of making false statements.

"This is really a first-of-its-kind prosecution in the country," Hanaway explained at a news conference, in that the charges did not allege billing for service not performed but for service "so minimal that it just didn't exist."

State surveys originally alerted the Department of Health and Human Services to problems, said Roland Corvington, special agent in charge of the FBI at St. Louis, which joined the investigation.

Hanaway held Wachter responsible because he kept ordering cost cuts, she said.

Nursing home administrators complained to AHM's then-president, Charles Kaiser, that they didn't have enough workers, but he threatened them with probation if their staff costs went too high, officials said. Kaiser later served a year in jail for failure to report elder abuse in the death of an Alzheimer's patient.

Wachter lied and told others to lie about conditions at the homes, according to the indictment. It says administrators were ordered to limit hiring and hold down payroll expenses, and that staff members were told not to report suspected abuse.

From 1998 to 2000, Wachter's salary ranged from $426,000 to $892,000, the indictment says. As co-owners of the company, he and former vice president R. William Breece Jr. took distributions of more than $5.5 million from 1997 to 2003, court documents show. Breece has not been charged, and officials declined to comment about him.

Wachter, an AHM representative and defense lawyers all declined to comment as they left the federal courthouse in St. Louis.

But relatives of two former residents had plenty to say after watching Tuesday's hearing.

"They got him," said Joyce Thiele, who with her sister, Gloria Stringer, had picked ants off their mother, Ruth Cawthon, at Claywest. She said the ants were attracted by urine from a disconnected catheter on the floor.

"I can't imagine an individual who could let something happen to another human being's loved one," Thiele said.

"All for the love of money," added Bonnie Thorpe, who said her mother, Edythe Beck, also was neglected at Claywest. She said her mother had nothing to eat or drink for a week before being admitted to a hospital and dying of double pneumonia.

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Thorpe said that she found few staffers in her mother's Alzheimer's wing. Once, she said there was a single staff member for 21 patients. "One person for 21? I couldn't do it one on one," she said.

The women suggested that Wachter would be treated better in prison than their loved ones were in his nursing homes.

AHM has agreed to be permanently excluded from Medicare and Medicaid programs. Wachter agreed to be excluded for 20 years, and Breece agreed to restricted involvement for five years.

Woman's Property Eyed In Probe Of Prostitution Case (WT)

By Gary Emerling

The Washington Times, October 11, 2006

Federal officials have filed suit against two California properties owned by a woman whose D.C.-based escort service is the subject of a money-laundering and prostitution investigation.

A civil suit filed Oct. 3 by the U.S. Attorney's Office in the District lists two properties owned by Deborah Jean Palfrey -- one in Vallejo and one in Escondido, Calif. -- as subject to forfeiture pending the outcome of the criminal investigation. As of July, the properties were worth $495,000 and $480,000, respectively.

"We're alleging this property was derived from or traceable to proceeds of criminal activity," Assistant U.S. Attorney William Cowden said.

Miss Palfrey, 50, of Vallejo, Calif., has been at the center of a two-year investigation by the Internal Revenue Service and U.S. Postal Service, which are examining charges that she illegally earned money from prostitutes working as escorts for her business, Pamela Martin and Associates.

The federal investigation focuses on the escort service she has operated since 1993 as a call-girl ring in the District, Maryland and Virginia, according to court documents.

IRS investigators already have seized more than $427,000 from accounts in Miss Palfrey's name, court documents show.

Miss Palfrey, who court documents say served 18 months in prison on a 1991 conviction for operating a prostitution business in California, could not be reached for comment via phone or e-mail yesterday.

In an interview with the Web site the Smoking Gun -- which first reported the investigation Monday -- Miss Palfrey said that she never kept records in order to protect her clients' confidentiality.

She also said that her workers did not engage in "illegal sexual activities."

There are "a lot of erotic activities that one can do without participating in things that are illegal," Miss Palfrey said.

Miss Palfrey advertised the business online, in the Yellow Pages and in the Washington City Paper, court records show. She hired women who were at least 22 years old and required that they mail her an application and photo before being employed.

The women also went through a screening process in which they were required to engage in sexual activity without being paid to ensure that they were not law-enforcement officers, according to court records.

The prostitutes were encouraged to work at least three nights a week, charging their clients as much as $300. They would send money or postal orders with half of their earnings to Miss Palfrey, who used the funds to pay for her mortgage, car lease and stocks.

Court documents say that she earned more than $750,000 from the ring since January 2000.

According to search warrant records, investigators on Oct. 3 seized items including appointment books, binders of notes on men for the escort service and binders containing women's profiles from Miss Palfrey's home and her car in Vallejo.

Investigators also seized mapbooks of the District, Maryland, Northern Virginia and New York, as well as gold coins from Canada and South Africa.

The seizures have fueled speculation that the prostitutes' clients may have included high-profile doctors, lawyers and politicians in the D.C. area.

Channing Phillips, a spokesman for the U.S. Attorney's Office, said he could not comment on what prompted the investigation but added that "it's not because of her suspected clientele."

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"The affidavit speaks for itself in terms of the allegations, which like in any case, we would have an obligation to investigate," Mr. Phillips said.

Islamic Center Files Suit On Checks (WT)

By Jim Mcelhatton

The Washington Times, October 11, 2006

The Islamic Center of Washington, D.C., one of the most prominent mosques in the country, is accusing its longtime financial manager of embezzling hundreds of thousands of dollars by funneling checks to companies under his control.

Farzad Darui of Falls Church was suspended last month as financial manager of the center, according to court records.

Officials for the Islamic Center, located in the 2500 block of Massachusetts Avenue Northwest, have told their attorneys that they discovered more than $300,000 in canceled checks since 2000 that were paid by the center to at least two Virginia companies under Mr. Darui's control, court records show.

Center officials have declined to discuss the matter but detailed the scandal in a recent lawsuit against Mr. Darui in federal court in Alexandria.

No criminal charges have been filed in the case.

According to the federal lawsuit, since the mid-1990s, Mr. Darui has handled the finances of the Northwest mosque, which receives funding from Saudi Arabia.

For years, Mr. Darui prepared checks to legitimate entities, then after getting the required approval, altered the names of the payees to businesses under his control, including Virginia-based Blue Line Travel Inc. and Zaal Inc., the lawsuit states.

Mr. Darui yesterday called the lawsuit "factually incorrect," but referred questions about specific accusations in the suit to his attorney, Victoria Toensing. She declined to discuss the case.

"This, from my point of view, is about me opposing a Saudi takeover of the center," said Mr. Darui, who is a corporate officer for Blue Line Travel Inc. and Zaal Inc. "They've been trying to unilaterally appoint a new Saudi director without going through the board."

Mr. Darui frequently has served as the public face of the center and has been quoted in several national and international publications.

A woman who answered the phone at the Islamic Center yesterday said that officials have no comment on any matters in connection with Mr. Darui's employment.

The center's director, Abdullah M. Khouj, approved various checks at Mr. Darui's request but never approved payments to Blue Line Travel, which also is referred to as BLT Inc. in the lawsuit, or Zaal Inc., according to the lawsuit.

Concern about the center's finances arose after Mr. Khouj ordered an independent audit because he was planning to leave his post to become Saudi ambassador to South Africa, the suit states.

Mr. Khouj asked Mr. Darui to commission the audit, but Mr. Darui put the matter off, the suit says. Ultimately, Mr. Khouj obtained copies of canceled checks from Bank of America and found previously undisclosed payments to Blue Line Travel and Zaal Inc.

"Neither Dr. Khouj nor anyone else at the Islamic Center ever authorized checks to be written to Blue Line Travel Inc., BLT Inc., Zaal Inc., or any other companies controlled or owned by Mr. Darui," the suit states.

Mr. Darui declined to discuss questions about Zaal Inc. or Blue Line but said "things will be clarified" when his attorney files an answer to the lawsuit.

According to the suit, the center receives funding from Saudi Arabia and is required to send copies of its checks to the Saudi Embassy in the District.

Dedicated in 1957, the Islamic Center is the District's oldest mosque and serves thousands of local Muslims each month.

The center is ruled by a board of governors that mostly consists of ambassadors from Islamic countries. Saudi Prince Bandar bin Sultan, former ambassador to the United States, is the current board chairman.

The mosque has been a focal point in the District. Days after the September 11 terrorist attacks, President Bush visited the center to call for an end to violence against Muslims.

In March 1977, a dozen Muslim gunmen took over the center, the B'nai B'rith headquarters and the District Building, holding 139 persons hostage. One person was fatally shot during the siege. Marion Barry, who was wounded in the incident, won his first mayoral election the following year.

Suspect Held In Triple Slaying (CHIT)

By David Heinzmann And Jason Meisner

Chicago Tribune, October 11, 2006

Chicago police were questioning a suspect Tuesday in the weekend slayings of an 80-year-old grandmother and two of her adult children and the assault of a teenage relative in their South Side home.

The male suspect was in custody and charges were expected, but none had been filed Tuesday evening, Chicago police spokeswoman Monique Bond said. She declined to say how long he had been in custody or whether it was believed he acted alone.

The bodies of Elnora White, her son Curtis, 56, and her daughter Elnoria Countee, 54, were found Saturday afternoon in their first-floor apartment in the 8100 block of South Green Street in the Auburn Gresham neighborhood, police said. A neighbor and a family member entered the home because they had been unable to reach anyone inside for several hours.

Countee's 14-year-old daughter, Veronica Giles, was found on the floor near the door to the home, critically injured and barely conscious. Giles, a freshman at Bogan Computer Technical High School, remained hospitalized at Advocate Christ Medical Center in Oak Lawn.

According to the Cook County medical examiner's office, which conducted autopsies Sunday, Curtis White, who was disabled and found dead in bed, died of stab wounds in his face. Elnora White, who was found on the floor of the dining room, died of blunt trauma wounds. Countee, who was found on her bedroom floor, died of a stab wound in the chest.

Police have not said whether a motive for the attack was known.

Chicago police have kept a vigilant watch on homicide trends in the last few years and have touted the continuing decline in the number of killings. After the number of murders hovered above 650 in 2001 and 2002, murder totals had dropped steeply—to 599 in 2003, and then a dramatic 25 percent drop to 448 in 2004. Last year the number was 447.

But a recent surge in homicides in the city has pushed the murder total so far this year higher than the same period last year.

As of Tuesday, there had been 371 murders in Chicago, compared with 369 by the same date in 2005, police officials said. At the end of September, there had been 10 fewer murders in 2006 than in the year-earlier period, Bond said.

Gang Member Accused Of Shooting 3 Year Old Caught (LAT)

By Richard Winton And Erika Hayasaki

The Los Angeles Times, October 11, 2006

A 17-year-old gang member accused of intentionally shooting a 3-year-old girl at point-blank range last month was captured by an LAPD-FBI task force in San Bernardino County today after community members gave up his location, police said.

Jonathan Banks of Los Angeles was named Monday by the LAPD as the man who killed Kaitlyn Avila and wounded her father, Cesar, during a Sept. 24 attack that stunned the Baldwin Village neighborhood.

An alleged accomplice of Banks was arrested Friday.

At an afternoon news conference, LAPD Chief William J. Bratton announced the arrest of the man believed to be the shooter. Bratton and members of the Avila family praised the community for helping to catch Banks.

"Without your help," Bratton said, "this would not have been possible."

LAPD Deputy Chief Charles Beck said: "This case would never have come to a conclusion so quickly without the help of the public."

Cesar Avila, the dead girl's father, also thanked the community and "the people out there for giving out clues on the whereabouts of this criminal....

"We feel a lot better now," he said.

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On Monday, police said Kaitlyn was intentionally targeted by a teenage gang member. The announcement prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Deputy Chief Beck on Monday said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. The suspect then aimed his gun at Kaitlyn and shot her once in the chest, police said.

"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

"Something made me come back," he said Monday. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

L.A. Liquor Store Owner Dares To Stand Up To Gangs (LAT)

By Hector Becerra And Richard Winton, Times Staff Writers

The Los Angeles Times, October 11, 2006

DOJ_NMG_0078905

His hunt for the men who robbed his store 10 times yields two arrests. Now he fears payback.

They would march into the liquor store like pirates ready to gorge on ill-gotten goods.

Ten times in the last month, the same group of robbers walked in and hauled away beer, chips and other food. Brandishing a knife, the robbers warned the store's owner: "We know where you live."

But the owner of the Washington Boulevard shop would not back down.

Instead, he installed video cameras around the store to capture images of the robbers. Then he roamed the neighborhood with the photos, getting their identities.

The culmination of his detective work came Monday night when undercover Los Angeles police officers watched as several of the young men walked out of the store with two cases of stolen beer. The detectives chased the men and arrested two of them.

But in a neighborhood where street gangs cast a large shadow, the crackdown brought more anxiety than relief for the liquor store owner and his customers.

Speaking from behind a slab of bulletproof glass that protects the counter, he said: We don't just have to work here, we have to survive. Worried about reprisals, he asked that the newspaper not publish his name or the name and exact location of his store.

"They found a solution to their problem, they found these guys, got photos and did their own investigation," Grace Yoo, executive director of the Korean American Coalition, said of the owner and his family. "But now that they've done it, they're in fear of their lives."

It was this fear of gang payback that made the owner hesitate about going to police, Det. Rick Ramos of the Los Angeles Police Department said. When the heists began, the owner decided not to involve the authorities. But on Sunday, a group of the robbers came into the store, one brandishing a bat, Ramos said. It alarmed the owner so much that he finally told police about the robberies.

The suspects are members of a tagging crew that, like the gangs in the area, has increasingly turned to extorting merchants, Ramos said.

"They thought they could take control of this particular business," the detective added. "And take advantage because they'd robbed them several times without any consequences."

As word spread of the merchant's actions, some rose to praise him.

Councilman Ed Reyes, who represents the area, said he hopes the owner's actions send a message to gang members and empower the community.

"What this owner did was very brave and calculating in a positive way. You've got to do something. Enough is enough," he said.

"The truth is you have to be proactive if you want to change things, otherwise you're a sitting duck."

But Reyes said he can also understand the fear the owner and many of his customers still have about gang activity.

Despite a drop in crime in his district over the last few years, gangs remain a potent force, the councilman said.

"The ratio of officers to gang members is just crazy," Reyes said. "There's a distinct disadvantage."

In the neighborhood south of MacArthur Park, one woman applauded the owner's actions, but declined to give her name.

She said a "bad element" kept bringing the neighborhood down.

A longtime resident who lives blocks from the liquor store, she said people were disturbed to hear that the business had been hit so many times. But they also have mixed feelings about such stores, which tend to draw drunks and troublemakers.

Still, she said, the owner was brave to stand up to the robbers.

"People have to overcome their fear, pick up the phone and call the police," said the woman, who is a Guatemalan immigrant. "The community is always in fear. They think, 'If the police take away this kid, they're going to know it was me who reported him. They're going to know it was me who complained.' "

The neighborhood is a melting pot of blacks, Latino immigrants and others. The liquor store owner is Korean.

The LAPD's Rampart Division has seen a significant drop in crime over the last four years as the department has launched a new crackdown and some neighborhoods have undergone gentrification.

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But more than a dozen gangs still operate there. Last month, federal authorities accused a group of 18th Street gang members of charging "rent" to drug dealers on certain street corners.

So far this year, homicides are down 22% but rapes and robberies are up about 10% in Rampart, according to police statistics. Bucking a citywide trend, burglaries rose 4% this year.

LAPD Senior Lead Officer Iris Santin, who patrols the streets around the liquor store, said it would be naive to separate the tagging crews from the more sinister gangs.

For one thing, these graffiti vandals are operating in territories prowled by major street gangs, something that would be nearly untenable without some sort of consent.

"These tagging crews associate with gangs. The gangs allow them to tag these neighborhoods," Santin said. Tagging crews are "where the delinquency usually starts. The step before heading to the gang."

Bertha Woolridge, 63, said she could relate to the anger the store owner must have felt after being robbed so many times. The Mexican immigrant said her hardware business was robbed 19 times.

The last time, Woolridge said, "five guys came in here [with guns] and had us all laid down on the floor."

Woolridge said her experiences prompted her to become active in the local Neighborhood Watch, and to help organize events telling gang members they were not welcome.

"It made me so upset that people can come in and take whatever you build up, and they don't even have to work," Woolridge said. "They don't have to do anything to take possession of what you own. That's why I turned around and said, 'No more.' "

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Three Men Charged In Robbery, Slaying (WP)

By Joshua Partlow

The Washington Post, October 11, 2006

Three Prince George's County men have been charged with attempting to rob a 41-year-old man of his backpack and cellphone, then beating him with a baseball bat and fatally shooting him, according to charging documents.

The three men -- Timothy McLeod, 20, James D. Brumfield, 19, and Douglas I. Riley Jr., 21 -- are charged with first-degree murder in the killing of Jose Vicente Yaque, who lived along Edmonston Road in the Bladensburg area. They appeared yesterday via teleconference in Prince George's County District Court for a bond hearing.

Brumfield, of Seat Pleasant, told investigators that he helped plan the robbery and then hit Yaque repeatedly with an aluminum bat early on Oct. 5, according to charging documents. Brumfield said that McLeod, of Suitland, drove the getaway car. McLeod told investigators that Riley, of Capitol Heights, was the shooter, the documents show.

Police found Yaque lying in the street after the attack.

Investigators tracked Yaque's stolen cellphone to McLeod's home in the 600 block of Birchleaf Avenue in Suitland, where two of the suspects admitted their roles in the robbery and homicide, and said a 9mm handgun was used in the killing, according to charging documents. They were not named in the documents.

Investigators said Brumfield waived his Miranda rights and admitted planning the assault and attacking the victim with the bat. McLeod also waived his Miranda rights, according to police, and admitted helping plan and participating in the robbery.

At a bond hearing, McLeod's attorney, Joseph L. Gibson Jr., said his client was a high school graduate with no previous criminal record who lives with his mother and was "probably in the wrong place at the wrong time."

He said that McLeod denies taking part in the crime and that his statement to police, in the course of spending more than 30 hours with investigators, was "not voluntary." An attorney for Riley said his client was a hardworking man whose mother died last year of lung cancer and who had a young child himself.

Brumfield said he planned to get a public defender.

All three men were denied bond.

CIVIL LAW:

DOJ_NMG_0078907

Oracle Agrees To Pay $98.5 Million To Settle Suit Over GSA Contracts (WSJ)

By Vauhini Vara

The Wall Street Journal, October 11, 2006

Oracle Corp. agreed to pay $98.5 million to the U.S. government to settle a lawsuit alleging PeopleSoft Inc., which Oracle acquired last year, overcharged the government on contracts for software and services.

Under a General Services Administration program, vendors agree to disclose pricing policies for their private-sector customers in exchange for a chance to sell to government customers under one contract.

In this case, during PeopleSoft's negotiation with the government over an initial software contract and two extensions, the company understated the discounts it provided to commercial customers, according to a statement from the Justice Department. That meant most federal purchasers under the contract paid inflated prices between March 1997 and Sept. 2005, the Justice Department said.

The conduct alleged in the suit predated Oracle's purchase of PeopleSoft in January 2005, according to the Justice Department.

"Oracle cooperated fully with the government in its investigation of the PeopleSoft GSA contract and conduct at issue in the suit," Oracle spokesman Bob Wynne said. "Oracle was not aware of the suit at the time of the acquisition."

The case was filed in the U. S. District Court for the District of Maryland by James A. Hicks, a former PeopleSoft employee. Federal prosecutors in Baltimore joined the lawsuit earlier this year.

It was filed under the "qui tam," or "whistleblower," provisions of the False Claims Act, in which private citizens can sue on behalf of the government to recover federal funds obtained by false or fraudulent claims and receive a portion of the proceeds of a settlement or judgment awarded against the defendant. Mr. Hicks will receive $17.7 million.

The payment to the government is the largest the U.S. has ever obtained in a civil settlement under the False Claims Act involving the multiple-award-schedule program, said the Justice Department.

-- John R. Wilke contributed to this article.

Write to Vauhini Vara at vauhini.vara@wsj.com1

Oracle Settles Price-Gouging Claim (WP)

By Eric Rich

The Washington Post, October 11, 2006

Database giant Oracle Corp. has agreed to pay $98.5 million to settle claims that PeopleSoft Inc., a software maker it acquired last year, had overcharged the government by providing false pricing information to the General Services Administration, the Justice Department said yesterday.

The civil settlement, reached at U.S. District Court in Maryland, was disclosed at a news conference in Washington as officials announced a new task force targeting procurement fraud. Deputy Attorney General Paul J. McNulty said the task force, established by the department's criminal division, would detect and prosecute fraud associated with increased contracting activity for national security and other government programs.

McNulty said the task force is modeled on efforts to combat fraud after Hurricane Katrina and a similar program he initiated last year when he was U.S. attorney in the Eastern District of Virginia.

The settlement with Oracle resolved allegations that PeopleSoft understated to the GSA the discounts it provided to commercial customers. GSA regulations require that a vendor disclose its commercial pricing policies during negotiations for a single contract that can give a vendor access to hundreds of government purchasers.

As a result of the defective disclosures, the government alleged, federal purchasers buying through the GSA program paid inflated prices for software and maintenance services for many years. Oracle inherited the liability when it acquired PeopleSoft, which was based in Pleasanton, Calif.

Maryland U.S. Attorney Rod J. Rosenstein said the 1997 contract resulted in about $127 million of software sales and $77 million in maintenance sales before it was cancelled by Oracle in September 2005.

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A former employee of PeopleSoft's federal sales office in Bethesda filed the case in 2003 under seal in federal court in Greenbelt. James A. Hicks said in the lawsuit that he was fired in 2000 after repeatedly raising the issue with senior company officials. The government later took over the case, which had been filed under the False Claims Act.

Under the act, whistleblowers may collect a portion of any money recovered by the government that had been obtained by false or fraudulent claims. Hicks will receive $17.73 million, government officials said.

Oracle To Pay $99 Million Settlement (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 11, 2006

WASHINGTON - Software maker Oracle Corp. agreed Tuesday to pay $98.5 million to settle complaints that it overcharged the government for nearly a decade on a slew of contracts, Justice Department officials said.

The settlement with Oracle's PeopleSoft kicked off what the department called a crackdown on waste, fraud and abuse in federal contracts.

"Criminals who cheat the government must be identified, stopped and punished," Deputy Attorney General Paul McNulty told reporters in Washington. He estimated that 5 percent of federal agencies' annual revenues is wasted on faulty or otherwise illegal contracts.

The case against Redwood Shores, Calif.-based Oracle Corp. is the largest settlement from a single company that had multiple contracts with the General Services Administration, McNulty said. Between 1997 and 2005, he said, the government "paid vastly inflated prices" for computer software and maintenance for human resources and financial systems for 60 federal agencies.

The federal investigation followed a complaint against PeopleSoft by a former employee, James A. Hicks, who tipped off officials that the government was not receiving discounts for buying multiple products and services - as other clients were given.

Hicks will receive $17.7 million - 18 percent of the settlement - for his complaint as allowed under federal whistle-blower provisions.

Oracle said the complaints originated with PeopleSoft, which Oracle purchased in January 2005 for $11.1 billion after an 18-month hostile takeover battle. The deal created the world's second-largest business software manufacturer after Germany's SAP AG.

"Oracle was not aware of the suit at the time of the acquisition," said Oracle spokesman Bob Wynne. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract."

In all, the government paid about $300 million to PeopleSoft's office in Bethesda, Md., which was responsible for selling software products to federal agencies. U.S. Attorney for Maryland Rod J. Rosenstein called the case the largest fraudulent federal contract settlement in state history.

The Justice Department's new task force is modeled in part after efforts to track relief money and contracts rushed to the Gulf Coast last year after Hurricane Katrina, which has so far yielded 400 investigations into complaints or criminal cases.

McNulty said the task force also will closely monitor spending to military contractors, and noted an increase in prosecutions of contracts involving reconstruction efforts in Iraq. Inspectors from about 25 federal agencies will participate in the task force.

Oracle Agrees To Pay U.S. $98 Million (CNET)

By Ina Fried, Staff Writer, CNET News.com

CNET News, October 11, 2006

Deal to settle charges that PeopleSoft provided false pricing information to obtain a federal contract.

Oracle has agreed to pay the U.S. government $98.5 million to settle charges that PeopleSoft provided false pricing information to obtain a federal contract.

According to a Justice Department press release issued on Tuesday, federal agencies overpaid for PeopleSoft products from March 1997 through September 2005 because of faulty disclosures by the software vendor, which was acquired by Oracle in January 2005.

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The settlement was the largest ever related to the General Services Administration's Multiple Award Schedule program, the Justice Department said. The MAS program requires vendors to provide their commercial pricing information to the government in exchange for the ability to strike deals with hundreds of federal agencies under a single contract. The Justice Department said PeopleSoft's disclosures "were not current, accurate and complete."

"The program works well when vendors follow the disclosure rules and provide GSA with the information it needs to negotiate good prices for government purchasers," Deputy Attorney General Paul McNulty said in a statement. "This agreement demonstrates the department's determination to hold vendors accountable for abusing GSA's trust and damaging its programs."

This case originated as part of a whistleblower action brought under the Federal Claims Act. Former PeopleSoft employee James A. Hicks, who filed suit in the U.S. District Court for the District of Maryland, will receive $17.7 million of the settlement, as provided for under the statute. Under the Federal Claims Act, whistleblowers can sue on the government's behalf and can garner some of the proceeds of any settlement or judgment.

Oracle said it was not aware of the suit at the time it bought PeopleSoft and said it "cooperated fully with the government" in its investigation of the PeopleSoft contract and the company's conduct. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract," Oracle spokesperson Bob Wynne said in a statement.

Oracle Agrees To Pay $98M For 'defective Pricing' (CNN)

By Terry Frieden, Justice Producer

CNN.com, October 11, 2006

The fraud settlement stemmed from multiple government contracts with the computer software maker and PeopleSoft.

WASHINGTON (CNN) -- Justice Department officials Tuesday said computer software maker Oracle has agreed to pay the government $98.5 million dollars in a procurement fraud settlement stemming from multiple federal contracts with the firm's PeopleSoft software sales operations.

Officials said Oracle acknowledged "defective pricing disclosures" in connection with software licensing contracts with federal agencies.

Deputy Attorney General Paul McNulty was expected to announce the settlement at a news conference Tuesday afternoon.

McNulty also planned to announce establishment of a Procurement Fraud Task Force designed to combat efforts to defraud the government in contracting.

Justice Department officials said the Task Force would be modeled after the Hurricane Katrina Fraud Task Force, which they say has been successful in uncovering efforts to defraud the federal government.

Shares of Oracle (Charts) rose nearly 1 percent during after hours trade on Nasdaq while rival BMC Software (Charts) and Symantec Corp (Charts) edged higher.

Oracle Settles Government Claim Of Overcharging By PeopleSoft (MRKTWTCH)

By Michael Paige, MarketWatch

Market Watch, October 11, 2006

Business-software giant agrees to pay government $98.5 million

LOS ANGELES (MarketWatch) -- Oracle Corp. agreed to pay $98.5 million on behalf of PeopleSoft Inc. to settle charges that PeopleSoft provided inaccurate pricing information and overcharged the government on multiple contracts before it was acquired by Oracle, Justice Department officials said on Tuesday.

Oracle (ORCL: news, board) inherited liability under the government contracts through its acquisition of PeopleSoft, which closed at the beginning of last year following a bitter hostile takeover battle.

The settlement resolved allegations that PeopleSoft provided inaccurate and incomplete pricing information for licenses of its software and related maintenance during negotiations with the government. As a result, federal agencies overpaid for software and maintenance between March 1997 and September of last year, according to the Justice Department.

A spokeswoman for Oracle, of Redwood Shores, Calif., said the company cooperated fully with the investigation of the PeopleSoft contract.

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"Oracle was not aware of the suit at the time of the acquisition," said Deborah Hellinger, the spokeswoman. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract."

PeopleSoft was the focus of the suit that was initiated by one of its former employees on behalf of the government under whistleblower provisions.

Companies agree to disclose their current and complete commercial pricing policies to the General Services Administration during negotiations for a contract that allows them to sell services to multiple government agencies under a single order.

PeopleSoft, the suit alleged, understated the size of discounts it provided to commercial customers and failed to disclose accurate details of a program that gave clients incrementally steeper discounts based on the number of products purchased at one time.

"Because PeopleSoft did not give GSA [General Services Administration] accurate pricing information, it negotiated higher prices for its products and services than it would have obtained if GSA had known the truth," according to a statement issued by U.S. Attorney Rod Rosenstein of the District of Maryland.

Oracle's stock closed up 18 cents, or 1%, at $18.74 Tuesday -- a new 52-week high.

Michael Paige is a reporter for MarketWatch in Los Angeles.

Justices Back Small Tobacco Firms (WSJ)

By Mark H. Anderson And Vanessa O'connell

The Wall Street Journal, October 11, 2006

WASHINGTON -- A group of 30 states failed to persuade the Supreme Court to review whether three small tobacco companies can use one lawsuit to challenge state-by-state payment requirements related to a massive 1998 industry settlement.

The court's decision not to consider the appeal means the three companies can proceed, in a New York federal court, to challenge payments to state accounts established to cover damages in tobacco lawsuits.

The companies had challenged provisions of the settlement under which all tobacco companies -- even those that didn't participate in the settlement -- are required to make annual payments to the states in perpetuity, an amount estimated to reach $243 billion over the first 25 years.

Following the settlement, most states passed laws requiring cigarette makers that didn't participate -- mostly small players selling discount cigarettes -- to pay money into escrow funds to satisfy future damage awards in cigarette suits. Their payments are based on the number of cigarettes the companies sell annually in each state.

But Grand River Enterprises Six Nations Ltd. of Gowanda, N.Y.; Nationwide Tobacco Inc. of Blaine, Wash.; and 3B Holdings Inc. of Lewiston, Idaho, challenged the payments in a lawsuit filed in New York, where the master agreement was negotiated and signed by the four major cigarette makers and 46 states. The small companies weren't party to the settlement.

The Second U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge that was made against all of the state escrow-fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty.

(King v. Grand River Enterprises)

In other rulings yesterday, the court dismissed an appeal from Apotex Inc. of Weston, Ontario, seeking early Food and Drug Administration approval to sell a generic alternative to Pfizer Inc.'s Zoloft, an antidepression and anxiety drug. Pfizer, based in New York, successfully argued that a key Zoloft patent has expired since the Supreme Court agreed to hear the case, and that another company, Teva Pharmaceutical Industries Ltd., of Petach Tikva, Israel, has already begun selling a Zoloft alternative.

(Apotex v. Pfizer)

W.R. Grace & Co., Columbia, Md., lost a final appeal of $55 million in court-ordered Superfund cleanup costs sought by the Environmental Protection Agency for remediation at the company's former vermiculite mine in Libby, Mont. The company closed the mine in 1990, and the EPA began a cleanup of asbestos contamination in and around the mining facility in 1999.

(W.R. Grace & Co. v. U.S.)

Supreme Court Rejects Appeal On Tobacco Escrow Ruling (DOW)

Dow Jones, October 11, 2006

WASHINGTON -(Dow Jones)- A group of 30 states Tuesday failed to convince the U.S. Supreme Court to review whether three small tobacco companies can challenge state escrow provisions that were developed on a state-by-state basis as part of the $245 billion 1998 master tobacco settlement.

The three tobacco companies - Grand River Enterprises Six Nations Ltd., Gowanda, N.Y.; Nationwide Tobacco Inc., Blaine, Wash.; and 3B Holdings Inc., Lewiston, Idaho - in a New York federal court challenged provisions in the tobacco settlement. The national tobacco settlement requires the companies to escrow funds even though they declined to join the master agreement. The lawsuit was brought in New York, where the master agreement was negotiated and signed by four tobacco companies and 46 states in 1998.

The 2nd U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge against all of the state escrow fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty because the tobacco company challenge deals with 30 different sets of state laws.

"The Second Circuit's ruling...upsets the delicate relationship between the states and the federal courts," the states said in their appeal.

New York, which also was sued by the tobacco companies, did not join the states' Supreme Court appeal.

Under the tobacco settlement, tobacco manufacturers that don't sign onto the master agreement must pay escrow funds based on the number of cigarettes they sell in annually in each state. The escrow funds are used to fund damage awards from tobacco litigation that could be brought against those companies because they aren't protected by the master agreement from lawsuits.

The three tobacco companies challenged the escrow requirements on federal antitrust and constitutional grounds. In court filings, the companies argued they didn't need to individually challenge each state's escrow arrangements under the national settlement. "The escrow statutes do not stand alone or apart from the master settlement agreement," the companies said.

The case is King v. Grand River Enterprises, 05-1343.

-By Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@ dowjones.com

Supreme Court Won't Hear Tobacco Case (AP)

By Pete Yost, Associated Press Writer

AP, October 11, 2006

Supreme Court Declines to Hear Case of 3 Small Cigarette Companies Seeking to Avoid Payments

WASHINGTON (AP) -- The Supreme Court on Tuesday declined to hear an appeal by 30 states in a battle over payments by three small cigarette companies into accounts set up to help cover future damage awards in tobacco-related lawsuits.

The justices' decision allows the companies to continue to fight state laws requiring payments to accounts set up as part of a $206 billion financial settlement eight years ago with the largest tobacco companies. Each of the 30 states had passed a law requiring companies that didn't participate in that settlement to pay into the escrow funds to help cover future damage awards.

The three small companies sued, alleging the states violated antitrust law and the Commerce Clause of the U.S. Constitution. The laws each state passed were mostly identical to model legislation contained in an appendix to the settlement with the biggest tobacco companies.

The 2nd U.S. Circuit Court of Appeals in New York, the state where the settlement negotiations had taken place, allowed the small companies to pursue the antitrust claims.

In asking the Supreme Court to take the case, the state governments say the appeals court is treating a state's most sovereign act, the passage of legislation, "as though it were the culmination of a commercial antitrust conspiracy."

The states wanted the court to consider whether principles of due process and state sovereignty permit a federal judge in New York to exercise jurisdiction over the state attorney general in another state.

The major companies that were part of the tobacco settlement manufacture over 97 percent of all cigarettes sold in the country.

The cigarette companies are Grand River Enterprises Six Nations Ltd., Nationwide Tobacco Inc., and 3B Holdings Inc.

The case is Troy King v. Grand River Enterprises Six Nations Ltd., 05-1343.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 11, 2006

File and run

"Or maybe the case has no merit."

So suggests the latest issue of the American Lawyer, citing one theory as to why Valerie Plame of CIA-leak fame suddenly parted ways with her attorney, Proskauer Rose partner Christopher Wolf -- her next-door neighbor, no less -- shortly after her civil action was filed against senior Bush administration officials, including Vice President Dick Cheney and White House aide Karl Rove.

"The breakup was a shock," writes the magazine's Elizabeth Goldberg, given that Mr. Wolf had filed the suit only "a month earlier."

Headlined "File and run," the article quotes lawyer Victoria Toensing, a former chief counsel to the Senate Select Committee on Intelligence, as saying: "I'm amazed Proskauer took the case in the first place."

Another theory: "Proskauer might have gotten cold feet," writes Ms. Goldberg. "The firm wants to beef up its D.C. practice ... [a]nd heading the Plame case was not likely to please the Bush administration."

Officials Challenge AIDS Funding Ruling (AP)

AP, October 11, 2006

WASHINGTON (AP) — The Bush administration sought Tuesday to overturn a court decision that lets nonprofit AIDS groups apply for federal funding without signing a pledge opposing prostitution and sex trafficking.

At least one of the groups, DKT International Inc., has refused to sign the pledge because it helps distribute condoms to prostitutes and other sex workers in Vietnam.

DKT last year sued the U.S. Agency for International Development, contending their free speech rights were violated by a 2003 law requiring that they explicitly oppose prostitution and sex trafficking to qualify for part of a $15 billion AIDS program.

In May, U.S. District Judge Emmet G. Sullivan sided with DKT, saying the funding conditions insist that groups "parrot" the U.S. government's position on prostitution.

But the Justice Department, in its appeal Tuesday, called the funding condition "highly germane" to the overall goal of fighting the spread of AIDS and HIV.

"Congress could reasonably determine that the government's efforts to stamp out prostitution and sex trafficking would be most successful if HIV/AIDS services are provided by organizations that affirmatively oppose two underlying causes of the disease," the government said.

The case now heads to the U.S. Court of Appeals for the District of Columbia. A date for arguments has not yet been set.

CIVIL RIGHTS:

U.S. Says Blacks In Mississippi Suppress White Vote (NYT)

By Adam Nossiter

The New York Times, October 11, 2006

MACON, Miss., Oct. 5 — The Justice Department has chosen this no-stoplight, courthouse town buried in the eastern Mississippi prairie for an unusual civil rights test: the first federal lawsuit under the Voting Rights Act accusing blacks of suppressing the rights of whites.

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The action represents a sharp shift, and it has raised eyebrows outside the state. The government is charging blacks with voting fraud in a state whose violent rejection of blacks' right to vote, over generations, helped give birth to the Voting Rights Act of 1965. Yet within Mississippi the case has provoked knowing nods rather than cries of outrage, even among liberal Democrats.

The Justice Department's main focus is Ike Brown, a local power broker whose imaginative electoral tactics have for 20 years caused whisperings from here to the state capital in Jackson, 100 miles to the southwest. Mr. Brown, tall, thin, a twice-convicted felon, the chairman of the Noxubee County Democratic Executive Committee and its undisputed political boss, is accused by the federal government of orchestrating — with the help of others — "relentless voting-related racial discrimination" against whites, whom blacks outnumber by more than 3 to 1 in the county.

His goal, according to the government: keeping black politicians — ones supported by Mr. Brown, that is — in office.

To do that, the department says, he and his allies devised a watertight system for controlling the all-determining Democratic primary, much as segregationists did decades ago.

Mr. Brown is accused in the lawsuit and in supporting documents of paying and organizing notaries, some of whom illegally marked absentee ballots or influenced how the ballots were voted; of publishing a list of voters, all white, accompanied by a warning that they would be challenged at the polls; of importing black voters into the county; and of altering racial percentages in districts by manipulating the registration rolls.

To run against the county prosecutor — one of two white officeholders in Noxubee — Mr. Brown brought in a black lawyer from outside the county, according to the supporting documents, who never even bothered to turn on the gas or electricity at his rented apartment. That candidate was disqualified.Whites, who make up just under 30 percent of the population here, are circumspect when discussing Mr. Brown, though he remains a hero to many blacks. When he drove off to federal prison to serve a sentence for tax fraud in 1995, he received a grand farewell from his political supporters and friends, including local elected officials; whites, on the other hand, for years have seen him as a kind of occult force in determining the affairs of the county.

Still, many whites said privately they welcomed the Justice Department's lawsuit, which is scheduled for trial early next year.

"In my opinion, it puts the focus on fair play," said Roderick Walker, the county prosecutor Mr. Brown tried to oust, in 2003. "They were doing something wrong."

Up and down South Jefferson Street, though, in the old brick commercial district, the white merchants refused to be quoted, for fear of alienating black customers. "There's a lot of voting irregularities, but that's all I'm going to say," one woman said, ending the conversation abruptly.

The Justice Department's voting rights expert is less reserved. "Virtually every election provides a multitude of examples of these illegal activities organized by Ike Brown and other defendants, and those who act in concert with them," the expert, Theodore S. Arrington, chairman of the political science department at the University of North Carolina at Charlotte, wrote in a report filed with the court.

Mr. Brown is coolly dismissive of the case against him. He has no office at the white-columned Noxubee County Courthouse, but that is where he casually greets visitors, in a chair near the entrance. A loquacious man, he both minimizes his own role and portrays himself as a central target. Far from being the vital orchestrator portrayed by the government, "when I was in Maxwell prison in '95 and '96, the show went right on," he said.

There are so few whites in the county, Mr. Brown suggests, that the tactics he is accused of are unnecessary to keep blacks in office.

"They can't win anyway unless we choose to vote for them," he said with a smile. "If I was doing something wrong — that's like closing the barn door when the horse is already gone."

He sees the lawsuit against him as merely the embittered reaction of whites who feel disenfranchised, and he scoffs at a consent decree signed last year in which county officials agreed not to harass or intimidate white candidates or voters, manipulate absentee ballots, or let poll workers coach voters, among other things. "I wouldn't sign my name," Mr. Brown said.

But the Justice Department is pressing ahead with its suit, and wants to force Mr. Brown to agree to the same cease-and-desist conditions as his fellow county officials.

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The state's Democratic establishment has hardly rallied around Mr. Brown; privately some Democrats here express disdain for his tactics. Instead, he is being defended by a maverick Republican lawyer who sees the suit as an example of undue interference in the affairs of a political party.

"To do what they want to do, they would virtually have to take over the Democratic Party," said the lawyer, Wilbur Colom, adding that Mr. Brown's notoriety had made him the focus of the investigation. "I believe they were under so much pressure because of Ike's very sophisticated election operation. He is a Karl Rove genius on the Noxubee County level."

In Jackson, though, a leading light in Mr. Brown's own party, Mississippi Secretary of State Eric Clark, a longtime moderate in state politics, refused to endorse him.

"Anybody who tries to prevent people from voting is breaking the law," Mr. Clark said. "I certainly suspect some of that has been going on."

Back in Macon, in the shadow of the courthouse green's standard-issue Confederate monument, Mr. Brown spoke of history: "They had their way all the time. They no longer have their way. That's what it's all about." The case is "all about politics," he said, "all about them trying to keep me from picking the lock."

But Mr. Walker, the county prosecutor, insisted the past had nothing to do with the case against Mr. Brown. "I wouldn't sit here and pretend black people haven't been mistreated," he said. "I hate what happened in the past. But I can't do anything about it."

SC GOP, Democrats Agree To No Crossover Voting In '08 Primaries (AP)

By Jim Davenport

AP, October 11, 2006

COLUMBIA, S.C. - South Carolina Republican and Democratic party leaders have agreed to swap voter rolls in their 2008 presidential primaries to stop people from casting ballots in both contests.

Neither party likes the idea of voters casting a ballot in both primaries.

"I don't want people who have voted in their primary attempting to vote in ours," state Democratic Party Chairman Joe Erwin said Tuesday.

But that might not be an easy task in a state where the parties pay for and run the presidential primaries. Voters don't register by party and State Election Commission spokesman Chris Whitmire said the parties can set whatever rules they want.

"We don't view it as a real election. We liken it more to a straw poll" that guides delegates at national conventions, he said.

A quarter of presidential primary voters here describe themselves as independents. The Legislature has repeatedly refused to require party registration in the presidential primaries.

The first party to hold a primary will hand over the voter rolls to the other party, leaders said.

"There was no other way to be able to stop anybody from crossing over," state GOP Chairman Katon Dawson said.

Both parties are scheduled to hold first-in-the-South primaries.

Democrats are slated for Jan. 29, 2008, a week after New Hampshire's primary.

South Carolina Republicans have planned a Feb. 2 primary. However, that date could be moved earlier, Dawson says.

Erwin said he's having legal experts look at the plan.

"I want a legal opinion on whether or not a poll worker can deny anyone from voting because they are looking at a list," Erwin said.

Dawson said if the plan runs into a legal challenge, "we'll have to be able to take the arrows and legal backlash."

"If we had registration by party, that problem would be solved," he said.

A U.S. Justice Department spokeswoman on Tuesday could not immediately answer questions about the plan.

Lee Parks, an Atlanta lawyer and Voting Rights Law expert, said it doesn't appear to violate federal law.

"Under the law, you can only participate in one primary," Parks said.

State Rep. Todd Rutherford, D-Columbia, sued the state GOP in 2002 over its primary election plans because the party didn't plan to open every precinct, particularly those in black neighborhoods.

Rutherford is skeptical of the list-swapping plan.

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"I think that's dangerous," he said. "What you've got is a non-government entity having a list of people's names saying that they're excluded from voting," Rutherford said. "It's almost like a 'do not fly' list.'"

This "is something we probably need to address legislatively," Rutherford said.

Report Skeptical Of Fraud At Polls (USAT)

By Richard Wolf

USA Today, October 11, 2006

WASHINGTON — At a time when many states are instituting new requirements for voter registration and identification, a preliminary report to the U.S. Election Assistance Commission has found little evidence of the type of polling-place fraud those measures seek to stop.

USA TODAY obtained the report from the commission four months after it was delivered by two consultants hired to write it. The commission has not distributed it publicly.

At least 11 states have approved new rules for independent voter-registration drives or requirements that voters produce specific forms of photo ID at polling places. Several of those laws have been blocked in court, most recently in Arizona last week. The House of Representatives last month approved a photo-ID law, now pending in the Senate.

The bipartisan report by two consultants to the election commission casts doubt on the problem those laws are intended to address. “There is widespread but not unanimous agreement that there is little polling-place fraud, or at least much less than is claimed, including voter impersonation, ‘dead' voters, non-citizen voting and felon voters,” the report says.

The report, prepared by Tova Wang, an elections expert at the Century Foundation think tank, and Job Serebrov, an Arkansas attorney, says most fraud occurs in the absentee ballot process, such as through coercion or forgery. Wang declined to comment on the report, and Serebrov could not be reached for comment.

Others who reviewed the report for the election commission differ on its findings. Jon Greenbaum of the liberal Lawyers' Committee for Civil Rights Under Law says it was convincing. The committee wrote to the commission Friday seeking its release.

Conservatives dispute the research and conclusions. Thor Hearne, counsel to the American Center for Voting Rights, notes that the Justice Department has sued Missouri for having ineligible voters registered, while dead people have turned up on the registration rolls in Michigan. “It is just wrong to say that this isn't a problem,” he says.

That's one reason the commission decided not to officially release the report. “There was a division of opinion here,” Chairman Paul DeGregorio says. “We've seen places where fraud does occur.”

The consultants found little evidence of that. Barry Weinberg, former deputy chief of the voting section in the Justice Department's civil rights division, reviewed their work. “Fraud at the polling place is generally difficult to pull off,” he says. “It takes a lot of planning and a lot of coordination.”

New Voter Registration Laws Keep Thousands Off The Rolls (USAT)

By Richard Wolf, Usa Today

USA Today, October 11, 2006

WASHINGTON — Some of this year's elections could be decided by those who can't vote.

Across the country, new laws restricting who can register and vote have reduced the number of people who may have voted otherwise. Some of those laws have been blocked in court. Even so, critics say, the damage has been done:

•In Arizona, about 21,000 voter registration applications were rejected because of inadequate proof of citizenship, required under a 2004 law. Most who were affected lacked up-to-date driver's licenses, birth certificates or passports.

A federal appellate court blocked enforcement of the law — which also requires voters to show ID at the polls — last week, four days before the registration deadline. “We're looking at an enormous disparate impact on people of color,” says Linda Brown, executive director of the Arizona Advocacy Network.

•In Florida, a law setting up new requirements for independent groups that register voters prompted the League of Women Voters to suspend registration drives for five months until a court intervened. In that period, the league could have registered

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thousands of people, The registration deadline is Tuesday. “You've just got to assume it's going to have an impact,” says Dianne Wheatley-Giliotti, the league's state president.

•In Ohio, a law that made paid workers liable for the validity of the registrations they collect caused several groups to stop signing up voters for two months this summer. By the time courts intervened, the opportunity had been lost for thousands of registrations.

The group ACORN, which advocates for low-income families, wanted to sign up 138,000 Ohioans this year; now it will settle for 100,000. “Those were really the critical months,” head organizer Katy Gall says. “In past years, we've met or exceeded our goals.”

Advocates of registration and photo identification laws say they are needed to prevent fraud. They say the rules apply to all potential voters, regardless of race, ethnicity, income or ideology. “This is a matter of voter confidence, whether or not the fraud is real or perceived,” says Indiana Secretary of State Todd Rokita, whose state has one of the nation's strictest ID requirements.

Laws tightening the rules on registrations also have been passed in Colorado, Georgia, Maryland, Missouri, New Mexico and Washington. Laws imposing photo ID requirements at the polls were passed in Georgia and Missouri, but courts have intervened.

Paul DeGregorio, chairman of the Election Assistance Commission, says the laws should not discourage citizens from voting. Far worse, he says, would be for states to ignore problems that cause Americans to distrust the process.

Wendy Weiser of the Brennan Center for Justice at New York University School of Law disagrees. “All of them will have an impact in suppressing votes,” she says. “Even when courts have overturned them, they have ongoing impact.”

Supreme Court Rejects Gay Marriage, Abortion Cases (LAW/AP)

The Associated Press

AP, October 11, 2006

The Supreme Court refused to intervene Tuesday in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed.

The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage.

A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts.

The 9th U.S. Circuit Court of Appeals agreed in May that the couple should await the outcome of the state court challenge.

Last week, a California appeals court upheld the state ban on same-sex weddings. That case appears headed for the California Supreme Court.

A trial judge in San Francisco last year declared the state marriage ban invalid because it violated the civil rights of gays and lesbians.

Major civil rights groups opposed the federal lawsuit, preferring to fight for recognition of gay marriage in several states before the Supreme Court is asked to weigh in.

The case is Smelt v. Orange County, 06-5742.

COURT REJECTS COMPANION CASE TO 'ROE V. WADE'

The Supreme Court on Tuesday turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago.

Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade.

"We're very disappointed that the Supreme Court has not decided to protect women and children from the harm of abortion," said Allan Parker, one of Cano's attorneys. "The court has aborted the normal regulation of medicine in this area."

Cano says she was a 22-year-old victim of an abusive husband and that her children were in foster care when she sought legal assistance in getting a divorce and in getting her children back.

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She said an aggressive attorney pushed her into the abortion case.

"What I received was something I never requested -- the legal right to abort my child," Cano said in an affidavit six years ago.

Her current lawyers' legal brief says that despite advances in medicine, science and technology, the justices have "frozen abortion law based on obsolete 1973 assumptions and prevented the normal regulation of the practice of medicine."

The 11th U.S. Circuit Court of Appeals ruled in January that neither it nor a U.S. District Court had the authority to reverse the Supreme Court's decisions in Doe v. Bolton or Roe v. Wade.

Giving Up Too Much On Choice (WP)

By Ruth Marcus

The Washington Post, October 11, 2006

At the Sioux Falls headquarters of the campaign to repeal Referred Law 6 -- better known as the South Dakota abortion ban -- is a handlettered sign that sums up the opponents' case: "This law simply goes too far."

Yes, it does. But I worry that those fighting to undo the abortion ban have, with the best of intentions, also gone too far in conceding the moral terrain of the abortion debate.

The South Dakota statute is chilling in its remorseless reach. The sole exception to the criminal prohibition on abortions -- doctors would face up to five years in prison for performing them -- is to save the life of the mother. Rape or incest victims, and women whose health would be jeopardized by carrying a pregnancy to term, get no leeway under the statute, passed overwhelmingly in February by the state legislature.

On one level, then, it's little wonder, especially in conservative South Dakota, that the effort to repeal the law -- it's on the November ballot -- has focused on its inflexibility. After all, exceptions for pregnancies that result from rape or incest are a staple of even the most conservative politicians' political platforms -- President Bush, for one; John Thune, South Dakota's Republican senator, for another. Federal law requires Medicaid funding for abortions in cases of rape or incest.

Given that consensus, it's alarming that the vote on repealing the law may be so close. An independent poll in July found 47 percent of voters opposed, 39 percent in favor. But a more recent poll, commissioned by an antiabortion group, showed the gap much narrower, 47 to 44 percent. Four of the eight Republican state senators who had opposed the ban were ousted in primary elections.

So if the campaign against the law echoes the rhetoric usually employed by antiabortion forces, that may be smart politics, at least in the short term. "South Dakotans agree: honor and protect human life, reduce the number of abortions," opens a new television ad by the South Dakota Campaign for Healthy Families. (If you're confused about which side they're on, this is the group opposing the ban.)

Here's the problem, though, with this apologetic approach: What happens next? The decision to submit the ban to voters, rather than challenge the law in court, where it would almost certainly be overturned, carries twin risks -- failure and success.

If the repeal campaign fails, that could incite antiabortion forces elsewhere, not that they need much prodding. The Louisiana legislature passed -- and the Democratic governor signed -- a similar statute this year, to take effect if Roe v. Wade is overturned. Mississippi came close to enacting a South Dakota-like ban; Ohio could be poised to do so in a lame-duck session.

But if, as is more likely, voters reject the law, what happens if and when antiabortion forces come back with a version more palatable to South Dakotans? The July poll showing 47 percent of voters opposed to the ban found that 59 percent would support it with exceptions for rape and incest.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," House Majority Leader Larry Rhoden told the Associated Press. Next time around, I fear, Rhoden and his colleagues will.

Nancy Keenan, president of NARAL Pro-Choice America, dismisses that worry as "hypothetical," saying that "once the people of South Dakota have spoken, elected officials are going to sit up and take notice." Perhaps, but the history of antiabortion forces hasn't exactly been that they give up easily.

And this is the flaw inherent in the South Dakota strategy. It abandons what for me is the essential question of the abortion rights debate: Who gets to decide? Instead, it silently concedes that this is a matter that can be determined by a legislative majority considering a more situational question: What excuse is good enough -- or, more precisely, what excuse does

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government deem good enough? Once the argument is framed in those terms, the right to choose as a bedrock guarantee starts to crumble.

Why does this matter? Because contraceptives fail -- and not only in ways that can be remedied by resorting to emergency contraception (not that abortion opponents want to make access to Plan B any easier). Because even the most wanted pregnancies produce tragic genetic anomalies. Because people, teenagers especially, take stupid risks that result in unwanted pregnancies.

Pregnant women in these circumstances face a difficult -- and, yes, even tragic -- decision. But it's a choice that should be theirs, not one that's up for majority vote.

And so I hope the advocates of repeal succeed in overturning the abortion ban. But after that, they will need to figure out how to argue against the next law -- one that, under the terms they have tacitly accepted, doesn't "go too far."

Report Alleges Bias By A Real Estate Giant (NYT)

By Janny Scott

The New York Times, October 11, 2006

The National Fair Housing Alliance, a consortium of 220 groups and individuals working against housing discrimination, charged yesterday that agents in the Brooklyn Heights office of the city's largest residential real estate brokerage, the Corcoran Group, had engaged in discriminatory sales practices, including racial steering and withholding information from African-American clients.

"During our 16 years of existence, the National Fair Housing Alliance has never seen such a literal and blatant example of sales steering," the group wrote in a report detailing its allegations. In that particular instance, the report said, an agent "produced a map of Brooklyn and drew a red outline of the areas in which the white home seeker should consider living." The agent used arrows to indicate neighborhoods that were "changing."

"This racial steering tactic is reminiscent of discriminatory conduct from the 1970's, when real estate agents would go into white neighborhoods with the specific intention of triggering white flight by showing on a map where an African-American family had bought a house," the alliance wrote. "This Corcoran Group agent applied a new trick — he used a map to tell whites instead where they should 'flee to.' "

Pamela Liebman, president and chief executive officer of Corcoran, said in an interview yesterday that her firm "has always been devoted to fair housing" and recently required all of its agents to undergo four hours of training in fair housing law and practices.

She said, "I have never been given the specific charges as they relate to the Corcoran Group and I anxiously await them as we intend to defend ourselves vigorously."

She said she could not comment further on the allegations because she had not seen them.

Shanna L. Smith, president of the alliance, said her group conducted the investigation under contract with the federal Department of Housing and Urban Development, following up on earlier housing discrimination findings in a 2000 H.U.D. report. She said the alliance has filed a complaint with the housing agency against Corcoran and its parent company, NRT Inc. NRT describes itself as the nation's largest residential real estate brokerage firm, with companies in more than 35 metropolitan areas and more than 1,000 offices.

In its report, the alliance said the investigation of the Corcoran office "uncovered blatant housing discrimination against African-Americans, as well as steering of whites away from neighborhoods of color and to Prospect Heights, Park Slope, Windsor Terrace, Cobble Hill, Brooklyn Heights and parts of Carroll Gardens." It said agents withheld from black clients information about incentives, like ways to reduce costs, that it gave to white clients.

The alliance said it conducted the investigation by sending white and African-American "testers" into the office posing as potential home buyers. The black testers were better qualified than the whites, based on income, employment and other factors.

Corcoran announced late last month that it was devoting the month of October to training its agents in the country's fair housing laws, which prohibit discrimination in housing based on race, color, religion, sex, national origin and other factors. Ms.

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Liebman, who said she received three days' worth of "diversity training" in 2003, said that month of training for agents was initiated before Corcoran knew of the alliance's allegations.

300 Million (NYT)

The New York Times, October 11, 2006

America's 300 millionth person will be here any day now. The Census Bureau has combined birth, death and immigration rates and expects him or her to arrive in mid-October. No one knows where or how — squalling in a birthing room in Los Angeles, maybe, or darting out of the desert east of Phoenix.

That's too bad, because whoever it is should get a bouquet and a thank-you card. It should be signed by President Bush on behalf of a grateful nation that is buzzing with a youthful energy for which the aging powers of Europe would gladly trade their pension obligations. If the newcomer is an immigrant, he or she should also get an apology from Mr. Bush for the scarcity of worker visas, and a promise to get right on that problem.

Whenever the population odometer hits a huge round number, it creates unease, but we usually get over it. Predictions of planetary famine made the 1968 book "The Population Bomb" a raging bestseller, but today you find it only at garage sales.

The doomsayer's torch has lately been grabbed by cultural sentinels like Patrick Buchanan, whose new book warns that the United States is being reconquered by disease-carrying Latinos. Unless Americans of white European descent can Ziploc the borders and start churning out babies, he says, their age of civilizing domination is done for.

Mr. Buchanan's fantasy is a common one among social conservatives, a supposed era of cultural homogeneity that roughly corresponds with the postwar baby boom. But if you take the longer view of our nation, you will see that it has been fed and nourished by immigrants, and has an iron stomach for seemingly undigestible newcomers.

Mr. Buchanan wants us all to go back to Mayberry, but the retro-future he imagines would have the sedated stillness of a gated community. Or a nursing home, which the rest of the rich, industrialized world — Japan, Italy, Germany and Britain, for instance — is beginning to resemble.

In America, growth and vitality are the same thing. The engine of assimilation hums on, with immigrants' children trading their mother tongues for teenage upspeak with clockwork regularity. Annoyingly brilliant young people, of which we have lots, keep coming up with world-upending ideas like Apple, Google and YouTube.

Our teeming immensity keeps us from going stale, and despite some people's panic attacks, our population issues have mysterious ways of working themselves out. America has big problems, but it also has 300 million reasons to be hopeful.

ANTITRUST:

AT&T-BellSouth Merger Expected To Get OK (AP)

By John Dunbar

AP, October 11, 2006

WASHINGTON -- The Justice Department is expected to approve AT&T Inc.'s buyout of BellSouth Corp. without attaching any conditions to the deal, three people knowledgeable about the matter said Tuesday.

The proposed merger, now valued at about $78 billion, would create a telecommunications giant with both the largest landline and wireless networks in the nation. A Justice Department official declined to comment on the decision, and the sources who disclosed it declined to be identified because the action had not been formally announced.

The Justice Department is expected to approve the buyout Wednesday despite a plea from the chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., and other members of Congress that the deal not be allowed to go through until details related to two previous telecommunications mergers are settled and other concerns are addressed.

Critics say the government is well on its way to reconstituting the old Ma Bell monopoly, which was broken up after years of fighting in the early 1980s.

The department's approval, together with a green light from 18 state governments, would leave the Federal Communications Commission as the lone hurdle to the merger, which has been approved by shareholders of both companies.

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An FCC vote is set for Thursday morning, and the outcome is far from certain. Republican Chairman Kevin Martin circulated an order recommending approval of the merger last month and will probably receive support from fellow Republican commissioner Deborah Taylor Tate. However, the two Democrats on the commission, Jonathan Adelstein and Michael Copps, are expected to ask that conditions be placed on the deal.

That leaves Robert McDowell, the third Republican on the commission, who has thus far recused himself in the case. Before joining the FCC, he worked in the telecommunications industry and lobbied in favor of competitors to companies like AT&T and BellSouth.

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would create a company of 300,000 employees with operations in 23 states. AT&T estimates that about 10,000 redundant jobs would be phased out over three years.

The anticipated Justice Department decision would come just seven months after AT&T announced its intentions on March 5 to buy BellSouth -- a breakneck pace for a merger of its size and scope.

AT&T is already the largest telecommunications company in the United States, reporting $62 billion in revenue in 2005 and serving customers in Texas, California and the Midwest. BellSouth provides service to nine states in the Southeast and reported $34 billion in revenue in 2005.

Both companies say the merger would help eliminate challenges they now face in their dual management of Cingular Wireless, 60 percent of which is owned by AT&T and the rest by BellSouth.

But critics charge the merger would reduce competition and drive up prices in the telecommunications industry.

Two consumers groups -- Consumers Union and the Consumer Federation of America -- have urged the Justice Department to block the deal, warning that increasing consolidation in the telephone industry would boost the prices for local, long-distance and cell phone services. Moreover, they argue, limited choices for phone service -- dovetailing with a similar merger trend in the cable industry -- threatens a reduced variety of broadband Internet services available to consumers.

BellSouth has struggled with recovering from equipment damage and disruptions to its customer base inflicted by Hurricane Katrina. The 2005 storm destroyed 11 of the company's central offices, downed 18,000 telephone poles and incurred costs to BellSouth of up to $900 million.

Associated Press writer Lara Jakes Jordan contributed to this report.

AT&T's BellSouth Purchase To Get Antitrust Approval, People Say (BLOOM)

By James Rowley

Bloomberg, October 11, 2006

Oct. 10 (Bloomberg) -- AT&T Inc.'s $67 billion purchase of BellSouth Corp. will receive U.S. antitrust clearance as early as tomorrow with few or no conditions, people familiar with the matter said.

AT&T, formed last year by SBC Communication Inc.'s takeover of AT&T, is the largest U.S. telephone company. The combination with BellSouth, the third-largest U.S. phone company, would provide service in 22 states.

The Federal Communications Commission is scheduled to vote on the deal two days from now. The FCC typically doesn't act on a takeover before the Justice Department has announced its decision. FCC Chairman Kevin Martin has pushed for approving the transaction without conditions.

Sprint Nextel Corp. and Global Crossing Ltd. have asked the FCC to allow equal access to high-speed networks. Cable operators, such as Cox Communications and Cablevision Systems Corp., have sought conditions from the FCC so their phone customers' calls can be easily connected to AT&T's network.

A Justice Department spokeswoman couldn't immediately be reached for comment.

Justice Near OK Of AT&T-BellSouth Deal With No Restrictions (USAT)

By Paul Davidson, Usa Today

USA Today, October 11, 2006

The Justice Department is expected to clear AT&T's (T) $67 billion purchase of BellSouth (BLS) as early as Wednesday without requiring any divestitures, say people with knowledge of the matter.

Justice could still shift course and require some last-minute concessions, these people say. But the department typically acts on telecom mergers before the Federal Communications Commission, which is scheduled to vote on the deal Thursday.

A Justice decision not to require concessions could embolden FCC Democrats to seek even tougher conditions than they might otherwise, say people with knowledge of the situation. They requested anonymity because Justice has not announced its decision.

FCC Chairman Kevin Martin, a Republican, has recommended approval without conditions.

In the SBC-AT&T and Verizon-MCI (VZ) mergers, Justice forced the companies to let rivals lease their spare fiber-optic lines serving business customers. The department was concerned about 800 or so buildings in which SBC and AT&T, or Verizon and MCI, were the only providers serving big businesses.

A federal judge is scrutinizing the consent decrees signed by the companies in those mergers after suggesting that the leasing requirements did not go far enough.

But AT&T has argued there are only 32 buildings in which both it and BellSouth have duplicate facilities. Even if Justice doesn't require divestitures, the companies could still agree to lease or sell facilities in those areas to win FCC approval.

FCC Democrats also have discussed imposing on the merger similar conditions to those imposed on the SBC and Verizon deals.

For example, the agency prevented the companies from blocking consumers' access to rival Internet-based phone services or websites for two years.

In the AT&T-BellSouth deal, the Democrats could seek further concessions. For example, they could try to prevent AT&T-BellSouth from discriminating against video rivals, such as Google. That could hinder AT&T's plans to charge websites extra fees to ensure fast delivery of their multimedia content.

FCC Republican Robert McDowell has said he will recuse himself from voting on the merger because he formerly worked for a group that opposed the SBC and Verizon deals. A stalemate between the remaining two Democrats and two Republicans could force the FCC to postpone Thursday's meeting.

Spokesmen for Justice, AT&T and BellSouth declined to comment.

AT&T, BellSouth Expected To Clear Merger Review (WSJ)

By Amy Schatz

The Wall Street Journal, October 11, 2006

WASHINGTON -- The Justice Department is expected to approve AT&T Inc.'s $67 billion purchase of BellSouth Corp. as early as today with few or no conditions, lawyers close to the matter said.

Justice Department officials are expected to say that the merger of the two phone giants doesn't pose significant competitive threats that require divestures, conditions or a consent decree, the lawyers said. The Federal Communications Commission has scheduled a vote to approve the deal tomorrow. A Justice Department spokeswoman declined to comment.

The decisions by the Justice Department and FCC to approve the deal quickly come despite bipartisan requests from some congressional leaders to hold off until a federal judge rules on an antitrust review of the mergers last year of SBC Communications Inc. and AT&T Corp., and Verizon Communications Inc. and MCI Inc.

Opponents of the AT&T/BellSouth deal, including smaller phone companies and consumer groups, have complained the deal will result in higher prices for consumers and high-volume business customers. The fact that the government appears to have few qualms about approving the deal so soon after the Baby Bell mergers last year shows how much the communications industry has changed in the 22 years since the government broke up Ma Bell.

Only four of the five FCC board members are expected to vote; Robert McDowell is expected to be recused.

John R. Wilke

Write to Amy Schatz at Amy.Schatz@wsj.com1

Microsoft Helped Utah Company Finance Legal Battle Over Linux, Investor Says In Court Filing (AP)

By Paul Foy, AP Business Writer

AP, October 11, 2006

SALT LAKE CITY (AP) Microsoft Corp. helped a Utah company raise money for its legal challenge to the open-source Linux operating system, an investor said in a court filing.

In a sworn statement, Lawrence R. Goldfarb, a founder of BayStar Capital Management of Larkspur, Calif., said he invested $50 million in The SCO Group Inc. at the urging of Microsoft executives who promised to guarantee BayStar's investment against any losses.

Goldfarb says Microsoft reneged on the promise. In a statement to The Associated Press, Microsoft denied making any such assurance.

Goldfarb's statement was filed in federal court last week by IBM Corp. as the tech company asked a judge to throw out what remains of a long-running legal battle. SCO sued IBM for $5 billion in 2003, accusing it of donating SCO's proprietary Unix code to Linux developers.

A magistrate, however, has dismissed 182 of SCO's 294 claims against IBM. U.S. District Judge Dale Kimball has scheduled an Oct. 24 hearing to hear SCO's appeal of that ruling.

Goldfarb said he was approached in 2003 by Richard Emerson, a Microsoft senior vice president for strategy, about investing in SCO, ``a company about which I knew little or nothing."

Emerson ``stated that Microsoft wished to promote SCO and its pending lawsuit against IBM and the Linux operating system. But Microsoft did not want to be seen as attacking IBM or Linux. For that reason, Microsoft wanted to further its interest though independent investors like BayStar," Goldfarb said in the five-page declaration.

Microsoft has reason to fear Linux, a freely distributed operating system that is gaining commercial acceptance and market share. Many companies are choosing Linux to power their computer servers. SCO maintains its Unix code has helped make Linux sturdy and reliable.

Goldfarb said he invested $50 million after Emerson and two other Microsoft executives ``assured me that it would in some way guarantee BayStar's investment," though they refused to put the pledge in writing.

SCO attorney David Boies was confident that IBM ``would settle the case fairly quickly," Goldfarb said.

But Goldfarb said he quickly became ``very concerned" about SCO's viability and its ``high cash burn rate."

He believed BayStar's funds were primarily being used to pay a law firm led by Boies, formerly the lead Justice Department lawyer in an antitrust case against Microsoft.

SCO's stock price declined, and Microsoft stopped returning phone calls and e-mails, Goldfarb said. So did Boies's firm.

Goldfarb took steps to salvage BayStar's investment. He said the firm sold preferred shares back to SCO for $13 million and SCO common stock. The court filing didn't make clear whether BayStar was taking a loss on the transactions.

Goldfarb's statement was filed in court to counter SCO's claim that IBM induced him to terminate their relationship.

SCO declined comment Tuesday. The AP could not locate a phone number for Emerson, who no longer works at Microsoft. A spokeswoman for Boies's firm didn't immediately return a message. Goldfarb also didn't answer a message left with his investment firm, now named LRG Capital Group LLC.

In a response to the AP, Microsoft said it had no financial relationship with BayStar and never agreed to guarantee any of the $50 million investment. The company notes that even Goldfarb conceded he had nothing in writing.

SCO's lawsuit against IBM has deepened its losses. The company has spent more than $40 million battling IBM, which shows no sign of agreeing to a settlement.

Buyout Firms Get Antitrust Inquiries, Person Says (Update2) (BLOOM)

By Brett Cole

Bloomberg, October 11, 2006

Oct. 10 (Bloomberg) -- The U.S. Department of Justice has begun an informal antitrust inquiry of private-equity firms and their collaboration on leveraged buyouts, a person familiar with the matter said today.

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Justice officials in recent weeks sent letters to firms seeking information about deals and business practices, according to the person, who asked not to be identified because the probe isn't public. Kohlberg Kravis Roberts & Co. and Silver Lake Partners were among those contacted, the Wall Street Journal reported earlier today.

``It's very serious for the buyouts firms as this investigation could last up to a year," Sean Boland, co-chair of the antitrust practice at Washington-based law firm Howrey LLP, said in a telephone interview.

LBO firms have teamed up on $201 billion of acquisitions this year, compared with $31 billion in all of 2001, according to data compiled by London-based Private Equity Intelligence Ltd. In July, the industry's biggest deal was announced, the $33 billion takeover of hospital chain HCA Inc. by KKR, Bain Capital LLC, Merrill Lynch & Co. and HCA co-founder Thomas F. Frist Jr.

Buyout firms form partnerships to spread risk and increase the size of purchases they can make. The Justice Department may be concerned that cooperation among bidders is unfairly pushing down prices, said Robert Burka, an antitrust lawyer at Foley & Lardner in Washington and a former official the Federal Trade Commission.

``This is a new area for antitrust law enforcement," he said.

Legitimate Reasons

Collaboration among firms alone isn't anticompetitive, said Steven Sunshine, a partner at Cadwalader Wickersham & Taft LLP in New York and a former antitrust enforcer at the Justice Department.

``If a bunch of makers of some chemical get together in a room and fix prices, it's criminal," he said. ``The question is whether there is enough of a legitimate reason for private-equity firms to talk to one another such that it is not a naked cartel."

KKR spokeswoman Ruth Pachman and Silver Lake spokesman Matthew Benson declined to comment.

New York-based KKR and Silver Lake, which has offices in New York and Menlo Park, California, have together participated in $23.5 billion of acquisitions since 2005, including the takeover of Royal Philips Electronics NV's semiconductor unit for 7.4 billion euros ($9.4 billion) in August.

Last year, the firms bought Agilent Technologies Inc.'s semiconductor unit for $2.66 billion and joined with five others to acquire SunGard Data Systems Inc. for $11.4 billion.

Buyout firms raise money from institutions such as pension funds and endowments, and use debt to finance about two-third of the price of their acquisitions. Their goal is to improve a company's performance, often through layoffs and other cost reductions, and sell at a profit.

Buy-out Groups To Face Inquiry (FT)

By James Politi And Ben White In New York And Stephanie Kirchgaessner In Washington

Financial Times, October 11, 2006

The US private equity industry was hit on Tuesday by the revelation of a government inquiry into potentially anti-competitive behaviour by some of its top groups.

The Department of Justice investigation appears to focus on whether buy-out groups colluded to keep asset prices down in company auctions, according to industry executives.

In a letter to buy-out groups including Carlyle, Kohlberg Kravis Roberts and Silver Lake Partners the government demanded information about deals dating back to January 2003, people familiar with the requests said on Tuesday.

“The letter asks what deals did we do, who did we work with, when did we find out about them,” one person said, suggesting the inquiry was broad and in its early stages.

The DoJ declined to comment, as did Carlyle, KKR, Silver Lake and other private equity groups.

The government inquiry risks damaging the credibility of the private equity industry at a high point of its influence in corporate America.

If it moves forward the inquiry could also raise questions about the role of a number of investment banks that provide advice and finance for private equity deals. The banks could have been witnesses or parties to collusion, or victims.

Buy-out groups have grown into vast private conglomerates but have rarely faced heavy government scrutiny, particularly in the US. In recent months groups such as Texas Pacific, Carlyle and Blackstone have considered creating a private equity trade association to represent their interests in Washington and elsewhere.

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Henry T.C. Hu, a University of Texas law professor, said the justice department sent out similar requests for information in 1999 on potential antitrust violations by investment banks underwriting initial public offerings. Nothing came of the probe.

"A lot of these things never end up going anywhere," he said.

The issue of how much competition exists among the top groups in the industry has been debated for several years.

On the one hand private equity firms are in a constant battle to raise ever-larger funds from investors and spend the money as quickly and successfully as possible. On the other hand many of the large buy-out funds maintain that one of the attractions of investing in consortiums to buy large companies rather than midsized ones is that there is limited competition for the assets, which keeps prices down.

It is also extremely rare for private equity groups to bid against each other after the end of an auction. More often they will attempt to buy a slice of the equity from the winning bidder.

Equity Deals Attract Eye Of Justice (NYT)

By Andrew Ross Sorkin

The New York Times, October 11, 2006

Two rival leveraged buyout firms make bids for the same company. At the 11th hour, one firm drops out of the auction, unwilling to pay more.

The remaining buyout firm is declared the winner. A month later, another company is put up for sale — only this time the two firms that had just been fierce competitors have teamed up to bid together for it.

Friendly competition? Or collusion?

That question is what the Justice Department appears to be examining as part of a preliminary inquiry into possible anticompetitive behavior in the clubby private equity industry, according to people briefed on the investigation.

Several of the nation's largest firms, including Kohlberg Kravis Roberts & Company, the Carlyle Group, Clayton, Dubilier & Rice and Silver Lake Partners, have received letters from the Justice Department seeking broad information about their business practices and involvements in auctions going back to 2003.

The letters, sent within the last 10 days, appear to be the beginning of a wide-ranging inquiry into private equity, an industry that has become an increasingly powerful force on Wall Street in recent years but remains relatively unregulated. Of particular concern has been the emergence of consortiums in many big buyouts.

When firms get together to form consortiums, or clubs, as they are known in the industry, to bid on a specific company, that could have the effect of limiting competition and thus artificially depressing the price of takeover bids — and hurting corporate shareholders in the process.

And private equity firms have worked together on other fronts. Kohlberg Kravis and the Texas Pacific Group have been forming a trade association to represent the industry's views in Washington.

The inquiry comes at a time when private equity's grasp has reached into every corner of corporate America. Toys "R" Us, Hertz and Neiman Marcus are among the well-known names owned by private equity.

Firms have spent hundreds of billions of dollars so far this year on buyouts. Yet that deal-making may have reached its peak. Leveraged buyout prices appear to be reaching record levels, leading some analysts and investors to suggest that valuations have become inflated.

The inquiry also comes only a month after a particularly brutal takeover battle spilled into public view when a group led by Kohlberg Kravis Roberts and Bain Capital tried to jump onto a nearly signed deal between Freescale Semiconductor and a rival private equity group led by Blackstone Group.

The last-minute bid by the Kohlberg Kravis-Bain group pushed the Blackstone Group to pay $1.6 billion more than it had originally agreed to pay.

It was unclear yesterday how widespread the inquiry could be. People who have reviewed the letters, sent by the New York regional office of the Justice Department, described them as being broad and without mention of any specific transaction or auction. They also described the letters as indicating a lack of familiarity with how the industry works.

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A response to the letters is completely voluntary; the letters are neither subpoenas nor what is known as civil investigation demands. News of the inquiry was first reported on The Wall Street Journal's Web site.

The firms contacted are expected to hold separate meetings with the Justice Department within the next week to clarify the scope of the information being requested, people involved in the inquiry said.

It is unclear why certain firms received the letters and others — like the Blackstone Group — did not.

Some lawyers involved in the inquiry speculated that the list, which is likely to grow, started with firms mentioned in a newspaper column published in October 2005 that explored the subject of collusion in the industry.

Antitrust lawyers suggested yesterday that it could prove difficult to mount a case against the firms, but allowed that it was possible the Justice Department could find e-mail messages or other documentation of discussions among the firms about bidding.

Proving a case could be difficult because in most auctions the company being bid for, which is typically sophisticated and well advised, has the option to sell or not.

There are also several cases, including the landmark United States v. Morgan in 1953 that held that investors — in that case, underwriters — were allowed to band together to spread risk among several firms.

In many auctions, the seller takes great pains to prevent buyers from colluding. Some recent sellers, like Albertsons, have actually directed the formation of teams themselves to prevent the possibility of one group becoming too powerful.

Sellers have also taken steps to prevent private equity firms from locking up some of the biggest banks to finance their deals, which could make those funds unavailable to other buyers.

Sellers have also begun a practice called staple financing, which is when the bank advising the seller also offers financing to all of the buyers at the same rate. The practice has been questioned because it puts the bank on both sides of the deal, but it also levels the playing field for buyers in an effort to encourage spirited bidding.

Probe Brings 'Club Deals' To Fore (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 11, 2006

When hospital operator HCA Inc. announced a deal to be taken private by a trio of private-equity firms earlier this summer for $21.3 billion, the buyers worried that a rival bidding group would crash the party and force the price higher. But no such bid materialized.

At least some of these rivals held off, say people familiar with the decision making, because they feared a competing bid for HCA would open the door for other firms to jump in on the rivals' own, other buyout deals, these people said. (In other words, you don't bid on my deal, I won't bid on yours.)

Such calculations on whether to join forces or face off against competitors have been at the heart of private-equity investing over the last three years. Assessing these rules of engagement in the multibillion-dollar world of corporate buyouts is also part of a new Justice Department inquiry into private equity's auction practices since 2003, according to people familiar with the effort.

The inquiry, reported yesterday by The Wall Street Journal, centers on how groups of private-equity firms conduct their bidding in corporate auctions, according to people familiar with letters sent to buyout firms.

In many of these transactions, powerhouse private-equity firms -- which pool large sums of capital from wealthy investors and institutions -- team up to make bids to take companies private, hoping to cash in by selling them later at a higher price.

The inquiry, run by the Justice Department's antitrust division in Manhattan, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Those receiving letters include Kohlberg Kravis Roberts & Co., Silver Lake Partners and Carlyle Group, according to people familiar with the matter, and the list is likely to grow. All three firms declined to comment.

The two-page document is described by someone who has read it as being relatively generic, asking a general set of questions about the firms' bidding history, bidding partners and timing and nature of pricing changes in auctions.

The Justice Department has put a priority on combating business collusion and price-fixing in recent years. But such cases usually proceed as criminal investigations with subpoenas, and the letters that were sent in this instance were non-

compulsory requests for information. That suggests the inquiry is at an early stage. The head of the antitrust division's New York office, Ralph Giordano, referred calls to a Justice Department spokesman, who declined to comment.

The Justice Department's antitrust record on Wall Street is mixed at best. Back in the 1950s the Justice Department sued 17 Wall Street investment banks -- then known as Club 17 -- on antitrust charges, but the case was thrown out of federal court.

Today, legal and economic scholars say it would be hard to prove that private-equity shops -- who actively bid share prices higher and not lower -- are colluding to suppress prices of the companies they buy.

Nonetheless, the firms were preparing yesterday for what could be a long legal challenge. The general counsel of one major buyout firm advised employees to preserve documents in case regulators send a request for information. In addition, private-equity attorneys held a conference call yesterday afternoon to discuss strategy and compare notes.

WHO'S WHO IN PRIVATE EQUITY

1 • See a rundown of high-profile private-equity firms, their histories, holdings and biggest deals.2

News of the letters touched off a range of reactions around Wall Street, where the buyout funds have become powerful presences, having paid out some $9.6 billion globally in fees to investment banks year-to-date for advice, capital raising and other activities, according to data analysis firm Dealogic.

If there is going to be any slowdown in deal making, it didn't show up in markets. In the latest multibillion-dollar deal, private-equity firm Texas Pacific Group and one of its investors clinched a deal to buy French television and cellphone transmission business TDF SA.

At least some described the inquiry as an "inevitable" outgrowth of the evolution of the big-ticket buyout game. Wielding smarts, ego and capital, elite firms have clustered at auctions for a virtual buffet of the nation's largest companies: movie chains, satellite operators, newspaper companies, and semiconductor-makers among others.

To pay for such large targets -- with total price-tags of upward of $30 billion -- the firms have in recent years begun to partner into what have come to be known as "club deals." These clubs are largely limited to a handful of buyout firms with roughly more than $10 billion each in capital, such as Kohlberg Kravis Roberts & Co., Blackstone Group, Texas Pacific Group, and the investment arm of Goldman Sachs Group Inc.

These clubbing arrangements present both opportunities and problems for companies on the auction block. On the plus side, they allow for the assembly of the immense pools of cash necessary to bid on a large target in the first place. That in turn helps buyers spread the risk of any one transaction, which is another essential ingredient to making a bid.

Yet inside these clubbing arrangements is a fraught dynamic. While often ferocious competitors, the firms are just as likely to end up co-owners of a number of targets. For instance, two of the buyout world's top firms, Blackstone Group and Carlyle Group, are often on different sides of transactions. For example, when Kinder Morgan Inc. was considering a management buyout involving Carlyle earlier this year, Kinder's board hired Blackstone's advisory arm to evaluate the bid. But they are also bidding together to buy Freescale Semiconductor Inc.

In all, Carlyle has done 20 club deals since 2005, and Texas Pacific Group 25 club deals, according to Dealogic data. Some 44% of all $1 billion-plus buyouts are done in club deals this year.

Legal scholars are far from convinced that any legal case may arise from the inquiry.

"These are hard [cases] to make for a variety of reasons. One of them is an evidentiary reason. There is not going to be a document where somebody says, 'What we really need to do is team up so we can keep the price down," said Todd Henderson a professor at the University of Chicago Law School.

Lauren S. Albert, an attorney at New York's Axinn, Veltrop & Harkrider said that a case was possible given a certain set of conditions. "If a bidder or group was able to bid on its own -- but to avoid competition joined with other bidders capable of bidding on their own -- that could be viewed as unlawful."

One area that could receive significant attention is the use of confidentiality agreements in auction situations. These agreements are designed to contractually hold competing parties to a vow of silence with each other, unless permission is granted by the seller.

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Nonetheless, information can leak between these parties and their bankers, at times conveyed in media stories or via a third party. Attorneys suggested yesterday that one point of inquiry could be the investment banks and lending desks of major Wall Street firms who oftentimes will fund multiple bidders in the same auction.

It is these fulcrum points that could at least theoretically keep the flow of information going between two rival groups -- and potentially affect pricing of an auction.

Judge Delivers Split Ruling In Cell Phone Technology Case (AP)

AP, October 11, 2006

LOS ANGELES - Semiconductor maker Qualcomm Inc. violated parts of a patent held by rival Broadcom Corp. that helps cell phones conserve battery power when out of cellular network range, a judge ruled Tuesday.

However, Qualcomm did not infringe two other patents on chips used in cell phones and other wireless devices, according to Charles E. Bullock, an administrative law judge hearing the case in Washington, D.C., on behalf of the International Trade Commission.

Qualcomm had challenged the patents held by Broadcom, but the judge ruled all three patents were valid.

The case was brought to the commission by Broadcom, based in Irvine, Calif.

Qualcomm, based in San Diego, said it would appeal the decision to the full commission as it explored designs to replace the disputed technology.

The judge's ruling will go to the full commission next year for a final determination.

Broadcom said it would ask the commission to review the portion of the ruling that favored Qualcomm.

The rival chip makers have 10 suits and countersuits pending in courts from California to Europe over trade and patent issues relating to technologies that power cell phones, Bluetooth devices and wireless Internet equipment.

Last week, a federal court judge in San Diego ordered the billionaire founders of the feuding companies to face each other behind closed doors to try to resolve their differences. No agreement was struck and the judge was expected to order further sessions.

In August, a federal judge in New Jersey dismissed an antitrust lawsuit filed by Broadcom against Qualcomm. The suit accused Qualcomm of thwarting competition in the market for advanced cell phones and associated chips.

Broadcom contends that Qualcomm's licensing practices are unfair and violate antitrust laws. Broadcom, which has in the past focused on chips for TV cable boxes, is now trying to expand into the cell phone market and asserts Qualcomm is infringing on 18 of its patents.

Qualcomm claims Broadcom is infringing on 10 of its patents to create products using knowledge of stolen technical specifications.

Qualcomm Averts Sanction In Broadcom Chip Spat (WSJ)

By Don Clark

The Wall Street Journal, October 11, 2006

Qualcomm Inc. avoided a tough sanction in a legal skirmish with Broadcom Corp. But the chip makers continue to tangle on multiple fronts and face increasing pressure to reach a settlement.

An International Trade Commission administrative law judge ruled that Qualcomm's chips infringed on a Broadcom patent. Judge Charles Bullock stopped short, however, of recommending that cellphones containing the chips be barred from importation to the U.S. He also ruled that Qualcomm didn't infringe on two other patents that Broadcom had cited.

The possibility of import restrictions against Qualcomm-powered cellphones has spooked the telecommunications industry. Handset makers including Motorola Inc., Samsung Electronics Co., LG Electronics Inc. and Kyocera Corp. could be affected by such a ban. U.S. cellphone service providers also could be affected.

Although the full ITC could contradict the judge's recommendation in a commission ruling expected in February, Qualcomm investors breathed a sigh of relief after yesterday's ruling. Qualcomm's shares were up 83 cents, or 2.3%, to $37.07 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market. Broadcom's shares were down 79 cents, or 2.7% to $28.80 on the Nasdaq.

Louis Lupin, Qualcomm's general counsel, said his company was pleased. The patent that the judge said Qualcomm infringed upon involves a feature for managing power in chips, and Qualcomm should be able to create new chips to avoid that issue, he said.

David Rosmann, Broadcom's vice president of intellectual-property litigation, said the finding of infringement was a victory. "We're very encouraged by that," he said.

Qualcomm, San Diego, sells chips based on a technology called CDMA, for code division multiple access, and licenses patents to cellphone makers and other chip companies.

Broadcom, an Irvine, Calif., maker of communications chips, is a relative newcomer to cellphones. It has unsuccessfully negotiated for a patent license from Qualcomm, which it accuses of demanding unreasonable terms.

In the meantime, Broadcom has kept up the pressure by filing the ITC action and lawsuits that accuse Qualcomm of violating a total of 18 patents. Though a federal judge in New Jersey dismissed its antitrust suit against Qualcomm, Broadcom is appealing that ruling and is pressing a complaint about Qualcomm with antitrust regulators in Europe.

Qualcomm, which has said its licensing terms are fair, has filed suits that accuse Broadcom of infringing on 10 patents and improperly obtaining trade secrets. Last week, a federal judge in San Diego summoned Qualcomm Chairman Irwin Jacobs and Broadcom Chairman Henry Samueli for talks about settling the companies' legal disputes. The judge ordered the parties not to discuss the talks, but most observers expect a patent-licensing deal eventually.

"We are not trying to keep Broadcom out of the market," Mr. Lupin said. "One would expect a deal would ultimately be reached."

Broadcom's negotiating position could improve if it can convince the full ITC to issue an exclusion order. Lyle Vander Schaaf, an attorney with Bryan Cave LLP who has worked at the ITC, said the full commission regularly disagrees with recommendations of its administrative law judges. Qualcomm and its customers "cannot be popping champagne corks yet," he said.

Carriers that could be affected by restrictions on Qualcomm-powered telephones include Sprint Nextel Corp.; Verizon Wireless, which is a joint venture of Verizon Communications Inc. and Vodafone Group PLC; and Cingular Wireless, which is co-owned by AT&T Inc. and BellSouth Corp.

High Court Hears Case Pitting Telecoms Against Pay-Phone Providers (AP)

By Christopher S. Rugaber, The Associated Press

AP, October 11, 2006

The Supreme Court heard arguments Tuesday in a case that could force telecommunications companies to compensate pay-telephone providers billions of dollars for so-called 10-10-220 calls made by consumers, legal experts said.

The case stems from federal laws and regulations requiring long-distance telephone companies to compensate pay-phone providers for calls that consumers make using special dialing codes, commonly known as 10-10-220 or coinless calls.

Metrophones Telecommunications Inc., based in Washington state, sued Global Crossing Telecommunications Inc. in 2003, alleging that Global Crossing had not fully compensated it for phone calls made from Metrophones pay phones. Metrophones claims Global Crossing owed it $31,330.42 in fees and interest.

While the dollar damages in that particular case are low, at issue is whether companies can sue in federal court over regulatory violations or whether they can only sue over violations of federal laws.

Global Crossing has argued that federal law does not necessarily require long-distance companies to compensate pay-phone providers, but instead directs the Federal Communications Commission to issue rules governing how the pay phone providers would be compensated. Telecom providers Verizon Communications Inc., AT&T Inc. and Sprint Communications have filed briefs in support of Global Crossing.

Tobias Zimmerman, a telecom attorney at the Washington-based law firm Akin, Gump, Strauss Hauer & Feld, wrote on the firm's Web site that a ruling against the telecom giants could run into the billions.

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The FCC, in a 2003 order, sided with Metrophones as did the U.S. Solicitor General. Federal appeals courts have issued conflicting opinions, however, with the 9th Circuit Court of Appeals ruling in 2005 that Metrophones could sue in federal court over violations of FCC regulations, while the D.C. Circuit, in a separate case in 2005, found that companies could not.

The justices questioned lawyers for both sides closely during oral arguments. Justice Antonin Scalia expressed concern that if all violations of the FCC's regulations were seen as "unjust and unreasonable" and therefore equivalent to violations of law, numerous suits could be filed in federal courts and could yield contradictory rulings.

The case is Global Crossing Telecommunications Inc. v. Metrophones Telecommunications Inc. (05-705).

Poor Reception After Sprint And Nextel Merge, Customers And Executives Leave (WSJ)

By Amol Sharma

The Wall Street Journal, October 11, 2006

With telecom deal making in full swing around him, Sprint Corp. chief executive Gary Forsee made his own big move last year. His century-old company paid $35 billion to buy a hot rival, Nextel Communications Inc. The deal gave the No. 3 wireless company a big new weapon in telecom's fastest growing market.

But since then, Sprint Nextel Corp. has been losing ground. Millions of its cellphone subscribers have defected to competitors. Its remaining customers have increasingly been switching to less profitable calling plans.

Yesterday, amid mounting troubles at Sprint Nextel, former Nextel CEO Tim Donahue said he was retiring as executive chairman. The move came just two months after Len Lauer, Sprint's chief operating officer, was let go after the release of dismal financial results. The stock price has fallen more than 30% since the deal closed in August 2005.

The Sprint-Nextel saga shows the perils of consolidation in an intensely competitive field where technology and customer expectations keep changing quickly. Instead of each company fixing the other one's weakness, the problems have just added up.

Nextel executives say Sprint erred by downplaying the Nextel brand. Some top Sprint executives feel duped for buying an aging Nextel network that drops customers' calls. The two companies have yet to combine their cellular networks and management structures. Meanwhile, Sprint has been slow to catch on to important trends in the industry, such as the enormous popularity of Motorola Inc.'s ultrathin Razr phone.

Mr. Forsee concedes that Sprint has stumbled in the short term, though he says it is well-positioned for long-term growth. "We've got one more box left to check, and that's to execute," he said in a recent interview.

Mr. Forsee has had to put together two companies that couldn't have been more different. Sprint, based in Overland Park, Kan., before the deal, was founded at the turn of the 20th century as the Brown Telephone Co. It has its roots in the landline phone business, where many of its top executives, including Mr. Forsee, got their start.

Nextel, whose Reston, Va., offices became the headquarters of the new company, was a wireless pioneer when it started in 1987. Its phones with a walkie-talkie feature quickly became popular with construction workers and security guards. Its employees boasted of the company's entrepreneurial culture, fast decision-making, and penchant to take risks.

The 56-year-old Mr. Forsee moved from BellSouth to take over the top Sprint job in 2003, after Sprint's top two executives were forced out over their use of personal tax shelters. Mr. Forsee had been vice chairman of BellSouth and heir apparent to its chief, so the move came with a big handcuff for Sprint. At BellSouth's insistence, Mr. Forsee was barred from taking part in merger and acquisition discussions for a year.

The timing was tough: Mr. Forsee and Sprint were forced to sit on the sidelines at a crucial moment of consolidation in the industry. In the ensuing months, AT&T Wireless came on the block, and several U.S. and foreign carriers made bids. In early 2004, Cingular acquired AT&T and became the nation's leading carrier, measured by number of subscribers.

Mr. Forsee knew he needed a wireless partner to keep up with the scale of his rivals. Nextel, then the fifth largest carrier, was attractive, because its quickly expanding base of business customers spent, on average, more than $60 a month -- the highest in the industry. The timing of a merger also worked for Nextel's CEO, Mr. Donahue: His company's aging network would be especially hard to upgrade for Internet and data services, seen as the future of the wireless industry. Sprint thought it had the technology to solve that problem.

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Problems emerged soon after the deal closed in August 2005. Though Sprint was bigger, Mr. Forsee accepted a "merger of equals," and key personnel and management decisions were made to appease both sides. For example, Nextel executive Barry West became the new chief technology officer, while Sprint executive Kathryn Walker was given the title of chief network officer. Both positions had responsibility for the future of the carrier's network. Such doubling up led to extra bureaucracy that sometimes slowed decision-making, former executives from both companies say.

The two companies also had vastly different organizational structures. Sprint's was divided by which clients were being served -- consumers, government or corporate. Nextel was divided by function, such as sales, distribution, and customer service, no matter what type of customer. Instead of favoring one model, Mr. Forsee combined elements of each, though he now is moving toward the Nextel model.

Friction between the Sprint and Nextel camps began to surface. Starting in the fall of 2005, a series of corporate bonding sessions were held in Overland Park and Reston to try to cultivate ties between the two camps. Nextel employees accused Sprint's managers of being too slow to make decisions and requiring too many layers of approval for everything from budgeting to new product initiatives. Sprint's people said they needed some time to show they could execute, a person who attended one of the sessions said.

One big decision early on was what brand name to use. Some Nextel executives and an outside consultant advised the company to keep the separate brand names, because Sprint and Nextel reached such different markets. But Mr. Forsee decided to blend them into one, with Sprint as the lead and "together with Nextel" as a smaller tagline. Some former executives say Mr. Forsee downplayed Nextel's brand to the company's detriment, contributing to the slow growth on the Nextel side of the business. Months later, acknowledging that the initial branding strategy wasn't working, Mr. Forsee reversed course and began pumping up Nextel's brand in ads once again: A recent print ad touts the brand "Nextel," with "only from Sprint" in a smaller font.

The company had other unforeseen complications. Small regional affiliates of each company, which offer service in small markets under the Sprint and Nextel brands, complained that the merger would violate agreements that barred the national carriers from competing in the affiliates' territories. After bitter legal fights, Sprint ended up buying out seven affiliates, costing more than $14 billion and forcing Sprint to incorporate thousands of new employees.

Sprint also inherited a swath of valuable radio spectrum that Nextel had acquired from the federal government. But it came with a price: The company had to meet a Federal Communications Commission mandate to resolve interference problems with emergency-services users such as police and firefighters -- mostly by switching them to other bands. The expected cost was $2.8 billion, but Sprint says it will have spent half that by the end of this year and analysts say the total could ultimately rise, given how much is left to do.

Since mid-2005 the company has been in talks with hundreds of state and local agencies over the costs and logistics. For instance, in the Washington, D.C., area, the carrier has to replace or update about 35,000 radios and negotiate with counties in Maryland and Virginia, several federal law-enforcement agencies, and even the Washington metropolitan transit system. It took almost a year for Sprint to strike an agreement with the lead county in the region, Fairfax, Va., just for $609,000 in planning money. Meanwhile, some of the old first-responder radios have receivers made of crystal. Replacing the crystals to retune the radios to a new band was so difficult that Sprint has begun growing them in a lab.

Worse, the reshuffling of frequencies makes it hard for Sprint to add customers on the Nextel network and is hurting phone reception in some regions because of reduced bandwidth, the company says.

Customers are increasingly complaining about dropped calls and reception problems. Frank McBride, a chauffeur in Los Angeles, says his limousine service started using Nextel phones a few years ago because of the Nextel walkie-talkie function, which allows users to press a button to reach a colleague without making an actual phone call. Mr. McBride says he got another Nextel phone for his personal use, but in the past year has seen a substantial deterioration in phone reception. "It's been dropping calls like crazy and it's getting worse," Mr. McBride says. He plans to change carriers when his phone contract is up next March.

Mr. Forsee has decided the best way to keep all Nextel subscribers happy is to bring them onto Sprint's more reliable network. But to do that he needs to add a Sprint walkie-talkie feature to match Nextel's. That isn't proving easy or cheap, and the company says it won't be able to abandon the Nextel network until at least 2012, instead of 2010 as forecast at the time of the

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merger. Meanwhile Sprint is scrambling to put out "dual mode" phones for Nextel customers that can take advantage of Sprint's network for phone calls and Nextel's for walkie-talkie functions.

Sprint also has been faulted by some customers and analysts for sparse choice of phone styles and features compared with rival carriers. Nextel phones "are a little short on what they offer," says Shaun Cannon, a Nextel subscriber from Newburgh, N.Y., who is switching to Verizon because he says its phones offer more.

Under Mr. Forsee, Sprint failed to latch onto a major trend in the handset market, the Razr phone. Cingular offered the phone first, in November 2004, heavily marketing it in TV ads. It caught on quickly, and as sales soared, other carriers took notice. By late 2005, Verizon Wireless put out its own Razr. In the past six months, the Razr has been the most popular handset on the U.S. market by far, getting a 10% overall market share, according to surveys conducted by Telephia Inc., which tracks data on the wireless industry.

Sprint decided to back two Razr look-alike phones. In late 2005, the company released the Samsung A900, dubbed "The Blade" by some bloggers. In July of this year, the company put out the Sanyo Katana -- named after the Japanese word for "sword." Both had the same sleek flip-phone design of the Motorola device. But now Mr. Forsee has decided to put the Razr in Sprint's stores later this year as well. "Obviously when that brand caught hold, that's something we wanted to pay attention to," Mr. Forsee says.

Sprint shares tumbled in August after the company reported its second-quarter results, including a 38% drop in earnings caused largely by integration costs. The company said its customer-turnover rate, a figure watched closely in the industry, had stayed flat at 2.1%, almost twice the rate of rival Verizon. Sprint also is signing comparatively few of its new customers to annual contracts.

Trying to calm angry investors, Mr. Forsee last month let go of Mr. Lauer, Sprint's chief operating officer, who oversaw merger integration and was responsible for improving subscriber growth and customer retention. Neither Mr. Lauer nor Mr. Donahue responded to requests for comment on Sprint's fortunes.

Mr. Forsee took on Mr. Lauer's responsibilities. He has ordered an image makeover to stress the reliability of Sprint's network -- under the new slogan "Power Up" -- and demanded higher deposits than before from customers who have a higher credit risk. He also is trying to change the way the company is organized, favoring Nextel's old playbook of giving local managers more autonomy to make important sales and marketing decisions quickly. He has vowed to make the new corporate culture "crazy competitive."

Yesterday's departure of Mr. Donahue, 57, may intensify concerns about the company. Many investors say they have more faith in the managers from the Nextel side of the business, because of the strong results their scrappy operation delivered prior to the merger. Mr. Donahue joined Nextel in January 1996 as president and chief operating officer, and is well respected among investors and company insiders. Prior to his position at Nextel, he held positions at AT&T Wireless and McCaw Cellular. As Mr. Donahue made his exit, Sprint also disclosed millions of dollars in deals with companies owned by his brother-in-law, Glenn Grella. The company said that the disclosure, which raised eyebrows among industry observers, wasn't related to Mr. Donahue's retirement and his departure was voluntary.

Mr. Forsee says Sprint has made some progress in the merger. It has closed 168 retail stores and slashed one-third of its directors and officers. By year's end, it will have achieved only $1 billion of the $14.5 billion in savings it has promised investors, but he points out most of the savings were expected to come later.

Mr. Forsee also spun off Sprint's local phone division as a new entity called Embarq Corp., bringing the company closer to focusing solely on wireless service. To try to distinguish Sprint Nextel from competitors, he has announced he plans to spend up to $3 billion to build an entirely new network for wireless data and Internet services using a nascent technology called WiMax. It's meant to deliver Internet connections to laptops, cellphones, PDAs, and other consumer-electronics devices at faster speeds than rivals.

Texas Pacific, AXA To Buy 60% Of France's TDF (WSJ)

By Jason Singer

The Wall Street Journal, October 11, 2006

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LONDON -- U.S. private-equity firm Texas Pacific Group and one of its investors has clinched a deal to buy a 60% stake in French television and cellphone transmission business TDF SA for about €3.3 billion ($4.16 billion), according to people close to the deal.

TDF, or Telediffusion de France, transmits TV signals and mobile-phone calls across the country for all carriers. It is controlled by U.K. private-equity firm Charterhouse Capital Partners LLP and French state investment firm Caisse des Dépôts & Consignations, which will together retain a 40% stake, these people added. The deal will bring fresh money into the company, which is seeing strong growth from the transfer of analog TV signals to digital service. Television transmissions account for the bulk of TDF's business.

Get alerts for breaking news -- such as Fed moves, major world events and big mergers -- delivered straight to your desktop. Alerts will appear in a small window on your screen, much like an instant-messaging window. See a sample and get more information.2

Television and cellphone towers have attracted interest from financial investors as the business increasingly has been classified as an infrastructure asset that brings steadily growing revenue. The deal will value the company at about €4.8 billion, including TDF's existing debt. Texas Pacific Group is buying the 60% stake with one of its investors, French insurance giant AXA SA. The insurer is buying about a quarter of the stake, with Texas Pacific taking about a 75% share, these people said.

After the deal, Texas Pacific will hold 42% of the company, CDC will hold 24%, AXA Private Equity 18%, Charterhouse Capital 14% and management and employees 2%. A Texas Pacific spokesman declined to comment. Representatives for TDF, Charterhouse, CDC and Axa Private Equity couldn't be reached.

Dot-Com Boom Echoed In Deal To Buy YouTube (NYT)

By Andrew Ross Sorkin

The New York Times, October 11, 2006

A profitless Web site started by three 20-somethings after a late-night dinner party is sold for more than a billion dollars, instantly turning dozens of its employees into paper millionaires. It sounds like a tale from the late 1990's dot-com bubble, but it happened yesterday.

Google, the online search behemoth, agreed yesterday to pay $1.65 billion in stock for the Web site that came out of that party — YouTube, the video-sharing phenomenon that is the darling of an Internet resurgence known as Web 2.0.

YouTube had been coveted by virtually every big media and technology company, as they seek to tap into a generation of consumers who are viewing 100 million short videos on the site every day. Google is expected to try to make money from YouTube by integrating the site with its search technology and search-based advertising program.

But the purchase price has also invited comparisons to the mind-boggling valuations that were once given to dozens of Silicon Valley companies a decade ago. Like YouTube, those companies were once the Next Big Thing, but some soon folded.

Google, with a market value of $132 billion, can clearly afford to take a gamble with YouTube, but the question remains: How to put a price tag on an unproven business?

"If you believe it's the future of television, it's clearly worth $1.6 billion," Steven A. Ballmer, Microsoft's chief executive, said of YouTube. "If you believe something else, you could write down maybe it's not worth much at all."

In a conference call to announce the transaction yesterday, there were eerie echoes of the late 1990's boom time. There was no mention of what measures Google used to arrive at the price it agreed to pay. At one point, Google's vice president, David Drummond, gave a cryptic explanation: "We modeled this on a more or less synergistic kind of model. You can imagine this would be hard to do on a stand-alone basis."

The price tag Google paid may simply have been the cost of beating its rivals — Yahoo, Viacom and the News Corporation — to take control of the most sought-after Web site of the moment. It was also perhaps the only price that two YouTube founders, Chad Hurley, 29, and Steven Chen, 28, and their big venture capital backer, Sequoia Capital Partners, were willing to accept, given that they most likely could have continued as an independent company. A third YouTube founder, Jawed Karim, left the company to pursue an advanced degree at Stanford.

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The deal came together in a matter of days. After rebuffing a series of other overtures, YouTube's founders decided to have lunch on Wednesday with Google's co-founder, Larry Page, and its chief executive, Eric E. Schmidt. The idea of a deal had been broached a few days earlier. The setting was classic Silicon Valley start-up: a booth at Denny's near YouTube's headquarters in San Bruno, Calif. The Google executives threw out an offer of $1.6 billion and autonomy to continue running the business.

That set off a marathon of meetings and conference calls over the next two days, which kicked into even higher gear on Friday, when news of the talks began to circulate, putting pressure on Google to sign a deal before a rival bid emerged. In fact, the News Corporation sent a letter to YouTube seeking to start talks but never received a response.

"The Google-YouTube deal has to feel a little like the 1990's, but it isn't," said Dmitry Shapiro, chief executive of Veoh, a YouTube competitor that is backed by Time Warner and Michael D. Eisner, the former chairman of Disney. Arguing that online video represents an entirely new medium, he said, "If you knew then what you know now and you had the chance to acquire Amazon or eBay — which weren't making any money either — you would have bought them."

Of course, YouTube has also been compared to Napster, whose music-sharing service was eventually shuttered after a series of lawsuits. While YouTube has made some deals with content providers, including one yesterday with CBS, its users have uploaded millions of copyrighted clips, leading some to question whether Google is inheriting a legal minefield. YouTube has said it is different from the old Napster service because it removes content when a copyright holder complains.

"There are some issues with YouTube," Sumner M. Redstone, chairman of Viacom, said last week on "The Charlie Rose Show." "They use other people's products," he said, alluding to pirated video. "The only way they avoid litigation now is they stop doing it if you call them."

Mark Cuban, who founded Broadcast.com, an early audio and video site that was bought by Yahoo, is even more skeptical of Google's legal position, writing on his blog: "I still think Google lawyers will be a busy, busy bunch. I don't think you can sue Google into oblivion, but as others have mentioned, if Google gets nailed one single time for copyright violation, there are going to be more shareholder lawsuits than Doan's has pills to go with the pile-on copyright suits that follow."

Yet the deal with Google was announced hours after YouTube disclosed deals with entertainment companies that appeared to reduce the risk that it would become mired in copyright disputes.

YouTube is Google's first big acquisition after making a series of much smaller deals for companies, including Pyra Labs, creator of Blogger. Google now joins the Internet's establishment — Yahoo, eBay and Amazon.com, among others — which have all made giant acquisitions to expand their businesses beyond their traditional trade.

But those companies have had mixed results. Yahoo paid $3.6 billion in 1999 for Geocities, a company that allowed users to create their own Web sites; today, MySpace, a social networking site bought by Rupert Murdoch's News Corporation last year for only $580 million, far eclipses it. EBay, on the other hand, acquired PayPal, a rapidly growing start-up that lets people make payments via e-mail, for $1.5 billion in 2002. It now represents more than a third of eBay's revenue.

Rather than pursuing big acquisitions, Google has been known for plowing money into research and development, spending $483.98 million last year, an increase of more than 114 percent over the previous year.

The success of the YouTube acquisition will probably lie in embedding video advertising into the clips that millions of people watch everyday from their computers. So far, YouTube's management has been reluctant to include advertising within clips, for fear of alienating users.

Yesterday, however, Mr. Hurley, one of YouTube's founders, appeared more open to experimenting, saying that he was even considering testing what's known as a pre-roll — a 15-second ad before a clip — something he had long derided as potentially ruining the user experience.

While more marketers have been eager to advertise against online video, some big consumer companies have been reluctant to fully embrace advertising against user-generated content because it is difficult to differentiate good content from offensive material. YouTube has created an assortment of tools for users and content creators to police its site.

YouTube said it had struck accords to license content from two of the four major music conglomerates — the Universal Music Group and Sony BMG Music Entertainment — and the CBS television network in exchange for a percentage of YouTube's advertising revenue.

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YouTube is also expected to use new technology to identify copyrighted material that users have uploaded to the site without permission, and to share ad revenue with media companies that own the video or music content. (YouTube made a similar pact with the Warner Music Group last month, and had a previous advertising deal with NBC in June).

The deals reflect how media companies are rethinking the distribution of their entertainment content online.

The deal with Universal, the world's biggest music corporation, drew particular attention because the company had said it was contemplating a lawsuit against YouTube over copyright issues.

Phil Leigh, the president of Inside Digital Media, said the new arrangements represented "a strong endorsement that the major media companies are going to see YouTube as a legitimate business partner."

Mr. Leigh said that also suggested a rethinking of the approach the companies took to Napster. "It shows that very important, erstwhile reluctant media companies have got religion," he said.

The YouTube alliances also came the same day that Google announced separate deals to license music videos from Sony BMG and Warner.

Under the terms of the deal, YouTube, which has about 60 employees, will retain much of its identity and will keep its name and its office in San Bruno, more than 25 miles from Google's headquarters in Mountain View.

The transaction was announced after the stock market closed. Earlier, Google shares rose 2 percent, to $429, after DealBook, a Web log published by nytimes.com, reported that a deal would be announced at the end of the market day.

Benjamin Schachter, a UBS analyst, wrote in a note to investors. "The price tag of about $1.6 billion is difficult to justify on a spreadsheet and may be somewhat of a throwback to the days of paying for eyeballs and page views, but this is a strategic bet that Google would be placing for a long-term objective: to be the technology and distribution partner for content owners and publishers."

YouTubers Ponder Google (WP)

By Sara Kehaulani Goo

The Washington Post, October 11, 2006

On YouTube, where members are encouraged to express themselves through amateur video, it took only a few hours before they started chiming in on Google's $1.65 billion acquisition of the popular online video site.

Dozens of YouTubers turned their cameras on themselves to share their opinions on the sale, while thousands responded to a video posted yesterday by YouTube founders Chad Hurley and Steve Chen.

The reaction was mixed and displayed a range of emotions, from outrage and accusations that YouTube had sold out to corporate interests to admiration and optimism that Google will improve it.

From his bedroom in Britain, 15-year-old Clive Newstead appeared with his long brown hair hanging in his face, proclaiming that the deal is bad news for video amateurs like him.

"It just wouldn't be quite right. There are people fearing Web sites like Google have way too much influence over the Internet," Newstead said in his video, posted under the screen name "nuodai." He enjoys watching TV shows and movie clips on YouTube and fears that they will go away, he said. "Its good to watch stuff that's been on TV that you can't find anywhere else."

Joel McDonald, 22, of Virginia Beach disagreed, reasoning that Google is a good company that won't mess too much with YouTube. "Google's great at anything they do," McDonald said into the camera at his home. "Google would do a great job at managing YouTube. It would be wonderful and the features would be better."

How things will change has yet to be seen, though Hurley and Chen -- in a video that was recorded outside what appeared to be a T.G.I. Friday's restaurant -- said they were committed to developing a site that remains fun for its users.

"The most compelling part of this is being able to really concentrate on features and functionality for the community," Chen said.

But, in true YouTube fashion, the two founders -- overnight millionaires from a technology deal reminiscent of the late 1990s -- quickly turned silly as they poked fun at a recently posted video featuring hip-hip mogul Sean "Diddy" Combs inside a Burger King restaurant.

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"Two kings have gotten together: The king of search and the king of video. We're going to have it our way, salt and pepper," Hurley says, mocking Combs.

Chen walks away from the camera, doubled over, laughing.

"You can't do that. Cut," Hurley says just before the video ends.

Hurley, 29, and Chen, 26, are likely to make tens of millions of dollars by selling their company, which is just over a year old, to Google in an all-stock deal. Sequoia Capital LLC, the sole venture firm to invest in YouTube, is reported to have made $495 million from its $11.5 million investment in YouTube.

Hurley and Chen will stay with the company, Google said.

How the site will change under Google is unclear. Google executives said Monday that they planned to keep YouTube a separate Web site that would run independently of Google and its own video site, Google Video.

Google and YouTube offered vague descriptions of how they might work together to improve features for users and opportunities for advertisers.

When asked whether YouTube would continue to ban "pre-roll" advertisements that viewers are forced to watch before viewing the video they have selected, Hurley said YouTube was "going to be exploring a lot of options."

That prompted some YouTubers to predict that the site will have a more corporate feel in the coming months. After MySpace.com, the social networking site made popular by teenagers, was sold to Rupert Murdoch's News Corp. last year, some members of that site complained that it was becoming overrun with ads.

A member indentified as "crashomatic" wrote: "i think we are going to have to watch commercials after every 3 video clips or something, but hey its great -- for the guys who started this whole thing."

Another member, with the screen name "redstripedthinker," warned: "do not let youtube get TOO commercialized like myspace. The audience knows when they're being sold to . . ."

In buying YouTube, Google gains a huge social networking community on the Web, something it has been eager to develop without much success. Google's equivalent of MySpace.com, Orkut, is hugely popular in Brazil but not in the United States. Google Video gets about one-fourth the Web traffic as YouTube.

Jennifer Simpson, an analyst with the Yankee Group research firm, said Google should maintain the YouTube community and let its unique culture flourish.

"The younger audience who traditionally have been attracted to social-networking sites will always be fickle and will switch their allegiances to whatever site fits their needs," Simpson said.

A few members made it clear that they would leave the site if there are too many changes. A member who uses the name "peterhk69" wrote: "I see only a few things in the coming months -- more ads, more fees and less fun. Half of us will look for a new place."

Yahoo Feels Breath On Neck (NYT)

By Saul Hansell

The New York Times, October 11, 2006

As Google whips out its fat wallet to buy the video site YouTube, it is making Yahoo look even more out of step with the fast-changing Internet advertising market.

Yahoo itself tried to buy YouTube just a few weeks ago and got as close as negotiating price and terms, according to an executive briefed on the discussions. But the talks broke down, and Google swooped in and closed the deal quickly, just as it has in several recent partnership negotiations. Indeed, many Internet executives are noting just how often Yahoo appears to be late and slow, both in its own business and in negotiations with other companies.

Yahoo would seem to have a strong hand. It is the world's most popular Web site, with more than 400 million monthly users and a major seller of advertising for its own and other sites. It has top Web properties in areas like e-mail messaging and music. And its management team, led by Terry S. Semel, a former Hollywood executive, is well regarded for its skill and financial rigor.

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But in recent months the company has suffered some embarrassing setbacks in its sales of both display and Web search advertising. Many advertising industry executives say Yahoo's lead in working with big marketers has eroded as other companies have built up popular Web sites, sales operations and advertising technology.

"Yahoo has lost the favor it enjoyed a year or two ago," said David Cohen, a senior vice president of Universal McCann, a media buying agency of the Interpublic Group. He said his clients were reducing the share of their budgets they allocate to Yahoo in favor of newer sites, like MySpace, and sites developed by big media companies like Viacom.

"There are more players in town, and the others are closing the gap relative to the things Yahoo is good at," Mr. Cohen said.

But the problems at Yahoo go beyond advertising. From video programming to social networking — areas of interest to users and advertisers alike — the company is losing its initiative. And each time a product fails in the market or is late, Yahoo loses some ability to do more deals and hire more talented employees. The shares are down 38 percent this year, sending some employees out the door in search of better shots at stock market wealth.

Google, in the meantime, is taking advantage of Yahoo's problems to cement crucial deals that could make its rival's recovery even more difficult. Before Google agreed to buy YouTube for $1.65 billion in stock, it paid $1 billion for 5 percent of AOL, locking in the right to sell text ads that appear next to its search results. And it agreed to pay $900 million over three and a half years to sell ads on MySpace.com, giving it a huge number of pages where it can place banner ads. (Yahoo flirted with AOL and bid actively for MySpace.)

With these and other deals, Google has neutralized Yahoo's big competitive advantage on Madison Avenue: its ability to sell the full range of advertising, from splashy video campaigns to text ads on search results.

Joanna Stevens, a spokeswoman for Yahoo, said that no Yahoo executive would comment for this article.

"We feel our business is very strong, even if we are not growing at the rates at which the financial community is expecting us to," Ms. Stevens said. "Of course growth will slow when you already reach one out of two people on the Internet." She said that Yahoo frequently discusses business arrangements with other Internet companies, but declined to discuss any potential negotiations with YouTube.

Yahoo has been stymied because its text advertising business has been largely frozen until it completes a new software system. The upgrade is more than a year late and the delay has sucked up the company's engineering resources and prevented it from developing new advertising products. Yahoo's system produces much less money from every page than Google, a handicap in bidding for advertising deals.

Moreover, Google has grown so much wealthier and has so much more stock market value, it can afford to make deals that would be much more risky for Yahoo, said Jordan Rohan, an analyst for RBC Capital Markets.

Google has $11 billion in cash and a market value of $131 billion, while Yahoo has $4 billion in cash and is worth $34 billion. "In poker terms, Google is the dominating chip stack," Mr. Rohan said.

Some analysts argue that Yahoo needs some bold moves to signal to investors, advertisers and customers its commitment to innovation. Its growth in users is slowing. The United States audience grew just 6.5 percent in September from a year earlier, to 106 million unique visitors, while Google's grew 25 percent.

Yahoo has made several overtures to buy Facebook, a social networking site popular among college students. This would help compensate for the failure of Yahoo's own social network — Yahoo 360 — to find a place in the market. It could also expand Yahoo's appeal to young people, an area in which it has slipped.

But Mr. Rohan said it would be a mistake to respond to the Google-YouTube deal with a big offer for Facebook. "Facebook is a nice small business," he said. "I would prefer they spend less than $1 billion for it."

The company's stumbles are a puzzle, as Mr. Semel is widely considered to have built a mature and disciplined management team. He led the company out of the collapse of the Internet ad market and built a credible Internet search unit after it became clear that Google was more a rival than a partner. But in this market, what was once admirable discipline may now look like timidity.

Yahoo may well be slipping because of the sheer scope of its ambitions. It competes in news with CNN, in sports with ESPN, in e-mail with Microsoft, in instant messaging with AOL, in social networking with MySpace, and of course in searching with Google. And it does so in dozens of countries.

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"It's hard to figure out what they want to be when they grow up, even though they are grown up now," said Tim Hanlon, a senior vice president of Denuo, the media futures consulting arm of the Publicis Groupe. "Are they a content company? Are they a services company? Or are they a portal to other things? You ask three people and you may get three different answers."

Current and former Yahoo employees say the company has been bogged down by bureaucracy and internal squabbling. For example, the media group, which handles video programming, and the search group, which has a system to find videos on the Web, both wanted to offer a service for users to upload their own video clips. The search group won, but the delay allowed YouTube, a start-up, to dominate the market.

"When you become Yahoo's size, you become a little complacent, a little fat and happy," said Youssef H. Squali, an analyst for Jefferies & Company.

Companies that try to do deals with Yahoo also say they find it to be slow, demanding and inconsistent in negotiations. The discussions with YouTube floundered, in part, over Yahoo's demands for assurances over how YouTube would handle copyrighted material, concerns that were not so important to Google, the executive briefed on the negotiations said.

"They can't close a deal," said a top executive of a large media company who said he was frustrated because negotiations over a partnership with Yahoo had bogged down. "They are smart guys, but they are having real problems," said the executive, who declined to be identified because his company has other dealings with Yahoo.

Yahoo's faltering image and plunging stock price may also be hurting its ability to recruit talented people. "A lot of entrepreneurs I talk to would rather work for a hypergrowth technology company than what they consider — and this is funny — a stodgy old Internet company," Mr. Squali said.

Yahoo's existing employees are grumbling that with the stock price so low, many of their options have become worthless. Some Yahoo veterans have bolted for trendier start-ups. For example, Mike Murphy, a longtime ad salesman, is now the chief revenue officer of Facebook, and Gideon Yu, Yahoo's treasurer, quit last month to become chief financial officer of YouTube.

"They woke up and realized they had an attrition problem," said one executive who quit for a start-up this year.

Yahoo has responded by giving substantial raises to favored executives it wants to keep, according to one current executive who spoke on the condition of anonymity because he did not want to jeopardize the raise he received.

Yahoo has also had trouble developing many new offerings that capitalize on the latest trends on the Web and offer innovative formats for advertisers. Many marketers, for example, have become intrigued by the possibilities of weaving their products into the fabric of social networking sites. Even more, they are sponsoring original Internet content, especially video programs.

Two years ago, Yahoo made an expansion in Hollywood in an attempt to produce new video-focused Web sites, but it later backed off from the plan amid internal bickering.

Perhaps the biggest area of strategic confusion for Yahoo is its advertising network, which sells ads on other sites. Its Yahoo Search Marketing division has been falling further and further behind Google in selling text ads on other search sites. Yahoo lost a major source of attractive search pages when MSN began selling its own ads this year. And the Yahoo Publisher Network, which is meant to sell ads on blogs, news sites and other content pages, has languished. Dow Jones, for example, withdrew The Wall Street Journal and other sites out of the Yahoo network this spring, hiring Seevast, a small New York firm, instead.

Moreover, Yahoo has made few moves to expand its ad network to sell other types of advertisements like banners and video commercials, even though it is a leader in selling such ads on its own site. With a plethora of blogs and Web publishers looking to earn money from their efforts, there is a booming business in selling ads for these sites. AOL has made a major play in this field, buying the leading banner network, Advertising.com, and Lightningcast, a video network.

Google has moved to expand its network from text ads to selling banners and video ads, and the YouTube purchase will no doubt accelerate its push into video. Moreover, Google wants to sell ads in print, radio and soon traditional television as well.

"Google is so much ahead," said Peter Hershberg, a managing partner of Reprise Media, a search advertising agency. "Google is going into new channels like video and Yahoo is still trying to fix their core channel."

MySpace Seeks A Wider Relationship With YouTube Victor, Google (WSJ)

By Julia Angwin

DOJ_NMG_0078938

The Wall Street Journal, October 11, 2006

News Corp.'s MySpace.com, rebuffed in its effort to bid for YouTube Inc., is seeking to expand its relationship with the company that snatched the video-sharing Web site away, Google Inc.

Google Chief Executive Eric Schmidt and Advertising Sales Vice President Tim Armstrong are expected to meet this week in Los Angeles with News Corp. executives, including Chairman Rupert Murdoch, to discuss new ways of working together. One possibility is to expand Google's recently signed ad deal with social-networking site MySpace to include video advertising on the Web.

"If we can figure out the ways to work with them or integrate with them, that could be really good for us," said Ross Levinsohn, head of News Corp.'s Fox Interactive Media division, which oversees MySpace. He declined to comment on specifics.

Plans for the meeting come just days after Google struck a $1.65 billion deal to buy YouTube, significantly boosting the search titan's presence in the fast-growing Web-video arena. But the deal poses a potential competitive threat to MySpace, which is a direct competitor with YouTube among Web sites that let users post their own content.

At the same time, though, the fates of the competitors are also intertwined. YouTube gets a substantial share of its audience from MySpace users who link to YouTube videos from their MySpace pages. Google also recently signed an ad agreement with MySpace.

Circumstances of the deal upset executives at News Corp. The media conglomerate had sniffed around YouTube several times in recent months, but never made a firm offer because the start-up's executives said it wasn't for sale, say people familiar with the matter.

On Friday, after the news of Google-YouTube negotiations broke, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, the people said. YouTube didn't respond.

In reaction, News Corp. executives over the weekend discussed cutting off the MySpace links to YouTube, according to a person close to the situation. YouTube says that less than 20% of video views on its site come from MySpace.

It isn't clear whether News Corp. is still contemplating those threats. But a lot is riding on the outcome of Google's discussion with News Corp. executives this week.

Google and MySpace's recently signed joint advertising deal requires Google to provide a minimum of $900 million in ad revenue to News Corp. over the next few years in return for providing search technology and advertising on MySpace and other News Corp. sites. But the pact doesn't include video advertising. Online video advertising is in such hot demand from advertisers that the ad rates are sometimes higher than on broadcast TV. And as the one of the most popular online video sites, YouTube is poised to be a big beneficiary of the video advertising boom.

Although YouTube doesn't currently run advertising within the videos on its site, it has said it intends to expand the advertising it carries. In a conference call announcing the deal with Google, YouTube co-founder Steve Chen said, "We're going to be exploring a lot of options" in video advertising with Google.

News Corp. has also been trying to figure out how to capitalize on the video-advertising boom for some time. It has beefed up the video components of MySpace and even flirted with the idea of building a competitor to YouTube.

Over the summer, News Corp. held discussions with General Electric Co.'s NBC Universal and Viacom Inc. about building their own video portal, according to people familiar with the situation. But the talks are now dormant, these people say. This month, News Corp. announced it would put video clips from its Fox TV shows up on a MySpace section.

Viacom is currently in talks with YouTube about licensing its video content to YouTube. Viacom already has a video-advertising relationship with Google.

ENVIRONMENT:

No E. Coli In Calif. Lettuce, Company Says (WP/AP)

Associated Press

The Washington Post, October 11, 2006

DOJ_NMG_0078939

Lettuce from California that was recalled over E. coli fears tested negative for a sometimes-deadly strain of the bacteria, company officials said yesterday.

Nunes Co. said multiple samples from among the more than 8,500 cartons of recalled green leaf lettuce tested negative for pathogenic E. coli O157:H7. That strain is the one responsible for the E. coli outbreak linked to spinach that killed at least three people and sickened 199 others.

The company ordered the recall after irrigation water tested positive for E. coli. Follow-up testing of water samples determined it did not contain the pathogenic strain of the bacteria.

"We are relieved that all results were negative, and we are confident our product is safe," company president Tom Nunes said in a statement.

The Food and Drug Administration is also testing the company's irrigation water. The results should be available late today or tomorrow.

Nunes is based in California's Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak.

By Monday, Nunes reported it had tracked down all but 250 cartons of the recalled lettuce.

As part of the investigation into the E. coli outbreak spread through spinach, investigators plan to catch wild boar this week and swab them to collect samples to test for the outbreak strain of E. coli, FDA spokeswoman Julie Zawisza said. Investigators have found "a lot of evidence of wild boar" on several of the farms being searched, Kevin Reilly, a top California food safety official, said yesterday.

Set Guidelines For E. Coli (LAT)

The Los Angeles Times, October 11, 2006

THE SALINAS VALLEY GROWER that recalled 8,500 cartons of lettuce this week did all the right things: The company tested its irrigation water, and when it found E. coli, it took its lettuce off the market even before the tests could show whether it was a dangerous strain. But the current E. coli outbreak, the 20th in a decade, indicates that not all farmers take all the steps they should.

Most farms are more careful than most people realize. They regularly test their soil and irrigation water for E. coli and follow other common safety practices. The companies that buy their produce insist on it, and they require audits to back it up. Growers and markets have a powerful built-in incentive not to poison customers.

But how often do farms perform the tests and follow other safety measures? Does every farm do them, and how much is enough? These questions are difficult to answer — but they shouldn't be. Different buyers sometimes require different practices; some farms fail to take all the necessary steps. Government-mandated, uniform protocols could go a long way toward avoiding health-related catastrophes.

As long as farming is done outdoors, there is no way to guarantee against E. coli getting on produce. Although the investigation into another recent case, involving spinach contamination, is not complete, agricultural safety experts suspect that it happened in the field, not at the packaging plant, and that it was not caused by the chance droppings of a bird or other wild animal. It appears to have come up through the roots, indicating that the soil or the irrigation water was compromised.

In addition to testing, common safety practices involve locating fields at a distance from livestock operations in order to avoid contamination from manure. If farms use manure as a fertilizer, it's supposed to be pathogen-free, and even then there's generally a waiting period between fertilizing and planting. But not all farms follow all these practices, or to the same extent. In the spinach contamination case, investigators are examining manure from a cattle pasture next to the field. The strain of E. coli found in the manure is the same as that implicated in the deaths of three people who ate the contaminated spinach.

Each time there is an E. coli breakout, the state and the U.S. Food and Drug Administration demand that the industry clean up its act. The industry asks for precise guidelines on what to do, and it gets no answers. Regulators can start by outlining mandatory, common-sense safety practices to protect both public health and farming's reputation.

Courts Mow Down Development Strategy (USAT)

By Tom Kenworthy, Usa Today

USA Today, October 11, 2006

DOJ_NMG_0078940

DENVER — The Bush administration's push for more commercial development on federal land in the West is colliding with the environmental legacy of former president Richard Nixon.

In a half-dozen cases since August, federal courts have slapped down the administration's plans to drill for oil and gas in Utah and Alaska, to allow road-building and logging in federal forests, to ease regulation of livestock grazing on public rangeland and to divert water from a Colorado national park.

The judges in each case said the administration failed to comply with a landmark environmental law overwhelmingly passed by Congress and signed by Nixon in 1970 called the National Environmental Policy Act (NEPA).

The law requires government agencies to study potential environmental consequences of federal projects and to allow citizens to comment on those actions. Agencies must prepare "environmental impact statements" that can run hundreds of pages, or issue less extensive "environmental assessments" on minor projects.

In its nearly 40-year history, the law has had a broad impact on how government agencies decide on everything from constructing highways to logging forests to building dams. The Supreme Court noted in a 1989 case: "Simply by focusing ... attention on the environmental consequences of a proposed project, NEPA ensures that important effects will not be overlooked."

In recent months, the law has been an effective tool for environmentalists seeking to block initiatives that would allow commercial activities on hundreds of millions of acres of public land.

"This administration has taken some very risky positions that disregard (NEPA's) legal requirements, and those risks are now coming home to roost," says Robert Dreher, of Defenders of Wildlife, who wrote a 2005 study of the law at the Georgetown Environmental Law & Policy Institute.

James Connaughton, chairman of the White House's Council of Environmental Quality, which oversees implementing the law, says thousands of environmental reviews are performed each year, and less than 1% are challenged in court. "It's extremely rare that cases are litigated, and even rarer that the government loses," he says. The administration won recent challenges to oil and gas drilling in Alaska and New Mexico.

Some government plans blocked by federal courts since August:

• Rules covering nearly 50 million acres of national forest that could have led to road-building, logging and other development. U.S. Magistrate Elizabeth Laporte in California reinstated a Clinton-era ban on nearly all commercial and development activities on land mostly in the West. That leaves so-called roadless areas open to recreational use like hunting, hiking and horseback riding, but not to drilling and logging that require roads.

• Oil and gas drilling near 400,000 acres of wildlife habitat in northern Alaska. U.S. District Judge James Singleton ruled that the Interior Department's plan to drill in the Teshekpuk Lake area of the National Petroleum Reserve had failed to consider the impact on wildlife, particularly caribou.

• A plan by the Bureau of Land Management to sell oil and gas leases in parts of Utah was stopped by U.S. District Judge Dale Kimball. He ruled the agency did not consider an analysis by the Clinton administration that the undeveloped area was pristine and could qualify as wilderness with federal protection if Congress agreed.

• Rules for grazing on federal land that would allow ranchers more time to correct environmental damage and give them title to improvements such as fences. U.S. District Judge B. Lynn Winmill said the Bureau of Land Management violated NEPA by limiting public comment and by ignoring evidence the rules could harm the rangeland.

• Commercial logging in California's Giant Sequoia National Monument. U.S. District Judge Charles Breyer said the Forest Service plan "trampled the applicable environmental laws," including NEPA.

The Justice Department could appeal these rulings.

Copper Plant Illegally Burned Hazardous Waste, E.P.A. Says (NYT)

By Ralph Blumenthal

The New York Times, October 11, 2006

HOUSTON, Oct. 10 — A bankrupt copper giant facing billions of dollars in pollution claims across the nation pretended for years to recycle metals while illegally burning hazardous waste in a notorious El Paso smelter, according to a newly released Environmental Protection Agency document.

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The agency, in a 1998 internal memorandum, said the company, Asarco, and its Corpus Christi subsidiary, Encycle, had a permit to extract metals from hazardous waste products but used that as a cover to burn the waste until the late 1990's, saving the high costs of proper disposal.

Among the more than 5,000 tons the company was accused of misrepresenting as containing metals for reclamation were more than 300 tons of nonmetallic residues from the former Army chemical warfare depot at the Rocky Mountain Arsenal outside Denver. (It is not clear what the arsenal's material contained.)

"This activity, plain and simple, was illegal treatment and disposal of hazardous waste," the environmental agency said in the memorandum, long held confidential but recently obtained by two El Paso environmental groups opposed to the smelter. "Encycle's own business records provide compelling evidence of sham recycling."

There was no response to messages left for an Asarco spokeswoman at corporate offices in Tucson and for the El Paso plant manager. But a company history states, "Asarco is committed to responsible management of our natural resources."

Asarco was founded as the American Smelting and Refining Company in 1899 and was bought by Mexican interests in 1999. It has long faced complaints of contaminating broad swaths of downtown El Paso and borderland areas of Mexico with lead and other dangerous metals, and it has been the target of federal, state and local complaints involving at least 94 sites in 21 states.

But although the environmental agency reached a landmark national $20 million cleanup and penalty settlement with Asarco in 1999, the details of the violations had never been disclosed. The El Paso plant was shut down in 1999, but the company is now seeking permission to reopen it.

The long-confidential records were obtained from the Texas Commission on Environmental Quality through public information requests by the two citizens groups, the Get the Lead Out Coalition and the Sunland Park Grassroots Environmental Group, which provided copies to The New York Times.

"They were supposed to recycle reusable residues," said Heather McMurray, a teacher who requested the records. "They just burned them."

Ms. McMurray said the disclosure came as news to her and other activists who had been opposing Asarco for years with claims that pollutants released by the plant caused untold sickness.

"How could this not have been made public before?" said State Senator Eliot Shapleigh, Democrat of El Paso, who has long campaigned against the company and tracks developments on his Web site. "I was not aware of it."

Mr. Shapleigh added: "In the American West, the modern trail of tears is the lead and arsenic left behind from Asarco."

Michael D. Goodstein, who as a Justice Department environmental lawyer helped negotiate the 1999 settlement with Asarco, said the E.P.A. memorandum detailing Asarco's violations was for internal use and was not meant to become public.

"This was the E.P.A. position, and it was addressed in the enforcement actions and the settlement approved by the judge," Mr. Goodstein, who is out of the government, said in an interview. Although the 122-page settlement does not spell out misdeeds, it commits Asarco to lengthy remedies, including the proper recycling of hazardous waste.

Terry Clawson, a spokesman for the Texas Commission on Environmental Quality, also said, "You can't say this was unknown."

Mr. Clawson pointed to an E.P.A. news release in 1999 that announced the settlement of federal and state claims against Asarco. But the release, while citing the company for "failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices" and accepting "shipments of unmanifested hazardous waste," does not say specifically that the company burned the waste under a subterfuge.

Although the company has filed for Chapter 11 bankruptcy protection, it is also awaiting action from the Texas commission on an application to renew smelting in El Paso, and it still faces a mountain of litigation and enforcement actions. As recently as August, the Justice Department filed a claim under the bankruptcy proceedings to assure Asarco's compliance with terms of the agreed-upon cleanup at Encycle.

At the same time, Mr. Shapleigh said a tabulation showed that legal claims filed against Asarco amounted to more than $21 billion.

DOJ_NMG_0078942

Cleaner Diesel Fuel Is Set To Pump (WSJ)

By Mike Spector

The Wall Street Journal, October 11, 2006

Ultralow-Sulfur Formula Could Cut Reliance on Oil; Economy's 'Invisible Force'

Ultralow-sulfur diesel fuel will start hitting U.S. fuel pumps this month, opening the door for auto makers to expand the use of European diesel technology in U.S. cars and light trucks.

The Bush administration and the Natural Resources Defense Council, an environmental group, yesterday hailed the expected arrival Sunday of ultralow-sulfur diesel fuels and the potential for modern diesel engines to use such fuels to help the U.S. reduce its oil consumption. The new diesel contains 97% less sulfur than the old version, officials said, emitting only 15 parts per million of sulfur, compared with 500 parts per million.

Auto makers -- particularly those that have made substantial investments in diesel-engine technology for Europe -- are gearing up to try to take advantage of the arrival of ultralow-sulfur diesel fuel in the U.S., the world's largest single auto market. The exhaust-scrubbing technology that auto makers have developed to attack the soot and other pollutants that tarnished diesel's reputation in the U.S. needs almost sulfur-free fuel to work properly.

Strict State Rules

DaimlerChrysler AG's Mercedes-Benz brand will start selling its diesel-powered E320 Bluetec sedan in 45 states starting next week. The current model bests the stringent federal emissions standard but falls short of the standard in five states. Mercedes says it will offer further Bluetec models that will meet standards in all 50 states as early as 2008.

"Fuel that's cleaner initially, that's the key to getting more diesels on the road and also meeting emissions requirements," said Mercedes spokesman Rob Moran.

Volkswagen AG, currently the top seller of diesel-engine passenger cars in the U.S., plans to offer new diesel models in 2008 that will meet emissions standards in all states. Other auto makers, including Japan's Honda Motor Co. and U.S. market leader General Motors Corp., have recently announced plans to offer clean-running light-vehicle diesels for the U.S. market over the next two to three years.

Under the rollout, 80% of diesel pumped at U.S. retail stations must be the new ultralow-sulfur type. Officials said they expect as much as 90% of new diesel deliveries to be of the new variety. Ultralow-sulfur diesel will be the only diesel fuel allowed beginning in 2010.

"Diesel is the invisible force that moves the American economy, but until now it has also been a big polluter," said Richard Kassel, head of the NRDC's clean fuels and vehicles project. "Combining the new fuel with cleaner and more energy-efficient engines will mean healthier air and reduce our dependence on oil."

Environmental Protection Agency officials also predicted significant long-term health benefits, including $150 billion in annual health-care and welfare-related savings and 20,000 fewer premature deaths each year.

Until now, diesel has primarily powered trucks and buses in the U.S. Diesel trucks move more than 18 million tons of the nation's freight a day, according to the NRDC. About 14 million Americans ride half a million diesel buses to work and school, the group says.

Pollution vs. Mileage

Diesel has historically been viewed as an environmental problem because burning it produces more pollutants than gasoline. But diesel engines get better mileage than gasoline engines.

Now, Americans could see more diesel engines in passenger cars. Researchers at J.D. Power & Associates predict diesel sales will nearly triple in the next 10 years because of the engine's fuel efficiency -- typically 20% to 40% more miles per gallon than gasoline engines.

In Europe, diesel cars account for nearly half of the car market. In the U.S., diesel-powered passenger cars and light trucks are a niche market, despite recent efforts by VW and DaimlerChrysler to reignite interest in their European diesel engines.

Cost is an issue. In North America, diesel engines could add $2,000 to passenger-car prices, and possibly more, said Charles Freese, GM's executive director of diesel engineering. In addition, after-treatment technology to address nitrous oxide and particulate emissions can run thousands of dollars, he said.

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Large markets such as California and New York have tough emissions standards that many auto makers cannot yet meet. That will remain a major hurdle for production of new diesel-engine vehicles. Toyota, for example, doesn't plan any diesel rollouts in the near future because of those strict standards and will instead stick to its well-selling hybrid vehicles, said Wade Hoyt, a spokesman for Toyota Motor Corp. Toyota does sell diesel-powered passenger cars in Europe.

Low-Sulfur Diesel Fuel Is Reaching Market (NYT)

By Felicity Barringer

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — The biggest revolution in highway fuels since lead was removed from gasoline will be nearly complete on Sunday as a vast majority of trucks and buses will be able to fill their tanks with diesel fuel with just 3 percent of the sulfur content in the older fuel.

Like lead, sulfur generates air pollution that leads to severe health consequences. Like lead, it also gums up the works of fine-tuned pollution control devices, making it exceedingly difficult to produce cleaner-burning engines.

So the new fuel will pave the way for new generations of diesel engines that experts say will eventually cut lethal particulate pollution from diesel tailpipes an estimated 95 percent.

On Tuesday, the Bush administration embraced this signal accomplishment as its own, ignoring the origins of the underlying regulation in the 1990's and the fact that it became effective in December 2000, before President Bush took office.

In a news conference in Columbus, Ind., the headquarters of Cummins Engine, a major manufacturer of diesel engines, the environmental protection administrator, Stephen L. Johnson, said, "Under President Bush's leadership, the pumps are primed to deliver clean diesel and a cleaner future for America."

The new fuel contains 15 parts per million of sulfur, down from the standard of 500 parts per million, thanks to changes in the refining process. As of Sunday, at least 80 percent of the diesel available for trucks and buses has to meet the new standard.

Officials of the environmental agency said Tuesday that the changeover was occurring so swiftly that 90 percent of the fuel would be compatible.

Old diesel engines burning the cleaner fuel will reduce dangerous particulate emissions by 10 percent, experts say. New engines with improved controls, which have to be available by Jan. 1, will cut this particulate pollution by more than 95 percent. The rule mandates more improved engines in 2010. It is unclear how soon existing trucks and buses, which often are in use for more than 10 years, will be turned in for newer models.

The new fuel is expected to cost 3 cents to 5 cents more per gallon. Like many regulations that took effect in the twilight of the Clinton administration, the diesel rule, covering fuel and the seven million trucks and buses on the roads, was temporarily stayed by the Bush administration.

Then the Environmental Protection Agency allowed it to proceed and in 2004 supplemented it with a similar rule requiring tight controls on engines in off-road equipment like cranes, tractors and construction equipment.

Leading environmental groups linked arms with industry in a chorus of praise for the new fuel and engines to follow. They emphasized the health benefits and the novel wording of the rule. Unlike earlier regulations, the new rule links the development of the new fuel to developing cleaner-burning engines. Richard Kassel, a senior lawyer and air-pollution specialist with the Natural Resources Defense Counsel, said that when planning for the rule began in 1995, gasoline-powered cars outnumbered diesel-powered trucks and buses by 190 million to 6.7 million.

The diesel vehicles emitted 43 percent of the smog- and particulate-forming nitrogen oxides and more than two-thirds of the soot. Even though the diesel-produced particulates were 3 percent of the total particulate matter in the air, most of which was from industrial sources, Mr. Kassel added, "tailpipe particulates are coming out right where we breathe."

Mr. Johnson said diesel engines had been the workhorses of the economy and the vehicle fleet.

The relatively high sulfur levels in diesel have been a significant obstacle to producing diesel-powered cars that met federal environmental standards.

Several engine and automobile manufacturers have signaled that more high-mileage diesel-fueled cars, a fixture on European highways, may become available.

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Allen Schaeffer, executive director of the Diesel Technology Forum, an industry group, said in a conference call Tuesday that the new standard was also significant because it "opens up the door of possibility" to a new generation of light-duty diesel cars and trucks in the United States in the near future.

The environmental agency estimates that when the current truck and bus fleets have been replaced and all are using the heavy-diesel engines that will become standard-issue next year, the new rule will prevent 8,300 premature deaths annually.

In the Clinton and Bush administrations, the development and roll-out of the diesel rule for trucks and buses has been notable for the cooperation among industry, the government and environmental groups, officials of the three groups have said.

Margo T. Oge, director of the office of mobile sources in the agency's air division, said Tuesday that the speed with which the new fuel became available had exceeded the agency's expectations.

Carol M. Browner, the administrator who signed the original rule, bristled on Tuesday at the Bush administration's proprietary attitude.

"The best they can do in environmental policy," Ms. Browner asked, "is take credit for someone else's work?"

Biologist Bushwhacks His Way To Court (LAT)

By Bob Pool, Times Staff Writer

The Los Angeles Times, October 11, 2006

He has spent decades working to protect Los Angeles' endangered Ballona Wetlands.

But did environmentalist Roy van de Hoek go too far when he took his pruning shears to a nonnative tree and plants in the Westside nature preserve?

Los Angeles prosecutors say yes. They have filed six vandalism counts against Van de Hoek, alleging that he entered the wetlands without permission and destroyed city parks property when he cut down the invasive plants. If convicted, he could face six years in prison and fines of up to $15,000.

Conservationists who support the veteran ecologist disagree. They assert that the prosecution is simply payback from those who for years have felt the sting of Van de Hoek's activism. The case, they suggest, is designed to scare away others from actively harvesting invasive plants from local nature preserves.

Van de Hoek has not denied cutting the plants. Characterizing the eradication work as a continuation of his years of plant removal in the wetlands, he said he intends to plead not guilty to the charges Thursday in Los Angeles Superior Court. But for now, he has been banned from leading tours and doing rehabilitation work at the wetlands, where Ballona Creek meets the ocean south of Marina del Rey.

"My entire life has been dedicated to conservation, preservation and restoration of endangered species and wild lands," said Van de Hoek, 50, of Playa del Rey.

The proliferation of such vegetation in ecologically sensitive areas has become a major issue with conservationists, who worry that it squeezes out native plants. Though the trend in landscaping has been toward planting native foliage, even natural areas such as the Ballona Wetlands still have many nonnative plants that have taken root over the years, from seeds carried by birds and the wind.

The Friends of Ballona Wetlands, which has assumed a major role in the restoration of the onetime marshy area, has condemned what it calls "its continuing deterioration because of nonnative plant invasions."

The dispute illustrates the deep passions that continue to surround the 600-acre preserve despite what seemed three years ago to be a peaceful conclusion to an emotional 20-year campaign to save the wetlands.

The state agreed in 2003 to spend $140 million to purchase acreage in the wetlands from the developers of Playa Vista. As part of the deal, builders of the residential project scaled back their plans and donated hundreds of additional acres as open space.

But relations have remained strained among some of the nearly two dozen groups that have environmentalist-sounding "Ballona Wetlands" names. Some of the organizations favored a total ban on development to preserve all open space as part of the wetlands. Others preferred fostering a working relationship with developers that would focus preservation on the wettest parts of the land.

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That has led to some groups being branded "radical extremists" and others "sellouts."

The misdemeanor criminal complaints were issued by Los Angeles City Atty. Rocky Delgadillo. They allege that Van de Hoek took shears to a pair of city-owned myoporum shrubs without authorization in August 2005 and to a city-owned ficus tree in March.

The charges are not the first for Van de Hoek, a trained biologist who has worked for the federal and local governments. Nine years ago he was convicted of misdemeanor vandalism for cutting down nonnative eucalyptus trees at the federally owned Carrizo Plain National Monument in Central California. He was sentenced to community service: removing nonnative plants from state parkland near Morro Bay.

As his arraignment approaches, the current case remains murkier than the brackish freshwater-saltwater mix that all hope will someday rejuvenate the Ballona Wetlands.

Van de Hoek's supporters insist that the city's parks department has no jurisdiction over the land where the myoporums were allegedly cut because it is owned by the state's Department of Fish and Game.

That agency has issued permits to two environmental groups to weed out invasive vegetation from wetland areas — something that would have covered Van de Hoek if he did remove any shrubs.

Some suggest that the prosecution is political in nature, a reward to Playa Vista developers who have contributed to Delgadillo and whose project has been a target of Van de Hoek's activism over the years.

Playa Vista President Steve Soboroff scoffs at that notion.

"I donated to Rocky Delgadillo's campaign for attorney general," he said. "But I also donated to Jerry Brown. Playa Vista supported them both."

Soboroff said no one from the 5,846-unit Playa Vista project pushed for Van de Hoek's prosecution.

Nick Velasquez, a spokesman for Delgadillo, also denied that the plant-cutting case was rooted in politics.

Celebrity lawyer Thomas A. Mesereau Jr., who said he is representing Van de Hoek at a discounted fee, strongly disagrees. He complained that Delgadillo's office issued a news release touting the charges, followed by a city-produced "news report" on the city-run cable TV channel.

"It has to be political," Mesereau said. "Why in the world in a city as crime-ridden as Los Angeles, where the city attorney repeatedly talks of stopping gang violence, would something like this occur?"

The television segment riled Van de Hoek's supporters. It depicted a Ballona Wetlands expert condemning what was described as "the ugly shadow of vandalism." But it failed to identify the person as a former Playa Vista consultant, said Marcia Hanscom, a fellow activist who heads the Wetlands Action Network and is Van de Hoek's fiancee.

Others complain that Delgadillo's press statement inaccurately listed the state Department of Fish and Game as an agency that helped conduct a "thorough investigation" that led to Van de Hoek's prosecution.

"To my knowledge, there has been no communication between the city attorney and Fish and Game," said Brad Henderson, who is in charge of the Ballona Wetlands for the agency.

Henderson said officials don't condone plant eradication by rogue do-gooders. However, he did describe Van de Hoek as a "knowledgeable naturalist."

Invasive weeds are considered "one of the top threats to native biodiversity" and something he is seeking additional state money to combat, Henderson said.

Thin, intense and earnest-looking, Van de Hoek is a familiar presence in wetlands and coastal areas.

On sunny days he's often clad in shorts and a floppy straw hat as he makes his way across grasslands and sandy hillocks.

Those who support the city's prosecution say witnesses from the Department of Sanitation had no difficulty recognizing Van de Hoek cutting the shrubs during daylight hours. A nearby resident reportedly saw him cut the ficus, on city parkland at the edge of the wetlands, in predawn hours.

As for Van de Hoek, he said fast-growing nonnatives kill native plants by crowding them out. But he predicted that his own brush with the law won't smother environmentalists' weed-out-the-invaders campaign.

"It may encourage other people to stand up," he said.

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Firm Must Pay Asbestos Costs (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, October 11, 2006

The high court upholds the EPA's claim that W.R. Grace must clean up a Montana mine site.

SEATTLE — The Supreme Court on Tuesday let stand lower court rulings that require W.R. Grace & Co. to pay a $54.5-million federal bill for asbestos cleanup in a Montana mining town described by federal regulators as one of the nation's most contaminated Superfund sites.

The court rejected Grace's appeal of a decision in favor of the Environmental Protection Agency, which sued Grace five years ago to recover the cleanup costs at a vermiculite mine in the town of Libby.

The government is also pursuing a criminal case involving several former executives or managers of the mining company for allegedly concealing health risks at the mine.

That trial will not begin until next year at the earliest.

The asbestos-laden vermiculite, laced into the mountains around Libby, was used as insulation in hundreds of thousands of homes and office buildings.

The mine, which opened in 1939 and was purchased by Grace in 1963, once produced about 80% of the world's supply of the mineral.

Grace operated the mine until 1992, unleashing what the U.S. attorney for Montana, William W. Mercer, described as a "human and environmental tragedy" in the town.

Nearly two-thirds of employees with more than 10 years of service tested positive for lung ailments, according to accompany memorandum written in 1976 by one of the indicted men.

The cleanup of the town continues, and some residents said the matter would wind up in court again because the ultimate cost of remediation would be much higher than the $54.5 million at issue in the case decided Tuesday.

"It's a small step, really, but it's another step forward," Gayla Benefield, a former bartender and a leader of Grace critics in Libby, said of the court's action. She and her husband have been diagnosed with asbestosis, and her parents died from it.

In its appeals, the company argued that the EPA's efforts in Libby amounted to a long-term rehabilitation of the area, rather than an emergency cleanup.

Under the law, toxic polluters can be forced to repay the EPA the full cost of cleaning up hazardous substances that pose an immediate risk to the public but face more limited charges for such long-term "remediation" of the area.

Grace argued that much of the agency's work was indeed remedial, but the federal courts disagreed and sided with the EPA, which contented that the public health crisis required ongoing action.

"The situation confronting the EPA in Libby is truly extraordinary," the U.S. 9th Circuit Court of Appeals said in December.

About 12,000 residents of Libby and nearby communities "face ongoing, pervasive exposure to asbestos particles being released through documented exposure pathways. We cannot escape the fact that people are sick and dying as a result of this continuing exposure."

For that reason the appeals court, based in San Francisco, upheld a judge's order requiring Grace to repay the EPA's cost for the emergency cleanup.

The EPA "is committed to making polluters pay, and today's decision allows us to continue holding W.R. Grace responsible for cleanup of the contamination in Libby," said Jessica Emond, a spokeswoman for the agency.

During its cleanup over the last several years, the EPA has used vacuum trucks and other equipment to remove vermiculate-laced soil.

Grace, which filed for bankruptcy protection in 2001 under the weight of thousands of asbestos-related claims across the nation, said it has spent millionsof dollars in Libby to help residents address health issues.

An EPA toxicologist once said people in the Libby area had experienced "the most severe residential exposure to a hazardous material this country has ever seen."

The criminal case, tied up in part over legal arguments about admissible evidence, centers on the question of whether company officials knowingly failed to warn workers of the dangers of prolonged exposure to vermiculite.

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The 2005 indictments said the officials were criminally negligent, a contention Grace denied. "Though court rules prohibit us from commenting on the merits of the government's charges," the company said in a statement at the time, "we look forward to setting the record straight in a court of law."

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Times staff writer David Savage contributed to this report.

W.R. Grace Must Pay EPA Cleanup Bill (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, October 11, 2006

Having exhausted its appeals, W.R. Grace & Co. must pay $54.5 million to clean up land and buildings around its former Montana mine that has been linked to hundreds of illnesses and deaths from asbestos-related diseases.

The Supreme Court declined yesterday to consider Grace's appeal of lower-court decisions that sided with the Environmental Protection Agency. The EPA sued Grace in 2001 to recover cleanup costs related to the mine in Libby, Mont., which Grace and its predecessors operated between the 1920s and 1990.

The EPA's costs include cleaning or demolishing contaminated buildings, removing contaminated soil, and providing health screening for Libby residents and former mine workers.

Grace will pay the government with reserve funds the company has set aside, said Greg Euston, a spokesman for the Columbia company. The payment should have no bearing on the company's bankruptcy status or its reorganization plan, he said.

The specialty chemicals company filed for Chapter 11 bankruptcy protection in 2001 in response to a rising number of asbestos-related claims.

As of June 30, Grace estimated its environmental liabilities associated with the Libby mine - including the $54.5 million owed to the EPA - at $255.4 million, according to a filing with the Securities and Exchange Commission.

That price tag will likely grow, the company said, because it does not include the cost of cleaning up the mine itself.

The EPA began investigating reports of health problems among Libby residents and former mine workers in 1999. The government estimates 1,200 of 8,000 local residents have died or become sick from exposure to asbestos-laden dust. The vermiculite mined there also was used in insulation in residents' homes and public buildings.

Criminal charges Grace and seven current and former executives face criminal charges of covering up the extent of the contamination. Their federal trial was supposed to start last month but was delayed until late next year at the earliest, after prosecutors appealed several pretrial rulings.

Grace doesn't dispute it has a financial obligation to clean up the contamination. However, the company challenged the EPA's method of calculating the cost. Grace argued that those costs are capped at $2 million unless an analysis is conducted before the cleanup starts to ensure it is done cost effectively.

The 9th U.S. Circuit Court of Appeals sided with the EPA, and wrote in its Dec. 1, 2005 decision that an "immediate, aggressive response" was necessary and exempt from any cap.

'Extraordinary' "The situation confronting the EPA in Libby is truly extraordinary," wrote Judge M. Margaret McKeown. "We cannot escape the fact that people are sick and dying as a result of this continuing exposure."

In August, Solicitor General Paul D. Clement issued a statement endorsing the appeals court's decision and urging the Supreme Court not to hear the case. The EPA referred calls yesterday to the Justice Department, which did not respond to a request for comment.

Grace stock closed up 5 cents yesterday at $12.70.

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High Court Rejects Cleanup Costs Case (AP)

By Associated Press

AP, October 11, 2006

WASHINGTON – W.R. Grace & Co. lost its bid to the Supreme Court Tuesday to get out from under a $54 million bill to clean up asbestos in the Montana mining town of Libby.

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Justices rejected without comment Grace's appeal of rulings that said the company was responsible for the entire cost of removing asbestos-contaminated soil in Libby.

The case pits Grace, which operated a vermiculite mine in Libby for 27 years, against the Environmental Protection Agency, which oversees the Superfund program for the nation's worst hazardous waste sites.

Grace argued in court papers that the EPA had no authority to hand the company the entire cleanup bill, as well as responsibility for future costs. The 9th Circuit U.S. Court of Appeals and a federal district judge sided with EPA, which sued Grace in 2001 to recover cleanup costs.

Grace said others appeals courts have ruled that companies can't be forced to pay the entire cost of cleaning a polluted site without being allowed to challenge whether the cleanup was necessary.

Abortion case reversal

The Supreme Court turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago.

Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade.

Cano said an aggressive attorney pushed her into the abortion case.

Her current lawyers' legal brief says that despite advances in medicine, science and technology, the justices have "frozen abortion law based on obsolete 1973 assumptions and prevented the normal regulation of the practice of medicine."

The 11th U.S. Circuit Court of Appeals ruled in January that neither it nor a U.S. District Court had the authority to reverse the Supreme Court's decisions in Doe v. Bolton or Roe v. Wade.

Do-not-call challenge

A political polling firm lost a Supreme Court challenge to a North Dakota law that bars telemarketers from making prerecorded interstate calls to the state's residents.

The North Dakota "do-not-call" law says callers cannot use robo-call machines unless a live operator obtains the subscriber's consent before a prerecorded message is delivered.

The Virginia-based political polling firm, FreeEats.com, argued that the North Dakota law is preempted by the federal Telephone Consumer Protection Act, which allows prerecorded non-commercial calls. Justices declined to review a state Supreme Court ruling upholding the law.

Same-sex marriage fight

The Supreme Court refused to intervene in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed.

The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage.

A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts.

Illegal immigration

Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case.

A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States.

The omission was so serious that it required automatic reversal of the conviction, the appellate court said.

Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver's license when he approached the border crossing at San Luis, Ariz., on June 1, 2003.

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Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began. Even so, he said, the conviction should stand.

Congress Acts To Clean Up The Ocean (CSM)

By Mark Clayton

The Christian Science Monitor, October 11, 2006

A biologically rich coral island chain in the Pacific Ocean northwest of Hawaii, which President Bush designated as a marine national monument, is under assault from floating garbage ranging from plastic bottlecaps to baby diapers.

Hailed by environmentalists as one of the president's most enduring contributions to the environment, the Montana-sized monument includes uninhabited islands home to some 7,000 marine species, at least a quarter of which are found nowhere else on earth.

But the new national monument also resides on the edge what marine scientists call the great "eastern garbage patch": a section of slowly rotating Pacific Ocean currents - or gyre - double the size of Texas that acts as a giant garbage collector.

Sitting between Hawaii and northern California, the patch's sluggish currents wash onto the Northwestern Hawaiian Islands Marine National Monument. That 1,200-mile-long island chain north of Kauai acts as the teeth of a giant comb, straining onto its otherwise pristine beaches and coral reefs floating trash, such as syringes, bags, six-pack rings, and tons of fishing nets and other gear.

Concern about the problem has risen to such a level that Congress has acted on it. On Sept. 27 the House passed a bill that would give a lift to struggling ad-hoc efforts to clear debris from the Northwestern Hawaiian Islands. Their move follows the Senate's approval of the legislation last year. Observers are optimistic that the bill will be finalized, and Mr. Bush will sign it into law after the November election.

It would not be a moment too soon, experts say. About 3 million tons of the trash floating in the garbage patch is plastic, estimates Charles Moore, founder of the Algalita Marine Research Foundation in Long Beach, Ca., who has traversed the gyre on research expeditions.

Samples he collected in a recent study showed that there were more tiny bits of plastic by weight than there were plankton per cubic meter of sea water.

"It's a toilet that never flushes, but just keeps accumulating," he says of the patch. "If you're an organism in this area you have six times as much chance of bumping into something plastic as you do something natural."

Globally, millions of tons of trash enter the ocean each year. Between 60 and 80 percent of it is land-based, washing into streams and rivers and finally the ocean from landfills, storm water discharges, litter, and sewage overflows.

The rest is from ocean-based operations, including fishing gear, junk from oil and offshore mineral exploration, illegal offshore dumping, and shipping containers washed overboard.

A container of thousands of plastic yellow toy ducks bound from China to the US was lost in the Pacific Ocean in 1992, but made news in 2003 when the ducks began washing up in Europe. Examples of trash slopping onto US beaches have included Nike running shoes, Lego building blocks, umbrella handles, and hockey gloves, experts say.

Old "ghost" fishing nets adrift in the sea and smaller plastic objects are special hazards for marine birds and mammals because birds tend to gobble colored plastic until they die. These hazards can have lasting effects on the monument since many species call the region home.

"Marine debris has a tremendous impact on the monument because of what's there in terms of wildlife," says Seba Sheavly, coordinator of the National Marine Debris Monitoring Program, a program funded by the Environmental Protection Agency. "We have a critical situation for Hawaiian monk seals that are horribly depressed in number. In the very place where the young are learning to fish and play, it's where these old nets get caught."

Animals are not all that get snared. In August 2005, a Russian minisubmarine became snagged in an old fishing net 625 feet below the Pacific Ocean surface before being rescued. Cargo ships with propellers bound up in miles of old net pull into Hawaii for repairs, says Christine Woolaway, the Kalaeloa, Hawaii-based coordinator for the Northwestern Hawaiian Islands cleanup.

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But it was the heart-wrenching pictures of animals snarled in plastic packaging and old fishing lines that first grabbed public attention in the 1970s.

As of this past summer at least 130 countries including the US had ratified international agreements. Hundreds of thousands volunteer for regular worldwide beach cleanups sponsored by the Ocean Conservancy, an environmental group that tracks marine debris.

Yet political action, public attention, and cleanup funding have waned in the past decade, overshadowed by issues such as climate change and declining global fisheries. But hurricane Katrina, which pushed tons of debris into the Gulf of Mexico, and the new national monument, have helped give the issue some attention.

A debris-marine bill sponsored by Sens. Daniel Inouye (D) of Hawaii and Ted Stevens (R) of Alaska, was approved by the Senate last year.

Then, last month, the House unanimously approved the legislation, which sends $15 million and a mandate to the National Oceanic and Atmospheric Administration, US Coast Guard, and other agencies to rev up their garbage compactors.

It also provides modest grant funds for research, sets up a trash-tracking database, and mandates that federal agencies educate the public.

"We need some help, that's for sure, because there's more debris out there on those islands than any one agency can handle," says Ms. Woolaway.

Since 1995, at least 680 tons have been removed in the cleanup along the islands - much of it in old nets. With little landfill space in Hawaii, an automotive salvage company shreds the nets with the residue burned to make electricity in an electric company boiler.

But even after a thorough cleanup, the next year tons more debris wash ashore from the eastern garbage patch.

"Every single piece of trash on the beach or in the water has a person's face behind it - it's that simple," Ms. Sheavly says. "The cigarette lighters, shampoo bottles - the animals on the island didn't do that. It comes from improper waste management practices. This is a fixable problem, and the answer is simple: We've got to have more awareness and give people an opportunity to change their behavior."

FBI/DEA/ATF/USMS:

Police Officer Among 6 Charged In Drug Sting (SLPD)

By Heather Ratcliffe

St. Louis Post-Dispatch, October 11, 2006

Bobby Wood figured he could make more money if he stole dope from his supplier rather than pay for it, federal officials said Friday, so he enlisted a corrupt cop and a towing company owner to intercept couriers carrying cocaine.

The FBI spent more than a year watching them, officials revealed Friday in announcing charges against six men that accuse them of trafficking in more than $2.4 million worth of cocaine.

U.S. Attorney Catherine Hanaway said the alleged leader, Wood, 37, arranged for out-of-state couriers to drive through Hillsdale, where police Sgt. Christopher Cornell would stop the vehicles and arrest the drivers.

Bruce Gales, 36, owner of Galez Towing and Recovery in Wellston, took the couriers' cars away and then stole the drugs from hidden compartments, the indictments say. Gales allegedly received at least $35,000 for his role.

Wood paid Cornell $200 to $1,000 each time the officer detained a drug courier, according to the indictments.

Wood arranged to steal the drugs so he would not have to pay the couriers, Hanaway said.

"It saddens me a great deal any time we have to charge a police officer with abusing his authority," Hanaway said at a news conference. "It's sad when we find a police officer cooperating with drug dealers."

Wood, Cornell and Gales were named in the indictments, along with their alleged distributors - Mark Bonds, 43, and Mario Lucas, 35, both of north St. Louis County, and Christopher L. Jones of O'Fallon, Mo. Each is charged with one felony count of conspiracy to distribute cocaine.

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In addition, Wood, of the 1300 block of Woodruff Avenue in Pagedale, was indicted on a charge of conspiracy to commit money laundering. Gales also faces charges of attempting to possess cocaine with intent to distribute, using a communication device to facilitate a felony and conspiracy to commit money laundering. Cornell was charged with attempting to possess cocaine with intent to distribute and use of a communication device to facilitate a felony.

Gales, of the 200 block of Houshang Lane in St. Louis County, is also under investigation by the Missouri attorney general's office for unrelated accusations of overcharging customers.

Federal prosecutors are seeking forfeiture orders against several of the defendants to recover cash and expensive vehicles allegedly purchased with the drug profits - including a 2003 Mercedes-Benz, 2003 Land Rover and several customized cars.

Hanaway said the group bought and sold cars and motorcycles to launder their money so authorities did not know it was tied to drugs. Investigators with the Internal Revenue Service said they dissected the suspects' financial affairs to find the drug money.

Roland Corvington, the FBI special agent in charge at St. Louis, said the probe began in the spring of 2005, after an informer tipped off a St. Louis city police officer assigned to work with the FBI. Authorities used a wiretap and surveillance to document drug activities for more than a year, Corvington said. The drug ring used safe houses to store and distribute the cocaine, according to the indictments. The suspects communicated with cell phones in other people's names.

In August, a federal agent videotaped a pre-arranged traffic stop in which Cornell stopped an FBI informer posing as a drug trafficker. After the officer took away the driver, agents watched Gales and Wood take a duffel bag from the car.

On Friday, all but one of the defendants were arrested or surrendered to federal authorities. Police were still looking for Jones, of the 100 block of Jacobs Way.

Hillsdale Police Sergeant, Five Others Indicted On Drug Charges (SLBIZ)

St. Louis Business Journal, October 11, 2006

Galez Towing and Recovery owner Bruce Gales, Hillsdale Police Sgt. Christopher Cornell and four others were indicted on multiple drug trafficking charges, federal officials said Friday.

The indictment alleges that beginning in January 2005 and continuing to the present, six defendants -- Robert Wood III, Mark Bonds, Mario Lucas, Christopher Jones, Gales and Cornell -- were involved in the distribution of about 120 kilograms of cocaine throughout the St. Louis area, generating about $2.4 million in drug proceeds.

Wood would arrange for the transportation; Bonds, Lucas and Jones were local distributors, according to a release from U.S. Attorney Catherine Hanaway.

As a part of the conspiracy, Wood, Gales and Cornell allegedly would, on occasion, steal cocaine from couriers by arranging for Cornell to arrest the couriers, and while the courier was being processed by Cornell, would break into the vehicle and take the cocaine. A money laundering count of the indictment alleges that transactions were made by Wood to conceal the nature, location, source and control of the proceeds of the conspiracy.

There is also a forfeiture count that seeks a money judgment of $2.4 million and certain specific property including a 2003 Mercedes Benz, a 2003 Land Rover, several customized cars and more than $140,000 in cash.

All defendants were indicted on one felony count of conspiracy to distribute cocaine. Address information and additional charges for some defendants are listed below:

Robert Wood, III, also known as Bobby Wood, 37, of the 1300 block Woodruff in Jennings, Mo.; one felony count of conspiracy to commit money laundering and a forfeiture count;

Mark Bonds, also known as Marco Bonds, 43, of the 5100 block Delcastle in Florissant, Mo., a forfeiture count.

Mario Lucas, also known as Mooney, 35, of the 1200 block Spartina in Florissant, Mo.;

Christopher Jones of the 100 block of Jacobs Way in O'Fallon, Mo.;

Bruce Gales, 36, 200 block of Houshang, Florissant, Mo; one felony count of attempt to possess with intent to distribute cocaine, one count of use of a communication device to facilitate a felony, one count of conspiracy to commit money laundering and a forfeiture count; and

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Christopher Marcel Cornell, 44, 5400 block of Maple, St. Louis, one felony count of attempt to possess with intent to distribute cocaine and one count of use of a communication device to facilitate a felony.

If convicted, each defendant faces up to life in prison and/or fines up to $4 million.

ACROSS MISSOURI (KCS)

The Kansas City Star, October 11, 2006

ST. LOUIS | Grave for fetus found at defendant's home

Investigators have found a marked grave for a baby at the home of the woman accused of attacking a mother in her east-central Missouri home and kidnapping her baby. Franklin County Sheriff Gary Toelke announced Friday that the marked grave at Shannon Torrez's home near Lonedell was for a fetus that apparently died in 2000. Torrez, 36, remains jailed on $1 million bond after pleading not guilty. She allegedly slashed the throat of Stephenie Ochsenbine, 21, and abducted her week-old baby, Abby.

JEFFERSON CITY | SOS for mental health workers

The state's mental health director said Friday he was turning to temporary workers to help fill an "alarming" number of employee vacancies at a facility for the developmentally disabled. Ron Dittemore, interim director of the state Department of Mental Health, said about 70 of the 460 direct-care positions are vacant at Marshall Habilitation Center. The department has been unable to fill them through advertising, job fairs and recruitment efforts.

ST. LOUIS | Charges in shooting of officer

A St. Louis man was charged Friday with aggravated assault, armed criminal action and unlawful use of a weapon for allegedly shooting and wounding a St. Louis police officer. Patrick Moore, 22, was arrested Thursday at his girlfriend's house in the shooting of Officer Justin Johnson, 30. Police were seeking at least two others in the case.

ST. LOUIS | Indictments allege cocaine conspiracy

A suburban St. Louis police officer and a tow truck company owner have been indicted for allegedly running a cocaine distribution conspiracy. U.S. Attorney Catherine Hanaway announced Friday that Hillsdale Police Sgt. Christopher Cornell and businessman Bruce Gales carried out a scheme to steal cocaine from drug runners and then sell it.

SPRINGFIELD | Preliminary hearing could be delayed

Prosecutors said Thursday they would ask a court to delay a Monday preliminary hearing in a child sex abuse case against two southwest Missouri church leaders. The move came after the defense filed a motion to dismiss the charges because of the statute of limitations. Four church leaders in McDonald County and the pastor of an affiliated church in neighboring Newton County face felony counts for allegedly abusing girls from their congregations as far back as the late 1970s, sometimes as part of a ritual or ceremony. Defense attorney Robert Evenson is seeking dismissal of charges against brothers Tom Epling, 51, and Paul Epling, 53, arguing the counts were past the statute of limitations.

Online Pill Sales Lead To Arrests (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, October 11, 2006

Baltimore pharmacy accused of selling Vicodin without valid prescriptions

Before federal agents arrested its owners yesterday, Baltimore's Newcare pharmacy appeared to be a phenomenal success.

The prescription drug distributor ordered 4,200 doses of the painkiller hydrocodone in 2003. In 2004, the orders bumped up slightly, prosecutors said in federal court.

Suddenly, sales skyrocketed into the millions. And this year, authorities said, the Northeast Baltimore company had already bought 4.8 million doses of the drug, commonly known as Vicodin.

But according to prosecutors, the amazing performance concealed a lucrative cybercrime: The company sold more than $20 million worth of the painkiller to Internet customers without legitimate prescriptions.

Federal drug agents fanned across the region early yesterday, charging Newcare's owners, seizing their expansive suburban homes in Harford County, locking up their luxury cars and shutting down their multiple bank accounts.

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Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office, said the operation at Newcare sparked the largest federal pharmaceutical drug investigation in the state's history.

"It's not like [they had] to go out onto the street," Kotowski said of Newcare's customers. "Everything is very discreet. You just go online. It's no different than buying a book on Amazon."

Like Quaaludes and Valium in the 1970s, Vicodin's illicit use has been treated recently by playwrights, novelists and screenwriters as a less dangerous, and more socially acceptable, way for characters to relieve life's pressures without resorting to heroin or cocaine.

On the Fox television show House, the irritable but brilliant Dr. Gregory House has suffered from chronic pain and battled an addiction to Vicodin.

But the increasing problem of illegal sales of prescription drugs online has also worried drug enforcement agents and anti-drug abuse advocates alike.

DEA Administrator Karen P. Tandy told Congress in April that her agency had initiated 100 new Internet investigations involving the online sales of prescription drugs during the last fiscal year, arresting 62 people and seizing $44 million in cash, property, computers and bank account assets.

In the DEA's Operation Cyberchase, agents targeted about 200 Web sites alleged to have illegally sold prescription drugs and arrested 25 people in the United States, Asia, Europe, and the Caribbean.

Some advocates for more regulation said not enough has been done.

For the third year in a row, the number of Web sites selling controlled prescription drugs such as OxyContin, Vicodin, Xanax, Valium and Ritalin has increased, according to a June report released by the National Center on Addiction and Substance Abuse at Columbia University.

The report found that 89 percent of those Web sites selling controlled prescription drugs do not require prescriptions. Of those sites not requiring prescriptions, 30 percent advertised that no prescription was needed, 60 percent offered "online consultations" and 10 percent made no mention of a prescription.

"Any child can get, without a prescription, highly addictive controlled substances like OxyContin, Valium and Ritalin from Internet drug pushers," CASA Chairman Joseph A. Califano Jr., a former U.S. health secretary, said at the time. "The trend of teen 'pharming parties' will continue to increase as long as these drugs are so easy to obtain."

Califano's organization is calling for tighter federal laws to prohibit Internet sale or purchase of these drugs without original prescriptions based on a physician's examination. CASA also wants Internet search engines, financial institutions and shipping companies to help establish a national clearinghouse to catch rogue Internet pharmacies.

Now shuttered, Newcare is in the 3400 block of Sinclair Lane at a busy industrial intersection across from an auto parts store and flanked by a medical office and a heating-cooling business.

Yesterday, its owners - pharmacists Steven Abiodun Sodipo, 50, of Forest Hill and Callixtus Onigbo Nwaehiri, 48, of Jarrettsville - made an initial appearance in U.S. District Court in Baltimore on drug and money-laundering conspiracy charges.

According to state records, Sodipo has been a licensed pharmacist in Maryland since 1988 and Nwaehiri since 1986.

They were joined in the indictment, which was unsealed yesterday, by Ahmed Alhaji Abdulrazaaq, 48, of Forest Hill. Federal authorities described Abdulrazaaq as one of two people who assisted with the illegal financial transactions.

Sodipo, Nwaehiri and Abdulrazaaq were held in custody until a detention hearing scheduled for tomorrow.

A fourth defendant, Nannette C. Patterson, 48, of Baltimore, is expected to turn herself in to authorities today.

Outside Newcare, DEA agents worked into the evening yesterday near a U-Haul truck and about 10 cars parked at the rear of the light-brown, one-story brick building. Blinds on the building's windows were closed, and the double-door entrance was locked.

More than 308,000 hydrocodone tablets were confiscated from Newcare with a estimated street value of $1.5 million, law enforcement officials said. The pharmacy, which was not opened to walk-in retail customers, was the top buyer of hydrocodone in the state, according to the DEA.

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Also yesterday, federal agents in New Orleans shut down an Internet pharmacy they allege bought and sold millions of doses of hydrocodone last year. DEA officials in Baltimore said they could not comment on whether the two investigations are connected.

Prosecutors in Baltimore moved yesterday to seize assets equal to $20 million in illegal drugs sales they say were sold at a 300 percent markup since 2005.

As part of the forfeiture, they targeted 18 bank accounts; 10 vehicles, including a Jaguar, Lexus and Mercedes-Benz; and five properties - three in Baltimore and two in Harford County. Kotowski described the pharmacists' suburban homes - one is more than 8,000 square feet and the other almost 6,000 square feet - as plush.

"When I worked in Miami, I saw some wild places. But this one was up there," he said of Sodipo's eight-bedroom house on Nora Court.

Hydrocodone, the drug at the center of the joint local and federal investigation of Newcare, is also sold under brand names that include Lortab, Lorcet and Zydone. An orally active analgesic, it can be as powerful as morphine.

Legitimate production of the drug increased fourfold in the 1990s, triggering a concurrent rise in illegal use, according to the DEA. About 20 tons of hydrocodone products are used annually in the United States.

Maryland has seen substance abuse treatment admissions for narcotic pain relievers, including hydrocodone, nearly triple in recent years, according to a May report from the Center on Substance Abuse Research at the University of Maryland, College Park.

Armas Bond Hearing Today (RNT)

Rome (GA) News-Tribune, October 11, 2006

A bond hearing is set in federal court today for Rome businessman Mario Enrique Armas, who pleaded not guilty Oct. 5 to charges of money laundering and possession with intent to distribute more than a ton of marijuana.

Beginning at 4:15 p.m. Armas and his defense team will present witnesses to U.S. District Magistrate Judge Walter L. Johnson showing reason why he should be allowed to return home before his trial.

A federal indictment and search warrant accuses Armas, aka Mario Doninelli, 45, who owns multiple businesses and properties in the Rome area, of conspiring with two Rockmart men in trafficking more than 2,200 pounds of marijuana and money laundering at least $2 million generated by Northwest Georgia drug sales.

Armas was arrested last Thursday, culminating what officials said was a two-year investigation by the Federal Bureau of Investigation, the Drug Enforcement Agency and the Internal Revenue Service's Criminal Investigations Division.

To transport the marijuana, according to court documents, the coconspirators traveled with a horse trailer to Arizona, where hundreds of thousands of dollars allegedly provided by Armas were used to buy marijuana that was then transported back in the trailer to Georgia and sold.

Armas allegedly was the principal financier for the purchases, using his business, N&A Corporation, as a front for illegal activity, according to U.S. Attorney David E. Nahmias.

Kevin Redstrom and Lonnie Merren, both of Rockmart, have also been indicted. Prosecutors say they were money couriers for Armas. Neither of the pair has been arrested, but they are not considered fugitives, authorities say.

Here are some legal documents in this case. Some names in these documents have been redacted by the federal government.

Border Crossing Goes Awry When Man Gets Stuck In Tunnel Exit (SDUT)

By Debbi Farr Baker, Angelica Martinez, And Karen Kucher, Union-tribune Breaking News Team

The San Diego Union-Tribune, October 10, 2006

SAN DIEGO – Fourteen people trying to enter the United States through a storm drain tunnel in Otay Mesa ran into a glitch Tuesday morning, when the third person exiting the narrow opening became stuck.

Border Patrol agents using a stationary surveillance camera near the tunnel's exit in an industrial lot on Via De La Amistad spotted the first two people as they emerged from the tunnel shortly after 7 a.m.

They then discovered a man stuck in the tunnel, his hips wedged tightly in the concrete opening.

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San Diego Fire Department crews, responding to a request that came in at 7:14 a.m., covered the man in blankets and chipped away at the opening. "The challenge was that the tunnel itself was partly concrete," said Maurice Luque, a fire department spokesman.

Around 8:48 a.m., crews pulled the man out of the hole and then helped two other men and two women out of the tunnel. All were covered with gray dust.

They were checked by medical personnel. One of the women was taken to a hospital for evaluation, while the rest were taken to a detention center.

Officials said the other seven people in the tunnel went back to Mexico. Officials on that side of the border checked and found that all of them had made it out.

Border Patrol officials suspect the seven who emerged from the tunnel are undocumented immigrants, said Lauren Mack, Immigration and Customs Enforcement spokeswoman. The group will be processed for deportation, she said.

Officials say the group broke into the storm drain system on the Mexican side of the border and traveled through the pipe into the United States.

The incident began when Border Patrol agents spotted a group of about 14 people gathering on the south side of the border fence, in Mexico, around 6:50 a.m. The group appeared as though they were getting ready to cross.

Shortly thereafter, agents spotted two people coming up out of the ground north of the secondary border fence, said Border Patrol spokesman Robert Harvey. Those two were apprehended, he said.

"At that point, we realized there were people still stuck in the tunnel," Harvey said.

The group traveled some 40 yards from the U.S. border through the narrow opening, which was only about two to three feet high and wide. Most of the tunnel's length is on the U.S. side.

It is not known how long they were in the tunnel. They came out in a lot on the property of Air Liquide company.

In recent months, several undocumented immigrants have been found using the sewer system to illegally enter the U.S.

The illegal crossers "are digging small gopher-type holes on the Mexican side of the border and they are climbing into the holes and tapping into the storm drain system," Mack said. "Then they are using the system to find a manhole to get out on the U.S. side."

The San Diego Tunnel Task Force has been working with Mexican authorities to investigate the crossings since they learned of them about three months ago, she said. The task force is made up of agents from the Border Patrol, Immigration and Customs Enforcement and the Drug Enforcement Administration.

Border Patrol spokesman James Jacques said the Border Patrol has discovered 23 tunnels in the last 10 years in the San Diego sector, with 12 of those found in the last 12 months, not counting the one found Tuesday.

The rescue caused a significant delay for cargo trucks that were trying to enter the U.S. from Mexico.

Border Patrol agents asked that northbound cargo trucks be stopped at 7:45 a.m. due to safety concerns, said Vince Bond, a U.S. Customs and Border Protection spokesman.

Authorities feared that the trucks would travel on the road over the tunnel while the group was still trapped inside, Bond said.

The trucks were rerouted and allowed through at 8:15 a.m.

"This is a very busy time for us. We have 2,500 trucks or more a day enter. Sometimes there are as many as 2,900 trucks a day during a peak time like this," Bond said.

Ariz. Pair Resigns Pot Church Leadership (AP)

AP, October 10, 2006

TUCSON, Ariz. -- A Pima, Ariz. couple has stepped down as leaders of a church that considers marijuana a sacrament and deity.

Dan and Mary Quaintance say pending federal charges against them have made it impossible to properly lead the church. In February, the two were arrested in a car that contained 172 pounds of marijuana in the New Mexican town of Lordsburg near the Arizona state line.

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The Quaintances are facing 40 years in prison if convicted on federal charges of conspiracy and intent to distribute marijuana.

Dan Quaintance, 53, said the church is now fractured, explaining that the 45-member congregation he and his wife founded in 1991 no longer has its spiritual leaders.

The Quaintances are scheduled to go on trial Oct. 30 in Las Cruces, N.M., though they hope the case will be dismissed before the end of the month. They're awaiting a decision from U.S. District Judge Judith C. Herrera on whether she'll dismiss the case on the grounds that religious freedom should allow them to use the illegal drug.

The government contends the church is a front for drug trafficking.

The couple's lawyers cite a February decision by the U.S. Supreme Court ruling that the government has no right to seize hallucinogenic tea containing a federally banned substance from members of a New Mexico church.

The tea, called hoasca, contains the substance dimethyltryptamine, or DMT, known for its hallucinogenic properties.

Members of the O Centro Espirita Beneficiente Uniao Do Vegetal, or UDV, said using the hallucinogenic tea during worship helps them gain union with God.

Prosecutors with the U.S. Attorney's Office in New Mexico, which also prosecuted the UDV case, do not comment on pending matters.

But in court documents, they say the Quaintances are "obsessed and focused on marijuana," and Dan Quaintance's writings about his worship are "disjointed, poorly supported, illogical ramblings." They conclude that the couple's "lack of sincerity is patent."

The Quaintances are out on bond and remain under court supervision. They must submit to weekly urine tests. They have been living without marijuana since their arrest.

"We're being deprived the benefits of connection _ health-wise and spiritual-wise," Dan Quaintance said. "I think the judge is going to have a hard time ruling against us on the sincerity of our religious practice. If there isn't a favorable ruling on our religious freedom, then I don't believe there is a justice system in America."

Since the church was founded, at least 20 members have been prosecuted on possession and conspiracy charges, and some have served time in prison, said Mike Senger, a church member who lives in Florence and provides legal assistance to group members.

"Usually, we never win," Senger said. "But we may perhaps win in Mary and Dan's case because it is federal court, and there is quite a bit at stake. They are getting some reasonable due process in that court.

"It is a hellish, torturous experience for people who are peaceful and not criminals, who possess marijuana," he added. "We don't look at ourselves as criminals."

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Information from: Arizona Daily Star

Trial Of Senior Colombian Rebel To Start Thursday In US (AP)

AP, October 10, 2006

BOGOTA (AP)--The most senior member ever captured from Latin America's largest rebel army goes on trial in a U.S. courtroom Thursday for the kidnapping of three Americans - a case that some fear could scuttle moves for the Americans' liberation.

The fate of Ricardo Palmera, better known by his nom de guerre Simon Trinidad, is to be decided by a federal jury in Washington. Extradited in late 2004 after his capture in neighboring Ecuador, he was indicted on charges of providing material support to a terrorist group and hostage-taking.

The case could have profound repercussions in Colombia, where tentative steps are being made toward talks between Palmera's guerrilla group, the Revolutionary Armed Forces of Colombia, or FARC, and the government on a prisoner swap.

The FARC is demanding the release of all its imprisoned comrades, including Palmera, in exchange for the release of 62 hostages, including former presidential candidate Ingrid Betancourt and the same three U.S. defense contractors Palmera is charged with kidnapping.

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"I am hoping this (trial) may put pressure on the FARC," said Jo Rosano, mother of Marc Gonsalves, one of the kidnapped Americans. "On the other hand, I worry they may retaliate against the Americans."

Rosano intends to fly from her home in Connecticut to attend at least part of the trial.

The main charge against Palmera relates to the February 2003 downing of a small U.S. airplane that authorities say was on an intelligence-collecting mission over a FARC stronghold in southern Colombia.

Palmera is charged with conspiring to kidnap three American contractors who were on the plane: Thomas Howes, Keith Stansell and Gonsalves. He also is charged in the killings of U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site apparently shot to death.

There is little to suggest that Palmera, a frequent face of the FARC in peace talks, participated in or planned the kidnapping. Rather the prosecution argues he belonged to a group that stated it would target U.S. officials and has subsequently used the hostages as leverage for talks to free imprisoned rebels, including Palmera.

The only proof the Americans are alive came on July 2003, when the FARC released a video of the men.

Despite the silence, Rosano is confident.

"I know in my heart that he's alive," she said.

Some observers believe the FARC already may have decided to concentrate on a straight swap of the three Americans in exchange for Palmera and another FARC member, Nayibe Rojas, known as Sonia, who soon faces trial in Washington on drug trafficking charges.

"Basically, Simon Trinidad and the three U.S. contractors are out of this swap ... now the exchange will have to be directly between the FARC and the U.S. government," said Gustavo Duncan, a researcher with the Bogota-based think tank Security and Democracy Foundation.

The Palmera prosecution is the latest sign the U.S. government is stepping up its pressure on the FARC, listed by the State Department as "foreign terrorist organization" in 1997.

The U.S. has given more than $4 billion to Colombia since 2000 to fight the world's largest cocaine industry and the more than four-decade insurgency.

In March, the U.S. government announced drug indictments against 50 leaders of the FARC and a combined $77.5 million in reward money.

Scion of a wealthy family from the Caribbean coast, Palmera abandoned high society to became Simon Trinidad, one of the most notorious guerrillas in Colombia. In an organization that comprises mostly recruits from the countryside, Trinidad stood out as an articulate intellectual.

Palmera's 2004 capture in Ecuador was celebrated by Colombian authorities, who have shown few results in apprehending the FARC's leadership.

But convictions in Washington could complicate any possible exchange of Palmera and Rojas for the Americans.

"Given the policy we don't negotiate with hostage-takers, politically this could be very difficult," said Paul Wolf, a lawyer who specializes in international law and has followed Palmera's case.

He added that if Palmera is convicted and the U.S. government wanted to free him in exchange for the three Americans, one of the few mechanisms available would be a pardon by U.S. President George W. Bush.

"It's hard to imagine," said Wolf.

Colombian Guerrilla Fighter Goes To Trial In US (PRENSAL)

Prensa Latina, October 11, 2006

Bogota, Oct 10 (Prensa Latina) The trial of Ricardo Palmera, alias Simon Trinidad, leader of Colombia's Revolutionary Armed Forces (FARC), began Tuesday following a protest for his liberation by mostly US citizens.

The protesters consider the trial interference in Colombian affairs and Tom Burke, head of the pro-release committee, says the administration lacks the legal and moral authority to judge him.

He added that US taxpayers contribute five billion dollars to Plan Colombia, but they do not wish their country's involvement since they consider it a violation of Colombian laws.

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In addition, the DEA denied FARC involvement in drug trafficking to the US or terrorism in statements to the Bush Administration, he said.

The rebel leader was extradited in December 2004 despite appeals to President Alvaro Uribe, and will be tried in Washington D.C. for terrorism, drug trafficking and the death of a US citizen.

FARC called Trinidad a revolutionary and anti-imperialist fighter and claims his extradition was immoral and unpatriotic, an opinion shared by most Colombians.

Public prosecutor Bob Tucker said the case is delicate because Trinidad belongs to a rebel group at war with the Colombian government, therefore deserves immunity under the Geneva Convention.

ATF, Police Team Up To Get Guns Off New Orleans Streets (AP)

By Mary Foster, The Associated Press

AP, October 11, 2006

NEW ORLEANS (AP) — A day after four people were wounded by gun violence that continues to mar this city's hurricane recovery, local and federal authorities announced their latest attempt to crack down on criminals with guns.

A hot line for reporting illegal firearms is being relaunched, they said at a Tuesday news conference. A similar hot line operated in the 1990s but was eventually discontinued as the city's murder rate declined, police said. The murder rate has picked up this year as the city has repopulated, reaching 113 so far.

Federal law prohibits anyone convicted of a felony from possessing a firearm, U.S. Attorney Jim Letten said.

"And there's no early release in federal cases," Letten said. "If they're convicted they're going to serve the time."

Police Chief Warren Riley is counting on that.

"We have found that through the federal system once they are convicted we don't see them again," Riley said. "We have to get the guns and the people with them off our streets if this city is going to come back."

In 2005 law officers confiscated 2,787 illegal firearms in New Orleans. Since January, 1,522 have been confiscated, even though the city has only about 40 percent of the population it had before the storm.

"Everyone knows the problem New Orleans has with gun violence," Bureau of Alcohol, Tobacco, Firearms and Explosives special agent Robert Browning. "We're going after the illegal guns and the criminals who have them."

Tuesday's news conference had been scheduled several days ago but fell, coincidentally, after another night of gun violence.

A restaurant dish washer who was taking a break, and a friend standing next to him, were seriously wounded when a man walked up and began firing two guns.

A bystander across the street was grazed by a stray bullet.

Also, two National Guardsmen shot a man who refused to stop and drop an object in his hand.

The Guard has been helping police patrol the city since June. The shooting was being investigated, Riley said. The man, who was not identified, was wounded in the upper torso near his back, and his injury was not considered life-threatening.

After the announcement of the gun hot line Tuesday, ATF agents and police officers went door to door in the city, handing out flyers and explaining the program to residents.

"I think it's wonderful, especially with all this shooting that's been going on," said Earline Smith, 76. "I hope everyone will call if they see something. We need to do something in this city."

Lawyer Receives Six Months In Prison (CHASGAZ)

By Tom Searls, Staff writer

Charleston Gazette, October 11, 2006

Federal judge calls di Trapano decision 'extremely close call'

Dante di Trapano was sentenced to six months in prison Tuesday, after pleading guilty earlier to being a drug addict in possession of firearms.

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Chief U.S. District Judge David Faber gave di Trapano the maximum time for the crime, after deciding government prosecutors could not prove the seven handguns found in di Trapano's Johnson Road, Charleston, residence were not collector's items.

He also sentenced di Trapano to three years of supervised release that will include special criteria to be worked out with the federal probation office and a $10,000 fine.

"I think this is an extremely close call," Faber said in ruling di Trapano had purchased the guns as collector items. He added, "I believe [di Trapano] has just made the preponderance test."

Di Trapano, a Charleston lawyer and former agent for National Football League wide receiver Randy Moss, has already served about three months in jail, time that he will be given credit for by the federal Bureau of Prisons.

Monica Dillion, the assistant U.S. attorney handling the case, had called several witnesses in an effort to show di Trapano used the guns for protection because he had a large stash of drugs in his residence.

Prosecutors also failed to show there were drugs in the residence when it was raided last April. Initially, the government said field tests showed a white powder residue on a laptop computer was cocaine. Laboratory tests, however, showed that was not so.

But Faber also showed his disdain for the defendant, noting he did not tell the truth when testifying in September about cocaine use. Faber had released di Trapano on bond in August to receive drug treatment, but revoked that after an initial urine tests showed he had used cocaine.

"The lab test came back and showed he tested positive for cocaine," Faber said.

When di Trapano's attorney, Charleston lawyer Michael Del Giudice, tried to refer to his client's testimony, Faber interrupted him.

"He's testified falsely before me one time before and I'm not likely to believe him," the judge said.

Dillion told Faber that di Trapano also lied when he filled out a federal form in order to purchase firearms, which he bought at a South Charleston gun show. On that form, di Trapano said he was not a drug addict.

"He lied on the form and he's a liar," she said.

"At the time I purchased it I was in denial [of being a drug addict]," di Trapano said of the February purchases.

Di Trapano had pleaded guilty to the charge in July.

His law license was temporarily suspended by the state Supreme Court last month, when Del Giudice said he would not be in the West Virginia predicament if his last name were not di Trapano.

"We don't single people out because of who they are," U.S. Attorney Chuck Miller said following the 90-minute sentencing hearing.

Di Trapano, 43, had been a member of a prominent Charleston law firm headed by his father, Rudolph DiTrapano, a former state Democratic Party chairman. He has since been dismissed from the firm.

Di Trapano appeared to be at the pinnacle of success until last March when he, his wife and three others were arrested in a Tampa, Fla., hotel room. Police said crack cocaine was scattered across the bed and around the floor.

He was then arrested in Georgia a short time later for felony cocaine possession and misdemeanor marijuana possession.

Del Giudice produced 2005 letters from di Trapano to his wife, Teri, who was not in court Tuesday, where he wrote about receiving drug rehabilitation in Florida then. At the time of his Florida arrest, di Trapano said he was there to get drug rehabilitation help.

In a statement prior to his sentencing, di Trapano apologized to the court.

"I'd first like to apologize to the court for the disrespect I've shown you," he said.

He said he had drug and alcohol problems when he was young, then spent 15 years sober. Recently he had personal problems and had begun to use drugs again. "I began to use and it got out of control," he said.

Di Trapano said he had lost most of his material goods — his houses are for sale, he said — and added he has lost his reputation in the community as well.

To contact staff writer Tom Searls, use e-mail or call 348-5192.

DOJ_NMG_0078960

More Than Three Dozen Gang Leaders Arrested (SEATIMES)

By Sara Jean Green, Seattle Times staff reporter

The Seattle Times, October 11, 2006

Federal and local law enforcement officials today announced the arrests of 40 violent gang leaders, half of whom were taken into custody in the last week.

In a four-month investigation dubbed "Operation Crackdown," members of the Violent Gang Task Force - which is led by the local office of the federal bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) targeted violent gang members suspected in a rash of drive by shootings, narcotics deals and other offenses. The task force also includes members of Seattle police, the King County Sheriff's Office and the FBI.

At a news conference in the Henry M. Jackson Federal Building in downtown Seattle, ATF Special Agent in Charge Kelvin Crenshaw gestured to an assortment of assault rifles and pistols laid out before him.

"What's so unique about these firearms is that they were actually found in the possession of individuals," he said. "They weren't lying on a bed or leaning against a chair… these people were carrying them around."

Of the 40 people arrested, 10 are facing federal charges, including two who will be charged as armed career criminals; a federal statute that carries a mandatory 15-year prison term for anyone caught with a firearm after previously being convicted of three violent crimes or drug distribution charges, said Andrew Friedman, an assistant U.S. Attorney who is coordinating the office's gang prosecutions.

In addition to 10 firearms, police and federal agents seized $38,000 in cash, six vehicles and a large quantity of drugs including crack cocaine, ecstasy, marijuana and heroin, Friedman said.

Over the last year, and particularly, over the summer, law enforcement agencies throughout the region have noticed an increase in gang-related violence, said Crenshaw.

King County Sheriff Sue Rahr, who commanded her office's gang unit in the early 1990s when gang violence was at its peak, said recent "data clearly confirms there's a second wave coming." Just as in the '90s, gang violence, she said, is spreading from Seattle into communities throughout the greater metropolitan area.

Unlike other task force investigations, Operation Crackdown didn't focus on a particular gang, Crenshaw said. Instead, task force detectives gathered intelligence from officers on the street to identify suspects responsible for the kind of intimidation, posturing and violent acts that spread fear through communities. Officials believe that those arrested are affiliated with at a dozen different street gangs that span the area's racial spectrum, he said.

"It's the violence across the board. Their motivation is money. This is all about making money by selling drugs and guns," Crenshaw said.

IMMIGRATION:

Ex-Nazi May Be Deported From Michigan (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy Newspapers, October 11, 2006

DETROIT - An 86-year-old former Nazi concentration camp guard who lives in Michigan and has Alzheimer's disease could be deported following the U.S. Supreme Court's refusal to review his case Tuesday.

It remains to be seen, however, whether the Justice Department will follow through with deportation proceedings against Iwan Mandycz of Sterling Heights, given his age and medical condition. Court records say Mandycz is incompetent.

His lawyers did not return calls Tuesday, and a woman who answered a phone number listed under Mandycz's name referred calls to his daughter, who did not return messages.

Mandycz was stripped of his citizenship last year for not telling U.S. authorities before emigrating that he was a guard at two Nazi labor camps in Poland during World War II, including one where 14,000 Jews were murdered in a single day.

Mandycz, who emigrated in 1949, has denied being a Nazi camp guard.

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Joseph McGinnis, a Cleveland lawyer who has handled cases similar to Mandycz's, said the government may choose to not deport him, or it could obtain a deportation order but allow him to remain in the United States. Even if it obtains a deportation order, McGinnis said, it must find a country willing to take him before he could be kicked out.

A Justice Department spokeswoman declined to say whether prosecutors will seek to deport Mandycz.

Supreme Court Turns Down Case Of Former Guard At Nazi Slave Camp (AP)

AP, October 11, 2006

(AP) - WASHINGTON-The Supreme Court on Tuesday turned down the case of a former guard at a Nazi slave camp suffering from Alzheimer's Disease.

The Justice Department succeeded in revoking the U.S. citizenship of 86-year-old Iwan Mandycz. He could face deportation. His lawyers say the right that prevents the U.S. government from prosecuting a mentally incompetent person also should apply to citizenship cases, which are civil proceedings.

"The accused should be able to assist in the preparation of his defense and consult with his attorneys before he may be punished by the government," Mandycz's lawyers said in a filing that had asked the Supreme Court to take the case.

The Justice Department, which wants to remove him from the United States, initiated denaturalization proceedings, saying Mandycz had concealed that he worked for the Nazis.

Officials said that Mandycz was a guard in 1943 at the Trawniki and Poniatowa labor camps in Poland, where prisoners were starved, beaten and executed en masse.

Mandycz has denied working at the camps and has said he spent World War II working at his parents' farm in Poland and, later, as a forced laborer at a farm in Austria.

The 6th U.S. Circuit Court of Appeals in Cincinnati had ruled there was considerable evidence that Mandycz was Guard 3308 and an absence of competing evidence that he was not.

Ex-Nazi May Be Deported (DEN)

Detroit News, October 11, 2006

Court won't hear case of Sterling Hts. man identified as a guard at a concentration camp.

STERLING HEIGHTS -- Fifty-one years ago, Iwan Mandycz became a U.S. citizen. On Tuesday, his last chance at remaining one appeared to slip away.

The U.S. Supreme Court declined to hear the case of the 86-year-old Sterling Heights resident, whom the U.S. Department of Justice has targeted for deportation because of his past as a Nazi prison guard.

Mandycz's attorneys have argued he should be spared deportation because he suffers from Alzheimer's disease and lacks the capacity to participate in his own defense.

His attorneys could not be reached for comment.

Federal prosecutors believe Mandycz was a guard for six months in 1943 at the SS prison camp Poniatowa in Poland. In that year, the Nazis conducted "Operation Harvest Festival" -- a plan to kill Jews. A total of 42,000 Jews were killed.

Mandycz arrived in the United States in 1949 and became a citizen six years later. He has denied being a Nazi prison guard despite being identified as such by two former guards.

In March 2005, a U.S. District Court judge ruled Mandycz was in fact a guard at the prison and stripped him of his citizenship.

"I can't imagine what would be accomplished by deporting him at his age," said Mandycz' neighbor, Eugene Winowski. "But at the same time, I also understand the flip side -- everything (Jewish prisoners) went through -- you can't ignore that."

Jaclyn Lesch, a Justice Department spokeswoman, told the Associated Press federal officials were weighing their options on how to proceed.

The Associated Press contributed to this report. You can reach Jim Lynch at (586) 468-0520 or jlynch@detnews.com.

Judge Asked To Free Immigrant Detainees (AP)

AP, October 11, 2006

DOJ_NMG_0078962

(AP) - LOS ANGELES-Several legal advocacy groups asked a federal judge to order the immediate release of four immigrants who have been detained for months or years without receiving a hearing on why they're being held so long.

The motion filed Friday asks U.S. District Judge Terry Hatter to release the detainees under conditions of supervision or grant them hearings.

The move followed a class-action lawsuit filed Sept. 25 on behalf of six detainees by the American Civil Liberties Union of Southern California, the ACLU Immigrants' Rights Project and the Stanford Law School Immigrants' Rights Clinic. Two detainees have since been released.

The lawsuit alleges the U.S Department of Homeland Security held immigrants for long periods despite court rulings that banned indefinite detention.

"They're flouting the courts," said Ahilan Arulanantham, an ACLU attorney.

A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit.

Detainees are typically held for six months but can be held longer if they have previous criminal convictions or if the government believes they pose a threat to the public, agency spokeswoman Virginia Kice said.

"People need to bear in mind that under the law, if they have criminal convictions, we're required to hold them while their immigration cases are adjudicated," she said.

The detainees include a 37-year-old Nigerian man, a 31-year-old Senegalese man, a 38-year-old Chinese man from Indonesia and an Ecuadorean man.

Of the four, only the Ecuadorean immigrant has a criminal record. The ACLU argues his burglary and petty theft convictions aren't serious felonies and that he poses no serious threat if released.

Bush Mum On Immigration As GOP Candidates Vow To Be Tough (WT)

By Stephen Dinan

The Washington Times, October 11, 2006

SCOTTSDALE, Ariz. -- Immigration is a dominant issue in congressional races from Arizona to Michigan to Pennsylvania -- just about everywhere but where President Bush is on the campaign trail.

After having pressed all year to get a broad immigration bill, including legal status for illegal aliens from Congress, Mr. Bush now ignores the issue at campaign events and fundraisers, and Vice President Dick Cheney has even dropped what used to be a regular reference to immigration from his campaign stump speech.

It's an odd mixed message, given that many Republicans are running heavily -- and in some cases almost exclusively -- on the issue, promising an enforcement-first approach and attacking Democrats for supporting citizenship for illegal aliens.

White House deputy press secretary Dana Perino said they think the election will be decided on other issues.

"While immigration is an important issue, this election is also about the philosophical choices facing voters this November when it comes to national security and keeping taxes low," Mrs. Perino said.

She added that Mr. Bush has been consistent in pushing for a broad approach "because he believes that that is the only way to solve any of the individual immigration reform bills."

But most Republicans in Congress disagree, preferring an enforcement-first approach, of which the border fence is crucial.

One incumbent locked in a tight battle for re-election, Rep. J.D. Hayworth of Arizona, said the issue is a no-brainer and pointed to the House vote last month on a provision making it illegal to tunnel under the border.

"In the midst of a contentious election season, despite great wailing and gnashing of teeth, when that bill was offered as a stand-alone provision the final vote was 422-to-nothing. That means every congressman in every district understands the primacy of enforcement," Mr. Hayworth said.

Still, immigration is complicated for Republicans.

The National Republican Senatorial Committee has criticized some Democrats for their support of the same Senate bill that 23 Republicans supported. That also puts them at odds with Mr. Bush, who labeled that legislation a "good immigration bill."

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But Republicans across the country see it as a way to rally conservative voters and to win over some Democrats and independents.

In Pennsylvania, Sen. Rick Santorum, a Republican, repeatedly has turned to the issue to attack his Democratic opponent, Bob Casey Jr..

"Bobby Casey Jr. has been doing anything and everything in an attempt to deceive and distract voters from the fact that he supports amnesty for illegal immigrants," said Mr. Santorum's campaign manager, Vince Galko.

Rep. Tom Tancredo, the Colorado Republican who has come to symbolize the House's enforcement-only position, said Republicans should use the immigration issue "as often as possible."

"Immigration can be tied to national security, inflation, health costs and even traffic congestion, among others, and Republicans have the opportunity to champion the issue as Democrats embrace the images of illegal aliens staging protests in American cities," Mr. Tancredo said.

He said candidates must push the message on their own, in part because Mr. Bush has blocked any chance for a national Republican message.

"Bush's own push for amnesty has damaged his credibility on the issue and has made it difficult for the GOP to come up with a cohesive message which says we are the party that respects the rule of law," Mr. Tancredo said.

Polls show border security to be a tremendously popular issue, which has helped win primaries in Arizona and the special election for an open congressional seat in California earlier this year.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, said the issue appeals to the parties in different ways.

"Republican base voters are more concerned about illegal immigration than on other issues, whereas Democrat and independent base voters agree with what the Republicans are doing, but think other issues, principally the war, are more important," he said.

Mr. Bush has tackled the issue off the campaign trail.

On Friday, he pressed for legalization of illegal aliens as part of his Hispanic Heritage Month celebration. And in Scottsdale last Wednesday, he signed the homeland-security spending bill, touting the increases in spending as a measurement for the progress made in border security.

It's indicative of the issue's popularity that Arizona's Gov. Janet Napolitano, a Democrat, joined Mr. Bush and four other Republicans for the signing ceremony, even though her party has made it a priority to try to unseat two of those Republicans.

Fence Funding In Budget Just The Start (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, October 11, 2006

President Bush has signed off on a small down payment for a 700-mile fence along the U.S.-Mexico border, but legislators and fence advocates worry the barrier will never be fully funded and fear a lack of White House commitment.

Lawmakers -- including Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee -- are forcefully reminding the Bush administration and Homeland Security officials that Congress' "directive" that the fence be built is not optional.

"We didn't put the fence as a goal or an option or something that should be mixed with other solutions, we made it mandatory," Mr. Hunter told The Washington Times yesterday.

"It is not an option for the Department of Homeland Security. What part of 'shall' don't they understand?"

The $33.8 billion Homeland Security funding bill, signed by Mr. Bush with much fanfare during ceremonies in Arizona last week, proposed $1.2 billion for fencing along with lighting, roads, sensors, cameras and other security devices. It does not include actual authorization on how, when or where it should be built.

The House- and Senate-approved Secure Fence Act does that. It outlines specifics on the fence's construction but has not been sent to the president, who has vowed to sign it.

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Most proponents and opponents agree that the proposed $1.2 billion allocation is far short of the up to $12 billion it will take to build 700 miles of fencing, and some advocates have questioned both the White House and Congress' commitment to it.

"Where the fence is concerned, to borrow a quote from the movies, 'Show me the money,' " said Michael W. Cutler, a 31-year Immigration and Naturalization Service veteran who spent most of his career as a criminal investigator and intelligence specialist.

Members of Congress said they will have to revisit the funding every year.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," Sen. John Cornyn, Texas Republican and a supporter of fencing, said last week.

In a terse, three-paragraph note Friday to Homeland Security Secretary Michael Chertoff, Mr. Hunter noted that Homeland Security has been given flexibility on the exact location of the 700 miles of fencing, but that its actual construction "is not in dispute."

"Congress has explicitly stated that border fencing is a critical component of our national border security plan," wrote Mr. Hunter, the act's lead proponent. He also reminded Mr. Chertoff that he is required within 60 days of the bill's passage to submit to the House Appropriations Committee "an expenditure plan for establishing a security barrier along the border of the United States."

In a report accompanying the bill, Congress said it will withhold $950 million of the allocation until that plan is received and approved.

Yesterday, Mr. Hunter said Congress went through a similar fight with the Clinton administration in the 1990s, when he fought for fencing between San Diego and Tijuana, Mexico.

"With each administration, you have a new set of administrators who don't have a lengthy experience on the border and tend to be duly impressed with the sales pitches made by the high-tech companies," he said. "Those sales pitches usually don't include something as mundane as a fence. But fences work."

The funding bill was touted by the administration and many Republicans as a way to crack down on illegal immigration, drug smugglers and would-be terrorists.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill before a bipartisan group of elected officials in Arizona.

Mr. Chertoff has voiced his support for what he has described as a "virtual fence," which would rely on cameras, motion detectors and other security devices to detect people illegally entering the United States.

During a press briefing last month to announce the award of a contract with the Boeing Co. for sophisticated border-detection technology, Mr. Chertoff said the department was looking to build "a 21st-century virtual fence" along the U.S.-Mexico border.

Mr. Hunter and other legislators say a virtual-fence proposal is fine, but not at the expense of an actual fence.

"If you have 400 high-school kids drowning in a canal, what's the first thing you do? You fence off the canal," he said.

The bill, which would close off about a third of the 1,951-mile U.S.-Mexico border, does not require the government to show any results on the proposed new fence construction until May 2008. State legislatures, governors, and city and county governments, along with Indian tribal councils, have veto power over fencing locations.

While it calls for the construction of "at least 2 layers of reinforced fencing to prevent unlawful entry by aliens into the United States," the bill does not specify what type of fencing to build.

But Mr. Hunter said that because the bill modifies the law that built a fence between San Diego and Tijuana, that is the type of fence Congress wants to be built. He said engineers at Sandia National Laboratories designed the San Diego fence.

U.S. Banks Woo Migrants, Legal Or Otherwise (WSJ)

By Miriam Jordan

The Wall Street Journal, October 11, 2006

DOJ_NMG_0078965

As U.S. leaders craft policies to curb illegal immigration from Mexico, the U.S. Federal Reserve is devising programs to extend banking services to undocumented immigrants. A new remittance program aims to bring Mexican migrants who send money home into the mainstream U.S. financial system, regardless of their immigration status.

Dubbed "Directo a Mexico," the remittance program enables U.S. commercial banks to make money transfers for Mexican workers through the Federal Reserve's own automated clearinghouse, which is linked to Banco de Mexico, the Mexican central bank.

To use the service, a Mexican need only possess a matricula consular, an I.D. issued by the Mexican consulate in most major U.S. cities to those with proof of Mexican birth or citizenship, or a picture I.D. card issued by the U.S. or another foreign government. The idea is to make it cheaper and safer for Mexican workers to send funds to their relatives.

"We offer an extremely competitive exchange rate," says Elizabeth McQuerry, an Atlanta-based assistant vice president for the Federal Reserve Bank's retail payments office. "We cost a third of other providers."

The majority of immigrants currently make transfers, which average $350 each, through companies like Western Union or a hodgepodge of wire-transfer firms, couriers and others that operate out of storefronts in Hispanic enclaves. Family members then collect the wired cash at a shop in their town or village.

The Federal Reserve Bank and Banco de Mexico launched a cross-country road show over the summer to promote the new funds-transfer program to commercial banks. Banks that offer the service hope to attract new customers. Indeed, one of the Federal Reserve Bank's goals is to use the program as a springboard for drawing hundreds of thousands of immigrants into the formal U.S. banking system since commercial banks require that those wanting the service first open a savings account.

"People who didn't have bank accounts establish a relationship with us," says James Maloney, chairman of Mitchell Bank in Milwaukee, one of the first banks to offer the Federal Reserve Bank's remittance plan. "It's great for our business."

Acknowledging that many Mexicans sending money home are illegal immigrants, the Federal Reserve's brochure poses the following frequently asked question: "If I return to Mexico or am deported, will I lose the money in my bank account?" The answer: "No. The money still belongs to you and can be easily accessed at an ATM in Mexico using your debit card."

A team at the Federal Reserve Bank in Atlanta joined forces with a team at the Mexican central bank to design the Directo a Mexico program in response to a mandate by President Bush, following the U.S.-Mexico Partnership for Prosperity struck by Mr. Bush and Mexican President Vicente Fox in 2001. One of the stated objectives was to lower the cost paid by Mexican workers to send money to their native country.

The Federal Reserve Bank's brochure touts the favorable foreign-exchange rate, based on the official rate, and a low transfer fee. "In addition, your money is safer in the bank than in your pockets or underneath the mattress," the brochure says.

Retail banks that participate in the program charge as little as $2.50 a transfer compared with $40 charged by some transfer services. Retail banks in the program pay the Federal Reserve 67 cents per transfer.

Most immigrants operate in a cash economy outside the formal banking system, where they have neither credit nor identity. In a post 9/11 era, bringing immigrants into the banking system -- and tracking their remittances -- is vital to security, supporters say.

Critics, however, say the Federal Reserve Bank is coddling illegal immigrants and helping them engage in capital flight. "Anything that makes it easier for people to live in this country illegally is an inducement for illegal immigration," says Ira Mehlman, a spokesman for the Federation for American Immigration Reform, an immigration-restrictionist group. "On top of that, it is draining money out of our economy."

Latin American migrants in the U.S. transferred $53 billion to $55 billion to their native countries last year, according to the Inter-American Development Bank. About $20 billion went to Mexico, $12 billion to Central America and the Dominican Republic and the rest to South American countries.

Remittances sent by Mexicans topped $15.5 billion in the first eight months of this year, 20% higher than the amount sent during the same period in 2005, according to Mexico's central bank, and this year's annual figure is expected to hit a new record. Savings scraped together by nannies, painters and others working abroad are now Mexico's second-largest source of foreign revenue, after oil exports and ahead of tourism.

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Since the Federal Reserve launched the program last year, about 150 U.S. financial institutions have enrolled. While most Mexicans continue to avoid banks, consumers using the program seem happy with it. Julian Gimenez, who works for a landscaping company in Milwaukee, for years had sent money to his wife, Catalina, in Jalisco, Mexico, through a wire-transfer company in his Latino neighborhood. Now, Mr. Gimenez uses Mitchell Bank. "It's cheaper to send the money and it arrives faster than any other place," he says.

Last month, the program was expanded to enable migrants in the U.S. to open an account for relatives to whom they plan to send money. A bank teller in the U.S. can open the account remotely on a Web site set up by Mexico's Banco del Ahorro Nacional y Servicios Financieros, the development bank known as Bansefi, which has a vast network of branches in urban and rural areas.

The beauty of the program, says Bansefi's chief executive Javier Gavito, is that the "unbanked population" on both sides of the border gets into the formal banking system. In Mexico, only half of all adults hold a bank account.

Directo a Mexico "revolutionizes the remittance market," says John Herrera, co-founder of Latino Community Credit Union, which has five branches in North Carolina and participates in the remittance program.

"U.S. banks have realized that these working-class folks are sending real money back home," says Mr. Herrera.

Illegal Immigrants Become Stuck In Pipeline (LAT)

By Richard Marosi

The Los Angeles Times, October 11, 2006

San Diego — More than a dozen illegal immigrants were briefly trapped inside a cross-border pipeline structure Tuesday after a man got stuck in the narrow passageway and had to be rescued by San Diego firefighters.

The immigrants were crawling through a passageway connecting a Mexican-based industrial gas supplier with a holding tank on the U.S. side, according to Lauren Mack, spokesperson for Immigration and Customs Enforcement.

The concrete-encased passage was used to protect piping that once carried liquefied oxygen, Mack said.

The immigrants had crawled nearly to the exit point in the United States when a man wearing a puffy, woolen sweater got stuck, Mack said. Firefighters had to break through concrete to extract the man.

Authorities with the U.S. Border Tunnel Task Force have been keeping a close watch on the area just east of the Otay Mesa Port of Entry, where many immigrants crawl through vast storm drain networks to get into the country. This is believed to be the first time in the San Diego area that migrants have been caught using an existing subterranean passageway that appears to be privately owned, Mack said. The passageway, which was at least 120 feet long, was extremely narrow and filled with water, Mack said.

"It's really, really dangerous, and they're lucky nobody died," she said.

Seven migrants were apprehended on the U.S. side; the rest are believed to have returned to Mexico.

TAX:

U.S. Expatriates Puzzle Over New Tax Rule (WSJ)

By Tom Herman And Jane Spencer

The Wall Street Journal, October 11, 2006

The U.S. Treasury Department removed part of the sting from a recent law that boosted taxes for many Americans working overseas, but many U.S. expatriates still are facing sharp tax increases this year.

A new Treasury notice allows Americans to deduct or exclude from their U.S. taxes more of the cost of housing in many foreign locations, where rents frequently are higher than in the U.S., than they otherwise would have. Accountants say this new relief varies widely from place to place.

Still, the revised rule, announced by Treasury in a notice issued Friday, offsets only a fraction of the higher tax bills that many individuals must pay this year. Among those hit the hardest are Americans with relatively high incomes working in places

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with high housing costs and low taxes, such as Hong Kong, and whose employers don't protect them from the additional tax cost of working abroad.

The new law already is affecting many companies, as some employers guarantee that their workers don't pay more in taxes than they would if they were living in the U.S. Business groups continue to lobby Congress to change the law, which was enacted in May and is retroactive to the beginning of this year, because they say it undermines U.S. business competitiveness abroad.

Robert Keys, a tax partner in Hong Kong for PricewaterhouseCoopers, says the rule granting a higher housing exclusion will save him several thousands of dollars a year on his U.S. taxes. That is a relatively small gift, because the law enacted in May drove up his U.S. tax liability to $40,000 a year from about $10,000 previously, he says.

"I came here because I thought I could make a bit more money," Mr. Keys says. "But when the costs keep going up, it makes you give some serious consideration to whether it's the place to be."

Americans working in Singapore also will get some relief from the latest change, according to Carol-Ann Simon, expatriate services leader of BDO Seidman LLP in San Jose, Calif. For example, suppose an American in Singapore earned about $200,000 in 2005 and paid around $45,000 in housing expenses. Under the new law enacted in May, that person's U.S. federal income-tax bill would be about $8,700 more for 2006 than in 2005. Thanks to the new Treasury notice, that person's bill now would be about $6,800, a saving of about $1,900, Ms. Simon says.

Americans working in high-tax countries, such as Germany and other European nations, are likely to feel much less effect, or possibly even none at all, from the recent tax law and the latest change to the housing exclusion. How much of an impact will depend on several factors, such as where they are living and the details of their pay and other income. That is because those workers already pay large sums in their host countries that can be used to offset any U.S. tax liability.

Under the new Treasury rule, the amount that can be excluded for housing costs also can vary within the same country. In London, for instance, an American expat can receive $58,916 in housing benefits before having to pay tax to the U.S. on it, according to Deloitte & Touche LLP. In Surrey, a picturesque district just south of London with two U.S. schools, the exclusion is just $21,916, even though property prices aren't much lower in Surrey than London.

"It could make you think, 'I better live on the very edge of London if I want to send my children to the American school in Surrey'," says Lynne Rennie, a Deloitte partner and chairman of the tax group at British-American Business Inc., the former American Chamber of Commerce.

The recently enacted tax law allows Americans working abroad to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing expenses, when they are filing U.S. taxes. That $82,400, which is a bit higher than before, is known as the foreign earned-income exclusion. In a controversial change, income above that level now is subject to higher rates than before. This change isn't affected by last week's Treasury notice.

Kathy Chiron, who moved to Hong Kong from Washington, says the recent tax increase had a major impact on her family's finances. "It's a huge chunk of money and a real change in our tax bill," says Ms. Chiron, whose husband works for a Hong Kong telecommunications company. "It was like suddenly having another child in college." Ms. Chiron, who has two children attending universities in the U.S., says the latest change to the housing exclusion amount will help somewhat.

American business groups are continuing lobbying efforts to reverse the law, says Nicholas de Boursac, executive director of American Chamber of Commerce in Singapore. "No other civilized country in the world taxes earned income of citizens abroad," he says. "It means you're going to have fewer American expats."

"We have seen candidates turning down offers to come out here" to Hong Kong because of the higher taxes on U.S. expats, says Monica Levine, a consultant at Hudson, an executive recruitment company that is a division of Hudson Highland Group Inc. of New York. "It's less attractive than it was a year ago."

Some companies are unhappy with the tax increase but say it won't affect hiring. Eli Lilly & Co., which offers a tax-equalization package to Americans working overseas, says "we remain firmly committed to using expatriates to develop our global leadership. This won't stop us." General Motors Corp. says it has no plans to change the number of Americans it sends overseas. "Considering that we sell to so many countries, it's important that U.S. employees get experience in an overseas market," a GM spokesman says.

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A U.S. congressional committee estimates the recent tax increase on expats will raise about $2.1 billion in additional revenue in the next decade. The Internal Revenue Service estimates Americans working abroad filed about 295,000 individual income-tax returns for 2004 claiming the foreign-earned income exclusion. Of those, about 139,000 had any U.S. tax liability.

--Anjali Athavaley, Laura Santini, Loretta Chao and Aaron O. Patrick contributed to this article.

The fight continues in a high-profile courtroom battle over whether certain types of awards are taxable.

A federal appeals court ruled recently that a woman doesn't owe taxes on a $70,000 award paid to her by her former employer for "emotional distress" and "loss of reputation." The U.S. Court of Appeals for the District of Columbia Circuit said the award didn't represent "income," and thus wasn't taxable -- and that a 1996 tax-law change was unconstitutional insofar as it permitted taxation of awards for mental distress and loss of reputation. The decision was handed down by a three-judge panel that included Chief Judge Ginsburg.

Now, the Justice Department is asking the full appeals court to review the decision in a legal maneuver known as a petition for "rehearing en banc." The question raised in the case is "one of exceptional importance to the administration of the nation's tax laws," the government said. The appeals court panel's decision "represents the first time in over 85 years that an exercise of Congressional income-taxing power has been declared unconstitutional."

The winner of the recent decision was Marrita Murphy, represented by the law firm of Kohn, Kohn & Colapinto in Washington.

The winner of the recent decision was Marrita Murphy, represented by the law firm of Kohn, Kohn & Colapinto in Washington.

BRIEFS: Procrastinator alert: Monday is the filing deadline for taxpayers who received automatic six-month extensions this year, an IRS spokesman says.

Religion-Based Tax Breaks: Housing To Paychecks To Books (NYT)

By Diana B. Henriques

The New York Times, October 11, 2006

For tens of millions of Americans, the Rev. Rick Warren is best known for his blockbuster spiritual guide, “The Purpose Driven Life,” which has sold more than 25 million copies; his success as the founder of the 22,000-member Saddleback Church in Lake Forest, Calif.; and his efforts on behalf of some of the world’s neediest people.

But for tens of thousands of ministers — and their financial advisers — Pastor Warren will also be remembered as their champion in a fight over the most valuable tax break available to ordained clergy members of all faiths: an exemption from federal taxes for most of the money they spend on housing, which typically represents roughly a third of their compensation. Pastor Warren argued that the tax break is essential to poorly paid clergy members who serve society.

The tax break is not available to the staff at secular nonprofit organizations whose scale and charitable aims compare to those of religious ministries like Pastor Warren’s church, or to poorly paid inner-city teachers and day care workers who also serve their communities.

The housing deduction is one of several tax breaks that leave extra money in the pockets of clergy members and their religious employers. Ministers of every faith are also exempt from income tax withholding and can opt out of Social Security. And every state but one exempts religious employers from paying state unemployment taxes — reducing the employers’ payroll expenses but also leaving their workers without unemployment benefits if they are laid off.

Another religion-based tax break — the only one consistently defeated in the courts in recent years — is an exemption from state sales taxes for religious publications but not for secular ones.

This sales tax break has been struck down as unconstitutional in at least five states, most recently in Georgia in February, when a United States District Court judge, Richard W. Story, ruled that “the unique and preferential treatment the state provides to ‘religious’ literature raises serious constitutional concerns” under the First Amendment clause prohibiting an “establishment” of religion.

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Yet a few states still have a sales tax exemption for religious publications. One of them is Florida, where state officials, lawyers for two religious publications and a national religious liberty advocacy group have joined forces to defend the tax break from a constitutional challenge waged almost single-handedly by an Orlando lawyer named Heather Morcroft.

Ms. Morcroft is a Legal Aid staff lawyer who works with foster children. She is a believer in Wicca, which she described as a neo-pagan faith loosely based on the traditions of ancient earth-centered religions, and serves as president of the state's small Wiccan Religious Cooperative.

The cooperative is the formal plaintiff in the pending lawsuit Ms. Morcroft filed almost five years ago to challenge the constitutionality of the Florida exemption. Her arguments echo those that have prevailed in other states: that by exempting religious publications from the sales tax, the government is favoring religious ideas over secular ones, and that tax officials should not be in the business of deciding what publications are sufficiently religious to be exempt.

In contrast to Ms. Morcroft's lonely fight in Tallahassee, Pastor Warren, who declined to be interviewed for this article, had a host of allies when he went to battle to defend the special tax deduction for housing expenses of clergy members. Ultimately, the allies included both houses of Congress and the president of the United States.

The Housing Exemption

The one small passage in the vast federal tax code that originally conferred the housing-expense exemption on clergy members did not cap the deduction. But in 1971, the Internal Revenue Service limited it to the "fair market rental value" of the furnished home, utilities included.

During a routine audit in 1996, according to court documents, the I.R.S. decided that Pastor Warren's housing deduction exceeded the rental value of his new home on Via Del Sol in the rugged Trabuco Canyon, southeast of Los Angeles.

That's when the fireworks began.

Pastor Warren, who gives 90 percent of his considerable income to charities, later explained in an open letter to other ministers that he decided to sue because the housing allowance was the only way small churches could pay their pastors enough to live — and he knew that those ministers could not fight the I.R.S. as he could.

The deduction, usually called the parsonage exemption, is available to ministers, rabbis and other clergy members of all faiths working at houses of worship. It allows them to live in congregation-owned housing without being taxed on the imputed value of their free housing, as almost all other employees are when they live in company-paid housing.

Since 1954, the provision had also shielded clergy members from taxes on the entire portion of their paycheck designated by their congregations as a housing allowance, whether they spent it on renting an apartment or buying their own home. But the rules the I.R.S. adopted in 1971 limited the deduction to the smallest of three amounts: the "fair market rental value" of the home, the housing allowance paid to the minister or the minister's actual housing expenses.

That ruling lighted the long fuse that, decades later, propelled Pastor Warren into court.

It took four years — and far more of Pastor Warren's money than the $55,300 disputed in the audit — but on May 16, 2000, the United States Tax Court struck down the I.R.S.'s cap and ruled that clergy members could deduct "the amount used to provide a home," however much that might be.

If the story had ended there, Pastor Warren's battle would have been an unequivocal victory for the clergy. But the I.R.S. appealed to the United States Court of Appeals for the Ninth Circuit in San Francisco. And in March 2002, that court raised an unexpected question: was this tax break constitutional? Or did it treat the clergy so favorably that it violated the First Amendment?

The court appointed Erwin Chemerinsky, a law professor then on the faculty at the University of Southern California, to research the constitutional issue and file a friend-of-the-court brief. The court was immediately pelted with defending arguments from lawyers representing almost every religious organization in the country, from the Central Conference of American Rabbis to the Church of the Nazarene.

Some defenders noted that employees required to live in certain places for the convenience of their employer, as pastors are, had long been eligible for tax relief. (A similar exemption is available to some military and diplomatic personnel. But only clergy members can apply it so broadly — for example, applying it even when they work for a church they themselves founded at a location of their own choosing, as was the case with Pastor Warren.)

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Others argued that tax deductions favoring religion had been granted for more than 200 years without any objections from the Supreme Court, and this one was no exception. And a few simply pleaded that clergy members deserved the deduction because they were so poorly paid for their contributions to society.

Professor Chemerinsky studied the relevant First Amendment case law, especially the 1989 case Texas Monthly v. Bullock in which the Supreme Court had drawn the line at government's granting a "tax break to those who spread the gospel that it does not also give to others." He urged the appeals court to find the tax break unconstitutional.

Under I.R.S. rules, he noted, this benefit is available to all clergy members who administer sacraments, conduct worship and direct the spiritual life of a religious institution. "The government thus has to determine what constitutes 'sacraments,' 'religious worship' and the 'spiritual life' of a religion and then to evaluate whether the clergy member is sufficiently engaged in these tasks," Professor Chemerinsky continued.

"It is difficult to imagine a greater entanglement with religion than this evaluation," he wrote in his brief for the court.

Moreover, "the parsonage exemption is a subsidy for religion" and is therefore unconstitutional, he argued. Current Congressional budget records show that the exemption has cost the government as much as $500 million in tax revenue a year, shifting that much of the national tax burden onto other taxpayers.

He did not address the pastoral poverty argument in his court briefs, but in an interview, he noted that poorly paid inner-city teachers and day care workers do not benefit from the parsonage exemption, despite their service to society.

Nor do people at secular nonprofit organizations engaged in humanitarian work. Action Against Hunger U.S.A., based in New York, finances relief programs in Africa, but its director, Cathy Skoula, pays taxes on her entire salary, including what she spends on housing. So does Lawrence Rosenblatt, executive director of the Bowery Residents' Committee, which provides food, shelter and counseling to sick, needy people in Lower Manhattan.

Even amid the distractions of the year after Sept. 11, the constitutional challenge to the clergy housing deduction inspired wide coverage in religious publications and some heated words on radio. Pastor Warren quoted comments made to him by a conservative radio commentator, Hugh Hewitt, who said the issue arose because of "the implacable hostility of the political left to the role of God in the world and the country."

But in fact, the political left and right joined forces with "almost miraculous" speed to defuse this constitutional time bomb, according to Richard R. Hammar, a lawyer and accountant who edits the Church Law and Tax Report newsletter. Within 40 days, the Clergy Housing Clarification Act of 2002 had been approved unanimously in both houses of Congress and signed into law by President Bush.

"It was like the parting of the Red Sea," Mr. Hammar said.

The new law, in Solomonic fashion, affirmed the unlimited deductions ministers like Pastor Warren had taken in the past, but imposed the I.R.S.'s "fair market rental value" restriction on deductions going forward. Satisfied, the tax service withdrew its appeal, ending the constitutional challenge in San Francisco.

Ministers of every faith are also exempt from income tax withholding. And they can opt out of Social Security — an exemption that Mr. Hammar said was probably widely abused.

Until 1968, clergy members were exempt from Social Security unless they joined voluntarily. Since then, they have been automatically covered — but, unlike other citizens, they are allowed to drop out as conscientious objectors if they assert, by a certain point early in their ministry, that they have a religious opposition to receiving public welfare benefits.

"Few people, outside of the Amish, could plausibly say that," said Mr. Hammar, an accountant who also has a law degree from Harvard and attended its divinity school.

Yet his research shows that 3 of every 10 ministers in America have opted out of Social Security. "The only conclusion is that the conscience-based objection is usually really a financial decision," he said.

Because the exemption is irrevocable, why would so many ministers take such a drastic step? Clergy members are considered self-employed and therefore pay a 15.3 percent contribution to Social Security, Mr. Hammar explained. So young ministers on tight budgets sometimes decide, or are persuaded, to drop out and thereby give themselves a 15.3 percent raise.

"The vast majority of clergy who did opt out of Social Security never replaced it with another retirement scheme," he added.

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Several times since 1968, religious denominations have urged Congress to rescue these potentially destitute ministers. On three occasions in the last 20 years, most recently in 1999, Congress has done so, opening a two-year window during which ministers who "irrevocably" dropped Social Security could return.

Mr. Hammar said federal law and the laws of every state except Oregon also exempt religious employers from the unemployment compensation laws that cover other employers. Court rulings widened this exemption to include religious-operated schools, he said, and in 1997 Congress expanded it further to include schools "operated for a religious purpose" but not actually controlled or affiliated with a religious denomination or institution.

As a result, he said, state courts have generally determined that workers who are laid off from these exempt religious employers cannot collect jobless benefits.

Breaks on Sales Taxes

In her 20 years as a lawyer, Heather Morcroft had never argued a case before the Florida Supreme Court.

But there she was, on June 9 — standing alone on her side of the lofty courtroom in Tallahassee to challenge the constitutionality of a Florida law that exempts "religious publications" from the state sales tax.

As Ms. Morcroft sees it, this exemption not only infringes on the liberty of those faiths with writings that may not be deemed sufficiently religious to be exempt, but it also puts government in the role of defining a religious publication and then favoring that publication over secular ones.

None of that, she says, should be allowed under the First Amendment, which provides, in part, that "Congress shall make no law respecting an establishment of religion."

Indeed, in that 1989 case in Texas, the United States Supreme Court ruled that the government could "not place its prestige, coercive authority, or resources behind a single religious faith or behind religious faith generally" without violating the Constitution.

Some legal scholars argue that there was no clear majority opinion, and hence no clear judicial guidance, in the Texas case.

But Ms. Morcroft noted in her lawsuit that since the Supreme Court decision in the Texas case, federal and state courts in North Carolina, Pennsylvania, Rhode Island and South Carolina, as well as Georgia, had "found that a sales tax exemption for items based on their religious content is unconstitutional."

Florida is one of several states that still have some sort of sales tax exemption for religious publications.

Lawyers defending the exemption, which costs the state just under $10 million each year, say it is consistent with a long list of laws, adopted and upheld since the nation's birth, that have benefited religion in some way. Governments "have found it prudent to avoid entanglement of religion with the state taxation process by providing exemptions," argued Kevin Shaughnessy, a lawyer in the Orlando office of Baker & Hostetler who represents The Florida Baptist Witness and The Florida Catholic, which benefit from the exemption. Similar arguments were made by Liberty Counsel, a religious freedom advocacy group in Orlando.

Most states give religious groups some sort of broad sales tax exemption, but most do so simply by including religious organizations in omnibus exemptions that cover sales to, and sometimes purchases from, nonprofit groups of all sorts.

But a few states go further, exempting specific kinds of religious publications from sales taxes no matter who buys or sells them, said John L. Mikesell, a professor at Indiana University and the co-author of a widely used primer on sales taxation. They include Florida, Massachusetts and Texas, which revised its statute after the Texas Monthly case.

Several other states grant special treatment to sacramental equipment and supplies, and to materials a private contractor buys for use on many religious construction projects.

The difficulty of applying these exemptions in real life was revealed in Tallahassee, when Justice Barbara J. Pariente quizzed James A. McKee, the state attorney defending the Florida statute, about how the state went about "deciding whether my Bible is really a religious text, or if it is historical or something else."

Mr. McKee quickly assured her that the revenue department left those constitutionally sensitive "content" decisions to the booksellers. "It's similar to a statute that exempts certain food items," he explained. "The grocery store is actually the one that makes the determination."

Sounding a little shocked, Justice Pariente asked, "So they can say anything is religious and there is no challenge to it?"

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Mr. McKee did not directly respond to her question — but booksellers have.

While there is no way of knowing how small bookshops decide what is an exempt "religious publication," big national booksellers have developed definitions to guide their stores in Florida and other states with similar exemptions.

The problem is, their definitions are different.

Barnes & Noble recognizes a narrow category that includes the Bible and a short list of other "sacred texts," including the Talmud and the Koran, according to Mary Ellen Keating, a company spokeswoman.

At Borders, the exemption is broader, including books on theology and religious history as well as Bibles, hymnals, prayer books and the sacred texts of all religions, according to Anne Roman, a spokeswoman there.

Hearing that, Ms. Morcroft said she was not surprised at the disparities. "I have friends who shop at a local Christian bookstore," she said. "They say the only thing that's ever tax-exempt there is the Bible."

Like the many other tax and regulatory exemptions that have become available to religious organizations in America, the tax breaks for clergy housing expenses and religious publications benefit religion in ways that some critics say go beyond the limits of the Constitution.

Until several years ago, "it was inconceivable for most to think that religion might well be aggressively expanding its power in a way that is harmful to the public good," said Marci A. Hamilton, a law professor at the Cardozo law school at Yeshiva University in New York and the author of "God vs. the Gavel: Religion and the Rule of Law," which is critical of many religious exemptions, particularly in the areas of land use and family law.

But now, Professor Hamilton said, the power of religious entities "is at its apex."

Defenders of these exemptions deny that they raise any questions of excessive power or constitutional violations. "Government deregulation of religion is consistent with a broader pattern of American government going back to the founding," said Anthony R. Picarello Jr., vice president and general counsel of the Becket Fund for Religious Liberty, a legal advocacy group in Washington.

"Providing special treatment is not always constitutionally required," he said, "but it is constitutionally permissible."

In The Congressional Hopper: A Long Wish List Of Special Benefits And Exemptions (NYT)

By Diana B. Henriques

The New York Times, October 11, 2006

For all their gains, some advocates for religious freedom see the last 15 years not as a time of increased accommodation for religious groups but as a long battle in which religious groups have had to fight hard just to hold their own against a tide of unsympathetic policies. Indeed, they say government must do more to protect religious institutions of all kinds from the hostile environment of modern America.

A Congressional wish list supported by some religious leaders and other advocacy groups would accomplish that.

One bill, H.R. 235, would exempt churches and other religious institutions — but not secular nonprofits — from the I.R.S. rule against partisan political endorsements by tax-exempt organizations. Another, H.R. 27, would grant religious employers even more leeway to discriminate on religious grounds in their hiring, specifically in job training programs paid for with federal tax dollars.

There's also H.R. 2679, which passed in the House on Sept. 26 by a vote of 244 to 173. It would prohibit the courts from awarding damages, lawyers' fees or costs to any plaintiff who successfully sues over possible violations of the establishment clause of the First Amendment, cases involving things like the erection of crosses or nativity scenes on public land.

The Public Prayer Protection Act, H.R. 4364, would protect the right of government officials "to express their religious beliefs through public prayer" by barring federal courts, including the Supreme Court, from hearing lawsuits raising constitutional objections to those prayers.

The list also includes the Workplace Religious Freedom Act, H.R. 1445 and S. 677, introduced last year with bipartisan support in both houses, which would amend the Civil Rights Act of 1964 to require employers to be more accommodating to the religious observances of their employees. The bills do not say whether religious employers would be exempt, as they are from the Civil Rights Act's prohibition on discrimination based on religion.

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Another bill, H.R. 1054, would transform into law the executive orders that created President Bush's "faith-based initiative," to make federal grants and contracts more available to religious groups.

Among those who think more should be done is Anthony R. Picarello Jr., vice president and general counsel of the Becket Fund for Religious Liberty in Washington, one of a growing roster of law firms and legal advocacy groups ready to provide free legal help for religious groups or individual believers involved in First Amendment litigation or disputes.

"I don't think we can say the climate for religious freedom is so dramatically improved that we don't need these laws," Mr. Picarello said.

There are still fierce battles over individual religious practices and the display of religious symbols on public property, he noted. And religious organizations — especially those outside the nation's mainstream traditions, like small Latin American or Asian sects and non-Christian houses of worship like mosques, Orthodox synagogues and Hindu temples — still face discriminatory zoning decisions in towns across the country.

He is also concerned that the sexual abuse cases pending against the Catholic church will erode the longstanding judicial doctrine that protects religious employers from lawsuits by disgruntled clergy members and other employees.

"I don't necessarily view the climate as improving," he said, adding a few moments later: "The idea that special protection in the law for religion is unconstitutional has been rejected over and over and over. Yet all these statutes are under continuous attack."

"A lot less frequently, perhaps," he added, "but it hasn't stopped."

Given the broad and expanding benefits available to religious organizations, from tax breaks to government contracts, what explains the continuing complaints about a nationwide hostility toward religion and religious organizations?

A number of legal scholars say some justifiable discontent is warranted over the erratic path the Supreme Court has followed on First Amendment cases since 1990. Derek H. Davis, formerly the director of the J. M. Dawson Institute of Church-State Studies at Baylor University, said that although the courts had clearly become more accommodating to religion, "the whole landscape is in disarray about what the law is."

But at a more human level, specialists on religious law said, basic changes in the workings of government — more lenient rules on revenue bonds, new tax breaks for faculty housing at church schools, higher barriers to workplace lawsuits, beneficial exemptions from licensing rules — just don't attract the emotional lightning that flares over same-sex marriage and religious symbols on public land.

For example, a federal court ruled that a giant cross on city-owned land at the Mount Soledad Veterans Memorial in San Diego was unconstitutional and ordered it removed by August of this year. The public reaction was so fierce that Congress took less than six weeks in the summer to approve a law providing for the federal government to buy the site and preserve it intact.

Much of the angry talk about a national war on religion "is a reaction to modernity and the pace of change in our society," said Edward R. McNicholas, a director of the religious institutions law practice at Sidley Austin. "People want to cling to their religious values as they encounter more cultures that are different and foreign to them. So the language of exclusion has been taken up in the political rhetoric."

Beyond just the talk, the Becket Fund and other religious freedom advocacy groups can cite what they say are examples of unfair attacks on people of faith: a devout librarian fired for refusing to work on Sunday; a local zoning law that allows no churches; a student rebuked for saying "God bless you" to a classmate who sneezed. With the involvement of these advocacy groups, battles like these are getting far more attention, adding to the public concern about threats to religious freedom.

While many of these cases are quickly resolved with a single warning letter or sometimes just a telephone call, they leave a bitter aftertaste in the political arena, said the Rev. Barry Lynn, president of Americans United for Separation of Church and State.

Some scholars and leaders of faith worry that the real threat to religious vitality in the United States is not the "hostility" of a secular culture.

"What's happening with all these tax breaks and exemptions is a soft, subconstitutional establishment of religion returning to the country," said John Witte Jr., director of the Center for the Study of Law and Religion at the Emory University law school. That increasing level of indirect support and patronage, he said, "breeds a level of dependency that I think is dangerous for both religion and government."

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Professor Davis, now the dean of humanities at the University of Mary Hardin-Baylor in Belton, Tex., agreed with that view, but said he was also troubled that religious organizations were pursuing more regulatory exemptions even as more government money is heading their way through contracts, vouchers and grants under the faith-based initiative.

"That suggests to me that they don't want government involved in monitoring religious institutions, but they want the benefits that government is dispensing anyway," he said. "To me, that's unfair. If you're going to take government money, you should a bide by the rules, like everyone else."

CONGRESS-ADMINISTRATION:

Bush Says Democrats Would Raise Taxes (AP-Y)

By Jennifer Loven

AP-Yahoo, October 11, 2006

President Bush portrayed Democrats on Tuesday as the party of big spending and high taxes, aiming to give increasingly endangered Republicans an edge in a midterm election debate dominated recently by congressional scandal and overseas crises.

"If you want to keep your tax cuts, vote Republican on Nov. 7," Bush said at a fundraiser for former Republican Rep. Mac Collins, who is seeking a comeback to Congress. He is challenging Rep. Jim Marshall, seen as one of the most vulnerable Democratic incumbents.

"Next month, our nation has got this choice to make," the president said. "Do we keep taxes low so we can keep this economy growing? Or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country? ... This decision will have a huge impact on the working people all across the United States of America."

Bush is hoping to help Republicans retain control of both houses of Congress against ever steeper odds by convincing voters that Democrats would raise taxes and compromise Americans' safety if handed the majority. But the taxes-and-terrorism pillars of the GOP midterm election strategy, the mainstays of Bush's campaign-trail speeches, have been partially drowned out of late.

The revelation of a Republican lawmaker's online sexual advances toward male congressional pages has sparked a fierce debate about whether the GOP leadership did enough to protect teenagers working on Capitol Hill. North Korea's reported test of a nuclear bomb has given Democrats ammunition to argue that Bush focused on going to war in Iraq, a country without weapons of mass destruction, while the threat from the communist regime in Pyongyang expanded.

The degree to which the White House is struggling to regain control over the political conversation was demonstrated Tuesday when Bush aides distributed excerpts of the president's tough-on-Democrats speech before he landed in Georgia. Unlike previous administrations, the Bush White House keeps tight control over the president's speeches, usually handing out only the most significant ones in advance and even then only a few minutes beforehand.

On Tuesday, though, the parts of Bush's remarks that went after Democrats on taxes were given to the reporters traveling with the president on Air Force One and also, to maximize their exposure, disseminated by e-mail to hundreds more on the White House press list.

The event at the Macon Coliseum raised $300,000. Outside, there were demonstrators from both sides. About 150 people waved American flags and signs that said "God bless President Bush," while others held placards asserting that the president is a war criminal.

Bush singled out the voting record of House Democratic leader Nancy Pelosi to ridicule her declaration that Democrats "love tax cuts." The president said Pelosi, likely to be House speaker if Democrats win control of that chamber, voted against reducing the so-called marriage penalty, phasing out the inheritance tax and cutting taxes for small businesses and families with children.

"Given her record, she must be a secret admirer" of tax cuts, Bush said of Pelosi, earning appreciative laughs from the friendly audience of GOP donors. "If this is Democrats' idea of love, I wouldn't want to see what hate looks like."

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Pelosi, in a statement, fired back: "Democrats have a strong record fighting for tax relief for middle-class families and small businesses that would spur economic growth and expand opportunity for all Americans, not just the privileged few." She said Democrats would "restore fiscal responsibility with pay-as-you-go budgeting, reducing the budget deficits that have exploded as a result of President Bush's failed economic policies."

With some conservatives in the Republican Party's base of support restive about increased federal spending under Bush's watch, the president defended his record on the budget deficit. He said he is making faster-than-expected progress on his goal of cutting the annual deficit in half by 2009, because of higher tax receipts.

"The Democrats' approach to cutting the deficit is taking more of your money to pay for their spending," he said. "The Republican approach is to restrain spending."

Dangerous Thinking In Compromise On Treatment Of Captive Terrorists (WSJ)

Wall Street Journal, October 11, 2006

The attempt by Sens. John W. Warner, John McCain and Lindsey O. Graham to explain their compromise with the president on treatment of terrorist war prisoners ("Look Past the Tortured Distortions," editorial page, Oct. 2) did more to perpetuate distortions and misconceptions than clarify anything. We have the Geneva Convention, the Detainee Treatment Act, and now the Military Commission Act. Sounds like we are desperately trying to make a square peg fit snuggly into a round hole using a lot of grease known as political mumbo jumbo with a heavy dose of political correctness and pseudo nobility thrown in.

The last I heard, the Geneva Convention applies to the fair and humane treatment of POWs. I believe POW stands for "prisoner of war." How did we get from POWs to "detainees," "suspected terrorists" or "enemy combatants," all used interchangeably in this article? How did we get from "captured' to "arrested"? Are we dealing with people who are trying to destroy America and kill Americans, or armed convenience store robbers who may have killed somebody? Since when do POWs get Supreme Court review on anything?

If I am an American service member in a conflict/battle in Iraq (or wherever) and someone is shooting at me and I shoot back and kill him, whom have I killed -- a potential detainee, a suspected terrorist, the enemy or a non-resident unabomber with distorted religious perceptions? If I capture/arrest a person on my airplane with a bomb in the heel of his shoe that didn't explode, subsequent to an attempt, is he a suspected anything or is he a prisoner of war?

Those who think being kind to terrorists is going to provide any protection to our men and women in uniform, now or ever, needs to update their thinking to a post 9/11 status. While we need not and should not be barbaric and cruel (i.e. pulled fingernails, cigarette burns, humiliation for entertainment, etc.), trying to find a way to be rational and civilized to those who are irrational and uncivilized is tantamount to treating a three-year-old like an adult. It ain't gonna work.

My big question is, are we inadvertently perpetuating a mindset of "kill 'em but for God's sakes don't capture them"? If we have to plead with them or persuade them with flowers and candy to tell us anything after we capture them, what's the net difference, militarily speaking, of course? Somebody, somehow needs to clear up the confusion, quickly. Not for the president or senators, but for those in the middle of a firefight, wherever and with whomever that may be. God save America. If we can't stop the infighting in Washington, He may be our only chance.

James H. Godwin
Lt. Cmdr., USAF (Ret.)
Vietnam Veteran 1968-69
Cold War Veteran 1955-67, 1970-74
Simpsonville, S.C.

When one of the depraved monsters we are fighting considers whether or not to behead a captured American soldier, I doubt that the fact that we will now reveal secret evidence to terrorist defendants will give him pause. Furthermore, this legislation concerns procedures for unlawful combatants. A U.S. Marine wears a uniform with insignia, carries weapons openly, has a chain of command, and does not target civilians. Why would a group that ludicrously declares such Marines unlawful combatants then feel compelled to follow any international strictures or moral norms concerning their treatment?

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Sadly, this foolish and dangerous thinking is unlikely to have any bearing on the treatment of our captured military personnel, but is far more likely to result in more of them dying in the field while placing civilians at greater risk here at home.

Matthew Commons

Lt. Cmdr., USN

Jacksonville, Fla.

Regarding habeas corpus for terrorists, the senators say, "These challenges are in excess of what our soldiers would be afforded as prisoners of war."

What a strange statement by three former military officers, since we have never seen, nor should we ever expect to see, captured Americans treated as prisoners of war by the very same terrorists.

William D. Allen

(Another former military officer)

Placentia, Calif.

By publishing this piece you perform a public service by illustrating how far detached from reality and the sentiment of the American people these senators are. Americans know that the best way "to give protection to our men and women in uniform" is to kill as many of the enemy as fast as we can. Americans also know that none of the people held in Guantanamo or anywhere else, nor anyone being surveilled by the NSA, is even remotely subject to the protections of the Geneva Conventions, nor are they entitled to or covered by the Constitution of the United States.

Carroll Melton

Arlington, Va.

Democrats Want to Assure Middle-Income Tax Relief

In response to your Oct. 3 editorial "An Honest Democrat":

President Bush and Republican campaign committees have attacked Democrats with a claim that we would raise taxes if elected to a majority in Congress. That's not true. Democrats have a long history of supporting targeted relief for middle-income families. In fact, many of the tax benefits extended by this administration began as Democratic initiatives.

Democrats have developed a pay-as-you-go platform for our nation's budget that will not saddle our children and grandchildren with more, unbearable debt. We want to start by closing the "tax gap," collecting the $345 billion owed each year in unpaid taxes. We also believe we should use our tax code to encourage investment and job creation here in America. We would make it a priority to close tax shelters and eliminate benefits for companies that move jobs overseas.

During a recent fund-raiser in Florida, President Bush seized on a statement in the press that I could not support the extension of all of his tax cuts. He said "that's one way of saying they're going to raise your taxes because, you see, if you do not extend the tax cuts your taxes go up." Well, the president is talking about his big rate tax cuts that aren't going to expire until 2010. That's light years away from the debate before us, and we have no way of knowing what the economy or even our leadership will look like then. Democrats want to pursue new priorities to strengthen relief for middle-class families that have been left behind during the Bush administration.

What's done is done. America needs to seek new ways to help middle-income families improve their lives. The only way to achieve this is with cooperation between Republicans and Democrats. I know the president and I agree that comprehensive tax reform is a priority. Further, we both realize that any tax reform proposal signed into law must not increase the national debt. In order to do that, there must be winners and losers. Americans have a choice on the policies we'll pursue; Democrats would work to ensure that middle-income families are not the losers in the tax-reform debate.

Rep. Charles B. Rangel (D., N.Y.)

Ranking Democrat

House Committee on Ways and Means

Washington

The president, the majority party in Congress, and now your editorial page are attempting to convince the American public that Democrats are intent on increasing their taxes.

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We find it curious that Democrats are being accused of planning to increase taxes on middle-income families when decisions made by the current majority have already done so. Those in charge of the Congress now deliberately chose not to extend middle-class tax relief -- such as the deductions for college tuition, state and local sales taxes, and teachers' out-of-pocket classroom expenses -- before Congress adjourned for the elections. And President Bush's fiscal year 2007 budget failed to include relief beyond 2006 from the increasingly middle-class Alternative Minimum Tax.

The majority party in Congress has proven it is ready and willing now to increase taxes on American families.

Sen. Harry Reid (D., Nev.)

Sen. Max Baucus (D., Mont.)

Washington

Privatizing Drives Up Cost Of Administering Medicare

Your Oct. 4 editorial "Markets and Medicare" implies that the private sector is more efficient than Medicare. Medicare trustees suggest the opposite, finding that administrative costs for the new prescription drug program's private drug plans average 12% -- six times Medicare's historic 2% ratio.

You also claim that "competition" is responsible for a decline in the drug program's cost. But these reductions are primarily a result of a trend of lower drug spending that is unrelated to Medicare.

And you allege that the Veterans Administration limits drug access. But the VA covers 16,000 prescription drugs on its formulary, and ensures access to other drugs when necessary. VA patient satisfaction is high and the VA negotiates price discounts far below those in Medicare's private plans.

On one point you are correct: I am unhappy with the GOP agenda to privatize Medicare. Why? At the behest of Republicans, the government now pays Medicare-sponsored HMOs and other private plans 11% more than would be spent in the traditional fee-for-service program. If the private sector is so efficient, why do we have to pay it more to do the job?

Rep. Pete Stark (D., Calif.)

Ranking Member

Ways and Means Subcommittee on Health

Washington

South Carolina Schools Top Improvement Lists

Your Sept. 27 editorial "Change Comes to a Carolina" seriously misreprents the picture of education in South Carolina.

On the SAT -- always the favored whipping boy of public education critics in our state -- South Carolina holds the top 10-year improvement in the country, gaining 31 points while the nation has gained only eight.

On the National Assessment of Educational Progress (NAEP), the test preferred by the U.S. Department of Education for state-to-state comparisons, South Carolina exceeds the national average in math and is approaching it in reading. Our fourth-graders and eighth-graders are ranked No. 1 in the nation for improvement in math, our fourth-graders are No. 1 for improvement in science, and our eighth-graders are No. 3 for improvement in science.

It is true that too few of our students score "proficient" on state exams. But it is also true, as eight independent national studies have confirmed, that our standards for proficiency are among the toughest in the nation. What most states pass off as "proficient" earns only a "basic" score in South Carolina, making other states look better without actually achieving betterscores.

South Carolinians for Responsible Government, the organization mentioned in your editorial, has a single agenda: to dismantle public education and replace it with private school vouchers. The group has distributed inaccurate information and exerted pressure on legislators. And now it has filed a lawsuit against the South Carolina State Ethics Commission because the commission suggested that SCRG should comply with state election laws and disclose the source of its funding for campaign ads that targeted public school supporters for defeat.

Inez M. Tenenbaum

South Carolina State Superintendent of Education

Columbia, S.C.

Golden Memories

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What a delight it was to read Meghan Cox Gurdon's article "The Other Golden Years" (Weekend Journal, Taste, Friday Oct. 6). The illustrated cover of "The Saggy Baggy Elephant" really took me back to my early childhood and my dear grandmother. After spending hours reading the Little Golden Books to me, I picked up her wrinkled hand and said "Grandma, you have skin just like the saggy baggy elephant." Fortunately for me, her reply is lost in time.

Because my grandmothers and parents read me the Little Golden Books and other wonderful stories I have had a lifetime love affair with reading. Thanks to Little Golden Books and Ms. Gurdon for bringing back such wonderful memories.

Beverly Holland Polant

North Bethesda, Md.

Eyes on Romania

I disagree with your editorial suggesting that Romania and Bulgaria must finally be accepted into the European Union ("The End of Enlargement," Sept. 28). As a Jewish Holocaust survivor from Romania, I wish to emphasize that to this day, Romania has not paid restitution to Jews whose properties were confiscated and who were enslaved in forced-labor camps during the Holocaust.

Despite assurances of having established a Holocaust curriculum in schools and universities, Holocaust education in Romania remains optional, not obligatory. Random lectures on the subject given in Lasi University or in Cluj-Napoca University is not what the education law supposedly requires.

Much depends on the attitude of those in power and their willingness to bring about change. As George Orwell wrote: "Those who control the past, control the future. Those who control the present, control the past."

Romania, hoping to join the EU, is expected to clean up its act on a range of issues. It should be made clear that if Romania does not, the country will be at risk of losing its place among the western nations. The world is watching!

Baruch Cohen

Research Chairman

Canadian Institute for Jewish Research

Montreal, Quebec

Hong Kong Wrong

With reference to Milton Friedman's Oct. 6 op-ed, "Death of the Hong Kong Model":

I always thought that the big story on Hong Kong was missed. Its steady decline was the natural result of liberalism and political correctness. It should have never been given back to China. Hong Kong is just about gone, and no one is really noticing. What a shame.

Brian Grayson

Albuquerque, New Mexico

Mr. Tsang obviously thinks the collective intelligence of his small advisory group is greater than that of 6.8 million Hong Kong residents. What is so surprising about that? The U.S. has 535 members of Congress who believe they know more than 300 million Americans, and every day provides further evidence regarding who knows more.

J. H. Colter

Lindon, Utah

Mr. Friedman wrote in defense of laissez-faire capitalism that "if there are any obvious imperfections, the market will eliminate them." Really? I thought that it was government who took care of "imperfections" such as WorldCom, Adelphia and Enron. And let us not forget how many Wall Street firms a few years ago paid hefty fines and were forced to change the way they do business when the SEC went after them for misleading investors. If in a laissez-faire economy the only thing that matters is making money, then it can be amazing how much "imperfection" can be tolerated by the market.

David P. Graf

Chatham, Illinois

Does this mean that capitalism cannot work outside a democracy? There are countries that are socialist internally but have a government acting as a capitalist in the global market to pay for the cost of internal social policies. France is one such example. Is China trying to use Hong Kong in a similar way?

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Painting A Rosy Budget Picture (WP)

By Michael Abramowitz And Peter Baker

The Washington Post, October 11, 2006

MACON, Ga., Oct. 10 -- The federal budget deficit shrank from $318 billion to less than $260 billion in the fiscal year that concluded in September, officials disclosed yesterday. It marks the second year in a row that the deficit has declined after ballooning in the early years of the Bush administration.

White House officials hailed the improving short-term budget picture as a vindication of President Bush's tax-cutting agenda, though the long-term prospects are considerably bleaker, given the escalating costs of health-care and retirement programs and, in the view of many economists, the red ink produced by tax cuts.

Bush pointed to the declining budget deficit in remarks Tuesday evening at a fundraiser in Georgia, where he once again sought to frame next month's midterm elections in part as a referendum on tax cuts that he says have stimulated revenue. The nation "has got this choice to make," Bush told donors here. "Do we keep taxes low so we can keep this economy growing, or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country?"

The president will step up his efforts to tout the economy at a White House event Wednesday, when officials said he will announce that he has met his target of cutting the deficit in half over five years -- three years ahead of schedule.

That promise was based on what officials once projected would be a $521 billion deficit in 2004. One senior White House official, who spoke on the condition of anonymity because the president has not officially announced the numbers, said the deficit for 2006 will be less than $260 billion, "with a significant margin." The Congressional Budget Office estimated last week the deficit would be $250 billion.

One reason the goal was achieved is that the bar was set low. As the economy improved, the $521 billion deficit never materialized, and the government ended 2004 with a $412 billion deficit. Moreover, Bush's policies, including the tax cuts and war spending, helped wipe out the surplus that his administration inherited from the Clinton administration in 2001; Democrats point out that the government was supposed to be running a $300 billion surplus this past year, so in effect, they say, there has been a downward swing of more than half a trillion dollars.

Sen. Kent Conrad (N.D.), the ranking Democrat on the Senate Budget Committee, said the deficit numbers mask the broader problem, which is that the government is using so much in surplus Social Security taxes that it eventually must repay. When that is added to the official deficit numbers, Conrad said, the country had an additional $550 billion in debt last year. "It's amazing how word games have been used to hide from the American people how serious our fiscal situation really is," Conrad said in an interview. "All of the happy talk is just that."

Still, the budget deficit is declining, in large measure because corporate and individual tax receipts have surged at a much faster rate than the government originally projected. The Congressional Budget Office estimated last week that government receipts were up 11.8 percent in 2006, to $2.4 trillion, the second-highest increase since 1981, surpassed only by the 14.5 percent increase last year.

Meeting with reporters last week, White House budget director Rob Portman said: "This economy is strong and growing. The president's pro-growth policies, including the tax relief, are working."

But Robert D. Reischauer, former director of the Congressional Budget Office and now president of the Urban Institute, gave the tax cuts little credit because the economic effect of putting that money back into the economy was offset by the debt incurred from extra spending on the wars in Iraq and Afghanistan and relief from Hurricane Katrina. "The consensus among

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economists is that the tax cuts of 2001 and 2003 and the extensions have done little to boost economic growth, having been offset by increased spending," he said.

Reischauer agreed that revenue is stronger than most observers expected. "But what we're seeing is the calm before the storm," he said. "Everyone knows that the current revenue and spending structures taken together will be unsustainable as the baby-boom generation begins to enter its retirement years."

Administration officials said the president will continue to talk up the economy as he tours the country in the weeks before the Nov. 7 elections, hoping to overcome voter anger about the war in Iraq and congressional scandals. "In some of the key states and some of the key districts, even within these states, the economy remains the number one issue," said Portman, a former Ohio congressman who remains close to his House colleagues.

Bush was campaigning Tuesday for Mac Collins, a former congressman who is trying to unseat Rep. Jim Marshall in one of the few House races in which the GOP has hope of defeating a Democratic incumbent. Collins aides said they expected the campaign to take in more than $400,000 from Bush's appearance.

Baker reported from Washington.

Medicaid Spending Rises Only Slightly (WP)

By Christopher Lee

The Washington Post, October 11, 2006

Medicaid spending rose by 2.8 percent in fiscal 2006, the smallest increase in a decade, according to a study released yesterday by the nonprofit Kaiser Family Foundation.

At the same time, state tax revenue grew by 3.7 percent as the economy continued to improve, the survey of 50 states and their Medicaid directors found.

Together those trends signal that the state-federal program that pays for health care for the poor and disabled is emerging -- at least temporarily -- from a period in which many states limited eligibility, benefits and reimbursement rates for health-care services in a drive to corral costs. For 2007, only five states plan to restrict eligibility, while 26 indicated they will restore benefits, relax application and enrollment restrictions and undertake new outreach efforts.

"The program continues to grow, but it is not out of control," said Diane Rowland, executive director of the Kaiser Commission on Medicaid and the Uninsured.

"We now see that as the economy is improving that the states are looking at how they can best meet the needs of their citizens using the tools they have available to them."

With total annual costs of more than $300 billion, Medicaid serves more than 50 million people and its fortunes rise and fall with the economy. In tough economic times, when more people are out of work and hurting financially, Medicaid rolls swell. But that is when it is hardest for states to pick up their 40 percent of overall Medicaid costs, because a slumping economy also sends state tax revenues plummeting. (The federal government pays the balance of the costs.) The crunch typically leads Medicaid officials to scramble to impose cost-containment measures as part of broader efforts to rein in overall state spending.

Everything tends to turn around when the economy improves, with state coffers more flush and fewer people eligible for Medicaid. While 2002 and 2003 were lean years for states, the past two were better.

The slower growth in Medicaid spending documented by the Kaiser report was a product of both the improving economy and continued cost-containment efforts, Rowland said. Spending growth would have been even slower, but states had to fork over billions of dollars to help pay for the new Medicare drug benefit, which covers about 6 million low-income people who used to get prescriptions through Medicaid, the report found.

Even in good times, there is upward pressure on enrollment as the population ages and an increasing number of people lack health insurance. Medicaid enrollment grew by 1.6 percent in fiscal 2006, the lowest rate since 1999, the survey found. It does not take many people to drive up costs, however. About 4 percent of the Medicaid population, generally the elderly and disabled, accounted for 48 percent of the program's expenditures in 2001, the survey showed.

Anne Marie Murphy, Medicaid director for Illinois, said officials there have combined expansion and outreach in recent years with a new emphasis on prevention and managing health-care services.

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"We have been very focused on controlling utilization," she said. "We want people to get health care, but to get necessary health care. We want to spend our money wisely and be a prudent purchaser of care."

Although pressure to hold down costs continues, many states plan to expand coverage in 2007.

In California, about 95 percent of Medicaid-eligible children are already enrolled -- but officials will go after the uninsured 5 percent, said Stan Rosenstein, the state's deputy director of medical care services. "The governor has put in major funding for outreach, and we are making major simplifications to our application and redetermination process," he said.

Pump Is Not Only Place For Lower Gas Prices (WP)

By Tomoeh Murakami Tse

The Washington Post, October 11, 2006

As consumers revel in plummeting gas prices, a federal government report released yesterday offered another pleasant surprise: lower heating bills this winter.

For the first time since the 2001-02 season, natural gas bills are expected to drop by an average of 13 percent, or $119, from the previous year, according to the Energy Department's Energy Information Administration. Nearly six out of 10 households in the country rely on natural gas.

Consumers using other fuels won't fare as well, according to the report. Households heated by electricity are likely to see their bills increase by an average of 7 percent, or $58, because of the higher costs late last year for fuels for electricity generation and the loosening of caps on rates. People who use heating oil can expect to pay 6 percent, or $91, more this winter. Users of propane, however, can expect an average decrease of 1.1 percent, or $15, in their heating bills.

The chief reason for the reversal in consumers' natural gas costs is the high level in storage -- near full capacity -- which has caused prices to plunge. Inventory is plentiful, analysts said, because of last winter's mild weather, which significantly cut consumption, and a normal summer season that did not strain resources.

"The winter of 2006 was just off-the-charts warm," said Paul Flemming, director of power and gas at Energy Securities Analysis Inc. in Massachusetts. "We started what we call the inventory-building season in April with a very high starting point."

Last year, natural gas prices were also pushed up by hurricanes Katrina and Rita, which affected pipelines and natural gas processing plants. The estimated bills for this winter are still higher than 2004 levels. Heating oil supplies were also disrupted by the hurricanes, but their prices last year were not as affected as those for natural gas because the International Energy Agency released some reserve supply, said Doug MacIntyre, senior oil market analyst at the U.S. Energy Information Administration. Heating oil prices are continuing on their upward trend this year, while natural gas prices are adjusting to their sharp increases last year.

In the South region that includes the Washington area, natural gas bills would have been about 20 percent lower than last year, said Tancred Lidderdale, senior economist with the EIA. But because this winter is expected to be about 6 percent colder than last season, according to the National Oceanic Atmospheric Administration, the decline in heating bills works out to about 14 percent. "Unfortunately, the lower price is going to be offset somewhat by the expected colder winter," Lidderdale said.

Roger Cooper, executive vice president for policy and planning at the American Gas Association, a D.C.-based trade group, cautioned against reading too much into the forecasts, which were adjusted through the heating season last year as the winter turned out to be warmer than expected.

Still, "I think the direction is right," he said, adding that "I think we will see lower" natural gas bills.

Agency Expects Lower Costs For Gas Heat (NYT/AP)

By The Associated Press

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 (AP) — Families using natural gas can expect their heating bills to drop an average of $119 this winter, the government predicted Tuesday. But those who heat with oil or electricity are likely to see their bills rise.

The government based its predictions on its forecast of a mild winter for most of the nation and its assessment of energy supplies and costs as the nation's oil and natural gas production and refinery output recover from hurricane damage in 2005.

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"This is a very different scene than we had a year ago in the wake of Hurricanes Katrina and Rita," said Guy Caruso, who heads the Energy Information Administration, the Energy Department's statistical agency.

The hurricanes knocked out 20 percent of the nation's gas production, severely damaged Gulf Coast gas processing facilities and shut more than a dozen refineries — an impact "we're only now recovering from," Mr. Caruso said.

"The greatest beneficiaries will be those who use natural gas because prices went up 29 percent last year" and have since fallen back, he said. Natural gas stockpiles are expected to be near capacity by Nov 1.

The Energy Department forecast that the average household using natural gas would pay $826 for home heating this winter, down $119 or 13 percent from last winter.

Natural gas is the largest source of home heating in the United States. It is the primary fuel for 58 percent of all households, including almost four out of five in the Midwest.

A third of households rely on electricity as the primary heating fuel. The government estimates they will pay an average of $839 for heat this winter, up $58 or 7 percent from last winter. Electric heat is most prevalent in the South, where 52 percent of households use it.

Fuel oil users can expect to pay $1,522 on average this winter, up $91 or 6 percent from last winter. They represent only 7 percent of the nation's households but about half the homes in New England.

Households that rely primarily on propane are expected to pay an average of $1,265 this winter, down $15 or 1 percent from last year. Propane is the primary heat source for only 5 percent of households.

Heating Costs For Some Expected To Drop This Winter (USAT)

By Barbara Hagenbaugh

USA Today, October 11, 2006

WASHINGTON — Most, but not all, Americans will pay less to heat their homes this winter than last year, the government said Tuesday in a report that offered good news for natural gas users.

If realized, the drop in average winter bills will be the first in five years.

"The trend is down, and that's the good news," Guy Caruso, head of the Energy Department's Energy Information Administration, said at a winter heating conference.

Prices for natural gas, the most popular heating source in the USA, are expected to be down dramatically from last year, when costs jumped following Hurricanes Katrina and Rita. The average retail natural gas price is expected to be about $1.22 per therm this winter, down from $1.46 last year.

Although this winter is expected to be warmer than normal in most of the USA, it is still expected to be colder than last year, which was exceptionally mild, says Michael Halpert, lead forecaster at the National Oceanic & Atmospheric Administration's Climate Prediction Center. January 2006 was the warmest January on record.

Colder weather means consumers this year will have to use more energy to heat their homes, partially negating some of the price drop for natural gas, Caruso said. He also cautioned that consumers' winter bills will vary widely based on location, fuel source, home size and heating habits.

The agency's expectations:

•Natural gas. Users of natural gas, which heats 58% of U.S. homes, will pay an average $826 this winter, down 13% from last year.

•Electricity. Users of electricity, which heats 30% of U.S. homes, will pay an average $839 this winter, up 7% from last year. Price and usage are expected to rise.

•Heating oil. Users of heating oil, which heats 7% of U.S. homes, will pay an average $1,522 this winter, up 6% from last year. Although prices are forecast to be unchanged from last year, consumers are expected to use more.

•Propane. Users of propane, which heats 5% of U.S. homes, will pay an average $1,265 this winter, down 1% from last year.

Although bills will likely be lower this winter for most households, the average tab will still be up 15% from two years ago and 64% from five years ago, according to the EIA. That means many low-income consumers will continue to struggle to pay

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their heating bills this winter, says National Energy Assistance Directors' Association Executive Director Mark Wolfe. “These are really not affordable bills for low-income families,” Wolfe says.

Also Tuesday, a barrel of crude oil trading for November delivery fell $1.44 to $58.52. EIA predicted oil prices would rise to $67 by January based on tight supplies and demand for heating oil.

Winter Heating Likely To Cost Less (WT)

By Patrice Hill

The Washington Times, October 11, 2006

The government projected a decline in winter heating bills yesterday, adding to the already sizable benefit to consumers from falling energy prices.

The Energy Information Administration yesterday predicted that for the first time since 2001, home heating bills will stay the same or decline from last year's levels, thanks to plunging oil and natural gas prices and forecasts of a mild winter ahead.

Add that to rapidly dropping gasoline prices -- pump prices have plunged 75 cents to $2.26 since August, the fastest decline on record -- and consumers are set to enjoy an energy dividend just in time for the holidays, economists said.

"We expect a powerful surge in discretionary income will lift spending, courtesy of the recent plunge in energy quotes," said Richard Berner, chief economist at Morgan Stanley. He estimates consumers' discretionary income has jumped at a $100 billion annual rate since August because of falling gasoline prices, and will grow by another $20 billion to $30 billion because of lower heating bills.

This should give a small boost to economic growth, he said, but he cautioned that much of the windfall could be wiped out if the weather turns out to be colder than expected.

"We already know that consumers celebrated the drop in gas prices by going shopping in September," said Gina Martin, economist with Wachovia Securities, who predicted gas prices will bottom out between $2 and $2.25 on average this winter before heading up again in the spring.

But consumers may not spend the windfall too wisely, she said. Wachovia expects consumers to blow some of their spare change simply by driving more, leaving about $12.6 billion for spending at shopping malls and stores -- not enough to make a major impact on the economy.

The fall in pump prices already has prompted consumers to revisit their love affair with sport utility vehicles after a flirtation with more fuel-efficient cars brought on by $3 gasoline in the spring and summer, said Patrick Olsen, a managing editor at Cars.com.

"Consumers have a short memory," he said. "It has been less than a month since gas prices dropped below $3 a gallon, and we have seen a surge of consumers looking for SUVs on Cars.com."

Energy analysts expect the drop in energy prices to be temporary, as crude oil prices remain high and world supplies remain fairly tight. Despite the renewed enthusiasm for big cars, surveys show that consumers also are skeptical that gas prices will remain low.

Consumers are enjoying the windfall from lower gasoline prices right now, but the benefit they will receive from lower projected heating bills will not be felt fully until December and January.

The energy agency said the majority of Americans who use natural gas to heat their homes will see a 12.5 percent drop in heating costs this winter as a result of a decline in gas prices and a mild winter. The agency said the winter will be 2 percent warmer than normal but 6 percent colder than last year's extraordinarily balmy winter.

Natural gas prices have plummeted since last year because of the unusual warming trend, which caused a record buildup of stored gas at utilities. People who heat with propane also will see a 1.1 percent decline from last year's prices.

But oil prices are higher than last year, and electricity rates are up, so those who heat with electricity and heating oil will see increases of 7.4 percent and 6.3 percent, respectively, the agency said.

Bill Cooper, executive director of the Center for Liquefied Natural Gas, said he is concerned that consumers will be lulled into a false sense of energy security because of the break from high gas bills that is occurring largely because of abnormally warm weather. Gas prices, while down, are still double what they were five years ago.

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"We are at the mercy of the weather, and that's a dangerous place to be as we saw when Hurricanes Katrina and Rita knocked out much of the Gulf of Mexico's natural gas production and prices spiked" last year, he said. "To rely on one of the most unpredictable elements ... to determine whether we'll be able to heat our homes and power our industries -- that's no way to run a railroad."

Forecasts Call For Lower Home Heating Costs (CHIT)

By Robert Manor

Chicago Tribune, October 11, 2006

It is by no means a sure thing, but your heating bill this winter could be a bit more reasonable than last year.

Natural gas prices are down compared with last winter, and weather experts are forecasting a somewhat warmer-than-usual heating season, despite the blast of autumnal cold forecast for Thursday.

"It's likely that [residential] heating bills will be lower than last year," said Elizabeth Castro, spokeswoman for Peoples Energy Corp., noting that natural gas prices this month are half what they were a year ago.

The federal Energy Information Administration said in a report Tuesday that Midwest "households can expect to pay nearly 14 percent less in natural gas expenditures relative to last winter."

Meanwhile, the National Oceanic Atmospheric Administration is projecting this winter will be 2.1 percent warmer than normal in the lower 48 states.

Such long-term forecasts are notoriously unreliable.

But there is no denying that natural gas prices are down from last year, when Hurricanes Katrina and Rita disrupted production in the Gulf of Mexico, which provides much of the U.S. supply. As a result, last year's heating prices were far above normal.

This year, falling oil prices also have contributed to the decline of gas costs, as some industrial users can switch from one to the other.

"Nicor does expect natural gas prices to be considerably lower than last year," said spokeswoman Margi Schiemann. "But they still remain historically high."

The Citizens Utility Board tracks natural gas prices charged by utilities. In January, CUB said, Peoples Gas was charging a little more than $1.13 per therm, a standard measure of gas consumption. By historical standards that was a very high price.

This month Peoples Gas is charging a little more than 56 cents, CUB said. That is its lowest price since October 2003.

Nicor customers were charged $1.09 a therm in January. This month the price is 44 cents, Nicor's lowest price since October 2002, CUB said.

Gas sold for as little as 30 cents a therm during much of the 1990s. Increased use of natural gas to generate electricity has helped propel prices higher.

Peoples and Nicor earn no profit on the price of natural gas, which they provide to their customers at cost. They earn money through delivery fees. Neither company would predict how much overall bills would drop this year.

During the October-through-March heating season of 2005-06, the average Nicor customer spent $1,018 for gas, compared with $775 the previous year. For Peoples, the numbers were $1,257 and $979 a year earlier.

Of course, weather is fickle, and if this winter is bitterly cold, demand for gas will drive up the price and the amount consumers use.

Illinois residents got something of a break in January, which was unusually mild and held down consumption at a time when prices were high.

So if the predictions are right, consumers should have more money in their pockets. Might that give a boost to the economy, perhaps jolting retail sales during the holiday season?

Paul Kasriel, chief economist for Northern Trust, doesn't think so.

"If they don't spend as much on heating, there is income left over," he said. "The question is whether they might want to save it or go out to eat more?"

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His opinion is that consumers, squeezed by many months of spending more than they are earning, will be more likely to save or invest the money, or use it to pay essentials like a mortgage. Mortgage defaults have been increasing as variable rate mortgages reset to higher interest rates.

Diane Swonk, chief economist at Mesirow Financial, said higher-income households likely will spend the money. But households with less money are in a different situation.

"Middle- and low-income [families] have to unburden themselves of some debt they incurred when prices were higher," she said.

The Low Income Home Energy Assistance Program can help out with heating bills for households that qualify. Peoples Gas customers and Nicor customers should call 312-456-4100 or 800-252-8643 to inquire about the program. North Shore gas customers should call 847-249-4330.

Natural Gas Bills Far From A Bargain (HC)

By David Ivanovich

Houston Chronicle, October 11, 2006

WASHINGTON - Though American consumers are likely to get some relief in their heating bills this winter, they should still expect to pay substantially more than they did just two years ago.

In fact, if the government's energy forecasters are correct, ratepayers will still be paying nearly 30 percent more this winter than they did on average between 2000 and 2005, the Energy Information Administration said Tuesday.

"It's good news that prices are anticipated to be lower than last year," noted Kateri Callahan, president of the Washington-based Alliance to Save Energy, "but they were record-setting last year."

"The trajectory is definitely up," Callahan said.

A year ago, natural gas prices were high, as the energy industry struggled to restore gas production in the Gulf of Mexico that was knocked off line by hurricanes Katrina and Rita.

Back then, energy forecasters were predicting an extremely harsh winter for rate payers. But consumers were spared the worst, thanks to a very mild winter that featured the warmest January on record.

This year, the National Oceanic & Atmospheric Administration is calling for another mild winter, albeit slightly cooler than last year's balmy temperatures.

The typical American household can expect to save about $45 on its heating bill this winter compared with last year, the Energy Information Administration said.

"Natural gas prices are certainly the story," said Guy Caruso, the agency's administrator.

But that's not to say the winter heating will come cheap.

Consumers, using a variety of different sources of energy, will spend an average $902 on heating from October through March, the agency said. That's down nearly 5 percent from the $947 average total last year.

But back in the winter of 2004-2005, the typical household spent $786. And for the five-year period between 2000-2005, the average cost was $697.

More Americans heat their homes with natural gas than with any other fuel.

And with gas prices down dramatically from their highs last year, and storage levels poised to reach a record high, households heating with gas stand to save $119 on average this winter, the Energy Information Administration said.

Natural gas users are expected to spend $826 this winter, down from $945 a year ago, the agency said.

"While U.S. households using natural gas are expected to get a modest break on their winter heating bills relative to last year, this is cold comfort when costs are nearly double those of just five years ago," said Jack Gerard, president of the American Chemistry Council.

"Make no mistake, the natural gas crisis hasn't gone anywhere," Gerard added.

The Chemistry Council represents petrochemical makers, which were hard hit by the rise of natural gas prices.

In the nation's southern tier, which includes Texas, natural gas expenditures are expected to drop to $765, down from $887 last winter, the agency said.

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Officials at CenterPoint Energy have made no predictions about what Houstonians should expect in their heating bills this winter.

Houston customers saw their gas bills go down in February, August and again just last week because of lower natural gas costs. CenterPoint officials, at least at this point, do not contemplate any further adjustments before February.

A typical CenterPoint customer, using 2,000 cubic feet of gas, can expect to be billed for $29.08 this month, compared with $38.38 in October 2005.

Lower Heating Bills Expected This Winter (LAT)

The Los Angeles Times, October 11, 2006

Winter heating bills are expected to be lower for most families across the nation, with natural-gas customers getting the steepest reductions, the government said Tuesday.

In Southern California, the average monthly cost of home heating could drop as much as 18%, according to Southern California Gas Co., which serves 5.6 million customers. The average monthly bill will be about $80 to $85 this winter, compared with $98 a month last winter, said the utility, which is owned by San Diego-based Sempra Energy.

Families using natural gas — 58% of U.S. households — should expect to pay an average of $119 less during the coming winter compared with last year, a decrease of 13%, the Energy Department said.

The 30% of U.S. households that rely primarily on electricity for heat are expected to pay an average of $58 more, up 7.4% from last winter.

Those heating their homes with fuel oil — 7% of U.S. households — are likely to pay $91 more, a 6.4% jump. The 5% of homes that use propane for heat can expect to pay $15, or 1.2%, less.

Government officials cautioned that if parts of the country experienced an unusually cold winter, heating costs could be much higher than forecast.

The National Oceanic Atmospheric Administration projected Tuesday that most of the country would see above-normal winter temperatures, though slightly cooler than last year's.

Homes that use natural gas are expected to see their heating costs average $826 this winter, compared with $945 last winter. Electric households could pay an average of $839 for heat this winter, up from $781 last winter.

Homes using fuel oil are expected to pay $1,522 this winter, an increase from $1,431 last winter. Propane users should pay $1,265 this winter, compared with $1,280 last winter.

Gas Consumers To Pay Less For Heat This Winter, Government Says (BLOOM)

By Geoffrey Smith, Robert Tuttle

Bloomberg, October 10, 2006

Oct. 10 (Bloomberg) -- Homeowners in the U.S. can expect to pay an average 13 percent less for natural gas this winter than they did a year earlier, as prices have fallen and inventories surged, the government said in an annual winter-fuels report.

Natural gas consumers will spend $826 this winter to heat their homes, down from $945 last winter, the U.S. Energy Department estimated in its Short-Term Energy Outlook, released today in Washington.

Households that heat with gas will experience the greatest drop in fuel costs, the report from the department's Energy Information Administration showed. Natural gas is the most widely used heating fuel in the U.S., firing the furnaces in 58 percent of all U.S. households.

Consumers of heating oil and electricity can expect to pay more than last winter, the report showed. Households reliant primarily on heating oil will pay $1,522 this winter, a 6.4 percent increase, the department said. Those with electric heat can expect to pay $839, 7.4 percent more than last winter.

Weather that will be 5.9 percent colder than a year earlier will boost demand for all heating fuels, the department said, citing government forecasters at the National Oceanic and Atmospheric Administration. Benchmark natural-gas futures fell as much as 74 percent from a record $15.78 last December, easing the strain on households that rely on the fuel for heat.

Propane consumers will also pay less because of lower prices. Residential propane is expected to cost $1,265 per household, 1.2 percent lower than a year ago. Propane is used by 5 percent of U.S. households as a primary heating fuel.

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Natural gas inventories are 14 percent above last year and are headed toward a record, according to Energy Department data. Heating oil supplies are up 13 percent from the average and at their highest since 1999.

Far From Big City, Hidden Toll Of Homelessness (NYT)

By Randal C. Archibold

The New York Times, October 11, 2006

TRINIDAD, Colo. — As the Bush administration promotes a widely praised multibillion-dollar effort to end chronic homelessness in cities like Washington and San Francisco, a growing outcry is rising from rural areas that worsening problems far away from urban centers are being overlooked.

Rural homelessness has always taken a back seat to the more glaring problems in cities. Most studies estimate homeless people in small towns account for about 9 percent of the 600,000 or so homeless nationwide. But local officials and advocates for the homeless in small towns say that economic distress in recent years, including closing plants, failing farms, rising housing costs and other troubles, has left more people without homes and in greater need of help.

Real numbers are hard to come by because most rural areas, where homeless services often means ad-hoc help from church groups or volunteers, are far behind a parade of cities taking head counts.

"We are concerned that the focus on chronic homelessness may have the unintended consequence of shifting services away from families and rural communities," said John Parvensky, executive director of the Colorado Coalition for the Homeless, one of several groups pushing the federal government to turn more attention to rural areas.

Among the homeless here is John Lobato, who offered a tour of his surroundings — the abandoned shuttle bus where he sometimes sleeps, the makeshift assortment of pallets, mattresses and blankets where he and other men pass time, often drinking, and the Purgatoire River, where he bathes.

Sometimes he takes his medicine for schizophrenia, Mr. Lobato said, sometimes not. Sometimes he sobers up for a while, but then the bottle calls.

"I know I need help," he said, before embarking on a search for a liquor fix at midday in this isolated town 180 miles south of Denver. "But I don't know where to get it."

Until recently, many small towns like Trinidad coped with those who panhandled or set up makeshift encampments in the woods with what Lance Cheslock, director of La Puente, a shelter in Alamosa, near here, calls "Greyhound therapy." They handed out bus tickets.

"They just send them up to the cities and let them deal with the problem there," said Mr. Cheslock, among the advocates pushing for a new way to finance rural homeless programs.

The growing visibility of the problem has made some towns reconsider that attitude and push for local solutions, although they can be expensive and difficult.

Rural homelessness "doesn't get enough attention," said Philip Mangano, the executive director of the United States Interagency Council on Homelessness and the Bush administration's chief coordinator of homeless services. But Mr. Mangano said the problem had been difficult to assess because rural communities by and large had not chronicled their problems with the data-heavy planning documents the Housing and Urban Development Department and other federal agencies increasingly demand.

"Like any profile of the homeless, there is a lot of anecdote and hearsay, but you need data and research to create policy," Mr. Mangano said.

To confront the problem, he cited the examples of Washington and Michigan, where every county, many of them rural, has committed to writing a plan to end homelessness.

Here in Trinidad, a former old West coal town of 9,000 near the eastern slopes of the Sangre de Cristo mountains, people have long struggled through hard times. The downtown is pockmarked with shuttered storefronts, but new cafes and galleries have opened as the town tries to refashion itself as an artists' colony.

Interstate 25, dotted with motels of various quality and shopping centers, slices through Trinidad, leaving tidy Victorian homes rising on a hill on one side and modest ranches, several in disrepair, on the other.

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Sandi Espinoza, who directs the Open Door Soup Kitchen, in space borrowed from a church, said the organization was serving more meals than ever — families, veterans, men just released from prison and a wide assortment of people smelling of liquor before noon. Some 85 people come daily for lunch, double the number from a few years ago, Ms. Espinoza said.

"We need shelter here," said one wobbly man, who when asked where he sleeps, replied, "down under the bridges."

There is no homeless shelter, only a few drug, alcohol or mental illness treatment programs for the indigent, and a loose group of church pastors, volunteers and other concerned citizens striving to look after people who have no home.

"Pastor helps me out," Mr. Lobato said. "The soup kitchen helps me out and these guys" — he motioned to his disheveled companions — "help me, too."

A couple of weeks ago, officials here cheered the establishment of a "transitional housing unit," a single-family home leased from the government for $1 a year where a displaced family can live for a year or so until they get back on their feet, the first such project started here. The organizers say several families, doubled up with relatives or friends, need a place like that.

There is nothing for the men living in the tents and shacks that have popped up behind the Wal-Mart, near the river.

To seek more stable solutions, a small group was recently formed. With guidance from Becky Vanderslice, an organizer with Housing Justice, a group based in Denver, they gathered around a church conference table and discussed problems that included the need for rehabilitation programs and families unable to make ends meet.

Finally, said Cary T. Nelson, pastor at First Christian Church, the group decided to start with the single-family home. Churches and volunteers will subsidize the costs of running the house, a foreclosed property held by the local office of the federal Agriculture Department.

They called the house Haven of Hope and have begun searching for a family to occupy it. One applicant, Brenda Holguin, said she hoped to move in with at least two of her four children, who are living with her estranged husband. A domestic dispute has left her homeless, living in a nearby domestic violence shelter, and such a house would help set her on a steady path, Ms. Holguin said. "Having a house, my family in one place, would give me more self-esteem," she said.

Ms. Espinoza, who runs the soup kitchen, said she was hoping that local businesses or churches would step forward with donated space for an emergency shelter.

The National Coalition on Homelessness, an advocacy group, is considering mounting an effort to make the Agriculture Department, with its many field offices and staff members in rural areas, the lead agency for financing homeless programs outside urban areas. The task currently falls to the Department of Housing and Urban Development.

"It should be the department of housing and urban-only development," said Michael Stoops, the executive director of the coalition. "We should not give up on HUD, but we need to get other federal agencies involved."

Last year, he said, HUD provided $120 million for 700 projects in rural areas, an amount that has remained constant for several years, federal officials said.

This year, the federal government has increased direct spending on homeless programs to about $4 billion, up from $2.9 billion and double the spending of five years ago. About 10 percent of that has gone toward a new focus on ending chronic homelessness, Mr. Mangano said.

The approach has fired up hope in Denver, San Francisco, Washington and other cities that headway is being made, but it has dismayed advocates in rural areas, where grant-writing expertise and the Talmudic knowledge of federal regulations are lacking.

Small towns also lack the network of nonprofit organizations and corporations that often underwrite efforts.

"The government wants matching funds and the big city funders only fund the big cities," said Donna Haddow, a member of the Trinidad-Las Animas County Economic Development Board. "There's nothing left by the time we come knocking."

Ms. Vanderslice of Housing Justice said a prominent foundation would not finance the new housing program in Trinidad because it had decided to focus most of its resources on Denver.

"There is a lot of money to end homelessness in the state," she said. "But a lot is going to the Denver metro area because the mayor there has a 10-year plan."

Here, she added, "they are going on open faith."

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Defense Contractors Weigh Majority Leader Murtha (HILL)

By Roxana Tiron

The Hill, October 11, 2006

The defense industry is assessing the impact that Rep. John Murtha (D-Pa.) will have on its fortunes if the Democrats retake the House in the midterm election.

The sector has benefited from increased military spending in the past five years, but several lobbyists and industry insiders argue that long-term profits depend on steady defense budgets and predictable investment in next-generation weaponry.

And some within the industry believe that Murtha could be the man with whom to hedge their bets.

He is a longtime supporter of the industry and a hawk, but has emerged in the past year as his party's most vocal critic of the Iraq war — urging withdrawal of U.S. troops.

And despite heightened focus on curbing congressional pork-barrel spending, Murtha has opposed earmark reform.

He finds himself in an interesting position — a vehement critic of a war that has boosted defense contractors' coffers, but also a staunch supporter of a military and defense industry fed on big-ticket programs and well-placed earmarks.

"We are mortgaging our future on this war," said one lobbyist, who represents several major defense companies. "Most people want to see the war over to go to the next-generation weapons."

Military contractors benefited when Congress approved the $448 billion 2007 defense appropriations bill, which included $70 billion in emergency spending for Iraq and Afghanistan.

The Bush administration has spent about $507 billion on Iraq, Afghanistan and the rest of the war on terror since 2001.

Much of the emergency money is spent on troops and supplies, but lawmakers also made allocations for weapons programs.

"A lot of the money is spent replenishing systems," said the lobbyist. "War is not good for business. The industry wants to produce the new stuff rather than see the money go to the war."

Big-ticket defense items, such as the F-22 fighter, the multi-national Joint Strike Fighter, the Army Future Combat Systems and the Navy's next generation DD (X) destroyer and Littoral Combat ship, have nothing to do with the current war, said Steve Ellis, vice president for programs at watchdog organization Taxpayers for Common Sense.

Lucrative war business comes to those who produce counter-improvised explosive devices, armored vehicles, bullets and other personnel protection systems, said Ellis and other defense industry insiders.

"Part of the reason the defense industry has not rebelled as much is that the defense budget has grown and there's a lot of money to go around," said Ellis. "The money we spend on the defense industry is enormous and they have not felt the pressure."

But if tension builds between traditional defense spending and war spending, "then we would start hearing some mumbling in the defense industry."

Analysts expect the purse strings to tighten on defense in the coming years. For the first time since Sept. 11, 2001, President Bush did not receive his full budget defense request.

Murtha knows how to spread the wealth. "The defense industry wants someone who supports a healthy defense budget and who supports bringing new technology," said a defense lobbyist. "Most of the defense industry would want to see the war end tomorrow."

Murtha's support of a well-fed defense industry is paying off for him and his party. He is again the top recipient of defense industry money in Congress. The defense industry contributed $371,700 to Murtha's campaign.

In 2004, he ranked third only to presidential candidates Sen. John Kerry (D-Mass.) and George Bush, but in 2002 he was No. 1.

By comparison, Rep. Bill Young (R-Fla.), chairman of the defense appropriations panel, ranks as No. 18 with $99,000 in his coffers from the defense industry.

Young consistently has ranked towards the bottom of the top 20 recipients of defense money. But unlike Murtha, Young, a stalwart supporter of the military and the defense industry, is not an avid fundraiser and when he holds an event he is known not even to print a ticket price.

Not so Murtha, a leading Democratic fundraiser who has doled out money to the party.

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Because he has been a hawk and a supporter of the military, Murtha's criticism of the Iraq war and his call for troop "redeployment" gave Democrats political cover.

If the Democrats win back the House this year, Murtha is throwing his hat in for the Majority Leader position, banking on his close relationship with Minority Leader Nancy Pelosi (D-Calif.). Murtha faces staunch competition from Minority Whip Steny Hoyer (D-Md.).

Some in the defense industry hope Murtha becomes majority leader, while others say he would be better suited at the helm of the defense appropriations committee.

As a majority leader, Murtha would bring defense to the forefront and stave off cuts that the Democrats have traditionally made, some industry insiders say.

In such a position, Murtha would determine how the budget is put together and the amendments that would come to the floor, but he would lose the day-to-day touch on the appropriations committee, which to the defense industry is more important, said an industry source.

Hoyer would not be a bad bet for the defense industry as majority leader, because he has also been a strong supporter of the sector and is in close contact with the Pentagon and the military branches, said the source.

Sen. DeMint To Head-up Key Group (HILL)

By Jonathan Allen

The Hill, October 11, 2006

Sen. Jim DeMint (R-S.C.) is in line to take the reins of the Republican Steering Committee, a cabal that serves as the base for conservative activism in the upper chamber.

"That's where things are headed," said a Senate Republican aide familiar with discussions about a successor to Sen. Jeff Sessions (R-Ala.), whose term will expire at the end of the 109th Congress. The aide requested anonymity because DeMint's ascension will not be made official until the committee meets and confirms him after the November election.

The Steering Committee would play a much different role in the institution if Republicans are cast into the minority. The secretive committee now seeks to pressure GOP leaders to adopt more conservative policies, but it once served to block the liberal priorities of a Democratic majority.

DeMint, chosen for the job through an informal process, is a fierce partisan warrior who has one foot in leadership circles and the other in conservative circles. That combination could make him an effective leader whether Republicans retain control of the Senate or not.

A former market researcher, DeMint was tapped this year by party leaders to combat a quick-slinging Democratic communications operation on the floor of the Senate.

"He's always very aware of how things are perceived and he has a talent for how to sell the message without selling out on the policy," said an aide to a conservative Republican senator.

DeMint's unflinching conservatism on tax cuts and restructuring Social Security have won him praise from Republicans who view him as a principled leader. Like many of his contemporaries, he brought with him a taste for the House's bitter partisan warfare when he was elected to the Senate in 2004.

But even as he fights Democrats, DeMint straddles the Republican divide between conservative rabble-rousers and party leaders. That could be a double-edged sword under GOP rule, according to Republican aides.

He "fits in both worlds in a good and bad way," one aide said.

Even if DeMint drifts toward leadership, the Steering Committee has an anchor in Sen. Tom Coburn (R-Okla.). Aides say Coburn aggressively takes on conservatives' toughest battles on the floor.

When Republicans are in the majority, the Steering Committee's success is dependent upon its ability to affect policy without forcing its members, who generally feel allegiance both to conservative ideology and to the GOP's electoral fortunes, to openly defy Republican leaders at every turn.

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"It's very influential; it's quiet, though," said Brian Darling, head of Senate relations at the conservative Heritage Foundation and an attendee of off-the-record weekly meetings of conservative congressional aides, lobbyists and activists that are organized by the Steering Committee.

The Steering Committee and a series of affiliated staff-level organizations intentionally keep a low profile to avoid sabotaging their own work.

"Leadership would be very upset if it was perceived that a subgroup of the caucus were trying to drive policy," Darling said. "It is a challenge to leadership to have conservatives doing things that are inconsistent with some of the policies that the leadership is promoting."

In the minority, Steering Committee members have used every tool available to stand in the way of Democratic legislation, which explains why some conservative activists advised Republicans against exercising the "nuclear option" to circumvent filibusters and why there has been resistance to doing away with "holds."

Under Sessions, the Steering Committee has been a thorn in the side of establishment Republicans at times, particularly on spending and immigration.

Sessions pressured the White House to issue a veto threat against the Senate's $107 billion "emergency" spending bill in May by sending the president a letter endorsed by enough Republican senators to ensure a veto would be sustained. As support mounted, Majority Leader Bill Frist (R-Tenn.) and Majority Whip Mitch McConnell (R-Ky.) signed Sessions's letter, putting the top Senate leaders in the unusual position of begging the White House to veto legislation that their majority produced.

The letter was the culmination of weeks of below-the-radar plotting by senators and conservative aides who were determined to reverse a committee-level spending spree. The measure's price tag was subsequently pared back and Bush signed it into law.

Sessions also was a leader among conservatives in trying to amend and block the Senate's immigration bill, which in addition to border-security measures would have created a temporary-worker program and a means for illegal immigrants currently in the country to become citizens. The battle between Republican moderates and conservatives has stalled legislation that conservatives find anathema because they say it would grant amnesty to people who entered the country illegally.

The FAA Corrals Its Brand (WP)

By Al Kamen

The Washington Post, October 11, 2006

Federal Aviation Administration chief Marion C. Blakey worries that people have been confusing her agency with the Food and Drug Administration (FDA), or worse, the Federal Emergency Management Agency (FEMA).

So Blakey last month signed an order establishing the FAA "Branding Identity Program" (FAABIP) to clarify matters. The FAA does so many wonderful things, she notes in a cover message to the order, "but it has not received proper credit for all the good work it does in so many areas because it does not have a strong brand identity."

And why is this? Because "dozens if not hundreds of different" logos have been used "in materials of all kinds." Blakey said she's heard that if you collected business cards at an agency meeting, "you would never guess that they all work for the same agency."

No more. From now on, there will be rules and regs. We will have "a circular gold border, a blue background bearing the white letter near its outer rim the words 'Federal Aviation' at the top and 'Administration' at the bottom."

An agency newsletter the next day noted that there probably "will be messages from some who will ask if we don't have bigger things to think about than cosmetics." Apparently not.

"One of the hallmarks of a successful business or organization is a strong single brand," the newsletter explains, "not separate brands for various parts of the organization; BMW, IBM, Boeing, Airbus, McDonald's, to name just a few."

" Phyllis Preston , who is the branding guru," the newsletter says, "likes to use the example of McDonald's. She says you don't see a separate logo for French Fries, and another for the hamburgers, and still another for milk shakes."

Well, there you have it.News From the Front

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This just in from the Green Zone in Baghdad: The hot new polo shirt in the zone is white with a diplomatic security badge on it and stitching below that says "Resistance Is Futile."

Secretary of State Condoleezza Rice , stuck last week on a runway in Irbil, Kurdistan, because of engine trouble, was working trade sanctions to impose on Iran. A reporter offered her a bottle of a popular brand of water -- imported from Iran. Rice quipped she wasn't sure she could get it through customs.Phish Story

It is now clear there is no depth to which scam artists will not sink. The Congressional Budget Office sent out an e-mail recently warning that someone is using the CBO mailing list to get private information about those on the list.

"Several people have reported receiving an e-mail message that appears to have been sent from the Congressional Budget office," the e-mail said. "The message is actually Phish and appears to come from outside the U.S." (CBO stopped short of accusing our friend Madame Miriam Abacha from Nigeria.)

"We are not sure how many people received the message or how the address list was obtained [but] if you received an email message from: Budegt Office

" and using a subject line that says "The Budget and Economic Outlook Fiscal Years 2007 to 2016," then "please delete it. Also, DO NOT click on the link at the bottom of the message. It could possibly infect your computer with spyware or a virus."

Most folks surely didn't need the warning. A government document purporting to know the "economic outlook" in 2016? Obviously phony.The Bill That Keeps on Billing

The bills won't stop coming in from the 11-year-old independent counsel investigation of former housing secretary Henry G. Cisneros , who pleaded guilty in 1999 to a misdemeanor for understating the amount of money he had been giving his mistress.

The independent counsel, David M. Barrett , filed his final 474-page report in January, conceding he couldn't say for sure "whether any criminal laws were broken" by government officials when he went after Cisneros on tax charges. At that point, Barrett had billed the taxpayers $21 million.

Barrett's office closed May 3. His latest bills, according to a GAO report, totaled nearly $850,00 for the six months ending March 31. Personnel costs of $375,000 and utilities at $239,000 were the biggest items. Unclear whether there's another bill coming for April.

Communication Breakdown Cited In Failed Postal Legislation (WP)

By Stephen Barr

The Washington Post, October 11, 2006

It's no fun being on the hot seat.

"I feel badly," William H. Young , president of the National Association of Letter Carriers, said yesterday about blocking legislation to overhaul the U.S. Postal Service. But he emphasized that his union members were his highest priority, making it impossible for him to accept a provision that would single out injured postal employees for different worker compensation rules than other federal employees.

Young said that he was trying to contact Sen. Susan Collins (R), the chief sponsor of a compromise bill, who is traveling in her home state of Maine, "to determine where our communications failed."

Although the bill has drawn little public attention, it represented a decade-long effort to revamp Postal Service business operations.

Companies that rely on the post office to distribute products are eager for a restructuring that would make increases in mail rates more predictable. Congressional auditors, meanwhile, have warned that the Postal Service needs to rethink its business practices, in part because revenue is being lost as fewer first-class letters are mailed in the Internet age.

The bill pushed by Collins and others would have reshuffled multibillion-dollar pension and health-care costs to ease budgetary pressures on the Postal Service, a change initially opposed by the White House.

During negotiations on the bill, the NALC, which has 300,000 members, created the impression that it would be in Collins's corner. But as Collins tried to move the bill last month, in the hours before Congress recessed for the campaign season, Young announced his opposition.

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That earned him a round of finger-pointing by lobbyists in the mailing industry and congressional aides. It also raised questions about why the union would want to take credit for defying Collins, chairman of the Senate Homeland Security and Governmental Affairs Committee and a Republican who keeps her door open to federal employee groups.

"We are all left scratching our heads," the Alliance for Nonprofit Mailers said in an Oct. 4 newsletter. "Why did the National Association of Letter Carriers use a minor issue to bring down a bill that contained so much good for their members? They had beaten back every attempt to include provisions harmful to their members and won every important legislative battle. They had won the war. So why did they pull the plug?"

In a telephone interview, Young acknowledged that he had not tried to block an earlier version of the bill, which was approved by the Senate without debate, even though it contained the provision he opposes.

The provision would require a three-day waiting period before injured postal workers could begin accruing workers' compensation benefits. Under current practice, they do not face a break in pay when moving to the injury rolls. The proposed change, Young said, would adversely affect about 11,000 letter carriers who are injured every year.

By most accounts, the provision grew out of calls to cut postal labor costs and to mirror how the states provide such benefits. But, Young said, "if this is legislative reform and there is a reason it needs to be done, then it should be done to everyone in the federal workers' compensation program."

Young said he received signals from Postal Service headquarters and from mailers that they did not consider the benefits provision an essential part of the legislation. Postal Service executives were traveling yesterday and could not be reached for comment.

He also denied allegations by critics that he was fronting for postal executives who are uneasy about more rigorous oversight proposed in the bill or that he wanted to see if Democrats could regain power in the November elections and perhaps offer the union a better deal.

Young said he had repeatedly directed union lobbyists to inform members of Congress, including Collins, about NALC's concerns with the legislation. He hopes to figure out how communications broke down when he speaks with Collins, Young said.

Photos And A Fair Trial (NYT)

The New York Times, October 11, 2006

When Mathew Musladin went on trial for murder, members of the victim's family sat near the jury every day wearing buttons with the dead man's photograph. A federal appeals court held that those buttons in the courtroom deprived Mr. Musladin of a fair trial. The Supreme Court is hearing arguments in his case today. It should affirm the appeals court's ruling.

Mr. Musladin shot his estranged wife's fiancé in an altercation that he argued was justifiable self-defense. Before the trial began, Mr. Musladin's lawyer asked the judge to tell the family to remove the buttons. Mr. Musladin was convicted on all counts.

Mr. Musladin went to federal court to argue that he had been denied a fair trial. The San Francisco-based United States Court of Appeals for the Ninth Circuit agreed, holding that the jury's sympathies may have been unfairly swayed by the photos of the victim worn by his grieving relatives.

The court relied on a Supreme Court ruling that a defendant's right to a fair trial was denied when he was forced to wear prison garb and shackles in sight of the jury, with its subliminal message of guilt. It also relied on its own earlier decision that a defendant in a sexual assault case was denied a fair trial when courtroom spectators were allowed to wear buttons proclaiming "Women Against Rape."

As those cases recognized, physical materials in a courtroom that send a message run the risk of prejudicing the jury against the defendant.

At Mr. Musladin's trial, the key question was whether he or the man who died was the aggressor. As the appeals court recognized, the buttons were effectively an argument by the people who wore them that the dead man was the victim. The correct place for that argument to be made was on the witness stand, by competent and duly sworn witnesses. It should not have been allowed from the audience.

The most difficult legal issue in the case involves the standard that federal courts use in second-guessing state court convictions. Under the relevant federal statute, the state court's decision can be set aside only if it was an unreasonable

application of “clearly established” federal law. The government argues that the appeals court’s ruling that the photographs were prejudicial was not clearly established.

It is true the Supreme Court has not ruled directly on the issue of photographs worn by courtroom spectators. But the court’s decision in the prison garb case laid down a standard clear enough for the trial judge to have known that the buttons worn at Mr. Musladin’s trial denied him his constitutional rights.

Globalization And Schools (WP)

The Washington Post, October 11, 2006

BACK IN 1979, the average worker with a college degree earned 75 percent more than the average high school graduate. Because of technology and globalization, the gap has leapt to 130 percent. This rising "college premium" does much to explain the growth of inequality over the past generation, so any serious response to inequality must make access to college broader and fairer. It should be broader because a higher rate of college attendance would share the fruits of globalization more widely. It should be fairer because, if the prizes for attending college are growing, it's essential that everyone begin life with a decent shot at winning them.

Because education boosts economic growth, and because it threatens no powerful lobby, virtually everyone claims to support it. The question is how it should be improved. Some commentators, pointing to the fact that schools in low-income districts already spend more per pupil than schools in affluent ones do, argue that failures at poor schools reflect complacent management rather than a lack of resources. Signaling at least partial acceptance of that theory, the Bush administration has tried to improve schools by holding them accountable and subjecting them to competition. Choice and accountability are attractive in principle, but studies of voucher programs in New York City, Milwaukee and Cleveland have found negligible gains from them. Costlier interventions must also be part of the solution.

The first opportunity for extra investment in education comes when children are young. That's when they are most malleable and when poor children start to fall behind: Even at age 3, researchers find class-based differences in linguistic and emotional maturity. The federal Head Start program, bolstered by a variety of state preschool programs, has succeeded in reaching many poor 3- and 4-year-olds. In 2001, 49 percent of 4-year-olds whose mothers were high school dropouts attended some type of preschool program, up from 36 percent a decade earlier. But that participation was still way below the 70 percent rate for children of college graduates. And the quality of many preschool programs is poor.

Head Start requires that only half of its teachers have two-year college degrees. In contrast, a 1960s experiment in Michigan known as the Perry Preschool program provided a fully qualified teacher for every six or seven students, and teachers visited each child at home weekly. The program raised IQ test scores by eight to 10 times the increase achieved by Head Start. It also reduced the likelihood that a student would require special education (by 43 percent), drop out of high school (by 25 percent) or be arrested (by 50 percent). A range of other studies, including recent ones in Michigan and Chicago, confirms that high-quality programs have lasting effects on poor children. Upgrading the 900,000 children in Head Start programs to something like the Perry program might require around $2 billion a year, according to W. Steven Barnett of Rutgers University. But quality preschools reduce spending on special education, jails and welfare, saving money for society in the long term.

Early intervention would help schools from kindergarten through 12th grade do their job properly, since teachers would face fewer students who can't keep up. But it also makes sense to invest in K-12 education directly. Although it's true that low-income districts already spend more per pupil than do rich ones, this slight advantage is swamped by the challenge of teaching poor children, who on average have more discipline problems and require more remedial attention -- and will continue to do so even if preschool is improved. Because of the challenge of teaching poor children, the higher cost of special education and other factors, schools in low-income neighborhoods have less-experienced teachers and worse facilities than do schools in affluent ones, according to research by Cecilia Rouse of Princeton and Lisa Barrow of the Federal Reserve. These schools might spend more money per pupil, but they lack more money per pupil, too.

Which K-12 investments would be effective? Smaller classes are a leading candidate: A Tennessee experiment that divided pupils into classes of differing size in kindergarten and then returned them to regular-size classes in third grade found benefits from smaller classes that persisted to high school. Improving the quality of teachers is also likely to boost performance,

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though teacher quality is not necessarily linked to teacher certification. Publicly funded summer school could make a difference. The performance gap between privileged and poor children appears to be linked to the way they spend their summers, with the privileged attending enrichment programs while the poor are underoccupied.

Nearly 30 years ago, Martin Luther King Jr. declared that the challenge for schools is "to teach so well that family background is no longer an issue." By increasing the rewards for education, globalization has added urgency to King's argument, but globalization paradoxically creates a temptation to ignore him, too. By driving down the cost of tradable goods such as cars and DVD players, it leaves untradable ones such as education looking expensive. There's a tendency for policymakers to say that education spending is growing a bit faster than inflation -- isn't that generous enough? But inflation is low partly because globalization brings us goods from cheap foreign suppliers. The economic challenge posed by those cheap foreign suppliers is precisely the reason we should invest more in our children.

OTHER NEWS:

For Voters, Time To Check Wallets (CSM)

By Mark Trumbull

The Christian Science Monitor, October 11, 2006

As Election Day nears, the health of the economy is the subject of a major clash in which voters are hearing starkly different views.

The battle may be overshadowed in the news by the Iraq war, nuclear tensions in Asia, and a congressional scandal, but pocketbook issues are - as usual - very much on voters' minds.

"Today we got more good news," President Bush said Friday, citing lower unemployment, rising wages, and the creation of 6.6 million new jobs since August 2003.

"The Bush economy has been marked by falling wages and anemic job numbers that don't even keep up with population growth," the Democratic National Committee fired back in a statement.

Americans are accustomed to economic spin, but that makes it harder to sort out the underlying reality. Is this a good economy or not? Or, as Ronald Reagan once asked, "Are you better off" now than the last time Congress was up for election?

The numbers, shorn of partisan interpretation, point to an economy that is neither collapsing on its own weakness nor lifting all Americans to new heights of prosperity. In this climate, marked by the subsidence of an epic housing boom, personal debt may be the dividing line between those who are better off and those who are falling behind.

"Homeownership has increased, but through lots of leverage," says Mark Zandi, chief economist at Moody's Economy.com in West Chester, Pa. The economy is "certainly not bad," he says.

But it could be especially tough on people who stretched to buy a home. A cooling real estate market means that rising home values have stopped adding to families' net worth, for now. Meanwhile, their monthly payments can jump by several hundred dollars as adjustable loan rates reset.

"There are two distinct economies," Mr. Zandi says. Higher income households - say, the top 10 percent by income - have relatively low debt burdens and, often, a fixed-rate mortgage.

"The other is lower middle-income households, who have struggled," he says. For these households, a much larger group that Zandi reckons may include more than 1 in 3 Americans, incomes have been stagnant. They have debt and, often, an adjustable rate mortgage that's now adjusting higher.

Before Mr. Bush took office, consumer debt and mortgages in America totaled less than the sum of all personal income. Since then, that debt-to-income ratio has surged from below 100 percent to above 125 percent.

This election cycle, Democrats hope to capitalize on that edge of anxiety, the darker side of a housing-fueled economic expansion.

Republicans, struggling to maintain a majority in Congress and their governorships, are playing up brighter aspects of the economy, including a recent drop in energy prices.

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In polls, the economy ranks high among voter concerns - generally No. 2 or 3 after the Iraq war. Even the current furor over inappropriate e-mails sent by a Republican lawmaker to young congressional pages won't overshadow concerns like gasoline prices and mortgage rates.

In a new survey by the Pew Research Center, 22 percent of registered voters ranked the economy as their top issue, second to the situation in Iraq at 24 percent.

Against that backdrop, here are some benchmarks of whether the economy has slackened or perked up since Fall 2004, when voters last went to the polls, and Fall 2002, when Republicans regained full control of Congress:

Energy. Prices of oil, natural gas, and gasoline are up since recent elections - but down sharply in the past two months. July's $3-a-gallon gasoline has given way to hopes of a $2 pump price.

"Everybody benefits across all income groups," says Brian Bethune, US economist at Global Insight, a consulting firm in Lexington, Mass.

Jobs. Jobs are being created at a pace steady enough to keep the jobless rate below 5 percent. "If somebody wanted to change jobs right now, it would be actually a pretty good time," Mr. Bethune says.

That's what Deborah Dutcher did recently. A travel photographer, she left a job in San Francisco to move to Boston, and launched a freelance career. Her hope: that Boston's real estate market, priced a bit better than the Bay Area's, will fulfill her dream of homeownership. She feels better off in a place where dollars - and mortgage debt - will go a bit further.

Income. Wages - a long-time sore point for workers - have barely kept pace with inflation during Bush's presidency. But the picture isn't as bad as it may seem. A broader measure of income that's adjusted for inflation - real hourly compensation - is up 10 percent since Bush took office and 3.5 percent since 2002.

Housing. After soaring since 1999, home prices are in correction mode, retracing some of their heady gains. It's an economic trouble spot, especially if it makes consumers feel less able to spend. But many economists say the housing slowdown is manageable. Most homeowners don't have to sell in a weak market, and won't.

'Values' Decline As Issue In Ohio (WP)

By Michael A. Fletcher

The Washington Post, October 11, 2006

COLUMBUS, Ohio -- Two years ago, Ohio Secretary of State J. Kenneth Blackwell was a driving force in the triumphant campaign for a state constitutional amendment to outlaw same-sex marriage. That helped cause a surge in turnout of "values voters," who helped deliver this pivotal state to President Bush's successful reelection effort.

As the Republican candidate for governor, Blackwell has been counting on values voters to do for him this year what they did for the party in 2004. But the culture wars are being eclipsed as a voting issue by economic worries and Republican scandals that have altered the political dynamic here in striking ways. Several polls find Blackwell trailing his Democratic opponent, five-term Rep. Ted Strickland, by double digits with less than four weeks to go until the Nov. 7 midterm elections.

The difficulty Blackwell is experiencing winning support for his socially conservative message reflects the anxiety evident this year among voters in Ohio and elsewhere, some pollsters say.

"It is harder to run on wedge issues when voters have huge concerns on their minds regarding war in Iraq, economic issues and a Congress they perceive as doing little," said Michael Bocian, a vice president at Greenberg Quinlan Rosner, a Democratic polling firm in Washington.

Strickland, 65, an ordained but non-practicing minister, has built his lead by speaking about the economic distress of this manufacturing state and by painting his opponent as a loyal soldier of a scandal-plagued Ohio Republican Party. At the same time, he is directly challenging Blackwell for values voters in ways that many analysts believe Democratic presidential nominee John F. Kerry did not two years ago.

"What I call the bread-and-butter issues probably are more prominently on the minds of people today than two years ago," Strickland said in an interview. "I think a lot of Ohioans are feeling economically insecure. Consequently, they are less willing to be distracted by issues that don't involve the economic security of their families."

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His observation is borne out by a recent survey by the University of Cincinnati's Ohio Poll, which found that 63 percent of likely voters in the state are basing their choice of candidates on the "issues" rather than "character." The poll found that seven in 10 Strickland supporters were most concerned about "issues," including the economy and education; just over half of Blackwell supporters felt that way.

"Character can be everything from a voters' evaluation of a series of issues as a package, to notions as to whether they think a candidate agrees or disagrees with their values," said Eric W. Rademacher, co-director of the survey. Two years ago, exit polls found that "moral values" edged out the "economy and jobs" to top a list of concerns that Ohio voters said most influenced their Election Day choices. The exit polls found that at least a quarter of voters identified themselves as born-again Christians, and three-quarters of their votes went to Bush.

Leaders of the religious right here promised to build on that success to reshape Ohio's political landscape. They pledged to support candidates determined to "bring spiritual revival and moral reformation to the state," in the words of Reformation Ohio, an evangelical outreach effort.

No one better embodied that promise than Blackwell. An experienced and articulate politician, he is given to quoting Scripture on the campaign trail and is unambiguous about his opposition to abortion and same-sex marriage. "I don't know how many of you have a farming background, but I can tell you right now that notion even defies barnyard logic," Blackwell has said of same-sex marriage.

As in 2004, conservative religious leaders have been registering thousands of voters across the state, talking from the pulpit about the need to vote and leading rallies to drum up enthusiasm among values voters.

"Politicians in Ohio certainly are focusing more on economic issues, but our focus is on encouraging members of our church and the Center for Moral Clarity to support the candidates that best reflect their values on issues of righteousness and justice," said Rod Parsley, a Columbus televangelist. Parsley is pastor of World Harvest Church, which has 12,000 members, and leads Reformation Ohio and the Center for Moral Clarity, another outreach group.

Parsley, who faces an Internal Revenue Service investigation prompted by a complaint by a group of ideologically moderate ministers who allege he has crossed a line barring political advocacy from the pulpit, has not endorsed Blackwell. But he is quick to add: "I'm sure Ohioans will recall which candidates have stood with them in the past."

So far, it seems that the efforts of Parsley and other evangelical leaders are being overshadowed by this state's recent record of job losses and the resultant economic concern. The unemployment rate in Ohio is 5.7 percent -- a full point above the national figure. Meanwhile, the Ohio Poll found that 82 percent of Ohioans believe that the economy is in poor or fair shape, and two-thirds say things are getting worse.

For his part, Blackwell, 58, has offered a string of proposals that he says would revive Ohio's economy. He wants to do away with the graduated state income tax and implement a flat tax. He has proposed looking at ways to de-couple school financing from local property taxes and cap educational administrative costs, while allowing students greater freedom to attend schools of their choice. "I think the big issues in the campaign are jobs, education and health care and getting our economy growing again so we can break out of the growth deficit we've been in," Blackwell said.

John C. Green, a senior fellow at the Pew Forum on Religion & Public Life and a professor at the University of Akron, said that in this campaign Blackwell's biggest problem has not been his policy ideas but his arch-conservative profile. "Ohio leans to the right. But he is way to the right, and some Republicans are quite unhappy with his relationship with religious conservatives," Green said.

Strickland has advocated greater investment in public schools and has targeted state support for growing sectors of the Ohio economy. Meanwhile, he has brandished his own socially conservative credentials, including his support of gun ownership. Although he told the Dayton Daily News that he is now an occasional churchgoer, Strickland touts his background as a minister.

"When you have a candidate who is pretty conservative in Strickland, that makes drawing distinctions between the candidates difficult," Bocian said. Republicans control every statewide office in Ohio and both chambers of the legislature, but, given the voter pessimism this year, that is proving to be a political disadvantage. Then there are the scandals that have ensnared two of the leading Republicans in the state: Gov. Bob Taft was convicted of illegally accepting gifts, and Rep. Robert W. Ney admitted taking bribes in the Abramoff scandal and is not seeking reelection.

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Through the years, Blackwell has worked to cultivate an image of independence, opposing state tax increases and supporting the ban on same-sex marriage, which both Taft and Sen. Mike DeWine (R) opposed. Blackwell, an African American, served as state treasurer, mayor of Cincinnati and a deputy secretary of the federal Department of Housing and Urban Development before being elected Ohio's secretary of state in 1998. He was in charge of the problem-plagued 2004 election in Ohio, an issue of particular importance to some black voters who felt disenfranchised. But through multiple recounts and lawsuits, Blackwell has been cleared of playing a role in any irregularities.

He says that his support of values issues involves not just opposing same-sex marriage and abortion but also ensuring that the poor receive health care and educational opportunities -- positions he said are warmly received by black audiences. Also, as the campaign winds toward Election Day, Blackwell said he plans to close ground by sharpening his attacks on Strickland's record as a congressman, which earned him a ranking as one of the least influential members of the House from the nonpartisan Web site Congress.org.

Meanwhile, Strickland plans to challenge Blackwell among his base of values voters. During a recent debate, Strickland talked about how his community and church helped him become the first member of his family to go to college. Then he reminded the audience of another stop in his career path: "I've been able to be a minister in the United Methodist Church."

Fed Rethinks View Of Housing-led Slowdown (FT)

By Krishna Guha And Michael Mackenzie

Financial Times, October 11, 2006

Influential voices inside and outside the Federal Reserve are challenging the notion that the US economy is heading for a deepening housing-led slowdown, cheering equity investors and sending bears in the bond market into retreat.

The thesis, put forward by Fed vice-chairman Don Kohn last week, and endorsed by Alan Greenspan, the former Fed chairman on Friday, argues that the trough in housing market activity could be near, and that the economy should come through it in reasonable shape.

Fed officials have also sought to lower expectations that rate cuts are imminent.

With financial conditions more broadly strongly supportive, energy prices falling and unemployment touching a new low of 4.6 per cent, financial market economists are reviewing their calls. Morgan Stanley has upped its growth forecast and predicted a rate rise early next year. Goldman Sachs still expects rates to be cut by 125 basis points next year.

The argument between economists mirrors a tug-of-war between different financial markets on the outlook for growth.

“The bond market has appeared more bearish on the economic situation than the stock market and the credit markets,” says Peter Hooper, chief US economist at Deutsche Bank. “Credit spreads are narrower than you would expect if you thought we were going into a significant bout of economic weakness.”

For the moment, bears in the bond market have been forced into retreat. A week ago, the Fed funds futures market was pricing in a 50 per cent chance of a rate cut in January, and three quarter-point cuts in total by the end of next year.

After a sharp reappraisal of expectations, the market is now pricing in little chance of a rate cut in January and between one and two quarter-point cuts by the end of 2007. The debate, though, is far from resolved.

Mr Kohn argued that a sharp correction in construction activity and new home price inflation could soon bring down inventories and stabilise residential investment – which will subtract 1 percentage point from growth in the second half of this year. Mr Greenspan, meanwhile, cited the flattening out of new mortgage applications as a sign that “we are coming to the end of this downturn”.

Some housing market experts, though, are sceptical. David Berson, chief economist at Fannie Mae, the government-supported home finance institution, said inventories remained high, and there could be a significant decline in investor demand.

But the big question is what will happen to consumer spending as house price gains stabilise or even fall – reversing a positive wealth effect on consumption – and non-transaction related mortgage equity withdrawal diminishes.

Jan Hatzius, chief US economist at Goldman Sachs, says he estimates that the decline in mortgage equity withdrawal alone could push up the savings rate “by 1 to 2 percentage points over a period of one to two years”.

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By contrast, Dick Berner, chief US economist at Morgan Stanley, sees little effect from mortgage equity withdrawal and predicts real income will grow rapidly enough to support a modest rise in savings while keeping consumption reasonably strong. Since the data have not even begun to answer these questions, it would be premature to take a soft landing for granted. But it does seem that the risks are not only in one direction.

Home Is Where The Worry Is (WP)

By Robert J. Samuelson

The Washington Post, October 11, 2006

We are at the endgame for housing. Until recently our national motto has been "In real estate we trust." Just last week the Census Bureau reported that median home prices after inflation rose 32 percent from 2000 to 2005. In some places, the gains were huge: 127 percent in San Diego, 110 percent in Los Angeles and 79 percent in New York. But real estate -- which has acted as a national piggy bank, with homeowners borrowing and spending against rising house prices -- no longer looks so trustworthy. On this, more than on falling oil prices or a record Dow, hangs the economy's immediate fate.

The boom sowed its own destruction. Coupled with modestly higher interest rates, rising home values have priced more potential buyers out of the market. In 2003 a family with an income of $40,320 could buy the median-priced existing home of $180,200, estimates the National Association of Realtors (NAR). By August 2006 an income of $56,544 was required to buy the median-price home, now $225,700. (The assumptions: Purchasers make a 20 percent down payment and devote 25 percent of their income to mortgage payments at the prevailing interest rate.)

With fewer buyers, home construction, sales and prices have weakened. In August housing starts were 20 percent lower than a year earlier. Last year, sales of new and existing homes totaled almost 8.4 million; next year the NAR expects 7.4 million. Construction workers, real estate agents and mortgage bankers will lose jobs. Consumer spending will also suffer as the borrowing and buying against rising real estate values subsides. Indeed, the end of the cheap credit that fed the boom means that many borrowers will face higher monthly payments.

Adjustable-rate mortgages (ARMs) represent a quarter of the nearly $10 trillion in single-family mortgages, says economist Michael Fratantoni of the Mortgage Bankers Association. ARMs typically change rates annually and are 2 to 2.5 percentage points above, say, a one-year Treasury note. But "hybrid" ARMs made in 2003 and 2004 provided low fixed rates for three to five years; many of these rates are now rising. Consider a borrower with a 4 percent ARM of $200,000 lent in 2003. The monthly payment had been $955, says Fratantoni. Now the ARM would reset at 7.5 percent; the payment increases to $1,362. Switch to a 30-year fixed-rate loan and the rate would be 6.25 percent, with a monthly payment of $1,164.

To service their loans, some consumers will curb their shopping. Susan Sterne of Economic Analysis Associates says that debt payments will absorb a record 15.6 percent of personal disposable income in 2007. Sterne expects growth in consumer spending and the overall economy to weaken, though she's not predicting a recession. But some forecasters think one is possible.

Uncertainties abound. How much will falling oil prices cushion consumer spending? More important: How much do higher home prices reflect a temporary speculative "bubble"? Among experts, there's a wide range of views. Economist Richard Green of George Washington University thinks much of the run-up of home prices is permanent, reflecting lower long-term interest rates. As rates dropped, buyers could afford to pay more. I largely agree with this view. Growing confidence in low inflation has gradually reduced long-term rates. In 2005 rates on 30-year fixed-rate mortgages averaged about 6 percent, compared with 7.5 percent in 2000 and 8 percent in 1995. Restrictive zoning regulations have also pushed up prices in some areas, Green says. High demand pressed on a limited housing supply.

Still, evidence of speculation is undeniable. For a while, there was a buyers' panic. By one survey, about 40 percent of houses bought in 2005 were second homes (28 percent for "investment," 12 percent for "vacation"). Dubious new mortgages -- interest-only or less -- aimed to maximize what a buyer could afford. A survey by Global Insight and National City Corp. estimates whether home prices in 317 metro areas are reasonable. In early 2000, 63 metro areas were judged overvalued -- but by no more than 13 percent. In mid-2006, 236 were thought overvalued, 79 by more than 34 percent. The survey considers interest rates, local incomes and housing densities.

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Even a leveling of home prices suggests that Americans will save more from current income and spend less. Up to a point, that's okay, especially if the lost spending is offset by higher exports and business investment. But one recent survey shows a 1.7 percent year-over-year price decrease for existing homes. Moody's Economy.com forecasts falling prices in 100 metro areas and an average decline of 3.5 percent next year -- the first annual drop since the Great Depression, says chief economist Mark Zandi. There's the endgame's true danger: If prices drop too much or too persistently, the damage to confidence and spending won't be easily neutralized.

Dow Inches Higher To Another Record; Dollar Hits High For Year Against Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 11, 2006

Stocks nudged higher, helped by cheaper crude oil but hobbled by falling bond prices.

The Dow Jones Industrial Average gained 9.36 points, or 0.1%, to finish at a new closing high of 11867.17, up 10.7% on the year. It was the fifth gain in six days.

As has often been the case in recent days, crude prices fluctuated amid shifting expectations about a possible production cut by the Organization of Petroleum Exporting Countries.

Traders increasingly suspected that Saudi Arabia, OPEC's largest producer, opposes a cut. Crude futures for November delivery plummeted $1.44, or 2.4%, to $58.52 a barrel, off 4.1% on the year at the New York Mercantile Exchange.

The decline in bond prices pushed yields higher. Such moves usually hurt stocks because they make bonds a more attractive investment compared to shares.

The broad Standard & Poor's 500-stock index rose 0.2%, or 2.76 points, to 1353.42, up 8.4% on the year. The technology-heavy Nasdaq Composite Index crept up 0.2%, or 3.66 points, to 2315.43, up 5% on the year.

The U.S. dollar hit its highest level against the yen this year, as worries about North Korea's reported test of a nuclear weapon pressured the Japanese currency (though Asian stock markets have held up well). The greenback rose to 119.73 yen, up from 119.12 yen Tuesday.

After the stock-market close, aluminum maker Alcoa, one of 30 components of the blue-chip Dow industrials, announced third-quarter profits that fell short of analysts' expectations, and the stock fell 6% in after-hours trading. Traditionally the first Dow stock to report third-quarter earnings, its announcement represented the kickoff of the broader earnings season on Wall Street.

For now, Wall Street's consensus expectation is that aggregate earnings of companies in the S&P 500 will grow 14% in the third quarter, according to Thomson Financial. However, Mike Thompson, research director at Thomson, predicts actual earnings growth will likely fall between 16% to 17%.

Before every earnings season, expectations tend to be low, because corporate chief executives often are overly cautious in their statements to investors and analysts.

Mr. Thompson said the performance of financial companies, whose earnings are expected to grow 29%, could translate into a boost for stock prices, since such companies constitute a large chunk of the market-capitalization-weighted S&P 500. "It's hard to have really solid earnings season without the financials doing well," said Mr. Thompson. In particular, he said, many insurers are poised to do well, based on comparisons to weak year-earlier earnings due to claims from Hurricane Katrina.

In major U.S. market action:

Stocks rose, and bond prices fell. The 10-year note fell 14/32 point, or $4.38 for each $1,000 invested, pushing the yield up to 4.756%. The 30-year bond fell 23/32 to yield 4.886%.

The dollar strengthened. In addition to dollar's rise on the yen, the euro fell against the dollar to $1.2537 compared with $1.2601.

History Of Foley Messages' Release Clarified By Players (WP)

By Jonathan Weisman

The Washington Post, October 11, 2006

Two of the news media's sources of Mark Foley's sexually explicit instant messages to former House pages said this week that they came forward to expose the Florida congressman's actions, not to help the Democrats in the midterm elections.

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But there are indications that Democrats spent months circulating five less insidious Foley e-mails to news organizations before they were finally published by ABC News late last month, which prompted the leaking of the more salacious instant messages. Harper's Magazine said yesterday that it obtained the five e-mails from a Democratic Party operative, albeit in May, long before the election season.

The genesis of the Foley story has become the subject of heated debate, as Republicans try to shift attention away from Foley's misconduct and the slow reaction of House Speaker J. Dennis Hastert's office to what they call a political hit just a head of the midterm elections.

"Are we saying that a 15-year-old child would've sat on e-mails that were XXX-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Rep. Jack Kingston (R-Ga.) said on "Fox News Sunday" last weekend. On the same day, Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said he "never saw" the e-mails. "What you guys want to do is take your dirty laundry and throw it over the fence and try to blame other people," he said.

But new information suggests that the story of the release of Foley's communications with male ex-pages is more complicated than either side asserts.

The most sexually explicit material -- the instant messages that forced Foley's abrupt resignation on Sept. 29 and turned his actions into a full-fledged scandal -- appears to be disconnected from politics. The two former pages who revealed the correspondence to ABC News and The Washington Post, however, may never have come forward had Democratic operatives not divulged the five more benign e-mails that Foley had sent to a Louisiana boy.'Over-Friendly' E-Mails

The communications that would eventually trigger the scandal were written by Foley in 2004. Foley's e-mails asked a former page from Louisiana for a picture and told him he had just finished a long bike ride and was going to the gym.

Those 2004 e-mails -- dubbed "over-friendly" by House Republican leaders -- originally leaked out of the office of Rep. Rodney Alexander (La.), a Republican. But, Republicans say, they still may have come from a Democrat on his staff. Alexander changed parties in 2004.

The timing of the e-mails' release appears to be more of a coincidence than an "October surprise," designed to affect the outcome of the elections. It took more than a year for the e-mails to be published because one publication after another decided not to print them.

The one media outlet that did, ABC News, took them public in late September only because the lead reporter, Brian Ross, had put the story on hold for more than a month as he pursued stories commemorating the anniversaries of the Sept. 11, 2001, attacks and Hurricane Katrina.

"There was never a plan to undermine the GOP or to destroy Hastert personally, as the speaker has vaingloriously suggested," Ken Silverstein, Washington editor for Harper's, said on the magazine's Web site yesterday. "I know this with absolute certainty because Harper's was offered the story almost five months ago."

Silverstein said his source was a "Democratic operative," the same source that had provided the e-mail exchanges to the St. Petersburg Times in November 2005. Both the magazine and the paper declined to publish a story. But the source "was not working in concert with the national Democratic Party," Silverstein added. "This person was genuinely disgusted by Foley's behavior, amazed that other publications had declined to publish stories about the emails, and concerned that Foley might still be seeking contact with pages."

A second source emerged, however, just last month, peddling the e-mails to several other publications, including The Post. And Ross of ABC News has stressed that his initial source was a Republican.More Explicit Messages

The instant messages between Foley and two former pages were much more sexually charged. Once ABC News obtained them and confronted the Florida Republican with the documents, Foley immediately resigned.

Two of the primary sources who delivered the instant messages came forward this week to clarify their motives. Both spoke on the condition of anonymity for fear that exposure would leave them open to harassment, especially from bloggers.

One of ABC News's sources, a former page, said he went public with his knowledge of the instant messages on Sept. 29 only after the network, the day before, published the questionable e-mails that Foley had sent to the Louisiana boy. The former

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page and current college student stressed that he is a "staunch Republican" who "wouldn't vote for a Democrat ever." He also said that he is not calling for the resignation of Hastert or any other Republican leader.

"I in no way knew or intended to have all the brouhaha about what the GOP leadership knew and when they knew it," he said in a detailed e-mail to The Post. "Truthfully, I am very troubled about what it seems has gone on behind the scenes, but that in no way affects my wish to have a continued GOP control of Congress. There are bad apples everywhere."

The Post subsequently received the instant messages from a Democratic college student who had served as a page with the two teenagers who had corresponded with Foley and had shared their instant messages.

Unlike the ABC News source, The Post's source conceded that he would like to see the Democrats seize control of the House in November, but when approached by a Post reporter about the instant messages, he was reluctant to provide them. Days later, he did so.

The two sources said they had conferred about the instant messages, which they had known about for months.

The Republican former page said he had decided it was up to the victims to come forward with them, but once ABC News published the e-mails, "I knew everything I had already known about Foley was finally going to come out. His attraction to young men. His sexual conversations with them, etc.'"Interests of Kids'

"I decided that it was in the best interests of kids in general, pages and my friends specifically that Foley be dealt with quickly and swiftly so that he couldn't hurt anyone else," the Republican student wrote in his e-mail. "We've seen how long the Justice department and every other government bureaucracy can take to deal with criminal issues and abuse. I knew the media would be the fastest way to get Foley the justice he deserved."

As for The Post's source, Foley's initial response to the disclosure of the e-mails finally persuaded him to share his information, he said.

"When the first e-mails came out, Foley's campaign came out saying it was all a well-timed Democratic smear. Those rumors were unfounded, and I knew that to be untrue," the Democratic former page said. Before the ABC News report, "we were reluctant to take on Congress as young politicos ourselves, but when first blows were made, there was no harm in coming forward," he added.

Democrats Gain From Republican Chaos (FT)

By Holly Yeager

Financial Times, October 11, 2006

Republican leaders scrambled on Tuesday to contain the fallout from a Capitol Hill ethics scandal amid growing evidence that the episode, and deepening dissatisfaction with the war in Iraq, will lead voters to support Democrats in the next month's midterm elections.

A Washington Post-ABC News poll on Tuesday showed registered voters favoured Democratic candidates over Republican candidates in House races by 54 per cent to 41 per cent, an advantage matched in several other new studies of public opinion.

Democrats need to pick up 15 seats in the House of Representatives on November 7 to take over the majority, and six seats in the Senate. While the national polls do not predict the outcome of individual races, they do reflect a growing sense of crisis facing Republicans.

Party officials had hoped to use the final month of campaigning to highlight Republicans' stance on national security. But the public appears to be increasingly displeased with President George W. Bush's handling of Iraq, with strong majorities saying the war was not worth fighting.

At the same time, Republicans have been in disarray for 10 days, plagued by questions about the handling of explicit electronic messages sent by Mark Foley, a member of the House from Florida, to teenage pages who worked on Capitol Hill.

Mr Foley resigned when confronted with the messages. But voters appear dissatisfied with the Republican leadership's handling of the episode.

A New York Times/CBS poll published on Tuesday found that 79 per cent of registered voters thought House Republican leaders were more concerned about their political standing than about the safety of the teenagers who work as congressional pages.

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Dennis Hastert, speaker of the House, has been under particular scrutiny, facing charges that he and his staff were aware of Mr Foley's advances towards the young men but failed to act. Some prominent conservative activists have called for his resignation and several Republican congressional candidates who had planned events with Mr Hastert have asked him to stay away.

"I don't think that anybody at any time in my office did anything wrong," Mr Hastert said on Tuesday in Illinois. But he vowed to investigate the matter thoroughly and fire anyone who helped to cover up the messages. "If anybody is found to have hidden information . . . they really should be gone," he said.

Tony Snow, White House spokesman, acknowledged the Foley scandal had "had an impact" on public opinion. It was too soon to gauge whether the North Korean nuclear test would help Republicans to remind voters about their traditional advantage in the public mind when it came to national security.

Polls show that advantage has eroded recently, and the tests could instead increase voters' anxieties about the Bush administration's conduct of foreign policy.

Republicans In Trouble A Month Before Elections: Polls (AFP-Y)

By Charlotte Raab

AFP, October 11, 2006

Polls out four weeks before US Election Day showed Democrats wielding a solid lead in the race to control the US Congress, sending Republicans who now control the legislature scrambling.

"Now is the time for all good men -- and women -- to come to the aid of the party," conservative commentator Bill Bennett told the National Review.

On the heels of a scandal involving a Republican lawmaker's lewd e-mails to underage congressional aides, and the response of Republican leaders, the party of US President George W. Bush is worried socially conservative voters may stay home.

"Don't do it. Please don't do it," Bennett implores followers on his website.

Democrats have opened their biggest lead over Republicans in 20 years this close to an election, amid public discontent with the Iraq war and Bush's handling of it, an ABC News/Washington Post poll found.

The scandal over Florida lawmaker Mark Foley's sexual overtures to teen aides has also taken its toll: 75 percent of those polled by CNN said Republicans mishandled the matter.

"A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead," USA Today concurred in coverage of its own USA Today/Gallup poll.

And Republicans have lost their edge on national security, a New York Times/CBS News poll showed. Asked which party "was more likely to make the right decisions when it comes to dealing with terrorism," 41 percent said Republicans, and 40 percent said Democrats.

All four polls gave Democrats a lead, ranging from 13 to 23 points, when voters were asked whether they planned to pick a Republican or a Democrat for Congress on November 7.

US voters will elect 33 of 100 senators, all 435 members of the lower House of Representatives and 36 of 50 state governors.

Democrats must win at least six seats to gain control of the Senate, and at least 15 seats to get control of the House. Capturing both could hobble the final two years of Bush's presidency.

The White House put on a brave face Tuesday, with spokesman Tony Snow confidently quipping: "We certainly look forward to working with a Republican House and Senate" after the vote.

But he acknowledged the challenge. "The Foley scandal certainly hasn't been a lift."

Snow said the White House will work over the next month to turn sentiment back in Republicans' favor. "What the White House is going to do is talk about what's important. We're going to talk about the issues."

Other Republicans were less sanguine.

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"This adds to a very difficult atmosphere for Republican candidates going into the last 30 days," said Virginia lawmaker Tom Davis.

The polls do not indicate how many districts the Democrats could win, but they are a gauge of the national political mood.

The 23-point lead in the USA Today/Gallup poll was "double the lead Republicans had a month before they seized control of Congress in 1994," the newspaper said.

Danny Diaz, a Republican Party spokesman, said the party was employing a very detailed database to target potential supporters.

"We're targeting voters from every walk of life. You can identify a Republican voter in the most liberal neighborhood," he said.

"It's something that we've only improved upon over the past two years and expect to continue to make more effective, and expect to make it an important part of retaining Republican majorities on November 7," Diaz added.

Republican lawmaker Ray LaHood said Sunday: "There's a very little window of opportunity, but it's closing on us fast."

In Minnesota, Voters Tune Out Scandals And Infighting To Focus On Issues (NYT)

By Lynette Clemetson

The New York Times, October 11, 2006

ANOKA, Minn. — Merrywayne Elvig is a registered Republican who voted twice for President Bush. But these days Ms. Elvig says she "has a lot of problems" with the president, his administration and Congress, most notably on Iraq. She now prefers to identify herself as a conservative rather than a Republican.

When she goes into the voting booth in November, Ms. Elvig said, she will be paying more attention to the candidates than their party affiliations. She said she would not consider voting Republican just to keep the party in power.

"Everything is about politics now rather than real issues," Ms. Elvig, a fourth-generation Anokan, said. "I think they need to clean house up there on a lot of things."

She is leaning toward the Republican running for Congress because of the candidate's understanding of housing issues that effect older Americans. But she is volunteering for a Democrat in a local City Council race because she believes that the candidate will address traffic congestion in this fast-growing area north of the Twin Cities.

For Ms. Elvig , 75, and roughly two dozen other residents interviewed here over two days at coffee shops and bars, schools and small businesses, on sidewalks and at kitchen tables, the topics that have had Washington hopping in the final weeks before the midterm elections — Congressional scandals, new books saying there was administration in-fighting over the war in Iraq — were little more than distant political chatter, best tuned out.

The conclusions drawn by Republicans and Democrats alike sounded a similar theme: People craved substance and not rhetoric, wanting to hear about the nuts and bolts of national issues like health care, local ones like a proposed light rail system and international concerns like a better strategy for the war in Iraq.

Anoka, which sits at the confluence of the Rum and Mississippi Rivers, is in the Sixth Congressional District, and voters here take their elections seriously. In 2004, 84 percent of eligible residents in the city voted, well above the national average. Its competitive House race between the Republican Michele Bachmann and the Democrat Patty Wetterling, as well as the United States Senate race between Mark Kennedy, a Republican, and Amy Klobuchar, a Democrat, factor heavily in both political parties' national strategies.

President Bush won 52 percent of the vote in Anoka County two years ago. But the county was also an important base of support for Jesse Ventura, who was elected governor as an independent in 1998. The political mix here, and more broadly across the state, led Republicans in September to select the Twin Cities for their 2008 national convention.

Randi Barbour is one of the independent-minded voters who have made the state fertile ground for both parties. A waitress at Billy's Bar and Grill and onetime supporter of Mr. Ventura, Ms. Barbour said she planned to vote Democratic in November because health care was her top concern. She voted for John Kerry, the Democrat, and Ralph Nader, the Green Party nominee, in the last two presidential races.

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Divorced with three adult children, Ms. Barbour, 51, lost her health insurance in 2003, when requirements were tightened for MinnesotaCare, the state insurance program for low-income workers. She said that she now put money away to pay for one comprehensive medical examination a year, and that she kept her fingers crossed for continued good health.

"Everybody wants lower taxes and that's all they care about, when what we really need to be doing is making sure Americans have insurance," Ms. Barbour said.

She said that she was disheartened that the Republican Party had chosen her state for their 2008 convention and that she planned to make a bumper sticker by then that read, "Save Our Blue State."

At Billy's, political views among the happy-hour crowd ran the gamut.

Doug Scanlon, 61, a Vietnam veteran and political independent who recently retired from a career laying floors, said he believed the state was going to lean Democratic in coming elections because of the quagmire in Iraq. Ron Langer, 65, a business owner, said he thought critics of the war had too quickly forgotten the Sept. 11 terrorist attacks.

"I'd rather see the war over there than over here," Mr. Langer said.

A short walk from Billy's in the old post office building on Main Street, Carol Thompson said she was thrilled that Republicans chose her state for their next convention. Next to the cash register in her educational supply store, Teacher's Pet, she keeps a picture of herself standing with President Bush.

It was taken in 2004 when Mr. Bush stopped for a chicken salad sandwich at the deli that shares basement space with her store. Without question, said Ms. Thompson, 53, she would vote Republican in next month's elections because she believes the party is uniquely committed to doing whatever it takes to protect the country.

She said she was paying little attention to the Congressional page scandal. But she said she was somewhat troubled that Republican leaders might have known about Representative Mark Foley's sexually graphic messages to pages and done nothing to remove him from office.

Ms. Thompson, a born-again Christian, said she could never support a gay politician or anyone who knowingly covered up his identity. But she would also never skip voting, she said. She trusted that her candidates in Minnesota were far removed from the taint of the scandal.

"I'll be praying a lot about it between now and the vote," she said. "If the party leaders tried to hide things about Mr. Foley, they will have to answer to the Lord."

Tom Kobelinski, 52, said that at times he felt like a member of a minority in Anoka. Mr. Kobelinski is a Roman Catholic and committed to social justice advocacy; his political philosophy can be easily gleaned from the assortment of books scattered across the dining room table of the modest three-bedroom Cape Cod where he and his wife, Christine, have raised four children.

In addition to "Homegrown Democrat" by Garrison Keillor, who was born in Anoka, there is a book commemorating the life of Paul Wellstone, the progressive Democratic senator from Minnesota who was killed in a plane crash in 2002.

Mr. Kobelinski, a physical education instructor for developmentally disabled children, said he supported Senator Mark Dayton, a Democrat who is retiring, because he pushed for increased educational spending for students with disabilities. He said he believed that Ms. Klobuchar would continue that commitment and work to bring balance to an educational system that now leans too heavily toward standardized testing.

"Not everything that counts can be counted, and not everything that can be counted counts," he said, paraphrasing a quote from Albert Einstein. "Testing alone is not enough."

Many Anokans find themselves somewhere in between Ms. Thompson and Mr. Kobelinski.

Vickie Wendel, 50, who has worked for the Anoka County Historical Society for 17 years, said she was intensely focused on state and local issues like a proposed new sales tax to finance construction of a stadium for the Minnesota Vikings in Anoka County. She is critical of the sales tax but supportive of a plan that would build a light rail system through the county, easing access to the Twin Cities.

Ms. Wendel said she had yet to make a decision in the governor's race, where the Republican incumbent, Tim Pawlenty, is in a close contest with his Democratic challenger, Mike Hatch, the state's attorney general. She is also undecided in the Senate race.

"I still am looking at the issues one by one," she said. "Honestly, I am looking for the box marked 'none of the above.' "

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People Like Foley Are Gays' Worst Nightmare (USAT)

By Steve Kluger

USA Today, October 11, 2006

Thirty years ago, singer, former beauty queen and human being Anita Bryant sat before Florida's Dade County Metro Commission and demanded the repeal of the recently passed ordinance that prohibited discrimination on the basis of sexual orientation.

"Homosexuals cannot reproduce, so they must recruit (our children)," she warned. With those few words, we lost our brand new civil rights — and it took us 20 years to get them back. What we really needed was somebody in the Sunshine State who was on our side.

Enter Mark Foley instead. Theoretically, it's easy to spot the politician whose mailing address is the closet. He's usually the one who's gleefully foaming over the most Draconian of anti-gay measures at the same time he's supporting, say, a jockstrap fetish, an itch to hang around truck stops, or a Calvin Klein model he's got stashed in a secret Brazilian love nest.

Foley was no different. From the day he was sworn in as the representative from Florida's 16th District, all he was missing was Bryant's hair. There was the matter of his very public Christianity, his endorsement of the so-called Defense of Marriage Act (which, incidentally, puts adult same-sex couples who wish to pledge lifelong fidelity into a category with national security threats), his authorship of numerous Internet restrictions to protect children from homosexuals and others online, and his repeated use of the word "revolting" to describe rumors that he's gay.

Then he became Bryant's worst nightmare. And ours, too.

Foley appears to be a sexual predator who exploited the adolescent thrall he engendered in House pages by pursuing teenage boys through explicit e-mails. He's also an unwitting poster boy for all gay men and lesbians who envision a career in politics: If you're ready to run for office, you'd better be ready to come out. And act like a responsible grown-up while you're at it. Spot Barney Frank in a gay bar onP Street and nobody's going to bat an eyelash. But if you're a married governor of New Jersey like Jim McGreevey who's discovered to have his clandestine male lover on the payroll, or gay-bashing Spokane Mayor James West who secretly prefers his male interns young and cute, you'd better start checking out Craigslist under "Employment Opportunities."

And yet, what else do you do when your entire career hinges on pretending you're something you're not? The religious fundamentalists and their political pod people might not always see eye-to-eye, but they seem to agree that the decline of Western civilization is due exclusively to gays and Bill Clinton. Indeed, if Foley's e-mails had been sent by a straight congressman to a 16-year-old girl — 16 being the age of consent in Washington, D.C. , and in many states, by the way — the TV anchors would have been sure to remind viewers that "the young lady was legally of age," and the word "pedophile" never would have flashed across cable news.

Yet Foley can't be let off that easily. When cornered with his fingers on the keyboard, he thinks it's enough to come clean. "OK, you caught me. I'm gay." But that's not what being gay is about. In fact, not only is Foley's behavior the excuse that has been used over and over again to deprive accountable gay adults of their human rights, his glib defense soils even his own community. "I'm also an alcoholic." "And a priest abused me." "The devil made me do it." Shame comes in many disguises. Foley has worn all of them.

"Being right-handed or left-handed doesn't dictate whether you punch or steal," says Jennifer Pizer, senior counsel at Lambda Legal, the nation's oldest gay-rights law firm. "Your behavior is your choice. There's nothing shameful about being gay. But abusing power to seduce teenagers is wrong whether they're male or female, and whether you're a lefty or a righty."

So who's really responsible for the Mark Foley mess? Foley himself? The Republicans? The religious right? The closets in capitol buildings across the country? All of the above? Ah, hell. Let's blame Florida. Again.

Rove Raises $12M In The 2006 Cycle (HILL)

By Alexander Bolton

The Hill, October 11, 2006

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White House politico Karl Rove, whose legacy as a strategist hinges on Republicans' fate at the polls on Nov. 7, has raised more than $12 million for GOP candidates this election cycle.

The total is remarkable for a White House staffer, more than any aide has been known to raise before, and confirms Rove's place among the most celebrated strategists in American political history.

And while Rove has raised the money to promote Republican policies by protecting the GOP majorities in Congress and building party infrastructure around the country, his personal stake in the upcoming election is undeniable.

If Republicans hang on to power, Rove's reputation as a political genius will be secure, say political observers. But if they lose, Republicans may look back at Rove's ambitious and unsuccessful efforts to reform Social Security and immigration policy with bitterness.

To be sure, Rove's contribution is a drop in the bucket of what White House officials have raised for Republicans in the past 21 months.

President Bush, Vice President Dick Che-ney and first lady Laura Bush have raised a combined $239 million since the start of Bush's second term, as of last week.

Just last week during a fundraising trip through Nevada, California, Arizona, and Colorado, Bush raised $2.36 million for four congressional candidates and one gubernatorial candidate and $1.3 million for the Republican National Committee (RNC). Also last week, Cheney raised $1.23 million for eight candidates during a swing through Wyoming, Montana, Texas, Michigan, Florida, and Virginia.

"I sure don't know of a staff person who's ever done it," said a Republican strategist Charles Black of Rove's fundraising total. "In the past some chiefs of staff did fundraisers but no one was as well-known or popular as Rove among the givers.

"He's got an incredible winning streak going — three major election wins since 2000," said Black, commenting on Rove's stake in November's outcome. "If the party were to hold both houses, he would have an unprecedented winning streak as a strategist."

Norm Ornstein, a scholar of politics at the American Enterprise Institute, said Rove has had more impact on politics than any White House aide in recent memory.

"I can't recall anyone who is in a staff position raising that much," said Ed Gillespie, who served as RNC chairman for the 2004 election. "I don't know of a cabinet secretary who has raised that much on behalf of candidates. It reflects the respect he commands in the party and reflects the Democrats' six-year effort to demonize him."

Adding to the personal pressure on Rove is his prediction in May that Republicans would be "just fine" in the fall.

Other political experts don't think the GOP's prospects are nearly so rosy.

"Rove has lost the golden touch: he didn't deliver on Social Security reform and the president's party has an uphill battle in this midterm. He's going to be lucky if this doesn't become a debacle for this party," said Darrell West, a political science professor at Brown University who said Rove's legacy is at stake. "If they lose control of one or both chambers, nobody is going to think Rove is such a genius."

Rove appears to have stepped up his fundraising appearances since special prosecutor Patrick Fitzgerald told his lawyer in June that he is no longer under investigation for leaking the name of CIA operative Valerie Plame to the press.

Rove's fundraising total also shows that despite Democrats' persistent efforts to demonize him, most recently by publicizing the number of contacts he had with convicted lobbyist Jack Abramoff, Rove remains very popular with rank-and-file conservatives.

White House officials have sought to keep Rove's campaign activity quiet in part because of a prevailing belief that staff should stay behind the scenes and not compete for attention with Bush and Cheney. And Rove, whom Bush has nicknamed "turd blossom," has carefully adopted a self-deprecating posture.

Rove has hit the fundraising circuit hard this election cycle, attending more events than Bush and his wife. But Bush remains by far the biggest fundraiser. He has raised more this election cycle than the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) combined.

As of last week, he had raised $185.7 million at 77 events for Republican candidates this cycle, according to an RNC official. Rove, by comparison, has raised over $12 million at 92 events. Only Cheney has attended more events, 111. The first lady has appeared at 41.

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Rove has long been a lightening rod for criticism from Democrats and liberal activists. He has often been the subject of Democratic fundraising letters and stump speeches.

"Karl Rove is a key player in the Republican culture of corruption," said Karen Finney, spokeswoman for the Democratic National Committee, who noted that a recent House Government Reform Committee revealed frequent contacts between Rove and convicted lobbyist Jack Abramoff.

Last week a senior aide to Rove, Susan Ralston, resigned because of the report.

"He is the architect of their divisive campaign tactics," said Finney. "People are rejecting the politics of division. To a degree, the GOP, by continuing to send him out there, is trying that same old playbook. What they're not realizing is that Americans have seen it for what it is and are rejecting it."

But conservative Republicans don't seem to be among the people Finney is talking about.

"Karl Rove is still the guy who can excite the base," said West of Brown University. "When you're raising the money, that's the type of guy you want."

Congress As 'The Broken Branch' (WP)

The Washington Post, October 11, 2006

Even before the Mark Foley scandal broke, the 109th Congress was suffering from intense partisanship, legislative impasses and near-record-low public approval ratings. Incumbents are scrambling for reelection in the Nov. 7 general election, in which the Republican majorities in both houses are at risk. Regardless of the outcome, few lawmakers expect to rack up enough triumphs in the Nov. 13 lame-duck session to send the 109th Congress into the history books with high marks.

Two of the most knowledgeable congressional scholars are Thomas E. Mann of the Brookings Institution and Norman J. Ornstein of the American Enterprise Institute. Their new book is "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track." They recently answered questions about their findings and views.

-- Charles Babington

Q Is the current Congress demonstrably more partisan than those in the past? Why does it matter?

MANN : Partisanship particularly increased after the 1994 elections and then the appearance of the first unified Republican government since the 1950s. Now it is tribal warfare. The consequences are deadly serious. Party and ideology routinely trump institutional interests and responsibilities. Regular order -- the set of rules, norms and traditions designed to ensure a fair and transparent process -- was the first casualty. The results: No serious deliberation. No meaningful oversight of the executive. A culture of corruption. And grievously flawed policy formulation and implementation.

Congress has been rocked by the Foley scandal. Was the House GOP leadership's response an example of reflexive partisanship? Are there larger lessons to learn from it?

ORNSTEIN : Part of the response to Foley was undoubtedly human nature -- lawmakers wanting to take Foley at his word that he wouldn't write any more improper e-mails. But it is hard to look at the responses of the collective majority leadership, including Speaker Dennis Hastert, GOP campaign chair Tom Reynolds and Page Board chair John Shimkus, without putting them into a context that makes it more damning.

The entire leadership team made sure that there was no significant ethics or lobbying reform in this Congress. They knew their majority was hanging in the balance, that the Duke Cunningham-Jack Abramoff-Tom DeLay scandal problem had not coalesced into an electoral catastrophe. The last thing they wanted was another embarrassing scandal. There is a lot to suggest that there was a systematic state of denial here, and an indifference to the possibility of a bigger problem that Foley might represent.

One party has controlled the White House, Senate and House for most of the past six years. Why have Republicans found it so hard to enact priorities such as comprehensive immigration changes, a Social Security overhaul, and even nuts-and-bolts legislation such as a budget bill?

ORNSTEIN : One answer is the small majorities that Republicans have had in both houses; it is hard to command perfect party unity in both houses for any length of time in our political system. But the Democrats had much larger margins for the first

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two years of Bill Clinton's presidency and also had immense difficulty making anything major happen. United government in an age of fierce partisanship and sharp ideological polarization between the parties does not work very well for very long. . . .

Congress is meant to check and balance the other branches, especially the executive. How have members' attitudes changed in recent years about Congress's institutional role?

MANN : It is striking, the extent to which the Republican majority in Congress deferred to the president in the face of one of the most aggressive and ambitious assertions of executive authority in American history. . . . They are now paying a political price for the policy consequences of their inattention. In Iraq, for example, it has meant flawed planning, poor implementation and no midcourse corrections. . . .

Few incumbents of either party face a serious risk of electoral defeat. How has this affected Congress's work? Does it make House members bolder, less inclined to blow with the political winds?

MANN : The last five congressional elections have produced fewer incumbent defeats and seats changing party hands than any comparable period in American history. Congressional districts have become safer for one party. . . . Those recruited, elected and reelected from such districts tend to reflect the ideological pole of their party rather than the center of public opinion.

Incumbency adds a layer of advantage on top of this party dominance. But rather than foster an environment in which members of Congress feel free to buck popular sentiment and wrestle seriously with the problems confronting the country, it reinforces the ideological divide between the parties. Incumbents are safe, but party majorities are not. This fosters symbolic votes, message politics and little serious legislating in Congress.

Don't voters deserve some blame -- maybe a lot -- for Congress's shortcomings? Do we get the government we deserve?

ORNSTEIN : Sure, voters -- and even more, non-voters -- deserve some of the blame. The low turnout we get exaggerates the power of the ideological activists who do turn out, skewing the system away from the middle.

But voters do not create the system that shapes the districts into noncompetitive ones, nor do they play a meaningful role in recruiting the candidates we get. . . . And we cannot expect voters to pay close attention to the ins and outs of the legislative process, until some crisis demands it.

It is the voters' surrogates, including the press, who have to alert them when something is seriously wrong. But ultimately, only a credible threat that the public is prepared to throw the rascals out will change the ways in which politicians in Washington operate.

Democrats Aim At The Red (LAT)

By Ronald Brownstein

The Los Angeles Times, October 11, 2006

KENNETT, Mo. — By her own admission, Claire McCaskill did not spend enough time campaigning in rural Missouri two years ago, when she narrowly lost the governorship to Republican Matt Blunt.

This year, as the Democratic nominee for U.S. Senate challenging GOP incumbent Jim Talent, McCaskill is making up for lost time. She's barnstorming down country roads in a bright blue RV, stopping in small towns such as this one, the birthplace of singer Sheryl Crow.

"A lot of it is sending a message to rural Missouri that … I want to try hard to get their support," McCaskill said after shaking hands with seemingly every moving object at the Delta Fair.

Her ability to win votes in rural Missouri may determine whether she topples Talent. More broadly, it probably will signal whether Democrats can overcome the principal obstacle in their drive for a Senate majority: the Republican dominance of Senate seats in states that President Bush carried in 2000 and 2004.

To gain the majority, Democrats must win at least four, and maybe more, GOP-held seats in red states such as Missouri. Recent polls have buoyed their hopes. Democrats are running about even with or slightly ahead of Republicans in each of the hotly contested red-state Senate races except Arizona's.

From disenchantment over the Iraq war to the sex scandal surrounding former Rep. Mark Foley (R-Fla.), a national tide may be gathering behind Democrats. But for Republicans, the red states loom as the sea wall against that force.

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Election day will decide whether discontent over the nation's direction overrides entrenched GOP advantages, especially among rural voters, in these culturally conservative states.

One of the most powerful trends in U.S. politics has been the growing alignment between the way states vote in presidential and Senate elections.

In the past, states often would support one party for president while sending members of the other party to Washington as one or both of their senators. But in a highly polarized era, more voters are supporting Senate candidates who are in the same party as their choice for president.

The GOP holds three-quarters of the Senate seats from the 29 states that twice voted for Bush for president. Democrats hold about three-quarters of the Senate seats from the 18 states that voted for Al Gore in 2000 and John F. Kerry in 2004.

Democrats need a net gain of six seats to win the Senate. Only two of their top targets this year are Republicans in states that the Democratic presidential candidates carried in 2000 and 2004: Sens. Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania.

Red states are home to all of the other targets: Sens. Mike DeWine in Ohio, Conrad Burns in Montana, George Allen in Virginia and Jon Kyl in Arizona, as well as Talent in Missouri and a seat being vacated in Tennessee.

Amid the bad political news that has battered the GOP this year, Republican strategists take comfort that so many of the crucial Senate fights are being waged on what amounts to the GOP's home turf.

"I would much rather have a playing field that was predominantly red states than predominantly blue states," said Terry Nelson, field director for Bush's 2004 reelection campaign.

In most of these contests, Democrats express confidence that antipathy toward Bush will spark a large turnout by their core voters. They also believe that concern about the Iraq war — as well as anger over other matters, capped by the Foley scandal — will improve their showing among relatively well-off, socially moderate suburban voters.

But in all but one of the key red-state Senate races, rural voters constitute a larger share of the population than they do nationally (Arizona is the exception). And that means that to gain Senate seats, Democrats need to minimize the GOP edge among culturally conservative exurban and rural voters.

Missouri embodies this dynamic.

Talent, a smart, low-key politician, won his seat in 2002 by fewer than 22,000 votes over the Democratic incumbent, Jean Carnahan. (She had served the first two years of the term won by her late husband, Mel Carnahan, in 2000.)

McCaskill is an accomplished foe. A former county prosecutor in Kansas City and a former state legislator, she is now state auditor. She is gregarious and focused on the campaign trail as she delivers a sharp-edged populist message.

Experts in Missouri politics think McCaskill is likely to post strong showings in the Kansas City and St. Louis metropolitan areas, partly because she supports, and Talent opposes, a state ballot initiative to authorize stem cell research.

But in her 2004 gubernatorial race, McCaskill won only eight of the state's 109 rural and exurban counties, noted Kenneth Warren, a St. Louis University political scientist. To win this year, he said, McCaskill's main challenge "is to get more of the rural vote."

Both the opportunities and barriers in that effort were on display as McCaskill and Talent crossed campaign paths recently in rural southeastern counties, a region known as the Bootheel.

McCaskill's biggest obstacle, by far, is her liberal views on social issues: She supports abortion rights and opposed state amendments banning gay marriage and allowing residents to carry concealed weapons. Talent's campaign has run ads in rural markets highlighting these positions.

"It's a question of who believes in these heartland values and who doesn't, and that is a set of issues in the race," Talent said.

At the end of September, when McCaskill appeared at the 62nd annual Cotton Carnival Parade in Sikeston, several along the route said they did not need to know her opinions beyond abortion and gay rights to conclude they could not vote for her.

"I mostly vote Republican because of the Christian values side of it," said Jim Holt, a foreman at a trailer manufacturing company, as he leaned against his pickup truck.

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Holt said economic issues — what he called "the money side of it" — took a backseat to his other concerns. "I worry more about abortion and gay marriage and all that crazy stuff."

Joe Hester, an accountant, said he would vote for Talent because the incumbent "supports family values and I think McCaskill is too liberal for our state…. I'm a strong Christian, and I believe if you take care of the values, God will take care of the rest."

Several days later, Hester said the unfolding Foley scandal had not changed his view that "overall, Republicans are more in tune with my values."

McCaskill has sought to highlight her own faith and family — one day early this month she stopped at three churches before lunchtime, and she is running an ad in which her 78-year-old mother testifies to the candidate's "integrity, hard work [and] guts."

But mostly, McCaskill is trying to persuade more rural voters to consider "the money side" of the race. In the Bootheel's major counties, the poverty rate is substantially higher than the state average.

She spotlights her support for an increase in the minimum wage; denounces last year's energy bill for providing tax breaks to oil companies; and proposes new tax credits for college education, child care and first-time home buyers.

She's also unambiguous in her criticism of the Iraq war, urging the withdrawal of U.S. troops over the next two years.

Talent, meanwhile, is focusing on legislative measures requiring increased use of ethanol and cracking down on methamphetamine production.

"I'm not interested in being an international senator," he said. "I'm interested in making things better for my people."

But insulating the race from larger tides won't be easy.

During McCaskill's recent visit to the Bootheel, Dizer Capps interrupted her morning coffee at a restaurant in Caruthersville to say he would be voting for her. Capps, who runs a dry-cleaning business, voted for Bush in 2000 and 2004, and supported Talent in 2002. But he's lost faith in the president, largely because of the Iraq war.

"I voted for Bush because I thought he was a good man, but he ain't worth a damn," Capps told McCaskill. "I'm 76 years old and I've seen a lot of presidents, and this is the worst I've ever seen. He's worse than Jimmy Carter."

Such sentiments are welcome news for McCaskill. Yet Capps' comments also underscore the stakes in November's election.

If the Democrats can't loosen the GOP grip on enough culturally conservative voters to win the races in this climate, it's not clear when they will.

Democrats Veer To The Right In Fight For House (WT)

By Ralph Z. Hallow

The Washington Times, October 11, 2006

In North Carolina, former Washington Redskins quarterback Heath Shuler is running for a House seat, declaring himself a pro-life member of the pro-gun National Rifle Association, and accusing his opponent, Rep. Charles H. Taylor, of supporting amnesty for illegal aliens.

What's wrong with this picture? Mr. Taylor is a conservative Republican, and Mr. Shuler is the Democratic challenger trying to outflank him on the right -- a not uncommon move this election year, even before the Mark Foley scandal increased the midterm vulnerability of House Republicans.

It's happening across the South and Midwest, as Democratic congressional candidates from Illinois to Georgia are casting aside liberal loyalties to compete in conservative districts where they hope to gain the 15 seats needed for Democrats to take control of the House.

Democrats "have adopted a different kind of candidate, out of the traditional political sphere," said Charlie Gerow, a Pennsylvania-based Republican strategist.

"There are especially strong cases of 'blank slate' candidates with no voting records, trying to hedge on every issue -- in Pennsylvania, Illinois and Virginia, for example -- and other Democrats running like they're Republicans, in Georgia, Indiana and North Carolina," says National Republican Congressional Committee (NRCC) spokesman Jonathan Collegio.

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A few snapshots from the campaign trail:

•In Indiana, Vanderburgh County Sheriff Brad Ellsworth, running for a House seat, says flatly, "I'm pro-life. I believe in a traditional marriage and the Second Amendment." And, yes, Mr. Ellsworth is the Democrat in this race, challenging Republican Rep. John Hostettler.

•In Georgia, Rep. John Barrow has publicly denounced a "cut-and-run strategy" in Iraq. He favors a federal constitutional amendment to ban same-sex "marriage," and he opposes amnesty for illegal aliens. Mr. Barrow is also a Democrat -- being challenged by former Rep. Max Burns, the Republican he defeated to win the seat in 2004.

•Another Georgia Democrat, Rep. Jim Marshall, voted to block House Minority Leader Nancy Pelosi's motion last year to investigate possible prisoner abuses in the Iraq war and says he is pro-gun and mostly pro-life. Mr. Marshall is defending his redistricted seat against former Republican Rep. Mac Collins.

•In Kentucky, former Rep. Ken Lucas is yet another Democrat running like an all-out conservative in his challenge to Republican Rep. Geoff Davis.

The reasons for the plethora of rightward-running Democratic candidates? Polls show Democrats will have a hard time winning in strong Republican and swing districts if they spout traditional Democratic positions.

Democrats occupy seats in 41 congressional districts that voted for Mr. Bush in 2004, while Republicans hold 18 seats in districts that voted for John Kerry. That means that there are more than twice as many Democrats running in Bush-Republican districts than Republicans running in Kerry-Democrat districts.

To make a successful play for House control, Democrats have to win in Republican districts. But voter surveys consistently show that the national Democratic Party's liberal positions on taxes, abortion and other issues do not go down well in districts that supported Mr. Bush by 10 percentage points or more.

Therefore, the Democrats have recruited two types of candidates: those who often sound like their Republican opponents on abortion, guns, homeland security or taxes -- and those who simply don't talk much at all.

"It took 12 years in the minority for Democrats to realize that they couldn't win elections by running like Democrats -- so they've drafted candidates who either masquerade as conservatives or keep mum on the issues as long as politically possible," Mr. Collegio said.

Democrats' blank-slate candidates usually have not held public office, and thus have no voting record for their Republican opponents to use against them.

In Pennsylvania, for example, Republican Rep. Jim Gerlach faces challenger Lois Murphy. Though she is a former state director of NARAL Pro-Choice America, Mrs. Murphy has never been a legislator and thus has no voting record for Mr. Gerlach to challenge. The Democrat has hedged on issues ranging from taxes to Iraq to immigration.

In Virginia, Democratic challenger Phil Kellam is running in a district that went heavily for Mr. Bush two years ago. The tax commissioner in Virginia Beach, Mr. Kellam has avoided going on record on major issues and has turned down debates with the Republican incumbent, Rep. Thelma Drake.

Like many other Democrats, Mr. Kellam was quick to exploit the political opening afforded by the scandal surrounding Mr. Foley's reported involvement with teenage congressional pages. In an Oct. 3 statement, Mr. Kellam denounced House Republican leaders for failing to "act decisively" to "protect" pages.

In Illinois, Democratic candidate Tammy Duckworth, a disabled veteran of the Iraq war in her first bid at public office, straddles the line on major issues such as taxes, human cloning, same-sex "marriage," the USA Patriot Act and health care. To keep her policy slate blank, she has dodged debates four times with her Republican opponent.

There's not much Republicans can do about Democrats avoiding debates or appropriating basic Republican campaign themes, although the NRCC spokesman says the trend validates conservative arguments.

"If Democrats make headway this cycle, it's not because America has moved leftward, but because Democrat candidates have moved rightward," Mr. Collegio said.

As Election Nears, Groups Plan Negative Ads (NYT)

By John Broder

DOJ_NMG_0079013

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — A previously unknown group led by a Republican political consultant in Houston is financing television advertisements against nine Democratic House candidates from North Carolina to Arizona.

The group, Americans for Honesty on Issues, is spending more than $1 million on the advertisements, which accuse Democratic candidates of carpetbagging, coddling illegal immigrants, being soft on crime and advocating cutting off money for troops in Iraq.

The television spots appear to be the first wave of a boatload of negative political advertising that will appear in the weeks before the Nov. 7 election. Many of the advertisements will be produced by independent organizations known as 527 groups, after the provision in the tax code that allows such groups to spend virtually unlimited sums on political activity as long as it is not formally coordinated with parties or candidates.

The 527 groups had raised nearly $200 million as of June 30, much of which appears to be available to be spent on pre-election activities. And if past trends hold, the total raised and spent by the groups on this election will surpass $300 million, eclipsing the $258 million spent by such groups in the last midterm election, in 2002.

The increase is striking because the campaign finance law enacted in 2002 now forbids federal elected officials and candidates from operating their own 527 groups. In 2002, committees maintained by such officials raised about a third of the total dollars for the groups.

The leader of Americans for Honesty on Issues is Sue Walden, a close ally of Tom DeLay, the former House majority leader who left Congress amid questions on ethics and fund-raising. Ms. Walden has also raised money for President Bush and served as an adviser to Kenneth L. Lay, the former chief executive of Enron who died in July.

She referred a call seeking comment to Glenn M. Willard, a lawyer with Patton Boggs in Washington, who drew up the papers establishing the organization. Mr. Willard confirmed that Ms. Walden was the nominal head of the committee, but he declined to identify the group's donors or say how much it planned to spend.

The group's Web site does not give an address or phone number, nor does it list any of the officers or sponsors. It says only, "Americans for Honesty on Issues is organized to engage in political issue communications in compliance with federal and state laws."

Democrats, generously financed by labor unions and rich individuals like George Soros, dominated the 527 field in the presidential election of 2004, when such groups raised and spent more than $650 million. But Democratic groups have been relatively quiet this year, in part because big donors like Mr. Soros are giving much less money.

One Democratic 527 group, Majority Action, announced this week that it would run advertisements in four Congressional districts criticizing incumbent Republican House members for voting against federal financing for stem cell research.

The advertisements will focus on Representatives Chris Chocola of Indiana, Thelma Drake of Virginia, Don Sherwood of Pennsylvania and James T. Walsh of New York.

Total spending on the 60-second advertisements will be about $500,000, said Bill Buck, spokesman for Majority Action. The group's founders include Joe Andrew and Don Fowler, former chairmen of the Democratic National Committee.

Another Democratic 527 organization, the September Group, founded by the longtime party operative Harold M. Ickes, is planning a late burst of anti-Republican spending, said Howard Wolfson, a political consultant working with the group. But Mr. Wolfson would not say how much money the group had raised nor how it intended to spend it.

Emily's List, which supports Democratic candidates at the state and federal level, reported raising $3 million and spending nearly $2 million from July through September. Among its major donors are Linda Pritzker, a member of the family that owns the Hyatt hotel chain; Alida Messinger, a Rockefeller; Lee Fikes, a Texas oilman; and Mr. Soros.

Among the most active Republican 527 groups is the Economic Freedom Fund, which was formed this year and received a $5 million contribution from Bob J. Perry, a major Bush donor and an underwriter of the Swift boat veterans group in 2004. The fund is running advertisements on behalf of Republican candidates in Georgia, Indiana, Iowa, Oregon and West Virginia.

Dems Hunt For Drop-off Voters (HILL)

By Jonathan E. Kaplan

DOJ_NMG_0079014

The Hill, October 11, 2006

The clash between Democratic Party chairman Howard Dean and Rep. Rahm Emanuel (D-Ill.) over how much money the national party would spend to help congressional Democrats ended last month. But the heart of the disagreement, whether the national party has identified new and drop-off voters, could determine whether the Democrats retake the House and Senate in November.

Emanuel, chairman of the Democratic Congressional Campaign Committee, and Dean agreed last month that the Democratic National Committee would spend $2.6 million on GOTV efforts; Dean reportedly reached a deal Monday with Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, to direct $5 million to state parties to help Democratic Senate candidates.

In the months preceding these agreements, the DSCC and DCCC set up their own field programs, which is something the DNC would have done in the past, said several Democratic strategists.

"Did they [the DNC] waste a year and a half not targeting drop-off voters? Yes," Emanuel said, referring to voters who cast ballots in presidential years but not in off-year elections. But he said House Democratic candidates would be fine, because, "It's not like we have slouches over there … they [the DCCC] know what they're doing."

Realizing that voter turnout could determine whether the Democrats control the House or spend another two years in the minority, Emanuel hired Michael Whouley and Jack Corrigan, longtime Democratic field operatives, to implement the DCCC's strategy. The committee has worked with 70 campaigns devising a field strategy; it is helping pay for field programs in several campaigns, said a senior Democratic aide.

Stacie Paxton, a DNC spokeswoman, said, "Unfortunately, the congressman is misinformed. We've been targeting drop-off voters for more than a year and we contacted three million drop-off voters this Saturday at the DNC's third national organizing day."

Turnout is especially crucial in midterm elections. In 2000 and 2004, for example, 55 percent and 61 percent of eligible voters, respectively, cast ballots. In 1998 and 2002, just 39 percent of eligible voters participated, according to the U.S. Elections Project at George Mason University. Those who don't show up to vote in an off-year election are known as "drop-off" voters. They are the midterm swing voters.

Still smarting from their losses in 2002 and 2004, Democrats have worked to match the Republican Party's successful get-out-the-vote operations. Republicans used technology to identify new Republican voters based on lifestyle choices, a practice known as microtargeting.

"Just because microtargeting was used in 2004 to find new voters doesn't mean that's its only use," said Jano Cabrera, a Democratic strategist who is advising Democrats on microtargeting efforts, "The same techniques are being used to identify base and drop-off voters during this midterm cycle, the two core groups that will determine the makeup of the next Congress."

But party strategists said in interviews that the Democratic Party has spent too much money rebuilding the party in red states and has not made any real inroads mining new voters. Democratic allies such as MoveOn.org, America Votes, and EMILY's List, have made the most progress in mining new Democratic voters, they said.

The Republican National Committee's (RNC) get-out-the-vote efforts, known in campaign jargon as GOTV or field, proved effective this year in California and Rhode Island. The National Republican Congressional Committee's (NRCC) $5 million effort helped former Rep. Brian Bilbray (R-Calif.) succeed Duke Cunningham (R-Calif.), who is now in prison. In Rhode Island, the RNC and National Republican Senatorial Committee (NRSC) rescued Sen. Lincoln Chafee (R) in his competitive primary.

While Democratic field ops are undertaken by the DCCC, DSCC and state parties, the Republicans have centralized their efforts. The RNC abruptly assumed control of the NRSC's field program this week. The NRCC turned its field program over to the RNC this summer.

Meanwhile, the DSCC had invested $10 million in field ops as of Aug. 30 and expects to spend $10 million to $20 million more this fall, said another senior Democratic aide. That money is in addition to what the state parties and DNC will spend.

The DSCC also has sought "to identify and court Republican voters in rural and exurban areas, places that we have all too often ignored (at our own peril) in recent elections," Schumer wrote last May in a memo to his colleagues.

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Schumer and several candidates in states with large rural populations are targeting potential voters in "micropolitan" areas, or small clusters of population in rural areas, wrote Schumer, adding that he would analyze the demographic composition of "drop-off voters who usually fail to vote in midterm elections but in 2004 mostly supported George Bush."

In races where the DCCC is not spending money, House Democratic candidates will piggyback on what is called a coordinated campaign, or the collective resources of the DNC, DSCC and state party to get voters to the polls.

In Nebraska, for example, the DNC and DSCC have kicked in several million dollars to augment the Nebraska Democratic Party's and Sen. Ben Nelson's (D-Neb.) voter-contact program. Nelson is running for reelection against Pete Ricketts, a multimillionaire businessman.

Although the DCCC placed former Lt. Gov. Maxine Moul (D-Neb.) on its "Emerging Races" list, indicating that Emanuel believes Moul has an outside shot of winning in a heavily Republican congressional district, Emanuel has not spent money on the race.

"The DCCC has been noticeably absent in spite of all their chest pounding," said Barry Rubin, the executive director of the Nebraska Democratic Party.

Democratic Senate Group Backs Webb In A Big Way (VAPILOT)

By Tony Germanotta

Hampton Roads Virginian-Pilot, October 11, 2006

It's official: Virginia's Senate seat is in play.

Forget about the polls, what really sends a message is money, and on Tuesday the Democratic Senate Caucus' political arm bought in big-time with an anti-George Allen ad.

It's the first time the national party has ponied up on behalf of Democratic hopeful Jim Webb, and his is one of only six races nationwide that the committee is currently targeting, according to Democratic Senatorial Campaign Committee spokesman Phil Singer.

Singer declined to give details on where and when the commercial will run.

"It's up on the air," he said Tuesday afternoon. "We don't like to advertise our advertising."

As for how much ad support the committee is offering to Webb?

"I've seen people report $1 million," Singer said, adding, "I won't deny it, and I won't state it on the record."

Webb started his race well behind incumbent Allen in fundraising. At the last official reporting deadline this summer, Allen had $6 million in the bank, compared with Webb's $424,000.

But last week, Webb reported raising nearly $3.5 million during July, August and September.

That left him with about $2.7 million on hand at the start of October, his campaign said. Webb and Allen are expected to spend a combined total of well more than $1 million per week on television advertising before the Nov. 7 election. That does not count the money spent by other groups such as the Democratic Senatorial Campaign Committee.

The 30-second ad lumps together a number of anti-Allen charges.

"George Allen, scandals, slurs and insults," it begins, with references to Allen's calling a Webb campaign worker of Indian descent "macaca," a term for a monkey that is used as a racial slur in some cultures, as well as citations of stories that have emerged during the campaign about Allen not reporting stock options and of having used racial slurs while in college.

Last week, Allen bought two minutes of airtime statewide to ask that the campaign focus on issues instead of attacks.

"Now after Allen's dark side is exposed, he wants the race to be 'decided on the issues,' " the ad's narrator intones. "Well here's his record."

What follows is an old-fashioned political parsing of votes and contributions.

Allen's campaign issued a retort Tuesday afternoon to what it called "the deceitful DSCC attack ad, funded through Hillary Clinton's latest $1 million donation."

Webb was on the campaign trail in Richmond on Tuesday to accept the endorsement of the Virginia Education Association, the state's largest teachers' group.

He said he had not seen the ad but welcomed the party's support.

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"Since Day One, we've been vastly outspent," he said. "I was outspent 3-to-1 in the primary. And I'm grateful that we're going to get some help here."

He said he had no role in the ad and didn't know how much the committee would spend.

"We are legally precluded from cooperating in any way with the DSCC," he noted.

The Democratic committee also is targeting races in Ohio, Montana, Missouri, Rhode Island and Tennessee, Singer said.

Democrats need a net gain of six seats to take control of the Senate.

National Dem Group Airs Independent Ads Attacking Allen (DPHR/AP)

By Bob Lewis

Daily Press, October 11, 2006

RICHMOND, Va. -- With the first major national cash infusion into Virginia's pivotal, closely contested Senate race, a Democratic group launched a major round of television ads across Virginia Tuesday lashing Republican Sen. George Allen.

Democrat Jim Webb also continued rebutting claims Allen had pressed in their Monday night debate that Webb would reinstate federal taxes that have been cut, including the estate tax and the so-called marriage penalty.

The Democratic Senatorial Campaign Committee ad, on a nine-day, $950,000 run, attacks Allen on issues as diverse as his "macaca" moment and new reports that he failed for five years to disclose stock options to Congress as required by ethics rules.

The ad, run independently from but in support of Democrat Jim Webb, is among the largest yet in a race the latest polls indicate is tied or very close.

Allen's campaign quickly labeled the DSCC's ad as "deceitful" and immediately sought to tie it to national Democrats, particularly New York Sen. Hillary Clinton, whom Allen's conservative Virginia voting base detests.

The ad opens mocking Allen's appeal last week for restoring the campaign to issues--an appeal he made even as he launched a second ad attacking Webb for a 1979 magazine article in which he questioned the fitness of women to lead men in combat and lamented their admission to U.S. service academies.

In rapid succession, the ad references Allen's applying the obscure racial slur "macaca" to a man of Indian descent in August, allegations by former college football teammates that he used a six-letter epithet for black people and a report that Allen did not report stock options he got for his service as a director of a high-tech corporation on his personal financial disclosure forms as Senate rules direct.

It accuses him of voting against body armor for U.S. troops, favoring tax breaks for energy companies that gave his campaign $322,000, and voting to boost his own salary while opposing increases in the minimum wage.

Allen's campaign released a list of rebuttals to each point, particularly the claim he opposed body armor for American troops. The ad accurately notes a party-line vote on Oct. 2, 2003, in which Allen and the GOP majority tabled a Democratic amendment to provide $322 million in spending on new battlefield equipment. However, it ignores several other votes Allen subsequently cast on funding for military equipment, including his concurrence in a near unanimous Senate vote on Aug. 2 to appropriate $6.7 billion the effort in Iraq.

At a news conference Tuesday where Webb received the endorsement of an organization representing Virginia's 63,000 public school teachers, he battled back on Allen's claims from Monday's debate that Webb wants to reinstate taxes on about 3 million Virginians.

"I would be opposed to raising taxes in any of the situations that affect the broad swath of Americans. So, programs like the marriage penalty, ... I've not talked about going after that," Webb said.

Simultaneously, Webb began airing a new ad that opens with the claim that "George Allen is lying again" about Webb's tax record. The ad is airing for a week in rotation with another 30-second Webb spot on Iraq policy at a cost of about $728,000.

On the tax applied posthumously to the estates of wealthy people, Webb said there should be some sort of tax on the largest of estates, but supported exempting smaller ones.

Webb accused Allen of increasing the tax burden on the poor and middle class while protecting tax breaks for corporations and the wealthy. He said Allen supported ending the tuition tax credit for families with college students.

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"Quite frankly, with a Republican-controlled government, the benefits that go to corporate America, I think, are beyond fairness," he said.

Allen, meanwhile, began airing a radio ad making his strongest link yet to groups supporting a referendum on the Nov. 7 statewide ballot that would write a ban on same-sex marriages or anything resembling it into the Virginia Constitution's Bill of Rights.

"There are those who would like to change the definition of marriage. Jim Webb is one of those people," an announcer says as the ad opens. "This Election Day you'll have an opportunity to stand up to the Jim Webbs of the world, to the people who want to weaken marriage."

The ad, in rotation with an ad blasting Webb on taxes, is running in rural areas, Norfolk and Roanoke at a cost of about $60,000. Allen, who supports the amendment, expects a substantial turnout boost from religious conservatives also drawn to the polls in large numbers to support the measure.

Webb is clear that he opposes the amendment, but on the same grounds as Gov. Timothy M. Kaine, a fellow Democrat. Both say marriage should be limited to one man and one woman, but they contend that in its zeal to outlaw any legal arrangement approximating marriage, the amendment could endanger the right of people to enter into personal contracts.

Taxes Take Center Stage (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 11, 2006

RICHMOND, Oct. 10 -- Taxes have moved to the forefront of Virginia's Senate race, with Republican Sen. George Allen accusing Democrat James Webb of plotting to raise taxes on millions of Virginians.

Allen made the allegations at the candidates' final debate Monday and is repeating them in a statewide television commercial. But the accusations are based almost entirely on Webb's support from national Democratic leaders and on two vague statements by Webb questioning whether Congress should make federal tax cuts permanent.

Webb, who has never run for public office or cast a vote on taxes, has angrily denied the charge and on Tuesday began airing a commercial defending his views. The Democrat's ad also examines Allen's voting history to accuse him of raising taxes on retirement savings, increasing the cost of tuition and giving tax breaks to oil companies. Webb also told reporters which tax cuts he would keep and what tax loopholes he would consider closing.

"This is one more chapter in this ongoing saga about taxes in Virginia now," said Virginia Commonwealth University professor Robert D. Holsworth. "What the senator is doing is to paint Webb as a knee-jerk, liberal tax-and-spender. What Webb wants to suggest is that his position is far more nuanced."

Taxes have been at the heart of political struggles in Virginia since 2000. The issue has divided the state's Republican Party as its members struggle to finance government operations and road-building. And it has dominated most of the statewide elections.

But it has not always been successful for the state's Republicans. Former attorney general Jerry W. Kilgore (R) opened his first gubernatorial debate with Democrat Timothy M. Kaine last year by warning voters, "You can take to the bank what he's going to do: He's going to raise your taxes." Kilgore lost.

In the current campaign, Allen is hoping to do better, putting Webb on the defensive with an ad that says Webb will "bring back the death tax, the marriage penalty tax and cut the child tax credit from $1,000 to $500."

Those charges are based on comments Webb made about the tax cut package enacted during President Bush's first term, including tax breaks for parents, married couples, investors and many businesses. During an interview with George Stephanopoulos on ABC's "This Week" program, Webb said he would seek to roll back "some" of the Bush tax cuts for the wealthy but didn't elaborate. In a blog interview, with http://MyDD.com , he questioned the wisdom of cutting taxes while paying for a costly war and wrote that "the tax cuts that come up for renewal in '08 -- I would want to take a very hard look at that."

Allen campaign aides Tuesday stood by their charges against Webb, saying that they are fair extrapolations from Webb's comments and his links to such national Democratic leaders as Sen. Hillary Rodham Clinton (D-N.Y.), whom they described as favoring higher taxes. Allen declined to be interviewed.

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"When [Webb] goes out and talks about taxes, he attacks the tax relief plan," said Allen spokesman Dan Allen, who is not related to the senator. "When you're talking about rolling back tax cuts . . . you are talking about a tax increase."

In a meeting with reporters yesterday, Webb accused Allen of misrepresenting his view on taxes. "What they have done in those ads is taken a statement or statements I made in a general way, saying the extensions of the Bush tax cut should be looked at, and [Allen's campaign] applied them to every single tax," Webb said.

Webb also said he opposes raising taxes "that affect a broad swath of Americans," including proposals to reverse efforts to close the so-called marriage penalty.

"I have not talked about going after them," he said.

Webb said he also supports President Bush's plan to reduce taxes on small and middle-sized estates, but he thinks it is all right to tax multimillion-dollar estates. But Webb, who frequently rails against the size of the federal budget deficit, conceded that "more revenues" are needed to finance the war in Iraq and pay down the debt.

"The area I would strongly focus on right now -- and I feel very strongly on this -- is the corporate tax structure," Webb said. "Not to raise rates, per se, but to examine all the loopholes built into the corporate tax code -- and there are a lot of them."

Webb has embraced a populist economic philosophy that includes bridging the gap between the rich and the working class. On Tuesday, he referenced a report by the Citizens for Tax Justice that states 46 of the Fortune 500 companies pay no taxes.

"In terms of how you begin to fix the problems of the tax structure, there are loopholes that exist that will throw billions of dollars of income back in before we have to look at anything else," said Webb, who added that some companies receive tax breaks when they relocate jobs overseas.

Holsworth said Webb has invited some of the Allen attacks by adopting a more populist tone than many of the state's recently successful Democrats. Kaine and former governor Mark R. Warner (D) often talked more about personal responsibility than economic justice.

"On economics, Jim Webb sounds more like [former vice presidential candidate] John Edwards than Mark Warner," Holsworth said.

But like Kaine and Warner, Webb walks a careful line when it comes to taxes. At the news conference, Webb declined to be boxed into a "no-new tax" pledge, saying he isn't ruling anything out if he is elected.

Webb's accusations about Allen in the commercial that aired Tuesday are based on votes Allen took in the past six years in the Senate and on comments he has made in newspaper articles while a public official.

Dan Allen, the senator's spokesman, offered specific rebuttals to Webb's ad: He cited numerous votes Allen made to increase tuition assistance, pass the Pension Protection Act of 2005 and vote for bipartisan tax breaks to encourage production of renewable fuels.

Allen described Webb's ad as a "baseless attack" that will not work with voters. "George Allen has a past record. Everyone knows he helped lower taxes as governor," Allen said. "It's going to fall on deaf ears."

Allen Allies Urge A Focus On Taxes (WT)

By Christina Bellantoni

The Washington Times, October 11, 2006

RICHMOND -- Virginia conservatives say an unrelenting focus on taxes will give U.S. Sen. George Allen a win over Democratic challenger James H. Webb Jr. in next month's election.

During a debate Monday night, Mr. Allen, a Republican, hammered Mr. Webb on taxes and yesterday kept up the attack. The Allen campaign Web site yesterday declared: "Hillary Clinton gave James Webb Jr. 1,000,000 reasons to raise taxes on 3 million hard-working Virginians."

"He showed he was the conservative choice and that it would be too dangerous to let the Democrats get control of the Senate," said Steve Rossie of Richmond, who yesterday attended a meeting of the anti-tax Tuesday Morning Group.

Conservatives irritated with national Republicans on fiscal issues say Mr. Allen finally has landed on a winning strategy in the final weeks of the race, one of the hottest in the nation with the major candidates nearly tied in the polls.

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The charge that Mr. Webb opposes making President Bush's tax cuts permanent echoes the theme of an Allen attack ad that features images of Mrs. Clinton and Democratic Sens. John Kerry and Edward M. Kennedy of Massachusetts, all of whom support Mr. Webb.

During the debate, Mr. Webb called corporate-tax loopholes unfair and noted that Mr. Allen allowed the tuition tax credit to die, costing families $4,000 per year.

"We have huge deficits, we kid ourselves if we don't say that we need more revenues," he said.

Mr. Webb released an ad responding to Mr. Allen's tax accusations, calling them lies and saying that his plan would cut taxes for the middle class and veterans.

"Virginians have a choice: George Allen's political sewage or Jim Webb's new direction," the ad concludes.

The tax theme will continue through Election Day because "when you've got a Republican versus a Democrat debating on taxes, we win the issue," Allen adviser Chris LaCivita said.

Mr. Allen today is expected to receive the endorsement of several anti-tax groups, including the National Federation of Independent Business and the American Family Business Institute.

Mr. Webb, who was endorsed by the Virginia Education Association yesterday, also got a boost when the Democratic Senatorial Campaign Committee announced a $1 million television ad buy in Virginia.

The DSCC ad features a clip of Mr. Allen calling an Indian-American Webb volunteer "macaca" and says that Mr. Allen's "scandals, slurs and insults" have exposed his "dark side."

"He wants the race to be decided on issues ... here's his record," the announcer says, going on to tell voters that Mr. Allen took campaign contributions from big oil companies and then gave them tax breaks.

It also states he voted against raising the minimum wage.

"George Allen is wrong on the issues, too," the announcer says.

Both men could claim victories after Monday's televised debate, the last face-to-face meeting of the campaign.

Political observers said Mr. Webb performed solidly by touting his military credentials that make him a better choice to lead the nation out of Iraq.

Mr. Webb, a decorated Vietnam veteran and former Republican who served as President Reagan's secretary of the Navy in 1987 to '88, told voters that Mr. Allen is "one of the administration's blindest supporters" and votes with the president 100 percent of the time on foreign affairs.

Mr. Webb said the election is a chance for disaffected Republicans who aren't comfortable with the majority party's position on social justice and economic fairness to vote for a Democrat.

"Just remember that the Republican Party has lost its way in the area of national security," he said. "I would hope that many of you would decide to come home."

Social conservatives applauded Mr. Allen's response to a debate question on the congressional page scandal -- saying that as a father he finds the situation "deplorable."

"If ... anybody put politics ahead of the protection of these children, then they should not be in a position of leadership and ... no taxpayer should be paying for the pensions of anyone so dishonorably discharged from Congress," Mr. Allen said.

Kevin Rollins of Woodbridge, a libertarian and former Republican, said he will vote for Mr. Webb because the majority party should be taught a lesson on Nov. 7.

"Giving the Republicans another victory won't reduce the size of government," he said.

A Contest Of Character (WP)

By Robert Barnes

The Washington Post, October 11, 2006

If Virginia voters want to pick their next U.S. senator based on issues, Democratic challenger James Webb and Republican incumbent George Allen give them plenty to work with. They disagree on taxes, the war in Iraq, support for the Bush administration, the deficit, how the government should fight terrorism, and a constitutional amendment aimed at same-sex marriage.

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If Allen had ever heard of them, they might also disagree about what Webb thinks is the vitally important subject of the Senkaku Islands.

But if the character of the candidate is the deciding factor, Virginians are entering murkier territory in the four weeks before they decide one of the nation's most competitive and high-stakes Senate contests. Will they choose Webb, a man they're still getting to know, or Allen, a man they're having trouble recognizing?

Some Democrats privately worry that Webb -- war hero, military expert, noted novelist, a former Republican who broke with his party over the war in Iraq -- is still an attractive résumé in search of a campaign persona. His appearances on stage with Allen have been described by party professionals as feisty but chilly. And, strapped for cash, he was not able to introduce himself to voters on television before Allen put him on the defensive, especially with women, key voters for any Democratic candidate.

As for Allen, his campaign for reelection is unlike the "insurgencies" he ran as an underdog to become governor in 1993 and turn out Sen. Charles S. Robb (D) in 2000. "I don't recognize this George Allen," said Virginia Tech political scientist Robert Denton.

The gregarious, self-described "rebel" has not looked comfortable defending his lead, which polls show may be down to almost nothing. "Oh, the campaign got off on other things that were not issues, that were not ideas," Allen said with a sigh when Monday night's debate moderator asked what had happened to his lead. "Some of it I brought on myself; some of it was just smears in the campaign."

Allen was caught flat-footed by Webb's Senkaku debate question, payback for when Allen had stumped him in a previous debate.

Allen, who had counted on the conservative base to be key to his presidential ambitions, is now talking about different mentors.

On Monday night, he neglected to mention his record of loyal support to President Bush. But he intoned the endorsement of Virginia's senior Republican, Sen. John W. Warner, who more regularly bucks his party's leadership, at least three times.

How Virginians decide between Allen and Webb is likely to be complicated, influenced by national politics, great demographic changes in the commonwealth and a souring mood about the direction of the country. And although both sides profess a longing to talk about the "issues," they also have made it clear in their advertising and campaign strategies that character will be just as important.

So it is that the Democratic Senate Campaign Committee began a nearly $1 million TV blitz yesterday to revive the moment when Allen turned on a dark-skinned volunteer for the Webb campaign and uttered the campaign-altering word "macaca." (Democratic consultants in Virginia and Washington must have smacked their foreheads when Webb declined, during Monday night's debate, an invitation to address Allen's alleged insult, saying it had been "discussed ad nauseam.")

Allen has had as difficult a time as any Senate incumbent this year. The campaign was thrown off track by the macaca incident, reacted awkwardly to reports of his unacknowledged Jewish heritage and was roiled by allegations that Allen, while a student at the University of Virginia in the early to mid-1970s, routinely used an insulting epithet for blacks.

At the debate, Allen called the charges "baseless allegations." Asked whether the acquaintances and former teammates who have made the charges are lying, Allen responded: "What I've said is, I don't recall using that word. But the stories were portraying it as if that word were part of my vocabulary, which it was not, and that was what's inaccurate."

Webb's own past, especially his prolific writings on everything from military strategy to the Clinton administration, has been a gold mine for opposition research. The Allen campaign has spent more than $1 million on two ads that show female military officers denouncing a 1979 article in which Webb objected in inflammatory language to the idea of women in combat and their presence at the U.S. Naval Academy.

He has apologized for some of the language -- his description of a dormitory as a "horny woman's dream" is fast becoming part of the campaign lexicon -- but not for contributing to the "debate" about the role of women in the military.

"I think most voters have a basic threshold question of whether something [from the past] is relevant today," said Scott Reed, a Republican strategist who managed former senator Bob Dole's 1996 presidential campaign. If the past behavior seems relatable to voters' current views of a candidate, he said, it becomes a problem.

"The repetition really starts to take its toll," he said. "That's the death by a thousand cuts."

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Webb's response has been to point to what he says are thousands of Navy assignments he opened to women when he was secretary of the Navy under President Ronald Reagan and to a crackdown he instituted on sexual harassment. He has countered Allen's ads with ones that have other female military officers making his case, and one radio ad warns, "If George Allen thinks this election is about something someone said 30 years ago, he's the one that has a lot of explaining to do."

Allen has answered the charges that he's racially insensitive by pointing to the civil rights pilgrimages that he has taken as a senator, his support for historically black colleges and universities, and several endorsements from African American Democrats.

How voters will weigh all of that is a mystery. "Character is always a factor in how people make up their minds," said Vic Fazio, a former California congressman and Democratic strategist. He added that voters are forgiving of past actions they might not have liked, as long as the candidate has "atoned."

Tenn. Senate Candidates Trade Barbs (CCT)

By Beth Rucker

The Contra Costa Times, October 11, 2006

CHATTANOOGA, Tenn. - Tennessee's U.S. Senate candidates traded caricatures during a debate Tuesday night that painted a grim choice for voters: rubber stamp or political insider.

"If you want a rubber stamp, don't vote for me," said Democrat Harold Ford Jr., suggesting his opponent would lock step with the Bush administration.

Counterpunching, Republican Bob Corker accused the Memphis congressman of being a Washington insider who benefited from the "machine-style" politics of his politically connected family.

The candidates' second debate came in a neck-and-neck race that could help determine whether Democrats gain control of the Senate.

If elected, Ford would be the first black U.S. Senator from the South since Reconstruction.

Corker, a former Chattanooga mayor, questioned the work of Ford's father, former U.S. Rep. Harold Ford Sr., as a lobbyist for Fannie Mae while Ford Jr. sat on the House committee overseeing its activities.

Ford said no one in his family has ever lobbied him on congressional issues and he would refuse them if they did.

"I work for the people of the 9th District," he told the audience at the University of Tennessee at Chattanooga.

Ford attacked his opponent's support for the Bush administration's "stay the course" policy in Iraq.

"If you want to stay the course, I'm not your guy," Ford said. "If you believe America is better than what they've given us this past six years, then I ask for your vote."

Ford said reducing dependence on foreign oil would help keep the country from getting caught up in foreign conflicts and said his opponent was an advocate for "big oil."

Corker said "new strategies" are needed in the war but he disagreed with Ford's suggestion to divide Iraq by ethnic and religious lines.

"That's something European countries did after World War II," Corker said.

Ford blamed the Republicans for not doing anything to rein in federal spending during their 12 years of power in Congress. He also said he supported going to a two-year budget cycle.

Corker said his experience as a business executive, state finance commissioner and mayor would help him during budget discussions.

I've lived a Tennessee life, my opponent has lived a Washington life," Corker said. "Our world views couldn't be any more different."

Poll: Lieberman Leads Lamont (HARTC)

By Mark Pazniokas

The Hartford Courant, October 11, 2006

Sen. Joseph I. Lieberman leads Ned Lamont by eight percentage points in the Senate race, although a majority of voters agree with Lamont on the war in Iraq and the need for change in Washington, a Courant/University of Connecticut poll says.

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Lieberman leads Lamont among likely voters 48-40 percent, with 8 percent undecided and roughly 15 percent of both candidates' supporters saying they still could change their minds before Nov. 7.

The poll by the Center for Survey Research and Analysis found that 60 percent of voters believe going to war was wrong, and a slim majority favors a deadline for withdrawal, issues Lamont used to defeat Lieberman in the Democratic primary.

But Lieberman, who stayed in the race as a petitioning candidate, enjoys a 57 percent approval rating and has managed to capture 67 percent of Republican vote, while keeping 35 percent of Democrats in his camp. Unaffiliated voters prefer him over Lamont 45-37 percent.

With the GOP leadership tacitly backing Lieberman, Republican Alan Schlesinger is favored by only 4 percent of voters. Also in the race are Ralph Ferrucci of the Green Party and Timothy Knibbs of the Concerned Citizens party.

"Lieberman has managed to do exactly what he set out to do after his primary loss. His goal was to finesse the party issue by appealing to independents and Republicans without completely alienating Democratic voters," said Monika L. McDermott, the research director at the center. "He's pulled it off so far."

After screening for likely voters, the telephone poll of 637 registered voters found Lieberman favored, 46-39 percent. When undecided voters were asked toward whom they lean, Lieberman's lead grew to 48-40 percent. Schlesinger's number rose from 3 percent to 4 percent.

The survey was conducted Oct. 4-9 and has a margin of error of plus or minus 3.9 percentage points.

The poll strongly suggests that the war is not enough for Lamont to win the general election, since Lieberman is supported by nearly one-third of anti-war voters and 70 percent of those who supported the invasion.

"The Iraq war should be Lamont's area of strength, given its unpopularity in Connecticut, Lieberman's staunch support of it and its importance relative to other issues," McDermott said. "The problem for his campaign, however, is that convincing general-election voters to turn on Lieberman because of Iraq is much harder than convincing Democratic primary voters."

McDermott said Lieberman is enjoying the benefits of being seen in some quarters as the de facto Republican candidate, without suffering the animosity voters are expressing toward the GOP majority in Congress.

"He has managed to walk this fine line of attracting support on all sides," she said.

The poll suggests a potential upside for Lamont, a cable-television entrepreneur who has been arguing that an outsider's willingness to fight for change in Washington outweighs Lieberman's experience as an 18-year incumbent.

By a margin of 53-29 percent, voters said they generally favored challengers and the promise of change over incumbents and experience.

"I think, overall, what the poll shows is that voters clearly are for Ned's message for change in Washington," said Tom Swan, Lamont's campaign manager. "Our challenge is to make sure that between our superior organization and our public messages, that we get these differences out there."

The poll also found that voters, by 2-1 ratios, prefer a legislator who does what the public wants, even if the action goes against the lawmaker's personal beliefs, and a candidate who believes in a distinct separation of religion and government.

By 47-42 percent, voters dislike the No Child Left Behind Act, which was supported by Lieberman. But 53 percent were unaware of Lieberman's position, despite Lamont frequently raising the issue in campaign speeches.

Favoring Lieberman, who has downplayed party affiliation to emphasize his ability to work across party lines, is a voter preference for a willingness to compromise: 70 percent said they hoped their party would compromise with the other party.

"We are pleasantly surprised by these results," said Dan Gerstein, Lieberman's communication director. "We fully expected the race to tighten over the last few weeks with all the negative attack ads that Ned has been running."

The poll found that 41 percent of voters preferred a candidate whose campaign is financed mostly with money from individuals, lobbyists and PACs, compared with 34 percent who preferred a self-funded candidate who avoids special interest money.

Lieberman and Lamont have clashed repeatedly over the source of their campaign finances -- Lamont is largely self-financed, while Lieberman accepts money from lobbyists and political action committees. (On Tuesday, Lamont contributed another $2 million to his campaign, bringing his personal total to $8.7 million.)

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Richard Foley, the campaign manager for Schlesinger, said his candidate will outperform the polls -- all of which show Schlesinger mired in single digits.

"It's not going to happen that way," Foley said. "I am not questioning anybody's methodology or anybody's sanity, but I will tell you there is almost no situation I envision where Alan Schlesinger gets less than 15 or 20 percent. That is the minimum vote."

Schlesinger's profile will rise as the result of three televised debates, beginning Monday; he also is expected to benefit from being on the top line of the ballot next to Gov. M. Jodi Rell, while Lieberman will be no higher than the 5th line.

The new poll is generally consistent with recent Quinnipiac University polls, though it shows weaker support for Lieberman among unaffiliated voters.

Lamont Writes $2 Million Check To Own Campaign (NSDY/AP)

By Andrew Miga

Long Island Newsday, October 11, 2006

HARTFORD, Conn.(AP) _ Wealthy Democratic businessman Ned Lamont is pumping another $2 million of his personal fortune into his bid to unseat three-term Sen. Joe Lieberman, whom he trails in a recent statewide poll.

Lamont wrote the check Tuesday, his campaign confirmed. With less than a month left before the Nov. 7 election, Lamont has personally contributed $8,751,500 to his campaign.

Lamont's personal wealth has been estimated at between $90 million and $300 million, according to his campaign. Lieberman launched an independent bid to keep his seat after losing the August primary.

Results of the Courant/University of Connecticut Poll, released Tuesday night on The Hartford Courant's Web site show Lieberman leads by 8 percentage points. Among likely voters, Lieberman had a 48-40 percent edge, with 8 percent undecided. About 15 percent of supporters for both candidates said they could still change their minds before Nov. 7.

Alan Schlesinger, the Republican candidate, garnered 4 percent.

"Lieberman has managed to do exactly what he set out to do after his primary loss. His goal was to finesse the party issue by appealing to independents and Republicans without completely alienating Democratic voters," Monika L. McDermott, the research director at the center told the Courant. "He's pulled it off so far."

The survey was a telephone poll of 637 registered voters conducted Oct. 4-9 and has a margin of error of plus or minus 3.9 percentage points.

A majority of respondents _ 60 percent _ agreed with Lamont that going to war with Iraq was wrong. But the poll suggests the war is not a big enough issue for Lamont, with Lieberman winning support from nearly one-third of anti-war voters and 70 percent of those who supported the invasion.

In last month's Quinnipiac poll, Lieberman led by 10 percentage points.

Both Lieberman and Lamont are spending heavily for TV ad campaigns as the fall race intensifies. Lamont has criticized Lieberman for missing Senate votes in a new commercial. One Lieberman ad receiving heavy air play accuses the Greenwich millionaire of lacking the experience to be an effective senator.

"Ned is not going to let Senator Lieberman's negative allegations and lobbyist-financed attacks go unanswered," said Lamont spokeswoman Liz Dupont-Diehl.

The Lieberman camp brushed aside the charges, insisting Lamont was planning more attacks on the incumbent.

"This is just another indicator that Ned Lamont is gearing up to continue and intensify his barrage of negative and misleading attacks against Joe Lieberman's record of results," Lieberman spokeswoman Tammy Sun said.

Lamont aides said he is self-financing much of his campaign because Lieberman is taking money from special interest groups and political action committees. Lamont has called for public financing of campaigns and lobbying reform.

Lieberman, who was the Democrats' vice presidential nominee in 2000 and ran for president in 2004, has built a national fundraising base. Some prominent Republicans are helping him raise money.

Lamont, a cable executive and great-grandson of the former chairman of JP Morgan & Co., estimates he is worth $90 million to $300 million. His firm, Lamont Digital Systems, wires college campuses for cable television.

$5 Million Pledged To Texas Democrat (WT)

DOJ_NMG_0079024

By Hugh Aynesworth

The Washington Times, October 11, 2006

DALLAS -- A Houston trial lawyer's huge political contribution may tighten the Texas gubernatorial race in the final weeks.

John O'Quinn, 65, said yesterday he had donated $1 million and would give or raise an additional $4 million toward the campaign of Chris Bell, a Democrat challenging Gov. Rick Perry in the Nov. 7 election. The $5 million would be the largest single donation ever in a state race.

Texas does not limit individual donations to statewide candidates.

"Chris is not going to lose because he doesn't have the money," Mr. O'Quinn said.

Mr. Perry, a Republican, and independent challenger Carole Keeton Strayhorn have been spending heavily on television ads. Mr. Bell and independent candidate Kinky Friedman have not had the campaign money to keep up the pace.

Most polls show Mr. Perry leading by several points, receiving the support of 36 percent to 38 percent of those surveyed. He needs only a plurality of votes to win the election.

Mr. Bell, a former congressman who represented Houston, had been struggling to get out his message with little money.

The O'Quinn injection immediately energized the Bell campaign. Spokeswoman Heather Guntert said the Democrat already had placed more television ads in Houston and planned to buy heavily in other major markets this week.

Mr. Bell is revising his schedule so he can create new ads, his media chief said.

Even with Mr. O'Quinn's largess, Mr. Bell still trails Mr. Perry and Mrs. Strayhorn in funding.

Campaign finance reports filed yesterday showed Mr. Perry with $9.2 million in cash on hand and Mrs. Strayhorn with more than $5 million.

Fort Worth lawyer Hedley Cochran said Mr. O'Quinn's support for Mr. Bell is a jab at the governor.

"[Mr. O'Quinn] is just trying to get back for the needed tort reform Perry and the other Republicans pushed for in recent years," he said. "They're all incensed at Perry."

Mr. O'Quinn is said to be a billionaire. In 1998, he was one of six lawyers who won a $17.3 billion verdict for Texas from tobacco companies.

He has endowed millions of dollars to hospitals and libraries and reportedly has collected more than 600 classic cars, worth more than $100 million. He bought former Pope Paul VI's 1975 Ford Escort at auction for $680,000.

Mr. O'Quinn did not return phone calls seeking comment yesterday, but he told the Austin American-Statesman he would ask nothing of Mr. Bell if he won the election.

"There will not be a piece of legislation introduced to benefit me or my business," he said. "The facts are the facts. Abraham Lincoln could not be elected president today if he didn't have a bunch of money."

Bell Calls On Kinky To Drop Out (DMN)

By Robert T. Garrett And Gromer Jeffers Jr.

The Dallas Morning News, October 11, 2006

Democratic nominee Chris Bell is trying to persuade independent Kinky Friedman to quit the race for governor, but Mr. Friedman insisted Tuesday that he's in to stay.

Mr. Bell left a voice mail message on Mr. Friedman's personal cellphone Tuesday, asking for a meeting at the mystery writer and former bandleader's ranch near Kerrville, Mr. Friedman said.

Mr. Bell later confirmed he sought a meeting so he could try to talk Mr. Friedman into dropping out of the four-way race, which is in its home stretch. The election is Nov. 7.

Also Online

Perry the richest of them all

Watch Friday's debate between the 4 major candidates for Texas governor

More Elections 2006

"I had hoped to talk to Kinky privately, but now that it's been reported by the Dallas Morning News, I'm going to ask him publicly: Please join me in defeating Rick Perry," Mr. Bell said in a statement his campaign issued late Tuesday.

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"Kinky and I agree on some very important issues and our supporters all have a lot in common: they want change."

Mr. Bell credited Mr. Friedman with energizing voters but made it clear he thinks only he has a chance to win.

"Now is the time for us all to unite," he said. "So I'm asking for Kinky to join me."

Bell campaign aides said that Mr. Friedman performed poorly in Friday night's candidate debate and that Friedman supporters have told the Democrat that they'd support him if he could persuade Mr. Friedman to step aside.

Interviewed as he headed to evening campaign events in Dallas, Mr. Bell acknowledged that Mr. Friedman is siphoning votes away from him and Republican Gov. Rick Perry.

"He's taking from both," Mr. Bell said. "But he's taking more from me."

Mr. Friedman, campaigning in Brownsville, said of Mr. Bell and his advisers: "They're desperate and scrambling."

Asked whether he would consider the Democrat's request to step aside, Mr. Friedman said: "No. You're kidding ... for Chris Bell? What do you take me for?"

Mr. Bell, Mr. Friedman and independent Carole Keeton Strayhorn each trail far behind Mr. Perry, according to a recent Dallas Morning News poll of likely voters. But Mr. Bell's debate performance has won generally strong reviews, giving the Democrat hope he can emerge as the main challenger to Mr. Perry.

Mr. Friedman, who acknowledged he "didn't bring my A game" to Friday's debate, insisted he still finds strong support everywhere he travels this week. And he believes he can win a plurality of votes – all that is needed to win – if the anti-incumbent mood he sees sweeping the nation lifts voter turnout in Texas.

To drop out is unthinkable, he said: "I'd be letting a lot of people down."

But he took delight in Mr. Bell's message that the independent is taking a toll. "What can it possibly mean other than that we're killing him?" Mr. Friedman said. "We're getting all of the liberals. We're getting all of the conservatives."

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 11, 2006

A list ignored

" 'I just deleted it,' says an official at a Washington-based social-conservative organization. 'It looked like junk e-mail.'

" 'It' is what has become known as The List, a document naming allegedly gay Republican congressional staffers that has been e-mailed to a number of conservative groups in the last few days," Byron York writes at National Review Online (www.nationalreview.com).

"According to a report by David Corn, a writer for the left-wing magazine the Nation, anti-Republican 'gay politicos' sent the list to several social-conservative organizations -- among them Focus on the Family, the Family Research Council, and the Southern Baptist Convention -- in hopes of setting off 'a civil war within the GOP, to turn the anti-gay social cons against the GOP's Velvet Mafia.'

"As it turned out, at least two organizations apparently deleted the e-mail, either as part of routine file upkeep or because they weren't interested in its contents. Others didn't open the attachment -- the list was included as a separate file -- fearing that it contained a virus. And some opened it up and didn't see much that was new. 'We work on the Hill,' says one conservative activist. 'There weren't a lot of surprises on the list.' So far, the much hoped-for civil war doesn't seem to be happening," Mr. York said.

"But the campaign to spread The List is accomplishing something. It is offering clues about who is behind it.

"The version of The List sent to at least some of the conservative organizations originated from the e-mail address hprf@yahoo.com. That is the address of a California-based group, the Health Policy and Research Foundation, an organization devoted mostly to work involving AIDS, that is run by a businessman and former Democratic National Committee staffer named Rick Reidy."

McCain vs. Clintons

Sen. John McCain, Arizona Republican, yesterday accused former President Bill Clinton of failing to act in the 1990s to stop North Korea from developing nuclear weapons.

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"I would remind Senator Hillary Rodham Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," Mr. McCain said at a press conference in Southfield, Mich., after a campaign appearance for Republican Senate candidate Mike Bouchard.

"The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

Mr. McCain also called on China to "step up to the plate" and vote for sanctions and reject calls for one-on-one talks between the United States and North Korea, the Associated Press reports.

"The worst thing we could do is to accede to North Korea's demand for bilateral talks," Mr. McCain said. "When has rewarding North Korea's bad behavior ever gotten us anything more than worse behavior?"

Angry Sharpton

The Rev. Al Sharpton accused Sen. Joe Lieberman of Connecticut of "flagrant race baiting" for highlighting his support of rival Ned Lamont as "remarkable," the New York Post reports.

"The charges came in a letter after Mr. Lieberman, at a Manhattan fundraiser last week, reportedly called it a 'remarkable moment' when Mr. Sharpton appeared onstage with Mr. Lamont after his Democratic primary victory as he questioned Mr. Lamont's commitment to Israel," the paper reported.

"It is your open and flagrant race baiting and your risking black-Jewish relations ... that is most troubling to me," Mr. Sharpton wrote.

Lieberman spokeswoman Tammy Sun criticized the "baseless, extreme and divisive [attack] from one of Ned Lamont's closest advisers."

Big lead

Florida Attorney General Charlie Crist has a commanding lead over Democratic nominee Rep. Jim Davis in their race to replace Gov. Jeb Bush, a new poll shows.

Mr. Crist was backed by 53 percent of likely voters, compared with 43 percent who said they favored the Democratic congressman from Tampa, with 3 percent undecided.

The random telephone survey of 783 likely voters was taken between Oct. 3 and 8 by Quinnipiac (Conn.) University Polling Institute. Mr. Crist was favored by 50 percent to Mr. Davis' 39 percent in a larger sampling of 968 registered voters.

The margin of error was 3.5 percentage points in the sampling of likely voters and 3.2 percentage points among registered voters.

Mr. Bush, a Republican, is prohibited from seeking a third term.

On the road again

Officials will gather today in Atlanta for the sixth federally funded AIDS conference in the past six months -- "not counting the International AIDS Conference held in August that was attended by 78 Health and Human Services Department employees," says a Senate investigator who has chronicled the travel habits of HHS bureaucrats.

Despite the proliferation of AIDS-related travel opportunities, the three-day HIV/STD Educator/Trainer Network (ETN) Meeting in Atlanta bills itself as "the only meeting of its kind."

Meeting at the Crowne Plaza hotel in Atlanta's upscale Buckhead district, the taxpayer-funded conference coincides with the annual Taste of Atlanta food festival Saturday at Lenox Square Mall in Buckhead.

A roller coaster

"The ups and downs of this roller-coaster campaign year are starting to make my stomach queasy, but then again it may just be all of the airline food I've been eating lately," political analyst Charlie Cook writes at www.nationaljournal.com.

"The combination of the worsening situation in Iraq and the Foleygate scandal have effectively crowded terrorism, national security and falling gasoline prices out of the public eye, shifting the venue of this campaign away from three things that had, albeit briefly, advantaged Republicans," Mr. Cook said.

"Still, with four weeks to go, the nuclear test in North Korea should serve as a reminder that events could shift this spotlight yet again to more favorable -- or at least less unfavorable -- terms for the GOP. We will be watching the situation with North Korea to see if it gives Republicans any traction."

DOJ_NMG_0079027

•Greg Pierce can be reached at 202/636-3285 or gpierce@washingtontimes.com.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony "Armitage, however, denies it" way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: "The real hell of life is that everyone has his reasons." Read the full column.

Bringing It Home Seat In Congress Helps Mr. Taylor Help His Business (WSJ)

By John R. Wilke

The Wall Street Journal, October 11, 2006

ASHEVILLE, N.C. -- Charles Taylor, wealthy businessman and banker, owns at least 14,000 acres of prime land in western North Carolina. He's also the local congressman. So when he steers federal dollars to his district, sometimes he helps himself, too.

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Last year, Mr. Taylor added $11.4 million to a big federal transportation bill to widen U.S. Highway 19, the main road through Maggie Valley, a rural resort town in the Great Smoky Mountains. His companies own thousands of acres near the highway there and had already developed a subdivision called Maggie Valley Leisure Estates.

Mr. Taylor also got $3.8 million in federal funds for a park now being built in downtown Asheville with fountains, tree-shaded terraces and an open-air stage. It's directly in front of the Blue Ridge Savings Bank, flagship of his financial empire. He is among the richest congressmen with assets of at least $72 million, records show.

The Republican lawmaker is one of at least a half-dozen House members whose public actions in directing special-interest spending known as earmarks have also benefited their private interests or those of business partners, according to congressional, corporate and real-estate records. Among them is a senior Democrat, Rep. Alan Mollohan of West Virginia.

The lawmakers say they're working to help their districts, not themselves. "I fight for the priorities set by our local governments, universities and economic development organizations, not based on what will be of benefit to me," Mr. Taylor says.

But the growth of earmarks and the secrecy that shrouds the practice inevitably raises questions of self-dealing. Earmarking has been at the center of the influence-peddling and corruption probes that have shaken public confidence in Congress this year. The practice also played a central role in the case against former Rep. Randy "Duke" Cunningham. The California Republican was imprisoned after pleading guilty to accepting $2.4 million in bribes from defense firms in exchange for earmarks and other favors.

The growth of earmarking points to a shift in the way Congress works. Most federal spending originates in requests by departments and agencies. The Transportation Department might seek funds to build a highway interchange, for example, or the Pentagon might ask for new tanks. The spending proposals are then put into legislation which must win approval by Congress.

Earmarks are different because lawmakers can directly insert them into spending bills, often without public scrutiny. Many lobbyists and corporations have discovered in recent years that one of the fastest ways to get the spending they desire is to approach an individual lawmaker of either party on the House or Senate appropriation panel about an earmark. That has fed the growth in earmarks to an estimated $47.4 billion last year from $19.5 billion a decade earlier, according to the Congressional Research Service.

Earmarks range from pet projects -- such as Mr. Taylor's $500,000 earmark to help build a Teapot Museum in Sparta, N.C. -- to billion-dollar cargo-aircraft contracts that weren't sought by the Pentagon but are funded to keep jobs in a lawmaker's district. In California, Rep. Gary Miller steered $1.28 million to widen a road near an upscale shopping center he helped develop. The center is expected to include a Target store and 120 residential units. His business partner was Lewis Group, one of the nation's largest builders and a big contributor to his political campaign.

Federal prosecutors in Washington, Los Angeles and San Diego are looking closely at earmarking in the wake of the Cunningham case. At least four congressmen, including Rep. Jerry Lewis, a Republican from California who is chairman of the House Appropriations Committee, are being investigated for their role in earmarking or ties to lobbyists specializing in earmarks, people close to the inquiries say. Each lawmaker has denied impropriety. Mr. Taylor isn't known to be a target of any investigation.

Prosecuting these cases will be difficult because an earmark only becomes illegal if the legislator is clearly acting in exchange for money or to promote his private business interests. Under the prevailing interpretation of the constitutional separation of powers, most congressional correspondence and deliberations are out of reach of prosecutors.

Mr. Taylor, 65 years old, grew up in Brevard, N.C., where he still lives. He has long had an interest in real estate. He tells friends that he saved his pay as a grocery bagger in high school to buy his first piece of land. He was elected to the North Carolina General Assembly right out of law school and served there from 1966 to 1972. He then went into the family business, running Blue Ridge Savings, and continued to buy up land.

Mr. Taylor was elected to the U.S. House of Representatives in 1990 and focused on winning a seat on the Appropriations Committee because, he said, the local Veterans Administration hospital was in poor shape and needed federal help. He now chairs the powerful subcommittee on the interior, which approves tens of billions of dollars in federal spending every year. One

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wall of his House office is covered with framed political cartoons attacking his record on the environment and his support for logging. He boasts of being the only registered forester in Congress.

This fall, Mr. Taylor is battling to hold on to his seat against Democrat Heath Shuler, a former Washington Redskins quarterback. Mr. Shuler has advocated fiscal responsibility and attacked Mr. Taylor's "irresponsible" earmarking. His campaign has also questioned why some of Mr. Taylor's earmarks funded Russian exchange students or lower-priority highway projects.

Mr. Taylor says using his clout to bring federal money to his district is nothing to apologize for. He warns that the largess might dry up if Mr. Shuler, a political novice, is elected. "Before I won a seat on the Appropriations Committee, folks in our region had spent decades being ignored by their own federal and state government. We're not going back to that," he says through a spokesman. "A freshman isn't at the table, he isn't in the room, he doesn't even know where the room is where decisions are made."

Among those receiving funding from earmarks sponsored by Mr. Taylor are nonprofit groups that he helped create and that are run by business partners and supporters. The largest of these, the Education and Research Consortium of the Western Carolinas, has received more than $30 million from Mr. Taylor's earmarks in recent years, according to the consortium's Web site. The consortium is run by a former top executive of his bank, who is Mr. Taylor's nephew. Several of the nonprofits list addresses in the Art Deco tower in Asheville's central Pack Square, where Mr. Taylor's own business ventures are based. Mr. Taylor's aides say the consortium has helped draw businesses to Asheville by funding high-speed Internet access for schools and industry.

In Maggie Valley, where Mr. Taylor earmarked funds for highway improvement, his companies own thousands of acres of mountain land bounded by U.S. Highway 19 and the famed Blue Ridge Parkway, which he has also supported with earmarks for guardrails and acquisition of buffer land. Earlier this year, he helped secure a $6.75 million federally guaranteed rural-development loan to reopen a mountaintop amusement park there called Ghost Town in the Sky. The park's owners were longtime campaign contributors to Mr. Taylor. He says he got the loan to create jobs in the valley.

Another Taylor earmark in last year's transportation bill steers $4.8 million to widen parts of U.S. Highway 64, a winding mountain road that runs near tracts of timberland that Mr. Taylor's companies own in Transylvania County, near the South Carolina state line.

"Every one of Congressman Taylor's earmarks in the last transportation bill was for a project near property that either he or one of his companies owns," says Erich Zimmermann, who studied the bill's special-interest spending for the nonpartisan Washington group Taxpayers for Common Sense. "The pattern is pretty clear."

Mr. Taylor doesn't agree. "The millions in highway-improvement funding I've been successful in bringing to western North Carolina are for the benefit of our region -- period," he says. While spending on mountain roads "may be grist for the attack mill," he says, it is what people in the state really need -- not "mega-roads" built by bureaucrats.

Nevertheless, Mr. Taylor's earmarks have made some Republicans wary. The North Carolina Conservative, a monthly publication based in Linville, N.C., has run a series of columns critical of the congressman by Ann Ryder, of Mars Hill, N.C. She and a neighbor, Wanda Bradley, both longtime Republicans, have scoured county courthouses for deeds and tax records to describe the labyrinth of companies Mr. Taylor created for his landholdings.

County tax records show that Mr. Taylor, his family and various holding companies and partnerships own more than 14,337 acres in six counties, making him one of the state's largest landholders. He also is involved in commercial development projects and owned an Asheville site that became a shopping center anchored by a Wal-Mart.

Mr. Taylor and his partners also are investors in a mountaintop resort called Wolf Ridge, where hundreds of ski chalets are being built for sale to wealthy second-home buyers. Out-of-staters are drawn by breathtaking views, a heated pool, a steakhouse and the convenience of a nearby airport with a 3,500-foot runway suitable for private jets. Construction crews are carving the runway out of a ridge, their dynamite blasts echoing across the valley.

Mr. Taylor wrote a letter to the North Carolina Department of Natural Resources asking that the agency approve a sewage waste-water permit for Wolf Ridge and sister projects. He clipped his congressional business card to the letter. Mr. Taylor says he wrote it because of the many new jobs the project would bring.

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Mr. Taylor has a role in many other commercial projects through Blue Ridge Savings Bank. He also owns a majority stake in Russia's Bank Ivanovo, where his partner is a former KGB officer.

While many House and Senate members invest in real estate or have business interests, few have such extensive holdings in their home district. House ethics rules say that being a congressman should be a full-time job, and they warn against any appearance of using one's public position to benefit personal business interests.

Real-estate investing has made other lawmakers wealthy in recent years as well. Rep. Mollohan, the West Virginia Democrat whose earmarks are now under federal investigation, has become a multimillionaire in recent years through real-estate investments. As reported in page-one stories in The Wall Street Journal on April 7 and April 25, Mr. Mollohan's partners in these deals included earmark recipients and a former federal contractor.

Rep. Miller, the Southern California Republican who steered earmarks to the road next to a shopping center in which he had an interest, is an active buyer and seller of real estate in and around his district. He has sold property worth at least $11 million in the past year, according to his disclosure forms, and his net worth is estimated to be twice that. (Lawmakers are required to disclose only ranges of income and assets, so precise figures aren't usually available.)

Rep. Miller also inserted a provision in a transportation bill forcing the closure of the Rialto, Calif., municipal airport, over the objections of the Federal Aviation Administration. The airport, a vast expanse of cracked blacktop and scrubland that is home to a flying school and forest-fire-watch patrols, boasts spectacular views of snowcapped mountains in the distance and direct access to a new interstate highway. The Lewis Group, Rep. Miller's business partner, is negotiating to buy the site and build 2,000 luxury homes there, as reported by the Hill, a Capitol Hill newspaper.

Rep. Miller defends his business ties and 30-year friendship with the Lewis family and says there was "no quid pro quo" in the campaign contributions. An aide to the congressman says local governments were "very supportive" of the airport closure. As for the road next to the shopping center, he says in a news release that he supported its improvement because it will cut congestion. An aide said yesterday that his ownership interest in the project ended before the road construction began.

Congress has done little to police itself, although lawmakers enacted an internal rule last month requiring members to sign their names to some earmarks. Mr. Taylor voted in favor of the measure, saying members should be willing to stand up for earmarks. He called such spending "absolutely essential" to rural areas of the country.

Mr. Taylor also said that eliminating earmarks entirely wouldn't save money. "The same tax dollars would be spent," he said through a spokesman. "The decisions about where and how much would just be left to unelected bureaucrats."

The measure has big loopholes and exempts appropriations bills the House already has passed this year. Because it is an internal House rule, not a law, it will expire when the current congressional session ends in a few weeks.

Philanthropy From The Heart Of America (NYT)

By David Leonhardt

The New York Times, October 11, 2006

Valley County, not far from the center of Nebraska, seemed to be one of those Great Plains communities that was dying. From World War II to 2000 it had lost almost half its population, and the decline was gathering speed at the end of the century. The I.G.A. and Jack & Jill grocery stores closed, as did most mom and pop gas stations and the local dairy processing plant.

In the last five years, though, something utterly unexpected has happened. The decline has stopped. More people are moving to Ord, the county seat, than leaving, and the county's population is likely to show its first increase this decade since the 1920's.

The economics of rural America have not really changed. If anything, the advantages that Chicago, Dallas, New York and other big cities have over Nebraska have only continued to grow. But Ord has finally figured out how to fight back.

It has hired a "business coach" to help teach local stores how to sell their goods over the Internet and to match up retiring shop owners with aspiring ones. Schoolchildren learn how to start their own little businesses — like the sixth-grade girl who made a video of the town's history and sells it at school reunions — so they will not grow up to think the only job opportunities are at big companies in Omaha or St. Louis. Graduates of Ord High School who have moved elsewhere receive mailings telling them about job opportunities back in town.

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None of this happens naturally in a free-market economy, because the efforts cost money that will never be fully recouped. But it has happened nonetheless thanks to one of the few advantages that Ord does have over Chicago, Dallas and New York: it is in a state with some of the most generous wealthy people in the country.

In San Francisco, a retired money manager named Claude Rosenberg has founded a small organization called New Tithin g Group. It tries to persuade Americans to base their charitable giving on their assets as well as their income , given how many now have substantial assets. And using tax returns, NewTithing has put together a devilish ranking of the 50 states.

It began by estimating the liquid assets of households with more than $200,000 in annual income, counting cash, stocks, bonds and the like, but not houses or retirement accounts. Then, with the same federal tax data, it calculated what percentage of those assets the households have given to charity, on average, in recent years.

Nebraska ranked third, with its affluent residents giving away just over 1 percent of their assets each year. That does not include the state's most famous donation, Warren E. Buffett's huge gift to the Bill and Melinda Gates Foundation this year, which came too late to be counted in the ranking. But it does include many smaller gifts to local charities like the Nebraska Community Foundation, which is trying to resuscitate Ord and other towns.

What is striking about the top of NewTithing's list is that it is dominated by a group of states that run from the Rockies through the Plains and down into the Southeast. The only ones ahead of Nebraska were Utah (where the Mormon Church asks members to donate 10 percent of their incomes) and Oklahoma, while Minnesota and Georgia came next.

As Emmett D. Carson, president of the Minneapolis Foundation, points out, these are places that do not have many beaches, famous cultural institutions or other obvious ways to attract residents. "So how do you build a community that is a destination?" Mr. Carson asked. "You have to be a lot more intentional about it."

The states with beaches and museums, those that have been winning a growing share of the nation's economic pie, generally failed to crack the top 20 in the ranking. The average affluent resident of New York (23rd on the list) or Florida (41st) owns about one-third more assets than the average affluent Nebraskan, but the Nebraskan still gives away a bigger pile of money. Also lagging are California (21st), Virginia (25th), Massachusetts (32nd), Texas (34th) and Washington (35th).

No single list, of course, can fully capture how generous a state's residents are. Through federal taxes, wealthy states like California and New York transfer a significant amount of money to poorer states every year. The NewTithing ranking, by its nature, also fails to count donations that are not tax-deductible, like informal gifts and time spent on community service.

But the ranking makes an important point. The middle of the country has developed a culture of philanthropy that the coasts and the Southwest, for all their wealth, do not yet have. Ord is never going to turn into anything resembling New York, no matter what it does. But New York could become a little more like Ord and, in the process, blunt some of the rough edges of inequali ty that have come with prosperity.

There is even a bit of evidence that some people on the coasts are starting to catch on. Next week, Mr. Carson will be leaving the Minneapolis foundation he has run for 12 years to take over the Silicon Valley Community Founda tion. Part of his mandate, he said, is to transplant some of Minnesota's culture to the donors of Northern California.

"They have the wealth," he said. "They want to capitalize on it and build a community."

Rice Asserts U.S. Plans No Attack On North Korea (NYT)

By Thom Shanker And Warren Hoge

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — Secretary of State Condoleezza Rice said Tuesday that the United States did not intend to invade or attack North Korea, but she warned the North's leaders that they now risked sanctions "unlike anything that they ha ve faced before."

Even China, North Korea's most important ally, said Tuesday that tough measures were in order, though its representatives said the punishments might not necessarily be the harsh ones that Washington was proposing.

"For China, we need to have a firm, constructive, appropriate, but prudent, response," said Wang Guangya, the country's ambassador to the United Nations. "There have to be some punitive actions, but also I think these actions have to be appropriate."

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The United States, Britain and France all want a resolution drafted under Chapter VII of the United Nations Charter, which makes sanctions mandatory and poses the possibility of military enforcement.

While both China and Russia have spoken of the importance of taking serious action against North Korea's reported nuclear test, they are traditionally against invoking Chapter VII and have not indicated whether they would end their opposition.

The United States wants agreement on sanctions this week. But even as the administration sought to push tough language into a Security Council resolution, the White House expressed doubts about the capacity of North Korea's nuclear program, based on evidence that the reported test had a smaller yield than expected. [Page A10.]

Sanctions sought by the United States include international inspections of all cargo moving in and out of North Korea to detect weapons-related material. But that might prove difficult for China and Russia to accept, in part because their coastlines and borders would be affected.

The diplomatic moves came a day after administration officials responded with shock and outrage to an official announcement from North Korea that it had detonated a nuclear device.

In an interview on CNN, one of a series of television appearances, Secretary Rice stressed that "the diplomatic path is open" for the North, and that giving up its nuclear program would "lead to all kinds of benefits for North Korea."

But she said the North's decision to pursue its nuclear program meant that it would face "international condemnation and international sanctions unlike anything that they have faced before."

The United States has imposed economic curbs on North Korea since the opening of the Korean War in 1950, though President Clinton lifted a few of them toward the end of his time in office, when relations seemed to be thawing.

Now, in its bid to tighten sanctions, Bush administration officials say, the United States is pursuing a two-track approach: trying at the United Nations to persuade other countries to cut off economic ties with the North, and using American banking laws to punish banks overseas that deal with North Korean companies.

At the United Nations on Tuesday, Britain, China, France, Russia and the United States, plus Japan, met twice to work out differences on the sanctions proposed Monday by the United States. John R. Bolton, the American ambassador, reported the group was making headway and would meet again Wednesday.

"I think there is convergence on many issues, more than I would have predicted perhaps a day or two ago," Mr. Bolton said. "That's not to say we're there by any stretch of the imagination, but I'm pleased by the positive nature of the discussions and look forward to more progress tomorrow."

Mr. Bolton said he had discussed the proposal for North Korean ports separately with Mr. Wang, the Chinese envoy.

As for Russia, Mr. Bolton began the day complaining that Vitaly I. Churkin, the country's ambassador, had arrived at the morning session with no instructions from his government. He said it had left "a hole" in the conversations.

But after the afternoon session, he said Mr. Churkin had heard from Moscow and was able to take part in the debate. "We'll have some areas to discuss there and he raised some issues we had not thought of entirely, but by and large his comments were supportive," Mr. Bolton said.

Mr. Churkin left without making any comment.

Mr. Bolton declined to discuss specifics of the talks but said one amendment suggested by Japan — a ban on travel by members of the North Korean government — had attracted particular support.

Asked if he would limit the American demands in the interests of speeding the process of drafting a resolution, he said: "We want firmness and swiftness, and I think we can have both. That's our objective."

In television interviews and briefings for reporters, Secretary Rice and other officials reiterated past assurances that the United States was not moving toward occupying North Korea or toppling its government.

She said the administration's policy was still that the diplomatic path would be multilateral, through the stalled six-party talks, and not the two-way dialogue that North Korea has sought with the United States.

But even as the administration sought to unify its international allies, there were signs of fissures among Republicans over whether Washington should negotiate directly with North Korea.

Representative Heather Wilson, a New Mexico Republican and former Air Force officer who has played a leading role on national security issues, advocated bilateral negotiations, within the context of the six-party talks. "The idea here is to open a path

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for this rogue regime to walk back from the edge of the ledge," she said. "I don't think there's anything wrong with straight, tough talk with countries that are not our friends."

In the administration's quest for tough sanctions, much of the effort is focused on China, Japan and especially South Korea, which supply most of North Korea's imports and investments. Indeed, South Korea has invested heavily in the Kaesong Industrial Park, an economic enclave in the North that employs thousands in factories that produce shoes, cosmetics and other export goods.

The United States has tried, without much success, to get South Korea to limit its involvement in the enclave, arguing that North Korean financial institutions that are involved in it are also involved in illicit activities. In the wake of North Korea's latest nuclear steps, persuading South Korea may be easier, American officials say.

The unilateral drive by the United States is likely to expand on existing efforts that American officials maintain have already had a damaging effect on North. Indeed, the sanctions may have propelled North Korea to walk away from negotiations on its nuclear program and test a weapon, some experts say.

Now, with the enactment of American laws and executive orders after Sept. 11, 2001, new tools have become available, and they are likely to be expanded in coming weeks.

Under the U.S.A. Patriot Act, signed into law shortly after the 2001 attacks, the United States labeled a bank in Macao, Banco Delta Asia, as a "primary money-laundering concern" and declared that any bank doing business on American soil — virtually every big bank in the world — could not do business with it.

Administration officials say the ban on Banco Delta Asia badly disrupted North Korean activities, effectively froze the personal accounts of North Korean leaders and sent a message throughout the international financial system that the United States was prepared to do more.

Backing up that threat, President Bush has accused several North Korean trading corporations of being involved in nuclear proliferation and missile activities, often in conjunction with Syria, Iran and Pakistan. American officials have also visited banks in Europe, Asia and the Middle East to tell them that dealings with those entities could jeopardize ties with American banks.

The aim, according to Stuart Levey, under secretary of the treasury for terrorism and financial intelligence, is to put the international community "on notice about a particular threat" and get them to voluntarily end their dealings with North Korean entities.

Analysis: Should U.S. Talk To N. Korea? (AP)

By Anne Gearan

AP, October 11, 2006

North Korea's apparent nuclear weapons test may bear out the warnings of Bush administration hard-liners that the reclusive regime can never be trusted, but it also forces an examination of whether the silent treatment those same hard-liners have given North Korea for years has backfired.

Convinced that the Clinton administration got conned when it offered carrots to the North Koreans, the Bush administration has offered mostly sticks. The White House has firmly withheld the biggest carrot of all — direct, one-on-one talks between Washington and Pyongyang.

The United States is the power North Korea most fears and is the foil for the propaganda that helps keep the communist regime afloat. The North says it needs nuclear weapons, and missiles to deliver them, to counter U.S. aggression.

The United States is also the nation the North would most like to talk to, for both the prestige that direct talks could bring the regime and the security promises the talks might produce.

One interpretation of this week's test holds that it is North Korea's latest and most alarming attempt to get Washington's attention.

But the United States has insisted on talking to North Korea only with four other nations at the table, including China and South Korea, the two countries that Pyongyang relies on most for its economic survival. That, the U.S. argues, makes it harder for the North to walk away from negotiations.

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"The United States tried direct dialogue with the North Koreans in the '90s, and that resulted in the North Koreans signing onto agreements that they then didn't keep," Secretary of State Condoleezza Rice said during an interview Tuesday on CNN.

The White House contends that North Korea wants to set up a confrontation with the United States and direct talks would play to that hand. By insisting on talks only in the awkward company of four other nations, the argument goes, the United States deprives the North of the chance to play David to the U.S. Goliath. Instead, the North also has South Korea, Japan, China and Russia to answer to.

"The North Koreans would like to make this about the United States, and I prefer that the Chinese and the South Koreans and the Japanese are saying the same thing to the North Koreans today that we are saying," said Assistant Secretary of State Christopher Hill, Rice's top negotiator for North Korea.

The six-nation talks have been stalled for more than a year, but Hill and other U.S. officials refuse to declare them dead.

For now, U.S. officials are pushing for tough sanctions at the U.N. Security Council, and the United States hasn't ruled out taking other steps on its own, such as intercepting ships entering or leaving North Korean ports.

Contrast that with the situation six years ago, when then-Secretary of State Madeleine Albright became the first ranking U.S. official to meet with North Korean dictator Kim Jong Il. Albright even gave a delighted Kim a basketball autographed by Michael Jordan.

When Bush took office, the North's nuclear reactor was frozen under a 1994 Clinton pact that conservatives disliked. Many in the new Republican White House were skeptical of the deal's offer to give the North reactors for nuclear energy, and when then-Secretary of State Colin Powell expressed support for the Clinton approach in early 2001 the White House pulled him up short.

The conservative skepticism was partly proved right when it became clear that the North had cheated almost from the start of the Clinton-era deal.

Frosty relations got even worse in 2002, when Bush included North Korea in an "axis of evil" with Iran and Iraq. The North pressed on with its nuclear program and may now have enough material for up to a dozen weapons.

Now the Bush administration is under growing bipartisan pressure to try a version of the Clinton approach and engage North Korea directly. Some U.S. allies have also suggested that the United States has little to lose and potentially much to gain from sitting down alone with the North.

Rep. Heather Wilson, R-N.M., a senior member of the House Intelligence Committee and a retired Air Force officer, broke Republican ranks Tuesday.

"I feel strongly that there is nothing wrong with straight, tough talk with countries that are not our friends," said Wilson, R-N.M. "I think that there is an argument that says doing this in a bilateral way sends a much stronger message."

"Bilateral talks" is State Department speak for old-fashioned one-on-one diplomacy, and it is a plum that the Bush White House has recently withheld not only from North Korea but also from what it considers thuggish regimes in Iran and Syria.

Drawing a bright line against engagement with bad guys has the value of purity. But it also leaves little room to negotiate — there is no fallback position and any shifting of position, as the U.S. did earlier this year on Iran, risks being painted as capitulation.

James A. Baker III, the former secretary of state who has long served Republican presidents, has questioned the approach at least with respect to Iran and Syria.

"I don't think you restrict your conversations to your friends," Baker said Sunday on ABC's "This Week."

"It's got to be determined," Baker said. "You don't give away anything, but in my view it is not appeasement to talk to your enemies."

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EDITOR'S NOTE — Anne Gearan covers diplomacy and foreign affairs for The Associated Press.

White House Rejects North Korea Talks (AP-Y)

By Deb Riechmann

AP-Yahoo, October 11, 2006

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The Bush administration rejected anew Tuesday direct talks with North Korea and said it would not be intimidated by a reported threat from Pyongyang that it could fire a nuclear-tipped missile unless the U.S. acts to resolve the standoff.

"This is the way North Korea typically negotiates by threat and intimidation," said U.S. Ambassador John Bolton. "It's worked for them before. It won't work for them now."

The White House said, meanwhile, there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday. While acknowledging that the action was provocative, White House press secretary Tony Snow suggested that it's possible that the test was something less than it appeared.

"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," he said. The comment appeared to indicate that the White House was attempting to downplay the significance of the test, but Snow said later that he was merely posing a hypothetical question.

While Democrats claimed the test was evidence of a failed U.S. policy, Snow argued that the test has left the nations involved in the six-party negotiations with the communist regime more unified and determined to convince Pyongyang incentives to give up its nuclear weapons ambitions. He also denied that the demands of the war in Iraq hampered the Bush administration's ability to dissuade North Korea from developing nuclear weapons.

"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

North Korea stepped up its threats, saying it could fire a nuclear nuclear-tipped missile unless the U.S. acts, the Yonhap news agency reported Tuesday from Beijing. But even if Pyongyang is confirmed to have nuclear weapons, experts say it's unlikely the North has a bomb design small and light enough to be mounted atop a missile.

Asked about the Yonhap report, Bolton said, "Well, I think it's been perfectly obvious for quite some time that North Korea has been seeking a delivery capability for its nuclear weapons. It's one reason why as far back as 2001, President Bush led the effort to get the United States out from under the restrictions of the Anti-Ballistic Missile Treaty, so we could build missile defense against precisely this kind of threat."

In response to North Korea's purported nuclear test, the United States is pressing at the United Nations for stringent sanctions on Pyongyang, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

Meanwhile, Democratic New Mexico Gov. Bill Richardson, a former U.S. ambassador who has visited North Korea, said the Bush administration should abandon its long-standing refusal to engage in direct talks with North Korea. He said President Bush was right to seek sanctions against North Korea in the U.N., but should next move to direct talks with the reclusive nation.

In taking that stance, Richardson echoed the message that former Secretary of State James A. Baker III said Sunday, as Baker urged the administration to talk directly to adversaries around the world.

The administration has been attempting for years to get more countries to join its anti-proliferation initiative, aimed at stopping countries like North Korea from selling nuclear weaponry and missiles. But it has refused one of North Korea's key demands: that the United States engage in direct one-on-one talks. Instead the administration insists on sticking to the so-called six-party format, where Russia, China, South Korea and Japan have joined the United States in talking to North Korea.

Bolton, interviewed on CNN and on CBS' "The Early Show," said that if North Korea wanted to talk with the U.S., it needed to rejoin the six-party talks.

"If they want to talk to us, all they have to do is buy a plane ticket to Beijing," where the talks have been stalled for months, Bolton said. "The North Koreans can talk to us anytime they want on a bilateral basis if they come back to the six-party talks, which they have been boycotting."

Bolton cast the standoff with Pyongyang as one "between North Korea and the rest of the world" that will result in sanctions or more if the rogue nation does not restart talks with the international community.

Asked about the possibility of U.S. military action against North Korea, including a possible naval blockade, Bolton said, "Well, we're not at that point yet."

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"We keep the military option on the table because North Korea needs to know that, but President Bush has been very clear he wants this resolved peacefully and diplomatically," Bolton said.

Bush Administration Rejects Talks With North Korea (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 11, 2006

WASHINGTON - The Bush administration, under fire for policies that have failed to stop North Korea from advancing its nuclear weapons arsenal, on Tuesday ruled out direct talks with Pyongyang in the aftermath of its apparent nuclear test.

Instead, the United States and other world powers began discussing tough U.N. sanctions on North Korea that would authorize inspection of cargo going to or coming from the country to halt weapons-related transfers.

In a significant development, China, which is North Korea's principal ally, said for the first time that it would agree to sanctions on the government of North Korean leader Kim Jong Il.

"I think there has to be some punitive actions," said Wang Guangya, China's ambassador to the United Nations. "We need to have a firm, constructive, appropriate but prudent response to North Korea's nuclear threat," he said, without being more specific.

China, which has led diplomatic efforts to engage Pyongyang, was deeply embarrassed by North Korea's action. But Beijing is wary of destabilizing North Korea because a collapse of the regime could flood China with millions of extremely poor refugees. It's unclear how far it will go in curtailing crucial food and energy supplies or other trade.

"I think they're going to do some sanctions that will sting, but not ultimately paralyze North Korea. The only thing they worry more about than a nuclear weapon is the collapse of North Korea," said Kurt Campbell, a former top Pentagon official on Asia policy who's now at the Center for Strategic and International Studies, a national-security research center.

Officials from the United States and other Western governments privately echoed that analysis.

North Korea's claimed nuclear test - U.S. intelligence agencies still hadn't confirmed it Tuesday - has brought wide condemnation and given new impetus to the U.S. drive for further sanctions.

But the White House also found itself on the defensive Tuesday against critics who said President Bush's policy of refusing to engage North Korea in direct, one-on-one talks had backfired.

Bush said in May 2003 that the United States wouldn't tolerate a nuclear-armed North Korea. Since that time, Pyongyang is thought to have expanded its stockpile of nuclear weapons, has broken a self-imposed moratorium on test-firing ballistic missiles and on Monday apparently conducted its first underground nuclear-weapons test.

Campbell, who served during the Clinton administration, gave the Bush administration high marks for its muscular response to the crisis this week. But he said the administration should have tried a different approach earlier.

"The biggest problem has been a reluctance to engage (North Korea) diplomatically," he said. The administration, he said, seems to "worry that by talking to them at a very high level, that we are somehow blessing . . . a reprehensible regime."

Secretary of State Condoleezza Rice and other Bush aides ruled out direct talks, arguing that the Clinton administration had tried it and that it failed.

"The United States tried direct dialogue with the North Koreans in the `90s. And that resulted in the North Koreans signing on to agreements that they then didn't keep," Rice said in an interview on CNN.

She referred to a 1994 deal known as the Agreed Framework, under which North Korea's known nuclear program, involving plutonium, was frozen. The United States charges that Pyongyang cheated on the deal by pursuing a second, covert program based on uranium enrichment.

Rice argued that the United States is now in a stronger position to deal with North Korea because Japan, South Korea and, especially, China are prepared to take united action against the country.

The Bush administration has been riven by internal disputes over dealing with North Korea almost from the moment it took office.

Then-Secretary of State Colin Powell announced in 2001 that Bush would continue Clinton's policy of talking to the North Koreans, but an unhappy White House forced him to retract the remarks.

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Even today, Vice President Dick Cheney and his allies in government are thought to favor putting so much pressure on Kim's regime that it collapses.

Many State Department experts argue that the tough approach plays right into Kim's hands and further isolation is unlikely to matter to the world's most isolated country.

The U.S.-proposed sanctions would bar imports and exports of arms, nuclear- and missile-related material and luxury goods to North Korea and would authorize inspections of inbound and outbound cargo by third countries.

Japan, which has historical enmity with North Korea, has proposed even tougher measures, including broad trade sanctions, refusing to allow North Korean ships and planes to enter other countries and banning travel by top North Korean government officials.

China is unlikely to go that far. China and North Korea have had close relations as communist neighbors, and Kim has visited China to learn about its economic reforms.

Intelligence officials said Tuesday that they were still analyzing the underground blast that occurred Monday morning local time in North Korea.

U.S. Air Force monitoring aircraft haven't yet picked up the signs of radiation usually associated with such a test. The blast itself is thought to have had less than a kiloton of force, perhaps significantly less, leading experts to question whether the test was only partially successful.

U.S. Fears Export Of Technology (LAT)

By Peter Spiegel And Greg Miller, Times Staff Writers

The Los Angeles Times, October 11, 2006

Preventing North Korea from selling nuclear materials would depend on China and Russia.

WASHINGTON — The sanctions demanded by U.S. officials in response to North Korea's announcement this week that it had tested a nuclear device would focus on closing pathways to proliferation of weapons technology.

But U.S. officials say any such effort would have to focus on the air and land routes through China and Russia that the government in Pyongyang has used in response to American monitoring on the high seas.

Since the 1990s, the Pentagon has used naval ships and aircraft to track and even intercept weapons shipments coming out of North Korea.

"Our folks pay very close attention to the vessels they are using and where they go; we stay on top of this one," Adm. William J. Fallon, the U.S. military's top officer in the Pacific, said last month. "One thing we can't do anything about is the air movement, because it goes over Chinese or Russian airspace. It's up to those countries to do things."

The new United Nations sanctions resolution proposed by the United States would direct all members "to undertake and facilitate inspection of cargo to or from" North Korea. In effect, it would require China to help close the gap in American efforts.

It's a challenge unlike any yet faced by U.S. diplomats and military officials. Until now, nations that have developed a nuclear capability have not viewed their new weapons as potential export commodities, as many believe Pyongyang does.

U.S. intelligence officials said Tuesday that they were still collecting data on Monday's declared blast, and knew little about the device involved. One military official said the Pentagon was awaiting data from its lone WC-135 "sniffer" aircraft, which was stationed at Kadena Air Base in Japan at the time of the North Korean test.

At the U.N., Chinese and Russian diplomats resisted tougher proposals by the Americans and Japanese, and U.S. Ambassador John R. Bolton dismissed a North Korean threat to launch a nuclear-tipped missile if Washington refused direct talks. Diplomats hope for a vote on a response to North Korea by Friday.

Past international efforts to block exports and enforce embargoes have had limited and short-lived success. But North Korea's use of Chinese routes for conventional weapons exports raises the concern that it may attempt to use similar means to transship nuclear technologies.

"In the early days, it is absolutely true that the North Koreans sent both missiles and missile fuel and components to the Iranians and the Syrians by sea," said David Kay, a former U.N. weapons inspector who specialized in nuclear proliferation issues. "But they now know that's not a good way to do it, so most of it goes overland via China."

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Kay said that, from China, the weaponry probably is flown to places such as Iran and Syria. North Korea also has sold missile technology to Yemen and Pakistan.

The Bush administration has complained repeatedly that Beijing has not lived up to agreements to stop North Korea's shipments of weapons technologies. In testimony last month before a U.S. government commission, State Department officials said they "remain deeply concerned" over China's lack of commitment to its nonproliferation promises.

Thus far, however, U.S. proliferation concerns have centered on Pyongyang's trade in parts for long- and medium-range missiles. By some estimates, North Korea is the world's dominant exporter of ballistic missiles. An evaluation by the London-based International Institute for Strategic Studies estimated that missile sales had earned the North Korean government hundreds of millions of dollars, making it a significant source for hard currency.

But deliveries of missile components have begun to shrink in recent years as North Korea's traditional customers, particularly Iran, have developed their own capabilities. Experts fear that Pyongyang will view nuclear technology, and nuclear material such as plutonium, as a replacement revenue source.

"The thing that worries most people is actually the export of fissile material itself," Kay said.

"I don't think people are worried at this stage about North Korea sending weapons to Iranians or terrorists," Kay added, "although there is virtually nothing on the face of the Earth that the North Koreans have gotten their hands on that they haven't been willing to sell."

China has let North Korea ship missile parts through its territory and airspace and has exported missile systems to rogue governments itself. But U.S. officials consider Beijing less likely to tolerate North Korean nuclear shipments because such exports could undermine China's status as the only nuclear power in East Asia.

"North Korea is China's neighbor, so they, in a sense, have a more proximate cause for worry than even the United States," State Department spokesman Sean McCormack said.

Nonetheless, enforcing any tightened counter-proliferation regime, even with Chinese cooperation, would be challenging, U.S. officials and arms experts said. The Pentagon can track ships, but it is nearly impossible to determine precise cargoes.

"The ability to recognize every single thing that's on every ship is a challenge," Adm. Fallon said.

The administration's proposed U.N. resolution would essentially establish an international agreement to allow the boarding of ships suspected of carrying prohibited items to or from North Korea.

Pentagon officials, however, said that any large-scale effort would be many times more complicated than tracking the vessels, and would require the participation of other countries. As a result, tactical planning has not begun for a U.S. blockade of North Korea, a Defense Department official said.

"The presumption is this would have to be an international effort," said the official, who spoke on condition of anonymity because of the sensitivity of the issue. "You can't willy-nilly stop every ship; you need to search methodically."

Similarly, China's ability to monitor North Korean deliveries across its border may be limited. Beijing polices the border, but experts say the frontier remains somewhat porous and that China may not be employing the most modern sensors and other detection equipment.

"It's like moving drugs into the United States from Mexico," Kay said. "The Chinese could do a far better technical job than they've been doing. Radiation detectors along the Yalu River" — between North Korea and China — "would be a good thing, but they can be beaten."

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Times staff writers Julian E. Barnes in Washington and Maggie Farley at the United Nations contributed to this report.

UN Resolution Focuses On Naval Searches (FT)

By Stephen Fidler

Financial Times, October 11, 2006

DOJ_NMG_0079039

North Korea has earned over the past two decades a reputation for peddling its missile capabilities around the world. Many governments are worried not so much that it will use the bomb as that it will shop its nuclear expertise around, to earn foreign exchange for its stricken economy.

"The real risk, as we and others see it, is of onward proliferation from North Korea to other countries of concern," said a British official on Tuesday.

A US draft of a United Nations Security Council resolution, circulated on Tuesday, calls upon member states "to undertake and facilitate inspection of cargo to and from [North Korea]" to ensure that no arms, nuclear or missile-related items or luxury goods could be shipped there.

That paragraph, if agreed by the rest of the Security Council, raises many practical and legal questions about how such inspections would be carried out. To work, it would almost certainly need the backing of China, not only in the Security Council but also as a practical matter because many of the sea lanes out of North Korea pass close to China.

"Chinese co-operation would be essential to any such measure," said Mark Fitzpatrick, a former State Department official at the International Institute for Strategic Studies. Even if China did not board North Korean ships, it would ease the practical difficulties of enforcing the policy if it made its ports available for inspections, he said.

Chinese officials have indicated that Beijing would contemplate punitive measures against Pyongyang, but it was not clear on Tuesday whether they would back such an embargo.

As interpreted by most countries, the law of the sea prevents the boarding of ships on the high seas unless permission is given by the master of the vessel or by the government of the country whose flag it is flying.

The US usually permits itself a liberal interpretation of that law and any Chapter 7 Security Council resolution would presumably be deemed to give it and other countries the right to board North Korean vessels.

Though it is early for any such move, some thought may be given to the development of an international patrol similar to those deployed in the Gulf and off the Horn of Africa. Though both are dominated by the US Navy, the presence of other nations' vessels confers international legitimacy to the patrols.

Still, the likelihood is that any attempt to board a North Korean cargo ship would be refused and the interdiction force would have to contemplate shooting across the ship's bows and mounting an opposed boarding.

Such an event would probably be interpreted by North Korea as a hostile act, potentially leading to a significant further escalation of tensions in the region.

The Bush administration has led the formation of a coalition of countries, now numbering more than 70, aimed at preventing their waters or ships from being used to transport weapons of mass destruction.

Yet the Proliferation Security Initiative has no explicit basis in international law. It operates mainly in the coastal waters of its members and on vessels sailing under the flags of members.

A number of bilateral boarding agreements also permit the legal boarding of ships flying flags of convenience, such as Liberia.

"The PSI is a method of handling this kind of thing and could be adapted, if needed, to the North Korean case," said a former US official.

China Says It Will Back Sanctions On N. Korea (WP)

By Colum Lynch And Maureen Fan

The Washington Post, October 11, 2006

Beijing Stresses Limits on U.N. Action Against Ally

UNITED NATIONS, Oct. 10 -- China on Tuesday expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs.

The United States and Japan continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program.

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Varied responses to the nuclear test that North Korea apparently conducted early Monday emerged as the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government. France, for instance, voiced concern that a Japanese proposal to ban all North Korean exports could fuel a humanitarian crisis.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians. State Department spokesman Sean McCormack, meanwhile, specifically ruled out any attempt at regime change. "We have made it very clear that the United States has no intention to attack North Korea. That element of our policy still stands," he told reporters. "What we have sought is a change in the behavior of the North Korean regime."

China's tougher stance against North Korea came as officials in Beijing faced criticism at home over their diplomatic strategy, which relies primarily on the now-stalled six-nation talks to contain North Korea's nuclear program.

The talks have been "a total failure," said Zhang Liankui, a professor at the influential Central Party School's Institute for International Strategic Studies. "North Korea's reaction is a challenge to the whole world. Every country should have a clear and definite attitude, including China.

"If peaceful means can't stop North Korea from conducting a nuclear test, then there should be other means," Zhang added. "The appeasement policy was very popular in the international community, and I think that's very dangerous. Within 10 years, people will suffer from this attitude."

Chinese Foreign Ministry spokesman Liu Jianchao acknowledged that North Korea's action "will undoubtedly exert negative impact" on the two countries' relations. But he said the six-party talks remain "the best and practical way and effective way to resolve this issue, so I don't think it's a failure of China's diplomacy."

Still, Wang Guangya, China's U.N. ambassador, conceded that the council would have to impose "some punitive actions" on Pyongyang to persuade it to heed international demands. He added, however, that "these actions have to be appropriate" and "more specifically targeted toward the nuclear- and missile-related areas."

U.S. officials welcomed China's willingness to consider punishing a traditional ally and a neighbor that it has shielded from international pressure for decades. White House spokesman Tony Snow said China's announcement suggested that North Korea's ability to use "bluff and bravado" to obtain concessions may have ended.

Secretary of State Condoleezza Rice told CNN that "I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan but from its closest supporters, those who are the ones who give them assistance."

The United States has told the North Koreans "that there is no intention to invade or attack them," Rice added. "So they have that guarantee." The president "never takes any of his options off the table," she said. "But the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But other U.S. officials made it clear that they think tougher measures are required to ensure that North Korea will not ignore another unenforceable council dictate. They note that a U.N. measure that was passed in July, Resolution 1695, already bans international trade in ballistic missiles and nuclear technology with North Korea. But it lacks any enforcement provision.

The United States supports a resolution under Chapter 7 of the U.N. Charter, which can be enforced by sanctions or military action.

The U.S. draft resolution calls for imposing stringent financial penalties on North Korea and providing broad powers to foreign governments to inspect all trucks, trains, vessels and planes traveling in and out of the country. The U.S. text would also confront North Korea with a 30-day deadline to reverse course or face further penalties.

Japan has introduced a series of amendments that would ban North Korean exports and prohibit the arrival of North Korean ships or planes in foreign countries.

China opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy.

It also insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea. China proposed that a sanctions resolution refer simply to a provision in Chapter 7, known as Article 41, that would authorize only the imposition of sanctions.

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"We have not reached agreement -- do not misunderstand me," Bolton told reporters after meetings with China and other major council powers. "I know when you're making progress and I know when you're not making progress, and I'm still pleased with the directions things are going."

Fan and researcher Jin Ling reported from Beijing; staff writer Glenn Kessler in Washington contributed to this report.

China Calls For Punitive Actions On N Korea (FT)

By Caroline Daniel, Stephen Fidler, Anna Fifield, Richard Mcgregor, David Pilling And Mark Turner

Financial Times, October 11, 2006

China said yesterday that North Korea should suffer "punitive actions" for its claimed nuclear test, in an apparent retreat from its long-standing opposition to international sanctions against Pyongyang.

The extent of sanctions favoured by Beijing was still unclear but Wang Guangya, China's ambassador to the United Nations, said a 13-point US proposal - which included inspections of cargo ships entering and leaving North Korea - provided a "good basis for working". He added: "There has to be some punitive actions, but these actions have to be appropriate."

A US draft resolution circulating yesterday would compel governments to prevent the transfer of arms, missiles or nuclear items - or luxury goods - to or from North Korea. Additional proposals from Japan, which chairs the security council, would bar North Korean ships and aircraft, and high-ranking officials, from member states.

John Bolton, US ambassador to the UN, said after meeting Mr Wang: "There were substantial areas of agreement. There is a strong view to move as quickly as we can . . . a strong resolution and a swift response."

The Russian position was unclear since the delegation had no instructions from Moscow.

Sergei Ivanov, Russian defence minister, said the reported test was a "colossal blow" but any UN resolution would not involve the use of force.

China's reaction is critical to the passage of an effective resolution and its policing. Pyongyang's decision to carry out missile and nuclear bomb tests in spite of strong Chinese opposition has been seen in China as a demonstration of the failure of Beijing's strategy of playing a moderating role between North Korea, regional neighbours and the US.

In Seoul, the "sunshine policy" of economic engagement with North Korea is being questioned after Pyongyang's decision to go ahead with the test showed how little sway South Korea had over its neighbour. "The government sees it is unavoidable to make certain changes to its policies as we are in a situation where adjustments to inter-Korean relations are inevitable," said Lee Jong-seok, South Korea's unification minister. "But I believe the government must be careful when taking any measures that would raise tension or make our people feel uneasy."

Tony Snow, White House spokesman, said the US had less ability to influence Pyongyang than countries in the region.

Shinzo Abe, Japan's prime minister, has called for "harsher measures" against Pyongyang, a position echoed by Koji Omi, his finance minister, who said Japan was considering additional financial sanctions.

By Mark Turner at the United Nations, David Pilling and Anna Fifield in Seoul, RichardMcGregor in Beijing, Caroline Daniel in Washington and Stephen Fidler in London

China Supports Sanctions Against N. Korea (USAT)

By Calum Macleod

USA Today, October 11, 2006

BEIJING — China signaled support Tuesday for tough sanctions against its longtime communist ally North Korea, a reflection of its anger over Pyongyang's apparent nuclear test.

China's strong disapproval echoed a chorus of global concern. Chinese Foreign Ministry spokesman Liu Jianchao said the test was carried out “flagrantly” and “will undoubtedly exert a negative impact on our relations.”

At the United Nations, Chinese Ambassador Wang Guangya said the Security Council must deliver “punitive actions” against North Korea, but the response should be “appropriate.”

Wang spoke before the five permanent council members — Britain, China, France, Russia and the United States — met to discuss U.S. proposed sanctions, including a ban on imports of military goods to North Korea.

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China historically has been cool to sanctions against North Korea. China supplies much of the regime's food and oil. It fears a refugee exodus across its borders if sanctions destabilize the North Korean government.

The council session ended with no decision. Another session was scheduled for today. U.S. Ambassador John Bolton sounded upbeat about the prospects for agreement.

“We don't have complete agreement on this yet, that's hardly a news flash, but we're making progress,” Bolton said.

North Korea showed no remorse for conducting the test. In Brussels, Ri Jong Hyok, a visiting North Korean official, said the test was a result of pressure and threats by the United States toward North Korea. “We have to take these measures so that we have a nuclear deterrent against the Americans,” he said.

In Washington, Secretary of State Condoleezza Rice said the United States had no intention to attack North Korea, rejecting a suggestion that Pyongyang may have felt it needed to test a nuclear weapon for security.

Bolton rejected holding direct talks with North Korea. “North Korea has had a successful history of intimidating other countries … but they're not going to be successful with us this time” he said on CBS' Early Show.

North Korea has refused for a year to attend six-nation international talks aimed at coaxing it into giving up its nuclear program. Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

The United States has yet to confirm North Korea's claim that it exploded a nuclear device. White House spokesman Tony Snow said there was a “remote possibility” the world will never know what happened.

China: N.Korea Must Be Punished For Test (AP)

By Nick Wadhams

AP, October 11, 2006

The North Korean nuclear crisis settled into diplomatic debate Tuesday, with China agreeing to punishment but not the severe U.S.-backed sanctions that it said would be too crushing for its impoverished communist ally.

Scientists and other governments, meanwhile, suggested that Monday's underground test was a partial failure, producing a smaller blast than planned.

The Bush administration asked the U.N. Security Council to impose a partial trade embargo including strict limits on Korea's profitable weapons exports and freezing of related financial assets. All imports would be inspected too, to filter out materials that could be made into nuclear, chemical or biological weapons.

The United States reiterated that it would not talk with the North Koreans one-on-one, but Secretary of State Condoleezza Rice assured the North that the U.S. would not attack.

Rice rejected a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion. President Bush, she told CNN, has told "the North Koreans that there is no intention to invade or attack them. So they have that guarantee. ... I don't know what more they want."

U.S. Ambassador John Bolton sounded upbeat after Tuesday's round of talks at the Security Council, but said differences remained in advance of Wednesday's meeting.

"Look, we don't have complete agreement on this yet, that's hardly a news flash, but we're making progress and we're I think at a point we can try and narrow some of the differences we do have," Bolton said.

China, which reacted to Monday's blast with a strong condemnation but considers North Korea a useful buffer against U.S. forces stationed in South Korea, said it envisioned only a limited package of sanctions — not what the United States and especially Japan were demanding.

China and Russia object to plans to interdict shipments and block financial transactions. They also oppose a new suggestion that Japan proposed Tuesday — to include mention of the North's abduction of Japanese citizens in the 1970s and '80s.

"We certainly understand that Japan is close to the country. But I think you cannot ask by this resolution to kill a country," China's U.N. Ambassador Wang Guangya told The Associated Press. He said the Security Council must impose "punitive actions" but that they have to "be appropriate."

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Though far less than what the Americans and Japanese seek, even calling for some punishment was significant for China, which usually opposes sanctions, particularly against an ally such as North Korea.

Pyongyang again demanded one-on-one talks with Washington and threatened to launch a nuclear-tipped missile if the U.S. doesn't help resolve the standoff. Bolton dismissed the demand, saying the North should instead "buy a ticket to Beijing," and rejoin stalled six-nation talks over its nuclear and missile programs.

The war of words suggested tough negotiations before the U.N. takes any action against North Korea. In the meantime, scientists and governments tried to determine what exactly happened early Monday, deep below the earth in North Korea's northeast mountains. The North Korean government has released few details.

A South Korean newspaper quoted a North Korean diplomat, whom it did not name, saying that the blast was "smaller in scale than expected.

"But the success in a small-scale (test) means a large-scale (test) is also possible," he said in comments posted on the Web site of the liberal newspaper Hankyoreh, which has good ties with the communist nation.

The diplomat also said the North could take "additional measures" and that it doesn't fear sanctions.

Philip Coyle, at the Center for Defense Information in Washington, a nongovernment think tank, expressed a growing view that "they got a partial result" and not the full-power explosion that they sought. Several Western estimates said the blast was less than a tenth the size of the bomb that the United States dropped on Hiroshima in 1945; the force of the Hiroshima bomb was equivalent to 15,000 tons of TNT.

But "for them it was enough ... to say that it was a success. It helps them to claim that they are a nuclear power, and that the world should take them seriously, which is what they want. But I wouldn't be surprised if after several months they don't try again."

The White House said there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday.

Democrats said the test was evidence of a failed Bush administration policy, which White House press secretary Tony Snow denied.

"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

Sen. John McCain, R-Ariz., said President Clinton was to blame for his 1990s program to entice the North Koreans toward more cooperation. "The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

After the reclusive regime announced it had set off an underground atomic explosion, the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test. The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Diplomats said Tuesday there was a general agreement that the Security Council must pass a sanctions resolution in the next few days. The council's image suffered badly the last time it deadlocked over a major crisis, over the summer when it needed a month to pass a resolution on ending the war between Israel and Hezbollah.

"All I can say is that we are having a very good discussion, trying to identify what really we are going to be able to achieve, and i think there is general understanding also about the need to get our act together, and fast," Japan's U.N. Ambassador Kenzo Oshima said. "On that we agree."

Despite the positive assessment, familiar fault lines that have plagued past negotiations over North Korea already began to appear.

Japan, which holds the presidency of the Security Council for October, demanded the toughest sanctions of all, possibly including a blanket air and naval blockade of North Korea, as well as a ban on senior North Korean diplomats traveling abroad. In Tokyo, Japan's leader said the country could slap sanctions on North Korea without waiting for confirmation that it did indeed test a nuclear weapon.

Yet China, traditionally an opponent of Security Council sanctions, warned that the world must not focus too much on punishment. China can use its veto power in the council to block any move, and would likely have the support of Russia.

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"Instead, the international community and the United Nations should take positive and appropriate measures that will help the process of de-nuclearization on the Korean peninsula," Foreign Ministry spokesman Liu Jianchao said.

One worry for Beijing is that too much pressure could cause economically unsteady North Korea to collapse, sending North Koreans streaming across the border into northeast China and inviting intervention by the American military.

Nonetheless, China was clearly rattled that the North went ahead with the test. Liu vented China's anger against its communist ally over the test for a second day.

"The nuclear test will undoubtedly exert a negative impact on our relations," Liu said. He said Monday's test was done "flagrantly, and in disregard of the international community's shared opposition."

The North warned that it would soon be able to put a nuclear warhead on one of its missiles.

"We hope the situation will be resolved before an unfortunate incident of us firing a nuclear missile comes," Yonhap, the South Korean news agency, quoted an unidentified North Korean official as saying. "That depends on how the U.S. will act." Yonhap did not say how or where it contacted the official, or why no name was given.

The news agency quoted the official as saying the nuclear test was "an expression of our intention to face the United States across the negotiating table."

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Associated Press reporter Edith M. Lederer contributed to this story.

China Ready To Slap Sanctions On N. Korea Over Nuclear Test (AFP)

By Gerard Aziakou

AFP, October 11, 2006

China signaled readiness to join other major UN powers in slapping sanctions on neighboring North Korea over its nuclear test as a defiant Pyongyang reportedly threatened to fire a nuclear-armed missile unless it secures US concessions.

"I think there has to be some punitive actions but also these actions have to be appropriate," Chinese Ambassador to the UN Wang Guangya told reporters.

The key question is how far China and Russia, which despite their traditional close ties with Pyongyang have condemned the nuclear test, will be willing to go in backing tough sanctions pushed by the United States and Japan in a draft resolution invoking Chapter Seven of the UN Charter.

Chapter Seven, invoked in cases "of threat to international peace and security" authorizes tough sanctions or even as a last resort the use of force to ensure compliance with Security Council resolutions.

"We want to see some elements from Chapter Seven," Wang told reporters after a second round of private consultations with his British, French, Japanese, Russian and US counterparts.

US Ambassador John Bolton described Wang's comment as "significant" although he conceded that "We don't have complete agreement on this."

Beijing is by far the most important provider of aid and trade to the cash-strapped regime of North Korean leader Kim Jong-Il.

US Secretary of State Condoleezza Rice voiced confidence that China would back tough action, noting that Beijing had used unusually harsh rhetoric in calling North Korea's announced nuclear test "brazen" -- a term she said Beijing had used diplomatically "only four or five times in decades."

Envoys of the five veto-wielding members of the Security Council -- Britain, China, France, Russia and the United States -- plus Japan met twice privately Tuesday to try to narrow differences on the sanctions and agreed to meet again Wednesday.

Experts of the 15-member council also met Tuesday and were to meet again Wednesday to craft an acceptable draft resolution.

The draft is based on US proposals for a raft of punitive measures under Chapter Seven, including international inspection of all cargo to and from North Korea, new financial curbs targeting Pyongyang's nuclear and missile programs, and restrictions on exports of goods with military uses and sales of luxury items.

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Japan put forward even tougher measures such as bans on North Korean ships and aircraft from entering or landing in member states' territories and on all North Korean products as well as a travel ban targeting senior North Korean government officials.

But a defiant North Korea threatened to fire a nuclear-tipped missile unless the United States makes concessions in the standoff over Pyongyang's nuclear weapons program.

"We hope the situation will be settled before an unhappy incident of us firing a nuclear missile occurs," South Korea's Yonhap news agency quoted an unidentified North Korean official in Beijing as saying.

The Stalinist state has repeatedly argued it needs nuclear weapons to deter any attack from the United States, which it fears will try to topple one of the last pure Communist regimes in the world.

Pyongyang said it was willing to return to six-party nuclear disarmament talks it has boycotted since last November, but "only if the United States takes corresponding measures." No further details were given.

In Washington, Rice warned Pyongyang that launching a nuclear-armed missile "would not be good for North Korea's security".

"The North Koreans are not confused about what would happen," she said.

South Korea, which is not a Security Council member, made it clear it opposed any UN resolution involving military action.

"We support a UN resolution, but our position is that the resolution must not include any military measures because of its possible impact on the Korean peninsula," South Korean Prime Minister Han Myung-Sook told parliament.

Rice also reaffirmed that Washington was not considering military action against North Korea, a possibility the communist regime has frequently cited as a justification for its nuclear arms program.

In Moscow, Russian Defense Minister Sergei Ivanov said Pyongyang had now become the "de facto" ninth world nuclear power and had dealt a "colossal blow" to non-proliferation efforts.

Japan said Tuesday that its monitoring aircraft had detected no unusual radiation levels in dust samples collected over the major Japanese islands of Kyushu, Honshu and Hokkaido.

"It is hard to say," if there has been a successful nuclear test, Japan's Prime Minister Shinzo Abe said in parliament.

White House spokesman Tony Snow also said the United States did not have confirmation of a nuclear test. "There is a remote possibility that we'll never be able to determine fully," Snow said.

After North Korea's Bomb Test, China Ponders A Problematic Friendship (CSM)

By Simon Montlake

The Christian Science Monitor, October 11, 2006

BEIJING

North Korea's reported nuclear test and the ensuing diplomatic fallout come as China calibrates its role as a rising global power. How a newly emboldened China decides to handle its erratic ally - after what has widely been seen as a slap in the face for Beijing's negotiating track - could also shape China's foreign policy on other fronts, analysts say.

China strongly condemned Monday's test, which may have upended its status as the only confirmed nuclear power in East Asia. Foreign Ministry Spokesman Liu Jianchao said Tuesday that North Korea's test had damaged bilateral relations, and that China wanted to see "appropriate action" from the United Nations Security Council.

But behind China's stern rebuke is a reluctance to use multilateral sanctions or military force to bring Kim Jong Il's regime to heel - tactics that Beijing would see as unwelcome precedents with potentially destabilizing effects on the region.

Instead, China has historically put its stock in dialogue and negotiations with North Korea while propping up its neighbor with fuel and food. The apparent failure of that policy to keep the Korean peninsula nuclear-free, and to avert an international crisis, is a setback that will weigh heavily on the shoulders of China's leadership, say analysts.

"What the test has shown is that the road to Pyongyang doesn't necessarily run through Beijing. There's got to be another path," says Russell Moses, a Beijing-based political analyst.

"So there's a conflict in the [Chinese] leadership: Do we find some way to show we're a major power, or wash our hands of it and hand it over to the US?" Mr. Moses says.

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Chinese diplomacy puts economic cooperation and political stability on a pedestal that leaves little room for the niceties of democracy and human rights - such as in its dealings with Sudan or Zimbabwe. At the same time, China is increasingly aware of its international image and the prestige and power of joining its peers.

As the convener of the six-party talks that brought together North Korea, Japan, the US, Russia, and South Korea, China grasped an opportunity to play mediator and promote peaceful negotiations. By testing a bomb, North Korea has scuttled the talks and prompted the UN Security Council to consider much tougher action than was imaginable a week ago. China eyes its next move

Now the question for China is whether it can stay on the sidelines of UN actions and still claim to be engaged in finding a solution to the North Korean crisis. Analysts say Beijing may go along with demands for limited sanctions, while arguing that it's counterproductive to isolate the regime further.

China may also impose bilateral sanctions on North Korea in order to bring it back to the negotiating table.

Some analysts argue that China could emerge as a powerbroker between the US and North Korea, even if Beijing doesn't see eye to eye with the Bush administration.

"China should play a bigger role in Northeast Asia as a coordinator," says Huang Dahui, associate professor of international studies at People's University in Beijing. "This would show that China is a responsible power. The US may come to rely even more on China."

But elevating its diplomatic profile would require Beijing to stop coddling North Korea, its former comrade-at-arms. North Korea relies on its giant neighbor for economic support, and its latest defiance may be reason enough to rethink the relationship, says Niu Jun, a historian of the Chinese Communist Party at Peking University.

"The old policy is too rigid and China has an opportunity to shift its foreign policy. Even before the nuclear test, China had realized that something is wrong with this relationship," says Mr. Niu. But, he adds, "Chinese leaders don't have a clear idea on how to deal with North Korea."

Such a policy shift would bring China closer in line with Japan. A successful summit last weekend between President Hu Jintao and newly appointed Prime Minister Shinzo Abe had already signaled a partial détente between the two nations.

South Korea is grappling with its own dilemma on whether to punish the North or continue its own "Sunshine Policy" of economic engagement. China's leverage

The North Korean nuclear crisis comes during China's annual Communist Party policy meeting, where political heavyweights are jostling for influence after a recent purge of Shanghai's top leadership.

While analysts differ on how much leverage China has over North Korea - which is driven as much by internal politics as rational self-interest - China has taken harsh measures previously against its neighbor, such as halting energy supplies in order to jolt Pyongyang into action.

China has also sought to persuade Mr. Kim to adopt the market reforms that have wedded Beijing's brand of authoritarian rule to a sustained economic boom.

Yet even tough action by Beijing may not tame a regime that cherishes self-reliance above all, says Peter Beck, director of International Crisis Group's office in South Korea.

"Pyongyang took the calculated gamble that it would not be forsaken by Beijing or Seoul," Mr. Beck says. "But they also made the calculation that even if they are, they can stick it out."

China Hints Agreement On N. Korea (WT)

By Betsy Pisik, The

The Washington Times, October 11, 2006

NEW YORK -- The U.N. Security Council edged yesterday toward passing broad sanctions against North Korea, with the Chinese delegation, stung by Monday's reported test of a nuclear device, showing more willingness than ever before to penalize its communist neighbor.

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John R. Bolton, U.S. ambassador to the United Nations, said the diplomats had made "substantial progress" but declined to say how soon the issue might be brought to a vote. Emyr Jones Parry, Britain's ambassador to the United Nations, told the British Broadcasting Corp. that he expected the resolution within a week, and possibly as soon as Friday.

Shock waves from Pyongyang's claim to have conducted a nuclear test reverberated far beyond the Security Council, with South Korean President Roh Moo-hyun saying his government was reconsidering it's "sunshine policy" toward the North and the Chinese foreign ministry calling a nuclear test "unimaginable."

North Korean leader Kim Jong-il "has clearly gotten the attention of everybody in this," Secretary of State Condoleezza Rice said in one of a series of broadcast interviews last night.

"I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan, but from its closest supporters, those who are the ones who give them assistance."

In Washington, a White House spokesman said it was still not clear whether the sub-megaton explosion monitored in North Korea on Monday was indeed a successful nuclear blast, and that there was a "remote possibility" it would never be known.

"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," said Tony Snow, White House press secretary.

The five permanent Security Council members and Japan met through most of the day to discuss a U.S. draft resolution that would stop all military and luxury goods and nuclear materials from entering North Korea; ban international travel by North Korea's senior officials; and freeze its assets connected with money laundering, counterfeiting and narcotics.

Outside the chamber, the Japanese delegation also proposed that North Korea's ships and planes be turned away from international ports.

The draft specifically exempts resources "necessary for basic expenses, including payment of foodstuffs," debts, medical supplies and other legitimate expenses. The text also demands that Pyongyang return to six-party talks with the United States and North Korea's neighbors -- China, South Korea, Russia and Japan.

"I see that many of the elements in the 13-point proposal provide a good basis for working," said Wang Guangya, U.N. ambassador for China, which has never voted in favor of U.N. sanctions against any country, much less North Korea.

Separately, Mr. Wang said Beijing could accept some elements of the draft being passed under Chapter 7 of the U.N. Charter, which would make them legally binding upon all member states. He was quoted earlier saying the Security Council must impose "punitive actions" but that they have to "be appropriate."

U.S. diplomats met privately on the sidelines of the council talks with representatives from China, one of the few nations thought to have any influence with Pyongyang.

"We continue to move ahead," Mr. Bolton told reporters late in the afternoon. "There is convergence on many issues, but that's not to say we're there yet by any stretch of the imagination."

Reports from the region quoted North Korean officials saying they had conducted a nuclear test in hopes of prompting direct negotiations with the United States, and threatening to attack America with nuclear-armed missiles if talks were not successful.

"I think the North Koreans know that firing a nuclear missile would not be good for North Korea's security," said Miss Rice. "The North Koreans are not confused about what would happen."

In Brussels, a North Korean legislator yesterday defended his country's announced nuclear test, saying it had been facing sanctions and threats from the United States for more than 60 years and had to defend itself.

He said North Korea would be ready to resume international talks about its nuclear program if financial sanctions are lifted.

Ri Jong-hyok, a member of North Korea's Supreme People's Assembly, spoke on a rare visit by a North Korean to the European Parliament, where he took part in an exchange of views with parliamentarians from the European Union.

Bush administration officials insisted they would not change their policy of refusing to talk to the North Koreans except in the context of six-party talks in Beijing, which have been stalled since the United States froze Pyongyang's overseas bank accounts in September 2005.

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"If they want to talk to us, all they have to do is buy a plane ticket to Beijing," Mr. Bolton said in a television interview. "The North Koreans can talk to us any time they want on a bilateral basis if they come back to the six-party talks, which they have been boycotting."

North-South Relations Suffer A Sudden Chill (WP)

By Anthony Faiola And Joohee Cho

The Washington Post, October 11, 2006

As 'Sunshine Policy' Dims, So Does Hope for Families

SEOUL, Oct. 10 -- Like so many other South Koreans, Lee Won Son, a gaunt 97-year-old watchmaker, will remember Monday's professed nuclear test by North Korea as the day night began to fall on the "sunshine policy."

The policy, launched by Seoul, had since the late 1990s provided the impoverished North with financial benefits and a road map for national reunification. It had also offered tens of thousands of South Koreans the prospect of reuniting with their loved ones, relatives in the North who had been completely shut off from the world in the aftermath of the 1950-53 Korean War. For Lee, who in 1949 had left his family in the North to prepare for the new life they hoped for in the South, there was no greater prize the Pyongyang government could have offered.

But Monday's reported test cast a sudden chill on North-South relations, stalling Seoul's financial incentives to the North and indefinitely ending nearly eight years of emotive family reunions. Though about 13,000 families have briefly come together under the watchful eyes of North Korean guards, Lee's turn to glimpse the sons and daughters he last saw sleeping in their beds nearly 60 years ago had yet to come up. Aging and ailing, he said he now fears it never will.

"The joy I felt when I first signed up for the reunions was indescribable -- such elation at the thought of seeing even one of my children again," he said, slipping a bony finger under his watchmaker's monocle to dry his tears. "But the North Koreans have robbed me of my chance. They have tricked us and deceived us, using our hearts to open our wallets. All they wanted was South Korean money, and now they've tested this thing, this bomb. They have what they wanted and I've lost hope of ever seeing my family again."

Lee's views echo the changing sentiments across South Korea in the wake of Monday's purported test, which was something of a national wake-up call in a country where the perception of a North Korean threat had all but evaporated after years of detente.

For North-South relations, the biggest potential casualty of the announced test appears to be the sunshine policy itself -- a concept fashioned by Kim Dae Jung, then South Korean president, in a historic bid to end Cold War tensions on the peninsula. Kim received the Nobel Peace Prize in 2000.

South Korean officials say it is too early to declare that detente is dead, noting that it may take as long as two weeks to determine whether the explosion detected in North Korea was indeed a nuclear test or merely a bizarre bluff using massive amounts of nonnuclear explosives. Officials also are waiting for the lead of the U.N. Security Council, which is considering sanctions against the North.

But for now, the South Korean government is taking the North's claim at face value, leaving many of the leading voices for detente here to express a profound sense of shock and betrayal. A number of them are calling for a complete review of the policy they had long held up as the cornerstone of Korea's eventual reunification. Many are advocating an accelerated policy of disengagement, which had already begun in the aftermath of the Pyongyang government's July 4 ballistic missile tests.

In the most significant step to date, President Roh Moo Hyun -- who had become South Korea's leading voice for engagement -- effectively acknowledged on Monday that the sunshine policy had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised news conference after the North announced a test. "Ultimately, it is not something we should give up on, but objectively speaking the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

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Following the July missile launches, South Korea suspended regular humanitarian aid shipments to the North -- an act that led the North Koreans to halt the North-South family reunions. Construction ceased on a multimillion-dollar pavilion meant to host the reunions.

Now, South Korean government sources say, Seoul is reviewing whether to suspend the two biggest pillars of the sunshine policy -- the massive Kaesong industrial park and the Kumgang Mountain tourism resort on the northern side of the border. Those facilities were built and managed by South Koreans and employ thousands of North Koreans.

The three-year-old industrial park, a major source of hard currency for the North Koreans, currently houses more than a dozen South Korean factories, which have helped account for the dramatic boost in inter-Korean trade, from $425 million in 2000 to more than $1 billion last year. A suspension of the project would mark a huge step for South Korea and is still strongly opposed by some leaders members of Roh's ruling Uri Party, as well as by the South Korean companies that have invested millions of dollars to set up shop in the North. Its suspension would also amount to a painful financial hit for North Korea, which collects nearly $700,000 a month from salaries, rent and fees there.

"The test proved how incompetent our government has been with North Korea," said Na Kyung Won, spokesman for the opposition Grand National Party. "The Kaesong and Mount Kumgang projects are a direct cash route for the North Koreans, and we should immediately abandon these projects that give them much-needed cash."

In a sign that the Roh administration is increasingly serious about dimming the lights on the sunshine policy, the semiofficial agency in charge of Kaesong's expansion said on Tuesday that it would indefinitely suspend the approval process for new companies seeking to open factories there.

That marks a radical shift in thinking in South Korea, where public opinion had dramatically swung in favor of North Korea in recent years, even as anti-Americanism rose to record levels.

"Everything changed on Monday," said Ko Gi Gwan, a 58-year-old street vendor in Seoul's sprawling Great South Gate market who said he had supported the sunshine policy for years. "The North Koreans showed us their true faces. We gave them gifts of rice and money, but now look what they have given us -- something we never wanted, nuclear weapons on the Korean Peninsula."

Even if dusk falls only temporarily on the sunshine policy, those like Lee, the watchmaker, may not last long enough to see its resumption. Tens of thousands of people remain on a waiting list for family reunions.

"All I wanted was a chance to look my children in the eye and tell them how sorry I am -- sorry that I left them too early, and that they got stuck in North Korea," Lee said, his voice trembling. "Not a day goes by without my thinking of the conditions they grew up in. I just wish I could have given them a deep bow of apology before I go."

Clouds Over Seoul's 'sunshine Policy' (FT)

By Anna Fifield

Financial Times, October 11, 2006

For almost a decade South Korea has tried to embrace its errant northern neighbour, sending to Pyongyang everything from concrete and rice to trucks and violins so as to prove that being part of the international community is more fruitful than being outside it.

This "sunshine policy", pioneered by former president Kim Dae-jung in 1997, has also been intended to mitigate the economic catastrophe that would result from any sudden collapse of the North. Like China, South Korea's primary preoccupation has been maintaining stability on the Korean peninsula.

Seoul resolutely adhered to the policy despite a string of brazen actions from Pyongyang – including withdrawing from the nuclear non-proliferation treaty, its declaration that it had become a nuclear power and July's missile launches – but with Monday's provocative nuclear test it has become patently clear that South Korea has gained next to nothing for its efforts.

"I think this [nuclear test] will give the administration the incentive to rethink this policy," said Chung Jae-ho, of Seoul National University. "I was in full support of this policy at the start because no one has pushed this approach before. The basic goal was to change North Korea's behaviour . . . but we do not have anything to show for the past eight years."

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Many South Koreans agree. "North Korea broke its promise, which is very upsetting," said Kim Yang-bu, a coffee shop owner. "The engagement policy is . . . counterproductive. We need a stronger policy."

Indeed the patience of president Roh Moo-hyun's administration now appears to be wearing thin.

"It is true that North Korea's nuclear test has -created a situation where we have to reconsider our engagement policy," the president said on Tuesday after meeting ruling and opposition party leaders in Seoul. "But I would like to suggest that we take time to figure out the causal relationship between the engagement policy and the nuclear test."

Although the government suspended humanitarian aid to the North after July's missile tests, it continued to pump cash into the regime through the Mount Kumgang tourist resort and Kaesong industrial park projects on the northern side of the border.

Business was carrying on as usual on Tuesday at the shoe and plastics factories in Kaesong, where North Korean labourers work under South Korean managers. "Regular businesses in Kaesong haven't halted [because of the nuclear test]," Kim Ki-mun, chairman of South Korean watchmaker Romanson, told Yonhap news. But Lee Jong-seok, unification minister, told the National Assembly that Seoul might reduce or suspend its economic exchanges and co-operation, a move supported by opposition parties.

"Regarding the issue of [halting] the Mount Kumgang tours and Kaesong industrial complex development projects, the government will take measures that correspond with measures put out by the international community," Mr Lee said.

Nearly 400,000 South Koreans visit Mount Kumgang each year, with the South Korean operator Hyundai Asan paying undisclosed royalties direct to Pyongyang.

Some analysts, however, doubt South Korea will jeopardise its primary goal of maintaining stability. "The bottom line is that neither China nor South Korea want any sudden change on the peninsula," said Peter Beck of the International Crisis Group.

Some say, though, that Seoul has little to lose from wielding a bigger stick. "The most important aspect of -stability has been broken," said Mr Chung. "So the -question now is how does South Korea co-operate with Japan, China and the US to bring stability back to the peninsula?"

Word Of Test Confirms Stances In 2 Nations (NYT)

By Norimitsu Onishi And Martin Fackler

The New York Times, October 11, 2006

SEOUL, South Korea, Oct. 10 — In the suburbs north of here, the thaw between the Koreas has led South Korea to dismantle highway barricades meant to slow down an invasion of North Korean tanks. Japan, meanwhile, has begun investing billions of dollars in erecting a high-tech shield against North Korean missiles.

South Korea and Japan, America's two major allies in this region, have grown increasingly apart in their attitudes and policies toward North Korea, even though President Roh Moo-hyun said Monday that the North's announcement of a nuclear test had put him on the same page as Japan's prime minister, Shinzo Abe.

Still, despite the gravity of an reported nuclear test, the calculations and interests that have led each country on its respective path have changed little. What's more, random interviews with South Koreans and Japanese on Tuesday suggested that the test, rather than changing public opinion, has merely reinforced it.

South Koreans interviewed, while expressing anger and disappointment, said they did not support the economic sanctions and other punitive measures sought by the United States and Japan, but called for continuing to engage the North, though with more sticks. Japanese were decisively hawkish.

"The North Koreans are so greedy," said Moon Won-tae, 69, who like most South Koreans of his generation was once fiercely anti-Communist. "They want more and more from us. They keep transferring the aid we give them into weapons."

Mr. Moon was chatting on a street corner with Jung Soon-ni, 74, who blurted out, "Why does our government keep supporting North Korea?"

But when pressed, both men said they still backed the engagement policy, though with a firmer hand than Mr. Roh's and more concessions from North Korea. "Putting a stop to engagement also creates problems," Mr. Moon said, adding that he considered South and North Koreans to be one people.

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A 28-year-old mother, Bae Soo-jung, walking in downtown Seoul with her daughter and mother-in-law, said word of the test had made her feel "nervous." But she was even more nervous about isolating the North even further.

"If we impose economic sanctions," she said, "that will push North Korea to the edge. We need to keep engaging it."

In Japan, people interviewed agreed that the country should take a firmer stance, both in punishing North Korea and in strengthening its own military. While all said that Japan should maintain its defense alliance with the United States, their comments showed that many here now accept a level of rearming that would have been considered radical just a decade ago.

"Of course there should be economic sanctions," said Shoko Fukuzawa, a 61-year-old hairdresser shopping in downtown Tokyo. "Whatever Japan can do, it should do."

And that includes rearming, she added. "Every country is building its defenses. But we don't need nuclear weapons."

Mr. Abe affirmed to a parliamentary committee on Tuesday that Tokyo had "no intention" of possessing nuclear weapons.

Public opinion toward North Korea has been crafted, in great part, by the governments in Seoul and Tokyo.

In South Korea, decades of cold war confrontation gave way in the late 1990's to the "sunshine policy" of former President Kim Dae-jung, who won a Nobel Peace Prize for his work on a rapprochement with the North.

Lim Doo-hyuk, 24, a college student at Kwangwun University here, said that in elementary school, he once won a prize for writing the best anti-North propaganda: "Be careful of North Korea all the time — while awake and asleep."

But by high school, with the sunshine policy, North Koreans were no longer regarded as enemies. "My teachers began teaching me that they were our brothers and we should live with them," Mr. Lim said. "So people of my generation, including myself, have a positive image of North Korea.

"Roh Moo-hyun has been too weak — he keeps giving to the North but receives nothing. Engagement shouldn't be unilateral. But we should have an effective engagement policy."

Until about 1997, most Japanese had little interest in North Korea, which at the time appeared to be a quirky but harmless neighbor. Japan's North Korea policy was largely controlled by pro-North Korea Japanese of Korean descent, who were originally brought to Japan as forced laborers and maintained strong ties of identity with their homeland.

In the late 1990's, public attitudes started to harden, as major news media and politicians began to take more seriously claims that dozens of Japanese missing since the late 1970's had actually been abducted by North Korean spies. The image of North Korea as an unpredictable threat was reinforced in 1998 when it test-launched a Taepodong missile over Japan.

But the big turning point came in 2002, when North Korea admitted to abducting citizens and returned five survivors. The image of agents snatching people from Japanese shores turned public opinion decisively against North Korea, analysts said, even more so than missiles or Monday's reported nuclear test.

"The abduction issue is much bigger in Japan than the nuclear issue," said Masao Okonogi, the dean of the law faculty and a specialist on Korean politics at Keio University in Tokyo. "It forms the basis of Japan's current view of North Korea."

The issue was also seized by Liberal Democrat hard-liners, led by Mr. Abe, who rose to political stardom by advocating a tough line on North Korea. They brandished the perceived North Korean threat to argue for long-cherished conservative goals, including revising the American-imposed peace Constitution and remaking Japan's defense forces into a full-fledged military.

"At this point, I think Abe is good," said Eiji Noguchi, 33, an office worker in Tokyo. "The firm stance toward North Korea is good."

Mr. Okonogi said Japan and South Korea's perceptions of the North would keep heading in opposite directions, adding, "And the gap will just keep growing after this nuclear test."

U.S. Seeks Data On North Korea's Nuclear Test Claim (WSJ)

By Robert Block

The Wall Street Journal, October 11, 2006

WASHINGTON -- The U.S. has marshaled a network of military aircraft, ships, seismic-listening posts, spy satellites and intelligence agents to glean as much as possible about North Korea's claim that it tested a nuclear device, and officials say they may have a good idea about what took place as soon as today.

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The objective is to detect radioactive isotopes and gases released in the atmosphere, usually within 72 hours, after such a test. The presence or absence of these indicators will tell analysts if the device detonated underground Sunday was a nuclear weapon.

According to Matthew Godsey, a researcher at the Wisconsin Project on Nuclear Arms Control here, radiation leakage from a test site is almost inevitable. He said a smaller bomb -- as may have been detonated, based on the limited seismic activity -- is more likely to vent xenon gasses and isotopes, such as krypton and cesium, into the air than a large device, which can melt rock and seal the site.

Although North Korea's claims have angered both foes as well as friends, there is no clear consensus about the detonation. Mr. Godsey said the size of the explosion was more likely to indicate a failed nuclear detonation than a conventional bomb. Until the scientific data and intelligence are analyzed, it is impossible to say.

The Air Force Technical Applications Center, based at Patrick Air Force Base, Fla., has the leading role in tracking down the scientific data with a global network of nuclear-detection sensors. The Air Force was given the job of monitoring nuclear tests early in the U.S. nuclear-weapons program, and though tests moved underground in 1963, the Air Force kept the mission.

The Air Force has hydroacoustic monitors to listen for explosions underwater. The Air Force also gathers data from ground-based monitors and from airborne samples. If the Aftac system senses a disturbance underground, underwater, in space or in the atmosphere, it is analyzed for nuclear identification and the findings are reported to National Command authorities through Air Force headquarters.

Within hours of the detonation, the center ordered special aircraft to fly downwind from the test site near the Chinese border to try to catch any radioactive material that might have been vented into the atmosphere. These samples would allow the national weapons laboratories to determine whether Pyongyang used plutonium or uranium in the blast.

The U.S. also activated a special Air Force detachment located at South Korea's seismic-listening post in Wonju, close to the border with North Korea, officials said.

Small Blast, Or 'Big Deal'? U.S. Experts Look For Clues (NYT)

By David E. Sanger And William J. Broad

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — The White House seized on further evidence on Tuesday that North Korea's proclaimed nuclear test had resulted in a surprisingly small blast, questioning at one point whether the test was, in the end, "a big deal event."

The White House spokesman, Tony Snow, appeared to backtrack from that assessment later in the day, as he turned from mounting a defense of the administration's troubled history with North Korea to arguing that the only logical response to the test was to impose harsh sanctions.

The statements came as American intelligence analysts developed their first theories of what might have gone wrong in the barren mountains of North Korea's northeast provinces to have produced an explosion much smaller than even North Korea had apparently expected.

The officials said that their current assessment was that North Korea had in fact detonated a nuclear device, and that they were discounting some reports that North Korea had staged a hoax, trying to disguise a large conventional explosion as a nuclear blast.

"The working assumption is that this was a nuclear explosion of some kind," one intelligence official said, speaking on condition of anonymity. "The conventional explosion theory doesn't make a hell of a lot of sense, even for the North Koreans."

But that left the mystery of why the explosion appeared to be so small, less than a kiloton, or a fraction of the explosions at Hiroshima and Nagasaki in 1945.

Theories ranged from the possibility that North Korea had used old, polluted plutonium to the possibility that it had manufactured imprecise nuclear triggers. But at this point, intelligence officials said, they were just taking educated guesses, and would need hard evidence, or the testimony of spies or defectors, to figure out exactly what happened. The officials agreed to speak about the classified intelligence assessments only on condition of anonymity.

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Intelligence officials said they had yet to determine the exact size of the weapon, or whether it was a plutonium bomb, the most likely scenario, given North Korea's stockpile of spent nuclear fuel.

The Pentagon said it had dispatched planes carrying sensitive atmospheric sensors into international airspace along the North Korean coast, in hope of picking up a whiff of radiation vented from the test site. But so far, they said, none has been detected.

Mr. Snow contributed to some of the speculation at a morning meeting with reporters when he noted that North Korea began reprocessing nuclear fuel only two years ago — it was actually closer to three years, the North Koreans say — asking reporters, "Do you seriously believe that they have actually done everything within two years?"

"You could have something that's very old and off the shelf here as well, in which case they've dusted off something that was old and dormant," he added. "I don't know."

Mr. Snow later said "that was just me talking." But he seemed to be suggesting that the North Koreans reached for plutonium believed to be produced in the late 1980's or early 1990's.

That first batch of North Korean plutonium is widely suspected by experts to have been contaminated with a high amount of plutonium 240, which can cause a chain reaction to start prematurely and end in a fizzle.

Thomas B. Cochran, a senior scientist at the Natural Resources Defense Council in Washington, a private group that tracks nuclear arms, said the plutonium 240 contamination problem was well known, and probably understood by the North Koreans.

More likely, he said, they had difficulty getting timers, detonators and explosives to work in the perfectly choreographed manner that was needed to compress the fuel uniformly — one of the technical requirements of building a plutonium bomb.

Philip E. Coyle III, a former head of weapons testing at the Pentagon and a senior adviser to the Center for Defense Information, a private group in Washington, said other explanations might be reasonable.

"Maybe they were trying to be sophisticated, and trimmed back on the amount of fuel" in trying to perfect a small warhead for missiles, he said. "Maybe they wanted a Ferrari the first time out of the box, and got a Model T instead."

So, was it a big deal after all? Mr. Snow, reconsidering his original question, told reporters it was a "big deal in the sense that the North Koreans have, in defiance of the international community and their neighbors, said that they were going to test, and they have claimed to have tested a nuclear weapon. That is an important deal."

U.S. Waits For Firm Information On Nature And Success Of Device (WP)

By Dafna Linzer And Thomas E. Ricks

The Washington Post, October 11, 2006

The White House yesterday played down North Korea's nuclear capability as government scientists and intelligence analysts waited for additional data to confirm whether Pyongyang had conducted a successful nuclear test.

Intelligence and administration officials said they were still working under the assumption that North Korea had managed to detonate an atomic device, but they said they needed additional environmental sampling before they could formally rule out other possibilities, such as the blast being caused solely by conventional explosives. Intelligence officials were concerned that North Korea could conduct another test, either to improve upon the first test or to prove its capabilities.

A U.S. military RC-135, an electronic monitoring aircraft, flew around the Sea of Japan yesterday in an effort to detect nuclear radiation, two intelligence sources said. The same aircraft, based in Okinawa, Japan, was used in July after North Korea carried out a set of ballistic missile tests. The sources cautioned that it could take several days before winds push radioactive particles toward an area where they can be clearly detected.

"Over time, whenever the prevailing winds blow out over the Gulf of Japan, it will be more likely that we get some detection," one intelligence official said yesterday, requesting anonymity because the effort involves classified information.

Pentagon spokesman Bryan Whitman said officials would use a variety of means besides seismic data to try to draw a conclusion about the explosion, including some he would not discuss. "There is a possibility that particulate fallout is detectable, and then there's a variety of other intelligence means to determine the veracity of the allegation of the tests that they conducted," he said.

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North Korea announced Monday that it had carried out its first nuclear test, and seismic readings suggested a blast inside a mountain in the country's north from the equivalent of 500 tons of explosives.

"We ourselves are operating under the assumption that, yes, in fact it was" a nuclear test, State Department spokesman Sean McCormack said yesterday. "But I can't confirm that."

The aircraft and monitoring stations on the ground are seeking to detect particulate data that would indicate that a nuclear explosion had taken place. But those efforts will not necessarily determine the nature of the blast, a Defense Department official noted, because the explosion was relatively small and the North Korean government said it was contained.

"There are multiple ways" the U.S. government will seek to verify North Korea's claim that it detonated a nuclear device, the official said. But there is no hard information yet, the official said. Intelligence analysts are also reviewing intercepted communications and other data.

The official declined to be quoted by name, saying that the Pentagon is not playing a lead role in the U.S. response and that he wanted to defer to the White House.

White House press secretary Tony Snow said there is a "remote possibility" that U.S. intelligence will be unable to fully determine whether the test succeeded. Several nuclear tests conducted by other countries, including a number of Pakistani tests in 1998, have never been fully understood by U.S. intelligence. Many intelligence analysts believe a 1979 flash in the waters off the southern tip of Africa was caused by a nuclear test carried out by Israel, with South African help. But it has never been confirmed and remains a mystery.

Snow suggested yesterday that it is possible that the test was conducted with an older weapon from before President Bush's time in office.

"You could have something that is very old and off the shelf here, as well, in which case they've dusted off something that is old and dormant," he said.

North Korea's arsenal is estimated by U.S. intelligence to have grown substantially during Bush's presidency.

At the end of George H.W. Bush's time in office in January 1993, North Korea was presumed to have enough plutonium for one to two nuclear devices. But in 2002, Pyongyang announced that it had begun to reprocess additional plutonium for weapons. It could now have plutonium for as many as a dozen devices, depending on their size and sophistication.

Nuclear experts said there was little possibility that the explosion could have been the result of a chemical blast or a radioactive "dirty" bomb masked as a nuclear explosion.

"It would be much more difficult to mimic the radioactive isotopes you get from a nuclear blast" than to conduct an actual nuclear test, said Charles D. Ferguson, a nuclear expert at the Council on Foreign Relations. "A dirty bomb uses one type of radioactive isotope, whereas a nuclear explosion would give off dozens of different ones," he said.

Ferguson agreed with government nuclear scientists that the most likely reason North Korea's blast was relatively small was that only a fraction of the plutonium detonated during the test.

Officials believe the low yield probably resulted from the poor design of the device. To create the kind of plutonium-based blast that North Korea claims, it would have needed to simultaneously set off a series of conventional explosives around a plutonium core. The force of the simultaneous blast produces a shock wave that causes the material to compress into the center and implode.

If any of those steps is imperfect and only part of the plutonium is imploded, the result is a low yield, such as the one produced by the North Korean test Monday. A low yield, deep underground, is more difficult to detect.

A government scientist who was not authorized to speak publicly said that in addition to radiation in the air, ground sensors may be able to pick up seepage that emerges through the soil, sometimes months after a test.

Michael Green, who was the senior director for Asia at the National Security Council during President Bush's first term, said the North Koreans have always made good on nuclear and missile plans they announced ahead of time, leaving him confident that they had in fact conducted a nuclear test.

"They have always telegraphed what they were up to on the plutonium side," he said.

White House Suggests Weapon Was Old (WT)

DOJ_NMG_0079055

By Joseph Curl

The Washington Times, October 11, 2006

The White House yesterday said the purported nuclear device detonated by North Korea on Monday might have been a "very old and off-the-shelf" weapon, but would not confirm that it was nuclear and could not explain why the blast was so small.

Bush spokesman Tony Snow said there is a "remote possibility" that the world never will be able to determine whether North Korea succeeded in conducting a nuclear test Monday.

Mr. Snow said the test appears be on a smaller scale than claimed by North Korea.

"You could have something that is very old and off-the-shelf here as well, in which case they've dusted off something that is old and dormant," he said.

Asked when the administration would know what was detonated, Mr. Snow said: "That's really up to the scientists. They're really trying to take a look at all the seismic and other evidence to figure out whether it was a nuclear device.

"They do know that there was a seismic event, presumably an explosion. But at this point, the analysts are being extremely careful. They want to make sure they don't outrun the facts, and they continue to assess it."

The Washington Times reported yesterday that U.S. intelligence agencies surmised from preliminary indications that North Korea did not conduct its first nuclear blast as Pyongyang had claimed. The officials said seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device were triggered, but that the blast's readings fell shy of a typical nuclear detonation.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives," one official said.

Mr. Snow said, "There's a possibility that [scientists] will never be able to say to a complete certainly exactly what did occur."

What the explosive was matters little, he said, "because you still have a deliberate act of provocation that has the aim of … either trying to frighten or destabilize the region."

U.S. intelligence officials said yesterday that the working assumption is that it was some type of nuclear test.

"At this point, we can't confirm it was a nuclear test but more than likely the North Koreans set off some type of nuclear device," one official said.

Other data based on nuclear-particle collecting aircraft could not be analyzed in the region and had to be sent back to a laboratory in the United States. If it shows that radioactive matter was released near the site of the test, it would provide more detail on the nature of the device, U.S. officials said.

Meanwhile, Russia's defense minister yesterday stood by Moscow's estimate of the strength of North Korea's nuclear test, putting the blast level at 5 to 15 kilotons. South Korea said the explosion was about 0.8 kilotons, France said it was about 0.5 kilotons and the United States said it was less than 1 kiloton.

At the upper end of Mr. Ivanov's estimate, it exceeded the 12.5-kiloton strength of the U.S. atomic bomb that destroyed Hiroshima during World War II.

"One can explain this difference of judgment in terms of political reasons. Some want this test to be more powerful, others less powerful," Mr. Ivanov said.

The minister refused to elaborate on his remarks or on how Russia came to its assessment, saying: "It's a secret method, and I won't tell you."

Even A Small Nuke Poses Big Threat (USAT)

By Dan Vergano

USA Today, October 11, 2006

A dud, a fake or something else? Experts are dubious about the success of North Korea's underground nuclear test Monday.

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Clearly, there was an explosion, a magnitude-4.2 blast from a near-surface location 40 miles north of Kimchaek, the U.S. Geological Survey says. But an estimate of the blast's strength, equivalent to 500-2,000 tons of TNT, makes it a pipsqueak as nuclear explosions go, says physicist Terry Wallace of Los Alamos National Laboratory in New Mexico.

Even so, the test had officials in other countries on edge. A magnitude-5.8 earthquake shook northern Japan today, and the Associated Press, quoting unnamed sources in the Japanese Foreign Ministry, reported that Japan suspected North Korea had conducted a second nuclear test. South Korean and U.S. monitors said they had detected no seismic activity in North Korea, and Japanese Prime Minister Shinzo Abe told the parliament he had no confirmation of a new blast.

Monday's blast had the abrupt beginning of a nuclear explosion, not the slow, rumbling start of an earthquake or the drawn-out TNT blasts seen in mine explosions, says seismologist Paul Richards of Columbia University. International monitors are waiting for confirmation in the form of measurements of airborne radioactivity, which usually spike after a test, he says.

"Most likely they tried to get a larger yield and things went wrong," says physicist Wolfgang Panofsky, a veteran of the Manhattan Project, which developed the first atomic bombs six decades ago.

In a plutonium atomic bomb, which North Korea is suspected of building, the radioactive material is compressed by precisely timed TNT blasts. A nuclear chain reaction produces an instantaneous explosion, Panofsky says. Mistiming or other imperfections can cause the chain reaction to fizzle.

"It could even be a fake — conventional explosives masquerading as a nuke," nuclear proliferation reporter Richard Stone of Science magazine, says by e-mail. Richards says, however, that timing 500 or more tons of TNT to ignite simultaneously — and getting the explosives to the test site without being detected by satellites — seems "not very credible."

Some analysts, such as physicist David Albright of the Institute for Science and International Security, suggest that the North Koreans may have miniaturized a bomb to arm missile warheads.

Panofsky says that even the smallest possible plutonium bomb should produce an explosion the size of that at Hiroshima in Japan in World War II. That blast had an explosive force equivalent to about 15,000 tons of TNT.

"But the main thing is the cat is out of the bag," Richards says. "Even if this is quite small by nuclear standards, something like this set off in a city would be an enormous disaster."

Quake Raises Fears Of 2nd N. Korea Test (AP)

By Carl Freire

AP, October 11, 2006

A strong earthquake in northern Japan on Wednesday may have led the Tokyo government to suspect that North Korea had conducted a second nuclear test.

In Washington, White House spokesman Blair Jones said U.S. officials had not detected any evidence of additional North Korea testing.

"Japanese officials are now saying that this occurrence may be related to an earthquake in northern Japan," Jones said.

The reaction to the earthquake underscored the jitters in Asia over reports that North Korea planned a second test after it announced Monday it had conducted its first nuclear test. Some analysts expect the regime to conduct more tests amid suspicion the first, relatively small explosion might have partially failed.

"We have very real concerns that they may conduct another nuclear test and that they may do so very soon," Australian Foreign Minister Alexander Downer told reporters on Wednesday, a day after he met with North Korean Ambassador Chon Jae-hong to condemn the atomic program.

A senior State Department official said the U.S. would not be surprised if there were multiple tests, but so far there is no sign of one. The official spoke on condition of anonymity because of the sensitivity of the situation.

Alarm was triggered when Japanese media reported early Wednesday that the government had detected tremors in North Korea, leading it to suspect Pyongyang had conducted a second nuclear test.

Japanese Prime Minister Shinzo Abe's spokesman confirmed the government was checking whether the North had tested another nuclear device.

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Shortly after that, the Japanese meteorological agency said a strong earthquake with a preliminary magnitude of 6.0 shook northern Japan.

The quake, which struck at 8:58 a.m., was centered off the coast of Fukushima, 149 miles northeast of Tokyo at a depth of about 19 miles. The agency said that the tremor was a genuine quake and had nothing to do North Korean nuclear testing.

The U.S. Geological Survey in Golden, Colo., said Japanese broadcaster NHK called the USGS to check on seismic activity in the region at about 7:40 a.m. local time, more than an hour before the earthquake.

Later Wednesday morning, Abe said he had no information to confirm North Korea had conducted a second nuclear test.

"I have had not received information about any indications ... that a test has taken place," the prime minister said at a parliamentary budget meeting.

U.S. and South Korean monitors said they had not detected any new seismic activity Wednesday in North Korea.

The U.S. Geological Survey said it had detected an earthquake in Japan but not in North Korea.

"Either it was very small, or it didn't happen at all," USGS official Bruce Presgrave said of the reports on North Korea. "If the event would have been 2.5 or bigger, we would have seen something."

The North Korean nuclear test on Monday registered the same force as a magnitude-4.2 earthquake.

The head of South Korean seismic monitoring station said no activity has been detected in North Korea that could indicate a possible second North Korea nuclear test.

"There's no signal from North Korea, even no small event," Chi Heon-cheol, director of the South's Korea Earthquake Research Center, told AP.

The earthquake off Japan's coast was centered approximately 780 miles from the site where North Korea conducted its nuclear test. It occurred about 740 miles from the closest point on the North Korean coast.

There were no reports of damage or injuries.

Japan To Keep Prohibition On Nukes (WT)

By David R. Sands

The Washington Times, October 11, 2006

Japanese Prime Minister Shinzo Abe said yesterday that North Korea's claim it conducted a nuclear test will not affect his country's constitutional ban on developing nuclear weapons, but all of the North's neighbors face fundamental military and foreign policy questions in the wake of the test.

Mr. Abe, a hard-liner who has long pushed for a more assertive Japanese defense, told a parliamentary committee that fears in the region that Japan will seek a nuclear deterrent in response to North Korea's test are unfounded.

"We have no intention of changing our policy that possessing nuclear weapons is not our option," Mr. Abe said. "There will be no change in our nonnuclear arms principles."

Security analysts said new pressure to rewrite Japan's post-World War II pacifist constitution is just one potential result of Pyongyang's test. A Japanese military buildup, they warn, could spur China to bolster its own arsenal, and set off a regional arms race.

"Given that some people perceive that Japan's new leadership might wish to reconsider Japan's nuclear policy, it is vitally important that the United States lead an intense and sustained effort with Japan, South Korea and China to clarify each other's intentions and policies in ways that avoid any nuclear competition," according to George Perkovich, a nuclear proliferation specialist at the Carnegie Endowment for International Peace.

South Korean President Roh Moo-hyun has already conceded that Seoul faces a fundamental review of its decadelong "sunshine policy" of economic and political engagement with the North, in light of the purported nuclear test.

China, for its part, had found North Korea's combative regime a useful tool in tying down U.S. military assets in the region and preventing the emergence of a pro-U.S. united Korea on its border. Pyongyang's suspected nuclear test Monday, in the face of repeated warnings by China, presents Beijing with a dilemma of how hard to punish its nominal ally.

Even North Korea faces a new diplomatic headache as a result of its test.

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Pyongyang's tactic of playing its neighbors off one another has been undercut as Mr. Abe, Mr. Roh and Chinese President Hu Jintao have presented a united front in meetings over the past week against Pyongyang's nuclear ambitions. The three leaders recently had been sharply at odds over such issues as Japan's World War II record and territorial claims.

Despite Mr. Abe's assurances, many in East Asia are nervously watching Japan's internal debate over defense and nuclear policy.

Former Australian Prime Minister Paul Keating, according to the Australian newspaper, said at a financial conference in Sydney, "My great concern is that Japan may use the [North Korean test] to move into nuclear weapons itself, eschewing the nuclear protection provided to it by the United States under its umbrella."

Taiwanese Foreign Ministry spokesman Michael Lu said Taipei "fears the nuclear test might trigger an arms race and the proliferation of nuclear weapons, thus undermining the security and welfare of people in the Northeast Asian region."

Former Japanese Prime Minister Yasuhiro Nakasone, who served in the mid-1980s, this past summer issued a report saying Japan should study the nuclear military option because it could not count forever on U.S. protection from its neighbors.

"There are countries with nuclear weapons in Japan's vicinity," Mr. Nakasone said at the time. "We are currently dependent on U.S. nuclear weapons as a deterrent, but it is not necessarily known whether the U.S. attitude will continue."

The Scramble For A Way To Stop Nukes (CSM)

By Peter Grier

The Christian Science Monitor, October 11, 2006

WASHINGTON

North Korea's apparent test of a nuclear device could have a devastating effect on the world's long struggle to contain the spread of the most powerful military weapon known to man.

Experts have long worried that if the Pyongyang regime flaunted its atomic hardware, Asia might be drawn into an arms race reminiscent of the early days of the cold war. The spiral could develop like this: Threatened, Japan and South Korea start their own weapons programs. China piles up bombs to protect its regional superpower status. India strives to catch China, and then Pakistan tries to counter India, and then....

But this nightmare scenario is far from inevitable, point out experts. Everything depends on what the US and other interested governments do to try to repair a nonproliferation system that, despite its faults, has served the globe well for decades.

"Now is the time for farsighted, collaborative, and smart policies to prevent the further spread and use of nuclear weapons," concludes George Perkovich, a nuclear strategy and nonproliferation expert at the Carnegie Endowment for International Peace in Washington.

Tuesday North Korea took its nuclear bluster to a new level, saying it could fire a nuclear-tipped missile unless the US agreed to bilateral negotiations.

Monday's nuclear test was "an expression of our intention to face the United States across the negotiating table," an unnamed North Korea official told South Korea's Yonhap news agency.

Most experts in and outside the US government doubt that Pyongyang has the expertise to produce a nuclear warhead small enough to fit on an intercontinental ballistic missile. North Korea was simply trying to negotiate with threats and intimidation, said John Bolton, US ambassador to the UN.

"It's worked for them before. It's not going to work this time," Mr. Bolton said.

At the United Nations Security Council, discussions resumed concerning sanctions proposed by the US. The sanctions package could include everything from international inspection of all cargo leaving or entering North Korea to a prohibition on any military trade with the reclusive Pyongyang regime.

As US officials noted, even North Korea's claim that it had exploded a nuclear device represented the crossing of a fateful threshold. If nothing else, Pyongyang had called Washington's bluff, some experts pointed out. President Bush, among others, has said in the past that the US would not "tolerate" an overtly nuclear North Korea.

Given the military difficulties of attacking a nuclear-weapon state, and of destroying stockpiles of fissile material, "tolerate" may no longer be the operative word.

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"Any US statements that North Korea cannot be allowed to acquire nuclear weapons are meaningless bluster," writes Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in an analysis of the meaning of the North Korean test.

At the same time, the test shows that current US policies aimed at curbing North Korea's nuclear ambitions haven't worked, says Daryl Kimball, executive director of the Arms Control Association in Washington. A new, more energetic diplomatic approach is needed - and fast, he says.

North Korea's actions could "have devastating effects on the struggle against proliferation," says Mr. Kimball.

Even before the test, current six-party talks on North Korea were stalled due to inflexibility on the part of both Washington and Pyongyang.

The US has indicated that a face-to-face meeting with North Korea might be possible in the context of these six-party negotiations. That offer should remain on the table, say some experts, despite North Korea's provocative actions.

However, in the short term, the US probably faces a period of tension and harsh words in its dealings with the unpredictable North Korean regime, says Jim Walsh, a proliferation expert at the Security Studies Program at the Massachusetts Institute of Technology in Cambridge.

Mr. Walsh, who visited North Korea last year, says that officials there continually told him that their ultimate goal is a denuclearized Korean peninsula - but that they would get nuclear weapons first, on the path toward that goal.

Thus a quick reversal of course on the part of the North Koreans may be unlikely.

"In the near term, this is not going to be undone," says Walsh.

But there are nuclear programs that have been rolled back, he notes. South Africa, among others, decided that atomic weapons were not in its national security interest.

North Korea - or, more specifically, the small cadre that runs the nation - does not so much want to be a nuclear power as to survive, says Walsh. Right now, it sees an atomic arsenal as a means to that end.

"What they really want is normalized relations," says Walsh.

Meanwhile, US policy has been inconsistent, veering back and forth between officials who want to negotiate with North Korea and those who want to squeeze it.

For now, the nuclear test is likely to strengthen the hand of US hard-liners.

"This will clarify US policy, but in a direction unlikely to yield results," says Walsh.

Asia Weighs Risk Of Sanctions (WSJ)

By Gordon Fairclough In Shanghai, Evan Ramstad In Seoul, South Korea, And Jay Solomon In Washington

The Wall Street Journal, October 11, 2006

North Korea's Neighbors Fear Pressure May Breed Regional Chaos

As the United Nations Security Council mulls sanctions against North Korea, it must consider one question that could affect the stability of North Asia for years to come: Would the collapse of Kim Jong Il's government prove more dangerous than leaving him in charge of a nuclear-armed state?

The prospect of regime change in Pyongyang may cheer many in Washington who view Mr. Kim as running a militarist regime that has tortured and starved its own people and traded missiles to Pakistan, Iran, Syria and others. But turmoil in North Korea could damage the economies of China and South Korea, set off a refugee crisis and lead to military conflict.

How the U.S. and Asia assess these risks could influence the outcome of Security Council meetings to decide how to respond to Pyongyang's announcement Monday that it detonated a nuclear device. The Bush administration is seeking to isolate North Korea, choking off money flow to its elite and preventing it from trading in materials used in weapons systems. It remains to be seen how long the regime would survive under strict sanctions.

Yesterday, China's U.N. Ambassador Wang Guangya told reporters China is willing to back "some punitive actions" but said those actions "have to be appropriate."

Still, the U.S. push for comprehensive sanctions that could topple the Kim regime is likely to be resisted by China and South Korea. "China won't agree to very stern sanctions," said Tao Wenzhao, a researcher at the Chinese Academy of Social Sciences

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in Beijing. A collapse of the North Korean regime would cause "serious economic and social problems for China" and "be bad for stability in Northeast Asia," he said.

The Bush administration has never formally tied itself to a policy of regime change, but instead it continues to hold open the possibility of negotiating with North Korea to eradicate its weapons programs. At the same time, Washington has ratcheted up financial pressure on Pyongyang over the past two years. That has made it increasingly difficult for North Korea to access outside funds. The U.S. has also, along with Japan, largely stopped food-aid shipments to North Korea. Both countries provided large amounts of such aid to the country in the 1990s.

Many North Korean officials view U.S. policies as wholly focused on removing Kim Jong Il, say people who recently visited. "No doubt that's how they see it," said Selig Harrison, an American researcher who met with senior North Korean officials last month.

Some U.S. officials who have worked on North Korea policy in recent years argue Washington has only limited understanding of the fallout from a potential regime change. They say the Bush administration's approach has largely been driven by what they describe as President Bush's hatred of Mr. Kim, and not a comprehensive strategy.

"I'm sure at times there are people who look at the odds of collapse and there are all sorts of contingency plans," said David Straub, who headed the State Department's Office of Korean Affairs from 2002 to 2004. "But no one really knows if and when there'd be an institutional collapse."

In South Korea, the approach taken by President Roh Moo Hyun -- trying to engage the North with economic incentives -- has meant regime change was rarely discussed in public. In the wake of the claimed nuclear test, some opposition lawmakers are starting to raise the topic.

"The nuclear test changes the circumstance," said Chung Mun Hun, a legislator who belongs to the conservative Grand National Party.

One concern among Chinese and South Korean policy makers is who would take over if Mr. Kim were deposed.

"The alternatives could easily be worse," said Peter Beck, a Korea expert at the nonprofit International Crisis Group. "The most likely thing would be a military junta. That's the best-case scenario."

Another possibility is civil war, with factions within the army and other parts of the elite struggling for control. Such a scenario could prompt China, South Korea or other players to intervene, either to back favored successors or to attempt to quell violence.

U.S. military experts say they expect Chinese troops would move into North Korea to establish a buffer zone and prevent refugee flows across the border. The U.S. military's top priority would be securing North Korea's nuclear material and other suspected weapons of mass destruction.

South Korea's army would likely try to restore order and extend Seoul's U.S.-backed administration over the northern half of the Korean peninsula -- resulting in a possible struggle for influence with China, analysts said.

A collapse of the Kim regime would also likely spark economic dislocation. South Korean government planners predict more than two million North Koreans, out of a population of 23 million, would flee south across the demilitarized zone, overwhelming social services. The planners say financial markets would swoon and inflation would jump. Crisis-management costs alone could total $6.5 billion.

Marcus Noland, a Korea expert at the Institute for International Economics in Washington, estimates the cost of unifying North and South Korea would be about $600 billion over the first decade the two states merged.

Many Chinese fret over the costs of a potential refugee exodus to China's economy. "We worry it will damage China's golden opportunity for development," which needs "a nice stable environment," said Shen Shishun, a researcher at the Chinese Institute of International Studies.

Backers of fast change in North Korea's regime argue that supporting gradual transformation of the North will be far more expensive than a sudden break with the past. They say rebuilding the North Korean economy would be much more efficient with the old regime and its centrally planned economic system out of the way, and both North and South would derive a significant peace dividend by demobilizing their militaries.

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Ralph Cossa, president of the Pacific Forum CSIS think tank in Honolulu, an arm of the Center for Strategic and International Studies, said other countries have tolerated North Korea because the cost of ousting Mr. Kim and rebuilding the country has been perceived to be too high.

"But if the cost of not having regime change is having it as a demonstrated nuclear state, then maybe that cost is too high," he said. "It's got to be the Chinese and South Koreans who say enough is enough."

---- Shai Oster in Beijing and Lina Yoon in Seoul contributed to this article.

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Deep Insecurity Led Kim To Build Nuclear Program, Experts Say (NYT)

By Donald Greenlees, International Herald Tribune

The New York Times, October 11, 2006

HONG KONG, Oct. 10 — The military in North Korea is by far the largest consumer of the country's scarce resources. But even so, its combat jet pilots get only about two hours of flying time a month, its soldiers sometimes have to grow their own food, and much of its equipment is old and outclassed by that of its neighbors. According to South Korean and Western experts, if a conventional war breaks out on the Korean Peninsula, the best the North Korean military could manage would be to fight to a bloody stalemate.

It is the deep insecurity born of these shortcomings, the experts say, and not any desire to grab attention or gain leverage, that drove President Kim Jong-il's decision to defy international warnings and declare this week that his country had tested a nuclear weapon.

"I think North Korea wants an effective deterrent against the U.S. in case of war on the Korean peninsula," said Park Yong Ok, a former lieutenant general in the South Korean army who served as vice minister for defense in the late 1990's. "Kim Jong Il wants a nuclear weapon at hand. It's not a bargaining chip."

Although the North has an active army of more than one million soldiers — an immense number for a country of 23 million people — its poor and outdated equipment and huge difficulties in maintaining combat readiness mean it is outgunned by the smaller forces of South Korea and the United States troops stationed in the South.

Until now, North Korea's main deterrent against attack has been the 8,000 artillery pieces and 2,000 tanks it has positioned close to the demilitarized zone that separates North and South. Many of the guns have ranges long enough to reach Seoul, a city of 10.3 million people, and can fire chemical-weapon shells.

But military officials and analysts interviewed today said that the North closely watched conflicts elsewhere in the world, particularly the invasions of Iraq in 1991 and 2003, and saw that masses of tanks and artillery could be neutralized with ease by superior American military technology. So, methodically but with growing nervousness, the Communist regime sought a new trump card to maintain the security standoff on the peninsula.

"It's a large army, but the equipment is old," said a Western military attaché based in Seoul, who did not want to be quoted by name because he was not authorized to speak for his government on the matter. "I think the caliber of the army is not that great anymore. Kim has to look at other means for protection."

The attaché said it was unlikely that the Mr. Kim would now bargain his nuclear arms away. "He might talk, but not to hand over that capability," he said. "It's his security blanket."

To many outsiders, North Korea's pursuit of nuclear weapons, in defiance of global opinion, is irrational because it is further isolating the country and attracting increasing pressure on the regime.

But Michael Breen, author of a 2004 book, "Kim Jong-Il: North Korea's Dear Leader," said that it was a mistake to regard the North's nuclear program as an erratic dictator's bargaining ploy.

"He is not trying to make foreigners dance to his tune," Mr. Breen said of Mr. Kim. "In many ways, the foreigners are irrelevant. He decided many years ago that he has no friends, and he needs a nuclear weapon in order to survive."

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He also recognizes, Mr. Breen said, that his country is falling behind in conventional strength and that his country's "military first" policy was an enormous drain on its resources. "Nuclear weapons are quite economically attractive," compared to the cost of arming and training an immense army, Mr. Breen said.

Still, the nuclear test that the North claims to have conducted on Monday is only one step on the path to achieving a battlefield nuclear deterrent. Beyond building a workable device and setting it off in a test, the Northfaces the considerable technical challenge of making it small enough to fit in a missile warhead, aerial bomb or artillery shell so that it can be used against an enemy.

The consensus among analysts is that the North Koreans are not there yet. "They need to reduce the size of the nuclear weapon," Mr. Park, the former South Korean vice minister for defense, said in a telephone interview from Seoul. "But I think it is only a matter of time before they have the technological capacity to enable a nuclear warhead to be put on a missile."

North Korea has a variety of short- and medium-range missiles that are capable of threatening the immediate region, including Japan, but they are apparently not yet able to hit targets more than a few hundred miles away.

A test of the country's longest-range missile so far, the Taepodong-2, failed in July when the vehicle blew up shortly after launch. In theory, the Taepodong-2 would have a range of 9,320 miles, enough to reach the West Coast of the United States, if it worked properly.

Still, the North's apparent progress on both the bomb and the delivery system should prompt the South Korean government of Roh Moo-hyun to rethink its recent policy of seeking greater military autonomy within the country's alliance with the United States, according to Mr. Park.

South Korea, he said, cannot contemplate pursuing its own nuclear weapons program, he said, so "the issue now is how to make the alliance as strong as it was in the past."

Iran Distances Itself From N Korean Crisis (FT)

By Gareth Smyth

Financial Times, October 11, 2006

Iran on Tuesday distanced its own nuclear dispute from the North Korean crisis, reiterating its claim that it opposes nuclear weapons.

While analysts abroad speculated that Tehran could be emboldened by North Korea's defiance, comments from officials and the media put the emphasis on the different paths taken by the two countries.

Tehran, they stressed, remained committed to the Nuclear non-Proliferation Treaty.

North Korea's claim that it had conducted a nuclear test comes as western powers grapple with policy towards Tehran, which has repeatedly resisted international demands for a suspension of uranium enrichment tests, the most sensitive part of its nuclear programme.

Tehran insists its nuclear experiments are designed for the production of energy but western governments suspect the Islamic Republic is intent on developing nuclear weapons.

The US and European governments are now seeking to raise the pressure on Iran through gradual sanctions at the UN Security Council.

But in the Iranian press on Tuesday some commentators warned that undue US pressure on North Korea had backfired.

Jam-e Jam, a conservative daily, blamed Washington's "unilateral, expansionist military policies" for the collapse of the six-party talks over Pyongyang's atomic programme.

The reformist paper Etemad-e Melli said the "west should have known intimidation and threats would be not only inefficient but would also push a country's resources towards an end with little benefit for its people."

Gholam-Hossein Elham, the government spokesman, argued "big powers with hegemonic ambitions" - terminology often applied to the US - should begin nuclear disarmament and that Israel should give up its atomic arsenal.

But there have also been calls for the US to engage with Pyongyang as a means to defuse the crisis. Iran has had intermittent co-operation with North Korea over developing missiles, and Iranian exiled groups opposed to the Islamic Republic have alleged there has also been swapping of nuclear technology.

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In January 2002 US president George W Bush lumped both Iran and North Korea alongside Iraq as “an axis of evil” that was “arming to threaten the peace of the world by seeking weapons of mass destruction.”

Aftab, a website close to Hassan Rowhani, a leading conservative pragmatist, suggested Iran could be either the biggest winner or the biggest loser of the “gambling” by Kim Jong-il. Making the “threat of Korea into a chance for Iran” required a “dispassionate analysis” of the international situation, a commentary on the site said. In April, Mr Rowhani, the former top security official, demanded that the government of president Mahmoud Ahmadi-Nejad showed “more reason, and less emotion” over the nuclear crisis.

Iran Blames U.S. For N. Korea Nuke Test (AP)

By Ali Akbar Dareini

AP, October 11, 2006

Iran took a tough line on its nuclear program Tuesday, blaming Washington for North Korea's reported test blast and vowing to keep developing its own suspect atomic program.

Iran appeared emboldened by North Korea's defiance as its hardline Islamic leaders pledged not to bow to international demands that Tehran suspend uranium enrichment.

"The Iranian nation will continue its path of dignity based on resistance, wisdom and without fear," President Mahmoud Ahmadinejad was quoted as saying on state-run television.

Iran also stood apart Tuesday from the widespread international condemnation of North Korea.

Government spokesman Gholam Hossein Elham told reporters that Iran opposed "any use of weapons of mass destruction, especially nuclear weapons." But he did not criticize North Korea and instead faulted the United States for the test.

"The root cause of this should be sought in the policy, behavior and method adopted by the rulers of the United States," Elham said.

The U.N. Security Council has demanded Iran suspend uranium enrichment because of suspicions Tehran is trying to develop atomic weapons in violation of its treaty commitments. Iran ignored the council's Aug. 31 deadline despite a threat of sanctions.

Though the Security Council is giving precedence to considering sanctions against North Korea, a State Department spokesman said Tuesday that senior officials of the United States and five other countries planned to confer by video Wednesday on possible U.N. sanctions against Iran.

Enriched uranium is a key component for nuclear bombs. But it also can be used to fuel nuclear reactors that generate electricity, and oil-rich Iran insists that is the sole goal of their program.

Israeli officials said Tuesday they feared the North Korean test would set a dangerous precedent and the communist country would transfer materials and technology for the development of nuclear weapons to Iran, whose president has said the Jewish state should be wiped off the map.

"Nuclear capability in the hands of irresponsible, undemocratic regimes is a world problem," said Miri Eisin, spokeswoman for Israeli Prime Minister Ehud Olmert.

Iran has long refused to comment on its close relationship with North Korea. Western intelligence agencies have reported that Iran's Shahab-3 missile, which is capable of carrying a nuclear warhead, is based on a North Korean rocket. But Iran denies this.

Many Iranian newspapers voiced sympathy Tuesday for the North Korean regime. The hardline Resalat newspaper said in an editorial that Washington's "expansionist policies make the world such a dangerous place, it is to be expected that countries seek such weapons as a deterrence."

But the moderate independent newspaper Hambastegi criticized North Korea. The paper ran a cartoon showing that country's leader, Kim Jong Il, holding a bomb in one hand and saying to the world: "Why can't we be friends? Give me your wallet."

Amir Rafati, who writes for the financial paper Jahan-e-Eghtesad, said North Korea's test was "both a chance and a threat for Iran."

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"It is a chance because it will reduce the pressure on Iran," Rafati told The Associated Press. "It is a threat because it may make things worse for Iran in the long run."

Feelings about North Korea were mixed in the streets of Iran's capital, Tehran.

"I think this nuclear test could be a very good example for Iranian people to see that despite pressure from America, wide sanctions and several problems, North Korea tried and was successful," said Reza Tavassoli, a government employee.

But university student Arash Navidkia condemned the communist nation. "North Korea's nuclear tests are a big danger to the entire world, to global peace and security. No country should do such tests," he said.

Bomb Test May Scupper Indo-US Nuclear Deal (FT)

By Jo Johnson

Financial Times, October 11, 2006

North Korea's nuclear test will reduce the chances of the Indo-US civilian nuclear energy agreement being passed by a lame duck session of the Senate in November and strengthen the non-proliferation lobby in the US, Indian security analysts warned on Tuesday.

US President George W. Bush is expected to face renewed criticism that he is rewarding bad behaviour by allowing a resumption of civil nuclear trade and co-operation with India, despite its 1998 nuclear test and refusal to join the nuclear non-proliferation treaty.

Critics of the deal have argued that US support for a normalisation of nuclear relations with India, long subject to a grinding technology-denial regime, will encourage other countries with nuclear ambitions to test the strength of the non-proliferation system.

"The non-proliferation lobby will again raise a hue and cry, as it will seem as though India is being singled out for special treatment," said Harinder Sekhon, senior fellow at the Observer Research Foundation, a New Delhi think-tank.

"It will be hotly debated [when the Senate reconvenes in November]. There won't be a rubber stamp," said Daryl Kimball, executive director of the independent Arms Control Association and a critic of the proposed agreement with India.

"The North Korean situation shows that when the international community, and particularly the United States, forgives and forgets states that have violated non-proliferation standards, it gives greater licence to future proliferators to bend or break the rules."

The Indo-US pact is already in trouble in the US Congress, and if the Senate does not take up the enabling legislation for the deal in the brief caretaker session that follows next month's congressional elections, the legislative process must start again from scratch next year.

Under such circumstances, Indian Prime Minister Manmohan Singh would be likely to come under renewed domestic pressure to harden his negotiating stance from coalition allies opposed to what they see as his pro-US foreign policy tilt.

"The non-proliferation issue in this debate will assume greater significance, but the US Congress is by and large still overwhelmingly supportive," said Major-General Dipankar Bannerjee of the Institute for Peace and Conflict Studies.

The Indian government, which has condemned the North Korean test, is redoubling its lobbying efforts in Washington in an attempt to stress its own "impeccable non-proliferation record" and no-first-use policy with respect to nuclear weapons.

"India tested, no doubt about it, but we have a strong no-first-use policy and had never joined the Nuclear Non-Proliferation Treaty, whereas North Korea has never given such assurances and opted out of the NPT," said Mrs Sekhon.

The Hindu, perhaps India's most influential newspaper, said New Delhi's criticism of Pyongyang's "adventurism" smacked of "double standards" and "hypocrisy".

Additional reporting by Guy Dinmore in Washington

A Blink, A Nod, A Bomb (WSJ)

By Henry Sokolski

The Wall Street Journal, October 11, 2006

As if the Bush administration wasn't busy enough with Iraq and Iran, now it must face the immediate policy fallout from Pyongyang's weekend nuclear test. U.S. diplomats filed a United Nations resolution condemning the test and calling for the naval

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interdiction of North Korean vessels and the freezing of the outlaw state's financial assets. It's unclear if this will fly with the other members of the Security Council. But with critics of the administration already blaming the test on the White House's unwillingness to talk directly with Kim Jong Il, action of some sort is certain.

What's less clear, however, is whether any of these measures will keep other states from following Pyongyang's model misbehavior. A Security Council resolution, however "tough," may fail to dissuade other would-be proliferators, especially Iran, if it does not clearly link sanctions with North Korea's longstanding violations of the nuclear rules.

North Korea is an exceptional proliferator, to be sure. It not only signed and defied the Nuclear Non-Proliferation Treaty (NPT), which prohibits acquiring bombs, it formally withdrew and tested a nuclear device. In contrast, India, Israel, and Pakistan never signed, and Iran and Iraq never tested. But precisely because Pyongyang so brazenly violated the NPT, it's critical that any sanctioning or punishment be tied to this crime.

Then there is the matter of avoiding ever repeating our feckless policies toward North Korea. For more than two decades, the U.S. and its allies blinked at the regime's nuclear-weapons activities, even when they clearly violated international treaties Pyongyang had signed; bent the nuclear rules to accommodate North Korea's misbehavior; and groveled more than once before Pyongyang and Beijing to keep this duplicitous diplomacy afloat.

The U.S. first blinked almost as soon as it discovered Pyongyang's construction of a military production reactor at Yongbyong in 1984. The reactor had no hook-up with any portion of North Korea's electrical grid, yet we decided to act as if it did. In 1985, with Soviet help, we got Pyongyang to sign the NPT. The treaty requires that new members complete an agreement with the International Atomic Energy Agency (IAEA) within 18 months. When Pyongyang failed to do this, we again blinked (this time several times, for more than six full years). To get Pyongyang to sign, George H.W. Bush finally acceded in l991 to North Korean demands that the U.S. first remove its tactical nuclear weapons from South Korea and allow North Korea to inspect South Korean military bases -- arguably our first grovel.

On the plus side, Washington got Pyongyang and Seoul to agree not to reprocess or enrich uranium or to acquire nuclear weapons. There was only one problem: Pyongyang was in violation of this agreement almost before the ink was dry. The IAEA confirmed this point after their first inspections revealed Pyongyang had reprocessed some of its spent fuel. After Pyongyang refused IAEA requests for further inspections, the IAEA referred the matter to the United Nations Security Council, which was ready to impose sanctions against North Korea.

What happened next resulted in a major bending of the rules. Bill Clinton blocked U.N.-sanctions action with a generous offer of energy assistance, including a promise of two large light water reactors along with a suspension of routine IAEA inspections. In exchange, all Pyongyang was asked to do was promise eventually to come back into compliance with its NPT and IAEA obligations. For nearly a decade Pyongyang did no such thing. When the Bush administration finally discovered Pyongyang was cheating on its pledge not to make nuclear weapons-usable fuel, the White House suspended further energy assistance and the IAEA again referred North Korea's case to the Security Council.

Then, we blinked again. Rather than back the IAEA's complaint against North Korea for violating its NPT obligation to permit routine IAEA nuclear inspections, the U.S. called for multilateral talks with North Korea, Japan, South Korea, Russia and China to get Pyongyang to voluntarily disarm. In this, the U.S. had to plead with North Korea and China to cooperate (Pyongyang to come and Beijing to pressure Pyongyang to behave). Ultimately, neither did. Yet, in an attempt to get both on board, the U.S. again caved by agreeing to a set of negotiation principles that included respecting North Korea's right to peaceful uses of nuclear energy and the need to discuss at the appropriate time the subject of provision of a light-water reactor to the DPRK.

None of this history makes for very good reading. It certainly suggests that any attempt at partisan blame-gaming is rather foolish. Here everyone -- Democrat and Republican -- is culpable (although the Clinton administration deserves special mention). It also suggests that whatever our stated purpose is for sanctioning North Korea, it ought to include getting our practice of blinking and bending -- i.e., at the NPT, the IAEA safeguards and the Korean denuclearization statement of 1991 -- behind us.

Indeed, this might be the most important reason to sanction Pyongyang. It certainly seems improbable that we can pressure it to surrender its nuclear weapons. It also will take a good deal more than any U.N.-sanctions resolution to put Kim Jong Il out to pasture. Instead, the U.S. and its allies should use the occasion of sanctioning North Korea to pursue two sets of objectives. The first should be regional -- to frustrate Pyongyang's designs to parley its nuclear gains to unify Korea on terms

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favorable to the North, to reassure Japan and keep it from going nuclear, and to undermine the North Korean regime. Here it would be useful to recall North and South Korea's NPT pledges not to acquire nuclear weapons and hold both of them to their binding 1991 pledge not to make nuclear fuel. It is also an opportune time to get the South Koreans to reconsider their failed policies to pacify the North and revitalize security ties with their democratic neighbors.

The remaining objectives are global. First, we must prevent Iran and other would-be bomb makers from thinking they can violate the NPT and withdraw with impunity as Pyongyang did. Here it would make sense to explain the reasons for the U.N. to sanction Pyongyang. The most important of these is that its test "proves" Pyongyang was necessarily violating the NPT before it left the treaty in 2003 (in order to make the device it tested). Offering this explanation now would also be helpful in lending support to long-standing, sensible French proposals for U.N. consideration that would hold NPT violators -- including those that withdraw -- automatically accountable.

Second, we should keep others from testing. This point is particularly salient in the case of India, with whom the U.S. is currently seeking a civilian nuclear-cooperation agreement. One of the sticking points is whether the U.S. will demand, as it has with other states, that all nuclear cooperation will cease if the recipient tests nuclear weapons. Congress should insist on binding language on this point while making it clear that the same condition must also apply to U.S. nuclear assistance to China as well.

Finally, sanctioning North Korea should be used to help keep friendly nations who are hedging their security bets with "peaceful" nuclear energy programs of their own (e.g., Egypt, Turkey, Algeria, Indonesia and others) from thinking that they can proceed even if their programs are dangerous and make no economic sense. The NPT is clear that its aim is to share the "benefits of peaceful nuclear energy." What Iran and North Korea developed was neither beneficial nor peaceful. It's high time that we clarify what is. Here, America's current binge of subsidizing nuclear power and backing nuclear fuel-making projects deserves a second look, as do the all-too-minimal requirements to safeguard these facilities against military diversions.

All of this will take time. But North Korea's nuclear test and our response to it is the right place to begin. The alternative -- more nuclear tests by more states -- should certainly give the U.S. and its allies more than enough incentive to try.

Mr. Sokolski, executive director of the Nonproliferation Policy Education Center, is editor of "Taming the Next Set of Strategic Weapons Threats" (Institute of Strategic Studies, 2006).

The Bus Is Waiting (NYT)

By Thomas L. Friedman

The New York Times, October 11, 2006

As eras go, the post-cold war has been a pretty good one. The collapse of communism, the spread of free-market democracies and the general reign of stability bought and paid for by U.S. power all combined to create a world in which China and India have been able to rise peacefully, America has prospered, and Europe has become whole and free. Yes, there's been 9/11, Bosnia, the rise of the petro-dictators and African wars — which are hardly trivial. But all in all, compared with the vast repression and nuclear standoff that characterized the cold war, the post-cold-war era has been much better for a lot of humanity.

Too bad it's probably over.

Yes, one day historians may argue that the post-cold war started on 11/9 and ended on 10/9.

The Berlin Wall fell on 11/9 — Nov. 9, 1989, which ushered in the post-cold-war world. The apparent North Korean nuclear test went up on Oct. 9, 2006, which, may have ushered out the post-cold-war world and ushered in a much more problematic era — the post-post-cold-war world.

This post-post-cold-war era will be defined by three new features — if things continue as they are. First is a nuclear Asia, triggered by North Korea's flaunting of its nuclear weapons. How long will Japan, Taiwan and South Korea remain nonnuclear with Kim Jong-il brandishing his bomb? Second is a nuclear Middle East. Iran is almost certain to follow North Korea's lead, and once the Shiite Persians in Iran have the bomb, how long will it be before the Sunni Arabs in Saudi Arabia, Egypt, even Syria have one too? Third is a disintegrating Iraq in the heart of the Arab world, with its destabilizing impact on oil prices and terrorism.

Together these will add up to a much more dangerous and volatile post-post-cold-war world — unless ...

Unless, what? Unless China and Russia get their act together and understand that the post-post-cold-war world is a much bigger threat to their prosperity than a post-cold-war world in which U.S. power is pre-eminent. You read me right — the post-

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cold-war world can be preserved only if Russia and China get over their ambivalence about U.S. power and if the Bush team gets over its ambivalence about Iran and North Korea.

How so? The U.S. is sanctioned out when it comes to Iran and North Korea. We don't have any more unilateral sanctions with which to pressure either regime to halt its nuclear adventure. The only countries that could have an impact on North Korea and Iran are China and Russia.

If China told North Korea that unless it dismantled its nuclear program and put its facilities under U.N. inspection, Beijing would cut off its energy and food, Kim Jong-il would relent. He is not suicidal. Anything less than such an explicit Chinese threat will mean a nuclear North Korea and eventually a nuclear Asia — which will certainly not be good for China's growth prospects.

And if China and Russia told Iran that they would join in the toughest possible U.N. economic sanctions on Tehran if it persisted in its nuclear program, the ayatollahs would also back down. Because then the Europeans would have the spine to join in sanctions and Tehran would face a united front.

To be sure, both moves would be greatly helped by a declaration from the Bush team that it had overcome its infighting and decided to pursue changes in behavior instead of changes in regimes in North Korea and Iran, and would be prepared to give explicit security guarantees to both if they verifiably ended their nuclear programs. When an administration can't make up its mind between regime change and change of behavior, it gets neither. And that is what the Bush team has gotten.

So, thanks to North Korea's nuclear test, we've come to a moment of truth. Yes, we have to make up our minds, but so, too, must Moscow and Beijing. They constantly advocate "multilateral" solutions. Well, will they sign up for the kind of biting multilateral sanctions that would work vis-à-vis Iran and North Korea and make "unilateral" U.S. military options unnecessary? If Russia and China want to see the post-cold-war world continue, they can't be free riders anymore — opposing both U.S. unilateralism and effective multilateralism that requires them to do something hard. They've got to start paying a price to preserve this world.

If they do, this relatively benign post-cold-war world might continue. If they don't, if they keep trying to be free riders on our bus, we'll all stall — because America can't keep this bus moving alone any longer, especially when the road gets this dangerous.

The bus stops here.

We Need A New Deterrent (WP)

By David Ignatius

The Washington Post, October 11, 2006

"Present at the Creation" was the title Dean Acheson gave to his memoir about the founding of the post-World War II order. Now, with North Korea claiming to have tested a nuclear weapon in defiance of the international community, and Iran seemingly on the way, Harvard professor Graham Allison argues that we are present at the unraveling.

The North Korean bomb test is a seismic event for the world community. It tells us that the structure created to maintain global security is failing. The five permanent members of the U.N. Security Council -- the United States, Russia, China, Britain and France -- all warned North Korea against taking this step. Yet the leaders in Pyongyang ignored these signals and in the process blew open the nuclear Non-Proliferation Treaty.

The North Korean leadership, puny in everything but weapons technology, has been marching toward this moment since the 1950s. It's unrealistic to think that, having brazened their way to detonating what they say is a nuclear bomb, the North Koreans will now give it up. The proliferation machine isn't going to run in reverse. In that sense, the question is less how to repair the old architecture of nonproliferation -- practically speaking, it's a wreck -- and more how to build a new structure that can stop the worst threats.

What are the right cornerstones of this new security structure? I put that question to Allison, who is a national resource when it comes to matters of nuclear proliferation and deterrence. He wrote the definitive book, "Essence of Decision," on the Cuban missile crisis, the world's closest brush with all-out nuclear war. In recent years he has been studying the danger of nuclear terrorism, and he edited a prescient discussion of the implications of a North Korean breakout that appears in the September issue of the Annals of the American Academy of Political and Social Science.

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Allison believes that the world must focus on what he calls "the principle of nuclear accountability." The biggest danger posed by North Korea isn't that it would launch a nuclear missile but that this desperately poor country would sell a bomb to al-Qaeda or another terrorist group. Accountability, in Allison's terms, means that if a bomb explodes in Manhattan that contains North Korean fissile material, the United States will act as if the strike came from North Korea itself -- and retaliate accordingly, with devastating force. To make this accountability principle work, the United States needs a crash program to create the "nuclear forensics" that can identify the signature of fissile material of every potential nuclear state. Arms control expert Robert Gallucci describes this approach as "expanded deterrence" in his article in the September Annals.

President Bush seemed to be drawing this red line of accountability when he warned Monday: "The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

Tough words, but are they credible? That's why the second essential pillar of a new security regime is a restoration of deterrence. The Bush administration warned North Korea over and over that it would face severe consequences if it tested a nuclear weapon. So did China and Russia, but Kim Jong Il went ahead anyway. Iranian leaders are similarly unimpressed by Bush's saber rattling, viewing America as a weakened nation bogged down by an unwinnable war in Iraq. To restore deterrence, the West needs to stop making threats it can't carry out. And the United States must salvage its strategic position in Iraq -- either by winning or organizing the most stable plan for withdrawal.

After the Cuban missile crisis, President John F. Kennedy got serious about preventing nuclear war. He installed a "hotline" so the White House and the Kremlin could talk when crises arose; he negotiated the 1963 test ban treaty; and he began the discussions that led to the 1968 Non-Proliferation Treaty. That treaty worked adequately for almost four decades. Instead of the 20 nuclear states that Kennedy feared would exist by 1975, we had just eight, until last weekend. But the North Korean test threatens to begin what a 2004 U.N. commission warned would be "a cascade of proliferation" that could spread to Japan, South Korea, Iran, Egypt and Saudi Arabia.

We are present at the unraveling. We must "think about the unthinkable" with new urgency. The United States and its allies must begin constructing a system that can succeed where the Non-Proliferation Treaty has failed. A terrorist nuclear bomb in Manhattan or Washington isn't a thriller writer's fantasy; it's a probability, unless America and its allies establish new rules for nuclear accountability that are clear and credible.

McCain Targets Both Clintons (WP)

By Charles Babington

The Washington Post, October 11, 2006

In what sounded to many Washington ears yesterday like an early shot in the 2008 presidential campaign, Sen. John McCain (R-Ariz.) singled out Sen. Hillary Rodham Clinton (D-N.Y.) as he denounced the Clinton administration's policies toward North Korea.

"I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure," McCain said in a speech near Detroit, where he was campaigning for a Republican Senate candidate. "Every single time the Clinton administration warned the Koreans not to do something -- not to kick out the IAEA inspectors, not to remove the fuel rods from their reactor -- they did it. And they were rewarded every single time by the Clinton administration with further talks."

Aides said McCain was responding to Hillary Clinton's comments Monday, when she criticized North Korea for its announcement of having tested a nuclear weapon and added: "Some of the reasons we are facing this dangerous situation is because of the failed policies of the Bush administration. I regret deeply their failure to deal with the threat posed by North Korea. And I hope that the administration will now adopt a much more effective response than what they have up until now."

The comments, made in response to reporters' questions during a Columbus Day Parade in New York City, drew modest attention on Monday. But McCain pounced on them before the cameras yesterday in Michigan, and other Republicans were soon distributing his remarks.

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The two senators are considered serious contenders for the 2008 presidential nominations. McCain's comments seemed designed to highlight his foreign policy differences with Hillary Clinton and to link her to aspects of her husband's presidency that some Republicans feel can be successfully attacked.

Philippe Reines, spokesman for Hillary Clinton, said of McCain's remarks: "Now is not the time to play politics of the most dangerous kind. . . . President Bush has been in charge of North Korea policy for six years, and two days ago we saw the brazen result."

He said the New York senator "supports an approach that protects us from the threat of North Korean nuclear weapons, as the Clinton administration successfully did for eight years."

In his speech, McCain said North Korea is testing the resolve of South Korea, Japan, China, Russia and the United States, which have pressed the isolated country to refrain from developing a nuclear weapons program. He said Bush is right to call on the U.N. Security Council "to impose a military arms embargo, financial and trade sanctions, and, most importantly, the right to interdict and inspect all cargo in and out of North Korea."

Under the Clinton presidency, McCain said, "We had a carrots-and-no-sticks policy that only encouraged bad behavior."

McCain's remarks echo those made by Bush administration officials in early 2003. Abandoning a previous insistence that only North Korea was to blame for the brewing nuclear crisis, Bush allies then began arguing it was the predictable result of a flawed 1994 agreement between the Clinton administration and Pyongyang. The pact, they contended, granted benefits to North Korea while leaving until later the threat of sanctions.

Allies of the Clintons have hit back, and Reines continued the defense yesterday. He said Bush "has allowed the 'Axis of Evil' to spin out of control. Our Iraq policy is a failure. Iran is going nuclear and North Korea is testing nuclear weapons." Bush policies, he said, "have made America less safe, not more so, and it is time for a new direction."

Reines later distributed an eight-point memo on actions that Hillary Clinton has taken regarding North Korea since early 2004.

McCain and fellow Republicans left little doubt that his remarks were made with an eye on presidential politics, which will move to center stage after the Nov. 7 midterm elections. McCain political adviser John Weaver fielded reporters' calls, and Republicans including House Majority Leader John A. Boehner of Ohio disseminated highlights of the Michigan speech.

McCain "is absolutely right," Boehner said in a statement. Congressional Democrats, he said, "haven't learned a thing from the mistakes the Clinton administration made with respect to North Korea."

McCain Criticizes Clinton On N. Korea (AP)

By Sarah Karush

AP, October 11, 2006

Republican Sen. John McCain on Tuesday accused former President Clinton, the husband of his potential 2008 White House rival, of failing to act in the 1990s to stop North Korea from developing nuclear weapons.

"I would remind Senator (Hillary) Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," McCain said at a news conference after a campaign appearance for Republican Senate candidate Mike Bouchard.

"The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

Democrats have argued President Clinton presented his successor with a framework for dealing with North Korea and the Republican fumbled the opportunity. In October 2000, Secretary of State Madeleine Albright made a groundbreaking visit to Pyongyang to explore a missile deal with Chairman Kim Jong Il. There was even talk of a visit by President Clinton.

Reports this week suggesting North Korea tested a nuclear device prompted a number of Democrats to criticize Bush, arguing that he focused on Iraq, a country without weapons of mass destruction, while ignoring legitimate threats from Pyongyang.

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The criticism took a presidential campaign turn on Tuesday as McCain, the Arizona senator considered the Republican front-runner for the party nod, assailed Clinton's husband and mentioned her by name. The New York senator is considered her party's leading candidate in 2008.

Sen. Clinton's spokesman dismissed McCain's criticism and argued that it was time for a new policy from the president.

"Now is not the time to play politics of the most dangerous kind — with our policy on North Korea," Philippe Reines, spokesman for Clinton, said in a statement. "History is clear that nothing the Bush administration has done has stopped the North Koreans from openly testing a nuclear weapon and presenting a new danger to the region of the world."

Five years after the Sept. 11 terrorist attacks, Bush "has allowed the 'axis of evil' to spin out of control. Our Iraq policy is a failure. Iran is going nuclear and North Korea is testing nuclear weapons," the statement said.

McCain's criticism also elicited a strong response from Democratic Sen. John Kerry, the 2004 presidential nominee and a potential 2008 candidate.

"He must be trying to burnish his credentials for the nomination process," said Kerry, who labeled McCain's comments "flat politics and incorrect."

"The truth is the Clinton administration knew full well they didn't have a perfect agreement. But at least they were talking. At least we had inspectors going in and we knew where the (nuclear fuel) rods were. This way, we don't know where the rods are, the rods are gone. There are no inspectors. Ask any American which way is better," Kerry said.

The Massachusetts senator made the remarks in Nevada during a campaign appearance with Elizabeth Carter, wife of Democratic Senate candidate Jack Carter.

In U.S.-North Korea relations, the initial breakthrough occurred in October 1994 when U.S. negotiators persuaded North Korea to freeze its nuclear program, with onsite monitoring by U.N. inspectors. In exchange, the United States, with input from South Korea and Japan, promised major steps to ease North Korea's acute energy shortage.

These commitments were inherited by the Bush administration, which made clear almost from the outset that it believed the Clinton policy ignored key elements of North Korea's activities, especially the threat posed by the hundreds of thousands of troops on permanent duty along the Demilitarized Zone with South Korea.

McCain, a member of the Senate Armed Services Committee, said he backed tough U.N. sanctions against North Korea in response to the reported test. The measures, he said, should include a military embargo, financial and trade sanctions and the right to inspect all cargo in and out of North Korea.

McCain also called on China to "step up to the plate" and vote for sanctions and rejected calls for one-on-one talks between the United States and North Korea.

"The worst thing we could do is to accede to North Korea's demand for bilateral talks," McCain said. "When has rewarding North Korea's bad behavior ever gotten us anything more than worse behavior?"

Test Byproduct: Quick Scramble To Point Fingers (NYT)

By Sheryl Gay Stolberg

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — North Korea's claim that it detonated a nuclear device rippled through American politics on Tuesday, nowhere more so than at a Shriner's hall in Michigan, where Senator John McCain, the Arizona Republican, sought to place the blame on former President Bill Clinton.

"I would remind Senator Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," Mr. McCain said, referring to his potential rival for the presidency in 2008, Senator Hillary Rodham Clinton of New York.

Mr. McCain's attack was part of an increasingly bitter partisan row over who was responsible for allowing North Korea to achieve nuclear ability.

Republicans sought to focus attention on what they said was a misguided and naïve policy of negotiating with North Korea during the 1990's. Democrats pressed the argument that North Korea's claimed advance was a byproduct of President Bush's

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decision to wage war against Iraq, which proved not to have any banned weapons, while doing too little to confront a real threat developing in North Korea.

"I have been very adamant that we are not safer since 9/11, and my opponent takes the opposite position," Claire McCaskill, the Democratic candidate for Senate in Missouri, said in an interview on Tuesday morning, harking back to a speech she gave about Iraq and North Korea in May. "I think North Korea doing this certainly comes down on my side of the equation."

With polls showing Republicans having difficulty holding on to their traditional strength when it comes to which party is better suited to keeping Americans safe, the candidates and parties have moved quickly to take political advantage of the crisis.

At first blush, a nuclear test by North Korea is just the kind of development that would ordinarily work well for Republicans late in a campaign: a potential national security threat that highlights the dangers facing the United States and spotlights the president's role as commander in chief. But with polls showing deep dissatisfaction with the war in Iraq, candidates and strategists in both parties said the news from North Korea could cut both ways.

Democrats like Ms. McCaskill, the Missouri state auditor who is in a tight Senate race with the incumbent Republican, Jim Talent, have spent months saying Mr. Bush paid too much attention to Iraq, while ignoring threats like North Korea. Now, Democrats are now busy saying "I told you so" to voters.

But Republicans like Mike McGavick, the Senate candidate in Washington State, are offering up an "I told you so" of their own, by spotlighting Democratic opposition to a missile defense system that is strongly backed by Mr. Bush.

Democrats, including Mr. McGavick's opponent, Senator Maria Cantwell, say they would support a missile defense program if one were proven effective. But Republicans say Democrats cannot have it both ways, voting against the system while criticizing the president.

"I think this makes it even clearer why missile defense is part of an overall strategy to protect America from an unsafe world," Mr. McGavick said. "It reminds us that we live in an extremely dangerous world."

Republicans say that any time national security is front and center, it is good news for them. They are hoping the test will push the Mark Foley sex scandal off the front pages and the cable news programs, although Mr. Foley's case was all over television again on Tuesday.

"To the extent it resonates for Democrats, the resonance will be in the eye off the ball argument: too much focus on Iraq, look what's happening in North Korea now," said T .J. Pempel, a political scientist at the University of California who is an expert in East Asian studies. "But I think it could resonate almost equally as well for Republicans if they say: 'The world is a scary place. There are all sorts of dangers out there. Osama bin Laden is one, Kim Jong-il is another.' "

Indeed, Mr. Kim, the North Korean leader, seems to have become the latest bogeyman in Republican political imagery. On Tuesday, the Republican National Committee circulated a photograph of Madeleine K. Albright, Mr. Clinton's secretary of state, clinking glasses with Mr. Kim.

The picture was taken during talks in 2000 that were aimed at persuading the North to limit its nuclear program. Ken Mehlman, the Republican National Committee chairman, said in an interview that voters might be seeing more such images in the coming weeks — accompanied by a reminder that Ms. Albright had presented Mr. Kim a basketball autographed by Michael Jordan.

His committee coined a phrase for it — "basketball diplomacy" — which Mr. Mehlman sprinkled through his remarks.

Under an agreement Mr. Clinton struck with North Korea in 1994, the North agreed to "freeze" its production of plutonium at its main nuclear plant at Yongbyon, in return for energy aid. North Korea abided by the freeze.

But starting around 1997, the North Koreans took steps to start a second, secret nuclear program, one based on enriching uranium. South Korean and American intelligence agencies did not find conclusive evidence of that program until the summer of 2002, and that fall the Bush administration confronted the North Koreans with its evidence.

Now, under attack by Republicans like Mr. McCain, Democrats, including Mrs. Clinton, are firing back. The Senate Democratic leader, Harry Reid of Nevada, has called on Mr. Bush to appoint a senior official to conduct a thorough review of his "failed North Korea policy," while a spokesman for Mrs. Clinton issued a stinging response to Senator McCain.

"President Bush has allowed the axis of evil to spin out of control," said the spokesman, Philippe Reines.

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One candidate who hopes to turn this week's developments to his advantage is Mike Bouchard, a Republican who is running against Debbie Stabenow, an incumbent Democrat, for the Senate seat in Michigan. Mr. McCain made his remarks about North Korea in Southfield, Mich., with Mr. Bouchard, a county sheriff who has been emphasizing national security, by his side.

"It's becoming increasingly clear that we live in a dangerous world that includes rogue nations, Mr. Bouchard said in a telephone interview afterward. "I would much prefer that we were in a completely peaceful moment, but without question, a dangerous world is certainly a more apparent pointer to my credentials."

White House Rejects Criticism Over North Korean Test (AFP)

By Laurent Lozano

AFP, October 11, 2006

The White House rebuffed criticism that failed US diplomacy led to North Korea's nuclear test, while downplaying the significance of Pyongyang's blast, which rattled the world.

White House spokesman Tony Snow branded criticism faulting the US approach for failing to bridge differences with North Korea, Iran and Iraq and leading to the world-stunning test announced by Pyongyang Monday as "back-seat generalship".

"What you have is the fact that the United States has been engaged actively on all three problems ... We are continuing to work aggressively on diplomacy with the Iranians and with the North Koreans," Snow said.

Snow responded to comments especially from opposition Democrats that the administration of President George W. Bush had taken the wrong approach to dealing with perceived global threats, as signified by the North Korean nuclear test, which came after years of attempts to convince Pyongyang to not develop a bomb.

"What it tells you is that we started at the wrong end of the axis of evil," said former Democratic senator Sam Nunn, referring to Bush's designation for Iraq, Iran and North Korea.

And North Korean specialist Selig Harrison, writing in the Washington Post, said US sanctions on North Korea have "given the initiative to hardliners in Pyongyang."

The criticism appeared to put the White House on the defensive, coming as it did exactly four weeks before legislative elections. Pollsters say Democrats may have a chance to possibly end Republican control of Congress due to voter discontent over the Iraq war and other security issues.

"Diplomacy had run its course when it came to Iraq," Snow said.

"We are still hopeful that diplomacy is in fact going to yield the desired results when it does come to North Korea and Iran."

US State Department spokesman Sean McCormack also rejected the idea that the US policy can be blamed for Pyongyang's first nuclear weapons test.

"The North Korean regime has been developing a nuclear weapon for decades," he said.

Snow meanwhile downplayed the significance of the test, despite the strong international reaction.

"A massive event?" Snow said in response to a question at a White House briefing. "A big-deal event? There was an event... The earth moved, we can say that," he said.

He added that the United States did not have confirmation of a nuclear weapon test.

"This may take some time. It's a complex undertaking, and it involves questions like, was there venting or was there not," Snow said. "There is a remote possibility that we'll never be able to determine fully."

But he added: "It does not change our view that this is an act of provocation, nor does it change the view, more importantly, of our partners in the neighborhood, who view it much the same way."

Snow spoke of a "new sense of resolution" among US partners in dealing with North Korea, especially China and South Korea, who have joined the US, Russia, Japan in six-way talks with Pyongyang over halting its nuclear program.

"Everybody is on the same page in terms of talking about sanctions," Snow declared.

Earlier he brushed off calls by some analysts to accept North Korea's request for bilateral talks on its nuclear program.

"If we're to deal one-on-one, we'd be playing a weaker hand, and the president is not going to play a weaker hand. Because the notion of dealing on one-on-one, again, gives the North Koreans a chance to try to split a united coalition.

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"We have less leverage than these guys (the Chinese and South Koreans) do. We have now brought into the diplomatic process the people who can make a difference.

"The most significant factor from a diplomatic standpoint is that you got a lot more diplomatic muscle than you've ever had on either of these problems."

McCormack also rejected bilateral talks with Pyongyang.

"In a bilateral discussion with North Korea, all of a sudden all the pressure is on the United States to make concessions," McCormack said. "It's not a strong hand from which to start."

He said that former president Bill Clinton's administration negotiated with North Korea to little effect.

"They negotiated an agreement with them. And the North Koreans were cheating on it almost as soon as the ink was dry on the thing," he said.

Kerry Blasts Bush NKorea Policy At Nevada Campaign Stop (AP)

By Kathleen Hennessey

AP, October 11, 2006

BOULDER CITY, Nev. --Sen. John Kerry said Tuesday that a nuclear test in North Korea is evidence of the Bush administration's "failed policies," and called for the U.S. to engage in direct talks with Pyongyang.

"The president attacks the place that has no weapons of mass destruction and does nothing about the place that does," Kerry told reporters at a campaign stop for Democratic U.S. Senate candidate Jack Carter. "For five years, I have been calling for the United States to engage in direct talk with North Korea. ... Instead, for five years this administration has ignored them. They fundamentally left this to other people."

Kerry made the comments one day after North Korea claimed to have successfully tested a nuclear device.

The Bush administration has been trying for years to get engage more countries in its anti-proliferation efforts, aimed at stopping nations such as North Korea from developing and selling nuclear weaponry and missiles. But it has refused one of North Korea's key demands: that the United States engage in one-on-one talks. Instead the administration pushed for a so-called six-party format, in which Russia, China, South Korea and Japan would join in the discussions.

"The six-party talks are a cover for the administration to avoid direct discussion," Kerry said.

The Massachusetts senator reacted strongly to comments from his Republican colleague, Arizona Sen. John McCain, who in a speech earlier in the day put the blame for North Korea's developing nuclear program on the Clinton administration. McCain said a 1994 agreement allowing United Nations inspectors into the country was a "failure."

Kerry, speaking at a veteran's home about 30 miles south of Las Vegas, called McCain's comments "flat politics and incorrect."

"He must be trying to burnish his credentials for the (presidential) nomination process," said Kerry, the 2004 presidential nominee and a potential 2008 candidate whose appearance in Nevada comes less than two months after the state was picked for an early Democratic caucus.

McCain and New York Sen. Hillary Clinton are considered their party's front-runners for 2008.

"The truth is the Clinton administration knew full well they didn't have a perfect agreement." Kerry said. "But at least they were talking. At least we had inspectors going in and we knew where the (nuclear fuel) rods were. This way, we don't know where the rods are, the rods are gone. There are no inspectors. Ask any American which way is better."

Kerry said he would support sanctions imposed by the United Nations.

The senator appeared with Carter's wife, Elizabeth Carter. Carter is running against Republican incumbent Sen. John Ensign for Nevada's second Senate seat.

In Search Of A North Korea Policy (WP)

By William J. Perry

The Washington Post, October 11, 2006

North Korea's declared nuclear bomb test program will increase the incentives for other nations to go nuclear, will endanger security in the region and could ultimately result in nuclear terrorism. While this test is the culmination of North Korea's

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long-held aspiration to become a nuclear power, it also demonstrates the total failure of the Bush administration's policy toward that country. For almost six years this policy has been a strange combination of harsh rhetoric and inaction.

President Bush, early in his first term, dubbed North Korea a member of the "axis of evil" and made disparaging remarks about Kim Jong Il. He said he would not tolerate a North Korean nuclear weapons program, but he set no bounds on North Korean actions.

The most important such limit would have been on reprocessing spent fuel from North Korea's reactor to make plutonium. The Clinton administration declared in 1994 that if North Korea reprocessed, it would be crossing a "red line," and it threatened military action if that line was crossed. The North Koreans responded to that pressure and began negotiations that led to the Agreed Framework. The Agreed Framework did not end North Korea's aspirations for nuclear weapons, but it did result in a major delay. For more than eight years, under the Agreed Framework, the spent fuel was kept in a storage pond under international supervision.

Then in 2002, the Bush administration discovered the existence of a covert program in uranium, evidently an attempt to evade the Agreed Framework. This program, while potentially serious, would have led to a bomb at a very slow rate, compared with the more mature plutonium program. Nevertheless, the administration unwisely stopped compliance with the Agreed Framework. In response the North Koreans sent the inspectors home and announced their intention to reprocess. The administration deplored the action but set no "red line." North Korea made the plutonium.

The administration also said early this summer that a North Korean test of long-range missiles was unacceptable. North Korea conducted a multiple-launch test of missiles on July 4. Most recently, the administration said a North Korean test of a nuclear bomb would be unacceptable. A week later North Korea conducted its first test.

It appears that the administration is deeply divided on how to deal with North Korea, with some favoring negotiation and others economic and political pressure to force a regime change. As a result, while the administration was willing to send a representative to the six-party talks organized by the Chinese in 2003, it had no apparent strategy for dealing with North Korea there or for providing leadership to the other parties. In the meantime, it increased economic pressure on Pyongyang. Certainly an argument can be made for such pressure, but it would be naive to think it could succeed without the support of the Chinese and South Korean governments, neither of which backs such action. North Korea, sensing the administration's paralysis, has moved ahead with an aggressive and dangerous nuclear program.

So what can be done now that might have a constructive influence on North Korea's behavior? The attractive alternatives are behind us. There should and will be a U.N. resolution condemning the test. The United Nations may respond to calls from the United States and Japan for strong sanctions to isolate North Korea and cut off trade with it. But North Korea is already the most isolated nation in the world, and its government uses this isolation to its advantage. Stronger sanctions on materials that might be of use to the nuclear program are reasonable, but the horse is already out of the barn. Economic sanctions to squeeze North Korea would increase the suffering of its people but would have little effect on the elite. In any event, they would be effective only if China and South Korea fully participated, and they have shown no inclination to do so.

There will be calls to accelerate our national missile defense program. But the greatest danger to the United States from this program is not that North Korea would be willing to commit suicide by firing a missile at the United States, even if it did develop one of sufficient range. Rather, it is the possibility that the North Koreans will sell one of the bombs or some of their plutonium to a terrorist group. The president has warned North Korea not to transfer any materials from its nuclear program. But the warnings we have sent to North Korea these past six years have gone unheeded and its acts unpunished. It is not clear that this latest one will have any greater effect. If a warning is to have a chance of influencing North Korea's behavior it has to be much more specific. It would have to promise retaliation against North Korea if a terrorist detonated a nuclear bomb in one of our cities. It must be backed by a meaningful forensics program that can identify the source of a nuclear bomb.

This test will certainly send an undesirable message to Iran, and that damage has already been done. But it is important to try to keep this action from precipitating a nuclear arms race in the Asia-Pacific region. Both Japan and South Korea have the capability to move quickly to full nuclear-weapon status but have not done so because they have had confidence in our nuclear umbrella. They may now reevaluate their decision. We should consult closely with Japan and South Korea to reassure them that

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they are still under our umbrella and that we have the will and the capability to regard an attack on them as an attack on the United States. This may be necessary to discourage them from moving forward with nuclear deterrence of their own.

Our government's inattention has allowed North Korea to establish a new and dangerous threat to the Asia-Pacific region. It is probably too late to reverse that damage, but serious attention to this problem can still limit the extent of the damage.

Poisoning The Water's Edge (WSJ)

The Wall Street Journal, October 11, 2006

North Korea's apparent test Sunday of a nuclear device raises large questions with which the United States and the world must now grapple in the months and years ahead. But it may also have finally settled the question of how much time this and future Administrations will have available to deal with genuine foreign policy crises before they become merely political. The answer, it seems, can be measured in milliseconds.

Sen. Bob Menendez was not formerly known as an expert on nuclear proliferation or the politics of Northeast Asia. But there was the New Jersey Democrat on Monday delivering the view that Kim Jong-Il's latest demonstration of aggressive intent "illustrates just how much the Bush Administration's incompetence has endangered our nation." Not to be outdone, Majority Leader-in-waiting Harry Reid insisted the Administration appoint a "senior official to conduct a full review of [its] failed North Korea policy." Mr. Reid performed the rare feat of making Nancy Pelosi sound statesmanlike. Ms. Pelosi at least acknowledged that countries such as China might have played a negative role here.

As best as we can tell, the critique of the Bush Administration boils down to three points. First, as former Sen. Sam Nunn told the New York Times, "we started at the wrong end of the 'axis of evil,'" his point being the Administration should have somehow "dealt with" Pyongyang first and Baghdad later.

Next, say the critics, the Bush Administration has wrongly tried to engage North Korea diplomatically through the "six party" framework, when only the bilateral talks demanded by Kim Jong-Il will do. "Bush aided and abetted the outsourcing of American jobs," says Democratic Party chairman Howard Dean in one of his cheaper jabs, "and now he's outsourced our diplomacy as well." Finally, the President is said to have actually provoked North Korea into building a bomb by naming it to the axis of evil.

But since when does the Democratic Party, to say nothing of Dr. Dean, advocate U.S. unilateralism when unending multilateral approaches are available? And how does Mr. Nunn's suggestion that President Bush should have dealt with North Korea first among the axis of evil square with the idea that it was terribly bad form to describe such an "axis" in the first place?

In fact, the more closely one examines these claims the more disingenuous they become. The CIA strongly suspected North Korea had developed nuclear weapons as far back as the early 1990s. Gordon Corera, the security correspondent for BBC News, has amassed significant evidence that North Korea may have already tested a nuclear device -- in 1998, as the sixth in a set of Pakistani tests that year.

As for the idea that direct talks between Washington and Pyongyang might open the way toward a settlement, this flatly ignores North Korea's cheating on the last such settlement, the so-called "Yongbyong Agreed Framework" of 1994. American diplomats have never lacked for opportunities to talk to the North Koreans, formally or privately. What they lack are interlocutors who can be trusted to honor their commitments or cajoled into abandoning their weapons.

It is not necessary to defend every jot and tittle of the Administration's North Korean diplomacy. But the Democrats' instant, soundbite criticism is unserious to the point that it calls into question their sincerity in contributing to a solution. Are Messrs. Reid, Dean, Menendez et al. concerned about nuclear weapons getting into terrorist hands and U.S. ports? They tell us they are. Then perhaps they might publicly call on China and Russia to join the Proliferation Security Initiative, the most successful effort yet to interdict the transfer of illicit weapons.

Are they seriously interested in bringing about North Korea's internal collapse? It would be good to see the kind of rhetorical energy the Democrats invested in Darfur go into publicizing the plight of North Korean refugees. Would they like to see the U.N. contribute positively to managing the crisis? Then send a message of solidarity to our adversaries by confirming as U.N. ambassador John Bolton, one of the world's leading experts on proliferation.

None of these steps alone is going to resolve a crisis in which U.S. options are limited or problematic. But it would help if just once public discourse on the subject did not instantly degrade into an exercise in cynical political point-scoring. Fat chance.

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Republicans Couldn't Change The Subject — But Korea Did It For Them (HILL)

The Hill, October 11, 2006

In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by Speaker Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention.

Will Bush be able to deal with the North Korean crisis? This is truly the moment for a test of his leadership. If he is able to lead a strong global effort to face down the renegade nation and can set in motion a demonstrable process that could lead to a reversal of Pyongyang's nuclear ambitions, he will have pulled off a coup akin to JFK's in the Cuban missile crisis and rescued his party from midterm election defeat in 2006 as surely as Kennedy saved it in 1962.

The key, of course, is China. Can Beijing be made to take the crisis seriously enough to turn off the spigot of fuel and food that permits the North Korean regime to survive from day to day?

China has one major fear: a regional nuclear competition with Japan. With Japanese technological prowess and the mangled history between the two nations, Beijing cannot react impassively to the nuclear arming of Tokyo.

Do we dare encourage our World War II rival to acquire nuclear weapons? We must. It is really only the "Japan card" that can bring China to heel and force her to ratchet up the pressure on North Korea.

Let's not allow nuclear nonproliferation to become an international equivalent of gun control, a system that seems to keep weapons out of the hands of the innocent while allowing the guilty, who break the law anyway, to have all the weapons they need. If North Korea has defied the world and acquired nuclear weapons, why should we not permit peace-loving countries like Japan and South Korea to develop nuclear weapons to defend themselves?

Ultimately, the case of arming Japan with atomic weapons is as good as that for France developing its own bomb. French leader Charles de Gaulle always asked whether an American president was willing to trade New York for Paris. Would a Soviet attack that leveled the French capital lead to American retaliation that would doubtless provoke a Soviet response against major U.S. cities? And so Abe, the new Japanese Prime Minister, is entitled to ask if an American president is willing to trade Tokyo for New York.

In the grim logic of nuclear deterrent, only weapons in the hands of the nation actually under potential threat can constitute a real deterrence to aggression, particularly on a peninsula that has already seen one major war.

There is nothing like a national security crisis to force Americans to realize the consequences of paralyzing a presidency by sending to Washington a Congress with which he cannot work. We fell into just that trap in the final years of the Clinton presidency and we would do so now at our peril.

But Bush has to produce and has to do it in the next five weeks. Just like JFK did in 1962.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

Solving The Korean Stalemate, One Step At A Time (NYT)

By Jimmy Carter

The New York Times, October 11, 2006

ATLANTA

IN 1994 the North Koreans expelled inspectors of the International Atomic Energy Agency and were threatening to process spent nuclear fuel into plutonium, giving them the ability to produce nuclear weapons.

With the risk of war on the Korean Peninsula, there was a consensus that the forces of South Korea and the United States could overwhelmingly defeat North Korea. But it was also known that North Korea could quickly launch more than 20,000 shells and missiles into nearby Seoul. The American commander in South Korea, Gen. Gary Luck, estimated that total casualties would far exceed those of the Korean War.

Responding to an invitation from President Kim Il-sung of North Korea, and with the approval of President Bill Clinton, I went to Pyongyang and negotiated an agreement under which North Korea would cease its nuclear program at Yongbyon and permit

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inspectors from the atomic agency to return to the site to assure that the spent fuel was not reprocessed. It was also agreed that direct talks would be held between the two Koreas.

The spent fuel (estimated to be adequate for a half-dozen bombs) continued to be monitored, and extensive bilateral discussions were held. The United States assured the North Koreans that there would be no military threat to them, that it would supply fuel oil to replace the lost nuclear power and that it would help build two modern atomic power plants, with their fuel rods and operation to be monitored by international inspectors. The summit talks resulted in South Korean President Kim Dae-jung earning the 2000 Nobel Peace Prize for his successful efforts to ease tensions on the peninsula.

But beginning in 2002, the United States branded North Korea as part of an axis of evil, threatened military action, ended the shipments of fuel oil and the construction of nuclear power plants and refused to consider further bilateral talks. In their discussions with me at this time, North Korean spokesmen seemed convinced that the American positions posed a serious danger to their country and to its political regime.

Responding in its ill-advised but predictable way, Pyongyang withdrew from the Nuclear Nonproliferation Treaty, expelled atomic energy agency inspectors, resumed processing fuel rods and began developing nuclear explosive devices.

Six-nation talks finally concluded in an agreement last September that called for North Korea to abandon all nuclear weapons and existing nuclear programs and for the United States and North Korea to respect each other's sovereignty, exist peacefully together and take steps to normalize relations. Each side subsequently claimed that the other had violated the agreement. The United States imposed severe financial sanctions and Pyongyang adopted the deeply troubling nuclear option.

The current military situation is similar but worse than it was a decade ago: we can still destroy North Korea's army, but if we do it is likely to result in many more than a million South Korean and American casualties.

If and when it is confirmed that the recent explosion in North Korea was nuclear, the international community will once again be faced with difficult choices.

One option, the most likely one, is to try to force Pyongyang's leaders to abandon their nuclear program with military threats and a further tightening of the embargoes, increasing the suffering of its already starving people. Two important facts must be faced: Kim Jong-il and his military leaders have proven themselves almost impervious to outside pressure, and both China and South Korea have shown that they are reluctant to destabilize the regime. This approach is also more likely to stimulate further nuclear weapons activity.

The other option is to make an effort to put into effect the September denuclearization agreement, which the North Koreans still maintain is feasible. The simple framework for a step-by-step agreement exists, with the United States giving a firm and direct statement of no hostile intent, and moving toward normal relations if North Korea forgoes any further nuclear weapons program and remains at peace with its neighbors. Each element would have to be confirmed by mutual actions combined with unimpeded international inspections.

Although a small nuclear test is a far cry from even a crude deliverable bomb, this second option has become even more difficult now, but it is unlikely that the North Koreans will back down unless the United States meets this basic demand. Washington's pledge of no direct talks could be finessed through secret discussions with a trusted emissary like former Secretary of State Jim Baker, who earlier this week said, "It's not appeasement to talk to your enemies."

What must be avoided is to leave a beleaguered nuclear nation convinced that it is permanently excluded from the international community, its existence threatened, its people suffering horrible deprivation and its hard-liners in total control of military and political policy.

6-nation Meeting Set On Iran Sanctions (AP)

By Barry Schweid

AP, October 11, 2006

Senior officials of the United States and five other nations plan to confer Wednesday on possible U.N. sanctions against Iran for processing uranium as part of its disputed nuclear program.

Undersecretary of State Nicholas Burns and his counterparts in Britain, France, Germany, Russia and China will confer by video about what should be on a U.N. sanctions list, State Department spokesman Sean McCormack said Tuesday.

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The U.N. Security Council is giving precedence to considering sanctions against North Korea, which announced Monday that it had detonated a nuclear device. That resolution "would almost certainly move at a quicker pace than the Iran resolution," McCormack said.

Russia has suggested the best approach to the standoff with Iran is more diplomacy. The United States is leading the move for sanctions, arguing that they are part of diplomacy and the council had already warned Iran of the consequences when it did not observe an Aug. 31 edict to stop enriching uranium.

Adoption of U.N. Security Council sanctions can be blocked by a veto cast by any of the five permanent council members, the United States, Russia, China, Britain or France.

To get unanimity, the first round of sanctions is likely to be mild, such as imposing restrictions on trade in technology that could be used in an Iranian weapons program.

Olmert: Syria Peace Overtures Are A Ploy (AP)

By Ravi Nessman

AP, October 11, 2006

Israel has brushed off the Syrian president's recent calls to restart peace talks as a ploy by Bashar Assad to deflect international pressure from his increasingly isolated regime. But some in Israel say Prime Minister Ehud Olmert may be making a major mistake in ignoring even a slim chance to pursue peace with one of his country's most implacable enemies.

"Olmert could have gone down in history as Menachem Begin, who gave Sinai back to Egypt," journalist Tom Segev wrote in the Haaretz daily Tuesday. "Instead, he is reacting to Syria's offers of peace with contempt, loathing and threats."

Israeli Vice Premier Shimon Peres, meanwhile, invited the Syrian leader to come to Jerusalem.

"What would happen if Assad said he is coming to the Knesset (the Israeli parliament)?" Peres said. "He must get up and say, 'I want to talk peace directly with Israel.' That's all," Peres told Israel TV in an interview aired Tuesday.

Israeli-Syrian peace talks broke down in 2000, with Syria demanding assurances it would get back all of the Golan Heights, which Israel captured in the 1967 Mideast War and later annexed. Israel wanted slight modifications to the pre-1967 line, conforming to the international frontier, and insisted that issues of security and normalization be spelled out first.

Assad has sporadically called for new talks, but his appeals grew more intense following this summer's war between Israel and Lebanon's Hezbollah guerrillas, which Syria backed. The fighting increased international criticism of Assad's regime, already hit by accusations it was involved in the murder of former Lebanese Prime Minister Rafik Hariri and was letting militants use Syria as a transit point into neighboring Iraq.

"We want to make peace — peace with Israel," Assad told the German magazine Der Spiegel last month. In an interview with the British Broadcasting Corp. broadcast Monday, Assad said it remained to be seen whether Israel had the will to make peace.

Olmert has rejected talks with Syria, accusing it of harboring terrorists and saying he will not relinquish the Golan.

"As long as I am prime minister, the Golan Heights will remain in our hands," he was quoted as telling the ultra-Orthodox weekly Mishpaha last month.

Syria's support for Hezbollah and its refusal to force top Palestinian militants to close their offices in Damascus has also angered Israel.

Assad has hoped to use those issues to strengthen his position in future peace talks, but Olmert's spokeswoman Miri Eisin said Tuesday that they are obstacles to even starting those talks.

"Israel would love to start peace talks with a Syrian government that doesn't arm Hezbollah, that doesn't have a foreign minister who sides with Hezbollah, with a government that doesn't promote and provide a sanctuary for the head terrorists of Hamas and Islamic Jihad and others," she said.

Israeli analysts say Assad is using the possibility of peace with Israel to blunt international criticism.

"He is isolated. He is beleaguered. He is controversial, internationally speaking. He hopes to reap dividends from adopting a peaceful posture," said Itamar Rabinovich, Israel's former chief negotiator with Syria.

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Those imputed motives wouldn't mean that Assad is not serious about pursuing new talks to get back the Golan — a perennial Syrian demand that would strengthen Assad domestically — in exchange for a peace deal that would benefit him internationally, Israeli analysts said.

But Olmert has less incentive to head into negotiations.

He is already under fire for his government's conduct of the Lebanon war, and talks with Syria would fan the flames, adding the media savvy Israelis living in the Golan to his list of critics.

"I think that Olmert either doesn't want to pay the price — and the price is known to everyone, the price is the Golan Heights — or he thinks that he is too weak to pay the price," said Shlomo Brom, a Syria expert at Tel Aviv University.

Gilad Sher, a former Israeli peace negotiator, said Syria's continuing support of terrorism should not close off diplomatic channels to solving the conflict.

"Israel must not reject Assad's hints outright, but rather it must begin a cautious, measured and pragmatic process in which Assad's willingness is analyzed," he wrote in the Yediot Ahronot daily. "If it is all merely a ruse, we will know as much very quickly. If not, and negotiations over a peace arrangement are begun, that will do nothing to detract from Israel's power of deterrence."

"After all, one can always say, 'no,'" he wrote.

A New Fence Is Added To A Border Town Already Split (NYT)

By Hassan M. Fattah

The New York Times, October 11, 2006

THE FENCE AT GHAJAR, Lebanon, Oct. 9 — Little more than a week after Israeli troops withdrew from Lebanon, the shiny new fence around the northern portion of this village is a reminder of the possible flash points that remain as Lebanon and Israel continue working to quell tensions across their border.

To the Lebanese, the fence, erected over the past several weeks to separate the northern side of the village from the rest of Lebanon, amounts to a new occupation of their territory, potentially worsening tensions over the disputed Shabaa Farms area nearby. To Israel, which says the fence is only temporary, it is a means of ensuring that Hezbollah fighters do not enter the village, which straddles the border, and attack Israelis.

[On Tuesday, the United Nations continued trying to broker an agreement ensuring that Israel would withdraw its troops from the northern section of the village and place it under United Nations control. But even if that happens, the fence itself might remain for some time, said a United Nations official who spoke on condition of anonymity because he was not authorized to speak with reporters.]

With its pastel-colored homes and scenic views, Ghajar is an old problem sprung from the often complex calculus of the Middle East. In 1932 the residents of Ghajar, most of them from the Alawite sect, were given the option of choosing their nationality and overwhelmingly chose to be a part of Syria, which has a sizable Alawite minority.

When Israel conquered the Golan Heights in the Arab-Israeli war of 1967, the town fell under Israeli control. Many residents were given permits to work in Israel and were eventually granted Israeli citizenship. When Israel invaded Lebanon in 1978, the town began growing northward into Lebanese territory.

The town's future grew more complicated when Israel withdrew from southern Lebanon in 2000, leaving two-fifths of the town in Israel and the rest on Lebanese soil, across the so-called Blue Line demarcating the borders between the countries.

Each side sought to keep the village whole, said Amin Hotait, a retired Lebanese Army general and the leader of a committee that helped confirm Israel's pullout in 2000.

Neither side, however, could agree on who would maintain control over the village. So after weeks of wrangling, they agreed to divide the town into a northern Lebanese side and a southern Israeli side.

"We did not accept that the whole village be under the occupation, and they did not accept that it be liberated," General Hotait said. "The only result we could arrive at was to split the town in two."

As a result, a fence was built dividing the village, which has about 2,500 residents, with crossing points in between for residents to get back and forth. Although there were Israeli guards posted on the southern side of the fence at the gates, passing from one side to the other was relatively easy. The Israelis were there to guard against Hezbollah fighters.

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Yet the village has also been center of confrontations between Israel and Hezbollah. Most recently, in 2005, Hezbollah guerrillas launched a rocket attack on the village and infiltrated it, but were repelled by the Israelis and withdrew.

The latest fence separating the village from Lebanon was put up this summer, after the cease-fire. The Israelis have now posted troops within the northern section of the village.

Lebanese officials say the continued presence of Israeli soldiers on Lebanese soil is a violation of United Nations Resolution 1701, which settled this summer's conflict.

"Whether they're occupying one meter or 2,000, it is still Lebanese land, and we want to free our land," said Fawzi Salloukh, Lebanon's foreign minister. "This is a time bomb that is ticking."

A reporter who traveled to the fence at the northern section of the village tried to speak to residents through the fence, but none would respond. However, United Nations officials in the area said the villagers have sought to be a part of Israel. The dispute appears to be limited to one between countries.

Lebanese officials have said that if the villagers want to be Israelis, they should move to the other side of the border. Residents of the Lebanese villages surrounding Ghajar, still struggling to rebuild their lives after the war, say they fear that the fence may become a recipe for further violence between Israel and Hezbollah.

"This is certainly going to be a big problem, and you shouldn't expect anything less," said Ahmed al-Muhammad, the mayor of the town of Al Wazzan, near Ghajar. "They must have bad intentions for this area, or they would have pulled out completely."

He said his town had had almost no contact with Ghajar's villagers for years. He said the people of Ghajar were mainly interested in their contacts with Israel. The town's growing affluence compared with that of its neighbors is evident in the ongoing construction and modern finished architecture.

Hezbollah officials, who have held up Israel's occupation of Shebaa Farms as a reason to not disarm, have remained mute on the issue of Ghajar, opting to allow the government to negotiate a diplomatic solution. Still, one Hezbollah representative noted, patience is growing thin.

"Like Shabaa Farms, this proves there is an ongoing Israeli occupation and it must leave," said the representative, Hussein Haj Hassan. "We will be patient with the negotiations, but will not wait very long."

Hamas Rejects Plan For Unity Government (USAT)

USA Today, October 11, 2006

Qatar's attempt to mediate a growing crisis in the Palestinian territories took a blow Tuesday when Hamas rejected demands that it recognize Israel and renounce violence as a prerequisite for forming a unity government with the Fatah Party.

It was the latest setback in efforts to moderate the Islamic militant group Hamas and restore much-needed international aid to the Palestinians. Fatah declared the Qatari initiative for a coalition government a failure and blamed Hamas for the breakdown in negotiations.

Ghazi Hamad, spokesman for the Hamas-led government, said the group differentiates between armed "resistance (to Israel) and terrorism," He said Hamas is ready to continue talks: "The way is not blocked."

Six people killed whenbomb blasts hit Philippines

At least six people were killed and more than 30 wounded when two bombs exploded in the insurgency-torn southern Philippines. One blast occurred in a stall selling alcohol during a festival in the town of Makilala on Mindanao island, North Cotabato provincial Police Chief Federico Dulay said. Six people were killed and at least 29 were injured. The town was celebrating its 52nd anniversary.

"Clearly this is a terrorist act," Dulay said.

The second bomb went off in a market in Tacurong city in another part of the island, wounding five people, army Col. Felipe Tabas said.

The U.S., Australian and British embassies issued warnings against travel to Mindanao and said the threat of imminent attacks or kidnappings is high across the archipelago, specifically in places frequented by foreigners.

The Philippines, a largely Catholic nation, is fighting Muslim and communist insurgencies on its southern islands.

Latest ban on child labortakes effect in India

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India's new ban on hiring children under age 14 as servants in homes or as workers in restaurants, tea shops, hotels and spas took effect Tuesday. “This will be a bad blow. I really don't know what I'll do,” said Dinesh Kumar, 12, who has been doing odd jobs in New Delhi for three years.

The children of India's tens of millions of poor families are expected to work, and in many cases they are the sole breadwinners. The law is intended to take them out of the workplace and put them in school.

Prime Minister Manmohan Singh vowed firm enforcement. Employers who violate the law face up to a year in prison and a $217 fine. It already is illegal to use children in hazardous industries such as glassmaking.

Protesters disrupt Taiwanleader's National Day talk

Taiwanese President Chen Shui-bian called for unity as an opposition lawmaker scuffled with security guards while trying to confront the leader during a National Day speech in Taipei.

Chen spoke as protesters gathered outside the Presidential Office building, demanding that he step down over alleged corruption. Police estimated there were 125,000 protesters.

Security men scuffled with lawmaker Lee Ching-hua of the opposition Nationalist Party after Lee attempted to break through a partition separating Chen from guests on a makeshift stage.

Chen has been on the defensive against allegations that his family and members of his inner circle used their proximity to him for personal financial gain. Chen says he is innocent and will complete his remaining 19 months in office.

Intransigent Hamas (WP)

The Washington Post, October 11, 2006

STIRRING BUT thoughtless appeals for a Middle East peace settlement continue to ring out around the world. Just last week a new one appeared, signed by 135 "global leaders," that called for "a new international conference, ideally held as soon as possible." Most of the sponsoring statesmen live far from the region -- in Europe, Latin America, Africa, Australia. Their statement asserted that "the injection of new political will" from "the international community" was what is needed to break the impasse between Israel and the Palestinians.

In fact, the problem is a lot more specific, and a lot tougher. That's why it was helpful that the foreign minister of Egypt decided to publicly speak his mind on the subject the other day. Ahmed Aboul Gheit -- who has spent the past several months immersed in a failing effort to restore the broken connections between the Palestinian Authority and its international donors, as well as Israel -- placed the blame exactly where it belongs: on the Palestinian political leadership. "The Palestinian situation is marred by sharp divisions and battling; it is a misery and shameful for any Arab and any Palestinian," the minister told the government newspaper al-Ahram.

The Egyptian frustration is understandable. Negotiations between the Palestinians and Israel, and Western aid to the Palestinian government, can't go forward because the governing Hamas movement refuses to recognize Israel or previous Israeli-Palestinian accords. It also won't renounce the use of violence against Israeli soldiers or civilians, or release the soldier its militants abducted from inside Israel in June. Egyptian negotiators have won Israeli agreement to release up to 1,000 Palestinian prisoners in exchange for the hostage, but Hamas won't go along.

Palestinian President Mahmoud Abbas, from the competing Fatah movement, has tried repeatedly to win Hamas's agreement on a new unity government that would indirectly recognize Israel, a half-step that might lure back some desperately needed European aid. No deal. This week the government of Qatar intervened, sending its foreign minister shuttling around Gaza with a six-point plan under which Hamas and Fatah would unite on the platform of a two-state solution. Once again Hamas said no.

In case there was any doubt, Palestinian Prime Minister Ismail Haniyeh spelled out Hamas's position at a rally last weekend: "I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel." Mr. Abbas responded by threatening, as he has before, to dissolve the Palestinian government or order a referendum. But he lacks the legal authority either to remove Hamas from power or to schedule a vote of any kind.

It's easy enough for global leaders to issue flowery appeals for action on the Middle East or to imply that progress would be possible if only the United States used its leverage with Israel. The stubborn reality is that there can be no movement toward

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peace until a Palestinian leadership appears that is ready to accept a two-state solution. That's why there need to be fewer manifestos and more frank messages such as the one delivered by Mr. Aboul Gheit: "Those leaders and the Palestinian people will find out that they are losing a chance."

Bush Assures Peru's President He Will Work On Passing Free Trade Accord (AP)

AP, October 11, 2006

WASHINGTON President George W. Bush on Tuesday assured Peruvian President Alan Garcia that he would work with U.S. lawmakers to try to quickly push through a free trade agreement between the two countries.

"The central issue facing us right now is the passage of a free trade agreement," Bush told reporters after his meeting with Garcia. "I assured the president that I will work with Congress as soon as possible to get this agreement passed."

Garcia expressed satisfaction with Bush's assurance. A successful free trade accord, he said, would ease poverty and social divisions and help achieve stronger democratic institutions in Peru.

Peru is pushing for ratification of the agreement by the U.S. Congress before the end of the year, when trade preferences created to help counter the cocaine trade are set to expire.

"We are looking for an agreement that does not just focus on the most modern or the most significant economic groups in the country," Garcia said through an interpreter. "We are also looking to have a free trade agreement that is focused internally and that will benefit our entire population, all our productive sectors, including the less advantaged sectors, so that they may export to the world and to the United States in particular."

The two leaders also discussed the need to fight the illegal drug trade.

Garcia's visit here is occurring t just 10 weeks after his inauguration. The White House invitation is a demonstration of administration support for the moderate policies Garcia espouses in contrast to leftist sentiment evident elsewhere on the continent.

American officials were relieved when Garcia prevailed in a June runoff election over Ollanta Humala, who had the backing of Venezuela's radical president, Hugo Chavez.

Garcia had served as president from 1985-90, a period marked by hyperinflation and an upsurge in violence by left-wing guerrillas. He says he learned a lot from his first-term mistakes.

After his meeting with Bush, Garcia addressed the pro-free trade International Institute of Economics.

He said free trade policies traditionally have benefited the elites while bypassing the 80 percent poor population in developing countries.

His policy of "free trade inside Peru," he said, would knock down barriers to the country's internal markets in much the same way that international free trade does with respect to cross-border commerce.

He said legal reforms are essential to level Peru's playing field internally. "The rich have succeeded because they have access to the legal system," Garcia said. That right should be extended to all Peruvians," he said.

Peru's Path To Prosperity (LAT)

The Los Angeles Times, October 11, 2006

NEARLY HALF A CENTURY AGO, President Kennedy launched one of this country's more ambitious foreign-aid experiments, a program to develop Latin America called the Alliance for Progress. Like most aid efforts during the Cold War, it was less an attack on poverty than on communism, though the one was seen as a precursor to the other. Although the United States spent more than $20 billion, the effort fizzled out with few accomplishments.

The program is seldom mentioned anymore in this country, but its name was invoked Tuesday by Peruvian President Alan Garcia during a news conference at the White House with President Bush.

"What could have been done almost 50 years ago with the Alliance for Progress is something that we can do now," Garcia said. His point was that the things the aid program failed to do in the 1960s, free trade could do today.

Garcia is anxious over a free-trade pact that both the U.S. and Peru have signed but that has yet to be ratified by Congress. An existing trade agreement between the U.S. and four Andean nations expires at the end of the year, and if the new pact isn't in

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place by then, thousands of Peruvian products will lose duty-free access to the U.S. market, which accounts for about 30% of Peru's exports.

Ratifying the agreement shouldn't be a tough decision by Congress, yet leaders have held up a vote until after the Nov. 7 election. Democrats fret that its labor provisions are too weak, ignoring the fact that an end to Peru's preferential trade status would render a large number of impoverished Peruvians jobless. Meanwhile, Republicans from textile states fear that it will hurt the domestic industry — a quaint notion in an era of globalized competition.

A failure to seal the trade deal would be a disaster on many fronts. The original Andean agreement was intended to help build diversified economies in the region so that the four countries — Peru, Ecuador, Bolivia and Colombia — could lessen their reliance on coca, the raw material for cocaine. Letting it expire with nothing else in place would deal a heavy blow to the U.S. war on drugs. If Congress turns its back on these Andean countries, it will be playing into the hands of Venezuelan President Hugo Chavez and others trying to encourage the spread of anti-Americanism in the region.

The Alliance for Progress was a bust for a lot of reasons; U.S. planners underestimated the amount of money it would take to develop an entire continent, and Latin American governments didn't impose necessary reforms. Today, Peru's economy is growing 5% annually, but half its people still live on $2 or less a day. Engagement with the global economy, as neighboring Chile has shown, is the best path to prosperity, and American consumers also benefit from a lowering of barriers. Election-year politics should not be allowed to hijack this important trade deal.

Fed Task Force To Enforce Cuba Sanctions (AP)

By Curt Anderson

AP-Yahoo, October 11, 2006

The federal government on Tuesday announced the formation of a new law enforcement task force that will aggressively pursue violators of the U.S. trade and travel sanctions that have been in effect against Cuba for more than four decades.

Miami-based U.S. Attorney R. Alexander Acosta said the task force will focus on prosecuting violators of laws governing such things as commercial business with Cuba, currency reporting requirements, money laundering and travel to the island.

The task force's formation comes about a month before U.S. elections in which Cuban-American voters in South Florida — most of them fervently anti-Castro — form an important Republican Party constituency.

It also comes as Cuba faces political uncertainty due to the illness of President Fidel Castro, who in July temporarily ceded power to his brother, Raul.

Acosta, however, would say only this is "an appropriate time" to announce the task force to put people on notice that "we intend to enforce these laws aggressively."

"The purpose of the sanctions is to isolate the Castro regime economically and deprive the Castro regime of the U.S. dollars it so desperately seeks," Acosta told reporters.

The task force includes the Treasury Department, FBI, and departments of Homeland Security and Commerce.

The group, to be coordinated by two senior prosecutors in Acosta's office, will bring greater emphasis to existing Cuba sanction enforcement efforts that are scattered among several federal agencies, he said.

It is the latest move by the Bush administration to tighten restrictions that were first imposed in the early 1960s and expanded frequently since. In 2004, for example, President Bush limited family travel to Cuba to once every three years instead of annually and imposed new limits on the flow of currency to the island.

Violators of the Cuba sanctions can face up to 10 years in prison, $1 million in corporate fines and $250,000 in individual fines. The government can also seek up to $55,000 per violation in civil penalties.

Under U.S. law, the sanctions will remain in place until multiparty Cuban elections are planned, political prisoners are released and both Castro brothers are out of power.

U.S. Treasury Aide On China Resigns (WSJ)

By Michael M. Phillips

The Wall Street Journal, October 11, 2006

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WASHINGTON -- Treasury Secretary Henry Paulson's top China hand quit just a month after coming aboard to run the Bush administration's new economic dialogue with Beijing.

Deborah Lehr, a former National Security Council official, resigned for "personal reasons," not because of any disagreement over how the U.S. should approach China, according to a Treasury spokeswoman.

Her departure leaves a hole in Mr. Paulson's team. The secretary -- a former Goldman Sachs chief executive -- arrived at Treasury in July and quickly took charge of the administration's China economic policy.

During his first official trip to China last month, Mr. Paulson announced a "strategic dialogue" to help improve U.S.-Chinese economic relations, which have frayed in recent years over issues such as exchange rates and copyright piracy. He designated Ms. Lehr -- one of his advisers at Goldman Sachs -- as his special envoy to help organize and set the agenda for the twice-yearly meetings.

When Mr. Paulson met with top Chinese officials, he had Ms. Lehr close by his side as a signal of her stature at Treasury and in the new two-way financial diplomacy. "The key to working with the Chinese is being able to get access to all the right people at whatever level," Mr. Paulson said at the time.

After Ms. Lehr presented her letter of resignation last week, Treasury officials informed their Chinese counterparts of her departure.

Mr. Paulson will still travel to China before the end of the year for the first round of talks, the Treasury spokeswoman said.

With Ms. Lehr's departure, the task of organizing the strategic dialogue falls to Undersecretary for International Affairs Timothy Adams, who had been running Treasury's China policy before Mr. Paulson's arrival, and to former State Department aide Taiya Smith, the secretary's deputy chief of staff, according to a Treasury official.

"There are plenty of capable people to carry on," said John Frisbie, president of the U.S.-China Business Council, an association representing more than 250 American companies that do business with China.

Ms. Lehr is married to John F.W. Rogers, chief of staff at Goldman Sachs. They have two young children, and people familiar with Ms. Lehr's thinking said the long hours and extensive travel required for the position played a definitive role in her decision to quit.

Write to Michael M. Phillips at michael.phillips@wsj.com1

U.S. Group Reaches Deal To Provide Laptops To All Libyan Schoolchildren (NYT)

By John Markoff

The New York Times, October 11, 2006

SAN FRANCISCO, Oct. 10 — The government of Libya reached an agreement on Tuesday with One Laptop Per Child, a nonprofit United States group developing an inexpensive, educational laptop computer, with the goal of supplying machines to all 1.2 million Libyan schoolchildren by June of 2008.

The project, which is intended to supply computers broadly to children in developing nations, was conceived in 2005 by a computer researcher at the Massachusetts Institute of Technology, Nicholas Negroponte. His goal is to design a wireless-connected laptop that will cost about $100 after the machines go into mass production next year.

To date, Mr. Negroponte, the brother of the United States intelligence director, John D. Negroponte, has reached tentative purchase agreements with Brazil, Argentina, Nigeria and Thailand, and has struck a manufacturing deal with Quanta Computer Inc., a Taiwanese computer maker.

Mr. Negroponte, who was in Tripoli this week to meet with Libyan officials, said he discussed the project extensively with the Libyan leader, Col. Muammar el-Qaddafi, in August.

“When I met with Qaddafi, it had all the mystique and trimmings expected: middle of the desert, in a tent, 50 degrees C. etc.,” Mr. Negroponte, who was traveling to Asia on Tuesday, wrote in an e-mail message. “It took him very little time to find O.L.P.C. appealing as an idea.”

The idea appealed to the Libyan leader, according to Mr. Negroponte, because it fit into his political agenda of creating a more open Libya and becoming an African leader. The two men also discussed the possibility of Libya’s financing the purchase of laptops for a group of poorer African nations like Chad, Niger and Rwanda.

It is possible, Mr. Negroponte said, that Libya will become the first nation in the world where all school-age children are connected to the Internet through educational computers. "The U.S. and Singapore are not even close," he said.

To date, One Laptop Per Child has received mixed support from the American computer industry. Test units currently use a low-power microprocessor manufactured by Advanced Micro Devices. However, both Intel and Microsoft have been publicly skeptical about the idea and have proposed competing low-cost educational computer projects. At the World Economic Forum in Davos, Switzerland, in January, Bill Gates, Microsoft's chairman, suggested that the next generation of cellphones might be a better way to reach across the so-called digital divide.

Mr. Negroponte said Microsoft refused to sell its Windows software to the project at a price that would make it possible to include in his system. As a result, his laptops will come with the freely available Linux operating system, which is becoming increasingly popular in the developing world.

The idea of a laptop for every schoolchild grew out of Mr. Negroponte's experience in giving children Internet-connected laptops in rural Cambodia. He said the first English word out of the mouths of the Cambodian students was "Google."

Discussions between the One Laptop project and the Libyan government began as part of work being done by the Monitor Group, an international consulting firm co-founded by the economist Michael E. Porter, which is now helping the Libyans develop a national economic plan.

Diplomatic relations between the United States and Libya have warmed recently, since Tripoli settled the Pan Am 103 bombing case and agreed to renounce its pursuit of nuclear weapons. Washington lifted a trade embargo two years ago, and the State Department rescinded Libya's designation as a state sponsor of terrorism last June.

For its $250 million investment, Libya will receive 1.2 million computers, one server per school, a team of technical advisers to help set up the system, satellite internet service and other infrastructure.

The first test models will be distributed to the five participating countries companies at the end of this November, according to Mr. Negroponte, and mass production is planned for June or July of 2007.

The computers come with a wireless connection, a built-in video camera, an eight-hour battery and a hand crank for recharging batteries. They will initially be priced below $150, and the price is expected to decline when they are manufactured in large numbers.

Uganda's Plight Pressed On Capitol Hill (WP)

By Nora Boustany

The Washington Post, October 11, 2006

Activists Call for U.S. Role in Negotiating Peace for Nation's War-Torn North

Donning yellow and orange T-shirts, 700 activists from across the country pressed legislators and Capitol Hill staffers yesterday on the need for high-level American involvement to bring peace to northern Uganda, a region that has experienced wartime atrocities, abductions of children and widespread displacement for more than 20 years.

Among the participants was Grace Akallo, 25, a former Ugandan child soldier, kidnapped from her dormitory by rebels along with 139 other girls 10 years ago. Yesterday, she recalled her ordeal.

"They crashed the dorm windows with rifle butts and threatened to hurl a bomb at us," she said. "We first hid under our beds, pretending not to be there. They could see us, they said, and forced their way in with their guns. Tied together with rope, the girls marched all night."

Akallo said she was held for seven months by the followers of Joseph Kony, the messianic and charismatic founder of the Lord's Resistance Army. During that time, she was forced to walk for miles, subsisting on leaves and sorghum. At a rebel base in southern Sudan, she was trained to handle guns and was ordered to steal food at gunpoint. "We were raped, all of us," she said. Five of her friends were killed and two are still there, she said, adding, "I don't know if they are alive."

Akallo escaped when Ugandan troops attacked, and she returned home the following April. She went on to study at a university in Kampala and then transferred last year to Gordon College, in Wenham, Mass., as a communications senior.

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"As a major donor country, the U.S. has a responsibility to take part in the peace talks so the signatories of any agreement are held responsible," Akallo said of a fragile truce negotiated in July, followed by talks involving the rebels and the Sudanese and Ugandan governments. "If left alone, I am not so sure they will honor the agreement," she said.

A number of nonprofit civic groups participated in the two-day gathering in Washington, which included a symposium Monday. The participants included Physicians for Human Rights, Africa Faith and World Vision, as well as policy experts from the International Crisis Group, mediation specialists from the Carter Center, and policy advisers from Oxfam America, Refugees International, the International Rescue Committee, the Brookings Institution and Mercy Corps.

"The peace process is held by a very thin thread," said Julian Atim, 26, a physician working on health care in northern Uganda.

"The United States is a house of power. The warring sides keep threatening to quit the talks and keep holding up conditions," she said. "The rebels have caused suffering. We are sick of them," added Atim, who lost both parents to AIDS.

She said she returned to the 100-bed hospital in Anaka, which she had first visited as a student, because of what she saw there -- patients forced to walk for a day to reach medical care, others dying in refugee camps, and a facility with intermittent water and electricity that lacked basic equipment.

"I think a deal is possible, but it won't happen unless the U.S. engages," said John Prendergast, a senior adviser to the International Crisis Group who has served in past U.S. administrations. "It is very important to send an envoy to Juba to bring U.S. leverage to the process," he said, referring to the town in southern Sudan where the talks are being held. He said Ugandan President Yoweri Museveni "needs a partner for peace and the only partner he finds desirable is the United States."

"The absence of the Bush administration from the talks is condemning millions of northern Ugandans to a fate little better than death in the endless IDP [internally displaced persons] camps," Prendergast said. "For a few pennies and a little diplomatic energy, the Bush administration could help bring peace to northern Uganda."

Rep. Christopher H. Smith (R-N.J.) said he was going to call Secretary of State Condoleezza Rice to ask her to send an envoy to the Uganda peace talks. Smith has also introduced legislation that would impose sanctions against governments and rebel groups that use child soldiers. It also would provide more psychological services for children recovering from forced soldiering.

Kony and four of his top lieutenants are wanted by the International Criminal Court in The Hague. They are charged with war crimes and crimes against humanity committed during a dark and vicious 20-year conflict in which rebels hacked off the lips, ears and breasts of their victims. About 25,000 children were abducted and forced to become child soldiers or sex slaves, while 2 million people remain displaced.

On Monday, speaking on his country's 44th anniversary of independence from the British, Museveni charged that Kony and his lieutenants were dragging their feet in the peace process talks in Juba to avoid the war crimes tribunal. Earlier this year, the tribunal urged Uganda, Sudan and Congo to turn over rebel suspects.

Across Europe, Worries On Islam Spread To Center (NYT)

By Dan Bilefsky And Ian Fisher

The New York Times, October 11, 2006

BRUSSELS, Oct. 10 — Europe appears to be crossing an invisible line regarding its Muslim minorities: more people in the political mainstream are arguing that Islam cannot be reconciled with European values.

“You saw what happened with the pope,” said Patrick Gonman, 43, the owner of Raga, a funky wine bar in downtown Antwerp, 25 miles from here. “He said Islam is an aggressive religion. And the next day they kill a nun somewhere and make his point.

“Rationality is gone.”

Mr. Gonman is hardly an extremist. In fact, he organized a protest last week in which 20 bars and restaurants closed on the night when a far-right party with an anti-Muslim message held a rally nearby.

His worry is shared by centrists across Europe angry at terror attacks in the name of religion on a continent that has largely abandoned it, and disturbed that any criticism of Islam or Muslim immigration provokes threats of violence.

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For years those who raised their voices were mostly on the far right. Now those normally seen as moderates — ordinary people as well as politicians — are asking whether once unquestioned values of tolerance and multiculturalism should have limits.

Former Foreign Secretary Jack Straw of Britain, a prominent Labor politician, seemed to sum up the moment when he wrote last week that he felt uncomfortable addressing women whose faces were covered with a veil. The veil, he wrote, is a "visible statement of separation and difference."

When Pope Benedict XVI made the speech last month that included a quotation calling aspects of Islam "evil and inhuman," it seemed to unleash such feelings. Muslims berated him for stigmatizing their culture, while non-Muslims applauded him for bravely speaking a hard truth.

The line between open criticism of another group or religion and bigotry can be a thin one, and many Muslims worry that it is being crossed more and more.

Whatever the motivations, "the reality is that views on both sides are becoming more extreme," said Imam Wahid Pedersen, a prominent Dane who is a convert to Islam. "It has become politically correct to attack Islam, and this is making it hard for moderates on both sides to remain reasonable." Mr. Pedersen fears that onetime moderates are baiting Muslims, the very people they say should integrate into Europe.

The worries about extremism are real. The Belgian far-right party, Vlaams Belang, took 20.5 percent of the vote in city elections last Sunday, five percentage points higher than in 2000. In Antwerp, its base, though, its performance improved barely, suggesting to some experts that its power might be peaking.

In Austria this month, right-wing parties also polled well, on a campaign promise that had rarely been made openly: that Austria should start to deport its immigrants. Vlaams Belang, too, has suggested "repatriation" for immigrants who do not made greater efforts to integrate.

The idea is unthinkable to mainstream leaders, but many Muslims still fear that the day — or at least a debate on the topic — may be a terror attack away.

"I think the time will come," said Amir Shafe, 34, a Pakistani who earns a good living selling clothes at a market in Antwerp. He deplores terrorism and said he himself did not sense hostility in Belgium. But he said, "We are now thinking of going back to our country, before that time comes."

Many experts note that there is a deep and troubled history between Islam and Europe, with the Crusaders and the Ottoman Empire jostling each other for centuries and bloodily defining the boundaries of Christianity and Islam. A sense of guilt over Europe's colonial past and then World War II, when intolerance exploded into mass murder, allowed a large migration to occur without any uncomfortable debates over the real differences between migrant and host.

Then the terror attacks of Sept. 11, 2001, jolted Europe into new awareness and worry.

The subsequent bombings in Madrid and London, and the murder of the Dutch filmmaker Theo van Gogh by a Dutch-born Moroccan stand as examples of the extreme. But many Europeans — even those who generally support immigration — have begun talking more bluntly about cultural differences, specifically about Muslims' deep religious beliefs and social values, which are far more conservative than those of most Europeans on issues like women's rights and homosexuality.

"A lot of people, progressive ones — we are not talking about nationalists or the extreme right — are saying, 'Now we have this religion, it plays a role and it challenges our assumptions about what we learned in the 60's and 70's,' " said Joost Lagendik, a Dutch member of the European Parliament for the Green Left Party, who is active on Muslim issues.

"So there is this fear," he said, "that we are being transported back in a time machine where we have to explain to our immigrants that there is equality between men and women, and gays should be treated properly. Now there is the idea we have to do it again."

Now Europeans are discussing the limits of tolerance, the right with increasing stridency and the left with trepidation.

Austrians in their recent election complained about public schools in Vienna being nearly full with Muslim students and blamed the successive governments that allowed it to happen.

Some Dutch Muslims have expressed support for insurgents in Iraq over Dutch peacekeepers there, on the theory that their prime loyalty is to a Muslim country under invasion.

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So strong is the fear that Dutch values of tolerance are under siege that the government last winter introduced a primer on those values for prospective newcomers to Dutch life: a DVD briefly showing topless women and two men kissing. The film does not explicitly mention Muslims, but its target audience is as clear as its message: embrace our culture or leave.

Perhaps most wrenching has been the issue of free speech and expression, and the growing fear that any criticism of Islam could provoke violence.

In France last month, a high school teacher went into hiding after receiving death threats for writing an article calling the Prophet Muhammad "a merciless warlord, a looter, a mass murderer of Jews and a polygamist." In Germany a Mozart opera with a scene of Muhammad's severed head was canceled because of security fears.

With each incident, mainstream leaders are speaking more plainly. "Self-censorship does not help us against people who want to practice violence in the name of Islam," Chancellor Angela Merkel of Germany said in criticizing the opera's cancellation. "It makes no sense to retreat."

The backlash is revealing itself in other ways. Last month the British home secretary, John Reid, called on Muslim parents to keep a close watch on their children. "There's no nice way of saying this," he told a Muslim group in East London. "These fanatics are looking to groom and brainwash children, including your children, for suicide bombing, grooming them to kill themselves to murder others."

Many Muslims say this new mood is suddenly imposing expectations that never existed before that Muslims be exactly like their European hosts.

Dyab Abou Jahjah, a Lebanese-born activist here in Belgium, said that for years Europeans had emphasized "citizenship and human rights," the notion that Muslim immigrants had the responsibility to obey the law but could otherwise live with their traditions.

Then someone comes and says it's different than that," said Mr. Jahjah, who opposes assimilation. "You have to dump your culture and religion. It's a different deal now."

Lianne Duinberke, 34, who works at a market in the racially mixed northern section of Antwerp, said: "Before I was very eager to tell people I was married to a Muslim. Now I hesitate." She has been with her husband, a Tunisian, for 12 years, and they have three children.

Many Europeans, she said, have not been accepting of Muslims, especially since 9/11. On the other hand, she said, Muslims truly are different culturally: No amount of explanation about free speech could convince her husband that the publication of cartoons lampooning Muhammad in a Danish newspaper was in any way justified.

When asked if she was optimistic or pessimistic about the future of Muslim immigration in Europe , she found it hard to answer. She finally gave a defeated smile. "I am trying to be optimistic," she said. "But if you see the global problems before the people, then you really can't be."

News To Bridge The Divide (USAT)

By Souheila Al-jadda

USA Today, October 11, 2006

Many Arab TV news media criticized Secretary of State Condoleezza Rice's visit last week to the Middle East, questioning her intentions and recent U.S. policies in the region.

Perhaps Rice's latest diplomatic overtures were met with suspicion from Arab readers and viewers as well. Still fresh in their minds are the images of the tragic Lebanese-Israeli conflict, which unfolded right before their eyes on Arab satellite TV with scenes of death and destruction. These poignant images coupled with adroit news writing are shaping Arab public opinion, which has become increasingly anti-American and anti-Western in recent years.

On a recent visit to Syria, I saw the wide array of satellite TV news broadcasts offered in the Middle East. Most people seem to watch Al-Jazeera (mainly Qatar-funded), Al-Arabiya (Saudi-backed) or Al-Manar (Hezbollah-supported).

But a new trend is emerging, with Western and Middle East news outlets planning to reach out to the other side and build bridges of understanding between their nations and people.

In Europe alone, several countries are launching Arabic-language satellite news broadcasts:

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•The British Broadcasting Corporation World Service is creating a $35 million, Arabic version of its channel.

•France is launching all-news Arabic programming next year.

•Deutsch Welle, a German public broadcast company, airs three hours of Arabic programming, which will expand to 24 hours next year.

In turn, Al-Jazeera, the most influential Arab network, plans to launch an English-language channel later this year to give Western audiences the Arab point of view. Al-Jazeera is primarily funded by Qatar, a U.S. ally. Yet some U.S. officials accuse Al-Jazeera of inciting violence by airing videos from terrorists. Shortly after the9/11 terrorist attacks, Defense Secretary Donald Rumsfeld said Al-Jazeera "has a pattern of putting out al-Qaeda propaganda." Al-Qaeda often first airs messages via Al-Jazeera.

Are U.S. networks that aired the same footage guilty of inciting violence, too? Whether the news comes from Al-Jazeera or Fox News, people should hear different sides of a story and engage in an honest discussion.

But there is a fine line between news coverage and propaganda. In February 2004, Washington started broadcasting the Arabic-language Alhurra (Arabic for "The Free One"), to tell "the people in the Middle East the truth about the values and the policies of the United States," according to President Bush. It turned out to be a multimillion-dollar failure. A Zogby International poll last year revealed that 45% of viewers in five Arab countries watched Al-Jazeera and less than 1% watched Alhurra.

As Marwan Bishara, a political analyst for Abu Dhabi TV, explained in an op-ed piece in the International Herald Tribune, "People will not trust the message if they don't trust the messenger." To avoid being perceived as government propaganda, European stations will need to emphasize their reputations for being truly independent news organizations.

Five years have passed since 9/11, and many Americans are still asking, "Why do they hate us?" But people in the Middle East don't hate us; in fact, most like our Western culture and its values. What they hate is our foreign policy.

Arab respondents to a 2004 University of Maryland/Zogby International poll were asked whether their attitudes toward the USA were "based more on American values or on U.S. policy in the Middle East." A majority cited U.S. policy. To win the confidence of people in the Arab world and have them accept Western values, U.S. foreign policy must reflect these values.

Palestinians held historic parliamentary elections this year at the behest of Western nations, voting the Islamic movement Hamas into power. But because the European Union, Israel and the United States designate Hamas as a terrorist organization for targeting Israeli civilians, they punished the Palestinians with sanctions. Little consideration was given to the Arab view that Hamas was a legitimate movement, defending against Israeli occupation and attacks on Palestinian civilians.

Arabs daily see the tragic results of the Iraq war. They've seen images of prisoner abuse in Abu Ghraib, heard tales of slaughter and are now witnessing a budding civil war.

During talks to end the Israeli-Lebanese conflict this summer, the United States delayed a United Nations cease-fire resolution with the aim of creating a democratic "new Middle East." Washington, in effect, gave Tel Aviv the green light to continue bombing. Over 34 days, the world watched U.S. policy in action as at least 800 civilians were killed and Lebanon's infrastructure and economy were left in shambles. If this is what U.S. democracy looks like, it would be understandable if Arabs reject it.

To spare future generations further conflicts and wars, the world must support these modest attempts to bring differing opinions to new audiences. Ultimately, though, the will to engage in a global dialogue must be backed by a will to understand and a desire to change.

Souheila Al-Jadda is associate producer of a Peabody award-winning show, Mosaic: World News from the Middle East, on Link TV, and a member of USA TODAY's board of contributors.

Support Freedom In The Arab World (WP)

By Radwan A. Masmoudi And Amr Hamzawy

The Washington Post, October 11, 2006

As Arab and Muslim intellectuals and activists concerned about the promotion of democracy in our region, we call on America and its president to reaffirm -- in words and actions -- its commitment to sustained democratic reform in the Arab world.

We have been heartened by the strong commitment to liberty that President Bush expressed in his November 2003 speech at the National Endowment for Democracy and then in his second inaugural address, when he said: "All who live in tyranny and

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hopelessness can know: The United States will not ignore your oppression or excuse your oppressors. When you stand for your liberty, we will stand with you."

Despite some initial skepticism, those statements nurtured hope in our region. We realize that democracy is not easily attained and must ultimately come from within. But it can receive encouragement and support, both of which it badly needs today in Arab countries.

We know that some in the United States, worried by recent Islamist gains among voters in Palestine and Egypt, are having doubts about the wisdom of pushing for freedom and democracy in the Middle East. These worries are exploited by despots in the region to perpetuate the untenable status quo. But there is no way to advance liberty without inclusion of all elements that are willing to abide by democratic rules and reject violence.

Democratic participation is the only way to combat extremism and pressure all groups, including Islamists, to moderate their stance in order to maximize their share of the vote. The United States should continue to press for an end to repression by governing regimes of democratically minded liberal and Islamist groups, and it should emphatically distance itself from such repression and condemn it in the strongest terms whenever and wherever it occurs. We are confident that if Arab citizens are able to have their choice, they will choose democracy, freedom, peace and progress.

Perhaps emboldened by the impression that America is wavering in its support for democracy, some autocrats have recently intensified repression. This makes the need for sustained U.S. and international support and pressure more urgent than ever. The region needs to hear again that the course of freedom and democracy is the only course that America, guided by both interest and principle, will support.

To mention but one case where U.S. influence might do much good: Egypt has experienced a regime crackdown lately on opposition activists. In February the government postponed municipal elections and renewed the emergency law. The regime has not even spared Egypt's venerable judiciary, which has steadfastly proclaimed its independence in recent months. And liberal opposition politician Ayman Nour, who was allowed to run in last year's presidential election and won 8 percent of the popular vote, behind only President Hosni Mubarak, was arrested and sentenced in a murky process to five years in jail.

The health of Ayman Nour, a dear friend and colleague of many of us, continues to deteriorate. We pray that President Bush will take Nour's case to heart and tell the Egyptian regime of his concerns. Hundreds of other activists (including doctors, university professors, journalists and those in civil society) whose only crime was to express their desire for freedom continue to languish in jail and suffer torture and police brutality.

We entreat America to do all it can to ensure that a small number of authoritarian rulers will not control the future of more than 300 million Arabs, more than half of whom are not yet 20 years old. Freedom and democracy are the only ways to build a world where violence is replaced by peaceful public debate and political participation, and despair is replaced by hope, tolerance and dignity.

This article is adapted from an open letter to President Bush signed by 103 other Arab and Muslim activists and thinkers in Arab countries, Europe, the United States and elsewhere who have worked in support of democracy (see www.islam-democracy.org).

An Impossible Job (NYT)

The New York Times, October 11, 2006

It is heartening, and a little surprising, that the race to succeed Kofi Annan as United Nations secretary general was so hard fought. The job is grueling, requiring an extraordinary combination of public advocacy, tough management and tireless crisis diplomacy — and it can often feel thankless.

This week the Security Council picked Foreign Minister Ban Ki-moon of South Korea. Mr. Ban got a quick taste of his life to come, when the news of his selection was upstaged by North Korea's announcement that it had tested a nuclear weapon.

We wish Mr. Ban well. The United Nations is an essential organization for promoting American foreign policy goals and for achieving a fairer and more peaceful world. Yet the past few years have done serious damage. The problems range from the Security Council's bitter divisions over Iraq to the scandalous behavior of corrupt officials and sexually predatory peacekeepers to the General Assembly's watering down of essential reforms.

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But the single most ominous problem has been the sometimes hostile, sometimes aloof, but never constructively supportive attitude of the Bush administration. The United States isn't just the world's only superpower, the U.N.'s biggest contributor and its New York host. It championed the organization's creation and shaped its universalist values.

The next secretary general cannot succeed without Washington's active cooperation, or without pushing through the reforms that fell short in the current term. What's needed is a human rights council uncompromised by the inclusion of human rights abusers, and a secretary general with the authority to control spending and demand the highest performance of personnel. The organization also must have a General Assembly prepared to cut back on obsolete study missions, layers of duplicative committees and sinecure staff positions that have piled up over decades without serious review.

The United States strongly backed Mr. Ban's candidacy. If it supports Mr. Ban in doing his job, it would increase his chances for success.

To Grow Or Not To Grow (WSJ)

The Wall Street Journal, October 11, 2006

The first country in Latin America that institutes a flat-tax regime is going to make history for that region, just as history is being made by such pro-growth flat-tax regimes as Slovakia, Georgia and Estonia across Eastern Europe. The man who made it happen in Estonia is giving Costa Rica that chance. So far, they are proving they're not up to it.

Former Estonian Prime Minister Mart Laar went to Costa Rica last month to explain the groundbreaking structural change in his own country that sparked a free-market revolution all over Eastern Europe. According to press reports, his message hit home with Costa Rican business and opinion makers. Amazingly, the Costa Rican government is already trying to close the door on Mr. Laar's ideas. It's hard to understand why.

Costa Rica is not the poorest country in Latin America but it's hardly meeting its potential. Steep personal income-tax rates are the cause of a government-estimated tax evasion rate of 70%. A 30% corporate tax rate discourages investment.

Costa Rica was considered a model welfare state 20 years ago. Today, 80% of government revenues are dedicated to wages, pensions, debt service and higher education. Most of the region now takes for granted technology such as portable email devices; in Costa Rica such modern conveniences remain a dream.

Mr. Laar faced bigger challenges in post-Soviet-Estonia. In 1992 his country was running 1,000% annualized inflation and the economy had contracted 30% over two years. Today, with its zero corporate tax rate on reinvested profits, single tax rate for individuals and a fully deregulated economy, Estonia is running ahead of the European pack, attracting human and financial capital. Real GDP growth in 2006-2007 is forecast at more than 8% per year.

During three days of meetings with the government of President Oscar Arias, members of congress, economists, businessmen and opinion makers, Mr. Laar argued that Costa Rica could undergo a similar transformation if only the government would "just do it." He emphasized the importance of privatization, accession to Cafta and, of course, the flat tax.

He explained that the single rate, with an exemption for the poor, "could be applied in any country, and in most countries where it has been applied, it has shown satisfactory results." He said, "In Estonia, which has a large population of farmers, it has reduced inequality, created more income for the government and lowered the poverty rate."

The Arias government promised to "analyze" the idea. On Sept. 28 Finance Minister Guillermo Zúñiga announced, "We have analyzed it [the flat tax] and we have ruled it out." Its attraction is that it's simple, "but for Costa Rica it would have to be moderated." That, he explained, would "complicate it and reduce its attractiveness." The government is promising an alternate plan that, if Mr. Arias's rhetoric is any guide, will almost certainly raise taxes.

Costa Ricans may not back off so easily. The opposition in congress may not cooperate with tax increases. What's more, the Costa Rican press has been editorializing in favor of the flat tax. La Nación led off an editorial: "Estonia managed, in a few years, that which many countries, including Costa Rica, have sought laboriously for a long time. Why doesn't our government, instead of wasting its time on a complicated fiscal plan, follow a good example?"

Good question. Costa Rica has a chance to transform the region. It should take it.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

N.Y. Mosque Leaders Found Guilty (AP)

By Michael Virtanen

AP, October 11, 2006

ALBANY, N.Y. - Two mosque leaders arrested in a terrorism-related sting were convicted Tuesday of federal money laundering charges.

Yassin Aref, imam at the Masjid as-Salam mosque in Albany, and Mohammed Hossain, a pizzeria owner and a founder of the mosque, were never accused of being terrorists, but prosecutors said they laundered money in 2003-04 for an FBI informant.

They were accused of attempting to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization.

Hossain was convicted on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Prosecutors said the informant, a Pakistani businessman posing as an arms dealer, asked Hossain to launder $50,000 from the sale of a shoulder-fired missile that they were told would be used to kill a Pakistani diplomat in New York City. Aref acted as a witness to the series of transactions.

"Obviously we had a couple of individuals that were prone to supporting terrorism," U.S. Attorney Glenn Suddaby said after the verdict. "The FBI did what they had to do."

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar.

Assistant U.S. Attorney William Pericek said through the sting, the men were simply offered an opportunity to choose whether to participate with the informant in a terrorist plot.

Defense lawyers said the two men had an incomplete understanding of what the informant was proposing. Hossain's lawyer, Kevin Luibrand, said his client was entrapped. Aref merely thought he was acting as a witness to financial transactions according to Muslim custom, said his lawyer, Terence Kindlon.

Hossain, a 51-year-old naturalized U.S. citizen from Bangladesh with severe diabetes, faces about 20 years in prison. Luibrand said that is tantamount to a life sentence and that the verdict likely will be appealed.

Kindlon did not comment on what kind of sentence Aref could face, saying he didn't want to speculate. Pericek said Aref likely would be deported after serving his prison sentence.

Luibrand added that his client had not committed any crimes, nor did he intend to, before he was targeted by the government. The FBI acknowledged Aref was its ultimate target, using Hossain to get close to him.

The men are scheduled to be sentenced Feb. 12.

Terror Trial Verdict Reached (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, October 11, 2006

Yassin Aref found guilty of 10 of 30 terrorism-related counts; Mohammed Hossain guilty on all 27 counts

ALBANY -- A federal court jury this afternoon found the leader of a Central Avenue mosque guilty of 10 of 30 terrorism-related counts against him and his co-defendant guilty on all 27 counts he faced.

Yassin M. Aref, the religious leader, and Mohammed M. Hossain are accused of taking part in a fictitious plot to help launder money from the sale of a shoulder-fired missile to terrorists plotting an attack in New York City.

Aref faced separate charges for allegedly lying on a green card application and while being interviewed by FBI agents about his ties to a Kurdish political party.

The verdicts came in the fourth day of deliberations in U.S. District Court. Jurors were sent home for the weekend late Friday afternoon and resumed deliberations this morning after the three-day holiday weekend.

Jurors on Friday asked to watch an FBI surveillance videotape of a key meeting between an undercover informant and Aref. At the meeting, which took place in January 2004, about six months after the sting began, the two men discussed the informant's plan to ``legalize'' money that he was loaning to Hossain.

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At the end of the day Friday, the jury also asked U.S. District Judge Thomas J. McAvoy to clarify two charges in the 30-count indictment. Jurors wanted to know whether the charges, as written, require that the defendants knew the informant was making money from the illicit smuggling of any firearms, or, specifically making money off the sale of the shoulder-fired missile that was used in the sting and shown to jurors during the trial.

The informant showed Hossain the missile launcher during a meeting in November 2003. Aref never saw the missile launcher. At another meeting with both men, in January 2004, the informant pulled out a missile-triggering device. Aref said he never saw it because he was counting money as the informant flashed the foot-long device.

Verdict Reached In Aref And Hossain Trial (CAPN9)

By Steve Ference

Capital News 9, October 11, 2006

Jurors have found two Albany Mosque leaders guilty of terrorism charges. Pizzeria owner Mohammed Hossain was found guilty on all charges against him, while Imam Yassen Aref was only convicted of 10 of the charges. Our Steve Ference has the latest information on the verdict.

The jury foreman speaks out after he and his fellow jurors spent a full four days deliberating over charges these two men supported terrorism through money laundering, lied on immigration documents and aided a designated terrorist group.

U.S. Attorney, Bill Pericak, said "This is a world where when we have suspicions about people, we have a choice. Do we do something or do we wait until something happens?"

Jurors have found two Albany Mosque leaders guilty of terrorism charges. Pizzeria owner Mohammed Hossain was found guilty on all charges against him, while Imam Yassen Aref was only convicted of 10 of the charges. Our Steve Ference has the latest information on the verdict.

Prosecutor Bill Pericak said the government sting operation nabbed two men who could have walked away from the FBI informant who pretended to be a missile dealer to a terrorist organization.

But they didn't.

The jury found Mohammad Hossain, a pizza shop owner guilty on all charges, conspiring to conceal money believed to be the proceeds of supporting a terror organization, importing and dealing firearms without a license and conspiring to prepare and threatening to use a weapon of mass destruction.

"The jury worked very hard," Pericak said. "And you could tell from their verdict that they really examined the evidence very carefully and I think they arrived at a just result."

While not found guilty on all counts, the jury decided Albany Muslim leader Yassin Aref also conspired to conceal money believed to be the proceeds of the sale of a surface to air missile, threatening to use a weapon of mass destruction and providing support to the terrorist group Jaish-il Muhammad.

Defense attorney, Terrence Kindlon, said he looks to the future.

"You know clearly, the willingness of the jury in this case to acquit on 20 of the 30 counts gives us a glimmer of hope for the future."

Now the attorneys try to figure out the complicated sentencing guidelines that could lead to Aref's deportation and Hossain's incarceration for around 20 years.

Jury Convicts 2 Albany Men In Missile Plot (NYT)

By Michael Wilson

The New York Times, October 11, 2006

ALBANY, Oct. 10 — A federal jury on Tuesday convicted two Muslim immigrants of participating in a plot with a man who said he was helping plan a missile attack on a Pakistani diplomat in New York City in 2004.

The man to whom the immigrants were linked was actually an informant working with the F.B.I. in a sting operation against the two defendants, Yassin M. Aref, 36, an Iraqi refugee and the imam at an Albany mosque, and Mohammed M. Hossain, 51, a Bangladeshi immigrant and the owner of a pizzeria here. The gestation of the case, with the government's informant ingratiating himself with the men and initiating all the conversations about a shoulder-fired rocket launcher, led to claims of entrapment from Mr. Hossain's lawyers during the three-week trial in Federal District Court.

"Obviously we had a couple of individuals that were prone to supporting terrorism," United States Attorney Glenn T. Suddaby said after the verdict.

Mr. Aref, the imam, smiled at his lawyers Tuesday as he left the courtroom in custody. He has been in jail for the past year awaiting trial in the case. Mr. Hossain, who had been free on bail, turned to address the handful of supporters from the Masjid as-

Salam Mosque where he and Mr. Aref met several years ago. “Peace is my victory,” he shouted. “God is great. He is watching who is right and who is wrong. Thank you so much to everyone.” He, too, was led away in shackles.

Prosecutors argued that he was driven by greed to enter a money-laundering scheme, and the imam by ideology. The defense argued that both men were duped into taking part in a deal they never understood. The garbled words supporting both versions played out before the jury in several hours of surveillance tapes.

A lawyer for Mr. Hossain, Kevin A. Luibrand, said that the defendants would appeal, and that the entrapment theory would again be raised. “Before the government arrived on the scene, they were not committing any crimes and were not thinking about committing any crimes,” he said.

The men are to be sentenced on Feb. 12. The lengths of their sentences were unknown Tuesday, with Mr. Luibrand estimating 20 years in prison for Mr. Hossain, who was convicted of more crimes than Mr. Aref.

The case began when the undercover informant, Shahed Hussain, who used the name “Malik,” introduced himself to Mr. Hossain at the Little Italy Pizzeria on Central Avenue in July 2003, bringing gifts for the restaurateur’s children, according to testimony. The two became friends, and the informant offered to lend Mr. Hossain $50,000 for improvements to the pizzeria. At later meetings, Mr. Hussain testified that he told Mr. Hossain that the money he was going to lend to him came from the sale of a missile launcher that would be used to kill a Pakistani diplomat in New York.

In reality, there never was a plot. In one meeting, captured on a video that was played at the trial, the informant showed Mr. Hossain a launcher. The restaurateur said he had only seen such a weapon on television, and he asked if it was legal, and the informant replied, “What is legal in this world?”

The defense argued that such cryptic statements made it unclear what was being discussed. Mr. Hossain, at the informant’s request, began repaying the loan in small checks of $2,000 to $6,000 over several months.

According to testimony, Mr. Hossain asked Mr. Aref to attend another meeting with the informant to act, by Muslim custom, as a witness to the loan. Mr. Aref, whose name and telephone number in Albany the government said were found in Iraq that same year on papers discovered among suspected terrorists, testified that he never knew of any plot.

A friend of Mr. Aref testified that at a dinner in 2004 at the imam’s home, the informant suddenly blurted out that New York would soon be attacked by a missile, and that Mr. Aref quickly patted him down and asked, “Are you carrying a recorder?” That time, there was none.

Mr. Aref testified that he thought Mr. Hussain was joking.

He also testified that anyone looking to attack the United States “came to the wrong person.” Mr. Hossain had been interviewed several times at his pizzeria over the years, saying once, after the Sept. 11 attacks, “I’m proud to be an American.”

The men were convicted of conspiring to aid a terrorist group and provide support for a weapon of mass destruction, as well as money-laundering and supporting a foreign terrorist organization, Jaish-e-Mohammed, or JEM, a group in Pakistan that the informant told the men he supported. Mr. Aref was acquitted of most of the 30 counts that involved writing checks.

Mr. Hossain is a citizen, but Mr. Aref, who arrived as a refugee from the Kurdish region of Iraq, will eventually be deported, prosecutors said.

Before the verdict, Mr. Hossain’s wife, Mossammat Fatima Hossain, sat quietly in a booth at the pizzeria, which was empty but for a friend and her eldest son, who is 13. Business had fallen since the indictment, she said. After she learned of the verdict, she sat in the restaurant, unable to speak.

FBI Agents Still Lacking Arabic Skills (WP)

By Dan Eggen

The Washington Post, October 11, 2006

Five years after Arab terrorists attacked the United States, only 33 FBI agents have even a limited proficiency in Arabic, and none of them work in the sections of the bureau that coordinate investigations of international terrorism, according to new FBI statistics.

Counting agents who know only a handful of Arabic words -- including those who scored zero on a standard proficiency test -- just 1 percent of the FBI's 12,000 agents have any familiarity with the language, the statistics show.

The numbers reflect the FBI's continued struggle to attract employees who speak Arabic, Urdu, Farsi and other languages of the Middle East and South Asia, even as the bureau leads a fight against terrorist groups primarily centered in those parts of the world. The same challenge is facing the CIA and other agencies as the government competes with the private sector for a limited number of applicants with foreign-language proficiency, according to U.S. officials and experts.

The shortage of agents with foreign-language skills also shows the extent to which the FBI has focused on translators since the Sept. 11, 2001, attacks, in part because officials believe it is more valuable to have specially trained linguists.

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In a recent deposition filed in an employee lawsuit, a senior FBI official testified that the bureau's two International Terrorism Operations Sections (ITOS) do not require any agents to know Arabic, even though the sections coordinate all foreign terrorism investigations. Only four agents in ITOS have any familiarity with Arabic, and none of them are ranked above elementary proficiency, documents show.

"There are no agent positions, at any level, in either ITOS I or II that utilize the Arabic language as part of their ITOS duties or responsibilities," Michael J. Heimbach, head of ITOS I, testified in his deposition. ". . . As such, knowledge of the Arabic language is not a skill set utilized by either ITOS I or II."

FBI officials said it is not crucial for agents working in the ITOS sections to know Arabic or other foreign languages, because they rely primarily on documents or interviews already translated by FBI linguists. As for agents in the field in the United States or overseas, FBI officials say translators are readily available when needed by investigators, usually within 24 hours.

But Daniel Byman, a Georgetown University associate professor who heads the school's Security Studies Program, said the FBI's continuing failure to attract Arabic-speaking agents is "a serious problem" that hurts the bureau's relations with immigrant communities and makes it more difficult to gather intelligence on extremist groups.

"With any new immigrant communities, they need these language skills, whether it's Vietnamese or Pakistani or Arabic," Byman said. "It also often gives you extra cultural knowledge and sensitivity. It makes you more sensitive to nuance, which is what investigations are often all about."

Margaret Gulotta, chief of the FBI's language services section, said in an interview that the bureau has made significant progress since 9/11 in increasing the number of translators who speak Arabic and other foreign languages. The number of translators proficient in Arabic has grown from 70 in September 2001 to 269 as of July -- an increase of nearly 300 percent -- while the overall number of linguists has nearly doubled.

The FBI also has a "very aggressive training program" of foreign-language instruction for agents and other programs that make it easier to hire candidates with foreign-language ability, Gulotta said. In fiscal 2005, she said, more than 1,600 agents took classes.

"Do we need more Arabic-speaking agents? By all means we want more Arabic-speaking agents," Gulotta said. "But admittedly it's a very difficult group of people to recruit and hire. . . . We've been a lot more successful in recruiting and hiring contract linguists and language specialists."

More than 1,400 agents have at least a limited working proficiency in a foreign language, including nearly 900 who speak Spanish. Other languages include Russian, Farsi, Vietnamese, Japanese, Korean, Mandarin and Cantonese, the FBI said.

Gulotta and other officials said several factors limit the number of foreign speakers who can become agents at the FBI. Special agents, for example, must be U.S. citizens. They also must undergo background checks that are much more difficult to pass if the candidate has relatives or friends overseas.

"It is easier to get a security clearance if you don't have any interaction with foreigners, which is not what you want if you want better interaction with foreigners," Byman said.

Some of the new information about language abilities at the FBI has emerged in connection with a lawsuit by one of the FBI's highest-ranking Arabic speakers, Special Agent Bassem Youssef, who sued the Justice Department and the bureau alleging retaliation after he complained that he was cut out of terrorism cases after the Sept. 11 attacks.

Youssef, a naturalized U.S. citizen who was born in Egypt, is one of only six FBI agents who scored a 4 for "advanced professional proficiency" in Arabic on standardized speaking tests administered by the Interagency Language Roundtable for federal agencies.

Youssef's attorney, Stephen M. Kohn, said the statistics indicate that most FBI agents have no way to gauge the accuracy of translated materials and must rely on linguists or other third parties for their information.

"How do you fight a war with that kind of disadvantage?" Kohn asked.

Gulotta and other experts note that the FBI is not alone in its struggle to attract qualified job candidates who speak Arabic or other foreign languages.

A study released last week, for example, found that three terrorists housed at a federal prison in Colorado were able to send more than 90 letters to fellow extremists overseas, in part because the prison did not have enough qualified language translators to understand what was happening.

The Bush administration early this year unveiled a "National Security Language Initiative" aimed at encouraging more instruction in "critical" languages in elementary schools, secondary schools and universities.

The lack of such programs hurts "national security, diplomacy, law enforcement [and] intelligence communities," said a fact sheet accompanying the initiative's launch.

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Steve Ackley, director of communications for the American Council on the Teaching of Foreign Languages in Alexandria, said the FBI and other agencies are faced with a serious challenge, because language instruction is so undervalued in U.S. schools.

"American society in general does not put a huge premium or value on multilingualism," Ackley said. "Until the general public . . . recognizes that this is an area that the government in general and agencies like the FBI and CIA have to invest in, this is not a problem that's going to get better."

The Cost Of Doing Your Duty (NYT)

The New York Times, October 11, 2006

During the recent debate over how to handle the prisoners at Guantánamo Bay, the Bush administration made a lot of noise about its commitment to fair treatment for the detainees and its respect for the uniformed lawyers of the armed forces. Anyone who believed those claims should consider the fate of the Navy lawyer whose integrity helped spark that debate in the first place.

In 2003, Lt. Cmdr. Charles Swift was assigned to represent Salim Hamdan, a Yemeni citizen accused of being a high-ranking member of Al Qaeda — for the sole purpose of getting him to plead guilty before one of the military commissions that President Bush created for Guantánamo Bay. Instead of carrying out this morally repugnant task, Commander Swift concluded that the commissions were unconstitutional. He did his duty and defended his client. The case went to the Supreme Court, which ruled in June that the tribunals violated American law as well as the Geneva Conventions.

The Navy responded by killing his military career. About two weeks after the historic high court victory in Hamdan v. Rumsfeld, Commander Swift was told he was being denied a promotion. Under the Navy's up-or-out system, that spelled the end of his 20-year career, and Commander Swift said last week that he will be retiring in March or April.

With his defense of Mr. Hamdan and his testimony before Congress starting in July 2003, Commander Swift did as much as any single individual to expose the awful wrongs of Guantánamo Bay and Mr. Bush's lawless military commissions. It was a valuable public service and a brave act of conscience, and his treatment is deeply troubling.

The law creating military tribunals for terror suspects, passed by Congress in a pre-election panic, leaves enormous room for the continued abuse of prisoners and for the continued detention of scores of men who committed no crime. If their military lawyers are afraid to represent them vigorously, their hopes for justice dim even further.

The Navy gave no reason for refusing Commander Swift's promotion. But there is no denying the chilling message it sends to remaining military lawyers about the potential consequences of taking their job, and justice, seriously.

HOMELAND RESPONSE:

Why Tariq Ramadan Lost (WT)

By Rachel Ehrenfeld And Alyssa A. Lappen

The Washington Times, October 11, 2006

Tariq Ramadan's latest attempt to legally obtain a visa to the United States was denied on Sept. 24. This was not the first time that Mr. Ramadan -- an Egyptian-born, Swiss citizen and the grandson of Muslim Brotherhood founder Hasan al-Banna -- was barred from the United States On July 28, 2004, the Department of Homeland Security revoked Mr. Ramadan's visa under the Immigration and Nationality Act. In that instance, while no specifics were given, Mr. Ramadan's activities -- lectures and writings in support of the Islamist agenda -- were presumed the obvious cause.

According to State Department spokeswoman Janelle Hironimus, Mr. Ramadan's latest application for a visa was denied "based solely on his actions, which constituted providing material support to a terrorist organization." However, Mr. Ramadan, an Oxford University fellow, claims that his contributions of $940 between 1998-2002 to the French-based Hamas front "Committee for Palestinian Charity and Aid" were legal, because the United States listed it as "Specially Designated Global Terrorists" only in 2003. Nevertheless, the Palestinian charity (and its 17 aliases) at the same Lille, Lyon and Paris addresses, had already been publicly identified and designated by Israel as a Hamas front organization in May 1997. Indeed, Mr. Ramadan reiterated his commitment to Hamas saying: "If the price to pay for this commitment is to never to tread upon American soil, I am ready to pay that without the slightest hesitation."

Mr. Ramadan, however, claims his funding of Hamas was just an excuse. The "Bush administration has barred me for a much simpler reason: It doesn't care for my political views."

In public statements from London, where he was appointed last year to the government's "working group on tackling extremism," and in an Oct. 1 op-ed in The Washington Post, Mr. Ramadan declared that unlike the enlightened Europeans who

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allow criticism, especially regarding the war on terrorism, "the U.S. government's paranoia has evolved far beyond a fear of particular individuals and taken on a much more insidious form: the fear of ideas."

Although the U.S. government barred him for his terror financing, his "ideas" and influence among Muslims are nothing to sneeze at.

Consider the following: On Dec. 8, 2005, the French prosecution of Chechen terror network chief Menad Benchellali revealed evidence of Mr. Ramadan's links to terrorists in Europe. Benchellali had traveled to Switzerland "one or two times in 2000, to attend conferences on Islam provided by Tariq Ramadan." Benchellali, who later planned chemical attacks in France "under the supervision of Abu Musab Al Zarqawi," was sentenced in June to 10 years in prison.

Earlier, in March 2005, Algerian al Qaeda member Djamel Beghal received 10 years in prison in Paris for participating in a foiled terror attack on the U.S. embassy there. Beghal testified in September 2001 that "his religious engagement started in 1994," when "he was in charge of writing the statements of Tariq Ramadan." That October, Beghal added that he had also taken "courses given by Tariq Ramadan."

Moreover, a 2001 Swiss intelligence memo said: "brothers Hani and Tariq Ramadan coordinated a meeting held in 1991 in Geneva attended by [al Qaeda leader] Ayman Al Zawahiri and Omar Abdel Rahman," the imprisoned planner of the 1993 World Trade Center attack.

Spanish Judge Balatasar Garzon, whose investigations into the terror activities of the Algerian Ahmed Brahim, rendered a 10-year prison sentence in April 2006, reported Ramadan's "routine contacts" with Brahim, the alleged financial chief of Al Qaeda in Europe and financier of the 1998 U.S. embassy bombings in Kenya and Tanzania.

Mr. Ramadan denies these charges. But according to French terrorism expert Jean-Charles Brisard, Mr. Ramadan also "denied being a director of the Geneva Islamic Center, a position he still holds, according to the official Swiss register of companies."

Mr. Ramadan's activities do not stop in Europe. In 1995, when the Algerian Armed Islamist Movement (AIM) perpetrated several terrorist attacks in Paris, French Interior Minister Jean Louis Debre barred Mr. Ramadan at that time from France -- based on his links to AIM. Tunisia, Saudi Arabia and his native Egypt also bar Mr. Ramadan from crossing their boarders. He is denied entrance to those countries, not for supporting Hamas or because he carries peaceful messages. They keep him out because of his links to and influence on radical Muslim groups.

Regardless, Mr. Ramadan's popularity among the Europeans is growing fast. He was just nominated by the EuropeanVoice, a Brussels-based newspaper covering the European Union, for a Europeans of the Year Award in two categories: the Non-EU Citizen who "has had the biggest impact on the Union in 2006," together with Bill Gates, Kofi Annan, Alan Greenspan and Mahmoud Abbas, and as European of the Year with the likes of Italy's prime minister, Romano Prodi, and German Chancellor Angela Merkel.

So do not count Mr. Ramadan out, yet. The American Civil Liberties Union, which filled several lawsuits on his behalf, condemned the State Department's decision, and said, "it was considering an appeal." Stay tuned.

Rachel Ehrenfeld is director of the American Center for Democracy. Alyssa A. Lappen is a senior fellow at the American Center for Democracy.

Congress Gives DHS Six Months To Revise Terrorist Watch Lists (GovExec/CD)

By Chris Strohm

Government Executive/CongressDaily, October 10, 2006

With frustration levels apparently reaching an all-time high, lawmakers have given the Homeland Security Department a hard deadline to revamp its process for clearing individuals who have been wrongly put on terrorist watch lists.

The fiscal 2007 Homeland Security appropriations bill -- signed into law last week -- requires the department within six months to "establish revised procedures for expeditiously clearing individuals whose names have been mistakenly placed on a terrorist database list or who have names identical or similar to individuals on a terrorist database list."

Frustration and anger has grown in Congress during the last year that government watch lists are riddled with inaccuracies, especially in the aviation arena where innocent U.S. citizens and even lawmakers themselves have been detained because their names appeared on one of the lists.

"If we're going to have a watch list that works, we should fine-tune it," Rep. Zoe Lofgren, D-Calif., said during a June hearing.

Senate Commerce Committee Chairman Ted Stevens, R-Alaska, said in February that his wife, Catherine, was questioned at airport checkpoints because her name matched that of a singer formerly known as Cat Stevens. And well-known Sen. Edward Kennedy, D-Mass, and civil rights pioneer Rep. John Lewis, D-Ga., also have said they were wrongly placed on a watch list and stopped many times.

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A spokesman for the Homeland Security Department was unable to provide comment as of Tuesday afternoon. But Homeland Security Secretary Michael Chertoff and Secretary of State Rice last January announced that the government would "accelerate efforts to establish a government-wide traveler screening redress process to resolve questions if travelers are incorrectly selected for additional screening."

Last Friday, the American Civil Liberties Union called for the government to shut down its aviation watch lists. The demand came in response to a CBS "60 Minutes" report disclosing that the lists include many common names along with people who are dead, in prison, or are international dignitaries, such as the president of Bolivia. The report also said the lists do not include the names of some suspected terrorists because agencies do not want to share them outside the government.

"Until Homeland Security can figure out a way to create a genuine, narrow, targeted list of real terrorists rather than harming innocent people, Congress needs to shut this monstrosity down," said Tim Sparapani, ACLU legislative counsel.

The Homeland Security Department's Transportation Security Administration operates three aviation watch lists: one with names of individuals who are not allowed to fly; one with names who need secondary screening; and one with names who have been cleared through a redress process. The FBI's Terrorist Screening Center is responsible for managing and consolidating all government watch lists.

The FBI and TSA both issued statements in the last two days defending watch lists as valuable counterterrorism tools and clarifying current redress procedures. A TSA spokeswoman said about 35,000 people have sought redress for mistakenly being on an aviation watch list. Both TSA and the FBI declined to reveal names or how many people are on any of the lists, saying that information is secret.

Katrina-Related Brawl With State Farm Heats Up (LAW)

By Peter Geier, The National Law Journal

National Law Journal, October 11, 2006

Allegations by whistleblowers and plaintiffs lawyers that State Farm Fire & Casualty Co. used a "one-size-fits-all" engineering report to deny policyholders' Katrina-related claims are stirring up Mississippi's southern federal district.

State and federal prosecutors and grand jurors are looking into allegations that insurance claims were denied on the basis of a biased engineering report. The allegations were brought to light by two claims adjusters who had worked for an Alabama risk management firm under contract with Bloomington, Ill.-based State Farm.

Richard T. "Flip" Phillips of Smith, Phillips, Mitchell, Scott & Nowak of Batesville, Miss., an attorney representing Judy M. Guice in a mass tort on behalf of Mississippi homeowners who lost their homes, alleges that State Farm's tactics reveal "a calculated strategy of wrongful claims denial." Guice v. State Farm Fire & Casualty Co., No. 06-cv-1 (S.D. Miss.).

"If they're allowed to do this, the lesson the insurance industry will have learned is that in mass catastrophe situations, a calculated course of across-the-board, wrongful claims denial and trying one case at a time pays," Phillips said.

State Farm spokesman Phil Supple said that the company has been resolving claims fairly and is cooperating with state and federal probes into its activities.

Loretta L. Worters, vice president of the New York-based Insurance Information Institute, an insurance industry-funded group, said that the accusations were merely the plaintiffs lawyers latest attempt "to see what, if anything, will stick -- both through the media and in a court of law."

"First, it was the so-called hurricane deductible (which does not exist), then it was the supposedly vague policy language (which, in fact, a judge has ruled is clear); now it is unfounded charges of conspiracy. As each one of [their] arguments gets shot down, [they try] a new tactic," Worters wrote in an e-mail.

Underlying the litigation is the issue of whether the damage to policyholders' homes was caused by Katrina's high winds, which most policies cover, or by the storm surge and high waters, against which many policyholders were not insured. The southern district of Mississippi so far has denied class certification on the ground that each case involves its own set of circumstances as to the percentage of wind to water damage.

But the plaintiffs allege that State Farm used a "generic engineering report ... which concluded that all of the hurricane damage to property on the Mississippi Gulf Coast was caused by storm surge and not by hurricane wind," in essence to deny all of their claims, according to an amended complaint filed in McFarland v. State Farm Fire & Casualty Co., No. 06-466 (S.D. Miss.).

Plaintiffs further allege that State Farm is following a pattern of fraudulent claims handling that was established in Oklahoma, Texas and other jurisdictions around the country.

A federal grand jury in Jackson, Miss., that is investigating these allegations reportedly asked to see the record and transcripts of an Oklahoma insurance claim case in which a state jury awarded $9.9 million in punitive damages in May to a

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homeowner who sued State Farm after a tornado destroyed his home in 1999. Watkins v. State Farm Fire & Casualty Co., No. CJ-2000-303 (Grady Co., Okla., Dist. Ct.).

In a related development, a recent State Farm motion for a protective order identifies by name two of five State Farm employees who are possible targets of state and federal criminal investigations and grand jury proceedings over claims-handling issues. State Farm has sought to prevent its employees from being deposed in civil matters while the criminal probes are pending.

Plaintiffs lawyers support their allegations regarding State Farm's claims handling with at least 15,000 documents copied and disclosed to them and to state and federal law enforcement authorities by Cori Rigsby Moran and Kerri Rigsby, sisters who were formerly adjusting Katrina claims for State Farm through their former employer, E.A. Renfroe & Co. of Birmingham, Ala. The sisters reportedly now work for Richard F. "Dickie" Scruggs of Oxford, Miss., who represents the McFarland plaintiffs. He did not return a call for comment.

Renfroe is now suing Moran and Rigsby in federal court in Alabama, seeking injunctive relief and unspecified damages for the sisters' alleged breach of contract and violation of the Alabama Trade Secrets Act. E.A. Renfroe & Co. Inc. v. Moran, No. 06-1752 (N.D. Ala.).

WAR NEWS:

Baghdad Blasts Kill 17; Dozens Of Bodies Found (NYT)

By Michael Luo

The New York Times, October 11, 2006

BAGHDAD, Oct. 10 — Dozens of bodies turned up in Baghdad and a series of bombs killed at least 17 people on Tuesday, indicating that the sectarian violence in the capital showed little sign of easing, despite efforts by the American military and its Iraqi counterparts to quell it.

At least 50 bodies, riddled with bullets and many bearing signs of torture, were discovered across Baghdad, an Interior Ministry official said. About 60 bodies were discovered the day before.

Meanwhile, a troubled neighborhood at the center of the American military's push to secure the capital was hit by three deadly bomb blasts, including one at a busy bakery, the authorities said.

The bombings came in addition to a series of huge explosions that shook the capital over several hours late Tuesday evening, apparently caused by a fire inside an ammunition holding area at a United States military base in southern Baghdad.

The origins of the blaze are still being investigated, but it set off ammunition and ordnance, including tank rounds and artillery, said Lt. Col. Jonathan B. Withington, a spokesman for the Fourth Infantry Division.

Television images showed an extensive fire burning in the night, punctuated by periodic explosions.

The deadly blasts earlier in the day took place in the southern Baghdad neighborhood of Dora. The area was one of the earliest to experience the sectarian bloodletting in Baghdad.

American and Iraqi soldiers moved into the neighborhood in force in August, as part of a new security plan for the capital that involved neighborhood-by-neighborhood sweeps in which troops would secure and hold areas.

Dora had been mostly quiet over the past two months, aside from periodic explosions that killed small numbers of people. Residents were able to sleep on their rooftops again. Garbage crews moved through and cleaned its streets for the first time in months.

On Tuesday, any semblance of normalcy was shattered, however. About 12:30 p.m. a bomb exploded outside a bakery and killed 10 civilians and wounded four others. The blast reduced the bakery to rubble.

About the same time, six policemen were killed when, as they responded to a report about a body in a car, the car exploded, said an officer of the Rafdian Brigade, an Iraqi commando unit assigned to Dora. Four others were wounded.

A half hour earlier, a roadside bomb killed one policeman and wounded four others, an Interior Ministry official said.

The deadly day in Dora underscored the difficulty for the American military as it tries to secure neighborhoods.

Iraqi lawmakers pushed ahead on Tuesday in their efforts to flesh out a plan introduced by Prime Minister Nuri Kamal al-Maliki to stem the sectarian attacks in the city.

At the heart of the plan is the creation of joint Shiite and Sunni committees that will be in charge of safeguarding each district in Baghdad.

Overseeing their efforts will be a Central Committee for Peace and Security, whose members met Tuesday to discuss a plan to require that each checkpoint in the capital be operated by an equal number of Sunni and Shiite troops, or perhaps by joint teams of police and army officers, said Basim al-Sharif, a Shiite and a committee member.

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The Iraqi immigration minister, Abdul-Samad Sultan, said more than 300,000 Iraqis hade fled their homes since the American-led invasion in 2003, The Associated Press reported. Half of them left after the February bombing of a sacred Shiite shrine in Samarra set off cascades of sectarian violence.

He estimated that about 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003, after the American-led invasion toppled the government of Saddam Hussein.

On Tuesday, the chief judge at the genocide trial of Mr. Hussein once again ejected him from the courtroom. The former dictator is being tried on charges of killing more than 50,000 Kurds in a 1988 military campaign in northeastern Iraq.

When it was his turn to question a prosecution witness, Mr. Hussein made a speech, beginning with a quotation from the Koran. The judge, Muhammad al-Uraibi, who has been stricter in his courtroom than his predecessor, Abdullah al-Amiri, immediately cut him off and then eventually ejected him. Mr. Amiri, the previous chief judge, was removed from his position last month by Mr. Maliki for allegedly showing bias toward the defense.

One of Mr. Hussein's co-defendants, Hussein Rashid, a former military commander, was also dispatched from the courtroom. Mr. Rashid punched a guard and called prosecutors pimps and traitors as he was escorted out by guards.

Meanwhile, the American military reported that a joint United States and Iraqi patrol killed 11 militants on Monday evening in a clash in the southern Shiite city of Diwaniya, a stronghold of the Shiite cleric Moktada al-Sadr and his militia, the Mahdi Army.

Abdul Razzaq al-Nedawi, the head of Mr. Sadr's office in Diwaniya, insisted that no Mahdi Army members were killed in Monday's clash. He said it was provoked by American and Iraqi troops.

"They started to shoot randomly," he said, explaining the soldiers had come to search the al-Qaim mosque in the area but found it empty. "The brothers responded to that and shot back."

The Defense Ministry issued a statement denying that the patrol had raided the mosque and said militants had opened fire on the soldiers.

The military announced the death of an American soldier in Tikrit on Sunday from a roadside bomb.

Bomb Kills 11 At Baghdad Bakery (USAT)

USA Today, October 11, 2006

BAGHDAD — A bomb blew up Tuesday outside a bakery in a mixed Sunni-Shiite neighborhood of Baghdad, killing 11 people who had been waiting in line.

In addition, police told the Associated Press they had discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning — the latest victims of killings blamed on six months of intensifying Sunni-Shiite fighting.

U.S. forces also continued to pay a toll amid operations aimed at stemming bloodshed in the capital. The U.S. command said five more soldiers had been killed. This month, 37 U.S. servicemembers have died in Iraq.

Late Tuesday, a fire at an ammunition depot at a U.S. base in southeast Baghdad set off explosions that rocked the city. The cause of the fire was not immediately known, and there were no injuries, the U.S. military said.

Bombing At Iraq Bakery Kills At Least 11 (AP)

By Qais Al-bashir

AP, October 11, 2006

A bombing at a Baghdad bakery killed at least 11 people Tuesday as the Iraqi government put forward a new idea to help stop sectarian violence: ensuring security checkpoints in the capital have an equal number of Shiite and Sunni troops.

The bomb, planted under a car in the mixed Sunni-Shiite neighborhood of Dora, ripped through a line of people waiting outside a bakery — the worst in a day of attacks which left at least 23 dead across the country. Dora has long been one of Baghdad's most dangerous areas, with near daily killings

Hours after the bombing, a massive fire broke out Tuesday evening in an ammunition dump on a U.S. military base on Baghdad's southern edge, adjacent to Dora. It set off ordnance in a series of explosions that lasted for hours into the night and shook buildings miles away.

The cause of the fire was not immediately known and there were no injuries, the U.S. military said. A large fire and smoke were seen from the Forward Operating Base Falcon. Blasts from detonating artillery and tank shells sent up sparks, and the force of the explosions could be felt miles away in central Baghdad.

The blaze broke out in an area where ammunition is kept temporarily before distribution to the units at Falcon, where more than three battalions are located, said Lt. Col. Jonathan Withington, a spokesman at the base.

U.S. forces continued to pay a heavy toll amid stepped-up operations aimed at stemming the bloodshed, with the U.S. command announcing the death of five more service members. On Monday, three Marines were killed in fighting in western

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Anbar province, and a soldier died from an attack on his patrol in Baghdad, it said. Another soldier died Sunday from a roadside bomb in Tikrit, north of the capital.

The deaths bring the number of U.S. troops killed in October to 37 — many the result of stepped-up efforts to end violence in the capital.

Authorities discovered the mutilated bodies of 60 men in different parts of Baghdad over the 24-hour period ending Tuesday morning, police said. The bullet-riddled bodies all had their hands and feet bound and showed signs of torture — hallmarks of death-squad killings.

Under intense pressure to halt the sectarian violence, which has killed thousands this year, Prime Minister Nouri al-Maliki a week ago announced a four-point security plan aimed at stopping Shiite-Sunni killings.

In a first step, officials said Tuesday that all security checkpoints in Baghdad would soon be manned by an equal number of Shiite and Sunni Arab troops.

The new effort reflects the deep mistrust between Shiites and Sunnis even within the security forces — effectively putting them together to keep watch on each other. Each side accuses the other of backing militias, and Sunnis in particular say the Shiite-dominated police force often allows Shiite militias to carry out kidnappings and murders.

Al-Maliki's overall plan calls for the creation of local Shiite-Sunni committees that will oversee policing in each district of Baghdad, reporting back to a Central Committee for Peace and Security to coordinate with the security forces and the prime minister.

The parties agreed Saturday on the makeup of the central committee, said a member, Bassem Sherif, who represents the Shiite Fadila party on the body. It includes four representatives each from the Shiite coalition that dominates parliament and the main Sunni coalition, along with one representative each from the Kurds and the Iraqi List, a mixed, secular party, Sherif said.

The committee will meet in coming days to work with the Interior and Defense ministries on arranging the balanced checkpoints, Sherif said. A Sunni participant in Saturday's talks, Khalaf al-Alayan, head of the National Dialogue Council party, confirmed details of the plan.

The six-month wave of Sunni-Shiite killings has fueled the flight of Iraqis from their homes.

Iraq's Immigration Minister Abdul-Samad Sultan said more than 300,000 Iraqis have been displaced since the U.S.-led invasion in 2003. Half of them, he said, fled their homes after the February bombing of a Shiite shrine in the city of Samarra that sparked waves of violence.

Those displaced mostly moved in with their own sectarian communities — Shiites fleeing mainly Sunni or mixed areas to Shiite-dominated ones, and vice versa — exacerbating the segregation of the country of some 30 million.

Some 890,000 Iraqis have moved to Jordan, Iran and Syria since 2003, Sultan said.

In other violence Tuesday, a car bombing in the primarily Sunni neighborhood of Azamiyah in north Baghdad killed four people and wounded nine, police 1st Sgt. Mahmud Hussein said.

The brother of a Baghdad police brigadier was found shot dead, tied to a lamppost in Buhriz, 35 miles north of the capital, police in the nearby city of Baqouba said. Later authorities found the body of another of the brigadier's brothers, also shot, lying in the street.

The bodies of two other shooting victims were found in Khalis, 50 miles north of Baghdad, and another was found in Baqouba, police said.

The U.S. military said Iraqi and U.S. troops killed at least nine fighters in clashes with the Mahdi Army — Iraq's most powerful Shiite militia — in the southern city of Diwaniya on Monday. Two U.S. soldiers were wounded.

On Sunday, U.S.-Iraqi forces in Diwaniya battled for hours with members of the Mahdi Army, who are loyal to radical Shiite cleric Muqtada al-Sadr. The military said 30 militiamen were killed; the militia denied it.

The U.S. command also announced that DNA tests have confirmed that a man shot and killed by British forces in Iraq was the leading al-Qaida terrorist who embarrassed the U.S. military by escaping from the Bagram maximum security military prison in Afghanistan.

Omar al-Farouq was killed Sept. 25 after he fired on British forces during a raid in Basra, 340 miles southeast of Baghdad.

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Associated Press Writer Qassim Abdul-Zahra contributed to this report.

Fire Erupts At U.S. Ammo Dump In Iraq (AP)

By Lee Keath

AP, October 11, 2006

DOJ_NMG_0079106

A fire broke out at an ammunition dump at a U.S. base in southern Baghdad on Tuesday night, setting off a series of explosions from detonating tank and artillery shells that shook buildings miles away. The U.S. military said there were no immediate reports of casualties.

It was not clear whether the ammunition holding area at Forward Operating Base Falcon was hit by an attack. The cause of the fire was not immediately known, said Lt. Col. Christopher C. Garver, a military spokesman.

Explosions from detonating tank and artillery ordnance and small-arms ammunition stored at the site went off for hours after the fire erupted.

Large flames and smoke rose from the region, and flashes from the blasts and showers of sparks were visible on the horizon from several miles away in central Baghdad, where the force of the blasts could be felt. The blasts came at times sporadically, at times in rapid succession, lasting into the night. Helicopters were seen in the night sky flying over the area.

The blaze broke out in an ammunition holding area, where material is kept temporarily before distribution to the units at Falcon, said Lt. Col. Jonathan Withington, a spokesman at the base. He said more than three battalions were stationed there at the time of the fire but he would not give a specific number of troops.

"There is a lot of ammunition there, but it's not a full storage depot," he said. "This does not degrade our operational ability at all."

He said the cause of the fire was under investigation.

Falcon is located in a former commercial trucking depot in a sprawling industrial area at the southern entrance of Baghdad. It is near the violence-torn district of Dora, where U.S. troops have been focusing in a 2-month-old sweep of the capital neighborhood-by-neighborhood aimed at rooting out militants and weapons.

It lies on the main highway heading south of Baghdad. Much of the area around it is sparsely populated, but on the opposite side of the highway, about 600 yards away, are residential neighborhoods.

Iraqi military officials said no evacuations of residents were ordered from the Dora area.

Iraqi Interior Minister Jawad al-Bolani went on television to reassure residents of the capital.

"The situation is under control," he said. "There is an alert to security forces to provide any help to the residents of the area. We are waiting for information from the Americans" on the cause, he said.

U.S. Ammo Dump Explodes In Baghdad (MCT)

By Jay Price

McClatchy Newspapers, October 11, 2006

BAGHDAD, Iraq - A U.S. ammunition dump on the southeastern edge of Baghdad caught fire late Tuesday, setting off at least a half-dozen thunderous explosions and several smaller ones that rattled windows across the city.

Despite the size of the blasts, no casualties were reported, Spc. Jennifer Fulk, a U.S. military spokeswoman, said early Wednesday. There was no information yet on the cause of the fire, Fulk said.

An insurgent group called Al Fataheen Army took credit for the damage in a posting on an Islamic forum used by various insurgent groups in Iraq.

The group said it had attacked the base with several missiles at 11:55 p.m., but that timing cast suspicion on the claim. The explosions, which could be felt throughout the city, had begun about an hour earlier.

The same group claimed responsibility for attacking U.S. camps in northern Iraq on Sunday.

The blasts were the culmination of a particularly violent day in Baghdad.

Police reported that at least five bombs exploded throughout the city, killing at least 10 civilians and at least one police officer. Police also said they'd discovered at least 60 bodies in the 24 hours that ended at 6 a.m. Tuesday. The bodies were bound hand and foot and showed signs of torture, the police said.

An unknown number of troops from the 4th Infantry Division based at Fort Hood, Texas, were at Forward Operating Base Falcon when the base's ammo dump began to explode.

A military statement said the fire began at about 10:40 p.m. and ignited tank and artillery shells and small arms ammunition.

The fire, clouds of smoke and flashes from the ammunition detonating could be seen for miles.

The fire was contained on the base by emergency first responders, and the damage wasn't expected to hinder military operations, the statement said.

Price reports for the Raleigh News & Observer. Contributing to this report were McClatchy Newspapers special correspondents Mohammed al Awsy and Mohammed al Dulaimy.

Explosions Rock Baghdad As US Arms Dump Catches Fire (AFP)

DOJ_NMG_0079107

AFP, October 11, 2006

A fire erupted in an ammunition store at an United States military base in Baghdad, a spokesman said, triggering massive explosions that could be heard across the war-torn Iraqi capital.

Lieutenant Colonel Jonathan Withington of the 4th Infantry Division told AFP that military and civilian personnel had been evacuated from Forward Operating Base Falcon without injury but that the fire was continuing to burn.

"We have a fire," he said. "An ammunition holding area caught on fire. It's in our operating base in the Rasheed area of the city. The ammunition holding area contains tank and artillery rounds as well as small arms ammunition."

The blaze broke out at around 10:40 pm (1940 GMT) and Baghdad was rocked by a series of loud explosions. Iraqi officials appeared on state television to urge calm and prevent rumours of an attack from spreading.

US forces do not yet know the cause of the fire, Withington said.

The damage appeared to have been contained within the base, the US spokesman said, although Iraqi officials said that shells "cooking off" in the fire had crashed down in five districts in the south of the city.

State television showed live pictures of a blazing inferno and ordnance exploding skywards, but there was no immediate news of civilian casualties outside the base.

Two hours after the fire broke out a regular drumbeat of explosions could still be heard five kilometres (2.4 miles) away in the city centre, a barrage more intense that Baghdad's daily diet of car bombs and mortar strikes.

"All coalition forces and workers at the base were safely evacuated. At this time, no injuries have been reported," a coalition news release said.

"Baghdad Joint Coordination Center alerted Iraqi authorities who notified Iraqi citizens in the area of the fire and subsequent detonations. The damage to the area will not degrade the operational capability of MND-B."

Under U.S. Patrol, Once-Tough District Revives (LAT)

By Borzou Daragahi

The Los Angeles Times, October 11, 2006

BAGHDAD — The Amariya neighborhood has won a reputation as the most fearsome quarter of the capital, with car bombs, snipers and frequent clashes between U.S. forces and hardened Sunni Arab fighters.

But over the last few weeks, U.S. officials and Iraqi residents say, life has improved markedly in the notorious district, thanks to an American-led effort to improve security and services.

On a tour of the largely Sunni Arab district with U.S. soldiers Tuesday, a day on which at least 60 mutilated bodies were found elsewhere in Baghdad and violence left an additional 23 dead across Iraq, schoolchildren walked home gingerly along streets recently cleared of rotting garbage mounds. Young men emerged from newly reopened shops on main thoroughfares. Women shopped for vegetables at outdoor produce stands.

"Electricity is a problem, jobs are a problem, there's no gas, but thank God," said one woman as she gestured toward a group of U.S. soldiers, "security has gotten better."

The improvement in Amariya has come at a price, however.

Lt. Col. Gian Gentile, the 4th Infantry Division squadron commander in charge, acknowledged in an interview that he had to move troops from nearby neighborhoods under his command to bolster security in Amariya, risking rising peril in those districts.

He has also had to close off the western Baghdad neighborhood at all but two gateways in an effort to stanch the flow in and out of Sunni Arab insurgents and Shiite militia members. And he has watched helplessly as the district's Shiite Muslim population has plummeted. Once 15%, it is now less than 2%, he said, part of a displacement crisis that has disrupted lives but made neighborhoods such as Amariya less prone to sectarian violence.

He has also had to readjust his views, coming to grips with the hardened opinions of the people he must protect as well as occasionally fight.

"They see the [Sunni Arab] insurgents as their final source of protection," says Gentile, a Danville, Calif., native. "When we leave and they're left with this [Shiite-dominated] sectarian government, who else are they going to be left with?"

Amariya is to Sunni insurgents what Camp Victory — the nearby U.S. military headquarters — is to the Americans, Gentile says. An affluent and leafy suburban enclave teeming with out-of-work officers of toppled President Saddam Hussein's military and security apparatus, Amariya has been a stronghold of anti-American, anti-government and religiously radical groups since the U.S.-led invasion of Iraq in March 2003. American and Iraqi forces are frequently the targets of car bombs and snipers, including one who wounded an Iraqi soldier in Amariya on Tuesday.

"Down, down U.S.A.!" say the fading graffiti on an Amariya side street.

But though Sunni Arab militants continue to use Amariya as a haven, the general mood toward Americans has shifted since Iraq's Shiite-led elected government began to exert its muscle. In the wake of anti-Sunni reprisals that followed the Feb. 22

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bombing of a Shiite shrine in Samarra, many Sunni Muslims in Amariya came to see the Americans they detest as occupiers as the only force capable of protecting them from a Shiite hunger for revenge.

Until March and April, there was little U.S. presence in Amariya, Gentile said. Once Gentile took over the district, he said, he made strenuous efforts to build goodwill. Drawing lessons from previous commanders, he softened his tactical approach, ordering his troops to drive slowly and not brandish weapons at passing motor vehicles.

"We started off with our gunners showing their weapons and being very aggressive," Gentile said. "But we've moved away from that. As much time as we've spent out there, we've learned that the traffic is just traffic."

Sometimes his men complain about their peacekeeping posture.

"I'm a soldier," said Spc. Justin Cook, 26, an affable former bartender from Titusville, Fla. "They didn't train me to do this."

But during a drive through the district, Cook frequently yielded to oncoming Iraqi drivers. Gentile took other practical steps to improve the area's quality of life. After more than a dozen suicide bombs hit a pair of checkpoints along a main street in June and July, Gentile simply removed the checkpoints. As many as 60% of the businesses that were shut down along the street have reopened.

Gentile's armored reconnaissance squadron, formally part of the 4th Brigade of the 4th Infantry Division but currently attached to the 1st Armored Division, launched an effort to clean up the garbage-strewn district as part of an operation aimed at securing several volatile Baghdad neighborhoods. U.S. patrols increased about 50%, Gentile said.

"All they saw before was American patrols … up and down the main streets," Gentile said. "Now we've got American patrols out there with the Iraqi army. And we've got garbage trucks out here and workers from Amariya picking up garbage. It gave them a sense of security that things are a little better."

The improvements to the quality of life have been tangible. Artist Fuad Hamdi, a 44-year-old Amariya resident reached by phone Tuesday night, said he had fled his neighborhood. "We were living in terror, fear and chaos, and no one dared to leave his house unless it was an emergency," he said.

When he heard from neighbors that the security situation had improved, he returned, he said.

But Gentile readily acknowledges that despite the improvements, "bad things still happen in Amariya every day," including, he said, roadside bombings targeting U.S. patrols and killings of Iraqi officials and ordinary residents.

To consolidate the district's modest improvements, Gentile hopes to build a new police station staffed by locals.

The police are under the control of the Shiite-dominated Ministry of the Interior, whose alleged excesses against Sunnis are believed to fuel the popularity of the insurgents. The force remains an object of mistrust in Amariya.

Reducing the violence in Baghdad has proved bedeviling for U.S. forces. Despite a similar security crackdown in the southern neighborhood of Dora, a car bomb killed 10 civilians and injured four others at a bakery in the district Tuesday, and a roadside bomb killed a police officer.

Bombs in or near the capital killed at least six Iraqi police officers and soldiers and injured 10.

The U.S. military reported Tuesday that a soldier attached to the 25th Combat Aviation Brigade died of wounds sustained when his vehicle was struck by a bomb Sunday north of Tikrit. Three Marines assigned to the 1st Brigade, 1st Armored Division, were killed Monday as a result of "enemy action" in the western province of Al Anbar, the U.S.-led multinational force said today.

Among the corpses found was that of Azad Mohammed, a 29-year-old Kurdish radio reporter abducted a week ago. Ali Kareem, a journalist working for a weekly magazine, was abducted Tuesday on his way home from work.

Study Estimates 600,000 Iraqis Dead By Violence (USAT)

By Gregg Zoroya, Usa Today

USA Today, October 11, 2006

More than 600,000 Iraqis have died by violence since the U.S.-led invasion in 2003, according to a study released today by researchers at Johns Hopkins University.

The figure is based on surveys of households throughout most of the country. It vastly exceeds estimates cited by the Iraqi government, the United Nations, aid and anti-war groups, and President Bush.

The new estimate was immediately challenged by the Pentagon. Lt. Col. Mark Bellesteros, a Pentagon spokesman, said the Iraqi government “would be in a better position … to provide more accurate information on deaths in Iraq.”

Frederick Jones, a spokesman for the National Security Council said “many experts” found that a 2004 study by the same group “wildly inflated the findings.” That study said the war had caused 100,000 Iraqi deaths.

“This study appears to be equally flawed,” he said. The new study said the deaths have resulted from coalition military activity, crime and religious violence.

Iraq's Health Ministry estimated 50,000 violent deaths since the war began, through June. Last December, President Bush put the figure at 30,000. The Brookings Institution, a Washington think tank, estimated the death toll at 60,000.

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Overall, the analysis estimates that 2.5% of the Iraqi population has died as a result of the conflict.

The research relied on random sampling of 1,800 Iraqi households by researchers from the Bloomberg School of Public Health at Johns Hopkins University in Baltimore and the School of Medicine at Al Mustansiriya University in Baghdad. Based on deaths suffered by those households, analysts calculated an average of about 600 deaths a day since the invasion.

"I think it's perfectly plausible," said the study's lead author, Gilbert Burnham, professor of international health at Johns Hopkins.

Then-British foreign secretary Jack Straw was among those who criticized the earlier study.

This time the researchers doubled the size of their random survey. In 92% of the homes in which residents reported deaths, families had death certificates, they said.

Beyond violent deaths, the study said about 53,000 deaths from other causes, such as accident and illness, were attributable to the war because of its effect on health care.

Gunfire was the leading cause of violent deaths; car bomb fatalities are rising, the study said.

James Fearon, a Stanford University political scientist and Iraq expert, said, "One thing (the study may) certainly do is confirm the view that there is a very, very serious civil war going in Iraq."

Iraqi Death Toll Exceeds 600,000, Study Estimates (WSJ)

By Neil King Jr.

The Wall Street Journal, October 11, 2006

WASHINGTON -- A new study asserts that roughly 600,000 Iraqis have died from violence since the U.S.-led invasion in March 2003, a figure many times higher than any previous estimate.

The study, to be published Saturday in the British medical journal the Lancet, was conducted by the Johns Hopkins Bloomberg School of Public Health by sending teams of Iraqi doctors across Iraq from May through July. The findings are sure to draw fire from skeptics and could color the debate over the war ahead of congressional elections next month.

The Defense Department until 2004 eschewed any effort to compute the number of Iraqi dead but this summer released a study putting the civilian casualty rate between May and August at 117 people a day. Other tabulations using different methodologies put the range of total civilian fatalities so far from about 50,000 to more than 150,000. President Bush in December said "30,000, more or less" had died in Iraq during the invasion and in the violence since.

The Johns Hopkins team conducted its study using a methodology known as "cluster sampling." That involved randomly picking 47 clusters of households for a total 1,849 households, scattered across Iraq. Team members interviewed each household about any deaths in the family during the 40 months since the invasion, as well as in the year before the invasion. The team says it reviewed death certificates for 92% of all deaths reported. Based on those figures, it tabulated national mortality rates for various periods before and after the start of the war. The mortality rate last year was nearly four times the preinvasion rate, the study found.

"Since March 2003, an additional 2.5% of Iraq's population has died above what would have occurred without conflict," the report said. The country's population is roughly 24 million people.

Human Rights Watch has estimated Saddam Hussein's regime killed 250,000 to 290,000 people over 20 years.

The Lancet study, funded largely by the Massachusetts Institute of Technology's Center for International Studies, said while the percentage of deaths attributed to the U.S.-led coalition has decreased over the past year, coalition forces were involved in 31% of all violent deaths since March 2003. Most of the deaths in Iraq, particularly in the past two years, have been caused by insurgent, terrorist and sectarian violence.

Overall, the study found 55% of deaths since March 2003 were due to violence. Of that subset, 56% resulted from gunshots; car bombs and other explosives accounted for 27%, and airstrikes caused 13%. The rest were due to other factors.

Paul Bolton, a public-health researcher at Boston University who has reviewed the study, called the methodology "excellent" and said it was standard procedure in a wide range of studies he has worked on. "You can't be sure of the exact number, but you can be quite sure that you are in the right ballpark," he said.

A similar, smaller study by the same team in 2004 put the number of deaths at the time at 9,000 to 194,000. That report drew fire for the breadth of its estimate. In part to offset such criticism, the researchers said they picked the largest sample possible for this survey, after considering the high level of danger involved in sending teams door-to-door in Iraq.

The study's lead researchers, Gilbert Burnham and Les Roberts of Johns Hopkins, have done studies in the Congo, Rwanda and other war zones. "This is a standard methodology that the U.S. government and others have encouraged groups to use in developing countries," said Mr. Burnham, who defended the study as "a scientifically extremely strong paper."

This study, "The Human Cost of the War in Iraq," puts civilian fatalities at 426,369 to 793,663 but gives a 95% certainty to the figure of 601,027.

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Hamit Dardagan, co-founder of Iraq Body Count, a London-based human-rights group, called the Lancet study's figures "pretty shockingly high." His group tabulates the civilian death toll based on media reports augmented by local hospital and morgue records. His group says it has accumulated reports of as many as 48,693 civilian deaths caused by the U.S. intervention.

Mr. Burnham said the disparity between his survey and tabulations like Iraq Body Count are largely because of the heavy media and government focus on Baghdad and a few other cities. "What our data show is that the level of violence is going on throughout the country," he said.

Lt. Col. Mark Ballesteros, a Defense Department spokesman, said the Pentagon doesn't comment on reports that haven't been publicly released. Nonetheless, he said, "the coalition takes enormous precautions to prevent civilian deaths and injuries," adding that "the Iraqi ministry of health would be in a better position, with all of its records, to provide more accurate information on deaths in Iraq."

Since 2004, the Pentagon has collected data on civilian deaths in incidents where coalition forces were involved. According to its August civilian-casualty report, those figures show that the daily civilian death rate has increased nearly sixfold, to almost 120 this summer from about 20 in early 2004. The Lancet study cites the Pentagon's numbers to back its own findings, saying the mortality-rate increases in both tabulations closely parallel one another.

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Iraqi Dead May Total 600,000, Study Says (NYT)

By Sabrina Tavernise And Donald G. Mcneil Jr.

The New York Times, October 11, 2006

BAGHDAD, Oct. 10 — A team of American and Iraqi public health researchers has estimated that 600,000 civilians have died in violence across Iraq since the 2003 American invasion, the highest estimate ever for the toll of the war here.

The figure breaks down to about 15,000 violent deaths a month, a number that is quadruple the one for July given by Iraqi government hospitals and the morgue in Baghdad and published last month in a United Nations report in Iraq. That month was the highest for Iraqi civilian deaths since the American invasion.

But it is an estimate and not a precise count, and researchers acknowledged a margin of error that ranged from 426,369 to 793,663 deaths.

It is the second study by researchers from the Johns Hopkins Bloomberg School of Public Health. It uses samples of casualties from Iraqi households to extrapolate an overall figure of 601,027 Iraqis dead from violence between March 2003 and July 2006.

The findings of the previous study, published in The Lancet, a British medical journal, in 2004, had been criticized as high, in part because of its relatively narrow sampling of about 1,000 families, and because it carried a large margin of error.

The new study is more representative, its researchers said, and the sampling is broader: it surveyed 1,849 Iraqi families in 47 different neighborhoods across Iraq. The selection of geographical areas in 18 regions across Iraq was based on population size, not on the level of violence, they said.

The study comes at a sensitive time for the Iraqi government, which is under pressure from American officials to take action against militias driving the sectarian killings.

In the last week of September, the government barred the central morgue in Baghdad and the Health Ministry — the two main sources of information for civilian deaths — from releasing figures to the news media. Now, only the government is allowed to release figures. It has not provided statistics for September, though a spokesman said Tuesday that it would.

The American military has disputed the Iraqi figures, saying that they are far higher than the actual number of deaths from the insurgency and sectarian violence, in part because they include natural deaths and deaths from ordinary crime, like domestic violence.

But the military has not released figures of its own, giving only percentage comparisons. For example, it cited a 46 percent drop in the murder rate in Baghdad in August from July as evidence of the success of its recent sweeps. At a briefing on Monday, the military's spokesman declined to characterize the change for September.

The military has released rough counts of average numbers of Iraqis killed and wounded in a quarterly accounting report mandated by Congress. In the report, "Measuring Stability and Security in Iraq," daily averages of dead and wounded Iraqi civilians, soldiers and police officers rose from 26 a day in 2004 to almost 120 a day in August 2006.

The study uses a method similar to that employed in estimates of casualty figures in other conflict areas like Darfur and Congo. It sought to measure the number of deaths that occurred as a result of the war.

It argues that absolute numbers of dead, like morgue figures, could not give a full picture of the "burden of conflict on an entire population," because they were often incomplete.

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The mortality rate before the American invasion was about 5.5 people per 1,000 per year, the study found. That rate rose to 19.8 deaths per 1,000 people in the year ending in June.

Gunshots were the largest cause of death, the study said, at 56 percent of all violent deaths, while car bombs accounted for about 13 percent. Deaths caused by the American military declined as an overall percentage from March 2003 to June 2006.

Violent deaths have soared since the American invasion, but the rise is in part a matter of spotty statistical history. Under Saddam Hussein, the state had a monopoly on killing, and the deaths of thousands of Iraqi Shiites and Kurds that it caused were never counted.

While the near collapse of the Iraqi state makes precise record-keeping difficult, authorities have made considerable progress toward tracking death figures. In 2004, when the Johns Hopkins study was first released, authorities were still compiling deaths on an ad hoc basis. But by this year, they were being provided regularly.

Iraqi authorities say morgue counts are more accurate than is generally thought. Iraqis prefer to bury their dead immediately, and hurry bodies of loved ones to plots near mosques or, in the case of Shiites, in sacred burial sites. Even so, they have strong incentives to register the death with a central morgue or hospital in order to obtain a death certificate, required at highway checkpoints, by cemetery workers, and for government pensions. Death certificates are counted in the statistics kept by morgues around the country.

The most recent United Nations figure, 3,009 Iraqis killed in violence across the country in August, was compiled by statistics from Baghdad's central morgue, and from hospitals and morgues countrywide. It assumes a daily rate of about 97.

The figure is not exhaustive. A police official at Yarmouk Hospital in Baghdad who spoke on the condition of anonymity said he had seen nationwide counts provided to the hospital that indicated as many as 200 people a day were dying.

Gilbert Burnham, the principle author of the study, said the figures showed an increase of deaths over time that was similar to that of another civilian casualty project, Iraq Body Count, which collates deaths reported in the news media, and even to that of the military. But even Iraq Body Count puts the maximum number of deaths at just short of 49,000.

As far as skepticism about the death count, he said that counts made by journalists and others focused disproportionately on Baghdad, and that death rates were higher elsewhere.

"We found deaths all over the country," he said. Baghdad was an area of medium violence in the country, he said. The provinces of Diyala and Salahuddin, north of Baghdad, and Anbar to the west, all had higher death rates than the capital.

Statistics experts in the United States who were able to review the study said the methods used by the interviewers looked legitimate.

Robert Blendon, director of the Harvard Program on Public Opinion and Health and Social Policy, said interviewing urban dwellers chosen at random was "the best of what you can expect in a war zone."

But he said the number of deaths in the families interviewed — 547 in the post-invasion period versus 82 in a similar period before the invasion — was too few to extrapolate up to more than 600,000 deaths across the country.

Donald Berry, chairman of biostatistics at M. D. Anderson Cancer Center in Houston, was even more troubled by the study, which he said had "a tone of accuracy that's just inappropriate."

Study Claims Iraq's 'Excess' Death Toll Has Reached 655,000 (WP)

By David Brown

The Washington Post, October 11, 2006

A team of American and Iraqi epidemiologists estimates that 655,000 more people have died in Iraq since coalition forces arrived in March 2003 than would have died if the invasion had not occurred.

The estimate, produced by interviewing residents during a random sampling of households throughout the country, is far higher than ones produced by other groups, including Iraq's government.

It is more than 20 times the estimate of 30,000 civilian deaths that President Bush gave in a speech in December. It is more than 10 times the estimate of roughly 50,000 civilian deaths made by the British-based Iraq Body Count research group.

The surveyors said they found a steady increase in mortality since the invasion, with a steeper rise in the last year that appears to reflect a worsening of violence as reported by the U.S. military, the news media and civilian groups. In the year ending in June, the team calculated Iraq's mortality rate to be roughly four times what it was the year before the war.

Of the total 655,000 estimated "excess deaths," 601,000 resulted from violence and the rest from disease and other causes, according to the study. This is about 500 unexpected violent deaths per day throughout the country.

The survey was done by Iraqi physicians and overseen by epidemiologists at Johns Hopkins University's Bloomberg School of Public Health. The findings are being published online today by the British medical journal the Lancet.

DOJ_NMG_0079112

The same group in 2004 published an estimate of roughly 100,000 deaths in the first 18 months after the invasion. That figure was much higher than expected, and was controversial. The new study estimates that about 500,000 more Iraqis, both civilian and military, have died since then -- a finding likely to be equally controversial.

Both this and the earlier study are the only ones to estimate mortality in Iraq using scientific methods. The technique, called "cluster sampling," is used to estimate mortality in famines and after natural disasters.

While acknowledging that the estimate is large, the researchers believe it is sound for numerous reasons. The recent survey got the same estimate for immediate post-invasion deaths as the early survey, which gives the researchers confidence in the methods. The great majority of deaths were also substantiated by death certificates.

"We're very confident with the results," said Gilbert Burnham, a Johns Hopkins physician and epidemiologist.

A Defense Department spokesman did not comment directly on the estimate.

"The Department of Defense always regrets the loss of any innocent life in Iraq or anywhere else," said Lt. Col. Mark Ballesteros. "The coalition takes enormous precautions to prevent civilian deaths and injuries."

He added that "it would be difficult for the U.S. to precisely determine the number of civilian deaths in Iraq as a result of insurgent activity. The Iraqi Ministry of Health would be in a better position, with all of its records, to provide more accurate information on deaths in Iraq."

Ronald Waldman, an epidemiologist at Columbia University who worked at the Centers for Disease Control and Prevention for many years, called the survey method "tried and true," and added that "this is the best estimate of mortality we have."

This viewed was echoed by Sarah Leah Whitson, an official of Human Rights Watch in New York, who said, "We have no reason to question the findings or the accuracy" of the survey.

"I expect that people will be surprised by these figures," she said. "I think it is very important that, rather than questioning them, people realize there is very, very little reliable data coming out of Iraq."

The survey was conducted between May 20 and July 10 by eight Iraqi physicians organized through Mustansiriya University in Baghdad. They visited 1,849 randomly selected households that had an average of seven members each. One person in each household was asked about deaths in the 14 months before the invasion and in the period after.

The interviewers asked for death certificates 87 percent of the time; when they did, more than 90 percent of households produced certificates.

According to the survey results, Iraq's mortality rate in the year before the invasion was 5.5 deaths per 1,000 people; in the post-invasion period it was 13.3 deaths per 1,000 people per year. The difference between these rates was used to calculate "excess deaths."

Of the 629 deaths reported, 87 percent occurred after the invasion. A little more than 75 percent of the dead were men, with a greater male preponderance after the invasion. For violent post-invasion deaths, the male-to-female ratio was 10-to-1, with most victims between 15 and 44 years old.

Gunshot wounds caused 56 percent of violent deaths, with car bombs and other explosions causing 14 percent, according to the survey results. Of the violent deaths that occurred after the invasion, 31 percent were caused by coalition forces or airstrikes, the respondents said.

Burnham said that the estimate of Iraq's pre-invasion death rate -- 5.5 deaths per 1,000 people -- found in both of the Hopkins surveys was roughly the same estimate used by the CIA and the U.S. Census Bureau. He said he believes that attests to the accuracy of his team's results.

He thinks further evidence of the survey's robustness is that the steepness of the upward trend it found in excess deaths in the last two years is roughly the same tendency found by other groups -- even though the actual numbers differ greatly.

An independent group of researchers and biostatisticians based in England produces the Iraq Body Count. It estimates that there have been 44,000 to 49,000 civilian deaths since the invasion. An Iraqi nongovernmental organization estimated 128,000 deaths between the invasion and July 2005.

The survey cost about $50,000 and was paid for by Massachusetts Institute of Technology's Center for International Studies.

Staff researcher Madonna Lebling contributed to this report.

3 U.S. Marines, 2 Soldiers Die In Iraq (AP)

AP, October 11, 2006

Three U.S. Marines and two soldiers were killed in fighting in Iraq, the U.S. command said Wednesday. The Marines, assigned to 1st Brigade, 1st Armored Division, died Monday from enemy action in Iraq's western Anbar province, the military said in a statement. It did not provide further details.

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Also Monday, a U.S. soldier was killed when his patrol was attacked by insurgents in an eastern part of Baghdad, the military said.

The second soldier, attached to the 25th Combat Aviation Brigade, died of wounds from an explosion during a vehicle patrol Sunday north of the city of Tikrit.

No further details were available, and the soldiers' names were being withheld pending notification of family.

U.S. Troops Often Need Iraqi Approval To Act (USAT)

By Rick Jervis

USA Today, October 11, 2006

BAGHDAD — U.S. and Iraqi military forces battling militias in Baghdad often must seek permission from Iraq's government before launching even routine missions, complicating efforts to loosen the grip of religious violence in the capital.

Lt. Col. Avanulas Smiley, commander of the 1st Battalion, 23rd Infantry Regiment, which patrols northwest Baghdad, said the requirements have made some operations difficult but so far haven't limited his unit's ability to fight the enemy.

"I have been able to exercise and execute everything we've wanted to do," Smiley said. "Now, how easy that's been to get through the approval process, we could debate that endlessly. Sometimes those things are difficult."

The U.S. military has said its main focus now is securing Baghdad, where religious killings and militia violence is the main threat. Tackling militias is a sensitive matter for Iraq's Shiite-dominated government.

One of the largest Shiite militias, the Mahdi Army, is loyal to Muqtada al-Sadr, a radical cleric whose forces have battled the American military. Today, al-Sadr's political organization is a key part of the coalition government of Prime Minister Nouri al-Maliki. Al-Sadr's organization controls 30 seats in Parliament and four Cabinet posts.

"The government, in a sense, is talking about taking on some of the very elements that support it," said Andrew Krepinevich of the Washington-based Center for Strategic and Budgetary Assessments.

Riyad al-Nouri, a senior member of al-Sadr's political organization, said al-Sadr has denounced the killings. "These accusations are false and aimed at ruining this great movement," he said.

The U.S. military says it needs approval before entering government offices and mosques and before targeting high-ranking Shiite leaders suspected of militia ties. U.S. troops won't conduct major operations into Sadr City, the sprawling Shiite slum in Baghdad, without al-Maliki's approval, Maj. Gen. William Caldwell, the top U.S. spokesman in Iraq, said last week. "The Iraqi security forces, with coalition forces in support, will conduct operations there whenever the prime minister so dictates," he said.

The political considerations have complicated matters for troops operating in Baghdad. 1st Sgt. John Blue of the 1st Battalion, 23rd Infantry Regiment said the Baghdad battle is far different from his experience in the northern cities of Tal Afar and Mosul in 2004. In Baghdad, soldiers are operating "not only under the guidance of your command, but under the guidance of the government of Iraq as well."

Government spokesman Ali al-Dabagh said the al-Maliki government is not protecting allies when it disapproves target requests. "The government is behaving as a sovereign and legitimate government and is taking proper action to prosecute anyone who violates the law," he said.

He said al-Sadr has called for an end to the violence, and that rogue gunmen posing as Mahdi militants are carrying out the killings.

The al-Maliki government is attempting to reach a political settlement with militias. But some officers think a direct confrontation with the Mahdi Army may be inevitable.

"At some point, from the coalition side, we have to say (the Mahdi Army) is a terrorist organization that must be dealt with by the Iraqi government and the U.S.," said Brig. Gen. Dana Pittard, head of the Iraqi Assistance Group. The Mahdi Army "hasn't seen the full weight of what we could put on them."

DNA Shows Dead Man Was Al-Qaida Militant (AP)

By David Rising

AP, October 11, 2006

DNA tests have confirmed that a man shot to death by British forces was a leading al-Qaida militant who embarrassed the U.S. military by making an unprecedented escape from a maximum-security military prison in Afghanistan, the U.S. command said Tuesday.

Omar al-Farouq was shot and killed Sept. 25 after he opened fire on British forces during a raid on his home in Basra, 340 miles southeast of Baghdad.

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British forces had said at the time that they had hoped to capture the suspect, but had returned fire on him when he started shooting at them.

"After taking photographs and gathering DNA evidence from the individual, ground forces left the suspected terrorist remains at the site," the U.S. military said. "It was later determined through DNA gathered the individual killed was Omar al-Farouq."

Al-Farouq, who allegedly led al-Qaida's Southeast Asia operations, had slipped into Iraq three months earlier, according to police. It was not known why al-Farouq fled to Iraq, but officials have said he was born in Kuwait to Iraqi parents and may have had roots in the area.

He and three other al-Qaida suspects escaped from Bagram, in central Afghanistan, in July 2005, picking locks and navigating a minefield, then evading a massive manhunt.

The escaped prisoners later appeared in a video sent to the Dubai-based television station Al-Arabiya and boasted of their feat.

The Pentagon waited until November to confirm his escape and the delay upset Indonesia, which had arrested al-Farouq in 2002 and turned him over to the United States.

Al-Farouq has been linked to thwarted plots on U.S. embassies in Southeast Asia, and is alleged to have been a key link between al-Qaida and regional terrorists.

On hearing the initial reports of his death, his Indonesia wife said she almost fainted, but then wondered if the news was true. "I still have faith he is still alive," Mira Agustina told el-Shinta radio at the time.

GOP Senator Wants Iraq War Policy Change (AP-Y)

By Anne Plummer Flaherty, Associated Press Writer

AP, October 11, 2006

Sen. Olympia Snowe joined a growing list of Republicans calling for a change of course in Iraq, a position that could undermine President Bush's election-year assertion that the nation shouldn't set a timetable for troops to come home.

Snowe, a moderate who often bucks the Republican Party line, said in a statement Tuesday more should be done to pressure the Iraqis to take control of their country and make clear U.S. support is not unlimited.

Her remarks echoed those of Senate Armed Services Committee Chairman John Warner, R-Va., who last week said Congress should reconsider its options if the security situation — which he described as dire — does not improve in the next couple of months.

Warner is not up for re-election, while Snowe is, although she is considered a shoo-in.

As the Nov. 7 elections inch closer, more and more Republicans have grown louder in expressing their opposition to the White House's handling of the war, which remains unpopular with voters and a thorn in the side of Republicans struggling to maintain control of Congress.

Among those voicing their disappointment with the war are Republican Sens. Susan Collins of Maine and Chuck Hagel of Nebraska, along with Reps. Christopher Shays of Connecticut and Walter Jones of North Carolina.

"As conditions in Iraq continue to worsen, there must be no question among the administration, the Congress and the Iraqi unity government that staying the course is neither an option nor a plan," Snowe said Tuesday.

Last year, the Senate overwhelmingly passed a measure championed by Warner that labeled 2006 the year of transition in Iraq. But a spike in U.S. casualties and ethnic violence kept troop numbers high with no chance troops will return home in large numbers by the time voters head to the poll.

Iraqi Airport Hopes To Land Tourists, NASA (WP)

By Robin Wright

The Washington Post, October 11, 2006

There's at least one optimist in Iraq these days.

The Kurds are building a new $300 million airport in Irbil that will take the biggest aircraft in the world, including the Russian Antonov 225 cargo plane and the American C-5 Galaxy, which is so big that the Wright brothers could have made their entire flight within its cargo bay.

The Kurds are hoping their dramatic mountain region, the one tranquil part of Iraq, will become a tourist haven as well as a transit refueling stop for international carriers between Europe and Asia or Australia.

But Kurdistan Regional Government Civil Aviation Director Zaid Zwain hopes the airport, scheduled for completion next year, will intrigue another potential customer: NASA.

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When Secretary of State Condoleezza Rice's military aircraft developed technical problems in Irbil last week, Zwain took advantage of the two-hour delay to tell U.S. officials and journalists about his goal of becoming a backup landing strip for NASA shuttles for emergency landings.

The runway will be about three miles long -- just a bit longer than the length required by the space shuttle, he told members of the U.S. delegation. "If you have any trouble," Zwain offered, "you can land here free of charge."

Enlistment Success Story (WSJ)

The Wall Street Journal, October 11, 2006

Critics of the Iraq war often slam the Bush Administration for sending unwitting American soldiers off to an unwinnable battle. The question is: On whose behalf are these concerned folks speaking?

Not the military, judging from the impressive recruitment and retention numbers for the armed forces just released by the Defense Department. The Pentagon announced yesterday that in fiscal 2006 the Army, Navy, Air Force and Marines all met or exceeded active-duty recruitment goals. More impressive, the number of active duty servicemen who re-enlisted exceeded the DoD's goals in every area. Looks like many troops believe in the mission enough to willingly return to a difficult battlefield.

As much as these numbers speak to patriotism, they also say something about the Defense Department's efforts to modernize its recruitment and retention program. This year's achievements are in contrast to 2005, when the Army fell about 6,600 recruits short of its goal of 80,000. Since then, services have added recruiters, revamped advertising and made a greater effort to reach out to the families of potential or acting servicemen, as spouses and relatives often help with decisions to enlist or re-enlist. The retention numbers are particularly important for the Pentagon because these experienced servicemen train the next generation.

Critics took an immediate swipe at the new numbers, arguing that the Army had raised recruits' maximum allowable age to 42 from 35. Yet it turns out a tiny fraction -- maybe 500 -- of new soldiers fall into that category.

The other standard complaint is that the military meets its goals because it offers cash bonuses. But these youngsters had a choice in FY 2006: The military's recruitment success took place in a period of strong economic growth that offered young people ever greater civilian job opportunities. Anyway, given how fierce the competition is for talent, the military would be derelict to not offer competitive incentives to get the best young Americans.

Many of those young people, despite the luxury of choice, have decided to ship off to boot camp and join the world's finest all-volunteer military force. It'd be nice if a few more politicians and pundits respected their decision.

Data Suggests Vast Costs Loom In Disability Claims (NYT)

By Scott Shane

The New York Times, October 11, 2006

Nearly one in five soldiers leaving the military after serving in Iraq and Afghanistan has been at least partly disabled as a result of service, according to documents of the Department of Veterans Affairs obtained by a Washington research group.

The number of veterans granted disability compensation, more than 100,000 to date, suggests that taxpayers have only begun to pay the long-term financial cost of the two conflicts. About 567,000 of the 1.5 million American troops who have served so far have been discharged.

“The trend is ominous,” said Paul Sullivan, director of programs for Veterans for America, an advocacy group, and a former V.A. analyst.

Mr. Sullivan said that if the current proportions held up over time, 400,000 returning service members could eventually apply for disability benefits when they retired.

About 2.6 million veterans were receiving disability compensation as of 2005, according to testimony to Congress by the V.A. The largest group of recipients is from the Vietnam era. Of the 1.1 million who served in the Middle East during the Persian Gulf war in 1991, 291,740 have been granted disability compensation.

The documents on the current conflicts provide no details on the type of disabilities claimed by veterans. Most were found to be 30 percent disabled or less, and one in 10 recipients was found to be 100 percent disabled. Payments run from a few hundred dollars to more than $1,000 a month depending on the severity of the disability.

A separate V.A. health care report shows that the most common treatments sought by recently discharged troops are for musculoskeletal disorders like back pain, followed by mental disorders, notably post traumatic stress disorder. About 30,000 Iraq and Afghanistan veterans have sought treatment for post traumatic stress, which afflicts soldiers who have been under fire or in prolonged danger of attack.

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A V.A. spokesman, Terry Jemison, said "service-related" disabilities could include an amputation as the result of a bomb injury or a case of diabetes or heart disease that was first diagnosed or found to get worse while in uniform. Mr. Jemison said officials had no cost projections for disability payments to Iraq and Afghanistan veterans.

The documents were obtained under the Freedom of Information Act by the National Security Archive at George Washington University.

The documents show that 37 percent of active duty veterans have filed for disability compensation, compared with 20 percent of those who served with National Guard or Reserve units. Also, 18 percent of claims filed by Guard and Reserve soldiers are denied, compared with 8 percent of those filed by active duty troops.

The report offered no explanation for the differences, but veterans' advocates said efforts to explain V.A. procedures might be better for those leaving active duty than those offered to reservists.

"The Guard and reservists may be falling through the cracks at a higher rate," said Joseph A. Violante, national legislative director for Disabled American Veterans. "The V.A. needs to study why there's a difference."

Mr. Violante, a Vietnam veteran, said young soldiers returning from war often shrugged off their injuries and did not necessarily seek compensation right away. "But as they get older," he said, "and their injuries cause them more problems, then they're more likely to file."

In recent years, disability compensation programs have seen a number of changes that are likely to increase the filing of claims by veterans.

Congress told the V.A. last year to advertise the availability of compensation to veterans in states where payments had been disproportionately low, a program that the agency has predicted will attract nearly 100,000 new applicants.

3rd Iraq Death Has One Town Shaken To Core (NYT)

By Peter Applebome

The New York Times, October 11, 2006

HIGHLAND, N.Y.

When Eugene Williams was killed by a suicide bomber north of Najaf, Iraq, on March 29, 2003, the grief was shadowed by what looked like a cruel accident of history. Only 11 days later, Baghdad fell. If he had lived a few more days, people thought, the war would have been over.

When Doron Chan died on March 18, 2004, after his vehicle turned over near Balad, it seemed too much to bear. This Hudson River town of 10,000 had accounted for three of the 58,000 servicemen lost in Vietnam. Now two of its sons were among what was then 600 lost in Iraq? How could that be?

But when Pfc. Michael K. Oremus — "Mikey O" to his friends — was killed by a sniper bullet in Baghdad on Oct. 2, the numbers lost all meaning, washed away by tears: Jimmy Ventriglia crying all 45 minutes of his drive to coach soccer at West Point, Kevin Brennie unable to pull himself together when he heard the news at the town hall, tears and more tears at the wake here yesterday.

Death is more tornado than hurricane, picking its spots with capricious malice, but a third soldier gone, Mikey O, in this close-knit throwback of a town, Grover's Corners on the Hudson, seemed particularly beyond grief, beyond pain, beyond knowing.

"You have to understand, all the relationships here are so layered," said Peter Harris, who coached Mr. Oremus on the high school soccer team and taught him English. "You know people, you know their brothers and their parents, you know them for generations. So I held Michael when he was a baby, I played with him when he was 2 or 3, I coached him in high school, I played soccer with him after he graduated, as a friend. You don't experience that most places in the world. But you do here."

In this Ulster County town of deep ties and long memories, where family and soccer are two of the most enduring threads, few family names mean more than Oremus. Michael's older brothers, Eric and Richard, were soccer stalwarts. His parents, Madeline and Bruce, were universally admired. And when Bruce Oremus, who coached youth soccer teams in Highland and taught special education nearby in New Paltz, died of cancer in 1995, everyone in town shared the pain.

Many also shared the job of raising Michael, then 11 years old, a small, thin boy with a shock of blond hair. The Oremus family's kid brother became something of the town's kid brother as well. And if part of that meant developing a bit of moxie to be able to stand up to bigger brothers and bigger kids, he did it in spades. Despite his size, Michael was the kind of kid who would put on the goalie's gloves in practice and dare teammates, dare them, to kick one by him. The one in any group who would be first to vote yes on whatever plan was in the offing.

After graduating from high school in 2002, and a short stint studying at Dutchess Community College and doing odd jobs, he had a surprise announcement for his soccer buddies. He would not be playing with them next year. He had joined the Army to become a military policeman, a job that almost certainly meant hazardous duty in Iraq.

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Some were scared for him, but they were impressed as well. “When he told me, I was shocked,” said Mr. Brennie, who runs a pizza parlor where Mr. Oremus worked and who serves on the Town Council. “I thought, this kid has way more guts than anyone ever realized.”

After he enlisted in February 2005, he came back from training beaming — buff, grown up, his post-graduation uncertainty washed away by the rigor and mission of military life. While many here worried over every casualty report on the radio, others felt oddly insulated. They figured Highland had already overpaid its bill to the god of war. “We had lost two people already,” said his best friend, Jacob Brett. “It seemed impossible to me we could lose anyone else.”

When the impossible happened, some could not separate one town’s tragedy from a nation’s. “Highland should not send another soldier to Iraq,” one woman told the local newspaper, The Mid-Hudson Post Pioneer. Mr. Brett said neither he nor Mr. Oremus had been political, but the death had changed him. “I hope this does make people look differently at the war,” Mr. Brett said. “I don’t want any other people to go through what we’re going through.”

But for most, for now, the grief has obliterated the larger debate over the war. For the people in Highland, like generations before them, it is about young people who died much too soon, about families having to cope with too much and, this time, about a burden no town should have to bear.

On the road into town, there are war memorials from the Civil War to Vietnam. The flagpole and monument in front of the Methodist church honors those who served and those who died “in the Great War of the Nations,” the quaint coinage before World War I merited a Roman numeral. And today, people say, the funeral for Mikey O, dead at 21, could be the biggest in town history.

“All three of them died so young,” said Mr. Brennie. “They had so much to offer, so much they wanted to achieve, and it was all ripped away.”

In Marine's Death, Clues To A Son's Life (WP)

By Dan Morse

The Washington Post, October 11, 2006

Gilda Carbonaro pulled her car to a stop inside Arlington National Cemetery, stepping out to visit the freshly dug grave of her only child, Alex.

With her was a broad-shouldered Marine, limping from a leg shattered in battle, who towered a foot over Gilda. The Marine hadn't known Alex well but held precious clues about the person he had become.

Gilda had many questions. She and her husband had raised Alex in a world different from the military's -- the protected streets of Bethesda. Alex graduated from a Quaker high school, then stunned them by enlisting in the Marine Corps.

Gilda trusted he would serve out his initial five-year commitment, come home and go to college. Instead, he reenlisted, earning a spot in one of the Marines' elite reconnaissance units, called Recon, which operate deep inside enemy territory. That took Alex on two tours in Iraq, a war Gilda had spent two years trying to end.

On May 1, a roadside bomb tore through Alex's Humvee, setting him and two of his men on fire. He died 10 days later in a military hospital in Germany in the arms of his mom, his dad, his wife of not quite 12 months and his mother-in-law.

Alex remains the only service member listed from Bethesda killed in Iraq or Afghanistan. He was 28.

His grave in sight, Gilda -- a 56-year-old school teacher -- wrestled with unyielding grief, and with a mother's need to understand her son. The Marine walking with Gilda was a sergeant, like Alex. They placed flowers on Alex's grave, doing the same at the nearby grave of one of Alex's men. They walked to a big tree and sat down.

"Have you read the Recon Creed?" the Marine asked. "We live by that."The Corps Over College

Alex was a tough read, even as a kid. Private and headstrong, he tended to reveal big decisions only after he had made them.

The world around him couldn't have been more focused on college. In 2000, according to U.S. Census data, Bethesda held more degrees per capita than any place in the country with more than 50,000 people.

Gilda held a master's in linguistics from Georgetown University. She taught Spanish at two of the area's top prep schools, first Holton-Arms, then St. Albans. Alex's father, Fulvio, a native of Italy with a master's in computer science, consulted at financial institutions in developing nations around the world.

The couple tried not to smother their only child. When he was 12, Gilda walked him through their neighborhood, helping line up friends who needed lawns mowed. Alex spent $300 of his earnings on a watch for his dad.

Alex spelled poorly, shaking his confidence as he advanced in school. Seeking smaller classes, his parents enrolled him at Sandy Spring Friends School, an eclectic prep school where students call teachers by their first names and are exposed to the Quaker tenets of peace and pacifism.

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Alex applied himself to only what interested him -- Russian history, Brazilian history, creative writing -- and posted erratic grades reflecting that. He came to see college as a place others headed simply to get a degree. Without studying, he posted an SAT score high enough to give him a good shot at Georgetown.

Gilda handed him an application. "You'll have the most fun you've had in your life," she said.

Alex began to fill it out but halted at a section he viewed as phony. "This is when the person applying to college writes these essays saying what wonderful people they are," Gilda recalled him saying. "I'm not doing that."

Alex stood a wafer-thin 5 feet 7 inches tall, making it that much more shocking when he told his parents that he had enlisted after high school. The three drove to the Marine recruiting office in Rockville. "You can live a year of your life wasting time," the recruiter told them. "Or you can live it, planning every minute of it, and living it well."

To Gilda, it sounded like a standard spiel for parents. But part of it reflected her beliefs. "The unexamined life is not worth living," she thought.

Alex's decision stunned friends. He was the kid playing Dungeons & Dragons, the garage-band guitarist, the high-schooler squeezed into a booth at TGI Friday's, sucking down cigarettes and endless cups of coffee. He told them that he wanted to be financially free, to travel, to become stronger. "You know what," he told buddy Jon Codell, cutting off his concerns, "I think it's honorable."

Alex shipped off for boot camp at Parris Island in summer 1998. His parents soaked up his letters.

"My first shot was in the 2-ring center and to the left," Alex wrote. He had to nail seven bull's-eyes from 500 yards in his final seven shots. He did, "and so now I can move on in boot camp."

After graduating, Alex was sent to Japan to maintain electronic components of Marine aircraft.

"Hi Bug," Gilda e-mailed, addressing him by a nickname she had coined when he was a baby. "Well, so it's Lance Corporal now. Fantastic! What is the rank that follows it? Some sort of sergeant?"

"What follows lance Corporal is Corporal," Alex responded. "A lance Corporal is just a Corporal without a horse. I learned that yesterday. From the sound of it, most LCPL's don't get their horse for about three years in this particular occupation."

The Marines sent him to an Air National Guard base in New York. Then terrorists struck the Pentagon and World Trade Center on Sept. 11, 2001. The world seemed to be going to hell, Alex told a high school friend, and he wanted to get in the middle of it. Apart from that, he had never become the Marine he envisioned. He reenlisted, setting his sights on Recon. Fewer than one in five make it.

Gilda suggested having the Marines send him to college so he would come out an officer: "Doesn't it make sense to seek a commission?"

"So I can be stacking papers and signing things while my men are in the field?" Alex responded. "I don't think so."'I Struggle With Myself'

Gilda and Fulvio fully supported removing Afghanistan's Taliban government. Given time, Fulvio thought, the United States would lead poorer nations toward democracy. "I am now convinced I was wrong," he e-mailed friends a month after the Iraq invasion.

A year later, Gilda and Fulvio thought the United States shouldn't pull out. Then, for Gilda, came a growing sense that staying was doing more harm. In spring 2004, she joined Military Families Speak Out.

She placed a sign in her living room window: "Bring The Troops Home Now." She kept postcards in her purse calling for withdrawal and slipped them onto windshields in downtown Bethesda. She went to rallies, visited members of Congress. She sent Alex articles on such topics as the challenges of reconstructing Iraq.

"I struggle with myself in deciding whether or not to send you these things," she wrote. "Obviously I want you to have total conviction in what you are doing. To me, this conviction translates to your safety. But another part of me is convinced the more knowledge you have, the better off, the safer you'll be."

Alex kept training for Recon. At home one weekend, he and Bethesda friend Andy Huff jogged to Bradley Hills Elementary School. Alex reached for a chin-up bar, knocking out 20. He took a quick break and did nearly 20 more. "Whoa," Huff remembers telling him. "That's pretty crazy."

In September 2004, as part of a Recon battalion with the motto "Swift, Silent, Deadly," Alex shipped off to Iraq.'Enough of the Politics'

Two months later, Gilda heard from Alex's fiancee. A bomb had blown up under Alex's Humvee, sending shrapnel into his foot and laying him up in a field hospital outside Fallujah.

"Mom, Mom, Mom," he said over the phone. "I don't want you to make a big deal out of this. I don't want anybody out there thinking, 'Oh, poor Alex, poor Alex.' "

He asked his parents to visit a wounded buddy at the National Naval Medical Center in Bethesda. While there, they met other Marines, too, including one blinded by a gunshot who asked what Alex did.

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"He's Recon," Gilda said.

"Recon. They're crazy, ma'am."

She asked what he meant.

"They have no fear," he said.

Gilda and Fulvio also met Frank Delgado, the tall Recon Marine who two years later would go with Gilda to Alex's grave. Three metal rings surrounded Delgado's lower left leg, and rods descended into his bones. He told the Carbonaros that he had just seen Alex. He was okay, and Delgado told them how lucky he was: Alex soon would be fighting alongside his buddies, not laid up worrying about them.

Gilda began visiting the hospital weekly. She also learned of Marines in boot camp who didn't get mail. She wrote them, trying to lift their spirits.

She sent Alex cookies, cakes, books, articles. She tried to engage him in campaign discussions.

"Enough of the politics," Alex e-mailed her from Iraq.

A month later, a red bouquet arrived for Gilda. "Happy Birthday," the card read. "Just know that I am doing OK. I love you. Alex."Joining in Protests

May 28, 2005, was his wedding day.

At 11:30 a.m. he walked downstairs in his dress-blue uniform, a row of five medals, including a purple heart, hanging on his chest.

"Wait a minute," Gilda said. "The wedding is at 3, Alex."

He wanted to join six other Marines at the church to practice a ceremony in which he and his bride would walk under an arch of swords.

The newlyweds settled outside a Recon base in North Carolina. Selected as team leader, Alex was in charge of five younger Marines. It was down there, between his deployments, that Alex searched the Internet for his mom's name.

At the rallies, Gilda hadn't mentioned Alex's name. She had rarely mentioned hers. Still, as Alex could see, she had certainly been active. At a rally in Washington, a speaker saw Gilda, calling out her name. She spoke in Philadelphia. And just before Alex had left on his first tour, she spoke by phone to a reporter with Radio Free Europe.

"I can't let my son see how upset I am," she said in an online version of the story. "How do you turn around and tell your son: 'Your president, he made a mistake. You need to abandon your men.' You don't tell your child that."

Alex didn't like it. "Keep a low profile," he told Gilda.

She did. As Gilda wrote senators and friends, she stacked copies in a box, hoping one day to give them to Alex.

"How did the pistol shooting go? . . . What's the mood like in the country at least as far as Marines are concerned about the way things are going in Iraq?" she e-mailed from Italy.

"Political-wise marines are marines," he wrote back, "and will always just talk about the last time they went over there or the next time they may have to go."Part of the Family

By April this year, Alex was back in Iraq for his second tour. "Hi guys," he wrote to his parents April 28. "I'm doing fine. I really haven't been in [camp] a lot. Maybe five days since I've been here. . . . I will get a hold of you soon. Alex."

Four days later, Gilda heard a knock on her classroom door. The chaplain asked her to her office. "It's Alex, isn't it?" Gilda asked.

Within days, she stood outside Alex's hospital room in Germany, being asked to put on a gown, rubber gloves, a mask and a hair cap. She walked in. Alex was hooked to a respirator. Bandages covered all but small patches of his darkened face.

"Don't worry," Gilda told him. "Everyone says you've been such a fighter, how tough you are. You have the best doctors, baby. You're going to be just fine."

Alex couldn't respond. "You've had more Masses than the pope," his wife told him, forcing a smile in her voice. Alex's mom broke for the door, screaming as she reached the hall.

Two weeks later, Alex's parents, his widow and his in-laws sat in a front row at Washington National Cathedral. More than 700 mourners sat behind them -- relatives, friends, Marines, St. Albans boys in their coats and ties.

Jeff Corwon, a Marine, walked to the lectern, his lower lip quivering, his back ramrod straight. He spoke of Alex's dedication. He turned to Alex's parents.

"Mr. and Mrs. Carbonaro, in your eyes Alex may have been an only child," he said, his voice halting. "But through your eyes, you may not have seen how good of a brother he was of mine."

It was the kind of language they had heard for weeks -- over the phone from North Carolina, in Germany, in Washington setting up the funeral: You are part of our family.

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That evening, friends and relatives gathered at the Carbonaros'. Carloads of Marines pulled up, parking near Gilda's Bring The Troops Home sign. Inside, they stood in clumps, telling stories about Alex and smiling. Gilda kept approaching. They offered to do anything for her -- now, 20 years from now. "We're going to get together again, right?" she asked.

Absolutely, they said.

Online, she found tributes: "Many times, I went to Alex for ideas and advice on how to accomplish a task," wrote his platoon commander, Lt. Tommy Waller, "never walking away without a better plan than the one I had started with."

Gilda also found the Recon Creed, which offers its own tenets for life: Sacrifice comfort. Complete the mission. "A Recon Marine can speak without saying a word," it closes, "and achieve what others can only imagine."

Alex's widow, who is also named Gilda, told his parents of her final phone conversation with Alex in late April. She told him that people were praying for him. He told her to thank them. "Tell them to pray for my team, too," he said, adding that if something happened to them, it would be as bad or worse than if it happened to him. Alex also asked his wife to round up information on the veteran's college scholarships they had discussed. He planned to leave the Corps next year.

Alex's mom read the book "One Bullet Away," written by a Recon officer. In battle, he wrote, Recon operated in such small units that its team leaders were "the battalion's backbone."The Bombing

Closer to home, two Marine veterans of the Iraq war check on Gilda and Fulvio. Sometimes they bring Italian wine, staying for dinner. "There's a bit of Alex in all of us," Delgado, who just retired from the Corps, told them last month.

Alex's full unit is due home this month, with members planning to visit Arlington. Gilda has invited many of them over. She and Fulvio want to meet Marines such as David Drexler, the last known person to hear Alex speak.

After the blast, he wrestled Alex to the ground, damping out flames with his gloved hands. He wrapped Alex in a gel-lined blanket, laid him on his back and propped Alex's head on his leg as they waited for the helicopter. Alex cursed roadside bombs, joking that they had gotten him again. He asked for water.

"Where's Elmo?" Alex asked. "Where's Moss?"

"Doc's working on them now," Drexler said.

"How's Palmer? How's Fulks?"

"Everybody's fine," Drexler said.

Twenty minutes passed. Alex kept asking about his team. Finally, he said his arms felt like they were burning, and his face hurt.

"Okay," Drexler said, knowing he needed morphine. "I'm going to call for Doc."

Chief Of The Army Says U.S. Needs Consensus To Combat Terrorism (MCT)

By Drew Brown

McClatchy Newspapers, October 11, 2006

WASHINTON - The United States needs to reach a consensus on how to fight terrorists and increase defense spending to make sure the Army stays ready to fight, the Army's chief of staff said Tuesday.

Gen. Peter J. Schoomaker also called on teachers, parents and other influential adults to encourage young people to serve in the military.

Speaking at the Army's annual convention, Schoomaker said the United States was "much closer to the beginning than the end" of the war on al-Qaida and other terrorists. "Ultimate victory," he said, would require a common understanding of the enemy and the nature of the conflict, plus a "national strategic consensus" on how to address the threat.

"While such a common strategic foundation - understood and accepted by the American people - existed during the Cold War in the form of `containment,' it is not evident that such common understanding exists today," he said.

Schoomaker didn't give specific figures about the amount of defense-spending increases he thought was necessary. He said the Army had learned a "bitter lesson" during the 1990s when 425,000 soldiers were cut from its ranks and expenditures fell to levels unseen since the late 1940s. From the late 1980s until 2001, there was a $100 billion shortfall in investment in new technologies and $56 billion in equipment shortages, Schoomaker said.

Defense spending now is less than 4 percent of U.S. gross domestic product, compared with 38 percent during World War II, 14 percent during the Korean War and 10 percent during the Vietnam War.

"Let there be no mistake: Our soldiers' effectiveness in battle - both today and tomorrow - ultimately depends upon a national commitment to recruit, train, equip and support them and their families properly," he said. "This is a matter of national priorities, not affordability."

Schoomaker, who's nearing the end of his four-year term, said the Army faced a challenge in recruiting enough soldiers to fight in a protracted war.

"We should see our best young people seeking to serve," he said. "America's future depends on it."

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The Army missed recruiting targets in 2005. It made its goals in fiscal year 2006, which ended Sept. 30, but had to make some changes, including increasing the maximum age for recruits to 42 and allowing 4 percent of recruits to score in category 4, the lowest level, compared with a previous limit of 2 percent in the lowest category.

Army officials denied that they'd lowered standards. They said the overall Pentagon standard was 4 percent in category 4 and the change brought the Army's standard in line with that.

Army officials said waivers for crimes had increased but that most were for misdemeanors. Waivers for serious crimes are below 1 percent of the total number of recruits, and waivers for drug and alcohol use also remain below 1 percent of the total.

A study last month by the National Priorities Project, a nonprofit group that examines federal spending, found that new recruits in 2005 came primarily from low- and middle-income neighborhoods, and that recruits from households with annual incomes of more than $55,000 were increasingly underrepresented.

CORPORATE SCANDALS:

Bed Bath & Beyond Admits Extensive Options Backdating (WSJ)

By Mark Maremont

The Wall Street Journal, October 11, 2006

Bed Bath & Beyond Inc. admitted to rampant backdating of stock-option grants as part of a policy to provide extra incentives to insiders, but said an internal probe found no evidence of "willful misconduct."

The detailed mea culpa by the big Union, N.J., retail chain is another demonstration that the options scandal, which has engulfed more than 100 companies, is reaching far beyond Silicon Valley and the technology sector.

MORE ON OPTIONS

· Bed, Bath & Beyond's Oct. 10 filing on options1

· Options Scorecard: Companies under scrutiny2

· Perfect Payday: Complete coverage3

Bed Bath & Beyond said its internal probe examining the period from its 1992 initial public offering through May 2006 found that the company had misdated options on 44 occasions, 37 of them in favor of the recipients. In many cases, the probe concluded, executives used "hindsight" to select favorable grant dates in the past when the stock was trading at low points. (Read the text of the company's report on options.4)

The probe criticized the company's options-granting process as deficient in a number of ways, including the practice of allowing its three senior executives to select the dates for their own options grants. It said the responsibility for selecting grant dates rested with its co-founders and current co-chairmen, Leonard Feinstein and Warren Eisenberg, and its current chief executive, Steven H. Temares.

The company said it doesn't intend to restate past financials to record the extra compensation expense associated with the backdated options. Instead, it said it will cut $66 million from the equity portion of its balance sheet, and expects to record another $8 million in expense in its fiscal third quarter. The company also said it is reviewing potential tax implications of the backdated options.

Backdating involves pretending the option was granted at an earlier time when the stock price was lower, thus handing the employee an instant potential profit. Backdating generally is improper or illegal, and can lead to criminal or civil charges, plus accounting problems. The Securities and Exchange Commission is conducting an informal inquiry of Bed Bath & Beyond, the company has said.

While companies such as Apple Computer Inc. recently have provided only bare-bones disclosures about the conclusions of their internal options probes, Bed Bath & Beyond's statement late yesterday gives copious details.

Bed Bath & Beyond Ends Internal Probe (AP)

AP, October 11, 2006

Bed Bath & Beyond Completes Internal Stock Probe, Will Take $8M Charge in 3Q

WASHINGTON (AP) -- Bed Bath & Beyond Inc. said Tuesday it completed its internal investigation of stock-option practices, and while the home furnishings retailer will not revise past financial statements, it will take an $8 million charge in third quarter.

The Union, N.J.-based retailer said the general and administrative expense charge represents "the total of the first and second quarter charges related to the impact of the revised measurement dates...and the applicable charge for the third quarter," in a filing with the Securities and Exchange Commission.

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The review committee found 31 off-cycle monthly grant dates not made on the 15th of the month as required by the company's policies, and 12 of them were "at notable low prices." Interviews and the documentation reviewed did not explain the selection of the dates, the company said.

"The low prices were suggestive of the use of some hindsight in selecting the low price off-cycle grant dates," according to the filing. However, the committee found no willful misconduct and no intent to mislead auditors.

At least 136 companies have disclosed internal, SEC or Justice Department investigations into the possible backdating of past stock options to artificially inflate their value.

Bed Bath & Beyond also will reclassify $66 million "within the equity section of the consolidated balance sheet to be included in its Form 10-K for the fiscal year ending March 3, 2007." The charge represents the effect of the adjustment resulting from non-cash charges from fiscal 1993 through the second quarter of this year, according to the filing.

"The company is reviewing any potential tax implications relating to the company's stock option grants and restricted share awards, but believes that such matters will not have a material impact on the company's financial position," according to the filing.

Shares of Bed Bath & Beyond dipped 5 cents to $39.88 in after-hours trading, after losing 6 cents to close at $39.93 on the Nasdaq.

2 Ex-Comverse Execs In Plea Discussions (HC)

By Chad Bray, Dow Jones Newswires

Houston Chronicle, October 11, 2006

NEW YORK — Two former executives of Comverse Technology Inc. are engaged in plea discussions with the U.S. Justice Department to end the criminal fraud case against them, according to court documents filed late last week.

In separate orders filed late Friday, U.S. Magistrate Judge Joan M. Azrack ordered that the time to indict former Comverse finance chief David Kreinberg and ex-senior general counsel William F. Sorin be extended by 30 days to Nov. 8.

According to court documents, Sorin and Kreinberg are engaged in plea negotiations with the U.S. Attorney's office in Brooklyn, which "they believe are likely to result in a disposition of this case without trial."

Kreinberg and Sorin were charged, along with ex-Comverse Chief Executive Jacob "Kobi" Alexander, with conspiracy to commit mail fraud, securities fraud and wire fraud in August in an alleged scheme to improperly backdate options at the company. The men were charged at the time under a criminal complaint.

Alexander, who was arrested in the African nation Namibia last month, has since been indicted on charges of conspiracy, securities fraud, making false filings with the Securities and Exchange Commission, mail fraud, wire fraud, money laundering and engaging in unlawful monetary transactions. Alexander was granted bail at a hearing last week in Namibia.

The SEC also has separately filed civil charges against the men.

A spokesman for the U.S. Attorney's office in Brooklyn declined comment Tuesday. Lawyers for Sorin and Kreinberg didn't immediately return phone calls for comment on Tuesday.

Prosecutors have alleged that Alexander and others engaged in a scheme to backdate millions of stock options for themselves and other employees when the stock was trading at periodic lows. The improper grants occurred between 1998 and 2002, according to court documents. As a result, Alexander "reaped substantial personal gain" from his alleged conduct, prosecutors said.

Alexander and others allegedly arranged to award new hires with "in-the-money options backdated to days before the new employees were employed by CTI," according to court documents.

The government also has alleged that Alexander and others used fictitious names to generate hundreds of thousands of backdated options, which were parked in a "secret slush fund" designed to evade the requirements of Comverse's stock-option plans. Alexander then unilaterally awarded options from the slush fund to favored employees, according to prosecutors.

The slush fund was first named I.M. Fanton, after "Phantom of the Opera," according to the indictment against Alexander. The earlier criminal complaint said the assistant who helped manage the slush fund named after "Phantom" said the name fit what they were being asked to do: create phantom employees.

The slush fund's name was later changed "Fargo" _ based on the Coen brothers' movie of the same name, according to the indictment. The earlier complaint said the name was changed after thinking better of the wisdom of naming the fund after "Phantom."

Prosecutors are seeking the forfeiture of about $138 million in Alexander's assets, as well as two apartments in Alexander's name in Manhattan, according to court documents.

Subway Series Alive After All: The Legal One (WSJ)

By Paul Davies And Peter Lattman

The Wall Street Journal, October 11, 2006

Federal Prosecutors in Brooklyn One-Up Prosecutors Across River, Snag More White-Collar Cases

NEW YORK -- Federal prosecutors in Manhattan aren't used to being upstaged. But if Kobi Alexander, the fugitive executive arrested last month in Namibia, makes it stateside to answer stock-option-backdating charges, he will do so across the East River, in a different borough of New York City: Brooklyn.

Ownership of the case -- involving Comverse Technology Inc., which Mr. Alexander co-founded -- is the latest in a string of white-collar cases overseen by the Justice Department's U.S. attorney's office in Brooklyn. Known as the Eastern District of New York, its prosecutors lately have gained ground in a friendly, but sometimes-pointed, rivalry with their Southern District counterparts in the borough of Manhattan, who have stumbled recently on a few big cases.

That rivalry between prosecutors in two of the country's 93 judicial districts is playing out amid a broader competition for business cases that has intensified nationwide since the dot-com collapse. Led by New York state's attorney general, Eliot Spitzer, and Manhattan District Attorney Robert Morgenthau, state and local prosecutors also have jockeyed for prominence, sometimes stepping on the toes of regulators, especially at the Securities and Exchange Commission, which has authority to bring only civil cases.

In the criminal realm, the Manhattan U.S. attorney's office is the "old established group that considers itself the best," says Alan Vinegrad, a former Brooklyn U.S. attorney. But now the scrappy underdog is "on the map."

Unwilling to concede much, Steve Peikin, former head of the Manhattan office's securities unit, quips that Brooklyn is a "great second."

The Eastern District's white-collar troops used to focus mainly on Long Island boiler-room operations peddling dicey stocks.

More recently, they were among the first to jump on stock-options backdating, launching probes of Comverse and Cablevision Systems Corp., of Bethpage, N.Y. No charges have been filed in the Cablevision case. Mr. Alexander and two other former Comverse executives were charged with illegally backdating grant dates to days when share prices were low, potentially increasing the options' value. The others pleaded not guilty, but court records show they are in plea-bargain talks. Prosecutors are trying to extradite Mr. Alexander from Namibia, where he is out on bail.

In the spring, the Brooklyn prosecutors secured guilty pleas from three former executives of CA Inc., an Islandia, N.Y., software company. They indicted about a dozen brokers for allegedly trading on information from brokerage giants' communications systems, known as squawk boxes; five pleaded guilty, the rest await trial. The prosecutors also landed guilty pleas in May from nine people for fraudulently boosting circulation at Newsday, a Long Island newspaper owned by Tribune Co. A former FBI agent was sentenced Oct. 2 in Brooklyn federal court to six years in prison for trading on information about companies under investigation.

One setback for the office: a hung jury in February in an accounting-fraud case against three former Symbol Technologies Inc. executives. A retrial is set for next year. The company's former general counsel pleaded guilty in 2004.

After the collapse of Enron Corp. and the passage of the Sarbanes-Oxley corporate-oversight law, the Brooklyn office enhanced its white-collar expertise, says Roslynn Mauskopf, the Eastern District's U.S. attorney. With public companies having proliferated on Long Island, the district was in need of more business policing, Ms. Mauskopf adds.

The office got a boost in July 2002 when the Bush administration formed the Corporate Fraud Task Force, which included both Brooklyn and Manhattan, and decided to spread white-collar cases around the country.

"We quickly leveraged our in-house expertise and made some really smart hires," including lawyers from the SEC, the Manhattan district attorney's office and other U.S. attorney shops, says Ms. Mauskopf, recently nominated for a federal judgeship.

The Brooklyn office's experience in organized-crime cases aided its white-collar push. "If you've tried complicated, multidefendant RICO [racketeering] cases, it's not going to be a challenge to you to try a complicated corporate-fraud case," says Leslie Caldwell, an Eastern District alumna who headed the Enron prosecution team, which included two other former Brooklynites.

The Manhattan U.S. attorney's office -- the nation's oldest, created by President Washington in 1789 -- opened a securities-fraud unit in the 1960s, decades before other offices. It has a reputation for jealously guarding its dominance of corporate-fraud cases, earning the moniker among critics as the "Sovereign District."

Rudolph Giuliani, later New York City's mayor, made his name there in the 1980s, prosecuting Wall Street titans Ivan Boesky, Michael Milken and others. More recently, the office won convictions in a string of cases -- against Martha Stewart, WorldCom Inc.'s Bernard Ebbers and Adelphia Communications Corp.'s John Rigas and Timothy Rigas.

Now headed by Michael J. Garcia, the office recently has hit a rough patch, mostly from missteps that predated him. Charges against former star investment banker Frank Quattrone were deferred in August, after a mistrial and an overturned

conviction. A federal judge chastised the office for heavy-handed tactics against former KPMG LLP executives charged with tax fraud. Prosecutors dropped fraud charges against two New York Stock Exchange floor traders after losing trials against two others; another two pleaded guilty, and two were convicted.

The office still wins most cases, and it remains aggressive on the white-collar front, pursuing some of its own stock-options probes. (An inquiry into buyout deals by private-equity firms is being handled by a separate Justice Department antitrust unit in New York.)

"I am proud of our long history of prosecuting securities-fraud cases," Mr. Garcia said in a statement. "Many offices around the country have increased their efforts in this area, with fine results for the public. We applaud the excellent work of our colleagues."

The two offices have had past turf battles involving mob and drug cases. Their securities units bump into each other less often, battling over boiler-room cases in the 1990s. They butted heads over the securities-fraud prosecution of shoe designer Steve Madden. Each office ended up indicting him. He pleaded guilty in both cases and was sentenced to 41 months.

Ms. Caldwell sees the competition as healthy because it gives investigators in the SEC and Federal Bureau of Investigation alternative avenues to pursue cases.

"In either district here in New York, if a case is not being given the attention it deserves, the agents can just go across the river," she says.

Write to Paul Davies at paul.davies@wsj.com1 and Peter Lattman at peter.lattman@wsj.com2

Skilling Asks Judge To Overturn Conviction (BLOOM)

By Bloomberg News

Bloomberg News, October 11, 2006

Enron's former chief executive, Jeffrey K. Skilling, found guilty in May of directing a huge fraud, asked a judge to throw out his conviction, citing a successful appeal in another Enron case.

In a filing yesterday in federal court in Houston, Mr. Skilling, 52, joined other convicted Enron executives in asking a trial judge to void his guilty verdict, based on an August ruling by a federal appeals court in New Orleans. Mr. Skilling's request came as part of a motion to remain free pending an appeal he said he planned to file after his sentencing, scheduled for Oct. 23.

Mr. Skilling told Judge Simeon T. Lake III of the United States District Court that his conviction should be thrown out because the jury might have relied on a prosecution claim that he deprived the company of "honest services," a theory that caused the New Orleans court to overturn four other Enron-related convictions in August.

"The whole theory of deprivation of honest services is that I have a duty of loyalty to the company, yet I'm going out and doing something that hurts the company and benefits me personally," said Barry Pollack, a lawyer who successfully defended Michael W. Krautz, an accountant for Enron Broadband Services. "With these Enron guys, it's different. These individuals went out and did something they honestly believed was in the company's best interest and what the company's management at the highest level wanted done."

Mr. Skilling, convicted of 19 counts of fraud, conspiracy and insider trading, faces a sentence of as much as 25 years in prison. Prosecutors gave jurors several situations under which they could find him guilty of defrauding Enron, which collapsed into bankruptcy in December 2001. Having deprived the company of his honest services was one. Deliberately deceiving investors was another.

Since the jury did not explain how it reached its guilty verdict, the fraud and conspiracy convictions were tainted by the possibility that "honest services" played a part. Mr. Skilling argued that his entire conviction should be thrown out, using the logic the appeals court followed in August.

The government will respond to Mr. Skilling's motion "in an appropriate court filing," a Justice Department spokeswoman, Jaclyn Lesch, said. The government has already asked the entire appeals court in New Orleans to review the honest-services issue and reinstate the ex-bankers' convictions.

Third Trial Begins For Former Cendant Exec (USAT)

By Greg Farrell

USA Today, October 11, 2006

BRIDGEPORT, Conn. — For the third time in the past two years, prosecutors on Tuesday accused former Cendant chairman Walter Forbes of masterminding an accounting fraud that inflated his company's earnings by $252 million. The disclosure of the fraud in April 1998 caused Cendant's share price to plummet 50%, wiping out $14 billion in shareholder value in one day, making it one of the biggest accounting frauds of the 1990s.

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In a scene reminiscent of the movie Groundhog Day, the government argued that Forbes, 63, founder of Comp-U-Card International, used CUC's merger-and-acquisition reserves as a slush fund through which his underlings padded the company's earnings.

The government has already put Forbes on trial twice for his alleged actions. In a trial that began two years ago, a jury convicted Forbes' right-hand man, E. Kirk Shelton, of securities fraud, but it deadlocked on the question of Forbes' involvement. Shelton received a 10-year prison sentence. In a retrial of Forbes last year, a different jury also reached an impasse.

In the 1990s, CUC was profitable, prosecutors conceded, but Forbes wanted the company to grow by 25% per year, so he had his subordinates "cook the books," according to assistant U.S. Attorney Michael Martinez.

Forbes allegedly pulled off the fraud, Martinez said in Tuesday's opening arguments, by merging CUC with other companies and creating huge accounting reserves. But the problem with the scheme, Martinez continued, was that CUC had to fill a larger and larger hole each year in order to keep up with the 25% growth rate.

Finally, in 1997, Forbes agreed to merge CUC with a franchise company, HFS, to form the travel and real estate firm Cendant. Under terms of the merger, top HFS executives would run the company the first two years and then Forbes and his executives would assume control. Martinez argued that Forbes tried to hide CUC's accounting games from Cendant CEO Henry Silverman, but that the new management eventually uncovered the fraud.

In response to the government's accusations, Forbes' lead attorney, Brendan Sullivan, said Forbes knew nothing about the fraud. He laid the blame for the accounting mess squarely at the feet of the government's chief witness, former CFO Cosmo Corigliano.

Forbes' first two trials took place in Hartford, before U.S. District Judge Alvin Thompson. The current trial is being heard in Bridgeport before U.S. District Judge Alan Nevas. Unlike Thompson, who gave defense attorneys wide latitude to argue motions, Nevas sternly lectured one of Forbes' lawyers, Barry Simon, for raising questions about witnesses Tuesday afternoon, saying he wanted to deal with specific requests regarding the testimony of government witnesses all at once, not each day on the jury's time.

Buffett Waves Ethical Vigilance Flag (WP/AP)

By Timberly Ross

The Washington Post, October 11, 2006

OMAHA -- "Everyone else is doing it" is no justification for unethical business practices, Warren E. Buffett told managers of his company, Berkshire Hathaway Inc.

In a Sept. 27 memo, Buffett cautioned managers that many corporate scandals arise because questionable activity is accepted as normal behavior.

"Somewhere along the line they picked up the notion . . . that a number of well-respected managers were engaging in such practices and therefore it must be OK to do so," Buffett wrote. "It's a seductive argument."

Buffett acknowledged that it is inevitable that someone among Berkshire Hathaway's almost 200,000 workers would give in to temptation. He called on his top executives to resist improper behavior and head it off in employees.

"Berkshire's reputation is in your hands," Buffett wrote.

The memo comes as the former chairman of Hewlett-Packard Co. is being investigated on charges she violated state privacy laws when probing her board for leaks to the press.

Berkshire Hathaway owns 68 companies, according to its most recent annual report, including insurance, reinsurance, carpet, jewelry, furniture, restaurants and utility firms. And it has major investments in such companies as H&R Block Inc., Anheuser-Busch Cos. and The Washington Post Co. Buffett is on the Washington Post Co. board of directors.

The recent ethics lesson is nothing new for Buffett.

"Every couple of years for the past 15 or 20 years, he has been sending out memos to our Berkshire subsidiaries," Buffett's spokeswoman Debbie Bosanek said Tuesday.

This is necessary, she said, because Berkshire Hathaway continues to acquire new companies and works with new people in top positions.

He said in his Sept. 27 memo, "Let's start with what is legal, but always go on to what we would feel comfortable about being printed on the front page of our local paper."

The H-P Investigation (WSJ)

By Patricia Dunn

The Wall Street Journal, October 11, 2006

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When I agreed to accept the position of non-executive chairman of the Hewlett-Packard board during the tumultuous period surrounding Carly Fiorina's departure, I knew there would be challenging and difficult times ahead. Never in my wildest dreams did I anticipate how difficult.

One of the first requests I received from my fellow directors was to find a way to stop leaks of confidential information emanating from our boardroom. The company had actually begun efforts to identify the source of the leaks prior to my assuming the chairmanship, but made no progress. It was of concern to us all. Well, almost all of us.

The most sensitive aspects of a company's business come before its board: strategy, executive succession, acquisitions, new product development. This is exactly the type of information a company's competitors and those who trade in its stock would love to have before that information is properly disseminated. This is exactly why it is so essential that directors respect the confidentiality of the discussions and decisions that occur in the boardroom.

At H-P, all directors, officers and employees are bound by the same Standards of Business Conduct, to which they attest compliance annually, including a section which says, "You may not grant interviews or provide comments to the press without prior approval from H-P Corporate Communications . . ." Boards are also highly regulated, with a myriad of complex structures. These regulations cannot be followed if any individual discloses sensitive information in an unauthorized manner. If any suspicion emerges that one or more board members are violating their oath of confidentiality, then, it is the board's responsibility to do something about it. This is the situation we faced at H-P in 2005, when seven of my nine fellow directors made it clear that taking steps to identify and correct the problem was a top priority of my new appointment.

As I testified before Congress, the first thing I did after being directed by the majority of the board to find and stop the leaks was to approach one of my fellow directors -- who at the time was the company's CFO and acting CEO, and to whom H-P's legal and security departments reported -- to ask him how I should proceed. I said I wanted to make sure that everything done was not only legal and proper, but in the H-P way.

I was told that H-P did this kind of work all the time, and instructed to contact an executive in H-P's security department, who directed me to an outside licensed investigator who was under a long-term contract with H-P to do investigations of this nature. I reiterated to both H-P's head of security and the outside licensed investigator what I had told the acting CEO: Any work undertaken must comply with all applicable laws and H-P's Standards of Business Conduct. I was assured it would.

This first phase of the investigation started in April 2005 and ended in August 2005. While it yielded no information about the identity of the leaker, the leaks ceased or at least slowed dramatically. Satisfied that the investigation had achieved its primary goal -- to stop the leaking of confidential information -- the investigation halted, and I was relieved that the problem was behind us.

That is, until Jan. 5, 2006, when an article appeared in this newspaper about the potential acquisition of Computer Science Corp. by H-P and Blackstone. CSC stock jumped about 8% the day after that article appeared. Approximately 15 days later, two other articles appeared which said H-P was no longer considering this acquisition. CSC's stock dropped approximately 5% the next day. Shortly thereafter, yet another article appeared disclosing sensitive and confidential information discussed by directors at the board's annual strategy offsite.

H-P's board members were upset, and the board, general counsel and CEO felt that the leak investigation should be re-opened. I suggested we use a global investigatory firm to create some independence and assure that top-notch resources were being used. The general counsel advocated the work remain in-house. She recommended that a team headed by the company's head of ethics investigations -- also a lawyer -- be given the assignment, as they regularly dealt with sensitive, high-level issues. The By ethics officer chose to work with H-P's internal security department, which decided to use the same licensed private investigator who had handled the first investigation. I did not learn until late August 2006 that the first investigator subcontracted to a second firm, which undertook the methods now so widely reported in the media.

Despite reports to the contrary, I did not unilaterally decide to initiate a leak investigation. I did not run, supervise or direct the investigations. I did not select or hire the investigators or direct who should be investigated. Nor was I aware of exactly who was being investigated. The company's legal and security departments were in charge of the work. In fact, I was a full subject of the investigations and was "pretexted" along with the others. While I did (appropriately) receive periodic reports on the progress of the investigation, I was not aware until after the investigation was complete and the results were presented to the full board of some of the tactics used. I am still learning about some of the techniques that were used or contemplated.

Throughout the process I asked and was assured -- by both H-P's internal security department and the company's top lawyers, both verbally and in writing -- that the work being undertaken to investigate and discover these leaks was legal, proper and consistent with the H-P way of performing investigations.

Prior to the presentation of the results of the investigation to the board, two lawyers reviewed the report we had obtained. Neither raised concerns about the information or what was known to that point about the process used to obtain it. Subsequently,

in response to an email inquiring about the methods and legality of the investigation, a prominent outside attorney stated, "the process was well done and within legal limits."

I offered during the week the story broke, and will continue to offer, my sincere apologies to those whose phone records were accessed, particularly those outside the company. I had no knowledge that journalists' phone records were being accessed. It was always my understanding that their telephone numbers were only being cross-referenced against legally obtained director phone records.

I want to be clear on one point, though: Once conclusive information determined that a director had been disclosing confidential information, the board had no choice but to act. The risk of a future disclosure that could result in a security laws violation or some other problem was too great, and against the backdrop of having done nothing about previous leaks, would have raised serious questions about the board's resolve to deal with a chronic problem.

Upon receiving the report, we were given legal advice that proper handling of the matter was for the full board to deliberate on any appropriate actions. At the risk of bursting yet another myth about this investigation, there was no "Perry Mason" moment, no dramatic revelation about the identity of the leaker. Rather, directors received a reasoned and balanced summary of the matter not from me, but from the audit committee chairman. * * *

As a result of extraordinary negative publicity from these episodes, the board asked me to step down as chairman and director. Less than two weeks later I was charged by the California attorney general on four felony counts of fraud and conspiracy.

Some have said they feel I have been made a scapegoat. That is not for me to say. What I will say is that throughout the process I asked the right questions of the right people at the right times. I have no reason to believe that the people who continually assured me that what was being done was being done both legally and properly did not believe this to be true. And, despite the outrage and incredulity with which my statements about accepting assurances that phone records could be obtained legally, my lawyers assure me that there are in fact ways this can be done. That is one reason Congress is considering a bill against pretexting, which I support.

One more thing: Tom Perkins did not resign from the H-P board because of concern over the leak investigation -- he resigned because he was upset that the full board had been given the chance to decide his friend's fate.

H-P remains a great company with outstanding people. I am proud of the contributions I made during my tenure as a board member, particularly the leadership role I played in bringing Mark Hurd to the company and recruiting two new outstanding directors. I am fully confident that the H-P board and management are completely focused on continuing their work to create value for the customers, employees and shareholders of H-P. The constituents of this great company expect and deserve nothing less.

Ms. Dunn is former non-executive chairman of Hewlett-Packard.

H.P. Could Be A Finger-Pointing Case (NYT)

By Matt Richtel

The New York Times, October 11, 2006

SAN FRANCISCO, Oct. 10 — The five defendants in the Hewlett-Packard spying case must overcome a paper trail of evidence against them. But they could wind up with as much to fear from one another.

At least one lawyer involved in the case and several outside legal experts said the five defendants might wind up turning on one another as part of a way to shift blame away from themselves.

“It’s every man for himself,” said Stephen Naratil, the lawyer for Bryan Wagner, who is charged with having misrepresented himself to phone companies to obtain calling records of Hewlett-Packard directors. “Everyone is going to pass the buck down, and that’s where my guy is sitting.”

Mr. Naratil said he would not be surprised ultimately to see conflict between the lawyers for the company’s former chairwoman, Patricia C. Dunn, and its former head of ethics, Kevin T. Hunsaker. “They’re going to point fingers at each other and other executives.”

His comments, and interviews with lawyers for the other defendants, have begun to bring preliminary shape to a defense strategy in a case that is moving from the political and media stage to the courtroom.

At a joint arraignment hearing on Tuesday in San Jose, Calif., Mr. Wagner and two private investigators — Ronald R. DeLia and Matthew DePante — pleaded not guilty and agreed to return to court on Nov. 17 for a preliminary hearing along with Ms. Dunn and Ms. Hunsaker.

It is not yet clear whether the defendants will be tried together or separately. It is possible that one or more defendants could choose to cooperate with the prosecution and testify against others.

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But lawyers for any of the defendants could also try to shade the evidence in a way that is more favorable to their client and less so to another defendant. If the cases are severed, evidence presented in one trial could be subpoenaed in another trial.

Prosecutors want to try all the defendants at once. "We will resist any attempt to sever the prosecution of the case," said Tom Dresslar, a spokesman for Attorney General Bill Lockyer, citing the interest of "judicial economy."

Legal experts and lawyers in the case said that for all five defendants, the case was likely to be fought not just on the facts but also on the law. If there is one theme that will unify the defendants, legal experts said, it is that they will seek to challenge whether California law is even applicable to "pretexting" — a technique involving misrepresentation to get personal and calling records.

The defendants are said to have engaged in a conspiracy to obtain such records to determine the identity of a director who Ms. Dunn and others thought was giving confidential information to the news media.

"The thing we're most interested in is whether the statutes selected for charging do not address the alleged conduct," said Richard J. Preira, co-counsel for Mr. DePante. Mr. Preira said the defense lawyers "have a common interest in educating the court as to the inapplicability of the statutes."

The defendants are each charged with four felony counts. Among the charges, the state accuses them of violating laws against knowingly gaining unauthorized access to computer data to devise or execute a scheme, or using the data to defraud or deceive, or for unlawful purposes.

Legal experts said there would certainly be a vigorous pretrial debate about whether the laws fitted the charges. The legal experts themselves are sorely divided on the question.

"The statutes would have to be expansively interpreted in order to reach pretexting," said Joseph A. Grundfest, professor of law and business at Stanford University. "But courts have interpreted statutes expansively before."

In a recent interview, Mr. Lockyer, the attorney general, said, "I think our laws are sufficient to cover the behavior."

Ms. Dunn's lawyer, Jim Brosnahan, declined to discuss many aspects of his strategy. But he said he might argue that his client had not ordered anyone to commit an illegal act and had not known one was being committed.

"If the attorney general has progressed against Pattie Dunn on the theory she didn't have to know she was doing anything wrong or didn't have to order that something be done wrong, the weakness of that case will be subject to some very interesting motions," Mr. Brosnahan said.

Ms. Dunn also hinted at her own strategy in an interview broadcast Sunday on "60 Minutes." She said she did not recall — as prosecutors assert — that she had given home phone numbers of Hewlett-Packard board members to Mr. DeLia, the investigator.

She also rejected contentions, indicated in interview notes from Hewlett-Packard's outside lawyer, that she had been told that investigators might have to use false pretenses to obtain calling records.

But legal experts said Ms. Dunn might not have done her defense team any favors by appearing on "60 Minutes."

"It was an act of total lunacy," said Jonathan Turley, professor of law at George Washington University. Because everything in the interview can be used as evidence, it could close the door on some lines of defense, he said.

Mr. Turley said Ms. Dunn's best defense is "rather obvious."

"She's got to claim that she did not micromanage the investigation," he said. "Her best defense must not be ignorance of the law, but ignorance of the act."

But he and other legal experts said Ms. Dunn and Mr. Hunsaker might have trouble making the case.

Joel Reidenberg, professor of law and director of the center on law and information policy at Fordham University, said: "Their best argument is to say, 'We didn't know what Wagner was doing'? Is it a credible argument? I don't think so. They got reports of detailed phone records."

Mr. Turley said he expected the challenges to be severe for Mr. Wagner as well, because the other defendants would seek to isolate him as the bad actor.

"He is someone we call the 'designated defendant,' " Mr. Turley said. "He'll be portrayed as the rogue employee or rogue contractor."

But that could work against the other defendants, too, he said. "If prosecutors really want to nail the top executives, they could cut a deal with him."

Mr. Wagner's lawyer, Mr. Naratil, said he was still studying the statutes in the case but said one central question was whether the state of California has jurisdiction over his client, who lives in Littleton, Colo.

Mr. Wagner is said to have been hired to gather phone records in the Hewlett-Packard investigation for Mr. DePante's firm, Action Research Group, based in Florida, which was hired in turn by Mr. DeLia, an investigative consultant in the Boston area.

Outside the courtroom on Tuesday, Mr. Naratil said Mr. Wagner "didn't know anyone at H.P. and he didn't know he was working for H.P."

The lawyer representing Mr. DeLia in court on Tuesday, John Williams, declined to comment after the hearing.

Michael Pancer, the lawyer for Mr. Hunsaker, said he expected to be able to elaborate on his strategy after he got further into the pretrial procedures. For now, he said, his client's defense is based on a good-faith belief that the investigators' conduct was legal.

But Mr. Turley said Mr. Hunsaker could have a tough road, too, partly because of an e-mail message that the defendant is said to have written. In that message — in response to a note from investigators saying that a ruse had been used to obtain phone records — Mr. Hunsaker wrote back that he "shouldn't have asked."

Mr. Turley said that, whatever the defense strategy, that message could become a cornerstone of the prosecutor's case. "The quote supplies a ready-made narrative," Mr. Turley said. "It sums up the case in a single sentence."

He said prosecutors would characterize a corporate culture in which top executives did not confront the hard questions, telling the jurors: "Isn't that what Dunn is all about? She knew not to ask."

Three Investigators In HP Scandal Arraigned In California (AP)

By Jordan Robertson, The Associated Press

AP, October 11, 2006

Three private investigators who allegedly obtained confidential telephone records as part of Hewlett-Packard's boardroom spying probe pleaded not guilty Tuesday to identity theft and other felony charges.

Ronald DeLia of Massachusetts-based Security Outsourcing Solutions Inc., Matthew DePante of Florida-based Action Research Group Inc. and Bryan Wagner of Colorado were arraigned in Santa Clara County Superior Court. Each was later booked and released on personal recognizance.

DeLia, DePante and Wagner are among five people criminally charged last week for their roles in the spying scandal at the computer and printer giant. Former HP Chairwoman Patricia Dunn surrendered and appeared in court late last week, and the company's ousted ethics chief Kevin Hunsaker also turned himself in and was released.

The three investigators are accused of impersonating HP board members, employees and journalists to trick telephone companies into divulging their private phone logs.

All five are charged with using false or fraudulent pretenses to obtain confidential information from a public utility; unauthorized access to computer data; identity theft; and conspiracy to commit each of those crimes. Each charge carries a fine of up to $10,000 and three years in prison.

They are all scheduled to return to court Nov. 17.

Wagner's defense lawyer, Stephen Naratil, said outside court that his client worked for many companies and didn't know what the telephone records were being used for.

He declined to comment on prosecutors' claims that Wagner acknowledged destroying the computer linking him to the HP probe "because it had incriminating evidence on it."

"He's a hard worker," Naratil said. "He didn't know anything about HP. He didn't know anyone at HP. He was just doing his job."

DePante's defense lawyer, Richard Preira, reiterated his client's innocence but declined to comment further.

DeLia's defense lawyer declined to comment.

State Attorney General Bill Lockyer has said the investigation is ongoing and could lead to more charges.

DeLia, a longtime HP contractor on security investigations, was allegedly the middleman between HP and the other two investigators.

According to an affidavit filed in support of the charges, Dunn worked with DeLia on HP's ultimately unsuccessful media-leak investigation in 2005.

HP then contracted with him again this year after a story appeared on CNET's News.com in January with an anonymous source dishing about a private board retreat.

DeLia contracted with Action Research Group, where DePante is a manager, to obtain the private phone logs, who in turn hired Wagner as a subcontractor, according to the criminal complaint.

Prosecutors say a series of e-mails shows that DeLia regularly updated Dunn, Hunsaker and other members of HP's security team on the investigation, which became public last month and has prompted the resignation of three board members and three top HP employees.

According to the criminal complaint, private investigators working for HP compromised the personal data of more than 24 people. By March, the detectives had compiled records of 1,750 phone calls made on 157 cellular phones and 413 landlines.

In one of the more egregious cases, an impostor had a reporter's cell phone password removed, logged into her online account, changed her password and viewed the detailed call log for nine minutes.

The probe eventually identified longtime board member and former presidential adviser George Keyworth II as the anonymous source in the News.com story. Keyworth was outed in a board meeting, prompting the resignation of another director, venture capitalist Tom Perkins. Keyworth himself later resigned.

Dunn initially said she would cede the chairmanship to HP Chief Executive Officer Mark Hurd in January while remaining on the board, but she eventually stepped down entirely.

Hunsaker refused to resign from HP and was fired, according to his defense lawyer, Michael Pancer, who said Tuesday that his client would also be arraigned on Nov. 17.

Pretexting will become a criminal offense in California when a new law signed by Gov. Arnold Schwarzenegger takes effect Jan. 1. Violators will be punished by $2,500 in fines and up to a year in jail, though the law will not retroactively apply to the HP investigation.

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How Carly Lost Her Gender Groove (NYT)

By Maureen Dowd

The New York Times, October 11, 2006

Carly Fiorina prided herself on being adept at succeeding in a man's world without whining about sexism.

In her new memoir, "Tough Choices," the expelled C.E.O. of Hewlett-Packard — the first female head of a Fortune 20 company — describes how she insisted on going along to a business meeting at a Washington strip club when she started out as an ambitious young woman at AT&T.

"I was scared to death," she writes, adding that she wore her most conservative dress-for-success business suit and little bow tie, carried her briefcase like "a shield of honor," and repeated the mantra, "I am a professional woman," even when her cabdriver asked her if she was the new act for the club, where babes in see-through negligees danced on tables.

"In a show of empathy that brings tears to my eyes still," she recounts, "each woman who approached the table would look the situation over and say: 'Sorry, gentlemen. Not till the lady leaves.' "

On her first day at HP, she proclaimed, "The glass ceiling doesn't exist." But she now concedes that the glass trapdoor might.

"I think somehow men understand other men's need for respect differently than they understand it for a woman," Ms. Fiorina told Lesley Stahl on "60 Minutes."

The male-dominated board's handling of her exit was "heartless in some ways and disrespectful in other ways," she said. "Maybe they took great pleasure in seeing me beat up publicly for weeks and weeks."

Other controlling blondes, like Hillary Clinton, Martha Stewart and Tina Brown, were slapped back after great success (in a trend that The Times's Alessandra Stanley dubbed blondenfreude), and Ms. Fiorina now thinks she was victimized by gender.

"In the chat rooms around Silicon Valley, from the time I arrived until long after I left HP, I was routinely referred to as either a 'bimbo' or a 'bitch,' she writes. "Too soft or too hard, and presumptuous, besides." She adds: "I watched with interest as male C.E.O.'s fired people and were hailed as 'decisive.' I was labeled 'vindictive."

She reels off things that offended her: The editor of Business Week asked her if she was wearing an Armani suit. She felt adjectives such as "flashy," "glamorous," and "diamond studded" were meant to make her seem superficial. (Who doesn't like being called glamorous?) Stories referred to her by her first name. There was "painful commentary" that she'd chosen not to have children because she was "too ambitious."

"When I finally reached the top, after striving my entire career to be judged by results and accomplishments," she concludes, "the coverage of my gender, my appearance and the perceptions of my personality would vastly outweigh anything else."

One of her foes was Tom Perkins, the 74-year-old rich venture capitalist on the HP board who also tangled with Patricia Dunn, the former board chairwoman. Being married to the romance novelist Danielle Steel and writing his own steamy novel, "Sex and the Single Zillionaire," did not improve Mr. Perkins's skills in dealing with women, it seems.

With several of the few high-profile women at the top tanking, it's interesting to note that Columbia Business School has introduced a new program that teaches the importance of a more empathetic and sensitive leadership style in globalized business, as opposed to the command-and-control style that has dominated the White House and Pentagon for, lo, these many messed up years.

Students learn how to read facial expressions, body language and posture, and get coaching on their brain's "mirror neurons" — how what they're thinking and feeling can affect others.

"This less autocratic leadership style draws on capabilities in which women are as good as men," says Michael Morris, a professor of psychology and management who is running the business school's new program.

Daniel Goleman, whose new book "Social Intelligence" is being taught in the program, points out that "while women are, in general, better at reading emotions, men tend to be better at managing them during a crisis. Women tend to be more sophisticated in reading social interactions but also tend to ruminate more when things go wrong."

And that can lead to score-settling memoirs — Ms. Fiorina fillets both her male tormentors on the "dysfunctional" board and Ms. Dunn — and to the sort of awful judgment and sneaky behavior that Ms. Dunn exhibited.

Neenu Sharma, an M.B.A. student in the new Columbia program, says the moral of the story is that leadership works best with both sexes involved. "You need the woman there to know what's actually going on, but you need the man there to deal with the critical emotions at the time."

Black Ordered Not To Sell Wife's $2.9M Diamond Ring (TORSTAR)

By Rick Westhead, BUSINESS REPORTER

Toronto Star, October 11, 2006

Conrad Black has been slapped with a restraining order that will bar him from selling a rare $2.9 million diamond ring he gave his wife Barbara Amiel-Black as a gift and other antique jewellery.

Black, accused of engineering a racketeering, fraud and tax evasion scheme when he was CEO of Chicago publisher Hollinger International Inc., successfully fought off an attempt by the U.S. Justice Department to force him to relinquish the 26-carat diamond ring he purchased in 2000 at British jeweller Graff Diamonds Ltd. Black has pleaded not guilty to the charges. He is on bail and living in Toronto.

He has said the ring and other antiques were gifts to Amiel-Black, who has not been charged with any wrongdoing. Nevertheless, in an Oct. 6 restraining order, Judge Amy St. Eve in Chicago barred Black from "selling, transferring, assigning, pledging, distributing, encumbering, wasting, secreting, depreciating, damaging, or in any way diminishing the value" of the diamond ring and other antiques.

Black has also been ordered to provide the court by tomorrow with proof he has bought insurance for the items. To post bail, Black, whose trial is scheduled to begin in March, has already has put up as collateral his Palm Beach estate, worth more than $20 million.

CRIMINAL LAW:

Bush Calls For Help In School Shootings (AP-Y)

By Ben Feller

AP-Yahoo, October 11, 2006

President Bush urged the nation Tuesday to help prevent deadly school shootings, saying adults should intervene when they notice children are in trouble.

"Hopefully, out of these tragedies will come the sense of communal obligation all throughout our country, for people to take an extra effort to comfort the lonely," Bush said at a summit he ordered in response to recent violence.

Bush seemed most struck by one of the points raised by experts: When students plot violence, they often brag about it in advance to other students. Safety specialists say schools must encourage students to speak up when they notice any ominous behavioral changes.

"The whole purpose of this exercise is to help educate," Bush said at the National 4-H Conference Center, "and if there needs to be a cultural change inside schools, for teachers to become more aware and more active."

There were no new policies nor new money announced. The administration instead touted Web sites of existing resources. Panelists spent the day sharing examples of local programs.

Democrats mocked the event as a photo opportunity with little substance. Democratic senators challenged Bush to reinstate funding that's been cut from school-safety programs.

"It seems every week we learn of yet another school shooting, and all the president is willing to do is hold a summit," said Sen. Frank Lautenberg, D-N.J.

Over the last two weeks, school shootings in Wisconsin, Colorado and Pennsylvania have unnerved the nation. Two involved adult intruders; the other was a student seeking revenge.

The federal role in school safety is limited. It's mainly a local matter. But the White House, sensitive to the concerns of many parents, wanted to show it was doing something.

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Education Secretary Margaret Spellings and Attorney General Alberto Gonzales led three panel discussions. Time and again, speakers said schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening.

"Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the University of Colorado Center for the Study and Prevention of Violence.

Columbine survivor Craig Scott told the wrenching story of the day his sister died. He was in the Colorado school in 1999 when two student gunmen went on a rampage, killing 13 people, including his sister Rachel. He told Bush that kindness and compassion can trump violence.

"Please take my words to heart today," Scott said. "They were bought at a high price."

Bush applauded Scott's efforts. But when responding to an audience member, Bush challenged an assertion that the school testing he champions has crowded out character education.

"I don't think it's zero sum," Bush said. "I think you make sure a child learns and you can instill character at the same time."

He also said it was beyond the federal government to change what is in people's hearts.

"Government is law and justice," Bush said. "Loves comes from the hearts of people that are able to impart love."

At one point, someone in the audience asked Gonzales why the government hadn't done more to keep guns out of kids' hands.

"Obviously, kids should not have access to weapons, and there should be no weapons in our schools," the attorney general said. "That's been the position of our president since his days as governor."

The number of deadly shootings has gone up and down over the last 15 years. Overall school violence has trended downward, although it has increased lately.

Students in middle school and high school reported about 660,000 violent crimes in school in 2002 — a 43 percent drop from a decade earlier. But the number rose to 740,000 in 2003.

Four weeks before Election Day, the event gave Bush a chance to emphasize education, the issue at the center of his domestic agenda. The summit comes as Republicans in Congress have been eager to change the subject from a sex scandal involving former House pages.

Conference Addresses School Shootings (WP)

By Katherine Shaver

The Washington Post, October 11, 2006

President Bush said at a conference of school officials, police officers and youth advocates yesterday that communities need a list of "best practices" to prevent and respond to the kinds of school attacks that have occurred in recent weeks.

"In many ways, I'm sorry we're having this meeting," Bush told about 350 people at the National 4-H Conference Center in Chevy Chase. "In other ways, we know how important it is that we're having this meeting."

Bush said he was "troubled" by the recent school shootings in Colorado, Wisconsin and Pennsylvania. "All of us in this country want our classrooms to be gentle places for learning," he said.

His remarks wrapped up the six-hour Conference on School Safety, hastily arranged last week by the White House, the U.S. Department of Justice and the U.S. Department of Education after five girls were killed and five were wounded at an Amish schoolhouse in Pennsylvania. The president announced no new funding or policy initiatives to handle the problem but said he wanted the conference to reveal "concrete actions to help people understand what's possible and what's working."

"It seems to me, a lot of our attention should be on preventing" such incidents, Bush said. That would require "a mosaic of programs," he said, such as better training for school officials to spot the warning signs of a student bent on violence.

Bush spoke while seated onstage at a U-shaped table with a Florida sheriff, a Los Angeles specialist in school crisis counseling, a survivor of the 1999 shootings at Columbine High School and the Fairfax County school system's director of safety and security.

The president heard calls for more coordinated planning between schools and police, more character education, more peer mentoring programs, more parental involvement and more counseling for suicidal children who might also have homicidal tendencies. Adding metal detectors and more security cameras can create a "lockdown" atmosphere and make the school less hospitable, several panelists said.

Frederick E. Ellis, head of safety and security for Fairfax schools, said safety plans need to be updated frequently and practiced. Fairfax schools fine-tuned their security plans after the Columbine shootings in Colorado, the Sept. 11, 2001, attacks, the anthrax mail attacks and the Washington-area sniper shootings, he said.

For example, the system created a plan to shelter in place in response to an attack rather than automatically evacuate.

"We tell [school officials] you can't learn to dance the night of the ball," Ellis said. "It's too late."

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U.S. Education Secretary Margaret Spellings called Fairfax schools a national model for security planning.

In a room full of national experts dressed in conservative suits and police uniforms, it was a 23-year-old Colorado man in a brown leather jacket who received the standing ovation. Craig Scott described how two friends were shot to death next to him under a table in the Columbine High School library. His older sister, Rachel, then 17, was also killed.

Scott now tours the country as part of Rachel's Challenge, a program that urges teenagers to show more kindness and compassion and avoid violent music and video games.

"I've seen depression and a lot of loneliness and anger" among teenagers, Scott said. "Incorporating character back into the education system is something my generation is desperately crying out for."

The conference about school violence began with a national expert saying that schools are still among the safest places. Children ages 12 to 18 are far more likely to be killed or seriously assaulted outside school, said Delbert S. Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado.

Although high-profile attacks are relatively rare, he said, statistics show that "everyday violence," such as fights and gang attacks, are on the rise.

Warlene Gary, chief executive of the National Parent Teacher Association, said she wondered why it took three highly publicized school shootings to prompt a national conference when shootings in and near schools have become a too-frequent occurrence in urban areas such as the District.

"I hope people will collaborate and get things done, but we're sitting in the audience listening to experts talk about issues," said Gary, who lives in Silver Spring.

"The question is, when people walk away from it, what will they do?"

Summit On School Safety Focuses On Collaboration (USAT)

By Greg Toppo, Usa Today

USA Today, October 11, 2006

CHEVY CHASE, Md. — Reacting to a spate of school shootings, President Bush convened a one-day summit Tuesday on school safety and said he expected "some concrete action" out of it.

"All of us in this country want our classrooms to be gentle places of learning," he told a crowd of safety advocates, parents and police, "places where people not only learn the basics ... but learn to relate to one another."

Parents, he added, want to send their kids "to schools that are safe places. The violence we're seeing is upsetting to a lot of people."

Bush attended the last hour of the event, run by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings. Though it focused mostly on what communities can do to keep kids from acting out violently, a good portion of the discussion centered on how schools react to violence.

Gonzales said schools need to review "crisis plans" regularly, in part because of staff turnover. "You can't just assume that people know what to do," he said.

When a gunman entered a Park County, Colo., school on Sept. 27 and took a group of girls hostage, the school had just practiced an emergency "lockdown" drill — officers were "able to get right to Room 206 and pin the shooter down there," said Sheriff Fred Wegener, a summit panelist.

In many ways, the conference pointed to the biggest challenge facing those who would stop school violence: There are different theories about what causes it and how to prevent it.

Panelists and attendees floated at least a dozen theories: bullying, easy access to firearms, a broken mental health system, bad parental role models, absent fathers, the death of God in public schools, not enough character education, too much emphasis on academics, too much testing, too many violent video games and movies, too much violent TV and music, the side effects of antidepressants.

Lisa VanSyckel, a New Jersey mother whose 15-year-old daughter became violent while taking the antidepressant Paxil, said the Food and Drug Administration isn't doing enough to get information about drug side effects into the hands of teachers, who often don't know that kids are taking them. "How is a teacher going to know how to monitor them?" she asked.

When an audience member forcefully recommended limiting access to guns, Wegener suggested guns weren't the problem. "When I went to school, I had a .30-30 (rifle) in the bed of my pickup, but I never thought about shooting anybody with it," he said.

To those steeped in violence prevention and children's well-being, the summit delivered few fresh ideas. But a few attendees said the discussion had advanced since 1999, when two teenage gunmen stormed Columbine High School in Colorado.

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Darrell Scott's daughter Rachel was killed at Columbine, and after that horrific attack, he recalled, most discussions centered on metal detectors and other "exterior solutions." Tuesday's summit, with its emphasis on mental health, communication and community building, represented a promising change, he said.

Bush Emphasizes Local, Private Role In Ending School Violence (NYT)

By Diana Jean Schemo

The New York Times, October 11, 2006

CHEVY CHASE, Md., Oct. 10 — The federal government should not play the primary role in responding to school violence, President Bush said Tuesday, but should instead give out information about strategies to help parents and schools grappling with the threat of deadly outbursts in the nation's schools.

The president and his wife, Laura, both spoke at a conference on school violence here, which he asked Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales to convene after a recent spate of school shootings that left six students and a principal dead in three incidents in a single week.

Several of the participants, many of whom run private, nonprofit efforts to prevent school shootings, urged a greater emphasis on character education. Gerard W. Rosolie, principal of Solanco High School, down the road from the Amish schoolhouse where five girls were killed last week, noted that money had been cut from a federal program intended to reduce school violence. Another participant said schools were under such pressure to show academic progress that they had no time to teach morality or values.

Mr. Bush bristled at any suggestion that his cornerstone education plan, No Child Left Behind, which emphasizes academic gains, might be a problem. "I don't think it's zero sum," he said.

He added that it was not up to the federal government to legislate character education. "It requires a higher power than the federal government to cause somebody to love somebody," he said.

No Single Answer To School Violence, Bush Says (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, October 11, 2006

Summit explores safety measures after shootings

Chevy Chase, Md. - Spurred by recent school shootings in Wisconsin, Colorado and Pennsylvania, the White House convened a presidential summit Tuesday to talk about what students, parents, teachers and police can do.

"In many ways, I'm sorry we're having these meetings," President Bush told participants, many of whom had personal stories to tell about some of the country's most horrific school tragedies, from Columbine High School in Colorado (1999), to Springfield, Ore. (1998), to Jonesboro, Ark. (1998).

Experts at the conference said Tuesday that those killings had led to meaningful changes: new schools designed for safety; anti-bullying programs; and better police training and information-sharing with the schools.

But the fact that seven or eight years later the country has endured another wave of school violence injected a note of caution about finding big lessons and grand solutions.

Recent incidents include the arrest of a student in the shooting of a high school principal in Cazenovia on Sept. 29; a shooting and hostage-taking by a 53-year-old man in Colorado on Sept. 27; and the shooting deaths of five Amish girls a week ago in Pennsylvania.

In the latest incident, a 13-year-old student in Joplin, Mo., was accused of firing an assault weapon in school Monday but was arrested before anyone was hurt.

"The risk of being murdered (for kids) . . . is 70 times greater away from school than it is at school," said Delbert Elliott of the University of Colorado. But the bad news, he said, is that - after a decade of positive trend lines - some overall indicators of school violence are up in the past two years.

Joining one discussion panel, Bush said that schools should be "gentle places of learning," but recent events are "upsetting to a lot of people."

Bush said there was "no single answer" but a "mosaic of programs."

Also speaking were first lady Laura Bush, Attorney General Alberto Gonzales and Education Secretary Margaret Spellings.

Sheriff thought it was drill

The Colorado sheriff who responded to the hostage-taking and shootings there two weeks ago recounted his experiences to an invited audience of several hundred.

"I first heard it over the radio. I think it's a drill," Park County Sheriff Fred Wegener said.

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Wegener said law enforcement had the benefit in this case of a "post-Columbine" school design that made it easier to isolate the area where the gunman was, and up-to-date training and procedures, down to "the little cards to slip under the door" of locked-down classrooms to find out whether students inside were safe.

But Wegener said he wasn't sure what lessons he could draw from the incident, in which six girls were held hostage. One was shot dead.

"I still think our school was safe," Wegener said. "I think this is just one of those times when an individual is able to get in." Encouraging expression

Others talked about the importance of encouraging classmates to let authorities know when students seem deeply troubled or express violent thoughts about school. One expert said that, in about four out of five cases, a student planning a violent act tells others about it beforehand.

Last month in Green Bay, authorities said they pre-empted a plan by students to attack their school when a classmate tipped them off.

The conference was clearly meant to signal that the administration was actively engaged in the issue, even though the president and his education secretary pointed out that matters such as school security and school policy are largely a state and local domain.

By the time it was over, the discussion had veered across a wide range, from the pros and cons of metal detectors to the importance of fatherhood to faith-based programs to post-traumatic stress disorder to the condition of society in general.

The audience members selected by the administration included a large number of advocates of character, or "values," education in the schools, including the father and brother of a student killed in the Columbine massacre, Rachel Scott.

The girl's brother, Craig Scott, speaks across the country about Columbine and promotes values education. Scott spoke to Bush and the conference about surviving the massacre, decried the influence of popular culture and violent video games, and called on schools to put the same priority on building character as imparting knowledge.

Others in the audience made similar appeals, in one case suggesting that the emphasis on regular achievement tests in schools (a feature of Bush's No Child Left Behind law) left too little room for moral instruction.

In response, Bush said it wasn't a "zero-sum" game.

"I think you can make sure a child learns, and I think you can instill character at the same time," said Bush, who also suggested that the ultimate answers to school violence won't come from government but from parents and communities.

"It's really important . . . that people not think government is a loving entity. Government is law and justice. Love comes from the hearts of people that are able to impart love," Bush said. Recovery after violence

Also discussed Tuesday was how to help communities and students recover emotionally after school violence, from the process of re-opening schools to choosing memorials.

"Recovery takes a long time. We're eight years out, and we're still recovering," said Cathy Paine, who was in charge of recovery programs at Springfield, Ore., after the 1998 incident in which a student killed his parents, then went to school and opened fire in the cafeteria, killing two.

One attendee, Milwaukee Public Schools security director Peter Pochowski, said he didn't expect to change "the way we do things" as a result of Tuesday's conference.

"Nobody expects a magic wand (or) one pearl of wisdom," he said in an interview. But "it's good to have people come together."

Turn Anguish To Action, Bush Says (BSUN)

By Julie Hirschfeld Davis, Sun Reporter

The Baltimore Sun, October 11, 2006

President attends meeting in Md. on ways to keep kids safe in school

CHEVY CHASE -- President Bush urged Americans Tuesday to turn their anguish over school shootings in Pennsylvania and around the nation into "concrete action" to prevent further tragedies.

But he told a gathering of educators, activists and law enforcement officials that more federal funding and government regulation won't solve the problem.

"In many ways, I'm sorry we're having this meeting," Bush said as he wrapped up a conference hastily organized by the White House to respond to the recent spate of deadly school violence. "In other ways, I know how important it is."

Bush said the meeting, moderated by Education Secretary Margaret Spellings and Attorney General Alberto R. Gonzales, was part of "a nationwide effort to help people who are responsible to protect our children."

Trading ideas

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More than 300 local leaders and specialists from around the country spent about six hours trading ideas, from drafting strong school emergency plans to urging fathers to get more involved in school, to providing character education for kids.

The president, peppered by criticism from Democrats who accused him of short-changing school-safety programs, said the government shouldn't play the lead role in fostering a nurturing school environment.

"The federal government is a limited funder of education, and that's the way it should be," Bush said during a brief question-and-answer session. "It's really important that people not think government is a loving entity. Government is law and justice."

Administration officials also rejected calls for enacting new gun laws, saying Bush is focusing on enforcing existing statutes and prosecuting violent crime.

"There's only one common thread in all of these recent shootings, and that's the easy availability of guns by the assailants, whether they were [age] 15 or 50," said Theo Milonopoulos, a 19-year-old gun control activist from Los Angeles, Calif. "They just didn't want to address it."

Milonopoulos made the only mention of the issue during a question period with Gonzales.

'Complete denial'

Kristen Rand of the Washington-based Violence Policy Center said leaving guns off the agenda showed the administration's "complete denial regarding the catalytic role that guns play in school violence."

Bush took a seat at a three-sided table on the stage of a packed suburban Maryland auditorium in the headquarters of the National 4-H Council, a youth development organization. The administration had set up a mock classroom complete with fake wood paneling and a chalkboard backdrop emblazoned with the event's title, and Bush questioned participants about how best to share their experiences with others around the nation.

"What it shows is that this is a concern, and they're marshaling these types of figures from the federal government to show that the government is aware of what's going on in our schools," said Russell Tedesco, the director of security for Prince George's County public schools.

Democrats seized the opportunity to blast Bush for his education policy, noting that he worked to wipe out a key school safety grant program, which has been cut by more than 25 percent over the past four years.

Bush slashed the program because his budget office determined it was "ineffective," said Emily Lawrimore, a spokeswoman, and instead proposed "a more targeted and accountability-based approach."

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President Tackles School Safety (LAT)

By Mima Mohammed, Times Staff Writer

The Los Angeles Times, October 11, 2006

Recent shootings help prompt the summit on prevention. Bush calls for more civic and parental involvement.

WASHINGTON — In the wake of three deadly school shootings in recent weeks, President Bush convened a conference on school safety Tuesday in which Cabinet members, educators, police and students discussed ways to recognize and prevent violence.

Conspicuously absent in the all-day session was any mention of the role of firearms in the shootings, a politically volatile issue sure to inflame partisan passions in a midterm election year.

"In many ways, I'm sorry we're having this meeting. In other ways, I know how important it is that we're having this meeting," Bush said. "The violence that has been occurring in our schools is incredibly sad."

Bush, joined on a panel by Atty. Gen. Alberto R. Gonzales and Education Secretary Margaret Spellings, called on parents and communities to take responsibility for ensuring school safety, saying that there are limits to what the government can do.

Indeed, the federal government plays a limited role in school safety, as education is mainly under local and state jurisdiction.

The panel discussions focused on human interaction and the psychology of violence.

Some participants argued that schools needed to do a better job of determining which students might bring weapons on campus. Psychologists pointed out that students who have suicidal tendencies often have thoughts of homicide too. And many panelists focused on the importance of building character in students, which they said had been degraded by media influences such as music and video games.

Harsher measures such as installing metal detectors in schools were viewed with skepticism. Gonzales said metal detectors may not be appropriate, noting that not all school shootings occur inside the buildings.

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The conference at the 4-H Youth Conference Center in Chevy Chase, Md., took place four weeks before a midterm election that could cost the Republicans control of Congress and allowed Bush to focus on the seemingly politically safe issue of child safety in schools.

But critics used the occasion to attack the administration's policies on gun control and funding for school safety programs.

"I'm disappointed that today's White House conference on school violence did not focus on the too-easy access to guns in our society," said Paul Helmke, president of the Brady Campaign to Prevent Gun Violence.

"Two years ago, President Bush abandoned his campaign pledge to reauthorize the federal assault weapons ban," Helmke said. "Yesterday, a 13-year-old Missouri boy brought an AK-47 clone to school and fired it before being apprehended. The Bush administration's inaction two years ago has led to even deadlier weapons being available in our communities."

In a statement issued Tuesday, the Democratic National Committee weighed in with a shot at White House budget priorities: "Funding for the Cops in Schools program has been slashed on numerous occasions under the watch of Bush and his GOP Congress."

White House spokeswoman Emily Lawrimore responded with an e-mailed statement: "President Bush believes we should target criminals who break our laws — not law-abiding citizens who follow the law.

"At the same time, he has made school safety a priority…. President Bush has proposed a more targeted and accountability-based approach, which we believe would be more effective in making schools safer."

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Bush Summit On School Violence Begins (GANNETT)

By Ledyard King, Gannett News Service

Gannett News Service, October 11, 2006

CHEVY CHASE, Md. — The Colorado high school where a gunman took hostages and killed a student Sept. 27 had crisis plans in place, limited access to visitors and recently drilled for the possibility of an armed intruder.

“I still think we have a safe school,” Park County Sheriff Fred Wegener told police officers, students and teachers gathered for a summit on school violence convened by President Bush on Tuesday. “This is just one of those times when an individual was able to get in. ... We’re not supposed to lose our kids at school.”

The Conference on School Safety, moderated by top White House advisers, featured more than a dozen education and law enforcement experts trading ideas: encouraging students to come forward with tips, controlling the movement of visitors, running drills so students and staff know what to do when an emergency arises.

“You can’t learn to dance the night of the ball,” said Fred Ellis, security director of Fairfax County, Va., schools.

But last month’s shooting at Platte County High School in Bailey, Colo., suggests that even the most prepared and equipped schools can’t always protect children.

“We can never really let our guard down and that was one the things that was clear to us last week,” said U.S. Education Secretary Margaret Spellings, one of the summit’s moderators. “All of us who are parents know it’s frightening. This could really happen anywhere.”

The summit was called following a spate of school shootings nationwide, including the killing of five girls at an Amish schoolhouse in rural Pennsylvania. Although researchers say that school remains one of the safest places for children, statistics indicate that campus violence and death is on the rise after a decade of decrease.

A recent survey found that 6 percent of students reported carrying a weapon to school within the past 30 days, said Delbert Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado. That makes knowing what students are up to paramount, he said.

“Our first line of prevention is having good intelligence,” he told the summit.

Researchers say most students planning attacks often share their intentions with someone. So student-run programs like Walton Senior High School’s Youth Crime Watch in Defuniak Springs, Fla., could prove extremely valuable in gauging the student behavior that could lead to violence.

“If you know a real good friend and they start changing, they stop doing stuff that you know that they love, happy one day, depressed the next, talk to (them),” said Chiara Perkins, a junior who leads the program. “If there’s nothing you can do as a friend, go ahead and talk to an adult,” Perkins, the only student panelist at Tuesday’s summit, said.

U.S. Attorney General Alberto Gonzales dismissed one questioner’s call for increased gun control, saying weapons prosecutions had increased dramatically since Bush took office in 2001. Following the 1999 shooting at Columbine High School in Littleton, Colo., then-President Bill Clinton pushed for restricting access to guns.

Panelists also didn’t give metal detectors much of a thumbs-up. Not only do they give schools the kind of foreboding climate that feeds into student rebellion, they don’t work very well.

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"It doesn't take long for students to know how to circumvent (it)," said Thomas Kube, executive director of the Council of Education Facility Planners in Scottsdale, Ariz., adding that 80 percent of school shootings happen outside the building.

Bush, Others Hear Ideas On School Safety (RTD)

By Gil Klein, MEDIA GENERAL NEWS SERVICE

Richmond Times-Dispatch, October 11, 2006

WASHINGTON -- Metal detectors won't stop school shootings, speakers at a conference on school safety told President Bush yesterday. Only listening to students, hearing about their problems and getting them help will stop the violence before it begins.

The White House hastily called the conference of law-enforcement officers, school counselors and safety-advocacy groups after three school shootings in two weeks in Wisconsin, Colorado and Pennsylvania -- stunned the nation.

"All of us want our classrooms to be gentle places of learning," Bush said. "Rather than be upset . . . it's best to be proactive, and that's what this meeting is all about."

Bush, sitting between Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, heard Craig Scott describe how in April 1999 he hid under a table in the Columbine High School library as his two friends next to him were shot and killed. The rampage took the lives of 12 students and a teacher.

Not until Eric Harris and Dylan Klebold had shot themselves did Scott crawl from under the desk and discover that his sister, Rachel, was the first victim.

Seven and a half years later, Scott now talks to high school students through an organization his family started, "Rachel's Challenge." He told Bush that stressing academics alone will not stop school shootings.

About 300 people attended the conference, which was planned only last week. The Justice and Education departments invited participants.

Bush called on both departments to put together the best practices learned from this conference and distribute them to law-enforcement and education officials.

Gil Klein writes for the Washington bureau of Media General News Service. He can be reached at gklein@mediageneral.com.

Conference On School Safety Ends With Call For Focus On Character (MCT)

By Ron Hutcheson, McClatchy Newspapers

McClatchy Newspapers, October 11, 2006

CHEVY CHASE, Md. - Victims of school violence shared their horrific experiences at a White House conference Tuesday that ended with a call for more focus on character and values in the nation's classrooms.

Sitting at a table with President Bush, Craig Scott, a survivor of the 1999 Columbine High School massacre, urged educators to influence students' hearts as well as their heads.

"Eric Harris and Dylan Klebold were very smart," Scott said of the two shooters who killed his sister and 12 others at the Colorado school. "The problem wasn't their education at my school, Columbine. Their problem was their character."

Other conference participants - including Bush - echoed Scott's assessment. The meeting, hosted in a Maryland suburb of Washington by Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, examined ways to prevent school violence and strategies for dealing with the trauma of a school shooting.

Bush announced the conference after recent shootings in Wisconsin, Colorado and Pennsylvania schools claimed seven victims and left two of the shooters dead.

Experts cited a host of factors that have contributed to the violence, including stress and feelings of alienation among students, negative media influences and inattentive parents. They said shooters tended to be depressed and suicidal.

"What we've learned about shooters is suicide and homicide are two sides of the same coin. They all in some ways express a wish to die," said Marleen Wong, the director of crisis counseling for the Los Angeles School District.

A 2004 threat assessment by the Secret Service warned that attempting to profile school shooters is dangerous, however, because some shooters don't fit the mold.

"Rather than asking whether a particular student `looks like' those who have launched school-based attacks before, it is more productive to ask whether a student is on a path toward a violent attack," the assessment concluded.

Conference participants urged educators, parents and students to pay more attention to students who complain of alienation, appear depressed or talk about violence. School shootings are rarely impulsive acts; in 81 percent of cases, at least one person knew that the attacker was contemplating violence, the Secret Service report said.

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"Teachers should know more about mental health and have a system to report concerns," said Cathy Paine, a crisis-response specialist for the Springfield School District in Oregon. Paine said teachers at Thurston High School in Springfield saw potential warning signs in 15-year-old Kip Kinkel in 1998, but didn't connect the dots until he opened fire in the school's cafeteria, killing two students and wounding about two dozen others.

Scott of Columbine, who's now a film student at the University of Colorado, said he frequently met potential shooters on his travels for Rachel's Challenge, an organization founded in memory of his slain sister. The group urges students to reach out to loners, victims of bullies and other vulnerable students.

"I see a lot of depression. I see a lot of loneliness and a lot of anger," he said. "I've heard all kinds of terrible stories about things they've been through." He urged educators to "take a look at teaching that doesn't just teach the head, but teaches the heart. ... You can help point them to what's right and what's wrong."

Some advocates of character education offered implicit criticism of Bush's No Child Left Behind Act, which stresses academic achievement and requires frequent testing.

"I think you can make sure a child learns, and I think you can instill character at the same time. I don't think you have to choose," the president said after one of the speakers complained that "testing and testing and testing" was crowding out attention to character and values in schools.

He also told the audience members that they shouldn't look to the federal government to bankroll character education or other school programs.

"Let me put the funding issue right on the table. The federal government is a limited funder of education. And I happen to believe that's the way it should be. ... This is a local responsibility," he said.

Acknowledging the reality of school shootings, one conference panel focused on helping students cope with classroom deaths. Experts advised extensive mental-health follow-up.

"Recovery takes a long time. We're eight years out and we're still recovering," Paine said of the Oregon shooting. "Whenever something happens, we're always right back there again in that cafeteria."

Compassion, Not Laws (DENP)

By John Aloysius Farrell

Denver Post, October 11, 2006

Bush meeting on schools big on emotions. The brother of a girl killed at Columbine speaks of healing amid talk of recent safety improvements.

Attorney General Alberto Gonzales takes part in a conference on school safety Tuesday in Chevy Chase, Md. (AP / Evan Vucci)

Chevy Chase, Md. - President Bush said he wanted Tuesday's White House conference on school safety to produce a concrete plan of action. But tangible solutions like the use of metal detectors or a ban on assault weapons were rejected and eclipsed by testaments to the power of love.

The conference was quickly staged after recent invasions by berserk intruders at schools in Colorado and Pennsylvania. But the session's most emotionally potent moments were devoted to identifying and communicating with murderous homegrown students like Eric Harris and Dylan Klebold, who killed 13 people in the 1999 shootings at Columbine High School.

"The main thing I have learned is that kindness and compassion can be the biggest antidote," said Craig Scott, whose sister Rachel died at Columbine, and who narrowly escaped death himself that day.

"Take my words to heart today; they were bought at a high price," he said.

The audience of several hundred law enforcement officials, educators and others rose and applauded as Scott finished speaking. Bush told Scott's father, Darrell Scott, who was in the audience, that he "raised a good man here."

Several speakers at Tuesday's conference urged Bush to purge America's coarse and violent culture, and to order that schools teach students about character, virtue and God. But the president noted the limitations of government in the battle against school violence.

Craig Scott "is inspiring others to continue to reach out to say to somebody who is lonely, 'I love you.' And I'm afraid this requires a higher power than the federal government to cause somebody to love somebody," Bush said.

The best solution, he added, is for parents, educators and students to find the love and compassion to reach out to troubled youths before they turn to violence.

"Societies change one heart at a time," said Bush. "This need to say 'I love you' comes from your soul. Hopefully, out of these tragedies will come the sense of communal obligation ... for people to take an extra effort to comfort the lonely."

First lady Laura Bush, Attorney General Alberto Gonzales and Education Secretary Margaret Spellings also addressed the conference, which was held on the campus of the National 4-H Conference Center in one of the capital's wealthy suburbs.

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Delbert Elliott, director of the Center for the Study and Prevention of Violence at the University of Colorado, spoke approvingly about steps that have been taken since the Columbine tragedy.

"Our kids are safer at school than they are at almost anyplace," Elliott said.

He noted that students today have a greater chance of being killed at a shopping mall or in their home than at school.

Yet in the last two years, Elliott said, gang-related violence and school-related deaths have risen.

Improved safety touted

Law enforcement officials vowed renewed dedication to school design improvements aimed at security, better coordination among local authorities, and lockdown and evacuation drills that have been widely adopted since the Columbine killings.

Such drills "made a big difference two weeks ago in ... the shooting in Bailey, Colo., where they were able to respond in a very effective manner to that tragedy," Gonzales said.

The attorney general and other experts urged parents and educators to stay on the alert for potentially violent students and to get them treatment.

During one panel presentation, Gonzales and Park County Sheriff Fred Wegener, who led the raid that ended the Sept. 27 hostage crisis at Platte Canyon High School in Bailey, characterized some proposals - like the purchase and operation of metal detectors and security cameras - as overly expensive and easily evaded.

And both dismissed the proposal of California student Theo Milonopoulos, who suggested that a ban on assault weapons and other gun-control measures might reduce the number of school shootings.

"Obviously, kids should not have access to weapons," said Gonzales, but he advocated tougher enforcement of existing gun laws rather than promoting new ones.

Wegener noted how in his younger days it was not uncommon for students in his rural community to keep rifles in their pickup trucks or to carry knives in school. A subsequent breakdown in society, he said, has led to school violence.

"I'm not sure that response - that society should change - is enough," Milonopoulos replied.

The conference was largely ceremonial, with victims and representatives of volunteer organizations offering testimony to Bush administration officials, who listened but offered little.

Sen. Ken Salazar, D-Colo., joined other Democratic senators in criticizing the administration for cutting the budgets of federal programs that had been adopted after Columbine to funnel funding to law enforcement agencies for community police officers and other assets.

"As the recent tragedies in Colorado, Wisconsin and Pennsylvania have made clear," Salazar and eight other Democratic senators wrote Bush, "our children remain all too vulnerable in school."

Prevent School Violence, Bush Tells Conference (HC)

By Julie Mason

Houston Chronicle, October 11, 2006

Panelists focus on warning signs and values issues

WASHINGTON - Keys to stopping what appears to be an epidemic of school violence include learning how to spot troubled students, boosting their self-esteem and preparing for emergencies, according to panelists at a special White House conference Tuesday.

Organized in response to a recent spate of deadly shootings at schools, the conference did not address gun control or firearms-related issues. Rather, it focused on values and community action.

"The violence we've seen is upsetting to a lot of people and I know it's upsetting to the professionals who are with us," President Bush told participants. "But rather than be upset, it's best for all of us who are responsible for helping the folks not only to cope, but to prevent action from taking place."

Among the recent attacks, a gunman in Colorado took six girls hostage in a classroom, sexually assaulted them and then killed one. In Wisconsin, a 15-year-old student walked into his high school and shot the principal. And in Pennsylvania, an intruder shot five girls to death at an Amish schoolhouse.

Experts said warning signs of possible violent behavior include changes in dress, mood, friends and diet. Students expressing suicidal or despairing thoughts also warrant special attention, they said.

One of the speakers was a survivor of the 1999 Columbine massacre that left 15 people dead. Craig Scott, currently a film student at the University of Colorado, told Bush that his sister, Rachel, died in the attack.

"I'm not promoting that religion be brought back to schools, I don't believe that's the answer," Scott said. "But I do believe in education that touches and teaches the heart and helps form character."

In the Houston area, all school districts have emergency preparedness plans, said Linda Clarke, director of education and special projects in the Office of Mayor Bill White.

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"Houston adopted a community-based program to work with kids, and there are programs in the schools to help kids with emotional problems," Clarke said. "And of course there's been a lot done in the past year after the hurricane, to make sure we are better prepared for any kind of emergency situation."

In an effort to make schools safer, many Houston schools employ cameras, uniformed officers and metal detectors — an approach that drew skepticism from Bush administration officials.

"One panel member said that it sends the wrong message about what we think of our kids when we have them come to an environment where they're supposed to learn and have to pass through metal detectors," said Attorney General Alberto Gonzales.

Bush said he agreed, but asked whether sheriff departments could be more involved with enforcing school safety.

Democratic leaders, meanwhile, faulted Bush for cutting funding for two programs that provide funding and personnel for law enforcement officers around schools. Eight Democratic senators wrote to Bush Tuesday asking the funding be fully restored in future budgets.

"As the recent tragedies in Colorado, Wisconsin, and Pennsylvania have made clear, our children remain all too vulnerable in school," they wrote.

First lady Laura Bush, a former teacher and school librarian, said easing school violence calls for addressing the underlying causes.

"One of the best ways to keep Americans away from violent behavior, both as young people and adults, is to give our children a more positive vision for their future," the first lady said.

Helping Kids Fight School Violence (NSDY)

By Audrey Dutton, Newsday Washington Bureau

Long Island Newsday, October 11, 2006

WASHINGTON - Nearly 10 years ago, Daniel Gross' brother Matthew was shot in the head by a gunman while standing on an observation deck of the Empire State Building. After watching his brother slowly recover from a coma, Daniel started a gun violence prevention organization, PAX.

The group Gross co-founded runs a nationwide anonymous hotline that, he says, is helping kids fight school violence, 866-SPEAK-UP.

"You could safely say hundreds of incidents have been averted," Gross said. He cites 15,000 calls to the hotline in the past four years. "New York has lagged behind a lot of other communities" in terms of school violence prevention, he said.

Gross joined other advocates, law enforcement officers and educators from around the country yesterday in Chevy Chase, Md., for a conference on school safety.

President George W. Bush participated in a panel at the conference, which followed recent school-shooting tragedies in Pennsylvania, Colorado and Wisconsin.

"Hopefully, out of these tragedies will come the sense of communal obligation all throughout our country, for people to take an extra effort to comfort the lonely," Bush said, but he expressed hopes that "people not think government is a loving entity. Government is law and justice."

The rate of violent crime in schools dropped over 10 years, according to the most recent figures from the Bureau of Justice Statistics and National Center for Education Statistics. In 1992, 48 of every 1,000 students would fall prey to violence at school, but in 2003 that number fell to 28 of every 1,000.

"We are, however, seeing some indications in the last two years that those trends are changing," Attorney General Alberto Gonzales said.

Of all violent crime in 2004, 14.2 percent occurred inside a school building or on school grounds. But there is no nationally mandated standard for school crime reporting, leaving it up to local officials to decide whether a shove in the cafeteria line should be considered an assault.

This year, Canton and Middletown school districts won a combined $2.9 million in federal funds to merge youth-saving efforts by law enforcement, teachers and mental health professionals. The Uniondale school district also has received grant money from the federal Safe Schools/Healthy Students Initiative.

The Safe Schools program doled out a total of $31 million this year, but of 485 school districts that applied, only 19 received funding. And their grants, which are awarded under No Child Left Behind, expire after three years.

Bush Advocates Volunteers For Schools (PPG)

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 11, 2006

DOJ_NMG_0079142

WASHINGTON -- President Bush yesterday said local communities need more impassioned volunteers, not more federal government intervention, as a means for promoting stronger moral values in the wake of several deadly school shootings.

"It's really important to me that people not think government is a loving entity. Government is law and justice. Love comes from the hearts of people who are able to impart love," the president said during a conference on school safety in Chevy Chase, Md., that emphasized the faith-based approaches at the center of some of his domestic policies. "I'm afraid it requires a higher power than the federal government to cause somebody to love somebody."

Mr. Bush called for the meeting shortly after a gunman killed five girls and wounded five others at the West Nickel Mines Amish School on Oct. 2. His administration invited educators, public safety experts, and shooting survivors from across the country, including Craig Scott, whose 17-year-old sister, Rachel, was one of 15 people killed in the 1999 Columbine High School massacre in Littleton, Colo.

The president cited Mr. Scott as a "social entrepreneur" for his work with Rachel's Challenge, an organization -- started by his father, Darrell -- that teaches students about Rachel Scott's life, trying to inspire them to rethink how they treat others. Mr. Bush also pointed to the potential of the USA Freedom Corps, a White House initiative aimed at encouraging more volunteer service among Americans.

Craig Scott, now 23, was in his school library on April 20, 1999 when two fellow students, Eric Harris and Dylan Klebold, entered and started shooting. He saw them kill several of his close friends. His sister, shot in the head, was the first person to die that day.

Mr. Scott told the president that he thinks schools often focus too much on academic performance, not moral character, echoing a theme stated by several speakers. "The youth are crying for something to stand for, something to believe in," Mr. Scott said.

Mr. Bush agreed, but defended his administration's emphasis on academic testing through the No Child Left Behind Act.

"I think you can make sure a child learns and you can instill character at the same time. I don't think you have to choose," he said.

He also called on local law enforcement agencies and school districts to start sharing their "best practices" in preventing violence, and he said educators may need to be more aware of sudden personality changes in their students, especially evidence of suicidal tendencies.

Marleen Wong, director of crisis counseling and intervention services for the Los Angles Unified School District, said most school shootings involve children who likely have discussed their plans with fellow students.

She shared a panel with Larry Macaluso, superintendent of the Red Lion Area School District in York County, Pa., where in April 2003 an eighth grade student shot and killed a junior high school principal in the cafeteria before shooting himself.

Mr. Macaluso said his students and staff had made a "remarkable recovery" since then, partly because of steps administrators took in the days and weeks immediately following the shooting.

In particular, he said, officials held an open house with parents and students just before classes resumed, serving beverages in the cafeteria as a symbol of a return to normalcy.

"Try to share with them how safe and warm this environment can be," Mr. Macaluso said.

During the first day of classes, students were encouraged, but not required, to visit the cafeteria and put their handprints on a makeshift memorial there.

This month's violence at the Amish school, however, brought back painful memories for Mr. Macaluso and many others in Red Lion. "The healing process never ends," he said.

In Lancaster County, locals have decided to take down the school house where the girls were killed as part of their recovery.

One panelist yesterday commended the Amish for forgiving Charles Carl Roberts IV, the shooter, and his family. Betty Alvarez Ham, president of City Impact, a Christian outreach group for young people in Ventura County, Calif., said forgiveness is something that should be taught in schools to help children avoid outbursts of anger.

Guns Are In Schools But Not In The President's Vocabulary (WP)

By Dana Milbank

The Washington Post, October 11, 2006

President Bush has always been a disciplined man, but yesterday he set a new standard for self-control: He moderated an hour-long discussion about the rash of school shootings in the past week without once mentioning the word "guns."

First lady Laura Bush was nearly as good, giving a seven-minute speech at yesterday's White House Conference on School Safety without mentioning guns. Two longtime aides, Attorney General Alberto Gonzales and Education Secretary

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Margaret Spellings, deftly led hours of panels at the National 4-H building in Chevy Chase with only a few glancing references to weapons.

This was no misfire. The White House, hastily arranging yesterday's forum to react to shootings over the past fortnight at schools in Pennsylvania, Colorado, Wisconsin and Missouri, neglected to invite any gun-control advocates. In fact, how the killers had carried out their deeds might have remained a mystery if 19-year-old twin brothers Theo and Niko Milonopoulos hadn't infiltrated the gathering.

Managing to get in front of a microphone during question time, Theo pointed out to Gonzales that "the common denominator in the rash of school shootings" has been access to high-powered guns. He asked what could be done to reduce the spread of such weapons "in light of the expiration of the federal assault weapons ban?"

"Assault weapons," Gonzales repeated. Some in the audience chuckled as he looked to see who on the panel would take the question.

The attorney general decided to do it himself. "Obviously, kids shouldn't have access," he granted, before quickly adding that there is no need for new laws. "We need to make sure those who break the laws are prosecuted," he said.

"There's a big elephant in the room and it's gun control," Niko observed after the panel ended.

The Bush administration has for years been known for its use of human props to make its points: middle-class "tax families" to pitch for tax cuts, victims of Saddam Hussein's torture to pitch for the Iraq war, and friendly partisans to pitch soft questions at "Ask President Bush" sessions. The technique is not new; Bill Clinton did much the same when hosting events about race.

Still, yesterday's forum was unusual. While experts dispute how much blame to place on children's access to guns, even the invited guests found it a bit odd to banish the topic entirely from a school-violence forum. "No one wants to touch gun control before an election," surmised one participant, Warlene Gary of the National PTA.

Democrats and gun-control advocates shut out of the invitation-only event had to do their sniping from a distance. They pointed out the COPS in Schools program, given $160 million in 2000, has been cut to zero. "The Bush administration is in denial," protested the Violence Policy Center.

At the conference, Bush's thoughts leaned in the opposite direction; he mused at one point about whether schools were becoming too locked down.

Gonzales advised Bush that one panelist said metal detectors send "the wrong message about what we think of our kids."

"I happen to agree," Bush said. "But what do I know?"

"Yes, sir," Gonzales replied, drawing chuckles from those in the crowd who thought he was agreeing with the "what do I know" quip.

Bush and his fellow participants stood in front of a faux blackboard inscribed with the words "Conference on School Safety" 42 times. With gun control off the table, the questions and comments became a bit repetitious, too, as a long line of participants echoed the belief that school violence would be reduced by values education and religious belief.

"It's illegal to say 'God' in the public schools these days," complained one questioner. He was followed by a representative of the American Association of Christian Schools. Craig Scott, brother of a girl killed in the Columbine massacre, said she was "killed for her faith."

"Lots of folks find answers in their faith," Spellings observed.

They certainly did yesterday. Another panelist spoke about the need for churches to "adopt" schools. An organization started by the Scotts, Rachel's Challenge, distributed brochures comparing the slain girl and her father to Anne Frank and her father.

When Bush arrived, Craig Scott was invited to speak again. This time, he read a poem he said his father read while appearing before a congressional committee.

"You've outlawed simple prayer.

"Now gunshots fill our classrooms and precious children die . . .

"You regulate restrictive law through legislative creed, and yet you failed to understand that God is what we need."

Until that point, Bush had been having trouble finding his voice on school shootings, which one of his own panelists asserted could number as high as 600 over the past six years. He labeled the violence "inexplissible," apparently merging "inexplicable" and "inexpressible." And he had to guide the discussion away from one panelist's remark about "computer predators" -- a dangerous topic during the Mark Foley scandal.

But on hearing Scott's "unbelievably eloquent testimony," Bush brightened considerably.

"That was great, Craig," the president said, after the audience finished its standing ovation. "Could I have that?"

Apparent Prank Puts Castro Valley High On Lockdown (CCT)

By Ricci Graham

The Contra Costa Times, October 11, 2006

CASTRO VALLEY - A rumor that a student had carried a firearm onto the Castro Valley High School campus today forced administrators to lock down the school for three hours while nearly two dozen deputies and investigators searched the campus.

No weapon was found, and police later attributed the scare to an apparent prank.

The lockdown was issued around 11:40 a.m. after school officials received word of the report. Teachers were ordered to lock all doors, close all windows and pull down all the window blinds, said Alameda County Sheriff's Sgt. Scott Dudek.

School officials informed the sheriff's office of the threat as soon as the rumor reached administrators. The sheriff's office responded by dispatching 25 deputies and three K-9 units to the 2,800-pupil campus at 19400 Santa Maria Ave., Dudek said.

Deputies cordoned off the campus, setting up a perimeter where worried parents gathered and waited in vain for about three hours, not sure what exactly had transpired at the 40-acre campus.

As students huddled underneath their desks or gathered in classroom closets, sheriff's deputies patrolled the halls with K-9s trained to detect gunpowder and weapons, Dudek said.

The police dogs searched the lockers, and another K-9 Unit searched the exterior of the campus, but no weapon was found, Dudek said.

At about 2:45 p.m. -- just over three hours after the lockdown was issued -- the campus was cleared by deputies and students were permitted to leave.

Dudek said deputies interviewed a number of students and learned that one pupil whom he described "as a prankster" joked that he was armed with a firearm when he arrived at school this morning.

"Basically, his comment was, 'I'm strapped,'" Dudek said. The teenager then asked a friend, "Are you strapped?" Dudek said.

"I really think that he was a prankster," Dudek said. "If it wasn't for the nature of today's incidents, it would not have made everyone's concern go sky high."

Deputy Superintendent Jerry Marcy said the student who made the comment will face disciplinary action."It's not appropriate to comment on any possible disciplinary action," Macy said. "Obviously, we take this whole thing seriously."

As investigators combed the campus, nervous parents gathered on the surrounding streets, fearful that the recent spate of violence at schools throughout the country had touched down close to home.

"I was thinking about Columbine," said Rhonda Scott, whose son is a junior at the high school. "I was thinking, 'Oh, my God. Not in Castro Valley.'"

As parents waited, many expressed frustration because they said they had to depend on text messages or cell phone calls from their children to find out what was going on inside the campus.

"The only thing that upset me is that they should let the parents know ahead of time," Deborah Dillon said of school officials. "My daughter had to text message me (about what was going on). I got 15 text messages."

Though it was a difficult call to make, Sgt. Scott Dudek said investigators decided against sharing information with parents for fear it would set off a near riot.

"I think the parents were concerned that we didn't come out sooner and let them know what was going on," Dudek said. "But we were concerned that we didn't want to put out false information.

"If we had told the parents the reason for the lockdown, then we would have had parents trying to covertly go onto school grounds,"

he said. "Then we would have had a nightmare."

Students were clearly relieved when the lockdown was lifted and they were permitted to go home.Andrew Quan, a junior, said students gathered in a closet and waited for three hours with his teacher, who was clearly shaken by the incident.

"We hid in the back and occasionally, when we thought it was safe, we popped out," Quan said. "We had to wait it out. It really was that big a deal."

Joel Becker, another junior, said he found the incident frightening."I was sort of scared," Becker said. "I didn't expect it, because the school is not known for dangerous stuff. It was a drag to have to do that."

The lockdown occurred at a time when public awareness has been heightened by a recent series of deadly school shootings in Wisconsin, Colorado and Pennsylvania.

In response to the violence, U.S. Attorney General Alberto Gonzales and Education Secretary Margaret Spellings convened a school safety conference today in Chevy Chase, Md.

The conference was attended by parents, teachers, researchers, law enforcement leaders and policy officials, who discussed violence prevention and ways to help the schools and their communities recover from the traumatic attacks that have shaken campuses across the nation.

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Student Safety (SLT)

By Julia Lyon, The Salt Lake Tribune

Salt Lake Tribune, October 11, 2006

BOUNTIFUL - The choir continued to rehearse as a hostage situation evolved in the classroom next door. The music was about to be interrupted.

"Police! Hands up!" the officers yelled as they burst into the room at Bountiful High School. An armed intruder had been "shot" and lay face down on the hall floor. Now the police were looking for more suspects.

The students wound out of the classroom with their hands behind their heads, but many were laughing. One wiggled her hips. They knew this was not real.

It could have been. At Bountiful High on Tuesday morning, the school was teaching a post-Columbine lesson in a subject most of us never expected to study: school violence. By practicing a lockdown situation as it has for several years, members of the staff learned what they need to do to keep students safe. The students taste what a scary situation at school could be like and how to help.

"I'd hate to go to sleep at night thinking we hadn't done our best to prepare," Principal Ryck Astle said.

What was new at Bountiful High this year was the number of police agencies involved and the hostage twist. Schools have been reeling from the spate of shootings over the past few weeks that seemed to leave no community, even the peaceful Amish, untouched. On Tuesday, safety and education experts from across the country met in Maryland at a conference called by the White House.

Education Secretary Margaret Spellings and Attorney General Alberto Gonzales led three panel discussions. Time and again, speakers said schools get safer when they take bullying seriously, practice their crisis plans, and talk to parents about what's happening.

"Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the University of Colorado Center for the Study and Prevention of Violence.

Bountiful High is far from a fearful place. Students walk in the high school without having their bags searched or being screened by metal detectors. Several doors are open during the school day. Unlike some schools, it does have an on-campus school resource officer who can react immediately.

While the school lockdown may have been more for the school's benefit, officers Tuesday filmed their exercise and evaluators stood nearby taking notes. The police shouted commands and codes over their radios communicating with an improvised command post outside. Not communicating, as one officer put it, can be deadly.

Joel Briscoe, who began teaching 24 years ago, mused after the lockdown about how times have changed.

"If you would have told me we'd be debating public policy about arming teachers in schools, I wouldn't have believed you," the Bountiful U.S. history and government teacher said.

The drills are worthwhile, the teacher said, if only for the benefit of practice. The unanswerable question is whether any school is ever perfectly safe.

"It's like saying is it safe to fly on an airplane," Briscoe said. "I don't think they can ever be 100 percent safe."

Jake Craig, 16, was in the choir room when the police rushed in the door. It seemed pretty real, he said afterward. They were yelling and running around the room.

Some teens shrugged off the lockdown, but several confessed an underlying anxiety.

"I think everyone fears Columbine a lot," said Heidi Thueson, 16. "Bountiful is a safe place - but you never know."

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The Associated Press contributed to this story.

911 Transcripts Are Released In Amish School Shooting; Killer Was Calm (NYT)

By Sean D. Hamill

The New York Times, October 11, 2006

An hour after walking into a small Amish schoolhouse in Pennsylvania last week with a small arsenal of guns and hardware, Charles C. Roberts IV told a dispatcher in a calm, dispassionate voice just what his emergency was.

“I just took, uh, 10 girls hostage and I want everybody off the property or, or else,” Mr. Roberts told a 911 dispatcher for Lancaster County, according to a transcript of the conversation released yesterday.

As the dispatcher tries to engage him, Mr. Roberts threatens to kill the girls, but his voice “is not angry, there is no yelling and screaming,” the county district attorney, Don Totaro, said in an interview.

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Mr. Totaro authorized the release of the transcript after formal requests from state and national news media under Pennsylvania's Right to Know Law. He said he listened to the tapes to check the transcript's accuracy.

Mr. Roberts's voice is "flat," Mr. Totaro said. "It's almost like there's no soul there."

"It's beyond comprehension, particularly when you listen to the tapes and realize he's about to shoot 10 innocent Amish girls," he said.

Mr. Roberts, 32, a married father of three children who collected milk from farms in the area and delivered it for processing, shot all 10 girls inside the West Nickel Mines Amish School. Five were killed and five others suffered serious wounds, including at least one who is not expected to recover, officials have said.

The dispatcher's short conversation with Mr. Roberts, as well as calls from his wife, Marie, and the farmer who made the first 911 call, after a young teacher fled the schoolhouse to seek help, show how frantic Mr. Roberts's brief siege was.

Mr. Roberts's call came in at 10:55 a.m. on Oct. 2, and lasted just over a minute, with the dispatcher trying to figure out what was going on.

"O.K., what's the problem there?" asks the dispatcher, who was not identified.

"Don't try to talk me out of it, get 'em all off the property now," Mr. Roberts replies, referring to the state police, who were already on the scene in response to a call some 20 minutes earlier from the farmer, Amos Smoker, who first alerted the police to the situation after the teacher, Emma Mae Zook, fled to his home.

"I'm going to let the state police down there," the dispatcher says to Mr. Roberts. "I need to let you talk to them. O.K., can I transfer you to them?"

Mr. Roberts replies: "No, you tell them, and that's it. Right now or they're dead, in two seconds."

As the dispatcher tries to transfer the call, Mr. Roberts repeats, "Two seconds, that's it," before the line goes dead.

About two minutes later, Marie Roberts called 911 about a phone conversation she had just had with her husband.

"She's obviously distraught and concerned," Mr. Totaro said, characterizing the call. "But she's composed."

During the call, Mrs. Roberts says: "Yes, my name is Marie Roberts, my husband just called me on his cellphone and told me that he wasn't going to be coming home and that the police were there and not to worry about it. And I have no idea what he is talking about, but I am really scared."

Mrs. Roberts tells the dispatcher her husband told her that "he was upset about something that had happened 20 years ago and he said he was getting revenge for it. I don't think he was getting revenge on another person. I'm worried that maybe he was trying to commit suicide."

After her call is transferred to a state police dispatcher, Mrs. Roberts explains that her husband took her grandfather's blue GMC pickup truck that morning and left behind notes expressing the thought of not seeing his children, "not seeing them grow up, like, let's see, uh, I'm not even sure."

"Here it is: 'My daughter Abigail. I want you to know that I love you and I'm sorry I couldn't be here to watch you grow up.' That's how the note starts," Mrs. Roberts says.

A 1999 Pennsylvania Supreme Court decision allows withholding 911 tapes from the news media, but "because of the unfettered media access in this case," Mr. Totaro said, he decided to release a transcript.

He decided against releasing an audiotape of the calls after discussing the issue with the state police commissioner, Jeffrey Miller, and concluding that to do so "would only serve to further traumatize the victim's family and the family of the perpetrator," Mr. Totaro said.

The state police are now considering whether to release a transcript from their dispatch tapes, which would include additional conversations, a spokeswoman, Trooper Linette Quinn, said.

"We've never released them before, but this is a different set of circumstances," Trooper Quinn said.

Pa. Schoolhouse Gunman Made Demand, Began Firing (WP/AP)

By Mark Scolforo

The Washington Post, October 11, 2006

LANCASTER, Pa., Oct. 10 -- The gunman who attacked an Amish schoolhouse opened fire on his 10 hostages just moments after demanding that authorities get off the property, giving state troopers no time to try to save the girls, according to investigators and 911 transcripts released Tuesday.

Charles Carl Roberts IV threatened to kill the children "in two seconds" during a 70-second call to a 911 dispatcher.

"Don't try to talk me out of it, get 'em all off the property now," Roberts told a Lancaster County dispatcher in a calm, flat voice, his only contact with police.

The dispatcher asked Roberts to stay on the phone so he could be transferred to state police. Roberts replied: "Two seconds, that's it." He then hung up, before police could have him talk to a negotiator.

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Before authorities could react, he started shooting inside the West Nickel Mines Amish School, killing five girls and wounding five others before killing himself. Police burst in after hearing the gunfire.

"He clearly did not give the police any opportunity to get off the property," said Lancaster County prosecutor Don Totaro, who did not release the actual audiotapes to avoid further traumatizing the Amish community and Roberts's family.

PA. Gunman Intent On Massacre, 911 Tapes Show (USAT)

By William M. Welch

USA Today, October 11, 2006

A 911 dispatcher tried to keep gunman Charles Carl Roberts IV on the phone moments before he shot 10 girls at an Amish school, according to transcripts of the call released Tuesday.

Roberts dialed 911 nearly an hour after he entered the Nickel Mines Amish School in Lancaster County, Pa., on Oct. 2. By then, police were outside the school.

Transcripts of the call, along with one from Roberts' wife and two others to 911, were released by Lancaster County District Attorney Don Totaro.

“They tried to keep him on the line as long as possible,” Totaro said. “They tried to diffuse the situation, but there was just no possible way for them to do so. It was clear he was intent on carrying out his mission.”

Roberts' call came in to the Lancaster County 911 dispatch center at 10:55 a.m. By then he had been in the school since about 10 a.m. Asked if he had an emergency, he said “yes.”

The dispatcher asked for the address.

“It's on White Oak Road. I just took, uh, 10 girls hostage, and I want everybody off the property or, or else,” Roberts replied.

The dispatcher responded, “OK. All right.”

Roberts: “Now.”

Dispatcher: “Hold on a second. Hello.”

Roberts: “Yeah.”

Dispatcher: “OK, what's the problem there?”

Roberts: “Don't try to talk me out of it. Get 'em all off the property now.”

Dispatcher: “Sir, I want you to stay on the phone with me. OK? I'm going to let the state police down there — I need to let you talk to them, OK? Can I transfer you to them?”

Roberts: “No. You tell them, and that's it. Right now or they're dead, in two seconds.”

After a pause, he repeats: “Two seconds. That's it.”

Dispatcher: “Sir, listen to me. Listen.”

Totaro says Roberts then hung up.

Moments later, Roberts, 32, a milk truck driver and father of three children, opened fire on the 10 girls he was holding, then turned the gun on himself. Five girls were fatally wounded and five more were injured. Roberts also was dead.

“It was chilling,” Totaro said of listening to the 911 tapes. “There really was no anger. It was very matter-of-fact.”

Among the other calls released was one made at 10:35 a.m. from Amos Smoker, who lives in a farmhouse behind the school.

A teacher and another adult at the school ran there after seeing Roberts.

“There's a, there's a guy in the school with a gun,” Smoker said. The next call was from Marie Roberts, the gunman's wife, at 10:58 a.m. She said she was worried that her husband was trying to commit suicide.

She told the 911 dispatcher that her husband had called her from his cellphone “and told me he wasn't going to be coming home and that the police were there and not to worry about it.”

“I have no idea what he is talking about, but I am really scared,” she said.

She was transferred to the state police and described notes her husband had left for the family. She read from one:

“My daughter Abigail, I want you to know that I love you, and I'm sorry I couldn't be here to watch you grow up.”

First Lady Lauds Sisters (LANNP)

By Colby Itkowitz

Lancaster Newspapers (PA), October 10, 2006

Bush holds summit on school safety

CHEVY CHASE, Md. - Two Amish girls who put their classmates' lives before their own represent the country's best, first lady Laura Bush said during a school safety summit Tuesday.

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The first lady was referring to Marian Fisher, 13, and her 11-year-old sister, Barbie Fisher, both of whom beseeched Charles Carl Roberts IV to shoot them first, hoping he'd spare the lives of the younger Amish girls locked inside their one-room schoolhouse on Oct. 2.

"The most recent school attacks have saddened and troubled all Americans, yet these tragedies have also shown the best in our country," Laura Bush said. "We saw tremendous courage in the Amish girls who in the face of immediate danger thought first of the safety of their younger schoolmates."

In response to the string of school shootings, President Bush called a summit Tuesday in suburban Maryland to open a dialogue among experts on how school violence can be stopped. "The violence in our schools is incredibly sad and troubles a lot of folks, and it troubles me," Bush said at the National 4-H Conference Center. "Everyone in our country wants our classrooms to be gentle places of learning."

During three panel discussions, one moderated by Attorney General Alberto Gonzales and two by Secretary of Education Margaret Spellings, speakers offered their suggestions for the prevention of violence.

GOP Employee Seen As Key To Foley Timetable Investigation (CHIT)

By Mike Dorning And Andrew Zajac

Chicago Tribune, October 11, 2006

WASHINGTON -- A Republican patronage employee who formerly controlled the administrative apparatus of the House emerged Tuesday as a key figure in the scandal over former Rep. Mark Foley's inappropriate emails to underage pages.

A new account from a Republican congressman who was informed as early as 2000 of suggestive emails from Foley to a former page described a more significant role for then-House Clerk Jeff Trandahl. The congressman, Rep. Jim Kolbe (R-Ariz.), said he passed the complaint on to Trandahl, who also was involved in handling a complaint in 2005 about inappropriate emails to another former page.

The account raises new questions about the quiet disposition of the later complaint, which officials handled by privately warning Foley to cease contact with pages.

With an Aurora, Ill. graveyard as a backdrop, House Speaker Dennis Hastert (R-Ill.) defended his own staff's handling of the 2005 complaint about inappropriate emails from Foley, saying he could not find any fault in their actions based on what they knew at the time.

"They've handled it as well as they should," Hastert said. " I didn't think anybody at any time in my office did anything wrong."

Hastert added, "in 20/20 hindsight probably you could do everything better."

However, Hastert said he would dismiss any member of his staff involved in a cover-up, while Sen. John McCain (R-Ariz.) asked for an independent investigation of Republican leaders' handling of the complaints. The House Ethics Committee is currently examining the response.

More signs of discontent among the party's core social conservative supporters also emerged, with a prominent conservative activist questioning in an article whether gay Republican staffers and members of Congress were working behind the scenes to undercut the political agenda of religious conservatives.

Tony Perkins, president of the Family Research Council, wrote in a web newsletter for members of the organization that the Foley scandal "raises another plausible question for values voters: has the social agenda of the GOP been stalled by homosexual members and/or staffers?"

Several key figures involved in the scandal and its handling are gay or linked to gay causes. Foley has acknowledged he is gay. Kolbe, who is retiring and received the first complaint, is openly gay. And Trandahl, 42, is a board member for the gay-rights group Human Rights Campaign.

Noting that, Perkins continued, "The GOP will have to decide whether it wants to be the party that defends the traditional moral and family values that our nation was built upon and directed by for two centuries. Put another way, does the party want to represent values voters, or Mark Foley and friends?"

Patrick Sammon, executive vice president of Log Cabin Republicans, a gay Republican organization, said the connection was spurious.

"The anti-gay groups are trying to spin this into some kind of gay cover-up," Sammon said. "But I don't think any of this had anything to do with sexual orientation."

Kolbe, who has been traveling in Europe, offered his first account of the 2000 complaint he received about Foley in a written statement.

Kolbe said a former page whom he had sponsored contacted his office to complain about emails from Foley "that made him uncomfortable.

DOJ_NMG_0079149

"I was not shown the content of the messages and I was not told they were sexually explicit," Kolbe said in the statement. "It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk, who supervised the page program. This was done promptly."

Kolbe, who is a former page, was on the House Page Board at the time. But Rep. Sue Kelly (R-N.Y.), who was then the chair of the Page Board, was never informed, said her spokesman, Kevin Callahan.

Five years later, a Louisiana Republican received another complaint about Foley from a page that congressman had sponsored. The complaint was forwarded to Hastert's office, which referred the matter to Trandahl.

Rep. John Shimkus (R-Ill.), chairman of the Page Board when the second complaint arrived, has said he and Trandahl decided to keep the matter private and ask Foley to cease contact with pages.

Shimkus spokesman Steve Tomaszewski said that Trandahl never informed Shimkus of the earlier complaint, though he acknowledged that Shimkus did not ask about any prior aberrant behavior.

"He had never heard anything before, so there was no impetus to ask about anything else," Tomaszewski said.

Trandahl, who left his House position last November to become a lobbyist for the National Fish and Wildlife Foundation, declined through his attorney to comment.

Trandahl "will cooperate fully with the FBI and the House ethics committee investigations," his lawyer, Cono Namorati, said in a statement.

Another key figure in the investigation, Kirk Fordham, a former chief of staff to Foley, is slated to appear before the ethics committee on Thursday, according to his attorney Tim Heaphy. Fordham was interviewed by the FBI last week.

Fordham has said that he warned Hastert's chief of staff, Scott Palmer, no later than January 2004 that Foley had exhibited inappropriate behavior with pages.

Hastert has maintained that no one on his staff learned of Foley's aberrant behavior with pages until fall 2005. Hastert said he did not personally know of any inappropriate behavior until Foley resigned late last month.

Hastert's attorney, J. Randolph Evans, said Hastert has not yet been asked to appear before the committee, but is willing to do so.

"I've reached out to the committee to let them know that we want to be as cooperative as possible," Evans said.

Doubt Is Raised About Foley As Secret Drinker (HILL)

By Jeffrey Young

The Hill, October 11, 2006

When former Rep. Mark Foley (R-Fla.) entered alcohol-abuse treatment amid scandal over his relationships with congressional page boys, his attorney said the ex-lawmaker never drank alcohol in public.

Attorney David Roth categorically stated that the disgraced lawmaker hid his abuse by drinking alone.

But the photograph (above) from The Hill's archives shows Foley holding a glass of wine at a Capitol Hill reception on May 19, 2004.

He went to the reception with several other House members. This and other evidence suggests Foley was a social drinker and a wine aficionado.

The photograph and first-hand accounts of Foley's public drinking told by acquaintances in Washington and Florida could reinforce doubts about the veracity of the claim that a drinking problem fueled his behavior, which included carrying on sexually explicit instant-message chats with former pages.

Reps. Steve Buyer (R-Ind.), Norm Dicks (D-Wash.), Nick Rahall (D-W. Va.) and Mike Thompson (D-Calif.) also appear in other photographs by The Hill of the 2004 event, which was hosted by the Washington Wine Commission to tout the state's wineries and to honor Washington's congressional delegation and the Congressional Wine Caucus, of which Foley was a member.

Thompson cannot recall seeing Foley at the reception, according to his spokesman; calls to the other lawmakers' offices were not returned. Sen. Patty Murray (D-Wash.) also attended but does not remember seeing Foley, according to her spokesman.

Though no law-enforcement authority has filed charges against Foley, his attorney could cite alcohol addiction as part of a legal defense by arguing that Foley was not in complete control of his actions when he contacted former pages over the Internet.

At a press conference in West Palm Beach, Fla. last Tuesday, Roth said that the former congressman did not drink around other people.

"People close to Mark knew that he was a closet drinker, as it is referred to," Roth said, adding, "Mark, to my knowledge and based upon all the information that I have, never drank in public," according to a transcript of the press conference.

"However, at night he did drink and has admitted to that and he has indicated that he strongly believes that he's an alcoholic and is receiving treatment for it."

Roth did not return two calls requesting comment.

In addition to the 2004 photograph, news reports during Foley's tenure in Congress have included accounts of him drinking at public events. Recently published interviews with lawmakers and other acquaintances of Foley also indicate that he was often seen at parties, receptions and fundraisers drinking alcohol.

In a story that ran in the St. Petersburg Times (Fla.) on Sunday, Rep. Ginny Brown-Waite (R-Fla.) is quoted saying that while she saw Foley drink alcohol on occasions, "I never saw him inebriated, never saw him even close, never saw him slur a word." Speaking to Fox News Channel after Foley resigned, Rep. Peter King (R-N.Y.) stated directly that he did not believe Foley's claims of alcoholism.

So far, no one has come forward with a specific account of Foley appearing to be inebriated in public. Rep. Deborah Pryce (R-Ohio), however, has pressed for an investigation of allegations that a drunken Foley once tried to gain admittance to the House pages' dormitory but was turned away by Capitol Police officers.

The public record seems to belie Roth's claims about Foley's drinking habits.

In one well-reported example, Foley was a co-host of two fundraising events for Ways and Means Committee Republicans that used alcohol as a theme.

The "D Street Block Party" took place in the spring of 2005 and 2006 in the homes of Foley and four colleagues who live on the same city block in S.E. Washington, D.C.

At the fundraiser on May 18, 2006, Foley served wine to his guests, according to the invitation and reports by The Washington Post and others.

Along with Foley, GOP Reps. Chris Chocola (Ind.), Clay Shaw (Fla.) and Nancy Johnson (Conn.) each offered different alcoholic drinks in their homes, while Rep. Jim Ryun (R-Kan.) served coffee and dessert. The mandatory contribution to visit each home during the event was $1,000.

One criminal-defense attorney who specializes in alcohol-related cases said that if Roth is angling to use Foley's drinking as a mitigating factor in his behavior with pages and former pages, the approach could work.

"From a criminal-defense perspective, somebody being an alcoholic can be helpful," said Darren Kavinoky, whose practice is in Southern California.

If a defense attorney can convince a jury and a judge that the defendant did not have a specific intent to break a law, the penalty could be smaller, even if the defendant did violate that law, Kavinoky said. Roth could be looking to avoid a prison sentence for his client and hoping to persuade a judge to consider an alternative sentence, such as alcoholism treatment.

"This could be laying the foundation for that kind of defense," said Kavinoky, who added, "I think it would be effective in court" against any charges that might be levied against Foley.

Ironically, if Foley has successfully hidden an addiction to alcohol from his friends, family and colleagues, as Roth asserts, the alcoholism defense becomes more problematic, Kavinoky said. Without witnesses to Foley being intoxicated, his attorney would have a harder time establishing his condition as an alcoholic, he said.

Staff Heads Would Roll For Foley Cover Ups (LAT)

By Richard Simon And Noam N. Levey

The Los Angeles Times, October 11, 2006

WASHINGTON — House Speaker J. Dennis Hastert (R-Ill.) said today that anyone who covered up information about contacts between then Rep. Mark Foley and male pages "really ought to go."

During a question and answer session with reporters outside a meeting of the Hispanic Chamber of Commerce in Aurora, Ill., Hastert said that ongoing investigations in the sex scandal should determine if his staff or anyone in Congress covered up information about the former Florida representative, and the former pages, "shouldn't continue to have their jobs."

Hastert acknowledged today that his office could have handled the matter better. "In 20/20 hindsight, probably you could do everything a little better."

Hastert noted that none of the pages were approached by Foley while they were in Washington — only after they had graduated from the program. Moreover, Hastert said he is still searching for a candidate to run the program. "I asked (former FBI Director) Louie Freeh to do it and (House Democratic Leader) Nancy Pelosi rejected him for some reason."

Witnesses will begin testimony behind closed doors this week in the sex scandal, which has sent shudders through the Republican-controlled Congress and potentially though the upcoming elections.

The investigation, which is being conducted by the House Ethics Committee in an otherwise quiet Capitol, will look into who knew what, and when, about the contacts between Foley and male pages.

In what is shaping up as a classic "he said/he said," Kirk Fordham, a former Foley aide, is expected to testify that he warned Hastert's office in 2003 or earlier about Foley's inappropriate interest in teenage pages.

Officials in Hastert's office have said they did not learn about Foley's interest until last fall, when a Louisiana congressman alerted the office to a series of e-mails Foley sent to a former page. Hastert has maintained that his aides then alerted officials in charge of the page program, who told Foley to cease contact with the teenage boy.

"All eyes will be on Hastert, and the basic point of the interviews with staff and GOP leaders will be to find out when the speaker had serious indications something was wrong with Foley," said Julian Zelizer, a specialist in congressional history at Boston University.

Hastert's attorney, J. Randolph Evans, said, "We're going to be fully cooperative."

Also Monday, it became clear that the Foley scandal was sparking political concerns at the highest levels of the White House, with strategist Karl Rove conceding in a private briefing that the matter "complicates things" for some Republican candidates who have been linked to the scandal.

Fordham's attorney, Tim Heaphy, said Monday said that he expects the committee investigation to focus "less on what Congressman Foley did and more on who knew what when."

This week's questioning of witnesses and scrutinizing of records comes as the committee broadens its inquiry to determine whether any other House members have had inappropriate contact with the 16- and 17-year-old congressional pages.

Ethics Committee Chairman Rep. Doc Hastings (R-Wash.) and the panel's top Democrat, Rep. Howard L. Berman of Valley Village, asked all House members to contact current and former pages sponsored by their offices to determine "whether any of those individuals had any inappropriate communications or interactions with former Rep. Foley or any other member of the House."

The politically sensitive investigation also comes as the scandal has become an issue in the battle for control of Congress. The committee has vowed to act swiftly, but it is unclear whether it will be done before the November elections.

The panel conducting the investigation, made up of two Democrats and two Republicans, is trying to determine whether any House members or staff violated House rules. The committee has no power to discipline Foley, who resigned from Congress Sept. 29. A separate criminal investigation is being conducted by the FBI.

The committee is expected to interview Hastert and members of his staff, including Scott Palmer, whom Fordham has said he spoke to in 2002 or 2003 about Foley. Hastert's chief political advisor, Mike Stokke, and his senior counsel, Ted Van Der Meid — both of whom helped field the complaint last year, according to an account prepared by the speaker's office — may be called as well.

So may a host of other lawmakers and staff, and perhaps Foley and former pages. Other possible witnesses include:

.Former House Clerk Jeff Trandahl, who oversaw the page program and allegedly was asked to talk to Foley after the speaker's office received a complaint last year;

.Rep. John Shimkus (R-Ill.), chairman of the board that oversees the page program, who allegedly accompanied Trandahl to talk to Foley;

.Rep. Rodney Alexander (R-La.), who sponsored the page who received e-mails from Foley last year;

.Rep. Thomas M. Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee, who hired Fordham as his chief of staff last year.

.Rep. Jim Kolbe (R-Ariz.), whom the Washington Post reported confronted Foley as early as 2000 about messages to pages. Kolbe issued a statement today, saying he contacted Foley's office after receiving a complaint from a page but knew nothing about contents of the message.

"Some time after leaving the page program, an individual I had appointed as a page contacted my office to say had had received e-mails from Rep. Foley that made him uncomfortable," Kolbe said in a statement.

"I was not shown the content of he messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly."

Hastert said in Illinois that Kolbe was on the page board at the time and "that was his job…that confrontation," but that "if it was something he should have reported" to more authorities, "then he should have done that. If anyone's found to have covered up information, they really ought to go."

The panel has prepared about four dozen subpoenas, but officials refuse to say whom they have summoned. Witnesses called by the committee testify under oath; they can be accompanied by an attorney and can plead the 5th Amendment protection against self-incrimination.

In his private briefing Monday, Rove noted that with the Democrats needing just 15 seats to take control of the House, "every seat matters." It does not help, he suggested, "having Foley's seat up for grabs rather than being safe and having Reynolds responsible now for fighting back on this issue."

Rove's remarks, in a roughly half-hour conference call with GOP supporters across the country, offered a glimpse into private worries over the Foley fallout in a White House that has tried to steer clear of the controversy. A participant in the Rove call invited a Times reporter to listen in. The White House said it would have no comment on private calls, but added that Rove assured activists that the party would overcome the problem.

Overall, Rove sought to sound upbeat as he addressed the activists. He predicted the GOP would hold the House and Senate, but seemed to acknowledge that his hopes had been dampened in recent days

"I felt great about [the House] before Foley," he said. "But I still feel good about it."

Hastert Says Fire Anyone Who 'covered' For Foley (USAT)

By Kathy Kiely And Kevin Johnson

USA Today, October 11, 2006

WASHINGTON — House Speaker Dennis Hastert said Tuesday that any staff member who failed to alert him to former representative Mark Foley's advances to congressional pages should be fired.

"If they covered something up, then they should not continue to have their jobs," the Illinois Republican said to reporters in his suburban Chicago district.

The speaker's comments came amid signs that investigations are moving ahead into Foley's sexually explicit e-mails and instant-message exchanges with teenage boys who served in the page program:

·Kirk Fordham, a former Foley aide who says he alerted Hastert staffers to Foley's inappropriate behavior as early as 2003, is scheduled to appear before the House ethics committee Thursday.

·Jordan Edmund, a 21-year-old former page who received electronic messages from Foley, met with FBI agents for two hours in Oklahoma City. He was not required to turn over copies of the messages, and the FBI did not schedule any additional meetings with him, said Edmund's attorney, Stephen Jones.

Jones wouldn't describe the contents of the messages. He said there was no physical relationship between his client and Foley.

Foley, a Florida Republican, resigned from the House of Representatives on Sept. 29 and checked into an alcohol rehabilitation program after he was confronted by ABC News with sexually explicit messages that he allegedly sent pages. His lawyer, David Roth, has said the former congressman did not have sex with minors. Roth also said Foley is gay.

The FBI is investigating the possibility that Foley violated criminal statues against sex with minors. The ethics committee is trying to determine whether members of the House or its staff failed to respond appropriately when alerted to Foley's activities.

At least five FBI field offices are now involved in the federal government's preliminary inquiry into Foley's conduct, two federal law enforcement officials said.

The sources, who are briefed on aspects of the investigation, declined to be identified because they were not authorized to speak publicly. They said agents were working off rosters of current and former pages, dating back at least to 1995, when Foley arrived in the House.

Rep. Jim Kolbe, an Arizona Republican and the party's only openly gay House member, confirmed Tuesday that a former page complained to him several years ago about e-mails received from Foley. Kolbe is a former House page and a strong supporter of the program.

In a statement, Kolbe said that the page told him the e-mails made him "uncomfortable" but that he was not shown the messages. "It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was promptly done," the statement said. Kolbe is in Europe and was not available for further comment.

Kolbe press secretary Korenna Cline said the congressman's staff members believe that the page contacted Kolbe in 2000 or 2001. Kolbe assigned an aide to contact Foley's office and the office of the House clerk, which oversees the page program, Cline said.

Jeff Trandahl, House clerk from 1999 until last year, has not commented about the case. Trandahl has retained defense lawyer Cono Namorato to represent him.

Revelations about Foley's contact with pages have created a political nightmare for Republicans one month before an election that will determine control of the House and Senate. In a USA TODAY/Gallup Poll taken over the weekend, 55% of respondents said they have an unfavorable view of the Republican Party; 43% said Hastert should resign.

Hastert Vows To Fire Aides If A Cover-Up Is Discovered (NYT)

By Jeff Zeleny And David Johnston

The New York Times, October 11, 2006

DOJ_NMG_0079153

WASHINGTON, Oct. 10 — Speaker J. Dennis Hastert said Tuesday that members of his staff should be fired "if there was a cover-up" in the way they had handled complaints about Mark Foley's conduct toward teenagers in the Congressional page program.

"They'll be under oath, and we'll find that out," said Mr. Hastert, an Illinois Republican who along with his top aides is expected to be called to give sworn testimony in a House inquiry into the page scandal. "If they did cover something up, then they should not have their jobs."

The remarks by Mr. Hastert, made to reporters in his Congressional district in Aurora, Ill., were the first time he had used the term "cover-up" in talking about the case. Mr. Foley, a Florida Republican, resigned late last month after explicit messages he had sent to a former page became public.

Mr. Hastert has contacted the House ethics committee through his lawyer, J. Randolph Evans, who said in an interview on Tuesday, "We want to be as helpful and cooperative as we can."

A former Congressional aide, Kirk Fordham, is scheduled to testify Thursday that he alerted Mr. Hastert's staff to Mr. Foley's behavior at least three years ago. A former clerk of the House, Jeff Trandahl, who had received numerous complaints about Mr. Foley's conduct, issued a statement through his lawyer on Tuesday, saying he would "cooperate fully with the F.B.I. and the House ethics committee."

The Federal Bureau of Investigation has begun its own inquiry to determine whether laws were broken in the exchange of sexually explicit messages. On Tuesday, F.B.I. officials in Oklahoma City interviewed a former page for more than two hours, said a person briefed on the matter who spoke on the condition of anonymity because the case was under investigation.

The former page, Jordan Edmund, 21, who was accompanied by his lawyer, Stephen Jones, said he had had limited contact with Mr. Foley while he was a page in 2001 and 2002, the person said, but Mr. Foley sent him e-mail after he left the program.

Mr. Edmund said the exchanges led to two meetings with Mr. Foley, the person briefed said, including dinner in San Diego in October 2002. Afterward, Mr. Edmund said, he returned to Mr. Foley's hotel room, where the congressman touched his knee. Mr. Edmund said he had left after about 20 minutes, and he told the agents that nothing untoward had happened.

It was unclear whether this encounter was the one described in instant messages obtained by ABC News, which quoted Mr. Foley writing to a page, "I miss you lots since San Diego."

Also on Tuesday, Representative Jim Kolbe, Republican of Arizona, said a former page had complained to him of being uncomfortable with e-mail messages Mr. Foley had sent him. Mr. Kolbe said he had not confronted Mr. Foley, but had "passed along" the complaint to Mr. Foley's office and the House clerk.

A spokeswoman for Mr. Kolbe confirmed Tuesday that during the Fourth of July Congressional recess in 1996, Mr. Kolbe took two former pages on a three-day rafting trip through the Grand Canyon. The spokeswoman, Korenna Cline, said several of Mr. Kolbe's staff members and his sister had gone on the excursion, and that the former pages had paid their own way.

Hastert Expresses Faith In Staff As FBI Questions Former Page (WP)

By Charles Babington

The Washington Post, October 11, 2006

House Speaker J. Dennis Hastert (R-Ill.) said yesterday that he believes his staff has handled the Mark Foley matter properly, but "if they did cover something up, then they should not continue to have their jobs."

Hastert's remarks came amid a quickening pace of investigations into Foley's relationships with teenage congressional pages and the House's handling of warnings about the Florida Republican's behavior. FBI agents interviewed former House page Jordan Edmund in Oklahoma City, and Foley's former chief of staff, Kirk Fordham, is scheduled to speak with House ethics committee members and staffers on Thursday.

Edmund was among the male pages who received sexually explicit instant messages from Foley, a six-term House member. Foley abruptly resigned on Sept. 29, just as ABC News was airing some of the graphic exchanges.

Speaking yesterday to reporters in Illinois, Hastert again said he knew nothing of alarms raised in some circles about Foley's behavior toward pages until the day he resigned. Two high-ranking GOP House members have said they mentioned to Hastert concerns about 2005 e-mails that Foley sent to a former page from Louisiana. The speaker's office says that two of his high-ranking aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke -- also knew of those e-mails but did not inform Hastert.

Hastert said he recalls no such conversations with colleagues. He said his aides have "handled it as well as they should." He added: "In 20/20 hindsight, probably you could do everything a little bit better. . . . If anybody's found to have hidden information or covered up information, they really should be gone."

In Oklahoma City, Edmund and his attorney, Stephen Jones, talked to reporters after meeting with FBI agents. Edmund "answered their questions and cooperated to the fullest," Jones said.

The FBI is investigating only whether Foley committed a crime. The ethics committee has jurisdiction over current House members and employees, and is focusing on how they handled suspicions about Foley.

Foley, who is in a Florida treatment center for alcoholism, has said through a lawyer that he never had sexual contact with a minor. Congressional pages are high school students -- typically 16 or 17 years old -- who spend a semester or two in Washington and live in a Capitol Hill dorm. E-mail records indicate that Foley kept in touch with some of them for several years after they left Washington.

Meanwhile yesterday, Rep. Jim Kolbe (R-Ariz.) issued a statement regarding his knowledge of one complaint about Foley's dealings with pages. Kolbe said that, several years ago, a former page alerted his office to "e-mails from Rep. Foley that made him uncomfortable." Kolbe, a former member of the House Page Board, said he did not see the messages "and was not told they were sexually explicit."

Kolbe said that, at his suggestion, the complaint was taken to Foley's office and to the House clerk, who oversees the page program on the speaker's behalf.

"I believed then, and believe now, that this was the appropriate way to handle this incident," Kolbe said.

Also yesterday, former House clerk Jeff Trandahl said through a lawyer that he will cooperate fully with the FBI and the ethics committee. Trandahl, considered a key witness to several reported meetings regarding Foley and House GOP leaders, has not spoken with reporters since the scandal broke two weeks ago.

Fordham resigned as chief of staff to Rep. Thomas M. Reynolds (R-N.Y.) last week after it was learned that he had tried to negotiate with ABC News on Foley's behalf. Fordham has said that several years ago he implored Hastert's chief of staff, Scott Palmer, to help persuade Foley to stop showing so much attention to male pages.

Palmer released a statement last week saying: "What Kirk Fordham said did not happen."

Hastert Vows To Fire Staff In Foley Cover-up (WT)

By Charles Hurt

The Washington Times, October 11, 2006

House Speaker J. Dennis Hastert yesterday said that he would remove from his staff anyone found to have participated in any cover-up of the Foley scandal.

"If they did cover something up, then they should not continue to have their jobs," he told reporters yesterday before a speech in Aurora, Ill.

Mr. Hastert also said that after meeting last week with staff, he thinks they handled the concerns that had been raised about former Rep. Mark Foley's inappropriate contact with teenage boys in the congressional page program.

"In 20/20 hindsight, you probably could have done everything a little bit better," he said.

"But if there is a problem -- if there was a cover-up -- then we should find that out through the investigation process. They'll be under oath, and we'll find out," Mr. Hastert said, adding that he "didn't think anybody at any time in my office did anything wrong."

The House ethics committee is investigating the matter, including whether there was a cover-up after the initial "over-friendly" e-mails from Mr. Foley to teenage boys came to light.

The panel is expected this week to interview former Foley staffer Kirk Fordham, who resigned last week amid accusations that he tried to suppress some of the more lurid Internet messages. Upon resigning, Mr. Fordham said Republican leadership staff members knew about Mr. Foley's inappropriate behavior at least a year earlier than they have said.

Ethics committee members indicated last week that their inquiry into the scandal could be resolved before the November elections.

The FBI is also conducting an investigation and has been contacting former congressional pages who may have been pursued by Mr. Foley. Federal investigators interviewed for more than two hours yesterday a former page in Oklahoma City who reportedly received sexually explicit Internet messages from Mr. Foley.

Mr. Hastert's confidence that his staff will be exonerated in the investigations brought scorn from Democrats.

"America's parents are fed up with double talk and hypocrisy. They want Republican leaders to put politics aside and put our children first," said Stacie Paxton, press secretary for the Democratic National Committee, who accused Mr. Hastert of "fishy explanations, hair-splitting spin and blanket denials about the Republican cover-up of the Foley scandal."

Evidence emerged yesterday that suggests that it wasn't only Republicans who knew about Mr. Foley's bad behavior.

Writing in Harper's Magazine online, editor and blogger Ken Silverstein said it was a Democrat who provided him with the Foley e-mails that Democrats and some conservatives say should have tipped Republicans off that something was wrong. Like

Mr. Hastert and several other news organizations, Harper's Magazine decided the e-mails were inconclusive and did not publish the story.

Also yesterday, Rep. Jim Kolbe, Arizona Republican, explained that he, too, had been contacted by a page who said Mr. Foley had sent him e-mails that made him "uncomfortable."

"I was not shown the content of the messages and was not told they were sexually explicit," he said yesterday, adding that he recommended forwarding the complaint to Mr. Foley's office and the House clerk, which he said "was done promptly."

Outside Washington, the scandal continued roiling congressional campaigns.

In California, Democrat Jerry McNerny challenged Republican Rep. Richard W. Pombo to call for Mr. Hastert's resignation and return campaign contributions from the speaker.

"For more than a week, Pombo has remained silent about Dennis Hastert's failure to protect 16- and 17-year-old congressional pages from Mark Foley's predatory behavior," Mr. McNerny said. Continued silence from Mr. Pombo, he added, would be a sign of "complicity."

In West Virginia, meanwhile, a Republican sought to use the issue of child predators against his Democratic opponent, Rep. Alan B. Mollohan.

Republican Chris Wakim said Mr. Mollohan voted against the Children's Safety Act of 2005 to authorize $2 million in federal grants for technology and training for a task force going after online child predators.

"Alan Mollohan owes the voters an explanation of why he voted against authorizing money for a program designed to protect our children from Internet predators," Mr. Wakim said.

Prominent Democrats Refrain From Calling For Hastert's Ouster (HILL)

By Elana Schor, Amy Sherman And Patrick O'Connor

The Hill, October 11, 2006

While House Republicans rush to contain the political damage from the Mark Foley scandal, Democrats have relied on their challengers to push for Speaker Dennis Hastert's (R-Ill.) resignation while party leaders and most vulnerable incumbents refrain from calling for Hastert's head.

More than 20 Democratic opponents of vulnerable GOP incumbents have urged Hastert to abandon the Speakership in the wake of questions over how much and how early Republican leaders knew about Foley's sexual pursuit of House pages. Yet no elected Democratic leader and no Democratic incumbents in competitive races have echoed those challengers, according to a search of public statements conducted by The Hill.

One senior Democratic aide said it was "normal" for candidates to take the politically potent step of asking for Hastert's resignation while incumbents use more measured rhetoric. House Minority Leader Nancy Pelosi (D-Calif.) has set the tone for her caucus, stating that the ethics committee investigation should run its course before any leader is asked to step down.

The trend places Pelosi, Minority Whip Steny Hoyer (D-Md.) and Democratic caucus chairman James Clyburn (S.C.), all of whom have declined to urge Hastert to step aside, in a less combative camp than the conservative Washington Times editorial page, several conservative activists and at least one Republican candidate. New Jersey state Sen. Tom Kean Jr. (R), who is running a close race against Sen. Robert Menendez (D-N.J.), said Friday that Hastert should resign his post for failing to put a stop to Foley's behavior.

"The incumbents don't have to do it. Why bother?" University of Virginia political scientist Larry Sabato said. "They work with the Speaker, and I suppose they want to reduce the friction to a certain degree."

Sabato also noted the political value of staying silent and leaving Republicans to sort out the internal fault lines exposed by Foley's swift and stunning fall. "It's not [Democrats'] story," he added. "Remember the old rule: When your opponent's committing suicide, get out of the way."

Of the eight Democratic incumbents remaining in reelection bids rated highly competitive by the nonpartisan Cook Political Report, only Rep. Leonard Boswell (D-Iowa) has publicly entertained the possibility of Hastert's departure, according to The Hill's survey. Boswell said during a debate last week with his GOP foe Jeff Lamberti that an "immediate, quick investigation" should preclude any resignations.

Foley resigned his seat on Sept. 29, soon after the first reports emerged of sexually improper instant message conversations he conducted with underage pages. National Republican Congressional Committee Chairman Thomas Reynolds (R-N.Y.) and Hastert have since come under fire for their aides' alleged prior knowledge of Foley's actions.

Hastert stood by members of his own staff while reiterating his call to dismiss any member or aide who covered up Foley's inappropriate contact with the pages.

"If they did cover something up, then they should not continue to have their jobs," Hastert told reporters in Aurora, Ill., yesterday. "But I didn't think anybody at any time in my office did anything wrong."

Across the country, Democratic challengers are readily employing Hastert's role in the scandal. Gabrielle Giffords, who is vying for the open seat created by Rep. Jim Kolbe's (R-Ariz.) retirement, has directly urged an end to the Hastert era, as has Kentucky Democratic nominee Ken Lucas, a former House member. Pennsylvania's three top Democratic challengers, Lois Murphy, Joe Sestak and Patrick Murphy, have repeated the calls.

Other Democratic challengers use Hastert's public troubles to neatly define their outsider status compared with their Republican opponents. In Connecticut, Democrat Joe Courtney has implored Rep. Rob Simmons (R) "to demand the immediate resignation of GOP Speaker of the House Dennis Hastert." California Democratic nominee Jerry McNerney similarly insists that Rep. Richard Pombo (R) explicitly ask for Hastert's resignation, and Colorado candidate Angie Paccione (D) makes a similar request of incumbent Rep. Marilyn Musgrave (R).

"It is an organic movement," Democratic Congressional Campaign Committee spokeswoman Jen Psaki said. "See it from New Mexico to Minnesota to New York. Public outcry has come from families in the districts who are outraged with the Republican leadership ...and are outraged with how the republican leadership has mishandled it and brushed the facts under the rug in favor of politics."

A small minority of candidates has not demanded Hastert resign but advocate the incumbent-favored stance of a full investigation of the Speaker's role in the Foley scandal. Democrat Mike Weaver, running against Rep. Ron Lewis (R-Ky.), has said the matter should be investigated before resignations are demanded. Colorado Democratic candidate Ed Perlmutter, running against Republican Rick O'Donnell for an open seat in the 7th district, put himself in line with Rep. Tom Davis (R-Va.), the former GOP campaign chief, by calling for a probe to play out first.

"We have not called for his immediate resignation and events are continuing to unfold but we want the matter fully investigated," Perlmutter communications director Scott Chase said.

Many of Hastert's top aides are expected to testify before the ethics committee before the November midterms.

Kirk Fordham, Foley's former chief of staff who accused Hastert's chief of staff last week of knowing about the Florida Republican's behavior as early as 2003, is set to testify tomorrow, his lawyer said. Fordham resigned his post last week as chief of staff in Reynolds' personal office amid reports that he tried to suppress the emails that ended Foley's political career.

Timothy Heaphy, an attorney at McGuireWoods, LLP, representing Fordham, would not discuss his clients conversations with Hastert chief of staff Scott Palmer or any other members of the Speaker's staff now that the FBI and the ethics committee have both initiated investigations into an alleged cover-up of Foley's relationship with pages.

An attorney for Jordan Edmund, a former congressional page who received suggestive e-mails from Foley, confirmed that his client met with FBI investigators yesterday to discuss the e-mails Stephen Jones, Edmund's attorney, told reporters in Oklahoma yesterday that the House ethics committee had contacted him in order to question his client about the former page's interaction with Foley.

Hastert Meets With Critic Over Scandal (AP-Y)

By Nathaniel Hernandez

AP-Yahoo, October 11, 2006

House Speaker Dennis Hastert met Tuesday with an evangelist who hoped to persuade the Illinois Republican to step down because of the congressional page sex scandal.

Hastert had no comment after the meeting at his home with Christian evangelist K.A. Paul, founder of the Global Peace Initiative.

Paul told The Associated Press he met alone with Hastert for about 30 minutes and prayed with him.

"I am humbled with his humility and simplicity," Paul said of Hastert.

Hastert has resisted calls for his resignation over his handling of the situation involving former Rep. Mark Foley of Florida, who stepped down after he was confronted with sexually explicit electronic messages he sent to teenage male pages. Foley is under investigation by federal and Florida authorities.

Paul said the scandal is distracting the country from other issues.

"We don't want the Foley scandal when we have 100 more important things to do," said Paul, whose Global Peace Initiative is a nonprofit group that focuses on causes aimed at peace and humanitarian aid.

The page sex scandal threatens Republicans' congressional control just a month before the elections.

Rep. Thomas Reynolds, who has been criticized by Democrats who say he didn't do enough to protect a page from Foley, says he told Hastert months ago about his concerns about Foley.

Hastert has insisted he was not aware of the charges until more recently but has accepted responsibility for the matter.

Hastert's Great Listening Skills (HILL)

DOJ_NMG_0079157

By Emily Heil

The Hill, October 11, 2006

John Laesch is not a household name, but he is getting more attention in the wake of the House page program fiasco. Laesch is running against House Speaker Dennis Hastert (R-Ill.), who attracted 69 percent of the vote in 2004.

Hastert is still a prohibitive favorite to win on Nov. 7, but his memory lapses may cost him some points this fall.

Reps. John Boehner (R-Ohio) and Thomas Reynolds (R-N.Y.) have said they talked to the Speaker about suspicious e-mails that former Rep. Mark Foley (R-Fla.) sent to House pages. Hastert had not denied that those conversations took place, but maintains he does not recall them.

His office has also claimed that the Speaker was not made aware of the e-mails until very recently, even though his aides were told of them a year ago.

Laesch doesn't buy it. On his website, he highlights a noteworthy paragraph in Hastert's 2004 autobiography.

On page 186, Hastert writes, "Reading is not my strong point … In our office the basic rule is: 'If you can say it, don't write it down. If you can nod your head, don't say it.'… I'm not comfortable with computers ... I need to be focused on what's going on in the room and who's saying what to whom. I base most of my knowledge on listening to people. I get a lot of briefings and have good people working for me."

Here's the kicker: "Some say I have an incredible memory or recall for exactly what happened when and who said what to whom. I do listen pretty diligently, more than a lot of people listen, and I do pick up facts that way."

Laesch may not win, but he certainly knows how to compile opposition research.

A spokesman for Hastert did not comment.

American Idol, Senate style

Sens. Trent Lott (R-Miss.) and Larry Craig (R-Idaho) aren't quite Jake and Elwood Blues, but they're putting the band back together, and given their conservative credentials, they might think they're on a mission from God.

Well, not exactly a band, it's actually a barbershop quartet, which is just as cool as a blues band — at least that's what someone needs to tell Sen. John Thune (R-S.D.).

That's right, Lott and Craig are putting their quartet, the "Singing Senators," back together after a six-year hiatus. The Republican quartet, which originally included Lott, Craig, Sen. Jim Jeffords (I-Vt.), and Sen. John Ashcroft (R-Mo.), broke up after Ashcroft lost his re-election bid in 2000. Any hopes keeping the group intact with a replacement fell apart half a year later when Jeffords defected from the GOP, swinging control of the Senate to Democrats.

Now that Lott has decided to serve another term, it appears the 65-year-old wants to revive the good ol' days when he sang bass (and also was majority leader).

Lott and Craig are auditioning for new singing partners and they've found two solid prospects in Sen. Bob Bennett (R-Utah) and Thune.

"Senator Thune has a lovely tenor voice," said Craig, who also sings tenor. "And Senator Bennett has a good baritone."

On the original quartet, Jeffords sang tenor and Ashcroft baritone.

But it appears the comeback tour may be threatened by a generation gap. While the 73-year-old Bennett is enthusiastic, the 45-year-old Thune isn't so sure.

"Bob wants to do it," said Craig, 61. "It's Thune who doesn't know. He thinks it's a little hokey. He asked if senators do this sort of thing."

"I said yes," said Craig, who has advised his colleague to relax and live a little. "You've got to let your hair down and enjoy it."

Iraq as the 51st State? No, we don't think so.

One of the more startling disclosures in Bob Woodward's new book about the Bush administration's handling of the war in Iraq apparently has been overlooked because of other juicy tales of vicious turf battles among Bush's top advisers.

But turn to pages 223-24 of "State of Denial" to read how a leading Shiite cleric hopes to make Iraq the 51st state.

As Woodward tells it, retired Army Gen. Jay Garner, who briefly served as Iraq's first occupation administrator before being abruptly dismissed, told Bush and Defense Secretary Don Rumsfeld during a meeting in the Oval Office about a meeting he held with the cleric.

Asked by Garner for guidance "on what we should do next," the cleric spoke for an hour. He summed up his advice by saying Iraq needed a working government founded on democratic principles and based on a constitution supported by all the Iraqi people.

"So we must follow these principles and we must put a democracy together and we have to write a constitution built on the principles of Jesus Christ," the cleric, identified as Sheik Farqat al-Quizwini, said.

Then, he added, "Once we have this government, you'll bring us in as the 51st state."

Garner said he told the cleric that was “a terrific idea” and he would work on it. Afterward, when talking to Malcolm McPherson, a Time magazine reporter who was at the meeting, Garner asked the journalist if he would report the story.

“For Christ’s sake, I’ll never put this in Time,” McPherson replied. “Nobody would believe it.”

Democrats for Mark Foley

Democrats have been scoring some major political points off the Mark Foley scandal, with some predicting it will help them take control of Congress next year.

But a leading Democrat for Congress, at least at first glance, appears to have been a fan of the disgraced lawmaker by registering the domain name democratsformarkfoley.com last year.

The Democrat is Tim Mahoney, who is looking to win Foley’s seat on Nov. 7.

After expressing surprise that Mahoney had reserved the domain name, his spokeswoman Jessica Santillo went searching for answers.

Within a couple of hours, Santillo confirmed it, saying that “our Web guy” registered it “as a strategic move.”

Mahoney is also listed as the contact for the domain name republicansfortimmahoney.com. Neither site is live.

Mahoney’s rights to the Mark Foley domain name expire tomorrow. Will he be retaining those rights?

No comment, Santillo said.

Joe Negron, the Republican who is actually pushing for signs at Florida polling places that say, “A vote for Mark Foley is a vote for Joe Negron,” could not be reached for comment. Despite his resignation, Foley’s name will appear on the ballot while Negron’s will not.

Kolbe Says He Warned Of Foley Years Ago (AP-Y)

By Andrew Taylor

AP-Yahoo, October 11, 2006

Arizona Rep. Jim Kolbe said Tuesday he told the House official in charge of the page program as early as 2001 about Rep. Mark Foley's "creepy" e-mail to a former page.

Kolbe, the only openly gay Republican in Congress, said a former page he had sponsored contacted his office to complain of e-mails from Foley and that he "passed along" the complaint to Foley, R-Fla., and then-House Clerk Jeff Trandahl. Kolbe said he did not take the matter to other lawmakers.

Elsewhere on Tuesday, House Speaker Dennis Hastert, R-Ill., again said his staff aides acted appropriately last fall in handling information on Foley's conduct.

"I didn't think anybody at any time in my office did anything wrong," Hastert said. But he also issued a stern warning: "If they did cover something up, then they should not continue to have their jobs."

The developments unfolded as a prominent conservative quoted Hastert as casting doubt on claims by two members of the leadership in connection with the page scandal.

Hastert "assured me that the statement by Congressman John A. Boehner ... that months ago he had told Hastert about the page problem with Congressman Foley, was incorrect," Paul Weyrich wrote in an e-mail commentary on the issue. Boehner, R-Ohio, is the majority leader.

"As to Congressman Thomas M. Reynolds, the speaker said, 'If he had mentioned this problem to me, I surely would have taken notice,'" Weyrich added in an account of a phone conversation with Hastert. Reynolds, R-N.Y., heads the House Republican campaign organization.

Weyrich quoted Hastert as saying Reynolds often came to him with numerous requests to help "incumbents who are in trouble. The speaker said he signs off on the majority of requests and only listens with one ear because the requests are repetitive."

Kolbe spokeswoman Korenna Cline said the complaints to the lawmaker from a former page involved e-mails that were described as "creepy" but were not seen by Kolbe, and occurred in 2001 or 2002, well before House leaders say they first learned of inappropriate messages sent by Foley.

Kolbe is the second person to come forward and say that top House officials had early warnings about inappropriate Foley approaches to pages. Trandahl, the top administrative officer of the House, got his job from Hastert.

A lawyer for Kirk Fordham, Foley's longtime chief of staff, said Fordham will tell the House ethics panel Thursday that he warned Hastert's chief of staff, Scott Palmer, about inappropriate Foley conduct with pages in 2003 or possibly the previous year. Palmer has denied Fordham's account.

Hastert says he learned of Foley's conduct toward pages only on Sept. 29, when the Florida lawmaker abruptly resigned after being confronted by ABC News with copies of lurid instant messages he had sent to a former page. About a year ago,

Hastert aides learned from Rep. Rodney Alexander, R-La., about "over-friendly" but not sexually explicit e-mails from Foley to a former page from Louisiana. The aides did not inform Hastert, according to an account by his office.

In other developments Tuesday:

_A former congressional page said to have received electronic messages from Foley met with FBI agents in Oklahoma City. Stephen Jones, an attorney for ex-page Jordan Edmund, said Edmund "answered their questions and cooperated to the fullest" and that he had been contacted by the House ethics committee as well.

· Trandahl's lawyer, Cono Namorato, said Trandahl "will cooperate fully with the FBI and the House ethics committee investigations."

· Rep. John Shimkus, R-Ill., chairman of the House Page Board, has relayed to the House Ethics Committee his "interest to cooperate" and appear before the panel whenever requested, Shimkus spokesman Steve Tomaszewski said. Shimkus has not been informed when he should expect to testify.

_Ethics Committee Chairman Doc Hastings, R-Wash., told The Associated Press the panel is "moving to have this done in weeks. ... We are moving as quickly as we can." But he declined to say whether the committee would complete its investigation before the elections on Nov. 7.

Kolbe, who is retiring from Congress at the end of this year, defended his actions in response to the complaint from the former page.

"Some time after leaving the page program, an individual I had appointed as a page contacted my office to say he had received e-mails from Rep. Foley that made him uncomfortable," Kolbe said in a statement. "I was not shown the content of the messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly."

Asked about Kolbe's statement, Hastert told reporters in Aurora, Ill.: "I don't know anything more about it. If there's something that was of a nature that should have been reported or brought forward, then he should have done that."

Hastert confirmed reports from last week that he had suggested having former FBI Director Louis Freeh head a Capitol Hill inquiry on the page program, but that House Democratic leader Nancy Pelosi objected.

Foley has acknowledged through his attorney that he is gay but has denied having any sexual contact with minors.

Meanwhile, lawmakers are responding to the ethics committee's request that they survey aides and former House pages to find out if any of them had knowledge of inappropriate conduct by Foley toward male pages.

Earlier Warning About Foley Emails Is Confirmed (WSJ)

By David Rogers

The Wall Street Journal, October 11, 2006

WASHINGTON -- A Republican congressman and past member of the House Page Board confirmed an earlier incident in which a former House page complained of inappropriate email from Rep. Mark Foley.

Rep. Jim Kolbe of Arizona said his office informed Kirk Fordham, chief of staff to Mr. Foley -- a former Republican congressman from Florida -- and Jeff Trandahl, then the House Clerk, of the complaint.

"We contacted Kirk Fordham in Foley's office and told him he should advise Mr. Foley to stop communicating with the individual," Mr. Kolbe said Tuesday. "My staff says the Clerk was advised."

The complaint appears to have been made between 2000 and 2002, or more than two years before a separate incident last fall, when a Louisiana family complained to their congressman of Foley emails to their teenage son, also a former page.

In both cases, Mr. Foley was warned directly or through his staff to cease contact with the former pages, and he apparently did. But following Mr. Foley's resignation on Sept. 29 -- and disclosure of his sexually explicit messages to former pages -- House Republicans are under fire for not having done more to investigate these early warnings of his behavior.

Mr. Fordham, who is to testify Thursday before the House Ethics Committee in its probe of the matter, has accused the House Republican leadership of ignoring his pre-2005 warnings about Mr. Foley's inappropriate contacts with House pages. A veteran political operative who left Mr. Foley's employ in late 2003, Mr. Fordham said last week that he went to the leadership because of his own concerns, as well as warnings by Mr. Trandahl about Mr. Foley's conduct.

At a speech about the economy, House Speaker Dennis Hastert (R-Ill.) says2 anyone linked to a cover up in the Foley scandal will be fired, but insists that no one in his office did anything wrong.

Mr. Trandahl, who is described by friends as having been very protective of the pages under his supervision, has declined to comment. The new developments highlight the importance of his future testimony, because he was responsible for the page program and reported to Speaker Dennis Hastert's office. If Mr. Trandahl was informed, the Ethics Committee will want to know if he shared that information with the speaker's office. When the complaint came last year from the Louisiana family, it would have been a second red flag about Mr. Foley's behavior for Mr. Trandahl and anyone he advised in Mr. Hastert's office.

At home in Illinois, Mr. Hastert again defended how his staff handled the 2005 complaint, but said that "in 20/20 hindsight, probably you could do everything a little bit better." He added, "If they did cover something up, then they should not continue to have their jobs."

Mr. Fordham's attorney, Timothy Heaphy, declined to comment about whether his client had been a contact in dealing with the page complaint raised by Mr. Kolbe. Mr. Trandahl's attorney, Cono Namorato, also declined to comment when told of Mr. Kolbe's account.

Mr. Kolbe, a former page, is retiring this year after 11 terms in Congress, during which he served a stint on the Page Board until February 2001.

Traveling in Europe, Mr. Kolbe responded Tuesday, in written answers sent by email to the Journal and then later in a statement from his office.

"I never saw any of the messages," he said, "And was never told they were sexually explicit, only that they made the former page uncomfortable."

He said his best recollection is the complaint came to him "much later than 2000," that he didn't speak directly to Mr. Foley, and instead his office contacted Mr. Fordham and Mr. Trandahl's office.

Mr. Kolbe said that if the former page, whom he appointed to the House program, says the complaint was made in 2000, he wouldn't dispute this. But he believed the date was later and after he had left the Page Board.

"Whenever this happened, it was after his tenure as page," Mr. Kolbe said. "He was no longer a page, not subject to the jurisdiction of the Page Board. I thought then and think now we handled this exactly correctly, given the amount of information we were given."

Nonetheless, the Foley matter has forced the House to rethink its responsibility for teenagers after leaving the page program, in which they work for one or two semesters on Capitol Hill. Mr. Foley showed a pattern of engaging in flirtatious, friendly behavior with pages while in Washington, and then pursuing them on the Internet after their stints as pages.

Retiring Kolbe In Spotlight (AP-Y)

By Jennifer Talhelm

AP-Yahoo, October 11, 2006

If Arizona Rep. Jim Kolbe was trying to retire quietly, it isn't working out that way.

Kolbe confirmed Tuesday that he referred concerns about then-Rep. Mark Foley to the House clerk's office in 2001 or 2002 after a former page told him Foley had sent him e-mails that made him feel uncomfortable.

The revelation is key to the question of when top House Republicans knew about Foley's behavior and whether they should have acted sooner to intervene.

It has thrust Kolbe, 64, the only openly gay Republican in Congress, into the spotlight just as he is preparing to leave Washington after 22 years in the House.

Kolbe is best known for his advocacy for free trade, international development and immigration reform. He also has waged a quixotic campaign to eliminate the penny, which costs more to produce than it is worth and which many argue is becoming obsolete.

He served on the board that oversees the page program between 1995 and February 2001. He was a page for Arizona Sen. Barry Goldwater from 1958 to 1960, and Kolbe's young staffers have described him as a professor-like figure who was willing to make time to discuss the issues of the day with them.

Spokeswoman Korenna Cline said Kolbe frequently offers his home to former pages, interns, constituents and colleagues.

"We joke in the office that we can't keep track of who is staying there," she said. "He's just very generous."

Kolbe, who is traveling in Europe, has declined interviews about his knowledge of concerns about Foley.

It may have been Kolbe's close relationship to the young staffers that led his former page to approach him about Foley.

Kolbe said in a statement Tuesday that his office reported the matter to the House clerk and took it up with Foley himself. The page did not report further problems, and Kolbe said he believed the matter was resolved.

"I believed then and believe now that this was the appropriate way to handle this incident given the information I had," Kolbe said.

It is unclear whether Kolbe's role in the Foley saga will affect his post-Congress employment options. This week, he was named one of five finalists to head the Global Fund to Prevent AIDS, Tuberculosis and Malaria, the central financing engine of international efforts to fight those diseases.

Among his supporters is Jack Valenti, former president and chief executive officer of the Motion Picture Association of America and president of the Friends of the Global Fight Against AIDS, Tuberculosis and Malaria.

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In an interview, Valenti said Kolbe is ideal for the job because he regularly won consensus while serving as chairman of the appropriations subcommittee on foreign operations, export financing and related programs.

"Members of his subcommittee ... trust him, they respect him and they believe in him," Valenti said.

AP Exclusive: Records Suggest Abramoff, Pombo Lobbying Contacts (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

AP, October 11, 2006

WASHINGTON -- California Rep. Richard Pombo has insisted he was never lobbied by Jack Abramoff. Records show the disgraced lobbyist billed a client for at least two contacts with Pombo a decade ago.

The lobbying records released by the Northern Mariana Islands show that Abramoff billed once for calls to Pombo, chairman of the House Resources Committee, and a second time for a discussion with him, while lobbying in 1996.

On more than two dozen other occasions from 1996 through 2001, Abramoff associates called or met with members of Pombo's staff, including his chief of staff, the records indicate. As the contacts picked up, Pombo voted Abramoff's way on a bill important to Abramoff's clients.

Pombo spokesman Brian Kennedy disputed the reported contacts, saying direct lobbying by Abramoff "never happened" and the staff-level contacts were "greatly inflated." Abramoff, who pleaded guilty in a congressional corruption investigation, is "an admitted felon" who can't be trusted, Kennedy said.

"I think any of these billing records should be taken with a grain of salt if not dismissed entirely," Kennedy said. He noted that e-mails have surfaced showing Abramoff instructed associates to inflate their billing hours.

Still, the records put in question Pombo's campaign-trail assertions that he barely knew Abramoff and was never lobbied by him. Pombo is running against Democrat Jerry McNerney and is favored to win an eighth term representing California's Central Valley.

The race is drawing attention from the national political parties and from environmental groups that oppose Pombo's pro-industry policies as chairman of the Resources Committee, which writes environmental laws.

Abramoff pleaded guilty in January to tax evasion and wire fraud and is cooperating in a wide-ranging federal bribery investigation that has already led to guilty pleas from Rep. Bob Ney, R-Ohio, and several congressional aides. On Friday, an aide to presidential strategist Karl Rove resigned after a congressional report showed she had extensive contacts with Abramoff.

"I met the guy two or three times in my whole life - he never once lobbied me on anything," Pombo said of Abramoff last week in a debate against McNerney, who's made ethics an issue in the campaign. It's a claim Pombo's made repeatedly during the campaign.

The Northern Mariana Islands, a chain of 14 islands near Guam, became a U.S. commonwealth in 1986. Residents have nonvoting citizenship but the islands are exempt from many federal labor laws.

Democrats, complaining about reported abuses at low-paying garment factories, have sought to end those exemptions and increase the minimum wage, now $3.05 an hour. The Marianas government hired Abramoff to block such moves.

The island government released billing records and correspondence to The Associated Press and other organizations after Abramoff came under federal investigation last year for his work for Indian tribes.

The records, covering 1996 to 2001, indicate contacts beginning in March 1996 between officials at Abramoff's then-law firm, Preston Gates, and Pombo's staff.

One focus was legislation in the Resources Committee, of which Pombo was then a junior member, to give the Marianas a nonvoting delegate to Congress. Then-Marianas Gov. Froilan Tenorio was opposed. Abramoff and his associates lobbied the Hill, including a July 29, 1996, contact with Pombo's office.

Three days later the bill was narrowly defeated in committee. Pombo voted no.

"I have great news!" Abramoff wrote to Tenorio on Aug. 1, 1996. The delegate bill "was DEFEATED at the markup which finished about an hour ago. ... We were able to add four conservative Republicans to the block of Democrat opponents and defeat the bill by a vote of 13-12."

Kennedy said Pombo's opposition had nothing to do with Abramoff, whom he hadn't yet met. Instead, Pombo believed the Mariana Islands were too politically unstable to merit congressional representation. He now believes the situation has improved and supports a delegate for the islands, Kennedy said.

On Sept. 10, 1996, Abramoff billed for a discussion with Pombo. Two days later he gave Pombo a $500 donation, the first of what would become $7,500 in campaign contributions. Pombo has since donated the money to charity. On Nov. 21, 1996, Abramoff reported putting in calls to Pombo and other lawmakers.

In December 1996, a Marianas newspaper reported that Pombo was among lawmakers who would be visiting the island later in the month. The trip was being arranged by Abramoff's firm, but Pombo didn't end up going; Kennedy said he never was

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confirmed on the trip. One of Pombo's staffers, Todd Willens, did visit the islands with other congressional staffers on an Abramoff-planned trip the following year.

Pombo became Resources Committee chairman in 2003 when then-Majority Leader Tom DeLay, an Abramoff ally, helped jump him over more senior lawmakers.

Last year, a Mariana Islands audit became public that questioned the island's payments to Abramoff. Democratic Rep. George Miller, D-Calif., called on Pombo to hold hearings in the Resources Committee on Abramoff's conduct with the Marianas.

Pombo declined. Instead he and the Resources Committee's top Democrat, Nick Rahall of West Virginia, sent a letter to the Justice Department asking for the Marianas allegations to become part of the Abramoff investigation.

Judge Orders Government To Respond To Siegelman Evidence Preservation Order (WSFA-TV)

By Helen Hammons

WSFA-TV, NBC 12, Montgomery, AL, October 11, 2006

MONTGOMERY, Ala., October 10, 2006 -- U.S. District Judge Mark Fuller has given the government until Friday, October 13, 2006 to show cause in writing why the emergency motion submitted by attorneys for Governor Don Siegelman, requesting preservation of evidence related to alleged jury misconduct, should not be granted.

"Upon consideration of the defendant's Emergency Motion For Order to Require Preservation of Evidence (Doc. #469) filed on October 6, 2006, it is hereby ORDERED that the government show cause in writing on or before October 13, 2006 as to why the motion should not be granted."

The action of the judge is standard procedure.

Assistant United States Attorney Steve Feaga told wsfa.com,"We will of course comply with the Court's order. We do not believe the motion is well founded and will so state in our response and provide our reasoning at that time."

Siegelman attorney David McDonald, responding to Mr. Feaga's comment told wsfa.com,"I can't wait for the Justice Department to file a brief that opposes the preservation of evidence. I'm going to blow it up, frame it, and hang it on my wall."

McDonald says he understands the government and the judge need time to respond to the motion concerning alleged juror misconduct and the possible introduction of extrinsic evidence into the jury room. However, McDonald says all he's asking is that all evidence be preserved while the judge takes the motions into consideration. "How in the world is the government going to oppose that?" questions McDonald.

Concerning Judge Fullers order McDonald says, "I think it signifies to us the judge is taking this motion seriously..."

Death Penalty Sought In Puerto Rico Case (AP)

By Manuel Ernesto Rivera

AP, October 11, 2006

Federal prosecutors on Tuesday urged a jury to choose capital punishment for a Puerto Rican man convicted of killing a hospital guard in what could be the first death sentence handed down in the U.S. territory in nearly 80 years.

Carlos Ayala Lopez was found guilty two months ago in the 2002 slaying of Jose Rodriguez Reyes, a guard at the Veteran's Medical Center in Rio Piedras. The jury reconvened Tuesday to decide if Ayala should be executed or sentenced to life in prison.

"Justice will be to give him the punishment that he deserves ... and to sentence Carlos Ayala Lopez to death," Assistant U.S. Attorney Jacabed Rodriguez told the jury of six men and six women.

One of the jurors cried as Rodriguez displayed photos of the crime scene at the hospital just outside San Juan. Prosecutors said Ayala shot the guard while trying to steal the man's gun for a planned drug trafficking operation.

Puerto Rico abolished capital punishment in 1929, but federal prosecutors can still seek the death penalty in some cases because the territory is subject to U.S. federal law. The island's last execution was in 1927, when a man was hanged for murder. The island's legislature approved a resolution reaffirming the anti-death penalty stance in May.

The only other case in which a federal jury in Puerto Rico had to decide whether to impose a death sentence was in 2005. The jury opted to give two men charged with murder a life sentence.

Gov. Anibal Acevedo Vila has urged the U.S. Justice Department not to seek the death penalty in cases in Puerto Rico. Anti-death penalty protests are held often in the territory, and local activists have accused the United States of trying to impose federal capital punishment in colonialist fashion.

Supreme Court Considers Indictment Flaws (AP)

By Mark Sherman, Associated Press Writer

AP, October 11, 2006

WASHINGTON -- Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court Tuesday, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case.

A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States.

The omission was so serious that it required automatic reversal of the conviction, the appellate court said.

Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver license when he approached the border crossing at San Luis, Ariz., on June 1, 2003.

Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began.

Even so, he said, the conviction should stand.

"Such an error violates the Fifth Amendment, but it is harmless," he said.

Upholding the appeals court ruling would force "the government to pay a tremendous penalty when a mistake is made in the indictment," Dreeben said.

Some justices said they saw nothing wrong with the indictment. "It doesn't seem to me there's any defect in this indictment," Justice Samuel Alito said.

Atmore Baggot, Resendiz-Ponce's lawyer, said the grand jury meets in secret and the only public record of its work is the indictment. If there are errors, the government should be required to have a grand jury correct them, Baggot said.

Resendiz-Ponce remains in jail while the government's appeal is pending. Prosecutors could seek to indict him again.

The case is U.S. v. Resendiz-Ponce, 05-998.

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On the Net:

Supreme Court: http://www.supremecourtus.gov

Pilot Didn't Kill Wales, Lawyer Says (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 11, 2006

FBI to reveal new details today on prosecutor's death 5 years ago

The lawyer representing the prime suspect in the killing of federal prosecutor Tom Wales publicly declared his client's innocence Tuesday, rejecting the notion that he held a grudge against Wales and protesting the government's inquisitionlike investigation.

"This is Richard Jewell all over again," Seattle attorney Larry Setchell said, referring to the man wrongly suspected in the 1996 Olympics bombing.

Setchell's client, a 45-year-old commercial pilot who recently moved to Snohomish, has been in the FBI's cross hairs since Wales was shot to death in his Queen Anne home five years ago today.

Next week, Setchell said, the pilot will provide agents with handwriting samples -- hoping to prove he wasn't the author of a bizarre, anonymous letter sent to the bureau earlier this year by someone claiming to be a hit man hired to kill Wales.

After the Oct. 11, 2001, slaying, federal authorities launched a massive manhunt. If Wales was killed because of his job, he would be the first federal prosecutor murdered in the line of duty.

But in an interview with the Seattle P-I, Setchell said the FBI has "no science" connecting the pilot to the scene of the killing.

"They took everything from his house and they have nothing connecting him to Tom Wales. If they did, he wouldn't be walking the streets," the attorney said. The P-I isn't identifying the pilot because he hasn't been charged with a crime.

Making his most extensive comments on the case to date, Setchell likened it to the Atlanta Olympics bombing investigation, which has become synonymous with FBI blunders. Jewell, a security guard at the games, was named in national news reports as the focus of the federal investigation, only to be cleared.

In the Wales case, FBI agents have searched the pilot's homes three times and hauled away clothes, cars and most of his shoes. They got the airline he worked for to ground him. They've also intercepted his phone calls, put him under surveillance, interviewed friends and neighbors -- even talked to the women he was dating. He has since remarried.

Despite the pilot's assertions of innocence, investigators consider him a "vengeful, calculating, controlling" man who had a strong motive to kill Wales.

In 2001, Wales prosecuted the pilot, his business partner and others on charges that they improperly modified a surplus military helicopter for civilian use. Wales ultimately dropped the charges after an expert witness for the government was shown to have lied in another, similar case to the Justice Department, Federal Aviation Administration and the court, Setchell said. An internal investigative report from the Department of Transportation's Inspector General obtained by the P-I confirms that the expert witness lied.

Setchell said his client, who spent more than $100,000 in legal fees, felt "profound frustration" over the prosecution. "How could there not be? He hadn't done anything wrong."

But Setchell said that he and his client "never once blamed Tom Wales."

The pilot later sued the government, alleging that Wales' prosecution had been improper.

In a response to that suit filed shortly before Wales was killed, prosecutors said the pilot had a "violent and retributive nature" and was trying to ferret out the names of government witnesses in order to "avenge himself."

Setchell said two of the witnesses were the pilot's ex-wife, with whom he had a contentious divorce, and a former business partner who had an ax to grind.

While Setchell insists "there weren't bad words" between his client and Wales, a federal criminal justice source said that in the middle of the helicopter case -- after Wales had talked to the pilot's ex-wife -- the pilot angrily confronted Wales in person and told him to stop talking to her.

Setchell flatly denied that. "It never happened," he said.

In the middle of the pilot's suit to recover attorney's fees, terrorists attacked America on 9/11. Wales, a leading anti-gun activist, argued on television against calls to arm commercial pilots. One federal criminal justice source later speculated that the pilot, whom he called a "Second Amendment nut" who owned several guns, saw Wales on TV and "went over the edge."

A few weeks later, Wales was found dead in his basement. He had been shot through a window while he worked on his computer.

Setchell rejects such speculation, saying his client isn't a gun activist, didn't belong to any gun club and didn't know Wales was an anti-gun activist.

The night of the killing, the pilot maintains he was with a friend at the Cinerama in downtown Seattle watching "2001, A Space Odyssey." They left the film and went to their separate homes, Setchell said.

The lawyer said records will confirm the pilot was at home at the time of the killing, making phone calls. But federal agents say there was enough unaccounted-for time for the pilot to drive to Wales' home, fire the fatal shot and return to his residence in Bellevue.

"Just like any other human being, the pilot can't account for all of his time that night," Setchell acknowledged.

Authorities dissecting the pilot's life started by getting him grounded. On Dec. 20, 2001, U.S. Airways wrote the pilot a letter saying that it had been "notified by federal law enforcement personnel that you are a 'person of interest' in a homicide" and that he was also suspected of transporting illicit drugs on US Airways planes.

The following March, the company allowed him back in the cockpit, saying their internal investigation was complete.

Authorities notified the airline of the investigation on the direct order of then-U.S. Attorney General John Ashcroft, according to a federal criminal justice source.

FBI Special Inspector Robert Jordan, who this summer took charge of the investigation, will conduct a media briefing at noon today in which authorities will provide "new information about the investigation." The briefing will follow a memorial observance to be attended by Wales' family members and top federal and local law enforcement officials.

Jordan did not return a call for comment Tuesday. Steven Clymer, the special prosecutor appointed to the investigation, declined to comment.

In their exhaustive investigation into the pilot's life, the feds have found stories that reinforce their psychological profile that the suspect is "the kind of guy that would do this," according to a federal criminal justice source.

The case against the pilot is replete with circumstantial tidbits: For example, shortly after the shooting, the pilot left town and headed east of the mountains for a time, according to the source. The pilot also sent his brother a letter with information just in case "something happened," the source said.

The most tantalizing circumstantial evidence to emerge so far may be the fact that the pilot was in Las Vegas earlier this year when the anonymous "hit man" letter was mailed from there.

Setchell said his client was in Las Vegas at the time on a layover. The August search of his Snohomish home was conducted to obtain examples of his handwriting to compare it with the letter.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

FBI Investigating Actions Of Specter Staff Member (USAT)

By Matt Kelley

USA Today, October 11, 2006

WASHINGTON — The FBI is investigating whether a member of Sen. Arlen Specter's staff broke the law by helping her husband, a lobbyist, secure almost $50 million in Pentagon spending for his clients, the senator acknowledged Tuesday.

In an Aug. 21 letter, FBI official Joseph Persichini Jr. told Specter, R-Pa., that the bureau is investigating "allegations of possible criminal misconduct" by staff member Vicki Siegel Herson. Persichini also asked for a copy of a report summarizing the results of an investigation of Siegel and other Specter employees with relatives who are lobbyists. Specter's former chief of staff, William Reynolds, carried out the investigation.

Specter provided a copy of the FBI letter to USA TODAY and said his staff gave the FBI the report last month.

The federal probe stems from a February report by USA TODAY about Siegel. Specter helped direct $48.7 million in Pentagon spending over the past five years to clients of her lobbyist husband, Michael Herson.

Specter has acknowledged he used his position on the Senate Appropriations Committee to put special-interest language in Pentagon spending bills directing the money to clients of Herson's firm, American Defense International.

Specter says he didn't know of the link to Siegel, who was one of his top advisers on spending issues until last fall.

Specter says he did nothing wrong. "There's no violation of the (Senate) ethics rules," Specter, the chairman of the Senate Judiciary Committee, said Tuesday.

Siegel and Herson did not return messages seeking comment Tuesday evening.

Specter's investigation found that two lobbyists related to Specter staff members had lobbied the senator's office and that Specter inserted language directing a $200,000 grant to the client of one of them last year. That lobbyist, Eric Wallace, is the son of Specter's Scranton office chief, Andy Wallace.

USA TODAY reported on the findings April 25. That day, FBI agent Jennifer Bach reviewed Specter's personal financial disclosure statements, Senate records show. Specter said his family's assets are in a blind trust, and "I've taken every step to avoid problems."

After the first report about Siegel, Specter changed his office rules to ban contact with any lobbyists related to staff members. Specter also referred the matter to the Senate ethics committee, which has taken no action.

The Siegel investigation is the latest probe centering on the House and Senate appropriations committees. Federal authorities are investigating the links among House Appropriations Committee Chairman Jerry Lewis, R-Calif., his staff and a lobbying firm that employs several of his friends, former staffers and relatives of staffers.

FBI Eyed Specter $$ Reports In Probe Of Aide (PHI)

By Dave Davies

The Philadelphia Inquirer, October 11, 2006

FBI agents have reviewed U.S. Sen. Arlen Specter's financial disclosure statements as part of an investigation into a Specter aide whose husband's lobbying firm secured millions in federal funds with Specter's help.

The agents are "conducting an investigation into allegations of possible criminal misconduct" by Specter staff member Vicki Siegel Herson, according to an FBI letter sent in August requesting an internal staff report on the aide.

Siegel Herson's husband, Michael Herson, is a lobbyist whose clients secured $48.7 million in appropriations "earmarked" by Specter, R-Pa., according to a USA Today report in April .

Earmarks are funds inserted in legislation by a lawmaker for a specific project that weren't requested by the receiving agency or authorized by previous legislation.

Specter said in a phone interview yesterday that he has not been interviewed by the FBI and neither he nor his staff has received subpoenas in the matter.

"Everything that was ever done here was within the [Senate] ethics rules," Specter said.

After USA Today stories appeared on Siegel Herson and another staff member whose son is a lobbyist for federal funds, Specter said he banned lobbying contact with his office by relatives of his staff, asked for a Senate Ethics Committee probe, and ordered his own staff to investigate.

FBI agents reviewed the staff report, which found no impropriety, in September, Specter said.

The Capitol Hill newspaper Roll Call reported yesterday that in April an FBI agent reviewed Specter's own financial disclosure report, a public document on file in Washington.

Specter confirmed the newspaper report yesterday and said he had no idea why authorities might be interested in his financial statement.

He said he'd placed stocks owned by him and his wife, Joan, in a blind trust and "taken every precaution" to avoid any conflict of interest.

Neither Siegel Herson nor her husband could be reached for comment yesterday.

According to USA Today, Michael Herson's lobbying firm, American Defense International, represented six firms between 2002 and 2005 that got nearly $50 million in funds earmarked by Specter.

None of the firms had gotten earmarks from Specter before hiring Herson's firm.

Specter said he had no idea that the firms were represented by a relative of his staff member, and said that Herson had not lobbied his office.

He also noted that some senators are married to lobbyists, citing former Minority Leader Tom Daschle, D-S.D., and Sen. Kent Conrad, D-N.D.

USA Today also reported that Specter staff member Andy Wallace has a son, Eric Wallace, whose firm succeeded in getting a $200,000 earmark for a Philadelphia nonprofit.

Specter said yesterday he's suspended the practice of earmarking in his subcommittee of the Appropriations Committee, and is considering whether to make the ban permanent.

Specter: FBI Reviewed His Report On Lobbying Ties (PHI)

By Steve Goldstein

The Philadelphia Inquirer, October 11, 2006

WASHINGTON - Sen. Arlen Specter (R., Pa.) said yesterday that the FBI reviewed results of an internal investigation by his office into whether staffers on his appropriations subcommittee steered earmarks to relatives working for lobbying firms.

The FBI sent a letter requesting access to the report in late July and examined it in September, Specter said. He said the internal review concluded there was no impropriety.

The senator said he thought the inquiry was prompted by a USA Today story in April that alleged that lobbyists related to Specter aides used that access to obtain earmarks for clients.

The congressional newspaper Roll Call reported yesterday that an FBI agent reviewed Specter's financial disclosure forms when the USA Today story appeared. The FBI acknowledged that it reviewed the forms but had no further comment.

"I really do not know" what the FBI was looking for, Specter said. He said the FBI contacted neither him nor any member of his staff.

Specter referred the matter to the Senate ethics committee, which has not concluded its inquiry. He has also changed the rules in his office to preclude any contact between office staff and relatives of employees engaged in lobbying.

Ney, Still Collecting Federal Salary, To Appear In Court This Week (HILL)

By Jackie Kucinich

The Hill, October 11, 2006

With Republicans still reeling from the former Rep. Mark Foley (R-Fla.) scandal, more bad news is on the way for the GOP later this week.

Rep. Bob Ney (R-Ohio), who has admitted to corruptly accepting thousands of gifts from lobbyists in exchange for legislative favors, is scheduled to appear before a federal judge on Friday the 13th to formally admit wrongdoing.

And to the dismay of Republicans, he will likely do so as a sitting member of Congress.

Ney has given up his gavels on the House Administration Committee and the Financial Services Housing and Community Opportunity subcommittee, but has kept his seat.

He will appear before Judge Ellen Segal Huvelle at 10 a.m. at the U.S. District Court for the District of Columbia.

Shortly after announcing his plea agreement with the Justice Department on Sept. 15, Ney checked himself into an alcohol rehabilitation program.

Ney's last vote was cast Sept. 12 in support of a monument to the World Trade Center attacks in 2001 and 1993.

His congressional website makes no mention of his legal troubles and has not posted a new release since August.

Neither Ney's lawyer nor his congressional office returned calls for comment.

A spokeswoman for the House Administration Committee confirmed Ney is still on the congressional payroll. Ney makes $165,200 annually, or $452.60 per day.

Ney has ignored calls from colleagues and outside ethics groups to step down from his post, including one from Ohio state Sen. Joy Padgett, who is running to replace him.

On Sept. 18, Padgett said, "Congressman Ney's admission of guilt to serious charges requires his immediate resignation."

She added that if he fails to do so, Congress should take action to expel him.

Earlier last month, House Speaker Dennis Hastert (R-Ill.) had promised a "quick solution" to Ney's admissions, as the ethics committee launched an investigation.

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Asked whether Ney should resign, Hastert said, “I think you will see a solution to that very, very quickly.”

House Majority Leader John Boehner (R-Ohio) was more guarded, saying, “Until he has his day in court, I don’t think it is up to me to say what he should and shouldn’t do.”

Seeking to deflect criticism about Foley, Hastert has noted that the disgraced ex-legislator is no longer a member of Congress, adding that Republicans moved quickly to address the matter.

On CBS’s “Face the Nation” on Sunday, Rep. Ray LaHood (R-Ill.) also defended Hastert, saying, “I give Speaker Hastert high marks for strong leadership. He took care of [former Rep.] Tom DeLay [R-Texas], his best friend, when Tom was having ethical problems. The Speaker went to him and asked him to leave. When he appointed [former Rep.] Randy “Duke” Cunningham to the Intelligence Committee, he went to Duke and made sure he wasn’t on the Intelligence Committee after it was disclosed he took $2.3 million. And when Bob Ney was appointed chairman of the House Administration Committee, he was appointed by Speaker Hastert. Speaker Hastert went to him and told him to step down from that committee after the [Jack] Abramoff disclosures. Hastert has the ability to take on these big ethical challenges that our party has faced.”

However, he has apparently fallen short in persuading Ney to step aside.

Hastert’s office did not comment for this article.

Current rules permit Ney to keep his pension should he go to prison, which has outraged tax and ethics watchdog groups.

“This Ney thing has been outrageous for years,” said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. “The ethics committee is never going to look into it.”

Others echo that claim, saying the ethics panel will focus on Foley in the coming weeks.

Sloan added that she believes the ethics committee would use Ney’s plea as an excuse to not aggressively probe his behavior as a member of Congress.

Tim Batkins, a spokesman for the National Taxpayers Union said, “A government pension is basically a federal entitlement. … Some felons can’t vote and yet members of Congress [in prison] will receive $30,000 to $40,000 a year,” after they are released.

Foley resigned Sept. 29 after inappropriate e-mails and instant messages to House pages surfaced in the media. The ethics committee, the FBI and the Florida Department of Law Enforcement are investigating the matter.

Malvo Pleads Guilty To Montgomery Slayings (WP)

By Ernesto Londoã±o

The Washington Post, October 11, 2006

Sniper Lee Boyd Malvo formally took responsibility yesterday for his role in the October 2002 sniper shootings in Montgomery County, pleading guilty to six counts of first-degree murder.

His attorneys said that before Malvo's scheduled Nov. 9 sentencing hearing, they will try to reach a "global resolution," which presumably would entail his pleading guilty to slayings and shootings in other parts of the country where he is a suspect.

If such a deal is reached, Malvo, 21, could benefit by being allowed to serve time in a federal prison rather than a maximum-security penitentiary in Virginia, where he was first convicted of murder. Although defense lawyers raised the prospect of such an agreement, no negotiations appear to be underway.

Malvo, dressed in a green prison jumpsuit, said little during the 30-minute hearing in Rockville. He spoke softly, answering "yes" or "no" to questions that are routinely asked in plea hearings to ensure that the admission of guilt is being offered freely and legitimately.

"This is an articulate, intelligent kid who was manipulated and cajoled by a monster, a coward," said attorney Timothy J. Sullivan, referring to Malvo's fellow sniper, John Allen Muhammad. "Malvo is making attempts to redeem himself and to move forward."

Malvo pleaded guilty in the slayings of James D. Martin, 55; James L. "Sonny" Buchanan, 39; Premkumar A. Walekar, 54; Sarah Ramos, 34; Lori Lewis Rivera, 25; and Conrad Johnson, 35.

Malvo's attorneys spoke only broadly about his "legal problems" outside the Washington area and declined to describe their efforts to reach a sweeping plea agreement.

"The jurisdictions know who they are, and they know where we are," said William Brennan, Malvo's other attorney.

In June, The Washington Post reported that Malvo told law enforcement officials in the spring that he and Muhammad committed two homicides and two nonfatal shootings outside the area that had not been publicly attributed to them. The slayings happened in California and Texas; the other shootings took place in Florida and Louisiana.

Muhammad and Malvo killed 10 people in the Washington area and wounded four. Including the four crimes Malvo cited this spring, the pair are suspects in seven homicides and six nonfatal shootings that took place before they reached the Washington area.

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Montgomery State's Attorney Douglas F. Gansler said his office made no concessions to Malvo in exchange for his guilty plea in the Maryland cases. Prosecutors intend to ask Montgomery Circuit Court Judge James L. Ryan to sentence Malvo to six terms of life in prison without the possibility of parole. His punishment in Maryland is likely to be merely symbolic, however, because he is serving life without the possibility of parole in Virginia.

Gansler said a plea hearing on a deal that would allow Malvo to serve time in a federal prison could provide answers and closure to dozens of victims' relatives.

"It's not about Mr. Malvo," Gansler said. "In our view, the families of victims in other states totally deserve the right to know what happened and why."

If there is no deal, Malvo is expected to return to southwestern Virginia's Red Onion State Prison, which holds some of the state's most dangerous criminals and has been criticized by human rights organizations for what they say are severe conditions.

Gansler said his office won't try to persuade Virginia Gov. Timothy M. Kaine (D) to relinquish custody of Malvo. But he said the office could assist in consolidating dozens of crimes in numerous jurisdictions into a single plea hearing if a deal is reached. Such a plea hearing should happen in the Washington area, Gansler said.

Kevin Hall, a spokesman for Kaine, said no one has formally approached the governor with a proposal that would allow Malvo to serve time outside Virginia. He said Montgomery prosecutors raised the idea this year with the governor, which triggered stern opposition from the Virginia prosecutors in the sniper trials.

"Their wishes carry considerable weight in this discussion," Hall said, referring to Fairfax County Commonwealth's Attorney Robert F. Horan Jr. and Prince William County Commonwealth's Attorney Paul B. Ebert.

Ebert said criminals shouldn't be allowed to choose their prison.

"I know Malvo doesn't like Red Onion," Ebert said. "He should have thought about that before he came here and committed these crimes."

Ebert said he still has "serious doubts" about Malvo's credibility and thinks that relatives of victims in other jurisdictions "got all the answers they're going to get."

A federal indictment encompassing the unsettled shootings could be an alternative to a plea deal at the state level. But that option seems unlikely.

"This is a state case," FBI Special Agent Michelle Crnkovich said yesterday. "Any deals they're making are being made by the states."

She said FBI agents assisted Montgomery prosecutors during Muhammad's trial but are not actively involved in the case.

Tom Reedy, a spokesman for the Denton County Sheriff's Office in North Texas -- which is investigating the May 27, 2002, shooting of landscaper Billy G. Dillon, one of the crimes Malvo cited in the spring -- said the case remains unsolved.

"We haven't had any movement on that," Reedy said. "We haven't heard anything from anybody."

Cheryll Witz, the daughter of 60-year-old Jerry R. Taylor, who was fatally shot March 19, 2002, at a Tucson golf course, said she would like her day in court. Malvo told investigators that he and Muhammad were responsible for killing Taylor.

"I really would like an answer as to why and an 'I'm sorry,' " Witz said. "I would like to know that he's remorseful for what he did. You can tell that someone is truly remorseful by looking in their eyes."

Malvo testified against Muhammad during his month-long trial in Maryland in May, providing the first public firsthand account of the shooting spree that the two carried out while traveling in an old Chevy Caprice. The pair shot people in public places with a high-powered rifle, often pulling the trigger from the trunk of the car. Muhammad, 45, has been convicted of murder in Virginia and Maryland for his role in the shootings and is awaiting execution in Virginia.

Malvo said he was indoctrinated by Muhammad, whom he described as a cunning man bent on killing scores of people and then moving to Canada to train dozens of young killers.

Muhammad, who represented himself, described Maryland's case against him as a law enforcement conspiracy. Malvo said he was acknowledging his role because he is no longer under Muhammad's spell.

Malvo Pleads Guilty To 6 Sniper Killings (WT)

By Arlo Wagner

The Washington Times, October 11, 2006

Lee Boyd Malvo pleaded guilty yesterday to the six sniper murders in Montgomery County, a deal that might lead to legal conclusion of other shootings in the District, Virginia, Alabama and Louisiana.

Circuit Judge James L. Ryan postponed sentencing until Nov. 9 after public defender William Brennan said time was needed "to reach a global resolution to Mr. Malvo's legal problems."

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During the 45-minute hearing, Principal Deputy State's Attorney Katherine Winfree read an eight-page proffer detailing the killings of 13 persons and wounding of seven in Maryland, Virginia, the District, Alabama and Louisiana from Sept. 5 to Oct. 22, 2002.

Wearing a green prison jumpsuit, Malvo, now 21, showed no emotion during the hearing and answered only "yes" or "no" to his attorneys' questions. The proffer included details from his testimony during the May trial of his partner, John Allen Muhammad, 45, who was convicted of the six Montgomery County murders and sentenced to six life terms. Muhammad is now back in Virginia on death row for killing Dean Harold Meyers, 53, in Manassas.

"Mr. Malvo is making attempts to redeem himself and move forward," said his other public defender, Timothy Sullivan. "The first step was when he had the courage to testify against the man who taught him to be a killer. He's going to make the best of what is left of his life.

"This kid was manipulated by a monster," Mr. Sullivan said.

State's Attorney Douglas F. Gansler said Malvo probably will be sentenced to six consecutive life terms without a chance for parole. The minimum sentence would be a single life term with a chance for parole.

According to an interstate agreement before the Montgomery trials, Mr. Gansler said Malvo will be returned to Virginia, where he was sentenced to life in 2003 for killing FBI analyst Linda Franklin, 47, on Oct. 14, 2002, in a parking lot outside the Home Depot in Falls Church.

Mr. Gansler said the plea deal could mean Malvo won't serve his sentence in Virginia. Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot, 72, in the District and thus serve a life term in the federal system, which houses D.C. prisoners.

Malvo is "willing to give these families the satisfaction of knowing what happened, how it happened," Mr. Gansler said of the shootings that have yet to be prosecuted.

But Mr. Gansler said the decision on a plea rests with Virginia authorities, who agreed to let Muhammad and Malvo go temporarily to Montgomery County for new trials.

Kevin Hall, a spokesman for Virginia Gov. Timothy M. Kaine, said the governor's office has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The prosecutors who first tried Muhammad and Malvo, Paul B. Ebert in Prince William County and Robert F. Horan Jr. in Fairfax County, were opposed when the idea was proposed a few months ago.

"Their objections were pretty sharp," Mr. Hall said.

Muhammad was described as the killer in the Montgomery County shootings, most from the trunk of a blue Chevrolet Caprice, firing a .223-caliber rifle through a hole just above the license plate.

The first victim in Montgomery County was James D. Martin, 55, who was shot in the parking lot of Shoppers Food Warehouse in Wheaton on Oct. 2. The next day, the victims were landscaper James L. "Sonny" Buchanan, 39, at Fitzgerald Auto Mall in Rockville; cabdriver Premkumar A. Walekar, 54, at a gas station on Connecticut Avenue in Aspen Hill; Sarah Ramos, 34, at the Leisure World shopping center in Silver Spring; and Lori-Ann Lewis-Rivera, 25, at a gas station in Kensington. The snipers struck elsewhere over the next three weeks until they returned to Montgomery County and killed bus driver Conrad E. Johnson, 35, on Grand Pre Road in Silver Spring on Oct. 22.

Malvo and Muhammad were arrested Oct. 24 in Frederick County, Md.

In all, 10 persons were slain and three wounded in Maryland, Virginia and the District.

The short hearing to formalize Malvo's Montgomery County plea contrasted with the two days of riveting testimony Malvo gave in May while helping prosecutors win convictions against Muhammad. It was the first insider account of the three-week rampage across the Washington region. The two snipers shot random victims with the high-powered rifle using the beat-up Chevrolet Caprice as cover.

Malvo described the genesis of the plot, saying Muhammad wanted to use it to extort $10 million and wreak havoc on the Washington area. Malvo described how they mapped out shooting sites in advance and worked as a team -- one spotting random victims, the other firing.

The young sniper also laid out Muhammad's grander scheme to shoot up to six persons each day for a month, target school buses and police officers with explosives, and set up a camp in Canada where homeless children would be trained as terrorists.

Malvo's Lawyers Seek Plea Deal (BSUN)

By Andrea F. Siegel, Sun Reporter

The Baltimore Sun, October 11, 2006

Young sniper reportedly seeks prison change for admitting to shootings

Attorneys for Washington-area sniper Lee Boyd Malvo, who pleaded guilty Tuesday to six murders in Montgomery County, are trying to forge a wide agreement that would have him also admit his role in other 2002 shootings in other states.

The deal has the potential to give Malvo what he reportedly wants -- a move from Virginia's Red Onion prison to a federal penitentiary -- if it includes a plea to the fatal shooting in Washington, D.C. to which he and John Allen Muhammad have been linked.

Malvo's lawyers said Tuesday they will move quickly to try to reach an agreement by his scheduled Nov. 9 sentencing in Rockville, where prosecutors are seeking the maximum sentence of six consecutive prison terms of life without parole.

"We are about to hopefully embark on some candid and frank discussions with some local prosecutors," said William C. Brennan, Malvo's lawyer. He said he will try in the coming weeks to "to effectuate a global resolution to Mr. Malvo's legal problems," but he and prosecutors declined to specify which shootings might be involved.

Charges are pending against Malvo and Muhammad in Alabama, Louisiana and Washington, D.C.. The pair is suspected -- in some cases because Malvo reportedly told police about them -- in shootings in Arizona, California, Florida, Georgia, Texas and Wash ington state.

Malvo, 21, is already serving a life prison term without parole in Virginia for a fatal sniper shooting there. Muhammad is on Virginia's death row for a fatal sniper shoot ing in that state, and has been sentenced to six life prison terms without parole for his role in the Montgomery County slayings of James D. Martin, 55; James L. "Sonny" Buchanan Jr., 39; Premkumar A. Walekar, 54; Sarah Ramos, 34; Lori Lewis-Rivera, 25; and Conrad E. Johnson, 35.

Buchanan's sister, Vickie Snider, was the only relative of a sniper victim to see Malvo plead guilty Tuesday before Judge James L. Ryan. She said she has no opinion on where Malvo serves his time, just that he remains incarcerated.

"I don't care whether it's a federal prison or Red Onion" prison in Virginia, said Snider, whose brother was the first of four people fatally shot on Oct. 3, 2002, in Montgomery County. Buchanan was killed while cutting the grass for an auto dealership in Rockville.

More family members of victims are likely to attend the sentencing, when they may speak in court. They also may provide written statements in advance.

Snider said her heart breaks for the families who have yet to hear their murdered loved ones formally named as among Malvo and Muhammad's victims.

Montgomery County State's Attorney Douglas F. Gansler, the Democratic candidate for Maryland attorney general, agreed: "I would imagine it would give them more peace. They have the right to know what happened."

Malvo cooperated with Maryland authorities, providing details about crimes. He testified in May at Muhammad's trial, breaking his public silence about his role in the crimes, saying his mentor turned him into a killing machine.

Timothy J. Sullivan, Malvo's other lawyer, said that the native Jamaican would like to "redeem himself." No longer under Muhammad's sway, "he is growing every single day in sadness about the life he has wasted," Sullivan said.

An arrangement to shift Malvo into the federal prison system would hinge on authorities in Virginia, where Malvo is serving multiple life sentences for sniper shootings. Virginia authorities sent Malvo to Maryland for trial as part of a pact that says he has to be returned, Gansler said.

"It's really up to Virginia," Gansler said, adding that his office would not be involved in efforts to reach an expansive agreement for Malvo.

But last year when the subject was first broached, the two Virginia prosecutors who obtained convictions in trials against Malvo and Muhammad vehemently objected to what they viewed as letting Malvo pick his prison.

"I don't think any defendant should be able to choose the venue of his incarceration," Paul Ebert, the commonwealth's attorney for Prince William County who obtained a death sentence for Muhammad that is now on appeal, said Tuesday. "He should have thought of that when he came to Virginia to commit his crimes."

Kevin Hall, spokesman for Virginia Gov. Tim Kaine, said the prosecutors' opinions "would be a significant factor if the governor were to be asked to consider such a request." Told that Malvo reportedly might prefer federal prison accommodations to those in Virginia, Hall replied, "He hunted people. Tough."

A deal also would hinge on Malvo reaching an agreement with federal prosecutors in Washington, D.C. They said they cannot discuss any open case.

Ellen Brooks, the district attorney for Montgomery County, Ala., where authorities believe Malvo and Muhammad killed one woman and wounded another as they closed a liquor store Sept. 21, 2002, said she has not heard anything in months about Malvo.

"Certainly, we are interested in a resolution to our case," she said.

In the Washington area, 10 people were killed, three wounded and the region terrified by sniper shootings during the fall of 2002. Malvo maintained that he was following Muhammad's plan to extort $10 million from the government to end the terror. At

his Maryland trial last spring. Muhammad claimed innocence, saying he'd come east from Washington state to reclaim the three children he'd lost in a bitter divorce.

Though Malvo initially said he did all the shootings, he later said he took full responsibility to shield Muhammad. He testified that he shot and wounded two people and killed only the final victim, bus driver Conrad E. Johnson, on Oct. 22, 2002, serving as Muhammad's spotter in the rest.

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Attorney: Sniper Seeking Deal For Life In Federal Prison (FINDLAW/AP)

By Stephen Manning, Associated Press Writer

AP, October 11, 2006

(AP) - ROCKVILLE, Maryland-Convicted Washington-area sniper Lee Boyd Malvo is seeking a broad plea agreement in which he would plead guilty to other 2002 sniper shootings that authorities have linked him to, defense attorneys and Maryland prosecutors said Tuesday.

The deal, announced as Malvo formally pleaded guilty to six Maryland murders, could be reached before his Nov. 9 sentencing for those killings. He is expected to receive six life sentences at that hearing.

Malvo lawyer William Brennan told Montgomery County Circuit Judge James Ryan that he hoped to use the time before sentencing to "reach a global resolution to Mr. Malvo's legal problems." Asked later by reporters for specifics, Brennan would only say that he would have "candid, frank discussions with some local prosecutors."

Malvo has already been convicted of shootings in neighboring Virginia. Montgomery County State's Attorney Douglas Gansler said such a plea deal could mean Malvo may not serve his sentence there.

Malvo could plead guilty to the Oct. 3, 2002, shooting of Pascal Charlot in Washington, D.C. and serve his life term in the federal system, Gansler said. Federal prosecutors handle murder cases in the District of Columbia.

Gansler said the decision rests with Virginia authorities, who agreed to let Malvo and his one-time mentor, John Allen Muhammad, come to Maryland for new trials. Under an interstate agreement, Maryland must return Malvo after his sentencing.

Kevin Hall, a spokesman for Virginia Gov. Tim Kaine, said Kaine's staff has not had any recent discussions with Maryland prosecutors on a plea deal for Malvo. The Virginia prosecutors who first tried the pair were opposed when the idea was proposed a few months ago.

"Their objections were pretty sharp," Hall said.

Malvo, 21, is already serving a life prison term in Virginia for his 2003 conviction of murdering FBI analyst Linda Franklin at a Home Depot parking lot in Falls Church, Virginia, in October 2002. He later pleaded guilty to another Virginia sniper shooting.

Charges are still pending against Malvo and Muhammad for sniper shootings in Louisiana, Alabama, Washington, D.C., and Prince George's County, Maryland. In addition, authorities and published reports have tied the pair to shootings in Arizona, California, Georgia, Texas, and Washington state.

In all, 10 people were murdered and three wounded during the October 2002 shootings in Maryland, Virginia and Washington, D.C.

Brennan and Montgomery County State's Attorney Douglas Gansler would not say which shootings could be included in the larger plea agreement.

Another Malvo attorney, Timothy Sullivan, said Malvo has accepted responsibility for his part in the shootings and wants to make amends.

"Every single day this kid realizes the enormity of what he has done," Sullivan said. "Mr. Malvo is making attempts to redeem himself and move forward."

Muhammad, who was convicted in May by a Montgomery County jury and given six life terms, has already been sent back to Virginia, where he is on death row for a sniper shooting in Manassas, Virginia.

In May, while helping prosecutors win convictions against Muhammad, Malvo gave two days of riveting testimony that provided the first insider account of the duo's three-week rampage across the Washington region, shooting random victims with a rifle while using a beat-up Chevrolet Caprice as cover.

Malvo said Muhammad wanted to use it to extort $10 million (â‚¬800,000) and wreak havoc. He described how they mapped out shooting sites and worked as a team - one spotting random victims, the other firing the .223-caliber rifle.

He also laid out Muhammad's grander scheme to shoot as many as six people each day for a month, target school buses and police with explosives, and set up a camp in Canada where homeless children would be trained as terrorists.

Before testifying in May, Malvo also confessed to shooting two liquor store clerks in Montgomery, Alabama.

Wecht Corruption Trial Postponed (PTR)

DOJ_NMG_0079172

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, October 11, 2006

The federal public corruption trial of Dr. Cyril H. Wecht will not begin next week as scheduled.

U.S. District Judge Arthur J. Schwab released the jury pool of nearly 300 people, effectively postponing the Oct. 16 trial start date indefinitely.

At issue is whether the 3rd U.S. Circuit Court in Philadelphia will remove Schwab from the case. Wecht's lawyers have asked the court to disqualify Schwab, saying he has exhibited bias against their client by having secret communication with prosecutors and through a number of rulings against Wecht.

The judge and prosecutors have denied the allegations.

Wecht, 75, of Squirrel Hill, was charged in January with 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office while Allegheny County coroner for private financial gain.

The appeals court has been asked to decide whether internal disciplinary records of the lead FBI agent in the case should be made public and whether a federal court rule in Pittsburgh that keeps lawyers from speaking to the media is constitutional.

There is no deadline for the appeals court to make a decision.

A three-judge panel heard arguments Sept. 12 and issued a stay of Wecht's trial three days later.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Wecht Trial Delayed While Attorneys Wait For Appeals Court Ruling (AP)

By Joe Mandak

AP, October 11, 2006

PITTSBURGH - Former Allegheny County coroner Dr. Cyril Wecht's federal corruption trial has been postponed indefinitely because an appeals court has yet to rule whether a judge is biased and should be removed from the case.

The order canceling jury selection, which was to have begun next Monday, was issued Tuesday by U.S. District Judge Arthur Schwab.

The 3rd U.S. Circuit Court of Appeals last month ordered all pretrial proceedings halted until it rules on Schwab's alleged bias and other issues. Wecht's attorneys contend Schwab has favored prosecutors in his rulings; the judge has threatened to hold a contempt hearing for defense lawyers after the trial.

Federal prosecutors in Pittsburgh say Wecht used his county staff to do work and otherwise help his multimillion-dollar private pathology practice. Wecht is also accused of trading cadavers for lab space at a local college, and overbilling private clients using faked limousine bills for trips in which he was allegedly chauffeured by county employees in a county car.

Wecht's attorneys appealed to the 3rd Circuit after Schwab upheld FBI searches for Wecht's records and computers. Defense attorneys had attacked the credibility of the FBI agent who obtained the search warrants, but Schwab overruled some of their objections because he said they were filed too late.

Wecht is a renowned pathologist who has consulted on high-profile deaths including those of Elvis Presley and JonBenet Ramsey and, most recently, the son of former Playboy model Anna Nicole Smith. He resigned from county office in January after he was indicted on charges of theft of honest services, mail fraud and wire fraud.

Colma Councilman Pleads Not Guilty To Corruption (BCNW)

Bay City News Wires, October 11, 2006

COLMA A Colma city councilman facing public corruption charges was arraigned Tuesday morning in San Francisco federal court.

Philip J. Lum, 53, pleaded not guilty before a U.S. Northern District Court judge to charges he failed to report gifts accepted from the owner of a Colma casino in exchange for voting favorably on City Council matters that benefited the casino.

A federal grand jury in San Francisco indicted Lum on Oct. 3 on one count of conspiracy to commit mail fraud and two counts of mail fraud. If convicted, Lum faces a maximum sentence of 20 years in prison and fines of $250,000 for each count, according to the U.S. attorney's office.

The charges came after a three-year FBI investigation revealed that Lum, who has been on the Colma City Council since 1986, accepted first-class and coach airline tickets to the Philippines from 1999 until 2001 from the owner of Colma's Lucky Chances Casino, according to the U.S. attorney's office.

The indictment alleges that Lum didn't notify the state of the gifts as required annually by the Fair Political Practices Commission and took part in City Council action in favor of the casino without revealing his profits, according to the U.S. attorney's office.

DOJ_NMG_0079173

Lum was released on $100,000 bail and is next scheduled to appear in federal court in San Francisco in front of U.S. District Judge Jeffrey White on Dec. 7.

Colma City Manager Diane McGrath said she did not know if the City Council was planning to take any action on the matter, or whether Lum would be at the next City Council meeting, scheduled to take place Wednesday at 7:30 p.m. at the Colma Town Hall.

Figure In Pay-to-play Scandal Sentenced To Probation (PHI)

By John Shiffman

The Philadelphia Inquirer, October 11, 2006

A Philadelphia architect who participated in a pay-to-play scheme in which $30,000 from a corporation was illegally funneled toward Mayor Street's reelection was sentenced to two years' probation yesterday.

The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe.

The architect, Terry Crockett, had pleaded guilty to conspiracy and fraud and had helped authorities make a case against two codefendants.

"There's no excuse for allowing friendship and the need to sustain your business to [make you think] you are above the law," Crockett told U.S. District Judge James T. Giles. "This I am very sorry for."

Crockett, 61, generated bogus paperwork for $30,000 worth of architectural services submitted to the victim corporation, Sky Sites Inc., which hoped to continue an airport advertising contract. Sky Sites is a subsidiary of JCDecaux, which specializes in indoor, back-lit advertising displays in airport terminals throughout the world.

After Sky Sites paid Crockett, he gave $10,000 each to consultant Joseph Moderski and Eric Selby, a former vice president of Sky Sites. The three men then each gave $10,000 to a political action committee controlled by Ronald A. White, a chief Street supporter.

It is against state law for corporations to make campaign contributions.

Moderski, Selby and Joseph Evans, former Sky Sites chief executive, have all pleaded guilty and are to be sentenced in January.

White, indicted with former City Treasurer Corey Kemp in a much larger conspiracy case, died before trial.

Assistant U.S. Attorney Joan L. Markman told Giles yesterday that although Crockett's offense was serious, it was Moderski who proposed the idea, "and the others went along it." Crockett deserved credit for confessing and helping the government, she said.

The advisory federal sentencing guidelines called for a sentence of probation to six months in prison.

Crockett's lawyer, Joel Slomsky, said that "what occurred in this case was an aberration."

"He should have known better," Slomsky said. "He's tried to do the right thing by correcting his mistake and cooperating with the government."

In sentencing Crockett, Giles compared the architect's conduct to that of someone who skates on a pond he knows is covered with thin ice.

When the ice breaks and the skater plunges in, the judge said, "the water is always deeper than was thought to be the case."

Passwords Jump-started Fumo Probe (PHI)

By John Shiffman And Mario F. Cattabiani

The Philadelphia Inquirer, October 11, 2006

Last fall, agents on the FBI's public corruption squad faced a problem: They couldn't read encrypted e-mail seized from State Sen. Vincent J. Fumo's offices.

On Oct. 18, they got a break. Donald Wilson, a state Senate computer technician who had been granted immunity, suddenly remembered something, according to a newly unsealed FBI affidavit. He still had two portable data cards - with all the passwords to open the e-mail.

Wilson's lawyer called authorities and turned over the passwords. The feds were in.

With that breakthrough, the affidavit said, agents were able to read more Fumo office e-mails talking about destroying records and fretting about the FBI - a trail that helped lead to obstruction-of-justice charges against two other Fumo computer technicians, Leonard Luchko and Mark Eister.

Thus far, they're the only ones charged. Prosecutors, who have been investigating Fumo for three years, say they will decide by Christmas whether to indict Fumo, or others.

The FBI's corruption and extortion probe is focused on whether Fumo or others misused a South Philadelphia charity, Citizens Alliance for Better Neighborhoods, for personal or political gain. Donations from Verizon and Peco Energy Co. to Citizens Alliance are also under review.

Prosecutors declined to comment yesterday, as did Wilson's lawyer, Mark Cedrone. Fumo's lawyer, Geoffrey Johnson, did not return a phone call.

Fumo, long considered the most powerful Democrat in the state Senate, has said he has done nothing wrong. He has said the investigation was politically inspired by Republicans.

The newly unsealed affidavit also includes other new information about the case.

For example, it says the charity "organized and managed" by Fumo paid money to a polling company, Kiley & Co. of Boston. Sources say it was for a 2002 poll that cost $44,800.

Tax laws prohibit charities from engaging in political activity.

The charity paid another polling firm about $215,000, The Inquirer reported last year. A Fumo politicial committee repaid the charity for that expense, public records show.

The series of events that led the FBI to the computer passwords last fall are detailed in the affidavit, written by FBI agent Kathleen McAfee:

Wilson was an apparently reluctant witness who was granted immunity and testified to the grand jury Oct. 4, 2005.

According to the affidavit, Wilson said then that he and Luchko "systematically destroyed" e-mails and other evidence after The Inquirer reported the existence of the investigation in January 2004.

The FBI had already seized computers but couldn't unlock certain files because of an encryption program. Wilson told the grand jury that he no longer had the passwords - he had deleted them to thwart the FBI.

Two weeks later, his lawyer called prosecutors with news: Wilson had found a copy of the passwords in an Excel spreadsheet.

Wilson also gave authorities two portable computer drives; on one, agents found a document that suggested Luchko had stashed backup copies of Citizens Alliance records at his home.

That triggered a scramble by the FBI to search Luchko's house in Collingdale. The affidavit that agents used to obtain the warrant for that search is the one that was unsealed late Friday.

On Oct. 20, agents raided Luchko's home and hauled away boxfuls of electronic storage devices, including CDs, portable data cards, a Blackberry, and a large quantity of computer backup tapes, records show.

Luchko and Eister were charged in May with trying to thwart the FBI's corruption and extortion investigation. They have pleaded not guilty.

Federal Prosecutors Start Special Child Porn Fight (SLPD)

By Robert Patrick, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, October 11, 2006

Missouri's federal prosecutors said Tuesday that they are reinforcing the battle against an "epidemic" of online child pornography, in an effort funded in part by well-known St. Louis concert promoter and philanthropist Steven Schankman.

He said he donated $100,000 toward the estimated $600,000 annual budget to help provide a more coordinated attack. He said his desire comes from various directions, including experiences of his employees' children.

Schankman said it had little or nothing to do with federal charges that sent his son, Jason P. Schankman, to prison in April for almost 16 years for producing and receiving child pornography here. The younger Schankman, 31 when he was charged last year, lived in Kirkwood.

Steven Schankman said his financial help was not intended to get his son a break from U.S. Attorney Catherine L. Hanaway's office. "I'm too smart to say this will help my son and she's too smart to say it will," he said. "Catherine Hanaway did what she had to do."

Hanaway said she had told Steven Schankman she could not work with him on the project while his son's case was open.

On Tuesday, her office announced creation of a child exploitation unit, which will refocus some prosecutors' efforts on child pornography. She also said the FBI is planning to bear down on pornographers who use "peer-to peer" file-sharing networks that are commonly used to share music.

Several cases where child pornographers used the Kazaa network have been prosecuted in federal court in Kansas City, said Bradley Schlozman, U.S. attorney for the Western District of Missouri. Kazaa cases have also been handled in St. Louis, Assistant U.S. Attorney Jeff Jensen said.

Schlozman, who is introducing similar initiatives in his office, is cooperating with Hanaway, Gov. Matt Blunt and Attorney General Jay Nixon in the statewide initiative.

Its Website, INOBTR.com, pronounced "I know better," will debut in January to provide information to children, parents, teachers and law enforcement.

The initiatives have roots in February's launch of "Project Safe Childhood" by U.S. Attorney General Alberto Gonzales, designed to coordinate federal, state and local law enforcement efforts "to prosecute predators and rescue their victims." At the time, Gonzales cited an "epidemic of sexual abuse and exploitation of our children."

Former LA Sergeant Charged With Abusive Sexual Contact (MHCA)

Monterey (CA) Herald, October 11, 2006

LOS ANGELES - A retired police sergeant and former television reporter was charged Tuesday in connection with several encounters between him and two 12-year-old boys in a cruise ship spa, authorities said.

Roderick "Rod" Bernsen, 58, was arrested at the Port of Los Angeles Saturday by FBI agents investigating a complaint by the mother of one of the boys, authorities said.

He faces one count of abusive sexual contact. He made his first appearance in federal court Tuesday, where his bail was set at $850,000.

"He is shocked and devastated by these charges, as minor as they are," Bernsen's attorney, James Epstein, said about his client. " ... and I think we should let this play out in court."

While aboard the Princess cruise ship to Mexico, Bernsen met and befriended the boys after they sneaked into a spa restricted to men and women over the age of 16, according to an FBI affidavit.

During an encounter in the steam room, the boys alleged that Bernsen inappropriately touched himself in front of them. They claim he later followed them to shower stalls where he inappropriately touched them, the affidavit said.

The boys told their parents about the alleged encounters, which led to a heated discussion between a boy's mother and Bernsen, the affidavit said. They reported him to the security staff, which also spoke with Bernsen about the complaints.

"Bernsen stated that he spoke to the boys, but not in an inappropriate manner," the document said.

Bernsen, who lives in Colorado, was KTTV-TV's law enforcement specialist until he left the station in 2004. His broadcasting career followed service in the Los Angeles Police Department as a sergeant and spokesman.

From late last year until May, he filled in as a host on KFI-AM, Los Angeles' most popular talk radio station.

Ex-Reporter Appears In Court To Face Sex Count (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, October 11, 2006

In shackles and handcuffs, former Los Angeles police spokesman Roderick "Rod" Bernsen appeared in a federal courtroom Tuesday to face a felony count of "abusive sexual contact" during an encounter with two 12-year-old boys in a cruise ship sauna.

Bernsen, 58, also a former Fox 11 news reporter, was arrested on board the Diamond Princess after it docked in Long Beach on Saturday at the end of a weeklong cruise to Mazatlan, Puerto Vallarta and Cabo San Lucas, Mexico.

The single criminal count alleges that Bernsen spanked the bare buttocks of one boy, and touched the other's penis with his toe. His lawyer, James Epstein, downplayed the allegations. "He's shocked and devastated by these charges, minor as they are," he said.

The count carries a statutory maximum of two years in prison, according to Assistant U.S. Atty. Patricia Donahue. Prosecutors have until Nov. 13 to return with a grand jury indictment, which could contain different charges, or to drop the case.

Bernsen was released on $850,000 bond and ordered to stay away from children. In court, he sat behind glass gazing at former colleagues in the news media, mostly with a pained expression, but at one point clowning with a court artist he knew by briefly covering his face with his hands and then laughing.

According to the arrest affidavit, the two boys, cousins and part of an extended family taking the cruise together, first encountered Bernsen in the Lotus Spa sauna Sept. 30. Children were not allowed in the sauna, but it was not monitored.

Bernsen was naked. He introduced himself and chatted about golf, eventually showing them a scar from a back injury that he said prevented him from playing sports, the boys told FBI Special Agent Julie Viana, according to the affidavit.

"John Doe 2 explained that he was surprised when Rod stood up, since he was naked…. It appeared to John Doe 2 that Rod was purposefully sticking out his buttocks to the boys," Viana wrote in the affidavit.

"The boys were uncomfortable … " she wrote. "As they left the sauna Rod tried to arrange a time when the three of them could meet again."

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The boys went to the steam room later, where Bernsen allegedly talked to them about puberty and questioned them about erections while "holding and rubbing his own penis with his hand." As the boys left to take a shower, Rod spanked John Doe 2 "hard enough to sting," according to the affidavit.

Wearing only towels, they then moved to the sauna, where Bernsen shortly thereafter arrived naked, authorities allege. As one of the boys walked out, arranging his towel, Rod touched the adolescent's uncovered penis with his big toe, the affidavit said.

The boys allegedly had three more encounters with Bernsen before one of their mothers confronted the older man and accused him of saying inappropriate things to the children. She then reported to security what the boys had told her, including the touching, the affidavit said.

Later that day, Bernsen went to ship security too, said nothing inappropriate had happened, but promised to stay away from the boys. A Princess Cruise Lines executive called the FBI that day to report "a possible sexual assault of two 12-year-old boys by a 58-year-old man." The FBI waited until the ship docked five days later to question and then arrest Bernsen.

Outside the court building Tuesday, Bernsen's lawyers questioned why the boys would repeatedly return to the sauna after such allegedly disturbing behavior. "They kept sneaking back in," Epstein said.

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Aviation Debate Centers On Use Of Criminal Probes (USAT)

By Alan Levin

USA Today, October 11, 2006

Two U.S. charter pilots being held in Brazil following a fatal midair collision over the Amazon jungle are at the forefront of the latest debate over whether members of flight crews should face criminal charges in jet crashes, aviation experts said Tuesday.

Authorities in Brazil are trying to determine why a Gol Airlines Boeing 737 and a Embraer Legacy 600 corporate jet collided at 37,000 feet on Sept. 29, sending the Gol jet plunging to the ground. All 154 people aboard the large jet died, but the pilots of the corporate jet with seven people on board managed to land at a military base.

The pilots, Joseph Lepore, 42, of Bay Shore, N.Y., and Jan Paladino, 34, of Westhampton Beach, N.Y., are being held in a Rio de Janeiro hotel. The local acting federal police director, Geraldo Pereira, said last week that the pilots were not under arrest but could face charges of involuntary manslaughter.

Lepore and Paladino work for the New York charter company ExcelAire.

The main question investigators seem to be focusing on is why the two jets were flying at the same altitude; flight rules are designed to keep jets at different altitudes when flying near each other.

Criminal investigations after an accident are part of “an increasing and alarming trend,” said William Voss, president of the Flight Safety Foundation, a safety group. “This tends to get in the way of the safety investigation, whose purpose is to find the causes and prevent future tragedies,” Voss said.

“There is nothing like the threat of criminal charges to put a chill on an accident investigation,” said Peter Goelz, former managing director of the U.S. National Transportation Safety Board.

The NTSB determines the “probable cause” of accidents, but steers away from criminal cases or civil lawsuits. Groups such as the Flight Safety Foundation say that punishing individuals for mistakes does not help prevent accidents.

Among the recent criminal cases:

·Two retired airline executives, an Airbus official, a retired French aviation official and an air traffic controller face charges of negligent homicide in connection with a 1992 crash of a jet in Strasbourg, France.

·Charges were brought this year against eight air traffic officials for their roles in a 2002 midair crash in Swiss-controlled airspace above Germany that killed 71 people. The controller who issued the command that led to the crash, Peter Nielsen, was later stabbed to death by the father of one of the victims.

·Five aviation officials were convicted of manslaughter for their roles in a 2001 crash that killed 118 people on two jets that collided on the ground in Milan. The convictions were upheld in July.

A lawyer for the two pilots in the Brazil crash, Jose Carlos Dias, issued a statement saying they are “confident that they acted appropriately.” Calls to the Brazilian Embassy in Washington were not returned.

Assault Charge Against Miller Dropped For Lack Of Evidence (WP)

By Ovetta Wiggins

The Washington Post, October 11, 2006

DOJ_NMG_0079177

A Baltimore prosecutor dropped an assault charge yesterday against Senate President Thomas V. Mike Miller Jr., who was accused last month of punching a developer in the jaw during a public meeting.

Gerard B. Volatile, who was handling the case on behalf of the Prince George's County state's attorney's office, said he did not have enough evidence to move forward with the case. State's Attorney Glenn F. Ivey recused himself from the case because of his political ties to Miller (D) and Leo Bruso, the developer, who accused the senator of hitting him during a County Council meeting.

"After interviewing numerous potential witnesses, including the witnesses closest to Mr. Bruso at the council hearing and persons in a position to have the best perspective to see what happened, I do not believe that this allegation rises to a criminal matter," Volatile told District Judge Thurman H. Rhodes yesterday.

"I'm just glad it's over," Miller said. "I'm very grateful for the citizens of my district that came forward and their honest testimony to assist the prosecutor in this investigation."

Volatile said that he interviewed more than a dozen potential witnesses and that none corroborated Bruso's account.

"I talked to the man directly behind him, the man directly in front of him, people in front of the room, people in back of the room," Volatile said. "None characterized it the way he did."

Bruso said: "I'm highly disappointed with the judicial system. I just don't know why I wasn't given my day in court."

According to the charging documents filed last month, Bruso said Miller put his left arm on Bruso's left bicep, then slugged him in his left jaw.

"I did nothing to provoke this attack," Bruso wrote in the documents. "Apparently my political positions offend him. He has seen me at other political functions."

Shortly after the charges were filed, several witnesses came to Miller's defense, calling Bruso's charges false.

William Brennan, Miller's attorney, said Miller was just saying hello as he left the public hearing. "There is no such thing as an assault by handshake," Brennan said.

Because Bruso, a supporter of Miller's Republican opponent, reported the incident to the District Court commissioners, a summons rather than an arrest warrant was issued against Miller.

"Fortunately I was in a room with 400 people, and there were eyewitnesses galore," Miller said.

Don't Scrimp On Care, Prosecutor Warns Nursing Homes (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, October 11, 2006

With a nursing home CEO facing prison and stiff fines for scrimping on care, U.S. Attorney Catherine L. Hanaway gave a "strong warning" to the industry Tuesday that patients must come ahead of profits.

American Healthcare Management and its former chief executive officer, Robert Wachter, reaped at least $4 million by slashing care while some patients lay dehydrated, underfed or in their own filth, officials said. One resident was covered in ants, one was bruised from falls, one wandered off across a six-lane intersection and one was beaten to death by an employee.

Wachter, AHM and three nursing homes pleaded guilty Tuesday to one count of conspiring to defraud the federally backed Medicare and Medicaid programs by taking payments for a level of care not provided.

The homes named in the plea agreement, Claywest House Healthcare, Lutheran Care Center, and Oak Forest North, now operate under different names and owners. Claywest was in St. Charles, Lutheran in north St. Louis and Oak Forest North in north St. Louis County.

Eight other Missouri nursing homes cited in the charges - in St. Louis, Florissant, Ballwin, Herculaneum, Lexington, Linn, Jefferson City and Rolla - also have new names and owners. AHM owned or managed all 11.

The company also has settled civil lawsuits by residents or their relatives for millions of dollars.

Prosecutors will recommend 18 months in prison for Wachter, 59, of Jackson, Wyo., and a total fine of $750,000 spread among him and the companies. The government agreed to drop five charges of making false statements.

"This is really a first-of-its-kind prosecution in the country," Hanaway explained at a news conference, in that the charges did not allege billing for service not performed but for service "so minimal that it just didn't exist."

State surveys originally alerted the Department of Health and Human Services to problems, said Roland Corvington, special agent in charge of the FBI at St. Louis, which joined the investigation.

Hanaway held Wachter responsible because he kept ordering cost cuts, she said.

Nursing home administrators complained to AHM's then-president, Charles Kaiser, that they didn't have enough workers, but he threatened them with probation if their staff costs went too high, officials said. Kaiser later served a year in jail for failure to report elder abuse in the death of an Alzheimer's patient.

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Wachter lied and told others to lie about conditions at the homes, according to the indictment. It says administrators were ordered to limit hiring and hold down payroll expenses, and that staff members were told not to report suspected abuse.

From 1998 to 2000, Wachter's salary ranged from $426,000 to $892,000, the indictment says. As co-owners of the company, he and former vice president R. William Breece Jr. took distributions of more than $5.5 million from 1997 to 2003, court documents show. Breece has not been charged, and officials declined to comment about him.

Wachter, an AHM representative and defense lawyers all declined to comment as they left the federal courthouse in St. Louis.

But relatives of two former residents had plenty to say after watching Tuesday's hearing.

"They got him," said Joyce Thiele, who with her sister, Gloria Stringer, had picked ants off their mother, Ruth Cawthon, at Claywest. She said the ants were attracted by urine from a disconnected catheter on the floor.

"I can't imagine an individual who could let something happen to another human being's loved one," Thiele said.

"All for the love of money," added Bonnie Thorpe, who said her mother, Edythe Beck, also was neglected at Claywest. She said her mother had nothing to eat or drink for a week before being admitted to a hospital and dying of double pneumonia.

Thorpe said that she found few staffers in her mother's Alzheimer's wing. Once, she said there was a single staff member for 21 patients. "One person for 21? I couldn't do it one on one," she said.

The women suggested that Wachter would be treated better in prison than their loved ones were in his nursing homes.

AHM has agreed to be permanently excluded from Medicare and Medicaid programs. Wachter agreed to be excluded for 20 years, and Breece agreed to restricted involvement for five years.

Woman's Property Eyed In Probe Of Prostitution Case (WT)

By Gary Emerling

The Washington Times, October 11, 2006

Federal officials have filed suit against two California properties owned by a woman whose D.C.-based escort service is the subject of a money-laundering and prostitution investigation.

A civil suit filed Oct. 3 by the U.S. Attorney's Office in the District lists two properties owned by Deborah Jean Palfrey -- one in Vallejo and one in Escondido, Calif. -- as subject to forfeiture pending the outcome of the criminal investigation. As of July, the properties were worth $495,000 and $480,000, respectively.

"We're alleging this property was derived from or traceable to proceeds of criminal activity," Assistant U.S. Attorney William Cowden said.

Miss Palfrey, 50, of Vallejo, Calif., has been at the center of a two-year investigation by the Internal Revenue Service and U.S. Postal Service, which are examining charges that she illegally earned money from prostitutes working as escorts for her business, Pamela Martin and Associates.

The federal investigation focuses on the escort service she has operated since 1993 as a call-girl ring in the District, Maryland and Virginia, according to court documents.

IRS investigators already have seized more than $427,000 from accounts in Miss Palfrey's name, court documents show.

Miss Palfrey, who court documents say served 18 months in prison on a 1991 conviction for operating a prostitution business in California, could not be reached for comment via phone or e-mail yesterday.

In an interview with the Web site the Smoking Gun -- which first reported the investigation Monday -- Miss Palfrey said that she never kept records in order to protect her clients' confidentiality.

She also said that her workers did not engage in "illegal sexual activities."

There are "a lot of erotic activities that one can do without participating in things that are illegal," Miss Palfrey said.

Miss Palfrey advertised the business online, in the Yellow Pages and in the Washington City Paper, court records show. She hired women who were at least 22 years old and required that they mail her an application and photo before being employed.

The women also went through a screening process in which they were required to engage in sexual activity without being paid to ensure that they were not law-enforcement officers, according to court records.

The prostitutes were encouraged to work at least three nights a week, charging their clients as much as $300. They would send money or postal orders with half of their earnings to Miss Palfrey, who used the funds to pay for her mortgage, car lease and stocks.

Court documents say that she earned more than $750,000 from the ring since January 2000.

According to search warrant records, investigators on Oct. 3 seized items including appointment books, binders of notes on men for the escort service and binders containing women's profiles from Miss Palfrey's home and her car in Vallejo.

Investigators also seized mapbooks of the District, Maryland, Northern Virginia and New York, as well as gold coins from Canada and South Africa.

The seizures have fueled speculation that the prostitutes' clients may have included high-profile doctors, lawyers and politicians in the D.C. area.

Channing Phillips, a spokesman for the U.S. Attorney's Office, said he could not comment on what prompted the investigation but added that "it's not because of her suspected clientele."

"The affidavit speaks for itself in terms of the allegations, which like in any case, we would have an obligation to investigate," Mr. Phillips said.

Islamic Center Files Suit On Checks (WT)

By Jim Mcelhatton

The Washington Times, October 11, 2006

The Islamic Center of Washington, D.C., one of the most prominent mosques in the country, is accusing its longtime financial manager of embezzling hundreds of thousands of dollars by funneling checks to companies under his control.

Farzad Darui of Falls Church was suspended last month as financial manager of the center, according to court records.

Officials for the Islamic Center, located in the 2500 block of Massachusetts Avenue Northwest, have told their attorneys that they discovered more than $300,000 in canceled checks since 2000 that were paid by the center to at least two Virginia companies under Mr. Darui's control, court records show.

Center officials have declined to discuss the matter but detailed the scandal in a recent lawsuit against Mr. Darui in federal court in Alexandria.

No criminal charges have been filed in the case.

According to the federal lawsuit, since the mid-1990s, Mr. Darui has handled the finances of the Northwest mosque, which receives funding from Saudi Arabia.

For years, Mr. Darui prepared checks to legitimate entities, then after getting the required approval, altered the names of the payees to businesses under his control, including Virginia-based Blue Line Travel Inc. and Zaal Inc., the lawsuit states.

Mr. Darui yesterday called the lawsuit "factually incorrect," but referred questions about specific accusations in the suit to his attorney, Victoria Toensing. She declined to discuss the case.

"This, from my point of view, is about me opposing a Saudi takeover of the center," said Mr. Darui, who is a corporate officer for Blue Line Travel Inc. and Zaal Inc. "They've been trying to unilaterally appoint a new Saudi director without going through the board."

Mr. Darui frequently has served as the public face of the center and has been quoted in several national and international publications.

A woman who answered the phone at the Islamic Center yesterday said that officials have no comment on any matters in connection with Mr. Darui's employment.

The center's director, Abdullah M. Khouj, approved various checks at Mr. Darui's request but never approved payments to Blue Line Travel, which also is referred to as BLT Inc. in the lawsuit, or Zaal Inc., according to the lawsuit.

Concern about the center's finances arose after Mr. Khouj ordered an independent audit because he was planning to leave his post to become Saudi ambassador to South Africa, the suit states.

Mr. Khouj asked Mr. Darui to commission the audit, but Mr. Darui put the matter off, the suit says. Ultimately, Mr. Khouj obtained copies of canceled checks from Bank of America and found previously undisclosed payments to Blue Line Travel and Zaal Inc.

"Neither Dr. Khouj nor anyone else at the Islamic Center ever authorized checks to be written to Blue Line Travel Inc., BLT Inc., Zaal Inc., or any other companies controlled or owned by Mr. Darui," the suit states.

Mr. Darui declined to discuss questions about Zaal Inc. or Blue Line but said "things will be clarified" when his attorney files an answer to the lawsuit.

According to the suit, the center receives funding from Saudi Arabia and is required to send copies of its checks to the Saudi Embassy in the District.

Dedicated in 1957, the Islamic Center is the District's oldest mosque and serves thousands of local Muslims each month.

The center is ruled by a board of governors that mostly consists of ambassadors from Islamic countries. Saudi Prince Bandar bin Sultan, former ambassador to the United States, is the current board chairman.

The mosque has been a focal point in the District. Days after the September 11 terrorist attacks, President Bush visited the center to call for an end to violence against Muslims.

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In March 1977, a dozen Muslim gunmen took over the center, the B'nai B'rith headquarters and the District Building, holding 139 persons hostage. One person was fatally shot during the siege. Marion Barry, who was wounded in the incident, won his first mayoral election the following year.

Suspect Held In Triple Slaying (CHIT)

By David Heinzmann And Jason Meisner

Chicago Tribune, October 11, 2006

Chicago police were questioning a suspect Tuesday in the weekend slayings of an 80-year-old grandmother and two of her adult children and the assault of a teenage relative in their South Side home.

The male suspect was in custody and charges were expected, but none had been filed Tuesday evening, Chicago police spokeswoman Monique Bond said. She declined to say how long he had been in custody or whether it was believed he acted alone.

The bodies of Elnora White, her son Curtis, 56, and her daughter Elnoria Countee, 54, were found Saturday afternoon in their first-floor apartment in the 8100 block of South Green Street in the Auburn Gresham neighborhood, police said. A neighbor and a family member entered the home because they had been unable to reach anyone inside for several hours.

Countee's 14-year-old daughter, Veronica Giles, was found on the floor near the door to the home, critically injured and barely conscious. Giles, a freshman at Bogan Computer Technical High School, remained hospitalized at Advocate Christ Medical Center in Oak Lawn.

According to the Cook County medical examiner's office, which conducted autopsies Sunday, Curtis White, who was disabled and found dead in bed, died of stab wounds in his face. Elnora White, who was found on the floor of the dining room, died of blunt trauma wounds. Countee, who was found on her bedroom floor, died of a stab wound in the chest.

Police have not said whether a motive for the attack was known.

Chicago police have kept a vigilant watch on homicide trends in the last few years and have touted the continuing decline in the number of killings. After the number of murders hovered above 650 in 2001 and 2002, murder totals had dropped steeply—to 599 in 2003, and then a dramatic 25 percent drop to 448 in 2004. Last year the number was 447.

But a recent surge in homicides in the city has pushed the murder total so far this year higher than the same period last year.

As of Tuesday, there had been 371 murders in Chicago, compared with 369 by the same date in 2005, police officials said. At the end of September, there had been 10 fewer murders in 2006 than in the year-earlier period, Bond said.

Gang Member Accused Of Shooting 3 Year Old Caught (LAT)

By Richard Winton And Erika Hayasaki

The Los Angeles Times, October 11, 2006

A 17-year-old gang member accused of intentionally shooting a 3-year-old girl at point-blank range last month was captured by an LAPD-FBI task force in San Bernardino County today after community members gave up his location, police said.

Jonathan Banks of Los Angeles was named Monday by the LAPD as the man who killed Kaitlyn Avila and wounded her father, Cesar, during a Sept. 24 attack that stunned the Baldwin Village neighborhood.

An alleged accomplice of Banks was arrested Friday.

At an afternoon news conference, LAPD Chief William J. Bratton announced the arrest of the man believed to be the shooter. Bratton and members of the Avila family praised the community for helping to catch Banks.

"Without your help," Bratton said, "this would not have been possible."

LAPD Deputy Chief Charles Beck said: "This case would never have come to a conclusion so quickly without the help of the public."

Cesar Avila, the dead girl's father, also thanked the community and "the people out there for giving out clues on the whereabouts of this criminal....

"We feel a lot better now," he said.

On Monday, police said Kaitlyn was intentionally targeted by a teenage gang member. The announcement prompted new anxiety in the Southwest Los Angeles neighborhood of Baldwin Village, which has struggled with gang violence for decades.

Deputy Chief Beck on Monday said the killer approached Kaitlyn, her father and her 6-year-old sister as they were getting out of the car outside their apartment building.

He shot and wounded Cesar Avila, a glass worker, erroneously believing that he was a member of a rival gang. The suspect then aimed his gun at Kaitlyn and shot her once in the chest, police said.

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"This wasn't an accident or case of her getting caught in the fire," Beck said. "He intended to kill her. This was callous killing. It is beyond even what gangsters consider usual."

Authorities said they pieced together the chain of events after interviewing people who witnessed the shooting, as well as Cesar Avila and Kaitlyn's sister Kassey, who was unhurt in the attack.

The shooting occurred at 2:45 p.m. on a block of densely packed apartment buildings. Several people were outside and saw the attack, detectives said.

Beck said Kaitlyn's death underscored the continuing gang problems in Baldwin Village, a neighborhood of less than a square mile between La Brea Avenue and Crenshaw Boulevard off Coliseum Street.

The revelations stunned residents there.

One mother, who asked that her name not be used, suggested that the shooter was trying to "earn his stripes" and gain respect from gang members.

"I don't even feel safe walking down the street," said a 20-year-old woman who was holding her 5-year-old son's hand.

Another mother, Joy Daniels, 17, carried her 1-year-old daughter home from day care, across the street from a memorial for Kaitlyn that was overflowing with teddy bears, flowers and candles.

She said she was scared to drop her daughter off every morning, fearing that bullets from outside the school might somehow find her daughter.

The thought of the killer deliberately targeting a child gave her chills. Daniels said she wanted to knock some sense into the shooter.

She wished she could ask him: "How do you feel? Do you have remorse? You just took her little life, and on top of that it was intentional?"

The killer may have earned the respect of gang members, Daniels said, but the community was disgusted with him.

"I just pray and ask God to watch over all these little kids," she said.

Avila and his daughters were getting out of their car outside their Pinafore Street home when the killer jumped out of a gray Chrysler Pacifica and began firing a 9-millimeter handgun. Both the shooter and the driver, identified as Laron Lee Larrimore, allegedly shouted gang slogans.

Avila spent nine days in the hospital, some of them in critical condition.

"Something made me come back," he said Monday. "The whole time I was thinking about my [other] daughter. I still had something."

Avila said it was hard for him to return to his home, where his daughter's bedroom overlooks the crime scene.

The LAPD has focused considerable resources recently on cracking down on gang violence in Baldwin Village, with help from the U.S. Justice Department, police officials said. Though crime in Baldwin Village is down, officials said, the influence of gangs remains strong.

"The monster of gangsterism in South Los Angeles is the cause of this shooting," Beck said.

Two warring gangs occupy the area: the Black P-Stones, a mostly black gang, and 18th Street, a mostly Latino gang.

Though the victims were Latino and the suspects African American, police officials said they believe the shooting was gang-related, not racial.

L.A. Liquor Store Owner Dares To Stand Up To Gangs (LAT)

By Hector Becerra And Richard Winton, Times Staff Writers

The Los Angeles Times, October 11, 2006

His hunt for the men who robbed his store 10 times yields two arrests. Now he fears payback.

They would march into the liquor store like pirates ready to gorge on ill-gotten goods.

Ten times in the last month, the same group of robbers walked in and hauled away beer, chips and other food. Brandishing a knife, the robbers warned the store's owner: "We know where you live."

But the owner of the Washington Boulevard shop would not back down.

Instead, he installed video cameras around the store to capture images of the robbers. Then he roamed the neighborhood with the photos, getting their identities.

The culmination of his detective work came Monday night when undercover Los Angeles police officers watched as several of the young men walked out of the store with two cases of stolen beer. The detectives chased the men and arrested two of them.

But in a neighborhood where street gangs cast a large shadow, the crackdown brought more anxiety than relief for the liquor store owner and his customers.

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Speaking from behind a slab of bulletproof glass that protects the counter, he said: We don't just have to work here, we have to survive. Worried about reprisals, he asked that the newspaper not publish his name or the name and exact location of his store.

"They found a solution to their problem, they found these guys, got photos and did their own investigation," Grace Yoo, executive director of the Korean American Coalition, said of the owner and his family. "But now that they've done it, they're in fear of their lives."

It was this fear of gang payback that made the owner hesitate about going to police, Det. Rick Ramos of the Los Angeles Police Department said. When the heists began, the owner decided not to involve the authorities. But on Sunday, a group of the robbers came into the store, one brandishing a bat, Ramos said. It alarmed the owner so much that he finally told police about the robberies.

The suspects are members of a tagging crew that, like the gangs in the area, has increasingly turned to extorting merchants, Ramos said.

"They thought they could take control of this particular business," the detective added. "And take advantage because they'd robbed them several times without any consequences."

As word spread of the merchant's actions, some rose to praise him.

Councilman Ed Reyes, who represents the area, said he hopes the owner's actions send a message to gang members and empower the community.

"What this owner did was very brave and calculating in a positive way. You've got to do something. Enough is enough," he said.

"The truth is you have to be proactive if you want to change things, otherwise you're a sitting duck."

But Reyes said he can also understand the fear the owner and many of his customers still have about gang activity.

Despite a drop in crime in his district over the last few years, gangs remain a potent force, the councilman said.

"The ratio of officers to gang members is just crazy," Reyes said. "There's a distinct disadvantage."

In the neighborhood south of MacArthur Park, one woman applauded the owner's actions, but declined to give her name.

She said a "bad element" kept bringing the neighborhood down.

A longtime resident who lives blocks from the liquor store, she said people were disturbed to hear that the business had been hit so many times. But they also have mixed feelings about such stores, which tend to draw drunks and troublemakers.

Still, she said, the owner was brave to stand up to the robbers.

"People have to overcome their fear, pick up the phone and call the police," said the woman, who is a Guatemalan immigrant. "The community is always in fear. They think, 'If the police take away this kid, they're going to know it was me who reported him. They're going to know it was me who complained.' "

The neighborhood is a melting pot of blacks, Latino immigrants and others. The liquor store owner is Korean.

The LAPD's Rampart Division has seen a significant drop in crime over the last four years as the department has launched a new crackdown and some neighborhoods have undergone gentrification.

But more than a dozen gangs still operate there. Last month, federal authorities accused a group of 18th Street gang members of charging "rent" to drug dealers on certain street corners.

So far this year, homicides are down 22% but rapes and robberies are up about 10% in Rampart, according to police statistics. Bucking a citywide trend, burglaries rose 4% this year.

LAPD Senior Lead Officer Iris Santin, who patrols the streets around the liquor store, said it would be naive to separate the tagging crews from the more sinister gangs.

For one thing, these graffiti vandals are operating in territories prowled by major street gangs, something that would be nearly untenable without some sort of consent.

"These tagging crews associate with gangs. The gangs allow them to tag these neighborhoods," Santin said. Tagging crews are "where the delinquency usually starts. The step before heading to the gang."

Bertha Woolridge, 63, said she could relate to the anger the store owner must have felt after being robbed so many times. The Mexican immigrant said her hardware business was robbed 19 times.

The last time, Woolridge said, "five guys came in here [with guns] and had us all laid down on the floor."

Woolridge said her experiences prompted her to become active in the local Neighborhood Watch, and to help organize events telling gang members they were not welcome.

"It made me so upset that people can come in and take whatever you build up, and they don't even have to work," Woolridge said. "They don't have to do anything to take possession of what you own. That's why I turned around and said, 'No more.' "

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Three Men Charged In Robbery, Slaying (WP)

By Joshua Partlow

The Washington Post, October 11, 2006

Three Prince George's County men have been charged with attempting to rob a 41-year-old man of his backpack and cellphone, then beating him with a baseball bat and fatally shooting him, according to charging documents.

The three men -- Timothy McLeod, 20, James D. Brumfield, 19, and Douglas I. Riley Jr., 21 -- are charged with first-degree murder in the killing of Jose Vicente Yaque, who lived along Edmonston Road in the Bladensburg area. They appeared yesterday via teleconference in Prince George's County District Court for a bond hearing.

Brumfield, of Seat Pleasant, told investigators that he helped plan the robbery and then hit Yaque repeatedly with an aluminum bat early on Oct. 5, according to charging documents. Brumfield said that McLeod, of Suitland, drove the getaway car. McLeod told investigators that Riley, of Capitol Heights, was the shooter, the documents show.

Police found Yaque lying in the street after the attack.

Investigators tracked Yaque's stolen cellphone to McLeod's home in the 600 block of Birchleaf Avenue in Suitland, where two of the suspects admitted their roles in the robbery and homicide, and said a 9mm handgun was used in the killing, according to charging documents. They were not named in the documents.

Investigators said Brumfield waived his Miranda rights and admitted planning the assault and attacking the victim with the bat. McLeod also waived his Miranda rights, according to police, and admitted helping plan and participating in the robbery.

At a bond hearing, McLeod's attorney, Joseph L. Gibson Jr., said his client was a high school graduate with no previous criminal record who lives with his mother and was "probably in the wrong place at the wrong time."

He said that McLeod denies taking part in the crime and that his statement to police, in the course of spending more than 30 hours with investigators, was "not voluntary." An attorney for Riley said his client was a hardworking man whose mother died last year of lung cancer and who had a young child himself.

Brumfield said he planned to get a public defender.

All three men were denied bond.

CIVIL LAW:

Oracle Agrees To Pay $98.5 Million To Settle Suit Over GSA Contracts (WSJ)

By Vauhini Vara

The Wall Street Journal, October 11, 2006

Oracle Corp. agreed to pay $98.5 million to the U.S. government to settle a lawsuit alleging PeopleSoft Inc., which Oracle acquired last year, overcharged the government on contracts for software and services.

Under a General Services Administration program, vendors agree to disclose pricing policies for their private-sector customers in exchange for a chance to sell to government customers under one contract.

In this case, during PeopleSoft's negotiation with the government over an initial software contract and two extensions, the company understated the discounts it provided to commercial customers, according to a statement from the Justice Department. That meant most federal purchasers under the contract paid inflated prices between March 1997 and Sept. 2005, the Justice Department said.

The conduct alleged in the suit predated Oracle's purchase of PeopleSoft in January 2005, according to the Justice Department.

"Oracle cooperated fully with the government in its investigation of the PeopleSoft GSA contract and conduct at issue in the suit," Oracle spokesman Bob Wynne said. "Oracle was not aware of the suit at the time of the acquisition."

The case was filed in the U. S. District Court for the District of Maryland by James A. Hicks, a former PeopleSoft employee. Federal prosecutors in Baltimore joined the lawsuit earlier this year.

It was filed under the "qui tam," or "whistleblower," provisions of the False Claims Act, in which private citizens can sue on behalf of the government to recover federal funds obtained by false or fraudulent claims and receive a portion of the proceeds of a settlement or judgment awarded against the defendant. Mr. Hicks will receive $17.7 million.

The payment to the government is the largest the U.S. has ever obtained in a civil settlement under the False Claims Act involving the multiple-award-schedule program, said the Justice Department.

-- John R. Wilke contributed to this article.

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Write to Vauhini Vara at vauhini.vara@wsj.com1

Oracle Settles Price-Gouging Claim (WP)

By Eric Rich

The Washington Post, October 11, 2006

Database giant Oracle Corp. has agreed to pay $98.5 million to settle claims that PeopleSoft Inc., a software maker it acquired last year, had overcharged the government by providing false pricing information to the General Services Administration, the Justice Department said yesterday.

The civil settlement, reached at U.S. District Court in Maryland, was disclosed at a news conference in Washington as officials announced a new task force targeting procurement fraud. Deputy Attorney General Paul J. McNulty said the task force, established by the department's criminal division, would detect and prosecute fraud associated with increased contracting activity for national security and other government programs.

McNulty said the task force is modeled on efforts to combat fraud after Hurricane Katrina and a similar program he initiated last year when he was U.S. attorney in the Eastern District of Virginia.

The settlement with Oracle resolved allegations that PeopleSoft understated to the GSA the discounts it provided to commercial customers. GSA regulations require that a vendor disclose its commercial pricing policies during negotiations for a single contract that can give a vendor access to hundreds of government purchasers.

As a result of the defective disclosures, the government alleged, federal purchasers buying through the GSA program paid inflated prices for software and maintenance services for many years. Oracle inherited the liability when it acquired PeopleSoft, which was based in Pleasanton, Calif.

Maryland U.S. Attorney Rod J. Rosenstein said the 1997 contract resulted in about $127 million of software sales and $77 million in maintenance sales before it was cancelled by Oracle in September 2005.

A former employee of PeopleSoft's federal sales office in Bethesda filed the case in 2003 under seal in federal court in Greenbelt. James A. Hicks said in the lawsuit that he was fired in 2000 after repeatedly raising the issue with senior company officials. The government later took over the case, which had been filed under the False Claims Act.

Under the act, whistleblowers may collect a portion of any money recovered by the government that had been obtained by false or fraudulent claims. Hicks will receive $17.73 million, government officials said.

Oracle To Pay $99 Million Settlement (AP)

By Lara Jakes Jordan, The Associated Press

AP, October 11, 2006

WASHINGTON - Software maker Oracle Corp. agreed Tuesday to pay $98.5 million to settle complaints that it overcharged the government for nearly a decade on a slew of contracts, Justice Department officials said.

The settlement with Oracle's PeopleSoft kicked off what the department called a crackdown on waste, fraud and abuse in federal contracts.

"Criminals who cheat the government must be identified, stopped and punished," Deputy Attorney General Paul McNulty told reporters in Washington. He estimated that 5 percent of federal agencies' annual revenues is wasted on faulty or otherwise illegal contracts.

The case against Redwood Shores, Calif.-based Oracle Corp. is the largest settlement from a single company that had multiple contracts with the General Services Administration, McNulty said. Between 1997 and 2005, he said, the government "paid vastly inflated prices" for computer software and maintenance for human resources and financial systems for 60 federal agencies.

The federal investigation followed a complaint against PeopleSoft by a former employee, James A. Hicks, who tipped off officials that the government was not receiving discounts for buying multiple products and services - as other clients were given.

Hicks will receive $17.7 million - 18 percent of the settlement - for his complaint as allowed under federal whistle-blower provisions.

Oracle said the complaints originated with PeopleSoft, which Oracle purchased in January 2005 for $11.1 billion after an 18-month hostile takeover battle. The deal created the world's second-largest business software manufacturer after Germany's SAP AG.

"Oracle was not aware of the suit at the time of the acquisition," said Oracle spokesman Bob Wynne. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract."

In all, the government paid about $300 million to PeopleSoft's office in Bethesda, Md., which was responsible for selling software products to federal agencies. U.S. Attorney for Maryland Rod J. Rosenstein called the case the largest fraudulent federal contract settlement in state history.

The Justice Department's new task force is modeled in part after efforts to track relief money and contracts rushed to the Gulf Coast last year after Hurricane Katrina, which has so far yielded 400 investigations into complaints or criminal cases.

McNulty said the task force also will closely monitor spending to military contractors, and noted an increase in prosecutions of contracts involving reconstruction efforts in Iraq. Inspectors from about 25 federal agencies will participate in the task force.

Oracle Agrees To Pay U.S. $98 Million (CNET)

By Ina Fried, Staff Writer, CNET News.com

CNET News, October 11, 2006

Deal to settle charges that PeopleSoft provided false pricing information to obtain a federal contract.

Oracle has agreed to pay the U.S. government $98.5 million to settle charges that PeopleSoft provided false pricing information to obtain a federal contract.

According to a Justice Department press release issued on Tuesday, federal agencies overpaid for PeopleSoft products from March 1997 through September 2005 because of faulty disclosures by the software vendor, which was acquired by Oracle in January 2005.

The settlement was the largest ever related to the General Services Administration's Multiple Award Schedule program, the Justice Department said. The MAS program requires vendors to provide their commercial pricing information to the government in exchange for the ability to strike deals with hundreds of federal agencies under a single contract. The Justice Department said PeopleSoft's disclosures "were not current, accurate and complete."

"The program works well when vendors follow the disclosure rules and provide GSA with the information it needs to negotiate good prices for government purchasers," Deputy Attorney General Paul McNulty said in a statement. "This agreement demonstrates the department's determination to hold vendors accountable for abusing GSA's trust and damaging its programs."

This case originated as part of a whistleblower action brought under the Federal Claims Act. Former PeopleSoft employee James A. Hicks, who filed suit in the U.S. District Court for the District of Maryland, will receive $17.7 million of the settlement, as provided for under the statute. Under the Federal Claims Act, whistleblowers can sue on the government's behalf and can garner some of the proceeds of any settlement or judgment.

Oracle said it was not aware of the suit at the time it bought PeopleSoft and said it "cooperated fully with the government" in its investigation of the PeopleSoft contract and the company's conduct. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract," Oracle spokesperson Bob Wynne said in a statement.

Oracle Agrees To Pay $98M For 'defective Pricing' (CNN)

By Terry Frieden, Justice Producer

CNN.com, October 11, 2006

The fraud settlement stemmed from multiple government contracts with the computer software maker and PeopleSoft.

WASHINGTON (CNN) -- Justice Department officials Tuesday said computer software maker Oracle has agreed to pay the government $98.5 million dollars in a procurement fraud settlement stemming from multiple federal contracts with the firm's PeopleSoft software sales operations.

Officials said Oracle acknowledged "defective pricing disclosures" in connection with software licensing contracts with federal agencies.

Deputy Attorney General Paul McNulty was expected to announce the settlement at a news conference Tuesday afternoon.

McNulty also planned to announce establishment of a Procurement Fraud Task Force designed to combat efforts to defraud the government in contracting.

Justice Department officials said the Task Force would be modeled after the Hurricane Katrina Fraud Task Force, which they say has been successful in uncovering efforts to defraud the federal government.

Shares of Oracle (Charts) rose nearly 1 percent during after hours trade on Nasdaq while rival BMC Software (Charts) and Symantec Corp (Charts) edged higher.

Oracle Settles Government Claim Of Overcharging By PeopleSoft (MRKTWTCH)

By Michael Paige, MarketWatch

Market Watch, October 11, 2006

DOJ_NMG_0079186

Business-software giant agrees to pay government $98.5 million

LOS ANGELES (MarketWatch) -- Oracle Corp. agreed to pay $98.5 million on behalf of PeopleSoft Inc. to settle charges that PeopleSoft provided inaccurate pricing information and overcharged the government on multiple contracts before it was acquired by Oracle, Justice Department officials said on Tuesday.

Oracle (ORCL: news, board) inherited liability under the government contracts through its acquisition of PeopleSoft, which closed at the beginning of last year following a bitter hostile takeover battle.

The settlement resolved allegations that PeopleSoft provided inaccurate and incomplete pricing information for licenses of its software and related maintenance during negotiations with the government. As a result, federal agencies overpaid for software and maintenance between March 1997 and September of last year, according to the Justice Department.

A spokeswoman for Oracle, of Redwood Shores, Calif., said the company cooperated fully with the investigation of the PeopleSoft contract.

"Oracle was not aware of the suit at the time of the acquisition," said Deborah Hellinger, the spokeswoman. "Oracle is pleased to have fully resolved this legacy PeopleSoft suit and all claims under the PeopleSoft contract."

PeopleSoft was the focus of the suit that was initiated by one of its former employees on behalf of the government under whistleblower provisions.

Companies agree to disclose their current and complete commercial pricing policies to the General Services Administration during negotiations for a contract that allows them to sell services to multiple government agencies under a single order.

PeopleSoft, the suit alleged, understated the size of discounts it provided to commercial customers and failed to disclose accurate details of a program that gave clients incrementally steeper discounts based on the number of products purchased at one time.

"Because PeopleSoft did not give GSA [General Services Administration] accurate pricing information, it negotiated higher prices for its products and services than it would have obtained if GSA had known the truth," according to a statement issued by U.S. Attorney Rod Rosenstein of the District of Maryland.

Oracle's stock closed up 18 cents, or 1%, at $18.74 Tuesday -- a new 52-week high.

Michael Paige is a reporter for MarketWatch in Los Angeles.

Justices Back Small Tobacco Firms (WSJ)

By Mark H. Anderson And Vanessa O'connell

The Wall Street Journal, October 11, 2006

WASHINGTON -- A group of 30 states failed to persuade the Supreme Court to review whether three small tobacco companies can use one lawsuit to challenge state-by-state payment requirements related to a massive 1998 industry settlement.

The court's decision not to consider the appeal means the three companies can proceed, in a New York federal court, to challenge payments to state accounts established to cover damages in tobacco lawsuits.

The companies had challenged provisions of the settlement under which all tobacco companies -- even those that didn't participate in the settlement -- are required to make annual payments to the states in perpetuity, an amount estimated to reach $243 billion over the first 25 years.

Following the settlement, most states passed laws requiring cigarette makers that didn't participate -- mostly small players selling discount cigarettes -- to pay money into escrow funds to satisfy future damage awards in cigarette suits. Their payments are based on the number of cigarettes the companies sell annually in each state.

But Grand River Enterprises Six Nations Ltd. of Gowanda, N.Y.; Nationwide Tobacco Inc. of Blaine, Wash.; and 3B Holdings Inc. of Lewiston, Idaho, challenged the payments in a lawsuit filed in New York, where the master agreement was negotiated and signed by the four major cigarette makers and 46 states. The small companies weren't party to the settlement.

The Second U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge that was made against all of the state escrow-fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty.

(King v. Grand River Enterprises)

In other rulings yesterday, the court dismissed an appeal from Apotex Inc. of Weston, Ontario, seeking early Food and Drug Administration approval to sell a generic alternative to Pfizer Inc.'s Zoloft, an antidepression and anxiety drug. Pfizer, based in New York, successfully argued that a key Zoloft patent has expired since the Supreme Court agreed to hear the case, and that another company, Teva Pharmaceutical Industries Ltd., of Petach Tikva, Israel, has already begun selling a Zoloft alternative.

(Apotex v. Pfizer)

DOJ_NMG_0079187

W.R. Grace & Co., Columbia, Md., lost a final appeal of $55 million in court-ordered Superfund cleanup costs sought by the Environmental Protection Agency for remediation at the company's former vermiculite mine in Libby, Mont. The company closed the mine in 1990, and the EPA began a cleanup of asbestos contamination in and around the mining facility in 1999.

(W.R. Grace & Co. v. U.S.)

Supreme Court Rejects Appeal On Tobacco Escrow Ruling (DOW)

Dow Jones, October 11, 2006

WASHINGTON -(Dow Jones)- A group of 30 states Tuesday failed to convince the U.S. Supreme Court to review whether three small tobacco companies can challenge state escrow provisions that were developed on a state-by-state basis as part of the $245 billion 1998 master tobacco settlement.

The three tobacco companies - Grand River Enterprises Six Nations Ltd., Gowanda, N.Y.; Nationwide Tobacco Inc., Blaine, Wash.; and 3B Holdings Inc., Lewiston, Idaho - in a New York federal court challenged provisions in the tobacco settlement. The national tobacco settlement requires the companies to escrow funds even though they declined to join the master agreement. The lawsuit was brought in New York, where the master agreement was negotiated and signed by four tobacco companies and 46 states in 1998.

The 2nd U.S. Circuit Court of Appeals ruled in September 2005 that a New York federal trial court could handle the challenge against all of the state escrow fund laws. The 30 state attorneys general said they believe the court decision violates state sovereignty because the tobacco company challenge deals with 30 different sets of state laws.

"The Second Circuit's ruling...upsets the delicate relationship between the states and the federal courts," the states said in their appeal.

New York, which also was sued by the tobacco companies, did not join the states' Supreme Court appeal.

Under the tobacco settlement, tobacco manufacturers that don't sign onto the master agreement must pay escrow funds based on the number of cigarettes they sell in annually in each state. The escrow funds are used to fund damage awards from tobacco litigation that could be brought against those companies because they aren't protected by the master agreement from lawsuits.

The three tobacco companies challenged the escrow requirements on federal antitrust and constitutional grounds. In court filings, the companies argued they didn't need to individually challenge each state's escrow arrangements under the national settlement. "The escrow statutes do not stand alone or apart from the master settlement agreement," the companies said.

The case is King v. Grand River Enterprises, 05-1343.

-By Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@ dowjones.com

Supreme Court Won't Hear Tobacco Case (AP)

By Pete Yost, Associated Press Writer

AP, October 11, 2006

Supreme Court Declines to Hear Case of 3 Small Cigarette Companies Seeking to Avoid Payments

WASHINGTON (AP) -- The Supreme Court on Tuesday declined to hear an appeal by 30 states in a battle over payments by three small cigarette companies into accounts set up to help cover future damage awards in tobacco-related lawsuits.

The justices' decision allows the companies to continue to fight state laws requiring payments to accounts set up as part of a $206 billion financial settlement eight years ago with the largest tobacco companies. Each of the 30 states had passed a law requiring companies that didn't participate in that settlement to pay into the escrow funds to help cover future damage awards.

The three small companies sued, alleging the states violated antitrust law and the Commerce Clause of the U.S. Constitution. The laws each state passed were mostly identical to model legislation contained in an appendix to the settlement with the biggest tobacco companies.

The 2nd U.S. Circuit Court of Appeals in New York, the state where the settlement negotiations had taken place, allowed the small companies to pursue the antitrust claims.

In asking the Supreme Court to take the case, the state governments say the appeals court is treating a state's most sovereign act, the passage of legislation, "as though it were the culmination of a commercial antitrust conspiracy."

The states wanted the court to consider whether principles of due process and state sovereignty permit a federal judge in New York to exercise jurisdiction over the state attorney general in another state.

The major companies that were part of the tobacco settlement manufacture over 97 percent of all cigarettes sold in the country.

The cigarette companies are Grand River Enterprises Six Nations Ltd., Nationwide Tobacco Inc., and 3B Holdings Inc.

The case is Troy King v. Grand River Enterprises Six Nations Ltd., 05-1343.

DOJ_NMG_0079188

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 11, 2006

File and run

"Or maybe the case has no merit."

So suggests the latest issue of the American Lawyer, citing one theory as to why Valerie Plame of CIA-leak fame suddenly parted ways with her attorney, Proskauer Rose partner Christopher Wolf -- her next-door neighbor, no less -- shortly after her civil action was filed against senior Bush administration officials, including Vice President Dick Cheney and White House aide Karl Rove.

"The breakup was a shock," writes the magazine's Elizabeth Goldberg, given that Mr. Wolf had filed the suit only "a month earlier."

Headlined "File and run," the article quotes lawyer Victoria Toensing, a former chief counsel to the Senate Select Committee on Intelligence, as saying: "I'm amazed Proskauer took the case in the first place."

Another theory: "Proskauer might have gotten cold feet," writes Ms. Goldberg. "The firm wants to beef up its D.C. practice ... [a]nd heading the Plame case was not likely to please the Bush administration."

Officials Challenge AIDS Funding Ruling (AP)

AP, October 11, 2006

WASHINGTON (AP) — The Bush administration sought Tuesday to overturn a court decision that lets nonprofit AIDS groups apply for federal funding without signing a pledge opposing prostitution and sex trafficking.

At least one of the groups, DKT International Inc., has refused to sign the pledge because it helps distribute condoms to prostitutes and other sex workers in Vietnam.

DKT last year sued the U.S. Agency for International Development, contending their free speech rights were violated by a 2003 law requiring that they explicitly oppose prostitution and sex trafficking to qualify for part of a $15 billion AIDS program.

In May, U.S. District Judge Emmet G. Sullivan sided with DKT, saying the funding conditions insist that groups "parrot" the U.S. government's position on prostitution.

But the Justice Department, in its appeal Tuesday, called the funding condition "highly germane" to the overall goal of fighting the spread of AIDS and HIV.

"Congress could reasonably determine that the government's efforts to stamp out prostitution and sex trafficking would be most successful if HIV/AIDS services are provided by organizations that affirmatively oppose two underlying causes of the disease," the government said.

The case now heads to the U.S. Court of Appeals for the District of Columbia. A date for arguments has not yet been set.

CIVIL RIGHTS:

U.S. Says Blacks In Mississippi Suppress White Vote (NYT)

By Adam Nossiter

The New York Times, October 11, 2006

MACON, Miss., Oct. 5 — The Justice Department has chosen this no-stoplight, courthouse town buried in the eastern Mississippi prairie for an unusual civil rights test: the first federal lawsuit under the Voting Rights Act accusing blacks of suppressing the rights of whites.

The action represents a sharp shift, and it has raised eyebrows outside the state. The government is charging blacks with voting fraud in a state whose violent rejection of blacks' right to vote, over generations, helped give birth to the Voting Rights Act of 1965. Yet within Mississippi the case has provoked knowing nods rather than cries of outrage, even among liberal Democrats.

The Justice Department's main focus is Ike Brown, a local power broker whose imaginative electoral tactics have for 20 years caused whisperings from here to the state capital in Jackson, 100 miles to the southwest. Mr. Brown, tall, thin, a twice-convicted felon, the chairman of the Noxubee County Democratic Executive Committee and its undisputed political boss, is accused by the federal government of orchestrating — with the help of others — "relentless voting-related racial discrimination" against whites, whom blacks outnumber by more than 3 to 1 in the county.

His goal, according to the government: keeping black politicians — ones supported by Mr. Brown, that is — in office.

To do that, the department says, he and his allies devised a watertight system for controlling the all-determining Democratic primary, much as segregationists did decades ago.

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Mr. Brown is accused in the lawsuit and in supporting documents of paying and organizing notaries, some of whom illegally marked absentee ballots or influenced how the ballots were voted; of publishing a list of voters, all white, accompanied by a warning that they would be challenged at the polls; of importing black voters into the county; and of altering racial percentages in districts by manipulating the registration rolls.

To run against the county prosecutor — one of two white officeholders in Noxubee — Mr. Brown brought in a black lawyer from outside the county, according to the supporting documents, who never even bothered to turn on the gas or electricity at his rented apartment. That candidate was disqualified.Whites, who make up just under 30 percent of the population here, are circumspect when discussing Mr. Brown, though he remains a hero to many blacks. When he drove off to federal prison to serve a sentence for tax fraud in 1995, he received a grand farewell from his political supporters and friends, including local elected officials; whites, on the other hand, for years have seen him as a kind of occult force in determining the affairs of the county.

Still, many whites said privately they welcomed the Justice Department's lawsuit, which is scheduled for trial early next year.

"In my opinion, it puts the focus on fair play," said Roderick Walker, the county prosecutor Mr. Brown tried to oust, in 2003. "They were doing something wrong."

Up and down South Jefferson Street, though, in the old brick commercial district, the white merchants refused to be quoted, for fear of alienating black customers. "There's a lot of voting irregularities, but that's all I'm going to say," one woman said, ending the conversation abruptly.

The Justice Department's voting rights expert is less reserved. "Virtually every election provides a multitude of examples of these illegal activities organized by Ike Brown and other defendants, and those who act in concert with them," the expert, Theodore S. Arrington, chairman of the political science department at the University of North Carolina at Charlotte, wrote in a report filed with the court.

Mr. Brown is coolly dismissive of the case against him. He has no office at the white-columned Noxubee County Courthouse, but that is where he casually greets visitors, in a chair near the entrance. A loquacious man, he both minimizes his own role and portrays himself as a central target. Far from being the vital orchestrator portrayed by the government, "when I was in Maxwell prison in '95 and '96, the show went right on," he said.

There are so few whites in the county, Mr. Brown suggests, that the tactics he is accused of are unnecessary to keep blacks in office.

"They can't win anyway unless we choose to vote for them," he said with a smile. "If I was doing something wrong — that's like closing the barn door when the horse is already gone."

He sees the lawsuit against him as merely the embittered reaction of whites who feel disenfranchised, and he scoffs at a consent decree signed last year in which county officials agreed not to harass or intimidate white candidates or voters, manipulate absentee ballots, or let poll workers coach voters, among other things. "I wouldn't sign my name," Mr. Brown said.

But the Justice Department is pressing ahead with its suit, and wants to force Mr. Brown to agree to the same cease-and-desist conditions as his fellow county officials.

The state's Democratic establishment has hardly rallied around Mr. Brown; privately some Democrats here express disdain for his tactics. Instead, he is being defended by a maverick Republican lawyer who sees the suit as an example of undue interference in the affairs of a political party.

"To do what they want to do, they would virtually have to take over the Democratic Party," said the lawyer, Wilbur Colom, adding that Mr. Brown's notoriety had made him the focus of the investigation. "I believe they were under so much pressure because of Ike's very sophisticated election operation. He is a Karl Rove genius on the Noxubee County level."

In Jackson, though, a leading light in Mr. Brown's own party, Mississippi Secretary of State Eric Clark, a longtime moderate in state politics, refused to endorse him.

"Anybody who tries to prevent people from voting is breaking the law," Mr. Clark said. "I certainly suspect some of that has been going on."

Back in Macon, in the shadow of the courthouse green's standard-issue Confederate monument, Mr. Brown spoke of history: "They had their way all the time. They no longer have their way. That's what it's all about." The case is "all about politics," he said, "all about them trying to keep me from picking the lock."

But Mr. Walker, the county prosecutor, insisted the past had nothing to do with the case against Mr. Brown. "I wouldn't sit here and pretend black people haven't been mistreated," he said. "I hate what happened in the past. But I can't do anything about it."

SC GOP, Democrats Agree To No Crossover Voting In '08 Primaries (AP)

By Jim Davenport

AP, October 11, 2006

COLUMBIA, S.C. - South Carolina Republican and Democratic party leaders have agreed to swap voter rolls in their 2008 presidential primaries to stop people from casting ballots in both contests.

Neither party likes the idea of voters casting a ballot in both primaries.

"I don't want people who have voted in their primary attempting to vote in ours," state Democratic Party Chairman Joe Erwin said Tuesday.

But that might not be an easy task in a state where the parties pay for and run the presidential primaries. Voters don't register by party and State Election Commission spokesman Chris Whitmire said the parties can set whatever rules they want.

"We don't view it as a real election. We liken it more to a straw poll" that guides delegates at national conventions, he said.

A quarter of presidential primary voters here describe themselves as independents. The Legislature has repeatedly refused to require party registration in the presidential primaries.

The first party to hold a primary will hand over the voter rolls to the other party, leaders said.

"There was no other way to be able to stop anybody from crossing over," state GOP Chairman Katon Dawson said.

Both parties are scheduled to hold first-in-the-South primaries.

Democrats are slated for Jan. 29, 2008, a week after New Hampshire's primary.

South Carolina Republicans have planned a Feb. 2 primary. However, that date could be moved earlier, Dawson says.

Erwin said he's having legal experts look at the plan.

"I want a legal opinion on whether or not a poll worker can deny anyone from voting because they are looking at a list," Erwin said.

Dawson said if the plan runs into a legal challenge, "we'll have to be able to take the arrows and legal backlash."

"If we had registration by party, that problem would be solved," he said.

A U.S. Justice Department spokeswoman on Tuesday could not immediately answer questions about the plan.

Lee Parks, an Atlanta lawyer and Voting Rights Law expert, said it doesn't appear to violate federal law.

"Under the law, you can only participate in one primary," Parks said.

State Rep. Todd Rutherford, D-Columbia, sued the state GOP in 2002 over its primary election plans because the party didn't plan to open every precinct, particularly those in black neighborhoods.

Rutherford is skeptical of the list-swapping plan.

"I think that's dangerous," he said. "What you've got is a non-government entity having a list of people's names saying that they're excluded from voting," Rutherford said. "It's almost like a 'do not fly' list.'"

This "is something we probably need to address legislatively," Rutherford said.

Report Skeptical Of Fraud At Polls (USAT)

By Richard Wolf

USA Today, October 11, 2006

WASHINGTON — At a time when many states are instituting new requirements for voter registration and identification, a preliminary report to the U.S. Election Assistance Commission has found little evidence of the type of polling-place fraud those measures seek to stop.

USA TODAY obtained the report from the commission four months after it was delivered by two consultants hired to write it. The commission has not distributed it publicly.

At least 11 states have approved new rules for independent voter-registration drives or requirements that voters produce specific forms of photo ID at polling places. Several of those laws have been blocked in court, most recently in Arizona last week. The House of Representatives last month approved a photo-ID law, now pending in the Senate.

The bipartisan report by two consultants to the election commission casts doubt on the problem those laws are intended to address. “There is widespread but not unanimous agreement that there is little polling-place fraud, or at least much less than is claimed, including voter impersonation, ‘dead' voters, non-citizen voting and felon voters,” the report says.

The report, prepared by Tova Wang, an elections expert at the Century Foundation think tank, and Job Serebrov, an Arkansas attorney, says most fraud occurs in the absentee ballot process, such as through coercion or forgery. Wang declined to comment on the report, and Serebrov could not be reached for comment.

Others who reviewed the report for the election commission differ on its findings. Jon Greenbaum of the liberal Lawyers' Committee for Civil Rights Under Law says it was convincing. The committee wrote to the commission Friday seeking its release.

Conservatives dispute the research and conclusions. Thor Hearne, counsel to the American Center for Voting Rights, notes that the Justice Department has sued Missouri for having ineligible voters registered, while dead people have turned up on the registration rolls in Michigan. “It is just wrong to say that this isn't a problem,” he says.

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That's one reason the commission decided not to officially release the report. “There was a division of opinion here,” Chairman Paul DeGregorio says. “We've seen places where fraud does occur.”

The consultants found little evidence of that. Barry Weinberg, former deputy chief of the voting section in the Justice Department's civil rights division, reviewed their work. “Fraud at the polling place is generally difficult to pull off,” he says. “It takes a lot of planning and a lot of coordination.”

New Voter Registration Laws Keep Thousands Off The Rolls (USAT)

By Richard Wolf, Usa Today

USA Today, October 11, 2006

WASHINGTON — Some of this year's elections could be decided by those who can't vote.

Across the country, new laws restricting who can register and vote have reduced the number of people who may have voted otherwise. Some of those laws have been blocked in court. Even so, critics say, the damage has been done:

·In Arizona, about 21,000 voter registration applications were rejected because of inadequate proof of citizenship, required under a 2004 law. Most who were affected lacked up-to-date driver's licenses, birth certificates or passports.

A federal appellate court blocked enforcement of the law — which also requires voters to show ID at the polls — last week, four days before the registration deadline. “We're looking at an enormous disparate impact on people of color,” says Linda Brown, executive director of the Arizona Advocacy Network.

·In Florida, a law setting up new requirements for independent groups that register voters prompted the League of Women Voters to suspend registration drives for five months until a court intervened. In that period, the league could have registered thousands of people, The registration deadline is Tuesday. “You've just got to assume it's going to have an impact,” says Dianne Wheatley-Giliotti, the league's state president.

·In Ohio, a law that made paid workers liable for the validity of the registrations they collect caused several groups to stop signing up voters for two months this summer. By the time courts intervened, the opportunity had been lost for thousands of registrations.

The group ACORN, which advocates for low-income families, wanted to sign up 138,000 Ohioans this year; now it will settle for 100,000. “Those were really the critical months,” head organizer Katy Gall says. “In past years, we've met or exceeded our goals.”

Advocates of registration and photo identification laws say they are needed to prevent fraud. They say the rules apply to all potential voters, regardless of race, ethnicity, income or ideology. “This is a matter of voter confidence, whether or not the fraud is real or perceived,” says Indiana Secretary of State Todd Rokita, whose state has one of the nation's strictest ID requirements.

Laws tightening the rules on registrations also have been passed in Colorado, Georgia, Maryland, Missouri, New Mexico and Washington. Laws imposing photo ID requirements at the polls were passed in Georgia and Missouri, but courts have intervened.

Paul DeGregorio, chairman of the Election Assistance Commission, says the laws should not discourage citizens from voting. Far worse, he says, would be for states to ignore problems that cause Americans to distrust the process.

Wendy Weiser of the Brennan Center for Justice at New York University School of Law disagrees. “All of them will have an impact in suppressing votes,” she says. “Even when courts have overturned them, they have ongoing impact.”

Supreme Court Rejects Gay Marriage, Abortion Cases (LAW/AP)

The Associated Press

AP, October 11, 2006

The Supreme Court refused to intervene Tuesday in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed.

The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage.

A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts.

The 9th U.S. Circuit Court of Appeals agreed in May that the couple should await the outcome of the state court challenge.

Last week, a California appeals court upheld the state ban on same-sex weddings. That case appears headed for the California Supreme Court.

A trial judge in San Francisco last year declared the state marriage ban invalid because it violated the civil rights of gays and lesbians.

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Major civil rights groups opposed the federal lawsuit, preferring to fight for recognition of gay marriage in several states before the Supreme Court is asked to weigh in.

The case is Smelt v. Orange County, 06-5742.

COURT REJECTS COMPANION CASE TO 'ROE V. WADE'

The Supreme Court on Tuesday turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago.

Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade.

"We're very disappointed that the Supreme Court has not decided to protect women and children from the harm of abortion," said Allan Parker, one of Cano's attorneys. "The court has aborted the normal regulation of medicine in this area."

Cano says she was a 22-year-old victim of an abusive husband and that her children were in foster care when she sought legal assistance in getting a divorce and in getting her children back.

She said an aggressive attorney pushed her into the abortion case.

"What I received was something I never requested -- the legal right to abort my child," Cano said in an affidavit six years ago.

Her current lawyers' legal brief says that despite advances in medicine, science and technology, the justices have "frozen abortion law based on obsolete 1973 assumptions and prevented the normal regulation of the practice of medicine."

The 11th U.S. Circuit Court of Appeals ruled in January that neither it nor a U.S. District Court had the authority to reverse the Supreme Court's decisions in Doe v. Bolton or Roe v. Wade.

Giving Up Too Much On Choice (WP)

By Ruth Marcus

The Washington Post, October 11, 2006

At the Sioux Falls headquarters of the campaign to repeal Referred Law 6 -- better known as the South Dakota abortion ban -- is a handlettered sign that sums up the opponents' case: "This law simply goes too far."

Yes, it does. But I worry that those fighting to undo the abortion ban have, with the best of intentions, also gone too far in conceding the moral terrain of the abortion debate.

The South Dakota statute is chilling in its remorseless reach. The sole exception to the criminal prohibition on abortions -- doctors would face up to five years in prison for performing them -- is to save the life of the mother. Rape or incest victims, and women whose health would be jeopardized by carrying a pregnancy to term, get no leeway under the statute, passed overwhelmingly in February by the state legislature.

On one level, then, it's little wonder, especially in conservative South Dakota, that the effort to repeal the law -- it's on the November ballot -- has focused on its inflexibility. After all, exceptions for pregnancies that result from rape or incest are a staple of even the most conservative politicians' political platforms -- President Bush, for one; John Thune, South Dakota's Republican senator, for another. Federal law requires Medicaid funding for abortions in cases of rape or incest.

Given that consensus, it's alarming that the vote on repealing the law may be so close. An independent poll in July found 47 percent of voters opposed, 39 percent in favor. But a more recent poll, commissioned by an antiabortion group, showed the gap much narrower, 47 to 44 percent. Four of the eight Republican state senators who had opposed the ban were ousted in primary elections.

So if the campaign against the law echoes the rhetoric usually employed by antiabortion forces, that may be smart politics, at least in the short term. "South Dakotans agree: honor and protect human life, reduce the number of abortions," opens a new television ad by the South Dakota Campaign for Healthy Families. (If you're confused about which side they're on, this is the group opposing the ban.)

Here's the problem, though, with this apologetic approach: What happens next? The decision to submit the ban to voters, rather than challenge the law in court, where it would almost certainly be overturned, carries twin risks -- failure and success.

If the repeal campaign fails, that could incite antiabortion forces elsewhere, not that they need much prodding. The Louisiana legislature passed -- and the Democratic governor signed -- a similar statute this year, to take effect if Roe v. Wade is overturned. Mississippi came close to enacting a South Dakota-like ban; Ohio could be poised to do so in a lame-duck session.

But if, as is more likely, voters reject the law, what happens if and when antiabortion forces come back with a version more palatable to South Dakotans? The July poll showing 47 percent of voters opposed to the ban found that 59 percent would support it with exceptions for rape and incest.

"I've spent a great deal of time and thought wondering if it would have been wiser to write in the exceptions," House Majority Leader Larry Rhoden told the Associated Press. Next time around, I fear, Rhoden and his colleagues will.

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Nancy Keenan, president of NARAL Pro-Choice America, dismisses that worry as "hypothetical," saying that "once the people of South Dakota have spoken, elected officials are going to sit up and take notice." Perhaps, but the history of antiabortion forces hasn't exactly been that they give up easily.

And this is the flaw inherent in the South Dakota strategy. It abandons what for me is the essential question of the abortion rights debate: Who gets to decide? Instead, it silently concedes that this is a matter that can be determined by a legislative majority considering a more situational question: What excuse is good enough -- or, more precisely, what excuse does government deem good enough? Once the argument is framed in those terms, the right to choose as a bedrock guarantee starts to crumble.

Why does this matter? Because contraceptives fail -- and not only in ways that can be remedied by resorting to emergency contraception (not that abortion opponents want to make access to Plan B any easier). Because even the most wanted pregnancies produce tragic genetic anomalies. Because people, teenagers especially, take stupid risks that result in unwanted pregnancies.

Pregnant women in these circumstances face a difficult -- and, yes, even tragic -- decision. But it's a choice that should be theirs, not one that's up for majority vote.

And so I hope the advocates of repeal succeed in overturning the abortion ban. But after that, they will need to figure out how to argue against the next law -- one that, under the terms they have tacitly accepted, doesn't "go too far."

Report Alleges Bias By A Real Estate Giant (NYT)

By Janny Scott

The New York Times, October 11, 2006

The National Fair Housing Alliance, a consortium of 220 groups and individuals working against housing discrimination, charged yesterday that agents in the Brooklyn Heights office of the city's largest residential real estate brokerage, the Corcoran Group, had engaged in discriminatory sales practices, including racial steering and withholding information from African-American clients.

"During our 16 years of existence, the National Fair Housing Alliance has never seen such a literal and blatant example of sales steering," the group wrote in a report detailing its allegations. In that particular instance, the report said, an agent "produced a map of Brooklyn and drew a red outline of the areas in which the white home seeker should consider living." The agent used arrows to indicate neighborhoods that were "changing."

"This racial steering tactic is reminiscent of discriminatory conduct from the 1970's, when real estate agents would go into white neighborhoods with the specific intention of triggering white flight by showing on a map where an African-American family had bought a house," the alliance wrote. "This Corcoran Group agent applied a new trick — he used a map to tell whites instead where they should 'flee to.' "

Pamela Liebman, president and chief executive officer of Corcoran, said in an interview yesterday that her firm "has always been devoted to fair housing" and recently required all of its agents to undergo four hours of training in fair housing law and practices.

She said, "I have never been given the specific charges as they relate to the Corcoran Group and I anxiously await them as we intend to defend ourselves vigorously."

She said she could not comment further on the allegations because she had not seen them.

Shanna L. Smith, president of the alliance, said her group conducted the investigation under contract with the federal Department of Housing and Urban Development, following up on earlier housing discrimination findings in a 2000 H.U.D. report. She said the alliance has filed a complaint with the housing agency against Corcoran and its parent company, NRT Inc. NRT describes itself as the nation's largest residential real estate brokerage firm, with companies in more than 35 metropolitan areas and more than 1,000 offices.

In its report, the alliance said the investigation of the Corcoran office "uncovered blatant housing discrimination against African-Americans, as well as steering of whites away from neighborhoods of color and to Prospect Heights, Park Slope, Windsor Terrace, Cobble Hill, Brooklyn Heights and parts of Carroll Gardens." It said agents withheld from black clients information about incentives, like ways to reduce costs, that it gave to white clients.

The alliance said it conducted the investigation by sending white and African-American "testers" into the office posing as potential home buyers. The black testers were better qualified than the whites, based on income, employment and other factors.

Corcoran announced late last month that it was devoting the month of October to training its agents in the country's fair housing laws, which prohibit discrimination in housing based on race, color, religion, sex, national origin and other factors. Ms. Liebman, who said she received three days' worth of "diversity training" in 2003, said that month of training for agents was initiated before Corcoran knew of the alliance's allegations.

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300 Million (NYT)

The New York Times, October 11, 2006

America's 300 millionth person will be here any day now. The Census Bureau has combined birth, death and immigration rates and expects him or her to arrive in mid-October. No one knows where or how — squalling in a birthing room in Los Angeles, maybe, or darting out of the desert east of Phoenix.

That's too bad, because whoever it is should get a bouquet and a thank-you card. It should be signed by President Bush on behalf of a grateful nation that is buzzing with a youthful energy for which the aging powers of Europe would gladly trade their pension obligations. If the newcomer is an immigrant, he or she should also get an apology from Mr. Bush for the scarcity of worker visas, and a promise to get right on that problem.

Whenever the population odometer hits a huge round number, it creates unease, but we usually get over it. Predictions of planetary famine made the 1968 book "The Population Bomb" a raging bestseller, but today you find it only at garage sales.

The doomsayer's torch has lately been grabbed by cultural sentinels like Patrick Buchanan, whose new book warns that the United States is being reconquered by disease-carrying Latinos. Unless Americans of white European descent can Ziploc the borders and start churning out babies, he says, their age of civilizing domination is done for.

Mr. Buchanan's fantasy is a common one among social conservatives, a supposed era of cultural homogeneity that roughly corresponds with the postwar baby boom. But if you take the longer view of our nation, you will see that it has been fed and nourished by immigrants, and has an iron stomach for seemingly undigestible newcomers.

Mr. Buchanan wants us all to go back to Mayberry, but the retro-future he imagines would have the sedated stillness of a gated community. Or a nursing home, which the rest of the rich, industrialized world — Japan, Italy, Germany and Britain, for instance — is beginning to resemble.

In America, growth and vitality are the same thing. The engine of assimilation hums on, with immigrants' children trading their mother tongues for teenage upspeak with clockwork regularity. Annoyingly brilliant young people, of which we have lots, keep coming up with world-upending ideas like Apple, Google and YouTube.

Our teeming immensity keeps us from going stale, and despite some people's panic attacks, our population issues have mysterious ways of working themselves out. America has big problems, but it also has 300 million reasons to be hopeful.

ANTITRUST:

AT&T-BellSouth Merger Expected To Get OK (AP)

By John Dunbar

AP, October 11, 2006

WASHINGTON -- The Justice Department is expected to approve AT&T Inc.'s buyout of BellSouth Corp. without attaching any conditions to the deal, three people knowledgeable about the matter said Tuesday.

The proposed merger, now valued at about $78 billion, would create a telecommunications giant with both the largest landline and wireless networks in the nation. A Justice Department official declined to comment on the decision, and the sources who disclosed it declined to be identified because the action had not been formally announced.

The Justice Department is expected to approve the buyout Wednesday despite a plea from the chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., and other members of Congress that the deal not be allowed to go through until details related to two previous telecommunications mergers are settled and other concerns are addressed.

Critics say the government is well on its way to reconstituting the old Ma Bell monopoly, which was broken up after years of fighting in the early 1980s.

The department's approval, together with a green light from 18 state governments, would leave the Federal Communications Commission as the lone hurdle to the merger, which has been approved by shareholders of both companies.

An FCC vote is set for Thursday morning, and the outcome is far from certain. Republican Chairman Kevin Martin circulated an order recommending approval of the merger last month and will probably receive support from fellow Republican commissioner Deborah Taylor Tate. However, the two Democrats on the commission, Jonathan Adelstein and Michael Copps, are expected to ask that conditions be placed on the deal.

That leaves Robert McDowell, the third Republican on the commission, who has thus far recused himself in the case. Before joining the FCC, he worked in the telecommunications industry and lobbied in favor of competitors to companies like AT&T and BellSouth.

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would create a company of 300,000 employees with operations in 23 states. AT&T estimates that about 10,000 redundant jobs would be phased out over three years.

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The anticipated Justice Department decision would come just seven months after AT&T announced its intentions on March 5 to buy BellSouth -- a breakneck pace for a merger of its size and scope.

AT&T is already the largest telecommunications company in the United States, reporting $62 billion in revenue in 2005 and serving customers in Texas, California and the Midwest. BellSouth provides service to nine states in the Southeast and reported $34 billion in revenue in 2005.

Both companies say the merger would help eliminate challenges they now face in their dual management of Cingular Wireless, 60 percent of which is owned by AT&T and the rest by BellSouth.

But critics charge the merger would reduce competition and drive up prices in the telecommunications industry.

Two consumers groups -- Consumers Union and the Consumer Federation of America -- have urged the Justice Department to block the deal, warning that increasing consolidation in the telephone industry would boost the prices for local, long-distance and cell phone services. Moreover, they argue, limited choices for phone service -- dovetailing with a similar merger trend in the cable industry -- threatens a reduced variety of broadband Internet services available to consumers.

BellSouth has struggled with recovering from equipment damage and disruptions to its customer base inflicted by Hurricane Katrina. The 2005 storm destroyed 11 of the company's central offices, downed 18,000 telephone poles and incurred costs to BellSouth of up to $900 million.

Associated Press writer Lara Jakes Jordan contributed to this report.

AT&T's BellSouth Purchase To Get Antitrust Approval, People Say (BLOOM)

By James Rowley

Bloomberg, October 11, 2006

Oct. 10 (Bloomberg) -- AT&T Inc.'s $67 billion purchase of BellSouth Corp. will receive U.S. antitrust clearance as early as tomorrow with few or no conditions, people familiar with the matter said.

AT&T, formed last year by SBC Communication Inc.'s takeover of AT&T, is the largest U.S. telephone company. The combination with BellSouth, the third-largest U.S. phone company, would provide service in 22 states.

The Federal Communications Commission is scheduled to vote on the deal two days from now. The FCC typically doesn't act on a takeover before the Justice Department has announced its decision. FCC Chairman Kevin Martin has pushed for approving the transaction without conditions.

Sprint Nextel Corp. and Global Crossing Ltd. have asked the FCC to allow equal access to high-speed networks. Cable operators, such as Cox Communications and Cablevision Systems Corp., have sought conditions from the FCC so their phone customers' calls can be easily connected to AT&T's network.

A Justice Department spokeswoman couldn't immediately be reached for comment.

Justice Near OK Of AT&T-BellSouth Deal With No Restrictions (USAT)

By Paul Davidson, Usa Today

USA Today, October 11, 2006

The Justice Department is expected to clear AT&T's (T) $67 billion purchase of BellSouth (BLS) as early as Wednesday without requiring any divestitures, say people with knowledge of the matter.

Justice could still shift course and require some last-minute concessions, these people say. But the department typically acts on telecom mergers before the Federal Communications Commission, which is scheduled to vote on the deal Thursday.

A Justice decision not to require concessions could embolden FCC Democrats to seek even tougher conditions than they might otherwise, say people with knowledge of the situation. They requested anonymity because Justice has not announced its decision.

FCC Chairman Kevin Martin, a Republican, has recommended approval without conditions.

In the SBC-AT&T and Verizon-MCI (VZ) mergers, Justice forced the companies to let rivals lease their spare fiber-optic lines serving business customers. The department was concerned about 800 or so buildings in which SBC and AT&T, or Verizon and MCI, were the only providers serving big businesses.

A federal judge is scrutinizing the consent decrees signed by the companies in those mergers after suggesting that the leasing requirements did not go far enough.

But AT&T has argued there are only 32 buildings in which both it and BellSouth have duplicate facilities. Even if Justice doesn't require divestitures, the companies could still agree to lease or sell facilities in those areas to win FCC approval.

FCC Democrats also have discussed imposing on the merger similar conditions to those imposed on the SBC and Verizon deals.

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For example, the agency prevented the companies from blocking consumers' access to rival Internet-based phone services or websites for two years.

In the AT&T-BellSouth deal, the Democrats could seek further concessions. For example, they could try to prevent AT&T-BellSouth from discriminating against video rivals, such as Google. That could hinder AT&T's plans to charge websites extra fees to ensure fast delivery of their multimedia content.

FCC Republican Robert McDowell has said he will recuse himself from voting on the merger because he formerly worked for a group that opposed the SBC and Verizon deals. A stalemate between the remaining two Democrats and two Republicans could force the FCC to postpone Thursday's meeting.

Spokesmen for Justice, AT&T and BellSouth declined to comment.

AT&T, BellSouth Expected To Clear Merger Review (WSJ)

By Amy Schatz

The Wall Street Journal, October 11, 2006

WASHINGTON -- The Justice Department is expected to approve AT&T Inc.'s $67 billion purchase of BellSouth Corp. as early as today with few or no conditions, lawyers close to the matter said.

Justice Department officials are expected to say that the merger of the two phone giants doesn't pose significant competitive threats that require divestures, conditions or a consent decree, the lawyers said. The Federal Communications Commission has scheduled a vote to approve the deal tomorrow. A Justice Department spokeswoman declined to comment.

The decisions by the Justice Department and FCC to approve the deal quickly come despite bipartisan requests from some congressional leaders to hold off until a federal judge rules on an antitrust review of the mergers last year of SBC Communications Inc. and AT&T Corp., and Verizon Communications Inc. and MCI Inc.

Opponents of the AT&T/BellSouth deal, including smaller phone companies and consumer groups, have complained the deal will result in higher prices for consumers and high-volume business customers. The fact that the government appears to have few qualms about approving the deal so soon after the Baby Bell mergers last year shows how much the communications industry has changed in the 22 years since the government broke up Ma Bell.

Only four of the five FCC board members are expected to vote; Robert McDowell is expected to be recused.

John R. Wilke

Write to Amy Schatz at Amy.Schatz@wsj.com1

Microsoft Helped Utah Company Finance Legal Battle Over Linux, Investor Says In Court Filing (AP)

By Paul Foy, AP Business Writer

AP, October 11, 2006

SALT LAKE CITY (AP) Microsoft Corp. helped a Utah company raise money for its legal challenge to the open-source Linux operating system, an investor said in a court filing.

In a sworn statement, Lawrence R. Goldfarb, a founder of BayStar Capital Management of Larkspur, Calif., said he invested $50 million in The SCO Group Inc. at the urging of Microsoft executives who promised to guarantee BayStar's investment against any losses.

Goldfarb says Microsoft reneged on the promise. In a statement to The Associated Press, Microsoft denied making any such assurance.

Goldfarb's statement was filed in federal court last week by IBM Corp. as the tech company asked a judge to throw out what remains of a long-running legal battle. SCO sued IBM for $5 billion in 2003, accusing it of donating SCO's proprietary Unix code to Linux developers.

A magistrate, however, has dismissed 182 of SCO's 294 claims against IBM. U.S. District Judge Dale Kimball has scheduled an Oct. 24 hearing to hear SCO's appeal of that ruling.

Goldfarb said he was approached in 2003 by Richard Emerson, a Microsoft senior vice president for strategy, about investing in SCO, ``a company about which I knew little or nothing."

Emerson ``stated that Microsoft wished to promote SCO and its pending lawsuit against IBM and the Linux operating system. But Microsoft did not want to be seen as attacking IBM or Linux. For that reason, Microsoft wanted to further its interest though independent investors like BayStar," Goldfarb said in the five-page declaration.

Microsoft has reason to fear Linux, a freely distributed operating system that is gaining commercial acceptance and market share. Many companies are choosing Linux to power their computer servers. SCO maintains its Unix code has helped make Linux sturdy and reliable.

Goldfarb said he invested $50 million after Emerson and two other Microsoft executives ``assured me that it would in some way guarantee BayStar's investment," though they refused to put the pledge in writing.

SCO attorney David Boies was confident that IBM ``would settle the case fairly quickly," Goldfarb said.

But Goldfarb said he quickly became ``very concerned" about SCO's viability and its ``high cash burn rate."

He believed BayStar's funds were primarily being used to pay a law firm led by Boies, formerly the lead Justice Department lawyer in an antitrust case against Microsoft.

SCO's stock price declined, and Microsoft stopped returning phone calls and e-mails, Goldfarb said. So did Boies's firm.

Goldfarb took steps to salvage BayStar's investment. He said the firm sold preferred shares back to SCO for $13 million and SCO common stock. The court filing didn't make clear whether BayStar was taking a loss on the transactions.

Goldfarb's statement was filed in court to counter SCO's claim that IBM induced him to terminate their relationship.

SCO declined comment Tuesday. The AP could not locate a phone number for Emerson, who no longer works at Microsoft. A spokeswoman for Boies's firm didn't immediately return a message. Goldfarb also didn't answer a message left with his investment firm, now named LRG Capital Group LLC.

In a response to the AP, Microsoft said it had no financial relationship with BayStar and never agreed to guarantee any of the $50 million investment. The company notes that even Goldfarb conceded he had nothing in writing.

SCO's lawsuit against IBM has deepened its losses. The company has spent more than $40 million battling IBM, which shows no sign of agreeing to a settlement.

Buyout Firms Get Antitrust Inquiries, Person Says (Update2) (BLOOM)

By Brett Cole

Bloomberg, October 11, 2006

Oct. 10 (Bloomberg) -- The U.S. Department of Justice has begun an informal antitrust inquiry of private-equity firms and their collaboration on leveraged buyouts, a person familiar with the matter said today.

Justice officials in recent weeks sent letters to firms seeking information about deals and business practices, according to the person, who asked not to be identified because the probe isn't public. Kohlberg Kravis Roberts & Co. and Silver Lake Partners were among those contacted, the Wall Street Journal reported earlier today.

``It's very serious for the buyouts firms as this investigation could last up to a year," Sean Boland, co-chair of the antitrust practice at Washington-based law firm Howrey LLP, said in a telephone interview.

LBO firms have teamed up on $201 billion of acquisitions this year, compared with $31 billion in all of 2001, according to data compiled by London-based Private Equity Intelligence Ltd. In July, the industry's biggest deal was announced, the $33 billion takeover of hospital chain HCA Inc. by KKR, Bain Capital LLC, Merrill Lynch & Co. and HCA co-founder Thomas F. Frist Jr.

Buyout firms form partnerships to spread risk and increase the size of purchases they can make. The Justice Department may be concerned that cooperation among bidders is unfairly pushing down prices, said Robert Burka, an antitrust lawyer at Foley & Lardner in Washington and a former official the Federal Trade Commission.

``This is a new area for antitrust law enforcement," he said.

Legitimate Reasons

Collaboration among firms alone isn't anticompetitive, said Steven Sunshine, a partner at Cadwalader Wickersham & Taft LLP in New York and a former antitrust enforcer at the Justice Department.

``If a bunch of makers of some chemical get together in a room and fix prices, it's criminal," he said. ``The question is whether there is enough of a legitimate reason for private-equity firms to talk to one another such that it is not a naked cartel."

KKR spokeswoman Ruth Pachman and Silver Lake spokesman Matthew Benson declined to comment.

New York-based KKR and Silver Lake, which has offices in New York and Menlo Park, California, have together participated in $23.5 billion of acquisitions since 2005, including the takeover of Royal Philips Electronics NV's semiconductor unit for 7.4 billion euros ($9.4 billion) in August.

Last year, the firms bought Agilent Technologies Inc.'s semiconductor unit for $2.66 billion and joined with five others to acquire SunGard Data Systems Inc. for $11.4 billion.

Buyout firms raise money from institutions such as pension funds and endowments, and use debt to finance about two-third of the price of their acquisitions. Their goal is to improve a company's performance, often through layoffs and other cost reductions, and sell at a profit.

Buy-out Groups To Face Inquiry (FT)

By James Politi And Ben White In New York And Stephanie Kirchgaessner In Washington

Financial Times, October 11, 2006

The US private equity industry was hit on Tuesday by the revelation of a government inquiry into potentially anti-competitive behaviour by some of its top groups.

The Department of Justice investigation appears to focus on whether buy-out groups colluded to keep asset prices down in company auctions, according to industry executives.

In a letter to buy-out groups including Carlyle, Kohlberg Kravis Roberts and Silver Lake Partners the government demanded information about deals dating back to January 2003, people familiar with the requests said on Tuesday.

"The letter asks what deals did we do, who did we work with, when did we find out about them," one person said, suggesting the inquiry was broad and in its early stages.

The DoJ declined to comment, as did Carlyle, KKR, Silver Lake and other private equity groups.

The government inquiry risks damaging the credibility of the private equity industry at a high point of its influence in corporate America.

If it moves forward the inquiry could also raise questions about the role of a number of investment banks that provide advice and finance for private equity deals. The banks could have been witnesses or parties to collusion, or victims.

Buy-out groups have grown into vast private conglomerates but have rarely faced heavy government scrutiny, particularly in the US. In recent months groups such as Texas Pacific, Carlyle and Blackstone have considered creating a private equity trade association to represent their interests in Washington and elsewhere.

Henry T.C. Hu, a University of Texas law professor, said the justice department sent out similar requests for information in 1999 on potential antitrust violations by investment banks underwriting initial public offerings. Nothing came of the probe.

"A lot of these things never end up going anywhere," he said.

The issue of how much competition exists among the top groups in the industry has been debated for several years.

On the one hand private equity firms are in a constant battle to raise ever-larger funds from investors and spend the money as quickly and successfully as possible. On the other hand many of the large buy-out funds maintain that one of the attractions of investing in consortiums to buy large companies rather than midsized ones is that there is limited competition for the assets, which keeps prices down.

It is also extremely rare for private equity groups to bid against each other after the end of an auction. More often they will attempt to buy a slice of the equity from the winning bidder.

Equity Deals Attract Eye Of Justice (NYT)

By Andrew Ross Sorkin

The New York Times, October 11, 2006

Two rival leveraged buyout firms make bids for the same company. At the 11th hour, one firm drops out of the auction, unwilling to pay more.

The remaining buyout firm is declared the winner. A month later, another company is put up for sale — only this time the two firms that had just been fierce competitors have teamed up to bid together for it.

Friendly competition? Or collusion?

That question is what the Justice Department appears to be examining as part of a preliminary inquiry into possible anticompetitive behavior in the clubby private equity industry, according to people briefed on the investigation.

Several of the nation's largest firms, including Kohlberg Kravis Roberts & Company, the Carlyle Group, Clayton, Dubilier & Rice and Silver Lake Partners, have received letters from the Justice Department seeking broad information about their business practices and involvements in auctions going back to 2003.

The letters, sent within the last 10 days, appear to be the beginning of a wide-ranging inquiry into private equity, an industry that has become an increasingly powerful force on Wall Street in recent years but remains relatively unregulated. Of particular concern has been the emergence of consortiums in many big buyouts.

When firms get together to form consortiums, or clubs, as they are known in the industry, to bid on a specific company, that could have the effect of limiting competition and thus artificially depressing the price of takeover bids — and hurting corporate shareholders in the process.

And private equity firms have worked together on other fronts. Kohlberg Kravis and the Texas Pacific Group have been forming a trade association to represent the industry's views in Washington.

The inquiry comes at a time when private equity's grasp has reached into every corner of corporate America. Toys "R" Us, Hertz and Neiman Marcus are among the well-known names owned by private equity.

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Firms have spent hundreds of billions of dollars so far this year on buyouts. Yet that deal-making may have reached its peak. Leveraged buyout prices appear to be reaching record levels, leading some analysts and investors to suggest that valuations have become inflated.

The inquiry also comes only a month after a particularly brutal takeover battle spilled into public view when a group led by Kohlberg Kravis Roberts and Bain Capital tried to jump onto a nearly signed deal between Freescale Semiconductor and a rival private equity group led by Blackstone Group.

The last-minute bid by the Kohlberg Kravis-Bain group pushed the Blackstone Group to pay $1.6 billion more than it had originally agreed to pay.

It was unclear yesterday how widespread the inquiry could be. People who have reviewed the letters, sent by the New York regional office of the Justice Department, described them as being broad and without mention of any specific transaction or auction. They also described the letters as indicating a lack of familiarity with how the industry works.

A response to the letters is completely voluntary; the letters are neither subpoenas nor what is known as civil investigation demands. News of the inquiry was first reported on The Wall Street Journal's Web site.

The firms contacted are expected to hold separate meetings with the Justice Department within the next week to clarify the scope of the information being requested, people involved in the inquiry said.

It is unclear why certain firms received the letters and others — like the Blackstone Group — did not.

Some lawyers involved in the inquiry speculated that the list, which is likely to grow, started with firms mentioned in a newspaper column published in October 2005 that explored the subject of collusion in the industry.

Antitrust lawyers suggested yesterday that it could prove difficult to mount a case against the firms, but allowed that it was possible the Justice Department could find e-mail messages or other documentation of discussions among the firms about bidding.

Proving a case could be difficult because in most auctions the company being bid for, which is typically sophisticated and well advised, has the option to sell or not.

There are also several cases, including the landmark United States v. Morgan in 1953 that held that investors — in that case, underwriters — were allowed to band together to spread risk among several firms.

In many auctions, the seller takes great pains to prevent buyers from colluding. Some recent sellers, like Albertsons, have actually directed the formation of teams themselves to prevent the possibility of one group becoming too powerful.

Sellers have also taken steps to prevent private equity firms from locking up some of the biggest banks to finance their deals, which could make those funds unavailable to other buyers.

Sellers have also begun a practice called staple financing, which is when the bank advising the seller also offers financing to all of the buyers at the same rate. The practice has been questioned because it puts the bank on both sides of the deal, but it also levels the playing field for buyers in an effort to encourage spirited bidding.

Probe Brings 'Club Deals' To Fore (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, October 11, 2006

When hospital operator HCA Inc. announced a deal to be taken private by a trio of private-equity firms earlier this summer for $21.3 billion, the buyers worried that a rival bidding group would crash the party and force the price higher. But no such bid materialized.

At least some of these rivals held off, say people familiar with the decision making, because they feared a competing bid for HCA would open the door for other firms to jump in on the rivals' own, other buyout deals, these people said. (In other words, you don't bid on my deal, I won't bid on yours.)

Such calculations on whether to join forces or face off against competitors have been at the heart of private-equity investing over the last three years. Assessing these rules of engagement in the multibillion-dollar world of corporate buyouts is also part of a new Justice Department inquiry into private equity's auction practices since 2003, according to people familiar with the effort.

The inquiry, reported yesterday by The Wall Street Journal, centers on how groups of private-equity firms conduct their bidding in corporate auctions, according to people familiar with letters sent to buyout firms.

In many of these transactions, powerhouse private-equity firms -- which pool large sums of capital from wealthy investors and institutions -- team up to make bids to take companies private, hoping to cash in by selling them later at a higher price.

The inquiry, run by the Justice Department's antitrust division in Manhattan, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Those receiving letters include Kohlberg Kravis Roberts & Co., Silver

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Lake Partners and Carlyle Group, according to people familiar with the matter, and the list is likely to grow. All three firms declined to comment.

The two-page document is described by someone who has read it as being relatively generic, asking a general set of questions about the firms' bidding history, bidding partners and timing and nature of pricing changes in auctions.

The Justice Department has put a priority on combating business collusion and price-fixing in recent years. But such cases usually proceed as criminal investigations with subpoenas, and the letters that were sent in this instance were non-compulsory requests for information. That suggests the inquiry is at an early stage. The head of the antitrust division's New York office, Ralph Giordano, referred calls to a Justice Department spokesman, who declined to comment.

The Justice Department's antitrust record on Wall Street is mixed at best. Back in the 1950s the Justice Department sued 17 Wall Street investment banks -- then known as Club 17 -- on antitrust charges, but the case was thrown out of federal court.

Today, legal and economic scholars say it would be hard to prove that private-equity shops -- who actively bid share prices higher and not lower -- are colluding to suppress prices of the companies they buy.

Nonetheless, the firms were preparing yesterday for what could be a long legal challenge. The general counsel of one major buyout firm advised employees to preserve documents in case regulators send a request for information. In addition, private-equity attorneys held a conference call yesterday afternoon to discuss strategy and compare notes.

WHO'S WHO IN PRIVATE EQUITY

1 · See a rundown of high-profile private-equity firms, their histories, holdings and biggest deals.2

News of the letters touched off a range of reactions around Wall Street, where the buyout funds have become powerful presences, having paid out some $9.6 billion globally in fees to investment banks year-to-date for advice, capital raising and other activities, according to data analysis firm Dealogic.

If there is going to be any slowdown in deal making, it didn't show up in markets. In the latest multibillion-dollar deal, private-equity firm Texas Pacific Group and one of its investors clinched a deal to buy French television and cellphone transmission business TDF SA.

At least some described the inquiry as an "inevitable" outgrowth of the evolution of the big-ticket buyout game. Wielding smarts, ego and capital, elite firms have clustered at auctions for a virtual buffet of the nation's largest companies: movie chains, satellite operators, newspaper companies, and semiconductor-makers among others.

To pay for such large targets -- with total price-tags of upward of $30 billion -- the firms have in recent years begun to partner into what have come to be known as "club deals." These clubs are largely limited to a handful of buyout firms with roughly more than $10 billion each in capital, such as Kohlberg Kravis Roberts & Co., Blackstone Group, Texas Pacific Group, and the investment arm of Goldman Sachs Group Inc.

These clubbing arrangements present both opportunities and problems for companies on the auction block. On the plus side, they allow for the assembly of the immense pools of cash necessary to bid on a large target in the first place. That in turn helps buyers spread the risk of any one transaction, which is another essential ingredient to making a bid.

Yet inside these clubbing arrangements is a fraught dynamic. While often ferocious competitors, the firms are just as likely to end up co-owners of a number of targets. For instance, two of the buyout world's top firms, Blackstone Group and Carlyle Group, are often on different sides of transactions. For example, when Kinder Morgan Inc. was considering a management buyout involving Carlyle earlier this year, Kinder's board hired Blackstone's advisory arm to evaluate the bid. But they are also bidding together to buy Freescale Semiconductor Inc.

In all, Carlyle has done 20 club deals since 2005, and Texas Pacific Group 25 club deals, according to Dealogic data. Some 44% of all $1 billion-plus buyouts are done in club deals this year.

Legal scholars are far from convinced that any legal case may arise from the inquiry.

"These are hard [cases] to make for a variety of reasons. One of them is an evidentiary reason. There is not going to be a document where somebody says, 'What we really need to do is team up so we can keep the price down," said Todd Henderson a professor at the University of Chicago Law School.

Lauren S. Albert, an attorney at New York's Axinn, Veltrop & Harkrider said that a case was possible given a certain set of conditions. "If a bidder or group was able to bid on its own -- but to avoid competition joined with other bidders capable of bidding on their own -- that could be viewed as unlawful."

One area that could receive significant attention is the use of confidentiality agreements in auction situations. These agreements are designed to contractually hold competing parties to a vow of silence with each other, unless permission is granted by the seller.

Nonetheless, information can leak between these parties and their bankers, at times conveyed in media stories or via a third party. Attorneys suggested yesterday that one point of inquiry could be the investment banks and lending desks of major Wall Street firms who oftentimes will fund multiple bidders in the same auction.

It is these fulcrum points that could at least theoretically keep the flow of information going between two rival groups -- and potentially affect pricing of an auction.

Judge Delivers Split Ruling In Cell Phone Technology Case (AP)

AP, October 11, 2006

LOS ANGELES - Semiconductor maker Qualcomm Inc. violated parts of a patent held by rival Broadcom Corp. that helps cell phones conserve battery power when out of cellular network range, a judge ruled Tuesday.

However, Qualcomm did not infringe two other patents on chips used in cell phones and other wireless devices, according to Charles E. Bullock, an administrative law judge hearing the case in Washington, D.C., on behalf of the International Trade Commission.

Qualcomm had challenged the patents held by Broadcom, but the judge ruled all three patents were valid.

The case was brought to the commission by Broadcom, based in Irvine, Calif.

Qualcomm, based in San Diego, said it would appeal the decision to the full commission as it explored designs to replace the disputed technology.

The judge's ruling will go to the full commission next year for a final determination.

Broadcom said it would ask the commission to review the portion of the ruling that favored Qualcomm.

The rival chip makers have 10 suits and countersuits pending in courts from California to Europe over trade and patent issues relating to technologies that power cell phones, Bluetooth devices and wireless Internet equipment.

Last week, a federal court judge in San Diego ordered the billionaire founders of the feuding companies to face each other behind closed doors to try to resolve their differences. No agreement was struck and the judge was expected to order further sessions.

In August, a federal judge in New Jersey dismissed an antitrust lawsuit filed by Broadcom against Qualcomm. The suit accused Qualcomm of thwarting competition in the market for advanced cell phones and associated chips.

Broadcom contends that Qualcomm's licensing practices are unfair and violate antitrust laws. Broadcom, which has in the past focused on chips for TV cable boxes, is now trying to expand into the cell phone market and asserts Qualcomm is infringing on 18 of its patents.

Qualcomm claims Broadcom is infringing on 10 of its patents to create products using knowledge of stolen technical specifications.

Qualcomm Averts Sanction In Broadcom Chip Spat (WSJ)

By Don Clark

The Wall Street Journal, October 11, 2006

Qualcomm Inc. avoided a tough sanction in a legal skirmish with Broadcom Corp. But the chip makers continue to tangle on multiple fronts and face increasing pressure to reach a settlement.

An International Trade Commission administrative law judge ruled that Qualcomm's chips infringed on a Broadcom patent. Judge Charles Bullock stopped short, however, of recommending that cellphones containing the chips be barred from importation to the U.S. He also ruled that Qualcomm didn't infringe on two other patents that Broadcom had cited.

The possibility of import restrictions against Qualcomm-powered cellphones has spooked the telecommunications industry. Handset makers including Motorola Inc., Samsung Electronics Co., LG Electronics Inc. and Kyocera Corp. could be affected by such a ban. U.S. cellphone service providers also could be affected.

Although the full ITC could contradict the judge's recommendation in a commission ruling expected in February, Qualcomm investors breathed a sigh of relief after yesterday's ruling. Qualcomm's shares were up 83 cents, or 2.3%, to $37.07 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market. Broadcom's shares were down 79 cents, or 2.7% to $28.80 on the Nasdaq.

Louis Lupin, Qualcomm's general counsel, said his company was pleased. The patent that the judge said Qualcomm infringed upon involves a feature for managing power in chips, and Qualcomm should be able to create new chips to avoid that issue, he said.

David Rosmann, Broadcom's vice president of intellectual-property litigation, said the finding of infringement was a victory. "We're very encouraged by that," he said.

Qualcomm, San Diego, sells chips based on a technology called CDMA, for code division multiple access, and licenses patents to cellphone makers and other chip companies.

Broadcom, an Irvine, Calif., maker of communications chips, is a relative newcomer to cellphones. It has unsuccessfully negotiated for a patent license from Qualcomm, which it accuses of demanding unreasonable terms.

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In the meantime, Broadcom has kept up the pressure by filing the ITC action and lawsuits that accuse Qualcomm of violating a total of 18 patents. Though a federal judge in New Jersey dismissed its antitrust suit against Qualcomm, Broadcom is appealing that ruling and is pressing a complaint about Qualcomm with antitrust regulators in Europe.

Qualcomm, which has said its licensing terms are fair, has filed suits that accuse Broadcom of infringing on 10 patents and improperly obtaining trade secrets. Last week, a federal judge in San Diego summoned Qualcomm Chairman Irwin Jacobs and Broadcom Chairman Henry Samueli for talks about settling the companies' legal disputes. The judge ordered the parties not to discuss the talks, but most observers expect a patent-licensing deal eventually.

"We are not trying to keep Broadcom out of the market," Mr. Lupin said. "One would expect a deal would ultimately be reached."

Broadcom's negotiating position could improve if it can convince the full ITC to issue an exclusion order. Lyle Vander Schaaf, an attorney with Bryan Cave LLP who has worked at the ITC, said the full commission regularly disagrees with recommendations of its administrative law judges. Qualcomm and its customers "cannot be popping champagne corks yet," he said.

Carriers that could be affected by restrictions on Qualcomm-powered telephones include Sprint Nextel Corp.; Verizon Wireless, which is a joint venture of Verizon Communications Inc. and Vodafone Group PLC; and Cingular Wireless, which is co-owned by AT&T Inc. and BellSouth Corp.

High Court Hears Case Pitting Telecoms Against Pay-Phone Providers (AP)

By Christopher S. Rugaber, The Associated Press

AP, October 11, 2006

The Supreme Court heard arguments Tuesday in a case that could force telecommunications companies to compensate pay-telephone providers billions of dollars for so-called 10-10-220 calls made by consumers, legal experts said.

The case stems from federal laws and regulations requiring long-distance telephone companies to compensate pay-phone providers for calls that consumers make using special dialing codes, commonly known as 10-10-220 or coinless calls.

Metrophones Telecommunications Inc., based in Washington state, sued Global Crossing Telecommunications Inc. in 2003, alleging that Global Crossing had not fully compensated it for phone calls made from Metrophones pay phones. Metrophones claims Global Crossing owed it $31,330.42 in fees and interest.

While the dollar damages in that particular case are low, at issue is whether companies can sue in federal court over regulatory violations or whether they can only sue over violations of federal laws.

Global Crossing has argued that federal law does not necessarily require long-distance companies to compensate pay-phone providers, but instead directs the Federal Communications Commission to issue rules governing how the pay phone providers would be compensated. Telecom providers Verizon Communications Inc., AT&T Inc. and Sprint Communications have filed briefs in support of Global Crossing.

Tobias Zimmerman, a telecom attorney at the Washington-based law firm Akin, Gump, Strauss Hauer & Feld, wrote on the firm's Web site that a ruling against the telecom giants could run into the billions.

The FCC, in a 2003 order, sided with Metrophones as did the U.S. Solicitor General. Federal appeals courts have issued conflicting opinions, however, with the 9th Circuit Court of Appeals ruling in 2005 that Metrophones could sue in federal court over violations of FCC regulations, while the D.C. Circuit, in a separate case in 2005, found that companies could not.

The justices questioned lawyers for both sides closely during oral arguments. Justice Antonin Scalia expressed concern that if all violations of the FCC's regulations were seen as "unjust and unreasonable" and therefore equivalent to violations of law, numerous suits could be filed in federal courts and could yield contradictory rulings.

The case is Global Crossing Telecommunications Inc. v. Metrophones Telecommunications Inc. (05-705).

Poor Reception After Sprint And Nextel Merge, Customers And Executives Leave (WSJ)

By Amol Sharma

The Wall Street Journal, October 11, 2006

With telecom deal making in full swing around him, Sprint Corp. chief executive Gary Forsee made his own big move last year. His century-old company paid $35 billion to buy a hot rival, Nextel Communications Inc. The deal gave the No. 3 wireless company a big new weapon in telecom's fastest growing market.

But since then, Sprint Nextel Corp. has been losing ground. Millions of its cellphone subscribers have defected to competitors. Its remaining customers have increasingly been switching to less profitable calling plans.

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Yesterday, amid mounting troubles at Sprint Nextel, former Nextel CEO Tim Donahue said he was retiring as executive chairman. The move came just two months after Len Lauer, Sprint's chief operating officer, was let go after the release of dismal financial results. The stock price has fallen more than 30% since the deal closed in August 2005.

The Sprint-Nextel saga shows the perils of consolidation in an intensely competitive field where technology and customer expectations keep changing quickly. Instead of each company fixing the other one's weakness, the problems have just added up.

Nextel executives say Sprint erred by downplaying the Nextel brand. Some top Sprint executives feel duped for buying an aging Nextel network that drops customers' calls. The two companies have yet to combine their cellular networks and management structures. Meanwhile, Sprint has been slow to catch on to important trends in the industry, such as the enormous popularity of Motorola Inc.'s ultrathin Razr phone.

Mr. Forsee concedes that Sprint has stumbled in the short term, though he says it is well-positioned for long-term growth. "We've got one more box left to check, and that's to execute," he said in a recent interview.

Mr. Forsee has had to put together two companies that couldn't have been more different. Sprint, based in Overland Park, Kan., before the deal, was founded at the turn of the 20th century as the Brown Telephone Co. It has its roots in the landline phone business, where many of its top executives, including Mr. Forsee, got their start.

Nextel, whose Reston, Va., offices became the headquarters of the new company, was a wireless pioneer when it started in 1987. Its phones with a walkie-talkie feature quickly became popular with construction workers and security guards. Its employees boasted of the company's entrepreneurial culture, fast decision-making, and penchant to take risks.

The 56-year-old Mr. Forsee moved from BellSouth to take over the top Sprint job in 2003, after Sprint's top two executives were forced out over their use of personal tax shelters. Mr. Forsee had been vice chairman of BellSouth and heir apparent to its chief, so the move came with a big handcuff for Sprint. At BellSouth's insistence, Mr. Forsee was barred from taking part in merger and acquisition discussions for a year.

The timing was tough: Mr. Forsee and Sprint were forced to sit on the sidelines at a crucial moment of consolidation in the industry. In the ensuing months, AT&T Wireless came on the block, and several U.S. and foreign carriers made bids. In early 2004, Cingular acquired AT&T and became the nation's leading carrier, measured by number of subscribers.

Mr. Forsee knew he needed a wireless partner to keep up with the scale of his rivals. Nextel, then the fifth largest carrier, was attractive, because its quickly expanding base of business customers spent, on average, more than $60 a month -- the highest in the industry. The timing of a merger also worked for Nextel's CEO, Mr. Donahue: His company's aging network would be especially hard to upgrade for Internet and data services, seen as the future of the wireless industry. Sprint thought it had the technology to solve that problem.

Problems emerged soon after the deal closed in August 2005. Though Sprint was bigger, Mr. Forsee accepted a "merger of equals," and key personnel and management decisions were made to appease both sides. For example, Nextel executive Barry West became the new chief technology officer, while Sprint executive Kathryn Walker was given the title of chief network officer. Both positions had responsibility for the future of the carrier's network. Such doubling up led to extra bureaucracy that sometimes slowed decision-making, former executives from both companies say.

The two companies also had vastly different organizational structures. Sprint's was divided by which clients were being served -- consumers, government or corporate. Nextel was divided by function, such as sales, distribution, and customer service, no matter what type of customer. Instead of favoring one model, Mr. Forsee combined elements of each, though he now is moving toward the Nextel model.

Friction between the Sprint and Nextel camps began to surface. Starting in the fall of 2005, a series of corporate bonding sessions were held in Overland Park and Reston to try to cultivate ties between the two camps. Nextel employees accused Sprint's managers of being too slow to make decisions and requiring too many layers of approval for everything from budgeting to new product initiatives. Sprint's people said they needed some time to show they could execute, a person who attended one of the sessions said.

One big decision early on was what brand name to use. Some Nextel executives and an outside consultant advised the company to keep the separate brand names, because Sprint and Nextel reached such different markets. But Mr. Forsee decided to blend them into one, with Sprint as the lead and "together with Nextel" as a smaller tagline. Some former executives say Mr. Forsee downplayed Nextel's brand to the company's detriment, contributing to the slow growth on the Nextel side of the business. Months later, acknowledging that the initial branding strategy wasn't working, Mr. Forsee reversed course and began pumping up Nextel's brand in ads once again: A recent print ad touts the brand "Nextel," with "only from Sprint" in a smaller font.

The company had other unforeseen complications. Small regional affiliates of each company, which offer service in small markets under the Sprint and Nextel brands, complained that the merger would violate agreements that barred the national

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carriers from competing in the affiliates' territories. After bitter legal fights, Sprint ended up buying out seven affiliates, costing more than $14 billion and forcing Sprint to incorporate thousands of new employees.

Sprint also inherited a swath of valuable radio spectrum that Nextel had acquired from the federal government. But it came with a price: The company had to meet a Federal Communications Commission mandate to resolve interference problems with emergency-services users such as police and firefighters -- mostly by switching them to other bands. The expected cost was $2.8 billion, but Sprint says it will have spent half that by the end of this year and analysts say the total could ultimately rise, given how much is left to do.

Since mid-2005 the company has been in talks with hundreds of state and local agencies over the costs and logistics. For instance, in the Washington, D.C., area, the carrier has to replace or update about 35,000 radios and negotiate with counties in Maryland and Virginia, several federal law-enforcement agencies, and even the Washington metropolitan transit system. It took almost a year for Sprint to strike an agreement with the lead county in the region, Fairfax, Va., just for $609,000 in planning money. Meanwhile, some of the old first-responder radios have receivers made of crystal. Replacing the crystals to retune the radios to a new band was so difficult that Sprint has begun growing them in a lab.

Worse, the reshuffling of frequencies makes it hard for Sprint to add customers on the Nextel network and is hurting phone reception in some regions because of reduced bandwidth, the company says.

Customers are increasingly complaining about dropped calls and reception problems. Frank McBride, a chauffeur in Los Angeles, says his limousine service started using Nextel phones a few years ago because of the Nextel walkie-talkie function, which allows users to press a button to reach a colleague without making an actual phone call. Mr. McBride says he got another Nextel phone for his personal use, but in the past year has seen a substantial deterioration in phone reception. "It's been dropping calls like crazy and it's getting worse," Mr. McBride says. He plans to change carriers when his phone contract is up next March.

Mr. Forsee has decided the best way to keep all Nextel subscribers happy is to bring them onto Sprint's more reliable network. But to do that he needs to add a Sprint walkie-talkie feature to match Nextel's. That isn't proving easy or cheap, and the company says it won't be able to abandon the Nextel network until at least 2012, instead of 2010 as forecast at the time of the merger. Meanwhile Sprint is scrambling to put out "dual mode" phones for Nextel customers that can take advantage of Sprint's network for phone calls and Nextel's for walkie-talkie functions.

Sprint also has been faulted by some customers and analysts for sparse choice of phone styles and features compared with rival carriers. Nextel phones "are a little short on what they offer," says Shaun Cannon, a Nextel subscriber from Newburgh, N.Y., who is switching to Verizon because he says its phones offer more.

Under Mr. Forsee, Sprint failed to latch onto a major trend in the handset market, the Razr phone. Cingular offered the phone first, in November 2004, heavily marketing it in TV ads. It caught on quickly, and as sales soared, other carriers took notice. By late 2005, Verizon Wireless put out its own Razr. In the past six months, the Razr has been the most popular handset on the U.S. market by far, getting a 10% overall market share, according to surveys conducted by Telephia Inc., which tracks data on the wireless industry.

Sprint decided to back two Razr look-alike phones. In late 2005, the company released the Samsung A900, dubbed "The Blade" by some bloggers. In July of this year, the company put out the Sanyo Katana -- named after the Japanese word for "sword." Both had the same sleek flip-phone design of the Motorola device. But now Mr. Forsee has decided to put the Razr in Sprint's stores later this year as well. "Obviously when that brand caught hold, that's something we wanted to pay attention to," Mr. Forsee says.

Sprint shares tumbled in August after the company reported its second-quarter results, including a 38% drop in earnings caused largely by integration costs. The company said its customer-turnover rate, a figure watched closely in the industry, had stayed flat at 2.1%, almost twice the rate of rival Verizon. Sprint also is signing comparatively few of its new customers to annual contracts.

Trying to calm angry investors, Mr. Forsee last month let go of Mr. Lauer, Sprint's chief operating officer, who oversaw merger integration and was responsible for improving subscriber growth and customer retention. Neither Mr. Lauer nor Mr. Donahue responded to requests for comment on Sprint's fortunes.

Mr. Forsee took on Mr. Lauer's responsibilities. He has ordered an image makeover to stress the reliability of Sprint's network -- under the new slogan "Power Up" -- and demanded higher deposits than before from customers who have a higher credit risk. He also is trying to change the way the company is organized, favoring Nextel's old playbook of giving local managers more autonomy to make important sales and marketing decisions quickly. He has vowed to make the new corporate culture "crazy competitive."

Yesterday's departure of Mr. Donahue, 57, may intensify concerns about the company. Many investors say they have more faith in the managers from the Nextel side of the business, because of the strong results their scrappy operation delivered prior to

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the merger. Mr. Donahue joined Nextel in January 1996 as president and chief operating officer, and is well respected among investors and company insiders. Prior to his position at Nextel, he held positions at AT&T Wireless and McCaw Cellular. As Mr. Donahue made his exit, Sprint also disclosed millions of dollars in deals with companies owned by his brother-in-law, Glenn Grella. The company said that the disclosure, which raised eyebrows among industry observers, wasn't related to Mr. Donahue's retirement and his departure was voluntary.

Mr. Forsee says Sprint has made some progress in the merger. It has closed 168 retail stores and slashed one-third of its directors and officers. By year's end, it will have achieved only $1 billion of the $14.5 billion in savings it has promised investors, but he points out most of the savings were expected to come later.

Mr. Forsee also spun off Sprint's local phone division as a new entity called Embarq Corp., bringing the company closer to focusing solely on wireless service. To try to distinguish Sprint Nextel from competitors, he has announced he plans to spend up to $3 billion to build an entirely new network for wireless data and Internet services using a nascent technology called WiMax. It's meant to deliver Internet connections to laptops, cellphones, PDAs, and other consumer-electronics devices at faster speeds than rivals.

Texas Pacific, AXA To Buy 60% Of France's TDF (WSJ)

By Jason Singer

The Wall Street Journal, October 11, 2006

LONDON -- U.S. private-equity firm Texas Pacific Group and one of its investors has clinched a deal to buy a 60% stake in French television and cellphone transmission business TDF SA for about €3.3 billion ($4.16 billion), according to people close to the deal.

TDF, or Telediffusion de France, transmits TV signals and mobile-phone calls across the country for all carriers. It is controlled by U.K. private-equity firm Charterhouse Capital Partners LLP and French state investment firm Caisse des Dépôts & Consignations, which will together retain a 40% stake, these people added. The deal will bring fresh money into the company, which is seeing strong growth from the transfer of analog TV signals to digital service. Television transmissions account for the bulk of TDF's business.

Get alerts for breaking news -- such as Fed moves, major world events and big mergers -- delivered straight to your desktop. Alerts will appear in a small window on your screen, much like an instant-messaging window. See a sample and get more information.2

Television and cellphone towers have attracted interest from financial investors as the business increasingly has been classified as an infrastructure asset that brings steadily growing revenue. The deal will value the company at about €4.8 billion, including TDF's existing debt. Texas Pacific Group is buying the 60% stake with one of its investors, French insurance giant AXA SA. The insurer is buying about a quarter of the stake, with Texas Pacific taking about a 75% share, these people said.

After the deal, Texas Pacific will hold 42% of the company, CDC will hold 24%, AXA Private Equity 18%, Charterhouse Capital 14% and management and employees 2%. A Texas Pacific spokesman declined to comment. Representatives for TDF, Charterhouse, CDC and Axa Private Equity couldn't be reached.

Dot-Com Boom Echoed In Deal To Buy YouTube (NYT)

By Andrew Ross Sorkin

The New York Times, October 11, 2006

A profitless Web site started by three 20-somethings after a late-night dinner party is sold for more than a billion dollars, instantly turning dozens of its employees into paper millionaires. It sounds like a tale from the late 1990's dot-com bubble, but it happened yesterday.

Google, the online search behemoth, agreed yesterday to pay $1.65 billion in stock for the Web site that came out of that party — YouTube, the video-sharing phenomenon that is the darling of an Internet resurgence known as Web 2.0.

YouTube had been coveted by virtually every big media and technology company, as they seek to tap into a generation of consumers who are viewing 100 million short videos on the site every day. Google is expected to try to make money from YouTube by integrating the site with its search technology and search-based advertising program.

But the purchase price has also invited comparisons to the mind-boggling valuations that were once given to dozens of Silicon Valley companies a decade ago. Like YouTube, those companies were once the Next Big Thing, but some soon folded.

Google, with a market value of $132 billion, can clearly afford to take a gamble with YouTube, but the question remains: How to put a price tag on an unproven business?

"If you believe it's the future of television, it's clearly worth $1.6 billion," Steven A. Ballmer, Microsoft's chief executive, said of YouTube. "If you believe something else, you could write down maybe it's not worth much at all."

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In a conference call to announce the transaction yesterday, there were eerie echoes of the late 1990's boom time. There was no mention of what measures Google used to arrive at the price it agreed to pay. At one point, Google's vice president, David Drummond, gave a cryptic explanation: "We modeled this on a more or less synergistic kind of model. You can imagine this would be hard to do on a stand-alone basis."

The price tag Google paid may simply have been the cost of beating its rivals — Yahoo, Viacom and the News Corporation — to take control of the most sought-after Web site of the moment. It was also perhaps the only price that two YouTube founders, Chad Hurley, 29, and Steven Chen, 28, and their big venture capital backer, Sequoia Capital Partners, were willing to accept, given that they most likely could have continued as an independent company. A third YouTube founder, Jawed Karim, left the company to pursue an advanced degree at Stanford.

The deal came together in a matter of days. After rebuffing a series of other overtures, YouTube's founders decided to have lunch on Wednesday with Google's co-founder, Larry Page, and its chief executive, Eric E. Schmidt. The idea of a deal had been broached a few days earlier. The setting was classic Silicon Valley start-up: a booth at Denny's near YouTube's headquarters in San Bruno, Calif. The Google executives threw out an offer of $1.6 billion and autonomy to continue running the business.

That set off a marathon of meetings and conference calls over the next two days, which kicked into even higher gear on Friday, when news of the talks began to circulate, putting pressure on Google to sign a deal before a rival bid emerged. In fact, the News Corporation sent a letter to YouTube seeking to start talks but never received a response.

"The Google-YouTube deal has to feel a little like the 1990's, but it isn't," said Dmitry Shapiro, chief executive of Veoh, a YouTube competitor that is backed by Time Warner and Michael D. Eisner, the former chairman of Disney. Arguing that online video represents an entirely new medium, he said, "If you knew then what you know now and you had the chance to acquire Amazon or eBay — which weren't making any money either — you would have bought them."

Of course, YouTube has also been compared to Napster, whose music-sharing service was eventually shuttered after a series of lawsuits. While YouTube has made some deals with content providers, including one yesterday with CBS, its users have uploaded millions of copyrighted clips, leading some to question whether Google is inheriting a legal minefield. YouTube has said it is different from the old Napster service because it removes content when a copyright holder complains.

"There are some issues with YouTube," Sumner M. Redstone, chairman of Viacom, said last week on "The Charlie Rose Show." "They use other people's products," he said, alluding to pirated video. "The only way they avoid litigation now is they stop doing it if you call them."

Mark Cuban, who founded Broadcast.com, an early audio and video site that was bought by Yahoo, is even more skeptical of Google's legal position, writing on his blog: "I still think Google lawyers will be a busy, busy bunch. I don't think you can sue Google into oblivion, but as others have mentioned, if Google gets nailed one single time for copyright violation, there are going to be more shareholder lawsuits than Doan's has pills to go with the pile-on copyright suits that follow."

Yet the deal with Google was announced hours after YouTube disclosed deals with entertainment companies that appeared to reduce the risk that it would become mired in copyright disputes.

YouTube is Google's first big acquisition after making a series of much smaller deals for companies, including Pyra Labs, creator of Blogger. Google now joins the Internet's establishment — Yahoo, eBay and Amazon.com, among others — which have all made giant acquisitions to expand their businesses beyond their traditional trade.

But those companies have had mixed results. Yahoo paid $3.6 billion in 1999 for Geocities, a company that allowed users to create their own Web sites; today, MySpace, a social networking site bought by Rupert Murdoch's News Corporation last year for only $580 million, far eclipses it. EBay, on the other hand, acquired PayPal, a rapidly growing start-up that lets people make payments via e-mail, for $1.5 billion in 2002. It now represents more than a third of eBay's revenue.

Rather than pursuing big acquisitions, Google has been known for plowing money into research and development, spending $483.98 million last year, an increase of more than 114 percent over the previous year.

The success of the YouTube acquisition will probably lie in embedding video advertising into the clips that millions of people watch everyday from their computers. So far, YouTube's management has been reluctant to include advertising within clips, for fear of alienating users.

Yesterday, however, Mr. Hurley, one of YouTube's founders, appeared more open to experimenting, saying that he was even considering testing what's known as a pre-roll — a 15-second ad before a clip — something he had long derided as potentially ruining the user experience.

While more marketers have been eager to advertise against online video, some big consumer companies have been reluctant to fully embrace advertising against user-generated content because it is difficult to differentiate good content from offensive material. YouTube has created an assortment of tools for users and content creators to police its site.

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YouTube said it had struck accords to license content from two of the four major music conglomerates — the Universal Music Group and Sony BMG Music Entertainment — and the CBS television network in exchange for a percentage of YouTube's advertising revenue.

YouTube is also expected to use new technology to identify copyrighted material that users have uploaded to the site without permission, and to share ad revenue with media companies that own the video or music content. (YouTube made a similar pact with the Warner Music Group last month, and had a previous advertising deal with NBC in June).

The deals reflect how media companies are rethinking the distribution of their entertainment content online.

The deal with Universal, the world's biggest music corporation, drew particular attention because the company had said it was contemplating a lawsuit against YouTube over copyright issues.

Phil Leigh, the president of Inside Digital Media, said the new arrangements represented "a strong endorsement that the major media companies are going to see YouTube as a legitimate business partner."

Mr. Leigh said that also suggested a rethinking of the approach the companies took to Napster. "It shows that very important, erstwhile reluctant media companies have got religion," he said.

The YouTube alliances also came the same day that Google announced separate deals to license music videos from Sony BMG and Warner.

Under the terms of the deal, YouTube, which has about 60 employees, will retain much of its identity and will keep its name and its office in San Bruno, more than 25 miles from Google's headquarters in Mountain View.

The transaction was announced after the stock market closed. Earlier, Google shares rose 2 percent, to $429, after DealBook, a Web log published by nytimes.com, reported that a deal would be announced at the end of the market day.

Benjamin Schachter, a UBS analyst, wrote in a note to investors. "The price tag of about $1.6 billion is difficult to justify on a spreadsheet and may be somewhat of a throwback to the days of paying for eyeballs and page views, but this is a strategic bet that Google would be placing for a long-term objective: to be the technology and distribution partner for content owners and publishers."

YouTubers Ponder Google (WP)

By Sara Kehaulani Goo

The Washington Post, October 11, 2006

On YouTube, where members are encouraged to express themselves through amateur video, it took only a few hours before they started chiming in on Google's $1.65 billion acquisition of the popular online video site.

Dozens of YouTubers turned their cameras on themselves to share their opinions on the sale, while thousands responded to a video posted yesterday by YouTube founders Chad Hurley and Steve Chen.

The reaction was mixed and displayed a range of emotions, from outrage and accusations that YouTube had sold out to corporate interests to admiration and optimism that Google will improve it.

From his bedroom in Britain, 15-year-old Clive Newstead appeared with his long brown hair hanging in his face, proclaiming that the deal is bad news for video amateurs like him.

"It just wouldn't be quite right. There are people fearing Web sites like Google have way too much influence over the Internet," Newstead said in his video, posted under the screen name "nuodai." He enjoys watching TV shows and movie clips on YouTube and fears that they will go away, he said. "Its good to watch stuff that's been on TV that you can't find anywhere else."

Joel McDonald, 22, of Virginia Beach disagreed, reasoning that Google is a good company that won't mess too much with YouTube. "Google's great at anything they do," McDonald said into the camera at his home. "Google would do a great job at managing YouTube. It would be wonderful and the features would be better."

How things will change has yet to be seen, though Hurley and Chen -- in a video that was recorded outside what appeared to be a T.G.I. Friday's restaurant -- said they were committed to developing a site that remains fun for its users.

"The most compelling part of this is being able to really concentrate on features and functionality for the community," Chen said.

But, in true YouTube fashion, the two founders -- overnight millionaires from a technology deal reminiscent of the late 1990s -- quickly turned silly as they poked fun at a recently posted video featuring hip-hip mogul Sean "Diddy" Combs inside a Burger King restaurant.

"Two kings have gotten together: The king of search and the king of video. We're going to have it our way, salt and pepper," Hurley says, mocking Combs.

Chen walks away from the camera, doubled over, laughing.

"You can't do that. Cut," Hurley says just before the video ends.

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Hurley, 29, and Chen, 26, are likely to make tens of millions of dollars by selling their company, which is just over a year old, to Google in an all-stock deal. Sequoia Capital LLC, the sole venture firm to invest in YouTube, is reported to have made $495 million from its $11.5 million investment in YouTube.

Hurley and Chen will stay with the company, Google said.

How the site will change under Google is unclear. Google executives said Monday that they planned to keep YouTube a separate Web site that would run independently of Google and its own video site, Google Video.

Google and YouTube offered vague descriptions of how they might work together to improve features for users and opportunities for advertisers.

When asked whether YouTube would continue to ban "pre-roll" advertisements that viewers are forced to watch before viewing the video they have selected, Hurley said YouTube was "going to be exploring a lot of options."

That prompted some YouTubers to predict that the site will have a more corporate feel in the coming months. After MySpace.com, the social networking site made popular by teenagers, was sold to Rupert Murdoch's News Corp. last year, some members of that site complained that it was becoming overrun with ads.

A member indentified as "crashomatic" wrote: "i think we are going to have to watch commercials after every 3 video clips or something, but hey its great -- for the guys who started this whole thing."

Another member, with the screen name "redstripedthinker," warned: "do not let youtube get TOO commercialized like myspace. The audience knows when they're being sold to . . ."

In buying YouTube, Google gains a huge social networking community on the Web, something it has been eager to develop without much success. Google's equivalent of MySpace.com, Orkut, is hugely popular in Brazil but not in the United States. Google Video gets about one-fourth the Web traffic as YouTube.

Jennifer Simpson, an analyst with the Yankee Group research firm, said Google should maintain the YouTube community and let its unique culture flourish.

"The younger audience who traditionally have been attracted to social-networking sites will always be fickle and will switch their allegiances to whatever site fits their needs," Simpson said.

A few members made it clear that they would leave the site if there are too many changes. A member who uses the name "peterhk69" wrote: "I see only a few things in the coming months -- more ads, more fees and less fun. Half of us will look for a new place."

Yahoo Feels Breath On Neck (NYT)

By Saul Hansell

The New York Times, October 11, 2006

As Google whips out its fat wallet to buy the video site YouTube, it is making Yahoo look even more out of step with the fast-changing Internet advertising market.

Yahoo itself tried to buy YouTube just a few weeks ago and got as close as negotiating price and terms, according to an executive briefed on the discussions. But the talks broke down, and Google swooped in and closed the deal quickly, just as it has in several recent partnership negotiations. Indeed, many Internet executives are noting just how often Yahoo appears to be late and slow, both in its own business and in negotiations with other companies.

Yahoo would seem to have a strong hand. It is the world's most popular Web site, with more than 400 million monthly users and a major seller of advertising for its own and other sites. It has top Web properties in areas like e-mail messaging and music. And its management team, led by Terry S. Semel, a former Hollywood executive, is well regarded for its skill and financial rigor.

But in recent months the company has suffered some embarrassing setbacks in its sales of both display and Web search advertising. Many advertising industry executives say Yahoo's lead in working with big marketers has eroded as other companies have built up popular Web sites, sales operations and advertising technology.

"Yahoo has lost the favor it enjoyed a year or two ago," said David Cohen, a senior vice president of Universal McCann, a media buying agency of the Interpublic Group. He said his clients were reducing the share of their budgets they allocate to Yahoo in favor of newer sites, like MySpace, and sites developed by big media companies like Viacom.

"There are more players in town, and the others are closing the gap relative to the things Yahoo is good at," Mr. Cohen said.

But the problems at Yahoo go beyond advertising. From video programming to social networking — areas of interest to users and advertisers alike — the company is losing its initiative. And each time a product fails in the market or is late, Yahoo loses some ability to do more deals and hire more talented employees. The shares are down 38 percent this year, sending some employees out the door in search of better shots at stock market wealth.

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Google, in the meantime, is taking advantage of Yahoo's problems to cement crucial deals that could make its rival's recovery even more difficult. Before Google agreed to buy YouTube for $1.65 billion in stock, it paid $1 billion for 5 percent of AOL, locking in the right to sell text ads that appear next to its search results. And it agreed to pay $900 million over three and a half years to sell ads on MySpace.com, giving it a huge number of pages where it can place banner ads. (Yahoo flirted with AOL and bid actively for MySpace.)

With these and other deals, Google has neutralized Yahoo's big competitive advantage on Madison Avenue: its ability to sell the full range of advertising, from splashy video campaigns to text ads on search results.

Joanna Stevens, a spokeswoman for Yahoo, said that no Yahoo executive would comment for this article.

"We feel our business is very strong, even if we are not growing at the rates at which the financial community is expecting us to," Ms. Stevens said. "Of course growth will slow when you already reach one out of two people on the Internet." She said that Yahoo frequently discusses business arrangements with other Internet companies, but declined to discuss any potential negotiations with YouTube.

Yahoo has been stymied because its text advertising business has been largely frozen until it completes a new software system. The upgrade is more than a year late and the delay has sucked up the company's engineering resources and prevented it from developing new advertising products. Yahoo's system produces much less money from every page than Google, a handicap in bidding for advertising deals.

Moreover, Google has grown so much wealthier and has so much more stock market value, it can afford to make deals that would be much more risky for Yahoo, said Jordan Rohan, an analyst for RBC Capital Markets.

Google has $11 billion in cash and a market value of $131 billion, while Yahoo has $4 billion in cash and is worth $34 billion. "In poker terms, Google is the dominating chip stack," Mr. Rohan said.

Some analysts argue that Yahoo needs some bold moves to signal to investors, advertisers and customers its commitment to innovation. Its growth in users is slowing. The United States audience grew just 6.5 percent in September from a year earlier, to 106 million unique visitors, while Google's grew 25 percent.

Yahoo has made several overtures to buy Facebook, a social networking site popular among college students. This would help compensate for the failure of Yahoo's own social network — Yahoo 360 — to find a place in the market. It could also expand Yahoo's appeal to young people, an area in which it has slipped.

But Mr. Rohan said it would be a mistake to respond to the Google-YouTube deal with a big offer for Facebook. "Facebook is a nice small business," he said. "I would prefer they spend less than $1 billion for it."

The company's stumbles are a puzzle, as Mr. Semel is widely considered to have built a mature and disciplined management team. He led the company out of the collapse of the Internet ad market and built a credible Internet search unit after it became clear that Google was more a rival than a partner. But in this market, what was once admirable discipline may now look like timidity.

Yahoo may well be slipping because of the sheer scope of its ambitions. It competes in news with CNN, in sports with ESPN, in e-mail with Microsoft, in instant messaging with AOL, in social networking with MySpace, and of course in searching with Google. And it does so in dozens of countries.

"It's hard to figure out what they want to be when they grow up, even though they are grown up now," said Tim Hanlon, a senior vice president of Denuo, the media futures consulting arm of the Publicis Groupe. "Are they a content company? Are they a services company? Or are they a portal to other things? You ask three people and you may get three different answers."

Current and former Yahoo employees say the company has been bogged down by bureaucracy and internal squabbling. For example, the media group, which handles video programming, and the search group, which has a system to find videos on the Web, both wanted to offer a service for users to upload their own video clips. The search group won, but the delay allowed YouTube, a start-up, to dominate the market.

"When you become Yahoo's size, you become a little complacent, a little fat and happy," said Youssef H. Squali, an analyst for Jefferies & Company.

Companies that try to do deals with Yahoo also say they find it to be slow, demanding and inconsistent in negotiations. The discussions with YouTube floundered, in part, over Yahoo's demands for assurances over how YouTube would handle copyrighted material, concerns that were not so important to Google, the executive briefed on the negotiations said.

"They can't close a deal," said a top executive of a large media company who said he was frustrated because negotiations over a partnership with Yahoo had bogged down. "They are smart guys, but they are having real problems," said the executive, who declined to be identified because his company has other dealings with Yahoo.

Yahoo's faltering image and plunging stock price may also be hurting its ability to recruit talented people. "A lot of entrepreneurs I talk to would rather work for a hypergrowth technology company than what they consider — and this is funny — a stodgy old Internet company," Mr. Squali said.

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Yahoo's existing employees are grumbling that with the stock price so low, many of their options have become worthless. Some Yahoo veterans have bolted for trendier start-ups. For example, Mike Murphy, a longtime ad salesman, is now the chief revenue officer of Facebook, and Gideon Yu, Yahoo's treasurer, quit last month to become chief financial officer of YouTube.

"They woke up and realized they had an attrition problem," said one executive who quit for a start-up this year.

Yahoo has responded by giving substantial raises to favored executives it wants to keep, according to one current executive who spoke on the condition of anonymity because he did not want to jeopardize the raise he received.

Yahoo has also had trouble developing many new offerings that capitalize on the latest trends on the Web and offer innovative formats for advertisers. Many marketers, for example, have become intrigued by the possibilities of weaving their products into the fabric of social networking sites. Even more, they are sponsoring original Internet content, especially video programs.

Two years ago, Yahoo made an expansion in Hollywood in an attempt to produce new video-focused Web sites, but it later backed off from the plan amid internal bickering.

Perhaps the biggest area of strategic confusion for Yahoo is its advertising network, which sells ads on other sites. Its Yahoo Search Marketing division has been falling further and further behind Google in selling text ads on other search sites. Yahoo lost a major source of attractive search pages when MSN began selling its own ads this year. And the Yahoo Publisher Network, which is meant to sell ads on blogs, news sites and other content pages, has languished. Dow Jones, for example, withdrew The Wall Street Journal and other sites out of the Yahoo network this spring, hiring Seevast, a small New York firm, instead.

Moreover, Yahoo has made few moves to expand its ad network to sell other types of advertisements like banners and video commercials, even though it is a leader in selling such ads on its own site. With a plethora of blogs and Web publishers looking to earn money from their efforts, there is a booming business in selling ads for these sites. AOL has made a major play in this field, buying the leading banner network, Advertising.com, and Lightningcast, a video network.

Google has moved to expand its network from text ads to selling banners and video ads, and the YouTube purchase will no doubt accelerate its push into video. Moreover, Google wants to sell ads in print, radio and soon traditional television as well.

"Google is so much ahead," said Peter Hershberg, a managing partner of Reprise Media, a search advertising agency. "Google is going into new channels like video and Yahoo is still trying to fix their core channel."

MySpace Seeks A Wider Relationship With YouTube Victor, Google (WSJ)

By Julia Angwin

The Wall Street Journal, October 11, 2006

News Corp.'s MySpace.com, rebuffed in its effort to bid for YouTube Inc., is seeking to expand its relationship with the company that snatched the video-sharing Web site away, Google Inc.

Google Chief Executive Eric Schmidt and Advertising Sales Vice President Tim Armstrong are expected to meet this week in Los Angeles with News Corp. executives, including Chairman Rupert Murdoch, to discuss new ways of working together. One possibility is to expand Google's recently signed ad deal with social-networking site MySpace to include video advertising on the Web.

"If we can figure out the ways to work with them or integrate with them, that could be really good for us," said Ross Levinsohn, head of News Corp.'s Fox Interactive Media division, which oversees MySpace. He declined to comment on specifics.

Plans for the meeting come just days after Google struck a $1.65 billion deal to buy YouTube, significantly boosting the search titan's presence in the fast-growing Web-video arena. But the deal poses a potential competitive threat to MySpace, which is a direct competitor with YouTube among Web sites that let users post their own content.

At the same time, though, the fates of the competitors are also intertwined. YouTube gets a substantial share of its audience from MySpace users who link to YouTube videos from their MySpace pages. Google also recently signed an ad agreement with MySpace.

Circumstances of the deal upset executives at News Corp. The media conglomerate had sniffed around YouTube several times in recent months, but never made a firm offer because the start-up's executives said it wasn't for sale, say people familiar with the matter.

On Friday, after the news of Google-YouTube negotiations broke, News Corp. sent a letter to YouTube asking for an opportunity to participate in the sale process, the people said. YouTube didn't respond.

In reaction, News Corp. executives over the weekend discussed cutting off the MySpace links to YouTube, according to a person close to the situation. YouTube says that less than 20% of video views on its site come from MySpace.

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It isn't clear whether News Corp. is still contemplating those threats. But a lot is riding on the outcome of Google's discussion with News Corp. executives this week.

Google and MySpace's recently signed joint advertising deal requires Google to provide a minimum of $900 million in ad revenue to News Corp. over the next few years in return for providing search technology and advertising on MySpace and other News Corp. sites. But the pact doesn't include video advertising. Online video advertising is in such hot demand from advertisers that the ad rates are sometimes higher than on broadcast TV. And as the one of the most popular online video sites, YouTube is poised to be a big beneficiary of the video advertising boom.

Although YouTube doesn't currently run advertising within the videos on its site, it has said it intends to expand the advertising it carries. In a conference call announcing the deal with Google, YouTube co-founder Steve Chen said, "We're going to be exploring a lot of options" in video advertising with Google.

News Corp. has also been trying to figure out how to capitalize on the video-advertising boom for some time. It has beefed up the video components of MySpace and even flirted with the idea of building a competitor to YouTube.

Over the summer, News Corp. held discussions with General Electric Co.'s NBC Universal and Viacom Inc. about building their own video portal, according to people familiar with the situation. But the talks are now dormant, these people say. This month, News Corp. announced it would put video clips from its Fox TV shows up on a MySpace section.

Viacom is currently in talks with YouTube about licensing its video content to YouTube. Viacom already has a video-advertising relationship with Google.

ENVIRONMENT:

No E. Coli In Calif. Lettuce, Company Says (WP/AP)

Associated Press

The Washington Post, October 11, 2006

Lettuce from California that was recalled over E. coli fears tested negative for a sometimes-deadly strain of the bacteria, company officials said yesterday.

Nunes Co. said multiple samples from among the more than 8,500 cartons of recalled green leaf lettuce tested negative for pathogenic E. coli O157:H7. That strain is the one responsible for the E. coli outbreak linked to spinach that killed at least three people and sickened 199 others.

The company ordered the recall after irrigation water tested positive for E. coli. Follow-up testing of water samples determined it did not contain the pathogenic strain of the bacteria.

"We are relieved that all results were negative, and we are confident our product is safe," company president Tom Nunes said in a statement.

The Food and Drug Administration is also testing the company's irrigation water. The results should be available late today or tomorrow.

Nunes is based in California's Salinas Valley, the agricultural region at the center of the contaminated-spinach outbreak.

By Monday, Nunes reported it had tracked down all but 250 cartons of the recalled lettuce.

As part of the investigation into the E. coli outbreak spread through spinach, investigators plan to catch wild boar this week and swab them to collect samples to test for the outbreak strain of E. coli, FDA spokeswoman Julie Zawisza said. Investigators have found "a lot of evidence of wild boar" on several of the farms being searched, Kevin Reilly, a top California food safety official, said yesterday.

Set Guidelines For E. Coli (LAT)

The Los Angeles Times, October 11, 2006

THE SALINAS VALLEY GROWER that recalled 8,500 cartons of lettuce this week did all the right things: The company tested its irrigation water, and when it found E. coli, it took its lettuce off the market even before the tests could show whether it was a dangerous strain. But the current E. coli outbreak, the 20th in a decade, indicates that not all farmers take all the steps they should.

Most farms are more careful than most people realize. They regularly test their soil and irrigation water for E. coli and follow other common safety practices. The companies that buy their produce insist on it, and they require audits to back it up. Growers and markets have a powerful built-in incentive not to poison customers.

But how often do farms perform the tests and follow other safety measures? Does every farm do them, and how much is enough? These questions are difficult to answer — but they shouldn't be. Different buyers sometimes require different practices;

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some farms fail to take all the necessary steps. Government-mandated, uniform protocols could go a long way toward avoiding health-related catastrophes.

As long as farming is done outdoors, there is no way to guarantee against E. coli getting on produce. Although the investigation into another recent case, involving spinach contamination, is not complete, agricultural safety experts suspect that it happened in the field, not at the packaging plant, and that it was not caused by the chance droppings of a bird or other wild animal. It appears to have come up through the roots, indicating that the soil or the irrigation water was compromised.

In addition to testing, common safety practices involve locating fields at a distance from livestock operations in order to avoid contamination from manure. If farms use manure as a fertilizer, it's supposed to be pathogen-free, and even then there's generally a waiting period between fertilizing and planting. But not all farms follow all these practices, or to the same extent. In the spinach contamination case, investigators are examining manure from a cattle pasture next to the field. The strain of E. coli found in the manure is the same as that implicated in the deaths of three people who ate the contaminated spinach.

Each time there is an E. coli breakout, the state and the U.S. Food and Drug Administration demand that the industry clean up its act. The industry asks for precise guidelines on what to do, and it gets no answers. Regulators can start by outlining mandatory, common-sense safety practices to protect both public health and farming's reputation.

Courts Mow Down Development Strategy (USAT)

By Tom Kenworthy, Usa Today

USA Today, October 11, 2006

DENVER — The Bush administration's push for more commercial development on federal land in the West is colliding with the environmental legacy of former president Richard Nixon.

In a half-dozen cases since August, federal courts have slapped down the administration's plans to drill for oil and gas in Utah and Alaska, to allow road-building and logging in federal forests, to ease regulation of livestock grazing on public rangeland and to divert water from a Colorado national park.

The judges in each case said the administration failed to comply with a landmark environmental law overwhelmingly passed by Congress and signed by Nixon in 1970 called the National Environmental Policy Act (NEPA).

The law requires government agencies to study potential environmental consequences of federal projects and to allow citizens to comment on those actions. Agencies must prepare "environmental impact statements" that can run hundreds of pages, or issue less extensive "environmental assessments" on minor projects.

In its nearly 40-year history, the law has had a broad impact on how government agencies decide on everything from constructing highways to logging forests to building dams. The Supreme Court noted in a 1989 case: "Simply by focusing ... attention on the environmental consequences of a proposed project, NEPA ensures that important effects will not be overlooked."

In recent months, the law has been an effective tool for environmentalists seeking to block initiatives that would allow commercial activities on hundreds of millions of acres of public land.

"This administration has taken some very risky positions that disregard (NEPA's) legal requirements, and those risks are now coming home to roost," says Robert Dreher, of Defenders of Wildlife, who wrote a 2005 study of the law at the Georgetown Environmental Law & Policy Institute.

James Connaughton, chairman of the White House's Council of Environmental Quality, which oversees implementing the law, says thousands of environmental reviews are performed each year, and less than 1% are challenged in court. "It's extremely rare that cases are litigated, and even rarer that the government loses," he says. The administration won recent challenges to oil and gas drilling in Alaska and New Mexico.

Some government plans blocked by federal courts since August:

· Rules covering nearly 50 million acres of national forest that could have led to road-building, logging and other development. U.S. Magistrate Elizabeth Laporte in California reinstated a Clinton-era ban on nearly all commercial and development activities on land mostly in the West. That leaves so-called roadless areas open to recreational use like hunting, hiking and horseback riding, but not to drilling and logging that require roads.

· Oil and gas drilling near 400,000 acres of wildlife habitat in northern Alaska. U.S. District Judge James Singleton ruled that the Interior Department's plan to drill in the Teshekpuk Lake area of the National Petroleum Reserve had failed to consider the impact on wildlife, particularly caribou.

· A plan by the Bureau of Land Management to sell oil and gas leases in parts of Utah was stopped by U.S. District Judge Dale Kimball. He ruled the agency did not consider an analysis by the Clinton administration that the undeveloped area was pristine and could qualify as wilderness with federal protection if Congress agreed.

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· Rules for grazing on federal land that would allow ranchers more time to correct environmental damage and give them title to improvements such as fences. U.S. District Judge B. Lynn Winmill said the Bureau of Land Management violated NEPA by limiting public comment and by ignoring evidence the rules could harm the rangeland.

· Commercial logging in California's Giant Sequoia National Monument. U.S. District Judge Charles Breyer said the Forest Service plan "trampled the applicable environmental laws," including NEPA.

The Justice Department could appeal these rulings.

Copper Plant Illegally Burned Hazardous Waste, E.P.A. Says (NYT)

By Ralph Blumenthal

The New York Times, October 11, 2006

HOUSTON, Oct. 10 — A bankrupt copper giant facing billions of dollars in pollution claims across the nation pretended for years to recycle metals while illegally burning hazardous waste in a notorious El Paso smelter, according to a newly released Environmental Protection Agency document.

The agency, in a 1998 internal memorandum, said the company, Asarco, and its Corpus Christi subsidiary, Encycle, had a permit to extract metals from hazardous waste products but used that as a cover to burn the waste until the late 1990's, saving the high costs of proper disposal.

Among the more than 5,000 tons the company was accused of misrepresenting as containing metals for reclamation were more than 300 tons of nonmetallic residues from the former Army chemical warfare depot at the Rocky Mountain Arsenal outside Denver. (It is not clear what the arsenal's material contained.)

"This activity, plain and simple, was illegal treatment and disposal of hazardous waste," the environmental agency said in the memorandum, long held confidential but recently obtained by two El Paso environmental groups opposed to the smelter. "Encycle's own business records provide compelling evidence of sham recycling."

There was no response to messages left for an Asarco spokeswoman at corporate offices in Tucson and for the El Paso plant manager. But a company history states, "Asarco is committed to responsible management of our natural resources."

Asarco was founded as the American Smelting and Refining Company in 1899 and was bought by Mexican interests in 1999. It has long faced complaints of contaminating broad swaths of downtown El Paso and borderland areas of Mexico with lead and other dangerous metals, and it has been the target of federal, state and local complaints involving at least 94 sites in 21 states.

But although the environmental agency reached a landmark national $20 million cleanup and penalty settlement with Asarco in 1999, the details of the violations had never been disclosed. The El Paso plant was shut down in 1999, but the company is now seeking permission to reopen it.

The long-confidential records were obtained from the Texas Commission on Environmental Quality through public information requests by the two citizens groups, the Get the Lead Out Coalition and the Sunland Park Grassroots Environmental Group, which provided copies to The New York Times.

"They were supposed to recycle reusable residues," said Heather McMurray, a teacher who requested the records. "They just burned them."

Ms. McMurray said the disclosure came as news to her and other activists who had been opposing Asarco for years with claims that pollutants released by the plant caused untold sickness.

"How could this not have been made public before?" said State Senator Eliot Shapleigh, Democrat of El Paso, who has long campaigned against the company and tracks developments on his Web site. "I was not aware of it."

Mr. Shapleigh added: "In the American West, the modern trail of tears is the lead and arsenic left behind from Asarco."

Michael D. Goodstein, who as a Justice Department environmental lawyer helped negotiate the 1999 settlement with Asarco, said the E.P.A. memorandum detailing Asarco's violations was for internal use and was not meant to become public.

"This was the E.P.A. position, and it was addressed in the enforcement actions and the settlement approved by the judge," Mr. Goodstein, who is out of the government, said in an interview. Although the 122-page settlement does not spell out misdeeds, it commits Asarco to lengthy remedies, including the proper recycling of hazardous waste.

Terry Clawson, a spokesman for the Texas Commission on Environmental Quality, also said, "You can't say this was unknown."

Mr. Clawson pointed to an E.P.A. news release in 1999 that announced the settlement of federal and state claims against Asarco. But the release, while citing the company for "failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices" and accepting "shipments of unmanifested hazardous waste," does not say specifically that the company burned the waste under a subterfuge.

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Although the company has filed for Chapter 11 bankruptcy protection, it is also awaiting action from the Texas commission on an application to renew smelting in El Paso, and it still faces a mountain of litigation and enforcement actions. As recently as August, the Justice Department filed a claim under the bankruptcy proceedings to assure Asarco's compliance with terms of the agreed-upon cleanup at Encycle.

At the same time, Mr. Shapleigh said a tabulation showed that legal claims filed against Asarco amounted to more than $21 billion.

Cleaner Diesel Fuel Is Set To Pump (WSJ)

By Mike Spector

The Wall Street Journal, October 11, 2006

Ultralow-Sulfur Formula Could Cut Reliance on Oil; Economy's 'Invisible Force'

Ultralow-sulfur diesel fuel will start hitting U.S. fuel pumps this month, opening the door for auto makers to expand the use of European diesel technology in U.S. cars and light trucks.

The Bush administration and the Natural Resources Defense Council, an environmental group, yesterday hailed the expected arrival Sunday of ultralow-sulfur diesel fuels and the potential for modern diesel engines to use such fuels to help the U.S. reduce its oil consumption. The new diesel contains 97% less sulfur than the old version, officials said, emitting only 15 parts per million of sulfur, compared with 500 parts per million.

Auto makers -- particularly those that have made substantial investments in diesel-engine technology for Europe -- are gearing up to try to take advantage of the arrival of ultralow-sulfur diesel fuel in the U.S., the world's largest single auto market. The exhaust-scrubbing technology that auto makers have developed to attack the soot and other pollutants that tarnished diesel's reputation in the U.S. needs almost sulfur-free fuel to work properly.

Strict State Rules

DaimlerChrysler AG's Mercedes-Benz brand will start selling its diesel-powered E320 Bluetec sedan in 45 states starting next week. The current model bests the stringent federal emissions standard but falls short of the standard in five states. Mercedes says it will offer further Bluetec models that will meet standards in all 50 states as early as 2008.

"Fuel that's cleaner initially, that's the key to getting more diesels on the road and also meeting emissions requirements," said Mercedes spokesman Rob Moran.

Volkswagen AG, currently the top seller of diesel-engine passenger cars in the U.S., plans to offer new diesel models in 2008 that will meet emissions standards in all states. Other auto makers, including Japan's Honda Motor Co. and U.S. market leader General Motors Corp., have recently announced plans to offer clean-running light-vehicle diesels for the U.S. market over the next two to three years.

Under the rollout, 80% of diesel pumped at U.S. retail stations must be the new ultralow-sulfur type. Officials said they expect as much as 90% of new diesel deliveries to be of the new variety. Ultralow-sulfur diesel will be the only diesel fuel allowed beginning in 2010.

"Diesel is the invisible force that moves the American economy, but until now it has also been a big polluter," said Richard Kassel, head of the NRDC's clean fuels and vehicles project. "Combining the new fuel with cleaner and more energy-efficient engines will mean healthier air and reduce our dependence on oil."

Environmental Protection Agency officials also predicted significant long-term health benefits, including $150 billion in annual health-care and welfare-related savings and 20,000 fewer premature deaths each year.

Until now, diesel has primarily powered trucks and buses in the U.S. Diesel trucks move more than 18 million tons of the nation's freight a day, according to the NRDC. About 14 million Americans ride half a million diesel buses to work and school, the group says.

Pollution vs. Mileage

Diesel has historically been viewed as an environmental problem because burning it produces more pollutants than gasoline. But diesel engines get better mileage than gasoline engines.

Now, Americans could see more diesel engines in passenger cars. Researchers at J.D. Power & Associates predict diesel sales will nearly triple in the next 10 years because of the engine's fuel efficiency -- typically 20% to 40% more miles per gallon than gasoline engines.

In Europe, diesel cars account for nearly half of the car market. In the U.S., diesel-powered passenger cars and light trucks are a niche market, despite recent efforts by VW and DaimlerChrysler to reignite interest in their European diesel engines.

Cost is an issue. In North America, diesel engines could add $2,000 to passenger-car prices, and possibly more, said Charles Freese, GM's executive director of diesel engineering. In addition, after-treatment technology to address nitrous oxide and particulate emissions can run thousands of dollars, he said.

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Large markets such as California and New York have tough emissions standards that many auto makers cannot yet meet. That will remain a major hurdle for production of new diesel-engine vehicles. Toyota, for example, doesn't plan any diesel rollouts in the near future because of those strict standards and will instead stick to its well-selling hybrid vehicles, said Wade Hoyt, a spokesman for Toyota Motor Corp. Toyota does sell diesel-powered passenger cars in Europe.

Low-Sulfur Diesel Fuel Is Reaching Market (NYT)

By Felicity Barringer

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — The biggest revolution in highway fuels since lead was removed from gasoline will be nearly complete on Sunday as a vast majority of trucks and buses will be able to fill their tanks with diesel fuel with just 3 percent of the sulfur content in the older fuel.

Like lead, sulfur generates air pollution that leads to severe health consequences. Like lead, it also gums up the works of fine-tuned pollution control devices, making it exceedingly difficult to produce cleaner-burning engines.

So the new fuel will pave the way for new generations of diesel engines that experts say will eventually cut lethal particulate pollution from diesel tailpipes an estimated 95 percent.

On Tuesday, the Bush administration embraced this signal accomplishment as its own, ignoring the origins of the underlying regulation in the 1990's and the fact that it became effective in December 2000, before President Bush took office.

In a news conference in Columbus, Ind., the headquarters of Cummins Engine, a major manufacturer of diesel engines, the environmental protection administrator, Stephen L. Johnson, said, "Under President Bush's leadership, the pumps are primed to deliver clean diesel and a cleaner future for America."

The new fuel contains 15 parts per million of sulfur, down from the standard of 500 parts per million, thanks to changes in the refining process. As of Sunday, at least 80 percent of the diesel available for trucks and buses has to meet the new standard.

Officials of the environmental agency said Tuesday that the changeover was occurring so swiftly that 90 percent of the fuel would be compatible.

Old diesel engines burning the cleaner fuel will reduce dangerous particulate emissions by 10 percent, experts say. New engines with improved controls, which have to be available by Jan. 1, will cut this particulate pollution by more than 95 percent. The rule mandates more improved engines in 2010. It is unclear how soon existing trucks and buses, which often are in use for more than 10 years, will be turned in for newer models.

The new fuel is expected to cost 3 cents to 5 cents more per gallon. Like many regulations that took effect in the twilight of the Clinton administration, the diesel rule, covering fuel and the seven million trucks and buses on the roads, was temporarily stayed by the Bush administration.

Then the Environmental Protection Agency allowed it to proceed and in 2004 supplemented it with a similar rule requiring tight controls on engines in off-road equipment like cranes, tractors and construction equipment.

Leading environmental groups linked arms with industry in a chorus of praise for the new fuel and engines to follow. They emphasized the health benefits and the novel wording of the rule. Unlike earlier regulations, the new rule links the development of the new fuel to developing cleaner-burning engines. Richard Kassel, a senior lawyer and air-pollution specialist with the Natural Resources Defense Counsel, said that when planning for the rule began in 1995, gasoline-powered cars outnumbered diesel-powered trucks and buses by 190 million to 6.7 million.

The diesel vehicles emitted 43 percent of the smog- and particulate-forming nitrogen oxides and more than two-thirds of the soot. Even though the diesel-produced particulates were 3 percent of the total particulate matter in the air, most of which was from industrial sources, Mr. Kassel added, "tailpipe particulates are coming out right where we breathe."

Mr. Johnson said diesel engines had been the workhorses of the economy and the vehicle fleet.

The relatively high sulfur levels in diesel have been a significant obstacle to producing diesel-powered cars that met federal environmental standards.

Several engine and automobile manufacturers have signaled that more high-mileage diesel-fueled cars, a fixture on European highways, may become available.

Allen Schaeffer, executive director of the Diesel Technology Forum, an industry group, said in a conference call Tuesday that the new standard was also significant because it "opens up the door of possibility" to a new generation of light-duty diesel cars and trucks in the United States in the near future.

The environmental agency estimates that when the current truck and bus fleets have been replaced and all are using the heavy-diesel engines that will become standard-issue next year, the new rule will prevent 8,300 premature deaths annually.

In the Clinton and Bush administrations, the development and roll-out of the diesel rule for trucks and buses has been notable for the cooperation among industry, the government and environmental groups, officials of the three groups have said.

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Margo T. Oge, director of the office of mobile sources in the agency's air division, said Tuesday that the speed with which the new fuel became available had exceeded the agency's expectations.

Carol M. Browner, the administrator who signed the original rule, bristled on Tuesday at the Bush administration's proprietary attitude.

"The best they can do in environmental policy," Ms. Browner asked, "is take credit for someone else's work?"

Biologist Bushwhacks His Way To Court (LAT)

By Bob Pool, Times Staff Writer

The Los Angeles Times, October 11, 2006

He has spent decades working to protect Los Angeles' endangered Ballona Wetlands.

But did environmentalist Roy van de Hoek go too far when he took his pruning shears to a nonnative tree and plants in the Westside nature preserve?

Los Angeles prosecutors say yes. They have filed six vandalism counts against Van de Hoek, alleging that he entered the wetlands without permission and destroyed city parks property when he cut down the invasive plants. If convicted, he could face six years in prison and fines of up to $15,000.

Conservationists who support the veteran ecologist disagree. They assert that the prosecution is simply payback from those who for years have felt the sting of Van de Hoek's activism. The case, they suggest, is designed to scare away others from actively harvesting invasive plants from local nature preserves.

Van de Hoek has not denied cutting the plants. Characterizing the eradication work as a continuation of his years of plant removal in the wetlands, he said he intends to plead not guilty to the charges Thursday in Los Angeles Superior Court. But for now, he has been banned from leading tours and doing rehabilitation work at the wetlands, where Ballona Creek meets the ocean south of Marina del Rey.

"My entire life has been dedicated to conservation, preservation and restoration of endangered species and wild lands," said Van de Hoek, 50, of Playa del Rey.

The proliferation of such vegetation in ecologically sensitive areas has become a major issue with conservationists, who worry that it squeezes out native plants. Though the trend in landscaping has been toward planting native foliage, even natural areas such as the Ballona Wetlands still have many nonnative plants that have taken root over the years, from seeds carried by birds and the wind.

The Friends of Ballona Wetlands, which has assumed a major role in the restoration of the onetime marshy area, has condemned what it calls "its continuing deterioration because of nonnative plant invasions."

The dispute illustrates the deep passions that continue to surround the 600-acre preserve despite what seemed three years ago to be a peaceful conclusion to an emotional 20-year campaign to save the wetlands.

The state agreed in 2003 to spend $140 million to purchase acreage in the wetlands from the developers of Playa Vista. As part of the deal, builders of the residential project scaled back their plans and donated hundreds of additional acres as open space.

But relations have remained strained among some of the nearly two dozen groups that have environmentalist-sounding "Ballona Wetlands" names. Some of the organizations favored a total ban on development to preserve all open space as part of the wetlands. Others preferred fostering a working relationship with developers that would focus preservation on the wettest parts of the land.

That has led to some groups being branded "radical extremists" and others "sellouts."

The misdemeanor criminal complaints were issued by Los Angeles City Atty. Rocky Delgadillo. They allege that Van de Hoek took shears to a pair of city-owned myoporum shrubs without authorization in August 2005 and to a city-owned ficus tree in March.

The charges are not the first for Van de Hoek, a trained biologist who has worked for the federal and local governments. Nine years ago he was convicted of misdemeanor vandalism for cutting down nonnative eucalyptus trees at the federally owned Carrizo Plain National Monument in Central California. He was sentenced to community service: removing nonnative plants from state parkland near Morro Bay.

As his arraignment approaches, the current case remains murkier than the brackish freshwater-saltwater mix that all hope will someday rejuvenate the Ballona Wetlands.

Van de Hoek's supporters insist that the city's parks department has no jurisdiction over the land where the myoporums were allegedly cut because it is owned by the state's Department of Fish and Game.

That agency has issued permits to two environmental groups to weed out invasive vegetation from wetland areas — something that would have covered Van de Hoek if he did remove any shrubs.

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Some suggest that the prosecution is political in nature, a reward to Playa Vista developers who have contributed to Delgadillo and whose project has been a target of Van de Hoek's activism over the years.

Playa Vista President Steve Soboroff scoffs at that notion.

"I donated to Rocky Delgadillo's campaign for attorney general," he said. "But I also donated to Jerry Brown. Playa Vista supported them both."

Soboroff said no one from the 5,846-unit Playa Vista project pushed for Van de Hoek's prosecution.

Nick Velasquez, a spokesman for Delgadillo, also denied that the plant-cutting case was rooted in politics.

Celebrity lawyer Thomas A. Mesereau Jr., who said he is representing Van de Hoek at a discounted fee, strongly disagrees. He complained that Delgadillo's office issued a news release touting the charges, followed by a city-produced "news report" on the city-run cable TV channel.

"It has to be political," Mesereau said. "Why in the world in a city as crime-ridden as Los Angeles, where the city attorney repeatedly talks of stopping gang violence, would something like this occur?"

The television segment riled Van de Hoek's supporters. It depicted a Ballona Wetlands expert condemning what was described as "the ugly shadow of vandalism." But it failed to identify the person as a former Playa Vista consultant, said Marcia Hanscom, a fellow activist who heads the Wetlands Action Network and is Van de Hoek's fiancee.

Others complain that Delgadillo's press statement inaccurately listed the state Department of Fish and Game as an agency that helped conduct a "thorough investigation" that led to Van de Hoek's prosecution.

"To my knowledge, there has been no communication between the city attorney and Fish and Game," said Brad Henderson, who is in charge of the Ballona Wetlands for the agency.

Henderson said officials don't condone plant eradication by rogue do-gooders. However, he did describe Van de Hoek as a "knowledgeable naturalist."

Invasive weeds are considered "one of the top threats to native biodiversity" and something he is seeking additional state money to combat, Henderson said.

Thin, intense and earnest-looking, Van de Hoek is a familiar presence in wetlands and coastal areas.

On sunny days he's often clad in shorts and a floppy straw hat as he makes his way across grasslands and sandy hillocks.

Those who support the city's prosecution say witnesses from the Department of Sanitation had no difficulty recognizing Van de Hoek cutting the shrubs during daylight hours. A nearby resident reportedly saw him cut the ficus, on city parkland at the edge of the wetlands, in predawn hours.

As for Van de Hoek, he said fast-growing nonnatives kill native plants by crowding them out. But he predicted that his own brush with the law won't smother environmentalists' weed-out-the-invaders campaign.

"It may encourage other people to stand up," he said.

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Firm Must Pay Asbestos Costs (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, October 11, 2006

The high court upholds the EPA's claim that W.R. Grace must clean up a Montana mine site.

SEATTLE — The Supreme Court on Tuesday let stand lower court rulings that require W.R. Grace & Co. to pay a $54.5-million federal bill for asbestos cleanup in a Montana mining town described by federal regulators as one of the nation's most contaminated Superfund sites.

The court rejected Grace's appeal of a decision in favor of the Environmental Protection Agency, which sued Grace five years ago to recover the cleanup costs at a vermiculite mine in the town of Libby.

The government is also pursuing a criminal case involving several former executives or managers of the mining company for allegedly concealing health risks at the mine.

That trial will not begin until next year at the earliest.

The asbestos-laden vermiculite, laced into the mountains around Libby, was used as insulation in hundreds of thousands of homes and office buildings.

The mine, which opened in 1939 and was purchased by Grace in 1963, once produced about 80% of the world's supply of the mineral.

Grace operated the mine until 1992, unleashing what the U.S. attorney for Montana, William W. Mercer, described as a "human and environmental tragedy" in the town.

Nearly two-thirds of employees with more than 10 years of service tested positive for lung ailments, according to accompany memorandum written in 1976 by one of the indicted men.

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The cleanup of the town continues, and some residents said the matter would wind up in court again because the ultimate cost of remediation would be much higher than the $54.5 million at issue in the case decided Tuesday.

"It's a small step, really, but it's another step forward," Gayla Benefield, a former bartender and a leader of Grace critics in Libby, said of the court's action. She and her husband have been diagnosed with asbestosis, and her parents died from it.

In its appeals, the company argued that the EPA's efforts in Libby amounted to a long-term rehabilitation of the area, rather than an emergency cleanup.

Under the law, toxic polluters can be forced to repay the EPA the full cost of cleaning up hazardous substances that pose an immediate risk to the public but face more limited charges for such long-term "remediation" of the area.

Grace argued that much of the agency's work was indeed remedial, but the federal courts disagreed and sided with the EPA, which contented that the public health crisis required ongoing action.

"The situation confronting the EPA in Libby is truly extraordinary," the U.S. 9th Circuit Court of Appeals said in December.

About 12,000 residents of Libby and nearby communities "face ongoing, pervasive exposure to asbestos particles being released through documented exposure pathways. We cannot escape the fact that people are sick and dying as a result of this continuing exposure."

For that reason the appeals court, based in San Francisco, upheld a judge's order requiring Grace to repay the EPA's cost for the emergency cleanup.

The EPA "is committed to making polluters pay, and today's decision allows us to continue holding W.R. Grace responsible for cleanup of the contamination in Libby," said Jessica Emond, a spokeswoman for the agency.

During its cleanup over the last several years, the EPA has used vacuum trucks and other equipment to remove vermiculate-laced soil.

Grace, which filed for bankruptcy protection in 2001 under the weight of thousands of asbestos-related claims across the nation, said it has spent millionsof dollars in Libby to help residents address health issues.

An EPA toxicologist once said people in the Libby area had experienced "the most severe residential exposure to a hazardous material this country has ever seen."

The criminal case, tied up in part over legal arguments about admissible evidence, centers on the question of whether company officials knowingly failed to warn workers of the dangers of prolonged exposure to vermiculite.

The 2005 indictments said the officials were criminally negligent, a contention Grace denied. "Though court rules prohibit us from commenting on the merits of the government's charges," the company said in a statement at the time, "we look forward to setting the record straight in a court of law."

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Times staff writer David Savage contributed to this report.

W.R. Grace Must Pay EPA Cleanup Bill (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, October 11, 2006

Having exhausted its appeals, W.R. Grace & Co. must pay $54.5 million to clean up land and buildings around its former Montana mine that has been linked to hundreds of illnesses and deaths from asbestos-related diseases.

The Supreme Court declined yesterday to consider Grace's appeal of lower-court decisions that sided with the Environmental Protection Agency. The EPA sued Grace in 2001 to recover cleanup costs related to the mine in Libby, Mont., which Grace and its predecessors operated between the 1920s and 1990.

The EPA's costs include cleaning or demolishing contaminated buildings, removing contaminated soil, and providing health screening for Libby residents and former mine workers.

Grace will pay the government with reserve funds the company has set aside, said Greg Euston, a spokesman for the Columbia company. The payment should have no bearing on the company's bankruptcy status or its reorganization plan, he said.

The specialty chemicals company filed for Chapter 11 bankruptcy protection in 2001 in response to a rising number of asbestos-related claims.

As of June 30, Grace estimated its environmental liabilities associated with the Libby mine - including the $54.5 million owed to the EPA - at $255.4 million, according to a filing with the Securities and Exchange Commission.

That price tag will likely grow, the company said, because it does not include the cost of cleaning up the mine itself.

The EPA began investigating reports of health problems among Libby residents and former mine workers in 1999. The government estimates 1,200 of 8,000 local residents have died or become sick from exposure to asbestos-laden dust. The vermiculite mined there also was used in insulation in residents' homes and public buildings.

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Criminal charges Grace and seven current and former executives face criminal charges of covering up the extent of the contamination. Their federal trial was supposed to start last month but was delayed until late next year at the earliest, after prosecutors appealed several pretrial rulings.

Grace doesn't dispute it has a financial obligation to clean up the contamination. However, the company challenged the EPA's method of calculating the cost. Grace argued that those costs are capped at $2 million unless an analysis is conducted before the cleanup starts to ensure it is done cost effectively.

The 9th U.S. Circuit Court of Appeals sided with the EPA, and wrote in its Dec. 1, 2005 decision that an "immediate, aggressive response" was necessary and exempt from any cap.

'Extraordinary' "The situation confronting the EPA in Libby is truly extraordinary," wrote Judge M. Margaret McKeown. "We cannot escape the fact that people are sick and dying as a result of this continuing exposure."

In August, Solicitor General Paul D. Clement issued a statement endorsing the appeals court's decision and urging the Supreme Court not to hear the case. The EPA referred calls yesterday to the Justice Department, which did not respond to a request for comment.

Grace stock closed up 5 cents yesterday at $12.70.

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High Court Rejects Cleanup Costs Case (AP)

By Associated Press

AP, October 11, 2006

WASHINGTON – W.R. Grace & Co. lost its bid to the Supreme Court Tuesday to get out from under a $54 million bill to clean up asbestos in the Montana mining town of Libby.

Justices rejected without comment Grace's appeal of rulings that said the company was responsible for the entire cost of removing asbestos-contaminated soil in Libby.

The case pits Grace, which operated a vermiculite mine in Libby for 27 years, against the Environmental Protection Agency, which oversees the Superfund program for the nation's worst hazardous waste sites.

Grace argued in court papers that the EPA had no authority to hand the company the entire cleanup bill, as well as responsibility for future costs. The 9th Circuit U.S. Court of Appeals and a federal district judge sided with EPA, which sued Grace in 2001 to recover cleanup costs.

Grace said others appeals courts have ruled that companies can't be forced to pay the entire cost of cleaning a polluted site without being allowed to challenge whether the cleanup was necessary.

Abortion case reversal

The Supreme Court turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago.

Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in Doe v. Bolton, the lesser-known case which the justices ruled on the same day in 1973 as the landmark Roe v. Wade.

Cano said an aggressive attorney pushed her into the abortion case.

Her current lawyers' legal brief says that despite advances in medicine, science and technology, the justices have "frozen abortion law based on obsolete 1973 assumptions and prevented the normal regulation of the practice of medicine."

The 11th U.S. Circuit Court of Appeals ruled in January that neither it nor a U.S. District Court had the authority to reverse the Supreme Court's decisions in Doe v. Bolton or Roe v. Wade.

Do-not-call challenge

A political polling firm lost a Supreme Court challenge to a North Dakota law that bars telemarketers from making prerecorded interstate calls to the state's residents.

The North Dakota "do-not-call" law says callers cannot use robo-call machines unless a live operator obtains the subscriber's consent before a prerecorded message is delivered.

The Virginia-based political polling firm, FreeEats.com, argued that the North Dakota law is preempted by the federal Telephone Consumer Protection Act, which allows prerecorded non-commercial calls. Justices declined to review a state Supreme Court ruling upholding the law.

Same-sex marriage fight

The Supreme Court refused to intervene in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed.

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The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage.

A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts.

Illegal immigration

Judges and prosecutors make mistakes, a Justice Department lawyer told the Supreme Court, but sometimes those errors are so minor that they don't warrant reversing a conviction in a criminal case.

A jury convicted Juan Resendiz-Ponce of attempting to enter the United States illegally from Mexico. But the 9th Circuit U.S. Court of Appeals overturned Resendiz-Ponce's conviction because his indictment by a grand jury did not set out any specific acts showing how he tried to enter the United States.

The omission was so serious that it required automatic reversal of the conviction, the appellate court said.

Deputy Solicitor General Michael Dreeben told justices Tuesday, however, that Resendiz-Ponce received a fair trial at which the government proved that he had displayed two false pieces of identification in an effort to enter the country. Resendiz-Ponce presented his cousin's green card and driver's license when he approached the border crossing at San Luis, Ariz., on June 1, 2003.

Dreeben conceded that prosecutors should have included more information in the indictment and, when they didn't, the trial judge should have dismissed the charge before the trial began. Even so, he said, the conviction should stand.

Congress Acts To Clean Up The Ocean (CSM)

By Mark Clayton

The Christian Science Monitor, October 11, 2006

A biologically rich coral island chain in the Pacific Ocean northwest of Hawaii, which President Bush designated as a marine national monument, is under assault from floating garbage ranging from plastic bottlecaps to baby diapers.

Hailed by environmentalists as one of the president's most enduring contributions to the environment, the Montana-sized monument includes uninhabited islands home to some 7,000 marine species, at least a quarter of which are found nowhere else on earth.

But the new national monument also resides on the edge what marine scientists call the great "eastern garbage patch": a section of slowly rotating Pacific Ocean currents - or gyre - double the size of Texas that acts as a giant garbage collector.

Sitting between Hawaii and northern California, the patch's sluggish currents wash onto the Northwestern Hawaiian Islands Marine National Monument. That 1,200-mile-long island chain north of Kauai acts as the teeth of a giant comb, straining onto its otherwise pristine beaches and coral reefs floating trash, such as syringes, bags, six-pack rings, and tons of fishing nets and other gear.

Concern about the problem has risen to such a level that Congress has acted on it. On Sept. 27 the House passed a bill that would give a lift to struggling ad-hoc efforts to clear debris from the Northwestern Hawaiian Islands. Their move follows the Senate's approval of the legislation last year. Observers are optimistic that the bill will be finalized, and Mr. Bush will sign it into law after the November election.

It would not be a moment too soon, experts say. About 3 million tons of the trash floating in the garbage patch is plastic, estimates Charles Moore, founder of the Algalita Marine Research Foundation in Long Beach, Ca., who has traversed the gyre on research expeditions.

Samples he collected in a recent study showed that there were more tiny bits of plastic by weight than there were plankton per cubic meter of sea water.

"It's a toilet that never flushes, but just keeps accumulating," he says of the patch. "If you're an organism in this area you have six times as much chance of bumping into something plastic as you do something natural."

Globally, millions of tons of trash enter the ocean each year. Between 60 and 80 percent of it is land-based, washing into streams and rivers and finally the ocean from landfills, storm water discharges, litter, and sewage overflows.

The rest is from ocean-based operations, including fishing gear, junk from oil and offshore mineral exploration, illegal offshore dumping, and shipping containers washed overboard.

A container of thousands of plastic yellow toy ducks bound from China to the US was lost in the Pacific Ocean in 1992, but made news in 2003 when the ducks began washing up in Europe. Examples of trash slopping onto US beaches have included Nike running shoes, Lego building blocks, umbrella handles, and hockey gloves, experts say.

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Old "ghost" fishing nets adrift in the sea and smaller plastic objects are special hazards for marine birds and mammals because birds tend to gobble colored plastic until they die. These hazards can have lasting effects on the monument since many species call the region home.

"Marine debris has a tremendous impact on the monument because of what's there in terms of wildlife," says Seba Sheavly, coordinator of the National Marine Debris Monitoring Program, a program funded by the Environmental Protection Agency. "We have a critical situation for Hawaiian monk seals that are horribly depressed in number. In the very place where the young are learning to fish and play, it's where these old nets get caught."

Animals are not all that get snared. In August 2005, a Russian minisubmarine became snagged in an old fishing net 625 feet below the Pacific Ocean surface before being rescued. Cargo ships with propellers bound up in miles of old net pull into Hawaii for repairs, says Christine Woolaway, the Kalaeloa, Hawaii-based coordinator for the Northwestern Hawaiian Islands cleanup.

But it was the heart-wrenching pictures of animals snarled in plastic packaging and old fishing lines that first grabbed public attention in the 1970s.

As of this past summer at least 130 countries including the US had ratified international agreements. Hundreds of thousands volunteer for regular worldwide beach cleanups sponsored by the Ocean Conservancy, an environmental group that tracks marine debris.

Yet political action, public attention, and cleanup funding have waned in the past decade, overshadowed by issues such as climate change and declining global fisheries. But hurricane Katrina, which pushed tons of debris into the Gulf of Mexico, and the new national monument, have helped give the issue some attention.

A debris-marine bill sponsored by Sens. Daniel Inouye (D) of Hawaii and Ted Stevens (R) of Alaska, was approved by the Senate last year.

Then, last month, the House unanimously approved the legislation, which sends $15 million and a mandate to the National Oceanic and Atmospheric Administration, US Coast Guard, and other agencies to rev up their garbage compactors.

It also provides modest grant funds for research, sets up a trash-tracking database, and mandates that federal agencies educate the public.

"We need some help, that's for sure, because there's more debris out there on those islands than any one agency can handle," says Ms. Woolaway.

Since 1995, at least 680 tons have been removed in the cleanup along the islands - much of it in old nets. With little landfill space in Hawaii, an automotive salvage company shreds the nets with the residue burned to make electricity in an electric company boiler.

But even after a thorough cleanup, the next year tons more debris wash ashore from the eastern garbage patch.

"Every single piece of trash on the beach or in the water has a person's face behind it - it's that simple," Ms. Sheavly says. "The cigarette lighters, shampoo bottles - the animals on the island didn't do that. It comes from improper waste management practices. This is a fixable problem, and the answer is simple: We've got to have more awareness and give people an opportunity to change their behavior."

FBI/DEA/ATF/USMS:

Police Officer Among 6 Charged In Drug Sting (SLPD)

By Heather Ratcliffe

St. Louis Post-Dispatch, October 11, 2006

Bobby Wood figured he could make more money if he stole dope from his supplier rather than pay for it, federal officials said Friday, so he enlisted a corrupt cop and a towing company owner to intercept couriers carrying cocaine.

The FBI spent more than a year watching them, officials revealed Friday in announcing charges against six men that accuse them of trafficking in more than $2.4 million worth of cocaine.

U.S. Attorney Catherine Hanaway said the alleged leader, Wood, 37, arranged for out-of-state couriers to drive through Hillsdale, where police Sgt. Christopher Cornell would stop the vehicles and arrest the drivers.

Bruce Gales, 36, owner of Galez Towing and Recovery in Wellston, took the couriers' cars away and then stole the drugs from hidden compartments, the indictments say. Gales allegedly received at least $35,000 for his role.

Wood paid Cornell $200 to $1,000 each time the officer detained a drug courier, according to the indictments.

Wood arranged to steal the drugs so he would not have to pay the couriers, Hanaway said.

"It saddens me a great deal any time we have to charge a police officer with abusing his authority," Hanaway said at a news conference. "It's sad when we find a police officer cooperating with drug dealers."

Wood, Cornell and Gales were named in the indictments, along with their alleged distributors - Mark Bonds, 43, and Mario Lucas, 35, both of north St. Louis County, and Christopher L. Jones of O'Fallon, Mo. Each is charged with one felony count of conspiracy to distribute cocaine.

In addition, Wood, of the 1300 block of Woodruff Avenue in Pagedale, was indicted on a charge of conspiracy to commit money laundering. Gales also faces charges of attempting to possess cocaine with intent to distribute, using a communication device to facilitate a felony and conspiracy to commit money laundering. Cornell was charged with attempting to possess cocaine with intent to distribute and use of a communication device to facilitate a felony.

Gales, of the 200 block of Houshang Lane in St. Louis County, is also under investigation by the Missouri attorney general's office for unrelated accusations of overcharging customers.

Federal prosecutors are seeking forfeiture orders against several of the defendants to recover cash and expensive vehicles allegedly purchased with the drug profits - including a 2003 Mercedes-Benz, 2003 Land Rover and several customized cars.

Hanaway said the group bought and sold cars and motorcycles to launder their money so authorities did not know it was tied to drugs. Investigators with the Internal Revenue Service said they dissected the suspects' financial affairs to find the drug money.

Roland Corvington, the FBI special agent in charge at St. Louis, said the probe began in the spring of 2005, after an informer tipped off a St. Louis city police officer assigned to work with the FBI. Authorities used a wiretap and surveillance to document drug activities for more than a year, Corvington said. The drug ring used safe houses to store and distribute the cocaine, according to the indictments. The suspects communicated with cell phones in other people's names.

In August, a federal agent videotaped a pre-arranged traffic stop in which Cornell stopped an FBI informer posing as a drug trafficker. After the officer took away the driver, agents watched Gales and Wood take a duffel bag from the car.

On Friday, all but one of the defendants were arrested or surrendered to federal authorities. Police were still looking for Jones, of the 100 block of Jacobs Way.

Hillsdale Police Sergeant, Five Others Indicted On Drug Charges (SLBIZ)

St. Louis Business Journal, October 11, 2006

Galez Towing and Recovery owner Bruce Gales, Hillsdale Police Sgt. Christopher Cornell and four others were indicted on multiple drug trafficking charges, federal officials said Friday.

The indictment alleges that beginning in January 2005 and continuing to the present, six defendants -- Robert Wood III, Mark Bonds, Mario Lucas, Christopher Jones, Gales and Cornell -- were involved in the distribution of about 120 kilograms of cocaine throughout the St. Louis area, generating about $2.4 million in drug proceeds.

Wood would arrange for the transportation; Bonds, Lucas and Jones were local distributors, according to a release from U.S. Attorney Catherine Hanaway.

As a part of the conspiracy, Wood, Gales and Cornell allegedly would, on occasion, steal cocaine from couriers by arranging for Cornell to arrest the couriers, and while the courier was being processed by Cornell, would break into the vehicle and take the cocaine. A money laundering count of the indictment alleges that transactions were made by Wood to conceal the nature, location, source and control of the proceeds of the conspiracy.

There is also a forfeiture count that seeks a money judgment of $2.4 million and certain specific property including a 2003 Mercedes Benz, a 2003 Land Rover, several customized cars and more than $140,000 in cash.

All defendants were indicted on one felony count of conspiracy to distribute cocaine. Address information and additional charges for some defendants are listed below:

Robert Wood, III, also known as Bobby Wood, 37, of the 1300 block Woodruff in Jennings, Mo.; one felony count of conspiracy to commit money laundering and a forfeiture count;

Mark Bonds, also known as Marco Bonds, 43, of the 5100 block Delcastle in Florissant, Mo., a forfeiture count.

Mario Lucas, also known as Mooney, 35, of the 1200 block Spartina in Florissant, Mo.;

Christopher Jones of the 100 block of Jacobs Way in O'Fallon, Mo.;

Bruce Gales, 36, 200 block of Houshang, Florissant, Mo; one felony count of attempt to possess with intent to distribute cocaine, one count of use of a communication device to facilitate a felony, one count of conspiracy to commit money laundering and a forfeiture count; and

Christopher Marcel Cornell, 44, 5400 block of Maple, St. Louis, one felony count of attempt to possess with intent to distribute cocaine and one count of use of a communication device to facilitate a felony.

If convicted, each defendant faces up to life in prison and/or fines up to $4 million.

ACROSS MISSOURI (KCS)

The Kansas City Star, October 11, 2006

ST. LOUIS | Grave for fetus found at defendant's home

Investigators have found a marked grave for a baby at the home of the woman accused of attacking a mother in her east-central Missouri home and kidnapping her baby. Franklin County Sheriff Gary Toelke announced Friday that the marked grave at Shannon Torrez's home near Lonedell was for a fetus that apparently died in 2000. Torrez, 36, remains jailed on $1 million bond after pleading not guilty. She allegedly slashed the throat of Stephenie Ochsenbine, 21, and abducted her week-old baby, Abby.

JEFFERSON CITY | SOS for mental health workers

The state's mental health director said Friday he was turning to temporary workers to help fill an "alarming" number of employee vacancies at a facility for the developmentally disabled. Ron Dittemore, interim director of the state Department of Mental Health, said about 70 of the 460 direct-care positions are vacant at Marshall Habilitation Center. The department has been unable to fill them through advertising, job fairs and recruitment efforts.

ST. LOUIS | Charges in shooting of officer

A St. Louis man was charged Friday with aggravated assault, armed criminal action and unlawful use of a weapon for allegedly shooting and wounding a St. Louis police officer. Patrick Moore, 22, was arrested Thursday at his girlfriend's house in the shooting of Officer Justin Johnson, 30. Police were seeking at least two others in the case.

ST. LOUIS | Indictments allege cocaine conspiracy

A suburban St. Louis police officer and a tow truck company owner have been indicted for allegedly running a cocaine distribution conspiracy. U.S. Attorney Catherine Hanaway announced Friday that Hillsdale Police Sgt. Christopher Cornell and businessman Bruce Gales carried out a scheme to steal cocaine from drug runners and then sell it.

SPRINGFIELD | Preliminary hearing could be delayed

Prosecutors said Thursday they would ask a court to delay a Monday preliminary hearing in a child sex abuse case against two southwest Missouri church leaders. The move came after the defense filed a motion to dismiss the charges because of the statute of limitations. Four church leaders in McDonald County and the pastor of an affiliated church in neighboring Newton County face felony counts for allegedly abusing girls from their congregations as far back as the late 1970s, sometimes as part of a ritual or ceremony. Defense attorney Robert Evenson is seeking dismissal of charges against brothers Tom Epling, 51, and Paul Epling, 53, arguing the counts were past the statute of limitations.

Online Pill Sales Lead To Arrests (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, October 11, 2006

Baltimore pharmacy accused of selling Vicodin without valid prescriptions

Before federal agents arrested its owners yesterday, Baltimore's Newcare pharmacy appeared to be a phenomenal success.

The prescription drug distributor ordered 4,200 doses of the painkiller hydrocodone in 2003. In 2004, the orders bumped up slightly, prosecutors said in federal court.

Suddenly, sales skyrocketed into the millions. And this year, authorities said, the Northeast Baltimore company had already bought 4.8 million doses of the drug, commonly known as Vicodin.

But according to prosecutors, the amazing performance concealed a lucrative cybercrime: The company sold more than $20 million worth of the painkiller to Internet customers without legitimate prescriptions.

Federal drug agents fanned across the region early yesterday, charging Newcare's owners, seizing their expansive suburban homes in Harford County, locking up their luxury cars and shutting down their multiple bank accounts.

Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office, said the operation at Newcare sparked the largest federal pharmaceutical drug investigation in the state's history.

"It's not like [they had] to go out onto the street," Kotowski said of Newcare's customers. "Everything is very discreet. You just go online. It's no different than buying a book on Amazon."

Like Quaaludes and Valium in the 1970s, Vicodin's illicit use has been treated recently by playwrights, novelists and screenwriters as a less dangerous, and more socially acceptable, way for characters to relieve life's pressures without resorting to heroin or cocaine.

On the Fox television show House, the irritable but brilliant Dr. Gregory House has suffered from chronic pain and battled an addiction to Vicodin.

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But the increasing problem of illegal sales of prescription drugs online has also worried drug enforcement agents and anti-drug abuse advocates alike.

DEA Administrator Karen P. Tandy told Congress in April that her agency had initiated 100 new Internet investigations involving the online sales of prescription drugs during the last fiscal year, arresting 62 people and seizing $44 million in cash, property, computers and bank account assets.

In the DEA's Operation Cyberchase, agents targeted about 200 Web sites alleged to have illegally sold prescription drugs and arrested 25 people in the United States, Asia, Europe, and the Caribbean.

Some advocates for more regulation said not enough has been done.

For the third year in a row, the number of Web sites selling controlled prescription drugs such as OxyContin, Vicodin, Xanax, Valium and Ritalin has increased, according to a June report released by the National Center on Addiction and Substance Abuse at Columbia University.

The report found that 89 percent of those Web sites selling controlled prescription drugs do not require prescriptions. Of those sites not requiring prescriptions, 30 percent advertised that no prescription was needed, 60 percent offered "online consultations" and 10 percent made no mention of a prescription.

"Any child can get, without a prescription, highly addictive controlled substances like OxyContin, Valium and Ritalin from Internet drug pushers," CASA Chairman Joseph A. Califano Jr., a former U.S. health secretary, said at the time. "The trend of teen 'pharming parties' will continue to increase as long as these drugs are so easy to obtain."

Califano's organization is calling for tighter federal laws to prohibit Internet sale or purchase of these drugs without original prescriptions based on a physician's examination. CASA also wants Internet search engines, financial institutions and shipping companies to help establish a national clearinghouse to catch rogue Internet pharmacies.

Now shuttered, Newcare is in the 3400 block of Sinclair Lane at a busy industrial intersection across from an auto parts store and flanked by a medical office and a heating-cooling business.

Yesterday, its owners - pharmacists Steven Abiodun Sodipo, 50, of Forest Hill and Callixtus Onigbo Nwaehiri, 48, of Jarrettsville - made an initial appearance in U.S. District Court in Baltimore on drug and money-laundering conspiracy charges.

According to state records, Sodipo has been a licensed pharmacist in Maryland since 1988 and Nwaehiri since 1986.

They were joined in the indictment, which was unsealed yesterday, by Ahmed Alhaji Abdulrazaaq, 48, of Forest Hill. Federal authorities described Abdulrazaaq as one of two people who assisted with the illegal financial transactions.

Sodipo, Nwaehiri and Abdulrazaaq were held in custody until a detention hearing scheduled for tomorrow.

A fourth defendant, Nannette C. Patterson, 48, of Baltimore, is expected to turn herself in to authorities today.

Outside Newcare, DEA agents worked into the evening yesterday near a U-Haul truck and about 10 cars parked at the rear of the light-brown, one-story brick building. Blinds on the building's windows were closed, and the double-door entrance was locked.

More than 308,000 hydrocodone tablets were confiscated from Newcare with a estimated street value of $1.5 million, law enforcement officials said. The pharmacy, which was not opened to walk-in retail customers, was the top buyer of hydrocodone in the state, according to the DEA.

Also yesterday, federal agents in New Orleans shut down an Internet pharmacy they allege bought and sold millions of doses of hydrocodone last year. DEA officials in Baltimore said they could not comment on whether the two investigations are connected.

Prosecutors in Baltimore moved yesterday to seize assets equal to $20 million in illegal drugs sales they say were sold at a 300 percent markup since 2005.

As part of the forfeiture, they targeted 18 bank accounts; 10 vehicles, including a Jaguar, Lexus and Mercedes-Benz; and five properties - three in Baltimore and two in Harford County. Kotowski described the pharmacists' suburban homes - one is more than 8,000 square feet and the other almost 6,000 square feet - as plush.

"When I worked in Miami, I saw some wild places. But this one was up there," he said of Sodipo's eight-bedroom house on Nora Court.

Hydrocodone, the drug at the center of the joint local and federal investigation of Newcare, is also sold under brand names that include Lortab, Lorcet and Zydone. An orally active analgesic, it can be as powerful as morphine.

Legitimate production of the drug increased fourfold in the 1990s, triggering a concurrent rise in illegal use, according to the DEA. About 20 tons of hydrocodone products are used annually in the United States.

Maryland has seen substance abuse treatment admissions for narcotic pain relievers, including hydrocodone, nearly triple in recent years, according to a May report from the Center on Substance Abuse Research at the University of Maryland, College Park.

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Armas Bond Hearing Today (RNT)

Rome (GA) News-Tribune, October 11, 2006

A bond hearing is set in federal court today for Rome businessman Mario Enrique Armas, who pleaded not guilty Oct. 5 to charges of money laundering and possession with intent to distribute more than a ton of marijuana.

Beginning at 4:15 p.m. Armas and his defense team will present witnesses to U.S. District Magistrate Judge Walter L. Johnson showing reason why he should be allowed to return home before his trial.

A federal indictment and search warrant accuses Armas, aka Mario Doninelli, 45, who owns multiple businesses and properties in the Rome area, of conspiring with two Rockmart men in trafficking more than 2,200 pounds of marijuana and money laundering at least $2 million generated by Northwest Georgia drug sales.

Armas was arrested last Thursday, culminating what officials said was a two-year investigation by the Federal Bureau of Investigation, the Drug Enforcement Agency and the Internal Revenue Service's Criminal Investigations Division.

To transport the marijuana, according to court documents, the coconspirators traveled with a horse trailer to Arizona, where hundreds of thousands of dollars allegedly provided by Armas were used to buy marijuana that was then transported back in the trailer to Georgia and sold.

Armas allegedly was the principal financier for the purchases, using his business, N&A Corporation, as a front for illegal activity, according to U.S. Attorney David E. Nahmias.

Kevin Redstrom and Lonnie Merren, both of Rockmart, have also been indicted. Prosecutors say they were money couriers for Armas. Neither of the pair has been arrested, but they are not considered fugitives, authorities say.

Here are some legal documents in this case. Some names in these documents have been redacted by the federal government.

Border Crossing Goes Awry When Man Gets Stuck In Tunnel Exit (SDUT)

By Debbi Farr Baker, Angelica Martinez, And Karen Kucher, Union-tribune Breaking News Team

The San Diego Union-Tribune, October 10, 2006

SAN DIEGO – Fourteen people trying to enter the United States through a storm drain tunnel in Otay Mesa ran into a glitch Tuesday morning, when the third person exiting the narrow opening became stuck.

Border Patrol agents using a stationary surveillance camera near the tunnel's exit in an industrial lot on Via De La Amistad spotted the first two people as they emerged from the tunnel shortly after 7 a.m.

They then discovered a man stuck in the tunnel, his hips wedged tightly in the concrete opening.

San Diego Fire Department crews, responding to a request that came in at 7:14 a.m., covered the man in blankets and chipped away at the opening. "The challenge was that the tunnel itself was partly concrete," said Maurice Luque, a fire department spokesman.

Around 8:48 a.m., crews pulled the man out of the hole and then helped two other men and two women out of the tunnel. All were covered with gray dust.

They were checked by medical personnel. One of the women was taken to a hospital for evaluation, while the rest were taken to a detention center.

Officials said the other seven people in the tunnel went back to Mexico. Officials on that side of the border checked and found that all of them had made it out.

Border Patrol officials suspect the seven who emerged from the tunnel are undocumented immigrants, said Lauren Mack, Immigration and Customs Enforcement spokeswoman. The group will be processed for deportation, she said.

Officials say the group broke into the storm drain system on the Mexican side of the border and traveled through the pipe into the United States.

The incident began when Border Patrol agents spotted a group of about 14 people gathering on the south side of the border fence, in Mexico, around 6:50 a.m. The group appeared as though they were getting ready to cross.

Shortly thereafter, agents spotted two people coming up out of the ground north of the secondary border fence, said Border Patrol spokesman Robert Harvey. Those two were apprehended, he said.

"At that point, we realized there were people still stuck in the tunnel," Harvey said.

The group traveled some 40 yards from the U.S. border through the narrow opening, which was only about two to three feet high and wide. Most of the tunnel's length is on the U.S. side.

It is not known how long they were in the tunnel. They came out in a lot on the property of Air Liquide company.

In recent months, several undocumented immigrants have been found using the sewer system to illegally enter the U.S.

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The illegal crossers “are digging small gopher-type holes on the Mexican side of the border and they are climbing into the holes and tapping into the storm drain system,” Mack said. “Then they are using the system to find a manhole to get out on the U.S. side.”

The San Diego Tunnel Task Force has been working with Mexican authorities to investigate the crossings since they learned of them about three months ago, she said. The task force is made up of agents from the Border Patrol, Immigration and Customs Enforcement and the Drug Enforcement Administration.

Border Patrol spokesman James Jacques said the Border Patrol has discovered 23 tunnels in the last 10 years in the San Diego sector, with 12 of those found in the last 12 months, not counting the one found Tuesday.

The rescue caused a significant delay for cargo trucks that were trying to enter the U.S. from Mexico.

Border Patrol agents asked that northbound cargo trucks be stopped at 7:45 a.m. due to safety concerns, said Vince Bond, a U.S. Customs and Border Protection spokesman.

Authorities feared that the trucks would travel on the road over the tunnel while the group was still trapped inside, Bond said.

The trucks were rerouted and allowed through at 8:15 a.m.

“This is a very busy time for us. We have 2,500 trucks or more a day enter. Sometimes there are as many as 2,900 trucks a day during a peak time like this,” Bond said.

Ariz. Pair Resigns Pot Church Leadership (AP)

AP, October 10, 2006

TUCSON, Ariz. -- A Pima, Ariz. couple has stepped down as leaders of a church that considers marijuana a sacrament and deity.

Dan and Mary Quaintance say pending federal charges against them have made it impossible to properly lead the church. In February, the two were arrested in a car that contained 172 pounds of marijuana in the New Mexican town of Lordsburg near the Arizona state line.

The Quaintances are facing 40 years in prison if convicted on federal charges of conspiracy and intent to distribute marijuana.

Dan Quaintance, 53, said the church is now fractured, explaining that the 45-member congregation he and his wife founded in 1991 no longer has its spiritual leaders.

The Quaintances are scheduled to go on trial Oct. 30 in Las Cruces, N.M., though they hope the case will be dismissed before the end of the month. They're awaiting a decision from U.S. District Judge Judith C. Herrera on whether she'll dismiss the case on the grounds that religious freedom should allow them to use the illegal drug.

The government contends the church is a front for drug trafficking.

The couple's lawyers cite a February decision by the U.S. Supreme Court ruling that the government has no right to seize hallucinogenic tea containing a federally banned substance from members of a New Mexico church.

The tea, called hoasca, contains the substance dimethyltryptamine, or DMT, known for its hallucinogenic properties.

Members of the O Centro Espirita Beneficiente Uniao Do Vegetal, or UDV, said using the hallucinogenic tea during worship helps them gain union with God.

Prosecutors with the U.S. Attorney's Office in New Mexico, which also prosecuted the UDV case, do not comment on pending matters.

But in court documents, they say the Quaintances are "obsessed and focused on marijuana," and Dan Quaintance's writings about his worship are "disjointed, poorly supported, illogical ramblings." They conclude that the couple's "lack of sincerity is patent."

The Quaintances are out on bond and remain under court supervision. They must submit to weekly urine tests. They have been living without marijuana since their arrest.

"We're being deprived the benefits of connection _ health-wise and spiritual-wise," Dan Quaintance said. "I think the judge is going to have a hard time ruling against us on the sincerity of our religious practice. If there isn't a favorable ruling on our religious freedom, then I don't believe there is a justice system in America."

Since the church was founded, at least 20 members have been prosecuted on possession and conspiracy charges, and some have served time in prison, said Mike Senger, a church member who lives in Florence and provides legal assistance to group members.

"Usually, we never win," Senger said. "But we may perhaps win in Mary and Dan's case because it is federal court, and there is quite a bit at stake. They are getting some reasonable due process in that court.

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"It is a hellish, torturous experience for people who are peaceful and not criminals, who possess marijuana," he added. "We don't look at ourselves as criminals."

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Information from: Arizona Daily Star

Trial Of Senior Colombian Rebel To Start Thursday In US (AP)

AP, October 10, 2006

BOGOTA (AP)--The most senior member ever captured from Latin America's largest rebel army goes on trial in a U.S. courtroom Thursday for the kidnapping of three Americans - a case that some fear could scuttle moves for the Americans' liberation.

The fate of Ricardo Palmera, better known by his nom de guerre Simon Trinidad, is to be decided by a federal jury in Washington. Extradited in late 2004 after his capture in neighboring Ecuador, he was indicted on charges of providing material support to a terrorist group and hostage-taking.

The case could have profound repercussions in Colombia, where tentative steps are being made toward talks between Palmera's guerrilla group, the Revolutionary Armed Forces of Colombia, or FARC, and the government on a prisoner swap.

The FARC is demanding the release of all its imprisoned comrades, including Palmera, in exchange for the release of 62 hostages, including former presidential candidate Ingrid Betancourt and the same three U.S. defense contractors Palmera is charged with kidnapping.

"I am hoping this (trial) may put pressure on the FARC," said Jo Rosano, mother of Marc Gonsalves, one of the kidnapped Americans. "On the other hand, I worry they may retaliate against the Americans."

Rosano intends to fly from her home in Connecticut to attend at least part of the trial.

The main charge against Palmera relates to the February 2003 downing of a small U.S. airplane that authorities say was on an intelligence-collecting mission over a FARC stronghold in southern Colombia.

Palmera is charged with conspiring to kidnap three American contractors who were on the plane: Thomas Howes, Keith Stansell and Gonsalves. He also is charged in the killings of U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site apparently shot to death.

There is little to suggest that Palmera, a frequent face of the FARC in peace talks, participated in or planned the kidnapping. Rather the prosecution argues he belonged to a group that stated it would target U.S. officials and has subsequently used the hostages as leverage for talks to free imprisoned rebels, including Palmera.

The only proof the Americans are alive came on July 2003, when the FARC released a video of the men.

Despite the silence, Rosano is confident.

"I know in my heart that he's alive," she said.

Some observers believe the FARC already may have decided to concentrate on a straight swap of the three Americans in exchange for Palmera and another FARC member, Nayibe Rojas, known as Sonia, who soon faces trial in Washington on drug trafficking charges.

"Basically, Simon Trinidad and the three U.S. contractors are out of this swap ... now the exchange will have to be directly between the FARC and the U.S. government," said Gustavo Duncan, a researcher with the Bogota-based think tank Security and Democracy Foundation.

The Palmera prosecution is the latest sign the U.S. government is stepping up its pressure on the FARC, listed by the State Department as "foreign terrorist organization" in 1997.

The U.S. has given more than $4 billion to Colombia since 2000 to fight the world's largest cocaine industry and the more than four-decade insurgency.

In March, the U.S. government announced drug indictments against 50 leaders of the FARC and a combined $77.5 million in reward money.

Scion of a wealthy family from the Caribbean coast, Palmera abandoned high society to became Simon Trinidad, one of the most notorious guerrillas in Colombia. In an organization that comprises mostly recruits from the countryside, Trinidad stood out as an articulate intellectual.

Palmera's 2004 capture in Ecuador was celebrated by Colombian authorities, who have shown few results in apprehending the FARC's leadership.

But convictions in Washington could complicate any possible exchange of Palmera and Rojas for the Americans.

"Given the policy we don't negotiate with hostage-takers, politically this could be very difficult," said Paul Wolf, a lawyer who specializes in international law and has followed Palmera's case.

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He added that if Palmera is convicted and the U.S. government wanted to free him in exchange for the three Americans, one of the few mechanisms available would be a pardon by U.S. President George W. Bush.

"It's hard to imagine," said Wolf.

Colombian Guerrilla Fighter Goes To Trial In US (PRENSAL)

Prensa Latina, October 11, 2006

Bogota, Oct 10 (Prensa Latina) The trial of Ricardo Palmera, alias Simon Trinidad, leader of Colombia's Revolutionary Armed Forces (FARC), began Tuesday following a protest for his liberation by mostly US citizens.

The protesters consider the trial interference in Colombian affairs and Tom Burke, head of the pro-release committee, says the administration lacks the legal and moral authority to judge him.

He added that US taxpayers contribute five billion dollars to Plan Colombia, but they do not wish their country's involvement since they consider it a violation of Colombian laws.

In addition, the DEA denied FARC involvement in drug trafficking to the US or terrorism in statements to the Bush Administration, he said.

The rebel leader was extradited in December 2004 despite appeals to President Alvaro Uribe, and will be tried in Washington D.C. for terrorism, drug trafficking and the death of a US citizen.

FARC called Trinidad a revolutionary and anti-imperialist fighter and claims his extradition was immoral and unpatriotic, an opinion shared by most Colombians.

Public prosecutor Bob Tucker said the case is delicate because Trinidad belongs to a rebel group at war with the Colombian government, therefore deserves immunity under the Geneva Convention.

ATF, Police Team Up To Get Guns Off New Orleans Streets (AP)

By Mary Foster, The Associated Press

AP, October 11, 2006

NEW ORLEANS (AP) — A day after four people were wounded by gun violence that continues to mar this city's hurricane recovery, local and federal authorities announced their latest attempt to crack down on criminals with guns.

A hot line for reporting illegal firearms is being relaunched, they said at a Tuesday news conference. A similar hot line operated in the 1990s but was eventually discontinued as the city's murder rate declined, police said. The murder rate has picked up this year as the city has repopulated, reaching 113 so far.

Federal law prohibits anyone convicted of a felony from possessing a firearm, U.S. Attorney Jim Letten said.

"And there's no early release in federal cases," Letten said. "If they're convicted they're going to serve the time."

Police Chief Warren Riley is counting on that.

"We have found that through the federal system once they are convicted we don't see them again," Riley said. "We have to get the guns and the people with them off our streets if this city is going to come back."

In 2005 law officers confiscated 2,787 illegal firearms in New Orleans. Since January, 1,522 have been confiscated, even though the city has only about 40 percent of the population it had before the storm.

"Everyone knows the problem New Orleans has with gun violence," Bureau of Alcohol, Tobacco, Firearms and Explosives special agent Robert Browning. "We're going after the illegal guns and the criminals who have them."

Tuesday's news conference had been scheduled several days ago but fell, coincidentally, after another night of gun violence.

A restaurant dish washer who was taking a break, and a friend standing next to him, were seriously wounded when a man walked up and began firing two guns.

A bystander across the street was grazed by a stray bullet.

Also, two National Guardsmen shot a man who refused to stop and drop an object in his hand.

The Guard has been helping police patrol the city since June. The shooting was being investigated, Riley said. The man, who was not identified, was wounded in the upper torso near his back, and his injury was not considered life-threatening.

After the announcement of the gun hot line Tuesday, ATF agents and police officers went door to door in the city, handing out flyers and explaining the program to residents.

"I think it's wonderful, especially with all this shooting that's been going on," said Earline Smith, 76. "I hope everyone will call if they see something. We need to do something in this city."

Lawyer Receives Six Months In Prison (CHASGAZ)

By Tom Searls, Staff writer

DOJ_NMG_0079229

Charleston Gazette, October 11, 2006

Federal judge calls di Trapano decision 'extremely close call'

Dante di Trapano was sentenced to six months in prison Tuesday, after pleading guilty earlier to being a drug addict in possession of firearms.

Chief U.S. District Judge David Faber gave di Trapano the maximum time for the crime, after deciding government prosecutors could not prove the seven handguns found in di Trapano's Johnson Road, Charleston, residence were not collector's items.

He also sentenced di Trapano to three years of supervised release that will include special criteria to be worked out with the federal probation office and a $10,000 fine.

"I think this is an extremely close call," Faber said in ruling di Trapano had purchased the guns as collector items. He added, "I believe [di Trapano] has just made the preponderance test."

Di Trapano, a Charleston lawyer and former agent for National Football League wide receiver Randy Moss, has already served about three months in jail, time that he will be given credit for by the federal Bureau of Prisons.

Monica Dillion, the assistant U.S. attorney handling the case, had called several witnesses in an effort to show di Trapano used the guns for protection because he had a large stash of drugs in his residence.

Prosecutors also failed to show there were drugs in the residence when it was raided last April. Initially, the government said field tests showed a white powder residue on a laptop computer was cocaine. Laboratory tests, however, showed that was not so.

But Faber also showed his disdain for the defendant, noting he did not tell the truth when testifying in September about cocaine use. Faber had released di Trapano on bond in August to receive drug treatment, but revoked that after an initial urine tests showed he had used cocaine.

"The lab test came back and showed he tested positive for cocaine," Faber said.

When di Trapano's attorney, Charleston lawyer Michael Del Giudice, tried to refer to his client's testimony, Faber interrupted him.

"He's testified falsely before me one time before and I'm not likely to believe him," the judge said.

Dillion told Faber that di Trapano also lied when he filled out a federal form in order to purchase firearms, which he bought at a South Charleston gun show. On that form, di Trapano said he was not a drug addict.

"He lied on the form and he's a liar," she said.

"At the time I purchased it I was in denial [of being a drug addict]," di Trapano said of the February purchases.

Di Trapano had pleaded guilty to the charge in July.

His law license was temporarily suspended by the state Supreme Court last month, when Del Giudice said he would not be in the West Virginia predicament if his last name were not di Trapano.

"We don't single people out because of who they are," U.S. Attorney Chuck Miller said following the 90-minute sentencing hearing.

Di Trapano, 43, had been a member of a prominent Charleston law firm headed by his father, Rudolph DiTrapano, a former state Democratic Party chairman. He has since been dismissed from the firm.

Di Trapano appeared to be at the pinnacle of success until last March when he, his wife and three others were arrested in a Tampa, Fla., hotel room. Police said crack cocaine was scattered across the bed and around the floor.

He was then arrested in Georgia a short time later for felony cocaine possession and misdemeanor marijuana possession.

Del Giudice produced 2005 letters from di Trapano to his wife, Teri, who was not in court Tuesday, where he wrote about receiving drug rehabilitation in Florida then. At the time of his Florida arrest, di Trapano said he was there to get drug rehabilitation help.

In a statement prior to his sentencing, di Trapano apologized to the court.

"I'd first like to apologize to the court for the disrespect I've shown you," he said.

He said he had drug and alcohol problems when he was young, then spent 15 years sober. Recently he had personal problems and had begun to use drugs again. "I began to use and it got out of control," he said.

Di Trapano said he had lost most of his material goods — his houses are for sale, he said — and added he has lost his reputation in the community as well.

To contact staff writer Tom Searls, use e-mail or call 348-5192.

More Than Three Dozen Gang Leaders Arrested (SEATIMES)

By Sara Jean Green, Seattle Times staff reporter

The Seattle Times, October 11, 2006

Federal and local law enforcement officials today announced the arrests of 40 violent gang leaders, half of whom were taken into custody in the last week.

In a four-month investigation dubbed "Operation Crackdown," members of the Violent Gang Task Force - which is led by the local office of the federal bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) targeted violent gang members suspected in a rash of drive by shootings, narcotics deals and other offenses. The task force also includes members of Seattle police, the King County Sheriff's Office and the FBI.

At a news conference in the Henry M. Jackson Federal Building in downtown Seattle, ATF Special Agent in Charge Kelvin Crenshaw gestured to an assortment of assault rifles and pistols laid out before him.

"What's so unique about these firearms is that they were actually found in the possession of individuals," he said. "They weren't lying on a bed or leaning against a chair… these people were carrying them around."

Of the 40 people arrested, 10 are facing federal charges, including two who will be charged as armed career criminals; a federal statute that carries a mandatory 15-year prison term for anyone caught with a firearm after previously being convicted of three violent crimes or drug distribution charges, said Andrew Friedman, an assistant U.S. Attorney who is coordinating the office's gang prosecutions.

In addition to 10 firearms, police and federal agents seized $38,000 in cash, six vehicles and a large quantity of drugs including crack cocaine, ecstasy, marijuana and heroin, Friedman said.

Over the last year, and particularly, over the summer, law enforcement agencies throughout the region have noticed an increase in gang-related violence, said Crenshaw.

King County Sheriff Sue Rahr, who commanded her office's gang unit in the early 1990s when gang violence was at its peak, said recent "data clearly confirms there's a second wave coming." Just as in the '90s, gang violence, she said, is spreading from Seattle into communities throughout the greater metropolitan area.

Unlike other task force investigations, Operation Crackdown didn't focus on a particular gang, Crenshaw said. Instead, task force detectives gathered intelligence from officers on the street to identify suspects responsible for the kind of intimidation, posturing and violent acts that spread fear through communities. Officials believe that those arrested are affiliated with at a dozen different street gangs that span the area's racial spectrum, he said.

"It's the violence across the board. Their motivation is money. This is all about making money by selling drugs and guns," Crenshaw said.

IMMIGRATION:

Ex-Nazi May Be Deported From Michigan (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy Newspapers, October 11, 2006

DETROIT - An 86-year-old former Nazi concentration camp guard who lives in Michigan and has Alzheimer's disease could be deported following the U.S. Supreme Court's refusal to review his case Tuesday.

It remains to be seen, however, whether the Justice Department will follow through with deportation proceedings against Iwan Mandycz of Sterling Heights, given his age and medical condition. Court records say Mandycz is incompetent.

His lawyers did not return calls Tuesday, and a woman who answered a phone number listed under Mandycz's name referred calls to his daughter, who did not return messages.

Mandycz was stripped of his citizenship last year for not telling U.S. authorities before emigrating that he was a guard at two Nazi labor camps in Poland during World War II, including one where 14,000 Jews were murdered in a single day.

Mandycz, who emigrated in 1949, has denied being a Nazi camp guard.

Joseph McGinnis, a Cleveland lawyer who has handled cases similar to Mandycz's, said the government may choose to not deport him, or it could obtain a deportation order but allow him to remain in the United States. Even if it obtains a deportation order, McGinnis said, it must find a country willing to take him before he could be kicked out.

A Justice Department spokeswoman declined to say whether prosecutors will seek to deport Mandycz.

Supreme Court Turns Down Case Of Former Guard At Nazi Slave Camp (AP)

AP, October 11, 2006

(AP) - WASHINGTON-The Supreme Court on Tuesday turned down the case of a former guard at a Nazi slave camp suffering from Alzheimer's Disease.

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The Justice Department succeeded in revoking the U.S. citizenship of 86-year-old Iwan Mandycz. He could face deportation. His lawyers say the right that prevents the U.S. government from prosecuting a mentally incompetent person also should apply to citizenship cases, which are civil proceedings.

"The accused should be able to assist in the preparation of his defense and consult with his attorneys before he may be punished by the government," Mandycz's lawyers said in a filing that had asked the Supreme Court to take the case.

The Justice Department, which wants to remove him from the United States, initiated denaturalization proceedings, saying Mandycz had concealed that he worked for the Nazis.

Officials said that Mandycz was a guard in 1943 at the Trawniki and Poniatowa labor camps in Poland, where prisoners were starved, beaten and executed en masse.

Mandycz has denied working at the camps and has said he spent World War II working at his parents' farm in Poland and, later, as a forced laborer at a farm in Austria.

The 6th U.S. Circuit Court of Appeals in Cincinnati had ruled there was considerable evidence that Mandycz was Guard 3308 and an absence of competing evidence that he was not.

Ex-Nazi May Be Deported (DEN)

Detroit News, October 11, 2006

Court won't hear case of Sterling Hts. man identified as a guard at a concentration camp.

STERLING HEIGHTS -- Fifty-one years ago, Iwan Mandycz became a U.S. citizen. On Tuesday, his last chance at remaining one appeared to slip away.

The U.S. Supreme Court declined to hear the case of the 86-year-old Sterling Heights resident, whom the U.S. Department of Justice has targeted for deportation because of his past as a Nazi prison guard.

Mandycz's attorneys have argued he should be spared deportation because he suffers from Alzheimer's disease and lacks the capacity to participate in his own defense.

His attorneys could not be reached for comment.

Federal prosecutors believe Mandycz was a guard for six months in 1943 at the SS prison camp Poniatowa in Poland. In that year, the Nazis conducted "Operation Harvest Festival" -- a plan to kill Jews. A total of 42,000 Jews were killed.

Mandycz arrived in the United States in 1949 and became a citizen six years later. He has denied being a Nazi prison guard despite being identified as such by two former guards.

In March 2005, a U.S. District Court judge ruled Mandycz was in fact a guard at the prison and stripped him of his citizenship.

"I can't imagine what would be accomplished by deporting him at his age," said Mandycz' neighbor, Eugene Winowski. "But at the same time, I also understand the flip side -- everything (Jewish prisoners) went through -- you can't ignore that."

Jaclyn Lesch, a Justice Department spokeswoman, told the Associated Press federal officials were weighing their options on how to proceed.

The Associated Press contributed to this report. You can reach Jim Lynch at (586) 468-0520 or jlynch@detnews.com.

Judge Asked To Free Immigrant Detainees (AP)

AP, October 11, 2006

(AP) - LOS ANGELES-Several legal advocacy groups asked a federal judge to order the immediate release of four immigrants who have been detained for months or years without receiving a hearing on why they're being held so long.

The motion filed Friday asks U.S. District Judge Terry Hatter to release the detainees under conditions of supervision or grant them hearings.

The move followed a class-action lawsuit filed Sept. 25 on behalf of six detainees by the American Civil Liberties Union of Southern California, the ACLU Immigrants' Rights Project and the Stanford Law School Immigrants' Rights Clinic. Two detainees have since been released.

The lawsuit alleges the U.S Department of Homeland Security held immigrants for long periods despite court rulings that banned indefinite detention.

"They're flouting the courts," said Ahilan Arulanantham, an ACLU attorney.

A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit.

Detainees are typically held for six months but can be held longer if they have previous criminal convictions or if the government believes they pose a threat to the public, agency spokeswoman Virginia Kice said.

"People need to bear in mind that under the law, if they have criminal convictions, we're required to hold them while their immigration cases are adjudicated," she said.

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The detainees include a 37-year-old Nigerian man, a 31-year-old Senegalese man, a 38-year-old Chinese man from Indonesia and an Ecuadorean man.

Of the four, only the Ecuadorean immigrant has a criminal record. The ACLU argues his burglary and petty theft convictions aren't serious felonies and that he poses no serious threat if released.

Bush Mum On Immigration As GOP Candidates Vow To Be Tough (WT)

By Stephen Dinan

The Washington Times, October 11, 2006

SCOTTSDALE, Ariz. -- Immigration is a dominant issue in congressional races from Arizona to Michigan to Pennsylvania -- just about everywhere but where President Bush is on the campaign trail.

After having pressed all year to get a broad immigration bill, including legal status for illegal aliens from Congress, Mr. Bush now ignores the issue at campaign events and fundraisers, and Vice President Dick Cheney has even dropped what used to be a regular reference to immigration from his campaign stump speech.

It's an odd mixed message, given that many Republicans are running heavily -- and in some cases almost exclusively -- on the issue, promising an enforcement-first approach and attacking Democrats for supporting citizenship for illegal aliens.

White House deputy press secretary Dana Perino said they think the election will be decided on other issues.

"While immigration is an important issue, this election is also about the philosophical choices facing voters this November when it comes to national security and keeping taxes low," Mrs. Perino said.

She added that Mr. Bush has been consistent in pushing for a broad approach "because he believes that that is the only way to solve any of the individual immigration reform bills."

But most Republicans in Congress disagree, preferring an enforcement-first approach, of which the border fence is crucial.

One incumbent locked in a tight battle for re-election, Rep. J.D. Hayworth of Arizona, said the issue is a no-brainer and pointed to the House vote last month on a provision making it illegal to tunnel under the border.

"In the midst of a contentious election season, despite great wailing and gnashing of teeth, when that bill was offered as a stand-alone provision the final vote was 422-to-nothing. That means every congressman in every district understands the primacy of enforcement," Mr. Hayworth said.

Still, immigration is complicated for Republicans.

The National Republican Senatorial Committee has criticized some Democrats for their support of the same Senate bill that 23 Republicans supported. That also puts them at odds with Mr. Bush, who labeled that legislation a "good immigration bill."

But Republicans across the country see it as a way to rally conservative voters and to win over some Democrats and independents.

In Pennsylvania, Sen. Rick Santorum, a Republican, repeatedly has turned to the issue to attack his Democratic opponent, Bob Casey Jr..

"Bobby Casey Jr. has been doing anything and everything in an attempt to deceive and distract voters from the fact that he supports amnesty for illegal immigrants," said Mr. Santorum's campaign manager, Vince Galko.

Rep. Tom Tancredo, the Colorado Republican who has come to symbolize the House's enforcement-only position, said Republicans should use the immigration issue "as often as possible."

"Immigration can be tied to national security, inflation, health costs and even traffic congestion, among others, and Republicans have the opportunity to champion the issue as Democrats embrace the images of illegal aliens staging protests in American cities," Mr. Tancredo said.

He said candidates must push the message on their own, in part because Mr. Bush has blocked any chance for a national Republican message.

"Bush's own push for amnesty has damaged his credibility on the issue and has made it difficult for the GOP to come up with a cohesive message which says we are the party that respects the rule of law," Mr. Tancredo said.

Polls show border security to be a tremendously popular issue, which has helped win primaries in Arizona and the special election for an open congressional seat in California earlier this year.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, said the issue appeals to the parties in different ways.

"Republican base voters are more concerned about illegal immigration than on other issues, whereas Democrat and independent base voters agree with what the Republicans are doing, but think other issues, principally the war, are more important," he said.

Mr. Bush has tackled the issue off the campaign trail.

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On Friday, he pressed for legalization of illegal aliens as part of his Hispanic Heritage Month celebration. And in Scottsdale last Wednesday, he signed the homeland-security spending bill, touting the increases in spending as a measurement for the progress made in border security.

It's indicative of the issue's popularity that Arizona's Gov. Janet Napolitano, a Democrat, joined Mr. Bush and four other Republicans for the signing ceremony, even though her party has made it a priority to try to unseat two of those Republicans.

Fence Funding In Budget Just The Start (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, October 11, 2006

President Bush has signed off on a small down payment for a 700-mile fence along the U.S.-Mexico border, but legislators and fence advocates worry the barrier will never be fully funded and fear a lack of White House commitment.

Lawmakers -- including Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee -- are forcefully reminding the Bush administration and Homeland Security officials that Congress' "directive" that the fence be built is not optional.

"We didn't put the fence as a goal or an option or something that should be mixed with other solutions, we made it mandatory," Mr. Hunter told The Washington Times yesterday.

"It is not an option for the Department of Homeland Security. What part of 'shall' don't they understand?"

The $33.8 billion Homeland Security funding bill, signed by Mr. Bush with much fanfare during ceremonies in Arizona last week, proposed $1.2 billion for fencing along with lighting, roads, sensors, cameras and other security devices. It does not include actual authorization on how, when or where it should be built.

The House- and Senate-approved Secure Fence Act does that. It outlines specifics on the fence's construction but has not been sent to the president, who has vowed to sign it.

Most proponents and opponents agree that the proposed $1.2 billion allocation is far short of the up to $12 billion it will take to build 700 miles of fencing, and some advocates have questioned both the White House and Congress' commitment to it.

"Where the fence is concerned, to borrow a quote from the movies, 'Show me the money,' " said Michael W. Cutler, a 31-year Immigration and Naturalization Service veteran who spent most of his career as a criminal investigator and intelligence specialist.

Members of Congress said they will have to revisit the funding every year.

"It's one thing to authorize. It's another thing to actually appropriate the money and do it," Sen. John Cornyn, Texas Republican and a supporter of fencing, said last week.

In a terse, three-paragraph note Friday to Homeland Security Secretary Michael Chertoff, Mr. Hunter noted that Homeland Security has been given flexibility on the exact location of the 700 miles of fencing, but that its actual construction "is not in dispute."

"Congress has explicitly stated that border fencing is a critical component of our national border security plan," wrote Mr. Hunter, the act's lead proponent. He also reminded Mr. Chertoff that he is required within 60 days of the bill's passage to submit to the House Appropriations Committee "an expenditure plan for establishing a security barrier along the border of the United States."

In a report accompanying the bill, Congress said it will withhold $950 million of the allocation until that plan is received and approved.

Yesterday, Mr. Hunter said Congress went through a similar fight with the Clinton administration in the 1990s, when he fought for fencing between San Diego and Tijuana, Mexico.

"With each administration, you have a new set of administrators who don't have a lengthy experience on the border and tend to be duly impressed with the sales pitches made by the high-tech companies," he said. "Those sales pitches usually don't include something as mundane as a fence. But fences work."

The funding bill was touted by the administration and many Republicans as a way to crack down on illegal immigration, drug smugglers and would-be terrorists.

"It's what the people of this country want -- they want to know that we're modernizing the border so we can better secure the border," Mr. Bush said as he signed the bill before a bipartisan group of elected officials in Arizona.

Mr. Chertoff has voiced his support for what he has described as a "virtual fence," which would rely on cameras, motion detectors and other security devices to detect people illegally entering the United States.

During a press briefing last month to announce the award of a contract with the Boeing Co. for sophisticated border-detection technology, Mr. Chertoff said the department was looking to build "a 21st-century virtual fence" along the U.S.-Mexico border.

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Mr. Hunter and other legislators say a virtual-fence proposal is fine, but not at the expense of an actual fence.

"If you have 400 high-school kids drowning in a canal, what's the first thing you do? You fence off the canal," he said.

The bill, which would close off about a third of the 1,951-mile U.S.-Mexico border, does not require the government to show any results on the proposed new fence construction until May 2008. State legislatures, governors, and city and county governments, along with Indian tribal councils, have veto power over fencing locations.

While it calls for the construction of "at least 2 layers of reinforced fencing to prevent unlawful entry by aliens into the United States," the bill does not specify what type of fencing to build.

But Mr. Hunter said that because the bill modifies the law that built a fence between San Diego and Tijuana, that is the type of fence Congress wants to be built. He said engineers at Sandia National Laboratories designed the San Diego fence.

U.S. Banks Woo Migrants, Legal Or Otherwise (WSJ)

By Miriam Jordan

The Wall Street Journal, October 11, 2006

As U.S. leaders craft policies to curb illegal immigration from Mexico, the U.S. Federal Reserve is devising programs to extend banking services to undocumented immigrants. A new remittance program aims to bring Mexican migrants who send money home into the mainstream U.S. financial system, regardless of their immigration status.

Dubbed "Directo a Mexico," the remittance program enables U.S. commercial banks to make money transfers for Mexican workers through the Federal Reserve's own automated clearinghouse, which is linked to Banco de Mexico, the Mexican central bank.

To use the service, a Mexican need only possess a matricula consular, an I.D. issued by the Mexican consulate in most major U.S. cities to those with proof of Mexican birth or citizenship, or a picture I.D. card issued by the U.S. or another foreign government. The idea is to make it cheaper and safer for Mexican workers to send funds to their relatives.

"We offer an extremely competitive exchange rate," says Elizabeth McQuerry, an Atlanta-based assistant vice president for the Federal Reserve Bank's retail payments office. "We cost a third of other providers."

The majority of immigrants currently make transfers, which average $350 each, through companies like Western Union or a hodgepodge of wire-transfer firms, couriers and others that operate out of storefronts in Hispanic enclaves. Family members then collect the wired cash at a shop in their town or village.

The Federal Reserve Bank and Banco de Mexico launched a cross-country road show over the summer to promote the new funds-transfer program to commercial banks. Banks that offer the service hope to attract new customers. Indeed, one of the Federal Reserve Bank's goals is to use the program as a springboard for drawing hundreds of thousands of immigrants into the formal U.S. banking system since commercial banks require that those wanting the service first open a savings account.

"People who didn't have bank accounts establish a relationship with us," says James Maloney, chairman of Mitchell Bank in Milwaukee, one of the first banks to offer the Federal Reserve Bank's remittance plan. "It's great for our business."

Acknowledging that many Mexicans sending money home are illegal immigrants, the Federal Reserve's brochure poses the following frequently asked question: "If I return to Mexico or am deported, will I lose the money in my bank account?" The answer: "No. The money still belongs to you and can be easily accessed at an ATM in Mexico using your debit card."

A team at the Federal Reserve Bank in Atlanta joined forces with a team at the Mexican central bank to design the Directo a Mexico program in response to a mandate by President Bush, following the U.S.-Mexico Partnership for Prosperity struck by Mr. Bush and Mexican President Vicente Fox in 2001. One of the stated objectives was to lower the cost paid by Mexican workers to send money to their native country.

The Federal Reserve Bank's brochure touts the favorable foreign-exchange rate, based on the official rate, and a low transfer fee. "In addition, your money is safer in the bank than in your pockets or underneath the mattress," the brochure says.

Retail banks that participate in the program charge as little as $2.50 a transfer compared with $40 charged by some transfer services. Retail banks in the program pay the Federal Reserve 67 cents per transfer.

Most immigrants operate in a cash economy outside the formal banking system, where they have neither credit nor identity. In a post 9/11 era, bringing immigrants into the banking system -- and tracking their remittances -- is vital to security, supporters say.

Critics, however, say the Federal Reserve Bank is coddling illegal immigrants and helping them engage in capital flight. "Anything that makes it easier for people to live in this country illegally is an inducement for illegal immigration," says Ira Mehlman, a spokesman for the Federation for American Immigration Reform, an immigration-restrictionist group. "On top of that, it is draining money out of our economy."

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Latin American migrants in the U.S. transferred $53 billion to $55 billion to their native countries last year, according to the Inter-American Development Bank. About $20 billion went to Mexico, $12 billion to Central America and the Dominican Republic and the rest to South American countries.

Remittances sent by Mexicans topped $15.5 billion in the first eight months of this year, 20% higher than the amount sent during the same period in 2005, according to Mexico's central bank, and this year's annual figure is expected to hit a new record. Savings scraped together by nannies, painters and others working abroad are now Mexico's second-largest source of foreign revenue, after oil exports and ahead of tourism.

Since the Federal Reserve launched the program last year, about 150 U.S. financial institutions have enrolled. While most Mexicans continue to avoid banks, consumers using the program seem happy with it. Julian Gimenez, who works for a landscaping company in Milwaukee, for years had sent money to his wife, Catalina, in Jalisco, Mexico, through a wire-transfer company in his Latino neighborhood. Now, Mr. Gimenez uses Mitchell Bank. "It's cheaper to send the money and it arrives faster than any other place," he says.

Last month, the program was expanded to enable migrants in the U.S. to open an account for relatives to whom they plan to send money. A bank teller in the U.S. can open the account remotely on a Web site set up by Mexico's Banco del Ahorro Nacional y Servicios Financieros, the development bank known as Bansefi, which has a vast network of branches in urban and rural areas.

The beauty of the program, says Bansefi's chief executive Javier Gavito, is that the "unbanked population" on both sides of the border gets into the formal banking system. In Mexico, only half of all adults hold a bank account.

Directo a Mexico "revolutionizes the remittance market," says John Herrera, co-founder of Latino Community Credit Union, which has five branches in North Carolina and participates in the remittance program.

"U.S. banks have realized that these working-class folks are sending real money back home," says Mr. Herrera.

Illegal Immigrants Become Stuck In Pipeline (LAT)

By Richard Marosi

The Los Angeles Times, October 11, 2006

San Diego — More than a dozen illegal immigrants were briefly trapped inside a cross-border pipeline structure Tuesday after a man got stuck in the narrow passageway and had to be rescued by San Diego firefighters.

The immigrants were crawling through a passageway connecting a Mexican-based industrial gas supplier with a holding tank on the U.S. side, according to Lauren Mack, spokesperson for Immigration and Customs Enforcement.

The concrete-encased passage was used to protect piping that once carried liquefied oxygen, Mack said.

The immigrants had crawled nearly to the exit point in the United States when a man wearing a puffy, woolen sweater got stuck, Mack said. Firefighters had to break through concrete to extract the man.

Authorities with the U.S. Border Tunnel Task Force have been keeping a close watch on the area just east of the Otay Mesa Port of Entry, where many immigrants crawl through vast storm drain networks to get into the country. This is believed to be the first time in the San Diego area that migrants have been caught using an existing subterranean passageway that appears to be privately owned, Mack said. The passageway, which was at least 120 feet long, was extremely narrow and filled with water, Mack said.

"It's really, really dangerous, and they're lucky nobody died," she said.

Seven migrants were apprehended on the U.S. side; the rest are believed to have returned to Mexico.

TAX:

U.S. Expatriates Puzzle Over New Tax Rule (WSJ)

By Tom Herman And Jane Spencer

The Wall Street Journal, October 11, 2006

The U.S. Treasury Department removed part of the sting from a recent law that boosted taxes for many Americans working overseas, but many U.S. expatriates still are facing sharp tax increases this year.

A new Treasury notice allows Americans to deduct or exclude from their U.S. taxes more of the cost of housing in many foreign locations, where rents frequently are higher than in the U.S., than they otherwise would have. Accountants say this new relief varies widely from place to place.

Still, the revised rule, announced by Treasury in a notice issued Friday, offsets only a fraction of the higher tax bills that many individuals must pay this year. Among those hit the hardest are Americans with relatively high incomes working in places

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with high housing costs and low taxes, such as Hong Kong, and whose employers don't protect them from the additional tax cost of working abroad.

The new law already is affecting many companies, as some employers guarantee that their workers don't pay more in taxes than they would if they were living in the U.S. Business groups continue to lobby Congress to change the law, which was enacted in May and is retroactive to the beginning of this year, because they say it undermines U.S. business competitiveness abroad.

Robert Keys, a tax partner in Hong Kong for PricewaterhouseCoopers, says the rule granting a higher housing exclusion will save him several thousands of dollars a year on his U.S. taxes. That is a relatively small gift, because the law enacted in May drove up his U.S. tax liability to $40,000 a year from about $10,000 previously, he says.

"I came here because I thought I could make a bit more money," Mr. Keys says. "But when the costs keep going up, it makes you give some serious consideration to whether it's the place to be."

Americans working in Singapore also will get some relief from the latest change, according to Carol-Ann Simon, expatriate services leader of BDO Seidman LLP in San Jose, Calif. For example, suppose an American in Singapore earned about $200,000 in 2005 and paid around $45,000 in housing expenses. Under the new law enacted in May, that person's U.S. federal income-tax bill would be about $8,700 more for 2006 than in 2005. Thanks to the new Treasury notice, that person's bill now would be about $6,800, a saving of about $1,900, Ms. Simon says.

Americans working in high-tax countries, such as Germany and other European nations, are likely to feel much less effect, or possibly even none at all, from the recent tax law and the latest change to the housing exclusion. How much of an impact will depend on several factors, such as where they are living and the details of their pay and other income. That is because those workers already pay large sums in their host countries that can be used to offset any U.S. tax liability.

Under the new Treasury rule, the amount that can be excluded for housing costs also can vary within the same country. In London, for instance, an American expat can receive $58,916 in housing benefits before having to pay tax to the U.S. on it, according to Deloitte & Touche LLP. In Surrey, a picturesque district just south of London with two U.S. schools, the exclusion is just $21,916, even though property prices aren't much lower in Surrey than London.

"It could make you think, 'I better live on the very edge of London if I want to send my children to the American school in Surrey'," says Lynne Rennie, a Deloitte partner and chairman of the tax group at British-American Business Inc., the former American Chamber of Commerce.

The recently enacted tax law allows Americans working abroad to exclude as much as $82,400 of their foreign-earned pay this year, plus certain foreign housing expenses, when they are filing U.S. taxes. That $82,400, which is a bit higher than before, is known as the foreign earned-income exclusion. In a controversial change, income above that level now is subject to higher rates than before. This change isn't affected by last week's Treasury notice.

Kathy Chiron, who moved to Hong Kong from Washington, says the recent tax increase had a major impact on her family's finances. "It's a huge chunk of money and a real change in our tax bill," says Ms. Chiron, whose husband works for a Hong Kong telecommunications company. "It was like suddenly having another child in college." Ms. Chiron, who has two children attending universities in the U.S., says the latest change to the housing exclusion amount will help somewhat.

American business groups are continuing lobbying efforts to reverse the law, says Nicholas de Boursac, executive director of American Chamber of Commerce in Singapore. "No other civilized country in the world taxes earned income of citizens abroad," he says. "It means you're going to have fewer American expats."

"We have seen candidates turning down offers to come out here" to Hong Kong because of the higher taxes on U.S. expats, says Monica Levine, a consultant at Hudson, an executive recruitment company that is a division of Hudson Highland Group Inc. of New York. "It's less attractive than it was a year ago."

Some companies are unhappy with the tax increase but say it won't affect hiring. Eli Lilly & Co., which offers a tax-equalization package to Americans working overseas, says "we remain firmly committed to using expatriates to develop our global leadership. This won't stop us." General Motors Corp. says it has no plans to change the number of Americans it sends overseas. "Considering that we sell to so many countries, it's important that U.S. employees get experience in an overseas market," a GM spokesman says.

A U.S. congressional committee estimates the recent tax increase on expats will raise about $2.1 billion in additional revenue in the next decade. The Internal Revenue Service estimates Americans working abroad filed about 295,000 individual income-tax returns for 2004 claiming the foreign-earned income exclusion. Of those, about 139,000 had any U.S. tax liability.

--Anjali Athavaley, Laura Santini, Loretta Chao and Aaron O. Patrick contributed to this article.

The fight continues in a high-profile courtroom battle over whether certain types of awards are taxable.

A federal appeals court ruled recently that a woman doesn't owe taxes on a $70,000 award paid to her by her former employer for "emotional distress" and "loss of reputation." The U.S. Court of Appeals for the District of Columbia Circuit said the

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award didn't represent "income," and thus wasn't taxable -- and that a 1996 tax-law change was unconstitutional insofar as it permitted taxation of awards for mental distress and loss of reputation. The decision was handed down by a three-judge panel that included Chief Judge Ginsburg.

Now, the Justice Department is asking the full appeals court to review the decision in a legal maneuver known as a petition for "rehearing en banc." The question raised in the case is "one of exceptional importance to the administration of the nation's tax laws," the government said. The appeals court panel's decision "represents the first time in over 85 years that an exercise of Congressional income-taxing power has been declared unconstitutional."

The winner of the recent decision was Marrita Murphy, represented by the law firm of Kohn, Kohn & Colapinto in Washington.

The winner of the recent decision was Marrita Murphy, represented by the law firm of Kohn, Kohn & Colapinto in Washington.

BRIEFS: Procrastinator alert: Monday is the filing deadline for taxpayers who received automatic six-month extensions this year, an IRS spokesman says.

Religion-Based Tax Breaks: Housing To Paychecks To Books (NYT)

By Diana B. Henriques

The New York Times, October 11, 2006

For tens of millions of Americans, the Rev. Rick Warren is best known for his blockbuster spiritual guide, “The Purpose Driven Life,” which has sold more than 25 million copies; his success as the founder of the 22,000-member Saddleback Church in Lake Forest, Calif.; and his efforts on behalf of some of the world’s neediest people.

But for tens of thousands of ministers — and their financial advisers — Pastor Warren will also be remembered as their champion in a fight over the most valuable tax break available to ordained clergy members of all faiths: an exemption from federal taxes for most of the money they spend on housing, which typically represents roughly a third of their compensation. Pastor Warren argued that the tax break is essential to poorly paid clergy members who serve society.

The tax break is not available to the staff at secular nonprofit organizations whose scale and charitable aims compare to those of religious ministries like Pastor Warren’s church, or to poorly paid inner-city teachers and day care workers who also serve their communities.

The housing deduction is one of several tax breaks that leave extra money in the pockets of clergy members and their religious employers. Ministers of every faith are also exempt from income tax withholding and can opt out of Social Security. And every state but one exempts religious employers from paying state unemployment taxes — reducing the employers’ payroll expenses but also leaving their workers without unemployment benefits if they are laid off.

Another religion-based tax break — the only one consistently defeated in the courts in recent years — is an exemption from state sales taxes for religious publications but not for secular ones.

This sales tax break has been struck down as unconstitutional in at least five states, most recently in Georgia in February, when a United States District Court judge, Richard W. Story, ruled that “the unique and preferential treatment the state provides to ‘religious’ literature raises serious constitutional concerns” under the First Amendment clause prohibiting an “establishment” of religion.

Yet a few states still have a sales tax exemption for religious publications. One of them is Florida, where state officials, lawyers for two religious publications and a national religious liberty advocacy group have joined forces to defend the tax break from a constitutional challenge waged almost single-handedly by an Orlando lawyer named Heather Morcroft.

Ms. Morcroft is a Legal Aid staff lawyer who works with foster children. She is a believer in Wicca, which she described as a neo-pagan faith loosely based on the traditions of ancient earth-centered religions, and serves as president of the state’s small Wiccan Religious Cooperative.

The cooperative is the formal plaintiff in the pending lawsuit Ms. Morcroft filed almost five years ago to challenge the constitutionality of the Florida exemption. Her arguments echo those that have prevailed in other states: that by exempting religious publications from the sales tax, the government is favoring religious ideas over secular ones, and that tax officials should not be in the business of deciding what publications are sufficiently religious to be exempt.

In contrast to Ms. Morcroft’s lonely fight in Tallahassee, Pastor Warren, who declined to be interviewed for this article, had a host of allies when he went to battle to defend the special tax deduction for housing expenses of clergy members. Ultimately, the allies included both houses of Congress and the president of the United States.

The Housing Exemption

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The one small passage in the vast federal tax code that originally conferred the housing-expense exemption on clergy members did not cap the deduction. But in 1971, the Internal Revenue Service limited it to the "fair market rental value" of the furnished home, utilities included.

During a routine audit in 1996, according to court documents, the I.R.S. decided that Pastor Warren's housing deduction exceeded the rental value of his new home on Via Del Sol in the rugged Trabuco Canyon, southeast of Los Angeles.

That's when the fireworks began.

Pastor Warren, who gives 90 percent of his considerable income to charities, later explained in an open letter to other ministers that he decided to sue because the housing allowance was the only way small churches could pay their pastors enough to live — and he knew that those ministers could not fight the I.R.S. as he could.

The deduction, usually called the parsonage exemption, is available to ministers, rabbis and other clergy members of all faiths working at houses of worship. It allows them to live in congregation-owned housing without being taxed on the imputed value of their free housing, as almost all other employees are when they live in company-paid housing.

Since 1954, the provision had also shielded clergy members from taxes on the entire portion of their paycheck designated by their congregations as a housing allowance, whether they spent it on renting an apartment or buying their own home. But the rules the I.R.S. adopted in 1971 limited the deduction to the smallest of three amounts: the "fair market rental value" of the home, the housing allowance paid to the minister or the minister's actual housing expenses.

That ruling lighted the long fuse that, decades later, propelled Pastor Warren into court.

It took four years — and far more of Pastor Warren's money than the $55,300 disputed in the audit — but on May 16, 2000, the United States Tax Court struck down the I.R.S.'s cap and ruled that clergy members could deduct "the amount used to provide a home," however much that might be.

If the story had ended there, Pastor Warren's battle would have been an unequivocal victory for the clergy. But the I.R.S. appealed to the United States Court of Appeals for the Ninth Circuit in San Francisco. And in March 2002, that court raised an unexpected question: was this tax break constitutional? Or did it treat the clergy so favorably that it violated the First Amendment?

The court appointed Erwin Chemerinsky, a law professor then on the faculty at the University of Southern California, to research the constitutional issue and file a friend-of-the-court brief. The court was immediately pelted with defending arguments from lawyers representing almost every religious organization in the country, from the Central Conference of American Rabbis to the Church of the Nazarene.

Some defenders noted that employees required to live in certain places for the convenience of their employer, as pastors are, had long been eligible for tax relief. (A similar exemption is available to some military and diplomatic personnel. But only clergy members can apply it so broadly — for example, applying it even when they work for a church they themselves founded at a location of their own choosing, as was the case with Pastor Warren.)

Others argued that tax deductions favoring religion had been granted for more than 200 years without any objections from the Supreme Court, and this one was no exception. And a few simply pleaded that clergy members deserved the deduction because they were so poorly paid for their contributions to society.

Professor Chemerinsky studied the relevant First Amendment case law, especially the 1989 case Texas Monthly v. Bullock in which the Supreme Court had drawn the line at government's granting a "tax break to those who spread the gospel that it does not also give to others." He urged the appeals court to find the tax break unconstitutional.

Under I.R.S. rules, he noted, this benefit is available to all clergy members who administer sacraments, conduct worship and direct the spiritual life of a religious institution. "The government thus has to determine what constitutes 'sacraments,' 'religious worship' and the 'spiritual life' of a religion and then to evaluate whether the clergy member is sufficiently engaged in these tasks," Professor Chemerinsky continued.

"It is difficult to imagine a greater entanglement with religion than this evaluation," he wrote in his brief for the court.

Moreover, "the parsonage exemption is a subsidy for religion" and is therefore unconstitutional, he argued. Current Congressional budget records show that the exemption has cost the government as much as $500 million in tax revenue a year, shifting that much of the national tax burden onto other taxpayers.

He did not address the pastoral poverty argument in his court briefs, but in an interview, he noted that poorly paid inner-city teachers and day care workers do not benefit from the parsonage exemption, despite their service to society.

Nor do people at secular nonprofit organizations engaged in humanitarian work. Action Against Hunger U.S.A., based in New York, finances relief programs in Africa, but its director, Cathy Skoula, pays taxes on her entire salary, including what she spends on housing. So does Lawrence Rosenblatt, executive director of the Bowery Residents' Committee, which provides food, shelter and counseling to sick, needy people in Lower Manhattan.

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Even amid the distractions of the year after Sept. 11, the constitutional challenge to the clergy housing deduction inspired wide coverage in religious publications and some heated words on radio. Pastor Warren quoted comments made to him by a conservative radio commentator, Hugh Hewitt, who said the issue arose because of "the implacable hostility of the political left to the role of God in the world and the country."

But in fact, the political left and right joined forces with "almost miraculous" speed to defuse this constitutional time bomb, according to Richard R. Hammar, a lawyer and accountant who edits the Church Law and Tax Report newsletter. Within 40 days, the Clergy Housing Clarification Act of 2002 had been approved unanimously in both houses of Congress and signed into law by President Bush.

"It was like the parting of the Red Sea," Mr. Hammar said.

The new law, in Solomonic fashion, affirmed the unlimited deductions ministers like Pastor Warren had taken in the past, but imposed the I.R.S.'s "fair market rental value" restriction on deductions going forward. Satisfied, the tax service withdrew its appeal, ending the constitutional challenge in San Francisco.

Ministers of every faith are also exempt from income tax withholding. And they can opt out of Social Security — an exemption that Mr. Hammar said was probably widely abused.

Until 1968, clergy members were exempt from Social Security unless they joined voluntarily. Since then, they have been automatically covered — but, unlike other citizens, they are allowed to drop out as conscientious objectors if they assert, by a certain point early in their ministry, that they have a religious opposition to receiving public welfare benefits.

"Few people, outside of the Amish, could plausibly say that," said Mr. Hammar, an accountant who also has a law degree from Harvard and attended its divinity school.

Yet his research shows that 3 of every 10 ministers in America have opted out of Social Security. "The only conclusion is that the conscience-based objection is usually really a financial decision," he said.

Because the exemption is irrevocable, why would so many ministers take such a drastic step? Clergy members are considered self-employed and therefore pay a 15.3 percent contribution to Social Security, Mr. Hammar explained. So young ministers on tight budgets sometimes decide, or are persuaded, to drop out and thereby give themselves a 15.3 percent raise.

"The vast majority of clergy who did opt out of Social Security never replaced it with another retirement scheme," he added.

Several times since 1968, religious denominations have urged Congress to rescue these potentially destitute ministers. On three occasions in the last 20 years, most recently in 1999, Congress has done so, opening a two-year window during which ministers who "irrevocably" dropped Social Security could return.

Mr. Hammar said federal law and the laws of every state except Oregon also exempt religious employers from the unemployment compensation laws that cover other employers. Court rulings widened this exemption to include religious-operated schools, he said, and in 1997 Congress expanded it further to include schools "operated for a religious purpose" but not actually controlled or affiliated with a religious denomination or institution.

As a result, he said, state courts have generally determined that workers who are laid off from these exempt religious employers cannot collect jobless benefits.

Breaks on Sales Taxes

In her 20 years as a lawyer, Heather Morcroft had never argued a case before the Florida Supreme Court.

But there she was, on June 9 — standing alone on her side of the lofty courtroom in Tallahassee to challenge the constitutionality of a Florida law that exempts "religious publications" from the state sales tax.

As Ms. Morcroft sees it, this exemption not only infringes on the liberty of those faiths with writings that may not be deemed sufficiently religious to be exempt, but it also puts government in the role of defining a religious publication and then favoring that publication over secular ones.

None of that, she says, should be allowed under the First Amendment, which provides, in part, that "Congress shall make no law respecting an establishment of religion."

Indeed, in that 1989 case in Texas, the United States Supreme Court ruled that the government could "not place its prestige, coercive authority, or resources behind a single religious faith or behind religious faith generally" without violating the Constitution.

Some legal scholars argue that there was no clear majority opinion, and hence no clear judicial guidance, in the Texas case.

But Ms. Morcroft noted in her lawsuit that since the Supreme Court decision in the Texas case, federal and state courts in North Carolina, Pennsylvania, Rhode Island and South Carolina, as well as Georgia, had "found that a sales tax exemption for items based on their religious content is unconstitutional."

Florida is one of several states that still have some sort of sales tax exemption for religious publications.

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Lawyers defending the exemption, which costs the state just under $10 million each year, say it is consistent with a long list of laws, adopted and upheld since the nation's birth, that have benefited religion in some way. Governments "have found it prudent to avoid entanglement of religion with the state taxation process by providing exemptions," argued Kevin Shaughnessy, a lawyer in the Orlando office of Baker & Hostetler who represents The Florida Baptist Witness and The Florida Catholic, which benefit from the exemption. Similar arguments were made by Liberty Counsel, a religious freedom advocacy group in Orlando.

Most states give religious groups some sort of broad sales tax exemption, but most do so simply by including religious organizations in omnibus exemptions that cover sales to, and sometimes purchases from, nonprofit groups of all sorts.

But a few states go further, exempting specific kinds of religious publications from sales taxes no matter who buys or sells them, said John L. Mikesell, a professor at Indiana University and the co-author of a widely used primer on sales taxation. They include Florida, Massachusetts and Texas, which revised its statute after the Texas Monthly case.

Several other states grant special treatment to sacramental equipment and supplies, and to materials a private contractor buys for use on many religious construction projects.

The difficulty of applying these exemptions in real life was revealed in Tallahassee, when Justice Barbara J. Pariente quizzed James A. McKee, the state attorney defending the Florida statute, about how the state went about "deciding whether my Bible is really a religious text, or if it is historical or something else."

Mr. McKee quickly assured her that the revenue department left those constitutionally sensitive "content" decisions to the booksellers. "It's similar to a statute that exempts certain food items," he explained. "The grocery store is actually the one that makes the determination."

Sounding a little shocked, Justice Pariente asked, "So they can say anything is religious and there is no challenge to it?"

Mr. McKee did not directly respond to her question — but booksellers have.

While there is no way of knowing how small bookshops decide what is an exempt "religious publication," big national booksellers have developed definitions to guide their stores in Florida and other states with similar exemptions.

The problem is, their definitions are different.

Barnes & Noble recognizes a narrow category that includes the Bible and a short list of other "sacred texts," including the Talmud and the Koran, according to Mary Ellen Keating, a company spokeswoman.

At Borders, the exemption is broader, including books on theology and religious history as well as Bibles, hymnals, prayer books and the sacred texts of all religions, according to Anne Roman, a spokeswoman there.

Hearing that, Ms. Morcroft said she was not surprised at the disparities. "I have friends who shop at a local Christian bookstore," she said. "They say the only thing that's ever tax-exempt there is the Bible."

Like the many other tax and regulatory exemptions that have become available to religious organizations in America, the tax breaks for clergy housing expenses and religious publications benefit religion in ways that some critics say go beyond the limits of the Constitution.

Until several years ago, "it was inconceivable for most to think that religion might well be aggressively expanding its power in a way that is harmful to the public good," said Marci A. Hamilton, a law professor at the Cardozo law school at Yeshiva University in New York and the author of "God vs. the Gavel: Religion and the Rule of Law," which is critical of many religious exemptions, particularly in the areas of land use and family law.

But now, Professor Hamilton said, the power of religious entities "is at its apex."

Defenders of these exemptions deny that they raise any questions of excessive power or constitutional violations. "Government deregulation of religion is consistent with a broader pattern of American government going back to the founding," said Anthony R. Picarello Jr., vice president and general counsel of the Becket Fund for Religious Liberty, a legal advocacy group in Washington.

"Providing special treatment is not always constitutionally required," he said, "but it is constitutionally permissible."

In The Congressional Hopper: A Long Wish List Of Special Benefits And Exemptions (NYT)

By Diana B. Henriques

The New York Times, October 11, 2006

For all their gains, some advocates for religious freedom see the last 15 years not as a time of increased accommodation for religious groups but as a long battle in which religious groups have had to fight hard just to hold their own against a tide of unsympathetic policies. Indeed, they say government must do more to protect religious institutions of all kinds from the hostile environment of modern America.

A Congressional wish list supported by some religious leaders and other advocacy groups would accomplish that.

One bill, H.R. 235, would exempt churches and other religious institutions — but not secular nonprofits — from the I.R.S. rule against partisan political endorsements by tax-exempt organizations. Another, H.R. 27, would grant religious employers

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even more leeway to discriminate on religious grounds in their hiring, specifically in job training programs paid for with federal tax dollars.

There's also H.R. 2679, which passed in the House on Sept. 26 by a vote of 244 to 173. It would prohibit the courts from awarding damages, lawyers' fees or costs to any plaintiff who successfully sues over possible violations of the establishment clause of the First Amendment, cases involving things like the erection of crosses or nativity scenes on public land.

The Public Prayer Protection Act, H.R. 4364, would protect the right of government officials "to express their religious beliefs through public prayer" by barring federal courts, including the Supreme Court, from hearing lawsuits raising constitutional objections to those prayers.

The list also includes the Workplace Religious Freedom Act, H.R. 1445 and S. 677, introduced last year with bipartisan support in both houses, which would amend the Civil Rights Act of 1964 to require employers to be more accommodating to the religious observances of their employees. The bills do not say whether religious employers would be exempt, as they are from the Civil Rights Act's prohibition on discrimination based on religion.

Another bill, H.R. 1054, would transform into law the executive orders that created President Bush's "faith-based initiative," to make federal grants and contracts more available to religious groups.

Among those who think more should be done is Anthony R. Picarello Jr., vice president and general counsel of the Becket Fund for Religious Liberty in Washington, one of a growing roster of law firms and legal advocacy groups ready to provide free legal help for religious groups or individual believers involved in First Amendment litigation or disputes.

"I don't think we can say the climate for religious freedom is so dramatically improved that we don't need these laws," Mr. Picarello said.

There are still fierce battles over individual religious practices and the display of religious symbols on public property, he noted. And religious organizations — especially those outside the nation's mainstream traditions, like small Latin American or Asian sects and non-Christian houses of worship like mosques, Orthodox synagogues and Hindu temples — still face discriminatory zoning decisions in towns across the country.

He is also concerned that the sexual abuse cases pending against the Catholic church will erode the longstanding judicial doctrine that protects religious employers from lawsuits by disgruntled clergy members and other employees.

"I don't necessarily view the climate as improving," he said, adding a few moments later: "The idea that special protection in the law for religion is unconstitutional has been rejected over and over and over. Yet all these statutes are under continuous attack."

"A lot less frequently, perhaps," he added, "but it hasn't stopped."

Given the broad and expanding benefits available to religious organizations, from tax breaks to government contracts, what explains the continuing complaints about a nationwide hostility toward religion and religious organizations?

A number of legal scholars say some justifiable discontent is warranted over the erratic path the Supreme Court has followed on First Amendment cases since 1990. Derek H. Davis, formerly the director of the J. M. Dawson Institute of Church-State Studies at Baylor University, said that although the courts had clearly become more accommodating to religion, "the whole landscape is in disarray about what the law is."

But at a more human level, specialists on religious law said, basic changes in the workings of government — more lenient rules on revenue bonds, new tax breaks for faculty housing at church schools, higher barriers to workplace lawsuits, beneficial exemptions from licensing rules — just don't attract the emotional lightning that flares over same-sex marriage and religious symbols on public land.

For example, a federal court ruled that a giant cross on city-owned land at the Mount Soledad Veterans Memorial in San Diego was unconstitutional and ordered it removed by August of this year. The public reaction was so fierce that Congress took less than six weeks in the summer to approve a law providing for the federal government to buy the site and preserve it intact.

Much of the angry talk about a national war on religion "is a reaction to modernity and the pace of change in our society," said Edward R. McNicholas, a director of the religious institutions law practice at Sidley Austin. "People want to cling to their religious values as they encounter more cultures that are different and foreign to them. So the language of exclusion has been taken up in the political rhetoric."

Beyond just the talk, the Becket Fund and other religious freedom advocacy groups can cite what they say are examples of unfair attacks on people of faith: a devout librarian fired for refusing to work on Sunday; a local zoning law that allows no churches; a student rebuked for saying "God bless you" to a classmate who sneezed. With the involvement of these advocacy groups, battles like these are getting far more attention, adding to the public concern about threats to religious freedom.

While many of these cases are quickly resolved with a single warning letter or sometimes just a telephone call, they leave a bitter aftertaste in the political arena, said the Rev. Barry Lynn, president of Americans United for Separation of Church and State.

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Some scholars and leaders of faith worry that the real threat to religious vitality in the United States is not the "hostility" of a secular culture.

"What's happening with all these tax breaks and exemptions is a soft, subconstitutional establishment of religion returning to the country," said John Witte Jr., director of the Center for the Study of Law and Religion at the Emory University law school. That increasing level of indirect support and patronage, he said, "breeds a level of dependency that I think is dangerous for both religion and government."

Professor Davis, now the dean of humanities at the University of Mary Hardin-Baylor in Belton, Tex., agreed with that view, but said he was also troubled that religious organizations were pursuing more regulatory exemptions even as more government money is heading their way through contracts, vouchers and grants under the faith-based initiative.

"That suggests to me that they don't want government involved in monitoring religious institutions, but they want the benefits that government is dispensing anyway," he said. "To me, that's unfair. If you're going to take government money, you should abide by the rules, like everyone else."

CONGRESS-ADMINISTRATION:

Bush Says Democrats Would Raise Taxes (AP-Y)

By Jennifer Loven

AP-Yahoo, October 11, 2006

President Bush portrayed Democrats on Tuesday as the party of big spending and high taxes, aiming to give increasingly endangered Republicans an edge in a midterm election debate dominated recently by congressional scandal and overseas crises.

"If you want to keep your tax cuts, vote Republican on Nov. 7," Bush said at a fundraiser for former Republican Rep. Mac Collins, who is seeking a comeback to Congress. He is challenging Rep. Jim Marshall, seen as one of the most vulnerable Democratic incumbents.

"Next month, our nation has got this choice to make," the president said. "Do we keep taxes low so we can keep this economy growing? Or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country? ... This decision will have a huge impact on the working people all across the United States of America."

Bush is hoping to help Republicans retain control of both houses of Congress against ever steeper odds by convincing voters that Democrats would raise taxes and compromise Americans' safety if handed the majority. But the taxes-and-terrorism pillars of the GOP midterm election strategy, the mainstays of Bush's campaign-trail speeches, have been partially drowned out of late.

The revelation of a Republican lawmaker's online sexual advances toward male congressional pages has sparked a fierce debate about whether the GOP leadership did enough to protect teenagers working on Capitol Hill. North Korea's reported test of a nuclear bomb has given Democrats ammunition to argue that Bush focused on going to war in Iraq, a country without weapons of mass destruction, while the threat from the communist regime in Pyongyang expanded.

The degree to which the White House is struggling to regain control over the political conversation was demonstrated Tuesday when Bush aides distributed excerpts of the president's tough-on-Democrats speech before he landed in Georgia. Unlike previous administrations, the Bush White House keeps tight control over the president's speeches, usually handing out only the most significant ones in advance and even then only a few minutes beforehand.

On Tuesday, though, the parts of Bush's remarks that went after Democrats on taxes were given to the reporters traveling with the president on Air Force One and also, to maximize their exposure, disseminated by e-mail to hundreds more on the White House press list.

The event at the Macon Coliseum raised $300,000. Outside, there were demonstrators from both sides. About 150 people waved American flags and signs that said "God bless President Bush," while others held placards asserting that the president is a war criminal.

Bush singled out the voting record of House Democratic leader Nancy Pelosi to ridicule her declaration that Democrats "love tax cuts." The president said Pelosi, likely to be House speaker if Democrats win control of that chamber, voted against reducing the so-called marriage penalty, phasing out the inheritance tax and cutting taxes for small businesses and families with children.

"Given her record, she must be a secret admirer" of tax cuts, Bush said of Pelosi, earning appreciative laughs from the friendly audience of GOP donors. "If this is Democrats' idea of love, I wouldn't want to see what hate looks like."

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Pelosi, in a statement, fired back: "Democrats have a strong record fighting for tax relief for middle-class families and small businesses that would spur economic growth and expand opportunity for all Americans, not just the privileged few." She said Democrats would "restore fiscal responsibility with pay-as-you-go budgeting, reducing the budget deficits that have exploded as a result of President Bush's failed economic policies."

With some conservatives in the Republican Party's base of support restive about increased federal spending under Bush's watch, the president defended his record on the budget deficit. He said he is making faster-than-expected progress on his goal of cutting the annual deficit in half by 2009, because of higher tax receipts.

"The Democrats' approach to cutting the deficit is taking more of your money to pay for their spending," he said. "The Republican approach is to restrain spending."

Dangerous Thinking In Compromise On Treatment Of Captive Terrorists (WSJ)

Wall Street Journal, October 11, 2006

The attempt by Sens. John W. Warner, John McCain and Lindsey O. Graham to explain their compromise with the president on treatment of terrorist war prisoners ("Look Past the Tortured Distortions," editorial page, Oct. 2) did more to perpetuate distortions and misconceptions than clarify anything. We have the Geneva Convention, the Detainee Treatment Act, and now the Military Commission Act. Sounds like we are desperately trying to make a square peg fit snuggly into a round hole using a lot of grease known as political mumbo jumbo with a heavy dose of political correctness and pseudo nobility thrown in.

The last I heard, the Geneva Convention applies to the fair and humane treatment of POWs. I believe POW stands for "prisoner of war." How did we get from POWs to "detainees," "suspected terrorists" or "enemy combatants," all used interchangeably in this article? How did we get from "captured' to "arrested"? Are we dealing with people who are trying to destroy America and kill Americans, or armed convenience store robbers who may have killed somebody? Since when do POWs get Supreme Court review on anything?

If I am an American service member in a conflict/battle in Iraq (or wherever) and someone is shooting at me and I shoot back and kill him, whom have I killed -- a potential detainee, a suspected terrorist, the enemy or a non-resident unabomber with distorted religious perceptions? If I capture/arrest a person on my airplane with a bomb in the heel of his shoe that didn't explode, subsequent to an attempt, is he a suspected anything or is he a prisoner of war?

Those who think being kind to terrorists is going to provide any protection to our men and women in uniform, now or ever, needs to update their thinking to a post 9/11 status. While we need not and should not be barbaric and cruel (i.e. pulled fingernails, cigarette burns, humiliation for entertainment, etc.), trying to find a way to be rational and civilized to those who are irrational and uncivilized is tantamount to treating a three-year-old like an adult. It ain't gonna work.

My big question is, are we inadvertently perpetuating a mindset of "kill 'em but for God's sakes don't capture them"? If we have to plead with them or persuade them with flowers and candy to tell us anything after we capture them, what's the net difference, militarily speaking, of course? Somebody, somehow needs to clear up the confusion, quickly. Not for the president or senators, but for those in the middle of a firefight, wherever and with whomever that may be. God save America. If we can't stop the infighting in Washington, He may be our only chance.

James H. Godwin
Lt. Cmdr., USAF (Ret.)
Vietnam Veteran 1968-69
Cold War Veteran 1955-67, 1970-74
Simpsonville, S.C.

When one of the depraved monsters we are fighting considers whether or not to behead a captured American soldier, I doubt that the fact that we will now reveal secret evidence to terrorist defendants will give him pause. Furthermore, this legislation concerns procedures for unlawful combatants. A U.S. Marine wears a uniform with insignia, carries weapons openly, has a chain of command, and does not target civilians. Why would a group that ludicrously declares such Marines unlawful combatants then feel compelled to follow any international strictures or moral norms concerning their treatment?

Sadly, this foolish and dangerous thinking is unlikely to have any bearing on the treatment of our captured military personnel, but is far more likely to result in more of them dying in the field while placing civilians at greater risk here at home.

Matthew Commons
Lt. Cmdr., USN
Jacksonville, Fla.

Regarding habeas corpus for terrorists, the senators say, "These challenges are in excess of what our soldiers would be afforded as prisoners of war."

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What a strange statement by three former military officers, since we have never seen, nor should we ever expect to see, captured Americans treated as prisoners of war by the very same terrorists.

William D. Allen

(Another former military officer)

Placentia, Calif.

By publishing this piece you perform a public service by illustrating how far detached from reality and the sentiment of the American people these senators are. Americans know that the best way "to give protection to our men and women in uniform" is to kill as many of the enemy as fast as we can. Americans also know that none of the people held in Guantanamo or anywhere else, nor anyone being surveilled by the NSA, is even remotely subject to the protections of the Geneva Conventions, nor are they entitled to or covered by the Constitution of the United States.

Carroll Melton

Arlington, Va.

Democrats Want to Assure Middle-Income Tax Relief

In response to your Oct. 3 editorial "An Honest Democrat":

President Bush and Republican campaign committees have attacked Democrats with a claim that we would raise taxes if elected to a majority in Congress. That's not true. Democrats have a long history of supporting targeted relief for middle-income families. In fact, many of the tax benefits extended by this administration began as Democratic initiatives.

Democrats have developed a pay-as-you-go platform for our nation's budget that will not saddle our children and grandchildren with more, unbearable debt. We want to start by closing the "tax gap," collecting the $345 billion owed each year in unpaid taxes. We also believe we should use our tax code to encourage investment and job creation here in America. We would make it a priority to close tax shelters and eliminate benefits for companies that move jobs overseas.

During a recent fund-raiser in Florida, President Bush seized on a statement in the press that I could not support the extension of all of his tax cuts. He said "that's one way of saying they're going to raise your taxes because, you see, if you do not extend the tax cuts your taxes go up." Well, the president is talking about his big rate tax cuts that aren't going to expire until 2010. That's light years away from the debate before us, and we have no way of knowing what the economy or even our leadership will look like then. Democrats want to pursue new priorities to strengthen relief for middle-class families that have been left behind during the Bush administration.

What's done is done. America needs to seek new ways to help middle-income families improve their lives. The only way to achieve this is with cooperation between Republicans and Democrats. I know the president and I agree that comprehensive tax reform is a priority. Further, we both realize that any tax reform proposal signed into law must not increase the national debt. In order to do that, there must be winners and losers. Americans have a choice on the policies we'll pursue; Democrats would work to ensure that middle-income families are not the losers in the tax-reform debate.

Rep. Charles B. Rangel (D., N.Y.)

Ranking Democrat

House Committee on Ways and Means

Washington

The president, the majority party in Congress, and now your editorial page are attempting to convince the American public that Democrats are intent on increasing their taxes.

We find it curious that Democrats are being accused of planning to increase taxes on middle-income families when decisions made by the current majority have already done so. Those in charge of the Congress now deliberately chose not to extend middle-class tax relief -- such as the deductions for college tuition, state and local sales taxes, and teachers' out-of-pocket classroom expenses -- before Congress adjourned for the elections. And President Bush's fiscal year 2007 budget failed to include relief beyond 2006 from the increasingly middle-class Alternative Minimum Tax.

The majority party in Congress has proven it is ready and willing now to increase taxes on American families.

Sen. Harry Reid (D., Nev.)

Sen. Max Baucus (D., Mont.)

Washington

Privatizing Drives Up Cost Of Administering Medicare

Your Oct. 4 editorial "Markets and Medicare" implies that the private sector is more efficient than Medicare. Medicare trustees suggest the opposite, finding that administrative costs for the new prescription drug program's private drug plans average 12% -- six times Medicare's historic 2% ratio.

You also claim that "competition" is responsible for a decline in the drug program's cost. But these reductions are primarily a result of a trend of lower drug spending that is unrelated to Medicare.

And you allege that the Veterans Administration limits drug access. But the VA covers 16,000 prescription drugs on its formulary, and ensures access to other drugs when necessary. VA patient satisfaction is high and the VA negotiates price discounts far below those in Medicare's private plans.

On one point you are correct: I am unhappy with the GOP agenda to privatize Medicare. Why? At the behest of Republicans, the government now pays Medicare-sponsored HMOs and other private plans 11% more than would be spent in the traditional fee-for-service program. If the private sector is so efficient, why do we have to pay it more to do the job?

Rep. Pete Stark (D., Calif.)

Ranking Member

Ways and Means Subcommittee on Health

Washington

South Carolina Schools Top Improvement Lists

Your Sept. 27 editorial "Change Comes to a Carolina" seriously misreprents the picture of education in South Carolina.

On the SAT -- always the favored whipping boy of public education critics in our state -- South Carolina holds the top 10-year improvement in the country, gaining 31 points while the nation has gained only eight.

On the National Assessment of Educational Progress (NAEP), the test preferred by the U.S. Department of Education for state-to-state comparisons, South Carolina exceeds the national average in math and is approaching it in reading. Our fourth-graders and eighth-graders are ranked No. 1 in the nation for improvement in math, our fourth-graders are No. 1 for improvement in science, and our eighth-graders are No. 3 for improvement in science.

It is true that too few of our students score "proficient" on state exams. But it is also true, as eight independent national studies have confirmed, that our standards for proficiency are among the toughest in the nation. What most states pass off as "proficient" earns only a "basic" score in South Carolina, making other states look better without actually achieving betterscores.

South Carolinians for Responsible Government, the organization mentioned in your editorial, has a single agenda: to dismantle public education and replace it with private school vouchers. The group has distributed inaccurate information and exerted pressure on legislators. And now it has filed a lawsuit against the South Carolina State Ethics Commission because the commission suggested that SCRG should comply with state election laws and disclose the source of its funding for campaign ads that targeted public school supporters for defeat.

Inez M. Tenenbaum

South Carolina State Superintendent of Education

Columbia, S.C.

Golden Memories

What a delight it was to read Meghan Cox Gurdon's article "The Other Golden Years" (Weekend Journal, Taste, Friday Oct. 6). The illustrated cover of "The Saggy Baggy Elephant" really took me back to my early childhood and my dear grandmother. After spending hours reading the Little Golden Books to me, I picked up her wrinkled hand and said "Grandma, you have skin just like the saggy baggy elephant." Fortunately for me, her reply is lost in time.

Because my grandmothers and parents read me the Little Golden Books and other wonderful stories I have had a lifetime love affair with reading. Thanks to Little Golden Books and Ms. Gurdon for bringing back such wonderful memories.

Beverly Holland Polant

North Bethesda, Md.

Eyes on Romania

I disagree with your editorial suggesting that Romania and Bulgaria must finally be accepted into the European Union ("The End of Enlargement," Sept. 28). As a Jewish Holocaust survivor from Romania, I wish to emphasize that to this day, Romania has not paid restitution to Jews whose properties were confiscated and who were enslaved in forced-labor camps during the Holocaust.

Despite assurances of having established a Holocaust curriculum in schools and universities, Holocaust education in Romania remains optional, not obligatory. Random lectures on the subject given in Lasi University or in Cluj-Napoca University is not what the education law supposedly requires.

Much depends on the attitude of those in power and their willingness to bring about change. As George Orwell wrote: "Those who control the past, control the future. Those who control the present, control the past."

Romania, hoping to join the EU, is expected to clean up its act on a range of issues. It should be made clear that if Romania does not, the country will be at risk of losing its place among the western nations. The world is watching!

Baruch Cohen

Research Chairman

Canadian Institute for Jewish Research

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Montreal, Quebec

Hong Kong Wrong

With reference to Milton Friedman's Oct. 6 op-ed, "Death of the Hong Kong Model":

I always thought that the big story on Hong Kong was missed. Its steady decline was the natural result of liberalism and political correctness. It should have never been given back to China. Hong Kong is just about gone, and no one is really noticing. What a shame.

Brian Grayson

Albuquerque, New Mexico

Mr. Tsang obviously thinks the collective intelligence of his small advisory group is greater than that of 6.8 million Hong Kong residents. What is so surprising about that? The U.S. has 535 members of Congress who believe they know more than 300 million Americans, and every day provides further evidence regarding who knows more.

J. H. Colter

Lindon, Utah

Mr. Friedman wrote in defense of laissez-faire capitalism that "if there are any obvious imperfections, the market will eliminate them." Really? I thought that it was government who took care of "imperfections" such as WorldCom, Adelphia and Enron. And let us not forget how many Wall Street firms a few years ago paid hefty fines and were forced to change the way they do business when the SEC went after them for misleading investors. If in a laissez-faire economy the only thing that matters is making money, then it can be amazing how much "imperfection" can be tolerated by the market.

David P. Graf

Chatham, Illinois

Does this mean that capitalism cannot work outside a democracy? There are countries that are socialist internally but have a government acting as a capitalist in the global market to pay for the cost of internal social policies. France is one such example. Is China trying to use Hong Kong in a similar way?

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Because of the large volume of mail, all letters are subject to abridgment and those unpublished can be neither acknowledged nor returned.

Painting A Rosy Budget Picture (WP)

By Michael Abramowitz And Peter Baker

The Washington Post, October 11, 2006

MACON, Ga., Oct. 10 -- The federal budget deficit shrank from $318 billion to less than $260 billion in the fiscal year that concluded in September, officials disclosed yesterday. It marks the second year in a row that the deficit has declined after ballooning in the early years of the Bush administration.

White House officials hailed the improving short-term budget picture as a vindication of President Bush's tax-cutting agenda, though the long-term prospects are considerably bleaker, given the escalating costs of health-care and retirement programs and, in the view of many economists, the red ink produced by tax cuts.

Bush pointed to the declining budget deficit in remarks Tuesday evening at a fundraiser in Georgia, where he once again sought to frame next month's midterm elections in part as a referendum on tax cuts that he says have stimulated revenue. The nation "has got this choice to make," Bush told donors here. "Do we keep taxes low so we can keep this economy growing, or do we let the Democrats in Washington raise taxes and hurt the economic vitality of this country?"

The president will step up his efforts to tout the economy at a White House event Wednesday, when officials said he will announce that he has met his target of cutting the deficit in half over five years -- three years ahead of schedule.

That promise was based on what officials once projected would be a $521 billion deficit in 2004. One senior White House official, who spoke on the condition of anonymity because the president has not officially announced the numbers, said the deficit for 2006 will be less than $260 billion, "with a significant margin." The Congressional Budget Office estimated last week the deficit would be $250 billion.

One reason the goal was achieved is that the bar was set low. As the economy improved, the $521 billion deficit never materialized, and the government ended 2004 with a $412 billion deficit. Moreover, Bush's policies, including the tax cuts and war spending, helped wipe out the surplus that his administration inherited from the Clinton administration in 2001; Democrats

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point out that the government was supposed to be running a $300 billion surplus this past year, so in effect, they say, there has been a downward swing of more than half a trillion dollars.

Sen. Kent Conrad (N.D.), the ranking Democrat on the Senate Budget Committee, said the deficit numbers mask the broader problem, which is that the government is using so much in surplus Social Security taxes that it eventually must repay. When that is added to the official deficit numbers, Conrad said, the country had an additional $550 billion in debt last year. "It's amazing how word games have been used to hide from the American people how serious our fiscal situation really is," Conrad said in an interview. "All of the happy talk is just that."

Still, the budget deficit is declining, in large measure because corporate and individual tax receipts have surged at a much faster rate than the government originally projected. The Congressional Budget Office estimated last week that government receipts were up 11.8 percent in 2006, to $2.4 trillion, the second-highest increase since 1981, surpassed only by the 14.5 percent increase last year.

Meeting with reporters last week, White House budget director Rob Portman said: "This economy is strong and growing. The president's pro-growth policies, including the tax relief, are working."

But Robert D. Reischauer, former director of the Congressional Budget Office and now president of the Urban Institute, gave the tax cuts little credit because the economic effect of putting that money back into the economy was offset by the debt incurred from extra spending on the wars in Iraq and Afghanistan and relief from Hurricane Katrina. "The consensus among economists is that the tax cuts of 2001 and 2003 and the extensions have done little to boost economic growth, having been offset by increased spending," he said.

Reischauer agreed that revenue is stronger than most observers expected. "But what we're seeing is the calm before the storm," he said. "Everyone knows that the current revenue and spending structures taken together will be unsustainable as the baby-boom generation begins to enter its retirement years."

Administration officials said the president will continue to talk up the economy as he tours the country in the weeks before the Nov. 7 elections, hoping to overcome voter anger about the war in Iraq and congressional scandals. "In some of the key states and some of the key districts, even within these states, the economy remains the number one issue," said Portman, a former Ohio congressman who remains close to his House colleagues.

Bush was campaigning Tuesday for Mac Collins, a former congressman who is trying to unseat Rep. Jim Marshall in one of the few House races in which the GOP has hope of defeating a Democratic incumbent. Collins aides said they expected the campaign to take in more than $400,000 from Bush's appearance.

Baker reported from Washington.

Medicaid Spending Rises Only Slightly (WP)

By Christopher Lee

The Washington Post, October 11, 2006

Medicaid spending rose by 2.8 percent in fiscal 2006, the smallest increase in a decade, according to a study released yesterday by the nonprofit Kaiser Family Foundation.

At the same time, state tax revenue grew by 3.7 percent as the economy continued to improve, the survey of 50 states and their Medicaid directors found.

Together those trends signal that the state-federal program that pays for health care for the poor and disabled is emerging -- at least temporarily -- from a period in which many states limited eligibility, benefits and reimbursement rates for health-care services in a drive to corral costs. For 2007, only five states plan to restrict eligibility, while 26 indicated they will restore benefits, relax application and enrollment restrictions and undertake new outreach efforts.

"The program continues to grow, but it is not out of control," said Diane Rowland, executive director of the Kaiser Commission on Medicaid and the Uninsured.

"We now see that as the economy is improving that the states are looking at how they can best meet the needs of their citizens using the tools they have available to them."

With total annual costs of more than $300 billion, Medicaid serves more than 50 million people and its fortunes rise and fall with the economy. In tough economic times, when more people are out of work and hurting financially, Medicaid rolls swell. But that is when it is hardest for states to pick up their 40 percent of overall Medicaid costs, because a slumping economy also sends state tax revenues plummeting. (The federal government pays the balance of the costs.) The crunch typically leads Medicaid officials to scramble to impose cost-containment measures as part of broader efforts to rein in overall state spending.

Everything tends to turn around when the economy improves, with state coffers more flush and fewer people eligible for Medicaid. While 2002 and 2003 were lean years for states, the past two were better.

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The slower growth in Medicaid spending documented by the Kaiser report was a product of both the improving economy and continued cost-containment efforts, Rowland said. Spending growth would have been even slower, but states had to fork over billions of dollars to help pay for the new Medicare drug benefit, which covers about 6 million low-income people who used to get prescriptions through Medicaid, the report found.

Even in good times, there is upward pressure on enrollment as the population ages and an increasing number of people lack health insurance. Medicaid enrollment grew by 1.6 percent in fiscal 2006, the lowest rate since 1999, the survey found. It does not take many people to drive up costs, however. About 4 percent of the Medicaid population, generally the elderly and disabled, accounted for 48 percent of the program's expenditures in 2001, the survey showed.

Anne Marie Murphy, Medicaid director for Illinois, said officials there have combined expansion and outreach in recent years with a new emphasis on prevention and managing health-care services.

"We have been very focused on controlling utilization," she said. "We want people to get health care, but to get necessary health care. We want to spend our money wisely and be a prudent purchaser of care."

Although pressure to hold down costs continues, many states plan to expand coverage in 2007.

In California, about 95 percent of Medicaid-eligible children are already enrolled -- but officials will go after the uninsured 5 percent, said Stan Rosenstein, the state's deputy director of medical care services. "The governor has put in major funding for outreach, and we are making major simplifications to our application and redetermination process," he said.

Pump Is Not Only Place For Lower Gas Prices (WP)

By Tomoeh Murakami Tse

The Washington Post, October 11, 2006

As consumers revel in plummeting gas prices, a federal government report released yesterday offered another pleasant surprise: lower heating bills this winter.

For the first time since the 2001-02 season, natural gas bills are expected to drop by an average of 13 percent, or $119, from the previous year, according to the Energy Department's Energy Information Administration. Nearly six out of 10 households in the country rely on natural gas.

Consumers using other fuels won't fare as well, according to the report. Households heated by electricity are likely to see their bills increase by an average of 7 percent, or $58, because of the higher costs late last year for fuels for electricity generation and the loosening of caps on rates. People who use heating oil can expect to pay 6 percent, or $91, more this winter. Users of propane, however, can expect an average decrease of 1.1 percent, or $15, in their heating bills.

The chief reason for the reversal in consumers' natural gas costs is the high level in storage -- near full capacity -- which has caused prices to plunge. Inventory is plentiful, analysts said, because of last winter's mild weather, which significantly cut consumption, and a normal summer season that did not strain resources.

"The winter of 2006 was just off-the-charts warm," said Paul Flemming, director of power and gas at Energy Securities Analysis Inc. in Massachusetts. "We started what we call the inventory-building season in April with a very high starting point."

Last year, natural gas prices were also pushed up by hurricanes Katrina and Rita, which affected pipelines and natural gas processing plants. The estimated bills for this winter are still higher than 2004 levels. Heating oil supplies were also disrupted by the hurricanes, but their prices last year were not as affected as those for natural gas because the International Energy Agency released some reserve supply, said Doug MacIntyre, senior oil market analyst at the U.S. Energy Information Administration. Heating oil prices are continuing on their upward trend this year, while natural gas prices are adjusting to their sharp increases last year.

In the South region that includes the Washington area, natural gas bills would have been about 20 percent lower than last year, said Tancred Lidderdale, senior economist with the EIA. But because this winter is expected to be about 6 percent colder than last season, according to the National Oceanic Atmospheric Administration, the decline in heating bills works out to about 14 percent. "Unfortunately, the lower price is going to be offset somewhat by the expected colder winter," Lidderdale said.

Roger Cooper, executive vice president for policy and planning at the American Gas Association, a D.C.-based trade group, cautioned against reading too much into the forecasts, which were adjusted through the heating season last year as the winter turned out to be warmer than expected.

Still, "I think the direction is right," he said, adding that "I think we will see lower" natural gas bills.

Agency Expects Lower Costs For Gas Heat (NYT/AP)

By The Associated Press

The New York Times, October 11, 2006

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WASHINGTON, Oct. 10 (AP) — Families using natural gas can expect their heating bills to drop an average of $119 this winter, the government predicted Tuesday. But those who heat with oil or electricity are likely to see their bills rise.

The government based its predictions on its forecast of a mild winter for most of the nation and its assessment of energy supplies and costs as the nation's oil and natural gas production and refinery output recover from hurricane damage in 2005.

"This is a very different scene than we had a year ago in the wake of Hurricanes Katrina and Rita," said Guy Caruso, who heads the Energy Information Administration, the Energy Department's statistical agency.

The hurricanes knocked out 20 percent of the nation's gas production, severely damaged Gulf Coast gas processing facilities and shut more than a dozen refineries — an impact "we're only now recovering from," Mr. Caruso said.

"The greatest beneficiaries will be those who use natural gas because prices went up 29 percent last year" and have since fallen back, he said. Natural gas stockpiles are expected to be near capacity by Nov 1.

The Energy Department forecast that the average household using natural gas would pay $826 for home heating this winter, down $119 or 13 percent from last winter.

Natural gas is the largest source of home heating in the United States. It is the primary fuel for 58 percent of all households, including almost four out of five in the Midwest.

A third of households rely on electricity as the primary heating fuel. The government estimates they will pay an average of $839 for heat this winter, up $58 or 7 percent from last winter. Electric heat is most prevalent in the South, where 52 percent of households use it.

Fuel oil users can expect to pay $1,522 on average this winter, up $91 or 6 percent from last winter. They represent only 7 percent of the nation's households but about half the homes in New England.

Households that rely primarily on propane are expected to pay an average of $1,265 this winter, down $15 or 1 percent from last year. Propane is the primary heat source for only 5 percent of households.

Heating Costs For Some Expected To Drop This Winter (USAT)

By Barbara Hagenbaugh

USA Today, October 11, 2006

WASHINGTON — Most, but not all, Americans will pay less to heat their homes this winter than last year, the government said Tuesday in a report that offered good news for natural gas users.

If realized, the drop in average winter bills will be the first in five years.

"The trend is down, and that's the good news," Guy Caruso, head of the Energy Department's Energy Information Administration, said at a winter heating conference.

Prices for natural gas, the most popular heating source in the USA, are expected to be down dramatically from last year, when costs jumped following Hurricanes Katrina and Rita. The average retail natural gas price is expected to be about $1.22 per therm this winter, down from $1.46 last year.

Although this winter is expected to be warmer than normal in most of the USA, it is still expected to be colder than last year, which was exceptionally mild, says Michael Halpert, lead forecaster at the National Oceanic & Atmospheric Administration's Climate Prediction Center. January 2006 was the warmest January on record.

Colder weather means consumers this year will have to use more energy to heat their homes, partially negating some of the price drop for natural gas, Caruso said. He also cautioned that consumers' winter bills will vary widely based on location, fuel source, home size and heating habits.

The agency's expectations:

·Natural gas. Users of natural gas, which heats 58% of U.S. homes, will pay an average $826 this winter, down 13% from last year.

·Electricity. Users of electricity, which heats 30% of U.S. homes, will pay an average $839 this winter, up 7% from last year. Price and usage are expected to rise.

·Heating oil. Users of heating oil, which heats 7% of U.S. homes, will pay an average $1,522 this winter, up 6% from last year. Although prices are forecast to be unchanged from last year, consumers are expected to use more.

·Propane. Users of propane, which heats 5% of U.S. homes, will pay an average $1,265 this winter, down 1% from last year.

Although bills will likely be lower this winter for most households, the average tab will still be up 15% from two years ago and 64% from five years ago, according to the EIA. That means many low-income consumers will continue to struggle to pay their heating bills this winter, says National Energy Assistance Directors' Association Executive Director Mark Wolfe. "These are really not affordable bills for low-income families," Wolfe says.

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Also Tuesday, a barrel of crude oil trading for November delivery fell $1.44 to $58.52. EIA predicted oil prices would rise to $67 by January based on tight supplies and demand for heating oil.

Winter Heating Likely To Cost Less (WT)

By Patrice Hill

The Washington Times, October 11, 2006

The government projected a decline in winter heating bills yesterday, adding to the already sizable benefit to consumers from falling energy prices.

The Energy Information Administration yesterday predicted that for the first time since 2001, home heating bills will stay the same or decline from last year's levels, thanks to plunging oil and natural gas prices and forecasts of a mild winter ahead.

Add that to rapidly dropping gasoline prices -- pump prices have plunged 75 cents to $2.26 since August, the fastest decline on record -- and consumers are set to enjoy an energy dividend just in time for the holidays, economists said.

"We expect a powerful surge in discretionary income will lift spending, courtesy of the recent plunge in energy quotes," said Richard Berner, chief economist at Morgan Stanley. He estimates consumers' discretionary income has jumped at a $100 billion annual rate since August because of falling gasoline prices, and will grow by another $20 billion to $30 billion because of lower heating bills.

This should give a small boost to economic growth, he said, but he cautioned that much of the windfall could be wiped out if the weather turns out to be colder than expected.

"We already know that consumers celebrated the drop in gas prices by going shopping in September," said Gina Martin, economist with Wachovia Securities, who predicted gas prices will bottom out between $2 and $2.25 on average this winter before heading up again in the spring.

But consumers may not spend the windfall too wisely, she said. Wachovia expects consumers to blow some of their spare change simply by driving more, leaving about $12.6 billion for spending at shopping malls and stores -- not enough to make a major impact on the economy.

The fall in pump prices already has prompted consumers to revisit their love affair with sport utility vehicles after a flirtation with more fuel-efficient cars brought on by $3 gasoline in the spring and summer, said Patrick Olsen, a managing editor at Cars.com.

"Consumers have a short memory," he said. "It has been less than a month since gas prices dropped below $3 a gallon, and we have seen a surge of consumers looking for SUVs on Cars.com."

Energy analysts expect the drop in energy prices to be temporary, as crude oil prices remain high and world supplies remain fairly tight. Despite the renewed enthusiasm for big cars, surveys show that consumers also are skeptical that gas prices will remain low.

Consumers are enjoying the windfall from lower gasoline prices right now, but the benefit they will receive from lower projected heating bills will not be felt fully until December and January.

The energy agency said the majority of Americans who use natural gas to heat their homes will see a 12.5 percent drop in heating costs this winter as a result of a decline in gas prices and a mild winter. The agency said the winter will be 2 percent warmer than normal but 6 percent colder than last year's extraordinarily balmy winter.

Natural gas prices have plummeted since last year because of the unusual warming trend, which caused a record buildup of stored gas at utilities. People who heat with propane also will see a 1.1 percent decline from last year's prices.

But oil prices are higher than last year, and electricity rates are up, so those who heat with electricity and heating oil will see increases of 7.4 percent and 6.3 percent, respectively, the agency said.

Bill Cooper, executive director of the Center for Liquefied Natural Gas, said he is concerned that consumers will be lulled into a false sense of energy security because of the break from high gas bills that is occurring largely because of abnormally warm weather. Gas prices, while down, are still double what they were five years ago.

"We are at the mercy of the weather, and that's a dangerous place to be as we saw when Hurricanes Katrina and Rita knocked out much of the Gulf of Mexico's natural gas production and prices spiked" last year, he said. "To rely on one of the most unpredictable elements ... to determine whether we'll be able to heat our homes and power our industries -- that's no way to run a railroad."

Forecasts Call For Lower Home Heating Costs (CHIT)

By Robert Manor

Chicago Tribune, October 11, 2006

It is by no means a sure thing, but your heating bill this winter could be a bit more reasonable than last year.

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Natural gas prices are down compared with last winter, and weather experts are forecasting a somewhat warmer-than-usual heating season, despite the blast of autumnal cold forecast for Thursday.

"It's likely that [residential] heating bills will be lower than last year," said Elizabeth Castro, spokeswoman for Peoples Energy Corp., noting that natural gas prices this month are half what they were a year ago.

The federal Energy Information Administration said in a report Tuesday that Midwest "households can expect to pay nearly 14 percent less in natural gas expenditures relative to last winter."

Meanwhile, the National Oceanic Atmospheric Administration is projecting this winter will be 2.1 percent warmer than normal in the lower 48 states.

Such long-term forecasts are notoriously unreliable.

But there is no denying that natural gas prices are down from last year, when Hurricanes Katrina and Rita disrupted production in the Gulf of Mexico, which provides much of the U.S. supply. As a result, last year's heating prices were far above normal.

This year, falling oil prices also have contributed to the decline of gas costs, as some industrial users can switch from one to the other.

"Nicor does expect natural gas prices to be considerably lower than last year," said spokeswoman Margi Schiemann. "But they still remain historically high."

The Citizens Utility Board tracks natural gas prices charged by utilities. In January, CUB said, Peoples Gas was charging a little more than $1.13 per therm, a standard measure of gas consumption. By historical standards that was a very high price.

This month Peoples Gas is charging a little more than 56 cents, CUB said. That is its lowest price since October 2003.

Nicor customers were charged $1.09 a therm in January. This month the price is 44 cents, Nicor's lowest price since October 2002, CUB said.

Gas sold for as little as 30 cents a therm during much of the 1990s. Increased use of natural gas to generate electricity has helped propel prices higher.

Peoples and Nicor earn no profit on the price of natural gas, which they provide to their customers at cost. They earn money through delivery fees. Neither company would predict how much overall bills would drop this year.

During the October-through-March heating season of 2005-06, the average Nicor customer spent $1,018 for gas, compared with $775 the previous year. For Peoples, the numbers were $1,257 and $979 a year earlier.

Of course, weather is fickle, and if this winter is bitterly cold, demand for gas will drive up the price and the amount consumers use.

Illinois residents got something of a break in January, which was unusually mild and held down consumption at a time when prices were high.

So if the predictions are right, consumers should have more money in their pockets. Might that give a boost to the economy, perhaps jolting retail sales during the holiday season?

Paul Kasriel, chief economist for Northern Trust, doesn't think so.

"If they don't spend as much on heating, there is income left over," he said. "The question is whether they might want to save it or go out to eat more?"

His opinion is that consumers, squeezed by many months of spending more than they are earning, will be more likely to save or invest the money, or use it to pay essentials like a mortgage. Mortgage defaults have been increasing as variable rate mortgages reset to higher interest rates.

Diane Swonk, chief economist at Mesirow Financial, said higher-income households likely will spend the money. But households with less money are in a different situation.

"Middle- and low-income [families] have to unburden themselves of some debt they incurred when prices were higher," she said.

The Low Income Home Energy Assistance Program can help out with heating bills for households that qualify. Peoples Gas customers and Nicor customers should call 312-456-4100 or 800-252-8643 to inquire about the program. North Shore gas customers should call 847-249-4330.

Natural Gas Bills Far From A Bargain (HC)

By David Ivanovich

Houston Chronicle, October 11, 2006

WASHINGTON - Though American consumers are likely to get some relief in their heating bills this winter, they should still expect to pay substantially more than they did just two years ago.

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In fact, if the government's energy forecasters are correct, ratepayers will still be paying nearly 30 percent more this winter than they did on average between 2000 and 2005, the Energy Information Administration said Tuesday.

"It's good news that prices are anticipated to be lower than last year," noted Kateri Callahan, president of the Washington-based Alliance to Save Energy, "but they were record-setting last year."

"The trajectory is definitely up," Callahan said.

A year ago, natural gas prices were high, as the energy industry struggled to restore gas production in the Gulf of Mexico that was knocked off line by hurricanes Katrina and Rita.

Back then, energy forecasters were predicting an extremely harsh winter for rate payers. But consumers were spared the worst, thanks to a very mild winter that featured the warmest January on record.

This year, the National Oceanic & Atmospheric Administration is calling for another mild winter, albeit slightly cooler than last year's balmy temperatures.

The typical American household can expect to save about $45 on its heating bill this winter compared with last year, the Energy Information Administration said.

"Natural gas prices are certainly the story," said Guy Caruso, the agency's administrator.

But that's not to say the winter heating will come cheap.

Consumers, using a variety of different sources of energy, will spend an average $902 on heating from October through March, the agency said. That's down nearly 5 percent from the $947 average total last year.

But back in the winter of 2004-2005, the typical household spent $786. And for the five-year period between 2000-2005, the average cost was $697.

More Americans heat their homes with natural gas than with any other fuel.

And with gas prices down dramatically from their highs last year, and storage levels poised to reach a record high, households heating with gas stand to save $119 on average this winter, the Energy Information Administration said.

Natural gas users are expected to spend $826 this winter, down from $945 a year ago, the agency said.

"While U.S. households using natural gas are expected to get a modest break on their winter heating bills relative to last year, this is cold comfort when costs are nearly double those of just five years ago," said Jack Gerard, president of the American Chemistry Council.

"Make no mistake, the natural gas crisis hasn't gone anywhere," Gerard added.

The Chemistry Council represents petrochemical makers, which were hard hit by the rise of natural gas prices.

In the nation's southern tier, which includes Texas, natural gas expenditures are expected to drop to $765, down from $887 last winter, the agency said.

Officials at CenterPoint Energy have made no predictions about what Houstonians should expect in their heating bills this winter.

Houston customers saw their gas bills go down in February, August and again just last week because of lower natural gas costs. CenterPoint officials, at least at this point, do not contemplate any further adjustments before February.

A typical CenterPoint customer, using 2,000 cubic feet of gas, can expect to be billed for $29.08 this month, compared with $38.38 in October 2005.

Lower Heating Bills Expected This Winter (LAT)

The Los Angeles Times, October 11, 2006

Winter heating bills are expected to be lower for most families across the nation, with natural-gas customers getting the steepest reductions, the government said Tuesday.

In Southern California, the average monthly cost of home heating could drop as much as 18%, according to Southern California Gas Co., which serves 5.6 million customers. The average monthly bill will be about $80 to $85 this winter, compared with $98 a month last winter, said the utility, which is owned by San Diego-based Sempra Energy.

Families using natural gas — 58% of U.S. households — should expect to pay an average of $119 less during the coming winter compared with last year, a decrease of 13%, the Energy Department said.

The 30% of U.S. households that rely primarily on electricity for heat are expected to pay an average of $58 more, up 7.4% from last winter.

Those heating their homes with fuel oil — 7% of U.S. households — are likely to pay $91 more, a 6.4% jump. The 5% of homes that use propane for heat can expect to pay $15, or 1.2%, less.

Government officials cautioned that if parts of the country experienced an unusually cold winter, heating costs could be much higher than forecast.

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The National Oceanic Atmospheric Administration projected Tuesday that most of the country would see above-normal winter temperatures, though slightly cooler than last year's.

Homes that use natural gas are expected to see their heating costs average $826 this winter, compared with $945 last winter. Electric households could pay an average of $839 for heat this winter, up from $781 last winter.

Homes using fuel oil are expected to pay $1,522 this winter, an increase from $1,431 last winter. Propane users should pay $1,265 this winter, compared with $1,280 last winter.

Gas Consumers To Pay Less For Heat This Winter, Government Says (BLOOM)

By Geoffrey Smith, Robert Tuttle

Bloomberg, October 10, 2006

Oct. 10 (Bloomberg) -- Homeowners in the U.S. can expect to pay an average 13 percent less for natural gas this winter than they did a year earlier, as prices have fallen and inventories surged, the government said in an annual winter-fuels report.

Natural gas consumers will spend $826 this winter to heat their homes, down from $945 last winter, the U.S. Energy Department estimated in its Short-Term Energy Outlook, released today in Washington.

Households that heat with gas will experience the greatest drop in fuel costs, the report from the department's Energy Information Administration showed. Natural gas is the most widely used heating fuel in the U.S., firing the furnaces in 58 percent of all U.S. households.

Consumers of heating oil and electricity can expect to pay more than last winter, the report showed. Households reliant primarily on heating oil will pay $1,522 this winter, a 6.4 percent increase, the department said. Those with electric heat can expect to pay $839, 7.4 percent more than last winter.

Weather that will be 5.9 percent colder than a year earlier will boost demand for all heating fuels, the department said, citing government forecasters at the National Oceanic and Atmospheric Administration. Benchmark natural-gas futures fell as much as 74 percent from a record $15.78 last December, easing the strain on households that rely on the fuel for heat.

Propane consumers will also pay less because of lower prices. Residential propane is expected to cost $1,265 per household, 1.2 percent lower than a year ago. Propane is used by 5 percent of U.S. households as a primary heating fuel.

Natural gas inventories are 14 percent above last year and are headed toward a record, according to Energy Department data. Heating oil supplies are up 13 percent from the average and at their highest since 1999.

Far From Big City, Hidden Toll Of Homelessness (NYT)

By Randal C. Archibold

The New York Times, October 11, 2006

TRINIDAD, Colo. — As the Bush administration promotes a widely praised multibillion-dollar effort to end chronic homelessness in cities like Washington and San Francisco, a growing outcry is rising from rural areas that worsening problems far away from urban centers are being overlooked.

Rural homelessness has always taken a back seat to the more glaring problems in cities. Most studies estimate homeless people in small towns account for about 9 percent of the 600,000 or so homeless nationwide. But local officials and advocates for the homeless in small towns say that economic distress in recent years, including closing plants, failing farms, rising housing costs and other troubles, has left more people without homes and in greater need of help.

Real numbers are hard to come by because most rural areas, where homeless services often means ad-hoc help from church groups or volunteers, are far behind a parade of cities taking head counts.

“We are concerned that the focus on chronic homelessness may have the unintended consequence of shifting services away from families and rural communities,” said John Parvensky, executive director of the Colorado Coalition for the Homeless, one of several groups pushing the federal government to turn more attention to rural areas.

Among the homeless here is John Lobato, who offered a tour of his surroundings — the abandoned shuttle bus where he sometimes sleeps, the makeshift assortment of pallets, mattresses and blankets where he and other men pass time, often drinking, and the Purgatoire River, where he bathes.

Sometimes he takes his medicine for schizophrenia, Mr. Lobato said, sometimes not. Sometimes he sobers up for a while, but then the bottle calls.

“I know I need help,” he said, before embarking on a search for a liquor fix at midday in this isolated town 180 miles south of Denver. “But I don’t know where to get it.”

Until recently, many small towns like Trinidad coped with those who panhandled or set up makeshift encampments in the woods with what Lance Cheslock, director of La Puente, a shelter in Alamosa, near here, calls “Greyhound therapy.” They handed out bus tickets.

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"They just send them up to the cities and let them deal with the problem there," said Mr. Cheslock, among the advocates pushing for a new way to finance rural homeless programs.

The growing visibility of the problem has made some towns reconsider that attitude and push for local solutions, although they can be expensive and difficult.

Rural homelessness "doesn't get enough attention," said Philip Mangano, the executive director of the United States Interagency Council on Homelessness and the Bush administration's chief coordinator of homeless services. But Mr. Mangano said the problem had been difficult to assess because rural communities by and large had not chronicled their problems with the data-heavy planning documents the Housing and Urban Development Department and other federal agencies increasingly demand.

"Like any profile of the homeless, there is a lot of anecdote and hearsay, but you need data and research to create policy," Mr. Mangano said.

To confront the problem, he cited the examples of Washington and Michigan, where every county, many of them rural, has committed to writing a plan to end homelessness.

Here in Trinidad, a former old West coal town of 9,000 near the eastern slopes of the Sangre de Cristo mountains, people have long struggled through hard times. The downtown is pockmarked with shuttered storefronts, but new cafes and galleries have opened as the town tries to refashion itself as an artists' colony.

Interstate 25, dotted with motels of various quality and shopping centers, slices through Trinidad, leaving tidy Victorian homes rising on a hill on one side and modest ranches, several in disrepair, on the other.

Sandi Espinoza, who directs the Open Door Soup Kitchen, in space borrowed from a church, said the organization was serving more meals than ever — families, veterans, men just released from prison and a wide assortment of people smelling of liquor before noon. Some 85 people come daily for lunch, double the number from a few years ago, Ms. Espinoza said.

"We need shelter here," said one wobbly man, who when asked where he sleeps, replied, "down under the bridges."

There is no homeless shelter, only a few drug, alcohol or mental illness treatment programs for the indigent, and a loose group of church pastors, volunteers and other concerned citizens striving to look after people who have no home.

"Pastor helps me out," Mr. Lobato said. "The soup kitchen helps me out and these guys" — he motioned to his disheveled companions — "help me, too."

A couple of weeks ago, officials here cheered the establishment of a "transitional housing unit," a single-family home leased from the government for $1 a year where a displaced family can live for a year or so until they get back on their feet, the first such project started here. The organizers say several families, doubled up with relatives or friends, need a place like that.

There is nothing for the men living in the tents and shacks that have popped up behind the Wal-Mart, near the river.

To seek more stable solutions, a small group was recently formed. With guidance from Becky Vanderslice, an organizer with Housing Justice, a group based in Denver, they gathered around a church conference table and discussed problems that included the need for rehabilitation programs and families unable to make ends meet.

Finally, said Cary T. Nelson, pastor at First Christian Church, the group decided to start with the single-family home. Churches and volunteers will subsidize the costs of running the house, a foreclosed property held by the local office of the federal Agriculture Department.

They called the house Haven of Hope and have begun searching for a family to occupy it. One applicant, Brenda Holguin, said she hoped to move in with at least two of her four children, who are living with her estranged husband. A domestic dispute has left her homeless, living in a nearby domestic violence shelter, and such a house would help set her on a steady path, Ms. Holguin said. "Having a house, my family in one place, would give me more self-esteem," she said.

Ms. Espinoza, who runs the soup kitchen, said she was hoping that local businesses or churches would step forward with donated space for an emergency shelter.

The National Coalition on Homelessness, an advocacy group, is considering mounting an effort to make the Agriculture Department, with its many field offices and staff members in rural areas, the lead agency for financing homeless programs outside urban areas. The task currently falls to the Department of Housing and Urban Development.

"It should be the department of housing and urban-only development," said Michael Stoops, the executive director of the coalition. "We should not give up on HUD, but we need to get other federal agencies involved."

Last year, he said, HUD provided $120 million for 700 projects in rural areas, an amount that has remained constant for several years, federal officials said.

This year, the federal government has increased direct spending on homeless programs to about $4 billion, up from $2.9 billion and double the spending of five years ago. About 10 percent of that has gone toward a new focus on ending chronic homelessness, Mr. Mangano said.

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The approach has fired up hope in Denver, San Francisco, Washington and other cities that headway is being made, but it has dismayed advocates in rural areas, where grant-writing expertise and the Talmudic knowledge of federal regulations are lacking.

Small towns also lack the network of nonprofit organizations and corporations that often underwrite efforts.

"The government wants matching funds and the big city funders only fund the big cities," said Donna Haddow, a member of the Trinidad-Las Animas County Economic Development Board. "There's nothing left by the time we come knocking."

Ms. Vanderslice of Housing Justice said a prominent foundation would not finance the new housing program in Trinidad because it had decided to focus most of its resources on Denver.

"There is a lot of money to end homelessness in the state," she said. "But a lot is going to the Denver metro area because the mayor there has a 10-year plan."

Here, she added, "they are going on open faith."

Defense Contractors Weigh Majority Leader Murtha (HILL)

By Roxana Tiron

The Hill, October 11, 2006

The defense industry is assessing the impact that Rep. John Murtha (D-Pa.) will have on its fortunes if the Democrats retake the House in the midterm election.

The sector has benefited from increased military spending in the past five years, but several lobbyists and industry insiders argue that long-term profits depend on steady defense budgets and predictable investment in next-generation weaponry.

And some within the industry believe that Murtha could be the man with whom to hedge their bets.

He is a longtime supporter of the industry and a hawk, but has emerged in the past year as his party's most vocal critic of the Iraq war — urging withdrawal of U.S. troops.

And despite heightened focus on curbing congressional pork-barrel spending, Murtha has opposed earmark reform.

He finds himself in an interesting position — a vehement critic of a war that has boosted defense contractors' coffers, but also a staunch supporter of a military and defense industry fed on big-ticket programs and well-placed earmarks.

"We are mortgaging our future on this war," said one lobbyist, who represents several major defense companies. "Most people want to see the war over to go to the next-generation weapons."

Military contractors benefited when Congress approved the $448 billion 2007 defense appropriations bill, which included $70 billion in emergency spending for Iraq and Afghanistan.

The Bush administration has spent about $507 billion on Iraq, Afghanistan and the rest of the war on terror since 2001.

Much of the emergency money is spent on troops and supplies, but lawmakers also made allocations for weapons programs.

"A lot of the money is spent replenishing systems," said the lobbyist. "War is not good for business. The industry wants to produce the new stuff rather than see the money go to the war."

Big-ticket defense items, such as the F-22 fighter, the multi-national Joint Strike Fighter, the Army Future Combat Systems and the Navy's next generation DD (X) destroyer and Littoral Combat ship, have nothing to do with the current war, said Steve Ellis, vice president for programs at watchdog organization Taxpayers for Common Sense.

Lucrative war business comes to those who produce counter-improvised explosive devices, armored vehicles, bullets and other personnel protection systems, said Ellis and other defense industry insiders.

"Part of the reason the defense industry has not rebelled as much is that the defense budget has grown and there's a lot of money to go around," said Ellis. "The money we spend on the defense industry is enormous and they have not felt the pressure."

But if tension builds between traditional defense spending and war spending, "then we would start hearing some mumbling in the defense industry."

Analysts expect the purse strings to tighten on defense in the coming years. For the first time since Sept. 11, 2001, President Bush did not receive his full budget defense request.

Murtha knows how to spread the wealth. "The defense industry wants someone who supports a healthy defense budget and who supports bringing new technology," said a defense lobbyist. "Most of the defense industry would want to see the war end tomorrow."

Murtha's support of a well-fed defense industry is paying off for him and his party. He is again the top recipient of defense industry money in Congress. The defense industry contributed $371,700 to Murtha's campaign.

In 2004, he ranked third only to presidential candidates Sen. John Kerry (D-Mass.) and George Bush, but in 2002 he was No. 1.

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By comparison, Rep. Bill Young (R-Fla.), chairman of the defense appropriations panel, ranks as No. 18 with $99,000 in his coffers from the defense industry.

Young consistently has ranked towards the bottom of the top 20 recipients of defense money. But unlike Murtha, Young, a stalwart supporter of the military and the defense industry, is not an avid fundraiser and when he holds an event he is known not even to print a ticket price.

Not so Murtha, a leading Democratic fundraiser who has doled out money to the party.

Because he has been a hawk and a supporter of the military, Murtha's criticism of the Iraq war and his call for troop "redeployment" gave Democrats political cover.

If the Democrats win back the House this year, Murtha is throwing his hat in for the Majority Leader position, banking on his close relationship with Minority Leader Nancy Pelosi (D-Calif.). Murtha faces staunch competition from Minority Whip Steny Hoyer (D-Md.).

Some in the defense industry hope Murtha becomes majority leader, while others say he would be better suited at the helm of the defense appropriations committee.

As a majority leader, Murtha would bring defense to the forefront and stave off cuts that the Democrats have traditionally made, some industry insiders say.

In such a position, Murtha would determine how the budget is put together and the amendments that would come to the floor, but he would lose the day-to-day touch on the appropriations committee, which to the defense industry is more important, said an industry source.

Hoyer would not be a bad bet for the defense industry as majority leader, because he has also been a strong supporter of the sector and is in close contact with the Pentagon and the military branches, said the source.

Sen. DeMint To Head-up Key Group (HILL)

By Jonathan Allen

The Hill, October 11, 2006

Sen. Jim DeMint (R-S.C.) is in line to take the reins of the Republican Steering Committee, a cabal that serves as the base for conservative activism in the upper chamber.

"That's where things are headed," said a Senate Republican aide familiar with discussions about a successor to Sen. Jeff Sessions (R-Ala.), whose term will expire at the end of the 109th Congress. The aide requested anonymity because DeMint's ascension will not be made official until the committee meets and confirms him after the November election.

The Steering Committee would play a much different role in the institution if Republicans are cast into the minority. The secretive committee now seeks to pressure GOP leaders to adopt more conservative policies, but it once served to block the liberal priorities of a Democratic majority.

DeMint, chosen for the job through an informal process, is a fierce partisan warrior who has one foot in leadership circles and the other in conservative circles. That combination could make him an effective leader whether Republicans retain control of the Senate or not.

A former market researcher, DeMint was tapped this year by party leaders to combat a quick-slinging Democratic communications operation on the floor of the Senate.

"He's always very aware of how things are perceived and he has a talent for how to sell the message without selling out on the policy," said an aide to a conservative Republican senator.

DeMint's unflinching conservatism on tax cuts and restructuring Social Security have won him praise from Republicans who view him as a principled leader. Like many of his contemporaries, he brought with him a taste for the House's bitter partisan warfare when he was elected to the Senate in 2004.

But even as he fights Democrats, DeMint straddles the Republican divide between conservative rabble-rousers and party leaders. That could be a double-edged sword under GOP rule, according to Republican aides.

He "fits in both worlds in a good and bad way," one aide said.

Even if DeMint drifts toward leadership, the Steering Committee has an anchor in Sen. Tom Coburn (R-Okla.). Aides say Coburn aggressively takes on conservatives' toughest battles on the floor.

When Republicans are in the majority, the Steering Committee's success is dependent upon its ability to affect policy without forcing its members, who generally feel allegiance both to conservative ideology and to the GOP's electoral fortunes, to openly defy Republican leaders at every turn.

"It's very influential; it's quiet, though," said Brian Darling, head of Senate relations at the conservative Heritage Foundation and an attendee of off-the-record weekly meetings of conservative congressional aides, lobbyists and activists that are organized by the Steering Committee.

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The Steering Committee and a series of affiliated staff-level organizations intentionally keep a low profile to avoid sabotaging their own work.

"Leadership would be very upset if it was perceived that a subgroup of the caucus were trying to drive policy," Darling said. "It is a challenge to leadership to have conservatives doing things that are inconsistent with some of the policies that the leadership is promoting."

In the minority, Steering Committee members have used every tool available to stand in the way of Democratic legislation, which explains why some conservative activists advised Republicans against exercising the "nuclear option" to circumvent filibusters and why there has been resistance to doing away with "holds."

Under Sessions, the Steering Committee has been a thorn in the side of establishment Republicans at times, particularly on spending and immigration.

Sessions pressured the White House to issue a veto threat against the Senate's $107 billion "emergency" spending bill in May by sending the president a letter endorsed by enough Republican senators to ensure a veto would be sustained. As support mounted, Majority Leader Bill Frist (R-Tenn.) and Majority Whip Mitch McConnell (R-Ky.) signed Sessions's letter, putting the top Senate leaders in the unusual position of begging the White House to veto legislation that their majority produced.

The letter was the culmination of weeks of below-the-radar plotting by senators and conservative aides who were determined to reverse a committee-level spending spree. The measure's price tag was subsequently pared back and Bush signed it into law.

Sessions also was a leader among conservatives in trying to amend and block the Senate's immigration bill, which in addition to border-security measures would have created a temporary-worker program and a means for illegal immigrants currently in the country to become citizens. The battle between Republican moderates and conservatives has stalled legislation that conservatives find anathema because they say it would grant amnesty to people who entered the country illegally.

The FAA Corrals Its Brand (WP)

By Al Kamen

The Washington Post, October 11, 2006

Federal Aviation Administration chief Marion C. Blakey worries that people have been confusing her agency with the Food and Drug Administration (FDA), or worse, the Federal Emergency Management Agency (FEMA).

So Blakey last month signed an order establishing the FAA "Branding Identity Program" (FAABIP) to clarify matters. The FAA does so many wonderful things, she notes in a cover message to the order, "but it has not received proper credit for all the good work it does in so many areas because it does not have a strong brand identity."

And why is this? Because "dozens if not hundreds of different" logos have been used "in materials of all kinds." Blakey said she's heard that if you collected business cards at an agency meeting, "you would never guess that they all work for the same agency."

No more. From now on, there will be rules and regs. We will have "a circular gold border, a blue background bearing the white letter near its outer rim the words 'Federal Aviation' at the top and 'Administration' at the bottom."

An agency newsletter the next day noted that there probably "will be messages from some who will ask if we don't have bigger things to think about than cosmetics." Apparently not.

"One of the hallmarks of a successful business or organization is a strong single brand," the newsletter explains, "not separate brands for various parts of the organization; BMW, IBM, Boeing, Airbus, McDonald's, to name just a few."

" Phyllis Preston , who is the branding guru," the newsletter says, "likes to use the example of McDonald's. She says you don't see a separate logo for French Fries, and another for the hamburgers, and still another for milk shakes."

Well, there you have it.News From the Front

This just in from the Green Zone in Baghdad: The hot new polo shirt in the zone is white with a diplomatic security badge on it and stitching below that says "Resistance Is Futile."

Secretary of State Condoleezza Rice , stuck last week on a runway in Irbil, Kurdistan, because of engine trouble, was working trade sanctions to impose on Iran. A reporter offered her a bottle of a popular brand of water -- imported from Iran. Rice quipped she wasn't sure she could get it through customs.Phish Story

It is now clear there is no depth to which scam artists will not sink. The Congressional Budget Office sent out an e-mail recently warning that someone is using the CBO mailing list to get private information about those on the list.

"Several people have reported receiving an e-mail message that appears to have been sent from the Congressional Budget office," the e-mail said. "The message is actually Phish and appears to come from outside the U.S." (CBO stopped short of accusing our friend Madame Miriam Abacha from Nigeria.)

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"We are not sure how many people received the message or how the address list was obtained [but] if you received an email message from: Budegt Office

" and using a subject line that says "The Budget and Economic Outlook Fiscal Years 2007 to 2016," then "please delete it. Also, DO NOT click on the link at the bottom of the message. It could possibly infect your computer with spyware or a virus."

Most folks surely didn't need the warning. A government document purporting to know the "economic outlook" in 2016? Obviously phony.The Bill That Keeps on Billing

The bills won't stop coming in from the 11-year-old independent counsel investigation of former housing secretary Henry G. Cisneros , who pleaded guilty in 1999 to a misdemeanor for understating the amount of money he had been giving his mistress.

The independent counsel, David M. Barrett , filed his final 474-page report in January, conceding he couldn't say for sure "whether any criminal laws were broken" by government officials when he went after Cisneros on tax charges. At that point, Barrett had billed the taxpayers $21 million.

Barrett's office closed May 3. His latest bills, according to a GAO report, totaled nearly $850,00 for the six months ending March 31. Personnel costs of $375,000 and utilities at $239,000 were the biggest items. Unclear whether there's another bill coming for April.

Communication Breakdown Cited In Failed Postal Legislation (WP)

By Stephen Barr

The Washington Post, October 11, 2006

It's no fun being on the hot seat.

"I feel badly," William H. Young , president of the National Association of Letter Carriers, said yesterday about blocking legislation to overhaul the U.S. Postal Service. But he emphasized that his union members were his highest priority, making it impossible for him to accept a provision that would single out injured postal employees for different worker compensation rules than other federal employees.

Young said that he was trying to contact Sen. Susan Collins (R), the chief sponsor of a compromise bill, who is traveling in her home state of Maine, "to determine where our communications failed."

Although the bill has drawn little public attention, it represented a decade-long effort to revamp Postal Service business operations.

Companies that rely on the post office to distribute products are eager for a restructuring that would make increases in mail rates more predictable. Congressional auditors, meanwhile, have warned that the Postal Service needs to rethink its business practices, in part because revenue is being lost as fewer first-class letters are mailed in the Internet age.

The bill pushed by Collins and others would have reshuffled multibillion-dollar pension and health-care costs to ease budgetary pressures on the Postal Service, a change initially opposed by the White House.

During negotiations on the bill, the NALC, which has 300,000 members, created the impression that it would be in Collins's corner. But as Collins tried to move the bill last month, in the hours before Congress recessed for the campaign season, Young announced his opposition.

That earned him a round of finger-pointing by lobbyists in the mailing industry and congressional aides. It also raised questions about why the union would want to take credit for defying Collins, chairman of the Senate Homeland Security and Governmental Affairs Committee and a Republican who keeps her door open to federal employee groups.

"We are all left scratching our heads," the Alliance for Nonprofit Mailers said in an Oct. 4 newsletter. "Why did the National Association of Letter Carriers use a minor issue to bring down a bill that contained so much good for their members? They had beaten back every attempt to include provisions harmful to their members and won every important legislative battle. They had won the war. So why did they pull the plug?"

In a telephone interview, Young acknowledged that he had not tried to block an earlier version of the bill, which was approved by the Senate without debate, even though it contained the provision he opposes.

The provision would require a three-day waiting period before injured postal workers could begin accruing workers' compensation benefits. Under current practice, they do not face a break in pay when moving to the injury rolls. The proposed change, Young said, would adversely affect about 11,000 letter carriers who are injured every year.

By most accounts, the provision grew out of calls to cut postal labor costs and to mirror how the states provide such benefits. But, Young said, "if this is legislative reform and there is a reason it needs to be done, then it should be done to everyone in the federal workers' compensation program."

Young said he received signals from Postal Service headquarters and from mailers that they did not consider the benefits provision an essential part of the legislation. Postal Service executives were traveling yesterday and could not be reached for comment.

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He also denied allegations by critics that he was fronting for postal executives who are uneasy about more rigorous oversight proposed in the bill or that he wanted to see if Democrats could regain power in the November elections and perhaps offer the union a better deal.

Young said he had repeatedly directed union lobbyists to inform members of Congress, including Collins, about NALC's concerns with the legislation. He hopes to figure out how communications broke down when he speaks with Collins, Young said.

Photos And A Fair Trial (NYT)

The New York Times, October 11, 2006

When Mathew Musladin went on trial for murder, members of the victim's family sat near the jury every day wearing buttons with the dead man's photograph. A federal appeals court held that those buttons in the courtroom deprived Mr. Musladin of a fair trial. The Supreme Court is hearing arguments in his case today. It should affirm the appeals court's ruling.

Mr. Musladin shot his estranged wife's fiancé in an altercation that he argued was justifiable self-defense. Before the trial began, Mr. Musladin's lawyer asked the judge to tell the family to remove the buttons. Mr. Musladin was convicted on all counts.

Mr. Musladin went to federal court to argue that he had been denied a fair trial. The San Francisco-based United States Court of Appeals for the Ninth Circuit agreed, holding that the jury's sympathies may have been unfairly swayed by the photos of the victim worn by his grieving relatives.

The court relied on a Supreme Court ruling that a defendant's right to a fair trial was denied when he was forced to wear prison garb and shackles in sight of the jury, with its subliminal message of guilt. It also relied on its own earlier decision that a defendant in a sexual assault case was denied a fair trial when courtroom spectators were allowed to wear buttons proclaiming "Women Against Rape."

As those cases recognized, physical materials in a courtroom that send a message run the risk of prejudicing the jury against the defendant.

At Mr. Musladin's trial, the key question was whether he or the man who died was the aggressor. As the appeals court recognized, the buttons were effectively an argument by the people who wore them that the dead man was the victim. The correct place for that argument to be made was on the witness stand, by competent and duly sworn witnesses. It should not have been allowed from the audience.

The most difficult legal issue in the case involves the standard that federal courts use in second-guessing state court convictions. Under the relevant federal statute, the state court's decision can be set aside only if it was an unreasonable application of "clearly established" federal law. The government argues that the appeals court's ruling that the photographs were prejudicial was not clearly established.

It is true the Supreme Court has not ruled directly on the issue of photographs worn by courtroom spectators. But the court's decision in the prison garb case laid down a standard clear enough for the trial judge to have known that the buttons worn at Mr. Musladin's trial denied him his constitutional rights.

Globalization And Schools (WP)

The Washington Post, October 11, 2006

BACK IN 1979, the average worker with a college degree earned 75 percent more than the average high school graduate. Because of technology and globalization, the gap has leapt to 130 percent. This rising "college premium" does much to explain the growth of inequality over the past generation, so any serious response to inequality must make access to college broader and fairer. It should be broader because a higher rate of college attendance would share the fruits of globalization more widely. It should be fairer because, if the prizes for attending college are growing, it's essential that everyone begin life with a decent shot at winning them.

Because education boosts economic growth, and because it threatens no powerful lobby, virtually everyone claims to support it. The question is how it should be improved. Some commentators, pointing to the fact that schools in low-income districts already spend more per pupil than schools in affluent ones do, argue that failures at poor schools reflect complacent management rather than a lack of resources. Signaling at least partial acceptance of that theory, the Bush administration has tried to improve schools by holding them accountable and subjecting them to competition. Choice and accountability are attractive in principle, but studies of voucher programs in New York City, Milwaukee and Cleveland have found negligible gains from them. Costlier interventions must also be part of the solution.

The first opportunity for extra investment in education comes when children are young. That's when they are most malleable and when poor children start to fall behind: Even at age 3, researchers find class-based differences in linguistic and emotional maturity. The federal Head Start program, bolstered by a variety of state preschool programs, has succeeded in reaching many poor 3- and 4-year-olds. In 2001, 49 percent of 4-year-olds whose mothers were high school dropouts attended

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some type of preschool program, up from 36 percent a decade earlier. But that participation was still way below the 70 percent rate for children of college graduates. And the quality of many preschool programs is poor.

Head Start requires that only half of its teachers have two-year college degrees. In contrast, a 1960s experiment in Michigan known as the Perry Preschool program provided a fully qualified teacher for every six or seven students, and teachers visited each child at home weekly. The program raised IQ test scores by eight to 10 times the increase achieved by Head Start. It also reduced the likelihood that a student would require special education (by 43 percent), drop out of high school (by 25 percent) or be arrested (by 50 percent). A range of other studies, including recent ones in Michigan and Chicago, confirms that high-quality programs have lasting effects on poor children. Upgrading the 900,000 children in Head Start programs to something like the Perry program might require around $2 billion a year, according to W. Steven Barnett of Rutgers University. But quality preschools reduce spending on special education, jails and welfare, saving money for society in the long term.

Early intervention would help schools from kindergarten through 12th grade do their job properly, since teachers would face fewer students who can't keep up. But it also makes sense to invest in K-12 education directly. Although it's true that low-income districts already spend more per pupil than do rich ones, this slight advantage is swamped by the challenge of teaching poor children, who on average have more discipline problems and require more remedial attention -- and will continue to do so even if preschool is improved. Because of the challenge of teaching poor children, the higher cost of special education and other factors, schools in low-income neighborhoods have less-experienced teachers and worse facilities than do schools in affluent ones, according to research by Cecilia Rouse of Princeton and Lisa Barrow of the Federal Reserve. These schools might spend more money per pupil, but they lack more money per pupil, too.

Which K-12 investments would be effective? Smaller classes are a leading candidate: A Tennessee experiment that divided pupils into classes of differing size in kindergarten and then returned them to regular-size classes in third grade found benefits from smaller classes that persisted to high school. Improving the quality of teachers is also likely to boost performance, though teacher quality is not necessarily linked to teacher certification. Publicly funded summer school could make a difference. The performance gap between privileged and poor children appears to be linked to the way they spend their summers, with the privileged attending enrichment programs while the poor are underoccupied.

Nearly 30 years ago, Martin Luther King Jr. declared that the challenge for schools is "to teach so well that family background is no longer an issue." By increasing the rewards for education, globalization has added urgency to King's argument, but globalization paradoxically creates a temptation to ignore him, too. By driving down the cost of tradable goods such as cars and DVD players, it leaves untradable ones such as education looking expensive. There's a tendency for policymakers to say that education spending is growing a bit faster than inflation -- isn't that generous enough? But inflation is low partly because globalization brings us goods from cheap foreign suppliers. The economic challenge posed by those cheap foreign suppliers is precisely the reason we should invest more in our children.

OTHER NEWS:

For Voters, Time To Check Wallets (CSM)

By Mark Trumbull

The Christian Science Monitor, October 11, 2006

As Election Day nears, the health of the economy is the subject of a major clash in which voters are hearing starkly different views.

The battle may be overshadowed in the news by the Iraq war, nuclear tensions in Asia, and a congressional scandal, but pocketbook issues are - as usual - very much on voters' minds.

"Today we got more good news," President Bush said Friday, citing lower unemployment, rising wages, and the creation of 6.6 million new jobs since August 2003.

"The Bush economy has been marked by falling wages and anemic job numbers that don't even keep up with population growth," the Democratic National Committee fired back in a statement.

Americans are accustomed to economic spin, but that makes it harder to sort out the underlying reality. Is this a good economy or not? Or, as Ronald Reagan once asked, "Are you better off" now than the last time Congress was up for election?

The numbers, shorn of partisan interpretation, point to an economy that is neither collapsing on its own weakness nor lifting all Americans to new heights of prosperity. In this climate, marked by the subsidence of an epic housing boom, personal debt may be the dividing line between those who are better off and those who are falling behind.

"Homeownership has increased, but through lots of leverage," says Mark Zandi, chief economist at Moody's Economy.com in West Chester, Pa. The economy is "certainly not bad," he says.

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But it could be especially tough on people who stretched to buy a home. A cooling real estate market means that rising home values have stopped adding to families' net worth, for now. Meanwhile, their monthly payments can jump by several hundred dollars as adjustable loan rates reset.

"There are two distinct economies," Mr. Zandi says. Higher income households - say, the top 10 percent by income - have relatively low debt burdens and, often, a fixed-rate mortgage.

"The other is lower middle-income households, who have struggled," he says. For these households, a much larger group that Zandi reckons may include more than 1 in 3 Americans, incomes have been stagnant. They have debt and, often, an adjustable rate mortgage that's now adjusting higher.

Before Mr. Bush took office, consumer debt and mortgages in America totaled less than the sum of all personal income. Since then, that debt-to-income ratio has surged from below 100 percent to above 125 percent.

This election cycle, Democrats hope to capitalize on that edge of anxiety, the darker side of a housing-fueled economic expansion.

Republicans, struggling to maintain a majority in Congress and their governorships, are playing up brighter aspects of the economy, including a recent drop in energy prices.

In polls, the economy ranks high among voter concerns - generally No. 2 or 3 after the Iraq war. Even the current furor over inappropriate e-mails sent by a Republican lawmaker to young congressional pages won't overshadow concerns like gasoline prices and mortgage rates.

In a new survey by the Pew Research Center, 22 percent of registered voters ranked the economy as their top issue, second to the situation in Iraq at 24 percent.

Against that backdrop, here are some benchmarks of whether the economy has slackened or perked up since Fall 2004, when voters last went to the polls, and Fall 2002, when Republicans regained full control of Congress:

Energy. Prices of oil, natural gas, and gasoline are up since recent elections - but down sharply in the past two months. July's $3-a-gallon gasoline has given way to hopes of a $2 pump price.

"Everybody benefits across all income groups," says Brian Bethune, US economist at Global Insight, a consulting firm in Lexington, Mass.

Jobs. Jobs are being created at a pace steady enough to keep the jobless rate below 5 percent. "If somebody wanted to change jobs right now, it would be actually a pretty good time," Mr. Bethune says.

That's what Deborah Dutcher did recently. A travel photographer, she left a job in San Francisco to move to Boston, and launched a freelance career. Her hope: that Boston's real estate market, priced a bit better than the Bay Area's, will fulfill her dream of homeownership. She feels better off in a place where dollars - and mortgage debt - will go a bit further.

Income. Wages - a long-time sore point for workers - have barely kept pace with inflation during Bush's presidency. But the picture isn't as bad as it may seem. A broader measure of income that's adjusted for inflation - real hourly compensation - is up 10 percent since Bush took office and 3.5 percent since 2002.

Housing. After soaring since 1999, home prices are in correction mode, retracing some of their heady gains. It's an economic trouble spot, especially if it makes consumers feel less able to spend. But many economists say the housing slowdown is manageable. Most homeowners don't have to sell in a weak market, and won't.

'Values' Decline As Issue In Ohio (WP)

By Michael A. Fletcher

The Washington Post, October 11, 2006

COLUMBUS, Ohio -- Two years ago, Ohio Secretary of State J. Kenneth Blackwell was a driving force in the triumphant campaign for a state constitutional amendment to outlaw same-sex marriage. That helped cause a surge in turnout of "values voters," who helped deliver this pivotal state to President Bush's successful reelection effort.

As the Republican candidate for governor, Blackwell has been counting on values voters to do for him this year what they did for the party in 2004. But the culture wars are being eclipsed as a voting issue by economic worries and Republican scandals that have altered the political dynamic here in striking ways. Several polls find Blackwell trailing his Democratic opponent, five-term Rep. Ted Strickland, by double digits with less than four weeks to go until the Nov. 7 midterm elections.

The difficulty Blackwell is experiencing winning support for his socially conservative message reflects the anxiety evident this year among voters in Ohio and elsewhere, some pollsters say.

"It is harder to run on wedge issues when voters have huge concerns on their minds regarding war in Iraq, economic issues and a Congress they perceive as doing little," said Michael Bocian, a vice president at Greenberg Quinlan Rosner, a Democratic polling firm in Washington.

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Strickland, 65, an ordained but non-practicing minister, has built his lead by speaking about the economic distress of this manufacturing state and by painting his opponent as a loyal soldier of a scandal-plagued Ohio Republican Party. At the same time, he is directly challenging Blackwell for values voters in ways that many analysts believe Democratic presidential nominee John F. Kerry did not two years ago.

"What I call the bread-and-butter issues probably are more prominently on the minds of people today than two years ago," Strickland said in an interview. "I think a lot of Ohioans are feeling economically insecure. Consequently, they are less willing to be distracted by issues that don't involve the economic security of their families."

His observation is borne out by a recent survey by the University of Cincinnati's Ohio Poll, which found that 63 percent of likely voters in the state are basing their choice of candidates on the "issues" rather than "character." The poll found that seven in 10 Strickland supporters were most concerned about "issues," including the economy and education; just over half of Blackwell supporters felt that way.

"Character can be everything from a voters' evaluation of a series of issues as a package, to notions as to whether they think a candidate agrees or disagrees with their values," said Eric W. Rademacher, co-director of the survey. Two years ago, exit polls found that "moral values" edged out the "economy and jobs" to top a list of concerns that Ohio voters said most influenced their Election Day choices. The exit polls found that at least a quarter of voters identified themselves as born-again Christians, and three-quarters of their votes went to Bush.

Leaders of the religious right here promised to build on that success to reshape Ohio's political landscape. They pledged to support candidates determined to "bring spiritual revival and moral reformation to the state," in the words of Reformation Ohio, an evangelical outreach effort.

No one better embodied that promise than Blackwell. An experienced and articulate politician, he is given to quoting Scripture on the campaign trail and is unambiguous about his opposition to abortion and same-sex marriage. "I don't know how many of you have a farming background, but I can tell you right now that notion even defies barnyard logic," Blackwell has said of same-sex marriage.

As in 2004, conservative religious leaders have been registering thousands of voters across the state, talking from the pulpit about the need to vote and leading rallies to drum up enthusiasm among values voters.

"Politicians in Ohio certainly are focusing more on economic issues, but our focus is on encouraging members of our church and the Center for Moral Clarity to support the candidates that best reflect their values on issues of righteousness and justice," said Rod Parsley, a Columbus televangelist. Parsley is pastor of World Harvest Church, which has 12,000 members, and leads Reformation Ohio and the Center for Moral Clarity, another outreach group.

Parsley, who faces an Internal Revenue Service investigation prompted by a complaint by a group of ideologically moderate ministers who allege he has crossed a line barring political advocacy from the pulpit, has not endorsed Blackwell. But he is quick to add: "I'm sure Ohioans will recall which candidates have stood with them in the past."

So far, it seems that the efforts of Parsley and other evangelical leaders are being overshadowed by this state's recent record of job losses and the resultant economic concern. The unemployment rate in Ohio is 5.7 percent -- a full point above the national figure. Meanwhile, the Ohio Poll found that 82 percent of Ohioans believe that the economy is in poor or fair shape, and two-thirds say things are getting worse.

For his part, Blackwell, 58, has offered a string of proposals that he says would revive Ohio's economy. He wants to do away with the graduated state income tax and implement a flat tax. He has proposed looking at ways to de-couple school financing from local property taxes and cap educational administrative costs, while allowing students greater freedom to attend schools of their choice. "I think the big issues in the campaign are jobs, education and health care and getting our economy growing again so we can break out of the growth deficit we've been in," Blackwell said.

John C. Green, a senior fellow at the Pew Forum on Religion & Public Life and a professor at the University of Akron, said that in this campaign Blackwell's biggest problem has not been his policy ideas but his arch-conservative profile. "Ohio leans to the right. But he is way to the right, and some Republicans are quite unhappy with his relationship with religious conservatives," Green said.

Strickland has advocated greater investment in public schools and has targeted state support for growing sectors of the Ohio economy. Meanwhile, he has brandished his own socially conservative credentials, including his support of gun ownership. Although he told the Dayton Daily News that he is now an occasional churchgoer, Strickland touts his background as a minister.

"When you have a candidate who is pretty conservative in Strickland, that makes drawing distinctions between the candidates difficult," Bocian said. Republicans control every statewide office in Ohio and both chambers of the legislature, but, given the voter pessimism this year, that is proving to be a political disadvantage. Then there are the scandals that have ensnared two of the leading Republicans in the state: Gov. Bob Taft was convicted of illegally accepting gifts, and Rep. Robert W. Ney admitted taking bribes in the Abramoff scandal and is not seeking reelection.

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Through the years, Blackwell has worked to cultivate an image of independence, opposing state tax increases and supporting the ban on same-sex marriage, which both Taft and Sen. Mike DeWine (R) opposed. Blackwell, an African American, served as state treasurer, mayor of Cincinnati and a deputy secretary of the federal Department of Housing and Urban Development before being elected Ohio's secretary of state in 1998. He was in charge of the problem-plagued 2004 election in Ohio, an issue of particular importance to some black voters who felt disenfranchised. But through multiple recounts and lawsuits, Blackwell has been cleared of playing a role in any irregularities.

He says that his support of values issues involves not just opposing same-sex marriage and abortion but also ensuring that the poor receive health care and educational opportunities -- positions he said are warmly received by black audiences. Also, as the campaign winds toward Election Day, Blackwell said he plans to close ground by sharpening his attacks on Strickland's record as a congressman, which earned him a ranking as one of the least influential members of the House from the nonpartisan Web site Congress.org.

Meanwhile, Strickland plans to challenge Blackwell among his base of values voters. During a recent debate, Strickland talked about how his community and church helped him become the first member of his family to go to college. Then he reminded the audience of another stop in his career path: "I've been able to be a minister in the United Methodist Church."

Fed Rethinks View Of Housing-led Slowdown (FT)

By Krishna Guha And Michael Mackenzie

Financial Times, October 11, 2006

Influential voices inside and outside the Federal Reserve are challenging the notion that the US economy is heading for a deepening housing-led slowdown, cheering equity investors and sending bears in the bond market into retreat.

The thesis, put forward by Fed vice-chairman Don Kohn last week, and endorsed by Alan Greenspan, the former Fed chairman on Friday, argues that the trough in housing market activity could be near, and that the economy should come through it in reasonable shape.

Fed officials have also sought to lower expectations that rate cuts are imminent.

With financial conditions more broadly strongly supportive, energy prices falling and unemployment touching a new low of 4.6 per cent, financial market economists are reviewing their calls. Morgan Stanley has upped its growth forecast and predicted a rate rise early next year. Goldman Sachs still expects rates to be cut by 125 basis points next year.

The argument between economists mirrors a tug-of-war between different financial markets on the outlook for growth.

“The bond market has appeared more bearish on the economic situation than the stock market and the credit markets,” says Peter Hooper, chief US economist at Deutsche Bank. “Credit spreads are narrower than you would expect if you thought we were going into a significant bout of economic weakness.”

For the moment, bears in the bond market have been forced into retreat. A week ago, the Fed funds futures market was pricing in a 50 per cent chance of a rate cut in January, and three quarter-point cuts in total by the end of next year.

After a sharp reappraisal of expectations, the market is now pricing in little chance of a rate cut in January and between one and two quarter-point cuts by the end of 2007. The debate, though, is far from resolved.

Mr Kohn argued that a sharp correction in construction activity and new home price inflation could soon bring down inventories and stabilise residential investment – which will subtract 1 percentage point from growth in the second half of this year. Mr Greenspan, meanwhile, cited the flattening out of new mortgage applications as a sign that “we are coming to the end of this downturn”.

Some housing market experts, though, are sceptical. David Berson, chief economist at Fannie Mae, the government-supported home finance institution, said inventories remained high, and there could be a significant decline in investor demand.

But the big question is what will happen to consumer spending as house price gains stabilise or even fall – reversing a positive wealth effect on consumption – and non-transaction related mortgage equity withdrawal diminishes.

Jan Hatzius, chief US economist at Goldman Sachs, says he estimates that the decline in mortgage equity withdrawal alone could push up the savings rate “by 1 to 2 percentage points over a period of one to two years”.

By contrast, Dick Berner, chief US economist at Morgan Stanley, sees little effect from mortgage equity withdrawal and predicts real income will grow rapidly enough to support a modest rise in savings while keeping consumption reasonably strong. Since the data have not even begun to answer these questions, it would be premature to take a soft landing for granted. But it does seem that the risks are not only in one direction.

Home Is Where The Worry Is (WP)

By Robert J. Samuelson

The Washington Post, October 11, 2006

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We are at the endgame for housing. Until recently our national motto has been "In real estate we trust." Just last week the Census Bureau reported that median home prices after inflation rose 32 percent from 2000 to 2005. In some places, the gains were huge: 127 percent in San Diego, 110 percent in Los Angeles and 79 percent in New York. But real estate -- which has acted as a national piggy bank, with homeowners borrowing and spending against rising house prices -- no longer looks so trustworthy. On this, more than on falling oil prices or a record Dow, hangs the economy's immediate fate.

The boom sowed its own destruction. Coupled with modestly higher interest rates, rising home values have priced more potential buyers out of the market. In 2003 a family with an income of $40,320 could buy the median-priced existing home of $180,200, estimates the National Association of Realtors (NAR). By August 2006 an income of $56,544 was required to buy the median-price home, now $225,700. (The assumptions: Purchasers make a 20 percent down payment and devote 25 percent of their income to mortgage payments at the prevailing interest rate.)

With fewer buyers, home construction, sales and prices have weakened. In August housing starts were 20 percent lower than a year earlier. Last year, sales of new and existing homes totaled almost 8.4 million; next year the NAR expects 7.4 million. Construction workers, real estate agents and mortgage bankers will lose jobs. Consumer spending will also suffer as the borrowing and buying against rising real estate values subsides. Indeed, the end of the cheap credit that fed the boom means that many borrowers will face higher monthly payments.

Adjustable-rate mortgages (ARMs) represent a quarter of the nearly $10 trillion in single-family mortgages, says economist Michael Fratantoni of the Mortgage Bankers Association. ARMs typically change rates annually and are 2 to 2.5 percentage points above, say, a one-year Treasury note. But "hybrid" ARMs made in 2003 and 2004 provided low fixed rates for three to five years; many of these rates are now rising. Consider a borrower with a 4 percent ARM of $200,000 lent in 2003. The monthly payment had been $955, says Fratantoni. Now the ARM would reset at 7.5 percent; the payment increases to $1,362. Switch to a 30-year fixed-rate loan and the rate would be 6.25 percent, with a monthly payment of $1,164.

To service their loans, some consumers will curb their shopping. Susan Sterne of Economic Analysis Associates says that debt payments will absorb a record 15.6 percent of personal disposable income in 2007. Sterne expects growth in consumer spending and the overall economy to weaken, though she's not predicting a recession. But some forecasters think one is possible.

Uncertainties abound. How much will falling oil prices cushion consumer spending? More important: How much do higher home prices reflect a temporary speculative "bubble"? Among experts, there's a wide range of views. Economist Richard Green of George Washington University thinks much of the run-up of home prices is permanent, reflecting lower long-term interest rates. As rates dropped, buyers could afford to pay more. I largely agree with this view. Growing confidence in low inflation has gradually reduced long-term rates. In 2005 rates on 30-year fixed-rate mortgages averaged about 6 percent, compared with 7.5 percent in 2000 and 8 percent in 1995. Restrictive zoning regulations have also pushed up prices in some areas, Green says. High demand pressed on a limited housing supply.

Still, evidence of speculation is undeniable. For a while, there was a buyers' panic. By one survey, about 40 percent of houses bought in 2005 were second homes (28 percent for "investment," 12 percent for "vacation"). Dubious new mortgages -- interest-only or less -- aimed to maximize what a buyer could afford. A survey by Global Insight and National City Corp. estimates whether home prices in 317 metro areas are reasonable. In early 2000, 63 metro areas were judged overvalued -- but by no more than 13 percent. In mid-2006, 236 were thought overvalued, 79 by more than 34 percent. The survey considers interest rates, local incomes and housing densities.

Even a leveling of home prices suggests that Americans will save more from current income and spend less. Up to a point, that's okay, especially if the lost spending is offset by higher exports and business investment. But one recent survey shows a 1.7 percent year-over-year price decrease for existing homes. Moody's Economy.com forecasts falling prices in 100 metro areas and an average decline of 3.5 percent next year -- the first annual drop since the Great Depression, says chief economist Mark Zandi. There's the endgame's true danger: If prices drop too much or too persistently, the damage to confidence and spending won't be easily neutralized.

Dow Inches Higher To Another Record; Dollar Hits High For Year Against Yen (WSJ)

By Peter A. McKay

The Wall Street Journal, October 11, 2006

Stocks nudged higher, helped by cheaper crude oil but hobbled by falling bond prices.

The Dow Jones Industrial Average gained 9.36 points, or 0.1%, to finish at a new closing high of 11867.17, up 10.7% on the year. It was the fifth gain in six days.

As has often been the case in recent days, crude prices fluctuated amid shifting expectations about a possible production cut by the Organization of Petroleum Exporting Countries.

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Traders increasingly suspected that Saudi Arabia, OPEC's largest producer, opposes a cut. Crude futures for November delivery plummeted $1.44, or 2.4%, to $58.52 a barrel, off 4.1% on the year at the New York Mercantile Exchange.

The decline in bond prices pushed yields higher. Such moves usually hurt stocks because they make bonds a more attractive investment compared to shares.

The broad Standard & Poor's 500-stock index rose 0.2%, or 2.76 points, to 1353.42, up 8.4% on the year. The technology-heavy Nasdaq Composite Index crept up 0.2%, or 3.66 points, to 2315.43, up 5% on the year.

The U.S. dollar hit its highest level against the yen this year, as worries about North Korea's reported test of a nuclear weapon pressured the Japanese currency (though Asian stock markets have held up well). The greenback rose to 119.73 yen, up from 119.12 yen Tuesday.

After the stock-market close, aluminum maker Alcoa, one of 30 components of the blue-chip Dow industrials, announced third-quarter profits that fell short of analysts' expectations, and the stock fell 6% in after-hours trading. Traditionally the first Dow stock to report third-quarter earnings, its announcement represented the kickoff of the broader earnings season on Wall Street.

For now, Wall Street's consensus expectation is that aggregate earnings of companies in the S&P 500 will grow 14% in the third quarter, according to Thomson Financial. However, Mike Thompson, research director at Thomson, predicts actual earnings growth will likely fall between 16% to 17%.

Before every earnings season, expectations tend to be low, because corporate chief executives often are overly cautious in their statements to investors and analysts.

Mr. Thompson said the performance of financial companies, whose earnings are expected to grow 29%, could translate into a boost for stock prices, since such companies constitute a large chunk of the market-capitalization-weighted S&P 500. "It's hard to have really solid earnings season without the financials doing well," said Mr. Thompson. In particular, he said, many insurers are poised to do well, based on comparisons to weak year-earlier earnings due to claims from Hurricane Katrina.

In major U.S. market action:

Stocks rose, and bond prices fell. The 10-year note fell 14/32 point, or $4.38 for each $1,000 invested, pushing the yield up to 4.756%. The 30-year bond fell 23/32 to yield 4.886%.

The dollar strengthened. In addition to dollar's rise on the yen, the euro fell against the dollar to $1.2537 compared with $1.2601.

History Of Foley Messages' Release Clarified By Players (WP)

By Jonathan Weisman

The Washington Post, October 11, 2006

Two of the news media's sources of Mark Foley's sexually explicit instant messages to former House pages said this week that they came forward to expose the Florida congressman's actions, not to help the Democrats in the midterm elections.

But there are indications that Democrats spent months circulating five less insidious Foley e-mails to news organizations before they were finally published by ABC News late last month, which prompted the leaking of the more salacious instant messages. Harper's Magazine said yesterday that it obtained the five e-mails from a Democratic Party operative, albeit in May, long before the election season.

The genesis of the Foley story has become the subject of heated debate, as Republicans try to shift attention away from Foley's misconduct and the slow reaction of House Speaker J. Dennis Hastert's office to what they call a political hit just ahead of the midterm elections.

"Are we saying that a 15-year-old child would've sat on e-mails that were XXX-rated for three years and suddenly spring them out right on the eve of an election? That's just a little bit too suspicious, even for Washington, D.C.," Rep. Jack Kingston (R-Ga.) said on "Fox News Sunday" last weekend. On the same day, Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said he "never saw" the e-mails. "What you guys want to do is take your dirty laundry and throw it over the fence and try to blame other people," he said.

But new information suggests that the story of the release of Foley's communications with male ex-pages is more complicated than either side asserts.

The most sexually explicit material -- the instant messages that forced Foley's abrupt resignation on Sept. 29 and turned his actions into a full-fledged scandal -- appears to be disconnected from politics. The two former pages who revealed the correspondence to ABC News and The Washington Post, however, may never have come forward had Democratic operatives not divulged the five more benign e-mails that Foley had sent to a Louisiana boy.'Over-Friendly' E-Mails

The communications that would eventually trigger the scandal were written by Foley in 2004. Foley's e-mails asked a former page from Louisiana for a picture and told him he had just finished a long bike ride and was going to the gym.

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Those 2004 e-mails -- dubbed "over-friendly" by House Republican leaders -- originally leaked out of the office of Rep. Rodney Alexander (La.), a Republican. But, Republicans say, they still may have come from a Democrat on his staff. Alexander changed parties in 2004.

The timing of the e-mails' release appears to be more of a coincidence than an "October surprise," designed to affect the outcome of the elections. It took more than a year for the e-mails to be published because one publication after another decided not to print them.

The one media outlet that did, ABC News, took them public in late September only because the lead reporter, Brian Ross, had put the story on hold for more than a month as he pursued stories commemorating the anniversaries of the Sept. 11, 2001, attacks and Hurricane Katrina.

"There was never a plan to undermine the GOP or to destroy Hastert personally, as the speaker has vaingloriously suggested," Ken Silverstein, Washington editor for Harper's, said on the magazine's Web site yesterday. "I know this with absolute certainty because Harper's was offered the story almost five months ago."

Silverstein said his source was a "Democratic operative," the same source that had provided the e-mail exchanges to the St. Petersburg Times in November 2005. Both the magazine and the paper declined to publish a story. But the source "was not working in concert with the national Democratic Party," Silverstein added. "This person was genuinely disgusted by Foley's behavior, amazed that other publications had declined to publish stories about the emails, and concerned that Foley might still be seeking contact with pages."

A second source emerged, however, just last month, peddling the e-mails to several other publications, including The Post. And Ross of ABC News has stressed that his initial source was a Republican.More Explicit Messages

The instant messages between Foley and two former pages were much more sexually charged. Once ABC News obtained them and confronted the Florida Republican with the documents, Foley immediately resigned.

Two of the primary sources who delivered the instant messages came forward this week to clarify their motives. Both spoke on the condition of anonymity for fear that exposure would leave them open to harassment, especially from bloggers.

One of ABC News's sources, a former page, said he went public with his knowledge of the instant messages on Sept. 29 only after the network, the day before, published the questionable e-mails that Foley had sent to the Louisiana boy. The former page and current college student stressed that he is a "staunch Republican" who "wouldn't vote for a Democrat ever." He also said that he is not calling for the resignation of Hastert or any other Republican leader.

"I in no way knew or intended to have all the brouhaha about what the GOP leadership knew and when they knew it," he said in a detailed e-mail to The Post. "Truthfully, I am very troubled about what it seems has gone on behind the scenes, but that in no way affects my wish to have a continued GOP control of Congress. There are bad apples everywhere."

The Post subsequently received the instant messages from a Democratic college student who had served as a page with the two teenagers who had corresponded with Foley and had shared their instant messages.

Unlike the ABC News source, The Post's source conceded that he would like to see the Democrats seize control of the House in November, but when approached by a Post reporter about the instant messages, he was reluctant to provide them. Days later, he did so.

The two sources said they had conferred about the instant messages, which they had known about for months.

The Republican former page said he had decided it was up to the victims to come forward with them, but once ABC News published the e-mails, "I knew everything I had already known about Foley was finally going to come out. His attraction to young men. His sexual conversations with them, etc."'Interests of Kids'

"I decided that it was in the best interests of kids in general, pages and my friends specifically that Foley be dealt with quickly and swiftly so that he couldn't hurt anyone else," the Republican student wrote in his e-mail. "We've seen how long the Justice department and every other government bureaucracy can take to deal with criminal issues and abuse. I knew the media would be the fastest way to get Foley the justice he deserved."

As for The Post's source, Foley's initial response to the disclosure of the e-mails finally persuaded him to share his information, he said.

"When the first e-mails came out, Foley's campaign came out saying it was all a well-timed Democratic smear. Those rumors were unfounded, and I knew that to be untrue," the Democratic former page said. Before the ABC News report, "we were reluctant to take on Congress as young politicos ourselves, but when first blows were made, there was no harm in coming forward," he added.

Democrats Gain From Republican Chaos (FT)

By Holly Yeager

Financial Times, October 11, 2006

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Republican leaders scrambled on Tuesday to contain the fallout from a Capitol Hill ethics scandal amid growing evidence that the episode, and deepening dissatisfaction with the war in Iraq, will lead voters to support Democrats in the next month's midterm elections.

A Washington Post-ABC News poll on Tuesday showed registered voters favoured Democratic candidates over Republican candidates in House races by 54 per cent to 41 per cent, an advantage matched in several other new studies of public opinion.

Democrats need to pick up 15 seats in the House of Representatives on November 7 to take over the majority, and six seats in the Senate. While the national polls do not predict the outcome of individual races, they do reflect a growing sense of crisis facing Republicans.

Party officials had hoped to use the final month of campaigning to highlight Republicans' stance on national security. But the public appears to be increasingly displeased with President George W. Bush's handling of Iraq, with strong majorities saying the war was not worth fighting.

At the same time, Republicans have been in disarray for 10 days, plagued by questions about the handling of explicit electronic messages sent by Mark Foley, a member of the House from Florida, to teenage pages who worked on Capitol Hill.

Mr Foley resigned when confronted with the messages. But voters appear dissatisfied with the Republican leadership's handling of the episode.

A New York Times/CBS poll published on Tuesday found that 79 per cent of registered voters thought House Republican leaders were more concerned about their political standing than about the safety of the teenagers who work as congressional pages.

Dennis Hastert, speaker of the House, has been under particular scrutiny, facing charges that he and his staff were aware of Mr Foley's advances towards the young men but failed to act. Some prominent conservative activists have called for his resignation and several Republican congressional candidates who had planned events with Mr Hastert have asked him to stay away.

"I don't think that anybody at any time in my office did anything wrong," Mr Hastert said on Tuesday in Illinois. But he vowed to investigate the matter thoroughly and fire anyone who helped to cover up the messages. "If anybody is found to have hidden information . . . they really should be gone," he said.

Tony Snow, White House spokesman, acknowledged the Foley scandal had "had an impact" on public opinion. It was too soon to gauge whether the North Korean nuclear test would help Republicans to remind voters about their traditional advantage in the public mind when it came to national security.

Polls show that advantage has eroded recently, and the tests could instead increase voters' anxieties about the Bush administration's conduct of foreign policy.

Republicans In Trouble A Month Before Elections: Polls (AFP-Y)

By Charlotte Raab

AFP, October 11, 2006

Polls out four weeks before US Election Day showed Democrats wielding a solid lead in the race to control the US Congress, sending Republicans who now control the legislature scrambling.

"Now is the time for all good men -- and women -- to come to the aid of the party," conservative commentator Bill Bennett told the National Review.

On the heels of a scandal involving a Republican lawmaker's lewd e-mails to underage congressional aides, and the response of Republican leaders, the party of US President George W. Bush is worried socially conservative voters may stay home.

"Don't do it. Please don't do it," Bennett implores followers on his website.

Democrats have opened their biggest lead over Republicans in 20 years this close to an election, amid public discontent with the Iraq war and Bush's handling of it, an ABC News/Washington Post poll found.

The scandal over Florida lawmaker Mark Foley's sexual overtures to teen aides has also taken its toll: 75 percent of those polled by CNN said Republicans mishandled the matter.

"A Capitol Hill sex scandal has reinforced public doubts about Republican leadership and pushed Democrats to a huge lead," USA Today concurred in coverage of its own USA Today/Gallup poll.

And Republicans have lost their edge on national security, a New York Times/CBS News poll showed. Asked which party "was more likely to make the right decisions when it comes to dealing with terrorism," 41 percent said Republicans, and 40 percent said Democrats.

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All four polls gave Democrats a lead, ranging from 13 to 23 points, when voters were asked whether they planned to pick a Republican or a Democrat for Congress on November 7.

US voters will elect 33 of 100 senators, all 435 members of the lower House of Representatives and 36 of 50 state governors.

Democrats must win at least six seats to gain control of the Senate, and at least 15 seats to get control of the House. Capturing both could hobble the final two years of Bush's presidency.

The White House put on a brave face Tuesday, with spokesman Tony Snow confidently quipping: "We certainly look forward to working with a Republican House and Senate" after the vote.

But he acknowledged the challenge. "The Foley scandal certainly hasn't been a lift."

Snow said the White House will work over the next month to turn sentiment back in Republicans' favor. "What the White House is going to do is talk about what's important. We're going to talk about the issues."

Other Republicans were less sanguine.

"This adds to a very difficult atmosphere for Republican candidates going into the last 30 days," said Virginia lawmaker Tom Davis.

The polls do not indicate how many districts the Democrats could win, but they are a gauge of the national political mood.

The 23-point lead in the USA Today/Gallup poll was "double the lead Republicans had a month before they seized control of Congress in 1994," the newspaper said.

Danny Diaz, a Republican Party spokesman, said the party was employing a very detailed database to target potential supporters.

"We're targeting voters from every walk of life. You can identify a Republican voter in the most liberal neighborhood," he said.

"It's something that we've only improved upon over the past two years and expect to continue to make more effective, and expect to make it an important part of retaining Republican majorities on November 7," Diaz added.

Republican lawmaker Ray LaHood said Sunday: "There's a very little window of opportunity, but it's closing on us fast."

In Minnesota, Voters Tune Out Scandals And Infighting To Focus On Issues (NYT)

By Lynette Clemetson

The New York Times, October 11, 2006

ANOKA, Minn. — Merrywayne Elvig is a registered Republican who voted twice for President Bush. But these days Ms. Elvig says she “has a lot of problems” with the president, his administration and Congress, most notably on Iraq. She now prefers to identify herself as a conservative rather than a Republican.

When she goes into the voting booth in November, Ms. Elvig said, she will be paying more attention to the candidates than their party affiliations. She said she would not consider voting Republican just to keep the party in power.

“Everything is about politics now rather than real issues,” Ms. Elvig, a fourth-generation Anokan, said. “I think they need to clean house up there on a lot of things. ”

She is leaning toward the Republican running for Congress because of the candidate’s understanding of housing issues that effect older Americans. But she is volunteering for a Democrat in a local City Council race because she believes that the candidate will address traffic congestion in this fast-growing area north of the Twin Cities.

For Ms. Elvig , 75, and roughly two dozen other residents interviewed here over two days at coffee shops and bars, schools and small businesses, on sidewalks and at kitchen tables, the topics that have had Washington hopping in the final weeks before the midterm elections — Congressional scandals, new books saying there was administration in-fighting over the war in Iraq — were little more than distant political chatter, best tuned out.

The conclusions drawn by Republicans and Democrats alike sounded a similar theme: People craved substance and not rhetoric, wanting to hear about the nuts and bolts of national issues like health care, local ones like a proposed light rail system and international concerns like a better strategy for the war in Iraq.

Anoka, which sits at the confluence of the Rum and Mississippi Rivers, is in the Sixth Congressional District, and voters here take their elections seriously. In 2004, 84 percent of eligible residents in the city voted, well above the national average. Its competitive House race between the Republican Michele Bachmann and the Democrat Patty Wetterling, as well as the United States Senate race between Mark Kennedy, a Republican, and Amy Klobuchar, a Democrat, factor heavily in both political parties’ national strategies.

President Bush won 52 percent of the vote in Anoka County two years ago. But the county was also an important base of support for Jesse Ventura, who was elected governor as an independent in 1998. The political mix here, and more broadly across the state, led Republicans in September to select the Twin Cities for their 2008 national convention.

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Randi Barbour is one of the independent-minded voters who have made the state fertile ground for both parties. A waitress at Billy's Bar and Grill and onetime supporter of Mr. Ventura, Ms. Barbour said she planned to vote Democratic in November because health care was her top concern. She voted for John Kerry, the Democrat, and Ralph Nader, the Green Party nominee, in the last two presidential races.

Divorced with three adult children, Ms. Barbour, 51, lost her health insurance in 2003, when requirements were tightened for MinnesotaCare, the state insurance program for low-income workers. She said that she now put money away to pay for one comprehensive medical examination a year, and that she kept her fingers crossed for continued good health.

"Everybody wants lower taxes and that's all they care about, when what we really need to be doing is making sure Americans have insurance," Ms. Barbour said.

She said that she was disheartened that the Republican Party had chosen her state for their 2008 convention and that she planned to make a bumper sticker by then that read, "Save Our Blue State."

At Billy's, political views among the happy-hour crowd ran the gamut.

Doug Scanlon, 61, a Vietnam veteran and political independent who recently retired from a career laying floors, said he believed the state was going to lean Democratic in coming elections because of the quagmire in Iraq. Ron Langer, 65, a business owner, said he thought critics of the war had too quickly forgotten the Sept. 11 terrorist attacks.

"I'd rather see the war over there than over here," Mr. Langer said.

A short walk from Billy's in the old post office building on Main Street, Carol Thompson said she was thrilled that Republicans chose her state for their next convention. Next to the cash register in her educational supply store, Teacher's Pet, she keeps a picture of herself standing with President Bush.

It was taken in 2004 when Mr. Bush stopped for a chicken salad sandwich at the deli that shares basement space with her store. Without question, said Ms. Thompson, 53, she would vote Republican in next month's elections because she believes the party is uniquely committed to doing whatever it takes to protect the country.

She said she was paying little attention to the Congressional page scandal. But she said she was somewhat troubled that Republican leaders might have known about Representative Mark Foley's sexually graphic messages to pages and done nothing to remove him from office.

Ms. Thompson, a born-again Christian, said she could never support a gay politician or anyone who knowingly covered up his identity. But she would also never skip voting, she said. She trusted that her candidates in Minnesota were far removed from the taint of the scandal.

"I'll be praying a lot about it between now and the vote," she said. "If the party leaders tried to hide things about Mr. Foley, they will have to answer to the Lord."

Tom Kobelinski, 52, said that at times he felt like a member of a minority in Anoka. Mr. Kobelinski is a Roman Catholic and committed to social justice advocacy; his political philosophy can be easily gleaned from the assortment of books scattered across the dining room table of the modest three-bedroom Cape Cod where he and his wife, Christine, have raised four children.

In addition to "Homegrown Democrat" by Garrison Keillor, who was born in Anoka, there is a book commemorating the life of Paul Wellstone, the progressive Democratic senator from Minnesota who was killed in a plane crash in 2002.

Mr. Kobelinski, a physical education instructor for developmentally disabled children, said he supported Senator Mark Dayton, a Democrat who is retiring, because he pushed for increased educational spending for students with disabilities. He said he believed that Ms. Klobuchar would continue that commitment and work to bring balance to an educational system that now leans too heavily toward standardized testing.

"Not everything that counts can be counted, and not everything that can be counted counts," he said, paraphrasing a quote from Albert Einstein. "Testing alone is not enough."

Many Anokans find themselves somewhere in between Ms. Thompson and Mr. Kobelinski.

Vickie Wendel, 50, who has worked for the Anoka County Historical Society for 17 years, said she was intensely focused on state and local issues like a proposed new sales tax to finance construction of a stadium for the Minnesota Vikings in Anoka County. She is critical of the sales tax but supportive of a plan that would build a light rail system through the county, easing access to the Twin Cities.

Ms. Wendel said she had yet to make a decision in the governor's race, where the Republican incumbent, Tim Pawlenty, is in a close contest with his Democratic challenger, Mike Hatch, the state's attorney general. She is also undecided in the Senate race.

"I still am looking at the issues one by one," she said. "Honestly, I am looking for the box marked 'none of the above.' "

People Like Foley Are Gays' Worst Nightmare (USAT)

By Steve Kluger

DOJ_NMG_0079270

USA Today, October 11, 2006

Thirty years ago, singer, former beauty queen and human being Anita Bryant sat before Florida's Dade County Metro Commission and demanded the repeal of the recently passed ordinance that prohibited discrimination on the basis of sexual orientation.

"Homosexuals cannot reproduce, so they must recruit (our children)," she warned. With those few words, we lost our brand new civil rights — and it took us 20 years to get them back. What we really needed was somebody in the Sunshine State who was on our side.

Enter Mark Foley instead. Theoretically, it's easy to spot the politician whose mailing address is the closet. He's usually the one who's gleefully foaming over the most Draconian of anti-gay measures at the same time he's supporting, say, a jockstrap fetish, an itch to hang around truck stops, or a Calvin Klein model he's got stashed in a secret Brazilian love nest.

Foley was no different. From the day he was sworn in as the representative from Florida's 16th District, all he was missing was Bryant's hair. There was the matter of his very public Christianity, his endorsement of the so-called Defense of Marriage Act (which, incidentally, puts adult same-sex couples who wish to pledge lifelong fidelity into a category with national security threats), his authorship of numerous Internet restrictions to protect children from homosexuals and others online, and his repeated use of the word "revolting" to describe rumors that he's gay.

Then he became Bryant's worst nightmare. And ours, too.

Foley appears to be a sexual predator who exploited the adolescent thrall he engendered in House pages by pursuing teenage boys through explicit e-mails. He's also an unwitting poster boy for all gay men and lesbians who envision a career in politics: If you're ready to run for office, you'd better be ready to come out. And act like a responsible grown-up while you're at it. Spot Barney Frank in a gay bar onP Street and nobody's going to bat an eyelash. But if you're a married governor of New Jersey like Jim McGreevey who's discovered to have his clandestine male lover on the payroll, or gay-bashing Spokane Mayor James West who secretly prefers his male interns young and cute, you'd better start checking out Craigslist under "Employment Opportunities."

And yet, what else do you do when your entire career hinges on pretending you're something you're not? The religious fundamentalists and their political pod people might not always see eye-to-eye, but they seem to agree that the decline of Western civilization is due exclusively to gays and Bill Clinton. Indeed, if Foley's e-mails had been sent by a straight congressman to a 16-year-old girl — 16 being the age of consent in Washington, D.C. , and in many states, by the way — the TV anchors would have been sure to remind viewers that "the young lady was legally of age," and the word "pedophile" never would have flashed across cable news.

Yet Foley can't be let off that easily. When cornered with his fingers on the keyboard, he thinks it's enough to come clean. "OK, you caught me. I'm gay." But that's not what being gay is about. In fact, not only is Foley's behavior the excuse that has been used over and over again to deprive accountable gay adults of their human rights, his glib defense soils even his own community. "I'm also an alcoholic." "And a priest abused me." "The devil made me do it." Shame comes in many disguises. Foley has worn all of them.

"Being right-handed or left-handed doesn't dictate whether you punch or steal," says Jennifer Pizer, senior counsel at Lambda Legal, the nation's oldest gay-rights law firm. "Your behavior is your choice. There's nothing shameful about being gay. But abusing power to seduce teenagers is wrong whether they're male or female, and whether you're a lefty or a righty."

So who's really responsible for the Mark Foley mess? Foley himself? The Republicans? The religious right? The closets in capitol buildings across the country? All of the above? Ah, hell. Let's blame Florida. Again.

Rove Raises $12M In The 2006 Cycle (HILL)

By Alexander Bolton

The Hill, October 11, 2006

White House politico Karl Rove, whose legacy as a strategist hinges on Republicans' fate at the polls on Nov. 7, has raised more than $12 million for GOP candidates this election cycle.

The total is remarkable for a White House staffer, more than any aide has been known to raise before, and confirms Rove's place among the most celebrated strategists in American political history.

And while Rove has raised the money to promote Republican policies by protecting the GOP majorities in Congress and building party infrastructure around the country, his personal stake in the upcoming election is undeniable.

If Republicans hang on to power, Rove's reputation as a political genius will be secure, say political observers. But if they lose, Republicans may look back at Rove's ambitious and unsuccessful efforts to reform Social Security and immigration policy with bitterness.

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To be sure, Rove's contribution is a drop in the bucket of what White House officials have raised for Republicans in the past 21 months.

President Bush, Vice President Dick Che-ney and first lady Laura Bush have raised a combined $239 million since the start of Bush's second term, as of last week.

Just last week during a fundraising trip through Nevada, California, Arizona, and Colorado, Bush raised $2.36 million for four congressional candidates and one gubernatorial candidate and $1.3 million for the Republican National Committee (RNC). Also last week, Cheney raised $1.23 million for eight candidates during a swing through Wyoming, Montana, Texas, Michigan, Florida, and Virginia.

"I sure don't know of a staff person who's ever done it," said a Republican strategist Charles Black of Rove's fundraising total. "In the past some chiefs of staff did fundraisers but no one was as well-known or popular as Rove among the givers.

"He's got an incredible winning streak going — three major election wins since 2000," said Black, commenting on Rove's stake in November's outcome. "If the party were to hold both houses, he would have an unprecedented winning streak as a strategist."

Norm Ornstein, a scholar of politics at the American Enterprise Institute, said Rove has had more impact on politics than any White House aide in recent memory.

"I can't recall anyone who is in a staff position raising that much," said Ed Gillespie, who served as RNC chairman for the 2004 election. "I don't know of a cabinet secretary who has raised that much on behalf of candidates. It reflects the respect he commands in the party and reflects the Democrats' six-year effort to demonize him."

Adding to the personal pressure on Rove is his prediction in May that Republicans would be "just fine" in the fall.

Other political experts don't think the GOP's prospects are nearly so rosy.

"Rove has lost the golden touch: he didn't deliver on Social Security reform and the president's party has an uphill battle in this midterm. He's going to be lucky if this doesn't become a debacle for this party," said Darrell West, a political science professor at Brown University who said Rove's legacy is at stake. "If they lose control of one or both chambers, nobody is going to think Rove is such a genius."

Rove appears to have stepped up his fundraising appearances since special prosecutor Patrick Fitzgerald told his lawyer in June that he is no longer under investigation for leaking the name of CIA operative Valerie Plame to the press.

Rove's fundraising total also shows that despite Democrats' persistent efforts to demonize him, most recently by publicizing the number of contacts he had with convicted lobbyist Jack Abramoff, Rove remains very popular with rank-and-file conservatives.

White House officials have sought to keep Rove's campaign activity quiet in part because of a prevailing belief that staff should stay behind the scenes and not compete for attention with Bush and Cheney. And Rove, whom Bush has nicknamed "turd blossom," has carefully adopted a self-deprecating posture.

Rove has hit the fundraising circuit hard this election cycle, attending more events than Bush and his wife. But Bush remains by far the biggest fundraiser. He has raised more this election cycle than the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) combined.

As of last week, he had raised $185.7 million at 77 events for Republican candidates this cycle, according to an RNC official. Rove, by comparison, has raised over $12 million at 92 events. Only Cheney has attended more events, 111. The first lady has appeared at 41.

Rove has long been a lightening rod for criticism from Democrats and liberal activists. He has often been the subject of Democratic fundraising letters and stump speeches.

"Karl Rove is a key player in the Republican culture of corruption," said Karen Finney, spokeswoman for the Democratic National Committee, who noted that a recent House Government Reform Committee revealed frequent contacts between Rove and convicted lobbyist Jack Abramoff.

Last week a senior aide to Rove, Susan Ralston, resigned because of the report.

"He is the architect of their divisive campaign tactics," said Finney. "People are rejecting the politics of division. To a degree, the GOP, by continuing to send him out there, is trying that same old playbook. What they're not realizing is that Americans have seen it for what it is and are rejecting it."

But conservative Republicans don't seem to be among the people Finney is talking about.

"Karl Rove is still the guy who can excite the base," said West of Brown University. "When you're raising the money, that's the type of guy you want."

Congress As 'The Broken Branch' (WP)

The Washington Post, October 11, 2006

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Even before the Mark Foley scandal broke, the 109th Congress was suffering from intense partisanship, legislative impasses and near-record-low public approval ratings. Incumbents are scrambling for reelection in the Nov. 7 general election, in which the Republican majorities in both houses are at risk. Regardless of the outcome, few lawmakers expect to rack up enough triumphs in the Nov. 13 lame-duck session to send the 109th Congress into the history books with high marks.

Two of the most knowledgeable congressional scholars are Thomas E. Mann of the Brookings Institution and Norman J. Ornstein of the American Enterprise Institute. Their new book is "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track." They recently answered questions about their findings and views.

-- Charles Babington

Q Is the current Congress demonstrably more partisan than those in the past? Why does it matter?

MANN : Partisanship particularly increased after the 1994 elections and then the appearance of the first unified Republican government since the 1950s. Now it is tribal warfare. The consequences are deadly serious. Party and ideology routinely trump institutional interests and responsibilities. Regular order -- the set of rules, norms and traditions designed to ensure a fair and transparent process -- was the first casualty. The results: No serious deliberation. No meaningful oversight of the executive. A culture of corruption. And grievously flawed policy formulation and implementation.

Congress has been rocked by the Foley scandal. Was the House GOP leadership's response an example of reflexive partisanship? Are there larger lessons to learn from it?

ORNSTEIN : Part of the response to Foley was undoubtedly human nature -- lawmakers wanting to take Foley at his word that he wouldn't write any more improper e-mails. But it is hard to look at the responses of the collective majority leadership, including Speaker Dennis Hastert, GOP campaign chair Tom Reynolds and Page Board chair John Shimkus, without putting them into a context that makes it more damning.

The entire leadership team made sure that there was no significant ethics or lobbying reform in this Congress. They knew their majority was hanging in the balance, that the Duke Cunningham-Jack Abramoff-Tom DeLay scandal problem had not coalesced into an electoral catastrophe. The last thing they wanted was another embarrassing scandal. There is a lot to suggest that there was a systematic state of denial here, and an indifference to the possibility of a bigger problem that Foley might represent.

One party has controlled the White House, Senate and House for most of the past six years. Why have Republicans found it so hard to enact priorities such as comprehensive immigration changes, a Social Security overhaul, and even nuts-and-bolts legislation such as a budget bill?

ORNSTEIN : One answer is the small majorities that Republicans have had in both houses; it is hard to command perfect party unity in both houses for any length of time in our political system. But the Democrats had much larger margins for the first two years of Bill Clinton's presidency and also had immense difficulty making anything major happen. United government in an age of fierce partisanship and sharp ideological polarization between the parties does not work very well for very long. . . .

Congress is meant to check and balance the other branches, especially the executive. How have members' attitudes changed in recent years about Congress's institutional role?

MANN : It is striking, the extent to which the Republican majority in Congress deferred to the president in the face of one of the most aggressive and ambitious assertions of executive authority in American history. . . . They are now paying a political price for the policy consequences of their inattention. In Iraq, for example, it has meant flawed planning, poor implementation and no midcourse corrections. . . .

Few incumbents of either party face a serious risk of electoral defeat. How has this affected Congress's work? Does it make House members bolder, less inclined to blow with the political winds?

MANN : The last five congressional elections have produced fewer incumbent defeats and seats changing party hands than any comparable period in American history. Congressional districts have become safer for one party. . . . Those recruited, elected and reelected from such districts tend to reflect the ideological pole of their party rather than the center of public opinion.

Incumbency adds a layer of advantage on top of this party dominance. But rather than foster an environment in which members of Congress feel free to buck popular sentiment and wrestle seriously with the problems confronting the country, it reinforces the ideological divide between the parties. Incumbents are safe, but party majorities are not. This fosters symbolic votes, message politics and little serious legislating in Congress.

Don't voters deserve some blame -- maybe a lot -- for Congress's shortcomings? Do we get the government we deserve?

ORNSTEIN : Sure, voters -- and even more, non-voters -- deserve some of the blame. The low turnout we get exaggerates the power of the ideological activists who do turn out, skewing the system away from the middle.

But voters do not create the system that shapes the districts into noncompetitive ones, nor do they play a meaningful role in recruiting the candidates we get. . . . And we cannot expect voters to pay close attention to the ins and outs of the legislative process, until some crisis demands it.

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It is the voters' surrogates, including the press, who have to alert them when something is seriously wrong. But ultimately, only a credible threat that the public is prepared to throw the rascals out will change the ways in which politicians in Washington operate.

Democrats Aim At The Red (LAT)

By Ronald Brownstein

The Los Angeles Times, October 11, 2006

KENNETT, Mo. — By her own admission, Claire McCaskill did not spend enough time campaigning in rural Missouri two years ago, when she narrowly lost the governorship to Republican Matt Blunt.

This year, as the Democratic nominee for U.S. Senate challenging GOP incumbent Jim Talent, McCaskill is making up for lost time. She's barnstorming down country roads in a bright blue RV, stopping in small towns such as this one, the birthplace of singer Sheryl Crow.

"A lot of it is sending a message to rural Missouri that … I want to try hard to get their support," McCaskill said after shaking hands with seemingly every moving object at the Delta Fair.

Her ability to win votes in rural Missouri may determine whether she topples Talent. More broadly, it probably will signal whether Democrats can overcome the principal obstacle in their drive for a Senate majority: the Republican dominance of Senate seats in states that President Bush carried in 2000 and 2004.

To gain the majority, Democrats must win at least four, and maybe more, GOP-held seats in red states such as Missouri. Recent polls have buoyed their hopes. Democrats are running about even with or slightly ahead of Republicans in each of the hotly contested red-state Senate races except Arizona's.

From disenchantment over the Iraq war to the sex scandal surrounding former Rep. Mark Foley (R-Fla.), a national tide may be gathering behind Democrats. But for Republicans, the red states loom as the sea wall against that force.

Election day will decide whether discontent over the nation's direction overrides entrenched GOP advantages, especially among rural voters, in these culturally conservative states.

One of the most powerful trends in U.S. politics has been the growing alignment between the way states vote in presidential and Senate elections.

In the past, states often would support one party for president while sending members of the other party to Washington as one or both of their senators. But in a highly polarized era, more voters are supporting Senate candidates who are in the same party as their choice for president.

The GOP holds three-quarters of the Senate seats from the 29 states that twice voted for Bush for president. Democrats hold about three-quarters of the Senate seats from the 18 states that voted for Al Gore in 2000 and John F. Kerry in 2004.

Democrats need a net gain of six seats to win the Senate. Only two of their top targets this year are Republicans in states that the Democratic presidential candidates carried in 2000 and 2004: Sens. Lincoln Chafee of Rhode Island and Rick Santorum of Pennsylvania.

Red states are home to all of the other targets: Sens. Mike DeWine in Ohio, Conrad Burns in Montana, George Allen in Virginia and Jon Kyl in Arizona, as well as Talent in Missouri and a seat being vacated in Tennessee.

Amid the bad political news that has battered the GOP this year, Republican strategists take comfort that so many of the crucial Senate fights are being waged on what amounts to the GOP's home turf.

"I would much rather have a playing field that was predominantly red states than predominantly blue states," said Terry Nelson, field director for Bush's 2004 reelection campaign.

In most of these contests, Democrats express confidence that antipathy toward Bush will spark a large turnout by their core voters. They also believe that concern about the Iraq war — as well as anger over other matters, capped by the Foley scandal — will improve their showing among relatively well-off, socially moderate suburban voters.

But in all but one of the key red-state Senate races, rural voters constitute a larger share of the population than they do nationally (Arizona is the exception). And that means that to gain Senate seats, Democrats need to minimize the GOP edge among culturally conservative exurban and rural voters.

Missouri embodies this dynamic.

Talent, a smart, low-key politician, won his seat in 2002 by fewer than 22,000 votes over the Democratic incumbent, Jean Carnahan. (She had served the first two years of the term won by her late husband, Mel Carnahan, in 2000.)

McCaskill is an accomplished foe. A former county prosecutor in Kansas City and a former state legislator, she is now state auditor. She is gregarious and focused on the campaign trail as she delivers a sharp-edged populist message.

Experts in Missouri politics think McCaskill is likely to post strong showings in the Kansas City and St. Louis metropolitan areas, partly because she supports, and Talent opposes, a state ballot initiative to authorize stem cell research.

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But in her 2004 gubernatorial race, McCaskill won only eight of the state's 109 rural and exurban counties, noted Kenneth Warren, a St. Louis University political scientist. To win this year, he said, McCaskill's main challenge "is to get more of the rural vote."

Both the opportunities and barriers in that effort were on display as McCaskill and Talent crossed campaign paths recently in rural southeastern counties, a region known as the Bootheel.

McCaskill's biggest obstacle, by far, is her liberal views on social issues: She supports abortion rights and opposed state amendments banning gay marriage and allowing residents to carry concealed weapons. Talent's campaign has run ads in rural markets highlighting these positions.

"It's a question of who believes in these heartland values and who doesn't, and that is a set of issues in the race," Talent said.

At the end of September, when McCaskill appeared at the 62nd annual Cotton Carnival Parade in Sikeston, several along the route said they did not need to know her opinions beyond abortion and gay rights to conclude they could not vote for her.

"I mostly vote Republican because of the Christian values side of it," said Jim Holt, a foreman at a trailer manufacturing company, as he leaned against his pickup truck.

Holt said economic issues — what he called "the money side of it" — took a backseat to his other concerns. "I worry more about abortion and gay marriage and all that crazy stuff."

Joe Hester, an accountant, said he would vote for Talent because the incumbent "supports family values and I think McCaskill is too liberal for our state…. I'm a strong Christian, and I believe if you take care of the values, God will take care of the rest."

Several days later, Hester said the unfolding Foley scandal had not changed his view that "overall, Republicans are more in tune with my values."

McCaskill has sought to highlight her own faith and family — one day early this month she stopped at three churches before lunchtime, and she is running an ad in which her 78-year-old mother testifies to the candidate's "integrity, hard work [and] guts."

But mostly, McCaskill is trying to persuade more rural voters to consider "the money side" of the race. In the Bootheel's major counties, the poverty rate is substantially higher than the state average.

She spotlights her support for an increase in the minimum wage; denounces last year's energy bill for providing tax breaks to oil companies; and proposes new tax credits for college education, child care and first-time home buyers.

She's also unambiguous in her criticism of the Iraq war, urging the withdrawal of U.S. troops over the next two years.

Talent, meanwhile, is focusing on legislative measures requiring increased use of ethanol and cracking down on methamphetamine production.

"I'm not interested in being an international senator," he said. "I'm interested in making things better for my people."

But insulating the race from larger tides won't be easy.

During McCaskill's recent visit to the Bootheel, Dizer Capps interrupted her morning coffee at a restaurant in Caruthersville to say he would be voting for her. Capps, who runs a dry-cleaning business, voted for Bush in 2000 and 2004, and supported Talent in 2002. But he's lost faith in the president, largely because of the Iraq war.

"I voted for Bush because I thought he was a good man, but he ain't worth a damn," Capps told McCaskill. "I'm 76 years old and I've seen a lot of presidents, and this is the worst I've ever seen. He's worse than Jimmy Carter."

Such sentiments are welcome news for McCaskill. Yet Capps' comments also underscore the stakes in November's election.

If the Democrats can't loosen the GOP grip on enough culturally conservative voters to win the races in this climate, it's not clear when they will.

Democrats Veer To The Right In Fight For House (WT)

By Ralph Z. Hallow

The Washington Times, October 11, 2006

In North Carolina, former Washington Redskins quarterback Heath Shuler is running for a House seat, declaring himself a pro-life member of the pro-gun National Rifle Association, and accusing his opponent, Rep. Charles H. Taylor, of supporting amnesty for illegal aliens.

What's wrong with this picture? Mr. Taylor is a conservative Republican, and Mr. Shuler is the Democratic challenger trying to outflank him on the right -- a not uncommon move this election year, even before the Mark Foley scandal increased the midterm vulnerability of House Republicans.

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It's happening across the South and Midwest, as Democratic congressional candidates from Illinois to Georgia are casting aside liberal loyalties to compete in conservative districts where they hope to gain the 15 seats needed for Democrats to take control of the House.

Democrats "have adopted a different kind of candidate, out of the traditional political sphere," said Charlie Gerow, a Pennsylvania-based Republican strategist.

"There are especially strong cases of 'blank slate' candidates with no voting records, trying to hedge on every issue -- in Pennsylvania, Illinois and Virginia, for example -- and other Democrats running like they're Republicans, in Georgia, Indiana and North Carolina," says National Republican Congressional Committee (NRCC) spokesman Jonathan Collegio.

A few snapshots from the campaign trail:

·In Indiana, Vanderburgh County Sheriff Brad Ellsworth, running for a House seat, says flatly, "I'm pro-life. I believe in a traditional marriage and the Second Amendment." And, yes, Mr. Ellsworth is the Democrat in this race, challenging Republican Rep. John Hostettler.

·In Georgia, Rep. John Barrow has publicly denounced a "cut-and-run strategy" in Iraq. He favors a federal constitutional amendment to ban same-sex "marriage," and he opposes amnesty for illegal aliens. Mr. Barrow is also a Democrat -- being challenged by former Rep. Max Burns, the Republican he defeated to win the seat in 2004.

·Another Georgia Democrat, Rep. Jim Marshall, voted to block House Minority Leader Nancy Pelosi's motion last year to investigate possible prisoner abuses in the Iraq war and says he is pro-gun and mostly pro-life. Mr. Marshall is defending his redistricted seat against former Republican Rep. Mac Collins.

·In Kentucky, former Rep. Ken Lucas is yet another Democrat running like an all-out conservative in his challenge to Republican Rep. Geoff Davis.

The reasons for the plethora of rightward-running Democratic candidates? Polls show Democrats will have a hard time winning in strong Republican and swing districts if they spout traditional Democratic positions.

Democrats occupy seats in 41 congressional districts that voted for Mr. Bush in 2004, while Republicans hold 18 seats in districts that voted for John Kerry. That means that there are more than twice as many Democrats running in Bush-Republican districts than Republicans running in Kerry-Democrat districts.

To make a successful play for House control, Democrats have to win in Republican districts. But voter surveys consistently show that the national Democratic Party's liberal positions on taxes, abortion and other issues do not go down well in districts that supported Mr. Bush by 10 percentage points or more.

Therefore, the Democrats have recruited two types of candidates: those who often sound like their Republican opponents on abortion, guns, homeland security or taxes -- and those who simply don't talk much at all.

"It took 12 years in the minority for Democrats to realize that they couldn't win elections by running like Democrats -- so they've drafted candidates who either masquerade as conservatives or keep mum on the issues as long as politically possible," Mr. Collegio said.

Democrats' blank-slate candidates usually have not held public office, and thus have no voting record for their Republican opponents to use against them.

In Pennsylvania, for example, Republican Rep. Jim Gerlach faces challenger Lois Murphy. Though she is a former state director of NARAL Pro-Choice America, Mrs. Murphy has never been a legislator and thus has no voting record for Mr. Gerlach to challenge. The Democrat has hedged on issues ranging from taxes to Iraq to immigration.

In Virginia, Democratic challenger Phil Kellam is running in a district that went heavily for Mr. Bush two years ago. The tax commissioner in Virginia Beach, Mr. Kellam has avoided going on record on major issues and has turned down debates with the Republican incumbent, Rep. Thelma Drake.

Like many other Democrats, Mr. Kellam was quick to exploit the political opening afforded by the scandal surrounding Mr. Foley's reported involvement with teenage congressional pages. In an Oct. 3 statement, Mr. Kellam denounced House Republican leaders for failing to "act decisively" to "protect" pages.

In Illinois, Democratic candidate Tammy Duckworth, a disabled veteran of the Iraq war in her first bid at public office, straddles the line on major issues such as taxes, human cloning, same-sex "marriage," the USA Patriot Act and health care. To keep her policy slate blank, she has dodged debates four times with her Republican opponent.

There's not much Republicans can do about Democrats avoiding debates or appropriating basic Republican campaign themes, although the NRCC spokesman says the trend validates conservative arguments.

"If Democrats make headway this cycle, it's not because America has moved leftward, but because Democrat candidates have moved rightward," Mr. Collegio said.

As Election Nears, Groups Plan Negative Ads (NYT)

DOJ_NMG_0079276

By John Broder

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — A previously unknown group led by a Republican political consultant in Houston is financing television advertisements against nine Democratic House candidates from North Carolina to Arizona.

The group, Americans for Honesty on Issues, is spending more than $1 million on the advertisements, which accuse Democratic candidates of carpetbagging, coddling illegal immigrants, being soft on crime and advocating cutting off money for troops in Iraq.

The television spots appear to be the first wave of a boatload of negative political advertising that will appear in the weeks before the Nov. 7 election. Many of the advertisements will be produced by independent organizations known as 527 groups, after the provision in the tax code that allows such groups to spend virtually unlimited sums on political activity as long as it is not formally coordinated with parties or candidates.

The 527 groups had raised nearly $200 million as of June 30, much of which appears to be available to be spent on pre-election activities. And if past trends hold, the total raised and spent by the groups on this election will surpass $300 million, eclipsing the $258 million spent by such groups in the last midterm election, in 2002.

The increase is striking because the campaign finance law enacted in 2002 now forbids federal elected officials and candidates from operating their own 527 groups. In 2002, committees maintained by such officials raised about a third of the total dollars for the groups.

The leader of Americans for Honesty on Issues is Sue Walden, a close ally of Tom DeLay, the former House majority leader who left Congress amid questions on ethics and fund-raising. Ms. Walden has also raised money for President Bush and served as an adviser to Kenneth L. Lay, the former chief executive of Enron who died in July.

She referred a call seeking comment to Glenn M. Willard, a lawyer with Patton Boggs in Washington, who drew up the papers establishing the organization. Mr. Willard confirmed that Ms. Walden was the nominal head of the committee, but he declined to identify the group's donors or say how much it planned to spend.

The group's Web site does not give an address or phone number, nor does it list any of the officers or sponsors. It says only, "Americans for Honesty on Issues is organized to engage in political issue communications in compliance with federal and state laws."

Democrats, generously financed by labor unions and rich individuals like George Soros, dominated the 527 field in the presidential election of 2004, when such groups raised and spent more than $650 million. But Democratic groups have been relatively quiet this year, in part because big donors like Mr. Soros are giving much less money.

One Democratic 527 group, Majority Action, announced this week that it would run advertisements in four Congressional districts criticizing incumbent Republican House members for voting against federal financing for stem cell research.

The advertisements will focus on Representatives Chris Chocola of Indiana, Thelma Drake of Virginia, Don Sherwood of Pennsylvania and James T. Walsh of New York.

Total spending on the 60-second advertisements will be about $500,000, said Bill Buck, spokesman for Majority Action. The group's founders include Joe Andrew and Don Fowler, former chairmen of the Democratic National Committee.

Another Democratic 527 organization, the September Group, founded by the longtime party operative Harold M. Ickes, is planning a late burst of anti-Republican spending, said Howard Wolfson, a political consultant working with the group. But Mr. Wolfson would not say how much money the group had raised nor how it intended to spend it.

Emily's List, which supports Democratic candidates at the state and federal level, reported raising $3 million and spending nearly $2 million from July through September. Among its major donors are Linda Pritzker, a member of the family that owns the Hyatt hotel chain; Alida Messinger, a Rockefeller; Lee Fikes, a Texas oilman; and Mr. Soros.

Among the most active Republican 527 groups is the Economic Freedom Fund, which was formed this year and received a $5 million contribution from Bob J. Perry, a major Bush donor and an underwriter of the Swift boat veterans group in 2004. The fund is running advertisements on behalf of Republican candidates in Georgia, Indiana, Iowa, Oregon and West Virginia.

Dems Hunt For Drop-off Voters (HILL)

By Jonathan E. Kaplan

The Hill, October 11, 2006

The clash between Democratic Party chairman Howard Dean and Rep. Rahm Emanuel (D-Ill.) over how much money the national party would spend to help congressional Democrats ended last month. But the heart of the disagreement, whether the national party has identified new and drop-off voters, could determine whether the Democrats retake the House and Senate in November.

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Emanuel, chairman of the Democratic Congressional Campaign Committee, and Dean agreed last month that the Democratic National Committee would spend $2.6 million on GOTV efforts; Dean reportedly reached a deal Monday with Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, to direct $5 million to state parties to help Democratic Senate candidates.

In the months preceding these agreements, the DSCC and DCCC set up their own field programs, which is something the DNC would have done in the past, said several Democratic strategists.

"Did they [the DNC] waste a year and a half not targeting drop-off voters? Yes," Emanuel said, referring to voters who cast ballots in presidential years but not in off-year elections. But he said House Democratic candidates would be fine, because, "It's not like we have slouches over there … they [the DCCC] know what they're doing."

Realizing that voter turnout could determine whether the Democrats control the House or spend another two years in the minority, Emanuel hired Michael Whouley and Jack Corrigan, longtime Democratic field operatives, to implement the DCCC's strategy. The committee has worked with 70 campaigns devising a field strategy; it is helping pay for field programs in several campaigns, said a senior Democratic aide.

Stacie Paxton, a DNC spokeswoman, said, "Unfortunately, the congressman is misinformed. We've been targeting drop-off voters for more than a year and we contacted three million drop-off voters this Saturday at the DNC's third national organizing day."

Turnout is especially crucial in midterm elections. In 2000 and 2004, for example, 55 percent and 61 percent of eligible voters, respectively, cast ballots. In 1998 and 2002, just 39 percent of eligible voters participated, according to the U.S. Elections Project at George Mason University. Those who don't show up to vote in an off-year election are known as "drop-off" voters. They are the midterm swing voters.

Still smarting from their losses in 2002 and 2004, Democrats have worked to match the Republican Party's successful get-out-the-vote operations. Republicans used technology to identify new Republican voters based on lifestyle choices, a practice known as microtargeting.

"Just because microtargeting was used in 2004 to find new voters doesn't mean that's its only use," said Jano Cabrera, a Democratic strategist who is advising Democrats on microtargeting efforts, "The same techniques are being used to identify base and drop-off voters during this midterm cycle, the two core groups that will determine the makeup of the next Congress."

But party strategists said in interviews that the Democratic Party has spent too much money rebuilding the party in red states and has not made any real inroads mining new voters. Democratic allies such as MoveOn.org, America Votes, and EMILY's List, have made the most progress in mining new Democratic voters, they said.

The Republican National Committee's (RNC) get-out-the-vote efforts, known in campaign jargon as GOTV or field, proved effective this year in California and Rhode Island. The National Republican Congressional Committee's (NRCC) $5 million effort helped former Rep. Brian Bilbray (R-Calif.) succeed Duke Cunningham (R-Calif.), who is now in prison. In Rhode Island, the RNC and National Republican Senatorial Committee (NRSC) rescued Sen. Lincoln Chafee (R) in his competitive primary.

While Democratic field ops are undertaken by the DCCC, DSCC and state parties, the Republicans have centralized their efforts. The RNC abruptly assumed control of the NRSC's field program this week. The NRCC turned its field program over to the RNC this summer.

Meanwhile, the DSCC had invested $10 million in field ops as of Aug. 30 and expects to spend $10 million to $20 million more this fall, said another senior Democratic aide. That money is in addition to what the state parties and DNC will spend.

The DSCC also has sought "to identify and court Republican voters in rural and exurban areas, places that we have all too often ignored (at our own peril) in recent elections," Schumer wrote last May in a memo to his colleagues.

Schumer and several candidates in states with large rural populations are targeting potential voters in "micropolitan" areas, or small clusters of population in rural areas, wrote Schumer, adding that he would analyze the demographic composition of "drop-off voters who usually fail to vote in midterm elections but in 2004 mostly supported George Bush."

In races where the DCCC is not spending money, House Democratic candidates will piggyback on what is called a coordinated campaign, or the collective resources of the DNC, DSCC and state party to get voters to the polls.

In Nebraska, for example, the DNC and DSCC have kicked in several million dollars to augment the Nebraska Democratic Party's and Sen. Ben Nelson's (D-Neb.) voter-contact program. Nelson is running for reelection against Pete Ricketts, a multimillionaire businessman.

Although the DCCC placed former Lt. Gov. Maxine Moul (D-Neb.) on its "Emerging Races" list, indicating that Emanuel believes Moul has an outside shot of winning in a heavily Republican congressional district, Emanuel has not spent money on the race.

"The DCCC has been noticeably absent in spite of all their chest pounding," said Barry Rubin, the executive director of the Nebraska Democratic Party.

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Democratic Senate Group Backs Webb In A Big Way (VAPILOT)

By Tony Germanotta

Hampton Roads Virginian-Pilot, October 11, 2006

It's official: Virginia's Senate seat is in play.

Forget about the polls, what really sends a message is money, and on Tuesday the Democratic Senate Caucus' political arm bought in big-time with an anti-George Allen ad.

It's the first time the national party has ponied up on behalf of Democratic hopeful Jim Webb, and his is one of only six races nationwide that the committee is currently targeting, according to Democratic Senatorial Campaign Committee spokesman Phil Singer.

Singer declined to give details on where and when the commercial will run.

"It's up on the air," he said Tuesday afternoon. "We don't like to advertise our advertising."

As for how much ad support the committee is offering to Webb?

"I've seen people report $1 million," Singer said, adding, "I won't deny it, and I won't state it on the record."

Webb started his race well behind incumbent Allen in fundraising. At the last official reporting deadline this summer, Allen had $6 million in the bank, compared with Webb's $424,000.

But last week, Webb reported raising nearly $3.5 million during July, August and September.

That left him with about $2.7 million on hand at the start of October, his campaign said. Webb and Allen are expected to spend a combined total of well more than $1 million per week on television advertising before the Nov. 7 election. That does not count the money spent by other groups such as the Democratic Senatorial Campaign Committee.

The 30-second ad lumps together a number of anti-Allen charges.

"George Allen, scandals, slurs and insults," it begins, with references to Allen's calling a Webb campaign worker of Indian descent "macaca," a term for a monkey that is used as a racial slur in some cultures, as well as citations of stories that have emerged during the campaign about Allen not reporting stock options and of having used racial slurs while in college.

Last week, Allen bought two minutes of airtime statewide to ask that the campaign focus on issues instead of attacks.

"Now after Allen's dark side is exposed, he wants the race to be 'decided on the issues,' " the ad's narrator intones. "Well here's his record."

What follows is an old-fashioned political parsing of votes and contributions.

Allen's campaign issued a retort Tuesday afternoon to what it called "the deceitful DSCC attack ad, funded through Hillary Clinton's latest $1 million donation."

Webb was on the campaign trail in Richmond on Tuesday to accept the endorsement of the Virginia Education Association, the state's largest teachers' group.

He said he had not seen the ad but welcomed the party's support.

"Since Day One, we've been vastly outspent," he said. "I was outspent 3-to-1 in the primary. And I'm grateful that we're going to get some help here."

He said he had no role in the ad and didn't know how much the committee would spend.

"We are legally precluded from cooperating in any way with the DSCC," he noted.

The Democratic committee also is targeting races in Ohio, Montana, Missouri, Rhode Island and Tennessee, Singer said.

Democrats need a net gain of six seats to take control of the Senate.

National Dem Group Airs Independent Ads Attacking Allen (DPHR/AP)

By Bob Lewis

Daily Press, October 11, 2006

RICHMOND, Va. -- With the first major national cash infusion into Virginia's pivotal, closely contested Senate race, a Democratic group launched a major round of television ads across Virginia Tuesday lashing Republican Sen. George Allen.

Democrat Jim Webb also continued rebutting claims Allen had pressed in their Monday night debate that Webb would reinstate federal taxes that have been cut, including the estate tax and the so-called marriage penalty.

The Democratic Senatorial Campaign Committee ad, on a nine-day, $950,000 run, attacks Allen on issues as diverse as his "macaca" moment and new reports that he failed for five years to disclose stock options to Congress as required by ethics rules.

The ad, run independently from but in support of Democrat Jim Webb, is among the largest yet in a race the latest polls indicate is tied or very close.

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Allen's campaign quickly labeled the DSCC's ad as "deceitful" and immediately sought to tie it to national Democrats, particularly New York Sen. Hillary Clinton, whom Allen's conservative Virginia voting base detests.

The ad opens mocking Allen's appeal last week for restoring the campaign to issues--an appeal he made even as he launched a second ad attacking Webb for a 1979 magazine article in which he questioned the fitness of women to lead men in combat and lamented their admission to U.S. service academies.

In rapid succession, the ad references Allen's applying the obscure racial slur "macaca" to a man of Indian descent in August, allegations by former college football teammates that he used a six-letter epithet for black people and a report that Allen did not report stock options he got for his service as a director of a high-tech corporation on his personal financial disclosure forms as Senate rules direct.

It accuses him of voting against body armor for U.S. troops, favoring tax breaks for energy companies that gave his campaign $322,000, and voting to boost his own salary while opposing increases in the minimum wage.

Allen's campaign released a list of rebuttals to each point, particularly the claim he opposed body armor for American troops. The ad accurately notes a party-line vote on Oct. 2, 2003, in which Allen and the GOP majority tabled a Democratic amendment to provide $322 million in spending on new battlefield equipment. However, it ignores several other votes Allen subsequently cast on funding for military equipment, including his concurrence in a near unanimous Senate vote on Aug. 2 to appropriate $6.7 billion the effort in Iraq.

At a news conference Tuesday where Webb received the endorsement of an organization representing Virginia's 63,000 public school teachers, he battled back on Allen's claims from Monday's debate that Webb wants to reinstate taxes on about 3 million Virginians.

"I would be opposed to raising taxes in any of the situations that affect the broad swath of Americans. So, programs like the marriage penalty, ... I've not talked about going after that," Webb said.

Simultaneously, Webb began airing a new ad that opens with the claim that "George Allen is lying again" about Webb's tax record. The ad is airing for a week in rotation with another 30-second Webb spot on Iraq policy at a cost of about $728,000.

On the tax applied posthumously to the estates of wealthy people, Webb said there should be some sort of tax on the largest of estates, but supported exempting smaller ones.

Webb accused Allen of increasing the tax burden on the poor and middle class while protecting tax breaks for corporations and the wealthy. He said Allen supported ending the tuition tax credit for families with college students.

"Quite frankly, with a Republican-controlled government, the benefits that go to corporate America, I think, are beyond fairness," he said.

Allen, meanwhile, began airing a radio ad making his strongest link yet to groups supporting a referendum on the Nov. 7 statewide ballot that would write a ban on same-sex marriages or anything resembling it into the Virginia Constitution's Bill of Rights.

"There are those who would like to change the definition of marriage. Jim Webb is one of those people," an announcer says as the ad opens. "This Election Day you'll have an opportunity to stand up to the Jim Webbs of the world, to the people who want to weaken marriage."

The ad, in rotation with an ad blasting Webb on taxes, is running in rural areas, Norfolk and Roanoke at a cost of about $60,000. Allen, who supports the amendment, expects a substantial turnout boost from religious conservatives also drawn to the polls in large numbers to support the measure.

Webb is clear that he opposes the amendment, but on the same grounds as Gov. Timothy M. Kaine, a fellow Democrat. Both say marriage should be limited to one man and one woman, but they contend that in its zeal to outlaw any legal arrangement approximating marriage, the amendment could endanger the right of people to enter into personal contracts.

Taxes Take Center Stage (WP)

By Michael D. Shear And Tim Craig

The Washington Post, October 11, 2006

RICHMOND, Oct. 10 -- Taxes have moved to the forefront of Virginia's Senate race, with Republican Sen. George Allen accusing Democrat James Webb of plotting to raise taxes on millions of Virginians.

Allen made the allegations at the candidates' final debate Monday and is repeating them in a statewide television commercial. But the accusations are based almost entirely on Webb's support from national Democratic leaders and on two vague statements by Webb questioning whether Congress should make federal tax cuts permanent.

Webb, who has never run for public office or cast a vote on taxes, has angrily denied the charge and on Tuesday began airing a commercial defending his views. The Democrat's ad also examines Allen's voting history to accuse him of raising taxes

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on retirement savings, increasing the cost of tuition and giving tax breaks to oil companies. Webb also told reporters which tax cuts he would keep and what tax loopholes he would consider closing.

"This is one more chapter in this ongoing saga about taxes in Virginia now," said Virginia Commonwealth University professor Robert D. Holsworth. "What the senator is doing is to paint Webb as a knee-jerk, liberal tax-and-spender. What Webb wants to suggest is that his position is far more nuanced."

Taxes have been at the heart of political struggles in Virginia since 2000. The issue has divided the state's Republican Party as its members struggle to finance government operations and road-building. And it has dominated most of the statewide elections.

But it has not always been successful for the state's Republicans. Former attorney general Jerry W. Kilgore (R) opened his first gubernatorial debate with Democrat Timothy M. Kaine last year by warning voters, "You can take to the bank what he's going to do: He's going to raise your taxes." Kilgore lost.

In the current campaign, Allen is hoping to do better, putting Webb on the defensive with an ad that says Webb will "bring back the death tax, the marriage penalty tax and cut the child tax credit from $1,000 to $500."

Those charges are based on comments Webb made about the tax cut package enacted during President Bush's first term, including tax breaks for parents, married couples, investors and many businesses. During an interview with George Stephanopoulos on ABC's "This Week" program, Webb said he would seek to roll back "some" of the Bush tax cuts for the wealthy but didn't elaborate. In a blog interview, with http://MyDD.com , he questioned the wisdom of cutting taxes while paying for a costly war and wrote that "the tax cuts that come up for renewal in '08 -- I would want to take a very hard look at that."

Allen campaign aides Tuesday stood by their charges against Webb, saying that they are fair extrapolations from Webb's comments and his links to such national Democratic leaders as Sen. Hillary Rodham Clinton (D-N.Y.), whom they described as favoring higher taxes. Allen declined to be interviewed.

"When [Webb] goes out and talks about taxes, he attacks the tax relief plan," said Allen spokesman Dan Allen, who is not related to the senator. "When you're talking about rolling back tax cuts . . . you are talking about a tax increase."

In a meeting with reporters yesterday, Webb accused Allen of misrepresenting his view on taxes. "What they have done in those ads is taken a statement or statements I made in a general way, saying the extensions of the Bush tax cut should be looked at, and [Allen's campaign] applied them to every single tax," Webb said.

Webb also said he opposes raising taxes "that affect a broad swath of Americans," including proposals to reverse efforts to close the so-called marriage penalty.

"I have not talked about going after them," he said.

Webb said he also supports President Bush's plan to reduce taxes on small and middle-sized estates, but he thinks it is all right to tax multimillion-dollar estates. But Webb, who frequently rails against the size of the federal budget deficit, conceded that "more revenues" are needed to finance the war in Iraq and pay down the debt.

"The area I would strongly focus on right now -- and I feel very strongly on this -- is the corporate tax structure," Webb said. "Not to raise rates, per se, but to examine all the loopholes built into the corporate tax code -- and there are a lot of them."

Webb has embraced a populist economic philosophy that includes bridging the gap between the rich and the working class. On Tuesday, he referenced a report by the Citizens for Tax Justice that states 46 of the Fortune 500 companies pay no taxes.

"In terms of how you begin to fix the problems of the tax structure, there are loopholes that exist that will throw billions of dollars of income back in before we have to look at anything else," said Webb, who added that some companies receive tax breaks when they relocate jobs overseas.

Holsworth said Webb has invited some of the Allen attacks by adopting a more populist tone than many of the state's recently successful Democrats. Kaine and former governor Mark R. Warner (D) often talked more about personal responsibility than economic justice.

"On economics, Jim Webb sounds more like [former vice presidential candidate] John Edwards than Mark Warner," Holsworth said.

But like Kaine and Warner, Webb walks a careful line when it comes to taxes. At the news conference, Webb declined to be boxed into a "no-new tax" pledge, saying he isn't ruling anything out if he is elected.

Webb's accusations about Allen in the commercial that aired Tuesday are based on votes Allen took in the past six years in the Senate and on comments he has made in newspaper articles while a public official.

Dan Allen, the senator's spokesman, offered specific rebuttals to Webb's ad: He cited numerous votes Allen made to increase tuition assistance, pass the Pension Protection Act of 2005 and vote for bipartisan tax breaks to encourage production of renewable fuels.

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Allen described Webb's ad as a "baseless attack" that will not work with voters. "George Allen has a past record. Everyone knows he helped lower taxes as governor," Allen said. "It's going to fall on deaf ears."

Allen Allies Urge A Focus On Taxes (WT)

By Christina Bellantoni

The Washington Times, October 11, 2006

RICHMOND -- Virginia conservatives say an unrelenting focus on taxes will give U.S. Sen. George Allen a win over Democratic challenger James H. Webb Jr. in next month's election.

During a debate Monday night, Mr. Allen, a Republican, hammered Mr. Webb on taxes and yesterday kept up the attack. The Allen campaign Web site yesterday declared: "Hillary Clinton gave James Webb Jr. 1,000,000 reasons to raise taxes on 3 million hard-working Virginians."

"He showed he was the conservative choice and that it would be too dangerous to let the Democrats get control of the Senate," said Steve Rossie of Richmond, who yesterday attended a meeting of the anti-tax Tuesday Morning Group.

Conservatives irritated with national Republicans on fiscal issues say Mr. Allen finally has landed on a winning strategy in the final weeks of the race, one of the hottest in the nation with the major candidates nearly tied in the polls.

The charge that Mr. Webb opposes making President Bush's tax cuts permanent echoes the theme of an Allen attack ad that features images of Mrs. Clinton and Democratic Sens. John Kerry and Edward M. Kennedy of Massachusetts, all of whom support Mr. Webb.

During the debate, Mr. Webb called corporate-tax loopholes unfair and noted that Mr. Allen allowed the tuition tax credit to die, costing families $4,000 per year.

"We have huge deficits, we kid ourselves if we don't say that we need more revenues," he said.

Mr. Webb released an ad responding to Mr. Allen's tax accusations, calling them lies and saying that his plan would cut taxes for the middle class and veterans.

"Virginians have a choice: George Allen's political sewage or Jim Webb's new direction," the ad concludes.

The tax theme will continue through Election Day because "when you've got a Republican versus a Democrat debating on taxes, we win the issue," Allen adviser Chris LaCivita said.

Mr. Allen today is expected to receive the endorsement of several anti-tax groups, including the National Federation of Independent Business and the American Family Business Institute.

Mr. Webb, who was endorsed by the Virginia Education Association yesterday, also got a boost when the Democratic Senatorial Campaign Committee announced a $1 million television ad buy in Virginia.

The DSCC ad features a clip of Mr. Allen calling an Indian-American Webb volunteer "macaca" and says that Mr. Allen's "scandals, slurs and insults" have exposed his "dark side."

"He wants the race to be decided on issues ... here's his record," the announcer says, going on to tell voters that Mr. Allen took campaign contributions from big oil companies and then gave them tax breaks.

It also states he voted against raising the minimum wage.

"George Allen is wrong on the issues, too," the announcer says.

Both men could claim victories after Monday's televised debate, the last face-to-face meeting of the campaign.

Political observers said Mr. Webb performed solidly by touting his military credentials that make him a better choice to lead the nation out of Iraq.

Mr. Webb, a decorated Vietnam veteran and former Republican who served as President Reagan's secretary of the Navy in 1987 to '88, told voters that Mr. Allen is "one of the administration's blindest supporters" and votes with the president 100 percent of the time on foreign affairs.

Mr. Webb said the election is a chance for disaffected Republicans who aren't comfortable with the majority party's position on social justice and economic fairness to vote for a Democrat.

"Just remember that the Republican Party has lost its way in the area of national security," he said. "I would hope that many of you would decide to come home."

Social conservatives applauded Mr. Allen's response to a debate question on the congressional page scandal -- saying that as a father he finds the situation "deplorable."

"If ... anybody put politics ahead of the protection of these children, then they should not be in a position of leadership and ... no taxpayer should be paying for the pensions of anyone so dishonorably discharged from Congress," Mr. Allen said.

Kevin Rollins of Woodbridge, a libertarian and former Republican, said he will vote for Mr. Webb because the majority party should be taught a lesson on Nov. 7.

"Giving the Republicans another victory won't reduce the size of government," he said.

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A Contest Of Character (WP)

By Robert Barnes

The Washington Post, October 11, 2006

If Virginia voters want to pick their next U.S. senator based on issues, Democratic challenger James Webb and Republican incumbent George Allen give them plenty to work with. They disagree on taxes, the war in Iraq, support for the Bush administration, the deficit, how the government should fight terrorism, and a constitutional amendment aimed at same-sex marriage.

If Allen had ever heard of them, they might also disagree about what Webb thinks is the vitally important subject of the Senkaku Islands.

But if the character of the candidate is the deciding factor, Virginians are entering murkier territory in the four weeks before they decide one of the nation's most competitive and high-stakes Senate contests. Will they choose Webb, a man they're still getting to know, or Allen, a man they're having trouble recognizing?

Some Democrats privately worry that Webb -- war hero, military expert, noted novelist, a former Republican who broke with his party over the war in Iraq -- is still an attractive résumé in search of a campaign persona. His appearances on stage with Allen have been described by party professionals as feisty but chilly. And, strapped for cash, he was not able to introduce himself to voters on television before Allen put him on the defensive, especially with women, key voters for any Democratic candidate.

As for Allen, his campaign for reelection is unlike the "insurgencies" he ran as an underdog to become governor in 1993 and turn out Sen. Charles S. Robb (D) in 2000. "I don't recognize this George Allen," said Virginia Tech political scientist Robert Denton.

The gregarious, self-described "rebel" has not looked comfortable defending his lead, which polls show may be down to almost nothing. "Oh, the campaign got off on other things that were not issues, that were not ideas," Allen said with a sigh when Monday night's debate moderator asked what had happened to his lead. "Some of it I brought on myself; some of it was just smears in the campaign."

Allen was caught flat-footed by Webb's Senkaku debate question, payback for when Allen had stumped him in a previous debate.

Allen, who had counted on the conservative base to be key to his presidential ambitions, is now talking about different mentors.

On Monday night, he neglected to mention his record of loyal support to President Bush. But he intoned the endorsement of Virginia's senior Republican, Sen. John W. Warner, who more regularly bucks his party's leadership, at least three times.

How Virginians decide between Allen and Webb is likely to be complicated, influenced by national politics, great demographic changes in the commonwealth and a souring mood about the direction of the country. And although both sides profess a longing to talk about the "issues," they also have made it clear in their advertising and campaign strategies that character will be just as important.

So it is that the Democratic Senate Campaign Committee began a nearly $1 million TV blitz yesterday to revive the moment when Allen turned on a dark-skinned volunteer for the Webb campaign and uttered the campaign-altering word "macaca." (Democratic consultants in Virginia and Washington must have smacked their foreheads when Webb declined, during Monday night's debate, an invitation to address Allen's alleged insult, saying it had been "discussed ad nauseam.")

Allen has had as difficult a time as any Senate incumbent this year. The campaign was thrown off track by the macaca incident, reacted awkwardly to reports of his unacknowledged Jewish heritage and was roiled by allegations that Allen, while a student at the University of Virginia in the early to mid-1970s, routinely used an insulting epithet for blacks.

At the debate, Allen called the charges "baseless allegations." Asked whether the acquaintances and former teammates who have made the charges are lying, Allen responded: "What I've said is, I don't recall using that word. But the stories were portraying it as if that word were part of my vocabulary, which it was not, and that was what's inaccurate."

Webb's own past, especially his prolific writings on everything from military strategy to the Clinton administration, has been a gold mine for opposition research. The Allen campaign has spent more than $1 million on two ads that show female military officers denouncing a 1979 article in which Webb objected in inflammatory language to the idea of women in combat and their presence at the U.S. Naval Academy.

He has apologized for some of the language -- his description of a dormitory as a "horny woman's dream" is fast becoming part of the campaign lexicon -- but not for contributing to the "debate" about the role of women in the military.

"I think most voters have a basic threshold question of whether something [from the past] is relevant today," said Scott Reed, a Republican strategist who managed former senator Bob Dole's 1996 presidential campaign. If the past behavior seems relatable to voters' current views of a candidate, he said, it becomes a problem.

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"The repetition really starts to take its toll," he said. "That's the death by a thousand cuts."

Webb's response has been to point to what he says are thousands of Navy assignments he opened to women when he was secretary of the Navy under President Ronald Reagan and to a crackdown he instituted on sexual harassment. He has countered Allen's ads with ones that have other female military officers making his case, and one radio ad warns, "If George Allen thinks this election is about something someone said 30 years ago, he's the one that has a lot of explaining to do."

Allen has answered the charges that he's racially insensitive by pointing to the civil rights pilgrimages that he has taken as a senator, his support for historically black colleges and universities, and several endorsements from African American Democrats.

How voters will weigh all of that is a mystery. "Character is always a factor in how people make up their minds," said Vic Fazio, a former California congressman and Democratic strategist. He added that voters are forgiving of past actions they might not have liked, as long as the candidate has "atoned."

Tenn. Senate Candidates Trade Barbs (CCT)

By Beth Rucker

The Contra Costa Times, October 11, 2006

CHATTANOOGA, Tenn. - Tennessee's U.S. Senate candidates traded caricatures during a debate Tuesday night that painted a grim choice for voters: rubber stamp or political insider.

"If you want a rubber stamp, don't vote for me," said Democrat Harold Ford Jr., suggesting his opponent would lock step with the Bush administration.

Counterpunching, Republican Bob Corker accused the Memphis congressman of being a Washington insider who benefited from the "machine-style" politics of his politically connected family.

The candidates' second debate came in a neck-and-neck race that could help determine whether Democrats gain control of the Senate.

If elected, Ford would be the first black U.S. Senator from the South since Reconstruction.

Corker, a former Chattanooga mayor, questioned the work of Ford's father, former U.S. Rep. Harold Ford Sr., as a lobbyist for Fannie Mae while Ford Jr. sat on the House committee overseeing its activities.

Ford said no one in his family has ever lobbied him on congressional issues and he would refuse them if they did.

"I work for the people of the 9th District," he told the audience at the University of Tennessee at Chattanooga.

Ford attacked his opponent's support for the Bush administration's "stay the course" policy in Iraq.

"If you want to stay the course, I'm not your guy," Ford said. "If you believe America is better than what they've given us this past six years, then I ask for your vote."

Ford said reducing dependence on foreign oil would help keep the country from getting caught up in foreign conflicts and said his opponent was an advocate for "big oil."

Corker said "new strategies" are needed in the war but he disagreed with Ford's suggestion to divide Iraq by ethnic and religious lines.

"That's something European countries did after World War II," Corker said.

Ford blamed the Republicans for not doing anything to rein in federal spending during their 12 years of power in Congress. He also said he supported going to a two-year budget cycle.

Corker said his experience as a business executive, state finance commissioner and mayor would help him during budget discussions.

I've lived a Tennessee life, my opponent has lived a Washington life," Corker said. "Our world views couldn't be any more different."

Poll: Lieberman Leads Lamont (HARTC)

By Mark Pazniokas

The Hartford Courant, October 11, 2006

Sen. Joseph I. Lieberman leads Ned Lamont by eight percentage points in the Senate race, although a majority of voters agree with Lamont on the war in Iraq and the need for change in Washington, a Courant/University of Connecticut poll says.

Lieberman leads Lamont among likely voters 48-40 percent, with 8 percent undecided and roughly 15 percent of both candidates' supporters saying they still could change their minds before Nov. 7.

The poll by the Center for Survey Research and Analysis found that 60 percent of voters believe going to war was wrong, and a slim majority favors a deadline for withdrawal, issues Lamont used to defeat Lieberman in the Democratic primary.

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But Lieberman, who stayed in the race as a petitioning candidate, enjoys a 57 percent approval rating and has managed to capture 67 percent of Republican vote, while keeping 35 percent of Democrats in his camp. Unaffiliated voters prefer him over Lamont 45-37 percent.

With the GOP leadership tacitly backing Lieberman, Republican Alan Schlesinger is favored by only 4 percent of voters. Also in the race are Ralph Ferrucci of the Green Party and Timothy Knibbs of the Concerned Citizens party.

"Lieberman has managed to do exactly what he set out to do after his primary loss. His goal was to finesse the party issue by appealing to independents and Republicans without completely alienating Democratic voters," said Monika L. McDermott, the research director at the center. "He's pulled it off so far."

After screening for likely voters, the telephone poll of 637 registered voters found Lieberman favored, 46-39 percent. When undecided voters were asked toward whom they lean, Lieberman's lead grew to 48-40 percent. Schlesinger's number rose from 3 percent to 4 percent.

The survey was conducted Oct. 4-9 and has a margin of error of plus or minus 3.9 percentage points.

The poll strongly suggests that the war is not enough for Lamont to win the general election, since Lieberman is supported by nearly one-third of anti-war voters and 70 percent of those who supported the invasion.

"The Iraq war should be Lamont's area of strength, given its unpopularity in Connecticut, Lieberman's staunch support of it and its importance relative to other issues," McDermott said. "The problem for his campaign, however, is that convincing general-election voters to turn on Lieberman because of Iraq is much harder than convincing Democratic primary voters."

McDermott said Lieberman is enjoying the benefits of being seen in some quarters as the de facto Republican candidate, without suffering the animosity voters are expressing toward the GOP majority in Congress.

"He has managed to walk this fine line of attracting support on all sides," she said.

The poll suggests a potential upside for Lamont, a cable-television entrepreneur who has been arguing that an outsider's willingness to fight for change in Washington outweighs Lieberman's experience as an 18-year incumbent.

By a margin of 53-29 percent, voters said they generally favored challengers and the promise of change over incumbents and experience.

"I think, overall, what the poll shows is that voters clearly are for Ned's message for change in Washington," said Tom Swan, Lamont's campaign manager. "Our challenge is to make sure that between our superior organization and our public messages, that we get these differences out there."

The poll also found that voters, by 2-1 ratios, prefer a legislator who does what the public wants, even if the action goes against the lawmaker's personal beliefs, and a candidate who believes in a distinct separation of religion and government.

By 47-42 percent, voters dislike the No Child Left Behind Act, which was supported by Lieberman. But 53 percent were unaware of Lieberman's position, despite Lamont frequently raising the issue in campaign speeches.

Favoring Lieberman, who has downplayed party affiliation to emphasize his ability to work across party lines, is a voter preference for a willingness to compromise: 70 percent said they hoped their party would compromise with the other party.

"We are pleasantly surprised by these results," said Dan Gerstein, Lieberman's communication director. "We fully expected the race to tighten over the last few weeks with all the negative attack ads that Ned has been running."

The poll found that 41 percent of voters preferred a candidate whose campaign is financed mostly with money from individuals, lobbyists and PACs, compared with 34 percent who preferred a self-funded candidate who avoids special interest money.

Lieberman and Lamont have clashed repeatedly over the source of their campaign finances -- Lamont is largely self-financed, while Lieberman accepts money from lobbyists and political action committees. (On Tuesday, Lamont contributed another $2 million to his campaign, bringing his personal total to $8.7 million.)

Richard Foley, the campaign manager for Schlesinger, said his candidate will outperform the polls -- all of which show Schlesinger mired in single digits.

"It's not going to happen that way," Foley said. "I am not questioning anybody's methodology or anybody's sanity, but I will tell you there is almost no situation I envision where Alan Schlesinger gets less than 15 or 20 percent. That is the minimum vote."

Schlesinger's profile will rise as the result of three televised debates, beginning Monday; he also is expected to benefit from being on the top line of the ballot next to Gov. M. Jodi Rell, while Lieberman will be no higher than the 5th line.

The new poll is generally consistent with recent Quinnipiac University polls, though it shows weaker support for Lieberman among unaffiliated voters.

Lamont Writes $2 Million Check To Own Campaign (NSDY/AP)

By Andrew Miga

Long Island Newsday, October 11, 2006

DOJ_NMG_0079285

HARTFORD, Conn.(AP) _ Wealthy Democratic businessman Ned Lamont is pumping another $2 million of his personal fortune into his bid to unseat three-term Sen. Joe Lieberman, whom he trails in a recent statewide poll.

Lamont wrote the check Tuesday, his campaign confirmed. With less than a month left before the Nov. 7 election, Lamont has personally contributed $8,751,500 to his campaign.

Lamont's personal wealth has been estimated at between $90 million and $300 million, according to his campaign. Lieberman launched an independent bid to keep his seat after losing the August primary.

Results of the Courant/University of Connecticut Poll, released Tuesday night on The Hartford Courant's Web site show Lieberman leads by 8 percentage points. Among likely voters, Lieberman had a 48-40 percent edge, with 8 percent undecided. About 15 percent of supporters for both candidates said they could still change their minds before Nov. 7.

Alan Schlesinger, the Republican candidate, garnered 4 percent.

"Lieberman has managed to do exactly what he set out to do after his primary loss. His goal was to finesse the party issue by appealing to independents and Republicans without completely alienating Democratic voters," Monika L. McDermott, the research director at the center told the Courant. "He's pulled it off so far."

The survey was a telephone poll of 637 registered voters conducted Oct. 4-9 and has a margin of error of plus or minus 3.9 percentage points.

A majority of respondents _ 60 percent _ agreed with Lamont that going to war with Iraq was wrong. But the poll suggests the war is not a big enough issue for Lamont, with Lieberman winning support from nearly one-third of anti-war voters and 70 percent of those who supported the invasion.

In last month's Quinnipiac poll, Lieberman led by 10 percentage points.

Both Lieberman and Lamont are spending heavily for TV ad campaigns as the fall race intensifies. Lamont has criticized Lieberman for missing Senate votes in a new commercial. One Lieberman ad receiving heavy air play accuses the Greenwich millionaire of lacking the experience to be an effective senator.

"Ned is not going to let Senator Lieberman's negative allegations and lobbyist-financed attacks go unanswered," said Lamont spokeswoman Liz Dupont-Diehl.

The Lieberman camp brushed aside the charges, insisting Lamont was planning more attacks on the incumbent.

"This is just another indicator that Ned Lamont is gearing up to continue and intensify his barrage of negative and misleading attacks against Joe Lieberman's record of results," Lieberman spokeswoman Tammy Sun said.

Lamont aides said he is self-financing much of his campaign because Lieberman is taking money from special interest groups and political action committees. Lamont has called for public financing of campaigns and lobbying reform.

Lieberman, who was the Democrats' vice presidential nominee in 2000 and ran for president in 2004, has built a national fundraising base. Some prominent Republicans are helping him raise money.

Lamont, a cable executive and great-grandson of the former chairman of JP Morgan & Co., estimates he is worth $90 million to $300 million. His firm, Lamont Digital Systems, wires college campuses for cable television.

$5 Million Pledged To Texas Democrat (WT)

By Hugh Aynesworth

The Washington Times, October 11, 2006

DALLAS -- A Houston trial lawyer's huge political contribution may tighten the Texas gubernatorial race in the final weeks.

John O'Quinn, 65, said yesterday he had donated $1 million and would give or raise an additional $4 million toward the campaign of Chris Bell, a Democrat challenging Gov. Rick Perry in the Nov. 7 election. The $5 million would be the largest single donation ever in a state race.

Texas does not limit individual donations to statewide candidates.

"Chris is not going to lose because he doesn't have the money," Mr. O'Quinn said.

Mr. Perry, a Republican, and independent challenger Carole Keeton Strayhorn have been spending heavily on television ads. Mr. Bell and independent candidate Kinky Friedman have not had the campaign money to keep up the pace.

Most polls show Mr. Perry leading by several points, receiving the support of 36 percent to 38 percent of those surveyed. He needs only a plurality of votes to win the election.

Mr. Bell, a former congressman who represented Houston, had been struggling to get out his message with little money.

The O'Quinn injection immediately energized the Bell campaign. Spokeswoman Heather Guntert said the Democrat already had placed more television ads in Houston and planned to buy heavily in other major markets this week.

Mr. Bell is revising his schedule so he can create new ads, his media chief said.

Even with Mr. O'Quinn's largess, Mr. Bell still trails Mr. Perry and Mrs. Strayhorn in funding.

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Campaign finance reports filed yesterday showed Mr. Perry with $9.2 million in cash on hand and Mrs. Strayhorn with more than $5 million.

Fort Worth lawyer Hedley Cochran said Mr. O'Quinn's support for Mr. Bell is a jab at the governor.

"[Mr. O'Quinn] is just trying to get back for the needed tort reform Perry and the other Republicans pushed for in recent years," he said. "They're all incensed at Perry."

Mr. O'Quinn is said to be a billionaire. In 1998, he was one of six lawyers who won a $17.3 billion verdict for Texas from tobacco companies.

He has endowed millions of dollars to hospitals and libraries and reportedly has collected more than 600 classic cars, worth more than $100 million. He bought former Pope Paul VI's 1975 Ford Escort at auction for $680,000.

Mr. O'Quinn did not return phone calls seeking comment yesterday, but he told the Austin American-Statesman he would ask nothing of Mr. Bell if he won the election.

"There will not be a piece of legislation introduced to benefit me or my business," he said. "The facts are the facts. Abraham Lincoln could not be elected president today if he didn't have a bunch of money."

Bell Calls On Kinky To Drop Out (DMN)

By Robert T. Garrett And Gromer Jeffers Jr.

The Dallas Morning News, October 11, 2006

Democratic nominee Chris Bell is trying to persuade independent Kinky Friedman to quit the race for governor, but Mr. Friedman insisted Tuesday that he's in to stay.

Mr. Bell left a voice mail message on Mr. Friedman's personal cellphone Tuesday, asking for a meeting at the mystery writer and former bandleader's ranch near Kerrville, Mr. Friedman said.

Mr. Bell later confirmed he sought a meeting so he could try to talk Mr. Friedman into dropping out of the four-way race, which is in its home stretch. The election is Nov. 7.

Also Online

Perry the richest of them all

Watch Friday's debate between the 4 major candidates for Texas governor

More Elections 2006

"I had hoped to talk to Kinky privately, but now that it's been reported by the Dallas Morning News, I'm going to ask him publicly: Please join me in defeating Rick Perry," Mr. Bell said in a statement his campaign issued late Tuesday.

"Kinky and I agree on some very important issues and our supporters all have a lot in common: they want change."

Mr. Bell credited Mr. Friedman with energizing voters but made it clear he thinks only he has a chance to win.

"Now is the time for us all to unite," he said. "So I'm asking for Kinky to join me."

Bell campaign aides said that Mr. Friedman performed poorly in Friday night's candidate debate and that Friedman supporters have told the Democrat that they'd support him if he could persuade Mr. Friedman to step aside.

Interviewed as he headed to evening campaign events in Dallas, Mr. Bell acknowledged that Mr. Friedman is siphoning votes away from him and Republican Gov. Rick Perry.

"He's taking from both," Mr. Bell said. "But he's taking more from me."

Mr. Friedman, campaigning in Brownsville, said of Mr. Bell and his advisers: "They're desperate and scrambling."

Asked whether he would consider the Democrat's request to step aside, Mr. Friedman said: "No. You're kidding ... for Chris Bell? What do you take me for?"

Mr. Bell, Mr. Friedman and independent Carole Keeton Strayhorn each trail far behind Mr. Perry, according to a recent Dallas Morning News poll of likely voters. But Mr. Bell's debate performance has won generally strong reviews, giving the Democrat hope he can emerge as the main challenger to Mr. Perry.

Mr. Friedman, who acknowledged he "didn't bring my A game" to Friday's debate, insisted he still finds strong support everywhere he travels this week. And he believes he can win a plurality of votes – all that is needed to win – if the anti-incumbent mood he sees sweeping the nation lifts voter turnout in Texas.

To drop out is unthinkable, he said: "I'd be letting a lot of people down."

But he took delight in Mr. Bell's message that the independent is taking a toll. "What can it possibly mean other than that we're killing him?" Mr. Friedman said. "We're getting all of the liberals. We're getting all of the conservatives."

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 11, 2006

DOJ_NMG_0079287

A list ignored

" 'I just deleted it,' says an official at a Washington-based social-conservative organization. 'It looked like junk e-mail.'

" 'It' is what has become known as The List, a document naming allegedly gay Republican congressional staffers that has been e-mailed to a number of conservative groups in the last few days," Byron York writes at National Review Online (www.nationalreview.com).

"According to a report by David Corn, a writer for the left-wing magazine the Nation, anti-Republican 'gay politicos' sent the list to several social-conservative organizations -- among them Focus on the Family, the Family Research Council, and the Southern Baptist Convention -- in hopes of setting off 'a civil war within the GOP, to turn the anti-gay social cons against the GOP's Velvet Mafia.'

"As it turned out, at least two organizations apparently deleted the e-mail, either as part of routine file upkeep or because they weren't interested in its contents. Others didn't open the attachment -- the list was included as a separate file -- fearing that it contained a virus. And some opened it up and didn't see much that was new. 'We work on the Hill,' says one conservative activist. 'There weren't a lot of surprises on the list.' So far, the much hoped-for civil war doesn't seem to be happening," Mr. York said.

"But the campaign to spread The List is accomplishing something. It is offering clues about who is behind it.

"The version of The List sent to at least some of the conservative organizations originated from the e-mail address hprf@yahoo.com. That is the address of a California-based group, the Health Policy and Research Foundation, an organization devoted mostly to work involving AIDS, that is run by a businessman and former Democratic National Committee staffer named Rick Reidy."

McCain vs. Clintons

Sen. John McCain, Arizona Republican, yesterday accused former President Bill Clinton of failing to act in the 1990s to stop North Korea from developing nuclear weapons.

"I would remind Senator Hillary Rodham Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," Mr. McCain said at a press conference in Southfield, Mich., after a campaign appearance for Republican Senate candidate Mike Bouchard.

"The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

Mr. McCain also called on China to "step up to the plate" and vote for sanctions and reject calls for one-on-one talks between the United States and North Korea, the Associated Press reports.

"The worst thing we could do is to accede to North Korea's demand for bilateral talks," Mr. McCain said. "When has rewarding North Korea's bad behavior ever gotten us anything more than worse behavior?"

Angry Sharpton

The Rev. Al Sharpton accused Sen. Joe Lieberman of Connecticut of "flagrant race baiting" for highlighting his support of rival Ned Lamont as "remarkable," the New York Post reports.

"The charges came in a letter after Mr. Lieberman, at a Manhattan fundraiser last week, reportedly called it a 'remarkable moment' when Mr. Sharpton appeared onstage with Mr. Lamont after his Democratic primary victory as he questioned Mr. Lamont's commitment to Israel," the paper reported.

"It is your open and flagrant race baiting and your risking black-Jewish relations ... that is most troubling to me," Mr. Sharpton wrote.

Lieberman spokeswoman Tammy Sun criticized the "baseless, extreme and divisive [attack] from one of Ned Lamont's closest advisers."

Big lead

Florida Attorney General Charlie Crist has a commanding lead over Democratic nominee Rep. Jim Davis in their race to replace Gov. Jeb Bush, a new poll shows.

Mr. Crist was backed by 53 percent of likely voters, compared with 43 percent who said they favored the Democratic congressman from Tampa, with 3 percent undecided.

The random telephone survey of 783 likely voters was taken between Oct. 3 and 8 by Quinnipiac (Conn.) University Polling Institute. Mr. Crist was favored by 50 percent to Mr. Davis' 39 percent in a larger sampling of 968 registered voters.

The margin of error was 3.5 percentage points in the sampling of likely voters and 3.2 percentage points among registered voters.

Mr. Bush, a Republican, is prohibited from seeking a third term.

On the road again

DOJ_NMG_0079288

Officials will gather today in Atlanta for the sixth federally funded AIDS conference in the past six months -- "not counting the International AIDS Conference held in August that was attended by 78 Health and Human Services Department employees," says a Senate investigator who has chronicled the travel habits of HHS bureaucrats.

Despite the proliferation of AIDS-related travel opportunities, the three-day HIV/STD Educator/Trainer Network (ETN) Meeting in Atlanta bills itself as "the only meeting of its kind."

Meeting at the Crowne Plaza hotel in Atlanta's upscale Buckhead district, the taxpayer-funded conference coincides with the annual Taste of Atlanta food festival Saturday at Lenox Square Mall in Buckhead.

A roller coaster

"The ups and downs of this roller-coaster campaign year are starting to make my stomach queasy, but then again it may just be all of the airline food I've been eating lately," political analyst Charlie Cook writes at www.nationaljournal.com.

"The combination of the worsening situation in Iraq and the Foleygate scandal have effectively crowded terrorism, national security and falling gasoline prices out of the public eye, shifting the venue of this campaign away from three things that had, albeit briefly, advantaged Republicans," Mr. Cook said.

"Still, with four weeks to go, the nuclear test in North Korea should serve as a reminder that events could shift this spotlight yet again to more favorable -- or at least less unfavorable -- terms for the GOP. We will be watching the situation with North Korea to see if it gives Republicans any traction."

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Washington Wire (WSJ)

WSJ Online's "Washington Wire", October 9, 2006

October 8, 2006, 1:30 pm Go Ahead and Talk

Former Secretary of State James Baker nudges the Bush administration to talk directly with North Korea, joining a growing chorus calling for reopening diplomatic ties with Iran or engaging in high-level talks with Syria. "You don't give away anything, but, in my view, it's not appeasement to talk to your enemies," Mr. Baker said on ABC's "This Week" television show.

Scholars at the conservative Hoover Institution at Stanford University recently issued a detailed paper urging the administration to offer full diplomatic relations with Iran as part of a bid to get Tehran to give up parts of its nuclear program. The U.S. cut off diplomatic ties with Iran 26 years ago, while the Bush administration has refused to engage in bilateral talks with North Korea, saying that all negotiations should occur within the setting of the six-country talks, which also include Russia, China, Japan and South Korea.

North Korea has long held out for bilateral talks with Washington, portraying its pursuit of nuclear weapons as a means of defense against what it sees as U.S. threats.

"I don't think you restrict your conversations to your friends. At the same time, it's got to be hard-nosed. It's got to be determined," said Mr. Baker, who was former President George H. W. Bush's top diplomat in the early 1990s. – Neil King Jr.

October 7, 2006, 1:06 pm A Convoy in Indiana

In his fight to wrest a congressional seat from House Veterans Affairs Committee Chairman Stephen Buyer (R., Ind.), Democratic challenger David Sanders has found support from a small army of veterans. First, a number of local vets fell in behind him, and he won the backing of former Sen. Max Cleland, a Georgia Democrat and a disabled Vietnam vet, who recently joined Sanders on the campaign trail.

Now, he has the support of a convoy. On Monday, Sanders is accompanying a day-long road trip around Indiana organized by No Vets Left Behind to protest cuts in veterans' benefits, from higher health-care copays to reduced eligibility to redefining post traumatic stress.

Still, the odds are long for the Purdue University scientist. Buyer, running for his eighth term, picked up 70% of the vote in 2004 – when he also faced Sanders. –Mary Lu Carnevale

October 7, 2006, 12:30 pm Peggy Noonan on Woodward's 'State of Denial'

Peggy Noonan writes in today's Journal: Thirty-two years into his career as a writer of books, Bob Woodward has won a reputation as slipshod ("Wired"), slippery ("All the President's Men," "The Final Days"), opportunistic ("Veil"; everything) and generally unaware of the implications even of those facts he's offered that have gone unchallenged. … Mr. Woodward has been that amazing thing, the boring fabulist.

The Bush White House has spent the past five years thinking they could manage him. Talk about a state of denial.

Now he has thwarted me. I bought "State of Denial" thinking I might have a merry time bashing it and a satisfying time defending the innocent injured.

But it is a good book. It may be a great one. It is serious, densely, even exhaustively, reported, and a real contribution to history in that it gives history what it most requires, first-person testimony. (It is well documented, with copious notes.) What is

most striking is that Mr. Woodward seems to try very hard to be fair, not in a phony “Armitage, however, denies it” way, but in a way that — it will seem too much to say this — reminded me of Jean Renoir: “The real hell of life is that everyone has his reasons.” Read the full column.

Bringing It Home Seat In Congress Helps Mr. Taylor Help His Business (WSJ)

By John R. Wilke

The Wall Street Journal, October 11, 2006

ASHEVILLE, N.C. -- Charles Taylor, wealthy businessman and banker, owns at least 14,000 acres of prime land in western North Carolina. He's also the local congressman. So when he steers federal dollars to his district, sometimes he helps himself, too.

Last year, Mr. Taylor added $11.4 million to a big federal transportation bill to widen U.S. Highway 19, the main road through Maggie Valley, a rural resort town in the Great Smoky Mountains. His companies own thousands of acres near the highway there and had already developed a subdivision called Maggie Valley Leisure Estates.

Mr. Taylor also got $3.8 million in federal funds for a park now being built in downtown Asheville with fountains, tree-shaded terraces and an open-air stage. It's directly in front of the Blue Ridge Savings Bank, flagship of his financial empire. He is among the richest congressmen with assets of at least $72 million, records show.

The Republican lawmaker is one of at least a half-dozen House members whose public actions in directing special-interest spending known as earmarks have also benefited their private interests or those of business partners, according to congressional, corporate and real-estate records. Among them is a senior Democrat, Rep. Alan Mollohan of West Virginia.

The lawmakers say they're working to help their districts, not themselves. "I fight for the priorities set by our local governments, universities and economic development organizations, not based on what will be of benefit to me," Mr. Taylor says.

But the growth of earmarks and the secrecy that shrouds the practice inevitably raises questions of self-dealing. Earmarking has been at the center of the influence-peddling and corruption probes that have shaken public confidence in Congress this year. The practice also played a central role in the case against former Rep. Randy "Duke" Cunningham. The California Republican was imprisoned after pleading guilty to accepting $2.4 million in bribes from defense firms in exchange for earmarks and other favors.

The growth of earmarking points to a shift in the way Congress works. Most federal spending originates in requests by departments and agencies. The Transportation Department might seek funds to build a highway interchange, for example, or the Pentagon might ask for new tanks. The spending proposals are then put into legislation which must win approval by Congress.

Earmarks are different because lawmakers can directly insert them into spending bills, often without public scrutiny. Many lobbyists and corporations have discovered in recent years that one of the fastest ways to get the spending they desire is to approach an individual lawmaker of either party on the House or Senate appropriation panel about an earmark. That has fed the growth in earmarks to an estimated $47.4 billion last year from $19.5 billion a decade earlier, according to the Congressional Research Service.

Earmarks range from pet projects -- such as Mr. Taylor's $500,000 earmark to help build a Teapot Museum in Sparta, N.C. -- to billion-dollar cargo-aircraft contracts that weren't sought by the Pentagon but are funded to keep jobs in a lawmaker's district. In California, Rep. Gary Miller steered $1.28 million to widen a road near an upscale shopping center he helped develop. The center is expected to include a Target store and 120 residential units. His business partner was Lewis Group, one of the nation's largest builders and a big contributor to his political campaign.

Federal prosecutors in Washington, Los Angeles and San Diego are looking closely at earmarking in the wake of the Cunningham case. At least four congressmen, including Rep. Jerry Lewis, a Republican from California who is chairman of the House Appropriations Committee, are being investigated for their role in earmarking or ties to lobbyists specializing in earmarks, people close to the inquiries say. Each lawmaker has denied impropriety. Mr. Taylor isn't known to be a target of any investigation.

Prosecuting these cases will be difficult because an earmark only becomes illegal if the legislator is clearly acting in exchange for money or to promote his private business interests. Under the prevailing interpretation of the constitutional separation of powers, most congressional correspondence and deliberations are out of reach of prosecutors.

Mr. Taylor, 65 years old, grew up in Brevard, N.C., where he still lives. He has long had an interest in real estate. He tells friends that he saved his pay as a grocery bagger in high school to buy his first piece of land. He was elected to the North Carolina General Assembly right out of law school and served there from 1966 to 1972. He then went into the family business, running Blue Ridge Savings, and continued to buy up land.

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Mr. Taylor was elected to the U.S. House of Representatives in 1990 and focused on winning a seat on the Appropriations Committee because, he said, the local Veterans Administration hospital was in poor shape and needed federal help. He now chairs the powerful subcommittee on the interior, which approves tens of billions of dollars in federal spending every year. One wall of his House office is covered with framed political cartoons attacking his record on the environment and his support for logging. He boasts of being the only registered forester in Congress.

This fall, Mr. Taylor is battling to hold on to his seat against Democrat Heath Shuler, a former Washington Redskins quarterback. Mr. Shuler has advocated fiscal responsibility and attacked Mr. Taylor's "irresponsible" earmarking. His campaign has also questioned why some of Mr. Taylor's earmarks funded Russian exchange students or lower-priority highway projects.

Mr. Taylor says using his clout to bring federal money to his district is nothing to apologize for. He warns that the largess might dry up if Mr. Shuler, a political novice, is elected. "Before I won a seat on the Appropriations Committee, folks in our region had spent decades being ignored by their own federal and state government. We're not going back to that," he says through a spokesman. "A freshman isn't at the table, he isn't in the room, he doesn't even know where the room is where decisions are made."

Among those receiving funding from earmarks sponsored by Mr. Taylor are nonprofit groups that he helped create and that are run by business partners and supporters. The largest of these, the Education and Research Consortium of the Western Carolinas, has received more than $30 million from Mr. Taylor's earmarks in recent years, according to the consortium's Web site. The consortium is run by a former top executive of his bank, who is Mr. Taylor's nephew. Several of the nonprofits list addresses in the Art Deco tower in Asheville's central Pack Square, where Mr. Taylor's own business ventures are based. Mr. Taylor's aides say the consortium has helped draw businesses to Asheville by funding high-speed Internet access for schools and industry.

In Maggie Valley, where Mr. Taylor earmarked funds for highway improvement, his companies own thousands of acres of mountain land bounded by U.S. Highway 19 and the famed Blue Ridge Parkway, which he has also supported with earmarks for guardrails and acquisition of buffer land. Earlier this year, he helped secure a $6.75 million federally guaranteed rural-development loan to reopen a mountaintop amusement park there called Ghost Town in the Sky. The park's owners were longtime campaign contributors to Mr. Taylor. He says he got the loan to create jobs in the valley.

Another Taylor earmark in last year's transportation bill steers $4.8 million to widen parts of U.S. Highway 64, a winding mountain road that runs near tracts of timberland that Mr. Taylor's companies own in Transylvania County, near the South Carolina state line.

"Every one of Congressman Taylor's earmarks in the last transportation bill was for a project near property that either he or one of his companies owns," says Erich Zimmermann, who studied the bill's special-interest spending for the nonpartisan Washington group Taxpayers for Common Sense. "The pattern is pretty clear."

Mr. Taylor doesn't agree. "The millions in highway-improvement funding I've been successful in bringing to western North Carolina are for the benefit of our region -- period," he says. While spending on mountain roads "may be grist for the attack mill," he says, it is what people in the state really need -- not "mega-roads" built by bureaucrats.

Nevertheless, Mr. Taylor's earmarks have made some Republicans wary. The North Carolina Conservative, a monthly publication based in Linville, N.C., has run a series of columns critical of the congressman by Ann Ryder, of Mars Hill, N.C. She and a neighbor, Wanda Bradley, both longtime Republicans, have scoured county courthouses for deeds and tax records to describe the labyrinth of companies Mr. Taylor created for his landholdings.

County tax records show that Mr. Taylor, his family and various holding companies and partnerships own more than 14,337 acres in six counties, making him one of the state's largest landholders. He also is involved in commercial development projects and owned an Asheville site that became a shopping center anchored by a Wal-Mart.

Mr. Taylor and his partners also are investors in a mountaintop resort called Wolf Ridge, where hundreds of ski chalets are being built for sale to wealthy second-home buyers. Out-of-staters are drawn by breathtaking views, a heated pool, a steakhouse and the convenience of a nearby airport with a 3,500-foot runway suitable for private jets. Construction crews are carving the runway out of a ridge, their dynamite blasts echoing across the valley.

Mr. Taylor wrote a letter to the North Carolina Department of Natural Resources asking that the agency approve a sewage waste-water permit for Wolf Ridge and sister projects. He clipped his congressional business card to the letter. Mr. Taylor says he wrote it because of the many new jobs the project would bring.

Mr. Taylor has a role in many other commercial projects through Blue Ridge Savings Bank. He also owns a majority stake in Russia's Bank Ivanovo, where his partner is a former KGB officer.

While many House and Senate members invest in real estate or have business interests, few have such extensive holdings in their home district. House ethics rules say that being a congressman should be a full-time job, and they warn against any appearance of using one's public position to benefit personal business interests.

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Real-estate investing has made other lawmakers wealthy in recent years as well. Rep. Mollohan, the West Virginia Democrat whose earmarks are now under federal investigation, has become a multimillionaire in recent years through real-estate investments. As reported in page-one stories in The Wall Street Journal on April 7 and April 25, Mr. Mollohan's partners in these deals included earmark recipients and a former federal contractor.

Rep. Miller, the Southern California Republican who steered earmarks to the road next to a shopping center in which he had an interest, is an active buyer and seller of real estate in and around his district. He has sold property worth at least $11 million in the past year, according to his disclosure forms, and his net worth is estimated to be twice that. (Lawmakers are required to disclose only ranges of income and assets, so precise figures aren't usually available.)

Rep. Miller also inserted a provision in a transportation bill forcing the closure of the Rialto, Calif., municipal airport, over the objections of the Federal Aviation Administration. The airport, a vast expanse of cracked blacktop and scrubland that is home to a flying school and forest-fire-watch patrols, boasts spectacular views of snowcapped mountains in the distance and direct access to a new interstate highway. The Lewis Group, Rep. Miller's business partner, is negotiating to buy the site and build 2,000 luxury homes there, as reported by the Hill, a Capitol Hill newspaper.

Rep. Miller defends his business ties and 30-year friendship with the Lewis family and says there was "no quid pro quo" in the campaign contributions. An aide to the congressman says local governments were "very supportive" of the airport closure. As for the road next to the shopping center, he says in a news release that he supported its improvement because it will cut congestion. An aide said yesterday that his ownership interest in the project ended before the road construction began.

Congress has done little to police itself, although lawmakers enacted an internal rule last month requiring members to sign their names to some earmarks. Mr. Taylor voted in favor of the measure, saying members should be willing to stand up for earmarks. He called such spending "absolutely essential" to rural areas of the country.

Mr. Taylor also said that eliminating earmarks entirely wouldn't save money. "The same tax dollars would be spent," he said through a spokesman. "The decisions about where and how much would just be left to unelected bureaucrats."

The measure has big loopholes and exempts appropriations bills the House already has passed this year. Because it is an internal House rule, not a law, it will expire when the current congressional session ends in a few weeks.

Philanthropy From The Heart Of America (NYT)

By David Leonhardt

The New York Times, October 11, 2006

Valley County, not far from the center of Nebraska, seemed to be one of those Great Plains communities that was dying. From World War II to 2000 it had lost almost half its population, and the decline was gathering speed at the end of the century. The I.G.A. and Jack & Jill grocery stores closed, as did most mom and pop gas stations and the local dairy processing plant.

In the last five years, though, something utterly unexpected has happened. The decline has stopped. More people are moving to Ord, the county seat, than leaving, and the county's population is likely to show its first increase this decade since the 1920's.

The economics of rural America have not really changed. If anything, the advantages that Chicago, Dallas, New York and other big cities have over Nebraska have only continued to grow. But Ord has finally figured out how to fight back.

It has hired a "business coach" to help teach local stores how to sell their goods over the Internet and to match up retiring shop owners with aspiring ones. Schoolchildren learn how to start their own little businesses — like the sixth-grade girl who made a video of the town's history and sells it at school reunions — so they will not grow up to think the only job opportunities are at big companies in Omaha or St. Louis. Graduates of Ord High School who have moved elsewhere receive mailings telling them about job opportunities back in town.

None of this happens naturally in a free-market economy, because the efforts cost money that will never be fully recouped. But it has happened nonetheless thanks to one of the few advantages that Ord does have over Chicago, Dallas and New York: it is in a state with some of the most generous wealthy people in the country.

In San Francisco, a retired money manager named Claude Rosenberg has founded a small organization called New Tithin g Group. It tries to persuade Americans to base their charitable giving on their assets as well as their income, given how many now have substantial assets. And using tax returns, NewTithing has put together a devilish ranking of the 50 states.

It began by estimating the liquid assets of households with more than $200,000 in annual income, counting cash, stocks, bonds and the like, but not houses or retirement accounts. Then, with the same federal tax data, it calculated what percentage of those assets the households have given to charity, on average, in recent years.

Nebraska ranked third, with its affluent residents giving away just over 1 percent of their assets each year. That does not include the state's most famous donation, Warren E. Buffett's huge gift to the Bill and Melinda Gates Foundation this year, which

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came too late to be counted in the ranking. But it does include many smaller gifts to local charities like the Nebraska Community Foundation, which is trying to resuscitate Ord and other towns.

What is striking about the top of NewTithing's list is that it is dominated by a group of states that run from the Rockies through the Plains and down into the Southeast. The only ones ahead of Nebraska were Utah (where the Mormon Church asks members to donate 10 percent of their incomes) and Oklahoma, while Minnesota and Georgia came next.

As Emmett D. Carson, president of the Minneapolis Foundation, points out, these are places that do not have many beaches, famous cultural institutions or other obvious ways to attract residents. "So how do you build a community that is a destination?" Mr. Carson asked. "You have to be a lot more intentional about it."

The states with beaches and museums, those that have been winning a growing share of the nation's economic pie, generally failed to crack the top 20 in the ranking. The average affluent resident of New York (23rd on the list) or Florida (41st) owns about one-third more assets than the average affluent Nebraskan, but the Nebraskan still gives away a bigger pile of money. Also lagging are California (21st), Virginia (25th), Massachusetts (32nd), Texas (34th) and Washington (35th).

No single list, of course, can fully capture how generous a state's residents are. Through federal taxes, wealthy states like California and New York transfer a significant amount of money to poorer states every year. The NewTithing ranking, by its nature, also fails to count donations that are not tax-deductible, like informal gifts and time spent on community service.

But the ranking makes an important point. The middle of the country has developed a culture of philanthropy that the coasts and the Southwest, for all their wealth, do not yet have. Ord is never going to turn into anything resembling New York, no matter what it does. But New York could become a little more like Ord and, in the process, blunt some of the rough edges of inequality that have come with prosperity.

There is even a bit of evidence that some people on the coasts are starting to catch on. Next week, Mr. Carson will be leaving the Minneapolis foundation he has run for 12 years to take over the Silicon Valley Community Foundation. Part of his mandate, he said, is to transplant some of Minnesota's culture to the donors of Northern California.

"They have the wealth," he said. "They want to capitalize on it and build a community."

Rice Asserts U.S. Plans No Attack On North Korea (NYT)

By Thom Shanker And Warren Hoge

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — Secretary of State Condoleezza Rice said Tuesday that the United States did not intend to invade or attack North Korea, but she warned the North's leaders that they now risked sanctions "unlike anything that they have faced before."

Even China, North Korea's most important ally, said Tuesday that tough measures were in order, though its representatives said the punishments might not necessarily be the harsh ones that Washington was proposing.

"For China, we need to have a firm, constructive, appropriate, but prudent, response," said Wang Guangya, the country's ambassador to the United Nations. "There have to be some punitive actions, but also I think these actions have to be appropriate."

The United States, Britain and France all want a resolution drafted under Chapter VII of the United Nations Charter, which makes sanctions mandatory and poses the possibility of military enforcement.

While both China and Russia have spoken of the importance of taking serious action against North Korea's reported nuclear test, they are traditionally against invoking Chapter VII and have not indicated whether they would end their opposition.

The United States wants agreement on sanctions this week. But even as the administration sought to push tough language into a Security Council resolution, the White House expressed doubts about the capacity of North Korea's nuclear program, based on evidence that the reported test had a smaller yield than expected. [Page A10.]

Sanctions sought by the United States include international inspections of all cargo moving in and out of North Korea to detect weapons-related material. But that might prove difficult for China and Russia to accept, in part because their coastlines and borders would be affected.

The diplomatic moves came a day after administration officials responded with shock and outrage to an official announcement from North Korea that it had detonated a nuclear device.

In an interview on CNN, one of a series of television appearances, Secretary Rice stressed that "the diplomatic path is open" for the North, and that giving up its nuclear program would "lead to all kinds of benefits for North Korea."

But she said the North's decision to pursue its nuclear program meant that it would face "international condemnation and international sanctions unlike anything that they have faced before."

The United States has imposed economic curbs on North Korea since the opening of the Korean War in 1950, though President Clinton lifted a few of them toward the end of his time in office, when relations seemed to be thawing.

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Now, in its bid to tighten sanctions, Bush administration officials say, the United States is pursuing a two-track approach: trying at the United Nations to persuade other countries to cut off economic ties with the North, and using American banking laws to punish banks overseas that deal with North Korean companies.

At the United Nations on Tuesday, Britain, China, France, Russia and the United States, plus Japan, met twice to work out differences on the sanctions proposed Monday by the United States. John R. Bolton, the American ambassador, reported the group was making headway and would meet again Wednesday.

"I think there is convergence on many issues, more than I would have predicted perhaps a day or two ago," Mr. Bolton said. "That's not to say we're there by any stretch of the imagination, but I'm pleased by the positive nature of the discussions and look forward to more progress tomorrow."

Mr. Bolton said he had discussed the proposal for North Korean ports separately with Mr. Wang, the Chinese envoy.

As for Russia, Mr. Bolton began the day complaining that Vitaly I. Churkin, the country's ambassador, had arrived at the morning session with no instructions from his government. He said it had left "a hole" in the conversations.

But after the afternoon session, he said Mr. Churkin had heard from Moscow and was able to take part in the debate. "We'll have some areas to discuss there and he raised some issues we had not thought of entirely, but by and large his comments were supportive," Mr. Bolton said.

Mr. Churkin left without making any comment.

Mr. Bolton declined to discuss specifics of the talks but said one amendment suggested by Japan — a ban on travel by members of the North Korean government — had attracted particular support.

Asked if he would limit the American demands in the interests of speeding the process of drafting a resolution, he said: "We want firmness and swiftness, and I think we can have both. That's our objective."

In television interviews and briefings for reporters, Secretary Rice and other officials reiterated past assurances that the United States was not moving toward occupying North Korea or toppling its government.

She said the administration's policy was still that the diplomatic path would be multilateral, through the stalled six-party talks, and not the two-way dialogue that North Korea has sought with the United States.

But even as the administration sought to unify its international allies, there were signs of fissures among Republicans over whether Washington should negotiate directly with North Korea.

Representative Heather Wilson, a New Mexico Republican and former Air Force officer who has played a leading role on national security issues, advocated bilateral negotiations, within the context of the six-party talks. "The idea here is to open a path for this rogue regime to walk back from the edge of the ledge," she said. "I don't think there's anything wrong with straight, tough talk with countries that are not our friends."

In the administration's quest for tough sanctions, much of the effort is focused on China, Japan and especially South Korea, which supply most of North Korea's imports and investments. Indeed, South Korea has invested heavily in the Kaesong Industrial Park, an economic enclave in the North that employs thousands in factories that produce shoes, cosmetics and other export goods.

The United States has tried, without much success, to get South Korea to limit its involvement in the enclave, arguing that North Korean financial institutions that are involved in it are also involved in illicit activities. In the wake of North Korea's latest nuclear steps, persuading South Korea may be easier, American officials say.

The unilateral drive by the United States is likely to expand on existing efforts that American officials maintain have already had a damaging effect on North. Indeed, the sanctions may have propelled North Korea to walk away from negotiations on its nuclear program and test a weapon, some experts say.

Now, with the enactment of American laws and executive orders after Sept. 11, 2001, new tools have become available, and they are likely to be expanded in coming weeks.

Under the U.S.A. Patriot Act, signed into law shortly after the 2001 attacks, the United States labeled a bank in Macao, Banco Delta Asia, as a "primary money-laundering concern" and declared that any bank doing business on American soil — virtually every big bank in the world — could not do business with it.

Administration officials say the ban on Banco Delta Asia badly disrupted North Korean activities, effectively froze the personal accounts of North Korean leaders and sent a message throughout the international financial system that the United States was prepared to do more.

Backing up that threat, President Bush has accused several North Korean trading corporations of being involved in nuclear proliferation and missile activities, often in conjunction with Syria, Iran and Pakistan. American officials have also visited banks in Europe, Asia and the Middle East to tell them that dealings with those entities could jeopardize ties with American banks.

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The aim, according to Stuart Levey, under secretary of the treasury for terrorism and financial intelligence, is to put the international community “on notice about a particular threat” and get them to voluntarily end their dealings with North Korean entities.

Analysis: Should U.S. Talk To N. Korea? (AP)

By Anne Gearan

AP, October 11, 2006

North Korea's apparent nuclear weapons test may bear out the warnings of Bush administration hard-liners that the reclusive regime can never be trusted, but it also forces an examination of whether the silent treatment those same hard-liners have given North Korea for years has backfired.

Convinced that the Clinton administration got conned when it offered carrots to the North Koreans, the Bush administration has offered mostly sticks. The White House has firmly withheld the biggest carrot of all — direct, one-on-one talks between Washington and Pyongyang.

The United States is the power North Korea most fears and is the foil for the propaganda that helps keep the communist regime afloat. The North says it needs nuclear weapons, and missiles to deliver them, to counter U.S. aggression.

The United States is also the nation the North would most like to talk to, for both the prestige that direct talks could bring the regime and the security promises the talks might produce.

One interpretation of this week's test holds that it is North Korea's latest and most alarming attempt to get Washington's attention.

But the United States has insisted on talking to North Korea only with four other nations at the table, including China and South Korea, the two countries that Pyongyang relies on most for its economic survival. That, the U.S. argues, makes it harder for the North to walk away from negotiations.

"The United States tried direct dialogue with the North Koreans in the '90s, and that resulted in the North Koreans signing onto agreements that they then didn't keep," Secretary of State Condoleezza Rice said during an interview Tuesday on CNN.

The White House contends that North Korea wants to set up a confrontation with the United States and direct talks would play to that hand. By insisting on talks only in the awkward company of four other nations, the argument goes, the United States deprives the North of the chance to play David to the U.S. Goliath. Instead, the North also has South Korea, Japan, China and Russia to answer to.

"The North Koreans would like to make this about the United States, and I prefer that the Chinese and the South Koreans and the Japanese are saying the same thing to the North Koreans today that we are saying," said Assistant Secretary of State Christopher Hill, Rice's top negotiator for North Korea.

The six-nation talks have been stalled for more than a year, but Hill and other U.S. officials refuse to declare them dead.

For now, U.S. officials are pushing for tough sanctions at the U.N. Security Council, and the United States hasn't ruled out taking other steps on its own, such as intercepting ships entering or leaving North Korean ports.

Contrast that with the situation six years ago, when then-Secretary of State Madeleine Albright became the first ranking U.S. official to meet with North Korean dictator Kim Jong Il. Albright even gave a delighted Kim a basketball autographed by Michael Jordan.

When Bush took office, the North's nuclear reactor was frozen under a 1994 Clinton pact that conservatives disliked. Many in the new Republican White House were skeptical of the deal's offer to give the North reactors for nuclear energy, and when then-Secretary of State Colin Powell expressed support for the Clinton approach in early 2001 the White House pulled him up short.

The conservative skepticism was partly proved right when it became clear that the North had cheated almost from the start of the Clinton-era deal.

Frosty relations got even worse in 2002, when Bush included North Korea in an "axis of evil" with Iran and Iraq. The North pressed on with its nuclear program and may now have enough material for up to a dozen weapons.

Now the Bush administration is under growing bipartisan pressure to try a version of the Clinton approach and engage North Korea directly. Some U.S. allies have also suggested that the United States has little to lose and potentially much to gain from sitting down alone with the North.

Rep. Heather Wilson, R-N.M., a senior member of the House Intelligence Committee and a retired Air Force officer, broke Republican ranks Tuesday.

"I feel strongly that there is nothing wrong with straight, tough talk with countries that are not our friends," said Wilson, R-N.M. "I think that there is an argument that says doing this in a bilateral way sends a much stronger message."

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"Bilateral talks" is State Department speak for old-fashioned one-on-one diplomacy, and it is a plum that the Bush White House has recently withheld not only from North Korea but also from what it considers thuggish regimes in Iran and Syria.

Drawing a bright line against engagement with bad guys has the value of purity. But it also leaves little room to negotiate — there is no fallback position and any shifting of position, as the U.S. did earlier this year on Iran, risks being painted as capitulation.

James A. Baker III, the former secretary of state who has long served Republican presidents, has questioned the approach at least with respect to Iran and Syria.

"I don't think you restrict your conversations to your friends," Baker said Sunday on ABC's "This Week."

"It's got to be determined," Baker said. "You don't give away anything, but in my view it is not appeasement to talk to your enemies."

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EDITOR'S NOTE — Anne Gearan covers diplomacy and foreign affairs for The Associated Press.

White House Rejects North Korea Talks (AP-Y)

By Deb Riechmann

AP-Yahoo, October 11, 2006

The Bush administration rejected anew Tuesday direct talks with North Korea and said it would not be intimidated by a reported threat from Pyongyang that it could fire a nuclear-tipped missile unless the U.S. acts to resolve the standoff.

"This is the way North Korea typically negotiates by threat and intimidation," said U.S. Ambassador John Bolton. "It's worked for them before. It won't work for them now."

The White House said, meanwhile, there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday. While acknowledging that the action was provocative, White House press secretary Tony Snow suggested that it's possible that the test was something less than it appeared.

"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," he said. The comment appeared to indicate that the White House was attempting to downplay the significance of the test, but Snow said later that he was merely posing a hypothetical question.

While Democrats claimed the test was evidence of a failed U.S. policy, Snow argued that the test has left the nations involved in the six-party negotiations with the communist regime more unified and determined to convince Pyongyang incentives to give up its nuclear weapons ambitions. He also denied that the demands of the war in Iraq hampered the Bush administration's ability to dissuade North Korea from developing nuclear weapons.

"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

North Korea stepped up its threats, saying it could fire a nuclear nuclear-tipped missile unless the U.S. acts, the Yonhap news agency reported Tuesday from Beijing. But even if Pyongyang is confirmed to have nuclear weapons, experts say it's unlikely the North has a bomb design small and light enough to be mounted atop a missile.

Asked about the Yonhap report, Bolton said, "Well, I think it's been perfectly obvious for quite some time that North Korea has been seeking a delivery capability for its nuclear weapons. It's one reason why as far back as 2001, President Bush led the effort to get the United States out from under the restrictions of the Anti-Ballistic Missile Treaty, so we could build missile defense against precisely this kind of threat."

In response to North Korea's purported nuclear test, the United States is pressing at the United Nations for stringent sanctions on Pyongyang, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

Meanwhile, Democratic New Mexico Gov. Bill Richardson, a former U.S. ambassador who has visited North Korea, said the Bush administration should abandon its long-standing refusal to engage in direct talks with North Korea. He said President Bush was right to seek sanctions against North Korea in the U.N., but should next move to direct talks with the reclusive nation.

In taking that stance, Richardson echoed the message that former Secretary of State James A. Baker III said Sunday, as Baker urged the administration to talk directly to adversaries around the world.

The administration has been attempting for years to get more countries to join its anti-proliferation initiative, aimed at stopping countries like North Korea from selling nuclear weaponry and missiles. But it has refused one of North Korea's key demands: that the United States engage in direct one-on-one talks. Instead the administration insists on sticking to the so-called six-party format, where Russia, China, South Korea and Japan have joined the United States in talking to North Korea.

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Bolton, interviewed on CNN and on CBS' "The Early Show," said that if North Korea wanted to talk with the U.S., it needed to rejoin the six-party talks.

"If they want to talk to us, all they have to do is buy a plane ticket to Beijing," where the talks have been stalled for months, Bolton said. "The North Koreans can talk to us anytime they want on a bilateral basis if they come back to the six-party talks, which they have been boycotting."

Bolton cast the standoff with Pyongyang as one "between North Korea and the rest of the world" that will result in sanctions or more if the rogue nation does not restart talks with the international community.

Asked about the possibility of U.S. military action against North Korea, including a possible naval blockade, Bolton said, "Well, we're not at that point yet."

"We keep the military option on the table because North Korea needs to know that, but President Bush has been very clear he wants this resolved peacefully and diplomatically," Bolton said.

Bush Administration Rejects Talks With North Korea (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 11, 2006

WASHINGTON - The Bush administration, under fire for policies that have failed to stop North Korea from advancing its nuclear weapons arsenal, on Tuesday ruled out direct talks with Pyongyang in the aftermath of its apparent nuclear test.

Instead, the United States and other world powers began discussing tough U.N. sanctions on North Korea that would authorize inspection of cargo going to or coming from the country to halt weapons-related transfers.

In a significant development, China, which is North Korea's principal ally, said for the first time that it would agree to sanctions on the government of North Korean leader Kim Jong Il.

"I think there has to be some punitive actions," said Wang Guangya, China's ambassador to the United Nations. "We need to have a firm, constructive, appropriate but prudent response to North Korea's nuclear threat," he said, without being more specific.

China, which has led diplomatic efforts to engage Pyongyang, was deeply embarrassed by North Korea's action. But Beijing is wary of destabilizing North Korea because a collapse of the regime could flood China with millions of extremely poor refugees. It's unclear how far it will go in curtailing crucial food and energy supplies or other trade.

"I think they're going to do some sanctions that will sting, but not ultimately paralyze North Korea. The only thing they worry more about than a nuclear weapon is the collapse of North Korea," said Kurt Campbell, a former top Pentagon official on Asia policy who's now at the Center for Strategic and International Studies, a national-security research center.

Officials from the United States and other Western governments privately echoed that analysis.

North Korea's claimed nuclear test - U.S. intelligence agencies still hadn't confirmed it Tuesday - has brought wide condemnation and given new impetus to the U.S. drive for further sanctions.

But the White House also found itself on the defensive Tuesday against critics who said President Bush's policy of refusing to engage North Korea in direct, one-on-one talks had backfired.

Bush said in May 2003 that the United States wouldn't tolerate a nuclear-armed North Korea. Since that time, Pyongyang is thought to have expanded its stockpile of nuclear weapons, has broken a self-imposed moratorium on test-firing ballistic missiles and on Monday apparently conducted its first underground nuclear-weapons test.

Campbell, who served during the Clinton administration, gave the Bush administration high marks for its muscular response to the crisis this week. But he said the administration should have tried a different approach earlier.

"The biggest problem has been a reluctance to engage (North Korea) diplomatically," he said. The administration, he said, seems to "worry that by talking to them at a very high level, that we are somehow blessing . . . a reprehensible regime."

Secretary of State Condoleezza Rice and other Bush aides ruled out direct talks, arguing that the Clinton administration had tried it and that it failed.

"The United States tried direct dialogue with the North Koreans in the `90s. And that resulted in the North Koreans signing on to agreements that they then didn't keep," Rice said in an interview on CNN.

She referred to a 1994 deal known as the Agreed Framework, under which North Korea's known nuclear program, involving plutonium, was frozen. The United States charges that Pyongyang cheated on the deal by pursuing a second, covert program based on uranium enrichment.

Rice argued that the United States is now in a stronger position to deal with North Korea because Japan, South Korea and, especially, China are prepared to take united action against the country.

The Bush administration has been riven by internal disputes over dealing with North Korea almost from the moment it took office.

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Then-Secretary of State Colin Powell announced in 2001 that Bush would continue Clinton's policy of talking to the North Koreans, but an unhappy White House forced him to retract the remarks.

Even today, Vice President Dick Cheney and his allies in government are thought to favor putting so much pressure on Kim's regime that it collapses.

Many State Department experts argue that the tough approach plays right into Kim's hands and further isolation is unlikely to matter to the world's most isolated country.

The U.S.-proposed sanctions would bar imports and exports of arms, nuclear- and missile-related material and luxury goods to North Korea and would authorize inspections of inbound and outbound cargo by third countries.

Japan, which has historical enmity with North Korea, has proposed even tougher measures, including broad trade sanctions, refusing to allow North Korean ships and planes to enter other countries and banning travel by top North Korean government officials.

China is unlikely to go that far. China and North Korea have had close relations as communist neighbors, and Kim has visited China to learn about its economic reforms.

Intelligence officials said Tuesday that they were still analyzing the underground blast that occurred Monday morning local time in North Korea.

U.S. Air Force monitoring aircraft haven't yet picked up the signs of radiation usually associated with such a test. The blast itself is thought to have had less than a kiloton of force, perhaps significantly less, leading experts to question whether the test was only partially successful.

U.S. Fears Export Of Technology (LAT)

By Peter Spiegel And Greg Miller, Times Staff Writers

The Los Angeles Times, October 11, 2006

Preventing North Korea from selling nuclear materials would depend on China and Russia.

WASHINGTON — The sanctions demanded by U.S. officials in response to North Korea's announcement this week that it had tested a nuclear device would focus on closing pathways to proliferation of weapons technology.

But U.S. officials say any such effort would have to focus on the air and land routes through China and Russia that the government in Pyongyang has used in response to American monitoring on the high seas.

Since the 1990s, the Pentagon has used naval ships and aircraft to track and even intercept weapons shipments coming out of North Korea.

"Our folks pay very close attention to the vessels they are using and where they go; we stay on top of this one," Adm. William J. Fallon, the U.S. military's top officer in the Pacific, said last month. "One thing we can't do anything about is the air movement, because it goes over Chinese or Russian airspace. It's up to those countries to do things."

The new United Nations sanctions resolution proposed by the United States would direct all members "to undertake and facilitate inspection of cargo to or from" North Korea. In effect, it would require China to help close the gap in American efforts.

It's a challenge unlike any yet faced by U.S. diplomats and military officials. Until now, nations that have developed a nuclear capability have not viewed their new weapons as potential export commodities, as many believe Pyongyang does.

U.S. intelligence officials said Tuesday that they were still collecting data on Monday's declared blast, and knew little about the device involved. One military official said the Pentagon was awaiting data from its lone WC-135 "sniffer" aircraft, which was stationed at Kadena Air Base in Japan at the time of the North Korean test.

At the U.N., Chinese and Russian diplomats resisted tougher proposals by the Americans and Japanese, and U.S. Ambassador John R. Bolton dismissed a North Korean threat to launch a nuclear-tipped missile if Washington refused direct talks. Diplomats hope for a vote on a response to North Korea by Friday.

Past international efforts to block exports and enforce embargoes have had limited and short-lived success. But North Korea's use of Chinese routes for conventional weapons exports raises the concern that it may attempt to use similar means to transship nuclear technologies.

"In the early days, it is absolutely true that the North Koreans sent both missiles and missile fuel and components to the Iranians and the Syrians by sea," said David Kay, a former U.N. weapons inspector who specialized in nuclear proliferation issues. "But they now know that's not a good way to do it, so most of it goes overland via China."

Kay said that, from China, the weaponry probably is flown to places such as Iran and Syria. North Korea also has sold missile technology to Yemen and Pakistan.

The Bush administration has complained repeatedly that Beijing has not lived up to agreements to stop North Korea's shipments of weapons technologies. In testimony last month before a U.S. government commission, State Department officials said they "remain deeply concerned" over China's lack of commitment to its nonproliferation promises.

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Thus far, however, U.S. proliferation concerns have centered on Pyongyang's trade in parts for long- and medium-range missiles. By some estimates, North Korea is the world's dominant exporter of ballistic missiles. An evaluation by the London-based International Institute for Strategic Studies estimated that missile sales had earned the North Korean government hundreds of millions of dollars, making it a significant source for hard currency.

But deliveries of missile components have begun to shrink in recent years as North Korea's traditional customers, particularly Iran, have developed their own capabilities. Experts fear that Pyongyang will view nuclear technology, and nuclear material such as plutonium, as a replacement revenue source.

"The thing that worries most people is actually the export of fissile material itself," Kay said.

"I don't think people are worried at this stage about North Korea sending weapons to Iranians or terrorists," Kay added, "although there is virtually nothing on the face of the Earth that the North Koreans have gotten their hands on that they haven't been willing to sell."

China has let North Korea ship missile parts through its territory and airspace and has exported missile systems to rogue governments itself. But U.S. officials consider Beijing less likely to tolerate North Korean nuclear shipments because such exports could undermine China's status as the only nuclear power in East Asia.

"North Korea is China's neighbor, so they, in a sense, have a more proximate cause for worry than even the United States," State Department spokesman Sean McCormack said.

Nonetheless, enforcing any tightened counter-proliferation regime, even with Chinese cooperation, would be challenging, U.S. officials and arms experts said. The Pentagon can track ships, but it is nearly impossible to determine precise cargoes.

"The ability to recognize every single thing that's on every ship is a challenge," Adm. Fallon said.

The administration's proposed U.N. resolution would essentially establish an international agreement to allow the boarding of ships suspected of carrying prohibited items to or from North Korea.

Pentagon officials, however, said that any large-scale effort would be many times more complicated than tracking the vessels, and would require the participation of other countries. As a result, tactical planning has not begun for a U.S. blockade of North Korea, a Defense Department official said.

"The presumption is this would have to be an international effort," said the official, who spoke on condition of anonymity because of the sensitivity of the issue. "You can't willy-nilly stop every ship; you need to search methodically."

Similarly, China's ability to monitor North Korean deliveries across its border may be limited. Beijing polices the border, but experts say the frontier remains somewhat porous and that China may not be employing the most modern sensors and other detection equipment.

"It's like moving drugs into the United States from Mexico," Kay said. "The Chinese could do a far better technical job than they've been doing. Radiation detectors along the Yalu River" — between North Korea and China — "would be a good thing, but they can be beaten."

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Times staff writers Julian E. Barnes in Washington and Maggie Farley at the United Nations contributed to this report.

UN Resolution Focuses On Naval Searches (FT)

By Stephen Fidler

Financial Times, October 11, 2006

North Korea has earned over the past two decades a reputation for peddling its missile capabilities around the world. Many governments are worried not so much that it will use the bomb as that it will shop its nuclear expertise around, to earn foreign exchange for its stricken economy.

“The real risk, as we and others see it, is of onward proliferation from North Korea to other countries of concern,” said a British official on Tuesday.

A US draft of a United Nations Security Council resolution, circulated on Tuesday, calls upon member states “to undertake and facilitate inspection of cargo to and from [North Korea]” to ensure that no arms, nuclear or missile-related items or luxury goods could be shipped there.

That paragraph, if agreed by the rest of the Security Council, raises many practical and legal questions about how such inspections would be carried out. To work, it would almost certainly need the backing of China, not only in the Security Council but also as a practical matter because many of the sea lanes out of North Korea pass close to China.

“Chinese co-operation would be essential to any such measure,” said Mark Fitzpatrick, a former State Department official at the International Institute for Strategic Studies. Even if China did not board North Korean ships, it would ease the practical difficulties of enforcing the policy if it made its ports available for inspections, he said.

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Chinese officials have indicated that Beijing would contemplate punitive measures against Pyongyang, but it was not clear on Tuesday whether they would back such an embargo.

As interpreted by most countries, the law of the sea prevents the boarding of ships on the high seas unless permission is given by the master of the vessel or by the government of the country whose flag it is flying.

The US usually permits itself a liberal interpretation of that law and any Chapter 7 Security Council resolution would presumably be deemed to give it and other countries the right to board North Korean vessels.

Though it is early for any such move, some thought may be given to the development of an international patrol similar to those deployed in the Gulf and off the Horn of Africa. Though both are dominated by the US Navy, the presence of other nations' vessels confers international legitimacy to the patrols.

Still, the likelihood is that any attempt to board a North Korean cargo ship would be refused and the interdiction force would have to contemplate shooting across the ship's bows and mounting an opposed boarding.

Such an event would probably be interpreted by North Korea as a hostile act, potentially leading to a significant further escalation of tensions in the region.

The Bush administration has led the formation of a coalition of countries, now numbering more than 70, aimed at preventing their waters or ships from being used to transport weapons of mass destruction.

Yet the Proliferation Security Initiative has no explicit basis in international law. It operates mainly in the coastal waters of its members and on vessels sailing under the flags of members.

A number of bilateral boarding agreements also permit the legal boarding of ships flying flags of convenience, such as Liberia.

"The PSI is a method of handling this kind of thing and could be adapted, if needed, to the North Korean case," said a former US official.

China Says It Will Back Sanctions On N. Korea (WP)

By Colum Lynch And Maureen Fan

The Washington Post, October 11, 2006

Beijing Stresses Limits on U.N. Action Against Ally

UNITED NATIONS, Oct. 10 -- China on Tuesday expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs.

The United States and Japan continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program.

Varied responses to the nuclear test that North Korea apparently conducted early Monday emerged as the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government. France, for instance, voiced concern that a Japanese proposal to ban all North Korean exports could fuel a humanitarian crisis.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians. State Department spokesman Sean McCormack, meanwhile, specifically ruled out any attempt at regime change. "We have made it very clear that the United States has no intention to attack North Korea. That element of our policy still stands," he told reporters. "What we have sought is a change in the behavior of the North Korean regime."

China's tougher stance against North Korea came as officials in Beijing faced criticism at home over their diplomatic strategy, which relies primarily on the now-stalled six-nation talks to contain North Korea's nuclear program.

The talks have been "a total failure," said Zhang Liankui, a professor at the influential Central Party School's Institute for International Strategic Studies. "North Korea's reaction is a challenge to the whole world. Every country should have a clear and definite attitude, including China.

"If peaceful means can't stop North Korea from conducting a nuclear test, then there should be other means," Zhang added. "The appeasement policy was very popular in the international community, and I think that's very dangerous. Within 10 years, people will suffer from this attitude."

Chinese Foreign Ministry spokesman Liu Jianchao acknowledged that North Korea's action "will undoubtedly exert negative impact" on the two countries' relations. But he said the six-party talks remain "the best and practical way and effective way to resolve this issue, so I don't think it's a failure of China's diplomacy."

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Still, Wang Guangya, China's U.N. ambassador, conceded that the council would have to impose "some punitive actions" on Pyongyang to persuade it to heed international demands. He added, however, that "these actions have to be appropriate" and "more specifically targeted toward the nuclear- and missile-related areas."

U.S. officials welcomed China's willingness to consider punishing a traditional ally and a neighbor that it has shielded from international pressure for decades. White House spokesman Tony Snow said China's announcement suggested that North Korea's ability to use "bluff and bravado" to obtain concessions may have ended.

Secretary of State Condoleezza Rice told CNN that "I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan but from its closest supporters, those who are the ones who give them assistance."

The United States has told the North Koreans "that there is no intention to invade or attack them," Rice added. "So they have that guarantee." The president "never takes any of his options off the table," she said. "But the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But other U.S. officials made it clear that they think tougher measures are required to ensure that North Korea will not ignore another unenforceable council dictate. They note that a U.N. measure that was passed in July, Resolution 1695, already bans international trade in ballistic missiles and nuclear technology with North Korea. But it lacks any enforcement provision.

The United States supports a resolution under Chapter 7 of the U.N. Charter, which can be enforced by sanctions or military action.

The U.S. draft resolution calls for imposing stringent financial penalties on North Korea and providing broad powers to foreign governments to inspect all trucks, trains, vessels and planes traveling in and out of the country. The U.S. text would also confront North Korea with a 30-day deadline to reverse course or face further penalties.

Japan has introduced a series of amendments that would ban North Korean exports and prohibit the arrival of North Korean ships or planes in foreign countries.

China opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy.

It also insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea. China proposed that a sanctions resolution refer simply to a provision in Chapter 7, known as Article 41, that would authorize only the imposition of sanctions.

"We have not reached agreement -- do not misunderstand me," Bolton told reporters after meetings with China and other major council powers. "I know when you're making progress and I know when you're not making progress, and I'm still pleased with the directions things are going."

Fan and researcher Jin Ling reported from Beijing; staff writer Glenn Kessler in Washington contributed to this report.

China Calls For Punitive Actions On N Korea (FT)

By Caroline Daniel, Stephen Fidler, Anna Fifield, Richard Mcgregor, David Pilling And Mark Turner

Financial Times, October 11, 2006

China said yesterday that North Korea should suffer "punitive actions" for its claimed nuclear test, in an apparent retreat from its long-standing opposition to international sanctions against Pyongyang.

The extent of sanctions favoured by Beijing was still unclear but Wang Guangya, China's ambassador to the United Nations, said a 13-point US proposal - which included inspections of cargo ships entering and leaving North Korea - provided a "good basis for working". He added: "There has to be some punitive actions, but these actions have to be appropriate."

A US draft resolution circulating yesterday would compel governments to prevent the transfer of arms, missiles or nuclear items - or luxury goods - to or from North Korea. Additional proposals from Japan, which chairs the security council, would bar North Korean ships and aircraft, and high-ranking officials, from member states.

John Bolton, US ambassador to the UN, said after meeting Mr Wang: "There were substantial areas of agreement. There is a strong view to move as quickly as we can . . . a strong resolution and a swift response."

The Russian position was unclear since the delegation had no instructions from Moscow.

Sergei Ivanov, Russian defence minister, said the reported test was a "colossal blow" but any UN resolution would not involve the use of force.

China's reaction is critical to the passage of an effective resolution and its policing. Pyongyang's decision to carry out missile and nuclear bomb tests in spite of strong Chinese opposition has been seen in China as a demonstration of the failure of Beijing's strategy of playing a moderating role between North Korea, regional neighbours and the US.

In Seoul, the "sunshine policy" of economic engagement with North Korea is being questioned after Pyongyang's decision to go ahead with the test showed how little sway South Korea had over its neighbour. "The government sees it is unavoidable to make certain changes to its policies as we are in a situation where adjustments to inter-Korean relations are inevitable," said Lee

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Jong-seok, South Korea's unification minister. "But I believe the government must be careful when taking any measures that would raise tension or make our people feel uneasy."

Tony Snow, White House spokesman, said the US had less ability to influence Pyongyang than countries in the region.

Shinzo Abe, Japan's prime minister, has called for "harsher measures" against Pyongyang, a position echoed by Koji Omi, his finance minister, who said Japan was considering additional financial sanctions.

By Mark Turner at the United Nations, David Pilling and Anna Fifield in Seoul, RichardMcGregor in Beijing, Caroline Daniel in Washington and Stephen Fidler in London

China Supports Sanctions Against N. Korea (USAT)

By Calum Macleod

USA Today, October 11, 2006

BEIJING — China signaled support Tuesday for tough sanctions against its longtime communist ally North Korea, a reflection of its anger over Pyongyang's apparent nuclear test.

China's strong disapproval echoed a chorus of global concern. Chinese Foreign Ministry spokesman Liu Jianchao said the test was carried out “flagrantly” and “will undoubtedly exert a negative impact on our relations.”

At the United Nations, Chinese Ambassador Wang Guangya said the Security Council must deliver “punitive actions” against North Korea, but the response should be “appropriate.”

Wang spoke before the five permanent council members — Britain, China, France, Russia and the United States — met to discuss U.S. proposed sanctions, including a ban on imports of military goods to North Korea.

China historically has been cool to sanctions against North Korea. China supplies much of the regime's food and oil. It fears a refugee exodus across its borders if sanctions destabilize the North Korean government.

The council session ended with no decision. Another session was scheduled for today. U.S. Ambassador John Bolton sounded upbeat about the prospects for agreement.

“We don't have complete agreement on this yet, that's hardly a news flash, but we're making progress,” Bolton said.

North Korea showed no remorse for conducting the test. In Brussels, Ri Jong Hyok, a visiting North Korean official, said the test was a result of pressure and threats by the United States toward North Korea. “We have to take these measures so that we have a nuclear deterrent against the Americans,” he said.

In Washington, Secretary of State Condoleezza Rice said the United States had no intention to attack North Korea, rejecting a suggestion that Pyongyang may have felt it needed to test a nuclear weapon for security.

Bolton rejected holding direct talks with North Korea. “North Korea has had a successful history of intimidating other countries … but they're not going to be successful with us this time” he said on CBS' Early Show.

North Korea has refused for a year to attend six-nation international talks aimed at coaxing it into giving up its nuclear program. Pyongyang has called for direct talks with Washington and for the United States to drop sanctions it imposed to punish North Korea for alleged counterfeiting.

The United States has yet to confirm North Korea's claim that it exploded a nuclear device. White House spokesman Tony Snow said there was a “remote possibility” the world will never know what happened.

China: N.Korea Must Be Punished For Test (AP)

By Nick Wadhams

AP, October 11, 2006

The North Korean nuclear crisis settled into diplomatic debate Tuesday, with China agreeing to punishment but not the severe U.S.-backed sanctions that it said would be too crushing for its impoverished communist ally.

Scientists and other governments, meanwhile, suggested that Monday's underground test was a partial failure, producing a smaller blast than planned.

The Bush administration asked the U.N. Security Council to impose a partial trade embargo including strict limits on Korea's profitable weapons exports and freezing of related financial assets. All imports would be inspected too, to filter out materials that could be made into nuclear, chemical or biological weapons.

The United States reiterated that it would not talk with the North Koreans one-on-one, but Secretary of State Condoleezza Rice assured the North that the U.S. would not attack.

Rice rejected a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion. President Bush, she told CNN, has told "the North Koreans that there is no intention to invade or attack them. So they have that guarantee. ... I don't know what more they want."

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U.S. Ambassador John Bolton sounded upbeat after Tuesday's round of talks at the Security Council, but said differences remained in advance of Wednesday's meeting.

"Look, we don't have complete agreement on this yet, that's hardly a news flash, but we're making progress and we're I think at a point we can try and narrow some of the differences we do have," Bolton said.

China, which reacted to Monday's blast with a strong condemnation but considers North Korea a useful buffer against U.S. forces stationed in South Korea, said it envisioned only a limited package of sanctions — not what the United States and especially Japan were demanding.

China and Russia object to plans to interdict shipments and block financial transactions. They also oppose a new suggestion that Japan proposed Tuesday — to include mention of the North's abduction of Japanese citizens in the 1970s and '80s.

"We certainly understand that Japan is close to the country. But I think you cannot ask by this resolution to kill a country," China's U.N. Ambassador Wang Guangya told The Associated Press. He said the Security Council must impose "punitive actions" but that they have to "be appropriate."

Though far less than what the Americans and Japanese seek, even calling for some punishment was significant for China, which usually opposes sanctions, particularly against an ally such as North Korea.

Pyongyang again demanded one-on-one talks with Washington and threatened to launch a nuclear-tipped missile if the U.S. doesn't help resolve the standoff. Bolton dismissed the demand, saying the North should instead "buy a ticket to Beijing," and rejoin stalled six-nation talks over its nuclear and missile programs.

The war of words suggested tough negotiations before the U.N. takes any action against North Korea. In the meantime, scientists and governments tried to determine what exactly happened early Monday, deep below the earth in North Korea's northeast mountains. The North Korean government has released few details.

A South Korean newspaper quoted a North Korean diplomat, whom it did not name, saying that the blast was "smaller in scale than expected.

"But the success in a small-scale (test) means a large-scale (test) is also possible," he said in comments posted on the Web site of the liberal newspaper Hankyoreh, which has good ties with the communist nation.

The diplomat also said the North could take "additional measures" and that it doesn't fear sanctions.

Philip Coyle, at the Center for Defense Information in Washington, a nongovernment think tank, expressed a growing view that "they got a partial result" and not the full-power explosion that they sought. Several Western estimates said the blast was less than a tenth the size of the bomb that the United States dropped on Hiroshima in 1945; the force of the Hiroshima bomb was equivalent to 15,000 tons of TNT.

But "for them it was enough ... to say that it was a success. It helps them to claim that they are a nuclear power, and that the world should take them seriously, which is what they want. But I wouldn't be surprised if after several months they don't try again."

The White House said there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday.

Democrats said the test was evidence of a failed Bush administration policy, which White House press secretary Tony Snow denied.

"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

Sen. John McCain, R-Ariz., said President Clinton was to blame for his 1990s program to entice the North Koreans toward more cooperation. "The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

After the reclusive regime announced it had set off an underground atomic explosion, the Security Council quickly condemned North Korea's decision to flout a U.N. appeal to cancel the test. The 15-nation council urged Pyongyang to return to stalled talks, refrain from further tests and keep its pledge to scrap its clandestine weapons program.

Diplomats said Tuesday there was a general agreement that the Security Council must pass a sanctions resolution in the next few days. The council's image suffered badly the last time it deadlocked over a major crisis, over the summer when it needed a month to pass a resolution on ending the war between Israel and Hezbollah.

"All I can say is that we are having a very good discussion, trying to identify what really we are going to be able to achieve, and i think there is general understanding also about the need to get our act together, and fast," Japan's U.N. Ambassador Kenzo Oshima said. "On that we agree."

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Despite the positive assessment, familiar fault lines that have plagued past negotiations over North Korea already began to appear.

Japan, which holds the presidency of the Security Council for October, demanded the toughest sanctions of all, possibly including a blanket air and naval blockade of North Korea, as well as a ban on senior North Korean diplomats traveling abroad. In Tokyo, Japan's leader said the country could slap sanctions on North Korea without waiting for confirmation that it did indeed test a nuclear weapon.

Yet China, traditionally an opponent of Security Council sanctions, warned that the world must not focus too much on punishment. China can use its veto power in the council to block any move, and would likely have the support of Russia.

"Instead, the international community and the United Nations should take positive and appropriate measures that will help the process of de-nuclearization on the Korean peninsula," Foreign Ministry spokesman Liu Jianchao said.

One worry for Beijing is that too much pressure could cause economically unsteady North Korea to collapse, sending North Koreans streaming across the border into northeast China and inviting intervention by the American military.

Nonetheless, China was clearly rattled that the North went ahead with the test. Liu vented China's anger against its communist ally over the test for a second day.

"The nuclear test will undoubtedly exert a negative impact on our relations," Liu said. He said Monday's test was done "flagrantly, and in disregard of the international community's shared opposition."

The North warned that it would soon be able to put a nuclear warhead on one of its missiles.

"We hope the situation will be resolved before an unfortunate incident of us firing a nuclear missile comes," Yonhap, the South Korean news agency, quoted an unidentified North Korean official as saying. "That depends on how the U.S. will act." Yonhap did not say how or where it contacted the official, or why no name was given.

The news agency quoted the official as saying the nuclear test was "an expression of our intention to face the United States across the negotiating table."

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Associated Press reporter Edith M. Lederer contributed to this story.

China Ready To Slap Sanctions On N. Korea Over Nuclear Test (AFP)

By Gerard Aziakou

AFP, October 11, 2006

China signaled readiness to join other major UN powers in slapping sanctions on neighboring North Korea over its nuclear test as a defiant Pyongyang reportedly threatened to fire a nuclear-armed missile unless it secures US concessions.

"I think there has to be some punitive actions but also these actions have to be appropriate," Chinese Ambassador to the UN Wang Guangya told reporters.

The key question is how far China and Russia, which despite their traditional close ties with Pyongyang have condemned the nuclear test, will be willing to go in backing tough sanctions pushed by the United States and Japan in a draft resolution invoking Chapter Seven of the UN Charter.

Chapter Seven, invoked in cases "of threat to international peace and security" authorizes tough sanctions or even as a last resort the use of force to ensure compliance with Security Council resolutions.

"We want to see some elements from Chapter Seven," Wang told reporters after a second round of private consultations with his British, French, Japanese, Russian and US counterparts.

US Ambassador John Bolton described Wang's comment as "significant" although he conceded that "We don't have complete agreement on this."

Beijing is by far the most important provider of aid and trade to the cash-strapped regime of North Korean leader Kim Jong-Il.

US Secretary of State Condoleezza Rice voiced confidence that China would back tough action, noting that Beijing had used unusually harsh rhetoric in calling North Korea's announced nuclear test "brazen" -- a term she said Beijing had used diplomatically "only four or five times in decades."

Envoys of the five veto-wielding members of the Security Council -- Britain, China, France, Russia and the United States -- plus Japan met twice privately Tuesday to try to narrow differences on the sanctions and agreed to meet again Wednesday.

Experts of the 15-member council also met Tuesday and were to meet again Wednesday to craft an acceptable draft resolution.

The draft is based on US proposals for a raft of punitive measures under Chapter Seven, including international inspection of all cargo to and from North Korea, new financial curbs targeting Pyongyang's nuclear and missile programs, and restrictions on exports of goods with military uses and sales of luxury items.

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Japan put forward even tougher measures such as bans on North Korean ships and aircraft from entering or landing in member states' territories and on all North Korean products as well as a travel ban targeting senior North Korean government officials.

But a defiant North Korea threatened to fire a nuclear-tipped missile unless the United States makes concessions in the standoff over Pyongyang's nuclear weapons program.

"We hope the situation will be settled before an unhappy incident of us firing a nuclear missile occurs," South Korea's Yonhap news agency quoted an unidentified North Korean official in Beijing as saying.

The Stalinist state has repeatedly argued it needs nuclear weapons to deter any attack from the United States, which it fears will try to topple one of the last pure Communist regimes in the world.

Pyongyang said it was willing to return to six-party nuclear disarmament talks it has boycotted since last November, but "only if the United States takes corresponding measures." No further details were given.

In Washington, Rice warned Pyongyang that launching a nuclear-armed missile "would not be good for North Korea's security".

"The North Koreans are not confused about what would happen," she said.

South Korea, which is not a Security Council member, made it clear it opposed any UN resolution involving military action.

"We support a UN resolution, but our position is that the resolution must not include any military measures because of its possible impact on the Korean peninsula," South Korean Prime Minister Han Myung-Sook told parliament.

Rice also reaffirmed that Washington was not considering military action against North Korea, a possibility the communist regime has frequently cited as a justification for its nuclear arms program.

In Moscow, Russian Defense Minister Sergei Ivanov said Pyongyang had now become the "de facto" ninth world nuclear power and had dealt a "colossal blow" to non-proliferation efforts.

Japan said Tuesday that its monitoring aircraft had detected no unusual radiation levels in dust samples collected over the major Japanese islands of Kyushu, Honshu and Hokkaido.

"It is hard to say," if there has been a successful nuclear test, Japan's Prime Minister Shinzo Abe said in parliament.

White House spokesman Tony Snow also said the United States did not have confirmation of a nuclear test. "There is a remote possibility that we'll never be able to determine fully," Snow said.

After North Korea's Bomb Test, China Ponders A Problematic Friendship (CSM)

By Simon Montlake

The Christian Science Monitor, October 11, 2006

BEIJING

North Korea's reported nuclear test and the ensuing diplomatic fallout come as China calibrates its role as a rising global power. How a newly emboldened China decides to handle its erratic ally - after what has widely been seen as a slap in the face for Beijing's negotiating track - could also shape China's foreign policy on other fronts, analysts say.

China strongly condemned Monday's test, which may have upended its status as the only confirmed nuclear power in East Asia. Foreign Ministry Spokesman Liu Jianchao said Tuesday that North Korea's test had damaged bilateral relations, and that China wanted to see "appropriate action" from the United Nations Security Council.

But behind China's stern rebuke is a reluctance to use multilateral sanctions or military force to bring Kim Jong Il's regime to heel - tactics that Beijing would see as unwelcome precedents with potentially destabilizing effects on the region.

Instead, China has historically put its stock in dialogue and negotiations with North Korea while propping up its neighbor with fuel and food. The apparent failure of that policy to keep the Korean peninsula nuclear-free, and to avert an international crisis, is a setback that will weigh heavily on the shoulders of China's leadership, say analysts.

"What the test has shown is that the road to Pyongyang doesn't necessarily run through Beijing. There's got to be another path," says Russell Moses, a Beijing-based political analyst.

"So there's a conflict in the [Chinese] leadership: Do we find some way to show we're a major power, or wash our hands of it and hand it over to the US?" Mr. Moses says.

Chinese diplomacy puts economic cooperation and political stability on a pedestal that leaves little room for the niceties of democracy and human rights - such as in its dealings with Sudan or Zimbabwe. At the same time, China is increasingly aware of its international image and the prestige and power of joining its peers.

As the convener of the six-party talks that brought together North Korea, Japan, the US, Russia, and South Korea, China grasped an opportunity to play mediator and promote peaceful negotiations. By testing a bomb, North Korea has scuttled the talks and prompted the UN Security Council to consider much tougher action than was imaginable a week ago. China eyes its next move

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Now the question for China is whether it can stay on the sidelines of UN actions and still claim to be engaged in finding a solution to the North Korean crisis. Analysts say Beijing may go along with demands for limited sanctions, while arguing that it's counterproductive to isolate the regime further.

China may also impose bilateral sanctions on North Korea in order to bring it back to the negotiating table.

Some analysts argue that China could emerge as a powerbroker between the US and North Korea, even if Beijing doesn't see eye to eye with the Bush administration.

"China should play a bigger role in Northeast Asia as a coordinator," says Huang Dahui, associate professor of international studies at People's University in Beijing. "This would show that China is a responsible power. The US may come to rely even more on China."

But elevating its diplomatic profile would require Beijing to stop coddling North Korea, its former comrade-at-arms. North Korea relies on its giant neighbor for economic support, and its latest defiance may be reason enough to rethink the relationship, says Niu Jun, a historian of the Chinese Communist Party at Peking University.

"The old policy is too rigid and China has an opportunity to shift its foreign policy. Even before the nuclear test, China had realized that something is wrong with this relationship," says Mr. Niu. But, he adds, "Chinese leaders don't have a clear idea on how to deal with North Korea."

Such a policy shift would bring China closer in line with Japan. A successful summit last weekend between President Hu Jintao and newly appointed Prime Minister Shinzo Abe had already signaled a partial détente between the two nations.

South Korea is grappling with its own dilemma on whether to punish the North or continue its own "Sunshine Policy" of economic engagement. China's leverage

The North Korean nuclear crisis comes during China's annual Communist Party policy meeting, where political heavyweights are jostling for influence after a recent purge of Shanghai's top leadership.

While analysts differ on how much leverage China has over North Korea - which is driven as much by internal politics as rational self-interest - China has taken harsh measures previously against its neighbor, such as halting energy supplies in order to jolt Pyongyang into action.

China has also sought to persuade Mr. Kim to adopt the market reforms that have wedded Beijing's brand of authoritarian rule to a sustained economic boom.

Yet even tough action by Beijing may not tame a regime that cherishes self-reliance above all, says Peter Beck, director of International Crisis Group's office in South Korea.

"Pyongyang took the calculated gamble that it would not be forsaken by Beijing or Seoul," Mr. Beck says. "But they also made the calculation that even if they are, they can stick it out."

China Hints Agreement On N. Korea (WT)

By Betsy Pisik, The

The Washington Times, October 11, 2006

NEW YORK -- The U.N. Security Council edged yesterday toward passing broad sanctions against North Korea, with the Chinese delegation, stung by Monday's reported test of a nuclear device, showing more willingness than ever before to penalize its communist neighbor.

John R. Bolton, U.S. ambassador to the United Nations, said the diplomats had made "substantial progress" but declined to say how soon the issue might be brought to a vote. Emyr Jones Parry, Britain's ambassador to the United Nations, told the British Broadcasting Corp. that he expected the resolution within a week, and possibly as soon as Friday.

Shock waves from Pyongyang's claim to have conducted a nuclear test reverberated far beyond the Security Council, with South Korean President Roh Moo-hyun saying his government was reconsidering it's "sunshine policy" toward the North and the Chinese foreign ministry calling a nuclear test "unimaginable."

North Korean leader Kim Jong-il "has clearly gotten the attention of everybody in this," Secretary of State Condoleezza Rice said in one of a series of broadcast interviews last night.

"I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan, but from its closest supporters, those who are the ones who give them assistance."

In Washington, a White House spokesman said it was still not clear whether the sub-megaton explosion monitored in North Korea on Monday was indeed a successful nuclear blast, and that there was a "remote possibility" it would never be known.

"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," said Tony Snow, White House press secretary.

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The five permanent Security Council members and Japan met through most of the day to discuss a U.S. draft resolution that would stop all military and luxury goods and nuclear materials from entering North Korea; ban international travel by North Korea's senior officials; and freeze its assets connected with money laundering, counterfeiting and narcotics.

Outside the chamber, the Japanese delegation also proposed that North Korea's ships and planes be turned away from international ports.

The draft specifically exempts resources "necessary for basic expenses, including payment of foodstuffs," debts, medical supplies and other legitimate expenses. The text also demands that Pyongyang return to six-party talks with the United States and North Korea's neighbors -- China, South Korea, Russia and Japan.

"I see that many of the elements in the 13-point proposal provide a good basis for working," said Wang Guangya, U.N. ambassador for China, which has never voted in favor of U.N. sanctions against any country, much less North Korea.

Separately, Mr. Wang said Beijing could accept some elements of the draft being passed under Chapter 7 of the U.N. Charter, which would make them legally binding upon all member states. He was quoted earlier saying the Security Council must impose "punitive actions" but that they have to "be appropriate."

U.S. diplomats met privately on the sidelines of the council talks with representatives from China, one of the few nations thought to have any influence with Pyongyang.

"We continue to move ahead," Mr. Bolton told reporters late in the afternoon. "There is convergence on many issues, but that's not to say we're there yet by any stretch of the imagination."

Reports from the region quoted North Korean officials saying they had conducted a nuclear test in hopes of prompting direct negotiations with the United States, and threatening to attack America with nuclear-armed missiles if talks were not successful.

"I think the North Koreans know that firing a nuclear missile would not be good for North Korea's security," said Miss Rice. "The North Koreans are not confused about what would happen."

In Brussels, a North Korean legislator yesterday defended his country's announced nuclear test, saying it had been facing sanctions and threats from the United States for more than 60 years and had to defend itself.

He said North Korea would be ready to resume international talks about its nuclear program if financial sanctions are lifted.

Ri Jong-hyok, a member of North Korea's Supreme People's Assembly, spoke on a rare visit by a North Korean to the European Parliament, where he took part in an exchange of views with parliamentarians from the European Union.

Bush administration officials insisted they would not change their policy of refusing to talk to the North Koreans except in the context of six-party talks in Beijing, which have been stalled since the United States froze Pyongyang's overseas bank accounts in September 2005.

"If they want to talk to us, all they have to do is buy a plane ticket to Beijing," Mr. Bolton said in a television interview. "The North Koreans can talk to us any time they want on a bilateral basis if they come back to the six-party talks, which they have been boycotting."

North-South Relations Suffer A Sudden Chill (WP)

By Anthony Faiola And Joohee Cho

The Washington Post, October 11, 2006

As 'Sunshine Policy' Dims, So Does Hope for Families

SEOUL, Oct. 10 -- Like so many other South Koreans, Lee Won Son, a gaunt 97-year-old watchmaker, will remember Monday's professed nuclear test by North Korea as the day night began to fall on the "sunshine policy."

The policy, launched by Seoul, had since the late 1990s provided the impoverished North with financial benefits and a road map for national reunification. It had also offered tens of thousands of South Koreans the prospect of reuniting with their loved ones, relatives in the North who had been completely shut off from the world in the aftermath of the 1950-53 Korean War. For Lee, who in 1949 had left his family in the North to prepare for the new life they hoped for in the South, there was no greater prize the Pyongyang government could have offered.

But Monday's reported test cast a sudden chill on North-South relations, stalling Seoul's financial incentives to the North and indefinitely ending nearly eight years of emotive family reunions. Though about 13,000 families have briefly come together under the watchful eyes of North Korean guards, Lee's turn to glimpse the sons and daughters he last saw sleeping in their beds nearly 60 years ago had yet to come up. Aging and ailing, he said he now fears it never will.

"The joy I felt when I first signed up for the reunions was indescribable -- such elation at the thought of seeing even one of my children again," he said, slipping a bony finger under his watchmaker's monocle to dry his tears. "But the North Koreans have robbed me of my chance. They have tricked us and deceived us, using our hearts to open our wallets. All they wanted was

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South Korean money, and now they've tested this thing, this bomb. They have what they wanted and I've lost hope of ever seeing my family again."

Lee's views echo the changing sentiments across South Korea in the wake of Monday's purported test, which was something of a national wake-up call in a country where the perception of a North Korean threat had all but evaporated after years of detente.

For North-South relations, the biggest potential casualty of the announced test appears to be the sunshine policy itself -- a concept fashioned by Kim Dae Jung, then South Korean president, in a historic bid to end Cold War tensions on the peninsula. Kim received the Nobel Peace Prize in 2000.

South Korean officials say it is too early to declare that detente is dead, noting that it may take as long as two weeks to determine whether the explosion detected in North Korea was indeed a nuclear test or merely a bizarre bluff using massive amounts of nonnuclear explosives. Officials also are waiting for the lead of the U.N. Security Council, which is considering sanctions against the North.

But for now, the South Korean government is taking the North's claim at face value, leaving many of the leading voices for detente here to express a profound sense of shock and betrayal. A number of them are calling for a complete review of the policy they had long held up as the cornerstone of Korea's eventual reunification. Many are advocating an accelerated policy of disengagement, which had already begun in the aftermath of the Pyongyang government's July 4 ballistic missile tests.

In the most significant step to date, President Roh Moo Hyun -- who had become South Korea's leading voice for engagement -- effectively acknowledged on Monday that the sunshine policy had failed.

"The South Korean government at this point cannot continue to say that this engagement policy is effective," Roh said in a nationally televised news conference after the North announced a test. "Ultimately, it is not something we should give up on, but objectively speaking the situation has changed. Being patient and accepting whatever North Korea does is no longer acceptable."

Following the July missile launches, South Korea suspended regular humanitarian aid shipments to the North -- an act that led the North Koreans to halt the North-South family reunions. Construction ceased on a multimillion-dollar pavilion meant to host the reunions.

Now, South Korean government sources say, Seoul is reviewing whether to suspend the two biggest pillars of the sunshine policy -- the massive Kaesong industrial park and the Kumgang Mountain tourism resort on the northern side of the border. Those facilities were built and managed by South Koreans and employ thousands of North Koreans.

The three-year-old industrial park, a major source of hard currency for the North Koreans, currently houses more than a dozen South Korean factories, which have helped account for the dramatic boost in inter-Korean trade, from $425 million in 2000 to more than $1 billion last year. A suspension of the project would mark a huge step for South Korea and is still strongly opposed by some leaders members of Roh's ruling Uri Party, as well as by the South Korean companies that have invested millions of dollars to set up shop in the North. Its suspension would also amount to a painful financial hit for North Korea, which collects nearly $700,000 a month from salaries, rent and fees there.

"The test proved how incompetent our government has been with North Korea," said Na Kyung Won, spokesman for the opposition Grand National Party. "The Kaesong and Mount Kumgang projects are a direct cash route for the North Koreans, and we should immediately abandon these projects that give them much-needed cash."

In a sign that the Roh administration is increasingly serious about dimming the lights on the sunshine policy, the semiofficial agency in charge of Kaesong's expansion said on Tuesday that it would indefinitely suspend the approval process for new companies seeking to open factories there.

That marks a radical shift in thinking in South Korea, where public opinion had dramatically swung in favor of North Korea in recent years, even as anti-Americanism rose to record levels.

"Everything changed on Monday," said Ko Gi Gwan, a 58-year-old street vendor in Seoul's sprawling Great South Gate market who said he had supported the sunshine policy for years. "The North Koreans showed us their true faces. We gave them gifts of rice and money, but now look what they have given us -- something we never wanted, nuclear weapons on the Korean Peninsula."

Even if dusk falls only temporarily on the sunshine policy, those like Lee, the watchmaker, may not last long enough to see its resumption. Tens of thousands of people remain on a waiting list for family reunions.

"All I wanted was a chance to look my children in the eye and tell them how sorry I am -- sorry that I left them too early, and that they got stuck in North Korea," Lee said, his voice trembling. "Not a day goes by without my thinking of the conditions they grew up in. I just wish I could have given them a deep bow of apology before I go."

Clouds Over Seoul's 'sunshine Policy' (FT)

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By Anna Fifield

Financial Times, October 11, 2006

For almost a decade South Korea has tried to embrace its errant northern neighbour, sending to Pyongyang everything from concrete and rice to trucks and violins so as to prove that being part of the international community is more fruitful than being outside it.

This "sunshine policy", pioneered by former president Kim Dae-jung in 1997, has also been intended to mitigate the economic catastrophe that would result from any sudden collapse of the North. Like China, South Korea's primary preoccupation has been maintaining stability on the Korean peninsula.

Seoul resolutely adhered to the policy despite a string of brazen actions from Pyongyang – including withdrawing from the nuclear non-proliferation treaty, its declaration that it had become a nuclear power and July's missile launches – but with Monday's provocative nuclear test it has become patently clear that South Korea has gained next to nothing for its efforts.

"I think this [nuclear test] will give the administration the incentive to rethink this policy," said Chung Jae-ho, of Seoul National University. "I was in full support of this policy at the start because no one has pushed this approach before. The basic goal was to change North Korea's behaviour . . . but we do not have anything to show for the past eight years."

Many South Koreans agree. "North Korea broke its promise, which is very upsetting," said Kim Yang-bu, a coffee shop owner. "The engagement policy is . . . counterproductive. We need a stronger policy."

Indeed the patience of president Roh Moo-hyun's administration now appears to be wearing thin.

"It is true that North Korea's nuclear test has -created a situation where we have to reconsider our engagement policy," the president said on Tuesday after meeting ruling and opposition party leaders in Seoul. "But I would like to suggest that we take time to figure out the causal relationship between the engagement policy and the nuclear test."

Although the government suspended humanitarian aid to the North after July's missile tests, it continued to pump cash into the regime through the Mount Kumgang tourist resort and Kaesong industrial park projects on the northern side of the border.

Business was carrying on as usual on Tuesday at the shoe and plastics factories in Kaesong, where North Korean labourers work under South Korean managers. "Regular businesses in Kaesong haven't halted [because of the nuclear test]," Kim Ki-mun, chairman of South Korean watchmaker Romanson, told Yonhap news. But Lee Jong-seok, unification minister, told the National Assembly that Seoul might reduce or suspend its economic exchanges and co-operation, a move supported by opposition parties.

"Regarding the issue of [halting] the Mount Kumgang tours and Kaesong industrial complex development projects, the government will take measures that correspond with measures put out by the international community," Mr Lee said.

Nearly 400,000 South Koreans visit Mount Kumgang each year, with the South Korean operator Hyundai Asan paying undisclosed royalties direct to Pyongyang.

Some analysts, however, doubt South Korea will jeopardise its primary goal of maintaining stability. "The bottom line is that neither China nor South Korea want any sudden change on the peninsula," said Peter Beck of the International Crisis Group.

Some say, though, that Seoul has little to lose from wielding a bigger stick. "The most important aspect of -stability has been broken," said Mr Chung. "So the -question now is how does South Korea co-operate with Japan, China and the US to bring stability back to the peninsula?"

Word Of Test Confirms Stances In 2 Nations (NYT)

By Norimitsu Onishi And Martin Fackler

The New York Times, October 11, 2006

SEOUL, South Korea, Oct. 10 — In the suburbs north of here, the thaw between the Koreas has led South Korea to dismantle highway barricades meant to slow down an invasion of North Korean tanks. Japan, meanwhile, has begun investing billions of dollars in erecting a high-tech shield against North Korean missiles.

South Korea and Japan, America's two major allies in this region, have grown increasingly apart in their attitudes and policies toward North Korea, even though President Roh Moo-hyun said Monday that the North's announcement of a nuclear test had put him on the same page as Japan's prime minister, Shinzo Abe.

Still, despite the gravity of an reported nuclear test, the calculations and interests that have led each country on its respective path have changed little. What's more, random interviews with South Koreans and Japanese on Tuesday suggested that the test, rather than changing public opinion, has merely reinforced it.

South Koreans interviewed, while expressing anger and disappointment, said they did not support the economic sanctions and other punitive measures sought by the United States and Japan, but called for continuing to engage the North, though with more sticks. Japanese were decisively hawkish.

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"The North Koreans are so greedy," said Moon Won-tae, 69, who like most South Koreans of his generation was once fiercely anti-Communist. "They want more and more from us. They keep transferring the aid we give them into weapons."

Mr. Moon was chatting on a street corner with Jung Soon-ni, 74, who blurted out, "Why does our government keep supporting North Korea?"

But when pressed, both men said they still backed the engagement policy, though with a firmer hand than Mr. Roh's and more concessions from North Korea. "Putting a stop to engagement also creates problems," Mr. Moon said, adding that he considered South and North Koreans to be one people.

A 28-year-old mother, Bae Soo-jung, walking in downtown Seoul with her daughter and mother-in-law, said word of the test had made her feel "nervous." But she was even more nervous about isolating the North even further.

"If we impose economic sanctions," she said, "that will push North Korea to the edge. We need to keep engaging it."

In Japan, people interviewed agreed that the country should take a firmer stance, both in punishing North Korea and in strengthening its own military. While all said that Japan should maintain its defense alliance with the United States, their comments showed that many here now accept a level of rearming that would have been considered radical just a decade ago.

"Of course there should be economic sanctions," said Shoko Fukuzawa, a 61-year-old hairdresser shopping in downtown Tokyo. "Whatever Japan can do, it should do."

And that includes rearming, she added. "Every country is building its defenses. But we don't need nuclear weapons."

Mr. Abe affirmed to a parliamentary committee on Tuesday that Tokyo had "no intention" of possessing nuclear weapons.

Public opinion toward North Korea has been crafted, in great part, by the governments in Seoul and Tokyo.

In South Korea, decades of cold war confrontation gave way in the late 1990's to the "sunshine policy" of former President Kim Dae-jung, who won a Nobel Peace Prize for his work on a rapprochement with the North.

Lim Doo-hyuk, 24, a college student at Kwangwun University here, said that in elementary school, he once won a prize for writing the best anti-North propaganda: "Be careful of North Korea all the time — while awake and asleep."

But by high school, with the sunshine policy, North Koreans were no longer regarded as enemies. "My teachers began teaching me that they were our brothers and we should live with them," Mr. Lim said. "So people of my generation, including myself, have a positive image of North Korea.

"Roh Moo-hyun has been too weak — he keeps giving to the North but receives nothing. Engagement shouldn't be unilateral. But we should have an effective engagement policy."

Until about 1997, most Japanese had little interest in North Korea, which at the time appeared to be a quirky but harmless neighbor. Japan's North Korea policy was largely controlled by pro-North Korea Japanese of Korean descent, who were originally brought to Japan as forced laborers and maintained strong ties of identity with their homeland.

In the late 1990's, public attitudes started to harden, as major news media and politicians began to take more seriously claims that dozens of Japanese missing since the late 1970's had actually been abducted by North Korean spies. The image of North Korea as an unpredictable threat was reinforced in 1998 when it test-launched a Taepodong missile over Japan.

But the big turning point came in 2002, when North Korea admitted to abducting citizens and returned five survivors. The image of agents snatching people from Japanese shores turned public opinion decisively against North Korea, analysts said, even more so than missiles or Monday's reported nuclear test.

"The abduction issue is much bigger in Japan than the nuclear issue," said Masao Okonogi, the dean of the law faculty and a specialist on Korean politics at Keio University in Tokyo. "It forms the basis of Japan's current view of North Korea."

The issue was also seized by Liberal Democrat hard-liners, led by Mr. Abe, who rose to political stardom by advocating a tough line on North Korea. They brandished the perceived North Korean threat to argue for long-cherished conservative goals, including revising the American-imposed peace Constitution and remaking Japan's defense forces into a full-fledged military.

"At this point, I think Abe is good," said Eiji Noguchi, 33, an office worker in Tokyo. "The firm stance toward North Korea is good."

Mr. Okonogi said Japan and South Korea's perceptions of the North would keep heading in opposite directions, adding, "And the gap will just keep growing after this nuclear test."

U.S. Seeks Data On North Korea's Nuclear Test Claim (WSJ)

By Robert Block

The Wall Street Journal, October 11, 2006

WASHINGTON -- The U.S. has marshaled a network of military aircraft, ships, seismic-listening posts, spy satellites and intelligence agents to glean as much as possible about North Korea's claim that it tested a nuclear device, and officials say they may have a good idea about what took place as soon as today.

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The objective is to detect radioactive isotopes and gases released in the atmosphere, usually within 72 hours, after such a test. The presence or absence of these indicators will tell analysts if the device detonated underground Sunday was a nuclear weapon.

According to Matthew Godsey, a researcher at the Wisconsin Project on Nuclear Arms Control here, radiation leakage from a test site is almost inevitable. He said a smaller bomb -- as may have been detonated, based on the limited seismic activity -- is more likely to vent xenon gasses and isotopes, such as krypton and cesium, into the air than a large device, which can melt rock and seal the site.

Although North Korea's claims have angered both foes as well as friends, there is no clear consensus about the detonation. Mr. Godsey said the size of the explosion was more likely to indicate a failed nuclear detonation than a conventional bomb. Until the scientific data and intelligence are analyzed, it is impossible to say.

The Air Force Technical Applications Center, based at Patrick Air Force Base, Fla., has the leading role in tracking down the scientific data with a global network of nuclear-detection sensors. The Air Force was given the job of monitoring nuclear tests early in the U.S. nuclear-weapons program, and though tests moved underground in 1963, the Air Force kept the mission.

The Air Force has hydroacoustic monitors to listen for explosions underwater. The Air Force also gathers data from ground-based monitors and from airborne samples. If the Aftac system senses a disturbance underground, underwater, in space or in the atmosphere, it is analyzed for nuclear identification and the findings are reported to National Command authorities through Air Force headquarters.

Within hours of the detonation, the center ordered special aircraft to fly downwind from the test site near the Chinese border to try to catch any radioactive material that might have been vented into the atmosphere. These samples would allow the national weapons laboratories to determine whether Pyongyang used plutonium or uranium in the blast.

The U.S. also activated a special Air Force detachment located at South Korea's seismic-listening post in Wonju, close to the border with North Korea, officials said.

Small Blast, Or 'Big Deal'? U.S. Experts Look For Clues (NYT)

By David E. Sanger And William J. Broad

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — The White House seized on further evidence on Tuesday that North Korea's proclaimed nuclear test had resulted in a surprisingly small blast, questioning at one point whether the test was, in the end, "a big deal event."

The White House spokesman, Tony Snow, appeared to backtrack from that assessment later in the day, as he turned from mounting a defense of the administration's troubled history with North Korea to arguing that the only logical response to the test was to impose harsh sanctions.

The statements came as American intelligence analysts developed their first theories of what might have gone wrong in the barren mountains of North Korea's northeast provinces to have produced an explosion much smaller than even North Korea had apparently expected.

The officials said that their current assessment was that North Korea had in fact detonated a nuclear device, and that they were discounting some reports that North Korea had staged a hoax, trying to disguise a large conventional explosion as a nuclear blast.

"The working assumption is that this was a nuclear explosion of some kind," one intelligence official said, speaking on condition of anonymity. "The conventional explosion theory doesn't make a hell of a lot of sense, even for the North Koreans."

But that left the mystery of why the explosion appeared to be so small, less than a kiloton, or a fraction of the explosions at Hiroshima and Nagasaki in 1945.

Theories ranged from the possibility that North Korea had used old, polluted plutonium to the possibility that it had manufactured imprecise nuclear triggers. But at this point, intelligence officials said, they were just taking educated guesses, and would need hard evidence, or the testimony of spies or defectors, to figure out exactly what happened. The officials agreed to speak about the classified intelligence assessments only on condition of anonymity.

Intelligence officials said they had yet to determine the exact size of the weapon, or whether it was a plutonium bomb, the most likely scenario, given North Korea's stockpile of spent nuclear fuel.

The Pentagon said it had dispatched planes carrying sensitive atmospheric sensors into international airspace along the North Korean coast, in hope of picking up a whiff of radiation vented from the test site. But so far, they said, none has been detected.

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Mr. Snow contributed to some of the speculation at a morning meeting with reporters when he noted that North Korea began reprocessing nuclear fuel only two years ago — it was actually closer to three years, the North Koreans say — asking reporters, "Do you seriously believe that they have actually done everything within two years?"

"You could have something that's very old and off the shelf here as well, in which case they've dusted off something that was old and dormant," he added. "I don't know."

Mr. Snow later said "that was just me talking." But he seemed to be suggesting that the North Koreans reached for plutonium believed to be produced in the late 1980's or early 1990's.

That first batch of North Korean plutonium is widely suspected by experts to have been contaminated with a high amount of plutonium 240, which can cause a chain reaction to start prematurely and end in a fizzle.

Thomas B. Cochran, a senior scientist at the Natural Resources Defense Council in Washington, a private group that tracks nuclear arms, said the plutonium 240 contamination problem was well known, and probably understood by the North Koreans.

More likely, he said, they had difficulty getting timers, detonators and explosives to work in the perfectly choreographed manner that was needed to compress the fuel uniformly — one of the technical requirements of building a plutonium bomb.

Philip E. Coyle III, a former head of weapons testing at the Pentagon and a senior adviser to the Center for Defense Information, a private group in Washington, said other explanations might be reasonable.

"Maybe they were trying to be sophisticated, and trimmed back on the amount of fuel" in trying to perfect a small warhead for missiles, he said. "Maybe they wanted a Ferrari the first time out of the box, and got a Model T instead."

So, was it a big deal after all? Mr. Snow, reconsidering his original question, told reporters it was a "big deal in the sense that the North Koreans have, in defiance of the international community and their neighbors, said that they were going to test, and they have claimed to have tested a nuclear weapon. That is an important deal."

U.S. Waits For Firm Information On Nature And Success Of Device (WP)

By Dafna Linzer And Thomas E. Ricks

The Washington Post, October 11, 2006

The White House yesterday played down North Korea's nuclear capability as government scientists and intelligence analysts waited for additional data to confirm whether Pyongyang had conducted a successful nuclear test.

Intelligence and administration officials said they were still working under the assumption that North Korea had managed to detonate an atomic device, but they said they needed additional environmental sampling before they could formally rule out other possibilities, such as the blast being caused solely by conventional explosives. Intelligence officials were concerned that North Korea could conduct another test, either to improve upon the first test or to prove its capabilities.

A U.S. military RC-135, an electronic monitoring aircraft, flew around the Sea of Japan yesterday in an effort to detect nuclear radiation, two intelligence sources said. The same aircraft, based in Okinawa, Japan, was used in July after North Korea carried out a set of ballistic missile tests. The sources cautioned that it could take several days before winds push radioactive particles toward an area where they can be clearly detected.

"Over time, whenever the prevailing winds blow out over the Gulf of Japan, it will be more likely that we get some detection," one intelligence official said yesterday, requesting anonymity because the effort involves classified information.

Pentagon spokesman Bryan Whitman said officials would use a variety of means besides seismic data to try to draw a conclusion about the explosion, including some he would not discuss. "There is a possibility that particulate fallout is detectable, and then there's a variety of other intelligence means to determine the veracity of the allegation of the tests that they conducted," he said.

North Korea announced Monday that it had carried out its first nuclear test, and seismic readings suggested a blast inside a mountain in the country's north from the equivalent of 500 tons of explosives.

"We ourselves are operating under the assumption that, yes, in fact it was" a nuclear test, State Department spokesman Sean McCormack said yesterday. "But I can't confirm that."

The aircraft and monitoring stations on the ground are seeking to detect particulate data that would indicate that a nuclear explosion had taken place. But those efforts will not necessarily determine the nature of the blast, a Defense Department official noted, because the explosion was relatively small and the North Korean government said it was contained.

"There are multiple ways" the U.S. government will seek to verify North Korea's claim that it detonated a nuclear device, the official said. But there is no hard information yet, the official said. Intelligence analysts are also reviewing intercepted communications and other data.

The official declined to be quoted by name, saying that the Pentagon is not playing a lead role in the U.S. response and that he wanted to defer to the White House.

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White House press secretary Tony Snow said there is a "remote possibility" that U.S. intelligence will be unable to fully determine whether the test succeeded. Several nuclear tests conducted by other countries, including a number of Pakistani tests in 1998, have never been fully understood by U.S. intelligence. Many intelligence analysts believe a 1979 flash in the waters off the southern tip of Africa was caused by a nuclear test carried out by Israel, with South African help. But it has never been confirmed and remains a mystery.

Snow suggested yesterday that it is possible that the test was conducted with an older weapon from before President Bush's time in office.

"You could have something that is very old and off the shelf here, as well, in which case they've dusted off something that is old and dormant," he said.

North Korea's arsenal is estimated by U.S. intelligence to have grown substantially during Bush's presidency.

At the end of George H.W. Bush's time in office in January 1993, North Korea was presumed to have enough plutonium for one to two nuclear devices. But in 2002, Pyongyang announced that it had begun to reprocess additional plutonium for weapons. It could now have plutonium for as many as a dozen devices, depending on their size and sophistication.

Nuclear experts said there was little possibility that the explosion could have been the result of a chemical blast or a radioactive "dirty" bomb masked as a nuclear explosion.

"It would be much more difficult to mimic the radioactive isotopes you get from a nuclear blast" than to conduct an actual nuclear test, said Charles D. Ferguson, a nuclear expert at the Council on Foreign Relations. "A dirty bomb uses one type of radioactive isotope, whereas a nuclear explosion would give off dozens of different ones," he said.

Ferguson agreed with government nuclear scientists that the most likely reason North Korea's blast was relatively small was that only a fraction of the plutonium detonated during the test.

Officials believe the low yield probably resulted from the poor design of the device. To create the kind of plutonium-based blast that North Korea claims, it would have needed to simultaneously set off a series of conventional explosives around a plutonium core. The force of the simultaneous blast produces a shock wave that causes the material to compress into the center and implode.

If any of those steps is imperfect and only part of the plutonium is imploded, the result is a low yield, such as the one produced by the North Korean test Monday. A low yield, deep underground, is more difficult to detect.

A government scientist who was not authorized to speak publicly said that in addition to radiation in the air, ground sensors may be able to pick up seepage that emerges through the soil, sometimes months after a test.

Michael Green, who was the senior director for Asia at the National Security Council during President Bush's first term, said the North Koreans have always made good on nuclear and missile plans they announced ahead of time, leaving him confident that they had in fact conducted a nuclear test.

"They have always telegraphed what they were up to on the plutonium side," he said.

White House Suggests Weapon Was Old (WT)

By Joseph Curl

The Washington Times, October 11, 2006

The White House yesterday said the purported nuclear device detonated by North Korea on Monday might have been a "very old and off-the-shelf" weapon, but would not confirm that it was nuclear and could not explain why the blast was so small.

Bush spokesman Tony Snow said there is a "remote possibility" that the world never will be able to determine whether North Korea succeeded in conducting a nuclear test Monday.

Mr. Snow said the test appears be on a smaller scale than claimed by North Korea.

"You could have something that is very old and off-the-shelf here as well, in which case they've dusted off something that is old and dormant," he said.

Asked when the administration would know what was detonated, Mr. Snow said: "That's really up to the scientists. They're really trying to take a look at all the seismic and other evidence to figure out whether it was a nuclear device.

"They do know that there was a seismic event, presumably an explosion. But at this point, the analysts are being extremely careful. They want to make sure they don't outrun the facts, and they continue to assess it."

The Washington Times reported yesterday that U.S. intelligence agencies surmised from preliminary indications that North Korea did not conduct its first nuclear blast as Pyongyang had claimed. The officials said seismic readings show that the conventional high explosives used to create a chain reaction in a plutonium-based device were triggered, but that the blast's readings fell shy of a typical nuclear detonation.

"There was a seismic event that registered about 4 on the Richter scale, but it still isn't clear if it was a nuclear test. You can get that kind of seismic reading from high explosives," one official said.

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Mr. Snow said, "There's a possibility that [scientists] will never be able to say to a complete certainly exactly what did occur."

What the explosive was matters little, he said, "because you still have a deliberate act of provocation that has the aim of ... either trying to frighten or destabilize the region."

U.S. intelligence officials said yesterday that the working assumption is that it was some type of nuclear test.

"At this point, we can't confirm it was a nuclear test but more than likely the North Koreans set off some type of nuclear device," one official said.

Other data based on nuclear-particle collecting aircraft could not be analyzed in the region and had to be sent back to a laboratory in the United States. If it shows that radioactive matter was released near the site of the test, it would provide more detail on the nature of the device, U.S. officials said.

Meanwhile, Russia's defense minister yesterday stood by Moscow's estimate of the strength of North Korea's nuclear test, putting the blast level at 5 to 15 kilotons. South Korea said the explosion was about 0.8 kilotons, France said it was about 0.5 kilotons and the United States said it was less than 1 kiloton.

At the upper end of Mr. Ivanov's estimate, it exceeded the 12.5-kiloton strength of the U.S. atomic bomb that destroyed Hiroshima during World War II.

"One can explain this difference of judgment in terms of political reasons. Some want this test to be more powerful, others less powerful," Mr. Ivanov said.

The minister refused to elaborate on his remarks or on how Russia came to its assessment, saying: "It's a secret method, and I won't tell you."

Even A Small Nuke Poses Big Threat (USAT)

By Dan Vergano

USA Today, October 11, 2006

A dud, a fake or something else? Experts are dubious about the success of North Korea's underground nuclear test Monday.

Clearly, there was an explosion, a magnitude-4.2 blast from a near-surface location 40 miles north of Kimchaek, the U.S. Geological Survey says. But an estimate of the blast's strength, equivalent to 500-2,000 tons of TNT, makes it a pipsqueak as nuclear explosions go, says physicist Terry Wallace of Los Alamos National Laboratory in New Mexico.

Even so, the test had officials in other countries on edge. A magnitude-5.8 earthquake shook northern Japan today, and the Associated Press, quoting unnamed sources in the Japanese Foreign Ministry, reported that Japan suspected North Korea had conducted a second nuclear test. South Korean and U.S. monitors said they had detected no seismic activity in North Korea, and Japanese Prime Minister Shinzo Abe told the parliament he had no confirmation of a new blast.

Monday's blast had the abrupt beginning of a nuclear explosion, not the slow, rumbling start of an earthquake or the drawn-out TNT blasts seen in mine explosions, says seismologist Paul Richards of Columbia University. International monitors are waiting for confirmation in the form of measurements of airborne radioactivity, which usually spike after a test, he says.

“Most likely they tried to get a larger yield and things went wrong,” says physicist Wolfgang Panofsky, a veteran of the Manhattan Project, which developed the first atomic bombs six decades ago.

In a plutonium atomic bomb, which North Korea is suspected of building, the radioactive material is compressed by precisely timed TNT blasts. A nuclear chain reaction produces an instantaneous explosion, Panofsky says. Mistiming or other imperfections can cause the chain reaction to fizzle.

“It could even be a fake — conventional explosives masquerading as a nuke,” nuclear proliferation reporter Richard Stone of Science magazine, says by e-mail. Richards says, however, that timing 500 or more tons of TNT to ignite simultaneously — and getting the explosives to the test site without being detected by satellites — seems “not very credible.”

Some analysts, such as physicist David Albright of the Institute for Science and International Security, suggest that the North Koreans may have miniaturized a bomb to arm missile warheads.

Panofsky says that even the smallest possible plutonium bomb should produce an explosion the size of that at Hiroshima in Japan in World War II. That blast had an explosive force equivalent to about 15,000 tons of TNT.

“But the main thing is the cat is out of the bag,” Richards says. “Even if this is quite small by nuclear standards, something like this set off in a city would be an enormous disaster.”

Quake Raises Fears Of 2nd N. Korea Test (AP)

By Carl Freire

AP, October 11, 2006

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A strong earthquake in northern Japan on Wednesday may have led the Tokyo government to suspect that North Korea had conducted a second nuclear test.

In Washington, White House spokesman Blair Jones said U.S. officials had not detected any evidence of additional North Korea testing.

"Japanese officials are now saying that this occurrence may be related to an earthquake in northern Japan," Jones said.

The reaction to the earthquake underscored the jitters in Asia over reports that North Korea planned a second test after it announced Monday it had conducted its first nuclear test. Some analysts expect the regime to conduct more tests amid suspicion the first, relatively small explosion might have partially failed.

"We have very real concerns that they may conduct another nuclear test and that they may do so very soon," Australian Foreign Minister Alexander Downer told reporters on Wednesday, a day after he met with North Korean Ambassador Chon Jae-hong to condemn the atomic program.

A senior State Department official said the U.S. would not be surprised if there were multiple tests, but so far there is no sign of one. The official spoke on condition of anonymity because of the sensitivity of the situation.

Alarm was triggered when Japanese media reported early Wednesday that the government had detected tremors in North Korea, leading it to suspect Pyongyang had conducted a second nuclear test.

Japanese Prime Minister Shinzo Abe's spokesman confirmed the government was checking whether the North had tested another nuclear device.

Shortly after that, the Japanese meteorological agency said a strong earthquake with a preliminary magnitude of 6.0 shook northern Japan.

The quake, which struck at 8:58 a.m., was centered off the coast of Fukushima, 149 miles northeast of Tokyo at a depth of about 19 miles. The agency said that the tremor was a genuine quake and had nothing to do North Korean nuclear testing.

The U.S. Geological Survey in Golden, Colo., said Japanese broadcaster NHK called the USGS to check on seismic activity in the region at about 7:40 a.m. local time, more than an hour before the earthquake.

Later Wednesday morning, Abe said he had no information to confirm North Korea had conducted a second nuclear test.

"I have had not received information about any indications ... that a test has taken place," the prime minister said at a parliamentary budget meeting.

U.S. and South Korean monitors said they had not detected any new seismic activity Wednesday in North Korea.

The U.S. Geological Survey said it had detected an earthquake in Japan but not in North Korea.

"Either it was very small, or it didn't happen at all," USGS official Bruce Presgrave said of the reports on North Korea. "If the event would have been 2.5 or bigger, we would have seen something."

The North Korean nuclear test on Monday registered the same force as a magnitude-4.2 earthquake.

The head of South Korean seismic monitoring station said no activity has been detected in North Korea that could indicate a possible second North Korea nuclear test.

"There's no signal from North Korea, even no small event," Chi Heon-cheol, director of the South's Korea Earthquake Research Center, told AP.

The earthquake off Japan's coast was centered approximately 780 miles from the site where North Korea conducted its nuclear test. It occurred about 740 miles from the closest point on the North Korean coast.

There were no reports of damage or injuries.

Japan To Keep Prohibition On Nukes (WT)

By David R. Sands

The Washington Times, October 11, 2006

Japanese Prime Minister Shinzo Abe said yesterday that North Korea's claim it conducted a nuclear test will not affect his country's constitutional ban on developing nuclear weapons, but all of the North's neighbors face fundamental military and foreign policy questions in the wake of the test.

Mr. Abe, a hard-liner who has long pushed for a more assertive Japanese defense, told a parliamentary committee that fears in the region that Japan will seek a nuclear deterrent in response to North Korea's test are unfounded.

"We have no intention of changing our policy that possessing nuclear weapons is not our option," Mr. Abe said. "There will be no change in our nonnuclear arms principles."

Security analysts said new pressure to rewrite Japan's post-World War II pacifist constitution is just one potential result of Pyongyang's test. A Japanese military buildup, they warn, could spur China to bolster its own arsenal, and set off a regional arms race.

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"Given that some people perceive that Japan's new leadership might wish to reconsider Japan's nuclear policy, it is vitally important that the United States lead an intense and sustained effort with Japan, South Korea and China to clarify each other's intentions and policies in ways that avoid any nuclear competition," according to George Perkovich, a nuclear proliferation specialist at the Carnegie Endowment for International Peace.

South Korean President Roh Moo-hyun has already conceded that Seoul faces a fundamental review of its decadelong "sunshine policy" of economic and political engagement with the North, in light of the purported nuclear test.

China, for its part, had found North Korea's combative regime a useful tool in tying down U.S. military assets in the region and preventing the emergence of a pro-U.S. united Korea on its border. Pyongyang's suspected nuclear test Monday, in the face of repeated warnings by China, presents Beijing with a dilemma of how hard to punish its nominal ally.

Even North Korea faces a new diplomatic headache as a result of its test.

Pyongyang's tactic of playing its neighbors off one another has been undercut as Mr. Abe, Mr. Roh and Chinese President Hu Jintao have presented a united front in meetings over the past week against Pyongyang's nuclear ambitions. The three leaders recently had been sharply at odds over such issues as Japan's World War II record and territorial claims.

Despite Mr. Abe's assurances, many in East Asia are nervously watching Japan's internal debate over defense and nuclear policy.

Former Australian Prime Minister Paul Keating, according to the Australian newspaper, said at a financial conference in Sydney, "My great concern is that Japan may use the [North Korean test] to move into nuclear weapons itself, eschewing the nuclear protection provided to it by the United States under its umbrella."

Taiwanese Foreign Ministry spokesman Michael Lu said Taipei "fears the nuclear test might trigger an arms race and the proliferation of nuclear weapons, thus undermining the security and welfare of people in the Northeast Asian region."

Former Japanese Prime Minister Yasuhiro Nakasone, who served in the mid-1980s, this past summer issued a report saying Japan should study the nuclear military option because it could not count forever on U.S. protection from its neighbors.

"There are countries with nuclear weapons in Japan's vicinity," Mr. Nakasone said at the time. "We are currently dependent on U.S. nuclear weapons as a deterrent, but it is not necessarily known whether the U.S. attitude will continue."

The Scramble For A Way To Stop Nukes (CSM)

By Peter Grier

The Christian Science Monitor, October 11, 2006

WASHINGTON

North Korea's apparent test of a nuclear device could have a devastating effect on the world's long struggle to contain the spread of the most powerful military weapon known to man.

Experts have long worried that if the Pyongyang regime flaunted its atomic hardware, Asia might be drawn into an arms race reminiscent of the early days of the cold war. The spiral could develop like this: Threatened, Japan and South Korea start their own weapons programs. China piles up bombs to protect its regional superpower status. India strives to catch China, and then Pakistan tries to counter India, and then....

But this nightmare scenario is far from inevitable, point out experts. Everything depends on what the US and other interested governments do to try to repair a nonproliferation system that, despite its faults, has served the globe well for decades.

"Now is the time for farsighted, collaborative, and smart policies to prevent the further spread and use of nuclear weapons," concludes George Perkovich, a nuclear strategy and nonproliferation expert at the Carnegie Endowment for International Peace in Washington.

Tuesday North Korea took its nuclear bluster to a new level, saying it could fire a nuclear-tipped missile unless the US agreed to bilateral negotiations.

Monday's nuclear test was "an expression of our intention to face the United States across the negotiating table," an unnamed North Korea official told South Korea's Yonhap news agency.

Most experts in and outside the US government doubt that Pyongyang has the expertise to produce a nuclear warhead small enough to fit on an intercontinental ballistic missile. North Korea was simply trying to negotiate with threats and intimidation, said John Bolton, US ambassador to the UN.

"It's worked for them before. It's not going to work this time," Mr. Bolton said.

At the United Nations Security Council, discussions resumed concerning sanctions proposed by the US. The sanctions package could include everything from international inspection of all cargo leaving or entering North Korea to a prohibition on any military trade with the reclusive Pyongyang regime.

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As US officials noted, even North Korea's claim that it had exploded a nuclear device represented the crossing of a fateful threshold. If nothing else, Pyongyang had called Washington's bluff, some experts pointed out. President Bush, among others, has said in the past that the US would not "tolerate" an overtly nuclear North Korea.

Given the military difficulties of attacking a nuclear-weapon state, and of destroying stockpiles of fissile material, "tolerate" may no longer be the operative word.

"Any US statements that North Korea cannot be allowed to acquire nuclear weapons are meaningless bluster," writes Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in an analysis of the meaning of the North Korean test.

At the same time, the test shows that current US policies aimed at curbing North Korea's nuclear ambitions haven't worked, says Daryl Kimball, executive director of the Arms Control Association in Washington. A new, more energetic diplomatic approach is needed - and fast, he says.

North Korea's actions could "have devastating effects on the struggle against proliferation," says Mr. Kimball.

Even before the test, current six-party talks on North Korea were stalled due to inflexibility on the part of both Washington and Pyongyang.

The US has indicated that a face-to-face meeting with North Korea might be possible in the context of these six-party negotiations. That offer should remain on the table, say some experts, despite North Korea's provocative actions.

However, in the short term, the US probably faces a period of tension and harsh words in its dealings with the unpredictable North Korean regime, says Jim Walsh, a proliferation expert at the Security Studies Program at the Massachusetts Institute of Technology in Cambridge.

Mr. Walsh, who visited North Korea last year, says that officials there continually told him that their ultimate goal is a denuclearized Korean peninsula - but that they would get nuclear weapons first, on the path toward that goal.

Thus a quick reversal of course on the part of the North Koreans may be unlikely.

"In the near term, this is not going to be undone," says Walsh.

But there are nuclear programs that have been rolled back, he notes. South Africa, among others, decided that atomic weapons were not in its national security interest.

North Korea - or, more specifically, the small cadre that runs the nation - does not so much want to be a nuclear power as to survive, says Walsh. Right now, it sees an atomic arsenal as a means to that end.

"What they really want is normalized relations," says Walsh.

Meanwhile, US policy has been inconsistent, veering back and forth between officials who want to negotiate with North Korea and those who want to squeeze it.

For now, the nuclear test is likely to strengthen the hand of US hard-liners.

"This will clarify US policy, but in a direction unlikely to yield results," says Walsh.

Asia Weighs Risk Of Sanctions (WSJ)

By Gordon Fairclough In Shanghai, Evan Ramstad In Seoul, South Korea, And Jay Solomon In Washington

The Wall Street Journal, October 11, 2006

North Korea's Neighbors Fear Pressure May Breed Regional Chaos

As the United Nations Security Council mulls sanctions against North Korea, it must consider one question that could affect the stability of North Asia for years to come: Would the collapse of Kim Jong Il's government prove more dangerous than leaving him in charge of a nuclear-armed state?

The prospect of regime change in Pyongyang may cheer many in Washington who view Mr. Kim as running a militarist regime that has tortured and starved its own people and traded missiles to Pakistan, Iran, Syria and others. But turmoil in North Korea could damage the economies of China and South Korea, set off a refugee crisis and lead to military conflict.

How the U.S. and Asia assess these risks could influence the outcome of Security Council meetings to decide how to respond to Pyongyang's announcement Monday that it detonated a nuclear device. The Bush administration is seeking to isolate North Korea, choking off money flow to its elite and preventing it from trading in materials used in weapons systems. It remains to be seen how long the regime would survive under strict sanctions.

Yesterday, China's U.N. Ambassador Wang Guangya told reporters China is willing to back "some punitive actions" but said those actions "have to be appropriate."

Still, the U.S. push for comprehensive sanctions that could topple the Kim regime is likely to be resisted by China and South Korea. "China won't agree to very stern sanctions," said Tao Wenzhao, a researcher at the Chinese Academy of Social Sciences in Beijing. A collapse of the North Korean regime would cause "serious economic and social problems for China" and "be bad for stability in Northeast Asia," he said.

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The Bush administration has never formally tied itself to a policy of regime change, but instead it continues to hold open the possibility of negotiating with North Korea to eradicate its weapons programs. At the same time, Washington has ratcheted up financial pressure on Pyongyang over the past two years. That has made it increasingly difficult for North Korea to access outside funds. The U.S. has also, along with Japan, largely stopped food-aid shipments to North Korea. Both countries provided large amounts of such aid to the country in the 1990s.

Many North Korean officials view U.S. policies as wholly focused on removing Kim Jong Il, say people who recently visited. "No doubt that's how they see it," said Selig Harrison, an American researcher who met with senior North Korean officials last month.

Some U.S. officials who have worked on North Korea policy in recent years argue Washington has only limited understanding of the fallout from a potential regime change. They say the Bush administration's approach has largely been driven by what they describe as President Bush's hatred of Mr. Kim, and not a comprehensive strategy.

"I'm sure at times there are people who look at the odds of collapse and there are all sorts of contingency plans," said David Straub, who headed the State Department's Office of Korean Affairs from 2002 to 2004. "But no one really knows if and when there'd be an institutional collapse."

In South Korea, the approach taken by President Roh Moo Hyun -- trying to engage the North with economic incentives -- has meant regime change was rarely discussed in public. In the wake of the claimed nuclear test, some opposition lawmakers are starting to raise the topic.

"The nuclear test changes the circumstance," said Chung Mun Hun, a legislator who belongs to the conservative Grand National Party.

One concern among Chinese and South Korean policy makers is who would take over if Mr. Kim were deposed.

"The alternatives could easily be worse," said Peter Beck, a Korea expert at the nonprofit International Crisis Group. "The most likely thing would be a military junta. That's the best-case scenario."

Another possibility is civil war, with factions within the army and other parts of the elite struggling for control. Such a scenario could prompt China, South Korea or other players to intervene, either to back favored successors or to attempt to quell violence.

U.S. military experts say they expect Chinese troops would move into North Korea to establish a buffer zone and prevent refugee flows across the border. The U.S. military's top priority would be securing North Korea's nuclear material and other suspected weapons of mass destruction.

South Korea's army would likely try to restore order and extend Seoul's U.S.-backed administration over the northern half of the Korean peninsula -- resulting in a possible struggle for influence with China, analysts said.

A collapse of the Kim regime would also likely spark economic dislocation. South Korean government planners predict more than two million North Koreans, out of a population of 23 million, would flee south across the demilitarized zone, overwhelming social services. The planners say financial markets would swoon and inflation would jump. Crisis-management costs alone could total $6.5 billion.

Marcus Noland, a Korea expert at the Institute for International Economics in Washington, estimates the cost of unifying North and South Korea would be about $600 billion over the first decade the two states merged.

Many Chinese fret over the costs of a potential refugee exodus to China's economy. "We worry it will damage China's golden opportunity for development," which needs "a nice stable environment," said Shen Shishun, a researcher at the Chinese Institute of International Studies.

Backers of fast change in North Korea's regime argue that supporting gradual transformation of the North will be far more expensive than a sudden break with the past. They say rebuilding the North Korean economy would be much more efficient with the old regime and its centrally planned economic system out of the way, and both North and South would derive a significant peace dividend by demobilizing their militaries.

Ralph Cossa, president of the Pacific Forum CSIS think tank in Honolulu, an arm of the Center for Strategic and International Studies, said other countries have tolerated North Korea because the cost of ousting Mr. Kim and rebuilding the country has been perceived to be too high.

"But if the cost of not having regime change is having it as a demonstrated nuclear state, then maybe that cost is too high," he said. "It's got to be the Chinese and South Koreans who say enough is enough."

---- Shai Oster in Beijing and Lina Yoon in Seoul contributed to this article.

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Deep Insecurity Led Kim To Build Nuclear Program, Experts Say (NYT)

By Donald Greenlees, International Herald Tribune

The New York Times, October 11, 2006

HONG KONG, Oct. 10 — The military in North Korea is by far the largest consumer of the country's scarce resources. But even so, its combat jet pilots get only about two hours of flying time a month, its soldiers sometimes have to grow their own food, and much of its equipment is old and outclassed by that of its neighbors. According to South Korean and Western experts, if a conventional war breaks out on the Korean Peninsula, the best the North Korean military could manage would be to fight to a bloody stalemate.

It is the deep insecurity born of these shortcomings, the experts say, and not any desire to grab attention or gain leverage, that drove President Kim Jong-il's decision to defy international warnings and declare this week that his country had tested a nuclear weapon.

"I think North Korea wants an effective deterrent against the U.S. in case of war on the Korean peninsula," said Park Yong Ok, a former lieutenant general in the South Korean army who served as vice minister for defense in the late 1990's. "Kim Jong Il wants a nuclear weapon at hand. It's not a bargaining chip."

Although the North has an active army of more than one million soldiers — an immense number for a country of 23 million people — its poor and outdated equipment and huge difficulties in maintaining combat readiness mean it is outgunned by the smaller forces of South Korea and the United States troops stationed in the South.

Until now, North Korea's main deterrent against attack has been the 8,000 artillery pieces and 2,000 tanks it has positioned close to the demilitarized zone that separates North and South. Many of the guns have ranges long enough to reach Seoul, a city of 10.3 million people, and can fire chemical-weapon shells.

But military officials and analysts interviewed today said that the North closely watched conflicts elsewhere in the world, particularly the invasions of Iraq in 1991 and 2003, and saw that masses of tanks and artillery could be neutralized with ease by superior American military technology. So, methodically but with growing nervousness, the Communist regime sought a new trump card to maintain the security standoff on the peninsula.

"It's a large army, but the equipment is old," said a Western military attaché based in Seoul, who did not want to be quoted by name because he was not authorized to speak for his government on the matter. "I think the caliber of the army is not that great anymore. Kim has to look at other means for protection."

The attaché said it was unlikely that the Mr. Kim would now bargain his nuclear arms away. "He might talk, but not to hand over that capability," he said. "It's his security blanket."

To many outsiders, North Korea's pursuit of nuclear weapons, in defiance of global opinion, is irrational because it is further isolating the country and attracting increasing pressure on the regime.

But Michael Breen, author of a 2004 book, "Kim Jong-Il: North Korea's Dear Leader," said that it was a mistake to regard the North's nuclear program as an erratic dictator's bargaining ploy.

"He is not trying to make foreigners dance to his tune," Mr. Breen said of Mr. Kim. "In many ways, the foreigners are irrelevant. He decided many years ago that he has no friends, and he needs a nuclear weapon in order to survive."

He also recognizes, Mr. Breen said, that his country is falling behind in conventional strength and that his country's "military first" policy was an enormous drain on its resources. "Nuclear weapons are quite economically attractive," compared to the cost of arming and training an immense army, Mr. Breen said.

Still, the nuclear test that the North claims to have conducted on Monday is only one step on the path to achieving a battlefield nuclear deterrent. Beyond building a workable device and setting it off in a test, the Northfaces the considerable technical challenge of making it small enough to fit in a missile warhead, aerial bomb or artillery shell so that it can be used against an enemy.

The consensus among analysts is that the North Koreans are not there yet. "They need to reduce the size of the nuclear weapon," Mr. Park, the former South Korean vice minister for defense, said in a telephone interview from Seoul. "But I think it is only a matter of time before they have the technological capacity to enable a nuclear warhead to be put on a missile."

North Korea has a variety of short- and medium-range missiles that are capable of threatening the immediate region, including Japan, but they are apparently not yet able to hit targets more than a few hundred miles away.

A test of the country's longest-range missile so far, the Taepodong-2, failed in July when the vehicle blew up shortly after launch. In theory, the Taepodong-2 would have a range of 9,320 miles, enough to reach the West Coast of the United States, if it worked properly.

Still, the North's apparent progress on both the bomb and the delivery system should prompt the South Korean government of Roh Moo-hyun to rethink its recent policy of seeking greater military autonomy within the country's alliance with the United States, according to Mr. Park.

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South Korea, he said, cannot contemplate pursuing its own nuclear weapons program, he said, so "the issue now is how to make the alliance as strong as it was in the past."

Iran Distances Itself From N Korean Crisis (FT)

By Gareth Smyth

Financial Times, October 11, 2006

Iran on Tuesday distanced its own nuclear dispute from the North Korean crisis, reiterating its claim that it opposes nuclear weapons.

While analysts abroad speculated that Tehran could be emboldened by North Korea's defiance, comments from officials and the media put the emphasis on the different paths taken by the two countries.

Tehran, they stressed, remained committed to the Nuclear non-Proliferation Treaty.

North Korea's claim that it had conducted a nuclear test comes as western powers grapple with policy towards Tehran, which has repeatedly resisted international demands for a suspension of uranium enrichment tests, the most sensitive part of its nuclear programme.

Tehran insists its nuclear experiments are designed for the production of energy but western governments suspect the Islamic Republic is intent on developing nuclear weapons.

The US and European governments are now seeking to raise the pressure on Iran through gradual sanctions at the UN Security Council.

But in the Iranian press on Tuesday some commentators warned that undue US pressure on North Korea had backfired.

Jam-e Jam, a conservative daily, blamed Washington's "unilateral, expansionist military policies" for the collapse of the six-party talks over Pyongyang's atomic programme.

The reformist paper Etemad-e Melli said the "west should have known intimidation and threats would be not only inefficient but would also push a country's resources towards an end with little benefit for its people."

Gholam-Hossein Elham, the government spokesman, argued "big powers with hegemonic ambitions" - terminology often applied to the US - should begin nuclear disarmament and that Israel should give up its atomic arsenal.

But there have also been calls for the US to engage with Pyongyang as a means to defuse the crisis. Iran has had intermittent co-operation with North Korea over developing missiles, and Iranian exiled groups opposed to the Islamic Republic have alleged there has also been swapping of nuclear technology.

In January 2002 US president George W Bush lumped both Iran and North Korea alongside Iraq as "an axis of evil" that was "arming to threaten the peace of the world by seeking weapons of mass destruction."

Aftab, a website close to Hassan Rowhani, a leading conservative pragmatist, suggested Iran could be either the biggest winner or the biggest loser of the "gambling" by Kim Jong-il. Making the "threat of Korea into a chance for Iran" required a "dispassionate analysis" of the international situation, a commentary on the site said. In April, Mr Rowhani, the former top security official, demanded that the government of president Mahmoud Ahmadi-Nejad showed "more reason, and less emotion" over the nuclear crisis.

Iran Blames U.S. For N. Korea Nuke Test (AP)

By Ali Akbar Dareini

AP, October 11, 2006

Iran took a tough line on its nuclear program Tuesday, blaming Washington for North Korea's reported test blast and vowing to keep developing its own suspect atomic program.

Iran appeared emboldened by North Korea's defiance as its hardline Islamic leaders pledged not to bow to international demands that Tehran suspend uranium enrichment.

"The Iranian nation will continue its path of dignity based on resistance, wisdom and without fear," President Mahmoud Ahmadinejad was quoted as saying on state-run television.

Iran also stood apart Tuesday from the widespread international condemnation of North Korea.

Government spokesman Gholam Hossein Elham told reporters that Iran opposed "any use of weapons of mass destruction, especially nuclear weapons." But he did not criticize North Korea and instead faulted the United States for the test.

"The root cause of this should be sought in the policy, behavior and method adopted by the rulers of the United States," Elham said.

The U.N. Security Council has demanded Iran suspend uranium enrichment because of suspicions Tehran is trying to develop atomic weapons in violation of its treaty commitments. Iran ignored the council's Aug. 31 deadline despite a threat of sanctions.

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Though the Security Council is giving precedence to considering sanctions against North Korea, a State Department spokesman said Tuesday that senior officials of the United States and five other countries planned to confer by video Wednesday on possible U.N. sanctions against Iran.

Enriched uranium is a key component for nuclear bombs. But it also can be used to fuel nuclear reactors that generate electricity, and oil-rich Iran insists that is the sole goal of their program.

Israeli officials said Tuesday they feared the North Korean test would set a dangerous precedent and the communist country would transfer materials and technology for the development of nuclear weapons to Iran, whose president has said the Jewish state should be wiped off the map.

"Nuclear capability in the hands of irresponsible, undemocratic regimes is a world problem," said Miri Eisin, spokeswoman for Israeli Prime Minister Ehud Olmert.

Iran has long refused to comment on its close relationship with North Korea. Western intelligence agencies have reported that Iran's Shahab-3 missile, which is capable of carrying a nuclear warhead, is based on a North Korean rocket. But Iran denies this.

Many Iranian newspapers voiced sympathy Tuesday for the North Korean regime. The hardline Resalat newspaper said in an editorial that Washington's "expansionist policies make the world such a dangerous place, it is to be expected that countries seek such weapons as a deterrence."

But the moderate independent newspaper Hambastegi criticized North Korea. The paper ran a cartoon showing that country's leader, Kim Jong Il, holding a bomb in one hand and saying to the world: "Why can't we be friends? Give me your wallet."

Amir Rafati, who writes for the financial paper Jahan-e-Eghtesad, said North Korea's test was "both a chance and a threat for Iran."

"It is a chance because it will reduce the pressure on Iran," Rafati told The Associated Press. "It is a threat because it may make things worse for Iran in the long run."

Feelings about North Korea were mixed in the streets of Iran's capital, Tehran.

"I think this nuclear test could be a very good example for Iranian people to see that despite pressure from America, wide sanctions and several problems, North Korea tried and was successful," said Reza Tavassoli, a government employee.

But university student Arash Navidkia condemned the communist nation. "North Korea's nuclear tests are a big danger to the entire world, to global peace and security. No country should do such tests," he said.

Bomb Test May Scupper Indo-US Nuclear Deal (FT)

By Jo Johnson

Financial Times, October 11, 2006

North Korea's nuclear test will reduce the chances of the Indo-US civilian nuclear energy agreement being passed by a lame duck session of the Senate in November and strengthen the non-proliferation lobby in the US, Indian security analysts warned on Tuesday.

US President George W. Bush is expected to face renewed criticism that he is rewarding bad behaviour by allowing a resumption of civil nuclear trade and co-operation with India, despite its 1998 nuclear test and refusal to join the nuclear non-proliferation treaty.

Critics of the deal have argued that US support for a normalisation of nuclear relations with India, long subject to a grinding technology-denial regime, will encourage other countries with nuclear ambitions to test the strength of the non-proliferation system.

"The non-proliferation lobby will again raise a hue and cry, as it will seem as though India is being singled out for special treatment," said Harinder Sekhon, senior fellow at the Observer Research Foundation, a New Delhi think-tank.

"It will be hotly debated [when the Senate reconvenes in November]. There won't be a rubber stamp," said Daryl Kimball, executive director of the independent Arms Control Association and a critic of the proposed agreement with India.

"The North Korean situation shows that when the international community, and particularly the United States, forgives and forgets states that have violated non-proliferation standards, it gives greater licence to future proliferators to bend or break the rules."

The Indo-US pact is already in trouble in the US Congress, and if the Senate does not take up the enabling legislation for the deal in the brief caretaker session that follows next month's congressional elections, the legislative process must start again from scratch next year.

Under such circumstances, Indian Prime Minister Manmohan Singh would be likely to come under renewed domestic pressure to harden his negotiating stance from coalition allies opposed to what they see as his pro-US foreign policy tilt.

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"The non-proliferation issue in this debate will assume greater significance, but the US Congress is by and large still overwhelmingly supportive," said Major-General Dipankar Bannerjee of the Institute for Peace and Conflict Studies.

The Indian government, which has condemned the North Korean test, is redoubling its lobbying efforts in Washington in an attempt to stress its own "impeccable non-proliferation record" and no-first-use policy with respect to nuclear weapons.

"India tested, no doubt about it, but we have a strong no-first-use policy and had never joined the Nuclear Non-Proliferation Treaty, whereas North Korea has never given such assurances and opted out of the NPT," said Mrs Sekhon.

The Hindu, perhaps India's most influential newspaper, said New Delhi's criticism of Pyongyang's "adventurism" smacked of "double standards" and "hypocrisy".

Additional reporting by Guy Dinmore in Washington

A Blink, A Nod, A Bomb (WSJ)

By Henry Sokolski

The Wall Street Journal, October 11, 2006

As if the Bush administration wasn't busy enough with Iraq and Iran, now it must face the immediate policy fallout from Pyongyang's weekend nuclear test. U.S. diplomats filed a United Nations resolution condemning the test and calling for the naval interdiction of North Korean vessels and the freezing of the outlaw state's financial assets. It's unclear if this will fly with the other members of the Security Council. But with critics of the administration already blaming the test on the White House's unwillingness to talk directly with Kim Jong Il, action of some sort is certain.

What's less clear, however, is whether any of these measures will keep other states from following Pyongyang's model misbehavior. A Security Council resolution, however "tough," may fail to dissuade other would-be proliferators, especially Iran, if it does not clearly link sanctions with North Korea's longstanding violations of the nuclear rules.

North Korea is an exceptional proliferator, to be sure. It not only signed and defied the Nuclear Non-Proliferation Treaty (NPT), which prohibits acquiring bombs, it formally withdrew and tested a nuclear device. In contrast, India, Israel, and Pakistan never signed, and Iran and Iraq never tested. But precisely because Pyongyang so brazenly violated the NPT, it's critical that any sanctioning or punishment be tied to this crime.

Then there is the matter of avoiding ever repeating our feckless policies toward North Korea. For more than two decades, the U.S. and its allies blinked at the regime's nuclear-weapons activities, even when they clearly violated international treaties Pyongyang had signed; bent the nuclear rules to accommodate North Korea's misbehavior; and groveled more than once before Pyongyang and Beijing to keep this duplicitous diplomacy afloat.

The U.S. first blinked almost as soon as it discovered Pyongyang's construction of a military production reactor at Yongbyong in 1984. The reactor had no hook-up with any portion of North Korea's electrical grid, yet we decided to act as if it did. In 1985, with Soviet help, we got Pyongyang to sign the NPT. The treaty requires that new members complete an agreement with the International Atomic Energy Agency (IAEA) within 18 months. When Pyongyang failed to do this, we again blinked (this time several times, for more than six full years). To get Pyongyang to sign, George H.W. Bush finally acceded in l991 to North Korean demands that the U.S. first remove its tactical nuclear weapons from South Korea and allow North Korea to inspect South Korean military bases -- arguably our first grovel.

On the plus side, Washington got Pyongyang and Seoul to agree not to reprocess or enrich uranium or to acquire nuclear weapons. There was only one problem: Pyongyang was in violation of this agreement almost before the ink was dry. The IAEA confirmed this point after their first inspections revealed Pyongyang had reprocessed some of its spent fuel. After Pyongyang refused IAEA requests for further inspections, the IAEA referred the matter to the United Nations Security Council, which was ready to impose sanctions against North Korea.

What happened next resulted in a major bending of the rules. Bill Clinton blocked U.N.-sanctions action with a generous offer of energy assistance, including a promise of two large light water reactors along with a suspension of routine IAEA inspections. In exchange, all Pyongyang was asked to do was promise eventually to come back into compliance with its NPT and IAEA obligations. For nearly a decade Pyongyang did no such thing. When the Bush administration finally discovered Pyongyang was cheating on its pledge not to make nuclear weapons-usable fuel, the White House suspended further energy assistance and the IAEA again referred North Korea's case to the Security Council.

Then, we blinked again. Rather than back the IAEA's complaint against North Korea for violating its NPT obligation to permit routine IAEA nuclear inspections, the U.S. called for multilateral talks with North Korea, Japan, South Korea, Russia and China to get Pyongyang to voluntarily disarm. In this, the U.S. had to plead with North Korea and China to cooperate (Pyongyang to come and Beijing to pressure Pyongyang to behave). Ultimately, neither did. Yet, in an attempt to get both on board, the U.S. again caved by agreeing to a set of negotiation principles that included respecting North Korea's right to peaceful

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uses of nuclear energy and the need to discuss at the appropriate time the subject of provision of a light-water reactor to the DPRK.

None of this history makes for very good reading. It certainly suggests that any attempt at partisan blame-gaming is rather foolish. Here everyone -- Democrat and Republican -- is culpable (although the Clinton administration deserves special mention). It also suggests that whatever our stated purpose is for sanctioning North Korea, it ought to include getting our practice of blinking and bending -- i.e., at the NPT, the IAEA safeguards and the Korean denuclearization statement of 1991 -- behind us.

Indeed, this might be the most important reason to sanction Pyongyang. It certainly seems improbable that we can pressure it to surrender its nuclear weapons. It also will take a good deal more than any U.N.-sanctions resolution to put Kim Jong Il out to pasture. Instead, the U.S. and its allies should use the occasion of sanctioning North Korea to pursue two sets of objectives. The first should be regional -- to frustrate Pyongyang's designs to parley its nuclear gains to unify Korea on terms favorable to the North, to reassure Japan and keep it from going nuclear, and to undermine the North Korean regime. Here it would be useful to recall North and South Korea's NPT pledges not to acquire nuclear weapons and hold both of them to their binding 1991 pledge not to make nuclear fuel. It is also an opportune time to get the South Koreans to reconsider their failed policies to pacify the North and revitalize security ties with their democratic neighbors.

The remaining objectives are global. First, we must prevent Iran and other would-be bomb makers from thinking they can violate the NPT and withdraw with impunity as Pyongyang did. Here it would make sense to explain the reasons for the U.N. to sanction Pyongyang. The most important of these is that its test "proves" Pyongyang was necessarily violating the NPT before it left the treaty in 2003 (in order to make the device it tested). Offering this explanation now would also be helpful in lending support to long-standing, sensible French proposals for U.N. consideration that would hold NPT violators -- including those that withdraw -- automatically accountable.

Second, we should keep others from testing. This point is particularly salient in the case of India, with whom the U.S. is currently seeking a civilian nuclear-cooperation agreement. One of the sticking points is whether the U.S. will demand, as it has with other states, that all nuclear cooperation will cease if the recipient tests nuclear weapons. Congress should insist on binding language on this point while making it clear that the same condition must also apply to U.S. nuclear assistance to China as well.

Finally, sanctioning North Korea should be used to help keep friendly nations who are hedging their security bets with "peaceful" nuclear energy programs of their own (e.g., Egypt, Turkey, Algeria, Indonesia and others) from thinking that they can proceed even if their programs are dangerous and make no economic sense. The NPT is clear that its aim is to share the "benefits of peaceful nuclear energy." What Iran and North Korea developed was neither beneficial nor peaceful. It's high time that we clarify what is. Here, America's current binge of subsidizing nuclear power and backing nuclear fuel-making projects deserves a second look, as do the all-too-minimal requirements to safeguard these facilities against military diversions.

All of this will take time. But North Korea's nuclear test and our response to it is the right place to begin. The alternative -- more nuclear tests by more states -- should certainly give the U.S. and its allies more than enough incentive to try.

Mr. Sokolski, executive director of the Nonproliferation Policy Education Center, is editor of "Taming the Next Set of Strategic Weapons Threats" (Institute of Strategic Studies, 2006).

The Bus Is Waiting (NYT)

By Thomas L. Friedman

The New York Times, October 11, 2006

As eras go, the post-cold war has been a pretty good one. The collapse of communism, the spread of free-market democracies and the general reign of stability bought and paid for by U.S. power all combined to create a world in which China and India have been able to rise peacefully, America has prospered, and Europe has become whole and free. Yes, there's been 9/11, Bosnia, the rise of the petro-dictators and African wars — which are hardly trivial. But all in all, compared with the vast repression and nuclear standoff that characterized the cold war, the post-cold-war era has been much better for a lot of humanity.

Too bad it's probably over.

Yes, one day historians may argue that the post-cold war started on 11/9 and ended on 10/9.

The Berlin Wall fell on 11/9 — Nov. 9, 1989, which ushered in the post-cold-war world. The apparent North Korean nuclear test went up on Oct. 9, 2006, which, may have ushered out the post-cold-war world and ushered in a much more problematic era — the post-post-cold-war world.

This post-post-cold-war era will be defined by three new features — if things continue as they are. First is a nuclear Asia, triggered by North Korea's flaunting of its nuclear weapons. How long will Japan, Taiwan and South Korea remain nonnuclear with Kim Jong-il brandishing his bomb? Second is a nuclear Middle East. Iran is almost certain to follow North Korea's lead, and

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once the Shiite Persians in Iran have the bomb, how long will it be before the Sunni Arabs in Saudi Arabia, Egypt, even Syria have one too? Third is a disintegrating Iraq in the heart of the Arab world, with its destabilizing impact on oil prices and terrorism.

Together these will add up to a much more dangerous and volatile post-post-cold-war world — unless ...

Unless, what? Unless China and Russia get their act together and understand that the post-post-cold-war world is a much bigger threat to their prosperity than a post-cold-war world in which U.S. power is pre-eminent. You read me right — the post-cold-war world can be preserved only if Russia and China get over their ambivalence about U.S. power and if the Bush team gets over its ambivalence about Iran and North Korea.

How so? The U.S. is sanctioned out when it comes to Iran and North Korea. We don't have any more unilateral sanctions with which to pressure either regime to halt its nuclear adventure. The only countries that could have an impact on North Korea and Iran are China and Russia.

If China told North Korea that unless it dismantled its nuclear program and put its facilities under U.N. inspection, Beijing would cut off its energy and food, Kim Jong-il would relent. He is not suicidal. Anything less than such an explicit Chinese threat will mean a nuclear North Korea and eventually a nuclear Asia — which will certainly not be good for China's growth prospects.

And if China and Russia told Iran that they would join in the toughest possible U.N. economic sanctions on Tehran if it persisted in its nuclear program, the ayatollahs would also back down. Because then the Europeans would have the spine to join in sanctions and Tehran would face a united front.

To be sure, both moves would be greatly helped by a declaration from the Bush team that it had overcome its infighting and decided to pursue changes in behavior instead of changes in regimes in North Korea and Iran, and would be prepared to give explicit security guarantees to both if they verifiably ended their nuclear programs. When an administration can't make up its mind between regime change and change of behavior, it gets neither. And that is what the Bush team has gotten.

So, thanks to North Korea's nuclear test, we've come to a moment of truth. Yes, we have to make up our minds, but so, too, must Moscow and Beijing. They constantly advocate "multilateral" solutions. Well, will they sign up for the kind of biting multilateral sanctions that would work vis-à-vis Iran and North Korea and make "unilateral" U.S. military options unnecessary? If Russia and China want to see the post-cold-war world continue, they can't be free riders anymore — opposing both U.S. unilateralism and effective multilateralism that requires them to do something hard. They've got to start paying a price to preserve this world.

If they do, this relatively benign post-cold-war world might continue. If they don't, if they keep trying to be free riders on our bus, we'll all stall — because America can't keep this bus moving alone any longer, especially when the road gets this dangerous.

The bus stops here.

We Need A New Deterrent (WP)

By David Ignatius

The Washington Post, October 11, 2006

"Present at the Creation" was the title Dean Acheson gave to his memoir about the founding of the post-World War II order. Now, with North Korea claiming to have tested a nuclear weapon in defiance of the international community, and Iran seemingly on the way, Harvard professor Graham Allison argues that we are present at the unraveling.

The North Korean bomb test is a seismic event for the world community. It tells us that the structure created to maintain global security is failing. The five permanent members of the U.N. Security Council -- the United States, Russia, China, Britain and France -- all warned North Korea against taking this step. Yet the leaders in Pyongyang ignored these signals and in the process blew open the nuclear Non-Proliferation Treaty.

The North Korean leadership, puny in everything but weapons technology, has been marching toward this moment since the 1950s. It's unrealistic to think that, having brazened their way to detonating what they say is a nuclear bomb, the North Koreans will now give it up. The proliferation machine isn't going to run in reverse. In that sense, the question is less how to repair the old architecture of nonproliferation -- practically speaking, it's a wreck -- and more how to build a new structure that can stop the worst threats.

What are the right cornerstones of this new security structure? I put that question to Allison, who is a national resource when it comes to matters of nuclear proliferation and deterrence. He wrote the definitive book, "Essence of Decision," on the Cuban missile crisis, the world's closest brush with all-out nuclear war. In recent years he has been studying the danger of nuclear terrorism, and he edited a prescient discussion of the implications of a North Korean breakout that appears in the September issue of the Annals of the American Academy of Political and Social Science.

Allison believes that the world must focus on what he calls "the principle of nuclear accountability." The biggest danger posed by North Korea isn't that it would launch a nuclear missile but that this desperately poor country would sell a bomb to al-

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Qaeda or another terrorist group. Accountability, in Allison's terms, means that if a bomb explodes in Manhattan that contains North Korean fissile material, the United States will act as if the strike came from North Korea itself -- and retaliate accordingly, with devastating force. To make this accountability principle work, the United States needs a crash program to create the "nuclear forensics" that can identify the signature of fissile material of every potential nuclear state. Arms control expert Robert Gallucci describes this approach as "expanded deterrence" in his article in the September Annals.

President Bush seemed to be drawing this red line of accountability when he warned Monday: "The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

Tough words, but are they credible? That's why the second essential pillar of a new security regime is a restoration of deterrence. The Bush administration warned North Korea over and over that it would face severe consequences if it tested a nuclear weapon. So did China and Russia, but Kim Jong Il went ahead anyway. Iranian leaders are similarly unimpressed by Bush's saber rattling, viewing America as a weakened nation bogged down by an unwinnable war in Iraq. To restore deterrence, the West needs to stop making threats it can't carry out. And the United States must salvage its strategic position in Iraq -- either by winning or organizing the most stable plan for withdrawal.

After the Cuban missile crisis, President John F. Kennedy got serious about preventing nuclear war. He installed a "hotline" so the White House and the Kremlin could talk when crises arose; he negotiated the 1963 test ban treaty; and he began the discussions that led to the 1968 Non-Proliferation Treaty. That treaty worked adequately for almost four decades. Instead of the 20 nuclear states that Kennedy feared would exist by 1975, we had just eight, until last weekend. But the North Korean test threatens to begin what a 2004 U.N. commission warned would be "a cascade of proliferation" that could spread to Japan, South Korea, Iran, Egypt and Saudi Arabia.

We are present at the unraveling. We must "think about the unthinkable" with new urgency. The United States and its allies must begin constructing a system that can succeed where the Non-Proliferation Treaty has failed. A terrorist nuclear bomb in Manhattan or Washington isn't a thriller writer's fantasy; it's a probability, unless America and its allies establish new rules for nuclear accountability that are clear and credible.

McCain Targets Both Clintons (WP)

By Charles Babington

The Washington Post, October 11, 2006

In what sounded to many Washington ears yesterday like an early shot in the 2008 presidential campaign, Sen. John McCain (R-Ariz.) singled out Sen. Hillary Rodham Clinton (D-N.Y.) as he denounced the Clinton administration's policies toward North Korea.

"I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure," McCain said in a speech near Detroit, where he was campaigning for a Republican Senate candidate. "Every single time the Clinton administration warned the Koreans not to do something -- not to kick out the IAEA inspectors, not to remove the fuel rods from their reactor -- they did it. And they were rewarded every single time by the Clinton administration with further talks."

Aides said McCain was responding to Hillary Clinton's comments Monday, when she criticized North Korea for its announcement of having tested a nuclear weapon and added: "Some of the reasons we are facing this dangerous situation is because of the failed policies of the Bush administration. I regret deeply their failure to deal with the threat posed by North Korea. And I hope that the administration will now adopt a much more effective response than what they have up until now."

The comments, made in response to reporters' questions during a Columbus Day Parade in New York City, drew modest attention on Monday. But McCain pounced on them before the cameras yesterday in Michigan, and other Republicans were soon distributing his remarks.

The two senators are considered serious contenders for the 2008 presidential nominations. McCain's comments seemed designed to highlight his foreign policy differences with Hillary Clinton and to link her to aspects of her husband's presidency that some Republicans feel can be successfully attacked.

Philippe Reines, spokesman for Hillary Clinton, said of McCain's remarks: "Now is not the time to play politics of the most dangerous kind. . . . President Bush has been in charge of North Korea policy for six years, and two days ago we saw the brazen result."

He said the New York senator "supports an approach that protects us from the threat of North Korean nuclear weapons, as the Clinton administration successfully did for eight years."

In his speech, McCain said North Korea is testing the resolve of South Korea, Japan, China, Russia and the United States, which have pressed the isolated country to refrain from developing a nuclear weapons program. He said Bush is right to call on

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the U.N. Security Council "to impose a military arms embargo, financial and trade sanctions, and, most importantly, the right to interdict and inspect all cargo in and out of North Korea."

Under the Clinton presidency, McCain said, "We had a carrots-and-no-sticks policy that only encouraged bad behavior."

McCain's remarks echo those made by Bush administration officials in early 2003. Abandoning a previous insistence that only North Korea was to blame for the brewing nuclear crisis, Bush allies then began arguing it was the predictable result of a flawed 1994 agreement between the Clinton administration and Pyongyang. The pact, they contended, granted benefits to North Korea while leaving until later the threat of sanctions.

Allies of the Clintons have hit back, and Reines continued the defense yesterday. He said Bush "has allowed the 'Axis of Evil' to spin out of control. Our Iraq policy is a failure. Iran is going nuclear and North Korea is testing nuclear weapons." Bush policies, he said, "have made America less safe, not more so, and it is time for a new direction."

Reines later distributed an eight-point memo on actions that Hillary Clinton has taken regarding North Korea since early 2004.

McCain and fellow Republicans left little doubt that his remarks were made with an eye on presidential politics, which will move to center stage after the Nov. 7 midterm elections. McCain political adviser John Weaver fielded reporters' calls, and Republicans including House Majority Leader John A. Boehner of Ohio disseminated highlights of the Michigan speech.

McCain "is absolutely right," Boehner said in a statement. Congressional Democrats, he said, "haven't learned a thing from the mistakes the Clinton administration made with respect to North Korea."

McCain Criticizes Clinton On N. Korea (AP)

By Sarah Karush

AP, October 11, 2006

Republican Sen. John McCain on Tuesday accused former President Clinton, the husband of his potential 2008 White House rival, of failing to act in the 1990s to stop North Korea from developing nuclear weapons.

"I would remind Senator (Hillary) Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," McCain said at a news conference after a campaign appearance for Republican Senate candidate Mike Bouchard.

"The Koreans received millions and millions in energy assistance. They've diverted millions of dollars of food assistance to their military," he said.

Democrats have argued President Clinton presented his successor with a framework for dealing with North Korea and the Republican fumbled the opportunity. In October 2000, Secretary of State Madeleine Albright made a groundbreaking visit to Pyongyang to explore a missile deal with Chairman Kim Jong Il. There was even talk of a visit by President Clinton.

Reports this week suggesting North Korea tested a nuclear device prompted a number of Democrats to criticize Bush, arguing that he focused on Iraq, a country without weapons of mass destruction, while ignoring legitimate threats from Pyongyang.

The criticism took a presidential campaign turn on Tuesday as McCain, the Arizona senator considered the Republican front-runner for the party nod, assailed Clinton's husband and mentioned her by name. The New York senator is considered her party's leading candidate in 2008.

Sen. Clinton's spokesman dismissed McCain's criticism and argued that it was time for a new policy from the president.

"Now is not the time to play politics of the most dangerous kind — with our policy on North Korea," Philippe Reines, spokesman for Clinton, said in a statement. "History is clear that nothing the Bush administration has done has stopped the North Koreans from openly testing a nuclear weapon and presenting a new danger to the region of the world."

Five years after the Sept. 11 terrorist attacks, Bush "has allowed the 'axis of evil' to spin out of control. Our Iraq policy is a failure. Iran is going nuclear and North Korea is testing nuclear weapons," the statement said.

McCain's criticism also elicited a strong response from Democratic Sen. John Kerry, the 2004 presidential nominee and a potential 2008 candidate.

"He must be trying to burnish his credentials for the nomination process," said Kerry, who labeled McCain's comments "flat politics and incorrect."

"The truth is the Clinton administration knew full well they didn't have a perfect agreement. But at least they were talking. At least we had inspectors going in and we knew where the (nuclear fuel) rods were. This way, we don't know where the rods are, the rods are gone. There are no inspectors. Ask any American which way is better," Kerry said.

The Massachusetts senator made the remarks in Nevada during a campaign appearance with Elizabeth Carter, wife of Democratic Senate candidate Jack Carter.

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In U.S.-North Korea relations, the initial breakthrough occurred in October 1994 when U.S. negotiators persuaded North Korea to freeze its nuclear program, with onsite monitoring by U.N. inspectors. In exchange, the United States, with input from South Korea and Japan, promised major steps to ease North Korea's acute energy shortage.

These commitments were inherited by the Bush administration, which made clear almost from the outset that it believed the Clinton policy ignored key elements of North Korea's activities, especially the threat posed by the hundreds of thousands of troops on permanent duty along the Demilitarized Zone with South Korea.

McCain, a member of the Senate Armed Services Committee, said he backed tough U.N. sanctions against North Korea in response to the reported test. The measures, he said, should include a military embargo, financial and trade sanctions and the right to inspect all cargo in and out of North Korea.

McCain also called on China to "step up to the plate" and vote for sanctions and rejected calls for one-on-one talks between the United States and North Korea.

"The worst thing we could do is to accede to North Korea's demand for bilateral talks," McCain said. "When has rewarding North Korea's bad behavior ever gotten us anything more than worse behavior?"

Test Byproduct: Quick Scramble To Point Fingers (NYT)

By Sheryl Gay Stolberg

The New York Times, October 11, 2006

WASHINGTON, Oct. 10 — North Korea's claim that it detonated a nuclear device rippled through American politics on Tuesday, nowhere more so than at a Shriner's hall in Michigan, where Senator John McCain, the Arizona Republican, sought to place the blame on former President Bill Clinton.

"I would remind Senator Clinton and other Democrats critical of the Bush administration's policies that the framework agreement her husband's administration negotiated was a failure," Mr. McCain said, referring to his potential rival for the presidency in 2008, Senator Hillary Rodham Clinton of New York.

Mr. McCain's attack was part of an increasingly bitter partisan row over who was responsible for allowing North Korea to achieve nuclear ability.

Republicans sought to focus attention on what they said was a misguided and naïve policy of negotiating with North Korea during the 1990's. Democrats pressed the argument that North Korea's claimed advance was a byproduct of President Bush's decision to wage war against Iraq, which proved not to have any banned weapons, while doing too little to confront a real threat developing in North Korea.

"I have been very adamant that we are not safer since 9/11, and my opponent takes the opposite position," Claire McCaskill, the Democratic candidate for Senate in Missouri, said in an interview on Tuesday morning, harking back to a speech she gave about Iraq and North Korea in May. "I think North Korea doing this certainly comes down on my side of the equation."

With polls showing Republicans having difficulty holding on to their traditional strength when it comes to which party is better suited to keeping Americans safe, the candidates and parties have moved quickly to take political advantage of the crisis.

At first blush, a nuclear test by North Korea is just the kind of development that would ordinarily work well for Republicans late in a campaign: a potential national security threat that highlights the dangers facing the United States and spotlights the president's role as commander in chief. But with polls showing deep dissatisfaction with the war in Iraq, candidates and strategists in both parties said the news from North Korea could cut both ways.

Democrats like Ms. McCaskill, the Missouri state auditor who is in a tight Senate race with the incumbent Republican, Jim Talent, have spent months saying Mr. Bush paid too much attention to Iraq, while ignoring threats like North Korea. Now, Democrats are now busy saying "I told you so" to voters.

But Republicans like Mike McGavick, the Senate candidate in Washington State, are offering up an "I told you so" of their own, by spotlighting Democratic opposition to a missile defense system that is strongly backed by Mr. Bush.

Democrats, including Mr. McGavick's opponent, Senator Maria Cantwell, say they would support a missile defense program if one were proven effective. But Republicans say Democrats cannot have it both ways, voting against the system while criticizing the president.

"I think this makes it even clearer why missile defense is part of an overall strategy to protect America from an unsafe world," Mr. McGavick said. "It reminds us that we live in an extremely dangerous world."

Republicans say that any time national security is front and center, it is good news for them. They are hoping the test will push the Mark Foley sex scandal off the front pages and the cable news programs, although Mr. Foley's case was all over television again on Tuesday.

"To the extent it resonates for Democrats, the resonance will be in the eye off the ball argument: too much focus on Iraq, look what's happening in North Korea now," said T .J. Pempel, a political scientist at the University of California who is an expert

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in East Asian studies. “But I think it could resonate almost equally as well for Republicans if they say: ‘The world is a scary place. There are all sorts of dangers out there. Osama bin Laden is one, Kim Jong-il is another.’ ”

Indeed, Mr. Kim, the North Korean leader, seems to have become the latest bogeyman in Republican political imagery. On Tuesday, the Republican National Committee circulated a photograph of Madeleine K. Albright, Mr. Clinton’s secretary of state, clinking glasses with Mr. Kim.

The picture was taken during talks in 2000 that were aimed at persuading the North to limit its nuclear program. Ken Mehlman, the Republican National Committee chairman, said in an interview that voters might be seeing more such images in the coming weeks — accompanied by a reminder that Ms. Albright had presented Mr. Kim a basketball autographed by Michael Jordan.

His committee coined a phrase for it — “basketball diplomacy” — which Mr. Mehlman sprinkled through his remarks.

Under an agreement Mr. Clinton struck with North Korea in 1994, the North agreed to “freeze” its production of plutonium at its main nuclear plant at Yongbyon, in return for energy aid. North Korea abided by the freeze.

But starting around 1997, the North Koreans took steps to start a second, secret nuclear program, one based on enriching uranium. South Korean and American intelligence agencies did not find conclusive evidence of that program until the summer of 2002, and that fall the Bush administration confronted the North Koreans with its evidence.

Now, under attack by Republicans like Mr. McCain, Democrats, including Mrs. Clinton, are firing back. The Senate Democratic leader, Harry Reid of Nevada, has called on Mr. Bush to appoint a senior official to conduct a thorough review of his “failed North Korea policy,” while a spokesman for Mrs. Clinton issued a stinging response to Senator McCain.

“President Bush has allowed the axis of evil to spin out of control,” said the spokesman, Philippe Reines.

One candidate who hopes to turn this week’s developments to his advantage is Mike Bouchard, a Republican who is running against Debbie Stabenow, an incumbent Democrat, for the Senate seat in Michigan. Mr. McCain made his remarks about North Korea in Southfield, Mich., with Mr. Bouchard, a county sheriff who has been emphasizing national security, by his side.

“It’s becoming increasingly clear that we live in a dangerous world that includes rogue nations, Mr. Bouchard said in a telephone interview afterward. “I would much prefer that we were in a completely peaceful moment, but without question, a dangerous world is certainly a more apparent pointer to my credentials.”

White House Rejects Criticism Over North Korean Test (AFP)

By Laurent Lozano

AFP, October 11, 2006

The White House rebuffed criticism that failed US diplomacy led to North Korea's nuclear test, while downplaying the significance of Pyongyang's blast, which rattled the world.

White House spokesman Tony Snow branded criticism faulting the US approach for failing to bridge differences with North Korea, Iran and Iraq and leading to the world-stunning test announced by Pyongyang Monday as "back-seat generalship".

"What you have is the fact that the United States has been engaged actively on all three problems ... We are continuing to work aggressively on diplomacy with the Iranians and with the North Koreans," Snow said.

Snow responded to comments especially from opposition Democrats that the administration of President George W. Bush had taken the wrong approach to dealing with perceived global threats, as signified by the North Korean nuclear test, which came after years of attempts to convince Pyongyang to not develop a bomb.

"What it tells you is that we started at the wrong end of the axis of evil," said former Democratic senator Sam Nunn, referring to Bush's designation for Iraq, Iran and North Korea.

And North Korean specialist Selig Harrison, writing in the Washington Post, said US sanctions on North Korea have "given the initiative to hardliners in Pyongyang."

The criticism appeared to put the White House on the defensive, coming as it did exactly four weeks before legislative elections. Pollsters say Democrats may have a chance to possibly end Republican control of Congress due to voter discontent over the Iraq war and other security issues.

"Diplomacy had run its course when it came to Iraq," Snow said.

"We are still hopeful that diplomacy is in fact going to yield the desired results when it does come to North Korea and Iran."

US State Department spokesman Sean McCormack also rejected the idea that the US policy can be blamed for Pyongyang's first nuclear weapons test.

"The North Korean regime has been developing a nuclear weapon for decades," he said.

Snow meanwhile downplayed the significance of the test, despite the strong international reaction.

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"A massive event?" Snow said in response to a question at a White House briefing. "A big-deal event? There was an event... The earth moved, we can say that," he said.

He added that the United States did not have confirmation of a nuclear weapon test.

"This may take some time. It's a complex undertaking, and it involves questions like, was there venting or was there not," Snow said. "There is a remote possibility that we'll never be able to determine fully."

But he added: "It does not change our view that this is an act of provocation, nor does it change the view, more importantly, of our partners in the neighborhood, who view it much the same way."

Snow spoke of a "new sense of resolution" among US partners in dealing with North Korea, especially China and South Korea, who have joined the US, Russia, Japan in six-way talks with Pyongyang over halting its nuclear program.

"Everybody is on the same page in terms of talking about sanctions," Snow declared.

Earlier he brushed off calls by some analysts to accept North Korea's request for bilateral talks on its nuclear program.

"If we're to deal one-on-one, we'd be playing a weaker hand, and the president is not going to play a weaker hand. Because the notion of dealing on one-on-one, again, gives the North Koreans a chance to try to split a united coalition.

"We have less leverage than these guys (the Chinese and South Koreans) do. We have now brought into the diplomatic process the people who can make a difference.

"The most significant factor from a diplomatic standpoint is that you got a lot more diplomatic muscle than you've ever had on either of these problems."

McCormack also rejected bilateral talks with Pyongyang.

"In a bilateral discussion with North Korea, all of a sudden all the pressure is on the United States to make concessions," McCormack said. "It's not a strong hand from which to start."

He said that former president Bill Clinton's administration negotiated with North Korea to little effect.

"They negotiated an agreement with them. And the North Koreans were cheating on it almost as soon as the ink was dry on the thing," he said.

Kerry Blasts Bush NKorea Policy At Nevada Campaign Stop (AP)

By Kathleen Hennessey

AP, October 11, 2006

BOULDER CITY, Nev. --Sen. John Kerry said Tuesday that a nuclear test in North Korea is evidence of the Bush administration's "failed policies," and called for the U.S. to engage in direct talks with Pyongyang.

"The president attacks the place that has no weapons of mass destruction and does nothing about the place that does," Kerry told reporters at a campaign stop for Democratic U.S. Senate candidate Jack Carter. "For five years, I have been calling for the United States to engage in direct talk with North Korea. ... Instead, for five years this administration has ignored them. They fundamentally left this to other people."

Kerry made the comments one day after North Korea claimed to have successfully tested a nuclear device.

The Bush administration has been trying for years to get engage more countries in its anti-proliferation efforts, aimed at stopping nations such as North Korea from developing and selling nuclear weaponry and missiles. But it has refused one of North Korea's key demands: that the United States engage in one-on-one talks. Instead the administration pushed for a so-called six-party format, in which Russia, China, South Korea and Japan would join in the discussions.

"The six-party talks are a cover for the administration to avoid direct discussion," Kerry said.

The Massachusetts senator reacted strongly to comments from his Republican colleague, Arizona Sen. John McCain, who in a speech earlier in the day put the blame for North Korea's developing nuclear program on the Clinton administration. McCain said a 1994 agreement allowing United Nations inspectors into the country was a "failure."

Kerry, speaking at a veteran's home about 30 miles south of Las Vegas, called McCain's comments "flat politics and incorrect."

"He must be trying to burnish his credentials for the (presidential) nomination process," said Kerry, the 2004 presidential nominee and a potential 2008 candidate whose appearance in Nevada comes less than two months after the state was picked for an early Democratic caucus.

McCain and New York Sen. Hillary Clinton are considered their party's front-runners for 2008.

"The truth is the Clinton administration knew full well they didn't have a perfect agreement." Kerry said. "But at least they were talking. At least we had inspectors going in and we knew where the (nuclear fuel) rods were. This way, we don't know where the rods are, the rods are gone. There are no inspectors. Ask any American which way is better."

Kerry said he would support sanctions imposed by the United Nations.

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The senator appeared with Carter's wife, Elizabeth Carter. Carter is running against Republican incumbent Sen. John Ensign for Nevada's second Senate seat.

In Search Of A North Korea Policy (WP)

By William J. Perry

The Washington Post, October 11, 2006

North Korea's declared nuclear bomb test program will increase the incentives for other nations to go nuclear, will endanger security in the region and could ultimately result in nuclear terrorism. While this test is the culmination of North Korea's long-held aspiration to become a nuclear power, it also demonstrates the total failure of the Bush administration's policy toward that country. For almost six years this policy has been a strange combination of harsh rhetoric and inaction.

President Bush, early in his first term, dubbed North Korea a member of the "axis of evil" and made disparaging remarks about Kim Jong Il. He said he would not tolerate a North Korean nuclear weapons program, but he set no bounds on North Korean actions.

The most important such limit would have been on reprocessing spent fuel from North Korea's reactor to make plutonium. The Clinton administration declared in 1994 that if North Korea reprocessed, it would be crossing a "red line," and it threatened military action if that line was crossed. The North Koreans responded to that pressure and began negotiations that led to the Agreed Framework. The Agreed Framework did not end North Korea's aspirations for nuclear weapons, but it did result in a major delay. For more than eight years, under the Agreed Framework, the spent fuel was kept in a storage pond under international supervision.

Then in 2002, the Bush administration discovered the existence of a covert program in uranium, evidently an attempt to evade the Agreed Framework. This program, while potentially serious, would have led to a bomb at a very slow rate, compared with the more mature plutonium program. Nevertheless, the administration unwisely stopped compliance with the Agreed Framework. In response the North Koreans sent the inspectors home and announced their intention to reprocess. The administration deplored the action but set no "red line." North Korea made the plutonium.

The administration also said early this summer that a North Korean test of long-range missiles was unacceptable. North Korea conducted a multiple-launch test of missiles on July 4. Most recently, the administration said a North Korean test of a nuclear bomb would be unacceptable. A week later North Korea conducted its first test.

It appears that the administration is deeply divided on how to deal with North Korea, with some favoring negotiation and others economic and political pressure to force a regime change. As a result, while the administration was willing to send a representative to the six-party talks organized by the Chinese in 2003, it had no apparent strategy for dealing with North Korea there or for providing leadership to the other parties. In the meantime, it increased economic pressure on Pyongyang. Certainly an argument can be made for such pressure, but it would be naive to think it could succeed without the support of the Chinese and South Korean governments, neither of which backs such action. North Korea, sensing the administration's paralysis, has moved ahead with an aggressive and dangerous nuclear program.

So what can be done now that might have a constructive influence on North Korea's behavior? The attractive alternatives are behind us. There should and will be a U.N. resolution condemning the test. The United Nations may respond to calls from the United States and Japan for strong sanctions to isolate North Korea and cut off trade with it. But North Korea is already the most isolated nation in the world, and its government uses this isolation to its advantage. Stronger sanctions on materials that might be of use to the nuclear program are reasonable, but the horse is already out of the barn. Economic sanctions to squeeze North Korea would increase the suffering of its people but would have little effect on the elite. In any event, they would be effective only if China and South Korea fully participated, and they have shown no inclination to do so.

There will be calls to accelerate our national missile defense program. But the greatest danger to the United States from this program is not that North Korea would be willing to commit suicide by firing a missile at the United States, even if it did develop one of sufficient range. Rather, it is the possibility that the North Koreans will sell one of the bombs or some of their plutonium to a terrorist group. The president has warned North Korea not to transfer any materials from its nuclear program. But the warnings we have sent to North Korea these past six years have gone unheeded and its acts unpunished. It is not clear that this latest one will have any greater effect. If a warning is to have a chance of influencing North Korea's behavior it has to be much more specific. It would have to promise retaliation against North Korea if a terrorist detonated a nuclear bomb in one of our cities. It must be backed by a meaningful forensics program that can identify the source of a nuclear bomb.

This test will certainly send an undesirable message to Iran, and that damage has already been done. But it is important to try to keep this action from precipitating a nuclear arms race in the Asia-Pacific region. Both Japan and South Korea have the capability to move quickly to full nuclear-weapon status but have not done so because they have had confidence in our nuclear umbrella. They may now reevaluate their decision. We should consult closely with Japan and South Korea to reassure them that

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they are still under our umbrella and that we have the will and the capability to regard an attack on them as an attack on the United States. This may be necessary to discourage them from moving forward with nuclear deterrence of their own.

Our government's inattention has allowed North Korea to establish a new and dangerous threat to the Asia-Pacific region. It is probably too late to reverse that damage, but serious attention to this problem can still limit the extent of the damage.

Poisoning The Water's Edge (WSJ)

The Wall Street Journal, October 11, 2006

North Korea's apparent test Sunday of a nuclear device raises large questions with which the United States and the world must now grapple in the months and years ahead. But it may also have finally settled the question of how much time this and future Administrations will have available to deal with genuine foreign policy crises before they become merely political. The answer, it seems, can be measured in milliseconds.

Sen. Bob Menendez was not formerly known as an expert on nuclear proliferation or the politics of Northeast Asia. But there was the New Jersey Democrat on Monday delivering the view that Kim Jong-Il's latest demonstration of aggressive intent "illustrates just how much the Bush Administration's incompetence has endangered our nation." Not to be outdone, Majority Leader-in-waiting Harry Reid insisted the Administration appoint a "senior official to conduct a full review of [its] failed North Korea policy." Mr. Reid performed the rare feat of making Nancy Pelosi sound statesmanlike. Ms. Pelosi at least acknowledged that countries such as China might have played a negative role here.

As best as we can tell, the critique of the Bush Administration boils down to three points. First, as former Sen. Sam Nunn told the New York Times, "we started at the wrong end of the 'axis of evil,'" his point being the Administration should have somehow "dealt with" Pyongyang first and Baghdad later.

Next, say the critics, the Bush Administration has wrongly tried to engage North Korea diplomatically through the "six party" framework, when only the bilateral talks demanded by Kim Jong-Il will do. "Bush aided and abetted the outsourcing of American jobs," says Democratic Party chairman Howard Dean in one of his cheaper jabs, "and now he's outsourced our diplomacy as well." Finally, the President is said to have actually provoked North Korea into building a bomb by naming it to the axis of evil.

But since when does the Democratic Party, to say nothing of Dr. Dean, advocate U.S. unilateralism when unending multilateral approaches are available? And how does Mr. Nunn's suggestion that President Bush should have dealt with North Korea first among the axis of evil square with the idea that it was terribly bad form to describe such an "axis" in the first place?

In fact, the more closely one examines these claims the more disingenuous they become. The CIA strongly suspected North Korea had developed nuclear weapons as far back as the early 1990s. Gordon Corera, the security correspondent for BBC News, has amassed significant evidence that North Korea may have already tested a nuclear device -- in 1998, as the sixth in a set of Pakistani tests that year.

As for the idea that direct talks between Washington and Pyongyang might open the way toward a settlement, this flatly ignores North Korea's cheating on the last such settlement, the so-called "Yongbyong Agreed Framework" of 1994. American diplomats have never lacked for opportunities to talk to the North Koreans, formally or privately. What they lack are interlocutors who can be trusted to honor their commitments or cajoled into abandoning their weapons.

It is not necessary to defend every jot and tittle of the Administration's North Korean diplomacy. But the Democrats' instant, soundbite criticism is unserious to the point that it calls into question their sincerity in contributing to a solution. Are Messrs. Reid, Dean, Menendez et al. concerned about nuclear weapons getting into terrorist hands and U.S. ports? They tell us they are. Then perhaps they might publicly call on China and Russia to join the Proliferation Security Initiative, the most successful effort yet to interdict the transfer of illicit weapons.

Are they seriously interested in bringing about North Korea's internal collapse? It would be good to see the kind of rhetorical energy the Democrats invested in Darfur go into publicizing the plight of North Korean refugees. Would they like to see the U.N. contribute positively to managing the crisis? Then send a message of solidarity to our adversaries by confirming as U.N. ambassador John Bolton, one of the world's leading experts on proliferation.

None of these steps alone is going to resolve a crisis in which U.S. options are limited or problematic. But it would help if just once public discourse on the subject did not instantly degrade into an exercise in cynical political point-scoring. Fat chance.

Republicans Couldn't Change The Subject — But Korea Did It For Them (HILL)

The Hill, October 11, 2006

In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by Speaker Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention.

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Will Bush be able to deal with the North Korean crisis? This is truly the moment for a test of his leadership. If he is able to lead a strong global effort to face down the renegade nation and can set in motion a demonstrable process that could lead to a reversal of Pyongyang's nuclear ambitions, he will have pulled off a coup akin to JFK's in the Cuban missile crisis and rescued his party from midterm election defeat in 2006 as surely as Kennedy saved it in 1962.

The key, of course, is China. Can Beijing be made to take the crisis seriously enough to turn off the spigot of fuel and food that permits the North Korean regime to survive from day to day?

China has one major fear: a regional nuclear competition with Japan. With Japanese technological prowess and the mangled history between the two nations, Beijing cannot react impassively to the nuclear arming of Tokyo.

Do we dare encourage our World War II rival to acquire nuclear weapons? We must. It is really only the "Japan card" that can bring China to heel and force her to ratchet up the pressure on North Korea.

Let's not allow nuclear nonproliferation to become an international equivalent of gun control, a system that seems to keep weapons out of the hands of the innocent while allowing the guilty, who break the law anyway, to have all the weapons they need. If North Korea has defied the world and acquired nuclear weapons, why should we not permit peace-loving countries like Japan and South Korea to develop nuclear weapons to defend themselves?

Ultimately, the case of arming Japan with atomic weapons is as good as that for France developing its own bomb. French leader Charles de Gaulle always asked whether an American president was willing to trade New York for Paris. Would a Soviet attack that leveled the French capital lead to American retaliation that would doubtless provoke a Soviet response against major U.S. cities? And so Abe, the new Japanese Prime Minister, is entitled to ask if an American president is willing to trade Tokyo for New York.

In the grim logic of nuclear deterrent, only weapons in the hands of the nation actually under potential threat can constitute a real deterrence to aggression, particularly on a peninsula that has already seen one major war.

There is nothing like a national security crisis to force Americans to realize the consequences of paralyzing a presidency by sending to Washington a Congress with which he cannot work. We fell into just that trap in the final years of the Clinton presidency and we would do so now at our peril.

But Bush has to produce and has to do it in the next five weeks. Just like JFK did in 1962.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race."

Solving The Korean Stalemate, One Step At A Time (NYT)

By Jimmy Carter

The New York Times, October 11, 2006

ATLANTA

IN 1994 the North Koreans expelled inspectors of the International Atomic Energy Agency and were threatening to process spent nuclear fuel into plutonium, giving them the ability to produce nuclear weapons.

With the risk of war on the Korean Peninsula, there was a consensus that the forces of South Korea and the United States could overwhelmingly defeat North Korea. But it was also known that North Korea could quickly launch more than 20,000 shells and missiles into nearby Seoul. The American commander in South Korea, Gen. Gary Luck, estimated that total casualties would far exceed those of the Korean War.

Responding to an invitation from President Kim Il-sung of North Korea, and with the approval of President Bill Clinton, I went to Pyongyang and negotiated an agreement under which North Korea would cease its nuclear program at Yongbyon and permit inspectors from the atomic agency to return to the site to assure that the spent fuel was not reprocessed. It was also agreed that direct talks would be held between the two Koreas.

The spent fuel (estimated to be adequate for a half-dozen bombs) continued to be monitored, and extensive bilateral discussions were held. The United States assured the North Koreans that there would be no military threat to them, that it would supply fuel oil to replace the lost nuclear power and that it would help build two modern atomic power plants, with their fuel rods and operation to be monitored by international inspectors. The summit talks resulted in South Korean President Kim Dae-jung earning the 2000 Nobel Peace Prize for his successful efforts to ease tensions on the peninsula.

But beginning in 2002, the United States branded North Korea as part of an axis of evil, threatened military action, ended the shipments of fuel oil and the construction of nuclear power plants and refused to consider further bilateral talks. In their discussions with me at this time, North Korean spokesmen seemed convinced that the American positions posed a serious danger to their country and to its political regime.

Responding in its ill-advised but predictable way, Pyongyang withdrew from the Nuclear Nonproliferation Treaty, expelled atomic energy agency inspectors, resumed processing fuel rods and began developing nuclear explosive devices.

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Six-nation talks finally concluded in an agreement last September that called for North Korea to abandon all nuclear weapons and existing nuclear programs and for the United States and North Korea to respect each other's sovereignty, exist peacefully together and take steps to normalize relations. Each side subsequently claimed that the other had violated the agreement. The United States imposed severe financial sanctions and Pyongyang adopted the deeply troubling nuclear option.

The current military situation is similar but worse than it was a decade ago: we can still destroy North Korea's army, but if we do it is likely to result in many more than a million South Korean and American casualties.

If and when it is confirmed that the recent explosion in North Korea was nuclear, the international community will once again be faced with difficult choices.

One option, the most likely one, is to try to force Pyongyang's leaders to abandon their nuclear program with military threats and a further tightening of the embargoes, increasing the suffering of its already starving people. Two important facts must be faced: Kim Jong-il and his military leaders have proven themselves almost impervious to outside pressure, and both China and South Korea have shown that they are reluctant to destabilize the regime. This approach is also more likely to stimulate further nuclear weapons activity.

The other option is to make an effort to put into effect the September denuclearization agreement, which the North Koreans still maintain is feasible. The simple framework for a step-by-step agreement exists, with the United States giving a firm and direct statement of no hostile intent, and moving toward normal relations if North Korea forgoes any further nuclear weapons program and remains at peace with its neighbors. Each element would have to be confirmed by mutual actions combined with unimpeded international inspections.

Although a small nuclear test is a far cry from even a crude deliverable bomb, this second option has become even more difficult now, but it is unlikely that the North Koreans will back down unless the United States meets this basic demand. Washington's pledge of no direct talks could be finessed through secret discussions with a trusted emissary like former Secretary of State Jim Baker, who earlier this week said, "It's not appeasement to talk to your enemies."

What must be avoided is to leave a beleaguered nuclear nation convinced that it is permanently excluded from the international community, its existence threatened, its people suffering horrible deprivation and its hard-liners in total control of military and political policy.

6-nation Meeting Set On Iran Sanctions (AP)

By Barry Schweid

AP, October 11, 2006

Senior officials of the United States and five other nations plan to confer Wednesday on possible U.N. sanctions against Iran for processing uranium as part of its disputed nuclear program.

Undersecretary of State Nicholas Burns and his counterparts in Britain, France, Germany, Russia and China will confer by video about what should be on a U.N. sanctions list, State Department spokesman Sean McCormack said Tuesday.

The U.N. Security Council is giving precedence to considering sanctions against North Korea, which announced Monday that it had detonated a nuclear device. That resolution "would almost certainly move at a quicker pace than the Iran resolution," McCormack said.

Russia has suggested the best approach to the standoff with Iran is more diplomacy. The United States is leading the move for sanctions, arguing that they are part of diplomacy and the council had already warned Iran of the consequences when it did not observe an Aug. 31 edict to stop enriching uranium.

Adoption of U.N. Security Council sanctions can be blocked by a veto cast by any of the five permanent council members, the United States, Russia, China, Britain or France.

To get unanimity, the first round of sanctions is likely to be mild, such as imposing restrictions on trade in technology that could be used in an Iranian weapons program.

Olmert: Syria Peace Overtures Are A Ploy (AP)

By Ravi Nessman

AP, October 11, 2006

Israel has brushed off the Syrian president's recent calls to restart peace talks as a ploy by Bashar Assad to deflect international pressure from his increasingly isolated regime. But some in Israel say Prime Minister Ehud Olmert may be making a major mistake in ignoring even a slim chance to pursue peace with one of his country's most implacable enemies.

"Olmert could have gone down in history as Menachem Begin, who gave Sinai back to Egypt," journalist Tom Segev wrote in the Haaretz daily Tuesday. "Instead, he is reacting to Syria's offers of peace with contempt, loathing and threats."

Israeli Vice Premier Shimon Peres, meanwhile, invited the Syrian leader to come to Jerusalem.

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"What would happen if Assad said he is coming to the Knesset (the Israeli parliament)?" Peres said. "He must get up and say, 'I want to talk peace directly with Israel.' That's all," Peres told Israel TV in an interview aired Tuesday.

Israeli-Syrian peace talks broke down in 2000, with Syria demanding assurances it would get back all of the Golan Heights, which Israel captured in the 1967 Mideast War and later annexed. Israel wanted slight modifications to the pre-1967 line, conforming to the international frontier, and insisted that issues of security and normalization be spelled out first.

Assad has sporadically called for new talks, but his appeals grew more intense following this summer's war between Israel and Lebanon's Hezbollah guerrillas, which Syria backed. The fighting increased international criticism of Assad's regime, already hit by accusations it was involved in the murder of former Lebanese Prime Minister Rafik Hariri and was letting militants use Syria as a transit point into neighboring Iraq.

"We want to make peace — peace with Israel," Assad told the German magazine Der Spiegel last month. In an interview with the British Broadcasting Corp. broadcast Monday, Assad said it remained to be seen whether Israel had the will to make peace.

Olmert has rejected talks with Syria, accusing it of harboring terrorists and saying he will not relinquish the Golan.

"As long as I am prime minister, the Golan Heights will remain in our hands," he was quoted as telling the ultra-Orthodox weekly Mishpaha last month.

Syria's support for Hezbollah and its refusal to force top Palestinian militants to close their offices in Damascus has also angered Israel.

Assad has hoped to use those issues to strengthen his position in future peace talks, but Olmert's spokeswoman Miri Eisin said Tuesday that they are obstacles to even starting those talks.

"Israel would love to start peace talks with a Syrian government that doesn't arm Hezbollah, that doesn't have a foreign minister who sides with Hezbollah, with a government that doesn't promote and provide a sanctuary for the head terrorists of Hamas and Islamic Jihad and others," she said.

Israeli analysts say Assad is using the possibility of peace with Israel to blunt international criticism.

"He is isolated. He is beleaguered. He is controversial, internationally speaking. He hopes to reap dividends from adopting a peaceful posture," said Itamar Rabinovich, Israel's former chief negotiator with Syria.

Those imputed motives wouldn't mean that Assad is not serious about pursuing new talks to get back the Golan — a perennial Syrian demand that would strengthen Assad domestically — in exchange for a peace deal that would benefit him internationally, Israeli analysts said.

But Olmert has less incentive to head into negotiations.

He is already under fire for his government's conduct of the Lebanon war, and talks with Syria would fan the flames, adding the media savvy Israelis living in the Golan to his list of critics.

"I think that Olmert either doesn't want to pay the price — and the price is known to everyone, the price is the Golan Heights — or he thinks that he is too weak to pay the price," said Shlomo Brom, a Syria expert at Tel Aviv University.

Gilad Sher, a former Israeli peace negotiator, said Syria's continuing support of terrorism should not close off diplomatic channels to solving the conflict.

"Israel must not reject Assad's hints outright, but rather it must begin a cautious, measured and pragmatic process in which Assad's willingness is analyzed," he wrote in the Yediot Ahronot daily. "If it is all merely a ruse, we will know as much very quickly. If not, and negotiations over a peace arrangement are begun, that will do nothing to detract from Israel's power of deterrence."

"After all, one can always say, 'no,'" he wrote.

A New Fence Is Added To A Border Town Already Split (NYT)

By Hassan M. Fattah

The New York Times, October 11, 2006

THE FENCE AT GHAJAR, Lebanon, Oct. 9 — Little more than a week after Israeli troops withdrew from Lebanon, the shiny new fence around the northern portion of this village is a reminder of the possible flash points that remain as Lebanon and Israel continue working to quell tensions across their border.

To the Lebanese, the fence, erected over the past several weeks to separate the northern side of the village from the rest of Lebanon, amounts to a new occupation of their territory, potentially worsening tensions over the disputed Shabaa Farms area nearby. To Israel, which says the fence is only temporary, it is a means of ensuring that Hezbollah fighters do not enter the village, which straddles the border, and attack Israelis.

[On Tuesday, the United Nations continued trying to broker an agreement ensuring that Israel would withdraw its troops from the northern section of the village and place it under United Nations control. But even if that happens, the fence itself might

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remain for some time, said a United Nations official who spoke on condition of anonymity because he was not authorized to speak with reporters.]

With its pastel-colored homes and scenic views, Ghajar is an old problem sprung from the often complex calculus of the Middle East. In 1932 the residents of Ghajar, most of them from the Alawite sect, were given the option of choosing their nationality and overwhelmingly chose to be a part of Syria, which has a sizable Alawite minority.

When Israel conquered the Golan Heights in the Arab-Israeli war of 1967, the town fell under Israeli control. Many residents were given permits to work in Israel and were eventually granted Israeli citizenship. When Israel invaded Lebanon in 1978, the town began growing northward into Lebanese territory.

The town's future grew more complicated when Israel withdrew from southern Lebanon in 2000, leaving two-fifths of the town in Israel and the rest on Lebanese soil, across the so-called Blue Line demarcating the borders between the countries.

Each side sought to keep the village whole, said Amin Hotait, a retired Lebanese Army general and the leader of a committee that helped confirm Israel's pullout in 2000.

Neither side, however, could agree on who would maintain control over the village. So after weeks of wrangling, they agreed to divide the town into a northern Lebanese side and a southern Israeli side.

"We did not accept that the whole village be under the occupation, and they did not accept that it be liberated," General Hotait said. "The only result we could arrive at was to split the town in two."

As a result, a fence was built dividing the village, which has about 2,500 residents, with crossing points in between for residents to get back and forth. Although there were Israeli guards posted on the southern side of the fence at the gates, passing from one side to the other was relatively easy. The Israelis were there to guard against Hezbollah fighters.

Yet the village has also been center of confrontations between Israel and Hezbollah. Most recently, in 2005, Hezbollah guerrillas launched a rocket attack on the village and infiltrated it, but were repelled by the Israelis and withdrew.

The latest fence separating the village from Lebanon was put up this summer, after the cease-fire. The Israelis have now posted troops within the northern section of the village.

Lebanese officials say the continued presence of Israeli soldiers on Lebanese soil is a violation of United Nations Resolution 1701, which settled this summer's conflict.

"Whether they're occupying one meter or 2,000, it is still Lebanese land, and we want to free our land," said Fawzi Salloukh, Lebanon's foreign minister. "This is a time bomb that is ticking."

A reporter who traveled to the fence at the northern section of the village tried to speak to residents through the fence, but none would respond. However, United Nations officials in the area said the villagers have sought to be a part of Israel. The dispute appears to be limited to one between countries.

Lebanese officials have said that if the villagers want to be Israelis, they should move to the other side of the border. Residents of the Lebanese villages surrounding Ghajar, still struggling to rebuild their lives after the war, say they fear that the fence may become a recipe for further violence between Israel and Hezbollah.

"This is certainly going to be a big problem, and you shouldn't expect anything less," said Ahmed al-Muhammad, the mayor of the town of Al Wazzan, near Ghajar. "They must have bad intentions for this area, or they would have pulled out completely."

He said his town had had almost no contact with Ghajar's villagers for years. He said the people of Ghajar were mainly interested in their contacts with Israel. The town's growing affluence compared with that of its neighbors is evident in the ongoing construction and modern finished architecture.

Hezbollah officials, who have held up Israel's occupation of Shebaa Farms as a reason to not disarm, have remained mute on the issue of Ghajar, opting to allow the government to negotiate a diplomatic solution. Still, one Hezbollah representative noted, patience is growing thin.

"Like Shabaa Farms, this proves there is an ongoing Israeli occupation and it must leave," said the representative, Hussein Haj Hassan. "We will be patient with the negotiations, but will not wait very long."

Hamas Rejects Plan For Unity Government (USAT)

USA Today, October 11, 2006

Qatar's attempt to mediate a growing crisis in the Palestinian territories took a blow Tuesday when Hamas rejected demands that it recognize Israel and renounce violence as a prerequisite for forming a unity government with the Fatah Party.

It was the latest setback in efforts to moderate the Islamic militant group Hamas and restore much-needed international aid to the Palestinians. Fatah declared the Qatari initiative for a coalition government a failure and blamed Hamas for the breakdown in negotiations.

Ghazi Hamad, spokesman for the Hamas-led government, said the group differentiates between armed "resistance (to Israel) and terrorism," He said Hamas is ready to continue talks: "The way is not blocked."

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Six people killed whenbomb blasts hit Philippines

At least six people were killed and more than 30 wounded when two bombs exploded in the insurgency-torn southern Philippines. One blast occurred in a stall selling alcohol during a festival in the town of Makilala on Mindanao island, North Cotabato provincial Police Chief Federico Dulay said. Six people were killed and at least 29 were injured. The town was celebrating its 52nd anniversary.

“Clearly this is a terrorist act,” Dulay said.

The second bomb went off in a market in Tacurong city in another part of the island, wounding five people, army Col. Felipe Tabas said.

The U.S., Australian and British embassies issued warnings against travel to Mindanao and said the threat of imminent attacks or kidnappings is high across the archipelago, specifically in places frequented by foreigners.

The Philippines, a largely Catholic nation, is fighting Muslim and communist insurgencies on its southern islands.

Latest ban on child labortakes effect in India

India's new ban on hiring children under age 14 as servants in homes or as workers in restaurants, tea shops, hotels and spas took effect Tuesday. “This will be a bad blow. I really don't know what I'll do,” said Dinesh Kumar, 12, who has been doing odd jobs in New Delhi for three years.

The children of India's tens of millions of poor families are expected to work, and in many cases they are the sole breadwinners. The law is intended to take them out of the workplace and put them in school.

Prime Minister Manmohan Singh vowed firm enforcement. Employers who violate the law face up to a year in prison and a $217 fine. It already is illegal to use children in hazardous industries such as glassmaking.

Protesters disrupt Taiwanleader's National Day talk

Taiwanese President Chen Shui-bian called for unity as an opposition lawmaker scuffled with security guards while trying to confront the leader during a National Day speech in Taipei.

Chen spoke as protesters gathered outside the Presidential Office building, demanding that he step down over alleged corruption. Police estimated there were 125,000 protesters.

Security men scuffled with lawmaker Lee Ching-hua of the opposition Nationalist Party after Lee attempted to break through a partition separating Chen from guests on a makeshift stage.

Chen has been on the defensive against allegations that his family and members of his inner circle used their proximity to him for personal financial gain. Chen says he is innocent and will complete his remaining 19 months in office.

Intransigent Hamas (WP)

The Washington Post, October 11, 2006

STIRRING BUT thoughtless appeals for a Middle East peace settlement continue to ring out around the world. Just last week a new one appeared, signed by 135 "global leaders," that called for "a new international conference, ideally held as soon as possible." Most of the sponsoring statesmen live far from the region -- in Europe, Latin America, Africa, Australia. Their statement asserted that "the injection of new political will" from "the international community" was what is needed to break the impasse between Israel and the Palestinians.

In fact, the problem is a lot more specific, and a lot tougher. That's why it was helpful that the foreign minister of Egypt decided to publicly speak his mind on the subject the other day. Ahmed Aboul Gheit -- who has spent the past several months immersed in a failing effort to restore the broken connections between the Palestinian Authority and its international donors, as well as Israel -- placed the blame exactly where it belongs: on the Palestinian political leadership. "The Palestinian situation is marred by sharp divisions and battling; it is a misery and shameful for any Arab and any Palestinian," the minister told the government newspaper al-Ahram.

The Egyptian frustration is understandable. Negotiations between the Palestinians and Israel, and Western aid to the Palestinian government, can't go forward because the governing Hamas movement refuses to recognize Israel or previous Israeli-Palestinian accords. It also won't renounce the use of violence against Israeli soldiers or civilians, or release the soldier its militants abducted from inside Israel in June. Egyptian negotiators have won Israeli agreement to release up to 1,000 Palestinian prisoners in exchange for the hostage, but Hamas won't go along.

Palestinian President Mahmoud Abbas, from the competing Fatah movement, has tried repeatedly to win Hamas's agreement on a new unity government that would indirectly recognize Israel, a half-step that might lure back some desperately needed European aid. No deal. This week the government of Qatar intervened, sending its foreign minister shuttling around Gaza with a six-point plan under which Hamas and Fatah would unite on the platform of a two-state solution. Once again Hamas said no.

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In case there was any doubt, Palestinian Prime Minister Ismail Haniyeh spelled out Hamas's position at a rally last weekend: "I tell you with all honesty, we will not recognize Israel, we will not recognize Israel, we will not recognize Israel." Mr. Abbas responded by threatening, as he has before, to dissolve the Palestinian government or order a referendum. But he lacks the legal authority either to remove Hamas from power or to schedule a vote of any kind.

It's easy enough for global leaders to issue flowery appeals for action on the Middle East or to imply that progress would be possible if only the United States used its leverage with Israel. The stubborn reality is that there can be no movement toward peace until a Palestinian leadership appears that is ready to accept a two-state solution. That's why there need to be fewer manifestos and more frank messages such as the one delivered by Mr. Aboul Gheit: "Those leaders and the Palestinian people will find out that they are losing a chance."

Bush Assures Peru's President He Will Work On Passing Free Trade Accord (AP)

AP, October 11, 2006

WASHINGTON President George W. Bush on Tuesday assured Peruvian President Alan Garcia that he would work with U.S. lawmakers to try to quickly push through a free trade agreement between the two countries.

"The central issue facing us right now is the passage of a free trade agreement," Bush told reporters after his meeting with Garcia. "I assured the president that I will work with Congress as soon as possible to get this agreement passed."

Garcia expressed satisfaction with Bush's assurance. A successful free trade accord, he said, would ease poverty and social divisions and help achieve stronger democratic institutions in Peru.

Peru is pushing for ratification of the agreement by the U.S. Congress before the end of the year, when trade preferences created to help counter the cocaine trade are set to expire.

"We are looking for an agreement that does not just focus on the most modern or the most significant economic groups in the country," Garcia said through an interpreter. "We are also looking to have a free trade agreement that is focused internally and that will benefit our entire population, all our productive sectors, including the less advantaged sectors, so that they may export to the world and to the United States in particular."

The two leaders also discussed the need to fight the illegal drug trade.

Garcia's visit here is occurring t just 10 weeks after his inauguration. The White House invitation is a demonstration of administration support for the moderate policies Garcia espouses in contrast to leftist sentiment evident elsewhere on the continent.

American officials were relieved when Garcia prevailed in a June runoff election over Ollanta Humala, who had the backing of Venezuela's radical president, Hugo Chavez.

Garcia had served as president from 1985-90, a period marked by hyperinflation and an upsurge in violence by left-wing guerrillas. He says he learned a lot from his first-term mistakes.

After his meeting with Bush, Garcia addressed the pro-free trade International Institute of Economics.

He said free trade policies traditionally have benefited the elites while bypassing the 80 percent poor population in developing countries.

His policy of "free trade inside Peru," he said, would knock down barriers to the country's internal markets in much the same way that international free trade does with respect to cross-border commerce.

He said legal reforms are essential to level Peru's playing field internally. "The rich have succeeded because they have access to the legal system," Garcia said. That right should be extended to all Peruvians," he said.

Peru's Path To Prosperity (LAT)

The Los Angeles Times, October 11, 2006

NEARLY HALF A CENTURY AGO, President Kennedy launched one of this country's more ambitious foreign-aid experiments, a program to develop Latin America called the Alliance for Progress. Like most aid efforts during the Cold War, it was less an attack on poverty than on communism, though the one was seen as a precursor to the other. Although the United States spent more than $20 billion, the effort fizzled out with few accomplishments.

The program is seldom mentioned anymore in this country, but its name was invoked Tuesday by Peruvian President Alan Garcia during a news conference at the White House with President Bush.

"What could have been done almost 50 years ago with the Alliance for Progress is something that we can do now," Garcia said. His point was that the things the aid program failed to do in the 1960s, free trade could do today.

Garcia is anxious over a free-trade pact that both the U.S. and Peru have signed but that has yet to be ratified by Congress. An existing trade agreement between the U.S. and four Andean nations expires at the end of the year, and if the new

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pact isn't in place by then, thousands of Peruvian products will lose duty-free access to the U.S. market, which accounts for about 30% of Peru's exports.

Ratifying the agreement shouldn't be a tough decision by Congress, yet leaders have held up a vote until after the Nov. 7 election. Democrats fret that its labor provisions are too weak, ignoring the fact that an end to Peru's preferential trade status would render a large number of impoverished Peruvians jobless. Meanwhile, Republicans from textile states fear that it will hurt the domestic industry — a quaint notion in an era of globalized competition.

A failure to seal the trade deal would be a disaster on many fronts. The original Andean agreement was intended to help build diversified economies in the region so that the four countries — Peru, Ecuador, Bolivia and Colombia — could lessen their reliance on coca, the raw material for cocaine. Letting it expire with nothing else in place would deal a heavy blow to the U.S. war on drugs. If Congress turns its back on these Andean countries, it will be playing into the hands of Venezuelan President Hugo Chavez and others trying to encourage the spread of anti-Americanism in the region.

The Alliance for Progress was a bust for a lot of reasons; U.S. planners underestimated the amount of money it would take to develop an entire continent, and Latin American governments didn't impose necessary reforms. Today, Peru's economy is growing 5% annually, but half its people still live on $2 or less a day. Engagement with the global economy, as neighboring Chile has shown, is the best path to prosperity, and American consumers also benefit from a lowering of barriers. Election-year politics should not be allowed to hijack this important trade deal.

Fed Task Force To Enforce Cuba Sanctions (AP)

By Curt Anderson

AP-Yahoo, October 11, 2006

The federal government on Tuesday announced the formation of a new law enforcement task force that will aggressively pursue violators of the U.S. trade and travel sanctions that have been in effect against Cuba for more than four decades.

Miami-based U.S. Attorney R. Alexander Acosta said the task force will focus on prosecuting violators of laws governing such things as commercial business with Cuba, currency reporting requirements, money laundering and travel to the island.

The task force's formation comes about a month before U.S. elections in which Cuban-American voters in South Florida — most of them fervently anti-Castro — form an important Republican Party constituency.

It also comes as Cuba faces political uncertainty due to the illness of President Fidel Castro, who in July temporarily ceded power to his brother, Raul.

Acosta, however, would say only this is "an appropriate time" to announce the task force to put people on notice that "we intend to enforce these laws aggressively."

"The purpose of the sanctions is to isolate the Castro regime economically and deprive the Castro regime of the U.S. dollars it so desperately seeks," Acosta told reporters.

The task force includes the Treasury Department, FBI, and departments of Homeland Security and Commerce.

The group, to be coordinated by two senior prosecutors in Acosta's office, will bring greater emphasis to existing Cuba sanction enforcement efforts that are scattered among several federal agencies, he said.

It is the latest move by the Bush administration to tighten restrictions that were first imposed in the early 1960s and expanded frequently since. In 2004, for example, President Bush limited family travel to Cuba to once every three years instead of annually and imposed new limits on the flow of currency to the island.

Violators of the Cuba sanctions can face up to 10 years in prison, $1 million in corporate fines and $250,000 in individual fines. The government can also seek up to $55,000 per violation in civil penalties.

Under U.S. law, the sanctions will remain in place until multiparty Cuban elections are planned, political prisoners are released and both Castro brothers are out of power.

U.S. Treasury Aide On China Resigns (WSJ)

By Michael M. Phillips

The Wall Street Journal, October 11, 2006

WASHINGTON -- Treasury Secretary Henry Paulson's top China hand quit just a month after coming aboard to run the Bush administration's new economic dialogue with Beijing.

Deborah Lehr, a former National Security Council official, resigned for "personal reasons," not because of any disagreement over how the U.S. should approach China, according to a Treasury spokeswoman.

Her departure leaves a hole in Mr. Paulson's team. The secretary -- a former Goldman Sachs chief executive -- arrived at Treasury in July and quickly took charge of the administration's China economic policy.

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During his first official trip to China last month, Mr. Paulson announced a "strategic dialogue" to help improve U.S.-Chinese economic relations, which have frayed in recent years over issues such as exchange rates and copyright piracy. He designated Ms. Lehr -- one of his advisers at Goldman Sachs -- as his special envoy to help organize and set the agenda for the twice-yearly meetings.

When Mr. Paulson met with top Chinese officials, he had Ms. Lehr close by his side as a signal of her stature at Treasury and in the new two-way financial diplomacy. "The key to working with the Chinese is being able to get access to all the right people at whatever level," Mr. Paulson said at the time.

After Ms. Lehr presented her letter of resignation last week, Treasury officials informed their Chinese counterparts of her departure.

Mr. Paulson will still travel to China before the end of the year for the first round of talks, the Treasury spokeswoman said.

With Ms. Lehr's departure, the task of organizing the strategic dialogue falls to Undersecretary for International Affairs Timothy Adams, who had been running Treasury's China policy before Mr. Paulson's arrival, and to former State Department aide Taiya Smith, the secretary's deputy chief of staff, according to a Treasury official.

"There are plenty of capable people to carry on," said John Frisbie, president of the U.S.-China Business Council, an association representing more than 250 American companies that do business with China.

Ms. Lehr is married to John F.W. Rogers, chief of staff at Goldman Sachs. They have two young children, and people familiar with Ms. Lehr's thinking said the long hours and extensive travel required for the position played a definitive role in her decision to quit.

Write to Michael M. Phillips at michael.phillips@wsj.com1

U.S. Group Reaches Deal To Provide Laptops To All Libyan Schoolchildren (NYT)

By John Markoff

The New York Times, October 11, 2006

SAN FRANCISCO, Oct. 10 — The government of Libya reached an agreement on Tuesday with One Laptop Per Child, a nonprofit United States group developing an inexpensive, educational laptop computer, with the goal of supplying machines to all 1.2 million Libyan schoolchildren by June of 2008.

The project, which is intended to supply computers broadly to children in developing nations, was conceived in 2005 by a computer researcher at the Massachusetts Institute of Technology, Nicholas Negroponte. His goal is to design a wireless-connected laptop that will cost about $100 after the machines go into mass production next year.

To date, Mr. Negroponte, the brother of the United States intelligence director, John D. Negroponte, has reached tentative purchase agreements with Brazil, Argentina, Nigeria and Thailand, and has struck a manufacturing deal with Quanta Computer Inc., a Taiwanese computer maker.

Mr. Negroponte, who was in Tripoli this week to meet with Libyan officials, said he discussed the project extensively with the Libyan leader, Col. Muammar el-Qaddafi, in August.

“When I met with Qaddafi, it had all the mystique and trimmings expected: middle of the desert, in a tent, 50 degrees C. etc.,” Mr. Negroponte, who was traveling to Asia on Tuesday, wrote in an e-mail message. “It took him very little time to find O.L.P.C. appealing as an idea.”

The idea appealed to the Libyan leader, according to Mr. Negroponte, because it fit into his political agenda of creating a more open Libya and becoming an African leader. The two men also discussed the possibility of Libya’s financing the purchase of laptops for a group of poorer African nations like Chad, Niger and Rwanda.

It is possible, Mr. Negroponte said, that Libya will become the first nation in the world where all school-age children are connected to the Internet through educational computers. “The U.S. and Singapore are not even close,” he said.

To date, One Laptop Per Child has received mixed support from the American computer industry. Test units currently use a low-power microprocessor manufactured by Advanced Micro Devices. However, both Intel and Microsoft have been publicly skeptical about the idea and have proposed competing low-cost educational computer projects. At the World Economic Forum in Davos, Switzerland, in January, Bill Gates, Microsoft’s chairman, suggested that the next generation of cellphones might be a better way to reach across the so-called digital divide.

Mr. Negroponte said Microsoft refused to sell its Windows software to the project at a price that would make it possible to include in his system. As a result, his laptops will come with the freely available Linux operating system, which is becoming increasingly popular in the developing world.

The idea of a laptop for every schoolchild grew out of Mr. Negroponte’s experience in giving children Internet-connected laptops in rural Cambodia. He said the first English word out of the mouths of the Cambodian students was “Google.”

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Discussions between the One Laptop project and the Libyan government began as part of work being done by the Monitor Group, an international consulting firm co-founded by the economist Michael E. Porter, which is now helping the Libyans develop a national economic plan.

Diplomatic relations between the United States and Libya have warmed recently, since Tripoli settled the Pan Am 103 bombing case and agreed to renounce its pursuit of nuclear weapons. Washington lifted a trade embargo two years ago, and the State Department rescinded Libya's designation as a state sponsor of terrorism last June.

For its $250 million investment, Libya will receive 1.2 million computers, one server per school, a team of technical advisers to help set up the system, satellite internet service and other infrastructure.

The first test models will be distributed to the five participating countries companies at the end of this November, according to Mr. Negroponte, and mass production is planned for June or July of 2007.

The computers come with a wireless connection, a built-in video camera, an eight-hour battery and a hand crank for recharging batteries. They will initially be priced below $150, and the price is expected to decline when they are manufactured in large numbers.

Uganda's Plight Pressed On Capitol Hill (WP)

By Nora Boustany

The Washington Post, October 11, 2006

Activists Call for U.S. Role in Negotiating Peace for Nation's War-Torn North

Donning yellow and orange T-shirts, 700 activists from across the country pressed legislators and Capitol Hill staffers yesterday on the need for high-level American involvement to bring peace to northern Uganda, a region that has experienced wartime atrocities, abductions of children and widespread displacement for more than 20 years.

Among the participants was Grace Akallo, 25, a former Ugandan child soldier, kidnapped from her dormitory by rebels along with 139 other girls 10 years ago. Yesterday, she recalled her ordeal.

"They crashed the dorm windows with rifle butts and threatened to hurl a bomb at us," she said. "We first hid under our beds, pretending not to be there. They could see us, they said, and forced their way in with their guns. Tied together with rope, the girls marched all night."

Akallo said she was held for seven months by the followers of Joseph Kony, the messianic and charismatic founder of the Lord's Resistance Army. During that time, she was forced to walk for miles, subsisting on leaves and sorghum. At a rebel base in southern Sudan, she was trained to handle guns and was ordered to steal food at gunpoint. "We were raped, all of us," she said. Five of her friends were killed and two are still there, she said, adding, "I don't know if they are alive."

Akallo escaped when Ugandan troops attacked, and she returned home the following April. She went on to study at a university in Kampala and then transferred last year to Gordon College, in Wenham, Mass., as a communications senior.

"As a major donor country, the U.S. has a responsibility to take part in the peace talks so the signatories of any agreement are held responsible," Akallo said of a fragile truce negotiated in July, followed by talks involving the rebels and the Sudanese and Ugandan governments. "If left alone, I am not so sure they will honor the agreement," she said.

A number of nonprofit civic groups participated in the two-day gathering in Washington, which included a symposium Monday. The participants included Physicians for Human Rights, Africa Faith and World Vision, as well as policy experts from the International Crisis Group, mediation specialists from the Carter Center, and policy advisers from Oxfam America, Refugees International, the International Rescue Committee, the Brookings Institution and Mercy Corps.

"The peace process is held by a very thin thread," said Julian Atim, 26, a physician working on health care in northern Uganda.

"The United States is a house of power. The warring sides keep threatening to quit the talks and keep holding up conditions," she said. "The rebels have caused suffering. We are sick of them," added Atim, who lost both parents to AIDS.

She said she returned to the 100-bed hospital in Anaka, which she had first visited as a student, because of what she saw there -- patients forced to walk for a day to reach medical care, others dying in refugee camps, and a facility with intermittent water and electricity that lacked basic equipment.

"I think a deal is possible, but it won't happen unless the U.S. engages," said John Prendergast, a senior adviser to the International Crisis Group who has served in past U.S. administrations. "It is very important to send an envoy to Juba to bring U.S. leverage to the process," he said, referring to the town in southern Sudan where the talks are being held. He said Ugandan President Yoweri Museveni "needs a partner for peace and the only partner he finds desirable is the United States."

"The absence of the Bush administration from the talks is condemning millions of northern Ugandans to a fate little better than death in the endless IDP [internally displaced persons] camps," Prendergast said. "For a few pennies and a little diplomatic energy, the Bush administration could help bring peace to northern Uganda."

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Rep. Christopher H. Smith (R-N.J.) said he was going to call Secretary of State Condoleezza Rice to ask her to send an envoy to the Uganda peace talks. Smith has also introduced legislation that would impose sanctions against governments and rebel groups that use child soldiers. It also would provide more psychological services for children recovering from forced soldiering.

Kony and four of his top lieutenants are wanted by the International Criminal Court in The Hague. They are charged with war crimes and crimes against humanity committed during a dark and vicious 20-year conflict in which rebels hacked off the lips, ears and breasts of their victims. About 25,000 children were abducted and forced to become child soldiers or sex slaves, while 2 million people remain displaced.

On Monday, speaking on his country's 44th anniversary of independence from the British, Museveni charged that Kony and his lieutenants were dragging their feet in the peace process talks in Juba to avoid the war crimes tribunal. Earlier this year, the tribunal urged Uganda, Sudan and Congo to turn over rebel suspects.

Across Europe, Worries On Islam Spread To Center (NYT)

By Dan Bilefsky And Ian Fisher

The New York Times, October 11, 2006

BRUSSELS, Oct. 10 — Europe appears to be crossing an invisible line regarding its Muslim minorities: more people in the political mainstream are arguing that Islam cannot be reconciled with European values.

"You saw what happened with the pope," said Patrick Gonman, 43, the owner of Raga, a funky wine bar in downtown Antwerp, 25 miles from here. "He said Islam is an aggressive religion. And the next day they kill a nun somewhere and make his point.

"Rationality is gone."

Mr. Gonman is hardly an extremist. In fact, he organized a protest last week in which 20 bars and restaurants closed on the night when a far-right party with an anti-Muslim message held a rally nearby.

His worry is shared by centrists across Europe angry at terror attacks in the name of religion on a continent that has largely abandoned it, and disturbed that any criticism of Islam or Muslim immigration provokes threats of violence.

For years those who raised their voices were mostly on the far right. Now those normally seen as moderates — ordinary people as well as politicians — are asking whether once unquestioned values of tolerance and multiculturalism should have limits.

Former Foreign Secretary Jack Straw of Britain, a prominent Labor politician, seemed to sum up the moment when he wrote last week that he felt uncomfortable addressing women whose faces were covered with a veil. The veil, he wrote, is a "visible statement of separation and difference."

When Pope Benedict XVI made the speech last month that included a quotation calling aspects of Islam "evil and inhuman," it seemed to unleash such feelings. Muslims berated him for stigmatizing their culture, while non-Muslims applauded him for bravely speaking a hard truth.

The line between open criticism of another group or religion and bigotry can be a thin one, and many Muslims worry that it is being crossed more and more.

Whatever the motivations, "the reality is that views on both sides are becoming more extreme," said Imam Wahid Pedersen, a prominent Dane who is a convert to Islam. "It has become politically correct to attack Islam, and this is making it hard for moderates on both sides to remain reasonable." Mr. Pedersen fears that onetime moderates are baiting Muslims, the very people they say should integrate into Europe.

The worries about extremism are real. The Belgian far-right party, Vlaams Belang, took 20.5 percent of the vote in city elections last Sunday, five percentage points higher than in 2000. In Antwerp, its base, though, its performance improved barely, suggesting to some experts that its power might be peaking.

In Austria this month, right-wing parties also polled well, on a campaign promise that had rarely been made openly: that Austria should start to deport its immigrants. Vlaams Belang, too, has suggested "repatriation" for immigrants who do not made greater efforts to integrate.

The idea is unthinkable to mainstream leaders, but many Muslims still fear that the day — or at least a debate on the topic — may be a terror attack away.

"I think the time will come," said Amir Shafe, 34, a Pakistani who earns a good living selling clothes at a market in Antwerp. He deplores terrorism and said he himself did not sense hostility in Belgium. But he said, "We are now thinking of going back to our country, before that time comes."

Many experts note that there is a deep and troubled history between Islam and Europe, with the Crusaders and the Ottoman Empire jostling each other for centuries and bloodily defining the boundaries of Christianity and Islam. A sense of guilt

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over Europe's colonial past and then World War II, when intolerance exploded into mass murder, allowed a large migration to occur without any uncomfortable debates over the real differences between migrant and host.

Then the terror attacks of Sept. 11, 2001, jolted Europe into new awareness and worry.

The subsequent bombings in Madrid and London, and the murder of the Dutch filmmaker Theo van Gogh by a Dutch-born Moroccan stand as examples of the extreme. But many Europeans — even those who generally support immigration — have begun talking more bluntly about cultural differences, specifically about Muslims' deep religious beliefs and social values, which are far more conservative than those of most Europeans on issues like women's rights and homosexuality.

"A lot of people, progressive ones — we are not talking about nationalists or the extreme right — are saying, 'Now we have this religion, it plays a role and it challenges our assumptions about what we learned in the 60's and 70's,' " said Joost Lagendik, a Dutch member of the European Parliament for the Green Left Party, who is active on Muslim issues.

"So there is this fear," he said, "that we are being transported back in a time machine where we have to explain to our immigrants that there is equality between men and women, and gays should be treated properly. Now there is the idea we have to do it again."

Now Europeans are discussing the limits of tolerance, the right with increasing stridency and the left with trepidation.

Austrians in their recent election complained about public schools in Vienna being nearly full with Muslim students and blamed the successive governments that allowed it to happen.

Some Dutch Muslims have expressed support for insurgents in Iraq over Dutch peacekeepers there, on the theory that their prime loyalty is to a Muslim country under invasion.

So strong is the fear that Dutch values of tolerance are under siege that the government last winter introduced a primer on those values for prospective newcomers to Dutch life: a DVD briefly showing topless women and two men kissing. The film does not explicitly mention Muslims, but its target audience is as clear as its message: embrace our culture or leave.

Perhaps most wrenching has been the issue of free speech and expression, and the growing fear that any criticism of Islam could provoke violence.

In France last month, a high school teacher went into hiding after receiving death threats for writing an article calling the Prophet Muhammad "a merciless warlord, a looter, a mass murderer of Jews and a polygamist." In Germany a Mozart opera with a scene of Muhammad's severed head was canceled because of security fears.

With each incident, mainstream leaders are speaking more plainly. "Self-censorship does not help us against people who want to practice violence in the name of Islam," Chancellor Angela Merkel of Germany said in criticizing the opera's cancellation. "It makes no sense to retreat."

The backlash is revealing itself in other ways. Last month the British home secretary, John Reid, called on Muslim parents to keep a close watch on their children. "There's no nice way of saying this," he told a Muslim group in East London. "These fanatics are looking to groom and brainwash children, including your children, for suicide bombing, grooming them to kill themselves to murder others."

Many Muslims say this new mood is suddenly imposing expectations that never existed before that Muslims be exactly like their European hosts.

Dyab Abou Jahjah, a Lebanese-born activist here in Belgium, said that for years Europeans had emphasized "citizenship and human rights," the notion that Muslim immigrants had the responsibility to obey the law but could otherwise live with their traditions.

Then someone comes and says it's different than that," said Mr. Jahjah, who opposes assimilation. "You have to dump your culture and religion. It's a different deal now."

Lianne Duinberke, 34, who works at a market in the racially mixed northern section of Antwerp, said: "Before I was very eager to tell people I was married to a Muslim. Now I hesitate." She has been with her husband, a Tunisian, for 12 years, and they have three children.

Many Europeans, she said, have not been accepting of Muslims, especially since 9/11. On the other hand, she said, Muslims truly are different culturally: No amount of explanation about free speech could convince her husband that the publication of cartoons lampooning Muhammad in a Danish newspaper was in any way justified.

When asked if she was optimistic or pessimistic about the future of Muslim immigration in Europe , she found it hard to answer. She finally gave a defeated smile. "I am trying to be optimistic," she said. "But if you see the global problems before the people, then you really can't be."

News To Bridge The Divide (USAT)

By Souheila Al-jadda

USA Today, October 11, 2006

DOJ_NMG_0079342

Many Arab TV news media criticized Secretary of State Condoleezza Rice's visit last week to the Middle East, questioning her intentions and recent U.S. policies in the region.

Perhaps Rice's latest diplomatic overtures were met with suspicion from Arab readers and viewers as well. Still fresh in their minds are the images of the tragic Lebanese-Israeli conflict, which unfolded right before their eyes on Arab satellite TV with scenes of death and destruction. These poignant images coupled with adroit news writing are shaping Arab public opinion, which has become increasingly anti-American and anti-Western in recent years.

On a recent visit to Syria, I saw the wide array of satellite TV news broadcasts offered in the Middle East. Most people seem to watch Al-Jazeera (mainly Qatar-funded), Al-Arabiya (Saudi-backed) or Al-Manar (Hezbollah-supported).

But a new trend is emerging, with Western and Middle East news outlets planning to reach out to the other side and build bridges of understanding between their nations and people.

In Europe alone, several countries are launching Arabic-language satellite news broadcasts:

·The British Broadcasting Corporation World Service is creating a $35 million, Arabic version of its channel.

·France is launching all-news Arabic programming next year.

·Deutsch Welle, a German public broadcast company, airs three hours of Arabic programming, which will expand to 24 hours next year.

In turn, Al-Jazeera, the most influential Arab network, plans to launch an English-language channel later this year to give Western audiences the Arab point of view. Al-Jazeera is primarily funded by Qatar, a U.S. ally. Yet some U.S. officials accuse Al-Jazeera of inciting violence by airing videos from terrorists. Shortly after the9/11 terrorist attacks, Defense Secretary Donald Rumsfeld said Al-Jazeera "has a pattern of putting out al-Qaeda propaganda." Al-Qaeda often first airs messages via Al-Jazeera.

Are U.S. networks that aired the same footage guilty of inciting violence, too? Whether the news comes from Al-Jazeera or Fox News, people should hear different sides of a story and engage in an honest discussion.

But there is a fine line between news coverage and propaganda. In February 2004, Washington started broadcasting the Arabic-language Alhurra (Arabic for "The Free One"), to tell "the people in the Middle East the truth about the values and the policies of the United States," according to President Bush. It turned out to be a multimillion-dollar failure. A Zogby International poll last year revealed that 45% of viewers in five Arab countries watched Al-Jazeera and less than 1% watched Alhurra.

As Marwan Bishara, a political analyst for Abu Dhabi TV, explained in an op-ed piece in the International Herald Tribune, "People will not trust the message if they don't trust the messenger." To avoid being perceived as government propaganda, European stations will need to emphasize their reputations for being truly independent news organizations.

Five years have passed since 9/11, and many Americans are still asking, "Why do they hate us?" But people in the Middle East don't hate us; in fact, most like our Western culture and its values. What they hate is our foreign policy.

Arab respondents to a 2004 University of Maryland/Zogby International poll were asked whether their attitudes toward the USA were "based more on American values or on U.S. policy in the Middle East." A majority cited U.S. policy. To win the confidence of people in the Arab world and have them accept Western values, U.S. foreign policy must reflect these values.

Palestinians held historic parliamentary elections this year at the behest of Western nations, voting the Islamic movement Hamas into power. But because the European Union, Israel and the United States designate Hamas as a terrorist organization for targeting Israeli civilians, they punished the Palestinians with sanctions. Little consideration was given to the Arab view that Hamas was a legitimate movement, defending against Israeli occupation and attacks on Palestinian civilians.

Arabs daily see the tragic results of the Iraq war. They've seen images of prisoner abuse in Abu Ghraib, heard tales of slaughter and are now witnessing a budding civil war.

During talks to end the Israeli-Lebanese conflict this summer, the United States delayed a United Nations cease-fire resolution with the aim of creating a democratic "new Middle East." Washington, in effect, gave Tel Aviv the green light to continue bombing. Over 34 days, the world watched U.S. policy in action as at least 800 civilians were killed and Lebanon's infrastructure and economy were left in shambles. If this is what U.S. democracy looks like, it would be understandable if Arabs reject it.

To spare future generations further conflicts and wars, the world must support these modest attempts to bring differing opinions to new audiences. Ultimately, though, the will to engage in a global dialogue must be backed by a will to understand and a desire to change.

Souheila Al-Jadda is associate producer of a Peabody award-winning show, Mosaic: World News from the Middle East, on Link TV, and a member of USA TODAY's board of contributors.

Support Freedom In The Arab World (WP)

By Radwan A. Masmoudi And Amr Hamzawy

The Washington Post, October 11, 2006

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As Arab and Muslim intellectuals and activists concerned about the promotion of democracy in our region, we call on America and its president to reaffirm -- in words and actions -- its commitment to sustained democratic reform in the Arab world.

We have been heartened by the strong commitment to liberty that President Bush expressed in his November 2003 speech at the National Endowment for Democracy and then in his second inaugural address, when he said: "All who live in tyranny and hopelessness can know: The United States will not ignore your oppression or excuse your oppressors. When you stand for your liberty, we will stand with you."

Despite some initial skepticism, those statements nurtured hope in our region. We realize that democracy is not easily attained and must ultimately come from within. But it can receive encouragement and support, both of which it badly needs today in Arab countries.

We know that some in the United States, worried by recent Islamist gains among voters in Palestine and Egypt, are having doubts about the wisdom of pushing for freedom and democracy in the Middle East. These worries are exploited by despots in the region to perpetuate the untenable status quo. But there is no way to advance liberty without inclusion of all elements that are willing to abide by democratic rules and reject violence.

Democratic participation is the only way to combat extremism and pressure all groups, including Islamists, to moderate their stance in order to maximize their share of the vote. The United States should continue to press for an end to repression by governing regimes of democratically minded liberal and Islamist groups, and it should emphatically distance itself from such repression and condemn it in the strongest terms whenever and wherever it occurs. We are confident that if Arab citizens are able to have their choice, they will choose democracy, freedom, peace and progress.

Perhaps emboldened by the impression that America is wavering in its support for democracy, some autocrats have recently intensified repression. This makes the need for sustained U.S. and international support and pressure more urgent than ever. The region needs to hear again that the course of freedom and democracy is the only course that America, guided by both interest and principle, will support.

To mention but one case where U.S. influence might do much good: Egypt has experienced a regime crackdown lately on opposition activists. In February the government postponed municipal elections and renewed the emergency law. The regime has not even spared Egypt's venerable judiciary, which has steadfastly proclaimed its independence in recent months. And liberal opposition politician Ayman Nour, who was allowed to run in last year's presidential election and won 8 percent of the popular vote, behind only President Hosni Mubarak, was arrested and sentenced in a murky process to five years in jail.

The health of Ayman Nour, a dear friend and colleague of many of us, continues to deteriorate. We pray that President Bush will take Nour's case to heart and tell the Egyptian regime of his concerns. Hundreds of other activists (including doctors, university professors, journalists and those in civil society) whose only crime was to express their desire for freedom continue to languish in jail and suffer torture and police brutality.

We entreat America to do all it can to ensure that a small number of authoritarian rulers will not control the future of more than 300 million Arabs, more than half of whom are not yet 20 years old. Freedom and democracy are the only ways to build a world where violence is replaced by peaceful public debate and political participation, and despair is replaced by hope, tolerance and dignity.

This article is adapted from an open letter to President Bush signed by 103 other Arab and Muslim activists and thinkers in Arab countries, Europe, the United States and elsewhere who have worked in support of democracy (see www.islam-democracy.org).

An Impossible Job (NYT)

The New York Times, October 11, 2006

It is heartening, and a little surprising, that the race to succeed Kofi Annan as United Nations secretary general was so hard fought. The job is grueling, requiring an extraordinary combination of public advocacy, tough management and tireless crisis diplomacy — and it can often feel thankless.

This week the Security Council picked Foreign Minister Ban Ki-moon of South Korea. Mr. Ban got a quick taste of his life to come, when the news of his selection was upstaged by North Korea's announcement that it had tested a nuclear weapon.

We wish Mr. Ban well. The United Nations is an essential organization for promoting American foreign policy goals and for achieving a fairer and more peaceful world. Yet the past few years have done serious damage. The problems range from the Security Council's bitter divisions over Iraq to the scandalous behavior of corrupt officials and sexually predatory peacekeepers to the General Assembly's watering down of essential reforms.

But the single most ominous problem has been the sometimes hostile, sometimes aloof, but never constructively supportive attitude of the Bush administration. The United States isn't just the world's only superpower, the U.N.'s biggest contributor and its New York host. It championed the organization's creation and shaped its universalist values.

DOJ_NMG_0079344

The next secretary general cannot succeed without Washington's active cooperation, or without pushing through the reforms that fell short in the current term. What's needed is a human rights council uncompromised by the inclusion of human rights abusers, and a secretary general with the authority to control spending and demand the highest performance of personnel. The organization also must have a General Assembly prepared to cut back on obsolete study missions, layers of duplicative committees and sinecure staff positions that have piled up over decades without serious review.

The United States strongly backed Mr. Ban's candidacy. If it supports Mr. Ban in doing his job, it would increase his chances for success.

To Grow Or Not To Grow (WSJ)

The Wall Street Journal, October 11, 2006

The first country in Latin America that institutes a flat-tax regime is going to make history for that region, just as history is being made by such pro-growth flat-tax regimes as Slovakia, Georgia and Estonia across Eastern Europe. The man who made it happen in Estonia is giving Costa Rica that chance. So far, they are proving they're not up to it.

Former Estonian Prime Minister Mart Laar went to Costa Rica last month to explain the groundbreaking structural change in his own country that sparked a free-market revolution all over Eastern Europe. According to press reports, his message hit home with Costa Rican business and opinion makers. Amazingly, the Costa Rican government is already trying to close the door on Mr. Laar's ideas. It's hard to understand why.

Costa Rica is not the poorest country in Latin America but it's hardly meeting its potential. Steep personal income-tax rates are the cause of a government-estimated tax evasion rate of 70%. A 30% corporate tax rate discourages investment.

Costa Rica was considered a model welfare state 20 years ago. Today, 80% of government revenues are dedicated to wages, pensions, debt service and higher education. Most of the region now takes for granted technology such as portable email devices; in Costa Rica such modern conveniences remain a dream.

Mr. Laar faced bigger challenges in post-Soviet-Estonia. In 1992 his country was running 1,000% annualized inflation and the economy had contracted 30% over two years. Today, with its zero corporate tax rate on reinvested profits, single tax rate for individuals and a fully deregulated economy, Estonia is running ahead of the European pack, attracting human and financial capital. Real GDP growth in 2006-2007 is forecast at more than 8% per year.

During three days of meetings with the government of President Oscar Arias, members of congress, economists, businessmen and opinion makers, Mr. Laar argued that Costa Rica could undergo a similar transformation if only the government would "just do it." He emphasized the importance of privatization, accession to Cafta and, of course, the flat tax.

He explained that the single rate, with an exemption for the poor, "could be applied in any country, and in most countries where it has been applied, it has shown satisfactory results." He said, "In Estonia, which has a large population of farmers, it has reduced inequality, created more income for the government and lowered the poverty rate."

The Arias government promised to "analyze" the idea. On Sept. 28 Finance Minister Guillermo Zúñiga announced, "We have analyzed it [the flat tax] and we have ruled it out." Its attraction is that it's simple, "but for Costa Rica it would have to be moderated." That, he explained, would "complicate it and reduce its attractiveness." The government is promising an alternate plan that, if Mr. Arias's rhetoric is any guide, will almost certainly raise taxes.

Costa Ricans may not back off so easily. The opposition in congress may not cooperate with tax increases. What's more, the Costa Rican press has been editorializing in favor of the flat tax. La Nación led off an editorial: "Estonia managed, in a few years, that which many countries, including Costa Rica, have sought laboriously for a long time. Why doesn't our government, instead of wasting its time on a complicated fiscal plan, follow a good example?"

Good question. Costa Rica has a chance to transform the region. It should take it.

DOJ_NMG_0079345

Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, October 11, 2006 10:47 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/11/06 Civil Division News

Officials challenge AIDS funding ruling

Oracle to pay $98.5M to settle suit

Home health care provider pleads guilty for Medicare fraud

Supreme Court Rejects Gay Marriage, Abortion Cases

Guardsmen filing suit for compensation

Drugs Slip Through FDA Cracks, Sell Unapproved by the Millions

AP

Oct. 11, 2006

Officials challenge AIDS funding ruling

WASHINGTON (AP) — The Bush administration sought Tuesday to overturn a court decision that lets nonprofit AIDS groups apply for federal funding without signing a pledge opposing prostitution and sex trafficking.

At least one of the groups, DKT International Inc., has refused to sign the pledge because it helps distribute condoms to prostitutes and other sex workers in Vietnam.

DKT last year sued the U.S. Agency for International Development, contending their free speech rights were violated by a 2003 law requiring that they explicitly oppose prostitution and sex trafficking to qualify

for part of a $15 billion AIDS program.

In May, U.S. District Judge Emmet G. Sullivan sided with DKT, saying the funding conditions insist that groups "parrot" the U.S. government's position on prostitution.

But the Justice Department, in its appeal Tuesday, called the funding condition "highly germane" to the overall goal of fighting the spread of AIDS and HIV.

"Congress could reasonably determine that the government's efforts to stamp out prostitution and sex trafficking would be most successful if HIV/AIDS services are provided by organizations that affirmatively oppose two underlying causes of the disease," the government said.

The case now heads to the U.S. Court of Appeals for the District of Columbia. A date for arguments has not yet been set.

END

Baltimore Examiner

Oct. 11, 2006

Oracle to pay $98.5M to settle suit

Luke Broadwater, The Examiner

BALTIMORE - The Oracle Corp., whose CEO Larry Ellison is one of the world's richest men, agreed Tuesday to pay $98.5 million to the U.S. government to settle a false claims lawsuit, after a company it owns was accused of ripping off the government in a contract.

This is the largest contract fraud settlement ever reached by the U.S. government in Maryland.

"I am proud that Maryland is part of this national initiative," said Maryland U.S. Attorney Rod Rosenstein, who was among several federal officials who announced the settlement Tuesday.

PeopleSoft, a company that merged with Oracle last year, entered into a federal contract in March 1997 to sell software products and maintenance services. The contract resulted in about $127 million of software sales and $77 million in maintenance sales until it ended in 2005, Rosenstein said.

But government officials learned the company might have been ripping them off after a former PeopleSoft employee James A. Hicks filed suit against his old bosses under the federal False Claims Act.

Hicks' suit alleged PeopleSoft misrepresented its software discounting practices to the government when negotiating its contract — and did not reveal that it offered lower prices to customers who purchased in bulk, causing the government to pay higher amounts of taxpayer money than necessary, officials said.

To settle the claims, Oracle agreed Tuesday to pay the U.S. government $98.5 million and Hicks $17.7 million within the next two weeks.

PeopleSoft's federal sales office was in the Bethesda. It merged into Oracle in March 2005.

According to the settlement, Oracle continues to deny that it's liable for the claims alleged in the suit. A Oracle spokeswoman did not immediately respond to a request for comment.

END

AP

October 11, 2006

Home health care provider pleads guilty for Medicare fraud

LOS ANGELES_The owner of California's two largest home health care businesses has pleaded guilty to health care fraud that cost Medicare $40 million.

Lourdes "Lulu" Perez, 53, of San Diego entered the plea Tuesday in federal court as part of a settlement in which she, her husband and her two businesses repaid $33.9 million to the government, prosecutors said.

Perez is scheduled to be sentenced Oct. 16 by U.S. District Judge Stephen Wilson. Prosecutors have recommended that she be sentenced to 46 months in prison, but she could get up to 59 years in prison.

Perez was the owner of Los Angeles-based Provident Home Health Care and San Dimas-based Tri-Regional Home Health Care, which billed Medicare for work that was never performed.

The companies were "the epicenter of home health care fraud in Southern California," U.S. Attorney Debra Wong Yang said Tuesday.

Perez came under federal investigation after a payroll clerk at Provident filed a whistleblower lawsuit in 2003. The government intervened in the case and got one of her coconspirators to agree to plead guilty.

Margaret Tan, 29, a former director of nursing at Provident, was cooperating with prosecutors in the ongoing investigation of others involved in the elaborate fraud scheme. Tan was scheduled to enter a plea Oct. 23, prosecutors said.

"The cooperation we have obtained from key figures in this fraud has assisted us in recovering a particularly large amount of fraudulently obtained proceeds," Yang said.

END

The Associated Press
10-11-2006

Supreme Court Rejects Gay Marriage, Abortion Cases

The Supreme Court refused to intervene Tuesday in a legal fight over same-sex marriage, declining an appeal from a gay California couple who were denied a license to wed.

The justices declined without comment to take the case of Arthur Smelt and Christopher Hammer of Mission Viejo, Calif. The men had sought a marriage license in southern California's Orange County in 2004 and, after they were turned down, filed a federal lawsuit that challenged federal and state laws against same-sex marriage.

A U.S. District judge said the federal Defense of Marriage Act was constitutional but declined to rule on the state ban because a separate legal challenge is making its way through California state courts.

The 9th U.S. Circuit Court of Appeals agreed in May that the couple should await the outcome of the state court challenge.

Last week, a California appeals court upheld the state ban on same-sex weddings. That case appears headed for the California Supreme Court.

A trial judge in San Francisco last year declared the state marriage ban invalid because it violated the civil rights of gays and lesbians.

Major civil rights groups opposed the federal lawsuit, preferring to fight for recognition of gay marriage in several states before the Supreme Court is asked to weigh in.

The case is *Smelt v. Orange County*, 06-5742.

COURT REJECTS COMPANION CASE TO 'ROE V. WADE'

The Supreme Court on Tuesday turned aside the case of Sandra Cano, one of the women behind the legalization of abortion, who had sought to reverse the victory she won 33 years ago.

Cano says she never wanted an abortion and that her difficult early life resulted in her becoming the anonymous plaintiff in *Doe v. Bolton*, the lesser-known case which the justices ruled on the same day in 1973 as the landmark *Roe v. Wade*.

"We're very disappointed that the Supreme Court has not decided to protect women and children from the harm of abortion," said Allan Parker, one of Cano's attorneys. "The court has aborted the normal regulation of medicine in this area."

Cano says she was a 22-year-old victim of an abusive husband and that her children were in foster care when she sought legal assistance in getting a divorce and in getting her children back.

She said an aggressive attorney pushed her into the abortion case.

"What I received was something I never requested -- the legal right to abort my child," Cano said in an affidavit six years ago.

Her current lawyers' legal brief says that despite advances in medicine, science and technology, the justices have "frozen abortion law based on obsolete 1973 assumptions and prevented the normal regulation of the practice of medicine."

The 11th U.S. Circuit Court of Appeals ruled in January that neither it nor a U.S. District Court had the authority to reverse the Supreme Court's decisions in *Doe v. Bolton* or *Roe v. Wade*.

END

Springfield, MA Republican

October 11, 2006

Guardsmen filing suit for compensation

By MARLA A. GOLDBER

SPRINGFIELD - After the Sept. 11, 2001, attacks, some Massachusetts National Guard soldiers activated to protect Quabbin Reservoir and other resources traveled 100-plus miles daily and slept in their cars, because they weren't given money for lodging, a lawyer said yesterday.

Four men have filed suit in U.S. District Court, seeking compensation from the National Guard and federal and state governments.

Their lawyer, John R. Shek, said at a hearing in Springfield yesterday that many soldiers weren't paid for out-of-pocket expenses including gas and food, and built up major credit card debts. When soldiers inquired about compensation, they were told by commanding officers to "Shut up and like it," Shek said.

Shek argued before Judge Richard G. Stearns that the lawsuit should be certified as a class action. In an interview afterward, Shek said he believes roughly 1,200 Massachusetts National Guard soldiers are owed $40,000 to $50,000 each.

Assistant U.S. Attorney Mark T. Quinlivan said the soldiers haven't exhausted administrative solutions and argued that their case should be dismissed or transferred to the U.S. Court of Federal Claims.

Stearns took the case under advisement and said he hopes to rule within days.

The lawsuit was originally filed in January by Sgt. Steven M. Littlefield of Manomet; Sgt. Wayne R. Gutierrez of New Bedford; retired Capt. Louis P. Tortorella of Brookline, N.H.; and Spc. Joseph P. Murphy of Derry, N.H. Defendants include the United States, the Commonwealth of Massachusetts and the Massachusetts National Guard.

The four soldiers maintain they were treated differently from National Guard members in other states, in violation of equal protection rights. They also cite breaches of contract, financial duty and U.S. Army regulations and seek reimbursement, damages and lawyer's fees.

"Everybody who is entitled to money will get their money," said Maj. Anthony Sciaraffa, a U.S. Army lawyer, at a press conference after yesterday's hearing. Sciaraffa said the soldiers did receive annual salaries, which are based on rank, and total about $24,000 a year for a specialist or corporal.

Sciaraffa said the National Guard never intended to deny soldiers any daily or "per diem," compensation they deserved. Instead, there was a "quirk in the system," Sciaraffa said, adding that the activation scenario following Sept. 11, 2001, was unusual and didn't fit computerized templates for paying soldiers.

A soldier whose station is changed permanently, or for at least 179 days, can get an annual housing allowance of $18,500, Sciaraffa said. However, he acknowledged that some claim to have gotten repeated temporary assignments after the terrorist attacks.

At the hearing, there were frequent references to U.S. Supreme Court rulings, landmark cases and the Constitution, along with debate about whether governments are immune to such lawsuits.

The state should not have "to go into its own coffers to make good on these payments," said Rosemary Connolly, trial division chief for Massachusetts Attorney General Thomas F. Reilly. "They (the National Guard soldiers) were called up on federal orders, not state orders," she said.

The National Guard, Shek said in an interview, is an "ancient militia," which predates present government structure and answers to state and federal activation orders.

END

Bloomberg
October 11, 2006

Drugs Slip Through FDA Cracks, Sell Unapproved by the Millions

Oct. 11 (Bloomberg) -- Ballay Pharmaceuticals Inc. had a choice nine years ago: seek U.S. approval to sell a prescription decongestant or slip the drug on the market and hope regulators wouldn't order it off.

The company chose to market the medicine, Balamine DM, to doctors and pharmacies without the consent of the U.S. Food and Drug Administration, and the agency didn't stop Wimberley, Texas- based Ballay.

Almost 2 percent of U.S. prescriptions dispensed last year, or as many as 73 million, were for unapproved medicines such as Balamine, the FDA estimates. After years of paying little attention, the FDA now says it will step up efforts to get many of the drugs approved or taken off the market.

While some medications may be lawful because they are safe and effective, the FDA says the majority are illegal -- and some may be killing or injuring people.

``It's a tremendous risk, and the problem is that the public doesn't know about it,'' says Larry D. Sasich, a professor of pharmacy practice at Lake Erie College of Osteopathic Medicine in Erie, Pennsylvania. Sasich has written about the hazards of pharmaceuticals for Public Citizen, a Washington-based advocacy group.

The makers of unsanctioned medicines, often closely held companies with fewer than 500 employees, defend their practices as legal. The law allows companies to market drugs that are ``generally recognized'' as effective and safe.

Internet Ads

To gain explicit clearance, companies must submit studies proving that products work and are safe. Some companies do register drugs with the FDA when they market them, making the agency aware of the products while skipping the approval process.

Marketers promote unapproved drugs through the Internet, ads in journals and sales visits to doctors. The names and packaging of the products -- such as Cortane-B to treat ear infections -- don't reveal the unapproved status.

Cortane-B's maker, Blansett Pharmacal Co. in North Little Rock, Arkansas, says the product is safe and effective yet the company plans to seek FDA approval.

Physicians prescribe unapproved drugs and pharmacies sell them often without knowing their status. Insurance plans, including some tied to the U.S. Medicare program for the disabled and elderly, often pay for unapproved medicines -- sometimes knowingly. It is legal to prescribe, fill prescriptions for, and insure unapproved drugs.

FDA's `Renewed Emphasis'

The FDA hasn't developed a list of unapproved drugs and says it doesn't know whether the number -- which it estimates to be in the thousands -- is increasing.

The agency plans to place ``renewed emphasis'' on the drugs, says Deborah M. Autor, director of the office of compliance at the FDA. ``We are committed to ensuring that all drugs in the U.S. meet safety and effectiveness standards,'' she says.

As of April, Balamine and more than 100 other unapproved medicines contained an ingredient associated with the deaths of 21 children under 2 years old during the past 23 years, according to the FDA. The substance is carbinoxamine, an antihistamine.

While ``it is not clear that the carbinoxamine caused these deaths,'' the FDA said in a June statement, the agency ordered companies to stop making unapproved drugs with the compound.

Ingredient Removed

Ballay and other drugmakers say they stopped production of carbinoxamine-containing medicines or removed the ingredient after the FDA's statement. The products had been on the market for years and

supplies may still be in pharmacies, as the FDA didn't demand the manufacturers recall the products.

Balamine met a medical need, says Terry Ballay, president of Ballay, which is closely held and has fewer than 20 employees.

``I'm not a villain,'' he says. ``I'm really not. I think I help society on the whole.''

Ballay paid for a listing for Balamine and another drug in this year's ``Physicians' Desk Reference,'' an annual directory used by many doctors to research drugs. Companies listing products in the book aren't required to demonstrate that the drugs have been approved by the FDA, says Kyle Christensen, a spokesman for the publisher, a unit of Thomson Corp.

According to Ballay's entry, Balamine drops can be used in children as young as 1 month and Balamine syrup in infants at least 18 months old.

Dosage at Issue

The appropriate dose of carbinoxamine for children under 2 years hasn't been established, the FDA says.

Ballay declines to explain why he didn't apply for FDA approval to sell Balamine before he put it on the market in 1997.

``We sold a lot of it, and the doctors loved it,'' he says, refusing to divulge figures. He says he knows of no injuries caused by the drug.

Like Balamine, other unapproved drugs often contain mixtures of ingredients that were included in medications that had previously gained U.S. clearance. New doses, combinations and prescribing instructions found in the unapproved versions may pose risks, according to the FDA and independent specialists.

``You just don't know what contaminant might be lurking in one of these compounds or whether there's a new safety risk in one of these combinations,'' says Lee Vermeulen, a professor at the University of Wisconsin-Madison School of Pharmacy.

Drugs lacking an FDA imprimatur have come to public attention before. In 1984, the FDA linked 38 infant deaths to an unapproved intravenous vitamin E solution used to treat premature babies. The drug was withdrawn.

FDA Actions

The FDA says it has taken ``numerous'' actions during the past two decades to spur compliance with the law. Officials haven't responded to requests for details.

The agency posts on its Web site some warning letters that cite companies for making unapproved drugs. None of the 20 largest drugmakers, ranked by U.S. sales, is among those named in the selected enforcement actions on the FDA Web site.

One letter was sent to Neil Laboratories Inc. of East Windsor, New Jersey, in May. The FDA accused Neil of selling eight unapproved drugs containing compounds such as guaifenesin, used to treat coughs. Bharat Patel, chief executive officer of Neil, didn't return phone calls seeking comment.

The FDA on Oct. 5 said it had negotiated an agreement with Syntho Pharmaceuticals Inc. and Intermax Pharmaceuticals Inc. to stop making unapproved drugs, including cough medicines. The companies, based in Farmingdale, New York, share the same president, Muhammed Malik. He didn't return phone calls seeking comment.

Felony Charges

Officials at companies that illegally put a drug on the market could face misdemeanor or felony charges, says William Vodra, a former FDA lawyer. The U.S. also could seek to seize drugs or impose other penalties, says Vodra, who now is in private practice in Washington, representing drugmakers.

The regulators say they will focus on unapproved medications that pose safety risks, lack evidence of effectiveness and make deceptive claims.

``We have had to prioritize our enforcement efforts and exercise enforcement discretion,'' in part because resources are limited, the FDA says on its Web site.

Some unapproved drugs, such as phenobarbital, used to control seizures, are ``very important therapies'' and appear to help patients, according to the FDA, which says it may not act against beneficial drugs for which alternatives aren't available.

Oversight Shortage

A shortage of money and workers has prevented the FDA from doing much about unapproved medicine, says Sasich, the pharmacy professor and co-author of `Worst Pills, Best Pills: A Consumer's Guide to Avoiding Drug-Induced Death or Illness.'' Because of a lack of oversight, companies ``very likely'' could get prescription drugs on the market that prove harmful, he says.

``You always find people that want to go around regulatory standards for their own gain,'' Sasich says. ``I don't believe that the Food and Drug Administration has the resources to prevent that from happening.''

The FDA had a $1.88 billion budget for the fiscal year ended Sept. 30, and the administration of President George W. Bush has requested $71 million more for fiscal 2007. The FDA needs ``a large boost in funding and staffing,'' the Washington-based Institute of Medicine, which advises the federal government, said in a Sept. 22 report.

Physicians, pharmacists and health insurers that pay for prescription medicines say they assume that medications being sold have the government's blessing.

Until the FDA decides that drugs need to be removed from the market, the medicines are candidates for insurance reimbursement, says Jeffrey Kelman, chief medical officer for Medicare's Center for Beneficiary Choices.

FDA Responsibility

FDA officials, not physicians, bear the responsibility for verifying that drugs are approved, says Edward Langston, chairman-elect of the Chicago-based American Medical Association, the nation's largest doctors' group.

``They need to enforce their rules and regulations and not allow these medications to be distributed,'' says Langston, a physician in Lafayette, Indiana.

Dozens of drugs not listed in the FDA's database of approved medicines can be found on drugmakers' Web sites and in pharmaceutical directories.

Pamlab LLC of Covington, Louisiana, lists several products on its Web site that lack clearance, including Pancof decongestant.

``History has shown that, in general, the products have been safe and effective, or else physicians wouldn't prescribe them,'' says Barry LeBlanc, the company's president and chief operating officer.

Some companies' unapproved drugs contain ingredients that were evaluated by the FDA.

Unapproved Version

That's what happened with carbinoxamine, the antihistamine. The FDA approved a version of the drug in 1953, called Clistin. Fifteen years later, an unapproved allergy drug named Rondec, which contained carbinoxamine and other ingredients, appeared.

Cypress Pharmaceutical Inc. of Madison, Mississippi, says it copied Rondec. ``The brand was out there, and had been for many decades at the point where ours came to market,'' also without FDA clearance, says Max Draughn, CEO of Cypress.

Makers of unapproved drugs aren't trying to hide from the FDA, says Larry Blansett, CEO of Blansett Pharmacal. The company makes several unapproved medicines, including Cortane-B, which combines an anesthetic, steroid and antibacterial agent to treat ear infections.

Blansett and other drugmakers say they have filed required paperwork alerting the FDA of product introductions even for unapproved drugs.

Each registered medicine, whether approved or not, carries a 10-digit National Drug Code number, created by the drugmakers and the FDA. The numbers are used by pharmacies to place orders and track inventory.

No Secret Ops

``It's not as if these are clandestine operations working under the wire,'' Blansett says.

Blansett says he doesn't have to seek approval for drugs with ingredients generally recognized as safe and effective, as he says is the case with Cortane-B, which contains pramoxine, hydrocortisone and chloroxylenol. He nonetheless will do so for that product rather than risk that the government will order it off the market, he says.

The approval process may cost the company at least $250,000 and perhaps as much as $20 million, depending on the FDA's demands, the executive says. The FDA may take three to five years to consider the application, he says. In the meantime, he will continue selling the drug.

``Unless the FDA contacts us and tells us it requires anything different, it's OK to market as it is,'' he says.

END

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 12, 2006 7:45 AM EDT

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TERRORISM NEWS:

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SoCal Man Indicted On Federal Charges Of Aiding Al Qaeda (LAT)

By Greg Krikorian

The Los Angeles Times, October 12, 2006

A Southern California convert to Islam who has appeared in five incendiary Al Qaeda videos became the first American since the World War II era to be charged with treason, law enforcement sources said today.

In a federal grand jury indictment handed down in Orange County, Adam Yahiye Gadahn, 28, also was charged with providing material support for a terrorist group.

Gadahn, who is believed to be overseas, has emerged in recent months as the most significant American convert to radical Islam. Although he showed up on an Al Qaeda video in October 2004, it is his recent appearances with the terrorist organization's second-in-command, Ayman Al-Zawahiri, that has cemented his reputation as a significant new propagandist for terrorism.

As one senior U.S. official told The Times in recent days: "It is not some masked guy with a rifle saying, 'Death to America.' It is an American. And his target audience is the U.S."

In May 1997, Gadahn was arrested for allegedly attacking a well-known leader at the Islamic Society of Orange County in Garden Grove. He later pleaded guilty to a misdemeanor count of assault and battery.

By then, records and interviews show, Gadahn had become close to two radical Muslims who were followers of the radical cleric Sheik Omar Abdel Rahman, the so-called blind sheik who is serving a life sentence in federal prison for his role in the 1993 bombing at the World Trade Center.

Though FBI counterterrorism officials were aware of Gadahn for years, his name did not surface publicly until May 2004, when it was announced that they were seeking information on his whereabouts and considered him armed and dangerous. At the time, they said they believed that he had attended an Al Qaeda training camp in Afghanistan and worked as a translator for several of the organization's leaders, including senior lieutenant Abu Zebeida.

Months after the FBI announced its search for Gadahn, the CIA said it believed he was the menacing, masked figure making threats against the U.S. in a October 2004 videotaped message from Al Qaeda.

In that hourlong tape, released just before the U.S. presidential election, a young man hidden behind a head scarf identified himself as "Azzam the American" and said that American "streets will run red with blood."

"When his face was covered up, it initially worried people in the intelligence community," said the high-ranking U.S. law enforcement official. "Because we knew who it was and we figured he knew that ... so the question was whether it was a martyrdom tape."

That concern evaporated when Gadahn appeared in another video in September 2005 on the eve of the anniversary of the 9/11 attacks.

In that tape, he invoked the name of the most infamous Sept. 11 attacker, Mohammed Atta, and warned about new attacks in the U.S. and Australia.

"Yesterday, London and Madrid," he said, referring to two cities that had recently been bombed by terrorists. "Tomorrow, Los Angeles and Melbourne."

This past July, Gadahn appeared in a third video that also carried statements from Zawahiri and Al Qaeda leader Osama bin Laden. In that video, Gadahn referred to the recent capture of two American servicemen in Iraq and said, among other things: "So after all the atrocities committed by America ... why should we target their military only?"

In the two most recent videos broadcast last month, Gadahn urged U.S. soldiers to "escape from the unbelieving Army and join the winning side." He later referred to the U.S. as "enemy soil."

"Adam Gadahn is a U.S. citizen who made a choice to join and act as a propagandist for Al Qaeda, an enemy of this country responsible for the horrific deaths of thousands of innocent Americans on Sept. 11, 2001," Deputy Atty. Gen. Paul J. McNulty said in a statement after the indictment was announced.

"The war on terror is a fight for hearts and minds, and Gadahn gave himself to our enemies in Al Qaeda for the purpose of being a central part of their propaganda machine. By making this choice, we believe Gadahn committed treason - perhaps the most serious offense for which any person can be tried under our Constitution."

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FBI Executive Assistant Director Willie Hulon of the National Security Branch added that Gadahn "represents a new breed of homegrown extremist, who has chosen to betray the country of his birth, and align with the Al Qaeda terrorist network."

U.S. Atty. Debra Wong Yang, whose Los Angeles office prosecuted the case, said: "By aligning himself with Al Qaeda, by moving overseas to be closer to Al Qaeda's base and leadership, and by joining in advocating Al Qaeda's terrorist agenda, an agenda that includes the overthrow of the United States government and the murder of American citizens, Adam Gadahn has committed treason against the United States of America.

She added: "The charges returned today by a federal grand jury demonstrate that the criminal justice system will not sit passively by while a United States citizen engages in such activities." Raised on a goat farm in rural Riverside County, Gadahn is the grandson of a Jewish doctor, Carl Pearlman. His father, Phillip, changed the family name to Gadahn before Adam was born.

In a November 1995 Web posting, the then 17-year-old Gadahn wrote that his father grew up agnostic or atheist but "became a believer in one God when he picked up a Bible left on the beach." He also said his father was a butcher, who slaughtered animals according to Islamic dietary practices and sold the meat to an Islamic food mart in downtown Los Angeles.

Gadahn said that his mother was raised Catholic and leaned toward Christianity and that he and his siblings were schooled at home. After exposure to various religions and a period where he was admittedly "obsessed" with demonic music, Gadahn said in the 1995 Web posting that his spiritual quest ended with his conversion to Islam.

"Having been around Muslims in my formative years," he wrote as convert Yahiye Adam Gadahn, "I knew well that they were not the bloodthirsty, barbaric terrorists that the news media and the televangelists paint them to be."

Within two years of that statement, Gadahn had gone from a pious Muslim to an unabashed extremist. It was a transformation that propelled him onto the list of the FBI's most wanted terrorists.

The Justice Department said that a treason charge carries penalties ranging from five years in prison to the death sentence. The charge of providing material support to a designated foreign terrorist organization is punishable by up to 15 years in prison.

American In Videos Charged With Treason (USAT)

By Kevin Johnson

USA Today, October 12, 2006

WASHINGTON — A 28-year-old American who has appeared in a series of propaganda videos linked to al-Qaeda was indicted Wednesday on terror-related charges, including treason. It marked the first time the U.S. government has brought such a treason case in more than 50 years, the Justice Department said.

Deputy Attorney General Paul McNulty said Adam Gadahn, introduced in a 2004 al-Qaeda video as “Azzam the American,” betrayed the USA and faces a possible death sentence for allegedly joining Osama bin Laden's network.

The announcement was the latest chapter in Gadahn's journey from a Southern California convert to Islam to one of the world's most wanted terrorism suspects. Gadahn, who McNulty said is believed to be hiding in Pakistan, is accused of encouraging attacks against the USA in at least five al-Qaeda videotapes, beginning in October 2004.

In the first video, court papers say, Gadahn declared allegiance to al-Qaeda and warned that America would “have to pay for its crimes. … The magnitude and ferocity of what is coming your way will make you forget all about Sept. 11. The streets of America shall run red with blood … and the next wave of attacks may come at any moment.”

McNulty suggested that the increasingly significant role Gadahn has appeared to play in encouraging attacks and recruiting for al-Qaeda warranted the treason charge. The government rarely pursues treason charges, in part because they are difficult to prove.

Under U.S. law, proving treason requires the testimony of two witnesses who saw the accused perform an “overt act” of treason, or a confession by the accused in court. It's unclear how prosecutors would prove treason in Gadahn's case, if he is caught and tried. However, McNulty suggested the videos offer compelling evidence.

“A charge of treason is exceptionally severe,” he said during a briefing. “It is not done lightly. This is the right case.”

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In the most recent al-Qaeda video featuring Gadahn, released last month, he called the USA "enemy soil" and praised the 9/11 suicide hijackers. In a separate video earlier in September, Ayman al-Zawahiri, bin Laden's top aide, called Gadahn "our brother Azzam the American," court papers say.

McNulty said the government had no evidence that Gadahn had helped to plan or carry out any attacks. However, FBI Executive Assistant Director Willie Hulon said Gadahn represents a threat "as a communicator for al-Qaeda."

Gadahn is one of the FBI's most wanted terrorism suspects. There is a $1 million reward for information resulting in his capture.

The Justice Department said Gadahn, who also faces charges of providing material support to a terrorist organization, was the first U.S. citizen to be charged with treason since Tomoya Kawakita in 1952. Kawakita was sentenced to death for helping the Japanese and abusing U.S. prisoners of war during World War II. His sentence later was commuted, and he was deported to Japan.

Treason Charge For California Man Seen In Al Qaeda Videos (CHIT)

By Andrew Zajac

Chicago Tribune, October 12, 2006

WASHINGTON -- A 28-year-old California man who has appeared in five Al Qaeda propaganda videos was charged with treason Wednesday, becoming the first U.S. citizen charged with the offense since World War II.

Adam Gadahn, also known as Azzam al-Amriki or Azzam the American, "gave Al Qaeda aid and comfort…with intent to betray the United States" through his appearances in the videos, including two released last month by the terror network, according to an indictment handed up by a grand jury in Orange County, Calif.

Gadahn, who could face the death penalty if convicted, is at large and believed to be in Pakistan. As a result of the charges, which also include providing material support to the terrorist group, Gadahn's name was added to the FBI's terrorist most wanted list and a $1 million bounty was offered for his capture.

Deputy Atty. Gen. Paul McNulty, who announced the indictment at the Justice Department, acknowledged that Gadahn is not charged with planning to attack the U.S., but solely with serving as a propagandist.

"This is a very significant piece of the way the enemy does business: to demoralize the troops, to encourage the spread of fear," McNulty said.

Gadahn originally had been charged in a sealed indictment in October 2005.

An American-born convert to Islam, Gadahn has been publicly linked to Al Qaeda by the FBI since mid-2004.

The decision to publicly detail a new set of charges against Gadahn resulted from stronger evidence against him gleaned from the three videos he made this year, and a desire "to discourage anybody else who might be tempted…to join Al Qaeda," McNulty said.

Asked to address skeptics who might view the timing of the indictment as intended to influence the Nov. 7 congressional elections, McNulty said it was driven by the evidence and was "in the best interests of the American people."

The U.S. has rarely brought treason charges, in part because the Constitution requires two witnesses to corroborate it, said Jonathan Hafetz, of New York's Brennan Center for Law and Justice.

"It's difficult to prove, and there are other statutes that can be used against alleged terrorists," said Hafetz, who represents terror war detainees at the Guantanamo Bay Naval Station in Cuba.

One of the last treason cases involved Iva Toguri, an American who in 1949 was convicted on what proved to be coerced evidence of being a voice of the Japanese government's "Tokyo Rose" during World War II.

After reporters unearthed the coercion, President Gerald Ford pardoned Toguri in 1977. She died last month in Chicago.

American In Qaeda Tapes Accused Of Treason (NYT)

By Eric Lichtblau

The New York Times, October 12, 2006

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WASHINGTON, Oct. 11 — The Justice Department on Wednesday charged an American with treason for the first time in more than a half-century, accusing a former Southern California man of giving "aid and comfort" to Al Qaeda by appearing in a series of highly publicized videotapes urging violence against the United States.

At the same time, the State Department posted a $1 million reward for information leading to the capture of the man, Adam Yahiye Gadahn, 28. A convert to Islam who left the United States in the late 1990's, Mr. Gadahn is the leading American fugitive linked to Al Qaeda.

The Federal Bureau of Investigation has been looking for Mr. Gadahn, who is believed to be in hiding in Pakistan, since 2004.

American officials said he has appeared in three Qaeda videos since July, and five total. In the most recent, a tape released on the fifth anniversary of the Sept. 11 attacks, he praised the hijackers and declared the United States "enemy soil." In a videotape released last month that was apparently taped in Pakistan, Mr. Gadahn was introduced by Ayman al-Zawahri, the second-in-command of Al Qaeda.

"Escape from the unbelieving army and join the winning side," Mr. Gadahn said. "Time is running out, so make the right choice before it's too late and you meet the dismal fate of thousands before you."

American officials said that Mr. Gadahn had become an important propagandist for Al Qaeda.

The young man "chose to join our enemy and to provide it with aid and comfort by acting as a propagandist for Al Qaeda," said Paul J. McNulty, the deputy attorney general, in announcing the charges.

Mr. Gadahn was secretly charged some months ago in a sealed indictment in a federal court in Southern California, and a grand jury returned a superseding indictment on Wednesday. Mr. McNulty said the decision to bring new charges and announce them publicly was driven not by election-year politics but by the frequency and stridence of the recent videotapes.

"It's time now to get the message out to get this person in our custody," he said.

Officials said they had no indication that Mr. Gadahn had taken part in the actual planning or execution of terrorist attacks. A charge of treason, which carries a possible death sentence, requires the testimony of two witnesses, a standard of proof so high, officials said, that no treason charges have been brought since the World War II era.

The last treason charges on record, Justice Department officials said, were brought against Tomoya Kawakita, an American-born man convicted in 1952 of moving to Japan and aiding the Japanese war effort. Hans Haupt, the father of a German saboteur, was convicted of treason in 1943, and Anthony Cramer was accused of aiding a German saboteur in 1945. While Mr. Kawakita's treason conviction was upheld, the cases against Mr. Haupt and Mr. Cramer were overturned on appeal by the Supreme Court.

With Mr. Gadahn, "there's a real issue here as to whether they have met the two witnesses requirement," said Peter S. Margulies, a law professor at Roger Williams University who studies terrorism prosecutions. "You need witnesses who are actually familiar with the terms of cooperation of the person charged — whether they were coerced, whether they were paid — and that seems to be lacking here in this case."

Mr. Gadahn grew up in a rural part of Southern California in Riverside County, the son of a goat farmer who slaughtered animals according to Muslim religious practices so he could sell the meat in an Arabic market in Los Angeles.

Mr. Gadahn, then an avowed pacifist, converted to Islam in the mid-1990's and worked in a mosque in Orange County, south of Los Angeles. In an essay posted on the Internet while he was apparently still living in the United States, he wrote: "Having been around Muslims in my formative years, I knew well that they were not the bloodthirsty, barbaric terrorists that the news media and the televangelists paint them to be."

But in the late 1990's, he left the United States for Pakistan to study and work among Muslims, and American officials say his views became more radical. By 2004, he was making public videotapes for Al Qaeda, officials say, and declaring that "the streets of America shall run red with blood."

U.S. Supporter Of Al-Qaeda Is Indicted On Treason Charge (WP)

By Dan Eggen And Karen Deyoung

The Washington Post, October 12, 2006

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A California native who has appeared in al-Qaeda propaganda videos has been indicted for treason, making him the first American to be charged with that crime in half a century, the Justice Department announced yesterday.

Adam Gadahn, a 28-year-old fugitive believed to be living in Pakistan, could be sentenced to death if convicted of treason, which has been alleged only about 30 times in U.S. history and has not been used since the aftermath of World War II.

Gadahn, allegedly "gave al Qaeda aid and comfort . . . with intent to betray the United States" by appearing in videos calling for attacks on U.S. targets, according to the indictment, which was handed up by a federal grand jury in Santa Ana, Calif. Gadahn is also charged with providing material support to terrorists, which carries a penalty of up to 15 years in prison.

Gadahn was also added to the FBI's official list of "Most Wanted Terrorists," officials said.

In a Washington news conference announcing the charges, Deputy Attorney General Paul J. McNulty said that the treason charge "is not one that we bring lightly" but that "this is the right case for this charge."

"Adam Gadahn is an American citizen who made a choice -- he chose to join our enemy and to provide it with aid and comfort by acting as a propagandist for al-Qaeda," McNulty said, adding later: "Today's indictment should serve as notice that the United States will protect itself against all enemies, foreign and domestic. . . . Betrayal of our country will bring severe consequences."

McNulty said the government had no information indicating that Gadahn was directly involved in planning or carrying out terrorist attacks.

The treatment of Gadahn is notably different from the Justice Department's approach to other U.S. citizens accused of working on behalf of al-Qaeda since the Sept. 11, 2001, attacks, who have been charged with lesser crimes than treason or have been designated as enemy combatants outside the normal criminal justice system.

California native John Walker Lindh, for example, was sentenced to 20 years in prison for providing support to al-Qaeda and aiding the Taliban in Afghanistan. Former Chicago gang member Jose Padilla was held as an enemy combatant for years and now faces charges in Miami of participating in a North American terrorist cell and traveling to the Middle East for military training.

McNulty dismissed questions from reporters about the timing of the indictment, which comes as the Bush administration and other Republicans are seeking to focus attention on national security issues for the midterm elections. McNulty said that authorities are concerned over the growing number of videos from Gadahn and hope to use publicity to capture him. He added that the latest video finally provided enough evidence for him to be indicted. A previous indictment against Gadahn, without the treason charge, had been sealed.

One of the offenses alleged in the new indictment occurred "on or about Sept. 11, 2006," when Gadahn appeared in an al-Qaeda video montage released to mark the fifth anniversary of the attacks. He had made a far longer and more substantive appearance on Sept. 2, in a production titled "An Invitation to Islam," which made a direct appeal to American soldiers and citizens to turn against their government.

Gadahn publicly emerged as a terrorism suspect in May 2004, when FBI Director Robert S. Mueller III and then-Attorney General John Ashcroft named him in a press conference as one of seven alleged al-Qaeda agents planning imminent attacks on the United States. Relatives in Southern California's Riverside County expressed astonishment that the young man named Adam Pearlman, who had converted to Islam in 1995 and moved to Pakistan in 1998, was the same person who appeared in a terrorism video that month with his face wrapped in a kaffiyeh, and who provided English-language voice-over for Osama bin Laden.

Gadahn was born in Northern California and moved south with his parents at a young age to a wooden cabin in rural Riverside, southeast of Los Angeles, where the family operated a goat farm. According to relatives interviewed in 2004, he grew into a teenager enamored of heavy-metal music and, eventually, Islam.

In addition to his May 2004 video debut, he appeared in a video on the eve of the fourth anniversary of the Sept. 11 attacks. This time, his face was only partially covered, and he was identified on the tape as "Azzam the American." The American people, he said, could expect "unpleasant consequences" if they continued to support their government.

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The last person convicted of treason was Tomoya Kawakita, a Japanese American sentenced to death in 1952 for tormenting American prisoners of war during World War II; President Dwight D. Eisenhower commuted his sentence to life imprisonment.

The Gadahn case bears at least surface similarities to the prosecution of "Tokyo Rose," the Japanese propagandist convicted of treason in 1949. It later emerged, however, that she had secretly plotted against Japan, prompting President Gerald R. Ford to pardon her.

American In Al Qaeda Charged With Treason (WT)

By Jerry Seper

The Washington Times, October 12, 2006

A federal grand jury in Los Angeles yesterday indicted a self-proclaimed American jihadist and al Qaeda operative on charges of treason and aiding terrorists.

Adam Yehiye Gadahn, 28, who has become an English-language spokesman for al Qaeda and has appeared in terrorist propaganda films, has been sought by the FBI since 2004. He is thought to be in Pakistan, where authorities think he attended al Qaeda training camps.

Gadahn has become known by his nom de guerre, Azzam al-Amriki, or "Azzam the American."

In May 2004, Attorney General John Ashcroft described Gadahn as one of seven al Qaeda members who were planning to strike new targets in this country during the summer and fall.

Citing "credible intelligence from multiple sources," Mr. Ashcroft said the seven operatives -- some of whom were thought to be in this country -- intended to "hit the United States hard." He said they "posed a clear and present danger to America."

In a 48-minute al Qaeda video released last month, Gadahn called on non-Muslims -- especially those in the United States -- to convert to Islam.

"To Americans and the rest of Christendom, we say either repent misguided ways and enter into the light of truth or keep your poison to yourself and suffer the consequences in this world and the next," he said in English while dressed in a white turban and seated in front of a computer and books.

Al Qaeda's second-in-command, Ayman al-Zawahri, made a brief statement at the beginning of the tape, urging viewers to listen carefully to the message, which was titled "An Invitation to Islam."

It was the second time that Gadahn has appeared in a video with al-Zawahri. In a July 7 video marking the first anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed in al Qaeda attacks.

Gadahn -- who was raised on a Riverside, Calif., goat farm and is of Jewish descent -- also is thought to be the masked man in two videos not officially from al Qaeda. One was given to ABC television in 2004, and the network received another a few days before the fourth anniversary of the September 11 attacks.

Authorities said that after the ABC broadcast, a member of Gadahn's mosque in California told the FBI that he thought the man in the video was Gadahn. In the 2005 video, the American identified by U.S. intelligence officials as Gadahn criticized U.S. foreign policy and military activity, particularly in Iraq and Afghanistan, and said there could be more al Qaeda attacks.

"Yesterday, London and Madrid. Tomorrow, Los Angeles and Melbourne, God willing. At this time, don't count on us demonstrating restraint or compassion," the man said.

Authorities said Gadahn converted to Islam and worshipped at the Islamic Society of Orange County in 1997 before being expelled for attacking one of its leaders. In 2004, he was added to the FBI's "Seeking Information -- War on Terrorism list," on which he remains.

They said Gadahn is the son of musician Phil Pearlman, who changed his surname before Adam's birth. His grandfather, Carl Pearlman, was a prominent surgeon and on the board of directors of the Anti-Defamation League.

U.S. Indicts American In Al-Qaida Video (AP)

By Jeremiah Marquez, Associated Press Writer

AP, October 12, 2006

DOJ_NMG_0079365

The charge of treason was used for the first time in the United States' war on terrorism Wednesday, filed against a California man who appeared in propaganda videos for al-Qaida.

Adam Yehiye Gadahn, 28, could be sentenced to death if convicted of the charge, which has been used only a few dozen times in U.S. history and not at all since the World War II era. He also was indicted on a charge of providing material support to terrorists.

Gadahn "knowingly adhered to an enemy of the United States, namely, al-Qaida, and gave al-Qaida aid and comfort ... with intent to betray the United States," according to the indictment, handed up by an Orange County grand jury.

The suspected al-Qaida operative has been sought by the FBI since 2004. Based on the indictment, the FBI added Gadahn to its list of most wanted terrorists and offered a $1 million reward for information leading to his arrest or conviction.

Gadahn, who is believed to be in or near Pakistan, is suspected of having attended the terrorist group's training camps in Pakistan and serving as one of its translators. He has become known by his nom de guerre, Azzam al-Amriki, or "Azzam the American."

Gadahn appeared last month in a 48-minute video along with al-Qaida's No. 2 leader, Ayman al-Zawahri, calling on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

It was the second time he appeared in the same video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

Beyond that, authorities believe he is the masked figure who appeared in two previous videos from al-Qaida, one given to ABC television in 2004 and another a few days before the fourth anniversary of the Sept. 11 attacks.

According to the indictment, Gadahn announced in the 2004 video that he had joined al-Qaida, "a movement waging war on America and killing large numbers of Americans."

"Fighting and defeating America is our first priority," he said, according to the indictment. "... The streets of America shall run red with blood."

The treason charge carries penalties ranging from a five-year prison sentence to the death penalty, while the charge of providing material support to a designated foreign terrorist organization carries a possible 15-year sentence.

Raised in Southern California on a Riverside goat farm, Gadahn converted to Islam and worshipped at the Islamic Society of Orange County in 1997 before being expelled for attacking one of its leaders.

His mother last spoke to him by phone in March 2001. At the time he was in Pakistan, working at a newspaper, and his wife was getting ready to have a child.

Gadahn's aunt, Nancy Pearlman, declined to comment.

Associated Press writer Lara Jakes Jordan contributed to this story from Washington.

American Al-Qaeda Member Gadahn Charged With Treason (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- Adam Gadahn, a U.S.-born member of the al-Qaeda terrorist group, was indicted on a treason charge by a federal grand jury in Santa Ana, California.

Gadahn, whose last known address was in Orange County, California, is considered a fugitive and is believed to be living in Pakistan, the Justice Department said. He is the first American to be charged with treason since the World War II era, the department said.

``A charge of treason is exceptionally severe and it is not one we bring lightly," said Deputy Attorney General Paul McNulty at a news conference in Washington. ``But this is the right case for this charge."

Gadahn, 28, has appeared in five videotapes distributed by al-Qaeda, including two last month, making threats against the U.S., according to the indictment. He calls himself ``Azzam the American."

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In the first video in 2004, Gadahn said he had joined al- Qaeda and pledged that ``the streets of America shall run red with blood." His most recent message was timed to coincide with the fifth anniversary of the Sept. 11 attacks, prosecutors said. On the tape, Gadahn praised the pilots involved and called the U.S. ``enemy soil."

Authorities announced a $1 million reward for information leading to Gadahn's arrest or conviction. The Federal Bureau of Investigation also placed him on its list of most wanted terrorists.

The indictment, which supersedes previous charges filed under seal, also accuses Gadahn of providing material support to terrorists. The charge of treason carries a maximum penalty of death.

Al-Qaida Spokesman Indicted For Treason (UPI)

UPI, October 12, 2006

A U.S. citizen believed to be a fugitive in Pakistan was indicted in California Wednesday on charges of treason and aiding al-Qaida.

The U.S. Justice Department said Adam Gadahn, 28, is the first U.S. citizen charged with treason since the World War II era. A conviction on treason carries penalties up to the death penalty.

Gadahn, a former Orange County, Calif., resident, is also known as Azzam al-Amriki or Azzam the American. Of Jewish-American ancestry, he converted to Islam as a teenager. He has been out of the country since 1998.

He appeared in several videotapes broadcast between October 2004 and Sept. 11 of this year, the department said. In the first tape, Gadahn said he had joined al-Qaida, and that "the streets of America shall run red with blood."

Al-Qaida has taken responsibility for the Sept. 11, 2006, terror attacks on the World Trade Center in New York and the Pentagon near Washington.

In September 2005, Gadahn called the attacks "the blessed raids," referred to other attacks and said, "Tomorrow, Los Angeles and Melbourne, Allah willing."

Earlier this summer, Gadahn appeared in another videotape that also contained statements from Osama bin Laden and Ayman al-Zawahiri.

The indictment was handed down in Santa Ana, Calif.

US Files First Treason Charges In 50 Years Against Accused Al-Qaida Member (VOA)

Voice of America, October 12, 2006

U.S. prosecutors have filed treason charges against an American citizen for the first time in 50 years.

Justice Department accuses 28-year-old alleged al-Qaida member Adam Gadahn of treason, which carries a maximum penalty of death. He also is charged with providing material support to a terrorist group.

Prosecutors say Gadahn is a California-born convert to Islam who appears in several al-Qaida propaganda videos. Some of those videos have threatened attacks against the United States and have contained messages from top al-Qaida official Ayman al-Zawahri.

Gadahn is believed to be living in Pakistan and has been sought by the FBI for questioning since May 2004. His parents say he converted in Islam in his late teens in the 1990s and later moved to Pakistan.

Terror Funding Trial Set To Begin (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, October 12, 2006

After winning a series of key pretrial battles, federal prosecutors say they will lay out a "crush of evidence" against a Bridgeview businessman accused of funding terrorism as a member of the militant Islamic Palestinian group Hamas.

Attorneys for Muhammad Salah, meanwhile, argue that the government—which has dropped a key charge and decided not to call its main witness—is left with a gutted case hinged on a coerced confession.

The trial of Salah and his co-defendant Abdelhaleem Ashqar begins Thursday with jury selection. A conviction would be a significant win for the Bush administration, which in 2004 announced the men's indictment as a legal battle in the war on terror.

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The prosecution has withstood several challenges to its case by Salah's lawyers and won two major victories. The defense has had to accept that jurors will see details of a 1993 confession Salah provided to Israeli agents. And the trial will involve the testimony of disguised and anonymous Israeli agents in a closed courtroom.

Similar terrorism cases involving the funding of foreign extremist groups have caused trouble for prosecutors and the courts, experts say. At this point, U.S. law isn't fully equipped to deal with the unusual circumstances of such cases, said Karen Greenberg, executive director at the Center on Law and Security at New York University Law School.

"Since [the terrorist attacks of] 9/11, the need to coordinate court systems globally is of paramount importance, and what this case is doing is trying to make that happen," said Greenberg.

In 1993, when Salah was arrested in Israel and confessed to authorities there, coercive interrogation tactics were a legal practice. Salah's lawyers argued unsuccessfully that the confession should not be permitted in a U.S. court.

How jurors interpret what happened to Salah while he was in Israeli custody could well spell the difference between conviction and acquittal.

Although prosecutors have suffered some widely publicized setbacks in similar cases, they have achieved considerable success, said Bobby Chesney, a law professor at Wake Forest University Law School in North Carolina and an expert in terror cases.

"Numerically speaking, the government is winning far more often than it is losing," he said.

For example, the case of Florida professor Sami Al-Arian— widely reported as a loss when a jury hung on many of the charges—actually ended in prosecutors' favor when he pleaded guilty to lesser charges and was ordered deported from the U.S., Chesney said.

Among defendants in terrorism trials, however, Salah is unique. He is both a U.S. citizen and a "specially designated terrorist," according to the U.S. government.

From 1993 to 1997, Salah was jailed in Israel after he was convicted in a military court of being a Hamas leader who carried funds to the occupied territories. He was allowed to return to Bridgeview in 1997, already dubbed a terrorist by the U.S. and lived freely, albeit under investigation, until his arrest in 2004.

The U.S. alleges that since 1988, Salah and Ashqar conspired to aid Hamas and obstructed justice. Salah is accused of being a top Hamas leader, an "outside" member who used his U.S. citizenship to travel the globe and deliver money to Hamas operatives for the purchase of weapons.

Ashqar is accused of being an archivist for the group who collected key documents and helped staged a 1993 "convention" of Hamas leaders in the U.S. A third man, Mousa Mohammed Marzook, is also accused in the case of supplying aid to Hamas while in the U.S. during the 1980s and 1990s.

The head of Hamas' political bureau and one the group's highest-ranking members, Marzook is a fugitive living in Syria, where Hamas is headquartered. The group has controlled the Palestinian government since February.

Unlike Marzook and Ashqar, Salah has been the subject of considerable publicity since his arrest by Israeli authorities at a checkpoint in the Gaza Strip in 1993.

Born in a suburb of Jerusalem in 1953, Salah moved to the U.S. in 1971 "for many reasons," according to his wife, Maryam.

He became a citizen in the mid-1970s, married his wife, a native of Iran, and over the years became involved in a number of businesses, including a grocery and a car dealership.

The father of five children and a deeply religious man, Salah has been a longtime active member of the Bridgeview Mosque, located not far from his home.

Prosecutors charge it was at the mosque where a religious leader recruited Salah into Hamas. He joined the group in 1988, the year it was formed with a charter that espoused violence and embraced the destruction of Israel, prosecutors allege.

According to the charges, beginning in 1989, Salah began traveling between the United States, England and the Palestinian territories to deliver money to Hamas operatives.

His last trip, in January 1993, led to his arrest. According to an FBI affidavit, he was carrying $97,000 in cash.

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Salah's attorneys have argued that he was not providing funds to support violence. They have also pointed out that, at the time of his arrest, it was not illegal in the U.S. to provide funds to Hamas. The U.S. government did not designate the group a terrorist organization until 1995.

After nearly two months in custody and under regular interrogation, Salah provided a detailed confession to Israeli agents acknowledging he was a leader of Hamas who provided money to militants.

His confession is replete with names of other Hamas operatives and details of their activities. Journalist Judith Miller also viewed a portion of his interrogation and wrote about it in the New York Times and a book about militancy in the Middle East.

Salah's attorney, Michael Deutsch, fought earlier this year to keep the confession out of the trial, arguing it was coerced.

But U.S. District Judge Amy St. Eve decided to let jurors see it after she heard testimony from two anonymous Israeli agents in a courtroom closed to the public.

Deutsch intends to convince jurors that Salah provided statements to Israeli agents after he was deprived of sleep, forced to sit in painful positions and put under other extreme stress.

He is also expected to call into question whether Salah provided all of the information in his confession. Some of the statements he signed were in Hebrew, a language he does not speak or write, Deutsch argued.

While Salah is accused of supporting Hamas through the time of his arrest in 2004, much of the evidence in the trial is likely to date to the early 1990s and late 1980s, when prosecutors allege Salah personally transferred funds from his bank account in the U.S. to Hamas.

The fight over Salah's innocence or guilt has already reached a fever pitch with the defense accusing prosecutors of misconduct and prosecutors responding that the defense is desperate to cast attention away from their client's deeds.

Maryam Salah, meanwhile, wrote in a brief note to the Tribune that she and her husband are preparing for trial by seeking to protect their children from its impact.

"The truth will eventually prevail—my hope is that it is in my lifetime," she wrote.

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German Court To Weigh Whether To Retry Moroccan On Terror Charges (MCT)

By Matthew Schofield

McClatchy Newspapers, October 12, 2006

HAMBURG, Germany - There's no dispute that Mounir el Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the Pentagon and the World Trade Center.

He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg, Germany, and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States used to help finance the hijackers' pilot training.

German authorities charged him with 3,066 counts of accessory to murder, and in February 2003, he was convicted - the first person to stand trial for the Sept. 11 attacks.

But that conviction was overturned by a German appeals court in 2004. Earlier this year, he was ordered released pending resolution of the appeals.

Now Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history.

A German court on Thursday will begin a hearing into whether the accessory to murder charges should be restored. The German government is seeking a third trial in the matter. Among the issues is whether the United States will allow German attorneys to question two key figures in the Sept. 11 plot - alleged mastermind Khalid Sheikh Mohammed and co-conspirator Ramzi Binalshib.

At the time of Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the Central Intelligence Agency. Despite two visits to the United States by the German prosecutor, U.S. officials declined to make the two men available for questioning.

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But in September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held openly with other terrorist suspects at the U.S. naval station at Guantanamo Bay, Cuba.

Representatives of the International Committee of the Red Cross have traveled there to talk to the men, and U.S. military attorneys will soon be appointed to represent them under a just-passed law authorizing the Bush administration to try them and other terror suspects before military tribunals.

It's unclear, however, whether the military will make Mohammed and Binalshib available to assist in Motassadeq's case. The German prosecutor's office won't comment on whether it will renew efforts to question them - German law forbids prosecutors from commenting outside of court - and spokesmen for both the U.S. Justice Department and the Pentagon said they had no information on the subject.

German prosecutors, however, say they'll ask the court to reinstate the accessory to murder charges. They'll argue that even though Motassedeq may not have known precisely when and what Atta and his companions were planning, he knew enough to be found guilty of helping them.

"We have reason to come back to the accessory to murder charges dismissed in the previous trial," said one prosecutor on condition of anonymity. "What needs to be clarified is to what degree is someone involved who may not have known the venue, time and dimension of the planned crime, but was aware of the plan being made."

Whether testimony from Mohammed and Binalshib would help prosecutors convict Motassadeq is unclear - one of the issues in this case is that he claims it would clear him.

Mohammed is believed to have first suggested the hijacking plan to Osama bin Laden. Binalshib, who roomed with Atta in Hamburg, is suspected of becoming the plot's principal logistician after the U.S. refused him a visa, eliminating him as a potential hijacker.

Motassadeq says their testimony will show that he knew little of the plot. His first trial statements that the CIA delivered to the prosecutors appeared to confirm this.

Even so, the court refused to accept the statements after Motassadeq's attorney suggested they might have been the result of torture. U.S. officials declined then to discuss the conditions under which the two men were questioned, and an FBI agent, Matthew Walsh, didn't help the case when he was dispatched to testify.

At the time, the judge expressed frustration that Walsh "was not particularly helpful" as he primarily testified that information sought in the case was "not available" or that he was "not authorized to answer such questions."

Any future German questioning of Mohammed and Binalshib would be likely also to focus on how they were treated during the years they were held by the CIA. In announcing their transfer to military custody, President Bush acknowledged that both had been subjected to harsh interrogation practices. The United States has insisted that the interrogation techniques did not amount to torture, but Bush administration officials have refused to say what those techniques were.

Meanwhile, the former German prosecutor, Kay Nehm, who twice flew to the United States in an effort to win U.S. cooperation in prosecuting Motassadeq, has expressed frustration at the U.S. attitude.

"You have to differentiate between justice and secret services," he recently told Der Spiegel magazine, referring to the CIA. "Apparently, the secret services' interests have priority there. They were not primarily interested in the judicial investigation of the terror attacks."

And Motassadeq's attorney is predicting that in a relatively short period of time his client will be free of all charges - either in Germany or more likely in his native country, Morocco.

Gerhard Strate, whose office walls are covered by photo-realist cityscapes of New York, said he expects his client's conviction on charges of membership in a terrorist organization will stand ("The case has been very well made," he explained.)

That conviction came in a second trial after the first case was overturned where prosecutors showed that Motassadeq had ties to both Atta, who was at the controls of American Airlines Flight 11 when it crashed into the World Trade Center's north tower, and Shehhi, who was piloting United Flight 175 when it struck the south tower moments later.

In addition, prosecutors presented evidence that Motassadeq trained at an al-Qaida camp in 2000 and that he arrived in Germany to study engineering in 1993 - the same year Atta enrolled at the Technical University of Hamburg-Harburg.

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But Strate, one of Germany's best known defense attorneys, said none of that proves that his client was involved in the Sept. 11 plot, though he stops short of saying that his client should be declared innocent. "Let's say, rather, that they do not have sufficient evidence in this matter," he said.

Without better evidence tying him to knowledge of the plot, Strate predicts that at worst his client will serve a few years of the seven-year sentence he was given on the membership conviction and then be expelled from Germany for overstaying his expired student visa. Because of this, while Motassadeq is free in Hamburg, he is not able to work or study. Strate said that he is limited to waiting for the final decision in this case.

"It is possible he will have to spend time in prison here, on the existing sentence, before he is expelled," he said. "But the accessory to murder charge still appears to lack the necessary evidence."

As for the German prosecutors who have pursued this case, this is expected to be their last chance to make the Sept. 11 charges stick.

Texas Man Sentenced For Dealings With Terrorist (FINDLAW/AP)

AP, October 12, 2006

(AP) - DALLAS-The former chief executive of a computer company was sentenced Wednesday to seven years in prison for funneling money to an official of the militant Palestinian group Hamas.

Bayan Elashi and two of his brothers were convicted last year in federal district court of financial dealings with a terrorist.

Prosecutors said the men tried to hide a $250,000 (â‚¬200,000) investment in their Richardson computer company by the Hamas official, Mousa Abu Marzook, by making it look like his wife's money.

Judge Sam A. Lindsay is scheduled to sentence Ghassan Elashi on Thursday. A jury found Ghassan and Bayan Elashi guilty on 21 counts of conspiracy, money laundering and dealing in property of a terrorist.

Basman Elashi, who was found guilty on three conspiracy counts, was scheduled for sentencing Friday.

Lawyers for the Elashis argued during the trial that the transactions were business deals with Marzook, who was married to the Elashis' cousin.

Marzook and his wife were also indicted but never captured. Marzook was deported from the United States in 1995, when the federal government named him a terrorist. He is believed to be living in Syria.

The Elashis were active in the Holy Land Foundation for Relief and Development, a Muslim charity that was shut down in 2001 after the government accused it of funneling more than $12 million (â‚¬9.6 million) to Hamas. Holy Land and several of its officials, including Ghassan Elashi, are scheduled to go on trial in February in federal court in Dallas.

The Elashis and two of their brothers also were convicted in 2004 of conspiring to ship technology to countries that the U.S. government considers supporters of terrorism.

HOMELAND RESPONSE:

An Anthrax Blackout (RC)

By Paul Kane

Roll Call, October 12, 2006

The FBI has completely shut Congress out of its now five-year investigation into anthrax attacks on Capitol Hill and around the nation, with accusations flying up and down Pennsylvania Avenue about the probe into the worst biochemical attacks in U.S. history.

The FBI and Justice Department have not briefed two key players in the attacks — former Sen. Tom Daschle (D-S.D.) and Sen. Patrick Leahy (D-Vt.), the Senators who were targeted by anthrax-laden letters — in at least two and a half years. Other Members involved in the attacks, such as Rep. Rush Holt (D-N.J.), whose district was home to the postal box where the letters originated, have gone three and a half years without receiving any briefings or updates.

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And Senate Judiciary Chairman Arlen Specter (R-Pa.), who took over the panel in 2005 after the FBI began withholding information from the Hill, has never been briefed about the status of the investigation into terrorist attacks that left five people dead and dozens of others injured or facing lengthy courses of dangerous drug therapy.

Late last month, in a letter to Holt, the bureau officially stated that it has been withholding all information about the attacks from Congress because of alleged leaks to the media following briefings on the Hill. The FBI laid the blame for the blackout squarely at the feet of current and former Members and their staffs from briefings that apparently occurred in 2003.

"After sensitive information about the investigation citing Congressional sources was reported in the media, the Department of Justice and the FBI agreed that no additional briefings to Congress would be provided," wrote Eleni Kalisch, assistant FBI director for Congressional affairs, to Holt in what appears to have been the first official recognition of leak allegations.

This briefing shutdown has left some Members furious with the FBI, leading them to publicly and privately conclude that the investigation clearly has stalled.

"I would like to think that they know a lot more than they did five years ago, but I have no basis to make that judgement," said Daschle, the Majority Leader at the time of the attacks, in a recent interview. "From what little they have shared with us, I can only assume that things haven't gone well in the investigation these past five years."

In addition, Sen. Chuck Grassley (R-Iowa), a senior member of Judiciary and sometime critic of the bureau, is preparing a letter to the FBI in which he will formally request that agents provide a briefing on the attacks, which paralyzed the Capitol for weeks.

The FBI currently has 17 special agents working on the case, according to the "Amerithrax" page on the bureau's Web site, and two more agents are joining the probe this month. The agents have conducted more than 9,100 interviews, issued more than 6,000 subpoenas and executed 67 searches across the globe.

"There's a lot of good to be said about the investigation," said Debra Weierman, spokeswoman for the FBI's Washington, D.C., field office. "We have made progress, and it's an incredibly active and productive investigation."

For now, however, an extraordinary situation remains, in which Congress is not receiving any information about an investigation in which its own Members were among the handful of principal targets of the attacks.

By the time the anthrax attacks officially hit Capitol Hill — Oct. 15, 2001, a Monday morning when an intern in Daschle's Hart Building office partially opened a letter containing the deadly chemical — one death had already occurred in relation to the biological agent, a photographer in the offices of the parent company of the National Enquirer. In addition, then-NBC News anchor Tom Brokaw and the New York Post had already received letters that proved to be laced with anthrax, mailed the same day, Sept. 18, with the same Trenton, N.J., postmark.

In the wake of the Sept. 11 attacks, Congressional offices had begun preparing for the possibility that they might be next, with Leahy's office having gone so far as to stop receiving any mail at all. The previous week, Daschle's office had briefed interns and staff assistants who performed the tedious task on opening mail on how to manage a suspicious package.

Once the Daschle letter was discovered, it set off a firestorm of reaction on Capitol Hill. After rounds of "nasal swabbing" for exposure to the deadly agent, 28 people tested positive, including 20 Daschle aides, a few Capitol Police officers and several aides to Sen. Russ Feingold (D-Wis.), whose office neighbored Daschle's on the fifth floor of Hart.

The Leahy letter wouldn't be uncovered for several more weeks by investigators perusing all federal mail, because it was mistakenly delivered to the State Department.

Fortunately, no staffer or Capitol Police officer who responded to the initial call was seriously injured, as they were put on at least 60-day rounds of the antibiotic Cipro, and most also eventually received an anthrax vaccine.

But the deadly ripple effects were felt up and down the East Coast, as a pair of postal workers in the Brentwood facility in Washington, where the Daschle and Leahy letters were processed, died from developing the worst form of full-blown inhalation anthrax. And a pair of women — one a New York City hospital worker whose office was in a former mail room, and an elderly Connecticut woman with no obvious connection to anthrax — died in the following month from inhalation exposure to the agent.

The FBI took the lead in the "Amerithrax" investigation. Thousands of agents initially fanned across the nation interviewing high-level scientists who had some form of expertise with anthrax or other deadly biochemical agents. The initial days and weeks were confusing even to the investigators themselves, as reports varied as to the quality of anthrax that had been sent, with some

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calling it "weapons-grade" and others using the phrase "militarized" — meaning that it had been purified to increase its deadliness.

Reports continued to conflict over the years about the level of toxicity of the anthrax in the Daschle and Leahy letters, which were postmarked the same day, Oct. 9, 2001, from the same post office as the Brokaw and New York Post letters. Two months ago, however, an FBI scientist, writing in the obscure journal Applied and Environmental Microbiology, definitively stated that the anthrax involved was not as complex as originally suspected, meaning the attacker did not necessarily have to have access to U.S. or Soviet weapons plants.

That discovery produced an angry reaction on Capitol Hill, where Grassley raised the question of whether the investigation had gone "cold" because of an investigative fixation on people like Steven Hatfill, a former U.S. military germ expert who was described as a "person of interest" in the probe by then-Attorney General John Ashcroft in August 2002.

"It appears the FBI has done little to investigate theories beyond a select few of what happened during the anthrax attacks," Grassley said in a statement. "I'm concerned that the FBI spent too much time on one theory, and after five years, maybe it's time they go back and take a serious look at other areas they may have dismissed too quickly."

Ashcroft's aides agreed seven weeks ago to a lengthy interview with Roll Call about the anthrax attacks and the investigation. The interview was canceled, with aides citing a busy book tour. The cancellation happened on Sept. 25, before the publication of his book and the same day that The Washington Post reported on the science journal story.

But the FBI maintains that the perception of the "militarized" anthrax was something that was created in the media, according to Kalisch, the FBI's Congressional affairs aide, saying the bureau has "never been under any misconceptions about the character of the anthrax used in the attacks."

Throughout 2001, 2002 and 2003, agents from the FBI and Justice Department provided regular briefings. According to sources familiar with Daschle's office, he received at least three personal, detailed briefings on the investigation, and there were at least four staff-level briefings, which often included Leahy aides and sometimes GOP aides from senior Judiciary Committee members.

However, in late 2003, former Washington Post reporter Gary Matsumoto wrote a story about the investigation in the journal Science, which, according to an administration source, contained highly sensitive information.

At that point, briefings were halted. Daschle, in his recent interview, said they were not given specific information about why they were refused in requests for further briefings. "We were told that they felt sharing information with us could jeopardize, in some way, their legal standing," he said.

Daschle recently asked for another briefing from the FBI after media reports last month about the FBI scientist's declaration in the scientific journal about the quality of anthrax involved, but was denied.

Leahy, who has been chairman and ranking member of Judiciary throughout the probe, declined to comment for this story. Aides confirmed his most recent briefing was around the time of Daschle's last update.

Weierman, the FBI spokeswoman, refused to comment about the nature of the 2003 leak, saying to do so would further endanger the investigation. However, the Kalisch letter to Holt clearly cited reports that were based on "Congressional sources."

Hatfill has filed suit against Ashcroft, the Justice Department and the FBI, citing what his lawyers allege were a series of leaks that invaded his privacy and ruined his life.

"Leaks that embarrass the DOJ are treated seriously and lead to criminal referrals ... while leaks the DOJ and FBI view as helpful (by placing the organizations in a good light) are ignored," the Hatfill suit alleges.

In early 2004, Daschle said he received his final update from the FBI, what a former aide described as an informal talk with FBI Director Robert Mueller after a different Senators-only briefing on anti-terror efforts.

At one of his final two briefings in late 2003 or early 2004 — he's not sure which — Daschle asked FBI officials point blank about the investigation's probability of success.

"I was becoming more concerned about this investigation going cold," he recalled saying. "So I asked them what their estimation for the success of this investigation was, and they boldly pronounced 100 percent.

"So I'm still waiting."

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7-year Term For Trying To Make Ricin (AZREP)

By Dennis Wagner

Arizona Republic, October 12, 2006

A Phoenix man who was convicted of trying to manufacture the deadly biological toxin known as ricin was sentenced Monday to more than seven years in prison.

Denys Ray Hughes, 59, was convicted by a federal jury in June on the ricin charge and possession of explosives and a silencer.

Hughes was arrested in July 2005 after investigators found castor beans and chemicals in his Wisconsin cabin.

A search of his Phoenix apartment uncovered a pipe bomb, silencer, nine castor plants, thousands of beans and numerous chemicals.

Ricin, derived from the castor bean, is so poisonous that injecting an amount that would fit on the head of a pin would kill an adult.

Hughes, who worked at a Valley steakhouse, had no known terrorist affiliation, and investigators never uncovered a specific plot.

U.S. District Judge Earl Carroll, who sentenced Hughes to 87 months in prison, said the case was among the most serious he had ever tried, according to prosecutors.

U.S. Attorney Paul Charlton described the defendant as "a home-grown threat," adding, "We may never know his motive, but his intent was clear."

Bioweapon Charge Gets Man 7 Years (AP)

AP, October 12, 2006

A Phoenix man convicted of attempting to produce a biological weapon was sentenced Monday to more than seven years in prison.

Denys Ray Hughes, 59, was arrested in July 2005 after police found a large number of castor bean plants, which can be used to make ricin, in his Phoenix apartment. Ricin is a poisonous protein that can be used as a biological weapon.

Hughes also was convicted last June in federal court on charges of possessing a pipe bomb and illegal gun silencers.

The ACLU's Man From The FBI (WP)

By Judy Sarasohn

The Washington Post, October 12, 2006

The American Civil Liberties Union, often viewed as a bastion of liberalism, has not been reluctant to work with conservatives and libertarians or take up controversial causes. So how odd is it for the ACLU to hire a former FBI agent as a policy counsel?

In the case of Michael German , probably not as strange as one might think.

German is the FBI agent -- an undercover specialist who once infiltrated a white supremacist group of skinheads -- who resigned in 2004 after charging that the agency retaliated against him for complaining about a botched anti-terrorism investigation. The Justice Department's inspector general later basically substantiated his claim.

"I am convinced that they are on the right side of all the issues that are important now for national security," German said in an interview about joining the ACLU.

He said Bush administration policies allowing warrantless wiretapping and internments without trials, as well as the use of torture in interrogations of terrorism suspects, are ineffective and can worsen national security.

"As an FBI agent, I was sworn to protect the Constitution, and I still am," German said.

Caroline Fredrickson , director of the ACLU's Washington legislative office, said German will be important because he "has real inside knowledge of how the FBI operates" and "what actually works to find a terrorist." His expertise, she said, will "help balance the claims of people who want to limit the right of privacy."

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She noted that the ACLU has worked with former House member Robert L. Barr Jr. (R-Ga.) on privacy issues and changes in the USA Patriot Act, as well as with others on the right.

"We are principled, not partisan," she said.Lobby Firm Boosts Education Expertise

Education practices are among the hot lobbying and consulting specialties in town, and the pending reauthorization next year of the Elementary and Secondary Education Act, which includes President Bush's signature No Child Left Behind legislation, has some shops bulking up their education expertise.

One such company is B&D Consulting , the lobbying and consulting affiliate of Baker & Daniels law firm. B&D Consulting has hired two senior education specialists: Rene Islas , most recently chief of staff in the Office of Elementary and Secondary Education at the Department of Education, and Mary Jo Dare , assistant superintendent for academic affairs for Indianapolis public schools.

Islas and Dare will be involved in policy development, lobbying and advising school systems on compliance.

While the firm has had a solid higher-education practice for about 10 years, K-12 is a growth area because of No Child Left Behind and education disability issues, said David R. Zook , B&D Consulting's chief executive. "There's a lot of change going on," he said.

B&D Consulting's education specialists also include former congressman William F. Goodling (R-Pa.), who chaired the House Committee on Education and the Workforce. Clients include the Knowledge University, a private company involved in early education; Purdue University; and Indiana State University.DHS Bigwig Moves to Private Sector

The revolving door is spinning at the Department of Homeland Security this week, and will be stopping at the law firm of Preston Gates Ellis & Rouvelas Meeds .

Cresencio "Cris" Arcos , DHS assistant secretary for international affairs, is leaving the department Friday and starting Tuesday at Preston Gates as a counselor for government affairs. Government ethics rules will limit his lobbying capabilities for the next year.

Before joining the DHS in 2003, Arcos was managing director of international public affairs for Latin America and Canada at AT&T Corp. Earlier, he was a career foreign service officer whose postings included a stint as U.S. ambassador to Honduras. He retired in 1995 after 25 years.

Asked why he was leaving government, Arcos said: "It was about time."

At Preston Gates, he'll be working with Steve McCain , director of the defense and homeland security practice; Michael J. O'Neil , a former general counsel of the CIA; and former senator Slade Gorton (R-Wash.).Here and There

Also moving about town . . . Thomas B. Chapman is leaving Southwest Airlines, where he has been legislative counsel, for US Airways, where he will be vice president for congressional and federal affairs, effective Monday. He succeeds Rosemary G. Murray , who retired after 17 years.

Jeffrey Miller , former senior vice president for government and industry affairs for ACC Capital Holdings Corp., has joined McKenna Long & Aldridge as a managing director. Miller had worked for Rep. Bill Thomas (R-Calif.) and was chief financial officer of the California Republican Party. ACC Capital Holdings is the parent company of Ameriquest Mortgage Services.

Brooke McNally , former press secretary for Rep. John F. Tierney (D-Mass.), has joined Hoopes Strategies as a communications and political strategist.

Teresa D. Schofield , previously public affairs counsel at the Mortgage Bankers Association and a veteran of the Office of Legislative Affairs in the Clinton White House, has joined the Herald Group , a public affairs firm. She also was an aide to Rep. Benjamin L. Cardin (D-Md.).

Small Plane Strikes New York High-Rise (LAT)

By Thomas S. Mulligan And Ellen Barry

The Los Angeles Times, October 12, 2006

DOJ_NMG_0079375

NEW YORK — A small airplane carrying New York Yankees pitcher Cory Lidle and his flight instructor slammed into a luxury high-rise on Manhattan's Upper East Side on Wednesday afternoon, exploding in a fireball that killed both men and engulfed two floors of the building.

Authorities termed the 2:42 p.m. crash an accident, but it evoked emotional reactions from New Yorkers who vividly recall the terrorist attacks on the World Trade Center a little more than five years ago.

President Bush was alerted to the crash, and Air Force jets were scrambled over several cities as a precaution.

Residents of the 42-story, red-brick building were quickly evacuated, streaming down the stairwells into a crowd of fire and emergency crews trained for fast response after Sept. 11.

The impact at the 30th and 31st floors rained flaming debris down the north side of the Belaire building, at 72nd Street and York Avenue, overlooking the East River. The building is just down the block from Sotheby's, the famous auction house.

The bodies of both victims were found on the street, Mayor Michael R. Bloomberg said at a news conference. CNN, citing an FBI official, reported that Lidle's passport also was found on the street.

Eleven firefighters were treated for minor injuries. Two people escaped unharmed despite being inside a residential unit that was penetrated by parts of the aircraft. The two were "a little bit shaken," Bloomberg told reporters. "They were sitting there and they heard a noise, glass breaking, and they ran out the door and into the hall." He said the plane's engine was later found in one of the residences.

Lidle, 34, of West Covina, had earned his pilot's license less than a year ago. It was not clear whether he or the instructor, whose identity was not released, was at the controls. Lidle owned the plane, which was identified as a Cirrus SR20, a single-engine four-seat aircraft made of lightweight composite materials.

The plane is noteworthy for what its manufacturer, Cirrus Design Corp. of Duluth, Minn., calls "a final level of defense" — a parachute for the entire plane. It is not known whether any attempt was made to deploy the parachute before the crash.

Newsday reported that the SR20 had been involved in 20 accidents, accounting for at least 15 deaths, in the last seven years.

Bloomberg did not identify either of the passengers during his news conference, but he said the student pilot — presumably Lidle — had about 75 hours of flying time.

The two had taken off at 2:29 p.m. from Teterboro Airport, about 12 miles away in New Jersey, and had circled the Statue of Liberty before turning north up the East River, Bloomberg said. The weather was threatening but did not give way to rain until after the crash.

Federal Aviation Administration officials said the pilot didn't need to radio air traffic controllers in New York because Visual Flight Rules, under which he was flying, don't require such contact. Bloomberg said private aircraft were allowed to fly over the rivers but had to seek permission before crossing into Manhattan airspace.

A witness, identified as Zenel Perezic, told CNN that the airplane seemed to be in distress moments before the crash.

Joanne Hartlaub was on a stationary bike in the gym in the building opposite the Belaire when she saw something falling; it looked like metal, she said.

"I didn't see wings. I just saw a big engine." At that moment, she said, "I was insane with fear that we were being attacked."

She saw the plane "smash into the side of the building and blow out all the windows. Then all sorts of debris was falling down on the street." She looked down and saw that the fuel had splashed on the street and ignited. "There was fire all over the ground within seconds."

Three hours later, Hartlaub said, she was still shaking. "I've been shaking all day."

She was near the World Trade Center on Sept. 11, 2001, she said, and saw the first plane fly into one of the towers.

Former Bloomingdale's Chairman Marvin Traub and his wife, Lee, have lived on the top floor of the Belaire since the building went up in the early 1990s. He said he was at the office of his Manhattan consulting business when friends alerted him to the crash about 3 p.m.

"Mrs. Traub was in the building…. After she walked down, she knew I'd be concerned, so she called me," he said.

Elias Taveras, 13, was in his science class three blocks away when smoke started blowing in the windows. It felt as close, he said, "as if the fire was actually in our school."

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His classmates had a variety of responses, he said. "Some people got nervous, some people got excited."

Although most of the students dispersed, Elias wandered to the scene to take a look. "I was like, oh my God, it's like what happened at the world trade tower."

Scott M. Stringer, the Manhattan borough president, was at the scene. He said the initial reports had been chilling. "Every time you hear about an aircraft crashing into a building, [terrorism] is something you think about," he said.

Along the streets, in the minutes after the crash, people looked dazed, anxious and hurried. Many talked on cellphones, glancing over their shoulder at the plume of smoke while they described it. A few people ran down the sidewalk. One woman, several blocks south of the fire, was weeping while she tried to reach someone on her cellphone. Mothers pulled children along, and children looked worried. Approaching the scene, the smell was acrid and artificial. Half a dozen helicopters hovered in the air above the building.

A young woman in a pale blue trench coat was trying to force her way past a police officer, who was holding her back. She was crying and saying, "What can I do? My baby is there!" A neighbor reassured her that everyone on that floor had escaped the building, and the young woman suddenly fell silent, relief apparent on her face.

Department of Homeland Security officials learned of the crash about 2:50 p.m., and Secretary Michael Chertoff spoke with New York Gov. George E. Pataki minutes later to convey that the department had no information that suggested a credible threat, spokesman Russ Knocke said.

"At this time there's no indication of a terror nexus; all indications are this is a truly unfortunate accident," Knocke said.

The department had no plans to change the color-coded national terrorism alert level.

A spokeswoman for U.S. Northern Command, the military headquarters responsible for U.S. territory, said the Air Force scrambled fighters over several major American cities after the crash as a precaution. For security reasons the military did not disclose the number of jets deployed or which cities they flew to.

"While every indication is this is an accident, we see this as a prudent measure," said Navy Chief Petty Officer Susan Hammond, adding that the plane was never a "flight of interest" to officials tracking potential terrorist threats.

Lidle, a pitcher who played for several major league teams before joining the Yankees in late July, pitched his last game Saturday, when the Detroit Tigers eliminated New York from the American League playoffs.

One of his Yankees teammates, Jason Giambi, also played with Lidle at South Hills High School in West Covina. "Right now, I am really in a state of shock," Giambi said in a statement. "My thoughts are with Cory's relatives and the loved ones" of the other victim. "I have known Cory and his wife, Melanie, for over 18 years and watched his son grow up. We … have remained close throughout our careers. We were excited to be reunited in New York this year, and I am just devastated to hear this news."

Lidle had agreed to serve as a replacement player when major league players were on strike in spring 1995. The strike was settled before the replacements played any games, but he and other replacement players who went on to play in the big leagues were resented by some of their colleagues.

Lidle was also one of the few active ballplayers to criticize superstar Barry Bonds for his alleged use of steroids. "I don't want to see him break records," Lidle said in the spring.

A month ago, the New York Times ran an article about Lidle's love of flying. The team has worried about flying ever since the death of its catcher Thurman Munson, when the plane he was learning to fly crashed in 1979. But Lidle told the reporter he was safe in the air.

"The whole plane has a parachute on it," Lidle said. "If you're up in the air and something goes wrong, you pull that parachute, and the whole plane goes down slowly."

The article quoted Tyler Stanger, a flight instructor from Pomona who taught him in California. Stanger described Lidle as one of his best students.

Stanger would orchestrate tense maneuvers to see how Lidle responded, Stanger said. Lidle was a star in those situations, Stanger told the newspaper.

Small Plane Hits High-Rise In N.Y. (WP)

By Michael Powell And Sara Kehaulani Goo

DOJ_NMG_0079377

The Washington Post, October 12, 2006

NEW YORK, Oct. 11 -- A small plane carrying New York Yankees pitcher Cory Lidle and a flight instructor spun out of control on a blustery Wednesday afternoon and slammed into the side of a 50-story condominium tower on the Upper East Side, killing both people on board.

The airplane exploded into a fireball as it hit the building around the 30th floor, sparks and pieces of the wing and the plane's door raining down on the sidewalk below. The fire that raged afterward incinerated two apartments, although, remarkably, city officials reported no fatalities inside the luxury Belaire Condos on East 72nd Street, where apartments feature views of the East River and command $2 million and up.

The crash and fire and clouds of black smoke billowing from a high-rise tower evoked memories of Sept. 11, 2001, for New Yorkers. Many stood on the streets listening to radios, watching television sets in corner grocery stores and anxiously asking strangers for information. The East Side of Manhattan all but came to a standstill, as police cordoned off York and First avenues, two vast thoroughfares, and fire engines screamed across town.

North American Aerospace Defense Command fighter aircraft were scrambled minutes after the crash, and fighters and support aircraft remained airborne for hours over U.S. and Canadian cities. But city and federal officials concluded the crash had no connection to terrorism.

"There is nothing to suggest anything remotely like terrorism was involved," Mayor Michael R. Bloomberg (R) said at a news conference late in the afternoon. "We are just very lucky that it was not more than two people, although our prayers go out to them."

Sana Monayair, a mother of four, described standing on her 37th-floor balcony across 72nd Street about 2:40 p.m. She watched as the four-seat, single-engine Cirrus SR20 plane strayed inland from the East River, climbing briefly upward before lurching down into the building's cliff wall.

"I saw the plane fly directly into the building," Monayair said. "There was a big explosion. It was very scary, the bricks falling and people screaming."

Not far from her terrace, dozens of hard-hat workers stood along the metal skeleton of a high-rise under construction, screaming as the plane swooped over their heads. Inside the Belaire, where tall windows offer sweeping panoramas of the Queens waterfront, Patti Charles, a housekeeper on the 32nd floor, said the "place just lit up -- it shook the building, and I ran."

"We sort of felt that it was 9/11 happening all over again," said Sara Cohen, 32, a nurse who was walking down York Avenue when she heard the concussion and saw the fireball. "I was terrified."

Lidle, 34, was an experienced pitcher who had played for both New York teams. He arrived in the major leagues in 1997 with the Mets and pitched the latter part of this season with the Yankees. He had acquired his pilot's license within the past year; it is not known whether Lidle or the unidentified instructor was at the controls of the airplane at the time of the accident.

Yankees management, including owner George Steinbrenner, confirmed that Lidle died in the crash. Lidle's passport was found on the street below, along with two bodies, authorities report.

Lidle had a wife, Melanie, and a 6-year-old son, Christopher; they live in California.

The crash also summoned memories of the death of Thurman Munson, a star Yankees catcher who died in August 1979 when a jet he was piloting struck a tree during takeoff at an airport in Ohio.

Rick Peterson, the Mets' pitching coach, worked with Lidle when they were with the Oakland Athletics in 2000 and 2001. He remembered a husky kid who relished pitching under pressure.

"He was a very hard worker, very competitive," Peterson told reporters out at Shea Stadium. "I have no words; I just have very strong emotions --."

Cirrus targets a wealthy male audience of nonprofessional pilots, a market largely abandoned by other manufacturers.

"People are using them like a car," Cirrus spokeswoman Kate Dougherty said. "They have become very efficient business tools and also have the ability to give people an entirely different lifestyle, especially now that families are so spread out."

Cirrus aircraft are the only planes currently manufactured with parachutes as standard equipment. According to Cirrus, the parachutes have been deployed nine times and have saved 21 lives.

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The plane carrying Lidle took off at 2:29 p.m. from Teterboro Airport in New Jersey, where many small planes and corporate jets are housed. The plane flew south into New York Harbor and around the Statue of Liberty, then up the East River.

Federal Aviation Administration officials said the crash occurred at 2:45 p.m. near a corridor above the East River where helicopters and small planes can fly under 1,100 feet and are not required to remain in touch with air traffic controllers. The corridor runs up the river, over the Brooklyn, Manhattan, Williamsburg and 59th Street bridges that necklace the river. It is commonly used by sightseeing helicopters under "visual flight rules," which means pilots under 1,000 feet must steer clear of other airplanes and helicopters as well as buildings.

Air traffic controllers are examining radar tapes to see if the plane can be spotted, and a six-member team of national safety investigators was en route to the scene. The plane emitted a distress signal just before striking the building, city officials said.

"We can't exactly tell what the route was after it came up the East River and why it turned onto 72nd Street," Bloomberg said.

Yankee Killed When Plane Hit N.Y. Building (WT)

By Betsy Pisik

The Washington Times, October 12, 2006

NEW YORK - New York Yankees pitcher Cory Lidle and his flight instructor were killed yesterday after he crashed his Cirrus SR20 into a Manhattan high-rise yesterday, igniting a four-alarm fire in the 40-story building and sparking fears of a terrorist attack.

A National Transportation Safety Board (NTSB) spokeswoman said that the plane was owned by Mr. Lidle, 34, and that Mr. Lidle's passport was found on the street outside the building at 524 E. 72nd St. on the city's Upper East Side, about a half-block from the East River. Mr. Lidle's death was confirmed last night by the Yankees, and the second death was confirmed by New York Mayor Michael R. Bloomberg.

"This is a terrible and shocking tragedy that has stunned the entire Yankees organization," team owner George Steinbrenner said, offering condolences to Mr. Lidle's wife, Melanie, and 6-year-old son, Christopher.

"It's very tragic," said Mr. Bloomberg at a press conference at nearby Sotheby's Auction House.

The plane was traveling from Teterboro Airport in New Jersey over the East River at about 2:45 p.m. when it veered off course just 15 minutes after takeoff and crashed into the Belaire Condominiums at about the 30th floor. First-responders told CNN that they found the bodies of Mr. Lidle and his instructor outside the apartment building.

The building was evacuated. More than 20 people were hospitalized, most were among the nearly 200 firefighters who doused the blaze in about an hour.

An official from the Federal Aviation Administration (FAA) said the plane put out a distress call, but it was too early to determine what might have caused the crash.

But for a time yesteday afternoon, when details were sketchy, the crash reawakened fears of terrorism among New Yorkers and dredged up memories of September 11, 2001, when first reports said a small plane crashed into the World Trade Center, just five miles from yesterday's crash site.

A blond woman who did not give her name leaned on a parked car and sobbed into the rain: "Oh my God, it was just like September 11. It was so scary."

The skies over the Midtown neighborhood were filled with police, medevac and news helicopters, while the streets below were clogged with emergency responders, which have been reassessing their procedures since September 11.

"It was really loud; it sounded like a truck going over a steel plate bump, really loud," said a Fox News cameraman who was about three blocks away working on another story when the plane hit the building.

While flames leaped from two stories of the red-brick building that houses more than 180 luxury residences, witnesses turned to their cell phones. Most were describing memories of September 11 where they were on the day, how this revived that feeling of panic and how relieved they were that this was an accident.

One man yelled into his cellular phone: "They said this was an accident, but that's what they said about the World Trade Center, too."

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The scene was just about a mile from the United Nations, where delegates were debating their response to North Korea's claim to have conducted a nuclear test. Within minutes of the accident, U.N. security told the assembled diplomats that there had been an incident and that it was being monitored.

FAA spokeswoman Diane Spitaliere said the aircraft was traveling along an 8-mile corridor over the East River, where helicopters and fixed-wing aircraft are allowed to fly below 1,100 feet under visual flight rules meaning they are not required to file a flight plan or talk to air-traffic control.

"They should not be flying near buildings," Miss Spitaliere said. "And they should not be flying below a thousand feet."

"It's the pilots' responsibility to pilot the plane and to watch where he's going, to be cognizant of other aircraft in the area," Miss Spitaliere said.

The Belaire Condominiums is the tallest building in its immediate neighborhood.

Laura Brown, a second FAA spokeswoman, said that the skies were overcast but that conditions were generally good, with visibility at nine miles and wind coming from the east at 13 knots.

A California native and a pilot for only seven months, Mr. Lidle recently bought the 2002 four-seat airplane with less than 400 air hours on it for $187,000. In his 10-year Major League career, Mr. Lidle also played for the New York Mets, Tampa Bay Devil Rays, Oakland Athletics, Philadelphia Phillies, Cincinnati Reds and Toronto Blue Jays.

Mary Varela, Mr. Lidle's mother-in-law, told reporters that her daughter wasn't home and they weren't certain if she knew about the crash.

"This is a tragedy for everybody involved," she said through tears.

Kevin Lidle, Mr. Lidle's twin brother, said on CNN last night that he had spoken to their parents, who were "obviously having a tough time."

Federal officials worked furiously during the afternoon to determine whether the crash was terrorist-related, and the U.S. military scrambled fighter jets over major U.S. cities as a "prudent measure," Sgt. 1st Class Gail Braymen said.

"There is no nexus to terror," said William Knocke, Homeland Security spokesman. "All indications are that it was a terrible accident."

President Bush was notified of the crash and monitored reports from New York, but he was not moved to another location, a White House spokesman said.

Still, former NTSB director Jim Hall told the Associated Press in a telephone interview that he does not understand how a plane could get so close to a New York City high-rise building after September 11.

"We're under a high alert, and you would assume that if something like this happened, people would have known about it before it occurred, not after," he said.

Crash Exposes Limits Of Post-9/11 Security Steps (WSJ)

By Laura Meckler

The Wall Street Journal, October 12, 2006

Small Plane Hits Building In New York, Highlighting Concerns About U.S. Skies

The crash of a small plane into a high rise on Manhattan's Upper East Side, apparently an accident, offered a reminder that new security measures adopted after the Sept. 11, 2001, terror attacks can't prevent risks posed by aircraft in the busy airspace over the nation's cities.

The single-engine plane was flying along New York's East River in midafternoon when it veered and crashed into a condominium tower of about 50 stories located less than a block from the river. The crash sent black smoke soaring into the sky and jangled nerves still sensitive five years after two jetliners crashed into the World Trade Center.

Like a string of similar small-aircraft accidents, casualties were limited. The pilot and the one passenger aboard were killed, but those on the ground suffered only minor injuries, local officials said. Among the dead was the plane's owner, New York Yankees pitcher Cory Lidle, who had taken up flying in the past few years. It is unclear who was at the controls.

Officials said it was too early to determine the cause of the crash. The National Transportation Safety Board sent a team to New York to investigate.

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Early on, officials were fairly confident that the incident wasn't terrorism related, but federal authorities scrambled to implement a host of precautionary measures. Fighter jets patrolled the skies above New York and major U.S. cities, a standard emergency response in the post-9/11 era. The Federal Bureau of Investigation Joint Terrorism Task Force was on the scene, assisting with the on-ground investigation.

Still, the incident highlighted the vulnerabilities that are inherent in the nation's cities. Trucks and public transportation have been targeted or used in terrorist attacks in the U.S. and elsewhere. Air traffic presents its own challenges, given the number of aircraft regularly flying in close proximity to urban areas.

The plane in yesterday's crash was flying along the East River under rules that allow small aircraft to skirt Manhattan as long as they stay under 1,100 feet. A similar corridor along the Hudson River also allows for flights using "visual flight rules," where pilots use their eyes and ears, rather than instruments, to navigate their way.

Similarly, Federal Aviation Administration rules allow small aircraft to fly through major cities across the country, allowing the operation of planes that take off from small downtown airports and helicopters that land at convention centers, hospitals and heliports.

Flight restrictions have been in place in various places around the country for years, chiefly for security reasons, but were greatly expanded after 9/11. The largest restricted zone extends in a 15-mile radius around Washington, D.C. Flights in an even wider area beyond that are tightly controlled and monitored. Hundreds of small planes have violated the restricted airspace since it was expanded in February 2003. Notably, in May 2005, a Pennsylvania pilot and a student flew their Cessna 150 within three miles of the White House. The FAA later determined the pair was lost.

Airspace above the presidential retreat Camp David in western Maryland is also restricted, and temporary restrictions are put in place wherever the president travels.

There have been several incidents involving small planes crashing into buildings after 9/11, though they typically do relatively little damage. Overall, in 2005, there were 1,669 general aviation accidents including 321 fatal crashes, according to the NTSB. There are some 210,000 small-aircraft owners in the U.S., a number that has been falling due to aging pilots and rising maintenance costs, according to the Aircraft Owners and Pilots Association.

The plane involved in yesterday's crash wasn't required to file a flight plan and took off from Teterboro Airport in New Jersey to a hazy, cloudy sky at about 2:30 p.m. New York Mayor Michael Bloomberg said at a news conference that the plane flew to Manhattan, circled the Statue of Liberty and then headed north up the East River. About 2:45 p.m. it hit The Belaire, a red-brick tower about five miles north of the World Trade Center.

"In the beginning, there was screaming. People were very upset. They were like 'Oh, my God. It's 9/11 again,' " said Erasto Arenales, a cook at La Crosta Restaurant & Gourmet Pizzeria, on 72nd Street, less than half a block west of the crash site. People started to run, he said, but then they stopped "when they saw there was not so much danger." (Read more4.)

At the time of the crash, real-estate broker Donna Olshan was showing a three-bedroom apartment selling for $4.8 million on the building's 47th floor to a pair of brothers. "The floors were rocking. The walls were rocking. You knew that it was some kind of explosion but I wasn't sure what," she said. Ms. Olshan raced down 47 stories, through smoke that grew thicker as she descended through the building.

Manhattan Plane Crash Kills Yankee Pitcher (NYT)

By James Barron

The New York Times, October 12, 2006

A single-engine plane carrying the Yankees pitcher Cory Lidle smashed into a 42-story building on the Upper East Side yesterday, killing Mr. Lidle and his flight instructor, the authorities said.

The afternoon crash beneath overcast skies sent debris clattering hundreds of feet to the sidewalk and started a fire that destroyed several apartments and left a charred smudge on the face of the building.

Fourteen firefighters and four people in the building were injured, officials said, including a woman who had been in an apartment hit squarely by the plane and escaped the inferno, suffering burns.

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The plane, owned by Mr. Lidle, was a Cirrus SR20, a four-seat propeller plane that is popular for its performance and sleek looks. It has a fixed landing gear reminiscent of a stunt plane. With two sets of controls, officials said, either Mr. Lidle or his instructor could have been flying it.

It slammed into the center of a 501-foot building on East 72nd Street several hundred yards from the East River. New Yorkers with memories of the Sept. 11 attack on the World Trade Center watched smoke drifting toward the sky as firefighters clambered into another high-rise, and the North American Aerospace Defense Command scrambled military jets. Some worried that they had witnessed another terrorist attack, but officials quickly dismissed that notion.

Mr. Lidle, 34, a pilot for less than a year who was traded to the Yankees in the summer, had talked enthusiastically about flying to his home in California this week.

As he cleaned out his locker at Yankee Stadium on Sunday, the day after the Yankees' playoff hopes fizzled in a series loss in Detroit against the Tigers, he said that he planned to work on instrument training exercises yesterday before he left for California, and that his regular instructor, whom he identified as Tyler Stanger, was coming in to work with him. Officials said they believed that Mr. Stanger was the second victim.

The plane took off from Teterboro Airport in New Jersey about 2:30 p.m., according to a spokesman for the Port Authority of New York and New Jersey.

Mayor Michael R. Bloomberg said it circled the Statue of Liberty before heading north by the East River. Radar contact was lost around the Queensboro Bridge. He said it was not clear why the plane veered toward Manhattan, apparently after traveling farther north, and hit the building on the north side about 12 minutes after takeoff. The plane never got higher than 800 feet, according to Passur, a flight-tracking service.

Pilots describe that area of the East River as a particularly treacherous corridor that tends to be crowded with helicopters. Several witnesses said the plane appeared to be in trouble moments before it crashed. One investigator said initial reports indicated that the aircraft had radioed La Guardia Airport to say that it was running low on fuel.

The plane disintegrated as it hit the building, shaking bricks loose from the façade, and ended up as a smoking wreckage on the street. "The engine with the propeller was two feet inside the window," another investigator said, adding that much of the rest of the plane had fallen to the street outside the building, at 524 East 72nd Street.

The plane bore into an apartment on the 30th floor, which under the building's numbering system is Apt. 40ABG. Dr. Parviz Benhuri, who owns the apartment with his wife, Ilana, said she was at home when the plane blasted through the window and the apartment went up in flames.

"She told me she saw the window come out and the fire comes," he said. "She told me she saw the window coming out and she ran. She's in shock. She's lucky she made it. It's a miracle."

She ran down the stairs and went to the emergency room at NewYork-Presbyterian Hospital/Weill Cornell Medical Center a couple of blocks away.

Three other people walked down from lower floors and were treated for exhaustion, one city official said.

Other witnesses said that the sequence of events leading to the crash unfolded so quickly that they realized only later that noises they had heard must have come from Mr. Lidle's plane.

"It sounded like a truck gearing down," said Kim Quarterman, a doorman at a nearby building. "Then I saw a cloud of smoke."

Jeremy Chassen, a real estate developer who was in an apartment across the street, recognized the droning of an airplane engine — he has taken flight lessons himself.

Joanne Hartlaub, an actress and filmmaker who was working out in a gym across the street, heard explosions and a "loud whooshing noise, like something falling, very loud."

She said she saw "this large object falling from the sky; it was aluminum and it was smoking."

Inside the building that was struck, five construction workers going over renovation plans for an apartment on the 42nd floor looked out the window and the plane bearing down on them. One of the workers, Luis Gonzalez, 23, said it was so close that he could see the pilot's face.

"It was coming right at us," he said. "The whole building shook. Then we ran for the elevator."

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Fuel burned on the sidewalk as black smoke rose from the apartments above.

In the penthouse, a housekeeper, Ann Robert, was ironing clothes. "I heard a boom and saw smoke and ashes outside the kitchen window," she said, "and then the painter came running in frantically from working in the baby's room," Ms. Robert said.

Her 21-year-old daughter was also in the apartment, watching television and talking on the telephone. Within seconds, Ms. Robert had grabbed her purse and was hurrying her to get out. "Let's go. Let's go. Let's go," she shouted.

"Death was going through my mind," Ms. Robert said. "When I saw the smoke, I did not know if we would make it out alive." She added, "As I was coming down the stairs I thought that the whole building might come down and that me and my daughter might go at the same time. But once we got past the 30th floor, I said in my mind that maybe we were safe."

The building is a condominium with residents like Marvin R. Shanken, the publisher of Cigar Aficionado and other specialty magazines; Marvin S. Traub, the former head of Bloomingdale's; and Carol Higgins Clark, a mystery writer who is the daughter of Mary Higgins Clark. A dozen lower floors are used by the Hospital for Special Surgery for offices and guest rooms for patients' families.

The building remained closed to residents last night. While structurally sound, a spokeswoman for the Department of Buildings said that there had been extensive damage and, with only one elevator working, it was not suitable for people to return.

For the Yankees, Mr. Lidle's death stirred memories of another player who perished at the controls of his own plane, the catcher Thurman Munson, in 1979. But where Mr. Munson was the team captain, Mr. Lidle was still something of a newcomer.

A 5-foot-11 right-hander who rarely threw his fastball above 90 miles an hour, he was not drafted out of high school and played for three organizations in the minor leagues, including an independent team, before joining the Mets in 1997. He had also played for the Tampa Bay Devil Rays, the Oakland Athletics, the Toronto Blue Jays, the Cincinnati Reds and the Philadelphia Phillies before joining the Yankees.

"He was a good guy, a real competitor," said Brian Cashman, the Yankees' general manager. "He wasn't here long, but I saw him compete for years with different teams, and he had a lot of success. That's one of the reasons why we wanted him."

Mr. Lidle made one memorable start, a victory on Aug. 21 that concluded the Yankees' five-game sweep of the Red Sox in Boston's Fenway Park. He had a 4-3 record with a 5.16 earned run average for the Yankees and made a brief relief appearance in the team's final playoff game on Saturday.

For his career, Lidle was 82-72 with a 4.57 earned run average, pitching in 277 games. He was a free agent and was not expected to return to the Yankees, though he said on Sunday that he hoped to sign a two-year contract this winter.

Mr. Lidle, who was married with a 6-year-old son, lived in Glendora, Calif. He had earned his pilot's license during the last off-season. He said last month that the four-year-old plane had cost $187,000 and had "cool safety features."

"The whole plane has a parachute on it," he said. "Ninety-nine percent of pilots that go up never have engine failure, and the 1 percent that do usually land it. But if you're up in the air and something goes wrong, you pull that parachute, and the whole plane goes down slowly."

Shortly after his trade to New York from Philadelphia, he flew his plane from a small airport in southern New Jersey to Teterboro. Describing his itinerary in a September interview, he said: "I didn't fly around New York, but I flew straight up north. I don't like to go in the big boys' airspace."

But yesterday, he did. The plane left Teterboro, in Bergen County, at 2:29 p.m., officials said.

Police and fire officials applauded what they said was a fast and efficient response, noting that there were no fatalities beyond the two men in the plane. They said that they too had worried at first that the crash was a terrorist attack.

"We are concerned about the possibility of things being something more than an accident," Police Commissioner Raymond W. Kelly said. "But it seemed clear fairly early it was a small plane."

Gov. George E. Pataki issued a statement saying that the Federal Aviation Administration had issued a temporary flight restriction requiring all planes flying below 1,500 feet to be in communication with air traffic controllers. He said he was asking F.A.A. officials to leave the restrictions in effect while they and officials of the Department of Homeland Security review the rules that apply to private airplanes flying in the New York City area. "New York's airspace should enjoy the same kind of protections as our nation's capital," Mr. Pataki said.

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NYC Tragedy Echoes 9/11, Raises Small-plane Questions (USAT)

USA Today, October 12, 2006

For a few jittery moments Wednesday, the nation suffered a collective flashback to 9/11.

Cable and network TV news flashed a breaking story: A small plane had crashed into a New York high rise. Viewers could see fire and smoke spewing from a tall facade in Manhattan's skyline.

This time, thankfully, the plane was not a jetliner. It was a single-engine Cirrus SR20 that seats four.

This time, it was not terrorists in the cockpit. It was New York Yankees pitcher Cory Lidle and a passenger.

This time, it was not a history-changing attack. It was apparently an accident — a personal tragedy in which Lidle and the passenger died.

And this time, the military and emergency workers weren't caught off-guard. North American Aerospace Defense Command scrambled fighter jets quickly and, according to New York Mayor Michael Bloomberg, first responders reacted speedily and precisely.

For all the differences, however, the incident raises security concerns about the 220,000 small planes in the USA and the 5,500 airports that serve them. While 9/11 prompted a crackdown on commercial flying, many of the vulnerabilities of small planes have never been addressed.

In most areas, flight plans are not required from pilots flying small aircraft in clear weather, so air traffic controllers have a limited ability to monitor them or determine in a timely way whether they're headed somewhere potentially dangerous.

And though Congress mandated that pilots' licenses have photo identification, regulations haven't caught up with the law. Terrorists could easily use a stolen license.

More to the point of Wednesday's crash, small planes fly dangerously close to skyscrapers housing millions of residents and workers in Manhattan and, under some circumstances, within seconds of Washington's most treasured landmarks.

Crashes into high-rises are quite rare, but they do happen, both accidentally and, in one memorable case, by design. In January 2002, a 15-year-old pilot in an unrecognized plane violated restricted airspace around the U.S. Central Command and intentionally slammed into a Tampa office building.

The public saw Wednesday that a small aircraft crashing into a high-rise causes far less damage than a jetliner. But should a terrorist get hold of a plane and fill it with explosives or a biological weapon, the public also saw how little there is to stop him from flying into such New York icons as the United Nations headquarters and the Statute of Liberty, both of which Lidle flew past.

The FBI warned last year that as security improves for commercial aircraft, terrorists may find small planes a tempting weapon.

If any good can come from the tragic and untimely death of the 34-year-old Lidle, perhaps it's heightened scrutiny of unaddressed threats from the air.

Small Planes Aren't Big Risk (USAT)

By Phil Boyer

USA Today, October 12, 2006

Crashes like this one are rare, and they're a poor excuse to limit flying.

Wednesday's accident was tragic and highly regrettable. And it certainly stung the nerves of post-9/11 New Yorkers. But the fact is: It was an accident. For USA TODAY to pose a series of unsubstantiated “what-if” questions and concerns regarding small aircraft, their safety and security is uninformed and ill-conceived. It's also highly irresponsible because it needlessly stokes already-heightened public concerns.

USA TODAY has not waited for the facts behind this tragedy; determining the cause (and any possible remedies) of an accident like this is a process that can take months. Instead, USA TODAY is exploiting this extraordinarily rare occurrence, using it as the barest thread of justification to bolster its long-standing and indefensible bias against small aircraft.

The facts show that thousands of the small planes that make up general aviation fly safely over and near U.S. cities every day, just as cars and trucks drive on our highways and streets. That's especially true around New York City. So we ask: Does a single auto accident generate questions about whether cars should be on our roadways? Of course not.

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For USA TODAY to question the need for increased ground security ignores the fact that general aviation pilots know their passengers and cargo. And it ignores the fact that the federal agencies responsible for our security — the Transportation Security Administration and the Federal Aviation Administration — have looked hard at general aviation and said it does not pose a threat. Mayor Michael Bloomberg himself indicated that this event says "nothing" about security to New York City.

This accident is a sad event compounded by the loss of life, and our profound sympathies go out to the affected families. Like many things, flying involves a small measure of risk, but general aviation pilots work continuously to minimize those risks.

Pilots are passionate about the many joys of flying. Our freedom of travel is one of the great liberties we all enjoy in the USA. Challenging that through USA TODAY's unfounded questions — not honest and informed inquiry — has neither merit nor benefit.

Phil Boyer is the president of the 408,000-member Aircraft Owners and Pilots Association, the world's largest aviation group.

Report: Few Cities Prepared For Evacuation Procedures (USAT)

By Mimi Hall

USA Today, October 12, 2006

WASHINGTON — Most of the nation's largest cities got flunking grades on a report card released today that measures how well each city can evacuate its population before or after a major disaster.

Ten urban areas received grades of "B" or "C," six got a "D," and 20 got an "F" in the report by the American Highway Users Alliance. Only Kansas City, Mo., got an "A."

Among those that failed the test: New York City, Los Angeles, Chicago, San Diego, Miami, Philadelphia, Denver, Atlanta and Boston.

"The potential for terrorist attacks and last year's New Orleans flood destruction underscore the necessity for providing sufficient evacuation capacity from the nation's urban areas," according to the alliance, a non-profit organization that promotes highway safety and construction to reduce congestion.

The report follows the release in June of a review by the Homeland Security Department that examines the ability of all 56 states and territories and 75 urban areas to respond to catastrophes. "Significant weaknesses in evacuation planning are an area of profound concern," that review concluded.

The alliance's report blames several factors for cities' poor grades, including the number of major highways out of a city and whether the city is partially hemmed in by water or mountains. Other factors included how well internal roads are laid out; how densely populated the city is; and the percentage of residents who have cars.

Kansas City scored high because it's not densely populated, there are no geographical barriers on any side of the city and it has a good intra-city road system, said Greg Cohen, president of the highway users alliance. New York City ranked low because it's so densely populated, congested and surrounded by water, and it has a higher percentage than most cities of residents who rely on public transportation.

In Atlanta, planning an evacuation is complicated by the fact that two major highways converge in the middle of the city, says Alfred Moore, director of the Atlanta-Fulton County Emergency Management Agency. He says the city has a plan on paper, but "have we exercised the plan yet? Nope. Have we trained on the plan? Nope."

Among the recommendations made by the alliance:

•Building new highways leading out of cities, where possible.

•Putting timed lights and gates on highway entrance ramps to limit congestion during evacuations and keep traffic flowing.

•Developing more ways to get information to drivers about alternate routes and traffic conditions.

•Creating government programs to increase car ownership among low-income people.

Justin DeMello, director of Denver's Office of Emergency Management, said evacuation planning is the most difficult part of any emergency-preparedness effort.

"There are just so many factors that come into play," he said. "And there are no easy solutions."

Strategizing On Disaster Relief (USAT)

By Mindy Fetterman

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USA Today, October 12, 2006

WASHINGTON — Executives at Home Depot were watching the aftermath of the 9/11 terrorist attack in New York from the company's emergency command center in Atlanta — a room with banks of TVs and phone lines. They saw that rescue workers' boots were being sliced by the smoldering steel remains of the World Trade Center towers.

"We sent 40,000 pairs of work boots to New York right away," CEO Bob Nardelli says.

He's not looking for praise. In fact, he thinks the way Home Depot — and other U.S. corporations — got information about what they could do to help in that disaster, and during Hurricane Katrina four years later, was ridiculous.

"We saw it on CNN!" he says, exasperated.

Now, nearly 30 CEOs have teamed in an unprecedented effort to set up an "emergency protocol" with the U.S. government and charities so that Corporate America can better respond to the next natural or manmade disaster.

"We're starting to put our actions where our words are," says Bill McDermott, CEO of SAP Americas, part of the world's largest business software company.

That protocol includes everything from a 24/7 direct phone link to the Department of Homeland Security and a website that will have "real time" news about what the government needs from business, to "swat teams" of employees from competing firms. Those teams will fly into a disaster site within 24 hours, assess needs and report back to the government and business community.

The group says it "won't wait for the government" when the next disaster hits.

"We're not saying it in an arrogant or condescending way," says Nardelli, who is chairman of the Business Roundtable's disaster-response task force. "But some of our frustration even before Katrina was having to wait for a coordinated effort from government. We want to set up that cooperative effort now."

CEO members of the task force, the largest ever put together by the Business Roundtable, met for the first time last month in Washington. Frances Townsend, President Bush's point woman on Homeland Security, was at the meeting.

Nardelli called it "an old-fashioned workout," where all parties get into a room, air complaints and come up with solutions. (Nardelli, who used to be a top executive at General Electric, learned the "workout" discipline from then-chief Jack Welch.)

"We're past the venting," Townsend laughs. "Now it's a question of how we can do better. I told them: 'Tell me what I can do better.' "

The CEOs told her. They want in on the early planning. They want in on information during a disaster. And they want in on the emergency operations on the ground.

Townsend agreed. She's holding a meeting in November at the White House with the CEOs, officials from DHS and the Federal Emergency Management Agency, and emergency operations chiefs from some state and local governments.

"The idea is that this works better if the private sector is involved in planning on the front end," Townsend says. "There's a lot we can learn from business."

The tsunami that hit Indonesia in December 2004, was "a watershed event" for Corporate America, says Johanna Schneider, spokeswoman for the Roundtable. "Companies were stepping up as never before."

When Hurricane Katrina hit, that volunteer spirit kicked in again, but with only limited success. "There was a huge outpouring of support," Schneider says. "But we were unable to get people connected down there (in the Gulf Coast) in a way that could really make a difference."

The CEOs want to harness that spirit and set up better logistics for getting people and supplies to disaster sites quickly.

"We want to make sure they get food and water, and not television sets," says McDermott of SAP. "How do you logistically get things to people who need them at the time they need them? Business can help do that."

DHS is identifying equipment and supplies it would need in various emergency scenarios — a hurricane, a tornado, a terrorist attack.

"In certain disasters, we'll know what we'll need, like water, tarps, housing. And we're communicating that to business" so that contracts can be bid on and awarded before the next disaster, Townsend says. FEMA has contracted with six companies for $1.5 billion in temporary housing to avoid delays such as those seen during Katrina, she says.

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Government audits found hundreds of millions of dollars was wasted on no-bid contracts and fraud, from $300 million spent on 10,000 mobile homes that sat unused to $3 million for unused beds.

"There was legitimate concern after Katrina that the government's contracting was wasteful," Townsend says. "We think that if you precontract, you'll do it in a rational way."

In the next year, the CEO task force will assess what supplies and equipment are on hand at U.S. corporations, including companies that aren't members of the Roundtable. Who has the bottled water? Who has the satellite telephone equipment? The lumber and tarps? That way, the government can request and get supplies quickly.

During Hurricane Katrina, charities competed for donations. But companies that were giving millions of dollars felt it was unclear what a charity would handle: Emergency response? Rebuilding? Food and water? Housing?

CEOs saw "mission creep" as many charities were trying to do the same things. "There was a lot of carpetbagging going on" after Katrina, says Kevin Martinez, community affairs director for Home Depot, pointing to 400 new charities that were formed. "We're saying to charities: Don't work in a vacuum. Work with each other. What exactly are you fundraising for?"

Like governments, charities also were overwhelmed by Katrina.

The American Red Cross was sharply criticized in a Government Accountability Office report for being unprepared and slow to react. Since then, the Red Cross has spent about $80 million to triple its warehouse space for emergency supplies, triple its satellite phone availability, and add more volunteers and computer capacity.

"Our mission has been the same for a long time: mass care early," says Jack McGuire, interim CEO of the Red Cross. "But there's a huge problem relative to what people think our mission is. People were upset because they didn't see our helicopters with the Coast Guard out there rescuing people off rooftops. We don't do rescues. We don't build houses. We don't give loans. We don't run hospitals."

The Red Cross and other charities are beginning to work together to coordinate volunteer response, although efforts are in the early stages, McGuire says.

Katrina taught everyone, he says, that "these things are going to work better if it's a system of the many rather than the few."

TSA Secrecy Rules Eased (WP)

The Washington Post, October 12, 2006

Congress has ordered the Department of Homeland Security to ease secrecy rules at the Transportation Security Administration, helping families of victims of the Sept. 11, 2001, attacks who have sued to unearth security practices before then.

A $34.8 billion homeland security spending bill signed by President Bush last week requires the department to release "security sensitive information" that is more than three years old and is not part of existing plans or certain categories, barring "a rational reason" cited by Secretary Michael Chertoff that it should remain secret.

Congress ordered that SSI-designated evidence be released in civil cases with some restrictions if required by a judge, unless such access "presents a risk of harm to the nation."

In a statement, Michael Low of Batesville, Ark., thanked Congress on behalf of 9/11 Families United to Bankrupt Terrorism "for telling TSA not to misuse the term 'national security' as an excuse to hide documents that are of no use to would-be terrorists but instead contain information embarrassing to our government and the airlines." Low is the father of Sara Low, a flight attendant on American Airlines Flight 11.

About 50 survivors' suits targeting airlines and security firms are before the U.S. Southern District of New York, as is a broader case against terrorist financing.

The White House opposed the change, which it said would impose "an ongoing, burdensome review process."

Steven Aftergood, director of the Federation of American Scientists' project on government secrecy, called the legislation "surprising" and a "welcome gesture by Congress to push back against expanding secrecy."

SSI includes airport security plans, vulnerability assessments and technical specifications of screening equipment, but TSA's definition is open-ended. The program has been invoked to withhold information about bomb scares at airports and to drop cases against screeners charged with stealing from passengers, for example.

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It has raised concerns that local law enforcement may not be able to issue reports about incidents at airports, or that passengers stopped by security officers may not learn why they were stopped.

Insurers Get An Earful From Senator (NYT)

By Joseph B. Treaster

The New York Times, October 12, 2006

Sometimes, political connections come in handy. Ask Senator Trent Lott of Mississippi.

Mr. Lott, a Republican and former majority leader, is one of thousands of homeowners on the Gulf Coast who have been fighting with their insurers over payments for damage in Hurricane Katrina. In an interview yesterday, he said he was angry about the insurers' "insensitivity and outright meanness" in rejecting many homeowners' claims.

He said he inserted a provision into legislation, signed by President Bush last week, directing the Department of Homeland Security to investigate potential fraud by the insurance industry. Mr. Lott said he was also drafting legislation to challenge the industry's exemptions from antitrust laws and had asked his staff to investigate the industry's tax rates.

"I am outraged," he said. "I'm concerned there are lots of abuses in the aftermath of the hurricane."

Mr. Lott's claim for the loss of his $400,000 house in Pascagoula was rejected by State Farm.

Industry executives and lawyers denied that the insurers had engaged in fraud and some questioned whether Mr. Lott was improperly using his position in Congress.

"Given that the senator has a personal dog in the fight, his actions have the appearance of an abuse of power," said Randy J. Maniloff, a lawyer in Philadelphia who represents insurance companies.

Mr. Lott said he was not acting solely out of personal motivation. "I've had my own experience, but a lot of people have had similar experiences," Mr. Lott said. "They have abused my people, my friends, the people I love."

Robert P. Hartwig, the chief economist for the Insurance Information Institute, a trade group in New York, said: "It's unfortunate that the scarce resources of the Department of Homeland Security are being diverted toward an unjustified investigation."

The industry executives also asserted that Mr. Lott, as a senator, had a duty to be impartial. They said he should follow the example of several judges in Mississippi whose homes were damaged in Katrina and who have recused themselves from cases involving the storm.

"I don't profess to be impartial," Mr. Lott said.

Mr. Lott said he was also planning to introduce legislation requiring the insurers to include in their policies a prominent listing in plain English of what they refuse to cover. He said home insurance policies contained "a bunch of subterfuges" difficult for laymen or lawyers to comprehend. "Don't tell me they don't do it on purpose," Mr. Lott said.

Insurance is mainly regulated by the states. But the federal government has authority on antitrust and tax issues. The insurers have been exempted from some antitrust laws since the 1940's. These exemptions permit them to share industrywide information on claims costs and project future costs.

The insurers say working with a larger pool of data than any single company could develop enables them to offer lower prices. J. Robert Hunter, an insurance expert at the Consumer Federation of America, said that without the antitrust exemption, insurance prices would probably be lower.

Mr. Lott told The National Underwriter, an insurance industry publication, that he spoke directly to Edward B. Rust Jr., the chief executive of State Farm. "He said he would look into my situation," Mr. Lott was quoted in January as saying. "I told him I didn't want any special consideration. I wanted them to do what was right for everybody."

State Farm and other insurers promise to pay for wind damage in hurricanes but they say their policies do not pay for flood damage. Federal flood insurance pays up to $250,000 in damage to a home and up to $100,000 for furnishings and clothing.

Mr. Lott and several thousand other Mississippi homeowners are suing State Farm and other insurers, arguing that the winds of Katrina pushed floodwaters across the beaches and that the policies they bought that promise coverage against wind damage should be honored.

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State Farm declined yesterday to discuss Mr. Lott's lawsuit. Insurers have paid $41 billion for damage to homes and businesses from Hurricane Katrina, $13.6 billion in Mississippi alone, resolving, they say, 95 percent of the state's 355,000 homeowner claims.

Mr. Lott said he bought flood insurance and received the maximum of $350,000 from the government. Industry executives say Mr. Lott clearly understood that flood insurance and private homeowners insurance provide separate coverage.

Mr. Lott's lawyer is Richard F. Scruggs, who made a fortune in litigation against tobacco companies. Mr. Scruggs, who is representing many Katrina victims, is Mr. Lott's brother-in-law and a neighbor in Pascagoula. Mr. Scruggs's home was heavily damaged. John Griffin Jones, a lawyer working with Mr. Scruggs on claims, said an insurer also denied Mr. Scruggs's claim.

In August, Judge L. T. Senter Jr. of Federal District Court in Gulfport ruled in the first trial over wind versus water damage that the insurers did not have to pay for flood damage. But he said language permitting them to refuse payment when damage results from a combination of wind and water was ambiguous.

Mr. Lott said he had sought the Homeland Security investigation because he believed that the insurers shifted the cost of many claims to the federal flood insurance program that they should have paid themselves.

Mr. Lott said he wanted Homeland Security to determine if the shifting of costs to the federal program "was just an occasional mistake or systematic."

"I think it was systematic," he said.

WAR NEWS:

Bush Open To Change In Tactics (LAT)

By Paul Richter And Doyle McManus

The Los Angeles Times, October 12, 2006

WASHINGTON — President Bush opened the door to possible changes in his approach to the Iraq war, declaring Wednesday that "we'll change tactics when we need to change tactics," amid pressure from Republicans about the unrelenting violence and the shortcomings of the government in Baghdad.

Bush said at a White House news conference that the description of his policy as a stay-the-course stance was only "about a quarter right."

"My attitude is, don't do what you're doing if it's not working — change," he said.

Bush did not specify what changes he would be willing to consider, and he said he remained committed to involvement in Iraq until the country was stable and democratic. And he continued to characterize opposing views as "cut-and-run."

Yet the comments were seen as a signal of a partial openness to a new direction in Iraq, at a time when allies and adversaries have been demanding one.

A congressionally chartered study group co-chaired by former Secretary of State James A. Baker III, a longtime Bush family ally, signaled this week that it was prepared to recommend changes. Last week, Senate Armed Services Committee Chairman John W. Warner (R-Va.), a reliable White House ally, said that a shift will be needed in coming months if violence continues and the 4-month-old Iraqi government does not assert control.

Even the administration's ambassador to Iraq, Zalmay Khalilzad, has said that the new government has only a few months to prove that its approach to the country's problems is workable.

Some political analysts said Bush's comments were tailored for the upcoming midterm elections. The president wants to avoid appearing too tied to an inflexible course, they said, and also wants to give cover to vulnerable Republican candidates who are trying to distance themselves from the policy.

Yet they said the language might also hint that changes will come after the elections, as some in Washington have been predicting.

"He's trying to avoid being stuck with 'stay the course,' but at the same time opening the door a little bit for the inevitable pressure that's going to come, including from Republicans, for a reevaluation of the strategy," said Marshall Wittmann, a former

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aide to Sen. John McCain (R-Ariz.), now with the moderate Progressive Policy Institute. "He was clearly walking a rhetorical tightrope between his view that he has to stay the course and the political reality, which is demanding some reassessment."

Bush said he looked forward to the upcoming recommendations from Baker and his co-chairman, former U.S. Rep. Lee Hamilton, (D-Ind.), who once chaired the House's Foreign Affairs Committee.

Bush also said he "completely" agreed with Warner's comment that "if the plan is not now working, America needs to adjust."

"For those folks saying, you know, 'Make sure there's flexibility,' I couldn't agree more with you," Bush said.

Bush said he is open to suggestions for change from Army Gen. George W. Casey Jr., commander of U.S. forces in Iraq.

At the same time, Bush asserted that the government of Prime Minister Nouri Maliki was making progress in improving security, brokering political compromises among the country's ethnic and religious groups and strengthening the central government.

Speaking about internal strategy on condition of anonymity, one White House official said: "Are there things the administration is not trying? If an independent group like the Baker panel can come up with some good ideas, we're all for it."

There are signs that within some parts of the administration, officials are already reviewing options.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, has asked several strategists to take a new look at the issue. These include Army Col. H.R. McMaster and Army Col. Pete Mansoor, who is director of the Army-Marine counterinsurgency school at Fort Leavenworth, Kan., according to a person close to the group who was not authorized to speak for it.

Senior State Department officials deny that there are plans in the works for a sudden change in direction in Iraq. But some officials have privately acknowledged their concern over the course of events, and have said officials are always weighing how they might improve their approach.

At a news conference with Defense Secretary Donald H. Rumsfeld, Casey said the strategy in Iraq had been evolving. Casey cited his decision over the summer to scrap his plan to reduce the troop presence in Iraq and instead expand the number of American forces in Baghdad.

"We constantly review our strategy and review what's going on, and we adapt as we need to," he said.

"The broad strategy, where we are working to bring the levels of insurgency down as we bring Iraqi security forces up, I believe, is still a valid framework for what we're doing there in Iraq," Casey added.

"And we will continue to look tactically at what's happening on the ground, and my subordinate commanders will work to deal with that," he said.

At the same time, there were signs Wednesday that the military was at least preparing for the possibility of maintaining current troop levels for several years.

Army Chief of Staff Peter J. Schoomaker said the Army had drafted plans to keep its share of more than 140,000 troops in Iraq through 2010.

Schoomaker said those plans were part of prudent preparations and not a sign that things were better or worse.

"I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot," Schoomaker said.

Baker, in comments on his committee's work, has indicated that the group will urge a departure from what he described as the White House's "stay the course" approach.

Baker said on ABC that the White House should enter direct talks with countries such as Iran and Syria — a view that is counter to one of the administration's most strongly held principles.

Warner last week said that Iraq as a policy issue was "drifting sideways." Another Republican senator, Olympia J. Snowe of Maine, endorsed that view Tuesday, citing worsening conditions in Iraq.

"There must be no question among the administration, the Congress and the Iraqi unity government that staying the course is neither an option nor a plan," Snowe said.

Bush Stands Firm On Policies (WP)

By Michael Abramowitz, Washington Post Staff Writer

DOJ_NMG_0079390

The Washington Post, October 12, 2006

President Defends Strategies for Iraq, North Korea

Despite setbacks on North Korea and Iraq, President Bush vowed yesterday to stick with his policies on both crises, praising Chinese condemnation of North Korea's apparent nuclear test and citing progress in helping the fledgling Iraqi government stand on its own.

Even as he rejected calls to hold bilateral talks with Pyongyang, Bush said during a Rose Garden news conference that diplomacy is beginning to unite the world against North Korea's nuclear efforts. He called it hopeful that China is helping North Korea "understand it's not just the United States speaking to them," and he reassured South Korea and Japan that the United States "reserves all options" to protect its allies in the region against threats from the communist state.

At the same time, Bush addressed the recent doubts expressed by senior Republicans, including Sen. John W. Warner (Va.) and former secretary of state James A. Baker III, about the current U.S. course in Iraq -- which he described as more flexible than critics suggest.

"We're constantly changing tactics to achieve a strategic goal," the president said, adding that "stay the course" is only a partial description of his strategy in Iraq. "My attitude is, 'Don't do what you're doing if it's not working; change,' " said Bush, who met yesterday with the senior U.S. commander in Iraq to review the progress of the war. " 'Stay the course' also means don't leave before the job is done."

The hour-long news conference gave Bush an opportunity to try to regain some control over a dangerous political environment for Republicans just four weeks before midterm elections, in which the GOP majorities in both the House and the Senate face a stiff challenge from Democrats. Until recently, Bush seemed to be having some success in shoring up GOP lawmakers with an effort to make terrorism and the improving economy the centerpieces of the fall campaigns.

But that strategy has been thrown seriously awry by new revelations about the administration's troubled conduct of the Iraq war, and by a burgeoning scandal surrounding the House leadership's handling of allegations of sexual misconduct against Florida Republican Mark Foley, who has resigned. Meanwhile, this week's apparent underground nuclear test by North Korea exposed the White House to new questions about the success of its efforts to keep weapons of mass destruction from the world's most dangerous governments.

Bush received only one question about the Foley episode, which he used to restate his support for House Speaker J. Dennis Hastert (R-Ill.) and Hastert's handling of the matter. He expressed confidence that Republicans will keep control of both chambers despite the Foley scandal, saying that the public supports the GOP on what he termed the two big issues of the campaign -- security and the economy. And he took pointed shots at Democratic leaders for not supporting his tax cuts -- criticism that they said misrepresented their interest in cutting taxes for the middle class.

The White House also announced yesterday that the federal budget deficit dropped to $248 billion, a four-year low, which it attributed to tax cuts and other "pro-growth" economic policies. Democrats derided that explanation and said Bush's boast ignored the considerable debt that the federal government has acquired since he was inaugurated in 2001.

Most of the news conference, however, was devoted to North Korea and Iraq, and Bush enthusiastically defended his basic strategy in both crises, offering lengthy answers to most questions with a mixture of feistiness and contemplation.

Answering a question about the North Korean nuclear test, Bush explained his reluctance to engage in direct talks with Pyongyang by saying that the Clinton administration tried such an approach and it did not work. He said that North Korea violated a 1994 agreement in which Pyongyang promised to shut down its nuclear reactor and keep spent nuclear fuel under international supervision, and that the U.S. government promised certain benefits such as providing oil for energy production. Bush's account left out the U.S. government's own role in scuttling that agreement.

"I learned a lesson from that, and decided that the best way to convince Kim Jong Il to change his mind on a nuclear weapons program is to have others send the same message," Bush said at the news conference. He said Pyongyang's defiance of international demands that it give up its nuclear program is a reflection on the North Korean leader, not on any failure by his administration.

"The inability to convince people to move forward speaks volumes about them," Bush said. "It ought to say to all the world that we're dealing with people that, maybe, don't want peace, which in my judgment . . . requires an international response."

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The refusal to engage with Pyongyang directly has been condemned by lawmakers in both parties and by diplomats, including U.N. Secretary General Kofi Annan, who urged the United States yesterday to sit down with North Korea.

"From North Korea to Iraq, the American people have seen clearly what it means to 'stay the course' with the president's failed national security policies," House Democratic leader Nancy Pelosi (Calif.) said yesterday. "The president's policies are not making the American people safer. Staying the course won't change that. It's time for a new direction."

On Iraq, Bush was asked about the recent comments of Warner, chairman of the Senate Armed Services Committee, who returned from a trip to Iraq last week warning that Iraq is drifting "sideways." Warner said major changes should be considered within a few months if the situation there does not improve.

Bush said he agrees with Warner "completely" that "if the plan isn't working, adjust." But he said the overall strategy in Iraq is sound, even as day-to-day tactics might change. Bush said the upsurge in attacks and casualties is happening because U.S. forces are more aggressively confronting the enemy in Baghdad and elsewhere. "We're on the move," he said. "We're taking action."

Bush said he does not find credible a new report in the Lancet, a British medical journal, which estimates that 655,000 more Iraqis have died since coalition forces arrived than would have died without the invasion. In a comment in the journal, the editors said the study was reviewed by four outside experts, all of whom recommended publication, with one noting the "powerful strength" of the research method. The findings, however, have a large margin of error. The low-end estimate of excess deaths (both civilian and military) is 393,000, while the high-end estimate is 943,000.

Bush disputed the study's numbers but did not supply his own. "I do know," he said, "that a lot of innocent people have died, and that troubles me, and it grieves me."

Staff writer David Brown contributed to this report.

For Bush, Many Questions On Iraq And North Korea (NYT)

By Sheryl Gay Stolberg

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — President Bush said Wednesday that he would not use force against North Korea because "diplomacy hasn't run its course," but acknowledged that many Americans wonder why he invaded Iraq but has not taken military action to head off North Korea's race for a bomb.

"I'm asked questions around the country, 'Just go ahead and use the military,' " Mr. Bush said at a morning news conference in the Rose Garden, his first extended question-and-answer session with reporters in the days since North Korea announced it had detonated a nuclear device. "And my answer is that I believe the commander in chief must try all diplomatic measures before we commit our military."

Then, without prompting, the president asked an obvious next question.

"I'll ask myself a follow-up," Mr. Bush said. " 'If that's the case, why did you use military action in Iraq?' And the reason why is because we tried the diplomacy."

Mr. Bush's unusual exchange with himself came during an hourlong news conference dominated by questions about North Korea and Iraq. Democrats have criticized him for rushing into a war with Iraq, which turned out not to have unconventional weapons, while not setting limits on North Korea, which declared this week that it had conducted its first nuclear test.

That the president himself raised and rejected this critique appears to reflect concern among Mr. Bush's advisers that North Korea could be a political liability for Republicans, one that the president needed to confront directly with voters.

Mr. Bush's stance was to reassert that the United States would not tolerate a nuclear-armed North Korea, but that the way to shut down its nuclear programs was through multilateral diplomacy, not one-on-one talks or military action.

Intelligence officials have not yet determined the exact size of the device that North Korea tested, or explained why it appeared to have been fairly small, less than a kiloton. Democrats and Republicans have been arguing over who was responsible for the buildup in the North. Madeleine K. Albright, a secretary of state for former President Bill Clinton, issued a statement on Wednesday defending his administration and striking back at Mr. Bush.

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"During the two terms of the Clinton administration, there were no nuclear weapons tests by North Korea, no new plutonium production, and no new nuclear weapons developed in Pyongyang," Ms. Albright's statement said. "Through our policy of constructive engagement, the world was safer. President Bush chose a different path, and the results are evident for all to see."

Despite the North's test, Mr. Bush insisted Wednesday that his diplomatic approach was the best course and that he would continue to seek support for sanctions from other nations. He resisted calls for direct negotiations with North Korea of the sort the Clinton administration had engaged in, saying "the strategy did not work."

"North Korea has been trying to acquire bombs and weapons for a long period of time," Mr. Bush said, "long before I came into office."

On Iraq, Mr. Bush seemed to push back against recent remarks by James A. Baker III, the former secretary of state who is the Republican chairman of a bipartisan panel reassessing Iraq strategy. On Sunday, Mr. Baker suggested that his panel's report would depart from Mr. Bush's repeated calls to "stay the course."

But Mr. Bush signaled that he would not be pressed into a premature withdrawal.

"Stay the course means keep doing what you're doing,' " he said. "My attitude is, don't do what you're doing if it's not working — change. Stay the course also means, don't leave before the job is done. We're going to get the job done in Iraq."

On North Korea, Mr. Bush was asked if he regretted his decision not to take action — military or otherwise — to destroy fuel supplies in 2003, when the North threw out international weapons inspectors, withdrew from the Nuclear Nonproliferation Treaty and said it would turn its spent nuclear fuel into weapons. At that time, the fuel was all briefly in one known location.

"I used that moment to continue my desire to convince others to become equity partners in the Korean issue," Mr. Bush said, referring to the so-called six-party talks aimed at persuading the North to give up its nuclear capacity. He added, "I obviously look at all options all the time, and I felt like the best way to solve this problem would be through a diplomacy effort."

Experts believe the nuclear buildup in the North dates back to the early 1990's, when the first President Bush was in office. Under an agreement Mr. Clinton struck in 1994, North Korea agreed to freeze its production of plutonium in return for energy aid. North Korea abided by the freeze, but starting around 1997, it took steps on a second, secret nuclear program.

In 2002, after South Korean and American intelligence agencies found conclusive evidence of that program, the Bush administration confronted the North with the evidence that it had cheated while Mr. Clinton was still in office. That led to the six-nation talks, involving the United States, North Korea, South Korea, Japan, China and Russia.

"The Clinton administration was prepared to accept an imperfect agreement in the interest of achieving limits," said Gary S. Samore, a North Korea expert who helped negotiate the original 1994 agreement. "The Bush administration is not prepared to accept an imperfect agreement, and the result is that we have no limits."

But Mr. Bush on Wednesday reiterated his stance that it was "unacceptable" for North Korea to have nuclear weapons. Asked if he was "ready to live with a nuclear North Korea," Mr. Bush gave a one-word answer: "No."

Bush Rejects Direct Talks With North Korea (USAT)

By David Jackson

USA Today, October 12, 2006

WASHINGTON — President Bush ruled out one-on-one talks with North Korea on Wednesday, saying the United States will work with regional allies to try and stop the communist dictatorship from developing nuclear weapons.

"The best way to convince Kim Jong Il to change his mind on a nuclear weapons program is to have others send the same message," Bush said in a Rose Garden news conference.

Speaking less than a month before elections — and with control of Congress at stake — Bush also defended his Iraq policy, endorsed House Speaker Dennis Hastert and said lower taxes would help preserve the GOP majorities in Congress.

Bush spoke as North Korea threatened more nuclear tests. The president said even though the United States is still working to verify the test North Korea disclosed Sunday, "this claim itself constitutes a threat to international peace and stability."

Bush blamed North Korean dictator Kim Jong Il's "intransigence." He said North Korea cheated on a 1994 agreement with the Clinton administration to forgo nuclear weapons development in exchange for economic help.

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Bush repeatedly said he prefers concerted action with regional partners: China, Japan, Russia and South Korea. The United States and its allies, along with the United Nations Security Council, are discussing possible sanctions against North Korea.

Kim's government lashed back on Wednesday, saying North Korea would interpret sanctions as an act of war.

For his part, Bush stressed that it's too early to consider possible military action. “Diplomacy hasn't run its course,” he said.

Democrats such as Sen. Dick Durbin of Illinois blamed North Korea's reported nuclear test in part on Bush's decision to not negotiate directly with the country, as the Clinton administration did. Durbin also said the Bush administration was distracted from North Korea by the “pre-emptive” war in Iraq. “It is clear that the Bush approach has failed,” he said.

On other issues, Bush said:

•He is adjusting tactics to meet new challenges in Iraq, calling victory there essential to stability in the Middle East. “We can't tolerate a new terrorist state in the heart of the Middle East, with large oil reserves that could be used to fund its radical ambitions, or used to inflict economic damage on the West,” Bush said.

•He supports a pledge by Hastert, R-Ill., to get to the bottom of who knew what — and when — about former Republican representative Mark Foley's alleged inappropriate Internet communications with teenage congressional pages. Bush said Hastert has “done a fine job as speaker.” Hastert has said he will fire any staffer who did not tell the truth about what they knew about Foley. The House ethics committee is investigating whether members of the House or its staff did not respond appropriately when warned about Foley's actions.

•He doubts the Foley scandal will affect the Nov. 7 elections. Bush predicted the economy and national security “will be the issues that drive the election.” He also touted lower budget deficits and higher economic growth, which he said show his tax cuts work.

•He is committed to building 700 miles of fencing along the U.S.-Mexican border, as approved by Congress, focusing on urban areas. Bush also repeated his call for a “comprehensive” immigration bill that expands “guest worker” programs.

Bush Hits Democrats On N. Korea Talks (WT)

By Joseph Curl

The Washington Times, October 12, 2006

President Bush yesterday took aim at Democrats who demand he open direct talks with North Korea's reclusive leader Kim Jong-il, saying they are the same critics who charged he acted unilaterally when he invaded Iraq to oust Saddam Hussein.

"I can remember the time when it was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," the president said in a press conference at the White House Rose Garden.

But Mr. Bush said one-on-one talks with North Korea "didn't work in the past," and reiterated support for continued pressure from regional leaders to restart the stalled six-party talks, in which the United States, China, South Korea, Japan and Russia deal jointly with North Korea.

"I learned a lesson from that and decided that the best way to convince Kim Jong-il to change his mind on a nuclear weapons program is to have others send the same message," the president said.

He called on the U.N. Security Council to quickly hand down "serious repercussions" for North Korea's purported nuclear test on Monday.

While Mr. Bush said the United States has "no intention of attacking" the communist country and remains committed to diplomacy, he added that "all options to defend our friends in the region" remain on the table.

He again backed new ballistic missile defenses in the region to protect U.S. allies.

In an hour-long session with reporters, Mr. Bush also defended his strategy to secure Iraq, saying "we're constantly changing tactics."

In the face of criticism from leading Republican lawmakers -- including the chairman of the Senate Armed Services Committee, Sen. John W. Warner of Virginia, who said the situation in Iraq is moving "sideways" -- the president sought to put the best face on the war.

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"I want you to notice what he did say is, if the plan is now not working -- the plan that's in place isn't working, America needs to adjust. I completely agree," he said.

"I believe that the situation in Iraq is, no question, tough on the American psyche. ... Look, the American people want to know, can we win -- that's what they want to know -- and do we have a plan to win? There are some who say, get out, it's not worth it. And those are some of the voices, by the way, in the Democrat Party."

The president's remarks came as the Army Chief of Staff Gen. Peter J. Schoomaker said he plans to keep the current level of soldiers in Iraq through 2010, a later date than Bush administration or Pentagon officials have mentioned thus far.

Without naming former President Bill Clinton, Mr. Bush harshly criticized the 1994 bilateral agreement that traded money and oil for a promise from North Korea to put its plutonium under lock and key.

"We all agree that there must be a strong Security Council resolution that will require North Korea to abide by its international commitments to dismantle its nuclear programs," he said.

"This resolution should also specify a series of measures to prevent North Korea from exporting nuclear or missile technologies, and prevent financial transactions or asset transfers that would help North Korea develop its nuclear and missile capabilities."

Democrats repeated calls for a new direction on Iraq and North Korea, with Democratic National Committee Chairman Howard Dean saying "the stakes are too high to have a permanent commitment to a failed strategy in Iraq."

"North Korea has increased its nuclear capabilities by 400 percent and tested a nuclear weapon because the Bush administration took its eye off the ball," he said.

"Iran has also become an even greater threat. And still, the president refuses to listen to the advice of his own party's leaders like Senator John Warner and [former] Secretary [James A.] Baker, who have spoken out on the need for a new direction in Iraq and acknowledged that we sometimes must talk with our adversaries."

Army Plans Same Troop Levels In Iraq Until 2010 (USAT)

By Tom Vanden Brook

USA Today, October 12, 2006

WASHINGTON — The Army plans to maintain its current level of 120,000 soldiers in Iraq through 2010, the Army's chief of staff said Wednesday.

Gen. Peter Schoomaker said the Army's plans could change if conditions warrant. The Army has maintained that level in part this year by extending deployments for some units.

“This is not a prediction that things are going poorly or better,” Schoomaker told reporters. “It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot.”

The Army will have to rely on the National Guard and Reserves to maintain the current level of deployments, Schoomaker said. When asked about concerns that Reserve units are struggling to get the training and equipment they need before going back to Iraq, Schoomaker said that no soldiers would be sent into war without needed resources.

Military analysts Wednesday said they doubted the Army could maintain its Iraq levels for that long.

Domestic politics and the strain on soldiers from repeated deployments will force a reduction in the number of troops in Iraq, said Loren Thompson, a military analyst at the Lexington Institute.

“It's very unlikely the Army will have the same number even a year from now,” Thompson said.

Andrew Bacevich, a military analyst at Boston University and a retired Army colonel, said the all-volunteer Army has held up well so far under the strain of multiple deployments. But he said he doubted that current levels could be maintained for another four years.

Bacevich speculated that Schoomaker's comments could be interpreted as a political statement. “This can easily be seen as evidence of growing dissatisfaction with the management of the war,” he said.

Last year Pentagon officials had hoped to be down to about 100,000 troops by the end of this year, but escalating violence and sectarian tensions have prompted military leaders to increase forces. Today, there are 141,000 servicemembers there — overwhelmingly Army.

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In an interview, Lt. Gen. Thomas Metz, deputy commander and chief of staff of the U.S. Army Training and Doctrine Command, said training enough soldiers to meet the current level through 2010 would be challenging.

Gen. Richard Cody, the Army vice chief of staff, said in separate remarks to reporters that soldiers need more than 12 months between deployments to Iraq so they can do a full range of combat training and complete educational programs that enable the Army to grow a fully mature officer corps.

"We need to reset the sergeants and send them to schools, the lieutenants and captains and send them off, so that we don't erode and become an Army that only can fight a counterinsurgency," Cody said. He said North Korea's reported nuclear test "reminds us all that we may not just be in a counterinsurgency fight, and we have to have full-spectrum capability."

Pentagon To Maintain Troop Levels In Iraq (FT)

By Demetri Sevastopulo

Financial Times, October 12, 2006

The US army chief of staff on Wednesday said the Pentagon was planning for the possibility that it might have to keep current troop levels in Iraq until 2010.

General Peter Schoomaker said he was not predicting that the situation in Iraq would require maintaining current levels of about 140,000 troops for the entire period. But he said the army needed to plan for that possibility.

"This is not a prediction that things are going poorly or better," Gen Schoomaker was cited as saying by [a news organization]. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot."

His comments come less than a month before the crucial midterm Congressional elections. The Republicans are in jeopardy of losing control of one, or both, houses of Congress, partly because of falling support for the war.

The US military and Iraqi force continue to struggle to stop the violence in Iraq and as its military death toll in the increasingly unpopular war continues to climb. Since the 2003 invasion, 2,749 troops have been killed in Iraq, and another 337 have died in Afghanistan, where violence has also escalated in recent months. The US has also suffered more than 20,000 non-fatal casualities, with more than 9,000 so serious that the soldier could not return to duty.

President George W. Bush on Wednesday acknowledged that attacks on US soldiers have increased recently, but argued that despite the violence Iraq will still making progress. His comments come less than a month before the November congressional elections, in which the Republicans are in danger of losing control of one, or both, houses of Congress.

Mr Bush did suggested that there would be some flexibility in US policy on Iraq, partly in response to recent comments by James Baker, the former secretary of state who is leading a bipartisan workgroup on Iraq, that there were other options between remaining for the long haul and cutting and running.

The Bush administration had hoped to reduce US troop numbers to about 100,000 by the end of 2006, partly in an attempt to convince the US public that the military was making progress in Iraq. But those plans have had to be shelved because of the growing level of sectarian violence in Iraq and particularly Baghdad. The Pentagon recently extended the tour of some soldiers in Iraq to deal with the increasing violence.

General John Abizaid, head of US Central Command, recently said he expected current US troop levels would be maintained until at least spring of next year. Gen Abizaid in July told Congress that Iraq could descend into full-scale civil war, and warned that curbing the violence in Baghdad was the key to avoiding such an outcome.

Speaking at the Pentagon on Wednesday, General George Casey, the top US commander in Iraq, said the situation in Iraq remained "difficult and complex" but said he did not agree with analysts who say Iraq is already mired in civil war. He added that Shia extremists, death squads and militias comprised the "greatest current threats" in Iraq.

Army: Troops To Stay In Iraq Until 2010 (AP-Y)

By Robert Burns

AP-Yahoo, October 12, 2006

For planning purposes, the Army is gearing up to keep current troop levels in Iraq for another four years, a new indication that conditions there are too unstable to foresee an end to the war.

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Gen. Peter Schoomaker, the Army chief of staff, cautioned against reading too much into the planning, which is done far in advance to prepare the right mix of combat units for expected deployments. He noted that it is easier to scale back later if conditions allow, than to ramp up if they don't.

"This is not a prediction that things are going poorly or better," Schoomaker told reporters. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot."

Even so, his comments were the latest acknowledgment by Pentagon officials that a significant withdrawal of troops from Iraq is not likely in the immediate future. There are now 141,000 U.S. troops there.

At a Pentagon news conference, the top U.S. commander in Iraq, Gen. George Casey, said that as recently as July he had expected to be able to recommend a substantial reduction in U.S. forces by now. But that plan was dropped as sectarian violence in Baghdad escalated.

While arguing that progress is still being made toward unifying Iraq's fractured political rivalries and stabilizing the country, Casey also said the violence amounts to "a difficult situation that's likely to remain that way for some time."

He made no predictions of future U.S. troop reductions.

Appearing with Casey, Defense Secretary Donald H. Rumsfeld said he and other senior Pentagon officials are still studying how the military might keep up the current pace of Iraq deployments without overtaxing the Army and Marine Corps, which have borne the brunt of the conflict. Rumsfeld said one option is to make more use of the Air Force and Navy for work that normally is done by soldiers and Marines.

Sen. Jack Reed, D-R.I., a member of the Senate Armed Services Committee, said Wednesday that the advance planning Schoomaker described was an appropriate cautionary approach. However, he added, the Pentagon should increase the overall size of the military to reduce stress on troops repeatedly sent into combat.

"I applaud the new realism but I think they also have to recognize that this (war) is going to put a huge stress on our forces," said Reed, a former Army Ranger. Reed and other Democrats have called on President Bush to start bringing home troops within a year to force the Iraqi government to take more responsibility for security.

At his news conference, Rumsfeld was asked whether he bears responsibility for what has gone wrong in Iraq or if the military commanders there are to blame.

"Of course I bear responsibility," he replied in apparent exasperation. "My Lord, I'm secretary of defense. Write it down."

In recent months the Army has shown signs of strain, as Pentagon officials have had to extend the Iraq deployments of two brigades to bolster security in Baghdad and allow units heading into the country to have at least one year at home before redeploying.

The Army is finding that the amount of time soldiers enjoy between Iraq tours has been shrinking this year. In the case of a brigade of the 3rd Infantry Division, its deployment to Iraq was delayed by about six weeks because it otherwise would have had only 11 months to prepare instead of the minimum 12 months. As a result, the unit it was going to replace has been forced to stay beyond its normal 12-month deployment.

In separate remarks to reporters, Gen. Richard Cody, the Army vice chief of staff, said soldiers need more than 12 months between deployments to Iraq so they can do a full range of combat training and complete the kinds of educational programs that enable the Army to grow a fully mature officer corps.

That kind of noncombat experience is necessary "so that we don't erode and become an Army that only can fight a counterinsurgency," Cody said. He added that North Korea's announced nuclear test "reminds us all that we may not just be in a counterinsurgency fight and we have to have full-spectrum capability."

Army Plans To Maintain Current Troop Levels In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, October 12, 2006

WASHINGTON - The Army is making plans to keep its current troop levels in Iraq through 2010 if they're needed, the Army's chief of staff said Wednesday.

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But Gen. Peter J. Schoomaker cautioned against putting too much emphasis on the Army's plans, saying that conditions in Iraq would dictate force levels. He said it would be easier to pull troops "off the table" or shorten their tours in Iraq rather than to add more forces later on.

"This is the way you'd expect us to operate," Schoomaker said, speaking to reporters. "This is not a prediction that things are going poorly or better; it's just that I have to have enough ammo in the magazine (so) that I can continue to shoot as long as they want us to shoot."

The general's remarks came as sectarian violence in Iraq between Sunni insurgents and Shiite militias showed no signs of relenting. U.S. casualties have risen sharply while domestic political support for the war continues to slide.

There are currently about 142,000 U.S. troops in Iraq, with the overwhelming majority from the Army. Schoomaker said Army troop rotation plans for 2008-2010 call for keeping the current level of 15 combat brigades in the country.

But the general said that in order to sustain current levels, the Army would have to continue to rely on the National Guard and the Army Reserve.

Defense Secretary Donald H. Rumsfeld slammed the notion that Schoomaker's remarks meant U.S. troops would be in Iraq in 2010.

"Schoomaker did not, of course, say anything like that, and it's unfortunate that stories go out mischaracterizing what people say," he said at a Pentagon press conference.

The defense secretary said he didn't want to speculate how many troops might be required to sustain the current pace of deployments.

The Iraqi Ministry of Health said Wednesday that more than 2,660 Iraqi civilians were killed in Baghdad during September, about 400 more than in August. At least 41 U.S. troops in Iraq have lost their lives in October, one of the worst two-week stretches of American combat deaths in nearly two years.

The Iraqi government figures were released the same day a new study claimed that nearly 655,000 Iraqi civilians have died as a result of the U.S. invasion. The study, conducted by a team of Iraqi doctors in conjunction with public health experts from the Johns Hopkins School of Public Health in Baltimore, was published Wednesday in The Lancet, a British medical journal.

Deaths from violent causes, mostly from gunfire, totaled more than 601,000 from March 2003 to July 2006, the study found.

President Bush, speaking to reporters at the White House Rose Garden, dismissed the report as "not credible."

Gen. George Casey, the top U.S. general in Iraq, told reporters at the Pentagon that an estimated 655,000 deaths in Iraq seemed "way, way beyond" any numbers that he had seen. The Iraqi government also rejected the findings.

"I have not seen a number higher than 50,000," Casey said during a press briefing with Rumsfeld. "And so I don't give that much credibility at all."

Asked if he needed more U.S. forces in Iraq, Casey said that he did not plan to ask for more troops and wasn't sure if more American troops would lessen the violence in Iraq over the long term.

"It's a tough nut - whether or not bringing in more troops, more U.S. troops will have a significant long-term impact on the violence," Casey said. "There's no question locally more troops will have some effect on the levels of violence, but whether more U.S. troops for a sustained period will get us where we're going faster is an open question."

Rumsfeld said determining sufficient force levels for Iraq wasn't an "easy calculation."

"There's no guidebook where you get up in the morning and look in the guidebook on Chapter 7, page 6 that tells you how to do this," Rumsfeld said, adding that many military officials were working on the problem. "It is getting enormous attention, and there is no road map."

Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, after returning from Iraq last week, said the situation there was "simply drifting sideways." Warner has generally been a strong supporter of Bush's policy in Iraq.

Here are some earlier quotes from high U.S. officials on the strength and duration of the U.S. troop commitment in Iraq.

President Bush, November 2005 - "As Iraqi forces gain experience and the political process advances, we will be able to decrease our troop level in Iraq without losing our capability to defeat the terrorists. ... Setting an artificial deadline to withdraw would vindicate the terrorist tactics of beheadings and suicide bombings and mass murder and invite new attacks on America."

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Donald Rumsfeld, Secretary of Defense, August 2006 - "We can persevere in Iraq or we can withdraw prematurely, until they force us to make a stand nearer home. ... Decisions about conditions for a drawdown of our forces in Iraq are best based on the recommendations of the commanders in the field."

Sen. John McCain, R-Ariz., June 2005 - "The worst thing we could do would be set a time or date of withdrawal of U.S. troops until the Iraqi military is able to take over those responsibilities of ensuring the security and safety of the Iraqi people as they transition to democracy."

Sen. Joseph Biden, D-Del., ranking Democrat on the Senate Foreign Relations Committee, advocate of a phased redeployment of U.S. troops this year, withdrawing most of them by the end of the year 2007. "We would need to maintain, in my view, a small follow-on force to keep the neighbors honest, strike at concentrations of terrorists and train Iraqi security forces."

Gen. Erik Shinseki, former Army Chief of Staff, February 2003 - "Something on the order of several hundred thousand soldiers are probably, you know, a figure that would be required" to win in Iraq, rebuild it and keep the peace.

Kerry Defends Troop Withdrawal Proposal In Las Vegas (BOS)

The Boston Globe, October 12, 2006

LAS VEGAS --U.S. Sen. John Kerry on Wednesday called the Bush administration's Iraq policy a "stand-still-and-lose strategy," and defended his proposal to set a deadline for troop withdrawal.

"Every time President Bush tells the Iraqis we will 'stay as long as it takes,' he is giving squabbling politicians there an excuse to take as long as they want," the Massachusetts senator said in a statement released while campaigning for Nevada candidates. "At each step along the way, the Iraqi leaders have responded only to deadlines."

Kerry was responding to comments Bush made earlier in the day in which the president described the senator's deadline proposal as a "cut and run" approach.

Bush said at a White House news conference, "when you pull out before the job is done, that's cut and run, as far as I'm concerned. And that's cut and run as far as most Americans are concerned."

Kerry and Sen. Russ Feingold, D-Wis., have proposed a July 2007 date for withdrawal of troops from Baghdad.

"We must refocus our military efforts from the failed occupation of Iraq to what we should have been doing all along: tracking down and killing members of al Qaida," Kerry said in a statement.

Sacrifice Of The Few (NYT)

By Bob Herbert

The New York Times, October 12, 2006

Clarksville, Tenn.

Sgt. Mike Krause remembers the time, not too long ago, when he came home on a brief leave from Iraq. He was walking through an airport, in uniform, and other passengers, spotting him, began to applaud.

“It was awesome,” he said. “They were cheering and clapping. It was great. But you know what? I said to myself, ‘That guy’s flying to Toledo on a business trip. This lady over here is flying off on vacation. Their lives are normal. But soon I’ll be getting on a plane to go back to the most abnormal place on earth.’ ”

Just how abnormal is made explicit when the sergeant, just 24 years old, describes the worst task he had to perform in Iraq. He spoke hesitantly. “You’ll excuse me,” he said. “This is not easy to talk about. Part of our job, our duty, was that we loaded, you know, bodies. We were in charge of the airfield, and we would load these heroes into the aircraft.

“My platoon sergeant had a policy. He didn’t want lower-ranking soldiers involved. He told us, ‘I don’t want privates doing this. You guys are going to carry this with you, whether you realize it or not, for the rest of your lives. If I can protect the privates, I will.’

“I don’t know if I could ever explain what that was really like. I loaded those guys — and I know all their names — onto a plane. And you don’t know how heavy a guy in a body bag can be. It’s not just his weight. He may be 180 pounds, but it’s a lot more than just a 180-pound guy. You’re loading his entire life.”

Sergeant Krause, who served with the Army’s 101st Airborne Division, lives in a quiet middle-class subdivision not far from Fort Campbell, which is on the Tennessee-Kentucky border. Sprawled in his living room in jeans and a polo shirt, he seems

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happy. He's safely home after serving three nerve-racking combat tours — one in Afghanistan and two yearlong tours in Iraq. He's engaged to be married and will receive a degree soon from nearby Austin Peay State University. His commitment to the military, which he made while still in high school in Huntsville, Ala., will end in a few months.

But there is a definite edge in his voice, an undercurrent of bitterness, when he talks about the tiny percentage of the American population that is shouldering the burden of the wars in Iraq and Afghanistan. "We're nowhere close to sharing the sacrifice," he said. "And it should be shared, because it's only in that sharing that society will truly care about what's going on over there.

"Right now it's such a small minority of families who have a stake in all of this. I hear people say things like, 'We lost a lot of good people over there.' I sort of snap around and say, 'We? You didn't lose anybody.' You know what I mean?"

While most Americans are free to go about their daily business, unaffected by the wars in any way, scores of thousands of troops have been sent off on repeat tours into the combat zones. According to the support group Iraq and Afghanistan Veterans of America, two-thirds of the 92,000 Army troops deployed since the beginning of this year are on at least their second deployment.

Many soldiers, like Sergeant Krause, have served three or four tours. There is no way for a nation as big and as rich and as healthy as the U.S. to justify the imposition of such a tragic and heavy load on the backs of so few.

Sergeant Krause showed me a photo of a soldier who he thought would become his brother-in-law, a 23-year-old West Point graduate named Dennis Zilinski. He was killed last November, along with four other American soldiers in a roadside bomb attack near Bayji, Iraq.

Sergeant Krause said that witnessing the profound grief of Lt. Zilinski's mother and fiancée "drove home" the real meaning of wartime sacrifice.

Sergeant Krause is proud of his service and still loves the military. "But we're a nation at war," he said, "and we should all be in this together."

He said that if he could wave a magic wand, he would make some form of public service compulsory. "You wouldn't have to join the military," he said. "But there are many other ways to serve. You could work for AmeriCorps, or the Red Cross, or Homeland Security. You could do something. It's about social responsibility. Especially in a time of war."

Top U.S. Officer In Iraq Sees Spike In Violence (NYT)

By David S. Cloud

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — The senior American commander in Iraq said Wednesday that violence in Baghdad had reached its highest levels in recent weeks, despite the assignment of thousands more American and Iraqi troops to the capital in August.

The comments, by Gen. George W. Casey Jr. at a Pentagon briefing with reporters, came as President Bush, at a Rose Garden news conference, said he was open to modifying strategy in Iraq if military commanders determined that a new approach was required.

Mr. Bush met with General Casey earlier in the day.

General Casey suggested at the briefing that broad changes were not necessary, though he added, "We constantly review our strategy."

Mr. Bush was responding to questions about comments from, among others, Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, and James A. Baker III, a former secretary of state and co-chairman of a bipartisan panel reviewing Iraq policy, both of whom have said some new approach may be needed.

"Stay the course means keep doing what you're doing," Mr. Bush said. "My attitude is, don't do what you're doing if it's not working — change. Stay the course also means, don't leave before the job is done. We're going to get the job done in Iraq."

General Casey said that the redeployment of troops to Baghdad in August had initially reduced the number of killings and bombings but that attacks had gone back up recently.

"The levels of violence over the last few weeks are as high as they have been," he said.

"It's going to go back down," he added, but "it's not going to be something that we're going to get done quickly."

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Even so, he added, the broad American strategy of trying to contain violence while training Iraqi troops to step in "is still a valid framework."

He called it an "open question" whether more troops were needed, but said that for now, he was not requesting that.

The surge in violence in Baghdad led General Casey to abandon plans over the summer to reduce forces substantially by the end of the year — an example, he said, of his willingness to shift strategy if required.

There are about 141,000 American soldiers in Iraq, more than at any time since January.

The Army is planning for the possibility that it may have to keep that number of troops in Iraq for four more years, Gen. Peter J. Schoomaker, the Army chief of staff, said Wednesday at a roundtable session with reporters.

"This is not a prediction that things are going poorly or better," he said. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to continue to shoot."

General Schoomaker noted that while current Pentagon strategy called for the Army to be able to deploy 19 combat brigades at any one time, it was currently providing the equivalent of 23 brigades around the world, including 15 in Iraq. To keep at the current pace of deployment in coming years, he said, the Army would need "assured access" to the National Guard, large segments of which have been mobilized.

Some military experts said it might be necessary for President Bush to mobilize units that have already gone to Iraq and Afghanistan, or to loosen restrictions that prevent Guard units from being mobilized more than 24 months in a row.

But Mr. Bush is unlikely to take such steps before Congressional elections next month.

Appearing with General Casey on Wednesday, Defense Secretary Donald H. Rumsfeld acknowledged that he was examining ways of maintaining the current pace of deployments in Iraq.

"The options we have are numerous," he said, "and what we have to do is decide, if we are asked to do something."

President Bush and General Casey both took issue with a study released Wednesday by American and Iraqi public health researchers who estimated that 600,000 civilians had died in violence since the American-led invasion in 2003. The estimate was extrapolated from a survey of Iraqi households.

"I don't consider it a credible report, neither does General Casey and neither do Iraqi officials," Mr. Bush said.

General Casey said the estimate "seems way, way beyond any number that I have seen."

"I've not seen a number higher than 50,000," the general said, "and so I don't give it that much credibility at all."

'Tough' Time In Iraq To Continue, Casey Says (WP)

By Josh White And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, October 12, 2006

Violence in the Baghdad region has peaked with a flare-up of sectarian attacks in the past few weeks, leaving U.S. commanders and the Iraqi government "not comfortable" with the current situation there, Gen. George W. Casey, the top U.S. general in Iraq, said yesterday.

Casey, in Washington for regular meetings with top U.S. officials, said at a Pentagon news conference that Iraq is a "tough situation" and that he expects it to continue to be difficult through Ramadan and in coming months, as Sunni and Shiite extremists vie for control of that nation's capital.

"I think it's no surprise to anyone that the situation in Iraq remains difficult and complex," Casey said.

The general tempered his assessment of the Baghdad area by saying that progress exists in Iraq alongside the attention-grabbing violence. Much of the country is relatively peaceful, Casey said, and U.S. goals for the development of Iraqi security forces are on track.

He said the current approach of bringing the level of the insurgency down as Iraqi forces stand up is still "a valid framework for what we're doing in Iraq," and he was dismissive of a wholesale strategic change, as some members of Congress have recently suggested.

Casey said there are no plans to boost the number of U.S. troops in Iraq in the near term, but he said that if he needs more, he'll ask.

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"It's a tough nut: Whether or not bringing in more troops . . . will have a significant long-term impact on the violence," Casey said. "There's no question [that] locally, more troops will have some affect on the levels of violence, but whether more U.S. troops for a sustained period will get us where we're going faster is an open question."

Earlier, Gen. Peter J. Schoomaker, the Army's chief of staff, told reporters at the Pentagon that he plans to be able to provide enough troops to maintain the current level in Iraq through 2010. There are about 140,000 U.S. soldiers there.

"I don't think you should read too much into this," he said, cautioning that "this is not a prediction," but rather an attempt to be prepared for any contingency. The Army provides troops to field commanders, who determine their troop requirements in consultation with the defense secretary and the White House.

Casey and Defense Secretary Donald H. Rumsfeld met with President Bush yesterday. Casey said he believes the ongoing wave of violence in Baghdad is intensified by the holiday period and the inability of the newly created Iraqi government to handle such a volatile situation. Casey said that although he believes there has been progress on the security front, "this is going to be a long-term process."

Rumsfeld declined to speculate on plans for troop levels or how the U.S. military services might supply troops for a lengthy stay in Iraq, saying that he is evaluating a series of briefings on the matter.

"We're looking around corners, up ahead, and asking ourselves how we would do things," Rumsfeld said.

In his meeting with reporters, Schoomaker, the Army chief, also elaborated on comments made Tuesday at an Army convention that public support for the military is "tepid."

The U.S. public respects the military, he said, but lacks an understanding of how dangerous the world has become and so isn't funding the military adequately, he said. "This is about what's good for America in the strategic environment we're in. . . . I think this is America's choice."

He also insisted that while he strongly desires a sharp increase in spending on the Army, he hasn't threatened to quit over the issue, as has been rumored. "I've never discussed early departure with anybody," he said. "It's not useful to walk around here threatening anybody."

Schoomaker is expected to retire in the next 12 months. Pentagon insiders expect Casey to succeed him.

'All-time High' In Baghdad Violence (USAT)

By Rick Jervis

USA Today, October 12, 2006

BAGHDAD — The number of sectarian killings each month in Baghdad has more than tripled since February, and the violence has not slowed despite a major offensive in the capital.

Death squads killed 1,450 people in September, up from 450 in February, according to U.S. military statistics. In the first 10 days of October, death squads have killed about 770 Iraqis.

The increase in death squad killings reflects the level of religious warfare that is now the largest threat to security in Iraq.

Lt. Col. Christopher Garver, a military spokesman, acknowledged violence in Baghdad is at an "all-time high" and said U.S. commanders, in coordination with their Iraqi counterparts, are continuing to adjust the security plan to try to reduce the violence. "We've been working to keep it peaceful, and we've been frustrated that the extremists keep perpetuating the number of attacks," Garver said.

U.S. forces are also caught in the violence. At least 37 American troops have been killed in combat this month, about half of them in or around Baghdad, where Iraqi and U.S. forces are attempting to loosen the grip of armed militias. The weekly average of U.S. deaths since President Bush declared the end of major combat operations in May 2003 has been about 14.

Sectarian violence grew after the February bombing of a sacred Shiite mosque in Samarra. Gen. George Casey, the top-ranking U.S. officer in Iraq, said the conflict was changing from an insurgency against U.S. forces to a struggle among Iraqis.

The civil unrest has placed U.S. troops in a difficult position. In a seven-day period last week, troops from the Army's 1st Battalion, 23rd Infantry Regiment in northwest Baghdad investigated 40 sectarian killings and collected 57 bodies, many of them mutilated or bearing signs of torture, said Sgt. Jeff Nelson, an intelligence analyst with the unit. "We're finding bodies everywhere out here," he said. The troops haven't caught any suspects in the deaths, Nelson said.

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The U.S. military this summer established an extrajudicial killings task force to share evidence and leads with Iraqi investigators.

The violence, which has pitted Sunni and Shiite Muslims against each other and spawned neighborhood gangs, has escalated despite the presence of more than 60,000 U.S. and Iraqi forces in the capital.

In the worst months this year, sectarian killings averaged about 47 a day, according to the military statistics. So far this month, sectarian assassinations have claimed an average of 77 lives a day. The monthly numbers were rounded before being released and include assassinations and revenge killings but not victims of car bombs or suicide bomb attacks.

In Washington, Bush said, "The violence is being caused by a combination of terrorists, elements of former regime criminals and sectarian militias."

Bush also dismissed a study released this week that indicated that more than 600,000 Iraqi civilians have died in all types of violence since 2003. "I don't consider it a credible report," he said.

2,660 Iraq Civilians Killed In September (AP)

By Qassim Abdul-Zahra And Lee Keath, Associated Press Writers

AP, October 12, 2006

More than 2,660 Iraqi civilians were killed in Baghdad in September, according to new Health Ministry figures — 400 more than the month before despite an intensified U.S.-Iraqi sweep aimed at reining in violence.

The numbers indicate how tough the vital battle to secure Baghdad has proven amid a wave of bloodshed this year, not only from Sunni Arab insurgents but also from Shiite and Sunni death squads who kidnap and kill members of the opposing sect.

So far, October has brought no relief. A U.S. soldier died Wednesday from a roadside bomb while patrolling in Baghdad. That brought to 40 the number of Americans killed across Iraq the past 11 days — a pace not seen since the U.S. attack on the insurgent stronghold of Fallujah in November 2004.

Three car bombs in different parts of Baghdad and attacks elsewhere in the country killed at least 14 Iraqis on Wednesday. Bodies of 11 suspected victims of sectarian slayings were found around the southern city of Kut, while police in the northern city of Mosul discovered the beheaded corpse of a priest.

No cumulative figures for Iraqi deaths in October have been released. But several times this month, police have reported finding 50 to 60 bodies dumped around Baghdad over a 24-hour period, suggesting the bloodshed has not waned.

The Health Ministry figures emerged as a controversial new study claimed the Iraqi death toll in the war since the U.S.-led invasion in March 2003 is vastly higher than believed. The study, to be published Thursday by the British medical journal The Lancet, said more than 600,000 had been killed, more than 10 times most estimates.

President Bush dismissed the number as "not credible," and the Iraqi government called it "inflated" and "far from reality."

The wave of killings in Iraq this year has prompted U.S. officials to warn of a change in American policy unless Prime Minister Nouri al-Maliki's government shows within a few months that it can rein in militias blamed for sectarian violence.

Since Aug. 7, thousands of U.S. and Iraqi soldiers have been pursuing Operation Together Forward in Baghdad, moving from district to district and searching building by building to clear out weapons and hunt down militiamen and insurgents. They have seized more than 1,700 weapons and arrested more than 120 people. They have also staged raids on prominent militia figures.

But the numbers from the Iraqi Health Ministry suggested that by the end of September, the sweep had yet to slow the bloodshed.

A total of 2,667 civilians in Baghdad died violent deaths during September, two senior Health Ministry officials told The Associated Press this week, based on an official monthly report from the ministry to the Cabinet.

By comparison, 2,222 people died violently in August in Baghdad, according to a U.N. report published in September, which was also based on official statistics from the Health Ministry.

The two ministry officials said the U.N. number was accurate. They spoke on condition of anonymity because the government has issued orders that the death figures not be released.

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The monthly figures include two categories: the number of bodies taken in at the city morgue to determine the cause of death and the number of violent deaths reported by hospitals.

Hospitals reported 1,196 fatalities from explosions, shootings and other attacks in September, and the morgue listed 1,471 people who died from violence.

Shiite and Sunni death squads are known to kidnap their victims, then dump their bodies — often bound and tortured. So many of the morgue's bodies were likely from sectarian killings, though they also would include victims of criminal kidnappings and murders.

Sectarian violence was sparked by the February bombing of a Shiite shrine in Samarra, north of Baghdad. Shiites, a chief target in three years of Sunni insurgent attacks, responded with attacks on Sunnis, starting a cycle of reprisal killings.

The deadliest month was July, when 3,590 people were killed across the country, according to the U.N. The number killed countrywide fell in August to 3,009, which the U.N. said could be attributable to Operation Together Forward.

U.S. troops have taken a heavy blow in the growing violence. In September, 71 Americans were killed — 28 in Baghdad — the second deadliest month this year after April, when 76 died. The number of U.S. wounded in September was 776, the highest since the Fallujah siege.

On Tuesday, militiamen struck back at U.S. troops, firing four mortar rounds at a base in southern Baghdad, hitting an ammunition dump. The resulting fire set off tank and artillery shells that exploded throughout the night, though there were no injuries.

The Islamic Army in Iraq, a Sunni insurgent group, claimed responsibility for the attack in a statement posted on the Internet.

"With the help of God, the mortar and rocket squads of the Islamic Army have shelled a U.S. Army base with two rockets and three mortar shells," said the statement posted on a Web site known to be used by insurgents.

The same Web site aired a 4-minute video later Wednesday showing huge balls of flames stretching into the sky, and a cloud of gray smoke billowing from the site. The sound of explosions is faintly audible on the video, and the tape appeared to be shot from a distance of at least several hundred meters. The footage was stamped with the emblem of the Islamic Army in Iraq. The authenticity of the statement and video could not be verified.

Iraq's Shiite-led parliament on Wednesday pushed through a law allowing the formation of federal regions despite Sunni Arab objections that will splinter the country and fuel sectarian violence.

Many in Iraq's Shiite majority want to form an autonomous region in their heartland of southern Iraq, mirroring the Kurdish self-rule area already in place in the north. Shiites defend a decentralized federal system as the only way to ensure Iraq's communities can live together in peace.

The constitution, passed in a referendum last year over overwhelming opposition from the Sunni Arab minority, enshrines federalism.

Sunnis, however, fear the new law will create sectarian mini-states, giving Shiites and Kurds control of the oil wealth of the south and north and leaving Sunnis in an impoverished central zone.

Critics also warn that moves toward federalism could push Sunnis to more violence in trying to stop it.

The new law says autonomous regions cannot be formed for another 18 months, a concession to Sunnis. But the Sunni Arab coalition and two Shiite parties that also oppose the measure tried to prevent a vote by boycotting the session in an unsuccessful effort to keep the 275-seat body from reaching the necessary 50 percent quorum.

"This is the beginning of the plan to divide Iraq," said Adnan al-Dulaimi, leader of the Sunni National Accordance Front. "We had hoped that the problems of sectarian violence be resolved. We hope there won't be an increase in violence."

Insurgents Cause Ammo Explosions (LAT)

By Borzou Daragahi

The Los Angeles Times, October 12, 2006

DOJ_NMG_0079404

BAGHDAD — Insurgents fired a mortar round at a U.S. military base that struck an ammunition supply depot, sparking a series of explosions that shook much of the capital Tuesday night and a massive fire that continued to smolder into the morning, the U.S. military said today.

Meanwhile shootings, bombings and rockets left at least 20 Iraqis dead and 46 injured today around the country. According to a controversial public health study published in the medical journal Lancet this week, more than 600,000 Iraqis have died violently since the 2003 U.S.-led invasion, more than 10 times the number obtained by canvassing Iraqi hospitals, morgues and government offices for death statistics.

Deposed Iraqi President Saddam Hussein and other defendants today returned to a special Baghdad courtroom to hear witness testimony, in which the former Iraqi regime is accused of orchestrating the mass murder of tens of thousands of Iraqi Kurds during the late 1980s campaign dubbed Anfal.

Tuesday night's earth-shaking explosions, which caused no casualties, sent shock waves across southern and central Baghdad shortly after 11 p.m. Fireballs and plumes of smoke could be seen rising hundreds of feet into the night sky from the area in southwestern Baghdad where Camp Falcon is located.

Arab-language television reported that the Islamic Army in Iraq, a Sunni Arab insurgent group, claimed responsibility for the attack, which ignited a tank, artillery and small-arms ammunition at the base.

"Intelligence indicates that civilians aligned with a militia organization were responsible for last night's mortar attack," Lt. Col Jonathan Withington, a U.S. military spokesman, said in a news release.

U.S., British and Iraqi military bases frequently draw of mortar and rocket fire that rarely inflict casualties, but frays nerves and diverts resources from peacekeeping and combat operations.

Multiple rockets and mortars struck near a British military base and a police station in the southern city of Basra on Tuesday. The same day, insurgents launched mortar and rocket attacks on three Iraqi army bases in the northern city of Kirkuk and another base in the southern city of Kut.

Tuesday night's attack south of Baghdad put the base on full alert, with helicopters and unmanned aerial drones launched to locate the mortar position. Firefighters and waste disposal experts continued to douse the fire today.

The ongoing trial of Hussein, disrupted Tuesday when the judge ejected Hussein and the six other defendants from the courtroom, resumed quietly today.

Judge Mohammed Orabi Khalefa opened the trial cordially, asking defendants to behave respectfully toward the alleged victims testifying in the trial.

Hussein politely protested the judge's decisions to cut off the broadcast of the trial sound at certain junctures and force him to stand up when he addresses the court.

"When the defendants speak you switch off the broadcast," he told the judge. "Is that fair?"

Uribe held firm.

"The microphone is for any legal argument but getting into political issues, this is not allowed," he said.

One of the complainants, who told the courtroom of how his village was destroyed and three of his siblings disappeared during the Anfal campaign, produced a document he said that showed 18 women, including 14 of his cousins, were sold to Egyptian nightclubs by Hussein's intelligence services.

But defendants strenuously objected. He apparently got the information from a Kurdish newspaper. The complainant, 50-year-old Abdul Khader Aziz, refused to answer when asked about his service in the Kurdish peshmerga militia and membership in the Communist Party.

Iraq Death Toll Study Has Mixed Reaction (AP)

By Malcolm Ritter

AP, October 12, 2006

President Bush says he doesn't believe it. Some experts have a problem with it. But several others say it seems sound. Such was the varied reception for a controversial new study that estimated the Iraq war has led to the deaths of nearly 655,000 Iraqis as of July.

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Researchers from Johns Hopkins University in Baltimore and the Al Mustansiriya University in Baghdad derived that estimate from a door-to-door survey, conducted by doctors, of 1,849 households in Iraq. Taking the number of deaths reported by household residents, they extrapolated to a nationwide figure.

The researchers, reflecting the inherent uncertainties in such extrapolations, said they were 95 percent certain that the real number lay somewhere between 392,979 and 942,636 deaths.

Even the smaller figure is almost eight times the estimate some others have derived.

The new study — which attributes roughly 600,000 of the deaths directly to violence and 55,000 more to other war-related causes — was released Wednesday on the Web site of The Lancet, a respected medical journal. But just how good is its conclusions?

"I don't consider it a credible report," President Bush said Wednesday.

Neither does Gen. George W. Casey, the top American military commander in Iraq.

"That 650,000 number seems way, way beyond any number that I have seen," Casey said. "I've not seen a number higher than 50,000. And so I don't give it that much credibility at all."

And neither does Michael E. O'Hanlon of the Brookings Institution, which also tracks Iraqi deaths.

"I do not believe the new numbers. I think they're way off," he said.

Other research methods on the ground, like body counts, forensic analysis and taking eyewitness reports, have produced numbers only about one-tenth as high, he said. "I have a hard time seeing how all the direct evidence could be that far off ... therefore I think the survey data is probably what's wrong."

However, several biostatisticians and survey experts were supportive of the work.

"Given the conditions (in Iraq), it's actually quite a remarkable effort," said Steve Heeringa, director of the statistical design group at the Institute for Social Research at the University of Michigan.

"I can't imagine them doing much more in a much more rigorous fashion."

He said the study made "minor departures" from the standards generally used in national surveys for choosing what households to interview. Whether those departures, brought on by wartime conditions in Iraq, introduced a bias in the results is impossible to measure from the data alone, he said.

Frank Harrell Jr., chair of the biostatistics department at Vanderbilt University, called the study design solid and said it included "rigorous, well-justified analysis of the data."

And Richard Brennan, head of health programs at the New York-Based International Rescue Committee, said the study's survey approach was typical.

"This is the most practical and appropriate methodology for sampling that we have in humanitarian conflict zones," said Brennan, whose group has conducted similar projects in Kosovo, Uganda and Congo.

"While the results of this survey may startle people, it's hard to argue with the methodology at this point."

Donald Berry, chairman of the statistics department at the University of Texas' M.D. Anderson Cancer Center in Houston, said he believes the study was done "in a reasonable way." But he said the range of uncertainty given for the estimates was much too narrow, because of potential statistical biases in the survey.

While it's impossible to calculate a better range that accounts for that, he said, it wouldn't be surprising if the low end dropped about four-fold to 100,000 deaths. A wider range of uncertainty would make the 655,000 figure less meaningful, he said.

Meanwhile, one of the study's authors said he's confident in the work's conclusions.

If the estimate seems high, it's because the door-to-door survey turned up deaths that are typically overlooked when sought by other means in wartime situations, said Les Roberts, who was with Johns Hopkins when he co-authored the study but has just taken a post at Columbia University.

As for extrapolating a nationwide figure from the sample of the few hundred deaths actually reported, "almost every statistic you've ever heard about health in America comes from a sample," Roberts said. "It may not be extremely precise, but at least it gets us in the right ballpark."

Iraq Disputes Claim Of 600,000 War Dead (LAT)

By Borzou Daragahi

The Los Angeles Times, October 12, 2006

BAGHDAD — The Iraqi government on Wednesday condemned as "exaggerated" a controversial public health study concluding that more than 600,000 Iraqis have died violently since the toppling of Saddam Hussein's regime in 2003.

The statement came as shootings, bombings and rockets left at least 25 Iraqis dead and 46 injured around the country. The bodies of 40 people slain execution-style also were found in the capital, part of the surge in sectarian and insurgent strife that is killing an average of 100 a day, according to the United Nations.

A U.S. soldier also died early Wednesday from wounds suffered when his vehicle was hit in a roadside bombing.

The violence has undermined trust in the Shiite Muslim-led government, which was elected in December with a mandate to restore security. Though deaths of civilians have mounted, government spokesman Ali Dabbagh condemned as inaccurate the findings of U.S. and Iraqi public health researchers that were published this week in the medical journal Lancet.

"We affirm that these numbers are far from the truth and the Iraqi government is making efforts to protect the Iraqi citizen from forces of terror," Dabbagh said in a release.

The study found that, with 95% certainty, 426,369 to 793,663 Iraqis had died violently since the U.S.-led invasion in March 2003, with 601,027 statistically the most probable death toll. Those figures are many times higher than other reported estimates, including the figure of 50,000 reached by The Times in June after a weeks-long canvassing of Iraqi hospitals, morgues and government offices for death statistics.

On Wednesday, the Iraqi Health Ministry reported that more than 2,660 civilians had been killed in Baghdad in September, Associated Press reported. The toll was about 400 higher than in August, despite an intensified U.S.-Iraqi sweep aimed at reining in the violence.

The U.S. military on Wednesday reported that a mortar attack by insurgents caused a fire at a U.S. ammunition supply depot and sparked a series of explosions that shook much of the capital Tuesday night.

Arab-language television reported that the Islamic Army in Iraq, a Sunni Arab insurgent group, had claimed responsibility for the attack. The mortar shell ignited a fire that set off ammunition at Forward Operating Base Falcon in southern Baghdad.

"Intelligence indicates that civilians aligned with a militia organization were responsible for last night's mortar attack," military spokesman Army Lt. Col. Jonathan Withington said in a news release.

U.S., British and Iraqi military bases frequently draw mortar and rocket fire, which, though rarely inflicting casualties, frays nerves and diverts resources from peacekeeping and combat operations.

Amid the continuing violence, the dominant Shiites and Kurds overruled Sunnis and nationalist Shiites in parliament and narrowly passed a law Wednesday that allows for creation of self-ruled federal regions in Iraq, beginning in 18 months.

Many Shiites want to form an area in the south similar to the Kurdish region in the north, but Sunnis fear the move will lead to autonomous states in the north and south that control Iraq's oil wealth, excluding the central Sunni area.

Deposed Iraqi President Saddam Hussein and six codefendants returned to a Baghdad courtroom Wednesday to hear witness testimony. They are accused of orchestrating the killings of tens of thousands of Iraqi Kurds during a late-1980s campaign dubbed Anfal, or "spoils of war."

After ejecting the defendants from the courtroom Tuesday, chief Judge Mohammed Orabi Khalefa opened Wednesday's session cordially, asking them to behave respectfully toward the alleged victims testifying.

Hussein politely protested the judge's decisions to cut off the broadcast of the trial at certain junctures and force him to stand when he addressed the court.

"When the defendants speak, you switch off the broadcast," he told the judge. "Is that fair?"

The judge held firm.

"The microphone is for any legal argument, but getting into political issues, this is not allowed," he said.

One witness told the courtroom that his village was destroyed and three of his siblings disappeared during the Anfal campaign. Abdul Khader Aziz, 50, also produced a document he said showed that 18 women, including 14 of his cousins, were sold to Egyptian nightclubs by Hussein's intelligence services.

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But defendants strenuously objected that he had gotten the information from a Kurdish newspaper. Aziz refused to answer when asked about service in the Kurdish peshmerga militia that battled Hussein's regime and about membership in the Communist Party.

The trial is to resume Tuesday.

In Victory For Shiite Leader, Iraqi Parliament Approves Creating Autonomous Regions (NYT)

By Kirk Semple

The New York Times, October 12, 2006

BAGHDAD, Oct. 11 — Iraq's Shiite-dominated Parliament approved a law on Wednesday enabling provinces to unite to form autonomous regions, in spite of vehement opposition by Sunni Arab leaders who said it could splinter the republic and disadvantage the minority Sunni population.

The vote was a resounding victory for Abdul Aziz al-Hakim, leader of the dominant Shiite bloc, who wants to form an autonomous state from nine predominantly Shiite provinces of southern Iraq, a region that includes much of the nation's oil and other natural resources.

Mr. Hakim cast the result as a victory for democracy. "The road is open for all the Iraqi people to form any region they want, and it is up to the Iraqi people basically to decide this issue," he said.

The American military revealed on Wednesday that a spectacular series of explosions in a munitions depot on an American base here late Tuesday was caused by an 82-millimeter mortar fired by insurgents. The attack destroyed much of the stockpile, shut down most operations on the base and grounded a few battalions, compelling the military to move troops from elsewhere in Baghdad to cover the units' patrol areas.

The right to form semi-independent regions was guaranteed in the Iraqi Constitution, which voters approved a year ago. The law passed Wednesday merely defined the mechanisms of the process.

The law allows provinces to hold referendums on whether to merge into larger states, but it imposes an 18-month moratorium on the process. Consent by a third of a province's governing council or a tenth of its electorate can prompt a referendum, which would then require approval by a majority of voters to pass.

The Sunni Arab blocs and some Shiite and secular legislators, who had united last month to block the legislation, boycotted the session on Wednesday in an unsuccessful effort to prevent a quorum. But 140 of the 275 members attended and voted unanimously for the bill, The Associate Press reported.

Sunni Arab leaders fear that any plan to divide Iraq into regions would eventually shift control of its oil wealth to the Kurds in the north and the Shiites in the south, leaving them with the relatively barren central and western regions. The Kurds already have an autonomous region, but hope to expand it.

"We had our objections, and when they were disregarded, we found that the best way to deal with that was to boycott the session," said Salman al-Jumaili, a legislator from the Iraqi Consensus Front, the largest Sunni bloc. "We believe that implementing this law in its present form will be a prescription for dividing Iraq."

In the governing Shiite coalition, which remains divided on the issue, legislators loyal to the Shiite cleric Moktada al-Sadr, an ardent nationalist, have demanded that any discussion of federalism proceed only after American forces have left Iraq.

Members of the Fadhila Party, a Shiite group wary of Mr. Hakim's power, had opposed the law because it did not include clauses to prevent the formation of one huge federation across southern Iraq.

The mortar attack on Forward Operating Base Falcon, on the southern fringes of Baghdad was conducted by "civilians aligned with a militia organization," an American military statement said. The insurgents fired four 82-millimeter rounds at the base and one struck the ordnance supply, igniting tank, artillery and small-arms ammunition, officials said.

Powerful explosions continued for several hours, spraying huge chunks of jagged shrapnel across the base, destroying trailers, breaking windows, knocking doors off their hinges and shaking buildings across the capital, where alarmed residents were reminded of overnight aerial bombardments that signaled the start of the American-led invasion in 2003.

Three people were lightly wounded, all servicemen on the base who quickly returned to duty, military officials said.

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Troops were forced to remain indoors until bomb squads could begin clearing the base of live and exploded ordnance, officials said. In the meantime, armored Stryker units were scrambled to the area to cover the base's area of control, which includes the troubled Dora neighborhood.

The Islamic Army in Iraq, a nationalist insurgent group, took responsibility for the attack. "With the help of God, the mortar and rocket squads of the Islamic Army have shelled a U.S. Army base with two rockets and three mortar shells," the group said in a posting on a Web site used by insurgent groups, The Associated Press reported.

In other violence in Baghdad, at least 13 people were killed and dozens more were wounded in several attacks Wednesday, officials said. In the most deadly event, unidentified gunmen stormed a house in Dora, killing five members of a family and wounding two others, said an official at Yarmouk Hospital, where the bodies of the victims had been taken.

The American military announced Wednesday that three marines were killed Monday in an insurgent attack in Anbar Province, and an American soldier was killed Wednesday when an bomb exploded near his patrol in central Baghdad.

At least 41 American soldiers have been killed this month, according to Iraq Coalition Casualty Count, an independent Web site that tracks military deaths based on military news releases and media reports.

Parliament Approves Measure Allowing Autonomous Regions (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 12, 2006

BAGHDAD, Oct. 11 -- Parliament on Wednesday approved a controversial law that will allow Iraq to be carved into a federation of autonomous regions, after Sunni Arabs and some Shiite Muslims stormed out of the session in protest.

The bill passed the 275-member parliament by a vote of 141 to 0, despite a nearly successful attempt by opponents to prevent a quorum by walking out, said Mohanned Abdul Jabbar, an aide to parliament speaker Mahmoud al-Mashhadani.

The measure, introduced by a powerful Shiite group last month, creates a mechanism that many believe will lead to a predominantly Shiite zone in southern Iraq that would parallel the semiautonomous Kurdish region in the north. Sunnis vehemently oppose such a division, which would leave them with an area in central Iraq that lacks the vast oil wealth of the north and south.

Under a compromise worked out two weeks ago, the bill includes a provision that prevents the formation of federal regions for 18 months. In exchange for that delay and the creation of a panel to review the constitution, the Sunnis agreed to call off a boycott that had prevented the federalism bill from being introduced.

Although the principle of federalism is enshrined in the constitution, the law passed by parliament is the first to set up a system that will allow provinces in 2008 to merge into autonomous regions.

"This is a first step on a long road toward a new system of governance in Iraq," said Ridha Jawad Taqi, a legislator with the Supreme Council for the Islamic Revolution in Iraq, the Shiite political party that was the measure's strongest supporter. "It will be up to the residents of whatever province to submit a request and go through the system."

But opponents of the bill -- including not only Sunni Arabs but secular parties and the bloc of anti-American Shiite cleric Moqtada al-Sadr -- expressed fears that the federalism plan could increase sectarian tensions and push the country further toward civil war.

"This is the beginning of the plan to divide Iraq," said Adnan al-Dulaimi, leader of the National Accordance Front, a major Sunni bloc, according to the Associated Press. "We hope there won't be an increase in violence."

Nasaar al-Rubaie, a lawmaker from the Sadr bloc, said: "The present conditions are not conducive to establishing regions, because we lack a strong central government that can overrule the regions." In fact, he added, "the central authority is actually weakening instead of being solidified and strengthened."

Also on Wednesday, former electricity minister Aiham al-Sammarae was convicted of corruption and sentenced to two years in prison. Afterward, U.S. troops took custody of Sammarae, who holds dual Iraqi-American citizenship, because he feared being killed if he was placed in jail, said government spokesman Ali al-Dabbagh.

Dabbagh said that the Iraqi government had demanded his return and that the Americans agreed. "The government of Iraq expects that the Americans will respect Iraqi juridical authority," he said.

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Lou Fintor, a spokesman for the U.S. Embassy, said he could not comment because "federal privacy law prohibits us from releasing information concerning U.S. citizens in the absence of a Privacy Act waiver."

The U.S. military on Wednesday also announced the deaths of four troops, bringing the death toll for American forces this month to at least 40. The military said a soldier was killed Wednesday after his patrol was struck by a bomb in central Baghdad, and three Marines assigned to the 1st Brigade of the 1st Armored Division were killed Monday in Anbar province.

Special correspondent K.I. Ibrahim contributed to this report.

U.S. Agency Cites Flaws In Another Iraqi Construction Project (NYT)

By James Glanz

The New York Times, October 12, 2006

The American-financed rebuilding of an Iraqi police headquarters that was meant to show a new approach to reconstruction has instead turned out to be rife with shoddy construction and is exposing security forces to unnecessary risk, a federal oversight agency said yesterday.

The criticism has come in the midst of an intensive American push to train and equip a police force capable of restoring order to Iraq's increasingly violent streets.

The headquarters project, in the ethnically divided and volatile northern city of Mosul, is the second police-related contract to face harsh criticism recently. Two weeks ago, the same oversight agency told Congress of grotesque plumbing failures and other problems at a $72 million police college in Baghdad.

In the earlier project, most of the criticism was directed at Parsons, the American contractor hired by the United States Army Corps of Engineers to carry out the work with the help of Iraqi subcontractors. But this time, in a step the Army Corps has said will eliminate some of the construction problems, the work was contracted directly to a local Iraqi company.

But the Mosul police headquarters project, a $988,000 contract that was much smaller and presumably simpler than the earlier one, suffered some of the same troubles, according to a report released yesterday by the agency, the Special Inspector General for Iraq Reconstruction.

Brian M. Flynn, the assistant inspector general for inspections at the oversight agency, said there had been no plans to look into the headquarters, called One West, until an inspection team happened to be in Mosul and was approached by the Iraqi police.

The police "were so upset with the quality of construction that they asked us to inspect it while we were there," Mr. Flynn said.

Problems with the construction were not hard to find, the agency's report said. One part of the contract called for the construction of 10 showers, 12 toilets, 10 urinals, 10 sinks and a changing room at One West. Instead, just one shower and one toilet had been built, and there was no changing room. A tree in the spot where the construction took place was allowed to remain standing, and its trunk was cemented into the building's structure.

Numerous other plumbing and construction shortcomings turned up, an electrical generator was delivered but not installed and instead of installing fans in the guard houses, as called for in the contract, workers installed extra windows, leaving the guards exposed in a city where police stations have frequently been attacked.

The problems stemmed from a poor Iraqi contractor and a lack of inspection by Army engineers early in the project, said Stuart W. Bowen Jr., who runs the oversight agency.

"The issue is oversight," Mr. Bowen said. "Our experience is that where there is good oversight there are good projects."

Mr. Bowen cited a courthouse project in Baghdad on which the Army Corps of Engineers kept closer tabs; the inspectors declared it a success. The agency also released a report on that project yesterday.

Maj. Gen. William H. McCoy Jr., commander of the Army Corps' Gulf Region Division until his tenure ends early next week, called Mr. Bowen's findings on One West "on the mark." General McCoy said that for about six months after the project began, in September 2005, government overseers failed to monitor the Iraqi contractor or accurately report construction problems.

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But General McCoy said the corps eventually discovered the problems and was taking steps to terminate the contract when the federal inspectors arrived on the scene. Half the contractor's payment was eventually withheld, he said, and much of the chain of command in charge of the corps' overseers was replaced.

"As a result," General McCoy said, "the performance of this office has greatly improved."

Afghanistan Five Years Later: Charting The Reconstruction (CSM)

The Christian Science Monitor, October 12, 2006

The United States and its coalition partners launched "Operation Enduring Freedom - Afghanistan" in October 2001 as a response to the attacks of Sept. 11. At the time of the invasion, Afghanistan was already a broken nation. Decades of war and austere fundamentalist rule had left the country with little in the way of industry, infrastructure, government institutions, or an educational system.

In the five years since the invasion, the coalition has worked to fill a gaping political vacuum in the face of growing challenges. Since 2001, poppy cultivation in Afghanistan has increased from 8,000 hectares to 165,000 hectares. But Afghanistan has also made strong democratic advances, and the education system has markedly improved. Since 1999, the percentage of Afghans enrolled in primary school rose from 25 percent to 93 percent. The road to democracy

Afghanistan's first democratically elected parliament in more than three decades of conflict convened on Dec. 19, 2005, the culmination of an international effort.

2001

Oct. 7: US and British military strikes launched on Afghanistan as the Taliban refuse US demands to hand over Osama bin Laden, blamed for the 9/11 attacks.

Dec. 22: Hamid Karzai, leader of one of the largest tribes in southern Afghanistan, is sworn in as head of a six-month, post-Taliban government following agreements reached in Bonn, Germany, including an interim powersharing arrangement, the creation of a new constitution, and presidential and parliamentary elections in 2004. The International Assistance Force in Afghanistan (ISAF) is established.

2002

April 18: Deposed Afghan monarch Mohammed Zahir Shah, 87 at the time, returns from 29 years' exile in Italy, escorted by Karzai, to oversee the loya jirga, Afghanistan's traditional grand assembly.

June 10: After a power struggle, Zahir Shah renounces claim as head of state and endorses Karzai.

June 13: Karzai elected for a two-year term by the the loya jirga.

July 6: Vice President Abdul Qadir is assassinated.

Sept. 5: Karzai survives assassination attempt in Kandahar.

October: A constitutional commission of 35 members is appointed to draft a constitution.

2003

Aug. 11: NATO assumes command of the ISAF, under leadership of Germany and the Netherlands at the time, the first NATO peacekeeping mission outside of the Euro-Atlantic area since NATO's creation in 1949.

December: Constitutional Loya Jirga delegates - 500 Afghan civic leaders - meet in Kabul to debate draft constitution.

2004

Jan. 4: The traditional grand assembly, the loya jirga, ratifies a new constitution proposing a presidential system of government with Afghanistan as an Islamic state.

July 9: Electoral commission announces that presidential elections will be on Oct. 9, but delays parliamentary polls until 2005.

Oct. 9: First post-Taliban presidential elections pass without major incident; more than 8.1 million Afghans participate.

Nov. 3: Karzai proclaimed winner with 55 percent of vote.

2005

March 17: Karzai announces delay in parliamentary polls until September.

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July 12: Election officials say more than 5,800 candidates are eligible for the elections, more than 10 percent of them women. Later, several candidates are disqualified, mainly for links to armed factions.

Sept. 15: Taliban militants shoot dead an election candidate, the seventh to die in violence before the poll.

Sept. 18: More than 6.2 million Afghans vote in the first parliamentary elections since 1969.

Nov. 12: After a series of delays, election results are released confirming several seats for former regional warlords and some ex-Taliban.

Dec. 10: Karzai announces his choices for the remaining 34 seats in the upper house.

Dec. 16: Three days before parliament is due to open, a bomb explodes near the parliament building, killing an apparent suicide attacker and wounding two others.

Dec. 19: National Assembly inaugurated in Kabul; parliament convenes for the first time since 1973.

CORPORATE SCANDALS:

Options Scandal Snares Tech Chiefs (FT)

By Kevin Allison In San Francisco

Financial Times, October 12, 2006

The chief executives of McAfee, the antivirus software maker, and CNET, an online publisher, quit on Wednesday over Silicon Valley's options backdating scandal.

Their departures are likely to increase fears that the apparently widespread practice could lead to a broader shake-up of senior leadership in the world's leading technology hotspot.

The resignations come a week after Apple Computer cleared Steve Jobs, its co-founder and chief executive, of wrongdoing over options backdating, even though he was aware of the practice in "a few instances".

Shares in McAfee rose 2.4 per cent after the company said it had appointed Dale Fuller, the former chief executive of Borland Software, to replace George Samenuk as chief executive.

Mr Samenuk said: "I regret that some of the stock options problems . . . occurred on my watch." His departure followed news that the company would be required to restate its earnings by $100m to $150m to account for improper backdating.

McAfee said it had ousted Kevin Weiss, president, who joined the company in 2002 and became president in March, several years after improper backdating at the company began.

Mr Fuller declined to elaborate, noting that shareholders would be able to "read everything . . . in excruciating detail" in filings.

Shares in CNET, owner of the technology news website, dropped 6.5 per cent after the company announced the departure of Shelby Bonnie, its co-founder, chairman and chief executive. He resigned after an internal probe found the group backdated some options grants between 1996 to "at least" 2003.

Mr Bonnie said he was "deeply disappointed" that backdating occurred under his leadership.

2 More Executives Resign Over Options (NYT)

By Laurie J. Flynn

The New York Times, October 12, 2006

SAN FRANCISCO, Oct. 11 — McAfee Inc. and CNet Networks both announced on Wednesday that their chief executives had stepped down, as casualties from investigations of stock option grants continued to mount.

The departures came as internal reports at both companies — which are also under investigation by federal regulators — revealed that accounting discrepancies might have inflated the value of stock options granted to executives. More than 100 public companies are the focus of similar inquiries, including dozens in Silicon Valley.

McAfee, a major seller of antivirus software, said George Samenuk, chief executive since 2001, had retired and that Kevin Weiss, the company's president, had been fired.

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Dale L. Fuller, who joined McAfee's board in January, was named interim chief executive and president. Charles J. Robel, who joined the McAfee board in June, was named chairman.

"I regret that some of the stock option problems identified by the special committee occurred on my watch," Mr. Samenuk said in a statement, adding that he was stepping down "in the company's best interest."

In a conference call with Wall Street analysts on Wednesday, Mr. Fuller declined to provide details on Mr. Weiss's firing.

Shares of McAfee rose 85 cents, or 3.3 percent, to close at $26.64 on Wednesday. The company is trading well above its 52-week low of $19.52 reached in August.

Rumors have circulated on Wall Street recently that McAfee might be an acquisition target. Eugene Munster, an analyst with Piper Jaffray, said the departure of Mr. Samenuk made that possibility even more likely. "I believe McAfee now is going to get bought," he said. "The fact that it is a rudderless ship makes it a more attractive prospect."

Mr. Fuller, whose eight months on the McAfee board give him relatively little direct experience with the company, told analysts he was well prepared to run the company and had already begun meeting with McAfee's executive team. Mr. Fuller was chief executive of Borland Software for six years and also served as general manager of Apple Computer's Powerbook division.

McAfee, based in Santa Clara, Calif., said that as a result of the accounting problem it could have to restate as many as 10 years of financial records and take a charge of $100 million to $150 million.

In May, McAfee fired its general counsel, Kent Roberts, just days before it announced that it was being investigated by the Securities and Exchange Commission over its stock options.

Many of the recent options investigations have involved backdating, in which a company typically selects a grant date when its stock price was lower, increasing the value of the options for employees who sell them later for a higher price.

CNet, the online media company, announced Wednesday that Shelby W. Bonnie, a CNet cofounder who had led the company since 2000, resigned as chairman and chief executive. Neil M. Ashe, who joined CNet four years ago as head of corporate strategy and development, was named chief executive, while Jarl Mohn, a former television executive, was named chairman. Mr. Bonnie will remain on the CNet board.

A special committee established by CNet's board in May found that in some instances option grants were backdated in the period from the company's initial public offering in 1996 to 2003. Mr. Bonnie, as well as three other former executives, bear responsibility, though none of them "engaged in intentional wrongdoing," a company statement said.

"I apologize for the option-related problems that happened under my leadership," Mr. Bonnie said in a statement. "I believe that the company has come a long way since 2003 in addressing these deficiencies, but am deeply disappointed it happened nonetheless."

As a result of having to restate previous financial results, CNet, based in San Francisco, also revised its outlook for the third quarter. The company now estimates revenue of $92.8 million, compared with previous estimates of $93 million to $96 million. For the full year, CNET expects revenue of $376 million to $386 million, down from a previous forecast of $386 million to $403 million.

CNet shares tumbled on the news, falling 76 cents, or 7.7 percent, to $9.14.

The developments at McAfee and CNet come just days after Monster Worldwide announced that its chairman and chief executive, Andrew McKelvey, had resigned, saying he was unable to devote enough time to the company's options investigation.

And last week, Apple Computer announced that Fred D. Anderson had resigned his post on Apple's board as a result of the company's investigation into the timing of stock option grants during his tenure as finance chief. A committee investigating Apple's accounting practices said last week that Steven P. Jobs, Apple's chief executive, had not benefited from stock option backdating.

Two former executives of Brocade Communications Systems are facing criminal charges related to the backdating of stock options.

Given the number of investigations under way, analysts say the options scandal is far from over. "I think ultimately you're going to see more C.E.O.'s resign over this," Mr. Munster of Piper Jaffray said.

Adobe Options Review

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WASHINGTON, Oct. 11 (Dow Jones) — Adobe Systems, the design and software graphics company, said Wednesday that a review of its stock option granting processes found no improper grants to company executives. But the company said that some grants to employees were changed after their grant date.

The company had not previously disclosed that it was reviewing its option grants. The company said it would correct accounting errors related to the changed options.

As Companies Probe Backdating, More Top Officials Take A Fall (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, October 12, 2006

Five senior officers at two well-known Silicon Valley companies became the latest corporate casualties of the stock-options backdating scandal, adding to a toll that is likely to continue to rise as companies wrap up probes of their internal practices.

In the latest actions, Shelby Bonnie, founder and chief executive officer of Web publisher CNET Networks Inc., and George Samenuk, chairman and CEO of computer-security vendor McAfee Inc., stepped down following internal probes that found use of options backdating. So far, some two dozen executives or directors have been fired or suspended or have resigned amid options probes. Among them are top officials of Apple Computer Inc., Web-site operator Monster Worldwide Inc. and software maker Comverse Technology Inc., whose former CEO is facing extradition proceedings in Namibia.

Experts said more departures are likely. More than 100 companies are under investigation for options backdating, and scores of them are still conducting internal probes. Many would like to finish them in time to make disclosures during quarterly earnings reporting, which will be heavy in the next several weeks. The companies face pressure to finish because they may not be able to tally their earnings without knowing whether they will need to record charges for any improper options discovered by the probes.

WSJ's Charles Forelle discusses7 why so many executives are getting caught up in the options backdating scandal and whether more departures are likely.

Many companies have already said they won't meet securities-filing deadlines for the quarter, leaving them at risk of delisting, costly fights with bondholders entitled to timely financial statements, and potentially greater liability in any options-related civil actions by shareholders.

Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware, said he believes more people will lose their jobs. "It is a fundamental breach of trust to your investors," he said.

Backdating amounts to pretending that an option was granted earlier than it actually was, at a beneficial time when the share was trading at a low price. Since options entitle their recipients to profit from a rise in price, claiming the grant occurred at a time of low prices could give the recipient a running start to extra profit.

At a minimum, backdating generally involves accounting and disclosure violations. It can also constitute fraud. U.S. attorneys in more than a half-dozen jurisdictions are probing at least 50 companies. Five former executives of two companies are facing federal criminal charges for their alleged participation in backdating schemes.

Firing an executive doesn't necessarily get a company off the hook with regulators or litigious shareholders, but can be held up as a sign of good faith. The actions at CNET and McAfee underscore how seriously some corporate boards are taking options manipulation. Taken with other recent dismissals, they are establishing a precedent that separating executives from the company is a prudent response to options problems.

Getting rid of someone can be a double-edged sword, though. "The SEC [Securities and Exchange Commission] and the Department of Justice expect crisp remedial measures, so termination of a wrongdoing executive typically helps the company in the eyes of those regulators," says Michael Young, a lawyer at Willkie Farr & Gallagher. "Unfortunately, it can hurt in the defense of subsequent class-action litigation to the extent that plaintiff's lawyers infer that the departed executive did something wrong."

The McAfee departures suggest also that some boards, guided by outside lawyers conducting the probes, are taking a stern view of responsibility. Mr. Samenuk joined McAfee in January 2001, long after manipulations there apparently started. President Kevin Weiss, whose firing was announced yesterday, joined the company in October 2002.

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In a statement, Mr. Samenuk expressed "regret" that some of the problems "occurred on my watch." Mr. Weiss couldn't be reached. Exactly what Messrs. Samenuk and Weiss did that precipitated their departures isn't known; a McAfee spokeswoman said the men were "implicated in the options backdating" but declined to elaborate.

Exactly who will go and who will stay at the scores of companies being investigated is difficult to discern. An executive's fate, of course, depends strongly on what evidence a review finds. But how that evidence is treated can vary from company to company.

Apple Computer threaded the needle last week when it discussed superstar CEO Steve Jobs's role in backdating at the company. Apple's disclosure said Mr. Jobs knew some grants were backdated; earlier, the company said he received a problematic grant. But Apple also said last week that Mr. Jobs wasn't aware of the accounting implications of backdating and didn't get any grants he knew were backdated, implying that any troublesome grant he received was manipulated for his benefit but was backdated without his knowledge. Apple's relatively terse disclosure didn't spell out exactly who did what.

Mr. Jobs apologized and remains with the company, which laid the blame on two unnamed former executives. Apple director Fred Anderson, a former finance chief, resigned from the board.

Bed Bath & Beyond Inc., the specialty retailer, said Tuesday that its review had found rampant backdating, concluding that "almost all annual grant dates" for several years were likely selected "with some hindsight." At a time when many corporate disclosures about backdating are opaquely written, the company's statement was frank and detailed, laying out how many grants the company believed were backdated and giving a sketch of how the process worked.

What's more, Bed Bath & Beyond said, the co-chairmen and chief executive had responsibility for picking the dates; the men themselves benefited from the low prices. But the board committee probing the options offenses concluded that no one had "engaged in willful misconduct." No top executives have departed Bed Bath & Beyond because of options misdeeds.

Mr. Young, the Willkie Farr attorney, says that in investigations of matters like options backdating, board committees try to probe deeply an executive's state of mind. "When somebody is deliberately doing something wrong, and misrepresenting the consequences, then you've got dishonesty in the ranks," says Mr. Young. That, he says, is dealt with harshly. What to do can be a tough call, he says, with "those whose involvement was gray."

San Francisco-based CNET said its review, conducted by law firm Davis Polk & Wardwell and led by a special committee of directors, found "instances of backdating" from the company's initial public offering in 1996 through "at least 2003." Even though CNET said its review didn't conclude that any of these people "engaged in intentional wrongdoing," Mr. Bonnie, General Counsel Sharon Le Duy and human-resources head Heather McGaughey all "bear varying degrees of responsibility." They all resigned and agreed to have any improper options repriced so that they wouldn't continue to benefit from the backdating.

CNET also said directors will reprice improper options; a company spokeswoman says the repricing affects "all members of the board of directors, to varying degrees depending on their length of service."

It isn't clear exactly which grants were backdated, though some raise suspicion. In 2000, CNET granted options to Mr. Bonnie and two other top executives with purported dates that coincided with the stock's lowest closing price in April. Other executives got options dated at October's low price. One received both favorable dates.

Melinda Haag, a lawyer for Ms. Le Duy, said her client neither knew about nor participated in any intentional misdating of options. "Sharon has always acted with integrity with regard to CNET's stock-option grant process and in all other regards," Ms. Haag said. "Given that she was a senior officer for part of the time at issue, however, Sharon recognized that her resignation would best help the company move forward."

An attorney for Mr. Bonnie couldn't be reached for comment.

Ms. McGaughey, a former Time Inc. manager, joined CNET in 1998 as vice president of human resources. She became senior vice president in 2000. "Ms. McGaughey is deeply saddened by the events that have happened at CNET," said her lawyer, Leigh A. Kirmsse. "She believes that in the end her name will be completely cleared of any wrongdoing whatsoever."

Kirk Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University, said companies are operating in a climate that places great weight on the integrity of senior-most executives.

Mr. Hanson said he believes a senior executive who initiated or authorized backdating should leave his position.

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"If a CEO who is tainted remains in place, a very unfortunate signal is given to the organization that irregular practices will be tolerated or even applauded," Mr. Hanson said. "This is not a question of whether the CEO is indictable; it is a question of whether the CEO is a credible leader of integrity."

Two Tech Companies Shake Up Leadership (USAT)

By Jon Swartz

USA Today, October 12, 2006

SAN FRANCISCO — Computer-security firm McAfee on Wednesday said chairman and CEO George Samenuk retired and president Kevin Weiss was fired because of accounting discrepancies in stock options.

Shortly after McAfee's announcement, CNet Networks said its co-founder, Shelby Bonnie, resigned as chairman and CEO after an internal investigation at the online media company concluded he shared the blame for backdating CNet stock options.

The Silicon Valley companies both will restate financial results. They are the latest caught in a deepening investigation that has touched more than 120 companies, and led to executive departures at Apple, software maker Mercury Interactive and others.

The new corporate scandals center on how companies handle stock options. Most involve backdating options to days when the company's stock price was lower, inflating executive payouts.

The problems hardly constitute a "crisis in confidence" in tech companies, where stock options first became a staple of compensation packages during the 1990s. But it badly diminishes the reputation of executives, says Charles Elson, director of the University of Delaware's center for corporate governance. As more companies dig into their records, he predicts more executive ousters and financial restatements. "The determination that needs to be made is whether it was intentional, sloppy bookkeeping or a mere coincidence," Elson says. "If it's the former, severe actions like fines may result."

In a statement, McAfee said Samenuk, 51, was retiring, and Weiss was terminated. It fired its general counsel in May after determining he had been involved in option improprieties. McAfee said in June that securities regulators had opened a formal investigation.

"I regret that some of the stock option problems … occurred on my watch," Samenuk said in a statement.

Replacing Samenuk and Weiss on an interim basis is Dale Fuller, 48, a McAfee board member who was CEO and president of Borland Software. McAfee also named board member Charles Robel as chairman.

McAfee said it intends to soon file its restated financial results and annual report and look for a permanent CEO. The charges are likely to be $100 million to $150 million over a 10-year period, it said.

Despite the shake-up, McAfee shares rose 3.3% to $26.64 Wednesday, a reflection of investor sentiment that a management change was in order. Samenuk "has been perceived on Wall Street as unpredictable and inconsistent in financial performance," says analyst Gene Munster of investment bank Piper Jaffray. "For every three good quarters, there was a clunker."

The shake-up also renewed speculation that McAfee could be acquired by Hewlett-Packard or IBM, he says.

CNet, meanwhile, said some stock options were backdated from its initial public offering in 1996 to at least 2003. It appointed Neil Ashe as its new CEO and board member. He has led the company's acquisition of content. It also named Jarl Mohn, a former executive at E! Entertainment Television and MTV, as non-executive chairman. CNet shares fell 7.6% to $9.14.

Scandal Grows Over Backdating Of Options (WP)

By Frank Ahrens

The Washington Post, October 12, 2006

The heads of three well-known technology companies lost their jobs this week as the result of a scandal sweeping through the business world over the improper backdating of stock options, a practice often designed to inflate the value of stock grants to employees.

Internet news publisher Cnet Networks Inc., security software firm McAfee Inc. and online recruitment service Monster Worldwide Inc. announced the resignation or retirement of their chief executives, all apparently over concerns about how the companies granted stock options.

The three are the latest of at least 135 companies to acknowledge or be investigated for backdating stock options, which typically involves picking dates for stock grants when the purchase price was low, so that when the stock is sold, the holder can

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make more money. The practice is not illegal as long as the options are properly accounted for on company earnings sheets and tax returns.

According to the Securities and Exchange Commission and the Justice Department, however, a number of companies have not followed the rules. Federal authorities have filed fraud charges against executives at two technology companies, and they continue to investigate many firms.

The investigations are sending shock waves through the tech community, where stock options have long been a key tool for luring talent to start-ups.

"The primary concern in [Silicon] Valley is how many CEOs will be fired, and how many will be indicted," said Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University.

Though the scandal lacks Enron's hubris or Tyco's Saturnalian excess, the consequences are grave: Cnet founder Shelby W. Bonnie resigned yesterday as chief executive and apologized for his role in the backdating options. The company issued an internal report that said Cnet backdated options from 1996 through 2003 and partially blamed Bonnie.

Also yesterday, McAfee fired its president, Kevin Weiss, and announced that chief executive George Samenuk was retiring. Earlier in the week, Monster's chief executive, Andrew J. McKelvey, resigned. Last week, Apple Computer Inc. announced the resignation of board member Fred D. Anderson over stock option issues.

Though many of the higher-profile companies under scrutiny are tech firms in Silicon Valley, the SEC and Justice Department are casting their nets widely, investigating companies as varied as Home Depot Inc. and Cheesecake Factory Inc. The SEC said in testimony to Congress last month that it is investigating more than 100 companies for possible fraudulent reporting of option grants.

"As the use of options compensation has increased, however, so apparently has its abuse," SEC enforcement director Linda Thompson testified. "This practice benefits employees at the expense of shareholders."

Former Comverse Technology Inc. chief executive Kobi Alexander is awaiting extradition from Namibia on federal charges related to his company's options practices. Former Brocade Communications Systems Inc. chief executive Gregory L. Reyes also faces federal charges.

How does backdating work?

Companies have long issued stock options to their employees to motivate them. Options allow an employee to buy a certain number of company shares at a price set by management, usually the price the day the option is granted.

The employee makes the most profit by buying stock options at a low price and selling them when the stock market has pumped up the company's stock to a higher price. If a company backdates options, it typically allows the employee to buy options when the stock was at its lowest point, thereby increasing the profit when the stock is sold.

Options usually are granted to a company's highest executives as part of their compensation packages. Backdating has been criticized as a shady way for wealthy executives to get wealthier, even if the company performs poorly.

The process is not illegal if no company documents have been forged, if the other shareholders have been informed and if the backdated options are correctly accounted for in company earnings and tax returns.

It may be legal, but it's "slimy," said Nell Minow, co-founder of the Corporate Library, a corporate-governance watchdog. "It subverts the whole justification for options," she said.

Minow was in New York yesterday lecturing corporate directors on a number of topics, including backdated options.

"No one comes to you and says, 'Let's backdate our options,' " she said. A company's human resources department "will tell an employee, 'We have a great benefit with our options -- a 60-day look-back.' That doesn't sound quite so dirty."

Backdating has cost some companies more than their chief executives. Many have had to restate earnings and take charges on upcoming earnings to account for the improperly recorded options.

For example, in August, Clorox Co. said it took a $25 million pretax charge in its most recent quarter to account for "errors" in how the company accounted for options. Research in Motion Ltd., maker of the BlackBerry, said last month that a review of its options-accounting practices could reduce past earnings by as much as $45 million. Also last month, chipmaker Broadcom Corp. said it would restate earnings to take $1.5 billion worth of options expenses off its books.

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McAfee, Cnet Chiefs Leave As Options Scandal Deepens (Update2) (BLOOM)

By Rebecca Barr And Rick Green

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- The federal crackdown on stock- options backdating claimed the chief executive officers of McAfee Inc. and Cnet Networks Inc., deepening a scandal that has cost investors more than $2.5 billion of earnings.

McAfee, the No. 2 maker of anti-virus software, said Chairman and CEO George Samenuk resigned, fired President Kevin Weiss and announced plans to slash 10 years of previously reported profits by as much as $150 million. Cnet, the online publisher of technology news and reviews, said CEO Shelby Bonnie and two other executives stepped down after an internal probe found the company backdated some stock-option grants.

The toll from backdating continues to mount. More than 30 officials, including eight CEOs, have left companies under scrutiny for manipulating stock options to reward employees, and executives at two, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges. More than 60 companies -- from Apple Computer Inc. to Cablevision Systems Corp. -- have restated or plan to revise earnings.

``It's getting worse before it gets better," said Howard Silverblatt, an analyst at Standard & Poor's in New York. ``The issue will become more widespread as more companies are coming forward voluntarily instead of waiting for official inquiries."

At least 140 companies have disclosed federal investigations or internal probes of potential stock-option manipulation. The Justice Department, the Securities and Exchange Commission, the Federal Bureau of Investigation and the Internal Revenue Service are among the agencies running civil or criminal probes.

Scratching the Surface

Meantime, investors have filed more than 230 lawsuits seeking compensation for the profits that executives and other employees made from improper grants and the earnings misstatements that may have resulted.

``I think we have scratched the surface," said Derek Meisner, a partner in the Boston office of Kirkpatrick & Lockhart Nicholson Graham LLP who's advising companies he declined to name on whether to terminate executives over stock-option manipulation. ``You are going to see more of it as companies conclude internal investigations and the SEC completes its investigations. This is kind of the tip of the iceberg."

Backdating, the most serious abuse, involves retroactively pegging options to an earlier day when a company's stock was trading at a lower price. When the stock rises, holders of backdated grants can buy shares at artificially low levels and pocket the difference.

If not disclosed to shareholders, backdating can be considered fraudulent. The practice hides compensation costs, reduces income-tax payments and overstates earnings.

Widespread Fallout

Companies from Broadcom Corp. to CA Inc. have said restatements for stock-option errors will cut past earnings by more than $2.5 billion. Not since the probe into improper mutual- fund trading three years ago has a scandal swept up as many companies and led to fallout so widespread. That investigation resulted in $4.3 billion in penalties.

Most of the companies that found backdating or other errors in stock-option grants have said the practices weren't deliberate and didn't take action against any executives or board members.

San Francisco-based Cnet is among the exceptions. The company said in a statement today that a special committee of its board, assisted by law firm Davis Polk & Wardwell, found evidence of backdating from 1996 to at least 2003.

Cnet said several executives, including Bonnie, ``bear varying degrees of responsibility for these deficiencies." Neil Ashe, the company's head of strategy, replaced Bonnie as CEO. Jarl Mohn, former CEO of Liberty Digital Inc. and E! Entertainment Television, will be non-executive chairman of Cnet's board.

`I Apologize'

``I apologize for the option-related problems that happened under my leadership," Bonnie, who helped start Cnet in 1993, said in the statement. ``I believe that the company has come a long way since 2003 in addressing these deficiencies, but am deeply disappointed it happened nonetheless."

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General Counsel Sharon Le Duy and the head of personnel, Heather McGaughey, also left because of the options investigation, Cnet said. The company previously disclosed probes by the U.S. Attorney for the Northern District of California and the SEC.

McAfee said director Dale Fuller will take over as president and interim CEO until a replacement is found. Director Charles Robel will become non-executive chairman. Chief Financial Officer Eric Brown declined to elaborate on the ouster of Weiss, 50, during a conference call.

`My Watch'

``If the CEO is somehow culpable then dumping the CEO allows the company to tell regulators that the options problems were a legacy issue and we have established a new tone at the top," Meisner said.

Santa Clara, California-based McAfee began an internal review of stock options in May. It fired General Counsel Kent Roberts less than two week after finding problems with at least one grant. In June, the SEC subpoenaed McAfee as part of a formal investigation. The company was subpoenaed by federal grand jury in August.

McAfee's internal investigation is now largely over and the company plans to file restated results ``as soon as practicable,'' Brown, the CFO, said on the call today.

``I regret that some of the stock-option problems identified by the special committee occurred on my watch," Samenuk, 51, said in a statement today.

Penalty Box

Under Samenuk, whom it hired in 2001, McAfee cleaned up its accounting and settled lawsuits that claimed former CEO William Larson misstated the company's financial condition. McAfee said its restatement for improper options grants will cover a decade's worth of financial statements and probably will cut pretax earnings by $100 million to $150 million. The company previously said it expected to restate three years of results.

Shares of McAfee rose 85 cents, or 3.3 percent, to $26.64 at 4:03 p.m. in New York Stock Exchange composite trading, the highest level since May. The stock has fallen 1.8 percent this year.

Separately, Cnet lowered its third-quarter and full-year revenue forecasts, sending its shares down 7.7 percent. The company's third-quarter results will be delayed because its options probe is continuing. Cnet shares fell 76 cents to $9.14 on the Nasdaq Stock Market.

Management changes are ``the first step for the company out of the penalty box," said Daniel Ives, a New York-based analyst with Friedman Billings Ramsey who follows McAfee and has an ``outperform" rating on the stock. ``Investors can start focusing on the fundamentals again."

CEOs Swept Out By Stock Options Scandal (FINDLAW/AP)

By Michael Liedtke, Ap Business Writer

AP, October 12, 2006

(AP) - SAN FRANCISCO-Companies sullied by stock option chicanery seem intent on cleaning out their executive suites and boardrooms before regulators and prosecutors do it for them.

On Wednesday, the scandal's fallout widened when the chief executives of both McAfee Inc. and CNet Networks Inc. stepped aside to atone for stock option shenanigans that will erase some of the companies' past profits. Santa Clara-based McAfee, a leading maker of computer anti-virus software, also fired its president, Kevin Weiss.

The abrupt departures of McAfee CEO George Samenuk and CNet CEO Shelby Bonnie follow last week's resignation of Apple Computer Inc. board member Fred Anderson - the company's former chief financial officer - after the iPod maker acknowledged its mishandling of past stock options inflated its past profits.

Apple CEO Steve Jobs held onto his job because the Cupertino-based company's internal inquiry cleared him of any misconduct, but other business leaders battling stock option problems won't be so fortunate, predicted Anthony Michael Sabino, a business law professor at St. John's University.

"The day of reckoning is here and there are still a lot of dominoes to fall, both big and small," Sabino said.

McAfee shares gained 85 cents to close at $26.64 on the New York Stock Exchange while shares of CNet, which runs a stable of technology news and entertainment Web sites, fell 76 cents, or more than 7.6 percent, to close at $9.14 on the Nasdaq Stock Market.

The stock option practices of at least 135 companies are under government investigation or internal review.

Most of the inquiries are focused on a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween.

A federal government task force looking for evidence of stock option malfeasance is now based in San Francisco.

Companies that cooperate with the government and take steps to clean up their books have the best chance of avoiding legal trouble, said Eumi Choi, a federal prosecutor who is chairing the task force.

"That's something we will seriously consider when taking action, Choi said. "What's really called for here is a transparent process."

Perhaps the most famous executive caught up in the options scandal is Jacob "Kobi" Alexander, the fugitive former CEO of software company Comverse Technology Inc. He's in the southern African nation of Namibia, awaiting extradition to the United States to face charges of manipulating options.

Another former Silicon Valley CEO, Gregory Reyes of Brocade Communications Systems Inc., is fighting criminal charges tied to his alleged mishandling of stock options at that San Jose-based company.

Neither McAfee nor San Francisco-based CNet elaborated on the reasons why they parted ways with their CEOs, but the financial problems caused by the improper accounting of stock options appear to be a pivotal factor.

McAfee said it expects to absorb charges of $100 million to $150 million to correct the errors. CNet hasn't specified how large its restatements will be other than to say they will be "material."

Wednesday's developments signal the jobs of other CEOs may be on the line if stock option improprieties force their companies to make substantial revisions to their financial statements, said Michael Koenig, a former federal prosecutor now working at a Washington, D.C. law firm.

"The bigger the restatement, the more likely you will see people falling on their swords, rightly or wrongly," he said. "This issue isn't going away soon, by any stretch of the imagination."

The Securities and Exchange Commission is focusing its stock option investigation on companies forced to make big changes to their past profits, said Marc Fagel, head of enforcement in the agency's San Francisco office.

The SEC expects to impose civil fines on some companies and make criminal referrals on others. "There's always fraud versus recklessness and calls will have to be made," Fagel said.

CNet said there wasn't any sign that Bonnie, a company co-founder, engaged in intentional wrongdoing and allowed him to stay on the board. McAfee didn't elaborate on Samenuk's role in its stock option trouble, but he expressed regret for letting it happen on his watch.

Still, the stock option-induced departures of Bonnie and Samenuk "are like red meat for prosecutors and regulators," Koenig said.

The actions of McAfee and CNet may sway other corporate boards to come down hard on their CEOs to signal they have zero tolerance for reckless accounting even if there is no evidence of intentional misconduct, said James Post, a Boston University professor who focuses on corporate governance.

"This kind of lifts the bars for all the other companies" with backdating problems, Post said. "The burden of proof is starting to shift. The executives involved in this may have to prove they are very clean if they want to keep their jobs."

AP Legal Affairs writer David Kravets contributed to this story.

Stock-option Probes Lead To Exit Of Top Execs At McAfee, CNet (MERCN)

By Ryan Blitstein

The San Jose Mercury News, October 12, 2006

McAfee's chairman and chief executive, as well as its president, will step down after revelations of stock-option backdating at the Santa Clara security software company, the company announced today.

Chairman and CEO George Samenuk will retire, and company President Kevin Weiss was terminated by its board of directors.

``The board has had to make some very difficult decisions, in the last 24 hours but we believe they were in the best interests of the McAfee shareholders," said McAfee board member Dale Fuller in a conference call this morning with financial analysts. Fuller, former CEO and president of Borland Software, will take over as the company's interim CEO and president.

A similar review at online media company CNet Networks in San Francisco led today to the resignation of co-founder and Chief Executive Shelby Bonnie.

The three executives are the latest casualties in a scandal that has ensnared more than 120 U.S. companies, about one-fourth of them in Silicon Valley. The businesses either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews.

Backdating involves changing the dates on the paperwork on options to a day when stock prices were lower, giving recipients a better chance for quick paper profits. Many companies under investigation have warned they will need to restate past financial reports because option abuses led them to overstate their profits.

McAfee said it would have to restate earnings from the last 10 years by $100 million to $150 million.

Fuller spent much of last night and the early-morning hours breaking the news to McAfee senior managers around the world.

``I don't believe that we'll have any disruption of business," he told analysts. ``My job is really to stay partially out of their way and to help clear away any of the deck that might be causing any friction or struggles for them."

In mid-May, McAfee admitted it was in informal discussions with the SEC about possible backdating, and launched the internal investigation. Later that month, the company fired general counsel Kent Roberts in connection with the review.

In June, the company said it had received a subpoena for documents from the SEC for a formal investigation. Several McAfee shareholders have also initiated lawsuits against the company.

At CNet, Executive Vice President Neil Ashe has been appointed CEO, and Charles Robel has been named board chairman. Jarl Mohn, a former MTV and VH1 executive and founder of E Entertainment Television, has been named CNet's non-executive chairman.

The company said it will release its quarterly earnings reports as scheduled on Oct. 23, but will be delaying its 10-K earnings filing with the SEC.

CNET General Counsel Steps Down Over Stock Options Probe (LAW)

By Justin Scheck And Jessie Seyfer, The Recorder

California Recorder, October 12, 2006

It's not clear whether the latest lawyer to go down because of stock option backdating was involved in the actual decision to award suspect options.

But a Recorder review of SEC filings shows CNET General Counsel Sharon Le Duy did receive grants when the stock was trading at quarterly lows.

CNET announced Wednesday that an internal probe found "deficiencies with the process by which options were granted at CNET, including in some instances the backdating of stock options grants" from 1996 through at least 2003. Le Duy and CEO Shelby Bonnie stepped down, along with the company's human resources chief.

The announcement also said "a number of executives of the company ... bear varying degrees of responsibility" for backdated grants, though it didn't specify who those executives are.

Le Duy's lawyer, Melinda Haag of Orrick, Herrington & Sutcliffe, says her client is in the clear.

"Sharon did not participate in or know about any intentional misstating of stock options at CNET," said Haag.

But according to SEC filings, between 1999 and 2003 Le Duy received six options awards, and four of them came at quarterly lows in share price.

The odds that four of six grants would come at quarterly lows is less than one in 880,000, according to an equation provided by Erik Lie, the University of Iowa professor whose research on options grants raised awareness of the backdating phenomenon earlier this year.

The questionable grants given to Le Duy came in 2000, 2001 and 2003. And while they at one time had considerable paper value, Le Duy -- like so many others during the tech boom -- soon ended up having many of her options buried by a plummeting stock market.

Share price was certainly on an overall decline in April of 2000, when Le Duy received the option to purchase 30,000 shares dated April 17. CNET stock was trading at $24.625, which was its lowest price in well over a year.

The stock immediately jumped, hitting $31.50 within two days, and it surpassed $41 less than a month later.

Later in 2000, Le Duy got a much larger grant -- the option to purchase 60,000 shares -- dated Oct. 18, and priced at $18.875. Leading up to that date, the company's share price saw a steady decline. After bottoming out at $18.875, it immediately began rising, exceeding $30 on Oct. 26 before plummeting.

Le Duy never got a chance to profit from these two option grants, as the company eventually exchanged them for a lower-priced award in 2003.

The company did not exchange all of Le Duy's options, though.

Suffering like the rest of the tech industry, CNET saw its share price fall from more than $10 in August 2001 to $3.20 on Oct. 2. On Oct. 8 -- when Le Duy received 60,000 options -- it was priced at $3.42.

It then began a steady increase, hitting $9 by the end of November. It is unclear whether Le Duy ever exercised all of these options.

A fourth grant, in 2003, also came at a quarterly low. After surpassing $5 in early June of that year, CNET's share price hit $4.65 on June 24. On that day, Le Duy received the option to purchase 125,000 shares.

While the grant doesn't appear to have been backdated -- it was reported to the SEC within two days of being awarded -- it came before the company announced favorable financial results on July 22. The stock began a steady rise, hitting $7.34 by the end of July.

"Sharon has always acted with integrity with regard to CNET's stock options grant process and in all other regards," she added. "Given that she was a senior officer for part of the time at issue, however, Sharon recognized that her resignation would best help the company move forward."

A Boalt Hall graduate, Le Duy joined CNET in November 1999 after serving as senior counsel for AirTouch Communications. Before that, she worked as an associate for Latham & Watkins, according to the CNET Web site.

CNET's attorney, Latham & Watkins' Patrick Gibbs, referred questions about the reasons behind Le Duy's resignation to CNET spokeswoman Sarah Cain. Cain declined to comment, saying that any information the company was ready to release was in Wednesday's press release.

Le Duy's departure Wednesday came along with news that the chief executive of computer security firm McAfee Inc., George Samenuk, the target of a federal stock-options accounting probe, also stepped down.

McAfee General Counsel Kent Roberts stepped down in May after an internal investigation revealed he had received an improper stock option grant. In August, Northern California federal prosecutors sent the company a grand jury subpoena.

Roberts' attorney, Cooley Godward Kronish's Stephen Neal, did not return a call seeking comment on the latest McAfee resignation.

Court Denies United Request To Stop State's Options Probe (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, October 12, 2006

Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled.

Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled.

Higgs denied UnitedHealth's request for a protective order to stop Hatch from getting company documents related to the disputed options, which also are the target of investigations by federal regulators, the Internal Revenue Service, the Justice Department and a special independent internal review committee.

UnitedHealth argued that Hatch's civil investigative demands for corporate documents had no jurisdiction under state law and would be an undue burden to the Minnetonka-based company.

Higgs disagreed, saying the material sought by Hatch "is clearly relevant and essential" to the attorney general's investigation to determine whether top executives got favorable treatment in the dating of their stock options.

"UnitedHealth presented no evidence suggesting that it will suffer undue burden if the requested discovery is permitted," Higgs said in a memorandum Wednesday accompanying his ruling.

Hatch and other investigators are attempting to determine whether UnitedHealth's option program allowed top executives to accumulate large numbers of options at low prices and reap large profits when they later exercised the options at a significantly higher share price.

The company said it plans to appeal the ruling.

"While we respect the court's decision, we continue to believe that the attorney general is overstepping the limits of his investigative authority in this matter," the company said in a prepared statement. "UnitedHealth has been and is cooperating fully with the ongoing reviews by federal regulators who have jurisdiction and expertise concerning the issues in question, and by the independent committee of the board of directors supported by outside counsel."

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Backdating To The Future (WSJ)

The Wall Street Journal, October 12, 2006

The options "backdating" backlash continues to cut a swath through corporate management, with executives at CNET Networks and McAfee Inc. getting the ax yesterday after internal probes. While there's no excuse for false reporting to shareholders, the worst reaction to this mini-scandal would be for Congress to overreact.

For one thing, the practice is undeniably in the past, a legacy of the 1990s' stock-market bubble and pre-Sarbanes-Oxley accounting rules. For another, the practice has now been suspected or detected at so many companies -- 115 at last count -- that its alleged perfidy is being diluted by its ubiquity. Are all of the CEOs, CFOs and general counsels at all of these companies greedy and corrupt? Seems unlikely. Maybe these managements were trying to fulfill an important business purpose -- attract and retain key talent in a competitive labor marketplace -- and merely ran afoul of ambiguous option accounting standards.

The Justice Department and SEC are investigating, which is fair enough. But watch out for Senate Finance Chairman Charles Grassley, who has begun to rumble about eliminating the tax deduction for performance-based pay, such as stock options. He's liable to make things worse.

At a recent Senate hearing, neither SEC Chairman Christopher Cox nor Deputy Attorney General Paul McNulty expressed any enthusiasm for such a legislative "fix." And Chairman Cox noted the irony of Congress's own role in promoting options compensation: Stock-option issuance to top execs ballooned in the 1990s after Congress capped the tax deductibility of salaries at $1 million in 1993.

"As a Member of Congress at the time, I well remember that the stated purpose was to control the rate of growth in CEO pay," Mr. Cox said. "With complete hindsight, we can now all agree that this purpose was not achieved. Indeed, this tax-law change deserves pride of place in the Museum of Unintended Consequences." The de facto salary cap's main effect was to divert compensation into other, tax-advantaged, modes -- such as stock options.

Mr. Cox was too polite to fill in the blank for the tub-thumping populist who lives inside Mr. Grassley, but the implication is obvious. If the Senator is concerned about "excessive" stock-option grants, he might turn his attention to lifting that arbitrary cap

on the deductibility of executive salaries. Senator Robert Bennett of Utah has proposed exactly this. But Mr. Grassley would rather "fix" one government-caused distortion in the incentives for executive pay by layering on another. The tale of the woman who swallowed the spider to catch the fly comes to mind.

Then there is the related, but separate, question of "spring-loading" options by granting them just ahead of news that could reasonably be expected to give the stock price a favorable result. SEC Commissioner Paul Atkins courted criticism in July when he gave a speech defending spring-loading options grants. He noted at the time that, because there was no counterparty to the transaction, there could be no question of insider trading when an options package was approved ahead of good news.

The legality of this practice remains uncertain. In some recent (and extreme) cases, investigations have resulted in settlements with the SEC over well-timed grants. While critics have raised fairness questions, few are pretending that spring-loading and backdating are in any way equivalent.

Keep in mind that executive stock options generally vest over a period of years, far too long for a momentary blip in the stock price to equate to a guaranteed profit. But, other things being equal, granting options at a lower price allows the company to issue fewer options. By way of analogy, take restricted stock, which is effectively a stock option with a strike price of zero. Is restricted stock "unfair" because it has no strike price? The question answers itself. Restricted stock merely allows a company to offer similar compensation with a somewhat different risk-reward balance.

As to whether the executives thus favored with spring-loaded options somehow "unfairly" benefit, the case of Brocade, one of the most infamous of the alleged backdaters, is instructive. For all the huffing and puffing over Brocade's alleged systematic backdating, most of the options in dispute are still under water owing to a collapse in the company's stock price between their issuance and their vesting. Only one executive exercised any of the options in question at all after the company's 1999 IPO. Neither spring-loaded nor backdated options are anything like a surefire road to riches.

This is not to say that falsifying records or failing to disclose compensation practices to shareholders is OK. Shareholders deserve full disclosure from the executives and directors who work for them. But before the dudgeon gets too high, let's bear in mind that this problem is already in the past. And if Congress wants to "fix" it, the Members could do worse than to revisit their own role in creating the problem in the first place.

Enron's Skilling Asks To Remain Free On Bail During His Appeal (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, October 12, 2006

Former Enron Corp. chief executive Jeffrey K. Skilling is asking a judge to let him remain free while he appeals his conviction on 19 fraud, conspiracy and false-filings charges, according to court papers filed by his defense team.

Skilling, 52, faces more than two decades in prison when he is sentenced in a Houston federal court. Under the federal system, he must serve at least 85 percent of his sentence. U.S. District Judge Simeon T. Lake III could order Skilling into custody immediately after the court proceeding, set for Oct. 23.

But defense attorneys this week launched a preemptive strike, asking the judge to allow Skilling to remain free on bail pending his appeal. Alternatively, attorneys requested that Skilling be allowed to surrender to the Bureau of Prisons on Jan. 2, or no earlier than Nov. 27. He presents no flight risk and is not "a threat to society," attorney Daniel M. Petrocelli wrote.

Skilling has had other legal troubles since his May conviction. Earlier this month, he paid $385 to resolve a misdemeanor public-intoxication charge filed in Dallas.

To remain free during the appeals process, Skilling must prove he will raise substantial issues that are likely to result in a reversal of his conviction.

Lawyers cited three key issues they will bring up in the coming appeal: an instruction that allowed jurors to consider whether Skilling turned a blind eye to accounting fraud that took place on his watch, alleged jury bias in Enron's Houston home town, and a lack of access to former insiders at the energy-trading company.

The Justice Department's Enron Task Force has yet to respond to the defense motion.

Filings Illuminate IPO's Bumpy Ride (WP)

By Griff Witte

The Washington Post, October 12, 2006

For 37 years, Science Applications International Corp. has been owned by its employees. In that time, the company has grown from nothing to an $8 billion giant that does some of the government's most sensitive work in intelligence, homeland security and defense.

But within days, those employees -- 43,100 of them, more than a third of whom live in the Washington area -- will have to learn to share their company with people who have never before had the chance to own SAIC stock: members of the public.

SAIC shares could begin trading on the New York Stock Exchange as soon as tomorrow in an initial public offering estimated to be worth $1 billion, which would be among the largest IPOs ever in the defense industry.

The shift to a public company is the culmination of a broader transformation for SAIC of San Diego, which has grown significantly in recent years and is gunning to move into the top tier of contractors. But SAIC has stumbled several times along the way. In recent public filings, it has had to acknowledge that more problems lie ahead as the government market flattens and as it continues to be dogged by questions about its performance.

"The thing that really stands out to me about this IPO is how difficult it's been for the company," said Philip Finnegan, director of corporate analysis at Teal Group Corp., a market research firm. The offering is "smaller than they were originally talking about. It's been delayed so long. And now they've had to admit some programmatic embarrassments."

As with all companies that plan to go public, SAIC was required to disclose the risks of buying its stock in a filing with the Securities and Exchange Commission. That filing shows that the company lost $123 million on a contract with the government of Greece to provide security at the 2004 Olympics in Athens, and it could lose substantially more. Greek authorities have long maintained that SAIC did not meet its obligations under the contract, and that they should get their money back.

SAIC has also been criticized for its work on other high-profile projects, including the FBI's case-management system, data-mining software for the National Security Agency and a television station for post-invasion Iraq.

A spokeswoman for SAIC declined to comment because the company is in its "quiet period" before the IPO. But the firm has defended its work in the past.

SAIC was supposed to go public earlier this year, but the company put off the IPO because it first wanted to resolve problems with the Olympics contract. The delay was ill-timed. The government contracting industry had been flying high as of early 2006, reaching the peak of the boom that followed the Sept. 11, 2001, terrorist attacks. Since then, revenue and profit have begun to level off, as have company stock prices. SAIC had originally indicated it planned to raise as much as $1.7 billion with its IPO, but a softer market meant that it had to set its sights lower.

Still, the IPO promises to be lucrative for SAIC employees, who would initially hold 81 percent of the company's shares. Not only will employees be able to sell their stock on the public market, but they will also receive a substantial dividend. SAIC has said it would return all the proceeds of its IPO and then some -- $1.6 billion to $2.4 billion in all -- to its current shareholders.

Company directors and top executives would benefit most from that arrangement, as they are the biggest stockholders. Chief executive Kenneth C. Dahlberg, for example, owns 335,927 shares, according to company filings.

But average employees would also gain if the stock performs well, and that could have ripple effects on the regional economy. SAIC is the region's fourth-largest private-sector employer with around 16,000 workers locally, many of them well-paid engineers, consultants and scientists who possess high-level government clearances and work side by side with government employees on top-secret programs.

"If experience is any guide, there will be a real impact here in terms of spending and wealth creation," said Anirban Basu, chief executive of the economic consulting firm Sage Policy Group Inc. "Often, people who find themselves in a lot of money in a short amount of time are in the habit of making a big-ticket purchase -- and perhaps several of them. This is the type of thing that gives berth to Ferraris and Bentleys."

SAIC could make some big-ticket acquisitions of its own. Dahlberg joined the company in late 2003 with the goal of rapid growth, after decades of steady expansion under founder J. Robert Beyster. Since 2004, revenue is up by more than $2 billion, and profit has more than doubled as SAIC cashed in on rising demand for high-end technology and personnel after the 2001 attacks.

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"They've got whole buildings out there in Tysons Corner that are funded by agencies that we're not going to even talk about," said John E. Pike, director of GlobalSecurity.org, a Web site that tracks the defense and intelligence sectors. "They must be doing something right."

Dahlberg, a veteran of General Dynamics Corp. in Falls Church, has made no secret that he wants to put SAIC in the same league as contracting behemoths such as Lockheed Martin Corp., Northrop Grumman Corp. and General Dynamics. He has streamlined the company's structure, which had been famously decentralized, with company units sometimes competing against each other for the same work.

The IPO is intended to help the company grow even more because it would free capital that had been used to buy back employee stock. Trading is to begin at $13 to $15 a share. Fourteen dollars a share would give SAIC a market value of $5.6 billion.

But some worry that SAIC could lose something after it joins the ranks of public companies. Retired Adm. Bobby Ray Inman, former head of the NSA and an SAIC board member for two decades, said employee ownership was what drew him to the company.

"For me, the principal value of the employee-owned culture was the focus on integrity and accountability," said Inman, who left the board several years ago. "Will that be maintained now? I don't know."

Money Rules Behind Soaring Executive Pay, Decades Of Failed Restraints (WSJ)

By Joann S. Lublin And Scott Thurm

The Wall Street Journal, October 12, 2006

In 1993, activist investor Ralph Whitworth shuttered United Shareholders Association, a group that was trying to tackle the contentious issue of executive pay. It looked as if his work was done.

Federal securities regulators had just forced companies to reveal details about pay and perks for top officials, in some cases for the first time. The changes would "make boards think twice" before approving compensation plans that couldn't be justified, Mr. Whitworth recalls thinking. Around the same time, Congress attacked executive pay for the second time in a decade by removing tax breaks on compensation above one million dollars.

Since then, the average pay for chief executives of large companies has quadrupled, according to Kevin Murphy, a professor at the University of Southern California's Marshall School of Business. The average last year was $10.5 million, a figure that includes salary, bonus and the value of stock and stock-option grants.

There are many reasons why Mr. Whitworth was mistaken in his prediction, including the bull market of the 1990s, cozy corporate boards and CEOs striving to keep pace with highly paid athletes and entertainers. What's often overlooked is the role of all the efforts -- by Mr. Whitworth and many others -- to limit CEO compensation. For more than two decades, critics tried to slow skyrocketing pay through regulations, legislation and shareholder pressure. Few of their tactics worked. Many backfired.

As it turns out, disclosure requirements can push pay higher by revealing to CEOs what their peers receive. Limiting one type of compensation often encourages new types of pay, such as stock options, which were pushed as a solution only to become tainted by scandal. Now that shareholders are quicker to push out poorly performing chiefs, CEOs are seeking more financial guarantees. And if companies turn to outsiders, they often have to pay extra.

Curbing executive compensation is "like moving Jell-O," says Kayla Gillan, the former general counsel of the California Public Employees Retirement System, or Calpers, the nation's largest public pension fund. When it's limited in one area, "it squirts out in another."

Mr. Whitworth disputes the idea that advocacy like his helped make things worse. "To say there's a causal relationship between reform efforts and high executive pay is not logical," the veteran shareholder activist says. Instead, he says he and his peers erred in not focusing on company compensation committees and their lack of accountability to investors. As a result, he says, "CEOs still get whatever they can."

In recent years, CEOs have raced ahead of other Americans, including their own lieutenants. Mr. Murphy calculates that average CEO pay was 369 times as much as the average earned by a worker last year, compared with 131 times in 1993 and 36 times in 1976. Meanwhile, the average U.S. paycheck has barely kept ahead of inflation in recent years.

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Carola Frydman, a finance professor at the Massachusetts Institute of Technology's Sloan School of Management, says the pay gap between CEOs and other executives at the same company has doubled since the 1960s.

Charles Munger, vice chairman of Warren Buffett's Berkshire Hathaway Inc., and a longtime business partner of the famed investor, describes executive compensation as "wretched excess." In an interview, Mr. Munger says he hears complaints even from "Republicans who grumble on the country-club porch" about the resulting political turmoil over the pay question. They're "mad at corporate America," he says.

The Securities and Exchange Commission recently set forth another set of rules governing the expanded disclosure of top executive pay and benefits. For the first time, it required that companies reveal top executives' "total compensation." Investors, too, are intensifying efforts to limit pay. They're embarrassing some highly paid CEOs, trying to change corporate bylaws and seeking to replace directors who bless exorbitant packages.

There are already doubts as to whether these moves will be any more effective than prior efforts. According to a survey by the University of Southern California and executive-search firm Heidrick & Struggles International Inc., 64% of directors say they expect CEO cash compensation to continue to rise; 58% say they expect stock compensation to continue to rise.

Many CEOs say they're paid what they're worth. The Business Roundtable, a group of big-company CEOs, says compensation has roughly kept pace with stock-market returns for the past decade. Using different methodology than that employed by Mr. Murphy, the group says the typical CEO makes 179 times as much as a typical U.S. worker.

"I made a lot of money. I became wealthy," says Harvey Golub, CEO of American Express Co. from 1993 to 2000. "My shareholders became even wealthier."

During Mr. Golub's tenure, American Express's shares rose more than sixfold and its market capitalization climbed to $65 billion from $10 billion. "How much of that $55 billion should I get?" he asks.

Mr. Golub was paid roughly $57 million in salary, bonus and restricted stock over eight years. He also exercised options to buy shares valued at $92 million. When he stepped down as CEO, he held options valued at $114.5 million and received an additional 990,000 options. Because he soon after retired as chairman, investors don't know how much Mr. Golub made from exercising those options. He declines to divulge the figure. Mr. Golub is a director of Dow Jones & Co., publisher of The Wall Street Journal.

In his 1936 State of the Union address, President Franklin D. Roosevelt railed against "entrenched greed" at American corporations. At the time, the average compensation for the top executive of a big company was about $95,000, according to MIT's Ms. Frydman, equivalent to $1.4 million in today's dollars.

Reflecting the more egalitarian societal values, as well as punitively high marginal tax rates, executive pay barely budged in the prosperous post-World War II decades. In 1970, Ms. Frydman says, average CEO pay was no more, adjusted for inflation, than it was in 1940.

Then, in the late 1970s, the culture of pay started to change. After a decadelong bear market soured executives on stock and stock options, they began to seek out other forms of compensation, aided by a budding industry of pay consultants. Among the most inventive CEOs was the late Steven J. Ross, chief of Warner Communications Inc. and later Time Warner Inc.

The son of an oil-burner salesman, Mr. Ross built a media empire from a chain of funeral parlors and parking lots. He weathered a federal investigation, fought with partners and investors and fended off takeover attempts from Rupert Murdoch, among others.

In 1981, Mr. Ross took home more than $22 million, including gains on stock options, making him the first executive to crack $10 million in annual compensation, according to Mr. Murphy.

In addition to a salary and a bonus pegged to Warner's profits, Mr. Ross received a dizzying array of other types of compensation, including stock, stock options and multiple forms of deferred compensation. Between 1973 and 1989, he took home $275 million, according to Graef Crystal, a former compensation consultant who is now a columnist and critic of executive pay.

The 1980s witnessed a flourishing of different types of compensation, following President Reagan's deep cuts in the top rates of income tax. Some of the techniques were seemingly unrelated to performance, such as "signing bonuses" for new CEOs

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and "guaranteed bonuses." In 1981, Occidental Petroleum Corp. CEO Armand Hammer was promised a bonus of at least $240,000.

Golden Parachutes

Another new technique was the "golden parachute," a sizable sum promised to executives if their company was taken over. Without such assurances, boards worried that executives might oppose a deal that was good for shareholders out of concern for their own futures.

In 1983, Bendix Corp. CEO William J. Agee received $3.9 million over five years after his aerospace, auto-parts and machine-tools concern was acquired by Allied Corp., an industrial conglomerate. It was one of the decade's first bruising takeover battles, sparked by Mr. Agee when he tried to buy aerospace and defense firm Martin Marietta Corp. The size of his parachute, as well as the circumstances in which it was paid, created a furor.

The following year, Congress slapped a special tax on golden parachutes. "The Bill Agee Bill," as some at the time dubbed it, taxed awards valued at more than three times an executive's average compensation over the previous five years.

Rather than curbing pay, the law had the opposite effect. Despite a few well-publicized examples, golden parachutes were rare before Congress intervened. In a survey of companies named in either the Fortune 1000 list or the S&P 500 index, a mere 8% gave at least one executive a golden parachute before the law was passed. By taxing parachutes at a certain level, Congress in effect blessed their existence. It also gave the technique a publicity boost.

Baxter International Inc. adopted golden parachutes for its CEO and 22 other officers for the first time in 1985, promising executives twice their annual salary and bonus. A Baxter spokeswoman says the parachutes came at a "tumultuous" time of mergers in the industry.

By 1991, more than half of the top companies in the survey provided parachutes to certain executives, according to Executive Compensation Reports, a newsletter.

The parachute law also spawned a new form of compensation: payments to cover the new taxes. By 2004, 77% of 1,000 public concerns tracked by consulting firm Towers Perrin offered such tax compensation, known as a "gross up," compared with 10% in 1987.

James F. Reda, a New York pay consultant who began working in the field in the late 1980s, recalls: "It was an easy argument to sell to boards, that it's just money going to the government, so why penalize these people?"

Critics of executive pay say boards, stocked as they often are with CEOs and retired CEOs, rarely need to be sold on pay packages. Mr. Buffett, well known for his dislike of ostentatious compensation, joined the compensation committee of Salomon Inc. after taking a stake in the investment bank in the late 1980s. In 1990, when Salomon's profit declined, Mr. Buffett voted against bonuses for top executives, a rare event inside U.S. boardrooms. Mr. Buffett was outvoted and hasn't been asked to serve on a compensation committee since.

Compensation panels are "tail-wagging puppy dogs meekly following recommendations by consultants," Mr. Buffett wrote in his 2002 letter to Berkshire shareholders. For an outside director to oppose these recommendations "would be like belching at the dinner table."

In spring 1990, Richard Koppes, then general counsel of Calpers, convened a meeting of corporate lawyers and activist investors at Morton's Steakhouse in Washington, D.C. Ira Millstein, a New York attorney and longtime adviser to the boards of General Motors Corp. and Walt Disney Co., urged investors to focus on executive pay. "You shareholders can do something about it," he said.

To better align CEO pay with shareholder returns, activists started urging a wider use of stock options. Options give the holder the right, but not the obligation, to buy shares at a specified price. They become valuable only when a company's share price increases.

Calpers began publishing a "target list" of overpaid, underperforming CEOs. Its initial top target was Rand Araskog, chief executive of conglomerate ITT Corp. Mr. Araskog, the son of Swedish immigrants, graduated from West Point. After fending off corporate raiders, he spent a decade dismantling ITT, a sprawling conglomerate whose businesses stretched from telephones to timber. In 1990, Mr. Araskog's compensation rose 82%, to $7.3 million, the same year ITT shares fell 18%.

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In September 1991, Mr. Araskog met Mr. Whitworth, the investor activist, at the offices of his group, United Shareholders. "I'm tired of being the poster boy for executive compensation," Mr. Whitworth recalls Mr. Araskog saying. "What would you do?"

On a yellow legal pad, Mr. Whitworth sketched a plan that paid a modest cash compensation and plenty of options. Mr. Araskog "tore it off and took it with him," Mr. Whitworth says. Two days later, the chairman of ITT's compensation committee chairman called Mr. Whitworth and declared, "Rand is going to take you up on your offer." Mr. Araskog says he doesn't dispute Mr. Whitworth's recollection.

As a result, ITT gave Mr. Araskog options for the first time -- 170,000 with an initial value of $3.5 million. The board also revamped its long-term performance plan and moderated Mr. Araskog's salary increases. The CEO received a 6% raise in 1992, down from a 17% raise the year before. Mr. Araskog says ITT embraced options partly because making money under the old performance plan was "next to impossible."

With subsequent grants, Mr. Araskog held options valued at $17.8 million by the end of 1995 when ITT broke itself up and sold off the pieces. He retired in 1998 and received $15 million in severance.

Other top CEOs took up the concept. In 1990, H.J. Heinz Co. CEO Anthony J.F. O'Reilly received options to acquire four million shares. The following year, Leon Hirsch, chief of medical-products company U.S. Surgical Corp. received options for 2.75 million shares valued at $170 million, more than 100 times his annual salary and bonus.

At the time, "we never saw an [option] plan we didn't like," Mr. Whitworth recalls. "People would say, 'How much is too much?' We said, 'The sky's the limit as long as it's tied to stock options,' which we equated to performance."

Shareholders expected option grants would displace other types of compensation. More often, they were doled out as an extra. As chairman and CEO of Chase Manhattan Corp., Walter V. Shipley received a $750,000 salary and options for 90,000 shares in 1993. Four years later, he was granted options for 240,000 shares, with an estimated value of $3.8 million. Mr. Shipley's salary rose, too, to $950,000.

The huge option grants began to trigger enormous paydays. In 1992, Disney CEO Michael Eisner exercised options valued at nearly $127 million. The former studio head reshaped and revived Disney in the 1980s and Disney's share price had risen tenfold.

Amid the economic downturn and corporate restructurings of the early 1990s, complaints about such awards found receptive audiences. In 1992, Democratic presidential candidate Bill Clinton made executive pay a campaign issue. Washington responded.

The SEC said it would require more disclosure about compensation, particularly stock options and executive perks. The following year, after Mr. Clinton was elected, Congress decided companies could no longer take tax deductions on executive compensation of more than $1 million, unless it was related to performance.

Neither approach slowed the upward march of executive compensation. In fact, the disclosure rules allowed CEOs to see what others were getting, encouraging a competitive spiral. The tax law, meanwhile, drove up the compensation of CEOs who were making less than $1 million. Executives considered the cap a "minimum wage for CEOs," says Mr. Koppes, the former Calpers official.

SEC Chairman Christopher Cox recently said the 1993 law belongs in "the Museum of Unintended Consequences," because it encouraged the growth of "less transparent forms" of pay, such as pensions and deferred compensation.

Ignoring the Caps

Some companies felt free to ignore the caps altogether, especially as they wooed outsiders, a tactic increasingly used by boards to fix succession problems. In the 1970s, says the University of Southern California's Mr. Murphy, companies picked outside CEOs about 15% of the time. By the 1990s, that had risen to 27%. Last year, executive-search firm Spencer Stuart says outsiders won 40% of the CEO vacancies at S&P 500 firms.

Eastman Kodak Co. in 1993 wooed George Fisher, the successful chairman and CEO of Motorola Inc. Kodak offered a $2 million salary, more than double what he was earning at Motorola. Kodak didn't seem bothered by having to sacrifice tax deductions on half the $2 million. Mr. Fisher says, "I don't remember that was ever part of the discussion."

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Mr. Fisher says the $2 million figure originated with his attorney, Joseph Bachelder, who had negotiated a similar deal for Louis V. Gerstner at International Business Machines Corp. Kodak also gave Mr. Fisher a $5 million signing bonus, a $1 million guaranteed bonus in both 1994 and 1995, 20,000 restricted shares and more than one million stock options.

"Going outside can be frightful," says Alfred DeCrane Jr., former CEO of Texaco Corp., who has served as a director on four compensation committees. "You can negotiate, but if you want to close the deal, you have to close it."

Defenders of CEO pay say these contracts demonstrate the market value of a successful executive. "There is an incredible shortage of qualified people to manage and lead big companies today," says Kenneth Langone, a veteran Wall Street figure. Mr. Langone is a defender of two executives caught up in pay controversies: Former New York Stock Exchange Chairman Richard Grasso and Home Depot Inc. CEO Robert Nardelli. Mr. Langone chaired the NYSE's compensation committee and is a director and a co-founder of Home Depot.

Mr. Bachelder, who has been negotiating CEO contracts for 26 years, points to another factor: big paydays for athletes, entertainers and money managers. "It's the Michael Jordan principle," Mr. Bachelder says. "If he can get $30 million, I have to get it."

Throughout this time, options remained a favorite pay tool for an important reason -- they were effectively free. Options granted at or above the market price of a stock did not have to be recorded as a company expense in financial results.

Accounting regulators proposed changing this rule in 1993 but backed off following opposition from Congress and Silicon Valley. Then-SEC Chairman Arthur Levitt later wrote in his memoir that failing to support the accounting change was his "biggest mistake" as chairman.

A few directors tried to buck the option fad to little effect. In the early 1990s, shareholder activist Robert Monks persuaded fellow directors of Tyco International Ltd. to pay CEO L. Dennis Kozlowski with restricted stock -- which requires a holder to wait several years before it can be sold -- rather than options. At Mr. Monks's urging, they also decided to deny Mr. Kozlowski a bonus if Tyco's cash flow and earnings didn't grow by at least 15%.

During a 1993 board meeting at a Tyco factory in Michigan, Mr. Monks says, he called for independent board members to meet privately and discuss even tougher ties between pay and performance. Mr. Kozlowski and his predecessor, John Fort, another board member, refused to leave the room, Mr. Monks says. The following year, Mr. Monks was not renominated for the board.

In 1997, Mr. Kozlowski received 3.3 million options after Tyco acquired security firm ADT Ltd. He later swapped some restricted stock for more options. Between 1998 and 2001, Mr. Kozlowski reaped more than $400 million in salary, stock grants and gains from options, according to securities filings. Mr. Kozlowski and his former finance chief were convicted last year of looting more than $150 million from Tyco. Both are serving prison sentences of as much as 25 years, and have appealed their convictions.

Asked for comment, a Tyco spokeswoman would say only that "prior management is no longer in place."

In the bull market of the late 1990s, these awards led to staggering paydays. In general, criticism of such deals was relatively muted as smaller investors also benefited from rising stock prices.

That changed in 2001 when Enron Corp. collapsed in an accounting scandal. Others corporate debacles followed: WorldCom Inc., Adelphia Corp., Tyco. In each case, top executives massaged the books to prop up the share prices that accounted for most of their worth.

In response, the Sarbanes-Oxley Act, passed in 2002, required more timely disclosure of executive-pay deals and required CEOs to return compensation based on financial results that were later restated. The disclosure requirement squelched another pervasive, but little-known, practice of the 1990s, a side effect of the options craze: the "backdating" of stock options. The long-hidden practice burst into public view this year, and now more than 100 companies are under scrutiny for manipulating the timing of option grants to generate even bigger gains for executives.

By 2003, the average option grant fell nearly by half to $3.3 million, according to the University of Southern California's Mr. Murphy. As a result, average CEO compensation actually declined, to $8.7 million in 2003, from $12.8 million in 2000.

The following year, accounting rulemakers finally required stock-option grants to be treated as an expense. Corporate boards responded by distributing fewer options.

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In lieu of options, boards distributed more restricted stock. Some questioned whether this was progress; unlike options, restricted stock retains its value even if share prices decline. Other boards pledged to tie pay more closely to performance.

Big awards are now popping up when executives leave their companies, regardless of performance. As of the end of last year, then-Pfizer Inc. CEO Henry McKinnell accumulated $83 million in pension benefits, according to company filings. He was ousted as CEO in July. During his five-year tenure, Pfizer stock declined nearly 37%. Mr. McKinnell is set to remain Pfizer chairman until his retirement in February.

His pension benefits "were awarded on the basis of many years of service to the company, including years in which the company significantly outperformed the market and its peers," says Dana Mead, head of the Pfizer board's compensation committee, in a written statement.

Golden parachutes are back, too. James Kilts, CEO of Gillette Co., received about $164.5 million in severance and other benefits after the razor maker was acquired by consumer-products giant Procter & Gamble Co. last year. North Fork Bancorp CEO John Kanas received $185 million for selling his Melville, N.Y.-based bank to a rival.

"By the time the payments are disclosed, the CEO is gone," notes Sarah Teslik, a longtime corporate-governance watchdog. "The worst that happens is a day's trashing in the press."

CRIMINAL LAW:

Blagojevich Friend Faces Fraud Charges (SLPD)

By Kevin McDermott, POST-DISPATCH SPRINGFIELD BUREAU

St. Louis Post-Dispatch, October 12, 2006

A federal corruption investigation edged closer to Illinois Gov. Rod Blagojevich on Wednesday, with the indictment of a Blagojevich friend and fundraiser who allegedly conspired with another defendant to extort money from state contractors - some of it earmarked for the campaign fund of "a certain public official."

Blagojevich - a Democrat just 27 days from the end of a re-election campaign in a race that has focused on corruption issues - isn't named in the indictment unsealed in Chicago. U.S. Attorney Patrick Fitzgerald, laying out his case at a news conference, refused to answer repeated questions about whether Blagojevich is the unnamed official for whom the two men were allegedly shaking down contractors.

But the indictment includes allegations that Blagojevich confidant Antoin "Tony" Rezko used "his relationships and influence" in state government to get the other defendant reappointed to a state pension board, so they could continue demanding kickbacks from contractors hired by the board. That board's members are appointed by the governor.

The 24-count federal indictment names Rezko, a close Blagojevich adviser and major fundraiser, and Stuart Levine, a former Blagojevich appointee to the Illinois Teachers Retirement System. It charges attempted extortion, money laundering and mail and wire fraud.

Fitzgerald said Levine is cooperating with investigators. That's likely to put the spotlight on Rezko, 51, a Syrian immigrant and millionaire businessman who has raised hundreds of thousands of dollars for Blagojevich while serving as an unofficial but close adviser to him.

"In the spring of 2004, there was a frenzied effort (by Rezko and Levine) to try to obtain millions of dollars illegally in kickbacks and shakedowns" for themselves and for the unidentified political fund, Fitzgerald said.

In one alleged scheme laid out in the indictment, Rezko and Levine are accused of attempting to prevent one firm from getting a $220 million investment contract unless the firm gave $1.5 million in political contributions to what the indictment identified only as "a certain public official."

The indictment doesn't reveal whether that official is Blagojevich. There's no indication in the indictment that the public official knew about the alleged scheme.

That scheme fell through, Fitzgerald said, after the investment firm threatened to go to the authorities, causing Rezko and Levine to back off.

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The indictment also alleges that Rezko successfully got Levine reappointed to the Teachers Retirement System board so that their schemes could continue. The governor makes all appointments to the board, and it was Blagojevich who reappointed Levine.

Fitzgerald is mum

Fitzgerald turned aside reporters' questions about Blagojevich's possible role. "I'm not going to talk about anyone who's not charged," he said.

He added that the inquiry is ongoing and that it won't be affected by the Nov. 7 gubernatorial election.

"We're going to bring the cases as soon as they're ready to go. . . . We're not going to take a siesta for election season," Fitzgerald said.

Blagojevich has been leading Republican challenger Judy Baar Topinka in polls but has been dogged all year by questions about the continuing federal investigation into people around him.

"The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust - the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible," Blagojevich said in a written statement. "If these allegations are true, the individuals cited in these indictments should be held accountable to the fullest extent of the law. Wrongdoing must be punished."

The Topinka campaign seized on the indictment as further proof of what she calls "pay-to-play" politics under the Blagojevich administration.

"The governor needs to answer questions about how he allowed this to happen," Topinka said Wednesday. "(Rezko) is his right-hand man. . . . He's been involved in every aspect (of the administration).

"The public ought to brace itself, because it sounds like there's more to come," Topinka added.

Second indictment

In a second indictment, Rezko also was charged with defrauding General Electric Capital Corp. out of $10.5 million in loans in connection with a pizza restaurant business.

Arraignment for both indictments was scheduled for Friday. Rezko was out of the country on Wednesday but was being contacted, according to his legal counsel, Stetler & Duffy Ltd. of Chicago.

"Mr. Rezko is innocent of the charges brought against him and is confident he will be vindicated at trial," the law firm said in a written statement. It called the charges "the creation of Stuart Levine."

Levine attorney Jeffrey B. Steinback said Wednesday that Levine "is cooperating, as he has since early this year, and it is his full intention to continue to cooperate," The Associated Press reported.

The allegations are reminiscent of charges originally leveled at people around former Gov. George Ryan, before Ryan himself was accused of wrongdoing. Ryan ultimately was indicted on corruption charges and convicted earlier this year. He is appealing his conviction.

Top Aide To Illinois Governor Is Indicted In Kickback Inquiry (NYT)

By Libby Sander

The New York Times, October 12, 2006

CHICAGO, Oct. 11 — Accusations of political corruption drew closer to Gov. Rod R. Blagojevich of Illinois on Wednesday, as a federal grand jury indicted one of his top advisers and fund-raisers in an alleged kickback scheme involving state pension funds.

The fraud accusations against the adviser, Antoin Rezko, whose ties to Mr. Blagojevich date to the early 1990's, come in the final weeks of a campaign in which Mr. Blagojevich's opponent has made ethics a top issue. That opponent, Judy Baar Topinka, the Illinois treasurer, has kept up a steady refrain reminding voters that four years ago Mr. Blagojevich ran for governor on the promise of cleaning up corruption.

Mr. Blagojevich, a Democrat, was quick to criticize the accusations against Mr. Rezko, whom prosecutors said devised an elaborate plan to extort millions of dollars from investment firms seeking to do business with state pension funds.

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The governor said in a statement that the accusations against Mr. Rezko and another businessman, Stuart Levine, who is expected to plead guilty later this month, were "reprehensible."

Ms. Topinka has tried to distance herself from the scandals that plagued her party under Gov. George Ryan, who was sentenced last month to six and a half years in prison for government corruption, while spotlighting state and federal investigations into the Blagojevich administration's actions in hiring, fund-raising and awarding state contracts.

John McGovern, a spokesman for the Topinka campaign, said, "The Rezko indictment makes clear that the ongoing investigation into corruption in the Blagojevich administration is broad, is deep and is gathering momentum."

Patrick J. Fitzgerald, the United States attorney who announced the indictment, said Mr. Rezko and Mr. Levine developed plans in 2003 and 2004 to obtain $5 million in kickbacks from six investment firms seeking money from two state pension funds.

In one scheme, the indictment alleged, Mr. Rezko and Mr. Levine agreed to tell one investment firm that it would receive money from the pension fund only if it paid them $2 million or made a $1.5 million political contribution to "a certain public official."

Mr. Fitzgerald, speaking at a news conference, declined to name the "certain public official" cited.

"We're not going to comment on anyone not charged," he said, deflecting repeated questions from reporters about Mr. Blagojevich's role in the investigation. He also said the timing of the indictment had nothing to do with the coming election.

Mr. Rezko, who has raised large sums for Democrats and Republicans alike, told The Chicago Tribune last year that he first came to know Mr. Blagojevich in the early 1990's. When Mr. Blagojevich ran for governor in 2002, Mr. Rezko helped raise money and, after Mr. Blagojevich won, became a close political adviser. But he said his ties to the governor were misunderstood.

"I don't do any business with state government," Mr. Rezko told The Tribune, "and have stayed away from it" since Mr. Blagojevich became governor.

Top Blagojevich Adviser Indicted (CHIT)

By Rick Pearson, Ray Long And David Mendell

Chicago Tribune, October 12, 2006

Federal prosecutors alleged Wednesday that Antoin "Tony" Rezko used his influence as one of Gov. Rod Blagojevich's closest advisers and fundraisers to seek millions of dollars in kickbacks and campaign donations from firms seeking state business.

Rezko's indictment comes less than a month before voters must decide whether to re-elect Blagojevich, a Democrat who won four years ago on a platform of ethics reform in the aftermath of the scandal-tarred tenure of George Ryan.

The governor is not accused of any wrongdoing and the indictment does not mention him by name. But the long-rumored charges have been hanging over Blagojevich's campaign for months.

The indictment alleges that Rezko schemed to extort businesses that came before two state boards with the help of co-conspirator Stuart Levine, a campaign contributor re-appointed to the boards by the governor.

Blagojevich, in a Wednesday evening news conference at his campaign headquarters, described Rezko as a friend and supporter. But the governor played down Rezko's extensive influence in the administration, which ranged from recommending appointees to the governor's Cabinet to low-level jobs at the Illinois Tollway. The governor said he had no personal knowledge of any alleged wrongdoing.

"If in fact these allegations relating to Tony are true, he betrayed my trust," Blagojevich said. "He lied to me. He deceived me. But a lot more important than that, he violated the public trust.

"And I feel a tremendous sense of personal betrayal," the governor said. "But no one is above the law and everybody is accountable to the law and God forbid he did these things. And I pray that he didn't, but if he did, he is going to have to be held accountable and answer to that."

Blagojevich's Republican challenger, state Treasurer Judy Baar Topinka, seized on news of the indictment, alleging the governor had violated the public trust by giving Rezko a prominent advisory role.

"My goodness, this man is just so intricately involved with Rod Blagojevich," Topinka said of Rezko while campaigning in Springfield. "You can spin it all you want, but this was his right-hand man."

In announcing the indictment against Rezko, 51, of Wilmette, U.S. Atty. Patrick Fitzgerald said his office was unconcerned about whether its actions would impact the upcoming election. Fitzgerald refused to discuss Blagojevich.

"We're not going to stop momentum or take a siesta for political reasons," Fitzgerald said. "We're not concerned with elections. We're concerned with bringing the cases as soon as they're ready to go."

Rezko, an international businessman and native of Syria, has been out of the country for weeks and his whereabouts had become a concern for federal investigators. Sources said investigators were waiting to see whether Rezko would return from overseas this past weekend. When Rezko did not return, authorities made the unusual decision to unseal the Oct. 5 indictment even though they aren't certain he will return to the United States.

An arrest warrant has been issued for Rezko and Fitzgerald said if he does not appear for his scheduled arraignment Friday, he will be considered a fugitive.

Joseph J. Duffy, Rezko's attorney, issued a statement denying his client committed any wrongdoing and expressing confidence he would be vindicated at trial. Rezko is currently traveling abroad, Duffy said, adding that he was attempting to notify him of the charges and arrange for his return to the United States.

Fitzgerald alleged the actions of Rezko and Levine, who is cooperating with prosecutors, represented "pay-to-play politics on steroids" and said the two engaged in a "frenzied" effort to score kickbacks.

Robert Grant, special agent-in-charge of the Chicago office of the FBI, said the federal investigation, dubbed "Operation Board Game," continues to build and he all but promised more indictments.

"This is a gathering storm of an investigation with a goal of rooting out the parasites that have plagued our public institutions," Grant said. "Our investigative efforts and those of our partners are ongoing, methodical, aggressive and relentless."

Specifically, the indictment alleged Rezko used his influence with top officials in Blagojevich's office in the spring of 2004 to ensure that allies were appointed to or retained seats on a state hospital planning board and the state's Teachers' Retirement System Board, the $36.5 billion pension fund for retired teachers outside of Chicago.

The indictment alleged Rezko worked to secure Levine's reappointment to the pension panel, by using "his relationships and influence with high-ranking State of Illinois officials" so the two could pull off their extortion plans.

The indictment alleged Rezko would exert similar influence to gain the appointment of pension-board members who would be helpful to Rezko and Levine.

In May of 2004, the indictment said, "Rezko instructed a State of Illinois employee responsible for facilitating appointments to state boards to move forward on Levine's reappointment to the [teachers' pension board], and represented that the reappointment had been approved by a high-ranking state official. The high-ranking state official subsequently directed that Levine be reappointed to the [teachers' pension board]."

Blagojevich reappointed Levine to the teachers' pension board in 2004. A year earlier, the governor also reappointed Levine to the state's Health Facilities Planning Board, the agency in charge of approving hospital construction and expansion. Rezko previously served on the hospital panel.

The indictment contended that once Levine's post on the teachers' pension board was in place, Levine would use his power to try to leverage investment firms seeking state business into paying millions of dollars in "finder's fees" that he and Rezko would split or funnel to intermediaries and associates.

Those intermediaries, who were not named in the indictment or charged with wrongdoing, include significant insiders in state Democratic and Republican politics.

In one instance, the indictment alleges that Levine used his influence on the pension board in 2004 to withhold a planned allocation of $220 million in funds unless a kickback of $2 million was paid to a consultant of Rezko's and Levine's choosing or arrange for $1.5 million in campaign contributions to be made to an unnamed public official.

Though the extortion payment was never made, sources close to the investigation said the donations were solicited for Blagojevich's campaign fund.

Prosecutors alleged that Rezko and Levine used an unidentified intermediary to approach the investment firm.

Citing TRS records, Jon Bauman, the teacher fund's executive director, confirmed that the intermediary, identified in the indictment as Individual A, is longtime Springfield powerbroker William Cellini, a pre-eminent Republican fundraiser who has

supported Blagojevich. A federal law enforcement source, speaking on the condition of anonymity, confirmed Cellini was Individual A.

Cellini, who has not been charged with any wrongdoing, did not respond to requests for comment.

While the indictment alleges Rezko and Levine displayed a pattern of attempting to extort several firms, federal prosecutors said Rezko netted $250,000 in a lone instance in which the two succeeded. They said Levine stopped efforts to coax money from other firms after FBI agents interviewed him in May 2004, alerting him to the ongoing investigation.

Levine, a millionaire businessman who was a prominent fundraiser and donor for Blagojevich's 2002 Republican opponent, former Atty. Gen. Jim Ryan, has agreed to plead guilty to corruption-related charges, federal prosecutors said.

Only 11 days before the Nov. 7 election, Levine is scheduled to enter a guilty plea for his role in the pension-fund charges. On Nov. 1, he is to enter another guilty plea regarding kickback charges involving his role at the Health Facilities Planning Board.

Prosecutors said Levine worked with Joseph Cari, a former finance director for the national Democratic Party and a major fundraiser, to try to secure kickbacks and campaign contributions from firms seeking state pension fund business.

In his September 2005 plea agreement, Cari said he was told that pension fund business was steered to firms that made campaign donations under the direction of a high-ranking public official. The unnamed person was described in the plea agreement only as "Public Official A." Blagojevich has denied being that public official.

Cari and Levine traveled with Blagojevich to New York on a fundraising trip following the Democrat's election as governor, which was recorded as a campaign donation to the governor worth more than $4,000.

Shortly after Cari's plea agreement last fall, Blagojevich defended his closest fundraising aides and advisers, including Rezko.

"I have confidence that they do things right," Blagojevich said then. "They don't break the law or make any promises or deals or quid pro quos. Those are obvious and I don't think it takes a brain surgeon to figure out you shouldn't do those things."

On Wednesday evening, as he found his ethical credentials in question, Blagojevich said he would donate to charity as much as $70,000 in direct donations from Rezko. But in his role as one of two key money men for Blagojevich, Rezko was responsible for leveraging much more. Blagojevich has amassed more than $50 million in his campaigns for state office.

Gov's Pal Indicted In Kickback Scheme (CHIST)

By STEVE WARMBIR, NATASHA KORECKI, CHRIS FUSCO AND DAVE MCKINNEY, Staff Reporters

Chicago Sun-Times, October 12, 2006

Wielding their clout like a club, Antoin Rezko, a top adviser and fund-raiser for Gov. Blagojevich, and GOP insider Stuart Levine were partners in crime as they arranged to shake down nearly $5 million in kickbacks from six investment firms looking for business with the state, a federal indictment alleged today.

The new charges against Rezko, 51, of Wilmette, represent the closest federal investigations have come to Blagojevich's inner circle and present fresh complications for the governor as he campaigns for re-election.

Blagojevich acknowledged at a Wednesday night news conference that Rezko "has been a friend and a supporter and ... I pray that these allegations are not true."

"If in fact these allegations relating to Tony are true, he betrayed my trust, he lied to me, he deceived me, but even more important than that he betrayed the public trust," said Blagojevich, who added the indictment did not suggest he had any knowledge of alleged wrongdoing.

Levine was charged in the scheme last year. He's cooperating extensively with federal investigators.

Rezko and Levine also allegedly schemed to shake down a seventh investment firm co-owned at the time by Hollywood producer Tom Rosenberg — a facet of the investigation first reported by the Sun-Times last month. Rosenberg's firm was slated to get a $220 million state deal when the shakedown began. Rosenberg's firm was warned to either cough up $2 million to a consultant of Rezko and Levine's choosing or arrange for $1.5 million to be contributed "to a certain public official." The Sun-Times has reported that official was Blagojevich.

The deal, though, went through, after Rosenberg threatened to notify law enforcement of the shakedown, according to the indictment and sources.

Rezko and Levine are also accused of shaking down a $1 million kickback to get state approval for a corporation to build a hospital in Crystal Lake.

Rezko derived his clout from his close to ties to the Blagojevich administration, while Levine sat on the boards for the Teachers' Retirement System — which the investment firms were seeking business from — and the Illinois Health Facilities Planning Board — which had say over hospital construction in the state.

U.S. Attorney Patrick Fitzgerald said today the criminal charges showed "a frenzy of corrupt scheming."

Rezko and Levine "and their associates put out the word loud and clear: You have to pay to play in Illinois," Fitzgerald said.

In a separate indictment, Rezko was charged with defrauding General Electric Capital Corp. and investors in regard to the financing and sale of Rezko's Papa John's pizza restaurants in Chicago and Milwaukee.

The indictment alleges Rezko fraudulently obtained more than $10 million in loans from General Electric.

Early this afternoon, Blagojevich's Republican challenger for the governor's job, Judy Baar Topinka, stressed she hadn't seen the indictment yet but that charges against Rezko would be "very, very damaging to the governor's campaign."

Calling Rezko the governor's "right-hand man," Topinka said that Rezko had "an influence on hiring . . . He had an influence on the campaign. He's had a tremendous influence."

Rezko, who has been traveling out of the country, has been a key fund-raiser for and adviser to the governor. His name has surfaced in state and federal probes into whether campaign contributions to Blagojevich were being traded for lucrative state contracts and appointments to government boards and commissions. It's unclear whether Rezko has returned to the United States.

The indictment of Rezko, a real estate developer, comes just weeks before Levine, a key figure in the federal probes of the Blagojevich administration, is set to plead guilty in two cases involving boards to which the governor appoints members.

Levine, a wealthy businessman and political insider, was reappointed by Blagojevich to the health facilities board and the state teachers retirement board. Levine plans to plead guilty before the Nov. 7 gubernatorial election to criminal wrongdoing involving both of those boards.

Last year, another man indicted in the TRS case, lawyer Joseph Cari, pleaded guilty and alleged that Levine told him that Blagojevich and top Blagojevich fund-raisers Rezko and Christopher G. Kelly schemed to steer state pension deals to investment firms and consultants who agreed to donate to Blagojevich's campaign. The plea identified Blagojevich as "Public Official A" and Kelly and Rezko as "associates," sources have said.

The governor has called Cari's accusation "triple hearsay." Rezko and Kelly repeatedly have denied wrongdoing.

Kelly's lawyer said this morning he was unaware of any criminal charges being filed against his client, and there was no indication charges against Kelly were imminent.

A lawyer for Rezko could not be reached for comment.

Illinois Governor's Aide Indicted (LAT)

By P.j. Huffstutter, Times Staff Writer

The Los Angeles Times, October 12, 2006

A key fundraiser for Rod Blagojevich is accused of trading state contracts for cash. The charges may boost the race's GOP challenger.

CHICAGO — Less than a month before the gubernatorial election, a federal grand jury has indicted a top advisor and fundraiser for Illinois Gov. Rod Blagojevich on suspicion of using his political clout to get millions of dollars in kickbacks from companies seeking state contracts.

The indictment, unsealed Wednesday, alleges that businessman Antoin "Tony" Rezko orchestrated a fraud scheme with Chicago attorney Stuart Levine, whom the governor reappointed to two state boards: one that handles hospital projects and another that manages teachers' pensions.

Rezko was one of Blagojevich's biggest fundraisers during the gubernatorial campaign four years ago, and himself contributed more than $49,000.

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"Rezko used his relationship with certain state of Illinois officials to ensure that Rezko and Levine had the ability to influence the actions of [state boards] … for the benefit of themselves and their nominees and associates," according to the indictment. The two men then "solicited and demanded millions of dollars in undisclosed kickbacks and payments, and received and directed hundreds of thousands of dollars in undisclosed kickbacks and payments."

Rezko also allegedly obtained more than $10 million in fraudulent loans from General Electric Capital Corp. for pizza franchises, and defrauded investors in that business, according to a second indictment unsealed Wednesday.

Levine has already been charged with using his position on the state boards to extort payoffs from medical groups and investment firms, and is cooperating with federal investigators, according to U.S. Atty. Patrick J. Fitzgerald.

An arrest warrant has been issued for Rezko, who is thought to be traveling abroad.

Though neither indictment names the governor, the charges further roil a nasty gubernatorial race between Blagojevich, a Democrat seeking a second term, and GOP rival Judy Baar Topinka, the state's three-term treasurer.

The indictments are part of a federal probe into whether campaign contributions to Blagojevich were given in exchange for business contracts or appointments to state boards and commissions.

The FBI also has been looking into claims that Beverly Ascaridis, the wife of the governor's former campaign treasurer, got her job as a state parks administrator in exchange for a $1,500 check her husband wrote to Blagojevich's daughter.

Blagojevich has repeatedly denied any knowledge of, or connection to, the alleged corruption.

"The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust — the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible," Blagojevich said in a written statement Wednesday.

Illinois' gubernatorial race is being closely watched, with Democrats and Republicans fighting to attain a majority of the nation's governorships. And the Midwest is particularly contested, seen as key in the 2008 presidential campaign.

After 25 years, the GOP lost Illinois' governorship in 2002, when Blagojevich positioned himself as someone who would clean up state government.

Before that election, the GOP had held almost all top statewide offices.

Today, it has only Topinka's.

Michael Lawrence, director of the Paul Simon Public Policy Institute at Southern Illinois University in Carbondale, said this week's news could prove a break for Topinka.

A poll last month for Copley News Service showed Blagojevich with a 10-point lead over Topinka, 47% to 37%. But voters weren't particularly happy with Blagojevich: A third of voters rated his job performance as "excellent" or "good," two-thirds as "fair" or "poor."

Rezko "is not some little-known person," Lawrence said. "This is someone who clearly knows the governor and is close to him. The question is going to be whether the public will pay attention."

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As The Foley Case Unfolds, Hastert Gets A More Enthusiastic Nod From Bush (NYT)

By Jim Rutenberg And Jeff Zeleny

The New York Times, October 12, 2006

WASHINGTON, Oct. 11— Early last week, President Bush said he respected J. Dennis Hastert as a father, a teacher and a coach — but did not say what he thought of him as House speaker.

Two days later, amid continuing calls for Mr. Hastert to resign as speaker over the Mark Foley e-mail scandal, Mr. Bush expressed more direct support for Mr. Hastert, but only through aides.

This week, Mr. Bush is giving Mr. Hastert a more unmistakable embrace, telling reporters on Wednesday: “Denny is very credible, as far as I’m concerned. And he’s done a fine job as speaker.”

The president is expected go one step further on Thursday, when he is scheduled to appear side-by-side with Mr. Hastert at a Republican rally in Chicago.

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Aides to both men said Mr. Bush's ever-friendlier declarations of support were one part political calculus, one part personal loyalty. The White House has made clear it agrees with Republican leaders in Congress that Mr. Hastert's resignation would only prompt Democrats to demand more scalps in the imbroglio over what Congressional Republicans knew when about Mr. Foley's risqué e-mails to male pages.

But, aides said, it also reflects Mr. Bush's belief that Mr. Hastert has by and large been a loyal supporter who has come through for him at crucial moments — though their working relationship has had its rifts. This year, Mr. Hastert has criticized the administration for approving a deal giving control of operations at several major ports to a Dubai-owned company and for pushing an immigration plan that caused open rebellion among his members.

The strains seemed evident last week as Mr. Bush initially appeared to hold back on giving Mr. Hastert full-throated support as speaker, though aides said the president could only come so far when so many facts were unknown.

But then last Thursday, Mr. Hastert declared that he took ultimate responsibility for his office's missing signals that Mr. Foley was crossing the line with pages — though he said he had not personally known of them. This seemed to clear the way for more forceful presidential support.

Within hours, Mr. Bush called Mr. Hastert at home to say he stood by him as speaker. Aides to both men told reporters about the call minutes later.

People in Mr. Hastert's inner circle describe the phone call as the equivalent of a papal blessing that helped cool demands for his resignation from within the party, even as new reports emerged accusing Mr. Hastert's office of knowing about potential trouble with Mr. Foley earlier than it had acknowledged.

Addressing some friction this year, Ron Bonjean, Mr. Hastert's spokesman, said, "Sure, there have been ups and downs, but at the same time we both have our eye on the ball and we both are trying to defy history in this midterm election."

Aides to Mr. Bush said the president was also grateful for Mr. Hastert's help on signature issues like his tax cuts. Mr. Bush had urged the speaker to stay on in 2004, to help advance his second-term agenda. Otherwise, Mr. Hastert's associates say, he would now be savoring an ambassadorship or concentrating on building a vacation home in Wisconsin.

In the end, Mr. Hastert could not help the president deliver his proposed Social Security overhaul or his immigration plan. But Tony Snow, the White House press secretary, said the president had appreciated Mr. Hastert's candor.

"Sometimes Hastert will say 'I agree with you, but given where the votes are, you're not going to get it,' " Mr. Snow said.

Only weeks ago, Illinois Republicans worried about having Mr. Bush attend a fund-raiser for local Congressional candidates on Thursday, given his approval ratings. Mr. Hastert's name was highlighted on the invitations, printed larger than Mr. Bush's.

Now, it is Mr. Hastert who is seen as the bigger liability. And now it is Mr. Bush who is trying to boost Mr. Hastert.

"When he stands up and says, I want to know the truth — I believe yesterday he said that if somebody on his staff didn't tell him the truth, they're gone — I respect that and appreciate that, and believe him," Mr. Bush said Wednesday.

The president predicted that the scandal would not harm the party on Election Day.

"This Foley issue bothers a lot of people, including me," he said. "But I think when they get in that booth, they're going to be thinking about how best to secure the country from attack, and how best to keep the economy growing."

Hastert Aides Interest Ethics Panel (WP)

By Jonathan Weisman

The Washington Post, October 12, 2006

With House Speaker J. Dennis Hastert denying personal knowledge of former representative Mark Foley's activities, investigators for the House ethics committee are bearing down on three senior members of Hastert's staff to determine when they learned of Foley's actions and whether they passed on their knowledge to the speaker.

The three -- chief of staff Scott Palmer, deputy chief of staff Mike Stokke and counsel Ted Van Der Meid -- have formed a palace guard around Hastert (R-Ill.) for years, attaining great degrees of power and unusual autonomy to deal with matters of politics, policy and House operations. They are also remarkably close. Palmer and Stokke have been with Hastert for decades. They live together in a Capitol Hill townhouse and commute back to Illinois on weekends.

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It is that relationship that has made investigators so interested in their knowledge of Foley's contacts with teenage male congressional pages, especially allegations that his chief of staff personally appealed to Palmer in 2003 to confront the Florida Republican. Foley resigned Sept. 29 when news reports indicated he had sent electronic messages to a former page.

"It would be very hard to believe if Palmer knew that kind of detail, he wouldn't have acted upon it, and it's hard to imagine Scott Palmer would have spared the speaker that knowledge," said one former Republican leadership aide, who spoke on the condition of anonymity for fear of jeopardizing his lobbying contacts.

Within Hastert's operation, some staff members appear to point accusingly at Van Der Meid, who is in charge of ethics matters and is widely believed to have steered Hastert wrong before.

Van Der Meid, a former chief Republican counsel for the House Committee on Standards of Official Conduct, helped engineer the failed effort to change GOP ethics rules to allow an indicted lawmaker to remain in the leadership. The power play was designed to keep then-House Majority Leader Tom DeLay (R-Tex.) at his post, but it backfired spectacularly, embarrassing many Republicans and leaving a blemish on Hastert's record.

One House leadership aide said Van Der Meid lacks the personal connections with the speaker that Palmer and Stokke have, making him the most vulnerable of the three.

The staff issue will be front and center today, as the ethics committee takes the testimony of Kirk Fordham, Foley's former chief of staff, who is to testify that in 2003 he alerted Palmer to Foley's behavior. A source with knowledge of the events said Fordham will detail repeated efforts by then-House Clerk Jeff Trandahl to raise alarms about Foley's interest in young pages, and Fordham's own confrontations with Foley.

As early as 2000, Trandahl periodically called Fordham to say Foley was spending too much time with pages, the source said, and Fordham would have to "pull him back a little." In brief, awkward conversations, the source said, Fordham would tell Foley: "I just got a call from Jeff Trandahl. And Mark, you just need to be conscious of appearances. Everyone knows you're gay. You're being held to higher standards than everyone else. They see the stereotype -- a gay man going after kids."

In 2003, Trandahl placed another call to Fordham, according to the source. But this time, it was because Foley was seen drunk outside the pages' dormitory after the 10 p.m. curfew, trying to get in. Exasperated, Fordham reputedly told Trandahl, "I don't know if my saying something [to Foley] would make any difference."

Both Fordham and Trandahl decided that Fordham should call Palmer, according to the source. In a phone call with Palmer, Fordham expressed his concern about Foley's "over-friendliness" to pages, although Fordham did not specifically mention that Foley was seen outside the pages' dorm. Palmer said he would talk to Foley about it; two days later, Fordham checked in with Palmer. Palmer said that he spoke with Foley and that he told the speaker about it, the source said.

Palmer has said: "What Kirk Fordham said did not happen."

Now, a rapidly escalating ethics investigation is trying to determine who is right. Peggy Sampson, a former Capitol Police officer who has supervised Republican pages since 1986, went before the committee yesterday. According to several former pages, Sampson was the adult who warned them to stay away from Foley, and she may be able to confirm his alleged visit to the pages' dormitory.

A current staff member who has corroborated Palmer's meeting with Foley has also offered to cooperate with investigators. House Majority Leader John A. Boehner (R-Ohio), who said he told Hastert about the Foley matter this spring, yesterday afternoon received an invitation to testify and "looks forward to cooperating fully," said spokesman Kevin Smith.

Rep. Rodney Alexander (R-La.) and his chief of staff are to testify next week, presumably about e-mails Alexander's staff received from a former page. The 2005 e-mails from Foley, which asked the youth for a picture and what he wanted for his birthday, came to the attention of Stokke and Van Der Meid that fall, the speaker's office said.

For an institution replete with glory seekers, Hastert's inner circle has been virtually invisible to the outside world. Palmer has known Hastert for 28 years and worked on his first political campaign; he is the speaker's gatekeeper, a policy expert who swoops into negotiations to untie knots and seal deals.

Stokke, an old Illinois political hand, is tasked with getting GOP lawmakers what they need for their faltering campaigns, such as an appearance by Hastert, a fundraiser or vital legislation.

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Van Der Meid is the relative newcomer -- he came to the speaker's office after guiding the ethics committee's probe of then-House Speaker Newt Gingrich (R-Ga.). Known by some as the mayor of the House, Van Der Meid has the institutional knowledge of the chamber's customs. He handles legal matters but has been known to intervene angrily on a shade of carpet or which paintings to hang on the Capitol's walls.

The speaker's own timeline points to Van Der Meid and Stokke as central players in the Foley matter. After Alexander's staff alerted a low-level Hastert aide in the fall of 2005, Stokke directed the information to Van Der Meid. Later that day, Stokke met with Alexander's chief of staff, then summoned Trandahl to the speaker's office. Later, Trandahl informed Van Der Meid that action had been taken to stop Foley's communications with the Louisiana youth.

A senior GOP aide, speaking on the condition of anonymity for fear of retribution, said it made little sense to have a political hand such as Stokke handle the Foley matter, a delicate issue involving personnel questions and possible legal violations.

"Did they make an affirmative decision to have the political guy work on this?" the GOP staffer asked. "It clearly was a bad damn idea."

Nowhere in the speaker's timeline is Palmer mentioned. But former leadership aides question how a powerful chief of staff could have been left out of such complicated deliberations and how they would have been kept from Hastert.

The latter point is especially true if Foley's behavior came to Palmer's attention in 2003, one former aide said. In recent months, as the House has become consumed in scandal and political trouble, Hastert has been less engaged in the day-to-day activities of the House, he said. That was not true in 2003, however, the former aide added.

Ethics Panel Questions Page Supervisors (AP-Y)

By Larry Margasak

AP-Yahoo, October 12, 2006

House officials who directly supervise teenage congressional pages were questioned Wednesday by ethics committee investigators probing the handling of former Rep. Mark Foley's inappropriate messages to pages.

The internal investigators spoke privately with Peggy Sampson, who supervises House pages sponsored by Republican lawmakers, and her Democratic counterpart, Wren Ivester.

The high schoolers attend classes at Congress' page school and perform errands for lawmakers.

By starting with those closest to the pages, investigators can learn what the youngsters might have told the supervisors about Foley, R-Fla., and whether they reported any inappropriate conduct to higher House officials.

Until now, there has been no evidence that any Democratic lawmaker or employee knew about Foley's conduct.

Investigators planned to question Foley's former chief of staff, Kirk Fordham, on Thursday. He says he took action in 2002 or 2003 when he learned of Foley's inappropriate approaches to pages.

Fordham has emerged as a key figure because he said he brought the allegations to Speaker Dennis Hastert's chief of staff, Scott Palmer. Fordham has said he subsequently learned that Palmer spoke with Foley.

Palmer has denied speaking with Fordham at that time, and Hastert's office said the speaker's staff first learned about Foley's conduct in the fall of 2005.

An internal review by Hastert's office said the information passed on last fall concerned Foley's overly friendly — but not sexually explicit — computer messages to a former page from Louisiana.

The page was sponsored by Rep. Rodney Alexander, R-La. His office said the lawmaker and his top aide will appear before the ethics panel next week.

Hastert, R-Ill., said he did not learn of Foley's conduct until the end of September. If that is correct, his staff will have to explain to investigators why they did not tell the speaker what they knew last fall.

Hastert said he believes his staff acted appropriately when the information was passed on to the House clerk and Rep. John Shimkus, R-Ill., the chairman of the board that oversees the page program. Shimkus and the clerk met with Foley and made it clear he should stop communicating with the former page to avoid even the appearance of impropriety.

The speaker said this week that if he finds that anyone on his staff covered up the problem, they would be fired.

President Bush has expressed confidence in Hastert's handling of the Foley matter several times, the latest on Wednesday.

He said Hastert's "strong statements have made it clear to not only the party members, but to the country, that he wants to find out the facts," Bush told a White House news conference.

"I mean, this is disgusting behavior when a member of Congress betrays the trust of the Congress and a family that sent a young page up to serve in the Congress."

The president called the speaker "very credible as far as I'm concerned," and said Hastert has "done a fine job as speaker."

Bush planned to speak at a fundraiser in Chicago on Thursday that Hastert was hosting to help two Illinois Republicans in tough races.

Boehner Asked By Ethics To Testify On Foley (RC)

By Susan Davis

Roll Call, October 12, 2006

The House ethics committee is stepping up its investigation into former Rep. Mark Foley's (R-Fla.) relationships with House pages, as Members are being lined up to offer testimony before the panel.

According to sources, House Majority Leader John Boehner (R-Ohio) received an invitation Wednesday to appear before the Committee on Standards of Official Conduct, but a specific date was not disclosed.

A spokesman for Boehner reiterated that he will cooperate fully with the investigation.

"Mr. Boehner welcomes the opportunity and looks forward to meeting with them and providing any information that might be helpful to their inquiry," said spokesman Kevin Madden.

Additionally, Rep. Rodney Alexander (R-La.) will appear before the ethics committee next week. Adam Terry, a spokesman for Alexander, said he will "voluntarily" offer testimony Wednesday.

The Louisiana Republican will discuss his role in 2005 in informing House Republican leaders that a former page — sponsored by his office — had been made uncomfortable by an e-mail exchange with Foley that was characterized as "over-friendly."

The public revelation of that e-mail exchange two weeks ago quickly led to the disclosure of a series of other, more sexually explicit online discussions Foley had with former House pages that prompted him to resign from the House on Sept. 29.

The ethics committee launched a formal investigation of the Foley matter Oct. 5. On Wednesday, lawyers for the committee met separately with Peggy Sampson and Wren Ivester, the majority and minority House page supervisors, respectively. Those discussions were characterized as informal because committee rules dictate that two House Members must be present "to take testimony and receive evidence" as part of a formal investigative subcommittee.

At least two panel members, Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.), were scheduled to return to Capitol Hill today to hear testimony from Kirk Fordham, a central figure in the investigation. Reps. Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio) also are on the investigative subcommittee.

Fordham was chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) before resigning last week as the scandal unfolded. Fordham previously spent more than a decade working for Foley, and he has offered an account that conflicts with the timeline of events provided by senior aides to Speaker Dennis Hastert (R-Ill.).

Fordham has said publicly that he warned Hastert's chief of staff, Scott Palmer, as early as 2003 on Foley's interactions with House pages, but Palmer denied he ever spoke to Fordham on that topic.

Palmer, Deputy Chief of Staff Mike Stokke and staff counsel Ted Van Der Meid are expected to be called before the panel. Ron Bonjean, communications director for Hastert, said Wednesday that he did not know whether anyone in the office had been contacted by the committee yet.

Other Members who may be called to offer testimony include retiring Rep. Jim Kolbe (R-Ariz.), but his spokeswoman said Wednesday the office had not been contacted.

Rep. John Shimkus (R-Ill.), a co-chairman of the House Page Board, also is expected to appear, but a spokesman did not return calls. Former House Clerk Jeff Trandahl also has said he will cooperate with the ethics committee. His attorney did not return calls seeking comment.

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A spokesman for Reynolds did not comment directly on whether his boss would appear before the panel, stating only "Congressman Reynolds supports a complete and full investigation and has said so since the beginning."

Hastings and Berman told reporters last week that the panel had approved nearly four-dozen subpoenas for documents and testimony in the Foley case. They have promised a thorough and timely investigation.

While the ethics panel investigates the Foley case, the House also is considering ways to reform the chamber's page program.

A spokeswoman for the House Administration Committee said any decisions regarding new orientation procedures for students and administrative changes to the operation of the House page program will be discussed following the completion of the current investigations.

"Everything is operating normally right now. No kids have left the program," said spokeswoman Salley Collins, whose panel oversees the Office of the Clerk, which manages the page program along with the three-member Page Board.

Along with setting up a toll-free hotline number for current and former pages to report any inappropriate contact they may have experienced, "the Office of the Clerk has reached out to the parents of the current class to one, reiterate the fact that safety and security has been and will continue to be the top priority and two, to inform them of the hotline that has been established," Collins said. "Supervisors have spoken to the teenagers directly regarding this issue and counselors are available for the students both at the school as well as at the dorms residence."

Page: Foley Touched Page On House Floor (MDAy)

By Walter Nowinski

Michigan Daily, October 12, 2006

A former House page said he witnessed inappropriate contact between former Republican Congressman Mark Foley and another page in the back of the House floor in early 2001.

The page, Richard Nguyen, a first-year student at the University's Gerald Ford School of Public Policy, said he saw Foley pat a male page's behind.

Foley's attorney did not return calls for comment.

Nguyen said he was not sure during which month the incident took place. He was a page between January and June of 2001.

Nguyen did not report the incident to authorities. At the time, the then-16-year-old thought it was "questionable activity," but he was unsure how to interpret it.

"I wasn't sure if it was a social norm I wasn't accustomed to," Nguyen said. "I mean, you see athletes patting each other's asses all the time on the field."

Nguyen, a first-generation Vietnamese American from California, said he was amazed by what he learned about other points of view and other lifestyles while serving.

"It was one of the most rewarding experiences of my life," he said.

However, the positive experience Nguyen had as a congressional page has recently been dimmed by doubts about the program's future.

In the aftermath of an unfolding sex scandal involving sexually explicit instant messages and inappropriate e-mails between Foley and several underage male pages, there have been calls for the program to be suspended or abolished.

Rep. Ray LaHood (R-Ill.) has called for the current page class to be sent home and the whole program to be reviewed.

Nguyen said he and other pages found LaHood's call alarming.

"We are united in that we want to make sure the page program is preserved," he said.

Nguyen described the page program as having been one of the most significant parts of his life.

"For someone like me who doesn't have a million dollars and is a first-generation American, it was a wonderful way to feel like I was a part of the American fabric," he said.

Yet the future of the page program is in jeopardy as the Foley sex scandal continues to unfold.

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Two weeks ago, reports by ABC News revealed that Foley exchanged sexually explicit instant messages and inappropriate e-mails with several underage male House pages.

Foley resigned from Congress on Sept. 29 after a reporter from ABC News confronted him with a graphic instant message transcript in which Foley discussed masturbation techniques with an underage male page.

Earlier this week, there were reports that at least one former male page who served in the House in the fall of 2000 had sexual relations with Foley after the page had left the program. He was 21 years old.

Nguyen said many of the pages in his class were suspicious of Foley.

"We always saw that Mr. Foley was very friendly to male pages," he said. "There were signs, for an observer like myself, but I never knew what I know now."

Nguyen said he never felt threatened. The dormitory where he and the other pages lived was guarded by police, and the page program enforced curfews and a buddy system.

"I always felt safe when I was there," Nguyen said. "But then again, I was a Democratic page."

In the fallout from the Foley sex scandal, questions have been raised about how much the Republican House leadership knew about Foley's actions and when they knew it. Several prominent conservative voices, including the editorial page of the Washington Times, have called for House Speaker Dennis Hastert (R-Ill.) to resign for failing to act after he learned of inappropriate e-mail exchanges between Foley and pages.

Hastert has refused to resign and maintains that he acted properly.

The FBI is investigating Foley's conduct, and the House Ethics Committee is reviewing the Republican leadership's handling of the situation.

"If there were people who knew that the pages were being sexually harassed, you have to ask yourself," Nguyen said. "Are these the right people to be in charge of young people and to be in charge of our country?"

Nguyen hopes the page program will survive the current political uproar.

"By eliminating the page program we would be punishing the victims who came forward," Nguyen said. "That is unfair."

Page basics: A Congressional page is a high school junior who works in the House of Representatives and assists members of Congress with their duties on the House floor.

They are housed in a Capitol Hill dormitory and attend classes at the Library of Congress.

Scandal Sidelines Hastert, Reynolds (WP)

By Juliet Eilperin

The Washington Post, October 12, 2006

Weeks before the Nov. 7 elections, the Mark Foley scandal and its aftermath have already had a visible effect on Republican prospects: Speaker J. Dennis Hastert (R-Ill.) and Rep. Thomas M. Reynolds (R-N.Y.), the two men leading the GOP efforts to keep power in the House, have both been largely sidelined from the public campaign.

Under normal circumstances, the House speaker and the chairman of the National Republican Congressional Committee, currently Reynolds, would be in a full sprint in the closing weeks of an election campaign -- raising money and rallying partisans to help House members in the most competitive races. Both leaders, however, have drastically curtailed their appearances this month after coming under fire for what critics have called an inadequate response to early warnings about Foley's behavior with House pages.

Reynolds is now battling to hold on to his own district in Upstate New York, while Hastert has been tied down in Washington, holding news conferences and attempting to control the legal and political fallout from the uproar -- including demands from Democrats, commentators and at least some Republicans that he resign the speakership. Although speculation has centered on whether Hastert can hang on, and how much the episode is hurting Republicans at the polls, there is already a tangible impact on GOP fortunes.

In the past week alone, Republicans have canceled nearly a dozen campaign events with Hastert and Reynolds. Rep. Don Sherwood (Pa.) -- who is one of the GOP's most endangered incumbents after revelations that his former mistress had sued him in Maryland, alleging assault -- told both men not to come to his district, forgoing crucial campaign dollars to minimize additional

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negative news coverage. In addition, at least seven House GOP candidates have donated to charity nearly $20,000 in contributions that they had received from Foley before the scandal broke.

"Sometimes political reality takes over travel schedules," said Joe Gaylord, who was a top political adviser to then-Speaker Newt Gingrich (R-Ga.). "This is one of those things where candidates have to decide for themselves what is best for their individual campaigns, and national leaders will follow that."

Increasingly, Republican candidates are telling their leaders to stay home. Houston City Council member Shelley Sekula Gibbs (R), who is running for former House majority leader Tom DeLay's open seat as a write-in candidate, had hoped that Hastert would come to Texas to tout its prospects for economic development. Last week, she told the speaker he need not visit.

"It would be a distraction. I have to focus on winning this race," Sekula Gibbs said in an interview. "They want me to focus on winning," she added, referring to the speaker's office.

Other Republicans have also canceled Hastert fundraisers, such as Rep. Ron Lewis (Ky.), who was once regarded as safe for reelection but now looks imperiled.

In other instances, the speaker and Reynolds are the ones pulling the plug. Hastert told both Rep. Michael E. Sodrel (R-Ind.) and Ohio state Sen. Joy Padgett that he could not stump on their behalf this month, while Reynolds canceled events with fellow New York Rep. John E. Sweeney and Florida businessman Vern Buchanan.

"My understanding is he had to go back to his district," said Buchanan spokeswoman Sally Tibbetts. She added that the campaign went ahead with the Oct. 2 event aimed at "rallying some of our grass-roots supporters and leaders in the community."

Though Hastert and Reynolds have crisscrossed the country for months raising money and generating publicity for congressional candidates, it is not just money that matters at this point. Motivation counts just as much, because a visit by a House leader under better circumstances can help build the enthusiasm that is critical for turnout efforts.

Former House majority leader Richard K. Armey (Tex.) said he has warned fellow Republicans "for a long time the biggest danger the Republican majority faced is insufficient turnout of their own base, and this Foley thing hasn't helped anything." Rallying the troops through last-minute campaign stops "can be very important," Armey said, recalling the efforts of Gingrich to "get people excited."

House leaders have not abandoned the campaign trail altogether. Majority Leader John A. Boehner (R-Ohio) attended a fundraiser yesterday on behalf of Rep. John Kline (R-Minn.) and will campaign for other candidates in Minnesota and Iowa this week. Hastert will campaign today for Illinois Republicans Peter Roskam and David McSweeney, along with President Bush.

But freshman Rep. Melissa L. Bean (D-Ill.), McSweeney's opponent, said the speaker's appearance "doesn't surprise me" because McSweeney is "a rubber stamp" for the GOP. "People appreciate independence," Bean said.

Bush acknowledged at a news conference yesterday that the page controversy has resonated with the public.

"This Foley issue bothers a lot of people, including me," Bush said. But he added that Americans care more about national security and the economy when voting. "When they get in that booth, they're going to be thinking about, you know, how best to secure the country from attack and, you know, how best to keep the economy growing."

Neither Reynolds nor Hastert has said that the fallout from the Foley scandal has hampered their ability to run their party's reelection effort.

"It has not affected [Reynolds's] ability to be NRCC chairman, not at all," said NRCC spokesman Carl Forti. "I think you've seen over the past three years he's been able to run the committee, be home on weekends and when Congress is in recess, and still make decisions here. Nothing has changed that."

But several Democratic campaign experts, including former Democratic Congressional Campaign Committee chairman Martin Frost (Tex.), said Reynolds's intensified reelection fight will distract him and take a toll on his ability to make last-minute decisions about where to focus the GOP's dollars and effort.

"You have to make some substantial judgments about who has a chance and who doesn't," Frost said. "The campaign chairman needs to bring all his faculties to bear on those questions. . . . This is enormous additional trouble, and I don't think they can survive this."

Polls: GOP Put Politics Ahead Of Pages (AP-Y)

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By The Associated Press

AP-Yahoo, October 12, 2006

Most Americans say the House Republican leadership worried more about politics than the safety of congressional pages in the case of disgraced former Rep. Mark Foley, according to polls. Most also say Democrats would not have handled the situation better.

Republicans have come under criticism for their response to Foley, who sent sexually explicit messages to teenage male pages. GOP House leaders have faced questions whether they acted promptly to deal with the Florida congressman.

People were split on whether House Speaker Dennis Hastert, R-Ill., should step down, with just under half saying he should, according to several polls.

Among the other findings:

More than half in several polls said Hastert tried to cover up what he knew about Foley.

Almost half in an Associated Press-Ipsos poll said recent reports of scandal and corruption would be very important in their vote.

Two-thirds said the GOP leadership did not take the e-mails seriously enough when they first learned of them, according to a CBS-New York Times poll.

Six in 10 in an ABC News-Washington Post poll said the Democrats are pursuing the case for political advantage, not to raise concerns about the page program.

The results come from AP-Ipsos, ABC-Washington Post, CBS-Times and Newsweek polling done in the last week. The polls questioned from 1,000 to 1,500 adults and had margins of error of plus or minus 2.5 percentage points to 3 percentage points.

National GOP Fights To Keep Foley Seat (NSDY/AP)

By Brian Skoloff

Long Island Newsday, October 12, 2006

WEST PALM BEACH, Fla. -- National Republicans haven't given up on former Rep. Mark Foley's district, recently spending $244,300 for television ads attacking Democratic hopeful Tim Mahoney.

The Democratic newcomer has become a strong contender, partly because Foley's name will remain on the ballot even though his replacement will receive those votes. The replacement, state Rep. Joe Negron, has just under five weeks to campaign.

The National Republican Congressional Committee spent the money between Foley's resignation Sept. 29 and Oct. 10, when the filing was made to the Federal Elections Commission. Foley was considered likely to be re-elected easily until his sexually explicit Internet messages to teenage male House pages were publicized.

Mahoney's campaign notes that the group has committed to spend another $690,000 by reserving air time through Nov. 7. The committee doesn't have to use the time -- or pay for it -- if they later determine it is not necessary.

"It looks like the bosses in Washington have sent $934,000 in tainted funds to prop up (House Speaker Dennis) Hastert's hand-picked attack dog," Mahoney campaign consultant Charles Halloran said of Negron. "We look forward to campaigning on issues that matter to Florida."

Negron said the national support shows that "Republicans are in a fighting mood, and we're not going to roll over and send a John Kerry Democrat to Congress."

The ad attacks Mahoney for his stance on Social Security. The NRCC claims Mahoney's plan would raise taxes. Halloran said Mahoney has no plans to push for higher taxes but he opposes privatization, an option favored by President Bush.

NRCC spokesman Ed Patru wouldn't say if more ads were planned, but acknowledged that more needed to be done to ensure voters know that Negron is the candidate.

In the district, registered Republicans outnumber Democrats by 202,500 to 170,369, according to the latest state figures.

Foley Case Snags Incumbent In Ohio Race For House Seat (NYT)

By Adam Nagourney

DOJ_NMG_0079445

The New York Times, October 12, 2006

COLUMBUS, Ohio, Oct. 11 — Representative Deborah Pryce is a former municipal court judge, a Republican and a member of the House leadership who has represented her central Ohio district for 14 years. She is also friends with Mark Foley, the congressman who resigned in the page scandal, as she told Columbus Monthly for a feature it published just last month.

Ms. Pryce always thought she would have a difficult re-election campaign this year in a state raked by Republican scandals. But since Mr. Foley quit, she said in an interview on a tense day of campaigning here, her own internal polls have measured a steady drop in support under the weight of attacks by Mary Jo Kilroy, her Democratic opponent.

Ms. Kilroy has emphasized Ms. Pryce's connections to Mr. Foley, who was on a list of five people Ms. Pryce said she considered Washington friends in the Columbus Monthly interview.

"I'm totally convinced," Ms. Pryce said, her voice faint, as she described why her support had declined. "All our polling showed we were going in the right direction until this happened. It fell precipitously."

"It's very sad that sometimes we're slipped up by things that we have no control over and have absolutely nothing to do with," she said. "But that is part and parcel of politics."

The contest, in which Ms. Pryce and Ms. Kilroy are now described as tied in internal party polls, has emerged as a case study of how the fallout from the Foley scandal is causing problems for Republicans across the country. But it is also unusual in a way that reflects the intriguing diversity of this central Ohio district, the 15th, and all the swirling complications of an explosive scandal that landed just four weeks before Election Day.

Ms. Kilroy is using the Foley scandal to try to systematically undercut Ms. Pryce with a big component of the Republican base here, Christian conservatives, when Republicans already worried that those voters would stay home on Election Day. "Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages," an announcer says in advertisements the Kilroy campaign has placed on Christian radio stations.

Ms. Pryce responded by accusing Ms. Kilroy of gay-baiting. She said in an interview she was hopeful she could win over gay voters in a city long known for a large gay population, particularly because the Human Rights Campaign, a gay advocacy organization, has endorsed both candidates in the race.

"She feels that the gay and lesbian population is a very big component of her support," Ms. Pryce said. "And she really is kind of baiting with this in terms of Mark Foley."

Few other issues are getting the same kind of attention here; no one has been asking them this week about, say, the North Korea nuclear test, both candidates said.

The Foley case is becoming an issue in an increasing number of races, aides in both parties said. But nowhere else has it become quite as pitched as here, where Ms. Kilroy — who had already been trying to link Ms. Pryce to corruption scandals in Ohio involving Republicans — has moved in with withering attacks since Mr. Foley resigned.

In an interview on Wednesday, Ms. Kilroy questioned whether Ms. Pryce had had any warning about Mr. Foley's conduct, and why Ms. Pryce, the No. 4 Republican in the House, had not called for the resignation of Representative J. Dennis Hastert of Illinois as speaker.

"When you have a member of Congress abusing his authority and his position with pages, and you have leaders of Congress looking the other way — protecting their majority instead of protecting the pages — people here saw that and said, that's the final straw," Ms. Kilroy said. "She's in leadership. And I don't understand why she is not calling on those leaders who didn't act to step down."

"What did she know?" Ms. Kilroy said, sitting in her campaign headquarters Wednesday during a break in preparation for a debate here Thursday night. "What did she do about it?"

Ms. Pryce said she did not have earlier knowledge of Mr. Foley's actions, and in the interview she said she stood by Mr. Hastert, while saying he had been "ill-served by his aides." She said she thought Ms. Kilroy would hurt herself by politicizing the Foley case.

"She's taking a big risk doing it," Ms. Pryce said. "She has overstepped a bit — I mean she's running those ads on Christian radio! That because I happened to mention him as a friend that I knew all along; because he was gay, that he must be a pedophile. I mean, I just don't think that's going to really sell like she's hoping it will."

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Even before Mr. Foley resigned, Ms. Pryce was running into a stiff wind. The scandals that have swept this state involving Republican officeholders have caused problems for Republicans up and down the ballot; polls show that Ohio Republicans are at risk of losing a Senate seat, the governor's office and as many as five Congressional seats.

Ms. Pryce's elevation after the 2002 election to the House leadership ranks, if helpful to her in Washington, made her vulnerable to the very kind of anti-incumbent campaign being run by Ms. Kilroy, even before Mr. Foley quit and questions were raised about the Republican leadership.

"Over the years she's run, Congresswoman Pryce has emphasized her centrality to the party, her ties to the leadership and what they can produce for Ohio," said Paul A. Beck, a professor of political science at Ohio State University. "This is a difficult time to talk about that, and Kilroy has hit her pretty hard."

John C. Green, director of the Ray C. Bliss Institute of Applied Politics at the University of Akron, said the Foley disclosures could serve to push more undecided voters into Ms. Kilroy's camp while discouraging conservative Republicans from bothering to vote.

"That district seems to be at the center of the storm in Ohio," Professor Green said.

Although Ms. Pryce is conservative on spending and other issues, she has opposed a ban on same-sex marriage and supported other gay rights initiatives. Her positions on those issues led the Human Rights Campaign to take the highly unusual step of endorsing both candidates in this district.

But Joe Solmonese, the president of the organization, disputed Ms. Pryce's characterization of Ms. Kilroy's attacks on the Foley resignation. Mr. Solmonese said he had reviewed the Kilroy radio advertisements and thought she had gone to great pains to make clear she was criticizing Mr. Foley for improper behavior with a teenage page, and not for being gay.

"I don't think it's gay-baiting at all," he said. "She clearly is trying to make a case here that has a lot more to do with Deborah Pryce's leadership, supporting Denny Hastert, but not about Mark Foley being gay."

Asked about Ms. Pryce's claims, Ms. Kilroy said: "This is about a member of Congress abusing his position with pages, and it's about how the Republican leadership engaged in a cover-up, and it's about Deborah Pryce not speaking out against that. It's not about anyone's sexual orientation."

Phil Burress, president of Citizens for Community Values of Ohio, a conservative group, said that while he initially thought the Foley scandal would keep what he called values voters at home, he thought Democrats had been too brazen in discussing the issue and had lost whatever advantage they might have had.

"It's become so politicized that everyone is sick of it," Mr. Burress said. "They are not concerned about the kids. They are concerned about politics. I think it's beginning to boomerang on the Democrats because they overplayed their hands."

Chris Redfern, the state Democratic chairman, said he thought the Foley scandal would affect races across the state, starting with this one, and that the Democrats had so far been careful in their discussion of it.

"We all have to be careful," Mr. Redfern said. "Democrats shouldn't overplay it. But Republicans shouldn't underplay it."

Bob Bennett, the chairman of the state Republican Party, said he was confident Ms. Pryce would survive because "any wrongdoing by anyone was done by others." But Mr. Bennett said that while he was not worried about Ms. Pryce, he was worried that these latest ethics accusations could complicate Republican hopes of holding onto the Ohio district left vacant by the retirement of Representative Bob Ney, who was caught up in an ethics scandal.

Ms. Pryce said that, if distressed, she was also confident there was time to recover.

"We just have to gain it back," she said. "We have to work hard to turn this back into lemonade."

Foley Scandal Exposes The GOP's Gay Identity Crisis (USAT)

By Kathy Kiely

USA Today, October 12, 2006

WASHINGTON — At a State Department ceremony this week, Secretary of State Condoleezza Rice warmly acknowledged the family members of Mark Dybul, whom she was swearing in as the nation's new global AIDS coordinator.

As first lady Laura Bush looked on, Rice singled out his partner, Jason Claire, and Claire's mother. Rice referred to her as Dybul's "mother-in-law."

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The celebratory moment for a gay couple was emblematic of the political identity crisis facing the Republican Party, two years after an election the GOP won in part by making gay marriage an issue and less than two weeks after revelations about a Republican House member's advances toward teenage boys.

For Republicans, the most difficult problem posed by the e-mail exchanges that former congressman Mark Foley had with pages is not necessarily the flagrant misbehavior of one member. Rather it's the fact that the investigation is exposing a politically awkward fact of life: some GOP leaders practice a more tolerant brand of politics in their offices than some in the party have preached on the campaign trail.

"They play somebody different on TV than they are in person," says John Aravosis, a gay blogger who used to work for Sen. Ted Stevens, R-Alaska.

Jeff Trandahl, the former House clerk at the center of the inquiry into the Foley e-mails and a top-ranking appointee of House Speaker Dennis Hastert, is openly gay. So is Kirk Fordham, the former Foley chief of staff who says he alerted Hastert's office last year to his boss' over-chumminess with high school pages.

The revelations have disturbed some conservative activists, who believe that Republicans owe their victories in the 2004 elections to the thousands of "values voters" who trooped to the polls to vote for anti-gay-marriage measures on the ballots of 11 swing states.

"It was the deciding factor in the presidential election," says Phil Burress. He spearheaded the successful effort to pass a gay-marriage ban in Ohio, the state that decided the election for Bush.

"Has the social agenda of the GOP been stalled by homosexual members or staffers?" Tony Perkins of the Family Research Council wrote in an e-mail message to the organization's activists this week. In an interview, Perkins says that while he has not drawn any conclusions, "these are questions that need to be resolved."

Such sentiments have raised concerns that gay staffers will be pressed to leave Republican offices. "It could be another Salem," says former senator Alan Simpson, referring to colonial-era witch hunts. Simpson, a Wyoming Republican, co-founded the Republican Unity Coalition to encourage gay participation in the party.

Gay Republicans insist they shouldn't be blamed for Foley or the fallout. Patrick Sammon, political director of the Log Cabin Republicans, denounced the congressman's behavior toward pages as "despicable."

Justin Nelson, a former GOP House staffer who founded the National Gay and Lesbian Chamber of Commerce, says "it was gay Republican staffers and an openly gay member of Congress" who delivered early warnings about Foley's behavior.

Both Fordham and Rep. Jim Kolbe of Arizona, Congress' only openly gay Republican member, have said they passed on complaints about Foley to the House speaker and clerk offices.

While many conservatives insist their opposition to gay marriage doesn't equate to opposition to homosexuality, some remain suspicious of gays' trustworthiness. Burress says he believes that homosexual men are more prone to pedophilia than heterosexuals. "There's no question about that," he says.

The Rev. Debra Haffner, head of the Religious Institute on Sexual Morality, Justice and Healing, denies that assertion. "The vast majority of child abusers are heterosexual; the vast majority of abused children are girls," she says.

Former senator John Danforth, a Missouri Republican who has just published a book called Faith and Politics, says his party's successful use of gay marriage as a campaign issue may come back to haunt it. "There are some things that aren't worth doing whether they work or not," he says.

Not all conservatives have had their faith shaken in the GOP, however.

Helen Cindrich, an abortion opponent and conservative activist who is working for Republican Sen. Rick Santorum's re-election in Pennsylvania, says her views about gays and lesbians have evolved as she has met some of them.

"What would you do if you took all those people who are homosexual out of all those offices?" she asks. "There's probably a lot of good people who would be shunned, and that's not the way it's supposed to be."

Cindrich acknowledges that not all her fellow conservatives agree with her, but she adds, "I guess I'm learning to take people where they are."

FBI Seeks Help In Wales Case (SEAPI)

DOJ_NMG_0079448

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 12, 2006

Author of letter, unidentified man are key elements

The FBI is appealing for help in its five-year manhunt for the murderer of federal prosecutor Tom Wales.

In the weeks before Wales was gunned down as he sat at a computer in the basement of his Queen Anne home, someone noticed a man wandering around the neighborhood and contacted police.

Dan DeLong / P-I

At a news conference at the U.S. District Courthouse, Robert Geeslin of the FBI shows the type of gun used to kill federal prosecutor Tom Wales five years ago in his home.

That information didn't make it to the federal task force handling the case until 2004, and agents are now seeking public help because more discreet inquiries failed to identify the man.

At a news conference Wednesday marking the fifth anniversary of the slaying, agents said they want to talk with the man and released a sketch in hopes that someone would recognize him.

The potential witness is described as white, in his late 30s to early 40s, slim, 140 to 165 pounds, with a chipped front tooth and black hair possibly pulled back in a ponytail.

"We are interested in identifying this person and finding out what they were doing in the neighborhood," said FBI inspector Robert Jordan, who is in charge of the investigation.

Jordan also asked to hear from anyone who might know the author of an anonymous letter sent to the FBI in Seattle last January from Las Vegas by someone claiming to be a hit man hired to killed Wales. FBI behavioral science experts believe the author of the letter may have some connection to the murder.

The letter's return address contains the name "Gidget." Supervisory Special Agent James Fitzgerald of the FBI's behavioral analysis unit said the letter was likely written by an adult, native English speaker in his 30s or older. Because the letter was well-written, the author is probably well-educated or well-read and may use writing in his or her job.

Fitzgerald said the author has probably used the name Gidget in some playful context in the past.

"If there is someone from a year ago or 20 years ago ... that used the term 'Gidget' -- that would be important for us to know," he said.

The FBI's prime suspect in the case -- a commercial airline pilot who lives in Snohomish -- happened to be in Las Vegas on a layover when the letter was mailed in January, according to the suspect's Seattle lawyer, Larry Setchell.

The pilot, who has been the subject of a relentless investigation, including three searches of his homes and electronic surveillance, has not been charged with a crime. In a Seattle P-I story Wednesday, Setchell said his client is innocent and likened the FBI probe to an inquisition.

Jordan, asked to respond to the criticism, said the FBI would not identify any particular suspect.

Potential witness

"When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment." Jordan and supervisory agent Robert Geeslin also pointed out that a major part of the investigation is aimed at finding a Makarov 9 x 18mm pistol replacement barrel they believe was used in the murder.

The global hunt for that barrel is "target-neutral" in that it is not tied to any particular suspect, they said. "We will follow the evidence wherever it takes us," Geeslin said.

So far, agents have located and run ballistics tests on about half the 3,500 barrels. They are continuing with the painstaking task of finding the rest and want the public's help.

Anyone with information on the whereabouts of such a barrel, the man seen wandering around Wales' neighborhood or Gidget is asked to call the FBI at 866- 322-7009.

A reward of up to $1 million is offered for information leading to an arrest and conviction.

Several of the FBI agents assigned to the dragnet for the killer were present Wednesday morning at a ceremony at the U.S. District Courthouse celebrating Wales' life as a prosecutor, parent and public servant. Among those speaking was Wales' son, also named Tom.

"It's a dreadful anniversary for me and my family," he said. "Time has not healed any wounds."

Wales noted how even people his father prosecuted lauded his fairness and sense of justice.

"After Pop's murder, we received several letters praising the understanding and guidance he had offered them during the worst period of their lives," he said. "He did not believe anyone was beyond redemption."

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

Five Years Later, FBI Still After Wales' Killer (SEATIMES)

By Steve Miletich And Mike Carter, Seattle Times staff reporters

Seattle Times, October 12, 2006

Five years after the killing of Seattle federal prosecutor Thomas Wales, the FBI released a sketch Wednesday of a dark-haired man who may have information about the killing and announced a new Web site to take tips in the investigation.

The steps came as the FBI asked for help in what it acknowledged has been a difficult investigation. About 4,000 people have been questioned and more than 10,000 leads have been pursued in all 50 states and a half-dozen foreign countries.

No one has been arrested in the slaying of Wales, who was shot in his Queen Anne home on Oct. 11, 2001. But the FBI has focused on an airline pilot who had been prosecuted by Wales in a fraud case.

At a news conference Wednesday, FBI officials declined to discuss any suspect but said they are determined to obtain an indictment.

"We will not give up," said Bob Jordan, special agent in charge of the Portland FBI office. Jordan was given oversight of the investigation in June when the head of the Seattle office tried to reduce the number of agents on the case.

Jordan said if Wales was killed because of his work, he would be the first federal prosecutor in U.S. history slain in the line of duty.

In that case, Jordan added, "we are all victims in a sense."

FBI seeking help

Tips about a newly released sketch of a man agents would like to question can be provided at 866-322-7009.

A new Web site has been set up to provide information on the case and to receive tips: http://wales.fbi.gov.

A $1 million reward has been offered for information that helps solve the case.

The sketch, the officials said, is of a man seen pulling a black nylon suitcase in Wales' neighborhood weeks before the killing. Investigators have not identified the man, who had tobacco-stained teeth and a chipped left front tooth.

It is not known if the man has any connection to the killing, but even eliminating him as a subject would be helpful, said Robert Geeslin, an FBI supervisory agent overseeing a task force of five agents, two Seattle police detectives and five investigative analysts.

The man's presence in the neighborhood was first reported as suspicious before Wales was killed. But it was not brought to the attention of the Wales task force until 2004, Geeslin said. After trying unsuccessfully to identify the man, the FBI decided to make the sketch public.

Geeslin said the FBI is continuing its search for a unique silver gun barrel used in the killing. The gun used to kill Wales — an Eastern European pistol called a Makarov — had been fitted with one of the barrels, ballistics experts found.

About 3,600 of the barrels were sold in the U.S. before Wales was killed. The FBI has tracked half of them without finding the one used to shoot Wales, Geeslin said.

The news conference followed a memorial service at the U.S. Courthouse in Seattle, where Wales' 29-year-old son, Tom, sounded a bitter note about how he and his sister, Amy, and their mother, Elizabeth, had suffered the loss. "It is a dreadful anniversary for our family," he said to more than 150 attorneys, judges, and court employees. "Time does not heal all wounds."

His father, Tom Wales said, was unconcerned over the possible danger of his job as a white-collar prosecutor. His life was "lived for the betterment of others."

"After Pops was murdered," he said, "we got letters from people he had prosecuted." All expressed condolences. "He did not believe anyone was beyond redemption."

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Tom Wales, who now lives in England, said his father was a "mentor and inspiration and probably the best friend Amy and I will ever have."

"When my conscience speaks, it does so in my father's voice," he said.

Seattle Police Chief Gil Kerlikowske recalled Wales' role as executive director of Washington CeaseFire, a gun-control advocacy group.

"It is a terrible tragedy that he would lose his life at the end of a gun," the chief said.

Also speaking was Assistant U.S. Attorney Bob Westinghouse, who worked with Wales on the fraud investigation that targeted the man who's now the prime suspect in Wales' killing. Westinghouse was placed under 24-hour protection for months after Wales' death.

"I have not known a prosecutor who was more committed to seeking justice," Westinghouse said. "His legacy is our directive to do justice ... to live our lives as ethically as possible, to have fun, and be good stewards to our community and our country."

FBI Seeks Help Identifying Man (OREG)

By Gene Johnson

The Oregonian, October 12, 2006

SEATTLE -- Shortly before federal prosecutor Thomas Crane Wales was killed five years ago, a man with a chipped front tooth was seen dragging a small, nylon suitcase through Wales' upscale neighborhood on Seattle's Queen Anne Hill.

At least one person who saw the man contacted law enforcement. But that information wasn't passed on to the task force investigating Wales' murder until 2004, and only now is the FBI asking the public for help identifying him.

The FBI released a composite sketch of the man Wednesday, the fifth anniversary of the shooting, saying that its attempts to identify him had come up empty. Wales, an 18-year veteran of the U.S. attorney's office and president of the gun control group Washington CeaseFire, was shot as he worked alone at a computer in his basement.

The FBI is offering up to $1 million for information that helps solve the killing. The sketch bears no resemblance to the only publicly identified suspect, an airline pilot whom Wales once prosecuted in a fraud case. That suspect's lawyer, Larry Setchell, has maintained his client's innocence, and no charges have been brought.

Although the sketch was made in April 2004, years after the initial report, FBI Inspector Robert Jordan said he is confident in its accuracy because agents received "some corroboration" about the way the man looked. He declined to elaborate.

Jordan would not say what agency received the initial tip about the man, how soon it was before the killing, or how close to Wales' home the man was seen. Agents don't know if the man had any connection to the killing. At the time, the man, who was white, was in his late 30s or early 40s, 5-foot-7 to 5-foot-10, slim, 140 to 165 pounds, with black hair and tobacco-stained teeth.

Jordan, who is in charge of the FBI's Portland office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized

FBI: Strange Man Was Reported In Wales' Neighborhood Before Death (AP)

By Gene Johnson, AP Legal Affairs Writer

AP, October 12, 2006

SEATTLE (AP) -- Shortly before federal prosecutor Thomas Crane Wales was killed five years ago, a strange man with a chipped front tooth was seen dragging a small, nylon suitcase through his upscale neighborhood on Seattle's Queen Anne Hill.

At least one person who saw the man contacted law enforcement. But that information wasn't passed on to the task force investigating Wales' murder until 2004, and only now is the FBI asking the public for help identifying him.

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Jordan, who is in charge of the FBI's Portland, Ore., office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case.

There are now five special agents, a supervisor, and two Seattle Police detectives working it full time, along with five analysts, three federal prosecutors and a King County deputy prosecutor.

The investigation has included close to 4,000 interviews and a nationwide hunt for Makarov pistols outfitted with replacement barrels, which the shooter used. The FBI has located about half of the 3,500 Makarov replacement barrels sold in the U.S., but none matched the ballistics pattern on the bullets that killed Wales.

One Bellevue gun collector who has provided grand jury testimony in the Wales investigation, Albert Kwan, purchased at least one Makarov replacement barrel in March 1996, which he turned over to the FBI. In court papers filed Wednesday, Kwan's lawyers said he repeatedly told the grand jury he doesn't remember buying more than one barrel, but that investigators insist he bought a second barrel, which has not turned up.

Jordan said that if Wales was killed because of his work as a prosecutor, he would be the first federal prosecutor ever slain in the line of duty.

"If that's the reason he was murdered, we are all victims in a sense," he said.

Jordan's comments followed a memorial service that drew dozens of Wales' former colleagues, as well as his son, daughter and former wife.

Wales' son, Tom, said the pain his family felt after the killing remains undiminished. It's a pain they're reminded of when people ask them about the investigation or what their father might have done to provoke the murderer.

"Even if we do not invite peril, it can find us, even in the safety of our own homes," he said.

Wales' colleagues remembered him for his sense of humor, his public service and volunteer work, and his commitment to justice.

Wales "pursued justice relentlessly in his life, and with his life," said U.S. Attorney John McKay.

Seattle Police Chief Gil Kerlikowske said Wales would have been saddened at the recent spate of school shootings across the country, to see how little progress has been made.

"He saw the human face of gun violence," Kerlikowske said. "Such a terrible tragedy, then, to lose your life at the end of a gun."

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How To Make US Schools Safer (CSM)

By Gail Russell Chaddock, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, October 12, 2006

A presidential conference focused on people solutions: staff-police cooperation, crisis drills, and identifying problem students.

WASHINGTON

Just hours after a 13-year-old Missouri boy fired an assault rifle at his school - and in the wake of four recent fatal school shootings in rural America - President Bush and national experts vetted plans to make schools "gentle places of learning."

But, unlike comparable panels after the Columbine High School shootings in 1999, proposed strategies did not include curbing access to guns.

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Instead, Tuesday's presidential conference on school safety in Chevy Chase, Md., focused on the human face of the solution: getting "stakeholders" - students, school officials, parents, and police - working together, practicing school crisis plans as regularly as fire drills, and, most critically, identifying students who need help before they pick up a gun.

That means taking bullying seriously, encouraging students to tell an adult when they hear classmates threaten to harm themselves or others, and identifying "students of interest" (taking care not to label a child a troublemaker) and getting them help.

Since more than 3 in 4 shooters talk in advance about their plans, the goal is to get better intelligence, experts say. That means getting police into classrooms, even at elementary schools. "Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the Center for the Study and Prevention of Violence in Boulder, Colo., who urged monitoring children for agitation and aggression.

Other panelists came fresh from their own bouts with school violence. Sheriff Fred Wegener of Bailey, Colo., talked about how recent emergency drills helped his officers "go to the threat," pin down the man with the gun, then evacuate students, after a call came on Sept. 27 that an outsider had taken hostages at the Platte Canyon High School. In the end, the gunman killed himself and a hostage, but was not able to fire into large groups of students.

Although gun control was not on the agenda, it did come up when panelists opened the session to questions. "Obviously, kids should not have access to weapons," said Theo Milonopoulos, a sophomore at Stanford University who with his twin brother, Nico, is a cofounder of Vox Populi and Kidz-LA. The two groups encourage youth to combat violence by engaging in the legislative process.

Sheriff Wegener of Bailey responded that he had a rifle in the bed of his pickup truck when he went to school, but "never thought about shooting anybody with it." He added: "We have to change society."

In an interview after the conference, Mr. Milonopoulos voiced his dissatisfaction: "I'm grateful to the Bush administration for bringing these issues to light through a national conference, and inviting a wide variety of groups, but there needs to be a new approach beyond the dialogue that we heard [on Tuesday]. The first thing I would do is renew the federal assault weapons ban." After the Columbine shootings in Littleton, Colo., school-safety experts called for metal detectors to keep weapons out of schools, surveillance cameras, improved school design to reduce potential hiding places - and new laws to curb access to guns.

While the event was open to the press, it was closed to the general public. Gun-control advocates say they were shut out of the conference, but not the larger fight over how to make society safer.

"The fact that the president doesn't want to address this issue and the Republican Congress is moving in the wrong direction doesn't mean that the issue has been taken off the table," says Ladd Everitt, a spokesman for the Coalition to Stop Gun Violence, citing the 109th Congress's failure to renew the assault weapons ban and a recent House bill that makes it more difficult to curb corrupt gun dealers. Recently, more than 100 mayors have organized to press for curbs on interstate gun trafficking, he notes.

Still, school-safety experts say that experience with threat assessment is beginning to pay off. Art Kelly, police chief of New Bedford, Mass., told the conference that he used information provided by the Secret Service to prevent a school shooting from being committed.

"Generally, generally, America's schools are safe places to be," said Attorney General Alberto Gonzales, one of the speakers. "Your kids are much more likely to be safer in school than they are at the mall. And that's the good news. We are, however, seeing some indications in the last two years that those trends are changing."

But finding the money to pay for all the upgrades needed to keep schools safer is a challenge. In a statement this week, the Democratic National Committee noted that the Bush administration has cut funding for the Community Oriented Policing Services program from $160 million in the last two years of the Clinton administration to $5 million in 2005. In 2006, the program was zeroed out.

Code Blue At Schools Rattles Nerves (WP)

By Lori Aratani And Katherine Shaver, Washington Post Staff Writers

The Washington Post, October 12, 2006

Montgomery Officials Tighten Security After Threats of Violence Are Received

DOJ_NMG_0079453

A 12-year-old boy's false claim yesterday that an armed man approached him at a bus stop and threatened violence at a school prompted officials to lock the doors and heighten security at 13 campuses in northwestern Montgomery County.

The boy, a seventh-grader at Kingsview Middle School in Germantown, told his story to a driver as he boarded his bus in the morning, then recanted it during an after-school interview with detectives.

Before he did, the tale was enough to throw Maryland's largest school system into confusion and parents into a state of uncertainty. Acting with "an abundance of caution," police and school system officials put the schools under a day-long Code Blue alert, which meant doors were monitored and students continued classes under tighter security than usual.

Police spokeswoman Lucille Baur said detectives are conferring with prosecutors to determine whether to file charges against the boy. She said it was unclear what his motive may have been.

The school system's actions, coming after a series of school shootings and violent threats across the United States, demonstrate the current concern about student safety. Baur said police had initially recommended that three campuses be put under Code Blue alert, but school officials decided to add 10 schools.

Montgomery's response echoes that of officials in Virginia's Culpeper County, which shut down all public and private schools last week after receiving a bomb threat by phone. A 25-year-old man was arrested yesterday in connection with the case.

In Arlington County, security was tightened yesterday at Wakefield High School and neighboring Claremont Immersion Elementary School after a teenager apparently fired a paintball gun while walking to school, an official said. And in Wilmington, Del., three high school students were charged with terroristic threatening and conspiracy for making bomb threats at their school.

On Tuesday, President Bush hosted a six-hour Conference on School Safety in Chevy Chase, at which officials talked about strategies for making campuses more secure.

Yesterday's Code Blue alert in Montgomery was one of several incidents that rattled the nerves of the 139,000-student school system.

Just before 8 a.m., more than 2,200 students at Sherwood High School were evacuated after administrators received a bomb threat. Bomb-sniffing dogs were brought in to sweep the Sandy Spring campus. The threat turned out to be false, and a 15-year-old student from Sherwood was arrested in connection with the incident.

Then, in the early afternoon, two elementary schools in Gaithersburg -- Brown Station and Diamond -- briefly tightened security after Gaithersburg police notified them that a burglary suspect whose description matched that of the man who allegedly made the bus stop threat was believed to be in the area. The Code Blue at those schools, a separate action, was lifted about 90 minutes later.

Montgomery police said that elementary school students were kept inside buildings for recess and that outdoor activities at other campuses were canceled. School system officials also canceled after-school activities at Kingsview Middle.

Under the school district's rules, Code Blue is the less restrictive of two types of alerts issued when there is a potential threat to school security. Under a Code Red alert, students and teachers must remain in their classrooms or in a secured area.

For students, the most frustrating part of the day was being stuck inside.

Akshan Singh, 8, a third-grader at Germantown Elementary, said students were calm throughout the day, but many found the alert frustrating because they couldn't go outside for recess and were allowed to leave the classroom only with special permission.

Some parents, however, found the alert frustrating for other reasons.

Lonnie Williams, 45, an electronic engineer, said he didn't know about the Code Blue until a reporter asked him about it as he waited to pick up his daughter at Seneca Valley High School in Germantown. Williams said he did not receive an e-mail notification on his hand-held computer device, as he would for weather-related changes in the school schedule.

"That's annoying," Williams said. "Since the sniper incident, there's been that edge, wanting to know what's going on when something like this is happening."

But Suzanne Maxey, principal at Seneca Valley, showed The Washington Post a copy of an e-mail she sent at 10:32 a.m. to members of the school's "Eagles Bulletin" e-mail list.

"The overall security of the building has been increased," Maxey wrote, in part. "The students are safe and regular instruction has continued." She said she knew of only one parent who took a child out of school early.

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At Seneca Valley, Code Blue meant no casual bathroom breaks and no lunch trips to McDonald's or Wendy's. The front doors were locked, and teachers and security assistants guarded the other doors between classes. The first-period physical education students were called in from the tennis courts. Many teachers spent their free periods, meant as time to plan their lessons, walking the halls.

"A lot of people were calm," said Ashley Ramos, 14, a ninth-grader. "Some people were like, "Oh my God,' but everything was pretty normal besides being in the classroom with the doors closed."

She said she was never scared. "When they [school officials] said there was security everywhere and not to panic, we felt a lot more safe," she said.

With none of the school's 1,454 students allowed to leave campus for lunch, lines grew in the cafeteria. Many ate lunch in classrooms or the auditorium lobby. School officials unlocked the gym to ease crowds in the cafeteria and let students burn off energy playing basketball.

About 80 seniors carried on with a trip to the Germantown Soccerplex for a college expo.

"Usually we just say, 'Get on the bus,' " Maxey said. "Today, 15 adults were out there to make sure they were okay."

Although officials say they have made strides in making schools safer, they acknowledge -- as in the case of the Montgomery incident -- that it's sometimes difficult to differentiate the real threats from the false ones. But they hope stiffer penalties for such actions will be a deterrent.

Montgomery officials said that despite the vague nature of the threat, they did not want to take any chances. Parents, too, said it is difficult to know how concerned they should be.

Parent Carol Ferrara, 46, said yesterday's Code Blue did not worry her as much as it might have a couple of years ago. Seneca Valley had a bomb hoax last school year, she said, and she hears news reports about threats that turn out to be nothing.

"It's one of those things where you think it's not going to turn into anything, thank God," Ferrara said as she waited in her minivan to pick up her son, a junior at Seneca Valley. "It's so common. But with the school shootings, I sort of hold my breath and wonder when is it going to happen here?"

Staff writers Ernesto LondoÃ±o and Tara Bahrampour contributed to this report.

Fake Threat Puts Schools On Alert (WT)

By Gary Emerling, The Washington Times

The Washington Times, October 12, 2006

Montgomery County officials yesterday heightened security at 13 schools in Germantown and two in Gaithersburg after a student falsely reported that he had been approached by someone brandishing a weapon.

County police said that the student initially claimed to be waiting for a bus to Kingsview Middle School in Germantown at about 7:30 a.m. when a person with a weapon approached and made a threat about schools.

The student told the bus driver about the incident and the driver radioed school officials, who notified police, Montgomery County police spokeswoman Lucille Baur said.

Miss Baur said that the student later admitted that he made up the story while he was being re-interviewed after classes ended yesterday.

"He recanted the story or the description of the incident," Miss Baur said. "So there was not a man with a weapon who posed a threat to schools and students."

Meanwhile, authorities in Culpeper County, Va., yesterday arrested a 25-year-old man in connection with a bomb threat that closed schools and day-care centers in the county for one day last week.

Mark J. Robinson, 25, of Culpeper, Va., has been charged with four felony counts of making bomb threats, two felony counts of threatening to kill or injure by phone, and one misdemeanor count of using obscene or vulgar language over the telephone.

"It's definitely a relief to know we have someone under arrest and can take a breather for a few moments and get back to it," said Lt. Patrick Coffey, a spokesman for the Culpeper Police Department.

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Police arrested Mr. Robinson after serving two search warrants for an investigation into threats made against the Culpeper Police Department and a Best Western Motel in Culpeper, as well as the schools bomb threat.

Officers searched and seized computer equipment from Mr. Robinson's home and from the apartment of Justin Brown, 19. Police said that Mr. Brown was interviewed about the threats and was not arrested, but that he is still a suspect in the case.

In Montgomery County, Miss Baur said that police do not know why the student fabricated the story and have not determined whether charges will be filed against him.

School officials said that they had not yet determined if the student will be disciplined.

The story prompted police to recommend that 13 schools in Germantown be placed on a Code Blue security alert -- meaning all students and staff at the schools had to be accounted for and entrances to the school were monitored and secured.

School officials also opted to lock the buildings' exterior doors.

Orange cones and marked police cruisers were placed at the schools' entrances, and streets normally crowded around lunchtime near some schools were comparatively quiet.

"We're absolutely relieved that there was no real threat. At the same time, we did maintain a safe environment all day with our students," schools spokesman Brian Edwards said. "Any time there is a question of this nature you have to take it seriously and treat it as real."

Officials temporarily placed two schools in Gaithersburg on Code Blue after city police said they had seen a person in the area matching the description of the person with the weapon.

However, Gaithersburg police spokesman Cpl. Rudy Wagner said that the person was a man suspected of fourth-degree burglary who had escaped from officers but was not the same person wanted for the threat.

County police yesterday also arrested a 15-year-old boy from Olney who phoned in a false bomb threat to Sherwood High School in Sandy Spring.

The school was evacuated and searched, but students returned to classes at about 10 a.m.

•Matthew Cella contributed to this report.

Seven Search Warrants Issued In School Shooting Investigation (AP)

AP, October 12, 2006

LAKEWOOD (AP)— Investigators said Wednesday that seven search warrants have been issued and the gunman's suicide letter sent to the FBI for analysis as they try to determine why Duane Morrison invaded a mountain high school and killed a student two weeks ago.

Authorities also announced the evidence shows that the single bullet that killed Platte Canyon High School student Emily Keyes was fired from Morrison's gun.

Investigators wouldn't discuss the search warrants, which are sealed, or the hundreds of tips they have received, pieces of evidence collected or interviews conducted.

Park County District Attorney Molly Chilson

told reporters during a news conference at the Colorado Bureau of Investigation headquarters that she knows they want answers to why the 53-year-old Morrison entered the school in Bailey, took six girls hostage in a classroom and then shot Keyes and himself when officers entered.

"You want to know what happened in Duane Morrison's life in the months, weeks, days and hours prior to the morning of Wednesday, Sept. 27," Chilson said. "You also want to know detail by detail what happened in the school that day."

Chilson said the investigation by her office and the CBI is trying to answer those questions and releasing any information before the facts are verified would undermine their efforts.

Man Accused Of Call That Closed Schools (WP)

By Michael Alison Chandler, Washington Post Staff Writer

The Washington Post, October 12, 2006

DOJ_NMG_0079456

A 25-year-old man was arrested yesterday on suspicion of calling in a vague bomb threat that shut down every school and day-care center in Culpeper County a week ago, and police linked him to previous telephone threats against authorities and a local motel.

Mark J. Robinson of Culpeper was charged with four counts of making bomb threats, two counts of threatening to kill or injure by telephone and one count of using obscene or vulgar language on the phone.

Police searched Robinson's house and a friend's apartment Tuesday night in connection with the Oct. 4 bomb threat and earlier threats against the Culpeper Police Department and a Best Western motel that employed the suspect as a housekeeper, said Lt. Patrick Coffey, the department's lead investigator on the case. Police said they have not established a motive for the threats, which began Sept. 17.

Investigators interviewed the friend, Justin Brown, 19, but did not arrest him, Coffey said.

In searching the Culpeper residences, police did not find any explosive-making materials, but they seized computers and other electronic equipment. Police said computers were used to help disguise the caller's voice and location.

The high-tech strategy made it difficult to identify a suspect, Coffey said. "It wasn't just a phone call with a caller ID," he said. "With this type of technology these days, it makes it more and more difficult to trace these kind of calls."

He said detectives worked round the clock and were aided by the county sheriff's office, state police, the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Federal Communications Commission.

"We are extremely relieved," Marla McKenna, spokeswoman for the 7,000-student Culpeper school system, said in response to the arrest.

She said students and teachers have been on edge since the countywide school shutdown last Thursday. Schools have received two additional bomb threats in the past three days.

On Monday, a 14-year-old middle school student phoned in a threat from a bus on her way to school, McKenna said, and yesterday a 15-year-old high school student left a threatening note in a girls' bathroom. The students, both female, were suspended and could be expelled, she said.

"We are taking all these threats really seriously," McKenna said. "We really need to get the messages out that a student might think it's a joke, but the consequences are really serious."

Since school shootings last week in Lancaster County, Pa., and last month in Bailey, Colo., school districts have been on heightened alert.

In Culpeper, about 70 miles southwest of Washington, the past week's events have intensified discussions about school safety. "We are going to continue to evaluate and reevaluate what we need to do to protect our students," McKenna said.

Arrest Made In Culpeper Bomb Threat (CULCIT)

Culpeper Citizen, October 12, 2006

25-year old Mark Robinson was arrested in connection with the bomb threats that closed all area schools on Oct. 5

Culpeper police arrested one man and questioned another in connection with the Oct. 4 bomb threat that closed all schools in Culpeper County.

One man was arrested and another questioned in connection to a telephoned bomb threat that closed all schools in Culpeper County Thursday, Oct. 5, the Culpeper Police Department announced Wednesday.

Mark J. Robinson, 25, of Willis Lane in Culpeper was charged in connection with bomb threats to the school and the Police Department. He is charged with four counts of making bomb threats (class 5 felon), two counts of threatening to kill or injure by phone(class 6 felony), and one count of obscene or vulgar language over the telephone (class 1 misdemeanor). The Culpeper Police Department estimates that Robinson placed about 30 calls to the E-911 center over the last several weeks. Police seized computers and computer equipment during a search of his home.

Justin Brown, 19, of Mountain View Drive in Culpeper, was questioned about threats made to the Police Department and the Best Western Motel in Culpeper, but at this time has not been arrested. Computers and computer equipment were seized during a search of his home.

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Although no other individuals are thought to be involved, the investigation is continuing and additional subpoenas will be served "for telephone records and to obtain electronic tracking information from various communications vendors."

Police received the school bomb threat at 11:31 p.m. Wednesday Oct. 4. Because the threat did not specify a particular school, all schools were closed the following day while six local, state and FBI agencies searched each school.

Former Middletown Twp. Mayor Gets 43 Months For Bribery (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), October 12, 2006

Raymond O'Grady, the former Middletown Township mayor who bragged to undercover FBI agents that he could "smell a cop a mile away" was sentenced yesterday to 43 months in prison for taking bribes.

The punishment, handed down by U.S. District Judge William Martini in Newark, was far less than the term sought by prosecutors but was still longer than nearly any sentence for a New Jersey public official convicted of graft in recent years.

If it bothered O'Grady, 57, he didn't show it. He never testified at his trial in June and declined yesterday to address the judge.

His attorney, Kevin Roe, at one point told Martini that O'Grady was remorseful, but he said after the hearing his client was an innocent man who was entrapped by government agents. Roe said he planned to appeal the verdict and sentence.

A well-known figure in Middletown, O'Grady spent more than a decade on the township committee, including four terms as mayor. The judge said that despite receiving letters of praise from O'Grady's supporters, he felt all he knew about the man was the portrait that emerged during hours of secret FBI surveillance taping.

On those tapes, O'Grady, who was also director of the Monmouth County Central Motor Pool, met with undercover FBI agents who posed as demolition firm employees willing to pay for government contracts.

The same sting, dubbed Operation Bid Rig, has led to nearly 20 arrests and convictions of municipal officials, employees and contractors in and around Monmouth County.

O'Grady boasted to the agents about his ability to be discreet. He said he didn't do "stupid things" like discuss illegal activities on the telephone and warned them about a possible snitch. He also accepted envelopes stuffed with $6,000 cash from them.

During the trial and again yesterday, Roe suggested O'Grady was framed by overeager agents and one of their cooperating witnesses, former county bridges superintendent Anthony Palughi.

The judge, however, said such an argument was an insult to his intelligence. He called the tapes "damning" and the evidence overwhelming.

"Everything in the evidence in this case suggests he was very comfortable in this environment," Martini said.

The prosecutor, Assistant U.S. Attorney James Nobile, had sought a term as high as 78 months, contending O'Grady obstructed the probe by destroying evidence and scheming to kill former Undersheriff Thomas Broderick, who O'Grady believed was cooperating with investigators.

Nobile also said the evidence included conversations in which O'Grady and Palughi discussed taking payoffs from other contractors.

"Mr. O'Grady was not a deer in the headlights," Nobile said, challenging a defense contention. "Mr. O'Grady came to the agents already corrupted."

The judge said he believed the talk of silencing a witness was "puffery" by O'Grady. Broderick was never harmed. But Martini said he was troubled by O'Grady's willingness to take money from strangers and his attorney's suggestion that any harm was minimal because no public contracts were affected.

"The harm goes to the actual confidence people have in their public officials. As people become disillusioned with this type of conduct, they don't participate, they don't vote," the judge said.

Besides fining O'Grady $5,000 and ordering him to perform 200 hours of unpaid community service, Martini banned him from public office or employment for three years after his release from prison.

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"This was an appropriately long prison sentence," U.S. Attorney Christopher Christie said in a statement. "He sold himself and abandoned his obligation to be an honest elected official."

Former Mayor Of A Monmouth County Town Is Sentenced In A Corruption Case (NYT)

By Ronald Smothers

The New York Times, October 12, 2006

NEWARK, Oct. 11 — A former mayor of Middletown, N.J., was sentenced to 43 months in federal prison on Wednesday on bribery and extortion charges arising from a sting operation aimed at what prosecutors said was pervasive corruption in Monmouth County.

The former mayor, Raymond J. O'Grady, 57, is the only one of nearly two dozen public officials and contractors caught up in the F.B.I. sting who has been tried. Most have pleaded guilty to corruption charges.

But a jury took just three hours in June to find him guilty of all five counts of soliciting and accepting $8,000 in bribes from undercover agents posing as contractors seeking government work. At the time, he was on the town council and was in charge of the county's motor pool.

The investigation, called Operation Bid Rig, laid bare what the United States attorney, Christopher J. Christie, said was "a shocking eagerness and ease" by officials "to trade contracts for cash or even to be involved in money laundering."

Prosecutors argued that Mr. O'Grady accepted the bribes with the understanding that he would use his office and influence to steer no-bid contracts to the agents posing as contractors. Mr. O'Grady, a Republican, served four terms as mayor and was on the town council for a decade.

Kevin Roe, Mr. O'Grady's lawyer, said his client continued to maintain his innocence and would appeal both the guilty verdict and the sentence.

Prosecutors said that under federal sentencing guidelines, Mr. O'Grady faced 51 to 78 months in prison. But Judge William J. Martini of Federal District Court said such a sentence would be "disparate" from those handed out to others convicted of similar offenses.

Mr. O'Grady's decision to go to trial, the judge said, brought to light hours of damning audio and video tapes that were played for jurors.

In one conversation, Mr. O'Grady brazenly said he "could smell a cop a mile away" — a remark that led Mr. Christie to suggest that "Mr. O'Grady should have his olfactory senses tested immediately."

At the sentencing on Wednesday, Judge Martini said Mr. O'Grady had "made the decision to go to trial, and when you do that I have the benefit of hearing all of this."

"His statements in this evidence are not consistent with an innocent mind," Judge Martini continued, "and I don't think to this day he has any recognition that he did anything wrong."

Judge Martini's comments recalled his apparent indignation last June when, after the jury verdict came in, he said he was repelled by Mr. O'Grady's cavalier attitude that came through in the recordings. At that time, Judge Martini angrily said that he was considering sending the defendant to jail immediately.

Mr. Roe, the defense lawyer, cautiously made his arguments on Wednesday for a lower sentence for his client. He portrayed Mr. O'Grady as innocently pursuing a legitimate business relationship and maintained that prosecutors had taken the recorded conversations out of context.

"Don't insult my intelligence," Judge Martini fairly thundered from the bench. "I heard that stuff, and those words weren't put into your client's mouth."

After the sentencing, Mr. Roe conceded that he had been uncertain about how his arguments for leniency would be received by the judge in light of his comments in June.

The outcome in court on Wednesday confirmed his concerns, he said, adding that it had "chilled" his defense efforts and deterred him in aggressively making other legal moves on his client's behalf.

But Mr. Christie called the sentence "appropriately long" and said Mr. O'Grady had "sold himself and abandoned his obligation to be an honest elected official in Middletown and government official in Monmouth County."

Menendez Denies Kean's Subpoena Claim (AP)

By Donna De La Cruz

AP, October 12, 2006

TRENTON, N.J. Oct 11, 2006 (AP)— Democratic Sen. Robert Menendez told The Associated Press Wednesday that he has not been subpoenaed in any federal investigation, a claim Republican opponent Tom Kean Jr. continued to maintain.

"There is a subpoena that has his name on it that was issued by an impaneled grand jury and delivered by the FBI," Kean said during an interview with the AP. "That's a fact."

In a separate interview with the AP later Wednesday, Menendez denied Kean's claim. No federal agency has publicly said Menendez has been subpoenaed, and a Menendez campaign spokesman said Kean has no proof to make such a serious accusation.

"There are no such subpoenas to my knowledge whatsoever," Menendez said.

He added that he was not surprised by Kean's continual "one-trick pony act" of portraying the longtime Hudson County politician as corrupt. Menendez has never been charged with any wrongdoing.

The U.S. attorney's office has issued a subpoena seeking records from the North Hudson Community Action Corp. related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the nonprofit organization obtain federal funds. Menendez has said he obtained verbal clearance from the House Ethics Committee before entering into the lease agreement.

Kean and Menendez discussed their views on the nastiness of the race, the war in Iraq, immigration and other issues in hourlong interviews, but Kean focused mostly on corruption. Menendez has appeared to be the Senate's most vulnerable Democrat in an election season that has seen Republicans on the defensive, but recent polls show him with a slight lead over Kean.

"If we don't know why people are making the decision, whether it be for partisan purposes or personal gain purposes, how do we know the decisions they are talking about are the right decisions for the people of the state of New Jersey?" Kean said.

Menendez said he was tired of being "guilty by geography," referring to Kean's repeated portrayal of Hudson County as rife with political corruption.

Question Of Victim Buttons Comes Before Supreme Court (LAT)

By David G. Savage

The Los Angeles Times, October 12, 2006

WASHINGTON — If the family of a murdered man wears a small, button-sized photo of the victim in the courtroom, does that display violate the defendant's right to a fair trial and require that the conviction be thrown out?

That question came before the Supreme Court for the first time today. And while several justices said they thought trial judges should ban spectators from displaying photos, badges or messages in the courtroom, most of them also said they were reluctant to reverse a murder conviction for that reason alone.

At one level, the case poses a clash between victims' rights and defendants' rights. On another, it tests the power of federal judges to reverse convictions from state courts.

During today's oral argument, Justice David H. Souter questioned whether courtroom spectators could wear badges calling on the jury to "hang" the accused. Others noted that family members sometimes can be heard sobbing in the courtroom and those expressions of emotion have not been seen as depriving the defendant of a fair trial.

The case heard by the court today began 12 years ago.

Mathew Musladin was convicted of shooting and killing the fiancé of his estranged wife in the driveway of her San Jose home in May 1994. The victim, Tom Studer, ran toward Musladin after the woman shouted for help.

At his trial, Musladin claimed he acted in self-defense. The jury disagreed and a judge sentenced him to 32 years in prison.

Studer's parents and his brother Jim attended the trial and they sat in the spectators section wearing lapel buttons that contained a photo of Tom in his Navy uniform.

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Last year, the U.S. 9th Circuit Court of Appeals overturned Musladin's conviction in a 2-1 decision. Judge Stephen Reinhardt, speaking for the appeals court, said the photos, because they "conveyed the message" that Musladin was guilty, deprived him of "the right to a fair trial by an impartial jury free from outside influences."

A California state lawyer urged the high court to overturn that ruling. "The three simple buttons bearing only a photo did not convey any message of blame [or] guilt, anything other than grief of this family," said Gregory A. Ott, a deputy attorney general from San Francisco.

He ran into sharp questioning from Souter and Justice Stephen G. Breyer.

It is "quite a bad idea to have buttons being worn in a courtroom, which is not a place for demonstrations," Breyer said.

"What if three buttons had said 'Hang Musladin'?" asked Souter. "Wouldn't that call for overturning the conviction?"

Maybe so, Ott replied, because that would send an explicit message to the jury. By contrast, he said, the small, button-sized photo of Tom Studer did not convey a specific message. The judge who presided over the trial said he saw "no possible prejudice" to the defendant.

A lawyer representing Musladin said the justices should prohibit the display of photos by spectators because it created an "an impermissible risk" of influencing the jury. "I think you had to do away with this kind of courtroom behavior. It is simply not acceptable," said David W. Fermino, a lawyer from San Francisco.

He ran into sharp questions from Chief Justice John G. Roberts Jr. and Justice Antonin Scalia.

"A typical jury will understand that the victim is going to have a family and they're going to be sorry he's dead and they might be there at the trial," Roberts said. "The buttons don't seem to add much to what the jury will derive from seeing the family seated behind the prosecution bench."

Even Breyer questioned whether the buttons in this case rose to a constitutional violation. "Why isn't this a normal sign of grief?" he asked.

By the end of the hour, most of the justices sounded as though they were inclined to reverse the 9th Circuit's decision. A ruling in the case, Carey vs. Musladin, is expected in several months.

Court Weighs Effect Of Victim's Image On Trial (USAT)

By Joan Biskupic

USA Today, October 12, 2006

WASHINGTON — Supreme Court justices appeared divided Wednesday over whether a convicted murderer's right to a fair trial was violated when spectators court wore buttons showing a picture of the victim.

“I think they're probably a problem,” Justice Stephen Breyer said of such buttons, suggesting at one point that judges should simply say, “No buttons (in court). No banners. No petitions. No posters.” Justice David Souter also raised concerns that such buttons could improperly prejudiced jurors.

However, Chief Justice John Roberts suggested that buttons — such as those worn by the victim's relatives in the California case that was before the justices — could be no more influential than relatives who sit in a prominent place behind prosecutors.

Justice Antonin Scalia, also seeming unconcerned, likened such buttons to “tank shirts,” “beanie hats” and other items that could break a court's decorum but not necessarily sway a jury.

This is the first time the justices have taken up the question of whether such buttons could unfairly influence a jury, but the issue often arises in trial courts. Judges have taken varying approaches in dealing with displays that could send messages to jurors. In the mid-1990s, U.S. District Court Judge Richard Matsch, hearing the cases of Oklahoma City bombing defendants Timothy McVeigh and Terry Nichols, banned buttons and other items with symbols of the bombing.

The case before the justices dates to 1994, when Matthew Musladin fatally shot Tom Studer, the fiancé of Musladin's estranged wife. Musladin said he shot Studer in self-defense. Relatives of Studer showed up at Musladin's trial wearing buttons depicting Studer's face. The judge said he did not think that would prejudice jurors, noting they had “been instructed not to let passion or prejudice influence their verdict.” The jury found Musladin guilty; he was sentenced to 32 years to life in prison.

A California appeals court backed that verdict, but the U.S. Court of Appeals for the 9th Circuit reversed it. It said the message conveyed by the buttons was “that Studer was the innocent party and that the defendant was necessarily guilty.”

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Much of the justices' hour-long session Wednesday concerned whether buttons should be allowed in court, but there is a legal threshold that could prevent the justices from deciding the case on the merits of that question.

California officials say the 9th Circuit should have rejected Musladin's claim because lower court rulings in his case did not conflict with "clearly established federal law."

Deputy California Attorney General Gregory Ott told the justices that the 9th Circuit violated federal rules for prisoner appeals by not deferring to a state appeals court ruling.

David Fermino, Musladin's attorney, said past cases require that judges not allow behavior that is a risk to a fair trial. He said the buttons worn by Studer's relatives went beyond a normal showing of grief.

Buttons' Influence On Jury At Issue For Justices (WP)

By Charles Lane

The Washington Post, October 12, 2006

Tom Studer's family made a silent but powerful statement 11 years ago at the trial of the man accused of murdering him. They appeared in a California courtroom wearing lapel buttons emblazoned with photographs of him, wearing his Navy uniform and smiling.

Though the defense objected, the judge allowed the buttons. Matthew Musladin was convicted and sentenced to at least 32 years in prison; he says the buttons may have swayed the jury's emotions, depriving him of his constitutional right to a fair trial.

Last year, the San Francisco-based U.S. Court of Appeals for the 9th Circuit agreed with Musladin and overturned his conviction. Prosecutors appealed to the Supreme Court. Yesterday, the justices heard oral arguments in a case about legal due process and the proper relationship between state and federal courts.

Gregory A. Ott, representing the state of California, told the court that, even if the buttons may have influenced the jury, the state court's ruling was entitled to be upheld by the federal courts.

A 1996 federal law says that federal judges should defer to state courts' interpretations of the federal Constitution in criminal cases unless they clash with "clearly established" Supreme Court precedent. But the Supreme Court has never ruled before on buttons worn by courtroom spectators, so there was no such precedent, Ott said.

"It was certainly reasonable for the state court here to conclude that three simple buttons bearing only a photo did not convey any message of blame, guilt, anything other than the grief of this family," he said.

Justice David H. Souter seemed to disagree, citing a 1986 ruling written by Justice Thurgood Marshall that suggested that courtroom practices "inherently prejudicial" to the defendant would violate the Constitution.

"What if the button had said . . . 'Hang Musladin'?" Souter asked Ott. "Is there any question in your mind that allowing the family members to display this message to a jury throughout the trial . . . is raising a risk, an unacceptable risk, that the jury will consider improper influences in reaching its verdict?"

It may, Ott conceded, "but it might still be reasonable for a state court to conclude otherwise."

Several members of the court also seemed troubled by the potential harm that such displays could cause in court. But, given the lack of a clearly applicable Supreme Court precedent, few seemed to think that Musladin's conviction should have been overturned.

David W. Fermino, Musladin's attorney, argued that the 9th Circuit ruling fit a framework outlined by the Marshall opinion and others, including a 1976 case in which the court said the government may not ordinarily require a defendant to appear in prison garb during trial.

"This wearing of the button in a sense branded the defendant in the eyes of the jurors," Fermino said.

But Justice Ruth Bader Ginsburg noted that the cases Fermino cited involved government rules, rather than the conduct of private citizen spectators. Fermino's argument, she observed, "certainly goes beyond where our precedent left off."

Justice Antonin Scalia said that "there is a First Amendment problem when you're dealing with people other than the prosecution."

The case is Carey v. Musladin , No. 05-785. A decision is expected by July.

Justices Ponder Relationship Of Federal And State Courts (NYT)

By Linda Greenhouse

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — Whether a murder defendant's right to a fair trial was violated when the judge permitted the victim's relatives to sit behind the prosecutor, wearing buttons with the victim's picture on them, was a question in a case argued before the Supreme Court on Wednesday. But it is not the question the justices will answer.

Rather, the case turns on whether the federal appeals court in San Francisco had the authority to order a new trial for the defendant, who was convicted after the state court trial judge refused to tell the family of the victim, Tom Studer, to remove the buttons.

The case is therefore a potentially important test of the relationship between the federal and state courts, as redefined by a 10-year-old federal law that greatly restricted the federal courts' ability to set aside state convictions through writs of habeas corpus. The real question is how one of the most important limitations in that law actually works.

In the 1996 law, the Antiterrorism and Effective Death Penalty Act, Congress specified that federal judges could grant habeas corpus petitions only if the state court decision was "contrary to, or involved an unreasonable application of, clearly established federal law, as determined by the Supreme Court of the United States."

That limitation seems straightforward enough, but as the argument on Wednesday made clear, it is more complicated than it looks.

The Supreme Court has had various things to say over the years about the unduly prejudicial impact of such practices as placing a defendant in shackles or in prison garb in the presence of the jury. But it has never said a word about a murder victim's relatives wearing buttons.

So, did the federal appeals court in this case, the United States Court of Appeals for the Ninth Circuit, have the authority to extrapolate from the old Supreme Court precedents to the new situation? Did it have the authority to apply one of its own cases, a 1990 ruling that overturned a rape conviction because female spectators at the trial had worn buttons declaring "Women Against Rape"?

Gregory A. Ott, a California deputy attorney general, argued that the 1996 law required answering "no" to both those questions. Mr. Ott told the justices that the California Supreme Court's decision upholding Mathew Musladin's murder conviction neither violated "clearly established" law, of which there was none, nor amounted to an "unreasonable application" of the law that did exist.

There seemed relatively little doubt that most of the justices were inclined to agree. So they spent most of the argument trying to tease out the potential implications of a ruling that overturned the Ninth Circuit's decision in his case, Carey v. Musladin. No. 05-785.

Suppose, Justice Anthony M. Kennedy asked Mr. Ott, that there was no Supreme Court ruling on a particular issue, but that the courts of five federal appellate circuits had looked at the issue and had all reached the same conclusion. "And they all say, 'We think the general rule of the Supreme Court is as follows,' " Justice Kennedy said, asking: "Isn't that entitled to some weight? You're not supposed to cite that when you go to the Sixth Circuit court or you go to the state court?"

Such a decision, even if widely shared among the appeals courts, could not be considered "clearly established" law, Mr. Ott replied. "To redefine or shape this court's holdings beyond the face of those holdings, our position is that cannot be done with state or circuit law," he said.

He added that such lower-court extrapolations might be considered "reasonable applications" of Supreme Court law under some circumstances, and those could be of some relevance in a habeas corpus case.

Justice David H. Souter asked Mr. Ott to imagine that rather than a picture of the man Mr. Musladin was charged with killing, the buttons had carried the words "Hang Musladin." Was there "not sufficiently clear law from this court to find that practice unconstitutional?" the justice asked.

There was no "clearly established" law governing that situation, Mr. Ott replied. But he said it would be "unreasonable" for a judge to permit such a display, and that it "would require habeas relief."

How was that really different, Justice Souter wanted to know. "The prosecutor is going to get up and urge the jury to convict him," he said. "What is wrong with it on a button? What risk does the button raise that the prosecutor's argument does not?"

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"It is an outside influence, Your Honor," Mr. Ott replied.

Mr. Musladin's lawyer, David W. Fermino, received a similar line of questioning when he argued that the buttons created an "unacceptable risk that impermissible factors have caused a jury's verdict to be based not solely on evidence introduced at trial." There was a "clearly established rule," Mr. Fermino said, that equated such courtroom behavior with "inherent prejudice."

Suppose "the trial is being held and the families appear and they're all in black because they're still in mourning," Chief Justice John G. Roberts Jr. asked Mr. Fermino. "Does that violate this clearly established rule?"

It would, Mr. Fermino replied. He said the Ninth Circuit was properly concerned with "the risk, not the reality."

That was an answer unlikely to persuade many justices. So Justice Souter, who emerged during the argument as the justice most sympathetic to the defendant, tried a rescue. Dressing in black might be normal behavior for people in mourning, he said, but the wearing of buttons is "something that is abnormal and something that is intended to presumably get the jury's attention."

"I don't know why otherwise they would be doing it," Justice Souter added.

In a second argument on Wednesday, the justices considered the constitutionality of California's criminal sentencing system in light of the Supreme Court's recent rulings on the respective roles of the judge and jury in making determinations that are central in calculating a sentence.

Last year, in United States v. Booker, the court found the federal sentencing guidelines unconstitutional because the system permitted judges rather than juries to make the relevant factual findings. As part of the same ruling, the court then saved the guidelines by making them advisory rather than mandatory.

The California system also places judges in a central role. But there was considerable confusion during the argument in Cunningham v. California, No. 05-6551, about exactly what the judges' role is. The case is being watched closely for hints about the court's next move on federal sentencing.

Plea Deal Ends Federal Trial For Hells Angels Accused In Deadly Brawl At Vegas Casino (AP)

By Ken Ritter, Associated Press Writer

AP, October 12, 2006

LAS VEGAS (AP) The federal racketeering trial of 11 Hells Angels motorcycle club members came to a sudden end Wednesday after six defendants accepted plea deals to reduce charges stemming from a deadly casino brawl.

The men also entered plea agreements in a parallel state criminal case, sparing them the possibility of life in prison if they had been convicted. Under the deals with federal and state prosecutors, they likely will face no more than 2{ years in prison.

All federal charges were to be dropped against the remaining five federal defendants. The judge said he also would dismiss the federal cases against the 31 other Hells Angles members charged in the brawl.

The collapse of the federal case came after two weeks of trial during which defense lawyers accused government agents and prosecutors of flagrant misconduct and withholding crucial evidence.

U.S. Attorney Daniel Bogden said he agreed to the plea deals because it involved ``the six most active and culpable participants" in the fighting.

The Hells Angels members brawled with rival Mongols biker gang members at a 2002 motorcycle rally in Laughlin, a Colorado River resort town some 100 miles south of Las Vegas.

Two Hells Angels and one Mongols member died and at least a dozen people were injured. Videotape images showed the rival motorcycle gang members battling with guns, knives, wrenches and chairs on the casino floor at Harrah's Laughlin hotel-casino.

Calvin Schaefer, Raymond Foakes, Rodney Cox and James Hannigan pleaded guilty to federal charges of committing a violent crime, battery, in aid of racketeering. Maurice ``Pete" Eunice and Dale Leedom pleaded no contest, conceding the government could prove they committed a violent felony.

Troy Regas, 43, a Hells Angels member whose brother, Sohn Regas, will go free, called it ``better for six to do a small amount of time than for one guy possibly to face a life sentence."

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Defense lawyers noted the settlement of the federal and state cases would clear the Hells Angels of federal claims that it constitutes a criminal enterprise like the Mafia.

``There is no implication whatsoever from this plea that the Hells Angels is a criminal enterprise," said Schaefer's lawyer, David Chesnoff.

No Mongols members were charged in the federal case, though six face state charges.

Republicans Call For Inquiry In Documents Case (NYT/AP)

By The Associated Press

The New York Times, October 12, 2006

Ten House Republicans called for a Congressional investigation into the improper handling of classified documents by President Bill Clinton's national security adviser, Samuel R. Berger. Mr. Berger admitted last year that he deliberately took classified documents out of the National Archives in 2003 and destroyed some of them. After his guilty plea, he was fined $50,000. The Republican lawmakers asked the House Government Reform Committee to determine whether any documents were missing from Clinton administration terrorism records, to review security measures for classified documents and to seek testimony from Mr. Berger. The group is led by Representatives Duncan Hunter, chairman of the Armed Services Committee, and F. James Sensenbrenner Jr., head of the Judiciary Committee.

Lawmakers Seek Probe Of Berger's Theft (WT)

By Jerry Seper

The Washington Times, October 12, 2006

Several top House Republicans yesterday asked for an investigation and committee hearings to determine which documents were "destroyed, removed or are missing" as a result of former National Security Adviser Samuel R. Berger's admitted theft of papers from the National Archives.

In a letter to the House Government Reform Committee, the lawmakers asked Chairman Thomas M. Davis III, Virginia Republican, to investigate whether there was criminal misconduct in the removal of the classified documents by the Clinton administration official.

"Because Mr. Berger was designated by President Clinton as the representative of the Clinton administration to the national 9/11 commission investigation into the terrorist attacks, it is vitally important for our congressional investigative committee to determine what records were destroyed, removed or are missing," the letter said.

Dave Marin, a spokesman for Mr. Davis, said yesterday that the chairman has requested a copy of the inspector general's report at the National Archives on the Berger matter. He said Mr. Davis plans to review the report before deciding whether to investigate.

Mr. Berger was fined $50,000 by a federal judge in September 2005 for illegally taking classified documents out of the National Archives by stuffing them in his pants. He told the court that he let "considerations of personal convenience override clear rules of handling classified material" and described the removal of the documents as a lapse of judgment as he was preparing to testify before the September 11 commission, which was investigating intelligence and security failures.

But the government said Mr. Berger "knowingly removed classified documents from the National Archives and Records Administration" and stored them at various locations, including his Washington office.

The document theft raised questions about whether Mr. Berger was attempting to cover up the Clinton administration's anti-terrorism policies and actions. The records he took were related to internal assessments of Mr. Clinton's handling of a terrorist threat in December 1999 to bomb airports in the United States.

Mr. Berger pleaded guilty to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terror threats in the United States during the 2000 New Year's celebration.

In his televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's "sustained attention" to terrorist threats and "rigorous actions" foiled the New Year's plot.

Attorney General John Ashcroft, however, told the commission in 2004 that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with "luck playing a major role."

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Members of Congress requesting the investigation and hearings were Republican Reps. Duncan Hunter and Dan Lungren of California, John L. Mica of Florida, Lynn Westmoreland of Georgia, Mark Souder and Dan Burton of Indiana, Patrick T. McHenry of North Carolina, Curt Weldon of Pennsylvania, John J. "Jimmy" Duncan Jr. of Tennessee and F. James Sensenbrenner Jr. of Wisconsin.

Prosecutor: Rove Didn't Sway Spam Probe (AP-Y)

By Larry Neumeister

AP-Yahoo, October 12, 2006

Presidential adviser Karl Rove had nothing to do with the prosecution of a man accused of manipulating stock prices, a prosecutor says, disputing the man's claims that Rove set off probes to retaliate for a flood of spam e-mails to President Bush.

In papers submitted to a judge Friday, Assistant U.S. Attorney David M. Siegal said the criminal case against Robert McAllister was started three days before the e-mails were sent in January 2005.

The investigation began when a staff accountant at the Securities and Exchange Commission was told McAllister had made telephone threats against a stock promoter related to McAllister's events promotion company, Millennium National Events Inc., Siegal said.

McAllister's lawyer, Gerald L. Shargel, said last month he hoped to call Rove as a witness to support a claim that Rove "used his power and influence at the White House to seek quick punishment of Millennium, and therefore also Robert McAllister, for daring to spam the president's personal Web site."

Shargel said McAllister's efforts to grow his company were "thwarted by the wrongful conduct of stock promoters," one of whom sent spam e-mails to the Bush Web site, http://georgewbush.com/, which automatically reconnects to the Republican National Committee, http://www.gop.com/.

The Daily News reported last month that e-mails, phone records and transcripts of phone conversations show Rove contacted McAllister and at least three stock promoters.

Siegal told the judge that Rove did not wield the prosecutor's office "as his personal sword." He cited the careful manner in which the case progressed and written declarations by three government investigators saying Rover never communicated with them.

"This is nonsense, and the myriad claims the defendant makes are all either false, irrelevant or both," he said.

The government says McAllister, of Jupiter, Fla., was already on their radar screen because the FBI in early 2002 investigated his involvement in a scheme to fraudulently manipulate trading in another company.

McAllister was not arrested then, but the FBI recorded him talking to a cooperating government witness about allegedly bribing stock brokers in the plot to manipulate the company's stock, the government said in court papers.

The 2002 recordings are among evidence described in a July indictment charging McAllister with conspiracy to commit securities fraud, wire fraud and mail fraud. There was no indication when the case would go to trial.

If convicted, McAllister could face up to 65 years in prison. Three others in the case have pleaded guilty in the last two weeks and are awaiting sentencing. McAllister is free on $500,000 bail.

Ex-fugitives Plead Guilty In $31 Million Investor Scam (VAPILOT)

By Tim Mcglone, The Virginian-pilot

Hampton Roads Virginian-Pilot, October 12, 2006

NORFOLK - Former crime victim advocate Lee Hope Thrasher and her British boyfriend, Howard Welsh, pleaded guilty Wednesday to defrauding investors in a $31 million scheme.

Despite years professing their innocence while on the run from the FBI, the couple stood before a U.S. District Court judge and admitted that the investment plan was a fraud.

Welsh, 62, a British citizen, pleaded guilty to four felonies including conspiracy to commit mail and wire fraud. He faces up to 20 years in prison.

Thrasher, 52, pleaded guilty to three similar felonies and faces up to 15 years in prison. She had been employed in the 1990s as the victim-witness coordinator in the Virginia Beach Commonwealth's Attorney's office.

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They have agreed to assist the government in recovering $28.5 million that was wired to banks in 13 countries. Federal agents seized $2.5 million during the investigation.

From 1999 to 2004, Welsh and Thrasher offered "corporation sole" investments, typically reserved for churches. They sold the plan, for a fee, at seminars around the country, promising compounded, tax-free profits.

Some 900 investors handed over thousands of dollars and in one case, an elderly woman from Illinois invested $8 million that Welsh had told her was to be used to start a bank.

That bank, according to court records, was nothing more than a post office box in England.

The couple fled the area in 2002 and later left the country.

Federal charges were lodged against them in 2003, followed by a 63-count indictment filed the next year.

The couple was discovered hiding out in the hometown of Welsh's mother, under assumed names, in November 2004. The couple spent 20 months fighting extradition.

Assistant U.S. Attorney Robert J. Seidel Jr., the lead prosecutor, said authorities were seeking the missing money.

"The investigation is continuing to identify the location of these funds and whether any other individuals might have been in control of the money," he said.

One other person has been convicted in the case.

Roy F. Overton Jr., a retired banker from the Peninsula, was sentenced last year to

3 1/2 years in prison after pleading guilty to stealing $2.5 million from Welsh and Thrasher.

Why Farm Belt Sees Rising Crime Wave (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 12, 2006

ATLANTA

At the end of a dirt road in rural South Carolina, a lonely truck careered up through the red-clay ruts and into the woods.

The man, wearing chaps and wielding a chain saw, who emerged from the cab worked for himself, state foresters say. But the trees weren't his. Nor were the small profits he made selling the hauled timber to sawyers in the valley. Despite the whine of his saw, for years no one heard these trees fall.

The man, arrested earlier this year, was ax-cut-deep in a growing problem for America's farm belt: rural commodity theft, or "plaid-collar crime." From lush Hawaii to the Carolina plains, artichoke absconders, nut nappers, tree thieves, and even cattle rustlers are plucking, picking, hauling, and siphoning commodities from diesel to mangosteens at impressive rates. Loss is a familiar concept to a farmer. But such audacious heists have prompted many to go on the offensive to police America's wide-open spaces.

"The vulnerability of farms is legendary," says Bill Yoshimoto, the supervising attorney for a rural crimes task force in Tulare County, Calif. "They're just wide- open places for crooks to come. And crooks are going to go where the pickings are easy and where the prices are favorable."

Several commodities are particularly in demand because their prices are increasing. Almond prices jumped 70 cents a pound this summer, and beef prices remain high. Prices for high-grade lumber continue to climb. And rural backwoods areas have been hit by the copper theft epidemic across the country after prices peaked at $2.80 a pound this summer.

"If somebody can get [a commodity] for nothing, then it's a real good deal," says Ken Cabe, a senior forester with the South Carolina Forestry Commission in Columbia.

The losses from farm thefts in California, Mississippi, and South Carolina run into the hundreds of millions of dollars, according to estimates from law enforcement officers. But since only one of 10 farm crimes is reported, some say total annual losses are about $1 billion nationwide.

These days it's relatively easy to steal commodities without getting caught, Mr. Yoshimoto says. For one, farms are bumping up against suburbs, shortening the time it takes potential crooks to get their hands on freestanding tanks of diesel, barrels of expensive fungicides, and rolls of copper wire. Oftentimes, thieves can operate in plain view since the heavy equipment

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and tractor-trailers they use to carry out their crimes are common in these parts. Internet trading has also cut down on paperwork, making scofflaws tougher to track down.

Farm-thief profiles run the gamut from a 24-year-old mother of two arrested last month for timber theft in Mt. Croghan, S.C., to the most common farm thief: a 40-year-old white male, investigators say. The motives are as varied as the crimes.

"Somebody who is stealing copper wire to make a quick buck for a quick fix is very different from somebody who is masterminding a plot to steal hundreds of thousands of pounds of nuts across county lines," says Danielle Rau, a rural-crime prevention specialist at the California Farm Bureau in Sacramento.

In Alabama, where pine forests cover an area nearly equivalent to all of New England timber losses can be staggering, Mr. Yoshimoto says. Last year, Texas investigators recovered more than 5,000 stolen cattle worth more than $3.5 million. Twelve tractor-trailers carrying almonds have been stolen in California this year, the latest heist taking place in San Joaquin County Monday.

"You've got crews coming in and knocking down 10 acres of timber or 40 acres of prime plums, and then you have some on the other end receiving this timber and fruit and injecting it into the commercial stream somewhere," says Yoshimoto. "This level of sophistication has only become prominent in the last 10 years, and we've noticed it tremendously in the last five years."

Historically, farmers and growers have shoved their hands in their pockets and privately fumed. "We don't feel like we have a lot of protection in the first place," says Scott Phippens, a San Joaquin Valley almond grower who had 88,000 pounds of almonds stolen from him this summer. "We're defeated the minute theft happens. The problem is society; there's just far more hideous crimes being committed, and so this is nothing."

That's changing, with influential politicians such as Jeff Denham, a Republican state senator from the Central Valley. He wrote "our food supply is under attack in a recent op-ed article in Ag Alert, a newsletter published by the California Farm Bureau.

The 14-county Agricultural Crime Technology Information and Operations Network (ACTION) in Visalia, Calif., has a collection of motion detectors and low-light cameras that farmers can borrow at no expense to try to catch thieves.

Some farmers are working on ways to brand individual vegetables such as artichokes to thwart theft.

Others are finding that the ticket to stopping theft is through having a paper trail. In Hawaii, a law enacted this year requires that receipts be issued for all commodities that are purchased. And coffee buyers must pay by check instead of cash.

Thefts have quickly gone down as a result. "We took a proactive approach and so far it's worked," says Mitch Roth, a Hawaii County prosecutor.

DOJ Eyes Donor Reimbursement (RC)

By Matthew Murray

Roll Call, October 12, 2006

When Charles La Bella began heading the Department of Justice's campaign finance task force in 1997, federal prosecutors, in his view, were battling a forest fire with a garden hose.

As allegations mounted that illegal campaign contributions had tainted the 1996 presidential election, government lawyers were becoming more and more certain something was amiss. But with the statute of limitations nearing expiration, and with penalties for running afoul of campaign finance laws rivaling those for moving violations, the bad guys mostly got away.

La Bella was furious.

"I made it known why I thought ... changes needed to be made, if they wanted to take campaign finance crimes seriously," La Bella, now in private practice in California, said recently.

Although his criticisms made him "radioactive" at the Justice Department, lawmakers took notice, incorporating some of his recommendations in the Bipartisan Campaign Reform Act of 2002.

Now, nearly a decade after La Bella first called for overhauls, federal lawyers may be tugging on the line of their first big fish, PBS&J, a giant construction and engineering government contractor.

In September, William Scott Deloach, PBS&J's former chief financial officer, and two co-workers pleaded guilty in a Miami court to conspiracy charges in connection with a decade-long embezzlement scheme that netted the trio millions of dollars.

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The three admitted in court papers to bilking the company out of millions, which paid for commercial and residential property, lavish lifestyles and international gambling sprees.

Along with the conspiracy charge, Deloach alone pleaded guilty to reimbursing $11,000 worth of campaign contributions in October 2004 through "straw men," conduit gifts in the names of others, to then-open-seat challenger Mel Martinez (R-Fla.).

The Justice Department and the Federal Election Commission declined to discuss potential or ongoing law enforcement cases, including the one against PBS&J.

However, enhancements inserted into BCRA and teamwork between the DOJ and the FEC have helped boost the priority of these types of cases.

Officials with both agencies confirmed that cooperation has increased in recent years, a kinship that perhaps could result in a jump of combined civil and criminal penalties for two agencies long seen as at-odds.

An FEC official also said public corruption cases, including illegal contribution conduit schemes, have become a "top 10" priority for the DOJ, reflecting the desire of lawmakers.

"When Congress enhances the penalties," the FEC official said, "the message is that [prosecutors should] take those violations seriously and ... enforce them aggressively."

According to court papers detailing Deloach's plea deal, in or around 2004 an unnamed company executive contacted Deloach and "advise[d] him that PBS&J supported the United States Senate campaign of Mel Martinez."

"Deloach then wrote his own personal check, which he contributed to the Martinez campaign," the plea deal reads.

Deloach asked other company employees to give to Martinez's campaign, with contributions made in October 2004 totaling $11,000.

Out of an illegal bank account bloated with embezzled company money, Deloach then reimbursed the four PBS&J employees and two spouses, according to the plea deal. Such a reimbursement is punishable by up to two years in jail and thousands of dollars in fines.

Despite the breadth of the crimes, however, some familiar with the case are suggesting that the three could receive reduced sentences for turning on the company and detailing the workings of an even bigger reimbursement case, which allegedly funneled vast sums of illegal corporate money to politicians nationwide.

Documents obtained by Roll Call, first reported by the Miami Herald, suggest that Deloach was not alone in reimbursing PBS&J employees from company coffers, though he seems to be the only one who used embezzled money.

In a fax dated March 2002, Jim Breland appears to urge Skip Homan, a fellow PBS&J executive, to make a donation to the re-election campaign of then-Sen. Max Cleland (D-Ga.).

"Bob Matthews called with this request ... a 'personal favor'," the fax cover sheet reads, "Bob also said the contribution would not go unnoticed by [Georgia] Gov. [Roy] Barnes. He is strongly backing Sen. Cleland."

The second page of Breland's fax, also dated March 15, 2002, appears to be on company letterhead, titled "Contribution Request Form":

"PBSJ Employee Requesting Contribution: Jim Breland

"Name of Payee on Check: Friends of Max Cleland

"Amount of Contribution Requested: $2,000."

An attached Post-It reads: "To be reimbursed."

Benson Weintraub, an attorney for Maria Garcia, one of the three former PBS&J employees, suggested that the 2002 corporate reimbursement for the Georgia Senate race is just the tip of the iceberg.

"It's our impression that there has been a wide proliferation of political corruption by PBS&J," Weintraub said. "We believe that the illegal campaign contributions were widespread on a national basis.

"The more information [that is] uncovered will indicate the scale and scope of a pattern of illegal campaign contributions," he said.

Garcia's attorney also said a member of PBS&J's board recently told him the reimbursement of illegal campaign contributions "unfortunately still continues today."

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Mark Schnapp, an attorney for PBS&J, acknowledged that the reimbursement Deloach admitted to was not an isolated incident. But he denied that the company is the subject of a DOJ investigation and that the company systematically abused campaign finance laws.

"In the 1990s, there was some reimbursement of political contributions," he said. But those gifts, he claimed, were more a case of a few bad apples, not a rotten corporate culture.

"Before the embezzlement was even discovered, the company had instituted significant changes in the oversight of its PAC and campaign contributions," Schnapp added. "The company recently has instituted additional controls and training about campaign contributions and its political action committee."

The initial push in the United States to regulate campaign contributions began just after the Civil War, according to information available on the FEC's Web site.

Beginning in 1867, federal officers no longer were allowed to seek donations from Naval yard workers. With the signing of the Tillman Act 40 years later, corporations and banks were barred from contributing to federal campaigns.

The law again was expanded in 1947 to bar "labor unions and corporations from making expenditures and contributions in federal elections," according to the FEC.

The Federal Election Campaign Act, enacted in 1972, "provided the basic legislative framework" for political action committees, which could use corporate and union money to establish bank accounts from which "voluntary donations could then be used to contribute to federal races."

But nearly three decades after FECA was enacted, the lack of enforcement of campaign finance laws had come to viewed as a "bad joke," according to La Bella's words in a leaked 1998 Justice Department report.

In addition to reining in soft-money contributions, BCRA sought to boost prosecutorial powers for enforcing campaign finance crimes — an original recommendation of La Bella's that gave him something approaching cult-hero status with reform-minded lawmakers:

"When I first looked into it a couple of years ago, I was frankly surprised by what I learned — and that is that prosecutors just don't have the tools they need to effectively investigate, prosecute and punish people who egregiously violate our campaign finance laws" said Sen. Joe Lieberman (D-Conn.) in a March 2001 floor speech.

A Justice Department official said a delaying of the statute of limitations — ameliorating one of La Bella's original complaints — has helped in the prosecution of campaign finance crimes.

"Until late 2002, FECA crimes were subject to an unusually short, three-year statute of limitation, which complicated the task," the official said. "The statute of limitations for FECA crimes was raised to the usual five years effective Nov. 6, 2002, which has been a helpful tool."

Mosque Suit Says Manager Embezzled $300,000 (WP)

By Jerry Markon And Michelle Boorstein

The Washington Post, October 12, 2006

A prominent Washington mosque has sued its longtime business manager, accusing him of embezzling more than $300,000 and diverting the money to companies he owned or controlled.

The Islamic Center of Washington, D.C., says in the lawsuit that Farzad Darui altered the names of payees on checks intended for legitimate vendors, primarily insurance companies, and substituted his own companies. It says the scheme began around 2000 and continued it until he was suspended last month.

"The actions taken by Mr. Darui constitute fraud . . . unjust enrichment and breach of fiduciary duties," says the lawsuit, filed Sept. 15 in U.S. District Court in Alexandria.

Reached yesterday at Zaal Inc., a Falls Church real estate management company of which he is president, Darui declined to comment on the suit. His attorney, Victoria Toensing, said only that the allegations "are false and we will defend them vigorously."

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Darui has not yet responded in court. He framed the issue as a management dispute in yesterday's Washington Times, which first reported the lawsuit. "This, from my point of view, is about me opposing a Saudi takeover of the center," he told the Times. "They've been trying to unilaterally appoint a new Saudi director without going through the board."

The Islamic Center, on Massachusetts Avenue NW, is Washington's first mosque, opening in 1957, according to court documents and its Web site. It's a regular place of worship for thousands of Muslims, according to court documents.

The center is supported financially by the Saudi government, and the Web site lists the current chairman of its board of governors as Saudi Prince Bandar bin Sultan, who recently stepped down as ambassador to the United States. The center's governing board is largely made up of ambassadors from various Islamic nations to the United States. Calls to the center and to Saudi Embassy were not returned yesterday.

It was unclear yesterday why the allegations were contained in a civil suit and whether a criminal investigation is underway. An attorney for the center, from the D.C. firm of Williams & Connolly LLC, declined to comment.

Darui, of Falls Church, has worked at the center since at least 1984, when he was head of security, according to the lawsuit. He became responsible for the center's bookkeeping after accusing the existing bookkeeper of being involved in a scheme to defraud the organization, the suit says.

As bookkeeper, Darui routinely presented checks to be signed by the center's director, Abdullah M. Khouj. After Khouj signed the checks, Darui was responsible for mailing them to vendors, the lawsuit says.

Khouj began unraveling the scheme when he repeatedly asked Darui to commission an independent audit of the center's finances, but Darui kept putting him off, the lawsuit says. According to the suit, Khouj then discovered that Darui had been changing the names of payees to BLT Services Corp. According to the lawsuit, that is really Blue Line Travel Inc., "a company owned and/or controlled by Mr. Darui."

"Mr. Darui breached his fiduciary duties intentionally, willfully, with malice, and with ill will toward the Islamic Center," says the lawsuit, which is seeking a jury trial but does not specify damages sought.

Florida Judge Wants To See 'Bully' In Court (WP)

By Mike Musgrove

The Washington Post, October 12, 2006

The Bully is taking a beat-down. Game publisher Take-Two Interactive Software Inc. was ordered to demonstrate an upcoming video game titled "Bully" for a judge to determine whether it violates Florida's public nuisance laws. Miami-Dade Circuit Court Judge Ronald Friedman issued the order yesterday.

The move is a major coup for conservative Miami attorney Jack Thompson, known for his crusades against pornography and obscene rap music, and now the video game industry. He claims that the makers of the game have designed a "Columbine simulator" in Bully, which follows the life of a prep school student as he navigates the social ladders of a fictional school called Bullworth Academy.

Thompson filed the lawsuit a month ago, claiming that the game would violate Florida's public-nuisance laws, which are more typically used to prosecute environmental polluters. Besides Take-Two, the suit also names retailers Wal-Mart Stores Inc. and GameStop Corp.

"My view is that the game potentially impinges on public safety," he said. "I'm pretty sure that the game is harmful to minors."

The game is scheduled to be released Tuesday for the PlayStation 2. It has been rated "T" for Teen by the game industry's ratings board.

Thompson said that he and the judge plan to watch the game played in its entirety, no matter how long that takes.

Attorneys for Take-Two did not respond to phone calls or e-mails last night. Rockstar Games, the Take-Two subsidiary that developed the game, as well as the bloody Grand Theft Auto franchise, also did not respond.

As the game has neared its scheduled release date, Rockstar has given a few tech sites and video game magazines an early look at it. So far, the early write-ups seem to have reviewers surprised by the game's lack of violence.

Clive Thompson, who reviewed the game for Wired.com, concluded that the game is "snarkily clever social commentary." His review described the game as not violent.

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"The game doesn't glorify bullying at all," he wrote. "Indeed, it's almost precisely the opposite."

Deal In Brooklyn Corruption Case (NYT)

By Michael Brick

The New York Times, October 12, 2006

Nearly four years into a broad inquiry seeking to expose the sale of judgeships in Brooklyn, prosecutors have agreed to dismiss all charges against the longtime executive director of the county's Democratic Party, Jeffrey C. Feldman, in exchange for his cooperation.

The deal, announced yesterday at a brief hearing in State Supreme Court in Brooklyn, cost prosecutors the second highest ranking target they have identified. But it gained them the most highly placed witness they have named.

So far, the investigation has produced guilty pleas by minor figures in a judicial bribery case and the conviction and resignation of Clarence Norman Jr., a 12-term assemblyman, deputy speaker and chairman of the biggest county Democratic organization east of Chicago.

There were accusations that judgeships were being sold by party leaders, who have considerable influence over the nomination and election of judges. Yet no one has been charged with selling judgeships. Separately, a federal judge has declared the system of selecting state judges unconstitutional.

Evidence from a case in which a judge who oversaw divorce cases was charged with bribery led the Brooklyn district attorney's office to begin a broader investigation in April 2003 into corruption in the process of nominating judges. Mr. Norman has been convicted in two corruption cases and acquitted in a third. In the last pending case, he has been charged with pressing judicial candidates to hire certain election consultants to win favor with the party. Until yesterday, Mr. Feldman was a co-defendant in that case.

"We have concluded that Jeff Feldman was nothing more than a messenger," said Michael F. Vecchione, chief of the district attorney's rackets division. He added that Mr. Feldman "has agreed to testify on behalf of the people in this and other ongoing investigations."

Mr. Feldman has signed a cooperation agreement, prosecutors say, though it is unusual to dismiss charges against such a witness before testimony is completed.

A lawyer for Mr. Feldman, Benjamin Brafman said, "The D.A.'s office looked at the case very differently after we made our submission." Mr. Feldman, 52, declined to comment.

British Court Ruling Gives Boost To Serious Journalism (WSJ)

By Aaron O. Patrick

The Wall Street Journal, October 12, 2006

LONDON -- Britain's top court handed down a landmark decision that could encourage serious investigative journalism in a nation where newspapers are known more for chronicling celebrity scandal.

The Law Lords, a body within the House of Lords that is the equivalent of the U.S. Supreme Court, yesterday provided media organizations with much stronger protection against libel suits if they can show their stories serve the public interest.

The Lords made the unanimous decision in upholding an appeal by The Wall Street Journal Europe. They overturned a lower court's decision that had found a 2002 Journal story libelous. In dismissing the case, the Lords ruled that the Journal's story was in the public interest and was reported in a serious and responsible way.

Until now, British libel laws were among the friendliest to plaintiffs anywhere, making the nation's courts a magnet for foreign celebrities taking action against U.S. publications. When faced with a libel action, publications essentially had to prove their articles were true or meet a detailed checklist about their reporting that considered such things as the seriousness of the allegations and the steps that were taken to verify the information. Truth remains a defense against libel. But now a "qualified privilege" defense under which the defendant does not have to prove the truth of the allegedly defamatory statement is a viable option.

The new ruling brings United Kingdom law closer to the protections U.S. media are afforded under the First Amendment of the U.S. Constitution. U.S. law sets strict and limited standards for when public figures can successfully win libel suits. As honed

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in a 1964 Supreme Court decision, known as New York Times v. Sullivan, U.S. public figures must show that a story was false and that the publication knew it was false or acted in reckless disregard for the truth.

The British standard defined yesterday doesn't give all publications such blanket protection as in the U.S. Rather, it will only apply to what a judge deems responsible journalism that is of value to the public. "We need more such serious journalism in this country and our defamation law should encourage rather than discourage it," one of the lords, Baroness Brenda Hale, wrote in her opinion.

"In some ways it's the coming of age of press freedom in the U.K." said Dan Tench, a partner at Olswang Solicitors, a London law firm specializing in media law.

At issue was a February 2002 story in The Wall Street Journal Europe and The Wall Street Journal's U.S. edition that said Saudi authorities, at the request of U.S. law-enforcement agencies, were monitoring bank accounts of prominent Saudis and Saudi businesses to ensure they were not being used, wittingly or unwittingly, to finance terrorism.

Among the accounts being monitored, the article said, were those of the Abdul Latif Jameel Group. Mohammed Jameel, the company's president and a prominent Saudi businessman, sued the paper claiming the story defamed both him and his company and claimed damages.

Throughout the initial trial, The Wall Street Journal Europe didn't seek to defend itself by showing the article was true. It said its sources in Riyadh were afraid of reprisals from Saudi authorities if they testified. The paper also said it wouldn't identify a confidential source at the U.S. Treasury Department in Washington who had confirmed the Saudi information. Instead, the newspaper, which is published by Wall Street Journal Europe SPRL, a subsidiary of Dow Jones & Co., argued that the article was in the public interest because it showed that Saudi Arabia was cooperating in the international effort to combat terrorism and was fairly and responsibly reported.

A jury in the original case ruled against the newspaper and damages of $74,477 were awarded to Mr. Jameel and a Saudi company controlled by his family. The judge in that case said The Wall Street Journal Europe should have made more checks before publishing the article.

Britain's Court of Appeal backed that ruling, prompting the Journal to appeal to the House of Lords. The Law Lords said the trial judge had misdirected the jury that heard the initial case, that The Wall Street Journal Europe had done nothing wrong, and that its article was clearly in the public interest. The ruling strengthened and clarified an earlier judgment that had established the public interest defense but hadn't been widely adopted by judges.

The Law Lords also said it didn't matter that a judge, with "leisure and hindsight," might have made different editorial decisions than those made quickly in newsrooms. Rather, "the question in each case is whether the defendant behaved fairly and responsibly in gathering and publishing the information," the decision read.

The trial judge also had ruled that the story wasn't in the public interest because it breached an agreement between U.S. and Saudi governments to keep the monitoring secret. But the Lords overturned his decision, ruling the media are not bound by a government's desire to keep certain facts or programs secret.

The result could be more investigative journalism in England now that the threat of libel action has somewhat diminished. "Having this pretty unequivocal declaration is pretty important," said Alan Rusbridger, editor of the London-based Guardian newspaper. "We never felt entirely confident" with the previous law, he said.

The Wall Street Journal Europe's lawyer, Geoffrey Robertson, who argued the case, said the ruling would usher in a new role for the media, allowing journalists to "make a genuine contribution to public knowledge rather than parroting back what they are told, often in partisan fashion, by police or politicians."

Stuart Karle, general counsel for The Wall Street Journal, said the ruling gave the media an incentive to "produce serious journalism on compelling subjects of public concern without the risk of nitpicking and second-guessing by courts years later."

Mr. Jameel's lawyer, Andrew Stephenson of Carter-Ruck, said his client would be shocked by the judgment. He added that "the House of Lords has substituted its own view of the facts for that of the judge and jury who had all the evidence." Mr. Jameel released a statement to some media outlets after the ruling that read: "What the Wall Street Journal Europe wrote in February 2002 was that the bank accounts of the ALJ Group were being monitored at the request of the US authorities. That was not true. Mr. Justice Eady and the court of appeal ruled that I was libelled. The House of Lords ruled that I was not, because it was

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reasonable for the Wall Street Journal Europe to print something that was false. So be it. I was only ever interested in proving that the allegations were untrue."

The Lords' ruling leaves open many key areas for judges to interpret in future cases. For instance, judges will decide whether an article is in the public interest and whether a publication acted seriously and responsibly.

Neither quality has been a hallmark of Britain's tabloids. They often focus on the personal lives of celebrities, such as model Kate Moss and singer George Michael. Reporting "stings," where reporters take on false identities to elicit information , are acceptable in tabloid culture. Paying for information is not unknown. Such tactics have flourished despite the strict libel laws in large part because many sensational stories are often accurate even if they were reported through stratagems that would be unacceptable in the U.S.

Britain is also a fiercely competitive newspaper market. There are 11 daily national newspapers, with a combined circulation of about 12 million copies a day, boosted in part by sensational headlines.

Both broadsheets and tabloids have been targets of successful libel actions in the past. Singer Elton John was awarded $139,645 in 1995, for example, when he sued the Sunday Mirror, a tabloid, for reporting that he was suffering from an eating disorder, which he said wasn't true.

At other times, British newspapers have settled libel cases rather than fight them. The Financial Times, owned by Pearson Group PLC, agreed in January to pay $558,579 and the legal costs of a brokerage firm, Collins Stewart Tullett PLC, which claimed it had been defamed by the newspaper.

Actress Kate Hudson successfully sued the U.S.-based National Enquirer in Britain in the past year, after it claimed she was dangerously thin, something she denied. There were 74 defamation cases in British courts in the 12 months ended May 2006, and 20 involved celebrities, according to Sweet & Maxwell, a legal publisher owned by Thomson Corp.

It is unlikely that tabloid celebrity coverage will meet the Law Lords' requirement that journalism be in the public interest to merit protection by the new ruling.

High Court In Britain Loosens Strict Libel Law (NYT)

By Sarah Lyall

The New York Times, October 12, 2006

LONDON, Oct. 11 — Britain's highest court ruled Wednesday for the first time that journalists have the right to publish allegations about public figures, as long as their reporting is responsible and in the public interest.

The ruling, a unanimous judgment by the Law Lords, is a huge shift in British law and significantly improves journalists' chances of winning libel cases in a court system that until now has been stacked against them.

English judges have traditionally been so sympathetic to libel plaintiffs that many people from abroad have sued in English courts — even if the publications in question have tiny circulations here — because they have had a much better chance of winning here than at home.

Newspaper editors said the decision, in the case of Jameel v. Wall Street Journal Europe, would free them to pursue stories vigorously without constant fear of lawsuits.

"This will lead to a greater robustness and willingness to tackle serious stories, which is what the judges said they wanted," said Alan Rusbridger, editor of The Guardian. Until now, he said in an interview, newspapers have had to police themselves to the point where "stories weren't getting in the paper or were being neutered by clever lawyers who knew how to play the game."

The case concerned an article published on Feb. 6, 2002, in The Wall Street Journal and in its European edition, The Wall Street Journal Europe, which has a daily circulation of 18,000 in Britain.

The article said that at the request of the United States, Saudi Arabia was monitoring bank accounts of prominent Saudi businesses and individuals to trace whether they were being used, possibly unwittingly, to siphon money to terrorist groups.

One of the businesses mentioned, Abdul Latif Jameel Company Ltd., sued the newspaper, as did Muhammed Abdul Latif Jameel, its general manager and president. Under British libel law, newspapers being sued are required to prove the truth of the allegations they print — the opposite of the situation in the United States, where the burden of proof falls heavily on plaintiffs.

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But that was a practical impossibility in this case, a member of the panel that ruled on Wednesday, Lord Hoffmann, wrote in his decision.

"In the nature of things, the existence of surveillance by the highly secretive Saudi authorities would have been impossible to prove by evidence in open court," he said. The paper argued that the article was in the public interest — that is, important to the debate about terrorism and the authorities' efforts to combat it.

A court ruling in a case several years ago involving The Times of London first seemed to open the door to such an argument. But that decision set out what some lawyers say was a prohibitively high set of standards for newspapers and other news media to meet, forcing them to defend their reporting practices to satisfy the subjective opinions of individual English judges.

In the Jameel case, a lower court jury rejected The Journal's public-interest argument, finding that the article was defamatory. The Journal was ordered to pay £40,000 — or about $74,000 — in damages. An appeals court affirmed the ruling.

The Law Lords overturned the decision. In a ringing rebuke to the lower court judge's conclusion that the article was not in the public interest, in part because it flouted an agreement between the United States and Saudi Arabia to keep the monitoring program secret, Lord Hoffmann declared it to be "a serious contribution in measured tone to a subject of very considerable importance."

Another member of the panel, Lord Scott of Foscote, defended the right of news organizations to publish material deemed private by the government.

"It is no part of the duty of the press to cooperate with any government, let alone foreign governments, whether friendly or not, in order to keep from the public information of public interest the disclosure of which cannot be said to be damaging to national interests," he wrote.

A third member, Baroness Hale of Richmond, wrote, "We need more such serious journalism in this country, and our defamation law should encourage rather than discourage it."

Keith Mathieson, a partner specializing in media law at the firm of Reynolds Porter Chamberlain, said the ruling would make it easier for newspapers to rely on confidential sources, as long as the articles were responsibly reported and in the public interest.

"It should make it easier for newspapers in the U.K. to publish serious stories where they cannot prove that allegations are true," he said in an interview.

Stuart Karle, The Wall Street Journal's general counsel, said that the newspaper had spent millions of dollars on the case and that the decision represented an important turning point. "The history of English libel law was that essentially no decision was final in a newsroom until a judge, several years later, agreed with you," he said in an interview.

"Going forward," he said, "this decision means that if you're a quality news organization you can fully and fairly cover the important issues of the day without this nagging problem of having a libel judge in London basically engage in an autopsy of every single thing you did and decide whether he agrees with your editorial judgment."

A Libel Landmark (WSJ)

The Wall Street Journal, October 12, 2006

With murders and court defeats, the free press has endured a rough couple of years. So we're happy to report a landmark libel case victory in Britain's highest court yesterday -- a verdict that will assist the cause of brave and honest reporting in much of the world.

The five Law Lords' unanimous ruling in Jameel v. The Wall Street Journal Europe sets a new standard for libel trials in Britain, until now arguably the most plaintiff-friendly jurisdiction in the free world. Henceforth the press will be able to defend against libel suits by arguing that articles are in the "public interest" and were the product of serious and responsible journalism.

The new Jameel-Journal standard moves the British system closer to the constitutional protection enjoyed by media in the U.S. In its legal impact, the case could be the British version of New York Times v. Sullivan, the 1964 case in which the U.S. Supreme Court held that the First Amendment protects the publication of all statements, even false ones, about the conduct of public figures except when the statements are made with actual malice.

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The news story in question in Jameel was published on February 6, 2002, in The Journal Europe and The Wall Street Journal. The article reported on joint U.S.-Saudi efforts to cut off funds to terrorists. It reported that the Saudi government, acting at the behest of the U.S., was monitoring bank accounts of well-known Saudi individuals and businesses that may, wittingly or not, have been used to finance terrorism. Mohammed Jameel, a billionaire Saudi car dealer, sued The Journal Europe in London for defamation because his company had been named in the story.

The Law Lords overturned two lower-court rulings, which found against The Journal, and held that the information in the article was in the public interest and had been reported responsibly. "The fact that the judge, with the advantage of leisure and hindsight, might have made a different editorial decision should not destroy the defence," Lord Hoffmann wrote. "That would make the publication of articles which are, ex hypothesi, in the public interest, too risky and would discourage investigative reporting."

And here's the key point: Even if an article contained a defamatory statement against a prominent individual, the Law Lords ruled, it would nevertheless be protected if the journalists had behaved "fairly and responsibly in gathering and publishing the information" and if the information is of public importance. This standard had been put forward in a 2001 case called Reynolds v. Times Newspapers but, according to the Law Lords, has been widely ignored by the lower courts.

In his opinion, Lord Bingham described The Journal as an "unsensational" newspaper, a charge to which we plead guilty. While the Jameel ruling won't matter much to Britain's tabloid press, it is likely to influence how "quality" newspapers go about investigative reporting. As another Law Lord, Baroness Hale, put it: "We need more such serious journalism in this country and our defamation law should encourage rather than discourage it."

The ruling should echo throughout the British Commonwealth, including in Australia, Canada, Hong Kong and -- dare we hope? -- Singapore. While Commonwealth countries now mostly have their own courts of final appeal, they still look to the Law Lords for guidance in interpreting the common law. Thanks to their Lordships, the world just got a little freer.

Two U.S. Pilots Criticized In Brazil (WP)

By Monte Reel, Washington Post Foreign Service

The Washington Post, October 12, 2006

Details of Probe Fuel Anger Over Deadly Midair Collision

BUENOS AIRES, Oct. 11 -- Two American pilots are embroiled in controversy in Brazil as authorities try to determine if they accidentally caused a midair airplane collision two weeks ago over the Amazon rain forest, killing 154 passengers aboard a commercial jetliner.

The Americans were piloting a small executive jet being flown from its manufacturer in Brazil to its new owner in New Jersey when their plane hit a Gol Airlines Boeing 737-800 flying in the opposite direction. The pilots of the small plane, which carried seven people, landed safely at a military base about 120 miles from the point of impact, but the commercial airliner crashed into the dense jungle below, leaving no survivors.

This week, investigators released details that have led many Brazilians to blame New York residents Joseph Lepore and Jan Paladino for the worst air disaster in Brazil's history.

A spokeswoman for the Mato Grosso state police department, which has been investigating the crash, on Tuesday told the Associated Press that the American pilots had been instructed to fly at 36,000 feet at the time of the crash, according to the executive jet's flight plan. The airspace where the collision occurred -- at 37,000 feet -- had been reserved for the commercial jetliner, she said.

Lepore and Paladino earlier told police that they were following flight instructions given to them by Brazilian authorities. Brazil's defense minister, Waldir Pires, labeled the pilots' statements "frivolous" and "irresponsible" during an interview with O Globo Television on Tuesday, adding that it is customary for northbound flights to fly at even-numbered altitude levels.

Adding to the controversy were the comments of a New York Times business columnist who was aboard the executive jet while in Brazil on a freelance magazine assignment. The columnist, Joe Sharkey, told CNN last week that he had heard that Brazil's air traffic control system was notoriously incomplete in the area of the Amazon where the plane crashed. Those

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comments sparked angry admonitions from Brazilian officials who defended the nation's air control systems, saying they thoroughly cover even the most remote jungle regions.

Meanwhile, ordinary Brazilians have vented their own anger at the American pilots.

"They have to be judged as criminals," Evarista Soares da Silva, 50, a doorman at an apartment complex in Rio de Janeiro, said Wednesday. "A lot of people died because of them. They were totally irresponsible."

As the investigation continues and the contents of the 737's "black box" are revealed, investigators hope to learn why the transponder aboard the executive jet failed to alert the larger plane of its presence and why the pilots of the small plane did not respond to calls from air traffic controllers before the crash. Some Brazilian authorities have publicly speculated that the pilots might have turned off their transponder, though the pilots' lawyer on Wednesday denied that they had done so.

Even the possibility of mechanical failure doesn't placate many Brazilians who believe that the American pilots could have prevented the crash.

"They said they had problems with the equipment, but why didn't they follow the route?" asked Joyce da Conceicao Fonseca, 67, of Rio de Janeiro. "I'm really sad for all the people who died. I prayed for them."

Special correspondent Fred Alves in Rio de Janeiro contributed to this report.

O.C. Man Gets 50 Years To Life For Molesting Relative On Videotape (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, October 12, 2006

His wife is also charged. They allegedly tricked parents of the 4-year-old.

An Orange County businessman was sentenced Wednesday to serve 50 years to life for molesting a 4-year-old relative in a case that unfolded after authorities discovered a trunk full of homemade child porn movies that investigators called a "little chest of horrors."

David S. Hwang, 35, agreed to plead guilty to all charges under a deal proposed by Superior Court Judge Gary S. Paer. The judge said the plea will spare the girl and her family from reliving "the nightmare" by having to testify or watch the "despicable" videotapes Hwang made while molesting the child, and it ensures that Hwang will never be free.

"In my mind, this is a death sentence," Paer said in summarizing the agreement.

Prosecutors said Hwang and his wife, who is also charged, deceived the girl's parents into letting them "baby-sit" her to practice their parenting skills. Based on the footage, prosecutors also said the couple gave the girl "medicine" that rendered her unconscious while being molested.

Hwang admitted to 60 counts of kidnapping for child molestation, lewd acts on a child under 14, oral copulation on a person under 14, anal or genital penetration with a foreign object of a child under 14, using a minor for sex acts and sodomy of a person under 14.

All the charges involve the girl who was then 4.

Hwang told the court he was pleading guilty against the advice of his attorney, primarily out of his concern for the victim and her family, who have "already been through enough."

He will not be eligible for parole until he is 77. Even then, it is unlikely that he would be considered for release, under state guidelines.

Hwang had faced a sentence of at least 93 years had he been convicted at trial.

To that end, Deputy Dist. Atty. Beth Carmichael said she was satisfied with the outcome. She had arrived at court Wednesday fully prepared to put him on trial.

"I wanted to make sure he will never get out of custody," she said outside court.

Hwang's attorney, Don Ronaldson, declined to comment.

Hwang still faces charges in Texas for allegedly molesting five young girls there, including an 8-month-old. His wife, Sheila Marie Sikat, 26, is charged with the same counts as her husband in the Orange County case and is scheduled to go to trial next month.

The couple were arrested in September 2003, fresh from their honeymoon in the Bahamas.

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At the time, they both worked for Pacific Life Insurance Co. in Newport Beach, he in technical services and she in marketing.

Authorities were led to their Rancho Santa Margarita home after an anonymous tipster sent a package with a videotape that contained scenes from multiple tapes, and revealed where other tapes might be found, Carmichael said.

Inside a green wooden trunk, investigators found 212 videotapes, some shot in Orange County and others shot in the 1990s in Texas, where Hwang went to college and lived before moving to California.

Some tapes allegedly show Hwang molesting girls, sometimes with the participation of his wife or, in earlier years, a former girlfriend, who is also charged.

Investigators in Orange County and Texas have not been able to identify all the victims. The girl at the center of the Orange County charges is seen in four of the tapes.

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CIVIL LAW:

Medicare Saves $2 Bln By Fighting Fraud In U.S. Health Programs (BLOOM)

By Kerry Young

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- The Medicare program, the biggest U.S. buyer of health care, said it saved more than $2 billion by cracking down on fraud and abuse, especially cases involving drugs and medical equipment and tests.

The health plan for Americans who are 65 and older or disabled also said it gave two contracts to Electronic Data Systems Corp. for detecting and preventing fraud. Science Applications International Corp. and Health Integrity LLC each won a Medicare contract for aiding fraud prevention.

Medicare's efforts to prevent fraud have fallen short in the past, according to the investigative arm of Congress. The Government Accountability Office last year said Medicare overpaid for medical equipment and supplies by $900 million, or about 10 percent of its total spending, in the year ended in September 2004.

``Vigilance in protecting beneficiaries and taxpayers from waste, fraud and abuse is one of our top priorities in Medicare," said Mark McClellan, the administrator for the Centers for Medicare and Medicaid Services, in a statement.

The statement from Baltimore-based Medicare didn't say in what period of time it had saved the $2 billion. Medicare spokesman Peter Ashkenaz didn't immediately return a phone call from Bloomberg News. The U.S. Justice Department has opened 63 criminal and 38 civil Medicare fraud cases since October 2005, Medicare said in the statement.

The Baltimore-based agency said it has expanded its efforts in Los Angeles and Miami in particular. Medicare said it revoked billing privilege, known as a provider number, from more than 500 suppliers of medical equipment.

The agency said it also denied about $163 million in charges from testing centers.

GSA Asks Court To Rethink Ruling On FedBizOpps.gov (GCN)

By Jason Miller

Government Computer News, October 12, 2006

The Justice Department, on behalf of the General Services Administration, asked the Federal Claims Court to reconsider two parts of its recent decision that found GSA erred in its awarding of the contract for FedBizOpps.gov.

According to the redacted motion filed by the government, Justice is asking the court to revisit the order to bring in a new source selection authority, and the judge's conclusion that GSA incorrectly calculated the bid from the winning vendor, Symplicity Corp. of Arlington, Va. GSA awarded Symplicity a $17.4 million contract that includes three base years and five one-year options in December after re-evaluating bids following a first protest by Development Infostructure (Devis) Corp. of Arlington, Va., and Information Sciences Corp. of Silver Spring, Md.

ISC, which is the subcontractor to Science Applications International Corp., currently supports FedBizOpps.gov.

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"First, the court's conclusions with respect to the 'independent judgement' of the source selection authority in considering Symplicity's proposal do not completely reflect the record of evidence," U.S. attorneys wrote. "Moreover, injunctive relief should be limited to returning the procurement to the existing [source selection authority], given the absence of any allegations—let along evidence—of bad faith, bias or any other basis to disqualify the SSA ..."

The court in September found in favor of Devis and ISC in their second protest and ordered GSA to appoint a new source selection authority and re-evaluate the bids. This contract has been going on since June 2005.

"GSA still is operating FedBizOpps and will continue to operate it," said a GSA spokeswoman. "We can't comment on litigation."

Joseph Petrillo, a procurement attorney with Petrillo and Powell in Washington and a GCN columnist, said GSA's decision to file a reconsideration motion is somewhat unusual, but not unprecedented. Though, he added, reconsideration is rarely granted.

In the motion, Justice also argues that GSA didn't err in evaluating Symplicity's price because it was not a flat fee, but over a certain time period. The redacted motion does not show the total price or the number of years.

"Instead, the evidence suggests that Symplicity's price, even if price had been used to eliminate offers, would have made Symplicity's offer more attractive and more likely to remain in the competitive range," U.S. attorneys said.

GSA does admit that they calculated Symplicity's total price incorrectly, but Devis and ISC should not benefit from the agency's mistake, U.S. attorneys added.

Additionally, Justice asked the judge to reconsider her ruling for GSA to appoint a new source selection authority even if the decision stands. Attorneys said that there is no evidence that the SSA acted in bad faith and therefore return the procurement the source selection authority. The SSA was Debra Sonderman, the Interior Department's director, Office of Acquisition and Property Management, sources said.

"The judge clearly thought through all these issues and I am surprised DOJ is arguing that the important facts were not well represented in the court's order — which I thought was very clear," said Peter Gallagher, president of Devis. "I guess we must now wait to see if another round of comments will be entertained by the court. We are obviously disappointed that additional legal proceedings are delaying the award."

There is no time frame for the judge to decide on Justice's motion, according to the court's clerk office.

RJR Douses Flavored Smokes Criticized As A Lure For Teens (WSJ)

By Christina Cheddar Berk

The Wall Street Journal, October 12, 2006

R.J. Reynolds Tobacco Co. agreed to a ban on certain types of flavored cigarettes in the U.S., ending a practice some critics say was used to lure teens to start smoking.

Under a deal with attorneys general from 40 states, Reynolds, a unit of Winston-Salem, N.C.-based Reynolds American Inc. that makes Kool, Salem and Camel brands, will no longer market cigarettes such as Mandarin Mint Camel Exotic Blends, Midnight Berry Kool Smooth Fusions or any others that use a fruit, candy or alcoholic beverage in its name.

"We recognize that the past use of certain names on a limited number of our brand styles resulted in unintended perceptions and concerns," said Lynn Beasley, R.J. Reynolds president and chief operating officer.

The agreement followed an investigation that began last year after several states raised concerns that the products violated a 1998 settlement with the largest tobacco companies that prohibited marketing of tobacco products to youths.

Under the settlement with Reynolds, the attorneys general agreed to pursue similar agreements with other tobacco companies, according to a Reynolds spokesman.

"This agreement is an important step forward in restricting the marketing of tobacco products to children," said Matthew Myers, president of the Campaign for Tobacco-Free Kids. Mr. Myers said he would like to see legislation banning makers of smokeless-tobacco products from using candy and fruit flavors.

Reynolds introduced the flavored cigarettes in 1999 as a super-premium product priced about $2 above its premium brands such as Camel.

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The flavored cigarettes represented less than 0.1% of the company's annual cigarette volume. In May, the company stopped making the last offerings in its Camel Exotic Blends line.

Write to Christina Cheddar Berk at christina.cheddar@dowjones.com1

CIVIL RIGHTS:

States Are Growing More Lenient In Allowing Felons To Vote (NYT)

By Erik Eckholm

The New York Times, October 12, 2006

Legislatures in 16 states have loosened voting restrictions on felons over the last decade, according to a new report, a trend hailed by some rights advocates as a step toward democratic principles and fairness, especially for black Americans.

Because of their high incarceration rate, blacks are most affected by the voting bans that vary widely among the states, with many barring current inmates and parolees from voting until they have fulfilled their sentences, and some barring felons for life.

In recent years, Iowa, Nebraska and New Mexico have repealed their lifetime bans on voting by people who have been convicted of felonies, and several other states made it easier for freed prisoners or those on probation to vote, according to the report, issued yesterday by the Sentencing Project, a liberal advocacy group in Washington.

The recent changes have restored voting rights to more than 600,000 individuals, the report said. But because the country's prison population has continued to rise, a record number of Americans, 5.3 million, are still denied the vote because of criminal records, it concluded.

"It's good news that many people who'd been disqualified from voting are being re-engaged as citizens," said Jeremy Travis, president of the John Jay College of Criminal Justice in New York and a leader of the movement to smooth the re-entry of prisoners to society.

"I think people are realizing that the country had gone too far in marginalizing a large group of people who have been convicted of felonies," Mr. Travis said. "This has had profound consequences for our democracy and the participation of minorities."

But some conservatives remain philosophically opposed to any wholesale loosening of voting restrictions. "If you're not willing to follow the law, then you shouldn't claim the right to make the law for someone else," said Roger Clegg, president of the Center for Equal Opportunity, a conservative advocacy group in Washington.

Mr. Clegg, who was a senior Justice Department official in the Reagan and first Bush administrations, said that those convicted of felonies should be given the vote only case by case, when they have proved to be constructive members of society.

Some restrictions on voting date to the early years of the country or to the post-Civil-War period, while others were tightened during the "get tough on crime" era of the 1980's.

By federal law, voter rules are mainly set by the states. As a result, even in presidential elections, former prisoners can vote in some states but not others.

Only two states, Maine and Vermont, have no restrictions, even permitting inmates to vote. At the other extreme, three states, Florida, Kentucky and Virginia, still have lifetime bans on voting by felons. Nine others bar selected groups of offenders for life.

New York, Connecticut and New Jersey, like most states, do not allow current inmates or parolees to vote.

In a ballot initiative in Rhode Island this November, voters will decide whether to restore voting rights to prisoners on parole or probation, who far outnumber inmates. Early polls show public support for the measure.

Advocates of change emphasize broad arguments about democratic process, but the racial disparities give the issue a special resonance and raise questions about the representation of minorities in politics.

In 2004, one in eight black men were unable to vote because of a felony conviction, the report said, a rate many times higher than that for other groups.

Felony convictions have left one in four black men barred from voting in five states: Alabama, Florida, Mississippi, Virginia and Wyoming, said Ryan S. King, author of the report and a policy analyst at the Sentencing Project.

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But Mr. Clegg argued that the voting restrictions were applied evenhandedly, and that just because they had a disproportionate impact on one group, that did not make them racially discriminatory.

Though data on felon voting patterns are murky, a large majority of former prisoners are believed to lean Democratic. Even with a low turnout rate, their participation could make a difference in close races, experts say. Florida's rules, for example, might have been a factor in the 2000 presidential election.

In Texas in 1997, Gov. George W. Bush signed a law eliminating a two-year wait before prisoners ending their parole could vote.

Manassas Irate That Inquiry Is Escalated (WP)

By Nick Miroff, Washington Post Staff Writer

The Washington Post, October 12, 2006

HUD Sent Case To Justice Dept.

Manassas officials have blasted a Department of Housing and Urban Development decision to turn over an inquiry of discrimination in the city to the Justice Department -- calling the move "incomprehensible" and challenging claims by the housing agency that it had made a good-faith attempt to settle complaints by Hispanic residents and civil rights organizations.

HUD officials notified Manassas last week that the investigation had been forwarded to Justice, which will take over the inquiry into whether the city violated the Fair Housing Act with zoning enforcement efforts such as an anonymous "anti-crowding hotline" and a short-lived ordinance that sought to limit the number of extended relatives who could share a dwelling.

Attempts to reconcile the 11 outstanding discrimination complaints against the city "failed," HUD determined.

The Justice Department will now review HUD's findings and decide whether to bring charges against the city -- an announcement that caught Manassas officials "flatfooted," said City Manager Lawrence D. Hughes.

"We were completely surprised," said Hughes. "HUD never attempted to mediate the complaints, despite the city's repeated requests that it do so."

The gulf between HUD and the city has widened in recent weeks. First, city staff complained that a shifting cast of HUD officials, including seven investigators from four offices, went over similar territory and asked similar questions, burdening city staff. Then the came the announcement that HUD had referred its findings to the Justice Department, which further irked the city because it learned about the decision through The Washington Post.

But HUD said it informed Manassas of its decision through letters and phone calls that were unanswered, according to Bryan Greene, deputy assistant secretary in HUD's Office of Fair Housing and Equal Opportunity.

"We've notified all the parties in this case that we could not complete the investigation," Greene said. "We're done."

HUD's settlement process hit a roadblock, he said, because Manassas failed to satisfy the aggrieved parties who have filed complaints.

"The question is how the city of Manassas addresses the people who allege they have been injured by their ordinances," Greene said. "We tried to obtain relief for individuals, and we reached an impasse."

Under the Fair Housing Act, the agency was required by law to notify parties in the case after the first 100 days of the investigation.

"We will investigate as long as we can, but if we don't think we can resolve it, we want to get the information to the Department of Justice in a reasonable amount of time so they can take the actions they think are necessary," Greene said.

HUD's investigation does not produce a ruling or determination, and details of its findings were not disclosed. But Greene's statement suggests the agency thinks the case is headed for U.S. District Court, where federal attorneys could file suit against the city.

"If the judge or jury determines that the city of Manassas conspired to discriminate against Latino families, the punitive damages could be hefty," said Kent Willis, executive director of the American Civil Liberties Union of Virginia, one of the groups that threatened to sue the city last winter over its anti-crowding ordinance. Suits involving violations of the Fair Housing Act typically lead to punitive and compensatory damages, Willis said. Individuals can also file civil suits against the city over the same complaints, which can be costly for the city.

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Hughes and other city staff called the HUD contention that the city did not address complaints false. "We have asked numerous times for the aggrieved parties to specify what their claim is, and we have not received a response," he said. "So this conclusion that we're at an impasse is unimaginable to us."

Hughes accused those who have alleged discrimination against the city of trying to squeeze Manassas for money. The Fair Housing Act "should not be used by those who are not discriminated against to raise money from a local government's limited treasury," he said in a recent news release.

"I find that comment sad," said Rabbi Bruce E. Kahn, executive director of the District-based Equal Rights Center, a civil rights organization that lodged a complaint to HUD and compiled information about city zoning enforcement practices. "The city has an obligation to face the wrong that it's done and remedy the wrong that it's done, including paying damages."

Kahn accused the city of ongoing civil rights violations, despite changes in city policies and the swift repeal of the anti-crowding ordinance.

For additional legal counsel, Manassas has contacted Richmond lawyer William G. Broaddus, who is working with city attorney Robert W. Bendall. But Vice Mayor Harry J. "Hal" Parrish II said he was hopeful federal attorneys would not come knocking.

Parrish said maybe the Justice Department would decide there is no reason to go after anyone. But he cautioned, "I'm always an optimist."

3 Charged In Hate Crimes; Brooklyn Victim Is In A Coma (NYT)

By Al Baker

The New York Times, October 12, 2006

Three Brooklyn men were charged with hate crimes yesterday in connection with an attack on a man who was lured to a desolate meeting place Sunday night, robbed and forced onto the Belt Parkway, where he was struck by a car and critically injured, the police said.

The victim, Michael J. Sandy, 28, of Brooklyn, was still in a coma yesterday, relatives said. The attack is being treated as a hate crime because investigators believe the assailants singled out Mr. Sandy for being gay and arranged over the Internet to meet him at a place often visited by gay men. One other man was being questioned yesterday in connection with the attack, the police said. Officials said a group of as many as four men orchestrated the rendezvous in order to rob Mr. Sandy, telling him in Internet messages to bring enough money for a hotel room.

At 9:40 p.m. on Sunday at the meeting place — a narrow, garbage-strewn parking lot near Sheepshead Bay, sandwiched between Plumb Beach and the eastbound lanes of the parkway — Mr. Sandy, 28, was attacked by at least two of the men, the police said. He backed away from them and, at one point, darted into the path of a car, which struck him and kept going, the police said. The police were still seeking the driver of the car that struck Mr. Sandy.

Other cars on the highway were forced to stop as the attack spilled across three lanes of roaring traffic. One witness told detectives that after Mr. Sandy was struck by the car, she saw a man drag him to the shoulder of the Belt Parkway and rifle his pockets.

Detectives investigating Internet communications Mr. Sandy had had were led to the first suspect, John Fox, 19, of Knapp Street in Brooklyn, who is a sophomore at SUNY Maritime College. The other two suspects are Gary Timmins, 16, of Gerritsen Beach, and Ilye Shurova, 20, of Sheepshead Bay. The three men were charged yesterday with first-degree assault as a hate crime, and first- and second-degree robbery, also as hate crimes, according to the police. The men face a potentially longer prison term than if the hate crime statute was not applied, according to a spokesman for Charles J. Hynes, the Brooklyn district attorney.

The fourth suspect was being questioned at the 61st Precinct stationhouse in Brooklyn last night, the police said. It was unclear what role each of the four men played in the incident, according to the police.

“The perpetrators had an online interaction with the victim, and they lured him,” said one investigator, referring to what he said was an exchange of AOL instant messages over the course of about an hour.

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When asked why the case was being classified as a hate crime, the investigator said: "Because of the totality of the evolution of the crime."

But the case underlined the fine distinction prosecutors must consider when applying the state's hate crime law. Under the law, established in 2000, a hate crime is typically defined as one in which a victim is chosen because of race, color, sexual orientation, religious practice or some other protected category, said Brian S. MacNamara, an assistant professor of law at John Jay College of Criminal Justice.

"The prosecutor will have to prove that in the underlying assault and robbery the victim was targeted in some way because of his sexual orientation," said Professor MacNamara. "It's a little bit tricky because, obviously, the main crime was the robbery, so you have to prove that the motivation for selecting that victim was substantially because he was gay."

As Mr. Fox was led from the precinct station yesterday, his hands cuffed behind his back, his father, John Sr., yelled out, "John, I care about you."

He later defended his son to reporters, speaking about his son's goal of becoming a naval officer, and said he was perplexed by the hate-crime charge. "He never did anything like that before," the elder Mr. Fox said. "Why would he be rabidly anti-gay? I don't know."

McCartha L. Lewis, Mr. Sandy's aunt, said the family was rallying to support her nephew as he remained in critical condition yesterday at Brookdale University Hospital and Medical Center. She said that Mr. Sandy was in a coma with his breathing supported by a respirator, and that the family was struggling with whether to remove him from it.

Ms. Lewis said the family wanted to wait at least until today, Mr. Sandy's 29th birthday, before making that decision.

"The doctors want us to pull the plug, but I told them no," said Ms. Lewis, 66, a singer who lives in Jamaica, Queens.

Mr. Sandy's father, Ezekiel E. Sandy Sr., is Ms. Lewis's brother, and she said that another of his sons, Tony, had come from Tobago to be with the family.

"He's a very good boy," Ms. Lewis said of Michael Sandy. "He is a hard worker and he is very nice."

Black Employees' Foundation Sues LOC (RC)

By Elizabeth Brotherton

Roll Call, October 12, 2006

Members of a nonprofit foundation designed to assist black employees at the Library of Congress filed a class-action lawsuit against the agency last week, claiming officials have failed to recognize the organization and discriminated against employees who joined it.

Officers of the Howard R.L. Cook and Tommy Shaw Foundation for Black Employees of the Library Inc. allege that by not recognizing the foundation as an employee organization, the Library has denied black employees the right to address racial discrimination in the work force through legal means.

"Now, that's illegal, because that's blatant retaliation," said Howard Cook, a plaintiff in the case and a foundation officer. "We have a right to combat racial discrimination and all other forms of retaliation that exists."

As a recognized employee organization, the Library would allow the foundation to use Library space and duty time for its activities.

In the lawsuit, the plaintiffs are asking that the court declare the Library's actions "illegal and discriminatory," as well as award the foundation $75 million for "the Defendant's illegal actions preventing the Foundation from having open access to financial assistance from its members."

Matt Raymond, a spokesman for the Library of Congress, declined to comment beyond stating that the LOC had not yet been formally served with court papers but was aware of the lawsuit.

"We don't comment on pending litigation," Raymond said.

But in a series of letters dating back to 2003, Library officials wrote to various members of the foundation to argue that they cannot recognize the group as an official employee organization because one of its primary purposes is to sue the Library in discrimination lawsuits by using money raised on Library property.

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"One of the main goals of the Howard Cook/Tommy Shaw Foundation is to assist individuals in filing and maintaining claims, suits and litigation against the Library," Librarian of Congress James Billington wrote to Cook in August 2005. "I firmly believe that emplpoyee [sic] assistance is best provided by the Library through its Equal Employment Opportunity Complaints Office, Dispute Resolution Center, Employee Assistance Program, Office of Workforce Management, and through the collective bargaining agreements between the Library and its four unions."

The foundation was established following the landmark Cook v. Billington class-action court ruling by the U.S. District Court for the District of Columbia, which found the Library had discriminated against minority employees.

Officially incorporated by the Washington, D.C., government in September 2001, the foundation provides financial support for those involved in combating racial discrimination at the Library, Cook said, as well as education and training to help minority employees advance their careers.

Lead plaintiff David Hubbard, another foundation officer, said repeated refusals by Library officials to recognize the foundation prompted the suit, which was filed on Oct. 6 in U.S. District Court for the District of Columbia.

"All we want to do is be recognized as an organization within the Library of Congress," Hubbard said. "Now that we have a foundation set up to help employees, they refuse to recognize us."

The Library has struggled with discrimination issues in the past. Following the Cook v. Billington ruling, the Library changed its hiring and promotion practices, which officials have said helped to lead to a drop in discrimination complaints and lawsuits.

But some legal experts familiar with the Library have argued these changes have not been effectively enforced by senior management, and problems have continued.

Cook, who worked for 32 years in the education division at the Library's Congressional Research Service, said he hopes the foundation can give minority employees a leg up at the Library.

"I loved it, but also hated the environment and treatment afforded minority employees," Cook said of his years at the Library.

The Baltimore-based law firm Snider & Associates is handling the case for the plaintiffs. The attorneys handling the lawsuit were unavailable because they were marking the Jewish holiday of Sukkot, a receptionist said.

9th Circuit: UPS Can't Refuse To Consider Hearing-Impaired Drivers (LAW)

By Petra Pasternak, The Recorder

California Recorder, October 12, 2006

A 9th Circuit U.S. Court of Appeals panel ruled Tuesday that United Parcel Service violated the Americans with Disabilities Act by refusing to consider hearing-impaired workers for driving positions.

At issue was UPS' policy mandating that its drivers pass a government hearing test, even though the test isn't required to operate many of the company's vehicles. UPS argued its exclusion policies were designed with safety in mind. But the court said that a blanket determination of safety can't be made on the basis of disability.

"The concept of risk, in other words, is an individual, not an aggregate, one," Judge Marsha Berzon wrote for the unanimous court, "albeit one calculated by averaging out overall risk: how likely is it that the individual driver will get into an accident?"

Judge Betty Fletcher concurred, as did Judge John Gibson, a senior 8th Circuit judge sitting by designation.

Laurence Paradis and Caroline Jacobs of the Oakland, Calif.-based nonprofit firm Disability Rights Advocates represented the plaintiff class.

"There are a whole host of factors that go into every job description, and it's very rare that employees can challenge arbitrary job standards that close the door to people with disabilities," Paradis said. "The ruling was a tremendous victory for people with all kinds of disabilities."

Gibson, Dunn & Crutcher attorneys, who handled UPS' defense, could not be reached for comment. But company spokeswoman Heather Robinson said UPS "strongly disagrees with the court's ruling, and we are evaluating our options, including an appeal. We believe this case is about safety. It has nothing to do with disability or discrimination."

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In upholding an injunction granted by U.S. District Judge Thelton Henderson in 2004, the 9th Circuit panel ruled the plaintiffs did not have to prove they could drive "safely" in order to have standing. Instead, they merely had to meet the other job qualifications UPS listed for the position, which they did.

That reasoning shifted the burden of proof to UPS, which had to prove the driving job mandated the strict government hearing test required by the company.

"UPS didn't show persuasively that hearing-impaired people were more likely to have accidents," Heller Ehrman partner Andrew Livingston said. "And the flip side, it didn't show that there was no way to determine whether or not hearing-impaired drivers present a heightened risk."

Livingston, who followed the case, added: "The opinion certainly changes the way people litigate these types of law suits, both at the summary judgment stage and the trial stage. It shifts the burden under the ADA to the defense to prove that the employee or class of employees are not qualified because of the specific qualifications standard at issue."

Another defense attorney said the ruling in Bates v. UPS, 06 C.D.O.S. 9546, is an example of the pitfalls of a sweeping company policy related to disabled workers.

"It's dangerous to have an across-the-board policy," Winston & Strawn partner Tyler Paetkau said. "For employers, it's risky to treat applicants as a group."

UPS maintains it does not discriminate on the basis of disability.

"UPS has employees with disabilities -- including hearing impairments -- in a wide range of positions throughout the company's nationwide workforce," spokeswoman Robinson said.

South Dakota's Stark Abortion Choice (CSM)

By Amanda Paulson

The Christian Science Monitor, October 12, 2006

SIOUX FALLS, S.D.

An unlikely state could reset the tone of the country's abortion debate this November.

South Dakota voters are poised to weigh in on a landmark bill, passed by the legislature in March and referred to the ballot by a petition drive, that would outlaw all abortions except to save a mother's life. While the law, if approved, will almost certainly be challenged in court, the campaign is under scrutiny by those on all sides of the national debate eager to see whether voters in a conservative, largely antiabortion state are ready to approve an all-out ban on abortion.

If the ban is voted down, it will indicate even abortion opponents aren't willing to rein in all rights, and it will diminish the chances that other states will pass similar bans. If it's approved, observers expect other states to follow, and it's possible a court challenge could reach the Supreme Court.

It's a decision many residents of South Dakota are wrestling with.

"It's really tough for us," Dick Ronken tells an antiabortion canvasser. "We're against abortion, but I think they haven't gone far enough to provide for all cases. It should be between a woman and her God and her doctor, without the government interfering."

Mr. Ronken's views aren't unusual in a state where many oppose abortion but look at it in personal terms - and often oppose government intrusion in their lives. In fact, some abortion-rights advocates say the soul-searching debate this vote has forced is one they welcome, hopeful it will lead to a decision to overturn the ban.

"In the case of abortion, we have long said that people in this country may accept restrictions, but will never accept a total ban on abortion - this debate really lays that bare," says Sarah Stoesz, the president of Planned Parenthood in Minnesota, South Dakota, and North Dakota, which runs the only abortion-providing clinic in South Dakota.

Opponents of the ban hold a small lead in polls - 47 percent to 44 percent in a recent Zogby International poll - but that lead has narrowed. If the ban allowed exceptions in cases of rape and incest, polls show a sizeable majority would support it.

Perhaps for that reason the arguments on both sides have been atypical for an issue that rarely veers from rhetoric pitting a "protect unborn children" slogan against "protect a woman's right to choose." Those opposed to the ban have shied away from

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promoting access to abortion, focusing instead on the bill's strictness, which doesn't include exceptions for rape, incest, or the mother's health but would allow an abortion to save her life.

"Honor and protect human life, reduce the number of abortions," says one TV ad sponsored by the South Dakota Campaign for Healthy Families, the coalition opposing the ban. "But should a woman who's the victim of rape or incest be left with no option?... Referred Law 6 makes no exception for these tragic circumstances. ... It just goes too far."

Similarly, proponents of the ban have eschewed slogans about saving babies' lives and photos of aborted fetuses in favor of a more feminist message about protecting women who, they say, are the ones victimized by abortion-rights advocates.

"For the last 33 years, women who have had abortions have been exploited," says Leslee Unruh, campaign manager for VoteYesForLife.com, who brought the bill to the legislature. Ms. Unruh had an abortion many years ago and has regretted her decision. Too often, she says, women aren't informed about the physical and emotional consequences of abortion.

"I've asked women to continue to be at the forefront, and to have it continue to be about women," Unruh says.

When she proposed the bill, legislators convened a task force to study the issue and concluded with a highly controversial report that triggered members of the task force to walk out in protest. Women like Unruh who had abortions they regretted testified before the task force and were a big reason the legislature decided to go ahead with the bill, says Rep. Roger Hunt, the Republican who sponsored it.

"It's very compelling evidence," says Representative Hunt, noting that the task force also determined that life begins at conception.

He and Unruh quibble with the portrayal of the bill as having no exceptions for rape or incest, pointing to one section that guarantees women access to emergency contraception, which helps prevent pregnancy if taken within 72 hours after sex. But opponents of the ban say that doesn't help many women who may not immediately report a rape, and they note that South Dakota recently passed legislation allowing pharmacists to refuse to fill an emergency contraception prescription.

Of the 800 or so abortions performed in the state each year, only a few are due to rape or incest, but for many voters those are the instances they keep coming back to.

"People are saying, are you telling me if my granddaughter was raped she'd have to go to term?" says David Volk, a former state treasurer and secretary of commerce and regulation who considers himself a staunchly "pro-life" Republican. He is opposed to the ban. "It's the wrong case at the wrong time."

In addition to seeing it as too extreme, Mr. Volk objects to the money that will be needed for the state to defend the bill in court - especially since he thinks it has no chance of overturning Roe v. Wade. And many national antiabortion groups seem to agree with him. The National Right to Life Committee barely mentions the case on its Web site, and Americans United for Life, a legal support group in Chicago, says it's unlikely the Supreme Court would revisit Roe through a ban like this.

"It's going to be a very tall hill to climb for that to happen," says David McConchie, the group's executive director. "But if it's a ban of something people support, they should vote for that."

National abortion-rights groups, meanwhile, are watching the vote closely in part because they're concerned about other states - like Ohio, Louisiana, and Texas - following South Dakota and about the changing makeup of the Supreme Court.

"There's this climate that they feel [Roe] could be overturned, and that's what they're doing with the South Dakota ban," says Nancy Keenan, president of NARAL Pro-Choice America. But the chilly reception the ban has gotten in a antiabortion state may be an indication that more extreme abortion opponents are overreaching, she says. "Their true agenda is now uncloaked. ... And American people are saying enough is enough."

At the state's only abortion clinic - already a five-hour drive for people in the western part of South Dakota - protesters wave signs outside on a day when a doctor has flown in. With no doctors in the state willing to perform abortions, the four doctors who work at the clinic have to fly in from Minnesota.

"Women who don't want to be pregnant will go to extreme measures," says Miriam McCreary, a semi-retired obstetrician from St. Paul explaining why she makes the trip one to three times a week. "Abortion should be safe, legal, and available as a backup if contraception fails."

But while the ban is controversial - especially in a state that, while antiabortion, also has many libertarian tendencies - not all South Dakotans struggle with it. Lawns in Sioux City are dotted with pink-and-blue "Vote Yes on 6" signs. Some voters are

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enthusiastic about the law. As Justin Huck and Katie Kjelden go door-to-door in a neighborhood of small houses to campaign against the ban, they get varied responses.

"You're talking to the wrong person - I very much believe in the sanctity of human life," a blond woman with two small dogs tells Mr. Huck. Judy Alvine, on the other hand, gives Ms. Kjelden a warm reception when she answers the door.

"They make it sound like if you were Christian you would be for it," she says with frustration. "We have a doctor in the family, and he feels very strongly it should be a medical thing."

"It's refreshing to have people you can actually talk with," says Kjelden, a high school sophomore volunteering for the campaign, as she leaves the house. "And she and her husband are both registered Republicans!"

Report: 5 U.S. States Use Dogs To Control Inmates In Cells (FINDLAW/AP)

AP, October 12, 2006

(AP) - NEW YORK-Five U.S. state prison systems allow the use of trained attack dogs to control inmates - a practice that until now has been kept secret in American prisons - according to a Human Rights Watch report released Wednesday.

"The entire world has seen the photo of an Abu Ghraib detainee crouched in terror before a snarling dog, but the use of attack dogs against prisoners here in the U.S. has been a well-kept secret," said Jamie Fellner, U.S. director of Human Rights Watch. "Longtime corrections professionals were appalled when we told them that guards in some states use dogs on prisoners."

The report, "Cruel and Degrading: The use of dogs for cell extractions in U.S. prisons," says policies exist in Connecticut, Delaware, Iowa, South Dakota and Utah that allow guards to use "aggressive, unmuzzled" dogs to order inmates out of their cells when they refuse to leave. Dogs are ordered to bite prisoners if they resist.

"Human Rights Watch knows of no other country in the world that authorizes the use of dogs to attack prisoners who will not voluntarily leave their cells," the report said. The group does not object to the use of dogs to patrol prison grounds.

The report notes that in South Dakota, Utah and Delaware, dogs are rarely used in cells, if at all. In Connecticut, dogs were used in 20 cases in 2005, and in Iowa in 63 cases between March 2005 and March 2006.

Human Rights Watch interviewed prison officials in Connecticut and Iowa who said using dogs to remove prisoners from cells reduces injuries to guards and keeps prisons safer.

But Kathleen Dennehy, Commissioner of the Massachusetts Department of Correction, said her state stopped using dogs in cells this year because there are other effective alternatives.

"There are other ways to compel inmates to cuff up than sending in an animal to rip his flesh," she told Human Rights Watch.

Arizona also dropped its dog in cells policy this year.

"We welcome these decisions and urge the corrections departments of Connecticut, Delaware, Iowa, South Dakota and Utah to follow suit," the report said.

ANTITRUST:

Justice Department Criticized For Approving Big AT&T Deal (WSJ)

By Amy Schatz And Siobhan Hughes

The Wall Street Journal, October 12, 2006

WASHINGTON -- The Justice Department's unconditional approval of AT&T Inc.'s $67 billion buyout of BellSouth Corp. drew criticism from consumer advocates and lawmakers, raising the possibility that the deal could face delays at the Federal Communications Commission.

Hours before the Justice Department's decision was announced yesterday, FCC Chairman Kevin Martin changed course and proposed limited divestitures to protect big-business users of high-speed data lines in 32 office buildings, lawyers who have seen the proposal said. The FCC was scheduled to approve the deal as early as today, but cancelled the vote last night, rescheduling it for tomorrow.

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The Justice Department approved AT&T's purchase of BellSouth without any conditions after determining that the combination isn't likely to hurt competition in the telecommunications industries. "After thoroughly investigating AT&T's proposed acquisition of BellSouth, the Antitrust Division determined that the proposed transaction is not likely to reduce competition substantially," Justice Department antitrust chief Thomas Barnett said. "The division investigated all areas in which the two companies currently compete."

The clearance triggered an outcry from smaller phone-company rivals, Democrats on Capitol Hill and the FCC as well as consumer groups. Opponents of the acquisition complained that the nation's top antitrust regulator had abdicated its responsibility to scrutinize whether the new company, which would control local phone lines from California to Florida, would be so big that it would lessen competition. AT&T also would have sole control of Cingular Wireless, the nation's largest cellular carrier by number of subscribers.

"The Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen," Democratic FCC Commissioner Michael Copps complained. The FCC's other Democrat, Jonathan Adelstein, agreed: "By failing to issue a complaint, consent decree, or condition, it appears [the Department of Justice] took a dive on one of the largest mergers in history just to avoid further court scrutiny."

Although Mr. Martin, a Republican, has been pushing hard to wrap up the agency's review, it isn't clear that he has the three votes necessary to approve the acquisition. Republican FCC Commissioner Robert McDowell has so far indicated that he might be recused from voting because he formerly worked for a group that opposes the transaction. In addition to Mr. Copps, Mr. Adelstein has expressed concern about approving the acquisition without conditions. That would leave Mr. Martin without a majority on the five-person commission.

AT&T, San Antonio, said it was elated with the quick Justice Department approval of the merger. "This unequivocal and unconditional approval underscores the competitive nature of our industry and the pro-competitive benefits of this merger," General Counsel James Ellis said.

The BellSouth takeover was valued at $67 billion when it was announced in March. Since then, BellSouth's stock price has risen and based on yesterday's 4 p.m. price, the deal is valued at $78.8 billion, BellSouth said. AT&T shares rose 19 cents to $32.96 in New York Stock Exchange 4 p.m. composite trading, while BellSouth shares were up 24 cents to $43.44, also on the Big Board.

--Mark H. Anderson contributed to this article.

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AT& T Deal Wins A Key Go-Ahead (WP)

By Alan Sipress

The Washington Post, October 12, 2006

The Justice Department yesterday endorsed AT&T Inc.'s proposed $78.5 billion purchase of BellSouth Corp., clearing the way for the Federal Communications Commission to approve as early as this week the creation of a corporate giant that would be the country's largest provider of telephone, wireless and broadband services.

But the outcome of the FCC consideration, scheduled for tomorrow morning, remains in doubt because the prospective swing vote on the five-member board has maintained since summer that he is sitting out the case to avoid a possible conflict of interest.

The merger, proposed in March, would reunite two major parts of the old AT&T telecommunications empire that was broken up by the federal government in 1984. The deal would also give AT&T complete control over Cingular Wireless, the country's largest cellular telephone provider, now owned jointly by AT&T and BellSouth.

The deal, originally valued at $67 billion, is now worth substantially more because of increases in stock prices.

While consumer advocates say the merger would lead to higher prices for a range of telecommunications services, the companies have argued it would foster greater innovation.

If the FCC's newest commissioner, Robert M. McDowell, is ultimately recused, this could leave the board split along party lines and deny the merger the majority required for approval. That would put pressure on Chairman Kevin J. Martin, a Republican, to offer some concessions on consumer protection and competition that the panel's two Democratic members have sought but he has been reluctant to make. Martin has previously urged that the deal be approved without conditions.

Though a Republican appointee, McDowell has already shown an independent streak and said he is recusing himself because he previously worked as senior vice president for Comptel, an association that has lobbied on behalf of companies competing with AT&T and BellSouth. A spokeswoman in his office said yesterday that McDowell has continued to act as if he is recused.

But the final decision on whether he will participate could rest with the FCC's general counsel, raising the prospect that McDowell could be called on to decide the matter, even though he has said he has intentionally steered clear even of reviewing written submissions in the case. McDowell has never said publicly how he would vote if forced to participate, but industry analysts speculate he would likely side with his fellow Republicans.

Martin, saying little in public about the standoff, has signaled only that it remains unresolved.

Late yesterday, the commission announced that formal consideration of the merger, originally scheduled for today, would be delayed until Friday. Though no explanation was given, sources close to the FCC said negotiations between the two sides on the commission had only begun in recent days, leaving it unprepared to take up the matter as quickly as first envisioned. The sources spoke on condition of anonymity because they are not authorized to speak publicly on the matter.

By approving the merger, a step industry analysts expected, the Justice Department gave additional ammunition to advocates of the deal. The department concluded that there are enough other corporate competitors and emerging technologies to ensure that consumers are protected, and it placed no conditions on the approval.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Assistant Attorney General Thomas O. Barnett. The ruling came after the antitrust division examined the areas in which AT&T and BellSouth now compete, including local and long-distance telephone service and Internet service for homes and businesses, he said. The impact on future competition in wireless Internet service was also considered.

Both AT&T and BellSouth hailed the ruling and said they looked forward to a swift FCC endorsement.

"This unequivocal and unconditional approval underscores the competitive nature of our industry and the pro-competitive benefits of this merger," said AT&T General Counsel James D. Ellis. "AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers and possible, and our merger with BellSouth will help deliver these benefits to more consumers, more quickly."

By issuing approval without any of the conditions it imposed on prior mergers, the Justice Department made it more likely that some FCC members will try to impose restrictions, said Rebecca Arbogast, a telecommunications analyst with Stifel, Nicolaus & Co. In other recent mergers, the department called for the divestiture of special access lines -- which carry data from buildings to the phone companies -- so competitors would have the chance to handle this business.

Hours after the Justice Department ruling, Democratic Commissioner Jonathan S. Adelstein vowed to press for consumer safeguards. "Since Justice dropped the ball, it's incumbent on us to do their job as well as our own," he said.

Last year, with the FCC split evenly among Republicans and Democrats, the commission imposed modest conditions in approving a pair of high-profile mergers -- AT&T with SBC Communications Inc. and Verizon Communications Inc. with MCI Inc. Among them were requirements that the rates for special access lines be temporarily frozen, that DSL connections be sold separate from telephone service and that the companies temporarily abide by "net neutrality" principles allowing customers to use their broadband for any application they want.

Arbogast suggested the commissioners would be hard-pressed to break with this precedent in approving AT&T's purchase of BellSouth.

"The most likely outcome is that the FCC ultimately ends up imposing conditions on this merger that are similar to the conditions imposed in earlier ones," she said. "The question is how long it takes the two Democrats and the two Republicans to

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come to some agreement." She predicted that the two sides would work out a compromise without McDowell having to participate against his will.

Consumer advocates, who sharply criticized the Justice Department decision, warned that AT&T's purchase of BellSouth would inflate prices while suffocating innovation by setting up a single company that dominates regional markets and faces only token opposition from potential competitors.

"Justice has thoroughly abandoned the theory of promoting maximum telecommunications competition," said Gene Kimmelman, senior vice president of the Consumers Union. Though he acknowledged that the merger would likely move ahead, he urged the FCC to require the companies to divest enough of their airwave spectrum to allow competitors to offer wireless broadband services.

BellSouth Deal Faces FCC Fight (USAT)

By Paul Davidson

USA Today, October 12, 2006

Democrats on the Federal Communications Commission said Wednesday that they would push for significant conditions on AT&T's purchase of BellSouth after the Justice Department cleared the deal with no requirements.

The FCC is scheduled to consider the $78.5 billion deal Friday, but the vote could be delayed if the agency's two Democrats and two Republicans cannot reach a consensus. Republican Chairman Kevin Martin has recommended approval of the merger with no conditions.

“The Justice Department has packed its bags and walked out on consumers and small businesses,” says FCC Democratic Commissioner Michael Copps. He added, “It's all the more important for the FCC to ensure that consumer interests have a seat at the table.”

A third Republican commissioner, Robert McDowell, has said he will recuse himself from voting because he formerly worked for a group that opposed the deal. But Martin could still ask him to vote if he deems it in the public interest to break the stalemate.

Justice antitrust chief Thomas Barnett said the deal was approved with no divestitures because it's “not likely to reduce competition substantially.” Justice has cited the emergence of cable companies' Internet-based phone services and wireless among the new low-cost rivals to the big phone companies.

But Gene Kimmelman of Consumers Union says such services have limitations, adding that AT&T and BellSouth could have competed with each other.

Justice's “rubber stamp on this merger suggests (it) has thrown in the towel on competition between the Bell phone companies,” Kimmelman says.

The merger, he says, dashes hopes that BellSouth would use spectrum it owns to offer wireless broadband services that might compete against AT&T in its region. Among other conditions, FCC Democrats could press AT&T-BellSouth to sell BellSouth's spectrum.

The FCC also could require the new company to sell or lease lines in about 30 buildings in which both AT&T and BellSouth are the only providers serving big businesses. Justice imposed a similar requirement in the SBC-AT&T and Verizon-MCI mergers because of duplicate facilities in several hundred buildings.

A federal judge is reviewing the settlements Justice reached with the companies in those mergers after suggesting the requirements did not go far enough.

FCC Democrat Jonathan Adelstein says it appears Justice did not impose such conditions on the AT&T-BellSouth merger “to avoid further court scrutiny.”

Barnett said Justice's review was based on an extensive investigation of the impact of the deal.

Justice Department Approves AT&T-BellSouth Merger Plan (AP)

By By John Dunbar, Associated Press

AP, October 12, 2006

DOJ_NMG_0079490

The Justice Department gave its unconditional approval to AT&T Inc.'s buyout of BellSouth Corp. on Wednesday, a coast-to-coast behemoth that would be the largest U.S. provider of telephone, wireless and broadband Internet services.

The decision cheered company executives but outraged consumer advocates and two members of the Federal Communications Commission. At first the FCC scheduled a vote for Thursday on whether the $78.5 billion deal should go forward, but late Wednesday the agency pulled the item from the agenda and scheduled a commission meeting for Friday for a possible vote on the deal.

The FCC did not say why it was delaying a vote. "We are committed to evaluating merger applications fairly and in a manner consistent with the public interest," agency spokesman Clyde Ensslin said in a statement. "We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner."

Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition.

The decision was immediately criticized by FCC member Jonathan S. Adelstein, a Democrat who called it "a reckless abandonment of DoJ's responsibility to protect competition and consumers."

Michael Copps, the commission's other Democrat, said the "Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen."

If the deal wins final government approval, the merger would give San Antonio-based AT&T Inc. total control over the nation's largest cellular provider, Cingular Wireless, a joint venture of the two companies that serves 57.3 million customers.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Assistant Attorney General Thomas O. Barnett. He heads the section that examines proposed mergers.

The department's approval "underscores the competitive nature of our industry and the pro-competitive benefits of this merger," AT&T General Counsel James D. Ellis said in a statement.

"AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers as possible, and our merger with BellSouth will help deliver these benefits to more consumers, more quickly," Ellis said.

BellSouth said in a statement that it looks forward to FCC approval "in the very near future."

Consumer advocates and some lawmakers claim the government is well on its way to reconstituting the old Ma Bell monopoly, which was broken up in 1984 after a lengthy court battle.

House Judiciary Committee Chairman Rep. James Sensenbrenner, R-Wis., and other members of Congress had asked that the deal be held up until a federal judge decided whether two previous telecommunications company mergers, which were challenged by the Justice Department, were in the public interest.

A message left at Sensenbrenner's office was not immediately returned on Wednesday.

When Verizon Communications Inc. bought MCI Inc. and SBC Communications Inc. bought the old incarnation of AT&T, which kept the name, the Justice Department sued to block the mergers, but entered settlement agreements with the companies the same day.

The agreements, called consent decrees, required the companies to sell off some of their assets in certain regions. A federal judge is mulling whether the decrees are in the best interest of the public.

In the AT&T-BellSouth merger, the department avoided judicial review altogether. The FCC's Adelstein said by taking that course, "it appears DoJ took a dive on one of the largest mergers in history just to avoid further court scrutiny."

A coalition of consumer groups said the approval was "a move likely to leave consumers with fewer choices and inflated prices for a host of services."

Barnett said Justice Department lawyers looked at all areas where AT&T and BellSouth currently compete, including local and long-distance phone and Internet service for residential and business customers. The department also examined the merger's impact on future competition for wireless broadband service.

He said the lawyers cited competition in the marketplace, changing regulatory rules and emerging technology in finding that the merger was unlikely to hurt consumers.

Instead, it "would likely result in cost savings and other efficiencies that should benefit consumers," Barnett said.

With the action moving to the FCC, a number of scenarios may play out. The FCC's chairman, Republican Kevin Martin, has circulated an order recommending approval. He probably will get support from commissioner Deborah Taylor Tate, also a Republican.

With Adelstein and Copps so critical of the merger, all eyes will be on Robert McDowell, the third Republican on the commission.

McDowell's last job was as vice president and assistant general counsel for a trade association that has fought legislative and regulatory battles with AT&T and other major carriers.

McDowell's office reaffirmed Wednesday that he continues to proceed under the assumption that he will not participate in the vote. McDowell could be urged to vote on the deal if he were cleared to do so by the FCC's general counsel, Sam Feder. Feder declined comment.

FCC spokesman David Fiske said he is not aware whether an opinion on McDowell's withdrawal has been requested or filed.

In addition to the merger item, the FCC also moved to Friday a vote that would begin an agency inquiry into broadband industry practices. The session is expected to deal with whether Internet service providers should be forced to provide equal treatment to all traffic on their networks, a controversial issue called "network neutrality."

Complicating matters is a planned trip by Martin to China beginning next week.

Despite the strong language from Adelstein and Copps, there may be a way to come up with conditions to win their support for the merger.

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would have operations in 22 states. AT&T estimates that about 10,000 jobs would be phased out over three years.

Combined, the companies generate $117 billion in revenue and operate 68.7 million local phone lines stretching coast to coast across the southern United States and up through the Midwest. The merged company would employ 309,000 people before any job cuts.

The deal would further the reunification of the Baby Bells. The seven regional telephone operating companies and one long-distance provider were spun off from the national AT&T monopoly under a federal court order designed to introduce competition.

Including BellSouth, the new AT&T would consist of four former Baby Bells and the long-distance business, which was acquired by the company late last year. The other two companies created from Bells are Verizon Communications Inc., which dominates the eastern United States, and Qwest Communications International Inc., the phone company for most of the Rocky Mountain and Northwest regions.

AT&T shares rose 19 cents, or 0.6 percent, to close Wednesday at $32.96 on the New York Stock Exchange. BellSouth shares rose 24 cents, or 0.6 percent, to $43.44.

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Associated Press writers Lara Jakes Jordan in Washington, Bruce Meyerson in New York and Harry Weber in Atlanta contributed to this report.

BellSouth's Final Call; AT&T Set To Take Over (AJC)

By Matt Kempner, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 12, 2006

The last hurdle could be cleared this week for a massive combination of AT&T and BellSouth, spelling the end of Atlanta-based BellSouth as an independent in a fast-consolidating industry.

The Federal Communications Commission was slated to vote on the deal Friday, following the U.S. Justice Department's decision Wednesday to approve the nation's biggest telecommunications combination without conditions.

Justice said the deal would not substantially reduce competition or hurt consumers, despite complaints from consumer groups.

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BellSouth could disappear as a stand-alone company and be rolled under the AT&T name with a shuffle of paperwork within hours should the FCC give its blessing. But a true melding of the businesses would be farther off, including eliminating 10,000 overlapping jobs in the coming months and changing BellSouth signs and advertising to AT&T.

Plenty of questions important to the metro Atlanta economy remain, including where the combined company will cut jobs, which of its 6.4 million square feet of office space it might vacate as it consolidates operations and how much of a role it will retain in the community.

It could take three years for the new company to smooth out its networks so that all its customers have access to identical services, said Jan Dawson, a vice president with Ovum, a Boston-based firm that consults for telecommunications companies and some of their biggest customers.

"It's going to be a long time before all the benefits of the merger really filter through to consumers and businesses," he said.

The deal also would give AT&T full ownership of Cingular Wireless, the cellular service provider it owns jointly with BellSouth.

Metro area impact

Locally, some of the job cuts will undoubtedly target certain corporate jobs here rather than blue-collar ones. The companies have said many of the reductions will come through attrition, and that such changes won't come until early next year.

AT&T has said since announcing the merger that its headquarters would stay in San Antonio, while Cingular would keep its home office in Atlanta. Atlanta will remain the hub for AT&T's Southeast regional telephone operations.

Gov. Sonny Perdue suggested in March he would consider leading a mission to Texas to possibly offer AT&T incentives to relocate the combined company's headquarters here. Atlanta Mayor Shirley Franklin said she was willing to go with the governor.

Instead, Perdue hosted a private dinner April 20 at the governor's mansion with Ed Whitacre, AT&T's chairman and chief executive, said Heather Hedrick, a Perdue spokesman.

Hedrick would not say whether Perdue offered AT&T any incentives to move here or keep operations in Georgia, but the governor believes the state and the company "enjoy a great relationship for the future," she said.

Back to the future?

Nationally, an AT&T/BellSouth combination resurrects much of Ma Bell that the Justice Department helped break apart in 1984 over antitrust concerns.

But Dawson, the industry consultant, said the competitive landscape is far different than it was 22 years ago. He cited the rise of cellphones, the Internet, aggressive cable company expansion and phone service over the Internet. "There are all kinds of other forms of competition which are opening up the markets much wider than just the established phone companies in 1984," he said.

Consumer advocates see a worrisome consolidation of telecommunications power, though. They criticized Justice officials for not limiting the risks and predicted the combination will hurt consumers.

"The Justice Department has abdicated responsibility to promote the competition it promised when it broke up AT&T 20 years ago," said Gene Kimmelman, senior vice president for Consumers Union.

"In the end, the majority of consumers will end up paying inflated prices that result when Bell companies merge and dominate local, long distance, wireless and Internet services in their territories."

EarthLink, the Atlanta-based Internet service provider, said Justice "abandoned consumers and small businesses by refusing to require even those modest protections" it put in place last year on two smaller combinations: AT&T/SBC Communications and Verizon Communications/MCI.

In a statement released Wednesday, Thomas Barnett, the assistant attorney general in charge of Justice's antitrust division, issued a statement saying, "the proposed transaction is not likely to reduce competition substantially."

"The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential local and long distance service indicate that this transaction is not likely to harm consumer welfare," Justice said.

Both BellSouth and AT&T praised the decision and voiced hopes for quick approval from the FCC.

Justice is charged with looking at antitrust issues, a narrower view than the mandate before the FCC to consider public interest.

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Even critics believe the FCC will approve the AT&T/BellSouth combination. The real question is what, if any, conditions the FCC might set to ease concerns about having so much market power in the hands of one company.

Among the possibilities: requiring that consumers be allowed to buy DSL service even if they don't have phone service with the company; stiffening mandates for the company to lease some lines to local phone and data service providers; and barring AT&T from someday charging higher rates to online content providers who want particularly big pipelines to Internet users.

Republicans hold three of the five seats on the FCC and chairman Kevin Martin has circulated a plan to OK the deal without restrictions. But with expectations that one Republican will bow out to avoid a potential conflict of interest, Martin may offer conditions to placate Democrat commissioners and avoid a tie vote.

The FCC was originally expected to vote Thursday but late Wednesday announced a one-day delay, likely to allow further negotiations over the conditions.

Staff writers Walter Woods and Scott Leith contributed to this article.

AT&T-BellSouth Deal Delayed As FCC Postpones Vote (Update1) (BLOOM)

By Molly Peterson

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- AT&T Inc.'s $79 billion purchase of BellSouth Corp. hit a regulatory snag as the U.S. Federal Communications Commission postponed a vote on the deal scheduled for tomorrow.

The FCC will hold a hearing on the merger a day later on Oct. 13, the agency said today in an e-mailed statement.

The delay may signal Chairman Kevin Martin and fellow Republican Commissioner Deborah Tate need to make concessions to Democrat members Michael Copps and Jonathan Adelstein to get the deal approved. Both criticized today's backing of the purchase by the Justice Department. The fifth commissioner, Republican Robert McDowell, recused himself from the vote.

``We are committed to evaluating merger applications fairly and in a manner consistent with the public interest," FCC spokesman Clyde Ensslin said in the statement. ``We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner."

Justice Department Clears AT&T Takeover Of BellSouth (AFP-Y)

AFP, October 12, 2006

The Justice Department approved AT&T's proposal to take over BellSouth, clearing one of the last hurdles in a deal that would create the largest US telecommunications firm.

The department's antitrust chief, Thomas Barnett, said it had concluded that the deal is "not likely to reduce competition substantially" because of emerging technologies changing the competitive landscape.

To the contrary, Barnett said the merger "would likely result in cost savings and other efficiencies that should benefit consumers."

The 67-billion-dollar merger announced earlier this year, which still needs approval by the Federal Communications Commission (FCC), would create the country's largest telecom group and put back together much of the "Ma Bell" empire broken up in the 1980s.

The combined company would serve 70 million phone customers and 10 million high-speed Internet users. It would also have about 315,000 employees -- though that number would surely fall after the merger -- and combined revenue of an estimated 121 billion dollars.

The deal would give AT&T full control of Cingular Wireless, the largest US mobile operator, which it currently owns jointly with BellSouth.

The merger has sparked criticism from consumer advocates who argue that consolidation in the telecom industry means fewer choices for most people.

Yet others point out that despite the dwindling number of telecom firms, there is increasing competition among companies that had been in cable television and other services but are now offering "bundles" that include Internet access, television and a variety of telephone options.

The planned deal comes after AT&T's recent merger with SBC Communications, which like BellSouth is another of the regional "Baby Bells" created by the breakup of the phone monopoly in the 1980s.

SBC clinched that 16-billion-dollar deal last year, but chose to adopt the storied American Telephone and Telegraph name for the newly merged company.

The merger is on the agenda of the FCC for Thursday, but members of Congress and others have urged the agency to postpone approval until all the competitive elements can be evaluated.

Several lawmakers sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T with SBC and a separate deal that merged Verizon Communications with MCI.

Some activist groups have also sought to block the merger that they say would create the largest telecom group in the world.

"If you aren't scared about the merger of AT&T and BellSouth, you should be," says the website of the Competition Coalition, a group that includes consumer organizations.

"This merger will create the largest telecommunications company in the world and will create a nationwide monopoly, stretching from California to Florida, controlling the largest local and long distance phone company, the largest wireless company, the largest broadband company, and the largest Internet company in the nation ... Chances are, you will be at the mercy of AT&T."

Will Approved AT&T-BellSouth Deal Help Company Against Cable Providers? (AP)

By Harry R. Weber, Associated Press

AP, October 12, 2006

ATLANTA – AT&T's $78.9 billion purchase of BellSouth, approved by the Justice Department Wednesday, would better position AT&T to increase its share of big business customers by creating more of a one-stop shop for clients with far-flung operations.

But analysts question whether the deal will serve as much of a weapon in the growing battle with cable TV providers targeting consumers and small business segments. The phasing out of the BellSouth brand and the name of the two companies' wireless venture, Cingular, also poses significant challenges.

“They are going to be dominant in a certain segment, but that's not going to make up for the weakness or the competition in other segments,” said Patrick Comack, a telecom analyst in Miami.

Major corporations that are used to getting their local phone and Internet service from Atlanta-based BellSouth Corp. would get it from San Antonio-based AT&T Inc., and the company could use that leverage and the power that comes with owning the infrastructure to increase its share of big business customers.

Officials at several big businesses in BellSouth's hometown of Atlanta, including Coca-Cola, Delta and The Home Depot, either declined to comment on the pending changeover to AT&T or did not immediately return calls seeking comment.

“They will have 60 percent of the wires that go into the buildings of the Fortune 1000,” Comack said of AT&T. “They just will have so much last mile to corporate America, it's out of control. They will be overwhelmingly dominant in not just retaining but capturing more market share in the business arena.”

The consumer side is another story.

Cable companies are likely to increase their effort to siphon local and long-distance telephone customers and Internet customers away from traditional telephone companies like AT&T. The cable companies also have an advantage with such customers because of the providers' in-house television and video-on-demand offerings.

There are still opportunities for AT&T in the consumer and small business segments, however.

Rich Nespola, chief executive of consulting firm TMNG Inc., said the addition of BellSouth's local phone service area offers AT&T a big opportunity to sell advanced services to consumer and small business customers in the battle against cable players.

“It's always easier to sell to an existing customer rather than a new customer. That's right out of Marketing 101, and it still holds true. They trust you,” he said.

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Meanwhile, Atlanta-based Cingular Wireless LLC, the nation's largest cell phone provider, has spent a significant amount of money building up its brand, particularly after buying the old AT&T Wireless for $41 billion in 2004 and eliminating that brand's name. But the Cingular name will be eliminated early next year assuming the AT&T-BellSouth deal is completed. Federal Communications Commission approval of the deal, which could come as early as Thursday, is all that remains. The BellSouth name will be phased out over the next several months, spokesman Jeff Battcher said.

"There are Cingular billboards everywhere," Comack said. "And AT&T Wireless blew up and their brand got dragged through the mud. I would think if AT&T were smart, they'd call it AT&T or AT&T Mobile. That might be a decent idea. They certainly don't want to call it AT&T Wireless."

AT&T spokesman Dave Pacholczyk said only that there has been no decision on the exact name or variation of AT&T it will pick for its wireless brand. He would not discuss the impact on customers who currently call Cingular home.

"As soon as the merger closes, we'll be talking to them a lot," Pacholczyk said. He declined to say what AT&T will tell customers.

Branding decisions can be difficult after a merger, particularly if both companies' products are well established with consumers. By choosing to get rid of the BellSouth and Cingular names, in which billions of marketing dollars have been invested, AT&T is betting that there's greater long-term benefit in having one unified brand. The company, formerly known as SBC Communications, chose the very same strategy late last year when it acquired AT&T Corp., adopting the long-distance carrier's name in place of its regionally familiar SBC brand.

AT&T's approach contrasts sharply with that last year by Sprint when it acquired Nextel, renaming the company Sprint Nextel Corp. and keeping alive both cellular brands. Sprint Nextel has struggled in the aftermath of that deal, reporting a sharp earnings drop and troubles winning and keeping customers. The latest sign of those problems came Monday when former Nextel CEO Tim Donahue announced his resignation as Sprint Nextel chairman.

"They're biting the bullet and actually doing the right thing," Comack said of AT&T. "It's going to be a bundling war out there. They can't make it messy with having another brand in there. They just want to call it AT&T and say, 'You can get everything from AT&T.'"

Wednesday's anticipated Justice Department decision came just seven months after AT&T announced its intentions on March 5 to buy BellSouth. The deal, originally worth $67 billion, has climbed nearly 18 percent in value as AT&T shares have risen in that time. The shares closed at $32.96 in trading Wednesday on the New York Stock Exchange. Under the agreement, AT&T is also assuming $22 billion in BellSouth debt.

AT&T is already the largest telecommunications company in the United States, reporting $62 billion in revenue in 2005 and serving customers in Texas, California and the Midwest. BellSouth provides service to nine states in the Southeast and reported $34 billion in revenue in 2005.

Both companies say the combination would help eliminate challenges they now face in their dual management of Cingular, 60 percent of which is owned by AT&T and the rest by BellSouth.

FTC Ramps Up Actions Against Real Estate (INMAN)

Inman News, October 12, 2006

Agency to discuss 7 law enforcement actions this week

The Federal Trade Commission today announced a "real estate competition sweep" that includes seven law enforcement actions.

Jeff Schmidt, director of the FTC's Competition Bureau, will discuss the actions during a Thursday press conference, according to an announcement at the agency's Web site. The event will be held at the agency's Washington, D.C., headquarters.

The announcement does not specify what types of actions the FTC is taking. Over the past few months, several multiple listing services have announced FTC investigations over MLS restrictions on some types of property listings. And earlier this year the National Association of Realtors announced 14 separate investigations focusing on MLS rules that prevent some property listings from reaching some Web sites.

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Several MLSs have changed those policies and announced resolution with the FTC while one MLS, RealComp II Ltd. in Michigan, has announced it is prepared to fight the FTC to keep its policies in place. Also, the FTC -- sometimes acting independently and sometimes with the support of the U.S. Department of Justice -- has opposed some Realtor-backed state measures that seek to set minimum service requirements for real estate licensees.

The Justice Department is engaged in antitrust litigation against the National Association of Realtors over the trade group's policies for the online sharing and display of property listings information, and that agency has also taken action against states that impose restrictions on the ability of real estate companies to offer rebates to consumers.

Schmidt will discuss the series of FTC law enforcement actions and "put them in the context of previous real estate-related enforcement actions," according to the agency's announcement.

Steve Cook, a spokesman for NAR, today said, "We were not aware of the news conference and plan none of our own."

Most MLSs across the country are affiliated with local Realtor associations that are, in turn, affiliated with the national trade group, which has about 1.3 million members.

Inman News has reported on four MLSs that have changed their policies relating to a specific type of property listing. The New Jersey MLS, the Realtors Association of Northeast Wisconsin MLS, the Northern New England Real Estate Network and the Austin Board of Realtors have lifted restrictions on the display of "exclusive agency listings" at public property-search sites such as Realtor.com and MLS member Web sites that use a data exchange standard to display other members' property listings information.

In an exclusive agency agreement between a home seller and an agent, sellers retain the right to sell their property themselves without paying a commission if the agent is not involved in the sale. The more common listing agreement called "exclusive right to sell" provides that the listing broker is guaranteed a commission.

Realcomp II Ltd., the largest MLS in Michigan, with about 15,000 members, announced that it will fight to keep its MLS policies in place, even if it results in litigation with the FTC. Realcomp's CEO, Karen Kage, told Inman News that exclusive agency listings can facilitate the sale of a home without a Realtor and can therefore fall "outside the scope of what an MLS is."

She said the MLS is designed to "help the public but through the Realtors. An MLS's job is just to service the Realtors. That is our core function."

The Austin Board of Realtors signed an agreement with the FTC to resolve charges over its MLS policies, and the Northern New England Real Estate Network also announced that it had reached an agreement with the FTC.

Healthways To Buy Axia Health For $450M (AP-YBIZ)

AP, October 12, 2006

Healthways to Acquire Axia Health for $450 Million, Sees Deal Adding to Fiscal 2007 Earnings

NASHVILLE, Tenn. (AP) -- Healthways Inc., a provider of diabetes treatment programs for health plans and hospitals, said Wednesday it agreed to purchase Axia Health Management LLC, a provider of preventive health and wellness programs, for $450 million.

The acquisition, which is forecast to add to Healthways' financial results for fiscal 2007, is expected to close before the end of the calendar year, subject to antitrust clearance and other closing conditions.

The transaction will be financed through a combination of cash on hand and committed bank debt.

Healthways first expanded into health support services in 2005, with its acquisition of myhealthIQ, a wellness program that identifies individual health risk factors through an onsite wellness exam, including a full biometric screening with blood draw, and provides each participant with a standardized health risk score.

In addition to services for the commercial market, Axia offers Healthways new products for government and government-sponsored health plans. Axia's cornerstone product, the SilverSneakers Fitness Program, provides an approach to physical activity for nearly three million Medicare-eligible members in 42 states and is available at more than 2,100 fitness centers and class sites.

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Together, Healthways and Axia will have more than 120 unique health plan customers whose membership totals more than 165 million. The combined organization will employ approximately 3,500 people. In addition, Axia's QuitNet smoking cessation program has more than 300,000 users.

The company said Ben Lytle, CEO of Axia, will join the Healthways board upon closing. Prior to founding Axia, Lytle was CEO of Anthem, which acquired Wellpoint to become the nation's largest health plan. In addition, other key members of Axia's senior management team will also continue with Healthways.

Healthways shares fell 26 cents to close earlier at $40.55 on the Nasdaq, and were down 15 cents in aftermarket trading on the INET exchange.

Antitrust Law's Delicate Dance (WSJ)

By Nathan Koppel

The Wall Street Journal, October 12, 2006

When does an alliance that is legal cross the line to become a collusion that is illegal?

It is a standard antitrust law question that is now being asked by lawyers who follow the private-equity industry, in the wake of news that the Justice Department is pursuing an inquiry into how private-equity firms conduct their bidding for control of public companies. Antitrust cases are often tough to make. The Justice Department, for instance, battled with Microsoft Corp. for years before reaching a settlement with the software giant in 2002. On Wall Street, these cases can be even tougher, as U.S. officials have discovered more than once.

Unlike some industries dominated by one or two players, Wall Street is a highly competitive arena, says Keith Shugarman, an antitrust lawyer with Goodwin Procter LLP. Private equity represents only one pool of capital competing for company shares. "There is so much money out there that there is almost unlimited potential competition," says Steven Newborn, a partner at law firm Weil, Gotshal & Manges LLP. "There are so many alternative bidders" for attractive investment targets that it is hard to artificially depress prices, he says.

In the late 1990s, the Justice Department launched an investigation into whether Wall Street firms conspired to fix their commissions at 7% as part of their "underwriting" business -- the lucrative process of helping corporations issue new stock. The investigation followed a 1998 study by University of Florida professors Jay Ritter and Hsuan-Chi Chen, who found that many midmarket companies issuing stock in the mid-1990s paid the exact same fees to banks that underwrote the offerings and that those fees seemed to move in unison. By 2001, however, the Justice Department closed an investigation into whether the Wall Street firms had conspired to fix their commission and no charges were brought. "They were looking for a smoking gun, and they weren't able to find it," says Mr. Ritter.

In the mid-1990s, the government investigated securities firms, including Merrill Lynch & Co. and Goldman Sachs Group Inc., for allegedly conspiring to fix trading costs on Nasdaq Stock Market shares. The Justice Department reached a settlement with the securities firms prohibiting them from colluding in the future, but the firms weren't forced to pay fines and didn't admit or deny wrongdoing. (There was also private litigation and damages were paid.)

In the 1950s, U.S. officials alleged that 17 Wall Street firms monopolized the securities-underwriting business. The case was thrown out of federal court. Federal antitrust law typically involves a delicate dance of identifying when free-market arrangements hamper the market itself. Companies are allowed to band together for business purposes -- moves they ostensibly make to stay competitive. But issues arise when the agreements are seen as stifling competition.

The private-equity inquiry, run by the Justice Department's antitrust unit in New York, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Private-equity firms generally are pools of capital collected usually from wealthy investors and institutions, and used to bid for control of companies. People familiar with the matter say the Justice Department has asked relatively generic questions of a few private-equity firms about how they bid for control of the companies they pursue.

Regulators could have questions about whether private-equity firms' practices when they team up to make bids to take companies private cross the antitrust-law line. Such deals are known in the industry as "club deals." A legal issue would be

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whether, absent the creation of such teams, there would have been more competition that would have pushed the price of pursued companies higher.

The theory is "a company's shareholders are hurt if they don't have the full panoply of competition" in corporate auctions, says Mr. Newborn, of Weil Gotshal. The Justice Department declines to comment.

Cases typically proceed in one of two fashions, attorneys say. If the government can muster actual evidence -- such as email or witness testimony -- that firms have entered an agreement to limit competition, the government can argue a "per se" violation of the Sherman Antitrust Act, meaning that no proof of harm to shareholders is necessary. "Certain agreements are so obviously harmful to the free-market system that they are automatically condemned," says Todd Henderson, a professor at the University of Chicago School of Law.

Regulators could probe whether firms colluded by agreeing not to compete on every auction: "I'll bid on this case, and you bid on the next one," says Harry First, a professor at New York University School of Law and the former lead antitrust regulator in the New York attorney general's office. "If they find that, it is per se illegal. No fancy analysis is needed."

But antitrust cases rarely work out that way. Without smoking-gun evidence, the government would have a much tougher time. It would have to show actual economic harm, a process that involves economic analysis of prices, and the players' powers in that market.

Some economists say making such a case could be difficult. Steve Kaplan, a University of Chicago economist who follows the private-equity industry, notes that private-equity firms don't have ultimate control over the value of the companies they target. "The seller doesn't have to sell," he says. "The board can always say, 'I'm not going to sell.'"

Mr. Kaplan adds that the large deals that have attracted club bids -- such as recent bidding for companies like Harrah's Entertainment Inc. or Freescale Semiconductor Inc. -- probably wouldn't have occurred without private-equity firms teaming up, because so much capital was required. In the absence of these team bids, he notes, the share prices of target companies might have been lower. In other words, teaming up helped to raise share prices, not lower them.

Transmeta Sues Intel Over Chip Patents (WSJ)

By Don Clark

The Wall Street Journal, October 12, 2006

SAN FRANCISCO -- Transmeta Corp. sued Intel Corp., alleging that some of Intel's most popular chips violate ten Transmeta patents.

The Silicon Valley company, which filed its complaint in federal court in Delaware, says Intel's Pentium III, Pentium 4, Pentium M, Core and Core 2 lines of microprocessor chips infringe patents on feature that include controlling power consumption in computers.

Without specifying dollar figures, Transmeta said it will seek triple the damages it has suffered and an injunction against sale of the Intel products, which Transmeta Chief Executive Arthur Swift estimated had accounted for more than $100 billion in cumulative revenues over the years.

An Intel spokesman declined comment until the company has had a chance to review the complaint.

Transmeta -- based, like Intel, in Santa Clara, Calif. -- was founded in 1995 to develop chips for building portable computers with features that include long battery life and small size. After failing to gain traction for its chips, the company recently shifted its business to licensing intellectual property.

Mr. Swift said Transmeta only opted to sue after extensive licensing negotiations with Intel that failed to result in an agreement. "Discussions reached a point where we felt we really had to seek a judgment in the court," he said.

Citigroup Purchase Rocks Legg Mason (WP/BLOOM)

By Sree Vidya Bhaktavatsalam

The Washington Post, October 12, 2006

Legg Mason Inc.'s stock price tumbled 17 percent, the most ever, after it said that earnings fell short of analysts' estimates for the third straight quarter since its $3.7 billion takeover of Citigroup Inc.'s fund unit.

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Legg Mason, run by chairman and chief executive Raymond A. "Chip" Mason, has been hurt by $5 billion in customer withdrawals and rising costs to sell funds since the Citigroup purchase in December. Its flagship fund, managed by William H. Miller III, is having its worst year since 1990.

"There are a lot of skeletons they are working through with the Citigroup integration," said Ryan Caldwell, an analyst at Waddell & Reed Financial Inc. of Overland Park, Kan., which owns 810,000 shares of Legg Mason. "The costs are higher than they thought, and that combined with outflows is making it exceptionally hard" to forecast earnings.

Shares of Legg Mason fell $18.16, to $87.15, the biggest drop since the Baltimore company went public in 1983. The stock price is down 36 percent since reaching $136.40 on Feb. 23, wiping out more than $6 billion in shareholder value.

The decline accelerated after Legg Mason said Tuesday that it would report profit of $138 million to $148 million (96 cents to $1.02 a share) in its fiscal second quarter, which ended Sept. 30. Analysts had estimated that the company would earn $1.16 a share, according to a survey by Thomson Financial.

Legg Mason agreed in June 2005 to swap its stock brokerage for New York-based Citigroup's fund unit, doubling its assets and putting it into the top echelon of money managers with Fidelity Investments and Vanguard Group. Investors were enthusiastic, and the stock price rose more than 50 percent by the end of the following January, a month after the acquisition was completed.

The deal, the company's biggest since Mason took over in 1962, hit turbulence in February after Legg Mason reported fiscal fourth-quarter earnings. Profits were reduced by the costs of consolidating the Citigroup unit and retaining key employees.

The company said results in the second quarter were hurt by "unanticipated" sales expenses of $12 million, which reduced earnings by 4 cents a share. The money was owed to a third-party broker for selling Citigroup funds in past quarters. Mary Athridge, a Legg Mason spokeswoman, would be more specific about the expenses.

Legg Mason is also suffering from poor investment returns by Miller's $18.7 billion Legg Mason Value Trust, its flagship equity fund. Miller's fund is at risk of trailing Standard & Poor's 500-stock index for the first time in 16 years. The fund is down 1.7 percent in 2006, compared with the S&P 500's 10 percent return, including dividends.

Miller's portfolio has been hurt by investments in Internet, health-care and home-building stocks. Four of the fund's 10-largest holdings have fallen this year, led by online retailer Amazon.com Inc., which is down 30 percent. Sprint Nextel Corp., Value Trust's largest holding as of June, is down 17 percent.

Bloomberg staff writers Danielle Kost and Matthew Keenan in Boston contributed to this report.

Firms Sweeten Offer For Harrah's, But Bid May Not Be Rich Enough (WSJ)

By Peter Sanders

The Wall Street Journal, October 12, 2006

Private-equity bidders sweetened their offer for casino operator Harrah's Entertainment Inc., but the new bid of $83.50 a share may not be rich enough to clinch a deal, said people familiar with the matter.

Earlier this week, the Las Vegas-based company's board rejected an initial $15.1 billion buyout offer from private-equity firms Apollo Management and Texas Pacific Group. The company then received an updated offer of $83.50 a share in cash, or roughly $15.5 billion, from the two firms.

People familiar with the situation and industry observers still think the offer needs to reach $85 a share or more, 28% higher than Harrah's closing price of $66.43 on the Friday before the talks were announced. Officials from Harrah's, Texas Pacific and Apollo declined to comment.

People close to the situation say the new offer provides additional value to Harrah's holders through continuing dividend payments. Under the proposed offer now being reviewed by Harrah's special committee, the world's largest casino company would pay 40-cent-a-share dividends to shareholders five times before the deal's close. Any deal would likely take at least a year to close. People familiar with the equity firms' thinking contend that the firms believe the dividends add $2 a share in value to the bid, boosting it to $85.50. But since the company would be paying the shareholders on a regular dividend schedule, some investors don't see tremendous upside.

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People close to the matter don't rule out the possibility that Apollo and Texas Pacific could soon increase the cash offer above $85 a share.

Investors were generally unenthusiastic about the increased offer, which was reported by the New York Times yesterday. Shares were down five cents to $76.34 on the New York Stock Exchange.

The initial buyout offer, disclosed by Harrah's on Oct. 2, was expected by the company. Confidentiality agreements were in place between the potential buyers and Harrah's "well before" a Sept. 15 letter was sent to state gambling regulators by a Las Vegas casino-law attorney. The attorney, Frank Schreck, said he received a waiver from Harrah's to work with the private-equity firms. A person close to the casino operator said, "There was no 'understanding' with management; the bid was unsolicited but not unwelcome."

MAN Buys At Least 5% Of Scania (WSJ)

By Jason Singer

The Wall Street Journal, October 12, 2006

Escalating the tension in an already hostile $12 billion takeover battle in the European truck industry, MAN AG of Germany tried to buy a stake of at least 5% in Scania AB of Sweden in the market, in a move that would give MAN more influence over takeover talks with Scania.

Buying through Citigroup Inc., MAN offered investors 475 Swedish kronor ($64.22) each for Scania's Class A shares. Class A shares have 10 times the voting rights of Class B shares. The price is about 6% higher than the level of MAN's cash-and-stock hostile bid for Scania launched last month. That bid is currently valued at about 448.7 Swedish kronor a share.

The move is a test by MAN to see how Scania shareholders react to an offer of a price higher than its existing takeover bid, which was rejected by Scania's board and its two main shareholders, Volkswagen AG and Swedish holding company Investor AB. The two shareholders control about two-thirds of Scania's shareholder votes.

It's also the latest of a series of moves that have pitted several of Europe's largest industrial companies against one another. MAN's bid for Scania is an effort to form the heavy-vehicle maker with the largest market share in Europe, and the world's third-largest after Volvo AB and DaimlerChrysler AG.

But in the process, the interests of Scania's corporate shareholders have clashed, creating a complex power struggle over the future of a market for commercial vehicles that is growing strongly due to increasing demand from fast-developing Eastern European economies.

If investors agree to sell their Scania shares to MAN in the latest market raid, the German company told investors it would be willing to buy more, up to as much as 16% of the company's Class A shares. The offer, made yesterday after the market closed, was left open to shareholders to consider until early this morning. It wasn't clear how many shares MAN was able to purchase yesterday, but it had achieved the minimum 5% it was seeking.

Investor explained that its rejection of the MAN bid was due to its high hopes for future Scania performance. "We estimate potential synergies in a combination of Scania and MAN to be substantially higher than the €500 million per year indicated by MAN, even when taking execution risks into consideration," Investor said.

Scania reiterated its rejection of MAN's buyout offer, adding that Volkswagen representatives on its board will continue to abstain from participating in decisions regarding MAN. Representatives of MAN couldn't be reached to comment.

MAN has already agreed to buy a 5% stake in Scania from French car maker Renault SA, announced when MAN's hostile bid for Scania was launched. If MAN's share-buying is successful, and it forges a deal with Volkswagen, the two companies could together hold more than 50% of Scania's votes.

A Volkswagen spokeswoman declined to comment.

ENVIRONMENT:

Lawyer In BP Case Ordered To Turn Over Evidence (HC)

By Anne Belli

DOJ_NMG_0079501

Houston Chronicle, October 12, 2006

Suggesting that the criminal probe into BP is gaining momentum, federal prosecutors this week issued a wide-ranging subpoena to a lawyer representing a woman whose parents died in the 2005 blast at the company's Texas City refinery, the lawyer said today.

Brent Coon of Beaumont said the U.S. attorney's office in Houston has ordered him to turn over all of the evidence he has gathered so far — dozens of depositions and hundreds of thousands of documents — in preparation for a November trial in state court.

``We have been subpoenaed to turn over all of our underlying documents," he said.

Included in those, he added, are the applications and other documents related to permits BP received from the Texas Commision on Environmental Quality to operate the equipment that ultimately exploded, killing 15 and injuring scores more.

Coon has said that those documents contain evidence that BP misled the state agency in order to win permits to operate the blowdown drum and vent stack associated with the refinery's isomerization unit.

A spokesman with the U.S. attorney's office here declined to comment, saying the agency does not confirm or deny the existence of federal probes.

``I can't comment on the purported statements of others," said John Yembrick, a spokesman for the agency.

BP spokesman Neil Chapman said the company continues to cooperate with all authorities who have been investigating the March 23, 2005, explosion.

The Justice Department began its investigation after the Occupational Safety and Health Administration in September levied a record $21.3 million fine against BP and slapped it with more than 300 violations.

Local FBI agents and investigators with the Environmental Protection Agency's environmental crimes division also are said to be heavily involved in the federal probe.

Coon represents Eva Rowe, the daughter of James and Linda Rowe, who died in the blast. Hers is the only case involving a fatality that has not settled out of court.

BP in the past 18 months has settled more than 1,000 claims against the company, Chapman said. The company has set aside $1.2 billion to pay for those claims.

Also today, Coon told state District Judge Susan Criss that BP has not turned over a critical diagram that should have been attached to one of its permit applications in 2003.

That diagram is crucial, Coon said, because BP had indicated to the TCEQ that it has installed a flare on the blowdown drum when it had not.

Federal accident investigators have said that had the equipment included a flare, the hydrocarbons that ignited and caused the fatal blast likely would have safely burned away and lives would not have been lost.

BP lawyer Jim Galbraith told Criss that BP did not have the diagram, saying: ``They have alleged we misled the state agency. We have not."

But Criss ordered the company to produce the missing diagram anyway, and to pay Coon's costs for trying to track it down.

Coon said he has spent ``hundreds of thousands of dollars" trying to obtain documents regarding BP's permiting applications.

But, more valuable than that, he said, was the judge's ruling that the jury can hold the missing document against BP at trial in November. That could be enough evidence to allow the jury to consider awarding punitive damages beyond the state-mandated cap of $750,000 plus twice actual damages, he said.

Also today, Criss ordered BP chief executive John Browne to give a deposition in the case, set to go to trial Nov. 8.

BP's Chapman said the company will appeal that ruling.

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BP CEO Ordered To Give Deposition (AP)

By Juan A. Lozano, Associated Press Writer

AP, October 12, 2006

BP Chief Executive Ordered to Give Deposition Regarding Plant Explosion

GALVESTON, Texas (AP) -- BP PLC's chief executive must give a sworn deposition in a lawsuit against the company brought by a woman whose parents were among 15 people killed in the 2005 Texas City refinery explosion, a judge ruled Wednesday.

State District Judge Susan Criss said John Browne must give a deposition to attorneys representing Eva Rowe, whose parents were working inside trailers that were leveled by the blast. The case, the only one involving a fatality not settled out of court, is set to go to trial Nov. 8. Rowe's attorneys are asking for $1.2 billion in damages. BP has said it has settled 950 lawsuits related to the blast.

"We want to know what (Browne) knew about budget cuts and problems in respect to process safety management," said Arturo Gonzalez, one of Rowe's attorneys.

Criss said Browne's recent media interviews and statements to BP employees indicate he has "unique and superior" knowledge about factors that could have contributed to the explosion.

"We've got statements that were beyond the company line," Criss said in reference to Browne's remarks. "I'm not convinced he doesn't want to come here and tell the world."

A deposition is a sworn statement, often videotaped, based on an extensive interview with attorneys in a case.

Company attorney Jim Galbraith argued there was no new information in Browne's recent interviews and that statements he made during town hall meetings were intended only for BP employees. Galbraith also said the request violated an agreement between the company and Rowe's attorneys in which the CEO was only to be questioned if another BP executive referred questions to Browne.

BP spokeswoman Sarah Howell said the company would appeal the ruling.

The explosion occurred when faulty sensors did not warn of gathering vapors near the isomerization unit, which boosts the level of octane in gasoline. The vapors ignited as the unit was starting up. The blast in Texas City, about 40 miles southeast of Houston, also injured 170 people.

The U.S. Chemical Safety and Hazard Investigation Board, one of several agencies investigating the blast, concluded the unit had a history of problems and was not hooked up to a flare system that burns off vapor and could have prevented or minimized the accident

Also during Wednesday's hearing, Rowe's attorneys alleged BP misled the Texas Commission on Environmental Quality by indicating in a 2003 permit renewal application that the isomerization unit had a flare system.

Brent Coon, one of Rowe's attorneys, said the application indicated the company had a diagram of the unit that showed a flare system was attached. He said BP did not turn over the diagram.

BP's attorneys said Monday that the application was mislabeled and the document with the diagram never existed. But Wednesday they told Criss they had found a draft copy of the diagram that had never been turned over to BP or the TCEQ.

"They have alleged we misled the state agency. We have not," Galbraith said. "There is evidence we never had" the diagram.

Two BP employees, Danny White and Ruben Herrera, testified Wednesday the company never tried to misrepresent the fact that the unit had a flare system. Herrera, who used to work for the TCEQ, said he never used influence with his former employer to get the permit approved.

Criss ordered BP to produce the missing diagram and pay for costs Rowe's attorneys incurred in searching for the document. Criss also issued a sanction against BP in which the jury could hold the missing document against the company.

Howell said BP would review the ruling on the missing document and decide whether to appeal.

Rowe's lawyers also said the U.S. Attorney's Office has issued them a subpoena asking for all documents gathered in their lawsuit. The Justice Department is not commenting on its investigation.

Renewable Energy Meeting Kicks Off With Ethanol Criticism (DJ)

By Maya Jackson Randall

Dow Jones Newswire, October 11, 2006

DOJ_NMG_0079503

WASHINGTON (Dow Jones)--A national renewable energy conference has just gotten underway and already one renewable fuel is being criticized.

Most speakers at the government-sponsored conference in St. Louis this week will likely have positive things to say about E-85, a biofuel made up mostly (85%) of ethanol, which can be produced from crops like corn.

Only 15% of E-85 is traditional gasoline produced from crude oil, which is why the fuel is seen as a way to help reduce U.S. oil consumption and the country's dependence on foreign energy.

But the head of large oil and natural gas industry group American Petroleum Institute, or API, criticized E-85 in a speech Wednesday morning, calling it costly and inefficient, and urged federal and state policy-makers against using mandates to promote its use.

Speaking at the St. Louis conference, co-hosted by the U.S. Department of Energy and the U.S. Department of Agriculture, API President Red Cavaney's E-85 swipes come just as federal and state lawmakers have touted the biofuel as a way to boost rural America, where corn for ethanol is largely grown.

Senate Finance Committee Chairman Richard Lugar recently suggested a need for all new cars sold in the U.S. to be be able to run on E-85. Arguing that oil companies are refusing to install E-85 pumps that will give consumers greater access to the alternative fuel, the Indiana Republican also suggested the need for legislation that would force oil firms to spend some of their profits on installing E-85 pumps in at least 25% of the nation's gasoline stations within 10 years.

Meanwhile, President George W. Bush, who is scheduled to speak at the renewable energy conference later this week, recently told the Wall Street Journal that he wants to spend the remainder of his term focusing on ways to address ethanol-related transportation issues. The president has said the U.S. is addicted to oil and that using ethanol is one way to ease that dependence.

Arguments Over Value

Cavaney painted a dismal picture of E-85, arguing that regular gasoline, which already contains up to 10% ethanol, is better for consumers than E-85.

"It seems obvious that ethanol is a better value for most consumers as a gasoline additive than as E-85," he said, arguing that ethanol prices on a volume basis have been higher than gasoline prices for the better part of the last two-and-a-half years.

Cavaney warned state lawmakers against adopting regulations that would require a set amount of ethanol to be blended in gasoline, saying E-85 has serious downsides for consumers. Because ethanol cannot be shipped by pipeline, mandates that vary by state could lead to volatile prices and make it harder for areas to get adequate motor fuel supplies during disasters or times of abnormally high demand, he said.

"A national emphasis on increasing ethanol volumes through E-85 can prove unnecessarily expensive and risky," said Cavaney. "If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems."

Consumers will go farther on a gallon of regular gasoline than on a gallon of E-85, the API president said. Pointing to findings in a recent Consumer Reports article, Cavaney said cars that can run on E-85 incur a 25% to 30% fuel mileage penalty.

"Interested consumers need to be aware of these facts before they make their purchase decisions," he said. He added that vehicles that can run on E-85 comprise only 2.6% of the U.S. light-duty vehicle fleet. That number is likely to jump only to 6.5% in about two decades, he said.

Cavaney said the oil industry is not opposed to ethanol and supports the Renewable Fuels Standard that Congress passed last year. The standard requires 4 billion gallons of ethanol to be blended into gasoline in 2006 to produce a cleaner-burning fuel.

The St. Louis energy conference, "Advancing Renewable Energy: An American Rural Renaissance," which runs Wednesday and Thursday, focuses on ways to promote President Bush's renewable energy goals. The conference follows the president's State of the Union pledge to replace more than 75% of Middle East oil imports by 2025 through greater use of clean coal and hydrogen technologies, as well as ethanol, and wind and solar power.

Execs Tout Renewable Fuels At Conference (AP)

DOJ_NMG_0079504

By Cheryl Wittenauer

AP, October 12, 2006

ST. LOUIS (AP) -- A century ago, Henry Ford's Model T was the first flexible-fuel vehicle, running on gas, ethanol or both, and the automaker foretold the future when he said fuel could be gotten from fruit, weeds, sawdust or anything else that could be fermented.

The story, as told by Archer Daniels Midland's CEO Patricia Woertz, resonated with her audience at a national renewable energy conference here Wednesday.

Woertz, formerly head of refining at Chevron, now heads the Decatur, Ill.,-based agricultural company that is also the biggest ethanol producer in the U.S.

Count her among the converted.

"We believe we are just at the start of this new era of bioenergy," she said, acknowledging ADM began building toward that start 30 years ago. "We believe the market can and should grow larger."

Woertz was among dozens of speakers representing business, financing, government and research at the conference co-hosted by the U.S. departments of energy and agriculture. President Bush is scheduled to address the conference Thursday.

One speaker after another touted renewable fuels as the new frontier, a revolution in the making that will wean the U.S. from its foreign oil addiction, create a new economy for rural America, and decrease greenhouse gas emissions.

Ethanol, a clear, colorless fuel made from corn, is what most often comes to mind when considering alternative fuels.

Six years ago, 54 ethanol plants produced 2 billion gallons a year. Today, 100 plants produce 5 billion gallons a year, and 44 plants are on the way, Agriculture Secretary Mike Johanns said.

Biodiesel made from animal fat and vegetable oil also has caught on. National Biodiesel Board chief executive officer Joseph Jobe said the industry is doubling or tripling production every day. Quality fuel, that is, not French fry oil right out of the restaurant fryer, he said.

DaimlerChrysler announced Tuesday that 2007 Dodge Rams made in St. Louis will be "factory filled" with B5 biodiesel, or 5 percent biodiesel fuel, to help stimulate the market.

Jobe said his board recently launched a toll-free number truckers may call to get the name and location of the nearest biodiesel truck stop. Truckers, a "patriotic lot," also support family farms, Jobe said.

Ten biodiesel plants in 2000 have grown to 86 today, with 78 on line.

Robert Lane, chairman and chief executive officer of Deere & Co., based in Moline, Ill., said the company has formed the John Deere Wind Energy Group to help farmers harvest wind. Deere has wind energy projects in Missouri, Texas, Minnesota and is looking at other states. It provides the capital and the glue to get the projects off the ground.

"Our goal," Lane said, "is to foster competitive renewable energy businesses. The U.S. can be a leader. It has reliable wind sources, capital and entrepreneurial spirit."

Johanns said the potential for renewable fuels has never been greater and predicted the day when biomass such as wood chips, pecan shells, corn stalks, switchgrass and animal waste would replace petroleum products as America's fuel source.

"We want to buy our energy by the bushel, not the barrel," he said.

Johanns and Energy Secretary Samuel Bodman on Wednesday announced nearly $17.5 million for 17 biomass research, development and demonstration projects.

Bodman said the Energy Department sponsors research at two bioenergy research centers, which are trying to crack the technical barriers to biofuels. They are looking to convert inedible agricultural plants into ethanol and convert sunlight into fuel.

"There are lots of fresh ideas out there, and we're excited about all of them," he said.

The American Petroleum Institute's president, Red Cavaney, said it's not true that renewable fuels are a thorn in the side of the petroleum industry.

"We're experiencing demand in the global energy market," he said. "As we look forward to the next 20 to 30 years, we're going to need all the energy we can use that is economically viable. Ethanol, crude oil, biodiesel. It all has a bright future."

Talkin' Energy At The Energy Conference (SLPD)

DOJ_NMG_0079505

By Jeffrey Tomich

St. Louis Post-Dispatch, October 12, 2006

When conceived earlier this year, the goal of the first national renewable energy conference was clear: Government officials, corporate executives and investors would assemble under a single roof and discuss ways to advance development of an emerging industry.

The first day of the two-day conference in St. Louis seemed to accomplish that. Yet comments from two of the most colorful speakers also highlighted the sharp divide over E85, the corn-based gasoline substitute that proponents think could curb America's "oil addiction."

Vinod Khosla, the co-founder of Sun Microsystems Inc. who now runs a Silicon Valley-based firm that invests in renewable energy, said big oil is spending millions of dollars to spread "misinformation" about ethanol to stunt the growth of biofuels.

"Their considerable clout is directed at making sure this doesn't happen as quickly or doesn't happen at all," Khosla said later at a news conference.

Khosla is co-chairing a ballot initiative in California to establish an oil extraction tax, an effort to raise $4 billion to fund alternative energy and efficiency initiatives. The oil industry has spent $57 million to defeat it, he said.

The criticism came just minutes after Red Cavaney, head of the American Petroleum Institute , told the same audience that the oil industry "isn't opposed to ethanol" or trying to discourage its use.

"Ethanol is here to stay and it is a very important part of our gasoline supply pool," Cavaney told a packed hall at America's Center. But, "we believe in allowing market forces and consumer preferences to determine where and how ethanol is consumed."

Rushing E85 to the mass market too quickly is risky, especially for independent gas station owners faced with investing thousands of dollars to convert pumps to sell the fuel, Cavaney said. And missteps could sour consumers on ethanol in the same way that automakers soured a generation of Americans on diesel-powered cars, he said.

Cavaney warned that a patchwork of state ethanol mandates could lead to more volatility in ethanol prices and spot shortages.

Khosla, meanwhile, said he envisions a time within three years that every Wal-Mart store in the U.S. sells E85 for less than $2 a gallon.

Appropriate policy changes and signals they would send to investors, Khosla said, make it possible for the U.S. to replace all of the oil it imports for gasoline with ethanol, a move that could put a state like South Dakota on par with Iran and Saudi Arabia as a transportation fuel supplier.

Other government and industry officials, including Archer Daniels Midland Co. Chief Executive Patricia Woertz and Agriculture Secretary Mike Johanns, were less outspoken. Still, they spoke passionately about the need for renewable fuels.

Energy Secretary Samuel W. Bodman said federal funding for renewable energy research appropriated in last year's energy bill and subsidies in place to encourage ethanol production are doing what they were intended, helping attract millions of dollars in investment.

"There is no doubt that there are plenty of incentives in place right now," Bodman said in an interview with the Post-Dispatch. The secretary would like to see automakers continue to produce more cars, trucks and SUVs capable of running on E85, but said the government doesn't mandate it.

Bodman said development of so-called cellulosic ethanol -- fuel made from wood chips, corn stalks or switch grass -- is probably "several years off," and could only be viable when production costs, now about $2.20 a gallon, are cut in half to match the costs of making corn ethanol.

"The goal is to have a relatively large number of small ethanol producers operating all over the country and therefore reduce the issue of production and distribution," he said.

Big Oil Fine With Ethanol As Additive (FWST)

By Dan Piller

The Fort Worth Star-Telegram, October 12, 2006

DOJ_NMG_0079506

ST. LOUIS — Big Oil supports corn-based ethanol as a gasoline additive but opposes efforts to mandate greater use of ethanol through so-called E85 motor fuel, the head of a trade group representing major oil and gas producers said Wednesday.

"Some industry critics erroneously claim that our industry is opposed to ethanol and is doing all it can to discourage its use. Nothing is further from the truth," Red Cavaney, president of the American Petroleum Institute, told a conference on renewable fuels co-sponsored by the U.S. Agriculture and Energy departments.

But Cavaney, whose organization includes heavyweights like Exxon Mobil, Chevron and ConocoPhillips, said new fuel sources should not be pushed at the expense of others.

"We do not have the luxury of limiting ourselves to only a few sources of energy supply to the exclusion of others," he said. "Nor should our leading sources of energy, oil and natural gas be written off before we have found cost-competitive and readily available alternatives."

He reiterated figures from the Energy Information Agency that highlight America's dependence on foreign energy sources.

"Oil and natural gas will provide nearly two-thirds of U.S. energy consumption to the year 2030, including more than 90 percent of motor-fuel consumption," Cavaney said.

He said political efforts by some ethanol-producing Midwestern states to mandate use of E85, an 85 percent ethanol gasoline blend, "can prove unnecessarily expensive and risky."

He pointed to recent government reports that ethanol has only about 70 percent of the fuel power of gasoline and that relatively few U.S. motor vehicles can use E85.

"If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems," Cavaney said.

Corn-based ethanol has emerged as the renewable fuel of choice this year, primarily because of a government-ordered switch away from MTBE — now discredited because of its toxicity — as an environmentally friendly extender.

Ethanol consumption will amount to about 4.6 billion gallons this year, compared with 140 billion gallons of gasoline.

But ethanol, blended mostly at 10 percent a gallon, is now part of 46 percent of all gasoline sold in the United States.

The surge in ethanol demand has led to the construction of more than 100 processing plants in Nebraska, Iowa, Illinois, Minnesota and the Dakotas. To allay fears that the rising demand for corn will put pressure on food prices, scientists are working on ways to convert so-called cellulosic biomass — primarily cornstalks and switch grass, as well as wood chips, into fuel.

"The time for renewable energy clearly has come," U.S. Agriculture Secretary Mike Johanns told the crowd gathered at the St. Louis convention center. "We are looking toward the day when the U.S. buys fuel not by the gallon but by the bushel."

Johanns said that ethanol will remain economically competitive as long as crude-oil prices stay above $30 a barrel, roughly half of where it has traded in recent weeks. He also said ethanol is profitable even without the 51-cent per gallon federal tax subsidy in place through 2010.

Johanns and U.S. Energy Secretary Samuel Bodman spoke Wednesday as part of the Bush administration's effort to associate itself with politically popular renewable fuels.

The president, who kicked off much of the interest in renewable fuels when he lambasted America's "addiction" to oil in his State of the Union address in January, will visit the two-day meeting for a luncheon speech today.

The profit potential for renewable fuels isn't lost on some of the mainstay industries in the Corn Belt. Speakers Wednesday included the chief executives of Illinois-based Archer Daniels Midland Co., a leading grain processor and ethanol producer, and of the venerable farm-implement maker Deere & Co.

"There is still a nagging fear that the current interest in renewable fuels is a product of the recent rise in the price of gasoline or just the political power of the Midwest," said Robert Lane, Deere's chief executive. "We must build sustainable, profitable businesses in renewable energy."

Archer Daniels Midland CEO Patricia Woertz said: "We must not let cynics dim our vision."

Emboldened States Take Charge Of Energy Issues (WSJ)

By Rebecca Smith

The Wall Street Journal, October 12, 2006

DOJ_NMG_0079507

State officials are asserting more control over their energy destinies, intervening to block or delay utility mergers that don't promise enough consumer benefit and challenging the electricity deregulation that has been fostered by the federal government in recent years.

In some states, these efforts could result in smaller electricity bill increases, at least in the short run. Some costs simply would be deferred to future years. The efforts also could prolong supply-and-demand imbalances and burden the nation's electricity system with different rules and market practices, making it more complicated and less efficient.

Touching on parts of the energy business once seen as beyond state reach, the heightened state activism is especially pronounced where important pocketbook or environmental issues are at stake. State officials are especially fearful of political fallout stemming from high electricity rates and disenchantment over the unmet promises of electric-industry deregulation.

"The states are the ones in charge of the process now," says Richard Kelly, chairman and chief executive of Xcel Energy Inc., a Minneapolis energy company. Mr. Kelly says his company, which owns utilities in eight states, doesn't expect to grow through utility acquisitions in part because "it's hard to conceive of a merger we can get through all eight states."

In New Jersey, state officials last month effectively blocked Chicago-based Exelon Corp.'s proposed $17.7 billion purchase of Public Service Enterprise Group Inc. amid fears the combination could increase Exelon's market power and harm New Jersey consumers. In Maryland, public opposition to a pending rate increase at Baltimore Gas & Electric has threatened to unhinge the $11 billion purchase of parent company Constellation Energy Group Inc. by FPL Group Inc. Speaking to investors recently, FPL Chairman Lewis Hay III said he has "limited patience" left and implied he may walk away from the deal.

Duke Energy Corp. acquired Cinergy Corp. after garnering approvals from five states in about five months. But "people have to earn the right to do deals," says James E. Rogers, chief executive of Duke Energy. He cautions that if a utility already is facing rising rates, "it's probably a bad time" to propose a transaction.

California, meanwhile, has methodically regained control of its energy destiny. It permits utilities to build new plants and it drastically has reduced the volume of business conducted through federally administered electricity markets. Gov. Arnold Schwarzenegger signed a law in late September to cut carbon-dioxide emissions to 1990 levels by 2010, a reaction to federal inaction on that front.

Sensing the states' increased activism, federal energy officials are expressing more sensitivity to states' rights than in the past. Joseph Kelliher, chairman of the Federal Energy Regulatory Commission, says working with states "isn't just a matter of good manners but is necessary" since authority is divided between federal and state bodies. Still, he argues that there always have been federal-state dustups.

Much of the current commotion is caused by the fact wholesale electricity markets haven't developed the way people expected. Deep, liquid wholesale markets -- overseen by federal regulators -- were expected to give big suppliers good places to shop by attracting numerous power providers. Retail customers, it was thought, would buy juice from those big suppliers, bypassing their local utilities. Instead, wholesale markets contracted after 2001 and millions of consumers remained customers of their local utilities because they didn't have good alternatives.

More than 99% of residential and small-business consumers in the Boston area, for example, still get their electricity from Nstar -- the utility formerly known as Boston Edison -- because they have no other choice. Prices have risen 78% since 2002, to 11.4 cents a kilowatt hour from 6.4 cents, but the increase hasn't caused political fallout because it has been gradual.

States are left to create new ways for utilities to obtain power since many have sold their plants or transferred them to affiliates. Illinois state officials conducted their own electricity auction in early September that will result in rate increases of 22% to 55% early next year at its biggest utilities, unless increases are postponed. Elected officials now are talking about freezing electricity rates for three years at Ameren Corp.'s three utilities and Exelon's Commonwealth Edison unit in Chicago. In a reference to the 1773 Boston Tea Party, Lt. Gov. Pat Quinn, who is up for re-election with Gov. Rod Blagojevich, is urging consumers to send tea bags or email look-alikes, in effect blaming them for higher prices. The utilities have their own proposals, which would allow small increases and protect their creditworthiness.

US Pandemic Flu Plan: Hole Up At Home (AP)

By Marilynn Marchione

DOJ_NMG_0079508

AP, October 12, 2006

SAN FRANCISCO -- Could you work from home for weeks at a time? How long could you hole up without needing to go to the grocery or drugstore? Would you be willing to wear a face mask and isolate yourself from others?

Harvard researchers are surveying Americans on questions like these as the government wraps up work on a plan to use primitive infection-control measures to deal with a killer flu outbreak until drugs and vaccine become available.

The federal Centers for Disease Control and Prevention is pitching the plan at medical meetings and aims to send it out for review by the end of the year. State and local governments have asked for unusually detailed and specific advice on such matters as closing schools and canceling public events, one CDC official said.

This week, CDC awarded $5.2 million in grants related to the plan, including research on whether to recommend face masks to the public. CDC also asked the Institute of Medicine, a group of scientific advisers, to meet on these measures later this month.

"We can't afford to neglect some of the traditional approaches to contagion control because we very well may find ourselves in a situation where that's all we've got for a period of time," said CDC's quarantine chief, Dr. Marty Cetron.

However, skeptics say parts of the plan amount to wishful thinking with little evidence they would work.

"A lot of these things sound good but they lack practical application," said Michael Osterholm, a University of Minnesota health expert involved in the planning.

Advising people in big office buildings to avoid elevators and stay 6 feet away from each other is impractical, and people can't stay in their homes for weeks or months without needing insulin and other medications, he noted.

The nationwide survey by the Harvard School of Public Health is an attempt to get a handle on how Americans would follow such advice.

As for hygiene tips like sneezing into your sleeve, "we have no data that that makes any difference" in controlling a pandemic, Osterholm said.

The bird flu that has ravaged poultry in Asia and killed at least 140 people is "still smoldering" as a human threat, showing no signs yet of morphing into one that spreads easily among people, said Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases.

If it does, severe travel restrictions would delay its spread in the United States by only a week or two and at extreme cost, the CDC's Dr. David Bell said at a recent meeting of public health and disease experts in San Francisco.

Thermal scanning to try to detect people with fevers during the SARS outbreak turned up no cases and caused many false alarms. But voluntary quarantine, voluntary isolation of infected people and hygiene measures like hand washing, "cough etiquette" and face masks did help and might for flu, too, Bell said.

Dr. Frederick Hayden, a University of Virginia virologist currently working on global flu planning for the World Health Organization, agreed.

"The classic public health measures did work in SARS," he said. They won't be enough to stop a flu pandemic but could prolong and spread out its impact to prevent hospitals from being swamped and running out of respirators to keep the sickest alive.

The CDC plan will list multiple scenarios for pandemics that range in severity or attack certain age groups like children or college students, and recommend corresponding control measures.

These will include voluntary isolation of sick people, voluntary quarantine for those exposed to the germ but are not ill, and protective sequestration to separate healthy people or communities from a source of infection.

"Quarantine has gotten a very bad name and for very good reason. It has been abused in the past. It works best when we obtain and maintain the public trust," Bell said.

However, Osterholm said there's not enough science to recommend some measures, like "keep your distance" campaigns. Scientists know flu spreads through hand contact and big droplets when people cough or sneeze, but they don't know how far tiny particles remain in the air, or how important that is for spreading the germ.

In fact, experts know surprisingly little about what enables a flu germ to spread.

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Health officials need to give advice but should be honest about the limits of what is known "and not oversell it, which there is a tendency to do in times of crisis," Osterholm said.

If that happens, "we will lose credibility quickly," he said.

Mulch Madness (opinion) (NYT)

By Steve Fleischli

The New York Times, October 12, 2006

TOWERING cypress once covered much of southern Louisiana — 1,000-year-old trees darkened ancient, moss-laden, water-saturated forests. These wetlands not only gave the bayou its flavor, its culture and its mystery, they also acted as critical natural "speed bumps" for major storms.

It's been estimated that every 2.7 square miles of wetlands reduces storm surge by a foot, and yet over the last century Louisiana has stripped away 1,900 square miles of swamp, an area the size of Delaware. Evidence shows that such improper land management, reducing the cypress-tupelo swamps to a small fraction of their original grandeur, worsened flooding in New Orleans during Hurricanes Katrina and Rita.

Yet at a time when the nation should be investing billions to restore the Gulf Coast's wetlands for protection against future storms, these cypress swamps continue to face many challenges, including development, saltwater flowing in and rising water levels. The most dangerous threat of all, however, may be garden mulch — the stuff that gardeners usually use to protect their plants.

As they exhaust the cypress forests along Florida's coast, mulch companies are moving into Louisiana with shady operators among them grinding up entire cypress forests, 70 percent to 80 percent of which will never grow back. This is hurricane protection lost forever — habitat and flood control converted to quick cash, one bag of mulch at a time.

The Environmental Protection Agency has finally begun to require permits for logging in southern Louisiana, which has still not stopped the wholesale clear-cutting of cypress forests.

The situation was further exacerbated by a Supreme Court ruling this summer ordering government agencies and lower courts to undertake a painstaking, case-by-case analysis of waterways, with only those wetlands determined to be of special significance afforded federal protection. It's a move that could effectively stymie preservation efforts.

So in the meantime, the safety of our nation's already depleted wetlands comes down to sellers and consumers of cypress mulch.

Big mulch retailers — like Lowe's, Home Depot and Wal-Mart — have been slow to take real action about the mulch in their stores. But all three companies should put into place formal, meaningful policies that guarantee their cypress mulch comes from sustainable sources rather than the imperiled swamps of the Gulf Coast. Many retailers have done so with lumber and they can do it for cypress mulch.

Until then, consumers would do best to avoid cypress mulch altogether, switching instead to mulches made from pine bark, pine needles or straw. These work just as well and do not have the same environmental impact.

Already, several Florida municipalities, after witnessing the destruction of their wetlands, have banned the use of cypress mulches. In Louisiana, Gov. Kathleen Blanco is exploring her authority to carry out a broader moratorium.

Consumers need to remember that their mulch purchases may be leaving New Orleans and other coastal communities vulnerable. Every bag of cypress mulch for you could mean another sandbag for someone else.

Maryland's Environment (WP)

The Washington Post, October 12, 2006

AS A CANDIDATE four years ago, Maryland Gov. Robert L. Ehrlich Jr. made no bones about his pro-business tilt, which led plenty of environmentalists to fear the worst from his Republican administration. In fact Mr. Ehrlich's record on the environment is a mixed bag -- good on the Chesapeake Bay, poor on land conservation and so-so on air pollution.

Mr. Ehrlich deserves unalloyed credit for the creative Chesapeake Bay Restoration Act of 2004. The law -- by means of a $30 annual fee charged to households for sewer and septic use -- finances sewage plant upgrades to dramatically reduce harmful nutrients discharged into waterways. It's smart policy that over time should sharply reduce nitrogen pollution in the bay.

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Mr. Ehrlich's record on land conservation is more checkered. For decades Maryland has set aside a dedicated funding source (a portion of the real estate transfer tax) to pay for the purchase of pristine tracts. From the outset, Mr. Ehrlich was unenthusiastic. Faced with a daunting budget shortfall, he raided the state's land-buying kitty, in effect converting money set aside for conservation into general fund revenue. Previous governors had done the same, but not to this extent. Mr. Ehrlich added to the impression that he cared little for land conservation with his abortive attempt two years ago to sell off more than 800 acres of forested, state-owned land to a politically well-connected developer in St. Mary's County; media exposure killed that deal. He has pledged to keep his hands off the land conservation fund if he is reelected.

On air pollution, Maryland is probably better off today than when the governor took office. This year he signed the Healthy Air Act, which will force the state's largest coal-fired power plants to cut toxic emissions. But Mr. Ehrlich had to be dragged into doing the right thing, having helped kill a similar measure in the legislature last year. In the end, it was probably the exigencies of electoral politics and federal standards that led him to sign the 2006 version of the bill -- especially after lawmakers defied him by adding modest limits on carbon dioxide emissions, which scientists consider a major cause of global warming and rising sea levels.

Mr. Ehrlich's Democratic rival, Baltimore Mayor Martin O'Malley, must be judged more by his words than his deeds, having faced a comparatively narrow range of environmental issues. He says he would fully fund land conservation, commit himself to the clean air bill signed by Mr. Ehrlich and strictly monitor progress in cleaning up the Chesapeake Bay. He seems less ambivalent about protecting the state's natural resources than Mr. Ehrlich does, but there's not much of a track record by which to predict his actions in the governor's office.

Foolish Vaccine Exemptions (NYT)

The New York Times, October 12, 2006

States that make it easy for parents to opt out of vaccinating their children are suffering increased disease rates as a consequence, according to an article published yesterday in The Journal of the American Medical Association. The findings should be a warning to all parents and state officials who think they can let their guards down on immunizations that are needed to protect both the children and the communities in which they live.

We saw what happened in Indiana last year when measles broke out among children who had been schooled at home and thus avoided the compulsory shots required of those who attend public schools. At least 34 people became ill, of whom three were hospitalized, one with life-threatening complications. Their families had succumbed to fears that the vaccine was dangerous, forgetting that the disease itself was the real danger.

Now the new article by researchers at Johns Hopkins University, the University of Florida and the Centers for Disease Control and Prevention has taken a broad look at the rates of whooping cough in the 48 states that allow people to be exempted from required shots for various nonmedical reasons. All 48 of the states allow exemptions based on religious objections, but 19 of them also allow exemptions based on philosophical or other personal beliefs. Some states make it easy for parents to claim an exemption by simply signing a prewritten statement on the school immunization form. Others make it harder by requiring a signature from a local health official, a personally written letter, notarization or annual renewal.

Sadly, states that readily grant exemptions or allow personal belief exemptions have about 50 percent higher rates of whooping cough, or pertussis, compared with stricter states, after adjusting for demographics. This is disturbing given that pertussis, which can cause severe illness and death in young children, has been on the rise in recent decades.

The pendulum has swung too far toward letting parents opt out. States need to work harder at educating parents about the value of vaccination and should get tougher in granting exemptions.

Bad Salad (WP)

The Washington Post, October 12, 2006

LAST MONTH'S spinach scare has been followed by a string of recalls and warnings about produce contaminated with E. coli bacteria. Just last week, a lettuce company announced a recall of its product after it found high levels of E. coli in irrigation water. Yet government regulators and the companies that grew the produce still don't know how the bacteria got to the crops. In

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fact, according to the Food and Drug Administration, no one has pinpointed a source for any of the 20 or so known cases of E. coli contamination in produce since 1995.

About half of those cases, including the latest spinach scare, were traced to California's Salinas Valley. But Caroline Smith DeWaal, director of food safety at the Center for Science in the Public Interest, says investigators have no fewer than three theories about where the E. coli came from: manure used during planting, floodwater contaminated with waste from livestock or aquifers containing treated sewage.

If regulators don't know how the E. coli contamination occurred, what can they do to make salad safe? First, Congress should provide money to increase inspection staffing at the FDA, which regulates spinach, lettuce and other produce but inspects farms and packaging plants infrequently. Next, lawmakers should require the FDA and other agencies responsible for food safety to institute a tracing system for food produced in the United States -- so that containing the next outbreak will take a few days, not two weeks. Congress should also consider giving the FDA the power to issue mandatory recalls of tainted produce, which would introduce a more powerful incentive for growers and packers to conform to safety standards.

Sen. Richard Durbin (D-Ill.) and Rep. Rosa L. DeLauro (D-Conn.) have introduced legislation to require food producers to code their products for tracing purposes before sending them to market. The bill also calls for the creation of a federal agency with responsibility for monitoring the safety of all foods, a non-starter in the current Congress and a less valuable reform than other, more modest measures. For now, Congress should focus on giving existing agencies the resources and authority they need.

Doubting Inhofe (NYT)

The New York Times, October 12, 2006

In a recent speech in the Senate, James Inhofe of Oklahoma called himself "the senator who has spent more time educating about the actual facts about global warming." Too bad he is not the senator who has spent more time educating himself.

His speech, one in a series on global warming, was a brisk survey of the way the news media have covered climatic predictions over the past century. Cooling, warming — we never get it right. Naturally, Mr. Inhofe dismisses what he calls media "hysteria," which is also a way of dismissing not just Al Gore but the consensus among mainstream scientists and the governments of nearly every industrialized nation concerning manmade climate change.

Mr. Inhofe is particularly hard on James Hansen, whom he calls a "NASA scientist and alarmist." Mr. Hansen is a timely target, since he is co-author of a new climatological report in The Proceedings of the National Academy of Sciences. The report concludes that because of rapid warming in the past 30 years, the earth is approaching and will soon surpass the warmest temperatures in the past 12,000 years — since the end of the last ice age, in other words. And, as the study notes, recent warming "has brought global temperature to a level within about one degree Celsius of the maximum temperature of the past million years." The shift in temperature isn't uniform. Higher latitudes are warming faster, as are the Indian and western Pacific Oceans.

We do not expect Mr. Inhofe to see the light — or feel the heat — any time soon. He and his staff are serious collectors of opposition research. But the essence of his strategy is to seize upon a mistaken or overblown story to try to undermine the broad consensus. If that fails, he can always question his opponents' politics and motives, as with his insinuations that environmentalists dreamed the whole thing up to scare people and raise money.

Mr. Inhofe has buttressed himself with a small jury of scientists who argue that climate change is only natural. But he has really buttressed himself with the will to disbelieve. He accuses scientists and the media of hysteria. But if there is such a thing as a hysteria of doubt, then Mr. Inhofe is its master.

FBI/DEA/ATF/USMS:

Ex-ATF Chief Had Staff Give Homework Aid (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 12, 2006

DOJ_NMG_0079512

The man who recently departed as director of the Bureau of Alcohol, Tobacco, Firearms and Explosives ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules, an inquiry found Wednesday.

The nephew's project — a documentary about the ATF that took 10 months to complete — was one of a half-dozen examples of lapses in judgment Carl J. Truscott committed before he resigned in August, says the report by Justice Department Inspector General Glenn A. Fine.

The report found that only the high school project demonstrated mismanagement by Truscott, whose employees accused him of wasting federal funds, taking costly trips and creating a hostile work environment.

Still, investigators described themselves as troubled by Truscott's leadership, hiring practices and financial decisions, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters.

The most damning conclusions were saved for the homework episode.

"Significant ATF resources were used to assist Truscott's nephew on a high school project," the report found. "By directing and authorizing the use of ATF resources in his nephew's high school class project, we believe that Truscott violated several ethical regulations."

An estimated 20 ATF employees were pulled in to help with the documentary, spending dozens of hours on research, pulling film footage from the agency's library and setting up interviews with Truscott and other officials in Washington and Philadelphia.

The nephew received an 'A' on the project, the report noted.

Moreover, the report found, Truscott "failed to fully accept responsibility for the project by minimizing the extent of ATF resources that were committed to it" and tried to justify his staff's help as a form of community outreach.

Truscott could not be reached for comment Wednesday. But in a Sept. 25 letter to Fine, responding to a draft copy of the report, Truscott acknowledged that he should have placed appropriate limits on the resources that could be used in support of the project."

In his letter, Truscott also lashed back at the critical report, which he called negative in tone and based on allegations from anonymous sources who second-guessed his judgment.

Fine opened the investigation after he and Special Counsel Scott J. Bloch received an anonymous letter dated Jan. 20, 2006.

It contended that Truscott had horribly mismanaged federal dollars in a variety of ways, including demanding a larger security detail than needed, making unnecessary upgrades to the new ATF headquarters building project, and taking expensive trips to London, New York City, Boston, and Ottawa on the agency's bill. The letter also complained that Truscott created a hostile work environment by directing two staffers to serve lunch to him and his guests.

Fine's investigation substantiated the charges and chided Truscott for poor judgment, but it added, "We did not find that these financial decisions constituted misconduct."

A person close to the investigation, who spoke on condition of anonymity, said Wednesday the allegations may have been made by Truscott's top deputies, who were facing reassignment as part of an agency reorganization.

E-mails dated Jan. 15 — five days before the anonymous letter was sent to Fine — show Truscott telling ATF Deputy Director Edgar Domenech the changes would come "as early as this week."

Fine received another anonymous letter Sept. 22 from a group that described itself as concerned ATF employees. The group argued that three ATF assistant directors also were mismanaging agency funds by commuting to work in government-owned cars, promoting relatives and arranging weeklong conferences for employees at resorts like the Hard Rock Casino in Los Vegas.

It was not immediately clear whether Fine's office was investigating the newest allegations.

Audit Critical Of Former ATF Director's Expenditures (USAT)

By Kevin Johnson

USA Today, October 12, 2006

WASHINGTON — As director of the federal Bureau of Alcohol, Tobacco and Firearms and Explosives, Carl Truscott ordered lavish upgrades to the agency's new headquarters and had about 20 bureau employees help his nephew complete a high school video, according to a Justice Department audit released Wednesday.

The 150-page review by the department's Office of Inspector General offered a critical account of Truscott's two-year tenure, which ended when he resigned in August amid questions about his spending of agency funds. The report concluded that the former director contributed to a "drain" of manpower and funds at ATF.

It noted that Truscott, a former assistant director of the U.S. Secret Service, often traveled with an entourage that included an excessive number of ATF employees and a personal medic.

The report found Truscott ordered extravagant woodwork and other "unnecessary amenities" for the director's suite in the ATF's new building in Northeast Washington, which is still under construction and several million dollars over its $120 million budget.

The report also said the 10-month video project that ATF workers helped Truscott's nephew complete required "substantial employee time." The report concluded that by authorizing the use of ATF resources for the video, Truscott violated "various ethics regulations." The nephew received an "A" on the project.

Auditors also indicated that Truscott would not take responsibility for his budget decisions.

"From relatively minor issues, such as decisions on how to furnish the director's suite in the new headquarters building, to major policy directives … Truscott attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions or otherwise sought to distance himself from his own decisions," the report said.

"We found several instances where Truscott's statements to us about his conduct were contradicted by numerous other witnesses, and in some instances, by documents as well."

In a strongly worded rebuttal, Truscott said the inspector general was unable to substantiate "a single allegation relating to administrative misconduct."

He rejected the findings as "negative in tone" and said the report "impugns my character and integrity without basis."

The review of Truscott was triggered by allegations contained in an anonymous letter to the Justice Department's inspector general that was dated Jan. 20.

According to Wednesday's report, the complaint alleged that the director had participated in "egregious acts of gross mismanagement of public funds and failures of leadership."

Truscott dismissed the allegations as accusations from unidentified sources who "likely were resistant to my status as an outsider from another rival federal law enforcement agency and my efforts at necessary change."

Wednesday's report said that auditors had "substantiated various allegations" raised in the letter.

It said that although Truscott had "exercised poor fiscal judgment in many cases," his financial decisions did not amount to official misconduct.

Report Criticizes Ex-ATF Chief (WP)

By Dan Eggen

The Washington Post, October 12, 2006

The former director of the Bureau of Alcohol, Tobacco, Firearms and Explosives violated ethics rules by requiring 20 employees to help his teenage nephew prepare a high school video project, part of a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items, according to a report issued yesterday.

Carl J. Truscott, who previously served as head of President Bush's security detail at the Secret Service, also took several trips with excessive numbers of ATF agents, including a $37,000 journey to London in September 2005 with eight other employees, according to the report.

The report by Justice Department Inspector General Glenn A. Fine also finds fault with Truscott's treatment of some female employees, saying that he ordered two female administrative staff members to prepare meals for guests on several occasions. One of the employees was allegedly required to announce, "Lunch is served."

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These and other findings follow Truscott's abrupt resignation in August amid growing questions about his conduct. The Washington Post reported in February that Truscott had allegedly authorized or proposed hundreds of thousands of dollars' worth of unnecessary plan changes and upgrades to ATF's new 438,000-square-foot headquarters, which is behind schedule and millions of dollars over budget.

Fine's 157-page report confirms these allegations and many more, concluding that Truscott frequently broke regulations or exercised poor judgment in making decisions that had a serious impact on the ATF's operational budget when the agency was cutting back on vehicle maintenance, bulletproof vests and other basics.

The report also says that Justice investigators were "troubled by Truscott's lack of acceptance of responsibility" for his actions and their repercussions.

"From relatively minor issues, such as decisions on how to furnish the Director's Suite in the new Headquarters building, to major policy directives, such as how many new employees to hire, Truscott attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions, or otherwise sought to distance himself from his own decisions," the report says. "We found several instances where Truscott's statements to us about his conduct were contradicted by numerous other witnesses, and in some instances, by documents as well."

Truscott said in a Sept. 25 letter in response to the findings that the report "is negative in tone" and "impugns my character and integrity without basis."

"Your Draft Report also fails to put the allegations made into context, to make mention of the significant progress ATF made during my stewardship and under difficult circumstances, or balance the allegations made against my unblemished professional career," Truscott said.

He said it was important to be involved in the details of the new headquarters to ensure that the building was designed and constructed properly. Truscott conceded that he should have limited the assistance given to his nephew.

Truscott's Washington attorney, Sheldon Krantz, was traveling outside the country yesterday and could not be reached to comment.

Truscott was briefly replaced by the ATF's career deputy director, Edgar A. Domenech, who reversed a decision to include a costly engraved quotation from Bush's post-9/11 speech to Congress at the new headquarters entrance. U.S. Attorney Michael J. Sullivan of Boston has since been named acting head of the ATF; no permanent replacement has been nominated.

The ATF building, under construction in Northeast Washington, is at least $19 million over its original $120 million budget and its opening has been delayed until next year.

Truscott was particularly fixated on adding "unnecessary amenities" to the director's suite and the building's gymnasium, the inspector general's report said, including millwork estimated at $283,000. Agency e-mails show that Truscott requested for his office a 42-inch flat-screen television set that could be hidden when not in use. He wanted his personal bathroom to include a "[t]elephone, TV flat panel and radio speakers to listen/view news," a quartzite tile floor to match the floor in the building atrium, a bench with a water-resistant wood seat, a tile wall "in horizontal straight stacked layout vs brick," and sconces.

Truscott also suggested buying $100,000 in new equipment for the building's gym, and pushed to build a $156,000 garage to house a single truck owned by the ATF's National Response Team at Fort A.P. Hill.

"Truscott devoted an excessive amount of time to the redesign and upgrading of his suite and the gym, immersing himself in details at a level that we would not expect of the Director of a major law enforcement agency," the report said.

Furthermore, after being warned by congressional staff members to stop spending operational money on the building project, other ATF managers took the lead in scaling back many of the changes Truscott ordered, the report says. "Without those modifications Truscott's design changes would have had a substantially more severe impact on ATF's operational budget," the report says.

Some of Fine's harshest conclusions come in connection with an ATF school documentary by Truscott's nephew, who lives in the Philadelphia area and is described by his uncle as "a young man who is passionate about everything he does -- particularly as it related to his personal interests of videography and his career aspirations of following in my footsteps as a career public servant in the field of law enforcement."

The report said that over 10 months, Truscott's nephew peppered ATF employees in Philadelphia and Washington with e-mails and time-consuming requests, obtaining copies of stock ATF video footage, interviewing ATF officials -- including his uncle -- and using agency video equipment. "Significant ATF resources were used to assist Truscott's nephew on a high school project," the report says.

The nephew submitted his project to his teacher in April 2005, and included the credit, "Thank you for giving me this amazing opportunity Uncle Carl."

The report says he received an A.

Ex-ATF Director Blamed For Unnecessary Upgrades (WT)

By Jerry Seper

The Washington Times, October 12, 2006

The former head of the Bureau of Alcohol, Tobacco, Firearms and Explosives was responsible for costly design changes at the ATF's new Washington headquarters and ordered hundreds of thousands of dollars in unnecessary upgrades to his personal suite, a report said yesterday.

The Justice Department's Office of Inspector General said Carl J. Truscott, who resigned in August, "encouraged and approved" changes at the Northeast Washington headquarters that were "related more to appearance ... than to functionality" and proposed structural changes to the gym that included the purchase of $100,000 in new equipment.

The report said Mr. Truscott immersed himself "in details at a level that we would not expect of the director of a major law enforcement agency" shortly after his arrival at the agency in 2004 -- after construction had begun.

It said senior ATF managers took the lead in scaling back the project and canceling many upgrades requested or authorized by Mr. Truscott.

Inspector General Glenn A. Fine said investigators identified several "overarching concerns" with respect to Mr. Truscott's leadership and management, and said he "attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions, or otherwise sought to distance himself from his own decisions."

Mr. Truscott, in a letter to Mr. Fine, said investigators found no evidence substantiating "a single allegation relating to administrative misconduct" but released a report that was negative in tone and impugned his character and integrity.

He said the report "second-guesses my professional judgment, discretionary decisions and management style based upon criticisms from unidentified sources."

"I believe strongly in the inspector general concept, but inspectors general, given their awesome powers, have an obligation to be impartial and fair, to, make judgments based upon legal norms and a careful review of the facts, and to operate within their statutory mandates," he said. "Nothing in the Inspector General Act gives you the license to second-guess professional discretionary judgments."

The report also questioned:

•Mr. Truscott's hiring policy that resulted in 950 new agents and other personnel but contributed to a $21 million decrease in the agency's operating budget. The report said the policy went forward despite repeated warnings by senior officials and was a major reason ATF could not buy necessary investigative equipment, including bulletproof vests for its agents.

•The number of ATF employees Mr. Truscott took with him on trips, including a September 2005 visit in London with members of London's Metropolitan Police Service. The report said eight ATF officials accompanied Mr. Truscott, costing the agency $37,000, including four security personnel, although London police had provided protection for him and the meeting place was secure.

•Mr. Truscott's order to ATF employees to assist his nephew in making a video for a high school project. The report said Mr. Truscott improperly allowed government property and official time of ATF personnel to be used in connection with the project.

•An order by Mr. Truscott to two female administrative staffers to assist in preparing for and serving lunches to him and his guests -- telling them how he wanted the meals prepared and served. It said ATF employees confirmed that on at least one occasion, Mr. Truscott directed one of the staff members to announce, "Lunch is served."

The ATF headquarters building had been budgeted in 2004 at $119.7 million, but is expected to cost more than $140 million when it is completed this year.

Federal Cases Land Four In Jail _ Foil Murder Plot (AP)

AP, October 12, 2006

NEW ORLEANS -- Federal and St. John the Baptist Parish law officers interrupted an investigation of a drug network to arrest two men they learned were planning a double murder.

Louis Johnson, 27, of Edgard and Trevor Jeffery, 31, of Vacherie, were charged with possession and intent to distribute crack cocaine and powdered cocaine worth more than $150,000.

At a news conference Wednesday, federal authorities said agents had tapped the telephones of Johnson and Jeffery, identified as high ranking members of a drug network operating between New Orleans and Baton Rouge. One of the conversations involved the planning of the kidnapping and murder of two men they believed had robbed them. Because full details of the plan, including the identities of the men, were not known, officials said they moved quickly to get arrest warrants.

Because the investigation is continuing, agents could not discuss the drug network, said William J. Renton Jr., of the Drug Enforcement Administration.

Johnson and Jeffery will probably face other charges, U.S. Attorney Jim Letten said.

In another case two New Orleans men plead guilty to drug and gun charges.

Matthew L. Carter and Darryl Cavalier were arrested by Bureau of Alcohol, Tobacco, Firearms and Explosives agents and New Orleans police working under the Project Safe Neighborhood.

They were prosecuted on federal charges which results in serving longer sentences, Letten said.

"Federal sentences are hard time," Letten said. "There's no early release."

The pair face a minimum of five years in prison and a maximum of 40 years, plus fines.

Arrests Foil Murder Plot, Feds Say (NOTP)

By Susan Finch, Staff Writer

New Orleans Times-Picayune, October 12, 2006

Wiretap heard River Parishes pair planning to kidnap, kill enemies

Two River Parishes men, under federal investigation since December as suspected cocaine dealers, were arrested over the weekend after investigators monitoring their phone conversations heard them making plans to kidnap and murder two men they thought robbed them of drug profits in Baton Rouge last week.

U.S. Attorney Jim Letten said Wednesday that prosecutors moved quickly in the middle of the night to get arrest warrants for Louis Johnson, 27, of Edgard, and Trevor Jeffery, 31, of Vacherie, in order to prevent the murders. The men were arrested early Saturday morning.

Authorities say both men were "high-ranking" members of a drug organization that distributed drugs between New Orleans and Baton Rouge.

A search of their residences turned up firearms and more than 1.5 kilograms of cocaine powder and crack cocaine. They are both charged with conspiracy to possess with intent to distribute both forms of the drug.

Authorities were tightlipped about most aspects of the case, including whether there are plans to charge the two men with planning a kidnapping and murder.

Both men are being held without bond in Orleans Parish Prison and are due before a federal magistrate today to decide whether they will be allowed bail. Prosecutors say they will ask that bail be denied on grounds that the men are a danger to the community.

Authorities said the information that launched the investigation came from slain St. John the Baptist Parish narcotics investigator Capt. Octavio "Ox" Gonzalez.

Gonzalez, a 14-year veteran of the Sheriff's Office who headed the sheriff's narcotics division, was shot and killed in June. Authorities say he was lured from his unmarked vehicle by a woman pretending to be a stranded motorist and was shot from behind by her accomplice. The couple then stole his vehicle, authorities say.

William Renton, special agent in charge of the Drug Enforcement Administration's New Orleans field office, said the current case is "special" because of Gonzalez's role.

"This case was initiated by him; he provided the first information . . . This is probably the last case we'll be able to say we worked with officer Gonzalez."

Renton said the investigation of Johnson's cocaine network is continuing.

Maj. Mike Tregre, spokesman for the St. John the Baptist Parish Sheriff's Office, said Johnson recently served time in jail, but would not offer specifics. He said additional details about the investigation would be released today by St. John Sheriff Wayne Jones. Investigators from the St. John sheriff's narcotics office assisted DEA agents with the arrests, he said.

Federal authorities say they had been investigating Johnson and his cocaine distribution organization since December 2005.

During the investigation, in which agents listened to wiretapped conversations of Johnson and Jeffery, they discovered that the two had been robbed during a drug transaction involving four kilograms of cocaine in Baton Rouge on Oct. 4, authorities said.

Shortly after, agents overheard the two making plans to kidnap and murder the two men they believed had robbed them.

Warrants were obtained Friday and served early Saturday morning, authorities said.

In a search of Johnson's Edgard home, authorities say agents recovered a .45-caliber Highpoint pistol, an AK-47 assault rifle, 1 1/2 kilograms of cocaine hydrochloride, about 300 grams of crack and $18,210 in cash.

From Jeffery's Vacherie home, authorities say they recovered 133 grams of crack, $1,300 in cash, a Smith and Wesson 9 mm semiautomatic handgun, scales, bags and other material used for repackaging drugs.

Prosecutors say they will ask a federal grand jury to return indictments against both men.

Hearing Set On Suit Over Plants Destroyed As Marijuana (AP)

AP, October 12, 2006

GULFPORT — A federal court in New Orleans will hear arguments next month in a property owner's appeal of the dismissal of his lawsuit against Harrison County Sheriff George H. Payne Jr.

U.S. District Judge Louis Guirola Jr. in May 2005 dismissed Marion Waltman's civil lawsuit against Payne. Waltman had claimed the sheriff violated his rights by destroying more than 500 kenaf plants grown as deer food.

Payne said it was an honest mistake when he and other law officers destroyed what they thought were marijuana plants.

Waltman appealed Guirola's ruling to the 5th U.S. Circuit Court of Appeals, which has set arguments for Nov. 7.

Waltman sought $225,000 in damages from the Sept. 8, 2003, raid on land leased for the Boarhog Hunting Club. Waltman, who had planted the kenaf, claimed he was watching a television news report when he saw inmate workers chopping down plants and heard the sheriff say the plants appeared to be marijuana.

Guirola determined that Payne was acting within his official capacity and within the scope of discretionary authority. Qualified immunity shields Payne from liability because his conduct was "objectively reasonable," the judge said.

Court records show an informant reported the crop as marijuana to state narcotics agents and U.S. Drug Enforcement Administration officers. The plants were scattered among other plants, a technique common among marijuana growers, authorities said.

A field test on a sample plant did not identify it as marijuana. Payne ordered the plants seized and sent samples to the state Crime Lab.

Africans grew kenaf as early as 6000 B.C., and within the last century it has been grown in India, Asia, Africa, the Near East and Latin America. U.S. farmers devoted about 12,000 acres to kenaf in recent years, mostly in Texas, Mississippi and Georgia.

Kenaf comes in two varieties: One with leaves that resemble marijuana, the other with heart-shaped leaves similar to the hibiscus plant, a kenaf cousin.

Waltman said the kenaf plant has seven leaves at the top and okra-looking leaves at the bottom. He said marijuana has only five leaves.

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Kenaf stalks, which reach heights of 12 to 14 feet, have two types of fiber. The long, stringy outer fiber can be twisted into cords and ropes. The shorter inner fibers can be used to make paper, or blended with plastic to make molded or extruded products.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 12, 2006

Second fiddle

"I know she was your first choice for this fundraiser."

--President Bush, addressing a Mac Collins for Congress reception this week in Macon, Ga., referring to the always-popular first lady Laura Bush, who unfortunately had a previous commitment.

Still had enough?

Democratic National Committee Chairman Howard Dean is all but unfazed by the dismal primary voting turnout for the otherwise vital midterm elections, continuing to insist that "people have had enough."

"We're poised to win historic victories up and down the ballot -- but only if we follow through and make it happen," said Mr. Dean, who is concerned enough about voter numbers of recent weeks to ask every Democrat who can do so to take the day off from work on Election Day.

Curtis Gans, director of American University's Center for the Study of the American Electorate (CSAE), announced this week that U.S. voter turnout for the 2006 statewide midterm election primaries hit the lowest number ever recorded -- despite it being a year when Democrats contend that Americans are fed up with their elected officials and demand change.

Turnout in the recent primaries fell 17 percent from midterm levels in 2002, with barely 15 percent of the eligible electorate going to the polls.

Fool's prize

A more popular definition for patsy is a "chump: a person who is gullible and easy to take advantage of." Others describe a "fool," a "sucker."

"I thought you'd like to know the names of the officials the Center for Military Readiness has selected as the finalists for our inaugural CMR 'Patsy' Award," says CMR President Elaine Donnelly, referring to this evening's 11th annual CMR awards gala at the Hall of States.

The honor, she hints, will go to "an official whom feminists have used to impose their policies on the men and women of the military."

Mrs. Donnelly argues that the U.S. military is no longer a conservative institution, rather "it is on the cutting edge of liberal social change."

Without further ado, the "Patsy" finalists include Undersecretary of Defense for Personnel and Readiness David S.C. Chu, Army Secretary Francis J. Harvey, Navy Vice Adm. Rodney P. Rempt, and the entire English Department of West Point.

Disingenuous buzz

Under the headline "Exhale," we quoted White House Drug Control Policy Director John P. Walters as saying don't hold your breath if you think the Bush administration would one day consider legalizing marijuana.

"Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana," Mr. Walters told C-SPAN's "Newsmakers" on Sunday, insisting more teens are "dependent on marijuana than all other illegal drugs combined."

Which comes as news to Bruce Mirken, director of communications for the Marijuana Policy Project on Capitol Hill. (How does one land that gig?)

Mr. Mirken tells Inside the Beltway that Mr. Walters is "deliberately and rather brazenly disingenuous," and calls our attention to a federal government report titled the "Treatment Episode Data Set" (TEDS).

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"What Mr. Walters didn't mention is that the majority of these treatment admissions were referred by the criminal justice system -- i.e., kids were arrested and offered treatment instead of jail," he explains. "Virtually all of the supposedly alarming growth in marijuana treatment admissions has been driven by arrests.

"Another nugget buried in the TEDS stats: Of those admitted to treatment for alleged 'marijuana dependence,' over one-third did not use marijuana at all in the month prior to admission, and half used it three times or less.

"These are addicts? Give me a break," says Mr. Mirken. "Bottom line: We arrest people for smoking marijuana, force them into treatment and then use those treatment admissions as 'proof' marijuana is dangerously addictive. Somewhere, George Orwell is smiling."

Disgusted dad

Mark Foley, the Florida Republican who recently resigned from Congress after it was revealed he had sent sexually explicit e-mail messages to former congressional pages, would be denied his federal pension under legislation proposed by Rep. Rick Renzi, Arizona Republican.

Under current rules, the 52-year-old Mr. Foley will be eligible to receive an annual pension of $32,000 once he turns 62.

"As a father of 12, I am disgusted," says Mr. Renzi.

Doctor Will Remain In Prison Until Retrial (WP)

By Jerry Markon

The Washington Post, October 12, 2006

Former Northern Virginia pain-management doctor William E. Hurwitz, whose conviction on drug-trafficking charges was overturned, will not be released from prison until his retrial, a federal judge ruled yesterday.

U.S. District Judge Leonard D. Wexler said he was concerned that Hurwitz might flee after a federal jury in Alexandria convicted him in 2004 of running a drug conspiracy out of his McLean office and trafficking in narcotics. Hurwitz is perhaps the most prominent doctor to be targeted in a federal crackdown on what authorities call the over-prescribing of OxyContin and other painkillers.

"Things have changed with respect to flight," Wexler said as he rejected a motion from Hurwitz's attorneys to free him on bond. "A jury has found him guilty of 50 counts . . . I think there is a risk of flight."

The case has generated strong emotions, with Hurwitz becoming a symbol in a nationwide debate over whether licensed doctors who prescribe legal medication to patients in chronic pain should be prosecuted if their patients abuse or sell the drugs. About 10 family members and supporters were in court yesterday, and Hurwitz's brother said afterward that the judge's concerns were "laughable."

"He's not going to run away," said Kenneth Hurwitz, who is a senior associate for Human Rights First in New York. "He believes he's innocent. This is a guy who went to law school and medical school. He cares about his reputation. He's not someone who wants to live as a fugitive who knows where."

William Hurwitz, dressed in a green prison jumpsuit, sat quietly during the hearing, then glanced at family members and glumly shook his head as he was escorted out. He had been free on $2 million bond during his first trial.

In August, a federal appeals court overturned Hurwitz's conviction and granted him a new trial, which is scheduled for March. The U.S. Court of Appeals for the 4th Circuit ruled that Wexler improperly instructed jurors that they could not consider whether Hurwitz acted in "good faith" when he prescribed large amounts of OxyContin and other painkillers -- for one patient, 1,600 pills a day. The "good faith" argument was central to Hurwitz's defense, his attorneys have said, because he believed he was helping his patients.

The appeals court noted that prosecutors presented "powerful" evidence at Hurwitz's trial that showed he was "acting outside the bounds of accepted medical practice." Wexler also cited that finding in declining to release Hurwitz yesterday.

Jurors convicted Hurwitz of trafficking that is alleged to have caused the death of one patient and seriously injured two others. They found him guilty on 50 counts, acquitted him on nine and deadlocked on three. Hurwitz, then 59, was sentenced to 25 years in prison.

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The likelihood of a long prison term if he is convicted again gives Hurwitz reason to run away, prosecutors said yesterday as they urged Wexler to keep him in prison. "At least one jury found him guilty 50 times over," said Assistant U.S. Attorney Gene Rossi. "He's about 60 years old, and the sentence that was imposed, 25 years, is essentially a life sentence. That is a strong incentive."

Hurwitz's attorneys said he has a good chance of winning the retrial and didn't flee when he had the chance before. "He faithfully abided by every condition of his release," said defense attorney Lawrence Robbins.

U.S. Cuts Economic Aid For Colombia Area (AP)

By Joshua Goodman

AP, October 11, 2006

The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade.

In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia.

Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop.

But the alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state _ a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years.

Washington spends $70 million annually on development projects in drug-producing areas of Colombia. While such projects win praise, the United Nations and development groups lament their limited scope.

Caqueta and neighboring Putumayo state produced 24 percent of the 356,000 acres of coca detected by the most recent U.S. survey _ contributing to a 26 percent surge last year nationwide. Yet Caqueta has seen only a trickle of U.S. development aid _ $5.6 million since 2000.

And now even that is drying up.

As part of the U.S. strategy to win over coca growers, almost 20 percent of annual assistance is devoted to nonmilitary social programs and development projects. Managing this "soft side" of diplomacy is USAID, whose mission in Colombia is its biggest in the hemisphere.

But under the agency's new five-year $350 million plan for development projects, Caqueta and four other Amazonian states where coca production is rising won't receive a penny.

"It's a complete contradiction of Plan Colombia," said Luis Fernando Almario, a congressman from Caqueta who supports President Alvaro Uribe's aerial eradication drive. "Instead of investing generously to eliminate dependency on the illegal drug trade, we're being shunned."

A USAID official at the U.S. Embassy in Bogota said resources from Caqueta would be channeled to other areas with a greater likelihood of sustaining development long-term. He spoke on condition of anonymity because he is not authorized to comment publicly on the issue.

But critics say that by writing off the south, the U.S. and Colombian governments are leaving the region with little alternative to coca.

Despite USAID's pessimism about the region's economic prospects, at least some foreign investors are still committed: the multinational Nestle SA, with aid from the United Nations, plans to double the capacity of a dairy plant in Caqueta.

"It makes no sense for residents of a historical guerrilla stronghold to be subjected to a strategy of all stick and no carrot _ combats, mass arrests, searches and fumigation, but no aid," said Adam Isacson, an analyst at the Washington-based Center for International Policy.

The drying up of development aid is in contrast with the tens of millions spent on aerial eradication efforts that have barely curtailed coca cultivation in the region.

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Some 400 coca farmers gathered here recently for a coca-growers' congress. In sweltering heat, normally tight-lipped peasants railed for hours against the lack of government aid even as a U.S.-supplied crop duster dumped clouds of the herbicide glyphosate on nearby fields.

Since June, when the latest round of spraying began, six peasants in the area have been arrested for having coca on their land.

"All the government ever does is fumigate and fumigate _ it's their own fault we grow coca because they never show their face to offer alternatives," said Juan Carlos Mazabel, one of the organizers.

Instead of more spraying, Caqueta's 450,000 residents want financial support, their representatives say.

The war on drugs was expanded in 2001 to target rebels who profit from the cocaine trade. A legion of U.S. soldiers and contractors have since passed through Caqueta to train and assist 20,000 counterinsurgency troops.

The rebels have largely retreated into the mountains, restoring a dose of safety to cities and roads. But that hasn't led to new jobs for impoverished residents.

The U.S. Embassy says security constraints and limited private interest are also thwarting its work in Putumayo, at $65 million the top recipient of Plan Colombia economic aid among Colombia's 32 states.

Some projects already have faltered. In the town of Orito, an animal-food concentrates plant has been idle for nearly a year, its machinery rusting since the U.S. abandoned the project.

"We're worried," says Putumayo congressman Orlando Guerra, "because we have no idea what is going to happen."

County Offers Reward In Accokeek Arson Inquiry (WP)

By Joshua Partlow

The Washington Post, October 12, 2006

In the world of arson victims, Jim Underwood comes across as one of the least aggrieved.

"I was mad in a way, but I was going, 'Man, too bad it didn't burn all the way to the ground,' you know. And they left the barn. They did forgot to light the barn up," he said. "It saved me money. Really, I mean, you know it was all going to get tore down eventually anyway."

Understand, Underwood was planning to get a permit to allow the fire department to burn the vacant house he owned along rural Livingston Road in southern Prince George's County, to clear the way for a nine-house subdivision.

But the flames leaping from the house Saturday still dismayed him and other property owners in Accokeek, primarily because the fire was the latest in a string of unsolved arsons in the neighborhood.

Prince George's fire officials announced a $15,000 reward yesterday for information leading to the arrest and conviction of those responsible. They also launched an investigative team to focus on the cases, in partnership with the Maryland state fire marshal and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Between March 2004 and the burning of Underwood's house Saturday, there have been 12 arsons in the neighborhood, including nine along Livingston Road, fire officials said. There have been seven this year. Investigators have linked the arsons because they are in the same small area and involved unoccupied structures with some connection to construction.

The targets were all "either new homes under construction, houses that are scheduled for demolition to make way for new construction or construction equipment to be used to build . . . new structures," said Scott K. Hoglander, Prince George's fire investigations battalion chief.

Although the fires have not injured anyone, they have caused a "couple million" dollars in property damage, Prince George's Fire Chief Lawrence H. Sedgwick Jr. said at a news conference. The case is baffling investigators.

"We're at a point where we need some help," said Hoglander, as he and other fire officials asked the public to watch for suspicious behavior and call or e-mail authorities with any tips.

Investigators did not go into detail about how the Accokeek fires were ignited, but Hoglander said that aside from locations and links to construction, there are "not many similarities between the various incidents."

The Accokeek cases have led investigators to review the files of the 2004 mass arson in the Charles County subdivision of Hunters Brooke, which is within 10 miles of Accokeek. In those fires, which destroyed or damaged 27 new, unoccupied houses,

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five white men were convicted and prosecutors alleged that some of the men were angry because many of Hunters Brooke's new homeowners were black.

Sedgwick said yesterday that no motive had been identified in Accokeek.

Maryland Fire Marshal William E. Barnard said that his office has reviewed the Charles fires within the past year to see whether there might be a connection with Accokeek.

"We can find no connection at this point. That's not saying that the next incident that occurs may not be connected," Barnard said.

In Accokeek yesterday, Nazim Khan, 42, stood with Underwood, 45, and other friends around a pickup truck recounting their arson stories. They were at the site where Khan's new auto-body shop is being built. He said he planned to use surveillance cameras and watchdogs to guard the place.

"Me and him," Khan said, motioning at Underwood, "we got houses we're building around here, and I'm running scared every day."

Firefighters ask anyone with information about the Accokeek arsons to call 301-77-ARSON or e-mail77arson@co.pg.md.us.

Proposal Urges Citizens To Arm For City Growth (NYT)

By William Yardley

The New York Times, October 12, 2006

GREENLEAF, Idaho — Say an earthquake snaps a dam and the full force of the Boise River floods the Treasure Valley, driving untold thousands toward high ground.

Or maybe the subdivisions spreading west from Boise finally push big-box, subwoofer, exit-ramp America right up to this plateau of mint and alfalfa fields, where rural lives have passed in peace since Quakers settled a century ago.

However humanity's rush may arrive, a town must prepare. Greenleaf, population 862, is not taking the task lightly. Thus the proposed language for Section 2, Chapter 6, Subsection 2 of the Greenleaf City Code.

"Heads of households to maintain firearms," the heading announces.

"In order to provide for the emergency management of the city, and further in order to provide for and protect the safety, security and general welfare of the city and its inhabitants," the proposal says, "it is recommended that every head of household residing in the city limits maintain a firearm, together with ammunition therefore, and obtain appropriate training relating to proper, safe and lawful handling of firearms."

News of the proposal spread quickly, bringing that rush of humanity even sooner than expected, if only in search of amusement. Jay Leno, the late-night comedian, needled Greenleaf in his monologue two nights in September. Journalists from Italy sought interviews. Jon Stewart? His people called, too.

Sure, said Steven G. Jett, the city councilman who wrote the proposed ordinance, he gets it: the notion of Idaho isolationists with itchy trigger fingers is an easy punch line. But that misses the point, Mr. Jett said, emphasizing that this was about public safety, and, after all, the proposal did not mandate gun ownership. He said he saw "recommended" as the crucial word.

"Leno said 'require,' " Mr. Jett said. "We're not requiring."

If that clarification does not stop the jokes, it may at least put people like Gene Cox at ease.

"I think it's a stupid idea," said Mr. Cox, 68, who bales hay part time, as he sat in his pickup truck next to a patch of sugar beets. "We already have a right to bear arms, so we don't need anything messing that up. We don't need any changes. And monitoring it is going to be a problem. You're going to be invading people's houses to see if they've got a gun or not."

Again, Mr. Jett said, a misunderstanding.

"We all hate government — councilmen, too," said Mr. Jett, who is also director of the Southwest Idaho Juvenile Detention Center. "We are not for heavy-handed government at all. That's why I backed off the 'required' wording early on, before I even had this printed up. The government does not want to step into your home and say: 'Where is it? What do you have?' "

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Mr. Jett said his idea for the ordinance, which must be voted on by the City Council, was inspired by the chaos he saw on television after Hurricane Katrina and by the fact that a subdivision with 240 houses on 105 acres had been platted and could double the population of the city.

He also has a model. Kennesaw, Ga., passed a law in 1982 requiring residents to arm themselves. The law has proved to be unenforceable, but, as Mr. Jett noted, crime in Kennesaw declined after the law took effect even as the population grew.

"That's the kind of message I want to send," he said. " 'We're not sitting ducks.' We don't have any crime, and that's the way I want to keep it."

For all the fuss, the practical effect of the ordinance could be minimal.

"Firearms exist in significant numbers here," Mayor Brad Holton said. Mr. Holton estimated that guns, whether a relic rifle brought West on a wagon or a shotgun used for hunting elk up north, were already present in at least 80 percent of the city's households.

One gun owner is Alan Weinacht, a Quaker who is pastor of Greenleaf Friends Church. Mr. Weinacht hunts, but he opposes the gun ordinance. He noted Quakers' peace-loving roots and cited local public opinion.

"It simply doesn't resonate with a felt need," Mr. Weinacht said, predicting that the ordinance would not survive a series of public meetings this fall. "Nobody's scared of anything. This is not exactly crime central."

He did not disparage Mr. Jett for the idea, however.

"It's a fair question: How do we adequately prepare for an emergency?" Mr. Weinacht said. "I think the inherent contradiction is how do you say we're for community, and at the same time, the guns are cocked?"

Mayor Holton, however, said the ordinance could be read as promoting responsibility for gun owners, and as recognizing that many residents had weapons and that it would be in everyone's interest to be trained to use them properly.

The proposal does not include money for training. One idea is to ask hunting instructors to teach classes in the meeting room at City Hall.

The mayor said he owned about 25 rifles and handguns and stored them in a safe.

"I keep all of them there but one," he said, "and you don't want to run into that one at night."

IMMIGRATION:

President Bush Reaffirms Support For A Fence On The Mexican Border (MCT)

By Dave Montgomery

McClatchy Newspapers, October 12, 2006

WASHINGTON - President Bush said Wednesday that his administration is committed to building more than 700 miles of fencing along the Southwest border, dispelling questions about whether the barrier will actually be constructed.

Bush expressed strong support for the multi-state fence approved by Congress late last month as well as an accompanying "virtual wall" of high-tech gadgetry such as sensors, cameras, radar and unmanned surveillance aircraft.

"We're going to do both," Bush said at a news conference in the White House Rose Garden. "You can't fence the entire border. But . . . you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce the border."

Legislation that cleared Congress on Sept. 29, just before the start of an election-season recess, would require reinforced fencing and barriers along porous sections of the border in California, Arizona, New Mexico and Texas.

The proposed fence has ignited diplomatic protests from Mexico as well as vigorous opposition from many U.S. border communities, escalating speculation that it may never be built.

Congress has approved $1.2 billion for border fencing but the barrier envisioned by lawmakers is expected to cost at least $2.2 billion and possibly more than $6 billion. The Department of Homeland Security has also sent mixed signals about its commitment to building the fence.

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In response to a reporter's question, however, Bush left little doubt that his administration intends to carry out the congressional mandate to build double-layered fencing - two parallel rows of fencing - and adjacent patrol roads in sections of the border with heavy concentrations of smuggling and illegal immigrant traffic.

The fencing, he said, would be erected in areas "where there is a high vulnerability for people being able to sneak in," he said. In remote, less-populous areas, he said, high-tech enforcement may prove to be the better approach.

"It's a combination of fencing and technologies," said the former Texas governor. "It's hard to enforce that border. You got some rugged country . . . stretches of territory where you don't even know where the border is."

He said fencing "makes sense" in high-density urban corridors such as Southern California, El Paso and sections of Arizona, where illegal immigrants often "rush across the border into a little subdivision," with all but a few eluding the Border Patrol.

The bill awaiting Bush's signature calls for five sections of fencing totaling more than 700 miles, but Senate and House leaders assured border state lawmakers that local communities would have a say in exactly where the barriers would be located.

While Bush said several weeks ago that he planned to sign the bill, he used Wednesday's press conference to again urge Congress to enact a comprehensive immigration plan that would include a guest worker program and legal protections for more than 11 million illegal immigrants now in the country.

Lawmakers shelved the guest worker plan and concentrated on passing border security measures such as the fence before leaving town to campaign for the Nov. 7 elections. Supporters of Bush's proposed comprehensive overhaul hope to resurrect the issue when lawmakers return for a brief post-election work session in November.

Bush Vows To Build Fence (WT)

By Stephen Dinan And Joseph Curl

The Washington Times, October 12, 2006

President Bush yesterday pledged to follow through on building 698 miles of wall along the U.S.-Mexico border but said that the Department of Homeland Security will decide where and that he wants sensors and cameras to watch the border.

"We're going to do both," Mr. Bush said at a press conference yesterday. "We're just going to make sure that we build it in a spot where it works."

Some fence advocates and members of Congress have questioned Mr. Bush's commitment to fencing. The president yesterday said it is a part of his broader border-security strategy.

"You can't fence the entire border, but what you can do is you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce our border," he said.

Mr. Bush said any solution on the border will also require a guest-worker program, which he said would funnel workers through legal points of entry.

Mr. Bush last week signed the homeland-security spending bill, which includes $1.2 billion for fencing and other infrastructure, such as cameras, vehicle barriers and ground-based radar.

He has also promised to sign the Secure Fence Act, which Congress passed last month and which authorizes 698 miles of wall along the border. That bill passed 283-138 in the House and 80-19 in the Senate.

As of Tuesday, the bill had not been transmitted to the White House for the president to sign, and groups that advocate for rights for illegal aliens are urging Mr. Bush to veto it.

Yesterday, the Catholic Church joined that call in a letter from Bishop William Skylstad, president of the U.S. Conference of Catholic Bishops.

He said that fencing could cause the death of illegal aliens trying to sneak into the country and that it "would send the wrong signal to our peaceful neighbor to the south, Mexico, as well as the international community."

Mr. Bush's pledge of support for the fence bill drew praise from House Speaker J. Dennis Hastert, Illinois Republican, who said illegal immigration is "a clear threat to our safety."

House Republicans consider passage of the fence bill a major victory in their push for an enforcement-first policy and are campaigning across the country on the accomplishment.

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"It should concern the American people that 131 Democrats voted against creating this security fence along our southern border," Mr. Hastert said yesterday. "They don't want border security; instead, they would rather jeopardize our national security and put Americans at risk."

By contrast, Mr. Bush has been silent about immigration as he campaigns and raises funds for Republican candidates.

There is no official cost estimate for all 698 miles of wall. Sen. Jon Kyl, Arizona Republican, has estimated that this year's funding bill will cover about 150 miles.

In a last-minute deal, congressional leaders did grant the administration discretion in places where they determine a fence is not practical or the best use of resources.

Mr. Hastert and Senate Majority Leader Bill Frist, Tennessee Republican, said they will revisit the issue in a lame-duck legislative session later this year.

Some fence advocates have feared that the administration won't follow through on the construction.

Last week, after a report in The Washington Post indicated that the Department of Homeland Security would not commit to building all 700 miles of fence, Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, wrote a letter to Homeland Security Secretary Michael Chertoff telling him that building the fence is not optional.

A report accompanying the fence bill says Congress will withhold $950 million until it approves an administration plan for how it will spend the $1.2 billion included in the bill for infrastructure. Mr. Bush said last week that such a move violates the separation of powers and that he will consider that a request rather than a mandate.

Meanwhile, Mexican government officials have sent a diplomatic note to Washington protesting the fence and have said they may complain to the United Nations.

Mr. Bush yesterday said he will follow through in "implementing that which Congress has funded, in a way that says to folks, the American people, we'll enforce the border."

But he also said a guest-worker program is critical.

"If somebody is not trying to sneak in to work, in other words, coming through in a way where they're showing a temporary-worker pass, where they're not using coyotes to smuggle across, where they're not going through tunnels, it's going to make it much easier for us to do our job," he said.

CONGRESS-ADMINISTRATION:

Bush Proclaims Deficit Halved, Three Years Early (WT)

By Stephen Dinan

The Washington Times, October 12, 2006

President Bush yesterday claimed victory on his promise to cut the 2004 budget deficit in half, announcing he has reached that goal three years ahead of his self-imposed 2009 deadline.

The Treasury Department said the federal government ran a $247.7 billion deficit for fiscal 2006, which ended Sept. 30.

It is the seventh-highest deficit ever in dollar terms, but measured as a portion of the economy as determined by the gross domestic product, it is 1.9 percent -- smaller than in 18 of the past 25 years. It is also less than half of the $521 billion deficit the president projected for 2004, leaving Mr. Bush crowing in both a morning press conference and an afternoon speech.

"We have now achieved our goal of cutting the federal budget deficit in half and we've done it three years ahead of schedule," the president said, crediting his 2001 and 2003 tax cuts with spurring economic growth and thus more tax revenue.

"The reduction of the deficit I've announced today is no accident. It is the result of the hard work of the American people, and because of sound fiscal policies here in Washington," Mr. Bush said.

Democrats said the president's tax cuts have ruined the federal budget in the past five years, and turned record surpluses into deficits.

"No amount of Republican Party spin can obscure the bottom line: The Bush administration and congressional Republicans inherited a projected 10-year budget surplus of $5.6 trillion in 2001, and in just 70 months turned that surplus into a projected deficit of $4 trillion," said House Minority Whip Steny H. Hoyer, Maryland Democrat.

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Rep. John M. Spratt Jr. of South Carolina, the top Democrat on the House Budget Committee, said the projection for 2006 when Mr. Bush took office was for a $305 billion surplus, and he blamed spending increases and tax cuts for the deficit.

He said the administration is including in its calculations money supposedly dedicated to Social Security. Excluding that money, the deficit for 2006 would be more than $425 billion, Mr. Spratt said.

Federal spending hit a record high in 2006, at $2.654 trillion. That is a $182 billion increase over fiscal 2005.

Tax revenues grew by $253 billion, far outstripping the increased spending.

Mr. Bush was able to gloat about the deficit numbers because Democrats had been on the record doubting the president would achieve his deficit-cutting goal.

"When the president says he's going to cut the deficit in half over the next five years, I don't believe it," Sen. Kent Conrad, North Dakota Democrat, said in 2004.

He has accused Mr. Bush of inflating the early deficit projections in order to claim better progress later on. Administration officials dismissed that charge as bad politics because it would mean eight months of criticism for the higher numbers earlier in the year.

The president has been highlighting tax cuts as he campaigns for next month's congressional elections. When fully enacted, he said, they will amount to $1.1 trillion back in taxpayers' pockets.

Many of the cuts are due to expire 10 years after enactment, and Mr. Bush said a Democrat-controlled Congress will guarantee those taxes will go back up.

Each party blames the other for blocking tax cuts in the waning days of last month's legislative session. Democrats supported extending the tax cuts for college tuition and for state and local sales tax deductions, but opposed making the estate tax cut permanent. Republicans insisted on passing them all as a package, and the two sides ended in a stalemate.

Federal Deficit Now Lowest In 4 Years (AP-Y)

By Deb Riechmann

AP-Yahoo, October 12, 2006

The federal deficit fell to a four-year low in the budget year that just ended, a result President Bush pointed to Wednesday in claiming Republicans are better stewards of the economy than are Democrats.

The administration said the deficit dropped to $247.7 billion — welcome news for Republicans struggling to keep control of Congress. Bush boasted he had made good on a 2004 campaign promise to cut the deficit in half over five years.

"These budget numbers are proof that pro-growth economic policies work," Bush said.

Democrats said the improvement in the 2006 federal deficit was a temporary blip. They predicted rising deficits for years to come unless policies are changed.

"Only a president with such a historically bad economic record would be this excited about a $248 billion deficit," said Rep. Carolyn Maloney, D-N.Y. "Under his watch ... record surpluses turned into record deficits as far as the eye can see."

Republicans are trying to convince voters that the GOP champions tax cuts while Democrats will raise taxes if they gain control of Congress. Democrats contend the administration's tax cuts have primarily benefited the wealthy.

"There's a difference of opinion in the campaign about taxes," Bush said, predicting that the GOP still will lead the House and Senate after Nov. 7. "I would like to ... make the tax cuts permanent. And the Democrats will raise taxes."

The administration credits its tax cuts for the improving economy, contending they helped the nation withstand the 2001 recession, the terrorist attacks and corporate accounting scandals. The deficit narrowed sharply because revenues climbed by 11.8 percent, outpacing a 7.4 percent increase in spending.

Administration officials said the actual 2006 deficit is down to 1.9 percent of the gross domestic product. They said that is below the 40-year average deficit of about 2.3 percent of the GDP, which measures the value of all U.S. goods and services. This continues a positive trend that comes despite soaring war costs and $50 billion in emergency spending for hurricane relief, they said.

Still, the long-term deficit picture is bleak.

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The nonpartisan Congressional Budget Office projects that the deficit for the current budget year will rise to $286 billion. Over the next decade, the office forecasts that the deficit will total $1.76 trillion.

Bush's critics argue that the White House is using sleight of hand when boasting about the deficit.

The president can rightly state that he has fulfilled his 2004 campaign pledge to cut the deficit in half by the time he leaves office. In fact, he can say he has done it three years early. But in making that claim, the president is using the administration's original forecast of what the 2004 deficit was expected to be — not what it actually turned out to be.

Back when Bush made his promise, the administration was predicting that the 2004 deficit would be $521 billion. That prediction turned out to be off by $100 billion. To achieve the feat of slicing the actual 2004 deficit number in half, the federal deficit Bush was highlighting would have to have dropped to $206 billion, not $247.7 billion.

Democrats say the narrowing of the deficit will be temporary because when 78 million baby boomers retire, the cost of Social Security and the Medicare health care program for the elderly will soar.

"The fact that some are trumpeting this year's deficit number as good news shows just how far we've fallen. Our budget picture is extremely serious by any measure," said Sen. Kent Conrad, the senior Democrat on the Senate Budget Committee.

President Sees Signs Favoring G.O.P. Victory (NYT)

By Jim Rutenberg

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — President Bush predicted on Wednesday that Republicans would be victorious in November, declaring that positive economic signs, combined with tough rhetoric against Democrats on national security, would help lift his party on Election Day.

Mr. Bush made his prediction at a news conference in the Rose Garden at which he promoted new figures from the Treasury Department showing that the federal budget deficit had dropped sharply from last year, to its lowest level in four years, on stronger-than-expected revenues. The event gave the president a chance to call attention to his party's election-year message on the economy, which has largely been drowned out by other news this summer and fall.

"We'll have a Republican speaker and a Republican leader of the Senate, and the reason I say that is because I believe the two biggest issues in this campaign are, one, the economy and the economy is growing," Mr. Bush said during the hourlong briefing in the Rose Garden. (The other major campaign issue, he said later, was national security.)

The Treasury Department reported that its preliminary data for the fiscal year 2006, which ended Sept. 30, showed that the federal budget deficit was $248 billion, down from $319 billion in 2005.

Mr. Bush said the new data showed that his administration had succeeded, three years ahead of time, in fulfilling his promise in 2004 to cut the deficit in half by 2009 and underscored the success of his tax cuts. But that promise was based on a projected 2004 deficit of $521 billion; the deficit that year was actually $413 billion.

Democrats continue to press attacks against Mr. Bush and Republicans on the economy, saying Mr. Bush's claim is based on an "artificially inflated" projected deficit and arguing that trouble lies ahead because of Mr. Bush's tax cuts, the cost of the war in Iraq and baby boomer retirements.

Still, the new data provided an opportunity to direct attention to positive economic news — and away from news reports about the Mark Foley scandal involving Congressional pages, casualties in Iraq and declining Republican electoral prospects in November. Administration officials said there was no disputing that they had hit the target deficit of less than $260 billion, three years early.

Officials have complained in recent weeks that they have been unable to draw attention to their arguments on the economy even though gasoline prices have dropped.

Mr. Bush used the occasion of the deficit announcement to pivot against the Democrats, saying that if they were to win control of Congress they would end his tax cuts and economic growth along with them.

"Democrats will raise taxes," he said. "Now, I know they say only on rich people, but that's in my judgment — having been around here long enough to know — it's just code word: They're going to raise them on whoever they can raise them on."

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In keeping with a Democratic promise to respond to all Republican attacks, Representative Steny H. Hoyer of Maryland, the Democratic whip, hit back with a statement pointing to the $8.5 trillion national debt and Republican votes to raise the debt ceiling.

"The fact is," Mr. Hoyer said, "this is the most fiscally irresponsible administration in American history."

At his news conference, Mr. Bush said he would welcome such debates, which tend to provide opportunities to go toe to toe over tax cuts. "There's a difference of opinion in the campaign about taxes," he said, "and we will keep them low."

Mr. Bush also used the briefing to repeat his attacks on Democrats for, he said, trying to stand in the way of provisions that would give him more latitude to pursue terrorists.

"The vast majority of Democrats in the House voted against a program that would have institutionalized the capacity of this government to listen to Al Qaeda phone calls or Al Qaeda affiliate phone calls coming from outside the country to inside the country," he said, referring to a bill to give Congressional approval to his program granting wiretaps to the authorities seeking terrorism suspects without warrants.

Democrats have said that such statements mischaracterize their positions — in this case to make it appear that they oppose efforts to listen to terrorists' phone calls, when what they oppose is trying to do so without warrants that they argue can be obtained quickly.

U.S. Deficit Is Smallest In Four Years (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, October 12, 2006

WASHINGTON — President Bush got some welcome news Wednesday as the federal deficit for the last fiscal year shrank to $247.7 billion, the smallest in four years, because of a nearly 12% jump in tax revenue. Bush said the numbers were more evidence that the economy was booming thanks to tax cuts that he wanted to see extended.

At two separate briefings, Bush used the news as an opportunity to reassure voters less than a month before midterm congressional elections that the economy was still in good shape, with more new jobs and investment leading to greater tax revenue.

"Tax relief fuels economic growth and … when the economy grows, more tax revenues come to Washington. And that's what's happened," Bush said at his afternoon news conference, where he was joined by Treasury Secretary Henry M. Paulson Jr.

Bush said "pro-growth policies" that congressional Democrats had resisted had helped him deliver on a 2004 campaign promise to halve the deficit, and three years ahead of schedule.

The administration has drawn criticism for its deficit projections, and Democrats cried foul again Wednesday. They said the deficit reduction was exaggerated because Bush's 2004 figure was a projection later reduced by $100 billion, meaning the deficit actually shrank 39% from 2004 to 2006.

"Cutting the deficit in half from an intentionally inflated high point is a misleading goal and certainly no measure of success," said the Senate Budget Committee's ranking Democrat, Kent Conrad of North Dakota.

Conrad added that the president also failed to note that he was tapping Social Security revenue to help cover the deficit through off-budget borrowing. Accounting for that, Conrad said, would have added $550 billion to the deficit last fiscal year, money that will have to be repaid as 78 million baby boomers become eligible for Social Security.

Other Democrats said Bush had overstated the strength of the economy and gave too much credit to tax cuts.

"Only a president with such a historically bad economic record would be this excited about a $248-billion deficit," said Rep. Carolyn B. Maloney of New York, ranking Democrat on the Joint Economic Committee. "The large budget deficits run up by President Bush have produced record-low national saving, record-high trade deficits and record-high foreign borrowing."

Though Bush took credit for "restraining spending," federal expenditures rose 7.4% compared with 2005, to a record $2.65 trillion. The biggest spending increases: education, up 28.1%; Medicare, up 12.5%; and interest on the public debt, up 15.2%. Tax revenue also reached an all-time high of $2.41 trillion.

Republicans, many of whom face newly competitive races as a result of the congressional page scandal involving former Rep. Mark Foley (R-Fla.), quickly celebrated Wednesday's budget figures with a stream of statements about a strong economy.

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Among them was House Speaker J. Dennis Hastert (R-Ill.), who has been a lightning rod for criticism in the Foley scandal.

"Coupled with an improving deficit picture, inflation remains low, unemployment is at historically low levels, family income is up, and gas prices at the pump fell by more than 70 cents per gallon in just a few months," Hastert wrote. He promised that if elected, Republicans would "keep driving down the deficit with responsible fiscal policies." Democrats, he said, "are promising to roll back the Bush tax cuts should they be in the majority next year."

Clouding the sunny outlook offered by the Republicans are warnings issued in recent weeks, including from Federal Reserve Chairman Ben S. Bernanke, that the economy is slowing because of the slumping housing market and tepid job creation.

And many economists believe this year's smaller deficit is just a blip. The nonpartisan Congressional Budget Office predicts the deficit for fiscal 2007 will swell to $286 billion and total $1.76 trillion over the next decade.

The Congressional Budget Office also cast doubt on Bush's assertion that tax cuts would reduce the deficit. Its estimates show that extending the cuts, which are scheduled to expire in 2010, would add $2.2 trillion to the deficit through 2016.

Treasury Department estimates show that the cuts would add 0.7% to economic growth, or $29 billion.

Conservative economists also questioned the connection between tax cuts and growth.

Rudolph G. Penner, Republican-appointed director of the Congressional Budget Office during the 1980s and a senior fellow at the Urban Institute in Washington, said tax cuts in 2001 helped prevent a deeper recession by boosting income at all levels, but could not be credited with delivering broad-based growth now. "Otherwise more of the growth would have showed up in the payrolls," he said.

Douglas Holtz-Eakin, former director of the Congressional Budget Office under Bush, now with the Council on Foreign Relations, said: "It's tempting to say tax cuts then, good payoff now. But … the tax cuts' effect is more complicated."

He said extending the tax cuts wouldn't produce the huge increases in corporate profit and tax revenue seen last year because he expected overall economic growth to slow to 2.6%.

"That can't go on forever," he said. "I fully expect for this to slow down in the years to come."

GOP Promotes News Of Lower Budget Deficit (USAT)

By Richard Wolf

USA Today, October 12, 2006

WASHINGTON — President Bush touted a $248 billion budget deficit Wednesday as good news. Compared to forecasts, it was just that.

The reduction in red ink for the fiscal year that ended on Sept. 30, caused by a second consecutive year of soaring tax revenue, is the latest in a series of positive economic signs. It comes on top of a record-high stock market and tumbling gas prices.

That economic news is sure to be used by Republicans as a potential antidote to a bevy of bad news: mounting casualties in Iraq, a nuclear standoff with North Korea and former congressman Mark Foley's improper e-mails to teenage pages. Bush, in fact, predicted Wednesday that economic and security issues will keep Congress in GOP hands.

“The economy is growing,” Bush said at a Rose Garden news conference. “The national unemployment rate is 4.6%. We've just discovered, as the result of analyzing new data, that we added 6.6 million new jobs since August of 2003. Gas prices are down. Tax cuts are working.”

On that last point, opinions differ. Bush says his tax cuts of 2001 and 2003 stimulated the economy, generating more revenue. Rep. John Spratt, D-S.C., and other Democrats say they have increased annual deficits, forcing Congress to raise the national debt limit by $3 trillion since 2002. A recent Congressional Research Service report says the increased debt is probably greater than the added revenue.

The significance of the reduced deficit is a matter of debate:

•The new deficit figure is less than half of the projected $521 billion deficit that Bush faced in February 2004, when he pledged to cut it in half by 2009. Although several private forecasters had similar projections, the actual 2004 deficit came in at $413 billion.

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•The $248 billion deficit is a far cry from the $236 billion surplus that existed when Bush was elected in 2000. Republicans note, however, that the economy already was in recession when Bush took office. Today's deficit is just 1.9% of the economy, says White House budget director Rob Portman — smaller than in 18 of the past 25 years.

•Looking ahead, the deficit picture gets worse as the baby boom generation retires, increasing the costs of Medicare and Social Security. Bush acknowledged as much Wednesday in urging action by Congress to tame those entitlement programs.

A recent Congressional Budget Office report shows that over the next decade, the government likely will rack up $3.5 trillion in red ink. That assumes Bush's tax cuts are extended beyond their 2010 expiration, middle-income taxpayers are protected from the alternative minimum tax, and the wars in Iraq and Afghanistan are phased down.

The $248 billion deficit "is a pleasant surprise, but this is as good as it gets," says Mark Zandi, chief economist of Economy.com.

Even so, look for Republicans to use the latest news in the final four weeks of their campaigns. "There's a terrific economic story to be told," says former GOP congressman Pat Toomey, president of the conservative Club for Growth.

That won't work, says Rep. Rahm Emanuel, D-Ill., chairman of the House Democrats' campaign committee.

"Voters will think, how out of touch are you?" he says. "For average families, it's a struggle."

Bush Claims Victory Over Debt Reduction (FT)

By Caroline Daniel

Financial Times, October 12, 2006

The Bush administration on Wednesday said it had reached its goal of cutting the budget deficit in half "three years ahead of schedule", citing soaring federal tax revenues generated by a policy of tax cuts.

President George W. Bush, who in 2004 set the goal of halving the deficit by 2009, sought to reinvigorate Republican chances of retaining the Senate and House of Representatives in the forthcoming midterm elections by touting the new deficit number of $248bn for 2006, a four-year low.

"I still stand by my prediction, we'll have a Republican Speaker and a Republican leader of the Senate," he said in an hour-long press conference on Wednesday. He added that the two biggest issues in this campaign were "one, the economy" with national security second.

Mr Bush said the reduced deficit was proof his "pro-growth policies worked", and that his tax cuts should be made permanent. The cuts, starting in 2001, had fuelled 37 quarters of economic growth, he said.

Some economists were sceptical that the tax cuts had generated the economic growth and pointed out that much of the recovery in tax revenues – up by $253bn in 2006 – appeared to be linked to record corporate profits. They warned that 2006 could mark a low in budget deficits before rising next year.

James Horney, senior fellow at the Center on Budget and Policy Priorities, said the new forecast was a "blip in a bleak fiscal outlook" and the administration did not deserve "any credit" for halving the deficit.

He suggested the goal had been set using an inflated figure for the 2004 deficit of $521bn, rather than the lower forecast from the Congressional Budget Office of $477bn, to make it "easier to meet the goal".

Administration officials denied that they manipulated forecasts for political purposes. Ed Lazear, chairman of the Council of Economic Advisers, last week said the forecasts had nothing to do "with strategic behaviour by anybody".

Citing figures from the CBO, Mr Horney warned that if tax cuts were made permanent and relief from the alternative minimum tax extended, deficits could reach "nearly $3.5 trillion over the next 10 years".

Mr Bush said the economy had created 6.6m jobs since 2003. New data issued on Friday showed the biggest revision in a quarter-century.

The administration has struggled to get credit for economic growth, with fiscal conservatives angered by rising government spending and consumers' perception of the economy damped by high petrol prices. An ABC/Washington Post poll this week found that 40 per cent agreed the economy was excellent or good; 60 per cent judged it not good or poor.

Budget Deficit Shrinks On Strong Tax Receipts (WSJ)

By Deborah Solomon

DOJ_NMG_0079531

The Wall Street Journal, October 12, 2006

WASHINGTON -- Strong tax receipts from individuals and corporations helped to shrink the U.S. budget deficit for the fiscal year ended Sept. 30 to $248 billion, far narrower than the $423 billion previously projected by the White House.

The deficit, $71 billion slimmer than the previous year's figure, allowed President Bush to declare that he had delivered early on his 2004 pledge to cut the then-projected $521 billion federal deficit in half by 2009. In remarks at the White House, Mr. Bush credited his administration's "pro-growth economic policies" for the "dramatic reduction" in the deficit.

"The budget numbers are proof that pro-growth economic policies work. By restraining spending in Washington and allowing Americans to keep more of what they earn, the economy is creating jobs and reducing the deficit and making our nation a more prosperous nation for all our citizens," Mr. Bush said.

Much of the deficit reduction, however, came not from spending restraint but from surging tax revenue buoyed by a strong economy. Federal spending continued to grow in 2006 to $2.65 trillion, up from $2.47 trillion last year, according to the Treasury Department. Among the biggest expenses were outlays for defense and military spending, interest on the public debt and entitlement programs, such as Medicaid, Medicare and Social Security.

Emergency spending for the wars in Iraq and Afghanistan and for Hurricane Katrina relief added to the costs.

While the deficit shrank in fiscal 2006, the White House and many economists expect it to widen again this fiscal year as revenue growth slows and spending continues to increase. The costs of entitlement programs are growing faster than the government's ability to pay for them, and government debt payments, which totaled $406 billion in fiscal 2006, are also rising.

"Spending is rising faster than the growth rate of the economy," said Brian Bethune, U.S. economist at consulting firm Global Insight. He projects the deficit will widen to $285 billion in fiscal 2007, while the White House projects it at $339 billion.

As he has done in the past, Mr. Bush acknowledged the unsustainable growth in entitlement spending, saying the "health of these programs is in serious jeopardy" and pledging to work toward reforming the programs over the next two years. "My hope is, in the last two years of this administration, we can set aside needless politics and focus on what's right for the United States of America and solve these entitlement programs once and for all," Mr. Bush said.

The 2006 deficit narrowed in large part because the growth in spending was offset by surging tax receipts, which reached $2.4 trillion, up 12% from $2.15 trillion, the Treasury said. The biggest surge came from corporate income taxes, which increased 27% to $354 billion as corporate profits skyrocketed. The single biggest chunk of tax revenue came from individual income taxes, up 13% to $1 trillion, largely fueled by wealthy individuals, who benefited from higher salaries, bonuses and stock-market gains.

Mr. Bush and administration officials said spending slowed in areas other than defense and entitlements. Robert Portman, director of the Office of Management and Budget, said while most of the deficit reduction was attributable to strong revenue, about 25% was a result of spending restraint. "What's really significant is that even with entitlement spending and the war on terror we're still showing numbers that are better than what anyone expected," Mr. Portman said.

Declining Debt (WSJ)

The Wall Street Journal, October 12, 2006

It turns out the budget deficit news for fiscal 2006 was even better than we previewed in these columns last week. Thanks to a burst of September revenue, Treasury reported yesterday that the deficit fell to $247.7 billion, or 1.9% of GDP, below our report of $260 billion.

A couple of other notable budget facts: Revenues again rose faster than the economy, so tax receipts have now climbed to 18.4% of GDP. That's higher than in all but 15 years since 1962, according to the Congressional Budget Office. Seven of those years were in the Clinton era, when revenues rose to a postwar high of 20.9% in 2000, thanks in part to the confiscatory tax rates that voters elected to reduce with their Presidential choice that same year. In other words, to the limited extent the deficit remains a problem, it is all about spending, not a lack of revenues.

The incredible shrinking deficit means that the federal government's overall debt has also begun to decline as a share of the economy. The final figures aren't available, but our guess is that debt held by the public (the figure that counts because the

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feds have to pay it back) will have fallen in 2006 back to 37% of GDP or lower. The debt burden fell to 33% in 2001 but began climbing again as deficits grew in the wake of recession and spending to fund the war on terror. Now it's falling once more.

The Democratic/media criticism that all of this good news is merely "temporary" is beside the point. Of course entitlement spending will rise in the future, but any extra revenues Democrats raised today would be spent today. They surely wouldn't be saved for somebody's future retirement. Democrats who continue to moan about the deficit are really saying that the government should take an even larger tax bite from the economy than its currently hefty 18.4%; in other words, they want to raise taxes.

What Not To Wear In Front Of Bush (LAT)

By Johanna Neuman

The Los Angeles Times, October 12, 2006

WASHINGTON — Even as he talked about North Korea's nuclear ambitions and other weighty matters, President Bush on Wednesday returned to his occasional role as fashion critic to the White House press corps.

"If I might say, that is a beautiful suit.... And I can't see anybody else that even comes close," the president told NBC's Kevin Corke, who was wearing pinstripes, in the course of a Rose Garden news conference that focused on North Korea-related diplomacy and the Iraq war.

Corke responded that he would convey the president's comments to his tailor. "I'll be happy to pass along my tailor's number if you'd like that, sir," he also offered.

Soon after, the president asserted that CNN's Suzanne Malveaux was the "first best-dressed person here."

By the time Bush called on Jim Axelrod of CBS, the reporter felt compelled to start with a defensive comment: "My best suit's in the cleaners," Axelrod explained to the president.

"That's not even a suit," Bush retorted, eyeing Axelrod's sport coat and slacks.

Bush, who has suits made by Georges de Paris, the tailor to presidents since Lyndon Johnson's time, has teased reporters about their appearance in the past. In June, he poked fun at CNN's David Gregory for his loud pocket scarf.

"Gregory, fine-looking scarf — not scarf, what do you call that thing?" said Bush. "It's strong."

In August, while discussing the war in Lebanon, Bush took note of a suit worn by Ken Herman of Cox Newspapers, saying: "By the way, seersucker is coming back." Later in the news conference, Bush again referred to the suit, calling it "that just ridiculous-looking outfit."

Asked about the president's commentary, White House Deputy Press Secretary Dana Perino called Bush "a personable man," saying that "although he's president and that's a serious job, he does like to reach out to others in friendly ways."

Some who study presidential news conferences attached no great meaning to the byplay.

"I think this is probably the way he deals with people in social encounters," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania. "It may make him feel more comfortable."

Herman, the reporter in seersucker, was amused when a media dust-up followed Bush's comments on his suit. "If there's anything reporters know better than math, it's fashion," he joked.

Herman said he considered the banter just part of Bush's social mannerisms. "I've been covering him since 1993 in Texas," Herman said. "That's the way he likes to make connections. He still has some frat boy in him. He likes to tease people."

Tony Snow Knows How To Work More Than One Room (WP)

By Howard Kurtz

The Washington Post, October 12, 2006

On the morning of Oct. 2, Tony Snow did six back-to-back television interviews from the White House lawn, and one phrase came back to haunt him.

While criticizing Mark Foley, the Republican congressman who resigned over sexually graphic messages he sent to former House pages, Snow told CNN's Soledad O'Brien: "It's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails."

Snow also told O'Brien: "You're trying to create problems. What you are trying to do is pick fights here," which she quickly disputed.

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There has never been a White House press secretary quite like Snow. He is a combative presence on television and radio, relishes the repartee at daily briefings and, in a first for his position, has hit the fundraising circuit for Republican candidates. Snow brings a flashy, Fox News sensibility to the high-profile podium, which means he is increasingly popping up on newscasts and in the papers.

"Sometimes it does feel like the Tony Snow Show," says Richard Wolffe, Newsweek's White House correspondent. "There are tactics he uses that are straight out of talk radio. The extent to which he personalizes things or comes back with a one-liner, it revs up the base. They love it when he takes us on."

In an interview in his West Wing office, Snow readily acknowledges that "naughty e-mails" did not capture the gravity of Foley's graphic exchanges with teenage boys. "I shouldn't have used the words," Snow says. "I'm not going to defend having used the words." But, he says, "I did six interviews that morning and people picked on one-half of one line."

Snow says his years as host of "Fox News Sunday," and especially as a radio host, were ideal preparation for the daily briefings, because you have to "think on your feet" with callers and guests. When facing reporters, he says, "if you can't roll with the punches and give sensible answers, you're going to get killed." And, he says, "if you try to spin guys, they're going to see through it."

Part of Snow's art -- some might deem it spin -- is to openly proclaim what he is doing. Last week, for instance, after consulting with the office of House Speaker Dennis Hastert (R-Ill.), Snow doggedly refused to field questions on what President Bush thought of Hastert's handling of the Foley mess.

"I will dodge it, and I will tell you exactly why I'm going to dodge it," Snow explained. "Because this is a question that requires knowledge of a lot of details that are not in evidence, certainly not to me, at this point."

In the five months since he succeeded the tightly scripted Scott McClellan, Snow has put his verbal agility and sense of humor to good use, and the White House has clearly given him more running room. Struggling on several fronts, from Iraq to domestic scandals to depressed poll numbers that have put the Republican control of Congress at risk, the president has never been more in need of a slick salesman. Administration officials describe Snow as a major asset.

"He definitely likes the combat," says Martha Raddatz, ABC's White House correspondent. "One of his devices is he stops and smiles at you. The megawatt smile is supposed to punctuate his sentences, but it hasn't worked as well for him lately. It's a pretty tight-lipped administration, and that hasn't changed."

CBS's Jim Axelrod recalls how Snow once issued a press release assailing a story Axelrod had done on Medicare eligibility. "He basically sent out this report calling me a liar, and then showed up at the booth smiling, with a handshake, and we had a half-hour chat. . . . He plays the affability card."

After the president's televised speech on the fifth anniversary of 9/11, Axelrod pressed Snow on why what was billed as a nonpolitical speech had become a vigorous defense of the Iraq war. Snow shot back that if Bush hadn't discussed Iraq, "it would have been seen as dereliction, and you guys would have been out here just clubbing me like a baby seal." Some viewers called Axelrod to say that he had been disrespectful.

Snow, says Axelrod, "has got a talk show host's knack of taking whatever question is asked and steering it into a two- or three-minute response that is a fairly strong defense of the administration's policies. He's probably dealt with angry callers before, and maybe we're nothing more than angry callers to him."

Sometimes the exchanges get heated. When NBC's David Gregory asked why Bush had not acknowledged more shortcomings in an assessment of the battle against terrorism, Snow accused him of expressing "the Democratic point of view." Gregory vigorously objected.

"Let's not let you get away with being rude," Snow said.

"Excuse me, don't point your finger at me," Gregory said. "I'm not being rude."

"Yes, you are," Snow insisted.

Snow says he "felt bad" about what happened and later called Gregory, saying he could ask as many follow-up questions as he wanted if he let Snow finish the answers. "I wanted to make sure we didn't have any more of those exchanges, because I think he's a good reporter," Snow says.

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Sometimes Snow's freewheeling style produces a pratfall. In July, he inflamed the issue of stem cell research by saying that Bush believes the federal government should not "finance something that many people consider murder. He's one of them." Snow had to back off during the ensuing controversy, saying he had "overstated the president's position."

Reporters cut Snow some slack during his shakedown period, when he would sometimes plead ignorance on various issues. "Tony's made some statements he regrets, and he gets a pass on some days because he's new," Raddatz says. "But I think that little honeymoon is over."

Like every press secretary, Snow also must function as a reporter, ferreting out information from within the administration. When Bob Woodward's book "State of Denial" charged that Bush and his team were not being honest about the mess in Iraq, Snow spoke to Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Henry Kissinger, among others, which helped him challenge various points in the book. But it was his glib sound bite -- "The book is sort of like cotton candy; it kind of melts on contact" -- that was widely picked up.

Away from the cameras, journalists give Snow mixed grades for providing information. They say he often delegates detailed questions to his deputy, Dana Perino, and other assistants. Snow says he can answer questions "to a certain depth" but that it makes more sense for reporters to deal with staff members who specialize in the subjects.

Others praise Snow for his accessibility. "I have e-mailed him at 6:30 in the morning on a weekend, and I have a response within a half-hour," Axelrod says.

Snow has pushed for the president to grant more interviews -- Bush spoke to every major network during the 9/11 anniversary -- and to continue to hold more news conferences than he did during the first term. As for his own spate of television interviews, Snow says the White House staff thinks he can be helpful, but he is wary of accepting too many bookings.

"You don't want to get overexposed," he says.

Snow initially hesitated to take the job, after enduring surgery and chemotherapy for colon cancer last year, until his doctors gave him a clean bill of health. While Snow begins each day with a 6:30 a.m. staff meeting, he says he has managed to take most weekends off and visit a family retreat on Maryland's Eastern Shore.

But any spokesman's schedule remains unpredictable. After news broke Sunday night that North Korea had tested a nuclear bomb, Snow held a 1:30 a.m. conference call with White House pool reporters to field questions on the incident.

Having held jobs ranging from Washington Times editorial page editor to Fox weekend host to syndicated radio talker, Snow understands the rhythms of journalism. Having worked as a White House speechwriter for Bush's father, he knew something about the machinery of government. But he felt that the press secretary's post offered the possibility of far more influence than he had wielded as either a mid-level staffer or a talking head.

Snow's celebrity has produced a stack of invitations to appear at GOP fundraisers. No other press secretary has helped his or her party raise money, a tradition grounded in the notion that the person who is the public face of an administration should not moonlight as a partisan operative. But Snow, after getting a green light from White House lawyers, has been hitting the road to raise cash.

"I'm not going out and calling out Democrats by name," Snow says. "These aren't red-meat speeches. I'm staying out of the bare-knuckle stuff. If it ends up compromising my ability to be press secretary, we'll stop doing it. If I was pounding on the podium and calling [Senate Minority Leader] Harry Reid nasty names, that would be a problem."

Joe Lockhart, a press secretary in the Clinton White House, says he has no ethical objection to Snow raising money for the Republicans, but that it "makes the job harder" by distracting Snow from his main responsibilities.

As for Snow bringing entertainment values to the briefing room, Lockhart says: "That may sound trivial, but it's not. It's hard to get your message out to reporters who aren't coming to your briefing."

AP Exclusive: Reid Got $1M In Land Sale (AP-Y)

By John Solomon And Kathleen Hennessey

AP-Yahoo, October 12, 2006

Senate Democratic leader Harry Reid collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show.

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In the process, Reid did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company, according to records and interviews.

The Nevada Democrat's deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. He's never been charged with wrongdoing — except for a 1981 federal securities complaint that was settled out of court.

Land deeds obtained by The Associated Press during a review of Reid's business dealings show:

_The deal began in 1998 when Reid bought undeveloped residential property on Las Vegas' booming outskirts for about $400,000. Reid bought one lot outright, and a second parcel jointly with Brown. One of the sellers was a developer who was benefiting from a government land swap that Reid supported. The seller never talked to Reid.

_In 2001, Reid sold the land for the same price to a limited liability corporation created by Brown. The senator didn't disclose the sale on his annual public ethics report or tell Congress he had any stake in Brown's company. He continued to report to Congress that he personally owned the land.

_After getting local officials to rezone the property for a shopping center, Brown's company sold the land in 2004 to other developers and Reid took $1.1 million of the proceeds, nearly tripling the senator's investment. Reid reported it to Congress as a personal land sale.

The complex dealings allowed Reid to transfer ownership, legal liability and some tax consequences to Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later.

Reid hung up the phone when questioned about the deal during an AP interview last week.

But in a news conference Wednesday in Las Vegas, the senator said he believed he did nothing wrong but was willing to change his ethics report's account of the sale if the Senate Ethics Committee ordered him to do so.

"Everything I did was transparent," Reid said. "I paid all the taxes. Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

The senator's aides said no money changed hands in 2001 and that Reid instead got an ownership stake in Brown's company equal to the value of his land. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a "technical transfer," they said.

They also said they have no documents proving Reid's stake in the company because it was an informal understanding between friends.

The 1998 purchase "was a normal business transaction at market prices," Reid spokesman Jim Manley said. "There were several legal steps associated with the investment during those years that did not alter Senator Reid's actual ownership interest in the land."

Senate ethics rules require lawmakers to disclose on their annual ethics report all transactions involving investment properties — regardless of profit or loss — and to report any ownership stake in companies.

Kent Cooper, a former Federal Election Commission official who oversaw government disclosure reports for federal candidates for two decades, said Reid's failure to report the 2001 sale and his ties to Brown's company violated Senate rules.

"This is very, very clear," Cooper said. "Whether you make a profit or a loss you've got to put that transaction down so the public, voters, can see exactly what kind of money is moving to or from a member of Congress."

"It is especially disconcerting when you have a member of the leadership, of either party, not putting in the effort to make sure this is a complete and accurate report," said Cooper. "That says something to other members. It says something to the Ethics Committee."

Other parts of the deal — such as the informal handling of property taxes — raise questions about possible gifts or income reportable to Congress and the IRS, ethics experts said.

Stanley Brand, former Democratic chief counsel of the House, said Reid should have disclosed the 2001 sale and that his omission fits a larger culture in Congress where lawmakers aren't following or enforcing their own rules.

"It's like everything else we've seen in last two years. If it is not enforced, people think it's not enforced and they get lax and sloppy," Brand said.

SALE HIDDEN FROM CONGRESS

DOJ_NMG_0079536

Reid and his wife, Landra, personally signed the deeds selling their full interest in the property to Brown's company, Patrick Lane LLC, for the same $400,000 they paid in 1998, records show.

Despite the sale, Reid continued to report on his public ethics reports that he personally owned the land until it was sold again in 2004. His disclosure forms to Congress do not mention an interest in Patrick Lane or the company's role in the 2004 sale.

AP first learned of the transaction from a former Reid aide who expressed concern the deal hadn't been properly reported.

Reid isn't listed anywhere on Patrick Lane's corporate filings with Nevada, even though the land he sold accounted for three-quarters of the company's assets. Brown is listed as the company's manager. Reid's office said Nevada law didn't require Reid to be mentioned in the filings.

"We have been friends for over 35 years. We didn't need a written agreement between us," Brown said.

The informalities didn't stop there.

PROPERTY TAXES LOOSELY HANDLED

Brown sometimes paid a share of the local property taxes on the lot Reid owned outright between 1998 and 2001, while Reid sometimes paid more than his share of taxes on the second parcel they co-owned.

And the two men continued to pay the property taxes from their personal checking accounts even after the land was sold to Patrick Lane in 2001, records show.

Brown said Reid first approached him in 1997 about land purchases and the two men considered the two lots a single investment.

"During the years of ownership, there may have been occasions that he advanced the property taxes, or that I advanced the property taxes," Brown said. "The bottom line is that between ourselves we always settled up and each of us paid our respective percentages."

Ultimately, Reid paid about 74 percent of the property taxes, slightly less than his actual 75.1 ownership stake, according to canceled checks kept at the local assessor's office. One year, the property tax payments were delinquent and resulted in a small penalty, the records show.

Ethics experts said such informality raises questions about whether any of Brown's tax payments amounted to a benefit for Reid. "It might be a gift," Cooper said.

Brand said the IRS might view the handling of the land taxes as undisclosed income to Reid but it was unlikely to prompt an investigation. "If someone is paying a liability you owe, there may be some income imputed. But at that level, it's pretty small dollars," he said.

FEDERAL LAND SWAPS

Nevada land deeds show Reid and his wife first bought the property in January 1998 in a proposed subdivision created partly with federal lands transferred by the Interior Department to private developers.

Reid's two lots were never owned by the government, but the piece of land joining Reid's property to the street corner — a key to the shopping center deal — came from the government in 1994.

One of the sellers was Fred Lessman, a vice president of land acquisition at Perma-Bilt Homes.

Around the time of the 1998 sale, Lessman and his company were completing a complicated federal land transfer that also involved an Arizona-based developer named Del Webb Corp.

In the deal, Del Webb and Perma-Bilt purchased environmentally sensitive lands in the Lake Tahoe area, transferred them to the government and then got in exchange several pieces of valuable Las Vegas land.

Lessman was personally involved, writing a March 1997 letter to Interior lobbying for the deal. "This exchange has been through many trials and tribulations ... we do not need to create any more stumbling blocks," Lessman wrote.

For years, Reid also had been encouraging Interior to make land swaps on behalf of Del Webb, where one of his former aides worked.

In 1994, Reid wrote a letter with other Nevada lawmakers on behalf of Del Webb, and then met personally with a top federal land official in Nevada. That official claimed in media reports he felt pressured by the senator. Reid denied any pressure.

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The next year, Reid collected $18,000 in political donations from Del Webb's political action committee and employees. Del Webb's efforts to get federal land dragged on.

In December 1996, Reid wrote a second letter on behalf of Del Webb, urging Interior to answer the company's concerns. The deal came together in summer and fall 1997, with Perma-Bilt joining in.

In January 1998 — just days before he bought his land — Reid applauded the Lake Tahoe land transfers, saying they would create the "gateway to paradise."

None of Reid's letters mentioned Perma-Bilt. Reid's office said the senator never met Lessman nor discussed the Lake Tahoe land transfer or his personal land purchase. A real estate attorney handled the 1998 sale at arms-length, aides said.

"This land investment was completely unrelated to federal land swaps that took place in the mid-1990's," Manley said.

Lessman said he never talked to Reid or asked for his help before the 1998 land sale, and only met the senator years later at a public event. "Any suggestion that the land sale between Senator Reid and myself is somehow tied in with the Perma-Bilt exchange is completely absurd," Lessman said.

THE REZONING

Clark County intended for the property Reid owned to be used solely for new housing, records show. Just days before Reid sold the parcels to Brown's company, Brown sought permission in May 2001 to rezone the properties so a shopping center could be built.

Career zoning officials objected, saying the request was "inconsistent" with Clark County's master development plan. The town board in Spring Valley, where Reid's property was located, also voted 4-1 to reject the rezoning.

Brown persisted. The Clark County zoning board followed by the Clark County Commission voted to overrule the recommendation and approve commercial zoning. Such votes were common at the time.

Before the approval in September 2001, Brown's consultant told commissioners that Reid was involved. "Mr. Brown's partner is Harry Reid, so I think we have people in this community who you can trust to go forward and put a quality project before you," the consultant testified.

With the rezoning granted, Patrick Lane pursued the shopping center deal. On Jan. 20, 2004, the company sold the property to developers for $1.6 million. Today, a multimillion dollar retail complex sits on the land.

On Jan. 21, 2004, Reid received more than $1.1 million of the sale proceeds. Reid disclosed the money the following year on his Senate ethics report as a personal sale of land, not mentioning Patrick Lane.

A BUSINESS PARTNER'S PAST

Brown has been a behind-the-scenes power broker in Nevada for years, donating to Democrats, Republicans and charities. He represented a major casino in legal cases and dabbled in Nevada's booming real estate market.

Brown befriended Reid four decades ago, even before Reid served as chairman of the Nevada gaming commission and decided cases involving Brown's clients.

Brown's name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s.

This past summer, federal prosecutors introduced testimony at the bribery trial of former Clark County Commission chairman Dario Herrera that Brown had taken money from a Las Vegas strip club owner to influence the commission. Herrera was convicted of taking kickbacks. Brown was never called as a witness.

Brown declined to discuss past cases where his name surfaced, including Herrara. "The federal government investigated this whole matter thoroughly, and there was never any implication of impropriety on my part," he said.

Reid Got $1.1 Million In Land Sale (WT/AP)

By John Solomon

The Washington Times, October 12, 2006

Senate Minority Leader Harry Reid collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show.

DOJ_NMG_0079538

In the process, Mr. Reid did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company, according to records and interviews.

The Nevada Democrat's deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in previous organized-crime investigations. He has never been charged with wrongdoing -- except for a 1981 federal securities complaint that was settled out of court.

Land deeds obtained by the Associated Press during a review of Mr. Reid's business dealings show:

•In 1998, Mr. Reid bought undeveloped residential property on Las Vegas' booming outskirts for about $400,000. Mr. Reid bought one lot outright, and a second parcel jointly with Mr. Brown. One of the sellers was a developer who was benefiting from a government land swap that Mr. Reid supported. The seller never talked to Mr. Reid.

•In 2001, Mr. Reid sold the land for the same price to a limited liability corporation created by Mr. Brown. The senator didn't disclose the sale on his annual public ethics report or tell Congress he had a stake in Mr. Brown's company. He continued to report to Congress that he personally owned the land.

•After getting local officials to rezone the property for a shopping center, Mr. Brown's company sold the land in 2004 to other developers, and Mr. Reid took $1.1 million of the proceeds, nearly tripling the senator's investment. Mr. Reid reported it to Congress as a personal land sale.

The complex dealings allowed Mr. Reid to transfer ownership, legal liability and some tax consequences to Mr. Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later.

Mr. Reid hung up the phone when questioned about the deal during an AP interview last week.

In a press conference yesterday in Las Vegas, the senator said he thought he had done nothing wrong but was willing to change his ethics report's account of the sale if the Senate Select Committee on Ethics ordered him to do so.

"Everything I did was transparent," Mr. Reid said. "I paid all the taxes. Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

The senator's aides said that no money changed hands in 2001 and that Mr. Reid instead got an ownership stake in Brown's company equal to the value of his land. Mr. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a "technical transfer," they said.

They also said they have no documents proving Mr. Reid's stake in the company because it was an informal understanding between friends.

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Kent Cooper, who oversaw government disclosure reports for federal candidates for two decades in the Federal Election Commission, said Mr. Reid's failure to report the 2001 sale and his ties to Mr. Brown's company violated Senate rules.

"This is very, very clear," Mr. Cooper said. "Whether you make a profit or a loss, you've got to put that transaction down so the public, voters, can see exactly what kind of money is moving to or from a member of Congress."

"It is especially disconcerting when you have a member of the leadership, of either party, not putting in the effort to make sure this is a complete and accurate report," Mr. Cooper said.

Other parts of the deal -- such as the informal handling of property taxes -- raise questions about gifts or income reportable to Congress and the Internal Revenue Service, analysts said.

Stanley Brand, former Democratic chief counsel to the House, said that Mr. Reid should have disclosed the 2001 sale and that his omission fits a larger culture in Congress, where lawmakers aren't following or enforcing their own rules.

"It's like everything else we've seen in last two years. If it is not enforced, people think it's not enforced, and they get lax and sloppy," Mr. Brand said.

Mr. Reid and his wife, Landra, personally signed the deeds selling their full interest in the property to Mr. Brown's company, Patrick Lane LLC, for $400,000, records show.

Despite the sale, Mr. Reid continued to report on his public ethics reports that he personally owned the land until it was sold again in 2004. His disclosure forms to Congress do not mention an interest in Patrick Lane or the company's role in the 2004 sale.

AP first learned of the transaction from a former Reid aide who expressed concern that the deal hadn't been properly reported.

Mr. Reid isn't listed anywhere on Patrick Lane's corporate filings with Nevada, even though the land he sold accounted for three-quarters of the company's assets. Mr. Reid's office said Nevada law didn't require Mr. Reid to be mentioned in the filings.

"We have been friends for over 35 years. We didn't need a written agreement between us," Mr. Brown said.

Reid Land Deal Under Scrutiny (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 12, 2006

Harry M. Reid of Nevada, the Senate's top Democrat, said yesterday that he was in discussions with the chamber's ethics committee to determine whether he should amend his financial disclosure forms to include details of a real estate transaction that allowed him to collect $1.1 million.

The Associated Press reported that Reid gained a windfall from that sale of land in 2004 even though he had not personally owned the property for the previous three years. Reid also did not divulge the 2001 transfer of the land to a company he co-owned with a friend, a transaction that would normally call for a mention in Senate financial disclosure documents, the AP said.

Reid's spokesman, Jim Manley, defended the sale as a "normal business transaction at market prices." He added that the land went through "several legal steps associated with the investment . . . that did not alter Senator Reid's actual ownership interest in the land." If, however, the ethics committee determines that the land's transfer to a company requires additional disclosure, Manley said that Reid would be "happy to provide" it.

Reid and his wife purchased the land in Clark County, on the outskirts of Las Vegas, in 1998 for $400,000. The acquisition was done in tandem with an adjacent property that was bought by Reid's friend of 35 years, Jay Brown, a former casino lawyer whose name has surfaced over the years in organized-crime investigations, according to the AP. Brown has never been charged with criminal wrongdoing, the AP added.

In 2001, Reid transferred his property into a partnership company that he co-owned with Brown. The transaction was done, according to a statement by Manley, to make it easier for the Reid family and the Brown family to try to rezone the undeveloped land so a shopping center could be built on it.

Manley said that Reid continued to report in his Senate disclosure forms that the land belonged to him rather than to Patrick Lane LLC, the company to which he had transferred it. The reason, he said, was that the senator dealt with the property as if it were still his.

Nonetheless, disclosure experts said that the Senate's rules do not permit such a lapse. "Signing over a deed is a basic legal step and is the kind of thing that needs to be disclosed," said Kent Cooper, the former disclosure chief of the Federal Election Commission and co-founder of PoliticalMoneyLine.com.

The local zoning board, overruling a staff recommendation, granted the land's reclassification and Reid's share of the company was sold for $1.1 million to shopping-center developers in 2004, leaving him with a theoretical profit of $700,000.

Reid reported the transaction as a personal land sale in his Senate disclosure forms. According to the AP, Reid is not listed as a co-owner of Patrick Lane in corporate filings in Nevada. Manley said that Reid and Brown handled the partnership informally -- as a deal between friends. In addition, he said, Reid's name did not have to be included on the corporate listing.

A call to the Senate ethics committee was not returned yesterday. Its staff rarely comments publicly on ongoing matters involving senators.

Senator Offers To Amend Financial Forms (NYT)

By Philip Shenon

The New York Times, October 12, 2006

DOJ_NMG_0079540

WASHINGTON, Oct. 11 — The Senate Democratic leader, Harry Reid of Nevada, said his office contacted the Senate ethics committee on Wednesday and offered to correct his financial disclosure statements if they misrepresented his ties to a land deal in his home state in which his family made a profit of about $700,000.

In a statement, Mr. Reid did not acknowledge errors in the disclosure forms but said he was ready to make a "technical correction" if the ethics committee determined that adjustments were needed.

The contact with the committee was prompted by an article released Wednesday by The Associated Press that suggested Mr. Reid might have violated Congressional ethics rules by failing to disclose financial transactions involving two adjoining land parcels on the outskirts of Las Vegas that he and his family bought in 1998 for about $400,000.

According to a timeline provided by the senator's staff, Mr. Reid's family owned one of the properties outright and the second with a friend, Jay Brown, a prominent Las Vegas lawyer who had worked in the casino industry.

In 2001, the timeline showed, ownership of the land was transferred to a holding company, Patrick Lane LLC, named for a street near the properties, as part of effort to rezone the area for development of a shopping center. Mr. Reid became a partner in the holding company. After the rezoning was approved, the land was sold for $1.6 million, with $1.1 million directed to Mr. Reid as his share, a return of about $700,000 on the investment.

The senator's financial disclosure statements during the period show that he never reported that the land had been transferred to the holding company, leaving the impression that he continued to own the land directly instead of through a partnership with Mr. Brown and others.

Congressional ethics specialists said the omission was at least a technical violation of the disclosure rules, which are intended to identify a lawmaker's business partners and potential conflicts of interest. Spokesmen for the Senate ethics committee did not return phone calls Wednesday night.

"This is a basic requirement," said Kent Cooper, a former compliance director at the Federal Election Commission.

Mr. Cooper said the disclosure laws were intended to disclose a lawmaker's "assets, liabilities and financial transactions, so the public can have an idea of whether or not the legislator is doing things that benefit him or others."

Mr. Reid's spokesman, Jim Manley, suggested that Republican Party strategists were behind the accusations of potential ethics violations in the land deal.

"Desperate to get their scandals off the front page," Mr. Manley said, "the Republican Party is once again trying to smear Democrats. The fact is Senator Reid owned the land from 1998 to 2004, and he fully disclosed that fact."

Speaker Duped By Evangelist? (RC)

By Mary Ann Akers

Roll Call, October 12, 2006

An international evangelist, who apparently conned his way into Speaker Dennis Hastert's (R) home in Illinois, actually is on a "crusade" to "save America from the wrath of God and Republicans abusing their power and mired in scandal," the evangelist's spokesman said Wednesday in an e-mail to reporters.

For reasons beyond us, Hastert allowed the self-described "world's most popular evangelist," Dr. K.A. Paul, into his home Tuesday, taking him for a conservative clergyman who wished to provide spiritual counsel amid the current GOP crisis. What the Speaker got instead was a self-promoting, Indian-born Christian evangelist who asked Hastert to step down over the page scandal.

"The guy was misrepresenting himself," a senior House GOP leadership aide told HOH. "The Speaker thought he was offering support. Instead he quickly found out this was no Billy Graham."

According to the Chicago Sun-Times' Lynn Sweet, Paul's aide, Dennis Ryan, was eating at a restaurant in Plano, Ill., when Hastert walked in. Ryan got Paul on the phone and the two scheduled the Tuesday meeting.

The Sun-Times called the meeting a "serious security breach." But GOP leadership aides aren't going that far. And a spokeswoman for the Capitol Police, which is responsible for Hastert's round-the-clock security, told us, "This wasn't a security breach. Please seek comment on Speaker Hastert's appointments from his office."

Unfortunately for Hastert, he isn't in very good company.

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According to a 2004 article in the New Republic, Paul has "cultivated a peculiar specialty as spiritual adviser to the scum of the earth. Liberia's Charles Taylor, Yugoslavia's Slobodan Milosevic and Iraq's Saddam Hussein are among the more infamous butchers to talk with Paul about the moral implications of running a brutal, repressive, and occasionally genocidal regime."

Geez, we could have warned Hastert. We can't even count the number of copies of Paul's book "Al-Qaeda Winning — America Losing," that have arrived at Roll Call's offices (and into recycling bins) over the past week.

Steele Accusations. Democrats have been buzzing about how much time Maryland Republican Senate candidate Michael Steele seems to be spending over at the offices of the lobbying firm Quinn Gillespie and Associates. Ironic, they say, given how much effort Steele has spent trying to portray his Democratic opponent, Rep. Benjamin Cardin (D-Md.), as too tight with special interests.

One source who tipped off HOH said that Steele has been over at QGA "two days a week, dialing for dollars."

Hogwash, says Steele spokesman Doug Heye. Steele has been hanging out at the lobbying shop because master GOP political operative Ed Gillespie (yep, the guy who put the "G" in QGA) has been prepping the candidate for his debates against Cardin.

"He doesn't go there twice a week to make fundraising calls," Heye said. "He doesn't go there to make fundraising calls at all."

Another source said that Steele does spend "quite a bit of time" at the lobbying shop prepping for debates and, like all candidates, "carries a cell phone. He may return calls."

Let it also be noted that the Q in QGA — former Clinton White House counsel Jack Quinn — has done its bit to help Cardin.

Dissed in Print. Members of Congress have never been accused of having small egos. So how do you suppose Rep. Connie Mack IV (R-Fla.) felt about a magazine photo caption referring to him simply as "guest" of his girlfriend, Rep. Mary Bono (R-Calif.)?

No, not "Congressman." Not "Representative." Not even "Joe Schmo." The caption underneath a photo of the lovebirds in the October issue of DC magazine reads, "Rep. Mary Bono and guest."

If the freshman lawmaker wishes he got a little more recognition than "guest" to his girlfriend, a five-term Member, he sure isn't showing it. "Well, he was her guest at the event," Mack spokesman Jeff Cohen explained. "So it's nothing if not accurate."

After a nasty litigation battle, Mack's divorce from his ex-wife, Ann McGillicuddy, was finalized in August. The two reached an agreement after a messy breakup that, as late as last May, appeared headed for trial.

Bono and her ex-hubby, Glenn Baxley, have reported an amicable parting of ways. She and Mack have been openly romantic since last winter.

Former Justice Descends Judicial Ladder, To Lower Court (NYT)

By Anemona Hartocollis

The New York Times, October 12, 2006

Sandra Day O'Connor, the retired Supreme Court justice, gave a star turn yesterday as a visiting judge on a federal appeals court in Manhattan. But no one can accuse court officials of giving her the juiciest cases.

Things started slowly, as the judges heard arguments about a dispute over legal fees. That was followed by a landlord-tenant case and a battle over corporate financial statements. Things got a little more interesting with the medical-malpractice case brought by a veteran who claimed that prescription drugs fueled his addictive personality and led him to crash his car and commit a crime. A case involving a scheme to defraud unsuspecting investors capped the morning of mostly technical legal arguments.

As the often mind-numbing proceedings dragged on, Justice O'Connor, 76, sitting as part of a three-judge panel on the Second Circuit, one rung below the Supreme Court, might have been forgiven for wishing for the good old days of certiorari — the Supreme Court system of picking and choosing which cases to hear, a luxury the circuit courts do not have.

Her inner thoughts, however, remained a secret, since she did not speak with reporters, and confined her public remarks in court to a handful of tart legal questions.

Her sphinxlike demeanor did not stop the lawyers in five cases yesterday from gushing over her presence.

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"This is what we refer to as a hot bench," Louis R. Aidala, a defense lawyer for one of the defendants in the currency-trading-fraud case, which involves a currency trader called Evergreen International Spot Trading, said later. "If you keep in mind we're all human beings, that helps a lot."

Being lawyers, however, none of those presenting arguments allowed Justice O'Connor's stature to get in the way of a good argument.

"The government's case began to unravel during my cross-examination of their lead cooperating witness," Mr. Aidala, resplendent with a Salvador Dali-esque waxed mustache, announced in an attempt to overturn his client's conviction.

The session got off promisingly with the usual pomp as the courtroom deputy, Rosa Diaz, called the court to order by banging a gavel three times and intoning, "Hear ye, hear ye, hear ye." Justice O'Connor, smiling faintly, wearing her own personal black robe and a fluffy white dickey, took her place on one side of the bench, while Dennis Jacobs, the chief judge, sat in the middle, and Judge John M. Walker sat on the other side.

The mahogany-paneled peanut gallery was almost filled with judicial law clerks, young lawyers and a few tourists carrying shopping bags.

Judge Walker, who stepped down as chief judge in September, had invited Justice O'Connor, who retired in January, to sit on the Second Circuit, Karen Milton, the circuit executive, said. Such guest appearances are not unprecedented. In 1992, Justice Thurgood Marshall returned to the Second Circuit, where he had served in the 1960's, for a week after he retired from the Supreme Court.

But moonlighting as a judge can be more than just a hobby. By law, if Justice O'Connor, who is entitled to lifetime pay, carries 25 percent of the workload of an active judge, she could qualify for a pay raise, Dick Carelli, a spokesman for the federal courts, said yesterday, though he added that this may be a moot point, since federal judges had not received any pay raises since 1989.

True to Justice O'Connor's reputation as a tough interrogator, she got in a few zingers, at least by judicial standards, early in the two-hour session.

As the two sides in the landlord-tenant case argued over who was to blame for the property standing empty, Justice O'Connor weighed in.

"It looks to me like you sat on it," she said tartly, to Michael P. Richman, the lawyer for the landlord.

To which Mr. Richman protested: "The landlord is the victim."

But for the last three cases, Justice O'Connor was rubbing her brow under her cloud of white hair. When a cellphone rang, she seemed to almost welcome the breach of decorum.

One of Mr. Aidala's co-defense lawyers in the fraud case, Jeremy Gutman, said he was flattered to have argued a case in front of the justice. "I think we're now members of a very elite club who have appeared before her — other than at the Supreme Court," he said.

The other defense lawyer, Nathan Dershowitz, said he was happy to argue before any judge who was "prepared and smart."

But it was the young assistant United States attorney in the fraud case, Cynthia Monaco, who seemed the most excited of all. Her father, Carmine, a retired aerospace engineer, had encouraged her to take Justice O'Connor out to lunch, which is, sadly, against the rules. It turned out Justice O'Connor already had a lunch date with other judges, though Ms. Monaco confided that she would not have asked anyway.

After her oral argument, Ms. Monaco looked in the audience and discovered that her father, as well as her mother, brother and brother-in-law had all come to watch. "I came for my daughter," her father said.

Medicare To Reassign Some Californians' Drug Plans (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, October 12, 2006

DOJ_NMG_0079543

WASHINGTON — About 270,000 low-income elderly and disabled Californians will be assigned to new Medicare prescription drug plans Jan. 1, raising concern about a resurgence of the coverage glitches that led state officials to bail out the federal program when it was launched this year.

Plan operators promise the switches will be made without complications, but seniors' advocates say many are upset over confusing signals from the Medicare agency, which initially indicated that nothing would change.

Less than two weeks ago, the agency said in a news release that "in California, 100% of low-income beneficiaries will not need to switch plans to continue to receive this coverage for a zero premium."

The Medicare drug program delivers its benefits through a variety of private insurance programs. And 4 out of 10 prescription plans serving low-income Californians will not be available in 2007, according to the National Senior Citizens Law Center in Oakland, which discovered the discrepancy. That means many of the estimated 1 million lowincome state residents participating in the Medicare plan will automatically be reassigned to other plans.

"Last year, the auto-assignment process was very disruptive and confusing," said Jeanne Finberg, an attorney with the center. "We were pleased initially when we heard there wasn't going to be any disruption, but now we are alarmed that [Medicare] seems to be hiding the ball."

An executive of a leading drug plan operator said seniors had nothing to worry about.

"I do appreciate all the citizen action groups being concerned, but I want to assure them we have taken extraordinary steps to make sure we represent stability and good service," said Jackie Kosecoff, chief executive of Ovations Pharmacy Solutions. "I honestly believe this is going to be painless." Ovations is part of Minnesota-based UnitedHealth Group, which runs the AARP drug plan.

Across the country, hundreds of thousands of low-income seniors will also face such changes, Finberg said.

For low-income seniors and disabled beneficiaries, Medicare pays the full monthly premium. Although these beneficiaries are responsible for some modest co-payments, they are also spared the "doughnut hole," a coverage gap in the middle of the benefit.

Nonetheless, the insurance companies that provide the benefit must renew their contracts with the government each year, and they are free to withdraw a plan altogether or raise premiums. And if a plan's cost exceeds certain levels, the government will no longer subsidize it for low-income seniors.

The cutoff point for the subsidy is determined each year according to a complex formula, and it varies across the country.

Such nuances mean a Medicare prescription coverage card is different from a regular Medicare card, which is good for life.

In California, two of the plans offered to low-income seniors — PacifiCare Saver Plan and United HealthRx — will be withdrawn in 2007. Two other plans, AARP MedicareRx and Health Net Orange 008, are projecting premiums above the cutoff point for the subsidy, meaning that low-income seniors will have to transfer out.

About 70,000 Californians in the Health Net plan will be transferred into another plan run by the company, said spokesman David Olson.

"If they stay within Health Net, it's the same system even if their plan changes," he said. "That's not going to impact their ability to get a medication."

An additional 200,000 Californians in AARP, PacifiCare and United plans will be transferred into a plan called AARP MedicareRx Plan Saver.

"While the plan may change, the sponsoring organization won't change," Medicare spokesman Jeff Nelligan said in a statement. "So for those beneficiaries, the change will be seamless."

Surveys have shown that about 80% of seniors are satisfied with their Medicare prescription plan, although a significant proportion — almost 2 in 10 — say they have had a major problem trying to use it. Lowincome seniors and those who took more than six medicines a day were more likely to say they had run into problems.

Despite the assurances from plan operators and Medicare, Finberg said there was no guarantee that coverage policies in the new plans would be the same.

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"What we have found out before from experience is that any time there is a change, it brings out the worst in the system," she said.

Democrats Should Build On Bush's Drug Plan, Not Wreck It (RC)

By Morton M. Kondracke

Roll Call, October 12, 2006

Despite abundant evidence of its success, Democrats are still on the warpath against President Bush's 2004 Medicare prescription drug plan — and they threaten to undermine future success if they take control of Congress.

At an Oct. 4 campaign event in Sunrise, Fla., House Minority Leader Nancy Pelosi (D-Calif.) declared, "this is a bill borne of corruption at the expense of America's seniors, and we can do something about it."

She promised that one of the top priorities of a Democratic Congress would be to authorize the federal government to directly negotiate with drug companies to lower their prices instead of relying on private insurance companies.

The savings, she said, would be used to close the "doughnut hole," the gap between the first $2,250 in a beneficiary's annual drug expenditures, of which the government pays 75 percent of the cost, and $5,100, above which it pays 100 percent.

To save money, Congress required seniors to cover the $2,850 hole themselves, either by buying insurance or paying out of their own pockets — which Democrats denounced at the time even as they assailed the administration for underestimating the total cost of program.

According to Mark McClellan, who is leaving this week as head of the Centers for Medicare and Medicaid Services, competition among private insurance companies and their negotiations with drug companies have lowered the estimated 10-year cost of the program by nearly 20 percent, to $516 billion, and may reduce it by another 10 percent next year.

That was just one of the successes he cited at a reporters' breakfast sponsored by the Christian Science Monitor, as well as in a subsequent interview. Others include the fact that the average prescription drug insurance premium paid by seniors is $27 per month, not $34, as originally estimated.

And polls consistently show that 75 percent to 85 percent of participants in the program are happy with it. J.D. Power and Associates recently gave the program, known as Medicare Part D, a 75 percent approval rating. A forthcoming AARP study shows that only 11 percent of seniors disapprove.

Democrats predicted that few private insurance plans would participate in the program. Then, when dozens of companies offered competing plans, they charged that the program was "chaotic" and that seniors were so confused that few would sign up.

In fact, 16 million seniors who previously lacked drug coverage did sign up. According to the CMS, 90 percent of all the nation's 43 million Medicare beneficiaries now have coverage. Their average savings for drug purchases is $1,200 a year. About 9 million low-income seniors pay nothing for their drugs.

McClellan pointed out that the original Democratic plan for eliminating the doughnut hole would have cost $1 trillion. As the program has developed, according to America's Health Insurance Plans, the health insurance lobby, 15 percent to 25 percent of seniors have been able to find plans that cover all their drug outlays, thus closing the hole.

If Democrats do take over either the House or Senate, or both, they should strive to improve on the Medicare reform record set by McClellan and the Bush administration — not undermine it with top-heavy government regulation.

Rep. Henry Waxman (D-Calif.), one of the leading critics of Bush policy who's slated to be chairman of the Government Reform Committee if Democrats take over, said in a January radio address, "We need to go back to basics. Put prescription drug coverage in regular Medicare. Make the choice simple. Make the benefit understandable. Use the purchasing power of all of America's seniors to get low prices and better coverage."

A popular Democratic idea is to have Medicare set prices for drugs the way the Veterans Affairs does for its participants. It's true that VA drugs cost about half the Medicare average, but the VA supplies only about half of the drugs most commonly used by seniors, according to McClellan.

About 35 percent of VA patients also participate in Medicare plans to obtain wider choices, and the VA patients are required to see only VA doctors and use VA hospitals and VA pharmacies.

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According to McClellan, “our beneficiaries have actively told us by their choices that they do not want a restricted network approach to delivery of their health care. They want much more access to physicians, to neighborhood pharmacies, to other providers and drugs.”

Congress certainly could improve Medicare. It could ensure that about 3 million low-income seniors who currently lack drug coverage get it and apply Part D savings to close the doughnut hole.

In Congress’ lame-duck session, and in years to come, it also could build on McClellan’s record of trying to move the nation toward a results-based payment system for health care, not the current service-based system.

The lame-duck session will consider bills to prevent cuts in reimbursements for physicians who treat Medicare beneficiaries. It should tie pay increases to requirements that doctors keep records on their patients’ health progress.

McClellan has introduced a system whereby hospitals report on treatment outcomes, with the results posted online for patients to see. There’s a pilot program for physicians, but he said pay-for-results should be the rule across-the-board.

He also has introduced an incomes-based premium schedule for part of the Medicare system to begin coping with its “unsustainable” long-term cost. It’s an alternative to straight means-testing of Medicare, which is anathema to Democrats.

John Rother, national policy director of the AARP, told me that McClellan rates as “one of the all-time best administrators the program has ever had. He’s guided it through a very ambitious set of reforms. ... He’s a very creative guy and has maintained bipartisan support for most of his agenda. He gets very high marks.”

Congress should see to it that the reform agenda advances and that doctors, health plans, drug companies and hospitals have incentives to compete on the basis of their ability to keep people healthy — not just treat sick people at government-set prices. If they do take control, Democrats need to reform not only health care, but their own thinking.

Scholarship Fund Gets A Big Check For Its 20th Birthday (WP)

By Stephen Barr

The Washington Post, October 12, 2006

When the Federal Employee Education & Assistance Fund began 20 years ago, it was a place for federal and postal employees to turn for help when they got behind on their bills or needed a plane ticket to attend to a family crisis. The fund has steadily grown and got a big boost yesterday from the National Treasury Employees Union.

At a breakfast marking the fund's 20th anniversary, NTEU President Colleen M. Kelley announced that the union had given it $726,363. The donation came from administrative funds that had not been spent during a 22-year class-action lawsuit, dubbed the special rates case, brought by the NTEU against the government.

The union donation will create an endowment for five annual scholarships of $5,000 each, she said.

"I have seen the difference that FEEA makes in the lives of federal employees caught up in a disaster or who need help paying for the ever-increasing costs of higher education," Kelley said. "I am thrilled that this new scholarship will help federal families achieve their educational goals."

Donating the leftover funds from the lawsuit "was not a hard decision to make," Kelley said, in part because the union is one of the FEEA's founders.

FEEA describes itself as the only nonprofit organization dedicated solely to helping federal and postal employees. For the past 20 years, the fund has distributed more than $6.5 million in scholarships to federal employees and their dependents and more than $5.5 million in emergency assistance, including $1.8 million to federal families hit hard last year by hurricanes Katrina, Rita and Wilma.

Robert M. Tobias , president of the fund's board of directors, said the nonprofit group was created with the thought that federal employees would help their fellow workers if they had a way to channel their charitable giving. "They have, in extraordinary ways," he said.

Much of FEEA's budget comes from federal employee contributions made through the Combined Federal Campaign, the government's annual charity drive. The fund also receives donations from Geico, the Blue Cross and Blue Shield federal program, and the Wright & Co. insurance firm.

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Tobias credited G. Jerry Shaw , then-counsel at the Senior Executives Association, with coming up with the idea to create FEEA in 1986. Shaw, who once worked for the Internal Revenue Service, said he seen too many instances of IRS employees taking up collections in the workplace for a colleague in need. He also thought children of federal families deserved the same kind of scholarship opportunities as some corporations provided to the children of their employees.

Shaw recruited Tobias, then-president of the NTEU; Stephen D. Bauer , then-president of the National Council of Social Security Management Associations; and the late Jim Pierce , then-president of the National Federation of Federal Employees; to join him in founding the organization. Since 1989, Bauer has been executive director of FEEA.

Over the years, FEEA has created special programs to provide emergency grants for families of federal employees killed or injured in the 1995 bombing of the Oklahoma City federal building and in the 2001 terrorist attacks on the World Trade Center and Pentagon.

College scholarships also are being provided to children who lost a parent in the attacks, and that project will continue until the youngest, now 7, has completed her undergraduate education. More than $2 million has been paid out for scholarships, and FEEA estimates that more than 200 children in Oklahoma and about 65 families who lost loved ones on Sept. 11, 2001, will receive the aid.

At yesterday's anniversary celebration, Juan and Veronica Cruz , retired Defense Department employees, paid tribute to FEEA. Juan Cruz was severely injured in the attack on the Pentagon and spent four years undergoing facial reconstruction. FEEA became "like family" during Juan Cruz's recovery, Veronica Cruz said. Their daughter is attending Brown University on a FEEA scholarship.

America's Population Set To Top 300 Million (WP)

By Blaine Harden

The Washington Post, October 12, 2006

Clicking upward at a rate of one person every 11 seconds, the U.S. population will officially surpass 300 million in the next week or so.

The milestone is a reminder that the United States remains a remarkable demographic specimen, 230 years old (since the Declaration of Independence) and still in a growth spurt.

Behind only China and India, it is the planet's third most populous nation. For a rich, highly developed country, it is anomalously fertile, with a population that is increasing briskly, in sharp contrast to anemic growth or decline in Western Europe and Japan. Some demographers say this continued growth is essential to support an aging population in retirement and a sign of the continued allure of the United States even at a time when its image around the world has been sullied by the war in Iraq.

Yet, how will the momentous 300-million marker be celebrated in Washington?

"Those plans, believe it or not, are still being finalized," said Robert B. Bernstein, a Census Bureau spokesman. "I don't yet know what, if anything, we are going to do in the way of an event."

When the U.S. population surpassed 200 million on a census clock in 1967, cheers rang through the lobby of the Commerce Department, and applause interrupted President Lyndon B. Johnson's celebratory speech.

Four decades later, however, 300 million seems to be greeted more with hand-wringing ambivalence than chest-thumping pride.

"When we hit 100 million, it was a celebration of America's might in the world," said Dowell Myers, a professor of urban planning and demography at the University of Southern California. "When we hit 200 million, we were solidifying our position. But at 300 million, we are beginning to be crushed under the weight of our own quality-of-life degradation."

One reason for anxiety may be that U.S. population growth is fueled in large measure by immigrants and their children, a circumstance that increasingly worries native-born Americans and makes politicians jumpy, especially four weeks before an election.

Immigrants, legal and illegal, account for about 40 percent of population growth. Immigration is also an important reason the "natural increase" in the population -- excess of births over deaths -- is significantly higher in the United States compared with

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Europe or Japan. Hispanics from Latin America, by far the largest share of recent immigrants, are driving the natural increase here. On average, Hispanic women have one more child than non-Hispanic white women.

Three hundred million is also a discomfiting reminder of a nation that, on its east and west coasts, at least, is running noticeably low on elbow room. More humanity is stirring up more traffic, more sprawl, more rules against growth, more protests against anti-growth rules, and more of the greenhouse gas emissions that cause global warming. A surging population in the arid Southwest is also straining the supply of water. The growth is adding to a country that represents 4 percent of the world's population but consumes 25 percent of the planet's oil.

"We are not the wide-open spaces anymore," said Martha Farnsworth Riche, who headed the Census Bureau in the mid-1990s and is now a research demographer at Cornell University. "Our choices are constrained."

In Los Angeles, the nation's most densely populated metropolitan region and its most heavily Latino area, 300 million will be yet another confirmation that congestion is out of control, Myers predicted.

"I don't think people view population growth as a plus anymore," he said, noting that Angelenos are punished by it "every single day" when they go out in freeway traffic.

The 300-million milestone, it should be noted, is an educated guess by the Census Bureau, not an actual people count. It emerges from a formula that crunches births and new immigrants against deaths. The 300-millionth person, therefore, will never win a trip to Disneyland because he or she will not be identified.

The 100-million markers are also coming more quickly. From the Declaration of Independence in 1776, it took the country 139 years to get to 100 million in 1915, then 52 more years to reach 200 million in 1967 and 39 more years to hit 300 million. The 400 million mark, according to census projections, will be reached in about 37 years. That, of course, could change if the current anxiety about immigration were to result in the closing of the country's borders. Without immigration, the U.S. population could go into a European-style stall.

It was a change in immigration law in 1965, when Congress abolished a national-origins quota system, that unintentionally reignited immigrant-led population growth, according to William H. Frey, a demographer with the Brookings Institution. "It made family reunification an important criteria for immigration and it led to a chain reaction of higher fertility," he said.

The relative presence of immigrants, about 12 percent of the total population, is more than double what it was when the population topped 200 million. Immigrants are also more visible than ever, having fanned out from gateway cities such as New York and Los Angeles to parts of the rural South and Midwest where they had not been seen in substantial numbers before. Still, the foreign-born share of the population remains lower than between the melting-pot years of 1860 and 1920, when it was about 14 percent.

Many demographers believe it is shortsighted to be anxious about the 300-million marker. They regard it as a symbol of an economically dynamic democracy that remains popular in much of the world.

"As almost nothing else can, immigration-led growth signals the attractiveness of the American economy and polity," said Kenneth Prewitt, a former head of the Census Bureau and now professor of public affairs at Columbia University. "You don't see large numbers of immigrants clamoring to move to China."

Indeed, lots of good news is embodied in the lives of the 300 million. Longevity has jumped from 55 years in 1915, to 71 years in 1967, to 78 years now. Over that time frame, the percentage of the adult population with a high-school diploma has jumped from 14 percent to 85 percent. Homeownership has risen from 46 to 69 percent. The death rate from tuberculosis has fallen from 140 to 0.2 per 100,000 people. While houses are 4.5 times as expensive (in constant dollars) as they were in 1915 and twice as expensive as in 1967, a gallon of milk in 2006 costs less than half what it went for in 1915 and in 1967.

After this year's election rhetoric cools, Frey hopes that Americans will see a silver lining in immigration: Foreign-born residents and their children will surge into the workforce, and their payroll taxes will help reduce funding shortfalls for Social Security and other social programs that benefit older people.

"So many middle-aged baby boomers who oppose immigration may be biting the hand that could feed them," Frey said.

This assumes, though, that immigrant children, especially Hispanics and blacks, will be educated well enough in American schools to find competitive jobs in the global economy.

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Poverty rates for children have exceeded poverty rates for the elderly for more than 40 years, according to Linda A. Jacobsen, director of domestic programs at the Population Reference Bureau, a nonpartisan research group.

Hispanic and black children are between three and four times as likely to live in poverty as whites, so their growing numbers may not translate into growing national wealth. In addition, the divide between aging baby boomers in retirement and the younger workers who are supporting them with payroll taxes will have a racial, as well as a generational, dimension.

"Unless we can reduce age, racial and ethnic disparities in poverty," Jacobsen warns, "children from minority groups may be less able and less willing, as they grow up, to support the predominantly white elderly population."

Robert D. Novak: Key Republicans Remain Addicted To Pork Barrel Gluttony (ULC)

By ROBERT D. NOVAK

Union Leader, October 12, 2006

STARING INTO the abyss of minority status in Congress, Republicans signaled dedication to pork barrel spending before recessing for midterm election campaigning. Behind closed doors, the GOP's King of Pork dressed down the party's leading foe of earmarks. In the open, the last bill passed before the election was filled with carefully hidden pork.

In a caucus of Republican senators, 82-year-old, six-term Sen. Ted Stevens charged that freshman Sen. Tom Coburn's anti-pork crusade hurts the party. Stevens then removed from the final version of the Defense Department appropriations bill Coburn's "report card" requiring the Pentagon to grade earmarks. The House passed, 394 to 22, the bill, stripped of this reform and containing some 2,800 earmarks worth $11 billion. That made a mockery of a "transparency" rule passed by the House earlier this year, supposedly intended to discourage earmarks.

"You would think that with a war and all the controversy surrounding earmarks that the appropriators would hold back a little," said Steve Ellis of the non-partisan Taxpayers for Common Sense. "But with an election just weeks away, they dug into the trough to find pearls to send home to their districts."

Stevens, the Senate's president pro tempore and its senior Republican, reflects a majority in both parties defending pork. He has been enraged by Dr. Coburn, the obstetrician from Muskogee, Okla., challenging his seniors. But after an angry Stevens took Coburn to task for undermining party unity, the rookie was supported by the front- runner for the 2008 Republican Presidential nomination. Sen. John McCain asserted that the people backed Coburn, who then made clear he was not intimidated by Stevens.

But as the leading Senate conferee determining the final version of Defense appropriations, Stevens stealthfully pulled out Coburn's Senate-passed report card. It would require the Pentagon to assign a letter grade, from "A" to "F," on the desirability of each unrequested earmark.

The earmark process enables the congressional-industrial complex to fund projects the military does not want. This year's bill appropriates money to buy 10 unrequested C-17 Globemaster cargo planes from Boeing. It also funds 60 F-22A Raptor stealth fighters, not supported by the Pentagon and opposed by McCain and Sen. John Warner, Senate Armed Services Committee chairman. F-22A appropriations are guaranteed for three years, reducing leverage with contractor Lockheed Martin.

Incredibly, page 336 of the bill's conference report says that under the new House rule purportedly revealing sponsors of earmarks, there were zero earmarks in this year's Defense money bill. That suggests the transparency rule is as big a sham as its critics have claimed.

The rule's biggest loophole restricts earmarks to "non-federal" spending, which would absolve the larcenous former Rep. Duke Cunningham from earmarking. By definition, all Defense expenditures are "federal." But in reality, many such appropriations end up in the hands of a private beneficiary. Thus, $4.6 million in the current bill goes to the Army Center of Excellence in Acoustics at the Jamie Whitten Center (named for a legendary congressional porker) at the University of Mississippi.

Despite the plethora of unwanted expenditures, President Bush on Sept. 29 signed the Defense bill because its overall spending is within his budget. But it requires transferring funds from needed military programs to politicians' pet projects.

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Clueless Republicans are personified by Sen. Conrad Burns, trailing for re-election in Montana. Burns said opposition to all earmarks by his Democratic opponent, State Sen. Jon Tester, "showed us how reckless and out of touch he is." Burns then issued a press release listing over $775 million of his earmarks, including more than $60 million for the Fort Peck Fish Hatchery.

Tom Coburn, backed in the Senate by a few Republicans and one or two Democrats, is not giving up on earmarks. He will press his Defense report card as a freestanding bill in the lame-duck session. No matter who controls the Senate next year, Coburn will not grant unanimous consent on spending measures and thus require 60 votes to end debate. The question is whether Republican leaders, perhaps chastened by election returns, will join him.

OTHER NEWS:

Fed Minutes: Unease About Inflation Lurks (USAT)

By Sue Kirchhoff

USA Today, October 12, 2006

WASHINGTON — While a slowing economy is expected to reduce inflation over time, there is a "substantial risk" that forecast might not pan out, according to minutes of a Sept. 20 Federal Reserve meeting issued Wednesday.

"Most participants thought that the most likely outcome was a reduction in inflation pressures," the minutes said. But the meeting notes added the decline was expected to be "only gradual," and the uncertainties around that forecast were skewed toward higher inflation rates.

"Members continued to see a substantial risk that inflation would not decline as anticipated," the minutes said.

The policymaking Federal Open Market Committee voted Sept. 20 to keep its target for short-term interest rates steady at 5.25%. The minutes said the decision was "somewhat less difficult" than the Fed's August call to end two years of increases that pushed rates up from a low of 1%.

The September vote took place amid a decline in oil prices and a steep drop in the housing market. Since the meeting, data have been mixed. Core consumer inflation, which excludes food and energy, has run at a 2.8% pace in the past 12 months, near the 1% to 2% range informally favored by the Fed.

"The linchpin of the Fed forecast is economic growth in the second half of the year," says Stephen Stanley of RBS Greenwich Capital Markets. If growth slows and inflation moderates, the Fed can stay on hold, he says. If higher than expected, it might have to raise rates.

But judging from the minutes, a cut in rates soon is unlikely.

"If you had any thought that the Fed was going to cut rates, you pretty much had a change of heart after reading these minutes," says Rich Yamarone of Argus Research.

During the Sept. 20 meeting, Fed officials "focused especially" on housing, noting that the drop in housing activity had not "spilled over significantly" into other areas of the economy. Housing starts are down about 20% from year-ago levels. Fed officials noted considerable uncertainty about the depth of the downturn and the degree to which it could affect consumer spending.

Several officials worried Fed credibility could suffer if inflation did not moderate.

In a Washington speech Wednesday, Richmond Fed President Jeffrey Lacker said he didn't expect a "catastrophic collapse" in housing. Lacker has voted to raise rates in the past two meetings, the sole opponent to holding rates steady, calling inflation too high. "Should inflation persist around the current elevated level, firmer monetary policy would be required," he said.

Fed Minutes Offer Little To Suggest Imminent Rate Cut (WSJ)

By Greg Ip

The Wall Street Journal, October 12, 2006

WASHINGTON -- Federal Reserve officials remain concerned about inflation, but they can't "rule out" a significant economic slowdown, minutes to their meeting last month show.

Despite the acknowledgment of risks to the economy, there was little in the minutes, released yesterday with the customary three-week lag, to suggest Fed officials are prepared to cut rates in the next six months, as markets expected until recently.

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Policy makers expect the economy to expand below its long-term trend rate "in the near term," then strengthen "over time." But "significantly more sluggish performance than anticipated could not be entirely ruled out," the minutes said.

The minutes made clear officials' predominant focus, though, remained inflation. Despite some signs of moderating "core" inflation (which excludes food and energy costs), officials said that high energy prices, an economy nearing capacity constraints and a "possible acceleration in labor costs," meant that they "continued to see a substantial risk that inflation would not decline as anticipated."

At its Sept. 20 meeting, the policy-setting Federal Open Market Committee left its target for the federal-funds rate, charged on overnight loans between banks, at 5.25% for the second-consecutive meeting. The decision to remain on pause was "somewhat less difficult than it was in August, when it was seen as a particularly close call," the minutes said.

The minutes are the latest evidence that the Fed's view of the outlook is evolving to become a bit less tilted to inflation alone. They reinforce a speech last week in which Fed Vice Chairman Donald Kohn said that while he saw downside risks to growth, the upside risks to inflation were of "greater concern."

Tom Gallagher, a Fed analyst at brokerage firm ISI Group, predicts that after the Fed's next meeting, on Oct. 24 and 25, it will release a statement citing risks to both weaker growth and higher inflation, rather than inflation alone as its statement did last month, while saying inflation risks predominate. He said markets would have to decide what that meant for interest rates.

Since Mr. Kohn's speech, and remarks by Fed Chairman Ben Bernanke on the same day, futures markets have tempered their rate-cut expectations. They now expect one quarter-percentage-point cut by the middle of next year and about even odds on another by the end of next year. A few weeks ago, markets saw at least two and possibly three rate cuts by the end of next year.

In an important development, the Fed's influential professional staff further lowered their estimate of the economy's "potential" growth rate, which is the rate at which it can expand without straining available capital and labor and fueling inflation. While the minutes don't disclose the new figure, they say that as a result of the new estimate, the slowing in growth the staff predicts won't significantly reduce the pressure on the economy's productive capacity. The minutes show, however, that some policy makers were more optimistic on potential growth.

No Hurry To Cut Rates At The Fed (NYT)

By Jeremy W. Peters

The New York Times, October 12, 2006

Despite indications that inflation pressures may be starting to ease, the Federal Reserve is not inclined to lower short-term interest rates anytime soon, minutes from its most recent meeting show.

The reason is uncertainty: uncertainty about the housing market, uncertainty about economic growth and most of all, uncertainty about inflation.

The minutes, released Wednesday after the customary three-week lag from the Sept. 20 meeting of the Federal Open Market Committee, which makes Fed policy, showed that most monetary policy makers expected the economy to slow “in the near term” but pick up speed later.

Nonetheless, committee members remained wary of inflation, with the minutes indicating that officials “continued to see a substantial risk that inflation would not decline as anticipated.”

“Most participants thought that the most likely outcome was a reduction in inflation pressures,” the minutes said. “But the anticipated decline was only gradual and the uncertainties around that forecast were skewed toward higher rather than lower inflation rates.”

The word “uncertainty” or some variation of it appears five times in the minutes.

The decision to leave the overnight benchmark lending rate unchanged at 5.25 percent reflected the belief that falling energy prices and more than two years of previous interest rate increases would help hold inflation down.

While the minutes noted that Fed members believed that their decision last month to leave interest rates unchanged for a second consecutive month was “somewhat less difficult” than their decision in August, it was not a unanimous vote. One of the 10 voting members, Jeffrey M. Lacker, favored a quarter-point rate increase instead.

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Yesterday in Washington, Mr. Lacker, president of the Federal Reserve Bank of Richmond, Va., expanded on the reasons for his dissent. In a speech to the District of Columbia Chamber of Commerce, he said he was concerned that Americans might learn to accept higher inflation as the rule rather than an exception.

"If the Fed were to allow inflation to remain above target for too long, inflation expectations could become centered around the higher rate," he said.

For the last two Fed meetings, Mr. Lacker has been the sole dissenter when the committee voted to leave interest rates unchanged.

"We don't have any perfect measures of inflation expectations," he said, "but what we do have suggests that market participants do not foresee a rapid fall in core inflation. That is why I have argued for further policy actions to convincingly restore price stability."

Many investors have been betting that the Fed will keep rates unchanged for now and eventually cut them. Bond yields, which move in the opposite direction from their price, had been falling since early July, indicating that investors thought the Fed's next move would be to cut rates. When interest rates fall, so do bond yields, making them less attractive investments.

But late last month, bond yields began to rise; after a speech last week by Donald L. Kohn, the Fed's vice chairman, the trend was reinforced. Yesterday the yield on the benchmark 10-year Treasury closed at 4.78 percent, up from 4.75 on Tuesday. The stock market also fell after the Fed released its minutes in mid-afternoon.

Trading in futures markets suggests that most investors now see only a slight chance that the Fed will cut rates by March.

"The Fed itself, while firmly on hold in the near term, is more biased toward tightening than easing," said Dean Maki, chief United States economist for Barclays Capital. "In the minutes, there was no discussion of the possibility of rate cuts, while they did reference the possibility of additional firming."

Joshua Shapiro, chief United States economist at MFR, a consulting firm, wrote in a research report, "The overall message of these minutes is that the F.O.M.C. is in no hurry at all to ease monetary policy."

Wall Street Down On Earnings Fears (FT)

By John O'doherty

Financial Times, October 12, 2006

US stocks closed lower on Wednesday as investors grew cautious following a mixed batch of corporate earnings.

Legg Mason, the mutual fund manager, sank 17.2 per cent to $87.15 after it warned that its second-quarter earnings would come in well below analysts' estimates, partly due to a shift away from equity funds and towards less profitable fixed income funds.

The warning caused Merrill Lynch to cut its rating on the stock from "buy" to "sell". Its shares have dropped 27 per cent this year.

"Given few strong equity products at Legg right now, equity net outflows are likely to continue," said Merrill's Guy Moszkowski in a note to investors. "Without equity net inflows, and after three [quarters of] earnings disappointments, Legg is likely to trade at a 10 per cent discount to the peer average."

The news dented shares in brokerages that were also suffering after Bank of America announced that it would give 30 free trades a month to customers with $25,000 in deposits at the bank.

Charles Schwab fell 4.7 per cent to $17.22 while TD Ameritrade lost 11.9 per cent to $16.82 and E*trade shed 8.8 per cent to $22.31. The AMEX Securities Broker Index sank 4.2 per cent, its worst day in four months.

Aluminium producer Alcoa, the first Dow component to report earnings, lost 5.1 per cent to $26.85. Late on Tuesday, it announced an 86 per cent increase in third quarter profit, significantly less than analysts had ex-pected. Alcoa attributed the results to lower aluminium prices and weakness in the home-building and car- manufacturing markets.

At the close, the S&P 500 was down 0.3 per cent, or 3.47 points, at 1,349.95, while the Nasdaq Composite was down 0.3 per cent, or 7.16 points, at 2,308.27. The Dow Jones Industrial Average slid 0.1 per cent, or 15.04 points, to 11,852.13.

Crude oil futures sank to $57.59 a barrel – their lowest level so far this year – denting energy stocks. Schlumberger dropped 3 per cent to $57.46, while Weatherford International tumbled 3 per cent to $40.52.

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Drugstore CVS rose 4.9 per cent to $31.16 after it reported better-than-expected profit in its preliminary third quarter earnings statement, thanks to a strong back-to-school season.

Fertiliser and agricultural biotechnology group Monsanto slid 5.3 per cent to $43.95 after it announced its third quarter losses were greater than analysts had expected.

Phelps Dodge rose 3.5 per cent to $90.84 after investment group Atticus Capital said it had met with potential buyers of the copper producer to gauge their interest.

Advanced Micro Devices climbed 4.9 per cent to $24.27 after ThinkEquity raised its rating on the stock from "sell" to "buy", saying fourth quarter demand for semiconductors in Asia and Europe should be strong.

Stocks Retreat Despite Drop In Oil Futures (WSJ)

By Peter A. Mckay

The Wall Street Journal, October 12, 2006

Disappointing earnings by the aluminum giant Alcoa pushed the stock market lower -- despite a drop in oil prices to their lowest point this year.

After having hit another record high Tuesday, the Dow Jones Industrial Average yesterday fell 15.04 points, or 0.1%, to 11852.13, up 10.6% on the year.

The worst-performing stock among the Dow's 30 components was Alcoa, which fell more than 5% on the heels of posting earnings well below Wall Street expectations. The Standard & Poor's 500-stock index shed 0.3%, or 3.47 points, to 1349.95, up 8.1% on the year. The tech-stock-heavy Nasdaq Composite Index fell 0.3%, or 7.16 points, to 2308.27, up 4.7% on the year.

The Dow briefly dropped nearly 75 points late in the day after the crash of a small aircraft into a New York City building, but bounced back following indications the crash wasn't terrorism-related.

The Organization of Petroleum Exporting Countries confirmed it will cut production at the end of the month by one million barrels a day, which is less than 4% of the cartel's current output.

For several days before the announcement, such a move had already been debated on Wall Street. Many analysts remain skeptical of the cartel's resolve to stick to a cutback plan. Crude futures tumbled 93 cents, or 1.6%, to $57.59 a barrel, off 5.7% on the year at the New York Mercantile Exchange and 25% below the Nymex record hit in July.

In economic news, the Federal Reserve released the minutes of its Sept. 20 meeting, reflecting lingering but moderate inflation fears among most Fed officials. The lone dissenter at the meeting, at which the central bank left its key interest-rate target unchanged at 5.25%, was Richmond Fed President Jeffrey Lacker. In a speech yesterday, he reiterated that he thinks the Fed should raise its key rate target.

Some Wall Street pros harbor similar concerns. "You're getting close to the point where we're running at relatively full capacity," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

In major U.S. market action:

Stocks and bonds fell. The 10-year note slipped 7/32 point, or $2.1875 for each $1,000 invested, pushing the yield up to 4.782%. The 30-year bond fell 10/32 to yield 4.907%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 119.72 yen, compared with 119.73. The euro fell against the dollar to $1.2524, compared with $1.2537.

OPEC Vows Output Cut, But Market Is Skeptical (WSJ)

By Steve Levine

The Wall Street Journal, October 12, 2006

Oil markets brushed off OPEC's declaration of its intent to cut petroleum production by one million barrels a day and drove crude prices to a low for the year, as the cartel continued horse-trading behind the scenes over critical details of the deal.

OPEC President Edmund Daukoru, who is also Nigeria's oil minister, yesterday said the Organization of Petroleum Exporting Countries would cut production by one million barrels a day. He said all that remained was to apportion the reductions. "The cut itself is agreed," Mr. Daukoru said.

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The oil market, however, appears skeptical of OPEC's resolve. Yesterday, crude-oil futures on the New York Mercantile Exchange fell 93 cents, or 1.6%, to $57.59, their lowest level since Dec. 19. Crude prices have plunged from a nominal settlement high of $77.03 on July 14. They remain well below an inflation-adjusted high of $99.56, reached in April 1980.

Deciding on how to divvy up the output cuts is a pivotal detail. Mr. Daukoru's statement differed little from remarks he made last week, and many analysts think the only consensus in the organization is for a need to stop the plunge in prices -- not on how to do so.

Larry Goldstein, president of the New York-based Petroleum Industry Research Foundation, said Mr. Daukoru appeared to be assuming the role of a "cheerleader to try to stop the precipitous selloff, to try to talk the market back up."

The 10 OPEC nations in the cartel's quota system pump an estimated 27.5 million barrels a day of crude, about a third of the world's daily demand.

At their meeting last month in Vienna, OPEC members discussed a formal production cut. But in the end, they went the other way, abandoning their formal quota system, in which each country was held, at least technically, to a specific volume. Instead, the organization decided to allow members to change output based on market conditions.

If the organization does cut production now, its members appeared poised to do so from their current production, rather than from the now-notional quotas, said Roger Diwan, an analyst with Washington-based PFC Energy. Thus far, OPEC members have publicly differed on this point. Analysts regarded that divergence as a significant point because some OPEC members, such as Algeria, are producing more than their quotas and probably would oppose having to cut from their former quota levels and lose far more in oil proceeds.

The group is scheduled to meet next in December in the Nigerian city of Abuja. Industry analysts had expected OPEC members to finally agree at that meeting on how to cut production in the face of a potential glut of global crude oil. The unexpected plunge in prices forced the issue to be hashed out early.

That the discussion has dragged on, and in a public way, has made oil markets jittery. Saudi Arabia, by far the largest OPEC crude producer, at about 9.1 million barrels a day, has stayed silent. The Saudis have privately taken measures to reduce output by adjusting the price of their oil rather than changing production, thus attempting to reduce demand for their crude.

First Lady Launches Four-state Campaign Swing (AP)

By Dan Sewell

The Associated Press, October 12, 2006

CINCINNATI - Laura Bush, a popular campaign-booster for Republicans across the country, began a four-state swing Wednesday with a fundraiser for an Ohio congressman in a heated re-election battle.

After helping raise some $170,000 at a luncheon for six-term Rep. Steve Chabot, Mrs. Bush headed to Knoxville, Tenn., to raise money for Republican Senate candidate Bob Corker. She planned to be in Indiana and Missouri on Thursday for GOP candidates.

Party officials say she has raised nearly $14 million for Republican candidates for the Nov. 7 election. And Mrs. Bush's visits usually don't carry the baggage of the president's sagging approval ratings.

"Everybody respects and admires her," said H.C. "Buck" Niehoff, a longtime Cincinnati area Republican activist. "And she's an attractive fundraiser, as you can see from the turnout today."

Chabot has tried to emphasize his independence and his representation of his constituents in Washington, while Democratic challenger John Cranley, a Cincinnati city councilman, has tied Chabot to Bush. In one Cranley commercial, the voice of a Bush impersonator is heard supposedly telephoning Chabot, whom he calls "Chabby" and concludes: "Steve, I know I can always count on you."

"She may well be one of the most popular first ladies in American history," Chabot said while introducing Mrs. Bush at Cincinnati's historic Union Terminal and museum center.

Chabot said afterward he'd welcome the president's campaign help, too. He noted Vice President Dick Cheney came to Cincinnati to raise funds for him in August.

"We're not distancing ourselves from the administration at all," Chabot said in an interview. "That's certainly not the case."

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He said he agrees with Bush more often than not, but has disagreed with the president on such issues as immigration.

Mrs. Bush praised Chabot as "a wonderful leader for Ohio" to some 150 people in an event that was rescheduled from August because it conflicted with the funeral of Marine Cpl. Timothy Roos of the Cincinnati area, killed in Iraq.

Among Wednesday's audience were parents of three other Ohio Marines - Sgt. David Kreuter, Lance Cpl. Michael J. Cifuentes and Lance Cpl. Christopher Dyer - killed in Iraq and of Army Sgt. Benjamin Moore, killed in an accident while training in Texas for Iraq duty.

The crowd rose in a standing ovation when Mrs. Bush thanked them.

After the luncheon, Mrs. Bush toured the children's museum at the center, posing for photos with giggling children and their parents, and then quietly viewed a special exhibit of children's drawings, letters, quilt squares and other artwork about the Sept. 11, 2001, terrorist attacks.

Also on Mrs. Bush's schedule were a Helping America's Youth event in Knoxville and a tree-planting ceremony and a breast cancer awareness event in St. Louis on Thursday.

NRA Backs Both Sides Of Aisle (WSJ)

By Gary Fields

The Wall Street Journal, October 12, 2006

WASHINGTON -- The National Rifle Association has a simple agenda in Washington: protecting gun ownership. But it faces a complex challenge this campaign season: supporting Republican control of Congress while staying loyal to Democratic candidates who supported the gun lobby.

"We will endorse regardless of party," says Chris Cox, executive director of the NRA's Institute for Legislative Action. "However, gun owners are very concerned and do not want as speaker Nancy Pelosi, who has been consistently vocal against their rights. They understand the significance of these elections."

That means the NRA, which sits on a campaign war chest of $20 million, is expecting to endorse as many as 60 Democrats in House and Senate elections, about the same number it endorsed in every national election since 2002 and three times the 20 or so Democrats it supported in races during the early 1990s. At the same time, the NRA wants to make sure Republicans keep control of Congress.

The NRA's balancing act stands out in a year when other Republican-leaning industry and trade groups are working to keep Congress in Republican hands while not turning their backs on Democrats who have been helpful and who might control one or both chambers in January.

In the past five years, the NRA and its allies have notched a host of political gains on Capitol Hill. At the urging of the NRA, Congress in 2004 allowed the ban on assault weapons to lapse when no legislation was produced to extend it, although President Bush had said he would have signed such a measure. In another reversal of the gun-control lobby's heyday, the amount of time the Federal Bureau of Investigation can hold records of gun sales has been reduced to 24 hours from three days. Even protests from the FBI that it should be allowed to hold the records 72 hours to ensure that gun dealers and buyers hadn't found a way to circumvent the system were rejected.

And in a landmark win for the industry, the House and Senate easily passed a law limiting the ability of municipalities and cities to hold the firearms industry liable for some acts of violence. The lobby's power also has moved into appropriations language. Riders have been attached to appropriations for the Bureau of Alcohol, Tobacco, Firearms and Explosives budget since 2003 preventing the agency from releasing firearms-tracing data collected by various law-enforcement agencies. Before heading home recently for midterm elections, the House voted 277-131 to pass a bill that would limit the ATF's ability to sanction gun dealers who are shoddy with their records keeping even though only about 100 of the more than 104,000 federally licensed dealers have their licenses revoked annually.

Behind the gun lobby's winning streak is support not only from Republicans but also from some Democrats, especially those in swing states, who remember that the backlash over the 1994 assault-weapons ban played a role in defeating several Democratic members of Congress that year. Gun control doesn't figure prominently in the Democratic platform, and beyond debates over extending the assault-weapons ban, there has been no traction for gun-control proposals.

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The NRA has returned the favor. In this year's election, the group is backing Nebraska Sen. Ben Nelson, Oklahoma Rep. Dan Boren, Tennessee Rep. John Tanner and West Virginia Rep. Alan Mollohan, among others. In gubernatorial races, the NRA has endorsed Democrats in Oklahoma, Tennessee and Wyoming, and Bill Richardson, the former Clinton energy secretary and cabinet member, in New Mexico.

"The NRA is not an affiliate of the Republican party," said Grover Norquist, a conservative activist who also is an NRA board member. "They endorse incumbent Democrats who have voted with them on their issue. They understand that the first time they oppose a Democrat who has been supportive of the gun issue, they lose that D vote."

The NRA is still rallying its more than 20 million members and associates with the prospect of liberal Democrats, such as California Rep. Pelosi and Michigan Rep. John Conyers, controlling Congress, with Ms. Pelosi in line to be speaker and Mr. Conyers a possible chairman of the House Judiciary Committee.

"While a lot of other people look at Pelosi and Chairman Conyers as sound bites, for us it's a real-life nightmare," said Wayne LaPierre, NRA executive vice president and chief executive.

Stacey Paxton, spokeswoman for the Democratic National Committee, says firearms aren't on the list of priorities Democrats would address if they gain control of committees on Capitol Hill. "This isn't anything that's on the radar screen right now," she said. Using the gun issue to frighten voters is "more of a desperate attempt to try to distract people from the real issues facing Congress right now and the choice people have before them in November."

Mr. Conyers earned the opposition of the NRA when -- more than 30 years ago -- he proposed banning handgun ownership by private citizens, in part because of gun violence in his district. In the intervening three decades, Mr. Conyers has participated in the debate on gun control, backing the measures passed in the 1990s and co-sponsoring the failed 2004 proposal to reauthorize the assault-weapons ban to include a wider range of guns. In recent years, though, he has focused more on questioning the Bush administration's war on terrorism, including challenging the intelligence used to invade Iraq, the secret wiretapping program and the administration's stance on torture.

In a statement, Mr. Conyers said, "If I become chairman of the Judiciary Committee, I certainly will not support or forward to the House any legislation to ban handguns. Any suggestion to the contrary represents last-minute desperation on the part of rubber-stamp, 'stay the course' Republicans frantically trying to find a way to motivate their base."

For now, the NRA plans to run radio and television advertisements similar to spots it ran in 2005 in Virginia, where it supported Republican gubernatorial candidate Jerry Kilgore in his failed race. However, those methods are just part of a campaign that will include direct mailing to NRA members and associates, as well as ads on Web sites.

House GOP Revamps TV Ad Campaign Plans (NOVR)

By David Espo

Newsobserver.com, October 12, 2006

WASHINGTON (AP) - House Republicans are scaling back television advertising reserved for four Democratic-held seats in Ohio, South Carolina and West Virginia, officials said Wednesday, fresh evidence of the party's struggles as it tries to retain its majority.

At the same time, GOP strategists signaled they intend to spend nearly $1 million in an attempt to hold the seat recently vacated by Rep. Mark Foley. The Florida Republican quit Congress last month after being confronted with sexually explicit computer messages he sent to teenage male pages.

Democrats, who must gain 15 seats to win House control, said the moves were evidence that time was running out on the GOP majority. "The fact is, defending a failed economy for the middle class and the disaster in Iraq was always going to be too expensive a proposition for Republicans," said Bill Burton, a Democratic spokesman.

Carl Forti, a spokesman for House Republicans, countered, "We'll find out who's winning on election day."

Democrats, too, were rearranging their plans as the campaign headed into its final stages.

While some of their changes reflected confidence, that did not appear to be the case in Arizona, where the party has pared back plans to advertise against Republican Rep. J.D. Hayworth.

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The maneuvering unfolded as Republicans struggled to regain their balance after more than a week of Foley-related controversy and persistent questions about when GOP congressional leaders learned of the issue and how quickly they acted.

The House ethics committee and the FBI are both investigating, Foley is in an alcoholic recovery program after resigning from Congress, Speaker Dennis Hastert has come under fire for his handling of the matter - and public surveys indicate Republicans are paying a price in the polls.

Compounding the sense of confusion, a prominent conservative activist said Hastert's tenure as speaker would likely soon be over - one way or another.

"In all probability Speaker Hastert will be replaced next year, whether it's because the Democrats take over or it's because Republicans retain control and they decide he's been Speaker long enough," said Paul Weyrich.

In an interview, Weyrich said he was basing his prediction on recent conversations with GOP lawmakers, from "so many Republicans who are now defending the Speaker who are saying if some miracle we should hold onto the majority, 'I think we need another Speaker.'"

Last week, Weyrich stirred controversy when he called for Hastert to resign, then changed his mind. In making his most recent comments, he said he doesn't agree with those calling for Hastert to be replaced.

With Republicans scuffling, President Bush campaigned from the Rose Garden. He predicted his party would retain control of Congress and said the election would turn on the economy and the war on terror - not on the scandal spawned by Foley.

At a nationally televised news conference, he said six times in the space of a few moments that Democrats who support a timetable for a troop withdrawal from Iraq advocate a strategy of "cut and run."

Turning to another familiar campaign theme, he said the Democrats would raise taxes more than they will admit. "Now, I know they say only on the rich people, but that's ... just code word. They're going to raise them on whoever they can raise them on," he added.

Bush also took a jab at former President Clinton for his handling of North Korea, the Communist regime that claimed earlier this week it had conducted a nuclear test.

"I appreciate the efforts of previous administrations. It just didn't work," he said, after mentioning that under Clinton, the United States had engaged in one-on-one talks with North Korea.

Democrats quickly hit back on both counts.

"North Korea's apparent nuclear test is clear evidence of the failure of the Bush administration when it comes to nuclear proliferation," said Sen. Dick Durbin of Illinois, the No. 2 Senate Democrat. He accused the president's team of giving up on the "successful diplomacy" begun by Clinton.

As for taxes, House Democratic Leader Nancy Pelosi of California responded with a statement. "President Bush and his rubber stamp Republican Congress can't seem to grasp that Democrats have long fought for middle-income tax cuts. This is in stark contrast to the Republican tax breaks for the super rich that have led to a budget that is grossly out of balance and a national debt that is morally indefensible."

In an interview last week, she said Bush-era tax cuts would have to be rolled back for those above "a certain level." She mentioned annual incomes of $250,000 or $300,000 a year and higher, and said tax rates for those individuals might revert to those of the Clinton era. Details will have to be worked out, she emphasized.

Both political parties have Washington-based committees that spend millions helping their candidates in both House and Senate races, often by paying for hard-hitting television ads or campaign mail, and usually in the final weeks of a campaign.

The GOP moves reflect pessimism about the party's ability to defeat Democratic Reps. John Spratt in South Carolina or Alan Mollohan of West Virginia, or capture either of two seats held by Democrats running for statewide office in Ohio.

Betty Sutton is running to succeed Rep. Sherrod Brown in one of the two; and Charlie Wilson is the Democratic candidate in the district currently represented by Rep. Ted Strickland. Brown is running for the Senate, and Strickland is the Democrats' gubernatorial candidate.

In Florida, Republicans reserved nearly $1 million in television advertising time through Election Day to aid their replacement candidate, state Rep. Joe Negron. The Democrat in the race is Tim Mahoney. Under state law, Foley's name will remain on the ballot, and any votes cast for him will be credited to Negron.

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Because their money is limited, the committees customarily concentrate on the races they deem the most competitive, and a change in plans can be significant.

Despite the moves, Republicans are continuing to contest three Democratic-held seats in Iowa and Georgia, as well as the Vermont seat that independent Rep. Bernie Sanders is giving up to run for the Senate.

Democrats have scaled back advertising plans in Indiana, Illinois and Texas recently, but officials said that reflected confidence they would pick off two Republican-held seats, rather than a decision to accept defeat.

In Indiana, Republican Rep. John Hostettler trails his Democratic challenger in the polls, and in the other, former Rep. Nick Lampson is running against a write-in challenger to replace former Rep. Tom DeLay.

The Fight For Congress: I've Seen This Movie Before (RC)

By Stuart Rothenberg

Roll Call, October 12, 2006

Three weeks ago, some people were talking about a Republican surge that never really existed. Now, others mistakenly are talking as if the page scandal surrounding ex-Rep. Mark Foley (R-Fla.) hasfundamentally changed the election cycle. It hasn't. What we are seeing, increasingly, is 1994, with the parties reversed.

The midterm elections overwhelmingly remain a referendum on President Bush and the Republican Congress. The Foley scandal makes it more difficult for GOP candidates across the country to cut through the media coverage of the controversy and to localize their races and discredit their Democratic opponents. But the Republicans were in a hole even before the most recent flap.

Clearly, the scandal has allowed Democrats to return to the party's "culture of corruption" argument that it largely dropped during the summer. That feeds into the Democrats' larger "change" argument, an argument that apparently resonates with voters who disapprove of the job the president and Congress are doing, and who think that the country is headed in the wrong direction.

Democrats now deserve to be solid favorites to win control of the House of Representatives. They already have six to nine GOP seats in the bag, with another two dozen serious opportunities.

The fallout from the Foley scandal does increase the possible size of an already substantial Democratic wave. That means that low second- and third-tier Democratic challengers must now be taken more seriously, and it increases the chances that entrenched Republicans in marginal districts — even those without particularly credible Democratic opponents — could find themselves in jeopardy on Nov. 7.

The problem for Republican Members of Congress is that the election cycle isn't about them as individuals, or their opponents. It's a referendum on the president and the direction of the country. True, the GOP still has more than three weeks to "localize" individual House and Senate races, but the burden remains on Republican candidates to change the focus of the midterms.

The major impact of the Foley scandal potentially is to further depress Republican turnout. If turnout is down, it also will increase Democrats' chances of winning the Senate. Republican prospects in both Virginia and Tennessee have eroded, and while Democrats Jim Webb (Va.) and Rep. Harold Ford Jr. (Tenn.) still have plenty of work to do to win their Senate contests, both races clearly have become competitive.

Personally, I'm skeptical about all of the talk about evangelical voters deserting the GOP in droves, and I thought David Kirkpatrick hit the nail on the head in Monday's New York Times.

For most evangelicals, politics is about where the two parties stand on cultural issues, not whether House Minority Leader Nancy Pelosi (D-Calif.) goes to church, whether Foley has a serious personal problem or whether the Republican Congressional leadership mishandled the page scandal issue. Still, overall turnout is a big GOP problem because of the president's and Congress' standing, and that includes evangelical Republicans.

No matter what the final results, Republicans will suffer serious losses next month. Losing just a dozen House seats would be a resounding victory for the GOP, since losses in excess of 20 seats are possible. In the Senate, most Republicans would be content if the party loses only four or five seats, thereby keeping control.

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If Republicans lose even one chamber of Congress, I expect allies of the president to cite Congressional GOP scandals and paint the results as a rejection of Capitol Hill Republicans, not of President Bush. If that's ultimately the White House line, I hope nobody swallows it.

Clearly, the elections so far have been, and continue to be, about Bush and the administration's performance, not about the GOP Congressional leadership. And if Republicans get spanked by voters, it won't be the fault of the National Republican Congressional Committee, which is once again doing everything it can, given the cards that it holds.

But with Bush still having two years left to govern, the White House is going to have to try to pass the buck, and the blame, to Foley, Speaker Dennis Hastert (R-Ill.) and anyone else it can think of. And that won't be the extent of the GOP infighting. You can bet that conservatives will complain that moderate voters proved unreliable, just as you can expect moderates to complain that conservatives were intolerant and too ideological.

The 2006 elections increasingly resemble those of 1994, when Republicans ran as the party of change against then-President Bill Clinton. This cycle, Democrats are running to check Bush much as Republicans ran against Clinton a dozen years ago. Unpopular presidents tend to produce difficult, often disastrous, midterms for the party in power. That's what is happening to the GOP this year, pure and simple.

Will Voters Pull The Trigger? (WP)

By David S. Broder

The Washington Post, October 12, 2006

The old theater adage demands that if you show a pistol in Act 1, you'd better fire the gun in Act 3. That same wisdom applies to politics.

The voters have been pointing a symbolic gun at the Republican regime in Washington for many months now. All that remains is for them to pull the trigger on Election Day.

When you examine the latest round of preelection polls, what is striking is the stability of public attitudes over the preceding months. In this week's Post-ABC News poll, for example, President Bush has a job approval score of 39 percent, with 60 percent disapproving. Eleven months earlier, in November 2005, the scores were identical.

In between, Bush got up as high as 47 percent and fell as low as 33 percent. But at no time did more Americans approve of his job performance than disapprove.

The public has shown similar consistency with party support for Congress. In the latest poll, Democrats lead Republicans, 54 percent to 41 percent, among registered voters. In November 2005 the Democrats led 52 percent to 37 percent. The margins are almost identical.

To take one more example, look at the broad question of the overall direction of the nation -- right path or wrong track. In this latest poll, by a margin of 66 percent to 32 percent, people said "wrong track." Last November the comparable numbers were 68 and 30 percent.

What all this suggests is a settled judgment on the part of the majority of Americans that the current leadership of the nation is not doing the job that people expect. This is the government the people chose in 2004, but now they are showing clear signs of buyer's remorse.

The disillusionment is not the product of the Foley scandal, which is shifting few votes, as far as I can judge. And it also reflects more than the continuing bad news from Iraq, though that has had a large effect on public opinion.

What is driving public opinion is an overall impression that those in office -- meaning mainly Republicans -- have let things slide out of control and need to be relieved.

What voters may not know is that the same judgment has been reached by a significant number of people who are part of -- or close to -- the Republican majority. If I have heard it once, I have heard it a dozen times: Major Republican figures, including top officials of several past GOP administrations and Congresses, say, "We deserve to lose this election."

The failure is most evident at the Capitol end of Pennsylvania Avenue. The one measure of opinion that has shifted significantly in the past year is the public judgment of Congress. In the latest poll, it is negative by a 66 to 32 percent margin. Last November the gap was much smaller, with 59 percent disapproving and 37 percent approving.

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The failure of this Congress to act meaningfully on immigration, energy, health care or other vital needs has left the public frustrated -- and members of Congress feeling embattled.

But there is also a palpable sense of weariness in the executive branch and a need for relief there as well.

Fortunately, the voters have the power -- if they pull the trigger on Election Day -- to create a new plot for the Washington drama. This election campaign has been a learning experience for candidates of both parties, incumbents and challengers alike. They have been bombarded with messages from their constituents, telling them that the public is tired of the partisan bickering, tired of the gridlock and eager to elect people who will focus on the real problems and work together to find solutions.

If that lesson is reinforced by the election results, Washington will change. Congress will be run by people who talk with each other, across party lines. And even the White House may learn that it needs to end its isolation and engage more broadly at home and abroad if it is to salvage some substantial accomplishments from Bush's final two years in office.

That kind of fundamental change in the political environment is possible -- indeed, it is imminent and will be welcomed. But it will happen only if voters pull the trigger. Elections do matter, and this one matters more than most.

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R.W. "Johnny" Apple, the New York Times political reporter who died last week, set the standard for our business for all of his working life. He covered the beat -- and wined and dined -- better than anyone else, and the joyfulness of his life was infectious.

Around Pentagon, Referendum On War (WP)

By Tim Craig

The Washington Post, October 12, 2006

Virginia's U.S. Senate race could become the nation's marquee referendum on President Bush's Iraq policy as George Allen and James Webb offer voters stark differences about a war that polls show is increasingly unpopular.

Though the candidates have been sidetracked for weeks by questions about character, the war is a major issue in a state that is home to the Pentagon, the world's largest naval station, at Norfolk, and tens of thousands of veterans. The Democratic candidate in the Virginia Senate race is one of the few running this fall who is a decorated Vietnam War hero whose son is serving in Iraq with the Marine Corps.

The war is dominating Senate races across the country, but Bush easily won Virginia in 2004 and Democrats are hoping to prove that public attitudes about the war are changing.

"Webb and Allen are essentially reflecting what seems to be the two national party positions on the war," said Mark Rush, a political science professor at Washington and Lee University. "You essentially have Allen saying 'Stay the course.' . . . The Democrat is saying, 'We can do it better and differently,' but doesn't really say how."

Republican Sen. Allen, who in 2002 voted to authorize the use of force against Iraq, has been a steadfast supporter of Bush's decision to invade, remove Saddam Hussein and turn the country over to an elected government. Allen, who won't rule out sending more troops to Iraq, said the United States cannot afford to withdraw without a decisive victory that guarantees that the country will not become a haven for terrorists.

Webb, a former Marine, opposed the conflict before it began. He calls the war a "strategic blunder of historic proportions" and wants to reposition troops to other Arab nations, out of harm's way. "We didn't go into Iraq because of terrorism. We have terrorism in Iraq because we went in there," Webb says.

But beyond the contenders' backgrounds and TV sound bites, foreign policy and political analysts say neither candidate has provided comprehensive plans for either a victory or a quick withdrawal. Absent those, voters could be left to make decisions based on each candidate's position before the war started in 2003 and which of the two offers the best hope for getting the troops out as quickly as possible, foreign policy analysts say.

"It is really a referendum on decisions made years ago rather than presenting the voters with two different, viable set of options," said Nathan J. Brown, a senior associate at the Carnegie Endowment for International Peace.

Webb wants the United States to involve Iraq's neighbors, including Iran and Syria, in discussions about how to bring stability to the region. Allen chides the idea, saying the United States should not talk to sponsors of terrorism.

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On the campaign trail, Allen, who says he keeps a slain Virginia soldier's dog tags on his mirror at home, is fond of saying "there is no substitute for victory" and troops need to come home in "victory, not defeat." Webb says the troops have a victory because they deposed Hussein and concluded the hunt for weapons of mass destruction.

Webb, who says that the U.S. presence is inciting attacks on American troops, has also called for a clear statement from Bush that the country has no plans to occupy Iraq. Webb has accused Allen of supporting plans to build four permanent military bases in Iraq.

Allen counters that the bases are needed to protect troops, but he discounts Webb's assertion that the bases are there to stay. Allen notes that he recently voted for a congressional resolution stating that the bases are not permanent.

The candidates' positions on Iraq have been evolving.

Allen has embraced Bush's sound bite that the United States cannot "cut and run" in Iraq. He says troops can start withdrawing when Iraqi forces are capable of protecting the country.

In the past week, Allen has been trying to link himself to Sen. John W. Warner (R-Va.). Warner, the chairman of the Senate Armed Services Committee, returned last week from a trip to Iraq and said the United States may have to change course if the level of violence does not decrease within the next several months. Iraq is "drifting sideways," he said.

Webb seized on Warner's assessment, saying Warner proves that Allen is out of touch on the war. Allen tried to deflect Webb's attack by appearing with Warner on a conference call with reporters during which the two senators tried to play down any differences between them.

"I'm working in the Senate with Senator Warner on this issue," Allen said of the war. "I have said on many occasions I am concerned about it. I have seen how tough it is for families. . . . But these terrorist threats we face are real."

Allen then accused Webb of playing a "political game" by trying to make an issue of the war, which polls show is a top concern of voters. In an interview later, Warner declined to criticize Webb, a former Republican who served on his staff when Warner was secretary of the Navy in the early 1970s. In the 1980s, Webb was secretary of the Navy.

Webb was drafted into the race by antiwar bloggers who thought his military rÃ©sumÃ© and background as an author gave their movement credibility in relatively conservative Virginia.

Webb has shied away from embracing calls for a timetable for troop withdrawal and he opposes Congress cutting off funding for the war.

Webb instead says he thinks the United States can be out of Iraq within two years "with the right kind of leadership."

"The people who failed to prevent this disaster are not the ones you can count on to fix it," Webb says in a television commercial he is airing that tries to link Allen to Bush on the war issue.

Lawrence B. Wilkerson, a Republican who worked as chief of staff to then-Secretary of State Colin L. Powell between 2002 and 2004, said Webb's approach is one of "diplomacy because bombs, bullets and bayonets aren't going to work anymore."

"A lot of this insurgency is anti-occupation," said Wilkerson, who has endorsed Webb and has criticized Bush.

James Jay Carafano and James A. Phillips, two analysts at the conservative-leaning Heritage Foundation, published an article last week predicting chaos in Iraq if U.S. troops leave without finishing the war.

They say the ensuing civil strife would strengthen Iran and Al-Qaeda, escalate energy prices and cause a catastrophe for the Iraqi people.

"There is an assumption if we pull out, we won't have to go back in," Phillips said in an interview. "But I will argue we will have to go back in again and again not only to fight al-Qaeda, but if full-scale civil war breaks out, there will be calls for humanitarian intervention."

Richard K. Betts, director of the Saltzman Institute of War and Peace Studies at Columbia University, said there is no good option for those wanting a quick end to the war, which has claimed the lives of more than 2,700 service personnel and wounded 20,000.

"The people who got us into this and the people who were against this from the beginning are stuck with a situation they can't find a way out of where it doesn't look as if it's going to pose severe damage to our interests as well as Iraq's," Betts said.

Betts says this year's Virginia Senate race bears a resemblance to past presidential races.

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In 1968, Republican Richard M. Nixon successfully ran for president railing against two successive Democratic administrations that he blamed for entangling the United States in the Vietnam War. Nixon pledged to end the war but did not spell out how he planned to succeed. The last U.S. troops left Vietnam in 1975. In the 2004 presidential race, Sen. John F. Kerry (D-Mass.), a Vietnam veteran, argued that voters should trust him instead of Bush to resolve the war in Iraq but declined to set a timetable for withdrawal.

Unlike Kerry, who voted to authorize the use of force against Iraq, Webb spoke out against the war six months before it started. Webb wrote an editorial in The Washington Post in which he warned that U.S. troops in Iraq "would quickly become 50,000 terrorist targets."

"If voters send Webb to the Senate, especially if the Democrats have a majority in the Senate, they may be forming a national spokesperson for the party on Iraq," said Brown of the Carnegie Endowment.

Phillips said that would only undermine the effort to finish the job in Iraq.

"It would be total paralysis if you had 100 secretaries of state," he said, referring to the number of U.S. senators.

Talent, McCaskill Put Contrasts On Display During Debate (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, October 12, 2006

U.S. Sen. Jim Talent, R-Mo., and his Democratic rival, state Auditor Claire McCaskill, sparred over familiar differences and took on some new ones Wednesday during their third debate.

The familiar ones: Iraq, renewable fuels and stem cell research.

Among the new ones: how best to serve the black community and how to confront North Korea's efforts to become a nuclear power.

Wednesday's hourlong session at Clayton High School was the first of three prime-time televised debates between the two candidates to be held in the state within a week.

McCaskill repeatedly portrayed Talent and the Republicans who control Washington as out of touch with average Americans and allowing "steadfastness to turn into stubbornness."

Talent, in turn, asserted that McCaskill was too negative. "Opposing something because your opponent is for it isn't changing Washington - that is Washington," he said.

Talent painted McCaskill as "taking positions of weakness" when it comes to confronting and combating terrorists. He reaffirmed his support for the Bush administration's electronic surveillance of communications between Americans and suspected terrorists overseas.

McCaskill contended that Talent had been too weak as a member of the Armed Services Committee in challenging administration policies. "Strength is asking the tough questions," she said.

The candidates also zeroed in on their chief campaign themes:

Talent emphasized his record, during his four years in the Senate, of pushing for alternative fuels, battling methamphetamine production and supporting the new prescription drug program. He also reiterated that he believed the United States must keep its military forces in Iraq "until the mission is complete."

McCaskill promoted her record as state auditor and her call for change in Washington and overseas. She emphasized her opposition to the Bush administration's tax breaks, saying they were weighted too much to the wealthy, and her objection to the federal energy bill, which she said is "too much of a handout to big oil."

On Iraq, Talent repeated his view that "completing the mission in Iraq will be a tremendous benefit to us," and make it less likely that the United States will see terrorist attacks at home.

McCaskill re-emphasized her view that "we must change course" and move troops over the next two years into other parts of the Middle East. "We must re-engage," she said.

Both also offered different takes on North Korea claim to have exploded a nuclear bomb on Monday. McCaskill called for bilateral talks and blamed President George W. Bush's administration for isolating the United States from potential allies.

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Talent asserted that former President Bill Clinton's administration had been too soft on North Korean leader Kim Jong Il, who, Talent said, "took us in."

When asked who was best equipped to represent minority concerns, Talent and McCaskill - both white suburbanites - emphasized their key philosophies. Talent said he would be better at advancing policies to empower minorities with more opportunities, while McCaskill said she would protect certain government programs - such as college grants and loans - that would offer minorities the tools to get ahead.

On stem cell research, Talent reaffirmed his opposition to Amendment 2, the ballot proposal to protect in Missouri all forms of stem cell research allowed under federal law. He quipped that he doesn't want to "see myself coming in the other direction."

McCaskill accused Talent of mischaracterizing the amendment, which she noted had provisions to ban human cloning and to prevent the sale of human eggs for research. She emphasized her support for the amendment. "My faith dictates we should heal the sick," she said.

On eminent domain, both promised to protect the rights of property owners.

Wednesday's debate was before an audience of several hundred people, including about 100 students from Clayton High School. Relatives and supporters of Talent and McCaskill sat in the front rows. It was televised live on KSDK (Channel 5), a co-sponsor of the debate, along with the Clayton Chamber of Commerce, the St. Louis Business Journal and the law firm of Husch & Eppenberger. It was broadcast live on radio station KWMU (90.7 FM).

The debate excluded the two third-party candidates, Libertarian Frank Gilmour and Progressive Party candidate Lydia Lewis. Neither is included in the next televised debates, which will be aired live next Monday from Springfield, Mo., and on Wednesday from Kansas City.

McCaskill Casts Self As Truman; Talent Claims She's Weak (KCS)

By David A. Lieb

The Kansas City Star, October 12, 2006

CLAYTON, Mo. - Democratic Senate candidate Claire McCaskill cast herself as the next Harry Truman on Wednesday night as she sought to wrest Truman's old Missouri Senate seat away from Republican Sen. Jim Talent. But Talent claimed McCaskill was weak, not Truman-tough.

McCaskill focused on the war in Iraq and against terrorists, criticizing Talent for his unquestioning support of what she described as President Bush's stubborn foreign policy.

Talent countered that McCaskill "supports consistent positions of weakness in the war on terror." Every chance he could, Talent turned the debate toward domestic issues, noting his successful support for such things as alternative fuels and a Medicare prescription drug benefit for seniors.

Although Republican- and Democratic-funded TV ads have been blaring with negativity in Missouri for weeks, the debate before about 500 people at Clayton Senior High School remained civil - calm tones, smiles and no finger-pointing. Even the rival Talent and McCaskill demonstrators outside the auditorium posed no problems, police said.

McCaskill used her opening statement to compare herself to one of Missouri's most beloved and enduring political figures. She noted that Truman, as a member of the Senate Armed Services Committee, asked tough questions about war profiteering, waste and abuse during World War II - even though a fellow Democrat controlled the White House.

Yet she said Talent remained silent - not asking a single question - on four separate occasions over several years when Secretary of Defense Donald Rumsfeld appeared before the Armed Services Committee, of which Talent is a member. Other senators, both Republican and Democrat, quizzed Rumsfeld intensely, she noted.

"Strength is the ability to ask questions and get to the bottom of the problems we have in Washington," McCaskill said. "I will be that kind of senator."

Her assertion was a pre-emptive rebuttal of Talent, who has repeatedly characterized McCaskill's foreign policy positions as weak. Among other things, McCaskill has called for U.S. troops to be redeployed from Iraq over the next two years or so.

Talking with reporters after the debate, Talent defended his assertiveness as a member of the Armed Services Committee.

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"I've asked thousands of questions at Armed Services hearings," Talent said. "Now are there hearings where I have not asked a question? Sure. There's hearings where every committee member does not ask a question."

Talent, meanwhile, suggested during the debate that McCaskill opposed all the measures he touts: the energy bill containing a renewable fuels standard, the Medicare drug benefit, an anti-methamphetamine bill and a bill targeting payday lenders who profit from military members.

"I don't know a politician in the country who opposed all four of them, except my opponent in this race," Talent said.

McCaskill said she opposed the energy bill because it contained billions of dollars of tax breaks for "big oil." She has criticized the prescription drug bill for not doing enough to lower the prices seniors pay for medicine and has claimed the payday loan bill didn't go far enough. She has insisted she supports the anti-methamphetamine legislation.

The candidates answered 10 questions Wednesday, including one not asked in either of their two previous debates about their positions on eminent domain. Both decried abuses of the power to take private property for redevelopment by others.

But they differed slightly in their interpretation of a 2005 U.S. Supreme Court ruling upholding the use of eminent domain to transfer property from one private owner to another who could generate more tax revenues by redeveloping it.

McCaskill said the ruling essentially left the issue to local governments. Talent said the Supreme Court "made a mistake in basically abdicating what I saw as its responsibility to ensure that private land is not taken for private uses."

Talent, however, cut short his eminent domain response to rehash his support for domestic issues that he claimed McCaskill opposed. McCaskill then followed that line of debate.

That prompted the moderator to remind the candidates to respond to the question asked.

"I'm sorry," Talent said.

McCaskill quipped: "He did it first."

Talent and McCaskill are to debate again Monday in Springfield and Oct. 18 in Kansas City.

Big Sky Country Gets Smaller (WSJ)

By Frank D. Miele

The Wall Street Journal, October 12, 2006

KALISPELL, Mont. -- "Are you tired of business as usual in our state and federal government?" began a letter to the editor in the Daily Inter Lake last week. Joani Young was driven to despair by Montana's U.S. Senate race, which pits Conrad Burns, a three-term Republican incumbent from Billings, against Jon Tester, the Democratic president of the state Senate. Ms. Young's despondency probably speaks not only for a lot of Montanans, but for voters across the board on the condition of American politics.

The Burns-Tester race is indeed a sorry sight: A campaign run from Washington that has probably offended every decent Montanan with its advertising blitz, its finger-pointing, its name-calling -- and, more significantly, with its cynicism, anger and disrespect. This, after all, is Big Sky Country, where there used to be room enough for ideas all across the political spectrum and where a man used to be respected as much for what he didn't say as what he did. But Big Sky Country has been made smaller -- and meaner -- by this campaign.

A few weeks ago, for instance, the high-school auditorium in the town of Hamilton (pop. 4,500) was the scene of an embarrassing scrap. A debate between Messrs. Tester and Burns degenerated into an unruly shout-down in which an audience packed with Tester supporters heckled and cursed Mr. Burns, one even calling him a "psycho."

Of course, during this no-holds-barred campaign, Conrad Burns has been accused of all manner of foolishness and scandal. He may, in fact, be the only Republican member of Congress who considers the Mark Foley sex scandal a welcome diversion. Mr. Burns's alleged indiscretions don't drift toward the salacious, of course. Rather, his problem is that he's been in Washington for 18 years. Back in 1988, Mr. Burns ran as a conservative, just-plain-folks government outsider, commanding the field to such a degree that he helped create an updraft for other Montana Republicans. The 71-year-old still cusses and chews tobacco like the former Marine and live-auctioneer he was back then, but today his down-home lovable rascal act may be long on rascal and short on lovable.

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Nationwide, Mr. Burns topped the list of all congressmen who took money from the disgraced Jack Abramoff, at nearly $150,000. But he's best known around these parts for taking money from Congress rather than from lobbyists. He is a proud participant in the "culture of pork" and loudly trumpets his accomplishments, along with fellow Democratic Sen. Max Baucus (five terms in Washington), in winning appropriations for a variety of water projects, highways, research grants, farm subsidies, etc. In Montana, we have come to measure our representation in Washington by dollar amounts.

Mr. Burns's mastery of that kind of practical politics seems to be the central message of his campaign: My vote in Congress in support of the president's agenda is more important than any unproven allegation of wrongdoing. His skill in Washington has helped him survive gaffes, blunders and scandal that would have rocked a senator from a big-media state (e.g., George Allen). Just in the past year, he has reportedly insulted working women and firefighters, and implied that he may have an illegal immigrant on his home payroll.

But Mr. Burns is nonetheless highly vulnerable this year. The electorate is not in a forgiving mood, even in a state that went 59% for George W. Bush in 2004. Mr. Tester, a burly, flat-topped, 50-year-old rancher from Big Sandy (pop. 700 and change), has for his part capitalized on Mr. Burns's blunders to take a four- to seven-point lead in the latest polls.

The national focus on Montana will increase dramatically in the last three weeks of the campaign. It's no secret that control of the Senate could hinge on the outcome of this and a couple of other key races; and money from both national parties and their associated committees has been pouring into the state. Mr. Burns, so far, has raised $6.8 million for his re-election campaign, Mr. Tester only $1.7 million, although a massive amount of money has been spent on advertising by non-campaign forces such as national political action committees.

If Mr. Tester wins, a great deal of attention will be focused on a supposed lurch to the left -- especially in a state with emerging Democratic star Brian Schweitzer as governor -- but that's not precisely the issue. Montana has a long tradition of quirky bi-partisanship, so there is room for both liberals and conservatives. But Mr. Burns no longer seems genuinely conservative to some, aside from sticking to the script on the usual hot-button issues, and has instead "gone native" in D.C.

The national media attention is also starting to grate on small-town Montana. The tightening web (noose?) of the Internet, the cable news and the blogs on the body politic is a huge turnoff. And the fundamental lack of seriousness is unworthy of the gravity of the challenges facing us.

That, at least, is the way it looks to Joani Young and others like her -- no one is willing to clean up a system that seems worse than ever. Montanans are affronted by a culture of saying one thing and doing another, in a state where people pride themselves on simple, straightforward truth-telling. It's all the more galling in this particular race, with its national resonances.

If these two can't keep focused on what they want to accomplish for our nation, instead of what's wrong with each other -- if they can't put partisan politics aside -- then what hope is there for real change, and real progress? Ms. Young's letter expressed a typical sentiment -- the floating sense of discontent with national politics -- but proposed a novel solution: "None of the above."

Sen. Burns and Mr. Tester, take note. Democratic National Committee, take note. Republican National Committee, take note. Many voters have had enough -- at least in Montana.

2008: The Prequel (NYT)

By David Brooks

The New York Times, October 12, 2006

There are always a lot of retirees at campaign events in places like Mansfield, Ohio, and the most telling question you can ask them is: Where are your kids living?

Most of the factories have shut down in Mansfield. The old Westinghouse plant sits silent and archaic like a medieval castle near the center of town. And the retirees have seen their kids go off somewhere else. If they've gone to college, they're in New York, California, Georgia or Arizona. They're Christmas Ohioans. At holiday time they visit home.

This is the economic backdrop to the most important political race in the country, the Senate campaign between Sherrod Brown, a Democrat now in the House, and Mike DeWine, the Republican incumbent. It's important because each candidate comes from the most vibrant strain in his own party. Brown is a full-bore economic populist. DeWine is an independent

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McCainiac conservative. In two years, the national parties will be talking in just these ways, and we're seeing a preview of that battle today.

Sherrod Brown is a natural political animal, with the ability to dominate the space around him. At a campaign rally in Mansfield, he pulls a chair into the center of the room while others are speaking, so everyone can see him listening and reacting. He wears a wrinkled, cheap suit, and his raspy voice and plain manners evoke the local diner or union hall more than his alma mater, Yale University.

Terrorism and national security issues don't come up spontaneously around Brown. He focuses on the problem that is at the core of his career and mission: the hollowing out of Ohio's manufacturing base and the slow destruction of a way of life.

"They've sold out our country and betrayed the middle class," he says of the Republicans and the big corporations who worked together to write the tax laws, the energy bill and the prescription drug bill.

He vociferously opposes free trade. In his defining TV ad, he stands in front of a closed factory and blasts DeWine for supporting trade agreements that cost America jobs. His lapel pin shows a canary in a cage, a symbol of his solidarity with coal miners and workers everywhere. At a time when many Democrats are merely against things, Brown has a coherent approach to globalization and stagnant wages.

DeWine is Brown's opposite. He's short and unassuming, the least senatorial-looking man in the U.S. Senate. When he ambles modestly into a rally at Rocky River, almost nobody notices. As Tom Ridge, the former Pennsylvania governor, sings his praises, DeWine slips offstage to the back of the room. He grabs some chicken, finds a table and tucks meditatively into his dinner. Only one person at the table even looks up.

And yet he's one of the toughest and most widely respected senators. Anti-abortion and pro-tax cut, he angered his evangelical base by supporting the Gang of 14 compromise on judicial filibusters. He voted against the president's last budget because he thought it had the wrong priorities on children's health (he lost a daughter in a car accident). On the stump he touts law after law he has co-sponsored with liberal Democrats.

He wasn't in Congress when Nafta passed, but he rattles off statistics on how many Ohio jobs derive from exports and global trade. If Ohio's going to rebound, he says, its going to come from skills and entrepreneurialism not trade protectionism.

In a normal year, DeWine could probably hold off Brown's formidable challenge. DeWine, who is incapable of grandstanding, embodies the trans-partisan, conversational politics the country longs for.

But this year he faces an uphill fight. Voter frustration with Republican rule blots out the distaste many may have for liberal Democrats. DeWine has tried to portray Brown as an out-of-step liberal, to little effect.

More important, President Bush's polarizing political strategy has made it hard for independent Republicans to distinguish themselves from their party's national brand. As the Catholic University political scientist John K. White points out, we seem to be amid a parliamentary election this year, with voters making decisions about national parties, not local candidates. There is a yawning 19-point gap between those who say they like DeWine personally and those who say they plan to vote for him.

Ohio is crucial to winning the presidency. If Brown wins this year, he'll be the model for Democrats nationally. If DeWine pulls this out, Republican will copy him. This is what politics looks like as conservatism wanes: feisty economic liberals against independent, party-bucking Republicans.

A Gilded Path To Political Stardom, With Detours (NYT)

By Danny Hakim

The New York Times, October 12, 2006

There could hardly be a more perfect road map to becoming a rich lawyer than the bullet points laid out on Eliot Spitzer's formidable résumé. There was high school at prestigious Horace Mann, then Princeton and Harvard Law, followed by stints as a prosecutor for Robert M. Morgenthau, the Manhattan district attorney, and at top law firms like Paul, Weiss and Skadden, Arps.

But along the way, Eliot Spitzer would deviate from that gilded path: at age 20 and while still at Princeton, he set off for a summer in the Deep South to dig ditches and mop rooms at Georgia Tech, before going to pick tomatoes in upstate New York, a trip that he said "opened my eyes into a part of life I hadn't seen."

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Fifteen years later, at age 35, he took the biggest gamble of his life, giving up his job as a corporate lawyer to run for New York attorney general, a bid many considered preposterous.

What his opponents did not count on were twin weapons in the Spitzer arsenal: a fearsome ambition to win, and the millions of dollars that his father, Bernard Spitzer, brought to bear on his son's early campaigns.

The money led to accusations, later dismissed by election officials, that Mr. Spitzer was circumventing campaign finance laws to buy the race.

He finally prevailed in his second run, and would transform the position to take on corporate fraud and propel himself to national renown with his prosecutions of Wall Street investment firms and the insurance industry.

Now, with a commanding lead in the polls in the race for governor, Mr. Spitzer stands at the brink of taking over a state government that is legendary for its dysfunction and backroom deal-making.

He has pledged to overhaul Albany much the same way he used his current job to expose corporate wrongdoing, telling Democrats after they nominated him, "The crowd in charge in Albany is out of touch, out of ideas and, come Jan. 1, they'll be out of time," adding that "on Day 1, everything changes."

His record as attorney general suggests he may have the relentless personality to bring change to the state capital. But his sharp-elbowed, smartest-man-in-the-room demeanor could also undermine his own agenda in Albany, a clubby place where slights have a years-long shelf life in the memories of lawmakers who jealously guard their power.

For his own part, Mr. Spitzer says he is driven by the sort of Progressive impulse that fueled Theodore Roosevelt, whose picture hangs in his office. But when Roosevelt took on Albany after becoming governor in 1899, he was driven out of town by party bosses who persuaded William C. McKinley to put him on the ticket as his vice presidential candidate.

Mr. Spitzer is undeterred. "You don't change the world by whispering," he often says.

Some business leaders, rather than viewing his battles with Wall Street as noble or even civic minded, instead see a gigantic, calculating ego run amok. Mr. Spitzer is unapologetic, saying the way to strengthen business is by keeping it honest. "I'm here to protect the true competitors," he says, in the way Roosevelt wanted "a square deal" both for citizens and business. He also cites Alexander Hamilton, a chief architect of American capitalism, as another political role model.

Not a moving orator, Mr. Spitzer is a loud one, exuding a prosecutorial demeanor reinforced by his chiseled chin and steely blue eyes. His off-the-cuff remarks veer from sizzling bluntness — like calling the redevelopment of Lower Manhattan an "Enron-style debacle" — to impenetrable policy whirlwinds spruced with words like "promulgate" and "out-migration."

Mr. Spitzer brings edgy confidence to all his endeavors, a trait to be expected from a home that produced a neurosurgeon brother and a sister who is a lawyer. At the center of it all were parents who fostered intellectual probing and social awareness, and who follow their son to this day on the campaign trail as he seeks to return the Democrats to the Governor's Mansion after 12 years of exile.

His Father's Son

Dinner at the Spitzer household was more like a bout of intellectual pyrotechnics, visitors recalled. Bernard Spitzer, who built a real estate empire worth several hundred million dollars from scratch, had his three children bring weighty topics to the dinner table for rollicking discussions.

"He would ask, 'How thick is the Earth's crust?'" recalled Joey Low, a childhood friend of Eliot's. "And each one of them gave an answer, and Bernie would look at them and see if their answer was up to par."

"He expected a lot from all of their kids and they produced," he added.

Bernard, now 82, is the son of Austrian immigrants who came to the country in the 1920's. His is a classic immigrant rags-to-riches story, having grown up on the Lower East Side in railroad flats with no hot water. He met his future wife, the former Anne Goldhaber, now 78 and a former teacher, at a Catskill resort.

Bernard graduated from City College at 18 with a degree in engineering. When he returned from his World War II service in the Navy, he got work as a contractor and then eventually struck out on his own, building a real estate empire that now includes several high-rise apartment buildings on the East Side of Manhattan, including the 57-story Corinthian in Murray Hill.

"The philosophy of my own life was imparted by me to my children," he said. "I wanted to do something that would interest me and I didn't want to abhor going to work in the morning."

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Of his father, the younger Mr. Spitzer said, "There is a little bit of what I guess would traditionally be called a Germanic nature to him, but also a really good sense of humor. But there isn't a lot of tolerance just for wasted time and such, so we didn't sit around the dinner table talking about the weather and gossip."

If his parents imbued him with a sense of intellectual purpose, it seemed to strike some as wonkish. Jason Brown, a friend and now a lawyer at Ropes & Gray, recalls running against Eliot for the presidency of Horace Mann's seventh-grade class.

"My campaign winning slogan was, "Don't be a dope when things are down, there's still hope if you vote for Brown," he recalled with a laugh. "That clever rhyme beat out Eliot's economic platform."

Eliot was something of a jock at Horace Mann, captaining the tennis team and playing soccer. When his teams played Trinity, he crossed paths with John McEnroe, who plays tennis with the same abrasive intensity with which Mr. Spitzer approaches politics. Mr. Spitzer has often told the story of going home after seeing Mr. McEnroe whiz serves past one of his classmates and telling his parents "I had seen the kid play who would be No. 1 in the world."

"My parents said, 'Eliot, just because he beat you doesn't mean that he's the best in the world," he remembered.

Along the way, Eliot suffered setbacks, or what for him counted as setbacks. His ambitions of going to Harvard were derailed when he was not accepted, so he went to Princeton instead. In an interview, his father also let forth a family secret: that his son had scored a perfect 1,600 on the SAT. Confronted with this, Mr. Spitzer winced, and conceded imperfection.

"I think it was 1,590," he said, adding that his father must have confused the SAT with his perfect LSAT score.

At Princeton, he was very much the same precocious and confident person, elected president of the student body — as a sophomore.

"I remember — I still bust his chops for this — it was sophomore year and we were walking back to our dorm, Holder Hall, and he said, 'That's a remarkable fenestration,'" said William Taylor, a college friend. "And I had no idea what that meant. His father is a builder, so maybe that's a term of art. Yes, he has a very wide-ranging vocabulary." (Fenestration is, according to Merriam-Webster, "the arrangement, proportioning, and design of windows and doors in a building.)

Him, a Politician?

Twenty-three years ago, two Harvard Law students were wandering through a gay bathhouse in Boston with their professor. The men were meeting with the bathhouse operator, who claimed to have information relating to drug deliveries made to the house of Sunny von Bülow, a socialite who had gone into a coma, and whose second husband, Claus, had recently been convicted of trying to murder her.

"If my mother and father knew what kind of education their tuition was buying, they'd transfer me to business school," one of the students said, according to the book "Reversal of Fortune," while the other replied, "If they saw the number of business school graduates that are clients here, they'd send you to divinity school."

One of the students was Eliot Spitzer, and the other was Cliff Sloan, now the publisher of Slate. Mr. Spitzer's professor, Alan Dershowitz, was handling Claus von Bülow's appeal, and was the author of "Reversal of Fortune."

Mr. Spitzer's involvement in the case showed how he had a knack for good timing, finding himself a ringside seat on one of the most publicized cases of the day. But his name does not even appear in Mr. Dershowitz's book, and young Eliot's role was supplanted in the film version by more comely legal assistants played by Annabella Sciorra and Felicity Huffman.

And that was the role many of his friends thought Eliot would play — brilliant, talented, but not necessarily the guy in front of the cameras.

"He was just off-the-charts brilliant," Mr. Dershowitz said recently, but added, "The last thing anyone in my office thought was that he was going to become a politician."

Mr. Spitzer agreed.

"I didn't think I was well suited to it," he said of the political life. "When I say that to people now, they say, 'Yeah, yeah, yeah,' because they say you were student body president of Princeton, which is obviously true, but it really is the case," he added.

He saw himself as "an assistant secretary of this, that or the other thing, because I love the policy." But in his later campaigns for office, he was known to methodically build ties to key reporters and power players in the state capital, suggesting a good political instinct.

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It was while attending Harvard that Eliot Spitzer also met his future wife, Silda Wall, on a skiing trip to Vermont. Mr. Spitzer and Silda would date for several years, in both Boston and New York, before getting married. In New York in the mid-1980's, Silda worked far longer hours at Skadden, Arps than he did clerking for Robert Sweet, a federal district court judge. She now runs a charity that encourages children to volunteer.

Mr. Spitzer is Jewish, but his parents were not particularly religious and he did not have a bar mitzvah; Ms. Wall Spitzer was raised Southern Baptist. The couple celebrate the holidays of both religions with their three daughters but do not adhere rigorously to either.

On the campaign trail, Ms. Wall Spitzer, a slim, blond North Carolinian, plays the smiling political wife to perfection. But the two Harvard-trained lawyers have their policy disagreements. She opposes the death penalty; he supports it for terrorists and killers of police officers.

"Eliot has a very reasoned basis for his position, but one problem with that position is it assumes that you don't make mistakes," she said in an e-mail message. "I think he is deeply troubled by cases in recent years in which mistakes have been made."

She also seconds her husband's professed lack of presidential ambitions: "That would not be my choice, that he run," she said. "It's a real sacrifice for the family and the girls."

Mr. Spitzer said his legal career unfolded like "an extraordinarily predictable résumé."

"The clerkship, the big firm" — it was Paul, Weiss — "you spend a few years as a prosecutor, then I went to Skadden, enjoyed it, thought I would become a partner, then would end up in the family business unless some governmental opportunity emerged."

He spent six years as a prosecutor in the office of the Manhattan district attorney, Mr. Morgenthau. His most prominent case involved breaking the mob's stranglehold on trucking in the garment district, an inquiry that took three years and involved an elaborate sting. It forced Thomas Gambino and his associates out of the business, and gave Mr. Spitzer a taste of the public limelight.

Mr. Spitzer called it "a great black bag job."

"We set up a trucking company, we ran the sweatshop, we had wiretaps, bugs," he said. "It was a blast, and we ended up making the antitrust case against the trucking companies, each of which had organized crime tentacles or direct control, and we got amazing tapes."

He said the outcome of the case foretold the controversial strategy he would later use on Wall Street — to forgo jail time for settlements, fines and reforms.

"People see this as a premonition," he said "There was no jail time but they got out of the business, sold the companies, paid $12 million, which for them was big money."

In the spring of 1994, while at Skadden, Arps, Mr. Spitzer approached his supervisor, Thomas Schwarz, who ran the firm's litigation department.

"He said 'I've decided to run for attorney general,' and I just about fell off my chair," recalled Mr. Schwarz, now president of the State University of New York in Purchase. "I said, 'What do you mean, do you have any money?' "

When Mr. Spitzer told him he did, and how much, Mr. Schwarz told him to use half his money on the campaign "and give me the other half."

"The result will be just the same," he added. "We both laughed about it."

From Last to First

If it seemed preposterous for an unknown private lawyer to run for attorney general, his family's money made it less far-fetched. To this day, Mr. Spitzer and his family live rent-free in a Madison Avenue apartment owned by his father, requiring Bernard to pay gift taxes. During his first campaign, Eliot borrowed $4.3 million from J. P. Morgan to vastly outspend his three rivals, who were suspicious about how he could finance bank loans without family help.

"He spent $4 million and came in fourth, but he got a lot of votes for someone who was totally unknown," said G. Oliver Koppell, a New York City councilman. Mr. Koppell was appointed attorney general in 1993 after his predecessor left office. Both

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he and Mr. Spitzer lost to Karen S. Burstein in the Democratic primary in 1994. The Republican candidate, Dennis Vacco, ultimately won.

Mr. Spitzer ran again in 1998 and repeatedly denied the extent to which he was using his father's money or that he was violating family contribution limits. But shortly before the election, he conceded that his father actually had lent him millions of dollars to repay the 1994 bank loan.

The family appear to have pressed the limits of elections law. If such loans are not repaid before an election, they are considered contributions, but Bernard Spitzer's loan was not even made until after the election. Mr. Koppell unsuccessfully sued over the issue. The Board of Elections declined to investigate, partly because the law has a two-year statute of limitations.

Bernard called the whole episode "very painful."

"In my naïveté, I couldn't believe that there was any objection, could be any objection, to a father lending money to a son who wants to enter the political world," he added. "It was just unheard of, to me anyway. I was completely taken aback by that. I couldn't understand it."

When Mr. Spitzer ran again in 1998, he prevailed in another four-way Democratic primary. He continued to overwhelm his rivals with his spending, but Mr. Koppell said Mr. Spitzer had also learned some lessons.

"He knew that he couldn't just do it with TV, like he tried to do in '94," he said. "He went around the state and did more than just TV, mailings, a lot more personal campaigning."

In the general election, Mr. Spitzer faced a far more difficult fight against Mr. Vacco. In that race, Mr. Vacco portrayed Mr. Spitzer as a product of his father's fortune and criticized him for a lack of candor, while Mr. Spitzer accused Mr. Vacco of incompetence.

On election night, Mr. Spitzer led by 18,000 votes out of more than 4 million cast. Mr. Vacco did not concede until Dec. 15.

At age 39, Mr. Spitzer was New York's new attorney general. And there was no hint of the national agenda to come. In an interview last month, he tried to explain what compelled him to run again after finishing last in 1994.

"I watched as the office moved in directions that could rightfully be improved upon and said maybe this is worth a second shot," he said. "And there was also the stomach, pit in the stomach sort of response. The only way to overcome a loss is to win. You don't quit."

Governor Gets 'Tonight' Slot, So Rival Seeks Equal Time (NYT)

By Jennifer Steinhauer

The New York Times, October 12, 2006

BURBANK, Calif., Oct. 11 — The Democrat who hopes to replace Arnold Schwarzenegger as governor of California says he faxed a letter to Jay Leno. He also says he sent Mr. Leno an overnight letter.

And still, the Democrat, Phil Angelides, has not been invited to appear on "The Tonight Show With Jay Leno" on NBC, and this has made the candidate angry.

Mr. Schwarzenegger, a Republican, has had no such problem. The governor chatted up Mr. Leno on the air Wednesday night, just as he did some three years ago when he first ran for governor in California's recall election.

With this Election Day just weeks away, and Mr. Angelides trailing rather substantially in the polls, his campaign has decided to make an issue of the unequal treatment. At the campaign's behest, Representative Xavier Becerra, a Democrat from Los Angeles, wrote a letter of complaint to Kevin J. Martin, the president of the Federal Communications Commission.

The Angelides campaign wrote a letter to NBC affiliates appealing to them to not broadcast Mr. Leno's show with the governor.

Mr. Angelides's communications director, Amanda Crumley, accused Mr. Leno of giving Mr. Schwarzenegger a leg up among late-night television viewers in violation of F.C.C. rules.

"As absentee ballots are currently hitting homes in California," Ms. Crumley said in a prepared statement, "the governor is getting what amounts to millions in free airtime from the network."

A spokesman for the commission, David Fiske, declined to comment, as did Mr. Schwarzenegger's re-election campaign.

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During his "Tonight Show" interview on Wednesday — before which Mr. Leno made a few Marshmallow Fluff-like jokes at the governor's expense — Mr. Schwarzenegger never mentioned his campaign rival.

But the governor did note, in this order, that Heidi Klum looked "gorgeous," that his current job was the best he has ever had, that he spent his 20th anniversary stashing his children at the neighbors' while he plied his wife with diamonds, and that linking him to President Bush was "like linking me to an Oscar." He also strongly suggested that the House speaker, J. Dennis Hastert of Illinois, ought to resign as a result of the scandal engulfing the Republican Congress.

It is Ms. Crumley's view that Mr. Leno's invitation to Mr. Schwarzenegger — who, it so happens, announced his candidacy for governor (along with unrelated details of a bikini wax) on "The Tonight Show" in 2003 — violates the equal time provision written into the nation's Communications Act in 1959. The provision prohibits media programs, with the exception of news interviews, documentaries or newscasts, from giving an unfair share of broadcast time to a candidate without making available equal time to the other candidates running for that office.

"We've always thought the Schwarzenegger administration is a joke," Ms. Crumley said. "And apparently so does Jay Leno. Perhaps that's why Leno invited Schwarzenegger to appear for a few laughs on his program alongside supermodel Heidi Klum and a Las Vegas circus act."

A spokeswoman for NBC, Tracy St. Pierre, said "The Tonight Show" had never received a request from Mr. Angelides. Ms. St. Pierre, in a prepared statement, said the network was "following the news guidelines for interviewing a political candidate."

It is not the first time that Mr. Leno has come under fire for his friendship with Mr. Schwarzenegger.

In 2003, to counter claims that he was essentially giving prime air time to his pal, Mr. Leno invited on his show more than 80 people who claimed to be running for governor in the recall election, including a porn star and a candidate who showed up dressed as Rocky Balboa. Mr. Leno began that show with, "Welcome to California, now a division of Ringling Brothers."

Mr. Schwarzenegger appeared that year on many other television and radio shows as well, and an F.C.C. ruling regarding one of them might presage the end to Mr. Angelides's battle.

In a ruling about Mr. Schwarzenegger's appearance on "The Howard Stern Show," the agency declared the show was exempt from the equal time provision, calling it a "bona fide news program."

If a show that regularly features women in various stages of undress, sometimes engaged in lewd acts with fruit, was declared a news program, some legal analysts suggested Mr. Leno's show might likely pass the same test.

From Schwarzenegger, A Veto For Voters' Good (WP)

By George F. Will

The Washington Post, October 12, 2006

California's governor has demonstrated virtue, understood as the good we do when no one is watching. With his state and the nation paying no attention to an anti-constitutional campaign to alter the way presidents are chosen, Arnold Schwarzenegger has vetoed a bill that, had it become law, would have imparted dangerous momentum to a recurring simple-mindedness.

The bill would have committed California to cast its electoral votes -- today, 55 -- for whichever candidate receives the most popular votes nationally. The commitment would have been contingent on a compact with other similarly committed states, all having a combined total of at least 270 electoral votes.

Such legislation has been introduced in six states and passed by Colorado's Senate. Advocates offer two rationales:

First, California and other states that are not closely contested battlegrounds are not "relevant." (A state with more than one-fifth of the electoral votes needed to win the presidency is "irrelevant"? Please.) What is meant is that uncontested states are "neglected" by presidential campaigns, so direct popular election of presidents -- the point of the multi-state compact -- would increase voter interest in the many states (by one count, 37, 34 and 37 in the past three elections) that are not considered swing states.

But it is disproportionate to traduce, by simplification, sophisticated constitutional arrangements just to make campaigns more stimulating for some states. Furthermore, the electoral vote system is a wholesome political market: It provides steady incentives for parties to change the attributes that make them uncompetitive in many states. How long will the GOP be content not to contest California?

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The system aims not just for majority rule but rule by certain kinds of majorities . It encourages candidates to form coalitions of states with various political interests and cultures. Such coalitions can be assembled only by a politics of accommodation. So the electoral college system discourages attempts to build narrow ideological or geographical majorities. Today the system is helping the Democratic Party by nudging it to be less of a coastal party -- less reliant on a risky 20-state strategy in presidential elections.

The second argument for the multi-state compact is: The possibility of the winner of the popular vote losing the electoral vote contest violates the value that trumps all others -- majoritarianism. Well.

Never mind that in 42 of the 46 elections since 1824 (all but 1824, 1876, 1888 and 2000) for which we have popular vote totals, that did not happen. Which suggests that the assault on the electoral vote system is driven by simplistic majoritarianism, which would shatter the two-party system that is conducive to temperate politics.

That electoral vote system (combined with the winner-take-all allocation of votes in all states but Maine and Nebraska) makes it very difficult for third-party presidential candidates to be competitive. In 1992 Ross Perot won 18.9 percent of the popular vote but no state and therefore no electoral votes. Direct popular election of presidents would be an incentive for fragmentation of the electorate by the proliferation of factional candidacies.

Imagine 2008 with independent candidacies by, say, Colorado Rep. Tom Tancredo (deport illegal immigrants), Pennsylvania Rep. John Murtha (out of Iraq immediately), New York Mayor Michael Bloomberg (independence from the two parties is a virtue) and Jesse Jackson (he would think of a reason). None could win, but cumulatively they could prevent the major-party winner from reaching even 40 percent.

And the multi-state compact cannot include a runoff provision. That would require a constitutional amendment; 34 senators can prevent a constitutional amendment from being sent to the states for ratification, and many more than 17 of the smaller states benefit from the additional weight the electoral vote system gives them.

It is perverse that the 2000 election, which culminated with the lawyers' riot in Florida, is cited to undermine an electoral vote system that prevented 2000 from being a calamity. If, in presidential elections, popular votes were poured into one national bucket, a close election such as the one in 1960, which was decided by fewer votes (118,574) than there were precincts (166,064), would unleash a coast-to-coast frenzy of litigation -- about ballot design, voting hours, alleged voting-machine malfunctions, etc. The electoral vote system quarantines electoral disputes to a few closely contested states.

Under the multi-state compact, Californians, who in 2004 supported John Kerry by a popular vote margin of 1.2 million, would have seen their electoral votes swell President Bush's winning margin. In 1960 and 1976, too, California's electoral votes would have gone to candidates rejected by Californians.

They should understand what their governor has demonstrated: Sometimes the loveliest word in America's political lexicon is "veto."

Judges Can Solicit Election Funds, Court Rules (NYT)

By Adam Liptak

The New York Times, October 12, 2006

Kentucky may not prohibit judicial candidates from personally soliciting campaign contributions, a federal judge ruled on Tuesday.

The judge, Karen K. Caldwell of Federal District Court in Frankfort, said the ban violated the First Amendment.

Judge Caldwell rejected the state's argument that its interest in preserving the appearance of judicial impartiality justified the ban. Kentucky law, she noted, already allows judges' campaign committees to solicit contributions.

That may be a problem, Judge Caldwell wrote, but adding the element of personal solicitation by the candidate does not make it measurably worse.

"If the public does not believe that elected judges favor their contributors," Judge Caldwell wrote, "then the committee serves no purpose in preserving that appearance of impartiality. If, on the other hand, the public believes that elected judges favor their contributors, then the fact that contributors are solicited by a committee instead of the judge himself does nothing to dispel that perception."

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Judge Caldwell said that the ban on personal solicitation might make "direct shakedowns by a corrupt judicial candidate" less likely "because it eliminates the moment when a judicial candidate can say, 'Contribute to my campaign, and I will rule in your favor.' " But such corruption, she wrote, is already prohibited by other ethics rules and by criminal laws.

Judge Caldwell also struck down an ethics rule that prohibited judicial candidates from advertising their political affiliations.

The suit was filed in June by Marcus Carey, a candidate for the Kentucky Supreme Court, against several state officials. It is one of many challenges to canons of judicial ethics around the nation after a decision of the United States Supreme Court in 2002, Republican Party of Minnesota v. White.

That decision struck down an ethics rule barring judicial candidates from announcing their views on disputed legal or political issues. The case left open whether judges have to disqualify themselves from cases involving issues that they discussed.

It is not unusual for judicial candidates in the 39 states that elect judges to raise and spend more than $1 million. Judges seldom recuse themselves from cases involving their contributors. Although many judges acknowledge that large majorities in public opinion surveys believe that campaign contributions influence judicial decisions, almost all judges insist that their decisions are independent and impartial.

Judge Caldwell declined to rule on Mr. Carey's challenges to several other ethics rules, including one concerning disqualification, saying Mr. Carey had not shown that he was injured by the rules and so lacked standing to sue. Indeed, she questioned whether compelled recusal is properly viewed as an injury at all.

James Sample, a lawyer at the Brennan Center for Justice at New York University School of Law, said the erosion of judicial canons of ethics after the White decision meant that "states and litigants are left with few reliable mechanisms to safeguard the constitutional right to due process." A remaining mechanism, Mr. Sample said, is "more rigorous application of existing recusal rules."

A lawyer for Mr. Carey, James Bopp Jr., said in a statement that the rules Judge Caldwell struck down "served as a unconstitutional restriction on judicial candidates' free speech." Judicial candidates, Mr. Bopp added, "have a right to announce their views by stating their political affiliation and to solicit funds for their campaigns for office."

No Solo Talks With N. Korea, Bush Insists (LAT)

By James Gerstenzang And Maggie Farley, Times Staff Writers

The Los Angeles Times, October 12, 2006

He says the U.S. won't tolerate a nuclear North, but he stresses multi-nation diplomacy over force. Pyongyang threatens more tests.

WASHINGTON — President Bush rejected calls Wednesday for one-on-one talks with North Korea and indicated he was not contemplating military action in response to Pyongyang's announcement this week that it had conducted a nuclear test.

Bush, speaking at a news conference in the White House Rose Garden, reaffirmed his long-held stance that the U.S. would not tolerate a nuclear-armed North Korea. But he emphasized that his focus was on the use of diplomacy through multinational talks.

The president's comments followed a threat Wednesday by North Korea to conduct more nuclear tests, while Japan unilaterally banned North Korean nationals and exports from entering Japan for the next six months.

At the United Nations, where the Bush administration is pursuing sanctions against the North Korean regime, Secretary-General Kofi Annan urged Bush to consider bilateral negotiations.

North Korea's statement, issued through its U.N. mission, warned that sanctions could trigger "physical countermeasures" and would be considered "as a declaration of war."

The remarks by Bush were his first public comments on North Korea since the regime in Pyongyang announced Monday morning that it had carried out a successful nuclear test. U.S. officials said they were still trying to determine whether it was a nuclear device that North Korea tested or some other large explosive. Whichever it was, Bush said, "this claim itself constitutes a threat to international peace and stability."

However, the president appeared to go out of his way to avoid inflammatory language, even as he insisted that North Korea must stand by previous commitments to dismantle its nuclear program.

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The toned-down approach seemed intended both for potential partners at the United Nations, and, fewer than four weeks before the midterm U.S. congressional elections, for an American electorate weary of the Iraq war. It also appeared to reflect a dearth of palatable options after weeks of harsh rhetoric by the administration, since military action to destroy North Korea's nuclear facilities could prove difficult and could also result in a regionwide war.

"We want to make sure that we solve this problem diplomatically," Bush said, repeating the word "diplomatically" seven more times and using the term "diplomacy" on an additional 10 occasions during the 62-minute news conference.

But Bush struck a defensive tone in explaining his opposition to direct negotiations. Echoing comments by other Republicans in recent days, he cited the one-on-one approach to North Korea taken by former President Clinton resulting in a 1994 agreement that collapsed in 2002, two years after Bush took office.

"Bilateral relations didn't work," Bush said, although adding, "I appreciate the efforts of previous administrations."

The 1994 agreement froze North Korea's plutonium activities and mothballed its nuclear plants, putting its nuclear program under international inspectors. In exchange, Washington agreed to provide fuel oil and build two light-water breeder reactors. In 2002, after Bush's inclusion of North Korea in his "axis of evil," North Korea admitted it was still working to develop nuclear weapons.

Bush said he learned from that experience that it takes several countries to influence the reclusive and unpredictable government in Pyongyang. Consequently, he proposed a system of six-nation talks involving South Korea, Japan, China and Russia, in addition to the United States and North Korea, which began in 2003.

"It was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," Bush said. "And now, all of a sudden, people are saying the Bush administration ought to be going alone with North Korea. But it didn't work in the past, is my point. The strategy did not work."

A spokesman for Clinton responded Wednesday that Republicans were attempting to "rewrite history."

After the 1994 agreement, North Korea produced no nuclear weapons during Clinton's time in the White House, and the Clinton approach was endorsed by Colin L. Powell, then Bush's secretary of State, in 2001, said Ben Yarrow of the Clinton Foundation.

"For eight years during the Clinton administration, there was no new plutonium production, no nuclear weapons tests and therefore no additional nuclear weapons developed on President Clinton's watch," Yarrow said.

"The Clinton administration's approach has been turned on its head, and North Korea now has demonstrated its nuclear weapons capability to the world," Yarrow added.

At the United Nations, Annan urged North Korea not to escalate the situation any further, and said Washington should talk directly to Pyongyang.

"I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence. And from that point of view I believe that the U.S. and North Korea should talk," Annan said. "Whether it is done in the context of the six-party talks or separately, one must talk."

The U.N. Security Council continued negotiations on a sanctions resolution, aiming for a vote Friday. The North Korean government statement issued by the Ministry of Foreign Affairs on Wednesday declared that "if the U.S. increases pressure … [North Korea] will continue to take physical countermeasures, considering it as a declaration of a war."

China said it would support "prudent" sanctions focused mainly on banning the transfer of nuclear and missile technology, but still opposed a provision that could open the door to military action to enforce the sanctions.

China would also support a travel ban for senior North Korean officials, diplomats said. Russian negotiators said they had no instructions from Moscow on the latest revision, but Russia was expected to vote with China.

The U.S.-backed resolution includes a financial freeze similar to current American economic sanctions to shut down alleged counterfeiting, money laundering and drug trafficking that has reportedly helped fund North Korea's weapons programs.

The resolution, cosponsored by Japan, also includes specific provisions to ensure that civilians and aid groups would not be directly affected by the punitive measures.

Negotiations are stalled on several points, including a measure authorizing the inspection of all cargo going in and out of North Korea in an effort to detect weapons-related material.

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Meanwhile, the Japanese government declared that it would not wait for the Security Council to act against Pyongyang. It announced its six-month ban on North Korean nationals and exports, which would cut off some of North Korea's access to cash and bartered goods.

The move was mostly symbolic. Japan's trade with North Korea is minuscule compared with the economic ties Pyongyang has with China and South Korea, the key lifelines that many observers argue are all that sustain dictator Kim Jong Il's regime.

Tokyo had already shut down the flow of money from North Korean nationals living in Japan to friends and relatives back home.

North Korea threatened more nuclear tests Wednesday, saying Washington's squeeze on the North Korean economy and its global financial transactions "compelled" the country to test-fire a nuclear weapon.

"The issue of future nuclear tests is linked to U.S. policy toward our country," said Kim Yong Nam, North Korea's No. 2 official, in an interview with Japan's Kyodo News service.

"If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

The pressure Kim cited includes the U.S.-led clampdown on foreign banks that do business with the North Korean regime. Washington accuses the North Korean government of state-sponsored financial crimes including money laundering and the counterfeiting of American currency.

At his news conference in Washington, Bush blamed North Korean leader Kim Jong Il for the failure of diplomacy.

"It's the intransigence of the North Korean leader that speaks volumes about the process," Bush said. "It is his unwillingness to choose a way forward for his country — a better way forward for his country. It is his decisions."

Bush said the six-nation approach to talks protected Washington from being singled out as what amounts to a "fall guy."

Otherwise, Bush said, "we become the issue."

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Gerstenzang reported from Washington and Farley from the United Nations. Times staff writers Bruce Wallace in Tokyo and Richard Simon in Washington contributed to this report.

Retreating To Small Talk When The News Isn't So Good (WP)

By Dana Milbank

The Washington Post, October 12, 2006

President Bush needed to change the subject.

"If I might say, that is a beautiful suit," he told NBC News correspondent Kevin Corke at yesterday's news conference in the Rose Garden.

"My tailor appreciates that," replied Corke, wearing a $1,500 custom pinstripe number by Tom James with bright-red tie and pocket square.

"And I can't see anybody else who even comes close," Bush added, drawing laughs from the assembled scribes in wrinkled navy blazers.

Then the president spied CNN's Suzanne Malveaux, pointing at her Benetton suit with pink pinstripes. "Suzanne, I take that back," Bush amended with chivalry. Moments later he bestowed on her the day's "best-dressed" honors.

"Kevin and I coordinated," she explained.

CBS News's Jim Axelrod was feeling left out. "My best suit's in the cleaners," he told the commander in chief.

Bush eyed Axelrod's slacks with disdain. "That's not even a suit," he said, before chalking up the whole thing to "high-priced news guys."

It was about the only fun Bush had all morning. North Korea is exploding, Iraq is imploding, and congressional Republicans are self-destructing. Reporters weren't about to let the president forget about that, even if he looked natty in his gray suit and dark-blue tie.

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"Do you ever feel like the walls are closing in on you?" Axelrod tormented.

Bret Baier of Fox News asked Bush about "the tide turning, according to several polls, towards the Democrats."

USA Today's David Jackson noted the "shelf full of books" about Iraq and their claims that "administration policies contributed to the difficulties there."

"There's a lot of books out there -- a lot," the president agreed. "I guess it means that I've made some hard decisions."

Actually, the books say he and his aides made a lot of bad decisions: too few troops in Iraq, no reconstruction plan, ignored insurgency warnings, and keeping Donald Rumsfeld at the Pentagon while pushing Colin Powell out of the State Department.

The underdressed reporters peppered Bush with 15 questions about Iraq and North Korea; only near the end did the Chicago Tribune's Mark Silva mention some guy named Foley. Pressed to defend his foreign policy, Bush instead cited the "stakes" involved in the Middle East and North Korea -- 13 times.

"I understand the stakes," Bush announced. "I'm going to repeat them one more time. As a matter of fact, I'm going to spend a lot of time repeating the stakes."

He made good on that promise. Five times he said "the stakes are high," occasionally adding that "the stakes are really high" and even that, "as a matter of fact, they couldn't be higher."

"I know this sounds [as if] I'm just saying it over and over again," Bush admitted. But repetition is crucial to learning; to that end, Bush also said four times that the enemy is trying to establish a "caliphate."

Dissatisfied with the reporters' prickly questions, Bush went about answering his own. He said abandoning Iraq would allow terrorists to launch new attacks on America. "How do I know that would happen?" Bush asked himself. "Because that's what the enemy has told us," he answered.

When a questioner asked about the credibility of the administration's threats toward North Korea, Bush said: "I thought you were going to ask . . . 'How come you didn't use military action?' " Bush then replied: "My answer is that I believe the commander in chief must try all diplomatic measures."

"I'll ask myself a follow-up," Bush continued. "If that's the case, why did you use military action in Iraq?" His answer to himself: "Because we tried the diplomacy."

It's dicey for a president to hold a news conference when his support is below 40 percent and there is little good news to share. Bush started off by pointing out that the federal budget deficit has been shrinking faster than expected. But his questioners, perhaps heeding Vice President Cheney's admonition that "deficits don't matter," didn't ask any questions on the subject.

The president's opening statement, though heavily qualified, contained some of his trademark sanguinity: "We're on the move. We're taking action. . . . We accomplished that mission."

But the mood darkened when the first questioner asked "is your administration to blame" for North Korea's getting nuclear weapons. On cue, a sudden breeze sent willow leaves fluttering onto the party.

No, Bush answered, the Clinton administration is to blame.

This provoked a challenge from ABC News's Martha Raddatz. "How can you say your policy is more successful, given that North Korea has apparently tested a nuclear weapon?" she asked.

Off to the side sat four Bush aides who had been with him through his entire presidency: Josh Bolten, Karl Rove, Steve Hadley and Dan Bartlett. Grayer and thinner on top than they were six years ago, they watched expressionlessly as Bush entered with a spring in his step and a wave to the cameras, then as he left an hour later with less good cheer.

"Thank you for your interest," the president said curtly, skipping the usual pleasantries. As he walked back into the Oval Office, he shot a glance in the direction of his aides that showed he was not pleased.

Bush Focuses On Diplomacy With North Korea (MCT)

By Ron Hutcheson And Jonathan Landay

McClatchy Newspapers, October 12, 2006

WASHINGTON - President Bush stressed diplomacy over military action in the standoff over North Korea's nuclear weapons program Wednesday as North Korea threatened more weapons tests.

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At the United Nations, Secretary General Kofi Annan said the world faces "an extremely difficult situation" and called for direct talks between the United States and North Korea. Bush rejected one-on-one negotiations, but said he remains committed to diplomacy. He urged the U.N. to impose stiff economic sanctions on North Korea.

North Korea said it would consider international economic sanctions a declaration of war.

"The more they push us, the stronger our response will be," an unidentified North Korean official told the South Korean news service, Yonhap. Other North Korean officials raised the possibility of additional weapons tests.

U.S. intelligence officials were still trying to confirm North Korea's claim Sunday that it had successfully tested a nuclear weapon.

At a White House news conference, Bush reiterated previous statements that he would not tolerate a nuclear-armed North Korea. At the same time, he downplayed the possibility of military action.

"We have no intention of attacking North Korea," he said. U.S. officials are pushing the U.N. Security Council to approve a package of sanctions intended to throttle North Korea's ability to buy or sell high-tech weaponry. The United States is also seeking authority to stop and search North Korean vessels.

"I suspect the council will come together and take a firm action against North Korea," Annan told reporters at the U.N. "It's important for the whole world."

Bush said his goal is to convince North Korean leader Kim Jong Il that abandoning nuclear weapons is the only way to end North Korea's international ostracism and revive its failed economy.

"We'll give diplomacy a chance to work," Bush told reporters. "There's a way forward for the North Korean leader to choose."

Japan, rattled by unconfirmed rumors of more North Korean weapons tests, announced a six-month ban on imports from North Korea. The Japanese sanctions also prohibit North Korean ships from entering Japanese ports and effectively ban visits by North Korean citizens.

Military analysts said the United States has few good military options if diplomacy fails.

Former Defense Secretary William Perry said the Pentagon prepared a plan to take out North Korea's main nuclear research facility during the Clinton administration, but decided not to use it.

In a teleconference call with reporters Wednesday, Perry said an air attack might have been effective at the time because all of North Korea's plutonium was stored at the facility in Yongbyon.

"I had a detailed plan in front of me. I could have snapped my fingers and done it in a minute. It would have been effective. The point is that I never recommended to the president doing it," he said. "The military option was truly the option of last resort."

Perry said North Korea's Stalinist regime has almost certainly scattered its stocks of plutonium bomb fuel to secret locations around the country by now, ruling out the use of air strikes to destroy them. The teleconference was arranged by the Center for American Progress, a liberal policy institute.

Bush, who also might have had a chance to order an effective air strike early in his administration, said he considered "all options" but chose diplomacy.

In the context of a hotly contested congressional election campaign, North Korea's claim that it had successfully tested a nuclear weapon sparked some partisan finger pointing.

Democrats said the development showed the fallacy of Bush's approach of relying on North Korea's neighbors to apply pressure on the reclusive regime rather than engaging in direct talks. They also criticized the president for listing North Korea, along with Iraq and Iran, as an "axis of evil" - a designation that gave North Korea another reason to claim that it needs nuclear weapons to prevent a U.S. attack.

Bush and his defenders said North Korea's failure to live up previous agreements with the Clinton administration indicated that it was time for another approach.

"It didn't work in the past, is my point. The strategy didn't work," Bush said. But Bush's approach of engaging Pyongyang in negotiations that also include South Korea, Japan, Russia and China hasn't had much success either. The so-called six-party talks broke down after a fifth round in November 20005, with the United States and North Korea blaming the other.

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"Diplomacy is a difficult process because everybody's interests aren't exactly the same," Bush said. "It takes a while to get people on the same page, and it takes a while for people to get used to the consequences."

Bush Calls For Action On N. Korea (CHIT)

By Mark Silva

Chicago Tribune, October 12, 2006

WASHINGTON -- With North Korea warning of additional nuclear tests and calling any new international sanctions against it an act of war, President Bush insisted Wednesday that the regime of Kim Jong Il will face "serious repercussions" if it doesn't shelve its nuclear ambitions.

Nonetheless, the president said, "The United States remains committed to diplomacy" while reserving "all options to defend our friends and our interests in the region against the threats from North Korea."

Bush said at a Rose Garden news conference that any diplomatic solution to the standoff with North Korea depends on the U.S. and Asian allies maintaining a united front in negotiations with the regime of Kim Jong Il. The president steadfastly refused the idea of engaging in direct talks with Pyongyang, which he said "did not work" during the Clinton administration.

In the region Wednesday, South Korea said it is preparing its troops for possible atomic warfare by building up its conventional forces, and Japan imposed new economic sanctions aimed at impeding North Korea's million-member military, the world's fifth-largest. Japan banned all North Korean imports—such as clams and mushrooms—and barred the nation's ships from its ports.

Democratic leaders in Washington, blaming the North Korean showdown on the president's "confrontational" stance against a nation he once termed part of an "axis of evil," called on Bush to resume direct talks with Kim's government. Outgoing United Nations Secretary General Kofi Annan also called for bilateral talks.

North Korea issuedits first formal comment since its reported underground testing of a nuclear device Monday, saying it had successfully detonated a nuclear bomb and insisted that any attempts to penalize the nation would be deemed an act of aggression. "If the U.S. keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures," the government said in a North Korean news agency statement Wednesday.

North Korea's second-ranking official, Kim Yong Nam, indicated his government will conduct additional tests if the U.S. does not alter its "hostile attitude" toward the nation.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim told Japan's Kyodo News Service. "If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

France maintained Wednesday that North Korea's test produced such a small blast that it must have failed. France's Defense Minister Michele Alliot-Marie said French, American and other scientists had detected a blast of "relatively limited size…. In any case, if this was a nuclear explosion, it would be a case of a failed explosion."

Some experts say it's possible that the world never may never fully determine whether North Korea succeeded in its test.

"It is possible with a relatively small underground blast that there would be no significant release of radiation," said Hideshi Takesada of the National Institute for Defense Studies, a branch of Japan's Defense Agency. The White House has said it still is trying to determine what was detonated, but considers even North Korea's boast to have done it a provocation.

Bush, maintaining that the U.S. will "give diplomacy a chance to work," said he is not contemplating any attack against North Korea. But, with China signaling support for limited UN sanctions against North Korea, Bush said he will press for sanctions in an attempt to persuade the Kim regime to return to stalled "six-party" negotiations.

"We're working with our partners in the region and the United Nations Security Council to ensure there are serious repercussions for the regime in Pyongyang," Bush said.

As the U.S. presses for tough sanctions, the five permanent Security Council members {ndash} the U.S., China, Russia, Britain and France — and Japan, which holds the council presidency this month, were meeting Wednesday in an attempt to settle differences over possible measures.

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"There are a number of disagreements," U.S. Ambassador John Bolton said. "We think the fact that North Korea has conducted a nuclear test does amount to a clear threat to international peace and security and warrants action … as well as a variety of strong measures. There's not agreement on all of those points."

Richard Bush, director of Northeast Asian Policy studies at the Brookings Institution, a Washington think tank, suggested that "it's going to require a serious effort to sort of squeeze [North Korea]— to change their whole mentality," if the Kim regime is to return to negotiations.

"That, in turn, is going to require more fortitude on the part of China and South Korea than we have seen," Brookings' Bush said. "They have North Korea on their border and they have a legitimate concern that if you squeeze too hard it brings down the whole regime and then it becomes a domestic problem."

Annan, who is stepping aside and will be succeeded as secretary general by South Korean Foreign Minister Ban Ki Moon, has called on North Korea "not to escalate the situation any further…. We already have an extremely difficult situation."

While maintaining that North Korea's Kim "has not paid attention to the will of the international community and all the appeals that have been made to him," Annan also suggested that the U.S. could do more with direct talks: "I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence."

But President Bush said he believes the six-party forum, not direct talks with North Korea, holds the best hope for a resolution of a crisis that now has North Korea's neighbors worried about war.

Bush, who has been criticized for taking the U.S. to war in Iraq in 2003 before diplomatic measures were exhausted, suggested that the same critics are questioning his stance with North Korea today.

"I can remember the time when it was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," Bush said. "And now all of a sudden people are saying, 'The Bush administration ought to be going alone with North Korea.' But it didn't work in the past."

Former Secretary of State Madeleine Albright, who attempted to negotiate with North Korea during the Clinton administration, disputed Bush's contention that direct talks had not worked.

"During the two terms of the Clinton administration, there were no nuclear weapons tests by North Korea, no new plutonium production and no new nuclear weapons developed in Pyongyang," Albright's office said in a statement issued Wednesday. "Through our policy of effective, constructive engagement, the world was safer. President Bush chose a different path, and the results are evident for all to see."

Powers Are Split Over How To Punish Pyongyang (WSJ)

By Yochi J. Dreazen And Evan Ramstad

The Wall Street Journal, October 12, 2006

Bush Seeks Tough Measures, But Seoul Weighs Options; Japan Pursues Compromise

President Bush said the U.S. will work with China, Japan and South Korea to craft a package of tough sanctions against North Korea following its claim of a nuclear-weapon test. But the administration and its partners are divided over how soon to act against Pyongyang and precisely what measures to impose.

Speaking to reporters in the Rose Garden, Mr. Bush reiterated that the U.S. wouldn't accept North Korea's emergence as a nuclear power and said the administration would work with Asian powers to "ensure there are serious repercussions for the regime" of North Korean leader Kim Jong Il if it refuses to abandon its nuclear-weapons program.

The administration has drawn similar lines in the sand before, only to watch as Pyongyang pressed ahead with its program. Despite global outrage over North Korea's purported nuclear test Sunday, the U.S. and other countries are likely to take several months to agree on sanctions. And it is far from certain that China -- the country widely seen as having the most leverage over North Korea -- will ultimately be willing to sign off on strong measures.

In a sign of emerging divisions, South Korean President Roh Moo Hyun said yesterday his government could take "a couple of months" to decide how to respond to North Korea's claim of a nuclear test. South Korea has chosen a different approach from Japan, which imposed sanctions on North Korea immediately after claims of the nuclear test. At the United Nations Security

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Council, meanwhile, China continued to rebuff U.S. calls for language that could set the stage for military action against North Korea if it doesn't abandon its program.

President Bush discusses2 the situation in North Korea, the war in Iraq and the U.S. economy. WSJ reporter Jake Schlesinger3 discusses the press conference, including the different strategy the president is taking with North Korea, compared with Iraq.

Mr. Bush alluded to the diplomatic challenges ahead in remarks at the White House, which came as Democrats and Republicans sparred over which party deserves blame for failing to prevent North Korea from acquiring nuclear weapons.

"It's a difficult process because everybody's interests aren't exactly the same," he said. "It takes awhile to get people on the same page, and it takes a while for people to get used to consequences."

Mr. Bush said the U.S. remains committed to finding a diplomatic solution, but said the U.S. "reserves all options" and would increase its military cooperation with countries like South Korea and Japan. "Diplomacy hasn't run its course," he said.

Indeed, diplomatic maneuvering -- at the U.N. and in several Asian capitals -- appears just under way.

In Tokyo, the Japanese government prohibited North Korean ships from entering Japanese ports, banned imports from the impoverished nation and barred most North Korean nationals from entering Japan. In Seoul, by contrast, Mr. Roh said South Korea wouldn't act unilaterally. The South Korean president said immediately after claims of the test that the South would change its policy of financial incentives to encourage political and economic change in the North, but has declined to explain how or when the policy will change.

"This is not a matter that can be decided in a couple of days or a couple of months. We have to look at it comprehensively," he said.

Mr. Roh will travel to Beijing tomorrow for a summit with Chinese President Hu Jintao and Premier Wen Jiabao as Chinese diplomats at the U.N. discuss with officials from the U.S. and its allies what types of sanctions to impose on North Korea. Diplomats familiar with the proceedings say China thus far has declined to support calls for international inspections of all cargo entering and leaving North Korea. China also wants the sanctions resolution to refer to Article 41 of the U.N. charter, which authorizes only nonmilitary penalties, rather than the U.S.-preferred Chapter 7, which could set the stage for U.N.-authorized military strikes.

Japan is leading the effort to draft compromise resolutions and hopes to have an agreement in place by the end of the week, diplomats say. John Bolton, U.S. ambassador to the U.N., said the U.S. plans to introduce today a revised resolution to impose sanctions on North Korea, and hopes it will be adopted by the end of the week.

Meanwhile, U.S. intelligence agencies said it could be an additional week to 10 days before Washington has more certainty about the test North Korea conducted. American intelligence agencies are assuming North Korea used some fissile material in the test, but they also aren't ruling out the possibility that the test only involved conventional explosives, say officials involved in the probe. They also haven't dismissed the possibility that the test was a ruse to make it appear that Pyongyang has nuclear capability.

"All we really have right now is a statement" from North Korea, a senior U.S. intelligence official said.

---- Jay Solomon in Washington contributed to this article.

China Says It Will Back Sanctions On N. Korea (WP)

By Colum Lynch And Maureen Fan, Washington Post Staff Writers

The Washington Post, October 11, 2006

Beijing Stresses Limits on U.N. Action Against Ally

UNITED NATIONS, Oct. 10 -- China on Tuesday expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs.

The United States and Japan continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program.

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Varied responses to the nuclear test that North Korea apparently conducted early Monday emerged as the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government. France, for instance, voiced concern that a Japanese proposal to ban all North Korean exports could fuel a humanitarian crisis.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians. State Department spokesman Sean McCormack, meanwhile, specifically ruled out any attempt at regime change. "We have made it very clear that the United States has no intention to attack North Korea. That element of our policy still stands," he told reporters. "What we have sought is a change in the behavior of the North Korean regime."

China's tougher stance against North Korea came as officials in Beijing faced criticism at home over their diplomatic strategy, which relies primarily on the now-stalled six-nation talks to contain North Korea's nuclear program.

The talks have been "a total failure," said Zhang Liankui, a professor at the influential Central Party School's Institute for International Strategic Studies. "North Korea's reaction is a challenge to the whole world. Every country should have a clear and definite attitude, including China.

"If peaceful means can't stop North Korea from conducting a nuclear test, then there should be other means," Zhang added. "The appeasement policy was very popular in the international community, and I think that's very dangerous. Within 10 years, people will suffer from this attitude."

Chinese Foreign Ministry spokesman Liu Jianchao acknowledged that North Korea's action "will undoubtedly exert negative impact" on the two countries' relations. But he said the six-party talks remain "the best and practical way and effective way to resolve this issue, so I don't think it's a failure of China's diplomacy."

Still, Wang Guangya, China's U.N. ambassador, conceded that the council would have to impose "some punitive actions" on Pyongyang to persuade it to heed international demands. He added, however, that "these actions have to be appropriate" and "more specifically targeted toward the nuclear- and missile-related areas."

U.S. officials welcomed China's willingness to consider punishing a traditional ally and a neighbor that it has shielded from international pressure for decades. White House spokesman Tony Snow said China's announcement suggested that North Korea's ability to use "bluff and bravado" to obtain concessions may have ended.

Secretary of State Condoleezza Rice told CNN that "I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan but from its closest supporters, those who are the ones who give them assistance."

The United States has told the North Koreans "that there is no intention to invade or attack them," Rice added. "So they have that guarantee." The president "never takes any of his options off the table," she said. "But the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But other U.S. officials made it clear that they think tougher measures are required to ensure that North Korea will not ignore another unenforceable council dictate. They note that a U.N. measure that was passed in July, Resolution 1695, already bans international trade in ballistic missiles and nuclear technology with North Korea. But it lacks any enforcement provision.

The United States supports a resolution under Chapter 7 of the U.N. Charter, which can be enforced by sanctions or military action.

The U.S. draft resolution calls for imposing stringent financial penalties on North Korea and providing broad powers to foreign governments to inspect all trucks, trains, vessels and planes traveling in and out of the country. The U.S. text would also confront North Korea with a 30-day deadline to reverse course or face further penalties.

Japan has introduced a series of amendments that would ban North Korean exports and prohibit the arrival of North Korean ships or planes in foreign countries.

China opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy.

It also insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea. China proposed that a sanctions resolution refer simply to a provision in Chapter 7, known as Article 41, that would authorize only the imposition of sanctions.

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"We have not reached agreement -- do not misunderstand me," Bolton told reporters after meetings with China and other major council powers. "I know when you're making progress and I know when you're not making progress, and I'm still pleased with the directions things are going."

Fan and researcher Jin Ling reported from Beijing; staff writer Glenn Kessler in Washington contributed to this report.

U.S. Aims To Pass Resolution On N. Korea (AP)

By Nick Wadhams, Associated Press Writer

AP, October 12, 2006

The United States hopes to pass a new draft U.N. Security Council resolution on Friday to punish North Korea over its claimed nuclear test, U.S. Ambassador John Bolton said.

The new draft, which the U.S. will formally introduce on Thursday, is part of American and Japanese efforts for a quick Security Council rebuke to the North for its alleged test Monday, which raised tension surrounding Pyongyang's clandestine nuclear program and drew near-universal condemnation from around the world.

"There are still a lot of comments that have been made, and areas of disagreement, but as we've said repeatedly, we think this requires a strong and swift response," Bolton said Wednesday after a meeting with the ambassadors of Britain, France and Japan.

"Now, we're certainly prepared for further discussion but today is late Wednesday and to have a vote by the end of the week, we need to move expeditiously tomorrow, which we're going to try to do," he said.

Earlier Wednesday, Secretary-General Kofi Annan urged the United States to hold bilateral talks with North Korea and called on the communist nation not to escalate an "extremely difficult" situation.

"I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence, and from that point of view I believe that ... (the) U.S. and North Korea should talk," Annan said.

The United States has refused to talk one-on-one with North Korea except on the margins of six-party talks aimed at persuading the North to abandon its nuclear program. Bolton was quick to dismiss Annan's remarks, saying only: "I think we've expressed our view on that."

The Americans' new offering introduces significant changes to a previous draft resolution, circulated by the U.S. on Tuesday. The latest draft was expected to be circulated later Wednesday, when details were likely to be made known.

The previous draft would prohibit trade in materials that could be used to make or deliver weapons of mass destruction, and require states to ensure that North Korea not use their territory or entities for proliferation or illicit activities. Financial transactions that North Korea could use to support those programs would also be banned, under the previous draft.

The main impediment to the American draft so far has been China, which wants a far more limited package of sanctions, connected solely to the North's nuclear program. While it says its neighbor should be punished, officials want the scope of the sanctions to be focused more narrowly.

Another issue of dispute is how strongly to enforce the resolution. The United States and Japan want the resolution passed under Chapter 7 of the U.N. Charter, which would allow the council to enforce it with sanctions, a blockade or even military force.

Yet China wants to invoke only Article 41 of Chapter 7, which removes the threat of a blockade or military force. Article 41 would allow "complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio and other means of communication, and the severance of diplomatic relations."

China's U.N. Ambassador Wang Guangya left a morning meeting with only one comment — that Chapter 41 "serves our purpose."

A U.N. Security Council diplomat said the latest draft would probably retain the full mention of Chapter 7 — clouding prospects that the document could be passed on the American schedule. The diplomat spoke on condition of anonymity because the document has not been released.

South Korean Foreign Minister Ban Ki-moon, the Security Council's nominee for the secretary-general, backed a quick resolution. He was in New York to meet with diplomats before the General Assembly vote that will formally name him Annan's successor.

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"My government has expressed our strong support for the speedy action to be taken by the Security Council and we'll have a close consultation with the members of the Security Council," he told The Associated Press.

The debate — with the U.S., Britain and France facing off against China and Russia — echoes the arguments made during Security Council negotiations over how sternly to rebuke Iran for its suspect nuclear program. In that case, because of Chinese and Russian resistance, the council agreed to invoke Chapter 7's Article 40, which is even weaker.

The Chinese stance drew frustration from Japan which, more than anyone else, wants tougher sanctions.

"We do recognize, acknowledge that they have made some effort, but in our view, we would have to ask them to make further efforts," Japan's U.N. Ambassador Kenzo Oshima said.

Sanctions Would Focus On Blocking Weapons Exports (LAT)

By Peter Spiegel And Julian Barnes

The Los Angeles Times, October 12, 2006

WASHINGTON — The sanctions demanded by U.S. officials in response to North Korea's announcement this week that it had tested a nuclear device would focus on closing pathways to proliferation of weapons technology.

But U.S. officials say any such effort would have to focus on the air and land routes through China and Russia that the government in Pyongyang has used in response to American monitoring on the high seas.

Since the 1990s, the Pentagon has used naval ships and aircraft to track and even intercept weapons shipments coming out of North Korea.

"Our folks pay very close attention to the vessels they are using and where they go; we stay on top of this one," Adm. William J. Fallon, the U.S. military's top officer in the Pacific, said last month. "One thing we can't do anything about is the air movement, because it goes over Chinese or Russian airspace. It's up to those countries to do things."

The new United Nations sanctions resolution proposed by the United States would direct all members "to undertake and facilitate inspection of cargo to or from" North Korea. In effect, it would require China to help close the gap in American efforts.

It's a challenge unlike any yet faced by U.S. diplomats and military officials. Until now, nations that have developed a nuclear capability have not viewed their new weapons as potential export commodities, as many believe Pyongyang does.

Defense Secretary Donald H. Rumsfeld still would not say today whether U.S. defense intelligence agents had conclusive information that North Korea had set off a nuclear bomb. But he pointed out that it had taken quite some time for the United States to confirm that India and Pakistan had successfully tested nuclear devices.

He said he was concerned by attempts by North Korea and Iran to develop a nuclear bomb because both countries had sold weapons technology.

"Their programs point to increasing risks of lethal weapons possibly ending up in the hands of non-state entities, folks that tend not to be deterred the way a nation-state would because they don't have to worry about protecting real estate, population and leadership," Rumsfeld said.

At the U.N., Chinese and Russian diplomats resisted tougher proposals by the Americans and Japanese, and U.S. Ambassador John R. Bolton dismissed a North Korean threat to launch a nuclear-tipped missile if Washington refused direct talks. Diplomats hope for a vote on a response to North Korea by Friday.

Past international efforts to block exports and enforce embargoes have had limited and short-lived success. But North Korea's use of Chinese routes for conventional weapons exports raises the concern that it may attempt to use similar means to transship nuclear technologies.

"In the early days, it is absolutely true that the North Koreans sent both missiles and missile fuel and components to the Iranians and the Syrians by sea," said David Kay, a former U.N. weapons inspector who specialized in nuclear proliferation issues. "But they now know that's not a good way to do it, so most of it goes overland via China."

Kay said that, from China, the weaponry probably is flown to places such as Iran and Syria. North Korea also has sold missile technology to Yemen and Pakistan.

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The Bush administration has complained repeatedly that Beijing has not lived up to agreements to stop North Korea's shipments of weapons technologies. In testimony last month before a U.S. government commission, State Department officials said they "remain deeply concerned" over China's lack of commitment to its nonproliferation promises.

Thus far, however, U.S. proliferation concerns have centered on Pyongyang's trade in parts for long- and medium-range missiles. By some estimates, North Korea is the world's dominant exporter of ballistic missiles. An evaluation by the London-based International Institute for Strategic Studies estimated that missile sales had earned the North Korean government hundreds of millions of dollars, making it a significant source for hard currency.

But deliveries of missile components have begun to shrink in recent years as North Korea's traditional customers, particularly Iran, have developed their own capabilities. Experts fear that Pyongyang will view nuclear technology, and nuclear material such as plutonium, as a replacement revenue source.

"The thing that worries most people is actually the export of fissile material itself," Kay said.

"I don't think people are worried at this stage about North Korea sending weapons to Iranians or terrorists," Kay added, "although there is virtually nothing on the face of the Earth that the North Koreans have gotten their hands on that they haven't been willing to sell."

China has let North Korea ship missile parts through its territory and airspace and has exported missile systems to rogue governments itself. But U.S. officials consider Beijing less likely to tolerate North Korean nuclear shipments because such exports could undermine China's status as the only nuclear power in East Asia.

"North Korea is China's neighbor, so they, in a sense, have a more proximate cause for worry than even the United States," State Department spokesman Sean McCormack said.

Nonetheless, enforcing any tightened counter-proliferation regime, even with Chinese cooperation, would be challenging, U.S. officials and arms experts said. The Pentagon can track ships, but it is nearly impossible to determine precise cargoes.

"The ability to recognize every single thing that's on every ship is a challenge," Adm. Fallon said.

The administration's proposed U.N. resolution would essentially establish an international agreement to allow the boarding of ships suspected of carrying prohibited items to or from North Korea.

Pentagon officials, however, said that any large-scale effort would be many times more complicated than tracking the vessels, and would require the participation of other countries. As a result, tactical planning has not begun for a U.S. blockade of North Korea, a Defense Department official said.

"The presumption is this would have to be an international effort," said the official, who spoke on condition of anonymity because of the sensitivity of the issue. "You can't willy-nilly stop every ship; you need to search methodically."

Similarly, China's ability to monitor North Korean deliveries across its border may be limited. Beijing polices the border, but experts say the frontier remains somewhat porous and that China may not be employing the most modern sensors and other detection equipment.

"It's like moving drugs into the United States from Mexico," Kay said. "The Chinese could do a far better technical job than they've been doing. Radiation detectors along the Yalu River" - between North Korea and China - "would be a good thing, but they can be beaten."

China Still Values The Survival Of Communist Regime In North Korea (MCT)

By Tim Johnson

McClatchy Newspapers, October 12, 2006

BEIJING - North Korea's nuclear test deeply rattled China because it has more at stake in the survival of the isolated Pyongyang regime than it likes to admit.

Moreover, some of those vital interests are conflicted. Their balancing places China's policymakers in a quandary as they play a pivotal role at the U.N. Security Council in deciding how to punish North Korea for its nuclear test.

China values being seen as a responsible rising power interested in shouldering global issues and maintaining peace and stability in East Asia. Its leaders also regard soaring economic ties with the United States as a vital interest.

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"China doesn't want to severely hurt relations with the United States over the North Korean issue," said Shi Yinhong, an international relations specialist at People's University in Beijing.

Since 2003, when China first began hosting six-nation talks on the North Korean nuclear issue, it has won international praise. But Chinese hosts preferred to preach restraint rather than enter the fray and twist arms, and in the end they obtained little.

"China never played a real mediator role," said Jin Linbo of the China Institute of International Studies in Beijing, adding that China doesn't feel threatened by North Korea's nuclear program.

"I don't think Chinese leaders believe North Korea's nuclear weapons will immediately affect China's national interests," he said.

At the same time, as China's leaders frequently point out, they need peace abroad so that they can focus on economic growth and reforms and sort out a myriad of domestic problems, such as widening disparities of income and tattered social safety nets.

China also does not want to face the possible collapse of the Kim Jong Il regime and the need to explain to China's citizens the failure of an allied one-party state like its own, scholars say.

"If the regime (in Pyongyang) collapses, that could be a big shock to the Chinese system," said Wu Guoguang, a former editorial writer for the People's Daily who is now a political scientist at the University of Victoria in Canada's British Columbia.

It took China's leaders years after the collapse of the Soviet empire in the early 1990s to rebuild confidence in the Communist Party and tell people, "Look, the party survived. Communism is okay," Wu said.

China has a historic friendship with North Korea, tempered by the spilled blood of hundreds of thousands of Chinese troops during the 1950-1953 Korean War. China's older generation strongly supports North Korea, a historic if troublesome ally, and prefers a divided peninsula to a reunified, more powerful Korea on its borders.

Moreover, say analysts, Pyongyang plays a strategic role for Beijing.

Kim Jong Il's million-man army occupies the attention of U.S. forces on the Korean Peninsula, and could rattle the cage and divert the Pentagon if Beijing ever were to deploy troops in a blitz attack on Taiwan, a self-governed island it claims as its own.

"Taiwan is a priority for Beijing," said Wu, noting that China's leaders routinely believe that if they bend to Washington on the North Korea issue, it gives them leverage on Taiwan.

Even so, there is no denying Beijing's real frustration at Pyongyang for what it sees as a reckless escalation of tensions, reflected in its angry denunciation Monday of the "brazen" nuclear test and its willingness to support punitive U.N. sanctions.

China knows that a nuclear-armed North Korea deeply unsettles Japan and could spark an arms race in East Asia. It also raises the possibility of an eventual U.S. limited military strike on North Korea, making Kim's future less certain.

"The present situation is quite dangerous. North Korea faces more and more isolation," Shi said. "The possibility of collapse has increased."

China maintains leverage on Pyongyang by supplying more than half of its vital energy supplies, yet it believes it affects events in North Korea less than ever, Shi said.

"China's relations with North Korea already are at the lowest point in many years, and influence is at the lowest level," he said.

While China's leaders juggle differing concerns, they also keep an eye on the public mood. Chinese are at once unhappy with Kim for embarrassing their nation and deeply averse to kowtowing to Washington's demands to punish Pyongyang.

China is most likely to want to deal with the crisis like a family dispute, chastising North Korea in public but stopping short of inflicting real pain, Wu said.

"You want to punish your brother but you want to maintain the brotherhood," he said.

Seoul Will Take Its Time Crafting A Response (WSJ)

By Evan Ramstad

The Wall Street Journal, October 12, 2006

DOJ_NMG_0079585

SEOUL -- South Korea may take months to decide how to respond to North Korea's apparent test of a nuclear device, President Roh Moo Hyun said, in a sign of the difficult position his country is in as it seeks to penalize the northern regime without causing its sudden collapse or a war.

The U.S. and other countries believe South Korea possesses the most economic and political power, after China, over the North and the regime of leader Kim Jong Il. Japan yesterday imposed a host of sanctions on Pyongyang, and the United Nations Security Council is expected to impose new sanctions on North Korea for Monday's underground test explosion. But the price Pyongyang pays for carrying out the test will be influenced greatly by the severity of penalties imposed by Seoul and Beijing.

Mr. Roh said immediately after the test that the South would change its policy of using financial incentives to encourage political and economic change in the North. But he hasn't said precisely how much the policy will change.

Yesterday, before a meeting with leaders of businesses that have operations in the North, Mr. Roh said, "Whichever direction this does take, this is not a matter that can be decided in a couple of days or a couple of months."

He added: "We have to look at it comprehensively, [including] the prospect, outcome and impact. We'll have to take steps one by one in a calm manner, combined with careful review."

Indeed, the decision could be the most important of Mr. Roh's presidency, because it may set the course of relations on the peninsula for years to come.

Meanwhile, Tokyo prohibited North Korean ships from entering Japanese ports, banned imports from the impoverished nation and barred North Korean nationals from entering Japan, with some exceptions.

Japan, which doesn't share a border with North Korea, may feel it has has a freer hand than Seoul when it comes to punishing Pyongyang. However, Japan has been losing some leverage over North Korea in recent years because of the gradual decline in their bilateral trade. Five years ago, Japan was North Korea's second-biggest trading partner after China, with $475 million in annual two-way volume. By 2005, that had declined to less than $200 million, and Japan trailed China, South Korea, Thailand and Russia in trade with the North.

Mr. Roh said yesterday that South Korea wouldn't act unilaterally, only in coordination with other countries. Tomorrow, he will travel to Beijing for a summit with Chinese President Hu Jintao and Premier Wen Jiabao. On Tuesday, he met with leading Korean politicians, including chiefs of opposition parties and several former presidents, to discuss options.

-- Lina Yoon in Seoul and Sebastian Moffett in Tokyo contributed to this article.

UN Struggles To Agree On N Korea (FT)

By Mark Turner, Guy Dinmore And Dan Dombey

Financial Times, October 12, 2006

The US is expected to introduce on Thursday a revised resolution on sanctions to be imposed on North Korea over its nuclear test announcement, as leading powers are struggling with negotiations on the precise scope of the punitive action.

Washington hopes the UN Security Council will adopt the revised resolution by the end of this week. Although members of the Council, including the previously reluctant China, appear to agree that punitive action is necessary, talks have slowed a mid disagreement over the legal basis for it, while Pyongyang warned it would consider the measures an act of war.

Leading powers also disagree on whether the claimed nuclear test should be deemed an international threat to peace and security, and exactly how far sanctions should go.

The US, Europe and Japan are pushing for a Chapter 7 resolution, under which the UN can take tough enforcement action. George W. Bush, US president, on Wednesday urged “serious repercussions”.

But China has argued for using only Article 41 of that chapter – which cannot be used to authorise force. African and European diplomats from the non-permanent 10 countries on the Council were said to have asked that if a nuclear test were not worthy of Chapter 7, what was?

More difficult will be the debate on whether the sanctions should focus narrowly on measures to stop states from helping North Korea’s missile and nuclear programme – on which all could agree – or extend powers to inspect vessels travelling to and from the country and to cut off financial flows.

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Japanese proposals for an almost total embargo did not attract widespread support. Kenzo Oshima, the Japan's ambassador, said China was willing to impose some punitive measures "but in our view we would have to ask them to make further efforts."

Japan on Wednesday night imposed draconian unilateral sanctions on Pyongyang, banning all ships, all imports and most North Korean nationals from entering the country. But officials in Tokyo said the unilateral measures must be distinguished from the efforts of Japan, current chair of the Security Council, to build an international consensus on North Korea.

An explicit call by Japan on UN members to inspect cargos to and from North Korea was now unlikely to survive. Russia and China were said to be concerned with the idea, with Moscow warning that inspections at sea could allow North Korea to spark a confrontation.

But some diplomats added that the US could still send ships into international waters off Korea to deter Pyongyang from exporting nuclear-related materials.

There is also debate on a proposed ban of luxury goods to North Korea. Some Europeans were said to have joked that some wines were most certainly not luxurious.

There are also questions over how sanctions should be monitored.

Kofi Annan, the UN's outgoing secretary-general, said on Wednesday that he believed the Council would "come together and take firm action", but added that dialogue was essential.

"We should talk to parties whose behaviour we want to change. The US and North Korea should talk."

Additional reporting by David Pilling in Tokyo

Bush Faults Clinton Policy, But The Debate Is Complex (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, October 12, 2006

President Bush asserted yesterday that the administration's strategy on North Korea is superior to the one pursued by his predecessor, Bill Clinton, because Clinton reached a bilateral agreement that failed, while the current administration is trying to end North Korea's nuclear programs through multi-nation talks.

"In order to solve this diplomatically, the United States and our partners must have a strong diplomatic hand," Bush said at a news conference. "And you have a better diplomatic hand with others, sending the message, than you do when you're alone."

As Secretary of State Condoleezza Rice put it on Tuesday: "The United States tried direct dialogue with the North Koreans in the '90s, and that resulted in the North Koreans signing onto agreements that they then didn't keep."

But the reality is more complicated, according to former and current U.S. officials and a review of the diplomatic history.

Bush's current policy, in fact, envisions direct, bilateral negotiations with North Korea on certain issues in the six-nation talks, such as missile proliferation and normalizing relations. That commitment to direct talks is enshrined in the agreement of principles guiding future negotiations that was reached in Beijing in September 2005. Indeed, Rice was prepared to authorize her chief negotiator to travel to Pyongyang in November 2005, provided that North Korea shut down its nuclear reactor as a sign of good faith. It refused that condition, and the trip was scrubbed.

By the same token, it is not fully accurate to describe the negotiations that led to a 1994 agreement between the United States and North Korea as purely the result of one-on-one negotiations. During talks that produced the Agreed Framework, in which North Korea said it would freeze its nuclear program, U.S. negotiators briefed Japanese and South Korean officials every day. South Korea and Japan agreed to bankroll much of the cost of the light-water reactors that were to be provided to North Korea under the deal.

Robert L. Gallucci, the chief negotiator of the accord and now dean of the Georgetown School of Foreign Service, said it is a "ludicrous thing" to say that the Clinton agreement failed. For eight years, the Agreed Framework kept North Korea's five-megawatt plutonium reactor frozen and under international inspection, while North Korea did not build planned 50- and 200-megawatt reactors. If those reactors had been built and running, he said, North Korea would now have enough plutonium for more than 100 nuclear weapons.

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By Gallucci's account, North Korea may have produced a small amount of plutonium for one or two weapons before Clinton came into office -- during the administration of Bush's father -- but "no more material was created on his watch." When Clinton left office, officials saw signs that North Korea may have been attempting to create a clandestine uranium enrichment program, but nothing was definitive.

Such a program would violate the Agreed Framework. When the Bush administration decided it had conclusive proof of that enrichment in July 2002, it confronted North Korea and terminated fuel oil deliveries promised under the Agreed Framework. In response, North Korea evicted the inspectors, restarted the reactor and retrieved weapons-grade plutonium from 8,000 fuel rods that had been kept in a cooling pond. Intelligence analysts now think that, before Monday's apparent nuclear test, North Korea had enough plutonium for as many as a dozen weapons.

While the Bush administration accused Pyongyang, North Koreans complained bitterly that the United States was the chief violator of the pact because the reactors were years behind in construction and because promises to end hostile relations and normalize ties were not fulfilled.

Before the crisis in 2002, the Bush administration was prepared to hold bilateral talks with North Korea, though it took nearly two years after Bush came into office to arrange them. Afterward, administration insiders argued over the best approach before settling on meeting with the North Koreans only in the presence of officials from other nations.

Then-Secretary of State Colin L. Powell pressed China to host three-way discussions because it was clear that Bush was opposed to direct talks, according to the new book "Soldier: The Life of Colin Powell," by Washington Post Associate Editor Karen DeYoung. Defense Secretary Donald H. Rumsfeld adamantly opposed any dialogue, arguing in a series of memos that the goal should be the collapse of North Korea's government, the book says.

The talks were expanded to include Japan, South Korea and Russia. During a flight to Africa in July 2003, Powell won Bush's agreement to allow U.S. negotiators to meet with the North Koreans on the sidelines of the talks, in part to assuage the Chinese, who wanted more direct engagement between the United States and North Korea.

Conservatives opposed to negotiations came to embrace the six-party format because they thought that it was so cumbersome that it would not achieve much, and because North Korea's behavior grated on other participants.

Michael Green, a former White House aide who is now at the Center for Strategic and International Studies, said some bilateral negotiations will take place if a final agreement to dismantle the program is reached. But he said that the four other nations can provide incentives on trade and energy that the United States cannot, and that the other countries have much greater ability to inflict pain on North Korea.

Japan Imposes Sanctions On N Korea (FT)

By David Pilling In Tokyo And Anna Fifield In Seoul

Financial Times, October 12, 2006

Japan imposed draconian sanctions on Pyongyang last night, banning all ships, all imports and most North Korean nationals from entering the country.

The measures, while severe, are not likely to have a big extra economic impact, given that Japan has already drastically reduced trade and financial transfers to North Korea, experts said.

Officials in Tokyo also said that Japan's unilateral measures must be distinguished from its efforts to build an international consensus on appropriate global sanctions against North Korea.

As chair of the United Nations Security Council, Japan had to act as a responsible mediator between different positions, said Hiroshi Suzuki, deputy cabinet secretary.

The administration of Shinzo Abe, the newly installed prime minister, is also keen to find a common position with China and South Korea, the only countries with remaining economic leverage over Pyongyang.

Mr Abe last weekend launched a bold diplomatic initiative to rebuild positive relations with Japan's most important two neighbours and wants to use the North Korean nuclear issue as a way of cementing closer ties, officials said.

According to official estimates reported by Kyodo, a Japanese newswire, North Korea's exports totalled about $1.3bn in 2005, of which shipments to Japan comprised about 10 per cent, making it the third-largest importer of North Korean goods after

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China and South Korea. Seafood, including crab and sea urchin, accounted for about one-quarter of imports from North Korea, with anthracite coal, imports of which were recently suspended, making up nearly 15 per cent.

Japan took its unilateral measures last night after a meeting of its Security Council. Earlier, Mr Abe had told a parliamentary committee that North Korea could expect "harsh measures" from his administration, given his reputation for not compromising with the Pyongyang regime.

Tokyo's sanctions come as Pyongyang outlined its continued defiance on Wednesday when it said, on two separate occasions, that it would carry out another nuclear test if it came under increased pressure from Washington.

"If the US keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures," the North's foreign ministry said in a statement published by the official Korean Central News Agency.

"We were compelled to conduct a nuclear test because of the US nuclear threat and pressure of sanctions," it said, in the isolated country's first comment since it announced Monday's test. "We are ready for both dialogue and confrontation."

This coincided with a similar threat from North Korea's number two leader, Kim Yong-nam, president of the Supreme People's Assembly.

Japan Slaps Pyongyang With Trade Sanctions (WT)

By Andrew Salmon

The Washington Times, October 12, 2006

SEOUL -- Japan halted trade with North Korea yesterday, while the United States and other nations sought additional penalties against the communist state for reportedly conducting a nuclear test.

President Bush demanded tough sanctions against North Korea, but he vowed to find a diplomatic solution to Pyongyang's defiance and said there were no plans for a military attack.

North Korea threatened unspecified "physical measures" against the United States and its allies, while South Korea said it was reviewing its defenses against a nuclear attack.

Japan's sanctions were the most substantive steps against the North since Monday's reported nuclear test at an underground site north of Pyongyang.

It banned all imports from North Korea and prohibited North Korean ships from entering Japanese ports.

"We cannot tolerate North Korea's actions if we are to protect Japanese lives and property," Japanese Prime Minister Shinzo Abe said after an emergency security meeting. "These measures were taken to protect the peace."

Meanwhile at the United Nations, the United States is expected to push for a vote on North Korea by the end of the week despite opposition from China to some of the sanctions aimed at punishing Pyongyang for its reported nuclear test.

One controversial provision in the U.S.-drafted resolution was authorization for international inspections of cargo moving into and out of North Korea to detect weapons-related material. China, diplomats said, had rejected it, but that provision is still in the text circulated among the 15 Security Council members.

John R. Bolton, U.S. ambassador to the United Nations, who acknowledged there were "a number of disagreements," said he intends to introduce a new draft resolution formally to the Security Council members today with the aim of calling a vote a day later.

Among the imports from North Korea expected to face closed doors in Japan are mushrooms and seafood valued at about $50 million each year, a modest amount but a significant source of foreign currency for the impoverished nation.

Japan also prohibited North Korea nationals from entering Japan, with limited exceptions.

Reports early yesterday morning that North Korea may have tested a second nuclear device were later dispelled. But they underscored a deep insecurity gripping the region.

In Seoul, outgoing Foreign Minister Ban Ki-moon said South Korea would take a "considered and strategic approach" on whether to join the U.S.-led Proliferation Security Initiative (PSI), according to Yonhap news agency.

Mr. Ban is scheduled to become the next U.N. secretary-general when Kofi Annan's term ends in December.

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PSI is a program designed to halt the spread of weapons of mass destruction by sharing intelligence and intercepting suspect cargoes. Some 70 nations have signed up, but South Korea has previously declined for fear of antagonizing the North.

The PSI made headlines in 2002 when a Spanish ship, acting on information from U.S. intelligence, intercepted a North Korean ship with a load of Scud missiles headed for Yemen.

South Korean President Roh Moo-hyun said yesterday threats cited by North Korea for its belligerent policies were either "non-existent or greatly exaggerated."

It was an unusually blunt statement for the South Korean president, whose government is typically more accommodating toward the North.

Mr. Roh's policy of trade, tourism and engagement with the North has long been under pressure and his public approval ratings were at an all-time low even before Monday's test.

Mr. Bush told reporters in Washington: "In order to solve this diplomatically, the United States and our partners must have a strong diplomatic hand. And you have a better diplomatic hand with others, sending the message, than you do when you're alone."

Speaking in the Rose Garden at the White House, Mr. Bush repeatedly sought to reassure North Korea he wanted a peaceful outcome.

"We have no intention of attacking North Korea," the president said.

On the streets of North Korea's capital, it seemed like business as usual. Video from Associated Press Television News showed people milling about Kim Il-sung Square in Pyongyang and rehearsing a performance for the 80th anniversary of the "Down With Imperialism Union." The union was an anti-Japanese movement founded at a time when Korea was under Japanese occupation.

North Korea, in its first formal statement since Monday's blast, warned that it would counter further pressure from the international community with force.

"If the U.S. increases pressure upon [North Korea], persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war," said a statement by the North's Foreign Ministry and carried by the official Korean Central News Agency. It did not say what those measures could be.

North Korea's No. 2 leader Kim Yong-nam threatened in an interview with a Japanese news agency that there would also be more nuclear tests if Washington continued what he called its "hostile attitude."

Mr. Kim, second to North Korean leader Kim Jong-il, told Kyodo news agency that further nuclear testing would hinge on U.S. policy toward his government.

South Korea's military, meanwhile, was checking its readiness for nuclear attack, Yonhap reported. The Joint Chiefs of Staff recommended improving the military's defenses, possibly with state-of-the-art weapons to destroy nuclear missiles, it said.

Defense Minister Yoon Kwang-ung said Seoul could enlarge its conventional arsenal to deal with a potentially nuclear-armed North Korea.

The top U.S. general in South Korea said that American forces are fully capable of deterring an attack.

"Be assured that the alliance has the forces necessary to deter aggression, and should deterrence fail, decisively defeat any North Korean attack against" South Korea, Army Gen. B.B. Bell said in a statement to troops. "U.S. forces have been well trained to confront nuclear, biological and chemical threats."

About 29,500 U.S. soldiers are deployed in the South, a remnant of the 1950-53 Korean War.

This article is based in part on wire service reports

Japanese Back Prime Minister In Handling Of Nuclear Crisis (NYT)

By Martin Fackler

The New York Times, October 12, 2006

TOKYO, Oct. 11 — In office three weeks, Prime Minister Shinzo Abe is facing his first crisis, North Korea's claimed nuclear test, with a mix of soothing diplomacy and tough sanctions, scoring high marks with his nation's anxious voters.

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Mr. Abe has called on the United Nations to punish North Korea, and on Wednesday his government announced its own sanctions, including a ban on imports. At the same time, he has shown greater flexibility than his predecessor toward China and South Korea, joining them in criticizing the North during hastily arranged summit meetings this week.

Mr. Abe, who rose to popularity by taking a hard line on North Korea, has used the crisis to showcase his more assertive brand of foreign policy. He and other conservatives have used the North Korea threat to advance long-held goals of rearming their nation and giving it an international voice more in line with its economic might.

So far, Mr. Abe's blend of nationalist appeals and diplomatic pragmatism has proved popular with the Japanese public, which greeted the North's test announcement with outrage and fear. An editorial in Nihon Keizai Shimbun, a leading daily, compared the level of shock here to that after the Sept. 11 terrorist attacks in the United States.

An opinion poll of voters published Wednesday in Asahi Shimbun, another leading daily, indicated 83 percent approved of Mr. Abe's visits to Beijing and Seoul, which were arranged before the crisis. The poll, of 1,023 people contacted by telephone, showed 82 percent seeing the North as a threat, a boon for Mr. Abe, whom the poll gave an approval rating of 63 percent.

"For now, the North Korea crisis has put the wind at Mr. Abe's back," said Hiroshi Nakanishi, a professor of international politics at Kyoto University. "His longstanding position of putting pressure on North Korea makes him look good at the moment."

But Mr. Nakanishi and other analysts also point out that Japan's deep-seated problems with the rest of Asia remain unresolved. The biggest is the belief among former victims of Japanese World War II-era aggression that Tokyo remains unrepentant about its wartime deeds.

In particular, Mr. Abe has remained purposefully vague on whether he will visit the Yasukuni Shrine, a Shinto memorial that honors Japan's war dead, including executed war criminals. His predecessor, Junichiro Koizumi, insisted on paying annual visits, outraging China and South Korea.

For now, Seoul and Beijing seem to accept Mr. Abe's stance of not stating whether he will go to the shrine. But if he should respond to pressures from his political base on Japan's right and pay a visit, he risks undoing his progress in mending ties, analysts say.

Mr. Abe has been sending mixed signals about his views on Japan's war responsibility. In Parliament last week he said wartime leaders, including his grandfather, Nobusuke Kishi, then the munitions minister, had made a mistake in going to war. But he also questioned the rulings of the United States-led Tokyo War Crimes trials after Japan's defeat.

His avowed goal of revising Japan's pacifist Constitution to allow full-fledged armed forces has also stirred regional concerns of resurgent militarism.

So far, though, such issues have been overshadowed by North Korea's reported nuclear test, an opportunity Mr. Abe has seized. In Parliament on Wednesday he called the test unacceptable, saying it was Japan that "faced the biggest threat from North Korea," which is about 200 miles away. His tough stance has led many here to call him Japan's "fighting prime minister."

On Wednesday, Japan imposed economic sanctions, including a ban on North Korean ships in Japanese harbors and greater restrictions on visits by North Korean citizens, in addition to the ban on imports. There has also been talk of tougher steps, like Japanese warships joining with the United States fleet if a naval blockade is imposed on North Korea.

At the same time, Mr. Abe has seen the crisis as a chance to improve ties with China and South Korea, both increasingly important trading partners. In Seoul on Monday, he appeared with the South Korean president, Roh Moo-hyun, to condemn the North's test. A day earlier he met with China's president, Hu Jintao, during the first visit to Beijing by a Japanese prime minister in five years.

Mr. Abe has also appealed to voters with his vision of a more equal military alliance with the United States, Japan's postwar protector. He has said he wants to increase Japan's participation in the United States-led development of a missile shield.

Analysts said his efforts at reconciliation with Seoul and Beijing might also have been made with an eye on Washington. American officials have shown concern over Japan's growing isolation in East Asia because of Yasukuni and other issues, including territorial disputes.

"The Yasukuni problem is on the shelf for now, but it will come back to plague Mr. Abe," said Mr. Nakanishi of Kyoto University. "Future tensions with South Korea and China are almost unavoidable."

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North Korea Warns Of More Nuclear Tests (NYT)

By Norimitsu Onishi

The New York Times, October 12, 2006

SEOUL, South Korea, Oct. 11 — North Korea said Wednesday that it would consider sanctions a "declaration of a war" and vowed to carry out further nuclear tests if the United States maintained a "hostile attitude." The North seems to be following a clear strategy that experts say has allowed it, a small, isolated, nearly bankrupt nation, to keep the attention of the United States for more than a decade.

In the country's first remarks since its reported nuclear test on Monday, North Korea said it felt compelled to prove its nuclear capacity to "protect its sovereignty and right to existence from the daily increasing danger of war" from the United States.

North Korea's official news agency quoted an unidentified Foreign Ministry spokesman as saying, "If the U.S. increases pressure on North Korea, persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war."

This characteristically defiant tone was sounded as the five permanent members of the United Nations Security Council prepared to discuss what type of sanctions to mete out.

In a rare interview, Kim Yong-nam, the North's second most powerful leader, said, "The issue of future nuclear tests is linked to U.S. policy toward our country."

"If the United States continues to take a hostile attitude and apply pressure on us in various forms," Mr. Kim told a Japanese news agency, "we will have no choice but to take physical steps to deal with that."

At the United Nations, ambassadors from Britain, China, France, Russia, the United States and Japan met to settle differences over a resolution to impose sanctions on North Korea. Ambassador John R. Bolton said the United States intended to circulate a revised draft Thursday in the hope of having a vote by Friday.

The United States is seeking international inspections of all cargo into and out of North Korea to intercept weapons-related material and a resolution drafted under Chapter VII of the United Nations Charter that poses the possibility of military enforcement. China and Russia are resisting that, though they say they favor strict punishments for North Korea's defiance of Council warnings not to conduct weapons tests.

Secretary General Kofi Annan called the apparent nuclear test "unacceptable" and said he expected the Council to take "a firm action.

Asked whether the United States should deal directly with North Korea, Mr. Annan said: "I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence. And from that point of view, I believe that the U.S. and North Korea should talk. They did talk in the past."

That may well be North Korea's aim. Despite a carefully cultivated reputation as a volatile, capricious leader, Kim Jong-il has pursued a consistent, even canny, strategy in his pursuit of nuclear arms.

As Kim Yong-nam's remarks indicate, North Korea — an increasingly isolated country that has battled famine, a collapsing economy and desertion across its borders — has seen nuclear weapons as a form of defense as well as a potential threat. Its leaders have used that threat as way to wrest concessions from Western powers, and gain protection against what they see as hostile nations determined to topple their government.

North Korea embarked on this course in 1993, when it announced that it was pulling out of the Nuclear Nonproliferation Treaty and then won an agreement from the Clinton administration for help in building two nuclear power reactors in exchange for freezing its nuclear activities. Over the ensuing years, despite disastrous economic conditions that led to famine in the mid- to late-1990's, the North succeeded in getting the world's attention through a series of crises of its own making, from declarations that it had nuclear weapons to missile launchings.

"Every time they've played this crisis escalation strategy with us before, it's worked," said Scott Snyder, a Korea expert with the Asia Foundation in Washington and the author of "Negotiating on the Edge: North Korean Negotiating Behavior."

"The mind-set was that if you're a small state like North Korea and there are many other problems in the world, the only way to get the United States' attention is to escalate things in such a way as to force the Bush administration to deal with North Korea directly," he said.

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Joining the club of nuclear powers was in keeping with North Korea's strategy to be treated on equal terms with Washington, Mr. Snyder said.

The North made its intentions explicit in March 2005 declaring that, as a nuclear power, it wanted the six-nation talks over its nuclear program to focus instead on "disarmament talks where participants can solve the issue on an equal basis."

The nuclear test was also the product of North Korea's sense of insecurity — one that grew keener over the past decade because of its troubled economy and the leadership's inability to control a population that began spilling out, by tens of thousands, across the border into China and some to South Korea. In the past few years, as North Korea began liberalizing its economy and trade boomed with China, new threats of money-making and corruption materialized.

Many North Koreans still depend on international food aid because of the collapse of the state's food rationing system, though life is less precarious than in the 1990's. Those living near the porous border with China, and even those in remote areas, have increasing access to information from the outside world and contact with it.

At the same time, the North is confronted by a Bush administration that described its leader, Kim Jong-il, as a "pygmy" and lumped it into an "axis of evil." The toppling of Saddam Hussein magnified the threat.

"The nuclear test is a response to the threat that North Korea feels," said Bruce Cumings, a professor of history at the University of Chicago and an expert on North Korea. "It's entirely real. It's not a figment of their imagination. They were put in the axis of evil. We have nuclear weapons pointed at them, and we have for decades."

North Korea is "a garrison state of astonishing proportions," he said. "It's not going to commit suicide by attacking South Korea or Japan with nuclear bombs. It knows it will lose. Their fundamental orientation is being hunkered down for defense."

The test, experts said, also grew out of the North's frustrations at the stalled six-nation talks and what it perceived as the Bush administration's reluctance to engage in genuine negotiations. Last year, the United States offered security and economic incentives in return for the North's freezing of its nuclear program, but the deal quickly fell apart over its sequence. What is more, Washington imposed economic sanctions around the same time, leading the North to withdraw from the talks.

"North Korea has nothing to show for its diplomatic efforts," said Peter Beck, the Northeast Asia project director at the International Crisis Group, adding that North Korea had also engaged in recent years in fruitless diplomacy with Japan and Europe. "That makes the military perspective much more appealing."

But for North Korea's closest neighbors, experts said, its leverage comes from its weakness. For South Korea and China, the prospects of the North's collapse and a flood of refugees, as well as the possibility of an even more intractable successor to Mr. Kim, are perhaps even more worrisome developments than nuclear weapons.

In recent days, President Roh Moo-hyun of South Korea has indicated a willingness to be tough on the North by casting doubts about the South's policy of engaging North Korea. He suspended aid and said the two major projects — industrial and tourist zones operated by South Koreans inside the North — would be put under review. But it is not clear how long the tough stance will last.

"We're under a lot of pressure both domestically and internationally to give up on engagement," said a senior South Korean official. "But we really don't have an alternative other than the engagement policy."

N. Korea's No. 2 Official Warns Of Further Tests (WP)

By Anthony Faiola, Washington Post Foreign Service

The Washington Post, October 12, 2006

SEOUL, Oct. 11 -- North Korea's second most powerful political figure, Kim Yong Nam, indicated Wednesday that the communist state would carry out further nuclear tests if the United States did not change what he called its "hostile attitude."

In an interview with Japan's Kyodo news service in Pyongyang, the North Korean capital, Kim also dismissed the impact that any economic sanctions imposed by the U.N. Security Council would have on his impoverished country. "Even as economic sanctions increase by day, our economy in general has entered a rising trend," he was quoted as saying.

Japanese Prime Minister Shinzo Abe, declaring that his country is "in gravest danger," moved Wednesday to ban imports from North Korea and stop North Korean ships and citizens from coming to Japan.

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Kim's remarks were the first public comment from a high-ranking North Korean official since the secretive government announced a nuclear test on Monday. He added that North Korea would refuse to return to stalled six-party talks aimed at its nuclear disarmament unless the United States dropped sanctions imposed in September 2005 that target North Korea's alleged counterfeiting and other illegal businesses.

The Foreign Ministry, meanwhile, said North Korea would consider increased U.S. pressure "a declaration of a war."

Analysts have said the explosion detected in North Korea's barren northeast on Monday was small enough to suggest that the test partially failed or was not in fact nuclear. Japanese Foreign Minister Taro Aso told a parliamentary panel that Japan had unconfirmed information that another test might be coming.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim told Kyodo on Wednesday. "If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

As president of the presidium of the Supreme People's Assembly, North Korea's one-party parliament, Kim is considered second in influence only to the country's absolute ruler, Kim Jong Il.

Across northeast Asia, the nuclear issue continued to keep people on edge, particularly after seismic activity on Wednesday was initially reported as a possible second nuclear test. It was later found to have been generated by an earthquake in northern Japan.

Japan has joined the United States in leading the call for more pressure on Pyongyang. Sanctions that were approved by Japan's national security council are on track to be formally adopted by the cabinet on Friday, and would likely precede any action by the U.N. Security Council.

In September, Japan began limiting money transfers from 16 entities suspected of having ties with North Korea's nuclear and weapons development programs. The scope of those sanctions is expected to be widened to include remittances to North Korea from Japan that analysts say total as much as $900 million a year.

"Japan will be most affected security-wise by this North Korean issue," Chief Cabinet Secretary Yasuhisa Shiozaki told reporters in Tokyo. "We decided on this sanction based on Japan's independent thinking and judgment, taking into consideration the significance" of the professed nuclear test.

Tokyo has taken steps in recent years to curb financial dealings with Pyongyang over various disputes. Total trade of about $180 million in 2005 was about half the figure in 2002, according to Japan's Finance Ministry.

Japanese leaders dismissed fears that their country might now engage in a nuclear arms race. That continues to be politically untenable in Japan, given World War II memories of the U.S. atomic bombings of Hiroshima and Nagasaki. "There will be no change in our nonnuclear arms principles," Abe told reporters in Tokyo. "We want to seek a solution through peaceful and diplomatic means."

In South Korea, President Roh Moo Hyun -- long counted among the North's most staunch defenders -- continued to distance himself from the Pyongyang government. "North Korea says the reason it is pursuing nuclear [weapons] is for its security, but the security threat North Korea speaks of either does not exist in reality, or is very exaggerated," the semiofficial Yonhap news agency quoted him as saying.

The South Korean government announced late Wednesday that it would consider joining the U.S.-led Proliferation Security Initiative, launched in 2003 and aimed at stopping ships at sea suspected of smuggling weapons of mass destruction. North Korea has been considered a main target of the initiative.

Defense Minister Yoon Kwang Ung told parliament that Seoul might enlarge its conventional arsenal if North Korea is ultimately proved to have nuclear weapons.

North Korea Threatens More Nuclear Tests (AP-Y)

By Hans Greimel

AP-Yahoo, October 12, 2006

North Korea threatened more nuclear tests and said Wednesday it would consider additional sanctions an act of war, stoking tensions in an already jittery Asia.

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Unfazed by the latest threats, Japan banned all North Korean imports — such as clams and mushrooms — and barred the North's ships from its ports.

South Korea said it was making sure its troops were prepared for atomic warfare and said it may bolster its conventional forces as well. The top U.S. general in the South said American soldiers were poised to repel any attack.

"I would urge the North Korean authorities not to escalate the situation any further," U.N. Secretary-General Kofi Annan said at the United Nations. "We already have an extremely difficult situation."

On the streets of North Korea's capital, it seemed like business as usual. Video by AP Television News showed people milling about Kim Il Sung square in Pyongyang and rehearsing a performance for the 80th anniversary of the "Down with Imperialism Union."

North Korea, in its first formal statement since it announced an atomic bomb test Monday, hailed the blast as a success and warned that it would counter further pressure from the international community with physical retaliation.

"If the U.S. increases pressure upon the DPRK, persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war," said a statement by the North's Foreign Ministry and carried by the official Korean Central News Agency. It did not say what those measures could be. DPRK is shorthand for the Democratic People's Republic of Korea.

North Korea's No. 2 leader Kim Yong Nam threatened in an interview with a Japanese news agency that there would also be more nuclear tests if Washington continued what he called its "hostile attitude."

Kim, second to North Korean leader Kim Jong Il, told Kyodo News agency that further nuclear testing would hinge on U.S. policy toward his communist government.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim Yong Nam was quoted as saying when asked if Pyongyang will conduct more tests.

At the White House, President Bush demanded stiff sanctions on North Korea but said the U.S. has "no intention of attacking" the regime despite its claims that it needs atomic weapons to guard against such a strike.

South Korean President Roh Moo-hyun said the security threat cited by North Korea "either does not exist in reality, or is very exaggerated," according to the country's Yonhap news agency. It was a rare direct criticism of the communist regime from the South's leader.

Japan announced a crackdown meant to impact the North's 1-million-member military, the world's fifth largest.

The new measures ban North Korean imports and prohibit ships from the impoverished nation from entering Japanese ports. North Korean exports like clams and mushrooms earn precious foreign currency on the Japanese market.

North Korean nationals will also be barred from entering Japan, with limited exceptions, the Cabinet Office said after an emergency security meeting.

"Japan is in gravest danger, if we consider that North Korea has advanced both its missile and nuclear capabilities," Prime Minister Shinzo Abe told reporters following the meeting. "These measures were taken to protect the peace."

Ferries have long served as a major conduit of communication and cash between Japan and North Korea, which have no diplomatic relations.

South Korea's military, meanwhile, was checking its readiness for nuclear attack, Yonhap reported. The Joint Chiefs of Staff recommended improving the military's defenses, possibly with state-of-the-art weapons to destroy nuclear missiles, it said.

Defense Minister Yoon Kwang-ung said Seoul could enlarge its conventional arsenal to deal with a potentially nuclear-armed North Korea.

The top U.S. general in South Korea said that American forces are fully capable of deterring an attack.

"Be assured that the alliance has the forces necessary to deter aggression, and should deterrence fail, decisively defeat any North Korean attack against" South Korea, Army Gen. B.B. Bell said in a statement to troops. "U.S. forces have been well-trained to confront nuclear, biological and chemical threats."

About 29,500 U.S. soldiers are deployed in the South, a remnant of the 1950-53 Korean War.

Rice Says U.S. Will Not Invade N. Korea (AP-Y)

DOJ_NMG_0079595

By Foster Klug, Associated Press Writer

AP, October 12, 2006

Secretary of State Condoleezza Rice says the United States would not attack North Korea, rejecting a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion.

Rice said that President Bush has told the North Koreans that "there is no intention to invade or attack them. So they have that guarantee. ... I don't know what more they want."

Rice told CNN Tuesday that Bush "never takes any of his options off the table. But is the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But she also said that the decision by Pyongyang to go ahead with its nuclear program means it likely will see "international condemnation and international sanctions unlike anything that they have faced before."

Asked whether North Korean leader Kim Jong Il may have felt that he needed to stage an apparent nuclear test this week to prevent an invasion similar to the U.S.-led attack on Saddam Hussein, Rice said Iraq "was a very special situation."

"Iraq was a desire to finally deal with a threat that had been there for too long," she said.

North Korea's No. 2 leader threatened further nuclear tests if the United States continues its "hostile attitude."

In an interview Wednesday with Japan's Kyodo News agency, Kim Yong Nam, second to North Korean leader Kim Jong Il as president of the Presidium of the Supreme People's Assembly, threatened further nuclear tests if the United States continues its "hostile attitude."

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim was quoted as telling Kyodo when asked whether Pyongyang will conduct any more nuclear tests.

Kim also suggested that Pyongyang was ready to return to stalled six-party talks if sanctions against the reclusive regime are lifted, Kyodo reported.

Sen. John McCain, R-Ariz., said Wednesday there are plenty of avenues for talks to resolve the issue.

"We have plenty of ways of talking with the North Koreans. The problem is, they don't like what we say and we certainly don't like what they do," he said on NBC's "Today" show.

McCain called the latest statements from Pyongyang "one in an unending series of threats and bullying and attempts to get aid and assistance from the West."

Rice rejected direct talks with North Korea, saying that if Kim "wants a bilateral deal, it's because he doesn't want to face the pressure of other states that have leverage," referring to China, South Korea and the other members of stalled six-nation nuclear negotiations.

"What Kim Jong Il should understand is that if he verifiably gives up his nuclear weapons program, there is a better path," Rice said. "There's a better path for his people, who are oppressed and downtrodden, and hungry for that matter."

Her comments came as John Bolton, U.S. ambassador to the United Nations, said the United States would not be intimidated by a reported threat from Pyongyang that it could fire a nuclear-tipped missile unless the U.S. acts to resolve the standoff.

"This is the way North Korea typically negotiates by threat and intimidation," Bolton said. "It's worked for them before. It won't work for them now."

The White House said, meanwhile, there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday. While acknowledging that the action was provocative, White House press secretary Tony Snow suggested that it's possible that the test was something less than it appeared.

"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," he said. The comment appeared to indicate that the White House was attempting to play down the significance of the test, but Snow said later that he was merely posing a hypothetical question.

While opposition Democrats claimed the test was evidence of a failed U.S. policy, Snow argued that the test has left the nations involved in the six-party negotiations with the communist regime more unified and determined to persuade Pyongyang to accept incentives to give up its nuclear weapons ambitions. He also denied that the demands of the war in Iraq hampered the Bush administration's ability to dissuade North Korea from developing nuclear weapons.

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"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

In response to North Korea's purported nuclear test, the United States is pressing at the United Nations for stringent sanctions on Pyongyang, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

International Pressure Key To Pressure North Korea: Rumsfeld (AFP-Y)

AFP-Yahoo, October 12, 2006

US Defense Secretary Donald Rumsfeld said it was "probably" possible to pressure North Korea to get off its current nuclear path without the threat of military action.

"I guess time will tell. I think the answer is: Probably yes, but one can't be certain," he said at a news conference here.

While it was possible to marshall sufficient pressure to deal with the North Korean threat by "non-kinetic" means, it would require international action, he said.

The international community would have to decided that "action during this period, when the threat is not immediate, is the time to do it; rather than when the threat becomes more immediate in whatever number of years that may be," he said.

Intelligence Failure Cited In Korean Crisis (WT)

By Bill Gertz

The Washington Times, October 12, 2006

Recent U.S. intelligence analyses of North Korea's nuclear and missile programs were flawed and the lack of clarity on the issue hampered U.S. diplomatic efforts to avert the underground blast detected Sunday, according to Bush administration officials.

Some recent secret reports stated that Pyongyang did not have nuclear arms and until recently was bluffing about plans for a test, according to officials who have read the classified assessments.

The analyses in question included a National Intelligence Estimate a consensus report of all U.S. spy agencies produced several months ago and at least two other classified reports on North Korea produced by senior officials within the office of the Director of National Intelligence John D. Negroponte.

The officials said there were as many as 10 failures related to intelligence reporting on North Korean missile tests and the suspected nuclear test that harmed administration efforts to deal with the issue.

According to officials familiar with the reports, the failures included judgments that cast doubt about whether North Korea's nuclear program posed an immediate threat, whether North Korea could produce a militarily useful nuclear bomb, whether North Korea was capable of conducting an underground nuclear test and whether Pyongyang was bluffing by claiming it could carry one out.

The failures would be the latest in a string suffered by U.S. intelligence in recent years, as described in a series of government and nongovernment reports. Past stumbles have included missing chances to detect or stop the September 11 attacks, faulty assessments of Saddam Hussein's weapons programs, the failure to predict the 1998 round of nuclear tests by India and Pakistan, and overly optimistic predictions of the Iraqi reaction to a U.S. invasion.

Intelligence officials are hoping President Bush will make a comment supporting U.S. intelligence agencies' performance on North Korea, something he has not done to date.

Another analytical shortcoming involved the failure to predict that North Korea would fire its July 4 salvo of seven missiles. One report said North Korea would test a single long-range Taepodong-2 and also did not predict that Pyongyang would fire the missile, which failed 42 seconds into flight, toward an area of the Pacific near Hawaii, the officials said.

The analyses also predicted that China would agree to impose tough U.S. sanctions on North Korea's arms exports and imports, something that has not occurred. However, the lack of clarity about the issue was one reason both Mr. Bush and Secretary of State Condoleezza Rice did not make stronger appeals to officials in China to press North Korea not to conduct the test, the officials said.

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"It was an intelligence failure," said one administration official close to the issue.

Additionally, the weak assessments undermined the recent visit to China by Japanese Prime Minister Shinzo Abe, who did not have good enough intelligence to persuade Mr. Hu that a test was imminent and that he should use his government's influence on North Korea to stop it. Aides to Mr. Abe are said by U.S. officials to be upset that they could not help Mr. Abe better understand the nuclear test plans before the meetings.

China in 2003 temporarily cut off oil shipments to North Korea, an action Beijing has refused to use again either to prevent the missile tests or the nuclear test.

Carl Kropf, a spokesman for Mr. Negroponte, dismissed as false claims by officials who say U.S. intelligence analysis on North Korea was flawed. "That is absolutely wrong, that we were not tracking this issue for some period of time," he said.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, said he was not surprised when the nuclear test was carried out, based on his access to intelligence reports.

Mr. Hoekstra said his panel would conduct a review of intelligence analyses before North Korea's recent reported weapons test, but he noted that intelligence analysts have difficulty in making clear predications about the future, and that past failures, such as those on Iraq's weapons programs, affected current reporting.

"I think the community is a little bit gun shy," Mr. Hoekstra said. "They're being held to a strict standard and as a result are going to caveat everything in the aftermath of Iraq."

According to officials familiar with the reports, the weak analysis on North Korea is being blamed on Thomas Fingar, the most senior U.S. intelligence analyst within the office of the Director of National Intelligence.

Mr. Fingar, now deputy Director of National Intelligence for analysis, was the lone dissenter in a 2002 national intelligence assessment that stated Iraq had large stockpiles of chemical weapons and carried over the skeptical viewpoint to North Korea's arms programs.

Kim Jong-il's Suicide Watch (NYT)

By B. R. Myers

The New York Times, October 12, 2006

Seoul, South Korea

HOURS after Monday's nuclear test, President Bush issued a stern warning to North Korea — but only against the passing of nuclear technology to other states or non-state entities. The president's declaration thus reflected a confident consensus in Washington that while Kim Jong-il may try selling his nukes, he would never dream of using them himself. Why not? The explanation was given by a former national security adviser, Donald Gregg, on Monday: "Don't panic. Kim Jong-il's objective is survival ... not suicide."

The same soothing logic could be applied to President Mahmoud Ahmadinejad of Iran, but of course it won't be. These long-term diagnoses of Mr. Kim's psyche are a roundabout way of saying that because he is not a fundamentalist Muslim, he is unlikely to do anything really crazy.

This sort of cultural profiling, however, can get us into real danger. Japan's emperor during World War II, Hirohito, was neither religious nor suicidal, and he led his nation into a war that no rational leader could have hoped to win. The point is relevant, because although journalists persist in calling North Korea a Stalinist state, its worldview is far closer to that of fascist Japan.

Like the Japanese in the 1930's, the North Koreans trace the origins of their race back thousands of years to a single progenitor, and claim that this pure bloodline makes them uniquely virtuous. The country's mass games — government-choreographed spectacles with a cast of more than 100,000 — are often mistaken by foreign journalists as exercises in Stalinism. They are in fact celebrations of ethnic homogeneity. "No masses in the world," the state-run Cheollima magazine reminded readers in 2005, "are purer and more upright than our masses."

In state propaganda, Kim Jong-il is often linked, as Hirohito once was, to images of white horses, snow-capped mountain peaks and other symbols of racial purity. South Korea, on the other hand, is regarded as contaminated by too close contact with

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other races. At a recent meeting between generals from both Koreas, the North delegation's leader condemned the South for allowing racial intermarriage. "Not a single drop of ink," he intoned, "must be allowed to fall into the Han River."

Naturally enough, the North Koreans' race theory, like that of the Japanese fascists, actuates a blithe indifference to international law. A uniquely virtuous people has no reason to obey its moral inferiors, be they allies or enemies. China has now learned that despite decades of military and economic assistance it can draw on no residue of good will in dealing with Pyongyang.

Neither can the South Koreans, whom the North Koreans will revile for their ethnic treason no matter how much cash they pump northward. This utter imperviousness to gestures of friendship and conciliation bears obvious implications for the prospect of normal relations between North Korea and America.

The northern regime has so far restricted its racial propaganda to the home audience, because it wants the world to go on misperceiving it as a Stalinist state. This way we continue to pin our hopes on the kind of trust-building dialogue that worked so well with Communists in the 1980's — and failed so disastrously with the pure-race crowd a half-century earlier.

While the North Koreans could kill a lot of people, they do not pose as great a threat to world security as imperial Japan did. Never have they shown any interest in forging an empire. All the same, the irrationality of their worldview is such that we should, at the very least, stop assuming that they would never use their own weaponry.

While Kim may not be suicidal himself, he shares Hirohito's penchant for encouraging this quality in his people: "Defense until Death" is an increasingly popular slogan. In 2003 a colorful poster was disseminated to the foreign press showing a fat missile in flight with a suicide-readiness slogan on it: "Yankee, take a good hard look." That isn't bad advice.

The Squeeze On North Korea (WP)

By Jim Hoagland

The Washington Post, October 12, 2006

North Korea has, in its own inimitable fashion, paid tribute to a little-noticed U.S. push to get the world's bankers to isolate regimes that promote nuclear proliferation and terrorism. Who else would claim to have conducted a nuclear weapons test and then threaten more blasts to get their way in a $24 million banking dispute?

Don't they have any good lawyers in Pyongyang?

North Korea's efforts to blame its crossing of the nuclear-testing threshold on U.S. "economic hostility" would be laughable if the regime weren't led by world-class paranoids and fantasists capable of believing their own odious propaganda. Americans do not have to believe it, however.

Such a regime may be beyond reasoning with or, even worse, deterring in a conventional sense, as the Bush administration seems to believe.

But Pyongyang's threats -- if not its excuses -- must be taken seriously and met with new forms of containment and pressure. The same is true of Iran, the other major target of the Treasury Department's efforts "to isolate bad actors from the global financial system" by calling attention to their use of banks for rogue operations.

That description comes from Stuart Levey, Treasury undersecretary for terrorism and financial intelligence. I happened to call on him yesterday a few hours after Pyongyang had threatened more nuclear and verbal blasts if the United States continued its "sanctions" policy.

"If the objective was to put pressure on North Korea, well, we succeeded," said Levey, who has joined Deputy Treasury Secretary Robert Kimmitt in traveling the globe to persuade other governments to examine and, where appropriate, cut financial links to the two remaining members of President Bush's "axis of evil."

But the purpose of this effective new effort at using soft power as pressure is much broader. According to Levey, Treasury is targeting people who are eminently deterrable: "People who are in business are very concerned about their reputations and do not want to get involved in illicit activity that is under scrutiny. They will make the decisions about whether they continue doing business or not. We don't make the decision for them."

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So Levey disputes North Korea's characterization of U.S. policy as being one of politically driven "sanctions." Treasury's efforts are targeted at specific illicit transactions, such as the counterfeiting of U.S. currency; the transfer of funds involved in the smuggling of drugs, arms or even nuclear-weapons components; and the financing of terrorist operations.

"The United States effectively lifted sanctions against North Korea in 2000, and the Bush administration has not reimposed them," Levey asserted. "What we are doing is calling attention to the risks involved in being involved in these transactions."

The first use of the heavy U.S. financial hammer was against the Macao-based Banco Delta Asia, which Treasury identified last year as a "primary money-laundering concern" for Pyongyang. The bank, which operates under the control of the Chinese government, froze an estimated $24 million in North Korean assets rather than risk losing U.S. and other business. Pyongyang is still boiling over this perceived affront, as its angry statements this week indicated.

"It is important to look beyond this week's developments," Levey said, after asking rhetorically if he now needs a security detail. "Look at the receptivity of the world's finance ministers to accepting that they have a major role to play in the area of global security and intelligence. That is the future."

However much its self-imposed isolation might seem to protect it from them, North Korea clearly takes these financial pressures seriously. So must Iran. Squeezing the regime financially is probably the only hope (however forlorn it may turn out to be) of keeping Tehran from going nuclear in a few years.

Iran was forced to announce in August that its oil production will soon begin to decline because of a lack of new investment in the oil industry and the difficulty of getting new technology from abroad for its aging fields.

Access to foreign capital and advanced equipment will not have been helped by the U.S. decision last month to exclude Bank Saderat, one of Iran's largest state-owned banks, from buying or selling dollars and other financial instruments from U.S. banks. This is in response to Bank Saderat's role in transferring millions of dollars to terrorist groups.

In the early days of the Soviet Union, Lenin predicted that capitalists would eagerly sell him the rope he would use to hang them. He lost the bet when Moscow proved unable to pay for ruling an empire. Treasury's sophisticated efforts to deny gangsters in North Korea and Iran access to global capital should not be abandoned because of the nuclear bluster from Pyongyang and Tehran.

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A $2-Trillion Fiscal Hole (WSJ)

By Chris Edwards And Jagadeesh Gokhale

The Wall Street Journal, October 12, 2006

State and local governments are amassing huge obligations in the form of unfunded retirement benefits for their workers. Aside from underfunded pension plans, governments have also run up large obligations from their retiree health plans. While a new Governmental Accounting Standards Board rule will kick in next year and reveal exactly how large this problem is, we estimate that retiree health benefits are a $1.4 trillion fiscal time bomb.

The new GASB regulations will require accrual accounting of state and local retiree health benefits, thus revealing to taxpayers the true costs of the large bureaucracies that they fund. We reviewed unfunded health costs across 16 states and 11 local governments that have made actuarial estimates, and found an average accrued liability per covered worker of $135,000. Multiplying that by the number of covered state and local employees in the country yields a total unfunded obligation of $1.4 trillion -- twice the reported underfunding in state and local pension plans at $700 billion.

To put these costs in context, consider the explicit net debt of state and local governments. According to the Federal Reserve Board, state and local credit market debt has risen rapidly in recent years, from $313 billion in 2001 to $568 billion in 2005. But unfunded obligations from state and local pension and retiree health plans -- about $2 trillion -- are still more than three times this net debt amount.

The key problem is that the great majority of state and local governments finance their retiree health benefits on a pay-as-you-go basis. In coming years that will create pressure to raise taxes as Baby Boomers age and government employees retire in droves. New Jersey's accrued unfunded obligations in its retiree health plan now stand at $20 billion, and the overall costs of its employee health plan are expected to grow at 18% annually for the next four years.

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To compound the problem, defined-benefit pension and retirement health plans are much more common and generous in the public sector than the private sector. Out of 15.9 million state and local workers, about 65% are covered under retirement health plans, compared to just 24% of workers in large firms in the private sector.

The prospect of funding $2 trillion of obligations with higher taxes is frightening, especially when you consider that state politicians would be imposing them on the same income base as federal politicians trying to finance massive shortfalls in Social Security and Medicare. Hopefully, most state policy makers appreciate that hiking taxes in today's highly competitive global economy is a losing proposition.

The only good options are to cut benefits and move state and local retirement plans to a pre-funded basis with personal savings plans. Two states, Alaska and Michigan, have moved to savings-based (defined-contribution) pension plans for their new employees. Alaska has also implemented a health-care plan for new state employees, which includes high-deductible insurance and a Health Savings Account. Expect to see more states following Alaska's lead.

State and local governments also need to cut retirement benefits, which were greatly expanded during the 1990s boom. From a fairness perspective, cutting benefits especially of younger workers is reasonable given the generosity of state and local plans. Federal data shows that state and local governments spend an average of $3.91 per hour worked on employee health benefits, compared to $1.72 in the private sector.

Underfunded -- or more accurately, over-promised -- retirement plans for state and local workers have created a $2 trillion fiscal hole. Every year that policy makers put off the tough decisions, the hole gets bigger. Hopefully, the new GASB rules will prompt them to enact the reforms needed to avert job-destroying tax increases on the next generation.

U.N. Disagrees On Sanctions Against Iran (AP)

By George Jahn, Associated Press Writer

AP, October 12, 2006

The five permanent members of the U.N. Security Council agreed Wednesday to start working on U.N. sanctions against Iran next week, but failed to bridge differences on how harsh the penalties should be, diplomats and officials said.

They told The Associated Press that while the U.S. called for broad sanctions to punish Iran's defiance in pursuing its nuclear program, Russian and Chinese representatives at a top-level Vienna meeting favored less severe measures.

The diplomats and government officials demanded anonymity in exchange for discussing the confidential meeting of the five Security Council countries and Germany — the six powers whose repeated attempts to entice Iran to enter negotiations finally broke down last week over Tehran's refusal to give up uranium enrichment.

In New York, U.S. Undersecretary of State Nicholas Burns told the Council on Foreign Relations that package of incentives meant to persuade Iran to halt uranium enrichment remained on the table.

But he said Iran's stance left little choice but to "head back to the Security Council in a couple of days, at the end of this week or early next ... to begin the process of writing and then passing, we hope, a sanctions resolution that will raise the cost to the Iranians of what they are doing in the nuclear round."

Reflecting the importance of the meeting of the six powers, Russia, Britain, France and Germany sent top negotiators directly answerable to their foreign ministers, while the U.S. and China were represented by their chief representatives to the Vienna-based International Atomic Energy Agency. Burns participated via video hookup.

One of the diplomats, who had been briefed on the substance of the meeting, said that while Burns had urged broad sanctions — such as a total ban on missile and nuclear technology sales — the Russians and Chinese backed prohibitions of selected items as a first step.

He also said the Chinese and Russian envoys called for renewed negotiations with the Iranians in parallel to working on sanctions to punish Tehran for defying a Security Council demand that it freeze enrichment, a possible pathway to nuclear arms.

Burns told the Council on Foreign Relations that the countries trying to stop Iran's programs "had come to a fork in the road." Despite a substantial package of incentives and an offer of direct negotiations with the United States, Iran "turned us down," he said.

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"If at any time the Iranians wish to come forward and negotiate with the United States and these other countries, then we'll be very happy to do so," Burns said.

The differences among the Security Council powers reflected continued divisions over how harshly to penalize the Islamic republic for ignoring a Security Council deadline to stop all enrichment activities by the end of August. Russia and China, which have strategic and economic interests in Iran, have recently swung behind the Americans and Europeans in agreeing to the need for sanctions but have publicly opposed attempts to make them too severe.

"All agree for the need for sanctions but there are problems with how harsh they should be," said one of the diplomats, whose country is accredited to the International Atomic Energy Agency, or IAEA.

He said the meeting did not discuss North Korea and its claim to have tested a nuclear bomb, but all participants agreed juggling two nuclear crises complicated international nonproliferation efforts.

Iran, OPEC's No. 2 producer of crude, is apparently ready to face the threat of sanctions because it is confident they will be more symbolic than damaging because of international concerns any tough penalties could prompt Tehran to retaliate by cutting off oil exports.

Restating his country's defiance, Iranian President Mahmoud Ahmadinejad was quoted by state television Wednesday as saying "the day sanctions are imposed on Iran by its enemies would be a day of national celebration for the Iranian nation."

In separate comments earlier, Ahmadinejad called the prospect of sanctions "a hollow threat."

"These three or four countries are bullying, they have no right to intervene," he said, in reference to the United States, France, Britain and Germany. "The Security Council has no right to intervene."

The Security Council demanded a halt to enrichment after the Iran ignored calls from the IAEA to suspend such activities until doubts about the country's nuclear program have been cleared. Uranium must be enriched before it can be used in either nuclear reactors or atomic weapons. Iran says its nuclear program is for peaceful purposes only.

Senior EU negotiator Javier Solana had met with top Iranian negotiator Ali Larijani over the past few weeks in a new attempt to persuade Tehran to suspend enrichment and start nuclear talks with the six-nation alliance.

But those talks failed last week over Iran's refusal to freeze enrichment even for a limited time.

While the representatives of five of the six nations at the Vienna talks subsequently met with IAEA chief Mohamed ElBaradei, the Americans did not attend, said a U.N. diplomat.

There was no reason given for their absence, but one of the diplomats speculated it could have been a show of U.S. displeasure with ElBaradei, whom Washington in the past has accused of being too soft on Iran.

U.S. To Let Spare Parts Be Sent To Iran (AP-Y)

By Barry Schweid

AP-Yahoo, October 12, 2006

The Bush administration said it is approving exports to Iran of spare parts and other equipment for the country's national airline, despite the standoff with Tehran over its nuclear program.

The State Department cited worries about travel safety in explaining the decision, which will allow the export of items used to repair turbine engines on Airbus aircraft operated by Iran Air.

"We do not want to be in a position of threatening civil aviation," State Department spokesman Sean McCormack told reporters on Wednesday.

McCormack said the General Electric Co. would provide the equipment to Iran. The department announced the decision on Tuesday.

While Iran supports terrorism and is pursuing a nuclear weapons program, McCormack asserted, "the United States is focused on the pressing humanitarian concerns that affect the Iranian people."

The Federal Aviation Administration has questioned whether the aircraft are airworthy and recommended immediate overhaul, he added. The departments of Commerce and State approved a license for the parts Sept. 29, McCormack said.

The administration labels Iran a sponsor of terrorism and has banned virtually all trade between the two countries.

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The decision to grant a license, however, will clear the way for export of spare and replacement parts and technical data to repair and overhaul a "limited number" of engines manufactured in the United States.

U.S. To Sell Tehran Jet Parts (WT)

By Nicholas Kralev

The Washington Times, October 12, 2006

The Bush administration said yesterday it would let Iran buy spare parts for commercial aircraft as a humanitarian gesture, despite "grave concerns" about the Iranian regime.

The decision came as the United States and five other major powers agreed that the U.N. Security Council will begin next week drafting a list of sanctions against Iran because of its nuclear program.

"We do not want to be in a position of threatening civil aviation," State Department spokesman Sean McCormack told reporters. "The United States is focused on the pressing humanitarian concerns that affect the Iranian people."

The departments of State and Commerce informed Congress on Sept. 29 that they would recommend the Treasury Department issue a license to General Electric Corp. "to permit the exportation of spare and replacement parts, components and technical data for the repair and overhaul of a limited number" of such engines on aircraft operated by Iran Air.

"As conditions for the license approval, all repairs will be performed in third countries and no exports will go directly to Iran," the State Department said.

The State Department has blacklisted Iran as a state sponsor of terrorism, and a long list of sanctions prevents American companies from doing business with the Islamic republic.

"Despite our grave concerns regarding the Iranian regime's activities, we believe this decision is consistent with our commitment to support the Iranian people and to use U.S. sanctions to target the regime, not the Iranian people," the department said.

Senior officials from the five permanent Security Council members -- the United States, Britain, France, Russia and China -- and Germany held a video conference yesterday following their foreign ministers' Friday meeting in London on Iran's nuclear program.

They were not able to narrow down the menu of sanctions and turned the matter over to their U.N. ambassadors, who are expected to meet on the issue next week, diplomats said.

That meeting was supposed to take place this week, but North Korea's apparent nuclear test Monday prompted the Security Council to rearrange its schedule.

A senior U.S. official said on Friday that the first Iran sanctions would target its nuclear industry, rather than oil and gas.

Iran's ambassador to France, Ali Ahani, said in Paris yesterday that Tehran is still interested in negotiations but will not suspend uranium enrichment.

"The door is still open, as long as two important elements are accepted: our well-defined rights under the nonproliferation program, and our guarantees that our nuclear ambitions are not geared toward military use," Mr. Ahani said.

Overflights By Israel Said To Violate Truce (WP)

By Anthony Shadid

The Washington Post, October 12, 2006

BEIRUT, Oct. 11 -- Lebanese Prime Minister Fouad Siniora warned Wednesday that Israeli military flights over his country's territory were endangering a nearly two-month-old truce that ended this summer's war between Israel and Lebanon's Hezbollah movement.

Siniora, speaking in an interview, said the overflights were occurring daily. The United Nations, which considers them a violation of the Aug. 14 truce, said it recorded 10 overflights of warplanes and surveillance drones from Oct. 3 to midnight Oct. 9.

"I am willing to accept whatever any other sovereign country would accept for itself. Would they allow it?" Siniora asked at his office in the Serail, the government headquarters. "I mean, would the United States allow flyovers of Russian planes? If they would allow it, I accept it. Why do you expect me to do something more than what 195 countries would accept for themselves?"

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Israel has said it will continue overflights of Lebanese territory until U.N. Resolution 1701 is, in its view, implemented fully. It says that would require the return of the two soldiers that Hezbollah, a Lebanese Shiite group, captured in a cross-border raid on July 12 and an inspection mechanism to ensure that no weapons cross the Syrian border into Lebanon to resupply Hezbollah guerrillas.

The overflights pose a delicate issue for Siniora, whose government has come under pressure from Hezbollah and followers of a powerful Christian politician, Michel Aoun, to resign in favor of a government they deem more representative.

Since 2000, when Israel ended its occupation of southernmost Lebanon, Hezbollah had represented the main armed presence in that region and had contended that the Lebanese army, vastly outgunned by its Israeli equivalent, was too weak to protect the border. After the August cease-fire, the Lebanese army was deployed to the south for the first time in a generation, a move that Siniora has hailed as one of his government's greatest achievements. Hezbollah has warned, however, that it might act if Israeli violations of the truce continue and the Lebanese army and a newly strengthened U.N. force in the area do nothing to end them.

Siniora said that, in time, the army might have to respond to Israel's actions. "It is the duty of our army to defend the country, and this is what it should do," he said.

But the prime minister acknowledged that the dispute would probably have to be resolved diplomatically. "Now we are exhausting all diplomatic channels and means, and this is how it should be done," he said. He added that even when Hezbollah was effectively guarding the border from 2000 to 2006, Israeli overflights were routine but the Shiite militia was largely powerless to stop them.

Siniora's government, which is backed by the United States and European countries, is at the center of a growing polarization in Lebanese politics that sometimes breaks along sectarian lines, sometimes along those of ideology. The tension, often most pronounced between the country's Sunni and Shiite Muslim communities, has left many here gloomy about what lies ahead.

Aoun and, to a lesser extent, Hezbollah have demanded that Siniora's cabinet resign in favor of what they call a "national unity government" that would give them more power. Corruption, rife in Lebanese public life, is one of their biggest complaints. So is what they view as the government's ineffectiveness.

At another level are two views of the war's end: Hezbollah contends its military prowess deprived Israel of a victory; Siniora said the government's diplomacy was responsible for the U.N. resolution that ended the fighting.

If Hezbollah wants "to bring the government down, this is a legitimate objective of the opposition," said Siniora, who assumed his position in July 2005. "But it is a legitimate right of the other side to defend this position and to prove to the other that they are wrong, and that is what we are doing.

"The government," he added, "is not the place for dialogue."

Rice: Palestinians Deserve Better Life (AP)

By Barry Schweid

AP, October 12, 2006

Secretary of State Condoleezza Rice said Wednesday that Palestinians deserve a better life "free of the humiliation of occupation" and in a state of their own.

"I promise you my personal commitment to that goal," Rice said at a dinner marking the third anniversary of the American Task Force on Palestine.

"There could be no greater legacy for America," Rice told the group, which describes itself as nonpartisan and supportive of a Palestinian state living side by side with Israel.

"The Palestinian people deserve a better life ... free of the humiliation of occupation," she said.

Rice has made five trips to the region as secretary of state, looking for ways to promote President Bush's call for a two-state solution to the decades-long conflict between Israel and the Palestinians.

But peace talks are in suspension, and Hamas, which calls for the destruction of Israel, plays a leading role in Palestinian affairs.

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And yet, Rice said "things are changing," that moderates are coming to the fore. She praised Mahmoud Abbas, the president of the Palestinian Authority with whom the Bush administration deals while boycotting Hamas.

The militant group, which the United States and European governments have labeled a terrorist organization, must choose between remaining what it is or turning into a peaceful political party, Rice said.

"You cannot be both," she said.

U.N. Notes Increase In Israel Roadblocks (AP)

By Karin Laub, Associated Press Writer

AP, October 12, 2006

Israel's network of military checkpoints and road barriers in the West Bank has grown by 40 percent in the past year, part of an increasingly sophisticated system of controls that disrupts all aspects of Palestinian life, a U.N. agency said Wednesday.

These physical obstacles are carving up the West Bank into separate parts, with travel between them becoming more and more difficult, said David Shearer, head of the U.N.'s Office for the Coordination of Humanitarian Affairs in Jerusalem.

U.N. officials in Geneva, meanwhile, expressed concern about the ongoing closure of the Gaza Strip, including the crossing between Gaza and Egypt.

"It cannot continue like it is now without a social explosion that will hurt everybody, including Israeli security," said Jan Egeland, the U.N. humanitarian chief.

The tightened travel restrictions come at a time of continued deadlock — both in efforts to restart an Israeli-Palestinian dialogue and a bid by Palestinian President Mahmoud Abbas to form a more a pragmatic government that is acceptable to the international community.

The Hamas-led Palestinian Authority has reiterated in recent days that it will not recognize Israel or renounce violence — key conditions for the lifting of an international aid boycott.

In Brussels, Belgium, the EU said Wednesday it had given $816 million in aid to the Palestinians this year, bypassing the Hamas government.

EU spokeswoman Emma Udwin said a two-day meeting of European experts agreed to expand the aid to cover 60,000 additional people in the Palestinian territories, from the 100,000 currently receiving help through the international fund overseen by the World Bank.

Jacob Walles, the U.S. consul general in Jerusalem, said the United States is prepared to work with any Palestinian government that meets the international demands.

With Hamas refusing to compromise, it should make room for others, Walles said. "They should let another government come in, in some way, and accept the conditions," Walles told Palestinian reporters.

In the current climate, a meeting between Abbas and Israeli Prime Minister Ehud Olmert also appeared increasingly unlikely, despite pledges by both a month ago that they are ready to meet without preconditions.

Abbas confidant Saeb Erekat said the Palestinian leader wants concrete achievements in such a meeting, including the release of some of the thousands of Palestinian prisoners Israel holds.

However, Israeli government spokeswoman Miri Eisin said Wednesday that she expects Olmert and Abbas to meet "toward the end of November" despite the current difficulties.

In Jerusalem, the U.N. agency, OCHA, said it has seen an increase of nearly 40 percent in the number of army checkpoints and physical barriers in the West Bank, from 376 in August 2005 to 528 in September of this year.

The West Bank's Jordan Valley is now entirely off limits to Palestinians who are not residents of that area, except for those with permits to work in the valley's Jewish settlements, Shearer said.

Israel is also pushing ahead with the construction of its separation barrier along, and in many areas inside the West Bank. The barrier eventually will run for 437 miles; 252 miles have been completed, including 27 miles in the past five months, Shearer said.

Some 50,000 Palestinians have found themselves on the wrong side of the barrier, meaning they are separated from the rest of the West Bank, Shearer said.

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"We are seeing a continuing closing down, locking down of Palestinian areas," he said.

Tight travel restrictions also were in place during the height of the Palestinian uprising from 2000 to 2003, when dozens of suicide bombers carried out attacks in Israel.

"Since then it's become much more systematic, much more sophisticated in terms of monitoring Palestinian movement and closing Palestinian movement," he said.

"The West Bank, for example, is effectively being chopped up into three big areas ... and there are pockets within those areas where people also can't move."

Capt. Adam Avidan, spokesman for the military's civil administration in the West Bank, said in a statement that Israel tries "as much as possible to preserve the Palestinians' way of life and to avoid hurting innocent civilians in its war against terrorism."

US, Dominican Presidents To Discuss Stalled Free Trade Deal (AP)

AP, October 12, 2006

SANTO DOMINGO, Dominican Republic U.S. President George W. Bush and Dominican President Leonel Fernandez will hold talks this month aimed at jump-starting a delayed free trade agreement between the two countries, officials said Wednesday.

The Oct. 25 meeting in Washington will also focus on Dominican participation in Venezuela's regional oil program, Petrocaribe, as well as programs to increase the use of alternative and renewable fuels, White House spokesman Frederick Jones said in a telephone interview.

Fernandez will meet with financial officials and members of Bush's cabinet, his office said in a statement. It will be his third visit to the United States this year.

The visit "is aimed at strengthening cooperation between the United States and the Dominican Republic in themes of common interest, with the obligation to expand free trade and economic, security and energy growth," the statement said.

The Dominican Republic is one of six Latin American signatories to the Central American Free Trade Agreement, or CAFTA-DR. The pact was supposed to take effect in the Caribbean nation on Jan. 1, but the country has not passed legislation needed to implement parts of the deal.

Some of the delays stem from conflicts between U.S. and Dominican intellectual property law, including issues related to pharmaceutical manufacturing. A Dominican delegation was scheduled to visit Washington this week to discuss the problems.

Guatemala, Honduras, Nicaragua and El Salvador entered the pact this year after delays. Costa Rica is yet to ratify the accord.

U.S. Cuts Economic Aid For Colombia Area (AP)

By Joshua Goodman, Associated Press Writer

AP, October 12, 2006

The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade.

In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia.

Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop.

But the alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state — a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years.

Washington spends $70 million annually on development projects in drug-producing areas of Colombia. While such projects win praise, the United Nations and development groups lament their limited scope.

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Caqueta and neighboring Putumayo state produced 24 percent of the 356,000 acres of coca detected by the most recent U.S. survey — contributing to a 26 percent surge last year nationwide. Yet Caqueta has seen only a trickle of U.S. development aid — $5.6 million since 2000.

And now even that is drying up.

As part of the U.S. strategy to win over coca growers, almost 20 percent of annual assistance is devoted to nonmilitary social programs and development projects. Managing this "soft side" of diplomacy is USAID, whose mission in Colombia is its biggest in the hemisphere.

But under the agency's new five-year $350 million plan for development projects, Caqueta and four other Amazonian states where coca production is rising won't receive a penny.

"It's a complete contradiction of Plan Colombia," said Luis Fernando Almario, a congressman from Caqueta who supports President Alvaro Uribe's aerial eradication drive. "Instead of investing generously to eliminate dependency on the illegal drug trade, we're being shunned."

A USAID official at the U.S. Embassy in Bogota said resources from Caqueta would be channeled to other areas with a greater likelihood of sustaining development long-term. He spoke on condition of anonymity because he is not authorized to comment publicly on the issue.

But critics say that by writing off the south, the U.S. and Colombian governments are leaving the region with little alternative to coca.

Despite USAID's pessimism about the region's economic prospects, at least some foreign investors are still committed: the multinational Nestle SA, with aid from the United Nations, plans to double the capacity of a dairy plant in Caqueta.

"It makes no sense for residents of a historical guerrilla stronghold to be subjected to a strategy of all stick and no carrot — combats, mass arrests, searches and fumigation, but no aid," said Adam Isacson, an analyst at the Washington-based Center for International Policy.

The drying up of development aid is in contrast with the tens of millions spent on aerial eradication efforts that have barely curtailed coca cultivation in the region.

Some 400 coca farmers gathered here recently for a coca-growers' congress. In sweltering heat, normally tight-lipped peasants railed for hours against the lack of government aid even as a U.S.-supplied crop duster dumped clouds of the herbicide glyphosate on nearby fields.

Since June, when the latest round of spraying began, six peasants in the area have been arrested for having coca on their land.

"All the government ever does is fumigate and fumigate — it's their own fault we grow coca because they never show their face to offer alternatives," said Juan Carlos Mazabel, one of the organizers.

Instead of more spraying, Caqueta's 450,000 residents want financial support, their representatives say.

The war on drugs was expanded in 2001 to target rebels who profit from the cocaine trade. A legion of U.S. soldiers and contractors have since passed through Caqueta to train and assist 20,000 counterinsurgency troops.

The rebels have largely retreated into the mountains, restoring a dose of safety to cities and roads. But that hasn't led to new jobs for impoverished residents.

The U.S. Embassy says security constraints and limited private interest are also thwarting its work in Putumayo, at $65 million the top recipient of Plan Colombia economic aid among Colombia's 32 states.

Some projects already have faltered. In the town of Orito, an animal-food concentrates plant has been idle for nearly a year, its machinery rusting since the U.S. abandoned the project.

"We're worried," says Putumayo congressman Orlando Guerra, "because we have no idea what is going to happen."

China Makes Commitment To Social Harmony (NYT)

By Joseph Kahn

The New York Times, October 12, 2006

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BEIJING, Oct. 11 — China's Communist Party, devoted in recent years to expanding the economy at any cost, on Wednesday endorsed a new doctrine that puts more emphasis on tackling the severe side effects of unrestrained growth.

The annual meeting of the ruling party's Central Committee formally adopted President Hu Jintao's proposal to "build a harmonious socialist society," a move some analysts said was one of most decisive shifts in the party's thinking since Deng Xiaoping accelerated the push for high growth rates in the early 1990's.

The leadership declared that a range of social concerns, including the surging wealth gap, corruption, pollution and access to education and medical care, must be placed on a par with economic growth in party theory and government policy.

"There are many conflicts and problems affecting social harmony," the Central Committee said in a statement released Wednesday after the close of its four-day planning session. "Our party has to be more proactive in recognizing and dissolving these contradictions."

China's economy has recently been expanding at better than 10 percent annually, faster than any other major economy in the world, and the party shows no signs of trying to sharply reduce that rate soon.

China needs much higher growth rates than most developed countries to absorb tens of millions of surplus workers, and even the plans for addressing environmental woes and creating a sounder welfare system assume surging tax revenues to pay for them.

"A harmonious society above all needs development," the statement said.

But the "harmonious society" theme contains a multitude of political positions that reflect Mr. Hu's agenda as he has consolidated his power.

He has campaigned doggedly to reduce the party's addiction to state-backed investment projects, politically driven expansion of industry and infrastructure and conversion of state-owned land for speculative real estate development. The fear is that many such projects generate poor economic returns and add to China's pollution, already among the worst in the world.

Local officials have tended to ignore central directives on creating a more sustainable and less speculation-driven economy, partly because they still believe that they will not be promoted unless they can show stellar production results in their domains.

Officials have also used their access to state money and loans from state-owned banks to pour investment into projects that benefit themselves or their friends and family members. Vital sectors such as finance, transportation and energy remain closely held by party-appointed officials and the children of the elite.

Hand-in-hand with the "harmonious society" drive, Mr. Hu and Zeng Qinghong, the vice president and the leader of the party's secretariat, have undertaken the most sustained crackdown on official corruption since the party first embraced market-oriented economic measures nearly three decades ago.

The anticorruption sweep has already resulted in the detention of Chen Liangyu, the powerful party boss of Shanghai, as well as senior officials in Beijing, Tianjin, Fujian, Hunan and other places.

But party officials acknowledge that corruption is endemic in the one-party system. The mass accumulation of wealth by people who have political power has helped transform China from one of the most egalitarian societies in the world to one of the most unequal, with a yawning urban-rural wealth gap.

Because many people believe that wealth flows from access to power more than it does from talent or risk-taking, the wealth gap has incited outrage and is viewed as at least partly responsible for tens of thousands of mass protests around the country in recent years.

The Central Committee statement did not commit the leadership to specific targets in reducing the gap beyond stating that it would need to see improvement by the year 2020.

But analysts say the new platform should result in significant increases in government spending on education and health care, which tend to be expensive and inaccessible to peasants, migrant workers and retirees, who make up the overwhelming majority of China's population.

Energy efficiency and pollution controls have also become a greater policy focus, though experts say there are still few signs that party leaders have the resolve to fight pollution at the expense of growth.

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"For most of the past 15 years, the leadership has put G.D.P. growth above everything else," said Mao Shoulong, a public policy expert at People's University. "Now, they want to make G.D.P. one of a series of social priorities that will determine whether or not you get promoted."

Mr. Mao said Mr. Hu would probably continue to face obstacles in putting his plans into effect. Among the problems are that government revenues as a share of the total economy remain relatively low. Local officials still care far more about generating growth than abstract goals like social equality.

"China is still a poor country that faces many of the problems of rich countries with far more resources," Mr. Mao said. "It is not so easy to change the focus of the leadership at this stage of development."

China's Party Leadership Declares New Priority: 'Harmonious Society' (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, October 12, 2006

Doctrine Proposed By President Hu Formally Endorsed

BEIJING, Oct. 11 -- China's Communist Party on Wednesday formally endorsed a political doctrine laid out by President Hu Jintao that calls for the creation of a "harmonious society," a move that further signaled a shift in the party's focus from promoting all-out economic growth to solving worsening social tensions.

The endorsement, made at a closed-door plenary session held by the party's Central Committee, underlined Hu's increasing power. It effectively enshrined his doctrine in the same pantheon as those of Mao Zedong and other predecessors.

China's leaders have become concerned in recent years about problems tied to the country's blistering economic growth. Anger over a growing gap between rich and poor and an inadequate social security system is feared to threaten the party's stability. Retirees increasingly cannot live on their pensions, crime and divorce rates have escalated, and clashes have broken out between security forces and farmers whose fields and villages have been swallowed by development.

The four-day plenary session, which ended Wednesday, was the first in 25 years to focus on social issues rather than on economic or political development.

"This plenary is where the pedal hits the metal," said Kenneth G. Lieberthal, a former Clinton administration official who is now a professor of political science at the University of Michigan. "Hu now wants to get formal endorsement of a set of priorities that will focus both on rapid growth and on ameliorating some of these problems. He is saying, 'This is what I stand for. These are the directions in which I will guide China.' "

A statement released after the plenary said: "China is a harmonious society in general, but there are many conflicts and problems affecting social harmony. We must always remain clear-headed and be vigilant even in tranquil times."

The document was also aimed at setting the agenda for next year's party congress, a meeting at which Hu is likely to indicate who will succeed him. The 17th Party Congress will meet in Beijing in late 2007.

In recent months, authorities have responded to social unrest by tightening controls, drafting laws that clamp down on the news media and launching a high-profile campaign against corruption.

Last month, the Communist Party chief of Shanghai was fired for allegedly helping loot the city's pension fund of hundreds of millions of dollars. Chen Liangyu, a protege of Hu's predecessor, Jiang Zemin, was the first member of the 24-member Politburo to lose his job since 1995.

Analysts have speculated that Chen was targeted because he and other proteges of Jiang advocated unfettered economic growth.

Experts said this year's plenary session was especially significant because initiatives in areas such as health, education and social welfare were more dramatic and comprehensive than usual. The session also focused on rural unrest and the environment.

"Hu has devoted more resources to rural China than was the case five years ago. He has begun to devote serious financial resources to infrastructure projects designed to address environmental degradation," said Lieberthal, who cautioned that the measures appeared to be preliminary.

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Hu's plan calls for significant progress by 2020 in narrowing the wealth gap, increasing employment, improving public service and protecting the environment.

Chinese scholars often worry that the country suffers from an eroding system of beliefs and a lack of common aspirations and values. To help build a new values system, the party's objective "is to try to perfect the socialist democratic legal system," one in which "the rule of law is to be carried out completely, and people's interests and rights are to be respected and guaranteed," the plenary statement said.

Critics said the statement was meaningless.

"Harmonious society means nobody opposes me. No different ideas," said a political analyst in Beijing who spoke on condition of anonymity for fear of reprisal. "If you talk to farmers, you will know what harmonious society means. They're angry. That's why the party needs to crack down. With money, law, jail -- anything in order to reach one society without any conflicts.

"It's propaganda. It's nothing. . . . We Chinese don't believe in these slogans anymore."

But Huang Weiding, deputy editor in chief of the Red Flag Publishing House, insisted that gradual change was occurring and that there was now greater focus on the party system rather than on the power of individual leaders.

"China is such a vast country. There are several million party cadres. How will we unify their thoughts? We need theory," Huang said. "These are not just slogans, they are our goals."

Researchers Jin Ling and Li Jie contributed to this report.

Suffrage Timetable Left For Later (WP)

By K.c. Ng

The Washington Post, October 12, 2006

HONG KONG, Oct. 11 -- Hong Kong's chief executive, Donald Tsang, issued his annual policy address Wednesday without setting a timetable for universal suffrage in the territory, calling the issue "extremely complicated."

In a speech themed "proactive, pragmatic, always people first," Tsang offered few details on his constitutional duty to increase the level of democracy in the former British colony, which returned to Chinese rule in 1997.

Tsang left the issue to a government committee, which is due to release a report on suffrage next year. The committee, dominated by pro-Beijing members, has proposed allowing China to screen the candidates in the chief executive elections as a condition to eventually giving Hong Kong residents universal suffrage.

China has ruled out direct elections in Hong Kong for the next few years, in part because it is concerned that voters might choose leaders willing to challenge China's authority here and because elections might encourage mainland residents to press for democratic reform. But an open election in 2012 remains a remote possibility.

Hong Kong's political development "will have important and far-reaching implications for Hong Kong's existing institutions and way of life," as well as affect the "constitutional powers" of Beijing, said Tsang, who devoted just four paragraphs of his 28-page policy blueprint to the democratization issue.

Hong Kong and China "are determined to achieve the ultimate goal of having the chief executive and the entire Legislative Council elected by universal suffrage," said Tsang, who became Hong Kong's leader, with Beijing's backing, after his unpopular predecessor, Tung Chee-hwa, resigned last year.

Hong Kong's next chief executive will be elected in March by the government committee, and some analysts said Tsang avoided the thorny political issue of suffrage ahead of that vote.

"It is obvious that Mr. Tsang has intentionally avoided the issue," said Ivan Choy, a political scientist at the Chinese University of Hong Kong. "After all, he knows there is little he can do."

Margaret Ng, a Civic Party legislator, said: "He said there would be a report next year. But throughout the speech, he made no indication there would be any development at all."

Emily Lau, a pro-democracy legislator, said she was pessimistic the government committee would work out proposals leading to full democracy. "I fear they would only invite more Beijing intervention by allowing it to screen the candidates," she said.

But Ma Lik of the pro-Beijing Democratic Alliance for Betterment and Progress of Hong Kong said it was a pragmatic approach for Tsang not to touch too much on political development because his term expires in June.

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At a news conference after his address, Tsang said he had tried to focus on issues that had a better chance of yielding results during the rest of his term.

Facing mounting calls for a minimum wage law, Tsang said his administration would launch a campaign to encourage employers to pay cleaners and security guards salaries "not lower than the average market rates of the relevant industries and occupations."

"If that system does not work, we will set out to consider a minimum wage law," he said.

Tsang also highlighted the importance of family harmony, which he said was the foundation of social harmony. He said he would set up a new commission to work out family-friendly policies, a move that critics said was not aimed at solving problems but instead would create another bureaucracy.

China Vs. My Husband (WP)

By Yuan Weijin

The Washington Post, October 12, 2006

A Dissident's Ordeal

DONGSHIGU, China -- On Aug. 20, the Yinan County People's Court in Shandong province sentenced my husband, Chen Guangcheng, to four years and three months in prison on charges of "intentionally destroying property" and "assembling a crowd to disturb traffic."

Local officials punished my husband because he provided advice about the law and human rights to village women who were forced to undergo abortions. Officials in charge of birth control were afraid that they would be disciplined as a result of his peaceful activities.

I have not seen my husband since March, when he was formally detained after we both had been under house arrest and residential surveillance for six months. I have been banned by local government officials from visiting him, first at the detention center and now in prison. I never received notification about the date and location of my husband's court hearing. When I finally learned from a fellow villager about the hearing schedule, naturally I wanted to attend. But I was physically constrained by local officials, so I could not go.

Instead of attending his trial I was detained at the local police station. Officers threatened me, saying that unless I stopped speaking up about the case, I could also face charges and prosecution for intentionally destroying property and assembling a crowd to disturb traffic.

I did not receive any legal documents from the Yinan Court until almost a month after the court announced its verdict in my husband's case. When I had a chance to read the verdict, which was sent to me through e-mail by someone who took the trouble to record every word, I was overcome with indignation and grief. But I must hold myself together, for I have to take care of our two small children and my mother-in-law, who is ill from the fear caused by threats from officials. I left the house and buried myself in farm work. Security guards hired by local officials to follow me came along and kept an eye on me in the fields from just a few yards away.

Three fellow villagers who had been detained and who faced the same charges as my husband were released on Aug. 20. They were each sentenced to seven months, with the start of their terms deferred for one year. I asked them about what they had been through. They felt embarrassed, but they told me that they simply could not endure the torture during interrogation. And so they repeated back to authorities what they were ordered to say, and it was later used as evidence against my husband.

The police threatened them with death if they did not testify against him. They said that police officers had bound their hands behind their backs for at least three days. They were deprived of sleep for 15 days. The police pulled their hair and beat and kicked them whenever they fell asleep. One of them told me: "I was terrified of death. My kid is very young." I begged them to testify to Chen's innocence at the appeal. They refused. They said, "We were set free because we said and did something against our will and conscience. That was the price we paid for our release. We dare not do anything that has to do with Chen Guangcheng from now on. Our families have to survive."

I sympathize with these villagers and understand their fear. I can only lament the miserable situation of my fellow peasants in China.

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Before I married Chen Guangcheng I was an English teacher. My parents disapproved of our marriage because Chen is blind. Now they want me to move back to live with them, but I have declined. Since I am still under residential surveillance, however, I have no choice but to let them take care of one of my children, who can then attend school there. I have no regrets at having chosen Chen Guangcheng to be my husband.

In September 2005, the local government set up a guard post in our front yard to monitor our daily activities. Since the police took Chen to the detention center in March, the guards have been watching and following me around all day long.

I want to send a message to my husband: One day the truth will come to light. Even though they put you in jail, they cannot imprison your thoughts and spirit. You must take good care of yourself so that you can continue your unfinished work.

Rising Son For Chinese Tycoon, Solar Power Fuels Overnight Wealth (WSJ)

By Andrew Batson

The Wall Street Journal, October 12, 2006

WUXI, China -- When he arrived in Australia 18 years ago as a physics student, Shi Zhengrong scraped by on a meager stipend from the Chinese government that he supplemented by working at a restaurant.

A doctorate, several patents, two solar-power companies and a $455 million initial public offering later, Dr. Shi is now one of the richest people in China.

Suntech Power Holdings Co., the company he founded in 2001 in the flat, green lands of the Yangtze River Delta, has quickly become one of the world's largest producers of photovoltaic equipment, which converts sunlight into electricity. The company's combination of first-world technology and developing-world prices has helped it gain market share from more-established, and expensive, producers.

Dr. Shi's wealth, made up almost entirely of his holdings of Suntech stock, has fluctuated in value along with company's volatile share price, from a low of about $1.3 billion to a peak of just over $3 billion; his stake currently is valued at around $1.7 billion. It is, by some estimates, the largest private fortune of anyone living in mainland China.

The story of his journey from China to Australia and back shows how important China's growing openness has become to its people. Nearly three decades after market reforms began, the network of personal, educational and financial ties between China and the rest of the world is reaching a new level. And the Chinese government's willingness to underwrite both advanced education abroad and technology startups at home is starting to pay dividends.

Close to 800,000 Chinese students have gone abroad since the government first started sponsoring them for overseas study in 1978. Drawn by job opportunities overseas, less than a third have come back so far, but the rate at which they are arriving is accelerating. Last year, about 35,000 students returned, three times the amount in 2000, according to official statistics that almost surely underestimate the real number.

Many of those returnees, armed with cutting-edge technical and managerial skills, have helped kick-start new technology businesses. At the same time, foreign venture capitalists are flooding the country with unprecedented amounts of money, and Chinese companies are finding they can raise money from stock offerings abroad. Combined with the heady opportunities from an economy expanding at 10% annually, the result has been the creation of private wealth on an unprecedented scale.

There are now probably 320,000 U.S.-dollar millionaires in China, according to estimates by Merrill Lynch and CapGemini, and many of them are newly minted. On a list of the 500 richest people in China, compiled by the Chinese-language New Fortune magazine, nearly one-quarter appeared on the list for first time this year -- including Dr. Shi. He debuted this year at No. 1.

Good Timing

A small, intense man with a round face, Dr. Shi admits to having no real hobbies and speaks often of the importance of focus and hard work. Yet he credits good timing for many of the changes that have brought him so far from his childhood on a Chinese farm.

"I got into the solar industry, in the beginning, by accident," says Dr. Shi. The 43-year-old came of age in China at a time when the government controlled where people worked and lived. "In our generation we didn't have the freedom to choose. We just accept whatever we are given. So it's hard to plan," he says.

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Yet Dr. Shi has also shown a knack for challenging the status quo. His plan to start a solar-power company in China drew skepticism from colleagues, but he managed to obtain government funding. Though trained as a scientist, he put aside technical perfection to find cheaper manufacturing techniques. Despite many years of absence from China, he has shown surprising savvy in local politics, convincing his original government backers to sell out before the IPO that made him a rich man.

Suntech's success has come from its ability to tap into the global boom in solar power, not from the Chinese market, which remains small. Industry executives estimate that about 90% of the solar equipment produced in China is sold elsewhere, usually to countries such as Germany and Japan that offer generous incentives for solar use.

Suntech faces competition from deep-pocketed large firms such as Japan's Sharp Corp. and Kyocera Corp., and the solar division of oil-and-gas giant BP PLC. Suntech is bulking up quickly to try to ride out any industry consolidation, and building global connections.

Dr. Shi, who switches easily between Chinese and English, keeps close ties to Australia. He sits on the international advisory board of the New York Stock Exchange, where Suntech's stock trades.

He is living once again in his birth province of Jiangsu, on China's prosperous eastern seaboard. His home, and Suntech's base, is not far from his birthplace on an island in the Yangtze River called Yangzhong. As the oldest of four children, Dr. Shi was the focus of his parents' hopes for a better life through education. Though mainly agricultural, Yangzhong was blessed with a good school system.

He headed to college in 1979, shortly after the universities had reopened after the chaos of the Cultural Revolution, and as a new leader named Deng Xiaoping had begun to break down China's isolation. His high scores in math and physics got him slotted into the optical-science department at Jilin University, in China's chilly northeast.

He found working in a lab preferable to working in the fields. He focused on improving his English so he could read scientific materials. He would study while standing in line at the school cafeteria, memorizing vocabulary scribbled in a notebook.

After graduating in 1983, he entered a master's program at the Shanghai Institute of Optics and Fine Mechanics. The institute had access to a small quota of coveted government-sponsored spots for overseas study. Although he was told he could go to the U.S., that turned out to be a bureaucratic mix-up. He wound up in Australia instead. In 1988 he enrolled in the physics department of the University of New South Wales, in Sydney.

At the end of his one-year program, Dr. Shi realized he didn't want to return to China. The year 1989 was a dark time, as the Chinese government brutally put down the demonstrations in Beijing's Tiananmen Square. A classmate suggested he head to the engineering department, where Martin Green, a prize-winning specialist in solar power, was looking for students with a background in optics.

Though he had no experience in solar-cell research, Dr. Shi talked his way into getting funding to do a doctorate under Dr. Green. And in his first six months, Dr. Shi made some breakthroughs, often working alone well into the night. Finishing his Ph.D. in 1992, he ultimately became research director in a company founded to market some of the lab's technologies. He gained citizenship and bought three houses with savings from a generous salary. Mr. Shi, his Chinese wife and his two Australia-born sons settled into a comfortable life -- but he felt he could do more.

Then, over dim sum one day at a restaurant in a Sydney suburb, he heard of opportunity from an unexpected quarter. Samuel Yang, a businessman from his hometown of Yangzhong who regularly traveled to Australia, told Dr. Shi that the gray, regimented China he remembered had changed. It was booming, attracting billions of dollars of foreign investment, and recruiting overseas Chinese with technical skills to come back home.

In April 2000, Dr. Shi went to China to see for himself. He came back to Australia afire with ideas for a China-based solar-power company, and sat down and put together a 200-page business plan. It was the first thing he had written in Chinese for years. "That conversation was at the right time," Dr. Shi says. "If that conversation had occurred two years or three years earlier, I don't think it would have happened."

Dr. Shi shopped his proposal to several Chinese cities with ambitions to attract high-tech businesses. Wuxi, a fast-growing city near Shanghai, offered $6 million as a start-up investment. Government funds and state companies would own 75% of the company, and a local official would serve as chairman. Dr. Shi would put in the technology he owned and $400,000 of his own money for a 25% stake, and get a free hand to run the company. He agreed, and Wuxi Suntech Power Co., as it was then called,

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was registered on Jan. 21, 2001. The company's Chinese name, "shang de," is a reference to a traditional saying meaning "upholding virtue."

Tackling New Problems

Dr. Shi now found himself tackling problems outside of science: making payroll and occasionally browbeating suppliers into accepting late payments. His biggest puzzle was finding ways to grow on a shoestring budget. The company started producing in September 2002, but by April 2003, it had sold its entire inventory and needed to expand further.

It was under these pressures that Dr. Shi came up with his signature innovation, which he likes to call simply "low-cost expansion." After having used mainly expensive imported parts to build Suntech's first production line, he couldn't afford to buy another one off the shelf. The only way out was to come up with a cheaper design.

"Coming from a scientist background, I always pursued high efficiency, as high as possible," he says. Instead, Dr. Shi reorganized the manufacturing process to reduce automation, taking some processes from machines and putting them into the hands of workers, who in China were cheaper. He cobbled together parts from different suppliers, including little-known Chinese companies. He bought used gear from an Italian laboratory and new equipment from a Japanese startup.

The new line was ready in December 2003, just in time to catch a boom in the global solar-power market. Suntech's revenue zoomed to $226 million last year, from just $14 million in 2003. First-half revenue this year was $218 million. Suntech's cost advantages have endured: It is now selling its solar modules for $3.78 per watt, well below the average global market price of $4.30 estimated by Photon Consulting.

"His timing has worked out perfectly," says Dr. Green, Dr. Shi's former academic adviser.

By 2004, Suntech's government owners had also taken note of Suntech's improving fortunes, and wanted a more active role in the company. That put chairman Li Yanren, the government's representative, into conflict with Dr. Shi. The internal strife consumed several months, but eventually the board threw its backing to Dr. Shi, making him chairman as well as chief executive. Mr. Li, who received a compensation package upon leaving, declined to comment.

That was a turning point. It had become clear that Suntech's combination of government capital and private management was no longer ideal. "The Chinese shareholders couldn't provide a lot of support. They were just having meetings," says Zhang Weiguo, a Suntech director who previously ran a Wuxi government venture-capital fund.

Dr. Shi wanted new backers from overseas who could put Suntech on the road to becoming a public company, but it wasn't easy to explain this to the founding shareholders. Mr. Zhang says it's not hard to see why: "I have helped you through so many difficulties, and now that you are starting to make money you push me out?"

Dr. Shi argued that getting the state shareholders out of the company would allow Suntech to grow faster, hire more people and pay more taxes. That swayed city government officials, who helped Dr. Shi work on convincing the corporate shareholders. Here, Dr. Shi's willingness to offer generous terms helped. Mr. Zhang says his old fund made a return of 20 times its initial investment.

After six months of negotiations, the shareholders, which included appliance maker Jiangsu Little Swan Group Co. and pharmaceutical firm Wuxi Shanhe Group, agreed to take their money and step aside. In May 2005, an $80 million sale of shares to venture capitalists, including Goldman Sachs Group Inc., financed their exit.

Once again, Dr. Shi's timing was good. With oil prices hitting new highs and solar-panel sales booming, the buzz in the financial community over alternative energy was becoming a roar.

Suntech's investors saw their enthusiasm for solar power validated with the October IPO of Q-Cells AG, a Suntech competitor in Germany. The rapturous market reception convinced Suntech's bankers, Credit Suisse Group and Morgan Stanley, to rapidly push through an IPO. On Dec. 14, 2005, Suntech debuted on the New York Stock Exchange. The company was valued at more than $5 billion at its peak stock price, though that has since come down substantially.

Dr. Shi hasn't left his academic past behind. His office is piled with technical papers and decorated, if that's the word, with photographs of silicon crystals. He can still unconsciously switch to a professor's chalkboard style when he has to explain technical concepts.

He has already started giving his money away, an unusual move in a country where private philanthropy is largely undeveloped. Recently his family trust gave donations to a nursing home and a school in Shanghai. For now, however, his main

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focus remains on the business. Having just bought a company in Japan, Dr. Shi says his goal is to turn Suntech into a true multinational.

"The time is right, the soil is rich," he says. "Now, there's already a lot of Chinese dreams being realized. And I think there are a lot more to come."

Europe Faces Threat Of Power Shortages (FT)

By Ed Crooks

Financial Times, October 12, 2006

Europe faces the growing threat of electricity shortages because growth in demand has outstripped investment in new power stations, a leading consultancy has warned.

Capgemini, the consultancy, said operating at such low margin levels raised the risk of power shortages, including interruption of supply to large industrial users, "brownouts" – reductions in supply voltage – and blackouts.

Colette Lewiner of Cap-gemini said the study should be a "wake-up call" for the energy industry, governments and regulators.

"We are in a dangerous zone now," she said. "We could have power cuts."

The average margin – the excess of available electricity supply over peak-load demand – dropped to just 4.8 per cent in the winter of 2005-06, down one percentage point from the previous year.

The UK, France, Belgium and Greece are among the countries with the lowest levels of spare capacity.

Capgemini argued that the more competitive and commercial environment for European energy had in part been responsible for the erosion of the capacity margin.

For decades European energy industries maintained high levels of excess capacity. But in the past five years generators in most European Union member states have been failing to invest enough to keep pace with the rise in demand.

Spain was the worst case last year, with supply capacity rising by just 8 per cent while peak load demand rose by 15 per cent, but in many other countries the margin has been squeezed. Only Ireland, where capacity rose by 36 per cent, has comfortably increased its margin.

European energy companies' investment as a share of their sales has fallen from almost 18 per cent in 2000 to less than 10 per cent in 2004, although it picked up slightly last year.

Electricity generators across Europe have become more exposed to commercial pressures by the spread of liberalisation and private ownership.

In the past, the generators could have predicted their future demand with reasonable certainty. They were assured of being able to finance the investment needed to meet that demand with enough of a margin to guard against power shortages. Today they will typically need to justify those investments as commercial decisions.

Capgemini said investment in new power stations was also being hampered by ever more complex planning procedures and by governments' persistent tinkering with the regulatory frameworks.

Ms Lewiner said: "How can companies plan for a 10 or 20-year return on investment when governments keep changing the rules of the game?"

"It should be for national governments and the European Commission to encourage power investment in the energy industry."

The tight supply position is being exacerbated by hotter summer weather and the growing use of air conditioning, which have shifted the traditional seasonal pattern of electricity demand.

In Spain, for example, the peak in demand is now in the summer. In France, generators have been forced to rethink their practice of shutting down nuclear power plants in the summer for maintenance.

Many of Europe's recent blackouts have also occurred during the summer.

French Police Face Muslim 'Intifada' (WT)

By David Rennie

The Washington Times, October 12, 2006

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BRUSSELS -- Radical Muslims in France's housing estates are waging an undeclared "intifada," or uprising, against the police, with violent clashes injuring about 14 officers each day.

As the Interior Ministry announced that nearly 2,500 officers had been wounded this year, a police union declared that its members were "in a state of civil war" with Muslims in the most depressed "banlieue" estates. Banlieue, which means outskirts, is the commonly used euphemism for the low-income housing projects heavily populated by unemployed youths of North African origin.

The police union said it had asked the government to provide police with armored cars to protect officers in the estates, which it said were becoming no-go zones.

The number of attacks has risen by a third in two years. Police representatives told the newspaper Le Figaro that the "taboo" of attacking officers on patrol has been broken.

Instead, officers -- especially those patrolling in pairs or small groups -- are facing attacks when they try to arrest locals.

Senior officers insisted that the problem was essentially criminal in nature, with crime bosses on the estates fighting back against tough tactics.

Interior Minister Nicolas Sarkozy, who also is the leading center-right candidate for the presidency, has sent heavily equipped units into areas with orders to regain control from drug-smuggling gangs and other organized crime rings.

However, not all officers on the ground accept that essentially secular interpretation of the problem. Michel Thoomis, the secretary general of the hard-line Action Police trade union, has written to Mr. Sarkozy warning of an "intifada" on the estates and demanding that officers be given armored cars in the most dangerous areas.

"We are in a state of civil war, orchestrated by radical Islamists. This is not a question of urban violence any more. It is an intifada, with stones and Molotov cocktails," he said last week. "You no longer see two or three youths confronting police, you see whole tower blocks emptying into the streets to set their 'comrades' free when they are arrested."

However, Gerard Demarcq, of the largest police unions, Alliance, dismissed talk of an uprising as representing the views of a minority.

Mr. Demarcq said the increased attacks on officers were proof that the policy of "retaking territory" from criminal gangs was working.

Mayors in the worst-affected suburbs, which saw weeks of riots and car burning a year ago, have expressed fears of a vicious circle, as attacks by locals lead the police to harden their tactics, further increasing resentment.

As if to prove that point, there were angry reactions in the western Paris suburb of Les Mureaux after dawn raids in search of youths who had attacked a police unit last week. The raids led to one arrest.

Scores of youths had attacked seven officers who had tried to arrest a man for not wearing his seat belt while driving. The driver refused to stop and later rammed a police car trying to block his path.

Les Mureaux Mayor Francois Garay criticized aggressive police tactics that left "the people on the ground to pick up the pieces."

Lawmakers Urge Denial To Mexico Of Bounty Hunter (WT)

By Jerry Seper

The Washington Times, October 12, 2006

Secretary of State Condoleezza Rice has been asked by 29 members of Congress to deny an extradition request by the Mexican government for Duane "Dog" Chapman, the Honolulu-based bounty hunter who faces charges there for his capture of a fugitive convicted rapist three years ago.

"Just days before the Mexican statute of limitations on prosecuting Chapman were set to expire, it seems the State Department is proceeding with efforts to extradite Mr. Chapman back to Mexico to face criminal prosecution," the House members said.

"It makes no sense. It seems that Mexican authorities are pressing this case only because they are so stung by the embarrassment of failing where Mr. Chapman succeeded," they said.

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Mr. Chapman, 53, who stars on the television show "Dog the Bounty Hunter," was arrested last month by U.S. marshals in Hawaii on charges of illegal detention and conspiracy in his June 18, 2003, capture in Mexico of cosmetics heir Andrew Luster. Also arrested were Mr. Chapman's son, Leland, 29, and an associate, Timothy Chapman, 41, no relation.

Bounty hunting is illegal in Mexico, and Mexican Consul General Martha Lara told CNN that Mr. Chapman was not permitted to enter the country to pursue fugitives.

After spending a night in a Honolulu jail, Mr. Chapman was released on $300,000 bail. The others were released after posting $100,000 bail. The three have been ordered to appear at an extradition hearing, which has not been scheduled.

Charges have been pending against the three in Mexico since their arrest of Luster. They posted bail but never returned for a July 15, 2003, court hearing. Mexican authorities had demanded that Mr. Chapman transfer Luster to their custody, but he refused.

A spokeswoman for the Chapman family, Mona K. Wood, described the arrest as "shocking" and declared that Mr. Chapman's file will be cleared.

"This was a shock, and is obviously a very upsetting time for the Chapman family," she said. "Chapman is a true modern-day hero. He arrests the bad guys -- he is definitely not one of them. He shall be vindicated."

Luster, 39, was taken into custody by the bounty hunters at a Puerto Vallarta nightclub more than five months after fleeing the United States while on trial on charges he raped three women. He was returned to California to begin serving a 124-year prison sentence.

He is the great-grandson of Max Factor, who built a cosmetics empire in the 1920s that catered to the movie industry.

Luster was convicted in absentia with raping the women after drugging them with GHB, the so-called date rape drug. Prosecutors said investigators found videotapes of Luster having sex with the unconscious women.

A U.S. couple spotted the fugitive in Puerto Vallarta and contacted the bounty hunters. They also had called the FBI, and a legal liaison for the FBI was en route from Guadalajara, Mexico, to Puerto Vallarta to follow up on a tip.

Unprovoked Onslaught (WSJ)

By Mikheil Saakashvili

The Wall Street Journal, October 12, 2006

TBILISI -- The past week was a trying one for Georgia. Air, rail, sea, land and postal links were severed unilaterally by our largest neighbor, the Russian Federation. Immediately thereafter, Georgians living in Russia were subjected to a form of ethnic targeting not seen in Europe since the Balkans in the 1990s -- and the harassment is tinged with even more sinister historical overtones. Hundreds are being deported; business owners are being harassed; schoolchildren are being forcibly registered with local police; women are being gratuitously tested for sexually transmitted diseases; and children are being torn from families.

It is easy, amidst these bleak headlines, to lose sight of an even more important story: In just three short years, my country has been transformed from a gangster-run economic and political basket case into a budding democracy with one of the world's fastest-growing economies. The World Bank recently lauded Georgia as the No. 1 reformer in the world and the least corrupt transitional democracy. Just last month NATO admitted Georgia into a new stage of membership talks, recognizing our political, economic and military progress. And just last week we completed an action plan with the European Union that charts our irrevocable course toward a fully Western future.

It is this remarkable metamorphosis -- capped last week by fully fledged, free and fair local elections, hailed by the Organization for Security and Cooperation in Europe (OSCE) for their "professional and inclusive manner" -- that gives us strength in this moment of crisis. All of our gains have been hard-fought. Our citizens have long suffered privations, and only now are tasting the sweetness of liberty: the opportunity to vote, to lead fruitful lives, to speak their voice, and to chart a future for their children untrammeled by poverty, mafias or discrimination.

We will not jeopardize the progress we have made by any rash acts. It is not inconceivable that Moscow is trying to taunt us into a self-destructive response, one which would provide an excuse for Russia to smite the success story to its south. After all, democracy can be contagious. But there is no risk of our acting irresponsibly, despite the caricatures of our government, spread

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by ill-wishers, of being impetuous. Our actions in recent weeks fly in the face of this. We are constrained by democratic instincts, and by our responsibility to citizens and allies.

In fact, the most puzzling aspect of Russia's latest onslaught is that it was unprovoked. A week ago, after holding a group of Russian intelligence officers for just 72 hours after they were caught red-handed spying on Georgia, my government released them. Regrettably, this was not the first instance when individuals involved in similar -- even lethal -- acts were detained and handed over to Russian authorities.

We believed this latest gesture of goodwill, magnanimous by any measure, would mark a hopeful turning point in our troubled relations with the current Russian government. For far too long, we have been subjected to Moscow's economic sanctions, its mortal meddling in our breakaway provinces, and its contempt for our democratic institutions. We wanted to mark a break from this history of distrust. Little could we have imagined that, instead, Moscow would unleash a wave of retribution that many in Russia have labeled ethnic cleansing. Still, even while Russian police were hunting down Georgians, I have been heartened by the courage of many ethnically Russian citizens who have taken to the streets wearing a yellow star with the words: "I am Georgian."

Despite this downward spiral, conditions exist for a peaceful resolution to the present impasse. Georgia poses no physical threat to Russia -- how could a nation of less than five million souls challenge a nuclear-armed power over 30 times its size? But for us to stand tall, our friends must stand tall beside us. If any one of us gives in to bullying or tolerates the politics of ethnic hatred, we are all at risk. The values that hold together the international order are like a chain -- only as strong as its weakest link. To jeopardize or neglect this link implies peril for the entire trans-Atlantic community. Today, Georgia has become an integral part of the Western security fabric.

The essential question confronting the international community is this: Is Moscow reacting to a specific, unique threat it perceives from Georgia? Or is Georgia a target of opportunity, a chimerical foil created by some politicians for domestic purposes? Put another way, does the malignancy reside in Georgia, or Russia? A misdiagnosis could have dire consequences for Western security. Because if the international community downplays the current rift -- or worse, if it pressures Georgia to back down on all counts, shunting aside its hard-earned principles and values -- then the problem will simply metastasize to another place.

Russia's vital place in the international order is secure. It is a veto-wielding member of the U.N. Security Council. Its natural resources fuel the European and global economy. It owns a fierce nuclear force. No one, let alone Georgia, should ever call for isolating Russia in the manner of a North Korea or Zimbabwe. At the same time, however, we must not turn a blind eye to what is happening to human rights and the norms of international behavior. * * *

We will do all that is necessary to ease the current tensions. In the past few weeks, we have been especially vigilant in consulting with our allies in Europe. Georgia is a small country that takes its obligations to the international community very seriously, a fact to which our troops in Kosovo and Iraq attest. We do not intend to act precipitously or in defiance of the wishes of our friends. And we have been heartened by the signs of support, in the face of Russia's harsh behavior, that have been expressed by most of the democratic world.

We are more determined than ever to act in concert with our European allies. The coming test of international resolve in the Caucasus revolves around the territorial disputes in our provinces of Abkhazia and South Ossetia. At the U.N. last month, I proposed the creation of a new framework for keeping the peace in these provinces and for negotiating an enduring settlement. The proposal was applauded by the current OSCE chair, Belgian Foreign Minister Karel De Gucht. Together, we must now take concrete steps toward its implementation.

The way forward is not an easy one -- but it is the only direction possible for my country. We cannot look back: The age of imperial overlords and of the Cold War is past.

Mr. Saakashvili is the president of Georgia.

The Age Of Impunity (NYT)

The New York Times, October 12, 2006

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Sudan's leaders sent out a letter last week warning governments against volunteering their troops for a United Nations peacekeeping force for Darfur. Khartoum was obviously feeling cocky. But why shouldn't it? The Security Council — or more to the point, the big powers that run the Security Council — made clear that it won't send in troops to stop the genocide unless Sudan first agrees.

Then there's Iran, which is still defiantly enriching uranium. And the North Koreans, who blew off the rest of the world when they blew off what they said was a nuclear weapon this week.

Welcome to the new age of impunity.

It wasn't supposed to be this way. The Iraq war and President Bush's with-us-or-against-us war on terrorism was supposed to frighten the bad guys so much that they wouldn't dare cross the United States. But the opposite has happened. President Bush has squandered so much of America's moral authority — not to mention our military resources — that efforts to shame or bully the right behavior from adversaries (and allies) sound hollow.

There is plenty of blame to go around when it comes to empowering rogue states. The Chinese have been shielding Sudan and North Korea. The Russians have been shielding Iran. Were it not for Iraq and Mr. Bush's other troubles, there would be ways to shame or bypass those roadblocks. When the Russians blocked U.N. action in Kosovo, President Clinton got NATO to stop the killing.

Mr. Bush appears to care deeply about Darfur. But the United States is so overstretched in Iraq that no one in this White House is even talking about sending NATO to stop ethnic cleansing that has already left more than 200,000 dead and displaced more than two million.

Closing our eyes for another two years isn't an answer. Washington needs to assert its leadership, no matter how tattered, on all these fronts.

We suspect that cargo inspections and a cutoff of military and luxury trade will not be enough to get North Korea to back down. But having started there, Mr. Bush now needs to tell China and Russia that all future relations will be judged on how they hold the North to account.

Beijing and Moscow would find it harder to say no if Mr. Bush made a clear pledge — no caveats and no fingers crossed behind his back — that he would not try to overthrow North Korea's government if it abandoned its nuclear weapons. Mr. Bush needs to make the same unambiguous offer to Iran. As for Darfur, Khartoum might feel less cocky if Mr. Bush announced that he was taking the lead on soliciting troops for a peacekeeping force while asking NATO to start drawing up plans for a possible forced entry should the United Nations fail to act.

In his news conference yesterday, Mr. Bush said that the abuses at Abu Ghraib "hurt us internationally. It kind of eased us off the moral high ground." He quickly added that the world had seen the perpetrators held to account.

We fear it will take a lot more than the trials of a few low-level prison guards to repair the damage, whether from Abu Ghraib, Guantánamo, the secret prisons or the whole mismanaged Iraq war. There can be no impunity at home either.

Reform Run Amok (WP)

The Washington Post, October 12, 2006

The U.N.'s new Human Rights Council makes the old one look good.

A MAJOR piece of the United Nations reform promised by Secretary General Kofi Annan was a new Human Rights Council. The idea was to replace the Commission on Human Rights, which had been hijacked by rogue states such as Libya and Sudan, with a body that could refocus attention on serious human rights violations around the world -- and in so doing remove what Mr. Annan said was "the shadow" cast by the old organization on "the United Nations system as a whole."

When the Human Rights Council was approved by the General Assembly in March, we were among the skeptics who doubted that it would be much of a change, mainly because the membership rules still allowed for the election of human rights violators. As it turned out, we were wrong: The council, which completed its second formal session last week in Geneva, has turned out to be far worse than its predecessor -- not just a "shadow" but a travesty that the United Nations can ill afford.

For all its faults, the previous U.N. commission occasionally discussed and condemned the regimes most responsible for human rights crimes, such as those in Belarus and Burma. China used to feel compelled to burnish its record before the annual

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meeting. The new council, in contrast, has so far taken action on only one country, which has dominated the debate at both of its regular meetings and been the sole subject of two extraordinary sessions: Israel.

Western human rights groups sought to focus the council's attention on Darfur, where genocide is occurring, and on Uzbekistan, where a dictator refuses to allow the investigation of a massacre by his security forces. Their efforts have been in vain. Instead, the council has treated itself to report after report on the alleged crimes of the Jewish state; in all, there were six official "rapporteurs" on that subject in the latest session alone. One, Jean Ziegler, is supposed to report on "the right to food." But he, too, delivered a diatribe on Israeli "crimes" in Lebanon.

This ludicrous diplomatic lynch mob has been directed by the Organization of the Islamic Conference, which accounts for 17 governments on the 47-member council and counts on the support of like-minded dictatorships such as Cuba and China. Council rules allow an extraordinary session to be called at the behest of just one-third of the membership, making it easy for the Islamic association to orchestrate anti-Israel spectacles. Several Muslim governments that boast of a new commitment to democracy and human rights -- including Jordan and Morocco -- have readily joined in this willful sabotage of those values.

Human rights groups that supported the creation of the council, such as Human Rights Watch and Amnesty International, admit to being appalled by the outcome; they nevertheless argue that the panel should be given time to right itself. That could happen, they say, if the democratic members of the council organize and work with the same cohesion as the "unfree" states. They also suggest that the United States, which refused to join the council, reconsider.

Perhaps that strategy would work -- though once again, we're skeptical. If there is no turnaround, the council's performance ought to invite consideration of the measure that was applied to the U.N. cultural organization, UNESCO, when it ran amok in the 1980s: a cutoff of U.S. funding. If this ill-formed body is to become an exclusive forum for anti-Zionist rants, the principal victim will be not Israel but the United Nations.

Armies Of Children (NYT)

The New York Times, October 12, 2006

The recruitment of child soldiers is one of the most heinous war crimes, and among the most forgotten. Perhaps a quarter-million children — most in their teens but some as young as 7 — are forced to serve in government or insurgent armies in 20 countries around the world. Not only are they ordered to kill and torture, they often become victims of physical and sexual abuse. When they do return to civilian life, they are walking ghosts — damaged, uneducated pariahs.

But now something has happened that may force guerrilla leaders and government officials who recruit children to think again. The new International Criminal Court, established to bring the most serious international criminals to justice, is beginning its first prosecution — of a defendant charged with the use of child soldiers. He is Thomas Lubanga Dyilo, leader of a Congolese militia responsible for ethnic massacres, torture and rapes in the eastern part of the country.

At the height of the violence in eastern Congo, in 2003, around 30 percent of militia fighters were children. Many were forcibly recruited, but others enlisted, seeking protection or food. About 30,000 have been demobilized nationwide, and groups like Unicef and Save the Children are helping them get back into school and rejoin their communities. But the militias that are still fighting are still using child soldiers, sometimes forcing demobilized children back into the war.

Much good can come from the court's focus on child soldiers. The decision by the international tribunals for Rwanda and Yugoslavia to treat rape as one of the most serious international crimes has changed legal attitudes and practice worldwide. The International Criminal Court is now drawing attention to another widespread, yet widely ignored, horror. Guerrilla leaders in Colombia, Sri Lanka, West Africa and elsewhere, and government officials in Myanmar, should pay close attention.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

SoCal Man Indicted On Federal Charges Of Aiding Al Qaeda (LAT)

By Greg Krikorian

The Los Angeles Times, October 12, 2006

A Southern California convert to Islam who has appeared in five incendiary Al Qaeda videos became the first American since the World War II era to be charged with treason, law enforcement sources said today.

In a federal grand jury indictment handed down in Orange County, Adam Yahiye Gadahn, 28, also was charged with providing material support for a terrorist group.

Gadahn, who is believed to be overseas, has emerged in recent months as the most significant American convert to radical Islam. Although he showed up on an Al Qaeda video in October 2004, it is his recent appearances with the terrorist organization's second-in-command, Ayman Al-Zawahiri, that has cemented his reputation as a significant new propagandist for terrorism.

As one senior U.S. official told The Times in recent days: "It is not some masked guy with a rifle saying, 'Death to America.' It is an American. And his target audience is the U.S."

In May 1997, Gadahn was arrested for allegedly attacking a well-known leader at the Islamic Society of Orange County in Garden Grove. He later pleaded guilty to a misdemeanor count of assault and battery.

By then, records and interviews show, Gadahn had become close to two radical Muslims who were followers of the radical cleric Sheik Omar Abdel Rahman, the so-called blind sheik who is serving a life sentence in federal prison for his role in the 1993 bombing at the World Trade Center.

Though FBI counterterrorism officials were aware of Gadahn for years, his name did not surface publicly until May 2004, when it was announced that they were seeking information on his whereabouts and considered him armed and dangerous. At the time, they said they believed that he had attended an Al Qaeda training camp in Afghanistan and worked as a translator for several of the organization's leaders, including senior lieutenant Abu Zebeida.

Months after the FBI announced its search for Gadahn, the CIA said it believed he was the menacing, masked figure making threats against the U.S. in a October 2004 videotaped message from Al Qaeda.

In that hourlong tape, released just before the U.S. presidential election, a young man hidden behind a head scarf identified himself as "Azzam the American" and said that American "streets will run red with blood."

"When his face was covered up, it initially worried people in the intelligence community," said the high-ranking U.S. law enforcement official. "Because we knew who it was and we figured he knew that ... so the question was whether it was a martyrdom tape."

That concern evaporated when Gadahn appeared in another video in September 2005 on the eve of the anniversary of the 9/11 attacks.

In that tape, he invoked the name of the most infamous Sept. 11 attacker, Mohammed Atta, and warned about new attacks in the U.S. and Australia.

"Yesterday, London and Madrid," he said, referring to two cities that had recently been bombed by terrorists. "Tomorrow, Los Angeles and Melbourne."

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This past July, Gadahn appeared in a third video that also carried statements from Zawahiri and Al Qaeda leader Osama bin Laden. In that video, Gadahn referred to the recent capture of two American servicemen in Iraq and said, among other things: "So after all the atrocities committed by America ... why should we target their military only?"

In the two most recent videos broadcast last month, Gadahn urged U.S. soldiers to "escape from the unbelieving Army and join the winning side." He later referred to the U.S. as "enemy soil."

"Adam Gadahn is a U.S. citizen who made a choice to join and act as a propagandist for Al Qaeda, an enemy of this country responsible for the horrific deaths of thousands of innocent Americans on Sept. 11, 2001," Deputy Atty. Gen. Paul J. McNulty said in a statement after the indictment was announced.

"The war on terror is a fight for hearts and minds, and Gadahn gave himself to our enemies in Al Qaeda for the purpose of being a central part of their propaganda machine. By making this choice, we believe Gadahn committed treason - perhaps the most serious offense for which any person can be tried under our Constitution."

FBI Executive Assistant Director Willie Hulon of the National Security Branch added that Gadahn "represents a new breed of homegrown extremist, who has chosen to betray the country of his birth, and align with the Al Qaeda terrorist network."

U.S. Atty. Debra Wong Yang, whose Los Angeles office prosecuted the case, said: "By aligning himself with Al Qaeda, by moving overseas to be closer to Al Qaeda's base and leadership, and by joining in advocating Al Qaeda's terrorist agenda, an agenda that includes the overthrow of the United States government and the murder of American citizens, Adam Gadahn has committed treason against the United States of America.

She added: "The charges returned today by a federal grand jury demonstrate that the criminal justice system will not sit passively by while a United States citizen engages in such activities." Raised on a goat farm in rural Riverside County, Gadahn is the grandson of a Jewish doctor, Carl Pearlman. His father, Phillip, changed the family name to Gadahn before Adam was born.

In a November 1995 Web posting, the then 17-year-old Gadahn wrote that his father grew up agnostic or atheist but "became a believer in one God when he picked up a Bible left on the beach." He also said his father was a butcher, who slaughtered animals according to Islamic dietary practices and sold the meat to an Islamic food mart in downtown Los Angeles.

Gadahn said that his mother was raised Catholic and leaned toward Christianity and that he and his siblings were schooled at home. After exposure to various religions and a period where he was admittedly "obsessed" with demonic music, Gadahn said in the 1995 Web posting that his spiritual quest ended with his conversion to Islam.

"Having been around Muslims in my formative years," he wrote as convert Yahiye Adam Gadahn, "I knew well that they were not the bloodthirsty, barbaric terrorists that the news media and the televangelists paint them to be."

Within two years of that statement, Gadahn had gone from a pious Muslim to an unabashed extremist. It was a transformation that propelled him onto the list of the FBI's most wanted terrorists.

The Justice Department said that a treason charge carries penalties ranging from five years in prison to the death sentence. The charge of providing material support to a designated foreign terrorist organization is punishable by up to 15 years in prison.

American In Videos Charged With Treason (USAT)

By Kevin Johnson

USA Today, October 12, 2006

WASHINGTON — A 28-year-old American who has appeared in a series of propaganda videos linked to al-Qaeda was indicted Wednesday on terror-related charges, including treason. It marked the first time the U.S. government has brought such a treason case in more than 50 years, the Justice Department said.

Deputy Attorney General Paul McNulty said Adam Gadahn, introduced in a 2004 al-Qaeda video as “Azzam the American,” betrayed the USA and faces a possible death sentence for allegedly joining Osama bin Laden's network.

The announcement was the latest chapter in Gadahn's journey from a Southern California convert to Islam to one of the world's most wanted terrorism suspects. Gadahn, who McNulty said is believed to be hiding in Pakistan, is accused of encouraging attacks against the USA in at least five al-Qaeda videotapes, beginning in October 2004.

In the first video, court papers say, Gadahn declared allegiance to al-Qaeda and warned that America would “have to pay for its crimes. … The magnitude and ferocity of what is coming your way will make you forget all about Sept. 11. The streets of America shall run red with blood … and the next wave of attacks may come at any moment.”

McNulty suggested that the increasingly significant role Gadahn has appeared to play in encouraging attacks and recruiting for al-Qaeda warranted the treason charge. The government rarely pursues treason charges, in part because they are difficult to prove.

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Under U.S. law, proving treason requires the testimony of two witnesses who saw the accused perform an "overt act" of treason, or a confession by the accused in court. It's unclear how prosecutors would prove treason in Gadahn's case, if he is caught and tried. However, McNulty suggested the videos offer compelling evidence.

"A charge of treason is exceptionally severe," he said during a briefing. "It is not done lightly. This is the right case."

In the most recent al-Qaeda video featuring Gadahn, released last month, he called the USA "enemy soil" and praised the 9/11 suicide hijackers. In a separate video earlier in September, Ayman al-Zawahiri, bin Laden's top aide, called Gadahn "our brother Azzam the American," court papers say.

McNulty said the government had no evidence that Gadahn had helped to plan or carry out any attacks. However, FBI Executive Assistant Director Willie Hulon said Gadahn represents a threat "as a communicator for al-Qaeda."

Gadahn is one of the FBI's most wanted terrorism suspects. There is a $1 million reward for information resulting in his capture.

The Justice Department said Gadahn, who also faces charges of providing material support to a terrorist organization, was the first U.S. citizen to be charged with treason since Tomoya Kawakita in 1952. Kawakita was sentenced to death for helping the Japanese and abusing U.S. prisoners of war during World War II. His sentence later was commuted, and he was deported to Japan.

Treason Charge For California Man Seen In Al Qaeda Videos (CHIT)

By Andrew Zajac

Chicago Tribune, October 12, 2006

WASHINGTON -- A 28-year-old California man who has appeared in five Al Qaeda propaganda videos was charged with treason Wednesday, becoming the first U.S. citizen charged with the offense since World War II.

Adam Gadahn, also known as Azzam al-Amriki or Azzam the American, "gave Al Qaeda aid and comfort…with intent to betray the United States" through his appearances in the videos, including two released last month by the terror network, according to an indictment handed up by a grand jury in Orange County, Calif.

Gadahn, who could face the death penalty if convicted, is at large and believed to be in Pakistan. As a result of the charges, which also include providing material support to the terrorist group, Gadahn's name was added to the FBI's terrorist most wanted list and a $1 million bounty was offered for his capture.

Deputy Atty. Gen. Paul McNulty, who announced the indictment at the Justice Department, acknowledged that Gadahn is not charged with planning to attack the U.S., but solely with serving as a propagandist.

"This is a very significant piece of the way the enemy does business: to demoralize the troops, to encourage the spread of fear," McNulty said.

Gadahn originally had been charged in a sealed indictment in October 2005.

An American-born convert to Islam, Gadahn has been publicly linked to Al Qaeda by the FBI since mid-2004.

The decision to publicly detail a new set of charges against Gadahn resulted from stronger evidence against him gleaned from the three videos he made this year, and a desire "to discourage anybody else who might be tempted…to join Al Qaeda," McNulty said.

Asked to address skeptics who might view the timing of the indictment as intended to influence the Nov. 7 congressional elections, McNulty said it was driven by the evidence and was "in the best interests of the American people."

The U.S. has rarely brought treason charges, in part because the Constitution requires two witnesses to corroborate it, said Jonathan Hafetz, of New York's Brennan Center for Law and Justice.

"It's difficult to prove, and there are other statutes that can be used against alleged terrorists," said Hafetz, who represents terror war detainees at the Guantanamo Bay Naval Station in Cuba.

One of the last treason cases involved Iva Toguri, an American who in 1949 was convicted on what proved to be coerced evidence of being a voice of the Japanese government's "Tokyo Rose" during World War II.

After reporters unearthed the coercion, President Gerald Ford pardoned Toguri in 1977. She died last month in Chicago.

American In Qaeda Tapes Accused Of Treason (NYT)

By Eric Lichtblau

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — The Justice Department on Wednesday charged an American with treason for the first time in more than a half-century, accusing a former Southern California man of giving "aid and comfort" to Al Qaeda by appearing in a series of highly publicized videotapes urging violence against the United States.

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At the same time, the State Department posted a $1 million reward for information leading to the capture of the man, Adam Yahiye Gadahn, 28. A convert to Islam who left the United States in the late 1990's, Mr. Gadahn is the leading American fugitive linked to Al Qaeda.

The Federal Bureau of Investigation has been looking for Mr. Gadahn, who is believed to be in hiding in Pakistan, since 2004.

American officials said he has appeared in three Qaeda videos since July, and five total. In the most recent, a tape released on the fifth anniversary of the Sept. 11 attacks, he praised the hijackers and declared the United States "enemy soil." In a videotape released last month that was apparently taped in Pakistan, Mr. Gadahn was introduced by Ayman al-Zawahri, the second-in-command of Al Qaeda.

"Escape from the unbelieving army and join the winning side," Mr. Gadahn said. "Time is running out, so make the right choice before it's too late and you meet the dismal fate of thousands before you."

American officials said that Mr. Gadahn had become an important propagandist for Al Qaeda.

The young man "chose to join our enemy and to provide it with aid and comfort by acting as a propagandist for Al Qaeda," said Paul J. McNulty, the deputy attorney general, in announcing the charges.

Mr. Gadahn was secretly charged some months ago in a sealed indictment in a federal court in Southern California, and a grand jury returned a superseding indictment on Wednesday. Mr. McNulty said the decision to bring new charges and announce them publicly was driven not by election-year politics but by the frequency and stridence of the recent videotapes.

"It's time now to get the message out to get this person in our custody," he said.

Officials said they had no indication that Mr. Gadahn had taken part in the actual planning or execution of terrorist attacks. A charge of treason, which carries a possible death sentence, requires the testimony of two witnesses, a standard of proof so high, officials said, that no treason charges have been brought since the World War II era.

The last treason charges on record, Justice Department officials said, were brought against Tomoya Kawakita, an American-born man convicted in 1952 of moving to Japan and aiding the Japanese war effort. Hans Haupt, the father of a German saboteur, was convicted of treason in 1943, and Anthony Cramer was accused of aiding a German saboteur in 1945. While Mr. Kawakita's treason conviction was upheld, the cases against Mr. Haupt and Mr. Cramer were overturned on appeal by the Supreme Court.

With Mr. Gadahn, "there's a real issue here as to whether they have met the two witnesses requirement," said Peter S. Margulies, a law professor at Roger Williams University who studies terrorism prosecutions. "You need witnesses who are actually familiar with the terms of cooperation of the person charged — whether they were coerced, whether they were paid — and that seems to be lacking here in this case."

Mr. Gadahn grew up in a rural part of Southern California in Riverside County, the son of a goat farmer who slaughtered animals according to Muslim religious practices so he could sell the meat in an Arabic market in Los Angeles.

Mr. Gadahn, then an avowed pacifist, converted to Islam in the mid-1990's and worked in a mosque in Orange County, south of Los Angeles. In an essay posted on the Internet while he was apparently still living in the United States, he wrote: "Having been around Muslims in my formative years, I knew well that they were not the bloodthirsty, barbaric terrorists that the news media and the televangelists paint them to be."

But in the late 1990's, he left the United States for Pakistan to study and work among Muslims, and American officials say his views became more radical. By 2004, he was making public videotapes for Al Qaeda, officials say, and declaring that "the streets of America shall run red with blood."

U.S. Supporter Of Al-Qaeda Is Indicted On Treason Charge (WP)

By Dan Eggen And Karen Deyoung

The Washington Post, October 12, 2006

A California native who has appeared in al-Qaeda propaganda videos has been indicted for treason, making him the first American to be charged with that crime in half a century, the Justice Department announced yesterday.

Adam Gadahn, a 28-year-old fugitive believed to be living in Pakistan, could be sentenced to death if convicted of treason, which has been alleged only about 30 times in U.S. history and has not been used since the aftermath of World War II.

Gadahn, allegedly "gave al Qaeda aid and comfort . . . with intent to betray the United States" by appearing in videos calling for attacks on U.S. targets, according to the indictment, which was handed up by a federal grand jury in Santa Ana, Calif. Gadahn is also charged with providing material support to terrorists, which carries a penalty of up to 15 years in prison.

Gadahn was also added to the FBI's official list of "Most Wanted Terrorists," officials said.

In a Washington news conference announcing the charges, Deputy Attorney General Paul J. McNulty said that the treason charge "is not one that we bring lightly" but that "this is the right case for this charge."

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"Adam Gadahn is an American citizen who made a choice -- he chose to join our enemy and to provide it with aid and comfort by acting as a propagandist for al-Qaeda," McNulty said, adding later: "Today's indictment should serve as notice that the United States will protect itself against all enemies, foreign and domestic. . . . Betrayal of our country will bring severe consequences."

McNulty said the government had no information indicating that Gadahn was directly involved in planning or carrying out terrorist attacks.

The treatment of Gadahn is notably different from the Justice Department's approach to other U.S. citizens accused of working on behalf of al-Qaeda since the Sept. 11, 2001, attacks, who have been charged with lesser crimes than treason or have been designated as enemy combatants outside the normal criminal justice system.

California native John Walker Lindh, for example, was sentenced to 20 years in prison for providing support to al-Qaeda and aiding the Taliban in Afghanistan. Former Chicago gang member Jose Padilla was held as an enemy combatant for years and now faces charges in Miami of participating in a North American terrorist cell and traveling to the Middle East for military training.

McNulty dismissed questions from reporters about the timing of the indictment, which comes as the Bush administration and other Republicans are seeking to focus attention on national security issues for the midterm elections. McNulty said that authorities are concerned over the growing number of videos from Gadahn and hope to use publicity to capture him. He added that the latest video finally provided enough evidence for him to be indicted. A previous indictment against Gadahn, without the treason charge, had been sealed.

One of the offenses alleged in the new indictment occurred "on or about Sept. 11, 2006," when Gadahn appeared in an al-Qaeda video montage released to mark the fifth anniversary of the attacks. He had made a far longer and more substantive appearance on Sept. 2, in a production titled "An Invitation to Islam," which made a direct appeal to American soldiers and citizens to turn against their government.

Gadahn publicly emerged as a terrorism suspect in May 2004, when FBI Director Robert S. Mueller III and then-Attorney General John Ashcroft named him in a press conference as one of seven alleged al-Qaeda agents planning imminent attacks on the United States. Relatives in Southern California's Riverside County expressed astonishment that the young man named Adam Pearlman, who had converted to Islam in 1995 and moved to Pakistan in 1998, was the same person who appeared in a terrorism video that month with his face wrapped in a kaffiyeh, and who provided English-language voice-over for Osama bin Laden.

Gadahn was born in Northern California and moved south with his parents at a young age to a wooden cabin in rural Riverside, southeast of Los Angeles, where the family operated a goat farm. According to relatives interviewed in 2004, he grew into a teenager enamored of heavy-metal music and, eventually, Islam.

In addition to his May 2004 video debut, he appeared in a video on the eve of the fourth anniversary of the Sept. 11 attacks. This time, his face was only partially covered, and he was identified on the tape as "Azzam the American." The American people, he said, could expect "unpleasant consequences" if they continued to support their government.

The last person convicted of treason was Tomoya Kawakita, a Japanese American sentenced to death in 1952 for tormenting American prisoners of war during World War II; President Dwight D. Eisenhower commuted his sentence to life imprisonment.

The Gadahn case bears at least surface similarities to the prosecution of "Tokyo Rose," the Japanese propagandist convicted of treason in 1949. It later emerged, however, that she had secretly plotted against Japan, prompting President Gerald R. Ford to pardon her.

American In Al Qaeda Charged With Treason (WT)

By Jerry Seper

The Washington Times, October 12, 2006

A federal grand jury in Los Angeles yesterday indicted a self-proclaimed American jihadist and al Qaeda operative on charges of treason and aiding terrorists.

Adam Yehiye Gadahn, 28, who has become an English-language spokesman for al Qaeda and has appeared in terrorist propaganda films, has been sought by the FBI since 2004. He is thought to be in Pakistan, where authorities think he attended al Qaeda training camps.

Gadahn has become known by his nom de guerre, Azzam al-Amriki, or "Azzam the American."

In May 2004, Attorney General John Ashcroft described Gadahn as one of seven al Qaeda members who were planning to strike new targets in this country during the summer and fall.

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Citing "credible intelligence from multiple sources," Mr. Ashcroft said the seven operatives -- some of whom were thought to be in this country -- intended to "hit the United States hard." He said they "posed a clear and present danger to America."

In a 48-minute al Qaeda video released last month, Gadahn called on non-Muslims -- especially those in the United States -- to convert to Islam.

"To Americans and the rest of Christendom, we say either repent misguided ways and enter into the light of truth or keep your poison to yourself and suffer the consequences in this world and the next," he said in English while dressed in a white turban and seated in front of a computer and books.

Al Qaeda's second-in-command, Ayman al-Zawahri, made a brief statement at the beginning of the tape, urging viewers to listen carefully to the message, which was titled "An Invitation to Islam."

It was the second time that Gadahn has appeared in a video with al-Zawahri. In a July 7 video marking the first anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed in al Qaeda attacks.

Gadahn -- who was raised on a Riverside, Calif., goat farm and is of Jewish descent -- also is thought to be the masked man in two videos not officially from al Qaeda. One was given to ABC television in 2004, and the network received another a few days before the fourth anniversary of the September 11 attacks.

Authorities said that after the ABC broadcast, a member of Gadahn's mosque in California told the FBI that he thought the man in the video was Gadahn. In the 2005 video, the American identified by U.S. intelligence officials as Gadahn criticized U.S. foreign policy and military activity, particularly in Iraq and Afghanistan, and said there could be more al Qaeda attacks.

"Yesterday, London and Madrid. Tomorrow, Los Angeles and Melbourne, God willing. At this time, don't count on us demonstrating restraint or compassion," the man said.

Authorities said Gadahn converted to Islam and worshipped at the Islamic Society of Orange County in 1997 before being expelled for attacking one of its leaders. In 2004, he was added to the FBI's "Seeking Information -- War on Terrorism list," on which he remains.

They said Gadahn is the son of musician Phil Pearlman, who changed his surname before Adam's birth. His grandfather, Carl Pearlman, was a prominent surgeon and on the board of directors of the Anti-Defamation League.

U.S. Indicts American In Al-Qaida Video (AP)

By Jeremiah Marquez, Associated Press Writer

AP, October 12, 2006

The charge of treason was used for the first time in the United States' war on terrorism Wednesday, filed against a California man who appeared in propaganda videos for al-Qaida.

Adam Yehiye Gadahn, 28, could be sentenced to death if convicted of the charge, which has been used only a few dozen times in U.S. history and not at all since the World War II era. He also was indicted on a charge of providing material support to terrorists.

Gadahn "knowingly adhered to an enemy of the United States, namely, al-Qaida, and gave al-Qaida aid and comfort ... with intent to betray the United States," according to the indictment, handed up by an Orange County grand jury.

The suspected al-Qaida operative has been sought by the FBI since 2004. Based on the indictment, the FBI added Gadahn to its list of most wanted terrorists and offered a $1 million reward for information leading to his arrest or conviction.

Gadahn, who is believed to be in or near Pakistan, is suspected of having attended the terrorist group's training camps in Pakistan and serving as one of its translators. He has become known by his nom de guerre, Azzam al-Amriki, or "Azzam the American."

Gadahn appeared last month in a 48-minute video along with al-Qaida's No. 2 leader, Ayman al-Zawahri, calling on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

It was the second time he appeared in the same video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

Beyond that, authorities believe he is the masked figure who appeared in two previous videos from al-Qaida, one given to ABC television in 2004 and another a few days before the fourth anniversary of the Sept. 11 attacks.

According to the indictment, Gadahn announced in the 2004 video that he had joined al-Qaida, "a movement waging war on America and killing large numbers of Americans."

"Fighting and defeating America is our first priority," he said, according to the indictment. "... The streets of America shall run red with blood."

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The treason charge carries penalties ranging from a five-year prison sentence to the death penalty, while the charge of providing material support to a designated foreign terrorist organization carries a possible 15-year sentence.

Raised in Southern California on a Riverside goat farm, Gadahn converted to Islam and worshipped at the Islamic Society of Orange County in 1997 before being expelled for attacking one of its leaders.

His mother last spoke to him by phone in March 2001. At the time he was in Pakistan, working at a newspaper, and his wife was getting ready to have a child.

Gadahn's aunt, Nancy Pearlman, declined to comment.

Associated Press writer Lara Jakes Jordan contributed to this story from Washington.

American Al-Qaeda Member Gadahn Charged With Treason (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- Adam Gadahn, a U.S.-born member of the al-Qaeda terrorist group, was indicted on a treason charge by a federal grand jury in Santa Ana, California.

Gadahn, whose last known address was in Orange County, California, is considered a fugitive and is believed to be living in Pakistan, the Justice Department said. He is the first American to be charged with treason since the World War II era, the department said.

``A charge of treason is exceptionally severe and it is not one we bring lightly," said Deputy Attorney General Paul McNulty at a news conference in Washington. ``But this is the right case for this charge."

Gadahn, 28, has appeared in five videotapes distributed by al-Qaeda, including two last month, making threats against the U.S., according to the indictment. He calls himself ``Azzam the American."

In the first video in 2004, Gadahn said he had joined al- Qaeda and pledged that ``the streets of America shall run red with blood." His most recent message was timed to coincide with the fifth anniversary of the Sept. 11 attacks, prosecutors said. On the tape, Gadahn praised the pilots involved and called the U.S. ``enemy soil."

Authorities announced a $1 million reward for information leading to Gadahn's arrest or conviction. The Federal Bureau of Investigation also placed him on its list of most wanted terrorists.

The indictment, which supersedes previous charges filed under seal, also accuses Gadahn of providing material support to terrorists. The charge of treason carries a maximum penalty of death.

Al-Qaida Spokesman Indicted For Treason (UPI)

UPI, October 12, 2006

A U.S. citizen believed to be a fugitive in Pakistan was indicted in California Wednesday on charges of treason and aiding al-Qaida.

The U.S. Justice Department said Adam Gadahn, 28, is the first U.S. citizen charged with treason since the World War II era. A conviction on treason carries penalties up to the death penalty.

Gadahn, a former Orange County, Calif., resident, is also known as Azzam al-Amriki or Azzam the American. Of Jewish-American ancestry, he converted to Islam as a teenager. He has been out of the country since 1998.

He appeared in several videotapes broadcast between October 2004 and Sept. 11 of this year, the department said. In the first tape, Gadahn said he had joined al-Qaida, and that "the streets of America shall run red with blood."

Al-Qaida has taken responsibility for the Sept. 11, 2006, terror attacks on the World Trade Center in New York and the Pentagon near Washington.

In September 2005, Gadahn called the attacks "the blessed raids," referred to other attacks and said, "Tomorrow, Los Angeles and Melbourne, Allah willing."

Earlier this summer, Gadahn appeared in another videotape that also contained statements from Osama bin Laden and Ayman al-Zawahiri.

The indictment was handed down in Santa Ana, Calif.

US Files First Treason Charges In 50 Years Against Accused Al-Qaida Member (VOA)

Voice of America, October 12, 2006

U.S. prosecutors have filed treason charges against an American citizen for the first time in 50 years.

Justice Department accuses 28-year-old alleged al-Qaida member Adam Gadahn of treason, which carries a maximum penalty of death. He also is charged with providing material support to a terrorist group.

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Prosecutors say Gadahn is a California-born convert to Islam who appears in several al-Qaida propaganda videos. Some of those videos have threatened attacks against the United States and have contained messages from top al-Qaida official Ayman al-Zawahri.

Gadahn is believed to be living in Pakistan and has been sought by the FBI for questioning since May 2004. His parents say he converted in Islam in his late teens in the 1990s and later moved to Pakistan.

Terror Funding Trial Set To Begin (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, October 12, 2006

After winning a series of key pretrial battles, federal prosecutors say they will lay out a "crush of evidence" against a Bridgeview businessman accused of funding terrorism as a member of the militant Islamic Palestinian group Hamas.

Attorneys for Muhammad Salah, meanwhile, argue that the government—which has dropped a key charge and decided not to call its main witness—is left with a gutted case hinged on a coerced confession.

The trial of Salah and his co-defendant Abdelhaleem Ashqar begins Thursday with jury selection. A conviction would be a significant win for the Bush administration, which in 2004 announced the men's indictment as a legal battle in the war on terror.

The prosecution has withstood several challenges to its case by Salah's lawyers and won two major victories. The defense has had to accept that jurors will see details of a 1993 confession Salah provided to Israeli agents. And the trial will involve the testimony of disguised and anonymous Israeli agents in a closed courtroom.

Similar terrorism cases involving the funding of foreign extremist groups have caused trouble for prosecutors and the courts, experts say. At this point, U.S. law isn't fully equipped to deal with the unusual circumstances of such cases, said Karen Greenberg, executive director at the Center on Law and Security at New York University Law School.

"Since [the terrorist attacks of] 9/11, the need to coordinate court systems globally is of paramount importance, and what this case is doing is trying to make that happen," said Greenberg.

In 1993, when Salah was arrested in Israel and confessed to authorities there, coercive interrogation tactics were a legal practice. Salah's lawyers argued unsuccessfully that the confession should not be permitted in a U.S. court.

How jurors interpret what happened to Salah while he was in Israeli custody could well spell the difference between conviction and acquittal.

Although prosecutors have suffered some widely publicized setbacks in similar cases, they have achieved considerable success, said Bobby Chesney, a law professor at Wake Forest University Law School in North Carolina and an expert in terror cases.

"Numerically speaking, the government is winning far more often than it is losing," he said.

For example, the case of Florida professor Sami Al-Arian— widely reported as a loss when a jury hung on many of the charges—actually ended in prosecutors' favor when he pleaded guilty to lesser charges and was ordered deported from the U.S., Chesney said.

Among defendants in terrorism trials, however, Salah is unique. He is both a U.S. citizen and a "specially designated terrorist," according to the U.S. government.

From 1993 to 1997, Salah was jailed in Israel after he was convicted in a military court of being a Hamas leader who carried funds to the occupied territories. He was allowed to return to Bridgeview in 1997, already dubbed a terrorist by the U.S. and lived freely, albeit under investigation, until his arrest in 2004.

The U.S. alleges that since 1988, Salah and Ashqar conspired to aid Hamas and obstructed justice. Salah is accused of being a top Hamas leader, an "outside" member who used his U.S. citizenship to travel the globe and deliver money to Hamas operatives for the purchase of weapons.

Ashqar is accused of being an archivist for the group who collected key documents and helped staged a 1993 "convention" of Hamas leaders in the U.S. A third man, Mousa Mohammed Marzook, is also accused in the case of supplying aid to Hamas while in the U.S. during the 1980s and 1990s.

The head of Hamas' political bureau and one the group's highest-ranking members, Marzook is a fugitive living in Syria, where Hamas is headquartered. The group has controlled the Palestinian government since February.

Unlike Marzook and Ashqar, Salah has been the subject of considerable publicity since his arrest by Israeli authorities at a checkpoint in the Gaza Strip in 1993.

Born in a suburb of Jerusalem in 1953, Salah moved to the U.S. in 1971 "for many reasons," according to his wife, Maryam.

He became a citizen in the mid-1970s, married his wife, a native of Iran, and over the years became involved in a number of businesses, including a grocery and a car dealership.

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The father of five children and a deeply religious man, Salah has been a longtime active member of the Bridgeview Mosque, located not far from his home.

Prosecutors charge it was at the mosque where a religious leader recruited Salah into Hamas. He joined the group in 1988, the year it was formed with a charter that espoused violence and embraced the destruction of Israel, prosecutors allege.

According to the charges, beginning in 1989, Salah began traveling between the United States, England and the Palestinian territories to deliver money to Hamas operatives.

His last trip, in January 1993, led to his arrest. According to an FBI affidavit, he was carrying $97,000 in cash.

Salah's attorneys have argued that he was not providing funds to support violence. They have also pointed out that, at the time of his arrest, it was not illegal in the U.S. to provide funds to Hamas. The U.S. government did not designate the group a terrorist organization until 1995.

After nearly two months in custody and under regular interrogation, Salah provided a detailed confession to Israeli agents acknowledging he was a leader of Hamas who provided money to militants.

His confession is replete with names of other Hamas operatives and details of their activities. Journalist Judith Miller also viewed a portion of his interrogation and wrote about it in the New York Times and a book about militancy in the Middle East.

Salah's attorney, Michael Deutsch, fought earlier this year to keep the confession out of the trial, arguing it was coerced.

But U.S. District Judge Amy St. Eve decided to let jurors see it after she heard testimony from two anonymous Israeli agents in a courtroom closed to the public.

Deutsch intends to convince jurors that Salah provided statements to Israeli agents after he was deprived of sleep, forced to sit in painful positions and put under other extreme stress.

He is also expected to call into question whether Salah provided all of the information in his confession. Some of the statements he signed were in Hebrew, a language he does not speak or write, Deutsch argued.

While Salah is accused of supporting Hamas through the time of his arrest in 2004, much of the evidence in the trial is likely to date to the early 1990s and late 1980s, when prosecutors allege Salah personally transferred funds from his bank account in the U.S. to Hamas.

The fight over Salah's innocence or guilt has already reached a fever pitch with the defense accusing prosecutors of misconduct and prosecutors responding that the defense is desperate to cast attention away from their client's deeds.

Maryam Salah, meanwhile, wrote in a brief note to the Tribune that she and her husband are preparing for trial by seeking to protect their children from its impact.

"The truth will eventually prevail—my hope is that it is in my lifetime," she wrote.

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German Court To Weigh Whether To Retry Moroccan On Terror Charges (MCT)

By Matthew Schofield

McClatchy Newspapers, October 12, 2006

HAMBURG, Germany - There's no dispute that Mounir el Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the Pentagon and the World Trade Center.

He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg, Germany, and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States used to help finance the hijackers' pilot training.

German authorities charged him with 3,066 counts of accessory to murder, and in February 2003, he was convicted - the first person to stand trial for the Sept. 11 attacks.

But that conviction was overturned by a German appeals court in 2004. Earlier this year, he was ordered released pending resolution of the appeals.

Now Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history.

A German court on Thursday will begin a hearing into whether the accessory to murder charges should be restored. The German government is seeking a third trial in the matter. Among the issues is whether the United States will allow German attorneys to question two key figures in the Sept. 11 plot - alleged mastermind Khalid Sheikh Mohammed and co-conspirator Ramzi Binalshib.

At the time of Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the Central Intelligence Agency. Despite two visits to the United States by the German prosecutor, U.S. officials declined to make the two men available for questioning.

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But in September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held openly with other terrorist suspects at the U.S. naval station at Guantanamo Bay, Cuba.

Representatives of the International Committee of the Red Cross have traveled there to talk to the men, and U.S. military attorneys will soon be appointed to represent them under a just-passed law authorizing the Bush administration to try them and other terror suspects before military tribunals.

It's unclear, however, whether the military will make Mohammed and Binalshib available to assist in Motassadeq's case. The German prosecutor's office won't comment on whether it will renew efforts to question them - German law forbids prosecutors from commenting outside of court - and spokesmen for both the U.S. Justice Department and the Pentagon said they had no information on the subject.

German prosecutors, however, say they'll ask the court to reinstate the accessory to murder charges. They'll argue that even though Motassedeq may not have known precisely when and what Atta and his companions were planning, he knew enough to be found guilty of helping them.

"We have reason to come back to the accessory to murder charges dismissed in the previous trial," said one prosecutor on condition of anonymity. "What needs to be clarified is to what degree is someone involved who may not have known the venue, time and dimension of the planned crime, but was aware of the plan being made."

Whether testimony from Mohammed and Binalshib would help prosecutors convict Motassadeq is unclear - one of the issues in this case is that he claims it would clear him.

Mohammed is believed to have first suggested the hijacking plan to Osama bin Laden. Binalshib, who roomed with Atta in Hamburg, is suspected of becoming the plot's principal logistician after the U.S. refused him a visa, eliminating him as a potential hijacker.

Motassadeq says their testimony will show that he knew little of the plot. His first trial statements that the CIA delivered to the prosecutors appeared to confirm this.

Even so, the court refused to accept the statements after Motassadeq's attorney suggested they might have been the result of torture. U.S. officials declined then to discuss the conditions under which the two men were questioned, and an FBI agent, Matthew Walsh, didn't help the case when he was dispatched to testify.

At the time, the judge expressed frustration that Walsh "was not particularly helpful" as he primarily testified that information sought in the case was "not available" or that he was "not authorized to answer such questions."

Any future German questioning of Mohammed and Binalshib would be likely also to focus on how they were treated during the years they were held by the CIA. In announcing their transfer to military custody, President Bush acknowledged that both had been subjected to harsh interrogation practices. The United States has insisted that the interrogation techniques did not amount to torture, but Bush administration officials have refused to say what those techniques were.

Meanwhile, the former German prosecutor, Kay Nehm, who twice flew to the United States in an effort to win U.S. cooperation in prosecuting Motassadeq, has expressed frustration at the U.S. attitude.

"You have to differentiate between justice and secret services," he recently told Der Spiegel magazine, referring to the CIA. "Apparently, the secret services' interests have priority there. They were not primarily interested in the judicial investigation of the terror attacks."

And Motassadeq's attorney is predicting that in a relatively short period of time his client will be free of all charges - either in Germany or more likely in his native country, Morocco.

Gerhard Strate, whose office walls are covered by photo-realist cityscapes of New York, said he expects his client's conviction on charges of membership in a terrorist organization will stand ("The case has been very well made," he explained.)

That conviction came in a second trial after the first case was overturned where prosecutors showed that Motassadeq had ties to both Atta, who was at the controls of American Airlines Flight 11 when it crashed into the World Trade Center's north tower, and Shehhi, who was piloting United Flight 175 when it struck the south tower moments later.

In addition, prosecutors presented evidence that Motassadeq trained at an al-Qaida camp in 2000 and that he arrived in Germany to study engineering in 1993 - the same year Atta enrolled at the Technical University of Hamburg-Harburg.

But Strate, one of Germany's best known defense attorneys, said none of that proves that his client was involved in the Sept. 11 plot, though he stops short of saying that his client should be declared innocent. "Let's say, rather, that they do not have sufficient evidence in this matter," he said.

Without better evidence tying him to knowledge of the plot, Strate predicts that at worst his client will serve a few years of the seven-year sentence he was given on the membership conviction and then be expelled from Germany for overstaying his expired student visa. Because of this, while Motassadeq is free in Hamburg, he is not able to work or study. Strate said that he is limited to waiting for the final decision in this case.

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"It is possible he will have to spend time in prison here, on the existing sentence, before he is expelled," he said. "But the accessory to murder charge still appears to lack the necessary evidence."

As for the German prosecutors who have pursued this case, this is expected to be their last chance to make the Sept. 11 charges stick.

Texas Man Sentenced For Dealings With Terrorist (FINDLAW/AP)

AP, October 12, 2006

(AP) - DALLAS-The former chief executive of a computer company was sentenced Wednesday to seven years in prison for funneling money to an official of the militant Palestinian group Hamas.

Bayan Elashi and two of his brothers were convicted last year in federal district court of financial dealings with a terrorist.

Prosecutors said the men tried to hide a $250,000 (â‚¬200,000) investment in their Richardson computer company by the Hamas official, Mousa Abu Marzook, by making it look like his wife's money.

Judge Sam A. Lindsay is scheduled to sentence Ghassan Elashi on Thursday. A jury found Ghassan and Bayan Elashi guilty on 21 counts of conspiracy, money laundering and dealing in property of a terrorist.

Basman Elashi, who was found guilty on three conspiracy counts, was scheduled for sentencing Friday.

Lawyers for the Elashis argued during the trial that the transactions were business deals with Marzook, who was married to the Elashis' cousin.

Marzook and his wife were also indicted but never captured. Marzook was deported from the United States in 1995, when the federal government named him a terrorist. He is believed to be living in Syria.

The Elashis were active in the Holy Land Foundation for Relief and Development, a Muslim charity that was shut down in 2001 after the government accused it of funneling more than $12 million (â‚¬9.6 million) to Hamas. Holy Land and several of its officials, including Ghassan Elashi, are scheduled to go on trial in February in federal court in Dallas.

The Elashis and two of their brothers also were convicted in 2004 of conspiring to ship technology to countries that the U.S. government considers supporters of terrorism.

HOMELAND RESPONSE:

An Anthrax Blackout (RC)

By Paul Kane

Roll Call, October 12, 2006

The FBI has completely shut Congress out of its now five-year investigation into anthrax attacks on Capitol Hill and around the nation, with accusations flying up and down Pennsylvania Avenue about the probe into the worst biochemical attacks in U.S. history.

The FBI and Justice Department have not briefed two key players in the attacks — former Sen. Tom Daschle (D-S.D.) and Sen. Patrick Leahy (D-Vt.), the Senators who were targeted by anthrax-laden letters — in at least two and a half years. Other Members involved in the attacks, such as Rep. Rush Holt (D-N.J.), whose district was home to the postal box where the letters originated, have gone three and a half years without receiving any briefings or updates.

And Senate Judiciary Chairman Arlen Specter (R-Pa.), who took over the panel in 2005 after the FBI began withholding information from the Hill, has never been briefed about the status of the investigation into terrorist attacks that left five people dead and dozens of others injured or facing lengthy courses of dangerous drug therapy.

Late last month, in a letter to Holt, the bureau officially stated that it has been withholding all information about the attacks from Congress because of alleged leaks to the media following briefings on the Hill. The FBI laid the blame for the blackout squarely at the feet of current and former Members and their staffs from briefings that apparently occurred in 2003.

“After sensitive information about the investigation citing Congressional sources was reported in the media, the Department of Justice and the FBI agreed that no additional briefings to Congress would be provided,” wrote Eleni Kalisch, assistant FBI director for Congressional affairs, to Holt in what appears to have been the first official recognition of leak allegations.

This briefing shutdown has left some Members furious with the FBI, leading them to publicly and privately conclude that the investigation clearly has stalled.

“I would like to think that they know a lot more than they did five years ago, but I have no basis to make that judgement,” said Daschle, the Majority Leader at the time of the attacks, in a recent interview. “From what little they have shared with us, I can only assume that things haven’t gone well in the investigation these past five years.”

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In addition, Sen. Chuck Grassley (R-Iowa), a senior member of Judiciary and sometime critic of the bureau, is preparing a letter to the FBI in which he will formally request that agents provide a briefing on the attacks, which paralyzed the Capitol for weeks.

The FBI currently has 17 special agents working on the case, according to the "Amerithrax" page on the bureau's Web site, and two more agents are joining the probe this month. The agents have conducted more than 9,100 interviews, issued more than 6,000 subpoenas and executed 67 searches across the globe.

"There's a lot of good to be said about the investigation," said Debra Weierman, spokeswoman for the FBI's Washington, D.C., field office. "We have made progress, and it's an incredibly active and productive investigation."

For now, however, an extraordinary situation remains, in which Congress is not receiving any information about an investigation in which its own Members were among the handful of principal targets of the attacks.

By the time the anthrax attacks officially hit Capitol Hill — Oct. 15, 2001, a Monday morning when an intern in Daschle's Hart Building office partially opened a letter containing the deadly chemical — one death had already occurred in relation to the biological agent, a photographer in the offices of the parent company of the National Enquirer. In addition, then-NBC News anchor Tom Brokaw and the New York Post had already received letters that proved to be laced with anthrax, mailed the same day, Sept. 18, with the same Trenton, N.J., postmark.

In the wake of the Sept. 11 attacks, Congressional offices had begun preparing for the possibility that they might be next, with Leahy's office having gone so far as to stop receiving any mail at all. The previous week, Daschle's office had briefed interns and staff assistants who performed the tedious task on opening mail on how to manage a suspicious package.

Once the Daschle letter was discovered, it set off a firestorm of reaction on Capitol Hill. After rounds of "nasal swabbing" for exposure to the deadly agent, 28 people tested positive, including 20 Daschle aides, a few Capitol Police officers and several aides to Sen. Russ Feingold (D-Wis.), whose office neighbored Daschle's on the fifth floor of Hart.

The Leahy letter wouldn't be uncovered for several more weeks by investigators perusing all federal mail, because it was mistakenly delivered to the State Department.

Fortunately, no staffer or Capitol Police officer who responded to the initial call was seriously injured, as they were put on at least 60-day rounds of the antibiotic Cipro, and most also eventually received an anthrax vaccine.

But the deadly ripple effects were felt up and down the East Coast, as a pair of postal workers in the Brentwood facility in Washington, where the Daschle and Leahy letters were processed, died from developing the worst form of full-blown inhalation anthrax. And a pair of women — one a New York City hospital worker whose office was in a former mail room, and an elderly Connecticut woman with no obvious connection to anthrax — died in the following month from inhalation exposure to the agent.

The FBI took the lead in the "Amerithrax" investigation. Thousands of agents initially fanned across the nation interviewing high-level scientists who had some form of expertise with anthrax or other deadly biochemical agents. The initial days and weeks were confusing even to the investigators themselves, as reports varied as to the quality of anthrax that had been sent, with some calling it "weapons-grade" and others using the phrase "militarized" — meaning that it had been purified to increase its deadliness.

Reports continued to conflict over the years about the level of toxicity of the anthrax in the Daschle and Leahy letters, which were postmarked the same day, Oct. 9, 2001, from the same post office as the Brokaw and New York Post letters. Two months ago, however, an FBI scientist, writing in the obscure journal Applied and Environmental Microbiology, definitively stated that the anthrax involved was not as complex as originally suspected, meaning the attacker did not necessarily have to have access to U.S. or Soviet weapons plants.

That discovery produced an angry reaction on Capitol Hill, where Grassley raised the question of whether the investigation had gone "cold" because of an investigative fixation on people like Steven Hatfill, a former U.S. military germ expert who was described as a "person of interest" in the probe by then-Attorney General John Ashcroft in August 2002.

"It appears the FBI has done little to investigate theories beyond a select few of what happened during the anthrax attacks," Grassley said in a statement. "I'm concerned that the FBI spent too much time on one theory, and after five years, maybe it's time they go back and take a serious look at other areas they may have dismissed too quickly."

Ashcroft's aides agreed seven weeks ago to a lengthy interview with Roll Call about the anthrax attacks and the investigation. The interview was canceled, with aides citing a busy book tour. The cancellation happened on Sept. 25, before the publication of his book and the same day that The Washington Post reported on the science journal story.

But the FBI maintains that the perception of the "militarized" anthrax was something that was created in the media, according to Kalisch, the FBI's Congressional affairs aide, saying the bureau has "never been under any misconceptions about the character of the anthrax used in the attacks."

Throughout 2001, 2002 and 2003, agents from the FBI and Justice Department provided regular briefings. According to sources familiar with Daschle's office, he received at least three personal, detailed briefings on the investigation, and there were

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at least four staff-level briefings, which often included Leahy aides and sometimes GOP aides from senior Judiciary Committee members.

However, in late 2003, former Washington Post reporter Gary Matsumoto wrote a story about the investigation in the journal Science, which, according to an administration source, contained highly sensitive information.

At that point, briefings were halted. Daschle, in his recent interview, said they were not given specific information about why they were refused in requests for further briefings. “We were told that they felt sharing information with us could jeopardize, in some way, their legal standing,” he said.

Daschle recently asked for another briefing from the FBI after media reports last month about the FBI scientist’s declaration in the scientific journal about the quality of anthrax involved, but was denied.

Leahy, who has been chairman and ranking member of Judiciary throughout the probe, declined to comment for this story. Aides confirmed his most recent briefing was around the time of Daschle’s last update.

Weierman, the FBI spokeswoman, refused to comment about the nature of the 2003 leak, saying to do so would further endanger the investigation. However, the Kalisch letter to Holt clearly cited reports that were based on “Congressional sources.”

Hatfill has filed suit against Ashcroft, the Justice Department and the FBI, citing what his lawyers allege were a series of leaks that invaded his privacy and ruined his life.

“Leaks that embarrass the DOJ are treated seriously and lead to criminal referrals ... while leaks the DOJ and FBI view as helpful (by placing the organizations in a good light) are ignored,” the Hatfill suit alleges.

In early 2004, Daschle said he received his final update from the FBI, what a former aide described as an informal talk with FBI Director Robert Mueller after a different Senators-only briefing on anti-terror efforts.

At one of his final two briefings in late 2003 or early 2004 — he’s not sure which — Daschle asked FBI officials point blank about the investigation’s probability of success.

“I was becoming more concerned about this investigation going cold,” he recalled saying. “So I asked them what their estimation for the success of this investigation was, and they boldly pronounced 100 percent.

“So I’m still waiting.”

7-year Term For Trying To Make Ricin (AZREP)

By Dennis Wagner

Arizona Republic, October 12, 2006

A Phoenix man who was convicted of trying to manufacture the deadly biological toxin known as ricin was sentenced Monday to more than seven years in prison.

Denys Ray Hughes, 59, was convicted by a federal jury in June on the ricin charge and possession of explosives and a silencer.

Hughes was arrested in July 2005 after investigators found castor beans and chemicals in his Wisconsin cabin.

A search of his Phoenix apartment uncovered a pipe bomb, silencer, nine castor plants, thousands of beans and numerous chemicals.

Ricin, derived from the castor bean, is so poisonous that injecting an amount that would fit on the head of a pin would kill an adult.

Hughes, who worked at a Valley steakhouse, had no known terrorist affiliation, and investigators never uncovered a specific plot.

U.S. District Judge Earl Carroll, who sentenced Hughes to 87 months in prison, said the case was among the most serious he had ever tried, according to prosecutors.

U.S. Attorney Paul Charlton described the defendant as "a home-grown threat," adding, "We may never know his motive, but his intent was clear."

Bioweapon Charge Gets Man 7 Years (AP)

AP, October 12, 2006

A Phoenix man convicted of attempting to produce a biological weapon was sentenced Monday to more than seven years in prison.

Denys Ray Hughes, 59, was arrested in July 2005 after police found a large number of castor bean plants, which can be used to make ricin, in his Phoenix apartment. Ricin is a poisonous protein that can be used as a biological weapon.

Hughes also was convicted last June in federal court on charges of possessing a pipe bomb and illegal gun silencers.

The ACLU's Man From The FBI (WP)

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By Judy Sarasohn

The Washington Post, October 12, 2006

The American Civil Liberties Union, often viewed as a bastion of liberalism, has not been reluctant to work with conservatives and libertarians or take up controversial causes. So how odd is it for the ACLU to hire a former FBI agent as a policy counsel?

In the case of Michael German , probably not as strange as one might think.

German is the FBI agent -- an undercover specialist who once infiltrated a white supremacist group of skinheads -- who resigned in 2004 after charging that the agency retaliated against him for complaining about a botched anti-terrorism investigation. The Justice Department's inspector general later basically substantiated his claim.

"I am convinced that they are on the right side of all the issues that are important now for national security," German said in an interview about joining the ACLU.

He said Bush administration policies allowing warrantless wiretapping and internments without trials, as well as the use of torture in interrogations of terrorism suspects, are ineffective and can worsen national security.

"As an FBI agent, I was sworn to protect the Constitution, and I still am," German said.

Caroline Fredrickson , director of the ACLU's Washington legislative office, said German will be important because he "has real inside knowledge of how the FBI operates" and "what actually works to find a terrorist." His expertise, she said, will "help balance the claims of people who want to limit the right of privacy."

She noted that the ACLU has worked with former House member Robert L. Barr Jr. (R-Ga.) on privacy issues and changes in the USA Patriot Act, as well as with others on the right.

"We are principled, not partisan," she said.Lobby Firm Boosts Education Expertise

Education practices are among the hot lobbying and consulting specialties in town, and the pending reauthorization next year of the Elementary and Secondary Education Act, which includes President Bush's signature No Child Left Behind legislation, has some shops bulking up their education expertise.

One such company is B&D Consulting , the lobbying and consulting affiliate of Baker & Daniels law firm. B&D Consulting has hired two senior education specialists: Rene Islas , most recently chief of staff in the Office of Elementary and Secondary Education at the Department of Education, and Mary Jo Dare , assistant superintendent for academic affairs for Indianapolis public schools.

Islas and Dare will be involved in policy development, lobbying and advising school systems on compliance.

While the firm has had a solid higher-education practice for about 10 years, K-12 is a growth area because of No Child Left Behind and education disability issues, said David R. Zook , B&D Consulting's chief executive. "There's a lot of change going on," he said.

B&D Consulting's education specialists also include former congressman William F. Goodling (R-Pa.), who chaired the House Committee on Education and the Workforce. Clients include the Knowledge University, a private company involved in early education; Purdue University; and Indiana State University.DHS Bigwig Moves to Private Sector

The revolving door is spinning at the Department of Homeland Security this week, and will be stopping at the law firm of Preston Gates Ellis & Rouvelas Meeds .

Cresencio "Cris" Arcos , DHS assistant secretary for international affairs, is leaving the department Friday and starting Tuesday at Preston Gates as a counselor for government affairs. Government ethics rules will limit his lobbying capabilities for the next year.

Before joining the DHS in 2003, Arcos was managing director of international public affairs for Latin America and Canada at AT&T Corp. Earlier, he was a career foreign service officer whose postings included a stint as U.S. ambassador to Honduras. He retired in 1995 after 25 years.

Asked why he was leaving government, Arcos said: "It was about time."

At Preston Gates, he'll be working with Steve McCain , director of the defense and homeland security practice; Michael J. O'Neil , a former general counsel of the CIA; and former senator Slade Gorton (R-Wash.).Here and There

Also moving about town . . . Thomas B. Chapman is leaving Southwest Airlines, where he has been legislative counsel, for US Airways, where he will be vice president for congressional and federal affairs, effective Monday. He succeeds Rosemary G. Murray , who retired after 17 years.

Jeffrey Miller , former senior vice president for government and industry affairs for ACC Capital Holdings Corp., has joined McKenna Long & Aldridge as a managing director. Miller had worked for Rep. Bill Thomas (R-Calif.) and was chief financial officer of the California Republican Party. ACC Capital Holdings is the parent company of Ameriquest Mortgage Services.

Brooke McNally , former press secretary for Rep. John F. Tierney (D-Mass.), has joined Hoopes Strategies as a communications and political strategist.

Teresa D. Schofield , previously public affairs counsel at the Mortgage Bankers Association and a veteran of the Office of Legislative Affairs in the Clinton White House, has joined the Herald Group , a public affairs firm. She also was an aide to Rep. Benjamin L. Cardin (D-Md.).

Small Plane Strikes New York High-Rise (LAT)

By Thomas S. Mulligan And Ellen Barry

The Los Angeles Times, October 12, 2006

NEW YORK — A small airplane carrying New York Yankees pitcher Cory Lidle and his flight instructor slammed into a luxury high-rise on Manhattan's Upper East Side on Wednesday afternoon, exploding in a fireball that killed both men and engulfed two floors of the building.

Authorities termed the 2:42 p.m. crash an accident, but it evoked emotional reactions from New Yorkers who vividly recall the terrorist attacks on the World Trade Center a little more than five years ago.

President Bush was alerted to the crash, and Air Force jets were scrambled over several cities as a precaution.

Residents of the 42-story, red-brick building were quickly evacuated, streaming down the stairwells into a crowd of fire and emergency crews trained for fast response after Sept. 11.

The impact at the 30th and 31st floors rained flaming debris down the north side of the Belaire building, at 72nd Street and York Avenue, overlooking the East River. The building is just down the block from Sotheby's, the famous auction house.

The bodies of both victims were found on the street, Mayor Michael R. Bloomberg said at a news conference. CNN, citing an FBI official, reported that Lidle's passport also was found on the street.

Eleven firefighters were treated for minor injuries. Two people escaped unharmed despite being inside a residential unit that was penetrated by parts of the aircraft. The two were "a little bit shaken," Bloomberg told reporters. "They were sitting there and they heard a noise, glass breaking, and they ran out the door and into the hall." He said the plane's engine was later found in one of the residences.

Lidle, 34, of West Covina, had earned his pilot's license less than a year ago. It was not clear whether he or the instructor, whose identity was not released, was at the controls. Lidle owned the plane, which was identified as a Cirrus SR20, a single-engine four-seat aircraft made of lightweight composite materials.

The plane is noteworthy for what its manufacturer, Cirrus Design Corp. of Duluth, Minn., calls "a final level of defense" — a parachute for the entire plane. It is not known whether any attempt was made to deploy the parachute before the crash.

Newsday reported that the SR20 had been involved in 20 accidents, accounting for at least 15 deaths, in the last seven years.

Bloomberg did not identify either of the passengers during his news conference, but he said the student pilot — presumably Lidle — had about 75 hours of flying time.

The two had taken off at 2:29 p.m. from Teterboro Airport, about 12 miles away in New Jersey, and had circled the Statue of Liberty before turning north up the East River, Bloomberg said. The weather was threatening but did not give way to rain until after the crash.

Federal Aviation Administration officials said the pilot didn't need to radio air traffic controllers in New York because Visual Flight Rules, under which he was flying, don't require such contact. Bloomberg said private aircraft were allowed to fly over the rivers but had to seek permission before crossing into Manhattan airspace.

A witness, identified as Zenel Perezic, told CNN that the airplane seemed to be in distress moments before the crash.

Joanne Hartlaub was on a stationary bike in the gym in the building opposite the Belaire when she saw something falling; it looked like metal, she said.

"I didn't see wings. I just saw a big engine." At that moment, she said, "I was insane with fear that we were being attacked."

She saw the plane "smash into the side of the building and blow out all the windows. Then all sorts of debris was falling down on the street." She looked down and saw that the fuel had splashed on the street and ignited. "There was fire all over the ground within seconds."

Three hours later, Hartlaub said, she was still shaking. "I've been shaking all day."

She was near the World Trade Center on Sept. 11, 2001, she said, and saw the first plane fly into one of the towers.

Former Bloomingdale's Chairman Marvin Traub and his wife, Lee, have lived on the top floor of the Belaire since the building went up in the early 1990s. He said he was at the office of his Manhattan consulting business when friends alerted him to the crash about 3 p.m.

"Mrs. Traub was in the building…. After she walked down, she knew I'd be concerned, so she called me," he said.

Elias Taveras, 13, was in his science class three blocks away when smoke started blowing in the windows. It felt as close, he said, "as if the fire was actually in our school."

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His classmates had a variety of responses, he said. "Some people got nervous, some people got excited."

Although most of the students dispersed, Elias wandered to the scene to take a look. "I was like, oh my God, it's like what happened at the world trade tower."

Scott M. Stringer, the Manhattan borough president, was at the scene. He said the initial reports had been chilling. "Every time you hear about an aircraft crashing into a building, [terrorism] is something you think about," he said.

Along the streets, in the minutes after the crash, people looked dazed, anxious and hurried. Many talked on cellphones, glancing over their shoulder at the plume of smoke while they described it. A few people ran down the sidewalk. One woman, several blocks south of the fire, was weeping while she tried to reach someone on her cellphone. Mothers pulled children along, and children looked worried. Approaching the scene, the smell was acrid and artificial. Half a dozen helicopters hovered in the air above the building.

A young woman in a pale blue trench coat was trying to force her way past a police officer, who was holding her back. She was crying and saying, "What can I do? My baby is there!" A neighbor reassured her that everyone on that floor had escaped the building, and the young woman suddenly fell silent, relief apparent on her face.

Department of Homeland Security officials learned of the crash about 2:50 p.m., and Secretary Michael Chertoff spoke with New York Gov. George E. Pataki minutes later to convey that the department had no information that suggested a credible threat, spokesman Russ Knocke said.

"At this time there's no indication of a terror nexus; all indications are this is a truly unfortunate accident," Knocke said.

The department had no plans to change the color-coded national terrorism alert level.

A spokeswoman for U.S. Northern Command, the military headquarters responsible for U.S. territory, said the Air Force scrambled fighters over several major American cities after the crash as a precaution. For security reasons the military did not disclose the number of jets deployed or which cities they flew to.

"While every indication is this is an accident, we see this as a prudent measure," said Navy Chief Petty Officer Susan Hammond, adding that the plane was never a "flight of interest" to officials tracking potential terrorist threats.

Lidle, a pitcher who played for several major league teams before joining the Yankees in late July, pitched his last game Saturday, when the Detroit Tigers eliminated New York from the American League playoffs.

One of his Yankees teammates, Jason Giambi, also played with Lidle at South Hills High School in West Covina. "Right now, I am really in a state of shock," Giambi said in a statement. "My thoughts are with Cory's relatives and the loved ones" of the other victim. "I have known Cory and his wife, Melanie, for over 18 years and watched his son grow up. We … have remained close throughout our careers. We were excited to be reunited in New York this year, and I am just devastated to hear this news."

Lidle had agreed to serve as a replacement player when major league players were on strike in spring 1995. The strike was settled before the replacements played any games, but he and other replacement players who went on to play in the big leagues were resented by some of their colleagues.

Lidle was also one of the few active ballplayers to criticize superstar Barry Bonds for his alleged use of steroids. "I don't want to see him break records," Lidle said in the spring.

A month ago, the New York Times ran an article about Lidle's love of flying. The team has worried about flying ever since the death of its catcher Thurman Munson, when the plane he was learning to fly crashed in 1979. But Lidle told the reporter he was safe in the air.

"The whole plane has a parachute on it," Lidle said. "If you're up in the air and something goes wrong, you pull that parachute, and the whole plane goes down slowly."

The article quoted Tyler Stanger, a flight instructor from Pomona who taught him in California. Stanger described Lidle as one of his best students.

Stanger would orchestrate tense maneuvers to see how Lidle responded, Stanger said. Lidle was a star in those situations, Stanger told the newspaper.

Small Plane Hits High-Rise In N.Y. (WP)

By Michael Powell And Sara Kehaulani Goo

The Washington Post, October 12, 2006

NEW YORK, Oct. 11 -- A small plane carrying New York Yankees pitcher Cory Lidle and a flight instructor spun out of control on a blustery Wednesday afternoon and slammed into the side of a 50-story condominium tower on the Upper East Side, killing both people on board.

The airplane exploded into a fireball as it hit the building around the 30th floor, sparks and pieces of the wing and the plane's door raining down on the sidewalk below. The fire that raged afterward incinerated two apartments, although, remarkably,

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city officials reported no fatalities inside the luxury Belaire Condos on East 72nd Street, where apartments feature views of the East River and command $2 million and up.

The crash and fire and clouds of black smoke billowing from a high-rise tower evoked memories of Sept. 11, 2001, for New Yorkers. Many stood on the streets listening to radios, watching television sets in corner grocery stores and anxiously asking strangers for information. The East Side of Manhattan all but came to a standstill, as police cordoned off York and First avenues, two vast thoroughfares, and fire engines screamed across town.

North American Aerospace Defense Command fighter aircraft were scrambled minutes after the crash, and fighters and support aircraft remained airborne for hours over U.S. and Canadian cities. But city and federal officials concluded the crash had no connection to terrorism.

"There is nothing to suggest anything remotely like terrorism was involved," Mayor Michael R. Bloomberg (R) said at a news conference late in the afternoon. "We are just very lucky that it was not more than two people, although our prayers go out to them."

Sana Monayair, a mother of four, described standing on her 37th-floor balcony across 72nd Street about 2:40 p.m. She watched as the four-seat, single-engine Cirrus SR20 plane strayed inland from the East River, climbing briefly upward before lurching down into the building's cliff wall.

"I saw the plane fly directly into the building," Monayair said. "There was a big explosion. It was very scary, the bricks falling and people screaming."

Not far from her terrace, dozens of hard-hat workers stood along the metal skeleton of a high-rise under construction, screaming as the plane swooped over their heads. Inside the Belaire, where tall windows offer sweeping panoramas of the Queens waterfront, Patti Charles, a housekeeper on the 32nd floor, said the "place just lit up -- it shook the building, and I ran."

"We sort of felt that it was 9/11 happening all over again," said Sara Cohen, 32, a nurse who was walking down York Avenue when she heard the concussion and saw the fireball. "I was terrified."

Lidle, 34, was an experienced pitcher who had played for both New York teams. He arrived in the major leagues in 1997 with the Mets and pitched the latter part of this season with the Yankees. He had acquired his pilot's license within the past year; it is not known whether Lidle or the unidentified instructor was at the controls of the airplane at the time of the accident.

Yankees management, including owner George Steinbrenner, confirmed that Lidle died in the crash. Lidle's passport was found on the street below, along with two bodies, authorities report.

Lidle had a wife, Melanie, and a 6-year-old son, Christopher; they live in California.

The crash also summoned memories of the death of Thurman Munson, a star Yankees catcher who died in August 1979 when a jet he was piloting struck a tree during takeoff at an airport in Ohio.

Rick Peterson, the Mets' pitching coach, worked with Lidle when they were with the Oakland Athletics in 2000 and 2001. He remembered a husky kid who relished pitching under pressure.

"He was a very hard worker, very competitive," Peterson told reporters out at Shea Stadium. "I have no words; I just have very strong emotions --."

Cirrus targets a wealthy male audience of nonprofessional pilots, a market largely abandoned by other manufacturers.

"People are using them like a car," Cirrus spokeswoman Kate Dougherty said. "They have become very efficient business tools and also have the ability to give people an entirely different lifestyle, especially now that families are so spread out."

Cirrus aircraft are the only planes currently manufactured with parachutes as standard equipment. According to Cirrus, the parachutes have been deployed nine times and have saved 21 lives.

The plane carrying Lidle took off at 2:29 p.m. from Teterboro Airport in New Jersey, where many small planes and corporate jets are housed. The plane flew south into New York Harbor and around the Statue of Liberty, then up the East River.

Federal Aviation Administration officials said the crash occurred at 2:45 p.m. near a corridor above the East River where helicopters and small planes can fly under 1,100 feet and are not required to remain in touch with air traffic controllers. The corridor runs up the river, over the Brooklyn, Manhattan, Williamsburg and 59th Street bridges that necklace the river. It is commonly used by sightseeing helicopters under "visual flight rules," which means pilots under 1,000 feet must steer clear of other airplanes and helicopters as well as buildings.

Air traffic controllers are examining radar tapes to see if the plane can be spotted, and a six-member team of national safety investigators was en route to the scene. The plane emitted a distress signal just before striking the building, city officials said.

"We can't exactly tell what the route was after it came up the East River and why it turned onto 72nd Street," Bloomberg said.

Yankee Killed When Plane Hit N.Y. Building (WT)

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By Betsy Pisik

The Washington Times, October 12, 2006

NEW YORK - New York Yankees pitcher Cory Lidle and his flight instructor were killed yesterday after he crashed his Cirrus SR20 into a Manhattan high-rise yesterday, igniting a four-alarm fire in the 40-story building and sparking fears of a terrorist attack.

A National Transportation Safety Board (NTSB) spokeswoman said that the plane was owned by Mr. Lidle, 34, and that Mr. Lidle's passport was found on the street outside the building at 524 E. 72nd St. on the city's Upper East Side, about a half-block from the East River. Mr. Lidle's death was confirmed last night by the Yankees, and the second death was confirmed by New York Mayor Michael R. Bloomberg.

"This is a terrible and shocking tragedy that has stunned the entire Yankees organization," team owner George Steinbrenner said, offering condolences to Mr. Lidle's wife, Melanie, and 6-year-old son, Christopher.

"It's very tragic," said Mr. Bloomberg at a press conference at nearby Sotheby's Auction House.

The plane was traveling from Teterboro Airport in New Jersey over the East River at about 2:45 p.m. when it veered off course just 15 minutes after takeoff and crashed into the Belaire Condominiums at about the 30th floor. First-responders told CNN that they found the bodies of Mr. Lidle and his instructor outside the apartment building.

The building was evacuated. More than 20 people were hospitalized, most were among the nearly 200 firefighters who doused the blaze in about an hour.

An official from the Federal Aviation Administration (FAA) said the plane put out a distress call, but it was too early to determine what might have caused the crash.

But for a time yesteday afternoon, when details were sketchy, the crash reawakened fears of terrorism among New Yorkers and dredged up memories of September 11, 2001, when first reports said a small plane crashed into the World Trade Center, just five miles from yesterday's crash site.

A blond woman who did not give her name leaned on a parked car and sobbed into the rain: "Oh my God, it was just like September 11. It was so scary."

The skies over the Midtown neighborhood were filled with police, medevac and news helicopters, while the streets below were clogged with emergency responders, which have been reassessing their procedures since September 11.

"It was really loud; it sounded like a truck going over a steel plate bump, really loud," said a Fox News cameraman who was about three blocks away working on another story when the plane hit the building.

While flames leaped from two stories of the red-brick building that houses more than 180 luxury residences, witnesses turned to their cell phones. Most were describing memories of September 11 where they were on the day, how this revived that feeling of panic and how relieved they were that this was an accident.

One man yelled into his cellular phone: "They said this was an accident, but that's what they said about the World Trade Center, too."

The scene was just about a mile from the United Nations, where delegates were debating their response to North Korea's claim to have conducted a nuclear test. Within minutes of the accident, U.N. security told the assembled diplomats that there had been an incident and that it was being monitored.

FAA spokeswoman Diane Spitaliere said the aircraft was traveling along an 8-mile corridor over the East River, where helicopters and fixed-wing aircraft are allowed to fly below 1,100 feet under visual flight rules meaning they are not required to file a flight plan or talk to air-traffic control.

"They should not be flying near buildings," Miss Spitaliere said. "And they should not be flying below a thousand feet."

"It's the pilots' responsibility to pilot the plane and to watch where he's going, to be cognizant of other aircraft in the area," Miss Spitaliere said.

The Belaire Condominiums is the tallest building in its immediate neighborhood.

Laura Brown, a second FAA spokeswoman, said that the skies were overcast but that conditions were generally good, with visibility at nine miles and wind coming from the east at 13 knots.

A California native and a pilot for only seven months, Mr. Lidle recently bought the 2002 four-seat airplane with less than 400 air hours on it for $187,000. In his 10-year Major League career, Mr. Lidle also played for the New York Mets, Tampa Bay Devil Rays, Oakland Athletics, Philadelphia Phillies, Cincinnati Reds and Toronto Blue Jays.

Mary Varela, Mr. Lidle's mother-in-law, told reporters that her daughter wasn't home and they weren't certain if she knew about the crash.

"This is a tragedy for everybody involved," she said through tears.

Kevin Lidle, Mr. Lidle's twin brother, said on CNN last night that he had spoken to their parents, who were "obviously having a tough time."

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Federal officials worked furiously during the afternoon to determine whether the crash was terrorist-related, and the U.S. military scrambled fighter jets over major U.S. cities as a "prudent measure," Sgt. 1st Class Gail Braymen said.

"There is no nexus to terror," said William Knocke, Homeland Security spokesman. "All indications are that it was a terrible accident."

President Bush was notified of the crash and monitored reports from New York, but he was not moved to another location, a White House spokesman said.

Still, former NTSB director Jim Hall told the Associated Press in a telephone interview that he does not understand how a plane could get so close to a New York City high-rise building after September 11.

"We're under a high alert, and you would assume that if something like this happened, people would have known about it before it occurred, not after," he said.

Crash Exposes Limits Of Post-9/11 Security Steps (WSJ)

By Laura Meckler

The Wall Street Journal, October 12, 2006

Small Plane Hits Building In New York, Highlighting Concerns About U.S. Skies

The crash of a small plane into a high rise on Manhattan's Upper East Side, apparently an accident, offered a reminder that new security measures adopted after the Sept. 11, 2001, terror attacks can't prevent risks posed by aircraft in the busy airspace over the nation's cities.

The single-engine plane was flying along New York's East River in midafternoon when it veered and crashed into a condominium tower of about 50 stories located less than a block from the river. The crash sent black smoke soaring into the sky and jangled nerves still sensitive five years after two jetliners crashed into the World Trade Center.

Like a string of similar small-aircraft accidents, casualties were limited. The pilot and the one passenger aboard were killed, but those on the ground suffered only minor injuries, local officials said. Among the dead was the plane's owner, New York Yankees pitcher Cory Lidle, who had taken up flying in the past few years. It is unclear who was at the controls.

Officials said it was too early to determine the cause of the crash. The National Transportation Safety Board sent a team to New York to investigate.

Early on, officials were fairly confident that the incident wasn't terrorism related, but federal authorities scrambled to implement a host of precautionary measures. Fighter jets patrolled the skies above New York and major U.S. cities, a standard emergency response in the post-9/11 era. The Federal Bureau of Investigation Joint Terrorism Task Force was on the scene, assisting with the on-ground investigation.

Still, the incident highlighted the vulnerabilities that are inherent in the nation's cities. Trucks and public transportation have been targeted or used in terrorist attacks in the U.S. and elsewhere. Air traffic presents its own challenges, given the number of aircraft regularly flying in close proximity to urban areas.

The plane in yesterday's crash was flying along the East River under rules that allow small aircraft to skirt Manhattan as long as they stay under 1,100 feet. A similar corridor along the Hudson River also allows for flights using "visual flight rules," where pilots use their eyes and ears, rather than instruments, to navigate their way.

Similarly, Federal Aviation Administration rules allow small aircraft to fly through major cities across the country, allowing the operation of planes that take off from small downtown airports and helicopters that land at convention centers, hospitals and heliports.

Flight restrictions have been in place in various places around the country for years, chiefly for security reasons, but were greatly expanded after 9/11. The largest restricted zone extends in a 15-mile radius around Washington, D.C. Flights in an even wider area beyond that are tightly controlled and monitored. Hundreds of small planes have violated the restricted airspace since it was expanded in February 2003. Notably, in May 2005, a Pennsylvania pilot and a student flew their Cessna 150 within three miles of the White House. The FAA later determined the pair was lost.

Airspace above the presidential retreat Camp David in western Maryland is also restricted, and temporary restrictions are put in place wherever the president travels.

There have been several incidents involving small planes crashing into buildings after 9/11, though they typically do relatively little damage. Overall, in 2005, there were 1,669 general aviation accidents including 321 fatal crashes, according to the NTSB. There are some 210,000 small-aircraft owners in the U.S., a number that has been falling due to aging pilots and rising maintenance costs, according to the Aircraft Owners and Pilots Association.

The plane involved in yesterday's crash wasn't required to file a flight plan and took off from Teterboro Airport in New Jersey to a hazy, cloudy sky at about 2:30 p.m. New York Mayor Michael Bloomberg said at a news conference that the plane

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flew to Manhattan, circled the Statue of Liberty and then headed north up the East River. About 2:45 p.m. it hit The Belaire, a red-brick tower about five miles north of the World Trade Center.

"In the beginning, there was screaming. People were very upset. They were like 'Oh, my God. It's 9/11 again,' " said Erasto Arenales, a cook at La Crosta Restaurant & Gourmet Pizzeria, on 72nd Street, less than half a block west of the crash site. People started to run, he said, but then they stopped "when they saw there was not so much danger." (Read more4.)

At the time of the crash, real-estate broker Donna Olshan was showing a three-bedroom apartment selling for $4.8 million on the building's 47th floor to a pair of brothers. "The floors were rocking. The walls were rocking. You knew that it was some kind of explosion but I wasn't sure what," she said. Ms. Olshan raced down 47 stories, through smoke that grew thicker as she descended through the building.

Manhattan Plane Crash Kills Yankee Pitcher (NYT)

By James Barron

The New York Times, October 12, 2006

A single-engine plane carrying the Yankees pitcher Cory Lidle smashed into a 42-story building on the Upper East Side yesterday, killing Mr. Lidle and his flight instructor, the authorities said.

The afternoon crash beneath overcast skies sent debris clattering hundreds of feet to the sidewalk and started a fire that destroyed several apartments and left a charred smudge on the face of the building.

Fourteen firefighters and four people in the building were injured, officials said, including a woman who had been in an apartment hit squarely by the plane and escaped the inferno, suffering burns.

The plane, owned by Mr. Lidle, was a Cirrus SR20, a four-seat propeller plane that is popular for its performance and sleek looks. It has a fixed landing gear reminiscent of a stunt plane. With two sets of controls, officials said, either Mr. Lidle or his instructor could have been flying it.

It slammed into the center of a 501-foot building on East 72nd Street several hundred yards from the East River. New Yorkers with memories of the Sept. 11 attack on the World Trade Center watched smoke drifting toward the sky as firefighters clambered into another high-rise, and the North American Aerospace Defense Command scrambled military jets. Some worried that they had witnessed another terrorist attack, but officials quickly dismissed that notion.

Mr. Lidle, 34, a pilot for less than a year who was traded to the Yankees in the summer, had talked enthusiastically about flying to his home in California this week.

As he cleaned out his locker at Yankee Stadium on Sunday, the day after the Yankees' playoff hopes fizzled in a series loss in Detroit against the Tigers, he said that he planned to work on instrument training exercises yesterday before he left for California, and that his regular instructor, whom he identified as Tyler Stanger, was coming in to work with him. Officials said they believed that Mr. Stanger was the second victim.

The plane took off from Teterboro Airport in New Jersey about 2:30 p.m., according to a spokesman for the Port Authority of New York and New Jersey.

Mayor Michael R. Bloomberg said it circled the Statue of Liberty before heading north by the East River. Radar contact was lost around the Queensboro Bridge. He said it was not clear why the plane veered toward Manhattan, apparently after traveling farther north, and hit the building on the north side about 12 minutes after takeoff. The plane never got higher than 800 feet, according to Passur, a flight-tracking service.

Pilots describe that area of the East River as a particularly treacherous corridor that tends to be crowded with helicopters. Several witnesses said the plane appeared to be in trouble moments before it crashed. One investigator said initial reports indicated that the aircraft had radioed La Guardia Airport to say that it was running low on fuel.

The plane disintegrated as it hit the building, shaking bricks loose from the façade, and ended up as a smoking wreckage on the street. "The engine with the propeller was two feet inside the window," another investigator said, adding that much of the rest of the plane had fallen to the street outside the building, at 524 East 72nd Street.

The plane bore into an apartment on the 30th floor, which under the building's numbering system is Apt. 40ABG. Dr. Parviz Benhuri, who owns the apartment with his wife, Ilana, said she was at home when the plane blasted through the window and the apartment went up in flames.

"She told me she saw the window come out and the fire comes," he said. "She told me she saw the window coming out and she ran. She's in shock. She's lucky she made it. It's a miracle."

She ran down the stairs and went to the emergency room at NewYork-Presbyterian Hospital/Weill Cornell Medical Center a couple of blocks away.

Three other people walked down from lower floors and were treated for exhaustion, one city official said.

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Other witnesses said that the sequence of events leading to the crash unfolded so quickly that they realized only later that noises they had heard must have come from Mr. Lidle's plane.

"It sounded like a truck gearing down," said Kim Quarterman, a doorman at a nearby building. "Then I saw a cloud of smoke."

Jeremy Chassen, a real estate developer who was in an apartment across the street, recognized the droning of an airplane engine — he has taken flight lessons himself.

Joanne Hartlaub, an actress and filmmaker who was working out in a gym across the street, heard explosions and a "loud whooshing noise, like something falling, very loud."

She said she saw "this large object falling from the sky; it was aluminum and it was smoking."

Inside the building that was struck, five construction workers going over renovation plans for an apartment on the 42nd floor looked out the window and the plane bearing down on them. One of the workers, Luis Gonzalez, 23, said it was so close that he could see the pilot's face.

"It was coming right at us," he said. "The whole building shook. Then we ran for the elevator."

Fuel burned on the sidewalk as black smoke rose from the apartments above.

In the penthouse, a housekeeper, Ann Robert, was ironing clothes. "I heard a boom and saw smoke and ashes outside the kitchen window," she said, "and then the painter came running in frantically from working in the baby's room," Ms. Robert said.

Her 21-year-old daughter was also in the apartment, watching television and talking on the telephone. Within seconds, Ms. Robert had grabbed her purse and was hurrying her to get out. "Let's go. Let's go. Let's go," she shouted.

"Death was going through my mind," Ms. Robert said. "When I saw the smoke, I did not know if we would make it out alive." She added, "As I was coming down the stairs I thought that the whole building might come down and that me and my daughter might go at the same time. But once we got past the 30th floor, I said in my mind that maybe we were safe."

The building is a condominium with residents like Marvin R. Shanken, the publisher of Cigar Aficionado and other specialty magazines; Marvin S. Traub, the former head of Bloomingdale's; and Carol Higgins Clark, a mystery writer who is the daughter of Mary Higgins Clark. A dozen lower floors are used by the Hospital for Special Surgery for offices and guest rooms for patients' families.

The building remained closed to residents last night. While structurally sound, a spokeswoman for the Department of Buildings said that there had been extensive damage and, with only one elevator working, it was not suitable for people to return.

For the Yankees, Mr. Lidle's death stirred memories of another player who perished at the controls of his own plane, the catcher Thurman Munson, in 1979. But where Mr. Munson was the team captain, Mr. Lidle was still something of a newcomer.

A 5-foot-11 right-hander who rarely threw his fastball above 90 miles an hour, he was not drafted out of high school and played for three organizations in the minor leagues, including an independent team, before joining the Mets in 1997. He had also played for the Tampa Bay Devil Rays, the Oakland Athletics, the Toronto Blue Jays, the Cincinnati Reds and the Philadelphia Phillies before joining the Yankees.

"He was a good guy, a real competitor," said Brian Cashman, the Yankees' general manager. "He wasn't here long, but I saw him compete for years with different teams, and he had a lot of success. That's one of the reasons why we wanted him."

Mr. Lidle made one memorable start, a victory on Aug. 21 that concluded the Yankees' five-game sweep of the Red Sox in Boston's Fenway Park. He had a 4-3 record with a 5.16 earned run average for the Yankees and made a brief relief appearance in the team's final playoff game on Saturday.

For his career, Lidle was 82-72 with a 4.57 earned run average, pitching in 277 games. He was a free agent and was not expected to return to the Yankees, though he said on Sunday that he hoped to sign a two-year contract this winter.

Mr. Lidle, who was married with a 6-year-old son, lived in Glendora, Calif. He had earned his pilot's license during the last off-season. He said last month that the four-year-old plane had cost $187,000 and had "cool safety features."

"The whole plane has a parachute on it," he said. "Ninety-nine percent of pilots that go up never have engine failure, and the 1 percent that do usually land it. But if you're up in the air and something goes wrong, you pull that parachute, and the whole plane goes down slowly."

Shortly after his trade to New York from Philadelphia, he flew his plane from a small airport in southern New Jersey to Teterboro. Describing his itinerary in a September interview, he said: "I didn't fly around New York, but I flew straight up north. I don't like to go in the big boys' airspace."

But yesterday, he did. The plane left Teterboro, in Bergen County, at 2:29 p.m., officials said.

Police and fire officials applauded what they said was a fast and efficient response, noting that there were no fatalities beyond the two men in the plane. They said that they too had worried at first that the crash was a terrorist attack.

"We are concerned about the possibility of things being something more than an accident," Police Commissioner Raymond W. Kelly said. "But it seemed clear fairly early it was a small plane."

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Gov. George E. Pataki issued a statement saying that the Federal Aviation Administration had issued a temporary flight restriction requiring all planes flying below 1,500 feet to be in communication with air traffic controllers. He said he was asking F.A.A. officials to leave the restrictions in effect while they and officials of the Department of Homeland Security review the rules that apply to private airplanes flying in the New York City area. "New York's airspace should enjoy the same kind of protections as our nation's capital," Mr. Pataki said.

NYC Tragedy Echoes 9/11, Raises Small-plane Questions (USAT)

USA Today, October 12, 2006

For a few jittery moments Wednesday, the nation suffered a collective flashback to 9/11.

Cable and network TV news flashed a breaking story: A small plane had crashed into a New York high rise. Viewers could see fire and smoke spewing from a tall facade in Manhattan's skyline.

This time, thankfully, the plane was not a jetliner. It was a single-engine Cirrus SR20 that seats four.

This time, it was not terrorists in the cockpit. It was New York Yankees pitcher Cory Lidle and a passenger.

This time, it was not a history-changing attack. It was apparently an accident — a personal tragedy in which Lidle and the passenger died.

And this time, the military and emergency workers weren't caught off-guard. North American Aerospace Defense Command scrambled fighter jets quickly and, according to New York Mayor Michael Bloomberg, first responders reacted speedily and precisely.

For all the differences, however, the incident raises security concerns about the 220,000 small planes in the USA and the 5,500 airports that serve them. While 9/11 prompted a crackdown on commercial flying, many of the vulnerabilities of small planes have never been addressed.

In most areas, flight plans are not required from pilots flying small aircraft in clear weather, so air traffic controllers have a limited ability to monitor them or determine in a timely way whether they're headed somewhere potentially dangerous.

And though Congress mandated that pilots' licenses have photo identification, regulations haven't caught up with the law. Terrorists could easily use a stolen license.

More to the point of Wednesday's crash, small planes fly dangerously close to skyscrapers housing millions of residents and workers in Manhattan and, under some circumstances, within seconds of Washington's most treasured landmarks.

Crashes into high-rises are quite rare, but they do happen, both accidentally and, in one memorable case, by design. In January 2002, a 15-year-old pilot in an unrecognized plane violated restricted airspace around the U.S. Central Command and intentionally slammed into a Tampa office building.

The public saw Wednesday that a small aircraft crashing into a high-rise causes far less damage than a jetliner. But should a terrorist get hold of a plane and fill it with explosives or a biological weapon, the public also saw how little there is to stop him from flying into such New York icons as the United Nations headquarters and the Statute of Liberty, both of which Lidle flew past.

The FBI warned last year that as security improves for commercial aircraft, terrorists may find small planes a tempting weapon.

If any good can come from the tragic and untimely death of the 34-year-old Lidle, perhaps it's heightened scrutiny of unaddressed threats from the air.

Small Planes Aren't Big Risk (USAT)

By Phil Boyer

USA Today, October 12, 2006

Crashes like this one are rare, and they're a poor excuse to limit flying.

Wednesday's accident was tragic and highly regrettable. And it certainly stung the nerves of post-9/11 New Yorkers. But the fact is: It was an accident. For USA TODAY to pose a series of unsubstantiated "what-if" questions and concerns regarding small aircraft, their safety and security is uninformed and ill-conceived. It's also highly irresponsible because it needlessly stokes already-heightened public concerns.

USA TODAY has not waited for the facts behind this tragedy; determining the cause (and any possible remedies) of an accident like this is a process that can take months. Instead, USA TODAY is exploiting this extraordinarily rare occurrence, using it as the barest thread of justification to bolster its long-standing and indefensible bias against small aircraft.

The facts show that thousands of the small planes that make up general aviation fly safely over and near U.S. cities every day, just as cars and trucks drive on our highways and streets. That's especially true around New York City. So we ask: Does a single auto accident generate questions about whether cars should be on our roadways? Of course not.

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For USA TODAY to question the need for increased ground security ignores the fact that general aviation pilots know their passengers and cargo. And it ignores the fact that the federal agencies responsible for our security — the Transportation Security Administration and the Federal Aviation Administration — have looked hard at general aviation and said it does not pose a threat. Mayor Michael Bloomberg himself indicated that this event says "nothing" about security to New York City.

This accident is a sad event compounded by the loss of life, and our profound sympathies go out to the affected families. Like many things, flying involves a small measure of risk, but general aviation pilots work continuously to minimize those risks.

Pilots are passionate about the many joys of flying. Our freedom of travel is one of the great liberties we all enjoy in the USA. Challenging that through USA TODAY's unfounded questions — not honest and informed inquiry — has neither merit nor benefit.

Phil Boyer is the president of the 408,000-member Aircraft Owners and Pilots Association, the world's largest aviation group.

Report: Few Cities Prepared For Evacuation Procedures (USAT)

By Mimi Hall

USA Today, October 12, 2006

WASHINGTON — Most of the nation's largest cities got flunking grades on a report card released today that measures how well each city can evacuate its population before or after a major disaster.

Ten urban areas received grades of "B" or "C," six got a "D," and 20 got an "F" in the report by the American Highway Users Alliance. Only Kansas City, Mo., got an "A."

Among those that failed the test: New York City, Los Angeles, Chicago, San Diego, Miami, Philadelphia, Denver, Atlanta and Boston.

"The potential for terrorist attacks and last year's New Orleans flood destruction underscore the necessity for providing sufficient evacuation capacity from the nation's urban areas," according to the alliance, a non-profit organization that promotes highway safety and construction to reduce congestion.

The report follows the release in June of a review by the Homeland Security Department that examines the ability of all 56 states and territories and 75 urban areas to respond to catastrophes. "Significant weaknesses in evacuation planning are an area of profound concern," that review concluded.

The alliance's report blames several factors for cities' poor grades, including the number of major highways out of a city and whether the city is partially hemmed in by water or mountains. Other factors included how well internal roads are laid out; how densely populated the city is; and the percentage of residents who have cars.

Kansas City scored high because it's not densely populated, there are no geographical barriers on any side of the city and it has a good intra-city road system, said Greg Cohen, president of the highway users alliance. New York City ranked low because it's so densely populated, congested and surrounded by water, and it has a higher percentage than most cities of residents who rely on public transportation.

In Atlanta, planning an evacuation is complicated by the fact that two major highways converge in the middle of the city, says Alfred Moore, director of the Atlanta-Fulton County Emergency Management Agency. He says the city has a plan on paper, but "have we exercised the plan yet? Nope. Have we trained on the plan? Nope."

Among the recommendations made by the alliance:

·Building new highways leading out of cities, where possible.

·Putting timed lights and gates on highway entrance ramps to limit congestion during evacuations and keep traffic flowing.

·Developing more ways to get information to drivers about alternate routes and traffic conditions.

·Creating government programs to increase car ownership among low-income people.

Justin DeMello, director of Denver's Office of Emergency Management, said evacuation planning is the most difficult part of any emergency-preparedness effort.

"There are just so many factors that come into play," he said. "And there are no easy solutions."

Strategizing On Disaster Relief (USAT)

By Mindy Fetterman

USA Today, October 12, 2006

WASHINGTON — Executives at Home Depot were watching the aftermath of the 9/11 terrorist attack in New York from the company's emergency command center in Atlanta — a room with banks of TVs and phone lines. They saw that rescue workers' boots were being sliced by the smoldering steel remains of the World Trade Center towers.

"We sent 40,000 pairs of work boots to New York right away," CEO Bob Nardelli says.

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He's not looking for praise. In fact, he thinks the way Home Depot — and other U.S. corporations — got information about what they could do to help in that disaster, and during Hurricane Katrina four years later, was ridiculous.

"We saw it on CNN!" he says, exasperated.

Now, nearly 30 CEOs have teamed in an unprecedented effort to set up an "emergency protocol" with the U.S. government and charities so that Corporate America can better respond to the next natural or manmade disaster.

"We're starting to put our actions where our words are," says Bill McDermott, CEO of SAP Americas, part of the world's largest business software company.

That protocol includes everything from a 24/7 direct phone link to the Department of Homeland Security and a website that will have "real time" news about what the government needs from business, to "swat teams" of employees from competing firms. Those teams will fly into a disaster site within 24 hours, assess needs and report back to the government and business community.

The group says it "won't wait for the government" when the next disaster hits.

"We're not saying it in an arrogant or condescending way," says Nardelli, who is chairman of the Business Roundtable's disaster-response task force. "But some of our frustration even before Katrina was having to wait for a coordinated effort from government. We want to set up that cooperative effort now."

CEO members of the task force, the largest ever put together by the Business Roundtable, met for the first time last month in Washington. Frances Townsend, President Bush's point woman on Homeland Security, was at the meeting.

Nardelli called it "an old-fashioned workout," where all parties get into a room, air complaints and come up with solutions. (Nardelli, who used to be a top executive at General Electric, learned the "workout" discipline from then-chief Jack Welch.)

"We're past the venting," Townsend laughs. "Now it's a question of how we can do better. I told them: 'Tell me what I can do better.' "

The CEOs told her. They want in on the early planning. They want in on information during a disaster. And they want in on the emergency operations on the ground.

Townsend agreed. She's holding a meeting in November at the White House with the CEOs, officials from DHS and the Federal Emergency Management Agency, and emergency operations chiefs from some state and local governments.

"The idea is that this works better if the private sector is involved in planning on the front end," Townsend says. "There's a lot we can learn from business."

The tsunami that hit Indonesia in December 2004, was "a watershed event" for Corporate America, says Johanna Schneider, spokeswoman for the Roundtable. "Companies were stepping up as never before."

When Hurricane Katrina hit, that volunteer spirit kicked in again, but with only limited success. "There was a huge outpouring of support," Schneider says. "But we were unable to get people connected down there (in the Gulf Coast) in a way that could really make a difference."

The CEOs want to harness that spirit and set up better logistics for getting people and supplies to disaster sites quickly.

"We want to make sure they get food and water, and not television sets," says McDermott of SAP. "How do you logistically get things to people who need them at the time they need them? Business can help do that."

DHS is identifying equipment and supplies it would need in various emergency scenarios — a hurricane, a tornado, a terrorist attack.

"In certain disasters, we'll know what we'll need, like water, tarps, housing. And we're communicating that to business" so that contracts can be bid on and awarded before the next disaster, Townsend says. FEMA has contracted with six companies for $1.5 billion in temporary housing to avoid delays such as those seen during Katrina, she says.

Government audits found hundreds of millions of dollars was wasted on no-bid contracts and fraud, from $300 million spent on 10,000 mobile homes that sat unused to $3 million for unused beds.

"There was legitimate concern after Katrina that the government's contracting was wasteful," Townsend says. "We think that if you precontract, you'll do it in a rational way."

In the next year, the CEO task force will assess what supplies and equipment are on hand at U.S. corporations, including companies that aren't members of the Roundtable. Who has the bottled water? Who has the satellite telephone equipment? The lumber and tarps? That way, the government can request and get supplies quickly.

During Hurricane Katrina, charities competed for donations. But companies that were giving millions of dollars felt it was unclear what a charity would handle: Emergency response? Rebuilding? Food and water? Housing?

CEOs saw "mission creep" as many charities were trying to do the same things. "There was a lot of carpetbagging going on" after Katrina, says Kevin Martinez, community affairs director for Home Depot, pointing to 400 new charities that were formed. "We're saying to charities: Don't work in a vacuum. Work with each other. What exactly are you fundraising for?"

Like governments, charities also were overwhelmed by Katrina.

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The American Red Cross was sharply criticized in a Government Accountability Office report for being unprepared and slow to react. Since then, the Red Cross has spent about $80 million to triple its warehouse space for emergency supplies, triple its satellite phone availability, and add more volunteers and computer capacity.

"Our mission has been the same for a long time: mass care early," says Jack McGuire, interim CEO of the Red Cross. "But there's a huge problem relative to what people think our mission is. People were upset because they didn't see our helicopters with the Coast Guard out there rescuing people off rooftops. We don't do rescues. We don't build houses. We don't give loans. We don't run hospitals."

The Red Cross and other charities are beginning to work together to coordinate volunteer response, although efforts are in the early stages, McGuire says.

Katrina taught everyone, he says, that "these things are going to work better if it's a system of the many rather than the few."

TSA Secrecy Rules Eased (WP)

The Washington Post, October 12, 2006

Congress has ordered the Department of Homeland Security to ease secrecy rules at the Transportation Security Administration, helping families of victims of the Sept. 11, 2001, attacks who have sued to unearth security practices before then.

A $34.8 billion homeland security spending bill signed by President Bush last week requires the department to release "security sensitive information" that is more than three years old and is not part of existing plans or certain categories, barring "a rational reason" cited by Secretary Michael Chertoff that it should remain secret.

Congress ordered that SSI-designated evidence be released in civil cases with some restrictions if required by a judge, unless such access "presents a risk of harm to the nation."

In a statement, Michael Low of Batesville, Ark., thanked Congress on behalf of 9/11 Families United to Bankrupt Terrorism "for telling TSA not to misuse the term 'national security' as an excuse to hide documents that are of no use to would-be terrorists but instead contain information embarrassing to our government and the airlines." Low is the father of Sara Low, a flight attendant on American Airlines Flight 11.

About 50 survivors' suits targeting airlines and security firms are before the U.S. Southern District of New York, as is a broader case against terrorist financing.

The White House opposed the change, which it said would impose "an ongoing, burdensome review process."

Steven Aftergood, director of the Federation of American Scientists' project on government secrecy, called the legislation "surprising" and a "welcome gesture by Congress to push back against expanding secrecy."

SSI includes airport security plans, vulnerability assessments and technical specifications of screening equipment, but TSA's definition is open-ended. The program has been invoked to withhold information about bomb scares at airports and to drop cases against screeners charged with stealing from passengers, for example.

It has raised concerns that local law enforcement may not be able to issue reports about incidents at airports, or that passengers stopped by security officers may not learn why they were stopped.

Insurers Get An Earful From Senator (NYT)

By Joseph B. Treaster

The New York Times, October 12, 2006

Sometimes, political connections come in handy. Ask Senator Trent Lott of Mississippi.

Mr. Lott, a Republican and former majority leader, is one of thousands of homeowners on the Gulf Coast who have been fighting with their insurers over payments for damage in Hurricane Katrina. In an interview yesterday, he said he was angry about the insurers' "insensitivity and outright meanness" in rejecting many homeowners' claims.

He said he inserted a provision into legislation, signed by President Bush last week, directing the Department of Homeland Security to investigate potential fraud by the insurance industry. Mr. Lott said he was also drafting legislation to challenge the industry's exemptions from antitrust laws and had asked his staff to investigate the industry's tax rates.

"I am outraged," he said. "I'm concerned there are lots of abuses in the aftermath of the hurricane."

Mr. Lott's claim for the loss of his $400,000 house in Pascagoula was rejected by State Farm.

Industry executives and lawyers denied that the insurers had engaged in fraud and some questioned whether Mr. Lott was improperly using his position in Congress.

"Given that the senator has a personal dog in the fight, his actions have the appearance of an abuse of power," said Randy J. Maniloff, a lawyer in Philadelphia who represents insurance companies.

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Mr. Lott said he was not acting solely out of personal motivation. "I've had my own experience, but a lot of people have had similar experiences," Mr. Lott said. "They have abused my people, my friends, the people I love."

Robert P. Hartwig, the chief economist for the Insurance Information Institute, a trade group in New York, said: "It's unfortunate that the scarce resources of the Department of Homeland Security are being diverted toward an unjustified investigation."

The industry executives also asserted that Mr. Lott, as a senator, had a duty to be impartial. They said he should follow the example of several judges in Mississippi whose homes were damaged in Katrina and who have recused themselves from cases involving the storm.

"I don't profess to be impartial," Mr. Lott said.

Mr. Lott said he was also planning to introduce legislation requiring the insurers to include in their policies a prominent listing in plain English of what they refuse to cover. He said home insurance policies contained "a bunch of subterfuges" difficult for laymen or lawyers to comprehend. "Don't tell me they don't do it on purpose," Mr. Lott said.

Insurance is mainly regulated by the states. But the federal government has authority on antitrust and tax issues. The insurers have been exempted from some antitrust laws since the 1940's. These exemptions permit them to share industrywide information on claims costs and project future costs.

The insurers say working with a larger pool of data than any single company could develop enables them to offer lower prices. J. Robert Hunter, an insurance expert at the Consumer Federation of America, said that without the antitrust exemption, insurance prices would probably be lower.

Mr. Lott told The National Underwriter, an insurance industry publication, that he spoke directly to Edward B. Rust Jr., the chief executive of State Farm. "He said he would look into my situation," Mr. Lott was quoted in January as saying. "I told him I didn't want any special consideration. I wanted them to do what was right for everybody."

State Farm and other insurers promise to pay for wind damage in hurricanes but they say their policies do not pay for flood damage. Federal flood insurance pays up to $250,000 in damage to a home and up to $100,000 for furnishings and clothing.

Mr. Lott and several thousand other Mississippi homeowners are suing State Farm and other insurers, arguing that the winds of Katrina pushed floodwaters across the beaches and that the policies they bought that promise coverage against wind damage should be honored.

State Farm declined yesterday to discuss Mr. Lott's lawsuit. Insurers have paid $41 billion for damage to homes and businesses from Hurricane Katrina, $13.6 billion in Mississippi alone, resolving, they say, 95 percent of the state's 355,000 homeowner claims.

Mr. Lott said he bought flood insurance and received the maximum of $350,000 from the government. Industry executives say Mr. Lott clearly understood that flood insurance and private homeowners insurance provide separate coverage.

Mr. Lott's lawyer is Richard F. Scruggs, who made a fortune in litigation against tobacco companies. Mr. Scruggs, who is representing many Katrina victims, is Mr. Lott's brother-in-law and a neighbor in Pascagoula. Mr. Scruggs's home was heavily damaged. John Griffin Jones, a lawyer working with Mr. Scruggs on claims, said an insurer also denied Mr. Scruggs's claim.

In August, Judge L. T. Senter Jr. of Federal District Court in Gulfport ruled in the first trial over wind versus water damage that the insurers did not have to pay for flood damage. But he said language permitting them to refuse payment when damage results from a combination of wind and water was ambiguous.

Mr. Lott said he had sought the Homeland Security investigation because he believed that the insurers shifted the cost of many claims to the federal flood insurance program that they should have paid themselves.

Mr. Lott said he wanted Homeland Security to determine if the shifting of costs to the federal program "was just an occasional mistake or systematic."

"I think it was systematic," he said.

WAR NEWS:

Bush Open To Change In Tactics (LAT)

By Paul Richter And Doyle McManus

The Los Angeles Times, October 12, 2006

WASHINGTON — President Bush opened the door to possible changes in his approach to the Iraq war, declaring Wednesday that "we'll change tactics when we need to change tactics," amid pressure from Republicans about the unrelenting violence and the shortcomings of the government in Baghdad.

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Bush said at a White House news conference that the description of his policy as a stay-the-course stance was only "about a quarter right."

"My attitude is, don't do what you're doing if it's not working — change," he said.

Bush did not specify what changes he would be willing to consider, and he said he remained committed to involvement in Iraq until the country was stable and democratic. And he continued to characterize opposing views as "cut-and-run."

Yet the comments were seen as a signal of a partial openness to a new direction in Iraq, at a time when allies and adversaries have been demanding one.

A congressionally chartered study group co-chaired by former Secretary of State James A. Baker III, a longtime Bush family ally, signaled this week that it was prepared to recommend changes. Last week, Senate Armed Services Committee Chairman John W. Warner (R-Va.), a reliable White House ally, said that a shift will be needed in coming months if violence continues and the 4-month-old Iraqi government does not assert control.

Even the administration's ambassador to Iraq, Zalmay Khalilzad, has said that the new government has only a few months to prove that its approach to the country's problems is workable.

Some political analysts said Bush's comments were tailored for the upcoming midterm elections. The president wants to avoid appearing too tied to an inflexible course, they said, and also wants to give cover to vulnerable Republican candidates who are trying to distance themselves from the policy.

Yet they said the language might also hint that changes will come after the elections, as some in Washington have been predicting.

"He's trying to avoid being stuck with 'stay the course,' but at the same time opening the door a little bit for the inevitable pressure that's going to come, including from Republicans, for a reevaluation of the strategy," said Marshall Wittmann, a former aide to Sen. John McCain (R-Ariz.), now with the moderate Progressive Policy Institute. "He was clearly walking a rhetorical tightrope between his view that he has to stay the course and the political reality, which is demanding some reassessment."

Bush said he looked forward to the upcoming recommendations from Baker and his co-chairman, former U.S. Rep. Lee Hamilton, (D-Ind.), who once chaired the House's Foreign Affairs Committee.

Bush also said he "completely" agreed with Warner's comment that "if the plan is not now working, America needs to adjust."

"For those folks saying, you know, 'Make sure there's flexibility,' I couldn't agree more with you," Bush said.

Bush said he is open to suggestions for change from Army Gen. George W. Casey Jr., commander of U.S. forces in Iraq.

At the same time, Bush asserted that the government of Prime Minister Nouri Maliki was making progress in improving security, brokering political compromises among the country's ethnic and religious groups and strengthening the central government.

Speaking about internal strategy on condition of anonymity, one White House official said: "Are there things the administration is not trying? If an independent group like the Baker panel can come up with some good ideas, we're all for it."

There are signs that within some parts of the administration, officials are already reviewing options.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, has asked several strategists to take a new look at the issue. These include Army Col. H.R. McMaster and Army Col. Pete Mansoor, who is director of the Army-Marine counterinsurgency school at Fort Leavenworth, Kan., according to a person close to the group who was not authorized to speak for it.

Senior State Department officials deny that there are plans in the works for a sudden change in direction in Iraq. But some officials have privately acknowledged their concern over the course of events, and have said officials are always weighing how they might improve their approach.

At a news conference with Defense Secretary Donald H. Rumsfeld, Casey said the strategy in Iraq had been evolving. Casey cited his decision over the summer to scrap his plan to reduce the troop presence in Iraq and instead expand the number of American forces in Baghdad.

"We constantly review our strategy and review what's going on, and we adapt as we need to," he said.

"The broad strategy, where we are working to bring the levels of insurgency down as we bring Iraqi security forces up, I believe, is still a valid framework for what we're doing there in Iraq," Casey added.

"And we will continue to look tactically at what's happening on the ground, and my subordinate commanders will work to deal with that," he said.

At the same time, there were signs Wednesday that the military was at least preparing for the possibility of maintaining current troop levels for several years.

Army Chief of Staff Peter J. Schoomaker said the Army had drafted plans to keep its share of more than 140,000 troops in Iraq through 2010.

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Schoomaker said those plans were part of prudent preparations and not a sign that things were better or worse.

"I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot," Schoomaker said.

Baker, in comments on his committee's work, has indicated that the group will urge a departure from what he described as the White House's "stay the course" approach.

Baker said on ABC that the White House should enter direct talks with countries such as Iran and Syria — a view that is counter to one of the administration's most strongly held principles.

Warner last week said that Iraq as a policy issue was "drifting sideways." Another Republican senator, Olympia J. Snowe of Maine, endorsed that view Tuesday, citing worsening conditions in Iraq.

"There must be no question among the administration, the Congress and the Iraqi unity government that staying the course is neither an option nor a plan," Snowe said.

Bush Stands Firm On Policies (WP)

By Michael Abramowitz, Washington Post Staff Writer

The Washington Post, October 12, 2006

President Defends Strategies for Iraq, North Korea

Despite setbacks on North Korea and Iraq, President Bush vowed yesterday to stick with his policies on both crises, praising Chinese condemnation of North Korea's apparent nuclear test and citing progress in helping the fledgling Iraqi government stand on its own.

Even as he rejected calls to hold bilateral talks with Pyongyang, Bush said during a Rose Garden news conference that diplomacy is beginning to unite the world against North Korea's nuclear efforts. He called it hopeful that China is helping North Korea "understand it's not just the United States speaking to them," and he reassured South Korea and Japan that the United States "reserves all options" to protect its allies in the region against threats from the communist state.

At the same time, Bush addressed the recent doubts expressed by senior Republicans, including Sen. John W. Warner (Va.) and former secretary of state James A. Baker III, about the current U.S. course in Iraq -- which he described as more flexible than critics suggest.

"We're constantly changing tactics to achieve a strategic goal," the president said, adding that "stay the course" is only a partial description of his strategy in Iraq. "My attitude is, 'Don't do what you're doing if it's not working; change,' " said Bush, who met yesterday with the senior U.S. commander in Iraq to review the progress of the war. " 'Stay the course' also means don't leave before the job is done."

The hour-long news conference gave Bush an opportunity to try to regain some control over a dangerous political environment for Republicans just four weeks before midterm elections, in which the GOP majorities in both the House and the Senate face a stiff challenge from Democrats. Until recently, Bush seemed to be having some success in shoring up GOP lawmakers with an effort to make terrorism and the improving economy the centerpieces of the fall campaigns.

But that strategy has been thrown seriously awry by new revelations about the administration's troubled conduct of the Iraq war, and by a burgeoning scandal surrounding the House leadership's handling of allegations of sexual misconduct against Florida Republican Mark Foley, who has resigned. Meanwhile, this week's apparent underground nuclear test by North Korea exposed the White House to new questions about the success of its efforts to keep weapons of mass destruction from the world's most dangerous governments.

Bush received only one question about the Foley episode, which he used to restate his support for House Speaker J. Dennis Hastert (R-Ill.) and Hastert's handling of the matter. He expressed confidence that Republicans will keep control of both chambers despite the Foley scandal, saying that the public supports the GOP on what he termed the two big issues of the campaign -- security and the economy. And he took pointed shots at Democratic leaders for not supporting his tax cuts -- criticism that they said misrepresented their interest in cutting taxes for the middle class.

The White House also announced yesterday that the federal budget deficit dropped to $248 billion, a four-year low, which it attributed to tax cuts and other "pro-growth" economic policies. Democrats derided that explanation and said Bush's boast ignored the considerable debt that the federal government has acquired since he was inaugurated in 2001.

Most of the news conference, however, was devoted to North Korea and Iraq, and Bush enthusiastically defended his basic strategy in both crises, offering lengthy answers to most questions with a mixture of feistiness and contemplation.

Answering a question about the North Korean nuclear test, Bush explained his reluctance to engage in direct talks with Pyongyang by saying that the Clinton administration tried such an approach and it did not work. He said that North Korea violated a 1994 agreement in which Pyongyang promised to shut down its nuclear reactor and keep spent nuclear fuel under

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international supervision, and that the U.S. government promised certain benefits such as providing oil for energy production. Bush's account left out the U.S. government's own role in scuttling that agreement.

"I learned a lesson from that, and decided that the best way to convince Kim Jong Il to change his mind on a nuclear weapons program is to have others send the same message," Bush said at the news conference. He said Pyongyang's defiance of international demands that it give up its nuclear program is a reflection on the North Korean leader, not on any failure by his administration.

"The inability to convince people to move forward speaks volumes about them," Bush said. "It ought to say to all the world that we're dealing with people that, maybe, don't want peace, which in my judgment . . . requires an international response."

The refusal to engage with Pyongyang directly has been condemned by lawmakers in both parties and by diplomats, including U.N. Secretary General Kofi Annan, who urged the United States yesterday to sit down with North Korea.

"From North Korea to Iraq, the American people have seen clearly what it means to 'stay the course' with the president's failed national security policies," House Democratic leader Nancy Pelosi (Calif.) said yesterday. "The president's policies are not making the American people safer. Staying the course won't change that. It's time for a new direction."

On Iraq, Bush was asked about the recent comments of Warner, chairman of the Senate Armed Services Committee, who returned from a trip to Iraq last week warning that Iraq is drifting "sideways." Warner said major changes should be considered within a few months if the situation there does not improve.

Bush said he agrees with Warner "completely" that "if the plan isn't working, adjust." But he said the overall strategy in Iraq is sound, even as day-to-day tactics might change. Bush said the upsurge in attacks and casualties is happening because U.S. forces are more aggressively confronting the enemy in Baghdad and elsewhere. "We're on the move," he said. "We're taking action."

Bush said he does not find credible a new report in the Lancet, a British medical journal, which estimates that 655,000 more Iraqis have died since coalition forces arrived than would have died without the invasion. In a comment in the journal, the editors said the study was reviewed by four outside experts, all of whom recommended publication, with one noting the "powerful strength" of the research method. The findings, however, have a large margin of error. The low-end estimate of excess deaths (both civilian and military) is 393,000, while the high-end estimate is 943,000.

Bush disputed the study's numbers but did not supply his own. "I do know," he said, "that a lot of innocent people have died, and that troubles me, and it grieves me."

Staff writer David Brown contributed to this report.

For Bush, Many Questions On Iraq And North Korea (NYT)

By Sheryl Gay Stolberg

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — President Bush said Wednesday that he would not use force against North Korea because “diplomacy hasn’t run its course,” but acknowledged that many Americans wonder why he invaded Iraq but has not taken military action to head off North Korea’s race for a bomb.

“I’m asked questions around the country, ‘Just go ahead and use the military,’ ” Mr. Bush said at a morning news conference in the Rose Garden, his first extended question-and-answer session with reporters in the days since North Korea announced it had detonated a nuclear device. “And my answer is that I believe the commander in chief must try all diplomatic measures before we commit our military.”

Then, without prompting, the president asked an obvious next question.

“I’ll ask myself a follow-up,” Mr. Bush said. “ ‘If that’s the case, why did you use military action in Iraq?’ And the reason why is because we tried the diplomacy.”

Mr. Bush’s unusual exchange with himself came during an hourlong news conference dominated by questions about North Korea and Iraq. Democrats have criticized him for rushing into a war with Iraq, which turned out not to have unconventional weapons, while not setting limits on North Korea, which declared this week that it had conducted its first nuclear test.

That the president himself raised and rejected this critique appears to reflect concern among Mr. Bush’s advisers that North Korea could be a political liability for Republicans, one that the president needed to confront directly with voters.

Mr. Bush’s stance was to reassert that the United States would not tolerate a nuclear-armed North Korea, but that the way to shut down its nuclear programs was through multilateral diplomacy, not one-on-one talks or military action.

Intelligence officials have not yet determined the exact size of the device that North Korea tested, or explained why it appeared to have been fairly small, less than a kiloton. Democrats and Republicans have been arguing over who was responsible for the buildup in the North. Madeleine K. Albright, a secretary of state for former President Bill Clinton, issued a statement on Wednesday defending his administration and striking back at Mr. Bush.

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"During the two terms of the Clinton administration, there were no nuclear weapons tests by North Korea, no new plutonium production, and no new nuclear weapons developed in Pyongyang," Ms. Albright's statement said. "Through our policy of constructive engagement, the world was safer. President Bush chose a different path, and the results are evident for all to see."

Despite the North's test, Mr. Bush insisted Wednesday that his diplomatic approach was the best course and that he would continue to seek support for sanctions from other nations. He resisted calls for direct negotiations with North Korea of the sort the Clinton administration had engaged in, saying "the strategy did not work."

"North Korea has been trying to acquire bombs and weapons for a long period of time," Mr. Bush said, "long before I came into office."

On Iraq, Mr. Bush seemed to push back against recent remarks by James A. Baker III, the former secretary of state who is the Republican chairman of a bipartisan panel reassessing Iraq strategy. On Sunday, Mr. Baker suggested that his panel's report would depart from Mr. Bush's repeated calls to "stay the course."

But Mr. Bush signaled that he would not be pressed into a premature withdrawal.

"Stay the course means keep doing what you're doing,' " he said. "My attitude is, don't do what you're doing if it's not working — change. Stay the course also means, don't leave before the job is done. We're going to get the job done in Iraq."

On North Korea, Mr. Bush was asked if he regretted his decision not to take action — military or otherwise — to destroy fuel supplies in 2003, when the North threw out international weapons inspectors, withdrew from the Nuclear Nonproliferation Treaty and said it would turn its spent nuclear fuel into weapons. At that time, the fuel was all briefly in one known location.

"I used that moment to continue my desire to convince others to become equity partners in the Korean issue," Mr. Bush said, referring to the so-called six-party talks aimed at persuading the North to give up its nuclear capacity. He added, "I obviously look at all options all the time, and I felt like the best way to solve this problem would be through a diplomacy effort."

Experts believe the nuclear buildup in the North dates back to the early 1990's, when the first President Bush was in office. Under an agreement Mr. Clinton struck in 1994, North Korea agreed to freeze its production of plutonium in return for energy aid. North Korea abided by the freeze, but starting around 1997, it took steps on a second, secret nuclear program.

In 2002, after South Korean and American intelligence agencies found conclusive evidence of that program, the Bush administration confronted the North with the evidence that it had cheated while Mr. Clinton was still in office. That led to the six-nation talks, involving the United States, North Korea, South Korea, Japan, China and Russia.

"The Clinton administration was prepared to accept an imperfect agreement in the interest of achieving limits," said Gary S. Samore, a North Korea expert who helped negotiate the original 1994 agreement. "The Bush administration is not prepared to accept an imperfect agreement, and the result is that we have no limits."

But Mr. Bush on Wednesday reiterated his stance that it was "unacceptable" for North Korea to have nuclear weapons. Asked if he was "ready to live with a nuclear North Korea," Mr. Bush gave a one-word answer: "No."

Bush Rejects Direct Talks With North Korea (USAT)

By David Jackson

USA Today, October 12, 2006

WASHINGTON — President Bush ruled out one-on-one talks with North Korea on Wednesday, saying the United States will work with regional allies to try and stop the communist dictatorship from developing nuclear weapons.

"The best way to convince Kim Jong Il to change his mind on a nuclear weapons program is to have others send the same message," Bush said in a Rose Garden news conference.

Speaking less than a month before elections — and with control of Congress at stake — Bush also defended his Iraq policy, endorsed House Speaker Dennis Hastert and said lower taxes would help preserve the GOP majorities in Congress.

Bush spoke as North Korea threatened more nuclear tests. The president said even though the United States is still working to verify the test North Korea disclosed Sunday, "this claim itself constitutes a threat to international peace and stability."

Bush blamed North Korean dictator Kim Jong Il's "intransigence." He said North Korea cheated on a 1994 agreement with the Clinton administration to forgo nuclear weapons development in exchange for economic help.

Bush repeatedly said he prefers concerted action with regional partners: China, Japan, Russia and South Korea. The United States and its allies, along with the United Nations Security Council, are discussing possible sanctions against North Korea.

Kim's government lashed back on Wednesday, saying North Korea would interpret sanctions as an act of war.

For his part, Bush stressed that it's too early to consider possible military action. "Diplomacy hasn't run its course," he said.

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Democrats such as Sen. Dick Durbin of Illinois blamed North Korea's reported nuclear test in part on Bush's decision to not negotiate directly with the country, as the Clinton administration did. Durbin also said the Bush administration was distracted from North Korea by the “pre-emptive” war in Iraq. “It is clear that the Bush approach has failed,” he said.

On other issues, Bush said:

·He is adjusting tactics to meet new challenges in Iraq, calling victory there essential to stability in the Middle East. “We can't tolerate a new terrorist state in the heart of the Middle East, with large oil reserves that could be used to fund its radical ambitions, or used to inflict economic damage on the West,” Bush said.

·He supports a pledge by Hastert, R-Ill., to get to the bottom of who knew what — and when — about former Republican representative Mark Foley's alleged inappropriate Internet communications with teenage congressional pages. Bush said Hastert has “done a fine job as speaker.” Hastert has said he will fire any staffer who did not tell the truth about what they knew about Foley. The House ethics committee is investigating whether members of the House or its staff did not respond appropriately when warned about Foley's actions.

·He doubts the Foley scandal will affect the Nov. 7 elections. Bush predicted the economy and national security “will be the issues that drive the election.” He also touted lower budget deficits and higher economic growth, which he said show his tax cuts work.

·He is committed to building 700 miles of fencing along the U.S.-Mexican border, as approved by Congress, focusing on urban areas. Bush also repeated his call for a “comprehensive” immigration bill that expands “guest worker” programs.

Bush Hits Democrats On N. Korea Talks (WT)

By Joseph Curl

The Washington Times, October 12, 2006

President Bush yesterday took aim at Democrats who demand he open direct talks with North Korea's reclusive leader Kim Jong-il, saying they are the same critics who charged he acted unilaterally when he invaded Iraq to oust Saddam Hussein.

"I can remember the time when it was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," the president said in a press conference at the White House Rose Garden.

But Mr. Bush said one-on-one talks with North Korea "didn't work in the past," and reiterated support for continued pressure from regional leaders to restart the stalled six-party talks, in which the United States, China, South Korea, Japan and Russia deal jointly with North Korea.

"I learned a lesson from that and decided that the best way to convince Kim Jong-il to change his mind on a nuclear weapons program is to have others send the same message," the president said.

He called on the U.N. Security Council to quickly hand down "serious repercussions" for North Korea's purported nuclear test on Monday.

While Mr. Bush said the United States has "no intention of attacking" the communist country and remains committed to diplomacy, he added that "all options to defend our friends in the region" remain on the table.

He again backed new ballistic missile defenses in the region to protect U.S. allies.

In an hour-long session with reporters, Mr. Bush also defended his strategy to secure Iraq, saying "we're constantly changing tactics."

In the face of criticism from leading Republican lawmakers -- including the chairman of the Senate Armed Services Committee, Sen. John W. Warner of Virginia, who said the situation in Iraq is moving "sideways" -- the president sought to put the best face on the war.

"I want you to notice what he did say is, if the plan is now not working -- the plan that's in place isn't working, America needs to adjust. I completely agree," he said.

"I believe that the situation in Iraq is, no question, tough on the American psyche. ... Look, the American people want to know, can we win -- that's what they want to know -- and do we have a plan to win? There are some who say, get out, it's not worth it. And those are some of the voices, by the way, in the Democrat Party."

The president's remarks came as the Army Chief of Staff Gen. Peter J. Schoomaker said he plans to keep the current level of soldiers in Iraq through 2010, a later date than Bush administration or Pentagon officials have mentioned thus far.

Without naming former President Bill Clinton, Mr. Bush harshly criticized the 1994 bilateral agreement that traded money and oil for a promise from North Korea to put its plutonium under lock and key.

"We all agree that there must be a strong Security Council resolution that will require North Korea to abide by its international commitments to dismantle its nuclear programs," he said.

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"This resolution should also specify a series of measures to prevent North Korea from exporting nuclear or missile technologies, and prevent financial transactions or asset transfers that would help North Korea develop its nuclear and missile capabilities."

Democrats repeated calls for a new direction on Iraq and North Korea, with Democratic National Committee Chairman Howard Dean saying "the stakes are too high to have a permanent commitment to a failed strategy in Iraq."

"North Korea has increased its nuclear capabilities by 400 percent and tested a nuclear weapon because the Bush administration took its eye off the ball," he said.

"Iran has also become an even greater threat. And still, the president refuses to listen to the advice of his own party's leaders like Senator John Warner and [former] Secretary [James A.] Baker, who have spoken out on the need for a new direction in Iraq and acknowledged that we sometimes must talk with our adversaries."

Army Plans Same Troop Levels In Iraq Until 2010 (USAT)

By Tom Vanden Brook

USA Today, October 12, 2006

WASHINGTON — The Army plans to maintain its current level of 120,000 soldiers in Iraq through 2010, the Army's chief of staff said Wednesday.

Gen. Peter Schoomaker said the Army's plans could change if conditions warrant. The Army has maintained that level in part this year by extending deployments for some units.

“This is not a prediction that things are going poorly or better,” Schoomaker told reporters. “It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot.”

The Army will have to rely on the National Guard and Reserves to maintain the current level of deployments, Schoomaker said. When asked about concerns that Reserve units are struggling to get the training and equipment they need before going back to Iraq, Schoomaker said that no soldiers would be sent into war without needed resources.

Military analysts Wednesday said they doubted the Army could maintain its Iraq levels for that long.

Domestic politics and the strain on soldiers from repeated deployments will force a reduction in the number of troops in Iraq, said Loren Thompson, a military analyst at the Lexington Institute.

“It's very unlikely the Army will have the same number even a year from now,” Thompson said.

Andrew Bacevich, a military analyst at Boston University and a retired Army colonel, said the all-volunteer Army has held up well so far under the strain of multiple deployments. But he said he doubted that current levels could be maintained for another four years.

Bacevich speculated that Schoomaker's comments could be interpreted as a political statement. “This can easily be seen as evidence of growing dissatisfaction with the management of the war,” he said.

Last year Pentagon officials had hoped to be down to about 100,000 troops by the end of this year, but escalating violence and sectarian tensions have prompted military leaders to increase forces. Today, there are 141,000 servicemembers there — overwhelmingly Army.

In an interview, Lt. Gen. Thomas Metz, deputy commander and chief of staff of the U.S. Army Training and Doctrine Command, said training enough soldiers to meet the current level through 2010 would be challenging.

Gen. Richard Cody, the Army vice chief of staff, said in separate remarks to reporters that soldiers need more than 12 months between deployments to Iraq so they can do a full range of combat training and complete educational programs that enable the Army to grow a fully mature officer corps.

“We need to reset the sergeants and send them to schools, the lieutenants and captains and send them off, so that we don't erode and become an Army that only can fight a counterinsurgency,” Cody said. He said North Korea's reported nuclear test “reminds us all that we may not just be in a counterinsurgency fight, and we have to have full-spectrum capability.”

Pentagon To Maintain Troop Levels In Iraq (FT)

By Demetri Sevastopulo

Financial Times, October 12, 2006

The US army chief of staff on Wednesday said the Pentagon was planning for the possibility that it might have to keep current troop levels in Iraq until 2010.

General Peter Schoomaker said he was not predicting that the situation in Iraq would require maintaining current levels of about 140,000 troops for the entire period. But he said the army needed to plan for that possibility.

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"This is not a prediction that things are going poorly or better," Gen Schoomaker was cited as saying by [a news organization]. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot."

His comments come less than a month before the crucial midterm Congressional elections. The Republicans are in jeopardy of losing control of one, or both, houses of Congress, partly because of falling support for the war.

The US military and Iraqi force continue to struggle to stop the violence in Iraq and as its military death toll in the increasingly unpopular war continues to climb. Since the 2003 invasion, 2,749 troops have been killed in Iraq, and another 337 have died in Afghanistan, where violence has also escalated in recent months. The US has also suffered more than 20,000 non-fatal casualities, with more than 9,000 so serious that the soldier could not return to duty.

President George W. Bush on Wednesday acknowledged that attacks on US soldiers have increased recently, but argued that despite the violence Iraq will still making progress. His comments come less than a month before the November congressional elections, in which the Republicans are in danger of losing control of one, or both, houses of Congress.

Mr Bush did suggested that there would be some flexibility in US policy on Iraq, partly in response to recent comments by James Baker, the former secretary of state who is leading a bipartisan workgroup on Iraq, that there were other options between remaining for the long haul and cutting and running.

The Bush administration had hoped to reduce US troop numbers to about 100,000 by the end of 2006, partly in an attempt to convince the US public that the military was making progress in Iraq. But those plans have had to be shelved because of the growing level of sectarian violence in Iraq and particularly Baghdad. The Pentagon recently extended the tour of some soldiers in Iraq to deal with the increasing violence.

General John Abizaid, head of US Central Command, recently said he expected current US troop levels would be maintained until at least spring of next year. Gen Abizaid in July told Congress that Iraq could descend into full-scale civil war, and warned that curbing the violence in Baghdad was the key to avoiding such an outcome.

Speaking at the Pentagon on Wednesday, General George Casey, the top US commander in Iraq, said the situation in Iraq remained "difficult and complex" but said he did not agree with analysts who say Iraq is already mired in civil war. He added that Shia extremists, death squads and militias comprised the "greatest current threats" in Iraq.

Army: Troops To Stay In Iraq Until 2010 (AP-Y)

By Robert Burns

AP-Yahoo, October 12, 2006

For planning purposes, the Army is gearing up to keep current troop levels in Iraq for another four years, a new indication that conditions there are too unstable to foresee an end to the war.

Gen. Peter Schoomaker, the Army chief of staff, cautioned against reading too much into the planning, which is done far in advance to prepare the right mix of combat units for expected deployments. He noted that it is easier to scale back later if conditions allow, than to ramp up if they don't.

"This is not a prediction that things are going poorly or better," Schoomaker told reporters. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to shoot."

Even so, his comments were the latest acknowledgment by Pentagon officials that a significant withdrawal of troops from Iraq is not likely in the immediate future. There are now 141,000 U.S. troops there.

At a Pentagon news conference, the top U.S. commander in Iraq, Gen. George Casey, said that as recently as July he had expected to be able to recommend a substantial reduction in U.S. forces by now. But that plan was dropped as sectarian violence in Baghdad escalated.

While arguing that progress is still being made toward unifying Iraq's fractured political rivalries and stabilizing the country, Casey also said the violence amounts to "a difficult situation that's likely to remain that way for some time."

He made no predictions of future U.S. troop reductions.

Appearing with Casey, Defense Secretary Donald H. Rumsfeld said he and other senior Pentagon officials are still studying how the military might keep up the current pace of Iraq deployments without overtaxing the Army and Marine Corps, which have borne the brunt of the conflict. Rumsfeld said one option is to make more use of the Air Force and Navy for work that normally is done by soldiers and Marines.

Sen. Jack Reed, D-R.I., a member of the Senate Armed Services Committee, said Wednesday that the advance planning Schoomaker described was an appropriate cautionary approach. However, he added, the Pentagon should increase the overall size of the military to reduce stress on troops repeatedly sent into combat.

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"I applaud the new realism but I think they also have to recognize that this (war) is going to put a huge stress on our forces," said Reed, a former Army Ranger. Reed and other Democrats have called on President Bush to start bringing home troops within a year to force the Iraqi government to take more responsibility for security.

At his news conference, Rumsfeld was asked whether he bears responsibility for what has gone wrong in Iraq or if the military commanders there are to blame.

"Of course I bear responsibility," he replied in apparent exasperation. "My Lord, I'm secretary of defense. Write it down."

In recent months the Army has shown signs of strain, as Pentagon officials have had to extend the Iraq deployments of two brigades to bolster security in Baghdad and allow units heading into the country to have at least one year at home before redeploying.

The Army is finding that the amount of time soldiers enjoy between Iraq tours has been shrinking this year. In the case of a brigade of the 3rd Infantry Division, its deployment to Iraq was delayed by about six weeks because it otherwise would have had only 11 months to prepare instead of the minimum 12 months. As a result, the unit it was going to replace has been forced to stay beyond its normal 12-month deployment.

In separate remarks to reporters, Gen. Richard Cody, the Army vice chief of staff, said soldiers need more than 12 months between deployments to Iraq so they can do a full range of combat training and complete the kinds of educational programs that enable the Army to grow a fully mature officer corps.

That kind of noncombat experience is necessary "so that we don't erode and become an Army that only can fight a counterinsurgency," Cody said. He added that North Korea's announced nuclear test "reminds us all that we may not just be in a counterinsurgency fight and we have to have full-spectrum capability."

Army Plans To Maintain Current Troop Levels In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, October 12, 2006

WASHINGTON - The Army is making plans to keep its current troop levels in Iraq through 2010 if they're needed, the Army's chief of staff said Wednesday.

But Gen. Peter J. Schoomaker cautioned against putting too much emphasis on the Army's plans, saying that conditions in Iraq would dictate force levels. He said it would be easier to pull troops "off the table" or shorten their tours in Iraq rather than to add more forces later on.

"This is the way you'd expect us to operate," Schoomaker said, speaking to reporters. "This is not a prediction that things are going poorly or better; it's just that I have to have enough ammo in the magazine (so) that I can continue to shoot as long as they want us to shoot."

The general's remarks came as sectarian violence in Iraq between Sunni insurgents and Shiite militias showed no signs of relenting. U.S. casualties have risen sharply while domestic political support for the war continues to slide.

There are currently about 142,000 U.S. troops in Iraq, with the overwhelming majority from the Army. Schoomaker said Army troop rotation plans for 2008-2010 call for keeping the current level of 15 combat brigades in the country.

But the general said that in order to sustain current levels, the Army would have to continue to rely on the National Guard and the Army Reserve.

Defense Secretary Donald H. Rumsfeld slammed the notion that Schoomaker's remarks meant U.S. troops would be in Iraq in 2010.

"Schoomaker did not, of course, say anything like that, and it's unfortunate that stories go out mischaracterizing what people say," he said at a Pentagon press conference.

The defense secretary said he didn't want to speculate how many troops might be required to sustain the current pace of deployments.

The Iraqi Ministry of Health said Wednesday that more than 2,660 Iraqi civilians were killed in Baghdad during September, about 400 more than in August. At least 41 U.S. troops in Iraq have lost their lives in October, one of the worst two-week stretches of American combat deaths in nearly two years.

The Iraqi government figures were released the same day a new study claimed that nearly 655,000 Iraqi civilians have died as a result of the U.S. invasion. The study, conducted by a team of Iraqi doctors in conjunction with public health experts from the Johns Hopkins School of Public Health in Baltimore, was published Wednesday in The Lancet, a British medical journal.

Deaths from violent causes, mostly from gunfire, totaled more than 601,000 from March 2003 to July 2006, the study found.

President Bush, speaking to reporters at the White House Rose Garden, dismissed the report as "not credible."

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Gen. George Casey, the top U.S. general in Iraq, told reporters at the Pentagon that an estimated 655,000 deaths in Iraq seemed "way, way beyond" any numbers that he had seen. The Iraqi government also rejected the findings.

"I have not seen a number higher than 50,000," Casey said during a press briefing with Rumsfeld. "And so I don't give that much credibility at all."

Asked if he needed more U.S. forces in Iraq, Casey said that he did not plan to ask for more troops and wasn't sure if more American troops would lessen the violence in Iraq over the long term.

"It's a tough nut - whether or not bringing in more troops, more U.S. troops will have a significant long-term impact on the violence," Casey said. "There's no question locally more troops will have some effect on the levels of violence, but whether more U.S. troops for a sustained period will get us where we're going faster is an open question."

Rumsfeld said determining sufficient force levels for Iraq wasn't an "easy calculation."

"There's no guidebook where you get up in the morning and look in the guidebook on Chapter 7, page 6 that tells you how to do this," Rumsfeld said, adding that many military officials were working on the problem. "It is getting enormous attention, and there is no road map."

Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, after returning from Iraq last week, said the situation there was "simply drifting sideways." Warner has generally been a strong supporter of Bush's policy in Iraq.

Here are some earlier quotes from high U.S. officials on the strength and duration of the U.S. troop commitment in Iraq.

President Bush, November 2005 - "As Iraqi forces gain experience and the political process advances, we will be able to decrease our troop level in Iraq without losing our capability to defeat the terrorists. ... Setting an artificial deadline to withdraw would vindicate the terrorist tactics of beheadings and suicide bombings and mass murder and invite new attacks on America."

Donald Rumsfeld, Secretary of Defense, August 2006 - "We can persevere in Iraq or we can withdraw prematurely, until they force us to make a stand nearer home. ... Decisions about conditions for a drawdown of our forces in Iraq are best based on the recommendations of the commanders in the field."

Sen. John McCain, R-Ariz., June 2005 - "The worst thing we could do would be set a time or date of withdrawal of U.S. troops until the Iraqi military is able to take over those responsibilities of ensuring the security and safety of the Iraqi people as they transition to democracy."

Sen. Joseph Biden, D-Del., ranking Democrat on the Senate Foreign Relations Committee, advocate of a phased redeployment of U.S. troops this year, withdrawing most of them by the end of the year 2007. "We would need to maintain, in my view, a small follow-on force to keep the neighbors honest, strike at concentrations of terrorists and train Iraqi security forces."

Gen. Erik Shinseki, former Army Chief of Staff, February 2003 - "Something on the order of several hundred thousand soldiers are probably, you know, a figure that would be required" to win in Iraq, rebuild it and keep the peace.

Kerry Defends Troop Withdrawal Proposal In Las Vegas (BOS)

The Boston Globe, October 12, 2006

LAS VEGAS --U.S. Sen. John Kerry on Wednesday called the Bush administration's Iraq policy a "stand-still-and-lose strategy," and defended his proposal to set a deadline for troop withdrawal.

"Every time President Bush tells the Iraqis we will 'stay as long as it takes,' he is giving squabbling politicians there an excuse to take as long as they want," the Massachusetts senator said in a statement released while campaigning for Nevada candidates. "At each step along the way, the Iraqi leaders have responded only to deadlines."

Kerry was responding to comments Bush made earlier in the day in which the president described the senator's deadline proposal as a "cut and run" approach.

Bush said at a White House news conference, "when you pull out before the job is done, that's cut and run, as far as I'm concerned. And that's cut and run as far as most Americans are concerned."

Kerry and Sen. Russ Feingold, D-Wis., have proposed a July 2007 date for withdrawal of troops from Baghdad.

"We must refocus our military efforts from the failed occupation of Iraq to what we should have been doing all along: tracking down and killing members of al Qaida," Kerry said in a statement.

Sacrifice Of The Few (NYT)

By Bob Herbert

The New York Times, October 12, 2006

Clarksville, Tenn.

Sgt. Mike Krause remembers the time, not too long ago, when he came home on a brief leave from Iraq. He was walking through an airport, in uniform, and other passengers, spotting him, began to applaud.

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"It was awesome," he said. "They were cheering and clapping. It was great. But you know what? I said to myself, 'That guy's flying to Toledo on a business trip. This lady over here is flying off on vacation. Their lives are normal. But soon I'll be getting on a plane to go back to the most abnormal place on earth.' "

Just how abnormal is made explicit when the sergeant, just 24 years old, describes the worst task he had to perform in Iraq. He spoke hesitantly. "You'll excuse me," he said. "This is not easy to talk about. Part of our job, our duty, was that we loaded, you know, bodies. We were in charge of the airfield, and we would load these heroes into the aircraft.

"My platoon sergeant had a policy. He didn't want lower-ranking soldiers involved. He told us, 'I don't want privates doing this. You guys are going to carry this with you, whether you realize it or not, for the rest of your lives. If I can protect the privates, I will.'

"I don't know if I could ever explain what that was really like. I loaded those guys — and I know all their names — onto a plane. And you don't know how heavy a guy in a body bag can be. It's not just his weight. He may be 180 pounds, but it's a lot more than just a 180-pound guy. You're loading his entire life."

Sergeant Krause, who served with the Army's 101st Airborne Division, lives in a quiet middle-class subdivision not far from Fort Campbell, which is on the Tennessee-Kentucky border. Sprawled in his living room in jeans and a polo shirt, he seems happy. He's safely home after serving three nerve-racking combat tours — one in Afghanistan and two yearlong tours in Iraq. He's engaged to be married and will receive a degree soon from nearby Austin Peay State University. His commitment to the military, which he made while still in high school in Huntsville, Ala., will end in a few months.

But there is a definite edge in his voice, an undercurrent of bitterness, when he talks about the tiny percentage of the American population that is shouldering the burden of the wars in Iraq and Afghanistan. "We're nowhere close to sharing the sacrifice," he said. "And it should be shared, because it's only in that sharing that society will truly care about what's going on over there.

"Right now it's such a small minority of families who have a stake in all of this. I hear people say things like, 'We lost a lot of good people over there.' I sort of snap around and say, 'We? You didn't lose anybody.' You know what I mean?"

While most Americans are free to go about their daily business, unaffected by the wars in any way, scores of thousands of troops have been sent off on repeat tours into the combat zones. According to the support group Iraq and Afghanistan Veterans of America, two-thirds of the 92,000 Army troops deployed since the beginning of this year are on at least their second deployment.

Many soldiers, like Sergeant Krause, have served three or four tours. There is no way for a nation as big and as rich and as healthy as the U.S. to justify the imposition of such a tragic and heavy load on the backs of so few.

Sergeant Krause showed me a photo of a soldier who he thought would become his brother-in-law, a 23-year-old West Point graduate named Dennis Zilinski. He was killed last November, along with four other American soldiers in a roadside bomb attack near Bayji, Iraq.

Sergeant Krause said that witnessing the profound grief of Lt. Zilinski's mother and fiancée "drove home" the real meaning of wartime sacrifice.

Sergeant Krause is proud of his service and still loves the military. "But we're a nation at war," he said, "and we should all be in this together."

He said that if he could wave a magic wand, he would make some form of public service compulsory. "You wouldn't have to join the military," he said. "But there are many other ways to serve. You could work for AmeriCorps, or the Red Cross, or Homeland Security. You could do something. It's about social responsibility. Especially in a time of war."

Top U.S. Officer In Iraq Sees Spike In Violence (NYT)

By David S. Cloud

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — The senior American commander in Iraq said Wednesday that violence in Baghdad had reached its highest levels in recent weeks, despite the assignment of thousands more American and Iraqi troops to the capital in August.

The comments, by Gen. George W. Casey Jr. at a Pentagon briefing with reporters, came as President Bush, at a Rose Garden news conference, said he was open to modifying strategy in Iraq if military commanders determined that a new approach was required.

Mr. Bush met with General Casey earlier in the day.

General Casey suggested at the briefing that broad changes were not necessary, though he added, "We constantly review our strategy."

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Mr. Bush was responding to questions about comments from, among others, Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, and James A. Baker III, a former secretary of state and co-chairman of a bipartisan panel reviewing Iraq policy, both of whom have said some new approach may be needed.

"Stay the course means keep doing what you're doing," Mr. Bush said. "My attitude is, don't do what you're doing if it's not working — change. Stay the course also means, don't leave before the job is done. We're going to get the job done in Iraq."

General Casey said that the redeployment of troops to Baghdad in August had initially reduced the number of killings and bombings but that attacks had gone back up recently.

"The levels of violence over the last few weeks are as high as they have been," he said.

"It's going to go back down," he added, but "it's not going to be something that we're going to get done quickly."

Even so, he added, the broad American strategy of trying to contain violence while training Iraqi troops to step in "is still a valid framework."

He called it an "open question" whether more troops were needed, but said that for now, he was not requesting that.

The surge in violence in Baghdad led General Casey to abandon plans over the summer to reduce forces substantially by the end of the year — an example, he said, of his willingness to shift strategy if required.

There are about 141,000 American soldiers in Iraq, more than at any time since January.

The Army is planning for the possibility that it may have to keep that number of troops in Iraq for four more years, Gen. Peter J. Schoomaker, the Army chief of staff, said Wednesday at a roundtable session with reporters.

"This is not a prediction that things are going poorly or better," he said. "It's just that I have to have enough ammo in the magazine that I can continue to shoot as long as they want us to continue to shoot."

General Schoomaker noted that while current Pentagon strategy called for the Army to be able to deploy 19 combat brigades at any one time, it was currently providing the equivalent of 23 brigades around the world, including 15 in Iraq. To keep at the current pace of deployment in coming years, he said, the Army would need "assured access" to the National Guard, large segments of which have been mobilized.

Some military experts said it might be necessary for President Bush to mobilize units that have already gone to Iraq and Afghanistan, or to loosen restrictions that prevent Guard units from being mobilized more than 24 months in a row.

But Mr. Bush is unlikely to take such steps before Congressional elections next month.

Appearing with General Casey on Wednesday, Defense Secretary Donald H. Rumsfeld acknowledged that he was examining ways of maintaining the current pace of deployments in Iraq.

"The options we have are numerous," he said, "and what we have to do is decide, if we are asked to do something."

President Bush and General Casey both took issue with a study released Wednesday by American and Iraqi public health researchers who estimated that 600,000 civilians had died in violence since the American-led invasion in 2003. The estimate was extrapolated from a survey of Iraqi households.

"I don't consider it a credible report, neither does General Casey and neither do Iraqi officials," Mr. Bush said.

General Casey said the estimate "seems way, way beyond any number that I have seen."

"I've not seen a number higher than 50,000," the general said, "and so I don't give it that much credibility at all."

'Tough' Time In Iraq To Continue, Casey Says (WP)

By Josh White And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, October 12, 2006

Violence in the Baghdad region has peaked with a flare-up of sectarian attacks in the past few weeks, leaving U.S. commanders and the Iraqi government "not comfortable" with the current situation there, Gen. George W. Casey, the top U.S. general in Iraq, said yesterday.

Casey, in Washington for regular meetings with top U.S. officials, said at a Pentagon news conference that Iraq is a "tough situation" and that he expects it to continue to be difficult through Ramadan and in coming months, as Sunni and Shiite extremists vie for control of that nation's capital.

"I think it's no surprise to anyone that the situation in Iraq remains difficult and complex," Casey said.

The general tempered his assessment of the Baghdad area by saying that progress exists in Iraq alongside the attention-grabbing violence. Much of the country is relatively peaceful, Casey said, and U.S. goals for the development of Iraqi security forces are on track.

He said the current approach of bringing the level of the insurgency down as Iraqi forces stand up is still "a valid framework for what we're doing in Iraq," and he was dismissive of a wholesale strategic change, as some members of Congress have recently suggested.

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Casey said there are no plans to boost the number of U.S. troops in Iraq in the near term, but he said that if he needs more, he'll ask.

"It's a tough nut: Whether or not bringing in more troops . . . will have a significant long-term impact on the violence," Casey said. "There's no question [that] locally, more troops will have some affect on the levels of violence, but whether more U.S. troops for a sustained period will get us where we're going faster is an open question."

Earlier, Gen. Peter J. Schoomaker, the Army's chief of staff, told reporters at the Pentagon that he plans to be able to provide enough troops to maintain the current level in Iraq through 2010. There are about 140,000 U.S. soldiers there.

"I don't think you should read too much into this," he said, cautioning that "this is not a prediction," but rather an attempt to be prepared for any contingency. The Army provides troops to field commanders, who determine their troop requirements in consultation with the defense secretary and the White House.

Casey and Defense Secretary Donald H. Rumsfeld met with President Bush yesterday. Casey said he believes the ongoing wave of violence in Baghdad is intensified by the holiday period and the inability of the newly created Iraqi government to handle such a volatile situation. Casey said that although he believes there has been progress on the security front, "this is going to be a long-term process."

Rumsfeld declined to speculate on plans for troop levels or how the U.S. military services might supply troops for a lengthy stay in Iraq, saying that he is evaluating a series of briefings on the matter.

"We're looking around corners, up ahead, and asking ourselves how we would do things," Rumsfeld said.

In his meeting with reporters, Schoomaker, the Army chief, also elaborated on comments made Tuesday at an Army convention that public support for the military is "tepid."

The U.S. public respects the military, he said, but lacks an understanding of how dangerous the world has become and so isn't funding the military adequately, he said. "This is about what's good for America in the strategic environment we're in. . . . I think this is America's choice."

He also insisted that while he strongly desires a sharp increase in spending on the Army, he hasn't threatened to quit over the issue, as has been rumored. "I've never discussed early departure with anybody," he said. "It's not useful to walk around here threatening anybody."

Schoomaker is expected to retire in the next 12 months. Pentagon insiders expect Casey to succeed him.

‘All-time High' In Baghdad Violence (USAT)

By Rick Jervis

USA Today, October 12, 2006

BAGHDAD — The number of sectarian killings each month in Baghdad has more than tripled since February, and the violence has not slowed despite a major offensive in the capital.

Death squads killed 1,450 people in September, up from 450 in February, according to U.S. military statistics. In the first 10 days of October, death squads have killed about 770 Iraqis.

The increase in death squad killings reflects the level of religious warfare that is now the largest threat to security in Iraq.

Lt. Col. Christopher Garver, a military spokesman, acknowledged violence in Baghdad is at an “all-time high” and said U.S. commanders, in coordination with their Iraqi counterparts, are continuing to adjust the security plan to try to reduce the violence. “We've been working to keep it peaceful, and we've been frustrated that the extremists keep perpetuating the number of attacks,” Garver said.

U.S. forces are also caught in the violence. At least 37 American troops have been killed in combat this month, about half of them in or around Baghdad, where Iraqi and U.S. forces are attempting to loosen the grip of armed militias. The weekly average of U.S. deaths since President Bush declared the end of major combat operations in May 2003 has been about 14.

Sectarian violence grew after the February bombing of a sacred Shiite mosque in Samarra. Gen. George Casey, the top-ranking U.S. officer in Iraq, said the conflict was changing from an insurgency against U.S. forces to a struggle among Iraqis.

The civil unrest has placed U.S. troops in a difficult position. In a seven-day period last week, troops from the Army's 1st Battalion, 23rd Infantry Regiment in northwest Baghdad investigated 40 sectarian killings and collected 57 bodies, many of them mutilated or bearing signs of torture, said Sgt. Jeff Nelson, an intelligence analyst with the unit. “We're finding bodies everywhere out here,” he said. The troops haven't caught any suspects in the deaths, Nelson said.

The U.S. military this summer established an extrajudicial killings task force to share evidence and leads with Iraqi investigators.

The violence, which has pitted Sunni and Shiite Muslims against each other and spawned neighborhood gangs, has escalated despite the presence of more than 60,000 U.S. and Iraqi forces in the capital.

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In the worst months this year, sectarian killings averaged about 47 a day, according to the military statistics. So far this month, sectarian assassinations have claimed an average of 77 lives a day. The monthly numbers were rounded before being released and include assassinations and revenge killings but not victims of car bombs or suicide bomb attacks.

In Washington, Bush said, "The violence is being caused by a combination of terrorists, elements of former regime criminals and sectarian militias."

Bush also dismissed a study released this week that indicated that more than 600,000 Iraqi civilians have died in all types of violence since 2003. "I don't consider it a credible report," he said.

2,660 Iraq Civilians Killed In September (AP)

By Qassim Abdul-Zahra And Lee Keath, Associated Press Writers

AP, October 12, 2006

More than 2,660 Iraqi civilians were killed in Baghdad in September, according to new Health Ministry figures — 400 more than the month before despite an intensified U.S.-Iraqi sweep aimed at reining in violence.

The numbers indicate how tough the vital battle to secure Baghdad has proven amid a wave of bloodshed this year, not only from Sunni Arab insurgents but also from Shiite and Sunni death squads who kidnap and kill members of the opposing sect.

So far, October has brought no relief. A U.S. soldier died Wednesday from a roadside bomb while patrolling in Baghdad. That brought to 40 the number of Americans killed across Iraq the past 11 days — a pace not seen since the U.S. attack on the insurgent stronghold of Fallujah in November 2004.

Three car bombs in different parts of Baghdad and attacks elsewhere in the country killed at least 14 Iraqis on Wednesday. Bodies of 11 suspected victims of sectarian slayings were found around the southern city of Kut, while police in the northern city of Mosul discovered the beheaded corpse of a priest.

No cumulative figures for Iraqi deaths in October have been released. But several times this month, police have reported finding 50 to 60 bodies dumped around Baghdad over a 24-hour period, suggesting the bloodshed has not waned.

The Health Ministry figures emerged as a controversial new study claimed the Iraqi death toll in the war since the U.S.-led invasion in March 2003 is vastly higher than believed. The study, to be published Thursday by the British medical journal The Lancet, said more than 600,000 had been killed, more than 10 times most estimates.

President Bush dismissed the number as "not credible," and the Iraqi government called it "inflated" and "far from reality."

The wave of killings in Iraq this year has prompted U.S. officials to warn of a change in American policy unless Prime Minister Nouri al-Maliki's government shows within a few months that it can rein in militias blamed for sectarian violence.

Since Aug. 7, thousands of U.S. and Iraqi soldiers have been pursuing Operation Together Forward in Baghdad, moving from district to district and searching building by building to clear out weapons and hunt down militiamen and insurgents. They have seized more than 1,700 weapons and arrested more than 120 people. They have also staged raids on prominent militia figures.

But the numbers from the Iraqi Health Ministry suggested that by the end of September, the sweep had yet to slow the bloodshed.

A total of 2,667 civilians in Baghdad died violent deaths during September, two senior Health Ministry officials told The Associated Press this week, based on an official monthly report from the ministry to the Cabinet.

By comparison, 2,222 people died violently in August in Baghdad, according to a U.N. report published in September, which was also based on official statistics from the Health Ministry.

The two ministry officials said the U.N. number was accurate. They spoke on condition of anonymity because the government has issued orders that the death figures not be released.

The monthly figures include two categories: the number of bodies taken in at the city morgue to determine the cause of death and the number of violent deaths reported by hospitals.

Hospitals reported 1,196 fatalities from explosions, shootings and other attacks in September, and the morgue listed 1,471 people who died from violence.

Shiite and Sunni death squads are known to kidnap their victims, then dump their bodies — often bound and tortured. So many of the morgue's bodies were likely from sectarian killings, though they also would include victims of criminal kidnappings and murders.

Sectarian violence was sparked by the February bombing of a Shiite shrine in Samarra, north of Baghdad. Shiites, a chief target in three years of Sunni insurgent attacks, responded with attacks on Sunnis, starting a cycle of reprisal killings.

The deadliest month was July, when 3,590 people were killed across the country, according to the U.N. The number killed countrywide fell in August to 3,009, which the U.N. said could be attributable to Operation Together Forward.

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U.S. troops have taken a heavy blow in the growing violence. In September, 71 Americans were killed — 28 in Baghdad — the second deadliest month this year after April, when 76 died. The number of U.S. wounded in September was 776, the highest since the Fallujah siege.

On Tuesday, militiamen struck back at U.S. troops, firing four mortar rounds at a base in southern Baghdad, hitting an ammunition dump. The resulting fire set off tank and artillery shells that exploded throughout the night, though there were no injuries.

The Islamic Army in Iraq, a Sunni insurgent group, claimed responsibility for the attack in a statement posted on the Internet.

"With the help of God, the mortar and rocket squads of the Islamic Army have shelled a U.S. Army base with two rockets and three mortar shells," said the statement posted on a Web site known to be used by insurgents.

The same Web site aired a 4-minute video later Wednesday showing huge balls of flames stretching into the sky, and a cloud of gray smoke billowing from the site. The sound of explosions is faintly audible on the video, and the tape appeared to be shot from a distance of at least several hundred meters. The footage was stamped with the emblem of the Islamic Army in Iraq. The authenticity of the statement and video could not be verified.

Iraq's Shiite-led parliament on Wednesday pushed through a law allowing the formation of federal regions despite Sunni Arab objections that will splinter the country and fuel sectarian violence.

Many in Iraq's Shiite majority want to form an autonomous region in their heartland of southern Iraq, mirroring the Kurdish self-rule area already in place in the north. Shiites defend a decentralized federal system as the only way to ensure Iraq's communities can live together in peace.

The constitution, passed in a referendum last year over overwhelming opposition from the Sunni Arab minority, enshrines federalism.

Sunnis, however, fear the new law will create sectarian mini-states, giving Shiites and Kurds control of the oil wealth of the south and north and leaving Sunnis in an impoverished central zone.

Critics also warn that moves toward federalism could push Sunnis to more violence in trying to stop it.

The new law says autonomous regions cannot be formed for another 18 months, a concession to Sunnis. But the Sunni Arab coalition and two Shiite parties that also oppose the measure tried to prevent a vote by boycotting the session in an unsuccessful effort to keep the 275-seat body from reaching the necessary 50 percent quorum.

"This is the beginning of the plan to divide Iraq," said Adnan al-Dulaimi, leader of the Sunni National Accordance Front. "We had hoped that the problems of sectarian violence be resolved. We hope there won't be an increase in violence."

Insurgents Cause Ammo Explosions (LAT)

By Borzou Daragahi

The Los Angeles Times, October 12, 2006

BAGHDAD — Insurgents fired a mortar round at a U.S. military base that struck an ammunition supply depot, sparking a series of explosions that shook much of the capital Tuesday night and a massive fire that continued to smolder into the morning, the U.S. military said today.

Meanwhile shootings, bombings and rockets left at least 20 Iraqis dead and 46 injured today around the country. According to a controversial public health study published in the medical journal Lancet this week, more than 600,000 Iraqis have died violently since the 2003 U.S.-led invasion, more than 10 times the number obtained by canvassing Iraqi hospitals, morgues and government offices for death statistics.

Deposed Iraqi President Saddam Hussein and other defendants today returned to a special Baghdad courtroom to hear witness testimony, in which the former Iraqi regime is accused of orchestrating the mass murder of tens of thousands of Iraqi Kurds during the late 1980s campaign dubbed Anfal.

Tuesday night's earth-shaking explosions, which caused no casualties, sent shock waves across southern and central Baghdad shortly after 11 p.m. Fireballs and plumes of smoke could be seen rising hundreds of feet into the night sky from the area in southwestern Baghdad where Camp Falcon is located.

Arab-language television reported that the Islamic Army in Iraq, a Sunni Arab insurgent group, claimed responsibility for the attack, which ignited a tank, artillery and small-arms ammunition at the base.

"Intelligence indicates that civilians aligned with a militia organization were responsible for last night's mortar attack," Lt. Col Jonathan Withington, a U.S. military spokesman, said in a news release.

U.S., British and Iraqi military bases frequently draw of mortar and rocket fire that rarely inflict casualties, but frays nerves and diverts resources from peacekeeping and combat operations.

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Multiple rockets and mortars struck near a British military base and a police station in the southern city of Basra on Tuesday. The same day, insurgents launched mortar and rocket attacks on three Iraqi army bases in the northern city of Kirkuk and another base in the southern city of Kut.

Tuesday night's attack south of Baghdad put the base on full alert, with helicopters and unmanned aerial drones launched to locate the mortar position. Firefighters and waste disposal experts continued to douse the fire today.

The ongoing trial of Hussein, disrupted Tuesday when the judge ejected Hussein and the six other defendants from the courtroom, resumed quietly today.

Judge Mohammed Orabi Khalefa opened the trial cordially, asking defendants to behave respectfully toward the alleged victims testifying in the trial.

Hussein politely protested the judge's decisions to cut off the broadcast of the trial sound at certain junctures and force him to stand up when he addresses the court.

"When the defendants speak you switch off the broadcast," he told the judge. "Is that fair?"

Uribe held firm.

"The microphone is for any legal argument but getting into political issues, this is not allowed," he said.

One of the complainants, who told the courtroom of how his village was destroyed and three of his siblings disappeared during the Anfal campaign, produced a document he said that showed 18 women, including 14 of his cousins, were sold to Egyptian nightclubs by Hussein's intelligence services.

But defendants strenuously objected. He apparently got the information from a Kurdish newspaper. The complainant, 50-year-old Abdul Khader Aziz, refused to answer when asked about his service in the Kurdish peshmerga militia and membership in the Communist Party.

Iraq Death Toll Study Has Mixed Reaction (AP)

By Malcolm Ritter

AP, October 12, 2006

President Bush says he doesn't believe it. Some experts have a problem with it. But several others say it seems sound. Such was the varied reception for a controversial new study that estimated the Iraq war has led to the deaths of nearly 655,000 Iraqis as of July.

Researchers from Johns Hopkins University in Baltimore and the Al Mustansiriya University in Baghdad derived that estimate from a door-to-door survey, conducted by doctors, of 1,849 households in Iraq. Taking the number of deaths reported by household residents, they extrapolated to a nationwide figure.

The researchers, reflecting the inherent uncertainties in such extrapolations, said they were 95 percent certain that the real number lay somewhere between 392,979 and 942,636 deaths.

Even the smaller figure is almost eight times the estimate some others have derived.

The new study — which attributes roughly 600,000 of the deaths directly to violence and 55,000 more to other war-related causes — was released Wednesday on the Web site of The Lancet, a respected medical journal. But just how good is its conclusions?

"I don't consider it a credible report," President Bush said Wednesday.

Neither does Gen. George W. Casey, the top American military commander in Iraq.

"That 650,000 number seems way, way beyond any number that I have seen," Casey said. "I've not seen a number higher than 50,000. And so I don't give it that much credibility at all."

And neither does Michael E. O'Hanlon of the Brookings Institution, which also tracks Iraqi deaths.

"I do not believe the new numbers. I think they're way off," he said.

Other research methods on the ground, like body counts, forensic analysis and taking eyewitness reports, have produced numbers only about one-tenth as high, he said. "I have a hard time seeing how all the direct evidence could be that far off ... therefore I think the survey data is probably what's wrong."

However, several biostatisticians and survey experts were supportive of the work.

"Given the conditions (in Iraq), it's actually quite a remarkable effort," said Steve Heeringa, director of the statistical design group at the Institute for Social Research at the University of Michigan.

"I can't imagine them doing much more in a much more rigorous fashion."

He said the study made "minor departures" from the standards generally used in national surveys for choosing what households to interview. Whether those departures, brought on by wartime conditions in Iraq, introduced a bias in the results is impossible to measure from the data alone, he said.

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Frank Harrell Jr., chair of the biostatistics department at Vanderbilt University, called the study design solid and said it included "rigorous, well-justified analysis of the data."

And Richard Brennan, head of health programs at the New York-Based International Rescue Committee, said the study's survey approach was typical.

"This is the most practical and appropriate methodology for sampling that we have in humanitarian conflict zones," said Brennan, whose group has conducted similar projects in Kosovo, Uganda and Congo.

"While the results of this survey may startle people, it's hard to argue with the methodology at this point."

Donald Berry, chairman of the statistics department at the University of Texas' M.D. Anderson Cancer Center in Houston, said he believes the study was done "in a reasonable way." But he said the range of uncertainty given for the estimates was much too narrow, because of potential statistical biases in the survey.

While it's impossible to calculate a better range that accounts for that, he said, it wouldn't be surprising if the low end dropped about four-fold to 100,000 deaths. A wider range of uncertainty would make the 655,000 figure less meaningful, he said.

Meanwhile, one of the study's authors said he's confident in the work's conclusions.

If the estimate seems high, it's because the door-to-door survey turned up deaths that are typically overlooked when sought by other means in wartime situations, said Les Roberts, who was with Johns Hopkins when he co-authored the study but has just taken a post at Columbia University.

As for extrapolating a nationwide figure from the sample of the few hundred deaths actually reported, "almost every statistic you've ever heard about health in America comes from a sample," Roberts said. "It may not be extremely precise, but at least it gets us in the right ballpark."

Iraq Disputes Claim Of 600,000 War Dead (LAT)

By Borzou Daragahi

The Los Angeles Times, October 12, 2006

BAGHDAD — The Iraqi government on Wednesday condemned as "exaggerated" a controversial public health study concluding that more than 600,000 Iraqis have died violently since the toppling of Saddam Hussein's regime in 2003.

The statement came as shootings, bombings and rockets left at least 25 Iraqis dead and 46 injured around the country. The bodies of 40 people slain execution-style also were found in the capital, part of the surge in sectarian and insurgent strife that is killing an average of 100 a day, according to the United Nations.

A U.S. soldier also died early Wednesday from wounds suffered when his vehicle was hit in a roadside bombing.

The violence has undermined trust in the Shiite Muslim-led government, which was elected in December with a mandate to restore security. Though deaths of civilians have mounted, government spokesman Ali Dabbagh condemned as inaccurate the findings of U.S. and Iraqi public health researchers that were published this week in the medical journal Lancet.

"We affirm that these numbers are far from the truth and the Iraqi government is making efforts to protect the Iraqi citizen from forces of terror," Dabbagh said in a release.

The study found that, with 95% certainty, 426,369 to 793,663 Iraqis had died violently since the U.S.-led invasion in March 2003, with 601,027 statistically the most probable death toll. Those figures are many times higher than other reported estimates, including the figure of 50,000 reached by The Times in June after a weeks-long canvassing of Iraqi hospitals, morgues and government offices for death statistics.

On Wednesday, the Iraqi Health Ministry reported that more than 2,660 civilians had been killed in Baghdad in September, Associated Press reported. The toll was about 400 higher than in August, despite an intensified U.S.-Iraqi sweep aimed at reining in the violence.

The U.S. military on Wednesday reported that a mortar attack by insurgents caused a fire at a U.S. ammunition supply depot and sparked a series of explosions that shook much of the capital Tuesday night.

Arab-language television reported that the Islamic Army in Iraq, a Sunni Arab insurgent group, had claimed responsibility for the attack. The mortar shell ignited a fire that set off ammunition at Forward Operating Base Falcon in southern Baghdad.

"Intelligence indicates that civilians aligned with a militia organization were responsible for last night's mortar attack," military spokesman Army Lt. Col. Jonathan Withington said in a news release.

U.S., British and Iraqi military bases frequently draw mortar and rocket fire, which, though rarely inflicting casualties, frays nerves and diverts resources from peacekeeping and combat operations.

Amid the continuing violence, the dominant Shiites and Kurds overruled Sunnis and nationalist Shiites in parliament and narrowly passed a law Wednesday that allows for creation of self-ruled federal regions in Iraq, beginning in 18 months.

Many Shiites want to form an area in the south similar to the Kurdish region in the north, but Sunnis fear the move will lead to autonomous states in the north and south that control Iraq's oil wealth, excluding the central Sunni area.

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Deposed Iraqi President Saddam Hussein and six codefendants returned to a Baghdad courtroom Wednesday to hear witness testimony. They are accused of orchestrating the killings of tens of thousands of Iraqi Kurds during a late-1980s campaign dubbed Anfal, or "spoils of war."

After ejecting the defendants from the courtroom Tuesday, chief Judge Mohammed Orabi Khalefa opened Wednesday's session cordially, asking them to behave respectfully toward the alleged victims testifying.

Hussein politely protested the judge's decisions to cut off the broadcast of the trial at certain junctures and force him to stand when he addressed the court.

"When the defendants speak, you switch off the broadcast," he told the judge. "Is that fair?"

The judge held firm.

"The microphone is for any legal argument, but getting into political issues, this is not allowed," he said.

One witness told the courtroom that his village was destroyed and three of his siblings disappeared during the Anfal campaign. Abdul Khader Aziz, 50, also produced a document he said showed that 18 women, including 14 of his cousins, were sold to Egyptian nightclubs by Hussein's intelligence services.

But defendants strenuously objected that he had gotten the information from a Kurdish newspaper. Aziz refused to answer when asked about service in the Kurdish peshmerga militia that battled Hussein's regime and about membership in the Communist Party.

The trial is to resume Tuesday.

In Victory For Shiite Leader, Iraqi Parliament Approves Creating Autonomous Regions (NYT)

By Kirk Semple

The New York Times, October 12, 2006

BAGHDAD, Oct. 11 — Iraq's Shiite-dominated Parliament approved a law on Wednesday enabling provinces to unite to form autonomous regions, in spite of vehement opposition by Sunni Arab leaders who said it could splinter the republic and disadvantage the minority Sunni population.

The vote was a resounding victory for Abdul Aziz al-Hakim, leader of the dominant Shiite bloc, who wants to form an autonomous state from nine predominantly Shiite provinces of southern Iraq, a region that includes much of the nation's oil and other natural resources.

Mr. Hakim cast the result as a victory for democracy. "The road is open for all the Iraqi people to form any region they want, and it is up to the Iraqi people basically to decide this issue," he said.

The American military revealed on Wednesday that a spectacular series of explosions in a munitions depot on an American base here late Tuesday was caused by an 82-millimeter mortar fired by insurgents. The attack destroyed much of the stockpile, shut down most operations on the base and grounded a few battalions, compelling the military to move troops from elsewhere in Baghdad to cover the units' patrol areas.

The right to form semi-independent regions was guaranteed in the Iraqi Constitution, which voters approved a year ago. The law passed Wednesday merely defined the mechanisms of the process.

The law allows provinces to hold referendums on whether to merge into larger states, but it imposes an 18-month moratorium on the process. Consent by a third of a province's governing council or a tenth of its electorate can prompt a referendum, which would then require approval by a majority of voters to pass.

The Sunni Arab blocs and some Shiite and secular legislators, who had united last month to block the legislation, boycotted the session on Wednesday in an unsuccessful effort to prevent a quorum. But 140 of the 275 members attended and voted unanimously for the bill, The Associate Press reported.

Sunni Arab leaders fear that any plan to divide Iraq into regions would eventually shift control of its oil wealth to the Kurds in the north and the Shiites in the south, leaving them with the relatively barren central and western regions. The Kurds already have an autonomous region, but hope to expand it.

"We had our objections, and when they were disregarded, we found that the best way to deal with that was to boycott the session," said Salman al-Jumaili, a legislator from the Iraqi Consensus Front, the largest Sunni bloc. "We believe that implementing this law in its present form will be a prescription for dividing Iraq."

In the governing Shiite coalition, which remains divided on the issue, legislators loyal to the Shiite cleric Moktada al-Sadr, an ardent nationalist, have demanded that any discussion of federalism proceed only after American forces have left Iraq.

Members of the Fadhila Party, a Shiite group wary of Mr. Hakim's power, had opposed the law because it did not include clauses to prevent the formation of one huge federation across southern Iraq.

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The mortar attack on Forward Operating Base Falcon, on the southern fringes of Baghdad was conducted by "civilians aligned with a militia organization," an American military statement said. The insurgents fired four 82-millimeter rounds at the base and one struck the ordnance supply, igniting tank, artillery and small-arms ammunition, officials said.

Powerful explosions continued for several hours, spraying huge chunks of jagged shrapnel across the base, destroying trailers, breaking windows, knocking doors off their hinges and shaking buildings across the capital, where alarmed residents were reminded of overnight aerial bombardments that signaled the start of the American-led invasion in 2003.

Three people were lightly wounded, all servicemen on the base who quickly returned to duty, military officials said.

Troops were forced to remain indoors until bomb squads could begin clearing the base of live and exploded ordnance, officials said. In the meantime, armored Stryker units were scrambled to the area to cover the base's area of control, which includes the troubled Dora neighborhood.

The Islamic Army in Iraq, a nationalist insurgent group, took responsibility for the attack. "With the help of God, the mortar and rocket squads of the Islamic Army have shelled a U.S. Army base with two rockets and three mortar shells," the group said in a posting on a Web site used by insurgent groups, The Associated Press reported.

In other violence in Baghdad, at least 13 people were killed and dozens more were wounded in several attacks Wednesday, officials said. In the most deadly event, unidentified gunmen stormed a house in Dora, killing five members of a family and wounding two others, said an official at Yarmouk Hospital, where the bodies of the victims had been taken.

The American military announced Wednesday that three marines were killed Monday in an insurgent attack in Anbar Province, and an American soldier was killed Wednesday when an bomb exploded near his patrol in central Baghdad.

At least 41 American soldiers have been killed this month, according to Iraq Coalition Casualty Count, an independent Web site that tracks military deaths based on military news releases and media reports.

Parliament Approves Measure Allowing Autonomous Regions (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, October 12, 2006

BAGHDAD, Oct. 11 -- Parliament on Wednesday approved a controversial law that will allow Iraq to be carved into a federation of autonomous regions, after Sunni Arabs and some Shiite Muslims stormed out of the session in protest.

The bill passed the 275-member parliament by a vote of 141 to 0, despite a nearly successful attempt by opponents to prevent a quorum by walking out, said Mohanned Abdul Jabbar, an aide to parliament speaker Mahmoud al-Mashhadani.

The measure, introduced by a powerful Shiite group last month, creates a mechanism that many believe will lead to a predominantly Shiite zone in southern Iraq that would parallel the semiautonomous Kurdish region in the north. Sunnis vehemently oppose such a division, which would leave them with an area in central Iraq that lacks the vast oil wealth of the north and south.

Under a compromise worked out two weeks ago, the bill includes a provision that prevents the formation of federal regions for 18 months. In exchange for that delay and the creation of a panel to review the constitution, the Sunnis agreed to call off a boycott that had prevented the federalism bill from being introduced.

Although the principle of federalism is enshrined in the constitution, the law passed by parliament is the first to set up a system that will allow provinces in 2008 to merge into autonomous regions.

"This is a first step on a long road toward a new system of governance in Iraq," said Ridha Jawad Taqi, a legislator with the Supreme Council for the Islamic Revolution in Iraq, the Shiite political party that was the measure's strongest supporter. "It will be up to the residents of whatever province to submit a request and go through the system."

But opponents of the bill -- including not only Sunni Arabs but secular parties and the bloc of anti-American Shiite cleric Moqtada al-Sadr -- expressed fears that the federalism plan could increase sectarian tensions and push the country further toward civil war.

"This is the beginning of the plan to divide Iraq," said Adnan al-Dulaimi, leader of the National Accordance Front, a major Sunni bloc, according to the Associated Press. "We hope there won't be an increase in violence."

Nasaar al-Rubaie, a lawmaker from the Sadr bloc, said: "The present conditions are not conducive to establishing regions, because we lack a strong central government that can overrule the regions." In fact, he added, "the central authority is actually weakening instead of being solidified and strengthened."

Also on Wednesday, former electricity minister Aiham al-Sammarae was convicted of corruption and sentenced to two years in prison. Afterward, U.S. troops took custody of Sammarae, who holds dual Iraqi-American citizenship, because he feared being killed if he was placed in jail, said government spokesman Ali al-Dabbagh.

Dabbagh said that the Iraqi government had demanded his return and that the Americans agreed. "The government of Iraq expects that the Americans will respect Iraqi juridical authority," he said.

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Lou Fintor, a spokesman for the U.S. Embassy, said he could not comment because "federal privacy law prohibits us from releasing information concerning U.S. citizens in the absence of a Privacy Act waiver."

The U.S. military on Wednesday also announced the deaths of four troops, bringing the death toll for American forces this month to at least 40. The military said a soldier was killed Wednesday after his patrol was struck by a bomb in central Baghdad, and three Marines assigned to the 1st Brigade of the 1st Armored Division were killed Monday in Anbar province.

Special correspondent K.I. Ibrahim contributed to this report.

U.S. Agency Cites Flaws In Another Iraqi Construction Project (NYT)

By James Glanz

The New York Times, October 12, 2006

The American-financed rebuilding of an Iraqi police headquarters that was meant to show a new approach to reconstruction has instead turned out to be rife with shoddy construction and is exposing security forces to unnecessary risk, a federal oversight agency said yesterday.

The criticism has come in the midst of an intensive American push to train and equip a police force capable of restoring order to Iraq's increasingly violent streets.

The headquarters project, in the ethnically divided and volatile northern city of Mosul, is the second police-related contract to face harsh criticism recently. Two weeks ago, the same oversight agency told Congress of grotesque plumbing failures and other problems at a $72 million police college in Baghdad.

In the earlier project, most of the criticism was directed at Parsons, the American contractor hired by the United States Army Corps of Engineers to carry out the work with the help of Iraqi subcontractors. But this time, in a step the Army Corps has said will eliminate some of the construction problems, the work was contracted directly to a local Iraqi company.

But the Mosul police headquarters project, a $988,000 contract that was much smaller and presumably simpler than the earlier one, suffered some of the same troubles, according to a report released yesterday by the agency, the Special Inspector General for Iraq Reconstruction.

Brian M. Flynn, the assistant inspector general for inspections at the oversight agency, said there had been no plans to look into the headquarters, called One West, until an inspection team happened to be in Mosul and was approached by the Iraqi police.

The police "were so upset with the quality of construction that they asked us to inspect it while we were there," Mr. Flynn said.

Problems with the construction were not hard to find, the agency's report said. One part of the contract called for the construction of 10 showers, 12 toilets, 10 urinals, 10 sinks and a changing room at One West. Instead, just one shower and one toilet had been built, and there was no changing room. A tree in the spot where the construction took place was allowed to remain standing, and its trunk was cemented into the building's structure.

Numerous other plumbing and construction shortcomings turned up, an electrical generator was delivered but not installed and instead of installing fans in the guard houses, as called for in the contract, workers installed extra windows, leaving the guards exposed in a city where police stations have frequently been attacked.

The problems stemmed from a poor Iraqi contractor and a lack of inspection by Army engineers early in the project, said Stuart W. Bowen Jr., who runs the oversight agency.

"The issue is oversight," Mr. Bowen said. "Our experience is that where there is good oversight there are good projects."

Mr. Bowen cited a courthouse project in Baghdad on which the Army Corps of Engineers kept closer tabs; the inspectors declared it a success. The agency also released a report on that project yesterday.

Maj. Gen. William H. McCoy Jr., commander of the Army Corps' Gulf Region Division until his tenure ends early next week, called Mr. Bowen's findings on One West "on the mark." General McCoy said that for about six months after the project began, in September 2005, government overseers failed to monitor the Iraqi contractor or accurately report construction problems.

But General McCoy said the corps eventually discovered the problems and was taking steps to terminate the contract when the federal inspectors arrived on the scene. Half the contractor's payment was eventually withheld, he said, and much of the chain of command in charge of the corps' overseers was replaced.

"As a result," General McCoy said, "the performance of this office has greatly improved."

Afghanistan Five Years Later: Charting The Reconstruction (CSM)

The Christian Science Monitor, October 12, 2006

The United States and its coalition partners launched "Operation Enduring Freedom - Afghanistan" in October 2001 as a response to the attacks of Sept. 11. At the time of the invasion, Afghanistan was already a broken nation. Decades of war and

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austere fundamentalist rule had left the country with little in the way of industry, infrastructure, government institutions, or an educational system.

In the five years since the invasion, the coalition has worked to fill a gaping political vacuum in the face of growing challenges. Since 2001, poppy cultivation in Afghanistan has increased from 8,000 hectares to 165,000 hectares. But Afghanistan has also made strong democratic advances, and the education system has markedly improved. Since 1999, the percentage of Afghans enrolled in primary school rose from 25 percent to 93 percent. The road to democracy

Afghanistan's first democratically elected parliament in more than three decades of conflict convened on Dec. 19, 2005, the culmination of an international effort.

2001

Oct. 7: US and British military strikes launched on Afghanistan as the Taliban refuse US demands to hand over Osama bin Laden, blamed for the 9/11 attacks.

Dec. 22: Hamid Karzai, leader of one of the largest tribes in southern Afghanistan, is sworn in as head of a six-month, post-Taliban government following agreements reached in Bonn, Germany, including an interim powersharing arrangement, the creation of a new constitution, and presidential and parliamentary elections in 2004. The International Assistance Force in Afghanistan (ISAF) is established.

2002

April 18: Deposed Afghan monarch Mohammed Zahir Shah, 87 at the time, returns from 29 years' exile in Italy, escorted by Karzai, to oversee the loya jirga, Afghanistan's traditional grand assembly.

June 10: After a power struggle, Zahir Shah renounces claim as head of state and endorses Karzai.

June 13: Karzai elected for a two-year term by the the loya jirga.

July 6: Vice President Abdul Qadir is assassinated.

Sept. 5: Karzai survives assassination attempt in Kandahar.

October: A constitutional commission of 35 members is appointed to draft a constitution.

2003

Aug. 11: NATO assumes command of the ISAF, under leadership of Germany and the Netherlands at the time, the first NATO peacekeeping mission outside of the Euro-Atlantic area since NATO's creation in 1949.

December: Constitutional Loya Jirga delegates - 500 Afghan civic leaders - meet in Kabul to debate draft constitution.

2004

Jan. 4: The traditional grand assembly, the loya jirga, ratifies a new constitution proposing a presidential system of government with Afghanistan as an Islamic state.

July 9: Electoral commission announces that presidential elections will be on Oct. 9, but delays parliamentary polls until 2005.

Oct. 9: First post-Taliban presidential elections pass without major incident; more than 8.1 million Afghans participate.

Nov. 3: Karzai proclaimed winner with 55 percent of vote.

2005

March 17: Karzai announces delay in parliamentary polls until September.

July 12: Election officials say more than 5,800 candidates are eligible for the elections, more than 10 percent of them women. Later, several candidates are disqualified, mainly for links to armed factions.

Sept. 15: Taliban militants shoot dead an election candidate, the seventh to die in violence before the poll.

Sept. 18: More than 6.2 million Afghans vote in the first parliamentary elections since 1969.

Nov. 12: After a series of delays, election results are released confirming several seats for former regional warlords and some ex-Taliban.

Dec. 10: Karzai announces his choices for the remaining 34 seats in the upper house.

Dec. 16: Three days before parliament is due to open, a bomb explodes near the parliament building, killing an apparent suicide attacker and wounding two others.

Dec. 19: National Assembly inaugurated in Kabul; parliament convenes for the first time since 1973.

CORPORATE SCANDALS:

Options Scandal Snares Tech Chiefs (FT)

By Kevin Allison In San Francisco

Financial Times, October 12, 2006

DOJ_NMG_0079669

The chief executives of McAfee, the antivirus software maker, and CNET, an online publisher, quit on Wednesday over Silicon Valley's options backdating scandal.

Their departures are likely to increase fears that the apparently widespread practice could lead to a broader shake-up of senior leadership in the world's leading technology hotspot.

The resignations come a week after Apple Computer cleared Steve Jobs, its co-founder and chief executive, of wrongdoing over options backdating, even though he was aware of the practice in "a few instances".

Shares in McAfee rose 2.4 per cent after the company said it had appointed Dale Fuller, the former chief executive of Borland Software, to replace George Samenuk as chief executive.

Mr Samenuk said: "I regret that some of the stock options problems . . . occurred on my watch." His departure followed news that the company would be required to restate its earnings by $100m to $150m to account for improper backdating.

McAfee said it had ousted Kevin Weiss, president, who joined the company in 2002 and became president in March, several years after improper backdating at the company began.

Mr Fuller declined to elaborate, noting that shareholders would be able to "read everything . . . in excruciating detail" in filings.

Shares in CNET, owner of the technology news website, dropped 6.5 per cent after the company announced the departure of Shelby Bonnie, its co-founder, chairman and chief executive. He resigned after an internal probe found the group backdated some options grants between 1996 to "at least" 2003.

Mr Bonnie said he was "deeply disappointed" that backdating occurred under his leadership.

2 More Executives Resign Over Options (NYT)

By Laurie J. Flynn

The New York Times, October 12, 2006

SAN FRANCISCO, Oct. 11 — McAfee Inc. and CNet Networks both announced on Wednesday that their chief executives had stepped down, as casualties from investigations of stock option grants continued to mount.

The departures came as internal reports at both companies — which are also under investigation by federal regulators — revealed that accounting discrepancies might have inflated the value of stock options granted to executives. More than 100 public companies are the focus of similar inquiries, including dozens in Silicon Valley.

McAfee, a major seller of antivirus software, said George Samenuk, chief executive since 2001, had retired and that Kevin Weiss, the company's president, had been fired.

Dale L. Fuller, who joined McAfee's board in January, was named interim chief executive and president. Charles J. Robel, who joined the McAfee board in June, was named chairman.

"I regret that some of the stock option problems identified by the special committee occurred on my watch," Mr. Samenuk said in a statement, adding that he was stepping down "in the company's best interest."

In a conference call with Wall Street analysts on Wednesday, Mr. Fuller declined to provide details on Mr. Weiss's firing.

Shares of McAfee rose 85 cents, or 3.3 percent, to close at $26.64 on Wednesday. The company is trading well above its 52-week low of $19.52 reached in August.

Rumors have circulated on Wall Street recently that McAfee might be an acquisition target. Eugene Munster, an analyst with Piper Jaffray, said the departure of Mr. Samenuk made that possibility even more likely. "I believe McAfee now is going to get bought," he said. "The fact that it is a rudderless ship makes it a more attractive prospect."

Mr. Fuller, whose eight months on the McAfee board give him relatively little direct experience with the company, told analysts he was well prepared to run the company and had already begun meeting with McAfee's executive team. Mr. Fuller was chief executive of Borland Software for six years and also served as general manager of Apple Computer's Powerbook division.

McAfee, based in Santa Clara, Calif., said that as a result of the accounting problem it could have to restate as many as 10 years of financial records and take a charge of $100 million to $150 million.

In May, McAfee fired its general counsel, Kent Roberts, just days before it announced that it was being investigated by the Securities and Exchange Commission over its stock options.

Many of the recent options investigations have involved backdating, in which a company typically selects a grant date when its stock price was lower, increasing the value of the options for employees who sell them later for a higher price.

CNet, the online media company, announced Wednesday that Shelby W. Bonnie, a CNet cofounder who had led the company since 2000, resigned as chairman and chief executive. Neil M. Ashe, who joined CNet four years ago as head of corporate strategy and development, was named chief executive, while Jarl Mohn, a former television executive, was named chairman. Mr. Bonnie will remain on the CNet board.

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A special committee established by CNet's board in May found that in some instances option grants were backdated in the period from the company's initial public offering in 1996 to 2003. Mr. Bonnie, as well as three other former executives, bear responsibility, though none of them "engaged in intentional wrongdoing," a company statement said.

"I apologize for the option-related problems that happened under my leadership," Mr. Bonnie said in a statement. "I believe that the company has come a long way since 2003 in addressing these deficiencies, but am deeply disappointed it happened nonetheless."

As a result of having to restate previous financial results, CNet, based in San Francisco, also revised its outlook for the third quarter. The company now estimates revenue of $92.8 million, compared with previous estimates of $93 million to $96 million. For the full year, CNET expects revenue of $376 million to $386 million, down from a previous forecast of $386 million to $403 million.

CNet shares tumbled on the news, falling 76 cents, or 7.7 percent, to $9.14.

The developments at McAfee and CNet come just days after Monster Worldwide announced that its chairman and chief executive, Andrew McKelvey, had resigned, saying he was unable to devote enough time to the company's options investigation.

And last week, Apple Computer announced that Fred D. Anderson had resigned his post on Apple's board as a result of the company's investigation into the timing of stock option grants during his tenure as finance chief. A committee investigating Apple's accounting practices said last week that Steven P. Jobs, Apple's chief executive, had not benefited from stock option backdating.

Two former executives of Brocade Communications Systems are facing criminal charges related to the backdating of stock options.

Given the number of investigations under way, analysts say the options scandal is far from over. "I think ultimately you're going to see more C.E.O.'s resign over this," Mr. Munster of Piper Jaffray said.

Adobe Options Review

WASHINGTON, Oct. 11 (Dow Jones) — Adobe Systems, the design and software graphics company, said Wednesday that a review of its stock option granting processes found no improper grants to company executives. But the company said that some grants to employees were changed after their grant date.

The company had not previously disclosed that it was reviewing its option grants. The company said it would correct accounting errors related to the changed options.

As Companies Probe Backdating, More Top Officials Take A Fall (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, October 12, 2006

Five senior officers at two well-known Silicon Valley companies became the latest corporate casualties of the stock-options backdating scandal, adding to a toll that is likely to continue to rise as companies wrap up probes of their internal practices.

In the latest actions, Shelby Bonnie, founder and chief executive officer of Web publisher CNET Networks Inc., and George Samenuk, chairman and CEO of computer-security vendor McAfee Inc., stepped down following internal probes that found use of options backdating. So far, some two dozen executives or directors have been fired or suspended or have resigned amid options probes. Among them are top officials of Apple Computer Inc., Web-site operator Monster Worldwide Inc. and software maker Comverse Technology Inc., whose former CEO is facing extradition proceedings in Namibia.

Experts said more departures are likely. More than 100 companies are under investigation for options backdating, and scores of them are still conducting internal probes. Many would like to finish them in time to make disclosures during quarterly earnings reporting, which will be heavy in the next several weeks. The companies face pressure to finish because they may not be able to tally their earnings without knowing whether they will need to record charges for any improper options discovered by the probes.

WSJ's Charles Forelle discusses7 why so many executives are getting caught up in the options backdating scandal and whether more departures are likely.

Many companies have already said they won't meet securities-filing deadlines for the quarter, leaving them at risk of delisting, costly fights with bondholders entitled to timely financial statements, and potentially greater liability in any options-related civil actions by shareholders.

Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware, said he believes more people will lose their jobs. "It is a fundamental breach of trust to your investors," he said.

Backdating amounts to pretending that an option was granted earlier than it actually was, at a beneficial time when the share was trading at a low price. Since options entitle their recipients to profit from a rise in price, claiming the grant occurred at a time of low prices could give the recipient a running start to extra profit.

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At a minimum, backdating generally involves accounting and disclosure violations. It can also constitute fraud. U.S. attorneys in more than a half-dozen jurisdictions are probing at least 50 companies. Five former executives of two companies are facing federal criminal charges for their alleged participation in backdating schemes.

Firing an executive doesn't necessarily get a company off the hook with regulators or litigious shareholders, but can be held up as a sign of good faith. The actions at CNET and McAfee underscore how seriously some corporate boards are taking options manipulation. Taken with other recent dismissals, they are establishing a precedent that separating executives from the company is a prudent response to options problems.

Getting rid of someone can be a double-edged sword, though. "The SEC [Securities and Exchange Commission] and the Department of Justice expect crisp remedial measures, so termination of a wrongdoing executive typically helps the company in the eyes of those regulators," says Michael Young, a lawyer at Willkie Farr & Gallagher. "Unfortunately, it can hurt in the defense of subsequent class-action litigation to the extent that plaintiff's lawyers infer that the departed executive did something wrong."

The McAfee departures suggest also that some boards, guided by outside lawyers conducting the probes, are taking a stern view of responsibility. Mr. Samenuk joined McAfee in January 2001, long after manipulations there apparently started. President Kevin Weiss, whose firing was announced yesterday, joined the company in October 2002.

In a statement, Mr. Samenuk expressed "regret" that some of the problems "occurred on my watch." Mr. Weiss couldn't be reached. Exactly what Messrs. Samenuk and Weiss did that precipitated their departures isn't known; a McAfee spokeswoman said the men were "implicated in the options backdating" but declined to elaborate.

Exactly who will go and who will stay at the scores of companies being investigated is difficult to discern. An executive's fate, of course, depends strongly on what evidence a review finds. But how that evidence is treated can vary from company to company.

Apple Computer threaded the needle last week when it discussed superstar CEO Steve Jobs's role in backdating at the company. Apple's disclosure said Mr. Jobs knew some grants were backdated; earlier, the company said he received a problematic grant. But Apple also said last week that Mr. Jobs wasn't aware of the accounting implications of backdating and didn't get any grants he knew were backdated, implying that any troublesome grant he received was manipulated for his benefit but was backdated without his knowledge. Apple's relatively terse disclosure didn't spell out exactly who did what.

Mr. Jobs apologized and remains with the company, which laid the blame on two unnamed former executives. Apple director Fred Anderson, a former finance chief, resigned from the board.

Bed Bath & Beyond Inc., the specialty retailer, said Tuesday that its review had found rampant backdating, concluding that "almost all annual grant dates" for several years were likely selected "with some hindsight." At a time when many corporate disclosures about backdating are opaquely written, the company's statement was frank and detailed, laying out how many grants the company believed were backdated and giving a sketch of how the process worked.

What's more, Bed Bath & Beyond said, the co-chairmen and chief executive had responsibility for picking the dates; the men themselves benefited from the low prices. But the board committee probing the options offenses concluded that no one had "engaged in willful misconduct." No top executives have departed Bed Bath & Beyond because of options misdeeds.

Mr. Young, the Willkie Farr attorney, says that in investigations of matters like options backdating, board committees try to probe deeply an executive's state of mind. "When somebody is deliberately doing something wrong, and misrepresenting the consequences, then you've got dishonesty in the ranks," says Mr. Young. That, he says, is dealt with harshly. What to do can be a tough call, he says, with "those whose involvement was gray."

San Francisco-based CNET said its review, conducted by law firm Davis Polk & Wardwell and led by a special committee of directors, found "instances of backdating" from the company's initial public offering in 1996 through "at least 2003." Even though CNET said its review didn't conclude that any of these people "engaged in intentional wrongdoing," Mr. Bonnie, General Counsel Sharon Le Duy and human-resources head Heather McGaughey all "bear varying degrees of responsibility." They all resigned and agreed to have any improper options repriced so that they wouldn't continue to benefit from the backdating.

CNET also said directors will reprice improper options; a company spokeswoman says the repricing affects "all members of the board of directors, to varying degrees depending on their length of service."

It isn't clear exactly which grants were backdated, though some raise suspicion. In 2000, CNET granted options to Mr. Bonnie and two other top executives with purported dates that coincided with the stock's lowest closing price in April. Other executives got options dated at October's low price. One received both favorable dates.

Melinda Haag, a lawyer for Ms. Le Duy, said her client neither knew about nor participated in any intentional misdating of options. "Sharon has always acted with integrity with regard to CNET's stock-option grant process and in all other regards," Ms. Haag said. "Given that she was a senior officer for part of the time at issue, however, Sharon recognized that her resignation would best help the company move forward."

An attorney for Mr. Bonnie couldn't be reached for comment.

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Ms. McGaughey, a former Time Inc. manager, joined CNET in 1998 as vice president of human resources. She became senior vice president in 2000. "Ms. McGaughey is deeply saddened by the events that have happened at CNET," said her lawyer, Leigh A. Kirmsse. "She believes that in the end her name will be completely cleared of any wrongdoing whatsoever."

Kirk Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University, said companies are operating in a climate that places great weight on the integrity of senior-most executives.

Mr. Hanson said he believes a senior executive who initiated or authorized backdating should leave his position.

"If a CEO who is tainted remains in place, a very unfortunate signal is given to the organization that irregular practices will be tolerated or even applauded," Mr. Hanson said. "This is not a question of whether the CEO is indictable; it is a question of whether the CEO is a credible leader of integrity."

Two Tech Companies Shake Up Leadership (USAT)

By Jon Swartz

USA Today, October 12, 2006

SAN FRANCISCO — Computer-security firm McAfee on Wednesday said chairman and CEO George Samenuk retired and president Kevin Weiss was fired because of accounting discrepancies in stock options.

Shortly after McAfee's announcement, CNet Networks said its co-founder, Shelby Bonnie, resigned as chairman and CEO after an internal investigation at the online media company concluded he shared the blame for backdating CNet stock options.

The Silicon Valley companies both will restate financial results. They are the latest caught in a deepening investigation that has touched more than 120 companies, and led to executive departures at Apple, software maker Mercury Interactive and others.

The new corporate scandals center on how companies handle stock options. Most involve backdating options to days when the company's stock price was lower, inflating executive payouts.

The problems hardly constitute a “crisis in confidence” in tech companies, where stock options first became a staple of compensation packages during the 1990s. But it badly diminishes the reputation of executives, says Charles Elson, director of the University of Delaware's center for corporate governance. As more companies dig into their records, he predicts more executive ousters and financial restatements. “The determination that needs to be made is whether it was intentional, sloppy bookkeeping or a mere coincidence,” Elson says. “If it's the former, severe actions like fines may result.”

In a statement, McAfee said Samenuk, 51, was retiring, and Weiss was terminated. It fired its general counsel in May after determining he had been involved in option improprieties. McAfee said in June that securities regulators had opened a formal investigation.

“I regret that some of the stock option problems … occurred on my watch,” Samenuk said in a statement.

Replacing Samenuk and Weiss on an interim basis is Dale Fuller, 48, a McAfee board member who was CEO and president of Borland Software. McAfee also named board member Charles Robel as chairman.

McAfee said it intends to soon file its restated financial results and annual report and look for a permanent CEO. The charges are likely to be $100 million to $150 million over a 10-year period, it said.

Despite the shake-up, McAfee shares rose 3.3% to $26.64 Wednesday, a reflection of investor sentiment that a management change was in order. Samenuk “has been perceived on Wall Street as unpredictable and inconsistent in financial performance,” says analyst Gene Munster of investment bank Piper Jaffray. “For every three good quarters, there was a clunker.”

The shake-up also renewed speculation that McAfee could be acquired by Hewlett-Packard or IBM, he says.

CNet, meanwhile, said some stock options were backdated from its initial public offering in 1996 to at least 2003. It appointed Neil Ashe as its new CEO and board member. He has led the company's acquisition of content. It also named Jarl Mohn, a former executive at E! Entertainment Television and MTV, as non-executive chairman. CNet shares fell 7.6% to $9.14.

Scandal Grows Over Backdating Of Options (WP)

By Frank Ahrens

The Washington Post, October 12, 2006

The heads of three well-known technology companies lost their jobs this week as the result of a scandal sweeping through the business world over the improper backdating of stock options, a practice often designed to inflate the value of stock grants to employees.

Internet news publisher Cnet Networks Inc., security software firm McAfee Inc. and online recruitment service Monster Worldwide Inc. announced the resignation or retirement of their chief executives, all apparently over concerns about how the companies granted stock options.

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The three are the latest of at least 135 companies to acknowledge or be investigated for backdating stock options, which typically involves picking dates for stock grants when the purchase price was low, so that when the stock is sold, the holder can make more money. The practice is not illegal as long as the options are properly accounted for on company earnings sheets and tax returns.

According to the Securities and Exchange Commission and the Justice Department, however, a number of companies have not followed the rules. Federal authorities have filed fraud charges against executives at two technology companies, and they continue to investigate many firms.

The investigations are sending shock waves through the tech community, where stock options have long been a key tool for luring talent to start-ups.

"The primary concern in [Silicon] Valley is how many CEOs will be fired, and how many will be indicted," said Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University.

Though the scandal lacks Enron's hubris or Tyco's Saturnalian excess, the consequences are grave: Cnet founder Shelby W. Bonnie resigned yesterday as chief executive and apologized for his role in the backdating options. The company issued an internal report that said Cnet backdated options from 1996 through 2003 and partially blamed Bonnie.

Also yesterday, McAfee fired its president, Kevin Weiss, and announced that chief executive George Samenuk was retiring. Earlier in the week, Monster's chief executive, Andrew J. McKelvey, resigned. Last week, Apple Computer Inc. announced the resignation of board member Fred D. Anderson over stock option issues.

Though many of the higher-profile companies under scrutiny are tech firms in Silicon Valley, the SEC and Justice Department are casting their nets widely, investigating companies as varied as Home Depot Inc. and Cheesecake Factory Inc. The SEC said in testimony to Congress last month that it is investigating more than 100 companies for possible fraudulent reporting of option grants.

"As the use of options compensation has increased, however, so apparently has its abuse," SEC enforcement director Linda Thompson testified. "This practice benefits employees at the expense of shareholders."

Former Comverse Technology Inc. chief executive Kobi Alexander is awaiting extradition from Namibia on federal charges related to his company's options practices. Former Brocade Communications Systems Inc. chief executive Gregory L. Reyes also faces federal charges.

How does backdating work?

Companies have long issued stock options to their employees to motivate them. Options allow an employee to buy a certain number of company shares at a price set by management, usually the price the day the option is granted.

The employee makes the most profit by buying stock options at a low price and selling them when the stock market has pumped up the company's stock to a higher price. If a company backdates options, it typically allows the employee to buy options when the stock was at its lowest point, thereby increasing the profit when the stock is sold.

Options usually are granted to a company's highest executives as part of their compensation packages. Backdating has been criticized as a shady way for wealthy executives to get wealthier, even if the company performs poorly.

The process is not illegal if no company documents have been forged, if the other shareholders have been informed and if the backdated options are correctly accounted for in company earnings and tax returns.

It may be legal, but it's "slimy," said Nell Minow, co-founder of the Corporate Library, a corporate-governance watchdog. "It subverts the whole justification for options," she said.

Minow was in New York yesterday lecturing corporate directors on a number of topics, including backdated options.

"No one comes to you and says, 'Let's backdate our options,' " she said. A company's human resources department "will tell an employee, 'We have a great benefit with our options -- a 60-day look-back.' That doesn't sound quite so dirty."

Backdating has cost some companies more than their chief executives. Many have had to restate earnings and take charges on upcoming earnings to account for the improperly recorded options.

For example, in August, Clorox Co. said it took a $25 million pretax charge in its most recent quarter to account for "errors" in how the company accounted for options. Research in Motion Ltd., maker of the BlackBerry, said last month that a review of its options-accounting practices could reduce past earnings by as much as $45 million. Also last month, chipmaker Broadcom Corp. said it would restate earnings to take $1.5 billion worth of options expenses off its books.

McAfee, Cnet Chiefs Leave As Options Scandal Deepens (Update2) (BLOOM)

By Rebecca Barr And Rick Green

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- The federal crackdown on stock- options backdating claimed the chief executive officers of McAfee Inc. and Cnet Networks Inc., deepening a scandal that has cost investors more than $2.5 billion of earnings.

McAfee, the No. 2 maker of anti-virus software, said Chairman and CEO George Samenuk resigned, fired President Kevin Weiss and announced plans to slash 10 years of previously reported profits by as much as $150 million. Cnet, the online publisher of technology news and reviews, said CEO Shelby Bonnie and two other executives stepped down after an internal probe found the company backdated some stock-option grants.

The toll from backdating continues to mount. More than 30 officials, including eight CEOs, have left companies under scrutiny for manipulating stock options to reward employees, and executives at two, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges. More than 60 companies -- from Apple Computer Inc. to Cablevision Systems Corp. -- have restated or plan to revise earnings.

``It's getting worse before it gets better," said Howard Silverblatt, an analyst at Standard & Poor's in New York. ``The issue will become more widespread as more companies are coming forward voluntarily instead of waiting for official inquiries."

At least 140 companies have disclosed federal investigations or internal probes of potential stock-option manipulation. The Justice Department, the Securities and Exchange Commission, the Federal Bureau of Investigation and the Internal Revenue Service are among the agencies running civil or criminal probes.

Scratching the Surface

Meantime, investors have filed more than 230 lawsuits seeking compensation for the profits that executives and other employees made from improper grants and the earnings misstatements that may have resulted.

``I think we have scratched the surface," said Derek Meisner, a partner in the Boston office of Kirkpatrick & Lockhart Nicholson Graham LLP who's advising companies he declined to name on whether to terminate executives over stock-option manipulation. ``You are going to see more of it as companies conclude internal investigations and the SEC completes its investigations. This is kind of the tip of the iceberg."

Backdating, the most serious abuse, involves retroactively pegging options to an earlier day when a company's stock was trading at a lower price. When the stock rises, holders of backdated grants can buy shares at artificially low levels and pocket the difference.

If not disclosed to shareholders, backdating can be considered fraudulent. The practice hides compensation costs, reduces income-tax payments and overstates earnings.

Widespread Fallout

Companies from Broadcom Corp. to CA Inc. have said restatements for stock-option errors will cut past earnings by more than $2.5 billion. Not since the probe into improper mutual- fund trading three years ago has a scandal swept up as many companies and led to fallout so widespread. That investigation resulted in $4.3 billion in penalties.

Most of the companies that found backdating or other errors in stock-option grants have said the practices weren't deliberate and didn't take action against any executives or board members.

San Francisco-based Cnet is among the exceptions. The company said in a statement today that a special committee of its board, assisted by law firm Davis Polk & Wardwell, found evidence of backdating from 1996 to at least 2003.

Cnet said several executives, including Bonnie, ``bear varying degrees of responsibility for these deficiencies." Neil Ashe, the company's head of strategy, replaced Bonnie as CEO. Jarl Mohn, former CEO of Liberty Digital Inc. and E! Entertainment Television, will be non-executive chairman of Cnet's board.

`I Apologize'

``I apologize for the option-related problems that happened under my leadership," Bonnie, who helped start Cnet in 1993, said in the statement. ``I believe that the company has come a long way since 2003 in addressing these deficiencies, but am deeply disappointed it happened nonetheless."

General Counsel Sharon Le Duy and the head of personnel, Heather McGaughey, also left because of the options investigation, Cnet said. The company previously disclosed probes by the U.S. Attorney for the Northern District of California and the SEC.

McAfee said director Dale Fuller will take over as president and interim CEO until a replacement is found. Director Charles Robel will become non-executive chairman. Chief Financial Officer Eric Brown declined to elaborate on the ouster of Weiss, 50, during a conference call.

`My Watch'

``If the CEO is somehow culpable then dumping the CEO allows the company to tell regulators that the options problems were a legacy issue and we have established a new tone at the top," Meisner said.

Santa Clara, California-based McAfee began an internal review of stock options in May. It fired General Counsel Kent Roberts less than two week after finding problems with at least one grant. In June, the SEC subpoenaed McAfee as part of a formal investigation. The company was subpoenaed by federal grand jury in August.

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McAfee's internal investigation is now largely over and the company plans to file restated results ``as soon as practicable," Brown, the CFO, said on the call today.

``I regret that some of the stock-option problems identified by the special committee occurred on my watch," Samenuk, 51, said in a statement today.

Penalty Box

Under Samenuk, whom it hired in 2001, McAfee cleaned up its accounting and settled lawsuits that claimed former CEO William Larson misstated the company's financial condition. McAfee said its restatement for improper options grants will cover a decade's worth of financial statements and probably will cut pretax earnings by $100 million to $150 million. The company previously said it expected to restate three years of results.

Shares of McAfee rose 85 cents, or 3.3 percent, to $26.64 at 4:03 p.m. in New York Stock Exchange composite trading, the highest level since May. The stock has fallen 1.8 percent this year.

Separately, Cnet lowered its third-quarter and full-year revenue forecasts, sending its shares down 7.7 percent. The company's third-quarter results will be delayed because its options probe is continuing. Cnet shares fell 76 cents to $9.14 on the Nasdaq Stock Market.

Management changes are ``the first step for the company out of the penalty box," said Daniel Ives, a New York-based analyst with Friedman Billings Ramsey who follows McAfee and has an ``outperform" rating on the stock. ``Investors can start focusing on the fundamentals again."

CEOs Swept Out By Stock Options Scandal (FINDLAW/AP)

By Michael Liedtke, Ap Business Writer

AP, October 12, 2006

(AP) - SAN FRANCISCO-Companies sullied by stock option chicanery seem intent on cleaning out their executive suites and boardrooms before regulators and prosecutors do it for them.

On Wednesday, the scandal's fallout widened when the chief executives of both McAfee Inc. and CNet Networks Inc. stepped aside to atone for stock option shenanigans that will erase some of the companies' past profits. Santa Clara-based McAfee, a leading maker of computer anti-virus software, also fired its president, Kevin Weiss.

The abrupt departures of McAfee CEO George Samenuk and CNet CEO Shelby Bonnie follow last week's resignation of Apple Computer Inc. board member Fred Anderson - the company's former chief financial officer - after the iPod maker acknowledged its mishandling of past stock options inflated its past profits.

Apple CEO Steve Jobs held onto his job because the Cupertino-based company's internal inquiry cleared him of any misconduct, but other business leaders battling stock option problems won't be so fortunate, predicted Anthony Michael Sabino, a business law professor at St. John's University.

"The day of reckoning is here and there are still a lot of dominoes to fall, both big and small," Sabino said.

McAfee shares gained 85 cents to close at $26.64 on the New York Stock Exchange while shares of CNet, which runs a stable of technology news and entertainment Web sites, fell 76 cents, or more than 7.6 percent, to close at $9.14 on the Nasdaq Stock Market.

The stock option practices of at least 135 companies are under government investigation or internal review.

Most of the inquiries are focused on a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween.

A federal government task force looking for evidence of stock option malfeasance is now based in San Francisco.

Companies that cooperate with the government and take steps to clean up their books have the best chance of avoiding legal trouble, said Eumi Choi, a federal prosecutor who is chairing the task force.

"That's something we will seriously consider when taking action, Choi said. "What's really called for here is a transparent process."

Perhaps the most famous executive caught up in the options scandal is Jacob "Kobi" Alexander, the fugitive former CEO of software company Comverse Technology Inc. He's in the southern African nation of Namibia, awaiting extradition to the United States to face charges of manipulating options.

Another former Silicon Valley CEO, Gregory Reyes of Brocade Communications Systems Inc., is fighting criminal charges tied to his alleged mishandling of stock options at that San Jose-based company.

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Neither McAfee nor San Francisco-based CNet elaborated on the reasons why they parted ways with their CEOs, but the financial problems caused by the improper accounting of stock options appear to be a pivotal factor.

McAfee said it expects to absorb charges of $100 million to $150 million to correct the errors. CNet hasn't specified how large its restatements will be other than to say they will be "material."

Wednesday's developments signal the jobs of other CEOs may be on the line if stock option improprieties force their companies to make substantial revisions to their financial statements, said Michael Koenig, a former federal prosecutor now working at a Washington, D.C. law firm.

"The bigger the restatement, the more likely you will see people falling on their swords, rightly or wrongly," he said. "This issue isn't going away soon, by any stretch of the imagination."

The Securities and Exchange Commission is focusing its stock option investigation on companies forced to make big changes to their past profits, said Marc Fagel, head of enforcement in the agency's San Francisco office.

The SEC expects to impose civil fines on some companies and make criminal referrals on others. "There's always fraud versus recklessness and calls will have to be made," Fagel said.

CNet said there wasn't any sign that Bonnie, a company co-founder, engaged in intentional wrongdoing and allowed him to stay on the board. McAfee didn't elaborate on Samenuk's role in its stock option trouble, but he expressed regret for letting it happen on his watch.

Still, the stock option-induced departures of Bonnie and Samenuk "are like red meat for prosecutors and regulators," Koenig said.

The actions of McAfee and CNet may sway other corporate boards to come down hard on their CEOs to signal they have zero tolerance for reckless accounting even if there is no evidence of intentional misconduct, said James Post, a Boston University professor who focuses on corporate governance.

"This kind of lifts the bars for all the other companies" with backdating problems, Post said. "The burden of proof is starting to shift. The executives involved in this may have to prove they are very clean if they want to keep their jobs."

AP Legal Affairs writer David Kravets contributed to this story.

Stock-option Probes Lead To Exit Of Top Execs At McAfee, CNet (MERCN)

By Ryan Blitstein

The San Jose Mercury News, October 12, 2006

McAfee's chairman and chief executive, as well as its president, will step down after revelations of stock-option backdating at the Santa Clara security software company, the company announced today.

Chairman and CEO George Samenuk will retire, and company President Kevin Weiss was terminated by its board of directors.

``The board has had to make some very difficult decisions, in the last 24 hours but we believe they were in the best interests of the McAfee shareholders," said McAfee board member Dale Fuller in a conference call this morning with financial analysts. Fuller, former CEO and president of Borland Software, will take over as the company's interim CEO and president.

A similar review at online media company CNet Networks in San Francisco led today to the resignation of co-founder and Chief Executive Shelby Bonnie.

The three executives are the latest casualties in a scandal that has ensnared more than 120 U.S. companies, about one-fourth of them in Silicon Valley. The businesses either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews.

Backdating involves changing the dates on the paperwork on options to a day when stock prices were lower, giving recipients a better chance for quick paper profits. Many companies under investigation have warned they will need to restate past financial reports because option abuses led them to overstate their profits.

McAfee said it would have to restate earnings from the last 10 years by $100 million to $150 million.

Fuller spent much of last night and the early-morning hours breaking the news to McAfee senior managers around the world.

``I don't believe that we'll have any disruption of business," he told analysts. ``My job is really to stay partially out of their way and to help clear away any of the deck that might be causing any friction or struggles for them."

In mid-May, McAfee admitted it was in informal discussions with the SEC about possible backdating, and launched the internal investigation. Later that month, the company fired general counsel Kent Roberts in connection with the review.

In June, the company said it had received a subpoena for documents from the SEC for a formal investigation. Several McAfee shareholders have also initiated lawsuits against the company.

At CNet, Executive Vice President Neil Ashe has been appointed CEO, and Charles Robel has been named board chairman. Jarl Mohn, a former MTV and VH1 executive and founder of E Entertainment Television, has been named CNet's non-executive chairman.

The company said it will release its quarterly earnings reports as scheduled on Oct. 23, but will be delaying its 10-K earnings filing with the SEC.

CNET General Counsel Steps Down Over Stock Options Probe (LAW)

By Justin Scheck And Jessie Seyfer, The Recorder

California Recorder, October 12, 2006

It's not clear whether the latest lawyer to go down because of stock option backdating was involved in the actual decision to award suspect options.

But a Recorder review of SEC filings shows CNET General Counsel Sharon Le Duy did receive grants when the stock was trading at quarterly lows.

CNET announced Wednesday that an internal probe found "deficiencies with the process by which options were granted at CNET, including in some instances the backdating of stock options grants" from 1996 through at least 2003. Le Duy and CEO Shelby Bonnie stepped down, along with the company's human resources chief.

The announcement also said "a number of executives of the company ... bear varying degrees of responsibility" for backdated grants, though it didn't specify who those executives are.

Le Duy's lawyer, Melinda Haag of Orrick, Herrington & Sutcliffe, says her client is in the clear.

"Sharon did not participate in or know about any intentional misstating of stock options at CNET," said Haag.

But according to SEC filings, between 1999 and 2003 Le Duy received six options awards, and four of them came at quarterly lows in share price.

The odds that four of six grants would come at quarterly lows is less than one in 880,000, according to an equation provided by Erik Lie, the University of Iowa professor whose research on options grants raised awareness of the backdating phenomenon earlier this year.

The questionable grants given to Le Duy came in 2000, 2001 and 2003. And while they at one time had considerable paper value, Le Duy -- like so many others during the tech boom -- soon ended up having many of her options buried by a plummeting stock market.

Share price was certainly on an overall decline in April of 2000, when Le Duy received the option to purchase 30,000 shares dated April 17. CNET stock was trading at $24.625, which was its lowest price in well over a year.

The stock immediately jumped, hitting $31.50 within two days, and it surpassed $41 less than a month later.

Later in 2000, Le Duy got a much larger grant -- the option to purchase 60,000 shares -- dated Oct. 18, and priced at $18.875. Leading up to that date, the company's share price saw a steady decline. After bottoming out at $18.875, it immediately began rising, exceeding $30 on Oct. 26 before plummeting.

Le Duy never got a chance to profit from these two option grants, as the company eventually exchanged them for a lower-priced award in 2003.

The company did not exchange all of Le Duy's options, though.

Suffering like the rest of the tech industry, CNET saw its share price fall from more than $10 in August 2001 to $3.20 on Oct. 2. On Oct. 8 -- when Le Duy received 60,000 options -- it was priced at $3.42.

It then began a steady increase, hitting $9 by the end of November. It is unclear whether Le Duy ever exercised all of these options.

A fourth grant, in 2003, also came at a quarterly low. After surpassing $5 in early June of that year, CNET's share price hit $4.65 on June 24. On that day, Le Duy received the option to purchase 125,000 shares.

While the grant doesn't appear to have been backdated -- it was reported to the SEC within two days of being awarded -- it came before the company announced favorable financial results on July 22. The stock began a steady rise, hitting $7.34 by the end of July.

"Sharon has always acted with integrity with regard to CNET's stock options grant process and in all other regards," she added. "Given that she was a senior officer for part of the time at issue, however, Sharon recognized that her resignation would best help the company move forward."

A Boalt Hall graduate, Le Duy joined CNET in November 1999 after serving as senior counsel for AirTouch Communications. Before that, she worked as an associate for Latham & Watkins, according to the CNET Web site.

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CNET's attorney, Latham & Watkins' Patrick Gibbs, referred questions about the reasons behind Le Duy's resignation to CNET spokeswoman Sarah Cain. Cain declined to comment, saying that any information the company was ready to release was in Wednesday's press release.

Le Duy's departure Wednesday came along with news that the chief executive of computer security firm McAfee Inc., George Samenuk, the target of a federal stock-options accounting probe, also stepped down.

McAfee General Counsel Kent Roberts stepped down in May after an internal investigation revealed he had received an improper stock option grant. In August, Northern California federal prosecutors sent the company a grand jury subpoena.

Roberts' attorney, Cooley Godward Kronish's Stephen Neal, did not return a call seeking comment on the latest McAfee resignation.

Court Denies United Request To Stop State's Options Probe (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, October 12, 2006

Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled.

Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled.

Higgs denied UnitedHealth's request for a protective order to stop Hatch from getting company documents related to the disputed options, which also are the target of investigations by federal regulators, the Internal Revenue Service, the Justice Department and a special independent internal review committee.

UnitedHealth argued that Hatch's civil investigative demands for corporate documents had no jurisdiction under state law and would be an undue burden to the Minnetonka-based company.

Higgs disagreed, saying the material sought by Hatch "is clearly relevant and essential" to the attorney general's investigation to determine whether top executives got favorable treatment in the dating of their stock options.

"UnitedHealth presented no evidence suggesting that it will suffer undue burden if the requested discovery is permitted," Higgs said in a memorandum Wednesday accompanying his ruling.

Hatch and other investigators are attempting to determine whether UnitedHealth's option program allowed top executives to accumulate large numbers of options at low prices and reap large profits when they later exercised the options at a significantly higher share price.

The company said it plans to appeal the ruling.

"While we respect the court's decision, we continue to believe that the attorney general is overstepping the limits of his investigative authority in this matter," the company said in a prepared statement. "UnitedHealth has been and is cooperating fully with the ongoing reviews by federal regulators who have jurisdiction and expertise concerning the issues in question, and by the independent committee of the board of directors supported by outside counsel."

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Backdating To The Future (WSJ)

The Wall Street Journal, October 12, 2006

The options "backdating" backlash continues to cut a swath through corporate management, with executives at CNET Networks and McAfee Inc. getting the ax yesterday after internal probes. While there's no excuse for false reporting to shareholders, the worst reaction to this mini-scandal would be for Congress to overreact.

For one thing, the practice is undeniably in the past, a legacy of the 1990s' stock-market bubble and pre-Sarbanes-Oxley accounting rules. For another, the practice has now been suspected or detected at so many companies -- 115 at last count -- that its alleged perfidy is being diluted by its ubiquity. Are all of the CEOs, CFOs and general counsels at all of these companies greedy and corrupt? Seems unlikely. Maybe these managements were trying to fulfill an important business purpose -- attract and retain key talent in a competitive labor marketplace -- and merely ran afoul of ambiguous option accounting standards.

The Justice Department and SEC are investigating, which is fair enough. But watch out for Senate Finance Chairman Charles Grassley, who has begun to rumble about eliminating the tax deduction for performance-based pay, such as stock options. He's liable to make things worse.

At a recent Senate hearing, neither SEC Chairman Christopher Cox nor Deputy Attorney General Paul McNulty expressed any enthusiasm for such a legislative "fix." And Chairman Cox noted the irony of Congress's own role in promoting options compensation: Stock-option issuance to top execs ballooned in the 1990s after Congress capped the tax deductibility of salaries at $1 million in 1993.

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"As a Member of Congress at the time, I well remember that the stated purpose was to control the rate of growth in CEO pay," Mr. Cox said. "With complete hindsight, we can now all agree that this purpose was not achieved. Indeed, this tax-law change deserves pride of place in the Museum of Unintended Consequences." The de facto salary cap's main effect was to divert compensation into other, tax-advantaged, modes -- such as stock options.

Mr. Cox was too polite to fill in the blank for the tub-thumping populist who lives inside Mr. Grassley, but the implication is obvious. If the Senator is concerned about "excessive" stock-option grants, he might turn his attention to lifting that arbitrary cap on the deductibility of executive salaries. Senator Robert Bennett of Utah has proposed exactly this. But Mr. Grassley would rather "fix" one government-caused distortion in the incentives for executive pay by layering on another. The tale of the woman who swallowed the spider to catch the fly comes to mind.

Then there is the related, but separate, question of "spring-loading" options by granting them just ahead of news that could reasonably be expected to give the stock price a favorable result. SEC Commissioner Paul Atkins courted criticism in July when he gave a speech defending spring-loading options grants. He noted at the time that, because there was no counterparty to the transaction, there could be no question of insider trading when an options package was approved ahead of good news.

The legality of this practice remains uncertain. In some recent (and extreme) cases, investigations have resulted in settlements with the SEC over well-timed grants. While critics have raised fairness questions, few are pretending that spring-loading and backdating are in any way equivalent.

Keep in mind that executive stock options generally vest over a period of years, far too long for a momentary blip in the stock price to equate to a guaranteed profit. But, other things being equal, granting options at a lower price allows the company to issue fewer options. By way of analogy, take restricted stock, which is effectively a stock option with a strike price of zero. Is restricted stock "unfair" because it has no strike price? The question answers itself. Restricted stock merely allows a company to offer similar compensation with a somewhat different risk-reward balance.

As to whether the executives thus favored with spring-loaded options somehow "unfairly" benefit, the case of Brocade, one of the most infamous of the alleged backdaters, is instructive. For all the huffing and puffing over Brocade's alleged systematic backdating, most of the options in dispute are still under water owing to a collapse in the company's stock price between their issuance and their vesting. Only one executive exercised any of the options in question at all after the company's 1999 IPO. Neither spring-loaded nor backdated options are anything like a surefire road to riches.

This is not to say that falsifying records or failing to disclose compensation practices to shareholders is OK. Shareholders deserve full disclosure from the executives and directors who work for them. But before the dudgeon gets too high, let's bear in mind that this problem is already in the past. And if Congress wants to "fix" it, the Members could do worse than to revisit their own role in creating the problem in the first place.

Enron's Skilling Asks To Remain Free On Bail During His Appeal (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, October 12, 2006

Former Enron Corp. chief executive Jeffrey K. Skilling is asking a judge to let him remain free while he appeals his conviction on 19 fraud, conspiracy and false-filings charges, according to court papers filed by his defense team.

Skilling, 52, faces more than two decades in prison when he is sentenced in a Houston federal court. Under the federal system, he must serve at least 85 percent of his sentence. U.S. District Judge Simeon T. Lake III could order Skilling into custody immediately after the court proceeding, set for Oct. 23.

But defense attorneys this week launched a preemptive strike, asking the judge to allow Skilling to remain free on bail pending his appeal. Alternatively, attorneys requested that Skilling be allowed to surrender to the Bureau of Prisons on Jan. 2, or no earlier than Nov. 27. He presents no flight risk and is not "a threat to society," attorney Daniel M. Petrocelli wrote.

Skilling has had other legal troubles since his May conviction. Earlier this month, he paid $385 to resolve a misdemeanor public-intoxication charge filed in Dallas.

To remain free during the appeals process, Skilling must prove he will raise substantial issues that are likely to result in a reversal of his conviction.

Lawyers cited three key issues they will bring up in the coming appeal: an instruction that allowed jurors to consider whether Skilling turned a blind eye to accounting fraud that took place on his watch, alleged jury bias in Enron's Houston home town, and a lack of access to former insiders at the energy-trading company.

The Justice Department's Enron Task Force has yet to respond to the defense motion.

Filings Illuminate IPO's Bumpy Ride (WP)

By Griff Witte

DOJ_NMG_0079680

The Washington Post, October 12, 2006

For 37 years, Science Applications International Corp. has been owned by its employees. In that time, the company has grown from nothing to an $8 billion giant that does some of the government's most sensitive work in intelligence, homeland security and defense.

But within days, those employees -- 43,100 of them, more than a third of whom live in the Washington area -- will have to learn to share their company with people who have never before had the chance to own SAIC stock: members of the public.

SAIC shares could begin trading on the New York Stock Exchange as soon as tomorrow in an initial public offering estimated to be worth $1 billion, which would be among the largest IPOs ever in the defense industry.

The shift to a public company is the culmination of a broader transformation for SAIC of San Diego, which has grown significantly in recent years and is gunning to move into the top tier of contractors. But SAIC has stumbled several times along the way. In recent public filings, it has had to acknowledge that more problems lie ahead as the government market flattens and as it continues to be dogged by questions about its performance.

"The thing that really stands out to me about this IPO is how difficult it's been for the company," said Philip Finnegan, director of corporate analysis at Teal Group Corp., a market research firm. The offering is "smaller than they were originally talking about. It's been delayed so long. And now they've had to admit some programmatic embarrassments."

As with all companies that plan to go public, SAIC was required to disclose the risks of buying its stock in a filing with the Securities and Exchange Commission. That filing shows that the company lost $123 million on a contract with the government of Greece to provide security at the 2004 Olympics in Athens, and it could lose substantially more. Greek authorities have long maintained that SAIC did not meet its obligations under the contract, and that they should get their money back.

SAIC has also been criticized for its work on other high-profile projects, including the FBI's case-management system, data-mining software for the National Security Agency and a television station for post-invasion Iraq.

A spokeswoman for SAIC declined to comment because the company is in its "quiet period" before the IPO. But the firm has defended its work in the past.

SAIC was supposed to go public earlier this year, but the company put off the IPO because it first wanted to resolve problems with the Olympics contract. The delay was ill-timed. The government contracting industry had been flying high as of early 2006, reaching the peak of the boom that followed the Sept. 11, 2001, terrorist attacks. Since then, revenue and profit have begun to level off, as have company stock prices. SAIC had originally indicated it planned to raise as much as $1.7 billion with its IPO, but a softer market meant that it had to set its sights lower.

Still, the IPO promises to be lucrative for SAIC employees, who would initially hold 81 percent of the company's shares. Not only will employees be able to sell their stock on the public market, but they will also receive a substantial dividend. SAIC has said it would return all the proceeds of its IPO and then some -- $1.6 billion to $2.4 billion in all -- to its current shareholders.

Company directors and top executives would benefit most from that arrangement, as they are the biggest stockholders. Chief executive Kenneth C. Dahlberg, for example, owns 335,927 shares, according to company filings.

But average employees would also gain if the stock performs well, and that could have ripple effects on the regional economy. SAIC is the region's fourth-largest private-sector employer with around 16,000 workers locally, many of them well-paid engineers, consultants and scientists who possess high-level government clearances and work side by side with government employees on top-secret programs.

"If experience is any guide, there will be a real impact here in terms of spending and wealth creation," said Anirban Basu, chief executive of the economic consulting firm Sage Policy Group Inc. "Often, people who find themselves in a lot of money in a short amount of time are in the habit of making a big-ticket purchase -- and perhaps several of them. This is the type of thing that gives berth to Ferraris and Bentleys."

SAIC could make some big-ticket acquisitions of its own. Dahlberg joined the company in late 2003 with the goal of rapid growth, after decades of steady expansion under founder J. Robert Beyster. Since 2004, revenue is up by more than $2 billion, and profit has more than doubled as SAIC cashed in on rising demand for high-end technology and personnel after the 2001 attacks.

"They've got whole buildings out there in Tysons Corner that are funded by agencies that we're not going to even talk about," said John E. Pike, director of GlobalSecurity.org, a Web site that tracks the defense and intelligence sectors. "They must be doing something right."

Dahlberg, a veteran of General Dynamics Corp. in Falls Church, has made no secret that he wants to put SAIC in the same league as contracting behemoths such as Lockheed Martin Corp., Northrop Grumman Corp. and General Dynamics. He has streamlined the company's structure, which had been famously decentralized, with company units sometimes competing against each other for the same work.

The IPO is intended to help the company grow even more because it would free capital that had been used to buy back employee stock. Trading is to begin at $13 to $15 a share. Fourteen dollars a share would give SAIC a market value of $5.6 billion.

But some worry that SAIC could lose something after it joins the ranks of public companies. Retired Adm. Bobby Ray Inman, former head of the NSA and an SAIC board member for two decades, said employee ownership was what drew him to the company.

"For me, the principal value of the employee-owned culture was the focus on integrity and accountability," said Inman, who left the board several years ago. "Will that be maintained now? I don't know."

Money Rules Behind Soaring Executive Pay, Decades Of Failed Restraints (WSJ)

By Joann S. Lublin And Scott Thurm

The Wall Street Journal, October 12, 2006

In 1993, activist investor Ralph Whitworth shuttered United Shareholders Association, a group that was trying to tackle the contentious issue of executive pay. It looked as if his work was done.

Federal securities regulators had just forced companies to reveal details about pay and perks for top officials, in some cases for the first time. The changes would "make boards think twice" before approving compensation plans that couldn't be justified, Mr. Whitworth recalls thinking. Around the same time, Congress attacked executive pay for the second time in a decade by removing tax breaks on compensation above one million dollars.

Since then, the average pay for chief executives of large companies has quadrupled, according to Kevin Murphy, a professor at the University of Southern California's Marshall School of Business. The average last year was $10.5 million, a figure that includes salary, bonus and the value of stock and stock-option grants.

There are many reasons why Mr. Whitworth was mistaken in his prediction, including the bull market of the 1990s, cozy corporate boards and CEOs striving to keep pace with highly paid athletes and entertainers. What's often overlooked is the role of all the efforts -- by Mr. Whitworth and many others -- to limit CEO compensation. For more than two decades, critics tried to slow skyrocketing pay through regulations, legislation and shareholder pressure. Few of their tactics worked. Many backfired.

As it turns out, disclosure requirements can push pay higher by revealing to CEOs what their peers receive. Limiting one type of compensation often encourages new types of pay, such as stock options, which were pushed as a solution only to become tainted by scandal. Now that shareholders are quicker to push out poorly performing chiefs, CEOs are seeking more financial guarantees. And if companies turn to outsiders, they often have to pay extra.

Curbing executive compensation is "like moving Jell-O," says Kayla Gillan, the former general counsel of the California Public Employees Retirement System, or Calpers, the nation's largest public pension fund. When it's limited in one area, "it squirts out in another."

Mr. Whitworth disputes the idea that advocacy like his helped make things worse. "To say there's a causal relationship between reform efforts and high executive pay is not logical," the veteran shareholder activist says. Instead, he says he and his peers erred in not focusing on company compensation committees and their lack of accountability to investors. As a result, he says, "CEOs still get whatever they can."

In recent years, CEOs have raced ahead of other Americans, including their own lieutenants. Mr. Murphy calculates that average CEO pay was 369 times as much as the average earned by a worker last year, compared with 131 times in 1993 and 36 times in 1976. Meanwhile, the average U.S. paycheck has barely kept ahead of inflation in recent years.

Carola Frydman, a finance professor at the Massachusetts Institute of Technology's Sloan School of Management, says the pay gap between CEOs and other executives at the same company has doubled since the 1960s.

Charles Munger, vice chairman of Warren Buffett's Berkshire Hathaway Inc., and a longtime business partner of the famed investor, describes executive compensation as "wretched excess." In an interview, Mr. Munger says he hears complaints even from "Republicans who grumble on the country-club porch" about the resulting political turmoil over the pay question. They're "mad at corporate America," he says.

The Securities and Exchange Commission recently set forth another set of rules governing the expanded disclosure of top executive pay and benefits. For the first time, it required that companies reveal top executives' "total compensation." Investors, too, are intensifying efforts to limit pay. They're embarrassing some highly paid CEOs, trying to change corporate bylaws and seeking to replace directors who bless exorbitant packages.

There are already doubts as to whether these moves will be any more effective than prior efforts. According to a survey by the University of Southern California and executive-search firm Heidrick & Struggles International Inc., 64% of directors say they expect CEO cash compensation to continue to rise; 58% say they expect stock compensation to continue to rise.

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Many CEOs say they're paid what they're worth. The Business Roundtable, a group of big-company CEOs, says compensation has roughly kept pace with stock-market returns for the past decade. Using different methodology than that employed by Mr. Murphy, the group says the typical CEO makes 179 times as much as a typical U.S. worker.

"I made a lot of money. I became wealthy," says Harvey Golub, CEO of American Express Co. from 1993 to 2000. "My shareholders became even wealthier."

During Mr. Golub's tenure, American Express's shares rose more than sixfold and its market capitalization climbed to $65 billion from $10 billion. "How much of that $55 billion should I get?" he asks.

Mr. Golub was paid roughly $57 million in salary, bonus and restricted stock over eight years. He also exercised options to buy shares valued at $92 million. When he stepped down as CEO, he held options valued at $114.5 million and received an additional 990,000 options. Because he soon after retired as chairman, investors don't know how much Mr. Golub made from exercising those options. He declines to divulge the figure. Mr. Golub is a director of Dow Jones & Co., publisher of The Wall Street Journal.

In his 1936 State of the Union address, President Franklin D. Roosevelt railed against "entrenched greed" at American corporations. At the time, the average compensation for the top executive of a big company was about $95,000, according to MIT's Ms. Frydman, equivalent to $1.4 million in today's dollars.

Reflecting the more egalitarian societal values, as well as punitively high marginal tax rates, executive pay barely budged in the prosperous post-World War II decades. In 1970, Ms. Frydman says, average CEO pay was no more, adjusted for inflation, than it was in 1940.

Then, in the late 1970s, the culture of pay started to change. After a decadelong bear market soured executives on stock and stock options, they began to seek out other forms of compensation, aided by a budding industry of pay consultants. Among the most inventive CEOs was the late Steven J. Ross, chief of Warner Communications Inc. and later Time Warner Inc.

The son of an oil-burner salesman, Mr. Ross built a media empire from a chain of funeral parlors and parking lots. He weathered a federal investigation, fought with partners and investors and fended off takeover attempts from Rupert Murdoch, among others.

In 1981, Mr. Ross took home more than $22 million, including gains on stock options, making him the first executive to crack $10 million in annual compensation, according to Mr. Murphy.

In addition to a salary and a bonus pegged to Warner's profits, Mr. Ross received a dizzying array of other types of compensation, including stock, stock options and multiple forms of deferred compensation. Between 1973 and 1989, he took home $275 million, according to Graef Crystal, a former compensation consultant who is now a columnist and critic of executive pay.

The 1980s witnessed a flourishing of different types of compensation, following President Reagan's deep cuts in the top rates of income tax. Some of the techniques were seemingly unrelated to performance, such as "signing bonuses" for new CEOs and "guaranteed bonuses." In 1981, Occidental Petroleum Corp. CEO Armand Hammer was promised a bonus of at least $240,000.

Golden Parachutes

Another new technique was the "golden parachute," a sizable sum promised to executives if their company was taken over. Without such assurances, boards worried that executives might oppose a deal that was good for shareholders out of concern for their own futures.

In 1983, Bendix Corp. CEO William J. Agee received $3.9 million over five years after his aerospace, auto-parts and machine-tools concern was acquired by Allied Corp., an industrial conglomerate. It was one of the decade's first bruising takeover battles, sparked by Mr. Agee when he tried to buy aerospace and defense firm Martin Marietta Corp. The size of his parachute, as well as the circumstances in which it was paid, created a furor.

The following year, Congress slapped a special tax on golden parachutes. "The Bill Agee Bill," as some at the time dubbed it, taxed awards valued at more than three times an executive's average compensation over the previous five years.

Rather than curbing pay, the law had the opposite effect. Despite a few well-publicized examples, golden parachutes were rare before Congress intervened. In a survey of companies named in either the Fortune 1000 list or the S&P 500 index, a mere 8% gave at least one executive a golden parachute before the law was passed. By taxing parachutes at a certain level, Congress in effect blessed their existence. It also gave the technique a publicity boost.

Baxter International Inc. adopted golden parachutes for its CEO and 22 other officers for the first time in 1985, promising executives twice their annual salary and bonus. A Baxter spokeswoman says the parachutes came at a "tumultuous" time of mergers in the industry.

By 1991, more than half of the top companies in the survey provided parachutes to certain executives, according to Executive Compensation Reports, a newsletter.

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The parachute law also spawned a new form of compensation: payments to cover the new taxes. By 2004, 77% of 1,000 public concerns tracked by consulting firm Towers Perrin offered such tax compensation, known as a "gross up," compared with 10% in 1987.

James F. Reda, a New York pay consultant who began working in the field in the late 1980s, recalls: "It was an easy argument to sell to boards, that it's just money going to the government, so why penalize these people?"

Critics of executive pay say boards, stocked as they often are with CEOs and retired CEOs, rarely need to be sold on pay packages. Mr. Buffett, well known for his dislike of ostentatious compensation, joined the compensation committee of Salomon Inc. after taking a stake in the investment bank in the late 1980s. In 1990, when Salomon's profit declined, Mr. Buffett voted against bonuses for top executives, a rare event inside U.S. boardrooms. Mr. Buffett was outvoted and hasn't been asked to serve on a compensation committee since.

Compensation panels are "tail-wagging puppy dogs meekly following recommendations by consultants," Mr. Buffett wrote in his 2002 letter to Berkshire shareholders. For an outside director to oppose these recommendations "would be like belching at the dinner table."

In spring 1990, Richard Koppes, then general counsel of Calpers, convened a meeting of corporate lawyers and activist investors at Morton's Steakhouse in Washington, D.C. Ira Millstein, a New York attorney and longtime adviser to the boards of General Motors Corp. and Walt Disney Co., urged investors to focus on executive pay. "You shareholders can do something about it," he said.

To better align CEO pay with shareholder returns, activists started urging a wider use of stock options. Options give the holder the right, but not the obligation, to buy shares at a specified price. They become valuable only when a company's share price increases.

Calpers began publishing a "target list" of overpaid, underperforming CEOs. Its initial top target was Rand Araskog, chief executive of conglomerate ITT Corp. Mr. Araskog, the son of Swedish immigrants, graduated from West Point. After fending off corporate raiders, he spent a decade dismantling ITT, a sprawling conglomerate whose businesses stretched from telephones to timber. In 1990, Mr. Araskog's compensation rose 82%, to $7.3 million, the same year ITT shares fell 18%.

In September 1991, Mr. Araskog met Mr. Whitworth, the investor activist, at the offices of his group, United Shareholders. "I'm tired of being the poster boy for executive compensation," Mr. Whitworth recalls Mr. Araskog saying. "What would you do?"

On a yellow legal pad, Mr. Whitworth sketched a plan that paid a modest cash compensation and plenty of options. Mr. Araskog "tore it off and took it with him," Mr. Whitworth says. Two days later, the chairman of ITT's compensation committee chairman called Mr. Whitworth and declared, "Rand is going to take you up on your offer." Mr. Araskog says he doesn't dispute Mr. Whitworth's recollection.

As a result, ITT gave Mr. Araskog options for the first time -- 170,000 with an initial value of $3.5 million. The board also revamped its long-term performance plan and moderated Mr. Araskog's salary increases. The CEO received a 6% raise in 1992, down from a 17% raise the year before. Mr. Araskog says ITT embraced options partly because making money under the old performance plan was "next to impossible."

With subsequent grants, Mr. Araskog held options valued at $17.8 million by the end of 1995 when ITT broke itself up and sold off the pieces. He retired in 1998 and received $15 million in severance.

Other top CEOs took up the concept. In 1990, H.J. Heinz Co. CEO Anthony J.F. O'Reilly received options to acquire four million shares. The following year, Leon Hirsch, chief of medical-products company U.S. Surgical Corp. received options for 2.75 million shares valued at $170 million, more than 100 times his annual salary and bonus.

At the time, "we never saw an [option] plan we didn't like," Mr. Whitworth recalls. "People would say, 'How much is too much?' We said, 'The sky's the limit as long as it's tied to stock options,' which we equated to performance."

Shareholders expected option grants would displace other types of compensation. More often, they were doled out as an extra. As chairman and CEO of Chase Manhattan Corp., Walter V. Shipley received a $750,000 salary and options for 90,000 shares in 1993. Four years later, he was granted options for 240,000 shares, with an estimated value of $3.8 million. Mr. Shipley's salary rose, too, to $950,000.

The huge option grants began to trigger enormous paydays. In 1992, Disney CEO Michael Eisner exercised options valued at nearly $127 million. The former studio head reshaped and revived Disney in the 1980s and Disney's share price had risen tenfold.

Amid the economic downturn and corporate restructurings of the early 1990s, complaints about such awards found receptive audiences. In 1992, Democratic presidential candidate Bill Clinton made executive pay a campaign issue. Washington responded.

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The SEC said it would require more disclosure about compensation, particularly stock options and executive perks. The following year, after Mr. Clinton was elected, Congress decided companies could no longer take tax deductions on executive compensation of more than $1 million, unless it was related to performance.

Neither approach slowed the upward march of executive compensation. In fact, the disclosure rules allowed CEOs to see what others were getting, encouraging a competitive spiral. The tax law, meanwhile, drove up the compensation of CEOs who were making less than $1 million. Executives considered the cap a "minimum wage for CEOs," says Mr. Koppes, the former Calpers official.

SEC Chairman Christopher Cox recently said the 1993 law belongs in "the Museum of Unintended Consequences," because it encouraged the growth of "less transparent forms" of pay, such as pensions and deferred compensation.

Ignoring the Caps

Some companies felt free to ignore the caps altogether, especially as they wooed outsiders, a tactic increasingly used by boards to fix succession problems. In the 1970s, says the University of Southern California's Mr. Murphy, companies picked outside CEOs about 15% of the time. By the 1990s, that had risen to 27%. Last year, executive-search firm Spencer Stuart says outsiders won 40% of the CEO vacancies at S&P 500 firms.

Eastman Kodak Co. in 1993 wooed George Fisher, the successful chairman and CEO of Motorola Inc. Kodak offered a $2 million salary, more than double what he was earning at Motorola. Kodak didn't seem bothered by having to sacrifice tax deductions on half the $2 million. Mr. Fisher says, "I don't remember that was ever part of the discussion."

Mr. Fisher says the $2 million figure originated with his attorney, Joseph Bachelder, who had negotiated a similar deal for Louis V. Gerstner at International Business Machines Corp. Kodak also gave Mr. Fisher a $5 million signing bonus, a $1 million guaranteed bonus in both 1994 and 1995, 20,000 restricted shares and more than one million stock options.

"Going outside can be frightful," says Alfred DeCrane Jr., former CEO of Texaco Corp., who has served as a director on four compensation committees. "You can negotiate, but if you want to close the deal, you have to close it."

Defenders of CEO pay say these contracts demonstrate the market value of a successful executive. "There is an incredible shortage of qualified people to manage and lead big companies today," says Kenneth Langone, a veteran Wall Street figure. Mr. Langone is a defender of two executives caught up in pay controversies: Former New York Stock Exchange Chairman Richard Grasso and Home Depot Inc. CEO Robert Nardelli. Mr. Langone chaired the NYSE's compensation committee and is a director and a co-founder of Home Depot.

Mr. Bachelder, who has been negotiating CEO contracts for 26 years, points to another factor: big paydays for athletes, entertainers and money managers. "It's the Michael Jordan principle," Mr. Bachelder says. "If he can get $30 million, I have to get it."

Throughout this time, options remained a favorite pay tool for an important reason -- they were effectively free. Options granted at or above the market price of a stock did not have to be recorded as a company expense in financial results.

Accounting regulators proposed changing this rule in 1993 but backed off following opposition from Congress and Silicon Valley. Then-SEC Chairman Arthur Levitt later wrote in his memoir that failing to support the accounting change was his "biggest mistake" as chairman.

A few directors tried to buck the option fad to little effect. In the early 1990s, shareholder activist Robert Monks persuaded fellow directors of Tyco International Ltd. to pay CEO L. Dennis Kozlowski with restricted stock -- which requires a holder to wait several years before it can be sold -- rather than options. At Mr. Monks's urging, they also decided to deny Mr. Kozlowski a bonus if Tyco's cash flow and earnings didn't grow by at least 15%.

During a 1993 board meeting at a Tyco factory in Michigan, Mr. Monks says, he called for independent board members to meet privately and discuss even tougher ties between pay and performance. Mr. Kozlowski and his predecessor, John Fort, another board member, refused to leave the room, Mr. Monks says. The following year, Mr. Monks was not renominated for the board.

In 1997, Mr. Kozlowski received 3.3 million options after Tyco acquired security firm ADT Ltd. He later swapped some restricted stock for more options. Between 1998 and 2001, Mr. Kozlowski reaped more than $400 million in salary, stock grants and gains from options, according to securities filings. Mr. Kozlowski and his former finance chief were convicted last year of looting more than $150 million from Tyco. Both are serving prison sentences of as much as 25 years, and have appealed their convictions.

Asked for comment, a Tyco spokeswoman would say only that "prior management is no longer in place."

In the bull market of the late 1990s, these awards led to staggering paydays. In general, criticism of such deals was relatively muted as smaller investors also benefited from rising stock prices.

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That changed in 2001 when Enron Corp. collapsed in an accounting scandal. Others corporate debacles followed: WorldCom Inc., Adelphia Corp., Tyco. In each case, top executives massaged the books to prop up the share prices that accounted for most of their worth.

In response, the Sarbanes-Oxley Act, passed in 2002, required more timely disclosure of executive-pay deals and required CEOs to return compensation based on financial results that were later restated. The disclosure requirement squelched another pervasive, but little-known, practice of the 1990s, a side effect of the options craze: the "backdating" of stock options. The long-hidden practice burst into public view this year, and now more than 100 companies are under scrutiny for manipulating the timing of option grants to generate even bigger gains for executives.

By 2003, the average option grant fell nearly by half to $3.3 million, according to the University of Southern California's Mr. Murphy. As a result, average CEO compensation actually declined, to $8.7 million in 2003, from $12.8 million in 2000.

The following year, accounting rulemakers finally required stock-option grants to be treated as an expense. Corporate boards responded by distributing fewer options.

In lieu of options, boards distributed more restricted stock. Some questioned whether this was progress; unlike options, restricted stock retains its value even if share prices decline. Other boards pledged to tie pay more closely to performance.

Big awards are now popping up when executives leave their companies, regardless of performance. As of the end of last year, then-Pfizer Inc. CEO Henry McKinnell accumulated $83 million in pension benefits, according to company filings. He was ousted as CEO in July. During his five-year tenure, Pfizer stock declined nearly 37%. Mr. McKinnell is set to remain Pfizer chairman until his retirement in February.

His pension benefits "were awarded on the basis of many years of service to the company, including years in which the company significantly outperformed the market and its peers," says Dana Mead, head of the Pfizer board's compensation committee, in a written statement.

Golden parachutes are back, too. James Kilts, CEO of Gillette Co., received about $164.5 million in severance and other benefits after the razor maker was acquired by consumer-products giant Procter & Gamble Co. last year. North Fork Bancorp CEO John Kanas received $185 million for selling his Melville, N.Y.-based bank to a rival.

"By the time the payments are disclosed, the CEO is gone," notes Sarah Teslik, a longtime corporate-governance watchdog. "The worst that happens is a day's trashing in the press."

CRIMINAL LAW:

Blagojevich Friend Faces Fraud Charges (SLPD)

By Kevin McDermott, POST-DISPATCH SPRINGFIELD BUREAU

St. Louis Post-Dispatch, October 12, 2006

A federal corruption investigation edged closer to Illinois Gov. Rod Blagojevich on Wednesday, with the indictment of a Blagojevich friend and fundraiser who allegedly conspired with another defendant to extort money from state contractors - some of it earmarked for the campaign fund of "a certain public official."

Blagojevich - a Democrat just 27 days from the end of a re-election campaign in a race that has focused on corruption issues - isn't named in the indictment unsealed in Chicago. U.S. Attorney Patrick Fitzgerald, laying out his case at a news conference, refused to answer repeated questions about whether Blagojevich is the unnamed official for whom the two men were allegedly shaking down contractors.

But the indictment includes allegations that Blagojevich confidant Antoin "Tony" Rezko used "his relationships and influence" in state government to get the other defendant reappointed to a state pension board, so they could continue demanding kickbacks from contractors hired by the board. That board's members are appointed by the governor.

The 24-count federal indictment names Rezko, a close Blagojevich adviser and major fundraiser, and Stuart Levine, a former Blagojevich appointee to the Illinois Teachers Retirement System. It charges attempted extortion, money laundering and mail and wire fraud.

Fitzgerald said Levine is cooperating with investigators. That's likely to put the spotlight on Rezko, 51, a Syrian immigrant and millionaire businessman who has raised hundreds of thousands of dollars for Blagojevich while serving as an unofficial but close adviser to him.

"In the spring of 2004, there was a frenzied effort (by Rezko and Levine) to try to obtain millions of dollars illegally in kickbacks and shakedowns" for themselves and for the unidentified political fund, Fitzgerald said.

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In one alleged scheme laid out in the indictment, Rezko and Levine are accused of attempting to prevent one firm from getting a $220 million investment contract unless the firm gave $1.5 million in political contributions to what the indictment identified only as "a certain public official."

The indictment doesn't reveal whether that official is Blagojevich. There's no indication in the indictment that the public official knew about the alleged scheme.

That scheme fell through, Fitzgerald said, after the investment firm threatened to go to the authorities, causing Rezko and Levine to back off.

The indictment also alleges that Rezko successfully got Levine reappointed to the Teachers Retirement System board so that their schemes could continue. The governor makes all appointments to the board, and it was Blagojevich who reappointed Levine.

Fitzgerald is mum

Fitzgerald turned aside reporters' questions about Blagojevich's possible role. "I'm not going to talk about anyone who's not charged," he said.

He added that the inquiry is ongoing and that it won't be affected by the Nov. 7 gubernatorial election.

"We're going to bring the cases as soon as they're ready to go. . . . We're not going to take a siesta for election season," Fitzgerald said.

Blagojevich has been leading Republican challenger Judy Baar Topinka in polls but has been dogged all year by questions about the continuing federal investigation into people around him.

"The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust - the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible," Blagojevich said in a written statement. "If these allegations are true, the individuals cited in these indictments should be held accountable to the fullest extent of the law. Wrongdoing must be punished."

The Topinka campaign seized on the indictment as further proof of what she calls "pay-to-play" politics under the Blagojevich administration.

"The governor needs to answer questions about how he allowed this to happen," Topinka said Wednesday. "(Rezko) is his right-hand man. . . . He's been involved in every aspect (of the administration).

"The public ought to brace itself, because it sounds like there's more to come," Topinka added.

Second indictment

In a second indictment, Rezko also was charged with defrauding General Electric Capital Corp. out of $10.5 million in loans in connection with a pizza restaurant business.

Arraignment for both indictments was scheduled for Friday. Rezko was out of the country on Wednesday but was being contacted, according to his legal counsel, Stetler & Duffy Ltd. of Chicago.

"Mr. Rezko is innocent of the charges brought against him and is confident he will be vindicated at trial," the law firm said in a written statement. It called the charges "the creation of Stuart Levine."

Levine attorney Jeffrey B. Steinback said Wednesday that Levine "is cooperating, as he has since early this year, and it is his full intention to continue to cooperate," The Associated Press reported.

The allegations are reminiscent of charges originally leveled at people around former Gov. George Ryan, before Ryan himself was accused of wrongdoing. Ryan ultimately was indicted on corruption charges and convicted earlier this year. He is appealing his conviction.

Top Aide To Illinois Governor Is Indicted In Kickback Inquiry (NYT)

By Libby Sander

The New York Times, October 12, 2006

CHICAGO, Oct. 11 — Accusations of political corruption drew closer to Gov. Rod R. Blagojevich of Illinois on Wednesday, as a federal grand jury indicted one of his top advisers and fund-raisers in an alleged kickback scheme involving state pension funds.

The fraud accusations against the adviser, Antoin Rezko, whose ties to Mr. Blagojevich date to the early 1990's, come in the final weeks of a campaign in which Mr. Blagojevich's opponent has made ethics a top issue. That opponent, Judy Baar Topinka, the Illinois treasurer, has kept up a steady refrain reminding voters that four years ago Mr. Blagojevich ran for governor on the promise of cleaning up corruption.

Mr. Blagojevich, a Democrat, was quick to criticize the accusations against Mr. Rezko, whom prosecutors said devised an elaborate plan to extort millions of dollars from investment firms seeking to do business with state pension funds.

The governor said in a statement that the accusations against Mr. Rezko and another businessman, Stuart Levine, who is expected to plead guilty later this month, were "reprehensible."

Ms. Topinka has tried to distance herself from the scandals that plagued her party under Gov. George Ryan, who was sentenced last month to six and a half years in prison for government corruption, while spotlighting state and federal investigations into the Blagojevich administration's actions in hiring, fund-raising and awarding state contracts.

John McGovern, a spokesman for the Topinka campaign, said, "The Rezko indictment makes clear that the ongoing investigation into corruption in the Blagojevich administration is broad, is deep and is gathering momentum."

Patrick J. Fitzgerald, the United States attorney who announced the indictment, said Mr. Rezko and Mr. Levine developed plans in 2003 and 2004 to obtain $5 million in kickbacks from six investment firms seeking money from two state pension funds.

In one scheme, the indictment alleged, Mr. Rezko and Mr. Levine agreed to tell one investment firm that it would receive money from the pension fund only if it paid them $2 million or made a $1.5 million political contribution to "a certain public official."

Mr. Fitzgerald, speaking at a news conference, declined to name the "certain public official" cited.

"We're not going to comment on anyone not charged," he said, deflecting repeated questions from reporters about Mr. Blagojevich's role in the investigation. He also said the timing of the indictment had nothing to do with the coming election.

Mr. Rezko, who has raised large sums for Democrats and Republicans alike, told The Chicago Tribune last year that he first came to know Mr. Blagojevich in the early 1990's. When Mr. Blagojevich ran for governor in 2002, Mr. Rezko helped raise money and, after Mr. Blagojevich won, became a close political adviser. But he said his ties to the governor were misunderstood.

"I don't do any business with state government," Mr. Rezko told The Tribune, "and have stayed away from it" since Mr. Blagojevich became governor.

Top Blagojevich Adviser Indicted (CHIT)

By Rick Pearson, Ray Long And David Mendell

Chicago Tribune, October 12, 2006

Federal prosecutors alleged Wednesday that Antoin "Tony" Rezko used his influence as one of Gov. Rod Blagojevich's closest advisers and fundraisers to seek millions of dollars in kickbacks and campaign donations from firms seeking state business.

Rezko's indictment comes less than a month before voters must decide whether to re-elect Blagojevich, a Democrat who won four years ago on a platform of ethics reform in the aftermath of the scandal-tarred tenure of George Ryan.

The governor is not accused of any wrongdoing and the indictment does not mention him by name. But the long-rumored charges have been hanging over Blagojevich's campaign for months.

The indictment alleges that Rezko schemed to extort businesses that came before two state boards with the help of co-conspirator Stuart Levine, a campaign contributor re-appointed to the boards by the governor.

Blagojevich, in a Wednesday evening news conference at his campaign headquarters, described Rezko as a friend and supporter. But the governor played down Rezko's extensive influence in the administration, which ranged from recommending appointees to the governor's Cabinet to low-level jobs at the Illinois Tollway. The governor said he had no personal knowledge of any alleged wrongdoing.

"If in fact these allegations relating to Tony are true, he betrayed my trust," Blagojevich said. "He lied to me. He deceived me. But a lot more important than that, he violated the public trust.

"And I feel a tremendous sense of personal betrayal," the governor said. "But no one is above the law and everybody is accountable to the law and God forbid he did these things. And I pray that he didn't, but if he did, he is going to have to be held accountable and answer to that."

Blagojevich's Republican challenger, state Treasurer Judy Baar Topinka, seized on news of the indictment, alleging the governor had violated the public trust by giving Rezko a prominent advisory role.

"My goodness, this man is just so intricately involved with Rod Blagojevich," Topinka said of Rezko while campaigning in Springfield. "You can spin it all you want, but this was his right-hand man."

In announcing the indictment against Rezko, 51, of Wilmette, U.S. Atty. Patrick Fitzgerald said his office was unconcerned about whether its actions would impact the upcoming election. Fitzgerald refused to discuss Blagojevich.

"We're not going to stop momentum or take a siesta for political reasons," Fitzgerald said. "We're not concerned with elections. We're concerned with bringing the cases as soon as they're ready to go."

Rezko, an international businessman and native of Syria, has been out of the country for weeks and his whereabouts had become a concern for federal investigators. Sources said investigators were waiting to see whether Rezko would return from overseas this past weekend. When Rezko did not return, authorities made the unusual decision to unseal the Oct. 5 indictment even though they aren't certain he will return to the United States.

An arrest warrant has been issued for Rezko and Fitzgerald said if he does not appear for his scheduled arraignment Friday, he will be considered a fugitive.

Joseph J. Duffy, Rezko's attorney, issued a statement denying his client committed any wrongdoing and expressing confidence he would be vindicated at trial. Rezko is currently traveling abroad, Duffy said, adding that he was attempting to notify him of the charges and arrange for his return to the United States.

Fitzgerald alleged the actions of Rezko and Levine, who is cooperating with prosecutors, represented "pay-to-play politics on steroids" and said the two engaged in a "frenzied" effort to score kickbacks.

Robert Grant, special agent-in-charge of the Chicago office of the FBI, said the federal investigation, dubbed "Operation Board Game," continues to build and he all but promised more indictments.

"This is a gathering storm of an investigation with a goal of rooting out the parasites that have plagued our public institutions," Grant said. "Our investigative efforts and those of our partners are ongoing, methodical, aggressive and relentless."

Specifically, the indictment alleged Rezko used his influence with top officials in Blagojevich's office in the spring of 2004 to ensure that allies were appointed to or retained seats on a state hospital planning board and the state's Teachers' Retirement System Board, the $36.5 billion pension fund for retired teachers outside of Chicago.

The indictment alleged Rezko worked to secure Levine's reappointment to the pension panel, by using "his relationships and influence with high-ranking State of Illinois officials" so the two could pull off their extortion plans.

The indictment alleged Rezko would exert similar influence to gain the appointment of pension-board members who would be helpful to Rezko and Levine.

In May of 2004, the indictment said, "Rezko instructed a State of Illinois employee responsible for facilitating appointments to state boards to move forward on Levine's reappointment to the [teachers' pension board], and represented that the reappointment had been approved by a high-ranking state official. The high-ranking state official subsequently directed that Levine be reappointed to the [teachers' pension board]."

Blagojevich reappointed Levine to the teachers' pension board in 2004. A year earlier, the governor also reappointed Levine to the state's Health Facilities Planning Board, the agency in charge of approving hospital construction and expansion. Rezko previously served on the hospital panel.

The indictment contended that once Levine's post on the teachers' pension board was in place, Levine would use his power to try to leverage investment firms seeking state business into paying millions of dollars in "finder's fees" that he and Rezko would split or funnel to intermediaries and associates.

Those intermediaries, who were not named in the indictment or charged with wrongdoing, include significant insiders in state Democratic and Republican politics.

In one instance, the indictment alleges that Levine used his influence on the pension board in 2004 to withhold a planned allocation of $220 million in funds unless a kickback of $2 million was paid to a consultant of Rezko's and Levine's choosing or arrange for $1.5 million in campaign contributions to be made to an unnamed public official.

Though the extortion payment was never made, sources close to the investigation said the donations were solicited for Blagojevich's campaign fund.

Prosecutors alleged that Rezko and Levine used an unidentified intermediary to approach the investment firm.

Citing TRS records, Jon Bauman, the teacher fund's executive director, confirmed that the intermediary, identified in the indictment as Individual A, is longtime Springfield powerbroker William Cellini, a pre-eminent Republican fundraiser who has supported Blagojevich. A federal law enforcement source, speaking on the condition of anonymity, confirmed Cellini was Individual A.

Cellini, who has not been charged with any wrongdoing, did not respond to requests for comment.

While the indictment alleges Rezko and Levine displayed a pattern of attempting to extort several firms, federal prosecutors said Rezko netted $250,000 in a lone instance in which the two succeeded. They said Levine stopped efforts to coax money from other firms after FBI agents interviewed him in May 2004, alerting him to the ongoing investigation.

Levine, a millionaire businessman who was a prominent fundraiser and donor for Blagojevich's 2002 Republican opponent, former Atty. Gen. Jim Ryan, has agreed to plead guilty to corruption-related charges, federal prosecutors said.

Only 11 days before the Nov. 7 election, Levine is scheduled to enter a guilty plea for his role in the pension-fund charges. On Nov. 1, he is to enter another guilty plea regarding kickback charges involving his role at the Health Facilities Planning Board.

Prosecutors said Levine worked with Joseph Cari, a former finance director for the national Democratic Party and a major fundraiser, to try to secure kickbacks and campaign contributions from firms seeking state pension fund business.

In his September 2005 plea agreement, Cari said he was told that pension fund business was steered to firms that made campaign donations under the direction of a high-ranking public official. The unnamed person was described in the plea agreement only as "Public Official A." Blagojevich has denied being that public official.

Cari and Levine traveled with Blagojevich to New York on a fundraising trip following the Democrat's election as governor, which was recorded as a campaign donation to the governor worth more than $4,000.

Shortly after Cari's plea agreement last fall, Blagojevich defended his closest fundraising aides and advisers, including Rezko.

"I have confidence that they do things right," Blagojevich said then. "They don't break the law or make any promises or deals or quid pro quos. Those are obvious and I don't think it takes a brain surgeon to figure out you shouldn't do those things."

On Wednesday evening, as he found his ethical credentials in question, Blagojevich said he would donate to charity as much as $70,000 in direct donations from Rezko. But in his role as one of two key money men for Blagojevich, Rezko was responsible for leveraging much more. Blagojevich has amassed more than $50 million in his campaigns for state office.

Gov's Pal Indicted In Kickback Scheme (CHIST)

By STEVE WARMBIR, NATASHA KORECKI, CHRIS FUSCO AND DAVE MCKINNEY, Staff Reporters

Chicago Sun-Times, October 12, 2006

Wielding their clout like a club, Antoin Rezko, a top adviser and fund-raiser for Gov. Blagojevich, and GOP insider Stuart Levine were partners in crime as they arranged to shake down nearly $5 million in kickbacks from six investment firms looking for business with the state, a federal indictment alleged today.

The new charges against Rezko, 51, of Wilmette, represent the closest federal investigations have come to Blagojevich's inner circle and present fresh complications for the governor as he campaigns for re-election.

Blagojevich acknowledged at a Wednesday night news conference that Rezko "has been a friend and a supporter and ... I pray that these allegations are not true."

"If in fact these allegations relating to Tony are true, he betrayed my trust, he lied to me, he deceived me, but even more important than that he betrayed the public trust," said Blagojevich, who added the indictment did not suggest he had any knowledge of alleged wrongdoing.

Levine was charged in the scheme last year. He's cooperating extensively with federal investigators.

Rezko and Levine also allegedly schemed to shake down a seventh investment firm co-owned at the time by Hollywood producer Tom Rosenberg — a facet of the investigation first reported by the Sun-Times last month. Rosenberg's firm was slated to get a $220 million state deal when the shakedown began. Rosenberg's firm was warned to either cough up $2 million to a consultant of Rezko and Levine's choosing or arrange for $1.5 million to be contributed "to a certain public official." The Sun-Times has reported that official was Blagojevich.

The deal, though, went through, after Rosenberg threatened to notify law enforcement of the shakedown, according to the indictment and sources.

Rezko and Levine are also accused of shaking down a $1 million kickback to get state approval for a corporation to build a hospital in Crystal Lake.

Rezko derived his clout from his close to ties to the Blagojevich administration, while Levine sat on the boards for the Teachers' Retirement System — which the investment firms were seeking business from — and the Illinois Health Facilities Planning Board — which had say over hospital construction in the state.

U.S. Attorney Patrick Fitzgerald said today the criminal charges showed "a frenzy of corrupt scheming."

Rezko and Levine "and their associates put out the word loud and clear: You have to pay to play in Illinois," Fitzgerald said.

In a separate indictment, Rezko was charged with defrauding General Electric Capital Corp. and investors in regard to the financing and sale of Rezko's Papa John's pizza restaurants in Chicago and Milwaukee.

The indictment alleges Rezko fraudulently obtained more than $10 million in loans from General Electric.

Early this afternoon, Blagojevich's Republican challenger for the governor's job, Judy Baar Topinka, stressed she hadn't seen the indictment yet but that charges against Rezko would be "very, very damaging to the governor's campaign."

Calling Rezko the governor's "right-hand man," Topinka said that Rezko had "an influence on hiring . . . He had an influence on the campaign. He's had a tremendous influence."

Rezko, who has been traveling out of the country, has been a key fund-raiser for and adviser to the governor. His name has surfaced in state and federal probes into whether campaign contributions to Blagojevich were being traded for lucrative state contracts and appointments to government boards and commissions. It's unclear whether Rezko has returned to the United States.

The indictment of Rezko, a real estate developer, comes just weeks before Levine, a key figure in the federal probes of the Blagojevich administration, is set to plead guilty in two cases involving boards to which the governor appoints members.

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Levine, a wealthy businessman and political insider, was reappointed by Blagojevich to the health facilities board and the state teachers retirement board. Levine plans to plead guilty before the Nov. 7 gubernatorial election to criminal wrongdoing involving both of those boards.

Last year, another man indicted in the TRS case, lawyer Joseph Cari, pleaded guilty and alleged that Levine told him that Blagojevich and top Blagojevich fund-raisers Rezko and Christopher G. Kelly schemed to steer state pension deals to investment firms and consultants who agreed to donate to Blagojevich's campaign. The plea identified Blagojevich as "Public Official A" and Kelly and Rezko as "associates," sources have said.

The governor has called Cari's accusation "triple hearsay." Rezko and Kelly repeatedly have denied wrongdoing.

Kelly's lawyer said this morning he was unaware of any criminal charges being filed against his client, and there was no indication charges against Kelly were imminent.

A lawyer for Rezko could not be reached for comment.

Illinois Governor's Aide Indicted (LAT)

By P.j. Huffstutter, Times Staff Writer

The Los Angeles Times, October 12, 2006

A key fundraiser for Rod Blagojevich is accused of trading state contracts for cash. The charges may boost the race's GOP challenger.

CHICAGO — Less than a month before the gubernatorial election, a federal grand jury has indicted a top advisor and fundraiser for Illinois Gov. Rod Blagojevich on suspicion of using his political clout to get millions of dollars in kickbacks from companies seeking state contracts.

The indictment, unsealed Wednesday, alleges that businessman Antoin "Tony" Rezko orchestrated a fraud scheme with Chicago attorney Stuart Levine, whom the governor reappointed to two state boards: one that handles hospital projects and another that manages teachers' pensions.

Rezko was one of Blagojevich's biggest fundraisers during the gubernatorial campaign four years ago, and himself contributed more than $49,000.

"Rezko used his relationship with certain state of Illinois officials to ensure that Rezko and Levine had the ability to influence the actions of [state boards] … for the benefit of themselves and their nominees and associates," according to the indictment. The two men then "solicited and demanded millions of dollars in undisclosed kickbacks and payments, and received and directed hundreds of thousands of dollars in undisclosed kickbacks and payments."

Rezko also allegedly obtained more than $10 million in fraudulent loans from General Electric Capital Corp. for pizza franchises, and defrauded investors in that business, according to a second indictment unsealed Wednesday.

Levine has already been charged with using his position on the state boards to extort payoffs from medical groups and investment firms, and is cooperating with federal investigators, according to U.S. Atty. Patrick J. Fitzgerald.

An arrest warrant has been issued for Rezko, who is thought to be traveling abroad.

Though neither indictment names the governor, the charges further roil a nasty gubernatorial race between Blagojevich, a Democrat seeking a second term, and GOP rival Judy Baar Topinka, the state's three-term treasurer.

The indictments are part of a federal probe into whether campaign contributions to Blagojevich were given in exchange for business contracts or appointments to state boards and commissions.

The FBI also has been looking into claims that Beverly Ascaridis, the wife of the governor's former campaign treasurer, got her job as a state parks administrator in exchange for a $1,500 check her husband wrote to Blagojevich's daughter.

Blagojevich has repeatedly denied any knowledge of, or connection to, the alleged corruption.

"The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust — the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible," Blagojevich said in a written statement Wednesday.

Illinois' gubernatorial race is being closely watched, with Democrats and Republicans fighting to attain a majority of the nation's governorships. And the Midwest is particularly contested, seen as key in the 2008 presidential campaign.

After 25 years, the GOP lost Illinois' governorship in 2002, when Blagojevich positioned himself as someone who would clean up state government.

Before that election, the GOP had held almost all top statewide offices.

Today, it has only Topinka's.

Michael Lawrence, director of the Paul Simon Public Policy Institute at Southern Illinois University in Carbondale, said this week's news could prove a break for Topinka.

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A poll last month for Copley News Service showed Blagojevich with a 10-point lead over Topinka, 47% to 37%. But voters weren't particularly happy with Blagojevich: A third of voters rated his job performance as "excellent" or "good," two-thirds as "fair" or "poor."

Rezko "is not some little-known person," Lawrence said. "This is someone who clearly knows the governor and is close to him. The question is going to be whether the public will pay attention."

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As The Foley Case Unfolds, Hastert Gets A More Enthusiastic Nod From Bush (NYT)

By Jim Rutenberg And Jeff Zeleny

The New York Times, October 12, 2006

WASHINGTON, Oct. 11— Early last week, President Bush said he respected J. Dennis Hastert as a father, a teacher and a coach — but did not say what he thought of him as House speaker.

Two days later, amid continuing calls for Mr. Hastert to resign as speaker over the Mark Foley e-mail scandal, Mr. Bush expressed more direct support for Mr. Hastert, but only through aides.

This week, Mr. Bush is giving Mr. Hastert a more unmistakable embrace, telling reporters on Wednesday: “Denny is very credible, as far as I’m concerned. And he’s done a fine job as speaker.”

The president is expected go one step further on Thursday, when he is scheduled to appear side-by-side with Mr. Hastert at a Republican rally in Chicago.

Aides to both men said Mr. Bush’s ever-friendlier declarations of support were one part political calculus, one part personal loyalty. The White House has made clear it agrees with Republican leaders in Congress that Mr. Hastert’s resignation would only prompt Democrats to demand more scalps in the imbroglio over what Congressional Republicans knew when about Mr. Foley’s risqué e-mails to male pages.

But, aides said, it also reflects Mr. Bush’s belief that Mr. Hastert has by and large been a loyal supporter who has come through for him at crucial moments — though their working relationship has had its rifts. This year, Mr. Hastert has criticized the administration for approving a deal giving control of operations at several major ports to a Dubai-owned company and for pushing an immigration plan that caused open rebellion among his members.

The strains seemed evident last week as Mr. Bush initially appeared to hold back on giving Mr. Hastert full-throated support as speaker, though aides said the president could only come so far when so many facts were unknown.

But then last Thursday, Mr. Hastert declared that he took ultimate responsibility for his office’s missing signals that Mr. Foley was crossing the line with pages — though he said he had not personally known of them. This seemed to clear the way for more forceful presidential support.

Within hours, Mr. Bush called Mr. Hastert at home to say he stood by him as speaker. Aides to both men told reporters about the call minutes later.

People in Mr. Hastert’s inner circle describe the phone call as the equivalent of a papal blessing that helped cool demands for his resignation from within the party, even as new reports emerged accusing Mr. Hastert’s office of knowing about potential trouble with Mr. Foley earlier than it had acknowledged.

Addressing some friction this year, Ron Bonjean, Mr. Hastert’s spokesman, said, “Sure, there have been ups and downs, but at the same time we both have our eye on the ball and we both are trying to defy history in this midterm election.”

Aides to Mr. Bush said the president was also grateful for Mr. Hastert’s help on signature issues like his tax cuts. Mr. Bush had urged the speaker to stay on in 2004, to help advance his second-term agenda. Otherwise, Mr. Hastert’s associates say, he would now be savoring an ambassadorship or concentrating on building a vacation home in Wisconsin.

In the end, Mr. Hastert could not help the president deliver his proposed Social Security overhaul or his immigration plan. But Tony Snow, the White House press secretary, said the president had appreciated Mr. Hastert’s candor.

“Sometimes Hastert will say ‘I agree with you, but given where the votes are, you’re not going to get it,’ ” Mr. Snow said.

Only weeks ago, Illinois Republicans worried about having Mr. Bush attend a fund-raiser for local Congressional candidates on Thursday, given his approval ratings. Mr. Hastert’s name was highlighted on the invitations, printed larger than Mr. Bush’s.

Now, it is Mr. Hastert who is seen as the bigger liability. And now it is Mr. Bush who is trying to boost Mr. Hastert.

“When he stands up and says, I want to know the truth — I believe yesterday he said that if somebody on his staff didn’t tell him the truth, they’re gone — I respect that and appreciate that, and believe him,” Mr. Bush said Wednesday.

The president predicted that the scandal would not harm the party on Election Day.

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"This Foley issue bothers a lot of people, including me," he said. "But I think when they get in that booth, they're going to be thinking about how best to secure the country from attack, and how best to keep the economy growing."

Hastert Aides Interest Ethics Panel (WP)

By Jonathan Weisman

The Washington Post, October 12, 2006

With House Speaker J. Dennis Hastert denying personal knowledge of former representative Mark Foley's activities, investigators for the House ethics committee are bearing down on three senior members of Hastert's staff to determine when they learned of Foley's actions and whether they passed on their knowledge to the speaker.

The three -- chief of staff Scott Palmer, deputy chief of staff Mike Stokke and counsel Ted Van Der Meid -- have formed a palace guard around Hastert (R-Ill.) for years, attaining great degrees of power and unusual autonomy to deal with matters of politics, policy and House operations. They are also remarkably close. Palmer and Stokke have been with Hastert for decades. They live together in a Capitol Hill townhouse and commute back to Illinois on weekends.

It is that relationship that has made investigators so interested in their knowledge of Foley's contacts with teenage male congressional pages, especially allegations that his chief of staff personally appealed to Palmer in 2003 to confront the Florida Republican. Foley resigned Sept. 29 when news reports indicated he had sent electronic messages to a former page.

"It would be very hard to believe if Palmer knew that kind of detail, he wouldn't have acted upon it, and it's hard to imagine Scott Palmer would have spared the speaker that knowledge," said one former Republican leadership aide, who spoke on the condition of anonymity for fear of jeopardizing his lobbying contacts.

Within Hastert's operation, some staff members appear to point accusingly at Van Der Meid, who is in charge of ethics matters and is widely believed to have steered Hastert wrong before.

Van Der Meid, a former chief Republican counsel for the House Committee on Standards of Official Conduct, helped engineer the failed effort to change GOP ethics rules to allow an indicted lawmaker to remain in the leadership. The power play was designed to keep then-House Majority Leader Tom DeLay (R-Tex.) at his post, but it backfired spectacularly, embarrassing many Republicans and leaving a blemish on Hastert's record.

One House leadership aide said Van Der Meid lacks the personal connections with the speaker that Palmer and Stokke have, making him the most vulnerable of the three.

The staff issue will be front and center today, as the ethics committee takes the testimony of Kirk Fordham, Foley's former chief of staff, who is to testify that in 2003 he alerted Palmer to Foley's behavior. A source with knowledge of the events said Fordham will detail repeated efforts by then-House Clerk Jeff Trandahl to raise alarms about Foley's interest in young pages, and Fordham's own confrontations with Foley.

As early as 2000, Trandahl periodically called Fordham to say Foley was spending too much time with pages, the source said, and Fordham would have to "pull him back a little." In brief, awkward conversations, the source said, Fordham would tell Foley: "I just got a call from Jeff Trandahl. And Mark, you just need to be conscious of appearances. Everyone knows you're gay. You're being held to higher standards than everyone else. They see the stereotype -- a gay man going after kids."

In 2003, Trandahl placed another call to Fordham, according to the source. But this time, it was because Foley was seen drunk outside the pages' dormitory after the 10 p.m. curfew, trying to get in. Exasperated, Fordham reputedly told Trandahl, "I don't know if my saying something [to Foley] would make any difference."

Both Fordham and Trandahl decided that Fordham should call Palmer, according to the source. In a phone call with Palmer, Fordham expressed his concern about Foley's "over-friendliness" to pages, although Fordham did not specifically mention that Foley was seen outside the pages' dorm. Palmer said he would talk to Foley about it; two days later, Fordham checked in with Palmer. Palmer said that he spoke with Foley and that he told the speaker about it, the source said.

Palmer has said: "What Kirk Fordham said did not happen."

Now, a rapidly escalating ethics investigation is trying to determine who is right. Peggy Sampson, a former Capitol Police officer who has supervised Republican pages since 1986, went before the committee yesterday. According to several former pages, Sampson was the adult who warned them to stay away from Foley, and she may be able to confirm his alleged visit to the pages' dormitory.

A current staff member who has corroborated Palmer's meeting with Foley has also offered to cooperate with investigators. House Majority Leader John A. Boehner (R-Ohio), who said he told Hastert about the Foley matter this spring, yesterday afternoon received an invitation to testify and "looks forward to cooperating fully," said spokesman Kevin Smith.

Rep. Rodney Alexander (R-La.) and his chief of staff are to testify next week, presumably about e-mails Alexander's staff received from a former page. The 2005 e-mails from Foley, which asked the youth for a picture and what he wanted for his birthday, came to the attention of Stokke and Van Der Meid that fall, the speaker's office said.

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For an institution replete with glory seekers, Hastert's inner circle has been virtually invisible to the outside world. Palmer has known Hastert for 28 years and worked on his first political campaign; he is the speaker's gatekeeper, a policy expert who swoops into negotiations to untie knots and seal deals.

Stokke, an old Illinois political hand, is tasked with getting GOP lawmakers what they need for their faltering campaigns, such as an appearance by Hastert, a fundraiser or vital legislation.

Van Der Meid is the relative newcomer -- he came to the speaker's office after guiding the ethics committee's probe of then-House Speaker Newt Gingrich (R-Ga.). Known by some as the mayor of the House, Van Der Meid has the institutional knowledge of the chamber's customs. He handles legal matters but has been known to intervene angrily on a shade of carpet or which paintings to hang on the Capitol's walls.

The speaker's own timeline points to Van Der Meid and Stokke as central players in the Foley matter. After Alexander's staff alerted a low-level Hastert aide in the fall of 2005, Stokke directed the information to Van Der Meid. Later that day, Stokke met with Alexander's chief of staff, then summoned Trandahl to the speaker's office. Later, Trandahl informed Van Der Meid that action had been taken to stop Foley's communications with the Louisiana youth.

A senior GOP aide, speaking on the condition of anonymity for fear of retribution, said it made little sense to have a political hand such as Stokke handle the Foley matter, a delicate issue involving personnel questions and possible legal violations.

"Did they make an affirmative decision to have the political guy work on this?" the GOP staffer asked. "It clearly was a bad damn idea."

Nowhere in the speaker's timeline is Palmer mentioned. But former leadership aides question how a powerful chief of staff could have been left out of such complicated deliberations and how they would have been kept from Hastert.

The latter point is especially true if Foley's behavior came to Palmer's attention in 2003, one former aide said. In recent months, as the House has become consumed in scandal and political trouble, Hastert has been less engaged in the day-to-day activities of the House, he said. That was not true in 2003, however, the former aide added.

Ethics Panel Questions Page Supervisors (AP-Y)

By Larry Margasak

AP-Yahoo, October 12, 2006

House officials who directly supervise teenage congressional pages were questioned Wednesday by ethics committee investigators probing the handling of former Rep. Mark Foley's inappropriate messages to pages.

The internal investigators spoke privately with Peggy Sampson, who supervises House pages sponsored by Republican lawmakers, and her Democratic counterpart, Wren Ivester.

The high schoolers attend classes at Congress' page school and perform errands for lawmakers.

By starting with those closest to the pages, investigators can learn what the youngsters might have told the supervisors about Foley, R-Fla., and whether they reported any inappropriate conduct to higher House officials.

Until now, there has been no evidence that any Democratic lawmaker or employee knew about Foley's conduct.

Investigators planned to question Foley's former chief of staff, Kirk Fordham, on Thursday. He says he took action in 2002 or 2003 when he learned of Foley's inappropriate approaches to pages.

Fordham has emerged as a key figure because he said he brought the allegations to Speaker Dennis Hastert's chief of staff, Scott Palmer. Fordham has said he subsequently learned that Palmer spoke with Foley.

Palmer has denied speaking with Fordham at that time, and Hastert's office said the speaker's staff first learned about Foley's conduct in the fall of 2005.

An internal review by Hastert's office said the information passed on last fall concerned Foley's overly friendly — but not sexually explicit — computer messages to a former page from Louisiana.

The page was sponsored by Rep. Rodney Alexander, R-La. His office said the lawmaker and his top aide will appear before the ethics panel next week.

Hastert, R-Ill., said he did not learn of Foley's conduct until the end of September. If that is correct, his staff will have to explain to investigators why they did not tell the speaker what they knew last fall.

Hastert said he believes his staff acted appropriately when the information was passed on to the House clerk and Rep. John Shimkus, R-Ill., the chairman of the board that oversees the page program. Shimkus and the clerk met with Foley and made it clear he should stop communicating with the former page to avoid even the appearance of impropriety.

The speaker said this week that if he finds that anyone on his staff covered up the problem, they would be fired.

President Bush has expressed confidence in Hastert's handling of the Foley matter several times, the latest on Wednesday.

He said Hastert's "strong statements have made it clear to not only the party members, but to the country, that he wants to find out the facts," Bush told a White House news conference.

"I mean, this is disgusting behavior when a member of Congress betrays the trust of the Congress and a family that sent a young page up to serve in the Congress."

The president called the speaker "very credible as far as I'm concerned," and said Hastert has "done a fine job as speaker."

Bush planned to speak at a fundraiser in Chicago on Thursday that Hastert was hosting to help two Illinois Republicans in tough races.

Boehner Asked By Ethics To Testify On Foley (RC)

By Susan Davis

Roll Call, October 12, 2006

The House ethics committee is stepping up its investigation into former Rep. Mark Foley's (R-Fla.) relationships with House pages, as Members are being lined up to offer testimony before the panel.

According to sources, House Majority Leader John Boehner (R-Ohio) received an invitation Wednesday to appear before the Committee on Standards of Official Conduct, but a specific date was not disclosed.

A spokesman for Boehner reiterated that he will cooperate fully with the investigation.

"Mr. Boehner welcomes the opportunity and looks forward to meeting with them and providing any information that might be helpful to their inquiry," said spokesman Kevin Madden.

Additionally, Rep. Rodney Alexander (R-La.) will appear before the ethics committee next week. Adam Terry, a spokesman for Alexander, said he will "voluntarily" offer testimony Wednesday.

The Louisiana Republican will discuss his role in 2005 in informing House Republican leaders that a former page — sponsored by his office — had been made uncomfortable by an e-mail exchange with Foley that was characterized as "over-friendly."

The public revelation of that e-mail exchange two weeks ago quickly led to the disclosure of a series of other, more sexually explicit online discussions Foley had with former House pages that prompted him to resign from the House on Sept. 29.

The ethics committee launched a formal investigation of the Foley matter Oct. 5. On Wednesday, lawyers for the committee met separately with Peggy Sampson and Wren Ivester, the majority and minority House page supervisors, respectively. Those discussions were characterized as informal because committee rules dictate that two House Members must be present "to take testimony and receive evidence" as part of a formal investigative subcommittee.

At least two panel members, Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.), were scheduled to return to Capitol Hill today to hear testimony from Kirk Fordham, a central figure in the investigation. Reps. Judy Biggert (R-Ill.) and Stephanie Tubbs Jones (D-Ohio) also are on the investigative subcommittee.

Fordham was chief of staff to National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) before resigning last week as the scandal unfolded. Fordham previously spent more than a decade working for Foley, and he has offered an account that conflicts with the timeline of events provided by senior aides to Speaker Dennis Hastert (R-Ill.).

Fordham has said publicly that he warned Hastert's chief of staff, Scott Palmer, as early as 2003 on Foley's interactions with House pages, but Palmer denied he ever spoke to Fordham on that topic.

Palmer, Deputy Chief of Staff Mike Stokke and staff counsel Ted Van Der Meid are expected to be called before the panel. Ron Bonjean, communications director for Hastert, said Wednesday that he did not know whether anyone in the office had been contacted by the committee yet.

Other Members who may be called to offer testimony include retiring Rep. Jim Kolbe (R-Ariz.), but his spokeswoman said Wednesday the office had not been contacted.

Rep. John Shimkus (R-Ill.), a co-chairman of the House Page Board, also is expected to appear, but a spokesman did not return calls. Former House Clerk Jeff Trandahl also has said he will cooperate with the ethics committee. His attorney did not return calls seeking comment.

A spokesman for Reynolds did not comment directly on whether his boss would appear before the panel, stating only "Congressman Reynolds supports a complete and full investigation and has said so since the beginning."

Hastings and Berman told reporters last week that the panel had approved nearly four-dozen subpoenas for documents and testimony in the Foley case. They have promised a thorough and timely investigation.

While the ethics panel investigates the Foley case, the House also is considering ways to reform the chamber's page program.

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A spokeswoman for the House Administration Committee said any decisions regarding new orientation procedures for students and administrative changes to the operation of the House page program will be discussed following the completion of the current investigations.

"Everything is operating normally right now. No kids have left the program," said spokeswoman Salley Collins, whose panel oversees the Office of the Clerk, which manages the page program along with the three-member Page Board.

Along with setting up a toll-free hotline number for current and former pages to report any inappropriate contact they may have experienced, "the Office of the Clerk has reached out to the parents of the current class to one, reiterate the fact that safety and security has been and will continue to be the top priority and two, to inform them of the hotline that has been established," Collins said. "Supervisors have spoken to the teenagers directly regarding this issue and counselors are available for the students both at the school as well as at the dorms residence."

Page: Foley Touched Page On House Floor (MDAy)

By Walter Nowinski

Michigan Daily, October 12, 2006

A former House page said he witnessed inappropriate contact between former Republican Congressman Mark Foley and another page in the back of the House floor in early 2001.

The page, Richard Nguyen, a first-year student at the University's Gerald Ford School of Public Policy, said he saw Foley pat a male page's behind.

Foley's attorney did not return calls for comment.

Nguyen said he was not sure during which month the incident took place. He was a page between January and June of 2001.

Nguyen did not report the incident to authorities. At the time, the then-16-year-old thought it was "questionable activity," but he was unsure how to interpret it.

"I wasn't sure if it was a social norm I wasn't accustomed to," Nguyen said. "I mean, you see athletes patting each other's asses all the time on the field."

Nguyen, a first-generation Vietnamese American from California, said he was amazed by what he learned about other points of view and other lifestyles while serving.

"It was one of the most rewarding experiences of my life," he said.

However, the positive experience Nguyen had as a congressional page has recently been dimmed by doubts about the program's future.

In the aftermath of an unfolding sex scandal involving sexually explicit instant messages and inappropriate e-mails between Foley and several underage male pages, there have been calls for the program to be suspended or abolished.

Rep. Ray LaHood (R-Ill.) has called for the current page class to be sent home and the whole program to be reviewed.

Nguyen said he and other pages found LaHood's call alarming.

"We are united in that we want to make sure the page program is preserved," he said.

Nguyen described the page program as having been one of the most significant parts of his life.

"For someone like me who doesn't have a million dollars and is a first-generation American, it was a wonderful way to feel like I was a part of the American fabric," he said.

Yet the future of the page program is in jeopardy as the Foley sex scandal continues to unfold.

Two weeks ago, reports by ABC News revealed that Foley exchanged sexually explicit instant messages and inappropriate e-mails with several underage male House pages.

Foley resigned from Congress on Sept. 29 after a reporter from ABC News confronted him with a graphic instant message transcript in which Foley discussed masturbation techniques with an underage male page.

Earlier this week, there were reports that at least one former male page who served in the House in the fall of 2000 had sexual relations with Foley after the page had left the program. He was 21 years old.

Nguyen said many of the pages in his class were suspicious of Foley.

"We always saw that Mr. Foley was very friendly to male pages," he said. "There were signs, for an observer like myself, but I never knew what I know now."

Nguyen said he never felt threatened. The dormitory where he and the other pages lived was guarded by police, and the page program enforced curfews and a buddy system.

"I always felt safe when I was there," Nguyen said. "But then again, I was a Democratic page."

In the fallout from the Foley sex scandal, questions have been raised about how much the Republican House leadership knew about Foley's actions and when they knew it. Several prominent conservative voices, including the editorial page of the

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Washington Times, have called for House Speaker Dennis Hastert (R-Ill.) to resign for failing to act after he learned of inappropriate e-mail exchanges between Foley and pages.

Hastert has refused to resign and maintains that he acted properly.

The FBI is investigating Foley's conduct, and the House Ethics Committee is reviewing the Republican leadership's handling of the situation.

"If there were people who knew that the pages were being sexually harassed, you have to ask yourself," Nguyen said. "Are these the right people to be in charge of young people and to be in charge of our country?"

Nguyen hopes the page program will survive the current political uproar.

"By eliminating the page program we would be punishing the victims who came forward," Nguyen said. "That is unfair."

Page basics: A Congressional page is a high school junior who works in the House of Representatives and assists members of Congress with their duties on the House floor.

They are housed in a Capitol Hill dormitory and attend classes at the Library of Congress.

Scandal Sidelines Hastert, Reynolds (WP)

By Juliet Eilperin

The Washington Post, October 12, 2006

Weeks before the Nov. 7 elections, the Mark Foley scandal and its aftermath have already had a visible effect on Republican prospects: Speaker J. Dennis Hastert (R-Ill.) and Rep. Thomas M. Reynolds (R-N.Y.), the two men leading the GOP efforts to keep power in the House, have both been largely sidelined from the public campaign.

Under normal circumstances, the House speaker and the chairman of the National Republican Congressional Committee, currently Reynolds, would be in a full sprint in the closing weeks of an election campaign -- raising money and rallying partisans to help House members in the most competitive races. Both leaders, however, have drastically curtailed their appearances this month after coming under fire for what critics have called an inadequate response to early warnings about Foley's behavior with House pages.

Reynolds is now battling to hold on to his own district in Upstate New York, while Hastert has been tied down in Washington, holding news conferences and attempting to control the legal and political fallout from the uproar -- including demands from Democrats, commentators and at least some Republicans that he resign the speakership. Although speculation has centered on whether Hastert can hang on, and how much the episode is hurting Republicans at the polls, there is already a tangible impact on GOP fortunes.

In the past week alone, Republicans have canceled nearly a dozen campaign events with Hastert and Reynolds. Rep. Don Sherwood (Pa.) -- who is one of the GOP's most endangered incumbents after revelations that his former mistress had sued him in Maryland, alleging assault -- told both men not to come to his district, forgoing crucial campaign dollars to minimize additional negative news coverage. In addition, at least seven House GOP candidates have donated to charity nearly $20,000 in contributions that they had received from Foley before the scandal broke.

"Sometimes political reality takes over travel schedules," said Joe Gaylord, who was a top political adviser to then-Speaker Newt Gingrich (R-Ga.). "This is one of those things where candidates have to decide for themselves what is best for their individual campaigns, and national leaders will follow that."

Increasingly, Republican candidates are telling their leaders to stay home. Houston City Council member Shelley Sekula Gibbs (R), who is running for former House majority leader Tom DeLay's open seat as a write-in candidate, had hoped that Hastert would come to Texas to tout its prospects for economic development. Last week, she told the speaker he need not visit.

"It would be a distraction. I have to focus on winning this race," Sekula Gibbs said in an interview. "They want me to focus on winning," she added, referring to the speaker's office.

Other Republicans have also canceled Hastert fundraisers, such as Rep. Ron Lewis (Ky.), who was once regarded as safe for reelection but now looks imperiled.

In other instances, the speaker and Reynolds are the ones pulling the plug. Hastert told both Rep. Michael E. Sodrel (R-Ind.) and Ohio state Sen. Joy Padgett that he could not stump on their behalf this month, while Reynolds canceled events with fellow New York Rep. John E. Sweeney and Florida businessman Vern Buchanan.

"My understanding is he had to go back to his district," said Buchanan spokeswoman Sally Tibbetts. She added that the campaign went ahead with the Oct. 2 event aimed at "rallying some of our grass-roots supporters and leaders in the community."

Though Hastert and Reynolds have crisscrossed the country for months raising money and generating publicity for congressional candidates, it is not just money that matters at this point. Motivation counts just as much, because a visit by a House leader under better circumstances can help build the enthusiasm that is critical for turnout efforts.

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Former House majority leader Richard K. Armey (Tex.) said he has warned fellow Republicans "for a long time the biggest danger the Republican majority faced is insufficient turnout of their own base, and this Foley thing hasn't helped anything." Rallying the troops through last-minute campaign stops "can be very important," Armey said, recalling the efforts of Gingrich to "get people excited."

House leaders have not abandoned the campaign trail altogether. Majority Leader John A. Boehner (R-Ohio) attended a fundraiser yesterday on behalf of Rep. John Kline (R-Minn.) and will campaign for other candidates in Minnesota and Iowa this week. Hastert will campaign today for Illinois Republicans Peter Roskam and David McSweeney, along with President Bush.

But freshman Rep. Melissa L. Bean (D-Ill.), McSweeney's opponent, said the speaker's appearance "doesn't surprise me" because McSweeney is "a rubber stamp" for the GOP. "People appreciate independence," Bean said.

Bush acknowledged at a news conference yesterday that the page controversy has resonated with the public.

"This Foley issue bothers a lot of people, including me," Bush said. But he added that Americans care more about national security and the economy when voting. "When they get in that booth, they're going to be thinking about, you know, how best to secure the country from attack and, you know, how best to keep the economy growing."

Neither Reynolds nor Hastert has said that the fallout from the Foley scandal has hampered their ability to run their party's reelection effort.

"It has not affected [Reynolds's] ability to be NRCC chairman, not at all," said NRCC spokesman Carl Forti. "I think you've seen over the past three years he's been able to run the committee, be home on weekends and when Congress is in recess, and still make decisions here. Nothing has changed that."

But several Democratic campaign experts, including former Democratic Congressional Campaign Committee chairman Martin Frost (Tex.), said Reynolds's intensified reelection fight will distract him and take a toll on his ability to make last-minute decisions about where to focus the GOP's dollars and effort.

"You have to make some substantial judgments about who has a chance and who doesn't," Frost said. "The campaign chairman needs to bring all his faculties to bear on those questions. . . . This is enormous additional trouble, and I don't think they can survive this."

Polls: GOP Put Politics Ahead Of Pages (AP-Y)

By The Associated Press

AP-Yahoo, October 12, 2006

Most Americans say the House Republican leadership worried more about politics than the safety of congressional pages in the case of disgraced former Rep. Mark Foley, according to polls. Most also say Democrats would not have handled the situation better.

Republicans have come under criticism for their response to Foley, who sent sexually explicit messages to teenage male pages. GOP House leaders have faced questions whether they acted promptly to deal with the Florida congressman.

People were split on whether House Speaker Dennis Hastert, R-Ill., should step down, with just under half saying he should, according to several polls.

Among the other findings:

More than half in several polls said Hastert tried to cover up what he knew about Foley.

Almost half in an Associated Press-Ipsos poll said recent reports of scandal and corruption would be very important in their vote.

Two-thirds said the GOP leadership did not take the e-mails seriously enough when they first learned of them, according to a CBS-New York Times poll.

Six in 10 in an ABC News-Washington Post poll said the Democrats are pursuing the case for political advantage, not to raise concerns about the page program.

The results come from AP-Ipsos, ABC-Washington Post, CBS-Times and Newsweek polling done in the last week. The polls questioned from 1,000 to 1,500 adults and had margins of error of plus or minus 2.5 percentage points to 3 percentage points.

National GOP Fights To Keep Foley Seat (NSDY/AP)

By Brian Skoloff

Long Island Newsday, October 12, 2006

WEST PALM BEACH, Fla. -- National Republicans haven't given up on former Rep. Mark Foley's district, recently spending $244,300 for television ads attacking Democratic hopeful Tim Mahoney.

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The Democratic newcomer has become a strong contender, partly because Foley's name will remain on the ballot even though his replacement will receive those votes. The replacement, state Rep. Joe Negron, has just under five weeks to campaign.

The National Republican Congressional Committee spent the money between Foley's resignation Sept. 29 and Oct. 10, when the filing was made to the Federal Elections Commission. Foley was considered likely to be re-elected easily until his sexually explicit Internet messages to teenage male House pages were publicized.

Mahoney's campaign notes that the group has committed to spend another $690,000 by reserving air time through Nov. 7. The committee doesn't have to use the time -- or pay for it -- if they later determine it is not necessary.

"It looks like the bosses in Washington have sent $934,000 in tainted funds to prop up (House Speaker Dennis) Hastert's hand-picked attack dog," Mahoney campaign consultant Charles Halloran said of Negron. "We look forward to campaigning on issues that matter to Florida."

Negron said the national support shows that "Republicans are in a fighting mood, and we're not going to roll over and send a John Kerry Democrat to Congress."

The ad attacks Mahoney for his stance on Social Security. The NRCC claims Mahoney's plan would raise taxes. Halloran said Mahoney has no plans to push for higher taxes but he opposes privatization, an option favored by President Bush.

NRCC spokesman Ed Patru wouldn't say if more ads were planned, but acknowledged that more needed to be done to ensure voters know that Negron is the candidate.

In the district, registered Republicans outnumber Democrats by 202,500 to 170,369, according to the latest state figures.

Foley Case Snags Incumbent In Ohio Race For House Seat (NYT)

By Adam Nagourney

The New York Times, October 12, 2006

COLUMBUS, Ohio, Oct. 11 — Representative Deborah Pryce is a former municipal court judge, a Republican and a member of the House leadership who has represented her central Ohio district for 14 years. She is also friends with Mark Foley, the congressman who resigned in the page scandal, as she told Columbus Monthly for a feature it published just last month.

Ms. Pryce always thought she would have a difficult re-election campaign this year in a state raked by Republican scandals. But since Mr. Foley quit, she said in an interview on a tense day of campaigning here, her own internal polls have measured a steady drop in support under the weight of attacks by Mary Jo Kilroy, her Democratic opponent.

Ms. Kilroy has emphasized Ms. Pryce's connections to Mr. Foley, who was on a list of five people Ms. Pryce said she considered Washington friends in the Columbus Monthly interview.

"I'm totally convinced," Ms. Pryce said, her voice faint, as she described why her support had declined. "All our polling showed we were going in the right direction until this happened. It fell precipitously."

"It's very sad that sometimes we're slipped up by things that we have no control over and have absolutely nothing to do with," she said. "But that is part and parcel of politics."

The contest, in which Ms. Pryce and Ms. Kilroy are now described as tied in internal party polls, has emerged as a case study of how the fallout from the Foley scandal is causing problems for Republicans across the country. But it is also unusual in a way that reflects the intriguing diversity of this central Ohio district, the 15th, and all the swirling complications of an explosive scandal that landed just four weeks before Election Day.

Ms. Kilroy is using the Foley scandal to try to systematically undercut Ms. Pryce with a big component of the Republican base here, Christian conservatives, when Republicans already worried that those voters would stay home on Election Day. "Deborah Pryce's friend Mark Foley is caught using his position to take advantage of 16-year-old pages," an announcer says in advertisements the Kilroy campaign has placed on Christian radio stations.

Ms. Pryce responded by accusing Ms. Kilroy of gay-baiting. She said in an interview she was hopeful she could win over gay voters in a city long known for a large gay population, particularly because the Human Rights Campaign, a gay advocacy organization, has endorsed both candidates in the race.

"She feels that the gay and lesbian population is a very big component of her support," Ms. Pryce said. "And she really is kind of baiting with this in terms of Mark Foley."

Few other issues are getting the same kind of attention here; no one has been asking them this week about, say, the North Korea nuclear test, both candidates said.

The Foley case is becoming an issue in an increasing number of races, aides in both parties said. But nowhere else has it become quite as pitched as here, where Ms. Kilroy — who had already been trying to link Ms. Pryce to corruption scandals in Ohio involving Republicans — has moved in with withering attacks since Mr. Foley resigned.

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In an interview on Wednesday, Ms. Kilroy questioned whether Ms. Pryce had had any warning about Mr. Foley's conduct, and why Ms. Pryce, the No. 4 Republican in the House, had not called for the resignation of Representative J. Dennis Hastert of Illinois as speaker.

"When you have a member of Congress abusing his authority and his position with pages, and you have leaders of Congress looking the other way — protecting their majority instead of protecting the pages — people here saw that and said, that's the final straw," Ms. Kilroy said. "She's in leadership. And I don't understand why she is not calling on those leaders who didn't act to step down."

"What did she know?" Ms. Kilroy said, sitting in her campaign headquarters Wednesday during a break in preparation for a debate here Thursday night. "What did she do about it?"

Ms. Pryce said she did not have earlier knowledge of Mr. Foley's actions, and in the interview she said she stood by Mr. Hastert, while saying he had been "ill-served by his aides." She said she thought Ms. Kilroy would hurt herself by politicizing the Foley case.

"She's taking a big risk doing it," Ms. Pryce said. "She has overstepped a bit — I mean she's running those ads on Christian radio! That because I happened to mention him as a friend that I knew all along; because he was gay, that he must be a pedophile. I mean, I just don't think that's going to really sell like she's hoping it will."

Even before Mr. Foley resigned, Ms. Pryce was running into a stiff wind. The scandals that have swept this state involving Republican officeholders have caused problems for Republicans up and down the ballot; polls show that Ohio Republicans are at risk of losing a Senate seat, the governor's office and as many as five Congressional seats.

Ms. Pryce's elevation after the 2002 election to the House leadership ranks, if helpful to her in Washington, made her vulnerable to the very kind of anti-incumbent campaign being run by Ms. Kilroy, even before Mr. Foley quit and questions were raised about the Republican leadership.

"Over the years she's run, Congresswoman Pryce has emphasized her centrality to the party, her ties to the leadership and what they can produce for Ohio," said Paul A. Beck, a professor of political science at Ohio State University. "This is a difficult time to talk about that, and Kilroy has hit her pretty hard."

John C. Green, director of the Ray C. Bliss Institute of Applied Politics at the University of Akron, said the Foley disclosures could serve to push more undecided voters into Ms. Kilroy's camp while discouraging conservative Republicans from bothering to vote.

"That district seems to be at the center of the storm in Ohio," Professor Green said.

Although Ms. Pryce is conservative on spending and other issues, she has opposed a ban on same-sex marriage and supported other gay rights initiatives. Her positions on those issues led the Human Rights Campaign to take the highly unusual step of endorsing both candidates in this district.

But Joe Solmonese, the president of the organization, disputed Ms. Pryce's characterization of Ms. Kilroy's attacks on the Foley resignation. Mr. Solmonese said he had reviewed the Kilroy radio advertisements and thought she had gone to great pains to make clear she was criticizing Mr. Foley for improper behavior with a teenage page, and not for being gay.

"I don't think it's gay-baiting at all," he said. "She clearly is trying to make a case here that has a lot more to do with Deborah Pryce's leadership, supporting Denny Hastert, but not about Mark Foley being gay."

Asked about Ms. Pryce's claims, Ms. Kilroy said: "This is about a member of Congress abusing his position with pages, and it's about how the Republican leadership engaged in a cover-up, and it's about Deborah Pryce not speaking out against that. It's not about anyone's sexual orientation."

Phil Burress, president of Citizens for Community Values of Ohio, a conservative group, said that while he initially thought the Foley scandal would keep what he called values voters at home, he thought Democrats had been too brazen in discussing the issue and had lost whatever advantage they might have had.

"It's become so politicized that everyone is sick of it," Mr. Burress said. "They are not concerned about the kids. They are concerned about politics. I think it's beginning to boomerang on the Democrats because they overplayed their hands."

Chris Redfern, the state Democratic chairman, said he thought the Foley scandal would affect races across the state, starting with this one, and that the Democrats had so far been careful in their discussion of it.

"We all have to be careful," Mr. Redfern said. "Democrats shouldn't overplay it. But Republicans shouldn't underplay it."

Bob Bennett, the chairman of the state Republican Party, said he was confident Ms. Pryce would survive because "any wrongdoing by anyone was done by others." But Mr. Bennett said that while he was not worried about Ms. Pryce, he was worried that these latest ethics accusations could complicate Republican hopes of holding onto the Ohio district left vacant by the retirement of Representative Bob Ney, who was caught up in an ethics scandal.

Ms. Pryce said that, if distressed, she was also confident there was time to recover.

"We just have to gain it back," she said. "We have to work hard to turn this back into lemonade."

Foley Scandal Exposes The GOP's Gay Identity Crisis (USAT)

By Kathy Kiely

USA Today, October 12, 2006

WASHINGTON — At a State Department ceremony this week, Secretary of State Condoleezza Rice warmly acknowledged the family members of Mark Dybul, whom she was swearing in as the nation's new global AIDS coordinator.

As first lady Laura Bush looked on, Rice singled out his partner, Jason Claire, and Claire's mother. Rice referred to her as Dybul's "mother-in-law."

The celebratory moment for a gay couple was emblematic of the political identity crisis facing the Republican Party, two years after an election the GOP won in part by making gay marriage an issue and less than two weeks after revelations about a Republican House member's advances toward teenage boys.

For Republicans, the most difficult problem posed by the e-mail exchanges that former congressman Mark Foley had with pages is not necessarily the flagrant misbehavior of one member. Rather it's the fact that the investigation is exposing a politically awkward fact of life: some GOP leaders practice a more tolerant brand of politics in their offices than some in the party have preached on the campaign trail.

"They play somebody different on TV than they are in person," says John Aravosis, a gay blogger who used to work for Sen. Ted Stevens, R-Alaska.

Jeff Trandahl, the former House clerk at the center of the inquiry into the Foley e-mails and a top-ranking appointee of House Speaker Dennis Hastert, is openly gay. So is Kirk Fordham, the former Foley chief of staff who says he alerted Hastert's office last year to his boss' over-chumminess with high school pages.

The revelations have disturbed some conservative activists, who believe that Republicans owe their victories in the 2004 elections to the thousands of "values voters" who trooped to the polls to vote for anti-gay-marriage measures on the ballots of 11 swing states.

"It was the deciding factor in the presidential election," says Phil Burress. He spearheaded the successful effort to pass a gay-marriage ban in Ohio, the state that decided the election for Bush.

"Has the social agenda of the GOP been stalled by homosexual members or staffers?" Tony Perkins of the Family Research Council wrote in an e-mail message to the organization's activists this week. In an interview, Perkins says that while he has not drawn any conclusions, "these are questions that need to be resolved."

Such sentiments have raised concerns that gay staffers will be pressed to leave Republican offices. "It could be another Salem," says former senator Alan Simpson, referring to colonial-era witch hunts. Simpson, a Wyoming Republican, co-founded the Republican Unity Coalition to encourage gay participation in the party.

Gay Republicans insist they shouldn't be blamed for Foley or the fallout. Patrick Sammon, political director of the Log Cabin Republicans, denounced the congressman's behavior toward pages as "despicable."

Justin Nelson, a former GOP House staffer who founded the National Gay and Lesbian Chamber of Commerce, says "it was gay Republican staffers and an openly gay member of Congress" who delivered early warnings about Foley's behavior.

Both Fordham and Rep. Jim Kolbe of Arizona, Congress' only openly gay Republican member, have said they passed on complaints about Foley to the House speaker and clerk offices.

While many conservatives insist their opposition to gay marriage doesn't equate to opposition to homosexuality, some remain suspicious of gays' trustworthiness. Burress says he believes that homosexual men are more prone to pedophilia than heterosexuals. "There's no question about that," he says.

The Rev. Debra Haffner, head of the Religious Institute on Sexual Morality, Justice and Healing, denies that assertion. "The vast majority of child abusers are heterosexual; the vast majority of abused children are girls," she says.

Former senator John Danforth, a Missouri Republican who has just published a book called Faith and Politics, says his party's successful use of gay marriage as a campaign issue may come back to haunt it. "There are some things that aren't worth doing whether they work or not," he says.

Not all conservatives have had their faith shaken in the GOP, however.

Helen Cindrich, an abortion opponent and conservative activist who is working for Republican Sen. Rick Santorum's re-election in Pennsylvania, says her views about gays and lesbians have evolved as she has met some of them.

"What would you do if you took all those people who are homosexual out of all those offices?" she asks. "There's probably a lot of good people who would be shunned, and that's not the way it's supposed to be."

Cindrich acknowledges that not all her fellow conservatives agree with her, but she adds, "I guess I'm learning to take people where they are."

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FBI Seeks Help In Wales Case (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, October 12, 2006

Author of letter, unidentified man are key elements

The FBI is appealing for help in its five-year manhunt for the murderer of federal prosecutor Tom Wales.

In the weeks before Wales was gunned down as he sat at a computer in the basement of his Queen Anne home, someone noticed a man wandering around the neighborhood and contacted police.

Dan DeLong / P-I

At a news conference at the U.S. District Courthouse, Robert Geeslin of the FBI shows the type of gun used to kill federal prosecutor Tom Wales five years ago in his home.

That information didn't make it to the federal task force handling the case until 2004, and agents are now seeking public help because more discreet inquiries failed to identify the man.

At a news conference Wednesday marking the fifth anniversary of the slaying, agents said they want to talk with the man and released a sketch in hopes that someone would recognize him.

The potential witness is described as white, in his late 30s to early 40s, slim, 140 to 165 pounds, with a chipped front tooth and black hair possibly pulled back in a ponytail.

"We are interested in identifying this person and finding out what they were doing in the neighborhood," said FBI inspector Robert Jordan, who is in charge of the investigation.

Jordan also asked to hear from anyone who might know the author of an anonymous letter sent to the FBI in Seattle last January from Las Vegas by someone claiming to be a hit man hired to killed Wales. FBI behavioral science experts believe the author of the letter may have some connection to the murder.

The letter's return address contains the name "Gidget." Supervisory Special Agent James Fitzgerald of the FBI's behavioral analysis unit said the letter was likely written by an adult, native English speaker in his 30s or older. Because the letter was well-written, the author is probably well-educated or well-read and may use writing in his or her job.

Fitzgerald said the author has probably used the name Gidget in some playful context in the past.

"If there is someone from a year ago or 20 years ago ... that used the term 'Gidget' -- that would be important for us to know," he said.

The FBI's prime suspect in the case -- a commercial airline pilot who lives in Snohomish -- happened to be in Las Vegas on a layover when the letter was mailed in January, according to the suspect's Seattle lawyer, Larry Setchell.

The pilot, who has been the subject of a relentless investigation, including three searches of his homes and electronic surveillance, has not been charged with a crime. In a Seattle P-I story Wednesday, Setchell said his client is innocent and likened the FBI probe to an inquisition.

Jordan, asked to respond to the criticism, said the FBI would not identify any particular suspect.

Potential witness

"When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment." Jordan and supervisory agent Robert Geeslin also pointed out that a major part of the investigation is aimed at finding a Makarov 9 x 18mm pistol replacement barrel they believe was used in the murder.

The global hunt for that barrel is "target-neutral" in that it is not tied to any particular suspect, they said. "We will follow the evidence wherever it takes us," Geeslin said.

So far, agents have located and run ballistics tests on about half the 3,500 barrels. They are continuing with the painstaking task of finding the rest and want the public's help.

Anyone with information on the whereabouts of such a barrel, the man seen wandering around Wales' neighborhood or Gidget is asked to call the FBI at 866- 322-7009.

A reward of up to $1 million is offered for information leading to an arrest and conviction.

Several of the FBI agents assigned to the dragnet for the killer were present Wednesday morning at a ceremony at the U.S. District Courthouse celebrating Wales' life as a prosecutor, parent and public servant. Among those speaking was Wales' son, also named Tom.

"It's a dreadful anniversary for me and my family," he said. "Time has not healed any wounds."

Wales noted how even people his father prosecuted lauded his fairness and sense of justice.

"After Pop's murder, we received several letters praising the understanding and guidance he had offered them during the worst period of their lives," he said. "He did not believe anyone was beyond redemption."

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

Five Years Later, FBI Still After Wales' Killer (SEATIMES)

By Steve Miletich And Mike Carter, Seattle Times staff reporters

Seattle Times, October 12, 2006

Five years after the killing of Seattle federal prosecutor Thomas Wales, the FBI released a sketch Wednesday of a dark-haired man who may have information about the killing and announced a new Web site to take tips in the investigation.

The steps came as the FBI asked for help in what it acknowledged has been a difficult investigation. About 4,000 people have been questioned and more than 10,000 leads have been pursued in all 50 states and a half-dozen foreign countries.

No one has been arrested in the slaying of Wales, who was shot in his Queen Anne home on Oct. 11, 2001. But the FBI has focused on an airline pilot who had been prosecuted by Wales in a fraud case.

At a news conference Wednesday, FBI officials declined to discuss any suspect but said they are determined to obtain an indictment.

"We will not give up," said Bob Jordan, special agent in charge of the Portland FBI office. Jordan was given oversight of the investigation in June when the head of the Seattle office tried to reduce the number of agents on the case.

Jordan said if Wales was killed because of his work, he would be the first federal prosecutor in U.S. history slain in the line of duty.

In that case, Jordan added, "we are all victims in a sense."

FBI seeking help

Tips about a newly released sketch of a man agents would like to question can be provided at 866-322-7009.

A new Web site has been set up to provide information on the case and to receive tips: http://wales.fbi.gov.

A $1 million reward has been offered for information that helps solve the case.

The sketch, the officials said, is of a man seen pulling a black nylon suitcase in Wales' neighborhood weeks before the killing. Investigators have not identified the man, who had tobacco-stained teeth and a chipped left front tooth.

It is not known if the man has any connection to the killing, but even eliminating him as a subject would be helpful, said Robert Geeslin, an FBI supervisory agent overseeing a task force of five agents, two Seattle police detectives and five investigative analysts.

The man's presence in the neighborhood was first reported as suspicious before Wales was killed. But it was not brought to the attention of the Wales task force until 2004, Geeslin said. After trying unsuccessfully to identify the man, the FBI decided to make the sketch public.

Geeslin said the FBI is continuing its search for a unique silver gun barrel used in the killing. The gun used to kill Wales — an Eastern European pistol called a Makarov — had been fitted with one of the barrels, ballistics experts found.

About 3,600 of the barrels were sold in the U.S. before Wales was killed. The FBI has tracked half of them without finding the one used to shoot Wales, Geeslin said.

The news conference followed a memorial service at the U.S. Courthouse in Seattle, where Wales' 29-year-old son, Tom, sounded a bitter note about how he and his sister, Amy, and their mother, Elizabeth, had suffered the loss. "It is a dreadful anniversary for our family," he said to more than 150 attorneys, judges, and court employees. "Time does not heal all wounds."

His father, Tom Wales said, was unconcerned over the possible danger of his job as a white-collar prosecutor. His life was "lived for the betterment of others."

"After Pops was murdered," he said, "we got letters from people he had prosecuted." All expressed condolences. "He did not believe anyone was beyond redemption."

Tom Wales, who now lives in England, said his father was a "mentor and inspiration and probably the best friend Amy and I will ever have."

"When my conscience speaks, it does so in my father's voice," he said.

Seattle Police Chief Gil Kerlikowske recalled Wales' role as executive director of Washington CeaseFire, a gun-control advocacy group.

"It is a terrible tragedy that he would lose his life at the end of a gun," the chief said.

Also speaking was Assistant U.S. Attorney Bob Westinghouse, who worked with Wales on the fraud investigation that targeted the man who's now the prime suspect in Wales' killing. Westinghouse was placed under 24-hour protection for months after Wales' death.

"I have not known a prosecutor who was more committed to seeking justice," Westinghouse said. "His legacy is our directive to do justice ... to live our lives as ethically as possible, to have fun, and be good stewards to our community and our country."

DOJ_NMG_0079703

FBI Seeks Help Identifying Man (OREG)

By Gene Johnson

The Oregonian, October 12, 2006

SEATTLE -- Shortly before federal prosecutor Thomas Crane Wales was killed five years ago, a man with a chipped front tooth was seen dragging a small, nylon suitcase through Wales' upscale neighborhood on Seattle's Queen Anne Hill.

At least one person who saw the man contacted law enforcement. But that information wasn't passed on to the task force investigating Wales' murder until 2004, and only now is the FBI asking the public for help identifying him.

The FBI released a composite sketch of the man Wednesday, the fifth anniversary of the shooting, saying that its attempts to identify him had come up empty. Wales, an 18-year veteran of the U.S. attorney's office and president of the gun control group Washington CeaseFire, was shot as he worked alone at a computer in his basement.

The FBI is offering up to $1 million for information that helps solve the killing. The sketch bears no resemblance to the only publicly identified suspect, an airline pilot whom Wales once prosecuted in a fraud case. That suspect's lawyer, Larry Setchell, has maintained his client's innocence, and no charges have been brought.

Although the sketch was made in April 2004, years after the initial report, FBI Inspector Robert Jordan said he is confident in its accuracy because agents received "some corroboration" about the way the man looked. He declined to elaborate.

Jordan would not say what agency received the initial tip about the man, how soon it was before the killing, or how close to Wales' home the man was seen. Agents don't know if the man had any connection to the killing. At the time, the man, who was white, was in his late 30s or early 40s, 5-foot-7 to 5-foot-10, slim, 140 to 165 pounds, with black hair and tobacco-stained teeth.

Jordan, who is in charge of the FBI's Portland office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized

FBI: Strange Man Was Reported In Wales' Neighborhood Before Death (AP)

By Gene Johnson, AP Legal Affairs Writer

AP, October 12, 2006

SEATTLE (AP) -- Shortly before federal prosecutor Thomas Crane Wales was killed five years ago, a strange man with a chipped front tooth was seen dragging a small, nylon suitcase through his upscale neighborhood on Seattle's Queen Anne Hill.

At least one person who saw the man contacted law enforcement. But that information wasn't passed on to the task force investigating Wales' murder until 2004, and only now is the FBI asking the public for help identifying him.

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Jordan, who is in charge of the FBI's Portland, Ore., office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case.

There are now five special agents, a supervisor, and two Seattle Police detectives working it full time, along with five analysts, three federal prosecutors and a King County deputy prosecutor.

The investigation has included close to 4,000 interviews and a nationwide hunt for Makarov pistols outfitted with replacement barrels, which the shooter used. The FBI has located about half of the 3,500 Makarov replacement barrels sold in the U.S., but none matched the ballistics pattern on the bullets that killed Wales.

One Bellevue gun collector who has provided grand jury testimony in the Wales investigation, Albert Kwan, purchased at least one Makarov replacement barrel in March 1996, which he turned over to the FBI. In court papers filed Wednesday, Kwan's lawyers said he repeatedly told the grand jury he doesn't remember buying more than one barrel, but that investigators insist he bought a second barrel, which has not turned up.

Jordan said that if Wales was killed because of his work as a prosecutor, he would be the first federal prosecutor ever slain in the line of duty.

"If that's the reason he was murdered, we are all victims in a sense," he said.

Jordan's comments followed a memorial service that drew dozens of Wales' former colleagues, as well as his son, daughter and former wife.

Wales' son, Tom, said the pain his family felt after the killing remains undiminished. It's a pain they're reminded of when people ask them about the investigation or what their father might have done to provoke the murderer.

"Even if we do not invite peril, it can find us, even in the safety of our own homes," he said.

Wales' colleagues remembered him for his sense of humor, his public service and volunteer work, and his commitment to justice.

Wales "pursued justice relentlessly in his life, and with his life," said U.S. Attorney John McKay.

Seattle Police Chief Gil Kerlikowske said Wales would have been saddened at the recent spate of school shootings across the country, to see how little progress has been made.

"He saw the human face of gun violence," Kerlikowske said. "Such a terrible tragedy, then, to lose your life at the end of a gun."

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How To Make US Schools Safer (CSM)

By Gail Russell Chaddock, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, October 12, 2006

A presidential conference focused on people solutions: staff-police cooperation, crisis drills, and identifying problem students.

WASHINGTON

Just hours after a 13-year-old Missouri boy fired an assault rifle at his school - and in the wake of four recent fatal school shootings in rural America - President Bush and national experts vetted plans to make schools "gentle places of learning."

But, unlike comparable panels after the Columbine High School shootings in 1999, proposed strategies did not include curbing access to guns.

Instead, Tuesday's presidential conference on school safety in Chevy Chase, Md., focused on the human face of the solution: getting "stakeholders" - students, school officials, parents, and police - working together, practicing school crisis plans as regularly as fire drills, and, most critically, identifying students who need help before they pick up a gun.

That means taking bullying seriously, encouraging students to tell an adult when they hear classmates threaten to harm themselves or others, and identifying "students of interest" (taking care not to label a child a troublemaker) and getting them help.

Since more than 3 in 4 shooters talk in advance about their plans, the goal is to get better intelligence, experts say. That means getting police into classrooms, even at elementary schools. "Our first line of prevention is really having good intelligence," said Delbert Elliott, director of the Center for the Study and Prevention of Violence in Boulder, Colo., who urged monitoring children for agitation and aggression.

Other panelists came fresh from their own bouts with school violence. Sheriff Fred Wegener of Bailey, Colo., talked about how recent emergency drills helped his officers "go to the threat," pin down the man with the gun, then evacuate students, after a call came on Sept. 27 that an outsider had taken hostages at the Platte Canyon High School. In the end, the gunman killed himself and a hostage, but was not able to fire into large groups of students.

Although gun control was not on the agenda, it did come up when panelists opened the session to questions. "Obviously, kids should not have access to weapons," said Theo Milonopoulos, a sophomore at Stanford University who with his twin brother, Nico, is a cofounder of Vox Populi and Kidz-LA. The two groups encourage youth to combat violence by engaging in the legislative process.

Sheriff Wegener of Bailey responded that he had a rifle in the bed of his pickup truck when he went to school, but "never thought about shooting anybody with it." He added: "We have to change society."

In an interview after the conference, Mr. Milonopoulos voiced his dissatisfaction: "I'm grateful to the Bush administration for bringing these issues to light through a national conference, and inviting a wide variety of groups, but there needs to be a new approach beyond the dialogue that we heard [on Tuesday]. The first thing I would do is renew the federal assault weapons ban." After the Columbine shootings in Littleton, Colo., school-safety experts called for metal detectors to keep weapons out of schools, surveillance cameras, improved school design to reduce potential hiding places - and new laws to curb access to guns.

While the event was open to the press, it was closed to the general public. Gun-control advocates say they were shut out of the conference, but not the larger fight over how to make society safer.

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"The fact that the president doesn't want to address this issue and the Republican Congress is moving in the wrong direction doesn't mean that the issue has been taken off the table," says Ladd Everitt, a spokesman for the Coalition to Stop Gun Violence, citing the 109th Congress's failure to renew the assault weapons ban and a recent House bill that makes it more difficult to curb corrupt gun dealers. Recently, more than 100 mayors have organized to press for curbs on interstate gun trafficking, he notes.

Still, school-safety experts say that experience with threat assessment is beginning to pay off. Art Kelly, police chief of New Bedford, Mass., told the conference that he used information provided by the Secret Service to prevent a school shooting from being committed.

"Generally, generally, America's schools are safe places to be," said Attorney General Alberto Gonzales, one of the speakers. "Your kids are much more likely to be safer in school than they are at the mall. And that's the good news. We are, however, seeing some indications in the last two years that those trends are changing."

But finding the money to pay for all the upgrades needed to keep schools safer is a challenge. In a statement this week, the Democratic National Committee noted that the Bush administration has cut funding for the Community Oriented Policing Services program from $160 million in the last two years of the Clinton administration to $5 million in 2005. In 2006, the program was zeroed out.

Code Blue At Schools Rattles Nerves (WP)

By Lori Aratani And Katherine Shaver, Washington Post Staff Writers

The Washington Post, October 12, 2006

Montgomery Officials Tighten Security After Threats of Violence Are Received

A 12-year-old boy's false claim yesterday that an armed man approached him at a bus stop and threatened violence at a school prompted officials to lock the doors and heighten security at 13 campuses in northwestern Montgomery County.

The boy, a seventh-grader at Kingsview Middle School in Germantown, told his story to a driver as he boarded his bus in the morning, then recanted it during an after-school interview with detectives.

Before he did, the tale was enough to throw Maryland's largest school system into confusion and parents into a state of uncertainty. Acting with "an abundance of caution," police and school system officials put the schools under a day-long Code Blue alert, which meant doors were monitored and students continued classes under tighter security than usual.

Police spokeswoman Lucille Baur said detectives are conferring with prosecutors to determine whether to file charges against the boy. She said it was unclear what his motive may have been.

The school system's actions, coming after a series of school shootings and violent threats across the United States, demonstrate the current concern about student safety. Baur said police had initially recommended that three campuses be put under Code Blue alert, but school officials decided to add 10 schools.

Montgomery's response echoes that of officials in Virginia's Culpeper County, which shut down all public and private schools last week after receiving a bomb threat by phone. A 25-year-old man was arrested yesterday in connection with the case.

In Arlington County, security was tightened yesterday at Wakefield High School and neighboring Claremont Immersion Elementary School after a teenager apparently fired a paintball gun while walking to school, an official said. And in Wilmington, Del., three high school students were charged with terroristic threatening and conspiracy for making bomb threats at their school.

On Tuesday, President Bush hosted a six-hour Conference on School Safety in Chevy Chase, at which officials talked about strategies for making campuses more secure.

Yesterday's Code Blue alert in Montgomery was one of several incidents that rattled the nerves of the 139,000-student school system.

Just before 8 a.m., more than 2,200 students at Sherwood High School were evacuated after administrators received a bomb threat. Bomb-sniffing dogs were brought in to sweep the Sandy Spring campus. The threat turned out to be false, and a 15-year-old student from Sherwood was arrested in connection with the incident.

Then, in the early afternoon, two elementary schools in Gaithersburg -- Brown Station and Diamond -- briefly tightened security after Gaithersburg police notified them that a burglary suspect whose description matched that of the man who allegedly made the bus stop threat was believed to be in the area. The Code Blue at those schools, a separate action, was lifted about 90 minutes later.

Montgomery police said that elementary school students were kept inside buildings for recess and that outdoor activities at other campuses were canceled. School system officials also canceled after-school activities at Kingsview Middle.

Under the school district's rules, Code Blue is the less restrictive of two types of alerts issued when there is a potential threat to school security. Under a Code Red alert, students and teachers must remain in their classrooms or in a secured area.

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For students, the most frustrating part of the day was being stuck inside.

Akshan Singh, 8, a third-grader at Germantown Elementary, said students were calm throughout the day, but many found the alert frustrating because they couldn't go outside for recess and were allowed to leave the classroom only with special permission.

Some parents, however, found the alert frustrating for other reasons.

Lonnie Williams, 45, an electronic engineer, said he didn't know about the Code Blue until a reporter asked him about it as he waited to pick up his daughter at Seneca Valley High School in Germantown. Williams said he did not receive an e-mail notification on his hand-held computer device, as he would for weather-related changes in the school schedule.

"That's annoying," Williams said. "Since the sniper incident, there's been that edge, wanting to know what's going on when something like this is happening."

But Suzanne Maxey, principal at Seneca Valley, showed The Washington Post a copy of an e-mail she sent at 10:32 a.m. to members of the school's "Eagles Bulletin" e-mail list.

"The overall security of the building has been increased," Maxey wrote, in part. "The students are safe and regular instruction has continued." She said she knew of only one parent who took a child out of school early.

At Seneca Valley, Code Blue meant no casual bathroom breaks and no lunch trips to McDonald's or Wendy's. The front doors were locked, and teachers and security assistants guarded the other doors between classes. The first-period physical education students were called in from the tennis courts. Many teachers spent their free periods, meant as time to plan their lessons, walking the halls.

"A lot of people were calm," said Ashley Ramos, 14, a ninth-grader. "Some people were like, "Oh my God,' but everything was pretty normal besides being in the classroom with the doors closed."

She said she was never scared. "When they [school officials] said there was security everywhere and not to panic, we felt a lot more safe," she said.

With none of the school's 1,454 students allowed to leave campus for lunch, lines grew in the cafeteria. Many ate lunch in classrooms or the auditorium lobby. School officials unlocked the gym to ease crowds in the cafeteria and let students burn off energy playing basketball.

About 80 seniors carried on with a trip to the Germantown Soccerplex for a college expo.

"Usually we just say, 'Get on the bus,' " Maxey said. "Today, 15 adults were out there to make sure they were okay."

Although officials say they have made strides in making schools safer, they acknowledge -- as in the case of the Montgomery incident -- that it's sometimes difficult to differentiate the real threats from the false ones. But they hope stiffer penalties for such actions will be a deterrent.

Montgomery officials said that despite the vague nature of the threat, they did not want to take any chances. Parents, too, said it is difficult to know how concerned they should be.

Parent Carol Ferrara, 46, said yesterday's Code Blue did not worry her as much as it might have a couple of years ago. Seneca Valley had a bomb hoax last school year, she said, and she hears news reports about threats that turn out to be nothing.

"It's one of those things where you think it's not going to turn into anything, thank God," Ferrara said as she waited in her minivan to pick up her son, a junior at Seneca Valley. "It's so common. But with the school shootings, I sort of hold my breath and wonder when is it going to happen here?"

Staff writers Ernesto LondoÃ±o and Tara Bahrampour contributed to this report.

Fake Threat Puts Schools On Alert (WT)

By Gary Emerling, The Washington Times

The Washington Times, October 12, 2006

Montgomery County officials yesterday heightened security at 13 schools in Germantown and two in Gaithersburg after a student falsely reported that he had been approached by someone brandishing a weapon.

County police said that the student initially claimed to be waiting for a bus to Kingsview Middle School in Germantown at about 7:30 a.m. when a person with a weapon approached and made a threat about schools.

The student told the bus driver about the incident and the driver radioed school officials, who notified police, Montgomery County police spokeswoman Lucille Baur said.

Miss Baur said that the student later admitted that he made up the story while he was being re-interviewed after classes ended yesterday.

"He recanted the story or the description of the incident," Miss Baur said. "So there was not a man with a weapon who posed a threat to schools and students."

DOJ_NMG_0079707

Meanwhile, authorities in Culpeper County, Va., yesterday arrested a 25-year-old man in connection with a bomb threat that closed schools and day-care centers in the county for one day last week.

Mark J. Robinson, 25, of Culpeper, Va., has been charged with four felony counts of making bomb threats, two felony counts of threatening to kill or injure by phone, and one misdemeanor count of using obscene or vulgar language over the telephone.

"It's definitely a relief to know we have someone under arrest and can take a breather for a few moments and get back to it," said Lt. Patrick Coffey, a spokesman for the Culpeper Police Department.

Police arrested Mr. Robinson after serving two search warrants for an investigation into threats made against the Culpeper Police Department and a Best Western Motel in Culpeper, as well as the schools bomb threat.

Officers searched and seized computer equipment from Mr. Robinson's home and from the apartment of Justin Brown, 19. Police said that Mr. Brown was interviewed about the threats and was not arrested, but that he is still a suspect in the case.

In Montgomery County, Miss Baur said that police do not know why the student fabricated the story and have not determined whether charges will be filed against him.

School officials said that they had not yet determined if the student will be disciplined.

The story prompted police to recommend that 13 schools in Germantown be placed on a Code Blue security alert -- meaning all students and staff at the schools had to be accounted for and entrances to the school were monitored and secured.

School officials also opted to lock the buildings' exterior doors.

Orange cones and marked police cruisers were placed at the schools' entrances, and streets normally crowded around lunchtime near some schools were comparatively quiet.

"We're absolutely relieved that there was no real threat. At the same time, we did maintain a safe environment all day with our students," schools spokesman Brian Edwards said. "Any time there is a question of this nature you have to take it seriously and treat it as real."

Officials temporarily placed two schools in Gaithersburg on Code Blue after city police said they had seen a person in the area matching the description of the person with the weapon.

However, Gaithersburg police spokesman Cpl. Rudy Wagner said that the person was a man suspected of fourth-degree burglary who had escaped from officers but was not the same person wanted for the threat.

County police yesterday also arrested a 15-year-old boy from Olney who phoned in a false bomb threat to Sherwood High School in Sandy Spring.

The school was evacuated and searched, but students returned to classes at about 10 a.m.

·Matthew Cella contributed to this report.

Seven Search Warrants Issued In School Shooting Investigation (AP)

AP, October 12, 2006

LAKEWOOD (AP)— Investigators said Wednesday that seven search warrants have been issued and the gunman's suicide letter sent to the FBI for analysis as they try to determine why Duane Morrison invaded a mountain high school and killed a student two weeks ago.

Authorities also announced the evidence shows that the single bullet that killed Platte Canyon High School student Emily Keyes was fired from Morrison's gun.

Investigators wouldn't discuss the search warrants, which are sealed, or the hundreds of tips they have received, pieces of evidence collected or interviews conducted.

Park County District Attorney Molly Chilson

told reporters during a news conference at the Colorado Bureau of Investigation headquarters that she knows they want answers to why the 53-year-old Morrison entered the school in Bailey, took six girls hostage in a classroom and then shot Keyes and himself when officers entered.

"You want to know what happened in Duane Morrison's life in the months, weeks, days and hours prior to the morning of Wednesday, Sept. 27," Chilson said. "You also want to know detail by detail what happened in the school that day."

Chilson said the investigation by her office and the CBI is trying to answer those questions and releasing any information before the facts are verified would undermine their efforts.

Man Accused Of Call That Closed Schools (WP)

By Michael Alison Chandler, Washington Post Staff Writer

The Washington Post, October 12, 2006

DOJ_NMG_0079708

A 25-year-old man was arrested yesterday on suspicion of calling in a vague bomb threat that shut down every school and day-care center in Culpeper County a week ago, and police linked him to previous telephone threats against authorities and a local motel.

Mark J. Robinson of Culpeper was charged with four counts of making bomb threats, two counts of threatening to kill or injure by telephone and one count of using obscene or vulgar language on the phone.

Police searched Robinson's house and a friend's apartment Tuesday night in connection with the Oct. 4 bomb threat and earlier threats against the Culpeper Police Department and a Best Western motel that employed the suspect as a housekeeper, said Lt. Patrick Coffey, the department's lead investigator on the case. Police said they have not established a motive for the threats, which began Sept. 17.

Investigators interviewed the friend, Justin Brown, 19, but did not arrest him, Coffey said.

In searching the Culpeper residences, police did not find any explosive-making materials, but they seized computers and other electronic equipment. Police said computers were used to help disguise the caller's voice and location.

The high-tech strategy made it difficult to identify a suspect, Coffey said. "It wasn't just a phone call with a caller ID," he said. "With this type of technology these days, it makes it more and more difficult to trace these kind of calls."

He said detectives worked round the clock and were aided by the county sheriff's office, state police, the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Federal Communications Commission.

"We are extremely relieved," Marla McKenna, spokeswoman for the 7,000-student Culpeper school system, said in response to the arrest.

She said students and teachers have been on edge since the countywide school shutdown last Thursday. Schools have received two additional bomb threats in the past three days.

On Monday, a 14-year-old middle school student phoned in a threat from a bus on her way to school, McKenna said, and yesterday a 15-year-old high school student left a threatening note in a girls' bathroom. The students, both female, were suspended and could be expelled, she said.

"We are taking all these threats really seriously," McKenna said. "We really need to get the messages out that a student might think it's a joke, but the consequences are really serious."

Since school shootings last week in Lancaster County, Pa., and last month in Bailey, Colo., school districts have been on heightened alert.

In Culpeper, about 70 miles southwest of Washington, the past week's events have intensified discussions about school safety. "We are going to continue to evaluate and reevaluate what we need to do to protect our students," McKenna said.

Arrest Made In Culpeper Bomb Threat (CULCIT)

Culpeper Citizen, October 12, 2006

25-year old Mark Robinson was arrested in connection with the bomb threats that closed all area schools on Oct. 5

Culpeper police arrested one man and questioned another in connection with the Oct. 4 bomb threat that closed all schools in Culpeper County.

One man was arrested and another questioned in connection to a telephoned bomb threat that closed all schools in Culpeper County Thursday, Oct. 5, the Culpeper Police Department announced Wednesday.

Mark J. Robinson, 25, of Willis Lane in Culpeper was charged in connection with bomb threats to the school and the Police Department. He is charged with four counts of making bomb threats (class 5 felon), two counts of threatening to kill or injure by phone(class 6 felony), and one count of obscene or vulgar language over the telephone (class 1 misdemeanor). The Culpeper Police Department estimates that Robinson placed about 30 calls to the E-911 center over the last several weeks. Police seized computers and computer equipment during a search of his home.

Justin Brown, 19, of Mountain View Drive in Culpeper, was questioned about threats made to the Police Department and the Best Western Motel in Culpeper, but at this time has not been arrested. Computers and computer equipment were seized during a search of his home.

Although no other individuals are thought to be involved, the investigation is continuing and additional subpoenas will be served "for telephone records and to obtain electronic tracking information from various communications vendors."

Police received the school bomb threat at 11:31 p.m. Wednesday Oct. 4. Because the threat did not specify a particular school, all schools were closed the following day while six local, state and FBI agencies searched each school.

Former Middletown Twp. Mayor Gets 43 Months For Bribery (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), October 12, 2006

Raymond O'Grady, the former Middletown Township mayor who bragged to undercover FBI agents that he could "smell a cop a mile away" was sentenced yesterday to 43 months in prison for taking bribes.

The punishment, handed down by U.S. District Judge William Martini in Newark, was far less than the term sought by prosecutors but was still longer than nearly any sentence for a New Jersey public official convicted of graft in recent years.

If it bothered O'Grady, 57, he didn't show it. He never testified at his trial in June and declined yesterday to address the judge.

His attorney, Kevin Roe, at one point told Martini that O'Grady was remorseful, but he said after the hearing his client was an innocent man who was entrapped by government agents. Roe said he planned to appeal the verdict and sentence.

A well-known figure in Middletown, O'Grady spent more than a decade on the township committee, including four terms as mayor. The judge said that despite receiving letters of praise from O'Grady's supporters, he felt all he knew about the man was the portrait that emerged during hours of secret FBI surveillance taping.

On those tapes, O'Grady, who was also director of the Monmouth County Central Motor Pool, met with undercover FBI agents who posed as demolition firm employees willing to pay for government contracts.

The same sting, dubbed Operation Bid Rig, has led to nearly 20 arrests and convictions of municipal officials, employees and contractors in and around Monmouth County.

O'Grady boasted to the agents about his ability to be discreet. He said he didn't do "stupid things" like discuss illegal activities on the telephone and warned them about a possible snitch. He also accepted envelopes stuffed with $6,000 cash from them.

During the trial and again yesterday, Roe suggested O'Grady was framed by overeager agents and one of their cooperating witnesses, former county bridges superintendent Anthony Palughi.

The judge, however, said such an argument was an insult to his intelligence. He called the tapes "damning" and the evidence overwhelming.

"Everything in the evidence in this case suggests he was very comfortable in this environment," Martini said.

The prosecutor, Assistant U.S. Attorney James Nobile, had sought a term as high as 78 months, contending O'Grady obstructed the probe by destroying evidence and scheming to kill former Undersheriff Thomas Broderick, who O'Grady believed was cooperating with investigators.

Nobile also said the evidence included conversations in which O'Grady and Palughi discussed taking payoffs from other contractors.

"Mr. O'Grady was not a deer in the headlights," Nobile said, challenging a defense contention. "Mr. O'Grady came to the agents already corrupted."

The judge said he believed the talk of silencing a witness was "puffery" by O'Grady. Broderick was never harmed. But Martini said he was troubled by O'Grady's willingness to take money from strangers and his attorney's suggestion that any harm was minimal because no public contracts were affected.

"The harm goes to the actual confidence people have in their public officials. As people become disillusioned with this type of conduct, they don't participate, they don't vote," the judge said.

Besides fining O'Grady $5,000 and ordering him to perform 200 hours of unpaid community service, Martini banned him from public office or employment for three years after his release from prison.

"This was an appropriately long prison sentence," U.S. Attorney Christopher Christie said in a statement. "He sold himself and abandoned his obligation to be an honest elected official."

Former Mayor Of A Monmouth County Town Is Sentenced In A Corruption Case (NYT)

By Ronald Smothers

The New York Times, October 12, 2006

NEWARK, Oct. 11 — A former mayor of Middletown, N.J., was sentenced to 43 months in federal prison on Wednesday on bribery and extortion charges arising from a sting operation aimed at what prosecutors said was pervasive corruption in Monmouth County.

The former mayor, Raymond J. O'Grady, 57, is the only one of nearly two dozen public officials and contractors caught up in the F.B.I. sting who has been tried. Most have pleaded guilty to corruption charges.

But a jury took just three hours in June to find him guilty of all five counts of soliciting and accepting $8,000 in bribes from undercover agents posing as contractors seeking government work. At the time, he was on the town council and was in charge of the county's motor pool.

The investigation, called Operation Bid Rig, laid bare what the United States attorney, Christopher J. Christie, said was "a shocking eagerness and ease" by officials "to trade contracts for cash or even to be involved in money laundering."

Prosecutors argued that Mr. O'Grady accepted the bribes with the understanding that he would use his office and influence to steer no-bid contracts to the agents posing as contractors. Mr. O'Grady, a Republican, served four terms as mayor and was on the town council for a decade.

Kevin Roe, Mr. O'Grady's lawyer, said his client continued to maintain his innocence and would appeal both the guilty verdict and the sentence.

Prosecutors said that under federal sentencing guidelines, Mr. O'Grady faced 51 to 78 months in prison. But Judge William J. Martini of Federal District Court said such a sentence would be "disparate" from those handed out to others convicted of similar offenses.

Mr. O'Grady's decision to go to trial, the judge said, brought to light hours of damning audio and video tapes that were played for jurors.

In one conversation, Mr. O'Grady brazenly said he "could smell a cop a mile away" — a remark that led Mr. Christie to suggest that "Mr. O'Grady should have his olfactory senses tested immediately."

At the sentencing on Wednesday, Judge Martini said Mr. O'Grady had "made the decision to go to trial, and when you do that I have the benefit of hearing all of this."

"His statements in this evidence are not consistent with an innocent mind," Judge Martini continued, "and I don't think to this day he has any recognition that he did anything wrong."

Judge Martini's comments recalled his apparent indignation last June when, after the jury verdict came in, he said he was repelled by Mr. O'Grady's cavalier attitude that came through in the recordings. At that time, Judge Martini angrily said that he was considering sending the defendant to jail immediately.

Mr. Roe, the defense lawyer, cautiously made his arguments on Wednesday for a lower sentence for his client. He portrayed Mr. O'Grady as innocently pursuing a legitimate business relationship and maintained that prosecutors had taken the recorded conversations out of context.

"Don't insult my intelligence," Judge Martini fairly thundered from the bench. "I heard that stuff, and those words weren't put into your client's mouth."

After the sentencing, Mr. Roe conceded that he had been uncertain about how his arguments for leniency would be received by the judge in light of his comments in June.

The outcome in court on Wednesday confirmed his concerns, he said, adding that it had "chilled" his defense efforts and deterred him in aggressively making other legal moves on his client's behalf.

But Mr. Christie called the sentence "appropriately long" and said Mr. O'Grady had "sold himself and abandoned his obligation to be an honest elected official in Middletown and government official in Monmouth County."

Menendez Denies Kean's Subpoena Claim (AP)

By Donna De La Cruz

AP, October 12, 2006

TRENTON, N.J. Oct 11, 2006 (AP)— Democratic Sen. Robert Menendez told The Associated Press Wednesday that he has not been subpoenaed in any federal investigation, a claim Republican opponent Tom Kean Jr. continued to maintain.

"There is a subpoena that has his name on it that was issued by an impaneled grand jury and delivered by the FBI," Kean said during an interview with the AP. "That's a fact."

In a separate interview with the AP later Wednesday, Menendez denied Kean's claim. No federal agency has publicly said Menendez has been subpoenaed, and a Menendez campaign spokesman said Kean has no proof to make such a serious accusation.

"There are no such subpoenas to my knowledge whatsoever," Menendez said.

He added that he was not surprised by Kean's continual "one-trick pony act" of portraying the longtime Hudson County politician as corrupt. Menendez has never been charged with any wrongdoing.

The U.S. attorney's office has issued a subpoena seeking records from the North Hudson Community Action Corp. related to a lease agreement it had with Menendez, who rented a house he owned in Union City to the group, and also helped the nonprofit organization obtain federal funds. Menendez has said he obtained verbal clearance from the House Ethics Committee before entering into the lease agreement.

Kean and Menendez discussed their views on the nastiness of the race, the war in Iraq, immigration and other issues in hourlong interviews, but Kean focused mostly on corruption. Menendez has appeared to be the Senate's most vulnerable Democrat in an election season that has seen Republicans on the defensive, but recent polls show him with a slight lead over Kean.

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"If we don't know why people are making the decision, whether it be for partisan purposes or personal gain purposes, how do we know the decisions they are talking about are the right decisions for the people of the state of New Jersey?" Kean said.

Menendez said he was tired of being "guilty by geography," referring to Kean's repeated portrayal of Hudson County as rife with political corruption.

Question Of Victim Buttons Comes Before Supreme Court (LAT)

By David G. Savage

The Los Angeles Times, October 12, 2006

WASHINGTON — If the family of a murdered man wears a small, button-sized photo of the victim in the courtroom, does that display violate the defendant's right to a fair trial and require that the conviction be thrown out?

That question came before the Supreme Court for the first time today. And while several justices said they thought trial judges should ban spectators from displaying photos, badges or messages in the courtroom, most of them also said they were reluctant to reverse a murder conviction for that reason alone.

At one level, the case poses a clash between victims' rights and defendants' rights. On another, it tests the power of federal judges to reverse convictions from state courts.

During today's oral argument, Justice David H. Souter questioned whether courtroom spectators could wear badges calling on the jury to "hang" the accused. Others noted that family members sometimes can be heard sobbing in the courtroom and those expressions of emotion have not been seen as depriving the defendant of a fair trial.

The case heard by the court today began 12 years ago.

Mathew Musladin was convicted of shooting and killing the fiancé of his estranged wife in the driveway of her San Jose home in May 1994. The victim, Tom Studer, ran toward Musladin after the woman shouted for help.

At his trial, Musladin claimed he acted in self-defense. The jury disagreed and a judge sentenced him to 32 years in prison.

Studer's parents and his brother Jim attended the trial and they sat in the spectators section wearing lapel buttons that contained a photo of Tom in his Navy uniform.

Last year, the U.S. 9th Circuit Court of Appeals overturned Musladin's conviction in a 2-1 decision. Judge Stephen Reinhardt, speaking for the appeals court, said the photos, because they "conveyed the message" that Musladin was guilty, deprived him of "the right to a fair trial by an impartial jury free from outside influences."

A California state lawyer urged the high court to overturn that ruling. "The three simple buttons bearing only a photo did not convey any message of blame [or] guilt, anything other than grief of this family," said Gregory A. Ott, a deputy attorney general from San Francisco.

He ran into sharp questioning from Souter and Justice Stephen G. Breyer.

It is "quite a bad idea to have buttons being worn in a courtroom, which is not a place for demonstrations," Breyer said.

"What if three buttons had said 'Hang Musladin'?" asked Souter. "Wouldn't that call for overturning the conviction?"

Maybe so, Ott replied, because that would send an explicit message to the jury. By contrast, he said, the small, button-sized photo of Tom Studer did not convey a specific message. The judge who presided over the trial said he saw "no possible prejudice" to the defendant.

A lawyer representing Musladin said the justices should prohibit the display of photos by spectators because it created an "an impermissible risk" of influencing the jury. "I think you had to do away with this kind of courtroom behavior. It is simply not acceptable," said David W. Fermino, a lawyer from San Francisco.

He ran into sharp questions from Chief Justice John G. Roberts Jr. and Justice Antonin Scalia.

"A typical jury will understand that the victim is going to have a family and they're going to be sorry he's dead and they might be there at the trial," Roberts said. "The buttons don't seem to add much to what the jury will derive from seeing the family seated behind the prosecution bench."

Even Breyer questioned whether the buttons in this case rose to a constitutional violation. "Why isn't this a normal sign of grief?" he asked.

By the end of the hour, most of the justices sounded as though they were inclined to reverse the 9th Circuit's decision. A ruling in the case, Carey vs. Musladin, is expected in several months.

Court Weighs Effect Of Victim's Image On Trial (USAT)

By Joan Biskupic

USA Today, October 12, 2006

WASHINGTON — Supreme Court justices appeared divided Wednesday over whether a convicted murderer's right to a fair trial was violated when spectators court wore buttons showing a picture of the victim.

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"I think they're probably a problem," Justice Stephen Breyer said of such buttons, suggesting at one point that judges should simply say, "No buttons (in court). No banners. No petitions. No posters." Justice David Souter also raised concerns that such buttons could improperly prejudiced jurors.

However, Chief Justice John Roberts suggested that buttons — such as those worn by the victim's relatives in the California case that was before the justices — could be no more influential than relatives who sit in a prominent place behind prosecutors.

Justice Antonin Scalia, also seeming unconcerned, likened such buttons to "tank shirts," "beanie hats" and other items that could break a court's decorum but not necessarily sway a jury.

This is the first time the justices have taken up the question of whether such buttons could unfairly influence a jury, but the issue often arises in trial courts. Judges have taken varying approaches in dealing with displays that could send messages to jurors. In the mid-1990s, U.S. District Court Judge Richard Matsch, hearing the cases of Oklahoma City bombing defendants Timothy McVeigh and Terry Nichols, banned buttons and other items with symbols of the bombing.

The case before the justices dates to 1994, when Matthew Musladin fatally shot Tom Studer, the fiancé of Musladin's estranged wife. Musladin said he shot Studer in self-defense. Relatives of Studer showed up at Musladin's trial wearing buttons depicting Studer's face. The judge said he did not think that would prejudice jurors, noting they had "been instructed not to let passion or prejudice influence their verdict." The jury found Musladin guilty; he was sentenced to 32 years to life in prison.

A California appeals court backed that verdict, but the U.S. Court of Appeals for the 9th Circuit reversed it. It said the message conveyed by the buttons was "that Studer was the innocent party and that the defendant was necessarily guilty."

Much of the justices' hour-long session Wednesday concerned whether buttons should be allowed in court, but there is a legal threshold that could prevent the justices from deciding the case on the merits of that question.

California officials say the 9th Circuit should have rejected Musladin's claim because lower court rulings in his case did not conflict with "clearly established federal law."

Deputy California Attorney General Gregory Ott told the justices that the 9th Circuit violated federal rules for prisoner appeals by not deferring to a state appeals court ruling.

David Fermino, Musladin's attorney, said past cases require that judges not allow behavior that is a risk to a fair trial. He said the buttons worn by Studer's relatives went beyond a normal showing of grief.

Buttons' Influence On Jury At Issue For Justices (WP)

By Charles Lane

The Washington Post, October 12, 2006

Tom Studer's family made a silent but powerful statement 11 years ago at the trial of the man accused of murdering him. They appeared in a California courtroom wearing lapel buttons emblazoned with photographs of him, wearing his Navy uniform and smiling.

Though the defense objected, the judge allowed the buttons. Matthew Musladin was convicted and sentenced to at least 32 years in prison; he says the buttons may have swayed the jury's emotions, depriving him of his constitutional right to a fair trial.

Last year, the San Francisco-based U.S. Court of Appeals for the 9th Circuit agreed with Musladin and overturned his conviction. Prosecutors appealed to the Supreme Court. Yesterday, the justices heard oral arguments in a case about legal due process and the proper relationship between state and federal courts.

Gregory A. Ott, representing the state of California, told the court that, even if the buttons may have influenced the jury, the state court's ruling was entitled to be upheld by the federal courts.

A 1996 federal law says that federal judges should defer to state courts' interpretations of the federal Constitution in criminal cases unless they clash with "clearly established" Supreme Court precedent. But the Supreme Court has never ruled before on buttons worn by courtroom spectators, so there was no such precedent, Ott said.

"It was certainly reasonable for the state court here to conclude that three simple buttons bearing only a photo did not convey any message of blame, guilt, anything other than the grief of this family," he said.

Justice David H. Souter seemed to disagree, citing a 1986 ruling written by Justice Thurgood Marshall that suggested that courtroom practices "inherently prejudicial" to the defendant would violate the Constitution.

"What if the button had said . . . 'Hang Musladin'?" Souter asked Ott. "Is there any question in your mind that allowing the family members to display this message to a jury throughout the trial . . . is raising a risk, an unacceptable risk, that the jury will consider improper influences in reaching its verdict?"

It may, Ott conceded, "but it might still be reasonable for a state court to conclude otherwise."

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Several members of the court also seemed troubled by the potential harm that such displays could cause in court. But, given the lack of a clearly applicable Supreme Court precedent, few seemed to think that Musladin's conviction should have been overturned.

David W. Fermino, Musladin's attorney, argued that the 9th Circuit ruling fit a framework outlined by the Marshall opinion and others, including a 1976 case in which the court said the government may not ordinarily require a defendant to appear in prison garb during trial.

"This wearing of the button in a sense branded the defendant in the eyes of the jurors," Fermino said.

But Justice Ruth Bader Ginsburg noted that the cases Fermino cited involved government rules, rather than the conduct of private citizen spectators. Fermino's argument, she observed, "certainly goes beyond where our precedent left off."

Justice Antonin Scalia said that "there is a First Amendment problem when you're dealing with people other than the prosecution."

The case is Carey v. Musladin , No. 05-785. A decision is expected by July.

Justices Ponder Relationship Of Federal And State Courts (NYT)

By Linda Greenhouse

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — Whether a murder defendant's right to a fair trial was violated when the judge permitted the victim's relatives to sit behind the prosecutor, wearing buttons with the victim's picture on them, was a question in a case argued before the Supreme Court on Wednesday. But it is not the question the justices will answer.

Rather, the case turns on whether the federal appeals court in San Francisco had the authority to order a new trial for the defendant, who was convicted after the state court trial judge refused to tell the family of the victim, Tom Studer, to remove the buttons.

The case is therefore a potentially important test of the relationship between the federal and state courts, as redefined by a 10-year-old federal law that greatly restricted the federal courts' ability to set aside state convictions through writs of habeas corpus. The real question is how one of the most important limitations in that law actually works.

In the 1996 law, the Antiterrorism and Effective Death Penalty Act, Congress specified that federal judges could grant habeas corpus petitions only if the state court decision was "contrary to, or involved an unreasonable application of, clearly established federal law, as determined by the Supreme Court of the United States."

That limitation seems straightforward enough, but as the argument on Wednesday made clear, it is more complicated than it looks.

The Supreme Court has had various things to say over the years about the unduly prejudicial impact of such practices as placing a defendant in shackles or in prison garb in the presence of the jury. But it has never said a word about a murder victim's relatives wearing buttons.

So, did the federal appeals court in this case, the United States Court of Appeals for the Ninth Circuit, have the authority to extrapolate from the old Supreme Court precedents to the new situation? Did it have the authority to apply one of its own cases, a 1990 ruling that overturned a rape conviction because female spectators at the trial had worn buttons declaring "Women Against Rape"?

Gregory A. Ott, a California deputy attorney general, argued that the 1996 law required answering "no" to both those questions. Mr. Ott told the justices that the California Supreme Court's decision upholding Mathew Musladin's murder conviction neither violated "clearly established" law, of which there was none, nor amounted to an "unreasonable application" of the law that did exist.

There seemed relatively little doubt that most of the justices were inclined to agree. So they spent most of the argument trying to tease out the potential implications of a ruling that overturned the Ninth Circuit's decision in his case, Carey v. Musladin. No. 05-785.

Suppose, Justice Anthony M. Kennedy asked Mr. Ott, that there was no Supreme Court ruling on a particular issue, but that the courts of five federal appellate circuits had looked at the issue and had all reached the same conclusion. "And they all say, 'We think the general rule of the Supreme Court is as follows,' " Justice Kennedy said, asking: "Isn't that entitled to some weight? You're not supposed to cite that when you go to the Sixth Circuit court or you go to the state court?"

Such a decision, even if widely shared among the appeals courts, could not be considered "clearly established" law, Mr. Ott replied. "To redefine or shape this court's holdings beyond the face of those holdings, our position is that cannot be done with state or circuit law," he said.

He added that such lower-court extrapolations might be considered "reasonable applications" of Supreme Court law under some circumstances, and those could be of some relevance in a habeas corpus case.

Justice David H. Souter asked Mr. Ott to imagine that rather than a picture of the man Mr. Musladin was charged with killing, the buttons had carried the words “Hang Musladin.” Was there “not sufficiently clear law from this court to find that practice unconstitutional?” the justice asked.

There was no “clearly established” law governing that situation, Mr. Ott replied. But he said it would be “unreasonable” for a judge to permit such a display, and that it “would require habeas relief.”

How was that really different, Justice Souter wanted to know. “The prosecutor is going to get up and urge the jury to convict him,” he said. “What is wrong with it on a button? What risk does the button raise that the prosecutor’s argument does not?”

“It is an outside influence, Your Honor,” Mr. Ott replied.

Mr. Musladin’s lawyer, David W. Fermino, received a similar line of questioning when he argued that the buttons created an “unacceptable risk that impermissible factors have caused a jury’s verdict to be based not solely on evidence introduced at trial.” There was a “clearly established rule,” Mr. Fermino said, that equated such courtroom behavior with “inherent prejudice.”

Suppose “the trial is being held and the families appear and they’re all in black because they’re still in mourning,” Chief Justice John G. Roberts Jr. asked Mr. Fermino. “Does that violate this clearly established rule?”

It would, Mr. Fermino replied. He said the Ninth Circuit was properly concerned with “the risk, not the reality.”

That was an answer unlikely to persuade many justices. So Justice Souter, who emerged during the argument as the justice most sympathetic to the defendant, tried a rescue. Dressing in black might be normal behavior for people in mourning, he said, but the wearing of buttons is “something that is abnormal and something that is intended to presumably get the jury’s attention.”

“I don’t know why otherwise they would be doing it,” Justice Souter added.

In a second argument on Wednesday, the justices considered the constitutionality of California’s criminal sentencing system in light of the Supreme Court’s recent rulings on the respective roles of the judge and jury in making determinations that are central in calculating a sentence.

Last year, in United States v. Booker, the court found the federal sentencing guidelines unconstitutional because the system permitted judges rather than juries to make the relevant factual findings. As part of the same ruling, the court then saved the guidelines by making them advisory rather than mandatory.

The California system also places judges in a central role. But there was considerable confusion during the argument in Cunningham v. California, No. 05-6551, about exactly what the judges’ role is. The case is being watched closely for hints about the court’s next move on federal sentencing.

Plea Deal Ends Federal Trial For Hells Angels Accused In Deadly Brawl At Vegas Casino (AP)

By Ken Ritter, Associated Press Writer

AP, October 12, 2006

LAS VEGAS (AP) The federal racketeering trial of 11 Hells Angels motorcycle club members came to a sudden end Wednesday after six defendants accepted plea deals to reduce charges stemming from a deadly casino brawl.

The men also entered plea agreements in a parallel state criminal case, sparing them the possibility of life in prison if they had been convicted. Under the deals with federal and state prosecutors, they likely will face no more than 2{ years in prison.

All federal charges were to be dropped against the remaining five federal defendants. The judge said he also would dismiss the federal cases against the 31 other Hells Angles members charged in the brawl.

The collapse of the federal case came after two weeks of trial during which defense lawyers accused government agents and prosecutors of flagrant misconduct and withholding crucial evidence.

U.S. Attorney Daniel Bogden said he agreed to the plea deals because it involved ``the six most active and culpable participants" in the fighting.

The Hells Angels members brawled with rival Mongols biker gang members at a 2002 motorcycle rally in Laughlin, a Colorado River resort town some 100 miles south of Las Vegas.

Two Hells Angels and one Mongols member died and at least a dozen people were injured. Videotape images showed the rival motorcycle gang members battling with guns, knives, wrenches and chairs on the casino floor at Harrah's Laughlin hotel-casino.

Calvin Schaefer, Raymond Foakes, Rodney Cox and James Hannigan pleaded guilty to federal charges of committing a violent crime, battery, in aid of racketeering. Maurice ``Pete" Eunice and Dale Leedom pleaded no contest, conceding the government could prove they committed a violent felony.

Troy Regas, 43, a Hells Angels member whose brother, Sohn Regas, will go free, called it ``better for six to do a small amount of time than for one guy possibly to face a life sentence."

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Defense lawyers noted the settlement of the federal and state cases would clear the Hells Angels of federal claims that it constitutes a criminal enterprise like the Mafia.

``There is no implication whatsoever from this plea that the Hells Angels is a criminal enterprise," said Schaefer's lawyer, David Chesnoff.

No Mongols members were charged in the federal case, though six face state charges.

Republicans Call For Inquiry In Documents Case (NYT/AP)

By The Associated Press

The New York Times, October 12, 2006

Ten House Republicans called for a Congressional investigation into the improper handling of classified documents by President Bill Clinton's national security adviser, Samuel R. Berger. Mr. Berger admitted last year that he deliberately took classified documents out of the National Archives in 2003 and destroyed some of them. After his guilty plea, he was fined $50,000. The Republican lawmakers asked the House Government Reform Committee to determine whether any documents were missing from Clinton administration terrorism records, to review security measures for classified documents and to seek testimony from Mr. Berger. The group is led by Representatives Duncan Hunter, chairman of the Armed Services Committee, and F. James Sensenbrenner Jr., head of the Judiciary Committee.

Lawmakers Seek Probe Of Berger's Theft (WT)

By Jerry Seper

The Washington Times, October 12, 2006

Several top House Republicans yesterday asked for an investigation and committee hearings to determine which documents were "destroyed, removed or are missing" as a result of former National Security Adviser Samuel R. Berger's admitted theft of papers from the National Archives.

In a letter to the House Government Reform Committee, the lawmakers asked Chairman Thomas M. Davis III, Virginia Republican, to investigate whether there was criminal misconduct in the removal of the classified documents by the Clinton administration official.

"Because Mr. Berger was designated by President Clinton as the representative of the Clinton administration to the national 9/11 commission investigation into the terrorist attacks, it is vitally important for our congressional investigative committee to determine what records were destroyed, removed or are missing," the letter said.

Dave Marin, a spokesman for Mr. Davis, said yesterday that the chairman has requested a copy of the inspector general's report at the National Archives on the Berger matter. He said Mr. Davis plans to review the report before deciding whether to investigate.

Mr. Berger was fined $50,000 by a federal judge in September 2005 for illegally taking classified documents out of the National Archives by stuffing them in his pants. He told the court that he let "considerations of personal convenience override clear rules of handling classified material" and described the removal of the documents as a lapse of judgment as he was preparing to testify before the September 11 commission, which was investigating intelligence and security failures.

But the government said Mr. Berger "knowingly removed classified documents from the National Archives and Records Administration" and stored them at various locations, including his Washington office.

The document theft raised questions about whether Mr. Berger was attempting to cover up the Clinton administration's anti-terrorism policies and actions. The records he took were related to internal assessments of Mr. Clinton's handling of a terrorist threat in December 1999 to bomb airports in the United States.

Mr. Berger pleaded guilty to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terror threats in the United States during the 2000 New Year's celebration.

In his televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's "sustained attention" to terrorist threats and "rigorous actions" foiled the New Year's plot.

Attorney General John Ashcroft, however, told the commission in 2004 that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with "luck playing a major role."

Members of Congress requesting the investigation and hearings were Republican Reps. Duncan Hunter and Dan Lungren of California, John L. Mica of Florida, Lynn Westmoreland of Georgia, Mark Souder and Dan Burton of Indiana, Patrick T. McHenry of North Carolina, Curt Weldon of Pennsylvania, John J. "Jimmy" Duncan Jr. of Tennessee and F. James Sensenbrenner Jr. of Wisconsin.

Prosecutor: Rove Didn't Sway Spam Probe (AP-Y)

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By Larry Neumeister
AP-Yahoo, October 12, 2006

Presidential adviser Karl Rove had nothing to do with the prosecution of a man accused of manipulating stock prices, a prosecutor says, disputing the man's claims that Rove set off probes to retaliate for a flood of spam e-mails to President Bush.

In papers submitted to a judge Friday, Assistant U.S. Attorney David M. Siegal said the criminal case against Robert McAllister was started three days before the e-mails were sent in January 2005.

The investigation began when a staff accountant at the Securities and Exchange Commission was told McAllister had made telephone threats against a stock promoter related to McAllister's events promotion company, Millennium National Events Inc., Siegal said.

McAllister's lawyer, Gerald L. Shargel, said last month he hoped to call Rove as a witness to support a claim that Rove "used his power and influence at the White House to seek quick punishment of Millennium, and therefore also Robert McAllister, for daring to spam the president's personal Web site."

Shargel said McAllister's efforts to grow his company were "thwarted by the wrongful conduct of stock promoters," one of whom sent spam e-mails to the Bush Web site, http://georgewbush.com/, which automatically reconnects to the Republican National Committee, http://www.gop.com/.

The Daily News reported last month that e-mails, phone records and transcripts of phone conversations show Rove contacted McAllister and at least three stock promoters.

Siegal told the judge that Rove did not wield the prosecutor's office "as his personal sword." He cited the careful manner in which the case progressed and written declarations by three government investigators saying Rover never communicated with them.

"This is nonsense, and the myriad claims the defendant makes are all either false, irrelevant or both," he said.

The government says McAllister, of Jupiter, Fla., was already on their radar screen because the FBI in early 2002 investigated his involvement in a scheme to fraudulently manipulate trading in another company.

McAllister was not arrested then, but the FBI recorded him talking to a cooperating government witness about allegedly bribing stock brokers in the plot to manipulate the company's stock, the government said in court papers.

The 2002 recordings are among evidence described in a July indictment charging McAllister with conspiracy to commit securities fraud, wire fraud and mail fraud. There was no indication when the case would go to trial.

If convicted, McAllister could face up to 65 years in prison. Three others in the case have pleaded guilty in the last two weeks and are awaiting sentencing. McAllister is free on $500,000 bail.

Ex-fugitives Plead Guilty In $31 Million Investor Scam (VAPILOT)

By Tim Mcglone, The Virginian-pilot
Hampton Roads Virginian-Pilot, October 12, 2006

NORFOLK - Former crime victim advocate Lee Hope Thrasher and her British boyfriend, Howard Welsh, pleaded guilty Wednesday to defrauding investors in a $31 million scheme.

Despite years professing their innocence while on the run from the FBI, the couple stood before a U.S. District Court judge and admitted that the investment plan was a fraud.

Welsh, 62, a British citizen, pleaded guilty to four felonies including conspiracy to commit mail and wire fraud. He faces up to 20 years in prison.

Thrasher, 52, pleaded guilty to three similar felonies and faces up to 15 years in prison. She had been employed in the 1990s as the victim-witness coordinator in the Virginia Beach Commonwealth's Attorney's office.

They have agreed to assist the government in recovering $28.5 million that was wired to banks in 13 countries. Federal agents seized $2.5 million during the investigation.

From 1999 to 2004, Welsh and Thrasher offered "corporation sole" investments, typically reserved for churches. They sold the plan, for a fee, at seminars around the country, promising compounded, tax-free profits.

Some 900 investors handed over thousands of dollars and in one case, an elderly woman from Illinois invested $8 million that Welsh had told her was to be used to start a bank.

That bank, according to court records, was nothing more than a post office box in England.

The couple fled the area in 2002 and later left the country.

Federal charges were lodged against them in 2003, followed by a 63-count indictment filed the next year.

The couple was discovered hiding out in the hometown of Welsh's mother, under assumed names, in November 2004. The couple spent 20 months fighting extradition.

Assistant U.S. Attorney Robert J. Seidel Jr., the lead prosecutor, said authorities were seeking the missing money.

"The investigation is continuing to identify the location of these funds and whether any other individuals might have been in control of the money," he said.

One other person has been convicted in the case.

Roy F. Overton Jr., a retired banker from the Peninsula, was sentenced last year to

3 1/2 years in prison after pleading guilty to stealing $2.5 million from Welsh and Thrasher.

Why Farm Belt Sees Rising Crime Wave (CSM)

By Patrik Jonsson

The Christian Science Monitor, October 12, 2006

ATLANTA

At the end of a dirt road in rural South Carolina, a lonely truck careered up through the red-clay ruts and into the woods.

The man, wearing chaps and wielding a chain saw, who emerged from the cab worked for himself, state foresters say. But the trees weren't his. Nor were the small profits he made selling the hauled timber to sawyers in the valley. Despite the whine of his saw, for years no one heard these trees fall.

The man, arrested earlier this year, was ax-cut-deep in a growing problem for America's farm belt: rural commodity theft, or "plaid-collar crime." From lush Hawaii to the Carolina plains, artichoke absconders, nut nappers, tree thieves, and even cattle rustlers are plucking, picking, hauling, and siphoning commodities from diesel to mangosteens at impressive rates. Loss is a familiar concept to a farmer. But such audacious heists have prompted many to go on the offensive to police America's wide-open spaces.

"The vulnerability of farms is legendary," says Bill Yoshimoto, the supervising attorney for a rural crimes task force in Tulare County, Calif. "They're just wide- open places for crooks to come. And crooks are going to go where the pickings are easy and where the prices are favorable."

Several commodities are particularly in demand because their prices are increasing. Almond prices jumped 70 cents a pound this summer, and beef prices remain high. Prices for high-grade lumber continue to climb. And rural backwoods areas have been hit by the copper theft epidemic across the country after prices peaked at $2.80 a pound this summer.

"If somebody can get [a commodity] for nothing, then it's a real good deal," says Ken Cabe, a senior forester with the South Carolina Forestry Commission in Columbia.

The losses from farm thefts in California, Mississippi, and South Carolina run into the hundreds of millions of dollars, according to estimates from law enforcement officers. But since only one of 10 farm crimes is reported, some say total annual losses are about $1 billion nationwide.

These days it's relatively easy to steal commodities without getting caught, Mr. Yoshimoto says. For one, farms are bumping up against suburbs, shortening the time it takes potential crooks to get their hands on freestanding tanks of diesel, barrels of expensive fungicides, and rolls of copper wire. Oftentimes, thieves can operate in plain view since the heavy equipment and tractor-trailers they use to carry out their crimes are common in these parts. Internet trading has also cut down on paperwork, making scofflaws tougher to track down.

Farm-thief profiles run the gamut from a 24-year-old mother of two arrested last month for timber theft in Mt. Croghan, S.C., to the most common farm thief: a 40-year-old white male, investigators say. The motives are as varied as the crimes.

"Somebody who is stealing copper wire to make a quick buck for a quick fix is very different from somebody who is masterminding a plot to steal hundreds of thousands of pounds of nuts across county lines," says Danielle Rau, a rural-crime prevention specialist at the California Farm Bureau in Sacramento.

In Alabama, where pine forests cover an area nearly equivalent to all of New England timber losses can be staggering, Mr. Yoshimoto says. Last year, Texas investigators recovered more than 5,000 stolen cattle worth more than $3.5 million. Twelve tractor-trailers carrying almonds have been stolen in California this year, the latest heist taking place in San Joaquin County Monday.

"You've got crews coming in and knocking down 10 acres of timber or 40 acres of prime plums, and then you have some on the other end receiving this timber and fruit and injecting it into the commercial stream somewhere," says Yoshimoto. "This level of sophistication has only become prominent in the last 10 years, and we've noticed it tremendously in the last five years."

Historically, farmers and growers have shoved their hands in their pockets and privately fumed. "We don't feel like we have a lot of protection in the first place," says Scott Phippens, a San Joaquin Valley almond grower who had 88,000 pounds of almonds stolen from him this summer. "We're defeated the minute theft happens. The problem is society; there's just far more hideous crimes being committed, and so this is nothing."

That's changing, with influential politicians such as Jeff Denham, a Republican state senator from the Central Valley. He wrote "our food supply is under attack in a recent op-ed article in Ag Alert, a newsletter published by the California Farm Bureau.

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The 14-county Agricultural Crime Technology Information and Operations Network (ACTION) in Visalia, Calif., has a collection of motion detectors and low-light cameras that farmers can borrow at no expense to try to catch thieves.

Some farmers are working on ways to brand individual vegetables such as artichokes to thwart theft.

Others are finding that the ticket to stopping theft is through having a paper trail. In Hawaii, a law enacted this year requires that receipts be issued for all commodities that are purchased. And coffee buyers must pay by check instead of cash.

Thefts have quickly gone down as a result. "We took a proactive approach and so far it's worked," says Mitch Roth, a Hawaii County prosecutor.

DOJ Eyes Donor Reimbursement (RC)

By Matthew Murray

Roll Call, October 12, 2006

When Charles La Bella began heading the Department of Justice's campaign finance task force in 1997, federal prosecutors, in his view, were battling a forest fire with a garden hose.

As allegations mounted that illegal campaign contributions had tainted the 1996 presidential election, government lawyers were becoming more and more certain something was amiss. But with the statute of limitations nearing expiration, and with penalties for running afoul of campaign finance laws rivaling those for moving violations, the bad guys mostly got away.

La Bella was furious.

"I made it known why I thought ... changes needed to be made, if they wanted to take campaign finance crimes seriously," La Bella, now in private practice in California, said recently.

Although his criticisms made him "radioactive" at the Justice Department, lawmakers took notice, incorporating some of his recommendations in the Bipartisan Campaign Reform Act of 2002.

Now, nearly a decade after La Bella first called for overhauls, federal lawyers may be tugging on the line of their first big fish, PBS&J, a giant construction and engineering government contractor.

In September, William Scott Deloach, PBS&J's former chief financial officer, and two co-workers pleaded guilty in a Miami court to conspiracy charges in connection with a decade-long embezzlement scheme that netted the trio millions of dollars.

The three admitted in court papers to bilking the company out of millions, which paid for commercial and residential property, lavish lifestyles and international gambling sprees.

Along with the conspiracy charge, Deloach alone pleaded guilty to reimbursing $11,000 worth of campaign contributions in October 2004 through "straw men," conduit gifts in the names of others, to then-open-seat challenger Mel Martinez (R-Fla.).

The Justice Department and the Federal Election Commission declined to discuss potential or ongoing law enforcement cases, including the one against PBS&J.

However, enhancements inserted into BCRA and teamwork between the DOJ and the FEC have helped boost the priority of these types of cases.

Officials with both agencies confirmed that cooperation has increased in recent years, a kinship that perhaps could result in a jump of combined civil and criminal penalties for two agencies long seen as at-odds.

An FEC official also said public corruption cases, including illegal contribution conduit schemes, have become a "top 10" priority for the DOJ, reflecting the desire of lawmakers.

"When Congress enhances the penalties," the FEC official said, "the message is that [prosecutors should] take those violations seriously and ... enforce them aggressively."

According to court papers detailing Deloach's plea deal, in or around 2004 an unnamed company executive contacted Deloach and "advise[d] him that PBS&J supported the United States Senate campaign of Mel Martinez."

"Deloach then wrote his own personal check, which he contributed to the Martinez campaign," the plea deal reads.

Deloach asked other company employees to give to Martinez's campaign, with contributions made in October 2004 totaling $11,000.

Out of an illegal bank account bloated with embezzled company money, Deloach then reimbursed the four PBS&J employees and two spouses, according to the plea deal. Such a reimbursement is punishable by up to two years in jail and thousands of dollars in fines.

Despite the breadth of the crimes, however, some familiar with the case are suggesting that the three could receive reduced sentences for turning on the company and detailing the workings of an even bigger reimbursement case, which allegedly funneled vast sums of illegal corporate money to politicians nationwide.

Documents obtained by Roll Call, first reported by the Miami Herald, suggest that Deloach was not alone in reimbursing PBS&J employees from company coffers, though he seems to be the only one who used embezzled money.

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In a fax dated March 2002, Jim Breland appears to urge Skip Homan, a fellow PBS&J executive, to make a donation to the re-election campaign of then-Sen. Max Cleland (D-Ga.).

"Bob Matthews called with this request ... a 'personal favor'," the fax cover sheet reads, "Bob also said the contribution would not go unnoticed by [Georgia] Gov. [Roy] Barnes. He is strongly backing Sen. Cleland."

The second page of Breland's fax, also dated March 15, 2002, appears to be on company letterhead, titled "Contribution Request Form":

"PBSJ Employee Requesting Contribution: Jim Breland

"Name of Payee on Check: Friends of Max Cleland

"Amount of Contribution Requested: $2,000."

An attached Post-It reads: "To be reimbursed."

Benson Weintraub, an attorney for Maria Garcia, one of the three former PBS&J employees, suggested that the 2002 corporate reimbursement for the Georgia Senate race is just the tip of the iceberg.

"It's our impression that there has been a wide proliferation of political corruption by PBS&J," Weintraub said. "We believe that the illegal campaign contributions were widespread on a national basis.

"The more information [that is] uncovered will indicate the scale and scope of a pattern of illegal campaign contributions," he said.

Garcia's attorney also said a member of PBS&J's board recently told him the reimbursement of illegal campaign contributions "unfortunately still continues today."

Mark Schnapp, an attorney for PBS&J, acknowledged that the reimbursement Deloach admitted to was not an isolated incident. But he denied that the company is the subject of a DOJ investigation and that the company systematically abused campaign finance laws.

"In the 1990s, there was some reimbursement of political contributions," he said. But those gifts, he claimed, were more a case of a few bad apples, not a rotten corporate culture.

"Before the embezzlement was even discovered, the company had instituted significant changes in the oversight of its PAC and campaign contributions," Schnapp added. "The company recently has instituted additional controls and training about campaign contributions and its political action committee."

The initial push in the United States to regulate campaign contributions began just after the Civil War, according to information available on the FEC's Web site.

Beginning in 1867, federal officers no longer were allowed to seek donations from Naval yard workers. With the signing of the Tillman Act 40 years later, corporations and banks were barred from contributing to federal campaigns.

The law again was expanded in 1947 to bar "labor unions and corporations from making expenditures and contributions in federal elections," according to the FEC.

The Federal Election Campaign Act, enacted in 1972, "provided the basic legislative framework" for political action committees, which could use corporate and union money to establish bank accounts from which "voluntary donations could then be used to contribute to federal races."

But nearly three decades after FECA was enacted, the lack of enforcement of campaign finance laws had come to viewed as a "bad joke," according to La Bella's words in a leaked 1998 Justice Department report.

In addition to reining in soft-money contributions, BCRA sought to boost prosecutorial powers for enforcing campaign finance crimes — an original recommendation of La Bella's that gave him something approaching cult-hero status with reform-minded lawmakers:

"When I first looked into it a couple of years ago, I was frankly surprised by what I learned — and that is that prosecutors just don't have the tools they need to effectively investigate, prosecute and punish people who egregiously violate our campaign finance laws" said Sen. Joe Lieberman (D-Conn.) in a March 2001 floor speech.

A Justice Department official said a delaying of the statute of limitations — ameliorating one of La Bella's original complaints — has helped in the prosecution of campaign finance crimes.

"Until late 2002, FECA crimes were subject to an unusually short, three-year statute of limitation, which complicated the task," the official said. "The statute of limitations for FECA crimes was raised to the usual five years effective Nov. 6, 2002, which has been a helpful tool."

Mosque Suit Says Manager Embezzled $300,000 (WP)

By Jerry Markon And Michelle Boorstein

The Washington Post, October 12, 2006

DOJ_NMG_0079720

A prominent Washington mosque has sued its longtime business manager, accusing him of embezzling more than $300,000 and diverting the money to companies he owned or controlled.

The Islamic Center of Washington, D.C., says in the lawsuit that Farzad Darui altered the names of payees on checks intended for legitimate vendors, primarily insurance companies, and substituted his own companies. It says the scheme began around 2000 and continued it until he was suspended last month.

"The actions taken by Mr. Darui constitute fraud . . . unjust enrichment and breach of fiduciary duties," says the lawsuit, filed Sept. 15 in U.S. District Court in Alexandria.

Reached yesterday at Zaal Inc., a Falls Church real estate management company of which he is president, Darui declined to comment on the suit. His attorney, Victoria Toensing, said only that the allegations "are false and we will defend them vigorously."

Darui has not yet responded in court. He framed the issue as a management dispute in yesterday's Washington Times, which first reported the lawsuit. "This, from my point of view, is about me opposing a Saudi takeover of the center," he told the Times. "They've been trying to unilaterally appoint a new Saudi director without going through the board."

The Islamic Center, on Massachusetts Avenue NW, is Washington's first mosque, opening in 1957, according to court documents and its Web site. It's a regular place of worship for thousands of Muslims, according to court documents.

The center is supported financially by the Saudi government, and the Web site lists the current chairman of its board of governors as Saudi Prince Bandar bin Sultan, who recently stepped down as ambassador to the United States. The center's governing board is largely made up of ambassadors from various Islamic nations to the United States. Calls to the center and to Saudi Embassy were not returned yesterday.

It was unclear yesterday why the allegations were contained in a civil suit and whether a criminal investigation is underway. An attorney for the center, from the D.C. firm of Williams & Connolly LLC, declined to comment.

Darui, of Falls Church, has worked at the center since at least 1984, when he was head of security, according to the lawsuit. He became responsible for the center's bookkeeping after accusing the existing bookkeeper of being involved in a scheme to defraud the organization, the suit says.

As bookkeeper, Darui routinely presented checks to be signed by the center's director, Abdullah M. Khouj. After Khouj signed the checks, Darui was responsible for mailing them to vendors, the lawsuit says.

Khouj began unraveling the scheme when he repeatedly asked Darui to commission an independent audit of the center's finances, but Darui kept putting him off, the lawsuit says. According to the suit, Khouj then discovered that Darui had been changing the names of payees to BLT Services Corp. According to the lawsuit, that is really Blue Line Travel Inc., "a company owned and/or controlled by Mr. Darui."

"Mr. Darui breached his fiduciary duties intentionally, willfully, with malice, and with ill will toward the Islamic Center," says the lawsuit, which is seeking a jury trial but does not specify damages sought.

Florida Judge Wants To See 'Bully' In Court (WP)

By Mike Musgrove

The Washington Post, October 12, 2006

The Bully is taking a beat-down. Game publisher Take-Two Interactive Software Inc. was ordered to demonstrate an upcoming video game titled "Bully" for a judge to determine whether it violates Florida's public nuisance laws. Miami-Dade Circuit Court Judge Ronald Friedman issued the order yesterday.

The move is a major coup for conservative Miami attorney Jack Thompson, known for his crusades against pornography and obscene rap music, and now the video game industry. He claims that the makers of the game have designed a "Columbine simulator" in Bully, which follows the life of a prep school student as he navigates the social ladders of a fictional school called Bullworth Academy.

Thompson filed the lawsuit a month ago, claiming that the game would violate Florida's public-nuisance laws, which are more typically used to prosecute environmental polluters. Besides Take-Two, the suit also names retailers Wal-Mart Stores Inc. and GameStop Corp.

"My view is that the game potentially impinges on public safety," he said. "I'm pretty sure that the game is harmful to minors."

The game is scheduled to be released Tuesday for the PlayStation 2. It has been rated "T" for Teen by the game industry's ratings board.

Thompson said that he and the judge plan to watch the game played in its entirety, no matter how long that takes.

Attorneys for Take-Two did not respond to phone calls or e-mails last night. Rockstar Games, the Take-Two subsidiary that developed the game, as well as the bloody Grand Theft Auto franchise, also did not respond.

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As the game has neared its scheduled release date, Rockstar has given a few tech sites and video game magazines an early look at it. So far, the early write-ups seem to have reviewers surprised by the game's lack of violence.

Clive Thompson, who reviewed the game for Wired.com, concluded that the game is "snarkily clever social commentary." His review described the game as not violent.

"The game doesn't glorify bullying at all," he wrote. "Indeed, it's almost precisely the opposite."

Deal In Brooklyn Corruption Case (NYT)

By Michael Brick

The New York Times, October 12, 2006

Nearly four years into a broad inquiry seeking to expose the sale of judgeships in Brooklyn, prosecutors have agreed to dismiss all charges against the longtime executive director of the county's Democratic Party, Jeffrey C. Feldman, in exchange for his cooperation.

The deal, announced yesterday at a brief hearing in State Supreme Court in Brooklyn, cost prosecutors the second highest ranking target they have identified. But it gained them the most highly placed witness they have named.

So far, the investigation has produced guilty pleas by minor figures in a judicial bribery case and the conviction and resignation of Clarence Norman Jr., a 12-term assemblyman, deputy speaker and chairman of the biggest county Democratic organization east of Chicago.

There were accusations that judgeships were being sold by party leaders, who have considerable influence over the nomination and election of judges. Yet no one has been charged with selling judgeships. Separately, a federal judge has declared the system of selecting state judges unconstitutional.

Evidence from a case in which a judge who oversaw divorce cases was charged with bribery led the Brooklyn district attorney's office to begin a broader investigation in April 2003 into corruption in the process of nominating judges. Mr. Norman has been convicted in two corruption cases and acquitted in a third. In the last pending case, he has been charged with pressing judicial candidates to hire certain election consultants to win favor with the party. Until yesterday, Mr. Feldman was a co-defendant in that case.

"We have concluded that Jeff Feldman was nothing more than a messenger," said Michael F. Vecchione, chief of the district attorney's rackets division. He added that Mr. Feldman "has agreed to testify on behalf of the people in this and other ongoing investigations."

Mr. Feldman has signed a cooperation agreement, prosecutors say, though it is unusual to dismiss charges against such a witness before testimony is completed.

A lawyer for Mr. Feldman, Benjamin Brafman said, "The D.A.'s office looked at the case very differently after we made our submission." Mr. Feldman, 52, declined to comment.

British Court Ruling Gives Boost To Serious Journalism (WSJ)

By Aaron O. Patrick

The Wall Street Journal, October 12, 2006

LONDON -- Britain's top court handed down a landmark decision that could encourage serious investigative journalism in a nation where newspapers are known more for chronicling celebrity scandal.

The Law Lords, a body within the House of Lords that is the equivalent of the U.S. Supreme Court, yesterday provided media organizations with much stronger protection against libel suits if they can show their stories serve the public interest.

The Lords made the unanimous decision in upholding an appeal by The Wall Street Journal Europe. They overturned a lower court's decision that had found a 2002 Journal story libelous. In dismissing the case, the Lords ruled that the Journal's story was in the public interest and was reported in a serious and responsible way.

Until now, British libel laws were among the friendliest to plaintiffs anywhere, making the nation's courts a magnet for foreign celebrities taking action against U.S. publications. When faced with a libel action, publications essentially had to prove their articles were true or meet a detailed checklist about their reporting that considered such things as the seriousness of the allegations and the steps that were taken to verify the information. Truth remains a defense against libel. But now a "qualified privilege" defense under which the defendant does not have to prove the truth of the allegedly defamatory statement is a viable option.

The new ruling brings United Kingdom law closer to the protections U.S. media are afforded under the First Amendment of the U.S. Constitution. U.S. law sets strict and limited standards for when public figures can successfully win libel suits. As honed in a 1964 Supreme Court decision, known as New York Times v. Sullivan, U.S. public figures must show that a story was false and that the publication knew it was false or acted in reckless disregard for the truth.

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The British standard defined yesterday doesn't give all publications such blanket protection as in the U.S. Rather, it will only apply to what a judge deems responsible journalism that is of value to the public. "We need more such serious journalism in this country and our defamation law should encourage rather than discourage it," one of the lords, Baroness Brenda Hale, wrote in her opinion.

"In some ways it's the coming of age of press freedom in the U.K." said Dan Tench, a partner at Olswang Solicitors, a London law firm specializing in media law.

At issue was a February 2002 story in The Wall Street Journal Europe and The Wall Street Journal's U.S. edition that said Saudi authorities, at the request of U.S. law-enforcement agencies, were monitoring bank accounts of prominent Saudis and Saudi businesses to ensure they were not being used, wittingly or unwittingly, to finance terrorism.

Among the accounts being monitored, the article said, were those of the Abdul Latif Jameel Group. Mohammed Jameel, the company's president and a prominent Saudi businessman, sued the paper claiming the story defamed both him and his company and claimed damages.

Throughout the initial trial, The Wall Street Journal Europe didn't seek to defend itself by showing the article was true. It said its sources in Riyadh were afraid of reprisals from Saudi authorities if they testified. The paper also said it wouldn't identify a confidential source at the U.S. Treasury Department in Washington who had confirmed the Saudi information. Instead, the newspaper, which is published by Wall Street Journal Europe SPRL, a subsidiary of Dow Jones & Co., argued that the article was in the public interest because it showed that Saudi Arabia was cooperating in the international effort to combat terrorism and was fairly and responsibly reported.

A jury in the original case ruled against the newspaper and damages of $74,477 were awarded to Mr. Jameel and a Saudi company controlled by his family. The judge in that case said The Wall Street Journal Europe should have made more checks before publishing the article.

Britain's Court of Appeal backed that ruling, prompting the Journal to appeal to the House of Lords. The Law Lords said the trial judge had misdirected the jury that heard the initial case, that The Wall Street Journal Europe had done nothing wrong, and that its article was clearly in the public interest. The ruling strengthened and clarified an earlier judgment that had established the public interest defense but hadn't been widely adopted by judges.

The Law Lords also said it didn't matter that a judge, with "leisure and hindsight," might have made different editorial decisions than those made quickly in newsrooms. Rather, "the question in each case is whether the defendant behaved fairly and responsibly in gathering and publishing the information," the decision read.

The trial judge also had ruled that the story wasn't in the public interest because it breached an agreement between U.S. and Saudi governments to keep the monitoring secret. But the Lords overturned his decision, ruling the media are not bound by a government's desire to keep certain facts or programs secret.

The result could be more investigative journalism in England now that the threat of libel action has somewhat diminished. "Having this pretty unequivocal declaration is pretty important," said Alan Rusbridger, editor of the London-based Guardian newspaper. "We never felt entirely confident" with the previous law, he said.

The Wall Street Journal Europe's lawyer, Geoffrey Robertson, who argued the case, said the ruling would usher in a new role for the media, allowing journalists to "make a genuine contribution to public knowledge rather than parroting back what they are told, often in partisan fashion, by police or politicians."

Stuart Karle, general counsel for The Wall Street Journal, said the ruling gave the media an incentive to "produce serious journalism on compelling subjects of public concern without the risk of nitpicking and second-guessing by courts years later."

Mr. Jameel's lawyer, Andrew Stephenson of Carter-Ruck, said his client would be shocked by the judgment. He added that "the House of Lords has substituted its own view of the facts for that of the judge and jury who had all the evidence." Mr. Jameel released a statement to some media outlets after the ruling that read: "What the Wall Street Journal Europe wrote in February 2002 was that the bank accounts of the ALJ Group were being monitored at the request of the US authorities. That was not true. Mr. Justice Eady and the court of appeal ruled that I was libelled. The House of Lords ruled that I was not, because it was reasonable for the Wall Street Journal Europe to print something that was false. So be it. I was only ever interested in proving that the allegations were untrue."

The Lords' ruling leaves open many key areas for judges to interpret in future cases. For instance, judges will decide whether an article is in the public interest and whether a publication acted seriously and responsibly.

Neither quality has been a hallmark of Britain's tabloids. They often focus on the personal lives of celebrities, such as model Kate Moss and singer George Michael. Reporting "stings," where reporters take on false identities to elicit information, are acceptable in tabloid culture. Paying for information is not unknown. Such tactics have flourished despite the strict libel laws in large part because many sensational stories are often accurate even if they were reported through stratagems that would be unacceptable in the U.S.

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Britain is also a fiercely competitive newspaper market. There are 11 daily national newspapers, with a combined circulation of about 12 million copies a day, boosted in part by sensational headlines.

Both broadsheets and tabloids have been targets of successful libel actions in the past. Singer Elton John was awarded $139,645 in 1995, for example, when he sued the Sunday Mirror, a tabloid, for reporting that he was suffering from an eating disorder, which he said wasn't true.

At other times, British newspapers have settled libel cases rather than fight them. The Financial Times, owned by Pearson Group PLC, agreed in January to pay $558,579 and the legal costs of a brokerage firm, Collins Stewart Tullett PLC, which claimed it had been defamed by the newspaper.

Actress Kate Hudson successfully sued the U.S.-based National Enquirer in Britain in the past year, after it claimed she was dangerously thin, something she denied. There were 74 defamation cases in British courts in the 12 months ended May 2006, and 20 involved celebrities, according to Sweet & Maxwell, a legal publisher owned by Thomson Corp.

It is unlikely that tabloid celebrity coverage will meet the Law Lords' requirement that journalism be in the public interest to merit protection by the new ruling.

High Court In Britain Loosens Strict Libel Law (NYT)

By Sarah Lyall

The New York Times, October 12, 2006

LONDON, Oct. 11 — Britain's highest court ruled Wednesday for the first time that journalists have the right to publish allegations about public figures, as long as their reporting is responsible and in the public interest.

The ruling, a unanimous judgment by the Law Lords, is a huge shift in British law and significantly improves journalists' chances of winning libel cases in a court system that until now has been stacked against them.

English judges have traditionally been so sympathetic to libel plaintiffs that many people from abroad have sued in English courts — even if the publications in question have tiny circulations here — because they have had a much better chance of winning here than at home.

Newspaper editors said the decision, in the case of Jameel v. Wall Street Journal Europe, would free them to pursue stories vigorously without constant fear of lawsuits.

"This will lead to a greater robustness and willingness to tackle serious stories, which is what the judges said they wanted," said Alan Rusbridger, editor of The Guardian. Until now, he said in an interview, newspapers have had to police themselves to the point where "stories weren't getting in the paper or were being neutered by clever lawyers who knew how to play the game."

The case concerned an article published on Feb. 6, 2002, in The Wall Street Journal and in its European edition, The Wall Street Journal Europe, which has a daily circulation of 18,000 in Britain.

The article said that at the request of the United States, Saudi Arabia was monitoring bank accounts of prominent Saudi businesses and individuals to trace whether they were being used, possibly unwittingly, to siphon money to terrorist groups.

One of the businesses mentioned, Abdul Latif Jameel Company Ltd., sued the newspaper, as did Muhammed Abdul Latif Jameel, its general manager and president. Under British libel law, newspapers being sued are required to prove the truth of the allegations they print — the opposite of the situation in the United States, where the burden of proof falls heavily on plaintiffs.

But that was a practical impossibility in this case, a member of the panel that ruled on Wednesday, Lord Hoffmann, wrote in his decision.

"In the nature of things, the existence of surveillance by the highly secretive Saudi authorities would have been impossible to prove by evidence in open court," he said. The paper argued that the article was in the public interest — that is, important to the debate about terrorism and the authorities' efforts to combat it.

A court ruling in a case several years ago involving The Times of London first seemed to open the door to such an argument. But that decision set out what some lawyers say was a prohibitively high set of standards for newspapers and other news media to meet, forcing them to defend their reporting practices to satisfy the subjective opinions of individual English judges.

In the Jameel case, a lower court jury rejected The Journal's public-interest argument, finding that the article was defamatory. The Journal was ordered to pay £40,000 — or about $74,000 — in damages. An appeals court affirmed the ruling.

The Law Lords overturned the decision. In a ringing rebuke to the lower court judge's conclusion that the article was not in the public interest, in part because it flouted an agreement between the United States and Saudi Arabia to keep the monitoring program secret, Lord Hoffmann declared it to be "a serious contribution in measured tone to a subject of very considerable importance."

Another member of the panel, Lord Scott of Foscote, defended the right of news organizations to publish material deemed private by the government.

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"It is no part of the duty of the press to cooperate with any government, let alone foreign governments, whether friendly or not, in order to keep from the public information of public interest the disclosure of which cannot be said to be damaging to national interests," he wrote.

A third member, Baroness Hale of Richmond, wrote, "We need more such serious journalism in this country, and our defamation law should encourage rather than discourage it."

Keith Mathieson, a partner specializing in media law at the firm of Reynolds Porter Chamberlain, said the ruling would make it easier for newspapers to rely on confidential sources, as long as the articles were responsibly reported and in the public interest.

"It should make it easier for newspapers in the U.K. to publish serious stories where they cannot prove that allegations are true," he said in an interview.

Stuart Karle, The Wall Street Journal's general counsel, said that the newspaper had spent millions of dollars on the case and that the decision represented an important turning point. "The history of English libel law was that essentially no decision was final in a newsroom until a judge, several years later, agreed with you," he said in an interview.

"Going forward," he said, "this decision means that if you're a quality news organization you can fully and fairly cover the important issues of the day without this nagging problem of having a libel judge in London basically engage in an autopsy of every single thing you did and decide whether he agrees with your editorial judgment."

A Libel Landmark (WSJ)

The Wall Street Journal, October 12, 2006

With murders and court defeats, the free press has endured a rough couple of years. So we're happy to report a landmark libel case victory in Britain's highest court yesterday -- a verdict that will assist the cause of brave and honest reporting in much of the world.

The five Law Lords' unanimous ruling in Jameel v. The Wall Street Journal Europe sets a new standard for libel trials in Britain, until now arguably the most plaintiff-friendly jurisdiction in the free world. Henceforth the press will be able to defend against libel suits by arguing that articles are in the "public interest" and were the product of serious and responsible journalism.

The new Jameel-Journal standard moves the British system closer to the constitutional protection enjoyed by media in the U.S. In its legal impact, the case could be the British version of New York Times v. Sullivan, the 1964 case in which the U.S. Supreme Court held that the First Amendment protects the publication of all statements, even false ones, about the conduct of public figures except when the statements are made with actual malice.

The news story in question in Jameel was published on February 6, 2002, in The Journal Europe and The Wall Street Journal. The article reported on joint U.S.-Saudi efforts to cut off funds to terrorists. It reported that the Saudi government, acting at the behest of the U.S., was monitoring bank accounts of well-known Saudi individuals and businesses that may, wittingly or not, have been used to finance terrorism. Mohammed Jameel, a billionaire Saudi car dealer, sued The Journal Europe in London for defamation because his company had been named in the story.

The Law Lords overturned two lower-court rulings, which found against The Journal, and held that the information in the article was in the public interest and had been reported responsibly. "The fact that the judge, with the advantage of leisure and hindsight, might have made a different editorial decision should not destroy the defence," Lord Hoffmann wrote. "That would make the publication of articles which are, ex hypothesi, in the public interest, too risky and would discourage investigative reporting."

And here's the key point: Even if an article contained a defamatory statement against a prominent individual, the Law Lords ruled, it would nevertheless be protected if the journalists had behaved "fairly and responsibly in gathering and publishing the information" and if the information is of public importance. This standard had been put forward in a 2001 case called Reynolds v. Times Newspapers but, according to the Law Lords, has been widely ignored by the lower courts.

In his opinion, Lord Bingham described The Journal as an "unsensational" newspaper, a charge to which we plead guilty. While the Jameel ruling won't matter much to Britain's tabloid press, it is likely to influence how "quality" newspapers go about investigative reporting. As another Law Lord, Baroness Hale, put it: "We need more such serious journalism in this country and our defamation law should encourage rather than discourage it."

The ruling should echo throughout the British Commonwealth, including in Australia, Canada, Hong Kong and -- dare we hope? -- Singapore. While Commonwealth countries now mostly have their own courts of final appeal, they still look to the Law Lords for guidance in interpreting the common law. Thanks to their Lordships, the world just got a little freer.

Two U.S. Pilots Criticized In Brazil (WP)

By Monte Reel, Washington Post Foreign Service

DOJ_NMG_0079725

The Washington Post, October 12, 2006

Details of Probe Fuel Anger Over Deadly Midair Collision

BUENOS AIRES, Oct. 11 -- Two American pilots are embroiled in controversy in Brazil as authorities try to determine if they accidentally caused a midair airplane collision two weeks ago over the Amazon rain forest, killing 154 passengers aboard a commercial jetliner.

The Americans were piloting a small executive jet being flown from its manufacturer in Brazil to its new owner in New Jersey when their plane hit a Gol Airlines Boeing 737-800 flying in the opposite direction. The pilots of the small plane, which carried seven people, landed safely at a military base about 120 miles from the point of impact, but the commercial airliner crashed into the dense jungle below, leaving no survivors.

This week, investigators released details that have led many Brazilians to blame New York residents Joseph Lepore and Jan Paladino for the worst air disaster in Brazil's history.

A spokeswoman for the Mato Grosso state police department, which has been investigating the crash, on Tuesday told the Associated Press that the American pilots had been instructed to fly at 36,000 feet at the time of the crash, according to the executive jet's flight plan. The airspace where the collision occurred -- at 37,000 feet -- had been reserved for the commercial jetliner, she said.

Lepore and Paladino earlier told police that they were following flight instructions given to them by Brazilian authorities. Brazil's defense minister, Waldir Pires, labeled the pilots' statements "frivolous" and "irresponsible" during an interview with O Globo Television on Tuesday, adding that it is customary for northbound flights to fly at even-numbered altitude levels.

Adding to the controversy were the comments of a New York Times business columnist who was aboard the executive jet while in Brazil on a freelance magazine assignment. The columnist, Joe Sharkey, told CNN last week that he had heard that Brazil's air traffic control system was notoriously incomplete in the area of the Amazon where the plane crashed. Those comments sparked angry admonitions from Brazilian officials who defended the nation's air control systems, saying they thoroughly cover even the most remote jungle regions.

Meanwhile, ordinary Brazilians have vented their own anger at the American pilots.

"They have to be judged as criminals," Evarista Soares da Silva, 50, a doorman at an apartment complex in Rio de Janeiro, said Wednesday. "A lot of people died because of them. They were totally irresponsible."

As the investigation continues and the contents of the 737's "black box" are revealed, investigators hope to learn why the transponder aboard the executive jet failed to alert the larger plane of its presence and why the pilots of the small plane did not respond to calls from air traffic controllers before the crash. Some Brazilian authorities have publicly speculated that the pilots might have turned off their transponder, though the pilots' lawyer on Wednesday denied that they had done so.

Even the possibility of mechanical failure doesn't placate many Brazilians who believe that the American pilots could have prevented the crash.

"They said they had problems with the equipment, but why didn't they follow the route?" asked Joyce da Conceicao Fonseca, 67, of Rio de Janeiro. "I'm really sad for all the people who died. I prayed for them."

Special correspondent Fred Alves in Rio de Janeiro contributed to this report.

O.C. Man Gets 50 Years To Life For Molesting Relative On Videotape (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, October 12, 2006

His wife is also charged. They allegedly tricked parents of the 4-year-old.

An Orange County businessman was sentenced Wednesday to serve 50 years to life for molesting a 4-year-old relative in a case that unfolded after authorities discovered a trunk full of homemade child porn movies that investigators called a "little chest of horrors."

David S. Hwang, 35, agreed to plead guilty to all charges under a deal proposed by Superior Court Judge Gary S. Paer. The judge said the plea will spare the girl and her family from reliving "the nightmare" by having to testify or watch the "despicable" videotapes Hwang made while molesting the child, and it ensures that Hwang will never be free.

"In my mind, this is a death sentence," Paer said in summarizing the agreement.

Prosecutors said Hwang and his wife, who is also charged, deceived the girl's parents into letting them "baby-sit" her to practice their parenting skills. Based on the footage, prosecutors also said the couple gave the girl "medicine" that rendered her unconscious while being molested.

Hwang admitted to 60 counts of kidnapping for child molestation, lewd acts on a child under 14, oral copulation on a person under 14, anal or genital penetration with a foreign object of a child under 14, using a minor for sex acts and sodomy of a person under 14.

All the charges involve the girl who was then 4.

Hwang told the court he was pleading guilty against the advice of his attorney, primarily out of his concern for the victim and her family, who have "already been through enough."

He will not be eligible for parole until he is 77. Even then, it is unlikely that he would be considered for release, under state guidelines.

Hwang had faced a sentence of at least 93 years had he been convicted at trial.

To that end, Deputy Dist. Atty. Beth Carmichael said she was satisfied with the outcome. She had arrived at court Wednesday fully prepared to put him on trial.

"I wanted to make sure he will never get out of custody," she said outside court.

Hwang's attorney, Don Ronaldson, declined to comment.

Hwang still faces charges in Texas for allegedly molesting five young girls there, including an 8-month-old. His wife, Sheila Marie Sikat, 26, is charged with the same counts as her husband in the Orange County case and is scheduled to go to trial next month.

The couple were arrested in September 2003, fresh from their honeymoon in the Bahamas.

At the time, they both worked for Pacific Life Insurance Co. in Newport Beach, he in technical services and she in marketing.

Authorities were led to their Rancho Santa Margarita home after an anonymous tipster sent a package with a videotape that contained scenes from multiple tapes, and revealed where other tapes might be found, Carmichael said.

Inside a green wooden trunk, investigators found 212 videotapes, some shot in Orange County and others shot in the 1990s in Texas, where Hwang went to college and lived before moving to California.

Some tapes allegedly show Hwang molesting girls, sometimes with the participation of his wife or, in earlier years, a former girlfriend, who is also charged.

Investigators in Orange County and Texas have not been able to identify all the victims. The girl at the center of the Orange County charges is seen in four of the tapes.

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CIVIL LAW:

Medicare Saves $2 Bln By Fighting Fraud In U.S. Health Programs (BLOOM)

By Kerry Young

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- The Medicare program, the biggest U.S. buyer of health care, said it saved more than $2 billion by cracking down on fraud and abuse, especially cases involving drugs and medical equipment and tests.

The health plan for Americans who are 65 and older or disabled also said it gave two contracts to Electronic Data Systems Corp. for detecting and preventing fraud. Science Applications International Corp. and Health Integrity LLC each won a Medicare contract for aiding fraud prevention.

Medicare's efforts to prevent fraud have fallen short in the past, according to the investigative arm of Congress. The Government Accountability Office last year said Medicare overpaid for medical equipment and supplies by $900 million, or about 10 percent of its total spending, in the year ended in September 2004.

``Vigilance in protecting beneficiaries and taxpayers from waste, fraud and abuse is one of our top priorities in Medicare," said Mark McClellan, the administrator for the Centers for Medicare and Medicaid Services, in a statement.

The statement from Baltimore-based Medicare didn't say in what period of time it had saved the $2 billion. Medicare spokesman Peter Ashkenaz didn't immediately return a phone call from Bloomberg News. The U.S. Justice Department has opened 63 criminal and 38 civil Medicare fraud cases since October 2005, Medicare said in the statement.

The Baltimore-based agency said it has expanded its efforts in Los Angeles and Miami in particular. Medicare said it revoked billing privilege, known as a provider number, from more than 500 suppliers of medical equipment.

The agency said it also denied about $163 million in charges from testing centers.

GSA Asks Court To Rethink Ruling On FedBizOpps.gov (GCN)

By Jason Miller

Government Computer News, October 12, 2006

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The Justice Department, on behalf of the General Services Administration, asked the Federal Claims Court to reconsider two parts of its recent decision that found GSA erred in its awarding of the contract for FedBizOpps.gov.

According to the redacted motion filed by the government, Justice is asking the court to revisit the order to bring in a new source selection authority, and the judge's conclusion that GSA incorrectly calculated the bid from the winning vendor, Symplicity Corp. of Arlington, Va. GSA awarded Symplicity a $17.4 million contract that includes three base years and five one-year options in December after re-evaluating bids following a first protest by Development Infostructure (Devis) Corp. of Arlington, Va., and Information Sciences Corp. of Silver Spring, Md.

ISC, which is the subcontractor to Science Applications International Corp., currently supports FedBizOpps.gov.

"First, the court's conclusions with respect to the 'independent judgement' of the source selection authority in considering Symplicity's proposal do not completely reflect the record of evidence," U.S. attorneys wrote. "Moreover, injunctive relief should be limited to returning the procurement to the existing [source selection authority], given the absence of any allegations—let along evidence—of bad faith, bias or any other basis to disqualify the SSA ..."

The court in September found in favor of Devis and ISC in their second protest and ordered GSA to appoint a new source selection authority and re-evaluate the bids. This contract has been going on since June 2005.

"GSA still is operating FedBizOpps and will continue to operate it," said a GSA spokeswoman. "We can't comment on litigation."

Joseph Petrillo, a procurement attorney with Petrillo and Powell in Washington and a GCN columnist, said GSA's decision to file a reconsideration motion is somewhat unusual, but not unprecedented. Though, he added, reconsideration is rarely granted.

In the motion, Justice also argues that GSA didn't err in evaluating Symplicity's price because it was not a flat fee, but over a certain time period. The redacted motion does not show the total price or the number of years.

"Instead, the evidence suggests that Symplicity's price, even if price had been used to eliminate offers, would have made Symplicity's offer more attractive and more likely to remain in the competitive range," U.S. attorneys said.

GSA does admit that they calculated Symplicity's total price incorrectly, but Devis and ISC should not benefit from the agency's mistake, U.S. attorneys added.

Additionally, Justice asked the judge to reconsider her ruling for GSA to appoint a new source selection authority even if the decision stands. Attorneys said that there is no evidence that the SSA acted in bad faith and therefore return the procurement the source selection authority. The SSA was Debra Sonderman, the Interior Department's director, Office of Acquisition and Property Management, sources said.

"The judge clearly thought through all these issues and I am surprised DOJ is arguing that the important facts were not well represented in the court's order — which I thought was very clear," said Peter Gallagher, president of Devis. "I guess we must now wait to see if another round of comments will be entertained by the court. We are obviously disappointed that additional legal proceedings are delaying the award."

There is no time frame for the judge to decide on Justice's motion, according to the court's clerk office.

RJR Douses Flavored Smokes Criticized As A Lure For Teens (WSJ)

By Christina Cheddar Berk

The Wall Street Journal, October 12, 2006

R.J. Reynolds Tobacco Co. agreed to a ban on certain types of flavored cigarettes in the U.S., ending a practice some critics say was used to lure teens to start smoking.

Under a deal with attorneys general from 40 states, Reynolds, a unit of Winston-Salem, N.C.-based Reynolds American Inc. that makes Kool, Salem and Camel brands, will no longer market cigarettes such as Mandarin Mint Camel Exotic Blends, Midnight Berry Kool Smooth Fusions or any others that use a fruit, candy or alcoholic beverage in its name.

"We recognize that the past use of certain names on a limited number of our brand styles resulted in unintended perceptions and concerns," said Lynn Beasley, R.J. Reynolds president and chief operating officer.

The agreement followed an investigation that began last year after several states raised concerns that the products violated a 1998 settlement with the largest tobacco companies that prohibited marketing of tobacco products to youths.

Under the settlement with Reynolds, the attorneys general agreed to pursue similar agreements with other tobacco companies, according to a Reynolds spokesman.

"This agreement is an important step forward in restricting the marketing of tobacco products to children," said Matthew Myers, president of the Campaign for Tobacco-Free Kids. Mr. Myers said he would like to see legislation banning makers of smokeless-tobacco products from using candy and fruit flavors.

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Reynolds introduced the flavored cigarettes in 1999 as a super-premium product priced about $2 above its premium brands such as Camel.

The flavored cigarettes represented less than 0.1% of the company's annual cigarette volume. In May, the company stopped making the last offerings in its Camel Exotic Blends line.

Write to Christina Cheddar Berk at christina.cheddar@dowjones.com1

CIVIL RIGHTS:

States Are Growing More Lenient In Allowing Felons To Vote (NYT)

By Erik Eckholm

The New York Times, October 12, 2006

Legislatures in 16 states have loosened voting restrictions on felons over the last decade, according to a new report, a trend hailed by some rights advocates as a step toward democratic principles and fairness, especially for black Americans.

Because of their high incarceration rate, blacks are most affected by the voting bans that vary widely among the states, with many barring current inmates and parolees from voting until they have fulfilled their sentences, and some barring felons for life.

In recent years, Iowa, Nebraska and New Mexico have repealed their lifetime bans on voting by people who have been convicted of felonies, and several other states made it easier for freed prisoners or those on probation to vote, according to the report, issued yesterday by the Sentencing Project, a liberal advocacy group in Washington.

The recent changes have restored voting rights to more than 600,000 individuals, the report said. But because the country's prison population has continued to rise, a record number of Americans, 5.3 million, are still denied the vote because of criminal records, it concluded.

"It's good news that many people who'd been disqualified from voting are being re-engaged as citizens," said Jeremy Travis, president of the John Jay College of Criminal Justice in New York and a leader of the movement to smooth the re-entry of prisoners to society.

"I think people are realizing that the country had gone too far in marginalizing a large group of people who have been convicted of felonies," Mr. Travis said. "This has had profound consequences for our democracy and the participation of minorities."

But some conservatives remain philosophically opposed to any wholesale loosening of voting restrictions. "If you're not willing to follow the law, then you shouldn't claim the right to make the law for someone else," said Roger Clegg, president of the Center for Equal Opportunity, a conservative advocacy group in Washington.

Mr. Clegg, who was a senior Justice Department official in the Reagan and first Bush administrations, said that those convicted of felonies should be given the vote only case by case, when they have proved to be constructive members of society.

Some restrictions on voting date to the early years of the country or to the post-Civil-War period, while others were tightened during the "get tough on crime" era of the 1980's.

By federal law, voter rules are mainly set by the states. As a result, even in presidential elections, former prisoners can vote in some states but not others.

Only two states, Maine and Vermont, have no restrictions, even permitting inmates to vote. At the other extreme, three states, Florida, Kentucky and Virginia, still have lifetime bans on voting by felons. Nine others bar selected groups of offenders for life.

New York, Connecticut and New Jersey, like most states, do not allow current inmates or parolees to vote.

In a ballot initiative in Rhode Island this November, voters will decide whether to restore voting rights to prisoners on parole or probation, who far outnumber inmates. Early polls show public support for the measure.

Advocates of change emphasize broad arguments about democratic process, but the racial disparities give the issue a special resonance and raise questions about the representation of minorities in politics.

In 2004, one in eight black men were unable to vote because of a felony conviction, the report said, a rate many times higher than that for other groups.

Felony convictions have left one in four black men barred from voting in five states: Alabama, Florida, Mississippi, Virginia and Wyoming, said Ryan S. King, author of the report and a policy analyst at the Sentencing Project.

But Mr. Clegg argued that the voting restrictions were applied evenhandedly, and that just because they had a disproportionate impact on one group, that did not make them racially discriminatory.

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Though data on felon voting patterns are murky, a large majority of former prisoners are believed to lean Democratic. Even with a low turnout rate, their participation could make a difference in close races, experts say. Florida's rules, for example, might have been a factor in the 2000 presidential election.

In Texas in 1997, Gov. George W. Bush signed a law eliminating a two-year wait before prisoners ending their parole could vote.

Manassas Irate That Inquiry Is Escalated (WP)

By Nick Miroff, Washington Post Staff Writer

The Washington Post, October 12, 2006

HUD Sent Case To Justice Dept.

Manassas officials have blasted a Department of Housing and Urban Development decision to turn over an inquiry of discrimination in the city to the Justice Department -- calling the move "incomprehensible" and challenging claims by the housing agency that it had made a good-faith attempt to settle complaints by Hispanic residents and civil rights organizations.

HUD officials notified Manassas last week that the investigation had been forwarded to Justice, which will take over the inquiry into whether the city violated the Fair Housing Act with zoning enforcement efforts such as an anonymous "anti-crowding hotline" and a short-lived ordinance that sought to limit the number of extended relatives who could share a dwelling.

Attempts to reconcile the 11 outstanding discrimination complaints against the city "failed," HUD determined.

The Justice Department will now review HUD's findings and decide whether to bring charges against the city -- an announcement that caught Manassas officials "flatfooted," said City Manager Lawrence D. Hughes.

"We were completely surprised," said Hughes. "HUD never attempted to mediate the complaints, despite the city's repeated requests that it do so."

The gulf between HUD and the city has widened in recent weeks. First, city staff complained that a shifting cast of HUD officials, including seven investigators from four offices, went over similar territory and asked similar questions, burdening city staff. Then the came the announcement that HUD had referred its findings to the Justice Department, which further irked the city because it learned about the decision through The Washington Post.

But HUD said it informed Manassas of its decision through letters and phone calls that were unanswered, according to Bryan Greene, deputy assistant secretary in HUD's Office of Fair Housing and Equal Opportunity.

"We've notified all the parties in this case that we could not complete the investigation," Greene said. "We're done."

HUD's settlement process hit a roadblock, he said, because Manassas failed to satisfy the aggrieved parties who have filed complaints.

"The question is how the city of Manassas addresses the people who allege they have been injured by their ordinances," Greene said. "We tried to obtain relief for individuals, and we reached an impasse."

Under the Fair Housing Act, the agency was required by law to notify parties in the case after the first 100 days of the investigation.

"We will investigate as long as we can, but if we don't think we can resolve it, we want to get the information to the Department of Justice in a reasonable amount of time so they can take the actions they think are necessary," Greene said.

HUD's investigation does not produce a ruling or determination, and details of its findings were not disclosed. But Greene's statement suggests the agency thinks the case is headed for U.S. District Court, where federal attorneys could file suit against the city.

"If the judge or jury determines that the city of Manassas conspired to discriminate against Latino families, the punitive damages could be hefty," said Kent Willis, executive director of the American Civil Liberties Union of Virginia, one of the groups that threatened to sue the city last winter over its anti-crowding ordinance. Suits involving violations of the Fair Housing Act typically lead to punitive and compensatory damages, Willis said. Individuals can also file civil suits against the city over the same complaints, which can be costly for the city.

Hughes and other city staff called the HUD contention that the city did not address complaints false. "We have asked numerous times for the aggrieved parties to specify what their claim is, and we have not received a response," he said. "So this conclusion that we're at an impasse is unimaginable to us."

Hughes accused those who have alleged discrimination against the city of trying to squeeze Manassas for money. The Fair Housing Act "should not be used by those who are not discriminated against to raise money from a local government's limited treasury," he said in a recent news release.

"I find that comment sad," said Rabbi Bruce E. Kahn, executive director of the District-based Equal Rights Center, a civil rights organization that lodged a complaint to HUD and compiled information about city zoning enforcement practices. "The city has an obligation to face the wrong that it's done and remedy the wrong that it's done, including paying damages."

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Kahn accused the city of ongoing civil rights violations, despite changes in city policies and the swift repeal of the anti-crowding ordinance.

For additional legal counsel, Manassas has contacted Richmond lawyer William G. Broaddus, who is working with city attorney Robert W. Bendall. But Vice Mayor Harry J. "Hal" Parrish II said he was hopeful federal attorneys would not come knocking.

Parrish said maybe the Justice Department would decide there is no reason to go after anyone. But he cautioned, "I'm always an optimist."

3 Charged In Hate Crimes; Brooklyn Victim Is In A Coma (NYT)

By Al Baker

The New York Times, October 12, 2006

Three Brooklyn men were charged with hate crimes yesterday in connection with an attack on a man who was lured to a desolate meeting place Sunday night, robbed and forced onto the Belt Parkway, where he was struck by a car and critically injured, the police said.

The victim, Michael J. Sandy, 28, of Brooklyn, was still in a coma yesterday, relatives said. The attack is being treated as a hate crime because investigators believe the assailants singled out Mr. Sandy for being gay and arranged over the Internet to meet him at a place often visited by gay men. One other man was being questioned yesterday in connection with the attack, the police said. Officials said a group of as many as four men orchestrated the rendezvous in order to rob Mr. Sandy, telling him in Internet messages to bring enough money for a hotel room.

At 9:40 p.m. on Sunday at the meeting place — a narrow, garbage-strewn parking lot near Sheepshead Bay, sandwiched between Plumb Beach and the eastbound lanes of the parkway — Mr. Sandy, 28, was attacked by at least two of the men, the police said. He backed away from them and, at one point, darted into the path of a car, which struck him and kept going, the police said. The police were still seeking the driver of the car that struck Mr. Sandy.

Other cars on the highway were forced to stop as the attack spilled across three lanes of roaring traffic. One witness told detectives that after Mr. Sandy was struck by the car, she saw a man drag him to the shoulder of the Belt Parkway and rifle his pockets.

Detectives investigating Internet communications Mr. Sandy had had were led to the first suspect, John Fox, 19, of Knapp Street in Brooklyn, who is a sophomore at SUNY Maritime College. The other two suspects are Gary Timmins, 16, of Gerritsen Beach, and Ilye Shurova, 20, of Sheepshead Bay. The three men were charged yesterday with first-degree assault as a hate crime, and first- and second-degree robbery, also as hate crimes, according to the police. The men face a potentially longer prison term than if the hate crime statute was not applied, according to a spokesman for Charles J. Hynes, the Brooklyn district attorney.

The fourth suspect was being questioned at the 61st Precinct stationhouse in Brooklyn last night, the police said. It was unclear what role each of the four men played in the incident, according to the police.

“The perpetrators had an online interaction with the victim, and they lured him,” said one investigator, referring to what he said was an exchange of AOL instant messages over the course of about an hour.

When asked why the case was being classified as a hate crime, the investigator said: “Because of the totality of the evolution of the crime.”

But the case underlined the fine distinction prosecutors must consider when applying the state’s hate crime law. Under the law, established in 2000, a hate crime is typically defined as one in which a victim is chosen because of race, color, sexual orientation, religious practice or some other protected category, said Brian S. MacNamara, an assistant professor of law at John Jay College of Criminal Justice.

“The prosecutor will have to prove that in the underlying assault and robbery the victim was targeted in some way because of his sexual orientation,” said Professor MacNamara. “It’s a little bit tricky because, obviously, the main crime was the robbery, so you have to prove that the motivation for selecting that victim was substantially because he was gay.”

As Mr. Fox was led from the precinct station yesterday, his hands cuffed behind his back, his father, John Sr., yelled out, “John, I care about you.”

He later defended his son to reporters, speaking about his son’s goal of becoming a naval officer, and said he was perplexed by the hate-crime charge. “He never did anything like that before,” the elder Mr. Fox said. “Why would he be rabidly anti-gay? I don’t know.”

McCartha L. Lewis, Mr. Sandy’s aunt, said the family was rallying to support her nephew as he remained in critical condition yesterday at Brookdale University Hospital and Medical Center. She said that Mr. Sandy was in a coma with his breathing supported by a respirator, and that the family was struggling with whether to remove him from it.

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Ms. Lewis said the family wanted to wait at least until today, Mr. Sandy's 29th birthday, before making that decision.

"The doctors want us to pull the plug, but I told them no," said Ms. Lewis, 66, a singer who lives in Jamaica, Queens.

Mr. Sandy's father, Ezekiel E. Sandy Sr., is Ms. Lewis's brother, and she said that another of his sons, Tony, had come from Tobago to be with the family.

"He's a very good boy," Ms. Lewis said of Michael Sandy. "He is a hard worker and he is very nice."

Black Employees' Foundation Sues LOC (RC)

By Elizabeth Brotherton

Roll Call, October 12, 2006

Members of a nonprofit foundation designed to assist black employees at the Library of Congress filed a class-action lawsuit against the agency last week, claiming officials have failed to recognize the organization and discriminated against employees who joined it.

Officers of the Howard R.L. Cook and Tommy Shaw Foundation for Black Employees of the Library Inc. allege that by not recognizing the foundation as an employee organization, the Library has denied black employees the right to address racial discrimination in the work force through legal means.

"Now, that's illegal, because that's blatant retaliation," said Howard Cook, a plaintiff in the case and a foundation officer. "We have a right to combat racial discrimination and all other forms of retaliation that exists."

As a recognized employee organization, the Library would allow the foundation to use Library space and duty time for its activities.

In the lawsuit, the plaintiffs are asking that the court declare the Library's actions "illegal and discriminatory," as well as award the foundation $75 million for "the Defendant's illegal actions preventing the Foundation from having open access to financial assistance from its members."

Matt Raymond, a spokesman for the Library of Congress, declined to comment beyond stating that the LOC had not yet been formally served with court papers but was aware of the lawsuit.

"We don't comment on pending litigation," Raymond said.

But in a series of letters dating back to 2003, Library officials wrote to various members of the foundation to argue that they cannot recognize the group as an official employee organization because one of its primary purposes is to sue the Library in discrimination lawsuits by using money raised on Library property.

"One of the main goals of the Howard Cook/Tommy Shaw Foundation is to assist individuals in filing and maintaining claims, suits and litigation against the Library," Librarian of Congress James Billington wrote to Cook in August 2005. "I firmly believe that emplpoyee [sic] assistance is best provided by the Library through its Equal Employment Opportunity Complaints Office, Dispute Resolution Center, Employee Assistance Program, Office of Workforce Management, and through the collective bargaining agreements between the Library and its four unions."

The foundation was established following the landmark Cook v. Billington class-action court ruling by the U.S. District Court for the District of Columbia, which found the Library had discriminated against minority employees.

Officially incorporated by the Washington, D.C., government in September 2001, the foundation provides financial support for those involved in combating racial discrimination at the Library, Cook said, as well as education and training to help minority employees advance their careers.

Lead plaintiff David Hubbard, another foundation officer, said repeated refusals by Library officials to recognize the foundation prompted the suit, which was filed on Oct. 6 in U.S. District Court for the District of Columbia.

"All we want to do is be recognized as an organization within the Library of Congress," Hubbard said. "Now that we have a foundation set up to help employees, they refuse to recognize us."

The Library has struggled with discrimination issues in the past. Following the Cook v. Billington ruling, the Library changed its hiring and promotion practices, which officials have said helped to lead to a drop in discrimination complaints and lawsuits.

But some legal experts familiar with the Library have argued these changes have not been effectively enforced by senior management, and problems have continued.

Cook, who worked for 32 years in the education division at the Library's Congressional Research Service, said he hopes the foundation can give minority employees a leg up at the Library.

"I loved it, but also hated the environment and treatment afforded minority employees," Cook said of his years at the Library.

The Baltimore-based law firm Snider & Associates is handling the case for the plaintiffs. The attorneys handling the lawsuit were unavailable because they were marking the Jewish holiday of Sukkot, a receptionist said.

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9th Circuit: UPS Can't Refuse To Consider Hearing-Impaired Drivers (LAW)

By Petra Pasternak, The Recorder

California Recorder, October 12, 2006

A 9th Circuit U.S. Court of Appeals panel ruled Tuesday that United Parcel Service violated the Americans with Disabilities Act by refusing to consider hearing-impaired workers for driving positions.

At issue was UPS' policy mandating that its drivers pass a government hearing test, even though the test isn't required to operate many of the company's vehicles. UPS argued its exclusion policies were designed with safety in mind. But the court said that a blanket determination of safety can't be made on the basis of disability.

"The concept of risk, in other words, is an individual, not an aggregate, one," Judge Marsha Berzon wrote for the unanimous court, "albeit one calculated by averaging out overall risk: how likely is it that the individual driver will get into an accident?"

Judge Betty Fletcher concurred, as did Judge John Gibson, a senior 8th Circuit judge sitting by designation.

Laurence Paradis and Caroline Jacobs of the Oakland, Calif.-based nonprofit firm Disability Rights Advocates represented the plaintiff class.

"There are a whole host of factors that go into every job description, and it's very rare that employees can challenge arbitrary job standards that close the door to people with disabilities," Paradis said. "The ruling was a tremendous victory for people with all kinds of disabilities."

Gibson, Dunn & Crutcher attorneys, who handled UPS' defense, could not be reached for comment. But company spokeswoman Heather Robinson said UPS "strongly disagrees with the court's ruling, and we are evaluating our options, including an appeal. We believe this case is about safety. It has nothing to do with disability or discrimination."

In upholding an injunction granted by U.S. District Judge Thelton Henderson in 2004, the 9th Circuit panel ruled the plaintiffs did not have to prove they could drive "safely" in order to have standing. Instead, they merely had to meet the other job qualifications UPS listed for the position, which they did.

That reasoning shifted the burden of proof to UPS, which had to prove the driving job mandated the strict government hearing test required by the company.

"UPS didn't show persuasively that hearing-impaired people were more likely to have accidents," Heller Ehrman partner Andrew Livingston said. "And the flip side, it didn't show that there was no way to determine whether or not hearing-impaired drivers present a heightened risk."

Livingston, who followed the case, added: "The opinion certainly changes the way people litigate these types of law suits, both at the summary judgment stage and the trial stage. It shifts the burden under the ADA to the defense to prove that the employee or class of employees are not qualified because of the specific qualifications standard at issue."

Another defense attorney said the ruling in Bates v. UPS, 06 C.D.O.S. 9546, is an example of the pitfalls of a sweeping company policy related to disabled workers.

"It's dangerous to have an across-the-board policy," Winston & Strawn partner Tyler Paetkau said. "For employers, it's risky to treat applicants as a group."

UPS maintains it does not discriminate on the basis of disability.

"UPS has employees with disabilities -- including hearing impairments -- in a wide range of positions throughout the company's nationwide workforce," spokeswoman Robinson said.

South Dakota's Stark Abortion Choice (CSM)

By Amanda Paulson

The Christian Science Monitor, October 12, 2006

SIOUX FALLS, S.D.

An unlikely state could reset the tone of the country's abortion debate this November.

South Dakota voters are poised to weigh in on a landmark bill, passed by the legislature in March and referred to the ballot by a petition drive, that would outlaw all abortions except to save a mother's life. While the law, if approved, will almost certainly be challenged in court, the campaign is under scrutiny by those on all sides of the national debate eager to see whether voters in a conservative, largely antiabortion state are ready to approve an all-out ban on abortion.

If the ban is voted down, it will indicate even abortion opponents aren't willing to rein in all rights, and it will diminish the chances that other states will pass similar bans. If it's approved, observers expect other states to follow, and it's possible a court challenge could reach the Supreme Court.

It's a decision many residents of South Dakota are wrestling with.

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"It's really tough for us," Dick Ronken tells an antiabortion canvasser. "We're against abortion, but I think they haven't gone far enough to provide for all cases. It should be between a woman and her God and her doctor, without the government interfering."

Mr. Ronken's views aren't unusual in a state where many oppose abortion but look at it in personal terms - and often oppose government intrusion in their lives. In fact, some abortion-rights advocates say the soul-searching debate this vote has forced is one they welcome, hopeful it will lead to a decision to overturn the ban.

"In the case of abortion, we have long said that people in this country may accept restrictions, but will never accept a total ban on abortion - this debate really lays that bare," says Sarah Stoesz, the president of Planned Parenthood in Minnesota, South Dakota, and North Dakota, which runs the only abortion-providing clinic in South Dakota.

Opponents of the ban hold a small lead in polls - 47 percent to 44 percent in a recent Zogby International poll - but that lead has narrowed. If the ban allowed exceptions in cases of rape and incest, polls show a sizeable majority would support it.

Perhaps for that reason the arguments on both sides have been atypical for an issue that rarely veers from rhetoric pitting a "protect unborn children" slogan against "protect a woman's right to choose." Those opposed to the ban have shied away from promoting access to abortion, focusing instead on the bill's strictness, which doesn't include exceptions for rape, incest, or the mother's health but would allow an abortion to save her life.

"Honor and protect human life, reduce the number of abortions," says one TV ad sponsored by the South Dakota Campaign for Healthy Families, the coalition opposing the ban. "But should a woman who's the victim of rape or incest be left with no option?... Referred Law 6 makes no exception for these tragic circumstances. ... It just goes too far."

Similarly, proponents of the ban have eschewed slogans about saving babies' lives and photos of aborted fetuses in favor of a more feminist message about protecting women who, they say, are the ones victimized by abortion-rights advocates.

"For the last 33 years, women who have had abortions have been exploited," says Leslee Unruh, campaign manager for VoteYesForLife.com, who brought the bill to the legislature. Ms. Unruh had an abortion many years ago and has regretted her decision. Too often, she says, women aren't informed about the physical and emotional consequences of abortion.

"I've asked women to continue to be at the forefront, and to have it continue to be about women," Unruh says.

When she proposed the bill, legislators convened a task force to study the issue and concluded with a highly controversial report that triggered members of the task force to walk out in protest. Women like Unruh who had abortions they regretted testified before the task force and were a big reason the legislature decided to go ahead with the bill, says Rep. Roger Hunt, the Republican who sponsored it.

"It's very compelling evidence," says Representative Hunt, noting that the task force also determined that life begins at conception.

He and Unruh quibble with the portrayal of the bill as having no exceptions for rape or incest, pointing to one section that guarantees women access to emergency contraception, which helps prevent pregnancy if taken within 72 hours after sex. But opponents of the ban say that doesn't help many women who may not immediately report a rape, and they note that South Dakota recently passed legislation allowing pharmacists to refuse to fill an emergency contraception prescription.

Of the 800 or so abortions performed in the state each year, only a few are due to rape or incest, but for many voters those are the instances they keep coming back to.

"People are saying, are you telling me if my granddaughter was raped she'd have to go to term?" says David Volk, a former state treasurer and secretary of commerce and regulation who considers himself a staunchly "pro-life" Republican. He is opposed to the ban. "It's the wrong case at the wrong time."

In addition to seeing it as too extreme, Mr. Volk objects to the money that will be needed for the state to defend the bill in court - especially since he thinks it has no chance of overturning Roe v. Wade. And many national antiabortion groups seem to agree with him. The National Right to Life Committee barely mentions the case on its Web site, and Americans United for Life, a legal support group in Chicago, says it's unlikely the Supreme Court would revisit Roe through a ban like this.

"It's going to be a very tall hill to climb for that to happen," says David McConchie, the group's executive director. "But if it's a ban of something people support, they should vote for that."

National abortion-rights groups, meanwhile, are watching the vote closely in part because they're concerned about other states - like Ohio, Louisiana, and Texas - following South Dakota and about the changing makeup of the Supreme Court.

"There's this climate that they feel [Roe] could be overturned, and that's what they're doing with the South Dakota ban," says Nancy Keenan, president of NARAL Pro-Choice America. But the chilly reception the ban has gotten in a antiabortion state may be an indication that more extreme abortion opponents are overreaching, she says. "Their true agenda is now uncloaked. ... And American people are saying enough is enough."

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At the state's only abortion clinic - already a five-hour drive for people in the western part of South Dakota - protesters wave signs outside on a day when a doctor has flown in. With no doctors in the state willing to perform abortions, the four doctors who work at the clinic have to fly in from Minnesota.

"Women who don't want to be pregnant will go to extreme measures," says Miriam McCreary, a semi-retired obstetrician from St. Paul explaining why she makes the trip one to three times a week. "Abortion should be safe, legal, and available as a backup if contraception fails."

But while the ban is controversial - especially in a state that, while antiabortion, also has many libertarian tendencies - not all South Dakotans struggle with it. Lawns in Sioux City are dotted with pink-and-blue "Vote Yes on 6" signs. Some voters are enthusiastic about the law. As Justin Huck and Katie Kjelden go door-to-door in a neighborhood of small houses to campaign against the ban, they get varied responses.

"You're talking to the wrong person - I very much believe in the sanctity of human life," a blond woman with two small dogs tells Mr. Huck. Judy Alvine, on the other hand, gives Ms. Kjelden a warm reception when she answers the door.

"They make it sound like if you were Christian you would be for it," she says with frustration. "We have a doctor in the family, and he feels very strongly it should be a medical thing."

"It's refreshing to have people you can actually talk with," says Kjelden, a high school sophomore volunteering for the campaign, as she leaves the house. "And she and her husband are both registered Republicans!"

Report: 5 U.S. States Use Dogs To Control Inmates In Cells (FINDLAW/AP)

AP, October 12, 2006

(AP) - NEW YORK-Five U.S. state prison systems allow the use of trained attack dogs to control inmates - a practice that until now has been kept secret in American prisons - according to a Human Rights Watch report released Wednesday.

"The entire world has seen the photo of an Abu Ghraib detainee crouched in terror before a snarling dog, but the use of attack dogs against prisoners here in the U.S. has been a well-kept secret," said Jamie Fellner, U.S. director of Human Rights Watch. "Longtime corrections professionals were appalled when we told them that guards in some states use dogs on prisoners."

The report, "Cruel and Degrading: The use of dogs for cell extractions in U.S. prisons," says policies exist in Connecticut, Delaware, Iowa, South Dakota and Utah that allow guards to use "aggressive, unmuzzled" dogs to order inmates out of their cells when they refuse to leave. Dogs are ordered to bite prisoners if they resist.

"Human Rights Watch knows of no other country in the world that authorizes the use of dogs to attack prisoners who will not voluntarily leave their cells," the report said. The group does not object to the use of dogs to patrol prison grounds.

The report notes that in South Dakota, Utah and Delaware, dogs are rarely used in cells, if at all. In Connecticut, dogs were used in 20 cases in 2005, and in Iowa in 63 cases between March 2005 and March 2006.

Human Rights Watch interviewed prison officials in Connecticut and Iowa who said using dogs to remove prisoners from cells reduces injuries to guards and keeps prisons safer.

But Kathleen Dennehy, Commissioner of the Massachusetts Department of Correction, said her state stopped using dogs in cells this year because there are other effective alternatives.

"There are other ways to compel inmates to cuff up than sending in an animal to rip his flesh," she told Human Rights Watch.

Arizona also dropped its dog in cells policy this year.

"We welcome these decisions and urge the corrections departments of Connecticut, Delaware, Iowa, South Dakota and Utah to follow suit," the report said.

ANTITRUST:

Justice Department Criticized For Approving Big AT&T Deal (WSJ)

By Amy Schatz And Siobhan Hughes

The Wall Street Journal, October 12, 2006

WASHINGTON -- The Justice Department's unconditional approval of AT&T Inc.'s $67 billion buyout of BellSouth Corp. drew criticism from consumer advocates and lawmakers, raising the possibility that the deal could face delays at the Federal Communications Commission.

Hours before the Justice Department's decision was announced yesterday, FCC Chairman Kevin Martin changed course and proposed limited divestitures to protect big-business users of high-speed data lines in 32 office buildings, lawyers who have

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seen the proposal said. The FCC was scheduled to approve the deal as early as today, but cancelled the vote last night, rescheduling it for tomorrow.

The Justice Department approved AT&T's purchase of BellSouth without any conditions after determining that the combination isn't likely to hurt competition in the telecommunications industries. "After thoroughly investigating AT&T's proposed acquisition of BellSouth, the Antitrust Division determined that the proposed transaction is not likely to reduce competition substantially," Justice Department antitrust chief Thomas Barnett said. "The division investigated all areas in which the two companies currently compete."

The clearance triggered an outcry from smaller phone-company rivals, Democrats on Capitol Hill and the FCC as well as consumer groups. Opponents of the acquisition complained that the nation's top antitrust regulator had abdicated its responsibility to scrutinize whether the new company, which would control local phone lines from California to Florida, would be so big that it would lessen competition. AT&T also would have sole control of Cingular Wireless, the nation's largest cellular carrier by number of subscribers.

"The Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen," Democratic FCC Commissioner Michael Copps complained. The FCC's other Democrat, Jonathan Adelstein, agreed: "By failing to issue a complaint, consent decree, or condition, it appears [the Department of Justice] took a dive on one of the largest mergers in history just to avoid further court scrutiny."

Although Mr. Martin, a Republican, has been pushing hard to wrap up the agency's review, it isn't clear that he has the three votes necessary to approve the acquisition. Republican FCC Commissioner Robert McDowell has so far indicated that he might be recused from voting because he formerly worked for a group that opposes the transaction. In addition to Mr. Copps, Mr. Adelstein has expressed concern about approving the acquisition without conditions. That would leave Mr. Martin without a majority on the five-person commission.

AT&T, San Antonio, said it was elated with the quick Justice Department approval of the merger. "This unequivocal and unconditional approval underscores the competitive nature of our industry and the pro-competitive benefits of this merger," General Counsel James Ellis said.

The BellSouth takeover was valued at $67 billion when it was announced in March. Since then, BellSouth's stock price has risen and based on yesterday's 4 p.m. price, the deal is valued at $78.8 billion, BellSouth said. AT&T shares rose 19 cents to $32.96 in New York Stock Exchange 4 p.m. composite trading, while BellSouth shares were up 24 cents to $43.44, also on the Big Board.

--Mark H. Anderson contributed to this article.

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AT& T Deal Wins A Key Go-Ahead (WP)

By Alan Sipress

The Washington Post, October 12, 2006

The Justice Department yesterday endorsed AT&T Inc.'s proposed $78.5 billion purchase of BellSouth Corp., clearing the way for the Federal Communications Commission to approve as early as this week the creation of a corporate giant that would be the country's largest provider of telephone, wireless and broadband services.

But the outcome of the FCC consideration, scheduled for tomorrow morning, remains in doubt because the prospective swing vote on the five-member board has maintained since summer that he is sitting out the case to avoid a possible conflict of interest.

The merger, proposed in March, would reunite two major parts of the old AT&T telecommunications empire that was broken up by the federal government in 1984. The deal would also give AT&T complete control over Cingular Wireless, the country's largest cellular telephone provider, now owned jointly by AT&T and BellSouth.

The deal, originally valued at $67 billion, is now worth substantially more because of increases in stock prices.

While consumer advocates say the merger would lead to higher prices for a range of telecommunications services, the companies have argued it would foster greater innovation.

If the FCC's newest commissioner, Robert M. McDowell, is ultimately recused, this could leave the board split along party lines and deny the merger the majority required for approval. That would put pressure on Chairman Kevin J. Martin, a Republican, to offer some concessions on consumer protection and competition that the panel's two Democratic members have sought but he has been reluctant to make. Martin has previously urged that the deal be approved without conditions.

Though a Republican appointee, McDowell has already shown an independent streak and said he is recusing himself because he previously worked as senior vice president for Comptel, an association that has lobbied on behalf of companies

competing with AT&T and BellSouth. A spokeswoman in his office said yesterday that McDowell has continued to act as if he is recused.

But the final decision on whether he will participate could rest with the FCC's general counsel, raising the prospect that McDowell could be called on to decide the matter, even though he has said he has intentionally steered clear even of reviewing written submissions in the case. McDowell has never said publicly how he would vote if forced to participate, but industry analysts speculate he would likely side with his fellow Republicans.

Martin, saying little in public about the standoff, has signaled only that it remains unresolved.

Late yesterday, the commission announced that formal consideration of the merger, originally scheduled for today, would be delayed until Friday. Though no explanation was given, sources close to the FCC said negotiations between the two sides on the commission had only begun in recent days, leaving it unprepared to take up the matter as quickly as first envisioned. The sources spoke on condition of anonymity because they are not authorized to speak publicly on the matter.

By approving the merger, a step industry analysts expected, the Justice Department gave additional ammunition to advocates of the deal. The department concluded that there are enough other corporate competitors and emerging technologies to ensure that consumers are protected, and it placed no conditions on the approval.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Assistant Attorney General Thomas O. Barnett. The ruling came after the antitrust division examined the areas in which AT&T and BellSouth now compete, including local and long-distance telephone service and Internet service for homes and businesses, he said. The impact on future competition in wireless Internet service was also considered.

Both AT&T and BellSouth hailed the ruling and said they looked forward to a swift FCC endorsement.

"This unequivocal and unconditional approval underscores the competitive nature of our industry and the pro-competitive benefits of this merger," said AT&T General Counsel James D. Ellis. "AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers and possible, and our merger with BellSouth will help deliver these benefits to more consumers, more quickly."

By issuing approval without any of the conditions it imposed on prior mergers, the Justice Department made it more likely that some FCC members will try to impose restrictions, said Rebecca Arbogast, a telecommunications analyst with Stifel, Nicolaus & Co. In other recent mergers, the department called for the divestiture of special access lines -- which carry data from buildings to the phone companies -- so competitors would have the chance to handle this business.

Hours after the Justice Department ruling, Democratic Commissioner Jonathan S. Adelstein vowed to press for consumer safeguards. "Since Justice dropped the ball, it's incumbent on us to do their job as well as our own," he said.

Last year, with the FCC split evenly among Republicans and Democrats, the commission imposed modest conditions in approving a pair of high-profile mergers -- AT&T with SBC Communications Inc. and Verizon Communications Inc. with MCI Inc. Among them were requirements that the rates for special access lines be temporarily frozen, that DSL connections be sold separate from telephone service and that the companies temporarily abide by "net neutrality" principles allowing customers to use their broadband for any application they want.

Arbogast suggested the commissioners would be hard-pressed to break with this precedent in approving AT&T's purchase of BellSouth.

"The most likely outcome is that the FCC ultimately ends up imposing conditions on this merger that are similar to the conditions imposed in earlier ones," she said. "The question is how long it takes the two Democrats and the two Republicans to come to some agreement." She predicted that the two sides would work out a compromise without McDowell having to participate against his will.

Consumer advocates, who sharply criticized the Justice Department decision, warned that AT&T's purchase of BellSouth would inflate prices while suffocating innovation by setting up a single company that dominates regional markets and faces only token opposition from potential competitors.

"Justice has thoroughly abandoned the theory of promoting maximum telecommunications competition," said Gene Kimmelman, senior vice president of the Consumers Union. Though he acknowledged that the merger would likely move ahead, he urged the FCC to require the companies to divest enough of their airwave spectrum to allow competitors to offer wireless broadband services.

BellSouth Deal Faces FCC Fight (USAT)

By Paul Davidson

USA Today, October 12, 2006

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Democrats on the Federal Communications Commission said Wednesday that they would push for significant conditions on AT&T's purchase of BellSouth after the Justice Department cleared the deal with no requirements.

The FCC is scheduled to consider the $78.5 billion deal Friday, but the vote could be delayed if the agency's two Democrats and two Republicans cannot reach a consensus. Republican Chairman Kevin Martin has recommended approval of the merger with no conditions.

“The Justice Department has packed its bags and walked out on consumers and small businesses,” says FCC Democratic Commissioner Michael Copps. He added, “It's all the more important for the FCC to ensure that consumer interests have a seat at the table.”

A third Republican commissioner, Robert McDowell, has said he will recuse himself from voting because he formerly worked for a group that opposed the deal. But Martin could still ask him to vote if he deems it in the public interest to break the stalemate.

Justice antitrust chief Thomas Barnett said the deal was approved with no divestitures because it's “not likely to reduce competition substantially.” Justice has cited the emergence of cable companies' Internet-based phone services and wireless among the new low-cost rivals to the big phone companies.

But Gene Kimmelman of Consumers Union says such services have limitations, adding that AT&T and BellSouth could have competed with each other.

Justice's “rubber stamp on this merger suggests (it) has thrown in the towel on competition between the Bell phone companies,” Kimmelman says.

The merger, he says, dashes hopes that BellSouth would use spectrum it owns to offer wireless broadband services that might compete against AT&T in its region. Among other conditions, FCC Democrats could press AT&T-BellSouth to sell BellSouth's spectrum.

The FCC also could require the new company to sell or lease lines in about 30 buildings in which both AT&T and BellSouth are the only providers serving big businesses. Justice imposed a similar requirement in the SBC-AT&T and Verizon-MCI mergers because of duplicate facilities in several hundred buildings.

A federal judge is reviewing the settlements Justice reached with the companies in those mergers after suggesting the requirements did not go far enough.

FCC Democrat Jonathan Adelstein says it appears Justice did not impose such conditions on the AT&T-BellSouth merger “to avoid further court scrutiny.”

Barnett said Justice's review was based on an extensive investigation of the impact of the deal.

Justice Department Approves AT&T-BellSouth Merger Plan (AP)

By By John Dunbar, Associated Press

AP, October 12, 2006

The Justice Department gave its unconditional approval to AT&T Inc.'s buyout of BellSouth Corp. on Wednesday, a coast-to-coast behemoth that would be the largest U.S. provider of telephone, wireless and broadband Internet services.

The decision cheered company executives but outraged consumer advocates and two members of the Federal Communications Commission. At first the FCC scheduled a vote for Thursday on whether the $78.5 billion deal should go forward, but late Wednesday the agency pulled the item from the agenda and scheduled a commission meeting for Friday for a possible vote on the deal.

The FCC did not say why it was delaying a vote. "We are committed to evaluating merger applications fairly and in a manner consistent with the public interest," agency spokesman Clyde Ensslin said in a statement. "We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner."

Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition.

The decision was immediately criticized by FCC member Jonathan S. Adelstein, a Democrat who called it "a reckless abandonment of DoJ's responsibility to protect competition and consumers."

Michael Copps, the commission's other Democrat, said the "Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen."

If the deal wins final government approval, the merger would give San Antonio-based AT&T Inc. total control over the nation's largest cellular provider, Cingular Wireless, a joint venture of the two companies that serves 57.3 million customers.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Assistant Attorney General Thomas O. Barnett. He heads the section that examines proposed mergers.

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The department's approval "underscores the competitive nature of our industry and the pro-competitive benefits of this merger," AT&T General Counsel James D. Ellis said in a statement.

"AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers as possible, and our merger with BellSouth will help deliver these benefits to more consumers, more quickly," Ellis said.

BellSouth said in a statement that it looks forward to FCC approval "in the very near future."

Consumer advocates and some lawmakers claim the government is well on its way to reconstituting the old Ma Bell monopoly, which was broken up in 1984 after a lengthy court battle.

House Judiciary Committee Chairman Rep. James Sensenbrenner, R-Wis., and other members of Congress had asked that the deal be held up until a federal judge decided whether two previous telecommunications company mergers, which were challenged by the Justice Department, were in the public interest.

A message left at Sensenbrenner's office was not immediately returned on Wednesday.

When Verizon Communications Inc. bought MCI Inc. and SBC Communications Inc. bought the old incarnation of AT&T, which kept the name, the Justice Department sued to block the mergers, but entered settlement agreements with the companies the same day.

The agreements, called consent decrees, required the companies to sell off some of their assets in certain regions. A federal judge is mulling whether the decrees are in the best interest of the public.

In the AT&T-BellSouth merger, the department avoided judicial review altogether. The FCC's Adelstein said by taking that course, "it appears DoJ took a dive on one of the largest mergers in history just to avoid further court scrutiny."

A coalition of consumer groups said the approval was "a move likely to leave consumers with fewer choices and inflated prices for a host of services."

Barnett said Justice Department lawyers looked at all areas where AT&T and BellSouth currently compete, including local and long-distance phone and Internet service for residential and business customers. The department also examined the merger's impact on future competition for wireless broadband service.

He said the lawyers cited competition in the marketplace, changing regulatory rules and emerging technology in finding that the merger was unlikely to hurt consumers.

Instead, it "would likely result in cost savings and other efficiencies that should benefit consumers," Barnett said.

With the action moving to the FCC, a number of scenarios may play out. The FCC's chairman, Republican Kevin Martin, has circulated an order recommending approval. He probably will get support from commissioner Deborah Taylor Tate, also a Republican.

With Adelstein and Copps so critical of the merger, all eyes will be on Robert McDowell, the third Republican on the commission.

McDowell's last job was as vice president and assistant general counsel for a trade association that has fought legislative and regulatory battles with AT&T and other major carriers.

McDowell's office reaffirmed Wednesday that he continues to proceed under the assumption that he will not participate in the vote. McDowell could be urged to vote on the deal if he were cleared to do so by the FCC's general counsel, Sam Feder. Feder declined comment.

FCC spokesman David Fiske said he is not aware whether an opinion on McDowell's withdrawal has been requested or filed.

In addition to the merger item, the FCC also moved to Friday a vote that would begin an agency inquiry into broadband industry practices. The session is expected to deal with whether Internet service providers should be forced to provide equal treatment to all traffic on their networks, a controversial issue called "network neutrality."

Complicating matters is a planned trip by Martin to China beginning next week.

Despite the strong language from Adelstein and Copps, there may be a way to come up with conditions to win their support for the merger.

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would have operations in 22 states. AT&T estimates that about 10,000 jobs would be phased out over three years.

Combined, the companies generate $117 billion in revenue and operate 68.7 million local phone lines stretching coast to coast across the southern United States and up through the Midwest. The merged company would employ 309,000 people before any job cuts.

The deal would further the reunification of the Baby Bells. The seven regional telephone operating companies and one long-distance provider were spun off from the national AT&T monopoly under a federal court order designed to introduce competition.

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Including BellSouth, the new AT&T would consist of four former Baby Bells and the long-distance business, which was acquired by the company late last year. The other two companies created from Bells are Verizon Communications Inc., which dominates the eastern United States, and Qwest Communications International Inc., the phone company for most of the Rocky Mountain and Northwest regions.

AT&T shares rose 19 cents, or 0.6 percent, to close Wednesday at $32.96 on the New York Stock Exchange. BellSouth shares rose 24 cents, or 0.6 percent, to $43.44.

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Associated Press writers Lara Jakes Jordan in Washington, Bruce Meyerson in New York and Harry Weber in Atlanta contributed to this report.

BellSouth's Final Call; AT&T Set To Take Over (AJC)

By Matt Kempner, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 12, 2006

The last hurdle could be cleared this week for a massive combination of AT&T and BellSouth, spelling the end of Atlanta-based BellSouth as an independent in a fast-consolidating industry.

The Federal Communications Commission was slated to vote on the deal Friday, following the U.S. Justice Department's decision Wednesday to approve the nation's biggest telecommunications combination without conditions.

Justice said the deal would not substantially reduce competition or hurt consumers, despite complaints from consumer groups.

BellSouth could disappear as a stand-alone company and be rolled under the AT&T name with a shuffle of paperwork within hours should the FCC give its blessing. But a true melding of the businesses would be farther off, including eliminating 10,000 overlapping jobs in the coming months and changing BellSouth signs and advertising to AT&T.

Plenty of questions important to the metro Atlanta economy remain, including where the combined company will cut jobs, which of its 6.4 million square feet of office space it might vacate as it consolidates operations and how much of a role it will retain in the community.

It could take three years for the new company to smooth out its networks so that all its customers have access to identical services, said Jan Dawson, a vice president with Ovum, a Boston-based firm that consults for telecommunications companies and some of their biggest customers.

"It's going to be a long time before all the benefits of the merger really filter through to consumers and businesses," he said.

The deal also would give AT&T full ownership of Cingular Wireless, the cellular service provider it owns jointly with BellSouth.

Metro area impact

Locally, some of the job cuts will undoubtedly target certain corporate jobs here rather than blue-collar ones. The companies have said many of the reductions will come through attrition, and that such changes won't come until early next year.

AT&T has said since announcing the merger that its headquarters would stay in San Antonio, while Cingular would keep its home office in Atlanta. Atlanta will remain the hub for AT&T's Southeast regional telephone operations.

Gov. Sonny Perdue suggested in March he would consider leading a mission to Texas to possibly offer AT&T incentives to relocate the combined company's headquarters here. Atlanta Mayor Shirley Franklin said she was willing to go with the governor.

Instead, Perdue hosted a private dinner April 20 at the governor's mansion with Ed Whitacre, AT&T's chairman and chief executive, said Heather Hedrick, a Perdue spokesman.

Hedrick would not say whether Perdue offered AT&T any incentives to move here or keep operations in Georgia, but the governor believes the state and the company "enjoy a great relationship for the future," she said.

Back to the future?

Nationally, an AT&T/BellSouth combination resurrects much of Ma Bell that the Justice Department helped break apart in 1984 over antitrust concerns.

But Dawson, the industry consultant, said the competitive landscape is far different than it was 22 years ago. He cited the rise of cellphones, the Internet, aggressive cable company expansion and phone service over the Internet. "There are all kinds of other forms of competition which are opening up the markets much wider than just the established phone companies in 1984," he said.

Consumer advocates see a worrisome consolidation of telecommunications power, though. They criticized Justice officials for not limiting the risks and predicted the combination will hurt consumers.

"The Justice Department has abdicated responsibility to promote the competition it promised when it broke up AT&T 20 years ago," said Gene Kimmelman, senior vice president for Consumers Union.

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"In the end, the majority of consumers will end up paying inflated prices that result when Bell companies merge and dominate local, long distance, wireless and Internet services in their territories."

EarthLink, the Atlanta-based Internet service provider, said Justice "abandoned consumers and small businesses by refusing to require even those modest protections" it put in place last year on two smaller combinations: AT&T/SBC Communications and Verizon Communications/MCI.

In a statement released Wednesday, Thomas Barnett, the assistant attorney general in charge of Justice's antitrust division, issued a statement saying, "the proposed transaction is not likely to reduce competition substantially."

"The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential local and long distance service indicate that this transaction is not likely to harm consumer welfare," Justice said.

Both BellSouth and AT&T praised the decision and voiced hopes for quick approval from the FCC.

Justice is charged with looking at antitrust issues, a narrower view than the mandate before the FCC to consider public interest.

Even critics believe the FCC will approve the AT&T/BellSouth combination. The real question is what, if any, conditions the FCC might set to ease concerns about having so much market power in the hands of one company.

Among the possibilities: requiring that consumers be allowed to buy DSL service even if they don't have phone service with the company; stiffening mandates for the company to lease some lines to local phone and data service providers; and barring AT&T from someday charging higher rates to online content providers who want particularly big pipelines to Internet users.

Republicans hold three of the five seats on the FCC and chairman Kevin Martin has circulated a plan to OK the deal without restrictions. But with expectations that one Republican will bow out to avoid a potential conflict of interest, Martin may offer conditions to placate Democrat commissioners and avoid a tie vote.

The FCC was originally expected to vote Thursday but late Wednesday announced a one-day delay, likely to allow further negotiations over the conditions.

Staff writers Walter Woods and Scott Leith contributed to this article.

AT&T-BellSouth Deal Delayed As FCC Postpones Vote (Update1) (BLOOM)

By Molly Peterson

Bloomberg, October 12, 2006

Oct. 11 (Bloomberg) -- AT&T Inc.'s $79 billion purchase of BellSouth Corp. hit a regulatory snag as the U.S. Federal Communications Commission postponed a vote on the deal scheduled for tomorrow.

The FCC will hold a hearing on the merger a day later on Oct. 13, the agency said today in an e-mailed statement.

The delay may signal Chairman Kevin Martin and fellow Republican Commissioner Deborah Tate need to make concessions to Democrat members Michael Copps and Jonathan Adelstein to get the deal approved. Both criticized today's backing of the purchase by the Justice Department. The fifth commissioner, Republican Robert McDowell, recused himself from the vote.

``We are committed to evaluating merger applications fairly and in a manner consistent with the public interest," FCC spokesman Clyde Ensslin said in the statement. ``We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner."

Justice Department Clears AT&T Takeover Of BellSouth (AFP-Y)

AFP, October 12, 2006

The Justice Department approved AT&T's proposal to take over BellSouth, clearing one of the last hurdles in a deal that would create the largest US telecommunications firm.

The department's antitrust chief, Thomas Barnett, said it had concluded that the deal is "not likely to reduce competition substantially" because of emerging technologies changing the competitive landscape.

To the contrary, Barnett said the merger "would likely result in cost savings and other efficiencies that should benefit consumers."

The 67-billion-dollar merger announced earlier this year, which still needs approval by the Federal Communications Commission (FCC), would create the country's largest telecom group and put back together much of the "Ma Bell" empire broken up in the 1980s.

The combined company would serve 70 million phone customers and 10 million high-speed Internet users. It would also have about 315,000 employees -- though that number would surely fall after the merger -- and combined revenue of an estimated 121 billion dollars.

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The deal would give AT&T full control of Cingular Wireless, the largest US mobile operator, which it currently owns jointly with BellSouth.

The merger has sparked criticism from consumer advocates who argue that consolidation in the telecom industry means fewer choices for most people.

Yet others point out that despite the dwindling number of telecom firms, there is increasing competition among companies that had been in cable television and other services but are now offering "bundles" that include Internet access, television and a variety of telephone options.

The planned deal comes after AT&T's recent merger with SBC Communications, which like BellSouth is another of the regional "Baby Bells" created by the breakup of the phone monopoly in the 1980s.

SBC clinched that 16-billion-dollar deal last year, but chose to adopt the storied American Telephone and Telegraph name for the newly merged company.

The merger is on the agenda of the FCC for Thursday, but members of Congress and others have urged the agency to postpone approval until all the competitive elements can be evaluated.

Several lawmakers sent letters to the FCC and to the Department of Justice urging delay on AT&T's case until a decision is returned in a federal court case that is reviewing last year's mega-mergers that combined AT&T with SBC and a separate deal that merged Verizon Communications with MCI.

Some activist groups have also sought to block the merger that they say would create the largest telecom group in the world.

"If you aren't scared about the merger of AT&T and BellSouth, you should be," says the website of the Competition Coalition, a group that includes consumer organizations.

"This merger will create the largest telecommunications company in the world and will create a nationwide monopoly, stretching from California to Florida, controlling the largest local and long distance phone company, the largest wireless company, the largest broadband company, and the largest Internet company in the nation ... Chances are, you will be at the mercy of AT&T."

Will Approved AT&T-BellSouth Deal Help Company Against Cable Providers? (AP)

By Harry R. Weber, Associated Press

AP, October 12, 2006

ATLANTA – AT&T's $78.9 billion purchase of BellSouth, approved by the Justice Department Wednesday, would better position AT&T to increase its share of big business customers by creating more of a one-stop shop for clients with far-flung operations.

But analysts question whether the deal will serve as much of a weapon in the growing battle with cable TV providers targeting consumers and small business segments. The phasing out of the BellSouth brand and the name of the two companies' wireless venture, Cingular, also poses significant challenges.

“They are going to be dominant in a certain segment, but that's not going to make up for the weakness or the competition in other segments,” said Patrick Comack, a telecom analyst in Miami.

Major corporations that are used to getting their local phone and Internet service from Atlanta-based BellSouth Corp. would get it from San Antonio-based AT&T Inc., and the company could use that leverage and the power that comes with owning the infrastructure to increase its share of big business customers.

Officials at several big businesses in BellSouth's hometown of Atlanta, including Coca-Cola, Delta and The Home Depot, either declined to comment on the pending changeover to AT&T or did not immediately return calls seeking comment.

“They will have 60 percent of the wires that go into the buildings of the Fortune 1000,” Comack said of AT&T. “They just will have so much last mile to corporate America, it's out of control. They will be overwhelmingly dominant in not just retaining but capturing more market share in the business arena.”

The consumer side is another story.

Cable companies are likely to increase their effort to siphon local and long-distance telephone customers and Internet customers away from traditional telephone companies like AT&T. The cable companies also have an advantage with such customers because of the providers' in-house television and video-on-demand offerings.

There are still opportunities for AT&T in the consumer and small business segments, however.

Rich Nespola, chief executive of consulting firm TMNG Inc., said the addition of BellSouth's local phone service area offers AT&T a big opportunity to sell advanced services to consumer and small business customers in the battle against cable players.

“It's always easier to sell to an existing customer rather than a new customer. That's right out of Marketing 101, and it still holds true. They trust you,” he said.

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Meanwhile, Atlanta-based Cingular Wireless LLC, the nation's largest cell phone provider, has spent a significant amount of money building up its brand, particularly after buying the old AT&T Wireless for $41 billion in 2004 and eliminating that brand's name. But the Cingular name will be eliminated early next year assuming the AT&T-BellSouth deal is completed. Federal Communications Commission approval of the deal, which could come as early as Thursday, is all that remains. The BellSouth name will be phased out over the next several months, spokesman Jeff Battcher said.

"There are Cingular billboards everywhere," Comack said. "And AT&T Wireless blew up and their brand got dragged through the mud. I would think if AT&T were smart, they'd call it AT&T or AT&T Mobile. That might be a decent idea. They certainly don't want to call it AT&T Wireless."

AT&T spokesman Dave Pacholczyk said only that there has been no decision on the exact name or variation of AT&T it will pick for its wireless brand. He would not discuss the impact on customers who currently call Cingular home.

"As soon as the merger closes, we'll be talking to them a lot," Pacholczyk said. He declined to say what AT&T will tell customers.

Branding decisions can be difficult after a merger, particularly if both companies' products are well established with consumers. By choosing to get rid of the BellSouth and Cingular names, in which billions of marketing dollars have been invested, AT&T is betting that there's greater long-term benefit in having one unified brand. The company, formerly known as SBC Communications, chose the very same strategy late last year when it acquired AT&T Corp., adopting the long-distance carrier's name in place of its regionally familiar SBC brand.

AT&T's approach contrasts sharply with that last year by Sprint when it acquired Nextel, renaming the company Sprint Nextel Corp. and keeping alive both cellular brands. Sprint Nextel has struggled in the aftermath of that deal, reporting a sharp earnings drop and troubles winning and keeping customers. The latest sign of those problems came Monday when former Nextel CEO Tim Donahue announced his resignation as Sprint Nextel chairman.

"They're biting the bullet and actually doing the right thing," Comack said of AT&T. "It's going to be a bundling war out there. They can't make it messy with having another brand in there. They just want to call it AT&T and say, 'You can get everything from AT&T.'"

Wednesday's anticipated Justice Department decision came just seven months after AT&T announced its intentions on March 5 to buy BellSouth. The deal, originally worth $67 billion, has climbed nearly 18 percent in value as AT&T shares have risen in that time. The shares closed at $32.96 in trading Wednesday on the New York Stock Exchange. Under the agreement, AT&T is also assuming $22 billion in BellSouth debt.

AT&T is already the largest telecommunications company in the United States, reporting $62 billion in revenue in 2005 and serving customers in Texas, California and the Midwest. BellSouth provides service to nine states in the Southeast and reported $34 billion in revenue in 2005.

Both companies say the combination would help eliminate challenges they now face in their dual management of Cingular, 60 percent of which is owned by AT&T and the rest by BellSouth.

FTC Ramps Up Actions Against Real Estate (INMAN)

Inman News, October 12, 2006

Agency to discuss 7 law enforcement actions this week

The Federal Trade Commission today announced a "real estate competition sweep" that includes seven law enforcement actions.

Jeff Schmidt, director of the FTC's Competition Bureau, will discuss the actions during a Thursday press conference, according to an announcement at the agency's Web site. The event will be held at the agency's Washington, D.C., headquarters.

The announcement does not specify what types of actions the FTC is taking. Over the past few months, several multiple listing services have announced FTC investigations over MLS restrictions on some types of property listings. And earlier this year the National Association of Realtors announced 14 separate investigations focusing on MLS rules that prevent some property listings from reaching some Web sites.

Several MLSs have changed those policies and announced resolution with the FTC while one MLS, RealComp II Ltd. in Michigan, has announced it is prepared to fight the FTC to keep its policies in place. Also, the FTC -- sometimes acting independently and sometimes with the support of the U.S. Department of Justice -- has opposed some Realtor-backed state measures that seek to set minimum service requirements for real estate licensees.

The Justice Department is engaged in antitrust litigation against the National Association of Realtors over the trade group's policies for the online sharing and display of property listings information, and that agency has also taken action against states that impose restrictions on the ability of real estate companies to offer rebates to consumers.

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Schmidt will discuss the series of FTC law enforcement actions and "put them in the context of previous real estate-related enforcement actions," according to the agency's announcement.

Steve Cook, a spokesman for NAR, today said, "We were not aware of the news conference and plan none of our own."

Most MLSs across the country are affiliated with local Realtor associations that are, in turn, affiliated with the national trade group, which has about 1.3 million members.

Inman News has reported on four MLSs that have changed their policies relating to a specific type of property listing. The New Jersey MLS, the Realtors Association of Northeast Wisconsin MLS, the Northern New England Real Estate Network and the Austin Board of Realtors have lifted restrictions on the display of "exclusive agency listings" at public property-search sites such as Realtor.com and MLS member Web sites that use a data exchange standard to display other members' property listings information.

In an exclusive agency agreement between a home seller and an agent, sellers retain the right to sell their property themselves without paying a commission if the agent is not involved in the sale. The more common listing agreement called "exclusive right to sell" provides that the listing broker is guaranteed a commission.

Realcomp II Ltd., the largest MLS in Michigan, with about 15,000 members, announced that it will fight to keep its MLS policies in place, even if it results in litigation with the FTC. Realcomp's CEO, Karen Kage, told Inman News that exclusive agency listings can facilitate the sale of a home without a Realtor and can therefore fall "outside the scope of what an MLS is."

She said the MLS is designed to "help the public but through the Realtors. An MLS's job is just to service the Realtors. That is our core function."

The Austin Board of Realtors signed an agreement with the FTC to resolve charges over its MLS policies, and the Northern New England Real Estate Network also announced that it had reached an agreement with the FTC.

Healthways To Buy Axia Health For $450M (AP-YBIZ)

AP, October 12, 2006

Healthways to Acquire Axia Health for $450 Million, Sees Deal Adding to Fiscal 2007 Earnings

NASHVILLE, Tenn. (AP) -- Healthways Inc., a provider of diabetes treatment programs for health plans and hospitals, said Wednesday it agreed to purchase Axia Health Management LLC, a provider of preventive health and wellness programs, for $450 million.

The acquisition, which is forecast to add to Healthways' financial results for fiscal 2007, is expected to close before the end of the calendar year, subject to antitrust clearance and other closing conditions.

The transaction will be financed through a combination of cash on hand and committed bank debt.

Healthways first expanded into health support services in 2005, with its acquisition of myhealthIQ, a wellness program that identifies individual health risk factors through an onsite wellness exam, including a full biometric screening with blood draw, and provides each participant with a standardized health risk score.

In addition to services for the commercial market, Axia offers Healthways new products for government and government-sponsored health plans. Axia's cornerstone product, the SilverSneakers Fitness Program, provides an approach to physical activity for nearly three million Medicare-eligible members in 42 states and is available at more than 2,100 fitness centers and class sites.

Together, Healthways and Axia will have more than 120 unique health plan customers whose membership totals more than 165 million. The combined organization will employ approximately 3,500 people. In addition, Axia's QuitNet smoking cessation program has more than 300,000 users.

The company said Ben Lytle, CEO of Axia, will join the Healthways board upon closing. Prior to founding Axia, Lytle was CEO of Anthem, which acquired Wellpoint to become the nation's largest health plan. In addition, other key members of Axia's senior management team will also continue with Healthways.

Healthways shares fell 26 cents to close earlier at $40.55 on the Nasdaq, and were down 15 cents in aftermarket trading on the INET exchange.

Antitrust Law's Delicate Dance (WSJ)

By Nathan Koppel

The Wall Street Journal, October 12, 2006

When does an alliance that is legal cross the line to become a collusion that is illegal?

It is a standard antitrust law question that is now being asked by lawyers who follow the private-equity industry, in the wake of news that the Justice Department is pursuing an inquiry into how private-equity firms conduct their bidding for control of public companies. Antitrust cases are often tough to make. The Justice Department, for instance, battled with Microsoft Corp. for years

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before reaching a settlement with the software giant in 2002. On Wall Street, these cases can be even tougher, as U.S. officials have discovered more than once.

Unlike some industries dominated by one or two players, Wall Street is a highly competitive arena, says Keith Shugarman, an antitrust lawyer with Goodwin Procter LLP. Private equity represents only one pool of capital competing for company shares. "There is so much money out there that there is almost unlimited potential competition," says Steven Newborn, a partner at law firm Weil, Gotshal & Manges LLP. "There are so many alternative bidders" for attractive investment targets that it is hard to artificially depress prices, he says.

In the late 1990s, the Justice Department launched an investigation into whether Wall Street firms conspired to fix their commissions at 7% as part of their "underwriting" business -- the lucrative process of helping corporations issue new stock. The investigation followed a 1998 study by University of Florida professors Jay Ritter and Hsuan-Chi Chen, who found that many midmarket companies issuing stock in the mid-1990s paid the exact same fees to banks that underwrote the offerings and that those fees seemed to move in unison. By 2001, however, the Justice Department closed an investigation into whether the Wall Street firms had conspired to fix their commission and no charges were brought. "They were looking for a smoking gun, and they weren't able to find it," says Mr. Ritter.

In the mid-1990s, the government investigated securities firms, including Merrill Lynch & Co. and Goldman Sachs Group Inc., for allegedly conspiring to fix trading costs on Nasdaq Stock Market shares. The Justice Department reached a settlement with the securities firms prohibiting them from colluding in the future, but the firms weren't forced to pay fines and didn't admit or deny wrongdoing. (There was also private litigation and damages were paid.)

In the 1950s, U.S. officials alleged that 17 Wall Street firms monopolized the securities-underwriting business. The case was thrown out of federal court. Federal antitrust law typically involves a delicate dance of identifying when free-market arrangements hamper the market itself. Companies are allowed to band together for business purposes -- moves they ostensibly make to stay competitive. But issues arise when the agreements are seen as stifling competition.

The private-equity inquiry, run by the Justice Department's antitrust unit in New York, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Private-equity firms generally are pools of capital collected usually from wealthy investors and institutions, and used to bid for control of companies. People familiar with the matter say the Justice Department has asked relatively generic questions of a few private-equity firms about how they bid for control of the companies they pursue.

Regulators could have questions about whether private-equity firms' practices when they team up to make bids to take companies private cross the antitrust-law line. Such deals are known in the industry as "club deals." A legal issue would be whether, absent the creation of such teams, there would have been more competition that would have pushed the price of pursued companies higher.

The theory is "a company's shareholders are hurt if they don't have the full panoply of competition" in corporate auctions, says Mr. Newborn, of Weil Gotshal. The Justice Department declines to comment.

Cases typically proceed in one of two fashions, attorneys say. If the government can muster actual evidence -- such as email or witness testimony -- that firms have entered an agreement to limit competition, the government can argue a "per se" violation of the Sherman Antitrust Act, meaning that no proof of harm to shareholders is necessary. "Certain agreements are so obviously harmful to the free-market system that they are automatically condemned," says Todd Henderson, a professor at the University of Chicago School of Law.

Regulators could probe whether firms colluded by agreeing not to compete on every auction: "I'll bid on this case, and you bid on the next one," says Harry First, a professor at New York University School of Law and the former lead antitrust regulator in the New York attorney general's office. "If they find that, it is per se illegal. No fancy analysis is needed."

But antitrust cases rarely work out that way. Without smoking-gun evidence, the government would have a much tougher time. It would have to show actual economic harm, a process that involves economic analysis of prices, and the players' powers in that market.

Some economists say making such a case could be difficult. Steve Kaplan, a University of Chicago economist who follows the private-equity industry, notes that private-equity firms don't have ultimate control over the value of the companies they target. "The seller doesn't have to sell," he says. "The board can always say, 'I'm not going to sell.'"

Mr. Kaplan adds that the large deals that have attracted club bids -- such as recent bidding for companies like Harrah's Entertainment Inc. or Freescale Semiconductor Inc. -- probably wouldn't have occurred without private-equity firms teaming up, because so much capital was required. In the absence of these team bids, he notes, the share prices of target companies might have been lower. In other words, teaming up helped to raise share prices, not lower them.

Transmeta Sues Intel Over Chip Patents (WSJ)

By Don Clark

The Wall Street Journal, October 12, 2006

SAN FRANCISCO -- Transmeta Corp. sued Intel Corp., alleging that some of Intel's most popular chips violate ten Transmeta patents.

The Silicon Valley company, which filed its complaint in federal court in Delaware, says Intel's Pentium III, Pentium 4, Pentium M, Core and Core 2 lines of microprocessor chips infringe patents on feature that include controlling power consumption in computers.

Without specifying dollar figures, Transmeta said it will seek triple the damages it has suffered and an injunction against sale of the Intel products, which Transmeta Chief Executive Arthur Swift estimated had accounted for more than $100 billion in cumulative revenues over the years.

An Intel spokesman declined comment until the company has had a chance to review the complaint.

Transmeta -- based, like Intel, in Santa Clara, Calif. -- was founded in 1995 to develop chips for building portable computers with features that include long battery life and small size. After failing to gain traction for its chips, the company recently shifted its business to licensing intellectual property.

Mr. Swift said Transmeta only opted to sue after extensive licensing negotiations with Intel that failed to result in an agreement. "Discussions reached a point where we felt we really had to seek a judgment in the court," he said.

Citigroup Purchase Rocks Legg Mason (WP/BLOOM)

By Sree Vidya Bhaktavatsalam

The Washington Post, October 12, 2006

Legg Mason Inc.'s stock price tumbled 17 percent, the most ever, after it said that earnings fell short of analysts' estimates for the third straight quarter since its $3.7 billion takeover of Citigroup Inc.'s fund unit.

Legg Mason, run by chairman and chief executive Raymond A. "Chip" Mason, has been hurt by $5 billion in customer withdrawals and rising costs to sell funds since the Citigroup purchase in December. Its flagship fund, managed by William H. Miller III, is having its worst year since 1990.

"There are a lot of skeletons they are working through with the Citigroup integration," said Ryan Caldwell, an analyst at Waddell & Reed Financial Inc. of Overland Park, Kan., which owns 810,000 shares of Legg Mason. "The costs are higher than they thought, and that combined with outflows is making it exceptionally hard" to forecast earnings.

Shares of Legg Mason fell $18.16, to $87.15, the biggest drop since the Baltimore company went public in 1983. The stock price is down 36 percent since reaching $136.40 on Feb. 23, wiping out more than $6 billion in shareholder value.

The decline accelerated after Legg Mason said Tuesday that it would report profit of $138 million to $148 million (96 cents to $1.02 a share) in its fiscal second quarter, which ended Sept. 30. Analysts had estimated that the company would earn $1.16 a share, according to a survey by Thomson Financial.

Legg Mason agreed in June 2005 to swap its stock brokerage for New York-based Citigroup's fund unit, doubling its assets and putting it into the top echelon of money managers with Fidelity Investments and Vanguard Group. Investors were enthusiastic, and the stock price rose more than 50 percent by the end of the following January, a month after the acquisition was completed.

The deal, the company's biggest since Mason took over in 1962, hit turbulence in February after Legg Mason reported fiscal fourth-quarter earnings. Profits were reduced by the costs of consolidating the Citigroup unit and retaining key employees.

The company said results in the second quarter were hurt by "unanticipated" sales expenses of $12 million, which reduced earnings by 4 cents a share. The money was owed to a third-party broker for selling Citigroup funds in past quarters. Mary Athridge, a Legg Mason spokeswoman, would be more specific about the expenses.

Legg Mason is also suffering from poor investment returns by Miller's $18.7 billion Legg Mason Value Trust, its flagship equity fund. Miller's fund is at risk of trailing Standard & Poor's 500-stock index for the first time in 16 years. The fund is down 1.7 percent in 2006, compared with the S&P 500's 10 percent return, including dividends.

Miller's portfolio has been hurt by investments in Internet, health-care and home-building stocks. Four of the fund's 10-largest holdings have fallen this year, led by online retailer Amazon.com Inc., which is down 30 percent. Sprint Nextel Corp., Value Trust's largest holding as of June, is down 17 percent.

Bloomberg staff writers Danielle Kost and Matthew Keenan in Boston contributed to this report.

Firms Sweeten Offer For Harrah's, But Bid May Not Be Rich Enough (WSJ)

By Peter Sanders

The Wall Street Journal, October 12, 2006

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Private-equity bidders sweetened their offer for casino operator Harrah's Entertainment Inc., but the new bid of $83.50 a share may not be rich enough to clinch a deal, said people familiar with the matter.

Earlier this week, the Las Vegas-based company's board rejected an initial $15.1 billion buyout offer from private-equity firms Apollo Management and Texas Pacific Group. The company then received an updated offer of $83.50 a share in cash, or roughly $15.5 billion, from the two firms.

People familiar with the situation and industry observers still think the offer needs to reach $85 a share or more, 28% higher than Harrah's closing price of $66.43 on the Friday before the talks were announced. Officials from Harrah's, Texas Pacific and Apollo declined to comment.

People close to the situation say the new offer provides additional value to Harrah's holders through continuing dividend payments. Under the proposed offer now being reviewed by Harrah's special committee, the world's largest casino company would pay 40-cent-a-share dividends to shareholders five times before the deal's close. Any deal would likely take at least a year to close. People familiar with the equity firms' thinking contend that the firms believe the dividends add $2 a share in value to the bid, boosting it to $85.50. But since the company would be paying the shareholders on a regular dividend schedule, some investors don't see tremendous upside.

People close to the matter don't rule out the possibility that Apollo and Texas Pacific could soon increase the cash offer above $85 a share.

Investors were generally unenthusiastic about the increased offer, which was reported by the New York Times yesterday. Shares were down five cents to $76.34 on the New York Stock Exchange.

The initial buyout offer, disclosed by Harrah's on Oct. 2, was expected by the company. Confidentiality agreements were in place between the potential buyers and Harrah's "well before" a Sept. 15 letter was sent to state gambling regulators by a Las Vegas casino-law attorney. The attorney, Frank Schreck, said he received a waiver from Harrah's to work with the private-equity firms. A person close to the casino operator said, "There was no 'understanding' with management; the bid was unsolicited but not unwelcome."

MAN Buys At Least 5% Of Scania (WSJ)

By Jason Singer

The Wall Street Journal, October 12, 2006

Escalating the tension in an already hostile $12 billion takeover battle in the European truck industry, MAN AG of Germany tried to buy a stake of at least 5% in Scania AB of Sweden in the market, in a move that would give MAN more influence over takeover talks with Scania.

Buying through Citigroup Inc., MAN offered investors 475 Swedish kronor ($64.22) each for Scania's Class A shares. Class A shares have 10 times the voting rights of Class B shares. The price is about 6% higher than the level of MAN's cash-and-stock hostile bid for Scania launched last month. That bid is currently valued at about 448.7 Swedish kronor a share.

The move is a test by MAN to see how Scania shareholders react to an offer of a price higher than its existing takeover bid, which was rejected by Scania's board and its two main shareholders, Volkswagen AG and Swedish holding company Investor AB. The two shareholders control about two-thirds of Scania's shareholder votes.

It's also the latest of a series of moves that have pitted several of Europe's largest industrial companies against one another. MAN's bid for Scania is an effort to form the heavy-vehicle maker with the largest market share in Europe, and the world's third-largest after Volvo AB and DaimlerChrysler AG.

But in the process, the interests of Scania's corporate shareholders have clashed, creating a complex power struggle over the future of a market for commercial vehicles that is growing strongly due to increasing demand from fast-developing Eastern European economies.

If investors agree to sell their Scania shares to MAN in the latest market raid, the German company told investors it would be willing to buy more, up to as much as 16% of the company's Class A shares. The offer, made yesterday after the market closed, was left open to shareholders to consider until early this morning. It wasn't clear how many shares MAN was able to purchase yesterday, but it had achieved the minimum 5% it was seeking.

Investor explained that its rejection of the MAN bid was due to its high hopes for future Scania performance. "We estimate potential synergies in a combination of Scania and MAN to be substantially higher than the €500 million per year indicated by MAN, even when taking execution risks into consideration," Investor said.

Scania reiterated its rejection of MAN's buyout offer, adding that Volkswagen representatives on its board will continue to abstain from participating in decisions regarding MAN. Representatives of MAN couldn't be reached to comment.

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MAN has already agreed to buy a 5% stake in Scania from French car maker Renault SA, announced when MAN's hostile bid for Scania was launched. If MAN's share-buying is successful, and it forges a deal with Volkswagen, the two companies could together hold more than 50% of Scania's votes.

A Volkswagen spokeswoman declined to comment.

ENVIRONMENT:

Lawyer In BP Case Ordered To Turn Over Evidence (HC)

By Anne Belli

Houston Chronicle, October 12, 2006

Suggesting that the criminal probe into BP is gaining momentum, federal prosecutors this week issued a wide-ranging subpoena to a lawyer representing a woman whose parents died in the 2005 blast at the company's Texas City refinery, the lawyer said today.

Brent Coon of Beaumont said the U.S. attorney's office in Houston has ordered him to turn over all of the evidence he has gathered so far — dozens of depositions and hundreds of thousands of documents — in preparation for a November trial in state court.

``We have been subpoenaed to turn over all of our underlying documents," he said.

Included in those, he added, are the applications and other documents related to permits BP received from the Texas Commision on Environmental Quality to operate the equipment that ultimately exploded, killing 15 and injuring scores more.

Coon has said that those documents contain evidence that BP misled the state agency in order to win permits to operate the blowdown drum and vent stack associated with the refinery's isomerization unit.

A spokesman with the U.S. attorney's office here declined to comment, saying the agency does not confirm or deny the existence of federal probes.

``I can't comment on the purported statements of others," said John Yembrick, a spokesman for the agency.

BP spokesman Neil Chapman said the company continues to cooperate with all authorities who have been investigating the March 23, 2005, explosion.

The Justice Department began its investigation after the Occupational Safety and Health Administration in September levied a record $21.3 million fine against BP and slapped it with more than 300 violations.

Local FBI agents and investigators with the Environmental Protection Agency's environmental crimes division also are said to be heavily involved in the federal probe.

Coon represents Eva Rowe, the daughter of James and Linda Rowe, who died in the blast. Hers is the only case involving a fatality that has not settled out of court.

BP in the past 18 months has settled more than 1,000 claims against the company, Chapman said. The company has set aside $1.2 billion to pay for those claims.

Also today, Coon told state District Judge Susan Criss that BP has not turned over a critical diagram that should have been attached to one of its permit applications in 2003.

That diagram is crucial, Coon said, because BP had indicated to the TCEQ that it has installed a flare on the blowdown drum when it had not.

Federal accident investigators have said that had the equipment included a flare, the hydrocarbons that ignited and caused the fatal blast likely would have safely burned away and lives would not have been lost.

BP lawyer Jim Galbraith told Criss that BP did not have the diagram, saying: ``They have alleged we misled the state agency. We have not."

But Criss ordered the company to produce the missing diagram anyway, and to pay Coon's costs for trying to track it down.

Coon said he has spent ``hundreds of thousands of dollars" trying to obtain documents regarding BP's permiting applications.

But, more valuable than that, he said, was the judge's ruling that the jury can hold the missing document against BP at trial in November. That could be enough evidence to allow the jury to consider awarding punitive damages beyond the state-mandated cap of $750,000 plus twice actual damages, he said.

Also today, Criss ordered BP chief executive John Browne to give a deposition in the case, set to go to trial Nov. 8.

BP's Chapman said the company will appeal that ruling.

anne.belli@chron.com

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BP CEO Ordered To Give Deposition (AP)

By Juan A. Lozano, Associated Press Writer

AP, October 12, 2006

BP Chief Executive Ordered to Give Deposition Regarding Plant Explosion

GALVESTON, Texas (AP) -- BP PLC's chief executive must give a sworn deposition in a lawsuit against the company brought by a woman whose parents were among 15 people killed in the 2005 Texas City refinery explosion, a judge ruled Wednesday.

State District Judge Susan Criss said John Browne must give a deposition to attorneys representing Eva Rowe, whose parents were working inside trailers that were leveled by the blast. The case, the only one involving a fatality not settled out of court, is set to go to trial Nov. 8. Rowe's attorneys are asking for $1.2 billion in damages. BP has said it has settled 950 lawsuits related to the blast.

"We want to know what (Browne) knew about budget cuts and problems in respect to process safety management," said Arturo Gonzalez, one of Rowe's attorneys.

Criss said Browne's recent media interviews and statements to BP employees indicate he has "unique and superior" knowledge about factors that could have contributed to the explosion.

"We've got statements that were beyond the company line," Criss said in reference to Browne's remarks. "I'm not convinced he doesn't want to come here and tell the world."

A deposition is a sworn statement, often videotaped, based on an extensive interview with attorneys in a case.

Company attorney Jim Galbraith argued there was no new information in Browne's recent interviews and that statements he made during town hall meetings were intended only for BP employees. Galbraith also said the request violated an agreement between the company and Rowe's attorneys in which the CEO was only to be questioned if another BP executive referred questions to Browne.

BP spokeswoman Sarah Howell said the company would appeal the ruling.

The explosion occurred when faulty sensors did not warn of gathering vapors near the isomerization unit, which boosts the level of octane in gasoline. The vapors ignited as the unit was starting up. The blast in Texas City, about 40 miles southeast of Houston, also injured 170 people.

The U.S. Chemical Safety and Hazard Investigation Board, one of several agencies investigating the blast, concluded the unit had a history of problems and was not hooked up to a flare system that burns off vapor and could have prevented or minimized the accident

Also during Wednesday's hearing, Rowe's attorneys alleged BP misled the Texas Commission on Environmental Quality by indicating in a 2003 permit renewal application that the isomerization unit had a flare system.

Brent Coon, one of Rowe's attorneys, said the application indicated the company had a diagram of the unit that showed a flare system was attached. He said BP did not turn over the diagram.

BP's attorneys said Monday that the application was mislabeled and the document with the diagram never existed. But Wednesday they told Criss they had found a draft copy of the diagram that had never been turned over to BP or the TCEQ.

"They have alleged we misled the state agency. We have not," Galbraith said. "There is evidence we never had" the diagram.

Two BP employees, Danny White and Ruben Herrera, testified Wednesday the company never tried to misrepresent the fact that the unit had a flare system. Herrera, who used to work for the TCEQ, said he never used influence with his former employer to get the permit approved.

Criss ordered BP to produce the missing diagram and pay for costs Rowe's attorneys incurred in searching for the document. Criss also issued a sanction against BP in which the jury could hold the missing document against the company.

Howell said BP would review the ruling on the missing document and decide whether to appeal.

Rowe's lawyers also said the U.S. Attorney's Office has issued them a subpoena asking for all documents gathered in their lawsuit. The Justice Department is not commenting on its investigation.

Renewable Energy Meeting Kicks Off With Ethanol Criticism (DJ)

By Maya Jackson Randall

Dow Jones Newswire, October 11, 2006

WASHINGTON (Dow Jones)--A national renewable energy conference has just gotten underway and already one renewable fuel is being criticized.

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Most speakers at the government-sponsored conference in St. Louis this week will likely have positive things to say about E-85, a biofuel made up mostly (85%) of ethanol, which can be produced from crops like corn.

Only 15% of E-85 is traditional gasoline produced from crude oil, which is why the fuel is seen as a way to help reduce U.S. oil consumption and the country's dependence on foreign energy.

But the head of large oil and natural gas industry group American Petroleum Institute, or API, criticized E-85 in a speech Wednesday morning, calling it costly and inefficient, and urged federal and state policy-makers against using mandates to promote its use.

Speaking at the St. Louis conference, co-hosted by the U.S. Department of Energy and the U.S. Department of Agriculture, API President Red Cavaney's E-85 swipes come just as federal and state lawmakers have touted the biofuel as a way to boost rural America, where corn for ethanol is largely grown.

Senate Finance Committee Chairman Richard Lugar recently suggested a need for all new cars sold in the U.S. to be be able to run on E-85. Arguing that oil companies are refusing to install E-85 pumps that will give consumers greater access to the alternative fuel, the Indiana Republican also suggested the need for legislation that would force oil firms to spend some of their profits on installing E-85 pumps in at least 25% of the nation's gasoline stations within 10 years.

Meanwhile, President George W. Bush, who is scheduled to speak at the renewable energy conference later this week, recently told the Wall Street Journal that he wants to spend the remainder of his term focusing on ways to address ethanol-related transportation issues. The president has said the U.S. is addicted to oil and that using ethanol is one way to ease that dependence.

Arguments Over Value

Cavaney painted a dismal picture of E-85, arguing that regular gasoline, which already contains up to 10% ethanol, is better for consumers than E-85.

"It seems obvious that ethanol is a better value for most consumers as a gasoline additive than as E-85," he said, arguing that ethanol prices on a volume basis have been higher than gasoline prices for the better part of the last two-and-a-half years.

Cavaney warned state lawmakers against adopting regulations that would require a set amount of ethanol to be blended in gasoline, saying E-85 has serious downsides for consumers. Because ethanol cannot be shipped by pipeline, mandates that vary by state could lead to volatile prices and make it harder for areas to get adequate motor fuel supplies during disasters or times of abnormally high demand, he said.

"A national emphasis on increasing ethanol volumes through E-85 can prove unnecessarily expensive and risky," said Cavaney. "If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems."

Consumers will go farther on a gallon of regular gasoline than on a gallon of E-85, the API president said. Pointing to findings in a recent Consumer Reports article, Cavaney said cars that can run on E-85 incur a 25% to 30% fuel mileage penalty.

"Interested consumers need to be aware of these facts before they make their purchase decisions," he said. He added that vehicles that can run on E-85 comprise only 2.6% of the U.S. light-duty vehicle fleet. That number is likely to jump only to 6.5% in about two decades, he said.

Cavaney said the oil industry is not opposed to ethanol and supports the Renewable Fuels Standard that Congress passed last year. The standard requires 4 billion gallons of ethanol to be blended into gasoline in 2006 to produce a cleaner-burning fuel.

The St. Louis energy conference, "Advancing Renewable Energy: An American Rural Renaissance," which runs Wednesday and Thursday, focuses on ways to promote President Bush's renewable energy goals. The conference follows the president's State of the Union pledge to replace more than 75% of Middle East oil imports by 2025 through greater use of clean coal and hydrogen technologies, as well as ethanol, and wind and solar power.

Execs Tout Renewable Fuels At Conference (AP)

By Cheryl Wittenauer

AP, October 12, 2006

ST. LOUIS (AP) -- A century ago, Henry Ford's Model T was the first flexible-fuel vehicle, running on gas, ethanol or both, and the automaker foretold the future when he said fuel could be gotten from fruit, weeds, sawdust or anything else that could be fermented.

The story, as told by Archer Daniels Midland's CEO Patricia Woertz, resonated with her audience at a national renewable energy conference here Wednesday.

Woertz, formerly head of refining at Chevron, now heads the Decatur, Ill.,-based agricultural company that is also the biggest ethanol producer in the U.S.

Count her among the converted.

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"We believe we are just at the start of this new era of bioenergy," she said, acknowledging ADM began building toward that start 30 years ago. "We believe the market can and should grow larger."

Woertz was among dozens of speakers representing business, financing, government and research at the conference co-hosted by the U.S. departments of energy and agriculture. President Bush is scheduled to address the conference Thursday.

One speaker after another touted renewable fuels as the new frontier, a revolution in the making that will wean the U.S. from its foreign oil addiction, create a new economy for rural America, and decrease greenhouse gas emissions.

Ethanol, a clear, colorless fuel made from corn, is what most often comes to mind when considering alternative fuels.

Six years ago, 54 ethanol plants produced 2 billion gallons a year. Today, 100 plants produce 5 billion gallons a year, and 44 plants are on the way, Agriculture Secretary Mike Johanns said.

Biodiesel made from animal fat and vegetable oil also has caught on. National Biodiesel Board chief executive officer Joseph Jobe said the industry is doubling or tripling production every day. Quality fuel, that is, not French fry oil right out of the restaurant fryer, he said.

DaimlerChrysler announced Tuesday that 2007 Dodge Rams made in St. Louis will be "factory filled" with B5 biodiesel, or 5 percent biodiesel fuel, to help stimulate the market.

Jobe said his board recently launched a toll-free number truckers may call to get the name and location of the nearest biodiesel truck stop. Truckers, a "patriotic lot," also support family farms, Jobe said.

Ten biodiesel plants in 2000 have grown to 86 today, with 78 on line.

Robert Lane, chairman and chief executive officer of Deere & Co., based in Moline, Ill., said the company has formed the John Deere Wind Energy Group to help farmers harvest wind. Deere has wind energy projects in Missouri, Texas, Minnesota and is looking at other states. It provides the capital and the glue to get the projects off the ground.

"Our goal," Lane said, "is to foster competitive renewable energy businesses. The U.S. can be a leader. It has reliable wind sources, capital and entrepreneurial spirit."

Johanns said the potential for renewable fuels has never been greater and predicted the day when biomass such as wood chips, pecan shells, corn stalks, switchgrass and animal waste would replace petroleum products as America's fuel source.

"We want to buy our energy by the bushel, not the barrel," he said.

Johanns and Energy Secretary Samuel Bodman on Wednesday announced nearly $17.5 million for 17 biomass research, development and demonstration projects.

Bodman said the Energy Department sponsors research at two bioenergy research centers, which are trying to crack the technical barriers to biofuels. They are looking to convert inedible agricultural plants into ethanol and convert sunlight into fuel.

"There are lots of fresh ideas out there, and we're excited about all of them," he said.

The American Petroleum Institute's president, Red Cavaney, said it's not true that renewable fuels are a thorn in the side of the petroleum industry.

"We're experiencing demand in the global energy market," he said. "As we look forward to the next 20 to 30 years, we're going to need all the energy we can use that is economically viable. Ethanol, crude oil, biodiesel. It all has a bright future."

Talkin' Energy At The Energy Conference (SLPD)

By Jeffrey Tomich

St. Louis Post-Dispatch, October 12, 2006

When conceived earlier this year, the goal of the first national renewable energy conference was clear: Government officials, corporate executives and investors would assemble under a single roof and discuss ways to advance development of an emerging industry.

The first day of the two-day conference in St. Louis seemed to accomplish that. Yet comments from two of the most colorful speakers also highlighted the sharp divide over E85, the corn-based gasoline substitute that proponents think could curb America's "oil addiction."

Vinod Khosla, the co-founder of Sun Microsystems Inc. who now runs a Silicon Valley-based firm that invests in renewable energy, said big oil is spending millions of dollars to spread "misinformation" about ethanol to stunt the growth of biofuels.

"Their considerable clout is directed at making sure this doesn't happen as quickly or doesn't happen at all," Khosla said later at a news conference.

Khosla is co-chairing a ballot initiative in California to establish an oil extraction tax, an effort to raise $4 billion to fund alternative energy and efficiency initiatives. The oil industry has spent $57 million to defeat it, he said.

The criticism came just minutes after Red Cavaney, head of the American Petroleum Institute , told the same audience that the oil industry "isn't opposed to ethanol" or trying to discourage its use.

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"Ethanol is here to stay and it is a very important part of our gasoline supply pool," Cavaney told a packed hall at America's Center. But, "we believe in allowing market forces and consumer preferences to determine where and how ethanol is consumed."

Rushing E85 to the mass market too quickly is risky, especially for independent gas station owners faced with investing thousands of dollars to convert pumps to sell the fuel, Cavaney said. And missteps could sour consumers on ethanol in the same way that automakers soured a generation of Americans on diesel-powered cars, he said.

Cavaney warned that a patchwork of state ethanol mandates could lead to more volatility in ethanol prices and spot shortages.

Khosla, meanwhile, said he envisions a time within three years that every Wal-Mart store in the U.S. sells E85 for less than $2 a gallon.

Appropriate policy changes and signals they would send to investors, Khosla said, make it possible for the U.S. to replace all of the oil it imports for gasoline with ethanol, a move that could put a state like South Dakota on par with Iran and Saudi Arabia as a transportation fuel supplier.

Other government and industry officials, including Archer Daniels Midland Co. Chief Executive Patricia Woertz and Agriculture Secretary Mike Johanns, were less outspoken. Still, they spoke passionately about the need for renewable fuels.

Energy Secretary Samuel W. Bodman said federal funding for renewable energy research appropriated in last year's energy bill and subsidies in place to encourage ethanol production are doing what they were intended, helping attract millions of dollars in investment.

"There is no doubt that there are plenty of incentives in place right now," Bodman said in an interview with the Post-Dispatch. The secretary would like to see automakers continue to produce more cars, trucks and SUVs capable of running on E85, but said the government doesn't mandate it.

Bodman said development of so-called cellulosic ethanol -- fuel made from wood chips, corn stalks or switch grass -- is probably "several years off," and could only be viable when production costs, now about $2.20 a gallon, are cut in half to match the costs of making corn ethanol.

"The goal is to have a relatively large number of small ethanol producers operating all over the country and therefore reduce the issue of production and distribution," he said.

Big Oil Fine With Ethanol As Additive (FWST)

By Dan Piller

The Fort Worth Star-Telegram, October 12, 2006

ST. LOUIS — Big Oil supports corn-based ethanol as a gasoline additive but opposes efforts to mandate greater use of ethanol through so-called E85 motor fuel, the head of a trade group representing major oil and gas producers said Wednesday.

“Some industry critics erroneously claim that our industry is opposed to ethanol and is doing all it can to discourage its use. Nothing is further from the truth,” Red Cavaney, president of the American Petroleum Institute, told a conference on renewable fuels co-sponsored by the U.S. Agriculture and Energy departments.

But Cavaney, whose organization includes heavyweights like Exxon Mobil, Chevron and ConocoPhillips, said new fuel sources should not be pushed at the expense of others.

“We do not have the luxury of limiting ourselves to only a few sources of energy supply to the exclusion of others,” he said. “Nor should our leading sources of energy, oil and natural gas be written off before we have found cost-competitive and readily available alternatives.”

He reiterated figures from the Energy Information Agency that highlight America’s dependence on foreign energy sources.

“Oil and natural gas will provide nearly two-thirds of U.S. energy consumption to the year 2030, including more than 90 percent of motor-fuel consumption,” Cavaney said.

He said political efforts by some ethanol-producing Midwestern states to mandate use of E85, an 85 percent ethanol gasoline blend, “can prove unnecessarily expensive and risky.”

He pointed to recent government reports that ethanol has only about 70 percent of the fuel power of gasoline and that relatively few U.S. motor vehicles can use E85.

“If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems,” Cavaney said.

Corn-based ethanol has emerged as the renewable fuel of choice this year, primarily because of a government-ordered switch away from MTBE — now discredited because of its toxicity — as an environmentally friendly extender.

Ethanol consumption will amount to about 4.6 billion gallons this year, compared with 140 billion gallons of gasoline.

But ethanol, blended mostly at 10 percent a gallon, is now part of 46 percent of all gasoline sold in the United States.

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The surge in ethanol demand has led to the construction of more than 100 processing plants in Nebraska, Iowa, Illinois, Minnesota and the Dakotas. To allay fears that the rising demand for corn will put pressure on food prices, scientists are working on ways to convert so-called cellulosic biomass — primarily cornstalks and switch grass, as well as wood chips, into fuel.

"The time for renewable energy clearly has come," U.S. Agriculture Secretary Mike Johanns told the crowd gathered at the St. Louis convention center. "We are looking toward the day when the U.S. buys fuel not by the gallon but by the bushel."

Johanns said that ethanol will remain economically competitive as long as crude-oil prices stay above $30 a barrel, roughly half of where it has traded in recent weeks. He also said ethanol is profitable even without the 51-cent per gallon federal tax subsidy in place through 2010.

Johanns and U.S. Energy Secretary Samuel Bodman spoke Wednesday as part of the Bush administration's effort to associate itself with politically popular renewable fuels.

The president, who kicked off much of the interest in renewable fuels when he lambasted America's "addiction" to oil in his State of the Union address in January, will visit the two-day meeting for a luncheon speech today.

The profit potential for renewable fuels isn't lost on some of the mainstay industries in the Corn Belt. Speakers Wednesday included the chief executives of Illinois-based Archer Daniels Midland Co., a leading grain processor and ethanol producer, and of the venerable farm-implement maker Deere & Co.

"There is still a nagging fear that the current interest in renewable fuels is a product of the recent rise in the price of gasoline or just the political power of the Midwest," said Robert Lane, Deere's chief executive. "We must build sustainable, profitable businesses in renewable energy."

Archer Daniels Midland CEO Patricia Woertz said: "We must not let cynics dim our vision."

Emboldened States Take Charge Of Energy Issues (WSJ)

By Rebecca Smith

The Wall Street Journal, October 12, 2006

State officials are asserting more control over their energy destinies, intervening to block or delay utility mergers that don't promise enough consumer benefit and challenging the electricity deregulation that has been fostered by the federal government in recent years.

In some states, these efforts could result in smaller electricity bill increases, at least in the short run. Some costs simply would be deferred to future years. The efforts also could prolong supply-and-demand imbalances and burden the nation's electricity system with different rules and market practices, making it more complicated and less efficient.

Touching on parts of the energy business once seen as beyond state reach, the heightened state activism is especially pronounced where important pocketbook or environmental issues are at stake. State officials are especially fearful of political fallout stemming from high electricity rates and disenchantment over the unmet promises of electric-industry deregulation.

"The states are the ones in charge of the process now," says Richard Kelly, chairman and chief executive of Xcel Energy Inc., a Minneapolis energy company. Mr. Kelly says his company, which owns utilities in eight states, doesn't expect to grow through utility acquisitions in part because "it's hard to conceive of a merger we can get through all eight states."

In New Jersey, state officials last month effectively blocked Chicago-based Exelon Corp.'s proposed $17.7 billion purchase of Public Service Enterprise Group Inc. amid fears the combination could increase Exelon's market power and harm New Jersey consumers. In Maryland, public opposition to a pending rate increase at Baltimore Gas & Electric has threatened to unhinge the $11 billion purchase of parent company Constellation Energy Group Inc. by FPL Group Inc. Speaking to investors recently, FPL Chairman Lewis Hay III said he has "limited patience" left and implied he may walk away from the deal.

Duke Energy Corp. acquired Cinergy Corp. after garnering approvals from five states in about five months. But "people have to earn the right to do deals," says James E. Rogers, chief executive of Duke Energy. He cautions that if a utility already is facing rising rates, "it's probably a bad time" to propose a transaction.

California, meanwhile, has methodically regained control of its energy destiny. It permits utilities to build new plants and it drastically has reduced the volume of business conducted through federally administered electricity markets. Gov. Arnold Schwarzenegger signed a law in late September to cut carbon-dioxide emissions to 1990 levels by 2010, a reaction to federal inaction on that front.

Sensing the states' increased activism, federal energy officials are expressing more sensitivity to states' rights than in the past. Joseph Kelliher, chairman of the Federal Energy Regulatory Commission, says working with states "isn't just a matter of good manners but is necessary" since authority is divided between federal and state bodies. Still, he argues that there always have been federal-state dustups.

Much of the current commotion is caused by the fact wholesale electricity markets haven't developed the way people expected. Deep, liquid wholesale markets -- overseen by federal regulators -- were expected to give big suppliers good places to

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shop by attracting numerous power providers. Retail customers, it was thought, would buy juice from those big suppliers, bypassing their local utilities. Instead, wholesale markets contracted after 2001 and millions of consumers remained customers of their local utilities because they didn't have good alternatives.

More than 99% of residential and small-business consumers in the Boston area, for example, still get their electricity from Nstar -- the utility formerly known as Boston Edison -- because they have no other choice. Prices have risen 78% since 2002, to 11.4 cents a kilowatt hour from 6.4 cents, but the increase hasn't caused political fallout because it has been gradual.

States are left to create new ways for utilities to obtain power since many have sold their plants or transferred them to affiliates. Illinois state officials conducted their own electricity auction in early September that will result in rate increases of 22% to 55% early next year at its biggest utilities, unless increases are postponed. Elected officials now are talking about freezing electricity rates for three years at Ameren Corp.'s three utilities and Exelon's Commonwealth Edison unit in Chicago. In a reference to the 1773 Boston Tea Party, Lt. Gov. Pat Quinn, who is up for re-election with Gov. Rod Blagojevich, is urging consumers to send tea bags or email look-alikes, in effect blaming them for higher prices. The utilities have their own proposals, which would allow small increases and protect their creditworthiness.

US Pandemic Flu Plan: Hole Up At Home (AP)

By Marilynn Marchione

AP, October 12, 2006

SAN FRANCISCO -- Could you work from home for weeks at a time? How long could you hole up without needing to go to the grocery or drugstore? Would you be willing to wear a face mask and isolate yourself from others?

Harvard researchers are surveying Americans on questions like these as the government wraps up work on a plan to use primitive infection-control measures to deal with a killer flu outbreak until drugs and vaccine become available.

The federal Centers for Disease Control and Prevention is pitching the plan at medical meetings and aims to send it out for review by the end of the year. State and local governments have asked for unusually detailed and specific advice on such matters as closing schools and canceling public events, one CDC official said.

This week, CDC awarded $5.2 million in grants related to the plan, including research on whether to recommend face masks to the public. CDC also asked the Institute of Medicine, a group of scientific advisers, to meet on these measures later this month.

"We can't afford to neglect some of the traditional approaches to contagion control because we very well may find ourselves in a situation where that's all we've got for a period of time," said CDC's quarantine chief, Dr. Marty Cetron.

However, skeptics say parts of the plan amount to wishful thinking with little evidence they would work.

"A lot of these things sound good but they lack practical application," said Michael Osterholm, a University of Minnesota health expert involved in the planning.

Advising people in big office buildings to avoid elevators and stay 6 feet away from each other is impractical, and people can't stay in their homes for weeks or months without needing insulin and other medications, he noted.

The nationwide survey by the Harvard School of Public Health is an attempt to get a handle on how Americans would follow such advice.

As for hygiene tips like sneezing into your sleeve, "we have no data that that makes any difference" in controlling a pandemic, Osterholm said.

The bird flu that has ravaged poultry in Asia and killed at least 140 people is "still smoldering" as a human threat, showing no signs yet of morphing into one that spreads easily among people, said Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases.

If it does, severe travel restrictions would delay its spread in the United States by only a week or two and at extreme cost, the CDC's Dr. David Bell said at a recent meeting of public health and disease experts in San Francisco.

Thermal scanning to try to detect people with fevers during the SARS outbreak turned up no cases and caused many false alarms. But voluntary quarantine, voluntary isolation of infected people and hygiene measures like hand washing, "cough etiquette" and face masks did help and might for flu, too, Bell said.

Dr. Frederick Hayden, a University of Virginia virologist currently working on global flu planning for the World Health Organization, agreed.

"The classic public health measures did work in SARS," he said. They won't be enough to stop a flu pandemic but could prolong and spread out its impact to prevent hospitals from being swamped and running out of respirators to keep the sickest alive.

The CDC plan will list multiple scenarios for pandemics that range in severity or attack certain age groups like children or college students, and recommend corresponding control measures.

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These will include voluntary isolation of sick people, voluntary quarantine for those exposed to the germ but are not ill, and protective sequestration to separate healthy people or communities from a source of infection.

"Quarantine has gotten a very bad name and for very good reason. It has been abused in the past. It works best when we obtain and maintain the public trust," Bell said.

However, Osterholm said there's not enough science to recommend some measures, like "keep your distance" campaigns. Scientists know flu spreads through hand contact and big droplets when people cough or sneeze, but they don't know how far tiny particles remain in the air, or how important that is for spreading the germ.

In fact, experts know surprisingly little about what enables a flu germ to spread.

Health officials need to give advice but should be honest about the limits of what is known "and not oversell it, which there is a tendency to do in times of crisis," Osterholm said.

If that happens, "we will lose credibility quickly," he said.

Mulch Madness (opinion) (NYT)

By Steve Fleischli

The New York Times, October 12, 2006

TOWERING cypress once covered much of southern Louisiana — 1,000-year-old trees darkened ancient, moss-laden, water-saturated forests. These wetlands not only gave the bayou its flavor, its culture and its mystery, they also acted as critical natural “speed bumps” for major storms.

It’s been estimated that every 2.7 square miles of wetlands reduces storm surge by a foot, and yet over the last century Louisiana has stripped away 1,900 square miles of swamp, an area the size of Delaware. Evidence shows that such improper land management, reducing the cypress-tupelo swamps to a small fraction of their original grandeur, worsened flooding in New Orleans during Hurricanes Katrina and Rita.

Yet at a time when the nation should be investing billions to restore the Gulf Coast’s wetlands for protection against future storms, these cypress swamps continue to face many challenges, including development, saltwater flowing in and rising water levels. The most dangerous threat of all, however, may be garden mulch — the stuff that gardeners usually use to protect their plants.

As they exhaust the cypress forests along Florida’s coast, mulch companies are moving into Louisiana with shady operators among them grinding up entire cypress forests, 70 percent to 80 percent of which will never grow back. This is hurricane protection lost forever — habitat and flood control converted to quick cash, one bag of mulch at a time.

The Environmental Protection Agency has finally begun to require permits for logging in southern Louisiana, which has still not stopped the wholesale clear-cutting of cypress forests.

The situation was further exacerbated by a Supreme Court ruling this summer ordering government agencies and lower courts to undertake a painstaking, case-by-case analysis of waterways, with only those wetlands determined to be of special significance afforded federal protection. It’s a move that could effectively stymie preservation efforts.

So in the meantime, the safety of our nation’s already depleted wetlands comes down to sellers and consumers of cypress mulch.

Big mulch retailers — like Lowe’s, Home Depot and Wal-Mart — have been slow to take real action about the mulch in their stores. But all three companies should put into place formal, meaningful policies that guarantee their cypress mulch comes from sustainable sources rather than the imperiled swamps of the Gulf Coast. Many retailers have done so with lumber and they can do it for cypress mulch.

Until then, consumers would do best to avoid cypress mulch altogether, switching instead to mulches made from pine bark, pine needles or straw. These work just as well and do not have the same environmental impact.

Already, several Florida municipalities, after witnessing the destruction of their wetlands, have banned the use of cypress mulches. In Louisiana, Gov. Kathleen Blanco is exploring her authority to carry out a broader moratorium.

Consumers need to remember that their mulch purchases may be leaving New Orleans and other coastal communities vulnerable. Every bag of cypress mulch for you could mean another sandbag for someone else.

Maryland's Environment (WP)

The Washington Post, October 12, 2006

AS A CANDIDATE four years ago, Maryland Gov. Robert L. Ehrlich Jr. made no bones about his pro-business tilt, which led plenty of environmentalists to fear the worst from his Republican administration. In fact Mr. Ehrlich's record on the environment is a mixed bag -- good on the Chesapeake Bay, poor on land conservation and so-so on air pollution.

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Mr. Ehrlich deserves unalloyed credit for the creative Chesapeake Bay Restoration Act of 2004. The law -- by means of a $30 annual fee charged to households for sewer and septic use -- finances sewage plant upgrades to dramatically reduce harmful nutrients discharged into waterways. It's smart policy that over time should sharply reduce nitrogen pollution in the bay.

Mr. Ehrlich's record on land conservation is more checkered. For decades Maryland has set aside a dedicated funding source (a portion of the real estate transfer tax) to pay for the purchase of pristine tracts. From the outset, Mr. Ehrlich was unenthusiastic. Faced with a daunting budget shortfall, he raided the state's land-buying kitty, in effect converting money set aside for conservation into general fund revenue. Previous governors had done the same, but not to this extent. Mr. Ehrlich added to the impression that he cared little for land conservation with his abortive attempt two years ago to sell off more than 800 acres of forested, state-owned land to a politically well-connected developer in St. Mary's County; media exposure killed that deal. He has pledged to keep his hands off the land conservation fund if he is reelected.

On air pollution, Maryland is probably better off today than when the governor took office. This year he signed the Healthy Air Act, which will force the state's largest coal-fired power plants to cut toxic emissions. But Mr. Ehrlich had to be dragged into doing the right thing, having helped kill a similar measure in the legislature last year. In the end, it was probably the exigencies of electoral politics and federal standards that led him to sign the 2006 version of the bill -- especially after lawmakers defied him by adding modest limits on carbon dioxide emissions, which scientists consider a major cause of global warming and rising sea levels.

Mr. Ehrlich's Democratic rival, Baltimore Mayor Martin O'Malley, must be judged more by his words than his deeds, having faced a comparatively narrow range of environmental issues. He says he would fully fund land conservation, commit himself to the clean air bill signed by Mr. Ehrlich and strictly monitor progress in cleaning up the Chesapeake Bay. He seems less ambivalent about protecting the state's natural resources than Mr. Ehrlich does, but there's not much of a track record by which to predict his actions in the governor's office.

Foolish Vaccine Exemptions (NYT)

The New York Times, October 12, 2006

States that make it easy for parents to opt out of vaccinating their children are suffering increased disease rates as a consequence, according to an article published yesterday in The Journal of the American Medical Association. The findings should be a warning to all parents and state officials who think they can let their guards down on immunizations that are needed to protect both the children and the communities in which they live.

We saw what happened in Indiana last year when measles broke out among children who had been schooled at home and thus avoided the compulsory shots required of those who attend public schools. At least 34 people became ill, of whom three were hospitalized, one with life-threatening complications. Their families had succumbed to fears that the vaccine was dangerous, forgetting that the disease itself was the real danger.

Now the new article by researchers at Johns Hopkins University, the University of Florida and the Centers for Disease Control and Prevention has taken a broad look at the rates of whooping cough in the 48 states that allow people to be exempted from required shots for various nonmedical reasons. All 48 of the states allow exemptions based on religious objections, but 19 of them also allow exemptions based on philosophical or other personal beliefs. Some states make it easy for parents to claim an exemption by simply signing a prewritten statement on the school immunization form. Others make it harder by requiring a signature from a local health official, a personally written letter, notarization or annual renewal.

Sadly, states that readily grant exemptions or allow personal belief exemptions have about 50 percent higher rates of whooping cough, or pertussis, compared with stricter states, after adjusting for demographics. This is disturbing given that pertussis, which can cause severe illness and death in young children, has been on the rise in recent decades.

The pendulum has swung too far toward letting parents opt out. States need to work harder at educating parents about the value of vaccination and should get tougher in granting exemptions.

Bad Salad (WP)

The Washington Post, October 12, 2006

LAST MONTH'S spinach scare has been followed by a string of recalls and warnings about produce contaminated with E. coli bacteria. Just last week, a lettuce company announced a recall of its product after it found high levels of E. coli in irrigation water. Yet government regulators and the companies that grew the produce still don't know how the bacteria got to the crops. In fact, according to the Food and Drug Administration, no one has pinpointed a source for any of the 20 or so known cases of E. coli contamination in produce since 1995.

About half of those cases, including the latest spinach scare, were traced to California's Salinas Valley. But Caroline Smith DeWaal, director of food safety at the Center for Science in the Public Interest, says investigators have no fewer than three

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theories about where the E. coli came from: manure used during planting, floodwater contaminated with waste from livestock or aquifers containing treated sewage.

If regulators don't know how the E. coli contamination occurred, what can they do to make salad safe? First, Congress should provide money to increase inspection staffing at the FDA, which regulates spinach, lettuce and other produce but inspects farms and packaging plants infrequently. Next, lawmakers should require the FDA and other agencies responsible for food safety to institute a tracing system for food produced in the United States -- so that containing the next outbreak will take a few days, not two weeks. Congress should also consider giving the FDA the power to issue mandatory recalls of tainted produce, which would introduce a more powerful incentive for growers and packers to conform to safety standards.

Sen. Richard Durbin (D-Ill.) and Rep. Rosa L. DeLauro (D-Conn.) have introduced legislation to require food producers to code their products for tracing purposes before sending them to market. The bill also calls for the creation of a federal agency with responsibility for monitoring the safety of all foods, a non-starter in the current Congress and a less valuable reform than other, more modest measures. For now, Congress should focus on giving existing agencies the resources and authority they need.

Doubting Inhofe (NYT)

The New York Times, October 12, 2006

In a recent speech in the Senate, James Inhofe of Oklahoma called himself "the senator who has spent more time educating about the actual facts about global warming." Too bad he is not the senator who has spent more time educating himself.

His speech, one in a series on global warming, was a brisk survey of the way the news media have covered climatic predictions over the past century. Cooling, warming — we never get it right. Naturally, Mr. Inhofe dismisses what he calls media "hysteria," which is also a way of dismissing not just Al Gore but the consensus among mainstream scientists and the governments of nearly every industrialized nation concerning manmade climate change.

Mr. Inhofe is particularly hard on James Hansen, whom he calls a "NASA scientist and alarmist." Mr. Hansen is a timely target, since he is co-author of a new climatological report in The Proceedings of the National Academy of Sciences. The report concludes that because of rapid warming in the past 30 years, the earth is approaching and will soon surpass the warmest temperatures in the past 12,000 years — since the end of the last ice age, in other words. And, as the study notes, recent warming "has brought global temperature to a level within about one degree Celsius of the maximum temperature of the past million years." The shift in temperature isn't uniform. Higher latitudes are warming faster, as are the Indian and western Pacific Oceans.

We do not expect Mr. Inhofe to see the light — or feel the heat — any time soon. He and his staff are serious collectors of opposition research. But the essence of his strategy is to seize upon a mistaken or overblown story to try to undermine the broad consensus. If that fails, he can always question his opponents' politics and motives, as with his insinuations that environmentalists dreamed the whole thing up to scare people and raise money.

Mr. Inhofe has buttressed himself with a small jury of scientists who argue that climate change is only natural. But he has really buttressed himself with the will to disbelieve. He accuses scientists and the media of hysteria. But if there is such a thing as a hysteria of doubt, then Mr. Inhofe is its master.

FBI/DEA/ATF/USMS:

Ex-ATF Chief Had Staff Give Homework Aid (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 12, 2006

The man who recently departed as director of the Bureau of Alcohol, Tobacco, Firearms and Explosives ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules, an inquiry found Wednesday.

The nephew's project — a documentary about the ATF that took 10 months to complete — was one of a half-dozen examples of lapses in judgment Carl J. Truscott committed before he resigned in August, says the report by Justice Department Inspector General Glenn A. Fine.

The report found that only the high school project demonstrated mismanagement by Truscott, whose employees accused him of wasting federal funds, taking costly trips and creating a hostile work environment.

Still, investigators described themselves as troubled by Truscott's leadership, hiring practices and financial decisions, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters.

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The most damning conclusions were saved for the homework episode.

"Significant ATF resources were used to assist Truscott's nephew on a high school project," the report found. "By directing and authorizing the use of ATF resources in his nephew's high school class project, we believe that Truscott violated several ethical regulations."

An estimated 20 ATF employees were pulled in to help with the documentary, spending dozens of hours on research, pulling film footage from the agency's library and setting up interviews with Truscott and other officials in Washington and Philadelphia.

The nephew received an 'A' on the project, the report noted.

Moreover, the report found, Truscott "failed to fully accept responsibility for the project by minimizing the extent of ATF resources that were committed to it" and tried to justify his staff's help as a form of community outreach.

Truscott could not be reached for comment Wednesday. But in a Sept. 25 letter to Fine, responding to a draft copy of the report, Truscott acknowledged that he should have placed appropriate limits on the resources that could be used in support of the project."

In his letter, Truscott also lashed back at the critical report, which he called negative in tone and based on allegations from anonymous sources who second-guessed his judgment.

Fine opened the investigation after he and Special Counsel Scott J. Bloch received an anonymous letter dated Jan. 20, 2006.

It contended that Truscott had horribly mismanaged federal dollars in a variety of ways, including demanding a larger security detail than needed, making unnecessary upgrades to the new ATF headquarters building project, and taking expensive trips to London, New York City, Boston, and Ottawa on the agency's bill. The letter also complained that Truscott created a hostile work environment by directing two staffers to serve lunch to him and his guests.

Fine's investigation substantiated the charges and chided Truscott for poor judgment, but it added, "We did not find that these financial decisions constituted misconduct."

A person close to the investigation, who spoke on condition of anonymity, said Wednesday the allegations may have been made by Truscott's top deputies, who were facing reassignment as part of an agency reorganization.

E-mails dated Jan. 15 — five days before the anonymous letter was sent to Fine — show Truscott telling ATF Deputy Director Edgar Domenech the changes would come "as early as this week."

Fine received another anonymous letter Sept. 22 from a group that described itself as concerned ATF employees. The group argued that three ATF assistant directors also were mismanaging agency funds by commuting to work in government-owned cars, promoting relatives and arranging weeklong conferences for employees at resorts like the Hard Rock Casino in Los Vegas.

It was not immediately clear whether Fine's office was investigating the newest allegations.

Audit Critical Of Former ATF Director's Expenditures (USAT)

By Kevin Johnson

USA Today, October 12, 2006

WASHINGTON — As director of the federal Bureau of Alcohol, Tobacco and Firearms and Explosives, Carl Truscott ordered lavish upgrades to the agency's new headquarters and had about 20 bureau employees help his nephew complete a high school video, according to a Justice Department audit released Wednesday.

The 150-page review by the department's Office of Inspector General offered a critical account of Truscott's two-year tenure, which ended when he resigned in August amid questions about his spending of agency funds. The report concluded that the former director contributed to a “drain” of manpower and funds at ATF.

It noted that Truscott, a former assistant director of the U.S. Secret Service, often traveled with an entourage that included an excessive number of ATF employees and a personal medic.

The report found Truscott ordered extravagant woodwork and other “unnecessary amenities” for the director's suite in the ATF's new building in Northeast Washington, which is still under construction and several million dollars over its $120 million budget.

The report also said the 10-month video project that ATF workers helped Truscott's nephew complete required “substantial employee time.” The report concluded that by authorizing the use of ATF resources for the video, Truscott violated “various ethics regulations.” The nephew received an “A” on the project.

Auditors also indicated that Truscott would not take responsibility for his budget decisions.

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"From relatively minor issues, such as decisions on how to furnish the director's suite in the new headquarters building, to major policy directives … Truscott attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions or otherwise sought to distance himself from his own decisions," the report said.

"We found several instances where Truscott's statements to us about his conduct were contradicted by numerous other witnesses, and in some instances, by documents as well."

In a strongly worded rebuttal, Truscott said the inspector general was unable to substantiate "a single allegation relating to administrative misconduct."

He rejected the findings as "negative in tone" and said the report "impugns my character and integrity without basis."

The review of Truscott was triggered by allegations contained in an anonymous letter to the Justice Department's inspector general that was dated Jan. 20.

According to Wednesday's report, the complaint alleged that the director had participated in "egregious acts of gross mismanagement of public funds and failures of leadership."

Truscott dismissed the allegations as accusations from unidentified sources who "likely were resistant to my status as an outsider from another rival federal law enforcement agency and my efforts at necessary change."

Wednesday's report said that auditors had "substantiated various allegations" raised in the letter.

It said that although Truscott had "exercised poor fiscal judgment in many cases," his financial decisions did not amount to official misconduct.

Report Criticizes Ex-ATF Chief (WP)

By Dan Eggen

The Washington Post, October 12, 2006

The former director of the Bureau of Alcohol, Tobacco, Firearms and Explosives violated ethics rules by requiring 20 employees to help his teenage nephew prepare a high school video project, part of a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items, according to a report issued yesterday.

Carl J. Truscott, who previously served as head of President Bush's security detail at the Secret Service, also took several trips with excessive numbers of ATF agents, including a $37,000 journey to London in September 2005 with eight other employees, according to the report.

The report by Justice Department Inspector General Glenn A. Fine also finds fault with Truscott's treatment of some female employees, saying that he ordered two female administrative staff members to prepare meals for guests on several occasions. One of the employees was allegedly required to announce, "Lunch is served."

These and other findings follow Truscott's abrupt resignation in August amid growing questions about his conduct. The Washington Post reported in February that Truscott had allegedly authorized or proposed hundreds of thousands of dollars' worth of unnecessary plan changes and upgrades to ATF's new 438,000-square-foot headquarters, which is behind schedule and millions of dollars over budget.

Fine's 157-page report confirms these allegations and many more, concluding that Truscott frequently broke regulations or exercised poor judgment in making decisions that had a serious impact on the ATF's operational budget when the agency was cutting back on vehicle maintenance, bulletproof vests and other basics.

The report also says that Justice investigators were "troubled by Truscott's lack of acceptance of responsibility" for his actions and their repercussions.

"From relatively minor issues, such as decisions on how to furnish the Director's Suite in the new Headquarters building, to major policy directives, such as how many new employees to hire, Truscott attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions, or otherwise sought to distance himself from his own decisions," the report says. "We found several instances where Truscott's statements to us about his conduct were contradicted by numerous other witnesses, and in some instances, by documents as well."

Truscott said in a Sept. 25 letter in response to the findings that the report "is negative in tone" and "impugns my character and integrity without basis."

"Your Draft Report also fails to put the allegations made into context, to make mention of the significant progress ATF made during my stewardship and under difficult circumstances, or balance the allegations made against my unblemished professional career," Truscott said.

He said it was important to be involved in the details of the new headquarters to ensure that the building was designed and constructed properly. Truscott conceded that he should have limited the assistance given to his nephew.

Truscott's Washington attorney, Sheldon Krantz, was traveling outside the country yesterday and could not be reached to comment.

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Truscott was briefly replaced by the ATF's career deputy director, Edgar A. Domenech, who reversed a decision to include a costly engraved quotation from Bush's post-9/11 speech to Congress at the new headquarters entrance. U.S. Attorney Michael J. Sullivan of Boston has since been named acting head of the ATF; no permanent replacement has been nominated.

The ATF building, under construction in Northeast Washington, is at least $19 million over its original $120 million budget and its opening has been delayed until next year.

Truscott was particularly fixated on adding "unnecessary amenities" to the director's suite and the building's gymnasium, the inspector general's report said, including millwork estimated at $283,000. Agency e-mails show that Truscott requested for his office a 42-inch flat-screen television set that could be hidden when not in use. He wanted his personal bathroom to include a "[t]elephone, TV flat panel and radio speakers to listen/view news," a quartzite tile floor to match the floor in the building atrium, a bench with a water-resistant wood seat, a tile wall "in horizontal straight stacked layout vs brick," and sconces.

Truscott also suggested buying $100,000 in new equipment for the building's gym, and pushed to build a $156,000 garage to house a single truck owned by the ATF's National Response Team at Fort A.P. Hill.

"Truscott devoted an excessive amount of time to the redesign and upgrading of his suite and the gym, immersing himself in details at a level that we would not expect of the Director of a major law enforcement agency," the report said.

Furthermore, after being warned by congressional staff members to stop spending operational money on the building project, other ATF managers took the lead in scaling back many of the changes Truscott ordered, the report says. "Without those modifications Truscott's design changes would have had a substantially more severe impact on ATF's operational budget," the report says.

Some of Fine's harshest conclusions come in connection with an ATF school documentary by Truscott's nephew, who lives in the Philadelphia area and is described by his uncle as "a young man who is passionate about everything he does -- particularly as it related to his personal interests of videography and his career aspirations of following in my footsteps as a career public servant in the field of law enforcement."

The report said that over 10 months, Truscott's nephew peppered ATF employees in Philadelphia and Washington with e-mails and time-consuming requests, obtaining copies of stock ATF video footage, interviewing ATF officials -- including his uncle -- and using agency video equipment. "Significant ATF resources were used to assist Truscott's nephew on a high school project," the report says.

The nephew submitted his project to his teacher in April 2005, and included the credit, "Thank you for giving me this amazing opportunity Uncle Carl."

The report says he received an A.

Ex-ATF Director Blamed For Unnecessary Upgrades (WT)

By Jerry Seper

The Washington Times, October 12, 2006

The former head of the Bureau of Alcohol, Tobacco, Firearms and Explosives was responsible for costly design changes at the ATF's new Washington headquarters and ordered hundreds of thousands of dollars in unnecessary upgrades to his personal suite, a report said yesterday.

The Justice Department's Office of Inspector General said Carl J. Truscott, who resigned in August, "encouraged and approved" changes at the Northeast Washington headquarters that were "related more to appearance ... than to functionality" and proposed structural changes to the gym that included the purchase of $100,000 in new equipment.

The report said Mr. Truscott immersed himself "in details at a level that we would not expect of the director of a major law enforcement agency" shortly after his arrival at the agency in 2004 -- after construction had begun.

It said senior ATF managers took the lead in scaling back the project and canceling many upgrades requested or authorized by Mr. Truscott.

Inspector General Glenn A. Fine said investigators identified several "overarching concerns" with respect to Mr. Truscott's leadership and management, and said he "attempted to deflect responsibility to his subordinates, misrepresented the amount of involvement he had in the actions, or otherwise sought to distance himself from his own decisions."

Mr. Truscott, in a letter to Mr. Fine, said investigators found no evidence substantiating "a single allegation relating to administrative misconduct" but released a report that was negative in tone and impugned his character and integrity.

He said the report "second-guesses my professional judgment, discretionary decisions and management style based upon criticisms from unidentified sources."

"I believe strongly in the inspector general concept, but inspectors general, given their awesome powers, have an obligation to be impartial and fair, to, make judgments based upon legal norms and a careful review of the facts, and to operate

within their statutory mandates," he said. "Nothing in the Inspector General Act gives you the license to second-guess professional discretionary judgments."

The report also questioned:

·Mr. Truscott's hiring policy that resulted in 950 new agents and other personnel but contributed to a $21 million decrease in the agency's operating budget. The report said the policy went forward despite repeated warnings by senior officials and was a major reason ATF could not buy necessary investigative equipment, including bulletproof vests for its agents.

·The number of ATF employees Mr. Truscott took with him on trips, including a September 2005 visit in London with members of London's Metropolitan Police Service. The report said eight ATF officials accompanied Mr. Truscott, costing the agency $37,000, including four security personnel, although London police had provided protection for him and the meeting place was secure.

·Mr. Truscott's order to ATF employees to assist his nephew in making a video for a high school project. The report said Mr. Truscott improperly allowed government property and official time of ATF personnel to be used in connection with the project.

·An order by Mr. Truscott to two female administrative staffers to assist in preparing for and serving lunches to him and his guests -- telling them how he wanted the meals prepared and served. It said ATF employees confirmed that on at least one occasion, Mr. Truscott directed one of the staff members to announce, "Lunch is served."

The ATF headquarters building had been budgeted in 2004 at $119.7 million, but is expected to cost more than $140 million when it is completed this year.

Federal Cases Land Four In Jail _ Foil Murder Plot (AP)

AP, October 12, 2006

NEW ORLEANS -- Federal and St. John the Baptist Parish law officers interrupted an investigation of a drug network to arrest two men they learned were planning a double murder.

Louis Johnson, 27, of Edgard and Trevor Jeffery, 31, of Vacherie, were charged with possession and intent to distribute crack cocaine and powdered cocaine worth more than $150,000.

At a news conference Wednesday, federal authorities said agents had tapped the telephones of Johnson and Jeffery, identified as high ranking members of a drug network operating between New Orleans and Baton Rouge. One of the conversations involved the planning of the kidnapping and murder of two men they believed had robbed them. Because full details of the plan, including the identities of the men, were not known, officials said they moved quickly to get arrest warrants.

Because the investigation is continuing, agents could not discuss the drug network, said William J. Renton Jr., of the Drug Enforcement Administration.

Johnson and Jeffery will probably face other charges, U.S. Attorney Jim Letten said.

In another case two New Orleans men plead guilty to drug and gun charges.

Matthew L. Carter and Darryl Cavalier were arrested by Bureau of Alcohol, Tobacco, Firearms and Explosives agents and New Orleans police working under the Project Safe Neighborhood.

They were prosecuted on federal charges which results in serving longer sentences, Letten said.

"Federal sentences are hard time," Letten said. "There's no early release."

The pair face a minimum of five years in prison and a maximum of 40 years, plus fines.

Arrests Foil Murder Plot, Feds Say (NOTP)

By Susan Finch, Staff Writer

New Orleans Times-Picayune, October 12, 2006

Wiretap heard River Parishes pair planning to kidnap, kill enemies

Two River Parishes men, under federal investigation since December as suspected cocaine dealers, were arrested over the weekend after investigators monitoring their phone conversations heard them making plans to kidnap and murder two men they thought robbed them of drug profits in Baton Rouge last week.

U.S. Attorney Jim Letten said Wednesday that prosecutors moved quickly in the middle of the night to get arrest warrants for Louis Johnson, 27, of Edgard, and Trevor Jeffery, 31, of Vacherie, in order to prevent the murders. The men were arrested early Saturday morning.

Authorities say both men were "high-ranking" members of a drug organization that distributed drugs between New Orleans and Baton Rouge.

A search of their residences turned up firearms and more than 1.5 kilograms of cocaine powder and crack cocaine. They are both charged with conspiracy to possess with intent to distribute both forms of the drug.

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Authorities were tightlipped about most aspects of the case, including whether there are plans to charge the two men with planning a kidnapping and murder.

Both men are being held without bond in Orleans Parish Prison and are due before a federal magistrate today to decide whether they will be allowed bail. Prosecutors say they will ask that bail be denied on grounds that the men are a danger to the community.

Authorities said the information that launched the investigation came from slain St. John the Baptist Parish narcotics investigator Capt. Octavio "Ox" Gonzalez.

Gonzalez, a 14-year veteran of the Sheriff's Office who headed the sheriff's narcotics division, was shot and killed in June. Authorities say he was lured from his unmarked vehicle by a woman pretending to be a stranded motorist and was shot from behind by her accomplice. The couple then stole his vehicle, authorities say.

William Renton, special agent in charge of the Drug Enforcement Administration's New Orleans field office, said the current case is "special" because of Gonzalez's role.

"This case was initiated by him; he provided the first information . . . This is probably the last case we'll be able to say we worked with officer Gonzalez."

Renton said the investigation of Johnson's cocaine network is continuing.

Maj. Mike Tregre, spokesman for the St. John the Baptist Parish Sheriff's Office, said Johnson recently served time in jail, but would not offer specifics. He said additional details about the investigation would be released today by St. John Sheriff Wayne Jones. Investigators from the St. John sheriff's narcotics office assisted DEA agents with the arrests, he said.

Federal authorities say they had been investigating Johnson and his cocaine distribution organization since December 2005.

During the investigation, in which agents listened to wiretapped conversations of Johnson and Jeffery, they discovered that the two had been robbed during a drug transaction involving four kilograms of cocaine in Baton Rouge on Oct. 4, authorities said.

Shortly after, agents overheard the two making plans to kidnap and murder the two men they believed had robbed them.

Warrants were obtained Friday and served early Saturday morning, authorities said.

In a search of Johnson's Edgard home, authorities say agents recovered a .45-caliber Highpoint pistol, an AK-47 assault rifle, 1 1/2 kilograms of cocaine hydrochloride, about 300 grams of crack and $18,210 in cash.

From Jeffery's Vacherie home, authorities say they recovered 133 grams of crack, $1,300 in cash, a Smith and Wesson 9 mm semiautomatic handgun, scales, bags and other material used for repackaging drugs.

Prosecutors say they will ask a federal grand jury to return indictments against both men.

Hearing Set On Suit Over Plants Destroyed As Marijuana (AP)

AP, October 12, 2006

GULFPORT — A federal court in New Orleans will hear arguments next month in a property owner's appeal of the dismissal of his lawsuit against Harrison County Sheriff George H. Payne Jr.

U.S. District Judge Louis Guirola Jr. in May 2005 dismissed Marion Waltman's civil lawsuit against Payne. Waltman had claimed the sheriff violated his rights by destroying more than 500 kenaf plants grown as deer food.

Payne said it was an honest mistake when he and other law officers destroyed what they thought were marijuana plants.

Waltman appealed Guirola's ruling to the 5th U.S. Circuit Court of Appeals, which has set arguments for Nov. 7.

Waltman sought $225,000 in damages from the Sept. 8, 2003, raid on land leased for the Boarhog Hunting Club. Waltman, who had planted the kenaf, claimed he was watching a television news report when he saw inmate workers chopping down plants and heard the sheriff say the plants appeared to be marijuana.

Guirola determined that Payne was acting within his official capacity and within the scope of discretionary authority. Qualified immunity shields Payne from liability because his conduct was "objectively reasonable," the judge said.

Court records show an informant reported the crop as marijuana to state narcotics agents and U.S. Drug Enforcement Administration officers. The plants were scattered among other plants, a technique common among marijuana growers, authorities said.

A field test on a sample plant did not identify it as marijuana. Payne ordered the plants seized and sent samples to the state Crime Lab.

Africans grew kenaf as early as 6000 B.C., and within the last century it has been grown in India, Asia, Africa, the Near East and Latin America. U.S. farmers devoted about 12,000 acres to kenaf in recent years, mostly in Texas, Mississippi and Georgia.

Kenaf comes in two varieties: One with leaves that resemble marijuana, the other with heart-shaped leaves similar to the hibiscus plant, a kenaf cousin.

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Waltman said the kenaf plant has seven leaves at the top and okra-looking leaves at the bottom. He said marijuana has only five leaves.

Kenaf stalks, which reach heights of 12 to 14 feet, have two types of fiber. The long, stringy outer fiber can be twisted into cords and ropes. The shorter inner fibers can be used to make paper, or blended with plastic to make molded or extruded products.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, October 12, 2006

Second fiddle

"I know she was your first choice for this fundraiser."

--President Bush, addressing a Mac Collins for Congress reception this week in Macon, Ga., referring to the always-popular first lady Laura Bush, who unfortunately had a previous commitment.

Still had enough?

Democratic National Committee Chairman Howard Dean is all but unfazed by the dismal primary voting turnout for the otherwise vital midterm elections, continuing to insist that "people have had enough."

"We're poised to win historic victories up and down the ballot -- but only if we follow through and make it happen," said Mr. Dean, who is concerned enough about voter numbers of recent weeks to ask every Democrat who can do so to take the day off from work on Election Day.

Curtis Gans, director of American University's Center for the Study of the American Electorate (CSAE), announced this week that U.S. voter turnout for the 2006 statewide midterm election primaries hit the lowest number ever recorded -- despite it being a year when Democrats contend that Americans are fed up with their elected officials and demand change.

Turnout in the recent primaries fell 17 percent from midterm levels in 2002, with barely 15 percent of the eligible electorate going to the polls.

Fool's prize

A more popular definition for patsy is a "chump: a person who is gullible and easy to take advantage of." Others describe a "fool," a "sucker."

"I thought you'd like to know the names of the officials the Center for Military Readiness has selected as the finalists for our inaugural CMR 'Patsy' Award," says CMR President Elaine Donnelly, referring to this evening's 11th annual CMR awards gala at the Hall of States.

The honor, she hints, will go to "an official whom feminists have used to impose their policies on the men and women of the military."

Mrs. Donnelly argues that the U.S. military is no longer a conservative institution, rather "it is on the cutting edge of liberal social change."

Without further ado, the "Patsy" finalists include Undersecretary of Defense for Personnel and Readiness David S.C. Chu, Army Secretary Francis J. Harvey, Navy Vice Adm. Rodney P. Rempt, and the entire English Department of West Point.

Disingenuous buzz

Under the headline "Exhale," we quoted White House Drug Control Policy Director John P. Walters as saying don't hold your breath if you think the Bush administration would one day consider legalizing marijuana.

"Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana," Mr. Walters told C-SPAN's "Newsmakers" on Sunday, insisting more teens are "dependent on marijuana than all other illegal drugs combined."

Which comes as news to Bruce Mirken, director of communications for the Marijuana Policy Project on Capitol Hill. (How does one land that gig?)

Mr. Mirken tells Inside the Beltway that Mr. Walters is "deliberately and rather brazenly disingenuous," and calls our attention to a federal government report titled the "Treatment Episode Data Set" (TEDS).

"What Mr. Walters didn't mention is that the majority of these treatment admissions were referred by the criminal justice system -- i.e., kids were arrested and offered treatment instead of jail," he explains. "Virtually all of the supposedly alarming growth in marijuana treatment admissions has been driven by arrests.

"Another nugget buried in the TEDS stats: Of those admitted to treatment for alleged 'marijuana dependence,' over one-third did not use marijuana at all in the month prior to admission, and half used it three times or less.

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"These are addicts? Give me a break," says Mr. Mirken. "Bottom line: We arrest people for smoking marijuana, force them into treatment and then use those treatment admissions as 'proof' marijuana is dangerously addictive. Somewhere, George Orwell is smiling."

Disgusted dad

Mark Foley, the Florida Republican who recently resigned from Congress after it was revealed he had sent sexually explicit e-mail messages to former congressional pages, would be denied his federal pension under legislation proposed by Rep. Rick Renzi, Arizona Republican.

Under current rules, the 52-year-old Mr. Foley will be eligible to receive an annual pension of $32,000 once he turns 62.

"As a father of 12, I am disgusted," says Mr. Renzi.

Doctor Will Remain In Prison Until Retrial (WP)

By Jerry Markon

The Washington Post, October 12, 2006

Former Northern Virginia pain-management doctor William E. Hurwitz, whose conviction on drug-trafficking charges was overturned, will not be released from prison until his retrial, a federal judge ruled yesterday.

U.S. District Judge Leonard D. Wexler said he was concerned that Hurwitz might flee after a federal jury in Alexandria convicted him in 2004 of running a drug conspiracy out of his McLean office and trafficking in narcotics. Hurwitz is perhaps the most prominent doctor to be targeted in a federal crackdown on what authorities call the over-prescribing of OxyContin and other painkillers.

"Things have changed with respect to flight," Wexler said as he rejected a motion from Hurwitz's attorneys to free him on bond. "A jury has found him guilty of 50 counts . . . I think there is a risk of flight."

The case has generated strong emotions, with Hurwitz becoming a symbol in a nationwide debate over whether licensed doctors who prescribe legal medication to patients in chronic pain should be prosecuted if their patients abuse or sell the drugs. About 10 family members and supporters were in court yesterday, and Hurwitz's brother said afterward that the judge's concerns were "laughable."

"He's not going to run away," said Kenneth Hurwitz, who is a senior associate for Human Rights First in New York. "He believes he's innocent. This is a guy who went to law school and medical school. He cares about his reputation. He's not someone who wants to live as a fugitive who knows where."

William Hurwitz, dressed in a green prison jumpsuit, sat quietly during the hearing, then glanced at family members and glumly shook his head as he was escorted out. He had been free on $2 million bond during his first trial.

In August, a federal appeals court overturned Hurwitz's conviction and granted him a new trial, which is scheduled for March. The U.S. Court of Appeals for the 4th Circuit ruled that Wexler improperly instructed jurors that they could not consider whether Hurwitz acted in "good faith" when he prescribed large amounts of OxyContin and other painkillers -- for one patient, 1,600 pills a day. The "good faith" argument was central to Hurwitz's defense, his attorneys have said, because he believed he was helping his patients.

The appeals court noted that prosecutors presented "powerful" evidence at Hurwitz's trial that showed he was "acting outside the bounds of accepted medical practice." Wexler also cited that finding in declining to release Hurwitz yesterday.

Jurors convicted Hurwitz of trafficking that is alleged to have caused the death of one patient and seriously injured two others. They found him guilty on 50 counts, acquitted him on nine and deadlocked on three. Hurwitz, then 59, was sentenced to 25 years in prison.

The likelihood of a long prison term if he is convicted again gives Hurwitz reason to run away, prosecutors said yesterday as they urged Wexler to keep him in prison. "At least one jury found him guilty 50 times over," said Assistant U.S. Attorney Gene Rossi. "He's about 60 years old, and the sentence that was imposed, 25 years, is essentially a life sentence. That is a strong incentive."

Hurwitz's attorneys said he has a good chance of winning the retrial and didn't flee when he had the chance before. "He faithfully abided by every condition of his release," said defense attorney Lawrence Robbins.

U.S. Cuts Economic Aid For Colombia Area (AP)

By Joshua Goodman

AP, October 11, 2006

The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade.

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In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia.

Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop.

But the alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state _ a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years.

Washington spends $70 million annually on development projects in drug-producing areas of Colombia. While such projects win praise, the United Nations and development groups lament their limited scope.

Caqueta and neighboring Putumayo state produced 24 percent of the 356,000 acres of coca detected by the most recent U.S. survey _ contributing to a 26 percent surge last year nationwide. Yet Caqueta has seen only a trickle of U.S. development aid _ $5.6 million since 2000.

And now even that is drying up.

As part of the U.S. strategy to win over coca growers, almost 20 percent of annual assistance is devoted to nonmilitary social programs and development projects. Managing this "soft side" of diplomacy is USAID, whose mission in Colombia is its biggest in the hemisphere.

But under the agency's new five-year $350 million plan for development projects, Caqueta and four other Amazonian states where coca production is rising won't receive a penny.

"It's a complete contradiction of Plan Colombia," said Luis Fernando Almario, a congressman from Caqueta who supports President Alvaro Uribe's aerial eradication drive. "Instead of investing generously to eliminate dependency on the illegal drug trade, we're being shunned."

A USAID official at the U.S. Embassy in Bogota said resources from Caqueta would be channeled to other areas with a greater likelihood of sustaining development long-term. He spoke on condition of anonymity because he is not authorized to comment publicly on the issue.

But critics say that by writing off the south, the U.S. and Colombian governments are leaving the region with little alternative to coca.

Despite USAID's pessimism about the region's economic prospects, at least some foreign investors are still committed: the multinational Nestle SA, with aid from the United Nations, plans to double the capacity of a dairy plant in Caqueta.

"It makes no sense for residents of a historical guerrilla stronghold to be subjected to a strategy of all stick and no carrot _ combats, mass arrests, searches and fumigation, but no aid," said Adam Isacson, an analyst at the Washington-based Center for International Policy.

The drying up of development aid is in contrast with the tens of millions spent on aerial eradication efforts that have barely curtailed coca cultivation in the region.

Some 400 coca farmers gathered here recently for a coca-growers' congress. In sweltering heat, normally tight-lipped peasants railed for hours against the lack of government aid even as a U.S.-supplied crop duster dumped clouds of the herbicide glyphosate on nearby fields.

Since June, when the latest round of spraying began, six peasants in the area have been arrested for having coca on their land.

"All the government ever does is fumigate and fumigate _ it's their own fault we grow coca because they never show their face to offer alternatives," said Juan Carlos Mazabel, one of the organizers.

Instead of more spraying, Caqueta's 450,000 residents want financial support, their representatives say.

The war on drugs was expanded in 2001 to target rebels who profit from the cocaine trade. A legion of U.S. soldiers and contractors have since passed through Caqueta to train and assist 20,000 counterinsurgency troops.

The rebels have largely retreated into the mountains, restoring a dose of safety to cities and roads. But that hasn't led to new jobs for impoverished residents.

The U.S. Embassy says security constraints and limited private interest are also thwarting its work in Putumayo, at $65 million the top recipient of Plan Colombia economic aid among Colombia's 32 states.

Some projects already have faltered. In the town of Orito, an animal-food concentrates plant has been idle for nearly a year, its machinery rusting since the U.S. abandoned the project.

"We're worried," says Putumayo congressman Orlando Guerra, "because we have no idea what is going to happen."

County Offers Reward In Accokeek Arson Inquiry (WP)

DOJ_NMG_0079765

By Joshua Partlow

The Washington Post, October 12, 2006

In the world of arson victims, Jim Underwood comes across as one of the least aggrieved.

"I was mad in a way, but I was going, 'Man, too bad it didn't burn all the way to the ground,' you know. And they left the barn. They did forgot to light the barn up," he said. "It saved me money. Really, I mean, you know it was all going to get tore down eventually anyway."

Understand, Underwood was planning to get a permit to allow the fire department to burn the vacant house he owned along rural Livingston Road in southern Prince George's County, to clear the way for a nine-house subdivision.

But the flames leaping from the house Saturday still dismayed him and other property owners in Accokeek, primarily because the fire was the latest in a string of unsolved arsons in the neighborhood.

Prince George's fire officials announced a $15,000 reward yesterday for information leading to the arrest and conviction of those responsible. They also launched an investigative team to focus on the cases, in partnership with the Maryland state fire marshal and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Between March 2004 and the burning of Underwood's house Saturday, there have been 12 arsons in the neighborhood, including nine along Livingston Road, fire officials said. There have been seven this year. Investigators have linked the arsons because they are in the same small area and involved unoccupied structures with some connection to construction.

The targets were all "either new homes under construction, houses that are scheduled for demolition to make way for new construction or construction equipment to be used to build . . . new structures," said Scott K. Hoglander, Prince George's fire investigations battalion chief.

Although the fires have not injured anyone, they have caused a "couple million" dollars in property damage, Prince George's Fire Chief Lawrence H. Sedgwick Jr. said at a news conference. The case is baffling investigators.

"We're at a point where we need some help," said Hoglander, as he and other fire officials asked the public to watch for suspicious behavior and call or e-mail authorities with any tips.

Investigators did not go into detail about how the Accokeek fires were ignited, but Hoglander said that aside from locations and links to construction, there are "not many similarities between the various incidents."

The Accokeek cases have led investigators to review the files of the 2004 mass arson in the Charles County subdivision of Hunters Brooke, which is within 10 miles of Accokeek. In those fires, which destroyed or damaged 27 new, unoccupied houses, five white men were convicted and prosecutors alleged that some of the men were angry because many of Hunters Brooke's new homeowners were black.

Sedgwick said yesterday that no motive had been identified in Accokeek.

Maryland Fire Marshal William E. Barnard said that his office has reviewed the Charles fires within the past year to see whether there might be a connection with Accokeek.

"We can find no connection at this point. That's not saying that the next incident that occurs may not be connected," Barnard said.

In Accokeek yesterday, Nazim Khan, 42, stood with Underwood, 45, and other friends around a pickup truck recounting their arson stories. They were at the site where Khan's new auto-body shop is being built. He said he planned to use surveillance cameras and watchdogs to guard the place.

"Me and him," Khan said, motioning at Underwood, "we got houses we're building around here, and I'm running scared every day."

Firefighters ask anyone with information about the Accokeek arsons to call 301-77-ARSON or e-mail77arson@co.pg.md.us.

Proposal Urges Citizens To Arm For City Growth (NYT)

By William Yardley

The New York Times, October 12, 2006

GREENLEAF, Idaho — Say an earthquake snaps a dam and the full force of the Boise River floods the Treasure Valley, driving untold thousands toward high ground.

Or maybe the subdivisions spreading west from Boise finally push big-box, subwoofer, exit-ramp America right up to this plateau of mint and alfalfa fields, where rural lives have passed in peace since Quakers settled a century ago.

However humanity's rush may arrive, a town must prepare. Greenleaf, population 862, is not taking the task lightly. Thus the proposed language for Section 2, Chapter 6, Subsection 2 of the Greenleaf City Code.

"Heads of households to maintain firearms," the heading announces.

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"In order to provide for the emergency management of the city, and further in order to provide for and protect the safety, security and general welfare of the city and its inhabitants," the proposal says, "it is recommended that every head of household residing in the city limits maintain a firearm, together with ammunition therefore, and obtain appropriate training relating to proper, safe and lawful handling of firearms."

News of the proposal spread quickly, bringing that rush of humanity even sooner than expected, if only in search of amusement. Jay Leno, the late-night comedian, needled Greenleaf in his monologue two nights in September. Journalists from Italy sought interviews. Jon Stewart? His people called, too.

Sure, said Steven G. Jett, the city councilman who wrote the proposed ordinance, he gets it: the notion of Idaho isolationists with itchy trigger fingers is an easy punch line. But that misses the point, Mr. Jett said, emphasizing that this was about public safety, and, after all, the proposal did not mandate gun ownership. He said he saw "recommended" as the crucial word.

"Leno said 'require,' " Mr. Jett said. "We're not requiring."

If that clarification does not stop the jokes, it may at least put people like Gene Cox at ease.

"I think it's a stupid idea," said Mr. Cox, 68, who bales hay part time, as he sat in his pickup truck next to a patch of sugar beets. "We already have a right to bear arms, so we don't need anything messing that up. We don't need any changes. And monitoring it is going to be a problem. You're going to be invading people's houses to see if they've got a gun or not."

Again, Mr. Jett said, a misunderstanding.

"We all hate government — councilmen, too," said Mr. Jett, who is also director of the Southwest Idaho Juvenile Detention Center. "We are not for heavy-handed government at all. That's why I backed off the 'required' wording early on, before I even had this printed up. The government does not want to step into your home and say: 'Where is it? What do you have?' "

Mr. Jett said his idea for the ordinance, which must be voted on by the City Council, was inspired by the chaos he saw on television after Hurricane Katrina and by the fact that a subdivision with 240 houses on 105 acres had been platted and could double the population of the city.

He also has a model. Kennesaw, Ga., passed a law in 1982 requiring residents to arm themselves. The law has proved to be unenforceable, but, as Mr. Jett noted, crime in Kennesaw declined after the law took effect even as the population grew.

"That's the kind of message I want to send," he said. " 'We're not sitting ducks.' We don't have any crime, and that's the way I want to keep it."

For all the fuss, the practical effect of the ordinance could be minimal.

"Firearms exist in significant numbers here," Mayor Brad Holton said. Mr. Holton estimated that guns, whether a relic rifle brought West on a wagon or a shotgun used for hunting elk up north, were already present in at least 80 percent of the city's households.

One gun owner is Alan Weinacht, a Quaker who is pastor of Greenleaf Friends Church. Mr. Weinacht hunts, but he opposes the gun ordinance. He noted Quakers' peace-loving roots and cited local public opinion.

"It simply doesn't resonate with a felt need," Mr. Weinacht said, predicting that the ordinance would not survive a series of public meetings this fall. "Nobody's scared of anything. This is not exactly crime central."

He did not disparage Mr. Jett for the idea, however.

"It's a fair question: How do we adequately prepare for an emergency?" Mr. Weinacht said. "I think the inherent contradiction is how do you say we're for community, and at the same time, the guns are cocked?"

Mayor Holton, however, said the ordinance could be read as promoting responsibility for gun owners, and as recognizing that many residents had weapons and that it would be in everyone's interest to be trained to use them properly.

The proposal does not include money for training. One idea is to ask hunting instructors to teach classes in the meeting room at City Hall.

The mayor said he owned about 25 rifles and handguns and stored them in a safe.

"I keep all of them there but one," he said, "and you don't want to run into that one at night."

IMMIGRATION:

President Bush Reaffirms Support For A Fence On The Mexican Border (MCT)

By Dave Montgomery

McClatchy Newspapers, October 12, 2006

WASHINGTON - President Bush said Wednesday that his administration is committed to building more than 700 miles of fencing along the Southwest border, dispelling questions about whether the barrier will actually be constructed.

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Bush expressed strong support for the multi-state fence approved by Congress late last month as well as an accompanying "virtual wall" of high-tech gadgetry such as sensors, cameras, radar and unmanned surveillance aircraft.

"We're going to do both," Bush said at a news conference in the White House Rose Garden. "You can't fence the entire border. But . . . you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce the border."

Legislation that cleared Congress on Sept. 29, just before the start of an election-season recess, would require reinforced fencing and barriers along porous sections of the border in California, Arizona, New Mexico and Texas.

The proposed fence has ignited diplomatic protests from Mexico as well as vigorous opposition from many U.S. border communities, escalating speculation that it may never be built.

Congress has approved $1.2 billion for border fencing but the barrier envisioned by lawmakers is expected to cost at least $2.2 billion and possibly more than $6 billion. The Department of Homeland Security has also sent mixed signals about its commitment to building the fence.

In response to a reporter's question, however, Bush left little doubt that his administration intends to carry out the congressional mandate to build double-layered fencing - two parallel rows of fencing - and adjacent patrol roads in sections of the border with heavy concentrations of smuggling and illegal immigrant traffic.

The fencing, he said, would be erected in areas "where there is a high vulnerability for people being able to sneak in," he said. In remote, less-populous areas, he said, high-tech enforcement may prove to be the better approach.

"It's a combination of fencing and technologies," said the former Texas governor. "It's hard to enforce that border. You got some rugged country . . . stretches of territory where you don't even know where the border is."

He said fencing "makes sense" in high-density urban corridors such as Southern California, El Paso and sections of Arizona, where illegal immigrants often "rush across the border into a little subdivision," with all but a few eluding the Border Patrol.

The bill awaiting Bush's signature calls for five sections of fencing totaling more than 700 miles, but Senate and House leaders assured border state lawmakers that local communities would have a say in exactly where the barriers would be located.

While Bush said several weeks ago that he planned to sign the bill, he used Wednesday's press conference to again urge Congress to enact a comprehensive immigration plan that would include a guest worker program and legal protections for more than 11 million illegal immigrants now in the country.

Lawmakers shelved the guest worker plan and concentrated on passing border security measures such as the fence before leaving town to campaign for the Nov. 7 elections. Supporters of Bush's proposed comprehensive overhaul hope to resurrect the issue when lawmakers return for a brief post-election work session in November.

Bush Vows To Build Fence (WT)

By Stephen Dinan And Joseph Curl

The Washington Times, October 12, 2006

President Bush yesterday pledged to follow through on building 698 miles of wall along the U.S.-Mexico border but said that the Department of Homeland Security will decide where and that he wants sensors and cameras to watch the border.

"We're going to do both," Mr. Bush said at a press conference yesterday. "We're just going to make sure that we build it in a spot where it works."

Some fence advocates and members of Congress have questioned Mr. Bush's commitment to fencing. The president yesterday said it is a part of his broader border-security strategy.

"You can't fence the entire border, but what you can do is you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce our border," he said.

Mr. Bush said any solution on the border will also require a guest-worker program, which he said would funnel workers through legal points of entry.

Mr. Bush last week signed the homeland-security spending bill, which includes $1.2 billion for fencing and other infrastructure, such as cameras, vehicle barriers and ground-based radar.

He has also promised to sign the Secure Fence Act, which Congress passed last month and which authorizes 698 miles of wall along the border. That bill passed 283-138 in the House and 80-19 in the Senate.

As of Tuesday, the bill had not been transmitted to the White House for the president to sign, and groups that advocate for rights for illegal aliens are urging Mr. Bush to veto it.

Yesterday, the Catholic Church joined that call in a letter from Bishop William Skylstad, president of the U.S. Conference of Catholic Bishops.

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He said that fencing could cause the death of illegal aliens trying to sneak into the country and that it "would send the wrong signal to our peaceful neighbor to the south, Mexico, as well as the international community."

Mr. Bush's pledge of support for the fence bill drew praise from House Speaker J. Dennis Hastert, Illinois Republican, who said illegal immigration is "a clear threat to our safety."

House Republicans consider passage of the fence bill a major victory in their push for an enforcement-first policy and are campaigning across the country on the accomplishment.

"It should concern the American people that 131 Democrats voted against creating this security fence along our southern border," Mr. Hastert said yesterday. "They don't want border security; instead, they would rather jeopardize our national security and put Americans at risk."

By contrast, Mr. Bush has been silent about immigration as he campaigns and raises funds for Republican candidates.

There is no official cost estimate for all 698 miles of wall. Sen. Jon Kyl, Arizona Republican, has estimated that this year's funding bill will cover about 150 miles.

In a last-minute deal, congressional leaders did grant the administration discretion in places where they determine a fence is not practical or the best use of resources.

Mr. Hastert and Senate Majority Leader Bill Frist, Tennessee Republican, said they will revisit the issue in a lame-duck legislative session later this year.

Some fence advocates have feared that the administration won't follow through on the construction.

Last week, after a report in The Washington Post indicated that the Department of Homeland Security would not commit to building all 700 miles of fence, Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, wrote a letter to Homeland Security Secretary Michael Chertoff telling him that building the fence is not optional.

A report accompanying the fence bill says Congress will withhold $950 million until it approves an administration plan for how it will spend the $1.2 billion included in the bill for infrastructure. Mr. Bush said last week that such a move violates the separation of powers and that he will consider that a request rather than a mandate.

Meanwhile, Mexican government officials have sent a diplomatic note to Washington protesting the fence and have said they may complain to the United Nations.

Mr. Bush yesterday said he will follow through in "implementing that which Congress has funded, in a way that says to folks, the American people, we'll enforce the border."

But he also said a guest-worker program is critical.

"If somebody is not trying to sneak in to work, in other words, coming through in a way where they're showing a temporary-worker pass, where they're not using coyotes to smuggle across, where they're not going through tunnels, it's going to make it much easier for us to do our job," he said.

CONGRESS-ADMINISTRATION:

Bush Proclaims Deficit Halved, Three Years Early (WT)

By Stephen Dinan

The Washington Times, October 12, 2006

President Bush yesterday claimed victory on his promise to cut the 2004 budget deficit in half, announcing he has reached that goal three years ahead of his self-imposed 2009 deadline.

The Treasury Department said the federal government ran a $247.7 billion deficit for fiscal 2006, which ended Sept. 30.

It is the seventh-highest deficit ever in dollar terms, but measured as a portion of the economy as determined by the gross domestic product, it is 1.9 percent -- smaller than in 18 of the past 25 years. It is also less than half of the $521 billion deficit the president projected for 2004, leaving Mr. Bush crowing in both a morning press conference and an afternoon speech.

"We have now achieved our goal of cutting the federal budget deficit in half and we've done it three years ahead of schedule," the president said, crediting his 2001 and 2003 tax cuts with spurring economic growth and thus more tax revenue.

"The reduction of the deficit I've announced today is no accident. It is the result of the hard work of the American people, and because of sound fiscal policies here in Washington," Mr. Bush said.

Democrats said the president's tax cuts have ruined the federal budget in the past five years, and turned record surpluses into deficits.

"No amount of Republican Party spin can obscure the bottom line: The Bush administration and congressional Republicans inherited a projected 10-year budget surplus of $5.6 trillion in 2001, and in just 70 months turned that surplus into a projected deficit of $4 trillion," said House Minority Whip Steny H. Hoyer, Maryland Democrat.

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Rep. John M. Spratt Jr. of South Carolina, the top Democrat on the House Budget Committee, said the projection for 2006 when Mr. Bush took office was for a $305 billion surplus, and he blamed spending increases and tax cuts for the deficit.

He said the administration is including in its calculations money supposedly dedicated to Social Security. Excluding that money, the deficit for 2006 would be more than $425 billion, Mr. Spratt said.

Federal spending hit a record high in 2006, at $2.654 trillion. That is a $182 billion increase over fiscal 2005.

Tax revenues grew by $253 billion, far outstripping the increased spending.

Mr. Bush was able to gloat about the deficit numbers because Democrats had been on the record doubting the president would achieve his deficit-cutting goal.

"When the president says he's going to cut the deficit in half over the next five years, I don't believe it," Sen. Kent Conrad, North Dakota Democrat, said in 2004.

He has accused Mr. Bush of inflating the early deficit projections in order to claim better progress later on. Administration officials dismissed that charge as bad politics because it would mean eight months of criticism for the higher numbers earlier in the year.

The president has been highlighting tax cuts as he campaigns for next month's congressional elections. When fully enacted, he said, they will amount to $1.1 trillion back in taxpayers' pockets.

Many of the cuts are due to expire 10 years after enactment, and Mr. Bush said a Democrat-controlled Congress will guarantee those taxes will go back up.

Each party blames the other for blocking tax cuts in the waning days of last month's legislative session. Democrats supported extending the tax cuts for college tuition and for state and local sales tax deductions, but opposed making the estate tax cut permanent. Republicans insisted on passing them all as a package, and the two sides ended in a stalemate.

Federal Deficit Now Lowest In 4 Years (AP-Y)

By Deb Riechmann

AP-Yahoo, October 12, 2006

The federal deficit fell to a four-year low in the budget year that just ended, a result President Bush pointed to Wednesday in claiming Republicans are better stewards of the economy than are Democrats.

The administration said the deficit dropped to $247.7 billion — welcome news for Republicans struggling to keep control of Congress. Bush boasted he had made good on a 2004 campaign promise to cut the deficit in half over five years.

"These budget numbers are proof that pro-growth economic policies work," Bush said.

Democrats said the improvement in the 2006 federal deficit was a temporary blip. They predicted rising deficits for years to come unless policies are changed.

"Only a president with such a historically bad economic record would be this excited about a $248 billion deficit," said Rep. Carolyn Maloney, D-N.Y. "Under his watch ... record surpluses turned into record deficits as far as the eye can see."

Republicans are trying to convince voters that the GOP champions tax cuts while Democrats will raise taxes if they gain control of Congress. Democrats contend the administration's tax cuts have primarily benefited the wealthy.

"There's a difference of opinion in the campaign about taxes," Bush said, predicting that the GOP still will lead the House and Senate after Nov. 7. "I would like to ... make the tax cuts permanent. And the Democrats will raise taxes."

The administration credits its tax cuts for the improving economy, contending they helped the nation withstand the 2001 recession, the terrorist attacks and corporate accounting scandals. The deficit narrowed sharply because revenues climbed by 11.8 percent, outpacing a 7.4 percent increase in spending.

Administration officials said the actual 2006 deficit is down to 1.9 percent of the gross domestic product. They said that is below the 40-year average deficit of about 2.3 percent of the GDP, which measures the value of all U.S. goods and services. This continues a positive trend that comes despite soaring war costs and $50 billion in emergency spending for hurricane relief, they said.

Still, the long-term deficit picture is bleak.

The nonpartisan Congressional Budget Office projects that the deficit for the current budget year will rise to $286 billion. Over the next decade, the office forecasts that the deficit will total $1.76 trillion.

Bush's critics argue that the White House is using sleight of hand when boasting about the deficit.

The president can rightly state that he has fulfilled his 2004 campaign pledge to cut the deficit in half by the time he leaves office. In fact, he can say he has done it three years early. But in making that claim, the president is using the administration's original forecast of what the 2004 deficit was expected to be — not what it actually turned out to be.

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Back when Bush made his promise, the administration was predicting that the 2004 deficit would be $521 billion. That prediction turned out to be off by $100 billion. To achieve the feat of slicing the actual 2004 deficit number in half, the federal deficit Bush was highlighting would have to have dropped to $206 billion, not $247.7 billion.

Democrats say the narrowing of the deficit will be temporary because when 78 million baby boomers retire, the cost of Social Security and the Medicare health care program for the elderly will soar.

"The fact that some are trumpeting this year's deficit number as good news shows just how far we've fallen. Our budget picture is extremely serious by any measure," said Sen. Kent Conrad, the senior Democrat on the Senate Budget Committee.

President Sees Signs Favoring G.O.P. Victory (NYT)

By Jim Rutenberg

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — President Bush predicted on Wednesday that Republicans would be victorious in November, declaring that positive economic signs, combined with tough rhetoric against Democrats on national security, would help lift his party on Election Day.

Mr. Bush made his prediction at a news conference in the Rose Garden at which he promoted new figures from the Treasury Department showing that the federal budget deficit had dropped sharply from last year, to its lowest level in four years, on stronger-than-expected revenues. The event gave the president a chance to call attention to his party's election-year message on the economy, which has largely been drowned out by other news this summer and fall.

"We'll have a Republican speaker and a Republican leader of the Senate, and the reason I say that is because I believe the two biggest issues in this campaign are, one, the economy and the economy is growing," Mr. Bush said during the hourlong briefing in the Rose Garden. (The other major campaign issue, he said later, was national security.)

The Treasury Department reported that its preliminary data for the fiscal year 2006, which ended Sept. 30, showed that the federal budget deficit was $248 billion, down from $319 billion in 2005.

Mr. Bush said the new data showed that his administration had succeeded, three years ahead of time, in fulfilling his promise in 2004 to cut the deficit in half by 2009 and underscored the success of his tax cuts. But that promise was based on a projected 2004 deficit of $521 billion; the deficit that year was actually $413 billion.

Democrats continue to press attacks against Mr. Bush and Republicans on the economy, saying Mr. Bush's claim is based on an "artificially inflated" projected deficit and arguing that trouble lies ahead because of Mr. Bush's tax cuts, the cost of the war in Iraq and baby boomer retirements.

Still, the new data provided an opportunity to direct attention to positive economic news — and away from news reports about the Mark Foley scandal involving Congressional pages, casualties in Iraq and declining Republican electoral prospects in November. Administration officials said there was no disputing that they had hit the target deficit of less than $260 billion, three years early.

Officials have complained in recent weeks that they have been unable to draw attention to their arguments on the economy even though gasoline prices have dropped.

Mr. Bush used the occasion of the deficit announcement to pivot against the Democrats, saying that if they were to win control of Congress they would end his tax cuts and economic growth along with them.

"Democrats will raise taxes," he said. "Now, I know they say only on rich people, but that's in my judgment — having been around here long enough to know — it's just code word: They're going to raise them on whoever they can raise them on."

In keeping with a Democratic promise to respond to all Republican attacks, Representative Steny H. Hoyer of Maryland, the Democratic whip, hit back with a statement pointing to the $8.5 trillion national debt and Republican votes to raise the debt ceiling.

"The fact is," Mr. Hoyer said, "this is the most fiscally irresponsible administration in American history."

At his news conference, Mr. Bush said he would welcome such debates, which tend to provide opportunities to go toe to toe over tax cuts. "There's a difference of opinion in the campaign about taxes," he said, "and we will keep them low."

Mr. Bush also used the briefing to repeat his attacks on Democrats for, he said, trying to stand in the way of provisions that would give him more latitude to pursue terrorists.

"The vast majority of Democrats in the House voted against a program that would have institutionalized the capacity of this government to listen to Al Qaeda phone calls or Al Qaeda affiliate phone calls coming from outside the country to inside the country," he said, referring to a bill to give Congressional approval to his program granting wiretaps to the authorities seeking terrorism suspects without warrants.

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Democrats have said that such statements mischaracterize their positions — in this case to make it appear that they oppose efforts to listen to terrorists' phone calls, when what they oppose is trying to do so without warrants that they argue can be obtained quickly.

U.S. Deficit Is Smallest In Four Years (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, October 12, 2006

WASHINGTON — President Bush got some welcome news Wednesday as the federal deficit for the last fiscal year shrank to $247.7 billion, the smallest in four years, because of a nearly 12% jump in tax revenue. Bush said the numbers were more evidence that the economy was booming thanks to tax cuts that he wanted to see extended.

At two separate briefings, Bush used the news as an opportunity to reassure voters less than a month before midterm congressional elections that the economy was still in good shape, with more new jobs and investment leading to greater tax revenue.

"Tax relief fuels economic growth and … when the economy grows, more tax revenues come to Washington. And that's what's happened," Bush said at his afternoon news conference, where he was joined by Treasury Secretary Henry M. Paulson Jr.

Bush said "pro-growth policies" that congressional Democrats had resisted had helped him deliver on a 2004 campaign promise to halve the deficit, and three years ahead of schedule.

The administration has drawn criticism for its deficit projections, and Democrats cried foul again Wednesday. They said the deficit reduction was exaggerated because Bush's 2004 figure was a projection later reduced by $100 billion, meaning the deficit actually shrank 39% from 2004 to 2006.

"Cutting the deficit in half from an intentionally inflated high point is a misleading goal and certainly no measure of success," said the Senate Budget Committee's ranking Democrat, Kent Conrad of North Dakota.

Conrad added that the president also failed to note that he was tapping Social Security revenue to help cover the deficit through off-budget borrowing. Accounting for that, Conrad said, would have added $550 billion to the deficit last fiscal year, money that will have to be repaid as 78 million baby boomers become eligible for Social Security.

Other Democrats said Bush had overstated the strength of the economy and gave too much credit to tax cuts.

"Only a president with such a historically bad economic record would be this excited about a $248-billion deficit," said Rep. Carolyn B. Maloney of New York, ranking Democrat on the Joint Economic Committee. "The large budget deficits run up by President Bush have produced record-low national saving, record-high trade deficits and record-high foreign borrowing."

Though Bush took credit for "restraining spending," federal expenditures rose 7.4% compared with 2005, to a record $2.65 trillion. The biggest spending increases: education, up 28.1%; Medicare, up 12.5%; and interest on the public debt, up 15.2%. Tax revenue also reached an all-time high of $2.41 trillion.

Republicans, many of whom face newly competitive races as a result of the congressional page scandal involving former Rep. Mark Foley (R-Fla.), quickly celebrated Wednesday's budget figures with a stream of statements about a strong economy.

Among them was House Speaker J. Dennis Hastert (R-Ill.), who has been a lightning rod for criticism in the Foley scandal.

"Coupled with an improving deficit picture, inflation remains low, unemployment is at historically low levels, family income is up, and gas prices at the pump fell by more than 70 cents per gallon in just a few months," Hastert wrote. He promised that if elected, Republicans would "keep driving down the deficit with responsible fiscal policies." Democrats, he said, "are promising to roll back the Bush tax cuts should they be in the majority next year."

Clouding the sunny outlook offered by the Republicans are warnings issued in recent weeks, including from Federal Reserve Chairman Ben S. Bernanke, that the economy is slowing because of the slumping housing market and tepid job creation.

And many economists believe this year's smaller deficit is just a blip. The nonpartisan Congressional Budget Office predicts the deficit for fiscal 2007 will swell to $286 billion and total $1.76 trillion over the next decade.

The Congressional Budget Office also cast doubt on Bush's assertion that tax cuts would reduce the deficit. Its estimates show that extending the cuts, which are scheduled to expire in 2010, would add $2.2 trillion to the deficit through 2016.

Treasury Department estimates show that the cuts would add 0.7% to economic growth, or $29 billion.

Conservative economists also questioned the connection between tax cuts and growth.

Rudolph G. Penner, Republican-appointed director of the Congressional Budget Office during the 1980s and a senior fellow at the Urban Institute in Washington, said tax cuts in 2001 helped prevent a deeper recession by boosting income at all levels, but could not be credited with delivering broad-based growth now. "Otherwise more of the growth would have showed up in the payrolls," he said.

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Douglas Holtz-Eakin, former director of the Congressional Budget Office under Bush, now with the Council on Foreign Relations, said: "It's tempting to say tax cuts then, good payoff now. But … the tax cuts' effect is more complicated."

He said extending the tax cuts wouldn't produce the huge increases in corporate profit and tax revenue seen last year because he expected overall economic growth to slow to 2.6%.

"That can't go on forever," he said. "I fully expect for this to slow down in the years to come."

GOP Promotes News Of Lower Budget Deficit (USAT)

By Richard Wolf

USA Today, October 12, 2006

WASHINGTON — President Bush touted a $248 billion budget deficit Wednesday as good news. Compared to forecasts, it was just that.

The reduction in red ink for the fiscal year that ended on Sept. 30, caused by a second consecutive year of soaring tax revenue, is the latest in a series of positive economic signs. It comes on top of a record-high stock market and tumbling gas prices.

That economic news is sure to be used by Republicans as a potential antidote to a bevy of bad news: mounting casualties in Iraq, a nuclear standoff with North Korea and former congressman Mark Foley's improper e-mails to teenage pages. Bush, in fact, predicted Wednesday that economic and security issues will keep Congress in GOP hands.

“The economy is growing,” Bush said at a Rose Garden news conference. “The national unemployment rate is 4.6%. We've just discovered, as the result of analyzing new data, that we added 6.6 million new jobs since August of 2003. Gas prices are down. Tax cuts are working.”

On that last point, opinions differ. Bush says his tax cuts of 2001 and 2003 stimulated the economy, generating more revenue. Rep. John Spratt, D-S.C., and other Democrats say they have increased annual deficits, forcing Congress to raise the national debt limit by $3 trillion since 2002. A recent Congressional Research Service report says the increased debt is probably greater than the added revenue.

The significance of the reduced deficit is a matter of debate:

·The new deficit figure is less than half of the projected $521 billion deficit that Bush faced in February 2004, when he pledged to cut it in half by 2009. Although several private forecasters had similar projections, the actual 2004 deficit came in at $413 billion.

·The $248 billion deficit is a far cry from the $236 billion surplus that existed when Bush was elected in 2000. Republicans note, however, that the economy already was in recession when Bush took office. Today's deficit is just 1.9% of the economy, says White House budget director Rob Portman — smaller than in 18 of the past 25 years.

·Looking ahead, the deficit picture gets worse as the baby boom generation retires, increasing the costs of Medicare and Social Security. Bush acknowledged as much Wednesday in urging action by Congress to tame those entitlement programs.

A recent Congressional Budget Office report shows that over the next decade, the government likely will rack up $3.5 trillion in red ink. That assumes Bush's tax cuts are extended beyond their 2010 expiration, middle-income taxpayers are protected from the alternative minimum tax, and the wars in Iraq and Afghanistan are phased down.

The $248 billion deficit “is a pleasant surprise, but this is as good as it gets,” says Mark Zandi, chief economist of Economy.com.

Even so, look for Republicans to use the latest news in the final four weeks of their campaigns. “There's a terrific economic story to be told,” says former GOP congressman Pat Toomey, president of the conservative Club for Growth.

That won't work, says Rep. Rahm Emanuel, D-Ill., chairman of the House Democrats' campaign committee.

“Voters will think, how out of touch are you?” he says. “For average families, it's a struggle.”

Bush Claims Victory Over Debt Reduction (FT)

By Caroline Daniel

Financial Times, October 12, 2006

The Bush administration on Wednesday said it had reached its goal of cutting the budget deficit in half “three years ahead of schedule”, citing soaring federal tax revenues generated by a policy of tax cuts.

President George W. Bush, who in 2004 set the goal of halving the deficit by 2009, sought to reinvigorate Republican chances of retaining the Senate and House of Representatives in the forthcoming midterm elections by touting the new deficit number of $248bn for 2006, a four-year low.

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"I still stand by my prediction, we'll have a Republican Speaker and a Republican leader of the Senate," he said in an hour-long press conference on Wednesday. He added that the two biggest issues in this campaign were "one, the economy" with national security second.

Mr Bush said the reduced deficit was proof his "pro-growth policies worked", and that his tax cuts should be made permanent. The cuts, starting in 2001, had fuelled 37 quarters of economic growth, he said.

Some economists were sceptical that the tax cuts had generated the economic growth and pointed out that much of the recovery in tax revenues – up by $253bn in 2006 – appeared to be linked to record corporate profits. They warned that 2006 could mark a low in budget deficits before rising next year.

James Horney, senior fellow at the Center on Budget and Policy Priorities, said the new forecast was a "blip in a bleak fiscal outlook" and the administration did not deserve "any credit" for halving the deficit.

He suggested the goal had been set using an inflated figure for the 2004 deficit of $521bn, rather than the lower forecast from the Congressional Budget Office of $477bn, to make it "easier to meet the goal".

Administration officials denied that they manipulated forecasts for political purposes. Ed Lazear, chairman of the Council of Economic Advisers, last week said the forecasts had nothing to do "with strategic behaviour by anybody".

Citing figures from the CBO, Mr Horney warned that if tax cuts were made permanent and relief from the alternative minimum tax extended, deficits could reach "nearly $3.5 trillion over the next 10 years".

Mr Bush said the economy had created 6.6m jobs since 2003. New data issued on Friday showed the biggest revision in a quarter-century.

The administration has struggled to get credit for economic growth, with fiscal conservatives angered by rising government spending and consumers' perception of the economy damped by high petrol prices. An ABC/Washington Post poll this week found that 40 per cent agreed the economy was excellent or good; 60 per cent judged it not good or poor.

Budget Deficit Shrinks On Strong Tax Receipts (WSJ)

By Deborah Solomon

The Wall Street Journal, October 12, 2006

WASHINGTON -- Strong tax receipts from individuals and corporations helped to shrink the U.S. budget deficit for the fiscal year ended Sept. 30 to $248 billion, far narrower than the $423 billion previously projected by the White House.

The deficit, $71 billion slimmer than the previous year's figure, allowed President Bush to declare that he had delivered early on his 2004 pledge to cut the then-projected $521 billion federal deficit in half by 2009. In remarks at the White House, Mr. Bush credited his administration's "pro-growth economic policies" for the "dramatic reduction" in the deficit.

"The budget numbers are proof that pro-growth economic policies work. By restraining spending in Washington and allowing Americans to keep more of what they earn, the economy is creating jobs and reducing the deficit and making our nation a more prosperous nation for all our citizens," Mr. Bush said.

Much of the deficit reduction, however, came not from spending restraint but from surging tax revenue buoyed by a strong economy. Federal spending continued to grow in 2006 to $2.65 trillion, up from $2.47 trillion last year, according to the Treasury Department. Among the biggest expenses were outlays for defense and military spending, interest on the public debt and entitlement programs, such as Medicaid, Medicare and Social Security.

Emergency spending for the wars in Iraq and Afghanistan and for Hurricane Katrina relief added to the costs.

While the deficit shrank in fiscal 2006, the White House and many economists expect it to widen again this fiscal year as revenue growth slows and spending continues to increase. The costs of entitlement programs are growing faster than the government's ability to pay for them, and government debt payments, which totaled $406 billion in fiscal 2006, are also rising.

"Spending is rising faster than the growth rate of the economy," said Brian Bethune, U.S. economist at consulting firm Global Insight. He projects the deficit will widen to $285 billion in fiscal 2007, while the White House projects it at $339 billion.

As he has done in the past, Mr. Bush acknowledged the unsustainable growth in entitlement spending, saying the "health of these programs is in serious jeopardy" and pledging to work toward reforming the programs over the next two years. "My hope is, in the last two years of this administration, we can set aside needless politics and focus on what's right for the United States of America and solve these entitlement programs once and for all," Mr. Bush said.

The 2006 deficit narrowed in large part because the growth in spending was offset by surging tax receipts, which reached $2.4 trillion, up 12% from $2.15 trillion, the Treasury said. The biggest surge came from corporate income taxes, which increased 27% to $354 billion as corporate profits skyrocketed. The single biggest chunk of tax revenue came from individual income taxes, up 13% to $1 trillion, largely fueled by wealthy individuals, who benefited from higher salaries, bonuses and stock-market gains.

Mr. Bush and administration officials said spending slowed in areas other than defense and entitlements. Robert Portman, director of the Office of Management and Budget, said while most of the deficit reduction was attributable to strong revenue,

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about 25% was a result of spending restraint. "What's really significant is that even with entitlement spending and the war on terror we're still showing numbers that are better than what anyone expected," Mr. Portman said.

Declining Debt (WSJ)

The Wall Street Journal, October 12, 2006

It turns out the budget deficit news for fiscal 2006 was even better than we previewed in these columns last week. Thanks to a burst of September revenue, Treasury reported yesterday that the deficit fell to $247.7 billion, or 1.9% of GDP, below our report of $260 billion.

A couple of other notable budget facts: Revenues again rose faster than the economy, so tax receipts have now climbed to 18.4% of GDP. That's higher than in all but 15 years since 1962, according to the Congressional Budget Office. Seven of those years were in the Clinton era, when revenues rose to a postwar high of 20.9% in 2000, thanks in part to the confiscatory tax rates that voters elected to reduce with their Presidential choice that same year. In other words, to the limited extent the deficit remains a problem, it is all about spending, not a lack of revenues.

The incredible shrinking deficit means that the federal government's overall debt has also begun to decline as a share of the economy. The final figures aren't available, but our guess is that debt held by the public (the figure that counts because the feds have to pay it back) will have fallen in 2006 back to 37% of GDP or lower. The debt burden fell to 33% in 2001 but began climbing again as deficits grew in the wake of recession and spending to fund the war on terror. Now it's falling once more.

The Democratic/media criticism that all of this good news is merely "temporary" is beside the point. Of course entitlement spending will rise in the future, but any extra revenues Democrats raised today would be spent today. They surely wouldn't be saved for somebody's future retirement. Democrats who continue to moan about the deficit are really saying that the government should take an even larger tax bite from the economy than its currently hefty 18.4%; in other words, they want to raise taxes.

What Not To Wear In Front Of Bush (LAT)

By Johanna Neuman

The Los Angeles Times, October 12, 2006

WASHINGTON — Even as he talked about North Korea's nuclear ambitions and other weighty matters, President Bush on Wednesday returned to his occasional role as fashion critic to the White House press corps.

"If I might say, that is a beautiful suit…. And I can't see anybody else that even comes close," the president told NBC's Kevin Corke, who was wearing pinstripes, in the course of a Rose Garden news conference that focused on North Korea-related diplomacy and the Iraq war.

Corke responded that he would convey the president's comments to his tailor. "I'll be happy to pass along my tailor's number if you'd like that, sir," he also offered.

Soon after, the president asserted that CNN's Suzanne Malveaux was the "first best-dressed person here."

By the time Bush called on Jim Axelrod of CBS, the reporter felt compelled to start with a defensive comment: "My best suit's in the cleaners," Axelrod explained to the president.

"That's not even a suit," Bush retorted, eyeing Axelrod's sport coat and slacks.

Bush, who has suits made by Georges de Paris, the tailor to presidents since Lyndon Johnson's time, has teased reporters about their appearance in the past. In June, he poked fun at CNN's David Gregory for his loud pocket scarf.

"Gregory, fine-looking scarf — not scarf, what do you call that thing?" said Bush. "It's strong."

In August, while discussing the war in Lebanon, Bush took note of a suit worn by Ken Herman of Cox Newspapers, saying: "By the way, seersucker is coming back." Later in the news conference, Bush again referred to the suit, calling it "that just ridiculous-looking outfit."

Asked about the president's commentary, White House Deputy Press Secretary Dana Perino called Bush "a personable man," saying that "although he's president and that's a serious job, he does like to reach out to others in friendly ways."

Some who study presidential news conferences attached no great meaning to the byplay.

"I think this is probably the way he deals with people in social encounters," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania. "It may make him feel more comfortable."

Herman, the reporter in seersucker, was amused when a media dust-up followed Bush's comments on his suit. "If there's anything reporters know better than math, it's fashion," he joked.

Herman said he considered the banter just part of Bush's social mannerisms. "I've been covering him since 1993 in Texas," Herman said. "That's the way he likes to make connections. He still has some frat boy in him. He likes to tease people."

Tony Snow Knows How To Work More Than One Room (WP)

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By Howard Kurtz

The Washington Post, October 12, 2006

On the morning of Oct. 2, Tony Snow did six back-to-back television interviews from the White House lawn, and one phrase came back to haunt him.

While criticizing Mark Foley, the Republican congressman who resigned over sexually graphic messages he sent to former House pages, Snow told CNN's Soledad O'Brien: "It's not always pretty up there on Capitol Hill, and there have been other scandals, as you know, that have been more than simply naughty e-mails."

Snow also told O'Brien: "You're trying to create problems. What you are trying to do is pick fights here," which she quickly disputed.

There has never been a White House press secretary quite like Snow. He is a combative presence on television and radio, relishes the repartee at daily briefings and, in a first for his position, has hit the fundraising circuit for Republican candidates. Snow brings a flashy, Fox News sensibility to the high-profile podium, which means he is increasingly popping up on newscasts and in the papers.

"Sometimes it does feel like the Tony Snow Show," says Richard Wolffe, Newsweek's White House correspondent. "There are tactics he uses that are straight out of talk radio. The extent to which he personalizes things or comes back with a one-liner, it revs up the base. They love it when he takes us on."

In an interview in his West Wing office, Snow readily acknowledges that "naughty e-mails" did not capture the gravity of Foley's graphic exchanges with teenage boys. "I shouldn't have used the words," Snow says. "I'm not going to defend having used the words." But, he says, "I did six interviews that morning and people picked on one-half of one line."

Snow says his years as host of "Fox News Sunday," and especially as a radio host, were ideal preparation for the daily briefings, because you have to "think on your feet" with callers and guests. When facing reporters, he says, "if you can't roll with the punches and give sensible answers, you're going to get killed." And, he says, "if you try to spin guys, they're going to see through it."

Part of Snow's art -- some might deem it spin -- is to openly proclaim what he is doing. Last week, for instance, after consulting with the office of House Speaker Dennis Hastert (R-Ill.), Snow doggedly refused to field questions on what President Bush thought of Hastert's handling of the Foley mess.

"I will dodge it, and I will tell you exactly why I'm going to dodge it," Snow explained. "Because this is a question that requires knowledge of a lot of details that are not in evidence, certainly not to me, at this point."

In the five months since he succeeded the tightly scripted Scott McClellan, Snow has put his verbal agility and sense of humor to good use, and the White House has clearly given him more running room. Struggling on several fronts, from Iraq to domestic scandals to depressed poll numbers that have put the Republican control of Congress at risk, the president has never been more in need of a slick salesman. Administration officials describe Snow as a major asset.

"He definitely likes the combat," says Martha Raddatz, ABC's White House correspondent. "One of his devices is he stops and smiles at you. The megawatt smile is supposed to punctuate his sentences, but it hasn't worked as well for him lately. It's a pretty tight-lipped administration, and that hasn't changed."

CBS's Jim Axelrod recalls how Snow once issued a press release assailing a story Axelrod had done on Medicare eligibility. "He basically sent out this report calling me a liar, and then showed up at the booth smiling, with a handshake, and we had a half-hour chat. . . . He plays the affability card."

After the president's televised speech on the fifth anniversary of 9/11, Axelrod pressed Snow on why what was billed as a nonpolitical speech had become a vigorous defense of the Iraq war. Snow shot back that if Bush hadn't discussed Iraq, "it would have been seen as dereliction, and you guys would have been out here just clubbing me like a baby seal." Some viewers called Axelrod to say that he had been disrespectful.

Snow, says Axelrod, "has got a talk show host's knack of taking whatever question is asked and steering it into a two- or three-minute response that is a fairly strong defense of the administration's policies. He's probably dealt with angry callers before, and maybe we're nothing more than angry callers to him."

Sometimes the exchanges get heated. When NBC's David Gregory asked why Bush had not acknowledged more shortcomings in an assessment of the battle against terrorism, Snow accused him of expressing "the Democratic point of view." Gregory vigorously objected.

"Let's not let you get away with being rude," Snow said.

"Excuse me, don't point your finger at me," Gregory said. "I'm not being rude."

"Yes, you are," Snow insisted.

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Snow says he "felt bad" about what happened and later called Gregory, saying he could ask as many follow-up questions as he wanted if he let Snow finish the answers. "I wanted to make sure we didn't have any more of those exchanges, because I think he's a good reporter," Snow says.

Sometimes Snow's freewheeling style produces a pratfall. In July, he inflamed the issue of stem cell research by saying that Bush believes the federal government should not "finance something that many people consider murder. He's one of them." Snow had to back off during the ensuing controversy, saying he had "overstated the president's position."

Reporters cut Snow some slack during his shakedown period, when he would sometimes plead ignorance on various issues. "Tony's made some statements he regrets, and he gets a pass on some days because he's new," Raddatz says. "But I think that little honeymoon is over."

Like every press secretary, Snow also must function as a reporter, ferreting out information from within the administration. When Bob Woodward's book "State of Denial" charged that Bush and his team were not being honest about the mess in Iraq, Snow spoke to Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Henry Kissinger, among others, which helped him challenge various points in the book. But it was his glib sound bite -- "The book is sort of like cotton candy; it kind of melts on contact" -- that was widely picked up.

Away from the cameras, journalists give Snow mixed grades for providing information. They say he often delegates detailed questions to his deputy, Dana Perino, and other assistants. Snow says he can answer questions "to a certain depth" but that it makes more sense for reporters to deal with staff members who specialize in the subjects.

Others praise Snow for his accessibility. "I have e-mailed him at 6:30 in the morning on a weekend, and I have a response within a half-hour," Axelrod says.

Snow has pushed for the president to grant more interviews -- Bush spoke to every major network during the 9/11 anniversary -- and to continue to hold more news conferences than he did during the first term. As for his own spate of television interviews, Snow says the White House staff thinks he can be helpful, but he is wary of accepting too many bookings.

"You don't want to get overexposed," he says.

Snow initially hesitated to take the job, after enduring surgery and chemotherapy for colon cancer last year, until his doctors gave him a clean bill of health. While Snow begins each day with a 6:30 a.m. staff meeting, he says he has managed to take most weekends off and visit a family retreat on Maryland's Eastern Shore.

But any spokesman's schedule remains unpredictable. After news broke Sunday night that North Korea had tested a nuclear bomb, Snow held a 1:30 a.m. conference call with White House pool reporters to field questions on the incident.

Having held jobs ranging from Washington Times editorial page editor to Fox weekend host to syndicated radio talker, Snow understands the rhythms of journalism. Having worked as a White House speechwriter for Bush's father, he knew something about the machinery of government. But he felt that the press secretary's post offered the possibility of far more influence than he had wielded as either a mid-level staffer or a talking head.

Snow's celebrity has produced a stack of invitations to appear at GOP fundraisers. No other press secretary has helped his or her party raise money, a tradition grounded in the notion that the person who is the public face of an administration should not moonlight as a partisan operative. But Snow, after getting a green light from White House lawyers, has been hitting the road to raise cash.

"I'm not going out and calling out Democrats by name," Snow says. "These aren't red-meat speeches. I'm staying out of the bare-knuckle stuff. If it ends up compromising my ability to be press secretary, we'll stop doing it. If I was pounding on the podium and calling [Senate Minority Leader] Harry Reid nasty names, that would be a problem."

Joe Lockhart, a press secretary in the Clinton White House, says he has no ethical objection to Snow raising money for the Republicans, but that it "makes the job harder" by distracting Snow from his main responsibilities.

As for Snow bringing entertainment values to the briefing room, Lockhart says: "That may sound trivial, but it's not. It's hard to get your message out to reporters who aren't coming to your briefing."

AP Exclusive: Reid Got $1M In Land Sale (AP-Y)

By John Solomon And Kathleen Hennessey

AP-Yahoo, October 12, 2006

Senate Democratic leader Harry Reid collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show.

In the process, Reid did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company, according to records and interviews.

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The Nevada Democrat's deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. He's never been charged with wrongdoing — except for a 1981 federal securities complaint that was settled out of court.

Land deeds obtained by The Associated Press during a review of Reid's business dealings show:

_The deal began in 1998 when Reid bought undeveloped residential property on Las Vegas' booming outskirts for about $400,000. Reid bought one lot outright, and a second parcel jointly with Brown. One of the sellers was a developer who was benefiting from a government land swap that Reid supported. The seller never talked to Reid.

_In 2001, Reid sold the land for the same price to a limited liability corporation created by Brown. The senator didn't disclose the sale on his annual public ethics report or tell Congress he had any stake in Brown's company. He continued to report to Congress that he personally owned the land.

_After getting local officials to rezone the property for a shopping center, Brown's company sold the land in 2004 to other developers and Reid took $1.1 million of the proceeds, nearly tripling the senator's investment. Reid reported it to Congress as a personal land sale.

The complex dealings allowed Reid to transfer ownership, legal liability and some tax consequences to Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later.

Reid hung up the phone when questioned about the deal during an AP interview last week.

But in a news conference Wednesday in Las Vegas, the senator said he believed he did nothing wrong but was willing to change his ethics report's account of the sale if the Senate Ethics Committee ordered him to do so.

"Everything I did was transparent," Reid said. "I paid all the taxes. Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

The senator's aides said no money changed hands in 2001 and that Reid instead got an ownership stake in Brown's company equal to the value of his land. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a "technical transfer," they said.

They also said they have no documents proving Reid's stake in the company because it was an informal understanding between friends.

The 1998 purchase "was a normal business transaction at market prices," Reid spokesman Jim Manley said. "There were several legal steps associated with the investment during those years that did not alter Senator Reid's actual ownership interest in the land."

Senate ethics rules require lawmakers to disclose on their annual ethics report all transactions involving investment properties — regardless of profit or loss — and to report any ownership stake in companies.

Kent Cooper, a former Federal Election Commission official who oversaw government disclosure reports for federal candidates for two decades, said Reid's failure to report the 2001 sale and his ties to Brown's company violated Senate rules.

"This is very, very clear," Cooper said. "Whether you make a profit or a loss you've got to put that transaction down so the public, voters, can see exactly what kind of money is moving to or from a member of Congress."

"It is especially disconcerting when you have a member of the leadership, of either party, not putting in the effort to make sure this is a complete and accurate report," said Cooper. "That says something to other members. It says something to the Ethics Committee."

Other parts of the deal — such as the informal handling of property taxes — raise questions about possible gifts or income reportable to Congress and the IRS, ethics experts said.

Stanley Brand, former Democratic chief counsel of the House, said Reid should have disclosed the 2001 sale and that his omission fits a larger culture in Congress where lawmakers aren't following or enforcing their own rules.

"It's like everything else we've seen in last two years. If it is not enforced, people think it's not enforced and they get lax and sloppy," Brand said.

SALE HIDDEN FROM CONGRESS

Reid and his wife, Landra, personally signed the deeds selling their full interest in the property to Brown's company, Patrick Lane LLC, for the same $400,000 they paid in 1998, records show.

Despite the sale, Reid continued to report on his public ethics reports that he personally owned the land until it was sold again in 2004. His disclosure forms to Congress do not mention an interest in Patrick Lane or the company's role in the 2004 sale.

AP first learned of the transaction from a former Reid aide who expressed concern the deal hadn't been properly reported.

Reid isn't listed anywhere on Patrick Lane's corporate filings with Nevada, even though the land he sold accounted for three-quarters of the company's assets. Brown is listed as the company's manager. Reid's office said Nevada law didn't require Reid to be mentioned in the filings.

"We have been friends for over 35 years. We didn't need a written agreement between us," Brown said.

The informalities didn't stop there.

PROPERTY TAXES LOOSELY HANDLED

Brown sometimes paid a share of the local property taxes on the lot Reid owned outright between 1998 and 2001, while Reid sometimes paid more than his share of taxes on the second parcel they co-owned.

And the two men continued to pay the property taxes from their personal checking accounts even after the land was sold to Patrick Lane in 2001, records show.

Brown said Reid first approached him in 1997 about land purchases and the two men considered the two lots a single investment.

"During the years of ownership, there may have been occasions that he advanced the property taxes, or that I advanced the property taxes," Brown said. "The bottom line is that between ourselves we always settled up and each of us paid our respective percentages."

Ultimately, Reid paid about 74 percent of the property taxes, slightly less than his actual 75.1 ownership stake, according to canceled checks kept at the local assessor's office. One year, the property tax payments were delinquent and resulted in a small penalty, the records show.

Ethics experts said such informality raises questions about whether any of Brown's tax payments amounted to a benefit for Reid. "It might be a gift," Cooper said.

Brand said the IRS might view the handling of the land taxes as undisclosed income to Reid but it was unlikely to prompt an investigation. "If someone is paying a liability you owe, there may be some income imputed. But at that level, it's pretty small dollars," he said.

FEDERAL LAND SWAPS

Nevada land deeds show Reid and his wife first bought the property in January 1998 in a proposed subdivision created partly with federal lands transferred by the Interior Department to private developers.

Reid's two lots were never owned by the government, but the piece of land joining Reid's property to the street corner — a key to the shopping center deal — came from the government in 1994.

One of the sellers was Fred Lessman, a vice president of land acquisition at Perma-Bilt Homes.

Around the time of the 1998 sale, Lessman and his company were completing a complicated federal land transfer that also involved an Arizona-based developer named Del Webb Corp.

In the deal, Del Webb and Perma-Bilt purchased environmentally sensitive lands in the Lake Tahoe area, transferred them to the government and then got in exchange several pieces of valuable Las Vegas land.

Lessman was personally involved, writing a March 1997 letter to Interior lobbying for the deal. "This exchange has been through many trials and tribulations ... we do not need to create any more stumbling blocks," Lessman wrote.

For years, Reid also had been encouraging Interior to make land swaps on behalf of Del Webb, where one of his former aides worked.

In 1994, Reid wrote a letter with other Nevada lawmakers on behalf of Del Webb, and then met personally with a top federal land official in Nevada. That official claimed in media reports he felt pressured by the senator. Reid denied any pressure.

The next year, Reid collected $18,000 in political donations from Del Webb's political action committee and employees. Del Webb's efforts to get federal land dragged on.

In December 1996, Reid wrote a second letter on behalf of Del Webb, urging Interior to answer the company's concerns. The deal came together in summer and fall 1997, with Perma-Bilt joining in.

In January 1998 — just days before he bought his land — Reid applauded the Lake Tahoe land transfers, saying they would create the "gateway to paradise."

None of Reid's letters mentioned Perma-Bilt. Reid's office said the senator never met Lessman nor discussed the Lake Tahoe land transfer or his personal land purchase. A real estate attorney handled the 1998 sale at arms-length, aides said.

"This land investment was completely unrelated to federal land swaps that took place in the mid-1990's," Manley said.

Lessman said he never talked to Reid or asked for his help before the 1998 land sale, and only met the senator years later at a public event. "Any suggestion that the land sale between Senator Reid and myself is somehow tied in with the Perma-Bilt exchange is completely absurd," Lessman said.

THE REZONING

Clark County intended for the property Reid owned to be used solely for new housing, records show. Just days before Reid sold the parcels to Brown's company, Brown sought permission in May 2001 to rezone the properties so a shopping center could be built.

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Career zoning officials objected, saying the request was "inconsistent" with Clark County's master development plan. The town board in Spring Valley, where Reid's property was located, also voted 4-1 to reject the rezoning.

Brown persisted. The Clark County zoning board followed by the Clark County Commission voted to overrule the recommendation and approve commercial zoning. Such votes were common at the time.

Before the approval in September 2001, Brown's consultant told commissioners that Reid was involved. "Mr. Brown's partner is Harry Reid, so I think we have people in this community who you can trust to go forward and put a quality project before you," the consultant testified.

With the rezoning granted, Patrick Lane pursued the shopping center deal. On Jan. 20, 2004, the company sold the property to developers for $1.6 million. Today, a multimillion dollar retail complex sits on the land.

On Jan. 21, 2004, Reid received more than $1.1 million of the sale proceeds. Reid disclosed the money the following year on his Senate ethics report as a personal sale of land, not mentioning Patrick Lane.

A BUSINESS PARTNER'S PAST

Brown has been a behind-the-scenes power broker in Nevada for years, donating to Democrats, Republicans and charities. He represented a major casino in legal cases and dabbled in Nevada's booming real estate market.

Brown befriended Reid four decades ago, even before Reid served as chairman of the Nevada gaming commission and decided cases involving Brown's clients.

Brown's name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s.

This past summer, federal prosecutors introduced testimony at the bribery trial of former Clark County Commission chairman Dario Herrera that Brown had taken money from a Las Vegas strip club owner to influence the commission. Herrera was convicted of taking kickbacks. Brown was never called as a witness.

Brown declined to discuss past cases where his name surfaced, including Herrara. "The federal government investigated this whole matter thoroughly, and there was never any implication of impropriety on my part," he said.

Reid Got $1.1 Million In Land Sale (WT/AP)

By John Solomon

The Washington Times, October 12, 2006

Senate Minority Leader Harry Reid collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show.

In the process, Mr. Reid did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company, according to records and interviews.

The Nevada Democrat's deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in previous organized-crime investigations. He has never been charged with wrongdoing -- except for a 1981 federal securities complaint that was settled out of court.

Land deeds obtained by the Associated Press during a review of Mr. Reid's business dealings show:

·In 1998, Mr. Reid bought undeveloped residential property on Las Vegas' booming outskirts for about $400,000. Mr. Reid bought one lot outright, and a second parcel jointly with Mr. Brown. One of the sellers was a developer who was benefiting from a government land swap that Mr. Reid supported. The seller never talked to Mr. Reid.

·In 2001, Mr. Reid sold the land for the same price to a limited liability corporation created by Mr. Brown. The senator didn't disclose the sale on his annual public ethics report or tell Congress he had a stake in Mr. Brown's company. He continued to report to Congress that he personally owned the land.

·After getting local officials to rezone the property for a shopping center, Mr. Brown's company sold the land in 2004 to other developers, and Mr. Reid took $1.1 million of the proceeds, nearly tripling the senator's investment. Mr. Reid reported it to Congress as a personal land sale.

The complex dealings allowed Mr. Reid to transfer ownership, legal liability and some tax consequences to Mr. Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later.

Mr. Reid hung up the phone when questioned about the deal during an AP interview last week.

In a press conference yesterday in Las Vegas, the senator said he thought he had done nothing wrong but was willing to change his ethics report's account of the sale if the Senate Select Committee on Ethics ordered him to do so.

"Everything I did was transparent," Mr. Reid said. "I paid all the taxes. Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

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The senator's aides said that no money changed hands in 2001 and that Mr. Reid instead got an ownership stake in Brown's company equal to the value of his land. Mr. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a "technical transfer," they said.

They also said they have no documents proving Mr. Reid's stake in the company because it was an informal understanding between friends.

The 1998 purchase "was a normal business transaction at market prices," Reid spokesman Jim Manley said. "There were several legal steps associated with the investment during those years that did not alter Senator Reid's actual ownership interest in the land."

Senate ethics rules require lawmakers to disclose in their annual ethics report all transactions involving investment properties -- regardless of profit or loss -- and to report any ownership stake in companies.

Kent Cooper, who oversaw government disclosure reports for federal candidates for two decades in the Federal Election Commission, said Mr. Reid's failure to report the 2001 sale and his ties to Mr. Brown's company violated Senate rules.

"This is very, very clear," Mr. Cooper said. "Whether you make a profit or a loss, you've got to put that transaction down so the public, voters, can see exactly what kind of money is moving to or from a member of Congress."

"It is especially disconcerting when you have a member of the leadership, of either party, not putting in the effort to make sure this is a complete and accurate report," Mr. Cooper said.

Other parts of the deal -- such as the informal handling of property taxes -- raise questions about gifts or income reportable to Congress and the Internal Revenue Service, analysts said.

Stanley Brand, former Democratic chief counsel to the House, said that Mr. Reid should have disclosed the 2001 sale and that his omission fits a larger culture in Congress, where lawmakers aren't following or enforcing their own rules.

"It's like everything else we've seen in last two years. If it is not enforced, people think it's not enforced, and they get lax and sloppy," Mr. Brand said.

Mr. Reid and his wife, Landra, personally signed the deeds selling their full interest in the property to Mr. Brown's company, Patrick Lane LLC, for $400,000, records show.

Despite the sale, Mr. Reid continued to report on his public ethics reports that he personally owned the land until it was sold again in 2004. His disclosure forms to Congress do not mention an interest in Patrick Lane or the company's role in the 2004 sale.

AP first learned of the transaction from a former Reid aide who expressed concern that the deal hadn't been properly reported.

Mr. Reid isn't listed anywhere on Patrick Lane's corporate filings with Nevada, even though the land he sold accounted for three-quarters of the company's assets. Mr. Reid's office said Nevada law didn't require Mr. Reid to be mentioned in the filings.

"We have been friends for over 35 years. We didn't need a written agreement between us," Mr. Brown said.

Reid Land Deal Under Scrutiny (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 12, 2006

Harry M. Reid of Nevada, the Senate's top Democrat, said yesterday that he was in discussions with the chamber's ethics committee to determine whether he should amend his financial disclosure forms to include details of a real estate transaction that allowed him to collect $1.1 million.

The Associated Press reported that Reid gained a windfall from that sale of land in 2004 even though he had not personally owned the property for the previous three years. Reid also did not divulge the 2001 transfer of the land to a company he co-owned with a friend, a transaction that would normally call for a mention in Senate financial disclosure documents, the AP said.

Reid's spokesman, Jim Manley, defended the sale as a "normal business transaction at market prices." He added that the land went through "several legal steps associated with the investment . . . that did not alter Senator Reid's actual ownership interest in the land." If, however, the ethics committee determines that the land's transfer to a company requires additional disclosure, Manley said that Reid would be "happy to provide" it.

Reid and his wife purchased the land in Clark County, on the outskirts of Las Vegas, in 1998 for $400,000. The acquisition was done in tandem with an adjacent property that was bought by Reid's friend of 35 years, Jay Brown, a former casino lawyer whose name has surfaced over the years in organized-crime investigations, according to the AP. Brown has never been charged with criminal wrongdoing, the AP added.

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In 2001, Reid transferred his property into a partnership company that he co-owned with Brown. The transaction was done, according to a statement by Manley, to make it easier for the Reid family and the Brown family to try to rezone the undeveloped land so a shopping center could be built on it.

Manley said that Reid continued to report in his Senate disclosure forms that the land belonged to him rather than to Patrick Lane LLC, the company to which he had transferred it. The reason, he said, was that the senator dealt with the property as if it were still his.

Nonetheless, disclosure experts said that the Senate's rules do not permit such a lapse. "Signing over a deed is a basic legal step and is the kind of thing that needs to be disclosed," said Kent Cooper, the former disclosure chief of the Federal Election Commission and co-founder of PoliticalMoneyLine.com.

The local zoning board, overruling a staff recommendation, granted the land's reclassification and Reid's share of the company was sold for $1.1 million to shopping-center developers in 2004, leaving him with a theoretical profit of $700,000.

Reid reported the transaction as a personal land sale in his Senate disclosure forms. According to the AP, Reid is not listed as a co-owner of Patrick Lane in corporate filings in Nevada. Manley said that Reid and Brown handled the partnership informally -- as a deal between friends. In addition, he said, Reid's name did not have to be included on the corporate listing.

A call to the Senate ethics committee was not returned yesterday. Its staff rarely comments publicly on ongoing matters involving senators.

Senator Offers To Amend Financial Forms (NYT)

By Philip Shenon

The New York Times, October 12, 2006

WASHINGTON, Oct. 11 — The Senate Democratic leader, Harry Reid of Nevada, said his office contacted the Senate ethics committee on Wednesday and offered to correct his financial disclosure statements if they misrepresented his ties to a land deal in his home state in which his family made a profit of about $700,000.

In a statement, Mr. Reid did not acknowledge errors in the disclosure forms but said he was ready to make a “technical correction” if the ethics committee determined that adjustments were needed.

The contact with the committee was prompted by an article released Wednesday by The Associated Press that suggested Mr. Reid might have violated Congressional ethics rules by failing to disclose financial transactions involving two adjoining land parcels on the outskirts of Las Vegas that he and his family bought in 1998 for about $400,000.

According to a timeline provided by the senator’s staff, Mr. Reid’s family owned one of the properties outright and the second with a friend, Jay Brown, a prominent Las Vegas lawyer who had worked in the casino industry.

In 2001, the timeline showed, ownership of the land was transferred to a holding company, Patrick Lane LLC, named for a street near the properties, as part of effort to rezone the area for development of a shopping center. Mr. Reid became a partner in the holding company. After the rezoning was approved, the land was sold for $1.6 million, with $1.1 million directed to Mr. Reid as his share, a return of about $700,000 on the investment.

The senator’s financial disclosure statements during the period show that he never reported that the land had been transferred to the holding company, leaving the impression that he continued to own the land directly instead of through a partnership with Mr. Brown and others.

Congressional ethics specialists said the omission was at least a technical violation of the disclosure rules, which are intended to identify a lawmaker’s business partners and potential conflicts of interest. Spokesmen for the Senate ethics committee did not return phone calls Wednesday night.

“This is a basic requirement,” said Kent Cooper, a former compliance director at the Federal Election Commission.

Mr. Cooper said the disclosure laws were intended to disclose a lawmaker’s “assets, liabilities and financial transactions, so the public can have an idea of whether or not the legislator is doing things that benefit him or others.”

Mr. Reid’s spokesman, Jim Manley, suggested that Republican Party strategists were behind the accusations of potential ethics violations in the land deal.

“Desperate to get their scandals off the front page,” Mr. Manley said, “the Republican Party is once again trying to smear Democrats. The fact is Senator Reid owned the land from 1998 to 2004, and he fully disclosed that fact.”

Speaker Duped By Evangelist? (RC)

By Mary Ann Akers

Roll Call, October 12, 2006

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An international evangelist, who apparently conned his way into Speaker Dennis Hastert's (R) home in Illinois, actually is on a "crusade" to "save America from the wrath of God and Republicans abusing their power and mired in scandal," the evangelist's spokesman said Wednesday in an e-mail to reporters.

For reasons beyond us, Hastert allowed the self-described "world's most popular evangelist," Dr. K.A. Paul, into his home Tuesday, taking him for a conservative clergyman who wished to provide spiritual counsel amid the current GOP crisis. What the Speaker got instead was a self-promoting, Indian-born Christian evangelist who asked Hastert to step down over the page scandal.

"The guy was misrepresenting himself," a senior House GOP leadership aide told HOH. "The Speaker thought he was offering support. Instead he quickly found out this was no Billy Graham."

According to the Chicago Sun-Times' Lynn Sweet, Paul's aide, Dennis Ryan, was eating at a restaurant in Plano, Ill., when Hastert walked in. Ryan got Paul on the phone and the two scheduled the Tuesday meeting.

The Sun-Times called the meeting a "serious security breach." But GOP leadership aides aren't going that far. And a spokeswoman for the Capitol Police, which is responsible for Hastert's round-the-clock security, told us, "This wasn't a security breach. Please seek comment on Speaker Hastert's appointments from his office."

Unfortunately for Hastert, he isn't in very good company.

According to a 2004 article in the New Republic, Paul has "cultivated a peculiar specialty as spiritual adviser to the scum of the earth. Liberia's Charles Taylor, Yugoslavia's Slobodan Milosevic and Iraq's Saddam Hussein are among the more infamous butchers to talk with Paul about the moral implications of running a brutal, repressive, and occasionally genocidal regime."

Geez, we could have warned Hastert. We can't even count the number of copies of Paul's book "Al-Qaeda Winning — America Losing," that have arrived at Roll Call's offices (and into recycling bins) over the past week.

Steele Accusations. Democrats have been buzzing about how much time Maryland Republican Senate candidate Michael Steele seems to be spending over at the offices of the lobbying firm Quinn Gillespie and Associates. Ironic, they say, given how much effort Steele has spent trying to portray his Democratic opponent, Rep. Benjamin Cardin (D-Md.), as too tight with special interests.

One source who tipped off HOH said that Steele has been over at QGA "two days a week, dialing for dollars."

Hogwash, says Steele spokesman Doug Heye. Steele has been hanging out at the lobbying shop because master GOP political operative Ed Gillespie (yep, the guy who put the "G" in QGA) has been prepping the candidate for his debates against Cardin.

"He doesn't go there twice a week to make fundraising calls," Heye said. "He doesn't go there to make fundraising calls at all."

Another source said that Steele does spend "quite a bit of time" at the lobbying shop prepping for debates and, like all candidates, "carries a cell phone. He may return calls."

Let it also be noted that the Q in QGA — former Clinton White House counsel Jack Quinn — has done its bit to help Cardin.

Dissed in Print. Members of Congress have never been accused of having small egos. So how do you suppose Rep. Connie Mack IV (R-Fla.) felt about a magazine photo caption referring to him simply as "guest" of his girlfriend, Rep. Mary Bono (R-Calif.)?

No, not "Congressman." Not "Representative." Not even "Joe Schmo." The caption underneath a photo of the lovebirds in the October issue of DC magazine reads, "Rep. Mary Bono and guest."

If the freshman lawmaker wishes he got a little more recognition than "guest" to his girlfriend, a five-term Member, he sure isn't showing it. "Well, he was her guest at the event," Mack spokesman Jeff Cohen explained. "So it's nothing if not accurate."

After a nasty litigation battle, Mack's divorce from his ex-wife, Ann McGillicuddy, was finalized in August. The two reached an agreement after a messy breakup that, as late as last May, appeared headed for trial.

Bono and her ex-hubby, Glenn Baxley, have reported an amicable parting of ways. She and Mack have been openly romantic since last winter.

Former Justice Descends Judicial Ladder, To Lower Court (NYT)

By Anemona Hartocollis

The New York Times, October 12, 2006

Sandra Day O'Connor, the retired Supreme Court justice, gave a star turn yesterday as a visiting judge on a federal appeals court in Manhattan. But no one can accuse court officials of giving her the juiciest cases.

Things started slowly, as the judges heard arguments about a dispute over legal fees. That was followed by a landlord-tenant case and a battle over corporate financial statements. Things got a little more interesting with the medical-malpractice

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case brought by a veteran who claimed that prescription drugs fueled his addictive personality and led him to crash his car and commit a crime. A case involving a scheme to defraud unsuspecting investors capped the morning of mostly technical legal arguments.

As the often mind-numbing proceedings dragged on, Justice O'Connor, 76, sitting as part of a three-judge panel on the Second Circuit, one rung below the Supreme Court, might have been forgiven for wishing for the good old days of certiorari — the Supreme Court system of picking and choosing which cases to hear, a luxury the circuit courts do not have.

Her inner thoughts, however, remained a secret, since she did not speak with reporters, and confined her public remarks in court to a handful of tart legal questions.

Her sphinxlike demeanor did not stop the lawyers in five cases yesterday from gushing over her presence.

"This is what we refer to as a hot bench," Louis R. Aidala, a defense lawyer for one of the defendants in the currency-trading-fraud case, which involves a currency trader called Evergreen International Spot Trading, said later. "If you keep in mind we're all human beings, that helps a lot."

Being lawyers, however, none of those presenting arguments allowed Justice O'Connor's stature to get in the way of a good argument.

"The government's case began to unravel during my cross-examination of their lead cooperating witness," Mr. Aidala, resplendent with a Salvador Dali-esque waxed mustache, announced in an attempt to overturn his client's conviction.

The session got off promisingly with the usual pomp as the courtroom deputy, Rosa Diaz, called the court to order by banging a gavel three times and intoning, "Hear ye, hear ye, hear ye." Justice O'Connor, smiling faintly, wearing her own personal black robe and a fluffy white dickey, took her place on one side of the bench, while Dennis Jacobs, the chief judge, sat in the middle, and Judge John M. Walker sat on the other side.

The mahogany-paneled peanut gallery was almost filled with judicial law clerks, young lawyers and a few tourists carrying shopping bags.

Judge Walker, who stepped down as chief judge in September, had invited Justice O'Connor, who retired in January, to sit on the Second Circuit, Karen Milton, the circuit executive, said. Such guest appearances are not unprecedented. In 1992, Justice Thurgood Marshall returned to the Second Circuit, where he had served in the 1960's, for a week after he retired from the Supreme Court.

But moonlighting as a judge can be more than just a hobby. By law, if Justice O'Connor, who is entitled to lifetime pay, carries 25 percent of the workload of an active judge, she could qualify for a pay raise, Dick Carelli, a spokesman for the federal courts, said yesterday, though he added that this may be a moot point, since federal judges had not received any pay raises since 1989.

True to Justice O'Connor's reputation as a tough interrogator, she got in a few zingers, at least by judicial standards, early in the two-hour session.

As the two sides in the landlord-tenant case argued over who was to blame for the property standing empty, Justice O'Connor weighed in.

"It looks to me like you sat on it," she said tartly, to Michael P. Richman, the lawyer for the landlord.

To which Mr. Richman protested: "The landlord is the victim."

But for the last three cases, Justice O'Connor was rubbing her brow under her cloud of white hair. When a cellphone rang, she seemed to almost welcome the breach of decorum.

One of Mr. Aidala's co-defense lawyers in the fraud case, Jeremy Gutman, said he was flattered to have argued a case in front of the justice. "I think we're now members of a very elite club who have appeared before her — other than at the Supreme Court," he said.

The other defense lawyer, Nathan Dershowitz, said he was happy to argue before any judge who was "prepared and smart."

But it was the young assistant United States attorney in the fraud case, Cynthia Monaco, who seemed the most excited of all. Her father, Carmine, a retired aerospace engineer, had encouraged her to take Justice O'Connor out to lunch, which is, sadly, against the rules. It turned out Justice O'Connor already had a lunch date with other judges, though Ms. Monaco confided that she would not have asked anyway.

After her oral argument, Ms. Monaco looked in the audience and discovered that her father, as well as her mother, brother and brother-in-law had all come to watch. "I came for my daughter," her father said.

Medicare To Reassign Some Californians' Drug Plans (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, October 12, 2006

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WASHINGTON — About 270,000 low-income elderly and disabled Californians will be assigned to new Medicare prescription drug plans Jan. 1, raising concern about a resurgence of the coverage glitches that led state officials to bail out the federal program when it was launched this year.

Plan operators promise the switches will be made without complications, but seniors' advocates say many are upset over confusing signals from the Medicare agency, which initially indicated that nothing would change.

Less than two weeks ago, the agency said in a news release that "in California, 100% of low-income beneficiaries will not need to switch plans to continue to receive this coverage for a zero premium."

The Medicare drug program delivers its benefits through a variety of private insurance programs. And 4 out of 10 prescription plans serving low-income Californians will not be available in 2007, according to the National Senior Citizens Law Center in Oakland, which discovered the discrepancy. That means many of the estimated 1 million lowincome state residents participating in the Medicare plan will automatically be reassigned to other plans.

"Last year, the auto-assignment process was very disruptive and confusing," said Jeanne Finberg, an attorney with the center. "We were pleased initially when we heard there wasn't going to be any disruption, but now we are alarmed that [Medicare] seems to be hiding the ball."

An executive of a leading drug plan operator said seniors had nothing to worry about.

"I do appreciate all the citizen action groups being concerned, but I want to assure them we have taken extraordinary steps to make sure we represent stability and good service," said Jackie Kosecoff, chief executive of Ovations Pharmacy Solutions. "I honestly believe this is going to be painless." Ovations is part of Minnesota-based UnitedHealth Group, which runs the AARP drug plan.

Across the country, hundreds of thousands of low-income seniors will also face such changes, Finberg said.

For low-income seniors and disabled beneficiaries, Medicare pays the full monthly premium. Although these beneficiaries are responsible for some modest co-payments, they are also spared the "doughnut hole," a coverage gap in the middle of the benefit.

Nonetheless, the insurance companies that provide the benefit must renew their contracts with the government each year, and they are free to withdraw a plan altogether or raise premiums. And if a plan's cost exceeds certain levels, the government will no longer subsidize it for low-income seniors.

The cutoff point for the subsidy is determined each year according to a complex formula, and it varies across the country.

Such nuances mean a Medicare prescription coverage card is different from a regular Medicare card, which is good for life.

In California, two of the plans offered to low-income seniors — PacifiCare Saver Plan and United HealthRx — will be withdrawn in 2007. Two other plans, AARP MedicareRx and Health Net Orange 008, are projecting premiums above the cutoff point for the subsidy, meaning that low-income seniors will have to transfer out.

About 70,000 Californians in the Health Net plan will be transferred into another plan run by the company, said spokesman David Olson.

"If they stay within Health Net, it's the same system even if their plan changes," he said. "That's not going to impact their ability to get a medication."

An additional 200,000 Californians in AARP, PacifiCare and United plans will be transferred into a plan called AARP MedicareRx Plan Saver.

"While the plan may change, the sponsoring organization won't change," Medicare spokesman Jeff Nelligan said in a statement. "So for those beneficiaries, the change will be seamless."

Surveys have shown that about 80% of seniors are satisfied with their Medicare prescription plan, although a significant proportion — almost 2 in 10 — say they have had a major problem trying to use it. Lowincome seniors and those who took more than six medicines a day were more likely to say they had run into problems.

Despite the assurances from plan operators and Medicare, Finberg said there was no guarantee that coverage policies in the new plans would be the same.

"What we have found out before from experience is that any time there is a change, it brings out the worst in the system," she said.

Democrats Should Build On Bush's Drug Plan, Not Wreck It (RC)

By Morton M. Kondracke

Roll Call, October 12, 2006

Despite abundant evidence of its success, Democrats are still on the warpath against President Bush's 2004 Medicare prescription drug plan — and they threaten to undermine future success if they take control of Congress.

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At an Oct. 4 campaign event in Sunrise, Fla., House Minority Leader Nancy Pelosi (D-Calif.) declared, "this is a bill borne of corruption at the expense of America's seniors, and we can do something about it."

She promised that one of the top priorities of a Democratic Congress would be to authorize the federal government to directly negotiate with drug companies to lower their prices instead of relying on private insurance companies.

The savings, she said, would be used to close the "doughnut hole," the gap between the first $2,250 in a beneficiary's annual drug expenditures, of which the government pays 75 percent of the cost, and $5,100, above which it pays 100 percent.

To save money, Congress required seniors to cover the $2,850 hole themselves, either by buying insurance or paying out of their own pockets — which Democrats denounced at the time even as they assailed the administration for underestimating the total cost of program.

According to Mark McClellan, who is leaving this week as head of the Centers for Medicare and Medicaid Services, competition among private insurance companies and their negotiations with drug companies have lowered the estimated 10-year cost of the program by nearly 20 percent, to $516 billion, and may reduce it by another 10 percent next year.

That was just one of the successes he cited at a reporters' breakfast sponsored by the Christian Science Monitor, as well as in a subsequent interview. Others include the fact that the average prescription drug insurance premium paid by seniors is $27 per month, not $34, as originally estimated.

And polls consistently show that 75 percent to 85 percent of participants in the program are happy with it. J.D. Power and Associates recently gave the program, known as Medicare Part D, a 75 percent approval rating. A forthcoming AARP study shows that only 11 percent of seniors disapprove.

Democrats predicted that few private insurance plans would participate in the program. Then, when dozens of companies offered competing plans, they charged that the program was "chaotic" and that seniors were so confused that few would sign up.

In fact, 16 million seniors who previously lacked drug coverage did sign up. According to the CMS, 90 percent of all the nation's 43 million Medicare beneficiaries now have coverage. Their average savings for drug purchases is $1,200 a year. About 9 million low-income seniors pay nothing for their drugs.

McClellan pointed out that the original Democratic plan for eliminating the doughnut hole would have cost $1 trillion. As the program has developed, according to America's Health Insurance Plans, the health insurance lobby, 15 percent to 25 percent of seniors have been able to find plans that cover all their drug outlays, thus closing the hole.

If Democrats do take over either the House or Senate, or both, they should strive to improve on the Medicare reform record set by McClellan and the Bush administration — not undermine it with top-heavy government regulation.

Rep. Henry Waxman (D-Calif.), one of the leading critics of Bush policy who's slated to be chairman of the Government Reform Committee if Democrats take over, said in a January radio address, "We need to go back to basics. Put prescription drug coverage in regular Medicare. Make the choice simple. Make the benefit understandable. Use the purchasing power of all of America's seniors to get low prices and better coverage."

A popular Democratic idea is to have Medicare set prices for drugs the way the Veterans Affairs does for its participants. It's true that VA drugs cost about half the Medicare average, but the VA supplies only about half of the drugs most commonly used by seniors, according to McClellan.

About 35 percent of VA patients also participate in Medicare plans to obtain wider choices, and the VA patients are required to see only VA doctors and use VA hospitals and VA pharmacies.

According to McClellan, "our beneficiaries have actively told us by their choices that they do not want a restricted network approach to delivery of their health care. They want much more access to physicians, to neighborhood pharmacies, to other providers and drugs."

Congress certainly could improve Medicare. It could ensure that about 3 million low-income seniors who currently lack drug coverage get it and apply Part D savings to close the doughnut hole.

In Congress' lame-duck session, and in years to come, it also could build on McClellan's record of trying to move the nation toward a results-based payment system for health care, not the current service-based system.

The lame-duck session will consider bills to prevent cuts in reimbursements for physicians who treat Medicare beneficiaries. It should tie pay increases to requirements that doctors keep records on their patients' health progress.

McClellan has introduced a system whereby hospitals report on treatment outcomes, with the results posted online for patients to see. There's a pilot program for physicians, but he said pay-for-results should be the rule across-the-board.

He also has introduced an incomes-based premium schedule for part of the Medicare system to begin coping with its "unsustainable" long-term cost. It's an alternative to straight means-testing of Medicare, which is anathema to Democrats.

John Rother, national policy director of the AARP, told me that McClellan rates as "one of the all-time best administrators the program has ever had. He's guided it through a very ambitious set of reforms. ... He's a very creative guy and has maintained bipartisan support for most of his agenda. He gets very high marks."

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Congress should see to it that the reform agenda advances and that doctors, health plans, drug companies and hospitals have incentives to compete on the basis of their ability to keep people healthy — not just treat sick people at government-set prices. If they do take control, Democrats need to reform not only health care, but their own thinking.

Scholarship Fund Gets A Big Check For Its 20th Birthday (WP)

By Stephen Barr

The Washington Post, October 12, 2006

When the Federal Employee Education & Assistance Fund began 20 years ago, it was a place for federal and postal employees to turn for help when they got behind on their bills or needed a plane ticket to attend to a family crisis. The fund has steadily grown and got a big boost yesterday from the National Treasury Employees Union.

At a breakfast marking the fund's 20th anniversary, NTEU President Colleen M. Kelley announced that the union had given it $726,363. The donation came from administrative funds that had not been spent during a 22-year class-action lawsuit, dubbed the special rates case, brought by the NTEU against the government.

The union donation will create an endowment for five annual scholarships of $5,000 each, she said.

"I have seen the difference that FEEA makes in the lives of federal employees caught up in a disaster or who need help paying for the ever-increasing costs of higher education," Kelley said. "I am thrilled that this new scholarship will help federal families achieve their educational goals."

Donating the leftover funds from the lawsuit "was not a hard decision to make," Kelley said, in part because the union is one of the FEEA's founders.

FEEA describes itself as the only nonprofit organization dedicated solely to helping federal and postal employees. For the past 20 years, the fund has distributed more than $6.5 million in scholarships to federal employees and their dependents and more than $5.5 million in emergency assistance, including $1.8 million to federal families hit hard last year by hurricanes Katrina, Rita and Wilma.

Robert M. Tobias , president of the fund's board of directors, said the nonprofit group was created with the thought that federal employees would help their fellow workers if they had a way to channel their charitable giving. "They have, in extraordinary ways," he said.

Much of FEEA's budget comes from federal employee contributions made through the Combined Federal Campaign, the government's annual charity drive. The fund also receives donations from Geico, the Blue Cross and Blue Shield federal program, and the Wright & Co. insurance firm.

Tobias credited G. Jerry Shaw , then-counsel at the Senior Executives Association, with coming up with the idea to create FEEA in 1986. Shaw, who once worked for the Internal Revenue Service, said he seen too many instances of IRS employees taking up collections in the workplace for a colleague in need. He also thought children of federal families deserved the same kind of scholarship opportunities as some corporations provided to the children of their employees.

Shaw recruited Tobias, then-president of the NTEU; Stephen D. Bauer , then-president of the National Council of Social Security Management Associations; and the late Jim Pierce , then-president of the National Federation of Federal Employees; to join him in founding the organization. Since 1989, Bauer has been executive director of FEEA.

Over the years, FEEA has created special programs to provide emergency grants for families of federal employees killed or injured in the 1995 bombing of the Oklahoma City federal building and in the 2001 terrorist attacks on the World Trade Center and Pentagon.

College scholarships also are being provided to children who lost a parent in the attacks, and that project will continue until the youngest, now 7, has completed her undergraduate education. More than $2 million has been paid out for scholarships, and FEEA estimates that more than 200 children in Oklahoma and about 65 families who lost loved ones on Sept. 11, 2001, will receive the aid.

At yesterday's anniversary celebration, Juan and Veronica Cruz , retired Defense Department employees, paid tribute to FEEA. Juan Cruz was severely injured in the attack on the Pentagon and spent four years undergoing facial reconstruction. FEEA became "like family" during Juan Cruz's recovery, Veronica Cruz said. Their daughter is attending Brown University on a FEEA scholarship.

America's Population Set To Top 300 Million (WP)

By Blaine Harden

The Washington Post, October 12, 2006

Clicking upward at a rate of one person every 11 seconds, the U.S. population will officially surpass 300 million in the next week or so.

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The milestone is a reminder that the United States remains a remarkable demographic specimen, 230 years old (since the Declaration of Independence) and still in a growth spurt.

Behind only China and India, it is the planet's third most populous nation. For a rich, highly developed country, it is anomalously fertile, with a population that is increasing briskly, in sharp contrast to anemic growth or decline in Western Europe and Japan. Some demographers say this continued growth is essential to support an aging population in retirement and a sign of the continued allure of the United States even at a time when its image around the world has been sullied by the war in Iraq.

Yet, how will the momentous 300-million marker be celebrated in Washington?

"Those plans, believe it or not, are still being finalized," said Robert B. Bernstein, a Census Bureau spokesman. "I don't yet know what, if anything, we are going to do in the way of an event."

When the U.S. population surpassed 200 million on a census clock in 1967, cheers rang through the lobby of the Commerce Department, and applause interrupted President Lyndon B. Johnson's celebratory speech.

Four decades later, however, 300 million seems to be greeted more with hand-wringing ambivalence than chest-thumping pride.

"When we hit 100 million, it was a celebration of America's might in the world," said Dowell Myers, a professor of urban planning and demography at the University of Southern California. "When we hit 200 million, we were solidifying our position. But at 300 million, we are beginning to be crushed under the weight of our own quality-of-life degradation."

One reason for anxiety may be that U.S. population growth is fueled in large measure by immigrants and their children, a circumstance that increasingly worries native-born Americans and makes politicians jumpy, especially four weeks before an election.

Immigrants, legal and illegal, account for about 40 percent of population growth. Immigration is also an important reason the "natural increase" in the population -- excess of births over deaths -- is significantly higher in the United States compared with Europe or Japan. Hispanics from Latin America, by far the largest share of recent immigrants, are driving the natural increase here. On average, Hispanic women have one more child than non-Hispanic white women.

Three hundred million is also a discomfiting reminder of a nation that, on its east and west coasts, at least, is running noticeably low on elbow room. More humanity is stirring up more traffic, more sprawl, more rules against growth, more protests against anti-growth rules, and more of the greenhouse gas emissions that cause global warming. A surging population in the arid Southwest is also straining the supply of water. The growth is adding to a country that represents 4 percent of the world's population but consumes 25 percent of the planet's oil.

"We are not the wide-open spaces anymore," said Martha Farnsworth Riche, who headed the Census Bureau in the mid-1990s and is now a research demographer at Cornell University. "Our choices are constrained."

In Los Angeles, the nation's most densely populated metropolitan region and its most heavily Latino area, 300 million will be yet another confirmation that congestion is out of control, Myers predicted.

"I don't think people view population growth as a plus anymore," he said, noting that Angelenos are punished by it "every single day" when they go out in freeway traffic.

The 300-million milestone, it should be noted, is an educated guess by the Census Bureau, not an actual people count. It emerges from a formula that crunches births and new immigrants against deaths. The 300-millionth person, therefore, will never win a trip to Disneyland because he or she will not be identified.

The 100-million markers are also coming more quickly. From the Declaration of Independence in 1776, it took the country 139 years to get to 100 million in 1915, then 52 more years to reach 200 million in 1967 and 39 more years to hit 300 million. The 400 million mark, according to census projections, will be reached in about 37 years. That, of course, could change if the current anxiety about immigration were to result in the closing of the country's borders. Without immigration, the U.S. population could go into a European-style stall.

It was a change in immigration law in 1965, when Congress abolished a national-origins quota system, that unintentionally reignited immigrant-led population growth, according to William H. Frey, a demographer with the Brookings Institution. "It made family reunification an important criteria for immigration and it led to a chain reaction of higher fertility," he said.

The relative presence of immigrants, about 12 percent of the total population, is more than double what it was when the population topped 200 million. Immigrants are also more visible than ever, having fanned out from gateway cities such as New York and Los Angeles to parts of the rural South and Midwest where they had not been seen in substantial numbers before. Still, the foreign-born share of the population remains lower than between the melting-pot years of 1860 and 1920, when it was about 14 percent.

Many demographers believe it is shortsighted to be anxious about the 300-million marker. They regard it as a symbol of an economically dynamic democracy that remains popular in much of the world.

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"As almost nothing else can, immigration-led growth signals the attractiveness of the American economy and polity," said Kenneth Prewitt, a former head of the Census Bureau and now professor of public affairs at Columbia University. "You don't see large numbers of immigrants clamoring to move to China."

Indeed, lots of good news is embodied in the lives of the 300 million. Longevity has jumped from 55 years in 1915, to 71 years in 1967, to 78 years now. Over that time frame, the percentage of the adult population with a high-school diploma has jumped from 14 percent to 85 percent. Homeownership has risen from 46 to 69 percent. The death rate from tuberculosis has fallen from 140 to 0.2 per 100,000 people. While houses are 4.5 times as expensive (in constant dollars) as they were in 1915 and twice as expensive as in 1967, a gallon of milk in 2006 costs less than half what it went for in 1915 and in 1967.

After this year's election rhetoric cools, Frey hopes that Americans will see a silver lining in immigration: Foreign-born residents and their children will surge into the workforce, and their payroll taxes will help reduce funding shortfalls for Social Security and other social programs that benefit older people.

"So many middle-aged baby boomers who oppose immigration may be biting the hand that could feed them," Frey said.

This assumes, though, that immigrant children, especially Hispanics and blacks, will be educated well enough in American schools to find competitive jobs in the global economy.

Poverty rates for children have exceeded poverty rates for the elderly for more than 40 years, according to Linda A. Jacobsen, director of domestic programs at the Population Reference Bureau, a nonpartisan research group.

Hispanic and black children are between three and four times as likely to live in poverty as whites, so their growing numbers may not translate into growing national wealth. In addition, the divide between aging baby boomers in retirement and the younger workers who are supporting them with payroll taxes will have a racial, as well as a generational, dimension.

"Unless we can reduce age, racial and ethnic disparities in poverty," Jacobsen warns, "children from minority groups may be less able and less willing, as they grow up, to support the predominantly white elderly population."

Robert D. Novak: Key Republicans Remain Addicted To Pork Barrel Gluttony (ULC)

By ROBERT D. NOVAK

Union Leader, October 12, 2006

STARING INTO the abyss of minority status in Congress, Republicans signaled dedication to pork barrel spending before recessing for midterm election campaigning. Behind closed doors, the GOP's King of Pork dressed down the party's leading foe of earmarks. In the open, the last bill passed before the election was filled with carefully hidden pork.

In a caucus of Republican senators, 82-year-old, six-term Sen. Ted Stevens charged that freshman Sen. Tom Coburn's anti-pork crusade hurts the party. Stevens then removed from the final version of the Defense Department appropriations bill Coburn's "report card" requiring the Pentagon to grade earmarks. The House passed, 394 to 22, the bill, stripped of this reform and containing some 2,800 earmarks worth $11 billion. That made a mockery of a "transparency" rule passed by the House earlier this year, supposedly intended to discourage earmarks.

"You would think that with a war and all the controversy surrounding earmarks that the appropriators would hold back a little," said Steve Ellis of the non-partisan Taxpayers for Common Sense. "But with an election just weeks away, they dug into the trough to find pearls to send home to their districts."

Stevens, the Senate's president pro tempore and its senior Republican, reflects a majority in both parties defending pork. He has been enraged by Dr. Coburn, the obstetrician from Muskogee, Okla., challenging his seniors. But after an angry Stevens took Coburn to task for undermining party unity, the rookie was supported by the front- runner for the 2008 Republican Presidential nomination. Sen. John McCain asserted that the people backed Coburn, who then made clear he was not intimidated by Stevens.

But as the leading Senate conferee determining the final version of Defense appropriations, Stevens stealthfully pulled out Coburn's Senate-passed report card. It would require the Pentagon to assign a letter grade, from "A" to "F," on the desirability of each unrequested earmark.

The earmark process enables the congressional-industrial complex to fund projects the military does not want. This year's bill appropriates money to buy 10 unrequested C-17 Globemaster cargo planes from Boeing. It also funds 60 F-22A Raptor stealth fighters, not supported by the Pentagon and opposed by McCain and Sen. John Warner, Senate Armed Services Committee chairman. F-22A appropriations are guaranteed for three years, reducing leverage with contractor Lockheed Martin.

Incredibly, page 336 of the bill's conference report says that under the new House rule purportedly revealing sponsors of earmarks, there were zero earmarks in this year's Defense money bill. That suggests the transparency rule is as big a sham as its critics have claimed.

The rule's biggest loophole restricts earmarks to "non-federal" spending, which would absolve the larcenous former Rep. Duke Cunningham from earmarking. By definition, all Defense expenditures are "federal." But in reality, many such

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appropriations end up in the hands of a private beneficiary. Thus, $4.6 million in the current bill goes to the Army Center of Excellence in Acoustics at the Jamie Whitten Center (named for a legendary congressional porker) at the University of Mississippi.

Despite the plethora of unwanted expenditures, President Bush on Sept. 29 signed the Defense bill because its overall spending is within his budget. But it requires transferring funds from needed military programs to politicians' pet projects.

Clueless Republicans are personified by Sen. Conrad Burns, trailing for re-election in Montana. Burns said opposition to all earmarks by his Democratic opponent, State Sen. Jon Tester, "showed us how reckless and out of touch he is." Burns then issued a press release listing over $775 million of his earmarks, including more than $60 million for the Fort Peck Fish Hatchery.

Tom Coburn, backed in the Senate by a few Republicans and one or two Democrats, is not giving up on earmarks. He will press his Defense report card as a freestanding bill in the lame-duck session. No matter who controls the Senate next year, Coburn will not grant unanimous consent on spending measures and thus require 60 votes to end debate. The question is whether Republican leaders, perhaps chastened by election returns, will join him.

OTHER NEWS:

Fed Minutes: Unease About Inflation Lurks (USAT)

By Sue Kirchhoff

USA Today, October 12, 2006

WASHINGTON — While a slowing economy is expected to reduce inflation over time, there is a “substantial risk” that forecast might not pan out, according to minutes of a Sept. 20 Federal Reserve meeting issued Wednesday.

“Most participants thought that the most likely outcome was a reduction in inflation pressures,” the minutes said. But the meeting notes added the decline was expected to be “only gradual,” and the uncertainties around that forecast were skewed toward higher inflation rates.

“Members continued to see a substantial risk that inflation would not decline as anticipated,” the minutes said.

The policymaking Federal Open Market Committee voted Sept. 20 to keep its target for short-term interest rates steady at 5.25%. The minutes said the decision was “somewhat less difficult” than the Fed's August call to end two years of increases that pushed rates up from a low of 1%.

The September vote took place amid a decline in oil prices and a steep drop in the housing market. Since the meeting, data have been mixed. Core consumer inflation, which excludes food and energy, has run at a 2.8% pace in the past 12 months, near the 1% to 2% range informally favored by the Fed.

“The linchpin of the Fed forecast is economic growth in the second half of the year,” says Stephen Stanley of RBS Greenwich Capital Markets. If growth slows and inflation moderates, the Fed can stay on hold, he says. If higher than expected, it might have to raise rates.

But judging from the minutes, a cut in rates soon is unlikely.

“If you had any thought that the Fed was going to cut rates, you pretty much had a change of heart after reading these minutes,” says Rich Yamarone of Argus Research.

During the Sept. 20 meeting, Fed officials “focused especially” on housing, noting that the drop in housing activity had not “spilled over significantly” into other areas of the economy. Housing starts are down about 20% from year-ago levels. Fed officials noted considerable uncertainty about the depth of the downturn and the degree to which it could affect consumer spending.

Several officials worried Fed credibility could suffer if inflation did not moderate.

In a Washington speech Wednesday, Richmond Fed President Jeffrey Lacker said he didn't expect a “catastrophic collapse” in housing. Lacker has voted to raise rates in the past two meetings, the sole opponent to holding rates steady, calling inflation too high. “Should inflation persist around the current elevated level, firmer monetary policy would be required,” he said.

Fed Minutes Offer Little To Suggest Imminent Rate Cut (WSJ)

By Greg Ip

The Wall Street Journal, October 12, 2006

WASHINGTON -- Federal Reserve officials remain concerned about inflation, but they can't "rule out" a significant economic slowdown, minutes to their meeting last month show.

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Despite the acknowledgment of risks to the economy, there was little in the minutes, released yesterday with the customary three-week lag, to suggest Fed officials are prepared to cut rates in the next six months, as markets expected until recently.

Policy makers expect the economy to expand below its long-term trend rate "in the near term," then strengthen "over time." But "significantly more sluggish performance than anticipated could not be entirely ruled out," the minutes said.

The minutes made clear officials' predominant focus, though, remained inflation. Despite some signs of moderating "core" inflation (which excludes food and energy costs), officials said that high energy prices, an economy nearing capacity constraints and a "possible acceleration in labor costs," meant that they "continued to see a substantial risk that inflation would not decline as anticipated."

At its Sept. 20 meeting, the policy-setting Federal Open Market Committee left its target for the federal-funds rate, charged on overnight loans between banks, at 5.25% for the second-consecutive meeting. The decision to remain on pause was "somewhat less difficult than it was in August, when it was seen as a particularly close call," the minutes said.

The minutes are the latest evidence that the Fed's view of the outlook is evolving to become a bit less tilted to inflation alone. They reinforce a speech last week in which Fed Vice Chairman Donald Kohn said that while he saw downside risks to growth, the upside risks to inflation were of "greater concern."

Tom Gallagher, a Fed analyst at brokerage firm ISI Group, predicts that after the Fed's next meeting, on Oct. 24 and 25, it will release a statement citing risks to both weaker growth and higher inflation, rather than inflation alone as its statement did last month, while saying inflation risks predominate. He said markets would have to decide what that meant for interest rates.

Since Mr. Kohn's speech, and remarks by Fed Chairman Ben Bernanke on the same day, futures markets have tempered their rate-cut expectations. They now expect one quarter-percentage-point cut by the middle of next year and about even odds on another by the end of next year. A few weeks ago, markets saw at least two and possibly three rate cuts by the end of next year.

In an important development, the Fed's influential professional staff further lowered their estimate of the economy's "potential" growth rate, which is the rate at which it can expand without straining available capital and labor and fueling inflation. While the minutes don't disclose the new figure, they say that as a result of the new estimate, the slowing in growth the staff predicts won't significantly reduce the pressure on the economy's productive capacity. The minutes show, however, that some policy makers were more optimistic on potential growth.

No Hurry To Cut Rates At The Fed (NYT)

By Jeremy W. Peters

The New York Times, October 12, 2006

Despite indications that inflation pressures may be starting to ease, the Federal Reserve is not inclined to lower short-term interest rates anytime soon, minutes from its most recent meeting show.

The reason is uncertainty: uncertainty about the housing market, uncertainty about economic growth and most of all, uncertainty about inflation.

The minutes, released Wednesday after the customary three-week lag from the Sept. 20 meeting of the Federal Open Market Committee, which makes Fed policy, showed that most monetary policy makers expected the economy to slow “in the near term” but pick up speed later.

Nonetheless, committee members remained wary of inflation, with the minutes indicating that officials “continued to see a substantial risk that inflation would not decline as anticipated.”

“Most participants thought that the most likely outcome was a reduction in inflation pressures,” the minutes said. “But the anticipated decline was only gradual and the uncertainties around that forecast were skewed toward higher rather than lower inflation rates.”

The word “uncertainty” or some variation of it appears five times in the minutes.

The decision to leave the overnight benchmark lending rate unchanged at 5.25 percent reflected the belief that falling energy prices and more than two years of previous interest rate increases would help hold inflation down.

While the minutes noted that Fed members believed that their decision last month to leave interest rates unchanged for a second consecutive month was “somewhat less difficult” than their decision in August, it was not a unanimous vote. One of the 10 voting members, Jeffrey M. Lacker, favored a quarter-point rate increase instead.

Yesterday in Washington, Mr. Lacker, president of the Federal Reserve Bank of Richmond, Va., expanded on the reasons for his dissent. In a speech to the District of Columbia Chamber of Commerce, he said he was concerned that Americans might learn to accept higher inflation as the rule rather than an exception.

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"If the Fed were to allow inflation to remain above target for too long, inflation expectations could become centered around the higher rate," he said.

For the last two Fed meetings, Mr. Lacker has been the sole dissenter when the committee voted to leave interest rates unchanged.

"We don't have any perfect measures of inflation expectations," he said, "but what we do have suggests that market participants do not foresee a rapid fall in core inflation. That is why I have argued for further policy actions to convincingly restore price stability."

Many investors have been betting that the Fed will keep rates unchanged for now and eventually cut them. Bond yields, which move in the opposite direction from their price, had been falling since early July, indicating that investors thought the Fed's next move would be to cut rates. When interest rates fall, so do bond yields, making them less attractive investments.

But late last month, bond yields began to rise; after a speech last week by Donald L. Kohn, the Fed's vice chairman, the trend was reinforced. Yesterday the yield on the benchmark 10-year Treasury closed at 4.78 percent, up from 4.75 on Tuesday. The stock market also fell after the Fed released its minutes in mid-afternoon.

Trading in futures markets suggests that most investors now see only a slight chance that the Fed will cut rates by March.

"The Fed itself, while firmly on hold in the near term, is more biased toward tightening than easing," said Dean Maki, chief United States economist for Barclays Capital. "In the minutes, there was no discussion of the possibility of rate cuts, while they did reference the possibility of additional firming."

Joshua Shapiro, chief United States economist at MFR, a consulting firm, wrote in a research report, "The overall message of these minutes is that the F.O.M.C. is in no hurry at all to ease monetary policy."

Wall Street Down On Earnings Fears (FT)

By John O'doherty

Financial Times, October 12, 2006

US stocks closed lower on Wednesday as investors grew cautious following a mixed batch of corporate earnings.

Legg Mason, the mutual fund manager, sank 17.2 per cent to $87.15 after it warned that its second-quarter earnings would come in well below analysts' estimates, partly due to a shift away from equity funds and towards less profitable fixed income funds.

The warning caused Merrill Lynch to cut its rating on the stock from "buy" to "sell". Its shares have dropped 27 per cent this year.

"Given few strong equity products at Legg right now, equity net outflows are likely to continue," said Merrill's Guy Moszkowski in a note to investors. "Without equity net inflows, and after three [quarters of] earnings disappointments, Legg is likely to trade at a 10 per cent discount to the peer average."

The news dented shares in brokerages that were also suffering after Bank of America announced that it would give 30 free trades a month to customers with $25,000 in deposits at the bank.

Charles Schwab fell 4.7 per cent to $17.22 while TD Ameritrade lost 11.9 per cent to $16.82 and E*trade shed 8.8 per cent to $22.31. The AMEX Securities Broker Index sank 4.2 per cent, its worst day in four months.

Aluminium producer Alcoa, the first Dow component to report earnings, lost 5.1 per cent to $26.85. Late on Tuesday, it announced an 86 per cent increase in third quarter profit, significantly less than analysts had ex-pected. Alcoa attributed the results to lower aluminium prices and weakness in the home-building and car- manufacturing markets.

At the close, the S&P 500 was down 0.3 per cent, or 3.47 points, at 1,349.95, while the Nasdaq Composite was down 0.3 per cent, or 7.16 points, at 2,308.27. The Dow Jones Industrial Average slid 0.1 per cent, or 15.04 points, to 11,852.13.

Crude oil futures sank to $57.59 a barrel – their lowest level so far this year – denting energy stocks. Schlumberger dropped 3 per cent to $57.46, while Weatherford International tumbled 3 per cent to $40.52.

Drugstore CVS rose 4.9 per cent to $31.16 after it reported better-than-expected profit in its preliminary third quarter earnings statement, thanks to a strong back-to-school season.

Fertiliser and agricultural biotechnology group Monsanto slid 5.3 per cent to $43.95 after it announced its third quarter losses were greater than analysts had expected.

Phelps Dodge rose 3.5 per cent to $90.84 after investment group Atticus Capital said it had met with potential buyers of the copper producer to gauge their interest.

Advanced Micro Devices climbed 4.9 per cent to $24.27 after ThinkEquity raised its rating on the stock from "sell" to "buy", saying fourth quarter demand for semiconductors in Asia and Europe should be strong.

Stocks Retreat Despite Drop In Oil Futures (WSJ)

DOJ_NMG_0079792

By Peter A. Mckay

The Wall Street Journal, October 12, 2006

Disappointing earnings by the aluminum giant Alcoa pushed the stock market lower -- despite a drop in oil prices to their lowest point this year.

After having hit another record high Tuesday, the Dow Jones Industrial Average yesterday fell 15.04 points, or 0.1%, to 11852.13, up 10.6% on the year.

The worst-performing stock among the Dow's 30 components was Alcoa, which fell more than 5% on the heels of posting earnings well below Wall Street expectations. The Standard & Poor's 500-stock index shed 0.3%, or 3.47 points, to 1349.95, up 8.1% on the year. The tech-stock-heavy Nasdaq Composite Index fell 0.3%, or 7.16 points, to 2308.27, up 4.7% on the year.

The Dow briefly dropped nearly 75 points late in the day after the crash of a small aircraft into a New York City building, but bounced back following indications the crash wasn't terrorism-related.

The Organization of Petroleum Exporting Countries confirmed it will cut production at the end of the month by one million barrels a day, which is less than 4% of the cartel's current output.

For several days before the announcement, such a move had already been debated on Wall Street. Many analysts remain skeptical of the cartel's resolve to stick to a cutback plan. Crude futures tumbled 93 cents, or 1.6%, to $57.59 a barrel, off 5.7% on the year at the New York Mercantile Exchange and 25% below the Nymex record hit in July.

In economic news, the Federal Reserve released the minutes of its Sept. 20 meeting, reflecting lingering but moderate inflation fears among most Fed officials. The lone dissenter at the meeting, at which the central bank left its key interest-rate target unchanged at 5.25%, was Richmond Fed President Jeffrey Lacker. In a speech yesterday, he reiterated that he thinks the Fed should raise its key rate target.

Some Wall Street pros harbor similar concerns. "You're getting close to the point where we're running at relatively full capacity," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

In major U.S. market action:

Stocks and bonds fell. The 10-year note slipped 7/32 point, or $2.1875 for each $1,000 invested, pushing the yield up to 4.782%. The 30-year bond fell 10/32 to yield 4.907%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 119.72 yen, compared with 119.73. The euro fell against the dollar to $1.2524, compared with $1.2537.

OPEC Vows Output Cut, But Market Is Skeptical (WSJ)

By Steve Levine

The Wall Street Journal, October 12, 2006

Oil markets brushed off OPEC's declaration of its intent to cut petroleum production by one million barrels a day and drove crude prices to a low for the year, as the cartel continued horse-trading behind the scenes over critical details of the deal.

OPEC President Edmund Daukoru, who is also Nigeria's oil minister, yesterday said the Organization of Petroleum Exporting Countries would cut production by one million barrels a day. He said all that remained was to apportion the reductions. "The cut itself is agreed," Mr. Daukoru said.

The oil market, however, appears skeptical of OPEC's resolve. Yesterday, crude-oil futures on the New York Mercantile Exchange fell 93 cents, or 1.6%, to $57.59, their lowest level since Dec. 19. Crude prices have plunged from a nominal settlement high of $77.03 on July 14. They remain well below an inflation-adjusted high of $99.56, reached in April 1980.

Deciding on how to divvy up the output cuts is a pivotal detail. Mr. Daukoru's statement differed little from remarks he made last week, and many analysts think the only consensus in the organization is for a need to stop the plunge in prices -- not on how to do so.

Larry Goldstein, president of the New York-based Petroleum Industry Research Foundation, said Mr. Daukoru appeared to be assuming the role of a "cheerleader to try to stop the precipitous selloff, to try to talk the market back up."

The 10 OPEC nations in the cartel's quota system pump an estimated 27.5 million barrels a day of crude, about a third of the world's daily demand.

At their meeting last month in Vienna, OPEC members discussed a formal production cut. But in the end, they went the other way, abandoning their formal quota system, in which each country was held, at least technically, to a specific volume. Instead, the organization decided to allow members to change output based on market conditions.

If the organization does cut production now, its members appeared poised to do so from their current production, rather than from the now-notional quotas, said Roger Diwan, an analyst with Washington-based PFC Energy. Thus far, OPEC members have publicly differed on this point. Analysts regarded that divergence as a significant point because some OPEC

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members, such as Algeria, are producing more than their quotas and probably would oppose having to cut from their former quota levels and lose far more in oil proceeds.

The group is scheduled to meet next in December in the Nigerian city of Abuja. Industry analysts had expected OPEC members to finally agree at that meeting on how to cut production in the face of a potential glut of global crude oil. The unexpected plunge in prices forced the issue to be hashed out early.

That the discussion has dragged on, and in a public way, has made oil markets jittery. Saudi Arabia, by far the largest OPEC crude producer, at about 9.1 million barrels a day, has stayed silent. The Saudis have privately taken measures to reduce output by adjusting the price of their oil rather than changing production, thus attempting to reduce demand for their crude.

First Lady Launches Four-state Campaign Swing (AP)

By Dan Sewell

The Associated Press, October 12, 2006

CINCINNATI - Laura Bush, a popular campaign-booster for Republicans across the country, began a four-state swing Wednesday with a fundraiser for an Ohio congressman in a heated re-election battle.

After helping raise some $170,000 at a luncheon for six-term Rep. Steve Chabot, Mrs. Bush headed to Knoxville, Tenn., to raise money for Republican Senate candidate Bob Corker. She planned to be in Indiana and Missouri on Thursday for GOP candidates.

Party officials say she has raised nearly $14 million for Republican candidates for the Nov. 7 election. And Mrs. Bush's visits usually don't carry the baggage of the president's sagging approval ratings.

"Everybody respects and admires her," said H.C. "Buck" Niehoff, a longtime Cincinnati area Republican activist. "And she's an attractive fundraiser, as you can see from the turnout today."

Chabot has tried to emphasize his independence and his representation of his constituents in Washington, while Democratic challenger John Cranley, a Cincinnati city councilman, has tied Chabot to Bush. In one Cranley commercial, the voice of a Bush impersonator is heard supposedly telephoning Chabot, whom he calls "Chabby" and concludes: "Steve, I know I can always count on you."

"She may well be one of the most popular first ladies in American history," Chabot said while introducing Mrs. Bush at Cincinnati's historic Union Terminal and museum center.

Chabot said afterward he'd welcome the president's campaign help, too. He noted Vice President Dick Cheney came to Cincinnati to raise funds for him in August.

"We're not distancing ourselves from the administration at all," Chabot said in an interview. "That's certainly not the case."

He said he agrees with Bush more often than not, but has disagreed with the president on such issues as immigration.

Mrs. Bush praised Chabot as "a wonderful leader for Ohio" to some 150 people in an event that was rescheduled from August because it conflicted with the funeral of Marine Cpl. Timothy Roos of the Cincinnati area, killed in Iraq.

Among Wednesday's audience were parents of three other Ohio Marines - Sgt. David Kreuter, Lance Cpl. Michael J. Cifuentes and Lance Cpl. Christopher Dyer - killed in Iraq and of Army Sgt. Benjamin Moore, killed in an accident while training in Texas for Iraq duty.

The crowd rose in a standing ovation when Mrs. Bush thanked them.

After the luncheon, Mrs. Bush toured the children's museum at the center, posing for photos with giggling children and their parents, and then quietly viewed a special exhibit of children's drawings, letters, quilt squares and other artwork about the Sept. 11, 2001, terrorist attacks.

Also on Mrs. Bush's schedule were a Helping America's Youth event in Knoxville and a tree-planting ceremony and a breast cancer awareness event in St. Louis on Thursday.

NRA Backs Both Sides Of Aisle (WSJ)

By Gary Fields

The Wall Street Journal, October 12, 2006

WASHINGTON -- The National Rifle Association has a simple agenda in Washington: protecting gun ownership. But it faces a complex challenge this campaign season: supporting Republican control of Congress while staying loyal to Democratic candidates who supported the gun lobby.

"We will endorse regardless of party," says Chris Cox, executive director of the NRA's Institute for Legislative Action. "However, gun owners are very concerned and do not want as speaker Nancy Pelosi, who has been consistently vocal against their rights. They understand the significance of these elections."

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That means the NRA, which sits on a campaign war chest of $20 million, is expecting to endorse as many as 60 Democrats in House and Senate elections, about the same number it endorsed in every national election since 2002 and three times the 20 or so Democrats it supported in races during the early 1990s. At the same time, the NRA wants to make sure Republicans keep control of Congress.

The NRA's balancing act stands out in a year when other Republican-leaning industry and trade groups are working to keep Congress in Republican hands while not turning their backs on Democrats who have been helpful and who might control one or both chambers in January.

In the past five years, the NRA and its allies have notched a host of political gains on Capitol Hill. At the urging of the NRA, Congress in 2004 allowed the ban on assault weapons to lapse when no legislation was produced to extend it, although President Bush had said he would have signed such a measure. In another reversal of the gun-control lobby's heyday, the amount of time the Federal Bureau of Investigation can hold records of gun sales has been reduced to 24 hours from three days. Even protests from the FBI that it should be allowed to hold the records 72 hours to ensure that gun dealers and buyers hadn't found a way to circumvent the system were rejected.

And in a landmark win for the industry, the House and Senate easily passed a law limiting the ability of municipalities and cities to hold the firearms industry liable for some acts of violence. The lobby's power also has moved into appropriations language. Riders have been attached to appropriations for the Bureau of Alcohol, Tobacco, Firearms and Explosives budget since 2003 preventing the agency from releasing firearms-tracing data collected by various law-enforcement agencies. Before heading home recently for midterm elections, the House voted 277-131 to pass a bill that would limit the ATF's ability to sanction gun dealers who are shoddy with their records keeping even though only about 100 of the more than 104,000 federally licensed dealers have their licenses revoked annually.

Behind the gun lobby's winning streak is support not only from Republicans but also from some Democrats, especially those in swing states, who remember that the backlash over the 1994 assault-weapons ban played a role in defeating several Democratic members of Congress that year. Gun control doesn't figure prominently in the Democratic platform, and beyond debates over extending the assault-weapons ban, there has been no traction for gun-control proposals.

The NRA has returned the favor. In this year's election, the group is backing Nebraska Sen. Ben Nelson, Oklahoma Rep. Dan Boren, Tennessee Rep. John Tanner and West Virginia Rep. Alan Mollohan, among others. In gubernatorial races, the NRA has endorsed Democrats in Oklahoma, Tennessee and Wyoming, and Bill Richardson, the former Clinton energy secretary and cabinet member, in New Mexico.

"The NRA is not an affiliate of the Republican party," said Grover Norquist, a conservative activist who also is an NRA board member. "They endorse incumbent Democrats who have voted with them on their issue. They understand that the first time they oppose a Democrat who has been supportive of the gun issue, they lose that D vote."

The NRA is still rallying its more than 20 million members and associates with the prospect of liberal Democrats, such as California Rep. Pelosi and Michigan Rep. John Conyers, controlling Congress, with Ms. Pelosi in line to be speaker and Mr. Conyers a possible chairman of the House Judiciary Committee.

"While a lot of other people look at Pelosi and Chairman Conyers as sound bites, for us it's a real-life nightmare," said Wayne LaPierre, NRA executive vice president and chief executive.

Stacey Paxton, spokeswoman for the Democratic National Committee, says firearms aren't on the list of priorities Democrats would address if they gain control of committees on Capitol Hill. "This isn't anything that's on the radar screen right now," she said. Using the gun issue to frighten voters is "more of a desperate attempt to try to distract people from the real issues facing Congress right now and the choice people have before them in November."

Mr. Conyers earned the opposition of the NRA when -- more than 30 years ago -- he proposed banning handgun ownership by private citizens, in part because of gun violence in his district. In the intervening three decades, Mr. Conyers has participated in the debate on gun control, backing the measures passed in the 1990s and co-sponsoring the failed 2004 proposal to reauthorize the assault-weapons ban to include a wider range of guns. In recent years, though, he has focused more on questioning the Bush administration's war on terrorism, including challenging the intelligence used to invade Iraq, the secret wiretapping program and the administration's stance on torture.

In a statement, Mr. Conyers said, "If I become chairman of the Judiciary Committee, I certainly will not support or forward to the House any legislation to ban handguns. Any suggestion to the contrary represents last-minute desperation on the part of rubber-stamp, 'stay the course' Republicans frantically trying to find a way to motivate their base."

For now, the NRA plans to run radio and television advertisements similar to spots it ran in 2005 in Virginia, where it supported Republican gubernatorial candidate Jerry Kilgore in his failed race. However, those methods are just part of a campaign that will include direct mailing to NRA members and associates, as well as ads on Web sites.

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House GOP Revamps TV Ad Campaign Plans (NOVR)

By David Espo

Newsobserver.com, October 12, 2006

WASHINGTON (AP) - House Republicans are scaling back television advertising reserved for four Democratic-held seats in Ohio, South Carolina and West Virginia, officials said Wednesday, fresh evidence of the party's struggles as it tries to retain its majority.

At the same time, GOP strategists signaled they intend to spend nearly $1 million in an attempt to hold the seat recently vacated by Rep. Mark Foley. The Florida Republican quit Congress last month after being confronted with sexually explicit computer messages he sent to teenage male pages.

Democrats, who must gain 15 seats to win House control, said the moves were evidence that time was running out on the GOP majority. "The fact is, defending a failed economy for the middle class and the disaster in Iraq was always going to be too expensive a proposition for Republicans," said Bill Burton, a Democratic spokesman.

Carl Forti, a spokesman for House Republicans, countered, "We'll find out who's winning on election day."

Democrats, too, were rearranging their plans as the campaign headed into its final stages.

While some of their changes reflected confidence, that did not appear to be the case in Arizona, where the party has pared back plans to advertise against Republican Rep. J.D. Hayworth.

The maneuvering unfolded as Republicans struggled to regain their balance after more than a week of Foley-related controversy and persistent questions about when GOP congressional leaders learned of the issue and how quickly they acted.

The House ethics committee and the FBI are both investigating, Foley is in an alcoholic recovery program after resigning from Congress, Speaker Dennis Hastert has come under fire for his handling of the matter - and public surveys indicate Republicans are paying a price in the polls.

Compounding the sense of confusion, a prominent conservative activist said Hastert's tenure as speaker would likely soon be over - one way or another.

"In all probability Speaker Hastert will be replaced next year, whether it's because the Democrats take over or it's because Republicans retain control and they decide he's been Speaker long enough," said Paul Weyrich.

In an interview, Weyrich said he was basing his prediction on recent conversations with GOP lawmakers, from "so many Republicans who are now defending the Speaker who are saying if some miracle we should hold onto the majority, 'I think we need another Speaker.'"

Last week, Weyrich stirred controversy when he called for Hastert to resign, then changed his mind. In making his most recent comments, he said he doesn't agree with those calling for Hastert to be replaced.

With Republicans scuffling, President Bush campaigned from the Rose Garden. He predicted his party would retain control of Congress and said the election would turn on the economy and the war on terror - not on the scandal spawned by Foley.

At a nationally televised news conference, he said six times in the space of a few moments that Democrats who support a timetable for a troop withdrawal from Iraq advocate a strategy of "cut and run."

Turning to another familiar campaign theme, he said the Democrats would raise taxes more than they will admit. "Now, I know they say only on the rich people, but that's ... just code word. They're going to raise them on whoever they can raise them on," he added.

Bush also took a jab at former President Clinton for his handling of North Korea, the Communist regime that claimed earlier this week it had conducted a nuclear test.

"I appreciate the efforts of previous administrations. It just didn't work," he said, after mentioning that under Clinton, the United States had engaged in one-on-one talks with North Korea.

Democrats quickly hit back on both counts.

"North Korea's apparent nuclear test is clear evidence of the failure of the Bush administration when it comes to nuclear proliferation," said Sen. Dick Durbin of Illinois, the No. 2 Senate Democrat. He accused the president's team of giving up on the "successful diplomacy" begun by Clinton.

As for taxes, House Democratic Leader Nancy Pelosi of California responded with a statement. "President Bush and his rubber stamp Republican Congress can't seem to grasp that Democrats have long fought for middle-income tax cuts. This is in stark contrast to the Republican tax breaks for the super rich that have led to a budget that is grossly out of balance and a national debt that is morally indefensible."

In an interview last week, she said Bush-era tax cuts would have to be rolled back for those above "a certain level." She mentioned annual incomes of $250,000 or $300,000 a year and higher, and said tax rates for those individuals might revert to those of the Clinton era. Details will have to be worked out, she emphasized.

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Both political parties have Washington-based committees that spend millions helping their candidates in both House and Senate races, often by paying for hard-hitting television ads or campaign mail, and usually in the final weeks of a campaign.

The GOP moves reflect pessimism about the party's ability to defeat Democratic Reps. John Spratt in South Carolina or Alan Mollohan of West Virginia, or capture either of two seats held by Democrats running for statewide office in Ohio.

Betty Sutton is running to succeed Rep. Sherrod Brown in one of the two; and Charlie Wilson is the Democratic candidate in the district currently represented by Rep. Ted Strickland. Brown is running for the Senate, and Strickland is the Democrats' gubernatorial candidate.

In Florida, Republicans reserved nearly $1 million in television advertising time through Election Day to aid their replacement candidate, state Rep. Joe Negron. The Democrat in the race is Tim Mahoney. Under state law, Foley's name will remain on the ballot, and any votes cast for him will be credited to Negron.

Because their money is limited, the committees customarily concentrate on the races they deem the most competitive, and a change in plans can be significant.

Despite the moves, Republicans are continuing to contest three Democratic-held seats in Iowa and Georgia, as well as the Vermont seat that independent Rep. Bernie Sanders is giving up to run for the Senate.

Democrats have scaled back advertising plans in Indiana, Illinois and Texas recently, but officials said that reflected confidence they would pick off two Republican-held seats, rather than a decision to accept defeat.

In Indiana, Republican Rep. John Hostettler trails his Democratic challenger in the polls, and in the other, former Rep. Nick Lampson is running against a write-in challenger to replace former Rep. Tom DeLay.

The Fight For Congress: I've Seen This Movie Before (RC)

By Stuart Rothenberg

Roll Call, October 12, 2006

Three weeks ago, some people were talking about a Republican surge that never really existed. Now, others mistakenly are talking as if the page scandal surrounding ex-Rep. Mark Foley (R-Fla.) hasfundamentally changed the election cycle. It hasn't. What we are seeing, increasingly, is 1994, with the parties reversed.

The midterm elections overwhelmingly remain a referendum on President Bush and the Republican Congress. The Foley scandal makes it more difficult for GOP candidates across the country to cut through the media coverage of the controversy and to localize their races and discredit their Democratic opponents. But the Republicans were in a hole even before the most recent flap.

Clearly, the scandal has allowed Democrats to return to the party's "culture of corruption" argument that it largely dropped during the summer. That feeds into the Democrats' larger "change" argument, an argument that apparently resonates with voters who disapprove of the job the president and Congress are doing, and who think that the country is headed in the wrong direction.

Democrats now deserve to be solid favorites to win control of the House of Representatives. They already have six to nine GOP seats in the bag, with another two dozen serious opportunities.

The fallout from the Foley scandal does increase the possible size of an already substantial Democratic wave. That means that low second- and third-tier Democratic challengers must now be taken more seriously, and it increases the chances that entrenched Republicans in marginal districts — even those without particularly credible Democratic opponents — could find themselves in jeopardy on Nov. 7.

The problem for Republican Members of Congress is that the election cycle isn't about them as individuals, or their opponents. It's a referendum on the president and the direction of the country. True, the GOP still has more than three weeks to "localize" individual House and Senate races, but the burden remains on Republican candidates to change the focus of the midterms.

The major impact of the Foley scandal potentially is to further depress Republican turnout. If turnout is down, it also will increase Democrats' chances of winning the Senate. Republican prospects in both Virginia and Tennessee have eroded, and while Democrats Jim Webb (Va.) and Rep. Harold Ford Jr. (Tenn.) still have plenty of work to do to win their Senate contests, both races clearly have become competitive.

Personally, I'm skeptical about all of the talk about evangelical voters deserting the GOP in droves, and I thought David Kirkpatrick hit the nail on the head in Monday's New York Times.

For most evangelicals, politics is about where the two parties stand on cultural issues, not whether House Minority Leader Nancy Pelosi (D-Calif.) goes to church, whether Foley has a serious personal problem or whether the Republican Congressional leadership mishandled the page scandal issue. Still, overall turnout is a big GOP problem because of the president's and Congress' standing, and that includes evangelical Republicans.

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No matter what the final results, Republicans will suffer serious losses next month. Losing just a dozen House seats would be a resounding victory for the GOP, since losses in excess of 20 seats are possible. In the Senate, most Republicans would be content if the party loses only four or five seats, thereby keeping control.

If Republicans lose even one chamber of Congress, I expect allies of the president to cite Congressional GOP scandals and paint the results as a rejection of Capitol Hill Republicans, not of President Bush. If that's ultimately the White House line, I hope nobody swallows it.

Clearly, the elections so far have been, and continue to be, about Bush and the administration's performance, not about the GOP Congressional leadership. And if Republicans get spanked by voters, it won't be the fault of the National Republican Congressional Committee, which is once again doing everything it can, given the cards that it holds.

But with Bush still having two years left to govern, the White House is going to have to try to pass the buck, and the blame, to Foley, Speaker Dennis Hastert (R-Ill.) and anyone else it can think of. And that won't be the extent of the GOP infighting. You can bet that conservatives will complain that moderate voters proved unreliable, just as you can expect moderates to complain that conservatives were intolerant and too ideological.

The 2006 elections increasingly resemble those of 1994, when Republicans ran as the party of change against then-President Bill Clinton. This cycle, Democrats are running to check Bush much as Republicans ran against Clinton a dozen years ago. Unpopular presidents tend to produce difficult, often disastrous, midterms for the party in power. That's what is happening to the GOP this year, pure and simple.

Will Voters Pull The Trigger? (WP)

By David S. Broder

The Washington Post, October 12, 2006

The old theater adage demands that if you show a pistol in Act 1, you'd better fire the gun in Act 3. That same wisdom applies to politics.

The voters have been pointing a symbolic gun at the Republican regime in Washington for many months now. All that remains is for them to pull the trigger on Election Day.

When you examine the latest round of preelection polls, what is striking is the stability of public attitudes over the preceding months. In this week's Post-ABC News poll, for example, President Bush has a job approval score of 39 percent, with 60 percent disapproving. Eleven months earlier, in November 2005, the scores were identical.

In between, Bush got up as high as 47 percent and fell as low as 33 percent. But at no time did more Americans approve of his job performance than disapprove.

The public has shown similar consistency with party support for Congress. In the latest poll, Democrats lead Republicans, 54 percent to 41 percent, among registered voters. In November 2005 the Democrats led 52 percent to 37 percent. The margins are almost identical.

To take one more example, look at the broad question of the overall direction of the nation -- right path or wrong track. In this latest poll, by a margin of 66 percent to 32 percent, people said "wrong track." Last November the comparable numbers were 68 and 30 percent.

What all this suggests is a settled judgment on the part of the majority of Americans that the current leadership of the nation is not doing the job that people expect. This is the government the people chose in 2004, but now they are showing clear signs of buyer's remorse.

The disillusionment is not the product of the Foley scandal, which is shifting few votes, as far as I can judge. And it also reflects more than the continuing bad news from Iraq, though that has had a large effect on public opinion.

What is driving public opinion is an overall impression that those in office -- meaning mainly Republicans -- have let things slide out of control and need to be relieved.

What voters may not know is that the same judgment has been reached by a significant number of people who are part of -- or close to -- the Republican majority. If I have heard it once, I have heard it a dozen times: Major Republican figures, including top officials of several past GOP administrations and Congresses, say, "We deserve to lose this election."

The failure is most evident at the Capitol end of Pennsylvania Avenue. The one measure of opinion that has shifted significantly in the past year is the public judgment of Congress. In the latest poll, it is negative by a 66 to 32 percent margin. Last November the gap was much smaller, with 59 percent disapproving and 37 percent approving.

The failure of this Congress to act meaningfully on immigration, energy, health care or other vital needs has left the public frustrated -- and members of Congress feeling embattled.

But there is also a palpable sense of weariness in the executive branch and a need for relief there as well.

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Fortunately, the voters have the power -- if they pull the trigger on Election Day -- to create a new plot for the Washington drama. This election campaign has been a learning experience for candidates of both parties, incumbents and challengers alike. They have been bombarded with messages from their constituents, telling them that the public is tired of the partisan bickering, tired of the gridlock and eager to elect people who will focus on the real problems and work together to find solutions.

If that lesson is reinforced by the election results, Washington will change. Congress will be run by people who talk with each other, across party lines. And even the White House may learn that it needs to end its isolation and engage more broadly at home and abroad if it is to salvage some substantial accomplishments from Bush's final two years in office.

That kind of fundamental change in the political environment is possible -- indeed, it is imminent and will be welcomed. But it will happen only if voters pull the trigger. Elections do matter, and this one matters more than most.

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R.W. "Johnny" Apple, the New York Times political reporter who died last week, set the standard for our business for all of his working life. He covered the beat -- and wined and dined -- better than anyone else, and the joyfulness of his life was infectious.

Around Pentagon, Referendum On War (WP)

By Tim Craig

The Washington Post, October 12, 2006

Virginia's U.S. Senate race could become the nation's marquee referendum on President Bush's Iraq policy as George Allen and James Webb offer voters stark differences about a war that polls show is increasingly unpopular.

Though the candidates have been sidetracked for weeks by questions about character, the war is a major issue in a state that is home to the Pentagon, the world's largest naval station, at Norfolk, and tens of thousands of veterans. The Democratic candidate in the Virginia Senate race is one of the few running this fall who is a decorated Vietnam War hero whose son is serving in Iraq with the Marine Corps.

The war is dominating Senate races across the country, but Bush easily won Virginia in 2004 and Democrats are hoping to prove that public attitudes about the war are changing.

"Webb and Allen are essentially reflecting what seems to be the two national party positions on the war," said Mark Rush, a political science professor at Washington and Lee University. "You essentially have Allen saying 'Stay the course.' . . . The Democrat is saying, 'We can do it better and differently,' but doesn't really say how."

Republican Sen. Allen, who in 2002 voted to authorize the use of force against Iraq, has been a steadfast supporter of Bush's decision to invade, remove Saddam Hussein and turn the country over to an elected government. Allen, who won't rule out sending more troops to Iraq, said the United States cannot afford to withdraw without a decisive victory that guarantees that the country will not become a haven for terrorists.

Webb, a former Marine, opposed the conflict before it began. He calls the war a "strategic blunder of historic proportions" and wants to reposition troops to other Arab nations, out of harm's way. "We didn't go into Iraq because of terrorism. We have terrorism in Iraq because we went in there," Webb says.

But beyond the contenders' backgrounds and TV sound bites, foreign policy and political analysts say neither candidate has provided comprehensive plans for either a victory or a quick withdrawal. Absent those, voters could be left to make decisions based on each candidate's position before the war started in 2003 and which of the two offers the best hope for getting the troops out as quickly as possible, foreign policy analysts say.

"It is really a referendum on decisions made years ago rather than presenting the voters with two different, viable set of options," said Nathan J. Brown, a senior associate at the Carnegie Endowment for International Peace.

Webb wants the United States to involve Iraq's neighbors, including Iran and Syria, in discussions about how to bring stability to the region. Allen chides the idea, saying the United States should not talk to sponsors of terrorism.

On the campaign trail, Allen, who says he keeps a slain Virginia soldier's dog tags on his mirror at home, is fond of saying "there is no substitute for victory" and troops need to come home in "victory, not defeat." Webb says the troops have a victory because they deposed Hussein and concluded the hunt for weapons of mass destruction.

Webb, who says that the U.S. presence is inciting attacks on American troops, has also called for a clear statement from Bush that the country has no plans to occupy Iraq. Webb has accused Allen of supporting plans to build four permanent military bases in Iraq.

Allen counters that the bases are needed to protect troops, but he discounts Webb's assertion that the bases are there to stay. Allen notes that he recently voted for a congressional resolution stating that the bases are not permanent.

The candidates' positions on Iraq have been evolving.

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Allen has embraced Bush's sound bite that the United States cannot "cut and run" in Iraq. He says troops can start withdrawing when Iraqi forces are capable of protecting the country.

In the past week, Allen has been trying to link himself to Sen. John W. Warner (R-Va.). Warner, the chairman of the Senate Armed Services Committee, returned last week from a trip to Iraq and said the United States may have to change course if the level of violence does not decrease within the next several months. Iraq is "drifting sideways," he said.

Webb seized on Warner's assessment, saying Warner proves that Allen is out of touch on the war. Allen tried to deflect Webb's attack by appearing with Warner on a conference call with reporters during which the two senators tried to play down any differences between them.

"I'm working in the Senate with Senator Warner on this issue," Allen said of the war. "I have said on many occasions I am concerned about it. I have seen how tough it is for families. . . . But these terrorist threats we face are real."

Allen then accused Webb of playing a "political game" by trying to make an issue of the war, which polls show is a top concern of voters. In an interview later, Warner declined to criticize Webb, a former Republican who served on his staff when Warner was secretary of the Navy in the early 1970s. In the 1980s, Webb was secretary of the Navy.

Webb was drafted into the race by antiwar bloggers who thought his military rÃ©sumÃ© and background as an author gave their movement credibility in relatively conservative Virginia.

Webb has shied away from embracing calls for a timetable for troop withdrawal and he opposes Congress cutting off funding for the war.

Webb instead says he thinks the United States can be out of Iraq within two years "with the right kind of leadership."

"The people who failed to prevent this disaster are not the ones you can count on to fix it," Webb says in a television commercial he is airing that tries to link Allen to Bush on the war issue.

Lawrence B. Wilkerson, a Republican who worked as chief of staff to then-Secretary of State Colin L. Powell between 2002 and 2004, said Webb's approach is one of "diplomacy because bombs, bullets and bayonets aren't going to work anymore."

"A lot of this insurgency is anti-occupation," said Wilkerson, who has endorsed Webb and has criticized Bush.

James Jay Carafano and James A. Phillips, two analysts at the conservative-leaning Heritage Foundation, published an article last week predicting chaos in Iraq if U.S. troops leave without finishing the war.

They say the ensuing civil strife would strengthen Iran and Al-Qaeda, escalate energy prices and cause a catastrophe for the Iraqi people.

"There is an assumption if we pull out, we won't have to go back in," Phillips said in an interview. "But I will argue we will have to go back in again and again not only to fight al-Qaeda, but if full-scale civil war breaks out, there will be calls for humanitarian intervention."

Richard K. Betts, director of the Saltzman Institute of War and Peace Studies at Columbia University, said there is no good option for those wanting a quick end to the war, which has claimed the lives of more than 2,700 service personnel and wounded 20,000.

"The people who got us into this and the people who were against this from the beginning are stuck with a situation they can't find a way out of where it doesn't look as if it's going to pose severe damage to our interests as well as Iraq's," Betts said.

Betts says this year's Virginia Senate race bears a resemblance to past presidential races.

In 1968, Republican Richard M. Nixon successfully ran for president railing against two successive Democratic administrations that he blamed for entangling the United States in the Vietnam War. Nixon pledged to end the war but did not spell out how he planned to succeed. The last U.S. troops left Vietnam in 1975. In the 2004 presidential race, Sen. John F. Kerry (D-Mass.), a Vietnam veteran, argued that voters should trust him instead of Bush to resolve the war in Iraq but declined to set a timetable for withdrawal.

Unlike Kerry, who voted to authorize the use of force against Iraq, Webb spoke out against the war six months before it started. Webb wrote an editorial in The Washington Post in which he warned that U.S. troops in Iraq "would quickly become 50,000 terrorist targets."

"If voters send Webb to the Senate, especially if the Democrats have a majority in the Senate, they may be forming a national spokesperson for the party on Iraq," said Brown of the Carnegie Endowment.

Phillips said that would only undermine the effort to finish the job in Iraq.

"It would be total paralysis if you had 100 secretaries of state," he said, referring to the number of U.S. senators.

Talent, McCaskill Put Contrasts On Display During Debate (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, October 12, 2006

DOJ_NMG_0079800

U.S. Sen. Jim Talent, R-Mo., and his Democratic rival, state Auditor Claire McCaskill, sparred over familiar differences and took on some new ones Wednesday during their third debate.

The familiar ones: Iraq, renewable fuels and stem cell research.

Among the new ones: how best to serve the black community and how to confront North Korea's efforts to become a nuclear power.

Wednesday's hourlong session at Clayton High School was the first of three prime-time televised debates between the two candidates to be held in the state within a week.

McCaskill repeatedly portrayed Talent and the Republicans who control Washington as out of touch with average Americans and allowing "steadfastness to turn into stubbornness."

Talent, in turn, asserted that McCaskill was too negative. "Opposing something because your opponent is for it isn't changing Washington - that is Washington," he said.

Talent painted McCaskill as "taking positions of weakness" when it comes to confronting and combating terrorists. He reaffirmed his support for the Bush administration's electronic surveillance of communications between Americans and suspected terrorists overseas.

McCaskill contended that Talent had been too weak as a member of the Armed Services Committee in challenging administration policies. "Strength is asking the tough questions," she said.

The candidates also zeroed in on their chief campaign themes:

Talent emphasized his record, during his four years in the Senate, of pushing for alternative fuels, battling methamphetamine production and supporting the new prescription drug program. He also reiterated that he believed the United States must keep its military forces in Iraq "until the mission is complete."

McCaskill promoted her record as state auditor and her call for change in Washington and overseas. She emphasized her opposition to the Bush administration's tax breaks, saying they were weighted too much to the wealthy, and her objection to the federal energy bill, which she said is "too much of a handout to big oil."

On Iraq, Talent repeated his view that "completing the mission in Iraq will be a tremendous benefit to us," and make it less likely that the United States will see terrorist attacks at home.

McCaskill re-emphasized her view that "we must change course" and move troops over the next two years into other parts of the Middle East. "We must re-engage," she said.

Both also offered different takes on North Korea claim to have exploded a nuclear bomb on Monday. McCaskill called for bilateral talks and blamed President George W. Bush's administration for isolating the United States from potential allies.

Talent asserted that former President Bill Clinton's administration had been too soft on North Korean leader Kim Jong Il, who, Talent said, "took us in."

When asked who was best equipped to represent minority concerns, Talent and McCaskill - both white suburbanites - emphasized their key philosophies. Talent said he would be better at advancing policies to empower minorities with more opportunities, while McCaskill said she would protect certain government programs - such as college grants and loans - that would offer minorities the tools to get ahead.

On stem cell research, Talent reaffirmed his opposition to Amendment 2, the ballot proposal to protect in Missouri all forms of stem cell research allowed under federal law. He quipped that he doesn't want to "see myself coming in the other direction."

McCaskill accused Talent of mischaracterizing the amendment, which she noted had provisions to ban human cloning and to prevent the sale of human eggs for research. She emphasized her support for the amendment. "My faith dictates we should heal the sick," she said.

On eminent domain, both promised to protect the rights of property owners.

Wednesday's debate was before an audience of several hundred people, including about 100 students from Clayton High School. Relatives and supporters of Talent and McCaskill sat in the front rows. It was televised live on KSDK (Channel 5), a co-sponsor of the debate, along with the Clayton Chamber of Commerce, the St. Louis Business Journal and the law firm of Husch & Eppenberger. It was broadcast live on radio station KWMU (90.7 FM).

The debate excluded the two third-party candidates, Libertarian Frank Gilmour and Progressive Party candidate Lydia Lewis. Neither is included in the next televised debates, which will be aired live next Monday from Springfield, Mo., and on Wednesday from Kansas City.

McCaskill Casts Self As Truman; Talent Claims She's Weak (KCS)

By David A. Lieb

The Kansas City Star, October 12, 2006

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CLAYTON, Mo. - Democratic Senate candidate Claire McCaskill cast herself as the next Harry Truman on Wednesday night as she sought to wrest Truman's old Missouri Senate seat away from Republican Sen. Jim Talent. But Talent claimed McCaskill was weak, not Truman-tough.

McCaskill focused on the war in Iraq and against terrorists, criticizing Talent for his unquestioning support of what she described as President Bush's stubborn foreign policy.

Talent countered that McCaskill "supports consistent positions of weakness in the war on terror." Every chance he could, Talent turned the debate toward domestic issues, noting his successful support for such things as alternative fuels and a Medicare prescription drug benefit for seniors.

Although Republican- and Democratic-funded TV ads have been blaring with negativity in Missouri for weeks, the debate before about 500 people at Clayton Senior High School remained civil - calm tones, smiles and no finger-pointing. Even the rival Talent and McCaskill demonstrators outside the auditorium posed no problems, police said.

McCaskill used her opening statement to compare herself to one of Missouri's most beloved and enduring political figures. She noted that Truman, as a member of the Senate Armed Services Committee, asked tough questions about war profiteering, waste and abuse during World War II - even though a fellow Democrat controlled the White House.

Yet she said Talent remained silent - not asking a single question - on four separate occasions over several years when Secretary of Defense Donald Rumsfeld appeared before the Armed Services Committee, of which Talent is a member. Other senators, both Republican and Democrat, quizzed Rumsfeld intensely, she noted.

"Strength is the ability to ask questions and get to the bottom of the problems we have in Washington," McCaskill said. "I will be that kind of senator."

Her assertion was a pre-emptive rebuttal of Talent, who has repeatedly characterized McCaskill's foreign policy positions as weak. Among other things, McCaskill has called for U.S. troops to be redeployed from Iraq over the next two years or so.

Talking with reporters after the debate, Talent defended his assertiveness as a member of the Armed Services Committee.

"I've asked thousands of questions at Armed Services hearings," Talent said. "Now are there hearings where I have not asked a question? Sure. There's hearings where every committee member does not ask a question."

Talent, meanwhile, suggested during the debate that McCaskill opposed all the measures he touts: the energy bill containing a renewable fuels standard, the Medicare drug benefit, an anti-methamphetamine bill and a bill targeting payday lenders who profit from military members.

"I don't know a politician in the country who opposed all four of them, except my opponent in this race," Talent said.

McCaskill said she opposed the energy bill because it contained billions of dollars of tax breaks for "big oil." She has criticized the prescription drug bill for not doing enough to lower the prices seniors pay for medicine and has claimed the payday loan bill didn't go far enough. She has insisted she supports the anti-methamphetamine legislation.

The candidates answered 10 questions Wednesday, including one not asked in either of their two previous debates about their positions on eminent domain. Both decried abuses of the power to take private property for redevelopment by others.

But they differed slightly in their interpretation of a 2005 U.S. Supreme Court ruling upholding the use of eminent domain to transfer property from one private owner to another who could generate more tax revenues by redeveloping it.

McCaskill said the ruling essentially left the issue to local governments. Talent said the Supreme Court "made a mistake in basically abdicating what I saw as its responsibility to ensure that private land is not taken for private uses."

Talent, however, cut short his eminent domain response to rehash his support for domestic issues that he claimed McCaskill opposed. McCaskill then followed that line of debate.

That prompted the moderator to remind the candidates to respond to the question asked.

"I'm sorry," Talent said.

McCaskill quipped: "He did it first."

Talent and McCaskill are to debate again Monday in Springfield and Oct. 18 in Kansas City.

Big Sky Country Gets Smaller (WSJ)

By Frank D. Miele

The Wall Street Journal, October 12, 2006

KALISPELL, Mont. -- "Are you tired of business as usual in our state and federal government?" began a letter to the editor in the Daily Inter Lake last week. Joani Young was driven to despair by Montana's U.S. Senate race, which pits Conrad Burns, a three-term Republican incumbent from Billings, against Jon Tester, the Democratic president of the state Senate. Ms. Young's despondency probably speaks not only for a lot of Montanans, but for voters across the board on the condition of American politics.

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The Burns-Tester race is indeed a sorry sight: A campaign run from Washington that has probably offended every decent Montanan with its advertising blitz, its finger-pointing, its name-calling -- and, more significantly, with its cynicism, anger and disrespect. This, after all, is Big Sky Country, where there used to be room enough for ideas all across the political spectrum and where a man used to be respected as much for what he didn't say as what he did. But Big Sky Country has been made smaller -- and meaner -- by this campaign.

A few weeks ago, for instance, the high-school auditorium in the town of Hamilton (pop. 4,500) was the scene of an embarrassing scrap. A debate between Messrs. Tester and Burns degenerated into an unruly shout-down in which an audience packed with Tester supporters heckled and cursed Mr. Burns, one even calling him a "psycho."

Of course, during this no-holds-barred campaign, Conrad Burns has been accused of all manner of foolishness and scandal. He may, in fact, be the only Republican member of Congress who considers the Mark Foley sex scandal a welcome diversion. Mr. Burns's alleged indiscretions don't drift toward the salacious, of course. Rather, his problem is that he's been in Washington for 18 years. Back in 1988, Mr. Burns ran as a conservative, just-plain-folks government outsider, commanding the field to such a degree that he helped create an updraft for other Montana Republicans. The 71-year-old still cusses and chews tobacco like the former Marine and live-auctioneer he was back then, but today his down-home lovable rascal act may be long on rascal and short on lovable.

Nationwide, Mr. Burns topped the list of all congressmen who took money from the disgraced Jack Abramoff, at nearly $150,000. But he's best known around these parts for taking money from Congress rather than from lobbyists. He is a proud participant in the "culture of pork" and loudly trumpets his accomplishments, along with fellow Democratic Sen. Max Baucus (five terms in Washington), in winning appropriations for a variety of water projects, highways, research grants, farm subsidies, etc. In Montana, we have come to measure our representation in Washington by dollar amounts.

Mr. Burns's mastery of that kind of practical politics seems to be the central message of his campaign: My vote in Congress in support of the president's agenda is more important than any unproven allegation of wrongdoing. His skill in Washington has helped him survive gaffes, blunders and scandal that would have rocked a senator from a big-media state (e.g., George Allen). Just in the past year, he has reportedly insulted working women and firefighters, and implied that he may have an illegal immigrant on his home payroll.

But Mr. Burns is nonetheless highly vulnerable this year. The electorate is not in a forgiving mood, even in a state that went 59% for George W. Bush in 2004. Mr. Tester, a burly, flat-topped, 50-year-old rancher from Big Sandy (pop. 700 and change), has for his part capitalized on Mr. Burns's blunders to take a four- to seven-point lead in the latest polls.

The national focus on Montana will increase dramatically in the last three weeks of the campaign. It's no secret that control of the Senate could hinge on the outcome of this and a couple of other key races; and money from both national parties and their associated committees has been pouring into the state. Mr. Burns, so far, has raised $6.8 million for his re-election campaign, Mr. Tester only $1.7 million, although a massive amount of money has been spent on advertising by non-campaign forces such as national political action committees.

If Mr. Tester wins, a great deal of attention will be focused on a supposed lurch to the left -- especially in a state with emerging Democratic star Brian Schweitzer as governor -- but that's not precisely the issue. Montana has a long tradition of quirky bi-partisanship, so there is room for both liberals and conservatives. But Mr. Burns no longer seems genuinely conservative to some, aside from sticking to the script on the usual hot-button issues, and has instead "gone native" in D.C.

The national media attention is also starting to grate on small-town Montana. The tightening web (noose?) of the Internet, the cable news and the blogs on the body politic is a huge turnoff. And the fundamental lack of seriousness is unworthy of the gravity of the challenges facing us.

That, at least, is the way it looks to Joani Young and others like her -- no one is willing to clean up a system that seems worse than ever. Montanans are affronted by a culture of saying one thing and doing another, in a state where people pride themselves on simple, straightforward truth-telling. It's all the more galling in this particular race, with its national resonances.

If these two can't keep focused on what they want to accomplish for our nation, instead of what's wrong with each other -- if they can't put partisan politics aside -- then what hope is there for real change, and real progress? Ms. Young's letter expressed a typical sentiment -- the floating sense of discontent with national politics -- but proposed a novel solution: "None of the above."

Sen. Burns and Mr. Tester, take note. Democratic National Committee, take note. Republican National Committee, take note. Many voters have had enough -- at least in Montana.

2008: The Prequel (NYT)

By David Brooks

The New York Times, October 12, 2006

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There are always a lot of retirees at campaign events in places like Mansfield, Ohio, and the most telling question you can ask them is: Where are your kids living?

Most of the factories have shut down in Mansfield. The old Westinghouse plant sits silent and archaic like a medieval castle near the center of town. And the retirees have seen their kids go off somewhere else. If they've gone to college, they're in New York, California, Georgia or Arizona. They're Christmas Ohioans. At holiday time they visit home.

This is the economic backdrop to the most important political race in the country, the Senate campaign between Sherrod Brown, a Democrat now in the House, and Mike DeWine, the Republican incumbent. It's important because each candidate comes from the most vibrant strain in his own party. Brown is a full-bore economic populist. DeWine is an independent McCainiac conservative. In two years, the national parties will be talking in just these ways, and we're seeing a preview of that battle today.

Sherrod Brown is a natural political animal, with the ability to dominate the space around him. At a campaign rally in Mansfield, he pulls a chair into the center of the room while others are speaking, so everyone can see him listening and reacting. He wears a wrinkled, cheap suit, and his raspy voice and plain manners evoke the local diner or union hall more than his alma mater, Yale University.

Terrorism and national security issues don't come up spontaneously around Brown. He focuses on the problem that is at the core of his career and mission: the hollowing out of Ohio's manufacturing base and the slow destruction of a way of life.

"They've sold out our country and betrayed the middle class," he says of the Republicans and the big corporations who worked together to write the tax laws, the energy bill and the prescription drug bill.

He vociferously opposes free trade. In his defining TV ad, he stands in front of a closed factory and blasts DeWine for supporting trade agreements that cost America jobs. His lapel pin shows a canary in a cage, a symbol of his solidarity with coal miners and workers everywhere. At a time when many Democrats are merely against things, Brown has a coherent approach to globalization and stagnant wages.

DeWine is Brown's opposite. He's short and unassuming, the least senatorial-looking man in the U.S. Senate. When he ambles modestly into a rally at Rocky River, almost nobody notices. As Tom Ridge, the former Pennsylvania governor, sings his praises, DeWine slips offstage to the back of the room. He grabs some chicken, finds a table and tucks meditatively into his dinner. Only one person at the table even looks up.

And yet he's one of the toughest and most widely respected senators. Anti-abortion and pro-tax cut, he angered his evangelical base by supporting the Gang of 14 compromise on judicial filibusters. He voted against the president's last budget because he thought it had the wrong priorities on children's health (he lost a daughter in a car accident). On the stump he touts law after law he has co-sponsored with liberal Democrats.

He wasn't in Congress when Nafta passed, but he rattles off statistics on how many Ohio jobs derive from exports and global trade. If Ohio's going to rebound, he says, its going to come from skills and entrepreneurialism not trade protectionism.

In a normal year, DeWine could probably hold off Brown's formidable challenge. DeWine, who is incapable of grandstanding, embodies the trans-partisan, conversational politics the country longs for.

But this year he faces an uphill fight. Voter frustration with Republican rule blots out the distaste many may have for liberal Democrats. DeWine has tried to portray Brown as an out-of-step liberal, to little effect.

More important, President Bush's polarizing political strategy has made it hard for independent Republicans to distinguish themselves from their party's national brand. As the Catholic University political scientist John K. White points out, we seem to be amid a parliamentary election this year, with voters making decisions about national parties, not local candidates. There is a yawning 19-point gap between those who say they like DeWine personally and those who say they plan to vote for him.

Ohio is crucial to winning the presidency. If Brown wins this year, he'll be the model for Democrats nationally. If DeWine pulls this out, Republican will copy him. This is what politics looks like as conservatism wanes: feisty economic liberals against independent, party-bucking Republicans.

A Gilded Path To Political Stardom, With Detours (NYT)

By Danny Hakim

The New York Times, October 12, 2006

There could hardly be a more perfect road map to becoming a rich lawyer than the bullet points laid out on Eliot Spitzer's formidable résumé. There was high school at prestigious Horace Mann, then Princeton and Harvard Law, followed by stints as a prosecutor for Robert M. Morgenthau, the Manhattan district attorney, and at top law firms like Paul, Weiss and Skadden, Arps.

But along the way, Eliot Spitzer would deviate from that gilded path: at age 20 and while still at Princeton, he set off for a summer in the Deep South to dig ditches and mop rooms at Georgia Tech, before going to pick tomatoes in upstate New York, a trip that he said "opened my eyes into a part of life I hadn't seen."

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Fifteen years later, at age 35, he took the biggest gamble of his life, giving up his job as a corporate lawyer to run for New York attorney general, a bid many considered preposterous.

What his opponents did not count on were twin weapons in the Spitzer arsenal: a fearsome ambition to win, and the millions of dollars that his father, Bernard Spitzer, brought to bear on his son's early campaigns.

The money led to accusations, later dismissed by election officials, that Mr. Spitzer was circumventing campaign finance laws to buy the race.

He finally prevailed in his second run, and would transform the position to take on corporate fraud and propel himself to national renown with his prosecutions of Wall Street investment firms and the insurance industry.

Now, with a commanding lead in the polls in the race for governor, Mr. Spitzer stands at the brink of taking over a state government that is legendary for its dysfunction and backroom deal-making.

He has pledged to overhaul Albany much the same way he used his current job to expose corporate wrongdoing, telling Democrats after they nominated him, "The crowd in charge in Albany is out of touch, out of ideas and, come Jan. 1, they'll be out of time," adding that "on Day 1, everything changes."

His record as attorney general suggests he may have the relentless personality to bring change to the state capital. But his sharp-elbowed, smartest-man-in-the-room demeanor could also undermine his own agenda in Albany, a clubby place where slights have a years-long shelf life in the memories of lawmakers who jealously guard their power.

For his own part, Mr. Spitzer says he is driven by the sort of Progressive impulse that fueled Theodore Roosevelt, whose picture hangs in his office. But when Roosevelt took on Albany after becoming governor in 1899, he was driven out of town by party bosses who persuaded William C. McKinley to put him on the ticket as his vice presidential candidate.

Mr. Spitzer is undeterred. "You don't change the world by whispering," he often says.

Some business leaders, rather than viewing his battles with Wall Street as noble or even civic minded, instead see a gigantic, calculating ego run amok. Mr. Spitzer is unapologetic, saying the way to strengthen business is by keeping it honest. "I'm here to protect the true competitors," he says, in the way Roosevelt wanted "a square deal" both for citizens and business. He also cites Alexander Hamilton, a chief architect of American capitalism, as another political role model.

Not a moving orator, Mr. Spitzer is a loud one, exuding a prosecutorial demeanor reinforced by his chiseled chin and steely blue eyes. His off-the-cuff remarks veer from sizzling bluntness — like calling the redevelopment of Lower Manhattan an "Enron-style debacle" — to impenetrable policy whirlwinds spruced with words like "promulgate" and "out-migration."

Mr. Spitzer brings edgy confidence to all his endeavors, a trait to be expected from a home that produced a neurosurgeon brother and a sister who is a lawyer. At the center of it all were parents who fostered intellectual probing and social awareness, and who follow their son to this day on the campaign trail as he seeks to return the Democrats to the Governor's Mansion after 12 years of exile.

His Father's Son

Dinner at the Spitzer household was more like a bout of intellectual pyrotechnics, visitors recalled. Bernard Spitzer, who built a real estate empire worth several hundred million dollars from scratch, had his three children bring weighty topics to the dinner table for rollicking discussions.

"He would ask, 'How thick is the Earth's crust?'" recalled Joey Low, a childhood friend of Eliot's. "And each one of them gave an answer, and Bernie would look at them and see if their answer was up to par."

"He expected a lot from all of their kids and they produced," he added.

Bernard, now 82, is the son of Austrian immigrants who came to the country in the 1920's. His is a classic immigrant rags-to-riches story, having grown up on the Lower East Side in railroad flats with no hot water. He met his future wife, the former Anne Goldhaber, now 78 and a former teacher, at a Catskill resort.

Bernard graduated from City College at 18 with a degree in engineering. When he returned from his World War II service in the Navy, he got work as a contractor and then eventually struck out on his own, building a real estate empire that now includes several high-rise apartment buildings on the East Side of Manhattan, including the 57-story Corinthian in Murray Hill.

"The philosophy of my own life was imparted by me to my children," he said. "I wanted to do something that would interest me and I didn't want to abhor going to work in the morning."

Of his father, the younger Mr. Spitzer said, "There is a little bit of what I guess would traditionally be called a Germanic nature to him, but also a really good sense of humor. But there isn't a lot of tolerance just for wasted time and such, so we didn't sit around the dinner table talking about the weather and gossip."

If his parents imbued him with a sense of intellectual purpose, it seemed to strike some as wonkish. Jason Brown, a friend and now a lawyer at Ropes & Gray, recalls running against Eliot for the presidency of Horace Mann's seventh-grade class.

"My campaign winning slogan was, "Don't be a dope when things are down, there's still hope if you vote for Brown," he recalled with a laugh. "That clever rhyme beat out Eliot's economic platform."

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Eliot was something of a jock at Horace Mann, captaining the tennis team and playing soccer. When his teams played Trinity, he crossed paths with John McEnroe, who plays tennis with the same abrasive intensity with which Mr. Spitzer approaches politics. Mr. Spitzer has often told the story of going home after seeing Mr. McEnroe whiz serves past one of his classmates and telling his parents "I had seen the kid play who would be No. 1 in the world."

"My parents said, 'Eliot, just because he beat you doesn't mean that he's the best in the world," he remembered.

Along the way, Eliot suffered setbacks, or what for him counted as setbacks. His ambitions of going to Harvard were derailed when he was not accepted, so he went to Princeton instead. In an interview, his father also let forth a family secret: that his son had scored a perfect 1,600 on the SAT. Confronted with this, Mr. Spitzer winced, and conceded imperfection.

"I think it was 1,590," he said, adding that his father must have confused the SAT with his perfect LSAT score.

At Princeton, he was very much the same precocious and confident person, elected president of the student body — as a sophomore.

"I remember — I still bust his chops for this — it was sophomore year and we were walking back to our dorm, Holder Hall, and he said, 'That's a remarkable fenestration,'" said William Taylor, a college friend. "And I had no idea what that meant. His father is a builder, so maybe that's a term of art. Yes, he has a very wide-ranging vocabulary." (Fenestration is, according to Merriam-Webster, "the arrangement, proportioning, and design of windows and doors in a building.)

Him, a Politician?

Twenty-three years ago, two Harvard Law students were wandering through a gay bathhouse in Boston with their professor. The men were meeting with the bathhouse operator, who claimed to have information relating to drug deliveries made to the house of Sunny von Bülow, a socialite who had gone into a coma, and whose second husband, Claus, had recently been convicted of trying to murder her.

"If my mother and father knew what kind of education their tuition was buying, they'd transfer me to business school," one of the students said, according to the book "Reversal of Fortune," while the other replied, "If they saw the number of business school graduates that are clients here, they'd send you to divinity school."

One of the students was Eliot Spitzer, and the other was Cliff Sloan, now the publisher of Slate. Mr. Spitzer's professor, Alan Dershowitz, was handling Claus von Bülow's appeal, and was the author of "Reversal of Fortune."

Mr. Spitzer's involvement in the case showed how he had a knack for good timing, finding himself a ringside seat on one of the most publicized cases of the day. But his name does not even appear in Mr. Dershowitz's book, and young Eliot's role was supplanted in the film version by more comely legal assistants played by Annabella Sciorra and Felicity Huffman.

And that was the role many of his friends thought Eliot would play — brilliant, talented, but not necessarily the guy in front of the cameras.

"He was just off-the-charts brilliant," Mr. Dershowitz said recently, but added, "The last thing anyone in my office thought was that he was going to become a politician."

Mr. Spitzer agreed.

"I didn't think I was well suited to it," he said of the political life. "When I say that to people now, they say, 'Yeah, yeah, yeah,' because they say you were student body president of Princeton, which is obviously true, but it really is the case," he added.

He saw himself as "an assistant secretary of this, that or the other thing, because I love the policy." But in his later campaigns for office, he was known to methodically build ties to key reporters and power players in the state capital, suggesting a good political instinct.

It was while attending Harvard that Eliot Spitzer also met his future wife, Silda Wall, on a skiing trip to Vermont. Mr. Spitzer and Silda would date for several years, in both Boston and New York, before getting married. In New York in the mid-1980's, Silda worked far longer hours at Skadden, Arps than he did clerking for Robert Sweet, a federal district court judge. She now runs a charity that encourages children to volunteer.

Mr. Spitzer is Jewish, but his parents were not particularly religious and he did not have a bar mitzvah; Ms. Wall Spitzer was raised Southern Baptist. The couple celebrate the holidays of both religions with their three daughters but do not adhere rigorously to either.

On the campaign trail, Ms. Wall Spitzer, a slim, blond North Carolinian, plays the smiling political wife to perfection. But the two Harvard-trained lawyers have their policy disagreements. She opposes the death penalty; he supports it for terrorists and killers of police officers.

"Eliot has a very reasoned basis for his position, but one problem with that position is it assumes that you don't make mistakes," she said in an e-mail message. "I think he is deeply troubled by cases in recent years in which mistakes have been made."

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She also seconds her husband's professed lack of presidential ambitions: "That would not be my choice, that he run," she said. "It's a real sacrifice for the family and the girls."

Mr. Spitzer said his legal career unfolded like "an extraordinarily predictable résumé."

"The clerkship, the big firm" — it was Paul, Weiss — "you spend a few years as a prosecutor, then I went to Skadden, enjoyed it, thought I would become a partner, then would end up in the family business unless some governmental opportunity emerged."

He spent six years as a prosecutor in the office of the Manhattan district attorney, Mr. Morgenthau. His most prominent case involved breaking the mob's stranglehold on trucking in the garment district, an inquiry that took three years and involved an elaborate sting. It forced Thomas Gambino and his associates out of the business, and gave Mr. Spitzer a taste of the public limelight.

Mr. Spitzer called it "a great black bag job."

"We set up a trucking company, we ran the sweatshop, we had wiretaps, bugs," he said. "It was a blast, and we ended up making the antitrust case against the trucking companies, each of which had organized crime tentacles or direct control, and we got amazing tapes."

He said the outcome of the case foretold the controversial strategy he would later use on Wall Street — to forgo jail time for settlements, fines and reforms.

"People see this as a premonition," he said "There was no jail time but they got out of the business, sold the companies, paid $12 million, which for them was big money."

In the spring of 1994, while at Skadden, Arps, Mr. Spitzer approached his supervisor, Thomas Schwarz, who ran the firm's litigation department.

"He said 'I've decided to run for attorney general,' and I just about fell off my chair," recalled Mr. Schwarz, now president of the State University of New York in Purchase. "I said, 'What do you mean, do you have any money?' "

When Mr. Spitzer told him he did, and how much, Mr. Schwarz told him to use half his money on the campaign "and give me the other half."

"The result will be just the same," he added. "We both laughed about it."

From Last to First

If it seemed preposterous for an unknown private lawyer to run for attorney general, his family's money made it less far-fetched. To this day, Mr. Spitzer and his family live rent-free in a Madison Avenue apartment owned by his father, requiring Bernard to pay gift taxes. During his first campaign, Eliot borrowed $4.3 million from J. P. Morgan to vastly outspend his three rivals, who were suspicious about how he could finance bank loans without family help.

"He spent $4 million and came in fourth, but he got a lot of votes for someone who was totally unknown," said G. Oliver Koppell, a New York City councilman. Mr. Koppell was appointed attorney general in 1993 after his predecessor left office. Both he and Mr. Spitzer lost to Karen S. Burstein in the Democratic primary in 1994. The Republican candidate, Dennis Vacco, ultimately won.

Mr. Spitzer ran again in 1998 and repeatedly denied the extent to which he was using his father's money or that he was violating family contribution limits. But shortly before the election, he conceded that his father actually had lent him millions of dollars to repay the 1994 bank loan.

The family appear to have pressed the limits of elections law. If such loans are not repaid before an election, they are considered contributions, but Bernard Spitzer's loan was not even made until after the election. Mr. Koppell unsuccessfully sued over the issue. The Board of Elections declined to investigate, partly because the law has a two-year statute of limitations.

Bernard called the whole episode "very painful."

"In my naïveté, I couldn't believe that there was any objection, could be any objection, to a father lending money to a son who wants to enter the political world," he added. "It was just unheard of, to me anyway. I was completely taken aback by that. I couldn't understand it."

When Mr. Spitzer ran again in 1998, he prevailed in another four-way Democratic primary. He continued to overwhelm his rivals with his spending, but Mr. Koppell said Mr. Spitzer had also learned some lessons.

"He knew that he couldn't just do it with TV, like he tried to do in '94," he said. "He went around the state and did more than just TV, mailings, a lot more personal campaigning."

In the general election, Mr. Spitzer faced a far more difficult fight against Mr. Vacco. In that race, Mr. Vacco portrayed Mr. Spitzer as a product of his father's fortune and criticized him for a lack of candor, while Mr. Spitzer accused Mr. Vacco of incompetence.

On election night, Mr. Spitzer led by 18,000 votes out of more than 4 million cast. Mr. Vacco did not concede until Dec. 15.

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At age 39, Mr. Spitzer was New York's new attorney general. And there was no hint of the national agenda to come. In an interview last month, he tried to explain what compelled him to run again after finishing last in 1994.

"I watched as the office moved in directions that could rightfully be improved upon and said maybe this is worth a second shot," he said. "And there was also the stomach, pit in the stomach sort of response. The only way to overcome a loss is to win. You don't quit."

Governor Gets 'Tonight' Slot, So Rival Seeks Equal Time (NYT)

By Jennifer Steinhauer

The New York Times, October 12, 2006

BURBANK, Calif., Oct. 11 — The Democrat who hopes to replace Arnold Schwarzenegger as governor of California says he faxed a letter to Jay Leno. He also says he sent Mr. Leno an overnight letter.

And still, the Democrat, Phil Angelides, has not been invited to appear on "The Tonight Show With Jay Leno" on NBC, and this has made the candidate angry.

Mr. Schwarzenegger, a Republican, has had no such problem. The governor chatted up Mr. Leno on the air Wednesday night, just as he did some three years ago when he first ran for governor in California's recall election.

With this Election Day just weeks away, and Mr. Angelides trailing rather substantially in the polls, his campaign has decided to make an issue of the unequal treatment. At the campaign's behest, Representative Xavier Becerra, a Democrat from Los Angeles, wrote a letter of complaint to Kevin J. Martin, the president of the Federal Communications Commission.

The Angelides campaign wrote a letter to NBC affiliates appealing to them to not broadcast Mr. Leno's show with the governor.

Mr. Angelides's communications director, Amanda Crumley, accused Mr. Leno of giving Mr. Schwarzenegger a leg up among late-night television viewers in violation of F.C.C. rules.

"As absentee ballots are currently hitting homes in California," Ms. Crumley said in a prepared statement, "the governor is getting what amounts to millions in free airtime from the network."

A spokesman for the commission, David Fiske, declined to comment, as did Mr. Schwarzenegger's re-election campaign.

During his "Tonight Show" interview on Wednesday — before which Mr. Leno made a few Marshmallow Fluff-like jokes at the governor's expense — Mr. Schwarzenegger never mentioned his campaign rival.

But the governor did note, in this order, that Heidi Klum looked "gorgeous," that his current job was the best he has ever had, that he spent his 20th anniversary stashing his children at the neighbors' while he plied his wife with diamonds, and that linking him to President Bush was "like linking me to an Oscar." He also strongly suggested that the House speaker, J. Dennis Hastert of Illinois, ought to resign as a result of the scandal engulfing the Republican Congress.

It is Ms. Crumley's view that Mr. Leno's invitation to Mr. Schwarzenegger — who, it so happens, announced his candidacy for governor (along with unrelated details of a bikini wax) on "The Tonight Show" in 2003 — violates the equal time provision written into the nation's Communications Act in 1959. The provision prohibits media programs, with the exception of news interviews, documentaries or newscasts, from giving an unfair share of broadcast time to a candidate without making available equal time to the other candidates running for that office.

"We've always thought the Schwarzenegger administration is a joke," Ms. Crumley said. "And apparently so does Jay Leno. Perhaps that's why Leno invited Schwarzenegger to appear for a few laughs on his program alongside supermodel Heidi Klum and a Las Vegas circus act."

A spokeswoman for NBC, Tracy St. Pierre, said "The Tonight Show" had never received a request from Mr. Angelides. Ms. St. Pierre, in a prepared statement, said the network was "following the news guidelines for interviewing a political candidate."

It is not the first time that Mr. Leno has come under fire for his friendship with Mr. Schwarzenegger.

In 2003, to counter claims that he was essentially giving prime air time to his pal, Mr. Leno invited on his show more than 80 people who claimed to be running for governor in the recall election, including a porn star and a candidate who showed up dressed as Rocky Balboa. Mr. Leno began that show with, "Welcome to California, now a division of Ringling Brothers."

Mr. Schwarzenegger appeared that year on many other television and radio shows as well, and an F.C.C. ruling regarding one of them might presage the end to Mr. Angelides's battle.

In a ruling about Mr. Schwarzenegger's appearance on "The Howard Stern Show," the agency declared the show was exempt from the equal time provision, calling it a "bona fide news program."

If a show that regularly features women in various stages of undress, sometimes engaged in lewd acts with fruit, was declared a news program, some legal analysts suggested Mr. Leno's show might likely pass the same test.

From Schwarzenegger, A Veto For Voters' Good (WP)

DOJ_NMG_0079808

By George F. Will
The Washington Post, October 12, 2006

California's governor has demonstrated virtue, understood as the good we do when no one is watching. With his state and the nation paying no attention to an anti-constitutional campaign to alter the way presidents are chosen, Arnold Schwarzenegger has vetoed a bill that, had it become law, would have imparted dangerous momentum to a recurring simple-mindedness.

The bill would have committed California to cast its electoral votes -- today, 55 -- for whichever candidate receives the most popular votes nationally. The commitment would have been contingent on a compact with other similarly committed states, all having a combined total of at least 270 electoral votes.

Such legislation has been introduced in six states and passed by Colorado's Senate. Advocates offer two rationales:

First, California and other states that are not closely contested battlegrounds are not "relevant." (A state with more than one-fifth of the electoral votes needed to win the presidency is "irrelevant"? Please.) What is meant is that uncontested states are "neglected" by presidential campaigns, so direct popular election of presidents -- the point of the multi-state compact -- would increase voter interest in the many states (by one count, 37, 34 and 37 in the past three elections) that are not considered swing states.

But it is disproportionate to traduce, by simplification, sophisticated constitutional arrangements just to make campaigns more stimulating for some states. Furthermore, the electoral vote system is a wholesome political market: It provides steady incentives for parties to change the attributes that make them uncompetitive in many states. How long will the GOP be content not to contest California?

The system aims not just for majority rule but rule by certain kinds of majorities . It encourages candidates to form coalitions of states with various political interests and cultures. Such coalitions can be assembled only by a politics of accommodation. So the electoral college system discourages attempts to build narrow ideological or geographical majorities. Today the system is helping the Democratic Party by nudging it to be less of a coastal party -- less reliant on a risky 20-state strategy in presidential elections.

The second argument for the multi-state compact is: The possibility of the winner of the popular vote losing the electoral vote contest violates the value that trumps all others -- majoritarianism. Well.

Never mind that in 42 of the 46 elections since 1824 (all but 1824, 1876, 1888 and 2000) for which we have popular vote totals, that did not happen. Which suggests that the assault on the electoral vote system is driven by simplistic majoritarianism, which would shatter the two-party system that is conducive to temperate politics.

That electoral vote system (combined with the winner-take-all allocation of votes in all states but Maine and Nebraska) makes it very difficult for third-party presidential candidates to be competitive. In 1992 Ross Perot won 18.9 percent of the popular vote but no state and therefore no electoral votes. Direct popular election of presidents would be an incentive for fragmentation of the electorate by the proliferation of factional candidacies.

Imagine 2008 with independent candidacies by, say, Colorado Rep. Tom Tancredo (deport illegal immigrants), Pennsylvania Rep. John Murtha (out of Iraq immediately), New York Mayor Michael Bloomberg (independence from the two parties is a virtue) and Jesse Jackson (he would think of a reason). None could win, but cumulatively they could prevent the major-party winner from reaching even 40 percent.

And the multi-state compact cannot include a runoff provision. That would require a constitutional amendment; 34 senators can prevent a constitutional amendment from being sent to the states for ratification, and many more than 17 of the smaller states benefit from the additional weight the electoral vote system gives them.

It is perverse that the 2000 election, which culminated with the lawyers' riot in Florida, is cited to undermine an electoral vote system that prevented 2000 from being a calamity. If, in presidential elections, popular votes were poured into one national bucket, a close election such as the one in 1960, which was decided by fewer votes (118,574) than there were precincts (166,064), would unleash a coast-to-coast frenzy of litigation -- about ballot design, voting hours, alleged voting-machine malfunctions, etc. The electoral vote system quarantines electoral disputes to a few closely contested states.

Under the multi-state compact, Californians, who in 2004 supported John Kerry by a popular vote margin of 1.2 million, would have seen their electoral votes swell President Bush's winning margin. In 1960 and 1976, too, California's electoral votes would have gone to candidates rejected by Californians.

They should understand what their governor has demonstrated: Sometimes the loveliest word in America's political lexicon is "veto."

Judges Can Solicit Election Funds, Court Rules (NYT)

By Adam Liptak
The New York Times, October 12, 2006

DOJ_NMG_0079809

Kentucky may not prohibit judicial candidates from personally soliciting campaign contributions, a federal judge ruled on Tuesday.

The judge, Karen K. Caldwell of Federal District Court in Frankfort, said the ban violated the First Amendment.

Judge Caldwell rejected the state's argument that its interest in preserving the appearance of judicial impartiality justified the ban. Kentucky law, she noted, already allows judges' campaign committees to solicit contributions.

That may be a problem, Judge Caldwell wrote, but adding the element of personal solicitation by the candidate does not make it measurably worse.

"If the public does not believe that elected judges favor their contributors," Judge Caldwell wrote, "then the committee serves no purpose in preserving that appearance of impartiality. If, on the other hand, the public believes that elected judges favor their contributors, then the fact that contributors are solicited by a committee instead of the judge himself does nothing to dispel that perception."

Judge Caldwell said that the ban on personal solicitation might make "direct shakedowns by a corrupt judicial candidate" less likely "because it eliminates the moment when a judicial candidate can say, 'Contribute to my campaign, and I will rule in your favor.' " But such corruption, she wrote, is already prohibited by other ethics rules and by criminal laws.

Judge Caldwell also struck down an ethics rule that prohibited judicial candidates from advertising their political affiliations.

The suit was filed in June by Marcus Carey, a candidate for the Kentucky Supreme Court, against several state officials. It is one of many challenges to canons of judicial ethics around the nation after a decision of the United States Supreme Court in 2002, Republican Party of Minnesota v. White.

That decision struck down an ethics rule barring judicial candidates from announcing their views on disputed legal or political issues. The case left open whether judges have to disqualify themselves from cases involving issues that they discussed.

It is not unusual for judicial candidates in the 39 states that elect judges to raise and spend more than $1 million. Judges seldom recuse themselves from cases involving their contributors. Although many judges acknowledge that large majorities in public opinion surveys believe that campaign contributions influence judicial decisions, almost all judges insist that their decisions are independent and impartial.

Judge Caldwell declined to rule on Mr. Carey's challenges to several other ethics rules, including one concerning disqualification, saying Mr. Carey had not shown that he was injured by the rules and so lacked standing to sue. Indeed, she questioned whether compelled recusal is properly viewed as an injury at all.

James Sample, a lawyer at the Brennan Center for Justice at New York University School of Law, said the erosion of judicial canons of ethics after the White decision meant that "states and litigants are left with few reliable mechanisms to safeguard the constitutional right to due process." A remaining mechanism, Mr. Sample said, is "more rigorous application of existing recusal rules."

A lawyer for Mr. Carey, James Bopp Jr., said in a statement that the rules Judge Caldwell struck down "served as a unconstitutional restriction on judicial candidates' free speech." Judicial candidates, Mr. Bopp added, "have a right to announce their views by stating their political affiliation and to solicit funds for their campaigns for office."

No Solo Talks With N. Korea, Bush Insists (LAT)

By James Gerstenzang And Maggie Farley, Times Staff Writers

The Los Angeles Times, October 12, 2006

He says the U.S. won't tolerate a nuclear North, but he stresses multi-nation diplomacy over force. Pyongyang threatens more tests.

WASHINGTON — President Bush rejected calls Wednesday for one-on-one talks with North Korea and indicated he was not contemplating military action in response to Pyongyang's announcement this week that it had conducted a nuclear test.

Bush, speaking at a news conference in the White House Rose Garden, reaffirmed his long-held stance that the U.S. would not tolerate a nuclear-armed North Korea. But he emphasized that his focus was on the use of diplomacy through multinational talks.

The president's comments followed a threat Wednesday by North Korea to conduct more nuclear tests, while Japan unilaterally banned North Korean nationals and exports from entering Japan for the next six months.

At the United Nations, where the Bush administration is pursuing sanctions against the North Korean regime, Secretary-General Kofi Annan urged Bush to consider bilateral negotiations.

North Korea's statement, issued through its U.N. mission, warned that sanctions could trigger "physical countermeasures" and would be considered "as a declaration of war."

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The remarks by Bush were his first public comments on North Korea since the regime in Pyongyang announced Monday morning that it had carried out a successful nuclear test. U.S. officials said they were still trying to determine whether it was a nuclear device that North Korea tested or some other large explosive. Whichever it was, Bush said, "this claim itself constitutes a threat to international peace and stability."

However, the president appeared to go out of his way to avoid inflammatory language, even as he insisted that North Korea must stand by previous commitments to dismantle its nuclear program.

The toned-down approach seemed intended both for potential partners at the United Nations, and, fewer than four weeks before the midterm U.S. congressional elections, for an American electorate weary of the Iraq war. It also appeared to reflect a dearth of palatable options after weeks of harsh rhetoric by the administration, since military action to destroy North Korea's nuclear facilities could prove difficult and could also result in a regionwide war.

"We want to make sure that we solve this problem diplomatically," Bush said, repeating the word "diplomatically" seven more times and using the term "diplomacy" on an additional 10 occasions during the 62-minute news conference.

But Bush struck a defensive tone in explaining his opposition to direct negotiations. Echoing comments by other Republicans in recent days, he cited the one-on-one approach to North Korea taken by former President Clinton resulting in a 1994 agreement that collapsed in 2002, two years after Bush took office.

"Bilateral relations didn't work," Bush said, although adding, "I appreciate the efforts of previous administrations."

The 1994 agreement froze North Korea's plutonium activities and mothballed its nuclear plants, putting its nuclear program under international inspectors. In exchange, Washington agreed to provide fuel oil and build two light-water breeder reactors. In 2002, after Bush's inclusion of North Korea in his "axis of evil," North Korea admitted it was still working to develop nuclear weapons.

Bush said he learned from that experience that it takes several countries to influence the reclusive and unpredictable government in Pyongyang. Consequently, he proposed a system of six-nation talks involving South Korea, Japan, China and Russia, in addition to the United States and North Korea, which began in 2003.

"It was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," Bush said. "And now, all of a sudden, people are saying the Bush administration ought to be going alone with North Korea. But it didn't work in the past, is my point. The strategy did not work."

A spokesman for Clinton responded Wednesday that Republicans were attempting to "rewrite history."

After the 1994 agreement, North Korea produced no nuclear weapons during Clinton's time in the White House, and the Clinton approach was endorsed by Colin L. Powell, then Bush's secretary of State, in 2001, said Ben Yarrow of the Clinton Foundation.

"For eight years during the Clinton administration, there was no new plutonium production, no nuclear weapons tests and therefore no additional nuclear weapons developed on President Clinton's watch," Yarrow said.

"The Clinton administration's approach has been turned on its head, and North Korea now has demonstrated its nuclear weapons capability to the world," Yarrow added.

At the United Nations, Annan urged North Korea not to escalate the situation any further, and said Washington should talk directly to Pyongyang.

"I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence. And from that point of view I believe that the U.S. and North Korea should talk," Annan said. "Whether it is done in the context of the six-party talks or separately, one must talk."

The U.N. Security Council continued negotiations on a sanctions resolution, aiming for a vote Friday. The North Korean government statement issued by the Ministry of Foreign Affairs on Wednesday declared that "if the U.S. increases pressure … [North Korea] will continue to take physical countermeasures, considering it as a declaration of a war."

China said it would support "prudent" sanctions focused mainly on banning the transfer of nuclear and missile technology, but still opposed a provision that could open the door to military action to enforce the sanctions.

China would also support a travel ban for senior North Korean officials, diplomats said. Russian negotiators said they had no instructions from Moscow on the latest revision, but Russia was expected to vote with China.

The U.S.-backed resolution includes a financial freeze similar to current American economic sanctions to shut down alleged counterfeiting, money laundering and drug trafficking that has reportedly helped fund North Korea's weapons programs.

The resolution, cosponsored by Japan, also includes specific provisions to ensure that civilians and aid groups would not be directly affected by the punitive measures.

Negotiations are stalled on several points, including a measure authorizing the inspection of all cargo going in and out of North Korea in an effort to detect weapons-related material.

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Meanwhile, the Japanese government declared that it would not wait for the Security Council to act against Pyongyang. It announced its six-month ban on North Korean nationals and exports, which would cut off some of North Korea's access to cash and bartered goods.

The move was mostly symbolic. Japan's trade with North Korea is minuscule compared with the economic ties Pyongyang has with China and South Korea, the key lifelines that many observers argue are all that sustain dictator Kim Jong Il's regime.

Tokyo had already shut down the flow of money from North Korean nationals living in Japan to friends and relatives back home.

North Korea threatened more nuclear tests Wednesday, saying Washington's squeeze on the North Korean economy and its global financial transactions "compelled" the country to test-fire a nuclear weapon.

"The issue of future nuclear tests is linked to U.S. policy toward our country," said Kim Yong Nam, North Korea's No. 2 official, in an interview with Japan's Kyodo News service.

"If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

The pressure Kim cited includes the U.S.-led clampdown on foreign banks that do business with the North Korean regime. Washington accuses the North Korean government of state-sponsored financial crimes including money laundering and the counterfeiting of American currency.

At his news conference in Washington, Bush blamed North Korean leader Kim Jong Il for the failure of diplomacy.

"It's the intransigence of the North Korean leader that speaks volumes about the process," Bush said. "It is his unwillingness to choose a way forward for his country — a better way forward for his country. It is his decisions."

Bush said the six-nation approach to talks protected Washington from being singled out as what amounts to a "fall guy."

Otherwise, Bush said, "we become the issue."

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Gerstenzang reported from Washington and Farley from the United Nations. Times staff writers Bruce Wallace in Tokyo and Richard Simon in Washington contributed to this report.

Retreating To Small Talk When The News Isn't So Good (WP)

By Dana Milbank

The Washington Post, October 12, 2006

President Bush needed to change the subject.

"If I might say, that is a beautiful suit," he told NBC News correspondent Kevin Corke at yesterday's news conference in the Rose Garden.

"My tailor appreciates that," replied Corke, wearing a $1,500 custom pinstripe number by Tom James with bright-red tie and pocket square.

"And I can't see anybody else who even comes close," Bush added, drawing laughs from the assembled scribes in wrinkled navy blazers.

Then the president spied CNN's Suzanne Malveaux, pointing at her Benetton suit with pink pinstripes. "Suzanne, I take that back," Bush amended with chivalry. Moments later he bestowed on her the day's "best-dressed" honors.

"Kevin and I coordinated," she explained.

CBS News's Jim Axelrod was feeling left out. "My best suit's in the cleaners," he told the commander in chief.

Bush eyed Axelrod's slacks with disdain. "That's not even a suit," he said, before chalking up the whole thing to "high-priced news guys."

It was about the only fun Bush had all morning. North Korea is exploding, Iraq is imploding, and congressional Republicans are self-destructing. Reporters weren't about to let the president forget about that, even if he looked natty in his gray suit and dark-blue tie.

"Do you ever feel like the walls are closing in on you?" Axelrod tormented.

Bret Baier of Fox News asked Bush about "the tide turning, according to several polls, towards the Democrats."

USA Today's David Jackson noted the "shelf full of books" about Iraq and their claims that "administration policies contributed to the difficulties there."

"There's a lot of books out there -- a lot," the president agreed. "I guess it means that I've made some hard decisions."

Actually, the books say he and his aides made a lot of bad decisions: too few troops in Iraq, no reconstruction plan, ignored insurgency warnings, and keeping Donald Rumsfeld at the Pentagon while pushing Colin Powell out of the State Department.

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The underdressed reporters peppered Bush with 15 questions about Iraq and North Korea; only near the end did the Chicago Tribune's Mark Silva mention some guy named Foley. Pressed to defend his foreign policy, Bush instead cited the "stakes" involved in the Middle East and North Korea -- 13 times.

"I understand the stakes," Bush announced. "I'm going to repeat them one more time. As a matter of fact, I'm going to spend a lot of time repeating the stakes."

He made good on that promise. Five times he said "the stakes are high," occasionally adding that "the stakes are really high" and even that, "as a matter of fact, they couldn't be higher."

"I know this sounds [as if] I'm just saying it over and over again," Bush admitted. But repetition is crucial to learning; to that end, Bush also said four times that the enemy is trying to establish a "caliphate."

Dissatisfied with the reporters' prickly questions, Bush went about answering his own. He said abandoning Iraq would allow terrorists to launch new attacks on America. "How do I know that would happen?" Bush asked himself. "Because that's what the enemy has told us," he answered.

When a questioner asked about the credibility of the administration's threats toward North Korea, Bush said: "I thought you were going to ask . . . 'How come you didn't use military action?' " Bush then replied: "My answer is that I believe the commander in chief must try all diplomatic measures."

"I'll ask myself a follow-up," Bush continued. "If that's the case, why did you use military action in Iraq?" His answer to himself: "Because we tried the diplomacy."

It's dicey for a president to hold a news conference when his support is below 40 percent and there is little good news to share. Bush started off by pointing out that the federal budget deficit has been shrinking faster than expected. But his questioners, perhaps heeding Vice President Cheney's admonition that "deficits don't matter," didn't ask any questions on the subject.

The president's opening statement, though heavily qualified, contained some of his trademark sanguinity: "We're on the move. We're taking action. . . . We accomplished that mission."

But the mood darkened when the first questioner asked "is your administration to blame" for North Korea's getting nuclear weapons. On cue, a sudden breeze sent willow leaves fluttering onto the party.

No, Bush answered, the Clinton administration is to blame.

This provoked a challenge from ABC News's Martha Raddatz. "How can you say your policy is more successful, given that North Korea has apparently tested a nuclear weapon?" she asked.

Off to the side sat four Bush aides who had been with him through his entire presidency: Josh Bolten, Karl Rove, Steve Hadley and Dan Bartlett. Grayer and thinner on top than they were six years ago, they watched expressionlessly as Bush entered with a spring in his step and a wave to the cameras, then as he left an hour later with less good cheer.

"Thank you for your interest," the president said curtly, skipping the usual pleasantries. As he walked back into the Oval Office, he shot a glance in the direction of his aides that showed he was not pleased.

Bush Focuses On Diplomacy With North Korea (MCT)

By Ron Hutcheson And Jonathan Landay

McClatchy Newspapers, October 12, 2006

WASHINGTON - President Bush stressed diplomacy over military action in the standoff over North Korea's nuclear weapons program Wednesday as North Korea threatened more weapons tests.

At the United Nations, Secretary General Kofi Annan said the world faces "an extremely difficult situation" and called for direct talks between the United States and North Korea. Bush rejected one-on-one negotiations, but said he remains committed to diplomacy. He urged the U.N. to impose stiff economic sanctions on North Korea.

North Korea said it would consider international economic sanctions a declaration of war.

"The more they push us, the stronger our response will be," an unidentified North Korean official told the South Korean news service, Yonhap. Other North Korean officials raised the possibility of additional weapons tests.

U.S. intelligence officials were still trying to confirm North Korea's claim Sunday that it had successfully tested a nuclear weapon.

At a White House news conference, Bush reiterated previous statements that he would not tolerate a nuclear-armed North Korea. At the same time, he downplayed the possibility of military action.

"We have no intention of attacking North Korea," he said. U.S. officials are pushing the U.N. Security Council to approve a package of sanctions intended to throttle North Korea's ability to buy or sell high-tech weaponry. The United States is also seeking authority to stop and search North Korean vessels.

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"I suspect the council will come together and take a firm action against North Korea," Annan told reporters at the U.N. "It's important for the whole world."

Bush said his goal is to convince North Korean leader Kim Jong Il that abandoning nuclear weapons is the only way to end North Korea's international ostracism and revive its failed economy.

"We'll give diplomacy a chance to work," Bush told reporters. "There's a way forward for the North Korean leader to choose."

Japan, rattled by unconfirmed rumors of more North Korean weapons tests, announced a six-month ban on imports from North Korea. The Japanese sanctions also prohibit North Korean ships from entering Japanese ports and effectively ban visits by North Korean citizens.

Military analysts said the United States has few good military options if diplomacy fails.

Former Defense Secretary William Perry said the Pentagon prepared a plan to take out North Korea's main nuclear research facility during the Clinton administration, but decided not to use it.

In a teleconference call with reporters Wednesday, Perry said an air attack might have been effective at the time because all of North Korea's plutonium was stored at the facility in Yongbyon.

"I had a detailed plan in front of me. I could have snapped my fingers and done it in a minute. It would have been effective. The point is that I never recommended to the president doing it," he said. "The military option was truly the option of last resort."

Perry said North Korea's Stalinist regime has almost certainly scattered its stocks of plutonium bomb fuel to secret locations around the country by now, ruling out the use of air strikes to destroy them. The teleconference was arranged by the Center for American Progress, a liberal policy institute.

Bush, who also might have had a chance to order an effective air strike early in his administration, said he considered "all options" but chose diplomacy.

In the context of a hotly contested congressional election campaign, North Korea's claim that it had successfully tested a nuclear weapon sparked some partisan finger pointing.

Democrats said the development showed the fallacy of Bush's approach of relying on North Korea's neighbors to apply pressure on the reclusive regime rather than engaging in direct talks. They also criticized the president for listing North Korea, along with Iraq and Iran, as an "axis of evil" - a designation that gave North Korea another reason to claim that it needs nuclear weapons to prevent a U.S. attack.

Bush and his defenders said North Korea's failure to live up previous agreements with the Clinton administration indicated that it was time for another approach.

"It didn't work in the past, is my point. The strategy didn't work," Bush said. But Bush's approach of engaging Pyongyang in negotiations that also include South Korea, Japan, Russia and China hasn't had much success either. The so-called six-party talks broke down after a fifth round in November 20005, with the United States and North Korea blaming the other.

"Diplomacy is a difficult process because everybody's interests aren't exactly the same," Bush said. "It takes a while to get people on the same page, and it takes a while for people to get used to the consequences."

Bush Calls For Action On N. Korea (CHIT)

By Mark Silva

Chicago Tribune, October 12, 2006

WASHINGTON -- With North Korea warning of additional nuclear tests and calling any new international sanctions against it an act of war, President Bush insisted Wednesday that the regime of Kim Jong Il will face "serious repercussions" if it doesn't shelve its nuclear ambitions.

Nonetheless, the president said, "The United States remains committed to diplomacy" while reserving "all options to defend our friends and our interests in the region against the threats from North Korea."

Bush said at a Rose Garden news conference that any diplomatic solution to the standoff with North Korea depends on the U.S. and Asian allies maintaining a united front in negotiations with the regime of Kim Jong Il. The president steadfastly refused the idea of engaging in direct talks with Pyongyang, which he said "did not work" during the Clinton administration.

In the region Wednesday, South Korea said it is preparing its troops for possible atomic warfare by building up its conventional forces, and Japan imposed new economic sanctions aimed at impeding North Korea's million-member military, the world's fifth-largest. Japan banned all North Korean imports—such as clams and mushrooms—and barred the nation's ships from its ports.

Democratic leaders in Washington, blaming the North Korean showdown on the president's "confrontational" stance against a nation he once termed part of an "axis of evil," called on Bush to resume direct talks with Kim's government. Outgoing United Nations Secretary General Kofi Annan also called for bilateral talks.

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North Korea issuedits first formal comment since its reported underground testing of a nuclear device Monday, saying it had successfully detonated a nuclear bomb and insisted that any attempts to penalize the nation would be deemed an act of aggression. "If the U.S. keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures," the government said in a North Korean news agency statement Wednesday.

North Korea's second-ranking official, Kim Yong Nam, indicated his government will conduct additional tests if the U.S. does not alter its "hostile attitude" toward the nation.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim told Japan's Kyodo News Service. "If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

France maintained Wednesday that North Korea's test produced such a small blast that it must have failed. France's Defense Minister Michele Alliot-Marie said French, American and other scientists had detected a blast of "relatively limited size…. In any case, if this was a nuclear explosion, it would be a case of a failed explosion."

Some experts say it's possible that the world never may never fully determine whether North Korea succeeded in its test.

"It is possible with a relatively small underground blast that there would be no significant release of radiation," said Hideshi Takesada of the National Institute for Defense Studies, a branch of Japan's Defense Agency. The White House has said it still is trying to determine what was detonated, but considers even North Korea's boast to have done it a provocation.

Bush, maintaining that the U.S. will "give diplomacy a chance to work," said he is not contemplating any attack against North Korea. But, with China signaling support for limited UN sanctions against North Korea, Bush said he will press for sanctions in an attempt to persuade the Kim regime to return to stalled "six-party" negotiations.

"We're working with our partners in the region and the United Nations Security Council to ensure there are serious repercussions for the regime in Pyongyang," Bush said.

As the U.S. presses for tough sanctions, the five permanent Security Council members {ndash} the U.S., China, Russia, Britain and France — and Japan, which holds the council presidency this month, were meeting Wednesday in an attempt to settle differences over possible measures.

"There are a number of disagreements," U.S. Ambassador John Bolton said. "We think the fact that North Korea has conducted a nuclear test does amount to a clear threat to international peace and security and warrants action … as well as a variety of strong measures. There's not agreement on all of those points."

Richard Bush, director of Northeast Asian Policy studies at the Brookings Institution, a Washington think tank, suggested that "it's going to require a serious effort to sort of squeeze [North Korea]— to change their whole mentality," if the Kim regime is to return to negotiations.

"That, in turn, is going to require more fortitude on the part of China and South Korea than we have seen," Brookings' Bush said. "They have North Korea on their border and they have a legitimate concern that if you squeeze too hard it brings down the whole regime and then it becomes a domestic problem."

Annan, who is stepping aside and will be succeeded as secretary general by South Korean Foreign Minister Ban Ki Moon, has called on North Korea "not to escalate the situation any further…. We already have an extremely difficult situation."

While maintaining that North Korea's Kim "has not paid attention to the will of the international community and all the appeals that have been made to him," Annan also suggested that the U.S. could do more with direct talks: "I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence."

But President Bush said he believes the six-party forum, not direct talks with North Korea, holds the best hope for a resolution of a crisis that now has North Korea's neighbors worried about war.

Bush, who has been criticized for taking the U.S. to war in Iraq in 2003 before diplomatic measures were exhausted, suggested that the same critics are questioning his stance with North Korea today.

"I can remember the time when it was said that the Bush administration goes it alone too often in the world, which I always thought was a bogus claim to begin with," Bush said. "And now all of a sudden people are saying, 'The Bush administration ought to be going alone with North Korea.' But it didn't work in the past."

Former Secretary of State Madeleine Albright, who attempted to negotiate with North Korea during the Clinton administration, disputed Bush's contention that direct talks had not worked.

"During the two terms of the Clinton administration, there were no nuclear weapons tests by North Korea, no new plutonium production and no new nuclear weapons developed in Pyongyang," Albright's office said in a statement issued Wednesday. "Through our policy of effective, constructive engagement, the world was safer. President Bush chose a different path, and the results are evident for all to see."

Powers Are Split Over How To Punish Pyongyang (WSJ)

DOJ_NMG_0079815

By Yochi J. Dreazen And Evan Ramstad

The Wall Street Journal, October 12, 2006

Bush Seeks Tough Measures, But Seoul Weighs Options; Japan Pursues Compromise

President Bush said the U.S. will work with China, Japan and South Korea to craft a package of tough sanctions against North Korea following its claim of a nuclear-weapon test. But the administration and its partners are divided over how soon to act against Pyongyang and precisely what measures to impose.

Speaking to reporters in the Rose Garden, Mr. Bush reiterated that the U.S. wouldn't accept North Korea's emergence as a nuclear power and said the administration would work with Asian powers to "ensure there are serious repercussions for the regime" of North Korean leader Kim Jong Il if it refuses to abandon its nuclear-weapons program.

The administration has drawn similar lines in the sand before, only to watch as Pyongyang pressed ahead with its program. Despite global outrage over North Korea's purported nuclear test Sunday, the U.S. and other countries are likely to take several months to agree on sanctions. And it is far from certain that China -- the country widely seen as having the most leverage over North Korea -- will ultimately be willing to sign off on strong measures.

In a sign of emerging divisions, South Korean President Roh Moo Hyun said yesterday his government could take "a couple of months" to decide how to respond to North Korea's claim of a nuclear test. South Korea has chosen a different approach from Japan, which imposed sanctions on North Korea immediately after claims of the nuclear test. At the United Nations Security Council, meanwhile, China continued to rebuff U.S. calls for language that could set the stage for military action against North Korea if it doesn't abandon its program.

President Bush discusses2 the situation in North Korea, the war in Iraq and the U.S. economy. WSJ reporter Jake Schlesinger3 discusses the press conference, including the different strategy the president is taking with North Korea, compared with Iraq.

Mr. Bush alluded to the diplomatic challenges ahead in remarks at the White House, which came as Democrats and Republicans sparred over which party deserves blame for failing to prevent North Korea from acquiring nuclear weapons.

"It's a difficult process because everybody's interests aren't exactly the same," he said. "It takes awhile to get people on the same page, and it takes a while for people to get used to consequences."

Mr. Bush said the U.S. remains committed to finding a diplomatic solution, but said the U.S. "reserves all options" and would increase its military cooperation with countries like South Korea and Japan. "Diplomacy hasn't run its course," he said.

Indeed, diplomatic maneuvering -- at the U.N. and in several Asian capitals -- appears just under way.

In Tokyo, the Japanese government prohibited North Korean ships from entering Japanese ports, banned imports from the impoverished nation and barred most North Korean nationals from entering Japan. In Seoul, by contrast, Mr. Roh said South Korea wouldn't act unilaterally. The South Korean president said immediately after claims of the test that the South would change its policy of financial incentives to encourage political and economic change in the North, but has declined to explain how or when the policy will change.

"This is not a matter that can be decided in a couple of days or a couple of months. We have to look at it comprehensively," he said.

Mr. Roh will travel to Beijing tomorrow for a summit with Chinese President Hu Jintao and Premier Wen Jiabao as Chinese diplomats at the U.N. discuss with officials from the U.S. and its allies what types of sanctions to impose on North Korea. Diplomats familiar with the proceedings say China thus far has declined to support calls for international inspections of all cargo entering and leaving North Korea. China also wants the sanctions resolution to refer to Article 41 of the U.N. charter, which authorizes only nonmilitary penalties, rather than the U.S.-preferred Chapter 7, which could set the stage for U.N.-authorized military strikes.

Japan is leading the effort to draft compromise resolutions and hopes to have an agreement in place by the end of the week, diplomats say. John Bolton, U.S. ambassador to the U.N., said the U.S. plans to introduce today a revised resolution to impose sanctions on North Korea, and hopes it will be adopted by the end of the week.

Meanwhile, U.S. intelligence agencies said it could be an additional week to 10 days before Washington has more certainty about the test North Korea conducted. American intelligence agencies are assuming North Korea used some fissile material in the test, but they also aren't ruling out the possibility that the test only involved conventional explosives, say officials involved in the probe. They also haven't dismissed the possibility that the test was a ruse to make it appear that Pyongyang has nuclear capability.

"All we really have right now is a statement" from North Korea, a senior U.S. intelligence official said.

---- Jay Solomon in Washington contributed to this article.

China Says It Will Back Sanctions On N. Korea (WP)

DOJ_NMG_0079816

By Colum Lynch And Maureen Fan, Washington Post Staff Writers

The Washington Post, October 11, 2006

Beijing Stresses Limits on U.N. Action Against Ally

UNITED NATIONS, Oct. 10 -- China on Tuesday expressed a rare willingness to support U.N. sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs.

The United States and Japan continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program.

Varied responses to the nuclear test that North Korea apparently conducted early Monday emerged as the Bush administration sought to assuage fresh worries by its foreign counterparts that the tough strategy may cause hardship for the country's impoverished population or topple the government. France, for instance, voiced concern that a Japanese proposal to ban all North Korean exports could fuel a humanitarian crisis.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians. State Department spokesman Sean McCormack, meanwhile, specifically ruled out any attempt at regime change. "We have made it very clear that the United States has no intention to attack North Korea. That element of our policy still stands," he told reporters. "What we have sought is a change in the behavior of the North Korean regime."

China's tougher stance against North Korea came as officials in Beijing faced criticism at home over their diplomatic strategy, which relies primarily on the now-stalled six-nation talks to contain North Korea's nuclear program.

The talks have been "a total failure," said Zhang Liankui, a professor at the influential Central Party School's Institute for International Strategic Studies. "North Korea's reaction is a challenge to the whole world. Every country should have a clear and definite attitude, including China.

"If peaceful means can't stop North Korea from conducting a nuclear test, then there should be other means," Zhang added. "The appeasement policy was very popular in the international community, and I think that's very dangerous. Within 10 years, people will suffer from this attitude."

Chinese Foreign Ministry spokesman Liu Jianchao acknowledged that North Korea's action "will undoubtedly exert negative impact" on the two countries' relations. But he said the six-party talks remain "the best and practical way and effective way to resolve this issue, so I don't think it's a failure of China's diplomacy."

Still, Wang Guangya, China's U.N. ambassador, conceded that the council would have to impose "some punitive actions" on Pyongyang to persuade it to heed international demands. He added, however, that "these actions have to be appropriate" and "more specifically targeted toward the nuclear- and missile-related areas."

U.S. officials welcomed China's willingness to consider punishing a traditional ally and a neighbor that it has shielded from international pressure for decades. White House spokesman Tony Snow said China's announcement suggested that North Korea's ability to use "bluff and bravado" to obtain concessions may have ended.

Secretary of State Condoleezza Rice told CNN that "I've never seen universal condemnation of the kind that North Korea is now facing, and condemnation, by the way, not just from the United States and Europe and Japan but from its closest supporters, those who are the ones who give them assistance."

The United States has told the North Koreans "that there is no intention to invade or attack them," Rice added. "So they have that guarantee." The president "never takes any of his options off the table," she said. "But the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But other U.S. officials made it clear that they think tougher measures are required to ensure that North Korea will not ignore another unenforceable council dictate. They note that a U.N. measure that was passed in July, Resolution 1695, already bans international trade in ballistic missiles and nuclear technology with North Korea. But it lacks any enforcement provision.

The United States supports a resolution under Chapter 7 of the U.N. Charter, which can be enforced by sanctions or military action.

The U.S. draft resolution calls for imposing stringent financial penalties on North Korea and providing broad powers to foreign governments to inspect all trucks, trains, vessels and planes traveling in and out of the country. The U.S. text would also confront North Korea with a 30-day deadline to reverse course or face further penalties.

Japan has introduced a series of amendments that would ban North Korean exports and prohibit the arrival of North Korean ships or planes in foreign countries.

China opposes any deadlines or trade restrictions that would undercut North Korea's struggling economy.

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It also insists that any resolution must exclude the possibility, however remote, that force could be used against North Korea. China proposed that a sanctions resolution refer simply to a provision in Chapter 7, known as Article 41, that would authorize only the imposition of sanctions.

"We have not reached agreement -- do not misunderstand me," Bolton told reporters after meetings with China and other major council powers. "I know when you're making progress and I know when you're not making progress, and I'm still pleased with the directions things are going."

Fan and researcher Jin Ling reported from Beijing; staff writer Glenn Kessler in Washington contributed to this report.

U.S. Aims To Pass Resolution On N. Korea (AP)

By Nick Wadhams, Associated Press Writer

AP, October 12, 2006

The United States hopes to pass a new draft U.N. Security Council resolution on Friday to punish North Korea over its claimed nuclear test, U.S. Ambassador John Bolton said.

The new draft, which the U.S. will formally introduce on Thursday, is part of American and Japanese efforts for a quick Security Council rebuke to the North for its alleged test Monday, which raised tension surrounding Pyongyang's clandestine nuclear program and drew near-universal condemnation from around the world.

"There are still a lot of comments that have been made, and areas of disagreement, but as we've said repeatedly, we think this requires a strong and swift response," Bolton said Wednesday after a meeting with the ambassadors of Britain, France and Japan.

"Now, we're certainly prepared for further discussion but today is late Wednesday and to have a vote by the end of the week, we need to move expeditiously tomorrow, which we're going to try to do," he said.

Earlier Wednesday, Secretary-General Kofi Annan urged the United States to hold bilateral talks with North Korea and called on the communist nation not to escalate an "extremely difficult" situation.

"I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence, and from that point of view I believe that ... (the) U.S. and North Korea should talk," Annan said.

The United States has refused to talk one-on-one with North Korea except on the margins of six-party talks aimed at persuading the North to abandon its nuclear program. Bolton was quick to dismiss Annan's remarks, saying only: "I think we've expressed our view on that."

The Americans' new offering introduces significant changes to a previous draft resolution, circulated by the U.S. on Tuesday. The latest draft was expected to be circulated later Wednesday, when details were likely to be made known.

The previous draft would prohibit trade in materials that could be used to make or deliver weapons of mass destruction, and require states to ensure that North Korea not use their territory or entities for proliferation or illicit activities. Financial transactions that North Korea could use to support those programs would also be banned, under the previous draft.

The main impediment to the American draft so far has been China, which wants a far more limited package of sanctions, connected solely to the North's nuclear program. While it says its neighbor should be punished, officials want the scope of the sanctions to be focused more narrowly.

Another issue of dispute is how strongly to enforce the resolution. The United States and Japan want the resolution passed under Chapter 7 of the U.N. Charter, which would allow the council to enforce it with sanctions, a blockade or even military force.

Yet China wants to invoke only Article 41 of Chapter 7, which removes the threat of a blockade or military force. Article 41 would allow "complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio and other means of communication, and the severance of diplomatic relations."

China's U.N. Ambassador Wang Guangya left a morning meeting with only one comment — that Chapter 41 "serves our purpose."

A U.N. Security Council diplomat said the latest draft would probably retain the full mention of Chapter 7 — clouding prospects that the document could be passed on the American schedule. The diplomat spoke on condition of anonymity because the document has not been released.

South Korean Foreign Minister Ban Ki-moon, the Security Council's nominee for the secretary-general, backed a quick resolution. He was in New York to meet with diplomats before the General Assembly vote that will formally name him Annan's successor.

"My government has expressed our strong support for the speedy action to be taken by the Security Council and we'll have a close consultation with the members of the Security Council," he told The Associated Press.

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The debate — with the U.S., Britain and France facing off against China and Russia — echoes the arguments made during Security Council negotiations over how sternly to rebuke Iran for its suspect nuclear program. In that case, because of Chinese and Russian resistance, the council agreed to invoke Chapter 7's Article 40, which is even weaker.

The Chinese stance drew frustration from Japan which, more than anyone else, wants tougher sanctions.

"We do recognize, acknowledge that they have made some effort, but in our view, we would have to ask them to make further efforts," Japan's U.N. Ambassador Kenzo Oshima said.

Sanctions Would Focus On Blocking Weapons Exports (LAT)

By Peter Spiegel And Julian Barnes

The Los Angeles Times, October 12, 2006

WASHINGTON — The sanctions demanded by U.S. officials in response to North Korea's announcement this week that it had tested a nuclear device would focus on closing pathways to proliferation of weapons technology.

But U.S. officials say any such effort would have to focus on the air and land routes through China and Russia that the government in Pyongyang has used in response to American monitoring on the high seas.

Since the 1990s, the Pentagon has used naval ships and aircraft to track and even intercept weapons shipments coming out of North Korea.

"Our folks pay very close attention to the vessels they are using and where they go; we stay on top of this one," Adm. William J. Fallon, the U.S. military's top officer in the Pacific, said last month. "One thing we can't do anything about is the air movement, because it goes over Chinese or Russian airspace. It's up to those countries to do things."

The new United Nations sanctions resolution proposed by the United States would direct all members "to undertake and facilitate inspection of cargo to or from" North Korea. In effect, it would require China to help close the gap in American efforts.

It's a challenge unlike any yet faced by U.S. diplomats and military officials. Until now, nations that have developed a nuclear capability have not viewed their new weapons as potential export commodities, as many believe Pyongyang does.

Defense Secretary Donald H. Rumsfeld still would not say today whether U.S. defense intelligence agents had conclusive information that North Korea had set off a nuclear bomb. But he pointed out that it had taken quite some time for the United States to confirm that India and Pakistan had successfully tested nuclear devices.

He said he was concerned by attempts by North Korea and Iran to develop a nuclear bomb because both countries had sold weapons technology.

"Their programs point to increasing risks of lethal weapons possibly ending up in the hands of non-state entities, folks that tend not to be deterred the way a nation-state would because they don't have to worry about protecting real estate, population and leadership," Rumsfeld said.

At the U.N., Chinese and Russian diplomats resisted tougher proposals by the Americans and Japanese, and U.S. Ambassador John R. Bolton dismissed a North Korean threat to launch a nuclear-tipped missile if Washington refused direct talks. Diplomats hope for a vote on a response to North Korea by Friday.

Past international efforts to block exports and enforce embargoes have had limited and short-lived success. But North Korea's use of Chinese routes for conventional weapons exports raises the concern that it may attempt to use similar means to transship nuclear technologies.

"In the early days, it is absolutely true that the North Koreans sent both missiles and missile fuel and components to the Iranians and the Syrians by sea," said David Kay, a former U.N. weapons inspector who specialized in nuclear proliferation issues. "But they now know that's not a good way to do it, so most of it goes overland via China."

Kay said that, from China, the weaponry probably is flown to places such as Iran and Syria. North Korea also has sold missile technology to Yemen and Pakistan.

The Bush administration has complained repeatedly that Beijing has not lived up to agreements to stop North Korea's shipments of weapons technologies. In testimony last month before a U.S. government commission, State Department officials said they "remain deeply concerned" over China's lack of commitment to its nonproliferation promises.

Thus far, however, U.S. proliferation concerns have centered on Pyongyang's trade in parts for long- and medium-range missiles. By some estimates, North Korea is the world's dominant exporter of ballistic missiles. An evaluation by the London-based International Institute for Strategic Studies estimated that missile sales had earned the North Korean government hundreds of millions of dollars, making it a significant source for hard currency.

But deliveries of missile components have begun to shrink in recent years as North Korea's traditional customers, particularly Iran, have developed their own capabilities. Experts fear that Pyongyang will view nuclear technology, and nuclear material such as plutonium, as a replacement revenue source.

"The thing that worries most people is actually the export of fissile material itself," Kay said.

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"I don't think people are worried at this stage about North Korea sending weapons to Iranians or terrorists," Kay added, "although there is virtually nothing on the face of the Earth that the North Koreans have gotten their hands on that they haven't been willing to sell."

China has let North Korea ship missile parts through its territory and airspace and has exported missile systems to rogue governments itself. But U.S. officials consider Beijing less likely to tolerate North Korean nuclear shipments because such exports could undermine China's status as the only nuclear power in East Asia.

"North Korea is China's neighbor, so they, in a sense, have a more proximate cause for worry than even the United States," State Department spokesman Sean McCormack said.

Nonetheless, enforcing any tightened counter-proliferation regime, even with Chinese cooperation, would be challenging, U.S. officials and arms experts said. The Pentagon can track ships, but it is nearly impossible to determine precise cargoes.

"The ability to recognize every single thing that's on every ship is a challenge," Adm. Fallon said.

The administration's proposed U.N. resolution would essentially establish an international agreement to allow the boarding of ships suspected of carrying prohibited items to or from North Korea.

Pentagon officials, however, said that any large-scale effort would be many times more complicated than tracking the vessels, and would require the participation of other countries. As a result, tactical planning has not begun for a U.S. blockade of North Korea, a Defense Department official said.

"The presumption is this would have to be an international effort," said the official, who spoke on condition of anonymity because of the sensitivity of the issue. "You can't willy-nilly stop every ship; you need to search methodically."

Similarly, China's ability to monitor North Korean deliveries across its border may be limited. Beijing polices the border, but experts say the frontier remains somewhat porous and that China may not be employing the most modern sensors and other detection equipment.

"It's like moving drugs into the United States from Mexico," Kay said. "The Chinese could do a far better technical job than they've been doing. Radiation detectors along the Yalu River" - between North Korea and China - "would be a good thing, but they can be beaten."

China Still Values The Survival Of Communist Regime In North Korea (MCT)

By Tim Johnson

McClatchy Newspapers, October 12, 2006

BEIJING - North Korea's nuclear test deeply rattled China because it has more at stake in the survival of the isolated Pyongyang regime than it likes to admit.

Moreover, some of those vital interests are conflicted. Their balancing places China's policymakers in a quandary as they play a pivotal role at the U.N. Security Council in deciding how to punish North Korea for its nuclear test.

China values being seen as a responsible rising power interested in shouldering global issues and maintaining peace and stability in East Asia. Its leaders also regard soaring economic ties with the United States as a vital interest.

"China doesn't want to severely hurt relations with the United States over the North Korean issue," said Shi Yinhong, an international relations specialist at People's University in Beijing.

Since 2003, when China first began hosting six-nation talks on the North Korean nuclear issue, it has won international praise. But Chinese hosts preferred to preach restraint rather than enter the fray and twist arms, and in the end they obtained little.

"China never played a real mediator role," said Jin Linbo of the China Institute of International Studies in Beijing, adding that China doesn't feel threatened by North Korea's nuclear program.

"I don't think Chinese leaders believe North Korea's nuclear weapons will immediately affect China's national interests," he said.

At the same time, as China's leaders frequently point out, they need peace abroad so that they can focus on economic growth and reforms and sort out a myriad of domestic problems, such as widening disparities of income and tattered social safety nets.

China also does not want to face the possible collapse of the Kim Jong Il regime and the need to explain to China's citizens the failure of an allied one-party state like its own, scholars say.

"If the regime (in Pyongyang) collapses, that could be a big shock to the Chinese system," said Wu Guoguang, a former editorial writer for the People's Daily who is now a political scientist at the University of Victoria in Canada's British Columbia.

It took China's leaders years after the collapse of the Soviet empire in the early 1990s to rebuild confidence in the Communist Party and tell people, "Look, the party survived. Communism is okay," Wu said.

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China has a historic friendship with North Korea, tempered by the spilled blood of hundreds of thousands of Chinese troops during the 1950-1953 Korean War. China's older generation strongly supports North Korea, a historic if troublesome ally, and prefers a divided peninsula to a reunified, more powerful Korea on its borders.

Moreover, say analysts, Pyongyang plays a strategic role for Beijing.

Kim Jong Il's million-man army occupies the attention of U.S. forces on the Korean Peninsula, and could rattle the cage and divert the Pentagon if Beijing ever were to deploy troops in a blitz attack on Taiwan, a self-governed island it claims as its own.

"Taiwan is a priority for Beijing," said Wu, noting that China's leaders routinely believe that if they bend to Washington on the North Korea issue, it gives them leverage on Taiwan.

Even so, there is no denying Beijing's real frustration at Pyongyang for what it sees as a reckless escalation of tensions, reflected in its angry denunciation Monday of the "brazen" nuclear test and its willingness to support punitive U.N. sanctions.

China knows that a nuclear-armed North Korea deeply unsettles Japan and could spark an arms race in East Asia. It also raises the possibility of an eventual U.S. limited military strike on North Korea, making Kim's future less certain.

"The present situation is quite dangerous. North Korea faces more and more isolation," Shi said. "The possibility of collapse has increased."

China maintains leverage on Pyongyang by supplying more than half of its vital energy supplies, yet it believes it affects events in North Korea less than ever, Shi said.

"China's relations with North Korea already are at the lowest point in many years, and influence is at the lowest level," he said.

While China's leaders juggle differing concerns, they also keep an eye on the public mood. Chinese are at once unhappy with Kim for embarrassing their nation and deeply averse to kowtowing to Washington's demands to punish Pyongyang.

China is most likely to want to deal with the crisis like a family dispute, chastising North Korea in public but stopping short of inflicting real pain, Wu said.

"You want to punish your brother but you want to maintain the brotherhood," he said.

Seoul Will Take Its Time Crafting A Response (WSJ)

By Evan Ramstad

The Wall Street Journal, October 12, 2006

SEOUL -- South Korea may take months to decide how to respond to North Korea's apparent test of a nuclear device, President Roh Moo Hyun said, in a sign of the difficult position his country is in as it seeks to penalize the northern regime without causing its sudden collapse or a war.

The U.S. and other countries believe South Korea possesses the most economic and political power, after China, over the North and the regime of leader Kim Jong Il. Japan yesterday imposed a host of sanctions on Pyongyang, and the United Nations Security Council is expected to impose new sanctions on North Korea for Monday's underground test explosion. But the price Pyongyang pays for carrying out the test will be influenced greatly by the severity of penalties imposed by Seoul and Beijing.

Mr. Roh said immediately after the test that the South would change its policy of using financial incentives to encourage political and economic change in the North. But he hasn't said precisely how much the policy will change.

Yesterday, before a meeting with leaders of businesses that have operations in the North, Mr. Roh said, "Whichever direction this does take, this is not a matter that can be decided in a couple of days or a couple of months."

He added: "We have to look at it comprehensively, [including] the prospect, outcome and impact. We'll have to take steps one by one in a calm manner, combined with careful review."

Indeed, the decision could be the most important of Mr. Roh's presidency, because it may set the course of relations on the peninsula for years to come.

Meanwhile, Tokyo prohibited North Korean ships from entering Japanese ports, banned imports from the impoverished nation and barred North Korean nationals from entering Japan, with some exceptions.

Japan, which doesn't share a border with North Korea, may feel it has has a freer hand than Seoul when it comes to punishing Pyongyang. However, Japan has been losing some leverage over North Korea in recent years because of the gradual decline in their bilateral trade. Five years ago, Japan was North Korea's second-biggest trading partner after China, with $475 million in annual two-way volume. By 2005, that had declined to less than $200 million, and Japan trailed China, South Korea, Thailand and Russia in trade with the North.

Mr. Roh said yesterday that South Korea wouldn't act unilaterally, only in coordination with other countries. Tomorrow, he will travel to Beijing for a summit with Chinese President Hu Jintao and Premier Wen Jiabao. On Tuesday, he met with leading Korean politicians, including chiefs of opposition parties and several former presidents, to discuss options.

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-- Lina Yoon in Seoul and Sebastian Moffett in Tokyo contributed to this article.

UN Struggles To Agree On N Korea (FT)

By Mark Turner, Guy Dinmore And Dan Dombey

Financial Times, October 12, 2006

The US is expected to introduce on Thursday a revised resolution on sanctions to be imposed on North Korea over its nuclear test announcement, as leading powers are struggling with negotiations on the precise scope of the punitive action.

Washington hopes the UN Security Council will adopt the revised resolution by the end of this week. Although members of the Council, including the previously reluctant China, appear to agree that punitive action is necessary, talks have slowed amid disagreement over the legal basis for it, while Pyongyang warned it would consider the measures an act of war.

Leading powers also disagree on whether the claimed nuclear test should be deemed an international threat to peace and security, and exactly how far sanctions should go.

The US, Europe and Japan are pushing for a Chapter 7 resolution, under which the UN can take tough enforcement action. George W. Bush, US president, on Wednesday urged "serious repercussions".

But China has argued for using only Article 41 of that chapter – which cannot be used to authorise force. African and European diplomats from the non-permanent 10 countries on the Council were said to have asked that if a nuclear test were not worthy of Chapter 7, what was?

More difficult will be the debate on whether the sanctions should focus narrowly on measures to stop states from helping North Korea's missile and nuclear programme – on which all could agree – or extend powers to inspect vessels travelling to and from the country and to cut off financial flows.

Japanese proposals for an almost total embargo did not attract widespread support. Kenzo Oshima, the Japan's ambassador, said China was willing to impose some punitive measures "but in our view we would have to ask them to make further efforts."

Japan on Wednesday night imposed draconian unilateral sanctions on Pyongyang, banning all ships, all imports and most North Korean nationals from entering the country. But officials in Tokyo said the unilateral measures must be distinguished from the efforts of Japan, current chair of the Security Council, to build an international consensus on North Korea.

An explicit call by Japan on UN members to inspect cargos to and from North Korea was now unlikely to survive. Russia and China were said to be concerned with the idea, with Moscow warning that inspections at sea could allow North Korea to spark a confrontation.

But some diplomats added that the US could still send ships into international waters off Korea to deter Pyongyang from exporting nuclear-related materials.

There is also debate on a proposed ban of luxury goods to North Korea. Some Europeans were said to have joked that some wines were most certainly not luxurious.

There are also questions over how sanctions should be monitored.

Kofi Annan, the UN's outgoing secretary-general, said on Wednesday that he believed the Council would "come together and take firm action", but added that dialogue was essential.

"We should talk to parties whose behaviour we want to change. The US and North Korea should talk."

Additional reporting by David Pilling in Tokyo

Bush Faults Clinton Policy, But The Debate Is Complex (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, October 12, 2006

President Bush asserted yesterday that the administration's strategy on North Korea is superior to the one pursued by his predecessor, Bill Clinton, because Clinton reached a bilateral agreement that failed, while the current administration is trying to end North Korea's nuclear programs through multi-nation talks.

"In order to solve this diplomatically, the United States and our partners must have a strong diplomatic hand," Bush said at a news conference. "And you have a better diplomatic hand with others, sending the message, than you do when you're alone."

As Secretary of State Condoleezza Rice put it on Tuesday: "The United States tried direct dialogue with the North Koreans in the '90s, and that resulted in the North Koreans signing onto agreements that they then didn't keep."

But the reality is more complicated, according to former and current U.S. officials and a review of the diplomatic history.

Bush's current policy, in fact, envisions direct, bilateral negotiations with North Korea on certain issues in the six-nation talks, such as missile proliferation and normalizing relations. That commitment to direct talks is enshrined in the agreement of principles guiding future negotiations that was reached in Beijing in September 2005. Indeed, Rice was prepared to authorize her

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chief negotiator to travel to Pyongyang in November 2005, provided that North Korea shut down its nuclear reactor as a sign of good faith. It refused that condition, and the trip was scrubbed.

By the same token, it is not fully accurate to describe the negotiations that led to a 1994 agreement between the United States and North Korea as purely the result of one-on-one negotiations. During talks that produced the Agreed Framework, in which North Korea said it would freeze its nuclear program, U.S. negotiators briefed Japanese and South Korean officials every day. South Korea and Japan agreed to bankroll much of the cost of the light-water reactors that were to be provided to North Korea under the deal.

Robert L. Gallucci, the chief negotiator of the accord and now dean of the Georgetown School of Foreign Service, said it is a "ludicrous thing" to say that the Clinton agreement failed. For eight years, the Agreed Framework kept North Korea's five-megawatt plutonium reactor frozen and under international inspection, while North Korea did not build planned 50- and 200-megawatt reactors. If those reactors had been built and running, he said, North Korea would now have enough plutonium for more than 100 nuclear weapons.

By Gallucci's account, North Korea may have produced a small amount of plutonium for one or two weapons before Clinton came into office -- during the administration of Bush's father -- but "no more material was created on his watch." When Clinton left office, officials saw signs that North Korea may have been attempting to create a clandestine uranium enrichment program, but nothing was definitive.

Such a program would violate the Agreed Framework. When the Bush administration decided it had conclusive proof of that enrichment in July 2002, it confronted North Korea and terminated fuel oil deliveries promised under the Agreed Framework. In response, North Korea evicted the inspectors, restarted the reactor and retrieved weapons-grade plutonium from 8,000 fuel rods that had been kept in a cooling pond. Intelligence analysts now think that, before Monday's apparent nuclear test, North Korea had enough plutonium for as many as a dozen weapons.

While the Bush administration accused Pyongyang, North Koreans complained bitterly that the United States was the chief violator of the pact because the reactors were years behind in construction and because promises to end hostile relations and normalize ties were not fulfilled.

Before the crisis in 2002, the Bush administration was prepared to hold bilateral talks with North Korea, though it took nearly two years after Bush came into office to arrange them. Afterward, administration insiders argued over the best approach before settling on meeting with the North Koreans only in the presence of officials from other nations.

Then-Secretary of State Colin L. Powell pressed China to host three-way discussions because it was clear that Bush was opposed to direct talks, according to the new book "Soldier: The Life of Colin Powell," by Washington Post Associate Editor Karen DeYoung. Defense Secretary Donald H. Rumsfeld adamantly opposed any dialogue, arguing in a series of memos that the goal should be the collapse of North Korea's government, the book says.

The talks were expanded to include Japan, South Korea and Russia. During a flight to Africa in July 2003, Powell won Bush's agreement to allow U.S. negotiators to meet with the North Koreans on the sidelines of the talks, in part to assuage the Chinese, who wanted more direct engagement between the United States and North Korea.

Conservatives opposed to negotiations came to embrace the six-party format because they thought that it was so cumbersome that it would not achieve much, and because North Korea's behavior grated on other participants.

Michael Green, a former White House aide who is now at the Center for Strategic and International Studies, said some bilateral negotiations will take place if a final agreement to dismantle the program is reached. But he said that the four other nations can provide incentives on trade and energy that the United States cannot, and that the other countries have much greater ability to inflict pain on North Korea.

Japan Imposes Sanctions On N Korea (FT)

By David Pilling In Tokyo And Anna Fifield In Seoul

Financial Times, October 12, 2006

Japan imposed draconian sanctions on Pyongyang last night, banning all ships, all imports and most North Korean nationals from entering the country.

The measures, while severe, are not likely to have a big extra economic impact, given that Japan has already drastically reduced trade and financial transfers to North Korea, experts said.

Officials in Tokyo also said that Japan’s unilateral measures must be distinguished from its efforts to build an international consensus on appropriate global sanctions against North Korea.

As chair of the United Nations Security Council, Japan had to act as a responsible mediator between different positions, said Hiroshi Suzuki, deputy cabinet secretary.

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The administration of Shinzo Abe, the newly installed prime minister, is also keen to find a common position with China and South Korea, the only countries with remaining economic leverage over Pyongyang.

Mr Abe last weekend launched a bold diplomatic initiative to rebuild positive relations with Japan's most important two neighbours and wants to use the North Korean nuclear issue as a way of cementing closer ties, officials said.

According to official estimates reported by Kyodo, a Japanese newswire, North Korea's exports totalled about $1.3bn in 2005, of which shipments to Japan comprised about 10 per cent, making it the third-largest importer of North Korean goods after China and South Korea. Seafood, including crab and sea urchin, accounted for about one-quarter of imports from North Korea, with anthracite coal, imports of which were recently suspended, making up nearly 15 per cent.

Japan took its unilateral measures last night after a meeting of its Security Council. Earlier, Mr Abe had told a parliamentary committee that North Korea could expect "harsh measures" from his administration, given his reputation for not compromising with the Pyongyang regime.

Tokyo's sanctions come as Pyongyang outlined its continued defiance on Wednesday when it said, on two separate occasions, that it would carry out another nuclear test if it came under increased pressure from Washington.

"If the US keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures," the North's foreign ministry said in a statement published by the official Korean Central News Agency.

"We were compelled to conduct a nuclear test because of the US nuclear threat and pressure of sanctions," it said, in the isolated country's first comment since it announced Monday's test. "We are ready for both dialogue and confrontation."

This coincided with a similar threat from North Korea's number two leader, Kim Yong-nam, president of the Supreme People's Assembly.

Japan Slaps Pyongyang With Trade Sanctions (WT)

By Andrew Salmon

The Washington Times, October 12, 2006

SEOUL -- Japan halted trade with North Korea yesterday, while the United States and other nations sought additional penalties against the communist state for reportedly conducting a nuclear test.

President Bush demanded tough sanctions against North Korea, but he vowed to find a diplomatic solution to Pyongyang's defiance and said there were no plans for a military attack.

North Korea threatened unspecified "physical measures" against the United States and its allies, while South Korea said it was reviewing its defenses against a nuclear attack.

Japan's sanctions were the most substantive steps against the North since Monday's reported nuclear test at an underground site north of Pyongyang.

It banned all imports from North Korea and prohibited North Korean ships from entering Japanese ports.

"We cannot tolerate North Korea's actions if we are to protect Japanese lives and property," Japanese Prime Minister Shinzo Abe said after an emergency security meeting. "These measures were taken to protect the peace."

Meanwhile at the United Nations, the United States is expected to push for a vote on North Korea by the end of the week despite opposition from China to some of the sanctions aimed at punishing Pyongyang for its reported nuclear test.

One controversial provision in the U.S.-drafted resolution was authorization for international inspections of cargo moving into and out of North Korea to detect weapons-related material. China, diplomats said, had rejected it, but that provision is still in the text circulated among the 15 Security Council members.

John R. Bolton, U.S. ambassador to the United Nations, who acknowledged there were "a number of disagreements," said he intends to introduce a new draft resolution formally to the Security Council members today with the aim of calling a vote a day later.

Among the imports from North Korea expected to face closed doors in Japan are mushrooms and seafood valued at about $50 million each year, a modest amount but a significant source of foreign currency for the impoverished nation.

Japan also prohibited North Korea nationals from entering Japan, with limited exceptions.

Reports early yesterday morning that North Korea may have tested a second nuclear device were later dispelled. But they underscored a deep insecurity gripping the region.

In Seoul, outgoing Foreign Minister Ban Ki-moon said South Korea would take a "considered and strategic approach" on whether to join the U.S.-led Proliferation Security Initiative (PSI), according to Yonhap news agency.

Mr. Ban is scheduled to become the next U.N. secretary-general when Kofi Annan's term ends in December.

PSI is a program designed to halt the spread of weapons of mass destruction by sharing intelligence and intercepting suspect cargoes. Some 70 nations have signed up, but South Korea has previously declined for fear of antagonizing the North.

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The PSI made headlines in 2002 when a Spanish ship, acting on information from U.S. intelligence, intercepted a North Korean ship with a load of Scud missiles headed for Yemen.

South Korean President Roh Moo-hyun said yesterday threats cited by North Korea for its belligerent policies were either "non-existent or greatly exaggerated."

It was an unusually blunt statement for the South Korean president, whose government is typically more accommodating toward the North.

Mr. Roh's policy of trade, tourism and engagement with the North has long been under pressure and his public approval ratings were at an all-time low even before Monday's test.

Mr. Bush told reporters in Washington: "In order to solve this diplomatically, the United States and our partners must have a strong diplomatic hand. And you have a better diplomatic hand with others, sending the message, than you do when you're alone."

Speaking in the Rose Garden at the White House, Mr. Bush repeatedly sought to reassure North Korea he wanted a peaceful outcome.

"We have no intention of attacking North Korea," the president said.

On the streets of North Korea's capital, it seemed like business as usual. Video from Associated Press Television News showed people milling about Kim Il-sung Square in Pyongyang and rehearsing a performance for the 80th anniversary of the "Down With Imperialism Union." The union was an anti-Japanese movement founded at a time when Korea was under Japanese occupation.

North Korea, in its first formal statement since Monday's blast, warned that it would counter further pressure from the international community with force.

"If the U.S. increases pressure upon [North Korea], persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war," said a statement by the North's Foreign Ministry and carried by the official Korean Central News Agency. It did not say what those measures could be.

North Korea's No. 2 leader Kim Yong-nam threatened in an interview with a Japanese news agency that there would also be more nuclear tests if Washington continued what he called its "hostile attitude."

Mr. Kim, second to North Korean leader Kim Jong-il, told Kyodo news agency that further nuclear testing would hinge on U.S. policy toward his government.

South Korea's military, meanwhile, was checking its readiness for nuclear attack, Yonhap reported. The Joint Chiefs of Staff recommended improving the military's defenses, possibly with state-of-the-art weapons to destroy nuclear missiles, it said.

Defense Minister Yoon Kwang-ung said Seoul could enlarge its conventional arsenal to deal with a potentially nuclear-armed North Korea.

The top U.S. general in South Korea said that American forces are fully capable of deterring an attack.

"Be assured that the alliance has the forces necessary to deter aggression, and should deterrence fail, decisively defeat any North Korean attack against" South Korea, Army Gen. B.B. Bell said in a statement to troops. "U.S. forces have been well trained to confront nuclear, biological and chemical threats."

About 29,500 U.S. soldiers are deployed in the South, a remnant of the 1950-53 Korean War.

This article is based in part on wire service reports

Japanese Back Prime Minister In Handling Of Nuclear Crisis (NYT)

By Martin Fackler

The New York Times, October 12, 2006

TOKYO, Oct. 11 — In office three weeks, Prime Minister Shinzo Abe is facing his first crisis, North Korea's claimed nuclear test, with a mix of soothing diplomacy and tough sanctions, scoring high marks with his nation's anxious voters.

Mr. Abe has called on the United Nations to punish North Korea, and on Wednesday his government announced its own sanctions, including a ban on imports. At the same time, he has shown greater flexibility than his predecessor toward China and South Korea, joining them in criticizing the North during hastily arranged summit meetings this week.

Mr. Abe, who rose to popularity by taking a hard line on North Korea, has used the crisis to showcase his more assertive brand of foreign policy. He and other conservatives have used the North Korea threat to advance long-held goals of rearming their nation and giving it an international voice more in line with its economic might.

So far, Mr. Abe's blend of nationalist appeals and diplomatic pragmatism has proved popular with the Japanese public, which greeted the North's test announcement with outrage and fear. An editorial in Nihon Keizai Shimbun, a leading daily, compared the level of shock here to that after the Sept. 11 terrorist attacks in the United States.

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An opinion poll of voters published Wednesday in Asahi Shimbun, another leading daily, indicated 83 percent approved of Mr. Abe's visits to Beijing and Seoul, which were arranged before the crisis. The poll, of 1,023 people contacted by telephone, showed 82 percent seeing the North as a threat, a boon for Mr. Abe, whom the poll gave an approval rating of 63 percent.

"For now, the North Korea crisis has put the wind at Mr. Abe's back," said Hiroshi Nakanishi, a professor of international politics at Kyoto University. "His longstanding position of putting pressure on North Korea makes him look good at the moment."

But Mr. Nakanishi and other analysts also point out that Japan's deep-seated problems with the rest of Asia remain unresolved. The biggest is the belief among former victims of Japanese World War II-era aggression that Tokyo remains unrepentant about its wartime deeds.

In particular, Mr. Abe has remained purposefully vague on whether he will visit the Yasukuni Shrine, a Shinto memorial that honors Japan's war dead, including executed war criminals. His predecessor, Junichiro Koizumi, insisted on paying annual visits, outraging China and South Korea.

For now, Seoul and Beijing seem to accept Mr. Abe's stance of not stating whether he will go to the shrine. But if he should respond to pressures from his political base on Japan's right and pay a visit, he risks undoing his progress in mending ties, analysts say.

Mr. Abe has been sending mixed signals about his views on Japan's war responsibility. In Parliament last week he said wartime leaders, including his grandfather, Nobusuke Kishi, then the munitions minister, had made a mistake in going to war. But he also questioned the rulings of the United States-led Tokyo War Crimes trials after Japan's defeat.

His avowed goal of revising Japan's pacifist Constitution to allow full-fledged armed forces has also stirred regional concerns of resurgent militarism.

So far, though, such issues have been overshadowed by North Korea's reported nuclear test, an opportunity Mr. Abe has seized. In Parliament on Wednesday he called the test unacceptable, saying it was Japan that "faced the biggest threat from North Korea," which is about 200 miles away. His tough stance has led many here to call him Japan's "fighting prime minister."

On Wednesday, Japan imposed economic sanctions, including a ban on North Korean ships in Japanese harbors and greater restrictions on visits by North Korean citizens, in addition to the ban on imports. There has also been talk of tougher steps, like Japanese warships joining with the United States fleet if a naval blockade is imposed on North Korea.

At the same time, Mr. Abe has seen the crisis as a chance to improve ties with China and South Korea, both increasingly important trading partners. In Seoul on Monday, he appeared with the South Korean president, Roh Moo-hyun, to condemn the North's test. A day earlier he met with China's president, Hu Jintao, during the first visit to Beijing by a Japanese prime minister in five years.

Mr. Abe has also appealed to voters with his vision of a more equal military alliance with the United States, Japan's postwar protector. He has said he wants to increase Japan's participation in the United States-led development of a missile shield.

Analysts said his efforts at reconciliation with Seoul and Beijing might also have been made with an eye on Washington. American officials have shown concern over Japan's growing isolation in East Asia because of Yasukuni and other issues, including territorial disputes.

"The Yasukuni problem is on the shelf for now, but it will come back to plague Mr. Abe," said Mr. Nakanishi of Kyoto University. "Future tensions with South Korea and China are almost unavoidable."

North Korea Warns Of More Nuclear Tests (NYT)

By Norimitsu Onishi

The New York Times, October 12, 2006

SEOUL, South Korea, Oct. 11 — North Korea said Wednesday that it would consider sanctions a "declaration of a war" and vowed to carry out further nuclear tests if the United States maintained a "hostile attitude." The North seems to be following a clear strategy that experts say has allowed it, a small, isolated, nearly bankrupt nation, to keep the attention of the United States for more than a decade.

In the country's first remarks since its reported nuclear test on Monday, North Korea said it felt compelled to prove its nuclear capacity to "protect its sovereignty and right to existence from the daily increasing danger of war" from the United States.

North Korea's official news agency quoted an unidentified Foreign Ministry spokesman as saying, "If the U.S. increases pressure on North Korea, persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war."

This characteristically defiant tone was sounded as the five permanent members of the United Nations Security Council prepared to discuss what type of sanctions to mete out.

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In a rare interview, Kim Yong-nam, the North's second most powerful leader, said, "The issue of future nuclear tests is linked to U.S. policy toward our country."

"If the United States continues to take a hostile attitude and apply pressure on us in various forms," Mr. Kim told a Japanese news agency, "we will have no choice but to take physical steps to deal with that."

At the United Nations, ambassadors from Britain, China, France, Russia, the United States and Japan met to settle differences over a resolution to impose sanctions on North Korea. Ambassador John R. Bolton said the United States intended to circulate a revised draft Thursday in the hope of having a vote by Friday.

The United States is seeking international inspections of all cargo into and out of North Korea to intercept weapons-related material and a resolution drafted under Chapter VII of the United Nations Charter that poses the possibility of military enforcement. China and Russia are resisting that, though they say they favor strict punishments for North Korea's defiance of Council warnings not to conduct weapons tests.

Secretary General Kofi Annan called the apparent nuclear test "unacceptable" and said he expected the Council to take "a firm action.

Asked whether the United States should deal directly with North Korea, Mr. Annan said: "I have always argued that we should talk to parties whose behavior we want to change, whose behavior we want to influence. And from that point of view, I believe that the U.S. and North Korea should talk. They did talk in the past."

That may well be North Korea's aim. Despite a carefully cultivated reputation as a volatile, capricious leader, Kim Jong-il has pursued a consistent, even canny, strategy in his pursuit of nuclear arms.

As Kim Yong-nam's remarks indicate, North Korea — an increasingly isolated country that has battled famine, a collapsing economy and desertion across its borders — has seen nuclear weapons as a form of defense as well as a potential threat. Its leaders have used that threat as way to wrest concessions from Western powers, and gain protection against what they see as hostile nations determined to topple their government.

North Korea embarked on this course in 1993, when it announced that it was pulling out of the Nuclear Nonproliferation Treaty and then won an agreement from the Clinton administration for help in building two nuclear power reactors in exchange for freezing its nuclear activities. Over the ensuing years, despite disastrous economic conditions that led to famine in the mid- to late-1990's, the North succeeded in getting the world's attention through a series of crises of its own making, from declarations that it had nuclear weapons to missile launchings.

"Every time they've played this crisis escalation strategy with us before, it's worked," said Scott Snyder, a Korea expert with the Asia Foundation in Washington and the author of "Negotiating on the Edge: North Korean Negotiating Behavior."

"The mind-set was that if you're a small state like North Korea and there are many other problems in the world, the only way to get the United States' attention is to escalate things in such a way as to force the Bush administration to deal with North Korea directly," he said.

Joining the club of nuclear powers was in keeping with North Korea's strategy to be treated on equal terms with Washington, Mr. Snyder said.

The North made its intentions explicit in March 2005 declaring that, as a nuclear power, it wanted the six-nation talks over its nuclear program to focus instead on "disarmament talks where participants can solve the issue on an equal basis."

The nuclear test was also the product of North Korea's sense of insecurity — one that grew keener over the past decade because of its troubled economy and the leadership's inability to control a population that began spilling out, by tens of thousands, across the border into China and some to South Korea. In the past few years, as North Korea began liberalizing its economy and trade boomed with China, new threats of money-making and corruption materialized.

Many North Koreans still depend on international food aid because of the collapse of the state's food rationing system, though life is less precarious than in the 1990's. Those living near the porous border with China, and even those in remote areas, have increasing access to information from the outside world and contact with it.

At the same time, the North is confronted by a Bush administration that described its leader, Kim Jong-il, as a "pygmy" and lumped it into an "axis of evil." The toppling of Saddam Hussein magnified the threat.

"The nuclear test is a response to the threat that North Korea feels," said Bruce Cumings, a professor of history at the University of Chicago and an expert on North Korea. "It's entirely real. It's not a figment of their imagination. They were put in the axis of evil. We have nuclear weapons pointed at them, and we have for decades."

North Korea is "a garrison state of astonishing proportions," he said. "It's not going to commit suicide by attacking South Korea or Japan with nuclear bombs. It knows it will lose. Their fundamental orientation is being hunkered down for defense."

The test, experts said, also grew out of the North's frustrations at the stalled six-nation talks and what it perceived as the Bush administration's reluctance to engage in genuine negotiations. Last year, the United States offered security and economic

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incentives in return for the North's freezing of its nuclear program, but the deal quickly fell apart over its sequence. What is more, Washington imposed economic sanctions around the same time, leading the North to withdraw from the talks.

"North Korea has nothing to show for its diplomatic efforts," said Peter Beck, the Northeast Asia project director at the International Crisis Group, adding that North Korea had also engaged in recent years in fruitless diplomacy with Japan and Europe. "That makes the military perspective much more appealing."

But for North Korea's closest neighbors, experts said, its leverage comes from its weakness. For South Korea and China, the prospects of the North's collapse and a flood of refugees, as well as the possibility of an even more intractable successor to Mr. Kim, are perhaps even more worrisome developments than nuclear weapons.

In recent days, President Roh Moo-hyun of South Korea has indicated a willingness to be tough on the North by casting doubts about the South's policy of engaging North Korea. He suspended aid and said the two major projects — industrial and tourist zones operated by South Koreans inside the North — would be put under review. But it is not clear how long the tough stance will last.

"We're under a lot of pressure both domestically and internationally to give up on engagement," said a senior South Korean official. "But we really don't have an alternative other than the engagement policy."

N. Korea's No. 2 Official Warns Of Further Tests (WP)

By Anthony Faiola, Washington Post Foreign Service

The Washington Post, October 12, 2006

SEOUL, Oct. 11 -- North Korea's second most powerful political figure, Kim Yong Nam, indicated Wednesday that the communist state would carry out further nuclear tests if the United States did not change what he called its "hostile attitude."

In an interview with Japan's Kyodo news service in Pyongyang, the North Korean capital, Kim also dismissed the impact that any economic sanctions imposed by the U.N. Security Council would have on his impoverished country. "Even as economic sanctions increase by day, our economy in general has entered a rising trend," he was quoted as saying.

Japanese Prime Minister Shinzo Abe, declaring that his country is "in gravest danger," moved Wednesday to ban imports from North Korea and stop North Korean ships and citizens from coming to Japan.

Kim's remarks were the first public comment from a high-ranking North Korean official since the secretive government announced a nuclear test on Monday. He added that North Korea would refuse to return to stalled six-party talks aimed at its nuclear disarmament unless the United States dropped sanctions imposed in September 2005 that target North Korea's alleged counterfeiting and other illegal businesses.

The Foreign Ministry, meanwhile, said North Korea would consider increased U.S. pressure "a declaration of a war."

Analysts have said the explosion detected in North Korea's barren northeast on Monday was small enough to suggest that the test partially failed or was not in fact nuclear. Japanese Foreign Minister Taro Aso told a parliamentary panel that Japan had unconfirmed information that another test might be coming.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim told Kyodo on Wednesday. "If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that."

As president of the presidium of the Supreme People's Assembly, North Korea's one-party parliament, Kim is considered second in influence only to the country's absolute ruler, Kim Jong Il.

Across northeast Asia, the nuclear issue continued to keep people on edge, particularly after seismic activity on Wednesday was initially reported as a possible second nuclear test. It was later found to have been generated by an earthquake in northern Japan.

Japan has joined the United States in leading the call for more pressure on Pyongyang. Sanctions that were approved by Japan's national security council are on track to be formally adopted by the cabinet on Friday, and would likely precede any action by the U.N. Security Council.

In September, Japan began limiting money transfers from 16 entities suspected of having ties with North Korea's nuclear and weapons development programs. The scope of those sanctions is expected to be widened to include remittances to North Korea from Japan that analysts say total as much as $900 million a year.

"Japan will be most affected security-wise by this North Korean issue," Chief Cabinet Secretary Yasuhisa Shiozaki told reporters in Tokyo. "We decided on this sanction based on Japan's independent thinking and judgment, taking into consideration the significance" of the professed nuclear test.

Tokyo has taken steps in recent years to curb financial dealings with Pyongyang over various disputes. Total trade of about $180 million in 2005 was about half the figure in 2002, according to Japan's Finance Ministry.

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Japanese leaders dismissed fears that their country might now engage in a nuclear arms race. That continues to be politically untenable in Japan, given World War II memories of the U.S. atomic bombings of Hiroshima and Nagasaki. "There will be no change in our nonnuclear arms principles," Abe told reporters in Tokyo. "We want to seek a solution through peaceful and diplomatic means."

In South Korea, President Roh Moo Hyun -- long counted among the North's most staunch defenders -- continued to distance himself from the Pyongyang government. "North Korea says the reason it is pursuing nuclear [weapons] is for its security, but the security threat North Korea speaks of either does not exist in reality, or is very exaggerated," the semiofficial Yonhap news agency quoted him as saying.

The South Korean government announced late Wednesday that it would consider joining the U.S.-led Proliferation Security Initiative, launched in 2003 and aimed at stopping ships at sea suspected of smuggling weapons of mass destruction. North Korea has been considered a main target of the initiative.

Defense Minister Yoon Kwang Ung told parliament that Seoul might enlarge its conventional arsenal if North Korea is ultimately proved to have nuclear weapons.

North Korea Threatens More Nuclear Tests (AP-Y)

By Hans Greimel

AP-Yahoo, October 12, 2006

North Korea threatened more nuclear tests and said Wednesday it would consider additional sanctions an act of war, stoking tensions in an already jittery Asia.

Unfazed by the latest threats, Japan banned all North Korean imports — such as clams and mushrooms — and barred the North's ships from its ports.

South Korea said it was making sure its troops were prepared for atomic warfare and said it may bolster its conventional forces as well. The top U.S. general in the South said American soldiers were poised to repel any attack.

"I would urge the North Korean authorities not to escalate the situation any further," U.N. Secretary-General Kofi Annan said at the United Nations. "We already have an extremely difficult situation."

On the streets of North Korea's capital, it seemed like business as usual. Video by AP Television News showed people milling about Kim Il Sung square in Pyongyang and rehearsing a performance for the 80th anniversary of the "Down with Imperialism Union."

North Korea, in its first formal statement since it announced an atomic bomb test Monday, hailed the blast as a success and warned that it would counter further pressure from the international community with physical retaliation.

"If the U.S. increases pressure upon the DPRK, persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war," said a statement by the North's Foreign Ministry and carried by the official Korean Central News Agency. It did not say what those measures could be. DPRK is shorthand for the Democratic People's Republic of Korea.

North Korea's No. 2 leader Kim Yong Nam threatened in an interview with a Japanese news agency that there would also be more nuclear tests if Washington continued what he called its "hostile attitude."

Kim, second to North Korean leader Kim Jong Il, told Kyodo News agency that further nuclear testing would hinge on U.S. policy toward his communist government.

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim Yong Nam was quoted as saying when asked if Pyongyang will conduct more tests.

At the White House, President Bush demanded stiff sanctions on North Korea but said the U.S. has "no intention of attacking" the regime despite its claims that it needs atomic weapons to guard against such a strike.

South Korean President Roh Moo-hyun said the security threat cited by North Korea "either does not exist in reality, or is very exaggerated," according to the country's Yonhap news agency. It was a rare direct criticism of the communist regime from the South's leader.

Japan announced a crackdown meant to impact the North's 1-million-member military, the world's fifth largest.

The new measures ban North Korean imports and prohibit ships from the impoverished nation from entering Japanese ports. North Korean exports like clams and mushrooms earn precious foreign currency on the Japanese market.

North Korean nationals will also be barred from entering Japan, with limited exceptions, the Cabinet Office said after an emergency security meeting.

"Japan is in gravest danger, if we consider that North Korea has advanced both its missile and nuclear capabilities," Prime Minister Shinzo Abe told reporters following the meeting. "These measures were taken to protect the peace."

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Ferries have long served as a major conduit of communication and cash between Japan and North Korea, which have no diplomatic relations.

South Korea's military, meanwhile, was checking its readiness for nuclear attack, Yonhap reported. The Joint Chiefs of Staff recommended improving the military's defenses, possibly with state-of-the-art weapons to destroy nuclear missiles, it said.

Defense Minister Yoon Kwang-ung said Seoul could enlarge its conventional arsenal to deal with a potentially nuclear-armed North Korea.

The top U.S. general in South Korea said that American forces are fully capable of deterring an attack.

"Be assured that the alliance has the forces necessary to deter aggression, and should deterrence fail, decisively defeat any North Korean attack against" South Korea, Army Gen. B.B. Bell said in a statement to troops. "U.S. forces have been well-trained to confront nuclear, biological and chemical threats."

About 29,500 U.S. soldiers are deployed in the South, a remnant of the 1950-53 Korean War.

Rice Says U.S. Will Not Invade N. Korea (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 12, 2006

Secretary of State Condoleezza Rice says the United States would not attack North Korea, rejecting a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion.

Rice said that President Bush has told the North Koreans that "there is no intention to invade or attack them. So they have that guarantee. ... I don't know what more they want."

Rice told CNN Tuesday that Bush "never takes any of his options off the table. But is the United States, somehow, in a provocative way, trying to invade North Korea? It's just not the case."

But she also said that the decision by Pyongyang to go ahead with its nuclear program means it likely will see "international condemnation and international sanctions unlike anything that they have faced before."

Asked whether North Korean leader Kim Jong Il may have felt that he needed to stage an apparent nuclear test this week to prevent an invasion similar to the U.S.-led attack on Saddam Hussein, Rice said Iraq "was a very special situation."

"Iraq was a desire to finally deal with a threat that had been there for too long," she said.

North Korea's No. 2 leader threatened further nuclear tests if the United States continues its "hostile attitude."

In an interview Wednesday with Japan's Kyodo News agency, Kim Yong Nam, second to North Korean leader Kim Jong Il as president of the Presidium of the Supreme People's Assembly, threatened further nuclear tests if the United States continues its "hostile attitude."

"The issue of future nuclear tests is linked to U.S. policy toward our country," Kim was quoted as telling Kyodo when asked whether Pyongyang will conduct any more nuclear tests.

Kim also suggested that Pyongyang was ready to return to stalled six-party talks if sanctions against the reclusive regime are lifted, Kyodo reported.

Sen. John McCain, R-Ariz., said Wednesday there are plenty of avenues for talks to resolve the issue.

"We have plenty of ways of talking with the North Koreans. The problem is, they don't like what we say and we certainly don't like what they do," he said on NBC's "Today" show.

McCain called the latest statements from Pyongyang "one in an unending series of threats and bullying and attempts to get aid and assistance from the West."

Rice rejected direct talks with North Korea, saying that if Kim "wants a bilateral deal, it's because he doesn't want to face the pressure of other states that have leverage," referring to China, South Korea and the other members of stalled six-nation nuclear negotiations.

"What Kim Jong Il should understand is that if he verifiably gives up his nuclear weapons program, there is a better path," Rice said. "There's a better path for his people, who are oppressed and downtrodden, and hungry for that matter."

Her comments came as John Bolton, U.S. ambassador to the United Nations, said the United States would not be intimidated by a reported threat from Pyongyang that it could fire a nuclear-tipped missile unless the U.S. acts to resolve the standoff.

"This is the way North Korea typically negotiates by threat and intimidation," Bolton said. "It's worked for them before. It won't work for them now."

The White House said, meanwhile, there is a "remote possibility" that the world never will be able to fully determine whether North Korea succeeded in conducting a nuclear test Monday. While acknowledging that the action was provocative, White House press secretary Tony Snow suggested that it's possible that the test was something less than it appeared.

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"You could have something that is very old and off-the-shelf here, as well, in which case they've dusted off something that is old and dormant," he said. The comment appeared to indicate that the White House was attempting to play down the significance of the test, but Snow said later that he was merely posing a hypothetical question.

While opposition Democrats claimed the test was evidence of a failed U.S. policy, Snow argued that the test has left the nations involved in the six-party negotiations with the communist regime more unified and determined to persuade Pyongyang to accept incentives to give up its nuclear weapons ambitions. He also denied that the demands of the war in Iraq hampered the Bush administration's ability to dissuade North Korea from developing nuclear weapons.

"The Chinese, the South Koreans, the Japanese — they all have more direct leverage over the North Koreans than we do," Snow said. "The people who have the greatest ability to influence behavior are now fully invested in equal partners in a process to deal with the government of North Korea."

In response to North Korea's purported nuclear test, the United States is pressing at the United Nations for stringent sanctions on Pyongyang, including a trade ban on military and luxury items, the power to inspect all cargo entering or leaving the country, and freezing assets connected with its weapons programs.

International Pressure Key To Pressure North Korea: Rumsfeld (AFP-Y)

AFP-Yahoo, October 12, 2006

US Defense Secretary Donald Rumsfeld said it was "probably" possible to pressure North Korea to get off its current nuclear path without the threat of military action.

"I guess time will tell. I think the answer is: Probably yes, but one can't be certain," he said at a news conference here.

While it was possible to marshall sufficient pressure to deal with the North Korean threat by "non-kinetic" means, it would require international action, he said.

The international community would have to decided that "action during this period, when the threat is not immediate, is the time to do it; rather than when the threat becomes more immediate in whatever number of years that may be," he said.

Intelligence Failure Cited In Korean Crisis (WT)

By Bill Gertz

The Washington Times, October 12, 2006

Recent U.S. intelligence analyses of North Korea's nuclear and missile programs were flawed and the lack of clarity on the issue hampered U.S. diplomatic efforts to avert the underground blast detected Sunday, according to Bush administration officials.

Some recent secret reports stated that Pyongyang did not have nuclear arms and until recently was bluffing about plans for a test, according to officials who have read the classified assessments.

The analyses in question included a National Intelligence Estimate a consensus report of all U.S. spy agencies produced several months ago and at least two other classified reports on North Korea produced by senior officials within the office of the Director of National Intelligence John D. Negroponte.

The officials said there were as many as 10 failures related to intelligence reporting on North Korean missile tests and the suspected nuclear test that harmed administration efforts to deal with the issue.

According to officials familiar with the reports, the failures included judgments that cast doubt about whether North Korea's nuclear program posed an immediate threat, whether North Korea could produce a militarily useful nuclear bomb, whether North Korea was capable of conducting an underground nuclear test and whether Pyongyang was bluffing by claiming it could carry one out.

The failures would be the latest in a string suffered by U.S. intelligence in recent years, as described in a series of government and nongovernment reports. Past stumbles have included missing chances to detect or stop the September 11 attacks, faulty assessments of Saddam Hussein's weapons programs, the failure to predict the 1998 round of nuclear tests by India and Pakistan, and overly optimistic predictions of the Iraqi reaction to a U.S. invasion.

Intelligence officials are hoping President Bush will make a comment supporting U.S. intelligence agencies' performance on North Korea, something he has not done to date.

Another analytical shortcoming involved the failure to predict that North Korea would fire its July 4 salvo of seven missiles. One report said North Korea would test a single long-range Taepodong-2 and also did not predict that Pyongyang would fire the missile, which failed 42 seconds into flight, toward an area of the Pacific near Hawaii, the officials said.

The analyses also predicted that China would agree to impose tough U.S. sanctions on North Korea's arms exports and imports, something that has not occurred. However, the lack of clarity about the issue was one reason both Mr. Bush and

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Secretary of State Condoleezza Rice did not make stronger appeals to officials in China to press North Korea not to conduct the test, the officials said.

"It was an intelligence failure," said one administration official close to the issue.

Additionally, the weak assessments undermined the recent visit to China by Japanese Prime Minister Shinzo Abe, who did not have good enough intelligence to persuade Mr. Hu that a test was imminent and that he should use his government's influence on North Korea to stop it. Aides to Mr. Abe are said by U.S. officials to be upset that they could not help Mr. Abe better understand the nuclear test plans before the meetings.

China in 2003 temporarily cut off oil shipments to North Korea, an action Beijing has refused to use again either to prevent the missile tests or the nuclear test.

Carl Kropf, a spokesman for Mr. Negroponte, dismissed as false claims by officials who say U.S. intelligence analysis on North Korea was flawed. "That is absolutely wrong, that we were not tracking this issue for some period of time," he said.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, said he was not surprised when the nuclear test was carried out, based on his access to intelligence reports.

Mr. Hoekstra said his panel would conduct a review of intelligence analyses before North Korea's recent reported weapons test, but he noted that intelligence analysts have difficulty in making clear predications about the future, and that past failures, such as those on Iraq's weapons programs, affected current reporting.

"I think the community is a little bit gun shy," Mr. Hoekstra said. "They're being held to a strict standard and as a result are going to caveat everything in the aftermath of Iraq."

According to officials familiar with the reports, the weak analysis on North Korea is being blamed on Thomas Fingar, the most senior U.S. intelligence analyst within the office of the Director of National Intelligence.

Mr. Fingar, now deputy Director of National Intelligence for analysis, was the lone dissenter in a 2002 national intelligence assessment that stated Iraq had large stockpiles of chemical weapons and carried over the skeptical viewpoint to North Korea's arms programs.

Kim Jong-il's Suicide Watch (NYT)

By B. R. Myers

The New York Times, October 12, 2006

Seoul, South Korea

HOURS after Monday's nuclear test, President Bush issued a stern warning to North Korea — but only against the passing of nuclear technology to other states or non-state entities. The president's declaration thus reflected a confident consensus in Washington that while Kim Jong-il may try selling his nukes, he would never dream of using them himself. Why not? The explanation was given by a former national security adviser, Donald Gregg, on Monday: "Don't panic. Kim Jong-il's objective is survival ... not suicide."

The same soothing logic could be applied to President Mahmoud Ahmadinejad of Iran, but of course it won't be. These long-term diagnoses of Mr. Kim's psyche are a roundabout way of saying that because he is not a fundamentalist Muslim, he is unlikely to do anything really crazy.

This sort of cultural profiling, however, can get us into real danger. Japan's emperor during World War II, Hirohito, was neither religious nor suicidal, and he led his nation into a war that no rational leader could have hoped to win. The point is relevant, because although journalists persist in calling North Korea a Stalinist state, its worldview is far closer to that of fascist Japan.

Like the Japanese in the 1930's, the North Koreans trace the origins of their race back thousands of years to a single progenitor, and claim that this pure bloodline makes them uniquely virtuous. The country's mass games — government-choreographed spectacles with a cast of more than 100,000 — are often mistaken by foreign journalists as exercises in Stalinism. They are in fact celebrations of ethnic homogeneity. "No masses in the world," the state-run Cheollima magazine reminded readers in 2005, "are purer and more upright than our masses."

In state propaganda, Kim Jong-il is often linked, as Hirohito once was, to images of white horses, snow-capped mountain peaks and other symbols of racial purity. South Korea, on the other hand, is regarded as contaminated by too close contact with other races. At a recent meeting between generals from both Koreas, the North delegation's leader condemned the South for allowing racial intermarriage. "Not a single drop of ink," he intoned, "must be allowed to fall into the Han River."

Naturally enough, the North Koreans' race theory, like that of the Japanese fascists, actuates a blithe indifference to international law. A uniquely virtuous people has no reason to obey its moral inferiors, be they allies or enemies. China has now learned that despite decades of military and economic assistance it can draw on no residue of good will in dealing with Pyongyang.

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Neither can the South Koreans, whom the North Koreans will revile for their ethnic treason no matter how much cash they pump northward. This utter imperviousness to gestures of friendship and conciliation bears obvious implications for the prospect of normal relations between North Korea and America.

The northern regime has so far restricted its racial propaganda to the home audience, because it wants the world to go on misperceiving it as a Stalinist state. This way we continue to pin our hopes on the kind of trust-building dialogue that worked so well with Communists in the 1980's — and failed so disastrously with the pure-race crowd a half-century earlier.

While the North Koreans could kill a lot of people, they do not pose as great a threat to world security as imperial Japan did. Never have they shown any interest in forging an empire. All the same, the irrationality of their worldview is such that we should, at the very least, stop assuming that they would never use their own weaponry.

While Kim may not be suicidal himself, he shares Hirohito's penchant for encouraging this quality in his people: "Defense until Death" is an increasingly popular slogan. In 2003 a colorful poster was disseminated to the foreign press showing a fat missile in flight with a suicide-readiness slogan on it: "Yankee, take a good hard look." That isn't bad advice.

The Squeeze On North Korea (WP)

By Jim Hoagland

The Washington Post, October 12, 2006

North Korea has, in its own inimitable fashion, paid tribute to a little-noticed U.S. push to get the world's bankers to isolate regimes that promote nuclear proliferation and terrorism. Who else would claim to have conducted a nuclear weapons test and then threaten more blasts to get their way in a $24 million banking dispute?

Don't they have any good lawyers in Pyongyang?

North Korea's efforts to blame its crossing of the nuclear-testing threshold on U.S. "economic hostility" would be laughable if the regime weren't led by world-class paranoids and fantasists capable of believing their own odious propaganda. Americans do not have to believe it, however.

Such a regime may be beyond reasoning with or, even worse, deterring in a conventional sense, as the Bush administration seems to believe.

But Pyongyang's threats -- if not its excuses -- must be taken seriously and met with new forms of containment and pressure. The same is true of Iran, the other major target of the Treasury Department's efforts "to isolate bad actors from the global financial system" by calling attention to their use of banks for rogue operations.

That description comes from Stuart Levey, Treasury undersecretary for terrorism and financial intelligence. I happened to call on him yesterday a few hours after Pyongyang had threatened more nuclear and verbal blasts if the United States continued its "sanctions" policy.

"If the objective was to put pressure on North Korea, well, we succeeded," said Levey, who has joined Deputy Treasury Secretary Robert Kimmitt in traveling the globe to persuade other governments to examine and, where appropriate, cut financial links to the two remaining members of President Bush's "axis of evil."

But the purpose of this effective new effort at using soft power as pressure is much broader. According to Levey, Treasury is targeting people who are eminently deterrable: "People who are in business are very concerned about their reputations and do not want to get involved in illicit activity that is under scrutiny. They will make the decisions about whether they continue doing business or not. We don't make the decision for them."

So Levey disputes North Korea's characterization of U.S. policy as being one of politically driven "sanctions." Treasury's efforts are targeted at specific illicit transactions, such as the counterfeiting of U.S. currency; the transfer of funds involved in the smuggling of drugs, arms or even nuclear-weapons components; and the financing of terrorist operations.

"The United States effectively lifted sanctions against North Korea in 2000, and the Bush administration has not reimposed them," Levey asserted. "What we are doing is calling attention to the risks involved in being involved in these transactions."

The first use of the heavy U.S. financial hammer was against the Macao-based Banco Delta Asia, which Treasury identified last year as a "primary money-laundering concern" for Pyongyang. The bank, which operates under the control of the Chinese government, froze an estimated $24 million in North Korean assets rather than risk losing U.S. and other business. Pyongyang is still boiling over this perceived affront, as its angry statements this week indicated.

"It is important to look beyond this week's developments," Levey said, after asking rhetorically if he now needs a security detail. "Look at the receptivity of the world's finance ministers to accepting that they have a major role to play in the area of global security and intelligence. That is the future."

However much its self-imposed isolation might seem to protect it from them, North Korea clearly takes these financial pressures seriously. So must Iran. Squeezing the regime financially is probably the only hope (however forlorn it may turn out to be) of keeping Tehran from going nuclear in a few years.

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Iran was forced to announce in August that its oil production will soon begin to decline because of a lack of new investment in the oil industry and the difficulty of getting new technology from abroad for its aging fields.

Access to foreign capital and advanced equipment will not have been helped by the U.S. decision last month to exclude Bank Saderat, one of Iran's largest state-owned banks, from buying or selling dollars and other financial instruments from U.S. banks. This is in response to Bank Saderat's role in transferring millions of dollars to terrorist groups.

In the early days of the Soviet Union, Lenin predicted that capitalists would eagerly sell him the rope he would use to hang them. He lost the bet when Moscow proved unable to pay for ruling an empire. Treasury's sophisticated efforts to deny gangsters in North Korea and Iran access to global capital should not be abandoned because of the nuclear bluster from Pyongyang and Tehran.

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A $2-Trillion Fiscal Hole (WSJ)

By Chris Edwards And Jagadeesh Gokhale

The Wall Street Journal, October 12, 2006

State and local governments are amassing huge obligations in the form of unfunded retirement benefits for their workers. Aside from underfunded pension plans, governments have also run up large obligations from their retiree health plans. While a new Governmental Accounting Standards Board rule will kick in next year and reveal exactly how large this problem is, we estimate that retiree health benefits are a $1.4 trillion fiscal time bomb.

The new GASB regulations will require accrual accounting of state and local retiree health benefits, thus revealing to taxpayers the true costs of the large bureaucracies that they fund. We reviewed unfunded health costs across 16 states and 11 local governments that have made actuarial estimates, and found an average accrued liability per covered worker of $135,000. Multiplying that by the number of covered state and local employees in the country yields a total unfunded obligation of $1.4 trillion -- twice the reported underfunding in state and local pension plans at $700 billion.

To put these costs in context, consider the explicit net debt of state and local governments. According to the Federal Reserve Board, state and local credit market debt has risen rapidly in recent years, from $313 billion in 2001 to $568 billion in 2005. But unfunded obligations from state and local pension and retiree health plans -- about $2 trillion -- are still more than three times this net debt amount.

The key problem is that the great majority of state and local governments finance their retiree health benefits on a pay-as-you-go basis. In coming years that will create pressure to raise taxes as Baby Boomers age and government employees retire in droves. New Jersey's accrued unfunded obligations in its retiree health plan now stand at $20 billion, and the overall costs of its employee health plan are expected to grow at 18% annually for the next four years.

To compound the problem, defined-benefit pension and retirement health plans are much more common and generous in the public sector than the private sector. Out of 15.9 million state and local workers, about 65% are covered under retirement health plans, compared to just 24% of workers in large firms in the private sector.

The prospect of funding $2 trillion of obligations with higher taxes is frightening, especially when you consider that state politicians would be imposing them on the same income base as federal politicians trying to finance massive shortfalls in Social Security and Medicare. Hopefully, most state policy makers appreciate that hiking taxes in today's highly competitive global economy is a losing proposition.

The only good options are to cut benefits and move state and local retirement plans to a pre-funded basis with personal savings plans. Two states, Alaska and Michigan, have moved to savings-based (defined-contribution) pension plans for their new employees. Alaska has also implemented a health-care plan for new state employees, which includes high-deductible insurance and a Health Savings Account. Expect to see more states following Alaska's lead.

State and local governments also need to cut retirement benefits, which were greatly expanded during the 1990s boom. From a fairness perspective, cutting benefits especially of younger workers is reasonable given the generosity of state and local plans. Federal data shows that state and local governments spend an average of $3.91 per hour worked on employee health benefits, compared to $1.72 in the private sector.

Underfunded -- or more accurately, over-promised -- retirement plans for state and local workers have created a $2 trillion fiscal hole. Every year that policy makers put off the tough decisions, the hole gets bigger. Hopefully, the new GASB rules will prompt them to enact the reforms needed to avert job-destroying tax increases on the next generation.

U.N. Disagrees On Sanctions Against Iran (AP)

By George Jahn, Associated Press Writer

AP, October 12, 2006

DOJ_NMG_0079834

The five permanent members of the U.N. Security Council agreed Wednesday to start working on U.N. sanctions against Iran next week, but failed to bridge differences on how harsh the penalties should be, diplomats and officials said.

They told The Associated Press that while the U.S. called for broad sanctions to punish Iran's defiance in pursuing its nuclear program, Russian and Chinese representatives at a top-level Vienna meeting favored less severe measures.

The diplomats and government officials demanded anonymity in exchange for discussing the confidential meeting of the five Security Council countries and Germany — the six powers whose repeated attempts to entice Iran to enter negotiations finally broke down last week over Tehran's refusal to give up uranium enrichment.

In New York, U.S. Undersecretary of State Nicholas Burns told the Council on Foreign Relations that package of incentives meant to persuade Iran to halt uranium enrichment remained on the table.

But he said Iran's stance left little choice but to "head back to the Security Council in a couple of days, at the end of this week or early next ... to begin the process of writing and then passing, we hope, a sanctions resolution that will raise the cost to the Iranians of what they are doing in the nuclear round."

Reflecting the importance of the meeting of the six powers, Russia, Britain, France and Germany sent top negotiators directly answerable to their foreign ministers, while the U.S. and China were represented by their chief representatives to the Vienna-based International Atomic Energy Agency. Burns participated via video hookup.

One of the diplomats, who had been briefed on the substance of the meeting, said that while Burns had urged broad sanctions — such as a total ban on missile and nuclear technology sales — the Russians and Chinese backed prohibitions of selected items as a first step.

He also said the Chinese and Russian envoys called for renewed negotiations with the Iranians in parallel to working on sanctions to punish Tehran for defying a Security Council demand that it freeze enrichment, a possible pathway to nuclear arms.

Burns told the Council on Foreign Relations that the countries trying to stop Iran's programs "had come to a fork in the road." Despite a substantial package of incentives and an offer of direct negotiations with the United States, Iran "turned us down," he said.

"If at any time the Iranians wish to come forward and negotiate with the United States and these other countries, then we'll be very happy to do so," Burns said.

The differences among the Security Council powers reflected continued divisions over how harshly to penalize the Islamic republic for ignoring a Security Council deadline to stop all enrichment activities by the end of August. Russia and China, which have strategic and economic interests in Iran, have recently swung behind the Americans and Europeans in agreeing to the need for sanctions but have publicly opposed attempts to make them too severe.

"All agree for the need for sanctions but there are problems with how harsh they should be," said one of the diplomats, whose country is accredited to the International Atomic Energy Agency, or IAEA.

He said the meeting did not discuss North Korea and its claim to have tested a nuclear bomb, but all participants agreed juggling two nuclear crises complicated international nonproliferation efforts.

Iran, OPEC's No. 2 producer of crude, is apparently ready to face the threat of sanctions because it is confident they will be more symbolic than damaging because of international concerns any tough penalties could prompt Tehran to retaliate by cutting off oil exports.

Restating his country's defiance, Iranian President Mahmoud Ahmadinejad was quoted by state television Wednesday as saying "the day sanctions are imposed on Iran by its enemies would be a day of national celebration for the Iranian nation."

In separate comments earlier, Ahmadinejad called the prospect of sanctions "a hollow threat."

"These three or four countries are bullying, they have no right to intervene," he said, in reference to the United States, France, Britain and Germany. "The Security Council has no right to intervene."

The Security Council demanded a halt to enrichment after the Iran ignored calls from the IAEA to suspend such activities until doubts about the country's nuclear program have been cleared. Uranium must be enriched before it can be used in either nuclear reactors or atomic weapons. Iran says its nuclear program is for peaceful purposes only.

Senior EU negotiator Javier Solana had met with top Iranian negotiator Ali Larijani over the past few weeks in a new attempt to persuade Tehran to suspend enrichment and start nuclear talks with the six-nation alliance.

But those talks failed last week over Iran's refusal to freeze enrichment even for a limited time.

While the representatives of five of the six nations at the Vienna talks subsequently met with IAEA chief Mohamed ElBaradei, the Americans did not attend, said a U.N. diplomat.

There was no reason given for their absence, but one of the diplomats speculated it could have been a show of U.S. displeasure with ElBaradei, whom Washington in the past has accused of being too soft on Iran.

U.S. To Let Spare Parts Be Sent To Iran (AP-Y)

DOJ_NMG_0079835

By Barry Schweid
AP-Yahoo, October 12, 2006

The Bush administration said it is approving exports to Iran of spare parts and other equipment for the country's national airline, despite the standoff with Tehran over its nuclear program.

The State Department cited worries about travel safety in explaining the decision, which will allow the export of items used to repair turbine engines on Airbus aircraft operated by Iran Air.

"We do not want to be in a position of threatening civil aviation," State Department spokesman Sean McCormack told reporters on Wednesday.

McCormack said the General Electric Co. would provide the equipment to Iran. The department announced the decision on Tuesday.

While Iran supports terrorism and is pursuing a nuclear weapons program, McCormack asserted, "the United States is focused on the pressing humanitarian concerns that affect the Iranian people."

The Federal Aviation Administration has questioned whether the aircraft are airworthy and recommended immediate overhaul, he added. The departments of Commerce and State approved a license for the parts Sept. 29, McCormack said.

The administration labels Iran a sponsor of terrorism and has banned virtually all trade between the two countries.

The decision to grant a license, however, will clear the way for export of spare and replacement parts and technical data to repair and overhaul a "limited number" of engines manufactured in the United States.

U.S. To Sell Tehran Jet Parts (WT)

By Nicholas Kralev
The Washington Times, October 12, 2006

The Bush administration said yesterday it would let Iran buy spare parts for commercial aircraft as a humanitarian gesture, despite "grave concerns" about the Iranian regime.

The decision came as the United States and five other major powers agreed that the U.N. Security Council will begin next week drafting a list of sanctions against Iran because of its nuclear program.

"We do not want to be in a position of threatening civil aviation," State Department spokesman Sean McCormack told reporters. "The United States is focused on the pressing humanitarian concerns that affect the Iranian people."

The departments of State and Commerce informed Congress on Sept. 29 that they would recommend the Treasury Department issue a license to General Electric Corp. "to permit the exportation of spare and replacement parts, components and technical data for the repair and overhaul of a limited number" of such engines on aircraft operated by Iran Air.

"As conditions for the license approval, all repairs will be performed in third countries and no exports will go directly to Iran," the State Department said.

The State Department has blacklisted Iran as a state sponsor of terrorism, and a long list of sanctions prevents American companies from doing business with the Islamic republic.

"Despite our grave concerns regarding the Iranian regime's activities, we believe this decision is consistent with our commitment to support the Iranian people and to use U.S. sanctions to target the regime, not the Iranian people," the department said.

Senior officials from the five permanent Security Council members -- the United States, Britain, France, Russia and China -- and Germany held a video conference yesterday following their foreign ministers' Friday meeting in London on Iran's nuclear program.

They were not able to narrow down the menu of sanctions and turned the matter over to their U.N. ambassadors, who are expected to meet on the issue next week, diplomats said.

That meeting was supposed to take place this week, but North Korea's apparent nuclear test Monday prompted the Security Council to rearrange its schedule.

A senior U.S. official said on Friday that the first Iran sanctions would target its nuclear industry, rather than oil and gas.

Iran's ambassador to France, Ali Ahani, said in Paris yesterday that Tehran is still interested in negotiations but will not suspend uranium enrichment.

"The door is still open, as long as two important elements are accepted: our well-defined rights under the nonproliferation program, and our guarantees that our nuclear ambitions are not geared toward military use," Mr. Ahani said.

Overflights By Israel Said To Violate Truce (WP)

By Anthony Shadid
The Washington Post, October 12, 2006

DOJ_NMG_0079836

BEIRUT, Oct. 11 -- Lebanese Prime Minister Fouad Siniora warned Wednesday that Israeli military flights over his country's territory were endangering a nearly two-month-old truce that ended this summer's war between Israel and Lebanon's Hezbollah movement.

Siniora, speaking in an interview, said the overflights were occurring daily. The United Nations, which considers them a violation of the Aug. 14 truce, said it recorded 10 overflights of warplanes and surveillance drones from Oct. 3 to midnight Oct. 9.

"I am willing to accept whatever any other sovereign country would accept for itself. Would they allow it?" Siniora asked at his office in the Serail, the government headquarters. "I mean, would the United States allow flyovers of Russian planes? If they would allow it, I accept it. Why do you expect me to do something more than what 195 countries would accept for themselves?"

Israel has said it will continue overflights of Lebanese territory until U.N. Resolution 1701 is, in its view, implemented fully. It says that would require the return of the two soldiers that Hezbollah, a Lebanese Shiite group, captured in a cross-border raid on July 12 and an inspection mechanism to ensure that no weapons cross the Syrian border into Lebanon to resupply Hezbollah guerrillas.

The overflights pose a delicate issue for Siniora, whose government has come under pressure from Hezbollah and followers of a powerful Christian politician, Michel Aoun, to resign in favor of a government they deem more representative.

Since 2000, when Israel ended its occupation of southernmost Lebanon, Hezbollah had represented the main armed presence in that region and had contended that the Lebanese army, vastly outgunned by its Israeli equivalent, was too weak to protect the border. After the August cease-fire, the Lebanese army was deployed to the south for the first time in a generation, a move that Siniora has hailed as one of his government's greatest achievements. Hezbollah has warned, however, that it might act if Israeli violations of the truce continue and the Lebanese army and a newly strengthened U.N. force in the area do nothing to end them.

Siniora said that, in time, the army might have to respond to Israel's actions. "It is the duty of our army to defend the country, and this is what it should do," he said.

But the prime minister acknowledged that the dispute would probably have to be resolved diplomatically. "Now we are exhausting all diplomatic channels and means, and this is how it should be done," he said. He added that even when Hezbollah was effectively guarding the border from 2000 to 2006, Israeli overflights were routine but the Shiite militia was largely powerless to stop them.

Siniora's government, which is backed by the United States and European countries, is at the center of a growing polarization in Lebanese politics that sometimes breaks along sectarian lines, sometimes along those of ideology. The tension, often most pronounced between the country's Sunni and Shiite Muslim communities, has left many here gloomy about what lies ahead.

Aoun and, to a lesser extent, Hezbollah have demanded that Siniora's cabinet resign in favor of what they call a "national unity government" that would give them more power. Corruption, rife in Lebanese public life, is one of their biggest complaints. So is what they view as the government's ineffectiveness.

At another level are two views of the war's end: Hezbollah contends its military prowess deprived Israel of a victory; Siniora said the government's diplomacy was responsible for the U.N. resolution that ended the fighting.

If Hezbollah wants "to bring the government down, this is a legitimate objective of the opposition," said Siniora, who assumed his position in July 2005. "But it is a legitimate right of the other side to defend this position and to prove to the other that they are wrong, and that is what we are doing.

"The government," he added, "is not the place for dialogue."

Rice: Palestinians Deserve Better Life (AP)

By Barry Schweid

AP, October 12, 2006

Secretary of State Condoleezza Rice said Wednesday that Palestinians deserve a better life "free of the humiliation of occupation" and in a state of their own.

"I promise you my personal commitment to that goal," Rice said at a dinner marking the third anniversary of the American Task Force on Palestine.

"There could be no greater legacy for America," Rice told the group, which describes itself as nonpartisan and supportive of a Palestinian state living side by side with Israel.

"The Palestinian people deserve a better life ... free of the humiliation of occupation," she said.

Rice has made five trips to the region as secretary of state, looking for ways to promote President Bush's call for a two-state solution to the decades-long conflict between Israel and the Palestinians.

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But peace talks are in suspension, and Hamas, which calls for the destruction of Israel, plays a leading role in Palestinian affairs.

And yet, Rice said "things are changing," that moderates are coming to the fore. She praised Mahmoud Abbas, the president of the Palestinian Authority with whom the Bush administration deals while boycotting Hamas.

The militant group, which the United States and European governments have labeled a terrorist organization, must choose between remaining what it is or turning into a peaceful political party, Rice said.

"You cannot be both," she said.

U.N. Notes Increase In Israel Roadblocks (AP)

By Karin Laub, Associated Press Writer

AP, October 12, 2006

Israel's network of military checkpoints and road barriers in the West Bank has grown by 40 percent in the past year, part of an increasingly sophisticated system of controls that disrupts all aspects of Palestinian life, a U.N. agency said Wednesday.

These physical obstacles are carving up the West Bank into separate parts, with travel between them becoming more and more difficult, said David Shearer, head of the U.N.'s Office for the Coordination of Humanitarian Affairs in Jerusalem.

U.N. officials in Geneva, meanwhile, expressed concern about the ongoing closure of the Gaza Strip, including the crossing between Gaza and Egypt.

"It cannot continue like it is now without a social explosion that will hurt everybody, including Israeli security," said Jan Egeland, the U.N. humanitarian chief.

The tightened travel restrictions come at a time of continued deadlock — both in efforts to restart an Israeli-Palestinian dialogue and a bid by Palestinian President Mahmoud Abbas to form a more a pragmatic government that is acceptable to the international community.

The Hamas-led Palestinian Authority has reiterated in recent days that it will not recognize Israel or renounce violence — key conditions for the lifting of an international aid boycott.

In Brussels, Belgium, the EU said Wednesday it had given $816 million in aid to the Palestinians this year, bypassing the Hamas government.

EU spokeswoman Emma Udwin said a two-day meeting of European experts agreed to expand the aid to cover 60,000 additional people in the Palestinian territories, from the 100,000 currently receiving help through the international fund overseen by the World Bank.

Jacob Walles, the U.S. consul general in Jerusalem, said the United States is prepared to work with any Palestinian government that meets the international demands.

With Hamas refusing to compromise, it should make room for others, Walles said. "They should let another government come in, in some way, and accept the conditions," Walles told Palestinian reporters.

In the current climate, a meeting between Abbas and Israeli Prime Minister Ehud Olmert also appeared increasingly unlikely, despite pledges by both a month ago that they are ready to meet without preconditions.

Abbas confidant Saeb Erekat said the Palestinian leader wants concrete achievements in such a meeting, including the release of some of the thousands of Palestinian prisoners Israel holds.

However, Israeli government spokeswoman Miri Eisin said Wednesday that she expects Olmert and Abbas to meet "toward the end of November" despite the current difficulties.

In Jerusalem, the U.N. agency, OCHA, said it has seen an increase of nearly 40 percent in the number of army checkpoints and physical barriers in the West Bank, from 376 in August 2005 to 528 in September of this year.

The West Bank's Jordan Valley is now entirely off limits to Palestinians who are not residents of that area, except for those with permits to work in the valley's Jewish settlements, Shearer said.

Israel is also pushing ahead with the construction of its separation barrier along, and in many areas inside the West Bank. The barrier eventually will run for 437 miles; 252 miles have been completed, including 27 miles in the past five months, Shearer said.

Some 50,000 Palestinians have found themselves on the wrong side of the barrier, meaning they are separated from the rest of the West Bank, Shearer said.

"We are seeing a continuing closing down, locking down of Palestinian areas," he said.

Tight travel restrictions also were in place during the height of the Palestinian uprising from 2000 to 2003, when dozens of suicide bombers carried out attacks in Israel.

"Since then it's become much more systematic, much more sophisticated in terms of monitoring Palestinian movement and closing Palestinian movement," he said.

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"The West Bank, for example, is effectively being chopped up into three big areas ... and there are pockets within those areas where people also can't move."

Capt. Adam Avidan, spokesman for the military's civil administration in the West Bank, said in a statement that Israel tries "as much as possible to preserve the Palestinians' way of life and to avoid hurting innocent civilians in its war against terrorism."

US, Dominican Presidents To Discuss Stalled Free Trade Deal (AP)

AP, October 12, 2006

SANTO DOMINGO, Dominican Republic U.S. President George W. Bush and Dominican President Leonel Fernandez will hold talks this month aimed at jump-starting a delayed free trade agreement between the two countries, officials said Wednesday.

The Oct. 25 meeting in Washington will also focus on Dominican participation in Venezuela's regional oil program, Petrocaribe, as well as programs to increase the use of alternative and renewable fuels, White House spokesman Frederick Jones said in a telephone interview.

Fernandez will meet with financial officials and members of Bush's cabinet, his office said in a statement. It will be his third visit to the United States this year.

The visit "is aimed at strengthening cooperation between the United States and the Dominican Republic in themes of common interest, with the obligation to expand free trade and economic, security and energy growth," the statement said.

The Dominican Republic is one of six Latin American signatories to the Central American Free Trade Agreement, or CAFTA-DR. The pact was supposed to take effect in the Caribbean nation on Jan. 1, but the country has not passed legislation needed to implement parts of the deal.

Some of the delays stem from conflicts between U.S. and Dominican intellectual property law, including issues related to pharmaceutical manufacturing. A Dominican delegation was scheduled to visit Washington this week to discuss the problems.

Guatemala, Honduras, Nicaragua and El Salvador entered the pact this year after delays. Costa Rica is yet to ratify the accord.

U.S. Cuts Economic Aid For Colombia Area (AP)

By Joshua Goodman, Associated Press Writer

AP, October 12, 2006

The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade.

In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia.

Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop.

But the alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state — a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years.

Washington spends $70 million annually on development projects in drug-producing areas of Colombia. While such projects win praise, the United Nations and development groups lament their limited scope.

Caqueta and neighboring Putumayo state produced 24 percent of the 356,000 acres of coca detected by the most recent U.S. survey — contributing to a 26 percent surge last year nationwide. Yet Caqueta has seen only a trickle of U.S. development aid — $5.6 million since 2000.

And now even that is drying up.

As part of the U.S. strategy to win over coca growers, almost 20 percent of annual assistance is devoted to nonmilitary social programs and development projects. Managing this "soft side" of diplomacy is USAID, whose mission in Colombia is its biggest in the hemisphere.

But under the agency's new five-year $350 million plan for development projects, Caqueta and four other Amazonian states where coca production is rising won't receive a penny.

"It's a complete contradiction of Plan Colombia," said Luis Fernando Almario, a congressman from Caqueta who supports President Alvaro Uribe's aerial eradication drive. "Instead of investing generously to eliminate dependency on the illegal drug trade, we're being shunned."

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A USAID official at the U.S. Embassy in Bogota said resources from Caqueta would be channeled to other areas with a greater likelihood of sustaining development long-term. He spoke on condition of anonymity because he is not authorized to comment publicly on the issue.

But critics say that by writing off the south, the U.S. and Colombian governments are leaving the region with little alternative to coca.

Despite USAID's pessimism about the region's economic prospects, at least some foreign investors are still committed: the multinational Nestle SA, with aid from the United Nations, plans to double the capacity of a dairy plant in Caqueta.

"It makes no sense for residents of a historical guerrilla stronghold to be subjected to a strategy of all stick and no carrot — combats, mass arrests, searches and fumigation, but no aid," said Adam Isacson, an analyst at the Washington-based Center for International Policy.

The drying up of development aid is in contrast with the tens of millions spent on aerial eradication efforts that have barely curtailed coca cultivation in the region.

Some 400 coca farmers gathered here recently for a coca-growers' congress. In sweltering heat, normally tight-lipped peasants railed for hours against the lack of government aid even as a U.S.-supplied crop duster dumped clouds of the herbicide glyphosate on nearby fields.

Since June, when the latest round of spraying began, six peasants in the area have been arrested for having coca on their land.

"All the government ever does is fumigate and fumigate — it's their own fault we grow coca because they never show their face to offer alternatives," said Juan Carlos Mazabel, one of the organizers.

Instead of more spraying, Caqueta's 450,000 residents want financial support, their representatives say.

The war on drugs was expanded in 2001 to target rebels who profit from the cocaine trade. A legion of U.S. soldiers and contractors have since passed through Caqueta to train and assist 20,000 counterinsurgency troops.

The rebels have largely retreated into the mountains, restoring a dose of safety to cities and roads. But that hasn't led to new jobs for impoverished residents.

The U.S. Embassy says security constraints and limited private interest are also thwarting its work in Putumayo, at $65 million the top recipient of Plan Colombia economic aid among Colombia's 32 states.

Some projects already have faltered. In the town of Orito, an animal-food concentrates plant has been idle for nearly a year, its machinery rusting since the U.S. abandoned the project.

"We're worried," says Putumayo congressman Orlando Guerra, "because we have no idea what is going to happen."

China Makes Commitment To Social Harmony (NYT)

By Joseph Kahn

The New York Times, October 12, 2006

BEIJING, Oct. 11 — China's Communist Party, devoted in recent years to expanding the economy at any cost, on Wednesday endorsed a new doctrine that puts more emphasis on tackling the severe side effects of unrestrained growth.

The annual meeting of the ruling party's Central Committee formally adopted President Hu Jintao's proposal to "build a harmonious socialist society," a move some analysts said was one of most decisive shifts in the party's thinking since Deng Xiaoping accelerated the push for high growth rates in the early 1990's.

The leadership declared that a range of social concerns, including the surging wealth gap, corruption, pollution and access to education and medical care, must be placed on a par with economic growth in party theory and government policy.

"There are many conflicts and problems affecting social harmony," the Central Committee said in a statement released Wednesday after the close of its four-day planning session. "Our party has to be more proactive in recognizing and dissolving these contradictions."

China's economy has recently been expanding at better than 10 percent annually, faster than any other major economy in the world, and the party shows no signs of trying to sharply reduce that rate soon.

China needs much higher growth rates than most developed countries to absorb tens of millions of surplus workers, and even the plans for addressing environmental woes and creating a sounder welfare system assume surging tax revenues to pay for them.

"A harmonious society above all needs development," the statement said.

But the "harmonious society" theme contains a multitude of political positions that reflect Mr. Hu's agenda as he has consolidated his power.

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He has campaigned doggedly to reduce the party's addiction to state-backed investment projects, politically driven expansion of industry and infrastructure and conversion of state-owned land for speculative real estate development. The fear is that many such projects generate poor economic returns and add to China's pollution, already among the worst in the world.

Local officials have tended to ignore central directives on creating a more sustainable and less speculation-driven economy, partly because they still believe that they will not be promoted unless they can show stellar production results in their domains.

Officials have also used their access to state money and loans from state-owned banks to pour investment into projects that benefit themselves or their friends and family members. Vital sectors such as finance, transportation and energy remain closely held by party-appointed officials and the children of the elite.

Hand-in-hand with the "harmonious society" drive, Mr. Hu and Zeng Qinghong, the vice president and the leader of the party's secretariat, have undertaken the most sustained crackdown on official corruption since the party first embraced market-oriented economic measures nearly three decades ago.

The anticorruption sweep has already resulted in the detention of Chen Liangyu, the powerful party boss of Shanghai, as well as senior officials in Beijing, Tianjin, Fujian, Hunan and other places.

But party officials acknowledge that corruption is endemic in the one-party system. The mass accumulation of wealth by people who have political power has helped transform China from one of the most egalitarian societies in the world to one of the most unequal, with a yawning urban-rural wealth gap.

Because many people believe that wealth flows from access to power more than it does from talent or risk-taking, the wealth gap has incited outrage and is viewed as at least partly responsible for tens of thousands of mass protests around the country in recent years.

The Central Committee statement did not commit the leadership to specific targets in reducing the gap beyond stating that it would need to see improvement by the year 2020.

But analysts say the new platform should result in significant increases in government spending on education and health care, which tend to be expensive and inaccessible to peasants, migrant workers and retirees, who make up the overwhelming majority of China's population.

Energy efficiency and pollution controls have also become a greater policy focus, though experts say there are still few signs that party leaders have the resolve to fight pollution at the expense of growth.

"For most of the past 15 years, the leadership has put G.D.P. growth above everything else," said Mao Shoulong, a public policy expert at People's University. "Now, they want to make G.D.P. one of a series of social priorities that will determine whether or not you get promoted."

Mr. Mao said Mr. Hu would probably continue to face obstacles in putting his plans into effect. Among the problems are that government revenues as a share of the total economy remain relatively low. Local officials still care far more about generating growth than abstract goals like social equality.

"China is still a poor country that faces many of the problems of rich countries with far more resources," Mr. Mao said. "It is not so easy to change the focus of the leadership at this stage of development."

China's Party Leadership Declares New Priority: 'Harmonious Society' (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, October 12, 2006

Doctrine Proposed By President Hu Formally Endorsed

BEIJING, Oct. 11 -- China's Communist Party on Wednesday formally endorsed a political doctrine laid out by President Hu Jintao that calls for the creation of a "harmonious society," a move that further signaled a shift in the party's focus from promoting all-out economic growth to solving worsening social tensions.

The endorsement, made at a closed-door plenary session held by the party's Central Committee, underlined Hu's increasing power. It effectively enshrined his doctrine in the same pantheon as those of Mao Zedong and other predecessors.

China's leaders have become concerned in recent years about problems tied to the country's blistering economic growth. Anger over a growing gap between rich and poor and an inadequate social security system is feared to threaten the party's stability. Retirees increasingly cannot live on their pensions, crime and divorce rates have escalated, and clashes have broken out between security forces and farmers whose fields and villages have been swallowed by development.

The four-day plenary session, which ended Wednesday, was the first in 25 years to focus on social issues rather than on economic or political development.

"This plenary is where the pedal hits the metal," said Kenneth G. Lieberthal, a former Clinton administration official who is now a professor of political science at the University of Michigan. "Hu now wants to get formal endorsement of a set of priorities

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that will focus both on rapid growth and on ameliorating some of these problems. He is saying, 'This is what I stand for. These are the directions in which I will guide China.' "

A statement released after the plenary said: "China is a harmonious society in general, but there are many conflicts and problems affecting social harmony. We must always remain clear-headed and be vigilant even in tranquil times."

The document was also aimed at setting the agenda for next year's party congress, a meeting at which Hu is likely to indicate who will succeed him. The 17th Party Congress will meet in Beijing in late 2007.

In recent months, authorities have responded to social unrest by tightening controls, drafting laws that clamp down on the news media and launching a high-profile campaign against corruption.

Last month, the Communist Party chief of Shanghai was fired for allegedly helping loot the city's pension fund of hundreds of millions of dollars. Chen Liangyu, a protege of Hu's predecessor, Jiang Zemin, was the first member of the 24-member Politburo to lose his job since 1995.

Analysts have speculated that Chen was targeted because he and other proteges of Jiang advocated unfettered economic growth.

Experts said this year's plenary session was especially significant because initiatives in areas such as health, education and social welfare were more dramatic and comprehensive than usual. The session also focused on rural unrest and the environment.

"Hu has devoted more resources to rural China than was the case five years ago. He has begun to devote serious financial resources to infrastructure projects designed to address environmental degradation," said Lieberthal, who cautioned that the measures appeared to be preliminary.

Hu's plan calls for significant progress by 2020 in narrowing the wealth gap, increasing employment, improving public service and protecting the environment.

Chinese scholars often worry that the country suffers from an eroding system of beliefs and a lack of common aspirations and values. To help build a new values system, the party's objective "is to try to perfect the socialist democratic legal system," one in which "the rule of law is to be carried out completely, and people's interests and rights are to be respected and guaranteed," the plenary statement said.

Critics said the statement was meaningless.

"Harmonious society means nobody opposes me. No different ideas," said a political analyst in Beijing who spoke on condition of anonymity for fear of reprisal. "If you talk to farmers, you will know what harmonious society means. They're angry. That's why the party needs to crack down. With money, law, jail -- anything in order to reach one society without any conflicts.

"It's propaganda. It's nothing. . . . We Chinese don't believe in these slogans anymore."

But Huang Weiding, deputy editor in chief of the Red Flag Publishing House, insisted that gradual change was occurring and that there was now greater focus on the party system rather than on the power of individual leaders.

"China is such a vast country. There are several million party cadres. How will we unify their thoughts? We need theory," Huang said. "These are not just slogans, they are our goals."

Researchers Jin Ling and Li Jie contributed to this report.

Suffrage Timetable Left For Later (WP)

By K.c. Ng

The Washington Post, October 12, 2006

HONG KONG, Oct. 11 -- Hong Kong's chief executive, Donald Tsang, issued his annual policy address Wednesday without setting a timetable for universal suffrage in the territory, calling the issue "extremely complicated."

In a speech themed "proactive, pragmatic, always people first," Tsang offered few details on his constitutional duty to increase the level of democracy in the former British colony, which returned to Chinese rule in 1997.

Tsang left the issue to a government committee, which is due to release a report on suffrage next year. The committee, dominated by pro-Beijing members, has proposed allowing China to screen the candidates in the chief executive elections as a condition to eventually giving Hong Kong residents universal suffrage.

China has ruled out direct elections in Hong Kong for the next few years, in part because it is concerned that voters might choose leaders willing to challenge China's authority here and because elections might encourage mainland residents to press for democratic reform. But an open election in 2012 remains a remote possibility.

Hong Kong's political development "will have important and far-reaching implications for Hong Kong's existing institutions and way of life," as well as affect the "constitutional powers" of Beijing, said Tsang, who devoted just four paragraphs of his 28-page policy blueprint to the democratization issue.

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Hong Kong and China "are determined to achieve the ultimate goal of having the chief executive and the entire Legislative Council elected by universal suffrage," said Tsang, who became Hong Kong's leader, with Beijing's backing, after his unpopular predecessor, Tung Chee-hwa, resigned last year.

Hong Kong's next chief executive will be elected in March by the government committee, and some analysts said Tsang avoided the thorny political issue of suffrage ahead of that vote.

"It is obvious that Mr. Tsang has intentionally avoided the issue," said Ivan Choy, a political scientist at the Chinese University of Hong Kong. "After all, he knows there is little he can do."

Margaret Ng, a Civic Party legislator, said: "He said there would be a report next year. But throughout the speech, he made no indication there would be any development at all."

Emily Lau, a pro-democracy legislator, said she was pessimistic the government committee would work out proposals leading to full democracy. "I fear they would only invite more Beijing intervention by allowing it to screen the candidates," she said.

But Ma Lik of the pro-Beijing Democratic Alliance for Betterment and Progress of Hong Kong said it was a pragmatic approach for Tsang not to touch too much on political development because his term expires in June.

At a news conference after his address, Tsang said he had tried to focus on issues that had a better chance of yielding results during the rest of his term.

Facing mounting calls for a minimum wage law, Tsang said his administration would launch a campaign to encourage employers to pay cleaners and security guards salaries "not lower than the average market rates of the relevant industries and occupations."

"If that system does not work, we will set out to consider a minimum wage law," he said.

Tsang also highlighted the importance of family harmony, which he said was the foundation of social harmony. He said he would set up a new commission to work out family-friendly policies, a move that critics said was not aimed at solving problems but instead would create another bureaucracy.

China Vs. My Husband (WP)

By Yuan Weijin

The Washington Post, October 12, 2006

A Dissident's Ordeal

DONGSHIGU, China -- On Aug. 20, the Yinan County People's Court in Shandong province sentenced my husband, Chen Guangcheng, to four years and three months in prison on charges of "intentionally destroying property" and "assembling a crowd to disturb traffic."

Local officials punished my husband because he provided advice about the law and human rights to village women who were forced to undergo abortions. Officials in charge of birth control were afraid that they would be disciplined as a result of his peaceful activities.

I have not seen my husband since March, when he was formally detained after we both had been under house arrest and residential surveillance for six months. I have been banned by local government officials from visiting him, first at the detention center and now in prison. I never received notification about the date and location of my husband's court hearing. When I finally learned from a fellow villager about the hearing schedule, naturally I wanted to attend. But I was physically constrained by local officials, so I could not go.

Instead of attending his trial I was detained at the local police station. Officers threatened me, saying that unless I stopped speaking up about the case, I could also face charges and prosecution for intentionally destroying property and assembling a crowd to disturb traffic.

I did not receive any legal documents from the Yinan Court until almost a month after the court announced its verdict in my husband's case. When I had a chance to read the verdict, which was sent to me through e-mail by someone who took the trouble to record every word, I was overcome with indignation and grief. But I must hold myself together, for I have to take care of our two small children and my mother-in-law, who is ill from the fear caused by threats from officials. I left the house and buried myself in farm work. Security guards hired by local officials to follow me came along and kept an eye on me in the fields from just a few yards away.

Three fellow villagers who had been detained and who faced the same charges as my husband were released on Aug. 20. They were each sentenced to seven months, with the start of their terms deferred for one year. I asked them about what they had been through. They felt embarrassed, but they told me that they simply could not endure the torture during interrogation. And so they repeated back to authorities what they were ordered to say, and it was later used as evidence against my husband.

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The police threatened them with death if they did not testify against him. They said that police officers had bound their hands behind their backs for at least three days. They were deprived of sleep for 15 days. The police pulled their hair and beat and kicked them whenever they fell asleep. One of them told me: "I was terrified of death. My kid is very young." I begged them to testify to Chen's innocence at the appeal. They refused. They said, "We were set free because we said and did something against our will and conscience. That was the price we paid for our release. We dare not do anything that has to do with Chen Guangcheng from now on. Our families have to survive."

I sympathize with these villagers and understand their fear. I can only lament the miserable situation of my fellow peasants in China.

Before I married Chen Guangcheng I was an English teacher. My parents disapproved of our marriage because Chen is blind. Now they want me to move back to live with them, but I have declined. Since I am still under residential surveillance, however, I have no choice but to let them take care of one of my children, who can then attend school there. I have no regrets at having chosen Chen Guangcheng to be my husband.

In September 2005, the local government set up a guard post in our front yard to monitor our daily activities. Since the police took Chen to the detention center in March, the guards have been watching and following me around all day long.

I want to send a message to my husband: One day the truth will come to light. Even though they put you in jail, they cannot imprison your thoughts and spirit. You must take good care of yourself so that you can continue your unfinished work.

Rising Son For Chinese Tycoon, Solar Power Fuels Overnight Wealth (WSJ)

By Andrew Batson

The Wall Street Journal, October 12, 2006

WUXI, China -- When he arrived in Australia 18 years ago as a physics student, Shi Zhengrong scraped by on a meager stipend from the Chinese government that he supplemented by working at a restaurant.

A doctorate, several patents, two solar-power companies and a $455 million initial public offering later, Dr. Shi is now one of the richest people in China.

Suntech Power Holdings Co., the company he founded in 2001 in the flat, green lands of the Yangtze River Delta, has quickly become one of the world's largest producers of photovoltaic equipment, which converts sunlight into electricity. The company's combination of first-world technology and developing-world prices has helped it gain market share from more-established, and expensive, producers.

Dr. Shi's wealth, made up almost entirely of his holdings of Suntech stock, has fluctuated in value along with company's volatile share price, from a low of about $1.3 billion to a peak of just over $3 billion; his stake currently is valued at around $1.7 billion. It is, by some estimates, the largest private fortune of anyone living in mainland China.

The story of his journey from China to Australia and back shows how important China's growing openness has become to its people. Nearly three decades after market reforms began, the network of personal, educational and financial ties between China and the rest of the world is reaching a new level. And the Chinese government's willingness to underwrite both advanced education abroad and technology startups at home is starting to pay dividends.

Close to 800,000 Chinese students have gone abroad since the government first started sponsoring them for overseas study in 1978. Drawn by job opportunities overseas, less than a third have come back so far, but the rate at which they are arriving is accelerating. Last year, about 35,000 students returned, three times the amount in 2000, according to official statistics that almost surely underestimate the real number.

Many of those returnees, armed with cutting-edge technical and managerial skills, have helped kick-start new technology businesses. At the same time, foreign venture capitalists are flooding the country with unprecedented amounts of money, and Chinese companies are finding they can raise money from stock offerings abroad. Combined with the heady opportunities from an economy expanding at 10% annually, the result has been the creation of private wealth on an unprecedented scale.

There are now probably 320,000 U.S.-dollar millionaires in China, according to estimates by Merrill Lynch and CapGemini, and many of them are newly minted. On a list of the 500 richest people in China, compiled by the Chinese-language New Fortune magazine, nearly one-quarter appeared on the list for first time this year -- including Dr. Shi. He debuted this year at No. 1.

Good Timing

A small, intense man with a round face, Dr. Shi admits to having no real hobbies and speaks often of the importance of focus and hard work. Yet he credits good timing for many of the changes that have brought him so far from his childhood on a Chinese farm.

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"I got into the solar industry, in the beginning, by accident," says Dr. Shi. The 43-year-old came of age in China at a time when the government controlled where people worked and lived. "In our generation we didn't have the freedom to choose. We just accept whatever we are given. So it's hard to plan," he says.

Yet Dr. Shi has also shown a knack for challenging the status quo. His plan to start a solar-power company in China drew skepticism from colleagues, but he managed to obtain government funding. Though trained as a scientist, he put aside technical perfection to find cheaper manufacturing techniques. Despite many years of absence from China, he has shown surprising savvy in local politics, convincing his original government backers to sell out before the IPO that made him a rich man.

Suntech's success has come from its ability to tap into the global boom in solar power, not from the Chinese market, which remains small. Industry executives estimate that about 90% of the solar equipment produced in China is sold elsewhere, usually to countries such as Germany and Japan that offer generous incentives for solar use.

Suntech faces competition from deep-pocketed large firms such as Japan's Sharp Corp. and Kyocera Corp., and the solar division of oil-and-gas giant BP PLC. Suntech is bulking up quickly to try to ride out any industry consolidation, and building global connections.

Dr. Shi, who switches easily between Chinese and English, keeps close ties to Australia. He sits on the international advisory board of the New York Stock Exchange, where Suntech's stock trades.

He is living once again in his birth province of Jiangsu, on China's prosperous eastern seaboard. His home, and Suntech's base, is not far from his birthplace on an island in the Yangtze River called Yangzhong. As the oldest of four children, Dr. Shi was the focus of his parents' hopes for a better life through education. Though mainly agricultural, Yangzhong was blessed with a good school system.

He headed to college in 1979, shortly after the universities had reopened after the chaos of the Cultural Revolution, and as a new leader named Deng Xiaoping had begun to break down China's isolation. His high scores in math and physics got him slotted into the optical-science department at Jilin University, in China's chilly northeast.

He found working in a lab preferable to working in the fields. He focused on improving his English so he could read scientific materials. He would study while standing in line at the school cafeteria, memorizing vocabulary scribbled in a notebook.

After graduating in 1983, he entered a master's program at the Shanghai Institute of Optics and Fine Mechanics. The institute had access to a small quota of coveted government-sponsored spots for overseas study. Although he was told he could go to the U.S., that turned out to be a bureaucratic mix-up. He wound up in Australia instead. In 1988 he enrolled in the physics department of the University of New South Wales, in Sydney.

At the end of his one-year program, Dr. Shi realized he didn't want to return to China. The year 1989 was a dark time, as the Chinese government brutally put down the demonstrations in Beijing's Tiananmen Square. A classmate suggested he head to the engineering department, where Martin Green, a prize-winning specialist in solar power, was looking for students with a background in optics.

Though he had no experience in solar-cell research, Dr. Shi talked his way into getting funding to do a doctorate under Dr. Green. And in his first six months, Dr. Shi made some breakthroughs, often working alone well into the night. Finishing his Ph.D. in 1992, he ultimately became research director in a company founded to market some of the lab's technologies. He gained citizenship and bought three houses with savings from a generous salary. Mr. Shi, his Chinese wife and his two Australia-born sons settled into a comfortable life -- but he felt he could do more.

Then, over dim sum one day at a restaurant in a Sydney suburb, he heard of opportunity from an unexpected quarter. Samuel Yang, a businessman from his hometown of Yangzhong who regularly traveled to Australia, told Dr. Shi that the gray, regimented China he remembered had changed. It was booming, attracting billions of dollars of foreign investment, and recruiting overseas Chinese with technical skills to come back home.

In April 2000, Dr. Shi went to China to see for himself. He came back to Australia afire with ideas for a China-based solar-power company, and sat down and put together a 200-page business plan. It was the first thing he had written in Chinese for years. "That conversation was at the right time," Dr. Shi says. "If that conversation had occurred two years or three years earlier, I don't think it would have happened."

Dr. Shi shopped his proposal to several Chinese cities with ambitions to attract high-tech businesses. Wuxi, a fast-growing city near Shanghai, offered $6 million as a start-up investment. Government funds and state companies would own 75% of the company, and a local official would serve as chairman. Dr. Shi would put in the technology he owned and $400,000 of his own money for a 25% stake, and get a free hand to run the company. He agreed, and Wuxi Suntech Power Co., as it was then called, was registered on Jan. 21, 2001. The company's Chinese name, "shang de," is a reference to a traditional saying meaning "upholding virtue."

Tackling New Problems

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Dr. Shi now found himself tackling problems outside of science: making payroll and occasionally browbeating suppliers into accepting late payments. His biggest puzzle was finding ways to grow on a shoestring budget. The company started producing in September 2002, but by April 2003, it had sold its entire inventory and needed to expand further.

It was under these pressures that Dr. Shi came up with his signature innovation, which he likes to call simply "low-cost expansion." After having used mainly expensive imported parts to build Suntech's first production line, he couldn't afford to buy another one off the shelf. The only way out was to come up with a cheaper design.

"Coming from a scientist background, I always pursued high efficiency, as high as possible," he says. Instead, Dr. Shi reorganized the manufacturing process to reduce automation, taking some processes from machines and putting them into the hands of workers, who in China were cheaper. He cobbled together parts from different suppliers, including little-known Chinese companies. He bought used gear from an Italian laboratory and new equipment from a Japanese startup.

The new line was ready in December 2003, just in time to catch a boom in the global solar-power market. Suntech's revenue zoomed to $226 million last year, from just $14 million in 2003. First-half revenue this year was $218 million. Suntech's cost advantages have endured: It is now selling its solar modules for $3.78 per watt, well below the average global market price of $4.30 estimated by Photon Consulting.

"His timing has worked out perfectly," says Dr. Green, Dr. Shi's former academic adviser.

By 2004, Suntech's government owners had also taken note of Suntech's improving fortunes, and wanted a more active role in the company. That put chairman Li Yanren, the government's representative, into conflict with Dr. Shi. The internal strife consumed several months, but eventually the board threw its backing to Dr. Shi, making him chairman as well as chief executive. Mr. Li, who received a compensation package upon leaving, declined to comment.

That was a turning point. It had become clear that Suntech's combination of government capital and private management was no longer ideal. "The Chinese shareholders couldn't provide a lot of support. They were just having meetings," says Zhang Weiguo, a Suntech director who previously ran a Wuxi government venture-capital fund.

Dr. Shi wanted new backers from overseas who could put Suntech on the road to becoming a public company, but it wasn't easy to explain this to the founding shareholders. Mr. Zhang says it's not hard to see why: "I have helped you through so many difficulties, and now that you are starting to make money you push me out?"

Dr. Shi argued that getting the state shareholders out of the company would allow Suntech to grow faster, hire more people and pay more taxes. That swayed city government officials, who helped Dr. Shi work on convincing the corporate shareholders. Here, Dr. Shi's willingness to offer generous terms helped. Mr. Zhang says his old fund made a return of 20 times its initial investment.

After six months of negotiations, the shareholders, which included appliance maker Jiangsu Little Swan Group Co. and pharmaceutical firm Wuxi Shanhe Group, agreed to take their money and step aside. In May 2005, an $80 million sale of shares to venture capitalists, including Goldman Sachs Group Inc., financed their exit.

Once again, Dr. Shi's timing was good. With oil prices hitting new highs and solar-panel sales booming, the buzz in the financial community over alternative energy was becoming a roar.

Suntech's investors saw their enthusiasm for solar power validated with the October IPO of Q-Cells AG, a Suntech competitor in Germany. The rapturous market reception convinced Suntech's bankers, Credit Suisse Group and Morgan Stanley, to rapidly push through an IPO. On Dec. 14, 2005, Suntech debuted on the New York Stock Exchange. The company was valued at more than $5 billion at its peak stock price, though that has since come down substantially.

Dr. Shi hasn't left his academic past behind. His office is piled with technical papers and decorated, if that's the word, with photographs of silicon crystals. He can still unconsciously switch to a professor's chalkboard style when he has to explain technical concepts.

He has already started giving his money away, an unusual move in a country where private philanthropy is largely undeveloped. Recently his family trust gave donations to a nursing home and a school in Shanghai. For now, however, his main focus remains on the business. Having just bought a company in Japan, Dr. Shi says his goal is to turn Suntech into a true multinational.

"The time is right, the soil is rich," he says. "Now, there's already a lot of Chinese dreams being realized. And I think there are a lot more to come."

Europe Faces Threat Of Power Shortages (FT)

By Ed Crooks

Financial Times, October 12, 2006

Europe faces the growing threat of electricity shortages because growth in demand has outstripped investment in new power stations, a leading consultancy has warned.

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Capgemini, the consultancy, said operating at such low margin levels raised the risk of power shortages, including interruption of supply to large industrial users, “brownouts” – reductions in supply voltage – and blackouts.

Colette Lewiner of Cap-gemini said the study should be a “wake-up call” for the energy industry, governments and regulators.

“We are in a dangerous zone now,” she said. “We could have power cuts.”

The average margin – the excess of available electricity supply over peak-load demand – dropped to just 4.8 per cent in the winter of 2005-06, down one percentage point from the previous year.

The UK, France, Belgium and Greece are among the countries with the lowest levels of spare capacity.

Capgemini argued that the more competitive and commercial environment for European energy had in part been responsible for the erosion of the capacity margin.

For decades European energy industries maintained high levels of excess capacity. But in the past five years generators in most European Union member states have been failing to invest enough to keep pace with the rise in demand.

Spain was the worst case last year, with supply capacity rising by just 8 per cent while peak load demand rose by 15 per cent, but in many other countries the margin has been squeezed. Only Ireland, where capacity rose by 36 per cent, has comfortably increased its margin.

European energy companies’ investment as a share of their sales has fallen from almost 18 per cent in 2000 to less than 10 per cent in 2004, although it picked up slightly last year.

Electricity generators across Europe have become more exposed to commercial pressures by the spread of liberalisation and private ownership.

In the past, the generators could have predicted their future demand with reasonable certainty. They were assured of being able to finance the investment needed to meet that demand with enough of a margin to guard against power shortages. Today they will typically need to justify those investments as commercial decisions.

Capgemini said investment in new power stations was also being hampered by ever more complex planning procedures and by governments’ persistent tinkering with the regulatory frameworks.

Ms Lewiner said: “How can companies plan for a 10 or 20-year return on investment when governments keep changing the rules of the game?”

“It should be for national governments and the European Commission to encourage power investment in the energy industry.”

The tight supply position is being exacerbated by hotter summer weather and the growing use of air conditioning, which have shifted the traditional seasonal pattern of electricity demand.

In Spain, for example, the peak in demand is now in the summer. In France, generators have been forced to rethink their practice of shutting down nuclear power plants in the summer for maintenance.

Many of Europe’s recent blackouts have also occurred during the summer.

French Police Face Muslim 'Intifada' (WT)

By David Rennie

The Washington Times, October 12, 2006

BRUSSELS -- Radical Muslims in France's housing estates are waging an undeclared "intifada," or uprising, against the police, with violent clashes injuring about 14 officers each day.

As the Interior Ministry announced that nearly 2,500 officers had been wounded this year, a police union declared that its members were "in a state of civil war" with Muslims in the most depressed "banlieue" estates. Banlieue, which means outskirts, is the commonly used euphemism for the low-income housing projects heavily populated by unemployed youths of North African origin.

The police union said it had asked the government to provide police with armored cars to protect officers in the estates, which it said were becoming no-go zones.

The number of attacks has risen by a third in two years. Police representatives told the newspaper Le Figaro that the "taboo" of attacking officers on patrol has been broken.

Instead, officers -- especially those patrolling in pairs or small groups -- are facing attacks when they try to arrest locals.

Senior officers insisted that the problem was essentially criminal in nature, with crime bosses on the estates fighting back against tough tactics.

Interior Minister Nicolas Sarkozy, who also is the leading center-right candidate for the presidency, has sent heavily equipped units into areas with orders to regain control from drug-smuggling gangs and other organized crime rings.

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However, not all officers on the ground accept that essentially secular interpretation of the problem. Michel Thoomis, the secretary general of the hard-line Action Police trade union, has written to Mr. Sarkozy warning of an "intifada" on the estates and demanding that officers be given armored cars in the most dangerous areas.

"We are in a state of civil war, orchestrated by radical Islamists. This is not a question of urban violence any more. It is an intifada, with stones and Molotov cocktails," he said last week. "You no longer see two or three youths confronting police, you see whole tower blocks emptying into the streets to set their 'comrades' free when they are arrested."

However, Gerard Demarcq, of the largest police unions, Alliance, dismissed talk of an uprising as representing the views of a minority.

Mr. Demarcq said the increased attacks on officers were proof that the policy of "retaking territory" from criminal gangs was working.

Mayors in the worst-affected suburbs, which saw weeks of riots and car burning a year ago, have expressed fears of a vicious circle, as attacks by locals lead the police to harden their tactics, further increasing resentment.

As if to prove that point, there were angry reactions in the western Paris suburb of Les Mureaux after dawn raids in search of youths who had attacked a police unit last week. The raids led to one arrest.

Scores of youths had attacked seven officers who had tried to arrest a man for not wearing his seat belt while driving. The driver refused to stop and later rammed a police car trying to block his path.

Les Mureaux Mayor Francois Garay criticized aggressive police tactics that left "the people on the ground to pick up the pieces."

Lawmakers Urge Denial To Mexico Of Bounty Hunter (WT)

By Jerry Seper

The Washington Times, October 12, 2006

Secretary of State Condoleezza Rice has been asked by 29 members of Congress to deny an extradition request by the Mexican government for Duane "Dog" Chapman, the Honolulu-based bounty hunter who faces charges there for his capture of a fugitive convicted rapist three years ago.

"Just days before the Mexican statute of limitations on prosecuting Chapman were set to expire, it seems the State Department is proceeding with efforts to extradite Mr. Chapman back to Mexico to face criminal prosecution," the House members said.

"It makes no sense. It seems that Mexican authorities are pressing this case only because they are so stung by the embarrassment of failing where Mr. Chapman succeeded," they said.

Mr. Chapman, 53, who stars on the television show "Dog the Bounty Hunter," was arrested last month by U.S. marshals in Hawaii on charges of illegal detention and conspiracy in his June 18, 2003, capture in Mexico of cosmetics heir Andrew Luster. Also arrested were Mr. Chapman's son, Leland, 29, and an associate, Timothy Chapman, 41, no relation.

Bounty hunting is illegal in Mexico, and Mexican Consul General Martha Lara told CNN that Mr. Chapman was not permitted to enter the country to pursue fugitives.

After spending a night in a Honolulu jail, Mr. Chapman was released on $300,000 bail. The others were released after posting $100,000 bail. The three have been ordered to appear at an extradition hearing, which has not been scheduled.

Charges have been pending against the three in Mexico since their arrest of Luster. They posted bail but never returned for a July 15, 2003, court hearing. Mexican authorities had demanded that Mr. Chapman transfer Luster to their custody, but he refused.

A spokeswoman for the Chapman family, Mona K. Wood, described the arrest as "shocking" and declared that Mr. Chapman's file will be cleared.

"This was a shock, and is obviously a very upsetting time for the Chapman family," she said. "Chapman is a true modern-day hero. He arrests the bad guys -- he is definitely not one of them. He shall be vindicated."

Luster, 39, was taken into custody by the bounty hunters at a Puerto Vallarta nightclub more than five months after fleeing the United States while on trial on charges he raped three women. He was returned to California to begin serving a 124-year prison sentence.

He is the great-grandson of Max Factor, who built a cosmetics empire in the 1920s that catered to the movie industry.

Luster was convicted in absentia with raping the women after drugging them with GHB, the so-called date rape drug. Prosecutors said investigators found videotapes of Luster having sex with the unconscious women.

A U.S. couple spotted the fugitive in Puerto Vallarta and contacted the bounty hunters. They also had called the FBI, and a legal liaison for the FBI was en route from Guadalajara, Mexico, to Puerto Vallarta to follow up on a tip.

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Unprovoked Onslaught (WSJ)

By Mikheil Saakashvili

The Wall Street Journal, October 12, 2006

TBILISI -- The past week was a trying one for Georgia. Air, rail, sea, land and postal links were severed unilaterally by our largest neighbor, the Russian Federation. Immediately thereafter, Georgians living in Russia were subjected to a form of ethnic targeting not seen in Europe since the Balkans in the 1990s -- and the harassment is tinged with even more sinister historical overtones. Hundreds are being deported; business owners are being harassed; schoolchildren are being forcibly registered with local police; women are being gratuitously tested for sexually transmitted diseases; and children are being torn from families.

It is easy, amidst these bleak headlines, to lose sight of an even more important story: In just three short years, my country has been transformed from a gangster-run economic and political basket case into a budding democracy with one of the world's fastest-growing economies. The World Bank recently lauded Georgia as the No. 1 reformer in the world and the least corrupt transitional democracy. Just last month NATO admitted Georgia into a new stage of membership talks, recognizing our political, economic and military progress. And just last week we completed an action plan with the European Union that charts our irrevocable course toward a fully Western future.

It is this remarkable metamorphosis -- capped last week by fully fledged, free and fair local elections, hailed by the Organization for Security and Cooperation in Europe (OSCE) for their "professional and inclusive manner" -- that gives us strength in this moment of crisis. All of our gains have been hard-fought. Our citizens have long suffered privations, and only now are tasting the sweetness of liberty: the opportunity to vote, to lead fruitful lives, to speak their voice, and to chart a future for their children untrammeled by poverty, mafias or discrimination.

We will not jeopardize the progress we have made by any rash acts. It is not inconceivable that Moscow is trying to taunt us into a self-destructive response, one which would provide an excuse for Russia to smite the success story to its south. After all, democracy can be contagious. But there is no risk of our acting irresponsibly, despite the caricatures of our government, spread by ill-wishers, of being impetuous. Our actions in recent weeks fly in the face of this. We are constrained by democratic instincts, and by our responsibility to citizens and allies.

In fact, the most puzzling aspect of Russia's latest onslaught is that it was unprovoked. A week ago, after holding a group of Russian intelligence officers for just 72 hours after they were caught red-handed spying on Georgia, my government released them. Regrettably, this was not the first instance when individuals involved in similar -- even lethal -- acts were detained and handed over to Russian authorities.

We believed this latest gesture of goodwill, magnanimous by any measure, would mark a hopeful turning point in our troubled relations with the current Russian government. For far too long, we have been subjected to Moscow's economic sanctions, its mortal meddling in our breakaway provinces, and its contempt for our democratic institutions. We wanted to mark a break from this history of distrust. Little could we have imagined that, instead, Moscow would unleash a wave of retribution that many in Russia have labeled ethnic cleansing. Still, even while Russian police were hunting down Georgians, I have been heartened by the courage of many ethnically Russian citizens who have taken to the streets wearing a yellow star with the words: "I am Georgian."

Despite this downward spiral, conditions exist for a peaceful resolution to the present impasse. Georgia poses no physical threat to Russia -- how could a nation of less than five million souls challenge a nuclear-armed power over 30 times its size? But for us to stand tall, our friends must stand tall beside us. If any one of us gives in to bullying or tolerates the politics of ethnic hatred, we are all at risk. The values that hold together the international order are like a chain -- only as strong as its weakest link. To jeopardize or neglect this link implies peril for the entire trans-Atlantic community. Today, Georgia has become an integral part of the Western security fabric.

The essential question confronting the international community is this: Is Moscow reacting to a specific, unique threat it perceives from Georgia? Or is Georgia a target of opportunity, a chimerical foil created by some politicians for domestic purposes? Put another way, does the malignancy reside in Georgia, or Russia? A misdiagnosis could have dire consequences for Western security. Because if the international community downplays the current rift -- or worse, if it pressures Georgia to back down on all counts, shunting aside its hard-earned principles and values -- then the problem will simply metastasize to another place.

Russia's vital place in the international order is secure. It is a veto-wielding member of the U.N. Security Council. Its natural resources fuel the European and global economy. It owns a fierce nuclear force. No one, let alone Georgia, should ever call for isolating Russia in the manner of a North Korea or Zimbabwe. At the same time, however, we must not turn a blind eye to what is happening to human rights and the norms of international behavior. * * *

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We will do all that is necessary to ease the current tensions. In the past few weeks, we have been especially vigilant in consulting with our allies in Europe. Georgia is a small country that takes its obligations to the international community very seriously, a fact to which our troops in Kosovo and Iraq attest. We do not intend to act precipitously or in defiance of the wishes of our friends. And we have been heartened by the signs of support, in the face of Russia's harsh behavior, that have been expressed by most of the democratic world.

We are more determined than ever to act in concert with our European allies. The coming test of international resolve in the Caucasus revolves around the territorial disputes in our provinces of Abkhazia and South Ossetia. At the U.N. last month, I proposed the creation of a new framework for keeping the peace in these provinces and for negotiating an enduring settlement. The proposal was applauded by the current OSCE chair, Belgian Foreign Minister Karel De Gucht. Together, we must now take concrete steps toward its implementation.

The way forward is not an easy one -- but it is the only direction possible for my country. We cannot look back: The age of imperial overlords and of the Cold War is past.

Mr. Saakashvili is the president of Georgia.

The Age Of Impunity (NYT)

The New York Times, October 12, 2006

Sudan's leaders sent out a letter last week warning governments against volunteering their troops for a United Nations peacekeeping force for Darfur. Khartoum was obviously feeling cocky. But why shouldn't it? The Security Council — or more to the point, the big powers that run the Security Council — made clear that it won't send in troops to stop the genocide unless Sudan first agrees.

Then there's Iran, which is still defiantly enriching uranium. And the North Koreans, who blew off the rest of the world when they blew off what they said was a nuclear weapon this week.

Welcome to the new age of impunity.

It wasn't supposed to be this way. The Iraq war and President Bush's with-us-or-against-us war on terrorism was supposed to frighten the bad guys so much that they wouldn't dare cross the United States. But the opposite has happened. President Bush has squandered so much of America's moral authority — not to mention our military resources — that efforts to shame or bully the right behavior from adversaries (and allies) sound hollow.

There is plenty of blame to go around when it comes to empowering rogue states. The Chinese have been shielding Sudan and North Korea. The Russians have been shielding Iran. Were it not for Iraq and Mr. Bush's other troubles, there would be ways to shame or bypass those roadblocks. When the Russians blocked U.N. action in Kosovo, President Clinton got NATO to stop the killing.

Mr. Bush appears to care deeply about Darfur. But the United States is so overstretched in Iraq that no one in this White House is even talking about sending NATO to stop ethnic cleansing that has already left more than 200,000 dead and displaced more than two million.

Closing our eyes for another two years isn't an answer. Washington needs to assert its leadership, no matter how tattered, on all these fronts.

We suspect that cargo inspections and a cutoff of military and luxury trade will not be enough to get North Korea to back down. But having started there, Mr. Bush now needs to tell China and Russia that all future relations will be judged on how they hold the North to account.

Beijing and Moscow would find it harder to say no if Mr. Bush made a clear pledge — no caveats and no fingers crossed behind his back — that he would not try to overthrow North Korea's government if it abandoned its nuclear weapons. Mr. Bush needs to make the same unambiguous offer to Iran. As for Darfur, Khartoum might feel less cocky if Mr. Bush announced that he was taking the lead on soliciting troops for a peacekeeping force while asking NATO to start drawing up plans for a possible forced entry should the United Nations fail to act.

In his news conference yesterday, Mr. Bush said that the abuses at Abu Ghraib "hurt us internationally. It kind of eased us off the moral high ground." He quickly added that the world had seen the perpetrators held to account.

We fear it will take a lot more than the trials of a few low-level prison guards to repair the damage, whether from Abu Ghraib, Guantánamo, the secret prisons or the whole mismanaged Iraq war. There can be no impunity at home either.

Reform Run Amok (WP)

The Washington Post, October 12, 2006

The U.N.'s new Human Rights Council makes the old one look good.

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A MAJOR piece of the United Nations reform promised by Secretary General Kofi Annan was a new Human Rights Council. The idea was to replace the Commission on Human Rights, which had been hijacked by rogue states such as Libya and Sudan, with a body that could refocus attention on serious human rights violations around the world -- and in so doing remove what Mr. Annan said was "the shadow" cast by the old organization on "the United Nations system as a whole."

When the Human Rights Council was approved by the General Assembly in March, we were among the skeptics who doubted that it would be much of a change, mainly because the membership rules still allowed for the election of human rights violators. As it turned out, we were wrong: The council, which completed its second formal session last week in Geneva, has turned out to be far worse than its predecessor -- not just a "shadow" but a travesty that the United Nations can ill afford.

For all its faults, the previous U.N. commission occasionally discussed and condemned the regimes most responsible for human rights crimes, such as those in Belarus and Burma. China used to feel compelled to burnish its record before the annual meeting. The new council, in contrast, has so far taken action on only one country, which has dominated the debate at both of its regular meetings and been the sole subject of two extraordinary sessions: Israel.

Western human rights groups sought to focus the council's attention on Darfur, where genocide is occurring, and on Uzbekistan, where a dictator refuses to allow the investigation of a massacre by his security forces. Their efforts have been in vain. Instead, the council has treated itself to report after report on the alleged crimes of the Jewish state; in all, there were six official "rapporteurs" on that subject in the latest session alone. One, Jean Ziegler, is supposed to report on "the right to food." But he, too, delivered a diatribe on Israeli "crimes" in Lebanon.

This ludicrous diplomatic lynch mob has been directed by the Organization of the Islamic Conference, which accounts for 17 governments on the 47-member council and counts on the support of like-minded dictatorships such as Cuba and China. Council rules allow an extraordinary session to be called at the behest of just one-third of the membership, making it easy for the Islamic association to orchestrate anti-Israel spectacles. Several Muslim governments that boast of a new commitment to democracy and human rights -- including Jordan and Morocco -- have readily joined in this willful sabotage of those values.

Human rights groups that supported the creation of the council, such as Human Rights Watch and Amnesty International, admit to being appalled by the outcome; they nevertheless argue that the panel should be given time to right itself. That could happen, they say, if the democratic members of the council organize and work with the same cohesion as the "unfree" states. They also suggest that the United States, which refused to join the council, reconsider.

Perhaps that strategy would work -- though once again, we're skeptical. If there is no turnaround, the council's performance ought to invite consideration of the measure that was applied to the U.N. cultural organization, UNESCO, when it ran amok in the 1980s: a cutoff of U.S. funding. If this ill-formed body is to become an exclusive forum for anti-Zionist rants, the principal victim will be not Israel but the United Nations.

Armies Of Children (NYT)

The New York Times, October 12, 2006

The recruitment of child soldiers is one of the most heinous war crimes, and among the most forgotten. Perhaps a quarter-million children — most in their teens but some as young as 7 — are forced to serve in government or insurgent armies in 20 countries around the world. Not only are they ordered to kill and torture, they often become victims of physical and sexual abuse. When they do return to civilian life, they are walking ghosts — damaged, uneducated pariahs.

But now something has happened that may force guerrilla leaders and government officials who recruit children to think again. The new International Criminal Court, established to bring the most serious international criminals to justice, is beginning its first prosecution — of a defendant charged with the use of child soldiers. He is Thomas Lubanga Dyilo, leader of a Congolese militia responsible for ethnic massacres, torture and rapes in the eastern part of the country.

At the height of the violence in eastern Congo, in 2003, around 30 percent of militia fighters were children. Many were forcibly recruited, but others enlisted, seeking protection or food. About 30,000 have been demobilized nationwide, and groups like Unicef and Save the Children are helping them get back into school and rejoin their communities. But the militias that are still fighting are still using child soldiers, sometimes forcing demobilized children back into the war.

Much good can come from the court's focus on child soldiers. The decision by the international tribunals for Rwanda and Yugoslavia to treat rape as one of the most serious international crimes has changed legal attitudes and practice worldwide. The International Criminal Court is now drawing attention to another widespread, yet widely ignored, horror. Guerrilla leaders in Colombia, Sri Lanka, West Africa and elsewhere, and government officials in Myanmar, should pay close attention.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 12, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Citizen Featured In Al Qaeda Videos Charged With Treason. ABC World News (10/11, story 5, 0:10, Gibson, 8.78M) reported, "In an extremely rare move, the government today level leveled treason charges against an American turned al Qaeda radical. 28-year-old Adam Gadahn, who calls himself Azzam the American, has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty." NBC Nightly News (10/11, story 8, 2:00, B. Williams, 9.87M) showed Paul McNulty, Deputy US Attorney General, saying, "Adam Gadahn is an American citizen who made a choice. He chose to join our enemy and to provide it with aid and comfort, by acting as a propagandist for al Qaeda." CBS Evening News (10/11, story 5,0:15, Couric, 7.66M) noted in the first such charge "since World War II."

The Los Angeles Times (10/12, Krikorian, 918K) reports, "Though FBI counterterrorism officials were aware of Gadahn for years, his name did not surface publicly until May 2004, when it was announced that they were seeking information on his whereabouts and considered him armed and dangerous. At the time, they said they believed that he had attended an Al Qaeda training camp in Afghanistan and worked as a translator for several of the organization's leaders, including senior lieutenant Abu Zebeida." The Times adds, "Months after the FBI announced its search for Gadahn, the CIA said it believed he was the menacing, masked figure making threats against the U.S. in a October 2004 videotaped message from Al Qaeda. In that hourlong tape, released just before the US presidential election, a young man hidden behind a head scarf identified himself as 'Azzam the American' and said that American 'streets will run red with blood.'"

USA Today (10/12, Johnson, 2.27M) says McNulty also "suggested that the increasingly significant role Gadahn has appeared to play in encouraging attacks and recruiting for al-Qaeda warranted the treason charge." Gadahn "is one of the FBI's most wanted terrorism suspects. There is a $1 million reward for information resulting in his capture." The Chicago Tribune (10/12, Zajac, 623K) reports Gadahn "originally had been charged in a sealed indictment in October 2005." The New York Times (10/12, Lichtblau, 1.21M), Washington Post (10/12, A3, Eggen, Deyoung, 748K) and Washington Times (10/12, Seper, 88K) run similar reports.

The AP (10/12, Marquez) reports, "Adam Yehiye Gadahn, 28, could be sentenced to death if convicted of the charge, which has been used only a few dozen times in U.S. history and not at all since the World War II era. He also was indicted on a charge of providing material support to terrorists." The AP continues, "Gadahn 'knowingly adhered to an enemy of the United States, namely, al-Qaida, and gave al-Qaida aid and comfort ... with intent to betray the United States,' according to the indictment, handed up by an Orange County grand jury." The AP adds, "The suspected al-Qaida operative has been sought by the FBI since 2004. Based on the indictment, the FBI added Gadahn to its list of most wanted terrorists and offered a $1 million reward for information leading to his arrest or conviction. … Gadahn, who is believed to be in or near Pakistan, is suspected of having attended the terrorist group's training camps in Pakistan and serving as one of its translators. He has become known by his nom de guerre, Azzam al-Amriki, or 'Azzam the American.'"

Bloomberg (10/12, Schmidt) reports, "Gadahn, whose last known address was in Orange County, California, is considered a fugitive and is believed to be living in Pakistan, the Justice Department said. He is the first American to be charged with treason since the World War II era, the department said. … 'A charge of treason is exceptionally severe and it is not one we bring lightly,' said Deputy Attorney General Paul McNulty at a news conference in Washington. 'But this is the right case for this charge.'"

UPI (10/12) and Voice of America (10/12) also report on the indictment.

ABC World News (10/11, story 5, 0:10, Gibson) reported, "And in an extremely rare move, the government today level leveled treason charges against an American turned al Qaeda radical. 28-year-old Adam Gadahn, who calls himself Azzam the American, has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty."

CBS Evening News (10/11, story 5, 0:15, Couric) reported, "For the first time since World War II, an American has been charged with treason, punishable by the death

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penalty. He is Adam Gadahn who's appeared in several al Qaeda videos as Azzam the American, praising the 9/11 hijackers and calling for a jihad against the US. Gadahn is 28 and grew up in California. He's believed to be in Pakistan and there is a million dollar reward for his capture."

At least 160 local television newscasts reported that a federal grand jury charged Adam Gadahn in absentia with treason. The focus of the reporting was on Gadahn's role in promoting Al Qaeda ideology in a number of the group's propaganda videos. Few newscasts noted that treason charge is first since Second World War. Some examples: KABC-TV Los Angeles, (10/11, 4:59 p.m.) reported, "Former southern California residents Adam Gadahn appearing in a number of Al Qaeda propaganda videos now stands accused of treason, perhaps the most serious offense under the constitution. According the indictment by the federal grand jury, Gadahn provided material support to Al Qaeda that he quotes 'gave Al Qaeda aid and comfort with intent to betray the United States.' The crime of treason is perhaps the most serious offense for which any person can be tried under our constitution. It is not a crime only against the American people but against America itself."

WXYZ-TV Detroit, (10/11, 6:40 p.m.) reported, "In an extremely rare move, the government today leveled treason charges against an American turned Al Qaeda radical. Adam Gadahn has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty."

WSMV-TV Nashville, (10/11, 5:56 p.m.) reported, "The U.S. has charged an American citizen with the crime of treason. He is Adam Gadahn, a California man accused of helping Al Qaeda by promoting the Al Qaeda message. These very unusual charges were filed today against him. … He claims more attacks are planned and invites Muslims everywhere to join in."

WTEV-TV Jacksonville, (10/11, 11:04 p.m.) reported, "An American is accused of treason. Adam Gadahn was indicted in California today on charges he offered material support for terrorism. He … is on the run and investigators have no idea where he is."

WBTV-TV Charlotte, (10/11, 11:01 p.m.) reported, "Now, Gadahn is on the FBI's most wanted terrorist list with a million dollar bounty."

WSET-TV Roanoke, (10/11, 11:22 p.m.) reported, "Adam Gadahn is believed to be near Pakistan, where he attended al-Qaeda training camps. Authorities say Gadahn served as a translator for al-Qaeda and encouraged U.S. soldiers in Iraq and Afghanistan to switch sides."

WOOD-TV Grand Rapids, (10/11, 11:23 p.m.) reported, "Adam Gadahn is not in U.S. custody, but is believed to be mere Pakistan, where he attended Al-Qaeda training camps."

KNBC-TV Los Angeles, (10/11, 5:59 p.m.) reported, "Meanwhile, a spokesperson for the Islamic Society of Orange County says 'I hope they find him and bring him to justice.'"

Jury Selection For Chicago Terrorism-Funding Trial Begins Today. In a story distributed by McClatchy, the Chicago Tribune (10/12, Bush, 623K) reports, "After winning a series of key pre-trial battles, federal prosecutors say they will lay out a 'crush of evidence' against an Illinois businessman accused of funding terrorism as a member of the militant Islamic Palestinian group Hamas. Attorneys for Muhammad Salah, meanwhile, argue that the government -- which has dropped a key charge and decided not to call its main witness -- is left with a gutted case hinged on a coerced confession. The trial of Salah and his co-defendant Abdelhaleem Ashqar begins Thursday with jury selection. A conviction would be a significant win for the Bush administration," but "similar terrorism cases involving the funding of foreign extremist groups have caused trouble for prosecutors and the courts, experts say."

German Court Weighs Retrial Of Moroccan On Terror Charges. McClatchy Newspapers (10/12, Schofield) reports, "There's no dispute that Mounir el Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the Pentagon and the World Trade Center. … He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg, Germany, and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States used to help finance the hijackers' pilot training." McClatchy continues, "German authorities charged him with 3,066 counts of accessory to murder, and in February 2003, he was convicted - the first person to stand trial for the Sept. 11 attacks. … But that conviction was overturned by a German appeals court in 2004. Earlier this year, he was ordered released pending resolution of the appeals. … Now Motassadeq, who is free on bond, is about to

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learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history." McClatchy adds, "A German court on Thursday will begin a hearing into whether the accessory to murder charges should be restored. The German government is seeking a third trial in the matter. Among the issues is whether the United States will allow German attorneys to question two key figures in the Sept. 11 plot - alleged mastermind Khalid Sheikh Mohammed and co-conspirator Ramzi Binalshib. … At the time of Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the Central Intelligence Agency. Despite two visits to the United States by the German prosecutor, U.S. officials declined to make the two men available for questioning. … But in September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held openly with other terrorist suspects at the U.S. naval station at Guantanamo Bay, Cuba."

Texas Man Sentenced For Funneling Money To Hamas. The AP (10/12) reports, "The former chief executive of a computer company was sentenced Wednesday to seven years in prison for funneling money to an official of the militant Palestinian group Hamas." The AP continues, "Bayan Elashi and two of his brothers were convicted last year in federal district court of financial dealings with a terrorist. … Prosecutors said the men tried to hide a $250,000 investment in their Richardson computer company by the Hamas official, Mousa Abu Marzook, by making it look like his wife's money." The AP adds, "Judge Sam A. Lindsay is scheduled to sentence Ghassan Elashi on Thursday. A jury found Ghassan and Bayan Elashi guilty on 21 counts of conspiracy, money laundering and dealing in property of a terrorist. .. .Basman Elashi, who was found guilty on three conspiracy counts, was scheduled for sentencing Friday." The AP notes, "Lawyers for the Elashis argued during the trial that the transactions were business deals with Marzook, who was married to the Elashis' cousin. … … Marzook and his wife were also indicted but never captured. Marzook was deported from the United States in 1995, when the federal government named him a terrorist. He is believed to be living in Syria."

HOMELAND RESPONSE:

Members Of Congress Riled By FBI Refusal To Provide Anthrax Probe Briefings. Under the headline "An Anthrax Blackout," Roll Call (10/12, Kane) reports, "The FBI has completely shut Congress out of its now five-year investigation into anthrax attacks on Capitol Hill and around the nation, with accusations flying up and down Pennsylvania Avenue about the probe into the worst biochemical attacks in U.S. history." Responding to Rep. Rush Holt's letter requesting an FBI briefing on the investigation, "the bureau officially stated that it has been withholding all information about the attacks from Congress because of alleged leaks to the media following briefings on the Hill. … This briefing shutdown has left some Members furious with the FBI, leading them to publicly and privately conclude that the investigation clearly has stalled," and Sen. Charles Grassley "is preparing a letter to the FBI in which he will formally request that agents provide a briefing on the attacks."

Arizona Man Sentenced To Seven Years In Prison In Ricin Case. The Arizona Republic (10/3, Wagner) reported, "A Phoenix man who was convicted of trying to manufacture the deadly biological toxin known as ricin was sentenced Monday to more than seven years in prison." Denys Ray Hughes "had no known terrorist affiliation, and investigators never uncovered a specific plot. U.S. District Judge Earl Carroll, who sentenced Hughes to 87 months in prison, said the case was among the most serious he had ever tried," and "U.S. Attorney Paul Charlton described the defendant as 'a home-grown threat,' adding, 'We may never know his motive, but his intent was clear.'" The AP (10/3) also reported on the sentencing.

ACLU Hires FBI Whistleblower As Policy Counsel. Judy Sarasohn writes in her Washington Post (10/12, 748K) "Special Interests" column that the ACLU has hired former FBI Special Agent Michael German as policy counsel. Sarasohn adds German "is the FBI agent…who resigned in 2004 after charging that the agency retaliated against him for complaining about a botched anti-terrorism investigation," which the Justice Department IG "later basically substantiated." Discussing his new position with the ACLU, German "said Bush administration policies allowing warrantless wiretapping and internments without trials, as

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well as the use of torture in interrogations of terrorism suspects, are ineffective and can worsen national security." ACLU Washington legislative director Caroline Fredrickson said that German's "expertise…will 'help balance the claims of people who want to limit the right of privacy.'"

Small Airplane Crash Into Manhattan Building Ruled An Accident. The crash of a small airplane into a residential building in Manhattan Wednesday is generating heavy media coverage, though authorities have repeatedly stated that the incident appears to have been an accident. CNN's The Situation Room (10/11, Blitzer) reported the White House and the FBI "say there's no indication -- repeat, no indication this is a terrorist attack. But US fighter aircraft jets are scrambling right now purely as a precaution. This is standard operating procedure."

The Los Angeles Times (10/12, Mulligan, Barry, 918K) reports DHS Secretary Michael Chertoff spoke with New York Gov. George E. Pataki minutes after the agency learned of the crash "to convey that the department had no information that suggested a credible threat, spokesman Russ Knocke said. 'At this time there's no indication of a terror nexus; all indications are this is a truly unfortunate accident,' Knocke said. The department had no plans to change the color-coded national terrorism alert level." New York Gov. George Pataki said on CNN's The Situation Room (10/11), "There was no prior indication, no prior intelligence, that there was any type of a terrorist threat of this nature pending anywhere in the country. And there is no current information from the investigation at the site saying that it's anything other than an accident."

On MSNBC's Connected Coast to Coast (10/11), Gov. Pataki said the response to the incident "went extremely well. We had instantaneous communication, the city, the state, the federal officials. I talked with Secretary Chertoff a number of times and the mayor."

The story dominated the evening news last night, leading each of the networks' broadcasts. Comparisons to 9/11, as well as the fact that one of the plane's passengers was New York Yankees pitcher Cory Lidle, drove the coverage. CBS Evening News (10/11, lead story, 2:45, Couric, 7.66M) reported that as "pictures of flames shooting from windows flashed on TV screens across the country…the same thought flashed through everyone's mind: Was it another terror attack, another 9/11?" CBS (Pitt) added that "the frightening similarities to September 11…temporarily sent the Upper East Side of Manhattan into a panic." ABC World News (10/11, lead story, 2:40, Gibson, 8.78M) reported "before we knew the details when concerns of terrorism were on everyone's mind, fighter jets scrambled over many American cities and homeland officials were on alert."

In a front page story, the Washington Post (10/12, A1, Powell, Goo, 748K) reports, "The East Side of Manhattan all but came to a standstill, as police cordoned off York and First avenues, two vast thoroughfares, and fire engines screamed across town." The Washington Times (10/12, Pisik, 88K) reports, "The skies over the Midtown neighborhood were filled with police, medevac and news helicopters, while the streets below were clogged with emergency responders, which have been reassessing their procedures since September 11. … While flames leaped from two stories of the red-brick building that houses more than 180 luxury residences, witnesses turned to their cell phones. Most were describing memories of September 11 where they were on the day, how this revived that feeling of panic and how relieved they were that this was an accident."

On NBC Nightly News (10/11, lead story, 3:10, Williams, 9.87M), Mayor Michael Bloomberg was shown saying, "Everything that we planned to handle an emergency like this was carried out to the book, exactly the way we wanted it to go." NBC (Ellis): "Across the country NORAD scrambled fighter jet patrols across several cities. Law enforcement was quickly able to rule terrorism out."

ABC World News (10/11, story 2, 2:30, Gibson, 8.78M) reported, "The response to today's crash was an object lesson, indicating just how on-edge this country is." ABC (Stark) added that DHS "immediately began coordinating with state and local officials through its command center. … After 9/11, no one wants to take chances."

Crash Sparks Concerns Over Small Aircraft Security. The Wall Street Journal (10/12, A2, Meckler, 2.03M) reports that the crash "offered a reminder that new security measures adopted after the Sept. 11, 2001, terror attacks can't prevent risks posed by aircraft in the busy airspace over the nation's cities." The Journal adds, "Trucks and public transportation have been targeted or used in terrorist attacks in the US and elsewhere. Air traffic presents its own challenges, given the number of aircraft regularly flying in close proximity to urban areas."

The New York Times (10/12, Barron, 1.21M) reports, "New Yorkers with memories of the Sept. 11 attack on the World Trade Center watched smoke drifting toward the sky as

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firefighters clambered into another high-rise, and the North American Aerospace Defense Command scrambled military jets. Some worried that they had witnessed another terrorist attack, but officials quickly dismissed that notion." Meanwhile, Gov. George E. Pataki said he had asked the Department of Homeland Security to "review the rules that apply to private airplanes flying in the New York City area. 'New York's airspace should enjoy the same kind of protections as our nation's capital,' Mr. Pataki said." On MSNBC's Connected Coast to Coast (10/11), Gov. Pataki said, "The FAA and Homeland Security have to take a hard look at the rules they follow in allowing aircraft into the airspace over New York City."

More Commentary. USA Today (10/12, 12A, 2.27M) editorializes that the incident caused the US to suffer "a collective flashback to 9/11" and argues that it "raises security concerns about the 220,000 small planes in the USA and the 5,500 airports that serve them. While 9/11 prompted a crackdown on commercial flying, many of the vulnerabilities of small planes have never been addressed." Though Wednesday's crash showed "that a small aircraft crashing into a high-rise causes far less damage than a jetliner," it also indicated how little there is to stop a potential terrorist from loading a plane explosives or biological weapons and "flying into such New York icons as the United Nations headquarters and the Statute of Liberty." In an opposing op-ed (10/12, 12A) Phil Boyer, president of the Aircraft Owners and Pilots Association, wrote that "USA TODAY is exploiting this extraordinarily rare occurrence, using it as the barest thread of justification to bolster its long-standing and indefensible bias against small aircraft."

Report Card Gives Most Large US Cities Failing Grades For Evacuation Preparedness. USA Today (10/12, 4A, Hall, 2.27M) reports the American Highway Users Alliance released a report card today that gave most of the largest cities in the US "flunking grades" for how well they can evacuate their "population before or after a major disaster." New York City, Los Angeles, Chicago, San Diego, Miami, Philadelphia, Denver, Atlanta and Boston failed the test and only Kansas City, Mo., got an 'A.' The Alliance's report "follows the release in June of a review by the Homeland Security Department that examines the ability of all 56 states and territories and 75 urban areas to respond to catastrophes. 'Significant weaknesses in evacuation planning are an area of profound concern,' that review concluded."

Corporate America Setting Up Protocol For Better Disaster Response. USA Today (10/12, Fetterman, 2.27M) reports that having learned what they could do to help in the aftermaths of 9/11 and Hurricane Katrina by watching events unfold "on CNN," as Home Depot CEO Bob Nardelli complains, "nearly 30 CEOs have teamed in an unprecedented effort to set up an 'emergency protocol' with the US government and charities so that Corporate America can better respond to the next natural or manmade disaster." The plan "includes everything from a 24/7 direct phone link to the Department of Homeland Security and a website that will have 'real time' news about what the government needs from business, to 'swat teams' of employees from competing firms." Nardelli, who is chairman of the Business Roundtable's disaster-response task force, said some of Corporate America's "frustration even before Katrina was having to wait for a coordinated effort from government. We want to set up that cooperative effort now."

Homeland Security Spending Bill Requires TSA To Release More SSI Data. The Washington Post (10/12, A25, Hsu, 748K) reports the Homeland Security spending bill signed last week by President Bush orders the agency "to ease secrecy rules at the Transportation Security Administration, helping families of victims of the Sept. 11, 2001, attacks who have sued to unearth security practices before then." The TSA will be required "to release 'security sensitive information' that is more than three years old and is not part of existing plans or certain categories, barring 'a rational reason' cited by Secretary Michael Chertoff that it should remain secret." The Post adds that the TSA's definition of SSI is "open-ended," and the agency has invoked the program "to withhold information about bomb scares at airports and to drop cases against screeners charged with stealing from passengers, for example."

Katrina Victim Lott A Leader In Battles With Insurance Companies. The New York Times (10/12, Treaster, 1.21M) reports Sen. Trent Lott is "one of thousands of homeowners on the Gulf Coast who have been fighting with their insurers over payments for damage in Hurricane Katrina. In an interview yesterday, he said he was angry about the insurers' 'insensitivity and outright meanness' in rejecting

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many homeowners' claims." Lott said he "inserted a provision into legislation, signed by President Bush last week, directing the Department of Homeland Security to investigate potential fraud by the insurance industry. Mr. Lott said he was also drafting legislation to challenge the industry's exemptions from antitrust laws and had asked his staff to investigate the industry's tax rates." Lott's claim "for the loss of his $400,000 house in Pascagoula was rejected by State Farm. Industry executives and lawyers denied that the insurers had engaged in fraud and some questioned whether Mr. Lott was improperly using his position in Congress."

WAR NEWS:

Bush Indicates Openness To Changes In Iraq Strategy. The Los Angeles Times (10/12, Richter, McManus, 918K) reports, "President Bush opened the door to possible changes in his approach to the Iraq war, declaring Wednesday that 'we'll change tactics when we need to change tactics,' amid pressure from Republicans about the unrelenting violence and the shortcomings of the government in Baghdad." However, he "did not specify what changes he would be willing to consider," although he "said he is open to suggestions for change from Army Gen. George W. Casey Jr." While Bush said "that the description of his policy as a stay-the-course stance was only 'about a quarter right,'" he also "continued to characterize opposing views as 'cut-and-run.'" While "the comments were seen as a signal of a partial openness to a new direction in Iraq," some political analysts say "Bush's comments were tailored for the upcoming midterm elections," although "they said the language might also hint that changes will come after the elections."

ABC World News (10/11, story 3, 2:55, Gibson, 8.78M) reported that "the President today left open the door to overhauling his Iraq policy." ABC (Karl) added, "Charlie, discussions about overhauling policy have been going on behind closed doors at the White House and the Pentagon for weeks. Now, those discussions are out in the open. The escalating violence has led high-profile Republicans to say it may be time to change course in Iraq. Today, the President said they may be right." Karl added, "He said any decision on changing strategy would be Casey's." Karl also added, "Pentagon advisers tell ABC News Chairman of the Joint Chiefs of Staff Peter Pace, is conducting his own review of military strategy in Iraq. He has created a personal of experts to study the issue." The reported continued, "The conventional wisdom here at the Pentagon, the prevailing view is that more troops probably won't help. But there are significant advisers to the Pentagon that say it has to be considered."

NBC Nightly News (10/11, story 5, 3:00, Williams, 9.87M) reported, "As military and Pentagon officials look at ways to overhaul the US strategy in Iraq senior officials still insist the US is not losing the war. But given the current strategy, -- they are now beginning to raise serious doubts the US can help win it."

The Washington Post (10/12, A1, Abramowitz, 748K), the New York Times (10/12, Stolberg, 1.21M), USA Today (10/12, Jackson, 2.27M), and the Washington Times (10/12, Curl, 88K) all mention the President's comment about changing strategies for Iraq, in articles mostly devoted to his comments on North Korea.

LATimes Criticizes Bush For Saying Staying In Iraq Makes US Safer. The Los Angeles Times (10/12, 918K) editorializes that President Bush's "crude formulation" that if we do "not defeat the terrorists 'over there' in Iraq" we "will have to fight them" in the US "is tiresome and insulting to Americans' intelligence." It also "undermines his own credibility" and "could lead to a false sense of complacency." His "deliberate repetition of a shameless canard just before an election does not contribute to…thoughtful debate." While "there are good reasons not to withdraw from Iraq hastily," his "pretending these two issues are part of the same problem trivializes them both."

Army Planning To Keep Iraq Troop Levels Constant Through 2010. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "The army chief of staff today said the United States may keep 140,000 troops in Iraq for at least four more years. General Peter Schoomaker's assessment reflects the bleak security situation in Iraq. And a new private report says more than 600,000 Iraqis may have died as a result of the war."

ABC World News (10/11, story 3, 2:55, Gibson, 8.78M) reported, "At the Pentagon, the Army's top general says the Army has contingency plans to keep 120,000 soldiers in Iraq through 2010, should that prove necessary. That is not to say it will be necessary. But it is an indication of just how uncertain is the future of what will be needed in Iraq." ABC (Karl) added, "General Casey left the door open to asking for more troops." NBC Nightly News (10/11, story 5, 3:00, Miklaszewski, 9.87M) reported the decision "pretty much boils

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down to the fact the unrelenting violence in Iraq remains so volatile, so unpredictable the US Army is preparing for the worse."

USA Today (10/12, Brook, 2.27M) reports that Gen. Schoomaker said that "the Army plans to maintain its current level of 120,000 soldiers in Iraq through 2010," although "plans could change if conditions warrant." He added, "This is not a prediction that things are going poorly or better." However, "the Army will have to rely on the National Guard and Reserves to maintain the current level of deployments," and "Military analysts Wednesday said they doubted the Army could maintain its Iraq levels for that long," due to "Domestic politics and the strain on soldiers from repeated deployments." Similarly, Lt. Gen. Thomas Metz, deputy commander and chief of staff of the U.S. Army Training and Doctrine Command, said in an interview that "training enough soldiers to meet the current level through 2010 would be challenging."

The Financial Times (10/12, Sevastopulo) adds, "The Bush administration had hoped to reduce US troop numbers to about 100,000 by the end of 2006, partly in an attempt to convince the US public that the military was making progress in Iraq. But those plans have had to be shelved because of the growing level of sectarian violence in Iraq and particularly Baghdad."

The AP (10/12, Burns) notes that Schoomaker's "comments were the latest acknowledgment by Pentagon officials that a significant withdrawal of troops from Iraq is not likely in the immediate future." Meanwhile, "Defense Secretary Donald H. Rumsfeld said he and other senior Pentagon officials are still studying how the military might keep up the current pace of Iraq deployments without overtaxing the Army and Marine Corps," including using "the Air Force and Navy for work that normally is done by soldiers and Marines."

McClatchy (10/12, Brown) reports, "Defense Secretary Donald H. Rumsfeld slammed the notion that Schoomaker's remarks meant U.S. troops would be in Iraq in 2010," adding, "it's unfortunate that stories go out mischaracterizing what people say."

Kerry Advocates Troop Withdrawal Proposal. The Boston Globe/AP (10/12) reports, "Sen. John Kerry on Wednesday called the Bush administration's Iraq policy a 'stand-still-and-lose strategy,' and defended his proposal to set a deadline for troop withdrawal." He said that Bush's saying "we will 'stay as long as it takes,'" provides "squabbling politicians there an excuse to take as long as they want," as "the Iraqi leaders have responded only to deadlines."

Herbert Argues War's Sacrifice Shouldn't Fall Only On Service Members. Bob Herbert writes in his column in the New York Times (10/12, 1.21M) that Sgt. Mike Krause has "a definite edge in his voice, an undercurrent of bitterness, when he talks about the tiny percentage of the American population that is shouldering the burden of the wars in Iraq and Afghanistan," saying, "'We're nowhere close to sharing the sacrifice," which, "should be shared, because it's only in that sharing that society will truly care about what's going on over there." "While most Americans are free to go about their daily business, unaffected by the wars in any way, scores of thousands of troops have been sent off on repeat tours into the combat zones," and "There is no way for a nation as big and as rich and as healthy as the U.S. to justify the imposition of such a tragic and heavy load on the backs of so few." Sgt. Krause "said that if he could wave a magic wand, he would make some form of public service compulsory."

Baghdad Violence At "All-Time High." The New York Times (10/12, Cloud, 1.21M) reports that Gen. George W. Casey Jr., the senior American commander in Iraq, said "that violence in Baghdad had reached its highest levels in recent weeks, despite the assignment of thousands more American and Iraqi troops to the capital in August," even "as President Bush, at a Rose Garden news conference, said he was open to modifying strategy in Iraq if military commanders determined that a new approach was required." However, "Casey suggested at the briefing that broad changes were not necessary" as "the broad American strategy of trying to contain violence while training Iraqi troops to step in 'is still a valid framework.'" He also said it is "an 'open question' whether more troops were needed, but said that for now, he was not requesting that." Also at the briefing, "Defense Secretary Donald H. Rumsfeld acknowledged that he was examining ways of maintaining the current pace of deployments in Iraq."

The Washington Post (10/12, A21, White, Ricks, 748K) adds that Casey "was dismissive of a wholesale strategic change," but said "U.S. commanders and the Iraqi government 'not comfortable' with the current situation there." He added that "Iraq is a 'tough situation' and that he expects it to continue to be difficult through Ramadan and in coming months," although he "tempered his assessment of the

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Baghdad area by saying that progress exists in Iraq alongside the attention-grabbing violence."

USA Today (10/12, Jervis, 2.27M) notes, "The number of sectarian killings each month in Baghdad has more than tripled since February, and the violence has not slowed despite a major offensive in the capital." Military spokesman Lt. Col. Christopher Garver "acknowledged violence in Baghdad is at an 'all-time high,'" adding that "we've been frustrated that the extremists keep perpetuating the number of attacks." This "civil unrest has placed U.S. troops in a difficult position."

The AP (10/12, Abdul-Zahra, Keath) adds that according to new Health Ministry figures, "More than 2,660 Iraqi civilians were killed in Baghdad in September," which is "400 more than the month before despite an intensified U.S.-Iraqi sweep aimed at reining in violence." This shows "how tough the vital battle to secure Baghdad has proven amid a wave of bloodshed this year."

Insurgent Mortar Sparks Ammo Explosions. The Los Angeles Times (10/12, Daragahi, 918K) reports, "Insurgents fired a mortar round at a U.S. military base that struck an ammunition supply depot, sparking a series of explosions that shook much of the capital Tuesday night and a massive fire that continued to smolder into the morning." While it caused no casualties," the explosions "sent shock waves across southern and central Baghdad." In response, the base went to "full alert, with helicopters and unmanned aerial drones launched to locate the mortar position."

Some Support, Some Deny Study Putting Iraq Casualties Around 655,000. The AP (10/12, Ritter) reports that there is a "varied reception for a controversial new study" by researchers from Johns Hopkins University in Baltimore and the Al Mustansiriya University in Baghdad "that estimated the Iraq war has led to the deaths of nearly 655,000 Iraqis as of July." President Bush "doesn't believe it. Some experts have a problem with it. But several others say it seems sound." While Gen. George Casey said, "That 650,000 number seems way, way beyond any number that I have seen," at the same time "several biostatisticians and survey experts were supportive of the work." Les Roberts, one of the study's authors, explained that "If the estimate seems high, it's because the door-to-door survey turned up deaths that are typically overlooked when sought by other means in wartime situations." The Los Angeles Times (10/12, Daragahi, 918K) adds, "The Iraqi government on Wednesday condemned as 'exaggerated'" the "controversial public health study," as government spokesman Ali Dabbagh called the numbers "far from the truth."

ABC World News (10/11, story 6, 2:35, Gibson, 8.78M) reported on the "controversial new study about civilian deaths in Iraq that was released today." President Bush "maintained today that the new study is just not credible." ABC (McCarthy) added, "What is important for people here today is whether they can hope for things to get better. Unfortunately, most indications are that it is getting worse."

Iraqi Parliament Approves Law Allowing Autonomous Regions. The New York Times (10/12, Semple, 1.21M) reports that in "a resounding victory for Abdul Aziz al-Hakim, leader of the dominant Shiite bloc," the Iraqi Parliament approved a law "enabling provinces to unite to form autonomous regions, in spite of vehement opposition by Sunni Arab leaders who said it could splinter the republic and disadvantage the minority Sunni population." They fear the plan will "eventually shift control of its oil wealth to the Kurds in the north and the Shiites in the south." United against the legislation, "The Sunni Arab blocs and some Shiite and secular legislators…boycotted the session on Wednesday in an unsuccessful effort to prevent a quorum."

The Washington Post (10/12, A21, Paley, 748K) adds, "In exchange for" including "a provision that prevents the formation of federal regions for 18 months" creating "a panel to review the constitution, the Sunnis agreed to call off a boycott that had prevented the federalism bill from being introduced."

Oversight Agency Finds Problems In Iraq Construction Project. The New York Times (10/12, Glanz, 1.21M) reports that a report released yesterday by the Special Inspector General for Iraq Reconstruction found that "The American-financed rebuilding of an Iraqi police headquarters" in Mosul "that was meant to show a new approach to reconstruction has instead turned out to be rife with shoddy construction and is exposing security forces to unnecessary risk." The Army Corps had "contracted directly to a local Iraqi company," saying it would "eliminate some of the construction problems," but "Problems with the construction were not hard to find." Brian M. Flynn, the assistant inspector general for inspections, "said there had been no plans to look into the headquarters…until an inspection team happened to be in Mosul and was approached by the Iraqi police" who "were so upset with the

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quality of construction that they asked us to inspect it." The report said that "The problems stemmed from a poor Iraqi contractor and a lack of inspection by Army engineers early in the project," a conclusion that Maj. Gen. William H. McCoy Jr., commander of the Army Corps' Gulf Region Division called "on the mark."

Afghanistan Reconstruction Effort Seen As Mixed Bag. The Christian Science Monitor (10/12, 58K) reports that in the five years since invasion of Afghanistan, "the coalition has worked to fill a gaping political vacuum in the face of growing challenges." It "was already a broken nation," as "decades of war and austere fundamentalist rule had left the country with little in the way of industry, infrastructure, government institutions, or an educational system." While poppy cultivation has increased, "Afghanistan has also made strong democratic advances, and the education system has markedly improved."

CORPORATE SCANDALS:

McAfee, CNET Chiefs Resign Amid Options Backdating Scandals. The Financial Times (10/12, Allison) reports, "The chief executives of McAfee, the antivirus software maker, and CNET, an online publisher, quit on Wednesday over Silicon Valley's options backdating scandal. Their departures are likely to increase fears that the apparently widespread practice could lead to a broader shake-up of senior leadership in the world's leading technology hotspot. … McAfee said it had ousted Kevin Weiss, president, who joined the company in 2002 and became president in March, several years after improper backdating at the company began. … Shares in CNET, owner of the technology news website, dropped 6.5 per cent after the company announced the departure of Shelby Bonnie, its co-founder, chairman and chief executive. He resigned after an internal probe found the group backdated some options grants between 1996 to "at least" 2003."

The New York Times (10/12, Flynn) reports, "Rumors have circulated on Wall Street recently that McAfee might be an acquisition target. Eugene Munster, an analyst with Piper Jaffray, said the departure of Mr. Samenuk made that possibility even more likely."

The Wall Street Journal (10/12, A1, Forelle, Bandler) reports, "Experts said more departures are likely. More than 100 companies are under investigation for options backdating, and scores of them are still conducting internal probes. Many would like to finish them in time to make disclosures during quarterly earnings reporting, which will be heavy in the next several weeks. The companies face pressure to finish because they may not be able to tally their earnings without knowing whether they will need to record charges for any improper options discovered by the probes."

USA Today (10/12, Swartz) reports, "The problems hardly constitute a "crisis in confidence" in tech companies, where stock options first became a staple of compensation packages during the 1990s. But it badly diminishes the reputation of executives, says Charles Elson, director of the University of Delaware's center for corporate governance. As more companies dig into their records, he predicts more executive ousters and financial restatements."

The Washington Post (10/12, D1, Ahrens) reports that the practice of backdating "is not illegal as long as the options are properly accounted for on company earnings sheets and tax returns. According to the Securities and Exchange Commission and the Justice Department, however, a number of companies have not followed the rules. Federal authorities have filed fraud charges against executives at two technology companies, and they continue to investigate many firms. The investigations are sending shock waves through the tech community, where stock options have long been a key tool for luring talent to start-ups."

Bloomberg (10/12, Barr, Green) reports, "The toll from backdating continues to mount. More than 30 officials, including eight CEOs, have left companies under scrutiny for manipulating stock options to reward employees, and executives at two, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges. More than 60 companies -- from Apple Computer Inc. to Cablevision Systems Corp. -- have restated or plan to revise earnings."

The AP (10/12, Liedtke) reports, "The abrupt departures of McAfee CEO George Samenuk and CNet CEO Shelby Bonnie follow last week's resignation of Apple Computer Inc. board member Fred Anderson - the company's former chief financial officer - after the iPod maker acknowledged its mishandling of past stock options inflated its past profits. … Apple CEO Steve Jobs held onto his job because the Cupertino-based company's internal inquiry cleared him of any misconduct, but other business leaders battling stock option problems won't be so fortunate, predicted Anthony Michael Sabino, a business law professor at St. John's

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University." The AP adds, "The stock option practices of at least 135 companies are under government investigation or internal review. … Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween."

The San Jose Mercury News (10/12, Blitstein) reports, "The three executives are the latest casualties in a scandal that has ensnared more than 120 U.S. companies, about one-fourth of them in Silicon Valley. The businesses either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews."

The California Recorder (10/12, Scheck, Seyfer) reports, "It's not clear whether the latest lawyer to go down because of stock option backdating was involved in the actual decision to award suspect options. … But a Recorder review of SEC filings shows CNET General Counsel Sharon Le Duy did receive grants when the stock was trading at quarterly lows." The Recorder continues, "CNET announced Wednesday that an internal probe found 'deficiencies with the process by which options were granted at CNET, including in some instances the backdating of stock options grants' from 1996 through at least 2003. Le Duy and CEO Shelby Bonnie stepped down, along with the company's human resources chief. … The announcement also said 'a number of executives of the company ... bear varying degrees of responsibility' for backdated grants, though it didn't specify who those executives are."

Court Rules Minnesota AG My Proceed With UnitedHealth Options Probe. The Minneapolis Star Tribune (10/12, Phelps) reports, "Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled." The Tribune continues, "Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled." The Tribune adds, "Higgs denied UnitedHealth's request for a protective order to stop Hatch from getting company documents related to the disputed options, which also are the target of investigations by federal regulators, the Internal Revenue Service, the Justice Department and a special independent internal review committee. … UnitedHealth argued that Hatch's civil investigative demands for corporate documents had no jurisdiction under state law and would be an undue burden to the Minnetonka-based company. … Higgs disagreed, saying the material sought by Hatch "is clearly relevant and essential" to the attorney general's investigation to determine whether top executives got favorable treatment in the dating of their stock options."

WSJournal Says Congress Shouldn't Overreact To Options Backdating Scandal. The Wall Street Journal (10/12, A18, 2.03M) editorializes, "The options 'backdating' backlash continues to cut a swath through corporate management." While "there's no excuse for false reporting to shareholders, the worst reaction to this mini-scandal would be for Congress to overreact. … The Justice Department and SEC are investigating, which is fair enough. But watch out for Senate Finance Chairman Charles Grassley, who has begun to rumble about eliminating the tax deduction for performance-based pay, such as stock options. He's liable to make things worse."

Skilling Seeks To Remain Free On Bail Pending Appeal. The Washington Post (10/12, D3, Johnson) reports, "Former Enron Corp. chief executive Jeffrey K. Skilling is asking a judge to let him remain free while he appeals his conviction on 19 fraud, conspiracy and false-filings charges, according to court papers filed by his defense team." The Post continues, "Skilling, 52, faces more than two decades in prison when he is sentenced in a Houston federal court. Under the federal system, he must serve at least 85 percent of his sentence. U.S. District Judge Simeon T. Lake III could order Skilling into custody immediately after the court proceeding, set for Oct. 23. … But defense attorneys this week launched a preemptive strike, asking the judge to allow Skilling to remain free on bail pending his appeal. Alternatively, attorneys requested that Skilling be allowed to surrender to the Bureau of Prisons on Jan. 2, or no earlier than Nov. 27. He presents no flight risk and is not 'a threat to society,' attorney Daniel M. Petrocelli wrote." The Post adds, "Skilling has had other legal troubles since his May conviction. Earlier this month, he paid $385 to resolve a misdemeanor public-intoxication charge filed in Dallas. … To remain free during the appeals process, Skilling must prove he will raise substantial issues that are likely to result in a reversal of his conviction."

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SAIC IPO Worth An Estimated $1 Billion. The Washington Post (10/12, D1, Witte) reports that shares in Science Applications International Corp. could begin trading on the New York Stock Exchange as soon as tomorrow in an IPO estimated to be worth $1 billion. SAIC has been employee owned for 37 years and the shift to a public company "is the culmination of a broader transformation for SAIC of San Diego, which has grown significantly in recent years and is gunning to move into the top tier of contractors."

Many Efforts To Limit CEO Compensation Backfired. A front page story in the Wall Street Journal (10/12, A1, Lublin, Thurm) reports, "In 1993, activist investor Ralph Whitworth shuttered United Shareholders Association, a group that was trying to tackle the contentious issue of executive pay. It looked as if his work was done. Federal securities regulators had just forced companies to reveal details about pay and perks for top officials, in some cases for the first time. … Since then, the average pay for chief executives of large companies has quadrupled, according to Kevin Murphy, a professor at the University of Southern California's Marshall School of Business. … There are many reasons why Mr. Whitworth was mistaken in his prediction, including the bull market of the 1990s, cozy corporate boards and CEOs striving to keep pace with highly paid athletes and entertainers. What's often overlooked is the role of all the efforts -- by Mr. Whitworth and many others -- to limit CEO compensation. For more than two decades, critics tried to slow skyrocketing pay through regulations, legislation and shareholder pressure. Few of their tactics worked. Many backfired."

CRIMINAL LAW:

Friend Of Illinois Governor Faces Fraud Charges. The St Louis Post-Dispatch (10/12, McDermott) reports, "A federal corruption investigation edged closer to Illinois Gov. Rod Blagojevich on Wednesday, with the indictment of a Blagojevich friend and fundraiser who allegedly conspired with another defendant to extort money from state contractors - some of it earmarked for the campaign fund of 'a certain public official.'" The Post-Dispatch continues, "Blagojevich - a Democrat just 27 days from the end of a re-election campaign in a race that has focused on corruption issues - isn't named in the indictment unsealed in Chicago. U.S. Attorney Patrick Fitzgerald, laying out his case at a news conference, refused to answer repeated questions about whether Blagojevich is the unnamed official for whom the two men were allegedly shaking down contractors. … But the indictment includes allegations that Blagojevich confidant Antoin 'Tony' Rezko used 'his relationships and influence' in state government to get the other defendant reappointed to a state pension board, so they could continue demanding kickbacks from contractors hired by the board. That board's members are appointed by the governor." The Post-Dispatch adds, "The 24-count federal indictment names Rezko, a close Blagojevich adviser and major fundraiser, and Stuart Levine, a former Blagojevich appointee to the Illinois Teachers Retirement System. It charges attempted extortion, money laundering and mail and wire fraud. … Fitzgerald said Levine is cooperating with investigators. That's likely to put the spotlight on Rezko, 51, a Syrian immigrant and millionaire businessman who has raised hundreds of thousands of dollars for Blagojevich while serving as an unofficial but close adviser to him."

The New York Times (10/12, Sander) reports, "Mr. Blagojevich, a Democrat, was quick to criticize the accusations against Mr. Rezko, whom prosecutors said devised an elaborate plan to extort millions of dollars from investment firms seeking to do business with state pension funds." The Times continues, "The governor said in a statement that the accusations against Mr. Rezko and another businessman, Stuart Levine, who is expected to plead guilty later this month, were 'reprehensible.'" The Times adds, "Patrick J. Fitzgerald, the United States attorney who announced the indictment, said Mr. Rezko and Mr. Levine developed plans in 2003 and 2004 to obtain $5 million in kickbacks from six investment firms seeking money from two state pension funds. .. .In one scheme, the indictment alleged, Mr. Rezko and Mr. Levine agreed to tell one investment firm that it would receive money from the pension fund only if it paid them $2 million or made a $1.5 million political contribution to 'a certain public official.' … Mr. Fitzgerald, speaking at a news conference, declined to name the 'certain public official' cited. … 'We're not going to comment on anyone not charged,' he said, deflecting repeated questions from reporters about Mr. Blagojevich's role in the investigation. He also said the timing of the indictment had nothing to do with the coming election."

The Chicago Tribune (10/12, Pearson, Long, Mendell, 623K) reports that the federal indictment "alleges that Rezko

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schemed to extort businesses that came before two state boards with the help of co-conspirator Stuart Levine, a campaign contributor re-appointed to the boards by the governor." Blagojevich "is not accused of any wrongdoing and the indictment does not mention him by name. But the long-rumored charges have been hanging over Blagojevich's campaign for months." Under the headline "Gov's Pal Indicted In Kickback Scheme," the Chicago Sun-Times (10/12, Warmbir, Korecki, Fusco, McKinney) notes, "Levine was charged in the scheme last year. He's cooperating extensively with federal investigators."

The Los Angeles Times (10/12, Huffstutter, 918K) notes, "The FBI also has been looking into claims that Beverly Ascaridis, the wife of the governor's former campaign treasurer, got her job as a state parks administrator in exchange for a $1,500 check her husband wrote to Blagojevich's daughter. Blagojevich has repeatedly denied any knowledge of, or connection to, the alleged corruption. 'The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust — the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible,' Blagojevich said in a written statement Wednesday."

Bush Defends Hastert's Handling Of Foley Scandal. The New York Times (10/12, Rutenberg, Zeleny, 1.21M) reports, "Early last week, President Bush said he respected J. Dennis Hastert as a father, a teacher and a coach -- but did not say what he thought of him as House speaker. Two days later, amid continuing calls for Mr. Hastert to resign as speaker over the Mark Foley e-mail scandal, Mr. Bush expressed more direct support for Mr. Hastert, but only through aides." This week, adds the Times, Bush "is giving Mr. Hastert a more unmistakable embrace, telling reporters on Wednesday: 'Denny is very credible, as far as I'm concerned. And he's done a fine job as speaker.'" The President "is expected go one step further on Thursday, when he is scheduled to appear side-by-side with Mr. Hastert at a Republican rally in Chicago. Aides to both men said Mr. Bush's ever-friendlier declarations of support were one part political calculus, one part personal loyalty." The White House "has made clear it agrees with Republican leaders in Congress that Mr. Hastert's resignation would only prompt Democrats to demand more scalps in the imbroglio over what Congressional Republicans knew when about Mr. Foley's risqué e-mails to male pages." But, aides said, "it also reflects Mr. Bush's belief that Mr. Hastert has by and large been a loyal supporter who has come through for him at crucial moments."

House Ethics Committee Investigators Focus On Three Hastert Aides. The Washington Post (10/12, A6, Weisman, 748K) reports that with House Speaker J. Dennis Hastert "denying personal knowledge of former representative Mark Foley's activities, investigators for the House ethics committee are bearing down on three senior members of Hastert's staff to determine when they learned of Foley's actions and whether they passed on their knowledge to the speaker." Chief of staff Scott Palmer, deputy chief of staff Mike Stokke and counsel Ted Van Der Meid "have formed a palace guard around Hastert (R-Ill.) for years, attaining great degrees of power and unusual autonomy to deal with matters of politics, policy and House operations. They are also remarkably close." It is "that relationship that has made investigators so interested in their knowledge of Foley's contacts with teenage male congressional pages, especially allegations that his chief of staff personally appealed to Palmer in 2003 to confront the Florida Republican." One former GOP leadership aide said, "It would be very hard to believe if Palmer knew that kind of detail, he wouldn't have acted upon it, and it's hard to imagine Scott Palmer would have spared the speaker that knowledge." The Post adds that "within Hastert's operation, some staff members appear to point accusingly at Van Der Meid, who is in charge of ethics matters and is widely believed to have steered Hastert wrong before." Meanwhile, the ethics committee on Thursday will take "the testimony of Kirk Fordham, Foley's former chief of staff, who is to testify that in 2003 he alerted Palmer to Foley's behavior. A source with knowledge of the events said Fordham will detail repeated efforts by then-House Clerk Jeff Trandahl to raise alarms about Foley's interest in young pages, and Fordham's own confrontations with Foley."

Ethics Investigators Question Page Supervisors. The AP (10/12, Margasak) reports the House officials "who directly supervise teenage congressional pages were questioned Wednesday by ethics committee investigators probing the handling of former Rep. Mark Foley's inappropriate messages to pages." The internal investigators "spoke privately with Peggy Sampson, who supervises House pages sponsored by Republican lawmakers, and her Democratic counterpart, Wren Ivester." By "starting with those closest to the pages, investigators can learn what the

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youngsters might have told the supervisors about Foley, R-Fla., and whether they reported any inappropriate conduct to higher House officials."

Boehner, Alexander To Appear Before Ethics Panel. Roll Call (10/12, Davis) reports sources said House Majority Leader John Boehner (R-Ohio) "received an invitation Wednesday to appear before the Committee on Standards of Official Conduct, but a specific date was not disclosed. A spokesman for Boehner reiterated that he will cooperate fully with the investigation." Meanwhile, Rep. Rodney Alexander "will appear before the ethics committee next week. Adam Terry, a spokesman for Alexander, said he will 'voluntarily' offer testimony Wednesday."

Page Says He Witnessed Inappropriate Touch By Foley In 2001. The Michigan Daily (10/11, Nowinski) reported former House page Richard Nguyen "said he witnessed inappropriate contact between former Republican Congressman Mark Foley and another page in the back of the House floor in early 2001." Nguyen, a "first-year student at the University's Gerald Ford School of Public Policy, said he saw Foley pat a male page's behind." Nguyen "did not report the incident to authorities. At the time, the then-16-year-old thought it was 'questionable activity,' but he was unsure how to interpret it." Nguyen said, "I wasn't sure if it was a social norm I wasn't accustomed to. I mean, you see athletes patting each other's asses all the time on the field."

Hastert, Reynolds Sidelined By Foley Scandal. The Washington Post (10/12, A6, Eilperin, 748K) reports the "Mark Foley scandal and its aftermath have already had a visible effect on Republican prospects: Speaker J. Dennis Hastert (R-Ill.) and Rep. Thomas M. Reynolds (R-N.Y.), the two men leading the GOP efforts to keep power in the House, have both been largely sidelined from the public campaign." Normally, "the House speaker and the chairman of the National Republican Congressional Committee, currently Reynolds, would be in a full sprint in the closing weeks of an election campaign -- raising money and rallying partisans to help House members in the most competitive races. Both leaders, however, have drastically curtailed their appearances this month after coming under fire for what critics have called an inadequate response to early warnings about Foley's behavior with House pages." Reynolds is "now battling to hold on to his own district in Upstate New York, while Hastert has been tied down in Washington, holding news conferences and attempting to control the legal and political fallout from the uproar."

Shays Invokes Chappaquiddick In Defending Hastert. The Hartford Courant (10/12, Lightman, 195K) reported that when the Foley scandal "broke last month, Democrats across the country saw a chance to lambaste Republican leadership - including Diane Farrell, who called on House Speaker Dennis Hastert to step down." But when Sen. Edward M. Kennedy "came to Connecticut last week to help her campaign, Rep. Christopher Shays hit back." Shays said, "I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day. Dennis Hastert didn't kill anybody." The Courant adds Shays referred to "the 1969 incident in which the Massachusetts Democrat drove a car that plunged into the water and a young campaign worker died." Shays' words "were emblematic of the increasing bitterness over the fallout from the conduct" of Foley. Farrell was "incredulous – 'my jaw dropped,' she said, when she heard Shays' comments, and she said Chappaquiddick had nothing to do with Hastert's current plight." The Courant adds Shays' "point is that if Farrell is going to host Kennedy, she has no business judging Hastert at this point."

Polls Show Majority Think House GOP Leader More Worried About Politics Than Pages. The AP (10/12, Press) reports most Americans "say the House Republican leadership worried more about politics than the safety of congressional pages in the case of disgraced former Rep. Mark Foley, according to polls. Most also say Democrats would not have handled the situation better." Respondents "were split on whether House Speaker Dennis Hastert, R-Ill., should step down, with just under half saying he should, according to several polls."

NRCC Still Investing Funds In Foley's District. The AP (10/12, Skoloff) reports National Republicans "haven't given up on former Rep. Mark Foley's district, recently spending $244,300 for television ads attacking Democratic hopeful Tim Mahoney." Mahoney has "become a strong contender, partly because Foley's name will remain on the ballot even though his replacement will receive those votes. The replacement, state Rep. Joe Negron, has just under five weeks to campaign." The National Republican Congressional Committee "spent the money between Foley's resignation Sept. 29 and Oct. 10, when the filing was made to the Federal Elections Commission. Foley was considered likely to be re-elected easily until his sexually explicit Internet messages to teenage male House pages were publicized."

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Pryce Says Foley Scandal Has Undercut Support. The New York Times (10/12, Nagourney, 1.21M) reports Rep. Deborah Pryce "is a former municipal court judge, a Republican and a member of the House leadership who has represented her central Ohio district for 14 years. She is also friends with Mark Foley, the congressman who resigned in the page scandal, as she told Columbus Monthly for a feature it published just last month." Since Foley resigned, Pryce "said in an interview on a tense day of campaigning here, her own internal polls have measured a steady drop in support under the weight of attacks by Mary Jo Kilroy, her Democratic opponent." Kilroy has "emphasized Ms. Pryce's connections to Mr. Foley, who was on a list of five people Ms. Pryce said she considered Washington friends in the Columbus Monthly interview." Kilroy is "using the Foley scandal to try to systematically undercut Ms. Pryce with a big component of the Republican base here, Christian conservatives, when Republicans already worried that those voters would stay home on Election Day." Pryce "responded by accusing Ms. Kilroy of gay-baiting. She said in an interview she was hopeful she could win over gay voters in a city long known for a large gay population, particularly because the Human Rights Campaign, a gay advocacy organization, has endorsed both candidates in the race."

Foley Scandal Said To Show Republican Leaders Tolerant Of Gays. USA Today (10/12, Kiely, 2.27M) reports that at a State Department ceremony this week, Secretary of State Condoleezza Rice "warmly acknowledged the family members of Mark Dybul, whom she was swearing in as the nation's new global AIDS coordinator. As first lady Laura Bush looked on, Rice singled out his partner, Jason Claire, and Claire's mother. Rice referred to her as Dybul's 'mother-in-law.'" The "celebratory moment for a gay couple was emblematic of the political identity crisis facing the Republican Party, two years after an election the GOP won in part by making gay marriage an issue and less than two weeks after revelations about a Republican House member's advances toward teenage boys." For Republicans, "the most difficult problem posed by the e-mail exchanges that former congressman Mark Foley had with pages is not necessarily the flagrant misbehavior of one member. Rather it's the fact that the investigation is exposing a politically awkward fact of life: some GOP leaders practice a more tolerant brand of politics in their offices than some in the party have preached on the campaign trail." The "revelations have disturbed some conservative activists, who believe that Republicans owe their victories in the 2004 elections to the thousands of 'values voters' who trooped to the polls to vote for anti-gay-marriage measures on the ballots of 11 swing states." Such "sentiments have raised concerns that gay staffers will be pressed to leave Republican offices."

FBI Releases Sketch Of Man Wanted For Questioning In Wales Murder Probe. The Seattle Post-Intelligencer (10/12, Shukovsky, 129K) reports, "The FBI is appealing for help in its five-year manhunt for the murderer of federal prosecutor Tom Wales. In the weeks before Wales was gunned down…someone noticed a man wandering around the neighborhood and contacted police. That information didn't make it to the federal task force handling the case until 2004, and agents are now seeking public help because more discreet inquiries failed to identify the man." FBI Portland SAC Robert Jordan "also asked to hear from anyone who might know the author of an anonymous letter sent to the FBI in Seattle last January from Las Vegas by someone claiming to be a hit man hired to killed Wales." The Post-Intelligencer notes that Larry Setchell, lawyer for the airline pilot who is "the FBI's prime suspect in the case," has "said his client is innocent and likened the FBI probe to an inquisition. Jordan, asked to respond to the criticism, said the FBI would not identify any particular suspect. 'When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment.'" The Post-Intelligencer adds, "A reward of up to $1 million is offered for information leading to an arrest and conviction."

The Seattle Times (10/12, Miletich, Carter, 217K) reports that at the press conference, "FBI officials declined to discuss any suspect but said they are determined to obtain an indictment. 'We will not give up,' said Bob Jordan, special agent in charge of the Portland FBI office. Jordan was given oversight of the investigation in June when the head of the Seattle office tried to reduce the number of agents assigned to the case. Jordan said if Wales was killed because of his work, it would be the first time in U.S. history that a federal prosecutor had been slain in the line of duty. In that case, Jordan added, Wales was 'murdered because he was representing us' and 'we are all victims in a sense.'" The Times notes, "Tips about the sketch can be provided to a telephone tip line at 866-322-7009. The FBI is also setting up a Web site, http://wales.fbi.gov, to provide information on the case and receive tips."

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The Oregonian (10/12, Johnson, 329K) reports, "Jordan would not say what agency received the initial tip about the man, how soon it was before the killing, or how close to Wales' home the man was seen. Agents don't know if the man had any connection to the killing." The Oregonian notes, "Jordan, who is in charge of the FBI's Portland office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case." The AP (10/12, Johnson) also notes the FBI $1 million reward and that Jordan "took over the case in June, after…Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case. … The investigation has included close to 4,000 interviews and a nationwide hunt for Makarov pistols outfitted with replacement barrels, which the shooter used."

KING-TV Seattle, (10/11, 6:32 p.m.) reported, "It has been five years since the murder of federal prosecutor Tom Wales in Seattle. Now FBI agents are trying to find a person of interest in the case. … Authorities have released the sketch of a man they want to talk to, seen puling a small nylon black suitcase for weeks in the neighborhood before the shooting." KIRO-TV Seattle, (10/11, 6:00 p.m.) noted, "This is the first time that we're hearing of this man, five years after the assassination of Tom Wales, and the FBI is still seeking information, turning to the public for help. Agents say this is the type of gun used by the killer, like the gun in this photo. FBI agents are now trying to identify and test fire some 3500 replacement barrels sold in this country before the Wales murder." KOMO-TV Seattle, (10/11, 11:06 p.m.) reported, "The FBI showed us today the kind of weapon used in the murder: a Makarov pistol with a silver replacement barrel. And they released a sketch of a man seen in the neighborhood in the weeks before the murder, a man in his 30's or early 40's, average height, thin, with nicotine-stained teeth."

School Safety Conference Noted For Lack Of Talk About Gun Control Or Funding. The Christian Science Monitor (10/12, Chaddock) reports Tuesday's School Safety Conference, "unlike comparable panels after the Columbine High School shootings in 1999," did not "include curbing access to guns. Instead," the conference "focused on the human face of the solution: getting 'stakeholders' -- students, school officials, parents, and police -- working together, practicing school crisis plans as regularly as fire drills, and, most critically, identifying students who need help before they pick up a gun." And "gun-control advocates say they were shut out of the conference." But "school-safety experts say that experience with threat assessment is beginning to pay off." Meanwhile, "finding the money to pay for all the upgrades needed to keep schools safer is a challenge."

13 Montgomery County Schools Locked Down Over Boy's False Claim. The Washington Post (10/12, B1, Aratani, Shaver) reports, "A 12-year-old boy's false claim yesterday that an armed man approached him at a bus stop and threatened violence at a school prompted officials to lock the doors and heighten security at 13 campuses in northwestern Montgomery County," Maryland.

The Washington Times (10/12, Emerling) reports, "The student told the bus driver about the incident and the driver radioed school officials, who notified police, Montgomery County police spokeswoman Lucille Baur said."

FBI Analyzing Colorado School Shooter's Suicide Letter. The AP (10/12) reports, "Investigators said Wednesday that seven search warrants have been issued and the gunman's suicide letter sent to the FBI for analysis as they try to determine why Duane Morrison invaded a mountain high school and killed a student two weeks ago. Authorities also announced the evidence shows that the single bullet that killed Platte Canyon High School student Emily Keyes was fired from Morrison's gun. Investigators wouldn't discuss the search warrants…or the hundreds of tips they have received, pieces of evidence collected or interviews conducted.

Virginia Man Arrested In Culpeper Schools Bomb Threat. The Washington Post (10/12, B6, Chandler, 748K) reports, "A 25-year-old man was arrested yesterday on suspicion of calling in a vague bomb threat that shut down every school and day-care center in Culpeper County a week ago, and police linked him to previous telephone threats against authorities and a local motel. Mark J. Robinson of Culpeper was charged with four counts of making bomb threats, two counts of threatening to kill or injure by telephone and one count of using obscene or vulgar language on the phone. … Police said they have not established a motive for the threats." The Post notes Culpeper Police Lt. Patrick Coffey "said detectives worked round the clock and were aided by the county sheriff's office, state police, the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and

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Explosives, and the Federal Communications Commission." The Culpeper Citizen (10/12) also reports on the arrest, noting, "Police received the school bomb threat at 11:31 p.m. Wednesday Oct. 4. Because the threat did not specify a particular school, all schools were closed the following day while six local, state and FBI agencies searched each school."

Former New Jersey Mayor Sentenced To 43 Months In Prison. The Newark Star-Ledger (10/12, Martin) reports, "Raymond O'Grady, the former Middletown Township mayor who bragged to undercover FBI agents that he could 'smell a cop a mile away' was sentenced yesterday to 43 months in prison for taking bribes. The punishment, handed down by U.S. District Judge William Martini in Newark, was far less than the term sought by prosecutors but was still longer than nearly any sentence for a New Jersey public official convicted of graft in recent years." The Star-Ledger notes, "The judge said that despite receiving letters of praise from O'Grady's supporters, he felt all he knew about the man was the portrait that emerged during hours of secret FBI surveillance taping. … During the trial and again yesterday," defense lawyer Kevin Roe "suggested O'Grady was framed by overeager agents and one of their cooperating witnesses, former county bridges superintendent Anthony Palughi. The judge, however, said such an argument was an insult to his intelligence. He called the tapes 'damning' and the evidence overwhelming."

The New York Times (10/12, Smothers, 1.21M) reports that O'Grady "is the only one of nearly two dozen public officials and contractors caught up in the F.B.I. sting who has been tried. Most have pleaded guilty to corruption charges. But a jury took just three hours in June to find him guilty of all five counts of soliciting and accepting $8,000 in bribes from undercover agents posing as contractors seeking government work. At the time, he was on the town council and was in charge of the county's motor pool. The investigation, called Operation Bid Rig, laid bare what the United States attorney, Christopher J. Christie, said was 'a shocking eagerness and ease' by officials 'to trade contracts for cash or even to be involved in money laundering.'" The Times notes that Roe "said his client continued to maintain his innocence and would appeal both the guilty verdict and the sentence."

Menendez Denies Kean Claim Of Corruption Probe Subpoena. In a widely-distributed story, the AP (10/12, de la Cruz) reports, "Democratic Sen. Robert Menendez told The Associated Press Wednesday that he has not been subpoenaed in any federal investigation, a claim Republican opponent Tom Kean Jr. continued to maintain. 'There is a subpoena that has his name on it that was issued by an impaneled grand jury and delivered by the FBI,' Kean said during an interview with the AP. 'That's a fact.' In a separate interview with the AP later Wednesday, Menendez denied Kean's claim. No federal agency has publicly said Menendez has been subpoenaed, and a Menendez campaign spokesman said Kean has no proof to make such a serious accusation. … He added that he was not surprised by Kean's continual 'one-trick pony act' of portraying the longtime Hudson County politician as corrupt. Menendez has never been charged with any wrongdoing."

High Court Considers Whether Victim Buttons Deprive Defendant Of Fair Trial. The Los Angeles Times (10/11, Savage, 918K) reported on its web site that the Supreme Court heard arguments yesterday on whether the family of a murdered man wearing small, button-sized photos of the man in the courtroom violates the defendant's right to a fair trial. The Times reports that "while several justices said they thought trial judges should ban spectators from displaying photos, badges or messages in the courtroom, most of them also said they were reluctant to reverse a murder conviction for that reason alone." Justice David H. Souter "questioned whether courtroom spectators could wear badges calling on the jury to 'hang' the accused. Others noted that family members sometimes can be heard sobbing in the courtroom and those expressions of emotion have not been seen as depriving the defendant of a fair trial."

USA Today (10/12, Biskupic, 2.27M) reports that the Justices "appeared divided" over the question. "'I think they're probably a problem,' Justice Stephen Breyer said of such buttons, suggesting at one point that judges should simply say, 'No buttons (in court). No banners. No petitions. No posters.' Justice David Souter also raised concerns that such buttons could improperly prejudiced jurors. However, Chief Justice John Roberts suggested that buttons -- such as those worn by the victim's relatives in the California case that was before the justices -- could be no more influential than relatives who sit in a prominent place behind prosecutors. Justice Antonin Scalia, also seeming unconcerned, likened

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such buttons to 'tank shirts,' 'beanie hats' and other items that could break a court's decorum but not necessarily sway a jury."

In its "Full Court Press" column, the Washington Post (10/12, A4, Lane, 748K) reports, "Several members of the court also seemed troubled by the potential harm that such displays could cause in court. But, given the lack of a clearly applicable Supreme Court precedent, few seemed to think that [Matthew] Musladin's conviction should have been overturned. David W. Fermino, Musladin's attorney, argued that the 9th Circuit ruling fit a framework outlined by the Marshall opinion and others, including a 1976 case in which the court said the government may not ordinarily require a defendant to appear in prison garb during trial. … But Justice Ruth Bader Ginsburg noted that the cases Fermino cited involved government rules, rather than the conduct of private citizen spectators. Fermino's argument, she observed, 'certainly goes beyond where our precedent left off.' Justice Antonin Scalia said that 'there is a First Amendment problem when you're dealing with people other than the prosecution.'"

The New York Times (10/12, Greenhouse, 1.21M) reports that the High Court will not answer the question of whether the defendant's right to a fair trial was violated by the buttons. Rather, "the case turns on whether the federal appeals court in San Francisco had the authority to order a new trial for the defendant, who was convicted after the state court trial judge refused to tell the family of the victim, Tom Studer, to remove the buttons." The Times adds, "The case is therefore a potentially important test of the relationship between the federal and state courts, as redefined by a 10-year-old federal law that greatly restricted the federal courts' ability to set aside state convictions through writs of habeas corpus. The real question is how one of the most important limitations in that law actually works."

Trial Of Vegas-Brawling Hells Angels Ends In Plea Deal. The AP (10/12, Ritter) reports, "The federal racketeering trial of 11 Hells Angels motorcycle club members came to a sudden end Wednesday after six defendants accepted plea deals to reduce charges stemming from a deadly casino brawl." The AP continues, "The men also entered plea agreements in a parallel state criminal case, sparing them the possibility of life in prison if they had been convicted. Under the deals with federal and state prosecutors, they likely will face no more than 2{ years in prison." The AP adds, "All federal charges were to be dropped against the remaining five federal defendants. The judge said he also would dismiss the federal cases against the 31 other Hells Angles members charged in the brawl. … The collapse of the federal case came after two weeks of trial during which defense lawyers accused government agents and prosecutors of flagrant misconduct and withholding crucial evidence." The AP notes, "U.S. Attorney Daniel Bogden said he agreed to the plea deals because it involved 'the six most active and culpable participants' in the fighting. … The Hells Angels members brawled with rival Mongols biker gang members at a 2002 motorcycle rally in Laughlin, a Colorado River resort town some 100 miles south of Las Vegas. … Two Hells Angels and one Mongols member died and at least a dozen people were injured. Videotape images showed the rival motorcycle gang members battling with guns, knives, wrenches and chairs on the casino floor at Harrah's Laughlin hotel-casino."

House GOP Seeks Probe Of Berger Archives Affair. The New York Times/AP (10/12) reports, "Ten House Republicans called for a Congressional investigation into the improper handling of classified documents by President Bill Clinton's national security adviser, Samuel R. Berger." Berger "admitted last year that he deliberately took classified documents out of the National Archives in 2003 and destroyed some of them. After his guilty plea, he was fined $50,000." The Republican lawmakers "asked the House Government Reform Committee to determine whether any documents were missing from Clinton administration terrorism records, to review security measures for classified documents and to seek testimony from Mr. Berger."

The Washington Times (10/12, Seper, 88K) reports the Republicans "asked for an investigation and committee hearings to determine which documents were 'destroyed, removed or are missing' as a result of former National Security Adviser Samuel R. Berger's admitted theft of papers from the National Archives." Berger "pleaded guilty to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terror threats in the United States during the 2000 New Year's celebration." In his "televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's 'sustained attention' to terrorist threats and 'rigorous actions' foiled the New Year's plot." But Attorney General John Ashcroft "told the commission in 2004 that he saw some of the documents that had turned up

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missing from the Archives and that the plot was stopped with 'luck playing a major role.'"

Prosecutors Say Rove Not Behind Prosecution Of Alleged Stock Spammer. The AP (10/12, Neumeister) reports Assistant US Attorney David M. Siegal said presidential adviser Karl Rove "had nothing to do with the prosecution of a man accused of manipulating stock prices, a prosecutor says, disputing the man's claims that Rove set off probes to retaliate for a flood of spam e-mails to President Bush." Siegal said "the criminal case against Robert McAllister was started three days before the e-mails were sent in January 2005. The investigation began when a staff accountant at the Securities and Exchange Commission was told McAllister had made telephone threats against a stock promoter related to McAllister's events promotion company, Millennium National Events Inc., Siegal said." McAllister's lawyer, Gerald L. Shargel, "said last month he hoped to call Rove as a witness to support a claim that Rove 'used his power and influence at the White House to seek quick punishment of Millennium, and therefore also Robert McAllister, for daring to spam the president's personal Web site.'"

Former Crime Victim Advocate Pleads Guilty To $31 Million Investment Fraud. The Hampton Roads Virginian-Pilot (10/12, McGlone) reports, "Former crime victim advocate Lee Hope Thrasher and her British boyfriend, Howard Welsh, pleaded guilty Wednesday to defrauding investors in a $31 million scheme. Despite years professing their innocence while on the run from the FBI, the couple stood before a U.S. District Court judge and admitted that the investment plan was a fraud. Welsh, 62, a British citizen, pleaded guilty to four felonies including conspiracy to commit mail and wire fraud. He faces up to 20 years in prison. Thrasher, 52, pleaded guilty to three similar felonies and faces up to 15 years in prison." The Virginian-Pilot notes, "They have agreed to assist the government in recovering $28.5 million that was wired to banks in 13 countries. Federal agents seized $2.5 million during the investigation."

Rural Commodity Theft Costs Farmers An Estimated $1 Billion Annually. The Christian Science Monitor (10/12, Jonsson) reports on the growing problem of "rural commodity theft" in rural America. The Monitor reports, "From lush Hawaii to the Carolina plains, artichoke absconders, nut nappers, tree thieves, and even cattle rustlers are plucking, picking, hauling, and siphoning commodities from diesel to mangosteens at impressive rates. Loss is a familiar concept to a farmer. But such audacious heists have prompted many to go on the offensive to police America's wide-open spaces. … The losses from farm thefts in California, Mississippi, and South Carolina run into the hundreds of millions of dollars, according to estimates from law enforcement officers. But since only one of 10 farm crimes is reported, some say total annual losses are about $1 billion nationwide."

DOJ, FEC Officials Say Cooperation Has Increased In Recent Years. Roll Call (10/12, Murray) reports, "In September, William Scott Deloach, PBS&J's former chief financial officer, and two co-workers pleaded guilty in a Miami court to conspiracy charges in connection with a decade-long embezzlement scheme that netted the trio millions of dollars. The three admitted in court papers to bilking the company out of millions, which paid for commercial and residential property, lavish lifestyles and international gambling sprees. Along with the conspiracy charge, Deloach alone pleaded guilty to reimbursing $11,000 worth of campaign contributions in October 2004 through 'straw men,' conduit gifts in the names of others, to then-open-seat challenger Mel Martinez (R-Fla.)." While the Justice Department and the Federal Election Commission "declined to discuss potential or ongoing law enforcement cases," enhancements "inserted into BCRA and teamwork between the DOJ and the FEC have helped boost the priority of these types of cases. Officials with both agencies confirmed that cooperation has increased in recent years, a kinship that perhaps could result in a jump of combined civil and criminal penalties for two agencies long seen as at-odds."

DC Mosque Accuses Business Manager Of Embezzling $300,000. The Washington Post (10/12, B10, Markon, Boorstein) reports, "A prominent Washington mosque has sued its longtime business manager, accusing him of embezzling more than $300,000 and diverting the money to companies he owned or controlled. The Islamic Center of Washington, D.C., says in the lawsuit that Farzad Darui altered the names of payees on checks intended for legitimate vendors, primarily insurance companies, and substituted his own companies. It says the scheme began

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around 2000 and continued it until he was suspended last month." Darui "has not yet responded in court. He framed the issue as a management dispute in yesterday's Washington Times, which first reported the lawsuit."

Florida Judge Wants Video Game Demonstrated In Court. The Washington Post (10/12, D5, Musgrove) reports, "Game publisher Take-Two Interactive Software Inc. was ordered to demonstrate an upcoming video game titled 'Bully' for a judge to determine whether it violates Florida's public nuisance laws. Miami-Dade Circuit Court Judge Ronald Friedman issued the order yesterday. The move is a major coup for conservative Miami attorney Jack Thompson, known for his crusades against pornography and obscene rap music, and now the video game industry. He claims that the makers of the game have designed a 'Columbine simulator' in Bully, which follows the life of a prep school student as he navigates the social ladders of a fictional school called Bullworth Academy. … Thompson said that he and the judge plan to watch the game played in its entirety, no matter how long that takes."

Brooklyn Prosecutors Reach Deal In Corruption Case. The New York Times (10/12, Brick) reports, "Nearly four years into a broad inquiry seeking to expose the sale of judgeships in Brooklyn, prosecutors have agreed to dismiss all charges against the longtime executive director of the county's Democratic Party, Jeffrey C. Feldman, in exchange for his cooperation. The deal, announced yesterday at a brief hearing in State Supreme Court in Brooklyn, cost prosecutors the second highest ranking target they have identified. But it gained them the most highly placed witness they have named. So far, the investigation has produced guilty pleas by minor figures in a judicial bribery case and the conviction and resignation of Clarence Norman Jr., a 12-term assemblyman, deputy speaker and chairman of the biggest county Democratic organization east of Chicago." The Times notes, "Evidence from a case in which a judge who oversaw divorce cases was charged with bribery led the Brooklyn district attorney's office to begin a broader investigation in April 2003 into corruption in the process of nominating judges. Mr. Norman has been convicted in two corruption cases and acquitted in a third. In the last pending case, he has been charged with pressing judicial candidates to hire certain election consultants to win favor with the party. Until yesterday, Mr. Feldman was a co-defendant in that case."

Court Loosens Britain's Strict Libel Law. The Wall Street Journal (10/12, B1, Patrick) reports that Britain's top court, the Law Lords, "yesterday provided media organizations with much stronger protection against libel suits if they can show their stories serve the public interest. The Lords made the unanimous decision in upholding an appeal by The Wall Street Journal Europe. They overturned a lower court's decision that had found a 2002 Journal story libelous. In dismissing the case, the Lords ruled that the Journal's story was in the public interest and was reported in a serious and responsible way." The Journal adds, "The new ruling brings United Kingdom law closer to the protections US media are afforded under the First Amendment of the US Constitution."

The New York Times (10/12, Lyall) calls the ruling "a huge shift in British law" which "significantly improves journalists' chances of winning libel cases in a court system that until now has been stacked against them." The case "concerned an article published on Feb. 6, 2002, in The Wall Street Journal and in its European edition, The Wall Street Journal Europe, which has a daily circulation of 18,000 in Britain. The article said that at the request of the United States, Saudi Arabia was monitoring bank accounts of prominent Saudi businesses and individuals to trace whether they were being used, possibly unwittingly, to siphon money to terrorist groups. One of the businesses mentioned, Abdul Latif Jameel Company Ltd., sued the newspaper, as did Muhammed Abdul Latif Jameel, its general manager and president."

WSJournal Praises Ruling In Libel Case. The Wall Street Journal (10/12, 2.03M) editorializes, "With murders and court defeats, the free press has endured a rough couple of years. So we're happy to report a landmark libel case victory in Britain's highest court yesterday -- a verdict that will assist the cause of brave and honest reporting in much of the world. The five Law Lords' unanimous ruling in Jameel v. The Wall Street Journal Europe sets a new standard for libel trials in Britain, until now arguably the most plaintiff-friendly jurisdiction in the free world. Henceforth the press will be able to defend against libel suits by arguing that articles are in the 'public interest' and were the product of serious and responsible journalism. … The ruling should echo throughout the British Commonwealth, including in Australia, Canada, Hong Kong and -- dare we hope? -- Singapore.

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While Commonwealth countries now mostly have their own courts of final appeal, they still look to the Law Lords for guidance in interpreting the common law. Thanks to their Lordships, the world just got a little freer."

Two US Pilots Faulted In Midair Collision Over Brazil. The Washington Post (10/12, A20, Reel) reports, "Two American pilots are embroiled in controversy in Brazil as authorities try to determine if they accidentally caused a midair airplane collision two weeks ago over the Amazon rain forest, killing 154 passengers aboard a commercial jetliner. The Americans were piloting a small executive jet being flown from its manufacturer in Brazil to its new owner in New Jersey when their plane hit a Gol Airlines Boeing 737-800 flying in the opposite direction. The pilots of the small plane, which carried seven people, landed safely at a military base about 120 miles from the point of impact, but the commercial airliner crashed into the dense jungle below, leaving no survivors. … A spokeswoman for the Mato Grosso state police department, which has been investigating the crash, on Tuesday told the Associated Press that the American pilots had been instructed to fly at 36,000 feet at the time of the crash, according to the executive jet's flight plan. The airspace where the collision occurred -- at 37,000 feet -- had been reserved for the commercial jetliner, she said."

Man Sentenced To 50 Years To Life For Molesting Relative On Videotape. The Los Angeles Times (10/12, Hanley) reports, "An Orange County businessman was sentenced Wednesday to serve 50 years to life for molesting a 4-year-old relative in a case that unfolded after authorities discovered a trunk full of homemade child porn movies." David S. Hwang "agreed to plead guilty to all charges under a deal proposed by Superior Court Judge Gary S. Paer. The judge said the plea will spare the girl and her family from reliving 'the nightmare' by having to testify or watch the 'despicable' videotapes Hwang made while molesting the child, and it ensures that Hwang will never be free." Prosecutors said Hwang and his wife, "who is also charged, deceived the girl's parents into letting them 'baby-sit' her to practice their parenting skills. Based on the footage, prosecutors also said the couple gave the girl 'medicine' that rendered her unconscious while being molested."

CIVIL LAW:

US Saves $2 Billion In Fighting Medicare Fraud. Bloomberg (10/12, Young) reports, "The Medicare program, the biggest U.S. buyer of health care, said it saved more than $2 billion by cracking down on fraud and abuse, especially cases involving drugs and medical equipment and tests." Bloomberg continues, "The health plan for Americans who are 65 and older or disabled also said it gave two contracts to Electronic Data Systems Corp. for detecting and preventing fraud. Science Applications International Corp. and Health Integrity LLC each won a Medicare contract for aiding fraud prevention." Bloomberg adds, "Medicare's efforts to prevent fraud have fallen short in the past, according to the investigative arm of Congress. The Government Accountability Office last year said Medicare overpaid for medical equipment and supplies by $900 million, or about 10 percent of its total spending, in the year ended in September 2004. .. .'Vigilance in protecting beneficiaries and taxpayers from waste, fraud and abuse is one of our top priorities in Medicare,' said Mark McClellan, the administrator for the Centers for Medicare and Medicaid Services, in a statement. … The statement from Baltimore-based Medicare didn't say in what period of time it had saved the $2 billion. Medicare spokesman Peter Ashkenaz didn't immediately return a phone call from Bloomberg News. The U.S. Justice Department has opened 63 criminal and 38 civil Medicare fraud cases since October 2005, Medicare said in the statement."

DOJ Seeks Reconsideration Of FedBizOpps Ruling. Government Computer News (10/12, Miller) reports, "The Justice Department, on behalf of the General Services Administration, asked the Federal Claims Court to reconsider two parts of its recent decision that found GSA erred in its awarding of the contract for FedBizOpps.gov." GCN continues, "According to the redacted motion filed by the government, Justice is asking the court to revisit the order to bring in a new source selection authority, and the judge's conclusion that GSA incorrectly calculated the bid from the winning vendor, Symplicity Corp. of Arlington, Va. GSA awarded Symplicity a $17.4 million contract that includes three base years and five one-year options in December after re-evaluating bids following a first protest by Development Infostructure (Devis) Corp. of Arlington, Va., and Information Sciences Corp. of Silver Spring, Md." GCN adds, "ISC, which

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is the subcontractor to Science Applications International Corp., currently supports FedBizOpps.gov. .. . 'First, the court's conclusions with respect to the 'independent judgement' of the source selection authority in considering Symplicity's proposal do not completely reflect the record of evidence,' U.S. attorneys wrote. 'Moreover, injunctive relief should be limited to returning the procurement to the existing [source selection authority], given the absence of any allegations—let along evidence—of bad faith, bias or any other basis to disqualify the SSA ...' … The court in September found in favor of Devis and ISC in their second protest and ordered GSA to appoint a new source selection authority and re-evaluate the bids. This contract has been going on since June 2005."

Reynolds To Stop Marketing Flavored Cigarettes In US. The Wall Street Journal (10/12, B2, Berk) reports that R.J. Reynolds Tobacco Co. has agreed to ban certain types of flavored cigarettes in the US, "ending a practice some critics say was used to lure teens to start smoking. Under a deal with attorneys general from 40 states, Reynolds, a unit of Winston-Salem, N.C.-based Reynolds American Inc. that makes Kool, Salem and Camel brands, will no longer market cigarettes such as Mandarin Mint Camel Exotic Blends, Midnight Berry Kool Smooth Fusions or any others that use a fruit, candy or alcoholic beverage in its name. … The agreement followed an investigation that began last year after several states raised concerns that the products violated a 1998 settlement with the largest tobacco companies that prohibited marketing of tobacco products to youths."

CIVIL RIGHTS:

States Loosen Rules On Felon Voting Rights. The New York Times (10/12, Eckholm) reports, "Legislatures in 16 states have loosened voting restrictions on felons over the last decade, according to a new report, a trend hailed by some rights advocates as a step toward democratic principles and fairness, especially for black Americans." The Times continues, "Because of their high incarceration rate, blacks are most affected by the voting bans that vary widely among the states, with many barring current inmates and parolees from voting until they have fulfilled their sentences, and some barring felons for life." The Times adds, "In recent years, Iowa, Nebraska and New Mexico have repealed their lifetime bans on voting by people who have been convicted of felonies, and several other states made it easier for freed prisoners or those on probation to vote, according to the report, issued yesterday by the Sentencing Project, a liberal advocacy group in Washington. .. .The recent changes have restored voting rights to more than 600,000 individuals, the report said. But because the country's prison population has continued to rise, a record number of Americans, 5.3 million, are still denied the vote because of criminal records, it concluded. … But some conservatives remain philosophically opposed to any wholesale loosening of voting restrictions. 'If you're not willing to follow the law, then you shouldn't claim the right to make the law for someone else,' said Roger Clegg, president of the Center for Equal Opportunity, a conservative advocacy group in Washington. … Mr. Clegg, who was a senior Justice Department official in the Reagan and first Bush administrations, said that those convicted of felonies should be given the vote only case by case, when they have proved to be constructive members of society."

Manassas Surprised At HUD's Referral Of Housing Case To DOJ. The Washington Post (10/12, PW01, Miroff) reports, "Manassas officials have blasted a Department of Housing and Urban Development decision to turn over an inquiry of discrimination in the city to the Justice Department -- calling the move 'incomprehensible' and challenging claims by the housing agency that it had made a good-faith attempt to settle complaints by Hispanic residents and civil rights organizations." The Post continues, "HUD officials notified Manassas last week that the investigation had been forwarded to Justice, which will take over the inquiry into whether the city violated the Fair Housing Act with zoning enforcement efforts such as an anonymous 'anti-crowding hotline' and a short-lived ordinance that sought to limit the number of extended relatives who could share a dwelling." The Post adds, "Attempts to reconcile the 11 outstanding discrimination complaints against the city 'failed,' HUD determined. … The Justice Department will now review HUD's findings and decide whether to bring charges against the city -- an announcement that caught Manassas officials 'flatfooted,' said City Manager Lawrence D. Hughes. … 'We were completely surprised,' said Hughes. 'HUD never attempted to mediate the complaints, despite the city's repeated requests that it do so.'" The Post notes, "The gulf

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between HUD and the city has widened in recent weeks. First, city staff complained that a shifting cast of HUD officials, including seven investigators from four offices, went over similar territory and asked similar questions, burdening city staff. Then the came the announcement that HUD had referred its findings to the Justice Department, which further irked the city because it learned about the decision through The Washington Post. … But HUD said it informed Manassas of its decision through letters and phone calls that were unanswered, according to Bryan Greene, deputy assistant secretary in HUD's Office of Fair Housing and Equal Opportunity."

Three Brooklyn Men Charged With Hate Crime. The New York Times (10/12, Baker) reports, "Three Brooklyn men were charged with hate crimes yesterday in connection with an attack on a man who was lured to a desolate meeting place Sunday night, robbed and forced onto the Belt Parkway, where he was struck by a car and critically injured, the police said. The victim, Michael J. Sandy, 28, of Brooklyn, was still in a coma yesterday, relatives said. The attack is being treated as a hate crime because investigators believe the assailants singled out Mr. Sandy for being gay and arranged over the Internet to meet him at a place often visited by gay men."

Black Employees' Foundation Launches Suit Against Library Of Congress. Roll Call (10/12, Brotherton) reports, "Members of a nonprofit foundation designed to assist black employees at the Library of Congress filed a class-action lawsuit against the agency last week, claiming officials have failed to recognize the organization and discriminated against employees who joined it. Officers of the Howard R.L. Cook and Tommy Shaw Foundation for Black Employees of the Library Inc. allege that by not recognizing the foundation as an employee organization, the Library has denied black employees the right to address racial discrimination in the work force through legal means. … In the lawsuit, the plaintiffs are asking that the court declare the Library's actions 'illegal and discriminatory,' as well as award the foundation $75 million for 'the Defendant's illegal actions preventing the Foundation from having open access to financial assistance from its members.'" Roll Call notes, "Lead plaintiff David Hubbard," a "foundation officer, said repeated refusals by Library officials to recognize the foundation prompted the suit, which was filed on Oct. 6 in U.S. District Court for the District of Columbia. 'All we want to do is be recognized as an organization within the Library of Congress,' Hubbard said. 'Now that we have a foundation set up to help employees, they refuse to recognize us.'"

9th Circuit Rules UPS Cannot Refuse To Consider Hearing-Impaired Drivers. The California Recorder (10/12, Pasternak) reports, "A 9th Circuit U.S. Court of Appeals panel ruled Tuesday that United Parcel Service violated the Americans with Disabilities Act by refusing to consider hearing-impaired workers for driving positions." The Recorder continues, "At issue was UPS' policy mandating that its drivers pass a government hearing test, even though the test isn't required to operate many of the company's vehicles. UPS argued its exclusion policies were designed with safety in mind. But the court said that a blanket determination of safety can't be made on the basis of disability. … 'The concept of risk, in other words, is an individual, not an aggregate, one,' Judge Marsha Berzon wrote for the unanimous court, 'albeit one calculated by averaging out overall risk: how likely is it that the individual driver will get into an accident?'" The Recorder adds, "In upholding an injunction granted by U.S. District Judge Thelton Henderson in 2004, the 9th Circuit panel ruled the plaintiffs did not have to prove they could drive 'safely' in order to have standing. Instead, they merely had to meet the other job qualifications UPS listed for the position, which they did. … That reasoning shifted the burden of proof to UPS, which had to prove the driving job mandated the strict government hearing test required by the company."

South Dakota Vote Could Change Tone Of Abortion Debate In US. The Christian Science Monitor (10/12, Paulson, 58K) reports that this November, South Dakota voters will vote on a landmark bill that could change the tone of the abortion debate in the US. The bill, which passed the legislature in March and was referred to the ballot by a petition drive, "would outlaw all abortions except to save a mother's life. While the law, if approved, will almost certainly be challenged in court, the campaign is under scrutiny by those on all sides of the national debate eager to see whether voters in a conservative, largely antiabortion state are ready to approve an all-out ban on abortion. If the ban is voted down, it will indicate even abortion opponents aren't willing to rein in all rights, and it will diminish the chances that

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other states will pass similar bans. If it's approved, observers expect other states to follow, and it's possible a court challenge could reach the Supreme Court."

Report Finds Five States Use Dogs To Control Inmates. The AP (10/12) reports, "Five U.S. state prison systems allow the use of trained attack dogs to control inmates - a practice that until now has been kept secret in American prisons - according to a Human Rights Watch report released Wednesday. … 'The entire world has seen the photo of an Abu Ghraib detainee crouched in terror before a snarling dog, but the use of attack dogs against prisoners here in the U.S. has been a well-kept secret,' said Jamie Fellner, U.S. director of Human Rights Watch. 'Longtime corrections professionals were appalled when we told them that guards in some states use dogs on prisoners.'" The AP continues, "The report, 'Cruel and Degrading: The use of dogs for cell extractions in U.S. prisons,' says policies exist in Connecticut, Delaware, Iowa, South Dakota and Utah that allow guards to use 'aggressive, unmuzzled' dogs to order inmates out of their cells when they refuse to leave. Dogs are ordered to bite prisoners if they resist. … 'Human Rights Watch knows of no other country in the world that authorizes the use of dogs to attack prisoners who will not voluntarily leave their cells,' the report said. The group does not object to the use of dogs to patrol prison grounds." The AP notes, "The report notes that in South Dakota, Utah and Delaware, dogs are rarely used in cells, if at all. In Connecticut, dogs were used in 20 cases in 2005, and in Iowa in 63 cases between March 2005 and March 2006."

ANTITRUST:

Justice Department OKs AT&T Buyout Of BellSouth. The Wall Street Journal (10/12, B4, Schatz, Hughes) reports, "The Justice Department's unconditional approval of AT&T Inc.'s $67 billion buyout of BellSouth Corp. drew criticism from consumer advocates and lawmakers, raising the possibility that the deal could face delays at the Federal Communications Commission. … The Justice Department approved AT&T's purchase of BellSouth without any conditions after determining that the combination isn't likely to hurt competition in the telecommunications industries." The Journal adds, "The clearance triggered an outcry from smaller phone-company rivals, Democrats on Capitol Hill and the FCC as well as consumer groups. Opponents of the acquisition complained that the nation's top antitrust regulator had abdicated its responsibility to scrutinize whether the new company, which would control local phone lines from California to Florida, would be so big that it would lessen competition."

The Washington Post (10/12, D1, Sipress) reports that the Justice Department's approval clears the way "for the Federal Communications Commission to approve as early as this week the creation of a corporate giant that would be the country's largest provider of telephone, wireless and broadband services. But the outcome of the FCC consideration, scheduled for tomorrow morning, remains in doubt because the prospective swing vote on the five-member board has maintained since summer that he is sitting out the case to avoid a possible conflict of interest."

USA Today (10/12, Davidson) reports that Republican commissioner Robert McDowell "has said he will recuse himself from voting because he formerly worked for a group that opposed the deal. But [chairman Kevin] Martin could still ask him to vote if he deems it in the public interest to break the stalemate."

The AP (10/12, Dunbar) reports, "The decision cheered company executives but outraged consumer advocates and two members of the Federal Communications Commission. At first the FCC scheduled a vote for Thursday on whether the $78.5 billion deal should go forward, but late Wednesday the agency pulled the item from the agenda and scheduled a commission meeting for Friday for a possible vote on the deal." The AP adds, "The FCC did not say why it was delaying a vote. 'We are committed to evaluating merger applications fairly and in a manner consistent with the public interest,' agency spokesman Clyde Ensslin said in a statement. 'We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner.'" The AP adds, "Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition. … The decision was immediately criticized by FCC member Jonathan S. Adelstein, a Democrat who called it 'a reckless abandonment of DoJ's responsibility to protect competition and consumers.' … Michael Copps, the commission's other Democrat, said the 'Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen.'" The AP notes, "If the deal wins final government approval, the merger would give San Antonio-based AT&T Inc. total control over the nation's largest cellular

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provider, Cingular Wireless, a joint venture of the two companies that serves 57.3 million customers. … 'After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially,' said Assistant Attorney General Thomas O. Barnett. He heads the section that examines proposed mergers."

The Atlanta Journal-Constitution (10/12, Kempner) reports, "Nationally, an AT&T/BellSouth combination resurrects much of Ma Bell that the Justice Department helped break apart in 1984 over antitrust concerns. … Consumer advocates see a worrisome consolidation of telecommunications power, though. They criticized Justice officials for not limiting the risks and predicted the combination will hurt consumers. … 'The Justice Department has abdicated responsibility to promote the competition it promised when it broke up AT&T 20 years ago,' said Gene Kimmelman, senior vice president for Consumers Union. … 'In the end, the majority of consumers will end up paying inflated prices that result when Bell companies merge and dominate local, long distance, wireless and Internet services in their territories.'"

Bloomberg (10/12, Peterson) reports that the merger "hit a regulatory snag as the U.S. Federal Communications Commission postponed a vote on the deal scheduled for tomorrow. .. .The FCC will hold a hearing on the merger a day later on Oct. 13, the agency said today in an e-mailed statement. … The delay may signal Chairman Kevin Martin and fellow Republican Commissioner Deborah Tate need to make concessions to Democrat members Michael Copps and Jonathan Adelstein to get the deal approved. Both criticized today's backing of the purchase by the Justice Department. The fifth commissioner, Republican Robert McDowell, recused himself from the vote."

AFP (10/12) reports, "Barnett said the merger 'would likely result in cost savings and other efficiencies that should benefit consumers.'"

Bloomberg's Money And Politics 2 (10/11, 9:23 p.m.) reported, "A big deal in the telecom industry clearing another regulatory hurdle. The U.S. Justice department approving AT&T's purchase of BellSouth. The FCC tentatively set to vote tomorrow, though that schedule may be slipping. Lizzie O'Leary has been following the story. She joins me now in the studio with the details." Bloomberg's Lizzie said, "This approval by the Justice Department helps cement ATT's position as the largest U.S. Phone company. And it came without any conditions, like divestiture or judicial review, and that could actually jeopardize the scheduled F.C.C. vote tomorrow. The Justice Department approved the purchase, saying the deal isn't likely to substantially reduce competition. Though some analysts still called this a humpty dumpty deal that puts together pieces of the old ma Bell Company. They know that the telecom market is substantially different today with the growth of cable, wireless, voice over I.P. Providers, all which gives the new AT&T competition." Paul Glenchur from Stanford Washington Research said, "Is the old AT&T to a great extent being put back together? I guess the answer to that is yes. But the nature of the business has changed so much that the impact of that is not what it was 20 years ago." Lizzie added, "Still, market factors may not be enough for the two democratic F.C.C. Commissioners to vote for the deal tomorrow. They released statements calling the Justice Department's decision not to impose antitrust conditions or judicial review reckless and an abdication." Andrew Lipman from Bingham McCutchen said, "Yeah, this certainly does involve competitive concerns. And particularly the two democratic F.C.C. Commissioners, Michael Copps and Jonathan Adelstein, will likely be focusing on pro-competitive safeguards and conditions to impose on this merger." Lizzie also said, "Now, analysts tell me that any F.C.C. moves on the deal could be delayed by hours or even weeks. The Democrats look likely to seek some tougher conditions on the merger. And I think you can probably expect horse trading at the F.C.C. right now, even possibly into the night."

The U.S. Justice Department decision to give its seal of approval to the AT&T-BellSouth merger received moderate coverage by local television networks. Many newscasts noted that the DoJ approved the deal without imposing any conditions. They also echoed critics' argument that the merger would create a monopoly. Some examples: KOMO-TV SEATTLE, (10/11, 11:44 a.m.) reported, "Two big names in communication are about to merge. AT&T is buying out BellSouth for about $78 billion, and earlier today the Justice Department gave its seal of approval to the deal. The merger would create the largest telecommunications company with both the largest landline and wireless networks in the U.S. The federal communications commission will vote tomorrow on the merger. Critics say it could create a monopoly."

KSAT-TV San Antonio, (10/11, 12:05 p.m.) reported, "A major merger has been approved today by the U.S. Justice Department. It approves San Antonio based AT&T buyout of BellSouth. The deal worth 78 and a half billion dollars was

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approved despite what critics say is a growing monopoly. … The FCC vote is scheduled for tomorrow morning, still unclear how the group will vote."

KDLH-TV Duluth, (10/11, 10:01 p.m.) reported, "The AT&T-BellSouth merger is one step closer to being a done deal. The Justice Department has given the deal the green light, clearing a major hurdle for the 79 billion dollar merger that would create the country's biggest provider of phone, wireless and broadband internet services."

KSDK-TV ST. Louis, (10/11, 12:43 p.m.) reported, "The Justice Department approved the purchase without imposing any conditions such as requiring the sale of some assets."

KGTV-TV San Diego, (10/11, 5:47 p.m.) reported, "The Justice Department gave its unconditional approval to AT&T's buyout of BellSouth today."

WSB-TV Atlanta, (10/11, 12:14 p.m.) reported, "Critics argue the merger would create a monopoly. … AT&T estimates about 10,000 jobs would be phased out over three years."

Merger's Effect On Cable Providers Unclear. The AP (10/12, Weber) reports, "AT&T's $78.9 billion purchase of BellSouth, approved by the Justice Department Wednesday, would better position AT&T to increase its share of big business customers by creating more of a one-stop shop for clients with far-flung operations. … But analysts question whether the deal will serve as much of a weapon in the growing battle with cable TV providers targeting consumers and small business segments. The phasing out of the BellSouth brand and the name of the two companies' wireless venture, Cingular, also poses significant challenges. … 'They are going to be dominant in a certain segment, but that's not going to make up for the weakness or the competition in other segments,' said Patrick Comack, a telecom analyst in Miami." The AP notes, "Cable companies are likely to increase their effort to siphon local and long-distance telephone customers and Internet customers away from traditional telephone companies like AT&T. The cable companies also have an advantage with such customers because of the providers' in-house television and video-on-demand offerings."

FTC Takes Real Estate Law Enforcement Actions. Inman News (10/12) reports, "The Federal Trade Commission today announced a 'real estate competition sweep' that includes seven law enforcement actions." Inman continues, "Jeff Schmidt, director of the FTC's Competition Bureau, will discuss the actions during a Thursday press conference, according to an announcement at the agency's Web site. The event will be held at the agency's Washington, D.C., headquarters." Inman adds, "The announcement does not specify what types of actions the FTC is taking. Over the past few months, several multiple listing services have announced FTC investigations over MLS restrictions on some types of property listings. And earlier this year the National Association of Realtors announced 14 separate investigations focusing on MLS rules that prevent some property listings from reaching some Web sites. … Several MLSs have changed those policies and announced resolution with the FTC while one MLS, RealComp II Ltd. in Michigan, has announced it is prepared to fight the FTC to keep its policies in place. Also, the FTC -- sometimes acting independently and sometimes with the support of the U.S. Department of Justice -- has opposed some Realtor-backed state measures that seek to set minimum service requirements for real estate licensees." Inman notes, "The Justice Department is engaged in antitrust litigation against the National Association of Realtors over the trade group's policies for the online sharing and display of property listings information, and that agency has also taken action against states that impose restrictions on the ability of real estate companies to offer rebates to consumers. … Schmidt will discuss the series of FTC law enforcement actions and 'put them in the context of previous real estate-related enforcement actions,' according to the agency's announcement."

Healthways To Purchase Axia Health For $450 Million. The AP (10/12) reports, "Healthways Inc., a provider of diabetes treatment programs for health plans and hospitals, said Wednesday it agreed to purchase Axia Health Management LLC, a provider of preventive health and wellness programs, for $450 million." The AP continues, "The acquisition, which is forecast to add to Healthways' financial results for fiscal 2007, is expected to close before the end of the calendar year, subject to antitrust clearance and other closing conditions. … The transaction will be financed through a combination of cash on hand and committed bank debt." The AP adds, "Healthways first expanded into health support services in 2005, with its acquisition of myhealthIQ, a wellness program that identifies individual health risk factors through an onsite wellness exam, including a full biometric screening with blood draw, and provides each participant

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with a standardized health risk score. … In addition to services for the commercial market, Axia offers Healthways new products for government and government-sponsored health plans. Axia's cornerstone product, the SilverSneakers Fitness Program, provides an approach to physical activity for nearly three million Medicare-eligible members in 42 states and is available at more than 2,100 fitness centers and class sites."

Justice Department Looking Into How Private Equity Firms' Conduct Their Bidding. The Wall Street Journal (10/12, C1, Koppel) reports that in the wake of new that the Justice Department is looking into how private-equity firms conduct their bidding for control of public companies, many lawyers are now questioning when an alliance that is legal crosses the line to become illegal collusion. The Journal adds, "The private-equity inquiry, run by the Justice Department's antitrust unit in New York, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Private-equity firms generally are pools of capital collected usually from wealthy investors and institutions, and used to bid for control of companies. People familiar with the matter say the Justice Department has asked relatively generic questions of a few private-equity firms about how they bid for control of the companies they pursue. Regulators could have questions about whether private-equity firms' practices when they team up to make bids to take companies private cross the antitrust-law line."

Intel Accused Of Patent Infringement. The Wall Street Journal (10/12, A8, Clark) reports, "Transmeta Corp. sued Intel Corp., alleging that some of Intel's most popular chips violate ten Transmeta patents." Transmeta "says Intel's Pentium III, Pentium 4, Pentium M, Core and Core 2 lines of microprocessor chips infringe patents on feature that include controlling power consumption in computers. Without specifying dollar figures, Transmeta said it will seek triple the damages it has suffered and an injunction against sale of the Intel products, which Transmeta Chief Executive Arthur Swift estimated had accounted for more than $100 billion in cumulative revenues over the years. An Intel spokesman declined comment until the company has had a chance to review the complaint."

Legg Mason's Earnings Fall For Third Straight Quarter Since Citigroup Purchase. The Washington Post/Bloomberg (10/12, D4, Bhaktavatsalam) reports, "Legg Mason Inc.'s stock price tumbled 17 percent, the most ever, after it said that earnings fell short of analysts' estimates for the third straight quarter since its $3.7 billion takeover of Citigroup Inc.'s fund unit. … Shares of Legg Mason fell $18.16, to $87.15, the biggest drop since the Baltimore company went public in 1983. The stock price is down 36 percent since reaching $136.40 on Feb. 23, wiping out more than $6 billion in shareholder value."

Bidders Increase Offer For Harrah's. The Wall Street Journal (10/12, C4, Sanders) reports, "Private-equity bidders sweetened their offer for casino operator Harrah's Entertainment Inc., but the new bid of $83.50 a share may not be rich enough to clinch a deal, said people familiar with the matter. Earlier this week, the Las Vegas-based company's board rejected an initial $15.1 billion buyout offer from private-equity firms Apollo Management and Texas Pacific Group. The company then received an updated offer of $83.50 a share in cash, or roughly $15.5 billion, from the two firms. People familiar with the situation and industry observers still think the offer needs to reach $85 a share or more, 28% higher than Harrah's closing price of $66.43 on the Friday before the talks were announced. Officials from Harrah's, Texas Pacific and Apollo declined to comment."

MAN Seeks To Buy 5% Stake In Scania. The Wall Street Journal (10/12, A8, Singer) reports that German truck maker MAN AG "tried to buy a stake of at least 5% in Scania AB of Sweden in the market, in a move that would give MAN more influence over takeover talks with Scania. … The move is a test by MAN to see how Scania shareholders react to an offer of a price higher than its existing takeover bid, which was rejected by Scania's board and its two main shareholders, Volkswagen AG and Swedish holding company Investor AB. The two shareholders control about two-thirds of Scania's shareholder votes. It's also the latest of a series of moves that have pitted several of Europe's largest industrial companies against one another. MAN's bid for Scania is an effort to form the heavy-vehicle maker with the largest market share in Europe, and the world's third-largest after Volvo AB and DaimlerChrysler AG."

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ENVIRONMENT:

Attorney In BP Case Ordered To Turn Over Evidence. The Houston Chronicle (10/12, Belli) reports, "Suggesting that the criminal probe into BP is gaining momentum, federal prosecutors this week issued a wide-ranging subpoena to a lawyer representing a woman whose parents died in the 2005 blast at the company's Texas City refinery, the lawyer said today." The Chronicle continues, "Brent Coon of Beaumont said the U.S. attorney's office in Houston has ordered him to turn over all of the evidence he has gathered so far — dozens of depositions and hundreds of thousands of documents — in preparation for a November trial in state court. … 'We have been subpoenaed to turn over all of our underlying documents,' he said." The Chronicle adds, "Included in those, he added, are the applications and other documents related to permits BP received from the Texas Commision on Environmental Quality to operate the equipment that ultimately exploded, killing 15 and injuring scores more. .. .Coon has said that those documents contain evidence that BP misled the state agency in order to win permits to operate the blowdown drum and vent stack associated with the refinery's isomerization unit. .. .A spokesman with the U.S. attorney's office here declined to comment, saying the agency does not confirm or deny the existence of federal probes."

Judge Orders BP CEO To Give Deposition. The AP (10/12, Lozano) reports, "BP PLC's chief executive must give a sworn deposition in a lawsuit against the company brought by a woman whose parents were among 15 people killed in the 2005 Texas City refinery explosion, a judge ruled Wednesday." The AP continues, "State District Judge Susan Criss said John Browne must give a deposition to attorneys representing Eva Rowe, whose parents were working inside trailers that were leveled by the blast. The case, the only one involving a fatality not settled out of court, is set to go to trial Nov. 8. Rowe's attorneys are asking for $1.2 billion in damages. BP has said it has settled 950 lawsuits related to the blast. … 'We want to know what (Browne) knew about budget cuts and problems in respect to process safety management,' said Arturo Gonzalez, one of Rowe's attorneys." The AP notes, "Criss said Browne's recent media interviews and statements to BP employees indicate he has 'unique and superior' knowledge about factors that could have contributed to the explosion."

Renewable Energy Conference Kicks Off With Ethanol Criticism. The Dow Jones Newswire (10/11, Randall) reports a national renewable energy conference has "just gotten underway" in St. Louis and "already one renewable fuel is being criticized." Although "most speakers" at the government-sponsored conference will "likely have positive things to say," American Petroleum Institute President, Red Cavaney, "criticized E85 in a speech Wednesday morning, calling it costly and inefficient and urged federal and state policy-makers against using mandates to promote its use." Dow Jones says Cavaney's "swipes come just as federal and state lawmakers have touted the biofuel as a way to boost rural America."

Meanwhile, the AP (10/12, Wittenauer) reports that in an address at the conference, Agriculture Secretary Mike Johanns "said the potential for renewable fuels has never been greater and predicted the day when biomass such as wood chips, pecan shells, corn stalks, switchgrass and animal waste would replace petroleum products as America's fuel source." Johanns and Energy Secretary Samuel Bodman Wednesday also announced nearly $17.5 million in federal grants for 17 biomass research, development and demonstration projects. Bodman noted, "There are lots of fresh ideas out there, and we're excited about all of them."

In an interview with CNBC's The Squawk Box (10/11, 8:04 AM), Secretary Bodman said the Bush administration is "very committed" to developing alternative energy, and the Administration's "goal is to try to support a number of technologies" but "the markets ultimately will decide."

In an interview with the St. Louis Post-Dispatch (10/12, Tomich, 300K), Bodman said, "There is no doubt that there are plenty of incentives in place right now." But the secretary said he "would like to see automakers continue to produce more cars, trucks and SUVs capable of running on E85."

The Fort Worth Star-Telegram (10/12, Piller, 236K) says President Bush, "who kicked off much of the interest in renewable fuels when he lambasted America's 'addiction' to oil in his State of the Union address in January, will visit the two-day meeting for a luncheon speech today."

States Claiming More Control Over Energy Policy. The Wall Street Journal (10/12, A6, Smith, 2.03M) reports states are "asserting more control over their energy destinies, intervening to block or delay utility mergers that don't promise enough consumer benefit and challenging the electricity deregulation that has been fostered by the federal

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government in recent years." This "heightened state activism is especially pronounced where important pocketbook or environmental issues are at stake." State officials "are especially fearful of political fallout stemming from high electricity rates and disenchantment over the unmet promises of electric-industry deregulation."

CDC Wrapping Up Work On Pandemic Flu Plan. The AP (10/12, Marchione) reports the US Centers for Disease Control and Prevention is wrapping up work on a pandemic flu plan that will "use primitive infection-control measures to deal with a killer flu outbreak until drugs and vaccine become available." The CDC is "pitching the plan at medical meetings and aims to send it out for review by the end of the year." Meanwhile, state and local governments have "asked for unusually detailed and specific advice on such matters as closing schools and canceling public events," a CDC official said. Also this week, the CDC "awarded $5.2 million in grants related to the plan, including research on whether to recommend face masks to the public. CDC also asked the Institute of Medicine, a group of scientific advisers, to meet on these measures later this month." The AP notes that skeptics" say parts of the plan amount to wishful thinking with little evidence they would work."

Garden Mulch Called A Dangerous Threat To Wetlands. Steve Fleischli, executive director of Waterkeeper Alliance, writes in the New York Times (10/12, 1.21M), "It's been estimated that every 2.7 square miles of wetlands reduces storm surge by a foot, and yet over the last century Louisiana has stripped away 1,900 square miles of swamp, an area the size of Delaware. Evidence shows that such improper land management, reducing the cypress-tupelo swamps to a small fraction of their original grandeur, worsened flooding in New Orleans during Hurricanes Katrina and Rita. Yet at a time when the nation should be investing billions to restore the Gulf Coast's wetlands for protection against future storms, these cypress swamps continue to face many challenges, including development, saltwater flowing in and rising water levels. The most dangerous threat of all, however, may be garden mulch — the stuff that gardeners usually use to protect their plants. … Consumers need to remember that their mulch purchases may be leaving New Orleans and other coastal communities vulnerable. Every bag of cypress mulch for you could mean another sandbag for someone else."

WPost Calls Ehrlich's Environmental Record "Mixed Bag." An editorial in the Washington Post (10/12, A26, 748K) says Maryland Gov. Bob Ehrlich's record on the environment "is a mixed bag -- good on the Chesapeake Bay, poor on land conservation and so-so on air pollution. Mr. Ehrlich deserves unalloyed credit for the creative Chesapeake Bay Restoration Act of 2004. … Mr. Ehrlich's record on land conservation is more checkered." The Post adds, "Mr. Ehrlich's Democratic rival, Baltimore Mayor Martin O'Malley, must be judged more by his words than his deeds, having faced a comparatively narrow range of environmental issues. … He seems less ambivalent about protecting the state's natural resources than Mr. Ehrlich does, but there's not much of a track record by which to predict his actions in the governor's office."

States Urged To Enact Tougher Vaccine Exemptions Rules. In an editorial, the New York Times (10/12, 1.21M) writes, "States that make it easy for parents to opt out of vaccinating their children are suffering increased disease rates as a consequence, according to an article…in The Journal of the American Medical Association. The findings should be a warning to all parents and state officials who think they can let their guards down on immunizations that are needed to protect both the children and the communities in which they live." Now, "the pendulum has swung too far toward letting parents opt out. States need to work harder at educating parents about the value of vaccination and should get tougher in granting exemptions."

WPost Says Congress Should Give Agencies Tools To Respond To E. Coli Outbreaks. The Washington Post (10/12, A26, 748K) editorializes, "Last month's spinach scare has been followed by a string of recalls and warnings about produce contaminated with E. coli bacteria. … Yet government regulators and the companies that grew the produce still don't know how the bacteria got to the crops. … If regulators don't know how the E. coli contamination occurred, what can they do to make salad safe? First, Congress should provide money to increase inspection staffing at the FDA, which regulates spinach, lettuce and other produce but inspects farms and packaging plants infrequently. Next, lawmakers should require the FDA and other agencies responsible for food safety to institute a tracing system for food produced in the United States -- so that containing the next outbreak will take

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a few days, not two weeks. Congress should also consider giving the FDA the power to issue mandatory recalls of tainted produce, which would introduce a more powerful incentive for growers and packers to conform to safety standards." Congress "should focus on giving existing agencies the resources and authority they need."

NYTimes Criticizes Inhofe's Stance On Global Warming. An editorial in the New York Times (10/12, 1.21M) says, "In a recent speech in the Senate, James Inhofe of Oklahoma called himself 'the senator who has spent more time educating about the actual facts about global warming.' Too bad he is not the senator who has spent more time educating himself." The Times adds, "We do not expect Mr. Inhofe to see the light -- or feel the heat -- any time soon. He and his staff are serious collectors of opposition research. … Mr. Inhofe has buttressed himself with a small jury of scientists who argue that climate change is only natural. But he has really buttressed himself with the will to disbelieve. He accuses scientists and the media of hysteria. But if there is such a thing as a hysteria of doubt, then Mr. Inhofe is its master."

FBI/DEA/ATF/USMS:

Report Says Former ATF Director Ordered Staff To Aid Nephew's Homework. The AP (10/12, Jordan) reports former Bureau of Alcohol, Tobacco, Firearms and Explosives director Carl J. Truscott "ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules, an inquiry found Wednesday." The "nephew's project — a documentary about the ATF that took 10 months to complete — was one of a half-dozen examples of lapses in judgment" that Truscott "committed before he resigned in August, says the report by Justice Department Inspector General Glenn A. Fine." The report "found that only the high school project demonstrated mismanagement by Truscott, whose employees accused him of wasting federal funds, taking costly trips and creating a hostile work environment."

USA Today (10/12, Johnson, 2.27M) reports the audit shows Truscott "ordered lavish upgrades to the agency's new headquarters and had about 20 bureau employees help his nephew complete a high school video." Truscott's "two-year tenure…ended when he resigned in August amid questions about his spending of agency funds. The report concluded that the former director contributed to a 'drain' of manpower and funds at ATF."

The Washington Post (10/12, A25, Eggen, 748K) says the report found "a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items." Truscott, "who previously served as head of President Bush's security detail at the Secret Service, also took several trips with excessive numbers of ATF agents, including a $37,000 journey to London in September 2005 with eight other employees, according to the report." The report "also finds fault with Truscott's treatment of some female employees, saying that he ordered two female administrative staff members to prepare meals for guests on several occasions. One of the employees was allegedly required to announce, 'Lunch is served.'"

The Washington Times (10/12, Seper, 88K) says the audit shows Truscott "was responsible for costly design changes at the ATF's new Washington headquarters and ordered hundreds of thousands of dollars in unnecessary upgrades to his personal suite, a report said yesterday." The report "said Mr. Truscott immersed himself 'in details at a level that we would not expect of the director of a major law enforcement agency' shortly after his arrival at the agency in 2004 -- after construction had begun." It said "senior ATF managers took the lead in scaling back the project and canceling many upgrades requested or authorized by Mr. Truscott."

In Louisiana, Authorities Say Investigation Of Drug Network Reveals Murder Plot. The AP (10/12) reports federal and St. John the Baptist Parish law officers "interrupted an investigation of a drug network to arrest two men they learned were planning a double murder. Louis Johnson, 27, of Edgard and Trevor Jeffery, 31, of Vacherie, were charged with possession and intent to distribute crack cocaine and powdered cocaine. At a news conference Wednesday, federal authorities said agents had tapped the telephones of Johnson and Jeffery, identified as high ranking members of a drug network operating between New Orleans and Baton Rouge. One of the conversations involved the planning of the kidnapping and murder of two men they believed had robbed them."

The New Orleans Times-Picayune (10/12) reports authorities "say both men were 'high-ranking' members of a drug organization that distributed drugs between New Orleans and Baton Rouge. A search of their residences

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turned up firearms and more than 1.5 kilograms of cocaine powder and crack cocaine. … Federal authorities say they had been investigating Johnson and his cocaine distribution organization since December 2005."

Dispute Over Destroyed Plants Taken To Federal Court In New Orleans. The AP (10/11) reports a federal court in New Orleans "will hear arguments next month in a property owner's appeal of the dismissal of his lawsuit against Harrison County Sheriff George H. Payne Jr." In 2005, Marion Waltman's civil lawsuit against Payne was dismissed. Waltman "had claimed the sheriff violated his rights by destroying more than 500 kenaf plants grown as deer food. Payne said it was an honest mistake when he and other law officers destroyed what they thought were marijuana plants. … Court records show an informant reported the crop as marijuana to state narcotics agents and U.S. Drug Enforcement Administration officers."

ONDCP Director Says Administration Won't Consider Legalizing Marijuana. The Washington Times (10/12, McCaslin, 88K) reports ONDCP Director John Walters said Sunday the Administration would not "consider legalizing marijuana." Walters told C-SPAN's "Newsmakers," '"Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana." He also insisted more teens are "dependent on marijuana than all other illegal drugs combined."

ONDCP Stance On Marijuana Addiction Questioned. In the Washington Times (10/12), John McCaslin writes in "Inside the Beltway," that John Walters was quoted "saying don't hold your breath if you think the Bush administration would one day consider legalizing marijuana. 'Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana,'" Walters told C-SPAN's "Newsmakers" on Sunday, "insisting more teens are 'dependent on marijuana than all other illegal drugs combined.'" However, McCaslin notes Bruce Mirken, director of communications for the Marijuana Policy Project on Capitol Hill, says what Walters didn't mention is that "virtually all of the supposedly alarming growth in marijuana treatment admissions has been driven by arrests." According to Mirken, those arrested are pushed into treatment, and those statistics are used as "proof" that marijuana is "dangerously addictive."

Doctor To Remain In Prison Until Retrial On Drug Trafficking Charges. The Washington Post (10/12, B10, Markon) reports, "Former Northern Virginia pain-management doctor William E. Hurwitz, whose conviction on drug-trafficking charges was overturned, will not be released from prison until his retrial, a federal judge ruled yesterday. U.S. District Judge Leonard D. Wexler said he was concerned that Hurwitz might flee after a federal jury in Alexandria convicted him in 2004 of running a drug conspiracy out of his McLean office and trafficking in narcotics." The Post adds, "The case has generated strong emotions, with Hurwitz becoming a symbol in a nationwide debate over whether licensed doctors who prescribe legal medication to patients in chronic pain should be prosecuted if their patients abuse or sell the drugs."

Report: US Cuts Aid In Colombia Region Where Cocaine Production Surges. The AP (10/11) reports the U.S. "is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade. In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia. … The alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state _ a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years." The AP story was used by CBS News, the New York Times, Washington Post, Los Angeles Times, Forbes, Houston Chronicle, and the UK's Guardian.

Prince George's County Offers Reward In Arson Cases. The Washington Post (10/12, B1, Partlow) reports that Prince George's County fire officials yesterday announced a $15,000 reward for information leading to the arrest and conviction of those responsible for a string of unsolved arsons. They also "launched an investigative team to focus on the cases, in partnership with the Maryland state

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fire marshal and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." Between March 2004 and a house fire Saturday, "there have been 12 arsons in the neighborhood, including nine along Livingston Road, fire officials said. There have been seven this year. Investigators have linked the arsons because they are in the same small area and involved unoccupied structures with some connection to construction."

Idaho Town Recommends Firearm Ownership. The New York Times (10/12, Yardley, 1.21M) reports the "proposed language for Section 2, Chapter 6, Subsection 2 of the Greenleaf City Code" reads, "Heads of households to maintain firearms." The proposal says, "In order to provide for the emergency management of the city, and further in order to provide for and protect the safety, security and general welfare of the city and its inhabitants, it is recommended that every head of household residing in the city limits maintain a firearm, together with ammunition therefore, and obtain appropriate training relating to proper, safe and lawful handling of firearms." The Times adds, "News of the proposal spread quickly, bringing that rush of humanity even sooner than expected, if only in search of amusement. Jay Leno, the late-night comedian, needled Greenleaf in his monologue two nights in September. Journalists from Italy sought interviews. Jon Stewart? His people called, too."

IMMIGRATION:

Bush Reaffirms Commitment To Constructing Border Fence. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "President Bush said once again today that he is committed to building both a real and virtual fence on the U.S. southern border with Mexico." The President "challenged critics who said he is not truly committed to building this fence, but he also said a border fence is not the real answer to this nation's illegal immigration crisis."

McClatchy (10/12, Montgomery) says Bush "expressed strong support for the multi-state fence approved by Congress late last month as well as an accompanying 'virtual wall' of high-tech gadgetry such as sensors, cameras, radar and unmanned surveillance aircraft." Said Busj, "We're going to do both. … You can't fence the entire border. But...you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce the border."

The Washington Times (10/12, Dinan, Curl, 88K) reports Bush has "promised to sign the Secure Fence Act, which Congress passed last month and which authorizes 698 miles of wall along the border. That bill passed 283-138 in the House and 80-19 in the Senate. As of Tuesday, the bill had not been transmitted to the White House for the president to sign, and groups that advocate for rights for illegal aliens are urging Mr. Bush to veto it." Yesterday, "the Catholic Church joined that call in a letter from Bishop William Skylstad, president of the US Conference of Catholic Bishops." Bush's "pledge of support for the fence bill drew praise from House Speaker J. Dennis Hastert, Illinois Republican, who said illegal immigration is 'a clear threat to our safety.'"

CONGRESS-ADMINISTRATION:

Bush Credits Republican Policies For Drop In Budget Deficit. NBC Nightly News (10/11, story 7, 0:30, Williams, 9.87M) reported, "The Federal Government released its official budget figures for the fiscal year just ended and the good news is the deficit fell to its lowest point in four years. It is also the bad news, $248 billion. Higher tax receipts from corporations and individuals helped the bottom line this year. The problem is next year the deficit is expected to rise again and long-term the budget will be strained by the retirement of those 78 million American baby boomers."

The Washington Times (10/12, Dinan, 88K) reports President Bush "claimed victory on his promise to cut the 2004 budget deficit in half, announcing he has reached that goal three years ahead of his self-imposed 2009 deadline." The AP (10/12, Riechmann) says Bush pointed to the new estimates yesterday, "claiming Republicans are better stewards of the economy than are Democrats." Bush "boasted he had made good on a 2004 campaign promise to cut the deficit in half over five years. 'These budget numbers are proof that pro-growth economic policies work,' Bush said." Democrats, meanwhile, "said the improvement in the 2006 federal deficit was a temporary blip. They predicted rising deficits for years to come unless policies are changed. 'Only a president with such a historically bad economic record would be this excited about a $248 billion deficit,' said Rep. Carolyn Maloney, D-N.Y. 'Under his watch...record

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surpluses turned into record deficits as far as the eye can see.'"

The New York Times (10/12, Rutenberg, 1.21M) says "the new data provided an opportunity to direct attention to positive economic news — and away from news reports about the Mark Foley scandal involving Congressional pages, casualties in Iraq and declining Republican electoral prospects in November." Administration "officials said there was no disputing that they had hit the target deficit of less than $260 billion, three years early." Officials "have complained in recent weeks that they have been unable to draw attention to their arguments on the economy even though gasoline prices have dropped." Bush "used the occasion of the deficit announcement to pivot against the Democrats, saying that if they were to win control of Congress they would end his tax cuts and economic growth along with them. 'Democrats will raise taxes,' he said. 'Now, I know they say only on rich people, but that's in my judgment -- having been around here long enough to know -- it's just code word: They're going to raise them on whoever they can raise them on.'"

The Los Angeles Times (10/12, Hennessy-Fiske, 918K) reports, "At two separate briefings, Bush used the news as an opportunity to reassure voters less than a month before midterm congressional elections that the economy was still in good shape, with more new jobs and investment leading to greater tax revenue." Bush "said 'pro-growth policies' that congressional Democrats had resisted had helped him deliver on a 2004 campaign promise to halve the deficit, and three years ahead of schedule." The Administration "has drawn criticism for its deficit projections, and Democrats cried foul again Wednesday. They said the deficit reduction was exaggerated because Bush's 2004 figure was a projection later reduced by $100 billion, meaning the deficit actually shrank 39% from 2004 to 2006." The Senate Budget Committee's ranking Democrat, Kent Conrad, said, "Cutting the deficit in half from an intentionally inflated high point is a misleading goal and certainly no measure of success." Conrad "added that the president also failed to note that he was tapping Social Security revenue to help cover the deficit through off-budget borrowing. Accounting for that, Conrad said, would have added $550 billion to the deficit last fiscal year, money that will have to be repaid as 78 million baby boomers become eligible for Social Security." The Times adds, "Douglas Holtz-Eakin, former director of the Congressional Budget Office under Bush, now with the Council on Foreign Relations, said: 'It's tempting to say tax cuts then, good payoff now. But…the tax cuts' effect is more complicated.'" He said "extending the tax cuts wouldn't produce the huge increases in corporate profit and tax revenue seen last year because he expected overall economic growth to slow to 2.6%"

USA Today (10/12, Wolf, 2.27M) reports, "The significance of the reduced deficit is a matter of debate: The new deficit figure is less than half of the projected $521 billion deficit that Bush faced in February 2004, when he pledged to cut it in half by 2009. Although several private forecasters had similar projections, the actual 2004 deficit came in at $413 billion." Also, "the $248 billion deficit is a far cry from the $236 billion surplus that existed when Bush was elected in 2000. Republicans note, however, that the economy already was in recession when Bush took office. Today's deficit is just 1.9% of the economy, says White House budget director Rob Portman — smaller than in 18 of the past 25 years." Moreover, "looking ahead, the deficit picture gets worse as the baby boom generation retires, increasing the costs of Medicare and Social Security. Bush acknowledged as much Wednesday in urging action by Congress to tame those entitlement programs."

The Financial Times (10/12, Daniel) reports, "Some economists were sceptical that the tax cuts had generated the economic growth and pointed out that much of the recovery in tax revenues – up by $253bn in 2006 – appeared to be linked to record corporate profits. They warned that 2006 could mark a low in budget deficits before rising next year." James Horney, senior fellow at the Center on Budget and Policy Priorities, "said the new forecast was a 'blip in a bleak fiscal outlook' and the administration did not deserve 'any credit' for halving the deficit."

The Wall Street Journal (10/12, A2, Solomon, 2.03M) reports, "Much of the deficit reduction…came not from spending restraint but from surging tax revenue buoyed by a strong economy." Federal spending "continued to grow in 2006 to $2.65 trillion, up from $2.47 trillion last year, according to the Treasury Department."

In an editorial, the Wall Street Journal (10/12, 2.03M) says, "The incredible shrinking deficit means that the federal government's overall debt has also begun to decline as a share of the economy. The final figures aren't available, but our guess is that debt held by the public (the figure that counts because the feds have to pay it back) will have fallen in 2006 back to 37% of GDP or lower. The debt burden fell to 33% in 2001 but began climbing again as deficits grew in the wake

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of recession and spending to fund the war on terror. Now it's falling once more." The Journal adds, "The Democratic/media criticism that all of this good news is merely 'temporary' is beside the point. Of course entitlement spending will rise in the future, but any extra revenues Democrats raised today would be spent today. They surely wouldn't be saved for somebody's future retirement." Democrats "who continue to moan about the deficit are really saying that the government should take an even larger tax bite from the economy than its currently hefty 18.4%; in other words, they want to raise taxes."

Bush Critiques White House Press Corps' Fashion Sense. The Los Angeles Times (10/12, Neuman, 918K) reports even as "he talked about North Korea's nuclear ambitions and other weighty matters, President Bush on Wednesday returned to his occasional role as fashion critic to the White House press corps." "If I might say, that is a beautiful suit.... And I can't see anybody else that even comes close," the president told NBC's Kevin Corke, "who was wearing pinstripes, in the course of a Rose Garden news conference that focused on North Korea-related diplomacy and the Iraq war." Soon after, "the president asserted that CNN's Suzanne Malveaux was the 'first best-dressed person here.'" Bush, who "has suits made by Georges de Paris, the tailor to presidents since Lyndon Johnson's time, has teased reporters about their appearance in the past. In June, he poked fun at CNN's David Gregory for his loud pocket scarf."

Snow Seen As "Major Asset" By Administration. The Washington Post (10/12, C1, Kurtz, 748K) reports there has "never been a White House press secretary quite like Snow. He is a combative presence on television and radio, relishes the repartee at daily briefings and, in a first for his position, has hit the fundraising circuit for Republican candidates. Snow brings a flashy, Fox News sensibility to the high-profile podium, which means he is increasingly popping up on newscasts and in the papers." Richard Wolffe, Newsweek's White House correspondent, says, "Sometimes it does feel like the Tony Snow Show. There are tactics he uses that are straight out of talk radio. The extent to which he personalizes things or comes back with a one-liner, it revs up the base. They love it when he takes us on." The Post adds Snow "readily acknowledges that 'naughty e-mails' did not capture the gravity of" former Rep. Mark Foley's "graphic exchanges with teenage boys." Snow said, "I shouldn't have used the words. I'm not going to defend having used the words." But, he says, "I did six interviews that morning and people picked on one-half of one line." The Post adds in the "five months since he succeeded the tightly scripted Scott McClellan, Snow has put his verbal agility and sense of humor to good use, and the White House has clearly given him more running room. Struggling on several fronts, from Iraq to domestic scandals to depressed poll numbers that have put the Republican control of Congress at risk, the president has never been more in need of a slick salesman. Administration officials describe Snow as a major asset."

Reid Collected $1.1 Million From Sale Of Land He Didn't Personally Own. In a story appearing on at least 93 newspaper websites across the nation, the AP (10/12, Solomon, Hennessey) reports Senate Minority Leader Harry Reid "collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show." Reid also "did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company." Reid's deal was "engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. He's never been charged with wrongdoing — except for a 1981 federal securities complaint that was settled out of court." The "complex dealings allowed Reid to transfer ownership, legal liability and some tax consequences to Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later. Reid hung up the phone when questioned about the deal during an AP interview last week." In a news conference Wednesday in Las Vegas, Reid "said he believed he did nothing wrong but was willing to change his ethics report's account of the sale if the Senate Ethics Committee ordered him to do so." The AP adds Reid aides "said no money changed hands in 2001 and that Reid instead got an ownership stake in Brown's company equal to the value of his land. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a 'technical transfer,' they said." They also "said they have no documents proving Reid's stake in the company because it was an informal understanding between friends." Kent Cooper, "a

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former Federal Election Commission official who oversaw government disclosure reports for federal candidates for two decades, said Reid's failure to report the 2001 sale and his ties to Brown's company violated Senate rules." The AP "first learned of the transaction from a former Reid aide who expressed concern the deal hadn't been properly reported." The AP also runs a video version of the story.

The story was picked up by major dailies such as the Washington Post and New York Times, which outlined the AP story but lead with Reid's statement that he would seek ethics committee guidance on whether he should amend his financial disclosure documents to reflect the "technical" aspects of the deal. The Times, for its part, noted Reid profited only $700,000 from the deal after his initial investment of $400,000 was taken into account. The Washington Times runs the AP story under the headline, "Reid Got $1.1 Million In Land Sale."

The Washington Post (10/12, Birnbaum, 748K) reviewed the details reported by the AP, adding Reid said Wednesday that "he was in discussions with the chamber's ethics committee to determine whether he should amend his financial disclosure forms to include details of a real estate transaction that allowed him to collect $1.1 million." Reid spokesman Jim Manley "defended the sale as a 'normal business transaction at market prices.' He added that the land went through 'several legal steps associated with the investment . . . that did not alter Senator Reid's actual ownership interest in the land.' If, however, the ethics committee determines that the land's transfer to a company requires additional disclosure, Manley said that Reid would be 'happy to provide' it."

The New York Times (10/12, Shenon, 1.21M) reports the story under the headline, "Senator Offers to Amend Financial Forms," saying Reid "said his office contacted the Senate ethics committee on Wednesday and offered to correct his financial disclosure statements if they misrepresented his ties to a land deal in his home state in which his family made a profit of about $700,000." The "contact with the committee was prompted by an article released Wednesday by The Associated Press that suggested Mr. Reid might have violated Congressional ethics rules by failing to disclose financial transactions involving two adjoining land parcels on the outskirts of Las Vegas that he and his family bought in 1998 for about $400,000." Reid spokesman, Jim Manley, "suggested that Republican Party strategists were behind the accusations of potential ethics violations in the land deal."

The story received little coverage on television. The Fox Report with Shepard Smith (10/11, Smith) reported, "A new report says Harry Reid collected more than $1 million in 2004 own the sale of land which he had not owned in years. It's complex, but the Associated Press reports that Reid failed to disclose his original 2001 sale of property in Nevada. Essentially the AP says the deal allowed him to triple his investment without legal liability and with no tax consequences. The Associated Press reports Reid hung up the phone when questioned about that sale last week."

KLAS-TV Las Vegas (10/11, 6:12 PM) also reported the story, saying, "Reid says it had been transferred into a 'limited liability company' which he formed with his friend, local lawyer Jay Brown." Sen. Harry Reid: "It was transparent, paid all my taxes, filed all my financial disclosures did everything required of the law and more."

KTNV-TV Las Vegas (10/11) reports, "A lucrative land deal has Nevada Senator Harry Reid answering ethics questions. Property deeds show Reid collected more than a million dollars from a Las Vegas land sale, even though he hadn't personally owned the property for years. Deeds show the ownership changed hands long before Reid was paid, but he never reported it to congress. Critics say something's fishy. The senator says it was a simple sale." Reid was shown saying, "I bought a piece of land, sold it six years later. Everything was reported, it's all transparent, all taxes were paid." KTNV added, "Reid says he hasn't done anything wrong, but he is willing to change his report on the transaction, if the Senate ethics committee orders him to."

WFMY-TV Greensboro/Winston-Salem (10/11) reports, "A Democratic senator apparently made a million dollars in a land deal. The thing raising questions is Senator Harry Reid of Nevada did not own the land. Property deeds obtained by the Associated Press show Reid bought undeveloped land outside Las Vegas in 1998. Three years later, he sold it to a company created by a longtime friend."

KVVU-TV Las Vegas (10/11) reports, "Nevada Senator Harry Reid says he did nothing wrong when he received a million dollars from the sale of land he no longer owned. Property deeds obtained by the Associated Press show Reid bought undeveloped land outside Las Vegas back in 1998. Three years later, he sold it to a company created by a longtime friend. But when that company sold the land in

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2004, Reid reportedly got one-point-one million dollars in proceeds."

KLAS-TV Las Vegas (10/11) reports, "Late this afternoon, the Senator told us he takes issue with nearly every aspect of the article."

Hastert "Conned" By Purported Evangelist. Roll Call (10/12, Akers) reports in its "Heard on the Hill" column, "An international evangelist, who apparently conned his way into Speaker Dennis Hastert's (R) home in Illinois, actually is on a 'crusade' to 'save America from the wrath of God and Republicans abusing their power and mired in scandal,' the evangelist's spokesman said Wednesday in an e-mail to reporters." For reasons "beyond us, Hastert allowed the self-described 'world's most popular evangelist,' Dr. K.A. Paul, into his home Tuesday, taking him for a conservative clergyman who wished to provide spiritual counsel amid the current GOP crisis. What the Speaker got instead was a self-promoting, Indian-born Christian evangelist who asked Hastert to step down over the page scandal." According to "a 2004 article in the New Republic, Paul has 'cultivated a peculiar specialty as spiritual adviser to the scum of the earth. Liberia's Charles Taylor, Yugoslavia's Slobodan Milosevic and Iraq's Saddam Hussein are among the more infamous butchers to talk with Paul about the moral implications of running a brutal, repressive, and occasionally genocidal regime.'"

O'Connor Serves As Visiting Judge On Federal Appeals Panel. The New York Times (10/12, Hartocollis, 1.21M) reports that retired Supreme Court Justice yesterday served as a visiting judge on a federal appeals court on Manhattan. The Times reports, "Things started slowly, as the judges heard arguments about a dispute over legal fees. That was followed by a landlord-tenant case and a battle over corporate financial statements. Things got a little more interesting with the medical-malpractice case brought by a veteran who claimed that prescription drugs fueled his addictive personality and led him to crash his car and commit a crime. A case involving a scheme to defraud unsuspecting investors capped the morning of mostly technical legal arguments." O'Connor "did not speak with reporters, and confined her public remarks in court to a handful of tart legal questions."

Medicare To Reassign Drug Plans For Low-Income Californians. The Los Angeles Times (10/12, Alonso-Zaldivar, 918K) reports, "About 270,000 low-income elderly and disabled Californians will be assigned to new Medicare prescription drug plans Jan. 1, raising concern about a resurgence of the coverage glitches that led state officials to bail out the federal program when it was launched this year. Plan operators promise the switches will be made without complications, but seniors' advocates say many are upset over confusing signals from the Medicare agency, which initially indicated that nothing would change." The Medicare drug program "delivers its benefits through a variety of private insurance programs." But "4 out of 10 prescription plans serving low-income Californians will not be available in 2007. That means many of the estimated 1 million low-income state residents participating in the Medicare plan will automatically be reassigned to other plans."

Kondracke Says Democrats Should Improve, Not Dismantle Bush Medicare Plan. In his Roll Call column (10/12), executive editor Morton Kondracke says, "Despite abundant evidence of its success, Democrats are still on the warpath against President Bush's 2004 Medicare prescription drug plan — and they threaten to undermine future success if they take control of Congress." At an Oct. 4 campaign event "in Sunrise, Fla., House Minority Leader Nancy Pelosi (D-Calif.) declared, 'this is a bill borne of corruption at the expense of America's seniors, and we can do something about it.'" Pelosi "promised that one of the top priorities of a Democratic Congress would be to authorize the federal government to directly negotiate with drug companies to lower their prices instead of relying on private insurance companies." Kondracke says if Democrats "do take over either the House or Senate, or both, they should strive to improve on the Medicare reform record set by McClellan and the Bush administration — not undermine it with top-heavy government regulation."

FEEA Gets $726,363 Donation From NTEU. The Washington Post (10/12, D4, Barr, 748K) reports in its "Federal Diary" column that the Federal Employee Education & Assistance Fund "got a big boost yesterday from the National Treasury Employees Union. At a breakfast marking the fund's 20th anniversary, NTEU President Colleen M. Kelley announced that the union had given it $726,363. The donation came from administrative funds that had not been spent during a 22-year class-action lawsuit, dubbed the special rates case, brought by the NTEU against the

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government. The union donation will create an endowment for five annual scholarships of $5,000 each, she said."

Census Bureau Not Yet Planning Celebration Of 300 Million Population Mark. The Washington Post (10/12, A1, Harden, 748K) reports the US "population will officially surpass 300 million in the next week or so. The milestone is a reminder that the United States remains a remarkable demographic specimen, 230 years old (since the Declaration of Independence) and still in a growth spurt." Behind "only China and India, it is the planet's third most populous nation. For a rich, highly developed country, it is anomalously fertile, with a population that is increasing briskly, in sharp contrast to anemic growth or decline in Western Europe and Japan. Some demographers say this continued growth is essential to support an aging population in retirement and a sign of the continued allure of the United States even at a time when its image around the world has been sullied by the war in Iraq." But the celebration for "the momentous 300-million marker" has not yet been set. Census Bureau spokesman Robert B. Bernstein said, "Those plans, believe it or not, are still being finalized. I don't yet know what, if anything, we are going to do in the way of an event."

Congressional Republicans Said To Be Addicted To "Pork." In his syndicated column (10/12), Robert Novak says, "Staring into the abyss of minority status in Congress, Republicans signaled dedication to pork barrel spending before recessing for midterm election campaigning. Behind closed doors, the GOP's King of Pork dressed down the party's leading foe of earmarks. In the open, the last bill passed before the election was filled with carefully hidden pork." In "a caucus of Republican senators, 82-year-old, six-term Sen. Ted Stevens charged that freshman Sen. Tom Coburn's anti-pork crusade hurts the party. Stevens then removed from the final version of the Defense Department appropriations bill Coburn's 'report card' requiring the Pentagon to grade earmarks. The House passed, 394 to 22, the bill, stripped of this reform and containing some 2,800 earmarks worth $11 billion. That made a mockery of a 'transparency' rule passed by the House earlier this year, supposedly intended to discourage earmarks." Stevens, "the Senate's president pro tempore and its senior Republican, reflects a majority in both parties defending pork."

OTHER NEWS:

Fed Minutes Suggest Officials Remain Focused On Inflation Threat. USA Today (10/12, Kirchhoff, 2.27M) reports, "While a slowing economy is expected to reduce inflation over time, there is a "substantial risk" that forecast might not pan out, according to minutes of a Sept. 20 Federal Reserve meeting issued Wednesday. 'Most participants thought that the most likely outcome was a reduction in inflation pressures,' the minutes said." But "the meeting notes added the decline was expected to be 'only gradual,' and the uncertainties around that forecast were skewed toward higher inflation rates."

The Wall Street Journal (10/12, A2, Ip, 2.03M) reports, "Policy makers expect the economy to expand below its long-term trend rate 'in the near term,' then strengthen 'over time.' But 'significantly more sluggish performance than anticipated could not be entirely ruled out,' the minutes said." The minutes "made clear officials' predominant focus, though, remained inflation."

The New York Times (10/12, Peters, 1.21M) also says "the Federal Reserve is not inclined to lower short-term interest rates anytime soon, minutes from its most recent meeting show. The reason is uncertainty: uncertainty about the housing market, uncertainty about economic growth and most of all, uncertainty about inflation."

Stocks Down Yesterday. NBC Nightly News (10/11, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street stocks retreated from the record of yesterday. The Dow was down just 15 points [to close at 11, 852.13]. NASDAQ lost just over 7 points [to close at 2,308.27]." The Financial Times (10/12, O'Doherty) reports, "At the close, the S&P 500 was down 0.3 per cent, or 3.47 points, at 1,349.95." The Wall Street Journal (10/12, C1, McKay, 2.03M), among other newspapers, also reports the stock numbers.

Oil Prices Down Despite OPEC's Planned Production Cut. The Wall Street Journal (10/12, A2, Levine, 2.03M) reports, "Oil markets brushed off OPEC's declaration of its intent to cut petroleum production by one million barrels a day and drove crude prices to a low for the year, as the cartel continued horse-trading behind the scenes over critical details of the deal." On Wednesday, Nigerian oil minister Edmund Daukoru, OPEC's current president, said OPEC would cut production by one million barrels a day, but

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the oil market "appears skeptical of OPEC's resolve. Yesterday, crude-oil futures on the New York Mercantile Exchange fell 93 cents, or 1.6%, to $57.59, their lowest level since Dec. 19."

Bodman Wants OPEC To Keep Up Production. Bloomberg TV (10/11, 11:01 a.m.) reported, "The US Energy Secretary wants OPEC to keep pumping oil. It comes after the group says it reached final agreement on cuts on production. Sam Bodman expects continuing talks with OPEC about supply and demand." Bodman: "They have their own decisions to make. … Our part, our job, it seems to me, is to try to make available to our citizens a very wide diversity of sources of supply, oil being a very important one. We encourage, I have encouraged, OPEC and non-OPEC members to continue to make significant quantities of oil available."

Bush Says Economy, National Security Will Lead GOP To Victory In November. CBS Evening News (10/11, story 3, 2:20, Axelrod, 7.66M) reported that if President Bush's "campaign message has been drowned out lately, his confidence remains high. Despite polls suggesting otherwise he still says Republicans will hold the House and the Senate when the voters cast their ballots." President Bush: "I think the elections will be decided by security and the economy." Axelrod: "The problem for the President with that line of thinking, as we've been reporting, if you buy the polls, Americans now trust Democrats more to handle both the economy and the war in Iraq."

NBC Nightly News (10/11, story 4, 2:55, Gregory, 9.87M) also reported, "Ahead of election day, the President insisted the economy, not just security, will keep Republicans in power." President Bush: "Gas prices are down. Tax cuts are working. There is a difference of opinion in the campaign about taxes."

Bush Insiders Feel GOP Is On Verge Of Losing Control Of The House. The White House Bulletin/US News (10/11) reported, "A growing number of Bush administration officials in the White House and federal agencies are growing more accepting of expectations that the Republicans will lose control of the House and possibly any chance of pushing through the President's lame duck agenda." Senior officials "in several agencies now believe that the war in Iraq and Foley-email scandal will depress core GOP voters, meaning that close races should go to Democrats, allowing them to win the needed 15-plus seats to take control of the chamber. Polls appear to back up the expectations of a November 7 Democratic victory." While the "thought of losing control of the House is depressing, say the insiders, the administration is not expected to go into a holding pattern -- or worse. Top Bush aides are looking over a short list of key agenda items, most notably Social Security and other entitlement reforms, to determine if there is a way to work with a Democratic House majority and produce bipartisan change on those issues." While many "admit success is unlikely, the administration does feel that a coalition of Republicans and moderate Democrats can be formed to make some changes in entitlements. In question: How much will the President put on the table to see success. Off the table if the House majority turns, however, are plans for further tax reform: insiders argue that Democrats want to kill the Bush tax cuts, not grant more tax breaks."

First Lady Begins Four-Day Campaign Swing. The AP (10/12) reports, "Laura Bush, a popular campaign-booster for Republicans across the country, began a four-state swing Wednesday with a fundraiser for an Ohio congressman in a heated re-election battle. After helping raise some $170,000 at a luncheon for six-term Rep. Steve Chabot, Mrs. Bush headed to Knoxville, Tenn., to raise money for Republican Senate candidate Bob Corker. She planned to be in Indiana and Missouri on Thursday for GOP candidates." The AP adds, "Party officials say she has raised nearly $14 million for Republican candidates for the Nov. 7 election. And Mrs. Bush's visits usually don't carry the baggage of the president's sagging approval ratings."

NRA Balances Support For Democratic Candidates, GOP House Majority. The Wall Street Journal (10/12, A6, Fields, 2.03M) reports the National Rifle Association "has a simple agenda in Washington: protecting gun ownership. But it faces a complex challenge this campaign season: supporting Republican control of Congress while staying loyal to Democratic candidates who supported the gun lobby." Chris Cox, executive director of the NRA's Institute for Legislative Action, said, "We will endorse regardless of party. However, gun owners are very concerned and do not want as speaker Nancy Pelosi, who has been consistently vocal against their rights. They understand the significance of these elections." The Journal adds that "means the NRA, which sits on a campaign war chest of $20 million, is expecting to endorse as many as 60 Democrats in House and Senate elections, about the same number it

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endorsed in every national election since 2002 and three times the 20 or so Democrats it supported in races during the early 1990s. At the same time, the NRA wants to make sure Republicans keep control of Congress." The NRA's "balancing act stands out in a year when other Republican-leaning industry and trade groups are working to keep Congress in Republican hands while not turning their backs on Democrats who have been helpful and who might control one or both chambers in January."

House GOP Scales Back Advertising For Four Democratic Seats. The AP (10/12) reports House Republicans "are scaling back television advertising reserved for four Democratic-held seats in Ohio, South Carolina and West Virginia, officials said Wednesday, fresh evidence of the party's struggles as it tries to retain its majority." GOP strategists also "signaled they intend to spend nearly $1 million in an attempt to hold the seat recently vacated by Rep. Mark Foley." Democrats, "who must gain 15 seats to win House control, said the moves were evidence that time was running out on the GOP majority." Democrats, "too, were rearranging their plans as the campaign headed into its final stages. While some of their changes reflected confidence, that did not appear to be the case in Arizona, where the party has pared back plans to advertise against Republican Rep. J.D. Hayworth." Compounding the "sense of confusion, a prominent conservative activist said Hastert's tenure as speaker would likely soon be over - one way or another." Paul Weyrich said, "In all probability Speaker Hastert will be replaced next year, whether it's because the Democrats take over or it's because Republicans retain control and they decide he's been Speaker long enough."

Rothenberg Says Midterms Are Reversal Of 1994. In his Roll Call column (10/12), Stuart Rothenberg says, "Three weeks ago, some people were talking about a Republican surge that never really existed. Now, others mistakenly are talking as if the page scandal surrounding ex-Rep. Mark Foley (R-Fla.) has fundamentally changed the election cycle. It hasn't. What we are seeing, increasingly, is 1994, with the parties reversed." Democrats "now deserve to be solid favorites to win control of the House of Representatives. They already have six to nine GOP seats in the bag, with another two dozen serious opportunities." The "fallout from the Foley scandal does increase the possible size of an already substantial Democratic wave. That means that low second- and third-tier Democratic challengers must now be taken more seriously, and it increases the chances that entrenched Republicans in marginal districts — even those without particularly credible Democratic opponents — could find themselves in jeopardy on Nov. 7." The "major impact of the Foley scandal potentially is to further depress Republican turnout. If turnout is down, it also will increase Democrats' chances of winning the Senate. Republican prospects in both Virginia and Tennessee have eroded, and while Democrats Jim Webb (Va.) and Rep. Harold Ford Jr. (Tenn.) still have plenty of work to do to win their Senate contests, both races clearly have become competitive." The elections "so far have been, and continue to be, about Bush and the administration's performance, not about the GOP Congressional leadership. And if Republicans get spanked by voters, it won't be the fault of the National Republican Congressional Committee, which is once again doing everything it can, given the cards that it holds." Rothenberg concludes, "Unpopular presidents tend to produce difficult, often disastrous, midterms for the party in power. That's what is happening to the GOP this year, pure and simple."

Broder Says Voters Poised To "Pull The Trigger" On GOP. In his Washington Post column (10/12, A27), David Broder says, "The old theater adage demands that if you show a pistol in Act 1, you'd better fire the gun in Act 3. That same wisdom applies to politics. The voters have been pointing a symbolic gun at the Republican regime in Washington for many months now. All that remains is for them to pull the trigger on Election Day." The "disillusionment is not the product of the Foley scandal, which is shifting few votes, as far as I can judge. And it also reflects more than the continuing bad news from Iraq, though that has had a large effect on public opinion. What is driving public opinion is an overall impression that those in office -- meaning mainly Republicans -- have let things slide out of control and need to be relieved." What voters "may not know is that the same judgment has been reached by a significant number of people who are part of -- or close to -- the Republican majority. If I have heard it once, I have heard it a dozen times: Major Republican figures, including top officials of several past GOP administrations and Congresses, say, 'We deserve to lose this election.'"

Virginia Senate Race Seen As Referendum On Bush Iraq Policy. The Washington Post (10/12, B5, Craig, 748K) reports the Virginia's Senate race "could

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become the nation's marquee referendum on President Bush's Iraq policy as George Allen and James Webb offer voters stark differences about a war that polls show is increasingly unpopular." Washington and Lee University professor Mark Rush said, "Webb and Allen are essentially reflecting what seems to be the two national party positions on the war. You essentially have Allen saying 'Stay the course.' . . . The Democrat is saying, 'We can do it better and differently,' but doesn't really say how." The Post adds Allen "who in 2002 voted to authorize the use of force against Iraq, has been a steadfast supporter of Bush's decision to invade, remove Saddam Hussein and turn the country over to an elected government." Webb, "a former Marine, opposed the conflict before it began. He calls the war a 'strategic blunder of historic proportions' and wants to reposition troops to other Arab nations, out of harm's way."

Talent, McCaskill Square Off In Third Debate. The St. Louis Post-Dispatch (10/12, Mannies, 300K) reports that in Clayton, MO on Wednesday, Missouri Sen. Jim Talent (R) and Democratic challenger Claire McCaskill "sparred over familiar differences and took on some new ones…during their third debate. The familiar ones: Iraq, renewable fuels and stem cell research. Among the new ones: how best to serve the black community and how to confront North Korea's efforts to become a nuclear power." Talent "painted McCaskill as 'taking positions of weakness' when it comes to confronting and combating terrorists." McCaskill contended that Talent had been too weak as a member of the Armed Services Committee in challenging administration policies." On the war in Iraq, Talent repeated his view that 'completing the mission in Iraq will be a tremendous benefit to us,' and make it less likely that the United States will see terrorist attacks at home. McCaskill re-emphasized her view that 'we must change course' and move troops over the next two years into other parts of the Middle East." On North Korea, McCaskill "called for bilateral talks and blamed" the Bush Administration "for isolating the United States from potential allies. Talent asserted that former President Bill Clinton's administration had been too soft on North Korean leader Kim Jong Il, who, Talent said, 'took us in.'"

The AP (10/12, Lieb) reports that Talent "suggested during the debate that McCaskill opposed all the measures he touts: the energy bill containing a renewable fuels standard, the Medicare drug benefit, an anti-methamphetamine bill and a bill targeting payday lenders who profit from military members. 'I don't know a politician in the country who opposed all four of them, except my opponent in this race,' Talent said. McCaskill said she opposed the energy bill because it contained billions of dollars of tax breaks for 'big oil.'" Meanwhile, the candidates "differed slightly in their interpretation of" the U.S. Supreme Court's 2005 ruling on eminent domain, with McCaskill saying the "ruling essentially left the issue to local governments," and Talent saying "the Supreme Court 'made a mistake in basically abdicating what I saw as its responsibility to ensure that private land is not taken for private uses.'"

Montana Senate Race Said To Be Marked By Negativity. In a Wall Street Journal op-ed (10/12, A19), Frank Miele, managing editor of the Kalispell, Mont. Daily Inter Lake, says the Montana Senate race between Republican Sen. Conrad Burns and Democrat John Tester "is indeed a sorry sight: A campaign run from Washington that has probably offended every decent Montanan with its advertising blitz, its finger-pointing, its name-calling -- and, more significantly, with its cynicism, anger and disrespect. This, after all, is Big Sky Country, where there used to be room enough for ideas all across the political spectrum and where a man used to be respected as much for what he didn't say as what he did. But Big Sky Country has been made smaller -- and meaner -- by this campaign."

Ohio Senate Race Seen As Antecedent To 2008 Presidential Race. In his New York Times column (10/12), David Brooks says the rust belt town of Mansfield, Ohio is "the economic backdrop to the most important political race in the country, the Senate campaign between Sherrod Brown, a Democrat now in the House, and Mike DeWine, the Republican incumbent. It's important because each candidate comes from the most vibrant strain in his own party. Brown is a full-bore economic populist. DeWine is an independent McCainiac conservative. In two years, the national parties will be talking in just these ways, and we're seeing a preview of that battle today." Brown is "a natural political animal, with the ability to dominate the space around him." DeWine is "Brown's opposite. He's short and unassuming, the least senatorial-looking man in the U.S. Senate." And "yet he's one of the toughest and most widely respected senators. Anti-abortion and pro-tax cut, he angered

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his evangelical base by supporting the Gang of 14 compromise on judicial filibusters."

Spitzer Bid To Reform Albany Runs Counter To State's Political Culture. The New York Times (10/12, Hakim, 1.21M) profiles Democratic gubernatorial candidate Eliot Spitzer, who "at age 35, he took the biggest gamble of his life, giving up his job as a corporate lawyer to run for New York attorney general, a bid many considered preposterous. What his opponents did not count on were twin weapons in the Spitzer arsenal: a fearsome ambition to win, and the millions of dollars that his father, Bernard Spitzer, brought to bear on his son's early campaigns." The money "led to accusations, later dismissed by election officials, that Mr. Spitzer was circumventing campaign finance laws to buy the race." Spitzer "finally prevailed in his second run, and would transform the position to take on corporate fraud and propel himself to national renown with his prosecutions of Wall Street investment firms and the insurance industry. Now, with a commanding lead in the polls in the race for governor, Mr. Spitzer stands at the brink of taking over a state government that is legendary for its dysfunction and backroom deal-making." His "record as attorney general suggests he may have the relentless personality to bring change to the state capital. But his sharp-elbowed, smartest-man-in-the-room demeanor could also undermine his own agenda in Albany, a clubby place where slights have a years-long shelf life in the memories of lawmakers who jealously guard their power."

Angelides Seeks Equal Time On Tonight Show. The New York Times (10/12, Steinhauer, 1.21M) reports Democrat Phil Angelides, "who hopes to replace Arnold Schwarzenegger as governor of California says he faxed a letter to Jay Leno. He also says he sent Mr. Leno an overnight letter. And still, the Democrat, Phil Angelides, has not been invited to appear on 'The Tonight Show With Jay Leno' on NBC, and this has made the candidate angry." Schwarzenegger "has had no such problem. The governor chatted up Mr. Leno on the air Wednesday night, just as he did some three years ago when he first ran for governor in California's recall election." Now, with Angelides "trailing rather substantially in the polls, his campaign has decided to make an issue of the unequal treatment. At the campaign's behest, Representative Xavier Becerra, a Democrat from Los Angeles, wrote a letter of complaint to Kevin J. Martin, the president of the Federal Communications Commission."

Will Praises Schwarzenegger For Vetoing Electoral College Reform Bill. In his Washington Post column (10/12, A27), George Will says, "California's governor has demonstrated virtue, understood as the good we do when no one is watching. With his state and the nation paying no attention to an anti-constitutional campaign to alter the way presidents are chosen, Arnold Schwarzenegger has vetoed a bill that, had it become law, would have imparted dangerous momentum to a recurring simple-mindedness." The bill "would have committed California to cast its electoral votes -- today, 55 -- for whichever candidate receives the most popular votes nationally. The commitment would have been contingent on a compact with other similarly committed states, all having a combined total of at least 270 electoral votes."

Court Rules Judges May Solicit Campaign Contributions. The New York Times (10/12, Liptak, 1.21M) reports that a federal court ruled Tuesday that Kentucky may not prohibit judicial candidates from personally soliciting campaign contributions. The judge, Karen K. Caldwell of Federal District Court in Frankfort, "said the ban violated the First Amendment. Judge Caldwell rejected the state's argument that its interest in preserving the appearance of judicial impartiality justified the ban. Kentucky law, she noted, already allows judges' campaign committees to solicit contributions. That may be a problem, Judge Caldwell wrote, but adding the element of personal solicitation by the candidate does not make it measurably worse."

Bush Rejects Direct Talks With North Korea As Push For Sanctions Gains Steam. President Bush held a press conference yesterday. As the CBS Evening News (10/11, story 3, 2:20, Couric, 7.66M) reported, "the showdown with North Korea dominated" Bush's encounter with the press. All three networks, and most print reports, this morning note the President defended his opposition to one-on-one talks with North Korea by saying, "Bilateral negotiations didn't work, you know? I appreciate the efforts of previous Administrations, just didn't work." CBS said "since the detonation Monday, Democratic critics have blamed Mr. Bush for abandoning one-on-one talks with the North Koreans. Today the President hit back."

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ABC World News (10/11, story 4, 2:10, Raddatz, 8.78M) reported former Secretary of State Madeline Albright "disputed" Bush's assertion, "saying during the Clinton Administration, there were no nuclear weapons tests by North Korea. No new plutonium production. And no new nuclear weapons developed in Pyongyang." The President, added ABC, "is determined to solve this diplomatically. So far, that's not working so well." NBC Nightly News (10/11, story 4, 2:55, Gregory, 9.87M) also noted Bush's "strong response to Democrats, who charged a White House preoccupied with Iraq failed to stop North Korea."

The Los Angeles Times (10/12, Gerstenzang, Farley, 918K) says "the president appeared to go out of his way to avoid inflammatory language, even as he insisted that North Korea must stand by previous commitments to dismantle its nuclear program." The "toned-down approach seemed intended both for potential partners at the United Nations, and, fewer than four weeks before the midterm US congressional elections, for an American electorate weary of the Iraq war." It also "appeared to reflect a dearth of palatable options after weeks of harsh rhetoric by the administration, since military action to destroy North Korea's nuclear facilities could prove difficult and could also result in a regionwide war." Bush, adds the Times, "struck a defensive tone in explaining his opposition to direct negotiations. Echoing comments by other Republicans in recent days, he cited the one-on-one approach to North Korea taken by former President Clinton resulting in a 1994 agreement that collapsed in 2002, two years after Bush took office."

In his Washington Post column (10/12, A2), Dana Milbank says "reporters peppered Bush with 15 questions about Iraq and North Korea; only near the end did the Chicago Tribune's Mark Silva mention some guy named Foley. Pressed to defend his foreign policy, Bush instead cited the 'stakes' involved in the Middle East and North Korea -- 13 times. 'I understand the stakes,' Bush announced. 'I'm going to repeat them one more time. As a matter of fact, I'm going to spend a lot of time repeating the stakes.'" Milbank adds, "He made good on that promise. Five times he said 'the stakes are high,' occasionally adding that 'the stakes are really high' and even that, 'as a matter of fact, they couldn't be higher.'" Milbank also writes that "dissatisfied with the reporters' prickly questions, Bush went about answering his own. … When a questioner asked about the credibility of the administration's threats toward North Korea, Bush said: 'I thought you were going to ask...'How come you didn't use military action?'"

The New York Times (10/12, Stolberg, 1.21M) focuses on Bush's subsequent answer to his own question. Bush said, "I'm asked questions around the country, 'Just go ahead and use the military.' … And my answer is that I believe the commander in chief must try all diplomatic measures before we commit our military." The Times adds, "Then, without prompting, the president asked an obvious next question. 'I'll ask myself a follow-up,' Mr. Bush said. '"If that's the case, why did you use military action in Iraq?" And the reason why is because we tried the diplomacy.'" The Times terms Bush's comments an "unusual exchange with himself ," adding that the fact "the president himself raised and rejected this critique appears to reflect concern among Mr. Bush's advisers that North Korea could be a political liability for Republicans, one that the president needed to confront directly with voters."

McClatchy (10/12, Hutcheson, Landay) reports that at the UN, "Secretary General Kofi Annan said the world faces 'an extremely difficult situation' and called for direct talks between the United States and North Korea." And USA Today (10/12, Jackson, 2.27M) says Democrats "such as Sen. Dick Durbin of Illinois blamed North Korea's reported nuclear test in part on Bush's decision to not negotiate directly with the country, as the Clinton administration did. Durbin also said the Bush administration was distracted from North Korea by the "pre-emptive" war in Iraq. 'It is clear that the Bush approach has failed,' he said." The Chicago Tribune (10/12, Silva, 623K) also says "Democratic leaders in Washington, blaming the North Korean showdown on the president's 'confrontational' stance against a nation he once termed part of an 'axis of evil,' called on Bush to resume direct talks with Kim's government."

The Washington Times (10/12, Curl, 88K) focuses its report on Bush's comments on Clinton policies. Under the headline "Bush Hits Democrats On N. Korea Talks," the Times also reports Bush "again backed new ballistic missile defenses in the region to protect US allies." Democrats "repeated calls for a new direction on Iraq and North Korea, with Democratic National Committee Chairman Howard Dean saying 'the stakes are too high to have a permanent commitment to a failed strategy in Iraq.' 'North Korea has increased its nuclear capabilities by 400 percent and tested a nuclear weapon because the Bush administration took its eye off the ball,' he said." Iran, added Dean, "has also become an even greater threat."

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The Washington Post (10/12, A1, Abramowitz, 748K) reports that "despite setbacks on North Korea and Iraq…Bush vowed yesterday to stick with his policies on both crises, praising Chinese condemnation of North Korea's apparent nuclear test and citing progress in helping the fledgling Iraqi government stand on its own." The Wall Street Journal (10/12, A4, Dreazen, Ramstad, 2.03M) also notes Bush said yesterday "the US will work with China, Japan and South Korea to craft a package of tough sanctions against North Korea following its claim of a nuclear-weapon test. But the administration and its partners are divided over how soon to act against Pyongyang and precisely what measures to impose." Bush said in the Rose Garden yesterday that Washington will not "accept North Korea's emergence as a nuclear power and said the administration would work with Asian powers to 'ensure there are serious repercussions for the regime' of North Korean leader Kim Jong Il if it refuses to abandon its nuclear-weapons program." The Journal says the Administration "has drawn similar lines in the sand before, only to watch as Pyongyang pressed ahead with its program." Now, Washington "and other countries are likely to take several months to agree on sanctions. And it is far from certain that China -- the country widely seen as having the most leverage over North Korea -- will ultimately be willing to sign off on strong measures."

On its front page, the Washington Post (10/11, A1, Lynch, Fan, 748K) notes Beijing "expressed a rare willingness to support UN sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs." Washington and Tokyo "continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program." Ambassador Bolton "insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians," and Assistant Secretary McCormack "specifically ruled out any attempt at regime change."

The AP (10/12, Wadhams) reports Bolton said he "hopes to pass a new draft U.N. Security Council resolution on Friday to punish North Korea over its claimed nuclear test." That draft "is part of American and Japanese efforts for a quick [UNSC] rebuke to the North." The Los Angeles Times (10/12, Spiegel, Barnes, 918K) says "the sanctions demanded by US officials…would focus on closing pathways to proliferation of weapons technology. … The new United Nations sanctions resolution proposed by the United States would direct all members 'to undertake and facilitate inspection of cargo to or from' North Korea. In effect, it would require China to help close the gap in American efforts."

McClatchy (10/12, Johnson), however, says China "does not want to face the possible collapse of the Kim Jong Il regime and the need to explain to China's citizens the failure of an allied one-party state like its own, scholars say. … Moreover, say analysts, Pyongyang plays a strategic role for Beijing. Kim Jong Il's million-man army occupies the attention of US forces on the Korean Peninsula, and could rattle the cage and divert the Pentagon if Beijing ever were to deploy troops in a blitz attack on Taiwan, a self-governed island it claims as its own."

Meanwhile, the Wall Street Journal (10/12, Ramstad, 2.03M) reports, "South Korea may take months to decide how to respond to North Korea's apparent test of a nuclear device, President Roh Moo Hyun said, in a sign of the difficult position his country is in as it seeks to penalize the northern regime without causing its sudden collapse or a war." Roh said yesterday, "Whichever direction this does take, this is not a matter that can be decided in a couple of days or a couple of months." Another piece in the Wall Street Journal (10/12, A4, Dreazen, Ramstad, 2.03M) describes Roh's words as "a sign of emerging divisions" between the US and other powers involved in the crisis.

The Financial Times (10/12, Turner, Dinmore, Dombey) keys on international disagreement about the way forward. Washington "is expected to introduce on Thursday a revised resolution on sanctions to be imposed on North Korea over its nuclear test announcement, as leading powers are struggling with negotiations on the precise scope of the punitive action." Although UNSC members, "including the previously reluctant China, appear to agree that punitive action is necessary, talks have slowed amid disagreement over the legal basis for it. … Leading powers also disagree on whether the claimed nuclear test should be deemed an international threat to peace and security, and exactly how far sanctions should go."

Bush Criticism Of Clinton's Policy Seen As Overly Simplistic. The Washington Post (10/12, A23, Kessler, 748K) notes President Bush "asserted yesterday that the administration's strategy on North Korea is superior to the one pursued by his predecessor, Bill Clinton, because Clinton

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reached a bilateral agreement that failed, while the current administration is trying to end North Korea's nuclear programs through multi-nation talks." The Post says "the reality is more complicated, according to former and current U.S. officials and a review of the diplomatic history." Bush's "policy, in fact, envisions direct, bilateral negotiations with North Korea on certain issues in the six-nation talks, such as missile proliferation and normalizing relations," and Secretary Rice "was prepared to authorize her chief negotiator to travel to Pyongyang in November 2005, provided that North Korea shut down its nuclear reactor as a sign of good faith. It refused that condition, and the trip was scrubbed." In addition, "it is not fully accurate to describe the negotiations that led to a 1994 agreement…as purely the result of one-on-one negotiations. During talks that produced the Agreed Framework, …U.S. negotiators briefed Japanese and South Korean officials every day. South Korea and Japan agreed to bankroll much of the cost of the light-water reactors that were to be provided to North Korea under the deal." The Post adds, "Conservatives opposed to negotiations came to embrace the six-party format because they thought that it was so cumbersome that it would not achieve much, and because North Korea's behavior grated on other participants."

Japan Imposes "Draconian" Trade Sanctions On North Korea. The Financial Times (10/12, Pilling, Fifield) reports, "Japan imposed draconian sanctions on Pyongyang last night, banning all ships, all imports and most North Korean nationals from entering the country. The measures, while severe, are not likely to have a big extra economic impact, given that Japan has already drastically reduced trade and financial transfers to North Korea, experts said." The Times adds, "Officials in Tokyo also said that Japan's unilateral measures must be distinguished from its efforts to build an international consensus on appropriate global sanctions against North Korea." The Washington Times (10/12, Salmon, 88K) also reports on Japan's move. The New York Times (10/12, Fackler, 1.21M), meanwhile, says new Prime Minister Shinzo Abe "is facing his first crisis…with a mix of soothing diplomacy and tough sanctions, scoring high marks with his nation's anxious voters."

North Korea Threatens To Conduct More Tests. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "Communist North Korea today threatened to conduct more nuclear tests. The North Korean regime also declared that new sanctions against North Korea would be a -- quote – 'act of war.' The regime said it would physically retaliate for any new sanctions. It did not give details."

The New York Times (10/12, Onishi, 1.21M) says "the North seems to be following a clear strategy that experts say has allowed it, a small, isolated, nearly bankrupt nation, to keep the attention of the United States for more than a decade." The North Korean Foreign Ministry "said [Pyongyang] felt compelled to prove its nuclear capacity to 'protect its sovereignty and right to existence from the daily increasing danger of war' from the United States." The Times says the North Korean regime "has seen nuclear weapons as a form of defense as well as a potential threat. Its leaders have used that threat as way to wrest concessions from Western powers, and gain protection against what they see as hostile nations determined to topple their government." The Washington Post (10/12, A22, Faiola, 748K) and AP (10/12, Greimel), among other sources, also note the North Korean threat.

Rice Says US Won't Attack North Korea. The AP (10/12, Klug) reports Secretary of State Condoleezza Rice "says the United States would not attack North Korea, rejecting a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion." Rice said Bush "has told the North Koreans that 'there is no intention to invade or attack them. So they have that guarantee. … I don't know what more they want.'"

On the issue of military force, AFP (10/12) reports Defense Secretary Donald Rumsfeld "said it was 'probably' possible to pressure North Korea to get off its current nuclear path without the threat of military action." Said Rumsfeld, "I guess time will tell. I think the answer is: Probably yes, but one can't be certain."

Officials Call Test A US Intelligence "Failure." The Washington Times (10/12, Gertz, 88K) reports Bush Administration officials have said that "recent U.S. intelligence analyses of North Korea's nuclear and missile programs were flawed and the lack of clarity on the issue hampered U.S. diplomatic efforts to avert the underground blast detected Sunday." Staff familiar with the "classified assessments" say "some recent secret reports stated that Pyongyang did not have nuclear arms and until recently was bluffing about plans for a test." Officials told the Times that "there were as many as 10 failures related to intelligence reporting on North Korean missile tests and the suspected nuclear test that harmed administration efforts to deal with the issue." The "weak analysis on North Korea is being blamed on Thomas

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Fingar, the most senior U.S. intelligence analyst within the office of the Director of National Intelligence," who "was the lone dissenter in a 2002 national intelligence assessment that stated Iraq had large stockpiles of chemical weapons and carried over the skeptical viewpoint to North Korea's arms programs."

More Commentary. In an op-ed in today's New York Times (10/12, 1.21M), Professor B.R. Myers says the Administration has "a confident consensus" that Kim Jong-il "may try selling his nukes" but "he would never dream of using them himself." Assurances that Kim is mentally stable "are a roundabout way of saying that because he is not a fundamentalist Muslim, he is unlikely to do anything really crazy. This sort of cultural profiling, however, can get us into real danger." Myers says Pyongyang's "worldview is far closer to that of fascist Japan" than Stalinist Russia, and North Korea's "race theory, like that of the Japanese fascists, actuates a blithe indifference to international law." The "irrationality of their worldview is such that we should, at the very least, stop assuming that they would never use their own weaponry."

In his column in the Washington Post (10/12, A27, 748K), Jim Hoagland says Pyongyang's "efforts to blame its crossing of the nuclear-testing threshold on U.S. 'economic hostility' would be laughable if the regime weren't led by world-class paranoids and fantasists capable of believing their own odious propaganda." North Korea's "threats -- if not its excuses -- must be taken seriously and met with new forms of containment and pressure." Noting the Treasury's Department's "effective new effort at using soft power" to stop illicit financial activity, Hoagland adds, "However much its self-imposed isolation might seem to protect it from them, North Korea clearly takes these financial pressures seriously. So must Iran. Squeezing the regime financially is probably the only hope (however forlorn it may turn out to be) of keeping Tehran from going nuclear in a few years." He concludes, "Treasury's sophisticated efforts to deny gangsters in North Korea and Iran access to global capital should not be abandoned because of the nuclear bluster from Pyongyang and Tehran."

State, Local Governments Said To Have $2 Trillion Unfunded Pension Plans. In a Wall Street Journal op-ed (10/12, A18), Chris Edwards, tax policy director at the Cato Institute, and Jagadeesh Gokhale, a senior fellow at Cato and a former senior economic adviser to the Federal Reserve Bank of Cleveland, say state and local governments are "amassing huge obligations in the form of unfunded retirement benefits for their workers. Aside from underfunded pension plans, governments have also run up large obligations from their retiree health plans. While a new Governmental Accounting Standards Board rule will kick in next year and reveal exactly how large this problem is, we estimate that retiree health benefits are a $1.4 trillion fiscal time bomb." The new GASB regulations "will require accrual accounting of state and local retiree health benefits, thus revealing to taxpayers the true costs of the large bureaucracies that they fund. We reviewed unfunded health costs across 16 states and 11 local governments that have made actuarial estimates, and found an average accrued liability per covered worker of $135,000. Multiplying that by the number of covered state and local employees in the country yields a total unfunded obligation of $1.4 trillion -- twice the reported underfunding in state and local pension plans at $700 billion." To "put these costs in context, consider the explicit net debt of state and local governments. According to the Federal Reserve Board, state and local credit market debt has risen rapidly in recent years, from $313 billion in 2001 to $568 billion in 2005. But unfunded obligations from state and local pension and retiree health plans -- about $2 trillion -- are still more than three times this net debt amount."

Security Council At Odds Over Iran Sanctions. The AP (10/12, Jahn) reports, "The five permanent members of the UN Security Council agreed Wednesday to start working on UN sanctions against Iran next week, but failed to bridge differences on how harsh the penalties should be, diplomats and officials said." The AP adds those "diplomats and officials" said that "while the US called for broad sanctions to punish Iran's defiance in pursuing its nuclear program, Russian and Chinese representatives at a top-level Vienna meeting favored less severe measures."

US To Allow Export Of Jet Parts To Iran. The AP (10/12, Schweid) reports, "The Bush administration said it is approving exports to Iran of spare parts and other equipment for the country's national airline, despite the standoff with Tehran over its nuclear program." The State Department "cited worries about travel safety in explaining the decision, which will allow the export of items used to repair turbine engines on Airbus aircraft operated by Iran Air. 'We do not

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want to be in a position of threatening civil aviation,' State Department spokesman Sean McCormack told reporters on Wednesday." McCormack "said the General Electric Co. would provide the equipment to Iran."

The Washington Times (10/12, Kralev, 88K) reports, "The departments of State and Commerce informed Congress on Sept. 29 that they would recommend the Treasury Department issue a license to General Electric Corp. 'to permit the exportation of spare and replacement parts, components and technical data for the repair and overhaul of a limited number' of such engines on aircraft operated by Iran Air."

Lebanese PM Says Israeli Overflights A Violation Of Truce. The Washington Post (10/12, A24, Shadid, 748K) reports, "Lebanese Prime Minister Fouad Siniora warned Wednesday that Israeli military flights over his country's territory were endangering a nearly two-month-old truce that ended this summer's war between Israel and Lebanon's Hezbollah movement." Siniora, speaking in an interview, "said the overflights were occurring daily. The United Nations, which considers them a violation of the Aug. 14 truce, said it recorded 10 overflights of warplanes and surveillance drones from Oct. 3 to midnight Oct. 9." Said Siniora, "I am willing to accept whatever any other sovereign country would accept for itself. Would they allow it? … I mean, would the United States allow flyovers of Russian planes? If they would allow it, I accept it. Why do you expect me to do something more than what 195 countries would accept for themselves?" Israel "has said it will continue overflights of Lebanese territory until UN Resolution 1701 is, in its view, implemented fully. It says that would require the return of the two soldiers that Hezbollah, a Lebanese Shiite group, captured in a cross-border raid on July 12 and an inspection mechanism to ensure that no weapons cross the Syrian border into Lebanon to resupply Hezbollah guerrillas."

Rice Backs "Better Life" For Palestinians In Independent State. The AP (10/12, Schweid) reports Secretary Rice "said Wednesday that Palestinians deserve a better life 'free of the humiliation of occupation' and in a state of their own." She is quoted saying publicly, "I promise you my personal commitment to that goal. There could be no greater legacy for America." Rice "said 'things are changing,' that moderates are coming to the fore. She praised Mahmoud Abbas, the president of the Palestinian Authority with whom the Bush administration deals while boycotting Hamas." The AP notes she "has made five trips to the region as secretary of state, looking for ways to promote President Bush's call for a two-state solution to the decades-long conflict between Israel and the Palestinians."

Israeli Checkpoints, Road Barriers Up 40% In Past Year. The AP (10/12, Laub) reports, "Israel's network of military checkpoints and road barriers in the West Bank has grown by 40 percent in the past year, part of an increasingly sophisticated system of controls that disrupts all aspects of Palestinian life, a UN agency said Wednesday." These "physical obstacles" are "carving up the West Bank into separate parts, with travel between them becoming more and more difficult, said David Shearer, head of the U.N.'s Office for the Coordination of Humanitarian Affairs in Jerusalem."

American Teacher Released After One Day Of Captivity In West Bank. The Los Angeles Times (10/12, Ellingwood, 918K) reports English teacher and Louisianan Michael Phillips "was released late Wednesday by captors in the West Bank who had held him for a day." He is reportedly unharmed, but the "circumstances of Phillips' abduction and eventual release remained unclear." Ansar al Sunna, a group known to operate in Iraq but not previously known to exist in the West Bank, contacted a Western news organization and arranged the release. The Times notes, "The abduction came a month and a half after kidnappers in the Gaza Strip released two Fox News journalists — an American correspondent and a cameraman from New Zealand — after holding them for nearly two weeks."

Bush, Dominican President To Discuss Stalled Free Trade Deal. The AP (10/12) reports President George W. Bush and Dominican President Leonel Fernandez will hold talks this month "aimed at jump-starting a delayed free trade agreement between the two countries," officials said Wednesday. The Oct. 25 meeting in Washington will "also focus on Dominican participation in Venezuela's regional oil program, Petrocaribe, as well as programs to increase the use of alternative and renewable fuels," White House spokesman Frederick Jones said. The AP notes that the Dominican Republic is one of six signatories to the Central American Free Trade Agreement, but the country has not passed legislation needed to implement the deal.

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US Cuts Aid For Area Of Colombia. The AP (10/12, Goodman) reports, "The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade." In an internal memo obtained by The Associated Press, "the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia. Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop."

Chinese Communist Party Seeks To Focus On Social Concerns. The New York Times (10/12, Kahn, 1.21M) reports the Chinese Communist Party (CCP), "devoted in recent years to expanding the economy at any cost, on Wednesday endorsed a new doctrine that puts more emphasis on tackling the severe side effects of unrestrained growth." The CCP "declared that a range of social concerns, including the surging wealth gap, corruption, pollution and access to education and medical care, must be placed on a par with economic growth in party theory and government policy." The Times notes the Chinese "economy has recently been expanding at better than 10 percent annually, faster than any other major economy in the world, and the party shows no signs of trying to sharply reduce that rate soon." The nation "needs much higher growth rates than most developed countries to absorb tens of millions of surplus workers, and even the plans for addressing environmental woes and creating a sounder welfare system assume surging tax revenues to pay for them." Experts "say the new platform should result in significant increases in government spending on education and health care, which tend to be expensive and inaccessible to peasants, migrant workers and retirees, who make up the overwhelming majority of China's population."

The Washington Post (10/12, A18, Fan, 748K) says the new policies "further signaled a shift in the party's focus from promoting all-out economic growth to solving worsening social tensions." The Party's adoption of the plan "underlined Hu's increasing power. It effectively enshrined his doctrine in the same pantheon as those of Mao Zedong and other predecessors." The plan "calls for significant progress by 2020 in narrowing the wealth gap, increasing employment, improving public service and protecting the environment." The Post adds, "Anger over a growing gap between rich and poor and an inadequate social security system is feared to threaten the party's stability."

Hong Kong's Tsang Declines To Set Date For Universal Suffrage. The Washington Post (10/12, A17, Ng, 748K) Hong Kong leader Donald Tsang "issued his annual policy address Wednesday without setting a timetable for universal suffrage in the territory, calling the issue 'extremely complicated.'" He "offered few details on his constitutional duty to increase the level of democracy," and instead "left the issue to a government committee, which is due to release a report on suffrage next year." The Post says Beijing "has ruled out direct elections in Hong Kong for the next few years, in part because it is concerned that voters might choose leaders willing to challenge China's authority here and because elections might encourage mainland residents to press for democratic reform. But an open election in 2012 remains a remote possibility." The "next chief executive will be elected in March by the government committee, and some analysts said Tsang avoided the thorny political issue of suffrage ahead of that vote."

Chinese Activist's Wife Details Surveillance, Abuse By Authorities. In an op-ed in today's Washington Post (10/12, A27, 748K), Yan Weijin, wife of Chen Guangcheng, says local Chinese officials have "punished" Chen "because he provided advice about the law and human rights to village women who were forced to undergo abortions. Officials in charge of birth control were afraid that they would be disciplined as a result of his peaceful activities." When Yan "read the verdict, which was sent to me through e-mail by someone who took the trouble to record every word, I was overcome with indignation and grief." She says she "can only lament the miserable situation of my fellow peasants in China." Yan concludes, "I want to send a message to my husband: One day the truth will come to light. Even though they put you in jail, they cannot imprison your thoughts and spirit. You must take good care of yourself so that you can continue your unfinished work."

Chinese Businessman Finds Big Profits In Solar Power. A Wall Street Journal (10/12, Batson, 2.03M) front-page feature profiles Suntech Power Holdings founder Shi Zhengrong, who has become "one of the richest people in China" due to his pioneering efforts in solar power. Suntech "has quickly become one of the world's largest producers of

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photovoltaic equipment, which converts sunlight into electricity. The company's combination of first-world technology and developing-world prices has helped it gain market share from more-established, and expensive, producers."

Europe Said To Run Risk Of Electricity Shortages. The Financial Times (10/12, Crooks) reports consultancy Capgemini has warned that Europe "faces the growing threat of electricity shortages because growth in demand has outstripped investment in new power stations." The consultancy said operating at "such low margin levels raised the risk of power shortages," as well as blackouts and brownouts. Belgium, France, Greece, and the UK "are among the countries with the lowest levels of spare capacity."

Some Liken French Housing Violence To Intifada. The Washington Times (10/12, Rennie, 88K) reports, "Radical Muslims in France's housing estates are waging an undeclared 'intifada,' or uprising, against the police, with violent clashes injuring about 14 officers each day." The French "police union said it had asked the government to provide police with armored cars to protect officers in the estates, which it said were becoming no-go zones. … Senior officers insisted that the problem was essentially criminal in nature, with crime bosses on the estates fighting back against tough tactics." Nothing that "not all officers on the ground accept [an] essentially secular interpretation of the problem," the Times says police union representatives disagree on whether the violence represents an "uprising."

House Members Ask Rice Not To Extradite Famous Bounty Hunter. The Washington Times (10/12, Seper, 88K) reports Secretary of State Condoleezza Rice "has been asked by 29 members of Congress to deny an extradition request by the Mexican government for Duane 'Dog' Chapman, the Honolulu-based bounty hunter who faces charges there for his capture of a fugitive convicted rapist three years ago." TV star Chapman "was arrested last month by U.S. marshals in Hawaii on charges of illegal detention and conspiracy in his June 18, 2003, capture in Mexico of cosmetics heir Andrew Luster. Also arrested were Mr. Chapman's son, Leland, 29, and an associate, Timothy Chapman, 41, no relation." The Times notes that "bounty hunting is illegal in Mexico," and says Chapman seized Luster "at a Puerto Vallarta nightclub more than five months after fleeing the United States while on trial on charges he raped three women. He was returned to California to begin serving a 124-year prison sentence."

Georgian President Says Allies Must "Stand Tall" Against Russian Actions. In an opinion piece in today's Wall Street Journal (10/12, A18, 2.03M), Georgian President Mikheil Saakashvili says "the past week was a trying one for Georgia" because Russia has "severed unilaterally" many transportation links and engaged in "ethnic targeting" of Georgians living in Moscow. "Hundreds are being deported; business owners are being harassed; schoolchildren are being forcibly registered with local police; women are being gratuitously tested for sexually transmitted diseases; and children are being torn from families." Saakashvili notes that, "in just three short years, my country has been transformed from a gangster-run economic and political basket case into a budding democracy with one of the world's fastest-growing economies." It is Georgia's "remarkable metamorphosis … that gives us strength in this moment of crisis. All of our gains have been hard-fought," and his government "will not jeopardize the progress we have made by any rash acts." Saakashvili adds, "For us to stand tall, our friends must stand tall beside us. If any one of us gives in to bullying or tolerates the politics of ethnic hatred, we are all at risk. … If the international community downplays the current rift -- or worse, if it pressures Georgia to back down on all counts, shunting aside its hard-earned principles and values -- then the problem will simply metastasize to another place." He concludes, "The way forward is not an easy one -- but it is the only direction possible for my country. We cannot look back: The age of imperial overlords and of the Cold War is past."

NYTimes Says US Actions Have Emboldened Despots Around The World. In an editorial, the New York Times (10/12, 1.21M) says Khartoum has been "feeling cocky" because the UN Security Council "made clear that it won't send in troops to stop the genocide unless Sudan first agrees." Lauding the "new age of impunity," the Post says the Administration's plan "to frighten the bad guys so much that they wouldn't dare cross the United States" hasn't worked, and President Bush "has squandered so much of America's moral authority — not to mention our military resources — that efforts to shame or bully

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the right behavior from adversaries (and allies) sound hollow." Bush "appears to care deeply about Darfur," but Washington "is so overstretched in Iraq that no one in this White House is even talking about sending NATO to stop ethnic cleansing that has already left more than 200,000 dead and displaced more than two million." The Post adds, "Closing our eyes for another two years isn't an answer. Washington needs to assert its leadership, no matter how tattered, on all these fronts." Bush should "tell China and Russia that all future relations will be judged on how they hold the North to account," then pledge "that he would not try to overthrow North Korea's government if it abandoned its nuclear weapons. Mr. Bush needs to make the same unambiguous offer to Iran." The Post concludes, "We fear it will take a lot more than the trials of a few low-level prison guards to repair the damage, whether from Abu Ghraib, Guantánamo, the secret prisons or the whole mismanaged Iraq war. There can be no impunity at home either."

WPost Says New UN Rights Council Far Worse Than Predecessor. The Washington Post (10/12, A26, 748K) editorializes, "When the Human Rights Council was approved by the General Assembly in March, we were among the skeptics who doubted that it would be much of a change… As it turned out, we were wrong: The council … has turned out to be far worse than its predecessor -- not just a 'shadow' but a travesty that the United Nations can ill afford." The new panel "has so far taken action on only one country, which has dominated the debate at both of its regular meetings and been the sole subject of two extraordinary sessions: Israel." This "ludicrous diplomatic lynch mob has been directed by the Organization of the Islamic Conference, which accounts for 17 governments on the 47-member council and counts on the support of like-minded dictatorships such as Cuba and China." The Post is "skeptical" of NGO calls to give the Commission "time to right itself," and concludes, "If there is no turnaround, the council's performance ought to invite consideration of the measure that was applied to the U.N. cultural organization, UNESCO, when it ran amok in the 1980s: a cutoff of U.S. funding. If this ill-formed body is to become an exclusive forum for anti-Zionist rants, the principal victim will be not Israel but the United Nations."

NYTimes Lauds ICC's Focus On Child Soldiers. The New York Times (10/12, 1.21M) editorializes, "The recruitment of child soldiers is one of the most heinous war crimes, and among the most forgotten." However, the International Criminal Court "may force guerrilla leaders and government officials who recruit children to think again." The ICC has begun prosecuting "its first" child soldier case, that of Congolese militia leader Thomas Lubanga Dyilo. The Times notes that, despite an array of counter efforts, Congolese "militias that are still fighting are still using child soldiers, sometimes forcing demobilized children back into the war." They conclude, "Much good can come from the court's focus on child soldiers. The decision by the international tribunals for Rwanda and Yugoslavia to treat rape as one of the most serious international crimes has changed legal attitudes and practice worldwide. The International Criminal Court is now drawing attention to another widespread, yet widely ignored, horror. Guerrilla leaders in Colombia, Sri Lanka, West Africa and elsewhere, and government officials in Myanmar, should pay close attention."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"No Solo Talks With N. Korea, Bush Insists."
"Small Plane Strikes New York High-Rise."
"Book Awards Give Historic Glow To A Beacon Of Beat."
"You Can Date Now, Meet Later."
"Political 'Tracker' Is Looking For Err Time."
"Videos Prompt Treason Charge For Southland Man."
"USC Seeks Downtown Admission."

USA Today:

"Yankee's Plane Crashes Into New York High-Rise."
"'All-Time High' In Baghdad Violence."
"Antipsychotics Fail Alzheimer's Test."

New York Times:

"Manhattan Plane Crash Kills Yankee Pitcher."
"Foley Case Snags Incumbent In Ohio Race For House Seat."
"Drugs To Curb Agitation Are Said To Be Ineffective For Alzheimer's."
"A Gilded Path To Political Stardom, With Detours."
"Discounters Go On Road To Find New York Style."

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Washington Post:
"Bush Stands Firm On Policies."
"America's Population Set To Top 300 Million."
"Small Plane Hits High-Rise In N.Y."
"Around D.C., A Cheaper House May Cost You."
"Chaos Swells As Students Shut Down Gallaudet."
"Living Large As Zoo Unveils Asia Trail."

Washington Times:
"Intelligence Failure Cited In Korean Crisis."
"Yankee Killed When Plane Hit N.Y. Building."
"Bush Vows To Build Fence."
"Overblown Hurricane Predictions Hurt Investors, Too."
"Turning A Corner In Chinatown."
"French Police Face Muslim 'Intifada.'"

Atlanta Journal-Constitution:
"Crash Rattles New York."
"BellSouth's Final Call: AT&T Set To Take Over."
"Pentagon Plan Could Maintain Iraq Troop Level Through 2010."
"Report: Current UGA Athletes Make The Grade."
"State's Midsection Holds Key To Race For Governor."

Houston Chronicle:
"Hired Guns Enter Smoking Debate."
"'Foley Fallout' Forecast Here, Too."
"A City's Memories Stirred."
"School Policies Missing The Bus."
"Hill Country, Meet Your Namesake, Forest Country."

Story Lineup From Last Night's Network News:
ABC: Plane Hits Building-NY; Plane Hits Building-Response; Iraq War Changing Course; US Response-Nuclear Test; Iraq Sectarian Violence-Deaths; Childhood Cancer; Barbaro Recovering; Adult Kickball.
CBS: Plane Hits Building-NY.; Plane Hits Building Response; US Response Nuclear Test; Iraq War Changing Course; Treason Charges; New Cancer Treatment; Bob Schieffer-Opinion; CBS Casualties Of Iraq; Dresser Drawer History.
NBC: Plane Hits Building-NY; Plane Hits Building-Response; Flight Rules; Flight Rules; US Troop Levels; Childhood Cancer; Federal Budget; Treason Charge; Stock Market.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: New York City-Plane Crash; Bush-Iraq; Wall Street.
CBS: New York City-Plane Crash; Bush-North Korea; Iraq-US Troop Levels; MLB Playoffs.
NPR: New York City-Plane Crash; American Al Qaeda-Treason Charges; Bush-North Korea; Berger-Document Handling Investigation; Dominican Republic-Helicopter Crash; Stock Options Backdating Scandals; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on energy, St. Louis Convention Center; attends a David McSweeney for Congress 2006, Roskam for Congress and Illinois Congressional Victory Committee 2006 reception, Hilton Chicago.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Jim Ryun, Capitol Plaza Hotel Manor Conference Center, Topeka; tours the Canal Barge Co. Port of New Orleans offices; attends a briefing by the Army Corps of Engineers, Port of New Orleans headquarters; speaks at a reception for the Republican National Committee, Plimsoll Club, New Orleans.

LAURA BUSH — Speaks at a Chris Chocola for Congress luncheon, Century Center, South Bend. Ind.; participates in a tree planting ceremony, Forest Park-World's Far Pavilion, St. Louis.; speaks at a Jim Talent for Congress reception, Private residence, St. Louis; speaks at an Arch Lighting for Breast Cancer Awareness. St. Louis.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CLIMATE-TRANSPORTATION _ The National Academies holds a conference on climate change impacts on U.S. transportation. Highlights: 8:45 a.m. Session on the current state of knowledge on climate change. 9:45 a.m. Session on the role of transportation design standards in light of potential impacts from climate change. 1:30 p.m. Case study of the transportation sector's response to and recovery from hurricanes Katrina and Rita. Location: NAS, 2100 C St. NW.

HIGH SCHOOLS _ The 3rd Annual High School Policy Conference, ``Taking the Next Step Defining a Shared Federal Agenda for High School Reform." Participants at the conference will contribute to building a shared federal agenda informed by what is and is not working at the state and local level. Highlights: 8:30 a.m. Welcome by Gov. Bob Wise, Alliance for Excellent Education. 1:45 p.m. Session on ``What is an Effective High School Accountability System?,"

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with Michelle Cahill, New York City Department of Education; Peter McWalters, Commissioner of Education, Rhode Island; Bethany Little, Alliance for Excellent Education; and Bill Taylor, Citizens Commission on Civil Rights. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

QUALITY FORUM _ The National Quality Forum sponsors the National Policy Conference on Quality, focusing on the coordinated public and private initiatives underway to promote transparency, pay-for-performance, and electronic health records. Highlights: 8:30 a.m. Janet Corrigan, director of the Institute of Medicines Board on Health Care Services. 8:45 a.m. Centers for Medicare and Medicaid Services Administrator Dr. Mark McClellan. 9:30 a.m. Dr. Carolyn Clancy, director, Agency for Healthcare Research and Quality. Location: Grand Hyatt Hotel, 1000 H St. NW.

CONNER _ 9 a.m. Deputy Agriculture Secretary Chuck Conner speaks to the U.S. Indian American Chamber of Commerce. Location: Jefferson Auditorium, USDA, 1400 Independence Ave. SW.

EXPORTS _ 9 a.m. First meeting of the Deemed Export Advisory Committee of the Commerce Department, created by Commerce Secretary Gutierrez to address the issues surrounding technology transfers. Location: Auditorium, main Commerce.

ENERGY-FOREIGN POLICY _ 9:30 a.m. - 10:30 a.m. The Council on Foreign Relations hosts an on the record discussion, ``Independent Task Force Report on Energy and U.S., Foreign Policy." Speakers: John Deutch, Institute Professor, Massachusetts Institute of Technology; Former Director of Central Intelligence; Former Deputy Secretary of Defense; Task Force Chairman; James R. Schlesinger, Senior Adviser, Lehman Brothers; Former Secretary of Defense; Former Secretary of Energy; Task Force Chairman; and David G. Victor, Adjunct Senior Fellow for Science & Technology, Council on Foreign Relations; Task Force Director. Location: The Washington Club, 15 Dupont Circle NW.

EMERGENCY EVACUATIONS _ 10 a.m. The American Highway Users Alliance holds a news conference to release a report card of the evacuation capacity of the country's 37 largest urban areas. Location: National Press Club.

NORTH KOREA _ 10 a.m. The Carnegie Endowment for International Peace holds a discussion on the future steps dealing with North Korea, with Michael Swaine of the endowment, Randy Schriver of CSIS and Alan Romberg of the Stimson Center. Location: 1779 Massachusetts Ave. NW.

FTC-REAL ESTATE _ 11 a.m. The Federal Trade Commission will hold a news event to announce the results of a real estate competition sweep that will include seven law enforcement actions. Briefing follows the event. Location: Room 432, FTC, 600 Pennsylvania Ave. NW.

PEACE-SECURITY _ 11 a.m. Deputy UN Secretary General Mark Malloch Brown gives the keynote address at the conclusion of the Brookings Project on Force and Legitimacy, a dialogue on when and how the use of force might be legitimized in dealing with WMDs. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

MEDICARE-EDUCATION _ 11:30 a.m. National health insurance and pharmacist organizations announce a new education effort to help seniors evaluate their Medicare prescription drug plan choices. Participants include America's Health Insurance Plans, the National Association of Chain Drug Stores and the National Community Pharmacists Association. Location: Room 325, Russell.

ELECTION REFORM _ 12:15 p.m. The Century Foundation, Common Cause and the Leadership Conference on Civil Rights hold a telephone news conference to release a 10-state study showing slow progress on election reform. Contacts: Christy Hicks, 212-452-7723. Notes: States in the study include Pennsylvania, Ohio, Missouri, Michigan, Florida, Wisconsin, Minnesota, Washington, Georgia and Arizona. Callin number: 800-418-7236; passcode: voting report.

KARPINSKI-CONSERVATION _ 12:30 p.m. Gene Karpinski, President, League of Conservation Voters, addresses a National Press Club luncheon. Location: National Press Club, Holeman Lounge.

AFGHANISTAN _ 1 p.m. American University hosts a forum on the state of Afghanistan after the fall of the Taliban. Speaker is Sarah Chayes, former reporter for National Public Radio. Location: American University School of International Service Lounge, 4400 Massachusetts Ave. NW.

COUNTERFEITING-PRIVACY _ 2 p.m. The US Chamber of Commerce holdes a forum on international enforcement of counterfeiting and piracy laws, with an announcement by the chamber about a new enforcement partnership. Location: 1615 H St. NW.

FOREIGN POLICY _ 5 p.m. The New America Foundation, others, hold a debate on ``Beyond No-Cons and Neo Libs: Can Realism Bridge Left and Right?" with Dmitri Simes of the Nixon Center, Sherle Schwenninger of the World

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Policy Institute, and Dov Zakheim of Booz Allen Hamilton. Location: 7th floor, 1630 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 12, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Citizen Featured In Al Qaeda Videos Charged With Treason. ABC World News (10/11, story 5, 0:10, Gibson, 8.78M) reported, "In an extremely rare move, the government today level leveled treason charges against an American turned al Qaeda radical. 28-year-old Adam Gadahn, who calls himself Azzam the American, has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty." NBC Nightly News (10/11, story 8, 2:00, B. Williams, 9.87M) showed Paul McNulty, Deputy US Attorney General, saying, "Adam Gadahn is an American citizen who made a choice. He chose to join our enemy and to provide it with aid and comfort, by acting as a propagandist for al Qaeda." CBS Evening News (10/11, story 5,0:15, Couric, 7.66M) noted in the first such charge "since World War II."

The Los Angeles Times (10/12, Krikorian, 918K) reports, "Though FBI counterterrorism officials were aware of Gadahn for years, his name did not surface publicly until May 2004, when it was announced that they were seeking information on his whereabouts and considered him armed and dangerous. At the time, they said they believed that he had attended an Al Qaeda training camp in Afghanistan and worked as a translator for several of the organization's leaders, including senior lieutenant Abu Zebeida." The Times adds, "Months after the FBI announced its search for Gadahn, the CIA said it believed he was the menacing, masked figure making threats against the U.S. in a October 2004 videotaped message from Al Qaeda. In that hourlong tape, released just before the US presidential election, a young man hidden behind a head scarf identified himself as 'Azzam the American' and said that American 'streets will run red with blood.'"

USA Today (10/12, Johnson, 2.27M) says McNulty also "suggested that the increasingly significant role Gadahn has appeared to play in encouraging attacks and recruiting for al-Qaeda warranted the treason charge." Gadahn "is one of the FBI's most wanted terrorism suspects. There is a $1 million reward for information resulting in his capture." The Chicago Tribune (10/12, Zajac, 623K) reports Gadahn "originally had been charged in a sealed indictment in October 2005." The New York Times (10/12, Lichtblau, 1.21M), Washington Post (10/12, A3, Eggen, Deyoung, 748K) and Washington Times (10/12, Seper, 88K) run similar reports.

The AP (10/12, Marquez) reports, "Adam Yehiye Gadahn, 28, could be sentenced to death if convicted of the charge, which has been used only a few dozen times in U.S. history and not at all since the World War II era. He also was indicted on a charge of providing material support to terrorists." The AP continues, "Gadahn 'knowingly adhered to an enemy of the United States, namely, al-Qaida, and gave al-Qaida aid and comfort ... with intent to betray the United States,' according to the indictment, handed up by an Orange County grand jury." The AP adds, "The suspected al-Qaida operative has been sought by the FBI since 2004. Based on the indictment, the FBI added Gadahn to its list of most wanted terrorists and offered a $1 million reward for information leading to his arrest or conviction. … Gadahn, who is believed to be in or near Pakistan, is suspected of having attended the terrorist group's training camps in Pakistan and serving as one of its translators. He has become known by his nom de guerre, Azzam al-Amriki, or 'Azzam the American.'"

Bloomberg (10/12, Schmidt) reports, "Gadahn, whose last known address was in Orange County, California, is considered a fugitive and is believed to be living in Pakistan, the Justice Department said. He is the first American to be charged with treason since the World War II era, the department said. … 'A charge of treason is exceptionally severe and it is not one we bring lightly,' said Deputy Attorney General Paul McNulty at a news conference in Washington. 'But this is the right case for this charge.'"

UPI (10/12) and Voice of America (10/12) also report on the indictment.

ABC World News (10/11, story 5, 0:10, Gibson) reported, "And in an extremely rare move, the government today level leveled treason charges against an American turned al Qaeda radical. 28-year-old Adam Gadahn, who calls himself Azzam the American, has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty."

CBS Evening News (10/11, story 5, 0:15, Couric) reported, "For the first time since World War II, an American has been charged with treason, punishable by the death penalty. He is Adam Gadahn who's appeared in several al Qaeda videos as Azzam the American, praising the 9/11 hijackers and calling for a jihad against the US. Gadahn is 28 and grew up in California. He's believed to be in Pakistan and there is a million dollar reward for his capture."

At least 160 local television newscasts reported that a federal grand jury charged Adam Gadahn in absentia with treason. The focus of the reporting was on Gadahn's role in promoting Al Qaeda ideology in a number of the group's propaganda videos. Few newscasts noted that treason charge is first since Second World War. Some examples: KABC-TV Los Angeles, (10/11, 4:59 p.m.) reported, "Former southern California residents Adam Gadahn appearing in a

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number of Al Qaeda propaganda videos now stands accused of treason, perhaps the most serious offense under the constitution. According the indictment by the federal grand jury, Gadahn provided material support to Al Qaeda that he quotes 'gave Al Qaeda aid and comfort with intent to betray the United States.' The crime of treason is perhaps the most serious offense for which any person can be tried under our constitution. It is not a crime only against the American people but against America itself."

WXYZ-TV Detroit, (10/11, 6:40 p.m.) reported, "In an extremely rare move, the government today leveled treason charges against an American turned Al Qaeda radical. Adam Gadahn has been seen as recently as September in threatening videos, spewing hatred for the United States. A treason conviction can carry the death penalty."

WSMV-TV Nashville, (10/11, 5:56 p.m.) reported, "The U.S. has charged an American citizen with the crime of treason. He is Adam Gadahn, a California man accused of helping Al Qaeda by promoting the Al Qaeda message. These very unusual charges were filed today against him. … He claims more attacks are planned and invites Muslims everywhere to join in."

WTEV-TV Jacksonville, (10/11, 11:04 p.m.) reported, "An American is accused of treason. Adam Gadahn was indicted in California today on charges he offered material support for terrorism. He … is on the run and investigators have no idea where he is."

WBTV-TV Charlotte, (10/11, 11:01 p.m.) reported, "Now, Gadahn is on the FBI's most wanted terrorist list with a million dollar bounty."

WSET-TV Roanoke, (10/11, 11:22 p.m.) reported, "Adam Gadahn is believed to be near Pakistan, where he attended al-Qaeda training camps. Authorities say Gadahn served as a translator for al-Qaeda and encouraged U.S. soldiers in Iraq and Afghanistan to switch sides."

WOOD-TV Grand Rapids, (10/11, 11:23 p.m.) reported, "Adam Gadahn is not in U.S. custody, but is believed to be mere Pakistan, where he attended Al-Qaeda training camps."

KNBC-TV Los Angeles, (10/11, 5:59 p.m.) reported, "Meanwhile, a spokesperson for the Islamic Society of Orange County says 'I hope they find him and bring him to justice.'"

Jury Selection For Chicago Terrorism-Funding Trial Begins Today. In a story distributed by McClatchy, the Chicago Tribune (10/12, Bush, 623K) reports, "After winning a series of key pre-trial battles, federal prosecutors say they will lay out a 'crush of evidence' against an Illinois businessman accused of funding terrorism as a member of the militant Islamic Palestinian group Hamas. Attorneys for Muhammad Salah, meanwhile, argue that the government -- which has dropped a key charge and decided not to call its main witness -- is left with a gutted case hinged on a coerced confession. The trial of Salah and his co-defendant Abdelhaleem Ashqar begins Thursday with jury selection. A conviction would be a significant win for the Bush administration," but "similar terrorism cases involving the funding of foreign extremist groups have caused trouble for prosecutors and the courts, experts say."

German Court Weighs Retrial Of Moroccan On Terror Charges. McClatchy Newspapers (10/12, Schofield) reports, "There's no dispute that Mounir el Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the Pentagon and the World Trade Center. … He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg, Germany, and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States used to help finance the hijackers' pilot training." McClatchy continues, "German authorities charged him with 3,066 counts of accessory to murder, and in February 2003, he was convicted - the first person to stand trial for the Sept. 11 attacks. … But that conviction was overturned by a German appeals court in 2004. Earlier this year, he was ordered released pending resolution of the appeals. … Now Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history." McClatchy adds, "A German court on Thursday will begin a hearing into whether the accessory to murder charges should be restored. The German government is seeking a third trial in the matter. Among the issues is whether the United States will allow German attorneys to question two key figures in the Sept. 11 plot - alleged mastermind Khalid Sheikh Mohammed and co-conspirator Ramzi Binalshib. … At the time of Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the Central Intelligence Agency. Despite two visits to the United States by the German prosecutor, U.S. officials declined to make the two men available for questioning. … But in September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held openly with other terrorist suspects at the U.S. naval station at Guantanamo Bay, Cuba."

Texas Man Sentenced For Funneling Money To Hamas. The AP (10/12) reports, "The former chief executive of a computer company was sentenced Wednesday to seven years in prison for funneling money to an official of the militant Palestinian group Hamas." The AP

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continues, "Bayan Elashi and two of his brothers were convicted last year in federal district court of financial dealings with a terrorist. … Prosecutors said the men tried to hide a $250,000 investment in their Richardson computer company by the Hamas official, Mousa Abu Marzook, by making it look like his wife's money." The AP adds, "Judge Sam A. Lindsay is scheduled to sentence Ghassan Elashi on Thursday. A jury found Ghassan and Bayan Elashi guilty on 21 counts of conspiracy, money laundering and dealing in property of a terrorist. .. .Basman Elashi, who was found guilty on three conspiracy counts, was scheduled for sentencing Friday." The AP notes, "Lawyers for the Elashis argued during the trial that the transactions were business deals with Marzook, who was married to the Elashis' cousin. … … Marzook and his wife were also indicted but never captured. Marzook was deported from the United States in 1995, when the federal government named him a terrorist. He is believed to be living in Syria."

HOMELAND RESPONSE:

Members Of Congress Riled By FBI Refusal To Provide Anthrax Probe Briefings. Under the headline "An Anthrax Blackout," Roll Call (10/12, Kane) reports, "The FBI has completely shut Congress out of its now five-year investigation into anthrax attacks on Capitol Hill and around the nation, with accusations flying up and down Pennsylvania Avenue about the probe into the worst biochemical attacks in U.S. history." Responding to Rep. Rush Holt's letter requesting an FBI briefing on the investigation, "the bureau officially stated that it has been withholding all information about the attacks from Congress because of alleged leaks to the media following briefings on the Hill. … This briefing shutdown has left some Members furious with the FBI, leading them to publicly and privately conclude that the investigation clearly has stalled," and Sen. Charles Grassley "is preparing a letter to the FBI in which he will formally request that agents provide a briefing on the attacks."

Arizona Man Sentenced To Seven Years In Prison In Ricin Case. The Arizona Republic (10/3, Wagner) reported, "A Phoenix man who was convicted of trying to manufacture the deadly biological toxin known as ricin was sentenced Monday to more than seven years in prison." Denys Ray Hughes "had no known terrorist affiliation, and investigators never uncovered a specific plot. U.S. District Judge Earl Carroll, who sentenced Hughes to 87 months in prison, said the case was among the most serious he had ever tried," and "U.S. Attorney Paul Charlton described the defendant as 'a home-grown threat,' adding, 'We may never know his motive, but his intent was clear.'" The AP (10/3) also reported on the sentencing.

ACLU Hires FBI Whistleblower As Policy Counsel. Judy Sarasohn writes in her Washington Post (10/12, 748K) "Special Interests" column that the ACLU has hired former FBI Special Agent Michael German as policy counsel. Sarasohn adds German "is the FBI agent…who resigned in 2004 after charging that the agency retaliated against him for complaining about a botched anti-terrorism investigation," which the Justice Department IG "later basically substantiated." Discussing his new position with the ACLU, German "said Bush administration policies allowing warrantless wiretapping and internments without trials, as well as the use of torture in interrogations of terrorism suspects, are ineffective and can worsen national security." ACLU Washington legislative director Caroline Fredrickson said that German's "expertise…will 'help balance the claims of people who want to limit the right of privacy.'"

Small Airplane Crash Into Manhattan Building Ruled An Accident. The crash of a small airplane into a residential building in Manhattan Wednesday is generating heavy media coverage, though authorities have repeatedly stated that the incident appears to have been an accident. CNN's The Situation Room (10/11, Blitzer) reported the White House and the FBI "say there's no indication -- repeat, no indication this is a terrorist attack. But US fighter aircraft jets are scrambling right now purely as a precaution. This is standard operating procedure."

The Los Angeles Times (10/12, Mulligan, Barry, 918K) reports DHS Secretary Michael Chertoff spoke with New York Gov. George E. Pataki minutes after the agency learned of the crash "to convey that the department had no information that suggested a credible threat, spokesman Russ Knocke said. 'At this time there's no indication of a terror nexus; all indications are this is a truly unfortunate accident,' Knocke said. The department had no plans to change the color-coded national terrorism alert level." New York Gov. George Pataki said on CNN's The Situation Room (10/11), "There was no prior indication, no prior intelligence, that there was any type of a terrorist threat of this nature pending anywhere in the country. And there is no current information from the investigation at the site saying that it's anything other than an accident."

On MSNBC's Connected Coast to Coast (10/11), Gov. Pataki said the response to the incident "went extremely well. We had instantaneous communication, the city, the state, the federal officials. I talked with Secretary Chertoff a number of times and the mayor."

The story dominated the evening news last night, leading each of the networks' broadcasts. Comparisons to

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9/11, as well as the fact that one of the plane's passengers was New York Yankees pitcher Cory Lidle, drove the coverage. CBS Evening News (10/11, lead story, 2:45, Couric, 7.66M) reported that as "pictures of flames shooting from windows flashed on TV screens across the country…the same thought flashed through everyone's mind: Was it another terror attack, another 9/11?" CBS (Pitt) added that "the frightening similarities to September 11…temporarily sent the Upper East Side of Manhattan into a panic." ABC World News (10/11, lead story, 2:40, Gibson, 8.78M) reported "before we knew the details when concerns of terrorism were on everyone's mind, fighter jets scrambled over many American cities and homeland officials were on alert."

In a front page story, the Washington Post (10/12, A1, Powell, Goo, 748K) reports, "The East Side of Manhattan all but came to a standstill, as police cordoned off York and First avenues, two vast thoroughfares, and fire engines screamed across town." The Washington Times (10/12, Pisik, 88K) reports, "The skies over the Midtown neighborhood were filled with police, medevac and news helicopters, while the streets below were clogged with emergency responders, which have been reassessing their procedures since September 11. … While flames leaped from two stories of the red-brick building that houses more than 180 luxury residences, witnesses turned to their cell phones. Most were describing memories of September 11 where they were on the day, how this revived that feeling of panic and how relieved they were that this was an accident."

On NBC Nightly News (10/11, lead story, 3:10, Williams, 9.87M), Mayor Michael Bloomberg was shown saying, "Everything that we planned to handle an emergency like this was carried out to the book, exactly the way we wanted it to go." NBC (Ellis): "Across the country NORAD scrambled fighter jet patrols across several cities. Law enforcement was quickly able to rule terrorism out."

ABC World News (10/11, story 2, 2:30, Gibson, 8.78M) reported, "The response to today's crash was an object lesson, indicating just how on-edge this country is." ABC (Stark) added that DHS "immediately began coordinating with state and local officials through its command center. … After 9/11, no one wants to take chances."

Crash Sparks Concerns Over Small Aircraft Security. The Wall Street Journal (10/12, A2, Meckler, 2.03M) reports that the crash "offered a reminder that new security measures adopted after the Sept. 11, 2001, terror attacks can't prevent risks posed by aircraft in the busy airspace over the nation's cities." The Journal adds, "Trucks and public transportation have been targeted or used in terrorist attacks in the US and elsewhere. Air traffic presents its own challenges, given the number of aircraft regularly flying in close proximity to urban areas."

The New York Times (10/12, Barron, 1.21M) reports, "New Yorkers with memories of the Sept. 11 attack on the World Trade Center watched smoke drifting toward the sky as firefighters clambered into another high-rise, and the North American Aerospace Defense Command scrambled military jets. Some worried that they had witnessed another terrorist attack, but officials quickly dismissed that notion." Meanwhile, Gov. George E. Pataki said he had asked the Department of Homeland Security to "review the rules that apply to private airplanes flying in the New York City area. 'New York's airspace should enjoy the same kind of protections as our nation's capital,' Mr. Pataki said." On MSNBC's Connected Coast to Coast (10/11), Gov. Pataki said, "The FAA and Homeland Security have to take a hard look at the rules they follow in allowing aircraft into the airspace over New York City."

More Commentary. USA Today (10/12, 12A, 2.27M) editorializes that the incident caused the US to suffer "a collective flashback to 9/11" and argues that it "raises security concerns about the 220,000 small planes in the USA and the 5,500 airports that serve them. While 9/11 prompted a crackdown on commercial flying, many of the vulnerabilities of small planes have never been addressed." Though Wednesday's crash showed "that a small aircraft crashing into a high-rise causes far less damage than a jetliner," it also indicated how little there is to stop a potential terrorist from loading a plane explosives or biological weapons and "flying into such New York icons as the United Nations headquarters and the Statute of Liberty." In an opposing op-ed (10/12, 12A) Phil Boyer, president of the Aircraft Owners and Pilots Association, wrote that "USA TODAY is exploiting this extraordinarily rare occurrence, using it as the barest thread of justification to bolster its long-standing and indefensible bias against small aircraft."

Report Card Gives Most Large US Cities Failing Grades For Evacuation Preparedness. USA Today (10/12, 4A, Hall, 2.27M) reports the American Highway Users Alliance released a report card today that gave most of the largest cities in the US "flunking grades" for how well they can evacuate their "population before or after a major disaster." New York City, Los Angeles, Chicago, San Diego, Miami, Philadelphia, Denver, Atlanta and Boston failed the test and only Kansas City, Mo., got an 'A.' The Alliance's report "follows the release in June of a review by the Homeland Security Department that examines the ability of all 56 states and territories and 75 urban areas to respond to catastrophes. 'Significant weaknesses in evacuation planning are an area of profound concern,' that review concluded."

Corporate America Setting Up Protocol For Better Disaster Response. USA Today (10/12, Fetterman, 2.27M) reports that having learned what they

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could do to help in the aftermaths of 9/11 and Hurricane Katrina by watching events unfold "on CNN," as Home Depot CEO Bob Nardelli complains, "nearly 30 CEOs have teamed in an unprecedented effort to set up an 'emergency protocol' with the US government and charities so that Corporate America can better respond to the next natural or manmade disaster." The plan "includes everything from a 24/7 direct phone link to the Department of Homeland Security and a website that will have 'real time' news about what the government needs from business, to 'swat teams' of employees from competing firms." Nardelli, who is chairman of the Business Roundtable's disaster-response task force, said some of Corporate America's "frustration even before Katrina was having to wait for a coordinated effort from government. We want to set up that cooperative effort now."

Homeland Security Spending Bill Requires TSA To Release More SSI Data. The Washington Post (10/12, A25, Hsu, 748K) reports the Homeland Security spending bill signed last week by President Bush orders the agency "to ease secrecy rules at the Transportation Security Administration, helping families of victims of the Sept. 11, 2001, attacks who have sued to unearth security practices before then." The TSA will be required "to release 'security sensitive information' that is more than three years old and is not part of existing plans or certain categories, barring 'a rational reason' cited by Secretary Michael Chertoff that it should remain secret." The Post adds that the TSA's definition of SSI is "open-ended," and the agency has invoked the program "to withhold information about bomb scares at airports and to drop cases against screeners charged with stealing from passengers, for example."

Katrina Victim Lott A Leader In Battles With Insurance Companies. The New York Times (10/12, Treaster, 1.21M) reports Sen. Trent Lott is "one of thousands of homeowners on the Gulf Coast who have been fighting with their insurers over payments for damage in Hurricane Katrina. In an interview yesterday, he said he was angry about the insurers' 'insensitivity and outright meanness' in rejecting many homeowners' claims." Lott said he "inserted a provision into legislation, signed by President Bush last week, directing the Department of Homeland Security to investigate potential fraud by the insurance industry. Mr. Lott said he was also drafting legislation to challenge the industry's exemptions from antitrust laws and had asked his staff to investigate the industry's tax rates." Lott's claim "for the loss of his $400,000 house in Pascagoula was rejected by State Farm. Industry executives and lawyers denied that the insurers had engaged in fraud and some questioned whether Mr. Lott was improperly using his position in Congress."

WAR NEWS:

Bush Indicates Openness To Changes In Iraq Strategy. The Los Angeles Times (10/12, Richter, McManus, 918K) reports, "President Bush opened the door to possible changes in his approach to the Iraq war, declaring Wednesday that 'we'll change tactics when we need to change tactics,' amid pressure from Republicans about the unrelenting violence and the shortcomings of the government in Baghdad." However, he "did not specify what changes he would be willing to consider," although he "said he is open to suggestions for change from Army Gen. George W. Casey Jr." While Bush said "that the description of his policy as a stay-the-course stance was only 'about a quarter right,'" he also "continued to characterize opposing views as 'cut-and-run.'" While "the comments were seen as a signal of a partial openness to a new direction in Iraq," some political analysts say "Bush's comments were tailored for the upcoming midterm elections," although "they said the language might also hint that changes will come after the elections."

ABC World News (10/11, story 3, 2:55, Gibson, 8.78M) reported that "the President today left open the door to overhauling his Iraq policy." ABC (Karl) added, "Charlie, discussions about overhauling policy have been going on behind closed doors at the White House and the Pentagon for weeks. Now, those discussions are out in the open. The escalating violence has led high-profile Republicans to say it may be time to change course in Iraq. Today, the President said they may be right." Karl added, "He said any decision on changing strategy would be Casey's." Karl also added, "Pentagon advisers tell ABC News Chairman of the Joint Chiefs of Staff Peter Pace, is conducting his own review of military strategy in Iraq. He has created a personal of experts to study the issue." The reported continued, "The conventional wisdom here at the Pentagon, the prevailing view is that more troops probably won't help. But there are significant advisers to the Pentagon that say it has to be considered."

NBC Nightly News (10/11, story 5, 3:00, Williams, 9.87M) reported, "As military and Pentagon officials look at ways to overhaul the US strategy in Iraq senior officials still insist the US is not losing the war. But given the current strategy, -- they are now beginning to raise serious doubts the US can help win it."

The Washington Post (10/12, A1, Abramowitz, 748K), the New York Times (10/12, Stolberg, 1.21M), USA Today (10/12, Jackson, 2.27M), and the Washington Times (10/12, Curl, 88K) all mention the President's comment about changing strategies for Iraq, in articles mostly devoted to his comments on North Korea.

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LATimes Criticizes Bush For Saying Staying In Iraq Makes US Safer. The Los Angeles Times (10/12, 918K) editorializes that President Bush's "crude formulation" that if we do "not defeat the terrorists 'over there' in Iraq" we "will have to fight them" in the US "is tiresome and insulting to Americans' intelligence." It also "undermines his own credibility" and "could lead to a false sense of complacency." His "deliberate repetition of a shameless canard just before an election does not contribute to…thoughtful debate." While "there are good reasons not to withdraw from Iraq hastily," his "pretending these two issues are part of the same problem trivializes them both."

Army Planning To Keep Iraq Troop Levels Constant Through 2010. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "The army chief of staff today said the United States may keep 140,000 troops in Iraq for at least four more years. General Peter Schoomaker's assessment reflects the bleak security situation in Iraq. And a new private report says more than 600,000 Iraqis may have died as a result of the war."

ABC World News (10/11, story 3, 2:55, Gibson, 8.78M) reported, "At the Pentagon, the Army's top general says the Army has contingency plans to keep 120,000 soldiers in Iraq through 2010, should that prove necessary. That is not to say it will be necessary. But it is an indication of just how uncertain is the future of what will be needed in Iraq." ABC (Karl) added, "General Casey left the door open to asking for more troops." NBC Nightly News (10/11, story 5, 3:00, Miklaszewski, 9.87M) reported the decision "pretty much boils down to the fact the unrelenting violence in Iraq remains so volatile, so unpredictable the US Army is preparing for the worse."

USA Today (10/12, Brook, 2.27M) reports that Gen. Schoomaker said that "the Army plans to maintain its current level of 120,000 soldiers in Iraq through 2010," although "plans could change if conditions warrant." He added, "This is not a prediction that things are going poorly or better." However, "the Army will have to rely on the National Guard and Reserves to maintain the current level of deployments," and "Military analysts Wednesday said they doubted the Army could maintain its Iraq levels for that long," due to "Domestic politics and the strain on soldiers from repeated deployments." Similarly, Lt. Gen. Thomas Metz, deputy commander and chief of staff of the U.S. Army Training and Doctrine Command, said in an interview that "training enough soldiers to meet the current level through 2010 would be challenging."

The Financial Times (10/12, Sevastopulo) adds, "The Bush administration had hoped to reduce US troop numbers to about 100,000 by the end of 2006, partly in an attempt to convince the US public that the military was making progress in Iraq. But those plans have had to be shelved because of the growing level of sectarian violence in Iraq and particularly Baghdad."

The AP (10/12, Burns) notes that Schoomaker's "comments were the latest acknowledgment by Pentagon officials that a significant withdrawal of troops from Iraq is not likely in the immediate future." Meanwhile, "Defense Secretary Donald H. Rumsfeld said he and other senior Pentagon officials are still studying how the military might keep up the current pace of Iraq deployments without overtaxing the Army and Marine Corps," including using "the Air Force and Navy for work that normally is done by soldiers and Marines."

McClatchy (10/12, Brown) reports, "Defense Secretary Donald H. Rumsfeld slammed the notion that Schoomaker's remarks meant U.S. troops would be in Iraq in 2010," adding, "it's unfortunate that stories go out mischaracterizing what people say."

Kerry Advocates Troop Withdrawal Proposal. The Boston Globe/AP (10/12) reports, "Sen. John Kerry on Wednesday called the Bush administration's Iraq policy a 'stand-still-and-lose strategy,' and defended his proposal to set a deadline for troop withdrawal." He said that Bush's saying "we will 'stay as long as it takes,'" provides "squabbling politicians there an excuse to take as long as they want," as "the Iraqi leaders have responded only to deadlines."

Herbert Argues War's Sacrifice Shouldn't Fall Only On Service Members. Bob Herbert writes in his column in the New York Times (10/12, 1.21M) that Sgt. Mike Krause has "a definite edge in his voice, an undercurrent of bitterness, when he talks about the tiny percentage of the American population that is shouldering the burden of the wars in Iraq and Afghanistan," saying, "'We're nowhere close to sharing the sacrifice," which, "should be shared, because it's only in that sharing that society will truly care about what's going on over there." "While most Americans are free to go about their daily business, unaffected by the wars in any way, scores of thousands of troops have been sent off on repeat tours into the combat zones," and "There is no way for a nation as big and as rich and as healthy as the U.S. to justify the imposition of such a tragic and heavy load on the backs of so few." Sgt. Krause "said that if he could wave a magic wand, he would make some form of public service compulsory."

Baghdad Violence At "All-Time High." The New York Times (10/12, Cloud, 1.21M) reports that Gen. George W. Casey Jr., the senior American commander in Iraq, said "that violence in Baghdad had reached its highest levels in recent weeks, despite the assignment of thousands more American and Iraqi troops to the capital in August," even "as President Bush, at a Rose Garden news conference, said he was open to modifying strategy in Iraq if military commanders

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determined that a new approach was required." However, "Casey suggested at the briefing that broad changes were not necessary" as "the broad American strategy of trying to contain violence while training Iraqi troops to step in 'is still a valid framework.'" He also said it is "an 'open question' whether more troops were needed, but said that for now, he was not requesting that." Also at the briefing, "Defense Secretary Donald H. Rumsfeld acknowledged that he was examining ways of maintaining the current pace of deployments in Iraq."

The Washington Post (10/12, A21, White, Ricks, 748K) adds that Casey "was dismissive of a wholesale strategic change," but said "U.S. commanders and the Iraqi government 'not comfortable' with the current situation there." He added that "Iraq is a 'tough situation' and that he expects it to continue to be difficult through Ramadan and in coming months," although he "tempered his assessment of the Baghdad area by saying that progress exists in Iraq alongside the attention-grabbing violence."

USA Today (10/12, Jervis, 2.27M) notes, "The number of sectarian killings each month in Baghdad has more than tripled since February, and the violence has not slowed despite a major offensive in the capital." Military spokesman Lt. Col. Christopher Garver "acknowledged violence in Baghdad is at an 'all-time high,'" adding that "we've been frustrated that the extremists keep perpetuating the number of attacks." This "civil unrest has placed U.S. troops in a difficult position."

The AP (10/12, Abdul-Zahra, Keath) adds that according to new Health Ministry figures, "More than 2,660 Iraqi civilians were killed in Baghdad in September," which is "400 more than the month before despite an intensified U.S.-Iraqi sweep aimed at reining in violence." This shows "how tough the vital battle to secure Baghdad has proven amid a wave of bloodshed this year."

Insurgent Mortar Sparks Ammo Explosions. The Los Angeles Times (10/12, Daragahi, 918K) reports, "Insurgents fired a mortar round at a U.S. military base that struck an ammunition supply depot, sparking a series of explosions that shook much of the capital Tuesday night and a massive fire that continued to smolder into the morning." While it caused no casualties," the explosions "sent shock waves across southern and central Baghdad." In response, the base went to "full alert, with helicopters and unmanned aerial drones launched to locate the mortar position."

Some Support, Some Deny Study Putting Iraq Casualties Around 655,000. The AP (10/12, Ritter) reports that there is a "varied reception for a controversial new study" by researchers from Johns Hopkins University in Baltimore and the Al Mustansiriya University in Baghdad "that estimated the Iraq war has led to the deaths of nearly 655,000 Iraqis as of July." President Bush "doesn't believe it. Some experts have a problem with it. But several others say it seems sound." While Gen. George Casey said, "That 650,000 number seems way, way beyond any number that I have seen," at the same time "several biostatisticians and survey experts were supportive of the work." Les Roberts, one of the study's authors, explained that "If the estimate seems high, it's because the door-to-door survey turned up deaths that are typically overlooked when sought by other means in wartime situations." The Los Angeles Times (10/12, Daragahi, 918K) adds, "The Iraqi government on Wednesday condemned as 'exaggerated'" the "controversial public health study," as government spokesman Ali Dabbagh called the numbers "far from the truth."

ABC World News (10/11, story 6, 2:35, Gibson, 8.78M) reported on the "controversial new study about civilian deaths in Iraq that was released today." President Bush "maintained today that the new study is just not credible." ABC (McCarthy) added, "What is important for people here today is whether they can hope for things to get better. Unfortunately, most indications are that it is getting worse."

Iraqi Parliament Approves Law Allowing Autonomous Regions. The New York Times (10/12, Semple, 1.21M) reports that in "a resounding victory for Abdul Aziz al-Hakim, leader of the dominant Shiite bloc," the Iraqi Parliament approved a law "enabling provinces to unite to form autonomous regions, in spite of vehement opposition by Sunni Arab leaders who said it could splinter the republic and disadvantage the minority Sunni population." They fear the plan will "eventually shift control of its oil wealth to the Kurds in the north and the Shiites in the south." United against the legislation, "The Sunni Arab blocs and some Shiite and secular legislators…boycotted the session on Wednesday in an unsuccessful effort to prevent a quorum."

The Washington Post (10/12, A21, Paley, 748K) adds, "In exchange for" including "a provision that prevents the formation of federal regions for 18 months" creating "a panel to review the constitution, the Sunnis agreed to call off a boycott that had prevented the federalism bill from being introduced."

Oversight Agency Finds Problems In Iraq Construction Project. The New York Times (10/12, Glanz, 1.21M) reports that a report released yesterday by the Special Inspector General for Iraq Reconstruction found that "The American-financed rebuilding of an Iraqi police headquarters" in Mosul "that was meant to show a new approach to reconstruction has instead turned out to be rife with shoddy construction and is exposing security forces to unnecessary risk." The Army Corps had "contracted directly to a local Iraqi company," saying it would "eliminate some of the construction problems," but "Problems with the construction were not hard to find." Brian M. Flynn, the

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assistant inspector general for inspections, "said there had been no plans to look into the headquarters…until an inspection team happened to be in Mosul and was approached by the Iraqi police" who "were so upset with the quality of construction that they asked us to inspect it." The report said that "The problems stemmed from a poor Iraqi contractor and a lack of inspection by Army engineers early in the project," a conclusion that Maj. Gen. William H. McCoy Jr., commander of the Army Corps' Gulf Region Division called "on the mark."

Afghanistan Reconstruction Effort Seen As Mixed Bag. The Christian Science Monitor (10/12, 58K) reports that in the five years since invasion of Afghanistan, "the coalition has worked to fill a gaping political vacuum in the face of growing challenges." It "was already a broken nation," as "decades of war and austere fundamentalist rule had left the country with little in the way of industry, infrastructure, government institutions, or an educational system." While poppy cultivation has increased, "Afghanistan has also made strong democratic advances, and the education system has markedly improved."

CORPORATE SCANDALS:

McAfee, CNET Chiefs Resign Amid Options Backdating Scandals. The Financial Times (10/12, Allison) reports, "The chief executives of McAfee, the antivirus software maker, and CNET, an online publisher, quit on Wednesday over Silicon Valley's options backdating scandal. Their departures are likely to increase fears that the apparently widespread practice could lead to a broader shake-up of senior leadership in the world's leading technology hotspot. … McAfee said it had ousted Kevin Weiss, president, who joined the company in 2002 and became president in March, several years after improper backdating at the company began. … Shares in CNET, owner of the technology news website, dropped 6.5 per cent after the company announced the departure of Shelby Bonnie, its co-founder, chairman and chief executive. He resigned after an internal probe found the group backdated some options grants between 1996 to "at least" 2003."

The New York Times (10/12, Flynn) reports, "Rumors have circulated on Wall Street recently that McAfee might be an acquisition target. Eugene Munster, an analyst with Piper Jaffray, said the departure of Mr. Samenuk made that possibility even more likely."

The Wall Street Journal (10/12, A1, Forelle, Bandler) reports, "Experts said more departures are likely. More than 100 companies are under investigation for options backdating, and scores of them are still conducting internal probes. Many would like to finish them in time to make disclosures during quarterly earnings reporting, which will be heavy in the next several weeks. The companies face pressure to finish because they may not be able to tally their earnings without knowing whether they will need to record charges for any improper options discovered by the probes."

USA Today (10/12, Swartz) reports, "The problems hardly constitute a "crisis in confidence" in tech companies, where stock options first became a staple of compensation packages during the 1990s. But it badly diminishes the reputation of executives, says Charles Elson, director of the University of Delaware's center for corporate governance. As more companies dig into their records, he predicts more executive ousters and financial restatements."

The Washington Post (10/12, D1, Ahrens) reports that the practice of backdating "is not illegal as long as the options are properly accounted for on company earnings sheets and tax returns. According to the Securities and Exchange Commission and the Justice Department, however, a number of companies have not followed the rules. Federal authorities have filed fraud charges against executives at two technology companies, and they continue to investigate many firms. The investigations are sending shock waves through the tech community, where stock options have long been a key tool for luring talent to start-ups."

Bloomberg (10/12, Barr, Green) reports, "The toll from backdating continues to mount. More than 30 officials, including eight CEOs, have left companies under scrutiny for manipulating stock options to reward employees, and executives at two, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges. More than 60 companies -- from Apple Computer Inc. to Cablevision Systems Corp. -- have restated or plan to revise earnings."

The AP (10/12, Liedtke) reports, "The abrupt departures of McAfee CEO George Samenuk and CNet CEO Shelby Bonnie follow last week's resignation of Apple Computer Inc. board member Fred Anderson - the company's former chief financial officer - after the iPod maker acknowledged its mishandling of past stock options inflated its past profits. … Apple CEO Steve Jobs held onto his job because the Cupertino-based company's internal inquiry cleared him of any misconduct, but other business leaders battling stock option problems won't be so fortunate, predicted Anthony Michael Sabino, a business law professor at St. John's University." The AP adds, "The stock option practices of at least 135 companies are under government investigation or internal review. … Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween."

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The San Jose Mercury News (10/12, Blitstein) reports, "The three executives are the latest casualties in a scandal that has ensnared more than 120 U.S. companies, about one-fourth of them in Silicon Valley. The businesses either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews."

The California Recorder (10/12, Scheck, Seyfer) reports, "It's not clear whether the latest lawyer to go down because of stock option backdating was involved in the actual decision to award suspect options. … But a Recorder review of SEC filings shows CNET General Counsel Sharon Le Duy did receive grants when the stock was trading at quarterly lows." The Recorder continues, "CNET announced Wednesday that an internal probe found 'deficiencies with the process by which options were granted at CNET, including in some instances the backdating of stock options grants' from 1996 through at least 2003. Le Duy and CEO Shelby Bonnie stepped down, along with the company's human resources chief. … The announcement also said 'a number of executives of the company ... bear varying degrees of responsibility' for backdated grants, though it didn't specify who those executives are."

Court Rules Minnesota AG My Proceed With UnitedHealth Options Probe. The Minneapolis Star Tribune (10/12, Phelps) reports, "Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled." The Tribune continues, "Attorney General Mike Hatch can proceed with his investigation into the question of stock-option dating at UnitedHealth Group Inc., Ramsey County District Judge David Higgs has ruled." The Tribune adds, "Higgs denied UnitedHealth's request for a protective order to stop Hatch from getting company documents related to the disputed options, which also are the target of investigations by federal regulators, the Internal Revenue Service, the Justice Department and a special independent internal review committee. … UnitedHealth argued that Hatch's civil investigative demands for corporate documents had no jurisdiction under state law and would be an undue burden to the Minnetonka-based company. … Higgs disagreed, saying the material sought by Hatch "is clearly relevant and essential" to the attorney general's investigation to determine whether top executives got favorable treatment in the dating of their stock options."

WSJournal Says Congress Shouldn't Overreact To Options Backdating Scandal. The Wall Street Journal (10/12, A18, 2.03M) editorializes, "The options 'backdating' backlash continues to cut a swath through corporate management." While "there's no excuse for false reporting to shareholders, the worst reaction to this mini-scandal would be for Congress to overreact. … The Justice Department and SEC are investigating, which is fair enough. But watch out for Senate Finance Chairman Charles Grassley, who has begun to rumble about eliminating the tax deduction for performance-based pay, such as stock options. He's liable to make things worse."

Skilling Seeks To Remain Free On Bail Pending Appeal. The Washington Post (10/12, D3, Johnson) reports, "Former Enron Corp. chief executive Jeffrey K. Skilling is asking a judge to let him remain free while he appeals his conviction on 19 fraud, conspiracy and false-filings charges, according to court papers filed by his defense team." The Post continues, "Skilling, 52, faces more than two decades in prison when he is sentenced in a Houston federal court. Under the federal system, he must serve at least 85 percent of his sentence. U.S. District Judge Simeon T. Lake III could order Skilling into custody immediately after the court proceeding, set for Oct. 23. … But defense attorneys this week launched a preemptive strike, asking the judge to allow Skilling to remain free on bail pending his appeal. Alternatively, attorneys requested that Skilling be allowed to surrender to the Bureau of Prisons on Jan. 2, or no earlier than Nov. 27. He presents no flight risk and is not 'a threat to society,' attorney Daniel M. Petrocelli wrote." The Post adds, "Skilling has had other legal troubles since his May conviction. Earlier this month, he paid $385 to resolve a misdemeanor public-intoxication charge filed in Dallas. … To remain free during the appeals process, Skilling must prove he will raise substantial issues that are likely to result in a reversal of his conviction."

SAIC IPO Worth An Estimated $1 Billion. The Washington Post (10/12, D1, Witte) reports that shares in Science Applications International Corp. could begin trading on the New York Stock Exchange as soon as tomorrow in an IPO estimated to be worth $1 billion. SAIC has been employee owned for 37 years and the shift to a public company "is the culmination of a broader transformation for SAIC of San Diego, which has grown significantly in recent years and is gunning to move into the top tier of contractors."

Many Efforts To Limit CEO Compensation Backfired. A front page story in the Wall Street Journal (10/12, A1, Lublin, Thurm) reports, "In 1993, activist investor Ralph Whitworth shuttered United Shareholders Association, a group that was trying to tackle the contentious issue of executive pay. It looked as if his work was done. Federal securities regulators had just forced companies to reveal details about pay and perks for top officials, in some cases for the first time. … Since then, the average pay for chief executives of large companies has quadrupled, according to Kevin Murphy, a professor at the University of Southern California's Marshall School of Business. … There are many

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reasons why Mr. Whitworth was mistaken in his prediction, including the bull market of the 1990s, cozy corporate boards and CEOs striving to keep pace with highly paid athletes and entertainers. What's often overlooked is the role of all the efforts -- by Mr. Whitworth and many others -- to limit CEO compensation. For more than two decades, critics tried to slow skyrocketing pay through regulations, legislation and shareholder pressure. Few of their tactics worked. Many backfired."

CRIMINAL LAW:

Friend Of Illinois Governor Faces Fraud Charges. The St Louis Post-Dispatch (10/12, McDermott) reports, "A federal corruption investigation edged closer to Illinois Gov. Rod Blagojevich on Wednesday, with the indictment of a Blagojevich friend and fundraiser who allegedly conspired with another defendant to extort money from state contractors - some of it earmarked for the campaign fund of 'a certain public official.'" The Post-Dispatch continues, "Blagojevich - a Democrat just 27 days from the end of a re-election campaign in a race that has focused on corruption issues - isn't named in the indictment unsealed in Chicago. U.S. Attorney Patrick Fitzgerald, laying out his case at a news conference, refused to answer repeated questions about whether Blagojevich is the unnamed official for whom the two men were allegedly shaking down contractors. … But the indictment includes allegations that Blagojevich confidant Antoin 'Tony' Rezko used 'his relationships and influence' in state government to get the other defendant reappointed to a state pension board, so they could continue demanding kickbacks from contractors hired by the board. That board's members are appointed by the governor." The Post-Dispatch adds, "The 24-count federal indictment names Rezko, a close Blagojevich adviser and major fundraiser, and Stuart Levine, a former Blagojevich appointee to the Illinois Teachers Retirement System. It charges attempted extortion, money laundering and mail and wire fraud. … Fitzgerald said Levine is cooperating with investigators. That's likely to put the spotlight on Rezko, 51, a Syrian immigrant and millionaire businessman who has raised hundreds of thousands of dollars for Blagojevich while serving as an unofficial but close adviser to him."

The New York Times (10/12, Sander) reports, "Mr. Blagojevich, a Democrat, was quick to criticize the accusations against Mr. Rezko, whom prosecutors said devised an elaborate plan to extort millions of dollars from investment firms seeking to do business with state pension funds." The Times continues, "The governor said in a statement that the accusations against Mr. Rezko and another businessman, Stuart Levine, who is expected to plead guilty later this month, were 'reprehensible.'" The Times adds, "Patrick J. Fitzgerald, the United States attorney who announced the indictment, said Mr. Rezko and Mr. Levine developed plans in 2003 and 2004 to obtain $5 million in kickbacks from six investment firms seeking money from two state pension funds. .. .In one scheme, the indictment alleged, Mr. Rezko and Mr. Levine agreed to tell one investment firm that it would receive money from the pension fund only if it paid them $2 million or made a $1.5 million political contribution to 'a certain public official.' … Mr. Fitzgerald, speaking at a news conference, declined to name the 'certain public official' cited. … 'We're not going to comment on anyone not charged,' he said, deflecting repeated questions from reporters about Mr. Blagojevich's role in the investigation. He also said the timing of the indictment had nothing to do with the coming election."

The Chicago Tribune (10/12, Pearson, Long, Mendell, 623K) reports that the federal indictment "alleges that Rezko schemed to extort businesses that came before two state boards with the help of co-conspirator Stuart Levine, a campaign contributor re-appointed to the boards by the governor." Blagojevich "is not accused of any wrongdoing and the indictment does not mention him by name. But the long-rumored charges have been hanging over Blagojevich's campaign for months." Under the headline "Gov's Pal Indicted In Kickback Scheme," the Chicago Sun-Times (10/12, Warmbir, Korecki, Fusco, McKinney) notes, "Levine was charged in the scheme last year. He's cooperating extensively with federal investigators."

The Los Angeles Times (10/12, Huffstutter, 918K) notes, "The FBI also has been looking into claims that Beverly Ascaridis, the wife of the governor's former campaign treasurer, got her job as a state parks administrator in exchange for a $1,500 check her husband wrote to Blagojevich's daughter. Blagojevich has repeatedly denied any knowledge of, or connection to, the alleged corruption. 'The allegations in today's indictments, if proven true, are a violation of my trust but far more importantly a betrayal of the public's trust — the indictment details a pattern of self-enrichment by two individuals, acting on their own, that is reprehensible,' Blagojevich said in a written statement Wednesday."

Bush Defends Hastert's Handling Of Foley Scandal. The New York Times (10/12, Rutenberg, Zeleny, 1.21M) reports, "Early last week, President Bush said he respected J. Dennis Hastert as a father, a teacher and a coach -- but did not say what he thought of him as House speaker. Two days later, amid continuing calls for Mr. Hastert to resign as speaker over the Mark Foley e-mail scandal, Mr. Bush expressed more direct support for Mr. Hastert, but only through aides." This week, adds the Times, Bush "is giving Mr. Hastert a more unmistakable embrace,

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telling reporters on Wednesday: 'Denny is very credible, as far as I'm concerned. And he's done a fine job as speaker.'" The President "is expected go one step further on Thursday, when he is scheduled to appear side-by-side with Mr. Hastert at a Republican rally in Chicago. Aides to both men said Mr. Bush's ever-friendlier declarations of support were one part political calculus, one part personal loyalty." The White House "has made clear it agrees with Republican leaders in Congress that Mr. Hastert's resignation would only prompt Democrats to demand more scalps in the imbroglio over what Congressional Republicans knew when about Mr. Foley's risqué e-mails to male pages." But, aides said, "it also reflects Mr. Bush's belief that Mr. Hastert has by and large been a loyal supporter who has come through for him at crucial moments."

House Ethics Committee Investigators Focus On Three Hastert Aides. The Washington Post (10/12, A6, Weisman, 748K) reports that with House Speaker J. Dennis Hastert "denying personal knowledge of former representative Mark Foley's activities, investigators for the House ethics committee are bearing down on three senior members of Hastert's staff to determine when they learned of Foley's actions and whether they passed on their knowledge to the speaker." Chief of staff Scott Palmer, deputy chief of staff Mike Stokke and counsel Ted Van Der Meid "have formed a palace guard around Hastert (R-Ill.) for years, attaining great degrees of power and unusual autonomy to deal with matters of politics, policy and House operations. They are also remarkably close." It is "that relationship that has made investigators so interested in their knowledge of Foley's contacts with teenage male congressional pages, especially allegations that his chief of staff personally appealed to Palmer in 2003 to confront the Florida Republican." One former GOP leadership aide said, "It would be very hard to believe if Palmer knew that kind of detail, he wouldn't have acted upon it, and it's hard to imagine Scott Palmer would have spared the speaker that knowledge." The Post adds that "within Hastert's operation, some staff members appear to point accusingly at Van Der Meid, who is in charge of ethics matters and is widely believed to have steered Hastert wrong before." Meanwhile, the ethics committee on Thursday will take "the testimony of Kirk Fordham, Foley's former chief of staff, who is to testify that in 2003 he alerted Palmer to Foley's behavior. A source with knowledge of the events said Fordham will detail repeated efforts by then-House Clerk Jeff Trandahl to raise alarms about Foley's interest in young pages, and Fordham's own confrontations with Foley."

Ethics Investigators Question Page Supervisors. The AP (10/12, Margasak) reports the House officials "who directly supervise teenage congressional pages were questioned Wednesday by ethics committee investigators probing the handling of former Rep. Mark Foley's inappropriate messages to pages." The internal investigators "spoke privately with Peggy Sampson, who supervises House pages sponsored by Republican lawmakers, and her Democratic counterpart, Wren Ivester." By "starting with those closest to the pages, investigators can learn what the youngsters might have told the supervisors about Foley, R-Fla., and whether they reported any inappropriate conduct to higher House officials."

Boehner, Alexander To Appear Before Ethics Panel. Roll Call (10/12, Davis) reports sources said House Majority Leader John Boehner (R-Ohio) "received an invitation Wednesday to appear before the Committee on Standards of Official Conduct, but a specific date was not disclosed. A spokesman for Boehner reiterated that he will cooperate fully with the investigation." Meanwhile, Rep. Rodney Alexander "will appear before the ethics committee next week. Adam Terry, a spokesman for Alexander, said he will 'voluntarily' offer testimony Wednesday."

Page Says He Witnessed Inappropriate Touch By Foley In 2001. The Michigan Daily (10/11, Nowinski) reported former House page Richard Nguyen "said he witnessed inappropriate contact between former Republican Congressman Mark Foley and another page in the back of the House floor in early 2001." Nguyen, a "first-year student at the University's Gerald Ford School of Public Policy, said he saw Foley pat a male page's behind." Nguyen "did not report the incident to authorities. At the time, the then-16-year-old thought it was 'questionable activity,' but he was unsure how to interpret it." Nguyen said, "I wasn't sure if it was a social norm I wasn't accustomed to. I mean, you see athletes patting each other's asses all the time on the field."

Hastert, Reynolds Sidelined By Foley Scandal. The Washington Post (10/12, A6, Eilperin, 748K) reports the "Mark Foley scandal and its aftermath have already had a visible effect on Republican prospects: Speaker J. Dennis Hastert (R-Ill.) and Rep. Thomas M. Reynolds (R-N.Y.), the two men leading the GOP efforts to keep power in the House, have both been largely sidelined from the public campaign." Normally, "the House speaker and the chairman of the National Republican Congressional Committee, currently Reynolds, would be in a full sprint in the closing weeks of an election campaign -- raising money and rallying partisans to help House members in the most competitive races. Both leaders, however, have drastically curtailed their appearances this month after coming under fire for what critics have called an inadequate response to early warnings about Foley's behavior with House pages." Reynolds is "now battling to hold on to his own district in Upstate New York, while Hastert has been tied down in Washington, holding news conferences and attempting to control the legal and political fallout from the uproar."

Shays Invokes Chappaquiddick In Defending Hastert. The Hartford Courant (10/12, Lightman, 195K)

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reported that when the Foley scandal "broke last month, Democrats across the country saw a chance to lambaste Republican leadership - including Diane Farrell, who called on House Speaker Dennis Hastert to step down." But when Sen. Edward M. Kennedy "came to Connecticut last week to help her campaign, Rep. Christopher Shays hit back." Shays said, "I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day. Dennis Hastert didn't kill anybody." The Courant adds Shays referred to "the 1969 incident in which the Massachusetts Democrat drove a car that plunged into the water and a young campaign worker died." Shays' words "were emblematic of the increasing bitterness over the fallout from the conduct" of Foley. Farrell was "incredulous – 'my jaw dropped,' she said, when she heard Shays' comments, and she said Chappaquiddick had nothing to do with Hastert's current plight." The Courant adds Shays' "point is that if Farrell is going to host Kennedy, she has no business judging Hastert at this point."

Polls Show Majority Think House GOP Leader More Worried About Politics Than Pages. The AP (10/12, Press) reports most Americans "say the House Republican leadership worried more about politics than the safety of congressional pages in the case of disgraced former Rep. Mark Foley, according to polls. Most also say Democrats would not have handled the situation better." Respondents "were split on whether House Speaker Dennis Hastert, R-Ill., should step down, with just under half saying he should, according to several polls."

NRCC Still Investing Funds In Foley's District. The AP (10/12, Skoloff) reports National Republicans "haven't given up on former Rep. Mark Foley's district, recently spending $244,300 for television ads attacking Democratic hopeful Tim Mahoney." Mahoney has "become a strong contender, partly because Foley's name will remain on the ballot even though his replacement will receive those votes. The replacement, state Rep. Joe Negron, has just under five weeks to campaign." The National Republican Congressional Committee "spent the money between Foley's resignation Sept. 29 and Oct. 10, when the filing was made to the Federal Elections Commission. Foley was considered likely to be re-elected easily until his sexually explicit Internet messages to teenage male House pages were publicized."

Pryce Says Foley Scandal Has Undercut Support. The New York Times (10/12, Nagourney, 1.21M) reports Rep. Deborah Pryce "is a former municipal court judge, a Republican and a member of the House leadership who has represented her central Ohio district for 14 years. She is also friends with Mark Foley, the congressman who resigned in the page scandal, as she told Columbus Monthly for a feature it published just last month." Since Foley resigned, Pryce "said in an interview on a tense day of campaigning here, her own internal polls have measured a steady drop in support under the weight of attacks by Mary Jo Kilroy, her Democratic opponent." Kilroy has "emphasized Ms. Pryce's connections to Mr. Foley, who was on a list of five people Ms. Pryce said she considered Washington friends in the Columbus Monthly interview." Kilroy is "using the Foley scandal to try to systematically undercut Ms. Pryce with a big component of the Republican base here, Christian conservatives, when Republicans already worried that those voters would stay home on Election Day." Pryce "responded by accusing Ms. Kilroy of gay-baiting. She said in an interview she was hopeful she could win over gay voters in a city long known for a large gay population, particularly because the Human Rights Campaign, a gay advocacy organization, has endorsed both candidates in the race."

Foley Scandal Said To Show Republican Leaders Tolerant Of Gays. USA Today (10/12, Kiely, 2.27M) reports that at a State Department ceremony this week, Secretary of State Condoleezza Rice "warmly acknowledged the family members of Mark Dybul, whom she was swearing in as the nation's new global AIDS coordinator. As first lady Laura Bush looked on, Rice singled out his partner, Jason Claire, and Claire's mother. Rice referred to her as Dybul's 'mother-in-law.'" The "celebratory moment for a gay couple was emblematic of the political identity crisis facing the Republican Party, two years after an election the GOP won in part by making gay marriage an issue and less than two weeks after revelations about a Republican House member's advances toward teenage boys." For Republicans, "the most difficult problem posed by the e-mail exchanges that former congressman Mark Foley had with pages is not necessarily the flagrant misbehavior of one member. Rather it's the fact that the investigation is exposing a politically awkward fact of life: some GOP leaders practice a more tolerant brand of politics in their offices than some in the party have preached on the campaign trail." The "revelations have disturbed some conservative activists, who believe that Republicans owe their victories in the 2004 elections to the thousands of 'values voters' who trooped to the polls to vote for anti-gay-marriage measures on the ballots of 11 swing states." Such "sentiments have raised concerns that gay staffers will be pressed to leave Republican offices."

FBI Releases Sketch Of Man Wanted For Questioning In Wales Murder Probe. The Seattle Post-Intelligencer (10/12, Shukovsky, 129K) reports, "The FBI is appealing for help in its five-year manhunt for the murderer of federal prosecutor Tom Wales. In the weeks before Wales was gunned down…someone noticed a man wandering around the neighborhood and contacted police. That information didn't make it to the federal task force handling the case until 2004, and agents are now seeking public help because more discreet inquiries failed to identify the man."

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FBI Portland SAC Robert Jordan "also asked to hear from anyone who might know the author of an anonymous letter sent to the FBI in Seattle last January from Las Vegas by someone claiming to be a hit man hired to killed Wales." The Post-Intelligencer notes that Larry Setchell, lawyer for the airline pilot who is "the FBI's prime suspect in the case," has "said his client is innocent and likened the FBI probe to an inquisition. Jordan, asked to respond to the criticism, said the FBI would not identify any particular suspect. 'When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment.'" The Post-Intelligencer adds, "A reward of up to $1 million is offered for information leading to an arrest and conviction."

The Seattle Times (10/12, Miletich, Carter, 217K) reports that at the press conference, "FBI officials declined to discuss any suspect but said they are determined to obtain an indictment. 'We will not give up,' said Bob Jordan, special agent in charge of the Portland FBI office. Jordan was given oversight of the investigation in June when the head of the Seattle office tried to reduce the number of agents assigned to the case. Jordan said if Wales was killed because of his work, it would be the first time in U.S. history that a federal prosecutor had been slain in the line of duty. In that case, Jordan added, Wales was 'murdered because he was representing us' and 'we are all victims in a sense.'" The Times notes, "Tips about the sketch can be provided to a telephone tip line at 866-322-7009. The FBI is also setting up a Web site, http://wales.fbi.gov, to provide information on the case and receive tips."

The Oregonian (10/12, Johnson, 329K) reports, "Jordan would not say what agency received the initial tip about the man, how soon it was before the killing, or how close to Wales' home the man was seen. Agents don't know if the man had any connection to the killing." The Oregonian notes, "Jordan, who is in charge of the FBI's Portland office, took over the case in June, after Seattle special agent-in-charge Laura Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case." The AP (10/12, Johnson) also notes the FBI $1 million reward and that Jordan "took over the case in June, after…Laughlin was criticized for cutting resources for the investigation. Since then, Jordan said, the FBI has roughly doubled the number of people assigned to the case. … The investigation has included close to 4,000 interviews and a nationwide hunt for Makarov pistols outfitted with replacement barrels, which the shooter used."

KING-TV Seattle, (10/11, 6:32 p.m.) reported, "It has been five years since the murder of federal prosecutor Tom Wales in Seattle. Now FBI agents are trying to find a person of interest in the case. … Authorities have released the sketch of a man they want to talk to, seen puling a small nylon black suitcase for weeks in the neighborhood before the shooting." KIRO-TV Seattle, (10/11, 6:00 p.m.) noted, "This is the first time that we're hearing of this man, five years after the assassination of Tom Wales, and the FBI is still seeking information, turning to the public for help. Agents say this is the type of gun used by the killer, like the gun in this photo. FBI agents are now trying to identify and test fire some 3500 replacement barrels sold in this country before the Wales murder." KOMO-TV Seattle, (10/11, 11:06 p.m.) reported, "The FBI showed us today the kind of weapon used in the murder: a Makarov pistol with a silver replacement barrel. And they released a sketch of a man seen in the neighborhood in the weeks before the murder, a man in his 30's or early 40's, average height, thin, with nicotine-stained teeth."

School Safety Conference Noted For Lack Of Talk About Gun Control Or Funding. The Christian Science Monitor (10/12, Chaddock) reports Tuesday's School Safety Conference, "unlike comparable panels after the Columbine High School shootings in 1999," did not "include curbing access to guns. Instead," the conference "focused on the human face of the solution: getting 'stakeholders' -- students, school officials, parents, and police -- working together, practicing school crisis plans as regularly as fire drills, and, most critically, identifying students who need help before they pick up a gun." And "gun-control advocates say they were shut out of the conference." But "school-safety experts say that experience with threat assessment is beginning to pay off." Meanwhile, "finding the money to pay for all the upgrades needed to keep schools safer is a challenge."

13 Montgomery County Schools Locked Down Over Boy's False Claim. The Washington Post (10/12, B1, Aratani, Shaver) reports, "A 12-year-old boy's false claim yesterday that an armed man approached him at a bus stop and threatened violence at a school prompted officials to lock the doors and heighten security at 13 campuses in northwestern Montgomery County," Maryland.

The Washington Times (10/12, Emerling) reports, "The student told the bus driver about the incident and the driver radioed school officials, who notified police, Montgomery County police spokeswoman Lucille Baur said."

FBI Analyzing Colorado School Shooter's Suicide Letter. The AP (10/12) reports, "Investigators said Wednesday that seven search warrants have been issued and the gunman's suicide letter sent to the FBI for analysis as they try to determine why Duane Morrison invaded a mountain high school and killed a student two weeks ago. Authorities also announced the evidence shows that the single bullet that killed Platte Canyon High School student Emily Keyes was fired from Morrison's gun. Investigators wouldn't discuss the search warrants…or the hundreds of tips

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they have received, pieces of evidence collected or interviews conducted.

Virginia Man Arrested In Culpeper Schools Bomb Threat. The Washington Post (10/12, B6, Chandler, 748K) reports, "A 25-year-old man was arrested yesterday on suspicion of calling in a vague bomb threat that shut down every school and day-care center in Culpeper County a week ago, and police linked him to previous telephone threats against authorities and a local motel. Mark J. Robinson of Culpeper was charged with four counts of making bomb threats, two counts of threatening to kill or injure by telephone and one count of using obscene or vulgar language on the phone. … Police said they have not established a motive for the threats." The Post notes Culpeper Police Lt. Patrick Coffey "said detectives worked round the clock and were aided by the county sheriff's office, state police, the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Federal Communications Commission." The Culpeper Citizen (10/12) also reports on the arrest, noting, "Police received the school bomb threat at 11:31 p.m. Wednesday Oct. 4. Because the threat did not specify a particular school, all schools were closed the following day while six local, state and FBI agencies searched each school."

Former New Jersey Mayor Sentenced To 43 Months In Prison. The Newark Star-Ledger (10/12, Martin) reports, "Raymond O'Grady, the former Middletown Township mayor who bragged to undercover FBI agents that he could 'smell a cop a mile away' was sentenced yesterday to 43 months in prison for taking bribes. The punishment, handed down by U.S. District Judge William Martini in Newark, was far less than the term sought by prosecutors but was still longer than nearly any sentence for a New Jersey public official convicted of graft in recent years." The Star-Ledger notes, "The judge said that despite receiving letters of praise from O'Grady's supporters, he felt all he knew about the man was the portrait that emerged during hours of secret FBI surveillance taping. … During the trial and again yesterday," defense lawyer Kevin Roe "suggested O'Grady was framed by overeager agents and one of their cooperating witnesses, former county bridges superintendent Anthony Palughi. The judge, however, said such an argument was an insult to his intelligence. He called the tapes 'damning' and the evidence overwhelming."

The New York Times (10/12, Smothers, 1.21M) reports that O'Grady "is the only one of nearly two dozen public officials and contractors caught up in the F.B.I. sting who has been tried. Most have pleaded guilty to corruption charges. But a jury took just three hours in June to find him guilty of all five counts of soliciting and accepting $8,000 in bribes from undercover agents posing as contractors seeking government work. At the time, he was on the town council and was in charge of the county's motor pool. The investigation, called Operation Bid Rig, laid bare what the United States attorney, Christopher J. Christie, said was 'a shocking eagerness and ease' by officials 'to trade contracts for cash or even to be involved in money laundering.'" The Times notes that Roe "said his client continued to maintain his innocence and would appeal both the guilty verdict and the sentence."

Menendez Denies Kean Claim Of Corruption Probe Subpoena. In a widely-distributed story, the AP (10/12, de la Cruz) reports, "Democratic Sen. Robert Menendez told The Associated Press Wednesday that he has not been subpoenaed in any federal investigation, a claim Republican opponent Tom Kean Jr. continued to maintain. 'There is a subpoena that has his name on it that was issued by an impaneled grand jury and delivered by the FBI,' Kean said during an interview with the AP. 'That's a fact.' In a separate interview with the AP later Wednesday, Menendez denied Kean's claim. No federal agency has publicly said Menendez has been subpoenaed, and a Menendez campaign spokesman said Kean has no proof to make such a serious accusation. … He added that he was not surprised by Kean's continual 'one-trick pony act' of portraying the longtime Hudson County politician as corrupt. Menendez has never been charged with any wrongdoing."

High Court Considers Whether Victim Buttons Deprive Defendant Of Fair Trial. The Los Angeles Times (10/11, Savage, 918K) reported on its web site that the Supreme Court heard arguments yesterday on whether the family of a murdered man wearing small, button-sized photos of the man in the courtroom violates the defendant's right to a fair trial. The Times reports that "while several justices said they thought trial judges should ban spectators from displaying photos, badges or messages in the courtroom, most of them also said they were reluctant to reverse a murder conviction for that reason alone." Justice David H. Souter "questioned whether courtroom spectators could wear badges calling on the jury to 'hang' the accused. Others noted that family members sometimes can be heard sobbing in the courtroom and those expressions of emotion have not been seen as depriving the defendant of a fair trial."

USA Today (10/12, Biskupic, 2.27M) reports that the Justices "appeared divided" over the question. "'I think they're probably a problem,' Justice Stephen Breyer said of such buttons, suggesting at one point that judges should simply say, 'No buttons (in court). No banners. No petitions. No posters.' Justice David Souter also raised concerns that such buttons could improperly prejudiced jurors. However, Chief Justice John Roberts suggested that buttons -- such as

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those worn by the victim's relatives in the California case that was before the justices -- could be no more influential than relatives who sit in a prominent place behind prosecutors. Justice Antonin Scalia, also seeming unconcerned, likened such buttons to 'tank shirts,' 'beanie hats' and other items that could break a court's decorum but not necessarily sway a jury."

In its "Full Court Press" column, the Washington Post (10/12, A4, Lane, 748K) reports, "Several members of the court also seemed troubled by the potential harm that such displays could cause in court. But, given the lack of a clearly applicable Supreme Court precedent, few seemed to think that [Matthew] Musladin's conviction should have been overturned. David W. Fermino, Musladin's attorney, argued that the 9th Circuit ruling fit a framework outlined by the Marshall opinion and others, including a 1976 case in which the court said the government may not ordinarily require a defendant to appear in prison garb during trial. … But Justice Ruth Bader Ginsburg noted that the cases Fermino cited involved government rules, rather than the conduct of private citizen spectators. Fermino's argument, she observed, 'certainly goes beyond where our precedent left off.' Justice Antonin Scalia said that 'there is a First Amendment problem when you're dealing with people other than the prosecution.'"

The New York Times (10/12, Greenhouse, 1.21M) reports that the High Court will not answer the question of whether the defendant's right to a fair trial was violated by the buttons. Rather, "the case turns on whether the federal appeals court in San Francisco had the authority to order a new trial for the defendant, who was convicted after the state court trial judge refused to tell the family of the victim, Tom Studer, to remove the buttons." The Times adds, "The case is therefore a potentially important test of the relationship between the federal and state courts, as redefined by a 10-year-old federal law that greatly restricted the federal courts' ability to set aside state convictions through writs of habeas corpus. The real question is how one of the most important limitations in that law actually works."

Trial Of Vegas-Brawling Hells Angels Ends In Plea Deal. The AP (10/12, Ritter) reports, "The federal racketeering trial of 11 Hells Angels motorcycle club members came to a sudden end Wednesday after six defendants accepted plea deals to reduce charges stemming from a deadly casino brawl." The AP continues, "The men also entered plea agreements in a parallel state criminal case, sparing them the possibility of life in prison if they had been convicted. Under the deals with federal and state prosecutors, they likely will face no more than 2{ years in prison." The AP adds, "All federal charges were to be dropped against the remaining five federal defendants. The judge said he also would dismiss the federal cases against the 31 other Hells Angles members charged in the brawl. … The collapse of the federal case came after two weeks of trial during which defense lawyers accused government agents and prosecutors of flagrant misconduct and withholding crucial evidence." The AP notes, "U.S. Attorney Daniel Bogden said he agreed to the plea deals because it involved 'the six most active and culpable participants' in the fighting. … The Hells Angels members brawled with rival Mongols biker gang members at a 2002 motorcycle rally in Laughlin, a Colorado River resort town some 100 miles south of Las Vegas. … Two Hells Angels and one Mongols member died and at least a dozen people were injured. Videotape images showed the rival motorcycle gang members battling with guns, knives, wrenches and chairs on the casino floor at Harrah's Laughlin hotel-casino."

House GOP Seeks Probe Of Berger Archives Affair. The New York Times/AP (10/12) reports, "Ten House Republicans called for a Congressional investigation into the improper handling of classified documents by President Bill Clinton's national security adviser, Samuel R. Berger." Berger "admitted last year that he deliberately took classified documents out of the National Archives in 2003 and destroyed some of them. After his guilty plea, he was fined $50,000." The Republican lawmakers "asked the House Government Reform Committee to determine whether any documents were missing from Clinton administration terrorism records, to review security measures for classified documents and to seek testimony from Mr. Berger."

The Washington Times (10/12, Seper, 88K) reports the Republicans "asked for an investigation and committee hearings to determine which documents were 'destroyed, removed or are missing' as a result of former National Security Adviser Samuel R. Berger's admitted theft of papers from the National Archives." Berger "pleaded guilty to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terror threats in the United States during the 2000 New Year's celebration." In his "televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's 'sustained attention' to terrorist threats and 'rigorous actions' foiled the New Year's plot." But Attorney General John Ashcroft "told the commission in 2004 that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with 'luck playing a major role.'"

Prosecutors Say Rove Not Behind Prosecution Of Alleged Stock Spammer. The AP (10/12, Neumeister) reports Assistant US Attorney David M. Siegal said presidential adviser Karl Rove "had nothing to do with the prosecution of a man accused of manipulating stock

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prices, a prosecutor says, disputing the man's claims that Rove set off probes to retaliate for a flood of spam e-mails to President Bush." Siegal said "the criminal case against Robert McAllister was started three days before the e-mails were sent in January 2005. The investigation began when a staff accountant at the Securities and Exchange Commission was told McAllister had made telephone threats against a stock promoter related to McAllister's events promotion company, Millennium National Events Inc., Siegal said." McAllister's lawyer, Gerald L. Shargel, "said last month he hoped to call Rove as a witness to support a claim that Rove 'used his power and influence at the White House to seek quick punishment of Millennium, and therefore also Robert McAllister, for daring to spam the president's personal Web site.'"

Former Crime Victim Advocate Pleads Guilty To $31 Million Investment Fraud. The Hampton Roads Virginian-Pilot (10/12, McGlone) reports, "Former crime victim advocate Lee Hope Thrasher and her British boyfriend, Howard Welsh, pleaded guilty Wednesday to defrauding investors in a $31 million scheme. Despite years professing their innocence while on the run from the FBI, the couple stood before a U.S. District Court judge and admitted that the investment plan was a fraud. Welsh, 62, a British citizen, pleaded guilty to four felonies including conspiracy to commit mail and wire fraud. He faces up to 20 years in prison. Thrasher, 52, pleaded guilty to three similar felonies and faces up to 15 years in prison." The Virginian-Pilot notes, "They have agreed to assist the government in recovering $28.5 million that was wired to banks in 13 countries. Federal agents seized $2.5 million during the investigation."

Rural Commodity Theft Costs Farmers An Estimated $1 Billion Annually. The Christian Science Monitor (10/12, Jonsson) reports on the growing problem of "rural commodity theft" in rural America. The Monitor reports, "From lush Hawaii to the Carolina plains, artichoke absconders, nut nappers, tree thieves, and even cattle rustlers are plucking, picking, hauling, and siphoning commodities from diesel to mangosteens at impressive rates. Loss is a familiar concept to a farmer. But such audacious heists have prompted many to go on the offensive to police America's wide-open spaces. … The losses from farm thefts in California, Mississippi, and South Carolina run into the hundreds of millions of dollars, according to estimates from law enforcement officers. But since only one of 10 farm crimes is reported, some say total annual losses are about $1 billion nationwide."

DOJ, FEC Officials Say Cooperation Has Increased In Recent Years. Roll Call (10/12, Murray) reports, "In September, William Scott Deloach, PBS&J's former chief financial officer, and two co-workers pleaded guilty in a Miami court to conspiracy charges in connection with a decade-long embezzlement scheme that netted the trio millions of dollars. The three admitted in court papers to bilking the company out of millions, which paid for commercial and residential property, lavish lifestyles and international gambling sprees. Along with the conspiracy charge, Deloach alone pleaded guilty to reimbursing $11,000 worth of campaign contributions in October 2004 through 'straw men,' conduit gifts in the names of others, to then-open-seat challenger Mel Martinez (R-Fla.)." While the Justice Department and the Federal Election Commission "declined to discuss potential or ongoing law enforcement cases," enhancements "inserted into BCRA and teamwork between the DOJ and the FEC have helped boost the priority of these types of cases. Officials with both agencies confirmed that cooperation has increased in recent years, a kinship that perhaps could result in a jump of combined civil and criminal penalties for two agencies long seen as at-odds."

DC Mosque Accuses Business Manager Of Embezzling $300,000. The Washington Post (10/12, B10, Markon, Boorstein) reports, "A prominent Washington mosque has sued its longtime business manager, accusing him of embezzling more than $300,000 and diverting the money to companies he owned or controlled. The Islamic Center of Washington, D.C., says in the lawsuit that Farzad Darui altered the names of payees on checks intended for legitimate vendors, primarily insurance companies, and substituted his own companies. It says the scheme began around 2000 and continued it until he was suspended last month." Darui "has not yet responded in court. He framed the issue as a management dispute in yesterday's Washington Times, which first reported the lawsuit."

Florida Judge Wants Video Game Demonstrated In Court. The Washington Post (10/12, D5, Musgrove) reports, "Game publisher Take-Two Interactive Software Inc. was ordered to demonstrate an upcoming video game titled 'Bully' for a judge to determine whether it violates Florida's public nuisance laws. Miami-Dade Circuit Court Judge Ronald Friedman issued the order yesterday. The move is a major coup for conservative Miami attorney Jack Thompson, known for his crusades against pornography and obscene rap music, and now the video game industry. He claims that the makers of the game have designed a 'Columbine simulator' in Bully, which follows the life of a prep school student as he navigates the social ladders of a fictional school called Bullworth Academy. … Thompson said that he and the judge plan to watch the game played in its entirety, no matter how long that takes."

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Brooklyn Prosecutors Reach Deal In Corruption Case. The New York Times (10/12, Brick) reports, "Nearly four years into a broad inquiry seeking to expose the sale of judgeships in Brooklyn, prosecutors have agreed to dismiss all charges against the longtime executive director of the county's Democratic Party, Jeffrey C. Feldman, in exchange for his cooperation. The deal, announced yesterday at a brief hearing in State Supreme Court in Brooklyn, cost prosecutors the second highest ranking target they have identified. But it gained them the most highly placed witness they have named. So far, the investigation has produced guilty pleas by minor figures in a judicial bribery case and the conviction and resignation of Clarence Norman Jr., a 12-term assemblyman, deputy speaker and chairman of the biggest county Democratic organization east of Chicago." The Times notes, "Evidence from a case in which a judge who oversaw divorce cases was charged with bribery led the Brooklyn district attorney's office to begin a broader investigation in April 2003 into corruption in the process of nominating judges. Mr. Norman has been convicted in two corruption cases and acquitted in a third. In the last pending case, he has been charged with pressing judicial candidates to hire certain election consultants to win favor with the party. Until yesterday, Mr. Feldman was a co-defendant in that case."

Court Loosens Britain's Strict Libel Law. The Wall Street Journal (10/12, B1, Patrick) reports that Britain's top court, the Law Lords, "yesterday provided media organizations with much stronger protection against libel suits if they can show their stories serve the public interest. The Lords made the unanimous decision in upholding an appeal by The Wall Street Journal Europe. They overturned a lower court's decision that had found a 2002 Journal story libelous. In dismissing the case, the Lords ruled that the Journal's story was in the public interest and was reported in a serious and responsible way." The Journal adds, "The new ruling brings United Kingdom law closer to the protections US media are afforded under the First Amendment of the US Constitution."

The New York Times (10/12, Lyall) calls the ruling "a huge shift in British law" which "significantly improves journalists' chances of winning libel cases in a court system that until now has been stacked against them." The case "concerned an article published on Feb. 6, 2002, in The Wall Street Journal and in its European edition, The Wall Street Journal Europe, which has a daily circulation of 18,000 in Britain. The article said that at the request of the United States, Saudi Arabia was monitoring bank accounts of prominent Saudi businesses and individuals to trace whether they were being used, possibly unwittingly, to siphon money to terrorist groups. One of the businesses mentioned, Abdul Latif Jameel Company Ltd., sued the newspaper, as did Muhammed Abdul Latif Jameel, its general manager and president."

WSJournal Praises Ruling In Libel Case. The Wall Street Journal (10/12, 2.03M) editorializes, "With murders and court defeats, the free press has endured a rough couple of years. So we're happy to report a landmark libel case victory in Britain's highest court yesterday -- a verdict that will assist the cause of brave and honest reporting in much of the world. The five Law Lords' unanimous ruling in Jameel v. The Wall Street Journal Europe sets a new standard for libel trials in Britain, until now arguably the most plaintiff-friendly jurisdiction in the free world. Henceforth the press will be able to defend against libel suits by arguing that articles are in the 'public interest' and were the product of serious and responsible journalism. … The ruling should echo throughout the British Commonwealth, including in Australia, Canada, Hong Kong and -- dare we hope? -- Singapore. While Commonwealth countries now mostly have their own courts of final appeal, they still look to the Law Lords for guidance in interpreting the common law. Thanks to their Lordships, the world just got a little freer."

Two US Pilots Faulted In Midair Collision Over Brazil. The Washington Post (10/12, A20, Reel) reports, "Two American pilots are embroiled in controversy in Brazil as authorities try to determine if they accidentally caused a midair airplane collision two weeks ago over the Amazon rain forest, killing 154 passengers aboard a commercial jetliner. The Americans were piloting a small executive jet being flown from its manufacturer in Brazil to its new owner in New Jersey when their plane hit a Gol Airlines Boeing 737-800 flying in the opposite direction. The pilots of the small plane, which carried seven people, landed safely at a military base about 120 miles from the point of impact, but the commercial airliner crashed into the dense jungle below, leaving no survivors. … A spokeswoman for the Mato Grosso state police department, which has been investigating the crash, on Tuesday told the Associated Press that the American pilots had been instructed to fly at 36,000 feet at the time of the crash, according to the executive jet's flight plan. The airspace where the collision occurred -- at 37,000 feet -- had been reserved for the commercial jetliner, she said."

Man Sentenced To 50 Years To Life For Molesting Relative On Videotape. The Los Angeles Times (10/12, Hanley) reports, "An Orange County businessman was sentenced Wednesday to serve 50 years to life for molesting a 4-year-old relative in a case that unfolded after authorities discovered a trunk full of homemade child porn movies." David S. Hwang "agreed to plead guilty to all charges under a deal proposed by Superior Court Judge Gary S. Paer. The judge said the plea will spare

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the girl and her family from reliving 'the nightmare' by having to testify or watch the 'despicable' videotapes Hwang made while molesting the child, and it ensures that Hwang will never be free." Prosecutors said Hwang and his wife, "who is also charged, deceived the girl's parents into letting them 'baby-sit' her to practice their parenting skills. Based on the footage, prosecutors also said the couple gave the girl 'medicine' that rendered her unconscious while being molested."

CIVIL LAW:

US Saves $2 Billion In Fighting Medicare Fraud. Bloomberg (10/12, Young) reports, "The Medicare program, the biggest U.S. buyer of health care, said it saved more than $2 billion by cracking down on fraud and abuse, especially cases involving drugs and medical equipment and tests." Bloomberg continues, "The health plan for Americans who are 65 and older or disabled also said it gave two contracts to Electronic Data Systems Corp. for detecting and preventing fraud. Science Applications International Corp. and Health Integrity LLC each won a Medicare contract for aiding fraud prevention." Bloomberg adds, "Medicare's efforts to prevent fraud have fallen short in the past, according to the investigative arm of Congress. The Government Accountability Office last year said Medicare overpaid for medical equipment and supplies by $900 million, or about 10 percent of its total spending, in the year ended in September 2004. .. .'Vigilance in protecting beneficiaries and taxpayers from waste, fraud and abuse is one of our top priorities in Medicare,' said Mark McClellan, the administrator for the Centers for Medicare and Medicaid Services, in a statement. … The statement from Baltimore-based Medicare didn't say in what period of time it had saved the $2 billion. Medicare spokesman Peter Ashkenaz didn't immediately return a phone call from Bloomberg News. The U.S. Justice Department has opened 63 criminal and 38 civil Medicare fraud cases since October 2005, Medicare said in the statement."

DOJ Seeks Reconsideration Of FedBizOpps Ruling. Government Computer News (10/12, Miller) reports, "The Justice Department, on behalf of the General Services Administration, asked the Federal Claims Court to reconsider two parts of its recent decision that found GSA erred in its awarding of the contract for FedBizOpps.gov." GCN continues, "According to the redacted motion filed by the government, Justice is asking the court to revisit the order to bring in a new source selection authority, and the judge's conclusion that GSA incorrectly calculated the bid from the winning vendor, Symplicity Corp. of Arlington, Va. GSA awarded Symplicity a $17.4 million contract that includes three base years and five one-year options in December after re-evaluating bids following a first protest by Development Infostructure (Devis) Corp. of Arlington, Va., and Information Sciences Corp. of Silver Spring, Md." GCN adds, "ISC, which is the subcontractor to Science Applications International Corp., currently supports FedBizOpps.gov. .. . 'First, the court's conclusions with respect to the 'independent judgement' of the source selection authority in considering Symplicity's proposal do not completely reflect the record of evidence,' U.S. attorneys wrote. 'Moreover, injunctive relief should be limited to returning the procurement to the existing [source selection authority], given the absence of any allegations—let along evidence—of bad faith, bias or any other basis to disqualify the SSA ...' … The court in September found in favor of Devis and ISC in their second protest and ordered GSA to appoint a new source selection authority and re-evaluate the bids. This contract has been going on since June 2005."

Reynolds To Stop Marketing Flavored Cigarettes In US. The Wall Street Journal (10/12, B2, Berk) reports that R.J. Reynolds Tobacco Co. has agreed to ban certain types of flavored cigarettes in the US, "ending a practice some critics say was used to lure teens to start smoking. Under a deal with attorneys general from 40 states, Reynolds, a unit of Winston-Salem, N.C.-based Reynolds American Inc. that makes Kool, Salem and Camel brands, will no longer market cigarettes such as Mandarin Mint Camel Exotic Blends, Midnight Berry Kool Smooth Fusions or any others that use a fruit, candy or alcoholic beverage in its name. … The agreement followed an investigation that began last year after several states raised concerns that the products violated a 1998 settlement with the largest tobacco companies that prohibited marketing of tobacco products to youths."

CIVIL RIGHTS:

States Loosen Rules On Felon Voting Rights. The New York Times (10/12, Eckholm) reports, "Legislatures in 16 states have loosened voting restrictions on felons over the last decade, according to a new report, a trend hailed by some rights advocates as a step toward democratic principles and fairness, especially for black Americans." The Times continues, "Because of their high incarceration rate, blacks are most affected by the voting bans that vary widely among the states, with many barring current inmates and parolees from voting until they have fulfilled their sentences, and some barring felons for life." The Times adds, "In recent years, Iowa, Nebraska and New Mexico have repealed their lifetime bans on voting by people who have been convicted of felonies, and several other states made it easier for freed

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prisoners or those on probation to vote, according to the report, issued yesterday by the Sentencing Project, a liberal advocacy group in Washington. .. .The recent changes have restored voting rights to more than 600,000 individuals, the report said. But because the country's prison population has continued to rise, a record number of Americans, 5.3 million, are still denied the vote because of criminal records, it concluded. … But some conservatives remain philosophically opposed to any wholesale loosening of voting restrictions. 'If you're not willing to follow the law, then you shouldn't claim the right to make the law for someone else,' said Roger Clegg, president of the Center for Equal Opportunity, a conservative advocacy group in Washington. … Mr. Clegg, who was a senior Justice Department official in the Reagan and first Bush administrations, said that those convicted of felonies should be given the vote only case by case, when they have proved to be constructive members of society."

Manassas Surprised At HUD's Referral Of Housing Case To DOJ. The Washington Post (10/12, PW01, Miroff) reports, "Manassas officials have blasted a Department of Housing and Urban Development decision to turn over an inquiry of discrimination in the city to the Justice Department -- calling the move 'incomprehensible' and challenging claims by the housing agency that it had made a good-faith attempt to settle complaints by Hispanic residents and civil rights organizations." The Post continues, "HUD officials notified Manassas last week that the investigation had been forwarded to Justice, which will take over the inquiry into whether the city violated the Fair Housing Act with zoning enforcement efforts such as an anonymous 'anti-crowding hotline' and a short-lived ordinance that sought to limit the number of extended relatives who could share a dwelling." The Post adds, "Attempts to reconcile the 11 outstanding discrimination complaints against the city 'failed,' HUD determined. … The Justice Department will now review HUD's findings and decide whether to bring charges against the city -- an announcement that caught Manassas officials 'flatfooted,' said City Manager Lawrence D. Hughes. … 'We were completely surprised,' said Hughes. 'HUD never attempted to mediate the complaints, despite the city's repeated requests that it do so.'" The Post notes, "The gulf between HUD and the city has widened in recent weeks. First, city staff complained that a shifting cast of HUD officials, including seven investigators from four offices, went over similar territory and asked similar questions, burdening city staff. Then the came the announcement that HUD had referred its findings to the Justice Department, which further irked the city because it learned about the decision through The Washington Post. … But HUD said it informed Manassas of its decision through letters and phone calls that were unanswered, according to Bryan Greene, deputy assistant secretary in HUD's Office of Fair Housing and Equal Opportunity."

Three Brooklyn Men Charged With Hate Crime. The New York Times (10/12, Baker) reports, "Three Brooklyn men were charged with hate crimes yesterday in connection with an attack on a man who was lured to a desolate meeting place Sunday night, robbed and forced onto the Belt Parkway, where he was struck by a car and critically injured, the police said. The victim, Michael J. Sandy, 28, of Brooklyn, was still in a coma yesterday, relatives said. The attack is being treated as a hate crime because investigators believe the assailants singled out Mr. Sandy for being gay and arranged over the Internet to meet him at a place often visited by gay men."

Black Employees' Foundation Launches Suit Against Library Of Congress. Roll Call (10/12, Brotherton) reports, "Members of a nonprofit foundation designed to assist black employees at the Library of Congress filed a class-action lawsuit against the agency last week, claiming officials have failed to recognize the organization and discriminated against employees who joined it. Officers of the Howard R.L. Cook and Tommy Shaw Foundation for Black Employees of the Library Inc. allege that by not recognizing the foundation as an employee organization, the Library has denied black employees the right to address racial discrimination in the work force through legal means. … In the lawsuit, the plaintiffs are asking that the court declare the Library's actions 'illegal and discriminatory,' as well as award the foundation $75 million for 'the Defendant's illegal actions preventing the Foundation from having open access to financial assistance from its members.'" Roll Call notes, "Lead plaintiff David Hubbard," a "foundation officer, said repeated refusals by Library officials to recognize the foundation prompted the suit, which was filed on Oct. 6 in U.S. District Court for the District of Columbia. 'All we want to do is be recognized as an organization within the Library of Congress,' Hubbard said. 'Now that we have a foundation set up to help employees, they refuse to recognize us.'"

9th Circuit Rules UPS Cannot Refuse To Consider Hearing-Impaired Drivers. The California Recorder (10/12, Pasternak) reports, "A 9th Circuit U.S. Court of Appeals panel ruled Tuesday that United Parcel Service violated the Americans with Disabilities Act by refusing to consider hearing-impaired workers for driving positions." The Recorder continues, "At issue was UPS' policy mandating that its drivers pass a government hearing test, even though the test isn't required to operate many of the company's vehicles. UPS argued its exclusion policies were designed

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with safety in mind. But the court said that a blanket determination of safety can't be made on the basis of disability. … 'The concept of risk, in other words, is an individual, not an aggregate, one,' Judge Marsha Berzon wrote for the unanimous court, 'albeit one calculated by averaging out overall risk: how likely is it that the individual driver will get into an accident?'" The Recorder adds, "In upholding an injunction granted by U.S. District Judge Thelton Henderson in 2004, the 9th Circuit panel ruled the plaintiffs did not have to prove they could drive 'safely' in order to have standing. Instead, they merely had to meet the other job qualifications UPS listed for the position, which they did. … That reasoning shifted the burden of proof to UPS, which had to prove the driving job mandated the strict government hearing test required by the company."

South Dakota Vote Could Change Tone Of Abortion Debate In US. The Christian Science Monitor (10/12, Paulson, 58K) reports that this November, South Dakota voters will vote on a landmark bill that could change the tone of the abortion debate in the US. The bill, which passed the legislature in March and was referred to the ballot by a petition drive, "would outlaw all abortions except to save a mother's life. While the law, if approved, will almost certainly be challenged in court, the campaign is under scrutiny by those on all sides of the national debate eager to see whether voters in a conservative, largely antiabortion state are ready to approve an all-out ban on abortion. If the ban is voted down, it will indicate even abortion opponents aren't willing to rein in all rights, and it will diminish the chances that other states will pass similar bans. If it's approved, observers expect other states to follow, and it's possible a court challenge could reach the Supreme Court."

Report Finds Five States Use Dogs To Control Inmates. The AP (10/12) reports, "Five U.S. state prison systems allow the use of trained attack dogs to control inmates - a practice that until now has been kept secret in American prisons - according to a Human Rights Watch report released Wednesday. … 'The entire world has seen the photo of an Abu Ghraib detainee crouched in terror before a snarling dog, but the use of attack dogs against prisoners here in the U.S. has been a well-kept secret,' said Jamie Fellner, U.S. director of Human Rights Watch. 'Longtime corrections professionals were appalled when we told them that guards in some states use dogs on prisoners.'" The AP continues, "The report, 'Cruel and Degrading: The use of dogs for cell extractions in U.S. prisons,' says policies exist in Connecticut, Delaware, Iowa, South Dakota and Utah that allow guards to use 'aggressive, unmuzzled' dogs to order inmates out of their cells when they refuse to leave. Dogs are ordered to bite prisoners if they resist. … 'Human Rights Watch knows of no other country in the world that authorizes the use of dogs to attack prisoners who will not voluntarily leave their cells,' the report said. The group does not object to the use of dogs to patrol prison grounds." The AP notes, "The report notes that in South Dakota, Utah and Delaware, dogs are rarely used in cells, if at all. In Connecticut, dogs were used in 20 cases in 2005, and in Iowa in 63 cases between March 2005 and March 2006."

ANTITRUST:

Justice Department OKs AT&T Buyout Of BellSouth. The Wall Street Journal (10/12, B4, Schatz, Hughes) reports, "The Justice Department's unconditional approval of AT&T Inc.'s $67 billion buyout of BellSouth Corp. drew criticism from consumer advocates and lawmakers, raising the possibility that the deal could face delays at the Federal Communications Commission. … The Justice Department approved AT&T's purchase of BellSouth without any conditions after determining that the combination isn't likely to hurt competition in the telecommunications industries." The Journal adds, "The clearance triggered an outcry from smaller phone-company rivals, Democrats on Capitol Hill and the FCC as well as consumer groups. Opponents of the acquisition complained that the nation's top antitrust regulator had abdicated its responsibility to scrutinize whether the new company, which would control local phone lines from California to Florida, would be so big that it would lessen competition."

The Washington Post (10/12, D1, Sipress) reports that the Justice Department's approval clears the way "for the Federal Communications Commission to approve as early as this week the creation of a corporate giant that would be the country's largest provider of telephone, wireless and broadband services. But the outcome of the FCC consideration, scheduled for tomorrow morning, remains in doubt because the prospective swing vote on the five-member board has maintained since summer that he is sitting out the case to avoid a possible conflict of interest."

USA Today (10/12, Davidson) reports that Republican commissioner Robert McDowell "has said he will recuse himself from voting because he formerly worked for a group that opposed the deal. But [chairman Kevin] Martin could still ask him to vote if he deems it in the public interest to break the stalemate."

The AP (10/12, Dunbar) reports, "The decision cheered company executives but outraged consumer advocates and two members of the Federal Communications Commission. At first the FCC scheduled a vote for Thursday on whether the $78.5 billion deal should go forward, but late Wednesday the agency pulled the item from the agenda and scheduled a commission meeting for Friday for a possible vote on the

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deal." The AP adds, "The FCC did not say why it was delaying a vote. 'We are committed to evaluating merger applications fairly and in a manner consistent with the public interest,' agency spokesman Clyde Ensslin said in a statement. 'We are continuing to work to complete our AT&T and BellSouth merger review in a timely manner.'" The AP adds, "Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition. … The decision was immediately criticized by FCC member Jonathan S. Adelstein, a Democrat who called it 'a reckless abandonment of DoJ's responsibility to protect competition and consumers.' … Michael Copps, the commission's other Democrat, said the 'Justice Department has packed its bags and walked out on consumers and small businesses by refusing to impose even a single condition in the largest telecom merger the nation has ever seen.'" The AP notes, "If the deal wins final government approval, the merger would give San Antonio-based AT&T Inc. total control over the nation's largest cellular provider, Cingular Wireless, a joint venture of the two companies that serves 57.3 million customers. … 'After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially,' said Assistant Attorney General Thomas O. Barnett. He heads the section that examines proposed mergers."

The Atlanta Journal-Constitution (10/12, Kempner) reports, "Nationally, an AT&T/BellSouth combination resurrects much of Ma Bell that the Justice Department helped break apart in 1984 over antitrust concerns. … Consumer advocates see a worrisome consolidation of telecommunications power, though. They criticized Justice officials for not limiting the risks and predicted the combination will hurt consumers. … 'The Justice Department has abdicated responsibility to promote the competition it promised when it broke up AT&T 20 years ago,' said Gene Kimmelman, senior vice president for Consumers Union. … 'In the end, the majority of consumers will end up paying inflated prices that result when Bell companies merge and dominate local, long distance, wireless and Internet services in their territories.'"

Bloomberg (10/12, Peterson) reports that the merger "hit a regulatory snag as the U.S. Federal Communications Commission postponed a vote on the deal scheduled for tomorrow. .. .The FCC will hold a hearing on the merger a day later on Oct. 13, the agency said today in an e-mailed statement. … The delay may signal Chairman Kevin Martin and fellow Republican Commissioner Deborah Tate need to make concessions to Democrat members Michael Copps and Jonathan Adelstein to get the deal approved. Both criticized today's backing of the purchase by the Justice Department. The fifth commissioner, Republican Robert McDowell, recused himself from the vote."

AFP (10/12) reports, "Barnett said the merger 'would likely result in cost savings and other efficiencies that should benefit consumers.'"

Bloomberg's Money And Politics 2 (10/11, 9:23 p.m.) reported, "A big deal in the telecom industry clearing another regulatory hurdle. The U.S. Justice department approving AT&T's purchase of BellSouth. The FCC tentatively set to vote tomorrow, though that schedule may be slipping. Lizzie O'Leary has been following the story. She joins me now in the studio with the details." Bloomberg's Lizzie said, "This approval by the Justice Department helps cement ATT's position as the largest U.S. Phone company. And it came without any conditions, like divestiture or judicial review, and that could actually jeopardize the scheduled F.C.C. vote tomorrow. The Justice Department approved the purchase, saying the deal isn't likely to substantially reduce competition. Though some analysts still called this a humpty dumpty deal that puts together pieces of the old ma Bell Company. They know that the telecom market is substantially different today with the growth of cable, wireless, voice over I.P. Providers, all which gives the new AT&T competition." Paul Glenchur from Stanford Washington Research said, "Is the old AT&T to a great extent being put back together? I guess the answer to that is yes. But the nature of the business has changed so much that the impact of that is not what it was 20 years ago." Lizzie added, "Still, market factors may not be enough for the two democratic F.C.C. Commissioners to vote for the deal tomorrow. They released statements calling the Justice Department's decision not to impose antitrust conditions or judicial review reckless and an abdication." Andrew Lipman from Bingham McCutchen said, "Yeah, this certainly does involve competitive concerns. And particularly the two democratic F.C.C. Commissioners, Michael Copps and Jonathan Adelstein, will likely be focusing on pro-competitive safeguards and conditions to impose on this merger." Lizzie also said, "Now, analysts tell me that any F.C.C. moves on the deal could be delayed by hours or even weeks. The Democrats look likely to seek some tougher conditions on the merger. And I think you can probably expect horse trading at the F.C.C. right now, even possibly into the night."

The U.S. Justice Department decision to give its seal of approval to the AT&T-BellSouth merger received moderate coverage by local television networks. Many newscasts noted that the DoJ approved the deal without imposing any conditions. They also echoed critics' argument that the merger would create a monopoly. Some examples: KOMO-TV SEATTLE, (10/11, 11:44 a.m.) reported, "Two big names in communication are about to merge. AT&T is buying out BellSouth for about $78 billion, and earlier today the Justice Department gave its seal of approval to the deal. The merger would create the largest telecommunications company with both the largest landline and wireless networks in the U.S.

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The federal communications commission will vote tomorrow on the merger. Critics say it could create a monopoly."

KSAT-TV San Antonio, (10/11, 12:05 p.m.) reported, "A major merger has been approved today by the U.S. Justice Department. It approves San Antonio based AT&T buyout of BellSouth. The deal worth 78 and a half billion dollars was approved despite what critics say is a growing monopoly. … The FCC vote is scheduled for tomorrow morning, still unclear how the group will vote."

KDLH-TV Duluth, (10/11, 10:01 p.m.) reported, "The AT&T-BellSouth merger is one step closer to being a done deal. The Justice Department has given the deal the green light, clearing a major hurdle for the 79 billion dollar merger that would create the country's biggest provider of phone, wireless and broadband internet services."

KSDK-TV ST. Louis, (10/11, 12:43 p.m.) reported, "The Justice Department approved the purchase without imposing any conditions such as requiring the sale of some assets."

KGTV-TV San Diego, (10/11, 5:47 p.m.) reported, "The Justice Department gave its unconditional approval to AT&T's buyout of BellSouth today."

WSB-TV Atlanta, (10/11, 12:14 p.m.) reported, "Critics argue the merger would create a monopoly. … AT&T estimates about 10,000 jobs would be phased out over three years."

Merger's Effect On Cable Providers Unclear. The AP (10/12, Weber) reports, "AT&T's $78.9 billion purchase of BellSouth, approved by the Justice Department Wednesday, would better position AT&T to increase its share of big business customers by creating more of a one-stop shop for clients with far-flung operations. … But analysts question whether the deal will serve as much of a weapon in the growing battle with cable TV providers targeting consumers and small business segments. The phasing out of the BellSouth brand and the name of the two companies' wireless venture, Cingular, also poses significant challenges. … 'They are going to be dominant in a certain segment, but that's not going to make up for the weakness or the competition in other segments,' said Patrick Comack, a telecom analyst in Miami." The AP notes, "Cable companies are likely to increase their effort to siphon local and long-distance telephone customers and Internet customers away from traditional telephone companies like AT&T. The cable companies also have an advantage with such customers because of the providers' in-house television and video-on-demand offerings."

FTC Takes Real Estate Law Enforcement Actions. Inman News (10/12) reports, "The Federal Trade Commission today announced a 'real estate competition sweep' that includes seven law enforcement actions." Inman continues, "Jeff Schmidt, director of the FTC's Competition Bureau, will discuss the actions during a Thursday press conference, according to an announcement at the agency's Web site. The event will be held at the agency's Washington, D.C., headquarters." Inman adds, "The announcement does not specify what types of actions the FTC is taking. Over the past few months, several multiple listing services have announced FTC investigations over MLS restrictions on some types of property listings. And earlier this year the National Association of Realtors announced 14 separate investigations focusing on MLS rules that prevent some property listings from reaching some Web sites. … Several MLSs have changed those policies and announced resolution with the FTC while one MLS, RealComp II Ltd. in Michigan, has announced it is prepared to fight the FTC to keep its policies in place. Also, the FTC -- sometimes acting independently and sometimes with the support of the U.S. Department of Justice -- has opposed some Realtor-backed state measures that seek to set minimum service requirements for real estate licensees." Inman notes, "The Justice Department is engaged in antitrust litigation against the National Association of Realtors over the trade group's policies for the online sharing and display of property listings information, and that agency has also taken action against states that impose restrictions on the ability of real estate companies to offer rebates to consumers. … Schmidt will discuss the series of FTC law enforcement actions and 'put them in the context of previous real estate-related enforcement actions,' according to the agency's announcement."

Healthways To Purchase Axia Health For $450 Million. The AP (10/12) reports, "Healthways Inc., a provider of diabetes treatment programs for health plans and hospitals, said Wednesday it agreed to purchase Axia Health Management LLC, a provider of preventive health and wellness programs, for $450 million." The AP continues, "The acquisition, which is forecast to add to Healthways' financial results for fiscal 2007, is expected to close before the end of the calendar year, subject to antitrust clearance and other closing conditions. … The transaction will be financed through a combination of cash on hand and committed bank debt." The AP adds, "Healthways first expanded into health support services in 2005, with its acquisition of myhealthIQ, a wellness program that identifies individual health risk factors through an onsite wellness exam, including a full biometric screening with blood draw, and provides each participant with a standardized health risk score. … In addition to services for the commercial market, Axia offers Healthways new products for government and government-sponsored health plans. Axia's cornerstone product, the SilverSneakers Fitness Program, provides an approach to physical activity for nearly

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three million Medicare-eligible members in 42 states and is available at more than 2,100 fitness centers and class sites."

Justice Department Looking Into How Private Equity Firms' Conduct Their Bidding. The Wall Street Journal (10/12, C1, Koppel) reports that in the wake of new that the Justice Department is looking into how private-equity firms conduct their bidding for control of public companies, many lawyers are now questioning when an alliance that is legal crosses the line to become illegal collusion. The Journal adds, "The private-equity inquiry, run by the Justice Department's antitrust unit in New York, is preliminary and like other such matters, may eventually lead in a different direction or nowhere at all. Private-equity firms generally are pools of capital collected usually from wealthy investors and institutions, and used to bid for control of companies. People familiar with the matter say the Justice Department has asked relatively generic questions of a few private-equity firms about how they bid for control of the companies they pursue. Regulators could have questions about whether private-equity firms' practices when they team up to make bids to take companies private cross the antitrust-law line."

Intel Accused Of Patent Infringement. The Wall Street Journal (10/12, A8, Clark) reports, "Transmeta Corp. sued Intel Corp., alleging that some of Intel's most popular chips violate ten Transmeta patents." Transmeta "says Intel's Pentium III, Pentium 4, Pentium M, Core and Core 2 lines of microprocessor chips infringe patents on feature that include controlling power consumption in computers. Without specifying dollar figures, Transmeta said it will seek triple the damages it has suffered and an injunction against sale of the Intel products, which Transmeta Chief Executive Arthur Swift estimated had accounted for more than $100 billion in cumulative revenues over the years. An Intel spokesman declined comment until the company has had a chance to review the complaint."

Legg Mason's Earnings Fall For Third Straight Quarter Since Citigroup Purchase. The Washington Post/Bloomberg (10/12, D4, Bhaktavatsalam) reports, "Legg Mason Inc.'s stock price tumbled 17 percent, the most ever, after it said that earnings fell short of analysts' estimates for the third straight quarter since its $3.7 billion takeover of Citigroup Inc.'s fund unit. … Shares of Legg Mason fell $18.16, to $87.15, the biggest drop since the Baltimore company went public in 1983. The stock price is down 36 percent since reaching $136.40 on Feb. 23, wiping out more than $6 billion in shareholder value."

Bidders Increase Offer For Harrah's. The Wall Street Journal (10/12, C4, Sanders) reports, "Private-equity bidders sweetened their offer for casino operator Harrah's Entertainment Inc., but the new bid of $83.50 a share may not be rich enough to clinch a deal, said people familiar with the matter. Earlier this week, the Las Vegas-based company's board rejected an initial $15.1 billion buyout offer from private-equity firms Apollo Management and Texas Pacific Group. The company then received an updated offer of $83.50 a share in cash, or roughly $15.5 billion, from the two firms. People familiar with the situation and industry observers still think the offer needs to reach $85 a share or more, 28% higher than Harrah's closing price of $66.43 on the Friday before the talks were announced. Officials from Harrah's, Texas Pacific and Apollo declined to comment."

MAN Seeks To Buy 5% Stake In Scania. The Wall Street Journal (10/12, A8, Singer) reports that German truck maker MAN AG "tried to buy a stake of at least 5% in Scania AB of Sweden in the market, in a move that would give MAN more influence over takeover talks with Scania. … The move is a test by MAN to see how Scania shareholders react to an offer of a price higher than its existing takeover bid, which was rejected by Scania's board and its two main shareholders, Volkswagen AG and Swedish holding company Investor AB. The two shareholders control about two-thirds of Scania's shareholder votes. It's also the latest of a series of moves that have pitted several of Europe's largest industrial companies against one another. MAN's bid for Scania is an effort to form the heavy-vehicle maker with the largest market share in Europe, and the world's third-largest after Volvo AB and DaimlerChrysler AG."

ENVIRONMENT:

Attorney In BP Case Ordered To Turn Over Evidence. The Houston Chronicle (10/12, Belli) reports, "Suggesting that the criminal probe into BP is gaining momentum, federal prosecutors this week issued a wide-ranging subpoena to a lawyer representing a woman whose parents died in the 2005 blast at the company's Texas City refinery, the lawyer said today." The Chronicle continues, "Brent Coon of Beaumont said the U.S. attorney's office in Houston has ordered him to turn over all of the evidence he has gathered so far — dozens of depositions and hundreds of thousands of documents — in preparation for a November trial in state court. … 'We have been subpoenaed to turn over all of our underlying documents,' he said." The Chronicle adds, "Included in those, he added, are the applications and other documents related to permits BP received from the Texas Commision on Environmental Quality to operate the equipment that ultimately exploded, killing 15 and injuring scores more. .. .Coon has said that those documents contain evidence that BP misled the state agency in order to win

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permits to operate the blowdown drum and vent stack associated with the refinery's isomerization unit. .. .A spokesman with the U.S. attorney's office here declined to comment, saying the agency does not confirm or deny the existence of federal probes."

Judge Orders BP CEO To Give Deposition. The AP (10/12, Lozano) reports, "BP PLC's chief executive must give a sworn deposition in a lawsuit against the company brought by a woman whose parents were among 15 people killed in the 2005 Texas City refinery explosion, a judge ruled Wednesday." The AP continues, "State District Judge Susan Criss said John Browne must give a deposition to attorneys representing Eva Rowe, whose parents were working inside trailers that were leveled by the blast. The case, the only one involving a fatality not settled out of court, is set to go to trial Nov. 8. Rowe's attorneys are asking for $1.2 billion in damages. BP has said it has settled 950 lawsuits related to the blast. … 'We want to know what (Browne) knew about budget cuts and problems in respect to process safety management,' said Arturo Gonzalez, one of Rowe's attorneys." The AP notes, "Criss said Browne's recent media interviews and statements to BP employees indicate he has 'unique and superior' knowledge about factors that could have contributed to the explosion."

Renewable Energy Conference Kicks Off With Ethanol Criticism. The Dow Jones Newswire (10/11, Randall) reports a national renewable energy conference has "just gotten underway" in St. Louis and "already one renewable fuel is being criticized." Although "most speakers" at the government-sponsored conference will "likely have positive things to say," American Petroleum Institute President, Red Cavaney, "criticized E85 in a speech Wednesday morning, calling it costly and inefficient and urged federal and state policy-makers against using mandates to promote its use." Dow Jones says Cavaney's "swipes come just as federal and state lawmakers have touted the biofuel as a way to boost rural America."

Meanwhile, the AP (10/12, Wittenauer) reports that in an address at the conference, Agriculture Secretary Mike Johanns "said the potential for renewable fuels has never been greater and predicted the day when biomass such as wood chips, pecan shells, corn stalks, switchgrass and animal waste would replace petroleum products as America's fuel source." Johanns and Energy Secretary Samuel Bodman Wednesday also announced nearly $17.5 million in federal grants for 17 biomass research, development and demonstration projects. Bodman noted, "There are lots of fresh ideas out there, and we're excited about all of them."

In an interview with CNBC's The Squawk Box (10/11, 8:04 AM), Secretary Bodman said the Bush administration is "very committed" to developing alternative energy, and the Administration's "goal is to try to support a number of technologies" but "the markets ultimately will decide."

In an interview with the St. Louis Post-Dispatch (10/12, Tomich, 300K), Bodman said, "There is no doubt that there are plenty of incentives in place right now." But the secretary said he "would like to see automakers continue to produce more cars, trucks and SUVs capable of running on E85."

The Fort Worth Star-Telegram (10/12, Piller, 236K) says President Bush, "who kicked off much of the interest in renewable fuels when he lambasted America's 'addiction' to oil in his State of the Union address in January, will visit the two-day meeting for a luncheon speech today."

States Claiming More Control Over Energy Policy. The Wall Street Journal (10/12, A6, Smith, 2.03M) reports states are "asserting more control over their energy destinies, intervening to block or delay utility mergers that don't promise enough consumer benefit and challenging the electricity deregulation that has been fostered by the federal government in recent years." This "heightened state activism is especially pronounced where important pocketbook or environmental issues are at stake." State officials "are especially fearful of political fallout stemming from high electricity rates and disenchantment over the unmet promises of electric-industry deregulation."

CDC Wrapping Up Work On Pandemic Flu Plan. The AP (10/12, Marchione) reports the US Centers for Disease Control and Prevention is wrapping up work on a pandemic flu plan that will "use primitive infection-control measures to deal with a killer flu outbreak until drugs and vaccine become available." The CDC is "pitching the plan at medical meetings and aims to send it out for review by the end of the year." Meanwhile, state and local governments have "asked for unusually detailed and specific advice on such matters as closing schools and canceling public events," a CDC official said. Also this week, the CDC "awarded $5.2 million in grants related to the plan, including research on whether to recommend face masks to the public. CDC also asked the Institute of Medicine, a group of scientific advisers, to meet on these measures later this month." The AP notes that skeptics" say parts of the plan amount to wishful thinking with little evidence they would work."

Garden Mulch Called A Dangerous Threat To Wetlands. Steve Fleischli, executive director of Waterkeeper Alliance, writes in the New York Times (10/12, 1.21M), "It's been estimated that every 2.7 square miles of wetlands reduces storm surge by a foot, and yet over the last century Louisiana has stripped away 1,900 square miles of swamp, an area the size of Delaware. Evidence shows that such improper land management, reducing the cypress-tupelo swamps to a small fraction of their original grandeur, worsened flooding in New Orleans during Hurricanes Katrina

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and Rita. Yet at a time when the nation should be investing billions to restore the Gulf Coast's wetlands for protection against future storms, these cypress swamps continue to face many challenges, including development, saltwater flowing in and rising water levels. The most dangerous threat of all, however, may be garden mulch — the stuff that gardeners usually use to protect their plants. … Consumers need to remember that their mulch purchases may be leaving New Orleans and other coastal communities vulnerable. Every bag of cypress mulch for you could mean another sandbag for someone else."

WPost Calls Ehrlich's Environmental Record "Mixed Bag." An editorial in the Washington Post (10/12, A26, 748K) says Maryland Gov. Bob Ehrlich's record on the environment "is a mixed bag -- good on the Chesapeake Bay, poor on land conservation and so-so on air pollution. Mr. Ehrlich deserves unalloyed credit for the creative Chesapeake Bay Restoration Act of 2004. … Mr. Ehrlich's record on land conservation is more checkered." The Post adds, "Mr. Ehrlich's Democratic rival, Baltimore Mayor Martin O'Malley, must be judged more by his words than his deeds, having faced a comparatively narrow range of environmental issues. … He seems less ambivalent about protecting the state's natural resources than Mr. Ehrlich does, but there's not much of a track record by which to predict his actions in the governor's office."

States Urged To Enact Tougher Vaccine Exemptions Rules. In an editorial, the New York Times (10/12, 1.21M) writes, "States that make it easy for parents to opt out of vaccinating their children are suffering increased disease rates as a consequence, according to an article…in The Journal of the American Medical Association. The findings should be a warning to all parents and state officials who think they can let their guards down on immunizations that are needed to protect both the children and the communities in which they live." Now, "the pendulum has swung too far toward letting parents opt out. States need to work harder at educating parents about the value of vaccination and should get tougher in granting exemptions."

WPost Says Congress Should Give Agencies Tools To Respond To E. Coli Outbreaks. The Washington Post (10/12, A26, 748K) editorializes, "Last month's spinach scare has been followed by a string of recalls and warnings about produce contaminated with E. coli bacteria. … Yet government regulators and the companies that grew the produce still don't know how the bacteria got to the crops. … If regulators don't know how the E. coli contamination occurred, what can they do to make salad safe? First, Congress should provide money to increase inspection staffing at the FDA, which regulates spinach, lettuce and other produce but inspects farms and packaging plants infrequently. Next, lawmakers should require the FDA and other agencies responsible for food safety to institute a tracing system for food produced in the United States -- so that containing the next outbreak will take a few days, not two weeks. Congress should also consider giving the FDA the power to issue mandatory recalls of tainted produce, which would introduce a more powerful incentive for growers and packers to conform to safety standards." Congress "should focus on giving existing agencies the resources and authority they need."

NYTimes Criticizes Inhofe's Stance On Global Warming. An editorial in the New York Times (10/12, 1.21M) says, "In a recent speech in the Senate, James Inhofe of Oklahoma called himself 'the senator who has spent more time educating about the actual facts about global warming.' Too bad he is not the senator who has spent more time educating himself." The Times adds, "We do not expect Mr. Inhofe to see the light -- or feel the heat -- any time soon. He and his staff are serious collectors of opposition research. … Mr. Inhofe has buttressed himself with a small jury of scientists who argue that climate change is only natural. But he has really buttressed himself with the will to disbelieve. He accuses scientists and the media of hysteria. But if there is such a thing as a hysteria of doubt, then Mr. Inhofe is its master."

FBI/DEA/ATF/USMS:

Report Says Former ATF Director Ordered Staff To Aid Nephew's Homework. The AP (10/12, Jordan) reports former Bureau of Alcohol, Tobacco, Firearms and Explosives director Carl J. Truscott "ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules, an inquiry found Wednesday." The "nephew's project — a documentary about the ATF that took 10 months to complete — was one of a half-dozen examples of lapses in judgment" that Truscott "committed before he resigned in August, says the report by Justice Department Inspector General Glenn A. Fine." The report "found that only the high school project demonstrated mismanagement by Truscott, whose employees accused him of wasting federal funds, taking costly trips and creating a hostile work environment."

USA Today (10/12, Johnson, 2.27M) reports the audit shows Truscott "ordered lavish upgrades to the agency's new headquarters and had about 20 bureau employees help his nephew complete a high school video." Truscott's "two-year tenure…ended when he resigned in August amid questions about his spending of agency funds. The report concluded

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that the former director contributed to a 'drain' of manpower and funds at ATF."

The Washington Post (10/12, A25, Eggen, 748K) says the report found "a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items." Truscott, "who previously served as head of President Bush's security detail at the Secret Service, also took several trips with excessive numbers of ATF agents, including a $37,000 journey to London in September 2005 with eight other employees, according to the report." The report "also finds fault with Truscott's treatment of some female employees, saying that he ordered two female administrative staff members to prepare meals for guests on several occasions. One of the employees was allegedly required to announce, 'Lunch is served.'"

The Washington Times (10/12, Seper, 88K) says the audit shows Truscott "was responsible for costly design changes at the ATF's new Washington headquarters and ordered hundreds of thousands of dollars in unnecessary upgrades to his personal suite, a report said yesterday." The report "said Mr. Truscott immersed himself 'in details at a level that we would not expect of the director of a major law enforcement agency' shortly after his arrival at the agency in 2004 -- after construction had begun." It said "senior ATF managers took the lead in scaling back the project and canceling many upgrades requested or authorized by Mr. Truscott."

In Louisiana, Authorities Say Investigation Of Drug Network Reveals Murder Plot. The AP (10/12) reports federal and St. John the Baptist Parish law officers "interrupted an investigation of a drug network to arrest two men they learned were planning a double murder. Louis Johnson, 27, of Edgard and Trevor Jeffery, 31, of Vacherie, were charged with possession and intent to distribute crack cocaine and powdered cocaine. At a news conference Wednesday, federal authorities said agents had tapped the telephones of Johnson and Jeffery, identified as high ranking members of a drug network operating between New Orleans and Baton Rouge. One of the conversations involved the planning of the kidnapping and murder of two men they believed had robbed them."

The New Orleans Times-Picayune (10/12) reports authorities "say both men were 'high-ranking' members of a drug organization that distributed drugs between New Orleans and Baton Rouge. A search of their residences turned up firearms and more than 1.5 kilograms of cocaine powder and crack cocaine. … Federal authorities say they had been investigating Johnson and his cocaine distribution organization since December 2005."

Dispute Over Destroyed Plants Taken To Federal Court In New Orleans. The AP (10/11) reports a federal court in New Orleans "will hear arguments next month in a property owner's appeal of the dismissal of his lawsuit against Harrison County Sheriff George H. Payne Jr." In 2005, Marion Waltman's civil lawsuit against Payne was dismissed. Waltman "had claimed the sheriff violated his rights by destroying more than 500 kenaf plants grown as deer food. Payne said it was an honest mistake when he and other law officers destroyed what they thought were marijuana plants. … Court records show an informant reported the crop as marijuana to state narcotics agents and U.S. Drug Enforcement Administration officers."

ONDCP Director Says Administration Won't Consider Legalizing Marijuana. The Washington Times (10/12, McCaslin, 88K) reports ONDCP Director John Walters said Sunday the Administration would not "consider legalizing marijuana." Walters told C-SPAN's "Newsmakers," '"Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana." He also insisted more teens are "dependent on marijuana than all other illegal drugs combined."

ONDCP Stance On Marijuana Addiction Questioned. In the Washington Times (10/12), John McCaslin writes in "Inside the Beltway," that John Walters was quoted "saying don't hold your breath if you think the Bush administration would one day consider legalizing marijuana. 'Of the roughly 7 million people we have as an estimate that need treatment because of dependence or abuse of illegal drugs, roughly 60 percent are dependent on marijuana,'" Walters told C-SPAN's "Newsmakers" on Sunday, "insisting more teens are 'dependent on marijuana than all other illegal drugs combined.'" However, McCaslin notes Bruce Mirken, director of communications for the Marijuana Policy Project on Capitol Hill, says what Walters didn't mention is that "virtually all of the supposedly alarming growth in marijuana treatment admissions has been driven by arrests." According to Mirken, those arrested are pushed into treatment, and those statistics are used as "proof" that marijuana is "dangerously addictive."

Doctor To Remain In Prison Until Retrial On Drug Trafficking Charges. The Washington Post (10/12, B10, Markon) reports, "Former Northern Virginia pain-management doctor William E. Hurwitz, whose conviction on drug-trafficking charges was overturned, will not be released from prison until his retrial, a federal judge ruled yesterday. U.S. District Judge Leonard D. Wexler said he was concerned that Hurwitz might flee after a federal jury in Alexandria convicted him in 2004 of running a drug

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conspiracy out of his McLean office and trafficking in narcotics." The Post adds, "The case has generated strong emotions, with Hurwitz becoming a symbol in a nationwide debate over whether licensed doctors who prescribe legal medication to patients in chronic pain should be prosecuted if their patients abuse or sell the drugs."

Report: US Cuts Aid In Colombia Region Where Cocaine Production Surges. The AP (10/11) reports the U.S. "is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade. In an internal memo obtained by The Associated Press, the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia. … The alternative development programs meant to provide farmers with a profitable alternative to growing coca are vanishing in the state _ a symptom, critics say, of how Plan Colombia has failed to persuade enough coca growers to switch to legal crops even as coca production reaches volumes unseen in years." The AP story was used by CBS News, the New York Times, Washington Post, Los Angeles Times, Forbes, Houston Chronicle, and the UK's Guardian.

Prince George's County Offers Reward In Arson Cases. The Washington Post (10/12, B1, Partlow) reports that Prince George's County fire officials yesterday announced a $15,000 reward for information leading to the arrest and conviction of those responsible for a string of unsolved arsons. They also "launched an investigative team to focus on the cases, in partnership with the Maryland state fire marshal and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." Between March 2004 and a house fire Saturday, "there have been 12 arsons in the neighborhood, including nine along Livingston Road, fire officials said. There have been seven this year. Investigators have linked the arsons because they are in the same small area and involved unoccupied structures with some connection to construction."

Idaho Town Recommends Firearm Ownership. The New York Times (10/12, Yardley, 1.21M) reports the "proposed language for Section 2, Chapter 6, Subsection 2 of the Greenleaf City Code" reads, "Heads of households to maintain firearms." The proposal says, "In order to provide for the emergency management of the city, and further in order to provide for and protect the safety, security and general welfare of the city and its inhabitants, it is recommended that every head of household residing in the city limits maintain a firearm, together with ammunition therefore, and obtain appropriate training relating to proper, safe and lawful handling of firearms." The Times adds, "News of the proposal spread quickly, bringing that rush of humanity even sooner than expected, if only in search of amusement. Jay Leno, the late-night comedian, needled Greenleaf in his monologue two nights in September. Journalists from Italy sought interviews. Jon Stewart? His people called, too."

IMMIGRATION:

Bush Reaffirms Commitment To Constructing Border Fence. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "President Bush said once again today that he is committed to building both a real and virtual fence on the U.S. southern border with Mexico." The President "challenged critics who said he is not truly committed to building this fence, but he also said a border fence is not the real answer to this nation's illegal immigration crisis."

McClatchy (10/12, Montgomery) says Bush "expressed strong support for the multi-state fence approved by Congress late last month as well as an accompanying 'virtual wall' of high-tech gadgetry such as sensors, cameras, radar and unmanned surveillance aircraft." Said Busj, "We're going to do both. … You can't fence the entire border. But...you can use a combination of fencing and technology to make it easier for the Border Patrol to enforce the border."

The Washington Times (10/12, Dinan, Curl, 88K) reports Bush has "promised to sign the Secure Fence Act, which Congress passed last month and which authorizes 698 miles of wall along the border. That bill passed 283-138 in the House and 80-19 in the Senate. As of Tuesday, the bill had not been transmitted to the White House for the president to sign, and groups that advocate for rights for illegal aliens are urging Mr. Bush to veto it." Yesterday, "the Catholic Church joined that call in a letter from Bishop William Skylstad, president of the US Conference of Catholic Bishops." Bush's "pledge of support for the fence bill drew praise from House Speaker J. Dennis Hastert, Illinois Republican, who said illegal immigration is 'a clear threat to our safety.'"

CONGRESS-ADMINISTRATION:

Bush Credits Republican Policies For Drop In Budget Deficit. NBC Nightly News (10/11, story 7, 0:30, Williams, 9.87M) reported, "The Federal Government released its official budget figures for the fiscal year just ended and the good news is the deficit fell to its lowest point in four years. It is also the bad news, $248 billion. Higher tax receipts from corporations and individuals helped the bottom line this year. The problem is next year the deficit is expected

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to rise again and long-term the budget will be strained by the retirement of those 78 million American baby boomers."

The Washington Times (10/12, Dinan, 88K) reports President Bush "claimed victory on his promise to cut the 2004 budget deficit in half, announcing he has reached that goal three years ahead of his self-imposed 2009 deadline." The AP (10/12, Riechmann) says Bush pointed to the new estimates yesterday, "claiming Republicans are better stewards of the economy than are Democrats." Bush "boasted he had made good on a 2004 campaign promise to cut the deficit in half over five years. 'These budget numbers are proof that pro-growth economic policies work,' Bush said." Democrats, meanwhile, "said the improvement in the 2006 federal deficit was a temporary blip. They predicted rising deficits for years to come unless policies are changed. 'Only a president with such a historically bad economic record would be this excited about a $248 billion deficit,' said Rep. Carolyn Maloney, D-N.Y. 'Under his watch...record surpluses turned into record deficits as far as the eye can see.'"

The New York Times (10/12, Rutenberg, 1.21M) says "the new data provided an opportunity to direct attention to positive economic news — and away from news reports about the Mark Foley scandal involving Congressional pages, casualties in Iraq and declining Republican electoral prospects in November." Administration "officials said there was no disputing that they had hit the target deficit of less than $260 billion, three years early." Officials "have complained in recent weeks that they have been unable to draw attention to their arguments on the economy even though gasoline prices have dropped." Bush "used the occasion of the deficit announcement to pivot against the Democrats, saying that if they were to win control of Congress they would end his tax cuts and economic growth along with them. 'Democrats will raise taxes,' he said. 'Now, I know they say only on rich people, but that's in my judgment -- having been around here long enough to know -- it's just code word: They're going to raise them on whoever they can raise them on.'"

The Los Angeles Times (10/12, Hennessy-Fiske, 918K) reports, "At two separate briefings, Bush used the news as an opportunity to reassure voters less than a month before midterm congressional elections that the economy was still in good shape, with more new jobs and investment leading to greater tax revenue." Bush "said 'pro-growth policies' that congressional Democrats had resisted had helped him deliver on a 2004 campaign promise to halve the deficit, and three years ahead of schedule." The Administration "has drawn criticism for its deficit projections, and Democrats cried foul again Wednesday. They said the deficit reduction was exaggerated because Bush's 2004 figure was a projection later reduced by $100 billion, meaning the deficit actually shrank 39% from 2004 to 2006." The Senate Budget Committee's ranking Democrat, Kent Conrad, said, "Cutting the deficit in half from an intentionally inflated high point is a misleading goal and certainly no measure of success." Conrad "added that the president also failed to note that he was tapping Social Security revenue to help cover the deficit through off-budget borrowing. Accounting for that, Conrad said, would have added $550 billion to the deficit last fiscal year, money that will have to be repaid as 78 million baby boomers become eligible for Social Security." The Times adds, "Douglas Holtz-Eakin, former director of the Congressional Budget Office under Bush, now with the Council on Foreign Relations, said: 'It's tempting to say tax cuts then, good payoff now. But…the tax cuts' effect is more complicated.'" He said "extending the tax cuts wouldn't produce the huge increases in corporate profit and tax revenue seen last year because he expected overall economic growth to slow to 2.6%"

USA Today (10/12, Wolf, 2.27M) reports, "The significance of the reduced deficit is a matter of debate: The new deficit figure is less than half of the projected $521 billion deficit that Bush faced in February 2004, when he pledged to cut it in half by 2009. Although several private forecasters had similar projections, the actual 2004 deficit came in at $413 billion." Also, "the $248 billion deficit is a far cry from the $236 billion surplus that existed when Bush was elected in 2000. Republicans note, however, that the economy already was in recession when Bush took office. Today's deficit is just 1.9% of the economy, says White House budget director Rob Portman — smaller than in 18 of the past 25 years." Moreover, "looking ahead, the deficit picture gets worse as the baby boom generation retires, increasing the costs of Medicare and Social Security. Bush acknowledged as much Wednesday in urging action by Congress to tame those entitlement programs."

The Financial Times (10/12, Daniel) reports, "Some economists were sceptical that the tax cuts had generated the economic growth and pointed out that much of the recovery in tax revenues – up by $253bn in 2006 – appeared to be linked to record corporate profits. They warned that 2006 could mark a low in budget deficits before rising next year." James Horney, senior fellow at the Center on Budget and Policy Priorities, "said the new forecast was a 'blip in a bleak fiscal outlook' and the administration did not deserve 'any credit' for halving the deficit."

The Wall Street Journal (10/12, A2, Solomon, 2.03M) reports, "Much of the deficit reduction…came not from spending restraint but from surging tax revenue buoyed by a strong economy." Federal spending "continued to grow in 2006 to $2.65 trillion, up from $2.47 trillion last year, according to the Treasury Department."

In an editorial, the Wall Street Journal (10/12, 2.03M) says, "The incredible shrinking deficit means that the federal government's overall debt has also begun to decline as a share of the economy. The final figures aren't available, but

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our guess is that debt held by the public (the figure that counts because the feds have to pay it back) will have fallen in 2006 back to 37% of GDP or lower. The debt burden fell to 33% in 2001 but began climbing again as deficits grew in the wake of recession and spending to fund the war on terror. Now it's falling once more." The Journal adds, "The Democratic/media criticism that all of this good news is merely 'temporary' is beside the point. Of course entitlement spending will rise in the future, but any extra revenues Democrats raised today would be spent today. They surely wouldn't be saved for somebody's future retirement." Democrats "who continue to moan about the deficit are really saying that the government should take an even larger tax bite from the economy than its currently hefty 18.4%; in other words, they want to raise taxes."

Bush Critiques White House Press Corps' Fashion Sense. The Los Angeles Times (10/12, Neuman, 918K) reports even as "he talked about North Korea's nuclear ambitions and other weighty matters, President Bush on Wednesday returned to his occasional role as fashion critic to the White House press corps." "If I might say, that is a beautiful suit…. And I can't see anybody else that even comes close," the president told NBC's Kevin Corke, "who was wearing pinstripes, in the course of a Rose Garden news conference that focused on North Korea-related diplomacy and the Iraq war." Soon after, "the president asserted that CNN's Suzanne Malveaux was the 'first best-dressed person here.'" Bush, who "has suits made by Georges de Paris, the tailor to presidents since Lyndon Johnson's time, has teased reporters about their appearance in the past. In June, he poked fun at CNN's David Gregory for his loud pocket scarf."

Snow Seen As "Major Asset" By Administration. The Washington Post (10/12, C1, Kurtz, 748K) reports there has "never been a White House press secretary quite like Snow. He is a combative presence on television and radio, relishes the repartee at daily briefings and, in a first for his position, has hit the fundraising circuit for Republican candidates. Snow brings a flashy, Fox News sensibility to the high-profile podium, which means he is increasingly popping up on newscasts and in the papers." Richard Wolffe, Newsweek's White House correspondent, says, "Sometimes it does feel like the Tony Snow Show. There are tactics he uses that are straight out of talk radio. The extent to which he personalizes things or comes back with a one-liner, it revs up the base. They love it when he takes us on." The Post adds Snow "readily acknowledges that 'naughty e-mails' did not capture the gravity of" former Rep. Mark Foley's "graphic exchanges with teenage boys." Snow said, "I shouldn't have used the words. I'm not going to defend having used the words." But, he says, "I did six interviews that morning and people picked on one-half of one line." The Post adds in the "five months since he succeeded the tightly scripted Scott McClellan, Snow has put his verbal agility and sense of humor to good use, and the White House has clearly given him more running room. Struggling on several fronts, from Iraq to domestic scandals to depressed poll numbers that have put the Republican control of Congress at risk, the president has never been more in need of a slick salesman. Administration officials describe Snow as a major asset."

Reid Collected $1.1 Million From Sale Of Land He Didn't Personally Own. In a story appearing on at least 93 newspaper websites across the nation, the AP (10/12, Solomon, Hennessey) reports Senate Minority Leader Harry Reid "collected a $1.1 million windfall on a Las Vegas land sale even though he hadn't personally owned the property for three years, property deeds show." Reid also "did not disclose to Congress an earlier sale in which he transferred his land to a company created by a friend and took a financial stake in that company." Reid's deal was "engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. He's never been charged with wrongdoing — except for a 1981 federal securities complaint that was settled out of court." The "complex dealings allowed Reid to transfer ownership, legal liability and some tax consequences to Brown's company without public knowledge, but still collect a seven-figure payoff nearly three years later. Reid hung up the phone when questioned about the deal during an AP interview last week." In a news conference Wednesday in Las Vegas, Reid "said he believed he did nothing wrong but was willing to change his ethics report's account of the sale if the Senate Ethics Committee ordered him to do so." The AP adds Reid aides "said no money changed hands in 2001 and that Reid instead got an ownership stake in Brown's company equal to the value of his land. Reid continued to pay taxes on the land and didn't disclose the deal because he considered it a 'technical transfer,' they said." They also "said they have no documents proving Reid's stake in the company because it was an informal understanding between friends." Kent Cooper, "a former Federal Election Commission official who oversaw government disclosure reports for federal candidates for two decades, said Reid's failure to report the 2001 sale and his ties to Brown's company violated Senate rules." The AP "first learned of the transaction from a former Reid aide who expressed concern the deal hadn't been properly reported." The AP also runs a video version of the story.

The story was picked up by major dailies such as the Washington Post and New York Times, which outlined the AP

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story but lead with Reid's statement that he would seek ethics committee guidance on whether he should amend his financial disclosure documents to reflect the "technical" aspects of the deal. The Times, for its part, noted Reid profited only $700,000 from the deal after his initial investment of $400,000 was taken into account. The Washington Times runs the AP story under the headline, "Reid Got $1.1 Million In Land Sale."

The Washington Post (10/12, Birnbaum, 748K) reviewed the details reported by the AP, adding Reid said Wednesday that "he was in discussions with the chamber's ethics committee to determine whether he should amend his financial disclosure forms to include details of a real estate transaction that allowed him to collect $1.1 million." Reid spokesman Jim Manley "defended the sale as a 'normal business transaction at market prices.' He added that the land went through 'several legal steps associated with the investment . . . that did not alter Senator Reid's actual ownership interest in the land.' If, however, the ethics committee determines that the land's transfer to a company requires additional disclosure, Manley said that Reid would be 'happy to provide' it."

The New York Times (10/12, Shenon, 1.21M) reports the story under the headline, "Senator Offers to Amend Financial Forms," saying Reid "said his office contacted the Senate ethics committee on Wednesday and offered to correct his financial disclosure statements if they misrepresented his ties to a land deal in his home state in which his family made a profit of about $700,000." The "contact with the committee was prompted by an article released Wednesday by The Associated Press that suggested Mr. Reid might have violated Congressional ethics rules by failing to disclose financial transactions involving two adjoining land parcels on the outskirts of Las Vegas that he and his family bought in 1998 for about $400,000." Reid spokesman, Jim Manley, "suggested that Republican Party strategists were behind the accusations of potential ethics violations in the land deal."

The story received little coverage on television. The Fox Report with Shepard Smith (10/11, Smith) reported, "A new report says Harry Reid collected more than $1 million in 2004 own the sale of land which he had not owned in years. It's complex, but the Associated Press reports that Reid failed to disclose his original 2001 sale of property in Nevada. Essentially the AP says the deal allowed him to triple his investment without legal liability and with no tax consequences. The Associated Press reports Reid hung up the phone when questioned about that sale last week."

KLAS-TV Las Vegas (10/11, 6:12 PM) also reported the story, saying, "Reid says it had been transferred into a 'limited liability company' which he formed with his friend, local lawyer Jay Brown." Sen. Harry Reid: "It was transparent, paid all my taxes, filed all my financial disclosures did everything required of the law and more."

KTNV-TV Las Vegas (10/11) reports, "A lucrative land deal has Nevada Senator Harry Reid answering ethics questions. Property deeds show Reid collected more than a million dollars from a Las Vegas land sale, even though he hadn't personally owned the property for years. Deeds show the ownership changed hands long before Reid was paid, but he never reported it to congress. Critics say something's fishy. The senator says it was a simple sale." Reid was shown saying, "I bought a piece of land, sold it six years later. Everything was reported, it's all transparent, all taxes were paid." KTNV added, "Reid says he hasn't done anything wrong, but he is willing to change his report on the transaction, if the Senate ethics committee orders him to."

WFMY-TV Greensboro/Winston-Salem (10/11) reports, "A Democratic senator apparently made a million dollars in a land deal. The thing raising questions is Senator Harry Reid of Nevada did not own the land. Property deeds obtained by the Associated Press show Reid bought undeveloped land outside Las Vegas in 1998. Three years later, he sold it to a company created by a longtime friend."

KVVU-TV Las Vegas (10/11) reports, "Nevada Senator Harry Reid says he did nothing wrong when he received a million dollars from the sale of land he no longer owned. Property deeds obtained by the Associated Press show Reid bought undeveloped land outside Las Vegas back in 1998. Three years later, he sold it to a company created by a longtime friend. But when that company sold the land in 2004, Reid reportedly got one-point-one million dollars in proceeds."

KLAS-TV Las Vegas (10/11) reports, "Late this afternoon, the Senator told us he takes issue with nearly every aspect of the article."

Hastert "Conned" By Purported Evangelist. Roll Call (10/12, Akers) reports in its "Heard on the Hill" column, "An international evangelist, who apparently conned his way into Speaker Dennis Hastert's (R) home in Illinois, actually is on a 'crusade' to 'save America from the wrath of God and Republicans abusing their power and mired in scandal,' the evangelist's spokesman said Wednesday in an e-mail to reporters." For reasons "beyond us, Hastert allowed the self-described 'world's most popular evangelist,' Dr. K.A. Paul, into his home Tuesday, taking him for a conservative clergyman who wished to provide spiritual counsel amid the current GOP crisis. What the Speaker got instead was a self-promoting, Indian-born Christian evangelist who asked Hastert to step down over the page scandal." According to "a 2004 article in the New Republic, Paul has 'cultivated a peculiar specialty as spiritual adviser to the scum of the earth. Liberia's Charles Taylor, Yugoslavia's Slobodan Milosevic and Iraq's Saddam Hussein are among the more infamous

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butchers to talk with Paul about the moral implications of running a brutal, repressive, and occasionally genocidal regime.'"

O'Connor Serves As Visiting Judge On Federal Appeals Panel. The New York Times (10/12, Hartocollis, 1.21M) reports that retired Supreme Court Justice yesterday served as a visiting judge on a federal appeals court on Manhattan. The Times reports, "Things started slowly, as the judges heard arguments about a dispute over legal fees. That was followed by a landlord-tenant case and a battle over corporate financial statements. Things got a little more interesting with the medical-malpractice case brought by a veteran who claimed that prescription drugs fueled his addictive personality and led him to crash his car and commit a crime. A case involving a scheme to defraud unsuspecting investors capped the morning of mostly technical legal arguments." O'Connor "did not speak with reporters, and confined her public remarks in court to a handful of tart legal questions."

Medicare To Reassign Drug Plans For Low-Income Californians. The Los Angeles Times (10/12, Alonso-Zaldivar, 918K) reports, "About 270,000 low-income elderly and disabled Californians will be assigned to new Medicare prescription drug plans Jan. 1, raising concern about a resurgence of the coverage glitches that led state officials to bail out the federal program when it was launched this year. Plan operators promise the switches will be made without complications, but seniors' advocates say many are upset over confusing signals from the Medicare agency, which initially indicated that nothing would change." The Medicare drug program "delivers its benefits through a variety of private insurance programs." But "4 out of 10 prescription plans serving low-income Californians will not be available in 2007. That means many of the estimated 1 million low-income state residents participating in the Medicare plan will automatically be reassigned to other plans."

Kondracke Says Democrats Should Improve, Not Dismantle Bush Medicare Plan. In his Roll Call column (10/12), executive editor Morton Kondracke says, "Despite abundant evidence of its success, Democrats are still on the warpath against President Bush's 2004 Medicare prescription drug plan — and they threaten to undermine future success if they take control of Congress." At an Oct. 4 campaign event "in Sunrise, Fla., House Minority Leader Nancy Pelosi (D-Calif.) declared, 'this is a bill borne of corruption at the expense of America's seniors, and we can do something about it.'" Pelosi "promised that one of the top priorities of a Democratic Congress would be to authorize the federal government to directly negotiate with drug companies to lower their prices instead of relying on private insurance companies." Kondracke says if Democrats "do take over either the House or Senate, or both, they should strive to improve on the Medicare reform record set by McClellan and the Bush administration — not undermine it with top-heavy government regulation."

FEEA Gets $726,363 Donation From NTEU. The Washington Post (10/12, D4, Barr, 748K) reports in its "Federal Diary" column that the Federal Employee Education & Assistance Fund "got a big boost yesterday from the National Treasury Employees Union. At a breakfast marking the fund's 20th anniversary, NTEU President Colleen M. Kelley announced that the union had given it $726,363. The donation came from administrative funds that had not been spent during a 22-year class-action lawsuit, dubbed the special rates case, brought by the NTEU against the government. The union donation will create an endowment for five annual scholarships of $5,000 each, she said."

Census Bureau Not Yet Planning Celebration Of 300 Million Population Mark. The Washington Post (10/12, A1, Harden, 748K) reports the US "population will officially surpass 300 million in the next week or so. The milestone is a reminder that the United States remains a remarkable demographic specimen, 230 years old (since the Declaration of Independence) and still in a growth spurt." Behind "only China and India, it is the planet's third most populous nation. For a rich, highly developed country, it is anomalously fertile, with a population that is increasing briskly, in sharp contrast to anemic growth or decline in Western Europe and Japan. Some demographers say this continued growth is essential to support an aging population in retirement and a sign of the continued allure of the United States even at a time when its image around the world has been sullied by the war in Iraq." But the celebration for "the momentous 300-million marker" has not yet been set. Census Bureau spokesman Robert B. Bernstein said, "Those plans, believe it or not, are still being finalized. I don't yet know what, if anything, we are going to do in the way of an event."

Congressional Republicans Said To Be Addicted To "Pork." In his syndicated column (10/12), Robert Novak says, "Staring into the abyss of minority status in Congress, Republicans signaled dedication to pork barrel spending before recessing for midterm election campaigning. Behind closed doors, the GOP's King of Pork dressed down the party's leading foe of earmarks. In the open, the last bill passed before the election was filled with carefully hidden pork." In "a caucus of Republican senators, 82-year-old, six-term Sen. Ted Stevens charged that freshman Sen. Tom Coburn's anti-pork crusade hurts the party. Stevens then removed from the final version of the Defense Department

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appropriations bill Coburn's 'report card' requiring the Pentagon to grade earmarks. The House passed, 394 to 22, the bill, stripped of this reform and containing some 2,800 earmarks worth $11 billion. That made a mockery of a 'transparency' rule passed by the House earlier this year, supposedly intended to discourage earmarks." Stevens, "the Senate's president pro tempore and its senior Republican, reflects a majority in both parties defending pork."

OTHER NEWS:

Fed Minutes Suggest Officials Remain Focused On Inflation Threat. USA Today (10/12, Kirchhoff, 2.27M) reports, "While a slowing economy is expected to reduce inflation over time, there is a "substantial risk" that forecast might not pan out, according to minutes of a Sept. 20 Federal Reserve meeting issued Wednesday. 'Most participants thought that the most likely outcome was a reduction in inflation pressures,' the minutes said." But "the meeting notes added the decline was expected to be 'only gradual,' and the uncertainties around that forecast were skewed toward higher inflation rates."

The Wall Street Journal (10/12, A2, Ip, 2.03M) reports, "Policy makers expect the economy to expand below its long-term trend rate 'in the near term,' then strengthen 'over time.' But 'significantly more sluggish performance than anticipated could not be entirely ruled out,' the minutes said." The minutes "made clear officials' predominant focus, though, remained inflation."

The New York Times (10/12, Peters, 1.21M) also says "the Federal Reserve is not inclined to lower short-term interest rates anytime soon, minutes from its most recent meeting show. The reason is uncertainty: uncertainty about the housing market, uncertainty about economic growth and most of all, uncertainty about inflation."

Stocks Down Yesterday. NBC Nightly News (10/11, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street stocks retreated from the record of yesterday. The Dow was down just 15 points [to close at 11, 852.13]. NASDAQ lost just over 7 points [to close at 2,308.27]." The Financial Times (10/12, O'Doherty) reports, "At the close, the S&P 500 was down 0.3 per cent, or 3.47 points, at 1,349.95." The Wall Street Journal (10/12, C1, McKay, 2.03M), among other newspapers, also reports the stock numbers.

Oil Prices Down Despite OPEC's Planned Production Cut. The Wall Street Journal (10/12, A2, Levine, 2.03M) reports, "Oil markets brushed off OPEC's declaration of its intent to cut petroleum production by one million barrels a day and drove crude prices to a low for the year, as the cartel continued horse-trading behind the scenes over critical details of the deal." On Wednesday, Nigerian oil minister Edmund Daukoru, OPEC's current president, said OPEC would cut production by one million barrels a day, but the oil market "appears skeptical of OPEC's resolve. Yesterday, crude-oil futures on the New York Mercantile Exchange fell 93 cents, or 1.6%, to $57.59, their lowest level since Dec. 19."

Bodman Wants OPEC To Keep Up Production. Bloomberg TV (10/11, 11:01 a.m.) reported, "The US Energy Secretary wants OPEC to keep pumping oil. It comes after the group says it reached final agreement on cuts on production. Sam Bodman expects continuing talks with OPEC about supply and demand." Bodman: "They have their own decisions to make. … Our part, our job, it seems to me, is to try to make available to our citizens a very wide diversity of sources of supply, oil being a very important one. We encourage, I have encouraged, OPEC and non-OPEC members to continue to make significant quantities of oil available."

Bush Says Economy, National Security Will Lead GOP To Victory In November. CBS Evening News (10/11, story 3, 2:20, Axelrod, 7.66M) reported that if President Bush's "campaign message has been drowned out lately, his confidence remains high. Despite polls suggesting otherwise he still says Republicans will hold the House and the Senate when the voters cast their ballots." President Bush: "I think the elections will be decided by security and the economy." Axelrod: "The problem for the President with that line of thinking, as we've been reporting, if you buy the polls, Americans now trust Democrats more to handle both the economy and the war in Iraq."

NBC Nightly News (10/11, story 4, 2:55, Gregory, 9.87M) also reported, "Ahead of election day, the President insisted the economy, not just security, will keep Republicans in power." President Bush: "Gas prices are down. Tax cuts are working. There is a difference of opinion in the campaign about taxes."

Bush Insiders Feel GOP Is On Verge Of Losing Control Of The House. The White House Bulletin/US News (10/11) reported, "A growing number of Bush administration officials in the White House and federal agencies are growing more accepting of expectations that the Republicans will lose control of the House and possibly any chance of pushing through the President's lame duck agenda." Senior officials "in several agencies now believe that the war in Iraq and Foley-email scandal will depress core GOP voters, meaning that close races should go to Democrats, allowing them to win the needed 15-plus seats to take control of the chamber. Polls appear to back up the expectations of a November 7 Democratic victory." While the "thought of losing control of the House is depressing, say the insiders, the administration is not expected to go into a holding pattern -- or worse. Top Bush aides are looking over a short list of key agenda items,

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most notably Social Security and other entitlement reforms, to determine if there is a way to work with a Democratic House majority and produce bipartisan change on those issues." While many "admit success is unlikely, the administration does feel that a coalition of Republicans and moderate Democrats can be formed to make some changes in entitlements. In question: How much will the President put on the table to see success. Off the table if the House majority turns, however, are plans for further tax reform: insiders argue that Democrats want to kill the Bush tax cuts, not grant more tax breaks."

First Lady Begins Four-Day Campaign Swing. The AP (10/12) reports, "Laura Bush, a popular campaign-booster for Republicans across the country, began a four-state swing Wednesday with a fundraiser for an Ohio congressman in a heated re-election battle. After helping raise some $170,000 at a luncheon for six-term Rep. Steve Chabot, Mrs. Bush headed to Knoxville, Tenn., to raise money for Republican Senate candidate Bob Corker. She planned to be in Indiana and Missouri on Thursday for GOP candidates." The AP adds, "Party officials say she has raised nearly $14 million for Republican candidates for the Nov. 7 election. And Mrs. Bush's visits usually don't carry the baggage of the president's sagging approval ratings."

NRA Balances Support For Democratic Candidates, GOP House Majority. The Wall Street Journal (10/12, A6, Fields, 2.03M) reports the National Rifle Association "has a simple agenda in Washington: protecting gun ownership. But it faces a complex challenge this campaign season: supporting Republican control of Congress while staying loyal to Democratic candidates who supported the gun lobby." Chris Cox, executive director of the NRA's Institute for Legislative Action, said, "We will endorse regardless of party. However, gun owners are very concerned and do not want as speaker Nancy Pelosi, who has been consistently vocal against their rights. They understand the significance of these elections." The Journal adds that "means the NRA, which sits on a campaign war chest of $20 million, is expecting to endorse as many as 60 Democrats in House and Senate elections, about the same number it endorsed in every national election since 2002 and three times the 20 or so Democrats it supported in races during the early 1990s. At the same time, the NRA wants to make sure Republicans keep control of Congress." The NRA's "balancing act stands out in a year when other Republican-leaning industry and trade groups are working to keep Congress in Republican hands while not turning their backs on Democrats who have been helpful and who might control one or both chambers in January."

House GOP Scales Back Advertising For Four Democratic Seats. The AP (10/12) reports House Republicans "are scaling back television advertising reserved for four Democratic-held seats in Ohio, South Carolina and West Virginia, officials said Wednesday, fresh evidence of the party's struggles as it tries to retain its majority." GOP strategists also "signaled they intend to spend nearly $1 million in an attempt to hold the seat recently vacated by Rep. Mark Foley." Democrats, "who must gain 15 seats to win House control, said the moves were evidence that time was running out on the GOP majority." Democrats, "too, were rearranging their plans as the campaign headed into its final stages. While some of their changes reflected confidence, that did not appear to be the case in Arizona, where the party has pared back plans to advertise against Republican Rep. J.D. Hayworth." Compounding the "sense of confusion, a prominent conservative activist said Hastert's tenure as speaker would likely soon be over - one way or another." Paul Weyrich said, "In all probability Speaker Hastert will be replaced next year, whether it's because the Democrats take over or it's because Republicans retain control and they decide he's been Speaker long enough."

Rothenberg Says Midterms Are Reversal Of 1994. In his Roll Call column (10/12), Stuart Rothenberg says, "Three weeks ago, some people were talking about a Republican surge that never really existed. Now, others mistakenly are talking as if the page scandal surrounding ex-Rep. Mark Foley (R-Fla.) has fundamentally changed the election cycle. It hasn't. What we are seeing, increasingly, is 1994, with the parties reversed." Democrats "now deserve to be solid favorites to win control of the House of Representatives. They already have six to nine GOP seats in the bag, with another two dozen serious opportunities." The "fallout from the Foley scandal does increase the possible size of an already substantial Democratic wave. That means that low second- and third-tier Democratic challengers must now be taken more seriously, and it increases the chances that entrenched Republicans in marginal districts — even those without particularly credible Democratic opponents — could find themselves in jeopardy on Nov. 7." The "major impact of the Foley scandal potentially is to further depress Republican turnout. If turnout is down, it also will increase Democrats' chances of winning the Senate. Republican prospects in both Virginia and Tennessee have eroded, and while Democrats Jim Webb (Va.) and Rep. Harold Ford Jr. (Tenn.) still have plenty of work to do to win their Senate contests, both races clearly have become competitive." The elections "so far have been, and continue to be, about Bush and the administration's performance, not about the GOP Congressional leadership. And if Republicans get spanked by voters, it won't be the fault of the National Republican

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Congressional Committee, which is once again doing everything it can, given the cards that it holds." Rothenberg concludes, "Unpopular presidents tend to produce difficult, often disastrous, midterms for the party in power. That's what is happening to the GOP this year, pure and simple."

Broder Says Voters Poised To "Pull The Trigger" On GOP. In his Washington Post column (10/12, A27), David Broder says, "The old theater adage demands that if you show a pistol in Act 1, you'd better fire the gun in Act 3. That same wisdom applies to politics. The voters have been pointing a symbolic gun at the Republican regime in Washington for many months now. All that remains is for them to pull the trigger on Election Day." The "disillusionment is not the product of the Foley scandal, which is shifting few votes, as far as I can judge. And it also reflects more than the continuing bad news from Iraq, though that has had a large effect on public opinion. What is driving public opinion is an overall impression that those in office -- meaning mainly Republicans -- have let things slide out of control and need to be relieved." What voters "may not know is that the same judgment has been reached by a significant number of people who are part of -- or close to -- the Republican majority. If I have heard it once, I have heard it a dozen times: Major Republican figures, including top officials of several past GOP administrations and Congresses, say, 'We deserve to lose this election.'"

Virginia Senate Race Seen As Referendum On Bush Iraq Policy. The Washington Post (10/12, B5, Craig, 748K) reports the Virginia's Senate race "could become the nation's marquee referendum on President Bush's Iraq policy as George Allen and James Webb offer voters stark differences about a war that polls show is increasingly unpopular." Washington and Lee University professor Mark Rush said, "Webb and Allen are essentially reflecting what seems to be the two national party positions on the war. You essentially have Allen saying 'Stay the course.' . . . The Democrat is saying, 'We can do it better and differently,' but doesn't really say how." The Post adds Allen "who in 2002 voted to authorize the use of force against Iraq, has been a steadfast supporter of Bush's decision to invade, remove Saddam Hussein and turn the country over to an elected government." Webb, "a former Marine, opposed the conflict before it began. He calls the war a 'strategic blunder of historic proportions' and wants to reposition troops to other Arab nations, out of harm's way."

Talent, McCaskill Square Off In Third Debate. The St. Louis Post-Dispatch (10/12, Mannies, 300K) reports that in Clayton, MO on Wednesday, Missouri Sen. Jim Talent (R) and Democratic challenger Claire McCaskill "sparred over familiar differences and took on some new ones…during their third debate. The familiar ones: Iraq, renewable fuels and stem cell research. Among the new ones: how best to serve the black community and how to confront North Korea's efforts to become a nuclear power." Talent "painted McCaskill as 'taking positions of weakness' when it comes to confronting and combating terrorists." McCaskill contended that Talent had been too weak as a member of the Armed Services Committee in challenging administration policies." On the war in Iraq, Talent repeated his view that 'completing the mission in Iraq will be a tremendous benefit to us,' and make it less likely that the United States will see terrorist attacks at home. McCaskill re-emphasized her view that 'we must change course' and move troops over the next two years into other parts of the Middle East." On North Korea, McCaskill "called for bilateral talks and blamed" the Bush Administration "for isolating the United States from potential allies. Talent asserted that former President Bill Clinton's administration had been too soft on North Korean leader Kim Jong Il, who, Talent said, 'took us in.'"

The AP (10/12, Lieb) reports that Talent "suggested during the debate that McCaskill opposed all the measures he touts: the energy bill containing a renewable fuels standard, the Medicare drug benefit, an anti-methamphetamine bill and a bill targeting payday lenders who profit from military members. 'I don't know a politician in the country who opposed all four of them, except my opponent in this race,' Talent said. McCaskill said she opposed the energy bill because it contained billions of dollars of tax breaks for 'big oil.'" Meanwhile, the candidates "differed slightly in their interpretation of" the U.S. Supreme Court's 2005 ruling on eminent domain, with McCaskill saying the "ruling essentially left the issue to local governments," and Talent saying "the Supreme Court 'made a mistake in basically abdicating what I saw as its responsibility to ensure that private land is not taken for private uses.'"

Montana Senate Race Said To Be Marked By Negativity. In a Wall Street Journal op-ed (10/12, A19), Frank Miele, managing editor of the Kalispell, Mont. Daily Inter Lake, says the Montana Senate race between Republican Sen. Conrad Burns and Democrat John Tester "is indeed a sorry sight: A campaign run from Washington that has probably offended every decent Montanan with its advertising blitz, its finger-pointing, its name-calling -- and, more significantly, with its cynicism, anger and disrespect. This, after all, is Big Sky Country, where there used to be room enough for ideas all across the political spectrum and where a man used to be respected as much for what he didn't say as what he did. But Big Sky Country has been made smaller -- and meaner -- by this campaign."

Ohio Senate Race Seen As Antecedent To 2008 Presidential Race. In his New York Times column

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(10/12), David Brooks says the rust belt town of Mansfield, Ohio is "the economic backdrop to the most important political race in the country, the Senate campaign between Sherrod Brown, a Democrat now in the House, and Mike DeWine, the Republican incumbent. It's important because each candidate comes from the most vibrant strain in his own party. Brown is a full-bore economic populist. DeWine is an independent McCainiac conservative. In two years, the national parties will be talking in just these ways, and we're seeing a preview of that battle today." Brown is "a natural political animal, with the ability to dominate the space around him." DeWine is "Brown's opposite. He's short and unassuming, the least senatorial-looking man in the U.S. Senate." And "yet he's one of the toughest and most widely respected senators. Anti-abortion and pro-tax cut, he angered his evangelical base by supporting the Gang of 14 compromise on judicial filibusters."

Spitzer Bid To Reform Albany Runs Counter To State's Political Culture. The New York Times (10/12, Hakim, 1.21M) profiles Democratic gubernatorial candidate Eliot Spitzer, who "at age 35, he took the biggest gamble of his life, giving up his job as a corporate lawyer to run for New York attorney general, a bid many considered preposterous. What his opponents did not count on were twin weapons in the Spitzer arsenal: a fearsome ambition to win, and the millions of dollars that his father, Bernard Spitzer, brought to bear on his son's early campaigns." The money "led to accusations, later dismissed by election officials, that Mr. Spitzer was circumventing campaign finance laws to buy the race." Spitzer "finally prevailed in his second run, and would transform the position to take on corporate fraud and propel himself to national renown with his prosecutions of Wall Street investment firms and the insurance industry. Now, with a commanding lead in the polls in the race for governor, Mr. Spitzer stands at the brink of taking over a state government that is legendary for its dysfunction and backroom deal-making." His "record as attorney general suggests he may have the relentless personality to bring change to the state capital. But his sharp-elbowed, smartest-man-in-the-room demeanor could also undermine his own agenda in Albany, a clubby place where slights have a years-long shelf life in the memories of lawmakers who jealously guard their power."

Angelides Seeks Equal Time On Tonight Show. The New York Times (10/12, Steinhauer, 1.21M) reports Democrat Phil Angelides, "who hopes to replace Arnold Schwarzenegger as governor of California says he faxed a letter to Jay Leno. He also says he sent Mr. Leno an overnight letter. And still, the Democrat, Phil Angelides, has not been invited to appear on 'The Tonight Show With Jay Leno' on NBC, and this has made the candidate angry." Schwarzenegger "has had no such problem. The governor chatted up Mr. Leno on the air Wednesday night, just as he did some three years ago when he first ran for governor in California's recall election." Now, with Angelides "trailing rather substantially in the polls, his campaign has decided to make an issue of the unequal treatment. At the campaign's behest, Representative Xavier Becerra, a Democrat from Los Angeles, wrote a letter of complaint to Kevin J. Martin, the president of the Federal Communications Commission."

Will Praises Schwarzenegger For Vetoing Electoral College Reform Bill. In his Washington Post column (10/12, A27), George Will says, "California's governor has demonstrated virtue, understood as the good we do when no one is watching. With his state and the nation paying no attention to an anti-constitutional campaign to alter the way presidents are chosen, Arnold Schwarzenegger has vetoed a bill that, had it become law, would have imparted dangerous momentum to a recurring simple-mindedness." The bill "would have committed California to cast its electoral votes -- today, 55 -- for whichever candidate receives the most popular votes nationally. The commitment would have been contingent on a compact with other similarly committed states, all having a combined total of at least 270 electoral votes."

Court Rules Judges May Solicit Campaign Contributions. The New York Times (10/12, Liptak, 1.21M) reports that a federal court ruled Tuesday that Kentucky may not prohibit judicial candidates from personally soliciting campaign contributions. The judge, Karen K. Caldwell of Federal District Court in Frankfort, "said the ban violated the First Amendment. Judge Caldwell rejected the state's argument that its interest in preserving the appearance of judicial impartiality justified the ban. Kentucky law, she noted, already allows judges' campaign committees to solicit contributions. That may be a problem, Judge Caldwell wrote, but adding the element of personal solicitation by the candidate does not make it measurably worse."

Bush Rejects Direct Talks With North Korea As Push For Sanctions Gains Steam. President Bush held a press conference yesterday. As the CBS Evening News (10/11, story 3, 2:20, Couric, 7.66M) reported, "the showdown with North Korea dominated" Bush's encounter with the press. All three networks, and most print reports, this morning note the President defended his opposition to one-on-one talks with North Korea by saying, "Bilateral negotiations didn't work, you know? I appreciate the efforts of previous Administrations, just didn't work." CBS said "since the detonation Monday, Democratic critics have blamed Mr.

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Bush for abandoning one-on-one talks with the North Koreans. Today the President hit back."

ABC World News (10/11, story 4, 2:10, Raddatz, 8.78M) reported former Secretary of State Madeline Albright "disputed" Bush's assertion, "saying during the Clinton Administration, there were no nuclear weapons tests by North Korea. No new plutonium production. And no new nuclear weapons developed in Pyongyang." The President, added ABC, "is determined to solve this diplomatically. So far, that's not working so well." NBC Nightly News (10/11, story 4, 2:55, Gregory, 9.87M) also noted Bush's "strong response to Democrats, who charged a White House preoccupied with Iraq failed to stop North Korea."

The Los Angeles Times (10/12, Gerstenzang, Farley, 918K) says "the president appeared to go out of his way to avoid inflammatory language, even as he insisted that North Korea must stand by previous commitments to dismantle its nuclear program." The "toned-down approach seemed intended both for potential partners at the United Nations, and, fewer than four weeks before the midterm US congressional elections, for an American electorate weary of the Iraq war." It also "appeared to reflect a dearth of palatable options after weeks of harsh rhetoric by the administration, since military action to destroy North Korea's nuclear facilities could prove difficult and could also result in a regionwide war." Bush, adds the Times, "struck a defensive tone in explaining his opposition to direct negotiations. Echoing comments by other Republicans in recent days, he cited the one-on-one approach to North Korea taken by former President Clinton resulting in a 1994 agreement that collapsed in 2002, two years after Bush took office."

In his Washington Post column (10/12, A2), Dana Milbank says "reporters peppered Bush with 15 questions about Iraq and North Korea; only near the end did the Chicago Tribune's Mark Silva mention some guy named Foley. Pressed to defend his foreign policy, Bush instead cited the 'stakes' involved in the Middle East and North Korea -- 13 times. 'I understand the stakes,' Bush announced. 'I'm going to repeat them one more time. As a matter of fact, I'm going to spend a lot of time repeating the stakes.'" Milbank adds, "He made good on that promise. Five times he said 'the stakes are high,' occasionally adding that 'the stakes are really high' and even that, 'as a matter of fact, they couldn't be higher.'" Milbank also writes that "dissatisfied with the reporters' prickly questions, Bush went about answering his own. … When a questioner asked about the credibility of the administration's threats toward North Korea, Bush said: 'I thought you were going to ask...'How come you didn't use military action?'"

The New York Times (10/12, Stolberg, 1.21M) focuses on Bush's subsequent answer to his own question. Bush said, "I'm asked questions around the country, 'Just go ahead and use the military.' … And my answer is that I believe the commander in chief must try all diplomatic measures before we commit our military." The Times adds, "Then, without prompting, the president asked an obvious next question. 'I'll ask myself a follow-up,' Mr. Bush said. '"If that's the case, why did you use military action in Iraq?" And the reason why is because we tried the diplomacy.'" The Times terms Bush's comments an "unusual exchange with himself ," adding that the fact "the president himself raised and rejected this critique appears to reflect concern among Mr. Bush's advisers that North Korea could be a political liability for Republicans, one that the president needed to confront directly with voters."

McClatchy (10/12, Hutcheson, Landay) reports that at the UN, "Secretary General Kofi Annan said the world faces 'an extremely difficult situation' and called for direct talks between the United States and North Korea." And USA Today (10/12, Jackson, 2.27M) says Democrats "such as Sen. Dick Durbin of Illinois blamed North Korea's reported nuclear test in part on Bush's decision to not negotiate directly with the country, as the Clinton administration did. Durbin also said the Bush administration was distracted from North Korea by the "pre-emptive" war in Iraq. 'It is clear that the Bush approach has failed,' he said." The Chicago Tribune (10/12, Silva, 623K) also says "Democratic leaders in Washington, blaming the North Korean showdown on the president's 'confrontational' stance against a nation he once termed part of an 'axis of evil,' called on Bush to resume direct talks with Kim's government."

The Washington Times (10/12, Curl, 88K) focuses its report on Bush's comments on Clinton policies. Under the headline "Bush Hits Democrats On N. Korea Talks," the Times also reports Bush "again backed new ballistic missile defenses in the region to protect US allies." Democrats "repeated calls for a new direction on Iraq and North Korea, with Democratic National Committee Chairman Howard Dean saying 'the stakes are too high to have a permanent commitment to a failed strategy in Iraq.' 'North Korea has increased its nuclear capabilities by 400 percent and tested a nuclear weapon because the Bush administration took its eye off the ball,' he said." Iran, added Dean, "has also become an even greater threat."

The Washington Post (10/12, A1, Abramowitz, 748K) reports that "despite setbacks on North Korea and Iraq…Bush vowed yesterday to stick with his policies on both crises, praising Chinese condemnation of North Korea's apparent nuclear test and citing progress in helping the fledgling Iraqi government stand on its own." The Wall Street Journal (10/12, A4, Dreazen, Ramstad, 2.03M) also notes Bush said yesterday "the US will work with China, Japan and South Korea to craft a package of tough sanctions against North Korea following its claim of a nuclear-weapon test. But the administration and its partners are divided over how soon to act against Pyongyang and precisely what measures to impose." Bush said in the Rose Garden yesterday that

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Washington will not "accept North Korea's emergence as a nuclear power and said the administration would work with Asian powers to 'ensure there are serious repercussions for the regime' of North Korean leader Kim Jong Il if it refuses to abandon its nuclear-weapons program." The Journal says the Administration "has drawn similar lines in the sand before, only to watch as Pyongyang pressed ahead with its program." Now, Washington "and other countries are likely to take several months to agree on sanctions. And it is far from certain that China -- the country widely seen as having the most leverage over North Korea -- will ultimately be willing to sign off on strong measures."

On its front page, the Washington Post (10/11, A1, Lynch, Fan, 748K) notes Beijing "expressed a rare willingness to support UN sanctions against its ally North Korea, but it said any punitive action would have to be narrowly targeted at the country's ballistic missile and nuclear weapons programs." Washington and Tokyo "continued to press the U.N. Security Council to support far stronger economic and trade measures that would permit international inspections of all North Korean cargo to search for weapons and to strangle Pyongyang's ability to finance its nuclear program." Ambassador Bolton "insisted that the U.S. sanctions plan calls for the exemption of food, medicine and other humanitarian goods for civilians," and Assistant Secretary McCormack "specifically ruled out any attempt at regime change."

The AP (10/12, Wadhams) reports Bolton said he "hopes to pass a new draft U.N. Security Council resolution on Friday to punish North Korea over its claimed nuclear test." That draft "is part of American and Japanese efforts for a quick [UNSC] rebuke to the North." The Los Angeles Times (10/12, Spiegel, Barnes, 918K) says "the sanctions demanded by US officials…would focus on closing pathways to proliferation of weapons technology. … The new United Nations sanctions resolution proposed by the United States would direct all members 'to undertake and facilitate inspection of cargo to or from' North Korea. In effect, it would require China to help close the gap in American efforts."

McClatchy (10/12, Johnson), however, says China "does not want to face the possible collapse of the Kim Jong Il regime and the need to explain to China's citizens the failure of an allied one-party state like its own, scholars say. … Moreover, say analysts, Pyongyang plays a strategic role for Beijing. Kim Jong Il's million-man army occupies the attention of US forces on the Korean Peninsula, and could rattle the cage and divert the Pentagon if Beijing ever were to deploy troops in a blitz attack on Taiwan, a self-governed island it claims as its own."

Meanwhile, the Wall Street Journal (10/12, Ramstad, 2.03M) reports, "South Korea may take months to decide how to respond to North Korea's apparent test of a nuclear device, President Roh Moo Hyun said, in a sign of the difficult position his country is in as it seeks to penalize the northern regime without causing its sudden collapse or a war." Roh said yesterday, "Whichever direction this does take, this is not a matter that can be decided in a couple of days or a couple of months." Another piece in the Wall Street Journal (10/12, A4, Dreazen, Ramstad, 2.03M) describes Roh's words as "a sign of emerging divisions" between the US and other powers involved in the crisis.

The Financial Times (10/12, Turner, Dinmore, Dombey) keys on international disagreement about the way forward. Washington "is expected to introduce on Thursday a revised resolution on sanctions to be imposed on North Korea over its nuclear test announcement, as leading powers are struggling with negotiations on the precise scope of the punitive action." Although UNSC members, "including the previously reluctant China, appear to agree that punitive action is necessary, talks have slowed amid disagreement over the legal basis for it. … Leading powers also disagree on whether the claimed nuclear test should be deemed an international threat to peace and security, and exactly how far sanctions should go."

Bush Criticism Of Clinton's Policy Seen As Overly Simplistic. The Washington Post (10/12, A23, Kessler, 748K) notes President Bush "asserted yesterday that the administration's strategy on North Korea is superior to the one pursued by his predecessor, Bill Clinton, because Clinton reached a bilateral agreement that failed, while the current administration is trying to end North Korea's nuclear programs through multi-nation talks." The Post says "the reality is more complicated, according to former and current U.S. officials and a review of the diplomatic history." Bush's "policy, in fact, envisions direct, bilateral negotiations with North Korea on certain issues in the six-nation talks, such as missile proliferation and normalizing relations," and Secretary Rice "was prepared to authorize her chief negotiator to travel to Pyongyang in November 2005, provided that North Korea shut down its nuclear reactor as a sign of good faith. It refused that condition, and the trip was scrubbed." In addition, "it is not fully accurate to describe the negotiations that led to a 1994 agreement…as purely the result of one-on-one negotiations. During talks that produced the Agreed Framework, …U.S. negotiators briefed Japanese and South Korean officials every day. South Korea and Japan agreed to bankroll much of the cost of the light-water reactors that were to be provided to North Korea under the deal." The Post adds, "Conservatives opposed to negotiations came to embrace the six-party format because they thought that it was so cumbersome that it would not achieve much, and because North Korea's behavior grated on other participants."

Japan Imposes "Draconian" Trade Sanctions On North Korea. The Financial Times (10/12, Pilling, Fifield) reports, "Japan imposed draconian sanctions on Pyongyang last night, banning all ships, all imports and most North Korean nationals from entering the country. The measures,

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while severe, are not likely to have a big extra economic impact, given that Japan has already drastically reduced trade and financial transfers to North Korea, experts said." The Times adds, "Officials in Tokyo also said that Japan's unilateral measures must be distinguished from its efforts to build an international consensus on appropriate global sanctions against North Korea." The Washington Times (10/12, Salmon, 88K) also reports on Japan's move. The New York Times (10/12, Fackler, 1.21M), meanwhile, says new Prime Minister Shinzo Abe "is facing his first crisis…with a mix of soothing diplomacy and tough sanctions, scoring high marks with his nation's anxious voters."

North Korea Threatens To Conduct More Tests. CNN's Lou Dobbs Tonight (10/11, Pilgrim) reported, "Communist North Korea today threatened to conduct more nuclear tests. The North Korean regime also declared that new sanctions against North Korea would be a -- quote – 'act of war.' The regime said it would physically retaliate for any new sanctions. It did not give details."

The New York Times (10/12, Onishi, 1.21M) says "the North seems to be following a clear strategy that experts say has allowed it, a small, isolated, nearly bankrupt nation, to keep the attention of the United States for more than a decade." The North Korean Foreign Ministry "said [Pyongyang] felt compelled to prove its nuclear capacity to 'protect its sovereignty and right to existence from the daily increasing danger of war' from the United States." The Times says the North Korean regime "has seen nuclear weapons as a form of defense as well as a potential threat. Its leaders have used that threat as way to wrest concessions from Western powers, and gain protection against what they see as hostile nations determined to topple their government." The Washington Post (10/12, A22, Faiola, 748K) and AP (10/12, Greimel), among other sources, also note the North Korean threat.

Rice Says US Won't Attack North Korea. The AP (10/12, Klug) reports Secretary of State Condoleezza Rice "says the United States would not attack North Korea, rejecting a suggestion that Pyongyang may feel it needs nuclear weapons to stave off an Iraq-style U.S. invasion." Rice said Bush "has told the North Koreans that 'there is no intention to invade or attack them. So they have that guarantee. ... I don't know what more they want.'"

On the issue of military force, AFP (10/12) reports Defense Secretary Donald Rumsfeld "said it was 'probably' possible to pressure North Korea to get off its current nuclear path without the threat of military action." Said Rumsfeld, "I guess time will tell. I think the answer is: Probably yes, but one can't be certain."

Officials Call Test A US Intelligence "Failure." The Washington Times (10/12, Gertz, 88K) reports Bush Administration officials have said that "recent U.S. intelligence analyses of North Korea's nuclear and missile programs were flawed and the lack of clarity on the issue hampered U.S. diplomatic efforts to avert the underground blast detected Sunday." Staff familiar with the "classified assessments" say "some recent secret reports stated that Pyongyang did not have nuclear arms and until recently was bluffing about plans for a test." Officials told the Times that "there were as many as 10 failures related to intelligence reporting on North Korean missile tests and the suspected nuclear test that harmed administration efforts to deal with the issue." The "weak analysis on North Korea is being blamed on Thomas Fingar, the most senior U.S. intelligence analyst within the office of the Director of National Intelligence," who "was the lone dissenter in a 2002 national intelligence assessment that stated Iraq had large stockpiles of chemical weapons and carried over the skeptical viewpoint to North Korea's arms programs."

More Commentary. In an op-ed in today's New York Times (10/12, 1.21M), Professor B.R. Myers says the Administration has "a confident consensus" that Kim Jong-il "may try selling his nukes" but "he would never dream of using them himself." Assurances that Kim is mentally stable "are a roundabout way of saying that because he is not a fundamentalist Muslim, he is unlikely to do anything really crazy. This sort of cultural profiling, however, can get us into real danger." Myers says Pyongyang's "worldview is far closer to that of fascist Japan" than Stalinist Russia, and North Korea's "race theory, like that of the Japanese fascists, actuates a blithe indifference to international law." The "irrationality of their worldview is such that we should, at the very least, stop assuming that they would never use their own weaponry."

In his column in the Washington Post (10/12, A27, 748K), Jim Hoagland says Pyongyang's "efforts to blame its crossing of the nuclear-testing threshold on U.S. 'economic hostility' would be laughable if the regime weren't led by world-class paranoids and fantasists capable of believing their own odious propaganda." North Korea's "threats -- if not its excuses -- must be taken seriously and met with new forms of containment and pressure." Noting the Treasury's Department's "effective new effort at using soft power" to stop illicit financial activity, Hoagland adds, "However much its self-imposed isolation might seem to protect it from them, North Korea clearly takes these financial pressures seriously. So must Iran. Squeezing the regime financially is probably the only hope (however forlorn it may turn out to be) of keeping Tehran from going nuclear in a few years." He concludes, "Treasury's sophisticated efforts to deny gangsters in North Korea and Iran access to global capital should not be abandoned because of the nuclear bluster from Pyongyang and Tehran."

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State, Local Governments Said To Have $2 Trillion Unfunded Pension Plans. In a Wall Street Journal op-ed (10/12, A18), Chris Edwards, tax policy director at the Cato Institute, and Jagadeesh Gokhale, a senior fellow at Cato and a former senior economic adviser to the Federal Reserve Bank of Cleveland, say state and local governments are "amassing huge obligations in the form of unfunded retirement benefits for their workers. Aside from underfunded pension plans, governments have also run up large obligations from their retiree health plans. While a new Governmental Accounting Standards Board rule will kick in next year and reveal exactly how large this problem is, we estimate that retiree health benefits are a $1.4 trillion fiscal time bomb." The new GASB regulations "will require accrual accounting of state and local retiree health benefits, thus revealing to taxpayers the true costs of the large bureaucracies that they fund. We reviewed unfunded health costs across 16 states and 11 local governments that have made actuarial estimates, and found an average accrued liability per covered worker of $135,000. Multiplying that by the number of covered state and local employees in the country yields a total unfunded obligation of $1.4 trillion -- twice the reported underfunding in state and local pension plans at $700 billion." To "put these costs in context, consider the explicit net debt of state and local governments. According to the Federal Reserve Board, state and local credit market debt has risen rapidly in recent years, from $313 billion in 2001 to $568 billion in 2005. But unfunded obligations from state and local pension and retiree health plans -- about $2 trillion -- are still more than three times this net debt amount."

Security Council At Odds Over Iran Sanctions. The AP (10/12, Jahn) reports, "The five permanent members of the UN Security Council agreed Wednesday to start working on UN sanctions against Iran next week, but failed to bridge differences on how harsh the penalties should be, diplomats and officials said." The AP adds those "diplomats and officials" said that "while the US called for broad sanctions to punish Iran's defiance in pursuing its nuclear program, Russian and Chinese representatives at a top-level Vienna meeting favored less severe measures."

US To Allow Export Of Jet Parts To Iran. The AP (10/12, Schweid) reports, "The Bush administration said it is approving exports to Iran of spare parts and other equipment for the country's national airline, despite the standoff with Tehran over its nuclear program." The State Department "cited worries about travel safety in explaining the decision, which will allow the export of items used to repair turbine engines on Airbus aircraft operated by Iran Air. 'We do not want to be in a position of threatening civil aviation,' State Department spokesman Sean McCormack told reporters on Wednesday." McCormack "said the General Electric Co. would provide the equipment to Iran."

The Washington Times (10/12, Kralev, 88K) reports, "The departments of State and Commerce informed Congress on Sept. 29 that they would recommend the Treasury Department issue a license to General Electric Corp. 'to permit the exportation of spare and replacement parts, components and technical data for the repair and overhaul of a limited number' of such engines on aircraft operated by Iran Air."

Lebanese PM Says Israeli Overflights A Violation Of Truce. The Washington Post (10/12, A24, Shadid, 748K) reports, "Lebanese Prime Minister Fouad Siniora warned Wednesday that Israeli military flights over his country's territory were endangering a nearly two-month-old truce that ended this summer's war between Israel and Lebanon's Hezbollah movement." Siniora, speaking in an interview, "said the overflights were occurring daily. The United Nations, which considers them a violation of the Aug. 14 truce, said it recorded 10 overflights of warplanes and surveillance drones from Oct. 3 to midnight Oct. 9." Said Siniora, "I am willing to accept whatever any other sovereign country would accept for itself. Would they allow it? … I mean, would the United States allow flyovers of Russian planes? If they would allow it, I accept it. Why do you expect me to do something more than what 195 countries would accept for themselves?" Israel "has said it will continue overflights of Lebanese territory until UN Resolution 1701 is, in its view, implemented fully. It says that would require the return of the two soldiers that Hezbollah, a Lebanese Shiite group, captured in a cross-border raid on July 12 and an inspection mechanism to ensure that no weapons cross the Syrian border into Lebanon to resupply Hezbollah guerrillas."

Rice Backs "Better Life" For Palestinians In Independent State. The AP (10/12, Schweid) reports Secretary Rice "said Wednesday that Palestinians deserve a better life 'free of the humiliation of occupation' and in a state of their own." She is quoted saying publicly, "I promise you my personal commitment to that goal. There could be no greater legacy for America." Rice "said 'things are changing,' that moderates are coming to the fore. She praised Mahmoud Abbas, the president of the Palestinian Authority with whom the Bush administration deals while boycotting Hamas." The AP notes she "has made five trips to the region as secretary of state, looking for ways to promote President Bush's call for a two-state solution to the decades-long conflict between Israel and the Palestinians."

Israeli Checkpoints, Road Barriers Up 40% In Past Year. The AP (10/12, Laub) reports, "Israel's network of military checkpoints and road barriers in the West Bank has

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grown by 40 percent in the past year, part of an increasingly sophisticated system of controls that disrupts all aspects of Palestinian life, a UN agency said Wednesday." These "physical obstacles" are "carving up the West Bank into separate parts, with travel between them becoming more and more difficult, said David Shearer, head of the U.N.'s Office for the Coordination of Humanitarian Affairs in Jerusalem."

American Teacher Released After One Day Of Captivity In West Bank. The Los Angeles Times (10/12, Ellingwood, 918K) reports English teacher and Louisianan Michael Phillips "was released late Wednesday by captors in the West Bank who had held him for a day." He is reportedly unharmed, but the "circumstances of Phillips' abduction and eventual release remained unclear." Ansar al Sunna, a group known to operate in Iraq but not previously known to exist in the West Bank, contacted a Western news organization and arranged the release. The Times notes, "The abduction came a month and a half after kidnappers in the Gaza Strip released two Fox News journalists — an American correspondent and a cameraman from New Zealand — after holding them for nearly two weeks."

Bush, Dominican President To Discuss Stalled Free Trade Deal. The AP (10/12) reports President George W. Bush and Dominican President Leonel Fernandez will hold talks this month "aimed at jump-starting a delayed free trade agreement between the two countries," officials said Wednesday. The Oct. 25 meeting in Washington will "also focus on Dominican participation in Venezuela's regional oil program, Petrocaribe, as well as programs to increase the use of alternative and renewable fuels," White House spokesman Frederick Jones said. The AP notes that the Dominican Republic is one of six signatories to the Central American Free Trade Agreement, but the country has not passed legislation needed to implement the deal.

US Cuts Aid For Area Of Colombia. The AP (10/12, Goodman) reports, "The United States is quietly cutting back economic aid in a region where cocaine production is surging, a strategy critics say hurts Washington's $4 billion effort to try to wean Colombia off the illegal drug trade." In an internal memo obtained by The Associated Press, "the U.S. Agency for International Development blames unacceptable security risks for its workers and a lack of private investment partners for its pullout from Caqueta, a former rebel stronghold in impoverished southern Colombia. Six years and more than $4 billion in American tax dollars after Plan Colombia was launched in Caqueta, Colombia's army is still fighting rebels here, and coca, the raw ingredient of cocaine, is still the region's No. 1 cash crop."

Chinese Communist Party Seeks To Focus On Social Concerns. The New York Times (10/12, Kahn, 1.21M) reports the Chinese Communist Party (CCP), "devoted in recent years to expanding the economy at any cost, on Wednesday endorsed a new doctrine that puts more emphasis on tackling the severe side effects of unrestrained growth." The CCP "declared that a range of social concerns, including the surging wealth gap, corruption, pollution and access to education and medical care, must be placed on a par with economic growth in party theory and government policy." The Times notes the Chinese "economy has recently been expanding at better than 10 percent annually, faster than any other major economy in the world, and the party shows no signs of trying to sharply reduce that rate soon." The nation "needs much higher growth rates than most developed countries to absorb tens of millions of surplus workers, and even the plans for addressing environmental woes and creating a sounder welfare system assume surging tax revenues to pay for them." Experts "say the new platform should result in significant increases in government spending on education and health care, which tend to be expensive and inaccessible to peasants, migrant workers and retirees, who make up the overwhelming majority of China's population."

The Washington Post (10/12, A18, Fan, 748K) says the new policies "further signaled a shift in the party's focus from promoting all-out economic growth to solving worsening social tensions." The Party's adoption of the plan "underlined Hu's increasing power. It effectively enshrined his doctrine in the same pantheon as those of Mao Zedong and other predecessors." The plan "calls for significant progress by 2020 in narrowing the wealth gap, increasing employment, improving public service and protecting the environment." The Post adds, "Anger over a growing gap between rich and poor and an inadequate social security system is feared to threaten the party's stability."

Hong Kong's Tsang Declines To Set Date For Universal Suffrage. The Washington Post (10/12, A17, Ng, 748K) Hong Kong leader Donald Tsang "issued his annual policy address Wednesday without setting a timetable for universal suffrage in the territory, calling the issue 'extremely complicated.'" He "offered few details on his constitutional duty to increase the level of democracy," and instead "left the issue to a government committee, which is due to release a report on suffrage next year." The Post says Beijing "has ruled out direct elections in Hong Kong for the next few years, in part because it is concerned that voters might choose leaders willing to challenge China's authority here and because elections might encourage mainland residents to press for democratic reform. But an open election in 2012 remains a remote possibility." The "next chief executive will be elected in March by the government committee, and some

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analysts said Tsang avoided the thorny political issue of suffrage ahead of that vote."

Chinese Activist's Wife Details Surveillance, Abuse By Authorities. In an op-ed in today's Washington Post (10/12, A27, 748K), Yan Weijin, wife of Chen Guangcheng, says local Chinese officials have "punished" Chen "because he provided advice about the law and human rights to village women who were forced to undergo abortions. Officials in charge of birth control were afraid that they would be disciplined as a result of his peaceful activities." When Yan "read the verdict, which was sent to me through e-mail by someone who took the trouble to record every word, I was overcome with indignation and grief." She says she "can only lament the miserable situation of my fellow peasants in China." Yan concludes, "I want to send a message to my husband: One day the truth will come to light. Even though they put you in jail, they cannot imprison your thoughts and spirit. You must take good care of yourself so that you can continue your unfinished work."

Chinese Businessman Finds Big Profits In Solar Power. A Wall Street Journal (10/12, Batson, 2.03M) front-page feature profiles Suntech Power Holdings founder Shi Zhengrong, who has become "one of the richest people in China" due to his pioneering efforts in solar power. Suntech "has quickly become one of the world's largest producers of photovoltaic equipment, which converts sunlight into electricity. The company's combination of first-world technology and developing-world prices has helped it gain market share from more-established, and expensive, producers."

Europe Said To Run Risk Of Electricity Shortages. The Financial Times (10/12, Crooks) reports consultancy Capgemini has warned that Europe "faces the growing threat of electricity shortages because growth in demand has outstripped investment in new power stations." The consultancy said operating at "such low margin levels raised the risk of power shortages," as well as blackouts and brownouts. Belgium, France, Greece, and the UK "are among the countries with the lowest levels of spare capacity."

Some Liken French Housing Violence To Intifada. The Washington Times (10/12, Rennie, 88K) reports, "Radical Muslims in France's housing estates are waging an undeclared 'intifada,' or uprising, against the police, with violent clashes injuring about 14 officers each day." The French "police union said it had asked the government to provide police with armored cars to protect officers in the estates, which it said were becoming no-go zones. … Senior officers insisted that the problem was essentially criminal in nature, with crime bosses on the estates fighting back against tough tactics." Nothing that "not all officers on the ground accept [an] essentially secular interpretation of the problem," the Times says police union representatives disagree on whether the violence represents an "uprising."

House Members Ask Rice Not To Extradite Famous Bounty Hunter. The Washington Times (10/12, Seper, 88K) reports Secretary of State Condoleezza Rice "has been asked by 29 members of Congress to deny an extradition request by the Mexican government for Duane 'Dog' Chapman, the Honolulu-based bounty hunter who faces charges there for his capture of a fugitive convicted rapist three years ago." TV star Chapman "was arrested last month by U.S. marshals in Hawaii on charges of illegal detention and conspiracy in his June 18, 2003, capture in Mexico of cosmetics heir Andrew Luster. Also arrested were Mr. Chapman's son, Leland, 29, and an associate, Timothy Chapman, 41, no relation." The Times notes that "bounty hunting is illegal in Mexico," and says Chapman seized Luster "at a Puerto Vallarta nightclub more than five months after fleeing the United States while on trial on charges he raped three women. He was returned to California to begin serving a 124-year prison sentence."

Georgian President Says Allies Must "Stand Tall" Against Russian Actions. In an opinion piece in today's Wall Street Journal (10/12, A18, 2.03M), Georgian President Mikheil Saakashvili says "the past week was a trying one for Georgia" because Russia has "severed unilaterally" many transportation links and engaged in "ethnic targeting" of Georgians living in Moscow. "Hundreds are being deported; business owners are being harassed; schoolchildren are being forcibly registered with local police; women are being gratuitously tested for sexually transmitted diseases; and children are being torn from families." Saakashvili notes that, "in just three short years, my country has been transformed from a gangster-run economic and political basket case into a budding democracy with one of the world's fastest-growing economies." It is Georgia's "remarkable metamorphosis … that gives us strength in this moment of crisis. All of our gains have been hard-fought," and his government "will not jeopardize the progress we have made by any rash acts." Saakashvili adds, "For us to stand tall, our friends must stand tall beside us. If any one of us gives in to bullying or tolerates the politics of ethnic hatred, we are all at risk. … If the international community downplays the current rift -- or worse, if it pressures Georgia to back down on all counts, shunting aside its hard-earned principles and values -- then the problem will simply metastasize to another place." He concludes, "The way forward is not an easy one -- but it is the only direction

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possible for my country. We cannot look back: The age of imperial overlords and of the Cold War is past."

NYTimes Says US Actions Have Emboldened Despots Around The World. In an editorial, the New York Times (10/12, 1.21M) says Khartoum has been "feeling cocky" because the UN Security Council "made clear that it won't send in troops to stop the genocide unless Sudan first agrees." Lauding the "new age of impunity," the Post says the Administration's plan "to frighten the bad guys so much that they wouldn't dare cross the United States" hasn't worked, and President Bush "has squandered so much of America's moral authority — not to mention our military resources — that efforts to shame or bully the right behavior from adversaries (and allies) sound hollow." Bush "appears to care deeply about Darfur," but Washington "is so overstretched in Iraq that no one in this White House is even talking about sending NATO to stop ethnic cleansing that has already left more than 200,000 dead and displaced more than two million." The Post adds, "Closing our eyes for another two years isn't an answer. Washington needs to assert its leadership, no matter how tattered, on all these fronts." Bush should "tell China and Russia that all future relations will be judged on how they hold the North to account," then pledge "that he would not try to overthrow North Korea's government if it abandoned its nuclear weapons. Mr. Bush needs to make the same unambiguous offer to Iran." The Post concludes, "We fear it will take a lot more than the trials of a few low-level prison guards to repair the damage, whether from Abu Ghraib, Guantánamo, the secret prisons or the whole mismanaged Iraq war. There can be no impunity at home either."

WPost Says New UN Rights Council Far Worse Than Predecessor. The Washington Post (10/12, A26, 748K) editorializes, "When the Human Rights Council was approved by the General Assembly in March, we were among the skeptics who doubted that it would be much of a change… As it turned out, we were wrong: The council … has turned out to be far worse than its predecessor -- not just a 'shadow' but a travesty that the United Nations can ill afford." The new panel "has so far taken action on only one country, which has dominated the debate at both of its regular meetings and been the sole subject of two extraordinary sessions: Israel." This "ludicrous diplomatic lynch mob has been directed by the Organization of the Islamic Conference, which accounts for 17 governments on the 47-member council and counts on the support of like-minded dictatorships such as Cuba and China." The Post is "skeptical" of NGO calls to give the Commission "time to right itself," and concludes, "If there is no turnaround, the council's performance ought to invite consideration of the measure that was applied to the U.N. cultural organization, UNESCO, when it ran amok in the 1980s: a cutoff of U.S. funding. If this ill-formed body is to become an exclusive forum for anti-Zionist rants, the principal victim will be not Israel but the United Nations."

NYTimes Lauds ICC's Focus On Child Soldiers. The New York Times (10/12, 1.21M) editorializes, "The recruitment of child soldiers is one of the most heinous war crimes, and among the most forgotten." However, the International Criminal Court "may force guerrilla leaders and government officials who recruit children to think again." The ICC has begun prosecuting "its first" child soldier case, that of Congolese militia leader Thomas Lubanga Dyilo. The Times notes that, despite an array of counter efforts, Congolese "militias that are still fighting are still using child soldiers, sometimes forcing demobilized children back into the war." They conclude, "Much good can come from the court's focus on child soldiers. The decision by the international tribunals for Rwanda and Yugoslavia to treat rape as one of the most serious international crimes has changed legal attitudes and practice worldwide. The International Criminal Court is now drawing attention to another widespread, yet widely ignored, horror. Guerrilla leaders in Colombia, Sri Lanka, West Africa and elsewhere, and government officials in Myanmar, should pay close attention."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"No Solo Talks With N. Korea, Bush Insists."
"Small Plane Strikes New York High-Rise."
"Book Awards Give Historic Glow To A Beacon Of Beat."
"You Can Date Now, Meet Later."
"Political 'Tracker' Is Looking For Err Time."
"Videos Prompt Treason Charge For Southland Man."
"USC Seeks Downtown Admission."

USA Today:
"Yankee's Plane Crashes Into New York High-Rise."
"'All-Time High' In Baghdad Violence."
"Antipsychotics Fail Alzheimer's Test."

New York Times:
"Manhattan Plane Crash Kills Yankee Pitcher."
"Foley Case Snags Incumbent In Ohio Race For House Seat."
"Drugs To Curb Agitation Are Said To Be Ineffective For Alzheimer's."
"A Gilded Path To Political Stardom, With Detours."
"Discounters Go On Road To Find New York Style."

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Washington Post:
"Bush Stands Firm On Policies."
"America's Population Set To Top 300 Million."
"Small Plane Hits High-Rise In N.Y."
"Around D.C., A Cheaper House May Cost You."
"Chaos Swells As Students Shut Down Gallaudet."
"Living Large As Zoo Unveils Asia Trail."

Washington Times:
"Intelligence Failure Cited In Korean Crisis."
"Yankee Killed When Plane Hit N.Y. Building."
"Bush Vows To Build Fence."
"Overblown Hurricane Predictions Hurt Investors, Too."
"Turning A Corner In Chinatown."
"French Police Face Muslim 'Intifada.'"

Atlanta Journal-Constitution:
"Crash Rattles New York."
"BellSouth's Final Call: AT&T Set To Take Over."
"Pentagon Plan Could Maintain Iraq Troop Level Through 2010."
"Report: Current UGA Athletes Make The Grade."
"State's Midsection Holds Key To Race For Governor."

Houston Chronicle:
"Hired Guns Enter Smoking Debate."
"'Foley Fallout' Forecast Here, Too."
"A City's Memories Stirred."
"School Policies Missing The Bus."
"Hill Country, Meet Your Namesake, Forest Country."

Story Lineup From Last Night's Network News:
ABC: Plane Hits Building-NY; Plane Hits Building-Response; Iraq War Changing Course; US Response-Nuclear Test; Iraq Sectarian Violence-Deaths; Childhood Cancer; Barbaro Recovering; Adult Kickball.
CBS: Plane Hits Building-NY.; Plane Hits Building Response; US Response Nuclear Test; Iraq War Changing Course; Treason Charges; New Cancer Treatment; Bob Schieffer-Opinion; CBS Casualties Of Iraq; Dresser Drawer History.
NBC: Plane Hits Building-NY; Plane Hits Building-Response; Flight Rules; Flight Rules; US Troop Levels; Childhood Cancer; Federal Budget; Treason Charge; Stock Market.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: New York City-Plane Crash; Bush-Iraq; Wall Street.
CBS: New York City-Plane Crash; Bush-North Korea; Iraq-US Troop Levels; MLB Playoffs.
NPR: New York City-Plane Crash; American Al Qaeda-Treason Charges; Bush-North Korea; Berger-Document Handling Investigation; Dominican Republic-Helicopter Crash; Stock Options Backdating Scandals; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on energy, St. Louis Convention Center; attends a David McSweeney for Congress 2006, Roskam for Congress and Illinois Congressional Victory Committee 2006 reception, Hilton Chicago.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Jim Ryun, Capitol Plaza Hotel Manor Conference Center, Topeka; tours the Canal Barge Co. Port of New Orleans offices; attends a briefing by the Army Corps of Engineers, Port of New Orleans headquarters; speaks at a reception for the Republican National Committee, Plimsoll Club, New Orleans.

LAURA BUSH — Speaks at a Chris Chocola for Congress luncheon, Century Center, South Bend. Ind.; participates in a tree planting ceremony, Forest Park-World's Far Pavilion, St. Louis.; speaks at a Jim Talent for Congress reception, Private residence, St. Louis; speaks at an Arch Lighting for Breast Cancer Awareness. St. Louis.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CLIMATE-TRANSPORTATION _ The National Academies holds a conference on climate change impacts on U.S. transportation. Highlights: 8:45 a.m. Session on the current state of knowledge on climate change. 9:45 a.m. Session on the role of transportation design standards in light of potential impacts from climate change. 1:30 p.m. Case study of the transportation sector's response to and recovery from hurricanes Katrina and Rita. Location: NAS, 2100 C St. NW.

HIGH SCHOOLS _ The 3rd Annual High School Policy Conference, ``Taking the Next Step Defining a Shared Federal Agenda for High School Reform." Participants at the conference will contribute to building a shared federal agenda informed by what is and is not working at the state and local level. Highlights: 8:30 a.m. Welcome by Gov. Bob Wise, Alliance for Excellent Education. 1:45 p.m. Session on ``What is an Effective High School Accountability System?," with Michelle Cahill, New York City Department of Education; Peter McWalters, Commissioner of Education, Rhode Island; Bethany Little, Alliance for Excellent Education; and Bill Taylor, Citizens Commission on Civil Rights. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

QUALITY FORUM _ The National Quality Forum sponsors the National Policy Conference on Quality, focusing on the coordinated public and private initiatives underway to promote transparency, pay-for-performance, and electronic health records. Highlights: 8:30 a.m. Janet Corrigan, director

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of the Institute of Medicines Board on Health Care Services. 8:45 a.m. Centers for Medicare and Medicaid Services Administrator Dr. Mark McClellan. 9:30 a.m. Dr. Carolyn Clancy, director, Agency for Healthcare Research and Quality. Location: Grand Hyatt Hotel, 1000 H St. NW.

CONNER _ 9 a.m. Deputy Agriculture Secretary Chuck Conner speaks to the U.S. Indian American Chamber of Commerce. Location: Jefferson Auditorium, USDA, 1400 Independence Ave. SW.

EXPORTS _ 9 a.m. First meeting of the Deemed Export Advisory Committee of the Commerce Department, created by Commerce Secretary Gutierrez to address the issues surrounding technology transfers. Location: Auditorium, main Commerce.

ENERGY-FOREIGN POLICY _ 9:30 a.m. - 10:30 a.m. The Council on Foreign Relations hosts an on the record discussion, ``Independent Task Force Report on Energy and U.S., Foreign Policy." Speakers: John Deutch, Institute Professor, Massachusetts Institute of Technology; Former Director of Central Intelligence; Former Deputy Secretary of Defense; Task Force Chairman; James R. Schlesinger, Senior Adviser, Lehman Brothers; Former Secretary of Defense; Former Secretary of Energy; Task Force Chairman; and David G. Victor, Adjunct Senior Fellow for Science & Technology, Council on Foreign Relations; Task Force Director. Location: The Washington Club, 15 Dupont Circle NW.

EMERGENCY EVACUATIONS _ 10 a.m. The American Highway Users Alliance holds a news conference to release a report card of the evacuation capacity of the country's 37 largest urban areas. Location: National Press Club.

NORTH KOREA _ 10 a.m. The Carnegie Endowment for International Peace holds a discussion on the future steps dealing with North Korea, with Michael Swaine of the endowment, Randy Schriver of CSIS and Alan Romberg of the Stimson Center. Location: 1779 Massachusetts Ave. NW.

FTC-REAL ESTATE _ 11 a.m. The Federal Trade Commission will hold a news event to announce the results of a real estate competition sweep that will include seven law enforcement actions. Briefing follows the event. Location: Room 432, FTC, 600 Pennsylvania Ave. NW.

PEACE-SECURITY _ 11 a.m. Deputy UN Secretary General Mark Malloch Brown gives the keynote address at the conclusion of the Brookings Project on Force and Legitimacy, a dialogue on when and how the use of force might be legitimized in dealing with WMDs. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

MEDICARE-EDUCATION _ 11:30 a.m. National health insurance and pharmacist organizations announce a new education effort to help seniors evaluate their Medicare prescription drug plan choices. Participants include America's Health Insurance Plans, the National Association of Chain Drug Stores and the National Community Pharmacists Association. Location: Room 325, Russell.

ELECTION REFORM _ 12:15 p.m. The Century Foundation, Common Cause and the Leadership Conference on Civil Rights hold a telephone news conference to release a 10-state study showing slow progress on election reform. Contacts: Christy Hicks, 212-452-7723. Notes: States in the study include Pennsylvania, Ohio, Missouri, Michigan, Florida, Wisconsin, Minnesota, Washington, Georgia and Arizona. Callin number: 800-418-7236; passcode: voting report.

KARPINSKI-CONSERVATION _ 12:30 p.m. Gene Karpinski, President, League of Conservation Voters, addresses a National Press Club luncheon. Location: National Press Club, Holeman Lounge.

AFGHANISTAN _ 1 p.m. American University hosts a forum on the state of Afghanistan after the fall of the Taliban. Speaker is Sarah Chayes, former reporter for National Public Radio. Location: American University School of International Service Lounge, 4400 Massachusetts Ave. NW.

COUNTERFEITING-PRIVACY _ 2 p.m. The US Chamber of Commerce holdes a forum on international enforcement of counterfeiting and piracy laws, with an announcement by the chamber about a new enforcement partnership. Location: 1615 H St. NW.

FOREIGN POLICY _ 5 p.m. The New America Foundation, others, hold a debate on ``Beyond No-Cons and Neo Libs: Can Realism Bridge Left and Right?" with Dmitri Simes of the Nixon Center, Sherle Schwenninger of the World Policy Institute, and Dov Zakheim of Booz Allen Hamilton. Location: 7th floor, 1630 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

Legal Experts Say Treason Charge Difficult To Prove. The Washington Post (10/13, A27, Eggen) reports, "The decision to charge alleged al-Qaeda propagandist Adam Gadahn with treason is something of a gamble by the U.S. government, which has not pursued such a case in more than 50 years and has a mixed track record for convictions over the course of American history, according to legal experts and historic accounts." The Post continues, "Gadahn, 28, was indicted Wednesday by a federal grand jury in Santa Ana, Calif., based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets. … Many legal experts said yesterday that although Gadahn may be a suitable candidate for a treason charge, federal prosecutors may face serious difficulties in securing a conviction if he is ever brought to trial." The Post adds, "The Justice Department's legal arguments in the Gadahn case rely heavily on the 'broadcast cases,' a series of treason prosecutions of U.S. citizens providing propaganda services to the Germans or Japanese. … In the Gadahn case, the Justice Department argues that the defendant's appearance in five incendiary al-Qaeda videos -- particularly three recent broadcasts in which he is clearly visible -- provide enough evidence to fulfill the Constitution's witness requirements for treason. … Deputy Attorney General Paul J. McNulty, in announcing the indictment Wednesday, said prosecutors 'are very confident about the satisfaction of the two-witness rule,' in part because 'a number of individuals would be in a position to be able to identify Adam Gadahn' in the videos. … 'We understand our burden,' McNulty said. 'We have to meet a burden that includes a number of elements in addition to the two-witness rule to show that there has been aid and

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comfort given to the enemy. And the elements will be met . . . if and when we have an opportunity to present our case in court.' … But some liberal legal scholars are already raising questions about the strength of the government's case."

Red Cross Meets With Detainees From CIA Prisons Now At Guantanamo. The Miami Herald (10/13, Rosenberg) reports, "The International Committee of the Red Cross confirmed today that it has met the 14 so-called 'high value' detainees at Guantánamo Bay, Cuba, who include alleged Sept. 11 mastermind Khalid Sheik Mohammed." The Herald continues, "A 12-member Red Cross delegation is still on the remote base in southeast Cuba, still working on gathering detainee notes and messages home -- but has interviewed 454 international U.S.-held captives, said Simon Schorno, an ICRC spokesman. … 'We have seen the 14 as of today,' said Schorno, speaking from Washington, D.C., following what he called a premature leak by the Pentagon of the meeting with Mohammed and other former CIA held captives. … 'We're confirming having visited and registered the 14 detainees, and provided them with the means to exchange Red Cross messages with their families,' he added." The Herald adds, "He declined to say which, if any, of the 14 detainees had used the format to write home, probably for the first time since they were captured by the CIA and taken to so-called 'black sites' somewhere overseas for U.S. interrogation."

ABC World News (10/12, story 5, 0:25, Gibson, 8.78M) reported, "Officials at the Pentagon revealed today that representatives of the International Red Cross have met with 14 suspected top-level terrorists at Guantanamo Bay, Cuba. The 14 include alleged 9/11 mastermind Khalid Shaikh Mohammed and senior al Qaeda leader Ramzi Binalshibh. This is the first time these prisoners have had a chance to meet anyone rather than their captors in some years – in some cases, I should say, for years."

The New York Times (10/13, Lewis, 1.21M) reports, "The Red Cross interviews with the 14 transferred prisoners at Guantánamo were conducted outside the presence of American officials," and "Simon Schorno, an International Red Cross official in Washington…declined to say what the Red Cross visitors had learned or observed about the prisoners' conditions, assertions or experiences in C.I.A. custody." The agreement that allows the Red Cross to access to the prisoners lets it discuss "its findings, and any complaints or recommendations it might have, only with the United States government." Still, the visits "are the first step in what will be the public surfacing of this group of detainees," and "Military officials have said they will move swiftly to put in place the new military commission procedures for those of the 14 who will be charged with war crimes," although "the earliest the charges will come is sometime in January."

The Washington Post (10/13, A23, White, 748K) adds that this is "the first time the alleged high-value terrorism suspects had contact with the outside world since their initial confinement." The meetings are part of "a visit that began on Sept. 25 and ends today," in which "the Red Cross met with a total of 454 detainees -- believed to be the facility's entire detainee population -- as part of a regular series of visits aimed at assessing their treatment and facilitating contact with their families through official letters." Guantanamo spokesman Cmdr. Robert Durand said "that the ICRC had the opportunity to meet with all detainees and specifically cited the humane treatment afforded both the general detainee population and the 14 high-value detainees who recently arrived." The AP (10/13, Selsky) also reports this story.

New Allegations Of Abuse At Guantanamo. ABC World News (10/12, story 6, 2:30, Gibson, 8.78M) reported, "There are new allegations of prisoner abuse at Guantanamo and a new investigation. The charges of abuse come from a young Marine who says she was told by Guantanamo prisoner guards that beatings there are common." ABC (Ross) added, "Twenty three-year-old Marine Sergeant Heather Cerveny was sent to Guantanamo Bay in late September as a legal aid to a Marine lawyer representing a detainee. She has come back now with a story of what she says is unchecked abuse by guards there." Ross continued, "In a sworn affidavit filed with the Pentagon Inspector General, Cerveny says she met several Navy prison guards at an on base club, where, over drinks, they described in detail harsh, physical abuse of the detainees." Ross added, "The new allegations come as the military and the White House have insisted any problems at Guantanamo and the treatment of detainees have long since been fixed." Ross continued, "The Pentagon has encouraged service members to report just such allegations and says it will cooperate fully with what is now a brand new investigation by the inspector general of allegations of prisoner abuse at Guantanamo Bay."

Palestinian-American Sentenced To Seven Years In Prison For Terror Links. In a widely-distributed story, the AP (10/13, Koenig) reports that in Dallas

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yesterday, Palestinian-American Ghassan Elashi "was sentenced…to nearly seven years in prison for having financial ties to a high-ranking terrorist and for making illegal computer exports to countries that support terrorism. … Elashi faces a third trial in February for his role in helping run the Holy Land Foundation for Relief and Development, a Muslim charity that federal agents shut down in 2001 after the government accused it of funneling millions to the Palestinian militant group Hamas." US District Judge Sam Lindsay "allowed Elashi to remain free until January, saying he wasn't a flight risk." The AP adds, "Elashi's lawyer, Tim Evans, said he would appeal the convictions. … 'What they were doing just wasn't that dangerous,' Evans said. But prosecutor Barry Jonas said an FBI agent was prepared to testify about Elashi's background and that the government would show in the next trial that as chairman of Holy Land Foundation, he supported terrorism."

Jury Selection Begins In Salah Hamas-Funding Trial. In a widely-distributed story, the AP (10/13, Robinson) reports, "Jury selection began Thursday in the trial of two men charged with bankrolling terrorism aimed at toppling Israel's government." Muhammad Salah and Abdelhaleem Ashqar "are charged with operating a 15-year racketeering conspiracy to supply the Palestinian terrorist group Hamas with money to carry out a campaign of murders and kidnappings. U.S. District Judge Amy J. St. Eve said she hopes to have a jury chosen Monday, with opening statements set for Tuesday or Wednesday."

Terror-Funding Cases Raise Muslim-American Concerns About Charity Donations. WLS-TV Chicago (10/12, Burton) reported, "Mohammed Salah is one of several local Muslims who the government accuses of using 'good will' to cover up evil deeds. And now some unlikely backlash has fallen on other Arab and Muslim charities. Donations are down and worry is way up." WLS added, "On the other side, FBI Special Agent Rob Grant contends that fear not only hurts the Muslim community itself, but also hinders the war on terror. 'One of the things that we've been trying to do for the last five years is convince the community to come forward, and unfortunately, in cases overseas and in some cases here, evidence of people wanting to commit terrorist acts or support terrorist acts has been present in some of these communities, and they have not come to law enforcement and that is the great bridge that we have to cross,'" Grant said. "This fear prompted a number of community leaders to head to Springfield for relief last year," adopting "a resolution called 'Charity Without Fear.' It asks the federal government to provide a so-called 'clean' list of Muslim organizations deemed safe and to protect donors from prosecution if a charity misuses funds. So far, there has been no official response."

Briton Pleads Guilty To Plotting 2004 Washington, New York Terror Plots. The Washington Post (10/13, A23, Sullivan, 748K) reports, "An alleged al-Qaeda operative pleaded guilty in a British court Thursday to plotting to bomb the International Monetary Fund and other financial centers in Washington and New York in August 2004. Those schemes led President Bush to authorize an orange, or high risk, security alert that sent police officers with automatic weapons into the streets to guard government and financial buildings as well as tunnels leading into Manhattan." Dhiren Barot, "of north London, also pleaded guilty to planning attacks in Britain involving radiological devices known as dirty bombs and a scheme to blow up three limousines packed with gas cylinders in underground parking garages. Prosecutors said these plans were detailed on computer files seized in Pakistan."

The Washington Times (10/13, Lawless, 88K) reports, "US officials claim Barot is a senior al Qaeda figure, known variously as Abu Eisa al-Hindi, Abu Musa al-Hindi and Issa al-Britani, who scouted prominent financial targets in the United States at the behest of Osama bin Laden." He "was indicted last year in New York, along with two others, on charges of plotting to attack the buildings. Under British law, domestic legal proceedings take precedence over a US extradition attempt."

The Financial Times (10/13, Tait) says "another seven individuals have been charged in the alleged conspiracy and await trial." However, "prosecutors made clear that, by his guilty plea, Mr Barot was making no admission about the involvement of any of the other co-defendants." The Los Angeles Times (10/13, Murphy, 918K), among other newspapers, also reports the story.

Up To 80 Terror Suspects Face Military Trials. The AP (10/13) reports, "Up to 80 terror suspects at Guantanamo Bay face the prospect of a trial before U.S. military commissions, an U.S. government adviser said Thursday." The AP continues, "U.S. President George W. Bush is to sign a law allowing the creation of the

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commissions on Tuesday, John Bellinger, a legal adviser to the U.S. State Department, said during a visit to Germany. … 'We hope that that will allow the military commission trials finally to go forward ... including the trials of the additional 14 senior members of al-Qaida and al-Qaida operatives who were brought in,' Bellinger said." The AP adds, "He did not say when the trials might begin or who would be tried first. However, he said that up to 80 individuals will go on trial. … 'As far as to how many we expect there to be, there have been several dozen individuals charged already,' Bellinger said during a discussion of legal aspects of U.S. counterterrorism efforts with reporters, human rights campaigners and academics. … 'The best estimates that I have seen from our Defense Department and our Justice Department are in the neighborhood of 60 to 80 we hope can be charged on the evidence we have collected so far,' he said."

HOMELAND RESPONSE:

Mueller Names Veteran FBI Agent Assistant Director For Counterterrorism. The Washington Times (10/13, Seper, 88K) reports, "A veteran FBI agent who served as the on-scene commander for agents deployed to Tanzania during the 1998 investigation of the al Qaeda terrorist attack on the U.S. Embassy has been named to lead the bureau's Counterterrorism Division. FBI Director Robert S. Mueller III made the announcement yesterday, noting that Joseph Billy Jr. has been credited by top Justice Department officials with pioneering several initiatives to help fight against international terrorism. 'Joe Billy's broad experience in counterterrorism and counterintelligence over his FBI career makes him uniquely qualified to fill the position of assistant director of the Counterterrorism Division,' Mr. Mueller said." The Times adds, "Mr. Billy, a 28-year FBI veteran, recently told reporters of his concerns about weapons of mass destruction, undetected homegrown terrorists and the possibility that mobsters in this country could team up with al Qaeda terrorists for the right price."

In a widely-distributed story, the AP (10/13, Jordan) reports Billy, "named Thursday as the permanent chief of the agency's counterterrorism division, said there's no evidence yet of 'crossover' extremists in the U.S. But 'there's always the potential of the like-minded individuals rising up against their home country,' Billy said in an interview with The Associated Press. 'Groups cross lines, and we have to look at it less defined (instead of) to say we're looking strictly at Hezbollah, looking at Hamas,' Billy said. 'In a coffee shop, it doesn't take much for the rhetoric to incite and recruit people. You may be aligned with one particular cause, but the fact is you have a common enemy. And the common enemy means that people can team up.'" The AP adds, "August's foiled plot by British nationals conspiring to blow up as many as 10 U.S.-bound airlines underscored the need for international counterterror coordination, Billy said."

Port Security Bill Seen As Leaving Ports Vulnerable To Mob-Terror Links. Scripps News (10/13, Murdock) reports that port security bill conferees in September "deleted a proposed ban by Sen. Jim DeMint…on current or future dockworkers convicted of murder, conspiracy, explosives trafficking and transporting hazardous materials, among other felonies. … Among the 9,000 truck drivers the Department of Homeland Security investigated in New York's and New Jersey's ports, about half carried convictions for such crimes as homicide, arson and drug distribution. DHS concluded: These are 'vulnerabilities that could be capitalized by terrorist organizations.'" Scripps adds, "Longshoremen also have colluded with the Mafia," and "the FBI frets that terrorists could exploit the greed of underworld figures. 'They will deal with anybody if they can make a buck,' Matt Heron, the FBI's top New York City mob fighter, told the Associated Press' Pat Milton. 'They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them.'"

Documents Provide Details About Pentagon Monitoring Of Anti-War Protesters. The New York Times (10/13, Lichtblau, 1.21M) reports, "Internal military documents released Thursday" by the ACLU "provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war. The documents…show, for instance, that military officials labeled as 'potential terrorist activity' events like a 'Stop the War Now' rally in Akron, Ohio, in March 2005." Pentagon spokesman Maj. Patrick Ryder "said Thursday that the 'questionable data collection' had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected." However, ACLU lawyer Ben Wizner said, "There is simply no reason why the United States military should be monitoring the peaceful activities of American citizens who oppose U.S. war policies."

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Michigan Police, FBI Begin World Series Security Preparations. The Detroit News (10/13, Egan) reports, "Detroit Police, the FBI and other area law enforcement agencies are preparing for crowd control and heightened security in the event Detroit is the host of games in Major League Baseball's World Series. Officials said they were working on plans in light of the Detroit Tigers' 2-0 lead in the American League Championship Series going into today's game in Detroit. Officials said their work will be made easier by Detroit's experiences hosting the Super Bowl Feb. 5 and baseball's All-Star Game in July 2005." The News adds, "U.S. Attorney Stephen Murphy said an Anti-Terrorism Advisory Council, which includes all levels of law enforcement and representatives of private businesses, will likely meet in the next few days to discuss World Series plans."

NYTimes Criticizes Free-Flying Corridor Along East River. The New York Times (10/13, 1.21M) editorializes, "Terrorism proved no factor in the crash of the single-propeller plane into the 30th floor of the East Side apartment house, a half block from the waterfront. But the accident, which cost the lives of the Yankees pitcher Cory Lidle and his flight instructor, laid bare a troubling situation unknown to most New Yorkers -- a low- altitude, free-flying corridor over the northern stretch of the East River that many veteran small-plane pilots consider treacherous." The Times adds, "Tighter controls should be restored indefinitely, at least until the details of the tragedy are clear, and the burden will then be on the FAA to explain why small planes should not stay under restraint permanently. The most compelling argument is that closer tracking of all low-altitude fliers would greatly increase the tasks of the already burdened air traffic system, requiring more controllers and better radar equipment. But the answer is clearly to upgrade the system, not reduce precautions."

WAR NEWS:

Top British General Says UK Troops Should Withdraw From Iraq. CBS Evening News (10/12, story 4, 1:35, Couric, 7.66M) reported on "what could become a political bombshell involving America's closest ally in Iraq. The head of the British army says it's time for British troops to get out of Iraq. That puts him squarely at odds with Prime Minister Tony Blair. CBS (Axelrod) added, "General Sir Richard Dannatt told the 'London Daily Mail' that British troops should 'Get out sometime soon because our presence exacerbates the security problems' in Iraq. He also said, 'We are in a Muslim country and Muslims' views of foreigners in their country are quite clear. As a foreigner, you can be welcomed by being invited in a country, but we weren't invited certainly by those in Iraq at the time.' So in the last week, you've had Republican Senator John Warner, a loyal supporter of the war, come back from Iraq and say if things don't change in 60 to 90 days, American strategy should. You've had former Secretary of State James Baker suggesting the same thing. Now you have this British general saying British troops should be pulled. In the last week, you've had -- you wouldn't call them the usual suspects -- injecting their voice into the debate, and it certainly has created a new urgency and new dynamics to the whole question of whether the US should be in Iraq."

NBC Nightly News (10/12, story 6, 0:25, Williams, 9.87M) reported on the "unprecedented interview." Blair's Iraq policy, the general said, "has been a naive failure."

The New York Times (10/13, Cowell, 1.21M) reports, "Sir Richard drew a distinction with the 5,000 British soldiers under NATO in Afghanistan. 'There is a clear distinction between our status and position in Iraq and in Afghanistan, which is why I have much more optimism that we can get it right in Afghanistan,' The Daily Mail, a right-of-center newspaper, quoted him as saying."

The AP (10/13, Panja) reports, "The Defense Ministry responded to the interview by saying: 'We have a clear strategy in Iraq. We are there with our international partners in support of the democratically elected government of Iraq, under a clear U.N. mandate.'" Blair's office "referred all questions to the Defense Ministry."

The Financial Times (10/13, Fidler, Blitz, Dinmore) reports Dana Perino, White House spokeswoman, said about the general's comments, "I don't know the context in which this was said but I would remind you that it's the democratically elected Iraqi leaders themselves who have asked for reassurance that we will stay to help them gain control over the security situation." She added, "We're going to...ensure a democratic stronghold of liberty and freedom in the heart of the Middle East is fully established and serving as a beacon of hope for those moderate governments in the region who strive for the same."

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Eleven Iraqi Sunni TV Executives Murdered By Suspected Shiite Militiamen. The AP (10/13, Keath) reports, "Suspected Shiite militiamen, some dressed as police, broke into a television station and gunned down 11 Iraqi executives, producers and other staffers Thursday -- the deadliest attack against the media in this country, where at least 81 other journalists have been killed in the past three years." The station, Shaabiya, "was new and had not started full broadcasting. So far it had aired only test programming of nationalist songs, including ones against the US military presence in Iraq. That may have led Shiite militiamen to suspect it of a pro-Sunni ideology."

USA Today (10/13, 7A, Sabah, Jervis, 2.27M) says Shaabiya "is owned by the Justice and Democratic Progress Party, an independent secular party that ran in December elections but didn't win any seats in the Iraqi parliament." The Los Angeles Times (10/13, Daragahi, 918K) reports, "Among those killed at the television station was the chairman of the Al Shaabiya channel's board of directors, Abdul Raheem Nasrallah. He also was leader of a small nationalist political party behind the station." The Times adds, "At least some of the killers in the Al Shaabiya killings wore police uniforms and arrived in cars that resembled official police vehicles, raising suspicions the killings were tied to Shiite Muslims militias that allegedly have infiltrated forces of the Ministry of Interior."

The Washington Post (10/13, A18, Knickmeyer, Nouri, 748K) reports, "A total of 118 journalists have been killed in Iraq since the US-led invasion in 2003, according to Reporters Without Borders. The vast majority of them were Iraqi." The organization "said the body of another Iraqi journalist, radio reporter Azad Mohammed Hassan, was found Tuesday in the Baghdad morgue and bore signs of severe torture. He had been kidnapped a week earlier."

Violence In Baghdad Up Since Midsummer. McClatchy (10/13, Price) reports, "Armed attacks on US soldiers and Iraqis in Baghdad have increased by 43 percent since midsummer, despite an ongoing American-led campaign to secure individual neighborhoods, the top US military spokesman in Iraq said Thursday." Maj. Gen. William B. Caldwell IV "said violence was down by 11 percent in neighborhoods where the sweeps had been focused." But "that decline was more than offset by more attacks elsewhere, and Caldwell said the military was expecting the level of violence to keep rising during the remaining weeks of the Muslim month of Ramadan."

Hundreds Of Trash Collectors Killed In Baghdad Since 2005. The New York Times (10/13, A1, Luo, 1.21M) reports from Baghdad, "In a city where a bomb could be lurking beneath any heap of refuse, and where insurgents are willing to kill to prevent them from being discovered, an occupation that pays only a few dollars a day has become one of the deadliest. Most of the 500 municipal workers who have been killed here since 2005 have been trash collectors, said Naeem al-Kaabi, the city's deputy mayor. … The danger to trash collectors is at the root of one of the most visible symptoms of collapse in Baghdad." Garbage "is ubiquitous, especially in dangerous neighborhoods, blanketing street medians, alleys and vacant lots in stinking, fly-infested quilts. Trash collection has joined a long list of basic services, including electricity, water and sewerage, that have slipped badly in many places since the American-led invasion." Trash collectors "have frequently refused to venture into especially problem-plagued Baghdad neighborhoods, including Dora, Adhamiya, Jamiya and Ghazaliya, where spasms of violence have often been the norm. Or they have dashed in and out when the danger ebbed, hauling away what they could."

Sunni, Shia Clerics To Endorse Call For End To Violence. The Financial Times (10/13, Khalaf) reports, "Iraq's Sunni and Shia religious leaders are set to meet in the holy city of Mecca next week to endorse a call for an end to all sectarian bloodshed." The meeting "starting October 19, organised by the Organisation of the Islamic Conference and backed by Saudi Arabia, comes amid rising concern over a spill-over of Sunni-Shia violence into other parts of the Middle East." The Times adds "analysts say the engagement of clerics is unlikely to have an impact on the ground, unless the meeting becomes a regular forum for a peace process."

Ignatius Notes Iraq "Court Rumors." David Ignatius writes in the Washington Post (10/13, A29, 748K), "As the security situation in Baghdad has deteriorated over the past month, there has been growing talk among Iraqi politicians about a 'government of national salvation' -- a coup, in effect -- that would impose martial law throughout the country. This coup talk is probably unrealistic, but it illustrates the rising desperation among Iraqis as the country slips deeper into civil war." The "coup rumors come from several directions. US officials have received reports that a prominent Sunni politician, Saleh al-Mutlak, visited Arab capitals over the summer and promoted the idea of a national salvation government, suggesting, erroneously, that it would have

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American support. Meanwhile, top officials of the Iraqi intelligence service have discussed a plan in which Prime Minister Nouri al-Maliki would step aside in favor of a five-man ruling commission that would suspend parliament, declare martial law and call back some officers of the old Iraqi army." Ignatius sees "two opportunities exist over the next few months for creative diplomacy that could begin a process of orderly American withdrawal. The first is a December deadline for renewal of the UN legal mandate for coalition forces in Iraq." This "provides a useful chance for US-Iraqi negotiation of a phased timetable for reducing American forces and closing some U.S. bases. That discussion is in everyone's interest. The second opportunity is the quasi-official mission of former secretary of state James A. Baker III, who co-chairs the Iraq Study Group." Baker "understands that the best chance for a breakthrough that could stabilize Iraq would be part of a broader settlement of Middle East issues. That's an ambitious exit strategy, but it may also be the most realistic one."

Hillary Clinton Urges Change Of Course In Iraq "Before It's Too Late." The AP (10/13, Kekis) reports, "Sen. Hillary Rodham Clinton on Thursday ratcheted up her calls for the Bush administration to change course in Iraq, saying something must be done 'before it's too late.'" Said Clinton, "I'd like to see them start listening to different voices who might have a couple of good ideas about what should be done over there."

Rumsfeld Aides Irked By Gen. Jones's Comments In Woodward Book. Bill Gertz and Rowan Scarborough write in the "Inside the Ring" column of the Washington Times (10/13, 88K), "Aides to Defense Secretary Donald H. Rumsfeld are dismayed over negative comments about him by" four-star Marine Gen. James Jones, the current supreme allied commander, Europe, in the latest Bob Woodward book, "State of Denial." According to a former senior Pentagon official, "aides to Mr. Rumsfeld are taking offense" that Jones told "Marine Corps Gen. Peter Pace, Joint Chiefs chairman, that 'military advice is being influenced on a political level' and that the Joint Chiefs had 'surrendered' to Mr. Rumsfeld," as well as saying to "two visiting senators at NATO, 'The Joint Chiefs have been systematically emasculated by Rumsfeld.'" It "irks the aides…that Mr. Rumsfeld has gone out of his way to help Gen. Jones' career."

Khalilzad Points To Reconstruction Team As Model For Iraq's Recovery. The Los Angeles Times (10/13, Smith, 918K) reports, "US Ambassador Zalmay Khalilzad flew to the hometown of deposed Iraqi leader Saddam Hussein on Thursday to pitch a joint civilian and military project as the model for this battered country's reconstruction." He "inaugurated the reconstruction team for Salahuddin province, the last of seven teams the U.S. has established," and characterized "the reconstruction groups as the 'embodiment of the U.S. commitment … to ensuring Iraq's success,'" even as he "acknowledged their limited financial resources." At recent briefings and media events designed to introduce the provincial reconstruction teams, State Department officials have been saying that "Most of the money for putting the country back together will have to come from Baghdad," and "local and provincial governments have had difficulty spending the money because of their inexperience in controlling their own budgets."

Hamilton Questions Iraqi Leaders' Ability To Govern. The Washington Post (10/13, A11, Abramowitz, Ricks, 748K) reports that former congressman Lee H. Hamilton, co-chairman of the blue-ribbon panel reviewing US policy in Iraq, "raised concern last night about the ability of the Iraqi government to address the country's problems, as more indications emerged that the group is considering recommendations that would break sharply with Bush administration policies." He said "he is concerned about the ability of the new Iraqi government…to provide basic services and security." According to "sources with knowledge of the group's work…a group of experts assisting the commission…prepared two option papers for the panel." The first "calls for a phased withdrawal of US troops from Iraq; the other calls for more focus on security in Baghdad and for working toward political accommodation with insurgents, not democracy."

Anti-War US Soldier Sentenced For Going AWOL. The New York Times (10/13, Goodstein, 1.21M) reports, "Sgt. Ricky Clousing went to war in Iraq because, he said, he believed he would simultaneously be serving his nation and serving God." However, "after more than four months on the streets of Baghdad… he began to believe that he was serving neither." Clousing's "work as an interrogator led him to conclude that the occupation was creating a cycle of anti-American resentment and violence," and, following

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"months of soul-searching on his return to Fort Bragg, Sergeant Clousing, 24, failed to report for duty one day." Thursday the judge at Clousing's court martial sentenced him to 11 months in confinement for going AWOL. "He will serve three months because of a pretrial agreement in which he pleaded guilty."

Illinois Buries Inseparable Friends Killed In Iraq. USA Today (10/13, Dorell, 2.27M) reports, "This weekend, Creve Coeur," Illinois, "will bury the two young soldiers." Kristofer Walker and George Obourn Jr. "were almost inseparable in high school. "Together they acted on their dream of joining the Army as Cavalry Scouts, wanting to do their part after 9/11. Out of school they entered a 'buddy' system that would keep them together for a year through basic training. In Iraq they served in the same squadron," and died two days apart from each other.

Runner Expresses "Moral Outrage" At Sacrifice Required Of Military. Emily Pegues, a resident of Alexandria, writes in an op-ed in the Washington Post (10/13, A29, 748K) "I ran the Army Ten-Miler last Sunday," along side a military amputee team and many Gold Star Wives and Gold Star Mothers. "There is something inherently moving about athletics because of the courage required to be an athlete. For me, this is also true of the military. … A race sponsored by the Army takes on even greater meaning during a war of murky beginnings whose end is even more obscure. I wish with all my heart that everyone in America, including President Bush and all the elected officials who called for war, could have seen the soldiers and Gold Star families I saw last Sunday. Perhaps then they would have felt what I did: awe for their courage, heartbreak for their loss, and gratitude for their willingness to sacrifice everything they have for our country and its citizens. And utter moral outrage that they have been called upon to do so."

Documents Shed New Light On DOD Antiwar Protest Database. The New York Times (10/13, Lichtblau, 1.21M) reports, "Internal military documents" obtained by the American Civil Liberties Union under a Freedom of Information Act lawsuit and "released Thursday provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war." Events were "labeled as 'potential terrorist activity," and some "referred to the potential for disruption to military recruiting and the threat posed to military personnel as a result." Additionally, "intelligence reports and tips about antiwar protests, including mundane details like the schedule for weekly planning meetings, were widely shared among analysts from the military, the Federal Bureau of Investigation and the Department of Homeland Security." A Defense department spokesman said "that the 'questionable data collection' had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected."

Robinson Says New Casualty Study Shouldn't Be Dismissed. Eugene Robinson writes in his column in the Washington Post (10/13, A29, 748K), "It is understandable that the president would be quick to dismiss such an explosive claim" that more than 650,000 Iraqis have died as a result of the U.S. invasion of Iraq and its ensuing chaos, "but the rest of us should take the time to look a bit more closely." The study "relied on a 'cluster sample survey' technique that is frequently used for public health research" and "underlies such mainstays of modern life as public opinion polls and market research." The "pollsters in the United States, a much larger country, routinely predict nationwide trends on the basis of fewer interviews." Also, "the Lancet peer reviewers who cleared the study for publication could find nothing that would significantly skew the results." The Administration previously "refused to acknowledge even trying to count the Iraqi dead," and "It is unclear whether any science at all has gone into" its current estimates "or whether they were essentially pulled out of a hat. But quite a lot of science went into the Johns Hopkins study." If in fact "the study's findings are flawed, then its critics should demonstrate how and why. But no one should dismiss these shocking numbers without fully examining them. No one should want to."

CORPORATE SCANDALS:

Boston Communications, Sanmina Employees Step Down Amid Options Investigations. The Wall Street Journal (10/13, A3, Forelle) reports, "Three top executives of Boston Communications Group Inc. and an employee of Sanmina-SCI Corp. joined the management exodus stemming from

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stock-options investigations, as their companies' internal reviews advanced. BCGI said Chief Executive E.Y. Snowden and finance chief Karen Walker were stepping down from those roles. Alan Bouffard, the general counsel, is retiring early, the company said. Sanmina identified its departed employee only as a manager. The departures bring to at least 28 the number of dismissals, suspensions and resignations of corporate officials amid probes of stock-option practices at their companies."

The San Jose Mercury News (10/13, Blitstein) reports, "Improper stock options grants at Sanmina-SCI has led to the resignation of one manager at the San Jose electronics manufacturer, the company announced today." The News continues, "The company did not identify the manager in a written statement, and did not return calls for comment. Most stock options grants to executives and employees between 1997 and 2006 were not correctly dated or accounted for, the company said in the statement. … Sanmina-SCI said it will restate its financial results for that time period and record non-cash compensation charges due to the revelations about options grants by a special committee of the board, aided by independent lawyers and forensic accountants."

The AP (10/13, Liedtke) reports, "The developments announced Thursday by the San Jose-based electronic parts manufacturer are the latest fallout from a scandal dogging dozens of companies that mishandled their stock options. … The chicanery drew the attention of federal regulators and prosecutors earlier this year, prompting more than 100 companies to launch internal reviews to ensure they accounted for their options properly. A large chunk of those companies are in Silicon Valley, where stock options first became staples of employee compensation packages."

Bloomberg (10/13, Day) reports, "The ousted manager joins more than 30 people who have lost their jobs because of misdated options grants, including the chief executive officers of McAfee Inc. and Cnet Networks Inc. who were replaced yesterday. Boston Communications Group Inc. replaced three top executives today after finding misdated options. Sanmina-SCI said it will set fixed dates for grants. … 'You are starting to see the fallout from these independent committees,' said Shawn Harrison, an analyst with Longbow Research in Independence, Ohio, who rates Sanmina-SCI 'neutral' and said he doesn't own the shares. 'After the issue arising these are the steps that need to be taken.' … More than 60 companies have restated or plan to revise results because of options-related errors. More than 140 companies have disclosed internal or U.S. government investigations of their options-grant practices."

Broker In Martha Stewart Scandal Struggling To Find Employment. The New York Times (10/13, Thomas) reports, "Peter E. Bacanovic, his gall rising, could not believe it. But there it was in print. 'I honestly don't remember exactly what I was prosecuted for,' Martha Stewart is quoted as saying in the September issue of Harper's Bazaar. … Ms. Stewart's new lease on life illustrates how her fate and that of Mr. Bacanovic have diverged since their release from prison. She is once again a television celebrity and retains her tight grip on the company that she founded. America loves a comeback story, and, if anything, her brush with the law may have given her a needed dose of vulnerability. Life for Mr. Bacanovic, who is 44 and recently completed his probation, has been a slow trudge through the slough of a legal and regulatory despond. Fired from his job at Merrill Lynch and banned from the securities industry, he is now struggling to find a permanent job and restore his tattered health and psyche."

Hoak Named H-P's Ethics Officer. The Wall Street Journal (10/13, A6) reports, "Hewlett-Packard Co. named NCR Corp. former general counsel Jon Hoak as its vice president and chief ethics and compliance officer, one of several positions left vacant following the computer and printer giant's spying scandal." Hoak "succeeds ousted ethics chief Kevin Hunsaker, who directed the boardroom leak probe and was fired last month before being charged with identity theft and three other felonies along with former Chairwoman Patricia Dunn and three outside investigators."

Many In Corporate Security Field Surprised By H-P's Tactics. The Washington Post (10/13, D1, Masters) reports that the scandal at H-P "has drawn new attention to intrusive techniques available to private investigators and has raised questions about when and how they are used. Many companies, big and small, allow -- at least tacitly -- their security contractors to push the legal envelope on uncontroversial matters, like combating employee theft or counterfeiting. But news that a big-name corporation would permit the use of such tactics for a sensitive, potentially high-profile investigation has surprised many in the corporate security field. They say most large, public companies are far more cautious when it comes to high-stakes matters involving top executives and regulatory scrutiny. Increasingly sensitive

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to privacy considerations and public appearances, lawyers for large corporations routinely limit the techniques they allow and are far less willing to let investigators take the initiative on tactics."

Black Seeks To Have Canadian Citizenship Restored. The Wall Street Journal (10/13, B8, Cherney) reports that former newspaper baron Conrad Black, who five years ago renounced his Canadian citizenship, "appears to be having second thoughts as he prepares to stand trial next year in U.S. federal court in Chicago on fraud and racketeering charges. Charged along with three other former executives in connection with $84 million in company payments, Mr. Black has applied to have his Canadian citizenship restored. And he has embarked on a campaign to restore his tarnished image among Canadians, talking about Canada's international role -- and denouncing the case against him." The Journal adds, "Becoming a Canadian citizen wouldn't help Mr. Black avoid or delay the trial set for March, because he already has surrendered his right to fight extradition from Canada. But there is a potential benefit if Mr. Black is found guilty: Canada has nicer prisons. Canadians in the U.S. prison system can apply to transfer back to Canada."

Inspirational, Motivational Speakers Growing In Popularity With Business Audiences. A front page story in the Wall Street Journal (10/13, A1, Anders) reports, "Years of scandals and strategic zigzagging have soured business audiences on pep talks from well-paid executives with fancy titles. But the skepticism softens when a speaker with a seeing-eye dog or a wheelchair speaks about unshakeable persistence, even if the orators aren't business experts. Bosses hope these speakers can cut through a fog of cynicism and complacency, getting people fired up about their jobs. … Speakers' bureaus took note and started booking a new breed of lecturers. Leading Authorities Inc. of Washington, D.C., now lists 234 'inspirational and motivational speakers' on its Web site, its largest category. Many are traditional experts on leadership or politics who want to be cross-listed in a popular category, says Mark French, Leading Authorities' president. His inspirational roster also includes a survivor of 30 cancer surgeries and man who recovered after he was hit by a New York City bus."

CRIMINAL LAW:

Report Says Conservative Groups Sold Their Clout To Abramoff. In a report issued yesterday, Senate investigators said five conservative nonprofits "appear to have perpetrated a fraud" on taxpayers by selling their clout to lobbyist Jack Abramoff, says the Washington Post (10/13, A1, Grimaldi, Schmidt, 748K). The report "includes previously unreleased e-mails between the now-disgraced lobbyist and officers of the nonprofit groups, showing that Abramoff funneled money from his clients to the groups. In exchange, the groups, among other things, produced ostensibly independent newspaper op-ed columns or news releases that favored the clients' positions."

The New York Times (10/13, Shenon, 1.21M) says the report from Democratic investigators of the Senate Finance Committee, "found that officials of the nonprofit groups, including Americans for Tax Reform, a prominent conservative group run by the Republican strategist Grover G. Norquist, agreed to 'carry out Mr. Abramoff's requests for help with his clients in exchange for cash payments.' The committee's ranking Democrat, Senator Max Baucus of Montana, said in releasing the report that the Justice Department and the Internal Revenue Service would 'have to determine whether tax laws were broken, but in my view, these groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws' on tax-exempt groups."

The AP (10/13, Heilprin) reports, "Among the groups named as possibly taking money from Abramoff clients and funneling it into his lobbying efforts on their behalf were Americans for Tax Reform, Citizens Against Government Waste and the Council of Republicans for Environmental Advocacy. … Tax-exempt groups are barred by law from being paid to lobby or do public relations." The AP notes, "Americans for Tax Reform is headed by Grover Norquist, a key ally of Bush and a longtime associate of Karl Rove, the president's chief political adviser. … The report said Norquist's group accepted $1.5 million from the Mississippi Band of Choctaw Indians, one of Abramoff's clients. More than two-thirds of that money was then passed to Christian Coalition founder Ralph Reed as part of Abramoff's lobbying efforts to block a rival tribe's proposed casino in Alabama."

Bloomberg (10/13, Salant) reports, "A spokeswoman for Senate Finance Chairman Charles Grassley, an Iowa

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Republican, said he would consider the report's recommendations. Spokeswoman Jill Gerber said the senator wanted a more comprehensive report that would look at non-profit organizations on all sides of the political spectrum. … 'His focus is on reforming the system to stop systemic abuse of the tax code,' Gerber said. 'The problems are widespread and won't be resolved just with Mr. Abramoff going to jail.'"

Ney To Plead Guilty Today. Rep. Robert Ney is to enter a guilty plea today to a pair of felonies involving conspiracy and making false statements. According to the AP (10/12, Yost) the plea could send Ney to prison for up to 10 years. Ney signed papers a month ago admitting to the charges and "acknowledging that he had deprived the public of his honest services. The Ohio congressman says he took tens of thousands of dollars worth of trips, sports tickets, campaign contributions, meals and casino chips in exchange for legislation and public statements supporting Abramoff's clients and a foreign businessman. With the Justice Department recommending 27 months behind bars for Ney, the congressman may announce his decision to step down when he appears before U.S. District Judge Ellen S. Huvelle."

Prosecutors Seek Prison For Safavian. The government is pushing for three years in prison for David Safavian, the former chief of staff of the GSA, found guilty of covering up his relationship with Abramoff. The AP (10/12, Jordan) reported, "The prison time could be years less than what David Safavian…was initially expected to face for lying and hiding details of his connections with Abramoff from investigators and lawmakers." The AP adds, "Federal prosecutors calculated that Safavian's sentence should be between 30 and 37 months, based on federal guidelines, and asked that he be sentenced 'at the high end of that range.' Safavian could have faced up to five years on each of the four criminal counts in his June conviction. His sentencing is set for Oct. 27."

The Wall Street Journal (10/13, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Former White House aide David Safavian asks U.S. District Court judge to sentence him to home detention for Abramoff-related perjury and obstruction convictions. Justice Department lawyers press for three years behind bars."

Former Foley Aide Says He Warned Hastert About Behavior More Than Three Years Ago.

ABC World News (10/12, story 2, 2:00, Gibson, 8.78M) reported on "the investigation of former Congressman Mark Foley and whether the top leadership of the House of Representatives knew of his inappropriate messages to teenage congressional pages. Today, the House Ethics Committee questioned Foley's former chief of staff, who said he did tell Republican House leadership years ago that there were signs of trouble." ABC (Stephanopoulos) added, "His name is Kirk Fordham. He spent more than four hours in front of the committee, and his testimony is not what Speaker Hastert's office wanted to hear. … ABC News has learned that behind closed doors, Fordham told the ethics committee that he warned Speaker Hastert's office about Congressman Foley's inappropriate behavior with pages more than three years ago. Under oath, Fordham testified that the warning was triggered by a report that late one night, Congressman Foley, apparently drunk, had tried and failed to enter the congressional page dormitory. After learning about the alleged incident from the House clerk, Fordham said he contacted the Speaker's chief of staff and closest confidant, Scott Palmer, and told him Foley was getting too close to the pages."

NBC Nightly News (10/12, story 3, 2:00, Reid, 9.87M) reported Fordham said "he went to Speaker Dennis Hastert's office and spoke about Foley with Scott Palmer, Hastert's powerful chief of staff, hoping the Speaker's office would have more luck getting Foley under control. Fordham says Palmer, Hastert's aide, later told him the Foley issue had been taken care of, though it's unclear in the source's account whether Palmer ever spoke to his boss, Speaker Hastert. For his part, Palmer denies any of that ever happened." CBS Evening News (10/12, story 6, 0:15, Couric, 7.66M) noted "Hastert says he only learned about the sexual nature of the messages a week and a half ago." CNN's The Situation Room (10/12, Blitzer) noted Fordham's story "directly contradicts the Speaker's version, that his office first learned about Foley's inappropriate e-mails to House pages last fall."

The AP (10/13, Margasak) reports Hastert spokesman Ron Bonjean said after Fordham's testimony, "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

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The Washington Post (10/13, A7, Babington, 748K) reports, "While Fordham's assertions deal with Foley's alleged face-to-face behavior toward pages, another thread of the scandal involves two other key Hastert aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke." They "have said they were alerted last year about e-mails Foley had sent to a former page from Louisiana. The e-mails, which asked the boy what he wanted for his birthday and requested he send a photo of himself, alarmed the youth and his parents. ABC News's eventual reporting of the e-mails led to leaks of the far more explicit instant messages to former pages."

USA Today (10/13, Kiely, 2.27M) reports, "Also Thursday, ethics committee members interviewed Rep. Shelley Moore Capito, R-W.Va., a member of the House Page Board." Capito "has said she knew nothing about concerns over Foley's relationship with pages until he resigned." Rep. John Shimkus, "the head of the page board, will meet with the ethics committee today. Shimkus has said he confronted Foley last fall after Rep. Rodney Alexander, R-La., reported that parents of a former page he sponsored were concerned about messages Foley was sending their son. Shimkus has said he believed Foley when Foley told him that he would change his behavior."

The Washington Times/AP (10/13) reports Shimkus "did not tell the two other House members of the Page Board about the meeting -- Democrat Dale E. Kildee of Michigan and fellow Republican Shelley Moore Capito of West Virginia. Mr. Shimkus said he was following the wishes of the boy's parents." The New York Times (10/13, Zeleny, 1.21M) says Capito "declined to comment specifically on her testimony, but told reporters: 'I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion.'"

CNN.com (10/13) reports, "A source familiar with Fordham's account said the ex-aide would testify that he warned House Speaker Dennis Hastert's office years ago about complaints regarding Foley's behavior around the teenage messengers who work on Capitol Hill -- including a report that the disgraced congressman showed up drunk at the congressional page dormitory. … House Republican Conference Chairwoman Deborah Pryce, R-Ohio, asked House Clerk Karen Haas to investigate the dormitory allegation last week. Capitol police are looking through files for any record of the incident, a spokeswoman said.Fordham's account disputed. … But CNN was told by two sources familiar with Fordham's account and a third, independent source that Fordham maintains he arranged a meeting between Foley and Hastert's chief of staff, Scott Palmer, about that report and accounts of other behavior Fordham found troubling."

Former NC Lottery Commissioner Convicted Of Fraud. The Charlotte Observer (10/13, Ingram, Johnson) reports, "A federal jury on Thursday found former N.C. lottery commissioner Kevin Geddings guilty on five counts of mail fraud after a three-week trial." The Observer continues, "Geddings faces up to 100 years in prison. He has not yet been sentenced. He was found not guilty of one count of wire fraud." The Observer adds, "Prosecutors accused Geddings of participating in a conspiracy with two lobbyists for lottery vendor Scientific Games in an effort to help the company win a contract from the new N.C. lottery."

The AP (10/13) reports, "The guilty verdicts capped a three-week trial, during which Geddings told jurors that he didn't believe that he needed to report his past dealings with Scientific Games Corp. to the N.C. Board of Ethics. … 'What the whole case was about was the fact that public officials serve the public,' said Assistant U.S. Attorney Dennis Duffy. 'People are sick of public officials serving their own interest and the interests of their friends especially.'" The AP adds, "After more than six hours of deliberations, jurors found Geddings, 42, guilty of five counts of honest services mail fraud and not guilty on a single count of wire fraud. A judge earlier dismissed three other counts of fraud included in the original indictment. … Geddings faces thousands of dollars in fines and up to 20 years in prison on each count, although prosecutors have said that it's unlikely that his sentence will be that long. A sentencing hearing was scheduled for Feb. 5, and Geddings will remain free until then." The AP notes, "Prosecutors said that Geddings defrauded the state of honest services by failing to disclose more than $250,000 in payments his public-relations company got from Scientific Games between 2000 and 2005. Among their key pieces of evidence was $24,500 in payments from Scientific Games to Geddings for work performed in the months leading up to the lottery's passage in August 2005."

Federal Employees Said To Have Purchased Degrees From Online Diploma Mill. The AP (10/13) reports, "A White House staff member and National Security Agency employees were among 6,000 people who

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bought bogus online college degrees from a diploma mill, a federal judge has been told." The AP continues, "Others who paid thousands of dollars for phony diplomas in the operation, which used names such as St. Regis University, James Monroe University and Robertstown University, include a senior State Department employee in Kuwait and a Department of Justice employee in Spokane, defense lawyer Peter S. Schweda said Wednesday." The AP adds, "None of the federal officials was identified during the status conference for five defendants in U.S. District Court, nor would lawyers for either side provide any of their names outside the courtroom, The Spokesman-Review reported Thursday. … 'We're not going to disclose who bought these degrees until after the trial is under way,' U.S. Attorney James A. McDevitt told the newspaper." The AP notes, "Material provided to the defense by the Justice Department shows at least 135 government employees, also including some from the Department of Health and Human Services, bought college or university degrees to use in seeking promotions or pay raises, Schweda said. … The defense team also is seeking access to an Office of Personnel Management report which reportedly provides more detail on federal employees who are believed to have purchased the bogus degrees to enhance their portfolios. … The White House employee who reportedly bought a degree is the subject of a separate investigation, Schweda said." The AP notes, "The latest twist in the criminal case came Wednesday, a day after Kenneth Wade Pearson, 31, webmaster for the operation, pleaded guilty to conspiracy to commit wire and mail fraud and receipt of child pornography."

Former MS-13 Member Wore Wire For Investigators. The Washington Post (10/13, B1, Castaneda) reports, "A former member of the violent street gang MS-13 revealed in federal court yesterday that he risked his life for nearly two years by working undercover for federal agents and police investigating the group. Noe 'Shorty' Cruz, 25, testified in U.S. District Court in Greenbelt that he wore a wire two or three times to gang meetings. During one of those meetings, gang members played a videotape showing two Prince George's County police officers and a federal agent and spoke of killing an officer, Cruz testified. Cruz also said that he tipped off investigators about which gang members' homes should be raided, that MS-13 members robbed prostitution houses and that gang leaders sent money to MS-13 leaders in El Salvador."

Specter Confirms FBI Investigating Senior Aide. The Pittsburgh Post-Gazette (10/13, Sherman, 241K) reports, "Sen. Arlen Specter has acknowledged that the FBI is investigating whether one of his staffers directed millions of dollars in federal money toward companies that were clients of her husband's lobbying firm." Specter "this week released a copy of an FBI letter, sent to him this summer, that asks for help with a probe into 'allegations of possible criminal misconduct' by Vicki Siegel Herson, who currently works as the senator's special projects coordinator. … In an interview transcript issued by his press secretary yesterday, Mr. Specter said that his office's internal investigation found 'no impropriety.' Still, he has referred the issue to the Senate Ethics Committee." The Post-Gazette adds, "A spokesman for the FBI's Washington field office yesterday declined to say if the investigation is still under way."

Homicides, Robberies Up In Dozens Of Cities. According to USA Today (10/13, Johnson, 2.27M) there is "fresh evidence that homicides and robberies are continuing to increase in dozens of cities. A review of 55 cities' crime data from the first six months of this year indicates the overall number of homicides rose by 4.2% compared with the same period in 2005, according to the Police Executive Research Forum, a police advocacy group. In a report Thursday, the group also said that robberies rose nearly 10% and that aggravated assaults were up slightly. … Of the 55 cities surveyed by the police group, 19 had double-digit percentage increases in homicides. More than 40 cities reported jumps in robberies." USA also notes, "Homicides have declined in some cities in 2006, the report said. Among them: Dallas, Chicago, Kansas City, Milwaukee, Norfolk, Va., and Washington, D.C."

ABC World News (10/12, lead story, 2:50, Thomas, 8.78M) reported, "According to the new report, murder and robbery are spiking across the nation. Police say much of the recent rise in crime is due to resurgence in gangs." Prof. James Alan Fox, Northeastern University: "Gangs have made a comeback. We have a wealth of new recruits who are excited about the opportunity of joining a gang." Thomas: "In some cities, gangs are using rat packing, where members use cell phones to coordinate their movements and surround their victims. There's a lethal combination of drugs, violent offenders returning from prison, and teenagers with easy access to guns."

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Boy Discharges Gun In Third Grade Classroom. The Baltimore Sun (10/13, Neufeld, Linskey) reports an 8-year old boy yesterday discharged a loaded revolver in his third grade classroom. No one was hurt in the incident, but it prompted "some community leaders to call for the installation of metal detectors in city schools. The city's school police chief said he would support such a preventive measure, even in elementary schools but said the move might be impractical." In Thursday's incident, "an 8-year-old boy took a .22 caliber revolver to Grove Park and put it inside his desk, police said. Another boy, also 8, came over to see the gun about 10 a.m. and accidentally pulled the trigger. About 20 children were in the room at the time."

Boy Charged With Making Up Story About School Gun Threat. The Washington Post (10/13, B6, Aratani) reports, "Police filed charges yesterday against a 12-year-old Montgomery County boy whose false claim that a man with a gun had threatened violence against schools prompted officials to tighten security at 13 campuses Wednesday. The boy will be charged as a juvenile with disturbing school operations, Montgomery police said. Because of his age, the seventh-grader was not named in charging documents." The boy's story "prompted officials to take the unusual step of declaring security alerts and locking the doors at schools in northwestern Montgomery. It alarmed a community that has vivid memories of the 2002 sniper attacks and has been made uneasy recently by school shootings in Pennsylvania, Colorado and Wisconsin. The boy later admitted that he made up the story, authorities said."

Amish Schoolhouse Destroyed. ABC World News (10/12, story 10, 0:20, Gibson) reported, "In Nickel Mines, Pennsylvania, early this morning workers demolished the Amish schoolhouse where girls were murdered by a suicidal gunman last week. … The site will be turned into a quiet pasture. And classes will be held, for now, in the garage of a nearby Amish farm."

NBC Nightly News (10/12, story 11, 0:30, Williams) reported, "In the pre-dawn hours today, a demolition crew tore down the school in just under a half an hour, a way to help this traumatized community heal. It will now go back to pasture, they say, a place where all can heal."

CBS Evening News (10/12, story 7, 0:10, Couric) reported, "There will be no memorial there. Within hours, all that remained was a bare patch of dirt."

The New York Times (10/13, Hamill) reports, "The Amish community had debated whether to tear down the West Nickel Mines Amish School, in Lancaster County, Pa., ever since the horror unfolded there on Oct. 2, when five of the girls were fatally wounded by Charles C. Roberts IV and the five others received serious wounds that have kept them hospitalized. In addition to concern for the victims' families, those considering the school's fate 'realized it could be very traumatic for the children, that it might just be too hard for the children who were in there to go back,' said Herman Bontrager, a businessman who is a friend of some Amish church leaders in the area."

Colorado School Shooter Was Seen At The School The Day Before Shootings. ABC World News (10/12, story 9, 0:25, Gibson) reported, "We have updates, tonight, on two, recent school shootings. In Colorado, authorities now say the adult, Dwayne Morrison, who went armed into a high school two weeks ago, was at the high school the day before and then around and in the school for hours on the day of the incident. Morrison released most of his hostages but killed one before killing himself."

Corrections Officer Convicted Of Killing Inmate. The Baltimore Sun (10/13, Jones) reports, "A former correctional officer was convicted Thursday of second-degree murder in a stomping death at the city jail, a crime so brutal that eight guards were fired for lying, and a case so chaotic that two guards were cleared of criminal wrongdoing after defense attorneys alleged a cover-up hatched by their colleagues. Dameon C. Woods' murder conviction -- a rarity for a public safety officer -- stands as a testament to the brutality of the melee that led to Raymond K. Smoot's May 2005 death and to the problems engulfing the state-run Central Booking and Intake Center. Woods, 34, was convicted of murder with a depraved heart, or extreme disregard for human life, and two counts of assault, and could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12."

Indicted Blagojevich Fundraiser May Be Declared A Fugitive. The Chicago Tribune (10/13, Coen, O'Connor, 623K) reports, "Indicted businessman and political fundraiser Antoin 'Tony' Rezko has a date in court Friday, and officials say he could be considered a fugitive if he doesn't show up." Rezko is "slated to appear for the first of

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two scheduled arraignments in his fraud cases at 10 a.m. on the 25th floor of the Dirksen U.S. Courthouse. If he isn't present and his lawyer has no reasonable explanation for his absence, authorities said they would begin an active hunt for Rezko, who is believed to have been in the Middle East for several weeks." Rezko, "a member of Gov. Rod Blagojevich's inner circle and one of his chief fundraisers, is accused of trying to force illegal payments from investment firms that were seeking business with the Teachers' Retirement System. Rezko allegedly used the position of his co-defendant, Stuart Levine, to pressure the firms."

Rezko Contributed To Variety Of Politicians. The AP (10/13, O'Connor) reports, "While Gov. Rod Blagojevich is the biggest beneficiary of Antoin 'Tony' Rezko's largesse, he is not the only politician to have taken contributions from the political insider who is under federal indictment. Rezko is linked to $47,500 in donations to Lt. Gov. Patrick Quinn, $33,000 in contributions to Attorney General Lisa Madigan, and $20,000 to Comptroller Dan Hynes, all Democrats, according to state records. In all, Rezko, his companies and businesses that share the same address have contributed more than $423,000 to state political campaigns, including a few Republicans, in the past decade. Rezko also has aided federal campaigns, giving more than $62,000 since 1997, according to the Federal Election Commission. Democratic U.S. Sen. Barack Obama received $11,500, on top of $8,500 from Rezko when he was a state senator."

Prominent Philadelphians Heading Legal Defense Fund For Fumo Aides. The AP (10/13, Dale) reports, "Three prominent Philadelphians are running a legal defense fund for Senate aides indicted in an extortion probe centering on state Sen. Vincent Fumo. A federal judge on Thursday questioned the arrangement and whether the defendants -- who worked in Fumo's offices for years -- could look out for their own best interests." However, Leonard Luchko "insisted that he was satisfied with the arrangement." Luchko lawyer James Schwartzman "disclosed that the trustees are J. Whyatt Mondesire, the local chapter president of the NAACP; lawyer Rhonda Resnick Cohen, who is married to Comcast executive and former mayoral aide David Cohen; and former U.S. Attorney Robert Curran, now a lawyer in Delaware County."

The Philadelphia Inquirer (10/13, Shiffman, McCoy, 399K) reports, "The trustees' names were disclosed yesterday during a federal court hearing for…Luchko, who is charged with deleting e-mails to thwart the FBI's investigation of Fumo. Prosecutors said they found it odd that a onetime midlevel state employee -- whom authorities acknowledge they have pressured to testify against Fumo -- suddenly has such powerful friends. 'That has to raise the question of why this is happening and who aims to benefit,' Assistant U.S. Attorney Robert Zauzmer said. Luchko's lawyer, James Schwartzman, said there was no conflict of interest, nor was there anything unusual in the arrangement." The Philadelphia Daily News (10/13, Hinkelman, 109K) also reports the story, under the headline "Philly Bigwigs Set Fund."

FBI, Detroit Police Investigating Bribery Allegation Against Officer. The Detroit News (10/13, Sinclair) reports, "A police officer assigned to the Detroit Homicide Section was suspended Wednesday as the FBI and Internal Affairs officers investigate an allegation of improper conduct by the officer with the family of a murder victim." The News adds, "Police sources said the allegation against Newman is that he took $12,000 from the Ann Arbor family of Joe Wagner, a 21-year-old who was stabbed to death at a church festival in southwest Detroit last June. Newman was in charge of the investigation that resulted in the arrest of two gang members who were convicted of first-degree murder in August."

Actress' Killer Convicted Of First Degree Murder. The New York Times (10/13, Hartocollis) reports, "The leader of a band of youthful muggers was convicted yesterday of murdering an actress and playwright after she challenged him during a robbery on the Lower East Side last year. Rudy Fleming, now 21, was convicted of fatally shooting Nicole duFresne, 28, after she resisted the robbery by defiantly shouting, 'What are you going to do, shoot us?'" The Times adds, "By finding Mr. Fleming guilty of first-degree murder, the jury categorically rejected the defense contention that his .357 Magnum discharged accidentally, perhaps as he slipped in mounds of plowed snow when Ms. duFresne confronted him. His lawyer, Anthony Ricco, provided no corroboration, either through testimony or physical evidence, for this theory. Mr. Fleming faces a minimum of 20 years to life in prison and a maximum of life without parole."

DC's Most Vibrant Neighborhoods Have Highest Concentration Of Robberies. A front page story in the Washington Post (10/13, A1, Klein, Keating)

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reports, "Some of Washington's most vibrant neighborhoods, destinations for suburbanites, barhoppers and urban professionals… have the highest concentrations of holdups in the city. Criminals are striking in areas that boast of dynamic nightlife, newly minted condominiums and restaurant grand openings." The Post "analyzed years of police statistics, focusing sharply on crimes this year, and found the biggest share of robberies happening at night and on sidewalks in neighborhoods north of downtown, including Adams Morgan, Mount Pleasant, Columbia Heights and the U Street corridor." The Post adds, "The city's robbery core is in the 3rd Police District, which includes the neighborhoods of Columbia Heights, Adams Morgan, Mount Pleasant, Dupont Circle and Logan Circle. It is the city's smallest, densest police district and accounts for almost 30 percent of robberies."

Philadelphia Hedge Fund Managers Indicted On Fraud Charges. The Philadelphia Inquirer (10/13, Lowe, 399K) reports, "Two former money managers were indicted yesterday on federal charges of mail and securities fraud, stemming from the collapse of their $5.2 million hedge fund. William J. Lennon and Anthony P. Postiglione Jr. are accused of misleading investors about the fund's performance and knowingly mailing them false information about investment returns." Lennon and Postiglione allegedly "used the fund's assets for expenses in excess of what their management fee allowed. Though they said in statements mailed to investors that the fund had increased in value, it actually lost $2 million over roughly three years before it was shut down in July 2004." The Philadelphia Daily News (10/13, Campisi, 109K) notes, "The two men not only played fast and loose with the quarterly reports and fund newsletters, but falsely claimed the investments being made were 'protected by insurance,' according to the indictment. Postiglione also is accused of trying to mislead FBI agents investigating the fund. Both are charged with mail and securities fraud." Philadelphia Business Journal (10/12) also reported on the indictments.

Project Safe Childhood Program Nets Two California Sex Offender Arrests. The Chico (CA) Enterprise-Record (10/13, Felipe) reports, "Two Oroville sex registrants were arrested and two Gridley sex registrants were cited Wednesday night for failing to comply with their sex registration requirements." The E-R continues, "The arrests were part of Project Safe Childhood (PSC), a U.S. Department of Justice initiative designed to crack down on violent sex predators and reduce Internet crimes against children, such as child pornography trafficking, according to Sgt. Steve Pelton of the Butte County Sheriff's Office." The E-R adds, "On Wednesday night, investigators from the Butte County Sheriff's Office, Safe Street Task Force, Special Agents from the Federal Bureau of Investigation, California Department of Justice, Butte County District Attorney's Office, and officers from the police departments of Chico, Gridley, and Yuba City, joined agents and deputies from the Department of Corrections, county probation department, and Plumas County Sheriff's Office in setting out to locate 60 convicted, registered sex offenders. … At about 4 p.m. a briefing took place with the 30 law enforcement officers, who spent the next eight hours investigating whether local sex registrants were in compliance with Megan's law, that provides specific registration requirements for convicted sex offenders. … Of the 60 targeted sex registrants, 11 were found out of compliance. Felony charges have been requested against seven of those found to be non-complaint and who are still at large, according to Pelton." The E-R notes, "Project Safe Childhood has the U.S. Attorney's Office teaming up with state and local agencies in going after sex predators. … 'We are in the midst of an epidemic of sexual abuse and exploitation of our children,' said Attorney General Alberto Gonzales in a U.S. Department of Justice press release. 'Project Safe Childhood will help law enforcement and community leaders prevent, investigate, and prosecute sexual predators and pornographers who target our children and grandchildren.'"

Chinese Law Unclear On Who Cares For Children Of Inmates. A front page story in the Washington Post (10/13, A1, Fan) reports, "The law is unclear on who should provide for the children of China's more than 1.5 million prisoners. No government department is willing to supervise them. Historically, relatives have taken them in, but in practice, many unwanted children are shuffled from family to family. Sometimes, even the families do not want them. A small number of children, like the 12 at the home here in Dalian, receive care at 'Children's Villages,' organizations usually run by civic-minded individuals. But there are no more than nine or 10 such organizations nationwide, serving perhaps 1,000 children, experts say. … The reasons for the neglect can be traced to China's bureaucratic system, but

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also to the scorn with which some Chinese have traditionally regarded criminals and, by extension, their children."

FDA Asked To Investigate Possible Cover Up Of Silicone Breast Implant Risks. The Washington Post (10/13, A16, Brown) reports, "A consumer activist organization yesterday asked the Food and Drug Administration to investigate what it considers a possibly criminal attempt to suppress information about the risks of the new generation of silicone breast implants. In a letter to the FDA's administrator, Public Citizen said it learned of test results -- some new, some reinterpreted -- from a scientist at implant maker Mentor Corp. who says he could not persuade his bosses to forward the data to the regulatory agency." The FDA "is in the late stage of reviewing applications by two companies to sell once more silicone breast implants for general use. Last year, the agency gave preliminary approval for the devices on condition that Mentor and a competitor, Inamed (now part of another company, Allergan), complete required tests."

Exotic Dancer Raises Doubts About Duke Rape Allegations. An exclusive report on CBS Evening News (10/12, lead story, 3:20, Couric) reported, "There are new questions about what exactly did and did not happen at a party hosted by the Duke University lacrosse team last March. One of two exotic dancers hired by the players says she was raped and three members of the team have been charged with rape. But now the other dancer is speaking out and telling a different story, telling it to Ed Bradley of '60 Minutes.'" CBS (Bradley) added, "The evidence we've seen raises serious concerns about whether or not a rape even occurred. So does our interview with Kim Roberts. Known as Nikki, she is the other exotic dancer hired along with the alleged rape victim to perform for the lacrosse team. In the police statement, she describes the rape in this way: 'Three guys grabbed Nikki' -- that's you -- 'Bret, Adam and Matt grabbed me. They separated us at the master bedroom door while we tried to hold on to each other. Bret, Adam, and Matt took me into the bathroom.' Were you holding on to each other? Were you pulled apart? Is that true?" Kim Roberts: "Nope." Bradley: "Did she give you any reason to believe that she had been assaulted?" Roberts: "No." Bradley: "Abused in any way?" Roberts: "No." Bradley: "None whatsoever?" Roberts: "No." Bradley: "Did she at any point that night say anything about being in pain or having been hurt in any way?" Roberts: "No. She wasn't -- she obviously wasn't hurt, because, you know, she was fine." … Couric: "Ed, you and your team did a six-month investigation. Do you think this will ever go to trial?" Bradley: "I think there's a lot of information from all quarters concerning that, a lot of dispute. But the district attorney certainly seems on track to take it to trial next spring."

DOJ Grant To Fund Bulletproof Vests For New York Police Agencies. The Glens Falls (NY) Post-Star (10/13, Lehman) reports, "Three local police agencies have been given federal grants to help them purchase new bulletproof vests." The Post-Star continues, "Sheriff's Departments in Warren and Washington counties and Whitehall Police received money from the U.S. Department of Justice to purchase new body armor." The Post-Star adds, "The Washington County Sheriff's Department will receive the most money of the three agencies, $4,462 that will be used to buy 6 vests for members of the department's newly created emergency response team, said Washington County Sheriff Roger Leclaire. … The Warren County Sheriff's Department will receive $3,847 for 18 new vests, 6 of which will replace old ones and 12 for new officers Sheriff Larry Cleveland has asked county leaders to hire."

CIVIL LAW:

Judge Tosses Class-Action Suit Over ID Theft. CNET News (10/13, McCullagh, Broache) reports, "A federal judge in Arkansas has thrown out a class action lawsuit against Acxiom, which exposed massive amounts of Americans' personal information in a high-profile Internet security snafu three years ago." CNET continues, "Even though a spammer had downloaded more than one billion records from the company, U.S. District Judge William Wilson ruled that there was no evidence that Acxiom's purloined database had been used to send junk e-mail or postal mail." CNET adds, "Because the class action attorneys could not prove that anyone's information had actually been misused, Wilson dismissed the case and the request for damages on the grounds that any harm would be entirely speculative. 'Because plaintiff has not alleged that she has suffered any concrete damages, she does not have standing under the case-or-controversy requirement,' he wrote." CNET notes, "The decision (PDF), published on Oct. 3, could prove influential in other identity fraud cases where breaches have exposed personal information such as home addresses and

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Social Security numbers, but there's no proof that the information has been misused. … It's not entirely clear what information was downloaded from Acxiom, except that it was information owned by one of its customers rather than information Acxiom collected itself. Acxiom's business includes providing databases for direct marketers, including InfoBase, described by the company as 'the largest collection of U.S. consumer and telephone data in one source,' and Personicx, which features the 'specific consumer and demographic characteristics' of tens of millions of American households."

Tobacco Firms Making Big Political Effort To Ease Restrictions On Smoking. ABC World News (10/12, story 11, 2:10, Gibson, 8.78M) reported, "We're going to turn now to a battle between the tobacco industry and anti-smoking forces. Public health officials have long described Big Tobacco as a wealthy, deceptive adversary. Well this election year, critics say cigarette makers are taking both their spending and their deception to new levels." ABC (Harris) added, "A group called Smoke Free Ohio is trying to get people to vote for a statewide smoking ban. Tobacco giant RJ Reynolds is trying to get voters to choose an alternative. It is funding a group Called Smoke Less Ohio -- an ironic name, critics say, because its plan may well allow people to smoke in more places." Matthew Myers, Campaign for Tobacco-Free Kids: "The only explanation for the countermeasures is a deliberate attempt to confuse voters." Big tobacco "is dramatically ramping up its spending this election year, pouring tens of millions of dollars into campaigns to fight smoking bans in bars and campaigns to fight new taxes on cigarettes. RJ Reynolds and Phillip Morris have spent a combined $55 million against a proposition in California that would raise the tax on a pack of cigarettes by $2.60."

CIVIL RIGHTS:

Georgia Official Objects To Letters About Voter IDs. The Atlanta Journal-Constitution (10/13, Suggs) reports, "Less than a week after a judge struck down Georgia's photo ID requirement for voters because it violated the state Constitution, nearly 200,000 letters — not the originally reported 20,000 — were sent out to registered voters, notifying them they may not have a valid driver's license or state-issued photo ID." The AJC continues, "David Worley, a Democratic appointee to the State Election Board, is threatening to file a complaint with the U.S. Justice Department, charging the board with voter suppression for mailing the letters after the law was struck down. … The letter suggests that if a voter does not have a photo ID, they will not be allowed to vote on Election Day. … 'Essentially, this is a taxpayer-funded voter suppression effort by the Republicans and a willful violation of the court's order,' Worley said. 'I think it is a violation of the Voting Rights Act, and I intend to take whatever legal action is available, including filing a complaint with the Justice Department. This shows the lengths to which Republicans are willing to go to stay in power.'" The AJC adds, "The 'Dear Georgia Voter' letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. Worley said that in early September the State Election Board voted to send out 300,000 letters to Georgians who were on the voter registration list but who did not have a driver's license. … Tex McIver, the vice chair of the election board who authorized the $55,000 mailing of the letters, said the board was only acting on an earlier order by U.S. District Judge Harold L. Murphy to educate the public about changes in Georgia voting law. … But Worley said letters should not have been sent out after the law was struck down in state court."

Maryland Jailer Convicted Of Inmate Beating Death. In a widely-distributed story, the AP (10/13, Witte) reports, "A former correctional officer was convicted Thursday in the beating and stomping death of an inmate at a troubled jail." Dameon Christopher Woods "was one of three guards charged. A jury convicted him of second-degree murder and depraved heart, as well as first- and second-degree assault in the death of Raymond Smoot. The jury acquitted Woods of second-degree murder, voluntary manslaughter and involuntary manslaughter charges." Codefendant James Leonard Hatcher "was acquitted of all charges Thursday. Circuit Court Judge John M. Glynn this week dismissed a murder charge against former officer Nathan D. Colbert." The AP notes, "The attack prompted the FBI to open a civil rights investigation, which is still active." The Baltimore Sun (10/13, Jones, 262K) adds that Woods "could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12."

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DOJ Asked To Probe Virginia Police Beating Death. The Lynchburg (VA) News & Advance (10/13, Brown) reports, "State police have interviewed a 16-year-old girl who was in Clarence Lightfoot Beard Jr.'s James Crossing apartment when he died on Sept. 24." The N&A continues, "Beard's death, which occurred while he was in custody of Lynchburg police, sparked the State Police investigation. … The girl has said she begged Lynchburg police officers to quit striking Beard, said L. Garnell Stamps, a local civil rights activist, in an interview earlier this week. … Lynchburg police said Beard struck two officers who were looking for a female fugitive at the apartment complex at about 3 a.m." The N&A adds, "It is unclear what sparked the confrontation between Beard and police. … The city is not making 911 tapes and dispatchers' logs about the incident available to the public. The News & Advance requested the records earlier this week under the Virginia Freedom of Information Act." The N&A notes, "In addition to the State Police investigation, which was requested by City Manager Kimball Payne, the Lynchburg Police Department is conducting two internal investigations. … Albert Rose, the girl's grandfather, said in a telephone interview Thursday that the State Police interview occurred on Wednesday. … Rose met Wednesday night with a group of local civil rights leaders and gave them a report on the incident. The group has asked the U.S. Justice Department's Civil Rights Division to look into the circumstances surrounding Beard's death."

Lawmakers Seek DOJ Review Of Law Used To Convict Border Agents. The Ontario Inland Valley (CA) Bulletin (10/13, Carter) reports, "In an eleventh-hour plea, a half-dozen congressmen are asking the Justice Department to review the federal law used to convict two Border Patrol agents of shooting a Mexican drug smuggler." The Bulletin continues, "Congressman Walter B. Jones, R-N.C., circulated a letter Thursday among his colleagues that slammed federal statute 924(c), which addresses discharging a firearm in relation to a crime of violence. Conviction under the statute carries a minimum 10-year sentence in federal prison." The Bulletin adds, "Jones and five other members of the caucus -- including California Reps. Gary Miller (R-Brea), Dana Rohrbacher (R-Huntington Beach) and Ed Royce (R-Fullerton) -- contend in the letter that El Paso, Texas, Border Patrol Agents Ignacio Ramos and Jose Alonso Compean should not have been charged under the statute because carrying a firearm was a necessary part of their jobs, and that they used the firearms while on duty."

DOJ Gives New Jersey More Time To Implement Voter Database. The AP (10/13, Gold) reports, "New Jersey has been given until next year's primary election to implement a federally required statewide voter registration list, the state and the U.S. Justice Department announced Thursday." The AP continues, "In a series of court filings, New Jersey acknowledged it had missed deadlines required by the Help America Vote Act and a related state law. … The petitions, if approved by federal and state judges, should prevent problems that could threaten the integrity of the Nov. 7 general election if the statewide list were used exclusively, state Attorney General Stuart Rabner said." The AP adds, "Federal prosecutors charged, in a complaint filed along with a proposed settlement, that New Jersey had also failed to collect driver's license numbers on the applications of new registrants, as required by HAVA, and "failed to perform reasonable registration list maintenance" as required by the National Voter Registration Act of 1993. … 'We were very concerned that four years had passed without compliance with federal voting laws by the state Attorney General's Office,' Christopher J. Christie, the U.S. attorney for New Jersey, said in a statement. 'We are very pleased that Attorney General Rabner has taken this issue so seriously and has put the resources of his department behind fixing it as soon as possible.' … If the petitions are approved, New Jersey would use the existing voter registration rolls in 20 of the 21 counties for the Nov. 7 election."

Mississippi Judicial Voting Methods Meet Legal Challenge. The AP (10/13) reports, "A group of black plaintiffs has filed a federal lawsuit challenging how Mississippi will elect state circuit and chancery judges in November." The AP continues, "Attorney Carroll Rhodes of Hazlehurst, who filed the lawsuit in federal court in Jackson on Oct. 3, said Thursday that he does not wish to stop any judicial elections. … Rhodes said he wants the judiciary races to be run under the election law before it was rewritten by the Legislature in 2005." The AP adds, "Rhodes said the new law was to take effect Jan. 1, 2007. He said the State Election Commission erroneously is using the new law for this year's election. … No hearing date has been set for the lawsuit. … Rhodes' lawsuit, which represents only one side of a legal argument, says that in six chancery court and nine

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circuit court districts, the opportunity for the election of black candidates has been harmed by the new law. … In those districts, the Legislature changed the election process from a 'herd' system to a 'post' system. The lawsuit asks a federal panel to revert to the herd system for the Nov. 7 elections. … Under the herd system, all candidates run in a pack and the top vote getters win the available seats. The herd system was put in place in the late 1980s as part of a settlement of a lawsuit that also claimed the judicial election method diluted black voting strength. … Supporters argue the herd system can help blacks be elected because minorities can make their vote count more by voting only once, presumably for the black candidate. … Attorney General Jim Hood, who's one of three members on the state Election Commission, said the election change was approved by the U.S. Department of Justice. Federal law requires all election changes in Mississippi to obtain Justice approval to ensure black voting efforts will not be harmed."

Abstinence Assembly Raises Eyebrows Of Civil Liberties Advocates. The Washington Post (10/13, B1, Chandler, 748K) reports that Christian comedian Keith Deltano gave an assembly at Loudoun County High School yesterday "to encourage teenagers to stay away from sex. … But he never once talked about Jesus. … Some civil liberties advocates, skeptical of such shows, said school officials must enforce a line that is tested by religious performers who are invited into public schools to entertain and educate but not preach." The Post adds, "Many parents, administrators and teachers see such assemblies as an effective way to convey hard-to-teach life lessons. But occasionally there have been controversies."

State Efforts To Ban Same-Sex Marriage May Be Fizzling. USA Today (10/13, Frank, 2.27M) reports two years "after voters in 13 states approved constitutional bans on same-sex marriage, gay rights activists hope to reverse that course next month." Colorado's "first-in-the-nation ballot proposal to create same-sex domestic partnerships had strong support in a recent poll. Polls in three of the eight states that will vote on banning same-sex marriage show the measures trailing or leading narrowly." Any victory "for gay groups would be unprecedented. Voters have approved each of 19 proposals for state constitutional bans on same-sex marriage; support has averaged 70%. The questions began appearing on ballots in 1998 after a Hawaii court struck down the state's same-sex-marriage ban." Now, "well-run opposition campaigns and growing acceptance of homosexuality are eroding support for such bans, pollsters say."

ANTITRUST:

DOJ Launches Antitrust Probe Of S-RAM Market. The AP (10/13) reports, "The U.S. Department of Justice's antitrust division has opened an investigation into the static random access memory market, communications-chip maker Cypress Semiconductor said Thursday." The AP continues, "SRAM memory is faster than dynamic random access memory, the most common type used in personal computers. SRAM is found in relatively small quantities in PCs, it's also used in disk drives, communications equipment and networking gear. .. .In a statement, Cypress said it will fully support the investigation." The AP notes, "A separate DOJ investigation into price-fixing among DRAM companies has so far resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc."

The Financial Times (10/13, Kirchgaessner, Nuttall) reports, "The investigation comes just one year after Samsung, the leader in the S-Ram market, pleaded guilty and paid a $300m fine for its role in an international conspiracy to fix prices in the D-Ram chip market, marking the second-largest criminal antitrust fine in history. .. .That probe ultimately ensnared four companies and 13 individuals and elicited $731m in fines." The Times adds, "Samsung and Micron both said they had received subpoenas in connection to S-Ram sales and marketing and were co-operating with prosecutors. But Micron added that it did not believe it was a target of the investigation. The company received amnesty in the justice department's D-Ram investigation because of its co-operation."

TheStreet.com (10/13, Oreskovic) reports, "News of the investigation marks a new phase in the government's probe of computer-memory makers. For several years, the Justice Department has been investigating price fixing in the market for DRAM, the standard type of memory chips used in personal computers. SRAM memory, which is faster and more expensive than DRAM, is used for specialty purposes like a microprocessor's cache."

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The San Jose Mercury News (10/13, Harris) reports, "Gina Talamona, a Department of Justice spokeswoman, confirmed the probe but declined to say whether the investigation was focused on price-fixing, dumping or other practices, and declined to identify companies under scrutiny."

FCC Delays Vote On AT&T-BellSouth Merger Until Today. Bloomberg (10/13, Peterson) reports, "U.S. Federal Communications Commission Chairman Kevin Martin delayed (Thursday's) scheduled vote on AT&T Inc.'s purchase of BellSouth Corp., a sign he needs more time to win approval of the $79 billion transaction." Bloomberg continues, "The FCC meeting on the merger was postponed to (Friday) while Martin and fellow Republican Commissioner Deborah Tate try to win over the panel's Democrats. AT&T lobbyist Robert Quinn said today that the San Antonio-based company is open to some conditions on the purchase to secure votes. … Rescheduling gives Martin and Tate an extra day to negotiate with Democrat members Michael Copps and Jonathan Adelstein, who criticized yesterday's Justice Department backing of the deal without conditions. The fifth commissioner, Republican Robert McDowell, has said he expects to be barred from voting because of his past work as a lobbyist."

Market Watch (10/13, Bartash) reports, "The delay comes after antitrust regulators at the U.S. Justice Department approved the transaction on Wednesday, saying the merger - initially valued at $67 billion when it was unveiled in March -- is likely to benefit consumers." Market Watch continues, "The Justice Department said the deal would not hurt competition 'substantially' in any part of the U.S. communications industry, and they didn't require the companies to sell off any assets or attach other conditions. … That decision was blasted by consumer groups and some Democrats, who accused the department of "rubberstamping" the merger. They urged the FCC to add conditions designed to protect customers." Market Watch notes, "The Justice Department was widely expected to approve the deal, although there was some question as to whether the agency would require the two companies to sell off some wireless spectrum or special high-speed access lines that serve business customers. … 'After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially,' said Thomas O. Barnett, assistant attorney general, in a DOJ statement. … Opponents of the deal blasted the Justice Department and called for the FCC to impose tough conditions to prevent harm to customers."

Critics Say DOJ Approval Designed To Avoid Court Review. Bloomberg (10/13, Rowley) reports, "The U.S. Justice Department's decision to approve without conditions AT&T Inc.'s $79 billion takeover of BellSouth Corp. has triggered complaints that the agency tailored its clearance to avoid judicial scrutiny." Bloomberg continues, "Consumer groups and Democratic lawmakers say the department tried to head off a court review that would have been mandatory were conditions attached. The accusation caused at least a temporary delay in approval of the deal by the Federal Communications Commission. … Senator Patrick Leahy, a Vermont Democrat who co-sponsored a 2004 law calling for more detailed judicial review of mergers, accused the Justice Department of 'thumbing its nose at Congress and the courts' by unconditionally permitting the deal. Leahy noted that lawmakers in both parties urged the Justice Department to wait until a court fight over two 2005 mergers was resolved before clearing the latest combination. … 'The Bush administration has embraced the political agenda of the largest phone and cable companies,' said Jeff Chester, executive director of the Center for Digital Democracy, a Washington consumer advocacy group." Bloomberg adds, "The Justice Department defended its approval of the combination of San Antonio-based AT&T and Atlanta-based BellSouth, saying it found the deal posed no harm to competition that needed to be remedied. … The agency's antitrust enforcers are engaged in a protracted court battle over conditions imposed last year when the government cleared New York-based Verizon Communications Inc.'s purchase of MCI Inc. and SBC Communications Inc.'s acquisition of AT&T Corp. SBC changed its name to AT&T Inc. after the 2005 deal."

FCC Democrats Key To Approval Vote. The AP (10/13, Dunbar) reports, "If the Federal Communications Commission votes as planned on AT&T Inc.'s acquisition of BellSouth Corp. on Friday, it means the agency's Republican chairman compromised with two outspoken Democrats who sought significant changes in the deal." The AP continues, "Past comments from Democratic commissioners Michael Copps and Jonathan Adelstein and word from people familiar with the negotiations suggest points to some of the remaining unresolved issues, including: … 'network neutrality,' which deals with whether Internet service providers must provide

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equal treatment to all traffic on their networks. … 'interconnection,' or the right to access an incumbent telephone company's network" and "a possible divestiture of some of BellSouth's wireless broadband spectrum holdings." The AP adds, "Copps and Adelstein are in an unusually strong position on the five-member commission, which has three Republicans. One of those GOP commissioners, Robert McDowell, is a potential tie-breaking vote who has withdraw from the case because he was a lobbyist who representing competitors of AT&T and BellSouth. … Republican Deborah Taylor Tate is expected to vote with the agency chairman, Kevin Martin, in favor of the acquisition."

WSJournal, NYTimes Disagree On Approval Of AT&T-BellSouth Merger. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "Twenty-two years ago the government broke up AT&T, creating the regional baby bells. So there was much irony in the decision this week by the Justice Department Antitrust Division to allow Ma Bell to reunite with one of its most profitable step-children: BellSouth. Approving this $78.5 billion deal was the right call. … Assistant Attorney General Thomas Barnett got it mostly right when he declared that, thanks to the combination of existing corporate competitors and emerging technologies, 'the proposed transaction is not likely to reduce competition substantially.'" The Journal adds that "the best way to help consumers is to allow the business scale and return on investment that will bring the information superhighway into the living room of every home and business in America. That appears much more likely to happen -- and more quickly -- with this merger than without it."

Meanwhile, an editorial in the New York Times (10/13, 1.21M) takes the opposite view, saying that "the Bush administration has again abdicated responsibility for protecting consumers when huge companies combine. … From the very start, the Bush administration's approach to antitrust and merger policy has been much more hands-off than its predecessors'. In an era of rapid consolidation and deregulation, the Justice Department hasn't brought a single major monopoly case under the Sherman Antitrust Act since the Clinton administration went after Microsoft for illegally defending its monopoly for the Windows operating system."

FTC Reaches Agreements With Five Multiple Listing Services Over Discount Brokers. The New York Times (10/13, Bajaj) reports, "The Federal Trade Commission said yesterday that five regional real estate listing services had agreed to treat listings from discount brokers no differently than those from traditional agents." The Times continues, "The commission also said that it would pursue administrative cases against two Detroit multiple listing services. It says the two services either do not allow discount brokers' listings or refuse to send them to other real estate Web sites." The Times adds, "The announcement suggests that regulators are making headway in their campaign to deal with practices in the real estate industry that they say have reduced competition and supported high sales commissions. .. More than a year ago, the Justice Department sued the National Association of Realtors, the large trade group for real estate agents, charging violations of antitrust rules. That case is still pending." The Times notes, "At its crux, the F.T.C. case is about the power real estate agents exercise through their control of regional home listing services, which are often the dominant and most comprehensive databases of homes for sale in an area. There are 900 such systems nationwide, and most are controlled by local Realtors."

Inman News (10/13, Roberts) reports, "The five consent agreements resolve separate investigations against the MLSs over similar policies that prohibited the display of certain property listings on some home-search Web sites, and the litigation targets two MLSs in Michigan that have refused to withdraw similar policies. … Several other MLSs are also under investigation for similar policies, said Jeffrey Schmidt, director of the FTC's Bureau of Competition. But he did not provide specifics about how many investigations are pending, and whether the FTC would take actions against those MLSs." Inman continues, "Today's announcement marks the latest in a series of FTC and U.S. Justice Department actions against alleged anti-competitive practices in the real estate industry. The agencies have also opposed state measures that seek to establish a range of minimum service required for all real estate professionals, at least for some types of agreements for representation in a real estate transaction. … And the Justice Department is engaged in an antitrust lawsuit with the National Association of Realtors trade group over the association's policies for the online display and sharing of property listings information."

Bloomberg (10/13, Rowley) reports, "The FTC brought administrative complaints against two multiple-listing services in southeastern Michigan that together serve almost 22,000 member brokers. The cases will be tried before an

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administrative law judge. … The FTC negotiated settlements, identical to one it reached in July with a multiple-listing service in Austin, Texas, with listing services based in Loveland, Colorado; Williamsburg, Virginia; Concord, New Hampshire; Tinton Falls, New Jersey, and Appleton, Wisconsin. … Schmidt said the FTC was seeking an agreement with the National Association of Realtors to get its member brokers to lift such restrictions. Not all multiple-listing services are associated with the realtors' trade group, he said."

The Washington Post (10/13, D2, Elboghdady) reports, "The Federal Trade Commission yesterday said groups representing thousands of real estate agents in five states have agreed to drop practices that hampered rival discount brokers from posting home-sale listings on Internet sites. In a meeting with reporters, FTC regulators also said they are suing two more groups in the Detroit suburbs -- Realcomp II Ltd. and MiRealSource Inc. -- over similar allegedly anti-competitive practices. The FTC's actions are the latest step in an ongoing struggle between traditional full-service real estate agents (who typically earn 5 to 6 percent in commission on each house they sell) and their newer rivals, firms that offer limited services for a lower commission, mostly on the Internet. At stake are tens of billions of dollars in real estate commissions."

Steelmakers Seek Links That Are Short Of Mergers. The Wall Street Journal (10/13, A4, Glader) reports, "Steel companies, particularly in Asia, are finding new ways to link up short of actual mergers, as a way to compete against -- and possibly fend off -- growing industry rivals. The new agreements include forming joint ventures, taking small investment stakes in other companies and signing technology-licensing agreements. In part, the activity is prompted by the €28 billion ($35.1 billion) combination of Mittal Steel Co. and Arcelor SA earlier this year and India's Tata Steel Ltd.'s announcement last week that it might make a bid that could be valued at more than £5 billion ($9.3 billion) for British steelmaker Corus PLC." Big deals "have increased investor attention on steelmakers, and the companies have plenty of cash on hand thanks to healthy steel prices over the past few years. But many companies say they want to avoid large deals, either as a target or as the surviving company. For acquirers, stock prices are relatively high, making a deal costly, they say. Others say their corporate cultures are incompatible with those of steelmakers in certain parts of the world, making a merger difficult, or they are wary of political risks."

Rent-Way Shareholders To Vote On Rent-A-Center Takeover. The AP (10/13) reports, "Shareholders of Rent-Way Inc., a rent-to-own chain operator, will vote Nov. 14 on the company's proposed sale to Rent-A-Center Inc., the largest U.S. furniture rental chain, according to a Thursday filing with the Securities and Exchange Commission." The AP continues, "If the deal is completed, Rent-Way shareholders will be entitled to receive $10.65 per share in cash on the date of the merger, according to the filing." The AP adds, "The companies last month said the deal, which is expected to be completed in the fourth quarter, had received government antitrust clearance. Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa. … Rent-Way's board of directors unanimously approved the agreement and is recommending shareholders vote for its adoption, according to the filing. If the deal is terminated, Rent-Way will be required to pay a termination fee to Rent-A-Center of $17.5 million and up to more than $4.1 million in expenses."

ENVIRONMENT:

Investigators Find Source Of Deadly E. Coli Bacteria. CBS Evening News (10/12, story 5, 0:25, Couric) reported, "Federal investigators say they've finally discovered the source of that deadly E. coli bacteria in bagged spinach. They traced the bacteria to cow manure from a ranch about a mile from the spinach fields in Salinas Valley, California. But the investigators still don't know exactly how that spinach was contaminated."

NBC Nightly News (10/12, story 8, 0:15, Williams) reported that the "recent E. coli outbreak in spinach was, as suspected, from cattle manure from a ranch that is, you guessed it, right next door to the fields where spinach was grown."

USA Today (10/13, Weise, Schmit) reports, "Three cattle fecal samples from one of four ranches being investigated were an exact DNA match with the deadly O157:H7 strain, said Kevin Reilly of the California Department of Health Services. Samples from the remaining three ranches are still being tested. Some fields on all four ranches were surrounded by cattle pastures, a common practice in the valley, Reilly said."

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The New York Times (10/13, Sander) reports that "while the discovery of the match between E. coli in the manure and in the tainted spinach is an unprecedented development in the scientific investigation of food-borne illnesses, Dr. Reilly said, it does not solve the mystery of how the spinach was contaminated in the first place. … Pinpointing how the bacteria made its way into the spinach fields, whether from tainted irrigation water, flooding, poor hygiene among field workers or by wildlife capable of breaking through fences, is the next challenge for investigators, he said."

The Washington Post (10/13, D1, Shin) reports that theories on how the deadly bacteria got into the spinach crops "include contaminated irrigation water, poor worker hygiene, and wild pigs running through pastures and into the spinach fields. 'We do not have a smoking cow at this point, no,' Reilly said."

Texas Recycling Plant Cited For Illegal Burning. The Corpus Christi (TX) Caller-Times (10/13, Kelley) reports, "A Corpus Christi metal recycling plant took part in what the government called sham recycling, sending hazardous waste to El Paso and Montana to be burned illegally, according to federal documents." The Caller-Times continues, "The company, Asarco Inc., said Wednesday the allegations are old and false. … The Environmental Protection Agency document does not disclose what the materials were. More than 5,000 tons in 247 shipments left Asarco's Corpus Christi Encycle facility in about 10 years, until July 1998, according to the EPA memo. Some sludge from a wastewater treatment process was also mixed with metal smelting byproducts, known as slag, which Asarco later burned illegally in its El Paso copper smelter and another facility in East Helena, Mont., according to the memo." The Caller-Times adds, "Asarco agreed in 1995 and 1996 to clean 30 contaminated properties in two Corpus Christi neighborhoods, Dona Park and Manchester Place, after tests showed high amounts of lead and other heavy metals linked to health problems. .. An environmental group says waste manifests indicate at least 300 tons of that material was generated at the Army's chemical warfare depot at the Rocky Mountain Arsenal. .. .Attorneys for the EPA wrote the memo to refer the company to the Department of Justice for sanctions. Negotiations between the company and the Justice Department led to a 1999 consent decree between Asarco and the government. The consent decree contains no admission of guilt. A 1999 EPA news release hailed the agreement as an unprecedented potential model for other companies. The release faults Asarco for 'failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices.'"

Plant Pathologist Believes Trees Can Live Forever. The Wall Street Journal (10/13, A1, Warren) reports, "Trees are dying in large numbers in cities all over the country. American Forests, a nonprofit organization in Washington, DC, that fights for preserving trees in urban areas, says satellite reconnaissance shows metropolitan areas in the eastern US have lost 30% of their tree cover in the past 20 years." Plant pathologist Olaf Ribeiro "sees the loss of trees as unnecessary. In fact, he is trying to prove that trees can live forever given the right conditions. As an expert in plant diseases like the fungus that caused the 19th-century Irish Potato Famine, Dr. Ribeiro believes the key to tree longevity is in the dirt." The Journal adds, "To be sure, saving individual old trees is criticized by some tree experts, who deride it as 'geriatric forestry.' Rescues are labor-intensive and expensive, at prices that can run up to $30,000 per tree. Eric Oldar, who works for the California Department of Forestry, worries that too much focus on single trees could detract from the larger problem of cities eating away at the nation's forest canopy. The effort and money to save one old tree might be better spent protecting younger, more productive trees in the environment, he says."

Insurance Companies Playing Larger Role In Fight Against Global Warming. The Christian Science Monitor (10/13, Scherer, 58K) reports that insurance companies "are becoming leading business protagonists in the assault on global warming. Next week, Travelers, the giant insurance firm, will offer owners of hybrid cars in California a 10 percent discount. It already offers the discount in 41 other states and has cornered a large share of the market. This fall, Fireman's Fund will cut premiums for 'green' buildings that save energy and emit fewer greenhouse gases. … In January, Marsh, the largest insurance broker in the US, will offer a program with Yale University to teach corporate board members about their fiduciary responsibility to manage exposure to climate change."

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FBI/DEA/ATF/USMS:

Walters Speaks Out Against Pro-Pot Measures In Colorado, Nevada. Federal drug czar John Walters visited Colorado and Nevada this week to speak out against ballot initiatives that would legalize marijuana. The Washington Post (10/13, Richardson, 748K) reports that Walters made the trips "as polls showed the proposals inching too close for comfort." Walters "made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older. Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV. Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal."

The AP (10/12) reports John Walters said the marijuana initiative on Nevada's November ballot "is supported by outsiders who want to take advantage of the 'blind spot people have about marijuana.' … Walters appeared Thursday with U.S. Rep. Jon Porter to speak out against the initiative, known as Question 7, and announced $500,000 in federal funding for a Clark County anti-drug program." The AP notes Question 7 "would allow people 21 and older to posses 1 ounce of marijuana in their homes - the same amount allowed under Nevada's medical marijuana law." The Las Vegas Sun used the AP story.

On its Web site, KLAS-TV, Las Vegas (10/13) reports John Walters "was in Las Vegas Thursday urging voters to say 'No' to ballot Question 7. … 'The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug dealer protection act,'" Walters said. KLAS says a dozen protesters let Walters know they approve of legalizing marijuana.

KVBC-TV, Las Vegas (10/12) reports a key question "confronting voters…is whether or not to allow limited legalization of marijuana." On its Web site, KVBC has posted its full interview with Walters titled, "White House Drug Czar Opposes Marijuana Legalization."

On its Web site, KUSA-TV, Denver (10/12) reports Walters "toured several Colorado schools to announce a $14 million grant aimed at curbing drug use amongst students. However, some wonder if the so-called drug czar is really campaigning against Amendment 44. … The effort is spearheaded by SAFER and its director, Mason Tvert. Tvert says Walters' visit less than month before the election is telling. 'The federal government is pouring their resources into this state right now,' Tvert said. 'It goes to show that they're very scared.'" Walters "says he is in Colorado to tout the $14 million package Colorado will receive over the next five years. … Walters said the need for more student drug screening will increase if Amendment 44 passes."

The Grand Junction (CO) Sentinel (10/12) reports Colorado Attorney General John Suthers "joined by local elected and federal law enforcement officials, tore into the measure, Amendment 44 on Thursday. Amendment 44 backer Mason Tvert was there to tear back, complaining that elected officials were misusing their positions to campaign against the measure. … Scott Burns…said Colorado is at the center of the legalization effort that wants to make the state the 'pot capital of America. Don't fall for the con.'"

On its Web site, KKCO-TV, Grand Junction, Colorado (10/13) reports Burns "says he is confident that Colorado will follow the trend of previous states that have tried to pass this amendment. "They have been to Alaska and the amendment failed, in Nevada it failed, California, it failed. Frankly, I believe that with people focusing on this the last few weeks before election, it will fail in Colorado, too," said Burns.

Marijuana Initiatives Seen As "Too Close For Comfort." The Washington Times (10/13, Richardson) reports Walters "barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort. 'Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better,'" Walters told students at South High School in Denver. Walters' arrival "prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs." The Colorado measure "lags by a margin of 29 percent to 36 percent, with 35 percent undecided. … The Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided."

Amendment 44 Said To Draw "Heated Exchange." According to the Grand Junction (CO) Free Press (10/13)

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there was a "heated exchange" between Tvert, Suthers, and Burns. Tvert "accused Suthers of violating Colorado campaign finance law, parts of which limit government employees' expenditures while advocating for or against a ballot initiative." The Free Press says there was a debate over how taxpayer money was being spent and writes, "Heather Janik, spokeswoman who accompanied Burns from Washington, D.C., later said expenses were paid by the Office of National Drug Control Policy." The Free Press also notes that Burns was in town to discuss methamphetamine.

The Denver Post (10/13) reports Suthers "was visibly angered when he told Tvert, 'You are just flat wrong' about campaign finance law - as wrong, he said, as Tvert is about drug laws." The Post also notes that Janik "said the federal office paid $50 to rent the room for the news conference and that Burns' travel to Grand Junction from Washington, D.C., was covered by his appearance at a conference to discuss methamphetamine abuse."

In the Grand Junction (CO) Free Press (10/13), Josh Nichols writes, "Burns…stopped by the Free Press office. He too, said legalizing bud was bad. Thought I was going to have to use the office dolly to roll away the stacks of paperwork he toted documenting just how bad marijuana was. So, what onlookers like myself took away from Thursday is that some people say weed's good, and some say weed's bad. … Folks, I'm here to tell you that you shouldn't feel bad if you don't have strong convictions on this one."

Colorado Newspaper Says Marijuana Amendment Has Loophole. Boulder's Daily Camera (10/10) editorializes, "Just say no to Amendment 44, which would legalize possession of up to one ounce of marijuana for adults 21 or older. In the first place, the language of the amendment, sponsored by Safer Alternative For Enjoyable Recreation, contains a major loophole. It leaves open the possibility that an adult giving marijuana to a child or young adult between 15 and 20 'appears to be legal.'" Mason Tvert, SAFER's campaign director, "says another law, contributing to the delinquency of a minor, 'covers' the loophole. But isn't it necessary to be precise when amending the state law? We think so."

New Mexico's Governor Opposes Marijuana Decriminalization. The New Mexican (10/12) profiles Gov. Bill Richardson and writes Richardson "frequently has criticized his predecessor Gary Johnson for advocating marijuana decriminalization. Richardson has made it clear he doesn't want the state known for wanting to legalize drugs. During his first month in office, Richardson stood side by side with national drug czar John Walters, a committed drug warrior, calling the visit 'a symbolic meeting to show we support (Walters') mission.'"

Local TV Coverage. KLAS-TV, Las Vegas (10/12, 11:00 p.m.) reported, "The nation's drug czar was in Las Vegas urging voters to say no to ballot question seven. While John Walters spoke inside. A dozen supporters of the initiative stood outside protesting his visit: Walters: 'The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug-dealer protection act.' Voters will decide the question on November 7th."

KTNV-TV, Las Vegas (10/12, 5:00 p.m.) reported, "The nations drug czar stopped in Las Vegas today. … John Walters talked about the progress made by Nevada to stop drug abuse and doesn't want Question 7 to undermine those efforts. He says the measure is using Nevada families as a social experiment. He says the legalization of marijuana will lead to more abuse by adults and teenagers."

KVBC-TV, (10/12, 11:00 p.m.) reported, "The country's drug czar made a stop in Las Vegas to speak out against a proposal. If passed Question 7 makes it legal to have small amounts of marijuana in our state. John Walters is campaigning against the initiative and urges voters to send a message behind it."

KVMY-TV, Las Vegas (10/12, 10:00 p.m.) reported, "John Walters…says if Question 7 passes, there would be more drug use and crime in Nevada."

KVVU-TV, Las Vegas (10/12, 5:00 a.m.) reported, "Nevada congressman Jon Porter is scheduled to meet with President Bush's drug czar today. John Walters and Porter are expected to speak out against an initiative seeking to legalize marijuana here in Nevada. The marijuana initiative and Porter will be on the November ballot. The republican is running against Democrat Tessa Hafen."

Federal Prosecutors Concerned About NC Newspaper Story On Undercover Drug Cases. The Greensboro (NC) News-Record (10/13, Townsend, Ahearn) reports, "Federal prosecutors are 'gravely concerned' about notes from undercover drug cases appearing in a weekly newspaper, but they will not take a lead in investigating possible leaks." The News-Record continues, "In a letter hand-delivered to the police department Wednesday, U.S. Attorney Anna Mills Wagoner responded to

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interim police Chief Tim Bellamy's fear that a Sept. 21 article in the Rhinoceros Times 'potentially compromised' two ongoing missing persons and possible homicide cases. … The same article revealed that two U.S. Customs agents were working undercover and quoted a verbatim conversation between the agents and the drug kingpin they were investigating." The News-Record adds, "Wagoner's comments came in response to a sharply critical letter Bellamy sent to her by certified mail Friday, signifying a widening rift between the federal and city agencies. … 'I am very disappointed that you do not feel the public release of such information requires any action by your office,' Bellamy wrote. '... There is no question in my mind that the act of releasing this information has the potential of endangering lives.' … The two missing persons cases Bellamy referred to were mentioned in the article: the disappearances of Sterling Porter, reported missing in 1997, and Sonjah Kingston, last seen in 2002. … Both Porter and Kingston had connections to Elton Turnbull, the convicted drug dealer whom former police Chief David Wray's Special Intelligence squad suspected of colluding with Lt. James Hinson. The unit never found evidence of illegal drug activity by Hinson."

Hawaii Teacher Accused Of Dealing Meth At School. The Honolulu Advertiser (10/12) reports a Leilehua High School teacher "accused of selling crystal methamphetamine allegedly set up drug deals while at school. Lee N. Anzai, 29, a special education teacher who lives in Mililani, is believed to be the first Hawaii public school teacher prosecuted on charges of selling 'ice.' … The prosecution's case against Anzai was outlined in a detailed 29-page affidavit by a federal Drug Enforcement Administration agent."

The AP (10/12) reports Anzai "is accused of selling nearly a pound of the drug between Sept. 8 and Tuesday night."

Task Force Aids In Teacher's Arrest. In a separate story, the Honolulu Advertiser (10/12) writes, "An anti-drug task force that played a major role in this week's crystal meth arrest of a Leilehua High School teacher has recorded a series of knockouts since being created eight months ago," according to officials. "Lt. Gov. James 'Duke' Aiona and Anthony 'Tony' Williams, assistant special agent in charge of Drug Enforcement Administration operations in Hawaii, spearheaded the formation of the joint federal, state and city law enforcement task force."

The Honolulu Star-Bulletin (10/12) also reports on the task force and writes, "Its mission is to 'quickly and aggressively investigate and arrest in a mid- to low-level neighborhood drug dealers in hopes of working our way into the prosecution of drug organizations above them,'" said U.S. Attorney Ed Kubo.

Retired Police Officer Sentenced To 14 Months For Stealing Drug Cash. The New York Times (10/13, Rashbaum) reports, "A retired police lieutenant who admitted to stealing more than $110,000 in drug cash over three years, all while he supervised 40 narcotics detectives in Upper Manhattan, was sentenced to 14 months in federal prison yesterday for conspiring to launder the money. The retired lieutenant, John T. Maguire, supervised two detectives who stole money with him and who were later captured on videotape in 2003 robbing a drug courier of $169,000, a crime that led to a sweeping police corruption investigation and the department's biggest scandal in a decade." Maguire "faced nearly four years in prison. But the prosecutor in the case wrote a letter that cited his cooperation with the investigation and enabled the judge in the case, Carol B. Amon of United States District Court in Brooklyn, to hand down a lighter sentence."

Drug Trade In Colombia Gives Uribe "Daunting" Challenges. In the Wall Street Journal (10/13, A13), Mary Anastasia O'Grady writes, "To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging. That thought occurred to me after an interview with Colombian President Álvaro Uribe in New York last week. … As the popular president begins his second four-year term, his challenges are daunting. … The trouble is that, despite [his] efforts, the persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development."

TAX:

Tax Protesters File Coordinated Cases Against IRS. The Legal Times (10/13, Schwartz) reports, "Michael Stephens hates the Internal Revenue

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Service. He believes it steals his money, and he won't stand for it. … 'That's all we are, is slaves,' says the 49-year-old truck driver from Georgia, who sued the agency. He claims he is entitled to damages through the Taxpayer Bill of Rights for alleged misconduct in tax collection by the IRS." The Times continues, "Stephen's complaint -- which Judge Ellen Huvelle of the U.S. District Court for the District of Columbia dismissed in June -- might simply be a footnote in the flood of pro se cases that pour into the courthouse each year, except that Stephens isn't alone. His complaint is one of 108 nearly identical cases filed since last fall by plaintiffs from Oregon to Florida." The Times adds, "The effort hasn't seen much success; so far, 40 have been dismissed because of the plaintiffs' failure to exhaust their administrative remedies. But the cases managed to pique curiosity in judges' chambers. … So who's behind this effort? … Stephens won't say. Nor would more than two dozen other plaintiffs, who either did not return calls or declined to answer questions. … Seattle's Heidi Broward, whose husband Paul had his claim dismissed in July, says the suits are a coordinated effort by people who met through 'various things over the Web and from years and years of networking.' … The complaints are the brainchild of Chicago-based anti-tax activist George Pragovich, Broward says."

CONGRESS-ADMINISTRATION:

Bush Appears With Hastert, Offers Strong Endorsement Of Speaker's Leadership. The AP (10/13, Pickler) reports, "President Bush stood shoulder-to-shoulder with embattled House Speaker Dennis Hastert on Thursday, offering a powerful boost in his moment of need and declaring the country 'better off' with Hastert in power." Although the President "has spoken out in Hastert's defense -- tepidly at first and more directly at a White House news conference on the eve of the fundraiser -- their appearance together was an endorsement of Hastert when nearly half the country says he should resign." Their "long-scheduled fundraiser was sponsored by Hastert and came on the same day that the House Ethics Committee questioned ex-Rep. Mark Foley's chief of staff, Kirk Fordham, for five hours."

The New York Times (10/13, Rutenberg, 1.21M) reports, "Bush's appearance completed what has appeared to be a gradual but now unmistakable White House embrace of Mr. Hastert since news first surfaced that Mr. Foley had sent risqué e-mail to Congressional pages. The visit reflected in part a calculation by the White House and party leaders that providing a protective phalanx for the speaker would help cool some of the heat from the controversy and press ahead on the party's election-year message on terrorism and taxes." Bush "seemed to provide an object lesson to his party on that strategy here, weaving praise for Mr. Hastert into his standard stump speech that takes Democrats to task as trying to block his terrorism initiatives and threatening to end his tax cuts.

At the end of a story about the Ethics Committee investigation, NBC Nightly News (10/12, story 3, 2:00, Reid, 9.87M) reported "Bush joined Hastert at a campaign event in Illinois and reiterated his support." Bush was shown saying, "I am proud to be standing with the current Speaker of the House who is going to be the future Speaker of the House." ABC and CBS focused their reports on the Congressional investigation, and didn't mention Bush's remarks.

The Chicago Tribune (10/13, Silva, Pearson, 623K) says the President "professed optimism for Republicans in next month's elections," even as "a new Tribune/WGN-TV poll shows a majority of Illinois voters disapprove of the president's job performance and nearly 60 percent are unhappy with the GOP-led Congress." The survey also "shows nearly half of voters disapprove of the way Hastert, of far west suburban Plano, has handled the congressional page controversy that led to former Rep. Mark Foley's resignation. Reflecting a potential parochial bias toward a native son, a narrow plurality of Illinois voters say Hastert should not resign as speaker." The results of the poll, conducted from Sunday to Wednesday, "came as Bush traveled to Illinois to raise funds for suburban Republican congressional candidates Peter Roskam and David McSweeney --and to deliver his first personal show of support for Hastert since the congressional page scandal consumed the House Republican leadership two weeks ago." Bush and Hastert "stood shoulder-to-shoulder-- though only for a few minutes -- on a low stage within arms' reach of a cheering audience. Hastert, who spoke only briefly in introducing Bush, called the president 'our friend' and 'our leader.'" The Washington Times (10/13, Curl, 88K) reports, "Hastert, who looked tired, made no comments at yesterday's event. Instead, he simply introduced Mr. Bush to the partisan crowd." He "is expected to win handily in his district, where he won two years ago with almost 70 percent of the vote."

The Los Angeles Times (10/13, Gerstenzang, 918K) headlines its report "Bush Backs Hastert When Backing Hastert Isn't Cool," and says "with his big verbal hug for the

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speaker, Bush left no doubt about his support for the Illinois Republican." Bush also said, "I have worked with him up close. I know what it is like to work with a speaker who is determined to protect the United States of America. And a speaker who wants to make sure that everybody who wants a job in America can find one. He has delivered results for the people. This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker the next legislative session."

The Washington Post (10/13, A11, Fletcher, 748K) notes Sen. John F. Kerry "mocked the president's appearance with Hastert in a fundraising e-mail to supporters, calling it 'a meeting of the no accountability caucus of the Republican Party.'"

Fox Poll Finds Voters Rank Scandal Behind Iraq, Economy, Terrorism, Corruption And Immigration. Fox News' Special Report (10/12, Cameron) reported, "The latest Fox News poll suggests on issues most important to them, voters rate Iraq, the economy, terrorism, corruption and immigration all more important than the Foley scandal."

Bush Says Lower Oil Prices Won't Blunt Renewable Fuel Push. President Bush Thursday addressed a renewable fuel conference in St. Louis co-sponsored by the US Departments of Agriculture and Energy. The President's speech received little coverage in the major national dailies, which tended to focus their reporting on the President's fundraising appearance, and his remarks in support of Speaker Hastert. One exception to that trend was the New York Times (10/13, C3, Barrionuevo, 1.21M), which reported in its business section that Bush "suggested that the push to wean America from its oil addiction would be a priority of the last two years of his presidency." Saying the nation is "too dependent on oil," the President "promised that his administration would continue to pay for research into breakthrough technologies in ethanol, hybrid vehicles and nuclear power, and would uphold tax credits that he said were encouraging private investment to flood into the sector." The Times notes that Bush's speech "capped a two-day conference that featured government and industry leaders, including three members of Mr. Bush's cabinet, chief executives from Fortune 500 companies like Archer Daniels Midland and DuPont, and venture capitalists like Vinod Khosla." The remainder of the article focused on their remarks at the conference.

In an article on the President's campaigning for Hastert, the Washington Post (10/13, A11, Fletcher, 748K) notes briefly at the end of the article that "earlier in the day, Bush spoke at a conference on renewable energy in St. Louis," where "a woman in the crowd stood up during Bush's remarks and chanted, 'Out of Iraq now.'" The Post says Bush "ignored her and continued his speech, and the event staff swiftly removed the heckler." The Post also notes that, "While the president was well received by the audience at the St. Louis Convention Center, some environmental advocates accuse him of not doing enough to promote renewable energy sources while turning his back on conservation tools within his reach, including requiring more stringent fuel-economy standards."

In an online report, the Washington Post (10/13, Brubaker, 748K) said Bush "offered his audience a dose of Energy 101" and "trumpeted solutions to future US energy needs." Meanwhile, Rep. Edward J. Markey (D-MA), a member of the House energy committee, said Bush's speech addressed "only part of the nation's dependence on imported oil," and the President "again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

The St. Louis Post-Dispatch (10/13, Tomich, 300K) said Bush "spent most of his 25-minute speech repeating key points of his energy initiative unveiled eight months ago in the State of the Union message." The Post-Dispatch notes that critics "say the Administration has done too little to emphasize energy efficiency." The newspaper also noted that the President's speech was "momentarily interrupted" by an anti-war protestor.

The Kansas City Star (10/13, Kraske, 278K) notes that "Bush's visit to St. Louis was quick" and "spent the most time promoting ethanol." The Star notes that Bush "did not include a fundraising stop for [Sen. Jim] Talent's re-election campaign."

The Fort Worth Star-Telegram (10/13, Piller, 236K) says support of the ethanol-based E85 "puts Bush mildly at odds with Big Oil. … But Bush also had reassuring words for his longtime friends in the oil industry," saying, "I think we can drill for oil and gas in environmentally protected areas."

The AP (10/13) says the President's address Thursday echoed his State of the Union address and notes that energy is "a topic that transcends the top two issues in this year's election: the economy and national security."

The Houston Chronicle (10/13, Mason, 535K) notes Democrats responded to Bush's speech "by noting the former

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oilman's ties to the industry and calling his proposals a 'token' effort." Democratic National Committee Press Secretary Stacie Paxton said, "Despite the rhetoric, President Bush's energy policy is centered on doing what's good for his cronies in big oil rather than addressing the needs of hard-working Americans."

President Bush's visit to St. Louis received widespread local television coverage, particularly in the region. KSDK-TV St. Louis (10/12, 10:03 PM) reported, "St. Louis played host to the President today. The topic: renewable energy sources." The President "discussed everything from the growing use of ethanol, hydrogen fuel technology, and battery powered cars, and kept talking when a protestor interrupted his speech. The President went on as the single protestor shouted soldiers are not renewable. Whisked away by police and questioned by the Secret Service, she said she was proud of what she did." Protester Laurie Meier told KSDK, "Bush isn't listening, and he needs to listen to the people and somebody needed to do it." Meier told the station that "the police treated her well, but she wouldn't tell them or the Secret Service how she got in."

KPLR-TV St. Louis (10/12, 8:01 PM) reported, "Finding a way to end America's addiction to foreign oil. That's the theme of President Bush's visit here. Gas prices have retreated since the record highs of this summer, but the President says that relief doesn't remove the need to develop our own sources of energy." President Bush: "I welcome the lower gasoline prices, however, it's not going to dim my enthusiasm for making sure we diversify away from oil." KPLR said President Bush "found plenty of audience support when he pledged more government help for renewable fuel sources like ethanol, biodiesel and hydrogen….but not everyone wanted to hear about renewable energy, a protestor briefly interrupted the President. But the President wasn't deterred by outburst, and drove his point home by praising ethanol producers for being on the leading edge of an energy revolution." Bush said, "I like the idea of promoting a fuel that relies upon our farmers. I happen to believe a good farm economy is important to a good national economy." Fred Ferrel of the Wisconsin Department of Agriculture told KPLR, "It's so wonderful for agriculture to understand and play a major role in the United States in solving our energy problems. We are so grateful for the President's push." The station said, "Around St. Louis, consumers are also looking optimistically at new fuel sources. … Polling…has shown says that 4 out of 5 Americans want more renewable fuels, want a greater investment by the government in domestic renewables like ethanol and biodiesel."

Meanwhile, KMOV-TV St. Louis (10/12, 6:04 PM) led its evening broadcast with coverage of the First Lady's campaigning activities in St. Louis on Thursday. The station then noted briefly that President Bush "was in town for just a few hours. He gave about a half hour speech at the America Center for a two-day energy conference."

KOMU-TV Columbia, MO (10/12, 10:02 PM) reported, "The President and the First Lady stopped in St. Louis today. … The President spoke at a renewable energy conference. The President says Americans should feel more confident about energy because gas prices continue to drop. He also promoted new research in alternative energy. He said Congress needs to approve a bill allowing for more oil exploration. Bush also stressed the importance of reducing America's dependence on foreign oil."

WWLP-TV Springfield, MO (10/12, 11:15 PM) reported, "Speaking before folks attending a renewable energy conference in St. Louis, Bush promoted new research going on in alternative energy circles. He also said reducing America's dependence on foreign sources of oil is really a national security issue. … The President also talked about tax breaks for people who drive hybrid cars and turning farmers into energy producers with alternative fuel sources, like ethanol from corn and biofuel from soybeans." Similar reports were also aired by WHO-TV Des Moines, IA (10/12, 10:04 PM), KFDX-TV Wichita Falls, KS (10/12, 10:09 PM), KPIV-TV Idaho Falls (10/12, 5:06 PM), and WGEM-TV Quincy, IL (10/12, 5:07 PM).

WGAL-TV Harrisburg, PA (10/12, 11:11 PM) reported, "In Missouri, President Bush asked Americans to continue conserving gas. At an energy conference in St. Louis, the President says he is worried that cheaper gas prices will stop the nation from pursuing alternative energy sources."

WAGM-TV Presque Isle, ME (10/12, 6:04 PM) said Bush "especially touted the use of ethanol, which has boomed in the Midwest's Corn Belt, but several studies have said ethanol isn't quite the cure-all for energy problems that some have made it out to be."

The President's address also received some coverage on the cable news channels. For example, Fox News' Studio B with Shepard Smith (10/12, 3:15 PM) reported, "The President stopped in St. Louis on his way to Chicago. He said that he is happy that gasoline prices have fallen, but said that we shouldn't get too comfortable." Bush: "My worry is that a

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low price of gasoline will make us complacent about our future when it comes to energy." Fox News said the President "talked up ethanol and wind and other energy sources and is looking at tax incentives. He said that the goal is to cut the country's reliance on oil by 75% over the next 20 years."

The PBS Nightly Business Report (10/12, 6:34 PM) said, "President Bush today warned Americans not to become complacent about energy just because prices are falling at the gas pump. Speaking in St. Louis at a conference on renewable energy, the President said it's critical to encourage private sector investment in finding and developing new fuel sources. He says the country has the talent and wealth to wean us off our dependence on oil and the will to do it. … The President also pointed out that America has to import 60% of its oil from other countries. He says some of that crude comes from 'countries that don't particularly care for us.'"

CNBC's Street Signs (10/12, 2:24 PM) reported, "Despite the plunge in oil and gas prices, President Bush is trying to talk up ethanol and hybrid cars. The President spoke in the past hour on the subject in St. Louis."

The Bloomberg Report (10/12, 10:04 PM) reported, "President Bush wants the US to look for a way to break what he calls an addiction to oil. Today in St. Louis he said the US must focus on developing alternative energy sources in order to keep leading the world economy. … The President says he concerned that the recent drop in gas prices will lead to complacency." Lester Lave of Carnegie Mellon University told Bloomberg that President Bush's pledge to break the addiction to oil " is perfectly feasible, but I don't think the President has outlined any plan to do that. Simply by subsidizing that's not going to get us there."

Bush Speech Briefly Interrupted By Anti-War Protestor. A large number of local stations also noted the outbursts of an anti-war protestor during the President's speech Thursday. KPLR-TV St. Louis (10/12, 8:01 PM) noted the protester was "arrested and booked on a charge of general peace disturbance. St. Louis police reported only three other protesters."

WSBT-TV South Bend, IN (10/12, 11:10 PM) reported, "A heckler at President Bush's speech on energy in St. Louis started yelling when he said the US must develop alternative fuels to reduce the nation's dependence on foreign oil. Bush continued with his speech as officials pulled the woman by her coat sleeve out of the audience. But she began shouting louder. Bush continued and ended the speech to loud applause."

KRCG-TV Columbia, MO (10/12, 10:23 PM) reported, "A woman yelling about Iraq managed to briefly interrupt President Bush's speech on energy today in St. Louis. As the President spoke about the need to develop alternative fuels, a woman began chanting "Get out of Iraq now." … Bush continued with his speech as officials pulled the wan out of the audience by her coat sleeve. She began outing louder, but the President ignored her, and received extended applause."

KCTV-TV Kansas City, MO (10/12, 10:08 PM) reported, "A heckler interrupted President Bush's speech in St. Louis today. She demanded the US immediately withdraw from Iraq."

WTVG-TV Toledo, OH (10/12, 11:25 PM) said there were also "war protests at President Bush's speech in Missouri. Bush was in St. Louis to tout his energy plan. The protester shouted out about Iraq, now several times before being escorted from the building. The President gave a glance, even a wink, but continued with his speech."

WFXR-TV Roanoke, VA (10/12, 11:08 PM) reported, "President Bush didn't appear fazed today in St. Louis as a woman yelled during a speech on renewable energy sources. The woman was heard yelling, 'Out of Iraq, now." Although the President glanced her way, he didn't stop his speech. The President promoted new research into alternative energy ideas."

Friedman Urges Parties To Heed Public's Call For Energy Independence. In his New York Times (10/13, 1.21M) column, Thomas L. Friedman writes that James Carville "knows a gut issue when he sees one. So when Mr. Carville contacted me the other day to tell me about the newest gut issue his polling was turning up for candidates in the 2006 elections, I was all ears. 'Energy independence,' he said. 'It's now the No. 1 national security issue. … It's become kind of a joke with us, because no matter how we ask the question, that's what comes up.'" A recent Democracy Corps poll "asked the following question in an Aug. 27 survey of likely voters: 'Which of the following would you say should be the two most important national security priorities for the administration and Congress over the next few years?' Coming in No. 1, with 42 percent, was 'reducing dependence on foreign oil,'" with "combating terrorism" a "distant second at 26 percent." Carville "also noted that because their polls are of 'likely voters,' they have a slight

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Republican bias -- i.e., they aren't just polling a bunch of liberal greens." Carville and Stanley Greenberg "are professional campaign advisers. They get paid to get people elected -- not to offer feel-good nostrums. So when they tell you that their polling and focus groups around the country show that 'reducing dependence on foreign oil' is voters' top national security priority, you know that this issue has finally arrived. The party that captures it most credibly will be rewarded. Hello? Anybody listening?"

Reid Asks Senate Ethics Panel For Guidance On $1.1 Million Land Deal. NBC Nightly News (10/12, story 4, 0:30, Williams, 9.87M) reported there is "increased scrutiny for the top man for the Democrats in the Senate, Harry Reid?" NBC (Reid) added, "Yeah, well Reid bought $400,000 worth of land outside Los Vegas eight years ago. Six years later, he sold it for a $700,000 profit. Now the Associated Press in an investigation says he may have violated Senate ethics rules by not reporting some of the intermediate steps along the way. Reid says it's all perfectly legal but he's talking to the ethics committee. He said if technical changes, as he's calling them, needs to be made, he will do that."

CNN's The Situation Room (10/12, Blitzer) reported that "the Associated Press reporting that [Senate Minority Leader Harry] Reid failed to properly account for a business deal that allowed him to collect over $1 million on land he hadn't owned for three years. Reid's office strongly denies any wrongdoing by the senator, and suggests Republicans are simply promoting this story to take the focus off their own ethical and political troubles. Reid reportedly has asked the Senate Ethics Committee for an opinion on his handling of the land deal, and he's said to be waiting for a response."

WPost Criticizes Reid For Not Disclosing Land Deal. The Washington Post (10/13, A28, 748K) says in an editorial, "The best case for Senate Minority Leader Harry M. Reid (D-Nev.) is that he was sloppy about financial disclosure rules in accounting for a real estate deal on which he made a $700,000 profit. The more unattractive case is that the senator's inaccurate description of the investment was an effort to disguise his partnership with a Las Vegas lawyer who's never been charged with wrongdoing but whose name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s. As of now, the evidence points toward sloppiness." But the AP report "about Mr. Reid's dealings doesn't cast the senator in an attractive light. Neither does his response to the AP story, which indicates a casual disregard for the importance of accurate reporting of lawmakers' financial affairs."

Use Of Word "Unacceptable" Said To Reveal Bush's Frustration With Waning Influence. The Washington Post (10/13, A10, Smith, 748K) reports, "In speeches, statements and news conferences this year, the president has repeatedly declared a range of problems 'unacceptable,' including rising health costs, immigrants who live outside the law, North Korea's claimed nuclear test, genocide in Sudan and Iran's nuclear ambitions." Bush's "decision to lay down blunt new markers about the things he deems intolerable comes at an odd time, a phase of his presidency in which all manner of circumstances are not bending to his will: national security setbacks in North Korea and Iraq, a Congress that has shrugged its shoulders at his top domestic initiatives, a favorability rating mired below 40 percent. … Some presidential scholars and psychologists describe the trend as a signpost of Bush's rising frustration with his declining influence." The Post adds, "Bush's use of the term 'reflects in some ways his frustration with a world that doesn't seem as amenable to his policies as he would like them to be,' said Stanley A. Renshon, a political scientist at the City University of New York. Bush 'has strong views; he believes in doing what is right. All of those things give an emotional force to his response' to events he often sees and describes without nuance." Renshon "wrote a mostly-favorable book in 2004 about Bush's psychology."

Book By Former Advisor Says Bush Aides Privately Ridiculed Christian Conservatives. The Los Angeles Times (10/13, Wallsten, 918K) reports, "A new book by a former White House official says President Bush's top political advisers privately ridiculed evangelical supporters as 'nuts' and 'goofy' while embracing them in public and using their votes to help win elections. The former official also writes that the White House office of faith-based initiatives, which Bush promoted as a nonpolitical effort to support religious social service organizations, was told to host pre-election events designed to mobilize religious voters who would most likely favor Republican candidates." The assertions by David Kuo, "the former No. 2 official in the faith-based initiatives program, have rattled Republican strategists already struggling to convince evangelical voters to turn out this fall for the GOP." The Times adds, "Some conservatives

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lamented Thursday that the book, 'Tempting Faith: An Inside Story of Political Seduction,' also comes in the midst of the scandal involving former Rep. Mark Foley's interest in male congressional pages, another threat to conservative turnout in competitive House and Senate races." The book" is scheduled to hit stores Monday, but the White House responded to its assertions Thursday as excerpts began leaking out." In the book, Kuo, "who quit the White House in 2003, accuses Karl Rove's political staff of cynically hijacking the faith-based initiatives idea for electoral gain. It assails Bush for failing to live up to his promises of boosting the role of religious organizations in delivering social services." The White House "denied Kuo's account with help Thursday from two former officials popular among the evangelical base -- former speechwriter Michael Gerson and former faith-based initiative director Jim Towey." However, "neither Gerson nor Towey denied Kuo's assertion that politics did factor into the initiative."

Jones Stepping Down As NSC Spokesman. The Washington Post (10/13, A27, 748K) reports that after 3½ years as National Security Council spokesman, Frederick Jones is leaving the post this month. Jones "said that he will return to the State Department and that he plans to spend time with his wife, who is expecting a baby in January. But Jones said he also will explore other options, in case it is 'time to enjoy the fruits of this robust economy.'" The Post adds, "Gordon Johndroe, director of strategic communications and planning at the State Department, was named yesterday as Jones's replacement."

Waxman Disputes Medicare Drug Plan Projections. USA Today (10/13, 2B, Appleby, 2.27M) reports, "Medicare leaders misled seniors last month when they said premiums for Medicare drug plans would remain about the same in 2007, Rep. Henry Waxman, D-Calif., said Thursday. Waxman says his staff's analysis shows an average 13.2% increase for next year. But Medicare officials Thursday stuck to their estimate that rates will remain about the same — so long as beneficiaries are willing, in some cases, to drop traditional Medicare and sign up for an alternative, such as an HMO."

The Washington Post (10/13, A13, Lee, 748K) quoted Waxman as writing in a letter to Health and Human Services Secretary Mike Leavitt yesterday, "The department's numbers appear to be wrong, and they disguise significant increases in premiums for Medicare drug plans. … The release of erroneous information about the cost of premiums -- whether deliberate or not -- is a disservice to millions of seniors and a discredit to the department." Mark B. McClellan, the head of the CMS, "stood by the administration's estimate. He called Waxman's analysis 'misleading.'"

The Los Angeles Times (10/13, Alonso-Zaldivar, 918K) says that "several independent experts said it is true that seniors using the most popular type of Medicare prescription coverage -- a stand-alone drug plan -- will face significant premium increases next year unless they switch to more economical plans that often come with more restrictions. The prescription drug benefit is overseen by the government but delivered by private insurance companies that offer a variety of plans with differing features and premiums."

Advisory Group Backs 1.7% Pay Raise For Federal Employees. The Washington Post (10/13, D4, Barr, 748K) reports in its "Federal Diary" column, "The government's advisory group on federal pay yesterday backed an across-the-board 2007 salary increase of 1.7 percent for federal employees, but left open how additional funds for the raise should be split among big cities and other areas." The Federal Salary Council's staff "had prepared a proposal that would have sent more of the money available for locality pay to some big cities where federal salaries lag the most behind the private sector. But the council pulled back from approving the proposal after a union president raised questions about it and said such a change would be premature until more data are available to compare salaries in the federal and private sectors."

Air Force Seeking To Replace Aging Tanker Fleet. The New York Times (10/13, Cloud, 1.21M) reports, "Air Force officials said Thursday that they were seeking $13 billion over the next five years to replace their aging fleet of aerial refueling aircraft, a process that will take decades and could grow into one of the service's largest procurement programs." Air Force Secretary Michael W. Wynne and Gen. T. Michael Moseley, the Air Force chief of staff, told reporters "they hoped to award a contract by next summer and that the current timetable calls for the first planes to be delivered by 2011." The Air Force intends "to buy 10 to 15 planes a year, ending up with a total fleet of about 450 aircraft. Some analysts have said the cost of replacing the tankers could total more than $100 billion over the next three decades." One

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challenge will be persuading "Congress, which over the last two years has prohibited the Air Force from retiring any KC-135 tankers, to support replacing the tanker fleet at a time of increasing pressure on the military budget."

Lindsey Says Bush Should Be Proud Of Tax Cuts. Lawrence Lindsey, who was President Bush's chief economic adviser from 2001 to 2002, writes in the Wall Street Journal (10/13, A12, 2.03M) that President Bush "has every reason to be proud of his tax cuts. Granted, he shouldn't expect a chorus of bipartisan praise based on the numbers just released. But he should rest assured that economic historians will credit the tax cuts as having been a model of the successful application of economic theory to the real world."

WPost Says Bush Should Be "Realistic" About Revenue, Spending. The Washington Post (10/13, A28, 748K) editorializes, "And then what? That's the question everyone should be asking in the wake of Wednesday's announcement that the 2006 federal budget deficit came in at $247.7 billion, the lowest in four years. President Bush trumpeted the good news, saying that not only had the administration met its goal of cutting the deficit in half but that 'we've done it three years ahead of schedule.' … The important question, which is to say the question that the president and his congressional enablers aren't facing, is where things go from here. And the answer is, nowhere good." The Post adds, "Unless Mr. Bush shifts course and gets realistic about putting both revenue and spending on the table, and unless Democrats shift course and get realistic about the fact that current promises to beneficiaries are unsustainable, it's those 'future generations' that are going to pay the price for today's irresponsibility and inaction."

WSJournal Says Congress Should Find Way To Make FDA Drug Approvals Faster. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "Whoever controls Congress next year, the Food and Drug Administration is sure to be a political battleground. The controversial Prescription Drug User Fee Act of 1992 is scheduled for reauthorization, and the conventional political wisdom holds that the FDA is too 'cozy' with Big Pharma and thus overeager to rubber-stamp dangerous new drugs." Congress "should probably be looking for other ways to make FDA approvals still faster. Despite the high-profile Vioxx panic, the FDA is far more likely to kill by depriving you of a drug than allowing you to take a dangerous one."

OTHER NEWS:

Fed Report Paints Largely Positive Picture Of US Economy. The New York Times (10/13, Peters, 1.21M) reports, "Falling gas prices are leaving Americans with more money to spend, and inflation has become less of a threat in recent weeks, according to a report released yesterday by the Federal Reserve."

The Wall Street Journal (10/13, A2, lp, 2.03M) reports, "Job markets are tightening across the country, but that hasn't yet produced a notable acceleration in wages, the Federal Reserve's latest survey of economic conditions has found." The Fed's "beige book" also "found sharply slowing housing activity but no sign yet that consumer spending has broadly slowed. Falling energy prices have provided some relief while not yet leading to notably lower consumer prices, it said." USA Today (10/13, 2.27M), in a similar piece, reports, "The economy grew at a mixed or moderate pace in much of the nation from late August through September, with 'widespread cooling' in housing, the Federal Reserve said Thursday."

Trade Deficit Hits Record High. The Financial Times (10/13, Guha) reports, "The US trade deficit hit a record high for the second successive month in August, accentuating concerns about global imbalances and raising fresh doubts about the strength of US third quarter growth. … The August trade deficit hit $69.9bn, equivalent to an annual rate of nearly $840bn, figures released yesterday by the Department of Commerce showed. The somewhat balanced tone is consistent with the Fed remaining on hold for an extended period as it seeks to verify that inflation is easing as expected." The Wall Street Journal (10/13, A2, Hitt, 2.03M) and Washington Post (10/13, D1, Schneider, Henderson, 748K) run similar reports.

Dow Jones At All-Time High, Nears 12,000 Mark. NBC Nightly News (10/12, story 9, 0:15, Williams, 9.87M) reported, "Another record high on Wall Street today here in New York. The Dow was up more than 95 points [to close at 11,947.70], inching toward 12,000 now. NASDAQ up nearly 38 points for the trading day [to close at 2,346.18]." The Washington Post/AP (10/13, D3) reports the Standard & Poor's 500-stock index "rose 12.88, or 0.95 percent, to 1362.83." The Wall Street Journal (10/13, C1, McKay, 2.03M) also

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reports the stock numbers under the headline "Rally Puts Dow On Cusp Of 12000."

The Financial Times (10/13, Gangahar) reports, "US stocks rallied strongly…as the market welcomed a batch of strong earnings reports from companies including McDonald's and Harley Davidson and oil prices hit their lowest level this year early in the session. … Stocks were buoyed as oil prices were at their lowest this year in advance of the US government's weekly report on fuel, which was issued on Thursday morning."

Wal-Mart Loses Pennsylvania Wage Suit. The Wall Street Journal (10/13, A4, Covert) reports, "Wal-Mart Stores Inc. knowingly violated Pennsylvania labor laws by forcing employees to work during rest breaks and off the clock, a state jury found." The company "faces paying minimum damages of $62 million according to state labor statutes, and the total could easily exceed $100 million, plaintiff's lawyer Michael Donovan said in an interview. The Pennsylvania jury is slated to hear arguments on damages early today, he said." The Journal adds, "During the six-week trial, former Wal-Mart workers testified they were pressured to skip breaks or cut them short by store managers who had been promised bonuses for cutting costs."

The Washington Post (10/13, D2, Joyce) reports, "The lawsuit, brought by two employees on behalf of almost 187,000 current and former Wal-Mart employees, claimed that the company made workers in Pennsylvania miss more than 33 million rest breaks from 1998 to 2001. At least 57 other wage-and-hour cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings."

Democrats Seen As Poised To Win House. The Financial Times (10/13, Yeager, Luce) reports that in a "troubling sign for the Republicans, who have controlled the House since 1994 and the Senate since 2002, the Democrats are now ahead on all the Republicans' traditionally strong issues – most notably on national security and the 'war on terror' but also on taxes and the economy. One poll even showed the Democrats leading on 'moral values', one of the foundation stones of modern Republicanism." Political analyst Stuart Rothenberg said, "After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate." The Times adds the Democrats "have benefited from Mr Bush's growing difficulties in Iraq, in spite of a failure by the opposition party to produce a coherent alternative either to the president's "stay the course" or to calls for an almost instant withdrawal of US forces." But "most voters appear to understand that the Democrats would have little influence anyway over the course of the war in Iraq even if they won both houses of Congress." In an interview last month, former President Bill Clinton said, "Our candidates can say what they want about Iraq, because the American people, more or less, believe that it hasn't added to our security, that our policy is not working, and because they recognise that no one knows exactly what to do."

McClatchy (10/13, Thomma) reports Republicans are "in danger of losing control of the U.S. House of Representatives on Nov. 7, their brief September hopes for a surge of momentum burst by a barrage of bad news." Republicans still "hope that the perks of power - money and district boundaries drawn to protect incumbents - will shield them. But less than a month before Election Day, the Democrats appear poised to take the House, and with it gain the strength to stymie President Bush's agenda and the subpoena power to make him spend his last two years in office defending his first six." Stuart Rothenberg "forecasts Democratic gains of at least 15 seats and possibly as many as 25 to 30, up from his earlier range of 15 to 20." Larry Sabato of the University of Virginia "predicted Thursday for the first time that the Democrats would take the House by winning 221 to 225 seats, with 218 needed for control." McClatchy also ran thumbnail sketches of House races in the following districts: FL23, IN9, CA4, KY4, NC11, PA8, VA2, WA8, and MN1.

GOP Campaigns Seek To Shore Up Incumbents As Democrats Expand Targets. The Washington Post (10/13, A1, Balz, VandeHei, 748K) reports, "Faced with a deteriorating political climate, Republican Party officials are hoping to keep control of the House and Senate with a strategy aimed at shoring up enough endangered incumbents to preserve their majorities, while scaling back planned spending on races that now appear unwinnable." The National Republican Congressional Committee (NRCC) "has given back television time it had reserved in Democratic-held districts in West Virginia, South Carolina and Ohio -- apparently concluding that those races are beyond reach unless something dramatic changes the national political environment in the 25 days before the Nov. 7 election."

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Meanwhile, the Republican National Committee, "which is using its substantial resources to supplement the party's Senate campaign committee, has spent virtually all of its television money in just three states -- Ohio, Missouri and Tennessee -- hoping to build a levee strong enough to save those seats and the Senate majority." But "recent events, among them the problems facing Republican Sens. George Allen in Virginia and Mike DeWine in Ohio, make that task even more difficult, GOP strategists privately concede." On the other side, Democrats are "juggling pleas for financial assistance from candidates in House districts once considered second-tier opportunities." Some top Republicans "privately talk about losing a minimum of 12 seats, leaving them with a barely workable majority, and as many as 25 or 30 seats. Democratic strategists see the range of potential pickups in almost identical terms."

The AP (10/13, Espo) reports that when Republican Rep. Brian Bilbray "won a special election last summer in place of a jailed former lawmaker, Randy (Duke) Cunningham, relieved Republicans said it was a sign that Democrats had been hyping their prospects for the fall. Now it looks like the GOP is getting nervous again." The National Republican Congressional Committee "recently commissioned a poll of the San Diego-area district and spent money for mass mailings. Bilbray's opponent on Nov. 7 is Francine Busby, the woman he defeated in June." Republicans also "show signs of concern over several other districts that have not generally been on either party's lists of competitive seats. Among the lawmakers are Reps. Jean Schmidt of Ohio, Mark Souder of Indiana and John Sweeney of New York."

Krugman Predicts Democratic "Storm Surge" Will Produce Large Majority. In his New York Times column (10/13), Paul Krugman takes issue with conventional wisdom predicting a narrow Democratic House majority, saying, "A huge Democratic storm surge is heading toward a high Republican levee. It's still possible that the surge won't overtop the levee — that is, the Democrats could fail by a small margin to take control of Congress. But if the surge does go over the top, the flooding will almost surely reach well inland — that is, if the Democrats win, they'll probably win big." Because there are "many districts that the G.O.P. carried by only moderately large margins in recent elections, a large Democratic surge — one only a bit bigger than that needed to take the House at all — would sweep away many Republicans holding seats normally considered safe. If the actual vote is anything like what the polls now suggest, we're talking about the Democrats holding a larger majority in the House than the Republicans have held at any point since their 1994 takeover." Be "prepared to wake up less than four weeks from now and learn that everything you've been told about American politics — liberalism is dead, whoever controls the South controls Washington, only Republicans know 'the way to win' — is wrong."

Dionne Says GOP Could Lose Five Seats In New York. In his Washington Post column (10/13, A29), E.J. Dionne examines the Republican Party's fading fortunes in New York state, saying, "The Republican collapse here has been driven by two streams of defectors: suburban moderates and Upstaters. As a result, the entire Democratic ticket, led by Sen. Hillary Rodham Clinton and Eliot Spitzer, the party's candidate for governor, is expected by just about everyone to sweep the state. As many as five Upstate Republican congressional seats -- they would constitute a third of the 15 seats that Democrats need to win the House -- are in jeopardy."

Democrats Target Personal Lives Of GOP Candidates In Key Races. The Washington Post (10/13, A6, VandeHei, 748K) reports that in the "wake of the Mark Foley page scandal, Democrats are targeting the personal lives of Republicans in numerous key House races as part of a campaign to capitalize on voter disgust with the messy personal lives and alleged character defects among elected officials." Although Democrats' "internal polling shows that the Foley scandal is resonating deeply only in half a dozen races, party operatives are calculating that GOP candidates are now unusually vulnerable to personal attacks, several candidates and strategists said." In New Jersey, Democratic candidate Linda Stender "this week sent voters a two-page brochure accusing Rep. Mike Ferguson (R) of improperly preying on young women in a fashionable D.C. nightclub." Democratic candidate Chris Carney "is running an ad accusing Rep. Don Sherwood (R-Pa.) of 'repeatedly choking' and 'attempting to strangle' a young mistress." Democratic candidate Kirsten Gillibrand "is calling on GOP Rep. John E. Sweeney in Upstate New York to explain a drunken driving arrest 30 years ago and a more recent car accident." All three races "highlight a much broader Democratic campaign to politicize the Foley page scandal over the final four weeks of the campaign, Democratic candidates and strategists say." A Democratic aide "familiar

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with the party's plan to take advantage of the Foley affair" said, "Top Democratic officials believe 'that anybody who had a personal vulnerability before this is totally [at risk] with the spotlight on scandal. Frankly, it is a tough environment out there if you have a problem with the bottle or the zipper.'" The Post adds former Republican National Committee chairman Ed Gillespie "said Democrats are dangerously close 'to overreaching' in their attacks, risking a political backlash like the one that damaged Republicans after they pushed for the impeachment of President Bill Clinton over the Monica S. Lewinsky scandal in 1998. Democratic operatives said they are aware of this possibility but are calculating that, as long as the attacks are at the local level, they will not backfire."

House Republicans Reportedly Meet Rove Fundraising Challenge. The AP (10/13, Espo) reports, "Call it a political challenge grant — you raise $5 million, and a big benefactor will kick in another $5 million." That's the "pledge that White House political strategist Karl Rove made this summer to Rep. Tom Reynolds, the head of the House Republican campaign committee, according to several officials. The arrangement was deemed so sensitive that no public announcement was made." House Republicans "agreed to increase the target for their so-called 'Battleground' program, in which incumbent GOP lawmakers are prodded to donate or raise money for use in races other than their own. This year's program is run by Rep. Eric Cantor, R-Va., and the money goes to the National Republican Congressional Committee, which pays for television commercials, political mailings and other activities in the country's most competitive races." Cantor was originally "given a goal of $17.5 million, and met it. The target was then raised to $22.5 million as part of an understanding that Rove would kick in $5 million on top of it, according to officials familiar with the details. The program has generated roughly $21 million in pledges so far." One official "said the pledge money was to come from funds remaining after President Bush's 2004 re-election campaign, but a spokeswoman at the Republican National Committee said that was not true."

Cheney Campaigns For Ryun, Says Democrats Will Raise Taxes. The AP (10/13, Hanna) reports Vice President Dick Cheney visited Topeka, Kansas to tell "fellow Republicans that tax cuts and a vigorous war on terrorism are at stake in this year's election." At a fundraising event for Rep. Jim Ryun, Cheney "touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a 'strategy of resignation and defeatism' abroad." Cheney said, "In all the decisions that will come in the next two years, it's going to matter a great deal which party has the majority on the floor and the gavel in committee. The stakes in this campaign are high." The AP adds Democrats "argued Cheney's visit shows Republicans are worried that Ryun, who's seeking a sixth term representing Kansas' 2nd District, might lose to Democratic challenger Nancy Boyda." Ryun's campaign "said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney."

Prospect Of Tax Hikes Is Key GOP Theme. The Washington Times (10/13, Hallow, 88K) reports President Bush and Republican congressional candidates "are talking more about taxes in speeches, debates and TV spots after polls showed it is the Republican Party's best issue in a tough midterm election season." Bush cited the issue at an event this week for former Rep. Mac Collins, who is challenging Democratic Rep. Jim Marshall, saying, "One of the most important issues on the ballot this November is taxes. There is a fundamental difference between the Republican and Democratic parties on this important issue." The Times adds, "After being off the campaign radar for months, the tax issue is now turning up in races from Virginia to Minnesota, with a little recent help from Democrats."

Cheney Visits New Orleans, Raises Funds For RNC. The AP (10/12) reports that during his first trip to New Orleans "in more than a year, Vice President Dick Cheney attended a Republican fundraiser after getting briefed on efforts to protect New Orleans from future floods." Cheney's "stopover in New Orleans was also criticized by Democrats, who released a news release questioning the vice president's decision to not spend time in areas flooded by Katrina." Cheney was "shuttled into New Orleans in a motorcade and met privately with Donald Powell, the administration's recovery czar for the battered Gulf Coast, U.S. Sen. David Vitter, R-Metairie, and Brig. Gen. Robert Crear, commander of the Mississippi Valley division of the U.S. Army Corps of Engineers." The Vice President "acknowledged that there are still some unfilled gaps in flood protection system,

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but he said overall he was 'tremendously impressed.'" In the "late afternoon, Cheney headlined a Republican National Committee fundraiser at the World Trade Center. The RNC said the event was expected to raise $180,000 in campaign cash."

Laura Bush Attends Fundraiser For Talent. The St. Louis Post-Dispatch (10/13, Mannies, 300K) reports that besides "planting a tree in Forest Park and flipping a pink light on at the Arch, Laura Bush also had a political role to fill while in town Thursday. Her task: to help energize the region's Republican base about U.S. Sen. Jim Talent's bid for re-election Nov. 7." Bush had "plenty of help. Also in the region Thursday was her husband, President George W. Bush, and Republican National Committee chairman Ken Mehlman." Although "many of their events were nonpolitical, the appearance of all three in the same state on the same day is a rare occurrence that underscored Missouri's political importance this fall, said David Robertson, a political science professor at the University of Missouri at St. Louis." Laura Bush was "the chief attraction Thursday afternoon at a fundraising event for Talent in west St. Louis County that collected $300,000 for his campaign."

First Lady Attends St. Louis Arch Lighting For Breast Cancer Month. The Washington Post (10/13, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column, "Laura Bush was in St. Louis last night to see the city's landmark 630-foot arch lit up in pink for Breast Cancer Awareness Month -- the brainchild of cosmetics executive Evelyn Lauder, who also invented the pink-ribbon symbol." The National Park Service "originally turned down the request two years ago, so Sen. Jim Talent (R-Mo.) successfully pushed legislation making an annual exception. Lauder attended the first lighting last year but missed this year's ceremony -- she's in Washington today, where top businesswomen will honor her philanthropic work for breast cancer research."

Liberals, Conservatives React Differently To Terror Threats. The Wall Street Journal (10/13, B1, Begley, 2.03M) reports a "growing number of studies offer clues as to how terrorism and other deadly events affect people's voting decisions. The latest research shows that because such violent political acts are brutal reminders of death, they make conservatives, but not liberals, more hostile toward those perceived as different, and more supportive of extreme military policies, according to a study in April in Personality and Social Psychology Bulletin." Although some voters "would feel betrayed by incumbents who failed to protect them, researchers say, these days that trend would more likely be swamped by a surge toward candidates perceived as hawks on national security."

Clinton Says Conservative Republicans Hurting US. The AP (10/13, Hennessey) reports former President Bill Clinton said "the nation has been 'jammed into an ideological corner' by conservative Republicans and is primed for a power shift in the November elections." At a Democratic fundraiser in Las Vegas, Clinton said, "This is an election unlike any other I have ever participated in. For six years this country has been totally dominated - not by the Republican Party, this is not fair to the Republican Party - by a narrow sliver of the Republican Party, its more right-wing and its most ideological element. When the chips are down, this country has been jammed to the right, jammed into an ideological corner, alienated from its allies, and we're in a lot of trouble." The AP adds Clinton "addressed a group of about 50 top-level donors to the Jack Carter for Senate campaign."

Santorum, Casey Clash On Wide Range Of Issues In Senate Debate. The AP (10/13, Yates, Hefling) reports Sen. Rick Santorum and Democrat Bob Casey "bickered about everything from Santorum's residency to immigration in a contentious debate Thursday that was their first in Pennsylvania." Santorum "accused Casey of relying on the name of his father, the late Gov. Robert P. Casey, and not offering plans of his own." He "closed with an impassioned speech in which he said he has worked hard and been rewarded by Pennsylvanians and his Republican colleagues with a leadership position" Casey "closed with a promise to bring health insurance to more children and protect workers from unfair trade deals." The debate "started on a contentious note with a question to Santorum about his decision to keep a home in a Washington suburb in Virginia where he primarily lives with his wife and six kids. Questions have been raised throughout the campaign about Santorum's use of tax dollars from Pennsylvania to fund his children's cyberschool education." Santorum then "turned to Casey and accused him of not showing up for work in his position as the state treasurer, and repeatedly asked him to look into the camera and tell voters how many times he has shown up." Casey "did not. He repeatedly told Santorum to 'pay the

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money back' that had been used to fund the cyberschool education."

The Harrisburg Patriot-News (PA) (10/13, Lieberman, 107K) reports Santorum and Casey "pointed fingers and exchanged barbs and charges of hypocrisy during a tense debate yesterday that showed how personal the Senate election has become. The accusations and fireworks lasted throughout, when Santorum was questioned about perceptions that he's been dishonest about where he lives, to the end, when he accused Casey of being lazy and trying to coast into office on his famous name." The "bitter exchanges came over issues such as Santorum's residency and the candidates' negative ads, but the debate degenerated when they talked about immigration reform, U.S. policies toward Iraq and Iran and how to stop the spread of nuclear weapons." After Casey "faulted the Bush administration's handling of Iran and North Korea," Santorum said, "You don't understand the issues." Casey "faced more scrutiny of his positions and record from Santorum and the KDKA and Pittsburgh Post-Gazette panelists yesterday than he did in a debate with Santorum on NBC's 'Meet the Press' last month." But Casey, "who has been criticized for his low-key style, showed a more aggressive side as he repeatedly challenged Santorum to 'answer the question.'"

The Pittsburgh Tribune-Review Debate (10/13, Wereschagin) reports the "feisty debate…spun out of the moderator's control almost from the start," as Santorum "accused Democratic challenger Bob Casey of skipping work and offering no solutions to the nation's dilemmas, while Casey denounced Santorum for being beholden to oil companies and for not recognizing the country has problems." Casey "criticized the Bush administration and Santorum for what he said is a fixation on Iraq that has allowed Iran and North Korea to advance their nuclear weapons programs. He also challenged Santorum to close a loophole, which he said allows Halliburton, a defense contractor once run by Vice President Dick Cheney, to do business with Iran."

The Pittsburgh Post-Gazette (10/13, Toland, 241K) reports the "issues took a back seat to the candidates' sparring and demeanor. Mr. Santorum, a Republican, frequently challenged his Democratic foe to 'look in the camera' and tell Pennsylvania the truth. After many of Mr. Casey's responses to panelists' queries, Mr. Santorum rolled his eyes and said: 'You will not get this man to answer the question.'" Casey, meanwhile, "repeatedly alluded to the incumbent's poor poll numbers. 'Hey Rick, I know things are tough,' he said. 'Don't be a desperate campaigner.'" The Post-Gazette adds, "And that was just the first 10 minutes. Over the course of the hour, the candidates battled on the Iraq war, border security and amnesty for undocumented immigrants, Social Security, pay raises and other issues." Both candidates "were evasive to varying degrees, but Mr. Casey more so. That was partly because, at least twice, Mr. Santorum asked questions designed to trip him up -- first, he wanted to know if Mr. Casey remembered the name of former Iranian president Mohammad Khatami; second, he asked Mr. Casey if he knew precisely what percentage of the Pennsylvania Public School Employees' Retirement System's assets is invested in companies that are notorious for outsourcing jobs (he said the answer was 25 percent)." Santorum, "as a result, appeared to have a better grasp of the issues, at least those ones that were raised yesterday."

Corker "Retools" Campaign In Effort To Regain Edge. The Washington Times (10/13, DeBose, 88K) reports Republican Bob Corker "has retooled his campaign in an effort to regain his lead over Rep. Harold E. Ford Jr." in the Tennessee Senate Race. Corker spokesman Todd Womack said, "We've made a number of enhancements to the campaign. They are more about addition than subtraction ... adjustments to ensure that we win this election, and we will." The Times adds the "new campaign chairman is Tom Ingram, a longtime political insider in the state who serves as chief of staff to Sen. Lamar Alexander, Tennessee Republican." Corker also has "hired a new media consultant, former EMI Records executive Fred Davis. The campaign has moved its headquarters from Chattanooga to Nashville, the state capital." Democrats "seized on the Corker campaign shake-up," and Democratic Senatorial Campaign Committee spokesman Phil Singer said, "Corker is in disarray, shaking things up and hiring Hollywood media types instead of explaining things like why he's for staying the course in Iraq one day and against it the next."

Steele Criticizes Bush, Democrats On Education Policy. The Washington Post (10/13, B2, Marimow, 748K) reports Republican Michael S. Steele, "who often avoids mentioning his political affiliation in the overwhelmingly Democratic state, took one of his most direct swipes at his party in a new commercial yesterday while

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continuing to fault Democrats." Steele "criticizes Republicans for creating an education policy 'that teaches to a test,' a reference to President Bush's No Child Left Behind law, and Democrats for putting 'bureaucracy ahead of our kids.'" Steele said, "Some Republicans forget folks still climbing that ladder," while Democrats "just raise their taxes." The Post adds Democratic Rep. Benjamin L. Cardin is "trying to use the lieutenant governor's own words to pin Steele to the unpopular president. In the Democratic candidate's latest 30-second spot, the announcer says, 'Steele wants you to believe he'll follow his own convictions. The truth?' The screen then flashes to Steele onstage at the 2004 Republican National Convention declaring: 'The standard-bearer of these convictions is George W. Bush.'"

Political Atmosphere In Montana Seen As Favoring Tester. NBC Nightly News (10/12, story 5, 4:10, Brokaw, 9.87M) reported, "Montana's Republican Senator Conrad Burns is running for his fourth term at a time when the state appears to have growing doubts about the Bush Administration. Fully half the Montanans polled in a recent survey said they thought the nation was headed in the wrong direction. Only a third thought it was on the right course. So this campaign sums up a lot of the Republican problems nationwide. Homecoming at Montana State University and Senator Conrad Burns has a hard ride in rough weather in his re-election campaign. Charges of Republican Party corruption, growing doubts about Iraq, and a general feeling Washington is dysfunctional have given Democrat Jon Tester, a farmer and state legislator, a seven-point lead in the latest poll."

Black Leader Accepts Lieberman's Claim He Marched With King. The Washington Times (10/13, Pierce, 88K) reports in its "Inside Politics" column, "A black leader who had accused Connecticut Sen. Joe Lieberman of lying about his civil rights record said yesterday that he accepted Mr. Lieberman's word that he marched with 1960s-era activists against segregation. 'It is true that he marched with Dr. King, but I believe Dr. King would be disappointed in his record as a senator over the past 18 years,' said Henry E. Parker, a former state treasurer, in a statement released by the campaign of Mr. Lieberman's rival, Ned Lamont. 'I accept the fact that Sen. Lieberman provided documentation that he participated in the civil rights movement in the '60s,' Mr. Parker added."

Labor Slows Outreach To Republicans. The Wall Street Journal (10/13, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Labor curbs outreach to Republicans as Democratic prospects brighten. Teamsters and FireFighters, among others, had vowed to ramp up Republican support to increase their clout while Bush's party held power. But enthusiasm has faded, a Teamsters official explains, because 'Republicans went too far. We need a leadership change.'"

Warner Announces He Won't Run For President In 2008. ABC World News (10/12, story 3, 0:15, Gibson, 8.78M) reported, "There was an announcement that shook up the 2008 presidential race. Former Virginia Governor Mark Warner, who was expected to run, says he will not. Warner had raised a lot of money and gotten encouragement from some Democratic Party pros, but Warner said today, 'I want to have a real life.'" Fox News' Special Report (10/12, Hume) said Democrats "had pinned hopes on him because he won in a Republican state. and seemed to be a viable alternative to Hillary Clinton."

The Richmond Times-Dispatch (10/13, Shappiro) notes "Warner did not rule out the possibility that he will seek another elected office. He could run for governor in 2009 or Senate in 2008. 'I wouldn't rule anything out.' Asked whether he was interested in running for vice president, Warner said: 'It's not something I seek.'" The New York Times (10/13, Zeleny, Stout, 1.21M) also says "the decision by Mr. Warner, party officials said, does not remove him from the short list for vice presidential running mates, regardless of who wins the Democratic presidential nomination."

The AP (10/13, Lewis) reports Warner also "left open the possibility of a future presidential bid, but conceded: 'Things will probably never be as aligned as they are right now.'" Warner "said he arrived at his decision over several weeks. He said neither his wife, Lisa Collis, nor his daughters, ages 12, 15 and 16, discouraged him from running. In a written statement, he said he made the decision after celebrating his father's 81st birthday and taking his oldest daughter on a college tour."

The Washington Post (10/13, A1, Shear, 748K) reports, "Advisers who were in his kitchen cabinet when he was governor were shocked by the decision during a conference call Wednesday night; they had been told initially that Warner wanted to discuss 'strategy.' Several of his staff at Forward Together, the political action committee that was being

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fashioned into a full-blown presidential campaign, burst into tears when he told them at 9 a.m. Thursday."

On its web site, Time (10/13, Carney, 4.03M) reports, "Perhaps there's…a skeleton in a closet that was about to get the kind of rummaging that only a presidential campaign can bring." But "the known evidence suggests he is being honest. Those close to him say that even though his wife and daughters were willing to support a presidential run, he felt guilty about missing so much of his children's lives for the sake of pursuing political office. A fiercely ambitious man, he discovered something he didn't expect when he asked himself how badly he wanted the ultimate prize: ambivalence."

The AP (10/13, Sidoti) reports, "The field of centrist Democrats from Republican-held states has winnowed to Sen. Evan Bayh, a former Indiana governor, and Iowa Gov. Tom Vilsack. Former Sen. John Edwards of North Carolina, the Democrats' vice presidential candidate in 2004, now is the only Southerner left in the field." Edwards, Vilsack and "New Mexico Gov. Bill Richardson could be more attractive to voters looking for a candidate who works outside of Washington." The AP adds, "Others expected to run include Kerry, D-Mass., and Democratic Sens. Joe Biden of Delaware, Russ Feingold of Wisconsin, and Christopher Dodd of Connecticut." It's also" possible that Warner's exit could encourage more Democrats to jump into the mix, such as first-term Sen. Barack Obama, D-Ill."

The Washington Times (10/13, Bellantoni, McLaughlin, 88K) reports, "The loss of a centrist Democrat from a southern state when former first lady Sen. Hillary Rodham Clinton is the presumed 2008 front-runner throws a wrench into the presidential primary contest. Bloggers and party activists worried the remaining contenders don't have a resume as impressive as Mr. Warner's that could beat Mrs. Clinton, a New York Democrat many call polarizing."

Newsday (10/13, Thrush) also says Warner's exit "may be an even bigger boon to 2004 vice presidential candidate John Edwards, even though the former North Carolina senator is more liberal than Warner. … Another beneficiary…is Indiana Sen. Evan Bayh, a moderate whose views are closer to Warner's."

USA Today (10/13, Lawrence, 2.27M) reports, "Bayh was on the phone Thursday courting Warner supporters, spokesman Dan Pfeiffer said." The Washington Post (10/13, A4, Cillizza, 748K), in an analysis piece, says "the most obvious Democrat to benefit from Warner's surprise announcement, in the view of many party strategists." However, "some party strategists suggested that the greatest opportunity for a Democrat seeking to be the anti-Clinton alternative will -- unlike Warner's canceled candidacy -- emerge on the ideological left. 'I just don't think there is any oxygen in this race for the space that Warner was looking to occupy -- that being the moderate, establishment, electable, successful, business-entrepreneur-turned-one-term governor,' said Chris Lehane, an experienced Democratic operative."

William Schneider, on CNN's The Situation Room(10/12) said "the Democrat who is likely to benefit most is [former Sen. John] Edwards. … Edwards appears to be running strong in Iowa, where he came in second in 2004 ahead of Howard Dean. Edwards' economic populism could help him with union voters in Nevada five days later."

The Los Angeles Times (10/13, Reynolds, 918K) reports, "Some Democratic strategists worry about Clinton as a candidate, in part because her time as first lady made her a polarizing figure. That has focused attention on less well-known Democrats, particularly the moderates. 'The center of the race is now less crowded,' said a senior advisor to one of the other Democratic contenders, who spoke on condition of anonymity while discussing campaign strategy. 'We have opportunities today that we did not have yesterday.'"

McCain, Clinton Top New Hampshire Primary Poll. The AP (10/13) reports a New Hampshire poll "released Thursday indicates that John McCain and Hillary Clinton are the early front-runners in New Hampshire for their parties' nomination for president in 2008." A total "of 515 likely voters were asked about 20 potential presidential candidates in the latest Granite State Poll conducted by the University of New Hampshire Survey Center for WMUR-TV." The "largest group of New Hampshire Republicans is supporting McCain, with 32 percent. Former New York City Mayor Rudolph Giuliani is next with 19 percent, followed by Massachusetts Gov. Mitt Romney, with 15 percent. Ten percent said they would vote for Secretary of State Condoleezza Rice. Two percent favor some other candidate and 14 percent are undecided." Among Democrats, "Clinton was the favorite, with 30 percent choosing her. John Edwards is next with 16 percent, and Al Gore is at 10 percent. Sen. John Kerry is the choice of 9 percent of Democrats."

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Romney Hires Former Jeb Bush Aide. The Los Angeles Times (10/13, Wallsten, 918K) reports with the Republican Party's "conservatives lacking a favorite candidate for the 2008 presidential race, Massachusetts Gov. Mitt Romney has hired a strategist who might help him win their favor." Sally Bradshaw, "a longtime political advisor and confidante to Florida Gov. Jeb Bush, confirmed Thursday that she has signed on as a consultant to Romney's political action committee." Known in Florida circles "as Jeb Bush's equivalent to President Bush's Karl Rove, Bradshaw will advise the Romney campaign on navigating the complicated political contours of the most populous battleground state. But more important in the context of what is likely to be a competitive GOP primary, Bradshaw's presence helps Romney shore up his credentials with conservatives who view the Florida governor as one of their favorite Republicans."

Nevada Reshuffles Political Calculus For Democratic '08 Contenders. The New York Times (10/13, Steinhauer, 1.21M) reports the name of the Democratic candidate for governor in Nevada, Dina Titus, "is tattooed on the brain of most every Democrat who wants to be president, because of Nevada's newly vaunted position in the 2008 election calendar." Since Democrats "moved the caucus here smack between the Iowa caucus, the first contest of the year, and the New Hampshire primary, Ms. Titus has worked the fund-raising circuit with Gov. Bill Richardson of New Mexico and Senators Russell D. Feingold of Wisconsin and John Kerry of Massachusetts and former Senator John Edwards of North Carolina. Senators Hillary Rodham Clinton of New York and Evan Bayh of Indiana and Gov. Tom Vilsack of Iowa are on their way." Titus, a "a little-known state lawmaker" has "leveraged the attention into a suddenly competitive race against Representative Jim Gibbons, the Republican candidate for governor." How Nevada "changes the calculation for Democratic contenders is a matter of debate within incipient campaigns, a sort of election wild card. And even as they zip off to the state to appear at fund-raisers, most potential candidates do not want to discuss the issue, partly out of fear of alienating New Hampshire."

Schwarzenegger's "Central Political Mystery" Examined. USA Today (10/13, Kasindorf, 2.27M) reports last year, California Gov. Arnold Schwarzenegger "looked very much like the Republican he is: He waded into confrontations with the Democratic Legislature and unions of public employees. He proposed caps on state spending and eliminating legislators' long-lasting power to design their districts." This year, Schwarzenegger has "all but become a Democrat. Reversing course after his popularity rating sank to 37%, he joined Democrats in placing proposals on the Nov. 7 ballot to borrow a record $37.3 billion for highways, schools and levees. And he signed a law that made California the first state to try to reduce global warming by forcing industries to cut greenhouse gas emissions." Schwarzenegger "holds a 17-point lead in statewide polls over state Treasurer Phil Angelides, 53, the Democratic challenger." This year's "self-reversal exemplifies the central political mystery of Arnold Schwarzenegger: continual change that has kept voters and politicians guessing whether the Austrian-born, self-made megamillionaire is at heart a Republican, a Democrat or a combination of the two."

Angelides Demands Equal Time On Tonight Show. CNN's The Situation Room (10/12, Blitzer) reported that California Gov. Arnold Schwarzenegger's Democratic challenger, Phil Angelides' campaign "is asking NBC for equal time, under the Federal Communications Commission rules for broadcast coverage of political candidates" following the Governor's recent appearance on The Tonight Show. The FCC "isn't commenting. So far, neither is the Schwarzenegger campaign, letting the governor's quips with Leno and his lead in the polls speak for themselves."

The Los Angeles Times (10/13, 918K) criticizes the Tonight Show, saying in an editorial, "Not many weeknight couch potatoes would be lured to their TV sets by the prospect of California's Democratic gubernatorial candidate trading quips with Leno about his humble Sacramento upbringing or his plan to raise the income ceilings on Cal Grants, which is why his invitation to appear on the program hasn't so far materialized. Yet it's also why Leno and NBC should have known better than to invite Angelides' more telegenic Republican rival for the governor's office, Arnold Schwarzenegger, on the show just four weeks before the election."

Near-Record Number Of Initiatives To Appear On Midterm Ballots. USA Today (10/13, Frank, 2.27M) reports voters next month "will decide the most citizen-sponsored referendums in a non-presidential election in nearly 100 years, as groups step up efforts to shape policy

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by putting measures directly to popular vote." Eighteen states will "decide 76 ballot initiatives in November, according to the National Conference of State Legislatures. That's exceeded only by 87 such measures in 1914 — when initiatives were popular as part of the Progressive movement that fought moneyed special interests, the conference says." University of Florida political scientist Daniel Smith said, "We're seeing initiatives go more and more into battleground states. Groups want to use them to mobilize their supporters."

Former President Ford Hospitalized. Former President Gerald Ford was hospitalized yesterday for medical tests, his office said. The AP (10/12) reported that Ford "was doing well at Eisenhower Medical Center, spokeswoman Penny Circle said in a statement. She did not disclose the nature of the tests."

ABC World News (10/12, story 4, 0:15, Gibson, 8.78M) reported that this is ford's fourth hospitalization this year. In August, "the former President underwent two procedures to help his heart."

NBC Nightly News (10/12, story 10, 0:25, Williams, 9.87M) reported, "This summer he had a pacemaker installed. He is said to be doing well and we wish him well."

Russia, China Balk At Provisions Of US North Korea Sanctions Resolution. The Los Angeles Times (10/13, Farley, 918K) reports the United States "introduced a draft resolution Thursday for sanctions against North Korea in the wake of its announced nuclear test, pushing for a vote Friday, but Russia and China have balked at two key measures and say they want more time." The resolution "calls for an arms embargo, a ban on goods related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It would also allow the interception and inspection of suspected nuclear and missile materials going in and out of North Korea." Russia and China, "sensitive to the prospect of such activity so close to their borders, are concerned about whether proposed inspections of all North Korean cargo would be legal. The neighbors, which as permanent members of the Security Council hold veto power, also are worried that the resolution would allow possible military action."

CNN's The Situation Room (10/12, Blitzer) reported, "The United States says it's still pushing for the U.N. Security Council to vote on sanctions by tomorrow. The US ambassador John Bolton says the Council should respond to North Korea's defiance in the same week the communist regime claimed to conduct a nuclear test. The US now circulating what's being described as watered down resolution. Some of the more severe sanctions originally sought by the Bush Administration have apparently been dropped to make sure China and Russia stay on board. But both nations still appear to have some serious reservations to the kind of very tough sanctions the White House wants."

The Washington Post (10/13, A24, Lynch, 748K) reports the Security Council "moved closer Thursday night to agreement on a resolution that would impose an arms embargo and broad financial sanctions on North Korea in response to its claimed nuclear test." Washington, Moscow, Beijing, London, Paris and Tokyo "hammered out a compromise text that was to be sent to capitals Thursday night for approval, diplomats said. The preliminary deal was struck after the United States, acting at the request of China, included assurances that the resolution could not be used as a pretext for future military action against North Korea." President Bush and Secretary Rice met earlier yesterday with Chinese State Councilor Tang Jiaxuan, and they "pressed Tang to support a series of tough measures designed to compel North Korea to halt its nuclear activities and" rejoin the six-party talks.

The AP (10/13, Schweid) reports Secretary of State Rice said that Beijing "agrees that North Korea's nuclear test was a grave development that makes Northeast Asia much less secure." She "predicted the" UN Security Council "would respond to North Korea's nuclear test 'with a very good resolution that will demonstrate to the North Koreans that the international community is very much united in its condemnation of this test.'"

The Washington Times (10/13, Pisik, 88K) reports the US "watered down elements of its U.N. Security Council condemnation of North Korea to win crucial support from Russia and China, but appeared unlikely to get the vote it is seeking by today." Washington wants "a tough rebuke this week of Pyongyang's announcement of a nuclear test, as well as legally binding measures to close down the communist state's access to nuclear and military materiel and illicit sources of funding." Russian and Chinese UN ambassadors "urged the resolution co-sponsors to slow down and leave some room for diplomacy -- both in their own capitals and directly with the North Korean regime."

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USA Today (10/13, Wiseman, 2.27M) reports the US and Japan "are pressing the U.N. Security Council — including a reluctant China — for a vote as early as today on sanctions against North Korea for its reported nuclear test." Though China "denounced North Korea in harsh terms, it has in the past balked at imposing serious sanctions on the Pyongyang government. It fears that economic pressure could destabilize North Korean dictator Kim Jong Il's regime, which could send refugees into China."

The AP (10/13, Lederer) reports Russia and China "wanted to focus on reining in the North's weapons programs and China wanted to ensure that nothing in the draft could trigger military action." The new US draft "circulated Thursday night tries to satisfy both the United States and China on the scope of sanctions. It also eliminates a blanket arms embargo in the previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft."

A lengthy and more negative piece in the New York Times (10/13, Hoge, 1.21M) says Washington's "push to win Security Council backing for tough, swift sanctions against North Korea appeared to be set back by China and Russia on Thursday, in an echo of the obstacles the United States faces in a similar push to punish Iran." Moscow and Beijing "immediately signaled their opposition to critical parts of" Washington's "softened" draft UNSCR "and said they needed more time." Beijing "appeared to be walking a line between punishing North Korea and preventing the United States from taking measures that would seriously threaten the government, according to the deputy national security adviser, J. D. Crouch."

The Los Angeles Times (10/13, Magnier, 918K) says that, because of "its go-slow stance, Beijing has been exposed to foreign criticism that it is squandering a golden opportunity to display global leadership. The problem, analysts say, is that China draws much different conclusions than Washington, even in the middle of a nuclear crisis, because it has a very different idea of what's important and what it needs to survive and prosper." For China, a nuclear North Korea is merely "a catalyst for secondary headaches including the possible destabilization of the Korean Peninsula and militarization of Japan." The Times notes, "Beijing already lives in a tough neighborhood where nuclear neighbors are abundant. It nearly went to war with a nuclear Russia in the 1960s and more recently watched Pakistan and rival India join the club. China is not all that impressed by Pyongyang's nuclear technology, analysts add, nor does it see itself as an intended target." Furthermore, China's greater concern is "Washington destablizing the region. Beijing apparently believes it needs North Korea as a buffer against the 30,000 or so U.S. troops stationed in South Korea to guard against an attack." China also seeks to continue "its courtship of South Korea," which it believes would not be possible if the North Korean regime collapses and South Korea comes to dominate the peninsula.

The AP (10/13, Talmadge) notes that, today, Tokyo will begin enforcing "the toughest sanctions by any country so far in response to North Korea's nuclear test," which "include the closure of all Japanese ports to North Korean vessels, a ban on imports and exports, and a six-month ban on travel to Japan by all North Korean government officials." Pyongyang "immediately condemned the move." The AP says "Japan's action also underscores the difficulty of punishing the already isolated regime of Kim Jong Il. Though it is the world's second-largest economy and a regional trade dynamo, Japan represents less than 5 percent of the total trade with North Korea." North Korean trade leaders China and South Korea "aren't likely to follow Japan's hard-line example." The former "has strongly criticized North Korea but has stressed that while action should be taken, it should be 'appropriate' and not so severe that it would topple Kim's fragile regime." That "reluctance to slap tough sanctions on the North has complicated talks in the United Nations, where what to do is still being mulled in the Security Council. The United States, Japan and their allies are pushing for stern action, but Russia and China have yet to sign on."

The New York Times (10/13, Choe, 1.21M) reports South Korea, "one of the few countries that can financially squeeze North Korea, slid into a bitter internal dispute Thursday over how to punish the North for its reported test of a nuclear device." The National Assembly has had "days of squabbling," and the Times says Seoul's "inability to make a quick decision reflects a divide among lawmakers over how to reconcile their so-called sunshine policy of engaging North Korea with American pressure for an economic blockade of the North. The division at home leaves President Roh Moo-hyun without a consensus as he prepares to meet the Chinese president, Hu Jintao, in Beijing" today. The Times notes, "Many South Koreans are unwilling to punish the North Koreans, partly because it would push the North closer to China." Roh "has found himself caught between increasing American pressure to get tough with North Korea and strong

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resistance among members of his own liberal governing party."

Asian Nations Consider Censure Of North Korea. The Wall Street Journal (10/13, Ramstad, Yoon, 2.03M) reports, "Several Asian nations and the U.S. moved ahead on multiple fronts to develop sanctions and other measures to censure North Korea's communist regime for its apparent test of a nuclear device." The leaders "of China and South Korea planned to discuss their ideas at a summit in Beijing Friday. The meeting will be the first time South Korean President Roh Moo Hyun has sat down with Chinese President Hu Jintao in 11 months. Mr. Roh also will meet with Chinese Premier Wen Jiabao."

Bush, Howard Agree Resolution Should Be Considered Under Chapter 7. The AP (10/13) reports President Bush, "pursuing a diplomatic solution to the North Korean nuclear crisis, spoke with Australian Prime Minister John Howard on Thursday and they agreed on the need for a strong U.N. Security Council resolution to punish Pyongyang, a spokesman said." Bush and Howard "said that any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said."

Bush Pledge To Hold North Korea "Accountable" For Proliferation Poses Challenge. The New York Times (10/13, Shanker, Sanger, 1.21M) reports, "Making good on President Bush's vow this week to hold North Korea 'fully accountable' if it shares nuclear material will pose a major challenge to American intelligence and diplomacy, requiring new equipment and a high level of international cooperation, administration and military officials say." Bush's "declaration on Monday, in his first public comments after the North announced that it had detonated a nuclear device, underscored the importance of monitoring North Korea's nuclear program, tracking its exports and investing in technology for 'fingerprinting' nuclear materials." Security specialists "said Mr. Bush's warning signaled a significant expansion of longstanding policies of deterrence, extending the threat of reprisals to the transfer of nuclear weapons or materials to another country or to terrorists."

Blast Now Believed To Be Partially Successful Plutonium Bomb Test. The Washington Times (10/13, Gertz, 88K) notes US intelligence sources believe "the blast detected by seismic sensors was a plutonium-fueled device that did not fully explode." One source is quoted saying, "The working assumption is that what happened, more likely than not, was an attempted nuclear test that fell far short of being successful." The Times notes, "There is still no confirmation that North Korea succeeded in creating a nuclear explosion, and so far no radioactive particles that would confirm a successful nuclear test have been detected." The "seismic waves from" a successful nuclear test may have been "muffled by an underground cavern," or the blast "was only a conventional explosion that North Korea is trying to fool the world into believing was a nuclear test, the officials said."

Satellite Image Shows Volleyball Game Near North Korean Nuclear Test. Bill Gertz and Rowan Scarborough write in the "Inside the Ring" column of the Washington Times (10/13, 88K), "Very high-resolution satellite images obtained by the Defense Intelligence Agency" showing North Korea's nuclear test site have "technicians playing volleyball this week near the tunnel where a nuclear device was unsuccessfully set off on Sunday." U.S. defense officials say "that a sports activity so close to a nuclear site was inconsistent with post-nuclear testing precautions."

More Commentary. Columnist Charles Krauthammer writes in the Washington Post (10/13, A29, 748K) that President Kennedy's "remarkable" 1962 Cuba missile crisis pledge "was very credible. Indeed, its credibility kept the peace throughout a half-century of the Cold War. Deterrence is what you do when there is no way to disarm your enemy. You cannot deprive him of his weapons, but you can keep him from using them. We long ago reached that stage with North Korea." Noting that President Bush's warning to Pyongyang against proliferation, Krauthammer says, "We are in an era far more complicated than Kennedy's because his great crisis occurred before the age of terrorism." He suggests "some Kennedyesque clarity" for Bush's remarks: "Given the fact that there is no other nuclear power so recklessly in violation of its nuclear obligations, it shall be the policy of this nation to regard any detonation of a nuclear explosive on the United States or its allies as an attack by North Korea on the United States requiring a full retaliatory response upon North Korea." Such a statement would "make [Kim Jong-il] understand that his survival would be hostage to the actions of whatever terrorist group he sold his weapons to." Krauthammer concludes, "With North Korea there is no going back. But Iran is not there yet. One rogue country is tolerable because it can be held accountable. Two rogue countries guarantees undeterrable and therefore inevitable nuclear terrorism."

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In an op-ed in the Washington Times (10/13, 88K), Professor Yearn Hong-Choi says it is "ridiculous" that "President Bush has been bombarded by criticism from Democratic politicians and the so-called liberal intellectuals since North Korea announced Monday that it had tested its first nuclear bomb." Blame "should instead be targeting North Korea's Kim Jong-il, as well as China and South Korea, the two nations that have been financing North Korea's nuclear programs indirectly, if not directly." Yearn asks, given Pyongyang's actions, "How could American liberal intellectuals trust North Korea's Kim Jong-il and distrust Mr. Bush?" Kim "betrayed" both President Clinton's and South Korea's policies, both of which merely "helped the North Korean dictator sustain his power, rather than have his country go bankrupt." Calling China's support for sanctions "a success for Mr. Bush," Yearn says Seoul "has been the North Korean dictator's hostage," and adds, "They have been pathetic. They have been seeking Kim Jong-il's mercy." He concludes, "Washington should expect the same result from dealing with North Korea: betrayal. … [Bush] worked hard to establish the six-party talks to disarm North Korea's nuclear weapons. Now, China is doing something good with regard to North Korea."

Pace Says Pentagon Has Resources To Win War On Korean Peninsula. The Los Angeles Times (10/13, Spiegel, 918K) reports Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said "the Pentagon would have sufficient forces to win if called on to fight a war in North Korea, but the conflict would be more difficult without the intelligence and guidance systems devoted to Iraq and Afghanistan." Gen. Pace "said that about 200,000 U.S. troops were deployed in Iraq and Afghanistan, leaving more than 2 million troops available for a war in Asia." Pace said "a conflict with North Korea, which both he and President Bush have said is highly unlikely, would rely heavily on the Navy and Air Force because of the significant deployment of land forces in Iraq. In addition, such an attack would not be 'as clean as we would like,' he said, because guidance systems used to aim bombs were in use in the Middle East."

GOP, Democrats Debate Whether Bush, Clinton Policies At Fault For North Korea Test. The Wall Street Journal (10/13, A4, Dreazen, Solomon, 2.03M) details Administration, congressional and other internal US efforts to shape public opinion about the North Korean nuclear test. The Journal reports that "since North Korea claimed a successful nuclear detonation early this week, Democrats and Republicans have traded barbs about which administration bears more responsibility for allowing the reclusive country to acquire such weapons." Republicans "accused the Clinton administration of failing to take tough steps in the 1990s to persuade North Korea to abandon its nuclear-weapons program. Democrats say Mr. Bush's refusal to engage Pyongyang drove North Korea to accelerate that program, culminating in the announced test this week."

The Washington Post (10/13, A27, Kessler, 748K) reports, "After North Korea conducted what it said was a nuclear test Sunday, many Republicans blamed the Agreed Framework negotiated by the Clinton administration -- under which a five-megawatt reactor was shut down and spent fuel rods were kept under 24-hour international supervision -- for causing the problem. But in 2003, after North Korea was discovered to have violated the agreement and the Bush administration terminated it, then-Secretary of State Colin S. Powell told The Washington Post: 'The previous administration I give great credit to for freezing that plutonium site. Lots of nuclear weapons were not made because of the Agreed Framework and the work of President Clinton and his team.'"

"No Direct Talks" Policy Faces Criticism. The Christian Science Monitor (10/13, LaFranchi, 58K) notes the Administration's "no-direct-talks" policies are "setting off a vigorous debate" in the foreign policy community. Former Secretary of State James Baker is quoted saying, "In my view, it is not appeasement to talk to your enemies." Set amid the midterm election campaign, this "debate shows how the White House's policy of not directly engaging adversaries - whether North Korea, Iran, Syria, or organizations like the Palestinians' Hamas and Lebanon's Hizbullah - is under intensifying fire, including from friendly circles." The Monitor notes, "Some appear to think snubbing adversaries was invented by the Bush White House, while the more adamant Bush advocates would have us believe the Clinton White House never had a foreign enemy it didn't cozy up to. But some say the seesaw of pragmatic engagement with adversaries balancing a moralistic refusal to talk has been teeter-tottering at least since the triumph of the Bolshevik revolution." Now, Bush's stated preference for diplomacy with North Korea "suggests the debate over talking or not talking

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comes down to a definition of diplomacy. Administration hard-liners have argued against direct talks with the North because they say it would legitimize an abhorrent regime. But critics of the Bush approach say diplomacy is not only about dealing with allies."

Bush Said To Have Fallen Back On Cold War-Era Containment Strategy. In an analysis piece, the Financial Times (10/13, Dinmore) reports, "Lacking a viable military option in dealing with a nuclear North Korea or Iran, the Bush administration is adopting a cold war-style strategy of containment and deterrence that does not completely close the door on negotiated settlements." Although military action against Iran remains possible, "there is a sense that the Bush doctrine of pre-emptive or preventive war is buried in the wreckage of Iraq." The Times says, despite Administration efforts to win the "legitimacy" of the United Nations, "the success of US strategy in both regions will depend more on developing ad hoc coalitions of allies and overcoming opposition from China and Russia." Administration officials said on background "that the liberation theology that dominated the post-September 11 2001 discourse, notably President George W. Bush's second inaugural speech last year, has given way to a more pragmatic approach." That "shift is so pronounced that both neoconservatives and liberal hawks among Democrats are alarmed that the Bush administration's apparent embrace of realpolitik will mean abandoning promises made to oppressed peoples while entering into nuclear-reduction deals with the Iranian and North Korean regimes."

Iranian Political Class Seen As Divided By Nuclear Confrontation. In a 1,761-word piece on its front page today, the Wall Street Journal (10/13, A1, Spindle, 2.03M) says the "atomic confrontation" with Tehran is "even trickier" than efforts to end Pyongyang's nuclear program. "Both nations' leaders taunt America with bombastic rhetoric," but Tehran "isn't a one-man dictatorship." Iran is "torn by competing power centers that wage a daily battle for supremacy." Ahmadinejad and his supporters are "a mostly youthful group of fundamentalist hard-liners … who are determined to keep the revolutionary spirit vibrant," while the nation's "elite class of clerics" are "aging former revolutionaries and businessmen, also deeply conservative and wary of reform, but far less interested in confronting the world and risking the isolation of their country." The latter group includes chief nuclear negotiator Ali Larijani, "a fluent English speaker whose appointment … was seen inside Iran as a way to counterbalance the mercurial president." The Journal notes, "Both factions vow to proceed with Iran's uranium enrichment program," and "both also seek a bigger role for Iran in the regional and world stages. But they have quite different ideas about how to achieve it and about just what kind of role Iran should play in the world."

Khamenei Vows Continued Enrichment. The New York Times (10/13, Fathi, 1.21M) notes Tehran "is vowing to continue to defy an international demand to stop nuclear activities while refusing to condemn North Korea for its reported test." Ayatollah Ali Khamenei said publicly this week "that Iran would continue its uranium enrichment program," adding that "the decision was made easier by the fact that Iran voluntarily suspended enrichment three years ago, a cooperative gesture that proved fruitless." The Times adds, "It appeared that Iran was emboldened by North Korea's action, and what seemed to be light penalties proposed Wednesday in the" UNSC.

Israeli Soldiers Kill At Least Seven Palestinians In Gaza Clash. The Washington Post (10/13, A18, Wilson, 748K) reports, "Israeli forces killed at least seven Palestinians on Thursday in the Gaza Strip during hours of sporadic ground fighting and airstrikes. Five of those killed were from a single family." Israeli "military officials said forces entered the strip before dawn near the central Gaza city of Khan Younis in search of cross-border tunnels that Palestinian armed groups use for smuggling." The troops "were fired on soon after, Israeli military officials said, and returned fire during a series of small-scale attacks for the next few hours. In addition to the dead, at least 11 Palestinians were reported wounded in the exchanges." The Los Angeles Times (10/13, Ellingwood, 918K) also reports the story.

French Parliamentary Vote On Armenian Genocide Could Damage Ties To Turkey. The New York Times (10/13, Crampton, 1.21M) reports the French National Assembly, "defying appeals from Turkey, approved legislation Thursday that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I were genocide." The Times says that bill "could further complicate talks for Turkey's admission to the Union." The killing of "more than a million" Armenians from 1915 to 1919 "is still taboo in Turkey," and Economy Minister Ali Babacan "said he could not rule out consequences for

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French companies." EU officials "warned that the law could have a harmful effect on negotiations." The Times notes Ankara's "potential membership in the European Union has been a hot political topic [in France] ahead of the presidential elections next spring."

The Wall Street Journal (10/13, Amiel, 2.03M) adds the legislation "poses a threat to France's trade relationship with Turkey and 'puts at stake what is an important economic relationship for us,' said French Trade Minister Christine Lagarde." The bill will now be considered by the French Senate, and would require President Jacques Chirac's signature to become law.

Under the headline, "Turkey Dealt Blow Over EU Accession," the Financial Times (10/13, Arnold, Boland) says Ankara's "prospects" for EU membership "took a heavy blow" with a French National Assembly vote "that critics say will set back the cause of reform within Turkey itself." Turks may view the vote "as a sign that France [is] now permanently opposed to Ankara's bid to join the EU." The Times adds, "Even before Thursay's vote, many diplomats believed that the EU membership talks could be formally suspended this year and might never be revived." The Washington Times/AP (10/13, Georges-Picot) and Christian Science Monitor (10/13, Peterson, 58K) run similar reports.

WSJournal Praises Turkish Nobel Prize For Literature Winner. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "The Swedish Academy has shown it's once again plugged into the Zeitgeist by awarding the Nobel Prize for Literature to Turkish novelist Orhan Pamuk. The award might be better named the Nobel Prize for Most Provocative Public Intellectual." The author "explores tensions not so much between Islam and the West as within Muslim society itself. In that sense, Mr. Pamuk comes as a relief from the blind anti-Americanism of such recent European winners as Harold Pinter." If the award "helps to make his vision of a modern Muslim society better known, so much the better."

USAID Cuts Foreign AIDS Assistance. The AP (10/13, Phillips) reports, "The Bush administration cut funding for the only US foreign-assistance project that provided male circumcision as a method of AIDS prevention. At a time when scientists are lining up behind the idea that circumcision provides substantial protection against HIV transmission, the US Agency for International Development pulled out of a small, $150,000 program in Swaziland that had circumcised more than 325 men since it was launched in January." David Snider, a USAID spokesman, "said the agency had been wrong to provide its initial funding for the program, which is run by a private non-profit called Family Life Association of Swaziland."

NYTimes Urges Nations To Follow Botswana's Example On Testing. The New York Times (10/13, 1.21M) editorializes, "At the beginning of 2004, AIDS treatment in Botswana -- a country with the world's second-highest rate of H.I.V. cases -- was stagnating. The country was providing free antiretrovirals, but only one in 10 who needed the drugs was taking them. Then Botswana made a simple change in the rules for AIDS testing that allowed the program to soar. Previously, Botswanans could get tested only after providing written consent and accepting extensive counseling. Now, unless they object, all patients entering a clinic or hospital are routinely given an AIDS test. The rate of testing has quadrupled. A third of Botswanans now know their H.I.V. status, and 85 percent of those who need treatment get it." The American Centers for Disease Control and Prevention "recommended late last month that such routine AIDS testing -- called opt-out -- become the standard in the United States. This is an important reform. It is even more crucial for poor countries, where 90 percent of those infected do not know it. … Governments need to follow Botswana's lead and make AIDS testing routine in every health clinic and hospital. And donors should ensure that every clinic has a reliable supply of AIDS tests."

Chavez Challenges Guatemala's Bid For Security Council Seat. McClatchy (10/13, Bachelet) reports, "Elections to seats on the United Nations Security Council are usually drab affairs, beyond the diplomatic chatter and a sense of international respect for the winners. But not this year." Venezuelan President Hugo Chavez "is challenging US-backed Guatemala for a seat, triggering what many analysts and diplomats are calling the hottest Security Council race in nearly 30 years." UN member nations "will vote at a General Assembly session Monday on which of the two countries will succeed Argentina for a two-year term in the council seat reserved for Latin America. A two-thirds vote is required to win. There's a chance that neither will prevail and another country will be chosen as a compromise."

EU, India Negotiating Trade Pact. The Wall Street Journal (10/13, A6, Miller, 2.03M) reports, "The

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European Union and India stepped up free-trade negotiations that could one day link two of the world's biggest markets. Both sides said they hope to complete a deal by early 2009. … The push for a bilateral deal is a strong signal that countries are putting aside hopes of resuming talks toward a global trade deal that would slash tariffs among the World Trade Organization's 149 members. The so-called Doha round of WTO negotiations collapsed in July, primarily because of farm-subsidy disagreements among the US, Europe and developing nations." The Journal adds, "In private, EU officials say their motivation to move ahead with bilateral talks stems partly from a belief that rising protectionist sentiment among US lawmakers eager to protect farm subsidies will make Doha impossible to achieve until after the 2008 presidential election."

Georgia Blocks WTO Consideration Of Russia's Candidacy. The AP (10/13, Dzhindzhikhashvili) reports Georgian government statements that Tbilisi "has blocked the next round of talks on Russia's bid to join the World Trade Organization in retaliation for Moscow's blockade of its small southern neighbor." The Foreign Ministry announced that "the next meeting of the group working with Russia on its membership talks had been postponed indefinitely at Georgia's request" during a working group meeting yesterday. Russian WTO accession negotiator Maxim Medvedkov "confirmed that that no date had been set for the next round of talks. The ITAR-Tass news agency quoted him as saying that this was because Russia needed time to resolve some issues with certain countries at a bilateral and multilateral level."

Human Rights Court Decries Russian Practices. The New York Times (10/13, Chivers, 1.21M) details murdered journalist Anna Politkovskaya's final reporting piece, on torture of Chechens by Russian security forces, published yesterday. "The article…appeared on the same day that the European Court of Human Rights issued a ruling holding Russia responsible for the killings of five Chechen civilians in early 2000 by Russian police officers," and "also appeared as the federal prosecutor's office in Grozny, the capital of Chechnya, said it was checking into reports of the disappearance of another prominent Chechen." Yesterday's events "together served as a sort of coda on her life, reminders of the lingering chaos and human costs of the war in Chechnya, which Russia insists has been won." Politkovskaya "was a leader among the shrinking group of Russian journalists who dared to keep challenging that thinking, by writing frankly about the violence and disorder in the republic. Chechnya, her work said, remains a place where open fighting has slowed but murky police and military operations continue, and chilling behavior by Russian forces and the Kremlin's proxies is a dark norm."

China Imported Record Amount Of Oil In September. The Wall Street Journal (10/13, A3, Oster, Winning, 2.03M) reports China imported a "record volume of crude last month, underscoring that petroleum demand here and in other developing economies, such as India and the Middle East, continues to rise despite lofty petroleum prices." Despite China's efforts to "conserve energy and curb runaway economic growth, crude imports in September jumped to 13.46 million metric tons, or an average of about 3.3 million barrels a day -- 24% more than in September 2005 and 2.4% more than the previous record in January."

China's New Worker Protections Could Rankle Foreign Businesses. The New York Times (10/13, Barboza, 1.21M) reports China "is planning to adopt a new law that seeks to crack down on sweatshops and protect workers' rights by giving labor unions real power for the first time since it introduced market forces in the 1980's. The move, which underscores the government's growing concern about the widening income gap and threats of social unrest, is setting off a battle with American and other foreign corporations that have lobbied against it by hinting that they may build fewer factories" in China. The Times says it is "unclear" if firms would act on those "warnings," but rising business costs in China could slow foreign business growth anyway. Furthermore, the Times notes, "it is not clear how effectively such a new labor law would be carried out through this vast land because local officials have tended to ignore directives from the central government or seek ways around them." The Times explains, "State-controlled unions here have not wielded much power in the past, but after years of reports of worker abuse, the government seems determined to give its union new powers to negotiate worker contracts, safety protection and workplace ground rules."

Every Chinese Wal-Mart Unionized. The New York Times (10/13, Lague, 1.21M) reports, "Workers have set up unions at all 66 Wal-Mart outlets in China, beginning what a Chinese union official described Thursday as a wider campaign aimed at other foreign companies." The

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government-sanctioned All-China Federation of Trade Unions' Guo Wencai "called the establishment of union branches at the Wal-Mart stores a 'breakthrough' for organized labor." The Times explains, "The effort to unionize workers at foreign companies is strictly limited to expanding the membership of the officially sanctioned labor federation, which says it has 150 million members. But some labor market analysts and human rights groups say establishing branches of the official union in foreign companies is aimed more at allowing the Chinese authorities to tighten control over the rapidly expanding private-sector work force."

NYTimes Asks Hong Kong To Act To Curb Air Pollution. In an editorial, the New York Times (10/13, 1.21M) says Hong Kong's air quality has become "tainted by dark, unhealthy clouds from power plants, traffic and underregulated smokestacks from the Chinese mainland." While police makers "have repeatedly promised to cut down on environmental toxins in the air, land and water," those "promises keep sliding down the real priority lists" as China's economy continues to expand. However, "what might change that attitude is how the outside business world views the quality of life for employees." Noting Mexico City's successful 1990 policy change, the Times concludes, "If Hong Kong even committed to cutting its pollution in half, that would be a good start."

Columnist Says Colombia's Uribe Faces Stark Security Challenge. In her column in the Wall Street Journal (10/13, A13, 2.03M), Mary Anastasia O'Grady writes, "To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging." Colombian President Álvaro Uribe "may be the most clear-thinking, courageous ally in the war on terror that the U.S. has in Latin America, and Washington has spent billions of dollars trying to eradicate coca plants in his country. … If other world leaders have gone wobbly on fighting terrorism, Mr. Uribe has not." Uribe's "challenges are daunting," including raised expectations for peace and prosperity. The "persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development." His willingness to negotiate is "a continuation of his hope for reconciliation, a hope that Mr. Uribe has held" for ten years. "That hope may be even greater today because of the success the government has had in bringing so many of the lawless in from the cold. It is a record he is proud of." He also "understands that in addition to being open to talks and pushing security, he also has to show that he is responsive to political, economic and social problems." Uribe's "biggest problem remains security, and it is hard to imagine real progress unless the demand for illegal drugs collapses in Europe and the U.S., or rich countries change their prohibition policies."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"For Gays, A Loud New Foe."
"Nobelist's Voice Goes Beyond His Books."
"Ex-Admiral Is Named New Schools Chief."
"Would-Be Home Sellers Settle In Rather Than Cut Prices Further."
"N. Korean Threat Different For China."
"2008 Race Just Got Hazier For Democrats."
"Heads, It's A 1796 Dollar; Tails, It's A Skid Row Slug."

USA Today:

"Long List Of Laws Headed To Voters."
"Arnold Swaps Agendas For Political Resurgence."
"Murders, Robberies Jump In Cities."

New York Times:

"China And Russia Stall Sanctions On North Korea."
"China Drafts Law To Empower Unions And End Labor Abuse."
"Nevada Feeling Political Glow Of '08 Spotlight."
"Even Picking Up Trash Is A High Risk In Baghdad."
"Turkish Novelist Who Dissects Islam-West Clash Wins Nobel."
"Daughter Seeks Sins Of Father: Are There Any?"

Washington Post:

"Warner Won't Make 2008 Run For President."
"Liveliest D.C. Neighborhoods Also Jumping With Robberies."
"GOP Redirects Funds From Faltering Races."
"Report Says Nonprofits Sold Influence To Abramoff."
"In China, Children Of Inmates Face Hard Time Themselves."
"Some Psychiatrists See 'Shopaholic' As A Diagnosis."

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Washington Times:
"Korean Test Seen Only As Partial Blast."
"GOP Focuses On Taxes Again."
"Man Pleads Guilty In U.S. Bomb Plot."
"Billions Spent To Boost Flu Shots."
"Warner Will Not Run For President In '08."
"NBA Players Call Foul On New Ball."
"For The Fearful, This Friday Has Their Number."

Atlanta Journal-Constitution:
"Taylor, Perdue Open Fire In Debate."
"From Paris To Peachtree."
"Metro Forecast: Growth Engulfs Small-Town Life."
"New Midtown Wal-Mart Will Cater To Urban Tastes."

Houston Chronicle:
"Attacks Spike On U.S. Troops In Baghdad."
"Gambling Interests Stake Out Texas."
"Lost Without Their Lattes."
"Provocative Turkish Novelist Wins Nobel."
"Loopholes Still Open For Immigrant Repeat Offenders."

Story Lineup From Last Night's Network News:
ABC: Crime Rates-US Cities; Foley-Fordham Testimony; Warner-2008 Decision; Gerald Ford Hospitalized; Red Cross-Gitmo Prisoners; Gitmo-Prisoner Abuse; NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; Colorado School Shooting; Amish Schoolhouse Demolished; Big Tobacco-Election Campaigns; Nobel Prize-Literature; Breast Cancer-Product Tie-Ins.
CBS: Duke Rape Investigation; NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; British General-Iraq War; E. Coli Outbreak; Foley-Fordham Testimony; Amish Schoolhouse Demolished; Cancer-Super Computers; L. Lin Wood-Opinion; 300-Millionth American.
NBC: NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; Foley-Fordham Testimony; Harry Reid-Land Sale; Montana Senate Race; British General-Iraq War; Internet-Prescription Drugs; E. Coli Outbreak; Stock Markets; Gerald Ford Hospitalized; Amish Schoolhouse Demolished; Multitasking Overload.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UK General-British Troops In Iraq; North Korea-Nuke Test; Bush-Hastert; Foley Scandal-House Probe; Wall Street.
CBS: Bush-Hastert; Foley Scandal-House Probe; North Korea-Nuclear Test; UK General-British Troops In Iraq; MLB Playoffs.
NPR: North Korea-Nuclear Test; Buffalo-Snowstorm; New York-Plane Crash; E. Coli Outbreak Investigation; Wall Street; Gallaudet University-Student Protests; Iraq-Army Sergeant Sentenced For Going AWOL.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Signs H.R. 4954 - Safe Port Act, Room 350, Eisenhower EOB; attends a Republican National Committee luncheon, Evermay; participates in a meeting with the President's Management Council on the President's Management Agenda, Room 350, Eisenhower EOB; participates in photo opportunity with the Air Force Thunderbirds, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FOOD SAFETY _ Food Safety Supply Chain Conference. Highlights: 9 a.m. Discussion on assessing vulnerabilities, with Assistant DHS Secretary Alfonso Martinez-Fonts, Jr. Location: Grand Hyatt Hotel, 1000 H St. NW.

HIGH SCHOOLS _ The 3rd Annual High School Policy Conference, ``Taking the Next Step Defining a Shared Federal Agenda for High School Reform." Participants at the conference will contribute to building a shared federal agenda informed by what is and is not working at the state and local level. Highlights: 8:30 a.m. Welcome by Gov. Bob Wise, Alliance for Excellent Education. 12:30 p.m. Luncheon session on ``Building High School Capacity and Competitiveness," with Ray Simon, Deputy Secretary of Education, U.S. Department of Education. 1:30 p.m. Closing remarks by Gov. Bob Wise, Alliance for Excellent Education. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

NORTH KOREA _ 9 a.m. Foreign Policy magazine and the Wilson School of Public and International Affairs at Princeton University hold a conference on the current state of North Korea and the future of the U.S.-South Korean alliance. Highlights: 9 a.m. Session on intelligence challenges, with Stephen Kim of the Livermore National Lab, Marcus Noland of the Institute for International Economics, others. 10:45 a.m. Panel discussion on the future of the U.S.-South Korean alliance, with Amb. Chung-in Moon, others. 12:30 p.m.

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Keynote address - Assistant Secretary of State Christopher Hill. Location: National Press Club.

NEY _ 10 a.m. Scheduled plea agreement hearing for former Rep. Robert Ney before U.S. District Judge Ellen Segal Huvelle. Location: U.S. District Court, 3rd St. and Constitution Ave. NW.

POOR-WINTER HEATING _ 11:30 a.m. The Campaign for Home Energy Assistance holds a telephone briefing to release a poll showing public support for energy assistance to poor families and the elderly, with Sens. Susan Collins and Jack Reed, others. Notes: Callin number: 800-362-0571; passcode: heat.

MIDEAST PEACE _ 12:15 p.m. The New America Foundation holds a program on the Arab-Israeli conflict, with Robert Malley of the International Crisis Group. Location: 7th floor, 1630 Connecticut Ave. NW.

SCHWEITZER-ENERGY _ 12:30 p.m. Montana Governor Brian Schweitzer addresses a National Press Club luncheon. Topic: ``America's Energy Future." Location: National Press Club.

VOTER FRAUD _ 1 p.m. The U.S. Commission on Civil Rights holds a panel discussion on voter fraud and intimidation, with Donna Brazile, chair, Democratic National Committee Voting Rights Institute; John Fund, writer; Thor Hearne, former National Election Counsel, Bush-Cheney 2004; and Robert Pastor, American University. Location: Room 540, 624 9th St. NW.

KASHMIR _ 2 p.m. - 3:30 p.m. The US Institute of Peace hosts a presentation, ``Plans and Prospects for Peace in Kashmir, `` with M. Farooq Kathwari, Chairman, President, CEO of Ethan Allen Interiors, Chairman, Kashmir Study Group; and Chester Crocker, discussant, James R. Schlesinger Professor of Strategic Studies, Georgetown University, member, Kashmir Study Group. Moderator is David Smock, Vice President, Center for Mediation and Conflict Resolution, Associate Vice President, Religion and Peacemaking Program, U.S. Institute of Peace. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

Legal Experts Say Treason Charge Difficult To Prove. The Washington Post (10/13, A27, Eggen) reports, "The decision to charge alleged al-Qaeda propagandist Adam Gadahn with treason is something of a gamble by the U.S. government, which has not pursued such a case in more than 50 years and has a mixed track record for convictions over the course of American history, according to legal experts and historic accounts." The Post continues, "Gadahn, 28, was indicted Wednesday by a federal grand jury in Santa Ana, Calif., based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets. … Many legal experts said yesterday that although Gadahn may be a suitable candidate for a treason charge, federal prosecutors may face serious difficulties in securing a conviction if he is ever brought to trial." The Post adds, "The Justice Department's legal arguments in the Gadahn case rely heavily on the 'broadcast cases,' a series of treason prosecutions of U.S. citizens providing propaganda services to the Germans or Japanese. … In the Gadahn case, the Justice Department argues that the defendant's appearance in five incendiary al-Qaeda videos -- particularly three recent broadcasts in which he is clearly visible -- provide enough evidence to fulfill the Constitution's witness requirements for treason. … Deputy Attorney General Paul J. McNulty, in announcing the indictment Wednesday, said prosecutors 'are very confident about the satisfaction of the two-witness rule,' in part because 'a number of individuals would be in a position to be able to identify Adam Gadahn' in the videos. … 'We understand our burden,' McNulty said. 'We have to meet a burden that includes a number of elements in addition to the two-witness rule to show that there has been aid and comfort given to the enemy. And the elements will be met . . . if and when we have an opportunity to present our case in court.' … But some liberal legal scholars are already raising questions about the strength of the government's case."

Red Cross Meets With Detainees From CIA Prisons Now At Guantanamo. The Miami Herald (10/13, Rosenberg) reports, "The International Committee of the Red Cross confirmed today that it has met the 14 so-called 'high value' detainees at Guantánamo Bay, Cuba, who include alleged Sept. 11 mastermind Khalid Sheik Mohammed." The Herald continues, "A 12-member Red Cross delegation is still on the remote base in southeast Cuba, still working on gathering detainee notes and messages home -- but has interviewed 454 international U.S.-held captives, said Simon Schorno, an ICRC spokesman. … 'We have seen the 14 as of today,' said Schorno, speaking from Washington, D.C., following what he called a premature leak by the Pentagon of the meeting with Mohammed and other former CIA held captives. … 'We're confirming having visited and registered the 14 detainees, and provided them with the means to exchange Red Cross messages with their families,' he added." The Herald adds, "He declined to say which, if any, of the 14 detainees had used the format to write home, probably for the first time since they were captured by the CIA and taken to so-called 'black sites' somewhere overseas for U.S. interrogation."

ABC World News (10/12, story 5, 0:25, Gibson, 8.78M) reported, "Officials at the Pentagon revealed today that representatives of the International Red Cross have met with 14 suspected top-level terrorists at Guantanamo Bay, Cuba. The 14 include alleged 9/11 mastermind Khalid Shaikh Mohammed and senior al Qaeda leader Ramzi Binalshibh. This is the first time these prisoners have had a chance to meet anyone rather than their captors in some years – in some cases, I should say, for years."

The New York Times (10/13, Lewis, 1.21M) reports, "The Red Cross interviews with the 14 transferred prisoners at Guantánamo were conducted outside the presence of American officials," and "Simon Schorno, an International Red Cross official in Washington…declined to say what the Red Cross visitors had learned or observed about the prisoners' conditions, assertions or experiences in C.I.A. custody." The agreement that allows the Red Cross to access to the prisoners lets it discuss "its findings, and any complaints or recommendations it might have, only with the United States government." Still, the visits "are the first step in what will be the public surfacing of this group of detainees," and "Military officials have said they will move swiftly to put in place the new military commission procedures for those of the 14 who will be charged with war crimes," although "the earliest the charges will come is sometime in January."

The Washington Post (10/13, A23, White, 748K) adds that this is "the first time the alleged high-value terrorism suspects had contact with the outside world since their initial confinement." The meetings are part of "a visit that began on Sept. 25 and ends today," in which "the Red Cross met with a

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total of 454 detainees -- believed to be the facility's entire detainee population -- as part of a regular series of visits aimed at assessing their treatment and facilitating contact with their families through official letters." Guantanamo spokesman Cmdr. Robert Durand said "that the ICRC had the opportunity to meet with all detainees and specifically cited the humane treatment afforded both the general detainee population and the 14 high-value detainees who recently arrived." The AP (10/13, Selsky) also reports this story.

New Allegations Of Abuse At Guantanamo. ABC World News (10/12, story 6, 2:30, Gibson, 8.78M) reported, "There are new allegations of prisoner abuse at Guantanamo and a new investigation. The charges of abuse come from a young Marine who says she was told by Guantanamo prisoner guards that beatings there are common." ABC (Ross) added, "Twenty three-year-old Marine Sergeant Heather Cerveny was sent to Guantanamo Bay in late September as a legal aid to a Marine lawyer representing a detainee. She has come back now with a story of what she says is unchecked abuse by guards there." Ross continued, "In a sworn affidavit filed with the Pentagon Inspector General, Cerveny says she met several Navy prison guards at an on base club, where, over drinks, they described in detail harsh, physical abuse of the detainees." Ross added, "The new allegations come as the military and the White House have insisted any problems at Guantanamo and the treatment of detainees have long since been fixed." Ross continued, "The Pentagon has encouraged service members to report just such allegations and says it will cooperate fully with what is now a brand new investigation by the inspector general of allegations of prisoner abuse at Guantanamo Bay."

Palestinian-American Sentenced To Seven Years In Prison For Terror Links. In a widely-distributed story, the AP (10/13, Koenig) reports that in Dallas yesterday, Palestinian-American Ghassan Elashi "was sentenced…to nearly seven years in prison for having financial ties to a high-ranking terrorist and for making illegal computer exports to countries that support terrorism. … Elashi faces a third trial in February for his role in helping run the Holy Land Foundation for Relief and Development, a Muslim charity that federal agents shut down in 2001 after the government accused it of funneling millions to the Palestinian militant group Hamas." US District Judge Sam Lindsay "allowed Elashi to remain free until January, saying he wasn't a flight risk." The AP adds, "Elashi's lawyer, Tim Evans, said he would appeal the convictions. … 'What they were doing just wasn't that dangerous,' Evans said. But prosecutor Barry Jonas said an FBI agent was prepared to testify about Elashi's background and that the government would show in the next trial that as chairman of Holy Land Foundation, he supported terrorism."

Jury Selection Begins In Salah Hamas-Funding Trial. In a widely-distributed story, the AP (10/13, Robinson) reports, "Jury selection began Thursday in the trial of two men charged with bankrolling terrorism aimed at toppling Israel's government." Muhammad Salah and Abdelhaleem Ashqar "are charged with operating a 15-year racketeering conspiracy to supply the Palestinian terrorist group Hamas with money to carry out a campaign of murders and kidnappings. U.S. District Judge Amy J. St. Eve said she hopes to have a jury chosen Monday, with opening statements set for Tuesday or Wednesday."

Terror-Funding Cases Raise Muslim-American Concerns About Charity Donations. WLS-TV Chicago (10/12, Burton) reported, "Mohammed Salah is one of several local Muslims who the government accuses of using 'good will' to cover up evil deeds. And now some unlikely backlash has fallen on other Arab and Muslim charities. Donations are down and worry is way up." WLS added, "On the other side, FBI Special Agent Rob Grant contends that fear not only hurts the Muslim community itself, but also hinders the war on terror. 'One of the things that we've been trying to do for the last five years is convince the community to come forward, and unfortunately, in cases overseas and in some cases here, evidence of people wanting to commit terrorist acts or support terrorist acts has been present in some of these communities, and they have not come to law enforcement and that is the great bridge that we have to cross,'" Grant said. "This fear prompted a number of community leaders to head to Springfield for relief last year," adopting "a resolution called 'Charity Without Fear.' It asks the federal government to provide a so-called 'clean' list of Muslim organizations deemed safe and to protect donors from prosecution if a charity misuses funds. So far, there has been no official response."

Briton Pleads Guilty To Plotting 2004 Washington, New York Terror Plots. The Washington Post (10/13, A23, Sullivan, 748K) reports, "An alleged al-Qaeda operative pleaded guilty in a British court Thursday to plotting to bomb the International Monetary Fund and other financial centers in Washington and New York in August 2004. Those schemes led President Bush to authorize an orange, or high risk, security alert that sent police officers with automatic weapons into the streets to guard government and financial buildings as well as tunnels leading into Manhattan." Dhiren Barot, "of north London, also pleaded guilty to planning attacks in Britain involving radiological devices known as dirty bombs and a scheme to blow up three limousines packed with gas cylinders in

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underground parking garages. Prosecutors said these plans were detailed on computer files seized in Pakistan."

The Washington Times (10/13, Lawless, 88K) reports, "US officials claim Barot is a senior al Qaeda figure, known variously as Abu Eisa al-Hindi, Abu Musa al-Hindi and Issa al-Britani, who scouted prominent financial targets in the United States at the behest of Osama bin Laden." He "was indicted last year in New York, along with two others, on charges of plotting to attack the buildings. Under British law, domestic legal proceedings take precedence over a US extradition attempt."

The Financial Times (10/13, Tait) says "another seven individuals have been charged in the alleged conspiracy and await trial." However, "prosecutors made clear that, by his guilty plea, Mr Barot was making no admission about the involvement of any of the other co-defendants." The Los Angeles Times (10/13, Murphy, 918K), among other newspapers, also reports the story.

Up To 80 Terror Suspects Face Military Trials. The AP (10/13) reports, "Up to 80 terror suspects at Guantanamo Bay face the prospect of a trial before U.S. military commissions, an U.S. government adviser said Thursday." The AP continues, "U.S. President George W. Bush is to sign a law allowing the creation of the commissions on Tuesday, John Bellinger, a legal adviser to the U.S. State Department, said during a visit to Germany. … 'We hope that that will allow the military commission trials finally to go forward ... including the trials of the additional 14 senior members of al-Qaida and al-Qaida operatives who were brought in,' Bellinger said." The AP adds, "He did not say when the trials might begin or who would be tried first. However, he said that up to 80 individuals will go on trial. … 'As far as to how many we expect there to be, there have been several dozen individuals charged already,' Bellinger said during a discussion of legal aspects of U.S. counterterrorism efforts with reporters, human rights campaigners and academics. … 'The best estimates that I have seen from our Defense Department and our Justice Department are in the neighborhood of 60 to 80 we hope can be charged on the evidence we have collected so far,' he said."

HOMELAND RESPONSE:

Mueller Names Veteran FBI Agent Assistant Director For Counterterrorism. The Washington Times (10/13, Seper, 88K) reports, "A veteran FBI agent who served as the on-scene commander for agents deployed to Tanzania during the 1998 investigation of the al Qaeda terrorist attack on the U.S. Embassy has been named to lead the bureau's Counterterrorism Division. FBI Director Robert S. Mueller III made the announcement yesterday, noting that Joseph Billy Jr. has been credited by top Justice Department officials with pioneering several initiatives to help fight against international terrorism. 'Joe Billy's broad experience in counterterrorism and counterintelligence over his FBI career makes him uniquely qualified to fill the position of assistant director of the Counterterrorism Division,' Mr. Mueller said." The Times adds, "Mr. Billy, a 28-year FBI veteran, recently told reporters of his concerns about weapons of mass destruction, undetected homegrown terrorists and the possibility that mobsters in this country could team up with al Qaeda terrorists for the right price."

In a widely-distributed story, the AP (10/13, Jordan) reports Billy, "named Thursday as the permanent chief of the agency's counterterrorism division, said there's no evidence yet of 'crossover' extremists in the U.S. But 'there's always the potential of the like-minded individuals rising up against their home country,' Billy said in an interview with The Associated Press. 'Groups cross lines, and we have to look at it less defined (instead of) to say we're looking strictly at Hezbollah, looking at Hamas,' Billy said. 'In a coffee shop, it doesn't take much for the rhetoric to incite and recruit people. You may be aligned with one particular cause, but the fact is you have a common enemy. And the common enemy means that people can team up.'" The AP adds, "August's foiled plot by British nationals conspiring to blow up as many as 10 U.S.-bound airlines underscored the need for international counterterror coordination, Billy said."

Port Security Bill Seen As Leaving Ports Vulnerable To Mob-Terror Links. Scripps News (10/13, Murdock) reports that port security bill conferees in September "deleted a proposed ban by Sen. Jim DeMint…on current or future dockworkers convicted of murder, conspiracy, explosives trafficking and transporting hazardous materials, among other felonies. … Among the 9,000 truck drivers the Department of Homeland Security investigated in New York's and New Jersey's ports, about half carried convictions for such crimes as homicide, arson and drug distribution. DHS concluded: These are 'vulnerabilities that could be capitalized by terrorist organizations.'" Scripps adds, "Longshoremen also have colluded with the Mafia," and "the FBI frets that terrorists could exploit the greed of underworld figures. 'They will deal with anybody if they can make a buck,' Matt Heron, the FBI's top New York City mob fighter, told the Associated Press' Pat Milton. 'They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them.'"

Documents Provide Details About Pentagon Monitoring Of Anti-War Protesters. The New York Times (10/13, Lichtblau, 1.21M) reports, "Internal military documents released Thursday" by the ACLU "provided new

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details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war. The documents…show, for instance, that military officials labeled as 'potential terrorist activity' events like a 'Stop the War Now' rally in Akron, Ohio, in March 2005." Pentagon spokesman Maj. Patrick Ryder "said Thursday that the 'questionable data collection' had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected." However, ACLU lawyer Ben Wizner said, "There is simply no reason why the United States military should be monitoring the peaceful activities of American citizens who oppose U.S. war policies."

Michigan Police, FBI Begin World Series Security Preparations. The Detroit News (10/13, Egan) reports, "Detroit Police, the FBI and other area law enforcement agencies are preparing for crowd control and heightened security in the event Detroit is the host of games in Major League Baseball's World Series. Officials said they were working on plans in light of the Detroit Tigers' 2-0 lead in the American League Championship Series going into today's game in Detroit. Officials said their work will be made easier by Detroit's experiences hosting the Super Bowl Feb. 5 and baseball's All-Star Game in July 2005." The News adds, "U.S. Attorney Stephen Murphy said an Anti-Terrorism Advisory Council, which includes all levels of law enforcement and representatives of private businesses, will likely meet in the next few days to discuss World Series plans."

NYTimes Criticizes Free-Flying Corridor Along East River. The New York Times (10/13, 1.21M) editorializes, "Terrorism proved no factor in the crash of the single-propeller plane into the 30th floor of the East Side apartment house, a half block from the waterfront. But the accident, which cost the lives of the Yankees pitcher Cory Lidle and his flight instructor, laid bare a troubling situation unknown to most New Yorkers -- a low- altitude, free-flying corridor over the northern stretch of the East River that many veteran small-plane pilots consider treacherous." The Times adds, "Tighter controls should be restored indefinitely, at least until the details of the tragedy are clear, and the burden will then be on the FAA to explain why small planes should not stay under restraint permanently. The most compelling argument is that closer tracking of all low-altitude fliers would greatly increase the tasks of the already burdened air traffic system, requiring more controllers and better radar equipment. But the answer is clearly to upgrade the system, not reduce precautions."

WAR NEWS:

Top British General Says UK Troops Should Withdraw From Iraq. CBS Evening News (10/12, story 4, 1:35, Couric, 7.66M) reported on "what could become a political bombshell involving America's closest ally in Iraq. The head of the British army says it's time for British troops to get out of Iraq. That puts him squarely at odds with Prime Minister Tony Blair. CBS (Axelrod) added, "General Sir Richard Dannatt told the 'London Daily Mail' that British troops should 'Get out sometime soon because our presence exacerbates the security problems' in Iraq. He also said, 'We are in a Muslim country and Muslims' views of foreigners in their country are quite clear. As a foreigner, you can be welcomed by being invited in a country, but we weren't invited certainly by those in Iraq at the time.' So in the last week, you've had Republican Senator John Warner, a loyal supporter of the war, come back from Iraq and say if things don't change in 60 to 90 days, American strategy should. You've had former Secretary of State James Baker suggesting the same thing. Now you have this British general saying British troops should be pulled. In the last week, you've had -- you wouldn't call them the usual suspects -- injecting their voice into the debate, and it certainly has created a new urgency and new dynamics to the whole question of whether the US should be in Iraq."

NBC Nightly News (10/12, story 6, 0:25, Williams, 9.87M) reported on the "unprecedented interview." Blair's Iraq policy, the general said, "has been a naive failure."

The New York Times (10/13, Cowell, 1.21M) reports, "Sir Richard drew a distinction with the 5,000 British soldiers under NATO in Afghanistan. 'There is a clear distinction between our status and position in Iraq and in Afghanistan, which is why I have much more optimism that we can get it right in Afghanistan,' The Daily Mail, a right-of-center newspaper, quoted him as saying."

The AP (10/13, Panja) reports, "The Defense Ministry responded to the interview by saying: 'We have a clear strategy in Iraq. We are there with our international partners in support of the democratically elected government of Iraq, under a clear U.N. mandate.'" Blair's office "referred all questions to the Defense Ministry."

The Financial Times (10/13, Fidler, Blitz, Dinmore) reports Dana Perino, White House spokeswoman, said about the general's comments, "I don't know the context in which this was said but I would remind you that it's the democratically elected Iraqi leaders themselves who have asked for reassurance that we will stay to help them gain control over the security situation." She added, "We're going to...ensure a democratic stronghold of liberty and freedom in the heart of the Middle East is fully established and serving

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as a beacon of hope for those moderate governments in the region who strive for the same."

Eleven Iraqi Sunni TV Executives Murdered By Suspected Shiite Militiamen. The AP (10/13, Keath) reports, "Suspected Shiite militiamen, some dressed as police, broke into a television station and gunned down 11 Iraqi executives, producers and other staffers Thursday -- the deadliest attack against the media in this country, where at least 81 other journalists have been killed in the past three years." The station, Shaabiya, "was new and had not started full broadcasting. So far it had aired only test programming of nationalist songs, including ones against the US military presence in Iraq. That may have led Shiite militiamen to suspect it of a pro-Sunni ideology."

USA Today (10/13, 7A, Sabah, Jervis, 2.27M) says Shaabiya "is owned by the Justice and Democratic Progress Party, an independent secular party that ran in December elections but didn't win any seats in the Iraqi parliament." The Los Angeles Times (10/13, Daragahi, 918K) reports, "Among those killed at the television station was the chairman of the Al Shaabiya channel's board of directors, Abdul Raheem Nasrallah. He also was leader of a small nationalist political party behind the station." The Times adds, "At least some of the killers in the Al Shaabiya killings wore police uniforms and arrived in cars that resembled official police vehicles, raising suspicions the killings were tied to Shiite Muslims militias that allegedly have infiltrated forces of the Ministry of Interior."

The Washington Post (10/13, A18, Knickmeyer, Nouri, 748K) reports, "A total of 118 journalists have been killed in Iraq since the US-led invasion in 2003, according to Reporters Without Borders. The vast majority of them were Iraqi." The organization "said the body of another Iraqi journalist, radio reporter Azad Mohammed Hassan, was found Tuesday in the Baghdad morgue and bore signs of severe torture. He had been kidnapped a week earlier."

Violence In Baghdad Up Since Midsummer. McClatchy (10/13, Price) reports, "Armed attacks on US soldiers and Iraqis in Baghdad have increased by 43 percent since midsummer, despite an ongoing American-led campaign to secure individual neighborhoods, the top US military spokesman in Iraq said Thursday." Maj. Gen. William B. Caldwell IV "said violence was down by 11 percent in neighborhoods where the sweeps had been focused." But "that decline was more than offset by more attacks elsewhere, and Caldwell said the military was expecting the level of violence to keep rising during the remaining weeks of the Muslim month of Ramadan."

Hundreds Of Trash Collectors Killed In Baghdad Since 2005. The New York Times (10/13, A1, Luo, 1.21M) reports from Baghdad, "In a city where a bomb could be lurking beneath any heap of refuse, and where insurgents are willing to kill to prevent them from being discovered, an occupation that pays only a few dollars a day has become one of the deadliest. Most of the 500 municipal workers who have been killed here since 2005 have been trash collectors, said Naeem al-Kaabi, the city's deputy mayor. … The danger to trash collectors is at the root of one of the most visible symptoms of collapse in Baghdad." Garbage "is ubiquitous, especially in dangerous neighborhoods, blanketing street medians, alleys and vacant lots in stinking, fly-infested quilts. Trash collection has joined a long list of basic services, including electricity, water and sewerage, that have slipped badly in many places since the American-led invasion." Trash collectors "have frequently refused to venture into especially problem-plagued Baghdad neighborhoods, including Dora, Adhamiya, Jamiya and Ghazaliya, where spasms of violence have often been the norm. Or they have dashed in and out when the danger ebbed, hauling away what they could."

Sunni, Shia Clerics To Endorse Call For End To Violence. The Financial Times (10/13, Khalaf) reports, "Iraq's Sunni and Shia religious leaders are set to meet in the holy city of Mecca next week to endorse a call for an end to all sectarian bloodshed." The meeting "starting October 19, organised by the Organisation of the Islamic Conference and backed by Saudi Arabia, comes amid rising concern over a spill-over of Sunni-Shia violence into other parts of the Middle East." The Times adds "analysts say the engagement of clerics is unlikely to have an impact on the ground, unless the meeting becomes a regular forum for a peace process."

Ignatius Notes Iraq "Court Rumors." David Ignatius writes in the Washington Post (10/13, A29, 748K), "As the security situation in Baghdad has deteriorated over the past month, there has been growing talk among Iraqi politicians about a 'government of national salvation' -- a coup, in effect -- that would impose martial law throughout the country. This coup talk is probably unrealistic, but it illustrates the rising desperation among Iraqis as the country slips deeper into civil war." The "coup rumors come from several directions. US officials have received reports that a prominent Sunni politician, Saleh al-Mutlak, visited Arab capitals over the summer and promoted the idea of a national salvation government, suggesting, erroneously, that it would have American support. Meanwhile, top officials of the Iraqi intelligence service have discussed a plan in which Prime Minister Nouri al-Maliki would step aside in favor of a five-man ruling commission that would suspend parliament, declare martial law and call back some officers of the old Iraqi army." Ignatius sees "two opportunities exist over the next few months for creative diplomacy that could begin a process of orderly American withdrawal. The first is a December deadline for renewal of the UN legal mandate for coalition forces in Iraq." This "provides a useful chance for US-Iraqi negotiation of a phased timetable for reducing American forces and closing some U.S. bases. That discussion is in

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everyone's interest. The second opportunity is the quasi-official mission of former secretary of state James A. Baker III, who co-chairs the Iraq Study Group." Baker "understands that the best chance for a breakthrough that could stabilize Iraq would be part of a broader settlement of Middle East issues. That's an ambitious exit strategy, but it may also be the most realistic one."

Hillary Clinton Urges Change Of Course In Iraq "Before It's Too Late." The AP (10/13, Kekis) reports, "Sen. Hillary Rodham Clinton on Thursday ratcheted up her calls for the Bush administration to change course in Iraq, saying something must be done 'before it's too late.'" Said Clinton, "I'd like to see them start listening to different voices who might have a couple of good ideas about what should be done over there."

Rumsfeld Aides Irked By Gen. Jones's Comments In Woodward Book. Bill Gertz and Rowan Scarborough write in the "Inside the Ring" column of the Washington Times (10/13, 88K), "Aides to Defense Secretary Donald H. Rumsfeld are dismayed over negative comments about him by" four-star Marine Gen. James Jones, the current supreme allied commander, Europe, in the latest Bob Woodward book, "State of Denial." According to a former senior Pentagon official, "aides to Mr. Rumsfeld are taking offense" that Jones told "Marine Corps Gen. Peter Pace, Joint Chiefs chairman, that 'military advice is being influenced on a political level' and that the Joint Chiefs had 'surrendered' to Mr. Rumsfeld," as well as saying to "two visiting senators at NATO, 'The Joint Chiefs have been systematically emasculated by Rumsfeld.'" It "irks the aides…that Mr. Rumsfeld has gone out of his way to help Gen. Jones' career."

Khalilzad Points To Reconstruction Team As Model For Iraq's Recovery. The Los Angeles Times (10/13, Smith, 918K) reports, "US Ambassador Zalmay Khalilzad flew to the hometown of deposed Iraqi leader Saddam Hussein on Thursday to pitch a joint civilian and military project as the model for this battered country's reconstruction." He "inaugurated the reconstruction team for Salahuddin province, the last of seven teams the U.S. has established," and characterized "the reconstruction groups as the 'embodiment of the U.S. commitment … to ensuring Iraq's success,'" even as he "acknowledged their limited financial resources." At recent briefings and media events designed to introduce the provincial reconstruction teams, State Department officials have been saying that "Most of the money for putting the country back together will have to come from Baghdad," and "local and provincial governments have had difficulty spending the money because of their inexperience in controlling their own budgets."

Hamilton Questions Iraqi Leaders' Ability To Govern. The Washington Post (10/13, A11, Abramowitz, Ricks, 748K) reports that former congressman Lee H. Hamilton, co-chairman of the blue-ribbon panel reviewing US policy in Iraq, "raised concern last night about the ability of the Iraqi government to address the country's problems, as more indications emerged that the group is considering recommendations that would break sharply with Bush administration policies." He said "he is concerned about the ability of the new Iraqi government…to provide basic services and security." According to "sources with knowledge of the group's work…a group of experts assisting the commission…prepared two option papers for the panel." The first "calls for a phased withdrawal of US troops from Iraq; the other calls for more focus on security in Baghdad and for working toward political accommodation with insurgents, not democracy."

Anti-War US Soldier Sentenced For Going AWOL. The New York Times (10/13, Goodstein, 1.21M) reports, "Sgt. Ricky Clousing went to war in Iraq because, he said, he believed he would simultaneously be serving his nation and serving God." However, "after more than four months on the streets of Baghdad… he began to believe that he was serving neither." Clousing's "work as an interrogator led him to conclude that the occupation was creating a cycle of anti-American resentment and violence," and, following "months of soul-searching on his return to Fort Bragg, Sergeant Clousing, 24, failed to report for duty one day." Thursday the judge at Clousing's court martial sentenced him to 11 months in confinement for going AWOL. "He will serve three months because of a pretrial agreement in which he pleaded guilty."

Illinois Buries Inseparable Friends Killed In Iraq. USA Today (10/13, Dorell, 2.27M) reports, "This weekend, Creve Coeur," Illinois, "will bury the two young soldiers." Kristofer Walker and George Obourn Jr. "were almost inseparable in high school. "Together they acted on their dream of joining the Army as Cavalry Scouts, wanting to do their part after 9/11. Out of school they entered a 'buddy' system that would keep them together for a year through basic training. In Iraq they served in the same squadron," and died two days apart from each other.

Runner Expresses "Moral Outrage" At Sacrifice Required Of Military. Emily Pegues, a resident of Alexandria, writes in an op-ed in the Washington Post (10/13, A29, 748K) "I ran the Army Ten-Miler last Sunday," along side

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a military amputee team and many Gold Star Wives and Gold Star Mothers. "There is something inherently moving about athletics because of the courage required to be an athlete. For me, this is also true of the military. … A race sponsored by the Army takes on even greater meaning during a war of murky beginnings whose end is even more obscure. I wish with all my heart that everyone in America, including President Bush and all the elected officials who called for war, could have seen the soldiers and Gold Star families I saw last Sunday. Perhaps then they would have felt what I did: awe for their courage, heartbreak for their loss, and gratitude for their willingness to sacrifice everything they have for our country and its citizens. And utter moral outrage that they have been called upon to do so."

Documents Shed New Light On DOD Antiwar Protest Database. The New York Times (10/13, Lichtblau, 1.21M) reports, "Internal military documents" obtained by the American Civil Liberties Union under a Freedom of Information Act lawsuit and "released Thursday provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war." Events were "labeled as 'potential terrorist activity," and some "referred to the potential for disruption to military recruiting and the threat posed to military personnel as a result." Additionally, "intelligence reports and tips about antiwar protests, including mundane details like the schedule for weekly planning meetings, were widely shared among analysts from the military, the Federal Bureau of Investigation and the Department of Homeland Security." A Defense department spokesman said "that the 'questionable data collection' had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected."

Robinson Says New Casualty Study Shouldn't Be Dismissed. Eugene Robinson writes in his column in the Washington Post (10/13, A29, 748K), "It is understandable that the president would be quick to dismiss such an explosive claim" that more than 650,000 Iraqis have died as a result of the U.S. invasion of Iraq and its ensuing chaos, "but the rest of us should take the time to look a bit more closely." The study "relied on a 'cluster sample survey' technique that is frequently used for public health research" and "underlies such mainstays of modern life as public opinion polls and market research." The "pollsters in the United States, a much larger country, routinely predict nationwide trends on the basis of fewer interviews." Also, "the Lancet peer reviewers who cleared the study for publication could find nothing that would significantly skew the results." The Administration previously "refused to acknowledge even trying to count the Iraqi dead," and "It is unclear whether any science at all has gone into" its current estimates "or whether they were essentially pulled out of a hat. But quite a lot of science went into the Johns Hopkins study." If in fact "the study's findings are flawed, then its critics should demonstrate how and why. But no one should dismiss these shocking numbers without fully examining them. No one should want to."

CORPORATE SCANDALS:

Boston Communications, Sanmina Employees Step Down Amid Options Investigations. The Wall Street Journal (10/13, A3, Forelle) reports, "Three top executives of Boston Communications Group Inc. and an employee of Sanmina-SCI Corp. joined the management exodus stemming from stock-options investigations, as their companies' internal reviews advanced. BCGI said Chief Executive E.Y. Snowden and finance chief Karen Walker were stepping down from those roles. Alan Bouffard, the general counsel, is retiring early, the company said. Sanmina identified its departed employee only as a manager. The departures bring to at least 28 the number of dismissals, suspensions and resignations of corporate officials amid probes of stock-option practices at their companies."

The San Jose Mercury News (10/13, Blitstein) reports, "Improper stock options grants at Sanmina-SCI has led to the resignation of one manager at the San Jose electronics manufacturer, the company announced today." The News continues, "The company did not identify the manager in a written statement, and did not return calls for comment. Most stock options grants to executives and employees between 1997 and 2006 were not correctly dated or accounted for, the company said in the statement. … Sanmina-SCI said it will restate its financial results for that time period and record non-cash compensation charges due to the revelations about options grants by a special committee of the board, aided by independent lawyers and forensic accountants."

The AP (10/13, Liedtke) reports, "The developments announced Thursday by the San Jose-based electronic parts manufacturer are the latest fallout from a scandal dogging dozens of companies that mishandled their stock options. … The chicanery drew the attention of federal regulators and prosecutors earlier this year, prompting more than 100 companies to launch internal reviews to ensure they accounted for their options properly. A large chunk of those companies are in Silicon Valley, where stock options first became staples of employee compensation packages."

Bloomberg (10/13, Day) reports, "The ousted manager joins more than 30 people who have lost their jobs because of misdated options grants, including the chief executive officers of McAfee Inc. and Cnet Networks Inc. who were

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replaced yesterday. Boston Communications Group Inc. replaced three top executives today after finding misdated options. Sanmina-SCI said it will set fixed dates for grants. … 'You are starting to see the fallout from these independent committees,' said Shawn Harrison, an analyst with Longbow Research in Independence, Ohio, who rates Sanmina-SCI 'neutral' and said he doesn't own the shares. 'After the issue arising these are the steps that need to be taken.' … More than 60 companies have restated or plan to revise results because of options-related errors. More than 140 companies have disclosed internal or U.S. government investigations of their options-grant practices."

Broker In Martha Stewart Scandal Struggling To Find Employment. The New York Times (10/13, Thomas) reports, "Peter E. Bacanovic, his gall rising, could not believe it. But there it was in print. 'I honestly don't remember exactly what I was prosecuted for,' Martha Stewart is quoted as saying in the September issue of Harper's Bazaar. … Ms. Stewart's new lease on life illustrates how her fate and that of Mr. Bacanovic have diverged since their release from prison. She is once again a television celebrity and retains her tight grip on the company that she founded. America loves a comeback story, and, if anything, her brush with the law may have given her a needed dose of vulnerability. Life for Mr. Bacanovic, who is 44 and recently completed his probation, has been a slow trudge through the slough of a legal and regulatory despond. Fired from his job at Merrill Lynch and banned from the securities industry, he is now struggling to find a permanent job and restore his tattered health and psyche."

Hoak Named H-P's Ethics Officer. The Wall Street Journal (10/13, A6) reports, "Hewlett-Packard Co. named NCR Corp. former general counsel Jon Hoak as its vice president and chief ethics and compliance officer, one of several positions left vacant following the computer and printer giant's spying scandal." Hoak "succeeds ousted ethics chief Kevin Hunsaker, who directed the boardroom leak probe and was fired last month before being charged with identity theft and three other felonies along with former Chairwoman Patricia Dunn and three outside investigators."

Many In Corporate Security Field Surprised By H-P's Tactics. The Washington Post (10/13, D1, Masters) reports that the scandal at H-P "has drawn new attention to intrusive techniques available to private investigators and has raised questions about when and how they are used. Many companies, big and small, allow -- at least tacitly -- their security contractors to push the legal envelope on uncontroversial matters, like combating employee theft or counterfeiting. But news that a big-name corporation would permit the use of such tactics for a sensitive, potentially high-profile investigation has surprised many in the corporate security field. They say most large, public companies are far more cautious when it comes to high-stakes matters involving top executives and regulatory scrutiny. Increasingly sensitive to privacy considerations and public appearances, lawyers for large corporations routinely limit the techniques they allow and are far less willing to let investigators take the initiative on tactics."

Black Seeks To Have Canadian Citizenship Restored. The Wall Street Journal (10/13, B8, Cherney) reports that former newspaper baron Conrad Black, who five years ago renounced his Canadian citizenship, "appears to be having second thoughts as he prepares to stand trial next year in U.S. federal court in Chicago on fraud and racketeering charges. Charged along with three other former executives in connection with $84 million in company payments, Mr. Black has applied to have his Canadian citizenship restored. And he has embarked on a campaign to restore his tarnished image among Canadians, talking about Canada's international role -- and denouncing the case against him." The Journal adds, "Becoming a Canadian citizen wouldn't help Mr. Black avoid or delay the trial set for March, because he already has surrendered his right to fight extradition from Canada. But there is a potential benefit if Mr. Black is found guilty: Canada has nicer prisons. Canadians in the U.S. prison system can apply to transfer back to Canada."

Inspirational, Motivational Speakers Growing In Popularity With Business Audiences. A front page story in the Wall Street Journal (10/13, A1, Anders) reports, "Years of scandals and strategic zigzagging have soured business audiences on pep talks from well-paid executives with fancy titles. But the skepticism softens when a speaker with a seeing-eye dog or a wheelchair speaks about unshakeable persistence, even if the orators aren't business experts. Bosses hope these speakers can cut through a fog of cynicism and complacency, getting people fired up about their jobs. … Speakers' bureaus took note and started booking a new breed of lecturers. Leading Authorities Inc. of Washington, D.C., now lists 234 'inspirational and motivational speakers' on its Web site, its largest category. Many are traditional experts on leadership or politics who want to be cross-listed in a popular category, says Mark French, Leading Authorities' president. His inspirational roster also includes a survivor of 30 cancer surgeries and man who recovered after he was hit by a New York City bus."

CRIMINAL LAW:

Report Says Conservative Groups Sold Their Clout To Abramoff. In a report issued yesterday,

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Senate investigators said five conservative nonprofits "appear to have perpetrated a fraud" on taxpayers by selling their clout to lobbyist Jack Abramoff, says the Washington Post (10/13, A1, Grimaldi, Schmidt, 748K). The report "includes previously unreleased e-mails between the now-disgraced lobbyist and officers of the nonprofit groups, showing that Abramoff funneled money from his clients to the groups. In exchange, the groups, among other things, produced ostensibly independent newspaper op-ed columns or news releases that favored the clients' positions."

The New York Times (10/13, Shenon, 1.21M) says the report from Democratic investigators of the Senate Finance Committee, "found that officials of the nonprofit groups, including Americans for Tax Reform, a prominent conservative group run by the Republican strategist Grover G. Norquist, agreed to 'carry out Mr. Abramoff's requests for help with his clients in exchange for cash payments.' The committee's ranking Democrat, Senator Max Baucus of Montana, said in releasing the report that the Justice Department and the Internal Revenue Service would 'have to determine whether tax laws were broken, but in my view, these groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws' on tax-exempt groups."

The AP (10/13, Heilprin) reports, "Among the groups named as possibly taking money from Abramoff clients and funneling it into his lobbying efforts on their behalf were Americans for Tax Reform, Citizens Against Government Waste and the Council of Republicans for Environmental Advocacy. … Tax-exempt groups are barred by law from being paid to lobby or do public relations." The AP notes, "Americans for Tax Reform is headed by Grover Norquist, a key ally of Bush and a longtime associate of Karl Rove, the president's chief political adviser. … The report said Norquist's group accepted $1.5 million from the Mississippi Band of Choctaw Indians, one of Abramoff's clients. More than two-thirds of that money was then passed to Christian Coalition founder Ralph Reed as part of Abramoff's lobbying efforts to block a rival tribe's proposed casino in Alabama."

Bloomberg (10/13, Salant) reports, "A spokeswoman for Senate Finance Chairman Charles Grassley, an Iowa Republican, said he would consider the report's recommendations. Spokeswoman Jill Gerber said the senator wanted a more comprehensive report that would look at non-profit organizations on all sides of the political spectrum. … 'His focus is on reforming the system to stop systemic abuse of the tax code,' Gerber said. 'The problems are widespread and won't be resolved just with Mr. Abramoff going to jail.'"

Ney To Plead Guilty Today. Rep. Robert Ney is to enter a guilty plea today to a pair of felonies involving conspiracy and making false statements. According to the AP (10/12, Yost) the plea could send Ney to prison for up to 10 years. Ney signed papers a month ago admitting to the charges and "acknowledging that he had deprived the public of his honest services. The Ohio congressman says he took tens of thousands of dollars worth of trips, sports tickets, campaign contributions, meals and casino chips in exchange for legislation and public statements supporting Abramoff's clients and a foreign businessman. With the Justice Department recommending 27 months behind bars for Ney, the congressman may announce his decision to step down when he appears before U.S. District Judge Ellen S. Huvelle."

Prosecutors Seek Prison For Safavian. The government is pushing for three years in prison for David Safavian, the former chief of staff of the GSA, found guilty of covering up his relationship with Abramoff. The AP (10/12, Jordan) reported, "The prison time could be years less than what David Safavian…was initially expected to face for lying and hiding details of his connections with Abramoff from investigators and lawmakers." The AP adds, "Federal prosecutors calculated that Safavian's sentence should be between 30 and 37 months, based on federal guidelines, and asked that he be sentenced 'at the high end of that range.' Safavian could have faced up to five years on each of the four criminal counts in his June conviction. His sentencing is set for Oct. 27."

The Wall Street Journal (10/13, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Former White House aide David Safavian asks U.S. District Court judge to sentence him to home detention for Abramoff-related perjury and obstruction convictions. Justice Department lawyers press for three years behind bars."

Former Foley Aide Says He Warned Hastert About Behavior More Than Three Years Ago.

ABC World News (10/12, story 2, 2:00, Gibson, 8.78M) reported on "the investigation of former Congressman Mark Foley and whether the top leadership of the House of Representatives knew of his inappropriate messages to teenage congressional pages. Today, the House Ethics Committee questioned Foley's former chief of staff, who said he did tell Republican House leadership years ago that there were signs of trouble." ABC (Stephanopoulos) added, "His name is Kirk Fordham. He spent more than four hours in front of the committee, and his testimony is not what Speaker Hastert's office wanted to hear. … ABC News has learned that behind closed doors, Fordham told the ethics committee that he warned Speaker Hastert's office about Congressman Foley's inappropriate behavior with pages more than three years ago. Under oath, Fordham testified that the warning was triggered by a report that late one night, Congressman Foley, apparently drunk, had tried and failed to enter the congressional page dormitory. After learning about the alleged incident from the House clerk, Fordham said he contacted the Speaker's chief of staff and closest confidant,

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Scott Palmer, and told him Foley was getting too close to the pages."

NBC Nightly News (10/12, story 3, 2:00, Reid, 9.87M) reported Fordham said "he went to Speaker Dennis Hastert's office and spoke about Foley with Scott Palmer, Hastert's powerful chief of staff, hoping the Speaker's office would have more luck getting Foley under control. Fordham says Palmer, Hastert's aide, later told him the Foley issue had been taken care of, though it's unclear in the source's account whether Palmer ever spoke to his boss, Speaker Hastert. For his part, Palmer denies any of that ever happened." CBS Evening News (10/12, story 6, 0:15, Couric, 7.66M) noted "Hastert says he only learned about the sexual nature of the messages a week and a half ago." CNN's The Situation Room (10/12, Blitzer) noted Fordham's story "directly contradicts the Speaker's version, that his office first learned about Foley's inappropriate e-mails to House pages last fall."

The AP (10/13, Margasak) reports Hastert spokesman Ron Bonjean said after Fordham's testimony, "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

The Washington Post (10/13, A7, Babington, 748K) reports, "While Fordham's assertions deal with Foley's alleged face-to-face behavior toward pages, another thread of the scandal involves two other key Hastert aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke." They "have said they were alerted last year about e-mails Foley had sent to a former page from Louisiana. The e-mails, which asked the boy what he wanted for his birthday and requested he send a photo of himself, alarmed the youth and his parents. ABC News's eventual reporting of the e-mails led to leaks of the far more explicit instant messages to former pages."

USA Today (10/13, Kiely, 2.27M) reports, "Also Thursday, ethics committee members interviewed Rep. Shelley Moore Capito, R-W.Va., a member of the House Page Board." Capito "has said she knew nothing about concerns over Foley's relationship with pages until he resigned." Rep. John Shimkus, "the head of the page board, will meet with the ethics committee today. Shimkus has said he confronted Foley last fall after Rep. Rodney Alexander, R-La., reported that parents of a former page he sponsored were concerned about messages Foley was sending their son. Shimkus has said he believed Foley when Foley told him that he would change his behavior."

The Washington Times/AP (10/13) reports Shimkus "did not tell the two other House members of the Page Board about the meeting -- Democrat Dale E. Kildee of Michigan and fellow Republican Shelley Moore Capito of West Virginia. Mr. Shimkus said he was following the wishes of the boy's parents." The New York Times (10/13, Zeleny, 1.21M) says Capito "declined to comment specifically on her testimony, but told reporters: 'I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion.'"

CNN.com (10/13) reports, "A source familiar with Fordham's account said the ex-aide would testify that he warned House Speaker Dennis Hastert's office years ago about complaints regarding Foley's behavior around the teenage messengers who work on Capitol Hill -- including a report that the disgraced congressman showed up drunk at the congressional page dormitory. … House Republican Conference Chairwoman Deborah Pryce, R-Ohio, asked House Clerk Karen Haas to investigate the dormitory allegation last week. Capitol police are looking through files for any record of the incident, a spokeswoman said.Fordham's account disputed. … But CNN was told by two sources familiar with Fordham's account and a third, independent source that Fordham maintains he arranged a meeting between Foley and Hastert's chief of staff, Scott Palmer, about that report and accounts of other behavior Fordham found troubling."

Former NC Lottery Commissioner Convicted Of Fraud. The Charlotte Observer (10/13, Ingram, Johnson) reports, "A federal jury on Thursday found former N.C. lottery commissioner Kevin Geddings guilty on five counts of mail fraud after a three-week trial." The Observer continues, "Geddings faces up to 100 years in prison. He has not yet been sentenced. He was found not guilty of one count of wire fraud." The Observer adds, "Prosecutors accused Geddings of participating in a conspiracy with two lobbyists for lottery vendor Scientific Games in an effort to help the company win a contract from the new N.C. lottery."

The AP (10/13) reports, "The guilty verdicts capped a three-week trial, during which Geddings told jurors that he didn't believe that he needed to report his past dealings with Scientific Games Corp. to the N.C. Board of Ethics. … 'What the whole case was about was the fact that public officials serve the public,' said Assistant U.S. Attorney Dennis Duffy. 'People are sick of public officials serving their own interest and the interests of their friends especially.'" The AP adds, "After more than six hours of deliberations, jurors found Geddings, 42, guilty of five counts of honest services mail fraud and not guilty on a single count of wire fraud. A judge earlier dismissed three other counts of fraud included in the original indictment. … Geddings faces thousands of dollars in fines and up to 20 years in prison on each count, although prosecutors have said that it's unlikely that his sentence will be that long. A sentencing hearing was scheduled for Feb. 5,

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and Geddings will remain free until then." The AP notes, "Prosecutors said that Geddings defrauded the state of honest services by failing to disclose more than $250,000 in payments his public-relations company got from Scientific Games between 2000 and 2005. Among their key pieces of evidence was $24,500 in payments from Scientific Games to Geddings for work performed in the months leading up to the lottery's passage in August 2005."

Federal Employees Said To Have Purchased Degrees From Online Diploma Mill. The AP (10/13) reports, "A White House staff member and National Security Agency employees were among 6,000 people who bought bogus online college degrees from a diploma mill, a federal judge has been told." The AP continues, "Others who paid thousands of dollars for phony diplomas in the operation, which used names such as St. Regis University, James Monroe University and Robertstown University, include a senior State Department employee in Kuwait and a Department of Justice employee in Spokane, defense lawyer Peter S. Schweda said Wednesday." The AP adds, "None of the federal officials was identified during the status conference for five defendants in U.S. District Court, nor would lawyers for either side provide any of their names outside the courtroom, The Spokesman-Review reported Thursday. … 'We're not going to disclose who bought these degrees until after the trial is under way,' U.S. Attorney James A. McDevitt told the newspaper." The AP notes, "Material provided to the defense by the Justice Department shows at least 135 government employees, also including some from the Department of Health and Human Services, bought college or university degrees to use in seeking promotions or pay raises, Schweda said. … The defense team also is seeking access to an Office of Personnel Management report which reportedly provides more detail on federal employees who are believed to have purchased the bogus degrees to enhance their portfolios. … The White House employee who reportedly bought a degree is the subject of a separate investigation, Schweda said." The AP notes, "The latest twist in the criminal case came Wednesday, a day after Kenneth Wade Pearson, 31, webmaster for the operation, pleaded guilty to conspiracy to commit wire and mail fraud and receipt of child pornography."

Former MS-13 Member Wore Wire For Investigators. The Washington Post (10/13, B1, Castaneda) reports, "A former member of the violent street gang MS-13 revealed in federal court yesterday that he risked his life for nearly two years by working undercover for federal agents and police investigating the group. Noe 'Shorty' Cruz, 25, testified in U.S. District Court in Greenbelt that he wore a wire two or three times to gang meetings. During one of those meetings, gang members played a videotape showing two Prince George's County police officers and a federal agent and spoke of killing an officer, Cruz testified. Cruz also said that he tipped off investigators about which gang members' homes should be raided, that MS-13 members robbed prostitution houses and that gang leaders sent money to MS-13 leaders in El Salvador."

Specter Confirms FBI Investigating Senior Aide. The Pittsburgh Post-Gazette (10/13, Sherman, 241K) reports, "Sen. Arlen Specter has acknowledged that the FBI is investigating whether one of his staffers directed millions of dollars in federal money toward companies that were clients of her husband's lobbying firm." Specter "this week released a copy of an FBI letter, sent to him this summer, that asks for help with a probe into 'allegations of possible criminal misconduct' by Vicki Siegel Herson, who currently works as the senator's special projects coordinator. … In an interview transcript issued by his press secretary yesterday, Mr. Specter said that his office's internal investigation found 'no impropriety.' Still, he has referred the issue to the Senate Ethics Committee." The Post-Gazette adds, "A spokesman for the FBI's Washington field office yesterday declined to say if the investigation is still under way."

Homicides, Robberies Up In Dozens Of Cities. According to USA Today (10/13, Johnson, 2.27M) there is "fresh evidence that homicides and robberies are continuing to increase in dozens of cities. A review of 55 cities' crime data from the first six months of this year indicates the overall number of homicides rose by 4.2% compared with the same period in 2005, according to the Police Executive Research Forum, a police advocacy group. In a report Thursday, the group also said that robberies rose nearly 10% and that aggravated assaults were up slightly. … Of the 55 cities surveyed by the police group, 19 had double-digit percentage increases in homicides. More than 40 cities reported jumps in robberies." USA also notes, "Homicides have declined in some cities in 2006, the report said. Among them: Dallas, Chicago, Kansas City, Milwaukee, Norfolk, Va., and Washington, D.C."

ABC World News (10/12, lead story, 2:50, Thomas, 8.78M) reported, "According to the new report, murder and robbery are spiking across the nation. Police say much of the recent rise in crime is due to resurgence in gangs." Prof. James Alan Fox, Northeastern University: "Gangs have made a comeback. We have a wealth of new recruits who are excited about the opportunity of joining a gang." Thomas: "In some cities, gangs are using rat packing, where members use cell phones to coordinate their movements and surround their victims. There's a lethal combination of drugs, violent offenders returning from prison, and teenagers with easy access to guns."

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Boy Discharges Gun In Third Grade Classroom. The Baltimore Sun (10/13, Neufeld, Linskey) reports an 8-year old boy yesterday discharged a loaded revolver in his third grade classroom. No one was hurt in the incident, but it prompted "some community leaders to call for the installation of metal detectors in city schools. The city's school police chief said he would support such a preventive measure, even in elementary schools but said the move might be impractical." In Thursday's incident, "an 8-year-old boy took a .22 caliber revolver to Grove Park and put it inside his desk, police said. Another boy, also 8, came over to see the gun about 10 a.m. and accidentally pulled the trigger. About 20 children were in the room at the time."

Boy Charged With Making Up Story About School Gun Threat. The Washington Post (10/13, B6, Aratani) reports, "Police filed charges yesterday against a 12-year-old Montgomery County boy whose false claim that a man with a gun had threatened violence against schools prompted officials to tighten security at 13 campuses Wednesday. The boy will be charged as a juvenile with disturbing school operations, Montgomery police said. Because of his age, the seventh-grader was not named in charging documents." The boy's story "prompted officials to take the unusual step of declaring security alerts and locking the doors at schools in northwestern Montgomery. It alarmed a community that has vivid memories of the 2002 sniper attacks and has been made uneasy recently by school shootings in Pennsylvania, Colorado and Wisconsin. The boy later admitted that he made up the story, authorities said."

Amish Schoolhouse Destroyed. ABC World News (10/12, story 10, 0:20, Gibson) reported, "In Nickel Mines, Pennsylvania, early this morning workers demolished the Amish schoolhouse where girls were murdered by a suicidal gunman last week. … The site will be turned into a quiet pasture. And classes will be held, for now, in the garage of a nearby Amish farm."

NBC Nightly News (10/12, story 11, 0:30, Williams) reported, "In the pre-dawn hours today, a demolition crew tore down the school in just under a half an hour, a way to help this traumatized community heal. It will now go back to pasture, they say, a place where all can heal."

CBS Evening News (10/12, story 7, 0:10, Couric) reported, "There will be no memorial there. Within hours, all that remained was a bare patch of dirt."

The New York Times (10/13, Hamill) reports, "The Amish community had debated whether to tear down the West Nickel Mines Amish School, in Lancaster County, Pa., ever since the horror unfolded there on Oct. 2, when five of the girls were fatally wounded by Charles C. Roberts IV and the five others received serious wounds that have kept them hospitalized. In addition to concern for the victims' families, those considering the school's fate 'realized it could be very traumatic for the children, that it might just be too hard for the children who were in there to go back,' said Herman Bontrager, a businessman who is a friend of some Amish church leaders in the area."

Colorado School Shooter Was Seen At The School The Day Before Shootings. ABC World News (10/12, story 9, 0:25, Gibson) reported, "We have updates, tonight, on two, recent school shootings. In Colorado, authorities now say the adult, Dwayne Morrison, who went armed into a high school two weeks ago, was at the high school the day before and then around and in the school for hours on the day of the incident. Morrison released most of his hostages but killed one before killing himself."

Corrections Officer Convicted Of Killing Inmate. The Baltimore Sun (10/13, Jones) reports, "A former correctional officer was convicted Thursday of second-degree murder in a stomping death at the city jail, a crime so brutal that eight guards were fired for lying, and a case so chaotic that two guards were cleared of criminal wrongdoing after defense attorneys alleged a cover-up hatched by their colleagues. Dameon C. Woods' murder conviction -- a rarity for a public safety officer -- stands as a testament to the brutality of the melee that led to Raymond K. Smoot's May 2005 death and to the problems engulfing the state-run Central Booking and Intake Center. Woods, 34, was convicted of murder with a depraved heart, or extreme disregard for human life, and two counts of assault, and could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12."

Indicted Blagojevich Fundraiser May Be Declared A Fugitive. The Chicago Tribune (10/13, Coen, O'Connor, 623K) reports, "Indicted businessman and political fundraiser Antoin 'Tony' Rezko has a date in court Friday, and officials say he could be considered a fugitive if he doesn't show up." Rezko is "slated to appear for the first of two scheduled arraignments in his fraud cases at 10 a.m. on the 25th floor of the Dirksen U.S. Courthouse. If he isn't present and his lawyer has no reasonable explanation for his absence, authorities said they would begin an active hunt for Rezko, who is believed to have been in the Middle East for several weeks." Rezko, "a member of Gov. Rod Blagojevich's inner circle and one of his chief fundraisers, is accused of trying to force illegal payments from investment firms that were seeking business with the Teachers' Retirement System. Rezko allegedly used the position of his co-defendant, Stuart Levine, to pressure the firms."

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Rezko Contributed To Variety Of Politicians. The AP (10/13, O'Connor) reports, "While Gov. Rod Blagojevich is the biggest beneficiary of Antoin 'Tony' Rezko's largesse, he is not the only politician to have taken contributions from the political insider who is under federal indictment. Rezko is linked to $47,500 in donations to Lt. Gov. Patrick Quinn, $33,000 in contributions to Attorney General Lisa Madigan, and $20,000 to Comptroller Dan Hynes, all Democrats, according to state records. In all, Rezko, his companies and businesses that share the same address have contributed more than $423,000 to state political campaigns, including a few Republicans, in the past decade. Rezko also has aided federal campaigns, giving more than $62,000 since 1997, according to the Federal Election Commission. Democratic U.S. Sen. Barack Obama received $11,500, on top of $8,500 from Rezko when he was a state senator."

Prominent Philadelphians Heading Legal Defense Fund For Fumo Aides. The AP (10/13, Dale) reports, "Three prominent Philadelphians are running a legal defense fund for Senate aides indicted in an extortion probe centering on state Sen. Vincent Fumo. A federal judge on Thursday questioned the arrangement and whether the defendants -- who worked in Fumo's offices for years -- could look out for their own best interests." However, Leonard Luchko "insisted that he was satisfied with the arrangement." Luchko lawyer James Schwartzman "disclosed that the trustees are J. Whyatt Mondesire, the local chapter president of the NAACP; lawyer Rhonda Resnick Cohen, who is married to Comcast executive and former mayoral aide David Cohen; and former U.S. Attorney Robert Curran, now a lawyer in Delaware County."

The Philadelphia Inquirer (10/13, Shiffman, McCoy, 399K) reports, "The trustees' names were disclosed yesterday during a federal court hearing for…Luchko, who is charged with deleting e-mails to thwart the FBI's investigation of Fumo. Prosecutors said they found it odd that a onetime midlevel state employee -- whom authorities acknowledge they have pressured to testify against Fumo -- suddenly has such powerful friends. 'That has to raise the question of why this is happening and who aims to benefit,' Assistant U.S. Attorney Robert Zauzmer said. Luchko's lawyer, James Schwartzman, said there was no conflict of interest, nor was there anything unusual in the arrangement." The Philadelphia Daily News (10/13, Hinkelman, 109K) also reports the story, under the headline "Philly Bigwigs Set Fund."

FBI, Detroit Police Investigating Bribery Allegation Against Officer. The Detroit News (10/13, Sinclair) reports, "A police officer assigned to the Detroit Homicide Section was suspended Wednesday as the FBI and Internal Affairs officers investigate an allegation of improper conduct by the officer with the family of a murder victim." The News adds, "Police sources said the allegation against Newman is that he took $12,000 from the Ann Arbor family of Joe Wagner, a 21-year-old who was stabbed to death at a church festival in southwest Detroit last June. Newman was in charge of the investigation that resulted in the arrest of two gang members who were convicted of first-degree murder in August."

Actress' Killer Convicted Of First Degree Murder. The New York Times (10/13, Hartocollis) reports, "The leader of a band of youthful muggers was convicted yesterday of murdering an actress and playwright after she challenged him during a robbery on the Lower East Side last year. Rudy Fleming, now 21, was convicted of fatally shooting Nicole duFresne, 28, after she resisted the robbery by defiantly shouting, 'What are you going to do, shoot us?'" The Times adds, "By finding Mr. Fleming guilty of first-degree murder, the jury categorically rejected the defense contention that his .357 Magnum discharged accidentally, perhaps as he slipped in mounds of plowed snow when Ms. duFresne confronted him. His lawyer, Anthony Ricco, provided no corroboration, either through testimony or physical evidence, for this theory. Mr. Fleming faces a minimum of 20 years to life in prison and a maximum of life without parole."

DC's Most Vibrant Neighborhoods Have Highest Concentration Of Robberies. A front page story in the Washington Post (10/13, A1, Klein, Keating) reports, "Some of Washington's most vibrant neighborhoods, destinations for suburbanites, barhoppers and urban professionals… have the highest concentrations of holdups in the city. Criminals are striking in areas that boast of dynamic nightlife, newly minted condominiums and restaurant grand openings." The Post "analyzed years of police statistics, focusing sharply on crimes this year, and found the biggest share of robberies happening at night and on sidewalks in neighborhoods north of downtown, including Adams Morgan, Mount Pleasant, Columbia Heights and the U Street corridor." The Post adds, "The city's robbery core is in the 3rd Police District, which includes the neighborhoods of Columbia Heights, Adams Morgan, Mount Pleasant, Dupont Circle and Logan Circle. It is the city's smallest, densest police district and accounts for almost 30 percent of robberies."

Philadelphia Hedge Fund Managers Indicted On Fraud Charges. The Philadelphia Inquirer (10/13, Lowe, 399K) reports, "Two former money managers were indicted yesterday on federal charges of mail and securities fraud, stemming from the collapse of their $5.2 million hedge fund. William J. Lennon and Anthony P. Postiglione Jr. are accused

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of misleading investors about the fund's performance and knowingly mailing them false information about investment returns." Lennon and Postiglione allegedly "used the fund's assets for expenses in excess of what their management fee allowed. Though they said in statements mailed to investors that the fund had increased in value, it actually lost $2 million over roughly three years before it was shut down in July 2004." The Philadelphia Daily News (10/13, Campisi, 109K) notes, "The two men not only played fast and loose with the quarterly reports and fund newsletters, but falsely claimed the investments being made were 'protected by insurance,' according to the indictment. Postiglione also is accused of trying to mislead FBI agents investigating the fund. Both are charged with mail and securities fraud." Philadelphia Business Journal (10/12) also reported on the indictments.

Project Safe Childhood Program Nets Two California Sex Offender Arrests. The Chico (CA) Enterprise-Record (10/13, Felipe) reports, "Two Oroville sex registrants were arrested and two Gridley sex registrants were cited Wednesday night for failing to comply with their sex registration requirements." The E-R continues, "The arrests were part of Project Safe Childhood (PSC), a U.S. Department of Justice initiative designed to crack down on violent sex predators and reduce Internet crimes against children, such as child pornography trafficking, according to Sgt. Steve Pelton of the Butte County Sheriff's Office." The E-R adds, "On Wednesday night, investigators from the Butte County Sheriff's Office, Safe Street Task Force, Special Agents from the Federal Bureau of Investigation, California Department of Justice, Butte County District Attorney's Office, and officers from the police departments of Chico, Gridley, and Yuba City, joined agents and deputies from the Department of Corrections, county probation department, and Plumas County Sheriff's Office in setting out to locate 60 convicted, registered sex offenders. … At about 4 p.m. a briefing took place with the 30 law enforcement officers, who spent the next eight hours investigating whether local sex registrants were in compliance with Megan's law, that provides specific registration requirements for convicted sex offenders. … Of the 60 targeted sex registrants, 11 were found out of compliance. Felony charges have been requested against seven of those found to be non-complaint and who are still at large, according to Pelton." The E-R notes, "Project Safe Childhood has the U.S. Attorney's Office teaming up with state and local agencies in going after sex predators. … 'We are in the midst of an epidemic of sexual abuse and exploitation of our children,' said Attorney General Alberto Gonzales in a U.S. Department of Justice press release. 'Project Safe Childhood will help law enforcement and community leaders prevent, investigate, and prosecute sexual predators and pornographers who target our children and grandchildren.'"

Chinese Law Unclear On Who Cares For Children Of Inmates. A front page story in the Washington Post (10/13, A1, Fan) reports, "The law is unclear on who should provide for the children of China's more than 1.5 million prisoners. No government department is willing to supervise them. Historically, relatives have taken them in, but in practice, many unwanted children are shuffled from family to family. Sometimes, even the families do not want them. A small number of children, like the 12 at the home here in Dalian, receive care at 'Children's Villages,' organizations usually run by civic-minded individuals. But there are no more than nine or 10 such organizations nationwide, serving perhaps 1,000 children, experts say. … The reasons for the neglect can be traced to China's bureaucratic system, but also to the scorn with which some Chinese have traditionally regarded criminals and, by extension, their children."

FDA Asked To Investigate Possible Cover Up Of Silicone Breast Implant Risks. The Washington Post (10/13, A16, Brown) reports, "A consumer activist organization yesterday asked the Food and Drug Administration to investigate what it considers a possibly criminal attempt to suppress information about the risks of the new generation of silicone breast implants. In a letter to the FDA's administrator, Public Citizen said it learned of test results -- some new, some reinterpreted -- from a scientist at implant maker Mentor Corp. who says he could not persuade his bosses to forward the data to the regulatory agency." The FDA "is in the late stage of reviewing applications by two companies to sell once more silicone breast implants for general use. Last year, the agency gave preliminary approval for the devices on condition that Mentor and a competitor, Inamed (now part of another company, Allergan), complete required tests."

Exotic Dancer Raises Doubts About Duke Rape Allegations. An exclusive report on CBS Evening News (10/12, lead story, 3:20, Couric) reported, "There are new questions about what exactly did and did not happen at a party hosted by the Duke University lacrosse team last March. One of two exotic dancers hired by the players says she was raped and three members of the team have been charged with rape. But now the other dancer is speaking out and telling a different story, telling it to Ed Bradley of '60 Minutes.'" CBS (Bradley) added, "The evidence we've seen raises serious concerns about whether or not a rape even occurred. So does our interview with Kim Roberts. Known as Nikki, she is the other exotic dancer hired along with the

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alleged rape victim to perform for the lacrosse team. In the police statement, she describes the rape in this way: 'Three guys grabbed Nikki' -- that's you -- 'Bret, Adam and Matt grabbed me. They separated us at the master bedroom door while we tried to hold on to each other. Bret, Adam, and Matt took me into the bathroom.' Were you holding on to each other? Were you pulled apart? Is that true?" Kim Roberts: "Nope." Bradley: "Did she give you any reason to believe that she had been assaulted?" Roberts: "No." Bradley: "Abused in any way?" Roberts: "No." Bradley: "None whatsoever?" Roberts: "No." Bradley: "Did she at any point that night say anything about being in pain or having been hurt in any way?" Roberts: "No. She wasn't -- she obviously wasn't hurt, because, you know, she was fine." … Couric: "Ed, you and your team did a six-month investigation. Do you think this will ever go to trial?" Bradley: "I think there's a lot of information from all quarters concerning that, a lot of dispute. But the district attorney certainly seems on track to take it to trial next spring."

DOJ Grant To Fund Bulletproof Vests For New York Police Agencies. The Glens Falls (NY) Post-Star (10/13, Lehman) reports, "Three local police agencies have been given federal grants to help them purchase new bulletproof vests." The Post-Star continues, "Sheriff's Departments in Warren and Washington counties and Whitehall Police received money from the U.S. Department of Justice to purchase new body armor." The Post-Star adds, "The Washington County Sheriff's Department will receive the most money of the three agencies, $4,462 that will be used to buy 6 vests for members of the department's newly created emergency response team, said Washington County Sheriff Roger Leclaire. … The Warren County Sheriff's Department will receive $3,847 for 18 new vests, 6 of which will replace old ones and 12 for new officers Sheriff Larry Cleveland has asked county leaders to hire."

CIVIL LAW:

Judge Tosses Class-Action Suit Over ID Theft. CNET News (10/13, McCullagh, Broache) reports, "A federal judge in Arkansas has thrown out a class action lawsuit against Acxiom, which exposed massive amounts of Americans' personal information in a high-profile Internet security snafu three years ago." CNET continues, "Even though a spammer had downloaded more than one billion records from the company, U.S. District Judge William Wilson ruled that there was no evidence that Acxiom's purloined database had been used to send junk e-mail or postal mail." CNET adds, "Because the class action attorneys could not prove that anyone's information had actually been misused, Wilson dismissed the case and the request for damages on the grounds that any harm would be entirely speculative. 'Because plaintiff has not alleged that she has suffered any concrete damages, she does not have standing under the case-or-controversy requirement,' he wrote." CNET notes, "The decision (PDF), published on Oct. 3, could prove influential in other identity fraud cases where breaches have exposed personal information such as home addresses and Social Security numbers, but there's no proof that the information has been misused. … It's not entirely clear what information was downloaded from Acxiom, except that it was information owned by one of its customers rather than information Acxiom collected itself. Acxiom's business includes providing databases for direct marketers, including InfoBase, described by the company as 'the largest collection of U.S. consumer and telephone data in one source,' and Personicx, which features the 'specific consumer and demographic characteristics' of tens of millions of American households."

Tobacco Firms Making Big Political Effort To Ease Restrictions On Smoking. ABC World News (10/12, story 11, 2:10, Gibson, 8.78M) reported, "We're going to turn now to a battle between the tobacco industry and anti-smoking forces. Public health officials have long described Big Tobacco as a wealthy, deceptive adversary. Well this election year, critics say cigarette makers are taking both their spending and their deception to new levels." ABC (Harris) added, "A group called Smoke Free Ohio is trying to get people to vote for a statewide smoking ban. Tobacco giant RJ Reynolds is trying to get voters to choose an alternative. It is funding a group Called Smoke Less Ohio -- an ironic name, critics say, because its plan may well allow people to smoke in more places." Matthew Myers, Campaign for Tobacco-Free Kids: "The only explanation for the countermeasures is a deliberate attempt to confuse voters." Big tobacco "is dramatically ramping up its spending this election year, pouring tens of millions of dollars into campaigns to fight smoking bans in bars and campaigns to fight new taxes on cigarettes. RJ Reynolds and Phillip Morris have spent a combined $55 million against a proposition in California that would raise the tax on a pack of cigarettes by $2.60."

CIVIL RIGHTS:

Georgia Official Objects To Letters About Voter IDs. The Atlanta Journal-Constitution (10/13, Suggs) reports, "Less than a week after a judge struck down Georgia's photo ID requirement for voters because it violated the state Constitution, nearly 200,000 letters — not the originally reported 20,000 — were sent out to registered voters, notifying them they may not have a valid driver's

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license or state-issued photo ID." The AJC continues, "David Worley, a Democratic appointee to the State Election Board, is threatening to file a complaint with the U.S. Justice Department, charging the board with voter suppression for mailing the letters after the law was struck down. … The letter suggests that if a voter does not have a photo ID, they will not be allowed to vote on Election Day. … 'Essentially, this is a taxpayer-funded voter suppression effort by the Republicans and a willful violation of the court's order,' Worley said. 'I think it is a violation of the Voting Rights Act, and I intend to take whatever legal action is available, including filing a complaint with the Justice Department. This shows the lengths to which Republicans are willing to go to stay in power.'" The AJC adds, "The 'Dear Georgia Voter' letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. Worley said that in early September the State Election Board voted to send out 300,000 letters to Georgians who were on the voter registration list but who did not have a driver's license. … Tex McIver, the vice chair of the election board who authorized the $55,000 mailing of the letters, said the board was only acting on an earlier order by U.S. District Judge Harold L. Murphy to educate the public about changes in Georgia voting law. … But Worley said letters should not have been sent out after the law was struck down in state court."

Maryland Jailer Convicted Of Inmate Beating Death. In a widely-distributed story, the AP (10/13, Witte) reports, "A former correctional officer was convicted Thursday in the beating and stomping death of an inmate at a troubled jail." Dameon Christopher Woods "was one of three guards charged. A jury convicted him of second-degree murder and depraved heart, as well as first- and second-degree assault in the death of Raymond Smoot. The jury acquitted Woods of second-degree murder, voluntary manslaughter and involuntary manslaughter charges." Codefendant James Leonard Hatcher "was acquitted of all charges Thursday. Circuit Court Judge John M. Glynn this week dismissed a murder charge against former officer Nathan D. Colbert." The AP notes, "The attack prompted the FBI to open a civil rights investigation, which is still active." The Baltimore Sun (10/13, Jones, 262K) adds that Woods "could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12."

DOJ Asked To Probe Virginia Police Beating Death. The Lynchburg (VA) News & Advance (10/13, Brown) reports, "State police have interviewed a 16-year-old girl who was in Clarence Lightfoot Beard Jr.'s James Crossing apartment when he died on Sept. 24." The N&A continues, "Beard's death, which occurred while he was in custody of Lynchburg police, sparked the State Police investigation. … The girl has said she begged Lynchburg police officers to quit striking Beard, said L. Garnell Stamps, a local civil rights activist, in an interview earlier this week. … Lynchburg police said Beard struck two officers who were looking for a female fugitive at the apartment complex at about 3 a.m." The N&A adds, "It is unclear what sparked the confrontation between Beard and police. … The city is not making 911 tapes and dispatchers' logs about the incident available to the public. The News & Advance requested the records earlier this week under the Virginia Freedom of Information Act." The N&A notes, "In addition to the State Police investigation, which was requested by City Manager Kimball Payne, the Lynchburg Police Department is conducting two internal investigations. … Albert Rose, the girl's grandfather, said in a telephone interview Thursday that the State Police interview occurred on Wednesday. … Rose met Wednesday night with a group of local civil rights leaders and gave them a report on the incident. The group has asked the U.S. Justice Department's Civil Rights Division to look into the circumstances surrounding Beard's death."

Lawmakers Seek DOJ Review Of Law Used To Convict Border Agents. The Ontario Inland Valley (CA) Bulletin (10/13, Carter) reports, "In an eleventh-hour plea, a half-dozen congressmen are asking the Justice Department to review the federal law used to convict two Border Patrol agents of shooting a Mexican drug smuggler." The Bulletin continues, "Congressman Walter B. Jones, R-N.C., circulated a letter Thursday among his colleagues that slammed federal statute 924(c), which addresses discharging a firearm in relation to a crime of violence. Conviction under the statute carries a minimum 10-year sentence in federal prison." The Bulletin adds, "Jones and five other members of the caucus -- including California Reps. Gary Miller (R-Brea), Dana Rohrbacher (R-Huntington Beach) and Ed Royce (R-Fullerton) -- contend in the letter that El Paso, Texas, Border Patrol Agents Ignacio Ramos and Jose Alonso Compean should not have been charged under the statute because carrying a firearm was a necessary part of their jobs, and that they used the firearms while on duty."

DOJ Gives New Jersey More Time To Implement Voter Database. The AP (10/13, Gold) reports, "New Jersey has been given until next year's primary election to implement a federally required statewide voter registration list, the state and the U.S. Justice Department announced Thursday." The AP continues, "In a series of court filings, New Jersey acknowledged it had missed deadlines required by the Help America Vote Act and a related state law. … The petitions, if approved by federal and state judges,

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should prevent problems that could threaten the integrity of the Nov. 7 general election if the statewide list were used exclusively, state Attorney General Stuart Rabner said." The AP adds, "Federal prosecutors charged, in a complaint filed along with a proposed settlement, that New Jersey had also failed to collect driver's license numbers on the applications of new registrants, as required by HAVA, and "failed to perform reasonable registration list maintenance" as required by the National Voter Registration Act of 1993. … 'We were very concerned that four years had passed without compliance with federal voting laws by the state Attorney General's Office,' Christopher J. Christie, the U.S. attorney for New Jersey, said in a statement. 'We are very pleased that Attorney General Rabner has taken this issue so seriously and has put the resources of his department behind fixing it as soon as possible.' … If the petitions are approved, New Jersey would use the existing voter registration rolls in 20 of the 21 counties for the Nov. 7 election."

Mississippi Judicial Voting Methods Meet Legal Challenge. The AP (10/13) reports, "A group of black plaintiffs has filed a federal lawsuit challenging how Mississippi will elect state circuit and chancery judges in November." The AP continues, "Attorney Carroll Rhodes of Hazlehurst, who filed the lawsuit in federal court in Jackson on Oct. 3, said Thursday that he does not wish to stop any judicial elections. … Rhodes said he wants the judiciary races to be run under the election law before it was rewritten by the Legislature in 2005." The AP adds, "Rhodes said the new law was to take effect Jan. 1, 2007. He said the State Election Commission erroneously is using the new law for this year's election. … No hearing date has been set for the lawsuit. … Rhodes' lawsuit, which represents only one side of a legal argument, says that in six chancery court and nine circuit court districts, the opportunity for the election of black candidates has been harmed by the new law. … In those districts, the Legislature changed the election process from a 'herd' system to a 'post' system. The lawsuit asks a federal panel to revert to the herd system for the Nov. 7 elections. … Under the herd system, all candidates run in a pack and the top vote getters win the available seats. The herd system was put in place in the late 1980s as part of a settlement of a lawsuit that also claimed the judicial election method diluted black voting strength. … Supporters argue the herd system can help blacks be elected because minorities can make their vote count more by voting only once, presumably for the black candidate. … Attorney General Jim Hood, who's one of three members on the state Election Commission, said the election change was approved by the U.S. Department of Justice. Federal law requires all election changes in Mississippi to obtain Justice approval to ensure black voting efforts will not be harmed."

Abstinence Assembly Raises Eyebrows Of Civil Liberties Advocates. The Washington Post (10/13, B1, Chandler, 748K) reports that Christian comedian Keith Deltano gave an assembly at Loudoun County High School yesterday "to encourage teenagers to stay away from sex. … But he never once talked about Jesus. … Some civil liberties advocates, skeptical of such shows, said school officials must enforce a line that is tested by religious performers who are invited into public schools to entertain and educate but not preach." The Post adds, "Many parents, administrators and teachers see such assemblies as an effective way to convey hard-to-teach life lessons. But occasionally there have been controversies."

State Efforts To Ban Same-Sex Marriage May Be Fizzling. USA Today (10/13, Frank, 2.27M) reports two years "after voters in 13 states approved constitutional bans on same-sex marriage, gay rights activists hope to reverse that course next month." Colorado's "first-in-the-nation ballot proposal to create same-sex domestic partnerships had strong support in a recent poll. Polls in three of the eight states that will vote on banning same-sex marriage show the measures trailing or leading narrowly." Any victory "for gay groups would be unprecedented. Voters have approved each of 19 proposals for state constitutional bans on same-sex marriage; support has averaged 70%. The questions began appearing on ballots in 1998 after a Hawaii court struck down the state's same-sex-marriage ban." Now, "well-run opposition campaigns and growing acceptance of homosexuality are eroding support for such bans, pollsters say."

ANTITRUST:

DOJ Launches Antitrust Probe Of S-RAM Market. The AP (10/13) reports, "The U.S. Department of Justice's antitrust division has opened an investigation into the static random access memory market, communications-chip maker Cypress Semiconductor said Thursday." The AP continues, "SRAM memory is faster than dynamic random access memory, the most common type used in personal computers. SRAM is found in relatively small quantities in PCs, it's also used in disk drives, communications equipment and networking gear. .. .In a statement, Cypress said it will fully support the investigation." The AP notes, "A separate DOJ investigation into price-fixing among DRAM companies has so far resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc."

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The Financial Times (10/13, Kirchgaessner, Nuttall) reports, "The investigation comes just one year after Samsung, the leader in the S-Ram market, pleaded guilty and paid a $300m fine for its role in an international conspiracy to fix prices in the D-Ram chip market, marking the second-largest criminal antitrust fine in history. .. .That probe ultimately ensnared four companies and 13 individuals and elicited $731m in fines." The Times adds, "Samsung and Micron both said they had received subpoenas in connection to S-Ram sales and marketing and were co-operating with prosecutors. But Micron added that it did not believe it was a target of the investigation. The company received amnesty in the justice department's D-Ram investigation because of its co-operation."

TheStreet.com (10/13, Oreskovic) reports, "News of the investigation marks a new phase in the government's probe of computer-memory makers. For several years, the Justice Department has been investigating price fixing in the market for DRAM, the standard type of memory chips used in personal computers. SRAM memory, which is faster and more expensive than DRAM, is used for specialty purposes like a microprocessor's cache."

The San Jose Mercury News (10/13, Harris) reports, "Gina Talamona, a Department of Justice spokeswoman, confirmed the probe but declined to say whether the investigation was focused on price-fixing, dumping or other practices, and declined to identify companies under scrutiny."

FCC Delays Vote On AT&T-BellSouth Merger Until Today. Bloomberg (10/13, Peterson) reports, "U.S. Federal Communications Commission Chairman Kevin Martin delayed (Thursday's) scheduled vote on AT&T Inc.'s purchase of BellSouth Corp., a sign he needs more time to win approval of the $79 billion transaction." Bloomberg continues, "The FCC meeting on the merger was postponed to (Friday) while Martin and fellow Republican Commissioner Deborah Tate try to win over the panel's Democrats. AT&T lobbyist Robert Quinn said today that the San Antonio-based company is open to some conditions on the purchase to secure votes. … Rescheduling gives Martin and Tate an extra day to negotiate with Democrat members Michael Copps and Jonathan Adelstein, who criticized yesterday's Justice Department backing of the deal without conditions. The fifth commissioner, Republican Robert McDowell, has said he expects to be barred from voting because of his past work as a lobbyist."

Market Watch (10/13, Bartash) reports, "The delay comes after antitrust regulators at the U.S. Justice Department approved the transaction on Wednesday, saying the merger - initially valued at $67 billion when it was unveiled in March -- is likely to benefit consumers." Market Watch continues, "The Justice Department said the deal would not hurt competition 'substantially' in any part of the U.S. communications industry, and they didn't require the companies to sell off any assets or attach other conditions. … That decision was blasted by consumer groups and some Democrats, who accused the department of "rubberstamping" the merger. They urged the FCC to add conditions designed to protect customers." Market Watch notes, "The Justice Department was widely expected to approve the deal, although there was some question as to whether the agency would require the two companies to sell off some wireless spectrum or special high-speed access lines that serve business customers. … 'After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially,' said Thomas O. Barnett, assistant attorney general, in a DOJ statement. … Opponents of the deal blasted the Justice Department and called for the FCC to impose tough conditions to prevent harm to customers."

Critics Say DOJ Approval Designed To Avoid Court Review. Bloomberg (10/13, Rowley) reports, "The U.S. Justice Department's decision to approve without conditions AT&T Inc.'s $79 billion takeover of BellSouth Corp. has triggered complaints that the agency tailored its clearance to avoid judicial scrutiny." Bloomberg continues, "Consumer groups and Democratic lawmakers say the department tried to head off a court review that would have been mandatory were conditions attached. The accusation caused at least a temporary delay in approval of the deal by the Federal Communications Commission. … Senator Patrick Leahy, a Vermont Democrat who co-sponsored a 2004 law calling for more detailed judicial review of mergers, accused the Justice Department of 'thumbing its nose at Congress and the courts' by unconditionally permitting the deal. Leahy noted that lawmakers in both parties urged the Justice Department to wait until a court fight over two 2005 mergers was resolved before clearing the latest combination. … 'The Bush administration has embraced the political agenda of the largest phone and cable companies,' said Jeff Chester, executive director of the Center for Digital Democracy, a Washington consumer advocacy group." Bloomberg adds, "The Justice Department defended its approval of the combination of San Antonio-based AT&T and Atlanta-based BellSouth, saying it found the deal posed no harm to competition that needed to be remedied. … The agency's antitrust enforcers are engaged in a protracted court battle over conditions imposed last year when the government cleared New York-based Verizon Communications Inc.'s purchase of MCI Inc. and SBC Communications Inc.'s acquisition of AT&T Corp. SBC changed its name to AT&T Inc. after the 2005 deal."

FCC Democrats Key To Approval Vote. The AP (10/13, Dunbar) reports, "If the Federal Communications

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Commission votes as planned on AT&T Inc.'s acquisition of BellSouth Corp. on Friday, it means the agency's Republican chairman compromised with two outspoken Democrats who sought significant changes in the deal." The AP continues, "Past comments from Democratic commissioners Michael Copps and Jonathan Adelstein and word from people familiar with the negotiations suggest points to some of the remaining unresolved issues, including: … 'network neutrality,' which deals with whether Internet service providers must provide equal treatment to all traffic on their networks. … 'interconnection,' or the right to access an incumbent telephone company's network" and "a possible divestiture of some of BellSouth's wireless broadband spectrum holdings." The AP adds, "Copps and Adelstein are in an unusually strong position on the five-member commission, which has three Republicans. One of those GOP commissioners, Robert McDowell, is a potential tie-breaking vote who has withdraw from the case because he was a lobbyist who representing competitors of AT&T and BellSouth. … Republican Deborah Taylor Tate is expected to vote with the agency chairman, Kevin Martin, in favor of the acquisition."

WSJournal, NYTimes Disagree On Approval Of AT&T-BellSouth Merger. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "Twenty-two years ago the government broke up AT&T, creating the regional baby bells. So there was much irony in the decision this week by the Justice Department Antitrust Division to allow Ma Bell to reunite with one of its most profitable step-children: BellSouth. Approving this $78.5 billion deal was the right call. … Assistant Attorney General Thomas Barnett got it mostly right when he declared that, thanks to the combination of existing corporate competitors and emerging technologies, 'the proposed transaction is not likely to reduce competition substantially.'" The Journal adds that "the best way to help consumers is to allow the business scale and return on investment that will bring the information superhighway into the living room of every home and business in America. That appears much more likely to happen -- and more quickly -- with this merger than without it."

Meanwhile, an editorial in the New York Times (10/13, 1.21M) takes the opposite view, saying that "the Bush administration has again abdicated responsibility for protecting consumers when huge companies combine. … From the very start, the Bush administration's approach to antitrust and merger policy has been much more hands-off than its predecessors'. In an era of rapid consolidation and deregulation, the Justice Department hasn't brought a single major monopoly case under the Sherman Antitrust Act since the Clinton administration went after Microsoft for illegally defending its monopoly for the Windows operating system."

FTC Reaches Agreements With Five Multiple Listing Services Over Discount Brokers. The New York Times (10/13, Bajaj) reports, "The Federal Trade Commission said yesterday that five regional real estate listing services had agreed to treat listings from discount brokers no differently than those from traditional agents." The Times continues, "The commission also said that it would pursue administrative cases against two Detroit multiple listing services. It says the two services either do not allow discount brokers' listings or refuse to send them to other real estate Web sites." The Times adds, "The announcement suggests that regulators are making headway in their campaign to deal with practices in the real estate industry that they say have reduced competition and supported high sales commissions. .. More than a year ago, the Justice Department sued the National Association of Realtors, the large trade group for real estate agents, charging violations of antitrust rules. That case is still pending." The Times notes, "At its crux, the F.T.C. case is about the power real estate agents exercise through their control of regional home listing services, which are often the dominant and most comprehensive databases of homes for sale in an area. There are 900 such systems nationwide, and most are controlled by local Realtors."

Inman News (10/13, Roberts) reports, "The five consent agreements resolve separate investigations against the MLSs over similar policies that prohibited the display of certain property listings on some home-search Web sites, and the litigation targets two MLSs in Michigan that have refused to withdraw similar policies. … Several other MLSs are also under investigation for similar policies, said Jeffrey Schmidt, director of the FTC's Bureau of Competition. But he did not provide specifics about how many investigations are pending, and whether the FTC would take actions against those MLSs." Inman continues, "Today's announcement marks the latest in a series of FTC and U.S. Justice Department actions against alleged anti-competitive practices in the real estate industry. The agencies have also opposed state measures that seek to establish a range of minimum service required for all real estate professionals, at least for some types of agreements for representation in a real estate transaction. … And the Justice Department is engaged in an antitrust lawsuit with the National Association of Realtors trade group over the association's policies for the online display and sharing of property listings information."

Bloomberg (10/13, Rowley) reports, "The FTC brought administrative complaints against two multiple-listing services in southeastern Michigan that together serve almost 22,000 member brokers. The cases will be tried before an administrative law judge. … The FTC negotiated settlements, identical to one it reached in July with a multiple-listing service in Austin, Texas, with listing services based in

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Loveland, Colorado; Williamsburg, Virginia; Concord, New Hampshire; Tinton Falls, New Jersey, and Appleton, Wisconsin. … Schmidt said the FTC was seeking an agreement with the National Association of Realtors to get its member brokers to lift such restrictions. Not all multiple-listing services are associated with the realtors' trade group, he said."

The Washington Post (10/13, D2, Elboghdady) reports, "The Federal Trade Commission yesterday said groups representing thousands of real estate agents in five states have agreed to drop practices that hampered rival discount brokers from posting home-sale listings on Internet sites. In a meeting with reporters, FTC regulators also said they are suing two more groups in the Detroit suburbs -- Realcomp II Ltd. and MiRealSource Inc. -- over similar allegedly anti-competitive practices. The FTC's actions are the latest step in an ongoing struggle between traditional full-service real estate agents (who typically earn 5 to 6 percent in commission on each house they sell) and their newer rivals, firms that offer limited services for a lower commission, mostly on the Internet. At stake are tens of billions of dollars in real estate commissions."

Steelmakers Seek Links That Are Short Of Mergers. The Wall Street Journal (10/13, A4, Glader) reports, "Steel companies, particularly in Asia, are finding new ways to link up short of actual mergers, as a way to compete against -- and possibly fend off -- growing industry rivals. The new agreements include forming joint ventures, taking small investment stakes in other companies and signing technology-licensing agreements. In part, the activity is prompted by the €28 billion ($35.1 billion) combination of Mittal Steel Co. and Arcelor SA earlier this year and India's Tata Steel Ltd.'s announcement last week that it might make a bid that could be valued at more than £5 billion ($9.3 billion) for British steelmaker Corus PLC." Big deals "have increased investor attention on steelmakers, and the companies have plenty of cash on hand thanks to healthy steel prices over the past few years. But many companies say they want to avoid large deals, either as a target or as the surviving company. For acquirers, stock prices are relatively high, making a deal costly, they say. Others say their corporate cultures are incompatible with those of steelmakers in certain parts of the world, making a merger difficult, or they are wary of political risks."

Rent-Way Shareholders To Vote On Rent-A-Center Takeover. The AP (10/13) reports, "Shareholders of Rent-Way Inc., a rent-to-own chain operator, will vote Nov. 14 on the company's proposed sale to Rent-A-Center Inc., the largest U.S. furniture rental chain, according to a Thursday filing with the Securities and Exchange Commission." The AP continues, "If the deal is completed, Rent-Way shareholders will be entitled to receive $10.65 per share in cash on the date of the merger, according to the filing." The AP adds, "The companies last month said the deal, which is expected to be completed in the fourth quarter, had received government antitrust clearance. Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa. … Rent-Way's board of directors unanimously approved the agreement and is recommending shareholders vote for its adoption, according to the filing. If the deal is terminated, Rent-Way will be required to pay a termination fee to Rent-A-Center of $17.5 million and up to more than $4.1 million in expenses."

ENVIRONMENT:

Investigators Find Source Of Deadly E. Coli Bacteria. CBS Evening News (10/12, story 5, 0:25, Couric) reported, "Federal investigators say they've finally discovered the source of that deadly E. coli bacteria in bagged spinach. They traced the bacteria to cow manure from a ranch about a mile from the spinach fields in Salinas Valley, California. But the investigators still don't know exactly how that spinach was contaminated."

NBC Nightly News (10/12, story 8, 0:15, Williams) reported that the "recent E. coli outbreak in spinach was, as suspected, from cattle manure from a ranch that is, you guessed it, right next door to the fields where spinach was grown."

USA Today (10/13, Weise, Schmit) reports, "Three cattle fecal samples from one of four ranches being investigated were an exact DNA match with the deadly O157:H7 strain, said Kevin Reilly of the California Department of Health Services. Samples from the remaining three ranches are still being tested. Some fields on all four ranches were surrounded by cattle pastures, a common practice in the valley, Reilly said."

The New York Times (10/13, Sander) reports that "while the discovery of the match between E. coli in the manure and in the tainted spinach is an unprecedented development in the scientific investigation of food-borne illnesses, Dr. Reilly said, it does not solve the mystery of how the spinach was contaminated in the first place. … Pinpointing how the bacteria made its way into the spinach fields, whether from tainted irrigation water, flooding, poor hygiene among field workers or by wildlife capable of breaking through fences, is the next challenge for investigators, he said."

The Washington Post (10/13, D1, Shin) reports that theories on how the deadly bacteria got into the spinach crops "include contaminated irrigation water, poor worker hygiene, and wild pigs running through pastures and into the

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spinach fields. 'We do not have a smoking cow at this point, no,' Reilly said."

Texas Recycling Plant Cited For Illegal Burning. The Corpus Christi (TX) Caller-Times (10/13, Kelley) reports, "A Corpus Christi metal recycling plant took part in what the government called sham recycling, sending hazardous waste to El Paso and Montana to be burned illegally, according to federal documents." The Caller-Times continues, "The company, Asarco Inc., said Wednesday the allegations are old and false. … The Environmental Protection Agency document does not disclose what the materials were. More than 5,000 tons in 247 shipments left Asarco's Corpus Christi Encycle facility in about 10 years, until July 1998, according to the EPA memo. Some sludge from a wastewater treatment process was also mixed with metal smelting byproducts, known as slag, which Asarco later burned illegally in its El Paso copper smelter and another facility in East Helena, Mont., according to the memo." The Caller-Times adds, "Asarco agreed in 1995 and 1996 to clean 30 contaminated properties in two Corpus Christi neighborhoods, Dona Park and Manchester Place, after tests showed high amounts of lead and other heavy metals linked to health problems. .. An environmental group says waste manifests indicate at least 300 tons of that material was generated at the Army's chemical warfare depot at the Rocky Mountain Arsenal. .. .Attorneys for the EPA wrote the memo to refer the company to the Department of Justice for sanctions. Negotiations between the company and the Justice Department led to a 1999 consent decree between Asarco and the government. The consent decree contains no admission of guilt. A 1999 EPA news release hailed the agreement as an unprecedented potential model for other companies. The release faults Asarco for 'failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices.'"

Plant Pathologist Believes Trees Can Live Forever. The Wall Street Journal (10/13, A1, Warren) reports, "Trees are dying in large numbers in cities all over the country. American Forests, a nonprofit organization in Washington, DC, that fights for preserving trees in urban areas, says satellite reconnaissance shows metropolitan areas in the eastern US have lost 30% of their tree cover in the past 20 years." Plant pathologist Olaf Ribeiro "sees the loss of trees as unnecessary. In fact, he is trying to prove that trees can live forever given the right conditions. As an expert in plant diseases like the fungus that caused the 19th-century Irish Potato Famine, Dr. Ribeiro believes the key to tree longevity is in the dirt." The Journal adds, "To be sure, saving individual old trees is criticized by some tree experts, who deride it as 'geriatric forestry.' Rescues are labor-intensive and expensive, at prices that can run up to $30,000 per tree. Eric Oldar, who works for the California Department of Forestry, worries that too much focus on single trees could detract from the larger problem of cities eating away at the nation's forest canopy. The effort and money to save one old tree might be better spent protecting younger, more productive trees in the environment, he says."

Insurance Companies Playing Larger Role In Fight Against Global Warming. The Christian Science Monitor (10/13, Scherer, 58K) reports that insurance companies "are becoming leading business protagonists in the assault on global warming. Next week, Travelers, the giant insurance firm, will offer owners of hybrid cars in California a 10 percent discount. It already offers the discount in 41 other states and has cornered a large share of the market. This fall, Fireman's Fund will cut premiums for 'green' buildings that save energy and emit fewer greenhouse gases. … In January, Marsh, the largest insurance broker in the US, will offer a program with Yale University to teach corporate board members about their fiduciary responsibility to manage exposure to climate change."

FBI/DEA/ATF/USMS:

Walters Speaks Out Against Pro-Pot Measures In Colorado, Nevada. Federal drug czar John Walters visited Colorado and Nevada this week to speak out against ballot initiatives that would legalize marijuana. The Washington Post (10/13, Richardson, 748K) reports that Walters made the trips "as polls showed the proposals inching too close for comfort." Walters "made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older. Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV. Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal."

The AP (10/12) reports John Walters said the marijuana initiative on Nevada's November ballot "is supported by outsiders who want to take advantage of the 'blind spot people have about marijuana.' … Walters appeared Thursday with U.S. Rep. Jon Porter to speak out against the initiative, known as Question 7, and announced $500,000 in federal funding for a Clark County anti-drug program." The AP notes Question 7 "would allow people 21 and older to posses 1 ounce of marijuana in their homes - the same

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amount allowed under Nevada's medical marijuana law." The Las Vegas Sun used the AP story.

On its Web site, KLAS-TV, Las Vegas (10/13) reports John Walters "was in Las Vegas Thursday urging voters to say 'No' to ballot Question 7. … 'The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug dealer protection act,'" Walters said. KLAS says a dozen protesters let Walters know they approve of legalizing marijuana.

KVBC-TV, Las Vegas (10/12) reports a key question "confronting voters…is whether or not to allow limited legalization of marijuana." On its Web site, KVBC has posted its full interview with Walters titled, "White House Drug Czar Opposes Marijuana Legalization."

On its Web site, KUSA-TV, Denver (10/12) reports Walters "toured several Colorado schools to announce a $14 million grant aimed at curbing drug use amongst students. However, some wonder if the so-called drug czar is really campaigning against Amendment 44. … The effort is spearheaded by SAFER and its director, Mason Tvert. Tvert says Walters' visit less than month before the election is telling. 'The federal government is pouring their resources into this state right now,' Tvert said. 'It goes to show that they're very scared.'" Walters "says he is in Colorado to tout the $14 million package Colorado will receive over the next five years. … Walters said the need for more student drug screening will increase if Amendment 44 passes."

The Grand Junction (CO) Sentinel (10/12) reports Colorado Attorney General John Suthers "joined by local elected and federal law enforcement officials, tore into the measure, Amendment 44 on Thursday. Amendment 44 backer Mason Tvert was there to tear back, complaining that elected officials were misusing their positions to campaign against the measure. … Scott Burns…said Colorado is at the center of the legalization effort that wants to make the state the 'pot capital of America. Don't fall for the con.'"

On its Web site, KKCO-TV, Grand Junction, Colorado (10/13) reports Burns "says he is confident that Colorado will follow the trend of previous states that have tried to pass this amendment. "They have been to Alaska and the amendment failed, in Nevada it failed, California, it failed. Frankly, I believe that with people focusing on this the last few weeks before election, it will fail in Colorado, too," said Burns.

Marijuana Initiatives Seen As "Too Close For Comfort." The Washington Times (10/13, Richardson) reports Walters "barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort. 'Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better,'" Walters told students at South High School in Denver. Walters' arrival "prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs." The Colorado measure "lags by a margin of 29 percent to 36 percent, with 35 percent undecided. … The Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided."

Amendment 44 Said To Draw "Heated Exchange." According to the Grand Junction (CO) Free Press (10/13) there was a "heated exchange" between Tvert, Suthers, and Burns. Tvert "accused Suthers of violating Colorado campaign finance law, parts of which limit government employees' expenditures while advocating for or against a ballot initiative." The Free Press says there was a debate over how taxpayer money was being spent and writes, "Heather Janik, spokeswoman who accompanied Burns from Washington, D.C., later said expenses were paid by the Office of National Drug Control Policy." The Free Press also notes that Burns was in town to discuss methamphetamine.

The Denver Post (10/13) reports Suthers "was visibly angered when he told Tvert, 'You are just flat wrong' about campaign finance law - as wrong, he said, as Tvert is about drug laws." The Post also notes that Janik "said the federal office paid $50 to rent the room for the news conference and that Burns' travel to Grand Junction from Washington, D.C., was covered by his appearance at a conference to discuss methamphetamine abuse."

In the Grand Junction (CO) Free Press (10/13), Josh Nichols writes, "Burns…stopped by the Free Press office. He too, said legalizing bud was bad. Thought I was going to have to use the office dolly to roll away the stacks of paperwork he toted documenting just how bad marijuana was. So, what onlookers like myself took away from Thursday is that some people say weed's good, and some say weed's bad. … Folks, I'm here to tell you that you shouldn't feel bad if you don't have strong convictions on this one."

Colorado Newspaper Says Marijuana Amendment Has Loophole. Boulder's Daily Camera (10/10) editorializes, "Just say no to Amendment 44, which would legalize possession of up to one ounce of marijuana for adults 21 or older. In the first place, the language of the amendment, sponsored by Safer Alternative For Enjoyable Recreation, contains a major loophole. It leaves open the possibility that an adult giving marijuana to a child or young adult between 15 and 20 'appears to be legal.'" Mason Tvert, SAFER's campaign director, "says another law, contributing to the delinquency of a minor, 'covers' the loophole. But isn't it necessary to be precise when amending the state law? We think so."

New Mexico's Governor Opposes Marijuana Decriminalization. The New Mexican (10/12) profiles Gov. Bill Richardson and writes Richardson "frequently has criticized his predecessor Gary Johnson for advocating

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marijuana decriminalization. Richardson has made it clear he doesn't want the state known for wanting to legalize drugs. During his first month in office, Richardson stood side by side with national drug czar John Walters, a committed drug warrior, calling the visit 'a symbolic meeting to show we support (Walters') mission.'"

Local TV Coverage. KLAS-TV, Las Vegas (10/12, 11:00 p.m.) reported, "The nation's drug czar was in Las Vegas urging voters to say no to ballot question seven. While John Walters spoke inside. A dozen supporters of the initiative stood outside protesting his visit: Walters: 'The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug-dealer protection act.' Voters will decide the question on November 7th."

KTNV-TV, Las Vegas (10/12, 5:00 p.m.) reported, "The nations drug czar stopped in Las Vegas today. … John Walters talked about the progress made by Nevada to stop drug abuse and doesn't want Question 7 to undermine those efforts. He says the measure is using Nevada families as a social experiment. He says the legalization of marijuana will lead to more abuse by adults and teenagers."

KVBC-TV, (10/12, 11:00 p.m.) reported, "The country's drug czar made a stop in Las Vegas to speak out against a proposal. If passed Question 7 makes it legal to have small amounts of marijuana in our state. John Walters is campaigning against the initiative and urges voters to send a message behind it."

KVMY-TV, Las Vegas (10/12, 10:00 p.m.) reported, "John Walters…says if Question 7 passes, there would be more drug use and crime in Nevada."

KVVU-TV, Las Vegas (10/12, 5:00 a.m.) reported, "Nevada congressman Jon Porter is scheduled to meet with President Bush's drug czar today. John Walters and Porter are expected to speak out against an initiative seeking to legalize marijuana here in Nevada. The marijuana initiative and Porter will be on the November ballot. The republican is running against Democrat Tessa Hafen."

Federal Prosecutors Concerned About NC Newspaper Story On Undercover Drug Cases. The Greensboro (NC) News-Record (10/13, Townsend, Ahearn) reports, "Federal prosecutors are 'gravely concerned' about notes from undercover drug cases appearing in a weekly newspaper, but they will not take a lead in investigating possible leaks." The News-Record continues, "In a letter hand-delivered to the police department Wednesday, U.S. Attorney Anna Mills Wagoner responded to interim police Chief Tim Bellamy's fear that a Sept. 21 article in the Rhinoceros Times 'potentially compromised' two ongoing missing persons and possible homicide cases. … The same article revealed that two U.S. Customs agents were working undercover and quoted a verbatim conversation between the agents and the drug kingpin they were investigating." The News-Record adds, "Wagoner's comments came in response to a sharply critical letter Bellamy sent to her by certified mail Friday, signifying a widening rift between the federal and city agencies. … 'I am very disappointed that you do not feel the public release of such information requires any action by your office,' Bellamy wrote. '... There is no question in my mind that the act of releasing this information has the potential of endangering lives.' … The two missing persons cases Bellamy referred to were mentioned in the article: the disappearances of Sterling Porter, reported missing in 1997, and Sonjah Kingston, last seen in 2002. … Both Porter and Kingston had connections to Elton Turnbull, the convicted drug dealer whom former police Chief David Wray's Special Intelligence squad suspected of colluding with Lt. James Hinson. The unit never found evidence of illegal drug activity by Hinson."

Hawaii Teacher Accused Of Dealing Meth At School. The Honolulu Advertiser (10/12) reports a Leilehua High School teacher "accused of selling crystal methamphetamine allegedly set up drug deals while at school. Lee N. Anzai, 29, a special education teacher who lives in Mililani, is believed to be the first Hawaii public school teacher prosecuted on charges of selling 'ice.' … The prosecution's case against Anzai was outlined in a detailed 29-page affidavit by a federal Drug Enforcement Administration agent."

The AP (10/12) reports Anzai "is accused of selling nearly a pound of the drug between Sept. 8 and Tuesday night."

Task Force Aids In Teacher's Arrest. In a separate story, the Honolulu Advertiser (10/12) writes, "An anti-drug task force that played a major role in this week's crystal meth arrest of a Leilehua High School teacher has recorded a series of knockouts since being created eight months ago," according to officials. "Lt. Gov. James 'Duke' Aiona and Anthony 'Tony' Williams, assistant special agent in charge of Drug Enforcement Administration operations in Hawaii, spearheaded the formation of the joint federal, state and city law enforcement task force."

The Honolulu Star-Bulletin (10/12) also reports on the task force and writes, "Its mission is to 'quickly and aggressively investigate and arrest in a mid- to low-level neighborhood drug dealers in hopes of working our way into the prosecution of drug organizations above them,'" said U.S. Attorney Ed Kubo.

Retired Police Officer Sentenced To 14 Months For Stealing Drug Cash. The New York Times (10/13, Rashbaum) reports, "A retired police lieutenant who admitted

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to stealing more than $110,000 in drug cash over three years, all while he supervised 40 narcotics detectives in Upper Manhattan, was sentenced to 14 months in federal prison yesterday for conspiring to launder the money. The retired lieutenant, John T. Maguire, supervised two detectives who stole money with him and who were later captured on videotape in 2003 robbing a drug courier of $169,000, a crime that led to a sweeping police corruption investigation and the department's biggest scandal in a decade." Maguire "faced nearly four years in prison. But the prosecutor in the case wrote a letter that cited his cooperation with the investigation and enabled the judge in the case, Carol B. Amon of United States District Court in Brooklyn, to hand down a lighter sentence."

Drug Trade In Colombia Gives Uribe "Daunting" Challenges. In the Wall Street Journal (10/13, A13), Mary Anastasia O'Grady writes, "To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging. That thought occurred to me after an interview with Colombian President Álvaro Uribe in New York last week. … As the popular president begins his second four-year term, his challenges are daunting. … The trouble is that, despite [his] efforts, the persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development."

TAX:

Tax Protesters File Coordinated Cases Against IRS. The Legal Times (10/13, Schwartz) reports, "Michael Stephens hates the Internal Revenue Service. He believes it steals his money, and he won't stand for it. … 'That's all we are, is slaves,' says the 49-year-old truck driver from Georgia, who sued the agency. He claims he is entitled to damages through the Taxpayer Bill of Rights for alleged misconduct in tax collection by the IRS." The Times continues, "Stephen's complaint -- which Judge Ellen Huvelle of the U.S. District Court for the District of Columbia dismissed in June -- might simply be a footnote in the flood of pro se cases that pour into the courthouse each year, except that Stephens isn't alone. His complaint is one of 108 nearly identical cases filed since last fall by plaintiffs from Oregon to Florida." The Times adds, "The effort hasn't seen much success; so far, 40 have been dismissed because of the plaintiffs' failure to exhaust their administrative remedies. But the cases managed to pique curiosity in judges' chambers. … So who's behind this effort? … Stephens won't say. Nor would more than two dozen other plaintiffs, who either did not return calls or declined to answer questions. … Seattle's Heidi Broward, whose husband Paul had his claim dismissed in July, says the suits are a coordinated effort by people who met through 'various things over the Web and from years and years of networking.' … The complaints are the brainchild of Chicago-based anti-tax activist George Pragovich, Broward says."

CONGRESS-ADMINISTRATION:

Bush Appears With Hastert, Offers Strong Endorsement Of Speaker's Leadership. The AP (10/13, Pickler) reports, "President Bush stood shoulder-to-shoulder with embattled House Speaker Dennis Hastert on Thursday, offering a powerful boost in his moment of need and declaring the country 'better off' with Hastert in power." Although the President "has spoken out in Hastert's defense -- tepidly at first and more directly at a White House news conference on the eve of the fundraiser -- their appearance together was an endorsement of Hastert when nearly half the country says he should resign." Their "long-scheduled fundraiser was sponsored by Hastert and came on the same day that the House Ethics Committee questioned ex-Rep. Mark Foley's chief of staff, Kirk Fordham, for five hours."

The New York Times (10/13, Rutenberg, 1.21M) reports, "Bush's appearance completed what has appeared to be a gradual but now unmistakable White House embrace of Mr. Hastert since news first surfaced that Mr. Foley had sent risqué e-mail to Congressional pages. The visit reflected in part a calculation by the White House and party leaders that providing a protective phalanx for the speaker would help cool some of the heat from the controversy and press ahead on the party's election-year message on terrorism and taxes." Bush "seemed to provide an object lesson to his party on that strategy here, weaving praise for Mr. Hastert into his standard stump speech that takes Democrats to task as trying to block his terrorism initiatives and threatening to end his tax cuts.

At the end of a story about the Ethics Committee investigation, NBC Nightly News (10/12, story 3, 2:00, Reid, 9.87M) reported "Bush joined Hastert at a campaign event in Illinois and reiterated his support." Bush was shown saying, "I am proud to be standing with the current Speaker of the House who is going to be the future Speaker of the House." ABC and CBS focused their reports on the Congressional investigation, and didn't mention Bush's remarks.

The Chicago Tribune (10/13, Silva, Pearson, 623K) says the President "professed optimism for Republicans in next month's elections," even as "a new Tribune/WGN-TV poll shows a majority of Illinois voters disapprove of the president's job performance and nearly 60 percent are unhappy with the GOP-led Congress." The survey also "shows nearly half of voters disapprove of the way Hastert, of

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far west suburban Plano, has handled the congressional page controversy that led to former Rep. Mark Foley's resignation. Reflecting a potential parochial bias toward a native son, a narrow plurality of Illinois voters say Hastert should not resign as speaker." The results of the poll, conducted from Sunday to Wednesday, "came as Bush traveled to Illinois to raise funds for suburban Republican congressional candidates Peter Roskam and David McSweeney --and to deliver his first personal show of support for Hastert since the congressional page scandal consumed the House Republican leadership two weeks ago." Bush and Hastert "stood shoulder-to-shoulder-- though only for a few minutes -- on a low stage within arms' reach of a cheering audience. Hastert, who spoke only briefly in introducing Bush, called the president 'our friend' and 'our leader.'" The Washington Times (10/13, Curl, 88K) reports, "Hastert, who looked tired, made no comments at yesterday's event. Instead, he simply introduced Mr. Bush to the partisan crowd." He "is expected to win handily in his district, where he won two years ago with almost 70 percent of the vote."

The Los Angeles Times (10/13, Gerstenzang, 918K) headlines its report "Bush Backs Hastert When Backing Hastert Isn't Cool," and says "with his big verbal hug for the speaker, Bush left no doubt about his support for the Illinois Republican." Bush also said, "I have worked with him up close. I know what it is like to work with a speaker who is determined to protect the United States of America. And a speaker who wants to make sure that everybody who wants a job in America can find one. He has delivered results for the people. This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker the next legislative session."

The Washington Post (10/13, A11, Fletcher, 748K) notes Sen. John F. Kerry "mocked the president's appearance with Hastert in a fundraising e-mail to supporters, calling it 'a meeting of the no accountability caucus of the Republican Party.'"

Fox Poll Finds Voters Rank Scandal Behind Iraq, Economy, Terrorism, Corruption And Immigration. Fox News' Special Report (10/12, Cameron) reported, "The latest Fox News poll suggests on issues most important to them, voters rate Iraq, the economy, terrorism, corruption and immigration all more important than the Foley scandal."

Bush Says Lower Oil Prices Won't Blunt Renewable Fuel Push. President Bush Thursday addressed a renewable fuel conference in St. Louis co-sponsored by the US Departments of Agriculture and Energy. The President's speech received little coverage in the major national dailies, which tended to focus their reporting on the President's fundraising appearance, and his remarks in support of Speaker Hastert. One exception to that trend was the New York Times (10/13, C3, Barrionuevo, 1.21M), which reported in its business section that Bush "suggested that the push to wean America from its oil addiction would be a priority of the last two years of his presidency." Saying the nation is "too dependent on oil," the President "promised that his administration would continue to pay for research into breakthrough technologies in ethanol, hybrid vehicles and nuclear power, and would uphold tax credits that he said were encouraging private investment to flood into the sector." The Times notes that Bush's speech "capped a two-day conference that featured government and industry leaders, including three members of Mr. Bush's cabinet, chief executives from Fortune 500 companies like Archer Daniels Midland and DuPont, and venture capitalists like Vinod Khosla." The remainder of the article focused on their remarks at the conference.

In an article on the President's campaigning for Hastert, the Washington Post (10/13, A11, Fletcher, 748K) notes briefly at the end of the article that "earlier in the day, Bush spoke at a conference on renewable energy in St. Louis," where "a woman in the crowd stood up during Bush's remarks and chanted, 'Out of Iraq now.'" The Post says Bush "ignored her and continued his speech, and the event staff swiftly removed the heckler." The Post also notes that, "While the president was well received by the audience at the St. Louis Convention Center, some environmental advocates accuse him of not doing enough to promote renewable energy sources while turning his back on conservation tools within his reach, including requiring more stringent fuel-economy standards."

In an online report, the Washington Post (10/13, Brubaker, 748K) said Bush "offered his audience a dose of Energy 101" and "trumpeted solutions to future US energy needs." Meanwhile, Rep. Edward J. Markey (D-MA), a member of the House energy committee, said Bush's speech addressed "only part of the nation's dependence on imported oil," and the President "again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

The St. Louis Post-Dispatch (10/13, Tomich, 300K) said Bush "spent most of his 25-minute speech repeating key points of his energy initiative unveiled eight months ago in the State of the Union message." The Post-Dispatch notes that critics "say the Administration has done too little to emphasize energy efficiency." The newspaper also noted that the President's speech was "momentarily interrupted" by an anti-war protestor.

The Kansas City Star (10/13, Kraske, 278K) notes that "Bush's visit to St. Louis was quick" and "spent the most time promoting ethanol." The Star notes that Bush "did not include a fundraising stop for [Sen. Jim] Talent's re-election campaign."

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The Fort Worth Star-Telegram (10/13, Piller, 236K) says support of the ethanol-based E85 "puts Bush mildly at odds with Big Oil. … But Bush also had reassuring words for his longtime friends in the oil industry," saying, "I think we can drill for oil and gas in environmentally protected areas."

The AP (10/13) says the President's address Thursday echoed his State of the Union address and notes that energy is "a topic that transcends the top two issues in this year's election: the economy and national security."

The Houston Chronicle (10/13, Mason, 535K) notes Democrats responded to Bush's speech "by noting the former oilman's ties to the industry and calling his proposals a 'token' effort." Democratic National Committee Press Secretary Stacie Paxton said, "Despite the rhetoric, President Bush's energy policy is centered on doing what's good for his cronies in big oil rather than addressing the needs of hard-working Americans."

President Bush's visit to St. Louis received widespread local television coverage, particularly in the region. KSDK-TV St. Louis (10/12, 10:03 PM) reported, "St. Louis played host to the President today. The topic: renewable energy sources." The President "discussed everything from the growing use of ethanol, hydrogen fuel technology, and battery powered cars, and kept talking when a protestor interrupted his speech. The President went on as the single protestor shouted soldiers are not renewable. Whisked away by police and questioned by the Secret Service, she said she was proud of what she did." Protester Laurie Meier told KSDK, "Bush isn't listening, and he needs to listen to the people and somebody needed to do it." Meier told the station that "the police treated her well, but she wouldn't tell them or the Secret Service how she got in."

KPLR-TV St. Louis (10/12, 8:01 PM) reported, "Finding a way to end America's addiction to foreign oil. That's the theme of President Bush's visit here. Gas prices have retreated since the record highs of this summer, but the President says that relief doesn't remove the need to develop our own sources of energy." President Bush: "I welcome the lower gasoline prices, however, it's not going to dim my enthusiasm for making sure we diversify away from oil." KPLR said President Bush "found plenty of audience support when he pledged more government help for renewable fuel sources like ethanol, biodiesel and hydrogen….but not everyone wanted to hear about renewable energy, a protestor briefly interrupted the President. But the President wasn't deterred by outburst, and drove his point home by praising ethanol producers for being on the leading edge of an energy revolution." Bush said, "I like the idea of promoting a fuel that relies upon our farmers. I happen to believe a good farm economy is important to a good national economy." Fred Ferrel of the Wisconsin Department of Agriculture told KPLR, "It's so wonderful for agriculture to understand and play a major role in the United States in solving our energy problems. We are so grateful for the President's push." The station said, "Around St. Louis, consumers are also looking optimistically at new fuel sources. … Polling…has shown says that 4 out of 5 Americans want more renewable fuels, want a greater investment by the government in domestic renewables like ethanol and biodiesel."

Meanwhile, KMOV-TV St. Louis (10/12, 6:04 PM) led its evening broadcast with coverage of the First Lady's campaigning activities in St. Louis on Thursday. The station then noted briefly that President Bush "was in town for just a few hours. He gave about a half hour speech at the America Center for a two-day energy conference."

KOMU-TV Columbia, MO (10/12, 10:02 PM) reported, "The President and the First Lady stopped in St. Louis today. … The President spoke at a renewable energy conference. The President says Americans should feel more confident about energy because gas prices continue to drop. He also promoted new research in alternative energy. He said Congress needs to approve a bill allowing for more oil exploration. Bush also stressed the importance of reducing America's dependence on foreign oil."

WWLP-TV Springfield, MO (10/12, 11:15 PM) reported, "Speaking before folks attending a renewable energy conference in St. Louis, Bush promoted new research going on in alternative energy circles. He also said reducing America's dependence on foreign sources of oil is really a national security issue. … The President also talked about tax breaks for people who drive hybrid cars and turning farmers into energy producers with alternative fuel sources, like ethanol from corn and biofuel from soybeans." Similar reports were also aired by WHO-TV Des Moines, IA (10/12, 10:04 PM), KFDX-TV Wichita Falls, KS (10/12, 10:09 PM), KPIV-TV Idaho Falls (10/12, 5:06 PM), and WGEM-TV Quincy, IL (10/12, 5:07 PM).

WGAL-TV Harrisburg, PA (10/12, 11:11 PM) reported, "In Missouri, President Bush asked Americans to continue conserving gas. At an energy conference in St. Louis, the President says he is worried that cheaper gas prices will stop the nation from pursuing alternative energy sources."

WAGM-TV Presque Isle, ME (10/12, 6:04 PM) said Bush "especially touted the use of ethanol, which has boomed in the Midwest's Corn Belt, but several studies have said ethanol isn't quite the cure-all for energy problems that some have made it out to be."

The President's address also received some coverage on the cable news channels. For example, Fox News' Studio B with Shepard Smith (10/12, 3:15 PM) reported, "The President stopped in St. Louis on his way to Chicago. He said that he is happy that gasoline prices have fallen, but said that we shouldn't get too comfortable." Bush: "My worry is that a low price of gasoline will make us complacent about our future when it comes to energy." Fox News said the

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President "talked up ethanol and wind and other energy sources and is looking at tax incentives. He said that the goal is to cut the country's reliance on oil by 75% over the next 20 years."

The PBS Nightly Business Report (10/12, 6:34 PM) said, "President Bush today warned Americans not to become complacent about energy just because prices are falling at the gas pump. Speaking in St. Louis at a conference on renewable energy, the President said it's critical to encourage private sector investment in finding and developing new fuel sources. He says the country has the talent and wealth to wean us off our dependence on oil and the will to do it. … The President also pointed out that America has to import 60% of its oil from other countries. He says some of that crude comes from 'countries that don't particularly care for us.'"

CNBC's Street Signs (10/12, 2:24 PM) reported, "Despite the plunge in oil and gas prices, President Bush is trying to talk up ethanol and hybrid cars. The President spoke in the past hour on the subject in St. Louis."

The Bloomberg Report (10/12, 10:04 PM) reported, "President Bush wants the US to look for a way to break what he calls an addiction to oil. Today in St. Louis he said the US must focus on developing alternative energy sources in order to keep leading the world economy. … The President says he concerned that the recent drop in gas prices will lead to complacency." Lester Lave of Carnegie Mellon University told Bloomberg that President Bush's pledge to break the addiction to oil " is perfectly feasible, but I don't think the President has outlined any plan to do that. Simply by subsidizing that's not going to get us there."

Bush Speech Briefly Interrupted By Anti-War Protestor. A large number of local stations also noted the outbursts of an anti-war protestor during the President's speech Thursday. KPLR-TV St. Louis (10/12, 8:01 PM) noted the protester was "arrested and booked on a charge of general peace disturbance. St. Louis police reported only three other protesters."

WSBT-TV South Bend, IN (10/12, 11:10 PM) reported, "A heckler at President Bush's speech on energy in St. Louis started yelling when he said the US must develop alternative fuels to reduce the nation's dependence on foreign oil. Bush continued with his speech as officials pulled the woman by her coat sleeve out of the audience. But she began shouting louder. Bush continued and ended the speech to loud applause."

KRCG-TV Columbia, MO (10/12, 10:23 PM) reported, "A woman yelling about Iraq managed to briefly interrupt President Bush's speech on energy today in St. Louis. As the President spoke about the need to develop alternative fuels, a woman began chanting "Get out of Iraq now." … Bush continued with his speech as officials pulled the wan out of the audience by her coat sleeve. She began outing louder, but the President ignored her, and received extended applause."

KCTV-TV Kansas City, MO (10/12, 10:08 PM) reported, "A heckler interrupted President Bush's speech in St. Louis today. She demanded the US immediately withdraw from Iraq."

WTVG-TV Toledo, OH (10/12, 11:25 PM) said there were also "war protests at President Bush's speech in Missouri. Bush was in St. Louis to tout his energy plan. The protester shouted out about Iraq, now several times before being escorted from the building. The President gave a glance, even a wink, but continued with his speech."

WFXR-TV Roanoke, VA (10/12, 11:08 PM) reported, "President Bush didn't appear fazed today in St. Louis as a woman yelled during a speech on renewable energy sources. The woman was heard yelling, 'Out of Iraq, now." Although the President glanced her way, he didn't stop his speech. The President promoted new research into alternative energy ideas."

Friedman Urges Parties To Heed Public's Call For Energy Independence. In his New York Times (10/13, 1.21M) column, Thomas L. Friedman writes that James Carville "knows a gut issue when he sees one. So when Mr. Carville contacted me the other day to tell me about the newest gut issue his polling was turning up for candidates in the 2006 elections, I was all ears. 'Energy independence,' he said. 'It's now the No. 1 national security issue. … It's become kind of a joke with us, because no matter how we ask the question, that's what comes up.'" A recent Democracy Corps poll "asked the following question in an Aug. 27 survey of likely voters: 'Which of the following would you say should be the two most important national security priorities for the administration and Congress over the next few years?' Coming in No. 1, with 42 percent, was 'reducing dependence on foreign oil,'" with "combating terrorism" a "distant second at 26 percent." Carville "also noted that because their polls are of 'likely voters,' they have a slight Republican bias -- i.e., they aren't just polling a bunch of liberal greens." Carville and Stanley Greenberg "are professional campaign advisers. They get paid to get people elected -- not to offer feel-good nostrums. So when they tell you that their polling and focus groups around the country show that 'reducing dependence on foreign oil' is voters' top national security priority, you know that this issue has finally arrived. The party that captures it most credibly will be rewarded. Hello? Anybody listening?"

Reid Asks Senate Ethics Panel For Guidance On $1.1 Million Land Deal. NBC Nightly News (10/12, story 4, 0:30, Williams, 9.87M) reported there is "increased scrutiny for the top man for the Democrats in the Senate, Harry Reid?" NBC (Reid) added, "Yeah, well Reid bought

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$400,000 worth of land outside Los Vegas eight years ago. Six years later, he sold it for a $700,000 profit. Now the Associated Press in an investigation says he may have violated Senate ethics rules by not reporting some of the intermediate steps along the way. Reid says it's all perfectly legal but he's talking to the ethics committee. He said if technical changes, as he's calling them, needs to be made, he will do that."

CNN's The Situation Room (10/12, Blitzer) reported that "the Associated Press reporting that [Senate Minority Leader Harry] Reid failed to properly account for a business deal that allowed him to collect over $1 million on land he hadn't owned for three years. Reid's office strongly denies any wrongdoing by the senator, and suggests Republicans are simply promoting this story to take the focus off their own ethical and political troubles. Reid reportedly has asked the Senate Ethics Committee for an opinion on his handling of the land deal, and he's said to be waiting for a response."

WPost Criticizes Reid For Not Disclosing Land Deal. The Washington Post (10/13, A28, 748K) says in an editorial, "The best case for Senate Minority Leader Harry M. Reid (D-Nev.) is that he was sloppy about financial disclosure rules in accounting for a real estate deal on which he made a $700,000 profit. The more unattractive case is that the senator's inaccurate description of the investment was an effort to disguise his partnership with a Las Vegas lawyer who's never been charged with wrongdoing but whose name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s. As of now, the evidence points toward sloppiness." But the AP report "about Mr. Reid's dealings doesn't cast the senator in an attractive light. Neither does his response to the AP story, which indicates a casual disregard for the importance of accurate reporting of lawmakers' financial affairs."

Use Of Word "Unacceptable" Said To Reveal Bush's Frustration With Waning Influence. The Washington Post (10/13, A10, Smith, 748K) reports, "In speeches, statements and news conferences this year, the president has repeatedly declared a range of problems 'unacceptable,' including rising health costs, immigrants who live outside the law, North Korea's claimed nuclear test, genocide in Sudan and Iran's nuclear ambitions." Bush's "decision to lay down blunt new markers about the things he deems intolerable comes at an odd time, a phase of his presidency in which all manner of circumstances are not bending to his will: national security setbacks in North Korea and Iraq, a Congress that has shrugged its shoulders at his top domestic initiatives, a favorability rating mired below 40 percent. … Some presidential scholars and psychologists describe the trend as a signpost of Bush's rising frustration with his declining influence." The Post adds, "Bush's use of the term 'reflects in some ways his frustration with a world that doesn't seem as amenable to his policies as he would like them to be,' said Stanley A. Renshon, a political scientist at the City University of New York. Bush 'has strong views; he believes in doing what is right. All of those things give an emotional force to his response' to events he often sees and describes without nuance." Renshon "wrote a mostly-favorable book in 2004 about Bush's psychology."

Book By Former Advisor Says Bush Aides Privately Ridiculed Christian Conservatives. The Los Angeles Times (10/13, Wallsten, 918K) reports, "A new book by a former White House official says President Bush's top political advisers privately ridiculed evangelical supporters as 'nuts' and 'goofy' while embracing them in public and using their votes to help win elections. The former official also writes that the White House office of faith-based initiatives, which Bush promoted as a nonpolitical effort to support religious social service organizations, was told to host pre-election events designed to mobilize religious voters who would most likely favor Republican candidates." The assertions by David Kuo, "the former No. 2 official in the faith-based initiatives program, have rattled Republican strategists already struggling to convince evangelical voters to turn out this fall for the GOP." The Times adds, "Some conservatives lamented Thursday that the book, 'Tempting Faith: An Inside Story of Political Seduction,' also comes in the midst of the scandal involving former Rep. Mark Foley's interest in male congressional pages, another threat to conservative turnout in competitive House and Senate races." The book" is scheduled to hit stores Monday, but the White House responded to its assertions Thursday as excerpts began leaking out." In the book, Kuo, "who quit the White House in 2003, accuses Karl Rove's political staff of cynically hijacking the faith-based initiatives idea for electoral gain. It assails Bush for failing to live up to his promises of boosting the role of religious organizations in delivering social services." The White House "denied Kuo's account with help Thursday from two former officials popular among the evangelical base -- former speechwriter Michael Gerson and former faith-based initiative director Jim Towey." However, "neither Gerson nor Towey denied Kuo's assertion that politics did factor into the initiative."

Jones Stepping Down As NSC Spokesman. The Washington Post (10/13, A27, 748K) reports that after 3½ years as National Security Council spokesman, Frederick Jones is leaving the post this month. Jones "said that he will return to the State Department and that he plans to spend time with his wife, who is expecting a baby in January. But Jones said he also will explore other options, in case it is 'time to enjoy the fruits of this robust economy.'" The Post adds, "Gordon Johndroe, director of strategic

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communications and planning at the State Department, was named yesterday as Jones's replacement."

Waxman Disputes Medicare Drug Plan Projections. USA Today (10/13, 2B, Appleby, 2.27M) reports, "Medicare leaders misled seniors last month when they said premiums for Medicare drug plans would remain about the same in 2007, Rep. Henry Waxman, D-Calif., said Thursday. Waxman says his staff's analysis shows an average 13.2% increase for next year. But Medicare officials Thursday stuck to their estimate that rates will remain about the same — so long as beneficiaries are willing, in some cases, to drop traditional Medicare and sign up for an alternative, such as an HMO."

The Washington Post (10/13, A13, Lee, 748K) quoted Waxman as writing in a letter to Health and Human Services Secretary Mike Leavitt yesterday, "The department's numbers appear to be wrong, and they disguise significant increases in premiums for Medicare drug plans. … The release of erroneous information about the cost of premiums -- whether deliberate or not -- is a disservice to millions of seniors and a discredit to the department." Mark B. McClellan, the head of the CMS, "stood by the administration's estimate. He called Waxman's analysis 'misleading.'"

The Los Angeles Times (10/13, Alonso-Zaldivar, 918K) says that "several independent experts said it is true that seniors using the most popular type of Medicare prescription coverage -- a stand-alone drug plan -- will face significant premium increases next year unless they switch to more economical plans that often come with more restrictions. The prescription drug benefit is overseen by the government but delivered by private insurance companies that offer a variety of plans with differing features and premiums."

Advisory Group Backs 1.7% Pay Raise For Federal Employees. The Washington Post (10/13, D4, Barr, 748K) reports in its "Federal Diary" column, "The government's advisory group on federal pay yesterday backed an across-the-board 2007 salary increase of 1.7 percent for federal employees, but left open how additional funds for the raise should be split among big cities and other areas." The Federal Salary Council's staff "had prepared a proposal that would have sent more of the money available for locality pay to some big cities where federal salaries lag the most behind the private sector. But the council pulled back from approving the proposal after a union president raised questions about it and said such a change would be premature until more data are available to compare salaries in the federal and private sectors."

Air Force Seeking To Replace Aging Tanker Fleet. The New York Times (10/13, Cloud, 1.21M) reports, "Air Force officials said Thursday that they were seeking $13 billion over the next five years to replace their aging fleet of aerial refueling aircraft, a process that will take decades and could grow into one of the service's largest procurement programs." Air Force Secretary Michael W. Wynne and Gen. T. Michael Moseley, the Air Force chief of staff, told reporters "they hoped to award a contract by next summer and that the current timetable calls for the first planes to be delivered by 2011." The Air Force intends "to buy 10 to 15 planes a year, ending up with a total fleet of about 450 aircraft. Some analysts have said the cost of replacing the tankers could total more than $100 billion over the next three decades." One challenge will be persuading "Congress, which over the last two years has prohibited the Air Force from retiring any KC-135 tankers, to support replacing the tanker fleet at a time of increasing pressure on the military budget."

Lindsey Says Bush Should Be Proud Of Tax Cuts. Lawrence Lindsey, who was President Bush's chief economic adviser from 2001 to 2002, writes in the Wall Street Journal (10/13, A12, 2.03M) that President Bush "has every reason to be proud of his tax cuts. Granted, he shouldn't expect a chorus of bipartisan praise based on the numbers just released. But he should rest assured that economic historians will credit the tax cuts as having been a model of the successful application of economic theory to the real world."

WPost Says Bush Should Be "Realistic" About Revenue, Spending. The Washington Post (10/13, A28, 748K) editorializes, "And then what? That's the question everyone should be asking in the wake of Wednesday's announcement that the 2006 federal budget deficit came in at $247.7 billion, the lowest in four years. President Bush trumpeted the good news, saying that not only had the administration met its goal of cutting the deficit in half but that 'we've done it three years ahead of schedule.' … The important question, which is to say the question that the president and his congressional enablers aren't facing, is where things go from here. And the answer is, nowhere good." The Post adds, "Unless Mr. Bush shifts course and gets realistic about putting both revenue and spending on the table, and unless Democrats shift course and get realistic about the fact that current promises to beneficiaries are unsustainable, it's those 'future generations' that are going to pay the price for today's irresponsibility and inaction."

WSJournal Says Congress Should Find Way To Make FDA Drug Approvals Faster. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "Whoever controls Congress next year, the Food and Drug Administration is sure to be a political battleground. The controversial

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Prescription Drug User Fee Act of 1992 is scheduled for reauthorization, and the conventional political wisdom holds that the FDA is too 'cozy' with Big Pharma and thus overeager to rubber-stamp dangerous new drugs." Congress "should probably be looking for other ways to make FDA approvals still faster. Despite the high-profile Vioxx panic, the FDA is far more likely to kill by depriving you of a drug than allowing you to take a dangerous one."

OTHER NEWS:

Fed Report Paints Largely Positive Picture Of US Economy. The New York Times (10/13, Peters, 1.21M) reports, "Falling gas prices are leaving Americans with more money to spend, and inflation has become less of a threat in recent weeks, according to a report released yesterday by the Federal Reserve."

The Wall Street Journal (10/13, A2, Ip, 2.03M) reports, "Job markets are tightening across the country, but that hasn't yet produced a notable acceleration in wages, the Federal Reserve's latest survey of economic conditions has found." The Fed's "beige book" also "found sharply slowing housing activity but no sign yet that consumer spending has broadly slowed. Falling energy prices have provided some relief while not yet leading to notably lower consumer prices, it said." USA Today (10/13, 2.27M), in a similar piece, reports, "The economy grew at a mixed or moderate pace in much of the nation from late August through September, with 'widespread cooling' in housing, the Federal Reserve said Thursday."

Trade Deficit Hits Record High. The Financial Times (10/13, Guha) reports, "The US trade deficit hit a record high for the second successive month in August, accentuating concerns about global imbalances and raising fresh doubts about the strength of US third quarter growth. … The August trade deficit hit $69.9bn, equivalent to an annual rate of nearly $840bn, figures released yesterday by the Department of Commerce showed. The somewhat balanced tone is consistent with the Fed remaining on hold for an extended period as it seeks to verify that inflation is easing as expected." The Wall Street Journal (10/13, A2, Hitt, 2.03M) and Washington Post (10/13, D1, Schneider, Henderson, 748K) run similar reports.

Dow Jones At All-Time High, Nears 12,000 Mark. NBC Nightly News (10/12, story 9, 0:15, Williams, 9.87M) reported, "Another record high on Wall Street today here in New York. The Dow was up more than 95 points [to close at 11,947.70], inching toward 12,000 now. NASDAQ up nearly 38 points for the trading day [to close at 2,346.18]." The Washington Post/AP (10/13, D3) reports the Standard & Poor's 500-stock index "rose 12.88, or 0.95 percent, to 1362.83." The Wall Street Journal (10/13, C1, McKay, 2.03M) also reports the stock numbers under the headline "Rally Puts Dow On Cusp Of 12000."

The Financial Times (10/13, Gangahar) reports, "US stocks rallied strongly…as the market welcomed a batch of strong earnings reports from companies including McDonald's and Harley Davidson and oil prices hit their lowest level this year early in the session. … Stocks were buoyed as oil prices were at their lowest this year in advance of the US government's weekly report on fuel, which was issued on Thursday morning."

Wal-Mart Loses Pennsylvania Wage Suit. The Wall Street Journal (10/13, A4, Covert) reports, "Wal-Mart Stores Inc. knowingly violated Pennsylvania labor laws by forcing employees to work during rest breaks and off the clock, a state jury found." The company "faces paying minimum damages of $62 million according to state labor statutes, and the total could easily exceed $100 million, plaintiff's lawyer Michael Donovan said in an interview. The Pennsylvania jury is slated to hear arguments on damages early today, he said." The Journal adds, "During the six-week trial, former Wal-Mart workers testified they were pressured to skip breaks or cut them short by store managers who had been promised bonuses for cutting costs."

The Washington Post (10/13, D2, Joyce) reports, "The lawsuit, brought by two employees on behalf of almost 187,000 current and former Wal-Mart employees, claimed that the company made workers in Pennsylvania miss more than 33 million rest breaks from 1998 to 2001. At least 57 other wage-and-hour cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings."

Democrats Seen As Poised To Win House. The Financial Times (10/13, Yeager, Luce) reports that in a "troubling sign for the Republicans, who have controlled the House since 1994 and the Senate since 2002, the Democrats are now ahead on all the Republicans' traditionally strong issues – most notably on national security and the 'war on terror' but also on taxes and the economy. One poll even showed the Democrats leading on 'moral values', one of the foundation stones of modern Republicanism." Political analyst Stuart Rothenberg said, "After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate." The Times adds the Democrats "have benefited from Mr Bush's growing difficulties in Iraq, in spite of a failure by the opposition party to produce a coherent alternative either to the president's "stay the course" or to calls for an almost instant withdrawal of US forces." But "most voters appear to understand that the Democrats would have little influence anyway over the course of the war in Iraq even if

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they won both houses of Congress." In an interview last month, former President Bill Clinton said, "Our candidates can say what they want about Iraq, because the American people, more or less, believe that it hasn't added to our security, that our policy is not working, and because they recognise that no one knows exactly what to do."

McClatchy (10/13, Thomma) reports Republicans are "in danger of losing control of the U.S. House of Representatives on Nov. 7, their brief September hopes for a surge of momentum burst by a barrage of bad news." Republicans still "hope that the perks of power - money and district boundaries drawn to protect incumbents - will shield them. But less than a month before Election Day, the Democrats appear poised to take the House, and with it gain the strength to stymie President Bush's agenda and the subpoena power to make him spend his last two years in office defending his first six." Stuart Rothenberg "forecasts Democratic gains of at least 15 seats and possibly as many as 25 to 30, up from his earlier range of 15 to 20." Larry Sabato of the University of Virginia "predicted Thursday for the first time that the Democrats would take the House by winning 221 to 225 seats, with 218 needed for control." McClatchy also ran thumbnail sketches of House races in the following districts: FL23, IN9, CA4, KY4, NC11, PA8, VA2, WA8, and MN1.

GOP Campaigns Seek To Shore Up Incumbents As Democrats Expand Targets. The Washington Post (10/13, A1, Balz, VandeHei, 748K) reports, "Faced with a deteriorating political climate, Republican Party officials are hoping to keep control of the House and Senate with a strategy aimed at shoring up enough endangered incumbents to preserve their majorities, while scaling back planned spending on races that now appear unwinnable." The National Republican Congressional Committee (NRCC) "has given back television time it had reserved in Democratic-held districts in West Virginia, South Carolina and Ohio -- apparently concluding that those races are beyond reach unless something dramatic changes the national political environment in the 25 days before the Nov. 7 election." Meanwhile, the Republican National Committee, "which is using its substantial resources to supplement the party's Senate campaign committee, has spent virtually all of its television money in just three states -- Ohio, Missouri and Tennessee -- hoping to build a levee strong enough to save those seats and the Senate majority." But "recent events, among them the problems facing Republican Sens. George Allen in Virginia and Mike DeWine in Ohio, make that task even more difficult, GOP strategists privately concede." On the other side, Democrats are "juggling pleas for financial assistance from candidates in House districts once considered second-tier opportunities." Some top Republicans "privately talk about losing a minimum of 12 seats, leaving them with a barely workable majority, and as many as 25 or 30 seats. Democratic strategists see the range of potential pickups in almost identical terms."

The AP (10/13, Espo) reports that when Republican Rep. Brian Bilbray "won a special election last summer in place of a jailed former lawmaker, Randy (Duke) Cunningham, relieved Republicans said it was a sign that Democrats had been hyping their prospects for the fall. Now it looks like the GOP is getting nervous again." The National Republican Congressional Committee "recently commissioned a poll of the San Diego-area district and spent money for mass mailings. Bilbray's opponent on Nov. 7 is Francine Busby, the woman he defeated in June." Republicans also "show signs of concern over several other districts that have not generally been on either party's lists of competitive seats. Among the lawmakers are Reps. Jean Schmidt of Ohio, Mark Souder of Indiana and John Sweeney of New York."

Krugman Predicts Democratic "Storm Surge" Will Produce Large Majority. In his New York Times column (10/13), Paul Krugman takes issue with conventional wisdom predicting a narrow Democratic House majority, saying, "A huge Democratic storm surge is heading toward a high Republican levee. It's still possible that the surge won't overtop the levee — that is, the Democrats could fail by a small margin to take control of Congress. But if the surge does go over the top, the flooding will almost surely reach well inland — that is, if the Democrats win, they'll probably win big." Because there are "many districts that the G.O.P. carried by only moderately large margins in recent elections, a large Democratic surge — one only a bit bigger than that needed to take the House at all — would sweep away many Republicans holding seats normally considered safe. If the actual vote is anything like what the polls now suggest, we're talking about the Democrats holding a larger majority in the House than the Republicans have held at any point since their 1994 takeover." Be "prepared to wake up less than four weeks from now and learn that everything you've been told about American politics — liberalism is dead, whoever controls the South controls Washington, only Republicans know 'the way to win' — is wrong."

Dionne Says GOP Could Lose Five Seats In New York. In his Washington Post column (10/13, A29), E.J. Dionne examines the Republican Party's fading fortunes in New York state, saying, "The Republican collapse here has been driven by two streams of defectors: suburban moderates and Upstaters. As a result, the entire Democratic ticket, led by Sen. Hillary Rodham Clinton and Eliot Spitzer, the party's candidate for governor, is expected by just about everyone to sweep the state. As many as five Upstate Republican congressional seats -- they would constitute a third of the 15 seats that Democrats need to win the House -- are in jeopardy."

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Democrats Target Personal Lives Of GOP Candidates In Key Races. The Washington Post (10/13, A6, VandeHei, 748K) reports that in the "wake of the Mark Foley page scandal, Democrats are targeting the personal lives of Republicans in numerous key House races as part of a campaign to capitalize on voter disgust with the messy personal lives and alleged character defects among elected officials." Although Democrats' "internal polling shows that the Foley scandal is resonating deeply only in half a dozen races, party operatives are calculating that GOP candidates are now unusually vulnerable to personal attacks, several candidates and strategists said." In New Jersey, Democratic candidate Linda Stender "this week sent voters a two-page brochure accusing Rep. Mike Ferguson (R) of improperly preying on young women in a fashionable D.C. nightclub." Democratic candidate Chris Carney "is running an ad accusing Rep. Don Sherwood (R-Pa.) of 'repeatedly choking' and 'attempting to strangle' a young mistress." Democratic candidate Kirsten Gillibrand "is calling on GOP Rep. John E. Sweeney in Upstate New York to explain a drunken driving arrest 30 years ago and a more recent car accident." All three races "highlight a much broader Democratic campaign to politicize the Foley page scandal over the final four weeks of the campaign, Democratic candidates and strategists say." A Democratic aide "familiar with the party's plan to take advantage of the Foley affair" said, "Top Democratic officials believe 'that anybody who had a personal vulnerability before this is totally [at risk] with the spotlight on scandal. Frankly, it is a tough environment out there if you have a problem with the bottle or the zipper.'" The Post adds former Republican National Committee chairman Ed Gillespie "said Democrats are dangerously close 'to overreaching' in their attacks, risking a political backlash like the one that damaged Republicans after they pushed for the impeachment of President Bill Clinton over the Monica S. Lewinsky scandal in 1998. Democratic operatives said they are aware of this possibility but are calculating that, as long as the attacks are at the local level, they will not backfire."

House Republicans Reportedly Meet Rove Fundraising Challenge. The AP (10/13, Espo) reports, "Call it a political challenge grant — you raise $5 million, and a big benefactor will kick in another $5 million." That's the "pledge that White House political strategist Karl Rove made this summer to Rep. Tom Reynolds, the head of the House Republican campaign committee, according to several officials. The arrangement was deemed so sensitive that no public announcement was made." House Republicans "agreed to increase the target for their so-called 'Battleground' program, in which incumbent GOP lawmakers are prodded to donate or raise money for use in races other than their own. This year's program is run by Rep. Eric Cantor, R-Va., and the money goes to the National Republican Congressional Committee, which pays for television commercials, political mailings and other activities in the country's most competitive races." Cantor was originally "given a goal of $17.5 million, and met it. The target was then raised to $22.5 million as part of an understanding that Rove would kick in $5 million on top of it, according to officials familiar with the details. The program has generated roughly $21 million in pledges so far." One official "said the pledge money was to come from funds remaining after President Bush's 2004 re-election campaign, but a spokeswoman at the Republican National Committee said that was not true."

Cheney Campaigns For Ryun, Says Democrats Will Raise Taxes. The AP (10/13, Hanna) reports Vice President Dick Cheney visited Topeka, Kansas to tell "fellow Republicans that tax cuts and a vigorous war on terrorism are at stake in this year's election." At a fundraising event for Rep. Jim Ryun, Cheney "touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a 'strategy of resignation and defeatism' abroad." Cheney said, "In all the decisions that will come in the next two years, it's going to matter a great deal which party has the majority on the floor and the gavel in committee. The stakes in this campaign are high." The AP adds Democrats "argued Cheney's visit shows Republicans are worried that Ryun, who's seeking a sixth term representing Kansas' 2nd District, might lose to Democratic challenger Nancy Boyda." Ryun's campaign "said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney."

Prospect Of Tax Hikes Is Key GOP Theme. The Washington Times (10/13, Hallow, 88K) reports President Bush and Republican congressional candidates "are talking more about taxes in speeches, debates and TV spots after polls showed it is the Republican Party's best issue in a tough midterm election season." Bush cited the issue at an event this week for former Rep. Mac Collins, who is challenging Democratic Rep. Jim Marshall, saying, "One of the most important issues on the ballot this November is taxes. There is a fundamental difference between the Republican and Democratic parties on this important issue." The Times adds, "After being off the campaign radar for months, the tax issue is now turning up in races from Virginia to Minnesota, with a little recent help from Democrats."

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Cheney Visits New Orleans, Raises Funds For RNC. The AP (10/12) reports that during his first trip to New Orleans "in more than a year, Vice President Dick Cheney attended a Republican fundraiser after getting briefed on efforts to protect New Orleans from future floods." Cheney's "stopover in New Orleans was also criticized by Democrats, who released a news release questioning the vice president's decision to not spend time in areas flooded by Katrina." Cheney was "shuttled into New Orleans in a motorcade and met privately with Donald Powell, the administration's recovery czar for the battered Gulf Coast, U.S. Sen. David Vitter, R-Metairie, and Brig. Gen. Robert Crear, commander of the Mississippi Valley division of the U.S. Army Corps of Engineers." The Vice President "acknowledged that there are still some unfilled gaps in flood protection system, but he said overall he was 'tremendously impressed.'" In the "late afternoon, Cheney headlined a Republican National Committee fundraiser at the World Trade Center. The RNC said the event was expected to raise $180,000 in campaign cash."

Laura Bush Attends Fundraiser For Talent. The St. Louis Post-Dispatch (10/13, Mannies, 300K) reports that besides "planting a tree in Forest Park and flipping a pink light on at the Arch, Laura Bush also had a political role to fill while in town Thursday. Her task: to help energize the region's Republican base about U.S. Sen. Jim Talent's bid for re-election Nov. 7." Bush had "plenty of help. Also in the region Thursday was her husband, President George W. Bush, and Republican National Committee chairman Ken Mehlman." Although "many of their events were nonpolitical, the appearance of all three in the same state on the same day is a rare occurrence that underscored Missouri's political importance this fall, said David Robertson, a political science professor at the University of Missouri at St. Louis." Laura Bush was "the chief attraction Thursday afternoon at a fundraising event for Talent in west St. Louis County that collected $300,000 for his campaign."

First Lady Attends St. Louis Arch Lighting For Breast Cancer Month. The Washington Post (10/13, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column, "Laura Bush was in St. Louis last night to see the city's landmark 630-foot arch lit up in pink for Breast Cancer Awareness Month -- the brainchild of cosmetics executive Evelyn Lauder, who also invented the pink-ribbon symbol." The National Park Service "originally turned down the request two years ago, so Sen. Jim Talent (R-Mo.) successfully pushed legislation making an annual exception. Lauder attended the first lighting last year but missed this year's ceremony -- she's in Washington today, where top businesswomen will honor her philanthropic work for breast cancer research."

Liberals, Conservatives React Differently To Terror Threats. The Wall Street Journal (10/13, B1, Begley, 2.03M) reports a "growing number of studies offer clues as to how terrorism and other deadly events affect people's voting decisions. The latest research shows that because such violent political acts are brutal reminders of death, they make conservatives, but not liberals, more hostile toward those perceived as different, and more supportive of extreme military policies, according to a study in April in Personality and Social Psychology Bulletin." Although some voters "would feel betrayed by incumbents who failed to protect them, researchers say, these days that trend would more likely be swamped by a surge toward candidates perceived as hawks on national security."

Clinton Says Conservative Republicans Hurting US. The AP (10/13, Hennessey) reports former President Bill Clinton said "the nation has been 'jammed into an ideological corner' by conservative Republicans and is primed for a power shift in the November elections." At a Democratic fundraiser in Las Vegas, Clinton said, "This is an election unlike any other I have ever participated in. For six years this country has been totally dominated - not by the Republican Party, this is not fair to the Republican Party - by a narrow sliver of the Republican Party, its more right-wing and its most ideological element. When the chips are down, this country has been jammed to the right, jammed into an ideological corner, alienated from its allies, and we're in a lot of trouble." The AP adds Clinton "addressed a group of about 50 top-level donors to the Jack Carter for Senate campaign."

Santorum, Casey Clash On Wide Range Of Issues In Senate Debate. The AP (10/13, Yates, Hefling) reports Sen. Rick Santorum and Democrat Bob Casey "bickered about everything from Santorum's residency to immigration in a contentious debate Thursday that was their first in Pennsylvania." Santorum "accused Casey of relying on the name of his father, the late Gov. Robert P. Casey, and not offering plans of his own." He "closed with an impassioned speech in which he said he has worked hard and been rewarded by Pennsylvanians and his Republican colleagues with a leadership position" Casey "closed with a promise to bring health insurance to more children and protect workers from unfair trade deals." The debate "started on a contentious note with a question to Santorum about his decision to keep a home in a Washington suburb in Virginia where he primarily lives with his wife and six kids. Questions have been raised throughout the campaign about Santorum's use of tax dollars from Pennsylvania to fund his children's cyberschool education." Santorum then "turned to Casey and accused him of not showing up for work in his position as the state treasurer, and repeatedly asked him to look into the

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camera and tell voters how many times he has shown up." Casey "did not. He repeatedly told Santorum to 'pay the money back' that had been used to fund the cyberschool education."

The Harrisburg Patriot-News (PA) (10/13, Lieberman, 107K) reports Santorum and Casey "pointed fingers and exchanged barbs and charges of hypocrisy during a tense debate yesterday that showed how personal the Senate election has become. The accusations and fireworks lasted throughout, when Santorum was questioned about perceptions that he's been dishonest about where he lives, to the end, when he accused Casey of being lazy and trying to coast into office on his famous name." The "bitter exchanges came over issues such as Santorum's residency and the candidates' negative ads, but the debate degenerated when they talked about immigration reform, U.S. policies toward Iraq and Iran and how to stop the spread of nuclear weapons." After Casey "faulted the Bush administration's handling of Iran and North Korea," Santorum said, "You don't understand the issues." Casey "faced more scrutiny of his positions and record from Santorum and the KDKA and Pittsburgh Post-Gazette panelists yesterday than he did in a debate with Santorum on NBC's 'Meet the Press' last month." But Casey, "who has been criticized for his low-key style, showed a more aggressive side as he repeatedly challenged Santorum to 'answer the question.'"

The Pittsburgh Tribune-Review Debate (10/13, Wereschagin) reports the "feisty debate…spun out of the moderator's control almost from the start," as Santorum "accused Democratic challenger Bob Casey of skipping work and offering no solutions to the nation's dilemmas, while Casey denounced Santorum for being beholden to oil companies and for not recognizing the country has problems." Casey "criticized the Bush administration and Santorum for what he said is a fixation on Iraq that has allowed Iran and North Korea to advance their nuclear weapons programs. He also challenged Santorum to close a loophole, which he said allows Halliburton, a defense contractor once run by Vice President Dick Cheney, to do business with Iran."

The Pittsburgh Post-Gazette (10/13, Toland, 241K) reports the "issues took a back seat to the candidates' sparring and demeanor. Mr. Santorum, a Republican, frequently challenged his Democratic foe to 'look in the camera' and tell Pennsylvania the truth. After many of Mr. Casey's responses to panelists' queries, Mr. Santorum rolled his eyes and said: 'You will not get this man to answer the question.'" Casey, meanwhile, "repeatedly alluded to the incumbent's poor poll numbers. 'Hey Rick, I know things are tough,' he said. 'Don't be a desperate campaigner.'" The Post-Gazette adds, "And that was just the first 10 minutes. Over the course of the hour, the candidates battled on the Iraq war, border security and amnesty for undocumented immigrants, Social Security, pay raises and other issues." Both candidates "were evasive to varying degrees, but Mr. Casey more so. That was partly because, at least twice, Mr. Santorum asked questions designed to trip him up -- first, he wanted to know if Mr. Casey remembered the name of former Iranian president Mohammad Khatami; second, he asked Mr. Casey if he knew precisely what percentage of the Pennsylvania Public School Employees' Retirement System's assets is invested in companies that are notorious for outsourcing jobs (he said the answer was 25 percent)." Santorum, "as a result, appeared to have a better grasp of the issues, at least those ones that were raised yesterday."

Corker "Retools" Campaign In Effort To Regain Edge. The Washington Times (10/13, DeBose, 88K) reports Republican Bob Corker "has retooled his campaign in an effort to regain his lead over Rep. Harold E. Ford Jr." in the Tennessee Senate Race. Corker spokesman Todd Womack said, "We've made a number of enhancements to the campaign. They are more about addition than subtraction ... adjustments to ensure that we win this election, and we will." The Times adds the "new campaign chairman is Tom Ingram, a longtime political insider in the state who serves as chief of staff to Sen. Lamar Alexander, Tennessee Republican." Corker also has "hired a new media consultant, former EMI Records executive Fred Davis. The campaign has moved its headquarters from Chattanooga to Nashville, the state capital." Democrats "seized on the Corker campaign shake-up," and Democratic Senatorial Campaign Committee spokesman Phil Singer said, "Corker is in disarray, shaking things up and hiring Hollywood media types instead of explaining things like why he's for staying the course in Iraq one day and against it the next."

Steele Criticizes Bush, Democrats On Education Policy. The Washington Post (10/13, B2, Marimow, 748K) reports Republican Michael S. Steele, "who often avoids mentioning his political affiliation in the overwhelmingly Democratic state, took one of his most direct swipes at his party in a new commercial yesterday while continuing to fault Democrats." Steele "criticizes Republicans for creating an education policy 'that teaches to a test,' a reference to President Bush's No Child Left Behind law, and Democrats for putting 'bureaucracy ahead of our kids.'" Steele said, "Some Republicans forget folks still climbing that ladder," while Democrats "just raise their taxes." The Post adds Democratic Rep. Benjamin L. Cardin is "trying to use the lieutenant governor's own words to pin Steele to the unpopular president. In the Democratic candidate's latest 30-second spot, the announcer says, 'Steele wants you to believe he'll follow his own convictions. The truth?' The screen then flashes to Steele onstage at the 2004 Republican

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National Convention declaring: 'The standard-bearer of these convictions is George W. Bush.'"

Political Atmosphere In Montana Seen As Favoring Tester. NBC Nightly News (10/12, story 5, 4:10, Brokaw, 9.87M) reported, "Montana's Republican Senator Conrad Burns is running for his fourth term at a time when the state appears to have growing doubts about the Bush Administration. Fully half the Montanans polled in a recent survey said they thought the nation was headed in the wrong direction. Only a third thought it was on the right course. So this campaign sums up a lot of the Republican problems nationwide. Homecoming at Montana State University and Senator Conrad Burns has a hard ride in rough weather in his re-election campaign. Charges of Republican Party corruption, growing doubts about Iraq, and a general feeling Washington is dysfunctional have given Democrat Jon Tester, a farmer and state legislator, a seven-point lead in the latest poll."

Black Leader Accepts Lieberman's Claim He Marched With King. The Washington Times (10/13, Pierce, 88K) reports in its "Inside Politics" column, "A black leader who had accused Connecticut Sen. Joe Lieberman of lying about his civil rights record said yesterday that he accepted Mr. Lieberman's word that he marched with 1960s-era activists against segregation. 'It is true that he marched with Dr. King, but I believe Dr. King would be disappointed in his record as a senator over the past 18 years,' said Henry E. Parker, a former state treasurer, in a statement released by the campaign of Mr. Lieberman's rival, Ned Lamont. 'I accept the fact that Sen. Lieberman provided documentation that he participated in the civil rights movement in the '60s,' Mr. Parker added."

Labor Slows Outreach To Republicans. The Wall Street Journal (10/13, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Labor curbs outreach to Republicans as Democratic prospects brighten. Teamsters and FireFighters, among others, had vowed to ramp up Republican support to increase their clout while Bush's party held power. But enthusiasm has faded, a Teamsters official explains, because 'Republicans went too far. We need a leadership change.'"

Warner Announces He Won't Run For President In 2008. ABC World News (10/12, story 3, 0:15, Gibson, 8.78M) reported, "There was an announcement that shook up the 2008 presidential race. Former Virginia Governor Mark Warner, who was expected to run, says he will not. Warner had raised a lot of money and gotten encouragement from some Democratic Party pros, but Warner said today, 'I want to have a real life.'" Fox News' Special Report (10/12, Hume) said Democrats "had pinned hopes on him because he won in a Republican state. and seemed to be a viable alternative to Hillary Clinton."

The Richmond Times-Dispatch (10/13, Shappiro) notes "Warner did not rule out the possibility that he will seek another elected office. He could run for governor in 2009 or Senate in 2008. 'I wouldn't rule anything out.' Asked whether he was interested in running for vice president, Warner said: 'It's not something I seek.'" The New York Times (10/13, Zeleny, Stout, 1.21M) also says "the decision by Mr. Warner, party officials said, does not remove him from the short list for vice presidential running mates, regardless of who wins the Democratic presidential nomination."

The AP (10/13, Lewis) reports Warner also "left open the possibility of a future presidential bid, but conceded: 'Things will probably never be as aligned as they are right now.'" Warner "said he arrived at his decision over several weeks. He said neither his wife, Lisa Collis, nor his daughters, ages 12, 15 and 16, discouraged him from running. In a written statement, he said he made the decision after celebrating his father's 81st birthday and taking his oldest daughter on a college tour."

The Washington Post (10/13, A1, Shear, 748K) reports, "Advisers who were in his kitchen cabinet when he was governor were shocked by the decision during a conference call Wednesday night; they had been told initially that Warner wanted to discuss 'strategy.' Several of his staff at Forward Together, the political action committee that was being fashioned into a full-blown presidential campaign, burst into tears when he told them at 9 a.m. Thursday."

On its web site, Time (10/13, Carney, 4.03M) reports, "Perhaps there's…a skeleton in a closet that was about to get the kind of rummaging that only a presidential campaign can bring." But "the known evidence suggests he is being honest. Those close to him say that even though his wife and daughters were willing to support a presidential run, he felt guilty about missing so much of his children's lives for the sake of pursuing political office. A fiercely ambitious man, he discovered something he didn't expect when he asked himself how badly he wanted the ultimate prize: ambivalence."

The AP (10/13, Sidoti) reports, "The field of centrist Democrats from Republican-held states has winnowed to Sen. Evan Bayh, a former Indiana governor, and Iowa Gov. Tom Vilsack. Former Sen. John Edwards of North Carolina, the Democrats' vice presidential candidate in 2004, now is the only Southerner left in the field." Edwards, Vilsack and "New Mexico Gov. Bill Richardson could be more attractive to voters looking for a candidate who works outside of Washington." The AP adds, "Others expected to run include Kerry, D-Mass., and Democratic Sens. Joe Biden of Delaware, Russ Feingold of Wisconsin, and Christopher Dodd of Connecticut." It's also" possible that Warner's exit

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could encourage more Democrats to jump into the mix, such as first-term Sen. Barack Obama, D-Ill."

The Washington Times (10/13, Bellantoni, McLaughlin, 88K) reports, "The loss of a centrist Democrat from a southern state when former first lady Sen. Hillary Rodham Clinton is the presumed 2008 front-runner throws a wrench into the presidential primary contest. Bloggers and party activists worried the remaining contenders don't have a resume as impressive as Mr. Warner's that could beat Mrs. Clinton, a New York Democrat many call polarizing."

Newsday (10/13, Thrush) also says Warner's exit "may be an even bigger boon to 2004 vice presidential candidate John Edwards, even though the former North Carolina senator is more liberal than Warner. … Another beneficiary…is Indiana Sen. Evan Bayh, a moderate whose views are closer to Warner's."

USA Today (10/13, Lawrence, 2.27M) reports, "Bayh was on the phone Thursday courting Warner supporters, spokesman Dan Pfeiffer said." The Washington Post (10/13, A4, Cillizza, 748K), in an analysis piece, says "the most obvious Democrat to benefit from Warner's surprise announcement, in the view of many party strategists." However, "some party strategists suggested that the greatest opportunity for a Democrat seeking to be the anti-Clinton alternative will -- unlike Warner's canceled candidacy -- emerge on the ideological left. 'I just don't think there is any oxygen in this race for the space that Warner was looking to occupy -- that being the moderate, establishment, electable, successful, business-entrepreneur-turned-one-term governor,' said Chris Lehane, an experienced Democratic operative."

William Schneider, on CNN's The Situation Room(10/12) said "the Democrat who is likely to benefit most is [former Sen. John] Edwards. … Edwards appears to be running strong in Iowa, where he came in second in 2004 ahead of Howard Dean. Edwards' economic populism could help him with union voters in Nevada five days later."

The Los Angeles Times (10/13, Reynolds, 918K) reports, "Some Democratic strategists worry about Clinton as a candidate, in part because her time as first lady made her a polarizing figure. That has focused attention on less well-known Democrats, particularly the moderates. 'The center of the race is now less crowded,' said a senior advisor to one of the other Democratic contenders, who spoke on condition of anonymity while discussing campaign strategy. 'We have opportunities today that we did not have yesterday.'"

McCain, Clinton Top New Hampshire Primary Poll. The AP (10/13) reports a New Hampshire poll "released Thursday indicates that John McCain and Hillary Clinton are the early front-runners in New Hampshire for their parties' nomination for president in 2008." A total "of 515 likely voters were asked about 20 potential presidential candidates in the latest Granite State Poll conducted by the University of New Hampshire Survey Center for WMUR-TV." The "largest group of New Hampshire Republicans is supporting McCain, with 32 percent. Former New York City Mayor Rudolph Giuliani is next with 19 percent, followed by Massachusetts Gov. Mitt Romney, with 15 percent. Ten percent said they would vote for Secretary of State Condoleezza Rice. Two percent favor some other candidate and 14 percent are undecided." Among Democrats, "Clinton was the favorite, with 30 percent choosing her. John Edwards is next with 16 percent, and Al Gore is at 10 percent. Sen. John Kerry is the choice of 9 percent of Democrats."

Romney Hires Former Jeb Bush Aide. The Los Angeles Times (10/13, Wallsten, 918K) reports with the Republican Party's "conservatives lacking a favorite candidate for the 2008 presidential race, Massachusetts Gov. Mitt Romney has hired a strategist who might help him win their favor." Sally Bradshaw, "a longtime political advisor and confidante to Florida Gov. Jeb Bush, confirmed Thursday that she has signed on as a consultant to Romney's political action committee." Known in Florida circles "as Jeb Bush's equivalent to President Bush's Karl Rove, Bradshaw will advise the Romney campaign on navigating the complicated political contours of the most populous battleground state. But more important in the context of what is likely to be a competitive GOP primary, Bradshaw's presence helps Romney shore up his credentials with conservatives who view the Florida governor as one of their favorite Republicans."

Nevada Reshuffles Political Calculus For Democratic '08 Contenders. The New York Times (10/13, Steinhauer, 1.21M) reports the name of the Democratic candidate for governor in Nevada, Dina Titus, "is tattooed on the brain of most every Democrat who wants to be president, because of Nevada's newly vaunted position in the 2008 election calendar." Since Democrats "moved the caucus here smack between the Iowa caucus, the first contest of the year, and the New Hampshire primary, Ms. Titus has worked the fund-raising circuit with Gov. Bill Richardson of New Mexico and Senators Russell D. Feingold of Wisconsin and John Kerry of Massachusetts and former Senator John Edwards of North Carolina. Senators Hillary Rodham Clinton of New York and Evan Bayh of Indiana and Gov. Tom Vilsack of Iowa are on their way." Titus, a "a little-known state lawmaker" has "leveraged the attention into a suddenly competitive race against Representative Jim Gibbons, the Republican candidate for governor." How Nevada "changes the calculation for Democratic contenders is a matter of debate within incipient campaigns, a sort of election wild card. And even as they zip off to the state to

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appear at fund-raisers, most potential candidates do not want to discuss the issue, partly out of fear of alienating New Hampshire."

Schwarzenegger's "Central Political Mystery" Examined. USA Today (10/13, Kasindorf, 2.27M) reports last year, California Gov. Arnold Schwarzenegger "looked very much like the Republican he is: He waded into confrontations with the Democratic Legislature and unions of public employees. He proposed caps on state spending and eliminating legislators' long-lasting power to design their districts." This year, Schwarzenegger has "all but become a Democrat. Reversing course after his popularity rating sank to 37%, he joined Democrats in placing proposals on the Nov. 7 ballot to borrow a record $37.3 billion for highways, schools and levees. And he signed a law that made California the first state to try to reduce global warming by forcing industries to cut greenhouse gas emissions." Schwarzenegger "holds a 17-point lead in statewide polls over state Treasurer Phil Angelides, 53, the Democratic challenger." This year's "self-reversal exemplifies the central political mystery of Arnold Schwarzenegger: continual change that has kept voters and politicians guessing whether the Austrian-born, self-made megamillionaire is at heart a Republican, a Democrat or a combination of the two."

Angelides Demands Equal Time On Tonight Show. CNN's The Situation Room (10/12, Blitzer) reported that California Gov. Arnold Schwarzenegger's Democratic challenger, Phil Angelides' campaign "is asking NBC for equal time, under the Federal Communications Commission rules for broadcast coverage of political candidates" following the Governor's recent appearance on The Tonight Show. The FCC "isn't commenting. So far, neither is the Schwarzenegger campaign, letting the governor's quips with Leno and his lead in the polls speak for themselves."

The Los Angeles Times (10/13, 918K) criticizes the Tonight Show, saying in an editorial, "Not many weeknight couch potatoes would be lured to their TV sets by the prospect of California's Democratic gubernatorial candidate trading quips with Leno about his humble Sacramento upbringing or his plan to raise the income ceilings on Cal Grants, which is why his invitation to appear on the program hasn't so far materialized. Yet it's also why Leno and NBC should have known better than to invite Angelides' more telegenic Republican rival for the governor's office, Arnold Schwarzenegger, on the show just four weeks before the election."

Near-Record Number Of Initiatives To Appear On Midterm Ballots. USA Today (10/13, Frank, 2.27M) reports voters next month "will decide the most citizen-sponsored referendums in a non-presidential election in nearly 100 years, as groups step up efforts to shape policy by putting measures directly to popular vote." Eighteen states will "decide 76 ballot initiatives in November, according to the National Conference of State Legislatures. That's exceeded only by 87 such measures in 1914 — when initiatives were popular as part of the Progressive movement that fought moneyed special interests, the conference says." University of Florida political scientist Daniel Smith said, "We're seeing initiatives go more and more into battleground states. Groups want to use them to mobilize their supporters."

Former President Ford Hospitalized. Former President Gerald Ford was hospitalized yesterday for medical tests, his office said. The AP (10/12) reported that Ford "was doing well at Eisenhower Medical Center, spokeswoman Penny Circle said in a statement. She did not disclose the nature of the tests."

ABC World News (10/12, story 4, 0:15, Gibson, 8.78M) reported that this is ford's fourth hospitalization this year. In August, "the former President underwent two procedures to help his heart."

NBC Nightly News (10/12, story 10, 0:25, Williams, 9.87M) reported, "This summer he had a pacemaker installed. He is said to be doing well and we wish him well."

Russia, China Balk At Provisions Of US North Korea Sanctions Resolution. The Los Angeles Times (10/13, Farley, 918K) reports the United States "introduced a draft resolution Thursday for sanctions against North Korea in the wake of its announced nuclear test, pushing for a vote Friday, but Russia and China have balked at two key measures and say they want more time." The resolution "calls for an arms embargo, a ban on goods related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It would also allow the interception and inspection of suspected nuclear and missile materials going in and out of North Korea." Russia and China, "sensitive to the prospect of such activity so close to their borders, are concerned about whether proposed inspections of all North Korean cargo would be legal. The neighbors, which as permanent members of the Security Council hold veto power, also are worried that the resolution would allow possible military action."

CNN's The Situation Room (10/12, Blitzer) reported, "The United States says it's still pushing for the U.N. Security Council to vote on sanctions by tomorrow. The US ambassador John Bolton says the Council should respond to North Korea's defiance in the same week the communist regime claimed to conduct a nuclear test. The US now circulating what's being described as watered down resolution. Some of the more severe sanctions originally sought by the Bush Administration have apparently been

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dropped to make sure China and Russia stay on board. But both nations still appear to have some serious reservations to the kind of very tough sanctions the White House wants."

The Washington Post (10/13, A24, Lynch, 748K) reports the Security Council "moved closer Thursday night to agreement on a resolution that would impose an arms embargo and broad financial sanctions on North Korea in response to its claimed nuclear test." Washington, Moscow, Beijing, London, Paris and Tokyo "hammered out a compromise text that was to be sent to capitals Thursday night for approval, diplomats said. The preliminary deal was struck after the United States, acting at the request of China, included assurances that the resolution could not be used as a pretext for future military action against North Korea." President Bush and Secretary Rice met earlier yesterday with Chinese State Councilor Tang Jiaxuan, and they "pressed Tang to support a series of tough measures designed to compel North Korea to halt its nuclear activities and" rejoin the six-party talks.

The AP (10/13, Schweid) reports Secretary of State Rice said that Beijing "agrees that North Korea's nuclear test was a grave development that makes Northeast Asia much less secure." She "predicted the" UN Security Council "would respond to North Korea's nuclear test 'with a very good resolution that will demonstrate to the North Koreans that the international community is very much united in its condemnation of this test.'"

The Washington Times (10/13, Pisik, 88K) reports the US "watered down elements of its U.N. Security Council condemnation of North Korea to win crucial support from Russia and China, but appeared unlikely to get the vote it is seeking by today." Washington wants "a tough rebuke this week of Pyongyang's announcement of a nuclear test, as well as legally binding measures to close down the communist state's access to nuclear and military materiel and illicit sources of funding." Russian and Chinese UN ambassadors "urged the resolution co-sponsors to slow down and leave some room for diplomacy -- both in their own capitals and directly with the North Korean regime."

USA Today (10/13, Wiseman, 2.27M) reports the US and Japan "are pressing the U.N. Security Council — including a reluctant China — for a vote as early as today on sanctions against North Korea for its reported nuclear test." Though China "denounced North Korea in harsh terms, it has in the past balked at imposing serious sanctions on the Pyongyang government. It fears that economic pressure could destabilize North Korean dictator Kim Jong Il's regime, which could send refugees into China."

The AP (10/13, Lederer) reports Russia and China "wanted to focus on reining in the North's weapons programs and China wanted to ensure that nothing in the draft could trigger military action." The new US draft "circulated Thursday night tries to satisfy both the United States and China on the scope of sanctions. It also eliminates a blanket arms embargo in the previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft."

A lengthy and more negative piece in the New York Times (10/13, Hoge, 1.21M) says Washington's "push to win Security Council backing for tough, swift sanctions against North Korea appeared to be set back by China and Russia on Thursday, in an echo of the obstacles the United States faces in a similar push to punish Iran." Moscow and Beijing "immediately signaled their opposition to critical parts of" Washington's "softened" draft UNSCR "and said they needed more time." Beijing "appeared to be walking a line between punishing North Korea and preventing the United States from taking measures that would seriously threaten the government, according to the deputy national security adviser, J. D. Crouch."

The Los Angeles Times (10/13, Magnier, 918K) says that, because of "its go-slow stance, Beijing has been exposed to foreign criticism that it is squandering a golden opportunity to display global leadership. The problem, analysts say, is that China draws much different conclusions than Washington, even in the middle of a nuclear crisis, because it has a very different idea of what's important and what it needs to survive and prosper." For China, a nuclear North Korea is merely "a catalyst for secondary headaches including the possible destabilization of the Korean Peninsula and militarization of Japan." The Times notes, "Beijing already lives in a tough neighborhood where nuclear neighbors are abundant. It nearly went to war with a nuclear Russia in the 1960s and more recently watched Pakistan and rival India join the club. China is not all that impressed by Pyongyang's nuclear technology, analysts add, nor does it see itself as an intended target." Furthermore, China's greater concern is "Washington destablizing the region. Beijing apparently believes it needs North Korea as a buffer against the 30,000 or so U.S. troops stationed in South Korea to guard against an attack." China also seeks to continue "its courtship of South Korea," which it believes would not be possible if the North Korean regime collapses and South Korea comes to dominate the peninsula.

The AP (10/13, Talmadge) notes that, today, Tokyo will begin enforcing "the toughest sanctions by any country so far in response to North Korea's nuclear test," which "include the closure of all Japanese ports to North Korean vessels, a ban on imports and exports, and a six-month ban on travel to Japan by all North Korean government officials." Pyongyang "immediately condemned the move." The AP says "Japan's action also underscores the difficulty of punishing the already isolated regime of Kim Jong Il. Though it is the world's second-largest economy and a regional trade dynamo, Japan represents less than 5 percent of the total trade with North Korea." North Korean trade leaders China and South Korea

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"aren't likely to follow Japan's hard-line example." The former "has strongly criticized North Korea but has stressed that while action should be taken, it should be 'appropriate' and not so severe that it would topple Kim's fragile regime." That "reluctance to slap tough sanctions on the North has complicated talks in the United Nations, where what to do is still being mulled in the Security Council. The United States, Japan and their allies are pushing for stern action, but Russia and China have yet to sign on."

The New York Times (10/13, Choe, 1.21M) reports South Korea, "one of the few countries that can financially squeeze North Korea, slid into a bitter internal dispute Thursday over how to punish the North for its reported test of a nuclear device." The National Assembly has had "days of squabbling," and the Times says Seoul's "inability to make a quick decision reflects a divide among lawmakers over how to reconcile their so-called sunshine policy of engaging North Korea with American pressure for an economic blockade of the North. The division at home leaves President Roh Moo-hyun without a consensus as he prepares to meet the Chinese president, Hu Jintao, in Beijing" today. The Times notes, "Many South Koreans are unwilling to punish the North Koreans, partly because it would push the North closer to China." Roh "has found himself caught between increasing American pressure to get tough with North Korea and strong resistance among members of his own liberal governing party."

Asian Nations Consider Censure Of North Korea. The Wall Street Journal (10/13, Ramstad, Yoon, 2.03M) reports, "Several Asian nations and the U.S. moved ahead on multiple fronts to develop sanctions and other measures to censure North Korea's communist regime for its apparent test of a nuclear device." The leaders "of China and South Korea planned to discuss their ideas at a summit in Beijing Friday. The meeting will be the first time South Korean President Roh Moo Hyun has sat down with Chinese President Hu Jintao in 11 months. Mr. Roh also will meet with Chinese Premier Wen Jiabao."

Bush, Howard Agree Resolution Should Be Considered Under Chapter 7. The AP (10/13) reports President Bush, "pursuing a diplomatic solution to the North Korean nuclear crisis, spoke with Australian Prime Minister John Howard on Thursday and they agreed on the need for a strong U.N. Security Council resolution to punish Pyongyang, a spokesman said." Bush and Howard "said that any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said."

Bush Pledge To Hold North Korea "Accountable" For Proliferation Poses Challenge. The New York Times (10/13, Shanker, Sanger, 1.21M) reports, "Making good on President Bush's vow this week to hold North Korea 'fully accountable' if it shares nuclear material will pose a major challenge to American intelligence and diplomacy, requiring new equipment and a high level of international cooperation, administration and military officials say." Bush's "declaration on Monday, in his first public comments after the North announced that it had detonated a nuclear device, underscored the importance of monitoring North Korea's nuclear program, tracking its exports and investing in technology for 'fingerprinting' nuclear materials." Security specialists "said Mr. Bush's warning signaled a significant expansion of longstanding policies of deterrence, extending the threat of reprisals to the transfer of nuclear weapons or materials to another country or to terrorists."

Blast Now Believed To Be Partially Successful Plutonium Bomb Test. The Washington Times (10/13, Gertz, 88K) notes US intelligence sources believe "the blast detected by seismic sensors was a plutonium-fueled device that did not fully explode." One source is quoted saying, "The working assumption is that what happened, more likely than not, was an attempted nuclear test that fell far short of being successful." The Times notes, "There is still no confirmation that North Korea succeeded in creating a nuclear explosion, and so far no radioactive particles that would confirm a successful nuclear test have been detected." The "seismic waves from" a successful nuclear test may have been "muffled by an underground cavern," or the blast "was only a conventional explosion that North Korea is trying to fool the world into believing was a nuclear test, the officials said."

Satellite Image Shows Volleyball Game Near North Korean Nuclear Test. Bill Gertz and Rowan Scarborough write in the "Inside the Ring" column of the Washington Times (10/13, 88K), "Very high-resolution satellite images obtained by the Defense Intelligence Agency" showing North Korea's nuclear test site have "technicians playing volleyball this week near the tunnel where a nuclear device was unsuccessfully set off on Sunday." U.S. defense officials say "that a sports activity so close to a nuclear site was inconsistent with post-nuclear testing precautions."

More Commentary. Columnist Charles Krauthammer writes in the Washington Post (10/13, A29, 748K) that President Kennedy's "remarkable" 1962 Cuba missile crisis pledge "was very credible. Indeed, its credibility kept the peace throughout a half-century of the Cold War. Deterrence is what you do when there is no way to disarm your enemy. You cannot deprive him of his weapons, but you can keep him from using them. We long ago reached that stage with North Korea." Noting that President Bush's warning to Pyongyang against proliferation, Krauthammer says, "We are in an era far more complicated than Kennedy's because his great crisis occurred before the age of terrorism." He suggests "some Kennedyesque clarity" for Bush's remarks: "Given the fact that there is no other nuclear power so recklessly in violation of its nuclear obligations, it shall be the policy of this nation to regard any detonation of a nuclear

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explosive on the United States or its allies as an attack by North Korea on the United States requiring a full retaliatory response upon North Korea." Such a statement would "make [Kim Jong-il] understand that his survival would be hostage to the actions of whatever terrorist group he sold his weapons to." Krauthammer concludes, "With North Korea there is no going back. But Iran is not there yet. One rogue country is tolerable because it can be held accountable. Two rogue countries guarantees undeterrable and therefore inevitable nuclear terrorism."

In an op-ed in the Washington Times (10/13, 88K), Professor Yearn Hong-Choi says it is "ridiculous" that "President Bush has been bombarded by criticism from Democratic politicians and the so-called liberal intellectuals since North Korea announced Monday that it had tested its first nuclear bomb." Blame "should instead be targeting North Korea's Kim Jong-il, as well as China and South Korea, the two nations that have been financing North Korea's nuclear programs indirectly, if not directly." Yearn asks, given Pyongyang's actions, "How could American liberal intellectuals trust North Korea's Kim Jong-il and distrust Mr. Bush?" Kim "betrayed" both President Clinton's and South Korea's policies, both of which merely "helped the North Korean dictator sustain his power, rather than have his country go bankrupt." Calling China's support for sanctions "a success for Mr. Bush," Yearn says Seoul "has been the North Korean dictator's hostage," and adds, "They have been pathetic. They have been seeking Kim Jong-il's mercy." He concludes, "Washington should expect the same result from dealing with North Korea: betrayal. … [Bush] worked hard to establish the six-party talks to disarm North Korea's nuclear weapons. Now, China is doing something good with regard to North Korea."

Pace Says Pentagon Has Resources To Win War On Korean Peninsula. The Los Angeles Times (10/13, Spiegel, 918K) reports Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said "the Pentagon would have sufficient forces to win if called on to fight a war in North Korea, but the conflict would be more difficult without the intelligence and guidance systems devoted to Iraq and Afghanistan." Gen. Pace "said that about 200,000 U.S. troops were deployed in Iraq and Afghanistan, leaving more than 2 million troops available for a war in Asia." Pace said "a conflict with North Korea, which both he and President Bush have said is highly unlikely, would rely heavily on the Navy and Air Force because of the significant deployment of land forces in Iraq. In addition, such an attack would not be 'as clean as we would like,' he said, because guidance systems used to aim bombs were in use in the Middle East."

GOP, Democrats Debate Whether Bush, Clinton Policies At Fault For North Korea Test. The Wall Street Journal (10/13, A4, Dreazen, Solomon, 2.03M) details Administration, congressional and other internal US efforts to shape public opinion about the North Korean nuclear test. The Journal reports that "since North Korea claimed a successful nuclear detonation early this week, Democrats and Republicans have traded barbs about which administration bears more responsibility for allowing the reclusive country to acquire such weapons." Republicans "accused the Clinton administration of failing to take tough steps in the 1990s to persuade North Korea to abandon its nuclear-weapons program. Democrats say Mr. Bush's refusal to engage Pyongyang drove North Korea to accelerate that program, culminating in the announced test this week."

The Washington Post (10/13, A27, Kessler, 748K) reports, "After North Korea conducted what it said was a nuclear test Sunday, many Republicans blamed the Agreed Framework negotiated by the Clinton administration -- under which a five-megawatt reactor was shut down and spent fuel rods were kept under 24-hour international supervision -- for causing the problem. But in 2003, after North Korea was discovered to have violated the agreement and the Bush administration terminated it, then-Secretary of State Colin S. Powell told The Washington Post: 'The previous administration I give great credit to for freezing that plutonium site. Lots of nuclear weapons were not made because of the Agreed Framework and the work of President Clinton and his team.'"

"No Direct Talks" Policy Faces Criticism. The Christian Science Monitor (10/13, LaFranchi, 58K) notes the Administration's "no-direct-talks" policies are "setting off a vigorous debate" in the foreign policy community. Former Secretary of State James Baker is quoted saying, "In my view, it is not appeasement to talk to your enemies." Set amid the midterm election campaign, this "debate shows how the White House's policy of not directly engaging adversaries - whether North Korea, Iran, Syria, or organizations like the Palestinians' Hamas and Lebanon's Hizbullah - is under intensifying fire, including from friendly circles." The Monitor notes, "Some appear to think snubbing adversaries was invented by the Bush White House, while the more adamant Bush advocates would have us believe the Clinton White House never had a foreign enemy it didn't cozy up to. But some say the seesaw of pragmatic engagement with adversaries balancing a moralistic refusal to talk has been teeter-tottering at least since the triumph of the Bolshevik revolution." Now, Bush's stated preference for diplomacy with North Korea "suggests the debate over talking or not talking comes down to a definition of diplomacy. Administration hard-liners have argued against direct talks

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with the North because they say it would legitimize an abhorrent regime. But critics of the Bush approach say diplomacy is not only about dealing with allies."

Bush Said To Have Fallen Back On Cold War-Era Containment Strategy. In an analysis piece, the Financial Times (10/13, Dinmore) reports, "Lacking a viable military option in dealing with a nuclear North Korea or Iran, the Bush administration is adopting a cold war-style strategy of containment and deterrence that does not completely close the door on negotiated settlements." Although military action against Iran remains possible, "there is a sense that the Bush doctrine of pre-emptive or preventive war is buried in the wreckage of Iraq." The Times says, despite Administration efforts to win the "legitimacy" of the United Nations, "the success of US strategy in both regions will depend more on developing ad hoc coalitions of allies and overcoming opposition from China and Russia." Administration officials said on background "that the liberation theology that dominated the post-September 11 2001 discourse, notably President George W. Bush's second inaugural speech last year, has given way to a more pragmatic approach." That "shift is so pronounced that both neoconservatives and liberal hawks among Democrats are alarmed that the Bush administration's apparent embrace of realpolitik will mean abandoning promises made to oppressed peoples while entering into nuclear-reduction deals with the Iranian and North Korean regimes."

Iranian Political Class Seen As Divided By Nuclear Confrontation. In a 1,761-word piece on its front page today, the Wall Street Journal (10/13, A1, Spindle, 2.03M) says the "atomic confrontation" with Tehran is "even trickier" than efforts to end Pyongyang's nuclear program. "Both nations' leaders taunt America with bombastic rhetoric," but Tehran "isn't a one-man dictatorship." Iran is "torn by competing power centers that wage a daily battle for supremacy." Ahmadinejad and his supporters are "a mostly youthful group of fundamentalist hard-liners … who are determined to keep the revolutionary spirit vibrant," while the nation's "elite class of clerics" are "aging former revolutionaries and businessmen, also deeply conservative and wary of reform, but far less interested in confronting the world and risking the isolation of their country." The latter group includes chief nuclear negotiator Ali Larijani, "a fluent English speaker whose appointment … was seen inside Iran as a way to counterbalance the mercurial president." The Journal notes, "Both factions vow to proceed with Iran's uranium enrichment program," and "both also seek a bigger role for Iran in the regional and world stages. But they have quite different ideas about how to achieve it and about just what kind of role Iran should play in the world."

Khamenei Vows Continued Enrichment. The New York Times (10/13, Fathi, 1.21M) notes Tehran "is vowing to continue to defy an international demand to stop nuclear activities while refusing to condemn North Korea for its reported test." Ayatollah Ali Khamenei said publicly this week "that Iran would continue its uranium enrichment program," adding that "the decision was made easier by the fact that Iran voluntarily suspended enrichment three years ago, a cooperative gesture that proved fruitless." The Times adds, "It appeared that Iran was emboldened by North Korea's action, and what seemed to be light penalties proposed Wednesday in the" UNSC.

Israeli Soldiers Kill At Least Seven Palestinians In Gaza Clash. The Washington Post (10/13, A18, Wilson, 748K) reports, "Israeli forces killed at least seven Palestinians on Thursday in the Gaza Strip during hours of sporadic ground fighting and airstrikes. Five of those killed were from a single family." Israeli "military officials said forces entered the strip before dawn near the central Gaza city of Khan Younis in search of cross-border tunnels that Palestinian armed groups use for smuggling." The troops "were fired on soon after, Israeli military officials said, and returned fire during a series of small-scale attacks for the next few hours. In addition to the dead, at least 11 Palestinians were reported wounded in the exchanges." The Los Angeles Times (10/13, Ellingwood, 918K) also reports the story.

French Parliamentary Vote On Armenian Genocide Could Damage Ties To Turkey. The New York Times (10/13, Crampton, 1.21M) reports the French National Assembly, "defying appeals from Turkey, approved legislation Thursday that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I were genocide." The Times says that bill "could further complicate talks for Turkey's admission to the Union." The killing of "more than a million" Armenians from 1915 to 1919 "is still taboo in Turkey," and Economy Minister Ali Babacan "said he could not rule out consequences for French companies." EU officials "warned that the law could have a harmful effect on negotiations." The Times notes Ankara's "potential membership in the European Union has been a hot political topic [in France] ahead of the presidential elections next spring."

The Wall Street Journal (10/13, Amiel, 2.03M) adds the legislation "poses a threat to France's trade relationship with Turkey and 'puts at stake what is an important economic relationship for us,' said French Trade Minister Christine Lagarde." The bill will now be considered by the French Senate, and would require President Jacques Chirac's signature to become law.

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Under the headline, "Turkey Dealt Blow Over EU Accession," the Financial Times (10/13, Arnold, Boland) says Ankara's "prospects" for EU membership "took a heavy blow" with a French National Assembly vote "that critics say will set back the cause of reform within Turkey itself." Turks may view the vote "as a sign that France [is] now permanently opposed to Ankara's bid to join the EU." The Times adds, "Even before Thursay's vote, many diplomats believed that the EU membership talks could be formally suspended this year and might never be revived." The Washington Times/AP (10/13, Georges-Picot) and Christian Science Monitor (10/13, Peterson, 58K) run similar reports.

WSJournal Praises Turkish Nobel Prize For Literature Winner. The Wall Street Journal (10/13, A12, 2.03M) editorializes, "The Swedish Academy has shown it's once again plugged into the Zeitgeist by awarding the Nobel Prize for Literature to Turkish novelist Orhan Pamuk. The award might be better named the Nobel Prize for Most Provocative Public Intellectual." The author "explores tensions not so much between Islam and the West as within Muslim society itself. In that sense, Mr. Pamuk comes as a relief from the blind anti-Americanism of such recent European winners as Harold Pinter." If the award "helps to make his vision of a modern Muslim society better known, so much the better."

USAID Cuts Foreign AIDS Assistance. The AP (10/13, Phillips) reports, "The Bush administration cut funding for the only US foreign-assistance project that provided male circumcision as a method of AIDS prevention. At a time when scientists are lining up behind the idea that circumcision provides substantial protection against HIV transmission, the US Agency for International Development pulled out of a small, $150,000 program in Swaziland that had circumcised more than 325 men since it was launched in January." David Snider, a USAID spokesman, "said the agency had been wrong to provide its initial funding for the program, which is run by a private non-profit called Family Life Association of Swaziland."

NYTimes Urges Nations To Follow Botswana's Example On Testing. The New York Times (10/13, 1.21M) editorializes, "At the beginning of 2004, AIDS treatment in Botswana -- a country with the world's second-highest rate of H.I.V. cases -- was stagnating. The country was providing free antiretrovirals, but only one in 10 who needed the drugs was taking them. Then Botswana made a simple change in the rules for AIDS testing that allowed the program to soar. Previously, Botswanans could get tested only after providing written consent and accepting extensive counseling. Now, unless they object, all patients entering a clinic or hospital are routinely given an AIDS test. The rate of testing has quadrupled. A third of Botswanans now know their H.I.V. status, and 85 percent of those who need treatment get it." The American Centers for Disease Control and Prevention "recommended late last month that such routine AIDS testing -- called opt-out -- become the standard in the United States. This is an important reform. It is even more crucial for poor countries, where 90 percent of those infected do not know it. … Governments need to follow Botswana's lead and make AIDS testing routine in every health clinic and hospital. And donors should ensure that every clinic has a reliable supply of AIDS tests."

Chavez Challenges Guatemala's Bid For Security Council Seat. McClatchy (10/13, Bachelet) reports, "Elections to seats on the United Nations Security Council are usually drab affairs, beyond the diplomatic chatter and a sense of international respect for the winners. But not this year." Venezuelan President Hugo Chavez "is challenging US-backed Guatemala for a seat, triggering what many analysts and diplomats are calling the hottest Security Council race in nearly 30 years." UN member nations "will vote at a General Assembly session Monday on which of the two countries will succeed Argentina for a two-year term in the council seat reserved for Latin America. A two-thirds vote is required to win. There's a chance that neither will prevail and another country will be chosen as a compromise."

EU, India Negotiating Trade Pact. The Wall Street Journal (10/13, A6, Miller, 2.03M) reports, "The European Union and India stepped up free-trade negotiations that could one day link two of the world's biggest markets. Both sides said they hope to complete a deal by early 2009. … The push for a bilateral deal is a strong signal that countries are putting aside hopes of resuming talks toward a global trade deal that would slash tariffs among the World Trade Organization's 149 members. The so-called Doha round of WTO negotiations collapsed in July, primarily because of farm-subsidy disagreements among the US, Europe and developing nations." The Journal adds, "In private, EU officials say their motivation to move ahead with bilateral talks stems partly from a belief that rising protectionist sentiment among US lawmakers eager to protect farm subsidies will make Doha impossible to achieve until after the 2008 presidential election."

Georgia Blocks WTO Consideration Of Russia's Candidacy. The AP (10/13, Dzhindzhikhashvili) reports Georgian government statements that Tbilisi "has blocked the next round of talks on Russia's bid to join the World Trade Organization in retaliation for Moscow's blockade of its small southern neighbor." The Foreign Ministry announced that "the next meeting of the group working with Russia on its membership talks had been postponed indefinitely at Georgia's request" during a working group meeting yesterday. Russian WTO accession

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negotiator Maxim Medvedkov "confirmed that that no date had been set for the next round of talks. The ITAR-Tass news agency quoted him as saying that this was because Russia needed time to resolve some issues with certain countries at a bilateral and multilateral level."

Human Rights Court Decries Russian Practices. The New York Times (10/13, Chivers, 1.21M) details murdered journalist Anna Politkovskaya's final reporting piece, on torture of Chechens by Russian security forces, published yesterday. "The article…appeared on the same day that the European Court of Human Rights issued a ruling holding Russia responsible for the killings of five Chechen civilians in early 2000 by Russian police officers," and "also appeared as the federal prosecutor's office in Grozny, the capital of Chechnya, said it was checking into reports of the disappearance of another prominent Chechen." Yesterday's events "together served as a sort of coda on her life, reminders of the lingering chaos and human costs of the war in Chechnya, which Russia insists has been won." Politkovskaya "was a leader among the shrinking group of Russian journalists who dared to keep challenging that thinking, by writing frankly about the violence and disorder in the republic. Chechnya, her work said, remains a place where open fighting has slowed but murky police and military operations continue, and chilling behavior by Russian forces and the Kremlin's proxies is a dark norm."

China Imported Record Amount Of Oil In September. The Wall Street Journal (10/13, A3, Oster, Winning, 2.03M) reports China imported a "record volume of crude last month, underscoring that petroleum demand here and in other developing economies, such as India and the Middle East, continues to rise despite lofty petroleum prices." Despite China's efforts to "conserve energy and curb runaway economic growth, crude imports in September jumped to 13.46 million metric tons, or an average of about 3.3 million barrels a day -- 24% more than in September 2005 and 2.4% more than the previous record in January."

China's New Worker Protections Could Rankle Foreign Businesses. The New York Times (10/13, Barboza, 1.21M) reports China "is planning to adopt a new law that seeks to crack down on sweatshops and protect workers' rights by giving labor unions real power for the first time since it introduced market forces in the 1980's. The move, which underscores the government's growing concern about the widening income gap and threats of social unrest, is setting off a battle with American and other foreign corporations that have lobbied against it by hinting that they may build fewer factories" in China. The Times says it is "unclear" if firms would act on those "warnings," but rising business costs in China could slow foreign business growth anyway. Furthermore, the Times notes, "it is not clear how effectively such a new labor law would be carried out through this vast land because local officials have tended to ignore directives from the central government or seek ways around them." The Times explains, "State-controlled unions here have not wielded much power in the past, but after years of reports of worker abuse, the government seems determined to give its union new powers to negotiate worker contracts, safety protection and workplace ground rules."

Every Chinese Wal-Mart Unionized. The New York Times (10/13, Lague, 1.21M) reports, "Workers have set up unions at all 66 Wal-Mart outlets in China, beginning what a Chinese union official described Thursday as a wider campaign aimed at other foreign companies." The government-sanctioned All-China Federation of Trade Unions' Guo Wencai "called the establishment of union branches at the Wal-Mart stores a 'breakthrough' for organized labor." The Times explains, "The effort to unionize workers at foreign companies is strictly limited to expanding the membership of the officially sanctioned labor federation, which says it has 150 million members. But some labor market analysts and human rights groups say establishing branches of the official union in foreign companies is aimed more at allowing the Chinese authorities to tighten control over the rapidly expanding private-sector work force."

NYTimes Asks Hong Kong To Act To Curb Air Pollution. In an editorial, the New York Times (10/13, 1.21M) says Hong Kong's air quality has become "tainted by dark, unhealthy clouds from power plants, traffic and underregulated smokestacks from the Chinese mainland." While police makers "have repeatedly promised to cut down on environmental toxins in the air, land and water," those "promises keep sliding down the real priority lists" as China's economy continues to expand. However, "what might change that attitude is how the outside business world views the quality of life for employees." Noting Mexico City's successful 1990 policy change, the Times concludes, "If Hong Kong even committed to cutting its pollution in half, that would be a good start."

Columnist Says Colombia's Uribe Faces Stark Security Challenge. In her column in the Wall Street Journal (10/13, A13, 2.03M), Mary Anastasia O'Grady writes, "To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging." Colombian President Álvaro Uribe "may be the most clear-thinking, courageous ally in the war on terror that the U.S. has in Latin America, and Washington has spent billions of dollars trying to eradicate coca plants in his country. … If other world leaders have gone wobbly on fighting terrorism, Mr. Uribe has not." Uribe's "challenges are

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daunting," including raised expectations for peace and prosperity. The "persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development." His willingness to negotiate is "a continuation of his hope for reconciliation, a hope that Mr. Uribe has held" for ten years. "That hope may be even greater today because of the success the government has had in bringing so many of the lawless in from the cold. It is a record he is proud of." He also "understands that in addition to being open to talks and pushing security, he also has to show that he is responsive to political, economic and social problems." Uribe's "biggest problem remains security, and it is hard to imagine real progress unless the demand for illegal drugs collapses in Europe and the U.S., or rich countries change their prohibition policies."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"For Gays, A Loud New Foe."
"Nobelist's Voice Goes Beyond His Books."
"Ex-Admiral Is Named New Schools Chief."
"Would-Be Home Sellers Settle In Rather Than Cut Prices Further."
"N. Korean Threat Different For China."
"2008 Race Just Got Hazier For Democrats."
"Heads, It's A 1796 Dollar; Tails, It's A Skid Row Slug."

USA Today:
"Long List Of Laws Headed To Voters."
"Arnold Swaps Agendas For Political Resurgence."
"Murders, Robberies Jump In Cities."

New York Times:
"China And Russia Stall Sanctions On North Korea."
"China Drafts Law To Empower Unions And End Labor Abuse."
"Nevada Feeling Political Glow Of '08 Spotlight."
"Even Picking Up Trash Is A High Risk In Baghdad."
"Turkish Novelist Who Dissects Islam-West Clash Wins Nobel."
"Daughter Seeks Sins Of Father: Are There Any?"

Washington Post:
"Warner Won't Make 2008 Run For President."
"Liveliest D.C. Neighborhoods Also Jumping With Robberies."
"GOP Redirects Funds From Faltering Races."
"Report Says Nonprofits Sold Influence To Abramoff."
"In China, Children Of Inmates Face Hard Time Themselves."
"Some Psychiatrists See 'Shopaholic' As A Diagnosis."

Washington Times:
"Korean Test Seen Only As Partial Blast."
"GOP Focuses On Taxes Again."
"Man Pleads Guilty In U.S. Bomb Plot."
"Billions Spent To Boost Flu Shots."
"Warner Will Not Run For President In '08."
"NBA Players Call Foul On New Ball."
"For The Fearful, This Friday Has Their Number."

Atlanta Journal-Constitution:
"Taylor, Perdue Open Fire In Debate."
"From Paris To Peachtree."
"Metro Forecast: Growth Engulfs Small-Town Life."
"New Midtown Wal-Mart Will Cater To Urban Tastes."

Houston Chronicle:
"Attacks Spike On U.S. Troops In Baghdad."
"Gambling Interests Stake Out Texas."
"Lost Without Their Lattes."
"Provocative Turkish Novelist Wins Nobel."
"Loopholes Still Open For Immigrant Repeat Offenders."

Story Lineup From Last Night's Network News:
ABC: Crime Rates-US Cities; Foley-Fordham Testimony; Warner-2008 Decision; Gerald Ford Hospitalized; Red Cross-Gitmo Prisoners; Gitmo-Prisoner Abuse; NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; Colorado School Shooting; Amish Schoolhouse Demolished; Big Tobacco-Election Campaigns; Nobel Prize-Literature; Breast Cancer-Product Tie-Ins.
CBS: Duke Rape Investigation; NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; British General-Iraq War; E. Coli Outbreak; Foley-Fordham Testimony; Amish Schoolhouse Demolished; Cancer-Super Computers; L. Lin Wood-Opinion; 300-Millionth American.
NBC: NYC-Plane Crash; U.S. Cities-Air Flight Restrictions; Foley-Fordham Testimony; Harry Reid-Land Sale; Montana Senate Race; British General-Iraq War; Internet-Prescription Drugs; E. Coli Outbreak; Stock Markets; Gerald Ford Hospitalized; Amish Schoolhouse Demolished; Multitasking Overload.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UK General-British Troops In Iraq; North Korea-Nuke Test; Bush-Hastert; Foley Scandal-House Probe; Wall Street.
CBS: Bush-Hastert; Foley Scandal-House Probe; North Korea-Nuclear Test; UK General-British Troops In Iraq; MLB Playoffs.
NPR: North Korea-Nuclear Test; Buffalo-Snowstorm; New York-Plane Crash; E. Coli Outbreak Investigation; Wall Street; Gallaudet University-Student Protests; Iraq-Army Sergeant Sentenced For Going AWOL.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs H.R. 4954 - Safe Port Act, Room 350, Eisenhower EOB; attends a Republican National Committee luncheon, Evermay; participates in a meeting with the President's Management Council on the President's Management Agenda, Room 350, Eisenhower EOB; participates in photo opportunity with the Air Force Thunderbirds, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FOOD SAFETY _ Food Safety Supply Chain Conference. Highlights: 9 a.m. Discussion on assessing vulnerabilities, with Assistant DHS Secretary Alfonso Martinez-Fonts, Jr. Location: Grand Hyatt Hotel, 1000 H St. NW.

HIGH SCHOOLS _ The 3rd Annual High School Policy Conference, ``Taking the Next Step Defining a Shared Federal Agenda for High School Reform." Participants at the conference will contribute to building a shared federal agenda informed by what is and is not working at the state and local level. Highlights: 8:30 a.m. Welcome by Gov. Bob Wise, Alliance for Excellent Education. 12:30 p.m. Luncheon session on ``Building High School Capacity and Competitiveness," with Ray Simon, Deputy Secretary of Education, U.S. Department of Education. 1:30 p.m. Closing remarks by Gov. Bob Wise, Alliance for Excellent Education. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

NORTH KOREA _ 9 a.m. Foreign Policy magazine and the Wilson School of Public and International Affairs at Princeton University hold a conference on the current state of North Korea and the future of the U.S.-South Korean alliance. Highlights: 9 a.m. Session on intelligence challenges, with Stephen Kim of the Livermore National Lab, Marcus Noland of the Institute for International Economics, others. 10:45 a.m. Panel discussion on the future of the U.S.-South Korean alliance, with Amb. Chung-in Moon, others. 12:30 p.m. Keynote address - Assistant Secretary of State Christopher Hill. Location: National Press Club.

NEY _ 10 a.m. Scheduled plea agreement hearing for former Rep. Robert Ney before U.S. District Judge Ellen Segal Huvelle. Location: U.S. District Court, 3rd St. and Constitution Ave. NW.

POOR-WINTER HEATING _ 11:30 a.m. The Campaign for Home Energy Assistance holds a telephone briefing to release a poll showing public support for energy assistance to poor families and the elderly, with Sens. Susan Collins and Jack Reed, others. Notes: Callin number: 800-362-0571; passcode: heat.

MIDEAST PEACE _ 12:15 p.m. The New America Foundation holds a program on the Arab-Israeli conflict, with Robert Malley of the International Crisis Group. Location: 7th floor, 1630 Connecticut Ave. NW.

SCHWEITZER-ENERGY _ 12:30 p.m. Montana Governor Brian Schweitzer addresses a National Press Club luncheon. Topic: ``America's Energy Future." Location: National Press Club.

VOTER FRAUD _ 1 p.m. The U.S. Commission on Civil Rights holds a panel discussion on voter fraud and intimidation, with Donna Brazile, chair, Democratic National Committee Voting Rights Institute; John Fund, writer; Thor Hearne, former National Election Counsel, Bush-Cheney 2004; and Robert Pastor, American University. Location: Room 540, 624 9th St. NW.

KASHMIR _ 2 p.m. - 3:30 p.m. The US Institute of Peace hosts a presentation, ``Plans and Prospects for Peace in Kashmir, `` with M. Farooq Kathwari, Chairman, President, CEO of Ethan Allen Interiors, Chairman, Kashmir Study Group; and Chester Crocker, discussant, James R. Schlesinger Professor of Strategic Studies, Georgetown University, member, Kashmir Study Group. Moderator is David Smock, Vice President, Center for Mediation and Conflict Resolution, Associate Vice President, Religion and Peacemaking Program, U.S. Institute of Peace. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 13, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

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TERRORISM NEWS:

Charge Of Treason Difficult To Prove, Legal Experts Say (WP)

By Dan Eggen

The Washington Post, October 13, 2006

The decision to charge alleged al-Qaeda propagandist Adam Gadahn with treason is something of a gamble by the U.S. government, which has not pursued such a case in more than 50 years and has a mixed track record for convictions over the course of American history, according to legal experts and historic accounts.

Gadahn, 28, was indicted Wednesday by a federal grand jury in Santa Ana, Calif., based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets.

Many legal experts said yesterday that although Gadahn may be a suitable candidate for a treason charge, federal prosecutors may face serious difficulties in securing a conviction if he is ever brought to trial.

Gadahn, a fugitive believed to be living in Pakistan, grew up on a Southern California goat farm, converting to Islam as a teenager and later moving overseas. He allegedly says in one video that U.S. "streets will run red with blood" and in another refers to the United States as "enemy soil."

"One of the reasons that I think Gadahn was charged was because of his intentional, brazen and conspicuous activities," said Brian Levin, director of the Center for the Study of Hate and Extremism at California State University at San Bernardino. "All the stars lined up to virtually hand the required elements to prosecutors on a silver platter. . . . But it's not a slam-dunk by any means."

Fewer than three dozen U.S. citizens have ever been charged with treason, which is specifically defined in the Constitution and requires two witnesses or a confession in court for a conviction. The framers -- who bristled at England's frequent prosecution of dissidents for alleged treason -- defined it narrowly as "levying war" against the United States or providing "aid and comfort" to its enemies.

The penalties for treason were left to Congress, which set the range of punishment from five years in prison to death.

The roster of previous treason defendants includes former vice president and malcontent Aaron Burr, who was acquitted of attempting to set up his own republic, and abolitionist John Brown, who was hanged for treason after he and his followers captured the federal arsenal at Harpers Ferry. The last flurry of treason cases was prosecuted during and after World War II, culminating in the 1952 conviction of a Japanese American for abusing U.S. prisoners of war.

The Justice Department's legal arguments in the Gadahn case rely heavily on the "broadcast cases," a series of treason prosecutions of U.S. citizens providing propaganda services to the Germans or Japanese. The most famous of these involved Iva Toguri D'Aquino, accused of being "Tokyo Rose," who served six years in prison but was later pardoned after the two key witnesses recanted.

In the Gadahn case, the Justice Department argues that the defendant's appearance in five incendiary al-Qaeda videos -- particularly three recent broadcasts in which he is clearly visible -- provide enough evidence to fulfill the Constitution's witness requirements for treason.

Deputy Attorney General Paul J. McNulty, in announcing the indictment Wednesday, said prosecutors "are very confident about the satisfaction of the two-witness rule," in part because "a number of individuals would be in a position to be able to identify Adam Gadahn" in the videos.

"We understand our burden," McNulty said. "We have to meet a burden that includes a number of elements in addition to the two-witness rule to show that there has been aid and comfort given to the enemy. And the elements will be met . . . if and when we have an opportunity to present our case in court."

But some liberal legal scholars are already raising questions about the strength of the government's case.

Leon Friedman, a professor at Hofstra University School of Law in Hempstead, N.Y., said the Supreme Court may take a dim view of bringing a treason charge as part of the "war on terrorism," which does not have the limits common to traditional armed conflicts. "The only time we've used treason in the past is in cases that resemble a traditional war," Friedman said. "It's just not the same thing. . . . We don't want the treason charge thrown around indiscriminately."

Bobby Chesney, a specialist in national security law at Wake Forest University, said he is not aware of any other case in which treason has been alleged involving a terrorist group.

Chesney noted that a number of al-Qaeda suspects both before and after the Sept. 11, 2001, attacks have been charged with seditious conspiracy, which is similar to the crime of treason but is easier to prove in court.

"It can be argued you can't get much better than the American front man for al-Qaeda for a treason charge," Chesney said. "But it's always a very difficult crime to prove."

Red Cross Meets Khalid Sheik Mohammed, Others (MH)

By Carol Rosenberg

The Miami Herald, October 13, 2006

The International Committee of the Red Cross confirmed today that it has met the 14 so-called "high value" detainees at Guantánamo Bay, Cuba, who include alleged Sept. 11 mastermind Khalid Sheik Mohammed.

A 12-member Red Cross delegation is still on the remote base in southeast Cuba, still working on gathering detainee notes and messages home -- but has interviewed 454 international U.S.-held captives, said Simon Schorno, an ICRC spokesman.

"We have seen the 14 as of today," said Schorno, speaking from Washington, D.C., following what he called a premature leak by the Pentagon of the meeting with Mohammed and other former CIA held captives.

"We're confirming having visited and registered the 14 detainees, and provided them with the means to exchange Red Cross messages with their families," he added.

He declined to say which, if any, of the 14 detainees had used the format to write home, probably for the first time since they were captured by the CIA and taken to so-called "black sites" somewhere overseas for U.S. interrogation.

President Bush revealed to the world on Sept. 6 that the United States had held the 14 men at secret offshore CIA detention spots, and had over Labor Day had them transferred to military custody at the U.S. Navy base in Cuba.

Their private meetings with Red Cross delegates, who included a doctor and translators, are not monitored by the military, Schorno said.

The "high value detainees" include Mohammed, whom the president referred to by his CIA nickname, "KSM," as well as other men who the United States claims were architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania.

Their health conditions are not known after as much as four years of secret CIA captivity. Schorno deflected a question on whether the Red Cross observed signs that the men had been tortured with this: ``The ICRC does not comment publicly on current or past circumstances of detention or treatment of detainees."

Instead, the delegates relay their concerns about conditions secretly to the country holding prisoners. The Swiss based organization first got access to the prison soon after the detention center opened in Jan. 2002, and they have never commented publicly on the conditions at the base in southeast Cuba.

But the 14 men had been held in secret U.S.-controlled locations -- off the books and out of reach of the International Red Cross, which under the Geneva Conventions has long been responsible for inspecting prisons the world over and verifying that prisoners of war are treated humanely and don't disappear while in custody.

The Pentagon told media in Washington about the completed Red Cross interviews on the same day that it released a formal announcement that the U.S. had sent away 17 captives from the base -- 16 to Afghanistan and another to Morocco.

It did not name the men, but said they had been freed after a series of internal reviews and diplomatic dialogue with their native countries.

Given the ICRC figure of 454 detainees interviewed, minus the 17 unnamed captives the Pentagon said it released Thursday, that left the prison population there at 437.

The Pentagon statement put the number of detainees at ``approximately 440."

At Guantánamo, Navy Cmdr. Robert Durand called the Red Cross consultations "meaningful, useful and confidential" -- meaning he would not spell out any criticisms, if any, the international relief agency made of the captives' conditions.

Durand said the men are entitled to the same health care as U.S. forces on overseas duty.

"As with all other detainees they receive adequate food, shelter, and clothing. They are afforded the opportunity to worship and have access to the Koran in their native language and other prayer accessories," Durand said in a statement.

``Consistent with established policies, they are allowed to send and receive mail."

Red Cross officials arrived on the remote base in southeast Cuba about two weeks ago, after Army Gen. Bantz Craddock, head of the Southern Command, said former CIA-held captives were undergoing a month-long orientation.

They are theoretically to face internal U.S. military reviews to see if they meet Bush administration definitions of "enemy combatants," and potentially future trial by U.S. military tribunal.

Still unclear is when precisely the men now cast as "the worst of the worst" of the Guantánamo population might face the Combatant Status Review Tribunals, which had been open to media coverage in the past.

If the Pentagon provides access similar to earlier hearings, reporters will get the first glimpse of Mohammed, Ramzi Bin al Shibh, and others who were publicly identified by the president as captives at Guantánamo as part of a policy speech on evolving U.S. detention policy.

Senior Defense and Justice Department officials had earlier said reviews would be held within three months of the arrival of the men. That means they should be complete by Christmas.

Red Cross Interviews 14 Qaeda Terrorism Suspects At Guantánamo (NYT)

By Neil A. Lewis

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A team from the Red Cross has met in recent days at Guantánamo Bay, Cuba, with Khalid Shaikh Mohammed, who is thought to have been the chief planner of the Sept. 11 terrorist attacks, and 13 other prisoners identified by the United States government as senior officials of Al Qaeda, Red Cross officials said Thursday.

Until recently, the 14 had been held by the Central Intelligence Agency at undisclosed prisons for as long as four years. The meetings with the delegation from the International Committee of the Red Cross are believed to be, for many, their first contact since their capture with someone not connected with the United States government.

Simon Schorno, an International Red Cross official in Washington, said the visits occurred over the last 10 days, but he declined to say what the Red Cross visitors had learned or observed about the prisoners' conditions, assertions or experiences in C.I.A. custody.

"We do not comment about the past and present condition of detention and treatment," Mr. Schorno said. Under the agreement by which it is allowed access to the prisoners, the Red Cross discusses its findings, and any complaints or recommendations it might have, only with the United States government.

The prisoners were examined by a Red Cross doctor, Mr. Schorno said. The Red Cross also arranged for each of the 14 prisoners to write messages to family members.

President Bush announced the transfer of the detainees to Guantánamo Bay last month, and has said they will be charged with war crimes and tried before a system of military commissions recently approved by Congress.

Mr. Bush is scheduled next week to sign the legislation, which specifies the kinds of tribunals before which the prisoners may be tried and also limits their access to federal courts for legal challenges.

The Red Cross visits are the first step in what will be the public surfacing of this group of detainees.

Military officials have said they will move swiftly to put in place the new military commission procedures for those of the 14 who will be charged with war crimes.

But the officials have said that the earliest the charges will come is sometime in January, meaning that any trials for those identified as senior Qaeda operatives will not occur before spring.

When they are charged, the prisoners will be assigned military defense lawyers, who may speak publicly about what the prisoners have to say. Shortly after that, the prisoners are also likely to acquire civilian defense lawyers, who may be even more likely to speak publicly about what the Qaeda prisoners may say in their defense and about their accounts of their treatment at the hands of C.I.A. interrogators.

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The Red Cross interviews with the 14 transferred prisoners at Guantánamo were conducted outside the presence of American officials, with Red Cross officials serving as translators when necessary, Mr. Schorno said.

The letters to their families are written on one side of a Red Cross form and subject to censorship by United States military authorities.

The Red Cross delegation also visited the other 440 prisoners at Guantánamo.

Red Cross Meets With 14 Moved To Guantanamo Bay (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, October 13, 2006

An International Committee of the Red Cross delegation that visited the U.S. detention facility at Guantanamo Bay, Cuba, met with the 14 detainees who had been held for years in secret CIA custody, the first time the alleged high-value terrorism suspects had contact with the outside world since their initial confinement.

The U.S. military and ICRC officials confirmed yesterday that Red Cross representatives spent time with each of the 14 men in the weeks after they were transferred to Guantanamo, a series of standard meetings during which the detainees were officially registered with the international humanitarian organization and had an opportunity to meet with a doctor.

Among the men is Khalid Sheik Mohammed, the alleged mastermind of the Sept. 11, 2001, attacks. Red Cross officials do not comment on the details of such meetings or their recommendations to government captors, citing confidentiality agreements that allow them unfettered access. They also declined to comment on the conditions the detainees faced while in secret U.S. custody and on their mental and physical well-being.

Simon Schorno, an ICRC spokesman in Washington, said yesterday that representatives met with the 14 men who had been in CIA custody and shared their observations with Guantanamo authorities.

"We were able to work according to our standard modalities," Schorno said.

During a visit that began on Sept. 25 and ends today, the Red Cross met with a total of 454 detainees -- believed to be the facility's entire detainee population -- as part of a regular series of visits aimed at assessing their treatment and facilitating contact with their families through official letters.

Cmdr. Robert Durand, a Guantanamo spokesman, said yesterday that the ICRC had the opportunity to meet with all detainees and specifically cited the humane treatment afforded both the general detainee population and the 14 high-value detainees who recently arrived. In an e-mail statement, Durand said they receive "adequate food, shelter and clothing," may worship and have access to a Koran, and are given exercise and reading opportunities.

Also yesterday, Pentagon officials announced that they had transferred 17 detainees out of Guantanamo Bay as part of an ongoing effort to reduce the facility's population and to share the detention burden with allies. Sixteen men were released to Afghanistan and one was released to Morocco, bringing the total number of detainees held at Guantanamo to approximately 440. The U.S. military has deemed an additional 110 detainees eligible for release or transfer.

Staff researcher Julie Tate contributed to this report.

Pentagon: Red Cross Met Gitmo Detainees (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 13, 2006

The Red Cross met at Guantanamo Bay with 14 new "high-value detainees," including Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11, 2001, attacks, a Pentagon spokesman said Thursday.

The encounters apparently mark the first time the 14 detainees have met with anyone other than their captors since they were arrested, held in CIA custody at secret locations, and transferred weeks ago to Guantanamo Bay Naval Base in Cuba. Among them are the alleged architects of the 2000 bombing of the USS Cole and the U.S. Embassy bombings in Kenya and Tanzania.

Simon Schorno, spokesman in Washington for the International Committee of the Red Cross, declined to discuss specifics or even confirm the encounters had taken place. In meetings with prisoners, Red Cross officials explain that they are visiting as monitors.

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"The detainee is not forced to speak to us," Schorno said. "It is up to the detainee to raise any issues that fall within our concern, for example past detentions and current conditions. It's up to the detainee to address whatever he wants to address."

The Red Cross also can take messages the detainees write, subject to military censorship, for delivery to their families, he said.

But even as the Red Cross wrapped up a more than two-week visit to Guantanamo Bay, the detention center came under increasing criticism.

British Foreign Secretary Margaret Beckett, releasing Britain's annual report on human rights around the world, said holding hundreds of terror suspects at the camp for years was "unacceptable in terms of human rights" and "ineffective in terms of counterterrorism."

"It's widely argued now that the existence of the camp is as much a radicalizing and discrediting influence as it is a safeguard for security," she said.

Beckett was the highest-ranking British official to criticize the United States so directly for holding suspects for years without trial at Guantanamo. Prime Minister Tony Blair has gone no further in public than calling the camp an "anomaly" which sooner or later must end.

In response to Beckett's comments, Sean McCormack, a State Department spokesman, said: "Look, we don't want Guantanamo open forever. We don't want to be the world's jailers. We certainly would look forward to the day when Guantanamo is closed.

"At the moment, it's housing some very dangerous people, including those who were responsible for the attack on this country which killed 3,000 people."

The Red Cross, which arrived at Guantanamo Bay on Sept. 25, met the 14 newest detainees this week, Navy Lt. Cmdr. Jeffrey Gordon said at the Pentagon.

Mohammed was believed to be the No. 3 al-Qaida leader before he was captured in Pakistan in 2003. Also among the 14 new detainees are Ramzi Binalshibh, who is accused of helping plan the Sept. 11 attacks and being a lead operative for a foiled plot to crash aircraft into London's Heathrow Airport, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells before he was captured in Pakistan in 2002.

President Bush on Sept. 6 announced they had been moved from CIA custody to Guantanamo for trial.

The detainees reportedly underwent coercive interrogations while being held by the CIA. Bush declined to disclose the techniques but denied they constituted torture.

With the repatriation Thursday of 17 detainees — all but one of them Afghan — there are currently some 440 detainees at Guantanamo, said Lt. Cmdr. Chito Peppler, a Pentagon spokesman.

Most of the 16 released Afghans were innocent and had been turned in to the U.S. military by other Afghans because of personal disputes, said Sibghatullah Mujaddedi, head of Afghanistan's reconciliation commission. Many had been held for four years, he said.

One of the released prisoners, Sayed Mohammead Ali Shah, said he had been a delegate at the country's first loya jirga, a council of leaders that helped establish the interim government in 2002 after the U.S.-led invasion to oust the Taliban in 2001.

"For four years they put me in jail in Cuba for nothing," said Shah, a doctor from the eastern province of Paktia whose hands shook from nervousness when he spoke.

"All these people (the other prisoners) and all those Afghans still in Cuba, they are innocent," he told reporters. "All were arrested because of false reports, and the Americans, without investigating, they arrested innocent people and put them in jail for a long time."

Associated Press writers Robert Burns in the Pentagon and Rahim Faiez in Kabul, Afghanistan, contributed to this report.

Computer Firm Official Sentenced For Dealings With Terrorist (FWST)

By David Koenig

The Fort Worth Star-Telegram, October 13, 2006

DOJ_NMG_0080064

DALLAS - A Middle East-born businessman was sentenced Thursday to nearly seven years in prison for having financial ties to a high-ranking terrorist and for making illegal computer exports to countries that support terrorism.

Ghassan Elashi was convicted during two separate trials on 27 counts, including conspiracy and money laundering.

Elashi faces a third trial in February for his role in helping run the Holy Land Foundation for Relief and Development, a Muslim charity that federal agents shut down in 2001 after the government accused it of funneling millions to the Palestinian militant group Hamas.

Federal District Court Judge Sam A. Lindsay allowed Elashi to remain free until January, saying he wasn't a flight risk. He is a U.S. citizen with six children and shares a duplex with his mother.

Prosecutors asked the judge to put Elashi in prison immediately. Elashi bristled when a prosecutor suggested he might flee the country rather than serve his 80-month prison term.

"I do not plan to flee the United States," Elashi said. "I plan to stay here and defend myself (against) your accusations about me and the Holy Land Foundation."

Holy Land officials have said the group aided hospitals, schools and orphans in the West Bank and Gaza.

Last year, a jury in federal district court convicted Elashi of financial dealings with a top Hamas official, who was married to Elashi's cousin. The U.S. government had designated the man, Mousa Abu Marzook, a terrorist in 1995, which made transactions with him illegal.

In a 2004 trial, Elashi and four of his brothers were convicted of making computer shipments to Libya and Syria without the special permits needed because the U.S. government deemed both countries as supporters of terrorism.

Elashi's lawyer, Tim Evans, said he would appeal the convictions.

Evans said the transactions with Marzook were innocent dealings with the man's wife, and that the export violations didn't merit more than two years in prison. He said the equipment the Elashis shipped to Libya and Syria could have been purchased at any U.S. computer store.

"What they were doing just wasn't that dangerous," Evans said.

But prosecutor Barry Jonas said an FBI agent was prepared to testify about Elashi's background and that the government would show in the next trial that as chairman of Holy Land Foundation, he supported terrorism.

Jonas also said that the export violations were serious. Because the Elashis didn't obtain export permits, the U.S. government doesn't know who bought the computers or why, he said.

"Those policies are one front in the United States' war on terrorism," Jonas said.

Judge Lindsay said Elashi's convictions "had nothing to do with people blowing up buildings." During the 2004 and 2005 trials, he limited references to terrorism to focus on the charges in the indictment.

Elashi, 52, was born in a Palestinian enclave that is now occupied by Israeli. His lawyer said Elashi's mother's was thrown off her orange orchard by the Israelis.

Carrying an Egyptian passport, Elashi came to the United States as a young adult. He attended college and started a computer company with his brothers in California, then moved it to the Dallas suburb of Richardson.

Elashi declined to speak to the judge before sentencing, but later he took the witness stand to seek a delay in going to prison.

Three of Elashi's brothers received sentences of 5 1/2 to seven years each, and a fourth is scheduled to be sentenced Friday in Lindsay's court. Ghassan was the only brother indicted in the Holy Land case.

Jury Selection Begins In Terrorism Trial (WP/AP)

By Mike Robinson, The Associated Press

The Washington Post, October 13, 2006

CHICAGO -- Jury selection began Thursday in the trial of two men charged with bankrolling terrorism aimed at toppling Israel's government.

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Muhammad Salah, 53, from suburban Bridgeview, and Abdelhaleem Ashqar, 48, of Alexandria, Va., are charged with operating a 15-year racketeering conspiracy to supply the Palestinian terrorist group Hamas with money to carry out a campaign of murders and kidnappings.

U.S. District Judge Amy J. St. Eve said she hopes to have a jury chosen Monday, with opening statements set for Tuesday or Wednesday.

Salah was arrested by Israeli soldiers in January 1993 at a checkpoint as he sought to leave the Gaza Strip. The same day, agents found $97,000 in cash in his room at a hotel in East Jerusalem.

Under interrogation, he admitted that he had visited Hamas military leaders and distributed money to them. He pleaded guilty and served five years in Israeli prisons.

The statements he made in Israel 12 years ago now are a key part of the evidence against Salah. The agents who interrogated him are expected to testify at the new trial _ in a courtroom cleared of spectators while wearing disguises and using aliases.

Prosecutors say the security measures are needed to prevent terrorists from taking reprisals against the two Israeli agents and their families.

But Salah defense attorney Michael E. Deutsch said the admissions his client made were the result of torture and should not be in evidence.

"He was tortured for 14 days," Deutsch said. "He was deprived of sleep for 45 of the first 50 hours, tied to a small chair, hooded and isolated."

According to the indictment, thousands of dollars from a number of Ashqar bank accounts was funneled overseas to pay for Hamas operations. Agents also found a cache of Hamas documents when they searched his home.

Ashqar's attorney, William Moffitt, secured the December acquittal of professor Sami al-Arian on a number of charges that he helped lead the Palestinian Islamic Jihad terrorist group.

The Florida jury deadlocked on other charges against al-Arian in what amounted to a stunning defeat for the federal government.

"Not much has been said about Dr. Ashqar's defense, and I'd like to keep it that way for a few more days," Moffitt told a reporter Wednesday. "But I can guarantee you that we're going to have some serious fireworks."

Charity Without Fear (WLS-TV)

By Cheryl Burton

WLS-TV, October 13, 2006

October 12, 2006 - The long awaited civil trial of Mohammed Salah began this week. The former college professor is accused of funneling money to terrorist groups in Palestine through an Islamic charity in Oak Lawn. Cheryl Burton explains why some other Muslim groups now say they, too, feel like they are under attack.

Mohammed Salah is one of several local Muslims who the government accuses of using "good will" to cover up evil deeds. And now some unlikely backlash has fallen on other Arab and Muslim charities. Donations are down and worry is way up. But the groups are not taking it lying down. They're using the same legal process to seek government protection.

The new home of Arab-American Family Services is nestled in the basement of a non-descript US Bank building in southwest suburban Burbank. The founders say their last landlord kicked them out -- afraid of possible backlash.

"If five years or 10 years down the road you say the government finds this institution or this charity something is wrong with it, then you're going to be charged with helping fund some terrorist activity that the community didn't know about," said Itedal Shalabi, Arab-American Family Services.

Services offered range from helping victims of domestic abuse to translating forms for Arabic speakers. The non-profit group has not been accused of having terrorists ties. Yet its donations have dropped some 15 percent since 9/11.

"A lot of people said give me the list of what you need. I'd rather go buy it and bring you the stuff you need than give cash," said Shalabi.

Another concern is that donated money will never get where it was intended to go.

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"Following 9/11, the government and the Treasury Department froze the funds of the five largest Islamic charities in the US," said Dr. Mohammed Sahloul, president of the Mosque Foundation.

In 2004, the 9/11 Commission concluded the shutdown of two Chicago-area charities raised "substantial" concerns about civil rights. The government dropped charges of terrorism against the former head of the Benevolence International Foundation in Palos Hills in 2003. They cut a deal with Enaam Arnaout. He pleaded guilty to using donated money to finance Islamic fighters in Bosnia and Chechnya.

No convictions were made in connection with Bridgeview-based Global Relief, but that group's co-founder was judged a security risk and deported. Both groups are still closed, leaving millions untouchable.

One man told us he has now changed the way he helps the poor in his homeland of Jordan.

"We used to do it through charity before September 11th. We used to do that. Right now, as much as I can, I send it directly to the people," said Wail Ziyad.

Others echo the fear.

"People have given money and it has been held with no kind of pre-warning or explanation only to be labeled and that's it. It's closed down," said Jeanean Othman.

"We know that a lot of locals that used to donate were visited by some government officials, asked questions about those organizations and that created some sort of fear," said Kifah Mustafa.

On the other side, FBI Special Agent Rob Grant contends that fear not only hurts the Muslim community itself, but also hinders the war on terror.

"One of the things that we've been trying to do for the last five years is convince the community to come forward, and unfortunately, in cases overseas and in some cases here, evidence of people wanting to commit terrorist acts or support terrorist acts has been present in some of these communities, and they have not come to law enforcement and that is the great bridge that we have to cross," said Robert Grant, Chicago FBI director.

This fear prompted a number of community leaders to head to Springfield for relief last year. The result? A resolution called "Charity Without Fear." It asks the federal government to provide a so-called "clean" list of Muslim organizations deemed safe and to protect donors from prosecution if a charity misuses funds.

So far, there has been no official response.

"There was no laws implemented as part of this resolution, and as far as I know, there was no follow up by Homeland Security to provide American Muslims with a safe list of charities, you know, the charities where they can donate without fear," said Dr. Mohammed Sahloul, president of the Mosque Foundation.

During this month of Ramadan, Muslims are obligated by their faith to give away 2.5 percent of their wealth through what is called zakat. Arab leaders say when assets are frozen for charitable organizations, they would like to see the government return the money to the donors or distribute it amongst other charities the government deems acceptable.

ABC7 News Team

Cheryl Burton, News Anchor and Reporter, ABC 7 News

Briton Pleads Guilty In Plots Tied To Al-Qaeda (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 13, 2006

LONDON, Oct. 12 -- An alleged al-Qaeda operative pleaded guilty in a British court Thursday to plotting to bomb the International Monetary Fund and other financial centers in Washington and New York in August 2004.

Those schemes led President Bush to authorize an orange, or high risk, security alert that sent police officers with automatic weapons into the streets to guard government and financial buildings as well as tunnels leading into Manhattan.

Dhiren Barot, 34, of north London, also pleaded guilty to planning attacks in Britain involving radiological devices known as dirty bombs and a scheme to blow up three limousines packed with gas cylinders in underground parking garages. Prosecutors said these plans were detailed on computer files seized in Pakistan.

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Prosecutor Edmund Lawson said in Woolwich Crown Court in south London that the attacks planned for the United States were "designed to kill as many innocent people as possible" and those in Britain to cause "injury, fear, terror and chaos."

Barot, wearing a khaki-colored zip-up sweater, black shirt and closely cropped beard, told the judge, "I plead guilty," in a calm and emotionless voice, according to Britain's Press Association.

Barot was one of eight alleged al-Qaeda operatives, all British citizens, charged in the plot; the seven others are scheduled to be tried next year. Barot and two others, Nadeem Tarmohamed and Qaisar Shaffi, also have been indicted in the United States on terrorism-related charges.

U.S. and British officials accused them of conducting scouting missions in 2000 and 2001 to the New York Stock Exchange and Citigroup Center in New York, the Prudential Financial building in Newark, and the IMF and World Bank headquarters in Washington.

Barot, who was raised in a Hindu home and converted to Islam, was mentioned by an alias, Issa al-Britani, in the final report of the commission that investigated the Sept. 11, 2001, attacks in the United States.

The report said an al-Qaeda leader in custody told interrogators that in early 2001 Osama bin Laden had sent "Britani" to the United States "to case potential economic and 'Jewish' targets in New York City" for possible attack.

It remained unclear how far the plot had advanced. Lawson told the judge he had no evidence to contradict a defense contention that the conspirators had acquired no funding, vehicles or bomb-making materials for their plot.

Lawson also did not dispute a defense contention that the planned dirty bomb would have caused fear and disruption but would have been unlikely to kill anyone.

Officials said files containing information about the British plot were found on the computer of Mohammad Naeem Noor Khan, an alleged al-Qaeda computer expert who was arrested in Pakistan in July 2004.

Senior Pakistani intelligence officials have said that Barot met Khan in Pakistan in March 2004. They said British officials had spoken extensively to Khan about the plot involving Barot and the other Britons.

No date has been set for Barot's sentencing.

Man Pleads Guilty In U.S. Bomb Plot (WT/AP)

By Jill Lawless

The Washington Times, October 13, 2006

LONDON -- A British man identified by U.S. officials as a senior al Qaeda figure pleaded guilty yesterday to conspiracy to murder in a plot to bomb high-profile targets in the United States including the International Monetary Fund headquarters in Washington and the New York Stock Exchange.

"I plead guilty," Dhiren Barot, 34, said in a clear voice at London's high-security Woolwich Crown Court.

Prosecutors said the plot involved targets in both Britain and the United States. Other purported targets included the World Bank headquarters in Washington, the Citigroup building in New York and the Prudential building in Newark, N.J.

Barot, a British citizen who was raised a Hindu before converting to Islam, was arrested in August 2004 amid a heightened security alert for financial institutions in the United States. Seven other men are due to face trial next year.

Prosecutor Edmund Lawson said Barot planned "to carry out explosions at those premises with no warning. They were plainly designed to kill as many people as possible."

U.S. officials claim Barot is a senior al Qaeda figure, known variously as Abu Eisa al-Hindi, Abu Musa al-Hindi and Issa al-Britani, who scouted prominent financial targets in the United States at the behest of Osama bin Laden.

He was indicted last year in New York, along with two others, on charges of plotting to attack the buildings.

Under British law, domestic legal proceedings take precedence over a U.S. extradition attempt.

In Britain, Barot planned to pack three limousines with gas cylinders and explosives and detonate them in underground parking garages, Mr. Lawson said.

The "gas limos" plan, found on a computer, was "described by Mr. Barot as the main cornerstone of attacks planned to take place in the U.K.," Mr. Lawson said.

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He said the "back-to-back" attacks involved three other projects, including "the rough presentation for radiation or dirty-bomb projects."

A dirty bomb combines radioactive material with conventional explosives, though prosecutors did not offer detail on the components of the planned device.

Mr. Lawson said the dirty bomb was designed to cause "injury, fear, terror and chaos" although it was unlikely to kill anyone.

"The radiation project was designed, among other things, to affect some 500 people," Mr. Lawson said.

The clerk of the court told Barot he was charged with conspiracy to murder -- "the particulars of the offense being that on diverse days between Jan. 1, 2000, and Aug. 4, 2004, you conspired together with other persons unknown to murder other persons."

Barot, wearing a gray zip-up sweater and dark trousers and sporting a closely trimmed beard, stared intently ahead but betrayed no emotion as he entered his guilty plea.

By pleading guilty, Barot "makes no admission with regard to the involvement of any of his seven co-defendants in the conspiracy," Mr. Lawson said.

Mr. Lawson said plans outlining details of the attacks had been found on a computer after Barot's arrest in August 2004. He acknowledged that no funding had been received for Barot's projects, nor any vehicles or bomb-making materials acquired.

Judge Neil Butterfield deferred sentencing to a later date.

The judge ordered that 12 other charges faced by Barot -- one of conspiracy to commit public nuisance, seven of making a record of information for terrorist purposes and four of possessing a record of information for terrorist purposes -- be suspended.

Under Britain's tight media laws, the judge ordered that further details of the conspiracy not be reported to prevent prejudicing the trials of any future defendants.

Barot was arrested by British police in August 2004 after a massive security alert in the United States.

Briton Admits US Terror Plot (FT)

By Nikki Tait

Financial Times, October 13, 2006

A London man on Thursday pleaded guilty to planning terror attacks in Britain and the US, including plots to blow up financial centres in New York, New Jersey and Washington.

Dhiren Barot, a Muslim convert, pleaded guilty Woolwich Crown Court to one count of conspiring to murder people between January 2000 and August 2004.

Prosecutors said that Mr Barot, who was arrested in August 2004, had indicated that the plea encompassed terrorism plans in both the US and UK. On the former score, Edmund Lawson, QC, told a judge at the south London court that there had been proposals found by police on a computer after the August arrests two years ago.

Those, he said, involved "plans for attacks on the International Monetary Fund and World Bank buildings in Washington, the New York Stock Exchange and Citigroup buildings in New York, and the Prudential buildings in Newark".

He added these were plans "to carry out explosions at those premises with no warning – they were basically designed to kill as many innocent people as possible"

But there had also been separate plots aimed at targets in the UK, prosecutors claimed.

One involved a plan to pack limousines with gas cylinders and explosives, which would be blown up in underground car parks. Another was a "dirty bomb" project, which could be executed in a "sychronised, concurrent and back-to-back" way with the previous scheme.

The plans, however, did not appear to have reached an advanced stage, and prosecutors said that accepted Mr Barot's claim that no finances or bomb-making equipment had been in place.

Mr Barot, who has been held at the Belmarsh high-security prison in south London, had been facing 12 further charges – seven of which focused on making a record of information for terrorist purposes and four of possessing a record of information for terrorist purposes. These will "lie on the file" in the light of his single guilty plea. He will be sentenced at a later date.

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Another seven individuals have been charged in the alleged conspiracy and await trial. However, prosecutors made clear that, by his guilty plea, Mr Barot was making no admission about the involvement of any of the other co-defendants.

Briton Admits To Plotting Attacks On U.S. (LAT)

By Kim Murphy

The Los Angeles Times, October 13, 2006

LONDON — A 34-year-old British man pleaded guilty Thursday to murder conspiracy in what authorities said was a plot to blow up the New York Stock Exchange and other high-profile financial targets across the eastern United States.

Computer records also revealed that the plot, still in its infancy, included plans to explode a radioactive "dirty bomb" in Britain capable of causing "injury, fear, terror and chaos," authorities said.

Dhiren Barot, a native of India who grew up in North London and converted to Islam, admitted his role in both parts of the conspiracy. But there was no evidence presented that he and his codefendants had raised any money or acquired any materials to carry out the attacks.

The arrests of Barot and seven other suspects in 2004 led to a high-level security alert in the U.S. aimed at securing buildings in financial districts in New York, New Jersey and Washington believed to be targets in the plot.

Computer records that U.S. authorities said were seized in separate investigations in London and Pakistan revealed plans to attack not only the New York Stock Exchange, but also the International Monetary Fund and World Bank buildings in Washington, the Citigroup building in New York and the Prudential building in Newark, N.J., prosecutors said.

The plan was "to carry out explosions at those premises with no warning. They were basically designed to kill as many innocent people as possible," prosecutor Edmund Lawson told the Woolwich Crown Court in South London.

Investigators said that, in addition to evidence of a plot to explode a dirty bomb in Britain, they uncovered plans for "back-to-back" attacks using three limousines packed with gas cylinders, explosives and detonators that were to be blown up in underground parking lots, Lawson said.

The original indictment charged Barot with possessing reconnaissance plans of the IMF headquarters, the stock exchange and Citigroup building, along with two notebooks containing information on explosives, poisons, chemicals and related matters. The defendant, however, entered a plea only on the conspiracy charge, suspending for now the other charges.

"I plead guilty," he said quietly in response to the judge's query.

Barot and two of the other defendants awaiting trial in Britain also face charges in the United States in connection with the same alleged conspiracy, but U.S. prosecutors have said they will await the completion of legal proceedings in Britain before pursuing the case.

Neither indictment has expressly linked the defendants to the Al Qaeda terrorist network. But one of the aliases attributed to Barot in the U.S. indictment is similar to the name of a man identified in the final report by the federal commission investigating the Sept. 11 attacks as a senior Al Qaeda leader. The report says the man, identified as Issa al Britani, was dispatched by Al Qaeda leader Osama bin Laden to scout for "potential economic and 'Jewish' targets in New York City."

The report also says Britani had been dispatched by self-declared Sept. 11 mastermind Khalid Shaikh Mohammed to Malaysia to learn about the jihad in Southeast Asia from a senior leader of the Jemaah Islamiah organization, now in custody in the U.S.

According to the U.S. indictment filed in New York, Barot used the aliases Esa al-Britani, Abu Esa al-Britani, Esa al-Hindi and Issa al-Hindi. It says Barot had enrolled in college in New York as cover for a series of reconnaissance missions he undertook with his codefendants in New York and Washington between Aug. 17, 2000, and April 8, 2001.

No sentencing date was scheduled. Lawson said that in his guilty plea, Barot made "no admission with regard to the involvement of any of his seven codefendants in the conspiracy." They are scheduled to face trial next year.

U.S. State Dept. Lawyer: Up To 80 Terror Suspects Face Military Commission Trials (FINDLAW/AP)

AP, October 13, 2006

DOJ_NMG_0080070

(AP) - BERLIN-Up to 80 terror suspects at Guantanamo Bay face the prospect of a trial before U.S. military commissions, an U.S. government adviser said Thursday.

U.S. President George W. Bush is to sign a law allowing the creation of the commissions on Tuesday, John Bellinger, a legal adviser to the U.S. State Department, said during a visit to Germany.

"We hope that that will allow the military commission trials finally to go forward ... including the trials of the additional 14 senior members of al-Qaida and al-Qaida operatives who were brought in," Bellinger said.

He did not say when the trials might begin or who would be tried first. However, he said that up to 80 individuals will go on trial.

"As far as to how many we expect there to be, there have been several dozen individuals charged already," Bellinger said during a discussion of legal aspects of U.S. counterterrorism efforts with reporters, human rights campaigners and academics.

"The best estimates that I have seen from our Defense Department and our Justice Department are in the neighborhood of 60 to 80 we hope can be charged on the evidence we have collected so far," he said.

The U.S. Congress passed legislation last month designed to put the CIA's clandestine interrogation program back on track as well as opening the way for terrorist trials.

The Bush administration is expected to try some or all of 14 former CIA suspects held at secret prisons now held by the military at Guantanamo Bay, Cuba. The group includes Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11, 2001, attacks.

HOMELAND RESPONSE:

FBI Names Counterterrorism Office Chief (WT)

By Jerry Seper

The Washington Times, October 13, 2006

A veteran FBI agent who served as the on-scene commander for agents deployed to Tanzania during the 1998 investigation of the al Qaeda terrorist attack on the U.S. Embassy has been named to lead the bureau's Counterterrorism Division.

FBI Director Robert S. Mueller III made the announcement yesterday, noting that Joseph Billy Jr. has been credited by top Justice Department officials with pioneering several initiatives to help fight against international terrorism.

"Joe Billy's broad experience in counterterrorism and counterintelligence over his FBI career makes him uniquely qualified to fill the position of assistant director of the Counterterrorism Division," Mr. Mueller said.

Mr. Billy, who has served as acting assistant director since June, has worked as a field agent in New York City; a supervisor in the Foreign Counterintelligence Program; a supervisor of an FBI/New York City Police Department Joint Terrorism Task Force; and as an assistant special agent in charge.

In addition to his command position in Tanzania, he led an FBI contingent of experienced terrorist agents to Northern Ireland in 1998 to assist the police in a terrorist investigation.

Mr. Billy, a 28-year FBI veteran, recently told reporters of his concerns about weapons of mass destruction, undetected homegrown terrorists and the possibility that mobsters in this country could team up with al Qaeda terrorists for the right price.

While there is no direct evidence that mob figures in this country have made any effort to hook up with terrorists, his concerns about a possible connection continues.

Those concerns were heightened when undercover FBI agents stopped a man with suspected mob ties from selling missiles to an informant posing as a terrorist middleman.

"We are continuing to look for a nexus. We are looking at this very aggressively," Mr. Billy said. "We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover."

Mr. Billy was promoted in 1999 to section chief in charge of international training at the FBI Academy in Quantico, Va., where he was responsible for a wide range of programs, including leadership training and continuing professional development

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training for FBI employees. During his tenure at the academy, he served as acting assistant director in charge, where he was responsible for all aspects of FBI training.

In February 2002, he was appointed special agent in charge of the New York field office's National Security Division and later as special agent in charge of the new Counterterrorism Division, which was formed in New York. In February 2004, he was named as special agent in charge of the Newark, N.J., field office and in March 2005, he returned to Washington headquarters to oversee the FBI's international terrorism operations.

Mr. Billy holds a masters degree in public administration from the University of Southern California.

Crossover Extremists Pose Big Threat (NSDY/AP)

By Lara Jakes Jordan, Associated Press Writer

Long Island Newsday, October 13, 2006

WASHINGTON -- Terrorists from different extremist groups who unite against a common cause -- such as the United States -- may be among the next big threats to America, the FBI's newly promoted counterterror chief says.

FBI Assistant Director Joseph Billy Jr., named Thursday as the permanent chief of the agency's counterterrorism division, said there's no evidence yet of "crossover" extremists in the U.S.

But "there's always the potential of the like-minded individuals rising up against their home country," Billy said in an interview with The Associated Press.

"Groups cross lines, and we have to look at it less defined (instead of) to say we're looking strictly at Hezbollah, looking at Hamas," Billy said. "In a coffee shop, it doesn't take much for the rhetoric to incite and recruit people. You may be aligned with one particular cause, but the fact is you have a common enemy. And the common enemy means that people can team up."

Billy had been the FBI's acting counterterror chief since June. He heads up one of the FBI's largest divisions, overseeing 101 Joint Terror Task Force teams nationwide, with thousands of ongoing investigations at any given time.

August's foiled plot by British nationals conspiring to blow up as many as 10 U.S.-bound airlines underscored the need for international counterterror coordination, Billy said. Such work, he said, could be likened to a sort of global terror task force -- even though the FBI's investigations would remain in the United States.

"We've really moved beyond the borders of the United States, and really working as partners against this threat that faces many counties, not just the United States," he said.

The soft-spoken FBI veteran of 28 years whose name plate on his desk is spelled out in Arabic, led the investigation of the 1998 U.S. embassy bombing in Tanzania. That same year, he led a delegation of FBI agents to Northern Ireland to help local police on a terror investigation.

He also has worked in FBI field offices in New York and New Jersey.

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On the Net:

FBI: http://www.fbi.gov

Congress Lets Mob-tied Felons Work At U.S. Ports (SH)

By Deroy Murdock

Scripps News, October 13, 2006

Before Congress passed a port-security bill on Sept. 30, a House-Senate panel deleted a proposed ban by Sen. Jim DeMint, R-S.C., on current or future dockworkers convicted of murder, conspiracy, explosives trafficking and transporting hazardous materials, among other felonies. As The Wall Street Journal's John Fund reported Oct. 2, conferees stripped this language "in the dead of night at the behest of unions fearful that too many of their members could lose their jobs." Call this measure "No Longshoreman Left Behind."

Among the 9,000 truck drivers the Department of Homeland Security investigated in New York's and New Jersey's ports, about half carried convictions for such crimes as homicide, arson and drug distribution. DHS concluded: These are "vulnerabilities that could be capitalized by terrorist organizations." Former customs agent Joseph King wondered: "Instead of bringing in 50 kilograms of heroin, what would stop them from bringing in five kilograms of plutonium?"

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Station WTVJ "checked more than 1,300 members of the three major longshoremen's unions listed in port records," NBC's Miami affiliate reported in March 2001. "We found nearly one in five are convicted felons in Florida. Their offenses include: attempted murder, armed robbery, assault and battery, trafficking in cocaine, grand theft, auto theft and sex with a child. Despite a county law with strict guidelines on hiring convicted felons, nearly half who appeal to a special panel to work at the port are approved."

Miami's deputy port director, Khalid Salahuddin, said: "From our standpoint, what benefit would it do to kick him out on the street? We see none."

UnionFacts.com reported that in the 2004 election the International Longshoremen's Association (ILA) made $463,500 in political contributions _ 89 percent to Democrats, 10 percent to Republicans. The International Longshore and Warehouse Union gave $367,035 _ 98 percent to Democrats. Like other AFL-CIO affiliates, these unions help deliver Big Labor's vote on Election Day.

Longshoremen also have colluded with the Mafia.

"To control and dominate the New York/New Jersey waterfront and The Port of Miami," the Justice Department announced July 6, 2005, "the Genovese and Gambino families placed organized-crime members, associates and relatives into high-ranking positions on the ILA's governing Executive Council and into positions as trustees of ILA pension, welfare and benefit funds." Former Brooklyn ILA boss Frank "Red" Scollo, indicted with Gambino capo Peter Gotti and 15 others in June 2002, pleaded guilty to racketeering in 2004.

Genovese control of ILA Local 1588 included enforcer Joseph Lore's embezzlement of the New Jersey union as its presidents, Eugene G'Sell and John Angelone, acquiesced. According to the National Legal and Policy Center, Lore "got rough if the union front men were uncooperative, at one point threatening to use a blowtorch on Angelone's crotch."

The FBI frets that terrorists could exploit the greed of underworld figures.

"They will deal with anybody if they can make a buck," Matt Heron, the FBI's top New York City mob fighter, told the Associated Press' Pat Milton. "They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them."

La Cosa Nostra's economic philosophy is simple, explained Pasquale D'Amuro, an FBI alumnus and now chief of Giuliani Security.

"I am aware of a high-level Mafia figure, who was cooperating with authorities, being asked if the Mafia would assist terrorists in smuggling people into Europe through Italy," D'Amuro told AP. "He said, 'The Mafia will help who ever can pay.' "

Even if most wiseguys would spurn al Qaeda's advances, the weak link could be a lone mobbed-up watchman, say, on a Staten Island dock. Desperate to pay his impatient bookie, terrorists _ or local sympathizers _ could bribe him to take a long walk along a short pier, just before a small boat unloads a nondescript box at 3:15 one morning.

"I ain't seen nuttin'," he truthfully could tell cops days later, as they investigated how an atomic device rearranged Times Square.

Bipartisan congressional conferees took an oath to "defend the Constitution of the United States against all enemies, foreign or domestic." Invited by DeMint to do precisely that, they chose instead to keep U.S. ports safe for politically connected, criminally infested labor unions.

No wonder Americans hold Congress beneath contempt.

(New York commentator Deroy Murdock is a columnist with the Scripps Howard News Service and a media fellow with the Hoover Institution on War, Revolution and Peace at Stanford University.)

Documents Reveal Scope Of U.S. Database On Antiwar Protests (NYT)

By Eric Lichtblau

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Internal military documents released Thursday provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war.

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The documents, obtained by the American Civil Liberties Union under a Freedom of Information Act lawsuit, show, for instance, that military officials labeled as "potential terrorist activity" events like a "Stop the War Now" rally in Akron, Ohio, in March 2005.

The Defense Department acknowledged last year that its analysts had maintained records on war protests in an internal database past the 90 days its guidelines allowed, and even after it was determined there was no threat.

A department spokesman said Thursday that the "questionable data collection" had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected. The spokesman, Maj. Patrick Ryder, said in response to the release of the documents that the department "views with great concern any potential violation" of the policy.

"There is nothing more important or integral to the effectiveness of the U.S. military than the trust and good will of the American people," Major Ryder said.

A document first disclosed last December by NBC News showed that the military had maintained a database, known as Talon, containing information about more than 1,500 "suspicious incidents" around the country in 2004 and 2005. Dozens of alerts on antiwar meetings and peaceful protests appear to have remained in the database even after analysts had decided that they posed no threat to military bases or personnel.

Some documents obtained by the A.C.L.U. referred to the potential for disruption to military recruiting and the threat posed to military personnel as a result.

An internal report produced in May 2005, for instance, discussed antiwar protests at the University of California, Santa Cruz, and was issued "to clarify why the Students for Peace and Justice represent a potential threat to D.O.D. personnel."

The memorandum noted that several hundred students had recently protested the presence of military recruiters at a career fair and demanded that they leave.

"The clear purpose of these civil disobedience actions was to disrupt the recruiting mission of the U.S. Army Recruiting Command by blocking the entrance to the recruiting station and causing the stations to shut down early," it said.

But the document also noted that "to date, no reported incidents have occurred at these protests."

The documents indicated that intelligence reports and tips about antiwar protests, including mundane details like the schedule for weekly planning meetings, were widely shared among analysts from the military, the Federal Bureau of Investigation and the Department of Homeland Security.

"There is simply no reason why the United States military should be monitoring the peaceful activities of American citizens who oppose U.S. war policies," said Ben Wizner, a lawyer for the A.C.L.U.

Joyce Miller, an official with the American Friends Service Committee, a Quaker group that learned that information on some of its antiwar protests was in the military database, said she found the operation to be a "chilling" and troubling trend.

World Series Security In Works (DEN)

By Paul Egan

Detroit News, October 13, 2006

Area authorities begin planning crowd control, traffic in light of Tigers' 2-0 lead over Oakland.

Detroit Police, the FBI and other area law enforcement agencies are preparing for crowd control and heightened security in the event Detroit is the host of games in Major League Baseball's World Series.

Officials said they were working on plans in light of the Detroit Tigers' 2-0 lead in the American League Championship Series going into today's game in Detroit.

Officials said their work will be made easier by Detroit's experiences hosting the Super Bowl Feb. 5 and baseball's All-Star Game in July 2005.

Detroit Deputy Chief James Tate said officials were working on plans Thursday that may include changing two-way streets near Comerica Park to one-way streets and providing easier access to and from freeways.

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It's not known whether an area around Comerica would be off-limits to nonticket-holders, as Ford Field was for those not attending the Super Bowl, Tate said. He noted the Super Bowl is deemed a "level one" security event by the U.S. Department of Homeland Security, but a World Series game and the All-Star Game is not.

U.S. Attorney Stephen Murphy said an Anti-Terrorism Advisory Council, which includes all levels of law enforcement and representatives of private businesses, will likely meet in the next few days to discuss World Series plans.

Tragedy On The Skyline (NYT)

The New York Times, October 13, 2006

The sight of a Manhattan apartment tower set ablaze by a crashing airplane was chilling both for the immediate tragedy and for the memories it stirred of the 9/11 atrocities. Terrorism proved no factor in the crash of the single-propeller plane into the 30th floor of the East Side apartment house, a half block from the waterfront. But the accident, which cost the lives of the Yankees pitcher Cory Lidle and his flight instructor, laid bare a troubling situation unknown to most New Yorkers — a low- altitude, free-flying corridor over the northern stretch of the East River that many veteran small-plane pilots consider treacherous.

Small planes and helicopters had been permitted to fly the corridor below 1,100 feet without clearance. The policy relied on experienced pilots to use their own “see-and-avoid” capabilities in such low-speed traffic. In the aftermath of the crash, the Federal Aviation Administration was wise to order a temporary halt to the policy and to require instead that all planes flying below 1,500 feet over New York City first get authorization from air traffic control. Unfortunately, this was a one-day order.

The free-flying corridor, set safely below commercial flight paths, has been a boon to assorted helicopters used by business executives, tourists and highway traffic reporters. But on an overcast day with low cloud cover, as was the case Wednesday, wiser general aviation pilots avoid it. Some officials speculate that the Lidle plane’s pilot, cruising above the river after a spin around the Statue of Liberty, may have crashed as he attempted a U-turn in the corridor to avoid the existing requirement that permission be requested to fly farther north.

Tighter controls should be restored indefinitely, at least until the details of the tragedy are clear, and the burden will then be on the F.A.A. to explain why small planes should not stay under restraint permanently. The most compelling argument is that closer tracking of all low-altitude fliers would greatly increase the tasks of the already burdened air traffic system, requiring more controllers and better radar equipment. But the answer is clearly to upgrade the system, not reduce precautions.

WAR NEWS:

Panel Reports Fraud By Some Nonprofits (NYT)

By Philip Shenon

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A report by Democratic investigators for the Senate Finance Committee said Thursday that several nonprofit groups linked to the corrupt lobbyist Jack Abramoff became arms of his lobbying operation and “appear to have perpetrated a fraud on other taxpayers.”

The report found that officials of the nonprofit groups, including Americans for Tax Reform, a prominent conservative group run by the Republican strategist Grover G. Norquist, agreed to “carry out Mr. Abramoff’s requests for help with his clients in exchange for cash payments.”

The committee’s ranking Democrat, Senator Max Baucus of Montana, said in releasing the report that the Justice Department and the Internal Revenue Service would “have to determine whether tax laws were broken, but in my view, these groups’ dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws” on tax-exempt groups.

Mr. Abramoff’s abuse of charitable groups, including one he founded, the Capitol Athletic Foundation, has been well-documented.

In January, the former lobbyist pleaded guilty to conspiring to corrupt public officials, including members of Congress, in a wide-ranging scheme that involved funneling his clients’ money through tax-exempt groups. He is scheduled to begin serving a prison sentence next month.

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None of the officers of the charities that were the focus of the new Senate report have been charged with a crime, and the charities have denied any wrongdoing in their dealings with Mr. Abramoff. But the report suggested that several of the charities had taken actions to benefit his lobbying operation that should put their tax-exempt status in question.

Spokesmen for Americans for Tax Reform did not return phone calls for comment Thursday night.

The Banking Committee report is especially critical of the group, which has close ties to the Bush administration through Mr. Norquist, as having apparently offered its support to causes championed by Mr. Abramoff's lobbying clients in exchange for large donations.

The report cited instances, based on Mr. Abramoff's e-mail, in which Mr. Norquist's group had taken money from the lobbyist "with tacit or explicit agreements to perform services, such as writing newspaper columns favorable to the clients" or with a promise to help his clients meet Karl Rove, President Bush's top political adviser, and other government officials. There was no accusation of wrongdoing by Mr. Rove, and the report did not suggest that he knew of the payments.

The report quoted a lawyer for Mr. Norquist, Cleta Mitchell, as having told the Finance Committee that Americans for Tax Reform had not abused its tax-exempt status and that the group had used its contributions "in keeping with its general purpose and permissible activities under the law."

Another of the nonprofit groups that was close to Mr. Abramoff, the National Center for Public Policy Research, criticized the Democratic report as "entirely unfair and inaccurate" and said the center had been "extremely conscientious at all times about complying with all regulations" on tax-exempt groups.

The center came under special scrutiny last year after it was disclosed that the group had underwritten overseas trips for lawmakers who were being courted by Mr. Abramoff, including a lavish visit to London for Tom DeLay, who was then House majority leader and who resigned from Congress this year. Mr. Abramoff had been a member of the center's board.

U.K. Army Head Said To Seek Iraq Pullout (AP)

By Tariq Panja, Associated Press Writer

AP, October 13, 2006

Britain's new army chief called for a withdrawal of British troops from Iraq, warning that the military's presence there only exacerbates security problems, according to an interview published Thursday.

Gen. Richard Dannatt described British Prime Minister Tony Blair's Iraq policies as "naive," declaring that while Iraqis might have welcomed coalition forces following the ouster of Saddam Hussein, the good will has since evaporated after years of violence.

The British military should "get ourselves out sometime soon because our presence exacerbates the security problems," Dannatt said in an interview with the Daily Mail released on the tabloid's Web site. "Whatever consent we may have had in the first place" from the Iraqi people "has largely turned to intolerance," he was quoted as saying.

The British government has not yet set a timetable for the departure of its 7,500 troops from Iraq.

The Defense Ministry responded to the interview by saying: "We have a clear strategy in Iraq. We are there with our international partners in support of the democratically elected government of Iraq, under a clear U.N. mandate."

Blair's office referred all questions to the Defense Ministry.

Dannatt's comments are certain to infuriate Blair, who is President Bush's key ally in the Iraq war. It is highly unusual for a sitting British military commander to publicly criticize the government's foreign policy. Dannatt took over as army commander in late August.

Britain's involvement in Iraq has proved highly controversial from the outset. Millions protested on the streets in the lead up to the war in 2003, while high profile cabinet ministers have quit the government as a result of Blair's support for the U.S.-led action.

The general's comments may signal an increasing boldness among senior military officials who fear that the army is overstretched on two fronts — Afghanistan and Iraq. Other commanders have been quoted as saying the military needs to provide greater support for troops in Iraq and Afghanistan.

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Dannatt said Britain's presence in the country was worsening security problems domestically too, contrary to Blair's claims that the war in Iraq had no link to the terror threat facing Britain. Such fears have been heightened since last year's terror attacks on London's transport system that killed 52 people and four suicide bombers.

"I don't say that the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them," he said.

"We are in a Muslim country and Muslims' views of foreigners in their country are quite clear," he said. "As a foreigner, you can be welcomed by being invited in a country, but we weren't invited certainly by those in Iraq at the time."

Dannatt was severely critical of British and American planning for postwar Iraq, describing the rationale behind the invasion as flawed.

"I think history will show that the planning for what happened after the initial successful war fighting phase was poor, probably based more on optimism than sound planning," he said.

"The original intention was that we put in place a liberal democracy that was an exemplar for the region, was pro West and might have a beneficial effect on the balance within the Middle East.

"That was the hope, whether that was a sensible or naive hope history will judge. I don't think we are going to do that. I think we should aim for a lower ambition."

The comments come at a time when British defense officials are facing growing criticism on a number of fronts. In Afghanistan, Britain has suffered a number of casualties recently as the army continues its tough battle against the resurgent Taliban in the south of the country. Thirty British soldiers have been killed in Afghanistan since July.

Since March 2003, 119 British soldiers have died in Iraq.

The general's comments polarized opinion among lawmakers and military personnel.

Former Defense Secretary Douglas Hogg questioned his motives.

"One can only assume that Sir Richard has made his views known privately and that they've been ignored," he told the British Broadcasting Corp. "I think the government needs to very quickly make it clear what the position is."

Maj. Gen. Patrick Cordingly, a former British military commander in the 1991 Gulf War, told the BBC the army chief's opinion was "enormously pragmatic" and may be welcomed by some soldiers who have served several tours of duty in Iraq.

"I think it is a very brave thing for him to say. I do agree. I think there comes a time when you have got to let Iraq get on and look after its own security," he said.

UK Presence 'worsening Iraq Situation' (FT)

By Stephen Fidler, James Blitz And Guy Dinmore

Financial Times, October 13, 2006

Britain's new army chief said UK forces should leave Iraq soon because they are making the security problem there worse.

Such unusually frank remarks from a serving soldier suggest that General Sir Richard Dannatt disagrees with government policy, which calls for troops to stay until Iraqi forces can take over.

Sir Richard said Britain should "get ourselves out sometime soon because our presence exacerbates the security problems".

In comments reported in Friday's UK Daily Mail newspaper, the chief of the general staff said foreign forces might be welcomed into a country. But "the military campaign we fought in 2003 effectively kicked the door in. Whatever consent we may have had in the first place...has largely turned to intolerance.

"That is a fact. I don't say that the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them."

Sir Richard criticised the quality of planning for what happened after Baghdad fell. "History will show that the planning for what happened after the initial successful fighting phase was poor, probably based more on optimism than sound planning."

The general said the US-led coalition in Iraq would have to settle for less than the original ambition of a pro-western liberal democracy that would be an exemplar for the region.

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"That was the hope, whether that was a sensible or naive hope, history will judge...we should aim for a lower ambition." The general expressed more optimism that "we can get it right in Afghanistan". But he added: "We can't wish the Islamist challenge to our society away and I believe that the army both in Iraq and Afghanistan and probably wherever we go next, is fighting the foreign dimension of the challenge to our accepted way of life."

Dana Perino, White House spokeswoman, said: "I don't know the context in which this was said but I would remind you that it's the democratically elected Iraqi leaders themselves who have asked for reassurance that we will stay to help them gain control over the security situation." She added: "We're going to...ensure a democratic stronghold of liberty and freedom in the heart of the Middle East is fully established and serving as a beacon of hope for those moderate governments in the region who strive for the same."

The UK prime minister's office is certain to argue on Friday that Britain will stick to its commitment to maintain a military presence in Iraq until the country's own forces are fully trained.

The Ministry of Defence said on Thursday night: "We are there with our international partners in support of the democratically elected government of Iraq under a clear United Nations mandate."

The MoD refused to confirm reports that a meeting had been set up between Des Browne, defence secretary, and the general on Friday.

However, the army chief's comments are certain to be a blow to Tony Blair as he seeks to maintain political authority in his final months in Downing Street.

Militiamen Kill 11 At TV Station In Iraq (AP)

By Lee Keath, Associated Press Writer

AP, October 13, 2006

Suspected Shiite militiamen, some dressed as police, broke into a television station and gunned down 11 Iraqi executives, producers and other staffers Thursday — the deadliest attack against the media in this country, where at least 81 other journalists have been killed in the past three years.

The station, Shaabiya, was new and had not started full broadcasting. So far it had aired only test programming of nationalist songs, including ones against the U.S. military presence in Iraq. That may have led Shiite militiamen to suspect it of a pro-Sunni ideology.

The brazen, morning attack underlined the danger for the media in a country where causing offense to one side or another can be a death sentence — either by Sunni insurgents or the Shiite and Sunni death squads behind sectarian violence.

In another attack on Iraqi media, the body of a Kurdish radio reporter was identified at the Baghdad morgue. Azad Mohammed Hussein, 29, was kidnapped in the capital Oct. 3 while on his way to Dar al-Salam radio headquarters. His body was found Tuesday.

At least 51 journalists — mostly Iraqis — have been kidnapped in Iraq, according to Reporters Without Borders, a Paris-based journalist watchdog group. The latest was the editor of weekly magazine Nabd al-Shabab, abducted Monday on the way to work.

About two dozen gunmen, some in police uniform, pulled up to the Shaabiya offices at 7 a.m. Thursday in civilian cars, stormed into the building and killed most of those inside, said the station's executive director, Hassan Kamil, who was not there at the time.

Staff members had been working around the clock to get the station ready to begin broadcasting at the end of the Islamic holy month of Ramadan, in mid-October. As a result, many people were in the office, some still sleeping at the time of the attack.

The gunmen fired some 100 shots, Kamil said. But survivors reported not hearing any shots and no windows were damaged, suggesting the attackers may have used silenced pistols and killed their victims at close range, he said.

After the attack, blood stained the polished floors of the station building, which housed Shaabiya's studio and offices, and pistol bullet casings lay scattered around.

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Among the dead were the station's chairman of the board, Abdul-Raheem Nasrallah, along with station technicians and two guards, Kamil said. Several employees managed to run away, and there were two wounded survivors — the program director and chief producer — who were in critical condition.

Kamil said he could not speculate on who was behind the attack and said the station had received no threats. He insisted the station had no sectarian bent and pointed out that the staff was a mixture of Shiites, Sunnis and Kurds. Nasrallah, the slain chairman, was a Shiite — a former military officer who was jailed during Saddam Hussein's rule, fled to Norway after his release and then returned after Saddam's fall.

"We have good relations with all political and religious parties and groups, with the Sunnis and the Shiites, and we are keen to maintain such a balance," Kamil said in a telephone interview.

But there were signs Shiite militiamen were behind the assault. Many kidnap-slaying of Sunnis have been carried out by gunmen in police uniforms and Sunnis accuse the mainly Shiite police force of helping the death squads.

The test programming the station has done so far has included nationalist songs, some of them denouncing "the American occupation" — a cause of the Sunni insurgents, though also of some Shiite militia groups.

There were also rumors that the station was being financed by Libya. Reporters Without Borders said the militiamen may have been seeking to avenge the kidnapping of a revered Lebanese Shiite cleric, Imam Musa al-Sadr, 28 years ago, an attack often blamed on Libya. Al-Sadr is a distant uncle of Muqtada al-Sadr, head of the Mahdi Army, Iraq's most feared militia.

Kamil denied his station receives Libyan funding, saying it is still struggling to get the money to start up. But even a false rumor could be a motive for an attack.

Interior Ministry spokesman Brig. Abdel-Karim Khalaf blamed the slayings on "a gang of criminals" and said investigations were under way.

At least 81 journalists, 60 of them Iraqi, have been killed in Iraq since the March 2003 U.S. invasion of Iraq, according to an Associated Press tally based on figures provided by the Committee to Protect Journalists, a New York-based media rights group. That surpasses the 66 killed in Vietnam, and the 68 killed during World War II.

In addition, 28 employees of media outlets have been killed, including drivers, interpreters and guards — almost all of them Iraqis. The numbers do not include the Shaabiya attack, since it was not immediately known how many of the dead were journalists or support staff.

"Iraq is the most dangerous assignment in the world right now for journalists," said Joel Campagna, head of CPJ's Mideast desk. "There really aren't any battle lines. The danger begins right outside your door."

Not only are there no front lines in Iraq, but Western journalists are targeted by insurgents who consider them as little different from combatants. Baghdad's Palestine hotel, where many media organizations — including the AP — were based for extended periods of time, was attacked repeatedly; the attacks included a triple suicide vehicle assault last October that was claimed by al-Qaida in Iraq.

In one of the most graphic examples, an Iraqi television journalist, Atwar Bahjat, and two of her colleagues were abducted and slain while reporting on an explosion last February at a mosque in Samarra.

"The toll of journalists killed mounts from day to day," Reporters Without Borders said. "We are also alarmed by the number of kidnappings of journalists. Each week we learn of another journalist who has been abducted and then executed. ... Local journalists are the chief victims."

The deaths come amid a wave of violence in Iraq by both insurgents and militias. At least 34 Iraqis were killed in violence around the country Thursday, including the attack on Shaabiya.

The U.S. command announced that one American soldier was killed and two others injured in action in northern Iraq on Wednesday. The soldier's death brings the total number of American troops who have died in October in Iraq to 41.

Nine Staffers Slain At TV Station In Baghdad (USAT)

By Zaid Sabah And Rick Jervis

USA Today, October 13, 2006

DOJ_NMG_0080079

BAGHDAD — The masked gunmen drove up to the studios of Baghdad's newest television station at 7:30 a.m., arriving before most of the journalists were awake.

Storming through the studios, they executed nine people, including seven journalists and two guards. The staffers — technicians, cameramen and producers — had been sleeping at the building after working late the previous evening.

Most of the dead at Shaabiya Satellite TV were shot in the head, said Talib al-Shawka, the station's news manager. Many were killed while sleeping in makeshift beds. One was shot in the bathroom as he readied for work, he said.

It was the single deadliest attack on the media since the start of the war.

"What happened today is happening every day in Iraq," al-Shawka said. "Why it happened here today, I don't know."

Iraq remains the most dangerous place in the world for journalists, according to the Paris-based Reporters Without Borders, a press advocacy group. Since the start of the fighting in March 2003, 118 journalists and media assistants have been killed in Iraq, the majority of them Iraqis, the organization said.

In World War II, 68 journalists were killed, and during the Vietnam conflict, 66, according to the Freedom Forum.

The gunmen drove into the station's neighborhood in white SUVs — vehicles commonly used by Iraq's security forces — and blocked off streets to the studio in Baghdad's Zayouna district, said Brig. Gen. Abdel Karim Khalaf al-Kenai, an Interior Ministry spokesman. The gunmen then stormed into the studio and began shooting employees and guards as they went, he said. There were no immediate arrests or leads, he said.

"I arrived this morning and was shocked when I saw my colleagues executed in this way," said Sayed Nasser al-Hassani, a Shaabiya TV journalist. "I don't know why they did that with our channel. We don't even have programs yet."

News employees often spend the night in the newsroom if they work late the preceding night because it's dangerous to be on the streets after dark. Vehicles are not allowed on Baghdad's roads after 9 p.m., and there's a ban on pedestrians starting at 11 p.m.

Most of Iraq's TV channels and newspapers are affiliated with political parties and broadcast a point of view. The killings could have been politically motivated.

Gunmen are increasingly targeting journalists, said Ammar Karim, an Iraqi reporter based in Baghdad for Agence France-Presse. "We're working in hell," Karim said. "Things have changed 180 degrees compared to 2004 and 2005. Now, they're targeting journalists directly, whatever their affiliations are."

Shaabiya is owned by the Justice and Democratic Progress Party, an independent secular party that ran in December elections but didn't win any seats in the Iraqi parliament.

The satellite station launched two months ago and has beamed only a few test broadcasts, al-Shawka said.

"The channel represented all sides in the Iraqi spectrum. We have Sunnis and Shiites and Christians and Kurds. One of the victims was Egyptian," he said. "We are in a dilemma. If you are Sunni, this is a problem. If you are Shiite, it's also a problem. Christians are another problem. We don't know what to do."

Gunmen Kill 11 In Iraqi TV Station Attack (LAT)

By Borzou Daragahi

The Los Angeles Times, October 13, 2006

BAGHDAD — Masked gunmen methodically executed 11 employees of a Baghdad television station this morning, shooting their victims in the station's offices with weapons muffled by silencers.

The victims were among at least 24 Iraqis killed in explosions and shootings or found dead as a result of sectarian murders today. One U.S. soldier was also reported killed, a member of the 25th Infantry Division wounded in combat Wednesday along with two other soldiers near Kirkuk.

Maj. Gen. William B. Caldwell IV, spokesman for coalition forces, told reporters that insurgent attacks in the capital have increased from 28 a day to 36 over the last 16 days, which coincides with the start of Ramadan, the Muslim holy month of fasting and atonement.

With security worsening, the Baghdad government has begun talks with U.S. commanders about lengthening the American stay at bases in the country, an Iraqi spokesman said.

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Among those killed at the television station was the chairman of the Al Shaabiya channel's board of directors, Abdul Raheem Nasrallah. He also was leader of a small nationalist political party behind the station. Most of those killed in the 7 a.m. attack on the newly launched station were bodyguards. The programming manager clung to life today at a Baghdad hospital with bullet wounds to the neck and mouth, and another man also was wounded.

At least some of the killers in the Al Shaabiya killings wore police uniforms and arrived in cars that resembled official police vehicles, raising suspicions the killings were tied to Shiite Muslims militias that allegedly have infiltrated forces of the Ministry of Interior.

But Muqtada Sadr, the radical Shiite cleric whose Al Mahdi militia is suspected of involvement in sectarian killings, today denounced such slayings as sacrilegious.

"The wrongdoer cannot hide behind what is right, and the title of the Mahdi army is a title for righteousness," he said in a statement. "Those wrongdoers should make use of the Ramadan period, and repent as long as repentance doors are wide open."

The killers at the station appeared to have let the two female employees go, but shot all 13 men.

Hassan Kamil, the station's manager, found over 100 spent shells on the floor when he arrived an hour after the attack, but none of the bullets had damaged the fragile glass panels in the office. Nearby guards and neighbors told him they heard no gunfire.

"That there were no holes or cracks in these glass dividers which means that the executioners are professionals, not ordinary killers," he said. "They came to kill only."

The massacre was the latest attack on media personnel in a country that has become the most dangerous place in the world for journalists. Earlier this week authorities discovered the body of Azad Mohammed, a radio reporter who had been abducted Oct. 3. Gunmen on Monday also kidnapped Ali Kareem, editor in chief of a weekly newspaper.

Government spokesman Ali Dabbagh condemned the killings and said they were under investigation. "The terrorists want to censor the truth of what is actually happening Iraq," he said.

But he also acknowledged in a news conference that Iraqi security forces "need more training and experience."

In the meantime, Iraqi officials have begun negotiating with U.S.-led forces to extend their presence on bases throughout Iraq, he said. "This is not a new agreement, it's just an extension" of the old agreement, he told reporters.

Gunmen Attack TV Station In Baghdad (WP)

By Ellen Knickmeyer And Naseer Nouri, Washington Post Foreign Service

The Washington Post, October 13, 2006

Uniformed Assailants Arrive in Police Cars And Kill at Least 8

BAGHDAD, Oct. 12 -- Gunmen in police cars and police uniforms stormed the offices of an Iraqi satellite television channel in Baghdad on Thursday and shot or slit the throats of all inside, killing at least eight people in the deadliest attack on journalists in Iraq, according to witnesses and the Interior Ministry.

Many of those killed in the 7 a.m. raid on al-Shaabiya TV were shot as they lay sleeping in their beds at the station. Neighbors said they heard no gunfire, leading the station's executive director, Hassan Kamil, to tell state-allied al-Iraqiya television that he believed silencers had been used.

"The killing police left the scene after killing those Iraqis," said Saad Saleem, a 43-year-old teacher who lives near the house where the station is located. Gesturing at police who responded to cordon off the station after the killings, Saleem said: "These police arrived only later. For us, Iraqis, we cannot tell the difference."

The attackers killed two guards outside, then attacked the workers inside, killing six of them. The dead included Abdul Raheem Nasrallah, the channel's general director and the general secretary of a small, secular political party, the Progress and Justice Movement.

The Shaabiya workers had spent the night at the station because of a long-standing Baghdad curfew that bans overnight vehicle traffic. The new station had yet to begin regular programming, playing only patriotic music.

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Suspicion fell on militias connected with the Shiite Muslim religious parties that lead Iraq's government, with the militiamen either in the police force itself or working with the aid of the police, who are predominantly Shiite.

There was no explanation for why the station was targeted, however. One theory suggested that because it was playing nationalist tunes, it had created the impression that the station favored Sunni Arabs, although the slain station executive was Shiite.

Reporters Without Borders, a Paris-based organization, cited unidentified local sources as saying the station may have been hit because it received funding from Libya. Many Shiites blame Libyan leader Moammar Gaddafi for the assassination of a revered Shiite cleric in Lebanon nearly three decades ago.

A total of 118 journalists have been killed in Iraq since the U.S.-led invasion in 2003, according to Reporters Without Borders. The vast majority of them were Iraqi.

The organization said the body of another Iraqi journalist, radio reporter Azad Mohammed Hassan, was found Tuesday in the Baghdad morgue and bore signs of severe torture. He had been kidnapped a week earlier.

The Interior Ministry said Thursday that the bodies of another 42 men or boys had been found dumped around Baghdad in the previous 24 hours. All had been shot; many were blindfolded with their hands tied. Two of the victims were boys, both apparently about 10 years old, the ministry said.

In other violence, a bomb mounted on a motorcycle killed two policemen in Baghdad, the Interior Ministry said, and a car bomb followed by a roadside bomb killed nine civilians in central Baghdad.

Seven mortar rounds landed in the overwhelmingly Shiite neighborhood of Shula in northern Baghdad, killing five civilians, the Interior Ministry said.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said Thursday that attacks in Baghdad had climbed 15 percent in the past two weeks. Caldwell tied the increased violence to the Muslim holy month of Ramadan, which ends in about two weeks.

"We assume it will still get worse before it gets better," Caldwell said. The death toll in Baghdad has more than doubled since summer, with Health Ministry officials reporting 2,600 civilians killed in the capital last month.

In the town of Hamza, about 110 miles south of Baghdad, police reported that about 30 detainees, most or all members of the Shiite militia known as the Mahdi Army, were freed from a provincial prison by attackers armed with grenades and guns.

In a statement, Moqtada al-Sadr, an influential Shiite cleric whose political bloc commands the Mahdi Army, renounced attacks blamed on his militia. "Even though this has not been proven, if it is proven, I will announce their names and declare my excommunication of them," he said.

Sadr said he spoke out "to safeguard the reputation of this dear, doctrine-following army."

Special correspondent Saad Sarhan in Najaf contributed to this report.

Attacks On U.S. Troops In Iraq Up Sharply (MCT)

By Jay Price

McClatchy Newspapers, October 13, 2006

BAGHDAD, Iraq - Armed attacks on U.S. soldiers and Iraqis in Baghdad have increased by 43 percent since midsummer, despite an ongoing American-led campaign to secure individual neighborhoods, the top U.S. military spokesman in Iraq said Thursday.

Maj. Gen. William B. Caldwell IV said violence was down by 11 percent in neighborhoods where the sweeps had been focused. But that decline was more than offset by more attacks elsewhere, and Caldwell said the military was expecting the level of violence to keep rising during the remaining weeks of the Muslim month of Ramadan.

"Historical trends tell us that the attacks will generally increase by 20 percent during this holy month of Ramadan," Caldwell said. "We assume it will still get worse before it gets better."

In Washington, Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, acknowledged that the American strategy of training tens of thousands of Iraqi soldiers and police hasn't curbed violence and that senior military commanders were puzzled by its failure. "We do need to take a look" at other factors that might be driving violence, he said.

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Pace said a berm designed to encircle Baghdad and restrict the movement of death squad members and insurgents in and out of the city had been completed recently and that 28 checkpoints manned by Iraqis now controlled the entrances to the city.

But he said death squads continued to operate in the capital after dark even in neighborhoods that U.S. and Iraqi forces had swept. He said he saw no way for American troops to stop that violence until Iraqis tired of the slaughter.

"You cannot have enough men under arms 24-7 to stop the hatred killings," he said.

In Baghdad, Caldwell said the increase in attacks on U.S. troops as well as Iraqi soldiers, police officers and civilians might be the result of the campaign to root out armed insurgents and death-squad supporters in the capital. He said the operation, which involves as many as 15,000 American troops and more than 40,000 Iraqi police officers, was exposing more troops and police to attacks.

Caldwell didn't tie the attack statistics directly to casualties, but the number of Iraqis killed in Baghdad also has risen. Nearly 2,700 Iraqi civilians were killed in the city in September, according to the Iraqi Health Ministry, 400 more than in August and nearly as many as died in July, when deaths reached a record high.

At least 40 U.S. troops have been killed in combat so far this month, according to iCasualties.org, a Web site that tracks the numbers of dead and wounded coalition troops in Iraq from defense department releases.

Caldwell cited some signs that he called positive, including a more welcoming attitude among Sunni Muslims in some Baghdad neighborhoods, who to some degree view American troops as protection from Shiite Muslim death squads.

"There's no question we're seeing that the Sunni extremist elements are in fact being much more engaging with coalition forces," he said. "If you go into neighborhoods where traditionally in the past we found some real anti-coalition force sentiment, it's probably turned around almost 180 (degrees). ... They're very much welcoming us and supporting the ongoing activities that coalition and Iraqi security forces are conducting in their areas. And we have seen that throughout the Baghdad area."

Caldwell also said that the increase in U.S.-Iraqi operations in the city had prompted the death squads to change tactics. Now they're shooting some victims on the spot rather than kidnapping them and torturing them elsewhere before murdering them or holding them for ransom, he said.

Caldwell gave details of several raids on suspected death squads in the Baghdad area during the past nine days. These netted more than 60 detainees, including five suspected cell leaders, he said.

One raid on a suspected al-Qaida compound yielded a host of weapons, including an SA-7 shoulder-fired anti-aircraft missile, something that military and civilian pilots fear.

Violence continued apace Thursday in Baghdad. At 8 a.m., gunmen burst into offices belonging to the new satellite TV channel al-Shaabia in eastern Baghdad and killed at least nine workers, including the head of the channel and a news anchor, police said.

Nine more people died when two improvised bombs detonated in different parts of the city in the morning, police said, and two other civilians and a police officer were killed when a suicide bomber rode a motorcycle into a police patrol.

Between Wednesday morning and Thursday afternoon, about 65 bodies were found around Baghdad in groups of two or three, most with their arms bound and showing signs of torture.

South of the capital, where militias and other armed groups often are more powerful than official security forces, gunmen forced their way into two police stations and made officers release prisoners.

In Karbala, they freed three detainees accused of killing the sons of a former Najaf police commander.

In Diwaniyah, 11 detainees - including one who was to be executed - were let loose, according to a police officer who didn't want his name used for security reasons.

Even Picking Up Trash Is A High Risk In Baghdad (NYT)

By Michael Luo

The New York Times, October 13, 2006

BAGHDAD, Oct. 12 — Sabah al-Atia sometimes calls home every 10 minutes when he is working to let his wife know he is still alive. After all, his job is one of the most dangerous in the city.

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Mr. Atia is a trash collector.

In a city where a bomb could be lurking beneath any heap of refuse, and where insurgents are willing to kill to prevent them from being discovered, an occupation that pays only a few dollars a day has become one of the deadliest. Most of the 500 municipal workers who have been killed here since 2005 have been trash collectors, said Naeem al-Kaabi, the city's deputy mayor.

"When we are working, we are working nervously," said Mr. Atia, 29, who started collecting trash during Saddam Hussein's rule. "We are carrying our souls in our hands."

The danger to trash collectors is at the root of one of the most visible symptoms of collapse in Baghdad. Garbage is ubiquitous, especially in dangerous neighborhoods, blanketing street medians, alleys and vacant lots in stinking, fly-infested quilts. Trash collection has joined a long list of basic services, including electricity, water and sewerage, that have slipped badly in many places since the American-led invasion.

Trash collectors have frequently refused to venture into especially problem-plagued Baghdad neighborhoods, including Dora, Adhamiya, Jamiya and Ghazaliya, where spasms of violence have often been the norm. Or they have dashed in and out when the danger ebbed, hauling away what they could.

Insurgents have taken to hiding roadside bombs amid the refuse. Trash collectors sometimes stumble upon them and notify the police, but other times they are not so lucky.

To protect the bombs set for American and Iraqi convoys, insurgents have killed scores of trash collectors.

Most of the workers are Shiites, Mr. Atia said. They usually have few other options because of their limited schooling. Because they work in the open, he said, they are easy targets for Sunni extremists. Mr. Atia used to decorate the inside of his trash van with the images of Shiite clerics, but he took them down.

"We are afraid," he said.

Beyond the challenges posed by the violence, the city is woefully ill equipped to deal with the waste of six million people. It has just 380 working trash compacting trucks, compared with 1,200 before the fall of the Hussein government, Mr. Kaabi said. Most of the vehicles were destroyed or lost in the looting that seized this capital after the invasion. He estimated that Baghdad needed 1,500 garbage trucks.

With help from the Iraqi government and private organizations, the city is looking to acquire several hundred trucks, he said, and substantially upgrade its facilities for processing waste.

"We want to make Baghdad a civilized and bright city," Mr. Kaabi said.

But any tour of the capital demonstrates it has a long way to go to reach that goal. In Arasat, an upscale neighborhood, trash heaps are piled waist high in front of an electronics store in a street off the main road. In Saidiya, a middle-class neighborhood in western Baghdad, 10 piles of random garbage dot an area barely a quarter-mile square.

"I never see the trash collectors," said Aimen Amjad, 30, a shop owner in Saidiya. "If they do come, they come once in a blue moon."

Ola Sami, whose third-floor apartment balcony overlooks a large neighborhood dumping ground, said she was worried about the spread of disease.

"Forget about how badly it smells," she said. "My son got infected because of the piles. The area is like a barn."

Even in Masbah, a wealthy central Baghdad neighborhood that was once home to many of the foreign embassies in Iraq, mounds of refuse have accumulated in front of elegant homes and gardens.

"If we try to sit in the garden, we cannot because of flies and mosquitoes," said Muhammad Amin, 45, who lives next to one of the larger heaps of trash on his block. "We cannot even sit in the garden to enjoy the weather."

It had been months since trash collectors, who went door to door during Mr. Hussein's rule, had come down his street, he said, because of concrete barriers blocking the road.

In Mansour, the troubled western Baghdad district where municipal officials have struggled to keep trash from accumulating, a district councilman who would give only his last name, Naji, said he had fewer than half the trucks he needed. As a result, each garbage crew has to handle a much larger area than it should, which means the trucks make fewer trips through each neighborhood and the trash heaps grow.

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Meanwhile, side streets are often ignored because the district does not have enough small garbage trucks that can squeeze down the alleys.

But security is by far the larger issue, Mr. Naji said. In dangerous areas in the district, the main roads, where many people have taken to dumping their trash, cannot be cleaned because roadside bombs are often hidden there.

Sadr City, the Shiite slum that was once notorious for its trash-strewn streets, is one place where conditions have improved. In the past, residents would often use the mounds of trash that dotted street medians as landmarks. (Turn right at the fourth trash pile.)

But over the last few months, the area, which has been relatively free of violence because it is dominated by the Mahdi Army, Moktada al-Sadr's militia, has become cleaner. Municipal work crews now go daily to shovel away trash dumped on the main roads. A median across a street from a busy food market that used to be piled high with garbage was closed off by a barbed-wire fence.

Still, it is hardly pristine. On a recent afternoon, children picked through an expanse of trash off the main road leading into the neighborhood. Deeper into the slum, near a fruit stand, rancid garbage lay in a wide ditch.

Usually just one garbage truck, with a driver and a worker, serves 20,000 to 30,000 people, said Satar Jabar, a district council member.

"It is not enough," he said.

In many places, a more profound change is needed, said Ali Hasan, a Mansour District Council member who represents Washash, a poor neighborhood where trash is a major blight. The fall of the government brought freedom, he said, which some interpret to mean freedom to dispose their trash as they please.

"During the time of Saddam, people were afraid of authorities," Mr. Hasan said. "But now people are not under anyone's control, and they don't have the awareness to keep their neighborhood clean."

Mr. Hasan said he had became so exasperated that people were not throwing their trash in bins, he assigned a person to each one, ordering them to carry trash from every home to the metal bin. But the police later took away the bins because of fears they could be hiding places for explosives, so the idea collapsed.

The city government has tried educational campaigns, posters, even seminars in schools and mosques to promote cleanliness. But in certain areas, only an armed presence has helped. Since August, the American military, with its Iraqi counterpart, has been conducting neighborhood sweeps of troubled sections of Baghdad. Once areas are secured, trash removal by Iraqi crews is among the first priorities.

The most recent statistics on the campaign contained a startling figure, alongside others on houses searched and weapons seized: 7,107,536 cubic feet of trash removed, about the size of the Hindenburg.

Muhammad Hasan was in charge of a crew of 40 working recently in Dora, one of the first neighborhoods secured.

"As you can see, the workers are working without any threat from insurgents," he said.

Before the Americans came through, trash collectors had not showed up for months in some places, several Dora residents said. The situation has begun to improve. At first, the main roads were cleared but the side streets remained repugnant. Now even those are being shoveled clean.

Elsewhere in the city, however, the piles continue to grow.

Iraq's Clerics To Issue Call For Peace From Mecca (FT)

By Roula Khalaf

Financial Times, October 13, 2006

Iraq's Sunni and Shia religious leaders are set to meet in the holy city of Mecca next week to endorse a call for an end to all sectarian bloodshed.

The meeting starting October 19, organised by the Organisation of the Islamic Conference and backed by Saudi Arabia, comes amid rising concern over a spill-over of Sunni-Shia violence into other parts of the Middle East.

Tensions between the two main branches of Islam have been fanned by the Iraq conflict – where sectarian killings leave an estimated 100 people dead every day – and by Sunni Arab regimes' alarm at the growing political influence of Shia Iran.

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Yet analysts say the engagement of clerics is unlikely to have an impact on the ground, unless the meeting becomes a regular forum for a peace process.

The influence of religious figures, particularly on the Sunni side, is limited. Among Iraq's majority Shia, Ayatollah Ali Sistani, the highest ranking religious -figure, played an instrumental role in containing Shia frustrations with the US after the 2003 invasion. But he has become increasingly distant in recent months, as the -sectarian violence has intensified.

Some Iraqi officials say the lack of active containment by clerics has exacerbated the violence.

"Sectarian killings won't happen if you don't sanction them – so to contain [the violence] let's have religious leaders agree on some common foundations of Islam," said Hoshyar Zebari, Iraq's foreign minister.

"The idea is not to heal the Shia-Sunni rift in Mecca. But if influential leaders come together in calling on supporters to stop shedding Muslim blood, and it's done during Ramadam and in Mecca [birthplace of the Prophet Mohammed], it could have an impact."

A group of influential clerics, including the Shias' Jalal al-Deen al-Saghir, and the Sunni's Mahmoud al-Sumaydai, have already prepared a document that is expected to be signed in Mecca.

However, the list of participants has yet to be finalised and there have been reports of Saudi frustration because Shia Ayatollahs have decided not to travel abroad and are expected to send -representatives.

The US has been looking to Saudi Arabia to help stabilise Iraq. The kingdom faces its own domestic problems with a disgruntled Shia minority that has long been treated by the Sunni Wahabi clerics as heretic.

Saudi Arabia recently announced plans to build an 814km security fence along its border with Iraq to protect itself against a spread of violence.

Riyadh also appears anxious about deteriorating relations between Sunni and Shia leaders in Lebanon after the summer war between Israel and Hizbollah, the Shia militant group. Sunni political leaders in the country have been critical of Hizbollah and are seeking to counter the Shia party's efforts to change the existing government.

Beyond The Coup Rumors, Options For Iraq (WP)

By David Ignatius

The Washington Post, October 13, 2006

As the security situation in Baghdad has deteriorated over the past month, there has been growing talk among Iraqi politicians about a "government of national salvation" -- a coup, in effect -- that would impose martial law throughout the country. This coup talk is probably unrealistic, but it illustrates the rising desperation among Iraqis as the country slips deeper into civil war.

The coup rumors come from several directions. U.S. officials have received reports that a prominent Sunni politician, Saleh al-Mutlak, visited Arab capitals over the summer and promoted the idea of a national salvation government, suggesting, erroneously, that it would have American support. Meanwhile, top officials of the Iraqi intelligence service have discussed a plan in which Prime Minister Nouri al-Maliki would step aside in favor of a five-man ruling commission that would suspend parliament, declare martial law and call back some officers of the old Iraqi army.

Frustration with Maliki's Shiite-led government is strongest among Iraq's Sunni minority, which dominated the old regime of Saddam Hussein. But as sectarian violence has increased, the disillusionment has spread to some prominent Shiite and Kurdish politicians as well. Some are said to support the juntalike commission, which would represent the country's main factions and include former interim prime minister Ayad Allawi -- still seen by some Iraqis as a potential "strongman" who could pull the country back from the brink.

The situation is deteriorating so fast that even radical militia leaders are said to be complaining about the anarchy. Moqtada al-Sadr, a Shiite firebrand who heads the militia known as the Mahdi Army, recently told a top official of the Iraqi intelligence service that "an increasing number of Shia death squads, operating under the name of his Mahdi Army, are Iranian pasdaran [Revolutionary Guards] staff officers and Hezbollah fighters, who are executing operational activities that he is not aware of, nor can he control," according to one U.S. source.

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Bush administration officials have been puzzling over why the coup rumors have become so widespread in Baghdad. One reason is that Iraqis remember the country's history of coups, including the 1958 putsch that overthrew the monarchy and the one in 1968 that brought the Baath Party to power. Another explanation is America's increasingly vocal frustration with Maliki and the perception in Iraq that he has been given a deadline to crack down on militias, or else. Finally, the rumors may reflect ongoing U.S. efforts to reach out to former Baath Party leaders and insurgents in an effort to stabilize the country.

The perception in Baghdad, as in Washington, is that Iraq is nearing the breaking point and that something has to give. But what? When you peel away the "stay the course" rhetoric, the Bush administration's best hope seems to be for a federal solution in Iraq in which the central government devolves power to the Kurdish, Shiite and Sunni regions; oil revenue is shared equitably; the Iraqi army maintains order in unruly areas such as Baghdad; and U.S. forces gradually pull back.

The biggest problem with that strategy is that it would leave the Sunni Triangle as a lawless zone from which terrorists could operate freely. U.S. officials were encouraged by a summit in Baghdad last weekend of Sunni tribal leaders who might be able to contain al-Qaeda forces in their region. But such tribal strategies have failed in the past.

Two opportunities exist over the next few months for creative diplomacy that could begin a process of orderly American withdrawal. The first is a December deadline for renewal of the U.N. legal mandate for coalition forces in Iraq. Maliki has been dragging his feet in seeking parliamentary or other formal Iraqi approval for continued occupation, knowing that in the current environment it would be explosive. But paradoxically, this issue provides a useful chance for U.S.-Iraqi negotiation of a phased timetable for reducing American forces and closing some U.S. bases. That discussion is in everyone's interest.

The second opportunity is the quasi-official mission of former secretary of state James A. Baker III, who co-chairs the Iraq Study Group launched by the U.S. Institute of Peace. Baker believes in talking to everyone, and his team recently met with Syrian Foreign Minister Walid al-Moualem and Iran's U.N. ambassador, Javad Zarif, to discuss ideas for stabilizing Iraq. Though the Washington rumor mill has Baker recommending some form of "federalism-plus" for Iraq, I suspect he'll move in another direction. The architect of the 1991 Madrid peace conference understands that the best chance for a breakthrough that could stabilize Iraq would be part of a broader settlement of Middle East issues. That's an ambitious exit strategy, but it may also be the most realistic one.

Hillary Clinton: Change Course In Iraq Before It's Too Late (NSDY/AP)

By John Kekis

Long Island Newsday - AP, October 13, 2006

SYRACUSE, N.Y. -- Sen. Hillary Rodham Clinton on Thursday ratcheted up her calls for the Bush administration to change course in Iraq, saying something must be done "before it's too late."

"I'd like to see them start listening to different voices who might have a couple of good ideas about what should be done over there," Clinton said during a campaign stop at a community center on the city's predominantly black south side. "I'm trying to get people's attention. I'm just trying to get people to get smart about this."

Clinton's comments came a day after she told the New York Daily News that "if we could get some adult supervision right now in the administration with respect to their war strategy, this could be handled."

The former first lady also told the tabloid that time was running out in Iraq.

"What we've been doing is not working and we have maybe 60 to 90 days to try to put a different face on it and reverse it," she said.

Clinton said the ouster of Defense Secretary Donald H. Rumsfeld might solve a lot of problems.

"I'm not going to be an armchair general here," Clinton said Thursday. "(But) I believe that if the president were to replace Secretary Rumsfeld, the whole world would breathe a sigh of relief and maybe would start helping us more than they're going to help us if he's the messenger."

Clinton has come under attack from some in her own party for voting for the war in 2002 and her current opposition to a deadline for U.S. troop withdrawal.

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Widely considered the front-runner for the Democratic presidential nomination in 2008, Clinton said she was focusing on her re-election campaign and nothing more. But her chances of securing the nomination improved with the announcement earlier in the day that Democrat Mark R. Warner had decided not to run for president in two years.

Warner, former governor of Virginia, was seen as a viable alternative to Clinton. Just last week, he traveled to Florida, a critical battleground state, to raise money and help other Democrats. He talked about how his ability to work with Republicans could appeal to Democratic primary voters.

"I respect his decision," Clinton said. "It's such an intensely personal decision. He's obviously been thinking about it quite hard."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 13, 2006

Nuclear volleyball

Intelligence photographs of North Korea's nuclear test site showed technicians playing volleyball this week near the tunnel where a nuclear device was unsuccessfully set off on Sunday.

The facility where the test took place was identified by U.S. officials as a North Korean science and technology research center near the town of Kilchu and the northeastern coast.

Very high-resolution satellite images obtained by the Defense Intelligence Agency showed the volleyball game being played near dormitories at the facility.

The Japanese intelligence agency also had access to the photographs, and according to U.S. defense officials, they reported that a sports activity so close to a nuclear site was inconsistent with post-nuclear testing precautions, since the underground tunnel where the test took place was located several hundred yards away.

Doghouse

Aides to Defense Secretary Donald H. Rumsfeld are dismayed over negative comments about him by a four-star general, whose career the secretary nurtured and extended at the cost of delaying the assumption of command by other generals.

A former senior Pentagon official said aides to Mr. Rumsfeld are taking offense at remarks by Marine Gen. James Jones, the current supreme allied commander, Europe, in the latest Bob Woodward book, "State of Denial."

In the book, Gen. Jones is quoted as telling his friend Marine Corps Gen. Peter Pace, Joint Chiefs chairman, that "military advice is being influenced on a political level" and that the Joint Chiefs had "surrendered" to Mr. Rumsfeld.

"You should not be the parrot on the secretary's shoulder," the book quoted Gen. Jones as telling Gen. Pace when he was about to become chairman. Gen. Jones subsequently told two visiting senators at NATO, "The Joint Chiefs have been systematically emasculated by Rumsfeld."

On a recent trip to Washington, Gen. Jones did not dispute the book's accuracy.

His words have stung members of Mr. Rumsfeld's inner circle, who suggest the hurt goes all the way up to the defense secretary himself.

"Military and civilian officials close to the secretary are taken aback by Gen. Jones' comments," said the former aide, who asked not to be named. "Rumsfeld certainly takes a very different view of how he has empowered the Joint Chiefs by involving them in every decision. James Jones is highly political — a real Washington operator. He of all generals to claim that the chiefs have become political is highly ironic if not laughable."

Gen. Jones formed a fast friendship with William S. Cohen, then a Republican senator from Maine. Mr. Cohen, as secretary of defense under President Clinton, tapped Gen. Jones as his military assistant and then as Marine commandant, who serves on the Joint Chiefs.

Said Larry Di Rita, a former Pentagon spokesman and close adviser to the secretary, "I can tell you Rumsfeld would bristle at any assertion that military advice has been marginalized because he created a new process that military advice is sought and provided on more decisions than ever before in the department's history."

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What irks the aides the most is that Mr. Rumsfeld has gone out of his way to help Gen. Jones' career. When his term was ending as Marine commandant three years ago, Mr. Rumsfeld tapped him as the first Marine to become NATO commander in January 2003. The move did not help Mr. Rumsfeld's standing with the Army, which traditionally held the post.

When Gen. Jones asked to remain on post until after the upcoming NATO summit, Mr. Rumsfeld agreed, even though it pushed back the placement of other four-star generals.

Army Gen. John Craddock has been confirmed by the Senate and will replace Gen. Jones after the Nov. 28 to 29 NATO summit in Riga, Latvia.

"It constipated the system," the former official said. "Rumsfeld bent over backwards to accommodate this guy. The thinking was a lot of these changes would be made in September. Once you have a hiccup with an individual four-star, it just disrupts a lot of moves. It's not about a single guy."

Asked about these complaints, Col. Derik Crotts, Gen. Jones' spokesman, said in an e-mail to The Washington Times: "General Jones is on the record with regards to his thoughts concerning a need to review Goldwater-Nichols and to address some of the unintended consequences in the legislation. This is not a new position, and he has discussed his views on this subject on numerous occasions over the years."

Goldwater-Nichols is the landmark legislation that redefined relations among civilian leaders, the Joint Chiefs and combatant commanders around the world.

Rumsfeld spokesman Eric Ruff said "the secretary has not mentioned what Jones is alleged to have said. He hasn't read the book, and he doesn't intend to."

He added, "Any suggestion that is alleged in the book that military advice has been politicized is just flat wrong and outrageous."

Mr. Ruff said the secretary has revolutionized the civilian-military working relationship by bringing officers in early in the decision-making process. He heads regular meetings of what is called the senior leadership review group and holds three Washington sessions annually with combat commanders and the Joint Chiefs. "He actively seeks out and receives military advice," Mr. Ruff said.

Democrats have pilloried Mr. Rumsfeld over the Iraq war. The secretary offered to resign twice, but President Bush told him to stay on the job.

"He's at peace with himself," the former civilian official said. "Let history decide how this is going to be seen."

Mr. Rumsfeld will officially appear with his NATO commander at Riga. Should be a frosty affair.

From the front

A lieutenant colonel with the 82nd Airborne Division who recently returned from Iraq privately filled us in on the situation in Baghdad and elsewhere in Iraq.

The insurgency is being run by former Iraqi Republican Guards and Iraqi intelligence service personnel who have lots of money and who use a combination of Islamist extremism and thuggery to recruit insurgents.

Captured insurgents who were interrogated often appear to be "brainwashed by Salafists," as one strain of Islamist extremism is called, into conducting bombings or shooting attacks on U.S. and allied troops, the officer said.

"When I would ask them why they are fighting us, they say, 'Because you are here,' " said the officer, who favors getting U.S. troops out of Iraq sooner rather than later. "And I would say, 'Why don't you stop shooting at us, and we'll leave.' "

The insurgents also use blackmail to gain recruits, often paying Iraqis to help in supporting operations, such as driving cars used in attacks. Then, the insurgent recruiters photograph the Iraqi during the attack and threaten to release to the photo to the new Iraqi government or U.S. forces if he does not continue working with insurgents.

The officer said he worked closely with local sheiks in trying to promote stability, with mixed results. Some promised cooperation but failed to work with the new Iraqi government or U.S. forces.

Other leaders have turned against the insurgents and the small number of foreign terrorists.

In Iraq, U.S. Touts Provincial Reconstruction Teams As A Model (LAT)

By Doug Smith

DOJ_NMG_0080089

The Los Angeles Times, October 13, 2006

TIKRIT, Iraq — U.S. Ambassador Zalmay Khalilzad flew to the hometown of deposed Iraqi leader Saddam Hussein on Thursday to pitch a joint civilian and military project as the model for this battered country's reconstruction.

In a muted ceremony on a U.S. base in this northern city, Khalilzad inaugurated the reconstruction team for Salahuddin province, the last of seven teams the U.S. has established. In addition, Britain, Italy and South Korea are sponsoring a team each.

While characterizing the reconstruction groups as the "embodiment of the U.S. commitment … to ensuring Iraq's success," Khalilzad acknowledged their limited financial resources.

"Now this country belongs to the Iraqi people, and in the end its success or, God forbid, its failure will depend upon the Iraqi people and their leaders," he said.

The teams will focus primarily on developing leadership at the local and provincial levels to continue the rebuilding process with diminishing U.S. financial aid.

Iraq's devastated infrastructure swallowed up a $21.4-billion congressional appropriation for rebuilding with little visible effect. Millions of Iraqis still have electricity only a few hours a day, and sewage from failing systems backs up onto their streets.

The 10 provincial teams will have $315 million from U.S. funds in fiscal 2007, which has just begun, to continue construction projects.

Most of the money for putting the country back together will have to come from Baghdad, State Department officials have been saying in recent briefings and media events designed to introduce the provincial reconstruction teams.

The Iraqi money is to be largely taken from oil revenue, which has fallen far below levels originally envisioned for postwar Iraq as a result of infrastructure problems and insurgent attacks.

The teams represent a "transition from working with them to spend U.S. money to working with them to spend Iraqi money," Robert Tillery of the State Department said in a telephone interview Thursday.

This year, the Baghdad government budgeted $2 billion for redevelopment and will do so again in 2007, Tillery said.

But local and provincial governments have had difficulty spending the money because of their inexperience in controlling their own budgets, he said.

"What we are trying to do is help them with that," Tillery said.

Because security precautions limit the movements of Western media, the State Department has struggled to communicate just what the teams do.

Local government buildings are generally not safe to visit without armed escort. Government-sponsored media trips that tie up Army helicopters and personnel are infrequent and usually last only part of a day, leaving little time for reporting.

This drawback was evident during a recent media trip arranged by the U.S. military to the southern city of Hillah, where one of the first teams was established.

With armed guards outside, a panel of Iraqi provincial and district council members, most college graduates, lauded the knowledge they had acquired from training funded by the U.S. Agency for International Development.

They said they had learned how to prioritize their capital projects, prepare budgets and write proposals for funding.

They also said U.S. contractor RTI International had developed a database that streamlined city procedures. Reporters were whisked from the room before they could ask what was in the database.

Provincial reconstruction teams are modeled on a similar concept used in Afghanistan. Each team consists of about 65 specialists from the State Department, the U.S. Army Corps of Engineers, USAID and the American military's civil affairs contingent.

The Iraqi Constitution does not allow local governments to raise revenue, thus forcing the provinces to compete for money from Baghdad. "We hear every time we go to the provinces that governments … want the authority to raise revenue," Tillery said at a recent news briefing. "And you can't blame them."

He said efforts were underway to insert a clause allowing local taxation into Iraq's national charter.

"In time that will happen," he said.

Ability Of New Iraqi Leaders Doubted (WP)

By Michael Abramowitz And Thomas E. Ricks

The Washington Post, October 13, 2006

A co-chairman of the blue-ribbon panel reviewing U.S. policy in Iraq raised concern last night about the ability of the Iraqi government to address the country's problems, as more indications emerged that the group is considering recommendations that would break sharply with Bush administration policies.

A group of experts assisting the commission has prepared two option papers for the panel, according to sources with knowledge of the group's work. One paper calls for a phased withdrawal of U.S. troops from Iraq; the other calls for more focus on security in Baghdad and for working toward political accommodation with insurgents, not democracy, the sources said. Details of the papers were first reported yesterday by the New York Sun.

One source said the documents represent the two main ideas before the commission. Another said they are among several working papers prepared for the panel and cautioned that commission members may well disagree during future deliberations.

Appearing last night on PBS's "NewsHour With Jim Lehrer," the panel's co-chairmen -- former congressman Lee H. Hamilton (Ind.), a Democrat, and former secretary of state James A. Baker III, a Republican -- emphasized that they will make no recommendations until after the Nov. 7 midterm elections. That is an effort, they said, to depoliticize their efforts.

"Nothing is ruled out. Nothing is ruled in," Baker said. Hamilton added: "Any report in the press which says that we have agreed upon any recommendation is flat-out wrong."

Still, Hamilton said he is concerned about the ability of the new Iraqi government, headed by Prime Minister Nouri al-Maliki, to provide basic services and security.

"I still have real questions in my mind as to the capacity, the will of the Iraqi government to move," said Hamilton, who recently visited Baghdad with members of the panel. "There are some encouraging signs. Their rhetoric has been pretty good, but the follow-through with action has not measured up to our hopes."

Baker's presence at the head of the bipartisan panel created by Congress has attracted intense interest in foreign policy circles because of his closeness to the Bush family. Some view the panel's recommendations as a possible vehicle to revisit Iraq policy after the elections.

The administration is cooperating with the panel, and President Bush said this week that he looks forward to its recommendations. "I think it's good to have some of our elder statesmen . . . go over there and take a look," he said Wednesday.

Still, as the options papers suggest, the panel is looking well beyond Bush's current strategy, which involves 140,000 U.S. troops trying to maintain security until the new government's security forces can keep the peace.

According to the Sun, one paper says: "The United States should aim for stability particularly in Baghdad and political accommodation in Iraq rather than victory." The other option, titled "Redeploy and Contain," calls for the phased withdrawal of U.S. troops from Iraq, though when and where they would go is unclear.

A Soldier Hoped To Do Good, But Was Changed By War (NYT)

By Laurie Goodstein

The New York Times, October 13, 2006

FORT BRAGG, N.C., Oct. 12 — Sgt. Ricky Clousing went to war in Iraq because, he said, he believed he would simultaneously be serving his nation and serving God.

But after more than four months on the streets of Baghdad and Mosul interrogating Iraqis rounded up by American troops, Sergeant Clousing said, he began to believe that he was serving neither.

He said he saw American soldiers shoot and kill an unarmed Iraqi teenager, and rode in an Army Humvee that sideswiped Iraqi cars and shot an old man's sheep for fun — both incidents Sergeant Clousing reported to superiors. He said his work as an interrogator led him to conclude that the occupation was creating a cycle of anti-American resentment and violence. After months of soul-searching on his return to Fort Bragg, Sergeant Clousing, 24, failed to report for duty one day.

In a court-martial here on Thursday, an Army judge sentenced Sergeant Clousing to 11 months in confinement for going AWOL, absent without leave. He will serve three months because of a pretrial agreement in which he pleaded guilty.

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"My experiences in Iraq forced me to re-evaluate my beliefs and my ethics," Sergeant Clousing said, sitting stiff-backed in the witness chair. "I ultimately felt I could not serve."

The case against Sergeant Clousing, a born-again Christian from Washington State, is a small one in a war that has produced sensational courts-martial. The same stark courtroom where Sergeant Clousing testified on Thursday was the site of the courts-martial of Pfc. Lynndie England, who mistreated and posed with naked Iraqi prisoners in Abu Ghraib, and Sgt. Hasan K. Akbar, who rolled grenades into tents of American troops.

Yet the military prosecutors made it clear on Thursday that the stakes were high. Although they did not challenge his motives, they said if one young soldier disillusioned by the reality of war could give up the uniform without punishment, what of others?

"A message must be sent," Capt. Jessica Alexander, the Army's trial lawyer, said in her closing argument. "There are thousands of soldiers who may disagree with this particular war, but who stay and fight."

Sergeant Clousing's allegations resulted in criminal and administrative investigations. The soldiers in the Humvee were disciplined, said Maj. Richard Wagen, the investigating officer, who testified at the trial. Major Wagen said that the Iraqi teenager who was shot was close enough to the soldiers to be considered a threat.

Sergeant Clousing's defense lawyer argued that the sergeant had experienced a "crisis of conscience," tried to resolve it through official military channels and should not be treated like a criminal.

"Some might say a person of such convictions should never have enlisted," said the lawyer, David W. Miner, who is based in Seattle, "but the Army needs soldiers with the strength of their convictions and personal courage to speak up when they see abuses."

The number of soldiers who go AWOL declined from 4,597 in 2001 to 2,479 in 2004, said Maj. Tom Earnhardt, a public affairs officer at Fort Bragg. "The vast majority of our soldiers are serving our country admirably," Major Earnhardt said.

Sergeant Clousing said in an interview that he had been a partyer and snowboarder until a sudden born-again experience in high school. He grew up in Sumner, Wash., south of Seattle. His father was an Army officer in Europe, and he lived with his mother, who was not religious.

"It sounds really cheesy," he said, "but all of a sudden I knew that God had a different plan for me."

He attended a Presbyterian church, studied the Bible and spent four consecutive summers on mission trips to Mexico. He joined Youth With a Mission, an evangelical group that sent him to Thailand, where he was on Sept. 11, 2001.

Out of patriotism, idealism and curiosity, he said, he joined the military. He signed up to be a "human intelligence collector," and trained in Arizona and at the Defense Language Institute in Monterey, Calif. He was assigned to the 82nd Airborne Division.

Arriving in Iraq in November 2004, he said he was stunned at the number of Iraqis he was assigned to interrogate who were either innocent or disgruntled citizens resentful about the American occupation. He said he told his commander: "Your soldiers and the way they're behaving are creating the insurgency you're trying to fight. It's a cycle. You don't see it, but I'm talking to the people you're bringing to me."

Sergeant Clousing said he looked into the eyes of the Iraqi teenager as he died and saw the unjustifiable loss of a life that unhinged him. He wrote in his journal, "I want to be a boy again, free of this."

Back in Fort Bragg after five months in Iraq, Sergeant Clousing took his misgivings to his superiors. They sent him to a chaplain, who showed him in the Bible where God sent his people to war, the sergeant said. Then they sent him to a psychologist who said he could get out of the military by claiming he was crazy or gay. Sergeant Clousing said he had not been looking for a way out and found the suggestion offensive.

He called a hotline for members of the military run by a coalition of antiwar groups. The man who took the call was Chuck Fager, who runs Quaker House, a longtime pacifist stronghold in Fayetteville.

"This call was unusual," Mr. Fager said in an interview. He said hotline receptionists took more than 7,000 calls from or about military members last year.

"I don't have these kinds of probing discussions about moral and religious issues very often," he said. "I said to him, you're not crazy or a heretic for having difficulty reconciling Jesus' teachings with what's going on in Iraq."

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Sergeant Clousing said he could not file for conscientious objector status because he could not honestly say he was opposed to all war. After several months of soul-searching, he went AWOL.

He tried to talk with his church friends in Washington. Some understood him, but others said he had to support the government because of a biblical injunction to "render unto Caesar what is Caesar's."

"They felt that God established government and we're supposed to be submitting to authorities, and by me leaving it's rebelling again the authority that God established," Sergeant Clousing said. "Their politics has infiltrated their religion so much, they can't see past their politics."

After 14 months, he turned himself in at Fort Lewis in Washington. He was returned to Fort Bragg, where he was assigned to a brigade made up of other soldiers who had gone AWOL. Five sat in the courtroom on Thursday, in uniform, waiting to hear clues about their future in the judge's sentence.

2 Friends' Deaths Hit Towns Hard (USAT)

By Oren Dorell

USA Today, October 13, 2006

CREVE COEUR, Ill. — Kristofer Walker and George Obourn Jr., both 20, were almost inseparable.

As high school students, their friendship revolved around marching band, playing video games together and eating at Monical's Pizza, up the street from East Peoria High School.

Together they acted on their dream of joining the Army as Cavalry Scouts, wanting to do their part after 9/11. Out of school they entered a "buddy" system that would keep them together for a year through basic training. In Iraq they served in the same squadron.

Their lives together ended on Oct. 2, when Walker was killed after his Humvee hit a roadside bomb in Taji, near Baghdad. Two days later, Obourn followed his friend, killed while clearing a building of insurgents in the same town.

This weekend, Creve Coeur will bury the two young soldiers: Walker on Friday and Obourn on Saturday. News of the buddies' double death and its timing hit this industrial community hard.

"It was bizarre, eerie," says East Peoria High School Principal Paul Whittington. "Somebody's got a plan bigger than me. … You wonder if one (of the men) would be totally miserable without the other."

The event was commemorated in ways big and small by residents of Creve Coeur and its larger neighbor East Peoria, where a frosty wind and views of the Caterpillar factory on the Illinois River make the Iraq war feel very far away.

"It's kind of a reality check," says Erick Hutchinson, 18, a senior at East Peoria. "You watch it on television, but it hits close to home when it hits someone who went to your high school."

Printed posters of the friends, taken from a family snapshot, stand at East Peoria High School. The school Booster Club posters show two young men standing shoulder to shoulder in dress uniforms.

The community paid tribute to the friends at last week's Friday night homecoming football game. Two marching band hats, each decorated with a large plume, were retired and given to members of each family. A former band member played taps.

Then the entire stadium, usually alive with roars and chants, was asked for quiet, Whittington says.

"The silence was deafening," he says.

In Creve Coeur, Mayor Wayne Baker ordered flags at the hilltop war memorial flown at half-staff and two wreaths placed nearby. The wreaths will remain until the names of Obourn and Walker, who both held the rank of specialist, can be added to a list of three other village sons who died in Iraq, Baker says.

The town sent a police escort to St. Louis to escort the caskets to East Peoria. The high school told its 1,200 students they could leave classes today to attend Walker's funeral procession.

At Minnie's Kitchen, a family restaurant on Creve Coeur's main boulevard, everyone drinking coffee Thursday afternoon knew Walker, Obourn or their families.

"It made me sad because we lost a nephew there, too," said Yvonne Hosbrough, who owns the restaurant with her husband.

Lisa Montgomery, the restaurant manager, said one of her waitresses has a son who is headed to Iraq today.

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"She was visibly upset" when she heard about Walker and Obourn, Montgomery says. "She didn't break down because she was at work when she found out. She talks about it all the time."

Even people who didn't know the young men personally were affected by their story.

Their deaths brought the war a lot closer, says John Meek, who owns Midwestern Firearms in East Peoria. "It's harder to take when it's right here at home," Meek says.

Walker and Obourn met in elementary school but didn't become fast friends until they joined the marching band in their freshman year of high school. After that, they were "always together," Whittington says.

Robin Goff, a school dean who taught both boys in science class, said their personalities complemented each other. Walker was quiet in class and would blush when she complimented him on his marching band performance. Obourn was more outgoing. She recalled him standing up for a disabled classmate when others taunted him.

"He always wanted to be in the Army," says Walker's father, Kevin Walker, 48, a manager for a highway contractor.

Obourn first talked seriously about the Army in his junior year of high school, says his father, George Obourn Sr.

"He had a plan," Obourn says. "Join the Army, get the GI Bill. Get a degree in criminology and get into law enforcement. He felt he wanted to do his part for the country after 9/11. He knew what the risks were."

In August 2004, the families met at the recruiting station for the young men's farewell before basic training. After basic, Walker and Obourn entered the 7th Squadron, 10th Cavalry, 1st Brigade Combat Team, 4th Infantry Division. They flew to Iraq in December 2005.

"I think he felt he was going to make a difference and change things" in Iraq, Kevin Walker says. "The patrols that they did were always combined patrols with the Iraqi army."

"I'd ask him, 'Are they getting any better?' He'd say, 'Oh, yeah, they're getting better,' " Walker says. "OK, then I guess you're doing some good."

Chad Walker says his brother talked about patrolling villages north of Baghdad where people would invite the troops in for tea, and of other villages that were not so nice. He didn't go into details.

Neither would Obourn. Back in March, two of Obourn's squad members were killed "right in front of him," his father says. "He didn't talk about it that much. He put on a face. Looking at photos while he was on leave, he'd kind of pause and say, 'Well, he's gone now,' and move on."

George Obourn Sr. said he is devastated by his son's death but also proud. "Every father wants your boy to grow up to be a hero, but not like this."

Running With Honor (WP)

By Emily Pegues

The Washington Post, October 13, 2006

I ran the Army Ten-Miler last Sunday, a race I have run ever since my Navy pilot brother and my Army pilot sister-in-law introduced me to it four years ago. I'm a civilian but consider myself part of the military family, never more so than last year, when my sister-in-law was serving in Iraq and I ran the race in her honor. She returned from Iraq last winter, safe, so this year I looked forward to running the race without seeing it as fraught with any personal meaning other than the joy of being alive, healthy and ready to run on a beautiful October morning.

My casual attitude changed around mile seven, when I passed a runner wearing workout clothes and a prosthetic leg that identified him as an Army soldier and a veteran of Iraq. He looked to be in his late 20s, around my age, with just the kind of lean, handsome looks that catch a girl's eye. He was accompanied by a physical therapist pushing an empty wheelchair in case it might be needed. I jogged past them.

A little farther on was another young soldier with a prosthetic leg, also accompanied by a fellow serviceman. They had paused on the side of the course to readjust the prosthesis. Minutes later I came alongside yet another soldier, this one gamely running on two prosthetic legs, made of long silver metal strips and similar to those of the other men.

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What must it feel like to run on no feet? My own feet ached in my worn-out shoes. How long did it take to relearn to walk, let alone run, on those silver metal bars that look nothing like one's foot? I discovered after the race that an 18-man military amputee team had been competing.

As I passed each of the men (feeling oddly ashamed of myself for breezing by someone so clearly my athletic superior), it was interesting to observe the reactions of the other runners around me. Runners are a supportive community, and they cheered and clapped for the soldiers as we went by. Some acted as if they didn't know quite how to acknowledge the men: Was it callous to ignore their heroic, labored efforts, or awkward to comment on their disability? Runners called out words of appreciation, and a few veered over to shake their hands. Each time, the soldiers took the tribute as it was intended and waved back.

The repetition of this scene was too much to bear. Overcome by emotion, I felt my breathing becoming ragged with suppressed crying, and I began to hyperventilate. I edged over to the side of the race course to walk and get my breath back.

Around mile nine I had to slow once more, again to stave off hyperventilation, after I came up behind a group of women wearing T-shirts with printed photos of their husbands, all killed in action in Iraq or Afghanistan. They were Gold Star Wives, and there were lots of them running last Sunday. Many had joined up to form running teams. I wondered at what point they had begun running together. The American Gold Star Mothers were running, too. One of them had a shirt showing a son born in 1985 who had died serving his country. Nineteen eighty-five!

I finished the race feeling let down and dissatisfied, and unable to explain why, since I had clocked in at my expected 10-mile time. It was only later that I understood why I found this race so devastating.

There is something inherently moving about athletics because of the courage required to be an athlete. For me, this is also true of the military. The daily commitment and struggle that an athlete endures, whether for the cause of a team or simply to surpass one's personal best, requires bravery and determination as exemplified in the best traits of the military ethos. A race sponsored by the Army takes on even greater meaning during a war of murky beginnings whose end is even more obscure.

I wish with all my heart that everyone in America, including President Bush and all the elected officials who called for war, could have seen the soldiers and Gold Star families I saw last Sunday. Perhaps then they would have felt what I did: awe for their courage, heartbreak for their loss, and gratitude for their willingness to sacrifice everything they have for our country and its citizens. And utter moral outrage that they have been called upon to do so.

When you run alongside someone who has lost a husband or a child or a limb to the war, you are confronted with their courage and it literally takes your breath away.

Counting The Iraqi Dead (WP)

By Eugene Robinson

The Washington Post, October 13, 2006

"Not credible" was President Bush's quick verdict on the new study, published this week in the British medical journal the Lancet, calculating that more than 650,000 Iraqis have died as a result of the U.S. invasion and its ensuing chaos. It is understandable that the president would be quick to dismiss such an explosive claim, but the rest of us should take the time to look a bit more closely.

The number of estimated deaths claimed by the study is inconceivably huge and wildly out of scale with any previous figures we've heard. But it's difficult to avoid the conclusion that the human suffering in Iraq has been far beyond our imagining.

The peer-reviewed study's named authors include three researchers from the Bloomberg School of Public Health at Johns Hopkins University -- one of them is Gilbert Burnham, co-director of the school's Center for Refugee and Disaster Response -- and a professor from Baghdad's al-Mustansiriya University. Funding for the project was provided by MIT. These are not shabby credentials.

But academic degrees and prestigious affiliations alone do not establish truth. Bush said the problem is that the study's methodology has been discredited. But the team relied on a "cluster sample survey" technique that is frequently used for public health research, especially in the developing world.

No one should find the basic concept unfamiliar, since it underlies such mainstays of modern life as public opinion polls and market research. The survey team picked what was deemed a representative sample -- in this case, 1,849 households

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scattered throughout Iraq -- and used that sample to draw conclusions about the population as a whole. That's the same method pollsters employ to predict who will win an election.

Ideally, the selection of respondents should be as random as possible. The process of choosing the 50 widely scattered neighborhoods in which the Johns Hopkins team did its work was not quite ideal, but the Lancet peer reviewers who cleared the study for publication could find nothing that would significantly skew the results. Interviewers went house to house, recording detailed information about deaths before the 2003 invasion and deaths since.

The researchers tallied 82 pre-invasion and 547 post-invasion deaths in those households. The death rate per year nearly tripled after the invasion, they found, and a full 300 of the post-invasion deaths, or more than half, were the result of violence. (By contrast, only 2 percent of pre-invasion deaths were violent.) Of those killed by violent means, more than half died from gunshot wounds; the rest died mostly in bombings and airstrikes. Victims were primarily young and middle-aged men. In more than 90 percent of cases, family members were able to produce death certificates confirming what they told the interviewers.

Those may look like small numbers on which to base such large claims, but that's how survey research works. Pollsters in the United States, a much larger country, routinely predict nationwide trends on the basis of fewer interviews.

Does this prove, as the study asserts, that precisely 654,965 Iraqis have died "as a consequence of the war," and that exactly 601,027 of those deaths were due to violence? No, it doesn't. The Johns Hopkins team reports being 95 percent certain that the true figure lies between about 400,000 and about 900,000 -- a large range of uncertainty that some critics have seized upon as discrediting the whole project.

But the exact number is not the point. Rather, it's the scope and scale of the carnage.

Late last year President Bush gave an off-the-cuff estimate of 30,000 Iraqi civilian deaths -- this after the administration had steadfastly refused to acknowledge even trying to count the Iraqi dead. Now the administration is willing to allow that perhaps 50,000 civilians have died. It is unclear whether any science at all has gone into these estimates or whether they were essentially pulled out of a hat.

But quite a lot of science went into the Johns Hopkins study. Even if you assume that the number of Iraqi civilians killed since the war began is at the very low end of the study's range, that's still a quantum leap from earlier estimates. We now have reputable evidence -- not proof, I'll allow, but science-based evidence from respected scholars, published in one of the world's most prestigious medical journals -- that the humanitarian tragedy in Iraq is much, much worse than anyone had suspected.

If the study's findings are flawed, then its critics should demonstrate how and why. But no one should dismiss these shocking numbers without fully examining them. No one should want to.

CORPORATE SCANDALS:

Employees Leave BCGI, Sanmina Over Backdating (WSJ)

By Charles Forelle

The Wall Street Journal, October 13, 2006

Three top executives of Boston Communications Group Inc. and an employee of Sanmina-SCI Corp. joined the management exodus stemming from stock-options investigations, as their companies' internal reviews advanced.

BCGI said Chief Executive E.Y. Snowden and finance chief Karen Walker were stepping down from those roles. Alan Bouffard, the general counsel, is retiring early, the company said. Sanmina identified its departed employee only as a manager.

The departures bring to at least 28 the number of dismissals, suspensions and resignations of corporate officials amid probes of stock-option practices at their companies. More than 100 companies are facing scrutiny from federal regulators and prosecutors, who are focusing on the practice of improperly backdating options to make them more valuable to recipients.

Options are typically designed to give recipients a stake in improving the company's share price by allowing them to purchase shares in the future at their price on the day the option was granted. By backdating grants to earlier days when the stock price was particularly low, recipients can get extra profit.

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BCGI's options routinely bore extraordinarily propitious dates. Three grants between 1998 and 2002 to Mr. Snowden purportedly fell on the day of the stock's lowest annual closing price. Two other grants during the same time period were dated at quarterly lows.

BCGI, a Bedford, Mass., provider of technology to telecommunications carriers, said it would need to restate financial statements to rectify its accounting for option grants, but it didn't provide details. A spokeswoman for BCGI says Mr. Snowden, who will become nonexecutive chairman, wasn't available for comment. Ms. Walker, who has left the company entirely, couldn't be reached. Mr. Bouffard declined to comment.

Sanmina, of San Jose, Calif., said an internal investigation discovered that "most stock-option grants" to executives and employees from 1997 to 2006 were wrongly dated or improperly accounted for. The electronics manufacturer said it would restate financial results.

In a statement, Sanmina's CEO, Jure Sola, apologized, expressing regret that the company's options program "was not properly administered."

Sanmina-SCI Manager Resigns Over Stock-option Granting (MERCN)

By Ryan Blitstein

The San Jose Mercury News, October 13, 2006

Improper stock options grants at Sanmina-SCI has led to the resignation of one manager at the San Jose electronics manufacturer, the company announced today.

The company did not identify the manager in a written statement, and did not return calls for comment. Most stock options grants to executives and employees between 1997 and 2006 were not correctly dated or accounted for, the company said in the statement.

Sanmina-SCI said it will restate its financial results for that time period and record non-cash compensation charges due to the revelations about options grants by a special committee of the board, aided by independent lawyers and forensic accountants.

The announcement comes a day after five executives at security software company McAfee and online media company CNET lost their jobs due to similar stock options practices. More than 120 U.S. companies, about one-fourth of them in Silicon Valley, either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews about options backdating.

Backdating involves changing the dates on the paperwork on options to a day when stock prices were lower, giving recipients a better chance for quick paper profits.

Sanmina-SCI's investigation pointed the finger at one current and one former manager involved in the authorization, recording and reporting of stock option grants. The current member, whose name has not yet been disclosed, has resigned, the company said.

In June, the company said it had received inquiries from the SEC about stock options and had begun an internal investigation. The special committee examined over one million electronic documents, over 350,000 pages of hard-copy documents, and conducted more than 40 interviews with current and former employees, directors and advisors, Sanmina-SCI aid. It recommended changes to the company's stock administration practices, which were unanimously approved by the company board.

Sanmina Exec Resigns In Option Scandal (AP)

By Michael Liedtke, AP Business Writer

AP, October 13, 2006

SAN FRANCISCO — Sanmina-SCI Corp. has severed ties with an executive who helped manipulate the value of employee stock options in a nearly decade-long scheme now under investigation by a federal grand jury.

The developments announced Thursday by the San Jose-based electronic parts manufacturer are the latest fallout from a scandal dogging dozens of companies that mishandled their stock options.

The chicanery drew the attention of federal regulators and prosecutors earlier this year, prompting more than 100 companies to launch internal reviews to ensure they accounted for their options properly. A large chunk of those companies are in Silicon Valley, where stock options first became staples of employee compensation packages.

Most of the inquiries are focused on a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

As they wrap up their investigations, many companies like Sanmina-SCI are contritely acknowledging their misconduct and dumping the responsible executives.

Sanmina spokeswoman Paige Bombino declined to identify the executive who resigned because of the stock option shenanigans, saying only that it wasn't the company's chief executive officer or chief financial officer.

Another executive who had previously left Sanmina also helped engineer a scheme affecting stock options dating back to 1997, according to the company.

At least 27 other senior executives and directors have either resigned or been fired by companies entangled in a stock option imbroglio that's erasing previously reported profits and spurring government investigations.

On Thursday, Sanmina revealed that it had received a subpoena from a federal grand jury in San Francisco, where a task force assembled by the U.S. Justice Department is marshaling criminal investigations into the stock option scandal. The company didn't specify what kind of information is being sought by the grand jury.

The stock option trouble already has imperiled Sanmina's listing on the Nasdaq Stock Market because the company missed an August deadline to file its last quarterly report with the Securities and Exchange Commission. Sanmina, like several other companies entangled in the scandal, is still trying to quantify the financial impact of its improper stock option accounting.

Sanmina shares closed unchanged Thursday at $3.93 on the Nasdaq Stock Market.

Sanmina-SCI Will Restate After Finding Options Errors (Update6) (BLOOM)

By Ron Day

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- Sanmina-SCI Corp., the world's second-largest maker of electronics for other companies, will restate results to correct stock-option errors and said it had received a subpoena from a U.S. grand jury.

Sanmina-SCI will record non-cash charges for added option costs and is changing its rules to prevent abuses of grants, it said in a statement today. The company said it's cooperating with the subpoena for options-related documents which it received from the U.S. Attorney for Northern California.

The ousted manager joins more than 30 people who have lost their jobs because of misdated options grants, including the chief executive officers of McAfee Inc. and Cnet Networks Inc. who were replaced yesterday. Boston Communications Group Inc. replaced three top executives today after finding misdated options. Sanmina-SCI said it will set fixed dates for grants.

``You are starting to see the fallout from these independent committees," said Shawn Harrison, an analyst with Longbow Research in Independence, Ohio, who rates Sanmina-SCI ``neutral" and said he doesn't own the shares. ``After the issue arising these are the steps that need to be taken."

More than 60 companies have restated or plan to revise results because of options-related errors. More than 140 companies have disclosed internal or U.S. government investigations of their options-grant practices.

Name Withheld

A manager involved in authorizing the options has resigned as a result of the probe that uncovered the errors. Paige Bombino, a spokeswoman for San Jose, California-based Sanmina- SCI, declined to identify the person.

``We will disclose it to regulatory authorities as needed," Bombino said in an interview. A former manager's actions involving option authorizations also raised concerns, Sanmina-SCI said in the statement, without elaborating.

Sanmina-SCI hasn't determined which financial periods will be restated or the amount of the additional costs. The company's accounting is also being probed by the Securities and Exchange Commission, which was reported in June. The company didn't say when it received the subpoena from the Justice Department.

Shares of Sanmina-SCI closed unchanged at $3.93 at 4:05 p.m. New York time in Nasdaq Stock Market composite trading. They've declined 7.7 percent this year.

Boston Communications

Boston Communications, the biggest U.S. provider of prepaid wireless services, said Chief Executive Officer Edward Snowden will leave the post and become non-executive chairman. Chief Financial Officer Karen Walker resigned and General Counsel Alan Bouffard retired early, the company said in a statement today.

Former CEO Paul Tobin, the company's chairman until today, replaced Snowden on a temporary basis, and Thomas Doherty was named interim CFO. Doherty is an executive vice president with Argus Management Corp., a company specializing in interim management services, Boston Communications said.

Boston Communications, based in Bedford, Massachusetts, will restate earnings and hasn't determined how much the options errors will cost nor the specific periods that may require restating.

The company's shares fell 14 cents, or 7 percent, to $1.86 in Nasdaq Stock Market composite trading. They've gained 65 percent this year.

The Broker Who Fell To Earth (NYT)

By Landon Thomas Jr.

The New York Times, October 13, 2006

She doesn't remember.

Peter E. Bacanovic, his gall rising, could not believe it. But there it was in print. "I honestly don't remember exactly what I was prosecuted for," Martha Stewart is quoted as saying in the September issue of Harper's Bazaar.

"It's a very striking comment to make, I mean she is on probation," Mr. Bacanovic said of his former friend, client and fellow convict, as he sat down for lunch last month at Sette Mezzo, just around the corner from his Manhattan town house.

Five years ago, this Upper East Side restaurant, which caters to a select mix of society tastemakers, financial kingpins and television celebrities, was the epicenter of Mr. Bacanovic's world as a Merrill Lynch broker to the elite. On this day, however, a less effervescent Mr. Bacanovic shows up, one who seems more interested in venting about Ms. Stewart's memory than finding a friend's cheek to kiss.

His eyes are red and a resurgent bout of allergies gives him persistent sniffles. He also suffers from bronchitis bad enough that he frequently has to pause for breath when taking a flight of stairs.

"I am chronically sick and chronically unemployed and without any specific plan about how to proceed next." He pauses, taking special care to keep a promise he made to himself that he would no longer refer to Ms. Stewart by name. "I will reserve comment on my co-defendant but it's very glaring to me to take such a cavalier outlook."

Susan Magrino, a spokeswoman for Ms. Stewart, said Ms. Stewart declined to comment.

Ms. Stewart's new lease on life illustrates how her fate and that of Mr. Bacanovic have diverged since their release from prison. She is once again a television celebrity and retains her tight grip on the company that she founded. America loves a comeback story, and, if anything, her brush with the law may have given her a needed dose of vulnerability.

Life for Mr. Bacanovic, who is 44 and recently completed his probation, has been a slow trudge through the slough of a legal and regulatory despond. Fired from his job at Merrill Lynch and banned from the securities industry, he is now struggling to find a permanent job and restore his tattered health and psyche.

"I was indicted not because I was the biggest criminal on the block or the biggest insider trader in history," he said. "I was indicted simply to bring a case against my celebrity co-defendant. I was a device."

Mr. Bacanovic's feelings for his former client are complicated: there is resentment fueled by what he sees as the unfairness of his lot relative to hers, yet one that is tempered by warm memories of their shared love for chow chows and of Christmases spent together in the kitchen of Ms. Stewart's home in Westport, Conn. Still, it was more than a fancy for heavily furred dogs with blue-black tongues that bound the two of them together.

The children of fathers with East European origins, Mr. Bacanovic and Ms. Stewart, 65, combined fierce professional ambition with a keen appreciation for the rewards that high society can confer.

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To some extent this bond may explain why Mr. Bacanovic remained loyal to Ms. Stewart through the ordeal, even though a guilty plea would surely have kept him out of prison. Loyalty to his friends has been a touchstone for Mr. Bacanovic; he says that he also did not want to become another Diana D. Brooks, the former chief executive of Sotheby's who turned against her former boss, A. Alfred Taubman, during the price-fixing scandal at the auction house.

"I'm not interested in lying to serve an overzealous 32-year-old prosecutor," Mr. Bacanovic said. "I stood by my friend and client and told the truth.

"I am also aware that if the reverse were possible, the same would not have been done for me. This was business and my co-defendant is first and foremost a businesswoman."

That Mr. Bacanovic should be frustrated with a legal system that landed him in prison and upended his life is no surprise. He notes that the trade at the center of his legal woes — Ms. Stewart's sale of shares of ImClone Systems — was one in which he made no money. Two other friends of Samuel D. Waksal, the former chief executive of ImClone, made more than $5 million selling the same ImClone stock. Insider-trading charges were dropped against them last year, and they paid a combined $2.7 million to settle with regulators.

His rage at the gossip pages is also understandable. Yet the degree to which he has turned against Ms. Stewart, whose connections propelled his career at Merrill, is surprising.

His grievances are many. They range from not being among those who received a Christmas card from her while she was in prison, to her legal strategy. He claims that she turned down offers from the government to settle charges, which would have resulted in no trial and perhaps no prison term. He also blames her for the $75,000 fine he recently paid to the Securities and Exchange Commission to settle insider trading charges.

In his view, Ms. Stewart could have reached her own settlement with the commission at any point between late 2004 and this spring, obviating the need for him to pay a fine. This April, as Ms. Stewart continued to delay, Mr. Bacanovic took matters into his hands and called Ms. Stewart's daughter, Alexis, a longtime friend of his who had introduced him to Ms. Stewart.

The family friendship no longer existed, but Mr. Bacanovic would ask one last favor — if Ms. Stewart was going to trial, would she help pay his legal fees, as Merrill Lynch had stopped doing so.

"I said, "This is harming me,' " Mr. Bacanovic, who had to borrow money to pay his fine, recalled saying. "And she said, 'No one here feels we owe you anything.' "

Ms. Stewart's daughter, through Ms. Magrino, declined to comment.

It was a response that cut Mr. Bacanovic to the bone. "I was shocked," he said. Ms. Stewart was holding him responsible for the nightmare they had lived together so painfully.

But he conceded it was a fair inference to make. If Mr. Bacanovic had not called Ms. Stewart in December 2001 to inform her that Mr. Waksal was selling shares of his company, ImClone, there would have been no investigation or trial.

More than anything, he says he blames Ms. Stewart for the loss of his identity. In the public's mind, he may be known forever as Martha Stewart's broker.

During his time in prison in Las Vegas, fellow inmates called him Broker and never bothered to learn his name. "I am so tired of hearing her name attached to mine that the less I hear of it, the better my day is," he said.

The years have taken a toll. His doctor has told him that his immune system has been decimated from years of stress. Sometimes, when he gets out of bed in the morning, he says he feels as if there is a mountain of bricks pressing down upon him.

On the surface, Mr. Bacanovic presents a calm, if unsmiling, face. Before sitting down to lunch, he shows off the Old World manners taught to him by his parents, both of whom emigrated here from Europe, and honed during his years spent in and around Manhattan's finest salons.

He bows slightly when meeting a woman and engages in polite, precise banter with the lunch crowd. His dress, like his manners, is impeccable. His shirts are crisp with starch and not an unruly hair pokes out from his well-coifed head.

But once he sits down, his eyes blink often as they scan the room around him. It is the look of someone who still feels hunted.

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"I was personally attacked in the press," he said. "I was pursued in every possible way." His eyes are red and wet, and this time it is not the allergies. "A great many lives were harmed. This goes far beyond the legal system. What was there in these allegations to warrant this? Is the guy a murderer, a child molester?"

Certainly not. But at some point during the early months of 2002, Mr. Bacanovic's single-minded dedication to Ms. Stewart's interests caused him to cross a more oblique line even though, after six weeks of testimony during his trial, it is still not entirely clear who said what to whom.

"The only people who know for sure what happened didn't testify," said Henry M. Blodget, the former Merrill Lynch analyst who wrote about the trial for Slate. "The real lesson here is that perception is reality. I can't blame the jury."

But Mr. Bacanovic, who was convicted on two charges of not telling the truth to investigators, still seems troubled by the verdict. "This whole case was about lying," he said, referring to a government witness who was accused of perjury and a juror who lied about his past. (Ms. Stewart's and Mr. Bacanovic's request for a new trial on this basis was denied by an appeals court.)

Having reached a settlement with the S.E.C. over his insider trading charges, Mr. Bacanovic has allowed himself to look toward resuming some measure of a normal life. He refuses to give any details, but says he has been looking into careers in film, advertising and real estate. He now spends much of his time in Los Angeles, where he lives alone in a house that he rents. But the past still haunts him.

"I've spent a great deal of time thinking about my obituary in the last four years," he said. "I would really rather my tombstone not read 'broker, Martha' with dates. I'd rather it read 'Bacanovic, Peter.' "

H-P Names Hoak As Ethics Officer (WSJ)

The Wall Street Journal, October 13, 2006

Hewlett-Packard Co. named NCR Corp. former general counsel Jon Hoak as its vice president and chief ethics and compliance officer, one of several positions left vacant following the computer and printer giant's spying scandal.

Mr. Hoak, 57 years old, succeeds ousted ethics chief Kevin Hunsaker, who directed the boardroom leak probe and was fired last month before being charged with identity theft and three other felonies along with former Chairwoman Patricia Dunn and three outside investigators.

Mr. Hoak's duties will include working with an outside lawyer H-P hired to assess the company's investigative practices and develop future business-practice guidelines, the company said.

Mr. Hoak previously served as senior vice president and general counsel for NCR, a Dayton, Ohio, computer-services company best known for making automated teller machines, from 1993 to May 2006. Mr. Hoak, whose hiring was effective Wednesday, will report to Chief Executive Mark Hurd -- another NCR veteran who was lured away to H-P 19 months ago -- until a general counsel is hired, the company said.

"Obviously, Mark wanted to make a hire quickly," said H-P spokeswoman Emma Wischhusen.

The Public Side Of Private Investigations (WP)

By Brooke A. Masters

The Washington Post, October 13, 2006

Deception, personal surveillance and sting operations are commonplace tools for private investigators hired by companies to handle low-level security problems.

These also happen to be among the aggressive methods Hewlett-Packard contractors used to try to uncover the source of boardroom leaks to the media.

The resulting scandal at HP has drawn new attention to intrusive techniques available to private investigators and has raised questions about when and how they are used. Many companies, big and small, allow -- at least tacitly -- their security contractors to push the legal envelope on uncontroversial matters, like combating employee theft or counterfeiting.

But news that a big-name corporation would permit the use of such tactics for a sensitive, potentially high-profile investigation has surprised many in the corporate security field. They say most large, public companies are far more cautious when it comes to high-stakes matters involving top executives and regulatory scrutiny. Increasingly sensitive to privacy

considerations and public appearances, lawyers for large corporations routinely limit the techniques they allow and are far less willing to let investigators take the initiative on tactics.

"We've evolved from more of a free rein to a punch list of what we want. Particularly in cultures we're not familiar with, we will set up strict instructions," said Regis Becker, director of global security and compliance at PPG Industries, a Pittsburgh manufacturer with facilities and affiliates in 23 countries. "We make it clear we don't want any information we are not legally entitled to."

Some firms are so concerned about the potential public-relations impact of hiring an investigator that they choose not to do it at all. Take Riggs Bank. Back in 2004, the District firm faced the same issue that eventually led to criminal charges against HP's former board chairman and general counsel: persistent leaks from inside its boardroom. Struggling to survive a money-laundering investigation and perhaps sell itself to another firm, the bank's directors considered hiring an outside investigator to find the source of the information.

After much discussion, the board rejected the idea. "The logic was if it was lawful, it was probably not going to be successful and . . . it would be highly embarrassing to have it known that the company was investigating its own board," according to a participant in the discussion who spoke on condition of anonymity because board deliberations are supposed to be confidential.

Companies that conduct corporate investigations vary widely in size and orientation. At one end are the solo practitioners who track down stolen laptops and debunk workers' compensation claims. Many investigators are former law enforcement officers accustomed to having access to subpoenas and search warrants to get the information they want. Discretion is rarely a crucial part of their assignments.

At the other end are the highly profitable multinational corporations that do background checks on top executives, conduct discreet witness interviews and provide assistance to lawyers doing corporate fraud investigations. These firms, by contract, promise to place just as high a priority on how the investigation reflects on the client as they do on getting results.

PI Magazine, the leading industry publication, estimates that there are 60,000 licensed investigation firms in the United States, but that understates the market because six states do not require investigators to be licensed and many states allow a single licensee to employ dozens if not hundreds of people, said Jimmie Mesis, the magazine's editor in chief.

With 3,900 employees and 2005 revenue of $946 million, the largest firm by far is Kroll Inc., which bills itself as a "risk consultant." A unit of financial conglomerate Marsh & McLennan Cos., Kroll tackles everything from crisis management to substance-abuse testing and business investigations.

Other large firms tend to have dozens of employees, or at most, a few hundred. The best known among them work almost exclusively for law firms and general counsels of large companies and pride themselves on their willingness to say no.

"You should hire the guy who tells you no a lot," said James Mintz, founder of the Mintz Group. "You have to do things that are not only legal but acceptable in the eyes of a judge or a jury."

Mintz said his firm had been asked in the past if it could obtain bank and phone records using pretexting -- the method of lying that has led to criminal charges for HP's former board chairman, general counsel and several of the investigators they hired. "We've told clients you would be insane to do that."

His firm largely shies away from deception and from digging into irrelevant details of personal lives. While they will pose as buyers in a counterfeiting case, the investigators generally do not misrepresent themselves when interviewing potential witnesses or doing background checks, he said.

Some techniques have the potential to backfire if they become public, so different investigators draw the line in different places. Take garbage-stealing. It's legal as long as the trash is removed from the street rather than private property.

But Oracle Corp. was deeply embarrassed in 2000 when investigators it hired from Investigative Group International were caught going through the trash of think tanks and nonprofit groups that had been supportive of Oracle rival Microsoft Corp. The IGI team rented offices in the same building as the Association for Competitive Technology in the District and paid janitors $1,200 to hand over the trash.

As a result, some of the biggest firms say they won't engage in trash-stealing, and many prominent lawyers say they won't allow investigators to do it when their client is a big public company or a prominent individual.

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"With a big corporation, the cosmetics are as important as the substance," said attorney Robert G. Morvillo, who represented Martha Stewart at her criminal trial. "If you get caught, it looks like you are doing something wrong. . . . You've got to exercise veto power every now and then."

But some investigators and lawyers do not take as hard a line. They avoid introducing stolen trash as evidence in court because they would have to explain where it came from. But they're sometimes willing to engage in a little Dumpster diving behind the scenes.

Larry Lopez, the owner of a small Cambridge, Mass., agency called Strategic Research, recalled a case in which he was working for a business that suspected one of its former employees had violated a non-compete agreement. The standard ruse in such cases would be to pose as a potential investor and approach the person directly, but because the matter was already in litigation, legal ethics canons prohibited direct contact with an opponent.

So Lopez arranged to have the former employee's trash removed and identical bags substituted in its place. His firm went through the garbage looking for names and addresses from the former employee's correspondence. The lawyers would then subpoena the correspondents directly, yielding evidence that could be introduced in court without embarrassment. "For six months, we took trash on these people and they never found out. There was nothing illegal or unethical, but the jury would have turned up its nose," if it knew the whole story, Lopez said.

Surveillance is similarly legal -- as long as it's done on public property and avoids the appearance of harassment or stalking -- but image-conscious firms often limit the practice, said Robert Seiden, chief executive of Fortress Global Investigations Corp., which has about 100 employees. "When we do surveillance for corporations, we're very cognizant [to avoid] allegations that the surveillance was over the line or intrusive," he said. "We have a code of ethics. If we see someone is with their children, we pull away."

By contrast, some investigators trying to disprove disability or workers' compensation claims openly shadow their targets. Insurance investigators say that claimants who know they are being watched sometimes agree to lesser settlements.

Faced with a need for phone records, image-conscious firms generally shy away from pretexting and try the direct approach.

"They say, 'We have a fiduciary duty to look into this. We want your phone records; give them to us or resign.' " Lopez said.

Conrad Black, Facing U.S. Trial, Embraces Canada He Once Vilified (WSJ)

By Elena Cherney

The Wall Street Journal, October 13, 2006

TORONTO -- When former newspaper baron Conrad Black renounced his Canadian citizenship five years ago, he derided the country of his birth as an underachieving, socialist land better suited to "someone just arrived from Haiti or Romania."

The chairman and chief executive of the trans-Atlantic newspaper publisher Hollinger International, Mr. Black also was a citizen of the United Kingdom, and he had just been named to the British House of Lords. The only catch: To become Lord Black of Crossharbour, the jet-setting Mr. Black had to give up his Canadian citizenship, because the Canadian government wouldn't agree to the peerage.

Now, Mr. Black appears to be having second thoughts as he prepares to stand trial next year in U.S. federal court in Chicago on fraud and racketeering charges. Charged along with three other former executives in connection with $84 million in company payments, Mr. Black has applied to have his Canadian citizenship restored. And he has embarked on a campaign to restore his tarnished image among Canadians, talking about Canada's international role -- and denouncing the case against him.

"He is re-establishing himself in the place where he's going to live," says Mr. Black's lawyer, Edward Greenspan. "This is where he was born, this is where he was raised, this is where he started his newspaper empire."

Since his indictment in the U.S. last year, Mr. Black has been living at his Toronto estate. He has been a regular on the Toronto social circuit. He declined through Mr. Greenspan to be interviewed.

Becoming a Canadian citizen wouldn't help Mr. Black avoid or delay the trial set for March, because he already has surrendered his right to fight extradition from Canada. But there is a potential benefit if Mr. Black is found guilty: Canada has nicer

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prisons. Canadians in the U.S. prison system can apply to transfer back to Canada. Mr. Black's former business partner, David Radler, who now is cooperating with prosecutors, indicated in his plea bargain he plans to apply to serve his sentence in Canada.

Mr. Greenspan dismisses the suggestion Mr. Black is seeking to regain citizenship so he can serve a sentence in Canada. "The only plan that we have is to be acquitted," he says.

In the meantime, Mr. Black is living under a cloud. "I want to get rid of any taint," he told an Ontario public-television interviewer last month in his first formal interview since his indictment.

Yesterday, Mr. Black got a warm welcome as the guest speaker at a luncheon of Toronto's Empire Club, which bills itself as North America's oldest speaking forum. After the traditional toast to "Her Majesty the Queen" and the lunch served by red-vested waitstaff, club president John Niles introduced Mr. Black as Lord Black of Crossharbour, to loud applause. "What is Canada after all without Lord Black, but diminished," said the Rev. Niles, who listed Mr. Black's accomplishments but made only a veiled reference to the charges against him, calling them "the difficulties."

Public attitudes toward Mr. Black appear to be softening. Some former associates he alienated say they now sympathize with him. "The Americans are being vicious with him," says Douglas Bassett, one of four independent directors who resigned from the board of parent company Hollinger Inc. three years ago, after the board at Hollinger International reported it had uncovered unauthorized payments to Mr. Black and other executives. (Hollinger International recently changed its name to Sun-Times Media Group Inc., after its flagship newspaper in Chicago.)

Mr. Bassett hasn't spoken to Mr. Black since resigning from the board. But he says his old friend "is innocent until proven guilty." The bail bond of more than $20 million that prosecutors demanded is overkill, Mr. Bassett adds.

Winning Metaphors At Office Retreats, Tales Of Adversity Fire Up The Staff (WSJ)

By George Anders

The Wall Street Journal, October 13, 2006

CORONADO, Calif. -- At their annual retreat last month, 300 finance managers for Cisco Systems Inc. began the week with strategy meetings, followed by team sand-castle building and water-balloon launching. Then came the visit from a blind man.

He was Erik Weihenmayer, a slim, athletic 38-year-old. In an after-lunch speech, he recounted his bitterness as a teenager over losing his sight. He explained how he channeled his anger into rock climbing and dreamed of climbing Mount Everest. "People said I'd kill myself or my team members if I tried," he said. "But they didn't know anything about me."

Employees of the computer-networking company watched in awe as giant video screens showed Mr. Weihenmayer in 2001, picking his way past deep crevasses until he reached the top of Everest. "You don't just deal with adversity," he said. "You use it to propel you forward." Attendees gave him a standing ovation.

Mr. Weihenmayer makes nearly $1 million each year from such appearances, making him one of the top earners in an unusual business -- inspirational speakers whose accounts of personal struggle and triumph are sweeping through the corporate conference circuit. Companies such as Goldman Sachs & Co. and Wal-Mart Stores Inc. are booking speakers who have survived farm accidents, muggings or other tragedies, often paying $15,000 or more per engagement.

Years of scandals and strategic zigzagging have soured business audiences on pep talks from well-paid executives with fancy titles. But the skepticism softens when a speaker with a seeing-eye dog or a wheelchair speaks about unshakeable persistence, even if the orators aren't business experts. Bosses hope these speakers can cut through a fog of cynicism and complacency, getting people fired up about their jobs.

At Exxon Mobil Corp., procurement chief Jean Baderschneider says she used to book celebrities or management gurus as speakers. No more. They were too glib to connect with her teams, and in some cases she can't even remember their names. Now she invites gritty survivors to tell their stories at major staff events. "You need to build passion," Ms. Baderschneider says. "These speakers get people's juices flowing. They make us realize that our challenges are nothing compared with what they have done."

Corporations, universities and other organizations spend hundreds of millions a year on speakers. Top business and political leaders still command the highest fees, with former president Bill Clinton averaging $175,000 per speech. But Mr.

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Weihenmayer and a few similar orators with brave stories -- and a knack for tying their achievements to business themes -- compile enough well-paying dates to earn well into six figures themselves.

Hundreds of others try to make a living as inspirational speakers, with mixed results. Some do passably, collecting $5,000 or more a speech. Others discover to their dismay that the world isn't eager to hear their woes. Data compiled by the 4,000-member National Speakers Association indicate that the typical member earns $2,000 to $5,000 per talk. Many go for weeks without bookings.

When Trisha Meili was assaulted and left for dead in New York City in 1989, few people knew her name. Media accounts identified her only as the Central Park jogger. Then in 2003 she published her memoirs and began looking for audiences interested in how she recovered from tragedy.

One of the first people to book her was Roger Saillant, the chief executive officer of Plug Power Inc. His alternative-energy company was a highflier in 2000, with a stock that briefly traded as high as $150 a share. Three years later, the company's shares had plunged to single-digit levels. Losses were mounting and cash was scarce.

Plug Power spent $5,000 to bring Ms. Meili for a two-day visit to its headquarters in Latham, N.Y. There, she shared stories about learning to walk again after spending months in a coma. She urged people to "live totally in the present," instead of obsessing about a wonderful past that might be gone for good.

Mr. Saillant says she struck a chord. "We wanted to know how her experience could be a metaphor for what was happening at Plug Power," he says. "She had been in a near-death state but was able to pull herself out of it, thanks to the support of others and her own will not to give in. We constantly needed to raise money to keep going. There were similarities."

Since then, Ms. Meili has tripled her speaking fee, to $15,000, and expects to earn about $100,000 this year. She recently addressed managers at DuPont Co., which has been buffeted by restructuring plans the past few years. Ms. Meili remembers one of the chemical company's lawyers coming up to her and saying: "I've got this huge stack of papers on my desk. I've been too nervous about our future to get any work done on it. After hearing you, I'm ready to go back and dive into things right now."

Like many inspirational speakers, Ms. Meili says she tries to take her audience on an emotional journey. Rapt silence accompanies her opening stories. Partway through she often hears suppressed sobs. And at the end, there's an outburst of applause and even hugs from attendees. If all three parts come together, she says, "I know I've really connected with people."

One of the hardest-working inspirational speakers is Chad Hymas, a Utah real-estate investor and part-time elk rancher. Mr. Hymas nearly died in 2001, when a massive hay bale tumbled off a forklift truck on his ranch and crushed three vertebrae in his neck. The accident left his legs paralyzed and his arms barely mobile. He was despondent. Within a year, though, he was addressing church groups about his family's efforts to help him recover.

One attendee liked his talk so much that he arranged for Mr. Hymas to address a contractors' convention in Las Vegas. That speech went well. Soon Mr. Hymas was getting bookings from the likes of Wells Fargo Corp. Last year, Mr. Hymas delivered 160 speeches, ranging from small-scale local events to big corporate audiences that paid as much as $10,000 apiece, for total income of more than $500,000. This year, Mr. Hymas is on track to deliver 190 speeches, his best year ever.

Mr. Hymas says his core material hasn't changed since his first speech. He routinely recounts the early days after his accident, when he was hospitalized and struggling to raise his arms parallel to the floor. His 4-year-old son, Christian, came into the room and said: "Look, Daddy, you're flying!" Mr. Hymas now closes many of his speeches with the line: "Who needs legs when you have wings?"

A decade ago, orators such as Mr. Hymas might have been confined to low-paying church, school and hospital engagements. Big companies didn't want to traffic in pathos. Then Oprah Winfrey, the Lifetime Channel and Hollywood kept making heroes out of people who had been hammered by life's bad breaks and bounced back.

As these stories found mass audiences, scandals such as Enron Corp. left the public far more cynical about big business and reluctant to take advice from captains of industry. An annual Gallup Poll shows that business executives currently win favorable ratings from just 16% of the public, the lowest level since the savings-and-loan scandals of the 1980s.

Speakers' bureaus took note and started booking a new breed of lecturers. Leading Authorities Inc. of Washington, D.C., now lists 234 "inspirational and motivational speakers" on its Web site, its largest category. Many are traditional experts on leadership or politics who want to be cross-listed in a popular category, says Mark French, Leading Authorities' president. His

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inspirational roster also includes a survivor of 30 cancer surgeries and man who recovered after he was hit by a New York City bus.

"Companies want someone fresh who has beaten the odds," says Marc Reede, president of Nationwide Speakers Bureau, a lecture agency in Beverly Hills, Calif. Lots of speakers may enjoy only a year or two on the circuit before their appeal wanes. "But that's not a problem for us," he says. "We'll find the next ones."

At times, it takes only a hint of a business analogy to succeed with corporate audiences. Adventurer John Amatt survived a climb 20 years ago in which an avalanche killed three of his teammates. He made it to the top only by radically changing his route and tactics. Businesses love that story, he says, and they apply it in ways he never expected. In the medical-equipment industry, for example, Kinetic Concepts Inc., hired Mr. Amatt earlier this year to address its 1,500-person sales force, which was dispirited by Medicare cuts.

"We couldn't conceive of another way to do things," says Cyndi Erb, a KCI executive. "He told us how sometimes you have to rethink your path. We thought he would have to customize his talk for us, but actually we found out that wasn't necessary. Our salespeople took what he said and applied it to their everyday life."

The market for sports speakers also is being realigned. Speakers' bureaus aren't just competing to offer in-person appearances by superstars. Some are doing brisk business as well in promoting disabled athletes or the brave benchwarmer with a plucky story of how he or she made it to the big time. Sports speakers who have gained visibility in the past few years include one-armed basketball player Ron Gustafson; baseball pitcher Jim Morris, who didn't make the majors until age 35; and wrestler Kyle Maynard, who was born with stunted arms.

A favorite this year is Vince Papale, who won a walk-on spot with the Philadelphia Eagles in the 1970s, at age 30, despite never having played college football. He caught just one pass during his three-year pro career but made some thrilling tackles on the kick-return unit. Mr. Papale had been doing small-scale talks in the Philadelphia area since his playing days. In 2005, speakers' bureaus started positioning him as a much bigger draw.

It helped that a movie about Mr. Papale's life, "Invincible" was due out this year. But the speakers' bureaus figured his can-do attitude would rub off on sales forces. They guessed right. American International Group Inc. tried him with a group of annuity salesmen and liked the results so much that it booked him for five more talks, at $10,000 apiece.

"We had a tough year in 2005," recalls Michael Loftus, an annuity sales chief for AIG. "We really liked his lust for achievement. His message was that any dream can come true with hard work."

"Invincible" was a surprise hit this summer, so Mr. Papale has boosted his speaking fee to $20,000 to $30,000. Speaking agents are encouraging him to make the most of the opportunity. "He is looking at a two-year window," says Andy Roth, head of Roth Talent Associates, Encino, Calif. "It makes sense for him to maximize his speaking efforts during that time."

Mr. Weihenmayer, the blind mountain climber, is trying to make public speaking into a lifelong career. He taught fifth grade earlier in his life and enjoyed it, but he found the pay dispiriting. Now he delivers 50 addresses a year, collecting up to $40,000 for his international corporate bookings. "It amazes me to earn more with one speech than I did in a year of teaching," he says.

Mr. Weihenmayer says he has benefited from lots of coaching from his father, Ed, now retired, who had a long career at Pfizer Inc. and Salomon Brothers Inc. The older man has nudged his son to get business audiences laughing at the beginning -- and then, as the speech hits its stride, to bring in corporate values such as teamwork and planning.

During his Cisco talk, Mr. Weihenmayer told a story about climbing Mount McKinley in 1995 and trying to wave to his father, who was flying overhead in a helicopter. "I asked one of my teammates: 'Do you think Dad will know I made it?'" Mr. Weihenmayer recalled. "The answer came back: 'Sure he will. You're the one person waving your ski pole in totally the wrong direction.' "

The address soon turned serious. He talked about visiting Tibet recently and helping blind teens climb to Everest base camp. "People there think blind children are possessed with evil spirits," he said. "They lock them in homes or sell them into slavery. I wanted to show them something better."

At the end of his talk, he tied his life back to the business challenges facing Cisco. "With all the chaos of the past five years, it's as if we've all been climbing blind," he said. But that's no reason to be timid. "Be pioneers. Climb high."

After the speech, Cisco managers rushed up to shake his hand and to share stories about a son's eye injury or a friend's mountain-climbing adventure. A few asked him to sign a copy of his autobiography, which he slowly did.

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Most of the time, Mr. Weihenmayer says, business audiences embrace him and wish him well. But he still remembers a bumpier session with an insurance company a few years ago. After the talk, at the hotel bar, he says, one salesman snapped at him: "So I guess the reason they brought you here was to make me feel bad."

Mr. Weihenmayer gulped. Then he told his heckler. "Maybe. But that's not a bad place to start. If it lights a fire in you, and gets you doing something different with your life, that's OK."

CRIMINAL LAW:

Report Says Nonprofits Sold Influence To Abramoff (WP)

By James V. Grimaldi And Susan Schmidt

The Washington Post, October 13, 2006

Five conservative nonprofit organizations, including one run by prominent Republican Grover Norquist, "appear to have perpetrated a fraud" on taxpayers by selling their clout to lobbyist Jack Abramoff, Senate investigators said in a report issued yesterday.

The report includes previously unreleased e-mails between the now-disgraced lobbyist and officers of the nonprofit groups, showing that Abramoff funneled money from his clients to the groups. In exchange, the groups, among other things, produced ostensibly independent newspaper op-ed columns or news releases that favored the clients' positions.

Officers of the groups "were generally available to carry out Mr. Abramoff's requests for help with his clients in exchange for cash payments," said the report, issued by the Senate Finance Committee. The report was written by the Democratic staff after a yearlong investigation and authorized by the Republican chairman, Sen. Charles E. Grassley (R-Iowa).

Abramoff has pleaded guilty to fraud and conspiracy and could go to prison as early as next month. Prosecution and defense lawyers jointly filed papers yesterday asking a judge to recommend that he be sent to a federal facility in Cumberland, Md., to make it easier for him to cooperate with the ongoing probe. The investigation has resulted in one conviction and seven guilty pleas -- including one from a lawmaker, Rep. Robert W. Ney (R-Ohio), who is to appear today before a federal judge in the District.

The Senate report released yesterday states that the nonprofit groups probably violated their tax-exempt status "by laundering payments and then disbursing funds at Mr. Abramoff's direction; taking payments in exchange for writing newspaper columns or press releases that put Mr. Abramoff's clients in a favorable light; introducing Mr. Abramoff's clients to government officials in exchange for payment; and agreeing to act as a front organization for congressional trips paid for by Mr. Abramoff's clients."

The report bolstered earlier revelations that Abramoff laundered money through the nonprofits to pay for congressional trips and paid Norquist to arrange meetings for Abramoff's clients with government officials including White House senior adviser Karl Rove.

The groups named in the report are Norquist's Americans for Tax Reform; the Council of Republicans for Environmental Advocacy, which was co-founded by Norquist and Gale Norton before she became secretary of the interior; Citizens Against Government Waste; the National Center for Public Policy Research, a spinoff of the Heritage Foundation; and Toward Tradition, a Seattle-based religious group founded by Rabbi Daniel Lapin.

E-mails released by the committee show that Abramoff, often with the knowledge of the groups' leaders, exploited the tax-exempt status and leveraged the stature of the organizations to build support among conservatives for legislation or government action sought by clients including Microsoft Corp., mutual fund company DH2 Inc., Primedia Inc.'s Channel One Network, and Brown-Forman, maker of Jack Daniel's whiskey.

A spokesman for Norquist, John Kartch, called the report "political nonsense" pushed by Democrats close to the midterm elections.

Norquist's attorney, Cleta Mitchell, had told the Senate panel that, as long as Americans for Tax Reform spends funds in keeping with its general purpose, "there is no 'abuse' of ATR's tax status." Officials with the Council of Republicans for

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Environmental Advocacy denied wrongdoing. Citizens Against Government Waste said the group did not abuse its tax status and always adhered to long-held positions.

Amy Ridenour of the National Center acknowledged in an interview with investigators that donations can have some sway with think tanks but denied that they were made in exchange for positions.

Sen. Max Baucus (Mont.), the Finance Committee's ranking Democrat, called on the IRS and the FBI to investigate. "These groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws that give charitable and social welfare organizations a break for the good work they're supposed to do," Baucus said in a statement.

A spokeswoman for Grassley said the chairman did not co-write the report because he had hoped it would include a broader range of groups that he believes also breached their tax status. A Baucus aide said the Democratic staff did not object to a broader review.

The Abramoff scandal has bruised the image of Norquist, a friend of Abramoff's since their days in the College Republicans. Often consulted by Rove, Norquist for decades has convened a key Wednesday morning strategy session for conservative leaders, lobbyists and Republican lawmakers.

Abramoff traded on Norquist's cachet, at one point referring to him in an e-mail as a "hard-won asset" of his lobbying empire. In exchange for Norquist's opposition to taxes on Brown-Forman products, Norquist recommended that a $50,000 donation be made to Americans for Tax Reform, according to an Abramoff e-mail.

"What is most important, however, is that this matter is kept discreet," Abramoff wrote to a colleague at the Preston, Gates & Ellis law firm. "We do not want the opponents to think that we are trying to buy the taxpayer movement."

The e-mails show that Abramoff and Norquist explicitly discussed client donations to Norquist's group in exchange for Norquist's support. The group's advocacy "appears indistinguishable from lobbying undertaken by for-profit, taxable firms," the report said.

Among those who agreed to donate money for an opinion piece was DH2, which in 2004 pushed for tax breaks for its customers.

E-mails show that DH2 understood that Norquist's help came with a price tag. The tab was sent to DH2's managing director, Robert S. Rubin.

"I told Rubin he needs to round up some $$$ for ATR," wrote lobbyist Michael E. Williams to his boss, Abramoff.

"Get the money from Rubin in hand," Abramoff replied, "and then we'll call Grover."

How much, Williams asked.

"50K," Abramoff wrote.

Abramoff e-mailed Norquist on Feb. 10, 2004: "I have sent over a $50K contribution from DH2 (the mutual fund client). Any sense as to where we are on the op-ed placement?"

Replied Norquist: "The Wash Times told me they were running the piece. . . . I will nudge again."

The Washington Times has published about 50 Norquist op-eds since 1993 but apparently none on mutual funds. Norquist did write a letter in April 2004 to a congressman praising him for sponsoring "legislation that would finally allow mutual fund shareholders to defer their capital gains tax" and pledging that his group "is committed to helping you pass this legislation."

Norquist wrote an op-ed piece, published in the Washington Times, as part of an extensive Abramoff campaign for Channel One, which broadcasts educational programming and advertising into public school classrooms. An Abramoff e-mail to Norquist offered him $1,500 for an op-ed, and another e-mail exchange suggested up to $3,000 to buy an "economic analysis."

The Council for Republican Environmental Advocacy, founded by Norquist and Norton, who resigned as interior secretary earlier this year, also appeared to have been used "as an extension of Mr. Abramoff's lobbying organization," the report said.

Abramoff directed his client Indian tribes to donate a total of about $500,000 to the group, telling them that the donation was a way to cultivate Norton at the Interior Department, which oversees the tribes and their casinos. E-mails show that Abramoff told the tribes that they would be CREA's "trustees" and that Norton would "host" a series of CREA dinners. Interior Department documents obtained by The Washington Post suggest that Norton was an invited guest at a CREA dinner, not a host.

Senate Questions Nonprofits' Tax Status (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 13, 2006

Five nonprofit groups, including one of President Bush's biggest supporters, may have broken tax laws and put their tax-exempt status at risk by helping convicted lobbyist Jack Abramoff, a Senate Finance Committee report concludes.

The 600-page report issued Thursday was prepared by the committee's Democratic staff. Majority Republicans, however, had agreed to its release and joined with Democrats in issuing subpoenas for documents and e-mails cited in the report.

Among the groups named as possibly taking money from Abramoff clients and funneling it into his lobbying efforts on their behalf were Americans for Tax Reform, Citizens Against Government Waste and the Council of Republicans for Environmental Advocacy.

Tax-exempt groups are barred by law from being paid to lobby or do public relations.

Americans for Tax Reform is headed by Grover Norquist, a key ally of Bush and a longtime associate of Karl Rove, the president's chief political adviser.

The report said Norquist's group accepted $1.5 million from the Mississippi Band of Choctaw Indians, one of Abramoff's clients. More than two-thirds of that money was then passed to Christian Coalition founder Ralph Reed as part of Abramoff's lobbying efforts to block a rival tribe's proposed casino in Alabama.

Nell Rogers, a planner for the Choctaws, told the Senate Indian Affairs Committee that the arrangement was never intended as a contribution to support ATR's general anti-tax work. She quoted Abramoff as saying Norquist's had instead agreed to be a conduit for getting money to Reed, provided that ATR got a fee.

Sen. Max Baucus of Montana, the Senate Finance Committee's senior Democrat, said his staff turned up evidence showing the groups "may have improved a lobbyist's power and profits" by unlawfully exploiting their tax-exempt status, possibly even lobbying the White House.

Abramoff pleaded guilty in January to tax evasion and wire fraud. While awaiting sentencing, he is cooperating in a federal bribery investigation that has resulted in convictions against a congressman and the administration's top procurement officer.

Norquist's group and a second organization cited in the report denied any wrongdoing. They also questioned the timing of the report's release so close to Nov. 7 elections in which Republicans are trying to return their control of Congress.

"This is political nonsense put out by the Democrats in an inappropriate attempt to influence the election," said John Kartch, communications director for Americans for Tax Reform.

David Williams, a vice president of Citizens Against Government Waste, said it was "kind of suspicious that three weeks before an election, this comes out." The group named Baucus its monthly "porker" in October 2004 for adding drought relief to a domestic security bill.

"There is no 'there' there," Williams said of the report. "We are very careful about the issues that we pursue."

The report said Citizens Against Government Waste said some donations to it ended up being used to help Abramoff clients with public relations.

"Nonprofits should not function as de facto lobbying firms. Lobbying for a fee, public relations, and disguising sources of money are not charitable or social welfare activities," Baucus said.

He said it is up to the Justice Department and Internal Revenue Service, part of the grand jury probes into Abramoff's dealings, to decide whether the groups broke any tax laws.

Republican Sen. Charles Grassley of Iowa, the committee chairman, could have blocked the report's release. Grassley said Thursday he would consider the report but said it should have looked at more nonprofit groups.

"The problems are widespread and won't be resolved just with Mr. Abramoff going to jail," Grassley said.

The report also questioned the tax-exempt status of other groups, based on their association with Abramoff. It found that:

_The Council of Republicans for Environmental Advocacy, co-founded by Italia Federici, Norquist and former interior secretary Gale Norton, received at least $250,000 from Abramoff clients to lobby the Interior Department.

_The National Center for Public Policy Research used money from Abramoff's clients to sponsor golf trips in 2000 and 2003 to Scotland for members of Congress.

_Toward Tradition, a religion-centered group once chaired by Abramoff, took money for help with generating news articles for Abramoff and his clients.

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Senate Finance Committee's report: http://finance.senate.gov/sitepages/baucus.htm

Abramoff Laundered Money Through Tax-Exempt Groups, Report Says (BLOOM)

By Jonathan D. Salant

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- Republican lobbyist Jack Abramoff used non-profit organizations to launder money, write articles to help his clients, and hide the fact that his clients paid for trips by lawmakers and aides, said a report today by Democratic members of the Senate Finance Committee.

The report said the organizations -- including Americans for Tax Reform, run by conservative activist Grover Norquist, a supporter of President George W. Bush and congressional Republicans -- ``engaged in what amounted to profit-seeking and private benefit inconsistent with their tax-exempt status."

Senate Democrats asked the Justice Department, Treasury Department and Internal Revenue Service to review the findings.

``These groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws that give charitable and social welfare organizations a break for the good work they're supposed to do," said Senator Max Baucus of Montana, the top Democrat on the committee.

A spokeswoman for Senate Finance Chairman Charles Grassley, an Iowa Republican, said he would consider the report's recommendations. Spokeswoman Jill Gerber said the senator wanted a more comprehensive report that would look at non-profit organizations on all sides of the political spectrum.

``His focus is on reforming the system to stop systemic abuse of the tax code," Gerber said. ``The problems are widespread and won't be resolved just with Mr. Abramoff going to jail."

Karl Rove

The report said Americans for Tax Reform took money from Abramoff's clients and agreed to introduce them to top Bush aide Karl Rove and other officials. Norquist is an ally of Rove.

``This is political nonsense put out by the Democrats in an inappropriate attempt to influence the election," said John Kartch, a spokesman for Americans for Tax Reform.

The report said the group served as a pass-through to hide the source of money given by Abramoff's clients. The group would accept money from his clients, then write a check from its own account to a third party while keeping a cut of the funds, the report said.

For example, the report said, Republican consultant Ralph Reed received money from the tax reform group to fund an anti-gambling campaign. The effort was being bankrolled by the Mississippi Band of Choctaw Indians, which ran a successful casino and wanted stop another tribe from opening a competing facility, the report said. A Reed spokesman didn't immediately return a call seeking comment.

The other groups named in the report were Citizens Against Government Waste, Council of Republicans for Environmental Advocacy, National Center for Public Policy Research and Toward Tradition.

`Manipulated' by Abramoff

The Republican environmental group was founded by Gale Norton, later chosen by Bush to be interior secretary. The group's president, Italia Federici, told the Senate Indian Affairs Committee in November 2005 that she was ``manipulated" by Abramoff. E-mails released by the Indian Affairs panel showed that Abramoff asked Federici to intervene with Norton's deputy, J. Steven Griles, on behalf of the lobbyist's tribal clients.

Abramoff pleaded guilty in January to conspiring to corrupt public officials and defrauding American Indian tribes that were his clients. He was a major fundraiser for the Republican Party, bringing in at least $100,000 for Bush's 2004 re-election.

He was sentenced in March to five years and 10 months in prison in a separate fraud case in Florida and has been ordered to surrender to authorities on Nov. 15. Prosecution and defense lawyers jointly filed papers today asking a judge in Miami to recommend that he be sent to a federal prison in Cumberland, Maryland. Abramoff is continuing to cooperate with government officials, and the prison is within driving distance of Washington, the papers said.

Abramoff Figure Rep. Ney To Plead Guilty (AP-Y)

By Pete Yost

AP-Yahoo, October 13, 2006

Pressed by Republican House colleagues to resign, Rep. Bob Ney (news, bio, voting record) is the first congressman to fall in the Jack Abramoff influence-peddling case, a controversy that has reached the Bush White House and Capitol Hill.

In his sixth term, Ney is to enter a guilty plea Friday to a pair of felonies that could send him to prison for up to 10 years.

Ney signed papers a month ago admitting to charges of conspiracy and making false statements, acknowledging that he had deprived the public of his honest services.

The Ohio congressman says he took tens of thousands of dollars worth of trips, sports tickets, campaign contributions, meals and casino chips in exchange for legislation and public statements supporting Abramoff's clients and a foreign businessman.

With the Justice Department recommending 27 months behind bars for Ney, the congressman may announce his decision to step down when he appears before U.S. District Judge Ellen S. Huvelle, an appointee of President Clinton.

Longtime Washington lawyer Stephen Ryan said "the most likely event" is that Ney will quit in front of the judge because that would represent acceptance of responsibility for his crimes, a critical issue with regard to the length of his prison term.

Ney checked into an alcohol rehabilitation program in September. If Ney applies for and is accepted into the U.S. Bureau of Prisons Residential Drug Abuse Program, he might be able to reduce his time behind bars by up to a year, according to an agency manual.

Some federal judges have complained the program has been used by undeserving white-collar criminals to significantly cut prison time.

House Republicans are giving Ney a strong push toward the door.

"If Bob Ney fails to resign, I will strongly support a resolution to expel him from the House of Representatives," said Ohio Rep. Deborah Pryce (news, bio, voting record), the fourth-ranking member of the House GOP leadership.

Despite his admission of criminal activity, Ney, 52, is entitled to collect a congressional pension.

In April, the House passed legislation that would have taken away congressional pensions of any lawmaker convicted of the conspiracy charge contained in the court papers Ney signed. But the Senate-passed bill did not contain the pension provision, and the two chambers never reached a compromise.

During his time in Congress, Ney built up goodwill back home for his responsiveness and visibility in a sprawling, conservative region of mines, farms and Rust Belt towns in eastern Ohio.

The recently filed court papers note that Abramoff, other lobbyists on his team and their clients had no connection to Ney's congressional district, other than the lawmaker himself. "None of whom were Ohio-based," the court documents note.

Ney's court appearance comes one week after a top aide to White House political adviser Karl Rove resigned amid questions over her links to Abramoff. Susan Ralston left after a House committee reported that she apparently accepted tickets to sporting events from Abramoff without reimbursing him.

The House committee report, which summarized an investigation of links between Abramoff and the White House, cited 485 contacts between the lobbyist and his associates with the Bush White House. The tally was based on records House investigators obtained from 13 of 24 Abramoff clients.

In June, former White House official David Safavian, who had been the Bush administration's top procurement official, was convicted of covering up his dealings with Abramoff. He is scheduled for sentencing on Oct. 27.

Prison Sought For Former Bush Official (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 13, 2006

The government is pushing for three years in prison for a former Bush administration official found guilty of covering up his relationship with disgraced lobbyist Jack Abramoff.

The prison time could be years less than what David Safavian, former chief of staff of the General Services Administration, was initially expected to face for lying and hiding details of his connections with Abramoff from investigators and lawmakers.

Federal prosecutors calculated that Safavian's sentence should be between 30 and 37 months, based on federal guidelines, and asked that he be sentenced "at the high end of that range." Safavian could have faced up to five years on each of the four criminal counts in his June conviction. His sentencing is set for Oct. 27.

In documents filed in federal court Wednesday, Justice Department prosecutors Nathaniel B. Edmonds and Peter R. Zeidenberg urged the court to reject Safavian's request for probation, home detention and community service instead of prison.

"Such a sentence is wholly unwarranted and would constitute a miscarriage of justice," the prosecutors wrote.

"There is simply no basis for this court to accept defendant's invitation to disregard the sentencing guidelines and impose such a breathtakingly lenient sentence," the prosecutors concluded.

Safavian's attorney, Barbara Van Gelder, did not immediately return a call seeking comment Thursday.

His federal trial marked the first guilty verdict by a jury in the Abramoff probe. E-mails between the two men showed how Abramoff showered Safavian with trips and other perks while badgering him for information about two pieces of GSA-controlled property the lobbyist wanted — including the historic Old Post Office in downtown Washington.

Labor's Enthusiasm For Republicans Fades (WSJ)

By John Harwood

The Wall Street Journal, October 13, 2006

LABOR CURBS outreach to Republicans as Democratic prospects brighten.

Teamsters and FireFighters, among others, had vowed to ramp up Republican support to increase their clout while Bush's party held power. But enthusiasm has faded, a Teamsters official explains, because "Republicans went too far. We need a leadership change."

Some local unions continue offering volunteer support and endorsements to labor-friendly Republicans. New York Republican Rep. Sue Kelly gets help from construction unions, operating engineers and transport workers. Her singer-songwriter opponent John Hall "won't have monolithic union support," says Kelly spokesman Jay Townsend.

AFL-CIO President Sweeney today headlines labor rally for Democratic Senate candidate Ford in Tennessee.

FORECASTERS see healthier economy if power is shared by two parties.

Only 12 of 35 in WSJ.com survey see optimal economic performance if Republicans keep both houses of Congress for last two years of Bush's term. Favored outcome of respondents: Democrats win the House but not the Senate. (See the full survey.2)

"MAX GRIDLOCK = MAX COMPROMISE," says Richard DeKaser of National City Corp. Atop the economists' 2007 priority list for Washington: health-care spending and Social Security. The forecasters split evenly on whether stocks would do better with Republican or Democratic victory.

WARNER'S departure from 2008 field alters Democratic contest.

"It's an open race," says ex-Virginia governor Mark Warner, disputing assessments that New York Sen. Clinton is prohibitive front-runner. Decision could lift the profiles of governors Vilsack of Iowa and Richardson of New Mexico, fellow Southerner Edwards of North Carolina, and centrist alternative Sen. Bayh of Indiana.

"No one ever won the White House without being lucky," an aide to one contender says. But some operatives cite Lamont's Senate primary win in Connecticut as evidence that restive Democrats want an unabashed liberal.

"The Democratic Party primary electorate ... is considerably to the left" of Warner, says strategist Carter Eskew.

BENCH STRENGTH? As nuclear tensions rise, some U.S. diplomats say State Department has grown thin on Korean expertise after Bush-era departure of veterans linked to Clinton's engagement policy. "It's almost like you're viewed with suspicion if you've met Koreans or speak their language," one State official says.

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OH, WHAT A NIGHT: Supreme Court Justice Alito will be fêted alongside Frankie Valli of Four Seasons fame at National Italian-American Foundation gala on Oct. 21. But organizers promise ideological balance, with liberal actor Alan Alda on hand to induct late actress Anne Bancroft into foundation's Hall of Fame.

HOME OR AWAY? Former White House aide David Safavian asks U.S. District Court judge to sentence him to home detention for Abramoff-related perjury and obstruction convictions. Justice Department lawyers press for three years behind bars.

TRADING PLACES? Amid bleak national mood and local anxiety over textile job losses, Democrats see rising opportunity for challenger Larry Kissell to knock off Republican Rep. Robin Hayes in North Carolina. White House hopeful Edwards prepares to stump for Kissell, after Bush administration textile official appears with Hayes and briefs industry executives on efforts to stop "illegal goods."

PENTAGON OFFICIALS don't expect Iraq policy shift despite rising unease.

Prominent Republicans, including former Secretary of State Baker and Sens. John Warner and Snowe, have pointed to the need for near-term changes. But military commanders, who Bush insists determine his approach, want to give current security strategy more time to tamp down Baghdad violence.

The strategy so far has been met with record levels of sectarian and insurgent attacks. The top commander in Iraq, Gen. George Casey, predicts violence will subside, but "it's not going to be something that we're going to get done quickly."

If Baghdad isn't more secure by December, senior military officials say, another approach might be justified.

MINOR MEMOS: Sportsbook BetUS.com sees mushrooms, at 6 to 1, as likeliest successor to spinach as tainted vegetable; garlic is long shot at 20 to 1. ... When it rains: Direct-mail firm once owned by Rove sends mailing attacking Colorado's Democratic gubernatorial candidate -- but mistakenly uses another politician's picture.

House Panel Grills Foley's Former Aide (AP-Y)

By Larry Margasak

AP-Yahoo, October 13, 2006

Former Rep. Mark Foley's one-time aide didn't waver Thursday from his past statements during nearly five hours of closed testimony before the House ethics committee, the witness' lawyer said. Kirk Fordham has publicly said he raised alarms with the House speaker's top aide nearly three years ago.

Fordham, who was Foley's chief of staff, would not comment after emerging from a session with the ethics committee. His lawyer, Timothy Heaphy, would not provide details.

Heaphy said Fordham was "consistent in his accounts" and "forthcoming."

Fordham's extensive knowledge of Foley's actions include the Florida Republican's attempt to enter the page dorm while drunk several years ago — one of the events that triggered several alarms raised by Fordham with House officials, according to one source familiar with Fordham's actions and knowledge.

House Speaker Dennis Hastert, R-Ill., has said he learned of inappropriate approaches by Foley in late September and his aides found out in the fall of 2005. Hastert's chief of staff, Scott Palmer, has denied that Fordham contacted him at least three years ago, contradicting Fordham and creating one of the major conflicts the committee must resolve.

Hastert spokesman Ron Bonjean said after Fordham's testimony: "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

Fordham has made several public statements on his actions and has been questioned by the FBI. Heaphy said Fordham has been asked not to comment on the substance of the inquiry because of the ongoing investigation.

Foley resigned from Congress on Sept. 29 after being confronted with sexually explicit instant messages.

Polls indicate the page scandal is hurting Republican chances of retaining the majority in the House. President Bush appeared with the embattled speaker in Chicago on Thursday, saying the country would be "better off" with Hastert in power.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Bush said as he opened a speech to raise money for two Illinois congressional candidates.

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Fordham isn't the only witness who will testify about earlier, unsuccessful attempts to stop Foley, although the timelines differ.

Rep. John Shimkus, R-Ill., scheduled to appear Friday, has said he confronted Foley last fall, after he was told by Hastert's office of an overly friendly — but not sexually explicit — e-mail to a page from Louisiana.

Shimkus is chairman of the House Page Board, a group of three lawmakers and two House officers who set policy for the program that brings teenagers to Congress to attend school and perform errands in the chamber during sessions.

Shimkus has said that he and then-House clerk Jeff Trandahl confronted Foley in his office last fall after hearing from Hastert's aides about the e-mail. Shimkus said he told Foley to cease all contact with the Louisiana teenager.

The lawmaker did not tell the two other House members of the page board about the meeting — Dale Kildee, D-Mich., and Shelley Moore Capito, R-W.Va.

Shimkus said he was following the wishes of the boy's parents.

"I think Congressman Shimkus acted in an expedited manner to find out what happened" while respecting the wishes of the family, Hastert said in support of Shimkus' decision to keep the two other lawmakers out of the loop.

Another Republican House member, Rep. Jim Kolbe of Arizona, has pushed the timeline on GOP knowledge of Foley's conduct back to 2001.

Kolbe said a former page contacted his office to report receiving e-mails from Foley that made him uncomfortable. "I was not shown the content of the messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly," he said.

Republicans received a new indication Thursday that the Foley scandal is hurting their chances of retaining control of the House.

Rep. Jo Ann Emerson, R-Mo., said in Cape Girardeau that GOP leaders made a mistake in failing to take quick action to address Foley's conduct. She said the controversy and the public's frustration with the war in Iraq could make it difficult for the GOP to retain control.

"Today, I'd say we aren't going to hold it," she said in remarks quoted by the Southeast Missourian newspaper in Cape Girardeau.

Before Fordham appeared, Capito was questioned by the House investigators.

"I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion," she said after finishing her testimony.

Capito's Democratic opponent had earlier accused her of failing to protect the high schoolers in the page program.

Foley's Former Top Aide Testifies (WP)

By Charles Babington

The Washington Post, October 13, 2006

A key player in the unfolding scandal involving teenage pages and a Florida lawmaker testified for more than four hours before a House ethics committee panel yesterday, repeating his assertions that Speaker J. Dennis Hastert's top aide had early warnings about the congressman's questionable behavior toward youths, according to the witness's attorney.

Kirk Fordham, who was a chief of staff to then-Rep. Mark Foley (R), was consistent with his previous statements when he gave sworn testimony to a panel investigating the House's handling of Foley's actions, lawyer Timothy J. Heaphy told reporters after the two men emerged from an afternoon of questioning.

Fordham has said that he turned to Hastert's chief of staff, Scott Palmer, in 2003 in hopes of persuading Foley to stop showing so much interest in teenage pages, who work for a semester or two on Capitol Hill. Fordham has said Palmer later assured him that he had met privately with Foley and had informed Hastert (R-Ill.) of the situation.

Palmer has been publicly mum on the Foley affair except for a seven-word statement issued days ago: "What Kirk Fordham said did not happen."

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Hastert says he knew nothing of concerns about Foley's behavior toward House pages until Sept. 29. That was the day Foley, 52, abruptly resigned his House seat as ABC News was reporting that he had sent sexually graphic electronic messages to former pages.

Fordham's testimony places crucial questions about the Foley affair in front of the highest level of the House Republican leadership: Did Hastert's top aides have reason to think Foley was behaving improperly? Did they relay the concerns to the speaker? And if they did not, why not?

Hastert spokesman Ron Bonjean issued a statement after Fordham's testimony, saying: "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The Speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

Heaphy was with Fordham for nearly five hours as Fordham spoke with three ethics committee members and their staffers in a Capitol basement meeting room. Heaphy told reporters that his client "has been forthcoming with them. He has been consistent in his accounts of these events when he talked to the FBI and today."

The ethics committee has no jurisdiction over Foley, who is no longer a House member, but the FBI is investigating whether he committed a crime.

Fordham worked for other GOP lawmakers after leaving Foley's staff; he resigned last week as chief of staff to Rep. Thomas M. Reynolds (R-N.Y.) after it was learned that he had tried to negotiate with ABC News on behalf of Foley regarding the lewd instant messages.

While Fordham's assertions deal with Foley's alleged face-to-face behavior toward pages, another thread of the scandal involves two other key Hastert aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke. They have said they were alerted last year about e-mails Foley had sent to a former page from Louisiana. The e-mails, which asked the boy what he wanted for his birthday and requested he send a photo of himself, alarmed the youth and his parents. ABC News's eventual reporting of the e-mails led to leaks of the far more explicit instant messages to former pages.

A chronology issued by Hastert's office on Sept. 30 said that soon after Stokke and Van Der Meid became aware of the e-mails, two members of the House Page Board spoke with Foley, who told them that his actions were innocent. Stokke and Van Der Meid said they did not alert Hastert or Palmer, and the speaker has said they acted properly.

Yesterday morning, the ethics panel spent more than an hour with Rep. Shelley Moore Capito (R-W.Va.). She is among the members of the House Page Board who were not alerted about the e-mails sent to the Louisiana youth. "I'm a member of the Page Board who was not informed of the e-mail messages that were sent," Capito told reporters as she left the session.

She and another Page Board member -- Rep. Dale E. Kildee (D-Mich.) -- have said that they should have been informed and consulted. Democrats say an inquiry into early concerns about Foley might have uncovered his objectionable communications, which had been whispered about in some circles of former pages.

Instead, two officials quietly met with Foley late last year. They were then-House Clerk Jeff Trandahl and Rep. John M. Shimkus (R-Ill.), chairman of the Page Board. Shimkus is to testify before the ethics panel today, his office said.

Officials expected to testify next week or later, House sources said, include Trandahl and House Majority Leader John A. Boehner (R-Ohio). Boehner and Reynolds have said they told Hastert about the e-mails to the Louisiana youth. The speaker says he does not recall such conversations.

Aides including Palmer, Stokke and Van Der Meid are virtually certain to be summoned, House insiders say, but it is unclear when.

The ethics committee members attending yesterday's sessions were the chairman, Rep. Doc Hastings (R-Wash.); the ranking Democrat, Rep. Howard L. Berman (Calif.); and Rep. Judy Biggert (R-Ill.). The fourth subcommittee member handling the Foley matter is Rep. Stephanie Tubbs Jones (D-Ohio).

Ex-Foley Aide Testifies For Ethics Panel (USAT)

By Kathy Kiely

USA Today, October 13, 2006

WASHINGTON — Members of the House ethics committee spent more than four hours Thursday taking sworn testimony from a former congressional aide who says he sounded the alarm about Rep. Mark Foley's advances to teenage pages at least two years ago.

Kirk Fordham, a top aide to Foley for 10 years, said nothing as he emerged from an afternoon of interrogation by the two top-ranking members of the ethics panel: Chairman Doc Hastings, R-Wash., and Rep. Howard Berman, D-Calif.

"Mr. Fordham has been completely forthcoming," said his attorney, Tim Heaphy. "He was under oath. That's all I can say."

Fordham is considered a key figure in the ethics committee investigation, which focuses on whether House leaders should have responded sooner to warnings about Foley's unusual interest in male House pages.

Foley, a six-term Florida Republican, resigned from Congress Sept. 29 after ABC News confronted him with sexually explicit Internet messages he allegedly sent to teenage pages. Foley is now in an alcohol rehabilitation center. His lawyer, David Roth, has said Foley did not have sex with minors.

In Chicago, President Bush made his first appearance with House Speaker Dennis Hastert since the controversy. Hastert introduced Bush at a fundraiser for Republican candidates as "our friend … our leader." Bush said of Hastert. "I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House."

Fordham has said he told Hastert's chief of staff, Scott Palmer, about aspects of Foley's behavior sometime before 2004. Palmer has denied that.

Two other House Republicans, Majority Leader John Boehner of Ohio and Rep. Thomas Reynolds of New York, have said they warned Hastert about Foley's attention to pages last spring. Hastert has said he doesn't remember the conversations. Rep. Jim Kolbe, R-Ariz., has said he told the House clerk's office in 2000 or 2001 about e-mails that a page told Kolbe's office made him feel uncomfortable.

Fordham and the congressmen have said they did not know about sexually explicit messages that came to light recently. They were reporting contacts they considered overly friendly, Fordham has said.

Also Thursday, ethics committee members interviewed Rep. Shelley Moore Capito, R-W.Va., a member of the House Page Board. Capito has said she knew nothing about concerns over Foley's relationship with pages until he resigned.

Rep. John Shimkus, R-Ill., the head of the page board, will meet with the ethics committee today. Shimkus has said he confronted Foley last fall after Rep. Rodney Alexander, R-La., reported that parents of a former page he sponsored were concerned about messages Foley was sending their son. Shimkus has said he believed Foley when Foley told him that he would change his behavior.

Shimkus took then-House clerk Jeff Trandahl to meet Foley but did not tell the other members of the page board, Capito and Rep. Dale Kildee, D-Mich. Shimkus has said he was honoring the wishes of the page's parents, who wanted the matter kept private.

At a news conference on Capitol Hill on Thursday, members of the Survivors Network of those Abused by Priests said House leaders are mishandling abuse complaints. Barbara Blaine, a Chicago lawyer who founded the group, said members of Congress should report suspected misconduct to police. "Law enforcement officials are best equipped to determine what's innocuous," she said.

Ex-aide Testifies He Warned About Foley 3 Years Ago (WT/AP)

The Washington Times, October 13, 2006

Former Rep. Mark Foley's former aide didn't waver yesterday before the House ethics committee from his contention that he told the House speaker's chief of staff about Mr. Foley's approaches to male pages at least three years ago, the witness's attorney said.

Kirk Fordham would not comment after emerging from nearly five hours of closed-door testimony, but his attorney, Timothy Heaphy, said Mr. Fordham was "consistent in his accounts." Mr. Fordham has spoken out publicly on his timeline and was questioned by the FBI.

House Speaker J. Dennis Hastert has said that he personally learned of the inappropriate approaches by Mr. Foley in late September and that his aides found out in fall 2005. The speaker's chief of staff, Scott Palmer, has denied that Mr. Fordham

contacted him at least three years ago, contradicting Mr. Fordham and creating one of the major conflicts the committee will have to resolve.

Mr. Heaphy told reporters that his client was "forthcoming" in his testimony. "He has been consistent in his accounts of these events when he talked to the FBI and today met with the ethics committee. He has been truthful and cooperative and will continue to be throughout this and other investigations."

Mr. Heaphy said Mr. Fordham has been asked not to comment on the substance of the inquiry because of the ongoing investigation.

Mr. Foley resigned from Congress Sept. 29, after being confronted about his sexually explicit instant messages.

Mr. Fordham isn't the only witness who will testify about earlier, unsuccessful attempts to stop Mr. Foley, although the timelines differ.

Rep. John Shimkus, Illinois Republican, who is scheduled to appear today, has said he confronted Mr. Foley in the fall, after he was told by Mr. Hastert's office of an overly friendly -- but not sexually explicit -- e-mail to a page from Louisiana. Mr. Shimkus is chairman of the House Page Board, a group of three lawmakers and two House officers who set policy for the program that brings teenagers to Congress to attend school and perform errands in the chamber during sessions.

Mr. Shimkus has said that he and Jeff Trandahl, who was House clerk at the time, confronted Mr. Foley in his office in the fall after hearing from Mr. Hastert's aides about the e-mail. Mr. Shimkus said he told Mr. Foley to cease all contact with the Louisiana teenager.

Mr. Shimkus did not tell the two other House members of the Page Board about the meeting -- Democrat Dale E. Kildee of Michigan and fellow Republican Shelley Moore Capito of West Virginia. Mr. Shimkus said he was following the wishes of the boy's parents.

"I think Congressman Shimkus acted in an expedited manner to find out what happened, again with what the framework of what the family concern was," Mr. Hastert said in support of the decision to keep the other two lawmakers out of the loop.

Ex-Aide To Foley Testifies Of Warning Speaker's Office (NYT)

By Jeff Zeleny

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A longtime aide to former Representative Mark Foley testified before the House ethics committee for nearly five hours on Thursday, repeating under oath his account of having explicitly warned Speaker J. Dennis Hastert's office at least three years ago that Mr. Foley should be told to keep his distance from Congressional pages.

The aide, Kirk Fordham, was the first sworn witness to appear before the bipartisan ethics panel, which is investigating whether any Republican leaders knew about Mr. Foley's conduct, which was ultimately exposed in a series of sexually explicit exchanges with former pages, and whether anything was done about it.

"Kirk has been forthcoming with them," said Timothy J. Heaphy, a lawyer representing Mr. Fordham, speaking to reporters as he walked from the committee room. "He's been consistent throughout."

Mr. Heaphy, with his client at his side, declined to answer questions about the long afternoon of questioning by three members of the committee and a team of investigators, which he would describe only as "thorough." As Mr. Fordham left the closed-door session, the sun had started to fall over the Capitol, and before getting into a taxi, he said: "I feel a lot of relief right now. It went well."

A person close to the inquiry who is sympathetic to Mr. Fordham said that Mr. Fordham decided to break his loyalties to Mr. Foley, a Florida Republican whose political career he had protected and scripted for a decade, in hope of getting his boss to change his behavior. The person agreed to speak about the matter, which is under investigation by federal prosecutors and by the House, only on the condition of anonymity.

Mr. Fordham has said he discreetly told Scott Palmer, Mr. Hastert's chief of staff, about a pattern of Mr. Foley's behavior.

The person sympathetic to Mr. Fordham said that one incident had pushed Mr. Fordham into action after years in which he heard minor complaints about Mr. Foley's conduct. The person said that Jeff Trandahl, then the House clerk, had told Mr. Fordham that Mr. Foley, who seemed drunk, had gone to the pages' dormitory near the Capitol after hours.

DOJ_NMG_0080117

Mr. Palmer denies receiving a warning about Mr. Foley. Mr. Trandahl has declined to comment, saying he will save his remarks for investigators.

Mr. Fordham's testimony rests at the center of what investigators are trying to determine. The notion that he is, essentially, testifying against the word of Mr. Hastert and his closest aides underscores how the page scandal has upended the midterm election campaign and created unlikely political casualties.

Mr. Fordham, a respected Republican operative, resigned last week as chief of staff to Representative Thomas M. Reynolds, Republican of New York.

The fallout from Mr. Foley's case has increased complications for Republican candidates across the country, beginning with Mr. Reynolds, the chairman of the party's Congressional campaign committee, whose advisers now believe may be on the cusp of losing his re-election fight.

The House ethics panel, formally known as the Committee on Standards of Official Conduct, convened Thursday in the basement of the Capitol. Throughout the day, the current class of House pages, dressed in blue coats and gray slacks and skirts, passed through a dim corridor by the closed wooden doors of the committee room, HT-2.

A locker room for House pages is one door away.

For the committee, the investigation into how Mr. Foley's case was handled is the first high-profile inquiry in nearly two years. Quarreling by Republicans and Democrats over the rules and the membership of the committee had essentially left the panel dormant.

Representative Doc Hastings, a Washington Republican who was appointed last year by Mr. Hastert to lead the committee, and Representative Howard L. Berman, of California, the ranking Democrat, have vowed to follow the investigation "wherever the evidence leads." Representative Judy Biggert, an Illinois Republican, was also present for the questioning.

The committee is scheduled to reconvene Friday, when Representative John Shimkus, an Illinois Republican who oversees the Congressional page program, is set to testify. Mr. Shimkus is the first of several Republican lawmakers who are expected to go before the committee, including the majority leader, Representative John A. Boehner of Ohio, and, ultimately, Mr. Hastert.

The speaker's office declined to issue a new comment on Thursday for Mr. Fordham's appearance. A spokesman, Ron Bonjean, said, "The ethics committee is investigating the matter, and we are confident in its ability to determine the real facts." Before Mr. Fordham arrived, Representative Shelley Moore Capito, Republican of West Virginia and a member of the page board, testified before the committee.

Ms. Capito declined to comment specifically on her testimony, but told reporters: "I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion."

Ex-aide Testifies To Ethics Panel About Foley (CNN)

CNN.com, October 13, 2006

WASHINGTON (CNN) -- Ex-congressional aide Kirk Fordham emerged from a House ethics committee hearing Thursday after more than four hours of sworn testimony in the scandal surrounding former Rep. Mark Foley's inappropriate contacts with teenage pages.

Fordham, once Foley's chief of staff, went before the ethics committee's investigative panel early Thursday afternoon and remained there until well after 5 p.m. Neither he nor his lawyer, Tim Heaphy, would discuss details of his testimony, but Heaphy said Fordham "has been forthcoming."

"He has been consistent in his accounts of these events when he's been with the FBI [and] when he's today met with the ethics committee," Heaphy said. "He's been truthful and cooperative and will continue to be throughout this and other investigations."

A source familiar with Fordham's account said the ex-aide would testify that he warned House Speaker Dennis Hastert's office years ago about complaints regarding Foley's behavior around the teenage messengers who work on Capitol Hill -- including a report that the disgraced congressman showed up drunk at the congressional page dormitory.(Watch Bush stand by Hastert -- 1:10)

House Republican Conference Chairwoman Deborah Pryce, R-Ohio, asked House Clerk Karen Haas to investigate the dormitory allegation last week. Capitol police are looking through files for any record of the incident, a spokeswoman said.Fordham's account disputed

But CNN was told by two sources familiar with Fordham's account and a third, independent source that Fordham maintains he arranged a meeting between Foley and Hastert's chief of staff, Scott Palmer, about that report and accounts of other behavior Fordham found troubling.

Palmer has denied Fordham's account, insisting in a statement last week that "What Kirk Fordham said did not happen." He has made no further public comment, but Hastert's office issued a brief statement after Fordham's testimony.

Fordham's version of the story contradicts statements by other members of the House leadership. Hastert's office said it first learned about non-explicit but "overly friendly" e-mails between Foley and a Louisiana teen who had served as a page earlier that year, and did not know about the sexually explicit instant messages that triggered Foley's resignation until September 29, when the congressman abruptly resigned.

In a statement following Fordham's testimony, Hastert spokesman Ron Bonjean said the speaker's office was confident that the ethics committee would "determine the real facts."

"The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion," Bonjean said.

Fordham resigned last week as chief of staff to Rep. Tom Reynolds, R-New York, after ABC News reported that he offered the network an exclusive on Foley's resignation if it agreed not to air transcripts of the most explicit messages. He said earlier Thursday that he was "pretty comfortable" with the testimony he was to deliver.

"I slept very well last night. I had a good night's sleep," he said. "I talked to my family, and I am going to tell the truth."

The committee also heard from Rep. Shelley Moore Capito, who sits on the House Page Board. When the scandal broke, Capito, R-West Virginia, said she was never consulted about the concerns raised about Foley in 2005.

"I want to see this investigation go forth quickly and reach a conclusion," she told reporters after about an hour and a half in the committee room Thursday morning.Investigations under way

The House ethics committee and the Justice Department are investigating Foley's contacts with the boys and how the House GOP leadership handled the matter. Fordham sat down with FBI agents last week, and Jordan Edmund -- a former page who has reported receiving sexually explicit instant messages from Foley -- talked to federal agents Tuesday.

Edmund's lawyer, Stephen Jones, said the contact between Foley and his now 21-year-old client was minimal, and there was no sexual contact between the two.

A source familiar with the FBI probe, including statements from pages, suggests that investigators won't find any evidence that Foley had sex with underage pages. But the source said investigators will find that Foley consistently gave pages his private e-mail address as they would leave the program.

One page has said that Foley "cast a wide net" after pages left the program and continued communicating with pages he considered willing to develop a personal relationship.

Meanwhile, more lawmakers are planning to go before the ethics committee. House Majority Leader John Boehner "was invited to meet with them and looks forward to providing any information that might be helpful to their inquiry," Boehner spokesman Kevin Madden said. He did not disclose when Boehner would testify.

Page Board Chairman John Shimkus, R-Ilinois., is scheduled to testify Friday, his spokesman said. And Rep. Rodney Alexander, who brought Foley's e-mails to the Louisiana teen to House leaders' attention, is scheduled to testify next Wednesday, his chief of staff said.

CNN National Correspondent Susan Candiotti contributed to this report.

Geddings Verdict: Guilty Of Fraud (CO)

By David Ingram And Mark Johnson

The Charlotte Observer, October 13, 2006

Raleigh - A federal jury on Thursday found former N.C. lottery commissioner Kevin Geddings guilty on five counts of mail fraud after a three-week trial.

Geddings faces up to 100 years in prison. He has not yet been sentenced. He was found not guilty of one count of wire fraud.

Prosecutors accused Geddings of participating in a conspiracy with two lobbyists for lottery vendor Scientific Games in an effort to help the company win a contract from the new N.C. lottery.

Geddings, 42, a former Charlotte businessman, showed little emotion when the verdict was read. His wife Christine sat behind him with her mouth open.

Geddings Found Guilty Of Fraud (AP)

AP, October 13, 2006

Sentencing is set for February

Kevin Geddings, a former N.C. Lottery commissioner charged with failing to disclose his work for a leading supplier of scratch-off tickets and lottery systems, was convicted yesterday of federal mail-fraud charges.

The guilty verdicts capped a three-week trial, during which Geddings told jurors that he didn't believe that he needed to report his past dealings with Scientific Games Corp. to the N.C. Board of Ethics.

"What the whole case was about was the fact that public officials serve the public," said Assistant U.S. Attorney Dennis Duffy. "People are sick of public officials serving their own interest and the interests of their friends especially."

After more than six hours of deliberations, jurors found Geddings, 42, guilty of five counts of honest services mail fraud and not guilty on a single count of wire fraud. A judge earlier dismissed three other counts of fraud included in the original indictment.

Geddings faces thousands of dollars in fines and up to 20 years in prison on each count, although prosecutors have said that it's unlikely that his sentence will be that long. A sentencing hearing was scheduled for Feb. 5, and Geddings will remain free until then.

Geddings and his attorney did not immediately return phone calls.

Prosecutors said that Geddings defrauded the state of honest services by failing to disclose more than $250,000 in payments his public-relations company got from Scientific Games between 2000 and 2005. Among their key pieces of evidence was $24,500 in payments from Scientific Games to Geddings for work performed in the months leading up to the lottery's passage in August 2005.

Geddings resigned Nov. 1, hours before Scientific Games told state regulators about the payment, which Geddings did not include on a disclosure form filed with the state ethics board.

U.S. Attorney George Holding said that the government will continue its investigation into other possible wrongdoing surrounding the creation of the lottery, although he declined to discuss details.

"Today's verdict sends a very, very clear message that public servants in North Carolina may not lie to the people, they may not hide the truth from the people, and they may not profit on the backs of the people," Holding said.

During the trial, prosecutors said that Geddings worked with Alan Middleton, a longtime friend and Scientific Games executive, and Meredith Norris, Black's unpaid political director who was working for the company as a lobbyist, to advance Scientific Games' cause in North Carolina.

Scientific Games failed to win any business with the lottery.

Norris has pleaded no contest to charges that she broke state lobbying laws, and similar charges against Middleton are pending. Neither has been charged with a federal crime.

White House, NSA Staff Said To Be Buyers From Online Diploma Mill (AP)

AP, October 13, 2006

SPOKANE, Wash. - A White House staff member and National Security Agency employees were among 6,000 people who bought bogus online college degrees from a diploma mill, a federal judge has been told.

DOJ_NMG_0080120

Others who paid thousands of dollars for phony diplomas in the operation, which used names such as St. Regis University, James Monroe University and Robertstown University, include a senior State Department employee in Kuwait and a Department of Justice employee in Spokane, defense lawyer Peter S. Schweda said Wednesday.

None of the federal officials was identified during the status conference for five defendants in U.S. District Court, nor would lawyers for either side provide any of their names outside the courtroom, The Spokesman-Review reported Thursday.

"We're not going to disclose who bought these degrees until after the trial is under way," U.S. Attorney James A. McDevitt told the newspaper.

Material provided to the defense by the Justice Department shows at least 135 government employees, also including some from the Department of Health and Human Services, bought college or university degrees to use in seeking promotions or pay raises, Schweda said.

The defense team also is seeking access to an Office of Personnel Management report which reportedly provides more detail on federal employees who are believed to have purchased the bogus degrees to enhance their portfolios.

The White House employee who reportedly bought a degree is the subject of a separate investigation, Schweda said.

The latest twist in the criminal case came Wednesday, a day after Kenneth Wade Pearson, 31, webmaster for the operation, pleaded guilty to conspiracy to commit wire and mail fraud and receipt of child pornography.

Pearson said he would provide evidence and testify against Dixie E. and Stephen K. Randock Sr. of Colbert, described by government investigators as the ringleaders, making him the third of eight defendants to reach plea agreements in the case.

Pearson, who likely faces three to five years in prison, remained free on a $10,000 bond he posted after being indicted in January. Judge Lonnie R. Suko postponed his sentencing until December 2007, two months after the Randocks and three others are scheduled to go on trial.

The Randocks also remain free on bail.

More than 10,000 sexually explicit images of children were found in four computers used by the Spokane-based operation, government lawyers said, but only Pearson was named in pornography charges.

The defendants are charged with conspiring to commit wire and mail fraud and laundering almost $2 million in diploma mill receipts in 2002-05.

As webmaster, Pearson set up and maintained as many as 125 Web sites for sales of fraudulent college and high school degrees worldwide, investigators wrote in court filings.

Investigators also have asserted that more than $43,000 in bribes were paid to three Liberian diplomats who also have not been identified, including one handoff that was videotaped by Secret Service agents at a hotel in Washington, D.C. Government lawyers have said diplomatic immunity precludes charges against the diplomats.

The Liberian "Board of Education" offered accreditation for the online diploma mills in exchange for the bribes, according to court filings.

About 40 percent of the estimated 6,000 phony college degrees that were sold with that accreditation went to foreign residents seeking entry into the United States, investigators wrote in court filings.

A task force of state and federal agents served search warrants in August 2005 investigators found many of the phony degrees were sold in Saudi Arabia, raising national security concerns.

Ex-Member Of MS-13 Wore A Wire For Agents (WP)

By Ruben Castaneda

The Washington Post, October 13, 2006

A former member of the violent street gang MS-13 revealed in federal court yesterday that he risked his life for nearly two years by working undercover for federal agents and police investigating the group.

Noe "Shorty" Cruz, 25, testified in U.S. District Court in Greenbelt that he wore a wire two or three times to gang meetings. During one of those meetings, gang members played a videotape showing two Prince George's County police officers and a federal agent and spoke of killing an officer, Cruz testified.

DOJ_NMG_0080121

Cruz also said that he tipped off investigators about which gang members' homes should be raided, that MS-13 members robbed prostitution houses and that gang leaders sent money to MS-13 leaders in El Salvador.

He testified that he turned against the gang because MS-13 members murdered another member who was his friend. To maintain his cover and avoid being beaten, he said, he took part in a fight against rival gang members at a Hispanic festival in the District.

The testimony provided a detailed look at what prosecutors say are the gang's violent ways. Cruz, who began testifying Wednesday and could complete his testimony today, is one of the government's star witnesses in its efforts to prove MS-13 is an internationally-connected criminal enterprise, rather than a neighborhood street gang.

Cruz was accompanied to and from the witness stand by federal marshals.

During the past year, federal prosecutors indicted 22 alleged members of MS-13, also known as Mara Salvatrucha, on federal racketeering charges. The indictment accuses the gang of six homicides and four attempted murders between April 2003 and June 2005. Eight attacks were in Prince George's and two in Montgomery.

Cruz is testifying against the first two defendants to go on trial: Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 29, of Suitland. Both defendants are charged with racketeering; neither is accused of homicide.

Cruz identified Ayala as a leader of an MS-13 clique.

Some of Cruz's most compelling testimony concerned a meeting on April 17, 2004, when Cruz viewed the videotape of the three law enforcement officers.

Federal prosecutors played parts of the audiotape from the meeting, which was conducted in Spanish. Jurors and defense attorneys were provided with transcripts translated into English.

Under direct examination by Assistant U.S. Attorney Sandra Wilkinson, Cruz explained what happened at the meeting, which was attended by more than a half-dozen MS-13 members, he said. The meeting took place in the apartment of Israel Ramos "Taylor" Cruz, whom Cruz (no relation) identified as an MS-13 leader.

At the meeting, one gang member lamented "that crazy vato loco is busting everybody," according to the transcript. Vato loco is Spanish slang for crazy guy. Cruz said this was a reference to county police Detective Felipe Ordoño, a gang investigator who was Cruz's handler. At the time, Ordoño was arresting many gang members, Cruz said.

There was talk of another officer, and one gang member said, "There's a lot of status for one of those cops, you know," according to the transcript. Cruz explained that whoever killed an officer would gain much respect within MS-13.

Someone turned on a TV, and a video was played. It showed Ordoño, Roberto Acevedo, who at the time was a county police officer, and Todd Okray, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, in the Langley Park area, Cruz said. Okray is the lead agent in the racketeering investigation.

No attempts on the lives of the three law enforcement officers have been reported.

Cruz testified that he joined MS-13 at 14 in his native El Salvador. He was initiated into the gang by being "jumped in," or beaten, by fellow gang members. He came to Maryland the same year and joined a local MS-13 clique, the Sailors, which entailed another initiation beating, Cruz said.

Cruz said that he became disenchanted with the gang after the Nov. 22, 2003, murder of friend and fellow gang member Randy "Fenix" Calderon in Montgomery County. Cruz said he learned at a gang meeting that Juan Carlos "Stokey" Moriera, also an MS-13 member, shot Calderon. Moriera is charged in the indictment.

At the meeting, gang leaders explained that Calderon was killed because he had fatally stabbed a rival gang member inside the Silver Spring apartment of an MS-13 leader, Cruz said. Gang members were not upset about the murder but were upset that Calderon did it inside the apartment of a gang leader, Cruz testified.

In December 2003, Cruz was charged with assaulting his girlfriend, a charge that was later dropped, Cruz said. After Cruz was released from jail, Ordoño visited him, and he began talking about gang activities because of the Calderon killing, Cruz said.

In August 2005, when federal agents and police arrested nearly two dozen MS-13 members under an indictment, Cruz said he was picked up, too, to maintain his cover. He testified that the government has relocated him.

FBI Probing Staff Member, Specter Says (PPG)

DOJ_NMG_0080122

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 13, 2006

WASHINGTON -- Sen. Arlen Specter has acknowledged that the FBI is investigating whether one of his staffers directed millions of dollars in federal money toward companies that were clients of her husband's lobbying firm.

The Pennsylvania Republican this week released a copy of an FBI letter, sent to him this summer, that asks for help with a probe into "allegations of possible criminal misconduct" by Vicki Siegel Herson, who currently works as the senator's special projects coordinator.

In February, USA Today reported that Mr. Specter's office was instrumental in getting almost $50 million in projects for several clients of a Washington-based lobbying firm, American Defense International, between 2002 and 2005. The firm's president, Michael Herson, is the husband of Ms. Siegel Herson. Up until last year, she handled Mr. Specter's work for the Senate Appropriations Committee.

In an interview transcript issued by his press secretary yesterday, Mr. Specter said that his office's internal investigation found "no impropriety." Still, he has referred the issue to the Senate Ethics Committee. He also has changed rules for his staff, requiring top aides to identify conflicts of interest involving appropriation requests.

The FBI letter asked Mr. Specter to show authorities a report detailing the internal investigation. He shared the information in September, when FBI officials visited his office. Since then, Mr. Specter said, the bureau hasn't contacted him.

A spokesman for the FBI's Washington field office yesterday declined to say if the investigation is still under way.

Funding for American Defense International's clients was placed in defense legislation through a controversial process known as "earmarking," which allows lawmakers to set aside money in spending bills for pet projects that often benefit their states or districts.

Mr. Specter has said his office gets hundreds of requests for earmarked funds each year and that it would be impossible for him to review each project.

He has defended some projects in Pennsylvania, describing them as important for national security, including nearly $21 million in earmarked funds for Drexel University's bio-terrorism and defense networking technology work in recent years.

Senate ethics rules do no stop spouses from lobbying, but both lawmakers and staffers are required to avoid the appearance of a conflict of interest.

Murders, Robberies Jump In Cities (USAT)

By Kevin Johnson

USA Today, October 13, 2006

WASHINGTON — Less than a month after the FBI reported that violent crime rates rose across the nation in 2005, there is fresh evidence that homicides and robberies are continuing to increase in dozens of cities.

A review of 55 cities' crime data from the first six months of this year indicates the overall number of homicides rose by 4.2% compared with the same period in 2005, according to the Police Executive Research Forum, a police advocacy group. In a report Thursday, the group also said robberies rose nearly 10% and that aggravated assaults were up slightly.

The report is the latest turn in a debate over whether the U.S. government has neglected local law enforcement needs by directing tens of millions of dollars to anti-terrorism initiatives. The police executives' group has been among those pressing for more police funding to counter rising numbers of violent incidents involving gangs and drugs. Among other things, the group has cited the FBI's report last month that detailed a 1.8% increase in the nation's murder rate in 2005, after a two-decade low in 2004.

Chuck Wexler of the police group said Thursday's report is an “early warning” that many cities could be at “the front end of a tipping point of violent crime.”

While emphasizing the need to prevent terrorism, the Justice Department has acknowledged that crime is continuing to rise in some cities this year. However, Deputy Attorney General Paul McNulty and other officials say it is too soon to tell whether the increases are a significant departure from the historically low crime rates of the past decade.

Of the 55 cities surveyed by the police group, 19 had double-digit percentage increases in homicides. More than 40 cities reported jumps in robberies. Among them:

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•Orlando had 30 homicides in the first six months of the year, up from seven during the same period in 2005. Orlando police Sgt. Barbara Jones says about 60% of this year's slayings have been linked to drugs.

•In Memphis, homicides rose 43.6%, robberies were up 35% and aggravated assaults rose 7.4% in the first six months of 2006, compared with the same period last year. Tom Kirby of the Memphis and Shelby County Crime Commission cites gangs that have had turf battles and preyed on immigrant communities.

U.S. Rep. Frank Wolf, R-Va., chairman of the House Appropriations panel that oversees the Justice Department, called Thursday's report "staggering." He urged Robert Portman, head of the Office of Management and Budget, to meet with police officials "to better understand their needs."

Homicides have declined in some cities in 2006, the report said. Among them: Dallas, Chicago, Kansas City, Milwaukee, Norfolk and Washington, D.C.

Gun Goes Off In City Elementary School (BSUN)

By Sara Neufeld And Annie Linskey

The Baltimore Sun, October 13, 2006

A day after a stabbing in a Northwest Baltimore middle school, an 8-year-old boy in a nearby third-grade classroom discharged a loaded revolver Thursday, prompting some community leaders to call for the installation of metal detectors in city schools.

The city's school police chief said he would support such a preventive measure, even in elementary schools but said the move might be impractical.

Though no one was hurt in Thursday's incident at Grove Park Elementary, the events of the two days left parents frightened and distraught, and raised questions about whether the city school system is doing enough to keep children safe.

"It is disheartening," said School Police Chief Antonio Williams. "There is no good reason for an 8-year-old to have a gun."

While Baltimore schools do not have metal detectors, other big-city school systems sometimes use them in middle and high schools, said Kenneth Trump, president of a Cleveland-based school safety consulting firm. But he knew of no elementary schools using the devices, and he said they aren't foolproof.

"It's certainly a temptation for a knee-jerk reaction, but there are still many, many ways people can get weapons in," he said.

Thursday, an 8-year-old boy took a .22 caliber revolver to Grove Park and put it inside his desk, police said. Another boy, also 8, came over to see the gun about 10 a.m. and accidentally pulled the trigger. About 20 children were in the room at the time.

The gun and the bullet, which did not penetrate the desk, were recovered, Williams said. Both boys were taken into custody, but the boy who discharged the gun was released to a parent Thursday afternoon. The boy who took the gun was charged with one count of possessing a handgun and was being processed at the city's Department of Juvenile Services.

The boys' names were not released because they are juveniles.

Officials said they were investigating where the boy got the gun, but the principal sent home a letter imploring parents to check their children's backpacks and pockets before they come to school. The letter said the school will begin conducting periodic checks of backpacks and lockers. Administrators held an assembly to tell children not to take weapons to school.

Questions remained Thursday night about whether the substitute teacher who was supposed to be supervising the third-grade class was in the room when the gun went off. School system spokeswoman Edie House said the teacher was there and recovered the gun, but the father of a child in the room said she was not.

"The teacher was not in the classroom," said Les Moore, whose son was sitting next to the boy with the gun and saw him put it in his desk. "She came in after the shot. She must have been right outside the classroom."

Moore was angry that he learned about what happened from reporters when he came to pick up his son at the end of the school day and that police had interviewed his son without his knowledge.

"I feel like we should have been notified immediately," he said. "Especially the [parents of the] children who were in the classroom." He said he would want to be at his son's side after such a traumatic event.

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Williams said state law allows police to interview children at a school without parental permission in an emergency, as long as they are not being questioned as criminal suspects.

Other parents were upset that school did not dismiss early.

"Why isn't school out?" asked Suyen Hinds, who was picking up her children. "Absolutely unbelievable. Every morning you send your children out and you pray."

A handful of parents who learned of the incident before school dismissed at 2:30 p.m. rushed over to get their children.

House said the boy who took the gun would likely be placed on long-term suspension. She said taking a gun to school is normally cause for expulsion, but the decision is up to schools Chief Executive Officer Charlene Cooper Boston.

Older students who are expelled are often placed in alternative schools, but the city doesn't have an alternative school for such young children. House said home-schooling could be an option.

News of the shooting came as a shock at Grove Park, a red brick school in a neighborhood off West Northern Parkway, in the 5500 block of Kennison Ave. The school, which enrolls about 340 pupils in pre-kindergarten through fifth grade, has seen its test scores rise steadily in recent years. This spring, 85 percent of fourth-graders passed the state reading test, compared with 65 percent citywide. <

Parents spoke highly of the education Grove Park provides, and officials say it has had no previous incidents of significant violence.

"We're very confident it is an isolated event," Williams said.

On Wednesday, a 13-year-old girl at Pimlico Middle School -- a mile and a half from Grove Park -- was arrested and charged with stabbing a 14-year-old classmate in the arm with a 10-inch kitchen knife.

In the wake of the two incidents, some parents and community leaders called for the school system to consider installing metal detectors.

"Weapons are easily accessed by these kids, and it's becoming more and more dangerous," said Larry Gaines, a longtime parent advocate. "The kids are quicker to stab and shoot. Metal detectors are something that need to be seriously considered."

Gaines said the city also needs more positive recreational opportunities for children.

Williams said he has long supported metal detectors in schools. "Could every school use one? If you look at is as a preventive measure, then yeah," he said. But he added that it might not be realistic to install metal detectors everywhere, calling the matter "up for discussion."

Some safety measures in Baltimore's middle and high schools do not extend to elementary schools. Most school police officers are assigned to middle and high schools. The school police force searches students for weapons several times a year but rarely at elementary schools.

Last month, officers found a gun during a spot check for weapons outside Frederick Douglass High School, Williams said.

School police found three guns during the 2005-2006 academic year, one at a middle school and two at high schools. Two were found in 2004-2005, both in high schools. None of them was fired.

Trump, the consultant, said the most effective way to limit weapons in schools is for teachers and other school staff to develop close relationships with children.

"The No. 1 way we find out about weapons in schools is when students tell an adult they trust," he said, adding that weapons routinely find their way into prisons, which have metal detectors.

While it is rare nationally for children to bring guns to elementary schools, Trump said he hears of a few cases every year, generally when adult relatives have left the weapons in accessible places.

In January, a 7-year-old girl was shot in the arm at her Germantown day care by an 8-year-old boy who brought his father's handgun from home. The boy's father was criminally charged.

"People ask if we should put metal detectors in schools," Trump said. "I often say we should put them on the sides of the home before the kids leave for school because that's where the guns tend to come from."

Boy, 12, Charged Over Made-Up Story Of Gun Threat (WP)

By Lori Aratani

DOJ_NMG_0080125

The Washington Post, October 13, 2006

Police filed charges yesterday against a 12-year-old Montgomery County boy whose false claim that a man with a gun had threatened violence against schools prompted officials to tighten security at 13 campuses Wednesday.

The boy will be charged as a juvenile with disturbing school operations, Montgomery police said. Because of his age, the seventh-grader was not named in charging documents.

The boy's story, which he told to a bus driver early Wednesday, prompted officials to take the unusual step of declaring security alerts and locking the doors at schools in northwestern Montgomery. It alarmed a community that has vivid memories of the 2002 sniper attacks and has been made uneasy recently by school shootings in Pennsylvania, Colorado and Wisconsin.

The boy later admitted that he made up the story, authorities said.

The incident has caused county school officials to rethink procedures for notifying parents about security alerts. Some parents criticized the school system for doing little to inform them about Wednesday's incident.

Some parents said they received automated phone calls about the day-long Code Blue alert, during which officials locked doors and kept student inside. But others said the only information they received was from the media.

Dawn Nichol, 38, whose daughter Gailann is a first-grader at Germantown Elementary, said she spent the day worrying about her daughter. "I was freaking out," she said. "I was very tempted to come pick her up."

Tom Brennan, a Germantown parent, said that although he gets a daily e-mail with morning announcements from one son's school, it wasn't until about 6:45 p.m. that he received information about the Code Blue. The call, from the principal at Roberto W. Clemente Middle School, explained that there had been an alert, that the situation had been resolved and that the children were safe.

"For the communication situation to be as awful as it was is wrong," he said.

School system spokesman Brian Edwards said there was room for improvement.

School officials routinely send letters home after a Code Blue, he said, but it is left to individual schools to determine whether to do more to reach parents.

Parents are informed by phone in the event of a Code Red alert, which is more serious and during which students are kept in their classrooms or other secured areas and are not allowed to go near doors or windows.

Officials will consider whether a similar procedure or some other method of communicating with parents should be adopted for Code Blue alerts, Edwards said.

Amish Schoolhouse Is Razed (NYT)

By Sean D. Hamill

The New York Times, October 13, 2006

The one-room schoolhouse where 10 girls were shot last week, built by hand three decades ago by the Amish it served, was demolished by heavy machinery yesterday in the hope of easing the community's pain.

The Amish community had debated whether to tear down the West Nickel Mines Amish School, in Lancaster County, Pa., ever since the horror unfolded there on Oct. 2, when five of the girls were fatally wounded by Charles C. Roberts IV and the five others received serious wounds that have kept them hospitalized.

In addition to concern for the victims' families, those considering the school's fate "realized it could be very traumatic for the children, that it might just be too hard for the children who were in there to go back," said Herman Bontrager, a businessman who is a friend of some Amish church leaders in the area.

The experience of last weekend, when tourists and well-wishers clogged roads trying to get a glimpse of the schoolhouse, made the decision all the easier. "This past Sunday it was just bumper-to-bumper out there," said David Nissley, a Mennonite pastor. "They'd like to reduce the tourism it creates."

So in the darkness early yesterday morning, out of the glare of media attention, the school was torn down. Mr. Nissley volunteered his landscaping company to reseed the site with various grasses and clover to return it to pastureland.

The Amish school district board now has to decide when and where it will build a new school. For the time being, the district's 16 remaining students are attending classes in a nearby garage.

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Offers of volunteer labor to help build a school have poured into the community, but Mr. Bontrager said he doubted that the Amish, known for their insularity and self-reliance, would accept.

"I think it would be pretty important for them to do it themselves," he said.

Ex-guard Is Guilty In Detainee's Death (BSUN)

By Brent Jones

The Baltimore Sun, October 13, 2006

A former correctional officer was convicted Thursday of second-degree murder in a stomping death at the city jail, a crime so brutal that eight guards were fired for lying, and a case so chaotic that two guards were cleared of criminal wrongdoing after defense attorneys alleged a cover-up hatched by their colleagues.

Dameon C. Woods' murder conviction -- a rarity for a public safety officer -- stands as a testament to the brutality of the melee that led to Raymond K. Smoot's May 2005 death and to the problems engulfing the state-run Central Booking and Intake Center.

Woods, 34, was convicted of murder with a depraved heart, or extreme disregard for human life, and two counts of assault, and could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12.

Glynn revoked Woods' bail, and Woods was taken away with his feet and hands shackled.

James L. Hatcher, a co-defendant in the three-week trial, was found innocent on all charges. Glynn threw out charges against the third officer, Nathan D. Colbert, before the case went to the jury. Both officers have been fired.

Woods and Hatcher cried as the verdicts were read, and Glynn, in an unusual move, held the jurors as the courtroom cleared. Jurors, who deliberated for five days, did not return phone calls seeking comment.

Standing near the steps of the Clarence M. Mitchell Courthouse, Hatcher thanked God for his exoneration and then expressed sorrow for the victim. "My heart goes out to the Smoot family," Hatcher said. "It's just a tragedy."

Despite convicting only one person in an attack that a forensics expert testified had to have been done by multiple people, prosecutors said they were pleased with the verdict.

Assistant State's Attorney Mark Cohen said prosecutors do not plan to seek charges against other correctional officers, some of whom were found during the trial to have had possible blood and human tissue of Smoot on their boots. "We understand the jury's verdict, and we can accept it," Cohen said. "We feel we've done as much as we can do with this homicide. We got the main person involved, and that was Mr. Woods."

State's Attorney Patricia C. Jessamy stood next to Cohen outside the courtroom, where she congratulated her workers and said she will continue to fight for abused detainees.

"This highlights the challenge we all face," she said. "This man, an inmate at Central Booking, did not deserve this. We want to make sure the prisoners are safe."

Correctional officers convicted in the death of a detainee are rare.

Stephen Z. Meehan, principal counsel with the Prisoner Rights Information System of Maryland for 10 years, said he cannot remember a single time when a state correctional officer was convicted in an inmate's death.

"It's hard enough to prove a civil case," he said. "The moons have to line up."

But he called Smoot's death "the most horrendous case of physical abuse" in a prison and said the jury must have seen that "something went really bad in there. This was total brutality."

Meehan said the only case comparable to Smoot's -- "but not nearly as brutal" -- was the April 2004 death of a Western Maryland prisoner.

Months later, an Allegany County grand jury decided not to indict any correctional officers in what the medical examiner ruled was the homicide of prisoner Ifeanyi A. Iko. Guards had sprayed him with an irritant and then covered him with a face mask, asphyxiating him.

Woods' attorney, Margaret Mead, said she will file a motion for a new trial, calling the verdict the worst miscarriage of justice she has seen in her 16 years of practice.

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Mead argued that her client was set up by a clique of correctional officers who socialized regularly and were involved in the attack on Smoot, who was 51. The officers, some of whom were fired the day after the attack, testified to having an unauthorized meeting later, where Mead says the plan to finger her client was hatched.

There was no blood or DNA evidence linking Woods or any of the defendants to the attack.

"He is just devastated," Mead said. "His entire family is devastated."

Mead said the jury's decision will have negative effects on an officer's ability to subdue an inmate. She said officers might hesitate to respond to assistance calls.

"Every correctional officer is going to think, 'Oh, my God, if stuff gets out of hand, I'm going to get blamed for it.' If this verdict stands, how can any correctional officers feel safe in an institution?" Mead asked.

Prosecutors faced a number of hurdles in this case, including uncooperative former officers who served as witnesses. The prosecution called several officers who failed to identify anyone responsible for Smoot's death in the aftermath of the killing, then backtracked days later and told varying stories on the witness stand.

In 10 days of testimony, 27 witnesses took the stand, and seven placed Woods inside the cell, stomping Smoot. Four of those seven claimed Hatcher was part of the attack. None of the witnesses testified to seeing Colbert stomp or punch Smoot.

James Smoot, the brother of the victim, said he was glad one person was convicted but felt many more were involved in the attack. Smoot's family has filed a civil lawsuit against the state-run facility, where people arrested by police are processed before receiving bail hearings.

Smoot had been arrested and charged with failing to appear in court on a theft charge. The night he was killed, Smoot had an argument with three correctional officers. Prosecutors allege Smoot struck one of the officers in the face, knocking off his glasses and prompting a call for assistance.

As many as 30 officers flooded the outside area near Smoot's cell. Eight officers were fired the next day for lying to the warden and commissioner of the court.

"I know it's more than one. They gave us the one out of the eight," James Smoot said. "That's the best they can do? I'm still upset. The [correctional officers] that lied, they're just as guilty as he is."

One of Raymond Smoot's daughters and other family members attended the hearing.

Hatcher, walking to his lawyer's office after the verdict, heard taunts from Smoot supporters, with one person yelling, "You got away this time."

"I was shocked to hear the reaction of some of those folks," Hatcher's lawyer, Andrew I. Alperstein, said. "I know it was painful for them, but Mr. Hatcher did not do it."

Smoot's death came at a time when Central Booking was under fire for its overcrowding and mishandling of cases.

As many as 84 detainees a day were being held more than 24 hours without seeing a judge or a court commissioner.

The public defender's office had brought a suit against the facility but dropped the case earlier this year. In Smoot's pod during the time of his killing, about 40 detainees were sleeping outside of cells. "It was a look into a world we normally do not get to see," Alperstein said.

Will Rezko Show In Court? (CHIT)

By Jeff Coen And Matt O'Connor

Chicago Tribune, October 13, 2006

Indicted businessman and political fundraiser Antoin "Tony" Rezko has a date in court Friday, and officials say he could be considered a fugitive if he doesn't show up.

Rezko is slated to appear for the first of two scheduled arraignments in his fraud cases at 10 a.m. on the 25th floor of the Dirksen U.S. Courthouse. If he isn't present and his lawyer has no reasonable explanation for his absence, authorities said they would begin an active hunt for Rezko, who is believed to have been in the Middle East for several weeks.

Nobody answered the door at Rezko's Wilmette home Thursday night, although a car was in the driveway and a light was on in the house.

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Rezko is set to appear first before U.S. District Judge James B. Zagel to answer to fraud charges stemming from the allegedly bogus sale of Rezko's pizza restaurants.

At 1:30 p.m., he is to appear before U.S. District Judge Amy St. Eve to be arraigned on charges of fraud involving allegations he used his relationships with high-ranking Illinois officials to try to extort millions of dollars from firms seeking to do business with the state.

Rezko, a member of Gov. Rod Blagojevich's inner circle and one of his chief fundraisers, is accused of trying to force illegal payments from investment firms that were seeking business with the Teachers' Retirement System. Rezko allegedly used the position of his co-defendant, Stuart Levine, to pressure the firms.

Levine, once a member of two state boards, is a cooperating witness for the government.

Rezko's whereabouts have been a concern for federal investigators for weeks as the cases against him progressed. He was indicted under seal Oct. 5, and federal prosecutors moved to unseal the documents Wednesday as a federal warrant for his arrest was issued.

"The government moved to seal the indictment based on information that Rezko was then outside the United States, but had plans to return soon to the United States from abroad," the government's motions to unseal the indictment in both cases reads. "That information has not proved accurate, and the government has no current information as to whether or when Rezko intends to return to the United States."

Authorities said it is possible Rezko's attorney, Joseph J. Duffy, will appear Friday and ask both judges for more time to produce his client.

Duffy could not be reached for comment Thursday. But he had previously issued a statement saying his client is innocent and that he is traveling outside the country.

"For decades, Mr. Rezko has frequently traveled abroad for business purposes," the statement read.

The federal warrant for Rezko's arrest was issued by St. Eve, and FBI officials said information on him has been entered into law-enforcement databases. If he comes in contact with customs agents overseas or police inside the U.S., he could be detained at any time, authorities said.

If Rezko is considered to be fleeing prosecution, the FBI will handle the warrant itself in cooperation with law enforcement around the globe, FBI spokesman Tom Simon said Thursday.

The FBI typically handles its own warrants in such cases, Simon said, and has the international reach and resources to attempt to track someone overseas.

"It makes sense for us to keep these warrants and use what we have learned during an investigation to help locate the person," he said.

Authorities in recent days have been fielding rumors and hints about Rezko's whereabouts. Speculation includes that he already is back in Chicago, and also that he might be holed up in Jordan, Syria or Qatar, they said.

U.S. Atty. Patrick Fitzgerald has said Rezko's location won't matter until his scheduled court appearances. Fitzgerald said his office expects Rezko to answer the court's call as a U.S. citizen.

"I think it's fair to say he's been traveling abroad at times," Fitzgerald told reporters Wednesday. "He was not under indictment when he was traveling abroad, and we'll wait to see what happens. We fully expect to see him in court.

"If he appears on his own volition, great," Fitzgerald said. "If he doesn't, we'll do what we always do when people become fugitives."

New legal troubles emerged for Rezko Thursday in Cook County Circuit Court.

Rezko was sued for more than $10 million by a Chicago man who says he helped Rezko secure a $1 million loan from Broadway Bank, whose vice president is Democratic state treasurer candidate Alexi Giannoulias.

Semir D. Sirazi, a Chicago businessman and former executive of U.S. Robotics, filed suit alleging Rezko defaulted on the loan he needed to help operate his restaurant empire.

Sirazi put up a $1 million certificate of deposit as collateral for the Rezko loan. Rezko pledged that if he defaulted, he and his business partner would give Sirazi a piece of the company, Rezko Concessions. They also agreed to pay Sirazi fees of $1 million per year plus interest until the loan was satisfied, the suit alleges.

Sirazi seeks the company stock and more than $10 million in accrued fees, interest and attorneys' fees.

Blagojevich Not Only Politician To Benefit From Rezko (AP)

By John O'connor

AP, October 13, 2006

SPRINGFIELD, Ill. - While Gov. Rod Blagojevich is the biggest beneficiary of Antoin "Tony" Rezko's largesse, he is not the only politician to have taken contributions from the political insider who is under federal indictment.

Rezko is linked to $47,500 in donations to Lt. Gov. Patrick Quinn, $33,000 in contributions to Attorney General Lisa Madigan, and $20,000 to Comptroller Dan Hynes, all Democrats, according to state records.

In all, Rezko, his companies and businesses that share the same address have contributed more than $423,000 to state political campaigns, including a few Republicans, in the past decade.

Rezko also has aided federal campaigns, giving more than $62,000 since 1997, according to the Federal Election Commission. Democratic U.S. Sen. Barack Obama received $11,500, on top of $8,500 from Rezko when he was a state senator.

Rezko, 51, was charged Wednesday with taking part in an elaborate scheme to get millions of dollars from companies wanting to do business with the state Teachers' Retirement System.

Blagojevich, who has not been accused of any wrongdoing, announced Wednesday that he would donate Rezko's political contributions to charity.

Up for re-election Nov. 7, Blagojevich estimated Rezko's generosity at $60,000 to $70,000. But a review of state election records shows that Rezko and companies he's involved with have contributed $91,450 to the Chicago Democrat.

Other politicians faced calls Thursday for them to return money related to the federal indictment. The indictment mentions, but does not identify, several people that prosecutors believe had a role in the kickback scheme.

Republican treasurer candidate Christine Radogno said Democratic opponent Alexi Giannoulias should return $14,000 received from Michael Winter. She cited a newspaper report identifying him as one of the unnamed figures.

Republican congressional candidate Peter Roskam, citing the same report, called on Democrat Tammy Duckworth to return $1,000 from Myron Cherry.

Prominent Trio Running Legal Defense Fund For Fumo Aides (SCCD)

By Maryclaire Dale

The State College Centre Daily, October 13, 2006

PHILADELPHIA - Three prominent Philadelphians are running a legal defense fund for Senate aides indicted in an extortion probe centering on state Sen. Vincent Fumo.

A federal judge on Thursday questioned the arrangement and whether the defendants - who worked in Fumo's offices for years - could look out for their own best interests.

"We are assuming that the senator is heavily involved in that trust fund" since the donors' names remain secret, U.S. District Judge William H. Yohn Jr. told defendant Leonard Luchko.

"It could be in your interest to pursue a plea agreement that may be adverse to the people paying your legal fees through this trust fund," Yohn warned him.

Luchko, a 50-year-old computer technician, insisted that he was satisfied with the arrangement.

"I trust Mr. Schwartzman explicitly, and I'm my own man," Luchko testified at the pretrial hearing.

Luchko is being defended by prominent criminal defense lawyer James Schwartzman, who said in court papers that he had cut his usual $425-an-hour fee to $200 an hour during the pre-indictment period when taxpayers, under Senate rules, picked up the tab.

Schwartzman said he has not yet taken any money from the legal-defense fund and did not know the names of any donors.

But he disclosed that the trustees are J. Whyatt Mondesire, the local chapter president of the NAACP; lawyer Rhonda Resnick Cohen, who is married to Comcast executive and former mayoral aide David Cohen; and former U.S. Attorney Robert Curran, now a lawyer in Delaware County.

"Why do two lowly computer technicians have a legal defense fund created by three prominent Philadelphians?" Assistant U.S. Attorney Robert Zauzmer asked. "I think it raises all sorts of legal pitfalls."

Brian McMonagle, who represents co-defendant Mark C. Eister, said Thursday that he would seek to be paid as a court-appointed lawyer, since his client is currently unemployed.

Although legal defense funds have been used by former President Bill Clinton and others, the Luchko case may present novel questions about their use by underlings who are not the chief target of an investigation.

Yohn asked for legal briefs on the issue before moving forward with the case, which is tentatively set for trial in January.

The grand jury is expected to finish its work before then. The FBI has been investigating whether Fumo extorted millions in corporate donations for a South Philadelphia nonprofit staffed by some of his former employees.

Luchko, of Collingdale, and Eister, 36, of Camp Hill, are charged with obstructing the investigation by deleting years worth of e-mail about Fumo's ties to the Citizens Alliance for Better Neighborhoods.

Defense lawyers say their clients have offered to cooperate but want immunity. Prosecutors say they won't offer immunity unless they know what the men have to say.

None of the legal fund trustees immediately returned messages left after business Thursday.

Fund Defends Technician In Fumo Probe (PHI)

By John Shiffman And Craig R. Mccoy

The Philadelphia Inquirer, October 13, 2006

Three prominent Philadelphians are leading a legal defense fund for a once-obscure computer technician caught up in the FBI's investigation of State Sen. Vincent J. Fumo.

The defense fund has three trustees: J. Whyatt Mondesire, head of the local NAACP; former U.S. Attorney Robert E.J. Curran; and lawyer Rhonda Cohen, wife of Comcast executive and politically connected Democrat David L. Cohen, a close friend of Fumo's.

Mondesire said in an interview that Fumo allies had asked him to serve and that Fumo personally thanked him later.

The trustees' names were disclosed yesterday during a federal court hearing for the technician, Leonard P. Luchko, who is charged with deleting e-mails to thwart the FBI's investigation of Fumo.

Prosecutors said they found it odd that a onetime midlevel state employee - whom authorities acknowledge they have pressured to testify against Fumo - suddenly has such powerful friends.

"That has to raise the question of why this is happening and who aims to benefit," Assistant U.S. Attorney Robert Zauzmer said.

Luchko's lawyer, James Schwartzman, said there was no conflict of interest, nor was there anything unusual in the arrangement.

"It's done all the time in Washington and other places," Schwartzman said.

Luchko took the stand yesterday, as U.S. District Judge William Yohn Jr. queried him generally about the defense fund.

Luchko said he trusted Schwartzman completely, and added: "I am my own man."

In May, Luchko and computer technician Mark Eister, who also worked for Fumo, were charged with obstruction of justice for allegedly deleting e-mails to thwart the FBI's probe.

Eister's lawyer will not be paid by the legal defense fund. Because he is unemployed, Eister is eligible to have his legal fees paid by the government, and his lawyer, Brian McMonagle, said that was his preference.

Even before the two were indicted, prosecutors had pushed Luchko and Eister to cooperate with investigators. They've refused.

Yesterday, as the lawyers addressed the question of whether the two might ultimately change their minds, Luchko sat in the front row of the gallery, vigorously shaking his head, signaling an emphatic "No."

Among the those who have benefited from legal defense funds are former President Bill Clinton, former U.S. Sen. Robert Torricelli, former U.S. House Majority Leader Tom DeLay, and Lewis "Scooter" Libby, former chief of staff to Vice President Cheney.

Such funds are not unprecedented in Pennsylvania. One was established to assist former State Sen. Joseph Loeper before his conviction on corruption charges.

In Pennsylvania, such funds go unregulated. In Washington, rules of the U.S. House and Senate require making contributors' names public.

Barry Kauffman, executive director of Common Cause of Pennsylvania, urged the Luchko legal defense fund to disclose who was giving it money.

"There certainly should be full disclosures, if not limits," Kauffman said. "I think it's certainly in the public interest to do this."

Ralph Teti, the Philadelphia lawyer who is counsel to the fund, said it was better to keep the donors secret. That way, he said, neither Luchko nor his lawyer would know who was giving.

Teti, an election-law expert who has helped Fumo in various legal disputes over the years, said the fund could help other Senate staffers if they needed legal assistance. The Luchko defense fund will not accept money from political-action committees, he added.

Since 2003, the FBI and IRS have been investigating whether Fumo used a South Philadelphia charity, Citizens Alliance for Better Neighborhoods, for personal or political advantage.

According to court filings, the probe is focused on multimillion-dollar donations to the nonprofit by Peco Energy Co., the charity's real estate deals, and Citizens Alliance's alleged payments for political polls.

Prosecutors have said they intended to decide by Christmas whether Fumo or others would be charged.

Fumo has said that he did nothing wrong and that the case was politically inspired. A spokeswoman yesterday said the senator was not available for comment.

A third computer technician, Donald Wilson, was granted immunity and he told the grand jury that he and Luchko "systematically destroyed" e-mails when they learned of the FBI probe, officials said. Wilson also provided the FBI with passwords that helped agents read Fumo's encrypted e-mail, officials said.

Only one of the Luchko defense fund's three trustees could be reached last night.

Mondesire, who also publishes the Philadelphia Sun, said people close to the senator had approached him about helping lead the fund. He declined to name those who contacted him.

"The request came from people who were associated with Mr. Fumo," Mondesire said. "He's been very supportive of the NAACP for many, many years."

Mondesire said the fund would make sure the aide got a strong defense in court, "which is every American's right."

When a reporter asked who had given to the fund, Mondesire told him he would answer no more questions and hung up.

In early 2004, Fumo pledged $100,000 to the local NAACP to help it host a national convention here that summer. At the time, Mondesire said it was the largest donation he had received since becoming president of the organization in 1997.

Philly Bigwigs Set Fund (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 13, 2006

Three prominent Philadelphians were recruited to serve as trustees for a legal defense fund set up to pay the legal expenses of two computer technicians charged with trying to obstruct a federal investigation of State Sen. Vince Fumo.

The revelation came during a court hearing yesterday to investigate whether or not Fumo - or people close to him - are involved in raising money for the two technicians' defense, creating a conflict of interest.

Those identified as the fund's trustees were J. Whyatt Mondesire, Rhonda Cohen and Robert E. J. Curran.

Assistant U.S. Attorney Bob Zauzmer told U.S. Senior District Judge William H. Yohn, Jr. the revelations of the trustees' names was full of potential pitfalls.

"Two computer employees have a legal defense fund set up on their behalf by these prominent individuals and that has to raise the question immediately as to why it is this is happening and who aims to benefit from this," Zauzmer said.

Mondesire is the head of the local NAACP. Cohen is a lawyer and wife of David L. Cohen, former top aide to then-Mayor Rendell and now a top executive at Comcast. Curran is a former U.S. attorney.

The counsel for the fund is prominent labor lawyer Ralph J. Teti.

One issue that was not resolved in yesterday's court proceeding was how the fund got started, who's raising money for it and who's contributing to it.

"Some of the people associated with Senator Fumo's office asked me to do it and I said yes," Mondesire said, adding that Fumo had been a good supporter of the NAACP. He refused to answer any other questions about the fund.

Efforts to reach Cohen, Curran and Teti were unsuccessful.

Federal prosecutors were not even aware of the legal defense fund's existence until James C. Schwartzman, a lawyer for indicted computer aide Leonard Luchko, acknowledged its existence in a court filing last month.

Yohn was also intrigued about the fund. For example, he asked who was raising money for the fund and who the contributors were.

Schwartzman and Brian McMonagle, the lawyer for Mark Eister, the other computer technician charged in the case, said they did not know details about the fund.

Both said they had not submitted any bills or received any payments from the fund.

McMonagle subsequently told Yohn he wanted nothing to do with the fund.

He asked Yohn to make him a court-appointed lawyer paid by the government. Yohn said he would grant the request.

Schwartzman said he was not inclined to follow McMonagle's lead because he saw nothing "inappropriate" about the fund.

Luchko and Eister pleaded not guilty to the charges and both waived their rights yesterday to attack any verdict based on conflicts involving their lawyers.

Zauzmer said a problem for the courts is they have to weigh not just actual conflicts but the potential for conflicts.

Yohn ordered prosecutors and Schwartzman to file legal briefs within the next two weeks on court decisions regarding legal defense funds bankrolled by third parties that posed actual or potential conflicts of interest with those for whom the funds were set up.

Detroit Officer Is Accused Of Accepting Cash (DEN)

Detroit News, October 13, 2006

FBI, Internal Affairs probe charges that he took $12K from victim's family; he is suspended.

DETROIT -- A police officer assigned to the Detroit Homicide Section was suspended Wednesday as the FBI and Internal Affairs officers investigate an allegation of improper conduct by the officer with the family of a murder victim.

Department spokesman James Tate on Thursday would only confirm that Lance Newman, a 12-year veteran, was suspended with pay. The FBI declined to discuss details of the investigation.

Police sources said the allegation against Newman is that he took $12,000 from the Ann Arbor family of Joe Wagner, a 21-year-old who was stabbed to death at a church festival in southwest Detroit last June.

Newman was in charge of the investigation that resulted in the arrest of two gang members who were convicted of first-degree murder in August.

You can reach Norman Sinclair at (313) 222-2034 or nsinclair@detnews.com.

First-Degree Murder For Actress's Killer (NYT)

By Anemona Hartocollis

The New York Times, October 13, 2006

The leader of a band of youthful muggers was convicted yesterday of murdering an actress and playwright after she challenged him during a robbery on the Lower East Side last year.

Rudy Fleming, now 21, was convicted of fatally shooting Nicole duFresne, 28, after she resisted the robbery by defiantly shouting, "What are you going to do, shoot us?"

As the jury in State Supreme Court in Manhattan declared Mr. Fleming guilty on all nine counts against him, including first-degree murder, robbery and criminal possession of a weapon, Ms. duFresne's mother gasped, and her father covered his face with a handkerchief and cried.

They declined to speak to reporters afterward, but asked the prosecutor, Robert Hettleman, to distribute a written statement in which they defended their daughter's actions on the night she died.

They noted that she stood up to Mr. Fleming only after he pistol-whipped her fiancé and yanked away her best friend's purse.

"She confronted the man with the gun, pleading for the confrontation to end," the statement, signed by Ms. duFresne's mother, father and brother, said.

"The response to her request was a bullet to her heart. If a man had acted in the same manner, he may have been proclaimed a hero. Nicole died that night defending those she loved. She is our hero."

The family conceded that they wished she had acted differently, because she might still be alive. "But," they said, "she was true to who she was — a brave woman in every aspect of life, sometimes afraid but always brave."

By finding Mr. Fleming guilty of first-degree murder, the jury categorically rejected the defense contention that his .357 Magnum discharged accidentally, perhaps as he slipped in mounds of plowed snow when Ms. duFresne confronted him. His lawyer, Anthony Ricco, provided no corroboration, either through testimony or physical evidence, for this theory. Mr. Fleming faces a minimum of 20 years to life in prison and a maximum of life without parole.

The jurors declined to comment after the verdict, heeding the advice of the trial judge, Justice Daniel P. Fitzgerald, who cautioned them against speaking to reporters, implying that talking about their deliberations could lead to an overturning of the verdict.

The jury never saw Mr. Fleming, who chose not to attend his own trial. His lawyers said provisions had been made for him to monitor the proceedings in another room. In pretrial hearings, Mr. Fleming tried in vain to convince the judge that he was hallucinating about giant marshmallows and was mentally incompetent.

The physical evidence against him was substantial. The police recovered the murder weapon, a wood-handled .357 Magnum with one bullet missing and five still in the chambers, hidden under a bed in the apartment where he had been staying. They also found the scarf and sweatpants he was wearing that night, which witnesses had described.

Videotapes taken by store security cameras showed him and six friends and accomplices walking in the vicinity of Rivington and Clinton Streets, where Ms. duFresne was shot, around the time of the murder.

Friends have described Ms. duFresne, who was from Wayzata, Minn., as a gutsy, ambitious woman who had shown strength and defiance in the face of adversity in the past. She turned her rape in a parking lot while she was at Emerson College in Boston into the inspiration for a play, "Burning Cage," and a psychological thriller, "Matter." She produced her play in Seattle before moving in 2002 to New York, where she was volunteering at LAByrinth Theater Company while bartending to pay her bills.

Ms. duFresne, her fiancé, Jeffrey Sparks, and two friends, Mary Jane Gibson and Scott Nath, were on the way home from a night of drinking and playing pinball at Max Fish, a nightclub on Ludlow Street, about 3 a.m. on Jan. 27, 2005, when they were confronted by a group of young people, with Mr. Fleming in the lead, according to testimony at the trial.

Mr. Fleming muttered a slurred demand for money, struck Mr. Sparks in the eye with a gun, leaving him momentarily dazed, then yanked away Ms. Gibson's purse, throwing it to two accomplices, according to the testimony.

Enraged by the attacks, according to the testimony, Ms. duFresne turned on Mr. Fleming, shouting, "What are you going to do, shoot us?" and he reacted by shooting her once in the chest from a distance of less than an arm's length.

Mr. Fleming had been convicted of possessing a semiautomatic handgun in 2002, and spent two years in prison, though the judge did not allow the jury to hear about that. He was on parole at the time of the murder.

Liveliest D.C. Neighborhoods Also Jumping With Robberies (WP)

By Allison Klein And Dan Keating

The Washington Post, October 13, 2006

Some of Washington's most vibrant neighborhoods, destinations for suburbanites, barhoppers and urban professionals, share a lesser-known distinction: They have the highest concentrations of holdups in the city.

Criminals are striking in areas that boast of dynamic nightlife, newly minted condominiums and restaurant grand openings.

The Washington Post analyzed years of police statistics, focusing sharply on crimes this year, and found the biggest share of robberies happening at night and on sidewalks in neighborhoods north of downtown, including Adams Morgan, Mount Pleasant, Columbia Heights and the U Street corridor.

Across the city, an average of 11 robberies take place each day, the analysis shows. But on Friday and Saturday nights, the city can register as many as five an hour.

Guns are involved in at least one-third of the cases. About the same percentage end with victims being beaten or slammed to the ground -- even knocked unconscious, in some cases. The other robberies can be just as chilling, involving such weapons as knives as well as sudden grabs of purses, backpacks and money.

The statistical analysis encompassed thousands of cases, including about 2,900 this year alone. The Post also examined hundreds of robbery reports and interviewed victims, police, residents and community activists.

Police said that at least 14 homicides this year stemmed from robberies, including the slaying of a British activist in Georgetown. The number of robberies jumped last year and was rising again this summer when D.C. police stepped up patrols and began putting surveillance cameras in neighborhoods. It has tapered off since the city spent about $10 million on overtime for extra police coverage. But overtime funds are running dry, raising concerns that more trouble is ahead.

Robberies have spiked in recent years in the Washington region and many other parts of the country, as the number of juvenile offenders and the availability of guns grows, police officials said. Robberies also are becoming the crime of choice for some former drug dealers, who have switched to stickups after police crackdowns on narcotics trafficking, the officials said.

Police in Alexandria and Fairfax and Montgomery counties also are dealing with more robbery cases. In Prince George's County, the total rose sharply last year but has dipped this year.

There are more robberies per capita in the District than in New York, Los Angeles and other large cities. And robbers are traveling farther from home to strike, according to police officials. During the first six months of the year, about 40 percent of juveniles arrested in robberies and other crimes in neighborhoods just north of downtown did not live there, police said.

The city's robbery core is in the 3rd Police District, which includes the neighborhoods of Columbia Heights, Adams Morgan, Mount Pleasant, Dupont Circle and Logan Circle. It is the city's smallest, densest police district and accounts for almost 30 percent of robberies.

"It's always been a major problem," said D.C. Council member Jim Graham (D-Ward 1), whose constituents complain daily about the crimes. "But it wasn't anywhere near as serious as it is today."

Yasmin Wei, 19, can attest to that. One night recently, a man knocked her to the ground as she was returning to her Columbia Heights apartment after an art class. He slammed his foot sharply into her ribs and yanked fiercely at her bag, dragging her along the sidewalk. Finally, he jerked the bag free and ran off. Wei had a deep gash on her elbow and a bruise the size of a grapefruit on her hip.

"It was right under a streetlight," said Wei, who works as a waitress in Adams Morgan. "And it was only 9:30."

Wei said the attack was so terrifying that she no longer feels comfortable in the neighborhood and has moved in with her parents. "I don't even want to bike there after 8 p.m.," she said.

Robbers choose streets where people are likely to have cash, bank cards and cellphones. They prey on those who appear isolated, and the less lighting, the better. Dozens of police reports describe how robbers sneak up, grab a purse or bag, and flee -- the snatch-and-run. Other victims tell of robbers approaching them at gunpoint with such lines as "Give it up" and "You know what time it is."

A 19-year-old food vendor, held up while walking home from RFK Stadium, remembers exactly what the gunman told him: "I don't want no drama." The robber ran off with the man's wallet, containing two $20 bills.Resistance Is Risky

Police Chief Charles H. Ramsey said he worries about the potential for lethal violence. "It can quickly escalate to a shooting or homicide if the victim resists or if the robber is jumpy," he said.

The chief declared a crime emergency in July, and since then, the number of robberies has tapered off and is running about the same as last year. Preliminary statistics show that there were 2,898 robberies in the city as of Sept. 30.

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The situation is worse than it was two years ago but much better than in the 1980s and early 1990s, when the city was averaging almost 20 robberies a day. That's little comfort to residents. As Ramsey put it, "Robbery is a good indicator of violence on our neighborhood streets," and it "provokes a great deal of fear."

Said council member Adrian M. Fenty (D-Ward 4), who likely will succeed Mayor Anthony A. Williams (D) next year: "Nothing is of greater concern to residents, and nothing makes them think twice about living in their neighborhoods more than if they don't feel safe walking around."

Police warn that trying to resist a robber is risky -- as one victim recently learned. He was stopped in the 1400 block of Morris Road SE by a robber who jabbed a gun into his side. The gun went off after the victim slapped the robber's hand. The victim, 20, was shot in the thigh.

Drugs and robberies are intertwined. Last week, Ramise Cannon was sentenced to a six-year prison term after pleading guilty to committing robberies at an ATM in Southwest Washington and on a busy street in Southeast, crimes that netted him a total of $110. Cannon, 18, told the judge that he needed help for a drug problem -- a common refrain heard at sentencing time. "I'm sorry to the victims. I know what I did was wrong," Cannon said. "I hope they have space in their hearts to forgive me."

Investigators find that robbers will go out on the streets, sometimes in groups of two or three, and rob several people in one night or on consecutive nights in the same area. The more they do, the bolder they get. They spend victims' cash quickly, run up their charge cards and use their cellphones.

More than one-third of robbery suspects arrested this year were juveniles, a pattern that Ramsey finds especially troubling. At this point last year, police had arrested 129 juveniles in robberies; this year, they've arrested 197 -- a 53 percent jump. Ramsey said the younger offenders are more apt to travel in packs and tend to get jumpy if victims resist.

Two of the five people who recently pleaded guilty to robbing tourists on the Mall were juveniles. Police said the group was bored until one suggested mugging victims there, a place long viewed as safe by residents and visitors.

The crimes on the Mall, which happened in May and July, generated a swift police response that led to the arrests. In other areas of the city, particularly the hard-hit 3rd District, D.C. police have made more than 50 arrests in robbery cases since July.

Solving robberies is not easy. Police have closed about 17 percent of their cases this year, near the national average for cities of the District's size.

Robberies happen so fast that many victims cannot identify their assailants. "Try to focus on what he looks like," Ramsey said. "Don't focus on the clothing."

That was the mistake made by a 73-year-old woman July 4 in Southeast Washington. That afternoon, she was sitting on the porch of a house in the 700 block of 51st Street near Benning Road, reading a book, when a youth walked up, his underwear peeking out from oversize pants.

"You got the time?" he asked her. She said she didn't.

The youth grabbed her purse and ran. She'd have a hard time recognizing his face, she said, adding that she "could identify the guy's lower half better than the upper half because of his drawers showing."A Variety of Victims

Based on volume, the top location for the city's robbers is near 14th Street and Columbia Road NW, in the heart of Columbia Heights. The place jumps with activity, and luxury condos and new stores are on the way. The buzz makes it seem like a safe, lively place. But robbers pop up in the area regularly -- there is an average of five holdups a week. It comes in spurts. A few days might go by without anyone getting mugged; then two, three or four people will be held up in a single night.

Cmdr. Larry McCoy, who heads the 3rd Police District, said the victims span the economic and professional spectrum: "I've seen them all -- waitresses, lawyers, construction workers, people who work on the Hill."

Doug Bryant, 35, a technical recruiter, and his wife moved to Columbia Heights almost three years ago because it was vibrant and diverse. But after being around so much crime -- and getting attacked on the street by a young man last year -- they plan to move. "I don't like walking around here at night," he said. "And I don't mean midnight. I'm talking after 8."

In June, a construction worker walking home in Columbia Heights with $75 worth of groceries was held up by a group of juveniles. It was the third time he'd been robbed in that area.

The number of robberies there might be even higher than police statistics indicate. Adams Morgan, Mount Pleasant and Columbia Heights have a heavy number of Hispanic immigrants, and some are hesitant to report crimes.

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Mariela Demetrik, 21, whose mother has a restaurant in Columbia Heights, said she has seen several robberies around Mount Pleasant and Columbia Heights.

"You'll see older Hispanic men being robbed by younger boys," said Demetrik, an art student who was born in Bolivia and raised in Washington. "You see other people get robbed, also, mostly at nighttime or early in the morning."Looking Farther Out

Some pockets east of the Anacostia River -- Fairlawn, Barry Farm, Congress Heights, Benning Terrace -- also have high robbery numbers. But they have been falling, and homicides remain the biggest problem. Neighborhoods east of the river account for 52 percent of the city's killings and 24 percent of robberies.

The 1st Police District, which includes Capitol Hill and RFK Stadium, has the second-highest percentage of muggings in the city. Its commander, Diane Groomes, said criminals are turning to robbery as open-air drug markets are shut down by police or by development.

This year, officers in her district dealt with a string of about 20 robberies called "unking" -- slang for knocking victims unconscious. Police arrested 12 juveniles.

Philip Valenziano, 21, was knocked out at 3:10 a.m. July 2, when he was leaving a Capitol Hill bar to grab a cab. He remembers three big men approaching him. Before he could get a good look at them, one of them punched him in the face.

The robbers took his wallet, which contained $27. The assault left Valenziano with a cut on his face and a broken nose. A student at Catholic University, he missed weeks of summer classes because he needed to go home to New Jersey for reconstructive surgery.

"I don't recall them giving me an opportunity to give up my stuff," Valenziano said. "I'm not dumb enough to fight back against three big dudes."

U.S. Indicts 2 Local Ex-money Managers (PHI)

By Benjamin Y. Lowe

The Philadelphia Inquirer, October 13, 2006

Two former money managers were indicted yesterday on federal charges of mail and securities fraud, stemming from the collapse of their $5.2 million hedge fund.

William J. Lennon and Anthony P. Postiglione Jr. are accused of misleading investors about the fund's performance and knowingly mailing them false information about investment returns.

Christopher Furlong, an attorney for Lennon, would not comment. Postiglione, who a U.S. Attorney's Office spokesman said had yet to retain an attorney, could not be reached for comment.

According to the indictment, Lennon, 39, of Media, and Postiglione, 36, of Malvern, used the fund's assets for expenses in excess of what their management fee allowed. Though they said in statements mailed to investors that the fund had increased in value, it actually lost $2 million over roughly three years before it was shut down in July 2004.

"The fund lost money from its inception, and rather than going to investors and telling them that... they lied to them," said Joan E. Burnes, an assistant U.S. attorney in Philadelphia.

The pair face 18 counts of mail fraud and one count of securities fraud. Lennon and Postiglione's former firm, Fountainhead Asset Management L.L.C., operated out of Wayne and Center City.

Postiglione also was charged with obstructing justice.

They settled civil Securities and Exchange Commission charges in September 2005, more than a year after the SEC froze and appointed a receiver to the hedge fund, Fountainhead L.P., in July 2004.

Among the fund's 17 investors were Postiglione's father and in-laws.

An arraignment date has not been set.

2 Stockbrokers Charged With $2 Million Swindle (PHI)

By Gloria Campisi

The Philadelphia Inquirer, October 13, 2006

Two local stockbrokers have been indicted on charges of swindling investors of nearly $2 million by claiming a hedge fund they founded was making money when it actually was failing.

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The indictment said Anthony P. Postiglione Jr., 36, of Malvern, and William J. Lennon, 39, of Media, also milked the fund for personal use despite its losses.

The hedge fund, the Fountainhead Fund LP, operated from October, 2001 until July 30, 2004, originally out of an office in Philadelphia and Lennon's Media home and later from an office in Wayne.

The investors included prior clients of each of the stockbrokers, according to the indictment.

Seventeen in all lost $1.98 million, the indictment charged.

Some had invested more funds on the basis of falsified quarterly reports.

The two men not only played fast and loose with the quarterly reports and fund newsletters, but falsely claimed the investments being made were "protected by insurance," according to the indictment.

Postiglione also is accused of trying to mislead FBI agents investigating the fund.

Both are charged with mail and securities fraud.

According to the indictment, Postiglione and Lennon co-founded the Fountainhead Fund and created Fountainhead Asset Management (FAM) to run its business.

Postiglione and Lennon named themselves FAM's managing partners and were in fact the only employees of the management company, which had sole responsibility for investing fund money, the indictment said.

FAM was to receive an annual management fee equal to 1 percent of Fountainhead Fund assets and 20 percent of the fund's profits.

But the Fountainhead Fund "returned losses every quarter, except one," the indictment said.

Despite that, Postiglione and Lennon, as managing partners in FAM, "took weekly cash withdrawals from fund assets and paid personal expenses from fund assets, in amounts which greatly exceded one percent of the fund's assets," the indictment charged.

If convicted, Postiglione faces a maximum sentence of 385 years in prison and $4,760,000 fine, the U.S. attorney's office said.

Lennon faces up to 365 years in jail and a $4,510,000 fine.

Pa. Hedge-fund Duo Indicted (PHILBIZ)

Philadelphia Business Journal, October 13, 2006

The U.S. Attorney's Office in Philadelphia Thursday filed an indictment against two local stockbrokers and accused them of mail and securities fraud for allegedly misrepresenting the risks of a hedge fund they started and bilking investors out of almost $2 million.

Anthony P. Postiglione Jr., 36, of Malvern, Pa., and William J. Lennon, 39, of Media, Pa., were charged with 18 counts of mail fraud and one count of securities fraud. Postiglione is also charged with one count of obstruction of justice.

Federal prosecutors said Postiglione and Lennon were financial consultants who co-founded a hedge fund called the Fountainhead Fund LP in October 2001. Beginning in September 2001, they raised about $5.19 million from 17 investors. The indictment charges that the defendants misrepresented the risks of the Wayne, Pa.-based fund to early investors. After suffering a loss in the first full quarter of the fund's existence, prosecutors said, the stockbrokers created false and misleading quarterly account statements and newsletters and sent them to investors, stating that the fund was making money when, in fact, it was losing money. Prosecutors said this caused investors to contribute more money.

"The clients did not know what they were getting into," U.S. Attorney Pat Meehan said.

From November 2001 to July 30, 2004, when Postiglione and Lennon stopped operating the fund, Fountainhead investors never received an accurate quarterly statement and wound up losing a total of $1.98 million, prosecutors said.

The indictment also charges that, in August 2004, Postiglione knowingly falsified a document with the intent to obstruct an F.B.I. investigation.

Lennon's attorney, Christopher Furlong of Avondale, Pa., did not immediately return a call. Prosecutors said it has yet to be determined who is representing Postiglione, who could not be reached for comment.

Project Safe Childhood Cracks Down On Sex Offenders (CHICOER)

By PAULA M. FELIPE, Public Safety Reporter

Chico (CA) Enterprise-Record, October 13, 2006

Two Oroville sex registrants were arrested and two Gridley sex registrants were cited Wednesday night for failing to comply with their sex registration requirements.

The arrests were part of Project Safe Childhood (PSC), a U.S. Department of Justice initiative designed to crack down on violent sex predators and reduce Internet crimes against children, such as child pornography trafficking, according to Sgt. Steve Pelton of the Butte County Sheriff's Office.

On Wednesday night, investigators from the Butte County Sheriff's Office, Safe Street Task Force, Special Agents from the Federal Bureau of Investigation, California Department of Justice, Butte County District Attorney's Office, and officers from the police departments of Chico, Gridley, and Yuba City, joined agents and deputies from the Department of Corrections, county probation department, and Plumas County Sheriff's Office in setting out to locate 60 convicted, registered sex offenders.

At about 4 p.m. a briefing took place with the 30 law enforcement officers, who spent the next eight hours investigating whether local sex registrants were in compliance with Megan's law, that provides specific registration requirements for convicted sex offenders.

Of the 60 targeted sex registrants, 11 were found out of compliance. Felony charges have been requested against seven of those found to be non-complaint and who are still at large, according to Pelton. "The two arrested in Oroville and two others cited in Gridley had misdemeanor violations," Pelton added.

Several sex registrants' computers were also examined in an effort to locate violations dealing with chid pornography, the BCSO press release said.

"We chose to focus on these 60 sex registrants because there was something about their case that looked out of place or didn't seem quite right, so we decided to investigate," Pelton said.

Project Safe Childhood has the U.S. Attorney's Office teaming up with state and local agencies in going after sex predators.

"We are in the midst of an epidemic of sexual abuse and exploitation of our children," said Attorney General Alberto Gonzales in a U.S. Department of Justice press release. "Project Safe Childhood will help law enforcement and community leaders prevent, investigate, and prosecute sexual predators and pornographers who target our children and grandchildren."

Convicted sex offenders must sign a registration form (pursuant to Penal Code sections 290 and 290.01) and write their initials next to a list of nineteen stated requirements. Above their signature line, it reads: "I understand failure to comply with the registration requirements, and providing false information on the form or failing to provide accurate information is punishable as a criminal offense." Those who were arrested and cited Wednesday by law enforcement agents were sex registrants, who violated one or more of the registration requirements, Pelton said.

The following is a small sample of some of the requirements that are listed on the form signed by sex registrants.

• My responsibility to register as a sex offender is a lifetime requirement.

• I must register or re-register (if I have previously registered) within five working days of release from incarceration, placement, or commitment on any offense, with the law enforcement agency having jurisdiction over my place(s) of residence or where I am physically present as a transient.

• I must annually update my registration information within five working days of my birthday at the law enforcement agency having jurisdiction . . . Annual updates begin with my first birthday following registration or change of address.

• Upon coming into or when changing my residence address within a city and/or county in which I am residing, I must register or re-register in person within five working days as a sex offender with the law enforcement agency having jurisdiction over the residence.

• If I move outside of California, I am required to register in the new state within ten working days.

• I understand I am required to submit DNA samples, as well as fingerprints and full palm prints.

According to the U.S. Department of Justice, in fiscal year 2005, federal prosecutors charged 1,447 child exploitation cases involving child pornography, coercion and enticement offenses against 1,503 defendants. Also, this year, the DOJ will award more than $14 million to the Internet Crimes Against Children (ICAC) program, a national network of 46 task forces funded by the Department's Office of Justice Programs.

Megan's Law is named after seven-year-old Megan Kanka, a New Jersey girl who was raped and killed by a known child molester who had moved across the street from the family without their knowledge, according to the Megan's Law website. "In the wake of the tragedy, the Kankas sought to have local communities warned about sex offenders in the area. All states now have a form of Megan's Law. The law is not intended to punish the offender and specifically prohibits using the information to harass or commit any crime against an offender," the website said. For more information, see: www.meganslaw.ca.gov

For more information on the PSC initiative, see: www.projectsafechildhood.gov or call the U.S. Attorney's Office for the Eastern District of California to speak with the PSC Coordinator.

In China, Children Of Inmates Face Hard Time Themselves (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, October 13, 2006

DALIAN, China -- The children answer to nicknames such as "Seagull," "Brightness," "Summer" and "Ocean," but they come with scars that social workers initially mistake for dirt. When they first arrive at the two-story house here, they hoard toothpaste, or they hide new socks and steamed buns in their bed quilts, as if they were precious gems.

They are the children of prisoners, and in this country, they belong to no one.

The law is unclear on who should provide for the children of China's more than 1.5 million prisoners. No government department is willing to supervise them. Historically, relatives have taken them in, but in practice, many unwanted children are shuffled from family to family. Sometimes, even the families do not want them.

A small number of children, like the 12 at the home here in Dalian, receive care at "Children's Villages," organizations usually run by civic-minded individuals. But there are no more than nine or 10 such organizations nationwide, serving perhaps 1,000 children, experts say. Prisoners have an estimated 600,000 children under the age of 18, according to Justice Ministry statistics; experts argue that the actual figure is higher.

The reasons for the neglect can be traced to China's bureaucratic system, but also to the scorn with which some Chinese have traditionally regarded criminals and, by extension, their children. In rural areas especially, the stigma against criminals and their families is felt almost as strongly as it was during the Cultural Revolution, the brutal 10-year campaign of terror that pitted youth against parent, wiped out any notion of trust and taught millions of people to shun "bad elements."

"People used to turn pale when talking about criminals in those times," said Zhang Shuqin, 58, director of the Beijing Sun Village Research Institute for Helping Special Children. "Some would argue, 'We can't even help good people's kids, why bother to help criminals or their kids?' "

At Dalian Children's Village, located behind a cornfield just west of this seaside city in northeast China, many of the children arrived after being taunted or beaten in their home villages or towns, and most came from impoverished backgrounds. Their parents, now serving time for robbery, fraud or murder, often earned less than a dollar a day before being incarcerated.

"Most of our kids live below the poverty line. They have relatives, but they're very poor. The more rural the area, the worse it is," said Pan Du, the executive director of the Dalian home. "If you live in a village, everybody knows your business. And kids can be so cruel to each other."

To protect their privacy, the children are given nicknames. "Shitou," 9, was the first child to come to live at the home three years ago. His name means "Stone," because he is considered the founding stone of the home. His previous nickname was "Idiot," given to him by relatives who beat him.

Shitou's mother abandoned the family, and his father is serving six years in prison for robbery. The boy and a sick grandmother bounced from relative to relative each month.

Yang Mei, 29, the home's full-time social worker, recalled seeing Shitou shortly after he arrived.

"I remember that his jacket was not thick enough for northeast China, and his pants were so short and tight they were hard to take off," she said. Yang also recalled Shitou flinching every time she tried to swat at the flies that loop through the home. It was only later that she learned he had once been beaten by relatives with a fly swatter.

It is a sad story, but every child at the home has a sad story, Yang said. To bring some brightness to their lives, perhaps, almost every child is given the name "Hai," which means ocean.

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Hai Bin, 13, has a patch of skin on the back of his head where another child cut his head open with a rock.

Hai Chun, 13, used to collect garbage with her father to eke out a living.

Hai Xia, 6, the youngest at the home, is the daughter of a mafia boss killed in an accident and a drug-dealing mother imprisoned for life when Hai Xia was 2.

Pan, the executive director, said that Hai Xia had nearly been adopted before she came to the home. But the Chinese couple that was interested in the girl had demanded that she never again see her mother. They thought the mother would be a bad influence.

"Chinese people have some traditional ideas, in that if your father commits crimes, your son will be a criminal, too, or the son will always follow the father's path," Yang said. "I think the discrimination is always there. Chinese people don't want to be associated with bad elements."

Both Yang and Pan earned enough in previous jobs to allow them to work for free at the home in Dalian, for the time being. The home's expenses run about $1,000 a month, with a full-time cook and a part-time accountant. Yang and Pan have just enough to cover that amount.

But there are times when they need more. When two children needed $1,250 worth of hospital surgery recently, Pan had to call local donors for help. She and her husband have sunk more than $8,000 of their own money into the home, after the founder, a family friend, became ill.

The home would have better access to international funding if it were registered with the government as a nongovernmental organization, or NGO, but the government makes the process extremely difficult -- to the point that local civil affairs officials have failed to even explain to Pan whom she must see to register.

The problem is a loophole in the law that fails to address prisoners' children. But adding to the problem is the government's year-old investigation of NGOs, especially U.S.-funded organizations suspected of having ulterior motives. Registration of new groups has come to a virtual standstill.

Nick Young, editor of China Development Brief, a Beijing-based publication that tracks China's NGOs, said state security officials have been questioning and intimidating NGO workers since news reports suggested that recent uprisings in Central Asia were heavily influenced by foreign-funded organizations.

"I think the government is concerned about foreign influence in a rather Cold War sense," Young told reporters at a recent briefing. "I think any rational observer would see that there's no real analogy between China and Kyrgyzstan and Central Asia. It's a no-brainer."

Meanwhile, Pan and Yang focus on teaching the children to withstand society's insults and to appreciate their parents, despite the parents' mistakes. They also try to prepare the children for the day their parents will be released.

It is a tough transition, as some parents struggle to find new homes and jobs. In Dalian, the children have been treated well by neighbors and local schools, but they may not face such a warm reception when they return to their families.

An Aug. 1 letter from the father of the home's newest resident, Hai Chen, 10, reached Pan last month.

"I've been in prison for three years and every moment I think of my crime I'm filled with regret. I know my crime has brought pain and harm to my family, to society and to the country," wrote the man, who is in prison for stealing a car. "I have learned that my son was not abandoned by society, but was adopted by the Children's Village. I can't do anything to thank you except to rebuild my life. Please educate my son strictly so he will never be like his father."

Researcher Jin Ling contributed to this report.

FDA Review Sought Of Data On Implants (WP)

By David Brown

The Washington Post, October 13, 2006

A consumer activist organization yesterday asked the Food and Drug Administration to investigate what it considers a possibly criminal attempt to suppress information about the risks of the new generation of silicone breast implants.

In a letter to the FDA's administrator, Public Citizen said it learned of test results -- some new, some reinterpreted -- from a scientist at implant maker Mentor Corp. who says he could not persuade his bosses to forward the data to the regulatory agency.

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The scientist had worked for 15 years for Mentor, which is based in Santa Barbara, Calif. He was let go earlier this year in a company reorganization, although he thinks his protests to superiors were part of the reason.

The FDA is in the late stage of reviewing applications by two companies to sell once more silicone breast implants for general use. Last year, the agency gave preliminary approval for the devices on condition that Mentor and a competitor, Inamed (now part of another company, Allergan), complete required tests.

Currently, most breast implants used in the United States are filled with saline solution -- salt water. Silicone implants can be used only under limited conditions, generally in FDA-approved studies at specified hospitals.

Many implants are used by women who have had a mastectomy for breast cancer, but most of the 250,000 sold each year are for breast enhancement. That number is expected to rise if the more popular silicone implants are allowed back on the market.

"This new information is compelling enough to warrant a reassessment of the FDA's position," Sidney M. Wolfe, the physician who heads Public Citizen, said in a letter to Andrew C. von Eschenbach, the FDA's acting commissioner. Wolfe added that unless the agency recommends a criminal investigation of Mentor, "it will encourage [Mentor] and other device manufacturers to selectively send the agency only those studies that put their products in the most favorable light."

The former Mentor scientist said he is not certain his findings mean that silicone implants are less safe than believed. But he said he thinks the information is relevant to the discussion and further studies need to be done.

"The data exists. It can't be refuted," he said yesterday. "I didn't want to get Mentor in trouble. I didn't want to point a finger at the FDA. The intention was to get the damn data reviewed and put in the total picture."

The scientist requested anonymity because he is looking for a job and does not want to be identified as a whistle-blower.

Two of the four issues he raised to his employers, and later to the FDA after he left Mentor, concern "low molecular weight siloxanes" -- the smaller members of a large family of silicone compounds in the implants' gel. Over time, some can pass through the plastic skin of the implant into the body.

In one of Mentor's studies, implants were submerged in the blood serum of pigs for a prolonged period. Chemists measured the amount of small silicone molecules in the liquid and found essentially no increase.

The scientist said he later determined that the silicone molecules were sticking to proteins and fat in the pig serum, making them uncountable. He devised a way to use a solvent to release them.

"The diffusion data that was submitted to the FDA is meaningless," he said in an interview.

But, he added, "even when we were aware in the corporation that this data had no meaning, we didn't inform the agency. As a matter of fact, the person who had oversight of my department tried to give validity to the data basically with a hand-waving approach." He said he considered that "intentional deception."

In another study, company scientists measured the concentration of various silicone compounds in implants that had been removed from women, some after a decade of use. Curiously, they found higher concentrations of small compounds than in implants that had never been used. For some molecules, there had been a tenfold increase, from 10 parts per million to 100 parts per million.

Why this occurred is unknown. Two possibilities are that body heat or motion may have caused large silicone molecules to break down into smaller ones.

"The bottom line is that somebody needed to go and look at this," the scientist said.

In a statement yesterday, FDA spokeswoman Heidi Valetkevitch said the agency "took the whistle blower allegations very seriously."

She said the agency "found no evidence of wrongdoing and nothing that would raise questions about the safety of the product under review or the integrity of the data submitted to FDA."

She added that manufacturers must submit any new data that could affect the safety and effectiveness of their products, but that "our investigation and inspection determined that the company's test results did not fall into this category."

In a statement, Mentor said: "During July, representatives from FDA visited our Santa Barbara facility. They asked questions and reviewed documents specific to our preclinical testing. To our knowledge, all questions were answered to the satisfaction of FDA."

Justice Department Gives Police Agencies Grants For Bulletproof Vests (GFPS)

By Don Lehman

Glens Falls (NY) Post-Star, October 13, 2006

Three local police agencies have been given federal grants to help them purchase new bulletproof vests.

Sheriff's Departments in Warren and Washington counties and Whitehall Police received money from the U.S. Department of Justice to purchase new body armor.

The Washington County Sheriff's Department will receive the most money of the three agencies, $4,462 that will be used to buy 6 vests for members of the department's newly created emergency response team, said Washington County Sheriff Roger Leclaire.

The Warren County Sheriff's Department will receive $3,847 for 18 new vests, 6 of which will replace old ones and 12 for new officers Sheriff Larry Cleveland has asked county leaders to hire.

Whitehall Police Chief Richard LaChapelle said the $3,115 the department has been chosen to receive will go toward 11 new vests to replace older ones.

LaChapelle said the department's memebers have some dating back 10 years, past when it is recommended they be replaced. The federal money will pay about half the tab, with the village picking up the rest, he said.

"You do have to replace them every so often," he said. "We're going to go to a lot lighter vest."

The grants were announced this week by U.S. Sen Charles Schumer, D-N.Y.

Leclaire said the Washington County Sheriff's Department also received word recently that it will receive a federal grant of $24,681 to purchase an iris scan machine. Iris scans are used as a means of identifying people.

Leclaire said it will be particularly useful for identifying children and Alzheimer's Disease patients.

"When we get it we'll make it available for use by any surrounding agencies," he said.

CIVIL LAW:

Class Action Suit Over ID Theft Tossed Out (CNET)

By Declan McCullagh And Anne Broache, Staff Writers, CNET News.com

CNET News, October 13, 2006

Acxiom, a data warehouser, had its databases looted at least twice. But judge throws out an ID-theft class action suit.

A federal judge in Arkansas has thrown out a class action lawsuit against Acxiom, which exposed massive amounts of Americans' personal information in a high-profile Internet security snafu three years ago.

Even though a spammer had downloaded more than one billion records from the company, U.S. District Judge William Wilson ruled that there was no evidence that Acxiom's purloined database had been used to send junk e-mail or postal mail.

Because the class action attorneys could not prove that anyone's information had actually been misused, Wilson dismissed the case and the request for damages on the grounds that any harm would be entirely speculative. "Because plaintiff has not alleged that she has suffered any concrete damages, she does not have standing under the case-or-controversy requirement," he wrote.

The decision (PDF), published on Oct. 3, could prove influential in other identity fraud cases where breaches have exposed personal information such as home addresses and Social Security numbers, but there's no proof that the information has been misused.

"If this case is not the first, it's certainly one of the first to deal with these issues," said David Kramer, a partner at the law firm of Wilson Sonsini Goodrich & Rosati, who represents Acxiom.

It's not entirely clear what information was downloaded from Acxiom, except that it was information owned by one of its customers rather than information Acxiom collected itself. Acxiom's business includes providing databases for direct marketers, including InfoBase, described by the company as "the largest collection of U.S. consumer and telephone data in one source," and Personicx, which features the "specific consumer and demographic characteristics" of tens of millions of American

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households. Acxiom also provides information to law enforcement agencies, and once counted former presidential candidate Wesley Clark as a board member.

In a related case dealing only with the rules governing federal agencies, the U.S. Supreme Court ruled in 2004 that someone who had his Social Security number disclosed by the Department of Labor--but experienced no actual harm such as identity fraud--was not entitled to damages (PDF).

The class action lawsuit arose out of a security breach at Acxiom in 2003 in which the company allegedly did not adequately protect a server used for file transfers (FTP). Earlier this year, Scott Levine was sentenced to eight years in prison after a federal jury convicted him of 120 counts of unauthorized access to Acxiom's computers.

Levine is a native of Boca Raton, Fla. and former chief executive of a bulk e-mail company called Snipermail.com, which had been dubbed a spammer by the Spamhaus Project. But federal prosecutors said there was no evidence that Levine used the downloaded data for identity fraud.

According to court documents, Levine and others broke into an Acxiom server used for file transfers and downloaded an encrypted password file called "ftpsam.txt" in early 2003. Then they ran a cracking utility on the ftpsam.txt file, prosecutors said, discovered 40 percent of the passwords, and used those accounts to download even more sensitive information.

The revelations raised eyebrows, in part because Acxiom Chairman Charles Morgan had offered public assurances about the company's security, including in testimony (click here for PDF) to the Federal Trade Commission. Morgan said that his company takes "exceptional security measures to protect the information we maintain for our own information products...to ensure that information will not be made available to any unauthorized person."

No decision about an appeal

An attorney who is co-counsel on the lawsuit against Acxiom said on Wednesday that the plaintiffs have not yet decided whether to appeal. "We're going to consider what our potential avenues are over the coming week or so, and then make a decision," said Scott Poynter of the firm Emerson Poynter in Little Rock, Ark.

Emerson Poynter describes itself as a firm that has "specialized in class action litigation for over 15 years" and says all of those cases are handled on a contingency-fee basis. It has filed class-action lawsuits against companies including AOL Time Warner, Nortel Networks and Coca-Cola, typically alleging securities fraud. It has indicated it will target companies that are accused of stock option backdating as well.

"Our client tried to find out from Acxiom if her information was compromised, and they wouldn't tell her," Poynter said. "We think the consumers that have their private information stored by a company should have that right...But maybe the law needs to catch up with the Internet and the way people's privacy is being invaded today."

In the lawsuit that Emerson Poynter and a second law firm filed against Acxiom in April, they raised two vague arguments: That the data-broker was negligent, and that its actions "caused an unreasonable intrusion on the privacy" of people whose records were exposed. Those legal claims require someone to have suffered actual harm beyond a possibly increased risk of identity theft, Judge Wilson concluded. (The lawyers asked for "compensatory and punitive damages" and attorneys' fees of an unspecified amount.)

"This may lead attorneys looking to bring these sorts of claims to ensure their clients have suffered actual harm rather than speculative injury before filing suit," said Kramer, Acxiom's attorney.

But Chris Hoofnagle, a senior fellow at the University of California at Berkeley's law school who has been critical of Acxiom, thinks that the outcome might have been different if the attorneys had filed the suit in California. State law (AB1950) requires businesses that own or license personal information about Californians to "implement and maintain reasonable security procedures," Hoofnagle noted, though that law was not in place at the time of the Acxiom incident.

"I would hope that one could think of more causes of action other than identity theft and negligence," Hoofnagle said.

Levine's was not the first prosecution to stem from the security practices on Acxiom's FTP server. An Ohio man named Daniel Baas previously pleaded guilty to illegally entering Acxiom's FTP site. That investigation led federal police--including the FBI and Secret Service--to Levine, according to the Justice Department.

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CIVIL RIGHTS:

Letters On Voter ID Under Fire 200,000 Mailed Out After Law Struck Down (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 13, 2006

Less than a week after a judge struck down Georgia's photo ID requirement for voters because it violated the state Constitution, nearly 200,000 letters — not the originally reported 20,000 — were sent out to registered voters, notifying them they may not have a valid driver's license or state-issued photo ID.

David Worley, a Democratic appointee to the State Election Board, is threatening to file a complaint with the U.S. Justice Department, charging the board with voter suppression for mailing the letters after the law was struck down.

The letter suggests that if a voter does not have a photo ID, they will not be allowed to vote on Election Day.

"Essentially, this is a taxpayer-funded voter suppression effort by the Republicans and a willful violation of the court's order," Worley said. "I think it is a violation of the Voting Rights Act, and I intend to take whatever legal action is available, including filing a complaint with the Justice Department. This shows the lengths to which Republicans are willing to go to stay in power."

The "Dear Georgia Voter" letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. Worley said that in early September the State Election Board voted to send out 300,000 letters to Georgians who were on the voter registration list but who did not have a driver's license.

Tex McIver, the vice chair of the election board who authorized the $55,000 mailing of the letters, said the board was only acting on an earlier order by U.S. District Judge Harold L. Murphy to educate the public about changes in Georgia voting law.

But Worley said letters should not have been sent out after the law was struck down in state court.

"I think it was necessary to send out the letter, but once the judge issued his order [voiding the law], that necessity evaporated," Worley said. "At that point, sending out the letters was intentionally misinforming the voters. "

Worley said that at a Sept. 22 State Election Board meeting, he asked if the letters had been mailed.

"The vice chair said that at the time the order came down on the 19th, all but 20,000 of the letters had gone out," Worley said.

But according to a printing and postal delivery schedule provided on Wednesday by the State Elections Division of the Secretary of State's office, there were 79,496 letters delivered to the post office for mailing on Sept. 20 and another 115,747 sent on Sept. 25.

McIver said that he was told by staffers that only 20,000 letters had not been mailed and authorized that final batch to be sent after the Sept. 19 ruling. He said had he known that nearly 200,000 letters had not been sent, he would have still authorized the shipment.

"It doesn't change my opinion at all. I am under a federal order to educate these voters and that is what we were doing," McIver said of the letters mailed after the ruling.

"[Worley's] complaints were that this was adding to voter confusion, but everything we did was to prevent confusion," McIver said. "The letter should not confuse anybody. In it, we said that if you don't have a driver's license, go get a free one. That letter never said you can't use the 17 forms [of ID to vote]. It did say get a free ID. It also said you can vote absentee. It was not confusing."

But Jennifer Owens, executive director of the League of Women Voters of Georgia, isn't buying it. She said she has fielded several calls from confused voters and her office is in the process of mobilizing grass-roots efforts to meet with potential voters around the state to educate them on the voting process.

"From where we are sitting, this is one of the worst things that could happen as far as voter confusion," Owens said. "It certainly sends quite a clear message to those voters that they might have to show a driver's license. And if they are not paying attention to court rulings, they are not sure what they are gonna do. It raises red flags."

Carolyn Gray said her 90-year-old mother, Corrie Gray, received one of the letters.

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Corrie Gray, who is black, has been voting for decades in Temple with a voter registration card and other forms of ID. She has never had a driver's license.

"She gets this letter, that she does not have photo ID. I knew that the photo ID had been blocked, so I was wondering why is this coming to her, when we know, it is not required," said Carolyn Gray. "If I had not been paying attention, I would have been running around trying to get her a photo ID. For her and a lot of elderly black folks, getting a photo idea is hell on wheels."

Worley said that he was going to ask Secretary of State Cathy Cox — who chairs the State Election Board — to call an emergency meeting next week.

Chris Riggall, Cox's spokesman said it is unprecedented that the elections board would have sent out the letters, since traditionally it was the job of the election division of the Secretary of State's Office. The General Assembly put the elections board — which is majority Republican — in charge of informing voters of the changes in voting law, Riggall said.

"There is a majority on the election board, which [Cox] is not in, that has made sure that Tex [McIver] would be the point person and the board has directed the elections division to stay out of this project," Riggall said. "It has been a situation in which the board, under Mr. McIver's leadership, has undertaken this and they have called the shots."

McIver said sending the letters after the judge's ruling has been helpful.

"By continuing to mail them, it helps me refine that list," said McIver, adding that several people have responded to the letters telling the state that they do have driver's licenses. "This was a way of building a better, cleaner, smarter, more accurate list."

Current law, which will be in effect for the Nov. 7 elections, allows voters to show one of 17 forms of identification, including some non-photo ID such as a utility bill or Social Security card. It also allows voters to sign a statement swearing to their identity if they can't produce identification.

Officer Convicted In Md. Inmate Death (AP)

By Brian Witte, The Associated Press

AP, October 13, 2006

BALTIMORE (AP) — A former correctional officer was conficted Thursday in the beating and stomping death of an inmate at a troubled jail.

Dameon Christopher Woods, 34, was one of three guards charged. A jury convicted him of second-degree murder and depraved heart, as well as first- and second-degree assault in the death of Raymond Smoot.

The jury acquitted Woods of second-degree murder, voluntary manslaughter and involuntary manslaughter charges.

James Leonard Hatcher, 45, another former correctional officer who faced the same charges as Woods, was acquitted of all charges Thursday. Circuit Court Judge John M. Glynn this week dismissed a murder charge against former officer Nathan D. Colbert.

Smoot, 51, was beaten and stomped in his cell at the Baltimore Central Booking and Intake Center in May 2005 after getting into an altercation with officers who had trouble getting him back into his cell. He was being held on a theft charge but had a history of disciplinary problems, jail officials have said.

Eight correctional officers were fired less than a month after the death. The attack prompted the FBI to open a civil rights investigation, which is still active.

The state-run facility, which opened in 1995, has been criticized for its overcrowded and unhealthy conditions. It was designed to process as many as 45,000 people a year but has handled more than double that amount.

Kenya Kelly, Smoot's oldest daughter, said she was shocked and disappointed that only one person was convicted. She faulted a sloppy investigation and said she believed more than three participated in the beating.

"It's kind of hard to take what happened today, because justice wasn't served to the fullest extent," said Kelly, whose family has sued the state.

Mark Cohen, a prosecutor, said after the verdict that he believed prosecutors pursued the matter as far as possible.

Defense attorneys had argued that their clients were scapegoats of a conspiracy hatched by the correctional officers who were truly responsible. Woods' attorney, Margaret Mead, said she planned to file an appeal.

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"How could they have found him guilty of depraved heart?" she told reporters outside the courthouse. "It's completely a miscarriage of justice."

Depraved heart is distinguished from second-degree murder in that it is not intentional and requires an extreme disregard for human life.

Sentencing is set for Dec. 12. Woods faces up to 30 years in prison on the murder charge.

Police Interview Girl In Beard Case (LNA)

By Ron Brown

Lynchburg (VA) News & Advance, October 13, 2006

State police have interviewed a 16-year-old girl who was in Clarence Lightfoot Beard Jr.'s James Crossing apartment when he died on Sept. 24.

Beard's death, which occurred while he was in custody of Lynchburg police, sparked the State Police investigation.

The girl has said she begged Lynchburg police officers to quit striking Beard, said L. Garnell Stamps, a local civil rights activist, in an interview earlier this week.

Lynchburg police said Beard struck two officers who were looking for a female fugitive at the apartment complex at about 3 a.m.

It is unclear what sparked the confrontation between Beard and police.

The city is not making 911 tapes and dispatchers' logs about the incident available to the public. The News & Advance requested the records earlier this week under the Virginia Freedom of Information Act.

The identity of the officers involved also has not been released by the city, which has said the incident is a "personnel matter" that is exempt from public disclosure.

In addition to the State Police investigation, which was requested by City Manager Kimball Payne, the Lynchburg Police Department is conducting two internal investigations.

Albert Rose, the girl's grandfather, said in a telephone interview Thursday that the State Police interview occurred on Wednesday.

"I can't say anything about the interview," he said.

Rose said more details could be made public sometime next week.

"There is a whole lot to this story," he said. "It is going to be coming out step by step."

Rose met Wednesday night with a group of local civil rights leaders and gave them a report on the incident. The group has asked the U.S. Justice Department's Civil Rights Division to look into the circumstances surrounding Beard's death.

In addition to Stamps, the civil rights advocates included Walter M. Fore Jr., president of the Lynchburg Voters League; Danny McCain, president of Concerned Citizens For Justice and Equity; W.E. Clark, chairman of the legal redress committee of the Lynchburg NAACP; the Rev. Willie Butler, president of the Lynchburg NAACP; and the Rev. James Coleman, state president of the National Action Network.

Stamps said Thursday the girl's story has been consistent since the night Beard died.

"Her story is what I call rock solid," Stamps said. "It has not changed. There are no discrepancies in her story. All that does is strengthen the case against the officers who were, in our opinion, being excessive and showing no restraint and being verbally abusive to an innocent party."

The girl told Stamps that she was repeatedly cursed by officers when she begged them to stop striking Beard.

An autopsy showed Beard had two lumps on his head, an abrasion to his forehead and a small bruise on his temple.

Preliminary findings by a state medical examiner indicated that Beard suffered from advanced coronary artery disease.

The final version of the autopsy report will be released once a toxicology report is completed. That report will reveal what, if any, drugs Beard had in his system.

Stamps said Thursday that at least two young children and another woman were in Beard's apartment the night he died.

The civil rights group has tried to determine whether mental health counseling is needed for the 16-year-old and the two children, ages 2 and 4.

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Stamps said at least one of the small children has acted out what they saw in Beard's apartment that night.

"It was our hope that the children would not have seen a lot of the things," Stamps said. "It is my thinking that the city should assume some responsibility. It was while officers of the Lynchburg Police Department were there that these three children saw this negative behavior."

Congressman Ask Justice Department To Review Law That Convicted Ramos (OIVB)

By Sara A. Carter, Staff Writer

Ontario Inland Valley (CA) Bulletin, October 13, 2006

In an eleventh-hour plea, a half-dozen congressmen are asking the Justice Department to review the federal law used to convict two Border Patrol agents of shooting a Mexican drug smuggler.

Congressman Walter B. Jones, R-N.C., circulated a letter Thursday among his colleagues that slammed federal statute 924(c), which addresses discharging a firearm in relation to a crime of violence. Conviction under the statute carries a minimum 10-year sentence in federal prison.

Jones and five other members of the caucus -- including California Reps. Gary Miller (R-Brea), Dana Rohrbacher (R-Huntington Beach) and Ed Royce (R-Fullerton) -- contend in the letter that El Paso, Texas, Border Patrol Agents Ignacio Ramos and Jose Alonso Compean should not have been charged under the statute because carrying a firearm was a necessary part of their jobs, and that they used the firearms while on duty.

``Yesterday (Tuesday), a motion to delay sentencing for Ramos and Compean was denied. Sentencing is now scheduled for Thursday, Oct. 19," the letter reads. ``We urge you to take any action you can to either delay this sentencing or have the ... charges dropped."

NJ Gets More Time To Implement Required Voter Database (AP)

By Jeffrey Gold, Associated Press Writer

AP, October 13, 2006

NEWARK, N.J. -- New Jersey has been given until next year's primary election to implement a federally required statewide voter registration list, the state and the U.S. Justice Department announced Thursday.

In a series of court filings, New Jersey acknowledged it had missed deadlines required by the Help America Vote Act and a related state law.

The petitions, if approved by federal and state judges, should prevent problems that could threaten the integrity of the Nov. 7 general election if the statewide list were used exclusively, state Attorney General Stuart Rabner said.

Federal prosecutors charged, in a complaint filed along with a proposed settlement, that New Jersey had also failed to collect driver's license numbers on the applications of new registrants, as required by HAVA, and "failed to perform reasonable registration list maintenance" as required by the National Voter Registration Act of 1993.

"We were very concerned that four years had passed without compliance with federal voting laws by the state Attorney General's Office," Christopher J. Christie, the U.S. attorney for New Jersey, said in a statement. "We are very pleased that Attorney General Rabner has taken this issue so seriously and has put the resources of his department behind fixing it as soon as possible."

If the petitions are approved, New Jersey would use the existing voter registration rolls in 20 of the 21 counties for the Nov. 7 election.

The attorney general's office said that any eligible voter whose name appears in the county poll book will be able to cast a regular ballot. Those whose names are not in the book but believe they have registered to vote can cast a provisional ballot.

Hunterdon County would use the new statewide voter registration list exclusively, while the statewide system would be tested in the others.

Rabner's office said other states have had problems implementing a statewide voter database and that deadlines have also been extended in California, Maine and New York.

New Jersey blamed its delay on continuing "software problems that would threaten the integrity of the upcoming general election."

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The state's agreement with the Justice Department sets a number of deadlines for the state, including:

_Implementing the statewide voter registration list by May 30. The primary is in June.

_Taking steps by May 30 to identify possible duplicate registrations and refer them to the counties to be checked, and, if confirmed, removed by July 25.

_Obtain by May 30 driver's license numbers (or other identification if the person does not have a driver's license) for people who registered to vote after Jan. 1.

Black Plaintiffs Attack Voting Method For Chancery, Circuit Judges (AP)

AP, October 13, 2006

JACKSON, Miss. - A group of black plaintiffs has filed a federal lawsuit challenging how Mississippi will elect state circuit and chancery judges in November.

Attorney Carroll Rhodes of Hazlehurst, who filed the lawsuit in federal court in Jackson on Oct. 3, said Thursday that he does not wish to stop any judicial elections.

Rhodes said he wants the judiciary races to be run under the election law before it was rewritten by the Legislature in 2005.

Rhodes said the new law was to take effect Jan. 1, 2007. He said the State Election Commission erroneously is using the new law for this year's election.

"All we are asking is for the ballot to be changed, not that the elections be stopped. We are not asking that anything be withdrawn. We are not asking for anything burdensome," Rhodes told The Associated Press.

No hearing date has been set for the lawsuit.

Rhodes' lawsuit, which represents only one side of a legal argument, says that in six chancery court and nine circuit court districts, the opportunity for the election of black candidates has been harmed by the new law.

In those districts, the Legislature changed the election process from a "herd" system to a "post" system. The lawsuit asks a federal panel to revert to the herd system for the Nov. 7 elections.

Under the herd system, all candidates run in a pack and the top vote getters win the available seats. The herd system was put in place in the late 1980s as part of a settlement of a lawsuit that also claimed the judicial election method diluted black voting strength.

Supporters argue the herd system can help blacks be elected because minorities can make their vote count more by voting only once, presumably for the black candidate.

For instance, in a district where two circuit judges will be elected, voters who cast a ballot for only one candidate will carry more weight than voters who select two candidates.

Lawmakers eliminated the herd system in many districts because they said it was not helping to elect minorities.

What the Legislature created was "posts," where candidates choose the post for which they are running. Many incumbents like the post system because generally a challenger will opt not to run against an incumbent if there is an open spot to pursue.

Attorney General Jim Hood, who's one of three members on the state Election Commission, said the election change was approved by the U.S. Department of Justice. Federal law requires all election changes in Mississippi to obtain Justice approval to ensure black voting efforts will not be harmed.

"We feel the Department of Justice was correct in its ruling, and we believe that the federal court will ultimately agree," Hood told the Northeast Mississippi Daily Journal newspaper.

Rhodes, however, said the Election Commission did not ask the Justice Department for approval - called preclearance - to make the new law apply to the 2006 election.

"Technically, it shouldn't be used in any area of the state," Rhodes said. "Here, the state of Mississippi is trying to implement an un-precleared voting changes for this election."

The Abstinence Shtick, Minus Jesus (WP)

By Michael Alison Chandler

The Washington Post, October 13, 2006

DOJ_NMG_0080149

Christian comedian Keith Deltano did a lot of things at Loudoun County High School yesterday to encourage teenagers to stay away from sex. He sang bad hip-hop, told stories about oozing diapers, read from a government report on how condoms can fail and waved a cinder block over one unfortunate male student's genital zone.

But he never once talked about Jesus. Although he often delivers one-liners tailored to his faith, Deltano gave a routine expunged of religion to more than 1,000 students at the public high school in Leesburg.

Some civil liberties advocates, skeptical of such shows, said school officials must enforce a line that is tested by religious performers who are invited into public schools to entertain and educate but not preach.

"Having so-called secular performances or speeches in public schools by Christian evangelists" is a growing trend, said Barry W. Lynn, executive director of Americans United for Separation of Church and State. "Schools need to be extremely careful when they tread into these waters."

In recent years, evangelist bodybuilders and extreme athletes have toured schools across the country with anti-drug and anti-suicide messages. The brother of a devout Christian victim of the 1999 Columbine school shootings has toured some Loudoun schools bringing with him a powerful anti-bullying presentation called "Rachel's Challenge."

Many parents, administrators and teachers see such assemblies as an effective way to convey hard-to-teach life lessons. But occasionally there have been controversies.

Last year, twin comedians Rick and Mick Vigneulle gave an anti-drug motivational assembly in several Charles County schools that prompted some criticism. The American Civil Liberties Union objected to fliers the duo circulated that advertised a free, off-campus pizza party during which they delivered a Christian message.

When it heard about Deltano's event, the ACLU sent a letter last week to Loudoun County High Principal Bill Oblas. The group sought assurances that the comedian would not promote the Christian pregnancy center in Lansdowne that hired him or plug his religious books and videos. It also sought a prohibition on invitations to off-campus religious activities.

Oblas said he and Deltano had already established clear parameters. The principal had previewed the performance and determined that the message was "identical" to the system's sex-education curriculum, which emphasizes abstinence. He also sent notes to parents and gave students the option of not attending.

"I understand the division of church and state. To me, it's very clear," Deltano said afterward. The former middle school teacher has been speaking about abstinence for more than 10 years and said he has toured 46 states.

His Web site has two distinct portals, one for school shows and another for faith-based shows. The site also refers browsers to the text of a federal law that spells out rules for programs that receive federal funding for abstinence education.

Stephen Budiansky, father of an 11th-grader at Loudon County High, alerted the ACLU to the event. He said he was alarmed that the school system would invite a sex-ed presentation from someone who was not a health-care professional and who has what Budiansky called "a clear religious agenda."

"There is a curriculum . . . that goes through peer review and gets scrutiny from scientific experts," Budiansky said. "Teachers are very well trained to deal with questions that arise in class and to give accurate, scientifically valid information."

One parent who attended the assembly, Eva McGann, said she would like Deltano to speak at her daughter's school -- Stone Bridge High in Ashburn -- because she said it's important for students to hear the message from someone other than teachers and parents.

Students gave Deltano mixed reviews. Many cheered and laughed at his jokes; some blushed. Afterward, sophomore Megan Patlen, 15, said that she loved it.

"Abstinence is definitely the way to go," she said, describing herself as Christian.

Junior Ghislaine LeFranc, 16, said she didn't like how abstinence was "pressed" on her in her sex-education lessons and in the assembly.

"Although it's not about Christianity, there is an underlying conservative belief," she said, which she said she does not agree with.

Oblas said he thought that the students learned something. The presentation added to the school's curriculum by reaching students in different ways, he said.

They respond to his jokes, "his high energy and his loudness," Oblas said.

Same-sex Marriage Back Before Voters, But Mood Different (USAT)

By Thomas Frank

USA Today, October 13, 2006

Two years after voters in 13 states approved constitutional bans on same-sex marriage, gay rights activists hope to reverse that course next month.

Colorado's first-in-the-nation ballot proposal to create same-sex domestic partnerships had strong support in a recent poll. Polls in three of the eight states that will vote on banning same-sex marriage show the measures trailing or leading narrowly.

"It could be a watershed year," said Carrie Evans, state legislative director at the Human Rights Campaign, a gay and lesbian advocacy group.

Jim Pfaff, state policy director for the conservative group Focus on the Family, disagrees. He says all same-sex-marriage bans will pass because voters "believe that marriage is the union of one man and one woman."

Any victory for gay groups would be unprecedented. Voters have approved each of 19 proposals for state constitutional bans on same-sex marriage; support has averaged 70%. The questions began appearing on ballots in 1998 after a Hawaii court struck down the state's same-sex-marriage ban.

Now, well-run opposition campaigns and growing acceptance of homosexuality are eroding support for such bans, pollsters say.

In Arizona, a recent poll from Arizona State University on a constitutional amendment to ban same-sex marriage showed 51% of registered voters were opposed; 38% supported it. A Mason-Dixon Poll in July in South Dakota showed a similar measure trailing 49% to 41%. "We have a very good chance of killing this," said Ken Clark of Arizona Together, which opposes the measure.

Cathi Herrod of Project Marriage Arizona, the group that got the amendment on the ballot, predicted it would pass because U.S. voters have always approved such measures. Polls traditionally underestimate support for bans on same-sex marriage, she said.

In Colorado, a mid-September Rocky Mountain News poll showed 58% supported a ballot measure to create domestic partnerships that would give same-sex couples many rights of married couples, such as health insurance benefits and hospital visitation. The poll showed 38% opposed it. The same poll showed a Colorado ballot issue to ban same-sex marriage was favored by 52% to 42%.

Approval of the domestic-partnership measure would embolden activists to push for similar legal recognition in other states, said Evans of the Human Rights Campaign. Gay rights advocates believe "people are not altogether bigoted and discriminatory and do want to provide rights to same-sex couples. Colorado is testing that," she said.

Americans are torn about recognizing same-sex couples, said Scott Keeter of the Pew Research Center. A Pew survey in July showed 56% of respondents opposed gay marriage, but 54% favored civil unions.

Six states and the District of Columbia give gay couples legal rights, such as the ability to make medical decisions for a partner or to sue for wrongful death. Only Massachusetts lets them marry.

Focus on the Family and other conservative groups say constitutional bans keep courts from overturning laws barring same-sex marriage, which 26 states have.

The Arizona proposal, Proposition 107, would bar the state and cities from granting unmarried couples legal rights. That has brought rebukes from the mayors of Phoenix and Tucson. They say public entities couldn't offer domestic-partner benefits, making them less-appealing places to work. Such "high-profile" opposition is "the main reason 107 may not pass," said Bruce Merrill, director of the ASU poll that showed the same-sex proposal trailing.

Foes of Proposition 107 focus on rights they say unmarried couples would lose. "This has nothing to do with gay or straight," said Clark, opposition campaign director.

Most same-sex-marriage bans that have passed or are facing voters next month bar rights for gay couples. Courts decide how those bans affect areas such as health benefits for domestic partners, said Evans of the Human Rights Campaign. But putting such bans on the ballot can undermine them, said Brad Coker of Mason-Dixon pollsters. "The more complicated the language, the more likely people are to vote no."

DOJ_NMG_0080151

ANTITRUST:

Cypress: Justice Department To Probe Static Random Access Memory Market (AP)

AP, October 13, 2006

SAN JOSE (AP) - The U.S. Department of Justice's antitrust division has opened an investigation into the static random access memory market, communications-chip maker Cypress Semiconductor said Thursday.

SRAM memory is faster than dynamic random access memory, the most common type used in personal computers. SRAM is found in relatively small quantities in PCs, it's also used in disk drives, communications equipment and networking gear.

In a statement, Cypress said it will fully support the investigation.

A Justice Department spokeswoman could not immediately be reached to confirm the start of the investigation or comment on its scope.

A separate DOJ investigation into price-fixing among DRAM companies has so far resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Cypress shares lost 78 cents, or more than 3.8 percent, to $19.34, in Thursday trading on the Nasdaq Stock Market.

US DoJ Launches Probe Into S-Ram Pricing (FT)

By Stephanie Kirchgaessner In Washington And Chris Nuttall In San Francisco

Financial Times, October 13, 2006

The US Department of Justice has launched an investigation into possible price-fixing in the market for electronic memory chips, known as S-Ram. Companies contacted in connection to the probe include Samsung, the South Korean chipmaker, Cypress Semiconductor and Micron Technology.

The investigation comes just one year after Samsung, the leader in the S-Ram market, pleaded guilty and paid a $300m fine for its role in an international conspiracy to fix prices in the D-Ram chip market, marking the second-largest criminal antitrust fine in history.

That probe ultimately ensnared four companies and 13 individuals and elicited $731m in fines.

Samsung and Micron both said they had received subpoenas in connection to S-Ram sales and marketing and were co-operating with prosecutors. But Micron added that it did not believe it was a target of the investigation. The company received amnesty in the justice department's D-Ram investigation because of its co-operation.

Cypress said it would make available employees, documents and all other relevant information to the DoJ's antitrust division to support the investigation.

The news of the probe, just one day after the DoJ approved without any conditions the takeover of BellSouth by AT&T, underscores the two-pronged approach the Bush administration has taken on antitrust matters.

While critics contend that competition authorities have given the green light to a number of mega-mergers with few conditions, including two AT&T deals, the DoJ has also markedly ramped up its prosecution of price-fixing cases.

Unlike the D-Ram price- fixing conspiracy, which officials said forced companies such as Hewlett-Packard to increase the price of personal computers, the S-Ram market is much smaller, with sales of less than $3bn forecast this year.

DOJ Probes SRAM Market (THESTREET)

By Alexei Oreskovic, TheStreet.com Staff Reporter

TheStreet.com, October 13, 2006

Cypress Semiconductor said it is cooperating with the Justice Department in an investigation into the SRAM memory-chip market.

In a short statement released Thursday, Cypress said the DOJ's antitrust division had notified the company that there will be an investigation into the SRAM market. Cypress said it will make available its employees, documents and all other relevant information to the government to fully support the investigation.

Shares of San Jose, Calif.-based Cypress were down 3.5%, or 70 cents, at $19.42 in midday trading.

News of the investigation marks a new phase in the government's probe of computer-memory makers. For several years, the Justice Department has been investigating price fixing in the market for DRAM, the standard type of memory chips used in personal computers. SRAM memory, which is faster and more expensive than DRAM, is used for specialty purposes like a microprocessor's cache.

The DRAM probe has so far resulted in jail sentences for executives at Samsung, Hynix Semiconductor and Infineon Technologies (IFX - news - Cramer's Take), as well as more than $700 million in fines.

That investigation centers on collusion between executives at various chipmakers to set the price of DRAM chips between 1999 and 2002.

Cypress didn't disclose whether the new SRAM probe was focused on price-fixing or on different issues. A representative of the Justice Department's antitrust division was not immediately available for comment.

Justice Probing SRAM Industry (MERCN)

By Scott Duke Harris

The San Jose Mercury News, October 13, 2006

The U.S. Department of Justice, which already cracked down on price-fixing in one part of the memory chip industry, is now scrutinizing the possibility of anti-competitive practices in another, the agency confirmed Thursday.

San Jose-based Cypress Semiconductor, the world's third-largest producer of static random-access memory chips, said it was cooperating with the investigation. Other industry leaders include Korea-based Samsung, Japan-based NEC and Toshiba, and Micron Technnology, of Boise, Idaho, but none of the other companies mentioned the investigation.

In a press release, Cypress said it ``would make available employees, documents and all other relevant information to the U.S. Department of Justice's Antitrust Division to fully support the investigation."

Cypress spokesman Don Parkman declined further comment. Cypress shares lost 41 cents, or more than 2 percent, to $19.71, in Thursday trading. IDT, a relatively small SRAM producer also based in San Jose, has not been contacted by federal investigators, said company spokesman Chad Taggart.

The probe comes on the heels of a previous federal antitrust crackdown on a larger part of the memory chip industry involving DRAM, or dynamic random-access memory. That investigation resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung, Elpida Memory, Infineon Technologies and Hynix Semiconductor. California was among 34 states that in July sued seven DRAM manufacturers for allegedly fixing prices on chips that store data in personal computers and other gadgets. Cypress is not in the DRAM business.

Gina Talamona, a Department of Justice spokeswoman, confirmed the probbe but declined to say whether the investigation was focused on price-fixing, dumping or other practices, and declined to identify companies under scrutiny.

The new investigation surprised some industry observers. ``In DRAM, that price-fixing had an affect on consumers worldwide," said Mark DeVoss, a memory chip analyst with iSuppli. ``The SRAM content is so small, how much can anybody be hurt by price-fixing?"

The cost to consumers of SRAM, DeVoss said, is less apparent. An SRAM chip is more powerful than a DRAM chip, but the SRAM function is increasingly moving from discrete semiconductors to more complex devices, known as a system-on-a-chip. As a result, the SRAM market is ``flat to down," with DeVoss forecasting a 7 percent annual decline in the coming years.

The SRAM chip market in 2005 was measured at between $1.4 billion and $2.7 billion, depending on if it included the so-called pseudo-SRAM chips that are often used in cell phones, said DeVoss. That compared to a $24.8 billion DRAM market, projected to reach $30 billion this year, he said.

SRAM is a high-speed chip that ``for mission critical operations," DeVoss said. DRAM are low-performance chips that store data while a device is turned on, and in computers store programs in main memory.

FCC Chief Martin Delays AT&T Vote, Looks For Support (Update2) (BLOOM)

By Molly Peterson

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- U.S. Federal Communications Commission Chairman Kevin Martin delayed today's scheduled vote on AT&T Inc.'s purchase of BellSouth Corp., a sign he needs more time to win approval of the $79 billion transaction.

The FCC meeting on the merger was postponed to tomorrow while Martin and fellow Republican Commissioner Deborah Tate try to win over the panel's Democrats. AT&T lobbyist Robert Quinn said today that the San Antonio-based company is open to some conditions on the purchase to secure votes.

Rescheduling gives Martin and Tate an extra day to negotiate with Democrat members Michael Copps and Jonathan Adelstein, who criticized yesterday's Justice Department backing of the deal without conditions. The fifth commissioner, Republican Robert McDowell, has said he expects to be barred from voting because of his past work as a lobbyist.

``It does appear that the Democrats are holding up this decision for added concessions from AT&T," said Coleman Bazelon, vice president of Analysis Group, an economic and financial consulting company.

Shares of AT&T, the largest U.S. phone company, rose 37 cents to $33.33 at 10:34 a.m. in New York Stock Exchange composite trading and had gained 35 percent this year before today. Shares of BellSouth, the third biggest, gained 57 cents to $44.01 in New York trading and had risen 60 percent.

Final Hurdle

``We will negotiate all night if we have to," AT&T's Quinn told reporters in Washington. ``I fear if we don't get it done, election-year politics will take over everything."

An impasse between the FCC's Democrats and Republicans could delay a vote until the end of the month, in part because Martin is scheduled to go to China next week, said Blair Levin, a Stifel, Nicolaus & Co. analyst, in a note to investors.

``If so, the FCC may not be able to act before late October," Levin wrote.

The FCC is the last regulatory hurdle AT&T must surmount before it can complete the deal. Martin last month circulated a proposed order to approve the sale without conditions.

The draft was a starting point for talks and doesn't mean the acquisition will sail through without requirements imposed by the commission.

Rising Competition

AT&T is expanding to meet competition for phone customers from cable-television providers such as Comcast Corp. and Internet-based companies including Vonage Holdings Inc. They have created enough rivalry that regulators can support the combination of two large telephone companies, the Justice Department said yesterday.

The purchase will increase AT&T's local-phone service area to 22 states. Atlanta-based BellSouth sells local-phone service in nine southeastern states.

The deal also would give AT&T full ownership of Cingular Wireless LLC. Atlanta-based Cingular, the largest U.S. mobile-phone carrier, is now jointly owned by AT&T and BellSouth.

In approving the transaction, the Justice Department said the deal probably won't ``substantially" reduce competition.

``The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential, local and long-distance service indicate that this transaction is not likely to harm consumer welfare," Thomas Barnett, the department's antitrust chief, said in an e-mailed statement.

FCC Delays AT&T-BellSouth Vote (MRKTWTCH)

By Jeffry Bartash

Market Watch, October 13, 2006

Agency to meet Friday; Justice Dept. has cleared merger

WASHINGTON (MarketWatch) - The Federal Communications Commission delayed until Friday a vote on AT&T Inc.'s $80 billion acquisition of BellSouth Corp., suggesting the agency's commissioners are still negotiating over whether to add conditions to the deal.

The FCC had been expected to vote Thursday on the merger, which will create the largest U.S. telecommunications provider.

The delay comes after antitrust regulators at the U.S. Justice Department approved the transaction on Wednesday, saying the merger - initially valued at $67 billion when it was unveiled in March -- is likely to benefit consumers.

The Justice Department said the deal would not hurt competition "substantially" in any part of the U.S. communications industry, and they didn't require the companies to sell off any assets or attach other conditions.

That decision was blasted by consumer groups and some Democrats, who accused the department of "rubberstamping" the merger. They urged the FCC to add conditions designed to protect customers.

AT&T, formerly known as SBC Communications, is the largest long-distance operator in the U.S. and the dominant local phone provider in California, Texas and the Southwest.

BellSouth and AT&T already co-own Cingular Wireless, the biggest mobile operator in the U.S. The combined entity would cater to 70 million local phone customers in 22 states, mostly in the South, Midwest and far West.

It would also serve 10 million broadband Internet users and employ more than 300,000 workers.

The company's total revenue would exceed $120 billion and an enlarged AT&T would have a market value of more than $200 billion.

The delay at the FCC suggests that Kevin Martin, the Republican who chairs the commission, and the four other commissioners - two Republicans and two Democrats - are still negotiating whether to attach conditions to its approval.

The Justice Department was widely expected to approve the deal, although there was some question as to whether the agency would require the two companies to sell off some wireless spectrum or special high-speed access lines that serve business customers.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Thomas O. Barnett, assistant attorney general, in a DOJ statement.

FCC urged to intervene

Opponents of the deal blasted the Justice Department and called for the FCC to impose tough conditions to prevent harm to customers.

"The government has been deceived before by false promises that mergers of potential competitors benefit the public," said Gene Kimmelman, senior vice president for Consumers Union. "It should not be fooled again."

Critics had also urged Congress to block the deal, saying it would reduce competition and raise costs for homes and businesses. Although several top lawmakers in both parties sent letters to regulators questioning aspects of the merger and requesting a delay, Congress has mostly been silent on the matter.

The phone companies, for their part, insisted they could offer better services at lower prices if they were allowed to combine. They are spending billions of dollars to upgrade their networks to deliver improved wireless coverage, superfast Internet access and pay-television service over fiber-optic lines.

"AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers as possible and our merger with BellSouth will help deliver these benefits to more consumers, more quickly," AT&T General Counsel James D. Ellis said in a statement.

Frenzy of mergers

Since the historic Telecommunications Act of 1996, which partially freed the industry from extensive regulation, phone companies have merged or gone out of business at a dizzying pace amid a severe boom-and-bust cycle.

The 10 leading phone companies a decade ago -- AT&T, MCI, Sprint and the seven Baby Bells created by the 1984 breakup of the old Ma Bell -- are set to be reduced to just four: AT&T Inc., Verizon Communications, Sprint Nextel Corp. and, to a lesser extent, Qwest Communications International Inc. A host of smaller regional players also exist.

Yet pricing trends do not entirely bear out the claims of opponents or supporters of phone-industry mergers.

Local rates are somewhat higher now compared to 10 years ago, while long-distance prices have flattened out lately after years of sharp decline. Wireless prices, meanwhile, fell sharply after the late 1990s and Internet-access costs have plummeted in recent years.

Because competition is still intense, regulatory analysts have long predicted that the AT&T -BellSouth merger would pass regulatory muster with few conditions attached. The companies compete directly in very few markets.

At the same time, the cable industry is increasingly moving into the phone business while Verizon Communications and Sprint Nextel Corp. are challenging AT&T in the wireless and corporate-services.

The Justice Department concurred with that assessment.

"The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential local and long distance service indicate that this transaction is not likely to harm consumer welfare," Barnett said.

AT&T and BellSouth have already won approval for their merger in all U.S. states in which they have a large presence. Foreign countries in which AT&T operates have also approved the deal. Jeffry Bartash is a reporter for MarketWatch in Washington.

AT&T Purchase Prompts Claim U.S. Tries To Avoid Court Review (BLOOM)

By James Rowley

Bloomberg, October 13, 2006

Oct. 13 (Bloomberg) -- The U.S. Justice Department's decision to approve without conditions AT&T Inc.'s $79 billion takeover of BellSouth Corp. has triggered complaints that the agency tailored its clearance to avoid judicial scrutiny.

Consumer groups and Democratic lawmakers say the department tried to head off a court review that would have been mandatory were conditions attached. The accusation caused at least a temporary delay in approval of the deal by the Federal Communications Commission.

Senator Patrick Leahy, a Vermont Democrat who co-sponsored a 2004 law calling for more detailed judicial review of mergers, accused the Justice Department of ``thumbing its nose at Congress and the courts" by unconditionally permitting the deal. Leahy noted that lawmakers in both parties urged the Justice Department to wait until a court fight over two 2005 mergers was resolved before clearing the latest combination.

``The Bush administration has embraced the political agenda of the largest phone and cable companies," said Jeff Chester, executive director of the Center for Digital Democracy, a Washington consumer advocacy group.

The Justice Department defended its approval of the combination of San Antonio-based AT&T and Atlanta-based BellSouth, saying it found the deal posed no harm to competition that needed to be remedied.

The agency's antitrust enforcers are engaged in a protracted court battle over conditions imposed last year when the government cleared New York-based Verizon Communications Inc.'s purchase of MCI Inc. and SBC Communications Inc.'s acquisition of AT&T Corp. SBC changed its name to AT&T Inc. after the 2005 deal.

Earlier Transactions

U.S. District Judge Emmet Sullivan in Washington is examining those transactions. Two industry groups challenged the remedies as insufficient to preserve competition for business- phone service.

Sullivan ``exposed fundamental flaws" and ``probably embarrassed" the Justice Department by asking common-sense questions, said Gene Kimmelman, Washington director of Consumers Union.

The sponsors of the 2004 legislation said it is intended to ensure that judges don't act as rubber stamps when reviewing merger decisions. The Bush administration has generally taken a business-friendly approach in clearing such transactions.

Congress ``thought things had tilted too far towards virtually complete deference" to the government, said Stephen Calkins, who teaches antitrust law at Detroit's Wayne State University.

At a July 12 hearing in the 2005 phone company mergers, Sullivan made his position clear: He said he wanted everyone to know ``I am not a rubber stamp."

Economic Harm

Under the 2004 law, federal judges now must determine whether settlements between the Justice Department and merging companies are pro-competitive and prevent economic harm.

Before the changes, judges had wider discretion to sign off on any deals they determined were in the ``public interest." They are now required to apply a set of factors before making that determination.

DOJ_NMG_0080156

Sullivan, an appointee of President Bill Clinton, ordered the government to provide more information about its investigation of last year's twin phone mergers. He wants to know whether the Justice Department's requirement that the combined company lease excess fiber-optic cable serving office buildings in 19 cities will restore lost competition for business services.

Two trade groups representing customers and competitors such as Reston, Virginia-based Sprint Nextel Corp. and Chicago-based XO Holdings Inc. argued that the sale of the cable -- which the merging companies weren't planning to use anyway -- isn't sufficient.

``That remedy does nothing at all," said Jonathan Lee, a lawyer for Comptel, a Washington trade group challenging the government's remedies. It's ``like leasing some unused couch in your garage," Lee said. ``No one is using it."

Customer Lists

The groups also said the government should have required the merged companies to sell customer lists and support operations to help others compete for business customers.

The latest phone company combination, between AT&T and BellSouth, still must be approved by the Federal Communications Commission, which meets today to vote on it. FCC Chairman Kevin Martin postponed a scheduled vote yesterday after two Democrats on the commission criticized the Justice Department decision to impose no conditions.

The takeover would combine two of the former regional operating companies of the original AT&T, or ``Ma Bell," which was broken up in 1984 by a judicial decree that concluded a landmark government antitrust case.

Scott Cleland, an industry analyst and chief executive officer of Washington research firm Precursor LLC, said criticism of all three telecommunications deals is misplaced.

`Ridiculous Proposition'

To suggest more stringent remedies are needed ``is a ridiculous proposition" because ``rapidly evolving technology and innovating markets" will ensure more competition, he said. He also questioned the notion that the government's decision was motivated by any desire to avoid another court fight. ``When people allege that, they are placing a motive that may or may not be there," he said.

Congress attached the judicial review requirement to the 1974 Tunney Act, which was enacted after the Watergate scandal and allegations that political contributions influenced a Justice Department antitrust case. The agency was accused of dropping a demand that International Telephone and Telegraph Co. divest ownership of the Hartford Fire Insurance Co. after an IT&T unit donated to the Republican Party.

AT&T-BellSouth Deal Hinges On Democrats (AP)

By John Dunbar, Associated Press Writer

AP, October 13, 2006

WASHINGTON (AP) -- If the Federal Communications Commission votes as planned on AT&T Inc.'s acquisition of BellSouth Corp. on Friday, it means the agency's Republican chairman compromised with two outspoken Democrats who sought significant changes in the deal.

Past comments from Democratic commissioners Michael Copps and Jonathan Adelstein and word from people familiar with the negotiations suggest points to some of the remaining unresolved issues, including:

-"network neutrality," which deals with whether Internet service providers must provide equal treatment to all traffic on their networks.

-"interconnection," or the right to access an incumbent telephone company's network.

-a possible divestiture of some of BellSouth's wireless broadband spectrum holdings.

Copps and Adelstein are in an unusually strong position on the five-member commission, which has three Republicans. One of those GOP commissioners, Robert McDowell, is a potential tie-breaking vote who has withdraw from the case because he was a lobbyist who representing competitors of AT&T and BellSouth.

Republican Deborah Taylor Tate is expected to vote with the agency chairman, Kevin Martin, in favor of the acquisition.

The FCC is the last major regulatory hurdle for the deal. The Justice Department on Wednesday approved AT&T's purchase without any conditions.

DOJ_NMG_0080157

When the deal was originally announced, it was worth about $67 billion. But the rising price of AT&T's stock has pushed the value of the deal to $80.8 billion at the close of trading Thursday.

The deal would extend AT&T's dominance as the biggest provider of phone, wireless and broadband Internet services.

After the Justice Department's decision, Adelstein denounced it as "a reckless abandonment" of the department's responsibility to protect consumers and smaller businesses.

The FCC vote was scheduled for Thursday, but was pushed back a day so Martin had more time to negotiate with the two Democrats.

There still was a chance Martin could ask McDowell to vote, but only if the FCC's general counsel determines the former lobbyist does not have a conflict of interest.

Much can be learned from what Copps and Adelstein said after they approved the Verizon Communications Inc.-MCI Inc. and AT&T Corp.-SBC Communications Inc. mergers.

For example, on the network neutrality issue, they wrote: "Consumers will have an enforceable right to use their bandwidth as they see fit, going where they choose and running the applications they want on the Internet."

Jessica Zufolo, an independent equity analyst with Medley Global Advisors, said the commissioners probably would argue for strong interconnection requirements from AT&T. Telephone service offered by a cable company must be able to connect with a wireline provider to stay in business.

Zufolo said that interconnection standards need to be affirmed to include cable voice-over-internet and other entrants such as Vonage. She said some telephone companies, large and small are "very actively pushing back against the onslaught and growth" of such communication.

There may also be a discussion about divesting BellSouth's radio spectrum holdings in the 2.5 GHz band, which could be used by independent competitors to offer a wireless broadband option. AT&T would not have much incentive to offer a broadband service that competes with its own DSL (digital subscriber line) service.

AT&T would not discuss the negotiations. A company spokesman, Michael Balmoris, said "it's always been our position that we would accept any reasonable conditions in order to obtain approval from the commission."

Mother And Child Reunion (WSJ)

The Wall Street Journal, October 13, 2006

Twenty-two years ago the government broke up AT&T, creating the regional baby bells. So there was much irony in the decision this week by the Justice Department Antitrust Division to allow Ma Bell to reunite with one of its most profitable step-children: BellSouth.

Approving this $78.5 billion deal was the right call. The merger will give AT&T the added scope and scale to invest billions of dollars into building out the nation's telecommunications/broadband infrastructure. The U.S. currently ranks 19th in the world in broadband penetration -- a constraint on America's global competitiveness. The companies' shareholders are also big beneficiaries of the deal. BellSouth's stock value has risen 40% since the merger was announced in March, a $20 billion increase in shareholder wealth based on investor calculations of the business synergies.

Assistant Attorney General Thomas Barnett got it mostly right when he declared that, thanks to the combination of existing corporate competitors and emerging technologies, "the proposed transaction is not likely to reduce competition substantially." A strong case can be made that the merger won't reduce competition at all. Why? Because AT&T plans to use the merger to hasten its penetration in the Southeast into DSL Internet service and cable TV -- where competitive forces have been lacking and prices charged to homeowners artificially inflated. The biggest opponents of the merger are precisely such cable companies as Comcast and Internet firms that fear this new entrant into the market.

Last year the feds approved the AT&T merger with SBC and the acquisition of MCI by Verizon. Consumer groups predicted these new telecom behemoths would engage in predatory pricing and other anti-consumer behavior -- precisely the charges that are being made now. But according to FCC data, DSL and wireless service costs have declined in the year since those mergers were consummated.

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Now the fate of the AT&T-BellSouth marriage lies in the hands of the Federal Communications Commission, which may decide as soon as today whether to agree to the deal. FCC Chairman Kevin Martin favors the deal but he may not have enough votes on the commission to prevail. One worry is that the two Democratic Commissioners may insist on onerous conditions such as price controls on AT&T services, prohibitions against bundling telecom services, and even so-called net neutrality to "protect" consumers by blocking phone companies from charging for access to their Internet pipes.

But the best way to help consumers is to allow the business scale and return on investment that will bring the information superhighway into the living room of every home and business in America. That appears much more likely to happen -- and more quickly -- with this merger than without it.

A Growing Free-for-All (NYT)

The New York Times, October 13, 2006

By approving the merger between AT&T and BellSouth unconditionally, the Bush administration has again abdicated responsibility for protecting consumers when huge companies combine.

Fierce competition between private companies is at the core of the nation's economic strength. But government still has an important role to play as referee, making sure that the rough-and-tumble game of capitalism doesn't become perversely uncompetitive through significant concentrations of market power in the hands of a few companies.

From the very start, the Bush administration's approach to antitrust and merger policy has been much more hands-off than its predecessors'. In an era of rapid consolidation and deregulation, the Justice Department hasn't brought a single major monopoly case under the Sherman Antitrust Act since the Clinton administration went after Microsoft for illegally defending its monopoly for the Windows operating system. The department settled that case during President Bush's first year in office.

That set the tone for a merger policy that often appears to be little more than "anything goes." One gets the impression at times that the referee has left the playing field.

Perhaps the clearest example came earlier this year when the department cleared Whirlpool's $1.7 billion acquisition of Maytag, which gave the combined company up to three-quarters of the market for some home appliances. As Stephen Labaton reported in The Times shortly thereafter, that decision actually demoralized career officials in the department's antitrust division.

Not only has the government failed to bring many significant cases, it is opposing one brought and won by a third party. The Supreme Court will hear a case in which a jury found that Weyerhaeuser monopolized a market for logs in the Pacific Northwest. The Bush administration filed a brief asking the court to reverse the decision, already upheld on appeal.

A federal district judge is reviewing the antitrust settlements that previously allowed SBC Communications to acquire AT&T and Verizon to buy MCI. But by approving the AT&T-BellSouth merger without a single condition, the Justice Department has allowed this one to avoid judicial review.

That leaves the Federal Communications Commission. The commission has scheduled a meeting to discuss the merger today. It should take a long, hard look at the deal, and the overall trend toward consolidation in the telecommunications industry. There are strong arguments that competition with cable companies and Internet phone services have changed the playing field. But the commissioners should pursue the question thoroughly rather than wielding a rubber stamp as the Justice Department sometimes appears to. They must think first about protecting consumers, while bearing in mind that bigger is not always better.

Five Multiple Listing Services Agree To Equal Treatment For Discount Brokers (NYT)

By Vikas Bajaj

The New York Times, October 13, 2006

The Federal Trade Commission said yesterday that five regional real estate listing services had agreed to treat listings from discount brokers no differently than those from traditional agents.

The commission also said that it would pursue administrative cases against two Detroit multiple listing services. It says the two services either do not allow discount brokers' listings or refuse to send them to other real estate Web sites.

The announcement suggests that regulators are making headway in their campaign to deal with practices in the real estate industry that they say have reduced competition and supported high sales commissions.

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More than a year ago, the Justice Department sued the National Association of Realtors, the large trade group for real estate agents, charging violations of antitrust rules. That case is still pending.

At its crux, the F.T.C. case is about the power real estate agents exercise through their control of regional home listing services, which are often the dominant and most comprehensive databases of homes for sale in an area. There are 900 such systems nationwide, and most are controlled by local Realtors.

Theoretically any real estate agent can list homes on the systems for a fixed fee, but many operators bar or restrict "exclusive agency listings," which are popular with discount brokers. Under these listings, home sellers enter into contracts with agents to list and try to sell their properties but keep the right to sell their homes themselves without having to pay a sales commission. These so-called limited-service brokers often charge commissions less than the 5 percent industry average or they refund a portion of the fee to their clients.

By contrast, under traditional listings popular with Realtors, home owners agree to pay agents regardless of who sells the home. The fees are negotiated, but they typically range from 4.5 percent to 6 percent of the sales price.

"The rules these brokers made drove up costs and reduced the choice for consumers, and they violated federal law," Jeffrey Schmidt, director of the F.T.C.'s competition bureau, said in a statement.

Officials at Realcomp II and MiRealSource, the two Michigan listing services, could not be reached for comment yesterday.

The settlement with the five firms — which are based in Colorado, New Hampshire, New Jersey, Virginia and Wisconsin — requires the systems to carry exclusive agency and other lawful listings without any restrictions. The commission recently reached a similar deal with a Realtor group in Austin, Tex.

The National Association of Realtors said it disagreed with the F.T.C.'s characterization of listing services, noting that the systems assist competition by making it easy for buyers to search for homes. But officials for the group added that the settlements with the five firms indicated that the government might now be amenable to reaching a national deal with the industry.

The trade group has reached out to the agency twice before in an effort to "craft an industrywide solution" to concerns over listings, Laurie Janik, general counsel for the trade group, said in a statement. "We understand that the F.T.C. is now looking at the possibility of taking N.A.R. up on its offer to address this issue."

FTC Targets Real Estate For Alleged Unfair Practices (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, October 13, 2006

Agency files complaints against 2 Michigan MLSs, announces agreements with 5 others

The U.S. Federal Trade Commission today announced litigation against two multiple listing services and settlements with five other MLSs based on policies restricting a classification of property listings.

The five consent agreements resolve separate investigations against the MLSs over similar policies that prohibited the display of certain property listings on some home-search Web sites, and the litigation targets two MLSs in Michigan that have refused to withdraw similar policies.

Several other MLSs are also under investigation for similar policies, said Jeffrey Schmidt, director of the FTC's Bureau of Competition. But he did not provide specifics about how many investigations are pending, and whether the FTC would take actions against those MLSs.

Today's announcement marks the latest in a series of FTC and U.S. Justice Department actions against alleged anti-competitive practices in the real estate industry. The agencies have also opposed state measures that seek to establish a range of minimum service required for all real estate professionals, at least for some types of agreements for representation in a real estate transaction.

And the Justice Department is engaged in an antitrust lawsuit with the National Association of Realtors trade group over the association's policies for the online display and sharing of property listings information.

For most of the FTC actions announced today, the agency took issue with policies that prevent the display of property information at some home-search Web sites when MLS members entered into "exclusive agency" agreements with home sellers.

Under an exclusive agency agreement, property owners have the right to sell a property without extensive help from the listing broker and are not required to pay the broker if they directly locate a buyer for the property. Meanwhile, the MLSs did not place similar restrictions on the more popularly used "exclusive right to sell" agreement, under which sellers must pay the broker a commission when the property is sold.

According to the FTC, exclusive agency agreements are "often used by home sellers who do not wish to purchase the full range of brokerage services. Under an exclusive agency listing agreement, the listing broker often charges an up-front fee, but may receive a reduced commission, or no commission at all if the owner sells the property without the broker's further help."

Officials at MLSs that have adopted such rules have said that the rules aim to prevent MLSs from hosting for-sale-by-owner transactions in which the MLS member has little or no involvement in the transaction. The MLS, they have said, is intended to facilitate cooperation among its members and not to assist with direct home sales between a buyer and seller who may not use the professional services of an MLS member.

The FTC filed administrative complaints against Realcomp II Ltd., a corporation owned by several Realtor boards and associations in Michigan that has about 14,800 members, and broker-owned MIRealSource Inc., which has about 7,000 members.

Karen Kage, CEO for Realcomp II Ltd., said today that the action "is not unexpected." The MLS passed a rule in 2004 that prohibits exclusive agency listings from reaching popular property-search site Realtor.com, an MLS-owned property-search site at MoveInMichigan.com, and all of its members' sites that feature property information through a data-sharing agreement with other brokers.

National Association of Realtors-affiliated Realtor.com consistently ranks among the top property-search sites for consumer traffic on the Web.

"I feel very firmly that consumers do have choices and we're not taking away those choices. There are a lot of Web sites out there where listings can be published for free or for a fee, so we don't feel we're taking away consumers' choices," Kage said.

The FTC complaint against Realcomp II charges that the MLS has violated antitrust laws in adopting "policies that limit the publication and marketing of certain properties," and states that "these policies discriminate against certain kinds of lawful contracts between listing real estate brokers and their customers, and lack any pro-competitive justification."

Another complaint, against MiRealSource Inc., charges that the MLS adopted "a series of rules designed to thwart competition by firms using alternative business models," including an August 2003 rule that prevents the MLS from accepting any listings to the MLS other than exclusive-right-to-sell listings.

The complaint also alleges that the MLS "was well aware that … alternative business models used exclusive agency listings to offer a menu of services that a home seller could choose from at a significantly lower price" and that the MLS "believed that these alternative business models were gaining ground with home sellers and home buyers during this time period and adopted rules in response to this additional competition."

Officials at MiRealSource had no comment today about the complaint.

The complaints against the Michigan MLSs will by heard by administrative law judges for the commission unless the FTC reaches settlement with the MLSs prior to trial.

The FTC also announced complaints and consent orders with Information and Real Estate Services LLC of Loveland, Colo.; Northern New England Real Estate Network Inc. of Concord, N.H.; Williamsburg Area Association of Realtors Inc. of Williamsburg, Va.; Realtors Association of Northeast Wisconsin Inc. of Appleton, Wis.; and Monmouth County Association of Realtors Inc. of Tinton Falls, N.J.

Consent orders for these five MLSs are subject to a 30-day public comment period before the FTC can finalize the orders.

Schmidt, of the FTC, said that the FTC actions seek to stop abuse and discrimination by MLSs against some members. "This is not an attack against the real estate industry as a whole," he said, and is intended "to protect consumers and the choices they have in a real estate transaction."

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He added, "There is no doubt about it -- increased competition in every industry, including real estate, leads to more choices, better prices and increased services for consumers. This isn't about the FTC saying that one form of brokerage is better than another -- our point is that consumers should have a choice as to what they want, what they need."

Charles Melidosian, vice president and chief information officer for the Baird & Warner real estate company in Chicago and a member of the MLS of Northern Illinois, one of the largest MLSs in the country, said of the FTC actions, "At times I think the FTC steps a little bit too far. I don't like the fact that the FTC is stepping in and forcing lower-cost service providers to leverage the resources of higher-cost service providers."

He also said, "If someone has a new business model, go for it. Develop your own Web site. Develop your own MLS for all practical purposes. But for the federal government to come in and say MLSs who have invested a significant amount of money and time to develop these services … to force it to accept anyone and everyone to market within the MLS, I think is unfair competition.

"The next step is then 'Why can't the consumer put their listings directly in the MLS and pay nothing?' At some point you need to draw the line what is fair business practices versus healthy competition," Melidosian said.

Derek Eisenberg, a real estate broker and creator of MultipleListingSystem.com in Hackensack, N.J., has opposed the exclusive agency restrictions. "The MLS position is without merit. Their assertions that they are doing it to avoid promoting FSBOs are absurd," as addresses are typically not published for listings submitted through MLSs in his market area and there are typically no notations in the public property descriptions that suggest that a property is an exclusive agency listing, he said. "Buyers finding an (exclusive agency) owner would be like searching for a needle in a haystack."

In a statement today, National Association of Realtors officials said they have "continued to reach out to the Federal Trade Commission in an attempt to address FTC concerns regarding the treatment of exclusive agency listings."

"MLSs are a powerful force for competition," said Laurie Janik, NAR general counsel, in a statement. The announcement states, "Janik has been attempting to work with the FTC for a number of months on the inquiries into the activities the FTC views as being in violation of antitrust laws."

And NAR president Thomas M. Stevens said in a statement, "Working with the industry to develop constructive solutions is not something the FTC is accustomed to doing, and it is rewarding to see that our efforts to develop a cooperative relationship may be paying off. The result will be, we hope, the elimination of duplicative actions such as consent orders."

Homeowners Get More Access To MLS (BLOOM)

By James Rowley

Bloomberg, October 13, 2006

Real estate multiple-listing services in five states, including Colorado, agreed to drop rules that the U.S. Federal Trade Commission charged hurt competition from discount brokers.

The FTC announced the settlements as it accused two Detroit-area multiple-listing services of breaking antitrust law by barring sellers who hire discount brokers from advertising their homes on popular Web sites.

"The rules these brokers made drove up costs and reduced choice for consumers, and they violated federal law," Jeffrey Schmidt, head of the FTC's Bureau of Competition, said in a statement.

Discount brokers charge a fee for listing a property with a local multiple-listing service and may not offer the full range of services that traditional brokers provide home sellers. Full- service brokers show homes to prospective buyers and negotiate the sale with the buyer's broker.

Traditional brokers require clients to sign an agreement that authorizes them to be the exclusive agent to sell the property. Agreements with discount brokers give homeowners the ability to sell the home without help from the listing agent, the FTC said.

Internet advertising of homes "has blossomed since 2000," Schmidt said, citing a National Association of Realtors survey that found that 77 percent of home buyers used the Web to search for new homes.

The FTC brought administrative complaints against two multiple-listing services in southeastern Michigan that together serve almost 22,000 member brokers. The cases will be tried before an administrative law judge.

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"What we are talking about is a group of competitors getting together, creating a rule that harms rivals and harms consumers in the process," Schmidt told reporters in Washington.

The FTC negotiated settlements, identical to one it reached in July with a multiple-listing service in Austin, Texas, with listing services based in Loveland, Colorado; Williamsburg, Virginia; Concord, New Hampshire; Tinton Falls, New Jersey, and Appleton, Wisconsin.

Schmidt said the FTC was seeking an agreement with the National Association of Realtors to get its member brokers to lift such restrictions. Not all multiple-listing services are associated with the realtors' trade group, he said.

One of the two Detroit-area multiple-listing services is not affiliated with the trade group, he said. That service barred any multiple listings by clients of discount brokers, in addition to barring them from being posted on Web sites.

Real Estate Groups Settle FTC Complaint (WP)

By Dina Elboghdady

The Washington Post, October 13, 2006

The Federal Trade Commission yesterday said groups representing thousands of real estate agents in five states have agreed to drop practices that hampered rival discount brokers from posting home-sale listings on Internet sites.

In a meeting with reporters, FTC regulators also said they are suing two more groups in the Detroit suburbs -- Realcomp II Ltd. and MiRealSource Inc. -- over similar allegedly anti-competitive practices.

The FTC's actions are the latest step in an ongoing struggle between traditional full-service real estate agents (who typically earn 5 to 6 percent in commission on each house they sell) and their newer rivals, firms that offer limited services for a lower commission, mostly on the Internet. At stake are tens of billions of dollars in real estate commissions.

Each side is accusing the other of doing a disservice to consumers. The traditional firms say their rivals often offer poor service and leave consumers in the lurch. In recent years, they have pressed several states to enact laws that force nontraditional agents to offer a wider array of services. Newcomers say that practice is designed to stifle competition and allow real estate agents to charge excessive commissions.

Yesterday, the FTC said it is not endorsing one model over the other or trying to attack the real estate industry as a whole.

"Our aim is to provide consumers with as many choices as the marketplace can provide," said Jeffrey Schmidt, director of the FTC's bureau of competition.

Some antitrust experts say the aggressive role the FTC has taken signals a possible shake-up ahead for an industry that has long clung to its way of doing business. The newer firms generally offer a la carte services, such as entering a listing but not holding open houses, for reduced commissions or flat fees.

"The industry will either undergo a revolution where you will see brokers' fees go down and alternate business models thrive or incumbents will prevail," said Mike Cowie, a former FTC official who is now a lawyer at Howrey LLP.

At the center of the issue are multiple-listing services, cooperatives formed by real estate brokers in which all their properties for sale are lumped together in one database. Most of the nation's 900 multiple-listing services display members' listings on Internet sites that can be accessed by the public.

The five companies that settled with the FTC yesterday were all charged with barring the listings of some competitors from appearing on the public Web sites, though they did allow them on Web sites open only to agents. The companies did not admit to violating the law but agreed not to engage in those practices.

Those firms were Information Real Estate Services LLC, based in Loveland, Colo.; Northern New England Real Estate Network Inc., Concord, N.H.; Williamsburg Area Association of Realtors Inc., Williamsburg; Realtors Association of Northeast Wisconsin Inc., Appleton, Wis.; and Monmouth County Association of Realtors Inc., Tinton Falls, N.J.

Of the two Michigan groups that did not settle, Realcomp was accused of the same practice. The FTC alleges that the other group, MiRealSource, will not let alternative agents list on its MLS at all.

Karen Kage, chief executive of Realcomp, said her group did not settle with the FTC because it does not think it discriminates.

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"The job of the MLS is to promote cooperation and ensure compensation to our Realtor members," Kage said. "They are the subscribers who pay fees to us to keep us in business. So we don't see that our position should be to promote the sale of properties between consumer and consumer. . . . Our position is to promote properties represented by Realtors to bring the buyer and seller together."

Some of the firms that settled with the FTC also said they did nothing wrong, including the Williamsburg Area Association of Realtors.

Linda Kinsman, the group's chief executive, said the National Association of Realtors provides model governing documents. In 2002, one of these documents included optional language that barred from public Web sites "exclusive agency" listings, in which the seller retains the option to sell the property to a buyer he or she identifies and not pay a commission to the broker. Some limited-service firms use such listings.

Kinsman's group adopted the language but "never implemented the policy and never caused public harm," she said. "We were muscled by the FTC into signing the consent order."

Ralph Holmen, associate general counsel at the National Association of Realtors, said the home seller who operates under an exclusive agency listing is essentially competing against the broker he hired. Any seller who wants to list on the MLS must hire a broker, he said.

"Why should [the seller] get the benefit of being on these public Web sites when in the end, they sell it without paying commission to the brokers?" Holmen said.

Steelmakers Seek New Tie-Ups That Are Short Of True Mergers (WSJ)

By Paul Glader

The Wall Street Journal, October 13, 2006

BUENOS AIRES -- Steel companies, particularly in Asia, are finding new ways to link up short of actual mergers, as a way to compete against -- and possibly fend off -- growing industry rivals.

The new agreements include forming joint ventures, taking small investment stakes in other companies and signing technology-licensing agreements. In part, the activity is prompted by the €28 billion ($35.1 billion) combination of Mittal Steel Co. and Arcelor SA earlier this year and India's Tata Steel Ltd.'s announcement last week that it might make a bid that could be valued at more than £5 billion ($9.3 billion) for British steelmaker Corus PLC.

In the wake of these new giants, "everybody is in the middle of brainstorming" to find competitive solutions, said Ku Taek Lee, chief executive and Chairman of South Korea's Posco, the world's third-largest steel producer, which reported 30.5 million metric tons of production last year. Among the options being considered by Posco: increasing its small stakes in other Asian steelmakers, pooling research, co-owning certain operations or linking up to purchase raw materials.

Big deals have increased investor attention on steelmakers, and the companies have plenty of cash on hand thanks to healthy steel prices over the past few years.

But many companies say they want to avoid large deals, either as a target or as the surviving company. For acquirers, stock prices are relatively high, making a deal costly, they say. Others say their corporate cultures are incompatible with those of steelmakers in certain parts of the world, making a merger difficult, or they are wary of political risks. In some cases, companies say they simply don't see acquisitions that would add value, either in terms of the product mix or geographical positions.

Still others are making moves to discourage outside bidders. A move last month by Japan's JFE Steel Corp. to buy $172 million of shares in South Korea's Dongkuk Steel Mill Co., lifting JFE's stake in the company to 15% from 4.09%, was seen by steel analysts as a defensive move. JFE has said the move has nothing to do with other mergers.

Japan's Nippon Steel Corp. is considering several growth and investment options. One is boosting its stakes in fellow Japanese steelmakers Sumitomo Metal Industries Ltd. and Kobe Steel Ltd., or expanding an existing joint relationship with Mittal Steel in North America to make auto-quality steel. "Everything is under study," said Akio Mimura, president of Nippon.

Peter Marcus, a partner in research firm World Steel Dynamics, Englewood Cliffs, N.J., says Asian steelmakers are focused on growth, saying size equals status in Asia. But, he says, Asian steelmakers are generally more wary of large mergers with

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Western producers and would prefer to grow organically or in ventures with fellow Asian producers. "They are more likely to try joint ventures, partnerships and affiliations," said Mr. Marcus.

John Surma, chairman and CEO of Pittsburgh-based U.S. Steel Corp., says that although the company does have joint ventures with Posco and Russia's OAO Severstal, it prefers acquisitions over partnerships. "Alliances and joint ventures are not always good value creators," he said, indicating they involve more bureaucracy in making decisions and divided interests, at times, on production, profits and future strategies.

Executives at Nucor Corp., based in Charlotte, N.C., say they are open to acquisition possibilities but would rather grow by licensing technologies Nucor is developing, such as new methods for casting thin sheets of steel, with partners abroad.

In Taiwan, China Steel Corp. is considering expanding a joint venture with Japan's Sumitomo Metal Industries and building plants in Taiwan that would about double China Steel's production to nearly 20 million metric tons a year by 2010, up from present capacity of 11 million metric tons.

Rent-Way Nears Vote On Rent-A-Center Deal (AP-YBIZ)

AP, October 13, 2006

Rent-Way Shareholders to Vote Nov. 14 on Takeover by Rent-A-Center

WASHINGTON (AP) -- Shareholders of Rent-Way Inc., a rent-to-own chain operator, will vote Nov. 14 on the company's proposed sale to Rent-A-Center Inc., the largest U.S. furniture rental chain, according to a Thursday filing with the Securities and Exchange Commission.

If the deal is completed, Rent-Way shareholders will be entitled to receive $10.65 per share in cash on the date of the merger, according to the filing.

The companies last month said the deal, which is expected to be completed in the fourth quarter, had received government antitrust clearance. Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa.

Rent-Way's board of directors unanimously approved the agreement and is recommending shareholders vote for its adoption, according to the filing. If the deal is terminated, Rent-Way will be required to pay a termination fee to Rent-A-Center of $17.5 million and up to more than $4.1 million in expenses.

The acquisition would mark an end to Rent-Way's turnaround after an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s.

A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004.

Shares of Rent-Way fell a penny to $10.55 in afternoon trading on the New York Stock Exchange, while Rent-A-Center added 22 cents to $28.88 on the Nasdaq.

ENVIRONMENT:

E. Coli Strains Match Samples From Ranch (USAT)

By Elizabeth Weise And Julie Schmit

USA Today, October 13, 2006

State and federal investigators came closer to pinpointing the source of the 26-state E. coli outbreak with the discovery of samples matching the deadly strain from a Salinas Valley cattle ranch that also grew spinach, California officials said Thursday.

The outbreak that killed three people and sickened about 200 has been tied to bagged spinach.

Three cattle fecal samples from one of four ranches being investigated were an exact DNA match with the deadly O157:H7 strain, said Kevin Reilly of the California Department of Health Services. Samples from the remaining three ranches are still being tested. Some fields on all four ranches were surrounded by cattle pastures, a common practice in the valley, Reilly said.

Officials were quick to point that the finding doesn't mean they have “a smoking cow.” The method of contamination “is still in question,” Reilly said.

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The case marks the first time investigators have traced an E. coli strain identified in an outbreak definitively back to a Salinas Valley ranch. The valley has been implicated in 10 of 17 E. coli O157:H7 outbreaks associated with lettuce or spinach since 1996, according to the Food and Drug Administration.

All spinach implicated in the recent outbreak has been recalled and traced back to processor Natural Selection Foods of San Juan Bautista, Calif.

Natural Selection couldn't say when it last inspected the ranch in question for following good agricultural practices because the ranch hasn't been identified. Typically, the company inspects ranches that grow lettuce or spinach weekly during growing and harvesting seasons, spokeswoman Samantha Cabaluna said.

The conditions described by officials can't be considered good agricultural practices, said Trevor Suslow, an expert on produce safety at the University of California, Davis. Placing crop fields next to cattle pastures is known to carry a level of risk, he said, as cattle are natural carriers of E. coli O157:H7.

"These are ready-to-eat products that people consume without cooking," the FDA's Robert Brackett said. "It's absolutely essential that every farm in the area and the country do what they can to ensure this never happens again."

Source Of Deadly E. Coli Is Found (NYT)

By Libby Sander

The New York Times, October 13, 2006

CHICAGO, Oct. 12 — Cattle manure collected from a California ranch under investigation by federal and state authorities contains the same strain of E. coli that killed three people and sickened nearly 200 in a recent outbreak linked to tainted spinach, federal and state food safety officials said Thursday.

"We know where the E. coli comes from," said Dr. Kevin Reilly of the California Department of Health Services.

But while the discovery of the match between E. coli in the manure and in the tainted spinach is an unprecedented development in the scientific investigation of food-borne illnesses, Dr. Reilly said, it does not solve the mystery of how the spinach was contaminated in the first place.

"We are continuing to try to determine the connection between these findings and how spinach on the fields may have been contaminated," Dr. Reilly said in a news conference.

Pinpointing how the bacteria made its way into the spinach fields, whether from tainted irrigation water, flooding, poor hygiene among field workers or by wildlife capable of breaking through fences, is the next challenge for investigators, he said.

The manure samples were taken from a large ranch in the Salinas Valley that has a beef cattle operation as well as fields where produce is grown, Dr. Reilly said. Investigators collected the samples — which are 3 of about 650 specimens taken from various ranches since the investigation began — about a half-mile from the spinach fields, he said.

The authorities are also investigating three other ranches. All of the ranches in question are in either San Benito or Monterey Counties, and none are currently growing any produce, Dr. Reilly said.

Joan Rose, a microbiologist and food safety expert at Michigan State University, said she was not surprised by Thursday's finding that the E. coli came from animal feces.

"If you start to look at the pathogen levels even in untreated sewage, it's minor compared to animal waste," Ms. Rose said, dismissing the notion that a field worker with poor hygiene could have spread the bacteria. "One person can't touch that much spinach."

The close proximity of farm animals to produce fields "has always been a concern" of the Food and Drug Administration, said Dr. Robert Brackett, director of the Center for Food Safety and Applied Nutrition at the agency. Dr. Brackett declined to comment on whether the agency would try to regulate how close those animals can be to fields where ready-to-eat produce is grown.

The ability to trace a nationwide outbreak of E. coli back to cattle manure on a specific Salinas Valley ranch within a matter of weeks is a scientific leap that would not have been possible a decade ago, Dr. Reilly said.

"This is the first time in nine outbreaks that have linked back to the Salinas Valley that we have had the ability to match up the genetic strain" of the E. coli, he said, crediting improved laboratory technology with the advance.

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The history of E. coli outbreaks traced to leafy vegetables grown in Central California, particularly in the Salinas Valley, is long, the F.D.A. said. Federal and state food safety officials have asked industry groups to present long-term strategies for minimizing the likelihood of future outbreaks, and the agency has said it will not rule out the possibility of regulatory requirements.

The most recent outbreak has sickened people in 26 states and Canada, and resulted in deaths in Idaho, Nebraska and Wisconsin.

Earlier this week, Mexico announced that it would halt its imports of lettuce grown in the United States after another Salinas Valley company, the Nunes Company, issued a voluntary recall, believing that some of its lettuce may have been irrigated with water containing harmful E. coli. Laboratory tests later showed that concern to be unfounded, and Dr. Brackett of the F.D.A. said the agency was working with the Mexican government to address the issue.

E. Coli Detected Near Spinach (WP)

By Annys Shin

The Washington Post, October 13, 2006

Investigators found E. coli in cattle feces near Salinas Valley spinach fields that matches the strain of the bacteria that sickened 200 people and killed at least three -- a major discovery in the nearly two-month search for the cause of the outbreak.

The fecal samples were found within a mile of spinach fields, on a farm with both beef cattle and produce operations, Kevin Reilly, a California food safety official, said yesterday.

Investigators are turning their attention to how the deadly bacteria could have gotten into spinach crops. Theories include contaminated irrigation water, poor worker hygiene, and wild pigs running through pastures and into the spinach fields.

"We do not have a smoking cow at this point, no," Reilly said.

Reilly was careful to say that yesterday's finding does not mean that investigators found the source of the outbreak. Over the past several weeks, investigators have collected more then 650 specimens of soil, water, plants and feces, and they are still testing for E. coli. Officials have not ruled out other sources of contamination.

The California and federal health officials conducting the investigation have narrowed its focus from 12 fields on nine farms to four fields on four farms, Reilly said. The growers that operate the four implicated fields, in Monterey and San Benito counties, have stopped growing ready-to-eat produce on those fields.

Though last month's E. coli outbreak was the 20th in 10 years linked to leafy greens and the ninth traced to the Salinas Valley, investigators have never found a specific source of contamination, which made yesterday's finding unusual.

"This is a significant finding because it's the first time we've linked a spinach or lettuce E. coli . . . outbreak to test results from a specific ranch in the Salinas Valley," Reilly said.

E. coli O157:H7 is an especially toxic form of E. coli, which can cause bloody stool, kidney failure and death.

Knowing the precise source of the outbreak could help regulators and farmers come up with more effective ways to prevent contamination, food safety experts said.

The family of an elderly Hagerstown woman who died last month after eating bagged spinach has filed a federal wrongful-death lawsuit against Natural Selection Foods LLC and Dole Food Co., one of several such suits. The death of June Dunning, 86, was not definitively linked to the outbreak because of problems completing a genetic test on the bacteria that infected her. Her death is still considered "under investigation" by public health officials.

Samantha Cabaluna, a spokeswoman for Natural Selection, said she has not seen the lawsuit and declined to comment.

Dunning died the day before the Food and Drug Administration first told the public to avoid eating fresh spinach. The outbreak was quickly traced to Natural Selection, a processor in Salinas that immediately recalled all its spinach products. Five other produce packers did the same.

About two weeks ago, after the investigation was narrowed to nine Salinas Valley farms, FDA officials said any fresh spinach that wasn't recalled was safe to eat again.

EPA Ties Plant Here To Illegal Burning (CCCT)

By Dan Kelley, Caller-Times

Corpus Christi (TX) Caller-Times, October 13, 2006

DOJ_NMG_0080167

Allegations about Encycle and waste false, Asarco says

A Corpus Christi metal recycling plant took part in what the government called sham recycling, sending hazardous waste to El Paso and Montana to be burned illegally, according to federal documents.

The company, Asarco Inc., said Wednesday the allegations are old and false.

The Environmental Protection Agency document does not disclose what the materials were. More than 5,000 tons in 247 shipments left Asarco's Corpus Christi Encycle facility in about 10 years, until July 1998, according to the EPA memo. Some sludge from a wastewater treatment process was also mixed with metal smelting byproducts, known as slag, which Asarco later burned illegally in its El Paso copper smelter and another facility in East Helena, Mont., according to the memo.

Asarco agreed in 1995 and 1996 to clean 30 contaminated properties in two Corpus Christi neighborhoods, Dona Park and Manchester Place, after tests showed high amounts of lead and other heavy metals linked to health problems.

An environmental group says waste manifests indicate at least 300 tons of that material was generated at the Army's chemical warfare depot at the Rocky Mountain Arsenal.

Attorneys for the EPA wrote the memo to refer the company to the Department of Justice for sanctions. Negotiations between the company and the Justice Department led to a 1999 consent decree between Asarco and the government. The consent decree contains no admission of guilt. A 1999 EPA news release hailed the agreement as an unprecedented potential model for other companies. The release faults Asarco for "failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices."

The El Paso smelter closed in 1998. The company is applying to reopen it.

The Justice Department said Wednesday in a written statement that both federal agencies considered all available information before reaching the settlement and that it was open to a 30-day comment period before approved by a federal judge.

Two environmental groups, Get The Lead Out El Paso and Concerned Citizens of Sunland Park, obtained the EPA information this week through a request under the Freedom of Information Act.

"The EPA knew Asarco burned toxic waste right here in downtown El Paso," said state Sen. Eliot Shapleigh, D-El Paso. "EPA made a memo showing hundreds of violations. Now lawyers say it was not meant to be public. Why do we find out now?"

EPA regional spokesman Dave Berry said the memo didn't become public sooner because at the time it was drafted, it was considered a communication between attorneys preparing a legal case, and therefore would have been exempt from public release.

Tom Aldrich, Asarco's vice president of environmental affairs, said the allegations were "not new and not true."

The company also released documents from the Texas Commission on Environmental Quality interpreting the sham recycling allegation to mean no more than that the product sent to El Paso didn't contain enough metal.

Shapleigh called for a federal investigation into why charges weren't filed against the company.

Heather McMurray, a representative of both environmental groups, said she sought the documents after the steelworkers union in 2004 released memos purporting to connect the contamination in Corpus Christi to El Paso.

"We've been contaminated," McMurray said. "We realized they would find the same stuff Asarco released in Corpus."

Asarco in 2005 filed for Chapter 11 reorganization under the bankruptcy code, leading to what Shapleigh said were billions of dollars in environmental cleanup liabilities in "94 communities in 21 states." In 2002, the EPA gave Asarco notice of potential liability in an emergency cleanup of several El Paso properties that also contained high levels of lead.

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God Can Make A Tree, But Olaf Ribeiro Can Save Its Life (WSJ)

By Susan Warren

The Wall Street Journal, October 13, 2006

OLYMPIA, Wash. -- Plant pathologist Olaf Ribeiro crouched beneath the spreading evergreen branches of a sequoia tree on the state capitol grounds and peered into the underground world.

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A colleague had just used an "air spade" to blast away dirt with a jet stream of air, uncovering the dense network of shallow roots at the base of the tree. Dr. Ribeiro immediately spotted a killing fungus eating away at the roots. "We have to save this tree!" he told the team of tree experts gathered around.

"I worry that future generations will know of giant old trees only by the stumps preserved in museums," he says. "I want to save old trees so that people can stand at the base of them and say, 'My God, look what nature can do.'"

Trees are dying in large numbers in cities all over the country. American Forests, a nonprofit organization in Washington, D.C., that fights for preserving trees in urban areas, says satellite reconnaissance shows metropolitan areas in the eastern U.S. have lost 30% of their tree cover in the past 20 years. It argues that about 635 million trees need to be planted in cities nationwide. Urban tree loss, due mainly to developmental sprawl, contributes to the decline in air quality as well as flooding problems in metro areas. Tree roots and the soil they are in soak up excess water, and trees consume carbon dioxide that would otherwise contribute to greenhouse gases.

Dr. Ribeiro sees the loss of trees as unnecessary. In fact, he is trying to prove that trees can live forever given the right conditions. As an expert in plant diseases like the fungus that caused the 19th-century Irish Potato Famine, Dr. Ribeiro believes the key to tree longevity is in the dirt.

Trees have evolved in sync with a complex underground world that nourishes them and keeps them healthy. Farmland cultivation, construction, foot traffic and pollution have upset the balance, cutting short trees' lives, argues the energetic, 68-year-old Dr. Ribeiro, who runs a private lab near Seattle that specializes in diagnosing diseases in crops and trees. He believes that if the original microbial activity around the tree could be duplicated, "There's no reason the tree shouldn't go on living."

Even death is just a passing phase for many trees, he says. A tree can go on living for centuries, through a rotting stump that nourishes new life, or through roots and branches that sprout saplings.

Arborist Neville Fay, of Britain's Ancient Tree Forum, calls these perpetually regenerating life forms "phoenix trees." He believes that letting old trees die destroys the chance to study, and learn more, about the oldest life forms on the planet. Ancient trees are colonized by micro-organisms that may date back thousands of years. "The tree is an ark that carries these organisms through time," he says.

Mr. Fay and Dr. Ribeiro are joining with others to form interdisciplinary teams that can diagnose problems with dying trees and keep them alive many years longer.

To be sure, saving individual old trees is criticized by some tree experts, who deride it as "geriatric forestry." Rescues are labor-intensive and expensive, at prices that can run up to $30,000 per tree. Eric Oldar, who works for the California Department of Forestry, worries that too much focus on single trees could detract from the larger problem of cities eating away at the nation's forest canopy. The effort and money to save one old tree might be better spent protecting younger, more productive trees in the environment, he says.

Whether to save old trees comes down to measuring their value, and that's a tough call, says David Nowak, a forestry expert with the USDA Forest Service in Syracuse, N.Y. "Yes, we can keep it going. But what are you getting in return?" he asked. "Is that tree actually growing? Or is it just hanging on?"

Forestry experts agree that some old trees -- especially those with historical significance -- are worth saving at almost any cost. Deborah Gangloff, executive director of American Foresters, says such trees can be "living landmarks." "It's like paying to make sure the Liberty Bell or the Bull at Wall Street are maintained," she says.

Dr. Ribeiro believes people pay too much attention to what they can see, so when a tree appears to be dying, they rush to cut it down before it falls and causes damage.

Lately, he has focused his attention on the venerable old trees of the state capitol in Olympia. In 2003, he got together with Rob Lloyd, owner of Lloyd's Arboricultural Consulting in Battle Ground, Wash., and Neal Wolbert, president of Landscape Health Care in Olympia, to save a dying Norway Maple at risk of being cut down.

The team relies heavily on the air spade, a long-handled tube with a half-moon shield connected to an air compressor. The tool, designed to help excavate trees for moving, blasts away the dirt with high-pressure air that leaves roots undamaged. It allows Dr. Ribeiro to pinpoint root problems with surgical precision.

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With a clear view of the roots of the giant maple, Dr. Ribeiro and Mr. Wolbert were able to identify and treat the area where fungus was devouring the roots, then backfill with a special prescription of nutrient-enriched soil and mulch. Now, the tree is flourishing.

Air-spading at the base of an ailing redwood, used as the state Christmas tree, revealed that small roots circling the tree were choking larger roots. "This is radical stuff," acknowledged Mr. Wolbert, as Mr. Lloyd fired up a chain saw to cut away the offending growth.

The team rescued another Norway Maple nearby. Mr. Lloyd designed a steel pole to suspend cables for supporting the tree's huge, majestic limbs, which had been weakened by rot and posed a risk of falling on passersby. Some arborists might have recommended cutting it down. But now, "this one will go forever," said Dr. Ribeiro.

Finally, the team noticed a young sequoia, planted in 1980 in honor of Dixy Lee Ray, Washington's first woman governor. It needed help. Though the tree looked green and healthy above, mushrooms sprouting at its base signaled trouble below. Air spading revealed extensive, treatable root rot that was spreading to another nearby tree. "It's a little like 'CSI,'" said Dr. Ribeiro, summing up his day's work.

New Combatant Against Global Warming: Insurance Industry (CSM)

By Ron Scherer

The Christian Science Monitor, October 13, 2006

NEW YORK

Insurance companies, who like to stay out of the limelight, are becoming leading business protagonists in the assault on global warming.

• Next week, Travelers, the giant insurance firm, will offer owners of hybrid cars in California a 10 percent discount. It already offers the discount in 41 other states and has cornered a large share of the market.

• This fall, Fireman's Fund will cut premiums for "green" buildings that save energy and emit fewer greenhouse gases. When it pays off claims, it will direct customers to environmentally friendly products to replace roofs, windows, and water heaters.

• In January, Marsh, the largest insurance broker in the US, will offer a program with Yale University to teach corporate board members about their fiduciary responsibility to manage exposure to climate change.

The insurance industry's clout is sizable. It's the second-largest industry in the world in terms of assets, and has a direct link to most homeowners and businesses. It insures coal-fired power plants as well as wind farms, so it can influence the power industry's cost structure. With its financial muscle, the industry could help advance the use of new financial instruments designed to allow companies to trade greenhouse-gas emissions in the same way that commodities are bought and sold.

"The insurance industry has the ability to change behavior, policies and communicate with clients," says Nancy Skinner, US director of the Climate Group, which lobbies for business and government action to address global warming.

Some consumers are already noticing a negative effect of this shift. In the past year, some 600,000 homeowners living in a zone that an insurer considers a high storm risk in an era of climate change have seen their policies cancelled or not renewed. This includes coastal areas stretching from Texas to New York. Currently, coastal properties are valued at $7.2 trillion. Reassessing risk

One reason for this massive change in coverage is an ongoing shift in the way insurance companies view risk. Insurers are starting to change their risk-assessment models to reflect future climate-change scenarios instead of past weather patterns.

"Climate change represents an ever- increasing risk, a risk far too great to ignore," says Clement Booth, a member of the Board of Management at Allianz AG, one of the world's largest insurance firms.

This week, Allianz, in cooperation with the World Wildlife Fund, issued a report on steps the insurance industry could take to reduce the physical impact of global warming or to help society adapt.

"The industry is in a unique position to incentivize," says Miranda Anderson, an author of the report and a vice president at David Gardiner & Associates. "This is the very beginning of thinking through this issue."

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In fact, the industry is not driven just by an attempt to help the environment: It also wants to make money. In Travelers' case, the impetus to give a policy discount on hybrid cars came when Greg Toczydlowski, a senior vice president of product management, was gassing up his wife's Ford Excursion.

"A hybrid zipped in and out while I was still pumping, and it occurred to me it takes so little gasoline and runs so much longer on a tank," says Mr. Toczydlowski. "I came back and did research on how many hybrids are out there and what's the profile of the customer. We discovered it was a preferred customer - middle-aged, very responsible, and stable financially."

Now hybrid owners, besides saving on their fuel bills, can save money on their auto insurance - about $100 a year, according to Travelers. Attentive state regulators

The attention on climate change is likely to receive a boost from state insurance regulators, who had planned to discuss its risks in September 2005 in New Orleans, at their annual meeting. Hurricane Katrina intervened, however, and the meeting was moved to Chicago.

"As a result, regulators spent an enormous amount of time on climate change and what changes to promulgate to make sure the companies are financially sound," says Mindy Lubber, president of Ceres, a coalition of investors, environmental groups, and public-interest organizations in North America.

Ceres has made two reports on what the insurance industry can do to profitably manage climate change. In a report issued in August, Ceres details some steps currently under way, such as Swiss Re's investment in new solar technology, Munich Re's insurance renewable energy projects, and Lloyds of London's insurance on predicted energy savings.

In the US, one of the more unique and potentially far-reaching efforts will be rolled out this fall by Fireman's Fund. After a building is damaged, Fireman's will specify that it must be repaired with "greener" materials, including consumer electronics that must have Energy Star ratings from the Environmental Protection Agency. If a building is a total loss, it will be rebuilt as a "green" building. The insurer also plans to pay for an engineer to make sure ventilation systems and boilers are installed properly, which could also save energy.

"All the evidence suggests [that] if you decrease energy usage in a building, the owner's net operating income increases and you will improve the asset value," says Steven Bushnell, product director of Fireman's, owned by Allianz.

Insurance companies, adept at managing risk, are also trying to educate their customers. Marsh and Yale will train 200 board directors to understand risks of climate change. Again, part of the motivation is money: Insurance companies provide liability insurance for board members.

FBI/DEA/ATF/USMS:

Drug Czar Visits Two States To Slam Pro-pot Initiatives (WT)

By Valerie Richardson

The Washington Times, October 13, 2006

DENVER -- Federal drug czar John P. Walters barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort.

"Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better," Mr. Walters told students at South High School in Denver. "We need to make it clear that we're going to push back."

Mr. Walters made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older.

Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV.

Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal.

Mr. Walters' arrival prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs. In Nevada, the Committee to Regulate and Control Marijuana used the occasion to debut a television ad criticizing the use of "taxpayer dollars" on the drug czar's campaign stops.

"D.C. has the money to interfere in a Nevada election, but they want to slash our homeland security funding?" says the ad, which shows a photo of Mr. Walters. "Tell Washington to get their priorities straight."

Mason Tvert, campaign manager of Safer Alternative for Enjoyable Recreation, the group behind Amendment 44, called Mr. Walters a "federal agent" who was "coming to our state and lying about a state initiative."

Part of the drug czar's charge is to oppose initiatives and legislation that would promote substance abuse, said Walters spokesman Jennifer de Vallance.

Both states have a history of marijuana proposals: In 2002, Nevada defeated a legalization measure by 61 to 39 percent. In 2004, Denver approved a citywide legalization proposal in a campaign, run by Mr. Tvert, that called marijuana safer than alcohol.

The campaigns are relying on different strategies. Mr. Tvert continues to push the theme that marijuana is less dangerous than alcohol, while the Nevada group emphasizes that marijuana can be better regulated and controlled if it's legal.

While Mr. Walters was awarding Colorado a $15 million federal grant for drug screening, the Amendment 44 campaign unveiled a billboard featuring a picture of the drug czar saying that marijuana is the "safest thing in the world."

The quote comes from "Pete's Couch," an anti-marijuana ad produced for the Office of National Drug Control Policy, showing three teenage boys who prefer sitting on a couch and smoking pot to leaving the house.

"I smoked weed, and nobody died," says a teenager in the ad, which plays on the Internet sites YouTube and abovetheinfluence.com. Instead of leading an active life, "you wanna keep yourself alive; you go over to Pete's and sit on his couch until you're 86. Safest thing in the world."

Mr. Walters called the billboard quote "a lie" and said marijuana can cause "demotivational syndrome," which prompts people to lose interest in leading normal lives in favor of drug use.

"Does Colorado need more young people in the basement on a couch wasting their lives?" he said.

He also blamed the marijuana-legalization push on the efforts of "three billionaires," Democratic Party financier George Soros, University of Phoenix founder John Sperling and insurance magnate Peter Lewis, whom he accused of conducting a "social experiment" at the expense of Coloradans.

The three have backed medical-marijuana and legalization advocacy groups over the years.

Drug Czar Criticizes Nevada Proposal To Legalize Marijuana (AP)

AP, October 13, 2006

LAS VEGAS (AP) - Backers of an initiative to legalize small amounts of marijuana are trying to conduct "a social science experiment on the families of Nevada," a Bush administration official said Thursday.

John Walters, the administration's drug czar, said the initiative on Nevada's November ballot is supported by outsiders who want to take advantage of the "blind spot people have about marijuana."

"It has addictive qualities and especially in the hands of young people and teens ... has caused, as you well know, quite a loss of life," Walters, the director of the White House Office of National Drug Control Policy, said in an interview with the Associated Press.

Walters appeared Thursday with U.S. Rep. Jon Porter to speak out against the initiative, known as Question 7, and announced $500,000 in federal funding for a Clark County anti-drug program.

Backers of the measure protested Walters' visit to Nevada, which included speeches and media interviews, saying he was using tax dollars to campaign against the initiative.

Question 7 would allow people 21 and older to posses 1 ounce of marijuana in their homes - the same amount allowed under Nevada's medical marijuana law. The measure also directs marijuana growers, distributors and retailers to be licensed, taxed and regulated. And, it doubles penalties for selling or giving pot to minors and for vehicular manslaughter while under the influence of drugs or alcohol.

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It is backed by The Committee to Regulate and Control Marijuana, a group that has pushed legalization measures in several states with funding from the Washington D.C.-based Marijuana Policy Project.

The group argues that the legal system is bogged down by low-level marijuana offenses. It claims that taxing and regulating pot would put drug dealers out of business while freeing law enforcement resources to pursue violent crime.

Neal Levine, executive director of the committee says anyone who wants marijuana can get it already, so it makes more sense to put it into a tightly controlled and regulated environment.

Walters defended current drug laws.

"The laws are working. The fact of the matter is we have lower rates of substance abuse now than we did several years ago," he said.

He said new drug courts that handle only nonviolent drug-related offenses are succeeding in diverting drug users out of jails and into treatment centers. He said that a change in the law would send the wrong message to young people.

"The law is an important expression of what people take seriously," he said.

Fight To Legalize Marijuana Escalates War Of Words (KLAS)

KLAS-TV, October 13, 2006

The nation's drug czar John Walters, the National Drug Control Policy Director, was in Las Vegas Thursday urging voters to say 'No' to ballot Question 7. The initiative would make the possession of a small amount of marijuana legal. Here are the provisions.

The measure would allow the sale, use and possession of one ounce or less of marijuana for people at least 21-years of age. It imposes a tax on the sale of the drug.

The measure would double the prison sentence from 20 to 40 years for those who cause death or injury while driving under the influence of marijuana.

For Brittany Faber legalizing marijuana will always be a very personal battle. She says ten years ago the drug took from her the most important person from her childhood.

"My dad had just dropped my sister off at middle school and he was on his way to work," Brittany Faber, a Las Vegas resident, says.

Her father never made it. An 18-year-old, high on marijuana, traveling 85 mph in a 45 mph zone hit her dad's car.

"He hit my dad on the drivers side. He hit him so hard. My dad's head shattered the passenger side window," Faber says.

Brittany was 8 years old at the time. To this day, she's angry at the teen who took her father's life and received only house arrest. In 1997, there was no driving under the influence of drugs law in the state.

She fought to help get one passed in the memory of her dad.

"He would always make me milkshakes and we would sit and watch TV and eat milkshakes together. He was such a good dad. He was such a good father," Faber says.

The debate over legalizing marijuana brings up long buried feelings. She joined the national drug czar in Las Vegas to oppose legalizing marijuana.

"The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug dealer protection act," John Walters, National Drug Control Policy Director, says.

Not everyone welcomed John Walters.

A dozen protesters let him know they approve legalizing marijuana.

"People have a choice to make. Do we want marijuana in a tightly regulated and controlled system, or do we want the current free for all that we have now. As a parent, I want it in a tightly regulated and controlled system," Neal Livine from the Committee to Regulate & Control Marijuana says.

Voters will decided on the issue on November 7. Meantime, Walters announced a $100,000 to the Las Vegas anti-drug coalition. The money will be used to prevent drug use among local teens.

Opposing Sides Discuss The Legalization Of Marijuana (KVBC)

KVBC-TV, October 12, 2006

DOJ_NMG_0080173

A key question confronting voters on election day is whether or not to allow limited legalization of marijuana.

Question 7: The Marijuana Initiative, would:

Exempt persons 21 years of age and older from any civil or criminal penalty due to the possession or use of one ounce or less of marijuana.

Provide for the regulation and taxation of marijuana by the state and earmark part of those revenues to prevent and treat drug abuse.

Stiffen penalties for a person age 18 and older who supplies marijuana to persons under the age of 18.

Increase the penalty for driving under the influence of marijuana.

Thursday morning on News 3 at Sunrise, Sue Manteris and Mitch Truswell were joined by White House Drug Czar John Walters, against legalization, and the organization "Regulate Marijuana," for legalization, to discuss the initiative.

Drug Czar Visits Colorado, Some Question His ((/KUSA)

9 News/ KUSA, October 11, 2006

DENVER - John Walters, Director of National Drug Control, toured several Colorado schools to announce a $14 million grant aimed at curbing drug use amongst students.

The U.S. Drug Czar visited Colorado Wednesday and supporters of Amendment 44 say it is because he is against the legalization of marijuana. 9NEWS at 4 p.m. October 11, 2006.

However, some wonder if the so-called Drug Czar is really campaigning against Amendment 44.

Amendment 44 is a ballot initiative which, if passed, would legalize the possession of up to one ounce of marijuana for those 21 or older. The effort is spearheaded by SAFER and its director, Mason Tvert.

Tvert says Walters' visit less than month before the election is telling.

"The federal government is pouring their resources into this state right now," Tvert said. "It goes to show that they're very scared."

Walters says he is in Colorado to tout the $14 million package Colorado will receive over the next five years. It will expand drug screening programs in school-based health clinics.

The money will also be used to train medical personnel, create promotional materials against marijuana use and fund follow-ups with students who admit they are using drugs.

"We want to prevent addiction by identifying those people who suffer from using," Walters said. "Marijuana has created a blind spot in our society that it's not being taken seriously. Yet, it is the cause of the biggest treatment need among illegal drugs."

Walters said the need for more student drug screening will increase if Amendment 44 passes.

"It tries to deceive voters," Walters said. "It claims, contrary to the evidence, that you can decrease harms from alcohol by having more harms from marijuana."

While Walters is slamming the Amendment 44 campaign, Tvert has unveiled a billboard supporting it with Walters' face on it with the words, "I call marijuana the safest thing in the world."

Tvert is citing a public service announcement created by Walter's office. The theme of the television commercial is that if you smoke pot, you will never get off the couch. Tvert thinks that means Walters believes marijuana is not harmful.

"They are not running an anti-laziness ad," Tvert said. "The Drug Czar clearly signed off on this ad."

"I never said that," Walters said. "The effort is premised on stacking one lie on top of another lie."

Walters said the billboard takes the message out of context and that marijuana is a significant threat to Colorado children.

"Does Colorado need more young people and more young adults who spend their lives in the basement on the couch wasting their time and effort?" Walters said. "To try to suggest that we ought to have more young people use marijuana is outrageous."

Tvert believes Walters' presence in Colorado and his response to the ad show his campaign is working.

Marijuana Use Measure Smokes Out Pros, Cons (GJS)

By Gary Harmon, The Daily Sentinel

Grand Junction (CO) Sentinel, October 13, 2006

A campaign to legalize possession of an ounce of marijuana is billed by proponents as a prudent substitute for alcohol. Its opponents dismiss it as "a con."

Colorado Attorney General John Suthers, joined by local elected and federal law enforcement officials, tore into the measure, Amendment 44 on Thursday.

Amendment 44 backer Mason Tvert was there to tear back, complaining that elected officials were misusing their positions to campaign against the measure.

The officials criticized the amendment after addressing the Mesa County Methamphetamine Task Force at the Doubletree Hotel.

Legalizing marijuana, said Hiram Reyez, would undermine the goals of the meth task force. Legalizing it would lower natural barriers against drug use and make the job of combatting meth all the more difficult, he said.

With disputes raging about the dangers posed by marijuana, Reyez said the problem he sees with pot is more insidious. Hard users, he said, aren't so much dangerous in his experience as they seem to be lazy, "densensitized" to normal needs and drives.

While some see marijuana use as a personal choice, Reyez, owner of a development-consulting company in Grand Junction, said he saw it as "a threat to my community."

David Cox saw it differently, standing below the billboard that will greet eastbound drivers on Patterson Road at Commerce Boulevard until the election.

He helped Safer Alternative for Enjoyable Recreation, the organization backing the amendment, get the $1,250 sign location, and he helped collect signatures for the measure at Country Jam this summer.

Mesa County, Cox said, has a treasure trove of votes for legalization if the word gets out.

"If there's an active discussion, then it can't lose," he said.

Critics pointed to the increase in potency of marijuana over the years as a threat to the health of users, but Cox said that just means less gets ingested.

"Just one puff gets you the desired result," he said.

Proponents and opponents pushed and pulled over the merits of alcohol and marijuana.

Marijuana has never been identified as the direct cause of any death, Tvert said, unlike a myriad of deaths related to alcohol.

It is, however, involved in nearly every drug-related crime that law enforcement investigates, Mesa County Sheriff Stan Hilkey said.

Meth and marijuana are related in some way, insisted Mesa County District Attorney Pete Hautzinger.

"I know there's a link because I see it every day," he said.

Marijuana is at the heart of 62 percent of drug-rehabilitation cases, Suthers said.

"It's hardly a benign drug," he said.

But drug rehab also has become the weapon of choice by judges leery of filling jails with marijuana users, Tvert said.

Scott Burns, deputy director of the Office of National Drug Control Policy, said Colorado is at the center of the legalization effort that wants to make the state the "pot capital of America. Don't fall for the con."

Suthers also criticized the amendment as "sloppy" because it was drafted in such a way that it would allow adults to transfer an ounce to someone as young as 15.

The amendment is intended to change Colorado statute only for adults, Tvert said, and it's not aimed at encouraging use among juveniles.

In fact, he said, Amendment 44 isn't intended to encourage marijuana use at all, only to recognize an alternative that is safer than alcohol, he said.

Opponents of the measure live "in an ideal world" of encouraging sobriety, Tvert said. "We live in the real world."

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Deputy Drug Czar Opposing Amendment 44 (KKCO-TV)

By Elyse Webb

KKCO-TV, October 13, 2006

A Denver–based organization is hoping to make history in Colorado by making small amounts of marijuana legal. The consumption and distribution has been illegal since 1937, and many say making it legal is a bad idea.

Amendment 44 will be on the ballot this November and many worry for the well-being of Colorado.. if the initiative is passed. Yet, Deputy Drug Czar, Scott Burns says he is confident that Colorado will follow the trend of previous states that have tried to pass this amendment.

“They have been to Alaska and the amendment failed, in Nevada it failed, California, it failed. Frankly, I believe that with people focusing on this the last few weeks before election, it will fail in Colorado, too," says Burns.

Amendment 44 would make it legal for anyone over the age of 21 to posses less than one ounce of marijuana. The manufacturing and distributing of the drug would still be illegal.

Drug Czar Visits Two States To Slam Pro-pot Initiatives (WT)

By Valerie Richardson, The Washington Times

The Washington Times, October 13, 2006

DENVER -- Federal drug czar John P. Walters barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort.

"Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better," Mr. Walters told students at South High School in Denver. "We need to make it clear that we're going to push back."

Mr. Walters made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older.

Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV.

Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal.

Mr. Walters' arrival prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs. In Nevada, the Committee to Regulate and Control Marijuana used the occasion to debut a television ad criticizing the use of "taxpayer dollars" on the drug czar's campaign stops.

"D.C. has the money to interfere in a Nevada election, but they want to slash our homeland security funding?" says the ad, which shows a photo of Mr. Walters. "Tell Washington to get their priorities straight."

Mason Tvert, campaign manager of Safer Alternative for Enjoyable Recreation, the group behind Amendment 44, called Mr. Walters a "federal agent" who was "coming to our state and lying about a state initiative."

Part of the drug czar's charge is to oppose initiatives and legislation that would promote substance abuse, said Walters spokesman Jennifer de Vallance.

Both states have a history of marijuana proposals: In 2002, Nevada defeated a legalization measure by 61 to 39 percent. In 2004, Denver approved a citywide legalization proposal in a campaign, run by Mr. Tvert, that called marijuana safer than alcohol.

The campaigns are relying on different strategies. Mr. Tvert continues to push the theme that marijuana is less dangerous than alcohol, while the Nevada group emphasizes that marijuana can be better regulated and controlled if it's legal.

While Mr. Walters was awarding Colorado a $15 million federal grant for drug screening, the Amendment 44 campaign unveiled a billboard featuring a picture of the drug czar saying that marijuana is the "safest thing in the world."

The quote comes from "Pete's Couch," an anti-marijuana ad produced for the Office of National Drug Control Policy, showing three teenage boys who prefer sitting on a couch and smoking pot to leaving the house.

"I smoked weed, and nobody died," says a teenager in the ad, which plays on the Internet sites YouTube and abovetheinfluence.com. Instead of leading an active life, "you wanna keep yourself alive; you go over to Pete's and sit on his couch until you're 86. Safest thing in the world."

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Mr. Walters called the billboard quote "a lie" and said marijuana can cause "demotivational syndrome," which prompts people to lose interest in leading normal lives in favor of drug use.

"Does Colorado need more young people in the basement on a couch wasting their lives?" he said.

He also blamed the marijuana-legalization push on the efforts of "three billionaires," Democratic Party financier George Soros, University of Phoenix founder John Sperling and insurance magnate Peter Lewis, whom he accused of conducting a "social experiment" at the expense of Coloradans.

The three have backed medical-marijuana and legalization advocacy groups over the years.

High Time For Pot Law, Supporters Say (GJFP)

By Paul Shockley

Grand Junction (CO) Free Press, October 13, 2006

White House official, state's attorney general, clash with pro-pot forces

Will Colorado become the "pot capital of America"?

Is marijuana the safer alternative to alcohol?

And who paid for a press gathering Thursday in a conference room at the Doubletree Hotel, where federal, state and local officials urged voters to reject a pro-pot initiative on Colorado's November ballot?

The last question became the topic of a heated exchange between Amendment 44 campaign director Mason Tvert, Scott Burns, deputy director for state and local affairs for the White House's Office of National Drug Control Policy, as well as Colorado Attorney General John Suthers.

Tvert accused Suthers of violating Colorado campaign finance law, parts of which limit government employees' expenditures while advocating for or against a ballot initiative.

"Who paid for this press conference?" Tvert asked from the back of the room.

"I am not spending a dime of taxpayer money right now," an angry Suthers retorted.

Heather Janik, spokeswoman who accompanied Burns from Washington, D.C., later said expenses were paid by the Office of National Drug Control Policy.

Mesa County Sheriff Stan Hilkey said the spat reflected one side of a debate trying to silence the other. Elected officials hold First Amendment rights, too, he said.

"They don't want both sides of this story to be heard," Hilkey said. "If we were talking about legalizing dynamite, you wouldn't have a dispute about letting experts from ATF get up and talk about it."

Hilkey and a host of Western Slope law enforcement leaders were at the Doubletree to hear Burns' Thursday morning address, prior to the press conference. The topic of Burns' speech: methamphetamine abuse.

Dude, where's my ballot?

Amendment 44, pushed by the group Safer Alternative for Enjoyable Recreation, is a November ballot initiative that would legalize possession of an ounce, or less, of marijuana for anyone 21 years or older.

Under existing state law, possession of that amount is non-arrested petty offense — violators are issued a written summons and face up to $100 fines. If they're under 21, they could earn a suspended driver's license.

Thursday's gathering at the Doubletree called the pro-legalization effort a dangerous "con," involving a drug often associated with more serious crime. District Attorney Pete Hautzinger said it's plain "foolish."

"I'm not about to say marijuana is as bad as meth," Hautzinger said. "But in two years, I've virtually never seen a possession of marijuana case that doesn't involve meth."

Should the initiative pass, that sets up conflicts with other state, not to mention federal, drug laws, according to Hautzinger.

"It would still be against the law to buy it from somebody," he said. "You're fostering a legal piece to an illegal enterprise."

Hilkey rejected pro-pot arguments that decriminalization would "free up law enforcement to take on things like meth."

"It's exactly the opposite," Hilkey said. "The only people who are going to benefit from this are those who want to get stoned."

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And you're not talking about your daddy's pot: Today's marijuana has chemical THC levels of 10 percent or higher — up from around 1 percent in the mid-1970s, according to data from Thursday's opposition rally.

Suthers argued today's youth are paying the price.

"Sixty-two percent of teens in rehab now are there because of marijuana," Suthers said.

'A failed policy'

Tvert slammed Thursday's Doubletree presentation as a "gross distortion" of Amendment 44.

"They're trying to make this a debate about children, and it's not about children," Tvert said. "People aren't interested in the federal government coming into their homes, where adults should be able to make a decision about whether or not they'll use something that's less harmful than alcohol."

Tvert, a Denver resident who claims a shoestring budget (two full-time staff members) pushing Amendment 44, called his own press conference Thursday morning — posing for cameras in front of a pro-marijuana billboard now towering over eastbound traffic at the southeast corner of F Road and Commerce Blvd.

David Cox, 24, a Palisade resident, worked the group's signature petition drive toward getting the measure on the ballot. Cox and others collected 800 signatures during this past summer's Pinnacle Homes Country Jam.

Cox knows the initiative faces an uphill battle in Mesa County.

"But if this is talked about enough, I don't think it can lose," he said. "Discussion is our ally."

That starts with getting everyone's position right, Tvert said.

"We're not saying that marijuana is safe or harmless," he said. "But if you're an adult over 21, why would we ask people to use something (alcohol) that can kill you in one sitting, versus something that's never killed anybody?"

Tvert also rejects claims that partial legalization would make the drug more accessible for younger users. A recent study found 87 percent of high school seniors said it's "very easy" to get the drug, according to Tvert.

"How could it be more available?" he asked. "If kids can get (marijuana) easier than adults, then that's the sign of a failed policy."

Reach Paul Shockley at pshockley@gjfreepress.com.

Rancor Rises At Pot Debate (DENP)

By Nancy Lofholm, Denver Post Staff Writer

Denver Post, October 13, 2006

Officials air opposition to Amend. 44; advocate cries foul

Grand Junction - Diverging opinions about a marijuana- legalization initiative led to a finger-jabbing shouting match during a news conference Thursday featuring local, state and federal officials opposed to Amendment 44.

The angry exchange came at the end of speeches given by White House National Drug Control deputy director Scott Burns and Colorado Attorney General John Suthers, who oppose the measure.

Mason Tvert, campaign director for the Alcohol-Marijuana Equalization Committee, a group attempting to legalize possession of less than an ounce of marijuana for adults in Colorado, asked Burns, Suthers and other elected officials standing in front of a "Marijuana - Not in Our Community" banner, "Who paid for this press conference?"

"Why don't you have to file a campaign finance report when you are engaged in campaigning?" he asked as various speakers attempted to quell his questions.

Mesa County Sheriff Stan Hilkey, one of the speakers against Amendment 44, answered that, as drug experts, they had the right to talk about the marijuana initiative.

Suthers was visibly angered when he told Tvert, "You are just flat wrong" about campaign finance law - as wrong, he said, as Tvert is about drug laws. "As public officials, we are perfectly entitled to step up and express our opinions at any time," Suthers said.

The Colorado Fair Campaign Practices Act allows government employees to spend up to $50 to express opinions on a ballot initiative.

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Heather Janik, a staff member with the Office of National Drug Control Policy, said that the federal office paid $50 to rent the room for the news conference and that Burns' travel to Grand Junction from Washington, D.C., was covered by his appearance at a conference to discuss methamphetamine abuse.

The thick packets of booklets and fact sheets with information opposing marijuana use that were handed out at the news conference did not specifically mention Amendment 44.

Tvert, who also held a news conference Thursday under a new billboard urging yes votes on Amendment 44, reiterated that "these guys, who are so concerned with the law, are breaking the law on this."

Other speakers at the anti-44 conference included Mesa County District Attorney Pete Hautzinger, who said "I virtually never see a meth case that doesn't also include marijuana."

Both Sides Of Ref. 44 Up In Smoke (GJFP)

By Josh Nichols

Grand Junction (CO) Free Press, October 13, 2006

Talk about a wedge issue.

Thursday was all about the weed here in the Grand Valley.

First, we had the pro-Referendum 44 folks passionately touting the importance of legalizing the bud in a billboard-unveiling press conference.

That was followed by a press conference hosted by the anti-Referendum 44 crowd, stressing how the bud is the root of all that's bad in our community.

After that, Scott M. Burns, deputy director for state and local affairs in the White House Drug Policy Office, stopped by the Free Press office. He too, said legalizing bud was bad.

Thought I was going to have to use the office dolly to roll away the stacks of paperwork he toted documenting just how bad marijuana was.

So, what onlookers like myself took away from Thursday is that some people say weed's good, and some say weed's bad.

Hence, the wedge.

Bored yet? If you are, that's OK.

Folks, I'm here to tell you that you shouldn't feel bad if you don't have strong convictions on this one.

Other than the fact that they "want to get high, sooo high," the pro crowd hasn't given many reasons on why the stuff should be legalized.

The no crowd, aside from discounting information pushed by the pro crowd, hasn't put up much of an argument as to why the stuff should be illegal.

But they're both pretty darn adamant in their stance.

Use this as a case study in politics as to what different camps do to twist the exact same information in favor of their own argument.

Myth 10 in the little book distributed Thursday by the Office of National Drug Control Policy read "the government sends otherwise innocent people to prison for casual marijuana use."

The Office of National Drug Control Policy states that this is a myth because, "It is extremely rare for anyone, particularly first-time offenders, to get sent to prison just for possessing a small amount of marijuana. In most states, possession of an ounce or less of pot is a misdemeanor offense."

Seems like a good point. Why legalize it, if law enforcement isn't making a big deal out of it anyway?

But the folks on the other side of the issue use the same information in a common argument for legalizing the stuff.

If it's "extremely rare for anyone, particularly first-time offenders, to get sent to prison for possessing a small amount of marijuana," the drug must not be that bad, right?

They're letting offenders off easy anyway, so why not just legalize dope?

To which the Drug Control office would respond, "We're letting you off easy anyway, so what's the point of legalizing it?"

To which the pro-crowd says, "Why not?"

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To which the Drug Control office says, “Why?”

And as we do so often in politics, we find ourselves in preschool before nap time.

Makes one think they’re all smoking something.

Now look past the Referendum 44 haze for a moment, and remember the big issue law enforcement is facing.

Burns assured locals Thursday that the folks in Washington are paying attention to the meth problem.

“Every time I go to testify on Capitol Hill, meth is the subject,” he said. He likes what he sees happening by local leaders, who have formed the Mesa County Meth Task Force. “It’s a model for what has to happen,” he said.

And it’s a model focusing on the issue we should be focusing on.

Reach Josh Nichols at jnichols@gjfreepress.com.

Legalizing Marijuana Doesn't Make Sense (DAILYC)

Daily Camera, October 13, 2006

Just say no to Amendment 44, which would legalize possession of up to one ounce of marijuana for adults 21 or older.

In the first place, the language of the amendment, sponsored by Safer Alternative For Enjoyable Recreation, contains a major loophole. It leaves open the possibility that an adult giving marijuana to a child or young adult between 15 and 20 "appears to be legal," according to Mason Tvert, SAFER's campaign director, speaking for those who favor the amendment. He says another law, contributing to the delinquency of a minor, "covers" the loophole.

But isn't it necessary to be precise when amending the state law? We think so.

And so does Rob McGuire, a Superior attorney coordinating several organizations opposing the proposal. "They call it an unintended consequence," he says. "We considered it bad drafting."

Tvert says that opponents, whom he called "extremists, no matter how you look at it," are "going out of their way to make this about children, when it's not about children."

He argues that marijuana use is safer than alcohol use, which is legal, and that consequently pot should be legal, too: "We're not saying it's harmless; it's less harmful than alcohol."

For example, he says, referencing recent issues with alcohol abuse at the University of Colorado, "Why is that they can't stay home and smoke a joint before the football game? Instead what they do is drink as much before the game as they can."

It would be better, he suggests, to allow adults to choose between alcohol and marijuana.

Tom Gorman, a former cop who is now director of the Rocky Mountain High Intensity Drug Trafficking Area, differs emphatically.

"Do you know how much an ounce of marijuana is?" he asks. "Most people think it's a joint or two — but it makes 30 joints to as many as 80 or even 120." And, he notes that a heavy user is defined by drug enforcement as someone who smokes a joint a day.

As Gorman and others note, the police do not target people for simple possession, those whose only crime is having a small amount of pot

Gorman says if pot is legalized, its use will go up. Already, 14 million people in the United States are classified as regular users, having smoked a joint in the last month. He agrees that alcohol can be an even bigger problem, that more people are addicted to alcohol than to all drugs combined.

"Let's join forces and fight for sobriety," he urges.

Sobriety is the only safe alternative to being under the influence of alcohol, HIDTA maintains, saying, "Instead of trying to legalize another dangerous drug, we should be encouraging sobriety. "

And Guarding Our Children Against Marijuana, another organization opposing Amendment 44, cites physiological and psychological dangers of marijuana use, saying, "Children and teenagers don't need to hear the message that marijuana is safe when it is abundantly clear that marijuana's effects are harmful."

We urge a vote against the poorly drafted and misguided Amendment 44.

Roundhouse Roundup: Governor's Name To Grace Movie Screens (NM)

New Mexican, October 12, 2006

Everyone knows Gov. Bill Richardson loves Hollywood. And soon his name will be appearing in movie credits.

No, major studios aren't clamoring over rights to a feature-length version of the Richardson campaign's "sheriff" commercials on TV.

The rules for a recent competition in which young filmmakers are seeking state grant money require that credits on any film they submit have to thank the governor.

On the state Film Office Web page announcing the program, potential applicants were told, "Awardees will acknowledge Governor Richardson and the New Mexico Film Office's New Visions/New Mexico Program in the end credits of the completed film."

The New Visions/New Mexico program, according to a news release earlier this year, offers a total of $160,000 in contracts "for New Mexico-based producers and directors to create narrative films, documentaries, animation and experimental works." Individuals can get up to $20,000 for a project.

A total of 230 filmmakers applied, Film Office Director Lisa Strout said Wednesday.

Not all were seeking the maximum amount. "I heard that one was asking for $100," she said.

The deadline for submissions was last week.

Funding recipients will be announced in December.

As for acknowledging Richardson, Strout said she wasn't aware that was a requirement.

"What's important is acknowledging the state," Strout said. Specifically mentioning the governor, she said, "isn't a requirement in my mind."

Who knows, maybe one of these films acknowledging Richardson will go on to win the next Bill Richardson Film Achievement Award -- the annual award established this year by the College of Santa Fe for outstanding national and regional contributions to film.

Oughta be in pictures: Richardson, of course, won't be the first New Mexico governor to see his name in film credits.

Former Gov. David Cargo oversaw creation of New Mexico's first state Film Office in 1968. According to its Web site, this was the first state agency in the country "whose primary goal was to enhance economic development via motion picture production."

But Cargo didn't stop there. He actually appeared in some movies made in the state.

According to the Internet Movie Guide, Cargo's roles were as follows:

He played a lowly newspaper reporter in The Good Guys and the Bad Guys in 1969 -- though his name didn't appear in the credits. Some names that did appear in the credits in this Western were Robert Mitchum, George Kennedy and David Carridine.

The next year, Cargo had a bit part in a comedy called Up in the Cellar, which starred Larry Hagman and Joan Collins.

Cargo played a state trooper in Bunny O'Hare, a comedy that starred Bette Davis and Ernest Borgnine as a pair of golden-aged bank robbers.

And he played "Cpl. Benton" in a Western called The Gatling Gun, (shot in 1969, but not released until 1973). Unfortunately, it appears Cargo was the biggest name in that movie.

What's in a name?: A little mea culpa here. In Wednesday's paper, I reported the Drug Policy Alliance contributed $25,000 to Richardson's re-election campaign. Reena Szczepanski, who heads the local DPA office, says that's not quite true. It actually was the Drug Policy Alliance Network that gave him the money.

The DPAN is affiliated with DPA, but they are funded separately. As Szczepanski explains it, donations to DPA are tax deductible, but donations to DPAN aren't. Thus, DPA is not legally able to contribute to political candidates while DPAN is.

Also, billionaire George Soros -- who as an individual gave Richardson $25,000 -- sits on the DPA board, but not the DPAN's.

Got all that?

Of course, all this only begs the question: Why is this drug-law-reform group giving so much money to Richardson?

True, Richardson came out this year in favor of a medical-marijuana bill -- though he didn't twist enough arms to get the bill through the House.

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But Richardson frequently has criticized his predecessor Gary Johnson for advocating marijuana decriminalization. Richardson has made it clear he doesn't want the state known for wanting to legalize drugs.

During his first month in office, Richardson stood side by side with national drug czar John Walters, a committed drug warrior, calling the visit "a symbolic meeting to show we support (Walters') mission."

And just last summer when John Dendahl got the GOP nomination for governor, several members of Richardson's team attacked the Republican for his past support of several of DPA/DPAN's basic positions on liberalizing marijuana laws.

"We welcome the opportunity to hear John Dendahl explain his pro-drug legalization plan throughout the campaign," read a Richardson press release hours after Dendahl was nominated.

Of course, the $11.6 million Richardson campaign also welcomes the opportunity to collect campaign contributions.

Contact Steve Terrell at 986-3037 or sterrell@sfnewmexican.com .

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Feds Respond To Chief's Concerns (GREENNR)

By Eric J.S. Townsend And Lorraine Ahearn, Staff Writers

Greensboro (NC) News-Record, October 13, 2006

GREENSBORO — Federal prosecutors are "gravely concerned" about notes from undercover drug cases appearing in a weekly newspaper, but they will not take a lead in investigating possible leaks.

In a letter hand-delivered to the police department Wednesday, U.S. Attorney Anna Mills Wagoner responded to interim police Chief Tim Bellamy's fear that a Sept. 21 article in the Rhinoceros Times "potentially compromised" two ongoing missing persons and possible homicide cases.

The same article revealed that two U.S. Customs agents were working undercover and quoted a verbatim conversation between the agents and the drug kingpin they were investigating.

Wagoner's comments came in response to a sharply critical letter Bellamy sent to her by certified mail Friday, signifying a widening rift between the federal and city agencies.

"I am very disappointed that you do not feel the public release of such information requires any action by your office, " Bellamy wrote. "... There is no question in my mind that the act of releasing this information has the potential of endangering lives."

The two missing persons cases Bellamy referred to were mentioned in the article: the disappearances of Sterling Porter, reported missing in 1997, and Sonjah Kingston, last seen in 2002.

Both Porter and Kingston had connections to Elton Turnbull, the convicted drug dealer whom former police Chief David Wray's Special Intelligence squad suspected of colluding with Lt. James Hinson. The unit never found evidence of illegal drug activity by Hinson.

Wray resigned in January, seven months after Hinson, a black police lieutenant, caught the covert unit trailing him while on duty. At the time, lawyers for Hinson said Special Intelligence was unfairly investigating black police officers, which Wray denied.

Where the Rhinoceros Times article may have raised flags for police was a section that quoted Turnbull telling the two undercover Customs agents that he was bringing Colombians to Greensboro to collect debts and to take care of people causing trouble for him. Without attributing its source, the article said Turnbull told the agents he didn't just want the Colombians merely to "hurt" those causing problems.

"People in the hospital talk," the article quoted Turnbull as saying. "I want them in the cemetery."

Rhinoceros Times editor John Hammer said Wednesday that the city has not offered any specific examples to him about why the stories are harmful.

"We certainly wouldn't want to do anything to endanger anyone undercover," Hammer said. "If they came back with something like that, we could modify what we were doing."

As for the missing persons, he said: "They have been missing for a long time, and I don't think anyone is looking for them anymore. We certainly don't feel they are in any danger."

Bellamy, named interim chief after Wray's resignation, said Wednesday night that he had not yet seen Wagoner's letter. The chief said he is concerned others with information that could help police may not come forward for fear that what they say may end up in the media.

A review of the Wray scandal conducted last year by city attorneys and a Raleigh consulting firm documented a three-year investigation in which Special Intelligence, dubbed the "secret police," reopened allegations against Hinson that Internal Affairs had already ruled groundless.

The most serious allegation was that Hinson was criminally involved with Turnbull, the drug kingpin, after Hinson's cell phone number was found in Turnbull's safe.

In an interview from prison with the News & Record last winter, Turnbull said Greensboro police detectives had repeatedly asked him to provide information against Hinson. He claimed his only connection with Hinson was that they were both romantically involved with the same woman, and that Hinson had sold Turnbull a house the officer had been renting to the woman.

According to court records, a number of co-defendants provided "substantial assistance" to federal drug investigators in exchange for reduced sentences. Turnbull's projected release date, according to the federal Bureau of Prisons, is Jan. 27, 2028.

Wagoner, in her letter to Bellamy , said she perceived no "rift" between the agencies. Yet an affidavit filed in the case two weeks ago stated her staff had not granted interviews to the State Bureau of Investigation. The SBI is investigating the Wray matter to determine whether any crimes were committed.

Wagoner wrote that on the advice of the Justice Department's Office of Legal Counsel, her staff had invited the SBI to submit questions in writing but had yet to hear back.

One aspect of the Wray investigation that allegedly involved Wagoner's staff was the brief presence of her chief criminal prosecutor during a Special Intelligence interrogation of a Greensboro woman.

Contact Eric J.S. Townsend at 373-7008 or etownsend@news-record.com

Leilehua High School Teacher Arrested On Suspicion Of Meth Distribution (HA)

Honolulu Advertiser, October 12, 2006

Lee Anzai played baseball for Hawai'i Pacific University in the late 1990s. Authorities allege Anzai used ice in college, too.

A Leilehua High School teacher accused of selling crystal methamphetamine allegedly set up drug deals while at school.

Lee N. Anzai, 29, a special education teacher who lives in Mililani, is believed to be the first Hawai'i public school teacher prosecuted on charges of selling "ice." He also allegedly admitted to an undercover officer that he smoked ice.

A Department of Education spokesman yesterday said that under DOE policy, Anzai was not required to undergo drug testing before being hired and there were no drug tests during his six years at the school. DOE policy does not require regular drug testing for employees except in special cases, the spokesman said.

Anzai was arrested late Thursday night and charged with selling about 15 ounces of crystal methamphetamine to an undercover officer for $44,500.

The criminal complaint and affidavit filed in support of the charge against Anzai contain allegations he not only sold ice, but had been an ice user for seven to eight years — dating to 1998 or 1999, when he attended Hawai'i Pacific University and played on its baseball team.

"I gotta smoke," Anzai is quoted as telling an undercover deputy sheriff in the affidavit filed in support of the charge.

PALI LONGS PARKING LOT

Anzai is a former baseball player at Kaiser High School who was an honorable-mention selection on the state all-star team. He was recruited out of high school in 1995 to play for HPU.

He was arrested at the Longs Drug Store on Pali Highway about 11:55 p.m. and charged with selling ice to the officer on five different occasions in various parking lots — away from the Central O'ahu school — over a span of about a month.

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But U.S. Attorney Ed Kubo said that for some of the sales, Anzai used a cell phone to set up deals while he was in his classroom or on campus. Kubo added there were no indications Anzai sold drugs to any students.

Authorities obtained a federal search warrant in the pre-dawn hours yesterday and searched Anzai's classroom before the start of the school day at Leilehua High to minimize the disruption to classes.

Federal prosecutors said that after Anzai was arrested, authorities found him in possession of a glass methamphetamine smoking pipe. A torch lighter, a gram scale and several plastic bags with residue that appeared to be consistent with ice were found in his car. A search of Anzai's Mililani home turned up a broken glass methamphetamine pipe, a scale, several marijuana "bong" pipes and a small amount of marijuana, according to federal prosecutors.

'VIOLATED PUBLIC TRUST'

Assistant U.S. Attorney Mike Kawahara said nothing was recovered from the classroom, but said Anzai was a "significant" dealer who had access to nearly a pound of ice that was sold to the undercover officer.

"As a teacher, Mr. Anzai holds a position of trust," Kubo told reporters at a news conference yesterday. By selling ice without any concern for the community, "Mr. Anzai has violated the public trust."

The five charges that Anzai faces carry sentences with a minimum of five years and up to life in prison without parole.

Kubo said if convicted, Anzai may face a stiffer sentence because of his position of public trust and also because negotiating the deals on campus will "weigh heavily" on the sentencing judge.

Anzai appeared in court yesterday afternoon, sometimes shaking his head and covering his face with his hands.

"Just be strong, babe," his wife, Sherri, told him from the gallery as he waited for the court to be convened.

"I love you," the wife said. "What's done is done, yeah?"

The Leilehua High School Web site lists both Lee and Sherri Anzai as special education teachers.

After yesterday's court hearing, Anzai's lawyer, Howard Luke, said it would be premature to respond to the charges. He said he will seek his client's release at a hearing tomorrow on the federal prosecutors' request to hold him without bail while his case is pending.

"He's very distraught," Luke said.

Luke said his client does not have a criminal record and has the support of his friends and family. Other relatives in the courtroom also expressed support for Anzai after the end of the hearing before he was escorted from the courtroom, but the relatives declined to comment as they left the courthouse.

"He's otherwise a very decent young man and I think we'll be able to communicate that to the court this Friday," Luke said.

Anzai is charged with five counts of selling ice to a deputy sheriff posing undercover as a drug purchaser in amounts ranging from an ounce to 5 ounces.

The sales were conducted at the parking lots of the Kamehameha Shopping Center in Kalihi, the Foodland at Waipi'o Gentry, the Russ K. Makaha Quiksilver Boardriders Club on Kapi'olani Boulevard and the Pali Longs Drug Store, federal prosecutors said.

The undercover agent paid Anzai $44,500 for the ice, according to prosecutors.

Kubo as well as other federal prosecutors, police and Department of Education spokesman Greg Knudsen said they were not aware of any other ice prosecution against a public school teacher. The public schools currently have about 13,000 teachers.

NO CRIMINAL RECORD

Anzai was subjected to a criminal background check prior to employment, Knudsen said. The check showed Anzai had no criminal record when he became a special education teacher, Knudsen said.

Because DOE policy does not require it, he was not given a pre-employment drug screen.

"Under some circumstance we can request an employee seek medical evaluation and drug testing if we have cause to suspect that a person's job performance might be affected by the use of illegal substances," Knudsen said.

There was no evidence that Anzai's performance had been affected, Knudsen said. He declined to say whether Anzai had ever been asked to take a drug test.

"I understand that he related well to the students and at one point was probably a very excellent teacher," he said.

Anzai has been placed on administrative leave.

Teachers and employees in the DOE do not need to undergo any regular routine drug testing, except for some special employees, such as bus drivers, who fall under the regulations of the Public Utilities Commission. Individual employees could be asked to take a test if there is reason to suspect the use of drugs is affecting job performance.

"People can be hired and disciplined based on nonperformance in a number of forms. Whether or not they are not performing based on the effects of some drug or lack of preparation or poor attitude — all those things don't necessarily require drug testing," he said.

He also dismissed questions about whether a mandatory drug-testing policy should be implemented.

"I don't believe it is justified at this point. We are talking about one individual among 13,000 teachers and presumably, if you follow that logic, it should apply to all DOE employers. So we're taking 20,000 to 30,000 individuals and it's not fair to cast all of them under some cloud of suspicion based on this one case," he said.

The Hawai'i State Teachers Association could not be reached for comment yesterday.

COACHES ARE CHECKED

Last week, following the state auditor's finding that Kailua High School had failed to appropriately clear a number of coaches who had criminal records during the past three years — including one who had been convicted of murder — the DOE said it would verify that all public school athletic coaches statewide have had background checks.

The DOE continues to do those checks, and Knudsen said the DOE continues to examine the accuracy of the Kailua audit.

The prosecution's case against Anzai was outlined in a detailed 29-page affidavit by a federal Drug Enforcement Administration agent.

RECORDED PHONE CALLS

According to the affidavit, a confidential informant who owed Anzai a $3,000 drug debt provided the DEA with information. The informant later introduced Anzai to the undercover officer, a deputy sheriff who used the nickname "Duke."

The affidavit quoted extensively from what it said were recorded cell phone conversations detailing negotiations.

In one cell phone conversation, Anzai asked the undercover deputy if he was a "cop," according to the affidavit. The deputy denied it, then asked Anzai if he was really a teacher of if he was actually a cop.

Anzai is accused of selling ice to the undercover deputy two more times after that conversation.

Anzai lives at Apele Place in a quiet cul-de-sac of single-family homes and duplexes in Mililani.

RECENTLY HAD A BABY

Neighbors were shocked yesterday to hear of his arrest. They said Anzai and his wife were a pleasant couple who had recently had a baby.

"He seems like a good guy. He seems like a family man," said Jon Ferrell, who lives two doors down from Anzai. "I never saw anything weird there."

In addition to teaching special education, Anzai has served in various athletic coaching capacities since 2000, DOE spokesman Knudsen said.

Anzai's former baseball coach at HPU, Allan Sato, said he was "very shocked" by the allegations.

"Academically, he proved a lot of people wrong. I don't have anything negative to say about him," Sato said. "As far as drugs, I am shocked. Wow. I'm shocked."

Anzai was senior captain of the HPU baseball team in 1999.

"He was a team guy; he always wanted what was best for the team," Sato said.

He said Anzai was generally well-liked by team members and was popular among the general student body at HPU.

"He was no bully. He was not being Mother Teresa, either. But he was the kind of guy that tried to lead the team in the right direction," Sato said.

• • •

$3,000 AN OUNCE: 'THE STUFF IS DEADLY... YEAH, I TRIED' EM'

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HHere are excerpts from a criminal complaint and supporting affidavit filed by a federal Drug Enforcement Administration agent in the case against Lee N. Anzai.

Anzai, a special education teacher at Leilehua High School, was arrested Tuesday night and later charged with selling about 15 ounces of crystal methamphetamine to an undercover state deputy sheriff on five occasions.

• Anzai allegedly first sold methamphetamine to an undercover deputy sheriff on Sept. 8. The sale was for 5 grams. He allegedly sold to the same deputy sheriff four other times: Sept. 14, 19, 29 and Oct. 10.

He was arrested at 11:55 p.m. Tuesday night after allegedly selling $12,500 worth of ice to the undercover officer. A methamphetamine pipe was found in his possession and assorted drug paraphernalia and cash was found in his vehicle, the complaint said.

• At 12:35 p.m. Sept. 19, Anzai took a phone call from the undercover officer, later referred to as UC, to allegedly set up a drug deal.

Anzai indicated he was on lunch break at Leilehua High School, and that "the bell going to ring in about 5 minutes."

The undercover officer joked that "make sure you're not late (for) the bell, uh?" and Anzai said, "No, no, no, I stay in my room; it's all good." UC asked, "You get your own classroom?" and Anzai said, "Yeah."

In the same conversation, Anzai also allegedly indicated he had 5 ounces in hand and could proceed directly to a meeting site to complete the drug transaction.

Honolulu Teacher Charged In Drug Case (AP)

The Associated Press

AP, October 12, 2006

HONOLULU -- A teacher accused of arranging drug sales while at school was charged with selling crystal meth to an undercover officer, officials said Wednesday.

If convicted, Lee Nobuo Anzai, 29, could face up to life in prison, said U.S. Attorney Edward Kubo Jr.

The Leilehua High School teacher is accused of selling nearly a pound of the drug between Sept. 8 and Tuesday night, the prosecutor said.

A telephone message left by The Associated Press for Anzai's attorney, Howard Luke, was not immediately returned Wednesday.

Anzai had been a special education teacher for six years at the school in Wahiawa and has been put on administrative leave.

Department of Education spokesman Greg Knudsen said there is no drug screening program for the state's 13,000 teachers without cause or justification.

Anzai's case "didn't involve students and it didn't really affect his job performance," Knudsen said.

Unit Is Scoring Big In War On Drugs (HA)

Honolulu Advertiser, October 12, 2006

The anti-drug task force played a big role in the arrest of a Leilehua High School teacher suspected of selling crystal methamphetamine. Members of the task force were present at the press conference in which U.S. Attorney Ed Kubo announced the arrest.

An anti-drug task force that played a major role in this week's crystal meth arrest of a Leilehua High School teacher has recorded a series of knockouts since being created eight months ago, officials said yesterday.

The Hawai'i Rapid Reduction Drug Unit has produced 30 federal and seven state drug arrests, seized 35 pounds of crystal methamphetamine and 5 pounds of cocaine, 11 firearms, five vehicles and $710,000 from February through September.

Lt. Gov. James "Duke" Aiona and Anthony "Tony" Williams, assistant special agent in charge of Drug Enforcement Administration operations in Hawai'i, spearheaded the formation of the joint federal, state and city law enforcement task force.

It was a deputy sheriff assigned to the drug unit who posed as the buyer in the investigation and arrest of Leilehua High special-education teacher Lee Anzai, officials said.

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Other significant task force investigations resulted in convictions of Rudy Generalao, who has admitted to controlling ice distribution from Nanakuli to Wai'anae; Jarret Kaneshiro's organization, which included career criminals Bryan Higa, Marvin Quemado and Denny Quiambao; and another group with Oakland, Calif.-based Alejandro Panares supplying ice and crack cocaine to Hawai'i dealers Joseph Tomo, Linda Masuda and Henry Liu.

Aiona said the drug unit was organized to address a common community complaint that law enforcement agencies do not respond when drug activity is reported. "It has not disappointed," Aiona said of the unit.

The Rapid Reduction Drug Unit's full-time core group consists of three deputy sheriffs from the state Public Safety Department, two Honolulu police officers, one agent each from the FBI, Immigration & Customs Enforcement and DEA, and also a part-time DEA agent, Williams said. All have DEA enforcement powers, Williams said.

"The key here is the public should know their calls and complaints matters and are not falling on deaf ears," Williams said. "We want them to know we will protect you. Our investigations are designed to be swift and impact communities."

The Rapid Reduction Drug Unit is among the many joint task forces under the umbrella of Hawai'i High-Intensity Drug Trafficking Areas program.

By targeting the distribution network and not just top-level players, the drug unit is helping to take out what Williams calls "individuals who have been flying under the federal radar for years."

The distribution network includes many players involved in burglaries, thefts, robberies, auto thefts, identity thefts, extortion and fraud, federal officials said.

Leilehua Teacher Charged In 'ice' Distribution (HSB)

Honolulu Star-Bulletin, October 13, 2006

The quick arrest of a high school teacher for allegedly selling "ice" could not have been accomplished without a new anti-drug task force, one official said.

The Hawaii Rapid Reduction Drug Task Force was created in February and is made up of members of the Honolulu Police Department, Sheriff Division, Drug Enforcement Administration, Federal Bureau of Investigation and Immigration and Customs Enforcement.

It was formed to review complaints made by the community about suspicious drug-related activities and to match up the information to intelligence under the federal government, U.S. Attorney Ed Kubo said during a news conference.

Its mission is to "quickly and aggressively investigate and arrest in a mid- to low-level neighborhood drug dealers in hopes of working our way into the prosecution of drug organizations above them," Kubo said.

The arrest of special-education teacher Lee N. Anzai just before midnight Tuesday was initiated through calls made by residents to the Honolulu Police Department's Narcotics/Vice Division.

Members of the task force match complaints received through the Honolulu Police Department and collaborate with 12 other agencies, Kubo said.

From February through September, the task force:

» Made 30 federal drug-related arrests.

» Seized 35 pounds of ice and five pounds of cocaine.

» Seized 11 firearms, five vehicles and $710,000 in cash.

Authorities continue to urge residents to call the HPD's Narcotics/Vice Division at 529-3101 if they suspect drug activity in their neighborhood.

"The public should know that your calls and complaints are not falling on deaf ears and that they do matter," said Tony Williams, assistant special agent-in-charge of the Drug Enforcement Administration in Honolulu. "A lot of times, the information that we receive from the public would give us a little bit more, that small piece of puzzle that would help investigators succeed."

Complaint calls made to authorities involved in the task force led to the arrest of Bryan Higa and Marvin Quemado, who allegedly stole $2 million worth of jewelry from a salesman in Waipahu in June. Both have a criminal history involving drug-related offenses.

Ex-Police Lieutenant Gets Prison Term In Drug Money Case (NYT)

By William K. Rashbaum

The New York Times, October 13, 2006

A retired police lieutenant who admitted to stealing more than $110,000 in drug cash over three years, all while he supervised 40 narcotics detectives in Upper Manhattan, was sentenced to 14 months in federal prison yesterday for conspiring to launder the money.

The retired lieutenant, John T. Maguire, supervised two detectives who stole money with him and who were later captured on videotape in 2003 robbing a drug courier of $169,000, a crime that led to a sweeping police corruption investigation and the department's biggest scandal in a decade.

The investigation ultimately implicated as many as 10 current or retired detectives, but only Mr. Maguire, the two men caught on videotape and a third detective were charged with crimes. Another detective has been fired. The department is seeking to fire two others.

Mr. Maguire, who earned a degree from Columbia University, where he studied political science on a basketball scholarship, faced nearly four years in prison. But the prosecutor in the case wrote a letter that cited his cooperation with the investigation and enabled the judge in the case, Carol B. Amon of United States District Court in Brooklyn, to hand down a lighter sentence.

In agonized and remorseful remarks, Mr. Maguire, wearing a blue pin-striped suit and a red tie, apologized for the humiliation, dishonor and pain he had brought upon the Police Department and his wife and three young daughters. The girls and their mother, along with other family members and friends, filled the courtroom gallery's first two rows.

"I'm ashamed of myself and I live in shame every single day," he said.

"I knew I did wrong and I confessed to God my sins," he added, pausing as his voice choked with emotion. "I asked his forgiveness."

His lawyer, Eric W. Siegle, called the crimes "despicable and horrible." But he sought to distinguish the 51-year-old Mr. Maguire from the two men caught on the video, Thomas Rachko and Julio C. Vasquez. They robbed people, sometimes at gunpoint, and resold drugs, he argued, while Mr. Maguire just stole drug money from apartments, and in one case $96,000 packed in cereal boxes stashed in a parked car.

Mr. Siegle requested a sentence of probation for his client. But the judge said that while she found Mr. Maguire to be genuinely remorseful, the crimes he committed while in a position of power and authority warranted a prison term.

"He was their commander," she said early in the proceeding, speaking of Mr. Maguire's relationship with Mr. Rachko and Mr. Vasquez. "He knew what they were up to. He had the power to stop all this."

When Judge Amon handed down the 14-month prison term, all three of Mr. Maguire's daughters began to weep, and the oldest dropped her head into her mother's lap, shaking with sobs.

Mr. Maguire, who retired in July 2001 after 20 years on the force, worked in a narcotics unit when the three men stole together. Earlier, he had served as a Harlem precinct's Integrity Control Officer. He forfeited $110,000 as part of his plea.

Last week, Mr. Vasquez was sentenced to six years in prison.

Today, Mr. Rachko faces up to life in prison.

Uribe Vs. The Drug Thugs (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, October 13, 2006

To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging. That thought occurred to me after an interview with Colombian President Álvaro Uribe in New York last week.

Mr. Uribe may be the most clear-thinking, courageous ally in the war on terror that the U.S. has in Latin America, and Washington has spent billions of dollars trying to eradicate coca plants in his country. That is to say, there has been no lack of political will in the fight against drug thugs in Colombia. If other world leaders have gone wobbly on fighting terrorism, Mr. Uribe

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has not. "Under no circumstances will the government weaken its policy on democratic security," he told me emphatically last week.

But as the popular president begins his second four-year term, his challenges are daunting. While it is true that guerrilla kidnappings and killings are down sharply since he instituted his policy of "democratic security" in 2002, it is also true that Colombians have rising expectations of the man who did so much in his first term to push back the terrorists and restore Colombian confidence. The trouble is that, despite these efforts, the persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development.

Mr. Uribe put the Sisyphean task ahead of him clearly when I asked about progress in the war on drugs: "Colombia is a great ally of the U.S. In spraying, extradition, forfeiture of assets and manual eradication we have done our best. However, in relation to our efforts, we need better results." In other words, despite copious amounts of Colombian blood, sweat and tears, the reality of demand for a high-priced commodity keeps the goal to end supply out of reach.

The most immediate challenge facing the president involves the fate of 62 kidnap victims now held by the drug-trafficking Revolutionary Armed Forces of Colombia (FARC). In recent weeks the FARC has turned up the pressure on Mr. Uribe to agree to an exchange of 500 FARC operatives held by the government for the 62 kidnap victims, some of whom have been hostages for years. The guerrilla objectives are clear: A good number of the FARC prisoners are important mid-level commandantes whom the organization needs.

To boost public support for an exchange, the FARC has been releasing video tapes of the hostages to the Colombian media. Relatives of the hostages are then filmed, tears streaming down their faces as they view their loved ones held captive.

It has long been the policy of the Uribe government that any prisoner release must be carried out in accordance with the law and that any prisoner who is freed must agree to lay down arms. So I asked Mr. Uribe whether he would negotiate with the guerrillas. "I have expressed my willingness to open negotiations under conditions of good faith," he told me. "So far we have no negotiations but given good faith, we would talk."

This seems, at first, a departure from the standard views of a hard-liner on terrorism. But in fact it is a continuation of his hope for reconciliation, a hope that Mr. Uribe has held since I first interviewed him in 1997, when he was governor of the Colombian state of Antioquia. That hope may be even greater today because of the success the government has had in bringing so many of the lawless in from the cold. It is a record he is proud of. "At this moment we have completed the demobilization of 40,000 [individuals]," he says. "Over 7,000 came from the guerrillas and over 30,000 were [in the paramilitary]. There is no previous comparison [of these results]. When Colombia had the demobilization of the [former rebel group] M-19, there were 900 people [demobilized]. This is the biggest guerrilla demobilization in our history."

Despite Mr. Uribe's hope, though, if the government sticks to its policy that freed prisoners must renounce violence, not much is likely to happen. The FARC wants the swap so it can regroup. Moreover, on the subject of a broader peace negotiation, FARC leadership seems to think it can play the same game it played with previous governments, pretending to want peace so as to gain a safe haven for its businesses in arms, drugs and kidnapping. That much comes through in an open letter from FARC leaders sent to the three branches of government on Oct. 2. The letter details the conditions that the FARC demands for peace talks, "once the swap [of prisoners for kidnapping victims] is completed."

At the top of the list is the demilitarization of the coca growing states of Caquetá and Putumayo, followed by the suspension of orders to the military for the capture of FARC leadership, and an army withdrawal to its barracks. As if those demands weren't ridiculous enough, the letter goes on to say that the government must make an appeal to the international community to stop referring to the FARC as terrorists. Tell that to the 12-year-old girl who lost her leg, her parents and her four-year-old sister in the FARC attack on Club Nogal in Bogotá in 2003. That bombing, aimed at innocent civilians, killed 35 people and injured more than 170. It is a good example of why polls in Colombia put public support for the FARC at 1%.

Mr. Uribe understands that in addition to being open to talks and pushing security, he also has to show that he is responsive to political, economic and social problems. In our interview he stressed judicial reforms under his government, including the introduction of an oral-trial system similar to what is used in the U.S., an increase in judicial independence and the transfer of more legal cases against the military to civilian court jurisdiction. He also emphasized the importance of boosting economic

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growth, although he has already tripped on this issue by allowing a bold tax reform -- designed to stimulate investment by cutting and simplifying taxes -- to be perverted by special interests. Analysts are now warning that if Mr. Uribe is smart, he will pull the bill rather than let it further damage Colombia's investment profile.

Still, his biggest problem remains security, and it is hard to imagine real progress unless the demand for illegal drugs collapses in Europe and the U.S., or rich countries change their prohibition policies.

TAX:

Tax Revolt: Plaintiffs File Coordinated Cases Against IRS (LAW)

By Emma Schwartz, Legal Times

Legal Times, October 13, 2006

Michael Stephens hates the Internal Revenue Service. He believes it steals his money, and he won't stand for it.

"That's all we are, is slaves," says the 49-year-old truck driver from Georgia, who sued the agency. He claims he is entitled to damages through the Taxpayer Bill of Rights for alleged misconduct in tax collection by the IRS.

Stephen's complaint -- which Judge Ellen Huvelle of the U.S. District Court for the District of Columbia dismissed in June -- might simply be a footnote in the flood of pro se cases that pour into the courthouse each year, except that Stephens isn't alone. His complaint is one of 108 nearly identical cases filed since last fall by plaintiffs from Oregon to Florida.

The effort hasn't seen much success; so far, 40 have been dismissed because of the plaintiffs' failure to exhaust their administrative remedies. But the cases managed to pique curiosity in judges' chambers.

So who's behind this effort?

Stephens won't say. Nor would more than two dozen other plaintiffs, who either did not return calls or declined to answer questions.

Seattle's Heidi Broward, whose husband Paul had his claim dismissed in July, says the suits are a coordinated effort by people who met through "various things over the Web and from years and years of networking."

The complaints are the brainchild of Chicago-based anti-tax activist George Pragovich, Broward says: "He's one of the major coordinators of what we're doing. I just fill out the forms and send them in."

But Pragovich wouldn't talk.

"Let me put it like this: Like they say on TV, I can't discuss pending litigation," Pragovich said before hanging up the phone.

CONGRESS-ADMINISTRATION:

Bush Gives Hastert Boost In Time Of Need (AP-Y)

By Nedra Pickler

AP-Yahoo, October 13, 2006

President Bush stood shoulder-to-shoulder with embattled House Speaker Dennis Hastert on Thursday, offering a powerful boost in his moment of need and declaring the country "better off" with Hastert in power.

"I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House," Bush said as he opened a speech to raise money for two Illinois congressional candidates.

The $1.1 million fundraiser provided the first picture of Bush with Hastert since a scandal broke involving a Republican congressman pursuing underage male pages. Although the president has spoken out in Hastert's defense — tepidly at first and more directly at a White House news conference on the eve of the fundraiser — their appearance together was an endorsement of Hastert when nearly half the country says he should resign.

Their long-scheduled fundraiser was sponsored by Hastert and came on the same day that the House Ethics Committee questioned ex-Rep. Mark Foley's chief of staff, Kirk Fordham, for five hours. Fordham has said he took complaints about Foley's conduct to Hastert's top aide three or four years ago.

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Hastert's office has said it learned of Foley's conduct only last fall, and the speaker has said he first was notified in late September this year.

Bush defended him, without mentioning the Foley case.

"Speaker Denny Hastert has a long record of accomplishment," Bush said. "He's not one of these Washington politicians who spews a lot of hot air. He just gets the job done."

The crowd of Republican donors standing in a downtown Chicago hotel ballroom responded with loud applause.

"I have worked with him up close," Bush continued. "I know what it's like to work with a speaker who is determined to protect the United States of America and a speaker who wants to make sure that everybody who wants a job in America can find one.

"He has delivered results for the people," Bush said. "This country is better off with Denny Hastert as the speaker and it will be better off when he is the speaker the next legislative session."

Whether Hastert and the Republican Party will remain in power in the House next year is in doubt. Democrats need to pick up just 15 seats to win control, and Republican-held seats across the country are in jeopardy in the wake of the Foley case, continuing violence in Iraq and the dissatisfaction with Bush's leadership.

The beneficiaries of the fundraiser — Republican congressional candidates Peter Roskam and David McSweeney — spoke differently about the president.

McSweeney noted that although Bush lost Illinois in 2004, he won the district where he is running. "When the president comes to town, it provides good exposure," said McSweeney, who is in an uphill battle to oust freshman Democratic Rep. Melissa Bean.

Roskam said he was thankful for the president's "tremendous fundraising boost" and his leadership on tax cuts and keeping America safe. But Roskam's Democratic opponent, Iraq war veteran Tammy Duckworth, has been criticizing his close ties to the party, and Roskam tried to distance himself from Bush's policies on education, spending and immigration.

"I've been very vocal in my separation and criticism of the administration," he said.

Attendees at the fundraiser had to donate at least $1,000 per person, and the invitation advertised that $10,000 would get a photo with the president, "two people, one click," and 10 reception passes.

Sen. John Kerry tried to use the Bush-Hastert appearance to raise money for Democratic candidates, calling it "a meeting of the no accountability caucus of the Republican Party."

"Denny Hastert has been the longest-running Republican speaker in history," Kerry, D-Mass., wrote in an e-mail to supporters. "But in 25 days, we can take the gavel out of his hands — and the smirk off George W. Bush's face."

When Bush arrived in Marine One at Chicago's O'Hare International Airport, he was greeted by rock star Bono, model Christy Turlington and Bobby Shriver, who runs an organization called DATA — or Debt, AIDS and Trade in Africa. The three were in Chicago to attend an AIDS event.

Turlington and Bono, who has been active in raising awareness of poverty and AIDS, climbed the stairs of Air Force One with the president. Bono flashed a peace sign before the group went in the plane for a 10-minute conversation with Bush about AIDS. The three visitors left the plane before it took off for Washington.

Bush Joins Hastert At Rally, And Lavishes The Praise (NYT)

By Jim Rutenberg

The New York Times, October 13, 2006

CHICAGO, Oct. 12 — President Bush came to the home turf of the House speaker, J. Dennis Hastert, on Thursday to give him a resounding pledge of support before a revved-up group of Republican donors, activists and leaders who were clearly glad to witness a presidential lift for the buffeted dean of their state party.

Appearing at a fund-raising event for two local Republican House candidates facing competitive races, David McSweeney and Peter Roskam, Mr. Bush bounded onto the stage alongside Mr. Hastert, whose Congressional district is several miles outside Chicago. Standing beside the speaker, Mr. Bush, wearing a smile that lasted for minutes, gave him a hearty handshake as Mr. Hastert, beaming, patted him on the back.

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Mr. Bush came here with a far larger retinue of photographers and reporters than usual for such campaign trips. It was evidence of the anticipation surrounding his visit as questions continued to swirl about what Mr. Hastert's office knew, and when, about former Representative Mark Foley's e-mail to male pages.

Mr. Bush seemed more than happy to oblige, after Mr. Hastert introduced the president as "our friend" and "our leader."

"Before I liberate the speaker so he doesn't have to stand up here for that long, Speaker, I want to say this to you," Mr. Bush said. "I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House."

"He's not one of these Washington politicians who spews a lot of hot air — he just gets the job done," Mr. Bush said as the room erupted. "This country is better off with Denny Hastert as the speaker."

Mr. Bush's appearance completed what has appeared to be a gradual but now unmistakable White House embrace of Mr. Hastert since news first surfaced that Mr. Foley had sent risqué e-mail to Congressional pages. The visit reflected in part a calculation by the White House and party leaders that providing a protective phalanx for the speaker would help cool some of the heat from the controversy and press ahead on the party's election-year message on terrorism and taxes.

Mr. Bush seemed to provide an object lesson to his party on that strategy here, weaving praise for Mr. Hastert into his standard stump speech that takes Democrats to task as trying to block his terrorism initiatives and threatening to end his tax cuts.

Speaking about Democratic resistance to the USA Patriot Act, a regular part of his campaign speeches, Mr. Bush broke off and said, "By the way, the speaker led the charge in making sure the House passed the Patriot Act the first time and then reauthorized it."

Accusing Democrats of failing to understand the true threat of terrorists, Mr. Bush said at another point, "I see the threat; the speaker sees the threat."

Ron Bonjean, a spokesman for Mr. Hastert, said his boss appreciated the gesture.

"It's the pick-me-up that everyone really needed to help us focus toward November," Mr. Bonjean said.

The event raised $1.1 million.

Bush And Hastert Rally The GOP (CHIT)

By Mark Silva And Rick Pearson

Chicago Tribune, October 13, 2006

President Bush delivered an in-person show of support for House Speaker Dennis Hastert on Thursday and professed optimism for Republicans in next month's elections, but a new Tribune/WGN-TV poll shows a majority of Illinois voters disapprove of the president's job performance and nearly 60 percent are unhappy with the GOP-led Congress.

The survey also shows nearly half of voters disapprove of the way Hastert, of far west suburban Plano, has handled the congressional page controversy that led to former Rep. Mark Foley's resignation. Reflecting a potential parochial bias toward a native son, a narrow plurality of Illinois voters say Hastert should not resign as speaker.

The results of the poll, conducted from Sunday to Wednesday, came as Bush traveled to Illinois to raise funds for suburban Republican congressional candidates Peter Roskam and David McSweeney—and to deliver his first personal show of support for Hastert since the congressional page scandal consumed the House Republican leadership two weeks ago.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Bush told several hundred people at an intimate fundraising reception at the Chicago Hilton and Towers on Michigan Avenue.

"Speaker Denny Hastert has a long record of accomplishment and he's not one of these Washington politicians who spews a lot of hot air," the president said. "He just gets the job done."

Bush and Hastert stood shoulder-to-shoulder—though only for a few minutes—on a low stage within arms' reach of a cheering audience. Hastert, who spoke only briefly in introducing Bush, called the president "our friend" and "our leader."

As Bush works to make the economy and war on terror the focal points in the final weeks of the campaign, he portrayed Hastert as a staunch ally.

"I have worked with him up close. I know what it's like to work with a speaker who is determined to protect the United States of America," Bush said. "The country is better off with Denny Hastert as speaker and it will be better off with him as speaker the next legislative session."

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With those words, Bush turned and shook Hastert's hand, and Hastert and the party's congressional candidates left the stage to the president.

It was the first time that Bush had appeared in public with Hastert since Foley's resignation on Sept. 29 following reports that Foley had sent sexually explicit electronic messages to an underage congressional page. Hastert has maintained that he knew nothing of any improper communications between Foley and pages until that day. But several House members and staffers say they knew of problems {ndash} and reported them to the speaker's office {ndash} as long ago as 2000.

In Washington, the House ethics committee heard 4 ½ hours of sworn testimony from Kirk Fordham, Foley's former chief of staff, who has said publicly that he warned Hastert chief of staff Scott Palmer of Foley's inappropriate conduct with pages at least three years ago. Palmer has denied this.

Fordham would not discuss his testimony, but his attorney, Timothy Heaphy, said: "He has been consistent in his accounts of these events when he talked to the FBI and today met with the ethics committee."

The president maintains the page scandal, which has erupted in the weeks before the Nov. 7 elections in which control of Congress is at stake, will not "drive the election." Instead, he insists, GOP promises of tax cuts and protecting national security will resonate with voters.

"The biggest issue facing this country is who best to protect you," Bush said.

"I see the threat. The speaker sees the threat," the president said. "We've got a plan for victory in this war on terror."

While Bush presses tax cuts and a war on terror, Democrats are attempting to use the page scandal as one of their campaign weapons {ndash} questioning Hastert's leadership as Bush campaigned here.

Calling the appearance of Bush and Hastert "a meeting of the 'no accountability' caucus of the Republican Party," Sen. John Kerry (D-Mass.) issued his own fundraising appeal to supporters with e-mails Thursday.

The $850,000 that the Chicago fundraiser generated was one measurement of the popularity of Bush and Hastert.

But in a state that has been turning increasingly Democratic, the latest Tribune poll showed only 36 percent of Illinois voters approved of the job Bush has been doing in the White House, while 56 percent disapproved.

The Illinois results mirror recent national polls that have shown Bush's job approval rating ranging from 33 percent to 39 percent. One year ago, a similar Tribune survey found Bush's job approval rating at 33 percent.

The latest Tribune poll, conducted by Market Shares Corp. of Mt. Prospect, surveyed 600 likely Illinois voters for the Nov. 7 election. The survey had a margin of error of 4 percentage points.

As for Hastert, 48 percent of voters said they disapproved of his handling of the Foley situation amid FBI and House ethics committee investigations into whether congressional leaders, members or staff had prior knowledge of the former Florida Republican congressman's communications with teenage pages. Only 24 percent of the voters approved of Hastert's leadership on the issue.

But a plurality of 42 percent of the state's voters said Hastert should not resign his speakership as a result of the controversy, while 32 percent said he should step down and 27 percent had no opinion.

Half of the voters surveyed said the scandal would not have any influence on their votes for Congress, but three in 10 voters said they would be more likely to cast a ballot for the Democratic candidate as a result.

Despite providing some home-state encouragement to stay on as speaker, the poll findings also show high voter dissatisfaction with the GOP-led Congress and Republican control of the White House, the Senate and the House.

A total of 58 percent of voters surveyed said they disapproved of the job being done by the Republican majority in Congress, including 55 percent of self-described independent voters who are a voting bloc key to GOP success in Illinois. More voters in the Republican-oriented suburban collar counties expressed dissatisfaction than said they were satisfied—44 percent to 40 percent—while 57 percent of Downstate and suburban Cook County voters also expressed disapproval.

Moreover, the poll found that 59 percent of Illinois voters believe Republicans have too much power in Washington through their control of the White House and Congress, including half of the voters in the collar counties, 54 percent Downstate, 59 percent in suburban Cook County, 78 percent in Chicago and a quarter of self-identified GOP voters.

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At the fundraiser, Roskam and McSweeney each said they had no problems sharing a stage with Bush and Hastert. Roskam is running against Democrat Tammy Duckworth for the 6th Congressional District seat being vacated by veteran Republican Rep. Henry Hyde of Wood Dale. McSweeney is challenging first-term Democratic Rep. Melissa Bean of Barrington.

"It is obviously the first time that the speaker and the president will share a podium since the events as of late and it's gotten a lot of attention from that point of view," Roskam said, "but from my campaign's point of view, this is helping to raise funds so that we can get our message on television."

Bush Stands By Hastert At Illinois Fundraiser (WT)

By Joseph Curl

The Washington Times, October 13, 2006

CHICAGO -- President Bush yesterday stood shoulder to shoulder with embattled House Speaker J. Dennis Hastert and predicted that the Illinoisan will return after Election Day as the head of a Republican-controlled House.

Appearing with Mr. Hastert for the first time since Rep. Mark Foley, Florida Republican, abruptly resigned over sexually explicit messages he sent to teenage male pages, the president praised the speaker as a man of integrity. But Mr. Bush steered clear of the scandal that has hurt Republicans nationwide and left the speaker fighting for his political life.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Mr. Bush said to whoops and cheers from Republican supporters.

"This man has a long record of accomplishment. You know, he's not one of these Washington politicians who spews a lot of hot air. He just gets the job done. ... He has delivered results for the people. This country is better off with ... Denny Hastert as the speaker, and it will be better off when he's the speaker the next legislative session," the president said.

Although the president did not call Mr. Hastert for several days after the Foley scandal broke, he traveled to Chicago yesterday to attend fundraisers for several local candidates and spent several minutes on stage posing with Mr. Hastert.

Mr. Bush has begun publicly backing Mr. Hastert, who appears to have withstood demands that he step down from his post for failing to police his own ranks. The president Wednesday called Mr. Hastert "very credible" and last week said he was a "father, teacher and coach who cares about the children of this country."

The campaign event yesterday was for U.S. House candidates David McSweeney and Peter Roskam, each of whom said he supports Mr. Hastert as speaker. Mr. McSweeney is trying to unseat a freshman Democrat, and Mr. Roskam hopes to succeed retiring Rep. Henry J. Hyde, Illinois Republican.

Mr. McSweeney said he supports Mr. Hastert but wants the several investigations under way completed swiftly.

"I believe that what we need to see is have a full and thorough investigation, see the [House] ethics committee investigation completed, the Justice Department investigation completed. I think Speaker Hastert is a man of integrity, and what I believe is we need to complete this investigation and get all the facts," Mr. McSweeney said.

Democrats continued their assault on the speaker. Sen. John Kerry of Massachusetts, trying to use the Bush-Hastert appearance to raise money for Democratic candidates, called it "a meeting of the no-accountability caucus of the Republican Party."

"Denny Hastert has been the longest-running Republican speaker in history," Mr. Kerry wrote in an e-mail to supporters. "But in 25 days, we can take the gavel out of his hands -- and the smirk off George W. Bush's face."

Mr. Hastert has insisted that he was unaware that the congressman from Florida was sending sexually explicit messages until Mr. Foley resigned two weeks ago. With less than a month to the election, the White House is doing its best to support the speaker. Press secretary Tony Snow is scheduled to appear at a fundraiser with Mr. Hastert tomorrow.

Mr. Hastert, who looked tired, made no comments at yesterday's event. Instead, he simply introduced Mr. Bush to the partisan crowd.

He was slow to get a handle on the scandal, as other Republican leaders sought to distance themselves from the embattled speaker. But two weeks of bad headlines have not hurt Mr. Hastert, 64, who has served 20 years in Congress and six years before that in the Illinois House. He is expected to win handily in his district, where he won two years ago with almost 70 percent of the vote.

Bush Backs Hastert When Backing Hastert Isn't Cool (LAT)

By James Gerstenzang

The Los Angeles Times, October 13, 2006

CHICAGO — Under ordinary circumstances, there would have been nothing remarkable about President Bush's praise Thursday for House Speaker J. Dennis Hastert at a political fundraiser.

But this is not an ordinary year. Hastert is struggling to cope with the fallout from how his office handled reports that former Florida Republican Rep. Mark Foley dispatched inappropriate electronic messages to a former congressional page.

With his big verbal hug for the speaker, Bush left no doubt about his support for the Illinois Republican at the start of the $1.1-million fundraiser. He gave the speaker a handshake and declared at the start of his speech: "I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House."

His remark prompted applause and cheers.

"He's not one of these Washington politicians who spews a lot of hot air. He just gets the job done," Bush said of Hastert, the longest-serving Republican House speaker.

He continued effusively: "I have worked with him up close. I know what it is like to work with a speaker who is determined to protect the United States of America. And a speaker who wants to make sure that everybody who wants a job in America can find one. He has delivered results for the people. This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker the next legislative session."

In addition to his support for Hastert, the president's remarks signaled his belief that the impact of the scandal should not reach beyond Foley.

Bush has had little to say in public on the matter, other than to express at a news conference Wednesday his strong disapproval of Foley's behavior, which included vivid sexual messages to pages and former pages.

Despite Bush's support, GOP candidates in several close races have canceled Hastert appearances at fundraising events.

Bush and other Republicans hope to return the focus of the campaign to national security issues. But the Foley scandal continued to play out Thursday as witnesses testified before the House Ethics Committee.

Among them was a former Foley aide who has said he complained to the speaker's office about Foley's conduct long before the speaker's office acknowledged having received a complaint.

Democrats, meanwhile, continued to highlight Foley's conduct. In the latest TV ad, which began running Thursday in a Nevada congressional race, Democratic challenger Tessa Hafen accuses Republican incumbent Jon Porter of taking "thousands in contributions from … leaders who covered up the actions of sexual predator Mark Foley."

Bush's praise for Hastert came at a fundraising reception at the Chicago Hilton Hotel for Peter Roskam and David McSweeney and other Illinois Republican congressional candidates. Roskam is in a difficult race against Tammy Duckworth, a former soldier who lost both legs from injuries in Iraq. McSweeney is seeking to unseat Rep. Melissa Bean.

Both races are drawing high-powered supporters — in addition to the president, they include First Lady Laura Bush and former President Clinton. Both districts, encompassing suburbs west and north of Chicago, are among the growing number seen as up for grabs and as key to control of the House.

Bush started his day Thursday in St. Louis at a conference on renewable energy, where he promoted tax credits for buyers of hybrid vehicles and federal spending to help industry develop new battery technology. He also talked up solar energy, wind power and particularly nuclear power.

Bush's advocacy of ethanol and other fuels that can be replenished drew mixed reviews from environmental advocates.

Nathanael Greene, with the Natural Resources Defense Council, praised Bush for focusing on the issue but said the nation needs to promote "solutions already available today — like stronger fuel-economy performance standards for all vehicles, and hybrid vehicles."

The president was interrupted briefly by a woman who shouted, "Out of Iraq now!"

As she was led out, she changed her chant to a message that reflected the theme of the conference: "Soldiers aren't renewable."

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President Praises Hastert At GOP Fundraiser In Chicago (WP)

By Michael A. Fletcher

The Washington Post, October 13, 2006

CHICAGO, Oct. 12 -- President Bush demonstrated his support for embattled House Speaker J. Dennis Hastert (R-Ill.) on Thursday, joining him at a GOP fundraiser where he praised Hastert as selfless and an effective leader.

Bush, making his first appearance with Hastert since conservative activists called for the speaker's resignation because of his failure to stem the congressional page scandal, made it clear that he hopes Hastert continues as House leader.

"I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House," Bush said.

The president offered his personal endorsement of Hastert at a reception that raised about $1.1 million for Republican House candidates Peter Roskam and David McSweeney at a downtown Chicago hotel. Hastert introduced Bush at the event, and the two stood side by side until Bush began his remarks.

Hastert came under fire from conservatives after Rep. Mark Foley (R-Fla.) stepped down over sexually explicit electronic messages he sent to teenage boys who had served as congressional pages. Hastert's critics say he should have intervened sooner to address the inappropriate behavior, which some in Congress said has been known in some circles for years. Hastert, however, insists he did not learn about it until two weeks ago when Foley resigned.

The scandal has broken at a particularly inopportune time for Republicans, who are struggling to retain control of Congress in the face of growing public discontent with the Iraq war and economic anxieties that persist despite a surging stock market and gasoline prices that have fallen in recent weeks after sharp increases.

Since Foley resigned, Bush has gradually ramped up his public shows of support for Hastert. "This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker" in the next Congress, Bush said.

Sen. John F. Kerry (D-Mass.) mocked the president's appearance with Hastert in a fundraising e-mail to supporters, calling it "a meeting of the no accountability caucus of the Republican Party."

Earlier in the day, Bush spoke at a conference on renewable energy in St. Louis, where he touted his administration's efforts to ease the nation's dependence on foreign oil by promoting and developing alternative fuels such as ethanol, hydrogen, solar and wind power.

A woman in the crowd stood up during Bush's remarks and chanted, "Out of Iraq now." Bush ignored her and continued his speech, and the event staff swiftly removed the heckler.

While the president was well received by the audience at the St. Louis Convention Center, some environmental advocates accuse him of not doing enough to promote renewable energy sources while turning his back on conservation tools within his reach, including requiring more stringent fuel-economy standards.

"The president's budget falls well short of his rhetoric when it comes to supporting the development of biofuels," said Jim Presswood, a federal energy advocate for the Natural Resources Defense Council. "After a year of volatile and record-high gas price, surely we can do more to break our oil addiction."

Bush Says Lower Oil Prices Won't Blunt New-Fuel Push (NYT)

By Alexei Barrionuevo

The New York Times, October 13, 2006

ST. LOUIS, Oct. 12 — With a tailwind of strong political support behind them, advocates for renewable fuels declared Thursday that ethanol is here to stay and issued a call for greater research and investment to solve the challenges still preventing broader use.

At a conference to promote bio-fuels, President Bush suggested that the push to wean America from its oil addiction would be a priority of the last two years of his presidency.

"Let me put it bluntly," Mr. Bush said. "We are too dependent on oil."

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Mr. Bush promised that his administration would continue to pay for research into breakthrough technologies in ethanol, hybrid vehicles and nuclear power, and would uphold tax credits that he said were encouraging private investment to flood into the sector.

While saying that corn-produced ethanol was good for farmers and good for the country's economy, he also said ethanol from noncorn crops, like wood chips and switchgrass, a tall, drought-resistant prairie grass, would be needed to supply enough of the fuel to substantially blunt America's dependence on oil.

"The low gas prices," he said, "are not going to dim my enthusiasm to diversify from oil."

Mr. Bush's speech capped a two-day conference that featured government and industry leaders, including three members of Mr. Bush's cabinet, chief executives from Fortune 500 companies like Archer Daniels Midland and DuPont, and venture capitalists like Vinod Khosla.

Industry groups, in particular the National Corn Growers Association, have been holding a series of meetings across the country in recent months to cheerlead for ethanol and biodiesel, which are at the center of broad efforts to overhaul the Midwestern farm economy.

"We are guided by the need to structure and scale renewable energy projects to be commercially viable and replicable," said Alexander Karsner, assistant secretary for energy efficiency and renewable energy at the Energy Department.

The conference was an unusual collaboration between the Energy and Agriculture Departments, which jointly organized the event.

The Energy Department described some of its efforts to develop cheaper, more efficient ethanol from noncorn crops, but the central investment appeared to be $250 million over five years to "crack the technological barriers to developing wide-scale and cost-effective biofuels."

The critical issue is making a breakthrough in the cost of cellulosic ethanol, made from plant waste or nonedible crops. That fuel costs at least twice as much per gallon to produce today as corn-based ethanol.

The ethanol boom is at the heart of farm state politics these days, and some attendees dismissed the carefully stage-managed celebration, which included rock music, but no opportunity to ask prominent speakers any questions.

Some major issues were discussed. R. James Woolsey, the former director of the Central Intelligence Agency, said federal subsidies for ethanol should be revised to allow the industry to be more self-supporting. He agreed with a suggestion by Mr. Khosla that subsidies should float according to the price of oil, moving higher when oil prices fall.

Keith Collins, chief economist at the Agriculture Department, warned that if not carefully managed, the industry's heated rush to produce ethanol threatened to take too much land away from crop production for food. He said ethanol would consume 19 percent of corn production this year, up from 6 percent in 2000.

That could push up corn prices and cause ripple effects on America's ability to export corn to places like China, where food demand is growing rapidly.

Only one oil company — Chevron — was invited to the conference. The company is involved in several research initiatives with the Energy Department, some of them looking at ethanol and bio-diesel.

BP, an oil company that invests in biofuels, was snubbed because of concerns that it might not be strong enough in its support of ethanol, said a person at an oil company who had been informed of the decision.

Donald L. Paul, Chevron's chief technology officer, said in an interview that Chevron saw opportunities to help "industrialize" biofuels and ensure that they are sustainable over decades. "Our view is that fuel diversification will be important," Dr. Paul said. "To meet our fuel needs over the next 25 years we will have to add unconventional fuels, including biofuels. It will take every molecule."

But some questioned the oil industry's motives for seeming to support ethanol now when it fought so hard to keep it out of gasoline before. On Wednesday, Mr. Khosla, who helped start Sun Microsystems and has been stumping lately for biofuels and other alternative energy investments, accused the oil industry of trying to slow the effort to incorporate more ethanol into gasoline.

"Despite nice words from the American Petroleum Institute, make no mistake about it — they are not interested in a rapid transition," Mr. Khosla said after a speech by Red Cavaney, president of the institute.

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Mr. Cavaney warned that a push to sell more of an 85 percent ethanol/15 percent gasoline blend could prove "unnecessarily expensive and risky, especially in the earlier years."

"If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems."

He also cautioned against a "patchwork of state-by-state laws mandating ethanol use," which could result in price spikes and fuel shortages similar to the situation when "boutique fuels" were introduced with different ingredients in different regions of the country at the end of the 1990's.

Mr. Khosla accused the oil industry of trying to confine ethanol's role to 10 percent of gasoline at the pump, serving as a supplement to improve performance, which Mr. Cavaney said was the safest way to go.

Energy Secretary Samuel W. Bodman said in an interview that he had personally invited Mr. Khosla to speak because "he has a viewpoint that has to be heard."

Patricia A. Woertz, the chief executive of Archer Daniels Midland, the biggest ethanol producer, said partnerships across different industries and heavy investment in research and infrastructure would be needed to transform biofuels from "visionary to viable."

"The question is not whether there will be a sustainable market for biofuels, but how big that market can or should that market become," Ms. Woertz said.

In his speech, Mr. Bush promised to push to make the research and development tax credit a permanent part of the tax code. And he said the flood of private investment into biofuels must continue.

"There is a lot of smart money in America going into energy diversification," Mr. Bush said. "I hope you make a good return, and I think you will."

Bush: 'We're Too Dependent On Oil' (WP)

By Bill Brubaker

The Washington Post, October 13, 2006

President Bush today said he worries that declining gasoline prices will make Americans less concerned about the nation's future energy needs.

"Energy is -- look, let me just put it bluntly: We're too dependent on oil," he said at the Renewable Fuels Conference in St. Louis, sponsored by the departments of energy and agriculture. "Now, see, low gasoline prices may mask that concern."

Bush said he frets that the "low price of gasoline will make . . . us complacent about our future when it comes to energy."

Gasoline prices have dropped sharply in recent weeks, in part because of a slowdown in U.S. demand and a buildup in crude oil and gasoline inventories.

Today, the average price in the United States for a gallon of regular unleaded is $2.25, compared with $2.61 a month ago, according to the AAA motor club. In the Washington region, regular unleaded has dropped from $2.80 to $2.36 over the same period.

"I want to tell you that I welcome the low gasoline prices," Bush said. "However, it's not going to dim my enthusiasm for making sure we diversify away from oil. We need to diversify away from oil for economic reasons."

Bush offered his audience a dose of Energy 101, asserting early in his speech: "We live in a global world. When the demand for oil goes up in China or in India, it causes the price of crude oil to rise. And since we import about 60 percent of the crude oil we use, it causes our price to go up as well, which means the economy becomes less competitive."

"And then, of course, there's the national security concern for oil," Bush added. "Why? Well, we get oil from some countries that don't particularly care for us."

Bush's speech was interrupted by a protester who yelled, "No blood for oil! Out of Iraq now!" But the president pressed on, saying his administration has made hydrogen and fuel-cell technology a priority.

"And we will continue to research to make sure America's less dependent on foreign sources of oil," he said.

Bush trumpeted solutions to future U.S. energy needs that included "solar roofs that will enable the American family to be able to generate their own electricity" and hybrid cars that will run the first 40 miles on electricity and won't "look like a golf cart."

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"I believe wind power has got the opportunity to help," Bush said. "All we need is to put a couple of windmills right there in Washington, D.C., and we'll be less dependent on foreign sources of energy," he said to laughter from the audience.

Bush promoted continued use of tax credits to encourage alternative energy sources, increased drilling for oil and natural gas in the Gulf of Mexico and expansion of nuclear power generation.

"Nuclear power is renewable, and there are no greenhouse gases associated with nuclear power," he said. "One of the problems we've had is that nobody wants to build any plants. They're afraid of the cost of regulation and the litigious nature that surrounds the construction of nuclear power plants."

At the end of the speech, Bush told his audience he had to leave to "get my limousine filled up by hydrogen."

He was on his way to Chicago to campaign for two Illinois Republicans -- businessman David McSweeney and state senator Peter Roskam -- who are running for House seats now held by Democrats.

The event at the Chicago Hilton will mark the first time Bush has appeared publicly with House Speaker J. Dennis Hastert (R-Ill.) since former Rep. Mark Foley (R-Fla.) resigned over disclosures that he sent sexually explicit messages to teenage male pages. Hastert has faced criticism over how he dealt with the Foley matter.

Rep. Edward J. Markey (D-Mass.), a member of the House energy committee, said late this afternoon that Bush's speech addressed only part of the nation's dependence on imported oil.

"Unless we mandate stronger fuel economy standards, biofuels by themselves will not be effective in helping us curb America's dependence on imported oil from the Middle East," Markey said in a statement. "Unfortunately, the President again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

Bush Urges Push For Alternative Energy (SLPD)

By Jeffrey Tomich

St. Louis Post-Dispatch, October 13, 2006

President George W. Bush on Thursday said the push to develop alternative sources of energy and wean the nation off foreign oil shouldn't be slowed by falling gasoline prices.

"Gasoline prices are down, and that's good news," he told hundreds of people attending a renewable-energy conference at America's Center. "My worry is that it will make us complacent about our future when it comes to energy."

Crude oil has dropped by $20 a barrel in the last two months, dragging gasoline lower. At some stations across the St. Louis area Thursday, signs advertised self-serve regular unleaded for less than $2 a gallon.

Still, consumers are paying twice as much for gasoline than when Bush took office, winter heating bills have risen sharply and electric rates probably are headed higher in Illinois and Missouri next year. All of it has meant that energy prices have become a key campaign issue.

Bush spent most of his 25-minute speech repeating key points of his energy initiative unveiled eight months ago in the State of the Union message, when he declared that the United States is "addicted to oil."

The president wants to replace 75 percent of the nation's oil imports from the Middle East by 2025, and said tax credits and subsidies can help kick-start the adoption of alternative technologies such as hybrid cars and ethanol from corn, switch grass or wood chips.

Longer-term, Bush envisioned families would power their homes with rooftop solar panels, and presidential limousines would run on hydrogen, he said.

Critics, however, contend that funding for alternative energy research in the 2005 energy bill and this year's Advanced Energy Initiative is inadequate. They also say the administration has done too little to emphasize energy efficiency.

Improving the fuel economy of the nation's auto fleet is the "easiest way to protect the country from vagaries of the oil markets and the environmental impacts of our oil addition," said Nathanael Greene, an energy policy analyst with the Natural Resources Defense Council. "It's sort of inexcusable that no administration since the late 1980s has taken this issue on."

Bush was momentarily interrupted by a woman who stood up midway through the speech and chanted, "Out of Iraq now" and "Our troops are not renewable." Police removed her from the hall. The protester later was identified as Laurie Ann Meier, 30, of the 700 block of Limit Avenue in University City.

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President's speech on renewable energy sources

The brief interruption didn't stop the president from citing the phenomenal growth of the renewable-energy industry in the past two years -- a point made by many of the speakers throughout the two-day conference, including three Bush Cabinet members and executives from a handful of Fortune 500 companies.

Production of ethanol has tripled since the start of the decade, to about 5 billion gallons a year, and there are now 100 plants making the fuel, with 40 others expected to begin operation next year. And while ethanol makes up just 3 percent of the nation's gasoline pool, it will account for 30 percent of the increase in consumption this year, said Thomas Dorr, undersecretary for rural development at the Agriculture Department.

Though the focus of the two-day conference was energy from renewable sources, such as the sun, wind and crops, Bush emphasized the need for oil and natural-gas exploration in the Gulf of Mexico and more terminals to receive shipments of liquefied natural gas from overseas to run power plants. He said also that America needs to utilize its 250-year supply of coal in ways that don't foul the environment.

The president repeated a desire to see development of advanced nuclear plants to help meet the country's need for electricity while helping reduce emissions of greenhouse gases.

Bush Touts New Energy Initiatives (KCS)

By Steve Kraske

The Kansas City Star, October 13, 2006

ST. LOUIS | Invoking the image of America's pioneers, President Bush on Thursday told a conference of energy entrepreneurs that the nation is moving rapidly toward independence from foreign oil.

Even the recent drop in gasoline prices won't stem the tide, the president told the "Advancing Renewable Energy" conference.

"It won't dim my enthusiasm for making sure we diversify away from oil," said the former Texas oilman.

Bush enthused over a host of new technologies — including ethanol, hydrogen, solar and even new uses of soybeans — and suggested that with each one, new markets are at hand and even ready to explode.

"Ethanol is coming," he said, a refrain he used repeatedly about different technologies.

Critics, though, complained afterward that Bush's push for renewable energy has proceeded too slowly. America, they said, is ready to move even quicker.

Kate Johnson of the U.S. Public Interest Research Group cited one specific example: mileage standards for new cars and trucks. That's one of the easiest ways to reduce reliance on foreign oil, yet "unfortunately, the administration and Congress have not taken action."

The new American car fleet averages about 21 miles a gallon, she said. That's worse than even 10 years ago. Her group would like to see manufacturers pushed to boost it to 40 miles a gallon by 2018.

Bush's visit to St. Louis was quick. He made only the one stop at America's Center to speak at the energy conference, jointly sponsored by the U.S. Energy and Agriculture departments. In attendance was Republican Sen. Jim Talent of Missouri.

"These are exciting times," Bush said. "People are beginning to take advantage" of new technologies.

The new ideas not only wean us off foreign oil, they are good for the environment, the president said.

Solar energy may soon be common in American homes, Bush said. And wind power has huge potential.

Bush talked in strong terms about hybrid vehicles and building lighter and more powerful car batteries.

He spent the most time promoting ethanol, the corn-based fuel additive. The president pointed out that more than 5 billion gallons of ethanol would be sold this year. In 2000, just 1.6 billion gallons were sold. Next year, 40 more ethanol refineries are expected to go on line.

He talked about "cellulosic" ethanol, a fuel made from agricultural waste products, such as wood chips and corn stalks.

Bush did not include a fundraising stop for Talent's re-election campaign.

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That job was left to first lady Laura Bush, who was to make a separate visit to St. Louis that included a private fundraiser for Talent as well as a tree-planting ceremony and a stop at the Gateway Arch to commemorate Breast Cancer Awareness Month.

Bush Touts Ethanol (FWST)

By Dan Piller

The Fort Worth Star-Telegram, October 13, 2006

ST. LOUIS — President Bush warned the country Thursday not to let the drop in gasoline prices divert attention from developing new forms of renewable energy, particularly corn-based ethanol.

"Gasoline prices are down, and that's good news," Bush told a conference on renewable energy co-sponsored by the U.S. Agriculture and Energy departments. "My worry is that the low prices will make us complacent about renewable energy."

Bush, who worked in the Texas oil industry before moving into politics, reiterated that the country must cut its heavy reliance on oil.

"Let me put it bluntly: We're too dependent on oil," he said. A similar declaration in his State of the Union message touched off a national focus on ethanol, now used as an environmentally friendly extender in almost half of the gasoline sold in the United States.

When Bush spoke in January, the country was reeling from gas prices that had peaked at about $3 a gallon after Hurricanes Katrina and Rita took about 30 percent of U.S. oil production out of service for months.

As recently as July 28, the average price of gasoline in Texas was $2.92 a gallon, according to AAA Texas. But large inventories and slack demand have caused prices to drop. This week's AAA Texas survey shows an average price of $2.10 a gallon in Tarrant County, $2.13 statewide and $2.25 nationwide.

The high gas prices have boosted interest in alternative and renewable energy sources. Corn-based ethanol has emerged as the leading renewable fuel for automobiles. For the first time, it was blended into gasoline sold to North Texas drivers this year.

In 2006, about 4.6 billion gallons of ethanol will be burned in U.S. automobiles, compared with 140 billion gallons of gasoline. A similar drive for soybean-based biodiesel is in the works for trucks and other diesel engines.

Several obstacles to wider ethanol use have been solved, such as the amount of energy needed to produce it. But America would likely have to import sugar cane from Brazil, for example, to radically increase ethanol production.

Bush said the government is promoting ethanol, popular not only among corn growers in the Midwest but also among environmentalists, by a 51-cents-per-gallon tax credit passed on to consumers and other tax credits for investments in ethanol-production plants. The 100 ethanol plants in the Corn Belt will be increased by about 40 within a year.

"A lot of smart money is moving into ethanol," Bush said, adding that the government is funding research into the next generation of ethanol, which could be made from sugar cane, wood chips or grasses.

Bush spoke enthusiastically about E85, a gasoline blend that is 85 percent ethanol and is sold primarily in the upper Midwest where ethanol is popular politically. Most blends, including that of the North Texas market, are 10 percent ethanol and 90 percent gasoline.

"It doesn't take much investment to convert a car engine to be able to use E85," Bush said.

Support of E85 puts Bush mildly at odds with Big Oil. Red Cavaney, the president of the American Petroleum Institute, told the convention Wednesday that while Big Oil supports the 10 percent ethanol blend, it draws the line at E85 because of the potential for upsetting supplies and distribution.

But Bush also had reassuring words for his longtime friends in the oil industry. "I think we can drill for oil and gas in environmentally protected areas," he said. He spoke glowingly of a new oil find in deep waters of the Gulf of Mexico, announced two months ago, that could increase U.S. reserves.

Bush's speech was interrupted by applause several times by the crowd of more than 1,500 gathered in the St. Louis convention center. Most conference attendees are investors, renewable-energy advocates or representatives of agribusiness groups that stand to benefit from the emergence of renewable fuels.

One protestor, shouting, "Oil is not renewable, out of Iraq now!" was hustled from the hall as the audience applauded Bush's remarks. The president did not interrupt his speech during the incident.

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The Natural Resources Defense Council, a leading group of scientists and environmental advocates, gave Bush lukewarm praise for his speech.

"The president is right to focus on the vast potential of biofuels, wind and solar energy," said Nathan Greene, a senior policy analyst with the council. "But to truly end our national oil addiction, we also need to turn to solutions already available today, like stronger fuel economy performance standards for all vehicles."

Bush: Don't Get Complacent On Energy (AP)

AP, October 13, 2006

President George W. Bush warned Americans on Thursday against becoming complacent about supporting alternative sources of energy just because gasoline prices are falling at the pump.

"I welcome the low gasoline prices," Mr. Bush said. "However, it's not going to dim my enthusiasm for making sure we diversify away from oil."

Lower gasoline prices helped bump up the president's slumping poll ratings in recent weeks, but with congressional and statehouse elections nearing in November, a sexually tainted e-mail scandal involving a Florida Republican congressman's messages to a teenage page has tarred other Republicans in the eyes of many middle-of-the-road voters.

Mr. Bush spoke at a conference en route to a fundraiser in Chicago with House Speaker Dennis Hastert to help two fellow Illinois Republicans in tough races.

The president has been backing Hastert as he fends off calls for him to resign over his handling of the congressional page scandal. Democrats claim Hastert and his staff knew of the e-mail scandal for months and did nothing about it until it was reported by ABC News.

The president on Wednesday called Hastert "very credible" and last week, a "father, teacher and coach who cares about the children of this country."

The political event in Chicago to benefit David McSweeney and Peter Roskam, two candidates for Congress, marks the first time the president has publicly appeared with Hastert since former Florida Rep. Mark Foley resigned in disgrace over sexually explicit messages he sent to teenage male pages.

Hastert insists he was not aware that the Florida congressman was sending the messages until Foley resigned two weeks ago. With less than a month to the Nov. 7 election, the White House is doing its best to prop up the speaker. White House press secretary Tony Snow plans to appear at a fundraiser with Hastert on Saturday.

Democrats need to gain 15 seats to take control of the House of Representatives and six to take power in the Senate. All 435 House seats are up for election, as are 33 of the 100 Senate seats.

In St. Louis, Mr. Bush spoke to a conference of hundreds of businessmen and women, scientists and government officials, including Energy Secretary Samuel Bodman and Agriculture Secretary Mike Johanns, who are discussing ways to fast-track the commercialization of renewable energies.

Echoing his State of the Union message that America must end its addiction to foreign oil, Mr. Bush said that by providing new sources of energy to the market, the United States can decrease overall dependence on resources abroad and power the U.S. economy with clean energy produced in the United States.

Energy is a topic that transcends the top two issues in this year's election: the economy and national security.

"We get oil from some countries that don't particularly care for us," he said.

During Mr. Bush's speech, a woman in the crowd stood up and started chanting, "Out of Iraq now" and "Our troops are not renewable." Bush did not recognize her, but continued speaking as the crowd applauded him.

Event officials pulled her out of the audience by her jacket sleeve, and she shouted louder and louder with her fist in the air as she was escorted out of the room. "What are you doing? You're killing us!" she shouted at the president, as he continued with his speech.

The high costs of oil and gas have given new momentum to the push to develop alternative fuels and alternative energy sources. The efforts are especially visible in America's heartland, where a boom in ethanol is expanding.

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Six years ago, there were 54 ethanol plants in operation, Johanns says. Today, those numbers have doubled to more than 100 plants, and an additional 44 plants are under construction.

Ethanol, however, is far from a cure-all for the nation's energy problems, according to various studies. It is not as environmentally friendly as some supporters claim and would supply only 12 percent of U.S. motoring fuel — even if every acre of corn were used.

Rep. Edward J. Markey, a senior Democratic member of both the House Energy and Commerce and Resource committees, said that that while biofuels have great promise, they are only part of the solution to the problem of America's dependence on imported oil.

"Unless we mandate stronger fuel economy standards, biofuels by themselves will not be effective in helping us curb America's dependence on imported oil from the Middle East," Markey said. "Unfortunately, the president again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

President Renews Call For Energy Alternatives (HC)

By Julie Mason

Houston Chronicle, October 13, 2006

WASHINGTON - President Bush warned on Thursday that while gasoline prices are coming down, America shouldn't get complacent about energy.

Bush's Advanced Energy Initiative, first detailed in his State of the Union address earlier this year, set a goal of replacing 75 percent of domestic oil imports from the Mideast by 2025.

The public push for new energy policies has waned as fuel prices have fallen. But even with gasoline prices around $2 a gallon, Bush said it's not the time to ease up on the search for alternatives.

"My worry is ... that a low price of gasoline will make us complacent about our future when it comes to energy, because I fully understand that energy is going to help determine whether or not this nation remains the economic leader in the world," he said in St. Louis at a government-sponsored conference on renewable energy.

Alternatives Bush supports include ethanol, a corn-based fuel additive; wind and solar generation; and hybrid vehicles.

"We envision a day in which light and powerful batteries will become available in the marketplace so that you can drive the first 40 miles on electricity, on batteries, and your car won't have to look like a golf cart," Bush said.

"That's not going to help rural Missouri or rural Texas, but it's certainly going to help those who live in the cities."

Jim Connaughton, chairman of the White House Council on Environmental Quality, told reporters on Air Force One that he drove a plug-in hybrid last week that got 156 miles to the gallon.

"All of these technologies will enable a switch to renewable fuels, initially ethanol, increasingly biodiesel, and then ultimately, consistent with the president's State of the Union initiative, cellulosic ethanol, that can be made from a wide variety of plant materials and plant waste materials," he said.

Bush also called for making tax credits for energy research permanent.

"There's a research and development tax credit that's on the books," Bush said. "The problem is, it expires every year, on a year-by-year basis, which means you've got to come back to Congress on a year-to-year basis, which also means there's unpredictability in the tax code, and that's not wise."

Democrats responded to Bush's speech by noting the former oilman's ties to the industry and calling his proposals a "token" effort.

"Despite the rhetoric, President Bush's energy policy is centered on doing what's good for his cronies in big oil rather than addressing the needs of hard-working Americans," Democratic National Committee Press Secretary Stacie Paxton said. "Why else would he have put his friends in big oil in charge of writing our nation's energy policy, a policy that has made us more dependent on foreign oil?"

The Energy Mandate (NYT)

By Thomas L. Friedman

The New York Times, October 13, 2006

DOJ_NMG_0080203

James Carville, the legendary Clinton campaign adviser who coined the slogan, "It's the economy, stupid," knows a gut issue when he sees one. So when Mr. Carville contacted me the other day to tell me about the newest gut issue his polling was turning up for candidates in the 2006 elections, I was all ears.

"Energy independence," he said. "It's now the No. 1 national security issue. ... It's become kind of a joke with us, because no matter how we ask the question, that's what comes up."

So, for instance, the Democracy Corps, a Democratic strategy group spearheaded by Mr. Carville and the former Clinton pollster Stan Greenberg, asked the following question in an Aug. 27 survey of likely voters: "Which of the following would you say should be the two most important national security priorities for the administration and Congress over the next few years?"

Coming in No. 1, with 42 percent, was "reducing dependence on foreign oil." Coming in a distant second at 26 percent was "combating terrorism." Coming in third at 25 percent was "the war in Iraq," and tied at 21 percent were "securing our ports, nuclear plants and chemical factories" and "addressing dangerous countries like Iran and North Korea." "Strengthening America's military" drew 12 percent. Mr. Carville also noted that because their polls are of "likely voters," they have a slight Republican bias — i.e., they aren't just polling a bunch of liberal greens.

"When we lay out different plans for how to deal with Iraq, any plan that also includes energy independence tops any other plan that doesn't," said Mr. Greenberg, who added that people are not expressing this view because they are worried about price, but because they are starting to understand that our oil dependence is fueling a host of really bad national security problems. "There is frustration that leaders have not taken it up," he added. "There is a sense that the public is ahead of the leaders, and there is actually a sense of relief when anyone talks about [energy independence] with any seriousness."

Mr. Greenberg said he started noticing this during this year's re-election campaign by Ed Rendell, the governor of Pennsylvania. When his Republican challenger, Lynn Swann, first jumped into the race, public polls showed the two candidates in a dead heat. Governor Rendell eventually pulled far ahead in the polls, though, and among the key issues that helped to separate him, said Mr. Greenberg, was the governor's stressing of alternative energy, and his "PennSecurity Fuels Initiative" to lessen dependence on foreign oil and grow the state's clean energy market.

What this means for Democratic Party candidates, argues Mr. Carville, is that it's no longer enough to have "energy security" as part of a 12-step plan for American renewal. No, it needs to become a defining issue of what Democrats are all about.

It should "not be part of an expanding litany, but rather a contracting narrative," explained Mr. Carville. "It can't just be that we are for a woman's right to choose, and education and energy independence. This is the thing we need to get done above and beyond everything else." People should associate "energy security" with Democrats the way they associate "tax cuts" with Republicans, he argued. "This is not something to add to the stew — this is the stock."

The best way for a party that is often viewed as weak on national security to overcome that deficit is to be for energy independence, he noted. Indeed, nothing would be more potent for Democrats now than to capture energy security and all the issues that surround it — from improving our trade deficit by not importing more oil to improving the climate to improving U.S. competitiveness by making us leaders in alternative fuels.

So does this mean the public would accept a gasoline or B.T.U. tax? No, said Mr. Greenberg. The public wants government to impose much higher auto mileage standards on Detroit and much more stringent energy codes on buildings and appliances. People want a tough regulatory response, à la California.

Remember, Mr. Carville and Mr. Greenberg are professional campaign advisers. They get paid to get people elected — not to offer feel-good nostrums. So when they tell you that their polling and focus groups around the country show that "reducing dependence on foreign oil" is voters' top national security priority, you know that this issue has finally arrived. The party that captures it most credibly will be rewarded.

Hello? Anybody listening?

Mr. Reid's Nondisclosure (WP)

The Washington Post, October 13, 2006

DOJ_NMG_0080204

THE BEST CASE for Senate Minority Leader Harry M. Reid (D-Nev.) is that he was sloppy about financial disclosure rules in accounting for a real estate deal on which he made a $700,000 profit. The more unattractive case is that the senator's inaccurate description of the investment was an effort to disguise his partnership with a Las Vegas lawyer who's never been charged with wrongdoing but whose name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s. As of now, the evidence points toward sloppiness; Mr. Reid's friendship with Jay Brown isn't exactly a secret in the state. But either way, an Associated Press report about Mr. Reid's dealings doesn't cast the senator in an attractive light. Neither does his response to the AP story, which indicates a casual disregard for the importance of accurate reporting of lawmakers' financial affairs.

Mr. Reid bought undeveloped property on the outskirts of fast-growing Las Vegas for about $400,000 in 1998 -- one parcel outright and a second jointly with Mr. Brown. In 2001, Mr. Reid sold the land for the same price to a corporation he co-owned with Mr. Brown, who in the meantime was getting the land rezoned from residential to commercial use. But the senator didn't report the sale on his annual financial disclosure form. When the new company sold the land to developers in 2004, yielding $1.1 million for Mr. Reid, the senator did not accurately list the transaction or go back and fix the previous forms to reflect the new arrangement.

"Everything I did was transparent," Mr. Reid said at a news conference Wednesday, after the story broke. "Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

Mr. Reid's professions of transparency and full disclosure are transparently wrong. His investment was not reported in a manner that made clear his partnership with Mr. Brown. It's true -- under the inadequate financial disclosure rules -- that even if Mr. Reid had listed the newly formed corporation, Patrick Lane LLC, that wouldn't have by itself demonstrated Mr. Brown's involvement. Nonetheless, that Mr. Reid no longer owned the land, but instead had sold it for an interest in the Patrick Lane corporation, was not some mere "technical change," as the senator would like to brush it off. It's an essential element of financial disclosure rules, the purpose of which is to know how and with whom public officials are financially entwined.

Bush Confounded By The 'Unacceptable' (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, October 13, 2006

President Wields Word More Freely as His Frustration Rises and His Influence Ebbs

President Bush finds the world around him increasingly "unacceptable."

In speeches, statements and news conferences this year, the president has repeatedly declared a range of problems "unacceptable," including rising health costs, immigrants who live outside the law, North Korea's claimed nuclear test, genocide in Sudan and Iran's nuclear ambitions.

Bush's decision to lay down blunt new markers about the things he deems intolerable comes at an odd time, a phase of his presidency in which all manner of circumstances are not bending to his will: national security setbacks in North Korea and Iraq, a Congress that has shrugged its shoulders at his top domestic initiatives, a favorability rating mired below 40 percent.

But a survey of transcripts from Bush's public remarks over the past seven years shows the president's worsening political predicament has actually stoked, rather than diminished, his desire to proclaim what he cannot abide. Some presidential scholars and psychologists describe the trend as a signpost of Bush's rising frustration with his declining influence.

In the first nine months of this year, Bush declared more than twice as many events or outcomes "unacceptable" or "not acceptable" as he did in all of 2005, and nearly four times as many as he did in 2004. He is, in fact, at a presidential career high in denouncing events he considers intolerable. They number 37 so far this year, as opposed to five in 2003, 18 in 2002 and 14 in 2001.

Through a spokesman and then in a televised statement, he declared North Korea's claimed nuclear test "unacceptable" before and after it occurred Oct. 9. But he could also be heard on Jan. 9 lecturing students at an elementary school in Glen Burnie, Md., that their recent scores on math and reading proficiency tests were "unacceptable."

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Having a president call something "unacceptable" is not the same as having him order U.S. troops into action. But foreign policy experts say the word is one of the strongest any leader can deploy, since it both broadcasts a national position and conveys an implicit threat to take action if his warnings are disregarded.

Bush's use of the term "reflects in some ways his frustration with a world that doesn't seem as amenable to his policies as he would like them to be," said Stanley A. Renshon, a political scientist at the City University of New York. Bush "has strong views; he believes in doing what is right. All of those things give an emotional force to his response" to events he often sees and describes without nuance.

Renshon, who wrote a mostly-favorable book in 2004 about Bush's psychology, said the president's declarations are in keeping with his apparent self-image as a Jeremiah, "railing against the tides" and saying what "people ought to be doing something about."

As such, charting the ebbs and flows of Bush's proclamations of "unacceptability" provides clues to trends in presidential irritations. It also demonstrates that Bush's most intense grievances -- like his attention -- have moved offshore, as evidenced this year by his eight declarations about "unacceptable" events in Iraq, and his 11 declarations about unacceptable behavior by Iran.

As a presidential candidate and in his early presidency, Bush was more apt to denounce domestic events. His assertions that school performance and achievement gaps between white and black students were unacceptable account for almost a third of his usages of that term since 2000.

Bush's targets expanded from 2003 to 2005 to include nine condemnations of "unacceptable" actions by Iraq and Iran, as well as the Social Security system and the administration's own response to the Katrina hurricane. This year, he has hurled the term "unacceptable" at actions by Iraqi insurgents and police, at supporters of a withdrawal of U.S. forces from Iraq, and at a U.S. law making the degrading treatment of detainees a war crime.

North Korea's planned firing of a missile was unacceptable, Bush said June 29; after Pyongyang fired several missiles July 4, Bush again labeled the action unacceptable on July 7 and July 10. He also deemed unacceptable the country's starving of its people, its use of concentration camps and its claimed nuclear test.

Using such a categorical term is not that surprising after a policy setback, according to Steven Kull, a political psychologist who directs the University of Maryland's Program on International Policy Attitudes. Some people deal with failures, Kull said, "by intensifying an authoritarian posture and insisting that their preferences are equivalent to a moral imperative."

Asked at a news conference on Wednesday whether Washington risks looking feckless in making such categorical statements without taking decisive action, Bush said: "It's very important for the American people and North Korea to understand that that statement still stands. . . . I know this sounds [like] just saying it over and over again, but it's -- rhetoric and actions are all aimed at convincing others" to join Washington's effort to impede that country's weapons ambitions.

Bush's predecessor, Bill Clinton -- often pilloried by Republicans as irresolute -- also labeled many events "unacceptable" or "not acceptable," particularly after the political tables turned against him. When Democrats controlled Congress in 1994, for example, he used those terms four times, according to transcripts of his public comments. In 1995, after his party lost control of both houses, Clinton used the terms 20 times; his annual usages thereafter fluctuated between eight and 22, but they totaled only 86 percent of Bush's usage in a comparable six-year period.

Clinton's peeves were different from Bush's, and a quarter of his uses of the "unacceptable" label after 2004 were aimed at providing leverage in his budget battles with the Republican-led Congress. Clinton also used the label in denouncing poverty, crime, discrimination against women, inadequate health care, school violence, racial disparities and the actions of medical insurance companies. Abroad, he labeled as unacceptable the behavior of Iraqi leader Saddam Hussein unacceptable on four occasions.

MoisÃ©s NaÃ-m, the editor in chief of Foreign Policy magazine, said there is a relationship between "how strident and extreme" the language of many leaders is and how limited their options are. For Bush, NaÃ-m said, "this comes at a time when the world is convinced he is weaker than ever."

Many foreigners think the United States is losing Iraq and are no longer in awe of U.S. military might, NaÃ-m said, and at home, Bush is so weak that Republican candidates are wary of appearing with him. "The world has noticed," NaÃ-m said. "What is happening is that a lot that was deemed unacceptable [by Bush] now has become normal and tolerable."

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Bush's proclamations are not the only rhetorical evidence of his mounting frustrations. One of his favorite verbal tics has long been to instruct audiences bluntly to "listen" to what he is about to say, as in "Listen, America is respected" (Aug. 30) or "Listen, this economy is good" (May 24). This year, he made that request more often than he did in a comparable portion of 2005, a sign that he hasn't given up hope it might work.

Research director Lucy Shackelford contributed to this report.

Book: Bush Aides Called Evangelicals 'Nuts' (LAT)

By Peter Wallsten

The Los Angeles Times, October 13, 2006

WASHINGTON -- A new book by a former White House official says President Bush's top political advisers privately ridiculed evangelical supporters as "nuts" and "goofy" while embracing them in public and using their votes to help win elections.

The former official also writes that the White House office of faith-based initiatives, which Bush promoted as a nonpolitical effort to support religious social service organizations, was told to host pre-election events designed to mobilize religious voters who would most likely favor Republican candidates.

The assertions by David Kuo, the former No. 2 official in the faith-based initiatives program, have rattled Republican strategists already struggling to convince evangelical voters to turn out this fall for the GOP.

Some conservatives lamented Thursday that the book, "Tempting Faith: An Inside Story of Political Seduction," also comes in the midst of the scandal involving former Rep. Mark Foley's interest in male congressional pages, another threat to conservative turnout in competitive House and Senate races.

The book is scheduled to hit stores Monday, but the White House responded to its assertions Thursday as excerpts began leaking out.

In the book, Kuo, who quit the White House in 2003, accuses Karl Rove's political staff of cynically hijacking the faith-based initiatives idea for electoral gain. It assails Bush for failing to live up to his promises of boosting the role of religious organizations in delivering social services.

White House strategists "knew 'the nuts' were politically invaluable, but that was the extent of their usefulness," Kuo writes, according to the cable channel MSNBC, which obtained an advance copy.

"Sadly, the political affairs folks complained most often and most loudly about how boorish many politically involved Christians were. ... National Christian leaders received hugs and smiles in person and then were dismissed behind their backs and described as 'ridiculous' and 'out of control.' "

It is unclear whether Kuo identifies any specific official as using the dismissive language.

The book says that before the 2002 elections, then-White House political director Ken Mehlman issued "marching orders" to use the faith-based initiative in 20 House and Senate races, according to MSNBC. To avoid appearing overtly political, Mehlman said his staff would arrange for congressional offices to request visits from the faith-based program officials.

Throughout the 2002 and 2004 campaigns, faith-based officials would meet with lawmakers in some places in an effort to generate publicity for them, while also hosting conferences in battleground states attracting hundreds of pastors and community activists eager to learn how to apply for federal grants.

A spokeswoman for Mehlman, who is now chairman of the Republican National Committee, said he did not recall the directives mentioned by Kuo. As political director, she said, "it was Mehlman's job to both engage outside groups and inform decision makers in the White House about support for the president's agenda."

Kuo is scheduled to appear Sunday on CBS' 60 Minutes program as part of a rollout arranged by his publisher, Simon & Schuster, which shares a corporate parent with CBS. Despite a publisher-enforced embargo, a copy of the book was purchased early at a Manhattan bookstore by a producer for MSNBC's "Countdown," a spokesman for the cable channel said. Program host Keith Olbermann began reading excerpts on his Wednesday show.

Kuo's descriptions could do political damage to a Republican Party that has staked its formula for success on motivating the conservative base.

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"Here we go again," said Paul M. Weyrich, a leading religious conservative with close ties to the White House, referring to the avalanche of negative factors that he predicted would keep "embarrassed Republicans" from voting, just as the Watergate scandal did in the 1970s. "If Republicans win, it will prove God is a Republican, since it will take a miracle."

Weyrich said Kuo, while still a White House official, told him of frustrations that the faith-based program had become entangled in politics. The initiative had been a signature proposal by Bush in the 2000 campaign but lost momentum amid partisan battles on Capitol Hill and the intense focus on security following the Sept. 11 attacks.

Weyrich said that Bush and many of his aides were genuinely interested in the program. But, he added, "I don't have any illusions about Rove. I think that he advocates conservatism because he believes it's the way to win."

The White House denied Kuo's account with help Thursday from two former officials popular among the evangelical base --former speechwriter Michael Gerson and former faith-based initiative director Jim Towey.

Gerson called Kuo's account "laughable," while Towey cited a December, 2002, e-mail from Kuo expressing positive feelings about the program's progress in promoting "compassionate conservatism."

"He doesn't seem to have been working at the same White House where I worked," Towey said. "I had marching orders from the president to keep the faith-based initiative non-political, and I did."

Still, neither Gerson nor Towey denied Kuo's assertion that politics did factor into the initiative.

"Ken Mehlman was doing his job, which was to worry about races," said Towey, who left the White House this year to become president of St. Vincent College, a Catholic school in Pennsylvania.

NSC Spokesman Leaving (WP)

By Glenn Kessler

The Washington Post, October 13, 2006

Frederick Jones, the chief spokesman for the White House's National Security Council, is leaving the high-pressure post this month. Jones, a career Foreign Service officer who was named spokesman after Bush's reelection, has spent 3 1/2 years at the NSC.

Jones said that he will return to the State Department and that he plans to spend time with his wife, who is expecting a baby in January. But Jones said he also will explore other options, in case it is "time to enjoy the fruits of this robust economy."

Gordon Johndroe, director of strategic communications and planning at the State Department, was named yesterday as Jones's replacement. Johndroe has been with the Bush administration since the beginning, including a stint as Laura Bush's press secretary.

Medicare Drug Plan Stability Disputed (USAT)

By Julie Appleby

USA Today, October 13, 2006

Medicare leaders misled seniors last month when they said premiums for Medicare drug plans would remain about the same in 2007, Rep. Henry Waxman, D-Calif., said Thursday.

Waxman says his staff's analysis shows an average 13.2% increase for next year. But Medicare officials Thursday stuck to their estimate that rates will remain about the same — so long as beneficiaries are willing, in some cases, to drop traditional Medicare and sign up for an alternative, such as an HMO.

The back-and-forth comes about a month before seniors and the disabled begin enrolling in plans for next year and provides new insight into how Medicare officials calculate drug plan premium estimates.

“The only thing everyone can agree on is seniors will need to go out and carefully reassess their options for 2007, because there are fundamental changes in the marketplace,” says Dan Mendelson, president of Avalere Health, a consulting firm in Washington.

In a letter to Health and Human Services Secretary Michael Leavitt, Waxman says monthly costs for stand-alone drug plans will rise on average from $25.69 to $29.09 a month.

Rates for the lowest-cost plan in each state will rise an average of 44%, to $13.58 from $9.46. Increases will affect 77% of seniors who remain in the same plan as they chose this year, Waxman said.

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By contrast, the Centers for Medicare & Medicaid Services issued a press release Sept. 29 saying that the "monthly premium beneficiaries will pay in 2007 will average $24 if they stay in their current plan, about the same as in 2006."

Who's right?

It all depends on what you include in the premium calculations.

"The congressman's analysis is incomplete and misleading … measuring just one of the plan options beneficiaries can use to get their prescription drugs," says Medicare chief Mark McClellan in a written statement.

Waxman's staff looked at premiums for stand-alone drug policies only, which were offered for the first time this year.

Those plans cover about 16 million Medicare members, who get other medical care through the traditional program.

The government's estimates include premiums for Medicare Advantage plans, which offer a full range of health services, including drugs, as an alternative to traditional Medicare. Such plans cover about 7 million members. They include types of managed-care plans, which limit choices of doctors and hospitals, as well as plans that allow a wider range of choice.

Karen Ignagni, president of America's Health Insurance Plans, says seniors should look at the full range of choices.

"There's no doubt that Medicare is providing valuable benefits for seniors, and costs are far less than what was expected at the time legislation passed" creating the new drug benefit, Ignagni says.

Democrat Disputes Medicare Prescription Drug Plan Calculations (WP)

By Christopher Lee

The Washington Post, October 13, 2006

Rep. Henry A. Waxman (D-Calif.) says Medicare officials have a problem with their math.

The Bush administration said last month that beneficiaries who stay in their Medicare prescription drug plan will pay an average of $24 a month in premiums next year, the same as this year.

But according to Waxman, average prescription drug premiums in what is known as Medicare Part D will rise to $29 a month in 2007. He cited an analysis by the Democratic staff of the House Government Reform Committee, on which he is the ranking minority member.

"The department's numbers appear to be wrong, and they disguise significant increases in premiums for Medicare drug plans," Waxman wrote in a letter to Health and Human Services Secretary Mike Leavitt yesterday. "The release of erroneous information about the cost of premiums -- whether deliberate or not -- is a disservice to millions of seniors and a discredit to the department."

Mark B. McClellan, the head of the Centers for Medicare and Medicaid Services, stood by the administration's estimate. He called Waxman's analysis "misleading" and said it might discourage the 23 million people enrolled in the Medicare drug benefit from evaluating all options.

The discrepancy arises from the different ways that the two sides calculated average premiums. The administration average is based on both stand-alone Medicare plans that cover drugs only and heavily subsidized, HMO-style "Medicare Advantage" plans that offer a broad range of health care and do not charge a separate premium for drug coverage. Waxman's staff focused on the stand-alone plans, since 90 percent of seniors enrolled in the drug benefit choose such plans.

"The congressman's analysis is inaccurate and misleading because it is selective, measuring just one of the plan options beneficiaries can use to get their prescription drugs," McClellan said in a statement.

Waxman said Medicare officials are being "unrealistic" by putting the Medicare Advantage plans on the same footing as the more popular drug-only plans.

"The only way the Administration's numbers can possibly add up is by including artificial estimates of the costs of drug coverage in Medicare managed care plans," he said in a statement. "Most seniors won't abandon traditional Medicare just to keep the costs of their drug coverage from going up, nor should they have to."

He said the assertion that premiums will remain nearly flat in 2007 was reminiscent of the administration's assurances to Congress in 2003 that the drug benefit would cost $400 billion over 10 years -- even though federal actuaries at the time were estimating the true cost as more than $500 billion.

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McClellan said the estimated cost of the benefit has dropped lately as the insurance companies that offer the federally subsidized drug coverage have charged lower-than-expected premiums while competing to lure seniors to their plans.

McClellan plans today to announce improvements to the CMS Drug Plan Finder, a tool available on the Medicare Web site to help beneficiaries choose a drug plan. Open enrollment for 2007 will begin Nov. 15.

Medicare Drug Premiums Will Rise For Many (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, October 13, 2006

WASHINGTON — Two weeks after the Bush administration announced that Medicare prescription premiums would stay about the same next year, a new analysis by congressional Democrats indicates that for a majority of middle-class seniors, rates will jump 13% — well above the overall inflation rate.

In a sternly worded letter to Health and Human Services Secretary Mike Leavitt, Rep. Henry A. Waxman, D-Los Angeles, accused the administration of "deceptive advertising."

Medicare Administrator Mark B. McClellan fired back with a statement calling the analysis by Waxman's Government Reform Committee staff "inaccurate and misleading."

But several independent experts said it is true that seniors using the most popular type of Medicare prescription coverage — a stand-alone drug plan — will face significant premium increases next year unless they switch to more economical plans that often come with more restrictions. The prescription drug benefit is overseen by the government but delivered by private insurance companies that offer a variety of plans with differing features and premiums.

"If you look at the plans where most seniors are now enrolled, many are increasing premiums," said Tricia Neuman of the Kaiser Family Foundation, who oversees Medicare policy for the nonpartisan research group.

"What was the best deal last year may not be the best deal next year," said James Firman, president of the National Council on Aging.

The argument over how much seniors will pay for prescription drug insurance next year comes in the home stretch of a campaign in which Republicans and Democrats are working hard to attract the votes of older Americans. The announcement that premiums would remain essentially unchanged may have been welcome news to many seniors, but Waxman argued that Medicare officials based that claim on "three-card monte," a reference to a card game favored by con artists.

The claim that premiums would stay flat was based on the average of expected costs for all Medicare participants, including about 6 million who get coverage through managed-care plans that are heavily subsidized by the government and generally do not charge a separate monthly premium for their prescription benefits.

Waxman, however, excluded the managed-care beneficiaries and focused on the 16 million seniors with traditional, fee-for-service Medicare, who have enrolled in stand-alone drug plans. These plans offer prescriptions only, unlike the managed-care plans that also provide hospital and doctors' care. Premiums for the stand-alone plans are projected to rise significantly.

For example, monthly premiums for Humana's popular low-price plan will rise from an average of about $10 to around $15, the company confirmed — an increase of 50%.

"The dollar amounts may not be so great, but premiums are nonetheless on the rise," Neuman said.

Even with the increases, Humana still expects to have the lowest-cost plan in 38 states. "We still feel like we're the low-cost plan overall," spokesman Dick Brown said.

Another Humana offering, the PDP Complete plan, this year covered brand-name drugs in the so-called doughnut hole, a coverage gap Congress and the administration built into the benefit to save money. Next year, that plan will not cover brand-name drugs in the doughnut hole. And monthly premiums will rise from an average of about $58 to about $80.

The Democratic analysis concluded that the average premium for all Medicare stand-alone plans would rise from $25.69 per month in 2006 to $29.09 in 2007.

A Medicare news release issued Sept. 29 said: "The monthly premium beneficiaries will pay in 2007 will average $24 if they stay in their current plan — about the same as in 2006."

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The changing premiums portend a new reality for Medicare beneficiaries, said healthcare market analyst Dan Mendelson. Until now the program offered a standard government-issue benefit for all. With the expanding role for private insurers, that's not the case anymore.

"Seniors are going to have to constantly reassess their coverage relative to their own health status and relative to what choices are being offered in the marketplace," said Mendelson, president of Avalere Health, a consulting firm. "These are commercial plans that change from year to year based on their experience, and the only way for seniors to navigate the marketplace effectively is to constantly reassess their options."

For 2006, seniors had six months to pick a drug plan. But for 2007, the open enrollment period will be about six weeks, from Nov. 15 through Dec. 31. Medicare's computerized Plan Finder, which allows seniors to compare costs and coverage for plans, will have information on the 2007 offerings starting today. It is on the Internet at http://www.medicare.gov .

"Choosing a plan may not be fun, but plans are changing," Neuman said. "I think seniors will be well advised to go back to the drawing board and revisit the decision they made for 2006."

Firman, of the group on aging, said Medicare should consider releasing the premiums for stand-alone plans separately. "There is a value in more detail being provided to people," he said.

Council Debates Ways To Divvy Up '07 Pay Raise (WP)

By Stephen Barr

The Washington Post, October 13, 2006

The government's advisory group on federal pay yesterday backed an across-the-board 2007 salary increase of 1.7 percent for federal employees, but left open how additional funds for the raise should be split among big cities and other areas.

The annual pay raise for the government's white-collar employees has two components: a national increase for all workers, and a raise that varies by locality. In most years, the Federal Salary Council, an advisory group that includes White House appointees and union leaders, has recommended a formula for setting the locality portion of the raise.

The council's staff had prepared a proposal that would have sent more of the money available for locality pay to some big cities where federal salaries lag the most behind the private sector.

But the council pulled back from approving the proposal after a union president raised questions about it and said such a change would be premature until more data are available to compare salaries in the federal and private sectors.

Colleen M. Kelley , president of the National Treasury Employees Union, pointed out that most federal employees outside large metropolitan areas would have received a raise of less than 2 percent under the staff recommendation.

The council signed off on a compromise offered by Kelley that urged the White House to designate 1.7 percent of the 2007 pay increase as an across-the-board raise, in keeping with a 1990 pay law. The remainder of the increase, Kelley proposed, "would be split between locality areas according to administration recommendations, with each locality pay area getting some portion of the funds available for locality pay increases."

The council's work was more difficult this year because Congress has not settled on how much of a raise to provide the government's 1.8 million employees.

Spending bills before Congress would provide the civil service with a 2.7 percent raise next year. But Congress has voted for a 2.2 percent raise for the military, raising the prospect that House-Senate negotiators will lower the federal employee raise to that amount.

After Congress and the White House agree to an overall average raise, a portion is parceled out among 31 metropolitan areas and a catch-all category called the "Rest of the United States."

In 1990 Congress approved variations in federal pay, based on changes in wages for local labor markets, in hopes of closing a "pay gap" between federal and nonfederal employees. The staff paper prepared for the salary council said "it is not feasible" in 2007 to close the same proportion of the pay gap in each locality area as the law envisions. The staff proposed an alternative approach in hopes of helping employees in high-cost big cities where pay gaps are the largest.

Under the staff's recommendation, if Congress approved a 2.2 percent raise, employees in the "Rest of the United States" would get a 1.81 percent pay increase and those in the Washington area 2.64 percent. In contrast, under the traditional allocation

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method for a 2.2 percent increase, RUS employees would get raises of 2.03 percent and Washington area employees would receive 2.4 percent.

Federal officials have been working to improve the methodology for comparing federal jobs with those in the private sector and in state and local governments. The staff paper indicated that the revised methodology found a bigger pay gap than previously calculated. The average pay gap this year was 18.4 percent, according to the paper, up from 13.4 percent last year.

The paper suggested that the gap may have grown because of an increase in the number of supervisory jobs covered by new salary surveys, as well as other statistical adjustments. They also noted that more changes in the methodology will take place over the next three to four years, making it difficult to form judgments on how federal salaries stack up against the private sector.Talk Shows

John C. Salamone , executive director of the Chief Human Capital Officers Council, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

John G. Vonglis , principal deputy assistant secretary of the Air Force for financial management and Air Force headquarters comptroller, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

Air Force Seeks $13 Billion To Start Replacing Tankers (NYT)

By David S. Cloud

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Air Force officials said Thursday that they were seeking $13 billion over the next five years to replace their aging fleet of aerial refueling aircraft, a process that will take decades and could grow into one of the service's largest procurement programs.

In a meeting with reporters, Air Force Secretary Michael W. Wynne and Gen. T. Michael Moseley, the Air Force chief of staff, said that they hoped to award a contract by next summer and that the current timetable calls for the first planes to be delivered by 2011.

General Moseley said that the Air Force intended to buy 10 to 15 planes a year, ending up with a total fleet of about 450 aircraft. Some analysts have said the cost of replacing the tankers could total more than $100 billion over the next three decades.

"It's important to get started" on replacing the fleet of 579 tankers, most of them over 40 years old and still playing a vital role in refueling fighters, bombers and other aircraft flying every day over Iraq, Afghanistan and elsewhere, General Moseley said.

Loren B. Thompson, an analyst with the Lexington Institute, a military policy research group in Virginia, said the Air Force worried that an accident involving any of the current tankers could force the entire fleet to be grounded.

"The Air Force is extremely concerned that because nobody has ever operated a fleet of jets this long, some design deficiency, like metal fatigue, will ground the fleet making it impossible for them to get places they need to go," Mr. Thompson said.

In January, the Pentagon canceled a $23 billion deal to lease 767 tankers from Boeing after the disclosure that a former Air Force procurement officer, Darleen Druyun, was found to have favored Boeing in contracts before being hired by the company.

The competition is likely to be between Boeing and a joint venture of the Northrop Grumman Corporation and the parent company of Airbus, the European Aeronautic Defense and Space Company.

"Darleen Druyun's impact has something to do with the desire to get an open acquisition process," General Moseley said. "That is absolutely fair and required."

Initially, the Air Force intends to purchase tankers derived from successful commercial airliner designs as replacements for the current KC-135, a midsize tanker built in the late 1950's and early 1960's. About 100 of the 520 KC-135's are set to be retired by 2010. The Air Force also flies larger KC-10's bought in the 1980's.

By opening the contract for competition, the Air Force is hoping to put the scandal behind it, the officials said. But it will also have to persuade Congress, which over the last two years has prohibited the Air Force from retiring any KC-135 tankers, to support replacing the tanker fleet at a time of increasing pressure on the military budget.

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The Pentagon will include the request for the $13 billion to begin buying the tankers in its budget proposal for the fiscal year 2008, which will be formally presented next February.

This year, the Bush administration sought $36 million in advance financing for the tanker production, along with $204 million in research and development, but Congress provided no production funds and cut the research money to $70 million.

Mr. Wynne said Thursday that the Air Force had elevated the tanker replacement program to its top procurement priority. The tanker program "is a little bit, if you will, less sexy than funding for fighters and bombers," he said, but it is the "underpinning of America's strategic capabilities."

'Every Reason To Be Proud' (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, October 13, 2006

The government has just closed the books on the 2006 fiscal year and released the figures for revenue collected. It has also been five years since the first of the Bush tax cuts began to help the economy and consumers' wallets, so it is a natural time to look back and evaluate their economic and budgetary effectiveness.

We now know that economic activity first began declining in the third quarter of 2000, although the data at the time didn't show it; and 2001 was a rough year, with growth moving back and forth around the zero mark. In August most American families received the first part of their tax cut -- a check, typically for $600. But this was overshadowed by 9/11. In the weeks following the attacks the economy began to gradually shut down. The stock exchanges and New York bond markets were closed, while air travel and transport stopped in an economy where over half a million business travelers flew every day and 25% of trade by value arrived and left by air. Uncertainty paralyzed the business community.

President Bush gave numerous speeches to rally the nation to return to normal; administration officials fanned out across the country to urge Americans to spend. The private sector did its part: Auto companies began zero percent financing and some companies made promotions based directly on the tax cuts. Far from being the disaster most forecasters (including me) had feared, the fourth quarter showed the biggest consumer-led surge since 1992. As business inventories were drawn down, production could expand again.

Mr. Bush followed up with an investment-oriented tax cut proposal in his 2002 State of the Union message. But by mid-year, with growth returning but only at a modest clip, we began working on a proposal to accelerate the multiyear tax cuts of 2001 to take full effect in 2003. We also began developing proposals to improve investor psychology through a long-overdue reduction in the double taxation of dividends. The final bill was enacted in May 2003.

The tax-cut program was not particularly novel or out-of-the-mainstream: It just combined some very sensible supply-side oriented reforms to make the tax code less burdensome with some much-needed demand-side relief. The focus of the early tax cuts was on families with children, people with high propensities to spend. A typical middle-class couple with two children got a minimum of $1,600 in relief -- equivalent to a 4% increase in their real take-home pay, or two years' worth of real pay raises in the 1990s.

Nor did Mr. Bush propose the tax cut by accident. He unveiled it in December 1999 in Des Moines, Iowa, at the height of the stock market bubble, when everyone was feeling a little giddy and some economists were arguing that we had repealed the business cycle. So it took great courage for him to say, "Yet I also believe in tax cuts for another practical reason: because they provide insurance against economic recession. . . . I hope for continued growth -- but it is not guaranteed. A president must work for the best case, and prepare for the worst." He was well-prepared; and as Alan Greenspan said, the tax cuts were "extraordinarily well timed from the point of view of the economy." * * *

While the good positive effects of the tax cut on the economy are relatively non-controversial, their effect on the federal budget stirs a great deal of controversy. The just-released figures on tax receipts in 2006 allow us to shed some light on this debate.

First, a look back at 2002 shows that it was the collapse of the bubble and the effects of 9/11 that were mainly responsible for the decline in tax revenue and the rise of the budget deficit -- and not the tax cuts. As a baseline for comparison, consider the economic and revenue projections the departing Clinton administration prepared as background for the FY 2002 Budget. That

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projection was based on continued solid growth and no tax cuts, although growth had in fact already begun to decline. As a result, the Clinton FY 2002 budget projected revenues of $2.210 trillion; but only $1.853 trillion was actually collected. This provided a FY 2002 shortfall of $357 billion, the result of both the tax cuts and the drop in economic activity.

The Joint Committee on Taxation estimated that the FY 2002 revenue loss of the first Bush tax cut was $38 billion and $51 billion from the second Bush tax cut -- $89 billion in all. This leaves $268 billion of the shortfall to be attributed to the effects of the collapse of the 1990s bubble, the attacks on 9/11, and other economic drags. Swings in economic activity, not discretionary tax changes, drive the great majority of the swings in federal revenues, and were the cause of the deficits of the early part of the decade. Since then, it has been a matter of fiscal "catch-up."

The data suggest that process of "catch-up" has been far more successful than official estimates thought possible. In August 2003 the non-partisan CBO forecast tax revenue in FY 2006 at $2.276 trillion (which excluded $53 billion of tax relief passed subsequently). That forecast included the effects of the slowdown, a return to more rapid growth, and the 2003 tax cuts. But the data just released showed FY 2006 revenues of $2.407 trillion, $131 billion higher than CBO projected after the tax cuts were accelerated and $624 billion higher than the FY 2003 revenues. For perspective on that $131 billion of extra revenues, the total 2006 revenue loss from all of the president's tax cuts was only $193 billion.

There were two reasons for the revenue feedback. First, after the tax cuts were passed the economy expanded more rapidly than most projected at the time. Second, more taxes were collected from each dollar of GDP than expected. When an economy of a given size produces higher-than-expected revenue after a tax change, it must mean that the tax code has become a more efficient revenue generator. Lower tax rates, particularly on dividends and entrepreneurial income, provide incentives for people to give up some of their previous -- economically distorting but tax-efficient -- behavior.

This response is underscored by the distribution of receipts, which have shifted decidedly up the income scale. Although critics endlessly call the Bush measures tax cuts for the rich, the share of income taxes paid by the top 1%, 5% and 10% of taxpayers has moved up. These people were most affected by higher rates of the past, and have the greatest ability to reorient their economic behavior when rates are reduced.

While economists will argue about how to divide up the extra revenue between the demand-side and supply-side responses, the more interesting question is what would have happened without an aggressive fiscal policy response. In Japan, five years after its bubble burst, tax receipts were still 14% below their peak because the economy was so weak; in the U.S. they are 19% higher than in 2000. Evidence suggests that monetary policy, though helpful, was not the lone cause of the recovery. Consumption spending turned up sharply in the third quarter of 2003, coincident with reduced tax withholding in paychecks. Nearly every important macroeconomic variable, including the unemployment rate, started improving noticeably in the second half of 2003, the first time the full impact of the tax cuts hit the economy. Moreover, consumption spending turned up in advance of the housing boom, whereas in Australia, New Zealand and the U.K. the increase in home prices clearly led an acceleration in consumption growth.

Mr. Bush has every reason to be proud of his tax cuts. Granted, he shouldn't expect a chorus of bipartisan praise based on the numbers just released. But he should rest assured that economic historians will credit the tax cuts as having been a model of the successful application of economic theory to the real world.

Mr. Lindsey, president and CEO of the Lindsey Group, was President Bush's chief economic adviser from 2001 to 2002.

Deficit Diversions (WP)

The Washington Post, October 13, 2006

AND THEN WHAT? That's the question everyone should be asking in the wake of Wednesday's announcement that the 2006 federal budget deficit came in at $247.7 billion, the lowest in four years. President Bush trumpeted the good news, saying that not only had the administration met its goal of cutting the deficit in half but that "we've done it three years ahead of schedule."

Forget the tussle over whether that's much of an achievement: Deficits tend to go down during periods of economic recovery, and cutting the deficit in half has always been something of an arbitrary target and the product of a puffed-up estimate at the outset -- the $512 billion the administration projected for 2004, at a time when the Congressional Budget Office forecast was $477 billion.

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The important question, which is to say the question that the president and his congressional enablers aren't facing, is where things go from here. And the answer is, nowhere good. The trend line goes up, starting as early as next year, when the CBO projects a deficit of $286 billion. Over the long term, the outlook is bleak. Assuming that Congress makes the president's tax cuts permanent and continues to adjust the alternative minimum tax, deficits will total almost $3.5 trillion over the next decade and average $349 billion a year, according to calculations by the liberal Center on Budget and Policy Priorities. And that's the good decade: After that come the really steep costs of the retirement of the baby boomers and exploding entitlement spending.

There is no indication in either party of any willingness to come to terms with this reality. Lawmakers balked this year at any cuts to entitlement programs. The only two appropriations bills that Congress has managed to approve so far increase spending. According to the CBO, spending in the fiscal year that just ended grew by 8.7 percent, "the fastest rate of increase since 1990." A big chunk of that, about $50 billion, was one-time outlays for hurricane relief. But another worrisome factor was the rising cost of interest payments, which jumped $45 billion, or 24 percent, making it the fastest-growing category of federal spending.

Mr. Bush pledged to return to the subject of Social Security and entitlement spending after the election. "The fundamental question facing the government in Washington, D.C., is will we have the will necessary to deal with these entitlement programs, to leave behind a better budget picture, to deal with the unfunded liabilities and the mandatory programs for future generations," he said.

Nice words -- as nice as words like them sounded last year, and all the years before that. Unless Mr. Bush shifts course and gets realistic about putting both revenue and spending on the table, and unless Democrats shift course and get realistic about the fact that current promises to beneficiaries are unsustainable, it's those "future generations" that are going to pay the price for today's irresponsibility and inaction.

Faster FDA Cures (WSJ)

The Wall Street Journal, October 13, 2006

Whoever controls Congress next year, the Food and Drug Administration is sure to be a political battleground. The controversial Prescription Drug User Fee Act of 1992 is scheduled for reauthorization, and the conventional political wisdom holds that the FDA is too "cozy" with Big Pharma and thus overeager to rubber-stamp dangerous new drugs.

So allow us to draw attention to an important and undernoticed study, "Assessing the Safety and Efficacy of the FDA," published by the National Bureau of Economic Research. Its surprising conclusion is that the FDA does a pretty good job managing "the central speed-safety trade-off" involved in drug approvals -- and might even do well to move faster.

The authors looked at 662 drugs approved between 1979 and 2002, a period that included the passage of the Prescription Drug User Fee Act that allowed drug companies to help fund the FDA budget in exchange for faster reviews. They found that the resulting modest gains in drug review times have produced unambiguous public benefits.

In monetary terms, the authors estimate that the law improved consumer welfare by as much as $19 billion. But more importantly, they found that more rapid access to beneficial drugs saved between 180,000 and 310,000 "life-years." By contrast, assuming that every risky drug withdrawn in that period was the fault of the Prescription Drug User Fee Act produces an upper-bound estimate of only 56,000 life-years lost.

This study deserves a lot more attention than it's been getting, since the Washington debate is dominated by bad ideas about how to make FDA regulation much more onerous. In particular, a recent report from the National Academy of Science's Institute of Medicine (IOM) is being spun as evidence that the FDA is somehow "broken" and in need of fundamental reform.

We've looked at the IOM report in detail, and it's hardly as damning of the FDA as media reports suggest. For example, the report explicitly rejects the idea that high-profile drug withdrawals -- such as Vioxx -- "represent de facto failures of the drug safety regulatory system. . . This is not so." The IOM also rejects the basic idea behind legislation sponsored by Senators Chuck Grassley and Chris Dodd that the FDA should have a drug safety office separate from the office that approves drugs in the first place: "Risk and benefit cannot be considered in isolation from one another."

But despite these sensible observations, the IOM still wants more regulation. Among its recommendations are vastly increased levels of post-approval safety monitoring. That might make sense if the goal is making regulators comfortable with the idea of approving drugs more quickly. But that doesn't appear to be what the IOM and its cheering section want.

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The IOM also proposes draconian restrictions on new-drug advertising and tighter conflict-of-interest standards for FDA advisory panel members. This despite the fact that the most qualified scientists and doctors have substantial sources of private income, and despite a study by the Naderite Public Citizen group that failed to find one instance of a panel recommendation that would have changed if allegedly conflicted members had been excluded.

Most fundamentally, the IOM presents little evidence that there is even a problem to remedy. By contrast, the National Bureau authors at least attempt to put some real facts on the table. They note that the absence of other attempts at hard, quantitative analysis in the great FDA debate is "somewhat paradoxical, since despite the agency's strict adherence to evidence-based evaluation of products overseen, there is less evidence on its own safety and efficacy. Put differently, no product application would pass the FDA approval process with the quality and type of evidence that currently exists for evaluating the FDA policies themselves."

The upshot of the economists' report is that the 1992 Prescription Drug User Fee Act deserves reauthorization. But the evidence also suggests Congress should probably be looking for other ways to make FDA approvals still faster. Despite the high-profile Vioxx panic, the FDA is far more likely to kill by depriving you of a drug than allowing you to take a dangerous one.

OTHER NEWS:

Fed Reports Resilience In Economy (NYT)

By Jeremy W. Peters

The New York Times, October 13, 2006

Maybe the sputtering housing market will not be that big of a drag on the economy after all.

Falling gas prices are leaving Americans with more money to spend, and inflation has become less of a threat in recent weeks, according to a report released yesterday by the Federal Reserve.

Wall Street reveled at the news. Stock prices — already buoyed by a series of strong corporate earnings announcements from companies like McDonald's and Costco — surged even higher after the Fed's report, the beige book, came out yesterday afternoon.

The benchmark Standard & Poor's 500-stock index jumped to its highest close in more than five and a half years. The Dow Jones industrial average, which last week broke a record high that had stood since 2000, climbed past 11,900 to close fewer than 53 points short of 12,000. The Nasdaq composite gained more than a point and a half.

A separate report showing that the nation's trade deficit reached a record high in August was apparently an afterthought for investors. The Commerce Department said that on a seasonally adjusted basis, Americans imported $69.9 billion more than they exported, up 2.7 percent from a $68 billion deficit in July. That increase was in large part a result of near record petroleum prices.

While the beige book was hardly a glowing picture of the nation's economy, it did strike a generally optimistic tone. It described a "widespread cooling" in residential housing but noted that growth in commercial real estate activity was picking up some of the slack.

And there were a handful of areas where residential home sales "showed signs of resilience," the report said. Manhattan, Houston and Sioux Falls, S.D., were among these pockets of strength.

"It seems like things are still stable," said Marisa DiNatale of Moody's Economy.com. "There may be moderating growth, but it's certainly not a drastic slowdown."

Other potential problem spots in the economy — rising prices and slower consumer spending — do not appear to be much of a problem at all in many areas of the country, the report said. Consumers spent freely, taking vacations and shopping for back-to-school items. Wage growth was described as generally "modest." And there were few signs of pressure from higher prices as the cost of gasoline dropped.

Economists said falling fuel prices should be reflected in the next trade deficit report. Energy costs were the major reason for the widening trade gap in August, with the deficit in petroleum-related products accounting for nearly all of the $1.9 billion increase. The amount Americans spent on foreign-made household appliances and electronics also rose.

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"The trade balance should improve significantly soon," Dimitry Fleming, an economist with ING, said in a research note. "August, however, was never going to be the starting point, with the lagged effects of higher oil prices."

The growing trade imbalance with China was another major factor in the ballooning trade deficit. The unadjusted trade deficit for August was $79 billion. Nearly a third of that, $22 billion, represented the gap in trade between the United States and China.

The numbers defied expectations. Economists who were surveyed before the numbers came out predicted that the overall deficit would fall in August, but it rose, seasonally adjusted, by $1.9 billion from July.

When the gap hit a record in July, economists said they believed that the numbers were nearing a peak. But as energy prices remained high this summer, the deficit continued to swell. Still, many economists said yesterday that they now believed that the turning point was near.

"This is probably as bad as it gets," wrote Paul Ashworth, senior United States economist with the economics research firm Capital Economics.

Yesterday, the Chinese reported their own trade numbers, which showed a surplus of $15.3 billion for September. China's trade surplus hit a record $18.8 billion in August.

While American reliance on foreign goods is showing no signs of weakening, exports also remained strong. After declining in July, exports grew in August by 2.3 percent, to $122.4 billion. But that rate of growth was not strong enough to offset the rise in imports, which reached $192.3 billion in August. That was an increase of 2.4 percent.

Peter Kretzmer, senior economist with Bank of America, said such strong import growth was a sign the economy would expand at a faster rate in the final months of the year. "We've been surprised by how strong import growth is," he said. "This strong domestic demand may be a bit of a harbinger of a strong domestic economy going into the fourth quarter."

Pressures Exist Amid Expansion, Fed Survey Says (WSJ)

By Greg Ip

The Wall Street Journal, October 13, 2006

Job markets are tightening across the country, but that hasn't yet produced a notable acceleration in wages, the Federal Reserve's latest survey of economic conditions has found.

The Fed's "beige book" also found sharply slowing housing activity but no sign yet that consumer spending has broadly slowed. Falling energy prices have provided some relief while not yet leading to notably lower consumer prices, it said. (Read the report1)

"Economic activity continued to expand," according to the report, which is prepared a few weeks in advance of each policy meeting of the central bank. Four of the Fed's 12 districts reported that business activity "firmed," a couple said it "cooled" and others said growth was "moderate or mixed."

The Fed's next meeting is scheduled for Oct. 24-25. It is widely expected to leave its short-term interest-rate target at 5.25% as it waits for inflation to moderate.

The survey found labor shortages spreading beyond skilled and technical positions. The Fed's Kansas City district said most contacts "continued to report some kind of labor shortage," in some cases for entry-level workers.

Despite that, employers didn't report much pressure to raise wages. "Despite tight white-collar labor markets, only a couple of firms are budgeting for higher average pay raises in 2007 than in 2006," the Boston district reported.

Both housing and automobile sales were reported as weak across the country, with the Philadelphia district noting a growing number of small car dealerships going out of business and half of the homebuilders contacted in the Cleveland district having reduced their work forces. A real-estate agent in Washington, D.C., called that area's market "horrible."

However, other consumer spending remained firm. The manager of a chain department store in Charlotte, N.C., said sales were "going strong" as local factory employment expanded.

Companies tried, with mixed success, to pass on prior increases in raw-material prices to consumers, but there were signs the pressure had peaked.

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In the Dallas district, "lower energy costs have halted the rise in selling prices and not yet resulted in price declines." In the same district, some producers of construction materials "report that some large publicly traded builders have sent letters asking for price reductions to help them achieve quarterly income projections. This has led them to become wary about doing business with these builders."

Meanwhile, Michael Moskow, president of the Federal Reserve Bank of Chicago, gave an upbeat message on the economy and a warning on inflation. "Outside of housing, there do not appear to be any imbalances that would foreshadow" large pullback in spending elsewhere in the economy, he said in a speech to a real-estate group in Chicago. Inflation, he said, "has been too high" and while it should "gradually come down...there are substantial risks to that forecast." If expectations of inflation increase, the Fed should raise interest rates, he suggested.

Economy Keeps Growing, But Housing And Inflation Look Problematic (USAT)

USA Today, October 13, 2006

WASHINGTON — The economy grew at a mixed or moderate pace in much of the nation from late August through September, with “widespread cooling” in housing, the Federal Reserve said Thursday.

In its beige book, an anecdotal look at the economy named for the color of its cover, the Fed said wage and price pressures were mixed.

The beige book will be used for the Fed's Oct. 24-25 meeting.

The Fed expects slower growth to gradually reduce inflation. But minutes of the Fed's Sept. 20 meeting, issued Wednesday, said officials saw a “substantial risk” their forecast might not pan out. USA TODAY economics reporters Sue Kirchhoff and Barbara Hagenbaugh looked at the beige book.

1st District:

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, most of Connecticut. Business was “somewhat mixed.” Factory costs eased but were above a year ago. Houses in Massachusetts are now on the market an average 110 days, up a month from 2005.

2nd District:

New York, northern New Jersey, Fairfield County, Conn. Business showed signs of “strengthening.” Hiring was steady to stronger. New York City tourism was robust. Housing markets in New Jersey and Upstate New York kept weakening with some falloff in home renovation.

3rd District:

Delaware, southern New Jersey, eastern Pennsylvania. Growth seems to have slowed. Manufacturing dipped, retail sales were up, though the auto sector lagged behind. Mortgage lending fell. Wages have been rising a bit faster than at the same time in 2005.

4th District:

Ohio, eastern Kentucky, western Pennsylvania, northern West Virginia. Growth was modest, with businesses worried about the slowing auto and housing sectors. Commercial builders called business strong, but worried inquiries were “beginning to taper off.” Trucking and shipping service demand softened.

5th District:

Maryland, Virginia, North Carolina, South Carolina, southern West Virginia, District of Columbia. Activity expanded moderately, with retailers and manufacturers doing better and housing doing worse. Labor markets were generally tight, with skilled workers tough to find.

6th District:

Alabama, Florida, Georgia, eastern Tennessee, southern Louisiana, southern Mississippi. Activity was mixed. Housing trended lower in Florida and other areas. Labor shortages caused wage pressures in some areas, and firms were seeing cost increases related to energy and raw material prices.

7th District:

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Iowa, northern Indiana, northern Illinois, southern Michigan, southern Wisconsin. Consumer spending rose "modestly," with retailers calling the back-to-school season "nothing stellar." The recent fall in gas prices gave sales of non-gasoline items a small boost. Manufacturers continued to see a shortage of skilled workers.

8th District:

Arkansas, southern Illinois, southern Indiana, western Kentucky, northern Mississippi, eastern Missouri, western Tennessee. Manufacturing expanded, with several firms planning to open plants. However, the auto parts industry planned to lay off workers and cut production. Permits for new home construction posted double-digit declines in the Louisville, St. Louis and Memphis areas.

9th District:

Minnesota, Montana, North Dakota, South Dakota, upper Michigan, northern Wisconsin. The job market tightened a bit. Wage increases were "moderate." Tourism was up a bit from a year ago; one official in South Dakota said the pheasant-hunting season held promise. The alternative energy industry was expanding rapidly.

10th District:

Colorado, Kansas, Nebraska, Oklahoma, Wyoming, western Missouri, northern New Mexico. The rate of hiring outpaced layoffs, and "most contacts" reported labor shortages, particularly for skilled and specialized workers. Still, wage pressures eased a bit. Consumer spending firmed, with weakness in home furnishings.

11th District:

Texas, northern Louisiana, southern New Mexico. Imported, fuel-efficient cars outsold domestic vehicles. Although some rain fell in September, drought conditions persisted. Cotton production could be off 35% from last year. A sharp drop in natural gas prices led to industry caution.

12th District:

Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington. Inflation "remained modest." Pay rose more rapidly for workers in short supply, such as those in health care, finance and construction, and in such regions as Idaho and Utah. The pace of home sales, construction and price growth slowed.

US Trade Deficit Hits All-time High (FT)

By Krishna Guha

Financial Times, October 13, 2006

The US trade deficit hit a record high for the second successive month in August, accentuating concerns about global imbalances and raising fresh doubts about the strength of US third quarter growth.

Economists were on Thursday revising down their estimates of growth in the quarter, which some now expect will fall below 2 per cent.

Meanwhile, the Federal Reserve issued its latest beige book, which suggested that consumer spending firmed in September and early October, but characterised growth overall as "moderate or mixed."

It said "nearly all districts reported that housing market conditions continued to soften" with rising inventors and additional incentives for buyers.

There was little anecdotal evidence to support the notion – advanced by some Fed officials - that housing activity may already be close to its trough.

The beige book reported that "the majority of districts characterised price pressures as contained."

Labour market conditions were described as "taut" with skilled workers in short supply in some areas. Some regions faced shortages of professional, scientific and technical workers, for example.

Wage growth was "generally modest".

The vast services sector "generally strengthened across districts since the last report," the Beige Book said, while manufacturing activity remained "generally strong.

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The August trade deficit hit $69.9bn, equivalent to an annual rate of nearly $840bn, figures released yesterday by the Department of Commerce showed.The somewhat balanced tone is consistent with the Fed remaining on hold for an extended period as it seeks to verify that inflation is easing as expected.

Part of the increase was driven by oil prices, which continued to rise in August before falling sharply into September.

However, the volume of oil imported also rose, and imports more generally were strong.

Exports remained healthy, growing at 2.3 per cent in August against 2.4 per cent for imports, but with imports starting from a much larger base, the net effect was a widening deficit.

Haseeb Ahmed, an economist at JP Morgan, said "it was a bit of a surprise, in the sense that imports were much stronger than the market was expecting." He said this boded well for inventories, which should partly offset the drag on growth.

JP Morgan still looks to a recovery in net trade to support US growth next year.

Most economists predicted a rapid turnaround in trade in the current quarter due to lower oil and other commodity prices, which would in turn boost fourth quarter growth.

"The narrowing of the nominal trade deficit will be substantial this quarter," said Peter Kretzmer, an economist at Bank of America Securities.

However, continued strength in US consumption could slow the longer term adjustment.

U.S. Trade Gap Widened In August (WSJ)

By Greg Hitt

The Wall Street Journal, October 13, 2006

The U.S. trade deficit jumped to a record $69.86 billion in August, powered by strong imports of consumer goods from China and the steep cost of imported oil.

The 2.7% increase from July kept the nation on track to shatter its record annual trade gap of more than $700 billion in 2005, the Commerce Department said yesterday. However, the data released yesterday offered some glimmers of hope that the trade picture might be poised to improve over the next few months.

"While the sharp rise in the August deficit is a little disconcerting, this should be the high-water mark for the deficit this year," said Brian Bethune, an economist with Global Insight, an economic forecasting firm.

Mr. Bethune said the recent decline in oil prices could reduce the nation's monthly bill for imported oil, which totaled $27.2 billion in August. That trend should begin to be reflected in the September trade numbers, setting the stage for a broader easing of the trade deficit by the end of the year, he said.

The price of imported oil has fallen to about $57 a barrel from the $66.12 average reported for August.

Outside the petroleum sector, the monthly deficit for trade in goods has been on a downward track since peaking in January. In the first eight months of the year, U.S. merchandise exports have been growing at a faster clip than imports -- 13.7% compared with 10.3%.

Ultimately, exports would have to grow at a much faster rate to make a significant dent in the overall deficit. But the underlying trend is giving some economists hope that an improvement could be on the horizon.

An expected softening in the nation's domestic demand, possibly including a decline in spending on imported consumer goods, could also help narrow the trade deficit in coming months. But for now, the American consumer's appetite for foreign-made goods -- from artwork and antiques to appliances and footwear -- appears undiminished by high energy prices and a cooling property market at home.

U.S. imports totaled $192.28 billion in August, with shipments from China accounting for a big share of the monthly increase. The surge in imports from China helped push the U.S. trade deficit with China up 12% to a record $21.96 billion for the month, three times as wide as the U.S.'s trade gap with Japan, according to Commerce Department figures.

U.S. exports for the month grew to $122.42 billion, helped by increased shipments abroad of U.S.-made capital goods and industrial supplies, among other things.

The unexpectedly high August trade deficit, which followed a revised July deficit of $68 billion, prompted many analysts to scale back their expectations of how much trade contributed to the nation's third-quarter economic growth. Paul Ashworth, a

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senior economist at Capital Economics, estimated the weak trade performance knocked 0.6 percentage points off GDP growth for the quarter.

"That reinforces our view that GDP growth slipped further to an annualized pace of around 2.0%, down from 2.6%" in the second quarter, he said.

Critics say the bloated U.S. trade deficit, which is fueled in large measure by foreign financial flows, is unsustainable over the long-term. If foreign investors ever decide to pull back, critics warn, the U.S. could be in for an economic shock, leading to falling stock values and higher interest rates.

U.S. Trade Gap Grew To New High In August (WP)

By Howard Schneider And Nell Henderson

The Washington Post, October 13, 2006

The U.S. trade deficit rose to a record $69.9 billion in August, driven by high oil prices, a growing trade gap with China and rising consumer demand for imported goods from antiques to appliances, the government said yesterday.

The trade deficit was 2.8 percent bigger than in July, despite strong growth in exports, led by sales of agricultural products and aircraft, the Commerce Department reported. American companies sold $122.4 billion worth of goods and services overseas in August, an increase of $2.7 billion over the previous month.

American companies and consumers bought far more from abroad, however, with imports rising to $192.3 billion. That included $20.8 billion worth of crude oil, as demand remained strong through the summer despite prices that exceeded $77 per barrel in July.

The widening trade deficit is a further drag on U.S. economic growth, which has slowed sharply this year, in part because of a downturn in the housing market.

The trade report prompted several analysts to lower their estimates of recent economic growth to an annual rate of about 1 percent in the July-through-September period, or less than half of the 2.6 percent pace of the previous three months.

Such forecasts bolstered financial-market expectations that Federal Reserve policymakers will keep interest rates steady through the end of the year as they watch how the economy evolves. They hope the economy slows just enough this year to dampen inflation without sliding into a recession.

The latest trade-deficit figure "gives the Fed further reason to keep rates on hold," Jason Schenker, an economist at Wachovia Corp., said in an analysis for clients.

Schenker was among several analysts who think the trade deficit narrowed in September and is likely to shrink further in October because of the recent declines in oil prices and a drop in gasoline demand after the summer driving season. Oil settled at $57.86 yesterday on the New York Mercantile Exchange.

"While the sharp rise in the August deficit is a little disconcerting, this should be the high-water mark for the deficit this year," wrote Brian Bethune, a U.S. economist at Global Insight, a financial forecasting and analysis firm.

Even so, the trade deficit for 2006 appears on track to set another new high, surpassing last year's record $716 billion. Through August, the country had spent $523 billion more on imports than it sold abroad.

Democratic leaders, contending that theft of American ideas overseas is one factor in the trade deficit, sent a letter to President Bush yesterday, urging him to take immediate steps to protect American intellectual property. In a statement, House Democratic Leader Nancy Pelosi of California argued that lax enforcement of copyrights and patents is costing the U.S. economy $250 million a year.

"The president's failed economic policies have resulted in another month of record trade deficits, once again highlighting the need for a new direction," Pelosi said. "We must pursue an aggressive trade enforcement agenda so that U.S. businesses and workers do not pay the price for countries that refuse to play by the rules."

Bush said this week that his administration understood that problem and was working on it; Treasury Secretary Henry M. Paulson Jr. raised the concern in recent meetings in China.

Politically, the new figure from the Commerce Department highlights the continued trade gap with China, which widened to a record $22 billion, a 12 percent increase over the month before.

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The mismatch in trade between the two countries has led to pressure from the Bush administration for China to let its currency rise in value against the dollar, which would make Chinese-made goods more expensive in world markets -- and American-made goods more competitive.

The trade gap is not entirely welcome news for China. The country reported yesterday that its September trade surplus was $15.3 billion, the second highest on record, after August, and a sign that efforts to tame the country's runaway economic growth are not taking hold quickly.

The flood of money into China has increased inflation and raised concerns about the overvaluation of real estate and other assets. China's leaders fear if they do not slow economic growth to a manageable pace, they risk a financial meltdown that could lead to social unrest.

Dow's Close Puts 12,000 Within Reach (WP/AP)

The Washington Post, October 13, 2006

NEW YORK, Oct. 12 -- The Dow Jones industrial average broke through 11,900 to close at a new high Thursday, boosted by optimism over the health of corporate earnings.

It was the fifth record close in two weeks for the Dow, which also set a record intraday high.

The Dow rose 95.57, or 0.81 percent, to 11,947.70. The Standard & Poor's 500-stock index rose 12.88, or 0.95 percent, to 1362.83. The Nasdaq composite index rose 37.91, or 1.64 percent, to 2346.18.

The Dow's advance put the 12,000 mark within close range for investors. The previous high was 11,867.17 on Tuesday. The intraday high set Thursday was 11,959.63, eclipsing an earlier trading high of 11,872.94 set on Monday.

The markets were upbeat Thursday, with investors focusing on positive news from well-known consumer brands and on economic data that indicated the economy was holding its own even as it slowed.

Oil prices, which remain near lows for the year, also boosted the mood on Wall Street. An Energy Department report said inventories were higher last week and raised doubts about whether OPEC's members would be able to soon agree on a production cut.

Investors got a look at the state of the economy with the release of the Federal Reserve's "beige book," which summarizes regional economic activity. The report found that economic growth appeared to be moderate or mixed. The findings seemed to reassure investors looking for the economy to slow at a moderate pace.

Kevin Logan, chief U.S. economist at Dresdner Kleinwort, said the book's tone was more optimistic than the one issued in August. "They didn't say there was much of an inflation problem," he said. "Investors saw this as confirmation that the Fed is on hold."Movers

McDonald's rose 98 cents, to $42.23. Sales at stores open at least a year rose 10 percent in September.

PepsiCo fell $1.01, to $62.85, despite posting a 71 percent increase in third-quarter profits. Its forecast fell short of Wall Street's expectation.

Deluxe rose $3.08, to $21.29, after raising its third-quarter and full-year profit forecasts as costs fell.Indexes

New York Stock Exchange composite index rose 12.88, to 1362.83.

American Stock Exchange index rose 15.11, to 1879.92.

Russell 2000 index of smaller-company stocks rose 15.38, to 757.09.Volume

NYSE: 1.56 billion shares, down from 1.59 billion on Wednesday. Advancing issues led declining issues by 4 to 1.

Nasdaq: 2.06 billion shares, up from 2.02 billion. Advancing issues led declining issues by 3 to 1.Commodities

Crude oil for November delivery: $57.86, up 27 cents.

Gold for current delivery: $579.50 a troy ounce, up from $576.50 on Wednesday.

Rally Puts Dow On Cusp Of 12000 (WSJ)

By Peter A. McKay

The Wall Street Journal, October 13, 2006

Not many investors seem to be heeding cautionary words about whether the Dow Jones Industrial Average can continue its recent run to fresh record highs.

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Less than two weeks after the blue-chip average broke a more than six-year-old record, it is already flirting with another headline-grabbing number: a close above 12000. The Dow jumped 95.57 points yesterday, or 0.8%, to a new high of 11947.70, up 11.5% on the year. The average was led by rallies in its components Boeing, which announced strong aircraft orders, and McDonald's, which forecast strong earnings. Both companies' shares rose more than 2%.

Analysts say the rally in the Dow has been driven by an odd, delicate mix of aversion to risk and optimism regarding the economy. Nearly every day, investors and big Wall Street firms alike have welcomed low unemployment rates, forecasts of strong corporate profits and the Federal Reserve's decision, starting in early August, to hold its key interest-rate targets steady.

But many investors are so antsy about whether those conditions can last much longer that they are sticking to big-name companies they think can withstand rougher conditions, if they develop. The result has been what investing pros call a "rotation" away from smaller, more speculative companies that until earlier this year had been beating the large-cap Dow industrials.

"I don't see a lot to be gained from taking a lot of risk in the equity markets right now," said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said in recent months he has been recommending that clients buy stocks in companies with large market capitalizations, like the ones in the Dow. But he adds: "Frankly, I'm surprised at how well it's worked."

The outlook for consumer spending has been a major catalyst behind the recent strength in the Dow and other major stock indicators. In particular, a pullback in energy prices has buoyed hopes that consumers can keep up their purchases of various goods and services now that they don't have to spend as much at the pump.

Crude-oil futures edged up 27 cents yesterday, to $57.86 a barrel, but have declined over the longer term amid robust supplies and easing geopolitical concerns in several oil-producing states. Oil contracts for November delivery are down about 25% from their summer highs close to $80, and are off 5.2% on the year.

The broad Standard & Poor's 500-stock index climbed 1%, or 12.88 points, to 1362.83, up 9.2% on the year but still 12% off its record close in 2000. The index's retail components were especially strong, up 1.4%, helped in part by a 7.7% jump in shares of Costco Wholesale, which announced better-than-expected profit for its fiscal fourth quarter.

The Nasdaq Composite Index gained 1.6%, or 37.91 points, to 2346.18. On the year, however, that index, which includes many small technology stocks, has lagged behind the S&P and Dow, up just 6.4%. It is still at less than half of its record.

Leo Kamp, chief investment economist at the asset-management firm TIAA-CREF recently cautioned clients that the Dow's rally may not last much longer. He conceded in an interview that it could cross 12000 in the short term, but he doesn't think the blue-chip average can make a sustained run higher until the Fed begins to ease rates, perhaps about halfway through 2007.

Economic news yesterday was mixed. The Commerce Department announced the U.S. trade deficit hit a record $69.86 billion in August. Wall Street had expected the deficit to decline.

The Fed's "beige book" report portrayed the U.S. economy growing at a modest pace, tempered by weak housing prices and auto sales.

In major U.S. market action:

Stocks rose; bond prices were mixed. The 10-year note gained 1/32 point, or 31 cents for each $1,000 invested, pushing the yield down to 4.778%. The 30-year bond fell 2/32 to yield 4.910%.

The dollar weakened. Against the Japanese currency, the dollar fell to 119.40 yen, compared with 119.72. The euro rose to $1.2554, compared with 1.2524.

Wall Street Higher On Strong Earnings (FT)

By Anuj Gangahar In New York

Financial Times, October 13, 2006

US stocks rallied strongly on Thursday as the market welcomed a batch of strong earnings reports from companies including McDonald's and Harley Davidson and oil prices hit their lowest level this year early in the session.

In the previous session, stocks recovered after a brief sell-off in mid-afternoon after a plane crash in Manhattan. Subsequent reports confirmed the crash was not an act of terrorism, as had initially been feared.

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Stocks were buoyed as oil prices were at their lowest this year in advance of the US government's weekly report on fuel, which was issued on Thursday morning.

McDonald's, the world's largest restaurant chain and a Dow component, said on Thursday that its preliminary third quarter profits rose to 68 cents per share, ahead of analyst estimates. The company also reported an 8.4 per cent rise in system-wide sales, better than the 7 per cent gain in revenue forecast by analysts. Its shares rose 2.38 per cent, or 98 cents, to $42.23.

PepsiCo said third quarter profit rose nearly 71 per cent, helped by strength in its international business, non-carbonated drinks and salty snacks. The beverage and snacks company also lifted its forecast for the year. In spite of this, PepsiCo shares fell 1.58 per cent to $62.85.

The S&P 500 closed up 0.95 per cent, or 12.87 points, at 1,362.82. The Nasdaq composite was up 1.64 per cent, or 371.91 points, at 2,346.18 at the close. The Dow Jones Industrial Average closed at a new record high of 11,948.26, up 0.81 per cent or 96.13 points for the day, the first time it has closed above the 11,900 barrier.

The US trade gap rose to a record level in August. US imports outstripped exports by $69.9bn in August, according to the commerce department, up from the previous record of $68bn set in July.

Alfred Goldman, of AG Edwards, said the upward movement of stocks was in spite of certain factors that may have been expected to have more of a negative impact recently. "This market has been ignoring several good excuses to go lower , such as North Korea's nuclear test," he said.

He added that the Dow was up 10 per cent in the past two and half months, saying the market should be careful of going too far too fast.

Early on Thursday, wholesale retailer Costco reported better-than-expected results and said it did not expect to restate results following a review of its stock option programme. Costco shares rose 7.65 per cent, or $3.83, to $53.90.

Harley Davidson, the motorcycle maker, said its earnings climbed 18 per cent in the most recent quarter, beating Wall Street forecasts. Its shares climbed 2.7 per cent to $64.88.

Shares in Systemax, the computer parts and hardware distributor, plunged after the company said it would delay reporting of its second quarter results because it needed more time to complete the process. Shares in the company were down 21.54 per cent, or $3.24, at $11.80.

Wal-Mart Loses Pennsylvania Suit On Rest Breaks (WSJ)

By James Covert

The Wall Street Journal, October 13, 2006

Wal-Mart Stores Inc. knowingly violated Pennsylvania labor laws by forcing employees to work during rest breaks and off the clock, a state jury found.

The Bentonville, Ark., retailer, increasingly under fire for its labor practices, faces paying minimum damages of $62 million according to state labor statutes, and the total could easily exceed $100 million, plaintiff's lawyer Michael Donovan said in an interview. The Pennsylvania jury is slated to hear arguments on damages early today, he said.

During the six-week trial, former Wal-Mart workers testified they were pressured to skip breaks or cut them short by store managers who had been promised bonuses for cutting costs.

Wal-Mart's attorney, Neal Manne, argued that Wal-Mart had paid its employees properly and said the lead plaintiffs were part of a small group of disgruntled workers. Wal-Mart spokesman John Simley declined to comment on the verdict until the jury had ruled on damages.

The jury agreed with plaintiffs that Wal-Mart didn't show "good faith" in protecting workers' rights for rest breaks and improperly forced them to work off the clock. But it ruled in Wal-Mart's favor on a separate charge that it denied workers meal breaks.

Wal-Mart was sued by two former employees on behalf of 187,000 current and former hourly Wal-Mart workers. The lawsuit covers labor practices at Wal-Mart and Sam's Club stores in 1998 to 2001.

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"Today's decision is another harsh indictment of Wal-Mart's pattern of disrespect for its workers and disregard for state law," said Andrew Grossman, executive director of Wal-Mart Watch, a union-backed critic. "For years it has been obvious that Wal-Mart is willing to cut corners when it comes to its employees."

Wal-Mart is facing similar suits around the U.S. The company still faces at least seven other major class-action lawsuits in the U.S., including a federal sex-discrimination suit filed in 2000 on behalf of 1.6 million former and current female workers.

Wal-Mart Workers Win Wage Suit (WP)

By Amy Joyce

The Washington Post, October 13, 2006

Wal-Mart Stores Inc. violated Pennsylvania labor laws by forcing hourly employees to work through breaks and beyond their shifts without overtime pay, a jury decided yesterday.

Lawyers for the employees said the decision could result in $62 million or more in damages.

The lawsuit, brought by two employees on behalf of almost 187,000 current and former Wal-Mart employees, claimed that the company made workers in Pennsylvania miss more than 33 million rest breaks from 1998 to 2001. At least 57 other wage-and-hour cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

"I think this proves that Wal-Mart's sweatshop mind-set persists," said Chris Kofinis, a spokesman with WakeUp Wal-Mart, a United Food and Commercial Workers Union-backed group. "There is some point where Wal-Mart will have to listen and it's got to treat its workers with respect and fairness."

Michael Donovan, a lawyer for the employees, would not comment until damages are awarded. He expects that to happen today. In court, the lawyers argued that the company denied breaks to cut labor costs and increase productivity.

"We take matters very seriously when associates say they have been mistreated in any way. However, because the jury is still in deliberation, it would not be appropriate to comment on the matter until a final decision has been made," said Sarah Clark, a spokeswoman for Wal-Mart.

Neal Manne, Wal-Mart's attorney, argued that the company properly paid its employees and that the lead plaintiffs were among a small group of disgruntled workers, according to the Philadelphia Inquirer's coverage of the trial.

Company officials said records appeared to show that workers who did not have breaks did so because they chose not to, or did not sign out, according to news reports.

The company has been trying repair its image after critics cast negative light on the company, claiming it pays poverty wages and offers few benefits.

The case is one of several class-action wage-and-hour suits against the company to go to trial. In December, a jury awarded $172 million to about 116,000 current and former Wal-Mart and Sam's Club workers in California who claimed that they were illegally denied lunch breaks. Wal-Mart is appealing the verdict.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch break case in Colorado for $50 million.

One of the pending cases, which accuses the company of paying men more than women nationally, is the largest private employer civil rights class action in history. Wal-Mart has asked an appeals court to overturn the class-action status of the case.

The Pennsylvania case is larger than the California case in that it covers more employees and involves off-the-clock work, missed rest breaks and missed meal breaks. The jury in the six-week trial in the Court of Common Pleas in Philadelphia found in favor of Wal-Mart on the missed-meal claim.

Employees said they were pressured by managers to cut meals short and skip breaks. Two cashiers said they were locked in the store after it closed to restock merchandise.

US May Bequeath Bush A Hostile Congress (FT)

By Holly Yeager And Edward Luce

Financial Times, October 13, 2006

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Republican party leaders in the US have lately been making it on to the television talk-show circuit not as guests but as jokes.

A year ago it was President George W. Bush's "Brownie, you're doing a heck of a job" praise for Michael Brown, the subsequently disgraced head of the Federal Emergency Management Agency. Variations on that Hurricane Katrina blunder kept audiences entertained for weeks.

Then, last week, America's late-night comedians got another windfall when staff of Dennis Hastert, Republican speaker of the House of Representatives, described as merely "over-friendly" the lewd e-mails sent by Mark Foley, a congressional colleague of Mr Hastert's, to teenagers who worked on Capitol Hill. Some have charged that Mr Hastert had known of this behaviour long before the story broke.

Given that at least one-third of the Republican vote comes from self-described evangelical Christians, and given Mr Hastert's dogged refusal to resign as speaker amid plummeting public confidence in his party, that choice of words could look even more inept following polling day next month.

According to the first opinion polls taken since the Foley scandal hit the front pages, the Democrats lead the Republicans by between 11 and 23 percentage points in the campaign for midterm congressional elections on November 7, a significant increase over previous weeks.

In a troubling sign for the Republicans, who have controlled the House since 1994 and the Senate since 2002, the Democrats are now ahead on all the Republicans' traditionally strong issues – most notably on national security and the "war on terror" but also on taxes and the economy. One poll even showed the Democrats leading on "moral values", one of the foundation stones of modern Republicanism.

The Democrats need to gain just 15 seats in the 435-member House to win control. Two of these seats are already in effect won, since the Republican incumbents (one of whom is Mr Foley) remain on the ballot paper but have withdrawn from the race. The Democrats also need to add six seats in the Senate, where 33 of the chamber's 100 seats are being contested.

"After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate," says Stuart Rothenberg, editor of the Rothenberg Political Report, a Washington newsletter.

The picture in the American heartlands, where the fiercest electoral battles are being fought, suggests the Democrats are on course for victory. The latest analyses show about 40 House races in which Republicans are fighting to retain seats, while Democrats have focused their defensive efforts on fewer than a dozen races.

Most worrying for Republicans, these include seats where their incumbents have won easy re-election in the past. Among these are Tom Reynolds, leader of Republicans' House campaign effort, who is facing questions about whether he failed to act on early concerns about Mr Foley's conduct. Polls show him trailing in his upstate New York district by 15 points. Hoping to reverse that slide, his campaign released a television advertisement this week in which Mr Reynolds apologised: "Looking back, more should have been done, and for that I'm sorry."

In Pennsylvania, Curt Weldon, a 10-term congressman representing a district near Philadelphia, faces a surprisingly strong challenge, after winning re-election last time by a 19-point margin. "Six months ago, no one thought that race would be competitive," says Terry Madonna, director of the Keystone Poll at Franklin and Marshall College in Lancaster, Pennsylvania.

In Senate contests, several incumbent Republicans find themselves struggling to hold on to their seats. They include Rick Santorum of Pennsylvania, a close social conservative ally of Mr Bush, as well as Conrad Burns in Montana, Mike DeWine in Ohio, Jim Talent in Missouri and George Allen in Virginia.

Many struggling Republicans have been beset by scandals over ties between some in their party and Jack Abramoff, a lobbyist who this year pleaded guilty to corruption. Sheer ineptitude has also been a problem. For example, in August Mr Allen baffled many when he described a young Indian-American Democrat, who had been trailing him with a video camera, as a "macaca", which turned out to be a genus of monkey in north Africa. In spite of Mr Allen's tortured explanations, many assumed his slur to have been racial.

Across the country the Republicans have been prone to gaffes and slip-ups. "You get the feeling that a big negative wave is about to hit the party," says Frank Luntz, a leading Republican pollster. "And there's virtually nothing they can do about it."

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More significantly, the Democrats have benefited from Mr Bush's growing difficulties in Iraq, in spite of a failure by the opposition party to produce a coherent alternative either to the president's "stay the course" or to calls for an almost instant withdrawal of US forces.

But most voters appear to understand that the Democrats would have little influence anyway over the course of the war in Iraq even if they won both houses of Congress. "Our candidates can say what they want about Iraq, because the American people, more or less, believe that it hasn't added to our security, that our policy is not working, and because they recognise that no one knows exactly what to do," Bill Clinton, Mr Bush's Democratic predecessor, told the Financial Times in an interview last month.

In addition to Iraq, the Democrats have benefited from widespread voter anxiety over the economy – spanning rising healthcare and education costs, median wage stagnation and fears over the growing impact of competition from China and India. Again, the Democrats have few answers to the complexities of globalisation. But almost two-thirds of Americans tell pollsters their country is headed in the wrong direction.

Such is the Democrats' lead that even diehard Republicans expect defeat. Few would disagree with George Will, a conservative columnist, who wrote in the Washington Post: "If, after the Foley episode – a maraschino cherry atop the Democrats' delectable sundae of Republican miseries – the Democrats cannot gain 13 seats, they should go into another line of work."

Since the Democrats are notoriously bad at winning elections – and the Republicans have a well-deserved reputation for squeezing every possible vote out of their national database on polling day (see below) – a Democratic victory next month cannot be taken for granted. But should it happen, it would further complicate life for Mr Bush during his remaining two years in office.

Under normal conditions a president finds it tough to set the agenda during the last two years of his final term. Mr Bush faces the additional problem that the White House will have no candidate to field next time – since Dick Cheney, vice-president, will retire alongside Mr Bush. The 2008 contest will be the first time since 1952 that the White House has not provided a candidate.

In addition, Mr Bush has found it difficult enough to push his domestic agenda through a Republican-controlled Congress – having watched his most cherished goals, including the revamping of pensions and an overhaul of America's porous immigration system, fall by the wayside in the last 18 months.

A Democratic Congress would almost certainly block any further Bush initiatives, to deprive Republicans of legislative accomplishments in the build-up to the 2008 contest. "Regardless of who controls Congress, the wind will be out of the president's sails," says Sarah Binder, senior fellow at the Brookings Institution, a Washington think-tank.

However, the Democrats would use control of Capitol Hill to push through long-promised reforms. Nancy Pelosi, the San Francisco Democrat who is poised to become the first woman speaker of the House if her party wins, said this week she would use the first 100 hours of a Democratic majority to increase the minimum wage, reduce interest rates on student loans, expand federal funding for stem cell research and require the government to negotiate with pharmaceutical companies to lower costs for the Medicare prescription drug programme.

If the Democrats take the Senate too, they may be emboldened to tackle more difficult areas, such as reforms of education and healthcare. But Mr Bush will still possess his presidential veto, which he has used only once in his six years working with a Republican-controlled Congress.

There is also intense speculation among liberals that Democrats might even push to impeach Mr Bush for misleading the public into believing there were weapons of mass destruction in Saddam Hussein's Iraq. But any such efforts would almost certainly be stymied by the presidential ambitions of several Democratic senators, most notably Hillary Clinton. Anything that looked like vengefulness could rebound badly on her presidential ambitions.

"My hunch is that we'll be facing two more years of stalemate," says Ms Binder. In other words, the quality of American politics is still likely to generate jokes.

Party arsenals feature duelling databases

By Caroline Daniel

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Saul Anuzis, chairman of the Republican party for the state of Michigan, opens his laptop over lunch. At his fingertips is a voter database. Pulling up his own file he scrolls through more than 100 pieces of information, including his support for an assisted-suicide prohibition bill, his boat licence, sports interests and Catholicism.

His profile is part of a database called Voter Vault, which will be critical in the Republican midterm election campaign. Using basic voter information, with data analysis derived from polls of up to 50,000 voters and consumer databases, the party hopes to apply algorithms to predict how groups of people intend to vote and craft a message that appeals to them.

The technique, known as "micro-targeting" on the right and "modelling" on the left, is a sign of how far modern political campaigning has become a marketing exercise, with techniques that were traditionally used in broadcast advertisements applied to political communications. Nowadays political consultants tout "turnout scores", "clusters" and "micro-targeted messages".

In the US, generic electoral constituencies such as "soccer moms" and "Reagan Democrats" are broken down into even more forensic clusters. There are different algorithms to weigh cultural differences between West and East Texas. Strategists target finer demographic slices such as "high-income, God-respecting, terrorism-fearing Republicans" or "white women aged 35-45 with college educations, who are Catholic or Protestant and pro-life, with median incomes over $35,000 and live in $150,000-plus homes".

During congressional elections in 2002, for example, Republicans used statistical analysis successfully to target "downscale white men" in Georgia with a message invoking the Confederate flag, which led to higher than expected turnout among that group. In West Virginia in 2004, they modelled "older white women churchgoers" in traditional Democratic strongholds and encouraged them to vote Republican with an anti gay-marriage message.

The US is far from the only democracy where science has been applied to democratic elections on such an unprecedented scale. One of the originators of the art is Lynton Crosby, a poll guru versed in precision targeting from his native Australia. In the British general election last year, the Conservative party used the Voter Vault database in a campaign masterminded by Mr Crosby, though his efforts failed to prevent Labour, which had its own targeting software, from achieving a third successive poll victory.

In the US, Republicans have been at the forefront of applying such techniques, led by Karl Rove, the chief political strategist for President George W. Bush.

The Republican National Committee boasts a unified voter file, systematically updated by volunteers, which rigorously tracks progress, such as how many pieces of new data were added to the system. In Michigan the data will be used to craft 12 different messages as part of the effort to get out the vote. "If you have a better 'cookie cutter', you're going to make more cookies or votes," says Mr Anuzis.

As one Democratic consultant concedes: "The world changed in 2004. The rules used to be that if voter turnout was high, that meant a progressive win. But in 2004, we had the highest voter turnout since the civil rights era – we didn't win. Why? The Republicans found new ways to find new voters."

The Republican effort was led by necessity – Democrats have long had advantages in the more primitive "geography-based" targeting because more of their voters were in urbanised, centralised precincts, making it easier for them to organise large turnouts. But the base precincts for Republicans – where 80-90 per cent of those who voted did so for them – were typically rural, and smaller, with 100 rather than 10,000 votes.

This put a premium on winkling out individual voters likely to vote Republican in largely Democratic areas. In 2004, it was used in New Mexico to target Hispanics. Rather than a generic message, Republicans focused on the 20 per cent of Hispanics who supported Mr Bush's education policy, No Child Left Behind. Their Hispanic vote rose 12 per cent compared with 2000.

Democrats acknowledge they are several years behind. In 2004, state parties continued to operate eclectic voter files with different formats that were hard to scale to a national level. It was too complex to interrogate the data about which groups might respond to a certain message.

At the Democratic National Committee there was an effort to catch up under Terry McAuliffe, former chairman, who created a unified voter database – yet it was largely used as a fundraising not an electoral tool. "While progressives tried doing

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modelling in 2002, their approach was to try it nationally, which doesn't work. Put simply, a Texas Democrat and a Vermont Democrat are quite different Democrats," says one Democratic strategist.

The DNC under Howard Dean has yet to embrace scientific modelling on such a scale as the Republicans. It will run just six micro-targeting projects this year, though independent groups on the left, such as the AFL-CIO, are filling the void. They are tapping into a new for-profit voter database operated by Catalist. The company, created this year, received funding from George Soros, the billionaire financier.

Outside groups, such as Emily's List, pay Catalist to use their data for micro-targeting projects. The lessons – such as how to target voters who are most interested in the minimum wage – are then shared via America Votes, a grassroots voter-mobilisation operation that seeks to co-ordinate progressive groups in the 2006 elections and eliminate wasteful overlap in how they talk to voters.

Maggie Fox, president of America Votes, says her aim is to get progressive groups to work more closely and share electoral strategies, using micro-targeting to identify which organisations should be targeting which constituents. The group will spend $1.3m (£700,000, €1m) on micro-targeting projects in five key states, including Ohio and Michigan. "When we started doing it it was a bit like asking people to undress in public," she says.

Yet she acknowledges the focus is on learning lessons that can be applied in 2007 and 2008, rather than making a big difference this year.

Donald Green, professor of political science at Yale University, remains sceptical of some of the claims made by advocates of micro-targeting. He agrees that it helps voter identification. "As a short cut way of identifying your supporters it is unassailable." Yet he doubts some of the statistical inferences drawn from the data about partisanship, saying the evidence is more anecdotal than analytical.

Adrian Gray, director of strategy at the RNC, acknowledges the distinction, but says their advantage comes from having "the better message than our opponent, knowing where we send it, how many times we send it and through which medium it is sent".

Yet in an election where macro issues such as Iraq dominate, it is hard to weigh the importance of mechanical techniques over the daily pounding from the news. "The difference between politics and the commercial marketplace is we have one day to measure success," says Mr Gray.

GOP Redirects Funds From Faltering Races (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 13, 2006

Faced with a deteriorating political climate, Republican Party officials are hoping to keep control of the House and Senate with a strategy aimed at shoring up enough endangered incumbents to preserve their majorities, while scaling back planned spending on races that now appear unwinnable.

In recent days, the National Republican Congressional Committee (NRCC) has given back television time it had reserved in Democratic-held districts in West Virginia, South Carolina and Ohio -- apparently concluding that those races are beyond reach unless something dramatic changes the national political environment in the 25 days before the Nov. 7 election.

The Republican National Committee, which is using its substantial resources to supplement the party's Senate campaign committee, has spent virtually all of its television money in just three states -- Ohio, Missouri and Tennessee -- hoping to build a levee strong enough to save those seats and the Senate majority.

But recent events, among them the problems facing Republican Sens. George Allen in Virginia and Mike DeWine in Ohio, make that task even more difficult, GOP strategists privately concede.

Democrats, meanwhile, are juggling pleas for financial assistance from candidates in House districts once considered second-tier opportunities. The Democrats have ordered up polls in a dozen or more of these long-shot districts and now face a critical choice: whether to place bets on a few of these districts in the hope of expanding the field of competitive seats, or concentrate advertising dollars as planned on the roughly 20 to 25 districts where the odds appear most favorable.

Linda Stender has been pressing party officials to pour money into her uphill race against Rep. Mike Ferguson in New Jersey's 7th District, touting a new poll that shows her within striking distance. So far, those officials are balking.

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"The challenge right now is for the DCCC to assess all the information as it is coming that show which races are competitive," Stender said. "If anything, what is toughest is there are so many seats that are competitive now."

Bill Burton, spokesman for the Democratic Congressional Campaign Committee (DCCC), said the party will look carefully before jumping in. "We're going to be polling, and we're going to look at the political dynamics and the strength of candidacies," he said. "No decisions have been made at this point."

Democrats need to gain 15 seats next month to recapture the House. Strategists believe the goal is now attainable, because of high disapproval ratings for both the Republican-controlled Congress and for President Bush, as well as public dissatisfaction over Iraq and the fallout from the Mark Foley page scandal.

Some top Republicans privately talk about losing a minimum of 12 seats, leaving them with a barely workable majority, and as many as 25 or 30 seats. Democratic strategists see the range of potential pickups in almost identical terms.

The two House campaign committees are pouring most of their money into independent expenditure ads -- most of them negative -- on behalf of their candidates. As of early this week, Democrats had spent or reserved about $49 million in advertising time; the Republicans had spent or reserved $56 million to $60 million. In some races, there may be no more television time to buy.

A summary of advertising dollars spent to date by the candidates, the national party committees and major outside groups, produced by a media firm called TNSMI/CMAG and obtained by The Washington Post, shows that the bulk of television money has gone into 35 House districts.

Among those where spending is heaviest are three races in Indiana, where Republican incumbents are running scared. More than $4 million had been spent there as of the beginning of the week. Other races where money has flowed freely include two districts in Connecticut -- another state where Republicans are on the defensive -- and districts in Pennsylvania, Ohio, Kentucky, New Mexico, New York and Virginia.

"We're seeing relatively safe House districts with candidates up on the air five weeks out," said Evan Tracey, chief operating officer of TNSMI/CMAG. "They would have been on two to three weeks out at the earliest in past elections. . . . No one is safe."

The two committees are closely tracking spending patterns, and at this point in the campaign there is a certain amount of gamesmanship in their public explanations of what the other side is up to.

Democrats noted gleefully that Republicans had spent money on a poll in Indiana's 3rd District, where incumbent Rep. Mark Edward Souder (R) won reelection with 69 percent of the vote in 2004 and Bush carried with 68 percent of the vote. Souder has not been on anyone's endangered list.

NRCC spokesman Carl Forti said the committee polled the district out of precaution because Souder's opponent had invested several hundred thousand dollars in advertising. Forti said the poll showed Souder in no danger.

NRCC officials noted that Democrats scaled back ad buys in Phoenix and Denver and said that meant the opposition is giving up on two House incumbents. Not so, say Democrats, who say the Republicans are misreading their movements.

This jousting will continue into the final days, but what is clear at this point is that Democrats are playing very little defense in the House and the Senate. They are spending money on a small number of seats held by Democrats, most notably Rep. Leonard L. Boswell in Iowa and Melissa L. Bean in Illinois. In the Senate, Democrats worry most about Robert Menendez of New Jersey, whose seat they can ill afford to lose.

Even Republicans in districts dominated by conservative voters are picking up high levels of unease. Colorado's 5th District, for instance, has never elected a Democrat since it was created 34 years ago. But retiring Rep. Joel Hefley (R) has refused to endorse the party's nominee, Doug Lamborn, charging him with having run a "sleazy" campaign, and a new poll by the Denver Post found him tied with Democrat Jay Fawcett with a quarter of the electorate undecided.

Republican officials said the race is not that close but acknowledged that the political environment is more difficult than expected. "Everyone in the country is seeing some disenchantment with Republicans," said Lamborn campaign manager Jon Hotaling.

The DCCC sent word to Fawcett on Wednesday that they will now invest modestly in his race. "It has been a pointed discussion all along about whether we were reading things right out here," Fawcett said. "We thought something was going on. Slowly but surely we have banged away at it, and finally Washington is noticing."

Republicans seem more concerned about one of their Colorado incumbents, Rep. Marilyn Musgrave, who appears potentially vulnerable. She required a last-minute lift from GOP officials in Washington in 2004. The NRCC is coming to her aid again against state Rep. Angie Paccione; Democrats this week scaled back plans for advertising in the district, suggesting that Musgrave's standing might be improving.

Republicans are also increasingly nervous about the seat held by Rep. David G. Reichert (R-Wash.). Darcy Burner, a former Microsoft executive, has pounded Reichert for voting with the GOP majority in Washington, hoping to capitalize on widespread frustration there. In a sign of nervousness, the NRCC recently increased its spending on television ads in the district.

Burner wants help from the DCCC. "Anytime you spend millions of dollars communicating with voters, it is going to have an impact," Burner said.

But some races require more money than others to have the same impact. In New Jersey, Stender might fall victim to the cost-benefit analysis of betting on House seats in the very expensive New York media market. With limited funds, the DCCC is likely to roll the dice on seats where television ads are cheap.

Rove Makes Good On $5 Million Pledge (AP-Y)

By David Espo

AP-Yahoo, October 13, 2006

Call it a political challenge grant — you raise $5 million, and a big benefactor will kick in another $5 million.

That's the pledge that White House political strategist Karl Rove made this summer to Rep. Tom Reynolds, the head of the House Republican campaign committee, according to several officials. The arrangement was deemed so sensitive that no public announcement was made.

Under the plan, House Republicans agreed to increase the target for their so-called "Battleground" program, in which incumbent GOP lawmakers are prodded to donate or raise money for use in races other than their own. This year's program is run by Rep. Eric Cantor (news, bio, voting record), R-Va., and the money goes to the National Republican Congressional Committee, which pays for television commercials, political mailings and other activities in the country's most competitive races.

Originally, Cantor was given a goal of $17.5 million, and met it.

The target was then raised to $22.5 million as part of an understanding that Rove would kick in $5 million on top of it, according to officials familiar with the details. The program has generated roughly $21 million in pledges so far.

The officials who described the arrangement did so on condition of anonymity, saying they were not authorized to discuss it publicly.

One official said the pledge money was to come from funds remaining after President Bush's 2004 re-election campaign, but a spokeswoman at the Republican National Committee said that was not true.

"The Bush-Cheney campaign has not made any contributions to the NRCC and has no plans to do so," said Tracey Schmitt.

Through a spokesman, Cantor issued a statement that said, "We are pleased to announce that today we have broken the battleground records for amount raised."

It was not known whether a similar arrangement exists between Rove and Senate Republicans, who lagged well behind Democrats in campaign cash heading into the final weeks of the campaign.

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When Rep. Brian Bilbray won a special election last summer in place of a jailed former lawmaker, Randy (Duke) Cunningham, relieved Republicans said it was a sign that Democrats had been hyping their prospects for the fall.

Now it looks like the GOP is getting nervous again.

The party's campaign committee, which focuses its efforts on races that are competitive or may become so, recently commissioned a poll of the San Diego-area district and spent money for mass mailings. Bilbray's opponent on Nov. 7 is Francine Busby, the woman he defeated in June.

Republicans also show signs of concern over several other districts that have not generally been on either party's lists of competitive seats.

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Among the lawmakers are Reps. Jean Schmidt of Ohio, Mark Souder of Indiana and John Sweeney of New York. The national Democrats are advertising in the Sweeney race, and Republicans customarily would follow suit in such a situation.

Democrats are showing unease about one of their own, Rep. Darlene Hooley (news, bio, voting record) of Oregon.

The party's campaign committee recently pitched in for an ad that accuses her opponent, Mike Erickson, of lying about her record "in a time of war." Republicans, too, are giving the race a late look. They recently paid for a poll in the district.

Democrats must gain 15 seats to win a House majority on Nov. 7

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Florida Democrat Tim Mahoney is the equivalent of a politician who was hit by lightning. Two weeks ago, he was running a hopeless race. Then his opponent, Rep. Mark Foley (news, bio, voting record), quit over sexually explicit computer messages he sent to teenage male pages.

Now Mahoney has an ad running that seems like a who's who of the ethically challenged among Republicans. "Congress is a mess. Corruption. Waste. Incompetence," intones the narrator as the images of Tom DeLay, Bob Ney and Jack Abramoff scroll across the screen.

DeLay is the former majority leader who quit Congress and faces allegations of violating campaign finance laws in Texas. Ney, still in Congress, recently signed a plea agreement confessing crimes of corruption. Abramoff is the former Republican lobbyist whose plea bargain last January triggered a corruption scandal that has yet to subside.

Will The Levee Break? (NYT)

By Paul Krugman

The New York Times, October 13, 2006

The conventional wisdom says that the Democrats will take control of the House of Representatives next month, but only by a small margin. I've been looking at the numbers, however, and I believe this conventional wisdom is almost all wrong.

Here's what's happening: a huge Democratic storm surge is heading toward a high Republican levee. It's still possible that the surge won't overtop the levee — that is, the Democrats could fail by a small margin to take control of Congress. But if the surge does go over the top, the flooding will almost surely reach well inland — that is, if the Democrats win, they'll probably win big.

Let's talk about Congressional arithmetic.

Unless the Bush administration is keeping Osama bin Laden in a freezer somewhere, a majority of Americans will vote Democratic this year. If Congressional seats were allocated in proportion to popular votes, a Democratic House would be a done deal. But they aren't, and the way our electoral system works, combined with the way ethnic groups are distributed, still gives the Republicans some hope of holding on.

The key point is that African-Americans, who overwhelmingly vote Democratic, are highly concentrated in a few districts. This means that in close elections many Democratic votes are, as political analysts say, wasted — they simply add to huge majorities in a small number of districts, while the more widely spread Republican vote allows the G.O.P. to win by narrower margins in a larger number of districts.

My back-of-the-envelope calculations suggest that because of this "geographic gerrymander," even a substantial turnaround in total Congressional votes — say, from the three-percentage-point Republican lead in 2004 to a five-point Democratic lead this year — would leave the House narrowly in Republican hands. It looks as if the Democrats need as much as a seven-point lead in the overall vote to take control.

No wonder, then, that until a few months ago many political analysts argued that the Republicans would control the House for the foreseeable future, because only a perfect political storm could overcome the G.O.P. structural advantage.

But what's that howling sound? Every poll taken this month shows the Democrats with a double-digit lead in the generic ballot question, in which voters are asked which party they support in this election. The median Democratic lead is 14 points.

And here's the thing: because there are many districts that the G.O.P. carried by only moderately large margins in recent elections, a large Democratic surge — one only a bit bigger than that needed to take the House at all — would sweep away many Republicans holding seats normally considered safe. If the actual vote is anything like what the polls now suggest, we're talking

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about the Democrats holding a larger majority in the House than the Republicans have held at any point since their 1994 takeover.

So if the Democrats win, they'll probably have a substantial majority. Whether they'll be able to keep that majority is another question. But be prepared to wake up less than four weeks from now and learn that everything you've been told about American politics — liberalism is dead, whoever controls the South controls Washington, only Republicans know "the way to win" — is wrong. (Are we seeing the birth of a new New Deal coalition, in which the solid Northeast takes the place of the solid South?)

The storm may yet weaken. The Iowa Electronic Markets, in which people bet real money on election outcomes, still give Republicans a roughly 40 percent chance of keeping control of both houses of Congress. If that happens, will it mean that Republican control is permanent after all?

No. Bear in mind that the G.O.P. isn't in trouble because of a string of bad luck. The problems that have caused Americans to turn on the party, from the disaster in Iraq to the botched response to Katrina, from the failed attempt to privatize Social Security to the sudden realization by many voters that the self-proclaimed champions of moral values are hypocrites, are deeply rooted in the whole nature of Republican governance. So even if this surge doesn't overtop the levee, there will be another surge soon.

But the best guess is that the permanent Republican majority will end in a little over three weeks.

'The Empire State Strikes Back' (WP)

By E. J. Dionne Jr.

The Washington Post, October 13, 2006

NEW YORK -- What is happening to the Republican Party in New York state is the national GOP's nightmare. The once-thriving political organization of Nelson Rockefeller, Al D'Amato and George Pataki is a shambles.

And the way the Republican coalition has broken up should have national Republicans scurrying for a new game plan.

For many Americans, "New York" evokes the liberal salons of Manhattan. But Manhattan is a small piece of the Empire State. Political change has been driven by the populous suburbs of Long Island and Westchester and Rockland counties, and by the vast stretches of Upstate New York that are far closer in spirit to the Midwest than to the Upper West Side or the Silk Stocking District.

The Republican collapse here has been driven by two streams of defectors: suburban moderates and Upstaters.

As a result, the entire Democratic ticket, led by Sen. Hillary Rodham Clinton and Eliot Spitzer, the party's candidate for governor, is expected by just about everyone to sweep the state. As many as five Upstate Republican congressional seats -- they would constitute a third of the 15 seats that Democrats need to win the House -- are in jeopardy.

"It's 'The Empire State Strikes Back,' " says Democrat Dan Maffei, a former congressional aide who is running a surprisingly strong race against Rep. Jim Walsh, the Republican incumbent, in a district that stretches from Syracuse to the Rochester area.

Maffei sees the immediate trend toward Democrats powered by frustration with President Bush and the Iraq war. But it is also rooted in long-term factors: the economic troubles of many Upstate communities, the area's "libertarian" leanings on cultural issues and the homelessness felt by many moderate Republicans in the face of a national party increasingly dominated by conservatives.

"Bush Republicanism," Maffei says, "is not for them."

D'Amato, the voluble Republican who served 18 years in the U.S. Senate until he was defeated in 1998 by Charles Schumer, sees demographic change -- the increasing number of Hispanic and African American voters -- as augmenting the Democrats' advantage in party registration. Hispanics, of course, are also a growing part of the electorate in other key states, some of them traditionally Republican.

But he adds that "there is something broader than the Republicans falling on hard times, which they are." He notes that in New York, "after the tenure of a strong governor," the party that long held power often sees its organization fall apart. This happened to Republicans after Rockefeller's long run and to Democrats after Pataki defeated Mario Cuomo in 1994. With Pataki retiring, said Assemblyman Pete Grannis, a Manhattan Democrat, it's the Republicans' "time in the skillet."

State Sen. Kemp Hannon, a Long Island Republican who has spent nearly three decades in the legislature, also worries that the coalition of "Reagan Democrats" that D'Amato helped build -- "they were Irish, Italian and Polish Democrats and some

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Jews" -- is a thing of the past. "I believe that Bush has destroyed that whole thing," Hannon says. "It's not here any longer in the Northeast." And the parts of Upstate New York "not moving ahead economically whatsoever . . . feel it a great deal."

Adds D'Amato: "It's very similar to an Ohio kind of thing," meaning that vulnerable New York Republicans are in much the same spot as their endangered congressional colleagues in former industrial powerhouse regions to their west.

Bill de Blasio, who managed Hillary Clinton's 2000 Senate campaign and is now a New York City Council member from Brooklyn, sees the pincer movement against Republicans from the suburbs and Upstate as similar to what's happening in other parts of the country.

"The two trends are quite universal," de Blasio says. "There's a growing body of suburbanites who are increasingly concerned about the rightward drift of the Republican Party, and voters very worried about what's happening to real wages." Paul Tokasz, the retiring Democratic majority leader in the state Assembly -- he hails from Cheektowaga, just outside Buffalo -- says the same suburban movement away from the Republicans that is so visible in the New York City area is happening in metropolitan areas across the state.

D'Amato, normally a happy Republican warrior, is in a blue mood about November. "You have a foreign policy which is groping and a domestic [Mark] Foley scandal, so you have a lot of disaffected people, and I think it's going to result not only in the Democrats taking over the House, but also with substantial numbers."

As New York goes, so goes the nation?

postchat@aol.com

In Key Races, Democrats Look At Rivals' Personal Lives (WP)

By Jim Vandehei

The Washington Post, October 13, 2006

In the wake of the Mark Foley page scandal, Democrats are targeting the personal lives of Republicans in numerous key House races as part of a campaign to capitalize on voter disgust with the messy personal lives and alleged character defects among elected officials.

Although Democrats' internal polling shows that the Foley scandal is resonating deeply only in half a dozen races, party operatives are calculating that GOP candidates are now unusually vulnerable to personal attacks, several candidates and strategists said.

In New Jersey, Democratic candidate Linda Stender this week sent voters a two-page brochure accusing Rep. Mike Ferguson (R) of improperly preying on young women in a fashionable D.C. nightclub. Stender, who is shown by polls to be within striking distance of Ferguson, said the Foley affair "opened the door to talk about the ethical challenge of my opponent." Ferguson has denied the allegations, and a spokeswoman last night called the attacks "pathetic and desperate."

Democratic candidate Chris Carney is running an ad accusing Rep. Don Sherwood (R-Pa.) of "repeatedly choking" and "attempting to strangle" a young mistress. Foley and Sherwood share "the arrogance of power," said Carney. "They're willing to cover up these types of things to retain power."

Sherwood has apologized for the affair but said in a television ad that the "allegation of abuse was never true."

Democratic candidate Kirsten Gillibrand is calling on GOP Rep. John E. Sweeney in Upstate New York to explain a drunken driving arrest 30 years ago and a more recent car accident. "Your decision to release any and all records related to your arrests and other incidents with law enforcement will send an important signal about your willingness to come clean with voters," Gillibrand said in a letter to Sweeney this week.

The Sweeney campaign has said that the details of both incidents are out in public and that the congressman has nothing to hide. The lawmaker fired back yesterday by calling on Gillibrand to release her tax records, suggesting that she has her own secrets.

"It is attack and distract," said Maureen Donovan, a spokeswoman for Sweeney.

All three races highlight a much broader Democratic campaign to politicize the Foley page scandal over the final four weeks of the campaign, Democratic candidates and strategists say.

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Top Democratic officials believe "that anybody who had a personal vulnerability before this is totally [at risk] with the spotlight on scandal," said a Democratic aide familiar with the party's plan to take advantage of the Foley affair. "Frankly, it is a tough environment out there if you have a problem with the bottle or the zipper."

Carl Forti, spokesman for the National Republican Congressional Committee (NRCC), said the effectiveness of the charges "often depends on what the person is accused of having done and their reputation and standing in the community -- national climate has nothing to do with it."

Former Republican National Committee chairman Ed Gillespie said Democrats are dangerously close "to overreaching" in their attacks, risking a political backlash like the one that damaged Republicans after they pushed for the impeachment of President Bill Clinton over the Monica S. Lewinsky scandal in 1998. Democratic operatives said they are aware of this possibility but are calculating that, as long as the attacks are at the local level, they will not backfire.

Republicans and Democrats alike said personal attacks are especially potent in districts that were not as competitive before the public's renewed focus on controversy and alleged coverups. Both sides are reporting high voter interest in the unfolding revelations that Foley repeatedly preyed on young male pages while in Congress and that GOP leaders were aware of concerns about the lawmaker's behavior and allegedly did little to stop it.

So far, there is general agreement that about half a dozen GOP candidates are suffering as a direct result of the controversy. Topping that list are NRCC Chairman Thomas M. Reynolds (R-N.Y.), who was told of Foley's questionable behavior and said he reported it to his superiors, and Sherwood, whose former mistress, in a lawsuit, accused him of choking her.

Many Republicans also said it will be virtually impossible for the newly designated Republican candidate in Foley's district to win, because Foley's name remains on the ballot.

The most common Democratic attacks have been the sort used against Republicans such as Rep. Deborah Pryce (Ohio), a member of the House GOP leadership team who has said she knew nothing of the allegations against her friend and colleague Foley. Nonetheless, Democrats are criticizing her for not catching warning signs and for being part of a team that they say averted its gaze from Foley's problems.

A big part of the Democratic strategy in Pryce's district and elsewhere is to suppress turnout among Christian conservatives, a pillar of the GOP coalition.

But there have also been attempts to take advantage of the Foley episode to highlight corruption issues more broadly.

For the Ohio seat to be vacated by indicted Rep. Robert W. Ney (R), the Democratic Congressional Campaign Committee (DCCC) is blanketing the district with mail saying GOP candidate Joy Padgett, a state senator, is too "dirty" to clean up Congress. "You can't clean up Congress if you are covered in mud," the mailings say, drawing links between Padgett and Ney. The DCCC is also running television ads questioning her personal business dealings. The offensive coincides with Ney's expected guilty plea on Friday in the money-for-favors scandal involving convicted lobbyist Jack Abramoff.

Top targets are Republican incumbents who have been bruised by the Abramoff scandal. In California, for instance, Democrats are assailing Rep. John T. Doolittle for supporting "forced abortions and sex slavery" in the Northern Mariana Islands, which were represented by Abramoff. Democrat Charlie Brown said the attack is fair because Doolittle has refused to return contributions from supporters of the government there.

In most cases, these attacks are akin to a "Hail Mary" football pass because the chances of success are so low. An example is in Nevada, where Democrats are trying to oust GOP Rep. Jon Porter from a seat that would be very hard to flip under normal circumstances. Senate Minority Leader Harry M. Reid (D-Nev.) -- facing his own controversy over a big profit on a land deal -- has twice raised questions about Porter's divorce. The Democratic candidate in that race, Tessa Hafen, is a former Reid aide.

Cheney Touts Ryun, Bush Record During Visit To Kansas (KCS)

By John Hanna

The Kansas City Star, October 13, 2006

TOPEKA, Kan. - Telling fellow Republicans that tax cuts and a vigorous war on terrorism are at stake in this year's election, Vice President Dick Cheney came here Thursday to help raise money and boost Rep. Jim Ryun's re-election campaign.

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Cheney touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a "strategy of resignation and defeatism" abroad.

"In all the decisions that will come in the next two years, it's going to matter a great deal which party has the majority on the floor and the gavel in committee," Cheney said. "The stakes in this campaign are high."

Democrats argued Cheney's visit shows Republicans are worried that Ryun, who's seeking a sixth term representing Kansas' 2nd District, might lose to Democratic challenger Nancy Boyda.

Ryun's campaign said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney. Some arrived two hours early.

"I don't think there's any part of America that's better represented in Washington than the 2nd District of Kansas," Cheney said. "He's also one of the most thoroughly respected members in the House."

The vice president also mentioned GOP challenger Chuck Ahner in the 3rd District and Republican gubernatorial candidate Jim Barnett.

Cheney's visit comes as his fellow Republicans are worried about holding onto their House majority. Earlier this month, Cheney made fundraising appearances in Florida and Wyoming to help GOP incumbents in those states.

Boyda said Cheney's visit demonstrates how Ryun has "gone Washington."

"I personally think it's going to do him more harm than good,' Boyda said during an interview. "Jim Ryun's biggest mistake is that he thinks most Kansans are as disconnected as he is, and that's what is going to get him out of office."

But Mike Gaughan, the state Democratic Party's executive director, said Ryun "is depending on his Washington cronies to give his campaign a boost."

Ryun said such a suggestion is wrong because Cheney's visit has been planned since August.

"It gives us the opportunity to make sure our message is out there so people understand the clear choices that will take place on Nov. 7," Ryun said after the event.

For fellow Republicans, Cheney painted a stark picture of what Democratic victories would mean, listing liberals such as Massachusetts Sen. Ted Kennedy as leaders of committees. Ryun's only close race to date was his first one in 1996, and Kansas Republicans used a similar argument to prevent too many defections.

"It's almost like they're saying, 'We understand why you're thinking of voting against us, but the result is going to be worse than you can imagine,'" said Bob Beatty, a Washburn University political scientist. "It's almost an acknowledgment that, 'Things haven't been going as well under our party as we'd hoped.'"

Kansas always has been friendlier-than-average territory for Bush. Two years ago, he captured 62 percent of the Sunflower State's vote in winning re-election.

Earlier this year, Ryun seemed likely to win re-election without much trouble in the 2nd District, which covers the eastern third of the state, except for the state's portion of the Kansas City metropolitan area.

The district leans GOP, and Ryun still enjoys a reservoir of admiration from his days as an Olympic runner. Also, Boyda captured only 41 percent of the vote in 2004, even with major help from the national Democratic Party.

But Boyda has said her internal polling shows the race is close, and even some Republicans acknowledge her pitch - exemplified by her "Had enough?" slogan - appears to be resonating with voters upset with Congress.

However, Cheney warned his audience that if Democrats controlled Congress, families would pay higher taxes.

"The marriage penalty will be back. The death tax will come back to life," Cheney said. "The child credit will also drop down from $1,000 to $500 per child."

Boyda called such statements "hollow rhetoric."

"Democrats would not only keep, they would expand middle class tax cuts. They would expand tax relief for independent and small businesses," she said. "The Bush tax cuts for the wealthy have to be repealed."

Cheney also said the United States is safer, adding that Bush warned Americans that the fight against terrorism would require patience and determination. He noted Connecticut Sen. Joe Lieberman's loss in his Democratic primary this year and suggested leaders such as Chairman Howard Dean are trying to purge the party.

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"What these Democrats are pushing now is the very kind of retreat that has been tried and has failed in the past," Cheney said. "It would be reckless and inconsistent with our values. It would betray our friends and only heighten the danger to the United States."

Boyda said she hopes nonpartisan recommendations for ending the war in Iraq will come from former Secretary of State James A. Baker III.

"With the military stretched thin, the American people are not feeling safer," Boyda said. "This administration and Jim Ryun need some adult supervision."

GOP Focuses On Taxes Again (WT)

By Ralph Z. Hallow

The Washington Times, October 13, 2006

President Bush and Republican Senate and House candidates are talking more about taxes in speeches, debates and TV spots after polls showed it is the Republican Party's best issue in a tough midterm election season.

"One of the most important issues on the ballot this November is taxes," Mr. Bush said this week in stumping in Georgia for former Rep. Mac Collins, seeking to unseat Rep. Jim Marshall, the incumbent Democrat. "There is a fundamental difference between the Republican and Democratic parties on this important issue."

After being off the campaign radar for months, the tax issue is now turning up in races from Virginia to Minnesota, with a little recent help from Democrats.

Republicans grinned from ear to ear last month when the ranking Democrat on the House Ways and Means Committee, New York Rep. Charles B. Rangel, just about guaranteed tax increases if his party takes over the House after Nov. 7. Asked whether Democrats would consider raising taxes across the whole spectrum of income, Mr. Rangel said, "No question about it."

Some Republicans say Mr. Rangel and his party will soon regret those words.

"Republican tax cuts have removed lots of low-income Americans from the tax rolls, so is Charlie Rangel telling those low-income folks if he and the Democrats take over, they'll put those folks back on the tax rolls?" said American Conservative Union Chairman David A. Keene. "So is he saying his supposed constituency will get to pay taxes again?"

Republican candidates are now asking the same question:

•In a new TV spot, Republican Sen. George Allen, facing an unexpectedly difficult re-election bid in Virginia, says his Democratic challenger, James H. Webb Jr., a former secretary of the Navy, will "bring back the death tax, the marriage penalty tax and cut your child tax credit from $1,000 to $500."

•In Iowa, state Senate President Jeff Lamberti, the Republican seeking to unseat Democratic Rep. Leonard L. Boswell, has hit the incumbent hard with the "new" weapon, saying the five-term congressman supports higher taxes.

•In Minnesota, Rep. Mark Kennedy -- a Republican running for the seat being vacated by retiring Democratic Sen. Mark Dayton -- in a debate this week accused his Democratic opponent, Amy Klobuchar, of supporting "job-killing" tax increases and said that Republicans "helped create 6 million new jobs ... because of the tax relief we passed."

The Democrats are countering with their traditional argument that only the rich benefit from Republicans' tax-cutting policies.

"I don't think taxes are working any better than the war on terror for Republicans, unless you are talking to people in the top 1 percent of income," said Karen Finney, spokeswoman for Democratic National Committee Chairman Howard Dean. "The vast majority of Americans know the Bush economy isn't working for them, so in talking about the economy, most voters are concerned about jobs, wages and rising costs."

Since Mr. Rangel's pledge last month that Democrats would consider across-the-board tax increases, the New York Democrat -- who would become chairman of the key tax-writing committee if Democrats win a House majority on Election Day -- has hedged, shifting his emphasis to making the rich pay more taxes.

Mr. Rangel's remarks, however, have helped focus attention on taxes -- long a signature issue for the Republican Party, but one that Republican pollsters say wasn't polling well until recently.

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The comeback of the tax issue is timely for Republicans, who have found their advantage slipping on other key issues. Newsweek magazine reported earlier this month that for the first time since 2001 its poll "shows that more Americans trust the Democrats than the GOP on moral values and the war on terror."

In several competitive congressional races, Republican campaigns have shifted away from a strong emphasis on national security and have begun hammering Democrats as the party of higher taxes -- as Mr. Bush did this week in Georgia.

"Next month, our nation has to make a choice: Do we keep taxes low so you can keep our economy growing? Or do we let the Democrats in Washington raise taxes and hurt the growth of the economy?" the president said while campaigning for Mr. Collins.

"The decision you make in the voting booth will have a direct impact on your bottom line," Mr. Bush told Georgia Republicans.

Republicans say the threat of Democrats taking over Congress has helped boost the issue.

"The tax issue wasn't working for us before because the economy was good, Bush and the Republican Congress had already slashed taxes, and people were focused on other things," Mr. Keene said. "Now, with only weeks before the election, people are being told this election is not about putting money in their pockets through tax cuts but about Democrats taking money out of people's pockets by raising taxes if they get to run the show."

Making taxes a personal issue is the key, one senior Republican adviser said.

"Candidates using the issue successfully are personalizing it, saying for example that there are 42 million middle-class families with children, and if Bush tax cuts are allowed to expire or are repealed, each such taxpayer stands to lose 2,000 bucks out of his pocket," he said.

In New Orleans, Cheney Collects Campaign Cash, Praises Levee Work (AP)

The Associated Press, October 13, 2006

NEW ORLEANS (AP) — During his first trip to this city in more than a year, Vice President Dick Cheney attended a Republican fundraiser after getting briefed on efforts to protect New Orleans from future floods.

Cheney's stopover in New Orleans was also criticized by Democrats, who released a news release questioning the vice president's decision to not spend time in areas flooded by Katrina.

Cheney was shuttled into New Orleans in a motorcade and met privately with Donald Powell, the administration's recovery czar for the battered Gulf Coast, U.S. Sen. David Vitter, R-Metairie, and Brig. Gen. Robert Crear, commander of the Mississippi Valley division of the U.S. Army Corps of Engineers.

Cheney briefly spoke to reporters after the closed-door meeting. He took no questions.

The vice president acknowledged that there are still some unfilled gaps in flood protection system, but he said overall he was "tremendously impressed."

"We've got a lot of work to do yet, but it looks like the levees are back to pre-Katrina levels, and in some cases, better than that," Cheney said. "Clearly, that's one of the most important parts of recovery process, which is altogether fitting given that this was the worst natural disaster in American history."

In the late afternoon, Cheney headlined a Republican National Committee fundraiser at the World Trade Center. The RNC said the event was expected to raise $180,000 in campaign cash.

The Democratic National Committee issued a news release calling Cheney's meeting with officials window-dressing for the fundraising junket.

Powell, speaking on Cheney's behalf, called that charge "unfortunate."

"I think he spent his time very wisely" focusing on flood control and economic issues," he said.

Earlier Thursday, Cheney visited Topeka, Kan., to help raise money and boost Rep. Jim Ryun's re-election campaign.

Cheney touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a "strategy of resignation and defeatism" abroad.

Democrats argued that Cheney's visit shows Republicans are worried about Ryun, who's seeking a sixth term representing Kansas' 2nd District, losing to Democratic challenger Nancy Boyda.

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Ryun's campaign said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney. They munched on snacks and drank iced tea, some arriving two hours early.

"I don't think there's any part of America that's better represented in Washington than the 2nd District of Kansas," Cheney said.

The vice president also mentioned GOP challenger Chuck Ahner in the 3rd District and Republican gubernatorial candidate Jim Barnett.

Cheney's visit comes as his fellow Republicans are worried about holding onto its House majority. Earlier this month, Cheney made fundraising appearances in Florida and Wyoming to help GOP incumbents in those states.

Earlier this year, Ryun seemed likely to win re-election without much trouble in the 2nd District. But Boyda has said her internal polling shows the race is close.

Laura Bush Lends A Hand To Sen. Talent (STL)

By Jo Mannies

STLToday.com (St. Louis), October 13, 2006

Besides planting a tree in Forest Park and flipping a pink light on at the Arch, Laura Bush also had a political role to fill while in town Thursday.

Her task: to help energize the region's Republican base about U.S. Sen. Jim Talent's bid for re-election Nov. 7.

She had plenty of help. Also in the region Thursday was her husband, President George W. Bush, and Republican National Committee chairman Ken Mehlman.

Although many of their events were nonpolitical, the appearance of all three in the same state on the same day is a rare occurrence that underscored Missouri's political importance this fall, said David Robertson, a political science professor at the University of Missouri at St. Louis. "Missouri has become a 'firewall' state for Republicans as they do everything they can to avoid losing the U.S. Senate," Robertson said.

A loss of six Senate seats nationwide would put the Democrats in control. And at the moment, more than that number around the country are considered in play in next month's elections. They include Talent's neck-and-neck contest with his Democratic rival, state Auditor Claire McCaskill.

Mehlman called "firewall" too strong of a term to describe Missouri's significance to the GOP. "Missouri is important to both parties," said Mehlman in a telephone interview from Union, Mo., where he headlined the last of five get-out-the-vote events Thursday for Republican activists.

Laura Bush was the chief attraction Thursday afternoon at a fundraising event for Talent in west St. Louis County that collected $300,000 for his campaign. "She is a very gracious lady," Talent said afterwards, as he told reporters how much he appreciated her campaign help.

Talent joined Bush at her two nonpolitical events open to the press.

Her first stop Thursday afternoon was at Forest Park, where she led a ceremonial planting of the first of 50 million trees that the Enterprise Rent-A-Car Foundation has promised to national forests.

Among those joining her at the World's Fair Pavilion was Andrew Taylor, chairman of Enterprise Rent-A-Car. Bush, Taylor and others donned garden gloves to plant four white pine seedlings in a shiny galvanized washtub. The seedlings are destined for permanent soil elsewhere.

"Trees are essential to our lives and our planet," Bush said. "They eliminate harmful carbon dioxide and create the oxygen we breathe."

The foundation promised to underwrite the planting of the trees through a pledge of $50 million over the next 50 years to the National Arbor Day Foundation.

The event at the Arch grounds promoted the importance of breast cancer treatment and research by bathing the monument in pink. It was the third year in a row for the ceremony, which marks Breast Cancer Awareness Month. Talent

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persuaded Congress in 2004 to pass a law allowing the illumination. The event was sponsored by Federated Department Stores Inc., which owns Macy's.

For Talent and Bush, the Arch-lighting event had personal significance. The senator's mother died of breast cancer; Bush's mother is a breast-cancer survivor.

"I urge everyone here to live their life to the fullest," she said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 13, 2006

Talk About Your Wildest Dreams

DMX gave his now-infamous interview to Sister 2 Sister magazine with his wife, Tashera, sitting by his side. Bet he'll bring his lawyer next time.

A Maryland woman whose child was fathered by the rapper sued him yesterday in Prince George's County Circuit Court for his claim in the interview that she had "raped" him in his sleep. Monique Wayne , 25, is seeking $6 million for defamation, false statements and "unreasonable publicity" to her private life, according to a copy of the suit provided by her lawyers.

"Miss Wayne's been completely ostracized," said attorney Stephanie Moran . "She's had to answer questions from friends and family members. You have reporters as far away as Ireland commenting on this." A rep for the 35-year-old rapper (born Earl Simmons) said last night that he would have to confer with lawyers before commenting.

DMX did not cite Wayne by name in his Q&A with Jamie Foster Brown , but Wayne's 2004 paternity suit -- which Moran said resulted in a $5,000-a-month support agreement -- had been widely reported. Wayne's suit alleges that the conception of her son, now 2, was hardly the passed-out one-night stand DMX described. She says they met in August 2003 at D.C.'s Dream (now Love) nightclub, then spent the night at Hotel Helix, followed by a day together shopping, playing pool and eating crabs at Hains Point. She claims DMX went on to invite her to parties and concerts as recently as this past summer.

"Then DMX turns around and accuses her of being a rapist," said Moran. "That's a serious allegation."

Bucks for Barbra: The Deal Is On

Barbra Streisand ' s reps were taken aback last week when we told them about the offer her concert tour promoter had made to well-heeled fans -- a personal meeting with the diva in exchange for a $50,000 contribution to her charitable foundation. First they insisted the e-mailed offer had to be a hoax -- "not her style," said one -- then expressed pique that no one had cleared the idea with Babs.

But as Streisand heads to D.C., all is apparently forgiven. A rep for promoter Michael Cohl said that the plan is fully on track, and that the first meeting package has been sold in conjunction with tonight's Verizon Center show. But no, they wouldn't identify the generous fan who thinks a chat with Barbra is worth the cost of a new Benz. Any clue? mailto:reliablesource@%20washpost.com .

UPDATE

· Jennifer Aniston , who never acknowledged she was dating Vince Vaughn , now says they haven't broken up, reports People. While taping the Oprah Winfrey show Wednesday, Aniston confirmed that the two are "still on" but not engaged. How can they not break up if they're not dating? Just asking.

· It's official: Madonna and husband Guy Ritchie filed adoption papers for a 1-year-old boy in Malawi yesterday and got interim approval by a local judge, which allows them to take the child out of the country. "Madonna promised me that as the child grows she will bring him back to visit," the boy's father told the Associated Press.

St. Louis Arch Lights Up Pretty in Pink

Laura Bush was in St. Louis last night to see the city's landmark 630-foot arch lit up in pink for Breast Cancer Awareness Month -- the brainchild of cosmetics executive Evelyn Lauder, who also invented the pink-ribbon symbol. The National Park Service originally turned down the request two years ago, so Sen. Jim Talent (R-Mo.) successfully pushed legislation making an annual exception. Lauder attended the first lighting last year but missed this year's ceremony -- she's in Washington today, where top businesswomen will honor her philanthropic work for breast cancer research.

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HEY, ISN'T THAT . . . ?

· Andie MacDowell, casual in a sweater and jeans, lunching at Olives yesterday. The raven-tressed actress was in town as a guest of the Chinese Embassy to see singer Song Zuying perform at the Kennedy Center last night. MacDowell's rep says she attended the Shanghai film festival over the summer and fell in love with all things Chinese.

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When Terror Strikes, Liberals And The Right Vote Further Apart (WSJ)

By Sharon Begley

The Wall Street Journal, October 13, 2006

On the weekend before Election Day 2004, al-Jazeera broadcast a videotape in which Osama bin Laden, addressing the U.S., boasted about the Sept. 11 terrorist attacks and tore into the Bush administration. Four days later, the president won re-election.

Three days before the March 2004 elections in Spain, terrorists bombed commuter trains, killing 191 people. The ruling party, which had strongly supported the U.S.-led invasion of Iraq, went down to defeat.

Two cases in which terrorism was front and center in voters' minds. Two different outcomes. In Spain, the attack sparked a growing fury at incumbents for not keeping them safe. In the U.S., voters in greater number embraced candidates they perceived as stronger on national security.

A growing number of studies offer clues as to how terrorism and other deadly events affect people's voting decisions. The latest research shows that because such violent political acts are brutal reminders of death, they make conservatives, but not liberals, more hostile toward those perceived as different, and more supportive of extreme military policies, according to a study in April in Personality and Social Psychology Bulletin.

For 20 years, researchers have been exploring how people manage the fear engendered by intimations of mortality. Reminded of the inevitability of their own death (which happens to a lesser degree by merely walking past a funeral parlor), people try to quench or at least manage the resulting "existential terror" in several ways. They become more certain of their worldview or faith. They conform more closely to the norms of their society. They show greater reverence for symbols of their society, such as flags and crucifixes.

All of these make people feel more secure and, crucially, a part of something larger -- something that will outlive them.

Building up your own worldview requires disparaging (even unconsciously) that of others. If beliefs that contradict yours have any worth, then by definition they call into question the absolute validity of your own. The result is stronger feelings of hostility toward those with different values and beliefs.

This "worldview defense," says psychology researcher Sheldon Solomon of Skidmore College, "reduces the terror that reminders of your own death bring." These results have been replicated in some 300 lab experiments, including in cultures with very different ideas about an afterlife.

Which brings us back to the effect on voters of a terrorist attack and its brutal reminders of mortality. Although some voters would feel betrayed by incumbents who failed to protect them, researchers say, these days that trend would more likely be swamped by a surge toward candidates perceived as hawks on national security.

"We feel that unconscious thoughts about death do influence people's voting decisions, especially for folks who are not strongly committed to a candidate," says Prof. Solomon, expressing a consensus of those who have studied terrorism and voting behavior.

The link between thoughts of death and actual behavior shows up not only in labs but in the real world, too. After 9/11, Americans sprouted flag lapel pins. Patriotism and approval of the president soared. Tolerance for dissent plummeted. ("All Americans...need to watch what they say," warned a White House spokesman.)

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Even what seem to be exceptions support the rule that reminders of death cause people to hunker down in their own worldview. New Yorkers living or working near Ground Zero are regularly reminded of death, yet tend to be liberal, opposed to the Iraq war and critical of President Bush. Why don't intimations of mortality push them toward nationalistic fervor?

"Reminders of death do make New Yorkers cling to their worldview more strongly," says psychology researcher Tom Pyszczynski of the University of Colorado, Colorado Springs. "If that worldview has to do with tolerance and peace and prosocial beliefs, then those positions strengthen."

Prof. Solomon and Prof. Pyszczynski and colleagues explain this conservative/liberal divide in the Bulletin study by suggesting that extreme militarism violates liberals' core beliefs. Since thoughts of death make people more committed to their worldview, hawks, but not doves, would increase their support for military action in the wake of a terrorist attack.

"A worldview that has your nation engaged in a heroic battle against evil seems to be especially effective at soothing fears of your own death," says Prof. Solomon. "That makes leaders who talk about fighting a righteous battle more appealing."

Needless to say, voters weigh many factors before they pull the lever. The bin Laden tape did not produce a Bush landslide, so horrific reminders of death just before Election Day have only so much power.

"Not every vote in 2004 was based on thoughts of death, but these reminders can make a big difference," says Prof. Solomon. "There is nothing like a terrorist attack to bring thoughts of your own death to the fore. My gut tells me there would be a significant movement toward candidates who describe the U.S. as engaged in a righteous fight against an evil worldview."

Clinton Says Right Wing Has Hurt U.S., Predicts Win By Democrats (LVS)

By Kathleen Hennessey

Las Vegas Sun, October 13, 2006

LAS VEGAS (AP) - The nation has been "jammed into an ideological corner" by conservative Republicans and is primed for a power shift in the November elections, former President Bill Clinton said Thursday.

"This is an election unlike any other I have ever participated in," Clinton told Democratic supporters at a fundraiser in Las Vegas. "For six years this country has been totally dominated - not by the Republican Party, this is not fair to the Republican Party - by a narrow sliver of the Republican Party, its more right-wing and its most ideological element."

"When the chips are down, this country has been jammed to the right, jammed into an ideological corner, alienated from its allies, and we're in a lot of trouble," he said.

Clinton addressed a group of about 50 top-level donors to the Jack Carter for Senate campaign. Carter, the son of former President Jimmy Carter, is running to unseat Republican Sen. John Ensign.

Clinton also attended a fundraiser for Democratic congressional candidates Jill Derby and Tessa Hafen at which the minimum contribution was $3,000.

He appeared onstage with Hafen, Derby, Carter and Rep. Shelley Berkley, D-Nev., but did not take questions from the media or comment on recent criticism of his administration's policy on nuclear nonproliferation in North Korea.

The former president largely stuck to politics.

"The Democratic Party has become the liberal and conservative party in America. If you want to be fiscally conservative, you've got to be for us. If you want to conserve natural resources, you've got to be for us," he said. "If you want a change of course in Iraq ... you've got to be for us."

Clinton also attacked Republican tax cuts, describing a repeal of the estate tax as the GOP's top legislative priority.

"They may think I should be able to give Chelsea every nickel, but I don't," Clinton said.

Tucker Bounds, spokesman for the Republican National Committee, returned the criticism.

"It's going to take more than a Bill Clinton stopover to change the minds of the majority of Nevadans," he said.

"Republicans have solid candidates on the ballot that are going to keep taxes low and continue to fight terrorism," Bounds said. He said the party had not fallen out of step with voters.

"Keeping taxes low and the economy healthy is not a fringe belief. It is a popular belief in Nevada and a popular belief in most every other state."

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Clinton did not mention Rep. Jon Porter, Hafen's opponent, or Nevada Secretary of State Dean Heller, Derby's opponent, by name. He dismissed Ensign as "a sort of a likable fellow" with "good relations with most of the powers-that-be here in the state," perhaps a reference to Ensign's working relationship with Senate Minority Leader Harry Reid, D-Nev.

Clinton, who recently made fundraising stops for Democrats in Minnesota and New Jersey, also said he was embarrassed by the recent immigration debate.

He noted that Mexico had become one of the U.S.'s top 10 creditors.

"These people are our bankers," Clinton said. "Doesn't it embarrass you that these poor people are trying to sneak over the Rio Grande River to find a living in this country and we want to stop that? But we're only too happy to turn around and say, 'Don't spend your own money on those poor illegal immigrants to give them an education and get a job in Mexico. Loan it to us.'"

Santorum, Casey Clash In Debate (CCT)

By Jennifer C. Yates And Kimberly Hefling

The Contra Costa Times, October 13, 2006

PITTSBURGH - Sen. Rick Santorum and Democrat Bob Casey bickered about everything from Santorum's residency to immigration in a contentious debate Thursday that was their first in Pennsylvania.

"Don't be a desperate campaigner," Casey, the state treasurer, told Santorum.

Santorum, R-Pa., accused Casey of relying on the name of his father, the late Gov. Robert P. Casey, and not offering plans of his own.

"I don't know how you can say so many words and say nothing," said Santorum, a two-term incumbent who is the No. 3 Senate Republican. "It's just talking point after talking point."

Santorum, who has trailed Casey in polls for months in one of the nation's most competitive Senate races, closed with an impassioned speech in which he said he has worked hard and been rewarded by Pennsylvanians and his Republican colleagues with a leadership position

"I'm a passionate guy. I'm tough, I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me? I'm a guy who had to grow up having to scratch and claw," Santorum said. "I wasn't born into a family that had a great name. My dad's an immigrant to this country. I've worked hard, just like you do in western Pennsylvania to fight for the things you believe in."

Casey closed with a promise to bring health insurance to more children and protect workers from unfair trade deals.

"We need change. We need to move in a brand-new direction," he said.

The debate started on a contentious note with a question to Santorum about his decision to keep a home in a Washington suburb in Virginia where he primarily lives with his wife and six kids. Questions have been raised throughout the campaign about Santorum's use of tax dollars from Pennsylvania to fund his children's cyberschool education.

"I'm a senator from Pennsylvania. My residence is in Pennsylvania. That's where I pay my taxes, that's where my driver's license is. We have a three bedroom home. My kids and I slept there last night," Santorum said.

Santorum then turned to Casey and accused him of not showing up for work in his position as the state treasurer, and repeatedly asked him to look into the camera and tell voters how many times he has shown up.

Casey did not. He repeatedly told Santorum to "pay the money back" that had been used to fund the cyberschool education.

"This wouldn't be an issue in this campaign if he were straight with the voters, not only with the people of Penn Hills, but the voters all over the state," Casey said.

Casey, asked if he was relying on his father's name to get elected, cited his work as state auditor and treasurer, saying he had been fiscally responsible and cracked down on waste and fraud. He said it was hard when he lost the Democratic gubernatorial primary in 2002, but he said he entered the Senate race because he thought he could contribute.

"If this race comes down to whose working harder and who does their job better, mine as state treasurer, his as a U.S. senator, I'll win that battle. I'm not worried about that at all because I get results and I've been fighting battles for the people of this state for a decade," Casey said.

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The two argued over whether Casey supports "amnesty" for illegal immigrants because Casey has said he would reluctantly support a Senate bill - which Santorum opposed - that would allow illegal immigrants to earn citizenship after meeting certain requirements. Santorum has said the bill would give illegal immigrants a free ride.

As they have before, Casey accused Santorum of supporting a plan that would privatize Social Security and Santorum accused Casey of not understanding the problem or offering a plan to help.

During the debate, Casey worked to portray Santorum as a partisan Republican and ally to President Bush who has acted in the interests of corporate America. What Santorum has done, he said, is "talk and talk and talk."

Santorum touted a record working with Democrats on issues such as curtailing dog-breeding operations dubbed "puppy mills" by opponents and obtaining money for autism research. He attempted to challenge Casey's credibility by asking Casey to name facts, such as the name of the former president of Iran, which Casey did not name when asked.

"I provide the solutions," Santorum said. "He's only describing problems."

The two, both clad in black suits and dark red ties, stood next to each other behind podiums. At one point, Santorum told Casey to "quit lying to the people, Bob." Casey later said to Santorum, "I've got a point to make, stop talking." They even interrupted moderator Ken Rice at times.

"Gentleman, please, please, please, you're just killing our time keeper and you're just trashing your own rules," Rice said after one exchange.

The debate in a KDKA-TV studio was sponsored by the station and the Pittsburgh Post-Gazette. It was the second debate between the two and comes less than a month before the Nov. 7 general election.

Their first debate, taped in Washington and aired Sept. 3 on NBC's "Meet the Press," focused primarily on the war in Iraq.

The two are expected to debate twice on Monday in Philadelphia.

The Gloves Come Off (HPN)

By Brett Lieberman

Harrisburg Patriot-News (PA), October 13, 2006

PITTSBURGH - U.S. Sen. Rick Santorum and his Democratic challenger, Robert P. Casey Jr., pointed fingers and exchanged barbs and charges of hypocrisy during a tense debate yesterday that showed how personal the Senate election has become.

The accusations and fireworks lasted throughout, when Santorum was questioned about perceptions that he's been dishonest about where he lives, to the end, when he accused Casey of being lazy and trying to coast into office on his famous name.

In between, moderator Ken Rice of KDKA-TV, which hosted the forum, struggled, mostly unsuccessfully, to maintain order.

"Gentlemen, we have to move on," Rice said at one point. "You're killing the time keeper and trashing your own rules."

Bitter exchanges came over issues such as Santorum's residency and the candidates' negative ads, but the debate degenerated when they talked about immigration reform, U.S. policies toward Iraq and Iran and how to stop the spread of nuclear weapons.

"You don't understand the issues," Santorum told Casey after the Democrat faulted the Bush administration's handling of Iran and North Korea.

Casey said "all options need to be on the table," including using the military to deal with North Korea. The White House has squandered opportunities for a solution and has alienated allies, he said.

Santorum complained of "Monday morning quarterbacking" of foreign-policy decisions by Bush critics.

Santorum also faced scrutiny from his challenger and panelists for his divisive reputation and on issues such as whether the Bush administration's decision to invade Iraq has made Iran stronger and limited U.S. options to combat terrorism.

Santorum said he is unfairly cast as a polarizing figure and portrayed himself as a straight-talking hard worker who delivers for Pennsylvania and works across party lines.

"I look people in the eye and tell them what I believe. ... I don't not answer questions. ... I'm passionate about things, as opposed to someone who just wants to ride it out and use their name and not say anything," he said.

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Santorum recited a litany of his efforts, from legislation to close puppy mills, fund autism and Lyme disease research, fighting to save western Pennsylvania military bases, keep the Pirates and Penguins sports teams in Pittsburgh, and protecting farmland.

Casey faced more scrutiny of his positions and record from Santorum and the KDKA and Pittsburgh Post-Gazette panelists yesterday than he did in a debate with Santorum on NBC's "Meet the Press" last month.

But Casey, who has been criticized for his low-key style, showed a more aggressive side as he repeatedly challenged Santorum to "answer the question."

He accused Santorum of trying to piggyback on immigration reform after failing to take a tough stand on the issue during 12 years in the Senate.

Santorum, who continues to trail Casey in polls, closed the debate with a plea to voters, especially those in western Pennsylvania, where his approval is lowest.

"As you can see from this debate, I'm a passionate guy," Santorum said. "I'm tough, I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me?

"I wasn't born into a family that had a great name. My dad's an immigrant to this country. I've worked hard, just like you do in western Pennsylvania to fight for the things you believe in," he said.

Santorum has been criticized for living with his wife and six children most of the year in Leesburg, Va., while claiming a three-bedroom home in the western Pennsylvania town of Penn Hills as their residence.

"I'm a senator from Pennsylvania. My residence is in Pennsylvania. That's where I pay my taxes, that's where my driver's license is," he said.

Santorum defended the Virginia home, noting that the Senate is in session 35 to 40 weeks a year and voters "sent me to go to Washington to fight hard, to show up for work, which is something that my opponent doesn't do."

Casey, invoking U.S. Sen. Arlen Specter's comments last month that the Senate's three-day work week ought to be extended, said Congress has more recesses than most schools.

Santorum asked Casey how much time he spends in the treasurer's office.

"Look in the camera, Mr. Casey," Santorum said. "Look in the camera and tell the people how much time you spend in the office. This is a legitimate question.

"Now I want you to look in the camera and tell people how many full days of work you spent at the treasurer's office last month," he said.

"Don't be a desperate campaigner," Casey shot back.

Santorum And Casey Trade Barbs (PT)

By Mike Wereschagin

Pittsburgh Tribune-Review Debate, October 13, 2006

In a feisty debate that spun out of the moderator's control almost from the start, U.S. Sen. Rick Santorum accused Democratic challenger Bob Casey of skipping work and offering no solutions to the nation's dilemmas, while Casey denounced Santorum for being beholden to oil companies and for not recognizing the country has problems.

The taped one-hour debate, broadcast at 7 p.m. on KDKA Channel 2, began with Santorum saying he has paid more than $100,000 in taxes on his Penn Hills home since he took office, making that home -- and not his larger house in Virginia -- his primary residence.

Santorum, who has trailed Casey in the polls for more than a year and only has a few weeks to rebound, attacked Casey's work ethic.

"How many days were you in the treasurer's office 9-to-5 last month?" Santorum, almost yelling, asked Casey. "I want you to look in the camera and tell people how many 9-to-5 days you spent in the Treasurer's office last month."

"Rick, don't be a desperate campaigner," Casey replied evenly. He didn't answer Santorum's question, and instead shot back with an accusation about taxpayer dollars paid for the Santorum children's education at a cyber charter school while they lived in Virginia. "You ripped the taxpayers off $55,000."

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Santorum responded with a rapid-fire litany of the amounts of local and state taxes he paid in Penn Hills over the years, while Casey, talking at the same time, said slowly, "Pay the money back."

Moderator and KDKA anchor Ken Rice admonished the candidates to stick to the agreed time limits. It didn't work. The two continued talking over each other, pointing fingers and leaning toward the others' podium throughout the debate. Even afterward, each candidate met with reporters to take a few parting shots at his opponent.

During the debate, which began at 1:30 p.m. in KDKA's Downtown studios, Casey criticized the Bush administration and Santorum for what he said is a fixation on Iraq that has allowed Iran and North Korea to advance their nuclear weapons programs. He also challenged Santorum to close a loophole, which he said allows Halliburton, a defense contractor once run by Vice President Dick Cheney, to do business with Iran.

"What you see again is my opponent not providing any answer to the question. What he's done is describe the problem, complained about the administration," Santorum said. "I authored the Iran Freedom and Support Act, which the administration opposed. You're right. I disagree with the administration and have on the Iran policy."

Turning to Casey, he said, "I disagreed with them inviting (to the White House) the former president of Iran -- you know his name, I'm sure. The former president of Iran?"

Casey didn't. Speaking to reporters after the debate, Casey admitted he couldn't remember the former Iranian president's name -- Mohammad Khatami -- and added, "There are some names I don't know. I don't know the lobbyist from Exxon that gave (Santorum) tons of money."

The candidates traded barbs on outsourcing, with Casey saying Pennsylvania lost 180,000 manufacturing jobs on Santorum's watch, and Santorum criticizing Casey for investing millions of taxpayer dollars in companies that have shipped jobs overseas.

On immigration, Santorum charged that Casey supports amnesty for millions of illegal immigrants. Casey shot back that the proposal he supports is not considered amnesty by Republican Sens. Arlen Specter, of Philadelphia, and John McCain, of Arizona.

Casey and Santorum are expected to debate twice more next week in Philadelphia.

Santorum, Casey Go Toe-to-toe In Debate (PPG)

By Bill Toland

Pittsburgh Post-Gazette, October 13, 2006

The two candidates interrupted each other, talked over each other, ignored time limits, ignored the moderator and generally stopped just short of playground name-calling and shin-kicking. To say that KDKA moderator Ken Rice lost control of yesterday's debate between U.S. Sen. Rick Santorum and state Treasurer Bob Casey would be fallacious, because it suggests that he ever had control to begin with.

In short: bad manners.

But great political theater.

In this debate, sponsored jointly by KDKA and the Pittsburgh Post-Gazette, the issues took a back seat to the candidates' sparring and demeanor. Mr. Santorum, a Republican, frequently challenged his Democratic foe to "look in the camera" and tell Pennsylvania the truth. After many of Mr. Casey's responses to panelists' queries, Mr. Santorum rolled his eyes and said: "You will not get this man to answer the question."

Mr. Casey, meanwhile, repeatedly alluded to the incumbent's poor poll numbers.

"Hey Rick, I know things are tough," he said. "Don't be a desperate campaigner."

And that was just the first 10 minutes. Over the course of the hour, the candidates battled on the Iraq war, border security and amnesty for undocumented immigrants, Social Security, pay raises and other issues.

Rare was the question that elicited a few minutes of civility. The close-quarters sparring undoubtedly added color to the affair, but the candidates appeared less statesmanlike than either Gov. Ed Rendell or challenger Lynn Swann, who debated each other in Pittsburgh last week.

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Off the bat, Mr. Rice asked Mr. Santorum a question that has dogged him for months -- why did he allow Penn Hills School District to foot the bill for his children to attend a Pennsylvania online cyber school, when he and his family primarily live in Virginia? (A public school district, by state law, must pick up the tab for students living within the district and attending an Internet-based school.)

"I've paid $100,000 in state and local taxes," Mr. Santorum said, implying that he's entitled to the same benefits that other Pennsylvania taxpayers get, even if his children lay their heads to rest in a different state.

"This issue is as much about hypocrisy as it is about residency," Mr. Casey said, referring to Mr. Santorum's 16-year-old attack on former U.S. Rep. Doug Walgren, whom Mr. Santorum pilloried for living in Virginia instead of Pennsylvania. Both candidates were evasive to varying degrees, but Mr. Casey more so. That was partly because, at least twice, Mr. Santorum asked questions designed to trip him up -- first, he wanted to know if Mr. Casey remembered the name of former Iranian president Mohammad Khatami; second, he asked Mr. Casey if he knew precisely what percentage of the Pennsylvania Public School Employees' Retirement System's assets is invested in companies that are notorious for outsourcing jobs (he said the answer was 25 percent).

Mr. Santorum, as a result, appeared to have a better grasp of the issues, at least those ones that were raised yesterday. Mr. Casey often relied on familiar talking points, reminding viewers that Mr. Santorum votes with President Bush about 98 percent of the time, and that Mr. Santorum wanted to "privatize" Social Security by allowing younger workers to invest part of their Social Security payroll taxes into stocks.

"I don't know how you can say so many words and say nothing," Mr. Santorum said, mocking the catchphrases that are familiar not only to Mr. Casey but to all political challengers. "Brand new direction. Different course. It's just, you know, talking point after talking point."

But Mr. Santorum had his talking points, too. Several times, he said Mr. Casey doesn't take his job as state treasurer seriously, viewing it as a stepping stone to higher office. He also said Mr. Casey is coasting on his father's name, referring to the late Robert P. Casey, former governor of Pennsylvania.

If he seemed more informed at times, Mr. Santorum also seemed far more agitated, gesturing aggressively and trampling Mr. Casey's remarks more often than Mr. Casey returned the favor. He opened the debate wearing a smile, but quickly the smile became a frustrated scowl. Mr. Casey appeared more bemused than he did frustrated, except for a moment near the end of the debate, when he mustered his best teacher voice and cut off Mr. Santorum:

"Stop talking Rick, I've got a point to make."

Mr. Santorum seemed surprised, but recovered nicely: "It would be the first one today."

On Iraq, the candidates debated the merits of the recently publicized National Intelligence Estimate, which suggested that the invasion of Iraq is "shaping a new generation of terrorist leaders and operatives." Mr. Santorum was asked if the Iraq invasion made the Middle East more dangerous than before.

"Compared to what? Compared to had we done nothing? That's a classic Monday morning quarterback," Mr. Santorum said. The coupled U.S. invasions of Iraq and Afghanistan have helped, in his assessment, in reducing the global terror threat posed by al-Qaida and the version of Islam that breeds radical Sunnis.

"We haven't been attacked in five years," he said, speaking of the American homeland and not the 2,800 American troops who have died since the invasion.

"I think the National Intelligence Estimate tells a good part of the story," Mr. Casey replied. "That said very clearly that the war in Iraq has made it much tougher to take on the war against terrorism around the world. There's no question about that. Sen. Santorum just said that because of what happened in Iraq, we reduced the threat of terrorism -- that's not the truth. The National Intelligence Estimate contradicts what he just said."

The candidates' Iraq responses soon wandered into a parsing of the differences among special forces, special operations forces, and the U.S. Army Special Forces, informally known as the Green Berets. Mr. Rice, the moderator, had heard enough. "You're killing our timekeeper," he said, "and you're just trashing your own rules."

In his closing statement, Mr. Santorum dialed down the bullying while acknowledging it at the same time.

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"You can see from this debate -- I'm a passionate guy," he said. "I'm tough. I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me? ... I wasn't born into a family that had a great name."

He also touted his role in funding local VA hospitals, and keeping the Air Force Reserve's 911th Military Airlift Wing open in Pittsburgh, when it had been facing closure.

Mr. Casey wrapped up by acknowledging that this is "a very, very important Senate race for the country," something echoed by Democrats and Republicans across the United States, as well as political observers who view Pennsylvania's premier race as a bellwether for the nation.

"We can stay on the road that we've been on the last couple of years, the road of deficit and debt ... There's a very clear choice in this campaign."

Campaign Revised In Tennessee (WT)

By Brian Debose

The Washington Times, October 13, 2006

Chattanooga Mayor Bob Corker, the Republican candidate to replace retiring Senate Majority Leader Bill Frist, has retooled his campaign in an effort to regain his lead over Rep. Harold E. Ford Jr., Tennessee Democrat.

"We've made a number of enhancements to the campaign," said Corker campaign spokesman Todd Womack. "They are more about addition than subtraction ... adjustments to ensure that we win this election, and we will."

The new campaign chairman is Tom Ingram, a longtime political insider in the state who serves as chief of staff to Sen. Lamar Alexander, Tennessee Republican.

Mr. Corker also has hired a new media consultant, former EMI Records executive Fred Davis. The campaign has moved its headquarters from Chattanooga to Nashville, the state capital.

Democrats need to win six seats on Nov. 7 to reclaim their majority in the Senate, and see hope in Republican-leaning Tennessee.

The party seized on the Corker campaign shake-up.

"Corker is in disarray, shaking things up and hiring Hollywood media types instead of explaining things like why he's for staying the course in Iraq one day and against it the next," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee.

Mr. Ford yesterday received another boost: the endorsement of Frank Cagle, a leading conservative political analyst and editor of Knoxville Magazine.

The Republican National Committee and the National Republican Senatorial Committee are working to counter Mr. Ford's momentum by infusing Mr. Corker's campaign with new ads.

RNC Chairman Ken Mehlman will lead rallies in Murfreesboro and Franklin with Mr. Corker and Rep. Marsha Blackburn, Tennessee Republican.

Polls heavily favored Mr. Corker over the summer before trending for Mr. Ford. The latest polls show the candidates in a dead heat.

Two weeks ago, when Ben Mitchell was Mr. Corker's campaign chairman, he told The Washington Times that the campaign was comfortable with where it stood and noted that Mr. Ford "has yet to show above 45 percent in his own polling."

Things have changed since then.

The DSCC released a poll of 800 likely voters Tuesday showing Mr. Ford leading Mr. Corker by seven points, 51 percent to 44 percent, with a margin of error of 3.3 percentage points.

Hamilton Beattie & Staff conducted the poll for the DSCC from Oct. 2 to 4, during the height of the frenzy surrounding disgraced former Rep. Mark Foley, Florida Republican.

Polls conducted during that time showed a national trend against Republicans, which might have affected Mr. Corker.

A Survey USA poll of 537 likely voters for WBIR-TV Knoxville shows Mr. Corker leading with 48 percent and Mr. Ford with 46 percent, with a margin of error of four percentage points. The poll was conducted Saturday through Tuesday and released Wednesday. It still revealed a virtual dead heat in the race and more than 45 percent support for Mr. Ford.

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Steele Takes A Head-On Jab At His Party (WP)

By Ann E. Marimow

The Washington Post, October 13, 2006

Maryland Senate candidate Michael S. Steele, who often avoids mentioning his political affiliation in the overwhelmingly Democratic state, took one of his most direct swipes at his party in a new commercial yesterday while continuing to fault Democrats.

In the ad, Steele criticizes Republicans for creating an education policy "that teaches to a test," a reference to President Bush's No Child Left Behind law, and Democrats for putting "bureaucracy ahead of our kids."

"Some Republicans forget folks still climbing that ladder," he says, and Democrats "just raise their taxes."

Meanwhile, Rep. Benjamin L. Cardin is trying to use the lieutenant governor's own words to pin Steele to the unpopular president. In the Democratic candidate's latest 30-second spot, the announcer says, "Steele wants you to believe he'll follow his own convictions. The truth?" The screen then flashes to Steele onstage at the 2004 Republican National Convention declaring: "The standard-bearer of these convictions is George W. Bush."

Steele, the former chairman of the state Republican Party, has played down his party ties throughout the campaign. He has pledged to be a "bridge of steel" between Republicans and Democrats and has pointed out problems with Bush's signature education policy. His criticism of the president and his party became public in July after he acknowledged sharing it privately with reporters.

The ad marks some of his most direct public comments about the GOP. Like Steele, the state's last Republican senator, Charles McC. Mathias Jr., avoided talking about his party or listing it in his literature.

"What's unusual is that Steele has taken the next step," said John N. Bambacus, who teaches politics at Frostburg State University and managed Mathias's campaign in 1980.

Steele can afford to openly criticize his party, Bambacus said, because the GOP base has "nowhere else to go."

Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said many candidates are expressing dissatisfaction with official Washington.

Sen. Lincoln D. Chafee (R-R.I.) took a similar approach in one ad, saying, "I believe that neither Republicans nor Democrats are always right. I angered Republicans when I voted against the war in Iraq and Democrats when I voted for legal reform."

To Ronayne, Steele's critique is not surprising. "Michael Steele is an independent voice, and he speaks his mind," he said. "He's pointing out problems he sees in Washington on both sides."

As is independent candidate Kevin Zeese, who has the backing of the Green, Libertarian and Populist parties. He has tried to tap into voter dissatisfaction by offering himself as an alternative to the candidates from the two major parties.

With Republicans on the defensive nationally, Cardin has repeatedly tried to link Steele to Bush, noting his support for the Iraq war and for the president's veto of a bill to expand federal funding for embryonic stem cell research.

Cardin spokesman Oren Shur accused Steele of trying to "re-create himself" through the ad, saying, "Michael Steele is in lock step with the Bush agenda."

Steele spokesman Doug Heye, noting that he counted more than 100 references to Bush by Cardin during the candidates' debate this month, shot back, "This race is not about George Bush."

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 13, 2006

Burying the news

"Why is it that none of the major television networks or newspapers have managed to pay attention to the biggest real scandal of the 2006 campaign season, Senate Minority Leader Harry Reid's real estate shenanigans?" Jed Babbin asks at www.realclearpolitics.com.

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"According to [Wednesday's] AP report, Reid pocketed a $1.1 million windfall on the sale of some Las Vegas property he didn't own at the time of the sale. This makes Hillary Clinton's futures trading venture look like amateur hour. And it's time for conservatives to act because the biggest scandal is that the media are burying the story," Mr. Babbin said.

"According to the AP report, the deal was put together by Reid's longtime friend Jay Brown, '... a former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations.' Apparently Brown structured the deal so that Reid could transfer his ownership interest to Brown without disclosing it to the public. And here's the kicker: Reid didn't disclose the sale on his financial disclosure forms filed with the Senate.

"Not to make too big a deal of this, but falsifying that report — as Reid apparently did — is a federal crime. Under Title 18 US Code Section 1001, it's a false official statement. For which Reid could be sent to jail. If you're looking for this on tonight's network news or on the front page of tomorrow's New York Times (next to the newest revival of the Foley minutiae) you won't find it. There's ample time for Mark Foley, the discredited generals' revolt, and even the comprehensively discredited Lancet report on civilian casualties in Iraq. But cover a real scandal, with real misconduct that's punishable under federal criminal law?"

Never mind

A black leader who had accused Connecticut Sen. Joe Lieberman of lying about his civil rights record said yesterday that he accepted Mr. Lieberman's word that he marched with 1960s-era activists against segregation.

"It is true that he marched with Dr. King, but I believe Dr. King would be disappointed in his record as a senator over the past 18 years," said Henry E. Parker, a former state treasurer, in a statement released by the campaign of Mr. Lieberman's rival, Ned Lamont.

"I accept the fact that Sen. Lieberman provided documentation that he participated in the civil rights movement in the '60s," Mr. Parker added.

Earlier, the Connecticut Federation of Black Democratic Clubs, which includes 20 clubs, endorsed Mr. Lamont, a Democrat, and questioned whether Mr. Lieberman, who holds his seat as a Democrat but is running for re-election as an independent, had marched for civil rights. Mr. Lamont attended the event, the Associated Press reports.

Mr. Lieberman's campaign responded by producing a 1963 college newspaper clip that cites Mr. Lieberman's reporting from Jackson, Miss., about the arrests of civil rights workers. Mr. Lieberman was chairman of the Yale Daily News.

"Was I there?" Mr. Lieberman said Wednesday. "You bet I was there."

Test of leadership

"In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by House Speaker J. Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention," Dick Morris writes in the Hill newspaper.

"Will Bush be able to deal with the North Korean crisis? This is truly the moment for a test of his leadership," Mr. Morris said.

Soros' left hands

"In August 2004, according to [an] article in the liberal New Yorker, 'a clandestine summit meeting took place at the Aspen Institute, in Colorado's Rocky Mountains. The participants, all Democrats, were sworn to secrecy' and included five billionaires who 'shared a common goal: to use their fortunes to engineer the defeat of President George W. Bush in the 2004 election.' The wealthiest of these 'hard-core partisans' was George Soros, who had been a 'leading crusader for campaign-finance reform,' " Edward Whelan writes in National Review Online at www.nationalreview.com.

"Soros, through his Open Society Institute, provides support for the Aspen Institute, which runs various activities in support of its stated mission of '[fostering] enlightened leadership and open-minded dialogue.' Among these activities are its 'Justice and Society Seminars,' which often have federal judges as participants. The Aspen Institute has waived the steep seminar fee (currently up to $6,950) for participating federal judges, and also has covered their expenses for travel, lodging, and meals," said Mr. Whelan, president of the Ethics and Public Policy Center.

"Soros has also been a major funder of the Community Rights Counsel, a left-wing 'public interest law firm.' In addition to its activist litigation efforts, the Community Rights Counsel has been the most vocal opponent of educational seminars for judges

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operated by anyone other than federal bureaucrats or bar associations. Soros's left hand apparently knows what his other left hand is doing: The Community Rights Counsel has not criticized the Aspen Institute's seminars for judges. Instead, one of its primary targets has been the academic programs in economics, philosophy, and history offered by the George Mason University Law and Economics Center."

Five key races

The U.S. Immigration Reform Political Action Committee yesterday endorsed six Republicans and two Democrats for re-election to the Senate, as well as 10 challengers and two candidates running for open Senate seats.

The group's communications director, Phil Kent, singled out five Senate endorsements as especially critical because of the sharp differences among candidates on giving amnesty, Social Security and in-state tuition to illegal aliens.

The group backed Sen. Rick Santorum, Pennsylvania Republican, over Democrat Bob Casey Jr.; Maryland Lt. Gov. Michael S. Steele, a Republican, over Democratic Rep. Benjamin L. Cardin; Tom Kean Jr., New Jersey Republican, over Democratic Sen. Robert Menendez; Sen. Jim Talent, Missouri Republican, over Democrat Claire McCaskill; and Jan Ting, Delaware Republican, over Democratic Sen. Thomas R. Carper.

Nobel finalist?

Anti-war activist Cindy Sheehan says she is a finalist for the Nobel Peace Prize.

Mrs. Sheehan made the announcement Wednesday night in an Austin, Texas, bookstore while autographing copies of her new book, "Peace Mom," local ABC affiliate KVUE-TV reported. The station's Web site provided no further details.

Warner Nixes 2008 Bid (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch Warner, October 12, 2006

"While politically this appears to be the right time for me to take the plunge -- at this point, I want to have a real life." Former Gov. Mark R. Warner's decision not to run for president in 2008 scrambles politics in Virginia and beyond.

Warner's unexpected announcement yesterday could lead to a realignment of the Democratic presidential field, forcing moderates and Southerners to look elsewhere for an alternative to U.S. Sen. Hillary Rodham Clinton of New York, now considered the front-runner for the nomination.

It also could complicate Virginia politics. The popular Warner has made no secret of his interest in another term as governor. Should he seek the nomination in 2009, that could crowd a field that includes at least two prospects, both of whom badly lag behind Warner in name recognition and fund-raising ability.

House Democratic Caucus Chairman Brian J. Moran of Alexandria, who along with state Sen. R. Creigh Deeds of Bath is weighing a run for governor, said of Warner, "He'd be a wonderful governor if he chose to do that again."

Warner's decision, said Washington political analyst Stuart Rothenburg, "creates something of a vacuum" at the national level. Rothenburg said U.S. Sen. Evan Bayh of Indiana could get a boost; so might the party's vice presidential nominee in 2004, former U.S. Sen. John Edwards of North Carolina, as well as Govs. Bill Richardson of New Mexico and Tom Vilsack of Iowa.

MORE SLIDESHOWS

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Clinton, campaigning in Syracuse, N.Y., for a second Senate term, told The Associated Press she respects Warner's decision. She described it as "intensely personal," adding, "I hope we haven't seen the last of him in Democratic politics and on the national scene."

An enthusiastic all-but-official candidate for the White House since leaving Richmond nine months ago, Warner signaled that he also might consider the vice presidential nomination -- if offered -- or a U.S. Senate bid two years hence.

"It does not mean I'm not going to run for public office again," said Warner, who informed his staff of his decision at a 9 a.m. meeting yesterday but told some his closest allies in confidence earlier in the week.

Warner, a 51-year-old high-tech multimillionaire viewed by some handicappers as the Democrats' best chance for attracting Republican-leaning voters in the suburbs and the countryside, said his decision is personal, not political -- that he wants to spend more time with his wife, Lisa Collis, and their three daughters, one of whom is nearing college age.

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"If I'm not ready to put everything on the back burner, everything else -- family, friends, any other interest of mine -- then you shouldn't take this next step," Warner, who left the governorship with a 70 percent approval rating, said at a hastily organized news conference at The Jefferson Hotel.

He said he finalized his decision during a Columbus Day weekend trip to his parents' home in Connecticut.

Though he described politics as a "body-contact sport," Warner said he was not withdrawing out of fear of heightened scrutiny of his private life, his marriage and vast business interests. Nor was he swayed, Warner said, by punishing news coverage of another Virginia presidential prospect, U.S. Sen. George Allen, amid continuing claims the Republican is insensitive to race and ethnicity issues.

Warner, seated at the head of a long table in a private dining room crowded with reporters, aides and supporters, insisted his decision and its timing were driven by concern for family and friends -- that he wanted to prevent further disruption of their lives.

"That's not the way I hope I treat people," said Warner.

Elected governor in 2001 on a pledge of bipartisanship, Warner suffered significant setbacks in the Republican-controlled General Assembly before winning over moderate GOP lawmakers in 2004 for a $1.4 billion tax increase for schools, police and social services.

The feat, while widely supported by Virginians, also solidified Warner's image as a common-sense centrist who could pull votes in regions long off-limits to national Democrats -- the South, Midwest and West.

However, Warner was reminded of the continuing muscle of his party's liberal core in August, when U.S. Sen. Joseph I. Lieberman of Connecticut lost a primary in large part because of his support of President Bush's Iraq policy. That development apparently forced Warner to step up his criticism of President Bush's Iraq policy.

Warner laced through his remarks yesterday occasional digs at Bush, depicting him as more interested in political polarization than practical solutions to such issues as terrorism, Iraq and energy.

Ray Buckley, vice chairman of the New Hampshire Democratic Party, said he believed Warner could have won the state's first-in-the-nation primary, which in 1992 revived the candidacy of another moderate Southern governor, Bill Clinton of Arkansas.

"Right from the beginning, he had a strong and early buzz," Buckley said of Warner. "He was able to maintain a steady, positive buzz, which is phenomenal."

Forgoing a challenge this year to Allen for the Senate, Warner launched a political action committee, ForwardTogether, that was widely seen as a first step toward a national candidacy. The PAC raised $9 million, of which more than $7 million was steered to state and federal Democratic candidates who share Warner's agenda.

ForwardTogether will remain in business, though Warner conceded its fundraising power will fade with his retreat from presidential politics.

Warner traveled extensively, visiting five countries and 28 states. His active schedule generated considerable media attention, including cover stories in Newsweek and The New York Times Magazine as well as national television and radio.

Following his news conference yesterday, Warner departed for Iowa, site of the first presidential caucuses. Next week, he visits California.

"It has been an extraordinary nine months," said Warner. "This is the right decision." But Warner later acknowledged that, given his emphasis on family considerations in bowing out for 2008, "I understand that folks in the political world will question it."

Warner said the exploratory phase of his presumed candidacy had been so disruptive that he was spending only one or two nights a week at home. Also, Warner said, he managed to attend only half of one game of his daughters' many soccer, tennis and field-hockey matches.

"This was my decision -- this was not Lisa and the girls asking me not to run," said Warner.

Warner Rules Out Run For White House In 2008 (NYT)

By Jeff Zeleny And David Stout

The New York Times, October 13, 2006

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WASHINGTON, Oct. 12 — Former Gov. Mark Warner of Virginia, who has been traveling across the country for more than a year exploring a bid for the White House, said today that, after "a lot of reflection, prayer and soul-searching," he had decided not to seek the Democratic presidential nomination in 2008.

"I have decided not to run for president," Mr. Warner said in a statement, issued at a Richmond news conference, that immediately set off a scramble among other Democrats with presidential aspirations. He said his decision was based on family considerations, but he pointedly did not rule out another try for public office later on.

A centrist Democrat who has embraced some positions more commonly associated with Republicans, Mr. Warner has been widely regarded as an attractive presidential candidate, one who might run stronger in the South and other Republican regions than other Democrats. (For example, Senator John Kerry of Massachusetts, the 2004 Democratic nominee, did not carry any of the 11 states of the old Confederacy.)

Mr. Warner said the decision, which he described as one of the most difficult of his life, crystallized in the past several days.

"This past weekend, my family and I went to Connecticut to celebrate my dad's 81st birthday, and then we took my oldest daughter, Madison, to start looking at colleges," Mr. Warner said. "I know these moments are never going to come again. This weekend made clear what I'd been thinking about for many weeks — that while politically this appears to be the right time for me to take the plunge, at this point I want to have a real life."

Mr. Warner reached his final decision in the last 48 hours, according to two Democratic officials close to his political operation. He began alerting some of his top contributors on Wednesday evening and disclosed the news during a hastily-convened meeting with his staff today.

Mr. Warner, who finished his single term as Virginia governor in January, has spent the majority of his time since leaving office traveling to New Hampshire, Iowa and other key states in the presidential nomination process. His political action committee, Forward Together, was assembling the framework for a full-blown presidential campaign to be formed after the midterm elections. Mr. Warner had assembled a staff of 35 and raised close to $10 million.

"Everywhere I've traveled, I found hope that we could turn this country around," Mr. Warner said today. "That Americans are looking for leaders who at this moment of enormous challenge for our country can actually bring us together and get things done."

Mr. Warner said he was convinced that, regardless of the "depths of dismay" that he senses over the policies of President Bush, rank-and-file Democrats are energized as the elections approach. He said he would continue to work for James Webb, who is trying to unseat Senator George Allen of Virginia, the Republican incumbent.

As for the decision to remove himself from presidential politics, at least for the time being, one Democratic official friendly to Mr. Warner said: "He realized how hard this was going to be. He's a great general election candidate, but he thought he would have difficulty winning the primary."

Mr. Warner, 51, was seen as one of the leading alternatives to Senator Hillary Rodham Clinton, Democrat of New York. More than a half-dozen other Democrats are seriously considering jumping into the race, and Mr. Warner's decision touched off quick responses from top Democratic prospects and contributors. Senator Evan Bayh, a centrist from Indiana, cancelled a day of fund-raising in California to begin telephone calls in hopes of rounding up some of Mr. Warner's supporters and contributors.

Other Democrats who are regarded as likely candidates in 2008 include Senator Kerry; his running mate, former Senator John Edwards of North Carolina; Senators Joseph R. Biden Jr. of Delaware, Christopher Dodd of Connecticut and Russell D. Feingold of Wisconsin, and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico. Democrats speculated today that Mr. Warner's sudden departure could put new pressure on others who have so far resisted entering the race for 2008, in particular Senator Barack Obama of Illinois and former Vice President Al Gore.

The decision by Mr. Warner, party officials said, does not remove him from the short list for vice presidential running mates, regardless of who wins the Democratic presidential nomination. Nor, given his youth, does it rule out a future presidential run, although he indicated more interest today in perhaps running for the Senate or for governor again. In Virginia, the governor cannot serve consecutive terms, but there is nothing to prevent an ex-governor from running again.

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Mr. Warner emphasized that he was not forgoing a White House bid because of pessimism about his chances. “I can say with complete conviction that, 15 months out from the first nomination contests, I feel we would have had as good a shot to be successful as any potential candidate in the field,” he said in Richmond.

In an interview later, he acknowledged that the wide-open state of the race was tempting. “It’s hard to figure out another time when there would be as good an opportunity as now,” he said.

“My decision does not in any way diminish my desire to be active in getting our country fixed,” Mr. Warner said. “It doesn’t mean that I won’t run for public office again.”

Mr. Warner first ran for office in 1996, losing to Senator John W. Warner, the Republican incumbent. (The two are not related.) Should Mr. Warner opt to run for the Senate, he might try for the seat now held by Mr. Warner, who will turn 80 in February and whose term (his fifth) is up in 2008.

In his 2001 campaign for governor, Mr. Warner opposed new gun-control laws and managed to persuade the National Rifle Association to remain neutral — in effect, a victory for a Democratic candidate, according to The Almanac of American Politics. He also called himself a “fiscal conservative” and pledged not to raise taxes. He stuck to that no-tax increase pledge until about halfway through his term, when the state’s fiscal realities compelled him to go along with some increases.

Mr. Warner has displayed the kind of entrepreneurial spirit that many Republicans revere. In the early years of the cell-phone industry, he assembled investor groups and packaged their cell-phone license applications in return for fees and ownership stakes. By 2001, his net worth was estimated at $200 million, according to the almanac.

Former Virginia Governor Won't Run For President In '08 (WVEC)

By Bob Lewis

AP Warner, No ’08 Bid, October 13, 2006

Former Gov. Mark R. Warner has decided not to run for president in 2008, saying he wanted "a real life" and feared the impact of a drawn-out campaign on his family.

"This is the right time for me in my life to have a life for a little while," Warner told reporters at a downtown Richmond hotel.

The Democrat, 51, would not rule out running for the Senate or seeking the governorship again; the state bars incumbents from seeking re-election. He also left open the possibility of a future presidential bid, but conceded: "Things will probably never be as aligned as they are right now."

Warner said he arrived at his decision over several weeks. He said neither his wife, Lisa Collis, nor his daughters, ages 12, 15 and 16, discouraged him from running. In a written statement, he said he made the decision after celebrating his father's 81st birthday and taking his oldest daughter on a college tour.

"I know these moments are never going to come again," Warner said. "This weekend made clear what I'd been thinking about for many weeks — that while politically this appears to be the right time for me to take the plunge, at this point I want to have a real life.

"And while the chance may never come again, I shouldn't move forward unless I'm willing to put everything else in my life on the back burner," he said.

Since Warner left the governor's office in January, he has busily toured key states in the Democratic nomination process, including New Hampshire and Iowa. His political action committee, Alexandria-based Forward Together, has raised money for Warner's exploratory effort and for other Democratic candidates in this year's midterm elections.

"This is not a choice that was made based on whether I would win or lose," Warner said in his statement. "I can say with complete conviction that 15 months out from the first nomination contests, I feel we would have had as good a shot to be successful as any potential candidate in the field."

Warner leaves a crowded field of possible Democratic candidates.

Sen. Hillary Clinton of New York is widely considered the front-runner for the nomination. Others considering or positioning themselves for a run include Sen. John Kerry of Massachusetts, the 2004 Democratic nominee; former Sen. John Edwards of North Carolina, the vice presidential nominee two years ago; Sens. Evan Bayh of Indiana, Joe Biden of Delaware, Christopher Dodd of Connecticut, Russ Feingold of Wisconsin, Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson.

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"He's obviously been thinking about it quite hard and concluded, as he said in his statement, that this wasn't the right time for him and his family," Clinton said while campaigning in Syracuse, N.Y. "He's been a tremendous public servant, and I hope we haven't seen the last of him in Democratic politics and on the national scene."

Warner, a centrist who had won in a Republican-leaning state, was seen as a viable Democratic alternative to Clinton. Just last week, Warner traveled to Florida, a critical battleground state, to raise money and help other Democrats. He talked about how his ability to work with Republicans could appeal to Democratic primary voters.

"We have to really get it right and getting it right will require big enough change that it can't be a Democrat-only answer or a Republican-only answer." Warner said. "I think people ... even though they are hardcore Democratic activists, get that."

During his tenure as governor, Warner's approval rating was in the mid-70s in a state that hasn't supported a Democratic presidential nominee since 1964. His lieutenant governor, Timothy M. Kaine, rode that popularity last year to replace Warner, who left because of the state's one-term limit.

Kaine, who learned of Warner's decision late Wednesday night, said he knew Warner had serious, personal reservations about running.

"I wasn't completely surprised ... when he told me. We had talked a little bit over a couple of months, and I knew he was very legitimately wrestling with that question and hadn't resolved it in his own mind," Kaine told reporters Thursday afternoon.

Warner could be considered for a vice presidential spot. Another possibility would be Sen. John Warner's seat in 2008. The five-term senator — no relation — is 79.

Mark Warner was elected governor in 2001, defeating Republican Attorney General Mark Earley. The former state Democratic Party chairman, who made a fortune in the infancy of the cellular telephone industry, had never held elected public office.

After a difficult start with a Republican-controlled General Assembly, Warner in 2004 brokered a compromise between Democrats, moderate senators and 17 House Republicans to pass a budget-balancing $1.4 billion tax increase. The tax increase was widely regarded as the signature initiative of his four-tear term.

Warner then returned to private business.

Warner Won't Make 2008 Run For President (WP)

By Michael D. Shear

The Washington Post, October 13, 2006

RICHMOND, Oct. 12 -- Former Virginia governor Mark R. Warner unexpectedly announced Thursday that he will not seek the Democratic nomination for president in 2008, citing the personal toll a run for the White House would have on his family.

Before Thursday, all signs pointed to a Warner candidacy. His repeated trips to Iowa, New Hampshire and other states with early primaries were largely successful, as voters greeted him with interest. He had raised $9 million for his political action committee. And he was positioning himself as a moderate alternative to another potential candidate, Sen. Hillary Rodham Clinton (D-N.Y.).

But Warner said Thursday that he had decided in the past few days that a presidential campaign would interfere with his family life even as his eldest daughter is starting to look at colleges. He said he did not want to put his "real life" on hold for the next two years.

"This moment in life is not the right time for me," Warner, 51, told reporters at the Jefferson Hotel in Richmond. "When and where, I don't know right now. But I guarantee you'll see me. I'm not going away from being involved in how we get our government fixed."

Warner, a millionaire and a founder of Nextel (now Sprint Nextel), insisted that he was not running away from scandal. "Politics is a body contact sport at this point," Warner said. "But, no, that was not [a consideration]. I understand folks in the political world will question it."

Warner's announcement stunned a growing cadre of political consultants, donors and volunteers in Virginia and elsewhere who were convinced that he would soon reveal plans to compete for the Democratic nomination. Not long ago, it appeared that Virginia could have a presidential candidate from each major party. Now, Warner is out, and Sen. George Allen (R) is in a close

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reelection campaign, and questions of racial insensitivity may have damaged his presidential aspirations, according to many GOP analysts.

Warner, who has been grappling with the decision for weeks, said he made up his mind during a Columbus Day weekend with his wife, three daughters and 81-year-old father in Connecticut. But the timing -- Warner made another trip to Iowa on Thursday -- left everyone in his political orbit struggling to understand.

Advisers who were in his kitchen cabinet when he was governor were shocked by the decision during a conference call Wednesday night; they had been told initially that Warner wanted to discuss "strategy." Several of his staff at Forward Together, the political action committee that was being fashioned into a full-blown presidential campaign, burst into tears when he told them at 9 a.m. Thursday. Word of Warner's plans soon leaked out.

"Everyone's devastated," said John Graham, his chief operative in New Jersey. "Why would a person pull out this fast? Is there something we don't know? Maybe he's not ready emotionally. All I ever said to him was, 'You're running, right?' And he said, 'Yes, I am.' "

Virginia Republicans, too, said they were surprised. But the decision prompted a bit of quiet celebration among GOP leaders who had watched Warner capitalize on his state tenure to run for national office.

"I've never really understood where the substance was," said Del. M. Kirkland Cox (R-Colonial Heights), who battled Warner's successful 2004 plan to raise taxes to pay for a growing government. "He's a guy whose only real legacy was raising taxes."

Warner rejected the idea that he was afraid he would lose to Clinton or one of the other as-yet-unannounced Democrats who could contest the nomination.

"Things will probably never be as aligned as they are right now," said Warner, who left office in January. "I bring a real desire to learn. I think I bring a tremendous curiosity. I think I bring a willingness to acknowledge when I'm wrong. Those three traits alone make me different from [President Bush]. Whether I had the experience and preparation to take on this challenge and then this job, I feel absolutely confident."

But that confidence -- a trait that some called unshakeable during Warner's four years in Virginia's executive mansion -- was apparently not enough.

Warner said his wife, Lisa Collis, and daughters, Eliza, 12, Gillian, 15, and Madison, 16, were ready to support a White House run. But he said that his wife was never enthusiastic and that his children were "excited" when he made his final decision.

"Lisa went from negative to neutral," Warner said of his wife's attitude in the past year. "They would have been supportive. They did not ask me not to pursue this."

A Democratic nominee could still ask Warner to run for vice president. That happened to Walter F. Mondale, who dropped out of the 1976 contest and ended up as Jimmy Carter's vice president.

Warner could also run for his old job again. Virginia law does not allow sitting governors to run for reelection, but it does allow them to seek the office again after a four-year hiatus. Warner, who left office with record-high approval ratings, has said repeatedly that he might want the job back someday.

Warner's statement that he will consider elective office in the future also shook up Virginia politics even as the state is watching another battle between Allen and Democrat James Webb.

Democrats who have been taking the first steps toward running for the U.S. Senate in 2008 or the governorship in 2009 now have to contend with the possibility that Warner will want one of those two jobs.

"There is a potential gorilla in the race," said former lieutenant governor Donald S. Beyer (D), who served for a year as finance chief of a possible presidential bid by Warner.

Beyer, the owner of a chain of car dealerships in Northern Virginia, jokingly offered Warner a job as a mechanic if he needed one. But Beyer, a longtime friend, sounded weary and exasperated.

"All of us who were deeply and emotionally invested in him are very disappointed," Beyer said. "There's nobody in the United States better positioned to be president. But I think we all very much respected his desire to have a real life."

Warner's year-long dalliance with a run for the presidency has had its ups and downs.

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Warner has been highly successful at fundraising, tapping into the venture capital community, in which he made his fortune, and topping most of the other Democratic hopefuls except Clinton. That ability helped propel him to the top of many lists of White House contenders in 2008.

His political action committee raised more than $9 million and distributed $7 million to candidates for federal and state office. It also paid for 67 trips to 28 states and five countries. His frequent trips to Iowa and New Hampshire were stirring curiosity among voters.

"We all believe that he was in a strong, strong position to be a very lead contender in winning the primary," said Ray Buckley, vice chair of the New Hampshire Democratic Party. "Often, somebody's hot one month, and then it's somebody else. For Warner to now have that buzz for 12 months was phenomenal."

But there have been difficulties as well. The New York Times Magazine put a tight, unflattering picture of Warner's face on the cover, prompting snickers. And national polls have consistently listed him as the choice of 1 or 2 percent of voters, indicating how far Warner would have to go to build recognition.

And despite Warner's belief that his brand of politics would appeal to the entire Democratic Party, pundits said his biggest challenge would be selling a moderate, bipartisan message to Democratic primary voters, especially at a time when Democrats are hungry to topple the party that will have been in power for eight years.

"I think he concluded that he couldn't win the Iowa caucuses," said one Democrat who declined to be named because he is supporting another Democratic presidential contender. "He wasn't getting any traction out there."

Geoff Garin, Warner's pollster, disputed that opinion. He said research and polling suggested that Democrats of all stripes were receptive to Warner's message.

"Every single political consideration would have had him running. There was an almost magical marriage here between the man and the moment," Garin said. "Even among those who dislike Bush the most, they want a candidate who is about hope for the future rather than just voicing their anger."

Why Did Mark Warner Quit? (TIME)

By James Carney

Time, October 13, 2006

Whenever a politician delivers an emotional speech announcing his withdrawal from the field of politics, and then cites as his reason a desire to spend more time with his family, it's a safe bet he's lying. Men who have spent years sacrificing family on the altar of ambition don't suddenly wake up one morning and decide they've had their priorities all wrong. The truth is usually elsewhere, and elsewhere is often a less than savory place.

But not always. When Mark Warner dropped out of the 2008 presidential race Thursday, the former Virginia governor shocked a lot of people, beginning with the many Democratic professionals and activists who fervently believed he would make both a strong candidate and a good president. "It's definitely a blow," says Jim Jordan, a Democratic operative who had signed on to help Warner's run for the White House. For Jordan, and others like him in both Washington and places like Iowa, New Hampshire and South Carolina, Warner's credentials as a popular former Democratic governor of a Republican state—and, prior to that, a hugely successful venture capitalist—made him the Democratic Party's best hope to capture independent and swing voters in a 2008 general election.

In the competition to be the un-Hillary, Warner had risen to the top. He was doing everything right as he positioned himself to run for the presidency— raising buckets of money for other Democrats, schmoozing activists in key primary states, winning lots of positive reviews in the press. Although the prospect of competing with Senator Clinton for the nomination is daunting for any Democratic candidate, Warner had firmly established himself as a top tier alternative. If anyone was in a position to topple Hillary, or to benefit if she chose not to run, it was Warner.

And yet he says he woke up Monday morning and decided he had his priorities all wrong. After a weekend that included celebrating his father's 81st birthday and touring colleges with the eldest of his three daughters, Warner began telling close staffers and supporters that he planned to drop out. "I know these moments are never going to come again," Warner said today.

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"This weekend made clear what I'd been thinking about for many weeks—that while politically this appears to be the right time for me to take the plunge—at this point, I want to have a real life."

Perhaps there's a hidden truth that belies Warner's simple explanation a skeleton in a closet that was about to get the kind of rummaging that only a presidential campaign can bring. But the known evidence suggests he is being honest. Those close to him say that even though his wife and daughters were willing to support a presidential run, he felt guilty about missing so much of his children's lives for the sake of pursuing political office. A fiercely ambitious man, he discovered something he didn't expect when he asked himself how badly he wanted the ultimate prize: ambivalence.

Warner Bows Out Of White House Bid, Leaving Crowded Field Of Democrats (BG/AP)

By Liz Sidoti

The Boston Globe, October 13, 2006

WASHINGTON --Mark Warner's decision Thursday to bow out of the early presidential race leaves a field still crowded with Democrats competing to be the most attractive alternative to front-runner Sen. Hillary Rodham Clinton.

Fifteen months before the first vote is cast in a presidential primary, the departure of the centrist Democrat and former Virginia governor alters the dynamics of a race still taking shape. The lineup for 2008, however, remains largely the same -- Clinton and about a dozen others.

"It's good for Hillary. Anytime a serious contender drops out that helps the front-runner," said Steve Elmendorf, the deputy campaign manager for Democrat John Kerry's 2004 presidential campaign. "Warner would have been, perhaps, the strongest, or certainly one of the strongest candidates, to become the anti-Hillary. This also will help somebody who's looking at that role."

Like several other Democrats, Warner maneuvered to become Clinton's strongest challenger and used his Forward Together committee to lay the groundwork for a presidential run after leaving the governor's office in January because of Virginia's one-term limit.

"I respect his decision. It's such an intensely personal decision," Clinton said in Syracuse, N.Y., during a campaign appearance for her 2006 Senate re-election race. "He's been a tremendous public servant, and I hope we haven't seen the last of him in Democratic politics and on the national scene."

Other rivals also offered similar praise. Warner's exit could help some distinguish themselves from the pack.

The field of centrist Democrats from Republican-held states has winnowed to Sen. Evan Bayh, a former Indiana governor, and Iowa Gov. Tom Vilsack. Former Sen. John Edwards of North Carolina, the Democrats' vice presidential candidate in 2004, now is the only Southerner left in the field.

Edwards, Vilsack and New Mexico Gov. Bill Richardson could be more attractive to voters looking for a candidate who works outside of Washington.

Others expected to run include Kerry, D-Mass., and Democratic Sens. Joe Biden of Delaware, Russ Feingold of Wisconsin, and Christopher Dodd of Connecticut.

It's also possible that Warner's exit could encourage more Democrats to jump into the mix, such as first-term Sen. Barack Obama, D-Ill. His appearance in Iowa at an annual Democratic gathering last month stoked talk of a presidential run.

For much of the year, Warner has traveled the country to raise money for and campaign with the party's candidates in this fall's congressional election while determining whether to enter the race to succeed President Bush in 2008.

"This has been a remarkable journey and I've got no regrets at all," Warner said in Des Moines, Iowa. He attended a fundraiser for state legislative candidates just hours after announcing he would not run for president.

Considered a serious contender, Warner leaves behind what he called "a very strong field." He said he would endorse whoever gets the nomination and would not rule out endorsing a candidate before then.

"I will support them," Warner said. "At some point I may weigh in and get involved with one of these candidates. But that's a decision made far down the line for me."

The 51-year-old Southerner was well-received in visits to early primary states of Iowa and New Hampshire by Democrats hungry for a fresh face. A centrist Democrat, Warner had proven he could win in a Republican-leaning state. Also appealing to

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supporters was his skills as a campaigner, his ability to raise millions of dollars -- $9 million as of Aug. 31 -- and his leadership experience in both the private and public sectors.

"He fit the description of new blood, new energy," said Donna Brazile, who ran Democrat Al Gore's 2000 presidential campaign.

In the end, Warner exited the race even before he had officially entered it, fearing the impact of a full-blown campaign on his wife, Lisa Collis, and his daughters, age 12, 15 and 16. He made his final decision, he said, after taking a few days off to celebrate his father's 81st birthday and tour colleges with his eldest daughter.

"At this point, I want to have a real life," Warner said in a statement.

The Democrat could be considered for a vice presidential slot and would not rule out running for the Senate or seeking the governorship again, which is permitted under state law. He also left open the possibility of a future presidential bid but acknowledged to reporters in Virginia: "Things will probably never be as aligned as they are right now."

Bill Carrick, a Democratic strategist in California, said every candidate will now say my chances are better because there's one less serious contender.

"I also can't help but note that this is the second presidential candidate from Virginia to be eliminated this year -- one voluntarily, one involuntarily," Carrick said.

That was a reference to Republican Sen. George Allen. His presidential chances have all but disappeared as he fights to keep his political career alive after several missteps in his Senate re-election race.

Warner Will Not Run For President In '08 (WT)

By Christina Bellantoni And Seth McLaughlin

The Washington Times, October 13, 2006

Former Virginia Gov. Mark Warner yesterday stunned state and national Democrats when he announced he will not run for president in 2008 so he can spend more time with his family.

The one-time rising star of the Democratic Party had been exploring a White House bid since before he left office in January, making frequent visits to Iowa and New Hampshire and giving generously to national candidates.

Mr. Warner said "weeks of contemplation, soul-searching and an awful lot of prayer" convinced him the pressures of a national campaign weren't fair to his family -- wife Lisa Collis and daughters -- 12, 15 and 16. But he didn't rule out seeking the vice presidency two years from now, or running for governor again.

"While politically this is the right time, it's not the right time in my life," said Mr. Warner, 51. "I want to have a real life because these moments with my family won't come again."

"It came down to the fact that if I wasn't ready to put everything else in my life -- my family, my friends, any other interests -- on the back burner, then I shouldn't do this," he said.

The loss of a centrist Democrat from a southern state when former first lady Sen. Hillary Rodham Clinton is the presumed 2008 front-runner throws a wrench into the presidential primary contest.

Bloggers and party activists worried the remaining contenders don't have a resume as impressive as Mr. Warner's that could beat Mrs. Clinton, a New York Democrat many call polarizing.

"All Democrats are jockeying for a single position -- to be the alternative to Hillary -- and Warner was the moderate alternative,"said Robert D. Holsworth, dean of the College of Humanities and Sciences at Virginia Commonwealth University. "This helps Hillary because it takes away a contender who was successful in the money race."

Known for his toothy grin and hands-on style, Mr. Warner had been telling his friends for months he still hadn't made a decision about 2008, despite his fundraising and organized campaign.

During a visit with his 81-year-old father in Connecticut last weekend, Mr. Warner toured colleges with his oldest daughter, and realized it was time to announce he won't embark on a presidential campaign.

Yesterday, Mr. Warner lamented that toward the end of his daughters' soccer, field hockey and tennis seasons, he has seen "half of one game." He has spent the year traveling the country, with 86 events in 25 states.

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Mr. Warner's political action committee, Forward Together, raised $9 million this year, more than any other federal PAC. He gave $7.3 million this year to candidates nationwide.

Mr. Warner said yesterday he has "complete conviction" he "would have had as good a shot to be successful as any potential candidate in the field."

The blogs exploded with the news, and some pondered whether Mr. Warner had cut a deal with Mrs. Clinton to become her running mate. Others wondered if there was a scandal brewing, a theory Mr. Warner quickly squashed.

Mr. Warner wasn't shy about his interest in the U.S. Senate seat held by Republican Sen. John W. Warner, who is likely to retire in 2008. "I have a lot of public service left in me; what form that takes, time will tell," he said.

Mr. Warner, who left the governor's office with a nearly 80 percent popularity rating, also could decide to run for the state's top office again in 2009. Virginia law bars chief executives from seeking consecutive terms.

Mr. Warner's 2001 election in a heavily Republican state gave national Democrats hope in the South, wooing rural voters with a bluegrass campaign tune and a NASCAR sponsorship.

Despite pushing a $1.38 billion tax package through Virginia's Republican-controlled legislature in 2004, Mr. Warner's popularity skyrocketed. That year, he was considered as a vice-presidential contender.

He further bolstered his credentials when he helped his lieutenant governor, Democrat Timothy M. Kaine, win the governor's race last fall. At the end of last year, Mr. Warner officially began work on his PAC at a gala in Tysons Corner.

Yesterday's announcement shocked some of his confidants and staff, several of whom were visibly shaken at the PAC's headquarters in Old Town Alexandria. The PAC will continue through the Nov. 7 elections, sources said.

Mr. Warner also kept plans to campaign for a Democratic candidate in Iowa, and next week will campaign in Virginia with James H. Webb Jr., the Democratic nominee for U.S. Senate.

Delegate Brian J. Moran said he was disappointed with the decision because Mr. Warner had an attractive record. "He would have made a great president," the Alexandria Democrat said.

A former telecommunications executive and millionaire, Mr. Warner ran a campaign known for innovation. When a cell phone interrupted his campaign speeches he would smile and say, "You hear an annoying ring, I hear ka-ching, ka-ching."

He often brought crowds to their feet with his talk of centrist politics and the importance of global competitiveness. He also was known to unwind with a martini after campaign events, rolling up his sleeves and talking strategy.

Warner's Exit A Boon For Clinton '08 Rivals (NSDY)

By Glenn Thrush

Long Island Newsday, October 13, 2006

WASHINGTON -- Former Virginia Gov. Mark Warner had been touted to be the moderate "anti-Hillary" candidate in the 2008 Democratic presidential mix, but now his stunning exit has created an opening for another would-be Clinton-slayer: John Edwards.

After raising $9 million and assembling a campaign team, Warner called it all off in Richmond Thursday, telling reporters he needed to spend more time with his family. "While politically this appears to be the right time for me to take the plunge, at this point I want to have a real life," he said.

On its surface, Warner's departure helps Sen. Hillary Rodham Clinton, who won't have to face an indefatigably upbeat Red-state centrist millionaire who isn't nearly as polarizing as the former first lady.

But his exit may be an even bigger boon to 2004 vice presidential candidate John Edwards, even though the former North Carolina senator is more liberal than Warner.

Edwards was the big winner when the Democratic National Committee voted to squeeze the Nevada caucuses into the January 2008 primary calendar between the Iowa caucuses and the New Hampshire primary. The former North Carolina senator, who is running strongly in early Iowa polls, has the inside track on Las Vegas hotel and food service union endorsements, giving him a chance in Nevada despite Clinton's juggernaut fundraising operation.

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"Mark Warner's departure confirms John Edwards as the most credible candidate to challenge Sen. Clinton," said Leo Hindery, a top New York City donor who backed Edwards in 2004. "The combination of his strength in the early primaries, plus Mark Warner stepping aside really changes things."

Another beneficiary of Warner's decision is Indiana Sen. Evan Bayh, a moderate whose views are closer to Warner's. "Bayh is the best positioned to inherit the Warner support because he's the closest thing to a centrist in the field," said Larry Sabato, a politics professor at the University of Virginia who follows Warner's career closely. "Edwards isn't a moderate. He's been running on poverty and left-wing issues."

But the big winner in 2008 just might be Mark Warner himself. By pulling out of a race he might have lost anyway, Warner is positioning himself as the perfect vice presidential pick, regardless who wins the Democratic nomination.

"He was always a better vice presidential candidate anyway. ... He's a bridgehead to the South," said University of Maryland political science professor Ronald Walters, a former Democratic operative. "He can give them some hope of winning Virginia, which no one else could do."

Democrat Mark Warner To Skip '08 White House Race (USAT)

By Jill Lawrence

USA Today, October 13, 2006

WASHINGTON — Former Virginia governor Mark Warner's surprise decision Thursday to skip the 2008 presidential race opened opportunities for several Democratic prospects angling for the same red-state niche.

Warner, who has three daughters ages 12 to 16, said family considerations drove his decision. The time for a presidential run seemed right politically, he said in a letter to supporters, but "at this point, I want to have a real life."

By his own account, Warner made 67 trips to 28 states and five foreign countries as he explored the race. He headlined 86 events in 25 states to help his party and its candidates and raised or contributed $7.3 million for 2006 campaigns. He repeatedly visited Iowa, New Hampshire and South Carolina, states that lead off the nominating process. He even rated a cover story in The New York Times' Sunday magazine.

Kathy Sullivan, chairwoman of the Democratic Party in New Hampshire, said "there was a lot of interest" in Warner because he had been a successful, centrist governor in a conservative state and was perceived as electable nationally.

She said his exit probably would help Indiana Sen. Evan Bayh, a moderate ex-governor, "more than anybody." Former North Carolina senator John Edwards, the party's 2004 vice presidential nominee, could also benefit, Sullivan said. Like Virginia, their states usually back Republicans for president.

Bayh was on the phone Thursday courting Warner supporters, spokesman Dan Pfeiffer said. The pre-eminence of New York Sen. Hillary Rodham Clinton, the strongest Democratic prospect as measured in polls and fundraising, was a formidable challenge for Warner and remains one for Bayh and the rest of the field.

Warner said his decision "doesn't mean that I won't run for public office again." He could end up as the 2008 vice presidential nominee. Other options include a Senate run in 2008, when GOP Sen. John Warner's term ends, or another bid for governor in 2009. Mark Warner had high ratings when he left office in January, but under state law could not run for a second consecutive term.

Gov. Tim Kaine, who served as Warner's lieutenant governor and has known him since law school 25 years ago, said Warner expressed his concerns about the demands of a national campaign on "Good Friday in Richmond and we've talked about it since. I knew he was wrestling with this."

Warner said he spent last weekend celebrating his father's 81st birthday and taking his oldest daughter to look at colleges. "I know these moments are never going to come again," he said.

Democrats Work To Fill Ideological, Electoral Void (WP)

By Chris Cillizza

The Washington Post, October 13, 2006

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Former Virginia governor Mark R. Warner's decision to bow out of the 2008 Democratic presidential race yesterday left the remaining candidates scrambling to fill the ideological and electoral void left by the candidate long considered a leading alternative to Sen. Hillary Rodham Clinton's presidential bid.

The most obvious Democrat to benefit from Warner's surprise announcement, in the view of many party strategists, is Sen. Evan Bayh (Ind.). He cleared his schedule yesterday to make phone calls to donors and party activists who had tentatively signed on with Warner for 2008 and are now free agents.

Warner's anticipated campaign was to be built around the notion that in an age of polarized politics, many voters are eager for a leader focused on reaching across partisan barriers for solutions to big problems. The former technology executive talked often about his experience in Virginia; he had won a state where Republicans had easily won the governorship in the previous two elections and went on to persuade the GOP-controlled legislature to pass a tax increase he called necessary to the financial solvency of the commonwealth.

That rÃ©sumÃ© -- coupled with his personal wealth -- had elevated him as a preferred choice among many Democrats who believe that Clinton (N.Y.) will not be electable in 2008.

"This is disheartening information to Hillary-alternative Democrats," said Thomas F. Schaller, a professor of political science at the University of Maryland at Baltimore County.

Some party strategists suggested that the greatest opportunity for a Democrat seeking to be the anti-Clinton alternative will -- unlike Warner's canceled candidacy -- emerge on the ideological left.

"I just don't think there is any oxygen in this race for the space that Warner was looking to occupy -- that being the moderate, establishment, electable, successful, business-entrepreneur-turned-one-term governor," said Chris Lehane, an experienced Democratic operative.

Clinton has carefully hewed to the ideological center in her six-year Senate career, building a record of working across party barriers. Her positioning is not without risk, however, as exemplified by the resentment toward her among many activists in the party's liberal wing because of her 2002 vote supporting the Iraq war and her unwillingness to set a date for withdrawal of troops.

"The bulk of the people running are going to run to the left of her, not the center," said Douglas Sosnik, a former Clinton White House aide and a personal adviser to Warner.

If Warner's decision shifts the 2008 center of gravity leftward, the candidate best positioned to capitalize on the change may be former senator John Edwards (N.C.), the Democratic vice presidential nominee in 2004. Since leaving the Senate at the end of that year, Edwards has apologized for his 2002 vote authorizing President Bush to use force in Iraq and he has called for the immediate withdrawal of U.S. forces. He has also courted organized labor, which remains a key Democratic constituency in nomination contests.

Other names touted as potential liberal alternatives include Sen. Barack Obama (Ill.), who recently made his first visit to Iowa, and former vice president Al Gore.

Many within Warner's own inner circle, however, believe that his message of centrist politics leaves a void for someone with a similar philosophy.

"People responded to his leadership style. This was a different way to think about leadership," said Monica Dixon, the head of Warner's Forward Together PAC and one of his leading campaign strategists.

On paper, Bayh most closely resembles Warner in both ideological profile and governing style. Both are former governors of Republican-leaning states who have spent much of their time in office working with members of the rival party to provide solutions.

In nearly every speech, Bayh emphasizes that he was twice elected governor of Indiana before being elected -- and reelected to the Senate. The not-so-subtle message of those speeches is that Bayh represents his party's best chance of being competitive in Republican-leaning states.

Seeking to quickly capitalize on Warner's decision, Bayh spent the day reaching out to jilted Warner backers -- making the argument that his campaign is a natural landing spot for them. In a statement released yesterday Bayh praised Warner as "an exceptional public servant, a great leader, and an influential voice in the Democratic Party."

Outgoing Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson are also positioning themselves as moderates in the 2008 field. They gain some residual benefit from a Warner-less field, said party strategists not aligned with either candidate.

"Primary voters are all handicappers," said Matt Bennett, co-founder of Third Way, a group of moderate Democrats. "They try to pick the guy who can win."

2008 Race Just Got Hazier For Democrats (LAT)

By Maura Reynolds

The Los Angeles Times, October 13, 2006

WASHINGTON — In a surprise decision that reconfigures the race for the 2008 Democratic presidential nomination, former Virginia Gov. Mark Warner announced Thursday that he would not run, saying he was unwilling to put his family second to a presidential campaign.

Warner, a centrist Democrat from a Republican-leaning Southern state, was considered by many Democratic strategists to be the strongest potential rival to Sen. Hillary Rodham Clinton (D-N.Y.), the early front-runner for the nomination.

His decision opens the field for other candidates hoping to present themselves as centrists, including Sen. Evan Bayh (D-Ind.), Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson.

"The great dynamic in this race is: Who are the one or two others in the pack who can break out and challenge Sen. Clinton?" said Simon Rosenberg, founder of the New Democrat Network, an organization that promotes progressive candidates.

"This benefits all the people who are going to be challenging Hillary."

Warner's stature among Democrats was based less on his nationwide visibility — he polled in the single digits — but more on the centrist record he built as governor.

He left office earlier this year with high approval ratings from Democrats and Republicans.

"The idea [is] that the way that Democrats win the White House is to nominate somebody who has won election in a red state," said Jennifer Duffy, a political analyst at the nonpartisan Cook Political Report. "He had a very successful term. He had a lot to brag about."

Warner dismissed speculation that his decision was based on any liabilities he would have had as a candidate.

"I can say with complete conviction, 15 months out from the first nominating process, I think I would have as good a shot as any of the potential candidates in the field," he told reporters in Richmond, Va.

Instead, Warner, 51, said that after four years of putting his personal life on hold as governor, he wanted to spend more time with his three teenage daughters.

"While politically this appears to be the right time for me to take the plunge, at this point I want to have a real life," Warner said. "And while the chance may never come again, I shouldn't move forward unless I'm willing to put everything else in my life on the back burner."

The announcement surprised many Democrats because Warner had been working assiduously since he left office to build a campaign war chest and political organization.

He had raised more than $9 million and made repeated trips to Iowa and New Hampshire, whose nominating contests are crucial for presidential runs.

Traditionally, the presidential election cycle does not begin until after the midterm election, which is Nov. 7 this year.

Unofficially, Democrats and Republicans have been working at least since the 2004 election to get ready for the 2008 race, when the presidency will be up for grabs.

Former North Carolina Sen. John Edwards, Massachusetts Sen. John F. Kerry and Wisconsin Sen. Russell D. Feingold are promoting themselves as more liberal alternatives to Clinton.

Also laying the groundwork for presidential runs are Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut. And some party activists are hoping that former Vice President Al Gore and Sen. Barack Obama of Illinois decide to make a run for the White House.

Some Democratic strategists worry about Clinton as a candidate, in part because her time as first lady made her a polarizing figure. That has focused attention on less well-known Democrats, particularly the moderates.

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"The center of the race is now less crowded," said a senior advisor to one of the other Democratic contenders, who spoke on condition of anonymity while discussing campaign strategy. "We have opportunities today that we did not have yesterday."

Notably, Warner did not rule out running again for public office and indicated he would be willing to consider running for vice president, senator or even governor again. Warner had been barred from seeking reelection because Virginia does not allow its governors to hold consecutive terms.

"Listen," he said, "when and where, I don't know right now, but I can guarantee you'll see I'm not going away from being involved in how we get our country fixed."

Warner, who was always devoted to politics, made a fortune as a pioneer in the cellphone industry before he became a venture capitalist.

He has used his money to bankroll his campaigns, including a failed 1996 challenge to Sen. John Warner (R-Va.) and his successful run for governor in 2001.

Friends and colleagues have said that he went into business in large part to finance his political career, and most think it's not over.

"This is a formidable competitor choosing to walk off the field. And it's disappointing to people who were working for him," said Kenneth Baer, who had been working as a speechwriter and advisor to Warner. "But he's 51 years old. There's a lot of time."

Poll: McCain, Hillary Clinton Popular Choices For President (NSDY)

Newsday, October 12, 2006

DURHAM, N.H. -- A poll released Thursday indicates that John McCain and Hillary Clinton are the early front-runners in New Hampshire for their parties' nomination for president in 2008.

A total of 515 likely voters were asked about 20 potential presidential candidates in the latest Granite State Poll conducted by the University of New Hampshire Survey Center for WMUR-TV.

The largest group of New Hampshire Republicans is supporting McCain, with 32 percent. Former New York City Mayor Rudolph Giuliani is next with 19 percent, followed by Massachusetts Gov. Mitt Romney, with 15 percent. Ten percent said they would vote for Secretary of State Condoleezza Rice. Two percent favor some other candidate and 14 percent are undecided.

Among the less popular potential candidates are Florida Gov. Jeb Bush, Virginia Sen. George Allen, Pennsylvania Sen. Rick Santorum and New York Gov. George Pataki.

Among Democrats, Clinton was the favorite, with 30 percent choosing her. John Edwards is next with 16 percent, and Al Gore is at 10 percent. Sen. John Kerry is the choice of 9 percent of Democrats.

Among the less popular choices are Delaware Sen. Joe Biden, retired Gen. Wesley Clark, New Mexico Gov. Bill Richardson, Indiana Sen. Evan Bayh, and former Virginia Gov. Mark Warner, who announced Thursday that he doesn't plan to run. Four percent prefer some other candidate and 17 percent are undecided.

"It's the first time since 1952 that there's not been an incumbent president or vice president on the ticket, so that means it's wide open," said Andy Smith of the UNH Survey Center.

Those polled also were asked which candidates they liked the least. Among potential Democratic candidates, Hillary Clinton was the least liked by 35 percent of all of the likely voters in both parties, followed by Kerry, Gore, Clark and Edwards. Jeb Bush was least liked by all likely primary voters, followed by McCain, Romney, Rice and Tennessee Sen. Bill Frist.

Democrats said their least liked candidate was Kerry, followed by Gore and then Clinton. Even though they'd vote for him, Republicans said the least popular potential candidate was McCain, followed by Bush, Romney and Pataki.

"What we're seeing right now is name recognition and overall popularity of these candidates based on name recognition," Smith said.

When asked about candidates in the other party, 54 percent of Republicans said their least favorite candidate was Clinton, and 33 percent of Democrats called Bush the most unpopular potential candidate.

Included in the poll were 205 likely Democratic voters in 2008, and 206 likely Republican voters. The sampling margin of error was plus or minus 6.8 percentage points for both groups; it was plus or minus 4.3 percentage points for the total. The poll was conducted by phone between Sept. 15 and Sept. 24.

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Mass. Governor Hires Jeb Bush Aide For '08 Bid (LAT)

By Peter Wallsten

The Los Angeles Times, October 13, 2006

WASHINGTON — With the Republican Party's conservatives lacking a favorite candidate for the 2008 presidential race, Massachusetts Gov. Mitt Romney has hired a strategist who might help him win their favor.

Sally Bradshaw, a longtime political advisor and confidante to Florida Gov. Jeb Bush, confirmed Thursday that she has signed on as a consultant to Romney's political action committee.

Known in Florida circles as Jeb Bush's equivalent to President Bush's Karl Rove, Bradshaw will advise the Romney campaign on navigating the complicated political contours of the most populous battleground state. But more important in the context of what is likely to be a competitive GOP primary, Bradshaw's presence helps Romney shore up his credentials with conservatives who view the Florida governor as one of their favorite Republicans.

Jeb Bush, despite his brother's sagging popularity, is admired by social conservatives for his support of private school vouchers and his involvement in the Terri Schiavo right-to-die case.

In his quest to win support from increasingly important evangelical voters, Romney, a Mormon who was elected in one of the nation's most liberal states, has disavowed statements supporting abortion rights

Bradshaw's decision to work for Romney also confirms that the Florida governor, who is prevented by term limits from seeking reelection, is not planning his own White House bid for 2008.

"It should be no surprise that I am not running for president," Bush wrote in an e-mail late Thursday. "After all, that is what I have told you and others in the press for a long time."

Bradshaw said Thursday that Bush encouraged her to consider working for Romney, who will appear with the governor next week in Florida at several campaign events.

Bradshaw's Florida connections could also prove useful for Romney if that state's GOP-led Legislature proceeds with plans to move up the date of the state's presidential primary. The new House speaker is pushing a bill that would schedule the election immediately after New Hampshire's first-in-the-nation primary.

Other major GOP candidates have sought advice from Jeb Bush, including Arizona Sen. John McCain, who flew to Tallahassee late last year for a private meeting.

Bush said Thursday that he is not supporting any candidates, but said Romney would be "formidable" if he runs.

Nevada Feeling Political Glow Of '08 Spotlight (NYT)

By Jennifer Steinhauer

The New York Times, October 13, 2006

LAS VEGAS — No longer is it, "Um, Dina who?"

The name of the Democratic candidate for governor here, Dina Titus, is tattooed on the brain of most every Democrat who wants to be president, because of Nevada's newly vaunted position in the 2008 election calendar.

Since Democrats moved the caucus here smack between the Iowa caucus, the first contest of the year, and the New Hampshire primary, Ms. Titus has worked the fund-raising circuit with Gov. Bill Richardson of New Mexico and Senators Russell D. Feingold of Wisconsin and John Kerry of Massachusetts and former Senator John Edwards of North Carolina. Senators Hillary Rodham Clinton of New York and Evan Bayh of Indiana and Gov. Tom Vilsack of Iowa are on their way.

"They raise money for me, and I get them face time," said Ms. Titus, a little-known state lawmaker who has leveraged the attention into a suddenly competitive race against Representative Jim Gibbons, the Republican candidate for governor.

The decision this summer to move the Nevada caucus has infuriated Democratic officials from Iowa and New Hampshire, accustomed to being the electoral prom queens of the primary season, who have been criticizing Nevada's low turnout in elections and questioning the state's ability to pull off the complex process of a high-profile caucus.

The jokes about strippers in the union halls and caucusing over the craps tables are presumably being written now.

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"I met folks from Nevada before," said Gordon R. Fischer, the immediate past chairman of the Iowa Democratic Party. "It seems like a nice group of people. But I don't think you can overestimate the amount of work that goes into this. I think it is bad, with all due respect. I think it is bad for the Democratic Party and bad for the country."

Nevadans, not surprisingly, reject this idea.

"We're not talking about figuring out the DNA strand here," said Jon Ralston, Nevada's most respected and widely quoted political reporter, who said he had already identified the state's biggest winner: "Me!"

How Nevada changes the calculation for Democratic contenders is a matter of debate within incipient campaigns, a sort of election wild card. And even as they zip off to the state to appear at fund-raisers, most potential candidates do not want to discuss the issue, partly out of fear of alienating New Hampshire.

Interview requests to the offices of the Democrats were greeted with initial cheer, but the responses became mostly frosty when the subject of the Nevada caucus surfaced.

Senator Christopher J. Dodd of Connecticut was an exception.

"There is a healthy quality to this because you're going to have to be more places," Mr. Dodd said in a telephone interview. "It is true I would not be normally going to Nevada this time of year. It changes the amount of time I spend in the state. I think the country benefits from that."

Smarting from losses in the West in 2004 and looking to gain momentum among Hispanic, exurban, union and other Western voters, the party has calculated that Nevada is the perfect swing-state entree into the 2008 campaign. It also bumped up South Carolina's primary.

For Nevada Democrats, the January caucus will seal their state's importance in national politics.

They point to Las Vegas, the nation's fastest-growing big city, the booming number of Hispanic residents and the local issues that differ from those in other states to underscore why their time has come.

Still, Nevada is not entirely ready to answer questions about logistics.

"I haven't even thought of that," said D. Taylor, secretary of the Culinary Workers Union of Nevada, which lobbied to move up the caucus. "Right now we're focused on a minimum wage bill that comes up in November."

Although Nevada has held a presidential caucus for 40 years, the scope of this event will be well beyond any of those. In 2004, 9,000 people came out to caucus here; 125,000 caucused in Iowa that year.

In previous caucuses, Nevada has set up one location in each of its 17 counties; in 2008, party officials are aiming for 1,000 sites statewide. The Nevada Democratic Party anticipates spending $1 million to train people and publicize the race. "Obviously the process isn't easy," said Kirsten Searer, the state party spokeswoman.

And how, Iowa caucus veterans say.

"It absolutely takes a tremendous amount of money, knowledge and organization to pull off a caucus," Mr. Fischer said. "We have nearly 2,000 precincts in the state of Iowa, and I compared it to planning 2,000 weddings that all go off at the same time."

Unlike primaries, caucuses have myriad built-in impediments to their own success. The first is simply getting people to show up, because going to a caucus takes more time and energy. Precinct captains, some of whom in Iowa have been playing their role for decades, must be trained. Coordinating the reporting of results, perhaps the key component, can be turbid.

"You have to go with your neighbors and publicly declare your support of a candidate, and that can take a couple hours or more to complete," Mr. Fischer explained. "You need a public meeting place, you need to get packets of information to all the precinct captains, who need to be trained in caucus procedures — there is math involved.

"Then, the hardest thing of all is reporting results. There have to be layers of security to make sure they are reporting accurately and timely. You can't have some that report right away and others that wait until 3 a.m."

Unlike the well-trodden coffee shops in Iowa and New Hampshire where candidates awkwardly tossing pancakes are as essential to winter as snowplows and mincemeat pies, Nevada is still puzzling out its pit stops.

Bagel Mania in downtown Las Vegas, a favored spot among power brokers, is in the running. But is it a good place to spot likely Democratic voters? "Absolutely not," said Evan Garfinkel, the restaurant's assistant manager, noting the clientele's conservative leanings. But Mr. Garfinkel anticipates serving the candidates scores of corned beef sandwiches nonetheless.

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Nevada officials see their caucus as a chance to showcase issues — growth and water use in particular — that have often been ignored in primaries.

"So much a part of life in the Southwest are overcrowded schools, sitting in traffic, a lack of fire stations and libraries," said Ms. Titus, the candidate for governor, in an interview here. With Hispanics now making up 10 percent of all voters, immigration issues are also expected to be important.

New Hampshire is less than enthused with Nevada's new status. Its officials argue that Nevada's low turnout — its 2004 primary, the state's contest for nonpresidential races, attracted 29 percent of registered voters — and the fact that Nevadans are unschooled in big caucuses are reasons enough to try moving up New Hampshire's date. The Democratic National Committee said it would punish any candidates who participate in a state that violates the official schedule by denying them delegates.

Here is the recent editorial take of one New Hampshire newspaper, The Portsmouth Herald: "What makes more sense — to have a racially diverse population that is not engaged in the political process or to have a predominantly white population that is politically involved and active?" The choice of Nevada, the editorial said, stemmed from "maneuvering by Nevada Senator Harry Reid and the influence of big Las Vegas gambling money on the process."

But national party officials remain confident in their choice.

"Nevada had all those magic things in terms of being a Western state, having a large Hispanic population, a large Asian population and a labor population," said Stacie Paxton, a Democratic National Committee spokeswoman. "We will work with officials from the state party to make sure they are ready to have a successful caucus."

Meanwhile, Democratic attention remains fixed on Ms. Titus. A professor at the University of Nevada and the minority leader in the State Senate, she is battling for the governor's office against Mr. Gibbons, a congressman with deep pockets, longstanding ties to the gambling industry and a lead in the polls.

The attention from national candidates has raised Ms. Titus's profile, garnered free publicity and energized her base. And as Senator Joseph R. Biden Jr. of Delaware tells it, Nevada's caucus rivals are no worse for it.

"I plan on going back out to campaign for Democratic candidates the last couple weeks in October," said Mr. Biden, who has already made one trip to Nevada. "I don't think Iowa or New Hampshire should feel threatened by it."

Arnold Swaps Agendas For Political Resurgence (USAT)

By Martin Kasindorf

USA Today, October 13, 2006

LOS ANGELES — Last year, California Gov. Arnold Schwarzenegger looked very much like the Republican he is: He waded into confrontations with the Democratic Legislature and unions of public employees. He proposed caps on state spending and eliminating legislators' long-lasting power to design their districts.

This year, Schwarzenegger has all but become a Democrat. Reversing course after his popularity rating sank to 37%, he joined Democrats in placing proposals on the Nov. 7 ballot to borrow a record $37.3 billion for highways, schools and levees. And he signed a law that made California the first state to try to reduce global warming by forcing industries to cut "greenhouse gas" emissions.

"Last year, he took every one of his moves out of the Republican playbook," says Fabian Núñez, Democratic speaker of the state Assembly. "It was an unsuccessful attempt to make a Democratic state a Republican state. Now he has surrounded himself with people who have encouraged him to wrap himself around the Democratic flag, and it has worked."

Judging from lopsided polling figures, Schwarzenegger is cruising toward election to a second term next month with the panache he exudes at the handlebars of his Harley-Davidson.

Schwarzenegger, elected in 2003 to replace recalled Democrat Gray Davis, holds a 17-point lead in statewide polls over state Treasurer Phil Angelides, 53, the Democratic challenger. The former Hollywood action star had a job-approval rating of 56% in a Los Angeles Times Poll published Oct. 1.

"You rarely see in politics anybody come up from where the governor was," says Mark Baldassare, polling director of the Public Policy Institute of California. "It's a lot easier for voters to lose faith than to regain faith in their leaders."

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This year's self-reversal exemplifies the central political mystery of Arnold Schwarzenegger: continual change that has kept voters and politicians guessing whether the Austrian-born, self-made megamillionaire is at heart a Republican, a Democrat or a combination of the two.

In 2004, Schwarzenegger made a last-minute campaign stop with President Bush in crucial Ohio, where the governor runs an annual bodybuilding exposition. This year, he stays out of photo range of Bush, ducking the president's fundraising trips to California.

"I've worked with the governor for three years now, and I still don't know what his values are," says political foe Barbara Kerr, president of the 340,000-member California Teachers Association, who led the successful campaign against the governor's 2005 ballot propositions. "It's very confusing. We just don't know who we're going to see next."

As a Republican in a heavily Democratic state, Schwarzenegger, 59, has clearly abandoned the hard-edged conservatism of 2005. He's managed to re-establish the moderate image that catapulted him to Sacramento after his surprise announcement of candidacy on The Tonight Show, with Jay Leno, in 2003.

He appeared with Leno again Wednesday and joked that political ads linking him to Bush are as silly as "linking me to an Oscar." The Angelides campaign asked NBC for equal time.

Schwarzenegger originally ran as a business-oriented Republican who could make Sacramento's deficit-plagued government work. Yet he favored abortion rights, gay rights, gun control and expanded environmental protection — issues not embraced by more conservative Republicans.

Barely more than half his appointments to state jobs have been Republicans. Half of his judicial appointments are Democrats or independents.

Within a few months of taking office, however, the governor yawed from bipartisan deficit-cutting agreements to ridiculing the Democrats who control the Legislature as "girlie men" and bashing unions of teachers and nurses.

This year, he again has reached out to top Democrats. Together, they chalked up a slate of legislative successes that Schwarzenegger touts in his campaign.

"Who can you trust to do the right thing?" Angelides said Saturday in the only televised debate with the governor. "For three years, Arnold Schwarzenegger was very consistent. Only in the last 60 days, as he sought to save his own job, has he tried to move to the middle."

Squaring his epic shoulders against dramatic backdrops — a Malibu beach, the San Francisco skyline — the governor has signed legislation committing California to reduce emissions of carbon monoxide and other greenhouse gases 25% by 2020; raising the state minimum wage from $6.75 to $8 an hour and pressuring drugmakers to lower prices of prescription medicines for families earning less than $60,000 a year.

"As people watched him work with opposite numbers in the Legislature, people say, 'Yeah, this is the guy we voted for in the recall. The governor of last year wasn't that guy,' " says Matthew Dowd, the governor's chief campaign strategist.

Jack Pitney, a government professor at Claremont McKenna College in Claremont, Calif., says: "The classic question in politics is: What have you done for me lately? And Schwarzenegger has done quite a lot lately."

Some of the twists and turns that make Schwarzenegger so hard to pinpoint:

•In the special election he called last November, voters defeated a proposal that would have made it tougher for teachers, police, nurses and firefighters to use union dues for political contributions. Also rejected were measures to give the governor more say over spending, to strip legislators of power to map their districts and to fire teachers more easily.

Unions spent $100 million and humbled Schwarzenegger, defeating all his initiatives. The unions are still so angry that they are airing TV ads against his re-election.

The special election was unpopular not only because Schwarzenegger wanted the measures passed, but also because of the expense of holding a fourth election in just over two years.

The defeat on last year's ballot measures deprived Schwarzenegger of the club he had held over legislators' heads: the threat to go directly to the people if the Legislature didn't do his bidding. "In 2005 he decided he was so popular that he could go off on his own and could get things passed by the ballot initiative," Baldassare says. "He didn't need the Legislature. Now he does."

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Schwarzenegger has expressed contrition since that November night. “The people sent a message loud and clear,” he said in the debate with Angelides. “And that message was, ‘Don't come to us for every little thing. Go to the legislators. You guys work it out.' ”

•Within days of the November debacle, Schwarzenegger purged his staff. He started by replacing a Republican chief of staff with Susan Kennedy, a Democrat and former aide to Davis. The move enraged conservative GOP activists.

Núñez says the governor made the staff changes on the advice of his wife, Maria Shriver, a Democrat of the Kennedy family dynasty.

“She's obviously a very, very important adviser for the governor,” Dowd says. “She's as smart as anyone. She has a network of people she talks to. She provides advice, suggestions.”

•Schwarzenegger named more Democrats to his Cabinet and hired Republican strategists from Bush's 2004 campaign, including Dowd and campaign manager Steve Schmidt. The odd team of pragmatists meshes well, Dowd says.

•An improving economy pushed a $7.5 billion windfall into the treasury, enabling Schwarzenegger to restore $3 billion he'd cut from school funding in previous years. A budget deficit of $16.5 billion when he took office is down to $3.5 billion, he said in the debate.

•Schwarzenegger has raised $41.3 million this year for his campaign, nearly doubling Angelides' $23.2 million. The governor's fundraising from oil, tobacco, real estate and other industries has given Angelides ammunition to charge that the governor has violated a recall-campaign pledge to end the influence of “special interests.”

•After he abruptly switched to embracing a Democratic agenda he had battled for three years, the California Chamber of Commerce, a longtime business ally, opposed Schwarzenegger over the global warming law. The chamber has endorsed his re-election, anyway.

While Schwarzenegger schmoozed with Democrats, he ignored the Legislature's Republican minority this year. “While we were disappointed, there were no real surprises,” Senate Republican leader Dick Ackerman says. “When he ran in the recall election, we knew he was going to be a moderate Republican.”

Núñez and other Democrats say they are ambivalent about handing Schwarzenegger accomplishments that have blocked Angelides' headway on minimum wage and other issues. Democrats had little choice but to help the governor: The Legislature's approval ratings were even lower than Schwarzenegger's.

“Do I go out and stall any effort to advance my own agenda, which is very self-defeating?” Núñez says. “The governor has been able to benefit from that cooperation. But it is a political year. We also want a Democrat elected governor. And it puts us in sort of a quagmire.”

Angelides' commercials replay Schwarzenegger with Bush in Ohio to rouse the Democratic base. These days, though, Schwarzenegger's positions oppose Bush on global warming, stem-cell research and other issues.

All of this inconsistency opens Schwarzenegger to charges that he's a flip-flopper. Schwarzenegger's shifts haven't hurt him so far. “One does have to remember at all times that he is an actor,” says Kerr of the teachers union. “And people have short memories. He did apologize and appear very sincere. He is a very good actor.”

Attempts to link Schwarzenegger with Bush haven't registered in Angelides' polling, says Bill Carrick, Angelides' senior campaign strategist. So Schwarzenegger's zigzagging record is getting more attention from the trailing Democratic candidate.

During the debate, the polished Schwarzenegger attempted to disarm the policy-wonk Angelides with jokes and gentle jabs.

Granted one chance to ask Angelides a question, Schwarzenegger playfully asked the Democrat what his funniest moment was in the campaign.

“Every day is just a hoot — I can't tell you how much fun,” Angelides said.

Though some Republican activists are miffed at Schwarzenegger, “conservatives will come out” on Election Day, Ackerman says. “He's stayed true to his pledge of no new taxes.”

Schwarzenegger has been so hard to pigeonhole that he provokes a wide range of guesses about what a second term would look like. On the campaign trail, he offers few clues.

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Sherry Bebitch Jeffe, a University of Southern California public policy analyst, theorizes that Schwarzenegger will "move to the left because he's more comfortable there.

He feels far more comfortable as an activist liberal than with the conservative part of his party's base."

Ackerman takes an opposite view. He expects Schwarzenegger to again challenge Democrats over legislative reapportionment, cutting public-employee pension costs and winning more budget-cutting power for governors.

Dowd says Schwarzenegger will hew to the bipartisan approach of 2006.

If he wins, Schwarzenegger is apt to start 2007 with his former movie-star appeal restored with Californians. The Los Angeles Times Poll showed that 60% of likely voters have a favorable impression of him.

"They want to like him, because he's fun," Pitney says. "It's fun to have him as governor, fun to tell people you have Arnold Schwarzenegger as your governor. It's something you can brag about to people in other states."

Not Right, 'Tonight' (LAT)

The Los Angeles Times, October 13, 2006

AMONG THE LATE-NIGHT PROMOS you aren't likely ever to hear, add this one: "Coming up on 'The Tonight Show With Jay Leno,' Jay chats up Heidi Klum, Robin Williams and Phil Angelides!"

Not many weeknight couch potatoes would be lured to their TV sets by the prospect of California's Democratic gubernatorial candidate trading quips with Leno about his humble Sacramento upbringing or his plan to raise the income ceilings on Cal Grants, which is why his invitation to appear on the program hasn't so far materialized. Yet it's also why Leno and NBC should have known better than to invite Angelides' more telegenic Republican rival for the governor's office, Arnold Schwarzenegger, on the show just four weeks before the election.

Angelides cried foul after Schwarzenegger's appearance Wednesday night, claiming that NBC is violating the equal-time provision of the Communications Act by not giving him the same consideration as his opponent. He doesn't have much of a legal argument. News interview shows are exempt from the provision, and Leno often interviews important public figures, so his program almost certainly qualifies.

Illegal or not, Schwarzenegger's appearance was clearly inappropriate. Leno at one point asked his friend the governor about the attack ads from Angelides that have sought to tie Schwarzenegger to President Bush, who is deeply unpopular in California. "To link me to George Bush is like linking me to an Oscar," Schwarzenegger replied.

It was the most entertaining line of the night, but it also blew away any pretense that this wasn't a campaign appearance. It's hard to imagine Leno asking just one presidential candidate on his show in the weeks before an election and ignoring the other, and the same should apply to the state race.

Booking guests on shows like Leno's is all about timing; celebrities appear when they want to promote their newest movie or album, not necessarily when Leno's schedulers want them. The problem is, Schwarzenegger still acts like a movie star rather than a public official, and NBC still treats him that way.

There's no reason he couldn't have been booked after the election rather than before. But just as he made the TV circuit when he wanted to promote his latest "Terminator" movie, now he's doing it to promote himself as governor. Yet different rules apply.

The airwaves are granted to broadcasters for free, with the understanding that they are a public trust. Using them to boost favored candidates for office violates that trust, even if it doesn't violate the law.

Long List Of Laws Headed To Voters (USAT)

By Thomas Frank

USA Today, October 13, 2006

WASHINGTON — Voters next month will decide the most citizen-sponsored referendums in a non-presidential election in nearly 100 years, as groups step up efforts to shape policy by putting measures directly to popular vote.

Eighteen states will decide 76 ballot initiatives in November, according to the National Conference of State Legislatures. That's exceeded only by 87 such measures in 1914 — when initiatives were popular as part of the Progressive movement that fought moneyed special interests, the conference says.

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There were also 87 ballot measures in 1996, which was a presidential election year.

"We're seeing initiatives go more and more into battleground states," said University of Florida political scientist Daniel Smith, a leading expert on initiatives. "Groups want to use them to mobilize their supporters."

Ohio has four initiatives, including a labor-backed proposal to raise the minimum wage, which sponsors hope will help Democrats in close races for governor, Senate and two House seats. In Missouri, an initiative to allow stem cell research could influence a tight Senate race.

"A lot of regional and national groups have become very adept at using the initiative process, and they have deep pockets so they can operate campaigns in a number of states," said Jennie Bowser, a policy analyst for the legislatures conference.

Initiatives increase voter turnout, particularly in non-presidential election years, and can sway other contests by drawing attention to how candidates stand on the initiative questions, Smith said. His study last year showed that a referendum to bar same-sex marriage in Ohio in 2004 helped President Bush carry that state and win a second term.

This year, "progressives are taking a page out of the right-wing playbook" by putting questions on ballots in Ohio, Colorado and four other key states to raise the minimum wage, said Kristina Wilfore, executive director of the liberal Ballot Initiative Strategy Center.

Unions are sponsoring those initiatives, even though few members earn minimum wage, to help pro-labor Democrats, AFL-CIO President John Sweeney said.

Citizens in 24 states can use initiatives to enact new laws by gathering signatures to put questions on a ballot. Since the 1970s, many initiatives have curtailed taxes, imposed term limits and restricted campaign fundraising.

Next month, voters in 33 states also will decide 121 additional ballot measures sponsored by legislatures. Those often involve less-contentious matters such a borrowing money, but they also cover topics such as same-sex marriage.

The 76 ballot initiatives do not include five "citizen vetoes" in which voters are being asked to repeal laws, such as South Dakota's near-total ban on abortion.

Other measures on ballots Nov. 7 would limit public smoking, restrict taxes and increase school spending.

Those issues don't motivate voters the way minimum wage and same-sex marriage can because they have "no clear partisan or ideological dimension," said Stephen Nicholson, a political scientist at the University of California, Merced. "The critical thing is to choose an issue where you're certain support is going to be strong and stay strong."

Ex-President Ford Has Medical Tests (AP-Y)

AP-Yahoo, October 13, 2006

Gerald Ford, the nation's oldest living former president, was in a hospital Thursday and undergoing medical tests, his office said.

Ford, 93, was doing well at Eisenhower Medical Center, spokeswoman Penny Circle said in a statement. She did not disclose the nature of the tests.

The former president has been hospitalized repeatedly this year.

He underwent heart procedures in August at the Mayo Clinic in Rochester, Minn., then returned to his home in Rancho Mirage. He received an implantable cardiac pacemaker to regulate his heartbeat and underwent angioplasty, with stents in two of his coronary arteries to increase blood flow.

In July, Ford was admitted to Colorado's Vail Valley Medical Center for a few days because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage to treat pneumonia.

Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford, a Michigan Republican, was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973. Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

U.N. Nears Action On N. Korea (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 13, 2006

DOJ_NMG_0080271

A deal on a draft sanctions resolution specifies that it cannot lead to military action, allaying Russian and Chinese concerns.

UNITED NATIONS — The Security Council edged closer to agreement Thursday on a draft sanctions resolution designed to strangle North Korea's missile and nuclear programs and their funding in response to the country's announced nuclear test.

After a flurry of high-level negotiations in Washington, Beijing and Moscow, diplomats at the United Nations worked out a compromise specifying that the resolution could not be used as a basis for military action.

The new draft was sent to capitals for consideration in time for a possible vote today or Saturday.

The resolution also calls for an embargo on conventional weapons, a ban on luxury goods, a prohibition against materials related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It would also allow the interception and inspection of suspected nuclear and missile materials going to and from North Korea.

Russia and China, sensitive to the prospect of intrusive activity so close to their borders, are concerned about whether proposed inspections of all North Korean cargo would be legal. The neighbors, which as permanent members of the Security Council hold veto power, had balked at an earlier draft circulated by the United States on Thursday. The new measure says the inspections should be "cooperative."

The U.S. added the provision against military action after a special envoy from China met with President Bush, Secretary of State Condoleezza Rice and national security advisor Stephen Hadley at the White House. The envoy, Tang Jiaxuan, told them that China agreed that "strong measures" were needed to punish North Korea but that it only wanted sanctions related to the proliferation of weapons of mass destruction, National Security Council spokesman Frederick Jones said.

Afterward, Rice acknowledged it would take a little more effort on both sides to come up with a draft acceptable to China, which would have to implement many of the sanctions.

"I think the Chinese clearly understand the gravity of the situation," Rice said. "They clearly understand that the North Koreans in doing this have made the environment much less stable and much less secure." She said that if the vote did not happen today, "I think it will be soon."

Tang goes to Moscow for meetings today and Saturday, while South Korean President Roh Moo-hyun travels to Beijing to discuss the issue.

"I don't want to say we've reached agreement, but many, many of the significant differences have been closed," said U.S. Ambassador John R. Bolton, after a breakthrough meeting among the Security Council's permanent members and Japan. "But I'm very pleased with the progress we've made, and I think it's close to the point where we will have an agreement."

Russian Ambassador Vitaly Churkin said he had urged Bolton on Thursday morning to slow down the process to ensure full agreement by the council and to prevent problems in the resolution's implementation.

Bolton said the United States would consider changes in the resolution but was determined to vote on it by the end of the week. He left it "open to interpretation" which day he meant.

"I think the council should try to respond to a nuclear test within the same week that the test occurred," Bolton said. "We're certainly in favor of keeping all the diplomatic channels open, but we also want swift action, and we shouldn't allow meetings and more meetings … to be an excuse for inaction."

Chinese Ambassador Wang Guangya said the resolution should be "firm, forceful and appropriate." He said he was willing to accept an article of Chapter 7 of the U.N. Charter — at the heart of the debate on the North Korea resolution — authorizing economic sanctions, but not the part that allows military action.

The United States, Britain and France — the other permanent members of the Security Council — argue that the issue is a test of the council's authority.

British Ambassador Emyr Jones Parry said, "If you can't even vote Chapter 7 when a country performs a nuclear test, you have to wonder whether we'll be using Chapter 7 ever again.

"There is a perception — a misperception — that it leads to military action. It does not."

North Korean Ambassador Pak Gil Yon repeated a threat that his government would consider Security Council sanctions a declaration of war.

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"We will take counter-measures," he told The Times.

He said that he did not know if the nuclear test had a smaller explosion than expected but that it had achieved its aims. "I am not a scientist. All I know is that the test was successful."

U.N. Near Agreement On N. Korea Sanctions (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, October 13, 2006

Arms Embargo Among Resolution's Provisions

UNITED NATIONS, Oct. 12 -- The U.N. Security Council moved closer Thursday night to agreement on a resolution that would impose an arms embargo and broad financial sanctions on North Korea in response to its claimed nuclear test, according to senior U.S. and European diplomats.

The council's five major powers -- the United States, Russia, China, Britain and France -- and Japan hammered out a compromise text that was to be sent to capitals Thursday night for approval, diplomats said. The preliminary deal was struck after the United States, acting at the request of China, included assurances that the resolution could not be used as a pretext for future military action against North Korea.

"I don't want to say we've reached agreement, but many, many of the significant differences have been closed," John R. Bolton, the U.S. ambassador, said after the meeting. "But I'm very pleased with the progress we've made, and I think it's close to the point where we will have an agreement."

"It was a good meeting," added French Ambassador Jean-Marc de La Sabliere. "We will now send the outcome of this meeting to our capitals. We are close to an agreement."

The diplomatic movement came hours after President Bush and Secretary of State Condoleezza Rice met in Washington with China's state councilor, Tang Jiaxuan.

Bush and Rice pressed Tang to support a series of tough measures designed to compel North Korea to halt its nuclear activities and resume multiparty talks aimed at eliminating Pyongyang's nuclear weapons.

A U.S.-backed draft resolution presented to the council earlier Thursday would impose an arms embargo on North Korea, ban all trade linked to its programs for ballistic missiles and nuclear weapons, and permit international inspections of North Korean cargo.

The U.S. text would also prohibit North Korean trade in luxury goods, and would ban travel and freeze assets of individuals involved in the country's prohibited weapons programs. North Korea would be given 30 days to halt its nuclear activities or face additional international penalties.

China has resisted the U.S. approach as too tough, instead favoring U.N. sanctions that would narrowly target North Korea's programs for nuclear and ballistic missiles. In an effort to address China's concern, the United States has agreed to include more restrictive language on the scope of military sanctions and inspections.

Rice told reporters that she, Bush and national security adviser Stephen J. Hadley "had excellent talks" with Tang, a senior official who outranks the foreign minister.

"I think the Chinese clearly understand the gravity of the situation," Rice said. "They clearly understand that the North Koreans in doing this have made the environment much less stable and much less secure."

China has voiced concern that international inspections of North Korean cargo would excessively intrude into the country's commercial affairs.

Beijing also expressed concern that the resolution invokes a provision of the U.N. Charter, Chapter 7, that has been used in the past to authorize military force. China insists that the text should refer to a section of Chapter 7, Article 41, that authorizes only sanctions.

Security Council diplomats said the United States and China are working on compromise language that would split the difference. It would refer to Chapter 7 but would require explicit council approval to consider any action against North Korea.

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Russia's ambassador, Vitaly Churkin, meanwhile, said early Thursday that Moscow needs more time to consider the U.S. draft. He said a vote should be delayed until after Russian officials hold high-level meetings in Moscow with a senior Chinese delegation on Friday and Saturday.

But council diplomats said Russia softened its opposition after Rice agreed in a phone conversation with Foreign Minister Sergei Lavrov to drop U.S. opposition to a Russian-backed resolution criticizing its neighbor Georgia, which recently detained seven Russian soldiers who were accused of spying.

Staff writer Glenn Kessler in Washington contributed to this report.

Rice, China In Agreement On North Korea (AP)

By Barry Schweid

AP, October 13, 2006

China agrees that North Korea's nuclear test was a grave development that makes Northeast Asia much less secure, Secretary of State Condoleezza Rice said Thursday after talks with a Chinese envoy.

Rice predicted the U.N. Security Council would respond to North Korea's nuclear test "with a very good resolution that will demonstrate to the North Koreans that the international community is very much united in its condemnation of this test."

President Bush, pursuing a diplomatic solution, spoke with Australian Prime Minister John Howard by telephone and they agreed on the need for a strong U.N. resolution to punish North Korea, a spokesman said.

Bush and Howard said any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said.

The Chinese envoy, State Councilor Tang Jiaxuan, met briefly with Bush in the Oval Office and conferred at the White House with Rice, national security adviser Stephen Hadley and Assistant Secretary of State Christopher Hill.

"I think the Chinese clearly understand the gravity of the situation," Rice told reporters later at the State Department. "They clearly understand that the North Koreans doing this have made the environment much less stable, much less secure."

Rice credited China with working very hard to get a tough resolution through the Security Council.

But at the United Nations, Russia urged the United States not to rush a vote but to await the results of high-level diplomacy. China said it would welcome more talks so the council could send a united and forceful message to North Korea.

After his stop in Washington, Tang is due to hold talks in Moscow with Russian officials.

The United States, China, Russia, Japan and South Korea are in a six-party negotiating arrangement with North Korea designed to stop the communist government from making nuclear weapons in exchange for economic and other concessions.

Washington has publicly reassured North Korea that the U.S. has no intention of attacking it.

Deputy national security adviser J.D. Crouch told reporters traveling with Bush to St. Louis on Thursday that the meeting with the Chinese envoy went well.

"I think it's a positive sign that we all agree that we need a resolution and that we need to go forward with strong measures," he said.

U.S. Tones Down U.N. Sanctions Draft (WT)

By Betsy Pisik

The Washington Times, October 13, 2006

NEW YORK -- The United States yesterday watered down elements of its U.N. Security Council condemnation of North Korea to win crucial support from Russia and China, but appeared unlikely to get the vote it is seeking by today.

Washington wants a tough rebuke this week of Pyongyang's announcement of a nuclear test, as well as legally binding measures to close down the communist state's access to nuclear and military materiel and illicit sources of funding.

"Differences remain on some important aspects of the resolution," John R. Bolton, U.S. ambassador to the United Nations, acknowledged after a morning of meetings. "We will continue to work on it, but not at the cost of sending a swift and strong response."

But Russian and Chinese U.N. ambassadors urged the resolution co-sponsors to slow down and leave some room for diplomacy -- both in their own capitals and directly with the North Korean regime.

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China launched its own initiative yesterday, dispatching State Councilor for Foreign Affairs Tang Jiaxuan to Washington, where he met with President Bush in the Oval Office and also conferred at the White House with Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley and Assistant Secretary of State for East Asia Christopher R. Hill. Today he plans to travel to Russia for further talks.

"I think the Chinese clearly understand the gravity of the situation," Miss Rice told reporters later at the State Department. "They clearly understand that the North Koreans doing this have made the environment much less stable, much less secure."

She credited China with working very hard to get a tough resolution through the Security Council.

Miss Rice plans to visit Japan Monday, while South Korean President Roh Moo-hyun is expected in Beijing the day before for meetings with top officials.

Pyongyang, meanwhile, leveled new threats at Japan, which on Wednesday announced a unilateral halt to trade with North Korea and a ban on its vessels entering Japanese ports. Tokyo today approved additional measures, including a total ban on imports from the country.

A North Korean diplomat in Japan, Song Il Ho, told the Kyodo News agency his country "will take strong countermeasures."

The U.S.-drafted resolution, which is co-sponsored by Japan, Britain, France and Slovakia, calls for all states to embargo materials that could contribute to North Korea's nuclear, ballistic missile or weapons programs, freeze assets linked to counterfeiting and smuggling, and impose a travel ban on senior officials. It allows states to inspect cargo moving to or from the North's ports.

The resolution also demands that Pyongyang immediately renounce nuclear weapons and return to various international nonproliferation regimes, and resume without preconditions the six-party talks with the United States and the North's neighbors.

The resolution makes provisions for humanitarian assistance and legitimate trade on which the bankrupt and famine-wracked nation depends.

The newest versions of the resolution delete language that would have demanded that nations close their ports to North Korean goods, ships and planes.

Mr. Bolton yesterday acknowledged "a relatively modest number of changes" but insisted the draft still had enough teeth to curtail North Korea's illegal trading and pursuit of nuclear weapons and energy programs.

The Security Council has been meeting in various formats every day since Pyongyang said early Monday that it had tested a nuclear device. That action galvanized many nations, including those which Mr. Bolton had taunted as Pyongyang's "protectors in the council."

"The nuclear test conducted by [North Korea] is an irresponsible action and this action has to be firmly opposed and condemned," said Wang Guangya, China's ambassador to the United Nations.

"The response and action the council is considering should be firm, forceful and also appropriate," he added. "By appropriate I mean it should reflect the feelings of the international community and more important, should [lead] to a solution of this issue by peaceful means."

U.S. And Japan Try To Get China On Board For Sanctions Against N. Korea (USAT)

By Paul Wiseman

USA Today, October 13, 2006

SEOUL — The United States and Japan are pressing the U.N. Security Council — including a reluctant China — for a vote as early as today on sanctions against North Korea for its reported nuclear test.

The Security Council is considering a U.S.-drafted proposal that would impose wide-ranging sanctions on the reclusive communist state. The latest draft also would demand that the North return to six-party talks without preconditions and that it "not conduct any further nuclear test or launch of a ballistic missile."

Secretary of State Condoleezza Rice met Thursday in Washington with Chinese envoy Tang Jiaxuan. She said China agrees that North Korea's announcement Monday of a nuclear test was a grave development and predicted that the Security Council would respond "with a very good resolution."

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Though China denounced North Korea in harsh terms, it has in the past balked at imposing serious sanctions on the Pyongyang government. It fears that economic pressure could destabilize North Korean dictator Kim Jong Il's regime, which could send refugees into China. Russia's U.N. Ambassador Vitaly Churkin also urged the United States not to rush to a vote, saying it should wait for results of diplomatic meetings.

Japan's U.N. ambassador, Kenzo Oshima, said a vote would "most likely" take place Saturday. As two of five permanent Security Council members, China and Russia have veto power and could kill a resolution.

It's unclear how North Korea would respond to punitive measures. North Korean officials have threatened to retaliate against Japan, which said it will ban North Korean imports, bar their ships and block travel to Japan by North Korean officials. "We will take strong countermeasures," North Korean diplomat Song Il Ho told Japan's Kyodo News. Japan's sanctions are likely to take effect today.

South Koreans, meanwhile, debated how to respond to North Korea's defiant behavior. The South Korean parliament passed a non-binding resolution Thursday condemning the reported test.

A poll published Thursday by the conservative JoongAng Daily newspaper showed that 78% of South Koreans want changes in their government's conciliatory "Sunshine Policy" of aid to North Korea with no strings attached.

"We kept giving to North Korea," said Shin Wha Lee, a professor of political science and international relations at Korea University in Seoul. "They want to talk with us only if and when they need aid."

The JoongAng Poll also showed 65% of the 760 adults surveyed said South Korea should have its own nuclear weapons program. But many are less worried about a North Korean nuclear test than a regional nuclear arms race.

"It will have a domino effect," said Yu Hoon, 48, a sales representative for an Internet phone company. "Japan and Taiwan will want to have nuclear weapons." Those countries said this week that they would not develop nuclear arms.

U.N. Close To Sanctions For North Korea (AP-Y)

By Edith M. Lederer

AP-Yahoo, October 13, 2006

Key U.N. Security Council members moved closer to agreement late Thursday on a U.S.-proposed resolution that would impose sanctions but no military measures against North Korea because of its claimed nuclear test.

Tougher earlier drafts by the United States met opposition from Russia and China who wanted a more moderate response to Pyongyang's nuclear brinkmanship to try to persuade the reclusive communist nation to return to six-party talks on its nuclear program.

Both countries wanted to focus on reining in the North's weapons programs and China wanted to ensure that nothing in the draft could trigger military action.

The new U.S. draft circulated Thursday night tries to satisfy both the United States and China on the scope of sanctions. It also eliminates a blanket arms embargo in the previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft.

The United States reported significant progress in bridging differences with Russia and China after more than two hours of closed-door negotiations among ambassadors from the five permanent council nations — the U.S., Russia, China, Britain and France — and Japan's ambassador who is the current council president.

The U.S. said it hoped a vote could be held on Friday though close ally Japan said Saturday was more likely.

"We have made very substantial progress," U.S. Ambassador John Bolton told reporters after the meeting. "I don't want to say we've reached agreement yet, but many, many of the significant differences have been closed, very much to our satisfaction."

A new draft of the resolution was sent to capitals Thursday night so ministers can examine the latest changes. Bolton said the full Security Council is meeting Friday morning.

China's U.N. Ambassador Wang Guangya agreed that "good progress has been made" in improving the text. Russia's U.N. Ambassador Vitaly Churkin said there had been "a number of improvements" and, importantly, council unity "is in good shape."

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"We should act with a cool head and moderation and also do everything to achieve a political, diplomatic outcome of this problem — and this is the spirit we had in those discussions," Churkin said. "It's not assured we're going to get there, but the mood is good and the effort is good, too."

North Korea warned it would have a firm response to sanctions, Japan's Kyodo News Agency reported from Pyongyang.

"We will take strong countermeasures," Kyodo quoted Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan, as saying.

The new U.S. draft expresses "profound concern" at the increased tension generated by North Korea's claim to have tested a nuclear device and therefore determines there is "a clear threat to international peace and security."

The major compromise, which appears to have satisfied both China and the United States, was on sanctions.

The United States insisted the resolution must be under Chapter 7 of the U.N. Charter — which authorizes punishments ranging from breaking diplomatic ties and imposing economic sanctions to naval blockades and military actions — because of the gravity of North Korea's action.

China opposed a blanket reference to Chapter 7 and only wanted measures under one of its articles — Article 41 which authorizes non-military sanctions such as economic penalties, breaking diplomatic relations and banning air travel.

The new draft states that the Security Council would act under Chapter 7 of the U.N. Charter and only take measures under Article 41. It also underlines that the Security Council would have to adopt a new resolution "should additional measures be necessary" against North Korea.

The U.S. proposal eliminates the blanket arms embargo and would instead impose sanctions on specific equipment including tanks, combat aircraft, warships and missiles.

It keeps the requirement that all countries prevent the sale or transfer of luxury goods and material and technology which could contribute to North Korea's nuclear, ballistic missile or other weapons of mass destruction-related programs.

Like the previous draft, the new draft would condemn the nuclear test, demand that North Korea immediately return to six-party talks without preconditions, and impose sanctions for Pyongyang's "flagrant disregard" of the council's appeal not to detonate a device. It would also demand that North Korea "not conduct any further nuclear test or launch of a ballistic missile."

Beijing and Moscow objected to the wide scope of financial sanctions and a provision authorizing the inspection of cargo going in and out of North Korea, council diplomats said, speaking on condition of anonymity because talks are private. There is concern among some diplomats that boarding North Korean ships could lead to a military response from the North.

The latest draft keeps the financial freeze on individuals and entities with any connection to North Korea's weapons or missile programs as well as a travel ban on those associated with the programs. But it changes the focus of the provision on inspections.

In the previous draft, all countries were authorized to inspect cargo to and from North Korea, "as necessary," to ensure compliance with the sanctions and to prevent illicit trafficking.

In the new draft, all countries are authorized to take "cooperative action including through inspection of cargo ... in particular to prevent illicit trafficking in nuclear, chemical or biological weapons, their means of delivery and related materials."

China And Russia Stall Sanctions On North Korea (NYT)

By Warren Hoge

The New York Times, October 13, 2006

UNITED NATIONS, Oct. 12 — The American push to win Security Council backing for tough, swift sanctions against North Korea appeared to be set back by China and Russia on Thursday, in an echo of the obstacles the United States faces in a similar push to punish Iran.

The United States circulated a softened draft resolution to the Security Council in response to North Korea's assertion that it conducted a nuclear test on Monday. The United States pressed for a vote by Friday, but China and Russia immediately signaled their opposition to critical parts of the measure and said they needed more time.

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China sent an emissary to the White House, Tang Jiaxuan, who met with President Bush on Thursday and appeared to be walking a line between punishing North Korea and preventing the United States from taking measures that would seriously threaten the government, according to the deputy national security adviser, J. D. Crouch.

A senior Bush administration official said Secretary of State Condoleezza Rice was considering a trip to Beijing, Seoul and Tokyo as early as next week to negotiate punitive steps over and above those that might be acceptable to the full Security Council.

The revised draft resolution dropped earlier Japanese amendments prohibiting North Korean ships from entering any port and North Korean aircraft from taking off or landing in any country. Japan is imposing its own new sanctions on North Korea, including a limit on imports and a ban on North Korean ships in Japanese waters.

The resolution still cites Chapter VII of the United Nations Charter, which makes sanctions mandatory and suggests the possibility of military enforcement. China and Russia have consistently opposed Chapter VII enforcement for North Korea.

The United States was able to win a unanimous Security Council resolution condemning North Korea's missile launchings last July only by dropping the reference to Chapter VII, but John R. Bolton, the American ambassador to the United Nations, said he would resist that step this time.

"In light of the fact that North Korea has claimed a test of a nuclear device, we need stronger language," he said.

The draft calls for international inspections of cargo going into and out of North Korea to block transport of weapons-related material, a section that has aroused particular objections from China, which is wary of such interdiction moves being conducted off its coasts.

American officials, while acknowledging how difficult it will be to win Security Council backing for the tough sanctions they prefer, insist that even a weaker resolution would send a strong signal of international condemnation.

The revised draft still requires all countries to prevent the sale or transfer of arms, luxury goods and material related to North Korea's nuclear, ballistic missile and unconventional weapons programs. It maintains a ban on travel by officials connected to those programs and a freeze on their assets.

The new draft omits an earlier mention of curbs on activities benefiting North Korea like "counterfeiting, money-laundering or narcotics," but Mr. Bolton said those activities were covered by the resolution's freeze of North Korean assets, which includes those from "illicit means."

The measure also calls on North Korea to return to the six-nation talks involving South Korea, China, Japan, Russia and the United States that it walked out of 13 months ago.

As for the international inspections, Mr. Bolton said that the United States already had the power to inspect cargoes under the American-led Proliferation Security Initiative, a group of more than 70 countries that have pledged to seize illicit weapons as they move across oceans or are transported by air. But he said the United States wanted language in the resolution that would make it binding on all 192 member states of the United Nations.

China and Russia said they believed the steps recommended by Washington could end up doing more harm than good. "As we know in this problem and in this part of the world," Vitaly I. Churkin, the Russian ambassador, said, "some strong statements made by others in the Security Council have hurt the entire thing and have aggravated matters, so we do not want to repeat this on the level of the Security Council."

Sounding a note of exasperation, Mr. Bolton protested as "simply incorrect" the interpretation that Chapter VII sets a pretext for military force, as many countries at the United Nations believe it did in Iraq.

"It would require a separate resolution, if one were needed, to authorize force," he said.

Mr. Bolton said the United States was still open to changes but was determined to produce a decision by the end of the week.

"I think that the Council should try to respond to a nuclear test within the same week that the test occurred," he said. "I don't think that's too much to ask for."

Mr. Bolton had begun the week highlighting the unanimity of outrage over the North Korean move and expressing the conviction that in this instance the Council would act quickly and decisively.

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To those who might claim that Thursday's indecision encouraged Iran to believe that it had little to fear from the Security Council in next week's scheduled debate, Mr. Bolton expressed confidence that the Council would take firm action and that it would set a good example. "I'm sure they're watching in Tehran," he said.

Mr. Churkin said he had asked Mr. Bolton on Thursday morning not to call for a vote, "but what happened, happened."

Mr. Churkin and Wang Guangya, the Chinese ambassador, said high-level negotiations over the resolution's terms were going on in major capitals over the weekend and ought not to be pre-empted by a hasty vote.

"Of course, some people are talking about a possible vote tomorrow," Mr. Wang said. "I'm not sure, but I think we have to see the final text, because there are many common grounds that members agree, but there are some disagreements."

Mr. Bolton responded, "We're certainly very much in favor of keeping all the diplomatic channels open, but we also want swift action and we shouldn't allow meetings and more meetings and more meetings and more meetings to be an excuse for inaction."

Mr. Wang said that Beijing thought the North Korean claim that it tested a nuclear device was an "irresponsible action" which had to be "firmly opposed and condemned."

But, he added: "More important, it should be helpful for leading to a solution of this issue by peaceful means. It should also create conditions for the parties to once again engage in negotiations to settle this issue."

Richard A. Grenell, Mr. Bolton's spokesman, said the Russians and Chinese were already blocking action on other issues before the Security Council regarding places like Zimbabwe, Sudan, Iran and Myanmar, formerly Burma. "It's all right to keep talking if you are really going to get action, but not if it's just delay and delay and delay," he said.

Asked if the United States would settle for a less than unanimous vote, Mr. Bolton said, "We would always like the highest number of votes in the Security Council and we have not given up on our efforts to achieve that, but we have also said that it's important what we send a very clear signal."

Acknowledging the lack of unanimity, Mr. Bolton said: "We don't have it yet. Differences remain, there are still differences on some important aspects of the resolution."

He said, "We are going to continue to work on it, but we're not going to work on it at the cost of losing sending a swift and strong response."

Understanding China's Place In N. Korea Situation (LAT)

By Mark Magnier

The Los Angeles Times, October 13, 2006

BEIJING -- Beijing's reaction to North Korea's nuclear testing announcement was unusually swift and forceful. Within hours on Monday, the normally slow to react Chinese government characterized Pyongyang's action as "hanran," meaning brazen, a term generally reserved for its worst enemies.

By midweek, however, China was sounding more like its old self: calling for dialogue, eschewing confrontation and warning against comprehensive economic sanctions, even as it redoubled efforts to lurch its longtime ally back to the negotiating table.

As North Korea's top supplier of energy and food, Beijing is viewed as the key to a tough international response at the United Nations to North Korean leader Kim Jong Il's provocation. And Washington, for its part, argues that China must be a "responsible stakeholder" if it wants a leading role in international society.

But with its go-slow stance, Beijing has been exposed to foreign criticism that it is squandering a golden opportunity to display global leadership.

The problem, analysts say, is that China draws much different conclusions than Washington, even in the middle of a nuclear crisis, because it has a very different idea of what's important and what it needs to survive and prosper.

While the United States and Europe view a nuclear North Korea as a fundamental threat to the global order, China sees it less as a problem in its own right than as a catalyst for secondary headaches including the possible destabilization of the Korean Peninsula and militarization of Japan.

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"America wants to see North Korea go away, representing the final victory of the Cold War," said Alexandre Mansourov, a security expert with the Asia-Pacific Center for Security Studies in Honolulu. "China's interests, however, lie in keeping North Korea in place. China's not doing this because it loves Kim Jong Il, but because it wants the buffer to remain."

Furthermore, Beijing appears to be less worried about a nuclear-armed North Korea.

"There's a big perception gap," said Jin Linbo, Asia-Pacific director at Beijing's China Institute of International Studies. "China has a different assessment of the danger."

Beijing already lives in a tough neighborhood where nuclear neighbors are abundant. It nearly went to war with a nuclear Russia in the 1960s and more recently watched Pakistan and rival India join the club. China is not all that impressed by Pyongyang's nuclear technology, analysts add, nor does it see itself as an intended target.

China's current stage bears similarities to the United States from the Civil War to World War I, says Jin Canrong, vice dean of foreign relations at Beijing's Renmin University. It is industrializing rapidly, weathering a huge population shift from rural to urban areas and is grappling with enormous social problems related to rising expectations and a widening wealth gap.

In the same way America was primarily isolationist as it focused on internal development, China's leadership seeks enough time and international stability to lift its people out of poverty, ease societal stresses and keep enough money flowing to ensure the continued monopoly position of the Communist Party.

A bigger danger than North Korean nukes from China's perspective is of Washington destablizing the region. Beijing apparently believes it needs North Korea as a buffer against the 30,000 or so U.S. troops stationed in South Korea to guard against an attack by Kim.Beijing, along with Russia, fears sanctions could lead to regime change in Pyongyang and growing U.S. influence in their backyard. Sanctions presaged the U.S.-led NATO removal of Slobodan Milosevic in Serbia and the 2003 Iraq invasion that unseated Saddam Hussein.

Moreover, if Kim fell, the risk of refugees flooding across the border into China is a frightening economic and social prospect.

Also weighing on China's mind is a fear that precipitate action could disrupt its courtship of South Korea, analysts say. If the Pyongyang regime collapses in the near future in the wake of sanctions or direct military action, the United States would retain significant influence over a Seoul-dominated Korean peninsula. Keeping Kim in place, on the other hand, would eventually see both Koreas in China's camp.

"South Korea is the big prize in all of this," said Ralph Cossa, executive director of Honolulu-based Pacific Forum CSIS.

Since relations were normalized in 1992, Beijing has watched approvingly as anti-American sentiment has grown in South Korea, U.S. troop levels have declined, China supplanted the United States as Seoul's largest trading partner and trendy young Koreans have dropped their English-language classes in droves to study Mandarin. A sign of China's growing confidence is its support for South Korean Foreign Minister Ban Ki-moon as the next U.N. Secretary General, a nominee it would have condemned as a U.S. puppet a decade ago.

None of which is to say that North Korea doesn't infuriate Beijing. Despite receiving much of its food and an estimated 70 percent of its energy from China, the North is often ungrateful and defiant knowing China's interests would be hurt by its collapse. The way Pyongyang sees it, analysts add, Beijing merely writes the checks while it is doing the heavy lifting in the front-line battle against Western imperialists.

North Korea has also timed its outbursts with seeming disregard for its giant neighbor.

Its 1998 missile launch over the main island of Honshu boosted Japanese public support for an American missile defense plan, hurting Beijing's interests.

Its February 2005 announcement of reactivated nuclear activity, in the middle of Chinese New Year, infuriated Chinese officials forced to cut short their holiday.

And the announcement Monday morning occurred during one of the most important political events on the Chinese calendar -- the Communist Party's four-day central committee meeting.

Chinese leaders, with their love of pageantry, don't like tearing up their domestic or foreign scripts. The test by Beijing's mercurial neighbor not only overshadowed the meeting but also discredited President Hu Jintao's main foreign policy initiative -- six-party talks on the North Korean nuclear issue, with Pyongyang, the U.S., South Korea, Russia and Japan.

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China's biggest nightmare emerging from the crisis is a nuclear Japan, although it remains confident that won't happen given divisions in Japanese society and Washington's own fears it would spur a regional arms race.

While Beijing sees far less danger in a nuclear North Korea than Washington, however, it remains under pressure to bring its stance somewhat more in line with the U.S. position. Too many other countries are angry and the North's defiance threatens to embolden other nuclear wannabe regimes, undercutting the global stability China needs to grow and prosper internally. Nor can Beijing afford to alienate the U.S., its biggest customer, by appearing too cozy with Pyongyang.

China apparently also figures it would have more influence by supporting and watering down a U.N. sanctions resolution than it would through outright opposition. Seoul and Beijing both know that North Korea can take more punishment right now: the fall harvest gives the impoverished country some breathing room.

This all leaves Beijing seeking an equilibrium closer to the U.S. position but not so close that it deals a death knell to the North Korean regime.

Adding to Beijing's lumbering pace this week, analysts say, is its cumbersome decision-making system. Because policy for centuries has been made by a tiny elite behind closed doors, the system can fall short during periods of rapid change as other parts of the government await directives handed down from on high.

Beijing has certainly taken more global responsibility, as seen by its recent decision to send 1,000 peacekeeper troops to Lebanon. By and large, however, it tries to avoid getting entangled in too many overseas responsibilities in line with a multidecade game plan.

"China measures history in centuries, not the next quarter," said Mansourov, of the Asia-Pacific Center for Security Studies.. "There's a notion that China will play out an American scenario, but they don't see it that way. They have a very different national interest."

Yin Lijin in the Times' Beijing bureau contributed to this report.

Japan Takes Lead In Sanctioning N. Korea (AP)

By Eric Talmadge, Associated Press Writer

AP, October 13, 2006

The Yong Gwang 1, one of 24 North Korean merchant ships docked in Japanese ports, bobs beside a pier loaded to the gills with its prized cargo — rusty old bicycles that can fetch a good price on the black market in the impoverished North.

For years, this port on the Sea of Japan coast has been a regular stop for the North Koreans. But that will end Friday when Japan adopts the toughest sanctions by any country so far in response to North Korea's nuclear test.

Tokyo's sanctions include the closure of all Japanese ports to North Korean vessels, a ban on imports and exports, and a six-month ban on travel to Japan by all North Korean government officials.

In this quiet port town, North Korean trade has been a constant. The ships arrive loaded with crabs, clams or "matsutake" mushrooms, a delicacy among Japanese gourmets.

They return home filled with used bicycles or old household electrical appliances the Japanese might normally throw away, but which can be sold for a good price in the North.

The sanctions, approved by Japan's ruling party on Thursday, were to be finalized by Prime Minister Shinzo Abe's Cabinet on Friday. Fishermen here said the North Korean crews have been told to pack up and leave by midnight Friday.

"We will feel it here," said dock worker Koji Kanetsuki of the bans. "But the world needs to do something. Japan has been through Hiroshima and Nagasaki. No good will come out of having nuclear weapons."

North Korea immediately condemned the move.

Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan, said his country would take "strong countermeasures" if Japan goes through with the sanctions, according to Japan's Kyodo News.

But Japan's action also underscores the difficulty of punishing the already isolated regime of Kim Jong Il.

Though it is the world's second-largest economy and a regional trade dynamo, Japan represents less than 5 percent of the total trade with North Korea, according to the Korea Trade-Investment Promotion Agency.

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The North's most crucial trading partner by far is China, which accounts for 38.9 percent of its imports and exports, followed by South Korea, at 26 percent. In fact, even Thailand outstrips Japan — accounting for 8.1 percent in 2005.

And China and South Korea aren't likely to follow Japan's hard-line example.

Beijing, Pyongyang's closest political ally, has strongly criticized North Korea but has stressed that while action should be taken, it should be "appropriate" and not so severe that it would topple Kim's fragile regime.

Trade between North Korea and China has actually expanded substantially while the efforts to bring the North back to the nuclear negotiating table have fizzled over the past year, largely over the North's demand that the U.S. lift financial sanctions.

China's total imports and exports with North Korea jumped 14 percent last year to $2.2 billion, according to the Commerce Ministry in Beijing. The North is believed to rely on China for 90 percent of its oil.

North Korea has little to offer in return — Pyongyang ran a $1 billion deficit last year.

China's reluctance to slap tough sanctions on the North has complicated talks in the United Nations, where what to do is still being mulled in the Security Council. The United States, Japan and their allies are pushing for stern action, but Russia and China have yet to sign on.

South Korea, aware that its capital is well within reach of North Korea's artillery and missile arsenal, has also been very cautious in its response, though criticism is rising that its strategy of engagement — the "sunshine policy" — has been a failure.

Like China, South Korea's trade with the North has swelled while the nuclear talks have stalled — climbing by more than 50 percent last year to just over $1 billion, according to the South's Unification Ministry.

Because Japan's trade with North Korea is limited, Abe faced little domestic opposition to cutting it off.

Tokyo already has limited sanctions in place against North Korea, imposed after the North test-fired seven missiles into waters between Japan and the Korean Peninsula in July. Those measures included banning the Mangyongbong-92 — a North Korean ferry that served as a major conduit of trade between the two countries — from entering Japanese waters.

South Korea Grapples With Competing Pressures As It Weighs Its Response To North Korea (NYT)

By Choe Sang-hun

The New York Times, October 13, 2006

SEOUL, South Korea, Oct. 12 — South Korea, one of the few countries that can financially squeeze North Korea, slid into a bitter internal dispute Thursday over how to punish the North for its reported test of a nuclear device.

After days of squabbling, the South Korean National Assembly passed a resolution on Thursday condemning North Korea's test. But some governing party lawmakers criticized the resolution because it did not refer to "U.S. responsibility" for the crisis.

South Korea's inability to make a quick decision reflects a divide among lawmakers over how to reconcile their so-called sunshine policy of engaging North Korea with American pressure for an economic blockade of the North.

The division at home leaves President Roh Moo-hyun without a consensus as he prepares to meet the Chinese president, Hu Jintao, in Beijing on Friday.

The region will closely watch the meeting. Both China and South Korea have tried to engage North Korea. But they also compete for long-term influence there. Many South Koreans are unwilling to punish the North Koreans, partly because it would push the North closer to China.

On Thursday, Liu Jianchao, a spokesman of the Chinese Foreign Ministry, said, "It's necessary to express clearly to North Korea that the nuclear test is the wrong practice." Mr. Liu added, however, that "one can say that punishment isn't the goal."

In contrast to South Korea, Japan reacted swiftly to the reports of the North Korean nuclear test by imposing a ban on imports and ships from North Korea.

In response, a North Korean official warned Thursday that the government would take "strong countermeasures" against Japan if it carried out the ban.

"The specific contents will become clear if you keep watching," Song Il-ho, the North Korean ambassador in charge of relations with Japan, told the Kyodo news agency in Pyongyang, North Korea's capital. "We never speak empty words."

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North Korea rattled the Japanese in 1998 by firing a missile that flew over Japan and crashed in the Pacific. A top governing party leader in South Korea highlighted the political divide on Thursday by warning against giving in to demands by conservatives that the country join the American-led Proliferation Security Initiative, which aims to intercept North Korean ships suspected of carrying weapons materials.

Seoul's participation in the initiative "could work as a detonator for a military clash," the party leader, Kim Keun-tae, said at a meeting with cabinet ministers.

The main opposition Grand National Party issued its own statement demanding an end to two joint ventures with the North — the Mount Kumgang tourism project, for which South Korea has provided North Korea over $900 million since 1998, and an industrial complex in Kaesong, where South Korean factories produce garments and kitchen utensils with low-wage North Korean workers.

Lee Jong-seok, South Korea's unification minister in charge of relations with North Korea, told the National Assembly on Thursday that negotiations, as well as the sanctions being considered by the United Nations Security Council, were needed because "North Korea is not a country that one can open up with pressure and sanctions alone."

President Roh has found himself caught between increasing American pressure to get tough with North Korea and strong resistance among members of his own liberal governing party.

Conservative South Koreans called the North Korean nuclear threat a "death penalty" for the sunshine policy of promoting political reconciliation and economic cooperation with the North. They said billions of dollars funneled into the North — in cash, aid and trade — during eight years of engagement had helped North Korea divert its resources into weapons development.

But liberals within and outside the president's camp say that although they are frustrated with the North Koreans, they see no other option but to engage them. Ending cooperative projects will only worsen inter-Korean relations and increase the danger of military clashes on the divided Korean Peninsula, they say.

"It's clear that the sunshine policy has succeeded between the two Koreas, and it could have been more successful were it not for the bad relations between North Korea and the United States," former President Kim Dae-jung, the architect of the engagement policy, said, according to the South Korean news media.

Asian Nations, U.S. Weigh Censure Of North Korea (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, October 13, 2006

SEOUL -- Several Asian nations and the U.S. moved ahead on multiple fronts to develop sanctions and other measures to censure North Korea's communist regime for its apparent test of a nuclear device.

The leaders of China and South Korea planned to discuss their ideas at a summit in Beijing Friday. The meeting will be the first time South Korean President Roh Moo Hyun has sat down with Chinese President Hu Jintao in 11 months. Mr. Roh also will meet with Chinese Premier Wen Jiabao.

China and South Korea are North Korea's neighbors and largest trading partners, traits that give them the most economic and political leverage over the regime of Kim Jong Il. Leaders in both countries were angered by the North's declared nuclear test on Monday. In developing a response, neither China nor South Korea wants to destabilize the North in a manner that would trigger chaos or lead to refugees on their borders.

China's foreign ministry issued another guarded statement Thursday. Ministry spokesman Liu Jianchao said "punishment should not be the purpose" of any action taken by the United Nations in response to the test. "The measures taken [by the U.N.] should be conducive to the denuclearization of the Korean peninsula and to bringing about peace and stability on the Korean peninsula," Mr. Liu said.

Japan and the U.S. are leading efforts to forge a resolution at the U.N. Security Council. John Bolton, U.S. ambassador to the U.N., said he would like the council to adopt a resolution by the week's end. The U.S. introduced a new draft resolution in the Security Council to punish North Korea and said it wants a vote on Friday.

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Russia urged the U.S. not to rush the vote, saying Moscow still had differences and the U.S. should wait for the results of the flurry of high-level diplomacy. China backed Russia's call, saying Beijing would welcome more talks so the Security Council can send a united and forceful message to Pyongyang condemning the test.

The U.S. and Japan had initially hoped for a vote Thursday. But if Washington wants to get China and Russia on board, a vote is likely be delayed until next week.

"We're certainly in favor of keeping all the diplomatic channels open, but we also want swift action, and we shouldn't allow meetings, and more meetings .. to be an excuse for inaction," Mr. Bolton told reporters Thursday.

Asian stock markets remained calm amid the diplomatic maneuvering. South Korea's Composite Stock Price Index, or Kospi, rose 0.5% Thursday, though it is down 1.5% for the week. Japan's Nikkei Stock Average of 225 companies fell 0.19% Thursday.

The Bank of Korea held its overnight call-rate target steady at 4.5% and suggested its interest-rate tightening might be over as the slower-growing economy faces uncertainties from the North Korean crisis.

"The reaction of the international community, including the U.N., and the North's response to such reactions could hurt both [local] consumption and investor sentiment, so the central bank will closely monitor the situation," central-bank Gov. Lee Seongtae told reporters.

Hyundai Securities economist Lee Sang Jae said the central bank is likely to keep interest rates unchanged until the first quarter of next year while it monitors developments in the U.S. economy and North Korea.

Meanwhile, Goldman Sachs forecast a 4% growth rate for the South Korean economy next year, slower than this year's expected 4.8% rate.

"It is clear Korea reached a peak but will not have a hard landing," said Kim Sun Bae, the bank's co-director of Asia economic research. "It will be a gradual slowdown with an unstable situation until late this year or early next year."

He said the forecast hadn't been affected by the North's test, adding it will add some instability to the South Korean economy but is unlikely to develop into a crisis.

--Jung-Ah Lee contributed to this article.

Bush, Australian PM Discuss North Korea (AP-Y)

AP, October 13, 2006

President Bush, pursuing a diplomatic solution to the North Korean nuclear crisis, spoke with Australian Prime Minister John Howard on Thursday and they agreed on the need for a strong U.N. Security Council resolution to punish Pyongyang, a spokesman said.

Separately, Chinese State Councilor Tang Jiaxuan had a meeting in the Oval Office and also conferred with Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Assistant Secretary of State Christopher Hill, deputy national security adviser J.D. Crouch told reporters.

Bush and Howard said that any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said.

Bush thanked Howard for Australia's response to both North Korea's missile test in July and its announced nuclear test on Monday. The president noted the leading position that both Australia and Japan are taking in implementing sanctions against North Korea, Jones said.

The president also thanked Howard for "the resolute commitment that the Australian people have made to the cause of freedom in Iraq and Afghanistan," the spokesman said.

Crouch, talking to reporters who accompanied Bush on a trip to St. Louis, said that meeting with the Chinese official went well.

"I think it's a positive sign that we all agree that we need a resolution and that we need to go forward with strong measures," he said.

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There was not a detailed discussion on specific elements of the resolution, Crouch said, but he added that there was a "broad understanding what there needed to be was a strong response and I think that the details of those are going to have to be negotiated."

Making Good On Bush's Vow Will Require Detective Work (NYT)

By Thom Shanker And David E. Sanger

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Making good on President Bush's vow this week to hold North Korea "fully accountable" if it shares nuclear material will pose a major challenge to American intelligence and diplomacy, requiring new equipment and a high level of international cooperation, administration and military officials say.

Mr. Bush's declaration on Monday, in his first public comments after the North announced that it had detonated a nuclear device, underscored the importance of monitoring North Korea's nuclear program, tracking its exports and investing in technology for "fingerprinting" nuclear materials.

Security specialists said Mr. Bush's warning signaled a significant expansion of longstanding policies of deterrence, extending the threat of reprisals to the transfer of nuclear weapons or materials to another country or to terrorists.

That has long been a concern about the North Korean program, but the tools to prevent it are still limited.

Robert Joseph, the under secretary of state for arms control and international security, said in an interview on Thursday that "to be credible, declaratory policy must be backed up by effective capabilities."

Mr. Joseph cited three existing programs as models for what was needed: the Proliferation Security Initiative, a loose grouping of dozens of countries that have agreed to intercept illicit arms shipments moving through their waters or airspace; Megaports, an effort to install radiation detectors at major cargo ports around the world; and Second Line of Defense, a program to place radiation detectors at major border crossings around the world.

"We are putting in place the ability to detect, disrupt and deter North Korean proliferation activities," he said. "The announced North Korean nuclear test will provide impetus to further expand these capabilities, particularly in Asia."

The Pentagon, in carrying out one of its most sensitive missions, maintains a team of nuclear experts to analyze the fallout from any nuclear attack by terrorists, not only to identify the attackers but also to figure out where they got their bomb.

Separately, the International Atomic Energy Agency, a United Nations unit based in Vienna, compiles identifying markers drawn from the chemistry and physics of processes that produce radioactive material in nuclear programs around the world.

Using that kind of data and technology, it might be possible to figure out the likely origin of an intercepted shipment of bomb material — or of the radioactive debris of a weapon that was used. The atomic energy agency's inspectors have significant records from their time in North Korea before they were expelled, and they could rule out many other possible sources of radioactive material by calling on records from nations that cooperate with the agency.

The real question is how best to head off a nuclear transfer in the first place. Those options include stiff embargos, like those under discussion at the United Nations or even a more muscular international air and maritime inspection operation.

And then there is the threat of harsh retaliation.

Mr. Bush's declaration on Monday was no strategic aside, a number of administration and military officials said. Mr. Bush consciously chose language that amounts to a new "declaratory policy" of a line that must not be crossed.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Mr. Bush said.

When pressed for details on the implications, a range of administration and military officials declined to elaborate, saying that part of the power of deterrence was its very ambiguity. Most would speak about the topic only on condition of anonymity.

"These declarations are constructed with some elasticity, specifically to raise questions and doubts in the mind of the object," one Bush administration official said.

Last year the White House ordered a study of whether North Korea might share some nuclear fuel with Iran, but the report was inconclusive.

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Some administration officials say they doubt that the North Koreans would take the risk. Others, including Defense Secretary Donald H. Rumsfeld, argue that the North's record indicates that it proliferates any weapon in its arsenal. For example, it has long supplied missiles to Iran, and there have been suspicions, but no evidence, of nuclear cooperation between the countries as well.

Mr. Bush's statement was viewed by national security experts as a major shift in deterrence doctrine, one that acknowledges that the mission today is no longer preventing North Korea from building a nuclear weapon, but deterring its use or transfer.

"The administration will continue saying that a nuclear weapon in North Korea is unacceptable, but in fact they are beginning to accept it," said Scott D. Sagan, director of Stanford University's Center for International Security and Cooperation. "The administration is switching from a nonproliferation policy to a deterrence and defense policy. It is a form of containment rather than a form of nonproliferation."

The considerations during the cold war were far more straightforward: a Soviet missile would leave an obvious return address, allowing the United States to respond with no doubt as to the source of the attack.

But getting from the presumption of North Korean proliferation to the evidence is a very difficult task, one that initially is an intelligence, not a military, effort.

The difficulties of turning Mr. Bush's vow into real deterrence were vividly demonstrated in late 2003, the only moment when North Korea was widely suspected of being the source of nuclear material found elsewhere in the world.

The discovery was made in Libya, which decided to give up its nuclear weapons program. Along with centrifuges and other equipment purchased from the black market network created by Abdul Qadeer Khan, the Pakistani nuclear engineer, the Libyans turned over a cask of nearly two tons of uranium. It had arrived in Tripoli around 2001 in a semiprocessed form: uranium hexafluoride, the gas that is poured into centrifuges for enrichment into nuclear fuel.

Korean markings on the cask suggested that the North was the source. And chemical traces on the outside of the cask proved that the container had been at North Korea's main nuclear site, Yongbyon.

But while the Bush administration at first charged that North Korea had been the source of Libya's uranium, experts spent months trying to determine whether the contents of the cask had come from there as well or whether it had been filled up elsewhere. The result: plenty of suspicions, but no hard proof.

"We took months and months and months and still couldn't come to a 100 percent conclusion," one senior administration official said this year. "That happens. But it doesn't help you justify a counterstrike against someone."

The president's new warning grows from his 2002 National Security Strategy and subsequent statements on deterrence and pre-emption. But until now he never specifically said a nation transferring nuclear weapons or components would be held liable and be subject to retaliation, according to administration officials and analysts in the academic community.

Korean Test Seen As Only Partial Blast (WT)

By Bill Gertz

The Washington Times, October 13, 2006

Four days after North Korea tried to set off its first nuclear bomb, U.S. intelligence agencies think the blast detected by seismic sensors was a plutonium-fueled device that did not fully explode.

"The working assumption is that what happened, more likely than not, was an attempted nuclear test that fell far short of being successful," said one U.S. official familiar with the latest intelligence assessment.

There is still no confirmation that North Korea succeeded in creating a nuclear explosion, and so far no radioactive particles that would confirm a successful nuclear test have been detected. The Washington Times first reported Tuesday that U.S. officials were having doubts, based on preliminary data, about North Korea's boasts about having successfully tested its first nuclear device.

The latest intelligence estimates of Monday's test at a nuclear test site near Kilju, in northeastern North Korea, put the size of the blast at 0.2 kilotons, or the equivalent of 200 tons of TNT. A plutonium-fueled nuclear device normally creates a much larger blast, in the range of 5 kilotons to 20 kilotons. A kiloton is the equivalent of 1,000 tons of TNT.

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The detected explosion likely was produced by the conventional high-explosives used to split the plutonium atoms and produce a nuclear explosion, one official said. A second official said, "There was a yield that was in the several hundred ton range, but it at least partially failed."

Complete analysis of the data could take weeks, the officials said.

Plutonium-fueled bombs use a core of plutonium that is surrounded by conventional high explosives. High-speed electronic triggers are used to set off the high explosives, which apply pressure to the plutonium and produce the nuclear blast.

According to officials, the North Koreans informed China's government that the test they planned to carry out would produce a 4-kiloton explosion. That size indicates the North Koreans were trying to test a small warhead that likely would fit on a missile. The North Koreans have several types of ballistic missiles, including a long-range Taepodong-2, medium-range Nodong and shorter-range Scuds.

Still, the top U.S. military official was noncommittal when asked yesterday by reporters whether North Korea's detected explosion was nuclear or merely conventional.

"It is not yet determined -- with any degree of assurance -- what exactly they tested," said Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff.

Other explanations for the relatively low size of the detected blast include that North Korea did create a small nuclear explosion, but that seismic waves from it -- it registered as a 4.2 on the earthquake scale -- were muffled by an underground cavern, the officials said.

A third theory that intelligence agencies are examining is that the detected explosion was only a conventional explosion that North Korea is trying to fool the world into believing was a nuclear test, the officials said.

So far, aircraft and other sensors nearby the site of the explosion have not detected any radioactive debris. But while the detection of minute amounts of such materials would confirm a successful nuclear test, the officials warned that even if no sensors detect radioactive particles, a partially successful test would remain a possibility.

What Will Stop North Korea (WP)

By Charles Krauthammer

The Washington Post, October 13, 2006

It shall be the policy of this nation to regard any nuclear missile launched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States, requiring a full retaliatory response upon the Soviet Union .

-- President John F. Kennedy,

Oct. 22, 1962

Now that's deterrence.

Kennedy was pledging that if any nuke was launched from Cuba, the United States would not even bother with Cuba but would go directly to the source and bring the apocalypse to Russia with a massive nuclear attack.

The remarkable thing about this kind of threat is that in 1962 it was very credible. Indeed, its credibility kept the peace throughout a half-century of the Cold War.

Deterrence is what you do when there is no way to disarm your enemy. You cannot deprive him of his weapons, but you can keep him from using them. We long ago reached that stage with North Korea.

Everyone has tried to figure out how to disarm North Korea. It will not happen. Kim Jong Il is not going to give up his nukes. The only way to disarm the regime is to destroy it. China could do that with sanctions but will not. The United States could do that with a second Korean War but will not either.

So we are back to deterrence. Hence the familiar echoes of the Cuban missile crisis with North Korea's rude entry into the nuclear club this week. The United States had to immediately put down markers for deterrence. President Bush put down two.

One marker, preventing a direct attack on our allies in the region, was straightforward, if bland: "I reaffirmed to our allies in the region, including South Korea and Japan," the president said in a nationally televised statement, "that the United States will meet the full range of our deterrent and security commitments." It is understood by all that the decades-old American nuclear

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umbrella in the Pacific Rim commits us to attacking North Korea -- presumably with in-kind nuclear retaliation -- were it to attack our allies first.

Gruesome stuff, but run-of-the-mill in the nuclear age. The hard part is the second marker Bush tried to put down: proliferation deterrence.

We are in an era far more complicated than Kennedy's because his great crisis occurred before the age of terrorism. The world of 1962 was still technologically and ideologically primitive: Miniaturized nuclear weaponry had not yet been invented, nor had modern international terrorism. Yasser Arafat and the Palestine Liberation Organization gave the world that gift half a decade later with their perfection of the political airline hijacking.

Terrorism has since grown in popularity, ambition and menace. Its practitioners are in the market for nuclear weapons. North Korea has little else to sell.

Hence Bush's attempt to codify a second form of deterrence: "The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

A good first draft, but it could use some Kennedyesque clarity. The phrase "fully accountable" does not exactly instill fear, as it has been used promiscuously by several administrations in warnings to both terrorists and rogue states -- after which we did absolutely nothing. A better formulation would be the following:

Given the fact that there is no other nuclear power so recklessly in violation of its nuclear obligations, it shall be the policy of this nation to regard any detonation of a nuclear explosive on the United States or its allies as an attack by North Korea on the United States requiring a full retaliatory response upon North Korea.

This is how you keep Kim Jong Il from proliferating. Make him understand that his survival would be hostage to the actions of whatever terrorist group he sold his weapons to. Any terrorist detonation would be assumed to have his address on it. The United States would then return postage. Automaticity of this kind concentrates the mind.

This policy has a hitch, however. It works only in a world where there is but a single rogue nuclear state. Once that club expands to two, the policy evaporates, because a nuclear terror attack would no longer have a single automatic return address.

Which is another reason why keeping Iran from going nuclear is so important. With North Korea there is no going back. But Iran is not there yet. One rogue country is tolerable because it can be held accountable. Two rogue countries guarantees undeterrable and therefore inevitable nuclear terrorism.

Bush Gets Bum Rap (WT)

By Yearn Hong Choi

The Washington Times, October 13, 2006

President Bush has been bombarded by criticism from Democratic politicians and the so-called liberal intellectuals since North Korea announced Monday that it had tested its first nuclear bomb. This is ridiculous. Although Mr. Bush's supposed inaction has been criticized, he has been trying to operate the six-party talks to disarm North Korea. I am not sympathetic to the criticisms, because they should instead be targeting North Korea's Kim Jong-il, as well as China and South Korea, the two nations that have been financing North Korea's nuclear programs indirectly, if not directly.

There is a legitimate question to be asked: Who violated the agreement signed by North Korea and the United States in Geneva in 1994? The United States was faithful to the agreement and supplied heavy oil to North Korea, while South Korea was constructing light water reactors in North Korea. But North Korea was secretly making nuclear bombs, and subsequently disclosed the fact that it has such weapons. Mr. Bush stopped the supply of heavy oil. There was no other way. North Korea was a rogue state. It did not know how to act as a civilized partner to the Agreed Framework signed with the United States 12 years ago. As a matter of fact, North Korea and South Korea had an agreement to keep the Korean Peninsula a nuclear-free zone as early as the 1970s. But Pyongyang did not care about the signed agreement.

North Korea kidnapped South Korean fishermen from the open sea and Japanese citizens from the seashore of Japan, and bombed a South Korean plane. The DPRK sold opium and produced counterfeit U.S. dollars. It has been starving its own people. But it has produced nuclear bomb(s) and long-distance missiles in order to threaten South Korea, Japan and the United States.

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How could American liberal intellectuals trust North Korea's Kim Jong-il and distrust Mr. Bush? President Clinton's engagement policy was betrayed by Kim Jong-il, and he has also betrayed South Korea's "Sunshine Policy." The appeasement policy and Sunshine policy just helped the North Korean dictator sustain his power, rather than have his country go bankrupt.

Mr. Bush's understanding of North Korea's dependence on China was admirable. China has always been behind North Korea. Kim Jong-il has been visiting Beijing seeking help, and China has warmly greeted and embraced him. So, China should participate in the six-party talks to change North Korean behavior. Could Mr. Bush have done more? I don't know, China is joining the United States in supporting a U.N. Security Council resolution imposing sanctions on North Korea. It was a good response from Beijing — for the first time. It was a success for Mr. Bush. I appreciate China's new stance towards North Korea, and believe South Korea will follow China's steps. I hope China will keep a distance from its colony-like North Korea, as long as it is an "Animal Farm." China should be proud of its superpower status, and should act accordingly.

Who are liberal intellectuals? They are supposed to admire civil rights of citizens and civil liberties of citizens — not to support the "Animal Farm" of the 21st century. They are supposed to admire freedom of religion, freedom of expression and freedom of movement. There are no such things in North Korea. That is why it is a rogue state.

Why don't they want regime change in North Korea — something they should be advocating? There is no way to negotiate with a man like Kim Jong-il.

The United States has limited power to punish the North Korean dictator beyond rhetoric and U.N. sanctions, however effective they may be. Should the United States target a North Korean nuclear-weapons production site, South Korea will beg Washington not to carry out an attack because of concern that Pyongyang will retaliate against its southern neighbor. Under the circumstances, South Korea has been the North Korean dictator's hostage. Former South Korean President Kim Dae-jung and current President Roh Moo-hyun have been trying to "please" Kim Jong-il. They have been pathetic. They have been seeking Kim Jong-il's mercy.

Former Secretary of Defense William Perry should know that whatever conciliatory actions South Korean people made to North Korea have failed. Washington should expect the same result from dealing with North Korea: betrayal. Mr. Bush should not be blamed for "inaction." He worked hard to establish the six-party talks to disarm North Korea's nuclear weapons. Now, China is doing something good with regard to North Korea.

General: U.S. Has Troops To Fight N. Korea (LAT)

By Peter Spiegel

The Los Angeles Times, October 13, 2006

WASHINGTON — The U.S. military's top officer said Thursday that the Pentagon would have sufficient forces to win if called on to fight a war in North Korea, but the conflict would be more difficult without the intelligence and guidance systems devoted to Iraq and Afghanistan.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that about 200,000 U.S. troops were deployed in Iraq and Afghanistan, leaving more than 2 million troops available for a war in Asia.

Pace said a conflict with North Korea, which both he and President Bush have said is highly unlikely, would rely heavily on the Navy and Air Force because of the significant deployment of land forces in Iraq. In addition, such an attack would not be "as clean as we would like," he said, because guidance systems used to aim bombs were in use in the Middle East.

"You wouldn't have the precision in combat going to a second theater of war that you would if you were only going to the first theater of war," Pace told a group of military reporters. "You end up dropping more bombs potentially to get the job done, and it would mean more brute force."

Although Pace did not name specific guidance and intelligence systems, Air Force officers have said they do not have surveillance aircraft such as Global Hawk and Predator reconnaissance drones available for East Asia because of their heavy use in Iraq and Afghanistan. The unmanned aircraft are used to spy on enemy territory.

Pace said a war in Asia would further strain U.S. troop rotations.

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Pentagon officials have acknowledged in recent weeks that the Army is struggling to maintain a rotation that allows troops to return home for a year before redeploying to Iraq and Afghanistan. A third major conflict, Pace said, would probably end such yearlong respites.

One senior Pentagon official said if there were another war, most troops currently in Iraq would be forced into extended deployments, while those preparing to be sent to the Middle East would go to Asia.

Pace said the U.S. government had not confirmed whether North Korea tested a nuclear weapon, as the government in Pyongyang claimed.

The general said that even with nuclear capability, North Korea would be more worrisome to the U.S. military as a source of nuclear materials for terrorists than as a potential military foe.

Another U.S. official said intelligence agencies were still gathering data to determine whether the test blast, small by atomic standards, was a nuclear detonation.

"The working assumption has been, and continues to be, that they tried to conduct a nuclear test and that it didn't go particularly well, that it was more fizzle than pop," the official said.

Analysts think the explosion was smaller than initially reported — generating the force of perhaps as little as 200 tons of TNT, a fraction of the power of the atomic bombs the United States dropped on Japan more than 60 years ago.

U.S. intelligence officials cautioned that the shock waves from the North Korean explosion could have been muffled if the underground test site was surrounded by caverns and tunnels that absorbed the bomb's force.

Officials said there was no confirmation of a nuclear test pending the longer-than-expected collection of atmospheric samples over Japan, downwind from the blast. The samples will be analyzed for the presence of nuclear fallout.

"It depends on meteorological conditions, and it turns out that they were not very favorable," said Daniela Rozgonova, a spokeswoman for the Vienna-based Comprehensive Nuclear Test Ban Treaty Organization. "It can take weeks."

If North Korea contained the fallout from the blast, as the country claimed, it might not be possible to confirm that it was a nuclear explosion, officials said.

Weighing Carrots Or Sticks For North Korea (WSJ)

By Yochi J. Dreazen And Jay Solomon

The Wall Street Journal, October 13, 2006

As U.S. Weighs Response To Pyongyang, Both Parties Trade Blame for Failed Diplomacy

WASHINGTON -- The Bush administration has a simple explanation for why it won't restart one-on-one talks with North Korea to persuade Pyongyang to abandon its nuclear weapons program:

"Bilateral negotiations didn't work. I appreciate the efforts of previous administrations. It just didn't work," President Bush said Wednesday, referring to the Clinton administration's years of talks with North Korea. "And therefore I thought it was important to change how we approached the problem."

Since North Korea claimed a successful nuclear detonation early this week, Democrats and Republicans have traded barbs about which administration bears more responsibility for allowing the reclusive country to acquire such weapons.

Republicans accused the Clinton administration of failing to take tough steps in the 1990s to persuade North Korea to abandon its nuclear-weapons program. Democrats say Mr. Bush's refusal to engage Pyongyang drove North Korea to accelerate that program, culminating in the announced test this week.

"It's difficult to say that the Clinton policy failed, but it's crystal clear that the current policy has failed," said Larry Wilkerson, who was chief of staff to former Secretary of State Colin Powell. "You need a carrot-and-stick approach -- you can't just use the stick."

Neither approach has succeeded, underscoring the challenges for the U.S. and its allies in deciding how to respond to the test, and ultimately, how to get Pyongyang to stop its nuclear program.

Yesterday, the U.S. and key Asian partners remained divided over how to proceed. U.S. diplomats circulated a draft Security Council resolution that, among other measures, calls for international inspections of cargo coming in or out of North Korea to

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prevent the transfer of weapons-related material. U.S. officials said they want to see the resolution brought to a vote today, but Russia and China said they prefer delaying the vote to allow more time for arriving at an international consensus.

China opposes the cargo inspection measure and doesn't like that the American draft resolution comes under Chapter 7 of the U.N. charter, which would preserve the option of military action against North Korea. China wants the resolution to be introduced under Article 41, which permits only nonmilitary sanctions.

A senior Chinese envoy, State Councilor Tang Jiaxuan, met with Mr. Bush and members of the president's national security team in Washington yesterday to discuss China's preference for more moderate sanctions.

The disagreements over what to do next are being shaped, in part, by the various assessments of what happened the last time the U.S. tried direct negotiations with the North Koreans.

National-security experts from both parties say the Clinton approach of engaging in talks succeeded in temporarily lowering tensions between the two sides and curbing North Korea's nuclear ambitions. Some argue that the U.S. should, for this reason, resume talks while also preparing punitive measures that could be used if Pyongyang refused to alter course.

In 1993, North Korea threatened to withdraw from the Nuclear Non-Proliferation Treaty. The Clinton administration, fearing that Pyongyang was close to deploying nuclear weapons, considered a pre-emptive military strike. President Clinton ordered the Pentagon to craft plans to send tens of thousands of additional U.S. forces to South Korea, along with war planes and other combat vehicles.

At the same time, the Clinton administration began negotiations with Pyongyang, which culminated in a 1994 deal. The so-called Agreed Framework provided a blueprint for gradually normalizing relations between the U.S. and North Korea. It called for Pyongyang to halt efforts to build nuclear weapons, and in return, the U.S. would help build two light-water reactors for power generation and provide North Korea with hundreds of thousands of tons of heavy fuel oil.

Key parts of the deal held for eight years: North Korea halted its plutonium-reprocessing work and allowed international inspectors to return. But other aspects of the agreement frayed. A Republican sweep of Congress weeks after the signing of the deal undermined the Clinton administration's ability to implement it.

Congressional opposition to building the light-water reactors delayed their construction for several years. The U.S. and its allies ended the program earlier this year without completing either plant. The U.S. suspended shipments of the heavy fuel oil in November 2002 and did little to normalize ties between the two countries.

Supporters of the Clinton administration's approach say its strength was that it prioritized the threats North Korea posed to U.S. national security interests and systematically sought to address them. They say the Agreed Framework stopped Pyongyang's most advanced nuclear program, using plutonium fuel, and secured a promise from North Korean leader Kim Jong Il in 2000 to shelve missile tests. Officials had hoped to build on these gains to address other security challenges posed by North Korea, particularly its illicit businesses, human-rights abuses, and its placement of conventional forces within striking distance of the South Korean capital of Seoul.

The Bush administration's approach, in contrast, has tried to address all the issues at once and -- critics say -- resolved none. Some current and former U.S. diplomats say the Bush administration's hard-line approach has resulted in Pyongyang restarting its plutonium-based nuclear program and its missile tests. And there are no signs that Pyongyang plans to address the other issues.

"My biggest concern has always been the nukes," said one State Department official who has worked on Korea policy during both administrations. "But if you allow these other issues to distract from the most important one, you'll get nowhere. And this has happened."

The Clinton approach wasn't a total success, either, analysts note. Both critics and supporters say it failed to spur North Korea to decisively abandon its nuclear-weapons ambitions. U.S. intelligence officials now believe that North Korea launched a secret uranium enrichment program a few years after signing the 1994 agreement.

That agreement formally collapsed when the Bush administration confronted Pyongyang in October 2002 with evidence of its secret nuclear-weapons program and North Korea acknowledged its existence.

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"It's true that we've talked to our enemies in the past, but I don't know if it would do a ... bit of good because North Korea hasn't shown any willingness to give up its nuclear program once and for all," said David Asher, a former senior State Department official.

That Was Then (WP)

By Glenn Kessler

The Washington Post, October 13, 2006

After North Korea conducted what it said was a nuclear test Sunday, many Republicans blamed the Agreed Framework negotiated by the Clinton administration -- under which a five-megawatt reactor was shut down and spent fuel rods were kept under 24-hour international supervision -- for causing the problem. But in 2003, after North Korea was discovered to have violated the agreement and the Bush administration terminated it, then-Secretary of State Colin S. Powell told The Washington Post:

"The previous administration I give great credit to for freezing that plutonium site. Lots of nuclear weapons were not made because of the Agreed Framework and the work of President Clinton and his team."

US No-talks Policy Comes Under Fire (CSM)

By Howard Lafranchi

The Christian Science Monitor, October 13, 2006

WASHINGTON

President Bush has made his stance clear: The US doesn't negotiate directly with its enemies.

But after North Korea's apparent nuclear test this week - and problems with getting severe sanctions approved by the UN - that stance is now setting off a vigorous debate.

"In my view, it is not appeasement to talk to your enemies," James Baker, secretary of State for the former President Bush, said this week.

In key election states, the Republican National Committee is offering a different view. It's airing TV ads showing Madeleine Albright, secretary of State for former President Clinton, clinking glasses with Kim Jong Il and presenting the North Korean dictator with a basketball signed by Michael Jordan. Its point: "basketball diplomacy" doesn't work.

The debate shows how the White House's policy of not directly engaging adversaries - whether North Korea, Iran, Syria, or organizations like the Palestinians' Hamas and Lebanon's Hizbullah - is under intensifying fire, including from friendly circles.

Now is probably not the moment for the United States to approve the kind of bilateral negotiations North Korea wants, many agree. "There's going to have to be a timeout chair for North Korea," says Michael Green, who served as Asia director in the Bush White House's National Security Council until last December.

But others say the North Korea nuclear crisis, following questionable US diplomacy on this summer's war in Lebanon and a stalemate with Iran over its nuclear ambitions, is raising new challenges for the Bush administration's "no-talk-with- enemies" diplomatic approach.

"The reason we're hearing so much about this right now is that the policies towards Iran and North Korea are not working," says Geoffrey Kemp, a national security expert at the Nixon Center in Washington.

The Bush administration in its second term has embraced "multilateralism" - six-party talks with North Korea and the European Union as a go-between with Iran - without accepting direct talks with parties President Bush has termed "evil," Kemp says.

He adds, "if the multilateral approach is not going anywhere either, that really does lead you back to bilateral discussions."

Some appear to think snubbing adversaries was invented by the Bush White House, while the more adamant Bush advocates would have us believe the Clinton White House never had a foreign enemy it didn't cozy up to. But some say the seesaw of pragmatic engagement with adversaries balancing a moralistic refusal to talk has been teeter-tottering at least since the triumph of the Bolshevik revolution.

"There is a moralist streak in American foreign policy, this idea that you don't talk to bad people, that is not new," says Kemp, who served on the National Security Council in the Reagan White House.

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Indeed President Reagan was famous for calling the Soviet Union "the evil empire" - but then embracing Mikhail Gorbachev, saying "I can work with this guy." Kemp says the Reagan administration was "initially standoffish" towards the Soviet Union and took years to receive a Soviet leader. But things changed, he adds, after the president was "won over by the leading pragmatists around him - those being Nancy Reagan and George Schulz."

For years it was taboo for US leaders to speak with the Palestinian Liberation Organization - so much so that Andrew Young lost his job as US ambassador to the United Nations for doing just that. Kemp remembered Alexander Haig's first Middle East trip as secretary of state, when Mr. Haig's insistence that he wouldn't stop in Damascus became the trip's major topic.

The seesaw tipped by the time Clinton took office when PLO Chairman Yasser Arafat, having renounced the doctrine of Israel's destruction, was a repeat visitor to the White House and "official visits to Damascus were almost every hour on the hour," Kemp quips.

In a news conference Wednesday President Bush fielded questions about his refusal to directly engage with Kim Jong Il's regime, saying the Clinton administration's approach "just didn't work."

Clinton administration officials refute this. Ms. Albright said in a statement Wednesday that "through our policy of constructive engagement, the world was safer" because North Korea did not develop new nuclear weapons or proceed to a nuclear test. Former Clinton Defense Secretary William Perry said it's a "lost cause" for the the US to try to deal with North Korea unless it agrees to one-on-one talks.

Bush emphasized Wednesday that his approach to North Korea is to rely on diplomacy. That suggests the debate over talking or not talking comes down to a definition of diplomacy. Administration hard-liners have argued against direct talks with the North because they say it would legitimize an abhorrent regime. But critics of the Bush approach say diplomacy is not only about dealing with allies.

Kurt Campbell, who served in both the White House and Pentagon under Clinton, says he would not "view diplomacy as a gift or as something we bestow on others, but [as] really designed for dealing with bad people on issues you care about."

Still, for others, the attraction of the Bush approach is not that it shuns talking, but that it offers talks in the context of broader bilateral negotiations - so that success or failure does not ride exclusively on American shoulders.

"The question is how do you rein in rogue regimes, and in the case of both North Korea and Iran the Bush administration has this exactly right," says Raymond Tanter, a professor at Georgetown University in Washington who served under the first President Bush.

Mr. Tanter says the Clinton administration's engagement with North Korea did not prevent the North from cheating, and exposed the US to the full blame for that. "But if North Korea is cheating on five countries, that isolates them much more, it prevents them from blaming just the US," he adds, "and it makes them subject to the weight of the international community."

White House Reverts To Cold War Containment (FT)

By Guy Dinmore

Financial Times, October 13, 2006

Lacking a viable military option in dealing with a nuclear North Korea or Iran, the Bush administration is adopting a cold war-style strategy of containment and deterrence that does not completely close the door on negotiated settlements.

While analysts and diplomats in Washington do not rule out the possibility of US military strikes against Iran – some even wager a better than 50 per cent chance by next summer – there is a sense that the Bush doctrine of pre-emptive or preventive war is buried in the wreckage of Iraq.

There will be tough bargaining at the UN as the Bush administration seeks the legitimacy afforded by Security Council resolutions to press sanctions.

But the success of US strategy in both regions will depend more on developing ad hoc coalitions of allies and overcoming opposition from China and Russia.

Imposition of financial and trade sanctions, freezing of assets, international isolation through travel bans and interceptions of cargo at sea will be accompanied by efforts to strengthen the military capabilities of allies. This means closer military co-

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operation with the Gulf Arab states and a sympathetic ear to suggestions by Japan's new government that it might rewrite the postwar pacifist constitution.

Interviews with US officials, who asked not to be identified, reveal that the liberation theology that dominated the post-September 11 2001 discourse, notably President George W. Bush's second inaugural speech last year, has given way to a more pragmatic approach.

The shift is so pronounced that both neoconservatives and liberal hawks among Democrats are alarmed that the Bush administration's apparent embrace of realpolitik will mean abandoning promises made to oppressed peoples while entering into nuclear-reduction deals with the Iranian and North Korean regimes.

Beyond the US, more than 100 Arab and Muslim activists have written to Mr Bush calling on him to reaffirm his commitment to sustained democratic reform in the Arab world. They write that autocrats are intensifying their repression, emboldened by the impression that the US is wavering.

Reinforcing such impressions, one US official even suggested the administration would be willing to negotiate trade-offs at the UN in parallel discussions over North Korea, Iran and Sudan. "There are competing interests," he said.

Cliff Kupchan, analyst at the Eurasia Group consultancy, sees the Bush administration groping for an alternative to the "binary choice" of living with a nuclear Iran or staging surgical strikes.

"This administration has not reconciled itself to a nuclear Iran, but it has with North Korea," he says. But he sees any containment strategy – should it exist – complicated by a serious deterioration in the US relationship with Russia.

According to one senior US official, pressure on Iran cannot change the regime, but it might buttress the more pragmatic forces in Tehran who want to negotiate a settlement with the US.

Although the US has moved in the direction of talking to Iran – to the relief of its European allies – it still rejects one-on-one negotiations and insists that the Iranians first suspend their nuclear fuel programme.

Similarly with North Korea, the US is resisting direct talks outside the six-party process that has stalled for nearly a year. Responding to its claim of a nuclear test on Monday, the US is speaking the language of isolation and deterrence.

"Well, I think the North Koreans know that firing a nuclear missile, shall we say, would not be good for North Korean security," Condoleezza Rice, secretary of state, stated.

"The North Koreans are not confused about what it would mean to launch a nuclear attack against the United States, one of our allies or somebody in the neighbourhood."

John Hillen, assistant secretary of state for political and military affairs, is leading the push for a "new security architecture" in the Persian Gulf to counter the perceived threat from Iran. This involves beefed up military co-operation, including big ticket hardware sales, with Arab states in the Gulf Co-operation Council who are enjoying the windfall from higher oil prices.

Not surprisingly, the Arab states that feared both the wrath of the US and the threat of Islamist extremists after September 11 welcome such solicitations.

But Emile El-Hokayem, analyst at the Stimson Center in Washington, says the Arab Gulf states have a predicament. He recalls that Qatar, which hosts a US military base, was the only Security Council member not to vote in favour of the July 31 resolution demanding that Iran stop its uranium enrichment.

He also argues that a containment strategy relying heavily on a build-up of GCC military capabilities could backfire "by validating Iran's security concerns and justifying Tehran's need for a deterrent".

A less adventurist foreign policy would be welcomed by the US public, according to a poll by the Chicago Council on Global Affairs. Three out of four Americans feel the US is overdoing the job of global policeman, only 17 per cent rank spreading democracy as an important foreign policy goal, while 61 per cent say the war in Iraq has not reduced the threat of terrorism.

In Iran, Two Power Centers Vie Amid Standoff Over Nuclear Fuel (WSJ)

By Bill Spindle

The Wall Street Journal, October 13, 2006

TEHRAN, Iran -- As the West debates how to deal with North Korea after its defiant nuclear test, another atomic confrontation awaits the world's attention, the showdown with Iran. In some ways, it is even trickier.

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Both nations' leaders taunt America with bombastic rhetoric. But unlike Kim Jong Il's North Korea, Iran isn't a one-man dictatorship. Contrary to a common view of an Iran as being firmly in the hands of its fiery president, Mahmoud Ahmadinejad, Iran is torn by competing power centers that wage a daily battle for supremacy.

On one side is a mostly youthful group of fundamentalist hard-liners, typified by Mr. Ahmadinejad, who are determined to keep the revolutionary spirit vibrant. On the other is Iran's elite class of clerics, aging former revolutionaries and businessmen -- also deeply conservative and wary of reform, but far less interested in confronting the world and risking the isolation of their country.

Typifying this less-recognized power center is Iran's tough but suave chief nuclear negotiator, Ali Larijani. He is a fluent English speaker whose appointment to the critical negotiating role was seen inside Iran as a way to counterbalance the mercurial president.

Mr. Ahmadinejad tries to shake things up and sometimes succeeds, says Nassar Hadian, a political-science professor at Tehran University, "but the entire establishment of Iran is opposed to him."

Both factions vow to proceed with Iran's uranium enrichment program, which they insist is solely for peaceful purposes. Both also seek a bigger role for Iran in the regional and world stages. But they have quite different ideas about how to achieve it and about just what kind of role Iran should play in the world.

President Ahmadinejad's group favors confrontation with the West, figuring Russia and China will never back tough sanctions but instead will always offer Iran access to world markets. Iran's more traditional and establishment conservatives, by contrast, put emphasis on maintaining economic and political ties to the West, and perhaps even opening some sort of dialogue with the U.S.

All this makes for a complicated task facing the United Nations Security Council as it tries to hash out sanctions over Iran, following its defiance of an Aug. 31 U.N. deadline to accept economic incentives in exchange for giving up nuclear-fuel enrichment. The U.S. argues that only the pressure of tough sanctions will induce Iran's hard-liners to back down. Others argue that lowering tensions, perhaps by direct U.S.-Iran dialogue, would bolster pragmatic Iranian leaders who don't want to see the country outside the international fold.

The two strains of Iranian conservatism wrangle endlessly, from the oil ministry to the parliament to the backrooms where much authority really rests. Establishment conservatives have often checked the 50-year-old Mr. Ahmadinejad's ambitious plans for change. For instance, parliament ignored his drive to overhaul the oil ministry, the spigot for 80% of Iran's export income. Parliament rejected three attempts by Mr. Ahmadinejad to place loyalists as oil minister.

But Mr. Ahmadinejad has stretched the limited powers of the presidency with bombast and provocative rhetoric, thereby sometimes managing to dominate policy decisions, especially on the nuclear issue. His ability to create public furors, such as by taunting Israel and questioning the Holocaust, have brought him Western condemnation but a burst of popularity in the Muslim world. The result has been to further his agenda of defiance, as the West's negative reaction creates a sense in Iran that it is under siege and thus shouldn't give ground.

"He's tried to provoke a crisis in order to achieve better control," says Saeed Laylaz, a political analyst in Tehran.

Mr. Ahmadinejad isn't Iran's top official. That is Ali Khamenei, 67, the Supreme Leader. He gets the last word, and everyone in the system pays homage to him. But Ayatollah Khamenei is a power broker who tests the political winds in the country and moves carefully with them.

It wasn't many years ago that Iran's big political battles pitted hard-liners against liberal reformers pushing democracy and social freedom. The champion of reform, Mohammed Khatami, was president for eight years until 2005 but delivered little change. Liberals lost control first of parliament and then of the presidency. Conservatives have been in the clear ascendancy since President Ahmadinejad's election last year.

But it didn't take long after that for tensions in the conservative camp to emerge. Ayatollah Khamenei appointed Mr. Larijani -- from the camp opposite to the president-elect -- to oversee Iran's nuclear negotiations, as Secretary of the Supreme National Security Council.

Ayatollah Khamenei had backed Mr. Larijani in the presidential race just weeks earlier. His appointment was seen as a signal the nuclear portfolio would be kept out of Mr. Ahmadinejad's control.

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Mr. Larijani is as close to an establishment blue-blood as there is here. He is the son of a Grand Ayatollah, the pinnacle of the Shiite Muslim world's religious hierarchy. He and his three brothers were reared in protected religious centers and have held various high political positions over many years. He is married to a daughter of a famous Iranian cleric and is close to the powerful speaker of Iran's parliament.

Refined and intellectual, Mr. Larijani, 49, has studied math, computer science and Western philosophy. In his last role, heading the government broadcasting operation, he introduced sports and entertainment channels -- in addition to a bigger stream of state propaganda and religious programming -- as the regime tried to keep up with satellite TV that is spreading in Iran despite being illegal.

Like the president, Mr. Larijani is a true believer in the Iranian Revolution, say diplomats who know him. "He's a real hard-liner, purely in it for the survival of the regime," says a European diplomat who's been involved with the nuclear talks. He strikes diplomats as a smooth conveyor of a steely message. "In the way Larijani acts and talks, even the way he walks...he is the opposite of a populist or a demagogue," says another European diplomat who has dealt with him in the current talks.

It's a contrast to Mr. Ahmadinejad's public embrace of U.S. antagonists like Venezuela. Mr. Larijani has talked up another model for Iran: India, a nation that, even while developing nuclear weapons, has deepened its ties with the U.S. and international community.

Ayatollah Khamenei, the Supreme Leader who made Mr. Larijani the nuclear negotiator, has nonetheless not stopped Mr. Ahmadinejad from speaking out on the nuclear issue. And Mr. Ahmadinejad has proved adept at using his pulpit to influence the Supreme Leader.

Mr. Khamenei got the top position in a period of intense political maneuvering following Ayatollah Khomeini's death in 1989. Ayatollah Ruhollah Khomeini, the late hero of the 1979 revolution, had fused, in the Supreme Leader role, the Islamic Republic's two founding values: religious faith and revolutionary spirit.

The Supreme Leader enforces the values through a network that includes the judiciary, the military and the Guardian and Expediency Councils. The 12-member Guardian Council, whose membership is controlled by the Supreme Leader, is especially powerful: It decides who is allowed to run for office, and it has overturned hundreds of laws passed by parliament.

Ayatollah Khamenei after 1997 went along with some moves by the reformist president then in office to relax political and social rules. But by 2004, the Supreme Leader was working with conservatives to oust the reformers.

Critics of Mr. Ahmadinejad believe he has used the crisis atmosphere of nuclear dealings to offer Ayatollah Khamenei something that previously eluded him: a chance to make Iran a leader in the wider Muslim world. They say this dynamic gives Mr. Ahmadinejad pull with the ayatollah on nuclear issues, where the president has little formal role.

Critics of the radical president worry that his clout may be growing, based on two key diplomatic exchanges this year.

One was in March, when Mr. Larijani announced Iran was willing to discuss Iraq with the U.S. Mr. Ahmadinejad and his backers attacked the idea bitterly in speeches and newspaper editorials. Ayatollah Khamenei publicly backed Mr. Larijani. But it turned out the U.S., whose offer to talk had been on the table for months, had by this time lost interest. Mr. Ahmadinejad then stole Mr. Larijani's thunder by writing a rambling letter to Mr. Bush that renewed Iran's defiant stance -- and that spoke to a wider Muslim populace angry with America.

Mr. Larijani fared worse in the second exchange. It involved the U.N.'s Aug. 31 deadline for Iran to give up uranium enrichment in return for economic benefits. After the deadline passed with no compliance by Iran, President Ahmadinejad sent one of his top aides to Paris to meet French President Jacques Chirac. Among issues they would discuss was Lebanon, where France was reluctant to contribute to a U.N. peacekeeping force because of the risk of coming into conflict with Hezbollah. Iran has long supported and advised that group.

Just two days later, Mr. Larijani was talking about a softer line on the nuclear issue. As before, President Ahmadinejad was assailing the softer line. Ayatollah Khamenei remained silent. Soon, Mr. Larijani gave up discussing any sort of enrichment suspension, in what appeared to be a tactical victory for Mr. Ahmadinejad.

Yet, the struggle for power over Iran's policy has hardly ended. And as always, it's taking place in the larger context of the establishment's attempts to keep Mr. Ahmadinejad in check. Consider a recent move by a former president of Iran, Ali Akbar Hashemi Rafsanjani, a man who is hard to categorize politically but is surely part of the Iranian establishment.

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Mr. Rafsanjani is a man Mr. Ahmadinejad defeated in the 2005 presidential vote. He also is a candidate for the Assembly of Experts, a panel that could have a big say over who becomes the next Supreme Leader.

This month, Mr. Rafsanjani released a secret letter that the late Ayatollah Khomeini wrote almost two decades ago, explaining why he was willing to end the eight-year war with Saddam Hussein's Iraq short of victory. Ayatollah Khomeini said military officers had told him that to continue, they would need far more firepower, perhaps even a nuclear weapon. A newspaper close to Mr. Rafsanjani then editorialized that Ayatollah Khomeini was wise not to let his revolutionary ideology get in the way of "a realistic understanding of the international situation." For Mr. Rafsanjani's supporters, the message was unmistakable: Today's Iran, too, should proceed with caution and pragmatism.

Mr. Ahmadinejad now is striking back. He spent much of the week denouncing Mr. Rafsanjani for releasing the letter. He also put his right-hand aide into a key position in the Interior Ministry -- one that oversees Iran's elections.

--Marc Champion and Andrew Higgins contributed to this article.

Iran Defies Call To Drop Nuclear Plans (NYT)

By Nazila Fathi

The New York Times, October 13, 2006

TEHRAN, Oct. 12 — The Iranian leadership is vowing to continue to defy an international demand to stop nuclear activities while refusing to condemn North Korea for its reported test of a small nuclear device.

Iran's supreme leader, Ayatollah Ali Khamenei, said in a speech on Tuesday that Iran would continue its uranium enrichment program, asserting, as other senior Iranian leaders have done, that the program was intended for peaceful civilian purposes.

He said the decision was made easier by the fact that Iran voluntarily suspended enrichment three years ago, a cooperative gesture that proved fruitless. "If we had not experienced that path, perhaps we would have criticized ourselves today," he said. "But now we will pursue with a strong heart."

President Mahmoud Ahmadinejad said in a speech on Tuesday that Iran would "continue its path of dignity based on resistance, wisdom and without fear."

The government spokesman, Gholam Hossein Elham, while saying that "Iran opposes any use of weapons of mass destruction," nevertheless blamed the United States for the nuclear test that North Korea said it conducted Monday. "The root cause of this should be sought in the policy, behavior and method adopted by the rulers of the United States," he said Tuesday in his weekly news conference.

It appeared that Iran was emboldened by North Korea's action, and what seemed to be light penalties proposed Wednesday in the United Nations Security Council. Iran and North Korea face possible Security Council sanctions over nuclear activities.

"It looks like the message of North Korea's test for Iran was that it can also continue its program," said Saeed Leylaz, an economist and political analyst in Tehran. "They felt that if they act forcefully and confrontationally, they can also proceed with their program like North Korea."

Iran, unlike North Korea, contends that its program is for civilian purposes, and Ayatollah Khamenei has repeatedly spoken out against nuclear weapons. Although Iran's facilities are visited by inspectors from the International Atomic Energy Agency, the United States contends that Tehran is using its civilian nuclear activities as a cover for a nuclear weapons program.

In an editorial on Tuesday, Kargozaran, a moderate daily newspaper, said North Korea could proceed with its program because it had China as its ally.

"The international community was less tough with North Korea, which has a nuclear bomb, than with Iran, which does not have a nuclear bomb," the newspaper said.

Iranians were mixed about whether Iran should continue with its nuclear program.

Some said they felt strongly that their country should pursue nuclear weapons, and dismissed efforts by the United States to halt proliferation. "A country that has nuclear bombs has no right to tell other countries that they should not have one," said Javad

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Tabatabai, a retired schoolteacher, as he browsed at a newsstand in north Tehran. "We are a superpower in the region, and no one will dare to stop our program."

Others said just as strongly that Iran should give up the quest. "People are hungry," said Armin Manouchehri, a 33-year-old mechanic. "Why do we need a nuclear program when the government is not capable of controlling the inflation?" Inflation is running in double digits in Iran, with items like bread and fuel rising even more.

Some people said they feared that the Security Council might be even tougher on Iran now. "North Korea's tests will make the West more sensitive toward Iran because Iran is in a more sensitive place in the Middle East than North Korea," said Fazl ali Mahmoudi, 80, a pharmacist. "I am afraid that our leaders' policies would drag the country to the brink of war."

Israeli Forces Kill At Least 7 Palestinians In Gaza Fighting (WP)

By Scott Wilson, Washington Post Foreign Service

The Washington Post, October 13, 2006

JERUSALEM, Oct. 12 -- Israeli forces killed at least seven Palestinians on Thursday in the Gaza Strip during hours of sporadic ground fighting and airstrikes. Five of those killed were from a single family.

Israeli military officials said forces entered the strip before dawn near the central Gaza city of Khan Younis in search of cross-border tunnels that Palestinian armed groups use for smuggling.

The troops were fired on soon after, Israeli military officials said, and returned fire during a series of small-scale attacks for the next few hours. In addition to the dead, at least 11 Palestinians were reported wounded in the exchanges.

The most severe strike occurred when an Israeli military aircraft, which Palestinian witnesses identified as an Apache attack helicopter, fired on ground targets near the eastern border town of Abassan.

Palestinian medics reported that five members of the Gdaih family were killed in the strike, including three gunmen from the Izzedine al-Qassam Brigades, Hamas's military arm. The two others were identified as Adel Gdaih, 40, and his 13-year-old son, Suhaib. Witnesses said they were unarmed.

An Israeli airstrike in the Shajaiyeh neighborhood of Gaza City killed at least two Palestinians and injured four others just after nightfall, according to Palestinian health officials. The target was the home of Ashraf Forwana, a Hamas gunman, who was not there at the time.

One of those killed was an 8-year-old girl, hospital officials said, and the other was Forwana's 40-year-old brother. It was unclear whether he was affiliated with Hamas's military wing.

Israel seized Gaza in the 1967 Middle East war but evacuated its settlements and military posts there last year. Israeli forces reentered the strip after the June 25 capture of an army corporal in a cross-border raid carried out by Hamas's military wing and two smaller armed groups at war with the Jewish state.

Negotiations are underway to exchange the captured Israeli soldier, Cpl. Gilad Shalit, for some of the roughly 8,500 Palestinians being held in Israeli jails.

The Palestinian Health Ministry reports that the Israeli military operation, known as Summer Rains, has killed 290 Palestinians, including at least 35 children. International and Israeli human rights agencies also put the number of dead at more than 200, many of them civilians.

Israeli forces are also operating in northern Gaza to stop the firing of crude rockets into southern Israel. At least five rockets landed in southern Israel in the hours after the fighting, including one that disrupted electrical service in the city of Sderot. No injuries were reported.

Special correspondent Islam Abdelkareem in Gaza contributed to this report.

Israeli Operations In Gaza Leave 8 Dead (LAT)

By Ken Ellingwood

The Los Angeles Times, October 13, 2006

JERUSALEM — Israeli forces killed eight people in separate operations in the Gaza Strip on Thursday, Palestinian officials said, as militants fired several rockets into southern Israel.

Six people were killed in the southern Gaza Strip during an Israeli operation early in the day near the town of Khan Yunis.

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At least three of those killed in the clashes were identified as fighters belonging to the military wing of Hamas, the ruling Palestinian movement. The others were bystanders, including a man and his 13-year-old son, who were from the same extended family as the slain militants, neighbors said.

Two people, including a 2-year-old girl, died Thursday night during an Israeli airstrike on a house on the eastern edge of Gaza City, Palestinian officials said.

The strike, which targeted the home of Ashraf Farwana, a senior Hamas militant, also killed his 38-year-old brother, Ayman. Israeli officials said Ashraf Farwana had been involved in attacks against Israel and was making and distributing weapons to Hamas militants.

The eight fatalities marked the highest one-day death toll stemming from Israeli military actions in more than a month. At least 13 Palestinians were wounded in the Khan Yunis clashes and seven others were hurt in the evening airstrike in the Shajaiyeh neighborhood, hospital officials in Khan Yunis and Gaza City said.

Hamas responded to the morning raid by firing at least six Kassam rockets toward Israel, and four made it over the border, the Israeli army said. The rocket salvos caused no injuries and only minor damage to farms, the military said.

The Israeli operation began before dawn Thursday in the village of Abasan, just outside Khan Yunis.

An Israeli spokeswoman said troops were searching for cross-border tunnels and "any kind of terror threat." But Palestinian officials said they suspected that the Israelis were after a Hamas militant living in the area.

The army said soldiers shot at Palestinian gunmen who had fired on them with rifles and antitank missiles. The spokeswoman said the troops believed they had struck gunmen during at least three separate encounters.

Later, an Israeli aircraft fired a missile at a group of armed men who approached the soldiers on the ground, the military said. Palestinians said the missile killed the three militants, all from the Qudeh clan, and that a second projectile hit a house, killing the man and his son.

Israel has conducted sporadic raids since launching a broad incursion into the Gaza Strip after militants killed two soldiers and captured a third by tunneling under the border June 25. Hamas claimed partial responsibility for the cross-border raid.

The fate of the abducted soldier, Cpl. Gilad Shalit, remains unknown. Mediation efforts to win his release as part of a prisoner exchange with Israel have so far failed.

The military operations since June have left more than 200 Palestinians dead.

Hamas is locked in a power struggle with the once-dominant Fatah movement of Palestinian Authority President Mahmoud Abbas. Negotiations over a coalition government have bogged down over Hamas' refusal to recognize Israel.

Abbas and Palestinian Authority Prime Minister Ismail Haniyeh last month said they had agreed on an alliance. But the deal unraveled, and clashes last week between the two factions left 10 dead and ratcheted up a feeling of lawlessness on the streets of the Gaza Strip and West Bank.

On Thursday, a 30-year-old Palestinian intelligence officer died after being wounded in a shooting in Gaza City. Last month, gunmen in Gaza killed Jad Tayeh, a ranking Palestinian intelligence officer.

French Pass Bill That Punishes Denial Of Armenian Genocide (NYT)

By Thomas Crampton

The New York Times, October 13, 2006

PARIS, Oct. 12 — The National Assembly, defying appeals from Turkey, approved legislation Thursday that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I were genocide.

The legislation, which was criticized by Turkey's government and some European Union officials, could further complicate talks for Turkey's admission to the Union.

With 106 deputies voting in favor and 19 against, the law sets fines of up to 45,000 euros, or about $56,000, and a year in prison for denying the genocide. Of the 577 members of the Assembly, 4 abstained and 448 did not vote at all, raising the question of whether there would be enough political will to push the law through the Senate.

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Scholars and most Western governments have recognized the killing of more than a million Armenians by Ottoman Turks from 1915 to 1919 as genocide. But the subject is still taboo in Turkey, and charges have been pressed against writers and others who have brought attention to the genocide, including Orhan Pamuk, who was just awarded the Nobel Prize in literature.

"The Turkish people refuse the limitation of freedom of expression on the basis of groundless claims," the Turkish Foreign Ministry said in a statement. "With this draft law, France unfortunately loses its privileged status in the eyes of Turkish public opinion."

Ali Babacan, the Turkish economy minister and the country's lead negotiator on talks with Europe, said he could not rule out consequences for French companies.

"What happened in France today, we believe, is not in line with the core values of the European Union," Mr. Babacan said, adding that the government would not encourage a boycott of French goods.

In Brussels, the European Union warned that the law could have a harmful effect on negotiations. "It would prohibit dialogue which is necessary for reconciliation on the issue," said Krisztina Nagy, a spokeswoman for the Union. "It is not up to law to write history. Historians need to have debate."

Turkey's potential membership in the European Union has been a hot political topic here ahead of the presidential elections next spring. The leading candidates to succeed President Jacques Chirac, including Interior Minister Nicolas Sarkozy and Ségolène Royal, have agreed that Turkey must acknowledge the genocide before gaining membership. But the new legislation has been more of a campaign issue in France, which has one of Europe's largest Armenian populations.

Although most of France's top politicians supported the European Union's planned constitution, the French rejected it last year in a referendum that was also seen as a vote against further European expansion. The problem for politicians seeking to succeed Mr. Chirac is how to oppose Turkish entry without taking on the xenophobic tones of the far right.

After the vote, Mr. Chirac's government, which opposed the legislation, expressed eagerness for dialogue with Turkey and said the bill was unnecessary and inopportune. "We are very committed to dialogue with Turkey, as well as to the strong ties of friendship and cooperation which link us to that country," said Jean-Baptiste Mattéi, a spokesman for the Foreign Ministry.

Ms. Royal, who is the leading Socialist candidate for president, has loudly supported the bill. On Wednesday, she reiterated that "obviously," Turkey would have to recognize the genocide, and added, "My opinion is that of the French people."

Two other senior Socialists, Dominique Strauss-Kahn and Jack Lang, had reservations about the bill.

On the center right, Mr. Sarkozy has opposed Turkey's joining the European Union, but he kept silent about the genocide bill, which was sponsored by the Socialists.

A leading Turkish analyst of the European Union, Can Baydarol, said that although the decision would seem to have no direct effect on Turkey's relations with Europe, the hostile attitude of French lawmakers demonstrated some of the obstacles to Turkish membership.

"Now people see that more than the technical details, political maneuvers will mark the years-long process on the way to full membership," he said.

French 'Genocide' Bill Raises Worry On Turkish Trade Ties (WSJ)

By Geraldine Amiel

The Wall Street Journal, October 13, 2006

PARIS -- French lawmakers in the National Assembly approved a bill that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I amounted to genocide.

The action by the lower house of the French Parliament poses a threat to France's trade relationship with Turkey and "puts at stake what is an important economic relationship for us," said French Trade Minister Christine Lagarde.

The bill -- introduced by the opposition Socialists -- still would need to be approved by the Senate and signed by French President Jacques Chirac. "It's going to be a long trip before it is passed, and I hope it won't succeed," Ms. Lagarde said.

Turkey represents "a €10 billion [$12.5 billion] relationship, with €5 billion worth of exports with an annual growth of 20%," she added. According to data for 2005 on the Turkish Treasury Web site, France is the third-largest foreign investor in Turkey after Germany and the U.S.

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In Brussels, Turkey's economy minister, Ali Babacan, warned that the French vote "might have economic consequences." The European Commission, the executive arm of the European Union, also noted that the bill -- if approved by the French legislature's other chamber and signed into law -- would hamper reconciliation between Turkey and Armenia.

An estimated 1.5 million Armenians were killed from 1915 to 1919. Turkey maintains the deaths occurred during civil unrest, disputes the numbers and rejects the genocide label. The French government declared in January 2001 that the killings of Armenians at the end of World War I constituted genocide.

Turkey Dealt Blow Over EU Accession (FT)

By Martin Arnold And Vincent Boland

Financial Times, October 13, 2006

Turkey's prospects of joining the European Union took a heavy blow on Thursday night, after France's National Assembly approved a bill which outraged Ankara and that critics say will set back the cause of reform within Turkey itself.

The French legislation, which could still be blocked by the senate, would make it a crime to deny that Armenians were the victims of genocide in the last years of the Ottoman Empire.

The bill was read in Turkey as a sign that France was now permanently opposed to Ankara's bid to join the EU. Bulent Arinc, the parliamentary speaker, criticised France's "hostile attitude" towards Turkey. "This is a shameful decision. We are very sorry to see that this [bill] was passed only because of internal [French] politics."

Turkey itself denies genocide and the judicial authorities have prosecuted writers who have used the term to describe the killings of Armenians.

One of the most prominent such figures is Orhan Pamuk, the Turkish novelist, who was awarded the Nobel prize for literature on Thursday minutes after the French vote.

Opinion polls show a majority of French voters oppose Turkish membership. The issue is sensitive in France because of the country's 450,000-strong Armenian community, which has grown rich and influential.

Armenians say as many as 1.5m people died in 1915-18, while Turkey admits only that hundreds of thousands of both Armenians and Turks died, largely as a result of civil war and famine.

Anti-EU sentiment in Turkey has risen sharply recently, ahead of a crucial European Commission report next month that is likely to be critical of Turkey's lack of progress over reforms.

Even before Thursay's vote, many diplomats believed that the EU membership talks could be formally suspended this year and might never be revived.

Politicians in Ankara have threatened to retaliate with economic sanctions and have even toyed with a law making it a crime to deny that North Africans were massacred by French colonial rulers.

While Mr Chirac favours Turkish accession to the EU, prominent ministers such as Nicolas Sarkozy are firmly opposed. Ségolène Royal, the Socialists' leading presidential candidate, has been non-committal, saying this week she would defer to public opinion on the question.

But Mr Chirac said on a visit to Armenia this month that Turkish recognition of the Armenian genocide should become a pre-condition of EU membership.

Diplomats and political commentators said French companies could be frozen out of the bidding as Turkey prepares to build three nuclear power stations and to replace parts of its defence infrastructure.

Additional reporting by George Parker in Brussels and Daniel Dombey in London

French Bill Enrages Turkey (WT/AP)

By Emmanuel Georges-Picot

The Washington Times, October 13, 2006

PARIS -- France's lower house of parliament approved a bill yesterday that would make it a crime to deny that mass killings of Armenians in Turkey during the World War I era amounted to genocide, provoking anger in Turkey.

In Ankara, Turks threw eggs at the French Embassy amid growing calls to boycott French goods, although the bill faces a major struggle to become law.

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"No one should harbor the conviction that Turkey will take this lightly," Turkish Foreign Minister Abdullah Gul said.

The bill passed 106-19, but the majority of the 557 lawmakers in France's lower house did not take part in the vote.

President Jacques Chirac's government opposed the bill, brought by the opposition Socialist Party, but did not use its majority in the lower house to vote it down.

Mr. Chirac did not comment on the vote yesterday, although he has said that the bill "is more of a polemic than legal reality." Catherine Colonna, his former spokeswoman and current minister for European affairs, told parliament that "it is not for the law to write history."

France's Declaration of the Rights of Man and of the Citizen, enacted in 1789 and considered to carry the legal force of a constitution, states: "The free communication of ideas and opinions is one of the most precious of the rights of man. Every citizen may, accordingly, speak, write, and print with freedom, but shall be responsible for such abuses of this freedom as shall be defined by law."

In practice, French law prohibits public speech or writings that incite racial or religious hatred, as well as those that deny the Jewish Holocaust during World War II.

The Armenia genocide issue has become intertwined with ongoing debate in France and across Europe about whether to admit mostly Muslim Turkey into the European Union. France is home to hundreds of thousands of people whose families came from Armenia.

An hour after the vote, Turkish novelist Orhan Pamuk won the Nobel Prize in literature for his works dealing with the symbols of clashing cultures.

Mr. Pamuk was charged last year with insulting Turkish identity after he told a Swiss newspaper that Turkey was unwilling to deal with two of the most painful episodes in its recent history: the massacre of Armenians and guerrilla fighting in Turkey's overwhelmingly Kurdish southeast. The charge was later dropped.

Mr. Chirac has urged Turkey to recognize "the genocide of Armenians" in order to join the bloc. "Each country grows by acknowledging its dramas and errors of the past," he said.

France already recognizes the killings of up to 1.5 million Armenians from 1915 to 1919 as genocide; under yesterday's bill, those who contest it was genocide would risk up to a year in prison and fines of up to $56,000.

French Bill Complicates Turkey's EU Bid (CSM)

By Scott Peterson

The Christian Science Monitor, October 13, 2006

ISTANBUL, TURKEY

By a wide margin, the French parliament voted Thursday to make it a criminal act to deny an Armenian genocide at the hands of Ottoman Turks, enraging Turkey and further deepening its suspicion of the European Union.

Islamic Turkey - which has sought for decades to join the EU and is now in membership negotiations - vowed retaliation against France that could disrupt billions of dollars in trade, even as both sides explore the limits of free speech.

The vote came the same day that Orhan Pamuk, the celebrated Turkish novelist, was awarded the Nobel Prize for Literature. Charges of "denigrating Turkishness" against Mr. Pamuk - brought after he publicly spoke of the killing of 1 million Armenians during World War I, and 30,000 Kurds - were dropped earlier this year in a case seen as a test of Turkey's commitment to EU-driven reforms.

The two events get at the heart of contradictions in modern Turkey, where democratic and West-leaning EU aspirations often clash with history. The staunchly secular state - a full member of the NATO military alliance - casts itself as an indispensable bridge between East and West, but has yet to be accepted as such by Europe.

Many Turks see the genocide vote - a hot- button issue - as just one more obstacle to keep them out of the 25-member EU club.

"Turks find it very hard to swallow this; even Francophile Turks educated there are turning their backs on France," says Sami Kohen, a foreign affairs columnist for Milliyet newspaper. "A lot of us fear this will further encourage critics of the EU [who] will say: 'Enough is enough; we should give up on this EU.' "

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Turkish lawmakers Wednesday proposed a counter-bill that would recognize an "Algerian genocide" carried out by colonial French forces in 1945.

Turkish columnists are also raising France's considerable role in Rwanda's 1994 genocide, as they seek to even the moral playing field.

Analysts say the French vote is likely to embolden Turkish nationalists and those who oppose EU membership for Turkey. Recent polls show that Turkish support for joining the EU has dropped from nearly 70 to around 50 percent now.

To become law, the bill must pass the French senate, which is not certain, and be signed by President Jacques Chirac. Punishment would include a one-year prison term, and a €45,000 ($56,500) fine, the same penalty now on French books for denying the Holocaust.

One Turkish newspaper headline took aim at France's reputation as the home of human rights and justice. It read: "Liberté, égalité, stupidité."

"French-Turkish relations, which have developed over centuries ... have been dealt a blow today as a result of the irresponsible false claims of French politicians who do not see the political consequences of their actions," Turkey's foreign ministry Abdullah Gul said in a statement.

"If this bill is passed, Turkey will not lose anything but France will lose Turkey," Mr. Gul had warned before the vote. "[France] will turn into a country that jails people who express their views."

The vote has become a political issue in France, where a majority is against Turkey's membership in the EU, where 400,000 ethnic Armenians live, and presidential elections are to be held in seven months. French exports to Turkey in 2005 totaled $5 billion.

During a visit to Armenia last week, Mr. Chirac stated that Turkey should not be allowed to join the EU unless it officially accepts that the death of more than 1 million Armenians, which took place in the last years of the Ottoman Empire, constitute a "genocide."

Though the French government said Thursday it opposed the legislation as "unnecessary and untimely," Chirac says Turkey must recognize the genocide before it joins the EU.

But while EU officials have been at pains to note that no such genocide criterion applies to Turkey, the sentiment matches widening unease in Europe over Turkey's EU application. Such fears in France are believed to be one reason the French last year rejected the proposed EU constitution.

"France has done its best to hamper Turkey's relations with the EU" and has been seeking "a kind of vengeance" against Turkey since the EU constitution failure, says Seyfi Tashan, director of the Turkish Foreign Policy Institute in Ankara, Turkey's capital. "So politically, the more damage they do to Turkey, the better."

Armenians say that 1.5 million died in 1915 in the first systematic genocide of the 20th century, though historians often count 1 million. Turkey officially argues that some 300,000 Armenians died in a partisan conflict that took just as many Turkish lives, when Armenians sided with invading Russian armies during World War I.

While Turkey has declared that it would open its files to historians, a host of Turkish writers and academics who have challenged official versions of events, sometimes using the word "genocide," have been charged with insulting the state by hard-line prosecutors.

Treading that line has been Mr. Pamuk, whose novels have dug into Turkey's imperial past to explore the contradictions and dilemmas of modern Turkey. The Nobel citation praised the work: "In the quest for the melancholic soul of his native city, [Pamuk] has discovered new symbols for the clash and interlacing of cultures." In February 2005, Pamuk told a Swiss newspaper that "30,000 Kurds and a million Armenians were killed in these lands and nobody but me dares to talk about it."

"What I said is not an insult, it is the truth," Pamuk said during his trial. "But what if it is wrong? Right or wrong, do people not have the right express their ideas peacefully?"

Pamuk The Provocative (WSJ)

The Wall Street Journal, October 13, 2006

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The Swedish Academy has shown it's once again plugged into the Zeitgeist by awarding the Nobel Prize for Literature to Turkish novelist Orhan Pamuk. The award might be better named the Nobel Prize for Most Provocative Public Intellectual.

In seven novels, one memoir and countless public statements, the 54-year-old product of Istanbul's Europeanized upper classes explores tensions not so much between Islam and the West as within Muslim society itself. In that sense, Mr. Pamuk comes as a relief from the blind anti-Americanism of such recent European winners as Harold Pinter.

In an interview with the Journal last December, Mr. Pamuk said he believed in a "liberal outlook" in which democracy, Western freedoms and Islam are compatible. But as his life and work bear out, clashes are inevitable. "Snow" (2002), which he called "my first and last political novel," explored the violent assault of political Islam on Turkey's rigid secular order. Three years later, ultra-nationalists persecuted Mr. Pamuk for speaking out against Turkey's historical amnesia about the 1915 massacre of Armenians; the charges of "insulting Turkishness" were later dropped.

In Mr. Pamuk's vision of a free Muslim society, space exists for religious conservatives, nationalists and Westernized people like himself. He rejects attempts by Islamists and Kemalists alike to impose their order by force, and sees in Turkey's attempts to join the European Union protection against both camps. Still, the overriding tone of his work is melancholy and betrays doubts about whether his open Muslim state can ever be.

After the death of the Egyptian Nobelist Naguib Mahfouz in late August, Mr. Pamuk took on the role of the world's best-known Muslim novelist, the West's literary guide to the East. It is a heavy burden for a writer of innovative but often plodding and windy work. Yesterday's honor will make him better known world-wide. If it also helps to make his vision of a modern Muslim society better known, so much the better.

U.S. Cuts Funding For AIDS Program (AP)

By Michael M. Phillips

AP, October 13, 2006

WASHINGTON -- The Bush administration cut funding for the only U.S. foreign-assistance project that provided male circumcision as a method of AIDS prevention.

At a time when scientists are lining up behind the idea that circumcision provides substantial protection against HIV transmission, the U.S. Agency for International Development pulled out of a small, $150,000 program in Swaziland that had circumcised more than 325 men since it was launched in January.

David Snider, a USAID spokesman, said the agency had been wrong to provide its initial funding for the program, which is run by a private non-profit called Family Life Association of Swaziland. U.S. foreign-assistance guidelines allow American money to be used for "formative assessments related to male circumcision but will not support the actual provision of clinical services" until further scientific evidence of its effectiveness is available.

The initial U.S. funding for the FLAS project "should not have occurred, and there will be no further circumcisions performed with U.S. government funds" until the scientific steering committee that guides U.S. aid so recommends, Mr. Snider said in a written response to questions.

"This was the one donor-funded program that was making male circumcision more available anywhere in Africa," said a Western AIDS official who works with Swaziland. "The other donors aren't doing anything to actually provide the services, and people are dying in huge numbers."

Swaziland, a tiny kingdom in southern Africa, has the world's highest HIV prevalence rate, with 33.4% of adults thought to be infected, according to UNAIDS. Almost 39 million people worldwide carry the AIDS virus, 24.5 million of them in sub-Saharan Africa, according to UNAIDS.

At least three major studies have looked at the effect of circumcision on HIV transmission. One study in South Africa concluded that circumcision reduced the risk of HIV infection by 60% to 75%. The other studies are still underway.

Word of the initial findings, however, has spread around Africa, sparking a surge of demand for circumcision.

"The demand will not lose its momentum," predicted Dr. Adam Groeneveld, Swaziland's only urologist, who performs circumcisions at the Government Hospital in the capital city of Mbabane. "That's why FLAS will have to find some other source of money. There will be a temporary dip in the number of circumcisions, and an increase in the waiting list."

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Dr. Groeneveld said the FLAS project, while small, provided a substantial increase in circumcision services. Doctors at Government Hospital perform just 10 circumcisions a week, and someone asking to be circumcised today would have to wait until February for the procedure, he said. The hospital is experimenting with the idea of devoting one entire day each weekend exclusively to circumcision procedures, he said.

AIDS Tests, Everywhere (NYT)

The New York Times, October 13, 2006

At the beginning of 2004, AIDS treatment in Botswana — a country with the world's second-highest rate of H.I.V. cases — was stagnating. The country was providing free antiretrovirals, but only one in 10 who needed the drugs was taking them.

Then Botswana made a simple change in the rules for AIDS testing that allowed the program to soar. Previously, Botswanans could get tested only after providing written consent and accepting extensive counseling. Now, unless they object, all patients entering a clinic or hospital are routinely given an AIDS test. The rate of testing has quadrupled. A third of Botswanans now know their H.I.V. status, and 85 percent of those who need treatment get it.

The American Centers for Disease Control and Prevention recommended late last month that such routine AIDS testing — called opt-out — become the standard in the United States. This is an important reform. It is even more crucial for poor countries, where 90 percent of those infected do not know it.

Unaids and the World Health Organization should move quickly to endorse opt-out AIDS testing. Their guidance is followed worldwide and will help rally needed help from outside donors.

The current protocols for testing — with their strong emphasis on privacy and consent — were designed when little could be done to help people with H.I.V. Now antiretrovirals are being rolled out in every country. But without easy access to testing, people may find out they have AIDS only when it is too late to save their lives. They will also have spent years unknowingly passing on the infection.

Where opt-out testing has been used, few patients decline tests. Treating H.I.V. like any other disease could also help lessen the stigma. People who have been tested before they feel sick also start AIDS treatment earlier, and do better on it. And studies show that those who know their status are only half as likely to infect someone else, when compared with an H.I.V. carrier who is still in the dark.

Governments need to follow Botswana's lead and make AIDS testing routine in every health clinic and hospital. And donors should ensure that every clinic has a reliable supply of AIDS tests.

Venezuela Challenges U.S.-backed Guatemala For U.N. Seat (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 13, 2006

WASHINGTON - Elections to seats on the United Nations Security Council are usually drab affairs, beyond the diplomatic chatter and a sense of international respect for the winners. But not this year.

Venezuelan President Hugo Chavez is challenging U.S.-backed Guatemala for a seat, triggering what many analysts and diplomats are calling the hottest Security Council race in nearly 30 years.

The 192 U.N. member nations will vote at a General Assembly session Monday on which of the two countries will succeed Argentina for a two-year term in the council seat reserved for Latin America. A two-thirds vote is required to win. There's a chance that neither will prevail and another country will be chosen as a compromise.

Chavez's self-avowed campaign to forge a Third World bloc against Washington's "hegemonistic tendencies" has transformed the race into a popularity contest between President Bush and the Venezuelan leader, who called Bush a devil last month during a speech to the General Assembly.

"In many ways, we can take this vote as a plebiscite on the U.S. position and how it's perceived within the U.N.," said Don Kraus, the executive vice president of Citizens for Global Solutions, a nonpartisan organization that advocates more cooperation among countries.

U.N. member nations also will vote Monday on council seats for representatives from Africa, Europe and Asia, but most of the attention will be on the Guatemala-Venezuela contest.

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"I have never recalled so many media headlines" on a council election, said Heraldo Munoz, the U.N. ambassador from Chile. "The awareness has almost come to a man-on-the-street level."

To find a more contentious race, he added, one has to go back to Cuba's bids during the Cold War. In 1979, Cuba and Colombia went through 154 rounds of voting over three months - each failing to get the votes required for victory - before Mexico finally was picked as a consensus alternative.

Cuba ran again the following year, and after 23 rounds of voting in which several contenders rotated in and out, Panama emerged as the winner. Cuba eventually won a term, for 1990 and 1991.

A Chavez defeat would be a blow for his ambitions to become a leading voice of the underdeveloped world, while a victory would be an embarrassment for the Bush administration, which accuses the left-wing leader of everything from undermining democracy in Venezuela and around Latin America to failing to cooperate in the fight against drug trafficking and terrorism.

"This is about whether or not a state is responsible or simply wishes to have a constant struggle with the United States every day on every issue, thereby making the Security Council unworkable," Secretary of State Condoleezza Rice told The Wall Street Journal last month.

Chavez retorts that he's defending himself from U.S. plans to topple him or invade his country and says Washington's policies are impoverishing people around the world. Each side denies the other's accusations.

Viewed as the world's premier multilateral conflict-resolving institution, the Security Council oversees 70,000 blue-helmeted peacekeepers worldwide and can slap sanctions on wayward nations.

The Bush administration fears that Chavez will use a Security Council seat not only as a platform to berate Bush but also to play an obstructionist role as the council debates hot-button issues such as Iran and North Korea. U.S. officials have complained that Chavez is using his oil wealth to expand his influence around the globe - and is looking for General Assembly votes.

The council's five permanent members - the United States, China, Great Britain, Russia and France - mostly call the shots, thanks to their veto power. But passing a resolution still requires at least nine votes in the 15-member body.

The presidency of the council is rotated among members for a one-month period, meaning that Venezuela could chair the body at least once during its term, serving as its representative and influencing its agenda.

Plus, the Security Council operates about a dozen committees, usually chaired by nonpermanent members, that monitor everything from sanctions against Sudan to counterterrorism and nuclear-proliferation issues.

Venezuela's candidacy has divided Latin America along its political and regional fault lines.

Central America, ruled mostly by conservative, pro-U.S. governments, is backing Guatemala. South America, run mostly by moderate leftist governments more critical of Washington, has tended to side with Chavez.

But there are exceptions: Colombia, one of the world's top beneficiaries of U.S. military aid, backs Guatemala. Peru, where a Chavez-backed presidential candidate was defeated in recent elections, plans to abstain.

The Caribbean Community - potentially benefiting from oil subsidies offered by Venezuela and opposed to Guatemala over its long-standing border dispute with Belize - has indicated that its 14 votes in the U.N. General Assembly might go to Venezuela.

Guatemala beat Venezuela in a vote earlier this year for a seat on the U.N.'s Human Rights Council, but Chavez has since traveled the globe in search of support, including trips to a vote-rich summit of 116 nonaligned nations in Havana last month and a July summit of 53 African Union countries in Gambia.

Venezuelan officials say they've secured the votes of most African nations and the 22-member League of Arab Nations plus China and Russia, among others. U.S. officials expect Guatemala to win the votes of many European and Asian democracies.

Observers think that Venezuela will receive more votes than Guatemala on Monday but will fall short of the two-thirds threshold. Already, news reports in Latin America are suggesting that the Dominican Republic, Costa Rica, Uruguay or Panama may step forward as alternatives.

Guatemala has tried to shake off the notion that it's simply doing Washington's bidding. The country argues that it launched its election bid in 2002 - well ahead of Venezuela - and that despite being a founding member of the United Nations and a contributor to some of its peacekeeping missions, it's never sat on the council.

Venezuela has had four previous stints on the Security Council, all before Chavez was elected president in 1998.

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India, EU Work Toward Trade Pact (WSJ)

By John W. Miller

The Wall Street Journal, October 13, 2006

HELSINKI -- The European Union and India stepped up free-trade negotiations that could one day link two of the world's biggest markets. Both sides said they hope to complete a deal by early 2009.

"India is a market the EU has to get closer to before it goes off with another partner," EU Trade Commissioner Peter Mandelson said yesterday in an interview here in the Finnish capital, as top political and business leaders from India and Europe began two days of meetings.

The push for a bilateral deal is a strong signal that countries are putting aside hopes of resuming talks toward a global trade deal that would slash tariffs among the World Trade Organization's 149 members. The so-called Doha round of WTO negotiations collapsed in July, primarily because of farm-subsidy disagreements among the U.S., Europe and developing nations.

Like other officials, Mr. Mandelson still expresses hope that a comprehensive global deal isn't dead. "But Doha first never meant Doha alone," he said.

In private, EU officials say their motivation to move ahead with bilateral talks stems partly from a belief that rising protectionist sentiment among U.S. lawmakers eager to protect farm subsidies will make Doha impossible to achieve until after the 2008 presidential election. In an official policy declaration last week, Mr. Mandelson said the EU would work hard to sign bilateral trade deals with Russia, India and several countries in Latin America, Asia and the Middle East.

"Europe has for too long overlooked opportunities in Asia," Mr. Mandelson said. "I am now trying to correct that imbalance." Today, the Indians and Europeans expect to set a date for formal bilateral-trade talks.

Despite optimism about an EU-India deal -- including a pledge by Indian Commerce and Industry Minister Kamal Nath to move toward no tariffs for EU goods -- negotiations promise to be long and complicated. Decades of socialist rule have left India with cumbersome regulations and steep tariffs that shut out foreign companies and goods, while its own businesses struggle to meet strict environmental, safety and social standards the EU requires before opening the door to its 450 million consumers.

"Most European businesses face so many technical barriers to their investments that they make a U-turn and go home," says Marco Felisati, the top trade official for Confindustria, Italy's business lobby. Consequently, despite the size of their economies, trade between the EU and India remains relatively small.

EU trade with India amounted to €40 billion, or about $50 billion, of goods and services last year, with exports to India accounting for less than 2% of the EU total. By comparison, trade between the 25-nation bloc and China totaled €261 billion last year. Of course, European companies have been outsourcing much of their information-technology and call-center work to India, while India exports some €2 billion of precious stones, mostly diamonds, to the EU every year.

The EU wants India to remove regulations that prevent foreign companies from setting up shop and to cut high tariffs on certain goods Europeans produce, especially wine and spirits, said Mr. Mandelson. Because of levies as high as 264%, EU producers sold only €4 million of wine to India in 2004.

European companies are increasingly frustrated at being shut out of selling goods and services to a country of one billion people whose gross domestic product rose 8.3% in 2005 and 8.1% in 2004. Rules currently prohibit large retailers such as Tesco PLC, Wal-Mart Stores Inc. and Carrefour SA from building in India.

The picture is even worse for services, says Pascal Kerneis, managing director of the European Services Forum, a Brussels-based lobbying group. For example, the pension market is still entirely closed to foreign companies, to the frustration of European giants such as Allianz AG, which does sell insurance in India but only through a local partner. "You can argue whether it's 200 million potential consumers or 300 million, but it's a market with a huge potential," says Heinz Dollberg, Allianz's executive vice president.

Indian companies and politicians complain that EU regulations unfairly benefit European companies. For example, Europe requires farmers to certify that pesticide levels in their crops aren't dangerous, and compliance costs €1,700 per Indian farmer, according to the Federation of Indian Chambers of Commerce and Industry -- a fortune in India. The EU is readying

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legislation requiring firms importing chemical-based products into the EU to prove they are safe. That would cost as much as €325,000 per chemical, according to the federation.

Georgia Halts Talks On Russia's WTO Bid (AP)

By Misha Dzhindzhikhashvili, Associated Press Writer

AP, October 13, 2006

Georgia has blocked the next round of talks on Russia's bid to join the World Trade Organization in retaliation for Moscow's blockade of its small southern neighbor, the government said Thursday.

The next meeting of the group working with Russia on its membership talks had been postponed indefinitely at Georgia's request, the Foreign Ministry said. The working group met in Geneva on Thursday and had been expected to set a date for the next round of consultations.

Russia's top WTO negotiator, Maxim Medvedkov, confirmed that that no date had been set for the next round of talks. The ITAR-Tass news agency quoted him as saying that this was because Russia needed time to resolve some issues with certain countries at a bilateral and multilateral level.

In a statement, the Georgian ministry said Russia had banned Georgian wine and mineral water from its market. "And after the recent imposition of new economic sanctions, the situation got even worse. This has practically led to an economic blockade of Georgia by Russia," it said.

Last week, Georgian National Bank President Roman Gotsiridze had said that Georgia, which is already a member of the powerful global trade body, could demand that Russia be barred from the organization unless it ended its sanctions against Tbilisi.

Russia had been expected to sign a membership agreement with the United States at the Group of Eight summit it hosted in St. Petersburg this year — one of the last countries it has yet to clinch an agreement with — but talks stumbled on the question of sanitary controls for U.S. meat imports. Russia is the largest economy outside the 149-nation WTO.

Furious at the arrest of four Russian officers accused of spying two weeks ago, Russia responded by slapping a sweeping transport and postal blockade on Georgia despite the alleged spies' release.

Relations in recent years have become increasingly hostile between Russia and Georgia, whose pro-Western President Mikhail Saakashvili has sought to join NATO and throw off historic Russian influence since coming to power in 2003.

Slain Reporter’s Last Story Bares Chechen Torture (NYT)

By C. J. Chivers

The New York Times, October 13, 2006

MOSCOW, Oct. 12 — The newspaper Novaya Gazeta on Thursday published the last article by its slain special correspondent, Anna Politkovskaya, along with transcripts of videotaped torture sessions of Chechens that she had obtained in her work.

The article, an unfinished column that presented new allegations of torture by security forces in Chechnya, appeared on the same day that the European Court of Human Rights issued a ruling holding Russia responsible for the killings of five Chechen civilians in early 2000 by Russian police officers.

The victims of that incident included a 1-year-old boy and his young mother, who was eight months pregnant. All of the victims were shot, and the mother’s jewelry was stolen, the court said.

The article also appeared as the federal prosecutor’s office in Grozny, the capital of Chechnya, said it was checking into reports of the disappearance of another prominent Chechen: the mother of the last wife of Shamil Basayev, the terrorist leader who died in an explosion in June. The woman, Rita Ersenoyeva, has been missing since Oct. 2, human rights workers say, and had spent the last several weeks searching for her daughter, who had been kidnapped as well after what her mother had described as a forced marriage to the terrorist leader.

Ms. Politkovskaya, one of Russia’s best-known journalists and human rights advocates, was fatally shot on Saturday, apparently the victim of a contract killing. The events on Thursday together served as a sort of coda on her life, reminders of the lingering chaos and human costs of the war in Chechnya, which Russia insists has been won.

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Ms. Politkovskaya, 48, was a leader among the shrinking group of Russian journalists who dared to keep challenging that thinking, by writing frankly about the violence and disorder in the republic. Chechnya, her work said, remains a place where open fighting has slowed but murky police and military operations continue, and chilling behavior by Russian forces and the Kremlin's proxies is a dark norm.

Her final article, a column under the headline "We Declare You a Terrorist," presented allegations of the use of torture to exact confessions and manufacture good news from the war.

"When prosecutors and the courts work, not for the sake of the law, but on political commission and with the only goal of providing good reports for the Kremlin, then criminal cases are baked like pancakes," she wrote. "An assembly line producing 'open-hearted confessions' effectively guarantees good data on the war on terror."

She asked: "Are we, the lawful, fighting against the unlawful? Or are we battling 'their' lawlessness with 'ours?' "

The article described the case of Beslan Gadayev, a Chechen migrant deported from Ukraine to Chechnya, where he claimed in a letter to Ms. Politkovskaya that he had been asked if he committed certain unsolved murders.

When he said he had not, he wrote, he was punched near an eye, beaten, tied up, handcuffed, hung from a pipe and then connected to electric cable, whose current was switched on. In time, he said, he confessed and the next day he was told to confess again in front of journalists and to say that his injuries were a result of an escape attempt.

The article was accompanied by images from videos that Ms. Politkovskaya had obtained of an armed Chechen, who her newspaper said was presumably a member of the Chechen armed forces, torturing at least one man.

Not long after the newspaper was published Thursday morning, the European Court of Human Rights released a unanimous decision blaming Russia for deaths of five members of the Estamirov family in Grozny in early 2000, a period when Russian forces had just wrested control of the capital from separatists.

It also found that Russia had failed to adequately investigate the killings, which were part of a sweep operation that Human Rights Watch, the American-based organization, investigated and called a massacre.

At least 60 civilians were killed, shot at close range, human rights workers said, apparently by enraged police units from St. Petersburg and Ryazan who were looting the neighborhood. Nobody has ever been charged for the crimes. The court on Thursday ordered Russia to pay about 230,000 euros, or about $290,000, in damages to the victims' relatives.

Ole Solvang, executive director of the Stitching Russian Justice Initiative, a private organization that has helped survivors of the Chechen war seek justice in the European Court, said the evidence showed that the deaths were deliberate. For example, he said, the slain 1-year-old boy, Khasan Estamirov, was shot multiple times at close range. At least one shot was to the head.

"They just went completely nuts that day," Mr. Solvang said. "It was horrible."

Russia, which earlier this year also was found responsible by the court for the summary execution of a young Ingush fighter at about the same time, made no comment on the case. It has three months to appeal.

Later in the day, Valery Kuznetsov, the top federal prosecutor in Chechnya, said by telephone that his office was looking into reports that Rita Ersenoyeva had been abducted.

Kidnappings, both to gain ransom and to kill suspected rebels and their supporters, have been a part of life in Chechnya for more than a decade. Human rights groups say Russian forces or Chechens loyal to the Kremlin premier are often responsible.

Ms. Ersenoyeva disappeared on Oct. 2 after being summoned by telephone to an administration building in the village of Stariye Atagi, according to Tanya Lokshina, chairwoman of Center Demos, a human rights group. Neither Ms. Lokshina nor Mr. Kuznetsov said they had found witnesses to the abduction.

But Ms. Ersenoyeva has not been heard from since she left for the meeting, Ms. Lokshina said, adding that Ms. Ersenoyeva left eagerly after a caller told her that there was good news about her daughter, who in August had vanished as well after gunmen seized her from the street.

China's Oil Imports Surge Amid Relentless Demand (WSJ)

By Shai Oster And David Winning

The Wall Street Journal, October 13, 2006

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BEIJING -- China, the world's second-biggest oil consumer, imported a record volume of crude last month, underscoring that petroleum demand here and in other developing economies, such as India and the Middle East, continues to rise despite lofty petroleum prices.

Despite Beijing's efforts to conserve energy and curb runaway economic growth, crude imports in September jumped to 13.46 million metric tons, or an average of about 3.3 million barrels a day -- 24% more than in September 2005 and 2.4% more than the previous record in January, according to China's General Administration of Customs.

Meanwhile, China's overall trade surplus eased to $15.3 billion last month, the customs agency said, snapping a string of four straight monthly records that culminated in an August surplus of $18.8 billion. The country's exports last month rose 30.6% from a year earlier to $91.64 billion, while imports rose 22% to $76.34 billion. For the first nine months of the year, China's trade surplus reached $109.85 billion, surpassing its $102 billion surplus for all of 2005.

Economists expect China's trade surplus to return to record levels as soon as this month. "I expect [the surplus] to bounce up to $19 billion in October," said Ben Simpfendorfer, an economist at Royal Bank of Scotland Group in Hong Kong. But he added he wouldn't be surprised if it hit $20 billion.

China's mounting trade surplus has been a sore point in relations with its major trading partners, and has added pressure on the country to allow the value of its currency to rise. Its strong exports also are driving the rapid economic growth which in turn has fueled its fast-growing thirst for both foreign and domestically produced oil.

Another factor in the growth of China's oil imports last month was a move by Chinese refiners to snap up crude now that prices have fallen about 25% from a peak of around $77 a barrel in July. The lower prices have given more breathing room to companies like PetroChina Co. and China Petroleum & Chemical Corp., or Sinopec, which have had their profits squeezed by a state-set ceiling on fuel prices.

Yesterday on the New York Mercantile Exchange, crude oil for November delivery settled at $57.86 a barrel, up 27 cents. Oil remains about twice the price it was three years ago but far below the inflation-adjusted high of $99.56 it reached in April 1980.

Analyst also attribute part of China's oil-import growth to the country's efforts to build emergency stockpiles of oil. Chinese officials have been reluctant to disclose how much oil they are putting into their strategic oil reserve, because they fear such information could contribute to an increase in world prices. Last week, Xu Dingming, vice director of the State Energy Office under the State Council, said China has begun filling an oil reserve at Zhenhai in the eastern province of Zhejiang.

The International Energy Agency, a Paris group that advises major industrialized nations on energy policy, forecast in a monthly report Wednesday that China's oil demand would rise 6.4% this year, to about seven million barrels of oil a day. While the figure was revised down a bit from earlier estimates, it still is more than double the pace of growth in 2005, which was 2.6%. The U.S., however, remains the world's largest oil consumer by far, with projected oil consumption this year of about 21 million barrels a day, little changed from last year.

In 2004, China's appetite for oil rose nearly 16%, startling global markets and helping fuel a huge rise in international oil prices. That year's demand surge was caused by widespread electrical-power shortages, which forced many factories to use diesel generators to keep operating. The electricity shortage has eased, but China's rising middle class has bought millions of new cars and homes -- further driving up fuel needs.

Oil traders watching the recent import rise are much less concerned with China's outlook than in the past, partly because there appears to be plenty of supply sloshing around.

China Drafts Law To Empower Unions And End Labor Abuse (NYT)

By David Barboza

The New York Times, October 13, 2006

SHANGHAI, Oct. 12 — China is planning to adopt a new law that seeks to crack down on sweatshops and protect workers' rights by giving labor unions real power for the first time since it introduced market forces in the 1980's.

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The move, which underscores the government's growing concern about the widening income gap and threats of social unrest, is setting off a battle with American and other foreign corporations that have lobbied against it by hinting that they may build fewer factories here.

The proposed rules are being considered after the Chinese Communist Party endorsed a new doctrine that will put greater emphasis on tackling the severe side effects of the country's remarkable growth.

Whether the foreign corporations will follow through on their warnings is unclear because of the many advantages of being in China — even with restrictions and higher costs that may stem from the new law. It could go into effect as early as next May.

It would apply to all companies in China, but its emphasis is on foreign-owned companies and the suppliers to those companies.

The conflict with the foreign corporations is significant partly because it comes at a time when labor, energy and land costs are rising in this country, all indications that doing business in China is likely to get much more expensive in the coming years.

But it is not clear how effectively such a new labor law would be carried out through this vast land because local officials have tended to ignore directives from the central government or seek ways around them.

China's economy has become one of the most robust in the world since the emphasis on free markets in the 80's encouraged millions of young workers to labor for low wages at companies that made cheap exports. As a result, foreign investment has poured into China.

Some of the world's big companies have expressed concern that the new rules would revive some aspects of socialism and borrow too heavily from labor laws in union-friendly countries like France and Germany.

The Chinese government proposal, for example, would make it more difficult to lay off workers, a condition that some companies contend would be so onerous that they might slow their investments in China.

"This is really two steps backward after three steps forward," said Kenneth Tung, Asia-Pacific director of legal affairs at the Goodyear Tire and Rubber Company in Hong Kong and a legal adviser to the American Chamber of Commerce here.

The proposed law is being debated after Wal-Mart Stores, the world's biggest retailer, was forced to accept unions in its Chinese outlets.

State-controlled unions here have not wielded much power in the past, but after years of reports of worker abuse, the government seems determined to give its union new powers to negotiate worker contracts, safety protection and workplace ground rules.

Hoping to head off some of the rules, representatives of some American companies are waging an intense lobbying campaign to persuade the Chinese government to revise or abandon the proposed law.

The skirmish has pitted the American Chamber of Commerce — which represents corporations including Dell, Ford, General Electric, Microsoft and Nike — against labor activists and the All-China Federation of Trade Unions, the Communist Party's official union organization.

The workers' advocates say that the proposed labor rules — and more important, enforcement powers — are long overdue, and they accuse the American businesses of favoring a system that has led to widespread labor abuse.

On Friday, Global Labor Strategies, a group that supports labor rights policies, is expected to release a report in New York and Boston denouncing American corporations for opposing legislation that would give Chinese workers stronger rights.

"You have big corporations opposing basically modest reforms," said Tim Costello, an official of the group and a longtime labor union advocate. "This flies in the face of the idea that globalization and corporations will raise standards around the world."

China's Labor Ministry declined to comment Thursday, saying the law is still in the drafting stages. Several American corporations also declined to comment on the case, saying it was a delicate matter and referring calls to the American Chamber of Commerce.

But Andreas Lauffs, a Hong Kong-based lawyer who runs the China employment-law practice at the international law firm of Baker & McKenzie, said some American companies considered the proposed rules too costly and restrictive.

Mr. Lauffs said the new rules would give unions collective-bargaining power and control over certain factory rules, and they would also make it difficult to fire employees for poor performance.

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"You could hire a sales manager, give him a quota and he doesn't sell anything, and you couldn't get rid of him," Mr. Lauffs said. "It's not easy to get rid of someone now, but under these rules it would be impossible."

It is not clear what the final law will look like, and only an updated draft is expected soon. But specialists say the trend suggests that there may be new challenges ahead for foreign companies doing business in this country.

Under China's "iron rice bowl" system of the 1950's and 60's, all workers were protected by the government or by state-owned companies, which often supplied housing and local health coverage.

But by the 1980's, when the old Maoist model had given way to economic restructuring and the beginning of an emphasis on market forces, China began eliminating many of those protections — giving rise to mass layoffs, unemployment, huge gaps in income and pervasive labor abuse.

The worst off have been migrant workers, most of them exiles from the poorest provinces who travel far from home to live in cramped company dormitories while working long hours under poor conditions.

Migrant workers in virtually every city complain about abuses like having their pay withheld or being forced to work without a contract.

"I don't know about the labor law," said Zhang Yin, an 18-year-old migrant who washes dishes in Shanghai. "During the three months I've been here, my boss has delayed the salary payment twice. I want to quit."

Having grown increasingly concerned about the nation's widening income gap and fearing social unrest, officials in Beijing now seem determined to improve worker protection. In recent years, more and more factory workers have gone to court or taken to the streets to protest poor working conditions and overdue pay.

"The government is concerned because social turmoil can happen at any moment," says Liu Cheng, a professor of law at Shanghai Normal University and an adviser to the authorities on drafting the proposed law. "The government stresses social stability, so it needs to solve existing problems in the society."

In a surprisingly democratic move, China asked for public comment on the draft law last spring and received more than 190,000 responses, mostly from labor activists. The American Chamber of Commerce sent in a lengthy response with objections to the proposals. The European Chamber of Commerce also responded.

The law would impose heavy fines on companies that do not comply. And the state-controlled union — the only legal union in China — would gain greater power through new collective-bargaining rights or pursuing worker grievances and establishing work rules. One provision in the proposed law reads, "Labor unions or employee representatives have the right, following bargaining conducted on an equal basis, to execute with employers collective contracts on such matters as labor compensation, working hours, rest, leave, work safety and hygiene, insurance, benefits, etc."

If approved and strictly enforced, specialists say the new laws would strikingly alter the country's vast labor market and significantly push up the wages of everyday workers.

"If you really abide by the Chinese labor laws," said Anita Chan, an expert on labor issues in this country and a visiting fellow at the Australian National University, "migrant-worker wages would go up by 50 percent or more."

Until now, though, existing Chinese labor laws have gone largely unenforced, which has further complicated the debate here. Opponents of the proposed law argue that enforcing existing labor laws would be enough to solve the country's nagging problems. Advocates respond that adopting new laws would set the stage for stricter enforcement.

Even lawyers working for multinational corporations seem to agree that there is an epidemic of cheating.

Mr. Liu, the Shanghai lawyer who advised the government on the draft proposal, says many companies avoid existing laws by using employment agencies to hire workers. He says the new law will do more to protect workers from such abuse by holding companies accountable.

"The principle is not to raise the labor standard dramatically," he said, "but to raise the cost of violating the law. The current labor law is a paper tiger and is a disadvantage to those who obey it. If you don't obey the law, you won't be punished."

Official Union In China Says All Wal-Marts Are Organized (NYT)

By David Lague

The New York Times, October 13, 2006

DOJ_NMG_0080312

BEIJING, Oct. 12 — Workers have set up unions at all 66 Wal-Mart outlets in China, beginning what a Chinese union official described Thursday as a wider campaign aimed at other foreign companies.

Wal-Mart has long battled to ban unions from its stores and distribution centers, and Guo Wencai, a senior organizer of the government-sanctioned All-China Federation of Trade Unions, called the establishment of union branches at the Wal-Mart stores a "breakthrough" for organized labor.

Mr. Guo said at a news conference here that the success at Wal-Mart would be a springboard to similar efforts aimed at Eastman Kodak, Dell and other companies.

"We are going to exert very high pressure on all these types of companies until unions are established there," Mr. Guo said. "It is an irreversible trend." He said union membership would lead to better conditions for employees, including higher wages and safer workplaces.

The effort to unionize workers at foreign companies is strictly limited to expanding the membership of the officially sanctioned labor federation, which says it has 150 million members.

But some labor market analysts and human rights groups say establishing branches of the official union in foreign companies is aimed more at allowing the Chinese authorities to tighten control over the rapidly expanding private-sector work force.

Under Chinese law, employees are barred from organizing independent unions, and workers or activists seeking to challenge these rules are routinely prosecuted and jailed, according to human rights groups.

Already, many foreign businesses have allowed their workers to form unions in China. In the economic and technological development area of Tianjin, southeast of Beijing, union branches have been established at more than 300 foreign companies including the food giant Nestlé, Mr. Guo said. In Beijing, there are unions at 44 foreign enterprises.

The labor federation, with strong backing from the Chinese government, has applied intense pressure on Wal-Mart as the first phase of the wider effort to establish branches in all foreign-financed enterprises.

There are now more than 100,000 such companies operating in China, including businesses from Taiwan and Macao, according to government statistics quoted in the official media.

It is unlikely, though, that the existence of branches of the official union will lead to increased worker militancy. Labor activists at times accuse the labor federation of siding with management rather than acting as a champion of workers' rights. At best, they say, the official union sometimes tries to mediate disputes.

Labor unrest is common these days in China, particularly among the 150 million migrant workers, and some specialists suggest that an improved network of official union branches could assist the authorities in defusing protests that could potentially pose a threat to Communist Party rule. The heightened unrest is one reason that the Chinese government has announced plans for greater worker protection, including a crackdown on sweatshops.

"They are afraid that public protests or strikes might get out of hand," said Robin Munro, research director of the China Labor Bulletin, a workers' rights group in Hong Kong. "Hence, the big drive to impose unions and provide greater union coverage; I think this is seen as a way of crisis management."

Other analysts suggest that the authorities also want to expand the reach of the official union because the decline of state-owned industries has stripped away much of the Communist Party's traditional power base in the Chinese economy.

Wal-Mart, in keeping with its efforts to ban labor organizing among its work force in the United States and elsewhere, resisted official efforts to unionize until late in July, when workers at one of its stores in Fujian Province set up a union branch. Within two months, branches were established in other stores as labor federation officials and local governments encouraged workers to organize and promised that they would be protected if the company tried to retaliate.

Mr. Guo, the organizer of the official union, said about 6,000 of Wal-Mart's 30,000 employees in China were now union members and efforts were under way to improve their welfare.

A spokeswoman for Wal-Mart's international division, Beth Keck, said she was unable to provide the exact number of union branches at company stores in China. "But our position is very clear," she said. "We have committed to having branches in all our stores."

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Mr. Guo said the labor federation would now assist workers in their negotiations with Wal-Mart management for new contracts and would seek to improve conditions for part-time workers.

Something In Hong Kong's Air (NYT)

The New York Times, October 13, 2006

Anyone who has ever fallen under Hong Kong's exotic spell in recent years knows how taking a deep breath can make the magic disappear. The air throughout Hong Kong's tropical landscape has grown steadily more polluted — tainted by dark, unhealthy clouds from power plants, traffic and underregulated smokestacks from the Chinese mainland.

Hong Kong's average air pollution levels can be so high — double or even triple the World Health Organization limit — that some analysts estimate the air contributes to an extra 2,000 deaths a year. Leaders in Beijing and Hong Kong have repeatedly promised to cut down on environmental toxins in the air, land and water.

But with China's booming economy, such promises keep sliding down the real priority lists. What might change that attitude is how the outside business world views the quality of life for employees. As one businessman explained to The Wall Street Journal about his family's recent retreat to Australia: "You can drink bottled water. But with the air — you have to breathe it."

Such departures have finally begun to raise concerns in Hong Kong's business community. The local Chamber of Commerce issued an urgent request for the government to commit to "genuine reductions in air pollution" after it found that "an alarming 95 percent" of executives interviewed were worried or very worried about air quality and its effects on their health. But in a disheartening development this week, Hong Kong's chief executive, Donald Tsang, missed yet another opportunity to lay out a workable plan for clearing the air quickly.

This is not a hopeless situation, as leaders in Mexico City could attest. Once a place where residents courted asthma with every step outside, Mexico City approved what is generally regarded as one of the best and most comprehensive approaches to air pollution in 1990. The measures included everything from new fuel composition standards to new emission standards for vehicles. As a result, Mexico City halved some forms of air pollution in only five years. If Hong Kong even committed to cutting its pollution in half, that would be a good start.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

Charge Of Treason Difficult To Prove, Legal Experts Say (WP)

By Dan Eggen

The Washington Post, October 13, 2006

The decision to charge alleged al-Qaeda propagandist Adam Gadahn with treason is something of a gamble by the U.S. government, which has not pursued such a case in more than 50 years and has a mixed track record for convictions over the course of American history, according to legal experts and historic accounts.

Gadahn, 28, was indicted Wednesday by a federal grand jury in Santa Ana, Calif., based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets.

Many legal experts said yesterday that although Gadahn may be a suitable candidate for a treason charge, federal prosecutors may face serious difficulties in securing a conviction if he is ever brought to trial.

Gadahn, a fugitive believed to be living in Pakistan, grew up on a Southern California goat farm, converting to Islam as a teenager and later moving overseas. He allegedly says in one video that U.S. "streets will run red with blood" and in another refers to the United States as "enemy soil."

"One of the reasons that I think Gadahn was charged was because of his intentional, brazen and conspicuous activities," said Brian Levin, director of the Center for the Study of Hate and Extremism at California State University at San Bernardino. "All the stars lined up to virtually hand the required elements to prosecutors on a silver platter. . . . But it's not a slam-dunk by any means."

Fewer than three dozen U.S. citizens have ever been charged with treason, which is specifically defined in the Constitution and requires two witnesses or a confession in court for a conviction. The framers -- who bristled at England's frequent prosecution of dissidents for alleged treason -- defined it narrowly as "levying war" against the United States or providing "aid and comfort" to its enemies.

The penalties for treason were left to Congress, which set the range of punishment from five years in prison to death.

The roster of previous treason defendants includes former vice president and malcontent Aaron Burr, who was acquitted of attempting to set up his own republic, and abolitionist John Brown, who was hanged for treason after he and his followers captured the federal arsenal at Harpers Ferry. The last flurry of treason cases was prosecuted during and after World War II, culminating in the 1952 conviction of a Japanese American for abusing U.S. prisoners of war.

The Justice Department's legal arguments in the Gadahn case rely heavily on the "broadcast cases," a series of treason prosecutions of U.S. citizens providing propaganda services to the Germans or Japanese. The most famous of these involved Iva Toguri D'Aquino, accused of being "Tokyo Rose," who served six years in prison but was later pardoned after the two key witnesses recanted.

In the Gadahn case, the Justice Department argues that the defendant's appearance in five incendiary al-Qaeda videos -- particularly three recent broadcasts in which he is clearly visible -- provide enough evidence to fulfill the Constitution's witness requirements for treason.

Deputy Attorney General Paul J. McNulty, in announcing the indictment Wednesday, said prosecutors "are very confident about the satisfaction of the two-witness rule," in part because "a number of individuals would be in a position to be able to identify Adam Gadahn" in the videos.

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"We understand our burden," McNulty said. "We have to meet a burden that includes a number of elements in addition to the two-witness rule to show that there has been aid and comfort given to the enemy. And the elements will be met . . . if and when we have an opportunity to present our case in court."

But some liberal legal scholars are already raising questions about the strength of the government's case.

Leon Friedman, a professor at Hofstra University School of Law in Hempstead, N.Y., said the Supreme Court may take a dim view of bringing a treason charge as part of the "war on terrorism," which does not have the limits common to traditional armed conflicts. "The only time we've used treason in the past is in cases that resemble a traditional war," Friedman said. "It's just not the same thing. . . . We don't want the treason charge thrown around indiscriminately."

Bobby Chesney, a specialist in national security law at Wake Forest University, said he is not aware of any other case in which treason has been alleged involving a terrorist group.

Chesney noted that a number of al-Qaeda suspects both before and after the Sept. 11, 2001, attacks have been charged with seditious conspiracy, which is similar to the crime of treason but is easier to prove in court.

"It can be argued you can't get much better than the American front man for al-Qaeda for a treason charge," Chesney said. "But it's always a very difficult crime to prove."

Red Cross Meets Khalid Sheik Mohammed, Others (MH)

By Carol Rosenberg

The Miami Herald, October 13, 2006

The International Committee of the Red Cross confirmed today that it has met the 14 so-called "high value" detainees at Guantánamo Bay, Cuba, who include alleged Sept. 11 mastermind Khalid Sheik Mohammed.

A 12-member Red Cross delegation is still on the remote base in southeast Cuba, still working on gathering detainee notes and messages home -- but has interviewed 454 international U.S.-held captives, said Simon Schorno, an ICRC spokesman.

"We have seen the 14 as of today," said Schorno, speaking from Washington, D.C., following what he called a premature leak by the Pentagon of the meeting with Mohammed and other former CIA held captives.

"We're confirming having visited and registered the 14 detainees, and provided them with the means to exchange Red Cross messages with their families," he added.

He declined to say which, if any, of the 14 detainees had used the format to write home, probably for the first time since they were captured by the CIA and taken to so-called "black sites" somewhere overseas for U.S. interrogation.

President Bush revealed to the world on Sept. 6 that the United States had held the 14 men at secret offshore CIA detention spots, and had over Labor Day had them transferred to military custody at the U.S. Navy base in Cuba.

Their private meetings with Red Cross delegates, who included a doctor and translators, are not monitored by the military, Schorno said.

The "high value detainees" include Mohammed, whom the president referred to by his CIA nickname, "KSM," as well as other men who the United States claims were architects of the 2000 bombing of the USS Cole on Yemen's coast and the U.S. Embassy bombings in Kenya and Tanzania.

Their health conditions are not known after as much as four years of secret CIA captivity. Schorno deflected a question on whether the Red Cross observed signs that the men had been tortured with this: ``The ICRC does not comment publicly on current or past circumstances of detention or treatment of detainees."

Instead, the delegates relay their concerns about conditions secretly to the country holding prisoners. The Swiss based organization first got access to the prison soon after the detention center opened in Jan. 2002, and they have never commented publicly on the conditions at the base in southeast Cuba.

But the 14 men had been held in secret U.S.-controlled locations -- off the books and out of reach of the International Red Cross, which under the Geneva Conventions has long been responsible for inspecting prisons the world over and verifying that prisoners of war are treated humanely and don't disappear while in custody.

The Pentagon told media in Washington about the completed Red Cross interviews on the same day that it released a formal announcement that the U.S. had sent away 17 captives from the base -- 16 to Afghanistan and another to Morocco.

It did not name the men, but said they had been freed after a series of internal reviews and diplomatic dialogue with their native countries.

Given the ICRC figure of 454 detainees interviewed, minus the 17 unnamed captives the Pentagon said it released Thursday, that left the prison population there at 437.

The Pentagon statement put the number of detainees at ``approximately 440."

At Guantánamo, Navy Cmdr. Robert Durand called the Red Cross consultations "meaningful, useful and confidential" -- meaning he would not spell out any criticisms, if any, the international relief agency made of the captives' conditions.

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Durand said the men are entitled to the same health care as U.S. forces on overseas duty.

"As with all other detainees they receive adequate food, shelter, and clothing. They are afforded the opportunity to worship and have access to the Koran in their native language and other prayer accessories," Durand said in a statement.

``Consistent with established policies, they are allowed to send and receive mail."

Red Cross officials arrived on the remote base in southeast Cuba about two weeks ago, after Army Gen. Bantz Craddock, head of the Southern Command, said former CIA-held captives were undergoing a month-long orientation.

They are theoretically to face internal U.S. military reviews to see if they meet Bush administration definitions of "enemy combatants," and potentially future trial by U.S. military tribunal.

Still unclear is when precisely the men now cast as "the worst of the worst" of the Guantánamo population might face the Combatant Status Review Tribunals, which had been open to media coverage in the past.

If the Pentagon provides access similar to earlier hearings, reporters will get the first glimpse of Mohammed, Ramzi Bin al Shibh, and others who were publicly identified by the president as captives at Guantánamo as part of a policy speech on evolving U.S. detention policy.

Senior Defense and Justice Department officials had earlier said reviews would be held within three months of the arrival of the men. That means they should be complete by Christmas.

Red Cross Interviews 14 Qaeda Terrorism Suspects At Guantánamo (NYT)

By Neil A. Lewis

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A team from the Red Cross has met in recent days at Guantánamo Bay, Cuba, with Khalid Shaikh Mohammed, who is thought to have been the chief planner of the Sept. 11 terrorist attacks, and 13 other prisoners identified by the United States government as senior officials of Al Qaeda, Red Cross officials said Thursday.

Until recently, the 14 had been held by the Central Intelligence Agency at undisclosed prisons for as long as four years. The meetings with the delegation from the International Committee of the Red Cross are believed to be, for many, their first contact since their capture with someone not connected with the United States government.

Simon Schorno, an International Red Cross official in Washington, said the visits occurred over the last 10 days, but he declined to say what the Red Cross visitors had learned or observed about the prisoners' conditions, assertions or experiences in C.I.A. custody.

"We do not comment about the past and present condition of detention and treatment," Mr. Schorno said. Under the agreement by which it is allowed access to the prisoners, the Red Cross discusses its findings, and any complaints or recommendations it might have, only with the United States government.

The prisoners were examined by a Red Cross doctor, Mr. Schorno said. The Red Cross also arranged for each of the 14 prisoners to write messages to family members.

President Bush announced the transfer of the detainees to Guantánamo Bay last month, and has said they will be charged with war crimes and tried before a system of military commissions recently approved by Congress.

Mr. Bush is scheduled next week to sign the legislation, which specifies the kinds of tribunals before which the prisoners may be tried and also limits their access to federal courts for legal challenges.

The Red Cross visits are the first step in what will be the public surfacing of this group of detainees.

Military officials have said they will move swiftly to put in place the new military commission procedures for those of the 14 who will be charged with war crimes.

But the officials have said that the earliest the charges will come is sometime in January, meaning that any trials for those identified as senior Qaeda operatives will not occur before spring.

When they are charged, the prisoners will be assigned military defense lawyers, who may speak publicly about what the prisoners have to say. Shortly after that, the prisoners are also likely to acquire civilian defense lawyers, who may be even more likely to speak publicly about what the Qaeda prisoners may say in their defense and about their accounts of their treatment at the hands of C.I.A. interrogators.

The Red Cross interviews with the 14 transferred prisoners at Guantánamo were conducted outside the presence of American officials, with Red Cross officials serving as translators when necessary, Mr. Schorno said.

The letters to their families are written on one side of a Red Cross form and subject to censorship by United States military authorities.

The Red Cross delegation also visited the other 440 prisoners at Guantánamo.

Red Cross Meets With 14 Moved To Guantanamo Bay (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, October 13, 2006

An International Committee of the Red Cross delegation that visited the U.S. detention facility at Guantanamo Bay, Cuba, met with the 14 detainees who had been held for years in secret CIA custody, the first time the alleged high-value terrorism suspects had contact with the outside world since their initial confinement.

The U.S. military and ICRC officials confirmed yesterday that Red Cross representatives spent time with each of the 14 men in the weeks after they were transferred to Guantanamo, a series of standard meetings during which the detainees were officially registered with the international humanitarian organization and had an opportunity to meet with a doctor.

Among the men is Khalid Sheik Mohammed, the alleged mastermind of the Sept. 11, 2001, attacks. Red Cross officials do not comment on the details of such meetings or their recommendations to government captors, citing confidentiality agreements that allow them unfettered access. They also declined to comment on the conditions the detainees faced while in secret U.S. custody and on their mental and physical well-being.

Simon Schorno, an ICRC spokesman in Washington, said yesterday that representatives met with the 14 men who had been in CIA custody and shared their observations with Guantanamo authorities.

"We were able to work according to our standard modalities," Schorno said.

During a visit that began on Sept. 25 and ends today, the Red Cross met with a total of 454 detainees -- believed to be the facility's entire detainee population -- as part of a regular series of visits aimed at assessing their treatment and facilitating contact with their families through official letters.

Cmdr. Robert Durand, a Guantanamo spokesman, said yesterday that the ICRC had the opportunity to meet with all detainees and specifically cited the humane treatment afforded both the general detainee population and the 14 high-value detainees who recently arrived. In an e-mail statement, Durand said they receive "adequate food, shelter and clothing," may worship and have access to a Koran, and are given exercise and reading opportunities.

Also yesterday, Pentagon officials announced that they had transferred 17 detainees out of Guantanamo Bay as part of an ongoing effort to reduce the facility's population and to share the detention burden with allies. Sixteen men were released to Afghanistan and one was released to Morocco, bringing the total number of detainees held at Guantanamo to approximately 440. The U.S. military has deemed an additional 110 detainees eligible for release or transfer.

Staff researcher Julie Tate contributed to this report.

Pentagon: Red Cross Met Gitmo Detainees (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 13, 2006

The Red Cross met at Guantanamo Bay with 14 new "high-value detainees," including Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11, 2001, attacks, a Pentagon spokesman said Thursday.

The encounters apparently mark the first time the 14 detainees have met with anyone other than their captors since they were arrested, held in CIA custody at secret locations, and transferred weeks ago to Guantanamo Bay Naval Base in Cuba. Among them are the alleged architects of the 2000 bombing of the USS Cole and the U.S. Embassy bombings in Kenya and Tanzania.

Simon Schorno, spokesman in Washington for the International Committee of the Red Cross, declined to discuss specifics or even confirm the encounters had taken place. In meetings with prisoners, Red Cross officials explain that they are visiting as monitors.

"The detainee is not forced to speak to us," Schorno said. "It is up to the detainee to raise any issues that fall within our concern, for example past detentions and current conditions. It's up to the detainee to address whatever he wants to address."

The Red Cross also can take messages the detainees write, subject to military censorship, for delivery to their families, he said.

But even as the Red Cross wrapped up a more than two-week visit to Guantanamo Bay, the detention center came under increasing criticism.

British Foreign Secretary Margaret Beckett, releasing Britain's annual report on human rights around the world, said holding hundreds of terror suspects at the camp for years was "unacceptable in terms of human rights" and "ineffective in terms of counterterrorism."

"It's widely argued now that the existence of the camp is as much a radicalizing and discrediting influence as it is a safeguard for security," she said.

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Beckett was the highest-ranking British official to criticize the United States so directly for holding suspects for years without trial at Guantanamo. Prime Minister Tony Blair has gone no further in public than calling the camp an "anomaly" which sooner or later must end.

In response to Beckett's comments, Sean McCormack, a State Department spokesman, said: "Look, we don't want Guantanamo open forever. We don't want to be the world's jailers. We certainly would look forward to the day when Guantanamo is closed.

"At the moment, it's housing some very dangerous people, including those who were responsible for the attack on this country which killed 3,000 people."

The Red Cross, which arrived at Guantanamo Bay on Sept. 25, met the 14 newest detainees this week, Navy Lt. Cmdr. Jeffrey Gordon said at the Pentagon.

Mohammed was believed to be the No. 3 al-Qaida leader before he was captured in Pakistan in 2003. Also among the 14 new detainees are Ramzi Binalshibh, who is accused of helping plan the Sept. 11 attacks and being a lead operative for a foiled plot to crash aircraft into London's Heathrow Airport, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells before he was captured in Pakistan in 2002.

President Bush on Sept. 6 announced they had been moved from CIA custody to Guantanamo for trial.

The detainees reportedly underwent coercive interrogations while being held by the CIA. Bush declined to disclose the techniques but denied they constituted torture.

With the repatriation Thursday of 17 detainees — all but one of them Afghan — there are currently some 440 detainees at Guantanamo, said Lt. Cmdr. Chito Peppler, a Pentagon spokesman.

Most of the 16 released Afghans were innocent and had been turned in to the U.S. military by other Afghans because of personal disputes, said Sibghatullah Mujaddedi, head of Afghanistan's reconciliation commission. Many had been held for four years, he said.

One of the released prisoners, Sayed Mohammead Ali Shah, said he had been a delegate at the country's first loya jirga, a council of leaders that helped establish the interim government in 2002 after the U.S.-led invasion to oust the Taliban in 2001.

"For four years they put me in jail in Cuba for nothing," said Shah, a doctor from the eastern province of Paktia whose hands shook from nervousness when he spoke.

"All these people (the other prisoners) and all those Afghans still in Cuba, they are innocent," he told reporters. "All were arrested because of false reports, and the Americans, without investigating, they arrested innocent people and put them in jail for a long time."

Associated Press writers Robert Burns in the Pentagon and Rahim Faiez in Kabul, Afghanistan, contributed to this report.

Computer Firm Official Sentenced For Dealings With Terrorist (FWST)

By David Koenig

The Fort Worth Star-Telegram, October 13, 2006

DALLAS - A Middle East-born businessman was sentenced Thursday to nearly seven years in prison for having financial ties to a high-ranking terrorist and for making illegal computer exports to countries that support terrorism.

Ghassan Elashi was convicted during two separate trials on 27 counts, including conspiracy and money laundering.

Elashi faces a third trial in February for his role in helping run the Holy Land Foundation for Relief and Development, a Muslim charity that federal agents shut down in 2001 after the government accused it of funneling millions to the Palestinian militant group Hamas.

Federal District Court Judge Sam A. Lindsay allowed Elashi to remain free until January, saying he wasn't a flight risk. He is a U.S. citizen with six children and shares a duplex with his mother.

Prosecutors asked the judge to put Elashi in prison immediately. Elashi bristled when a prosecutor suggested he might flee the country rather than serve his 80-month prison term.

"I do not plan to flee the United States," Elashi said. "I plan to stay here and defend myself (against) your accusations about me and the Holy Land Foundation."

Holy Land officials have said the group aided hospitals, schools and orphans in the West Bank and Gaza.

Last year, a jury in federal district court convicted Elashi of financial dealings with a top Hamas official, who was married to Elashi's cousin. The U.S. government had designated the man, Mousa Abu Marzook, a terrorist in 1995, which made transactions with him illegal.

In a 2004 trial, Elashi and four of his brothers were convicted of making computer shipments to Libya and Syria without the special permits needed because the U.S. government deemed both countries as supporters of terrorism.

Elashi's lawyer, Tim Evans, said he would appeal the convictions.

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Evans said the transactions with Marzook were innocent dealings with the man's wife, and that the export violations didn't merit more than two years in prison. He said the equipment the Elashis shipped to Libya and Syria could have been purchased at any U.S. computer store.

"What they were doing just wasn't that dangerous," Evans said.

But prosecutor Barry Jonas said an FBI agent was prepared to testify about Elashi's background and that the government would show in the next trial that as chairman of Holy Land Foundation, he supported terrorism.

Jonas also said that the export violations were serious. Because the Elashis didn't obtain export permits, the U.S. government doesn't know who bought the computers or why, he said.

"Those policies are one front in the United States' war on terrorism," Jonas said.

Judge Lindsay said Elashi's convictions "had nothing to do with people blowing up buildings." During the 2004 and 2005 trials, he limited references to terrorism to focus on the charges in the indictment.

Elashi, 52, was born in a Palestinian enclave that is now occupied by Israeli. His lawyer said Elashi's mother's was thrown off her orange orchard by the Israelis.

Carrying an Egyptian passport, Elashi came to the United States as a young adult. He attended college and started a computer company with his brothers in California, then moved it to the Dallas suburb of Richardson.

Elashi declined to speak to the judge before sentencing, but later he took the witness stand to seek a delay in going to prison.

Three of Elashi's brothers received sentences of 5 1/2 to seven years each, and a fourth is scheduled to be sentenced Friday in Lindsay's court. Ghassan was the only brother indicted in the Holy Land case.

Jury Selection Begins In Terrorism Trial (WP/AP)

By Mike Robinson, The Associated Press

The Washington Post, October 13, 2006

CHICAGO -- Jury selection began Thursday in the trial of two men charged with bankrolling terrorism aimed at toppling Israel's government.

Muhammad Salah, 53, from suburban Bridgeview, and Abdelhaleem Ashqar, 48, of Alexandria, Va., are charged with operating a 15-year racketeering conspiracy to supply the Palestinian terrorist group Hamas with money to carry out a campaign of murders and kidnappings.

U.S. District Judge Amy J. St. Eve said she hopes to have a jury chosen Monday, with opening statements set for Tuesday or Wednesday.

Salah was arrested by Israeli soldiers in January 1993 at a checkpoint as he sought to leave the Gaza Strip. The same day, agents found $97,000 in cash in his room at a hotel in East Jerusalem.

Under interrogation, he admitted that he had visited Hamas military leaders and distributed money to them. He pleaded guilty and served five years in Israeli prisons.

The statements he made in Israel 12 years ago now are a key part of the evidence against Salah. The agents who interrogated him are expected to testify at the new trial _ in a courtroom cleared of spectators while wearing disguises and using aliases.

Prosecutors say the security measures are needed to prevent terrorists from taking reprisals against the two Israeli agents and their families.

But Salah defense attorney Michael E. Deutsch said the admissions his client made were the result of torture and should not be in evidence.

"He was tortured for 14 days," Deutsch said. "He was deprived of sleep for 45 of the first 50 hours, tied to a small chair, hooded and isolated."

According to the indictment, thousands of dollars from a number of Ashqar bank accounts was funneled overseas to pay for Hamas operations. Agents also found a cache of Hamas documents when they searched his home.

Ashqar's attorney, William Moffitt, secured the December acquittal of professor Sami al-Arian on a number of charges that he helped lead the Palestinian Islamic Jihad terrorist group.

The Florida jury deadlocked on other charges against al-Arian in what amounted to a stunning defeat for the federal government.

"Not much has been said about Dr. Ashqar's defense, and I'd like to keep it that way for a few more days," Moffitt told a reporter Wednesday. "But I can guarantee you that we're going to have some serious fireworks."

Charity Without Fear (WLS-TV)

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By Cheryl Burton

WLS-TV, October 13, 2006

October 12, 2006 - The long awaited civil trial of Mohammed Salah began this week. The former college professor is accused of funneling money to terrorist groups in Palestine through an Islamic charity in Oak Lawn. Cheryl Burton explains why some other Muslim groups now say they, too, feel like they are under attack.

Mohammed Salah is one of several local Muslims who the government accuses of using "good will" to cover up evil deeds. And now some unlikely backlash has fallen on other Arab and Muslim charities. Donations are down and worry is way up. But the groups are not taking it lying down. They're using the same legal process to seek government protection.

The new home of Arab-American Family Services is nestled in the basement of a non-descript US Bank building in southwest suburban Burbank. The founders say their last landlord kicked them out -- afraid of possible backlash.

"If five years or 10 years down the road you say the government finds this institution or this charity something is wrong with it, then you're going to be charged with helping fund some terrorist activity that the community didn't know about," said Itedal Shalabi, Arab-American Family Services.

Services offered range from helping victims of domestic abuse to translating forms for Arabic speakers. The non-profit group has not been accused of having terrorists ties. Yet its donations have dropped some 15 percent since 9/11.

"A lot of people said give me the list of what you need. I'd rather go buy it and bring you the stuff you need than give cash," said Shalabi.

Another concern is that donated money will never get where it was intended to go.

"Following 9/11, the government and the Treasury Department froze the funds of the five largest Islamic charities in the US," said Dr. Mohammed Sahloul, president of the Mosque Foundation.

In 2004, the 9/11 Commission concluded the shutdown of two Chicago-area charities raised "substantial" concerns about civil rights. The government dropped charges of terrorism against the former head of the Benevolence International Foundation in Palos Hills in 2003. They cut a deal with Enaam Arnaout. He pleaded guilty to using donated money to finance Islamic fighters in Bosnia and Chechnya.

No convictions were made in connection with Bridgeview-based Global Relief, but that group's co-founder was judged a security risk and deported. Both groups are still closed, leaving millions untouchable.

One man told us he has now changed the way he helps the poor in his homeland of Jordan.

"We used to do it through charity before September 11th. We used to do that. Right now, as much as I can, I send it directly to the people," said Wail Ziyad.

Others echo the fear.

"People have given money and it has been held with no kind of pre-warning or explanation only to be labeled and that's it. It's closed down," said Jeanean Othman.

"We know that a lot of locals that used to donate were visited by some government officials, asked questions about those organizations and that created some sort of fear," said Kifah Mustafa.

On the other side, FBI Special Agent Rob Grant contends that fear not only hurts the Muslim community itself, but also hinders the war on terror.

"One of the things that we've been trying to do for the last five years is convince the community to come forward, and unfortunately, in cases overseas and in some cases here, evidence of people wanting to commit terrorist acts or support terrorist acts has been present in some of these communities, and they have not come to law enforcement and that is the great bridge that we have to cross," said Robert Grant, Chicago FBI director.

This fear prompted a number of community leaders to head to Springfield for relief last year. The result? A resolution called "Charity Without Fear." It asks the federal government to provide a so-called "clean" list of Muslim organizations deemed safe and to protect donors from prosecution if a charity misuses funds.

So far, there has been no official response.

"There was no laws implemented as part of this resolution, and as far as I know, there was no follow up by Homeland Security to provide American Muslims with a safe list of charities, you know, the charities where they can donate without fear," said Dr. Mohammed Sahloul, president of the Mosque Foundation.

During this month of Ramadan, Muslims are obligated by their faith to give away 2.5 percent of their wealth through what is called zakat. Arab leaders say when assets are frozen for charitable organizations, they would like to see the government return the money to the donors or distribute it amongst other charities the government deems acceptable.

ABC7 News Team

Cheryl Burton, News Anchor and Reporter, ABC 7 News

Briton Pleads Guilty In Plots Tied To Al-Qaeda (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 13, 2006

LONDON, Oct. 12 -- An alleged al-Qaeda operative pleaded guilty in a British court Thursday to plotting to bomb the International Monetary Fund and other financial centers in Washington and New York in August 2004.

Those schemes led President Bush to authorize an orange, or high risk, security alert that sent police officers with automatic weapons into the streets to guard government and financial buildings as well as tunnels leading into Manhattan.

Dhiren Barot, 34, of north London, also pleaded guilty to planning attacks in Britain involving radiological devices known as dirty bombs and a scheme to blow up three limousines packed with gas cylinders in underground parking garages. Prosecutors said these plans were detailed on computer files seized in Pakistan.

Prosecutor Edmund Lawson said in Woolwich Crown Court in south London that the attacks planned for the United States were "designed to kill as many innocent people as possible" and those in Britain to cause "injury, fear, terror and chaos."

Barot, wearing a khaki-colored zip-up sweater, black shirt and closely cropped beard, told the judge, "I plead guilty," in a calm and emotionless voice, according to Britain's Press Association.

Barot was one of eight alleged al-Qaeda operatives, all British citizens, charged in the plot; the seven others are scheduled to be tried next year. Barot and two others, Nadeem Tarmohamed and Qaisar Shaffi, also have been indicted in the United States on terrorism-related charges.

U.S. and British officials accused them of conducting scouting missions in 2000 and 2001 to the New York Stock Exchange and Citigroup Center in New York, the Prudential Financial building in Newark, and the IMF and World Bank headquarters in Washington.

Barot, who was raised in a Hindu home and converted to Islam, was mentioned by an alias, Issa al-Britani, in the final report of the commission that investigated the Sept. 11, 2001, attacks in the United States.

The report said an al-Qaeda leader in custody told interrogators that in early 2001 Osama bin Laden had sent "Britani" to the United States "to case potential economic and 'Jewish' targets in New York City" for possible attack.

It remained unclear how far the plot had advanced. Lawson told the judge he had no evidence to contradict a defense contention that the conspirators had acquired no funding, vehicles or bomb-making materials for their plot.

Lawson also did not dispute a defense contention that the planned dirty bomb would have caused fear and disruption but would have been unlikely to kill anyone.

Officials said files containing information about the British plot were found on the computer of Mohammad Naeem Noor Khan, an alleged al-Qaeda computer expert who was arrested in Pakistan in July 2004.

Senior Pakistani intelligence officials have said that Barot met Khan in Pakistan in March 2004. They said British officials had spoken extensively to Khan about the plot involving Barot and the other Britons.

No date has been set for Barot's sentencing.

Man Pleads Guilty In U.S. Bomb Plot (WT/AP)

By Jill Lawless

The Washington Times, October 13, 2006

LONDON -- A British man identified by U.S. officials as a senior al Qaeda figure pleaded guilty yesterday to conspiracy to murder in a plot to bomb high-profile targets in the United States including the International Monetary Fund headquarters in Washington and the New York Stock Exchange.

"I plead guilty," Dhiren Barot, 34, said in a clear voice at London's high-security Woolwich Crown Court.

Prosecutors said the plot involved targets in both Britain and the United States. Other purported targets included the World Bank headquarters in Washington, the Citigroup building in New York and the Prudential building in Newark, N.J.

Barot, a British citizen who was raised a Hindu before converting to Islam, was arrested in August 2004 amid a heightened security alert for financial institutions in the United States. Seven other men are due to face trial next year.

Prosecutor Edmund Lawson said Barot planned "to carry out explosions at those premises with no warning. They were plainly designed to kill as many people as possible."

U.S. officials claim Barot is a senior al Qaeda figure, known variously as Abu Eisa al-Hindi, Abu Musa al-Hindi and Issa al-Britani, who scouted prominent financial targets in the United States at the behest of Osama bin Laden.

He was indicted last year in New York, along with two others, on charges of plotting to attack the buildings.

Under British law, domestic legal proceedings take precedence over a U.S. extradition attempt.

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In Britain, Barot planned to pack three limousines with gas cylinders and explosives and detonate them in underground parking garages, Mr. Lawson said.

The "gas limos" plan, found on a computer, was "described by Mr. Barot as the main cornerstone of attacks planned to take place in the U.K.," Mr. Lawson said.

He said the "back-to-back" attacks involved three other projects, including "the rough presentation for radiation or dirty-bomb projects."

A dirty bomb combines radioactive material with conventional explosives, though prosecutors did not offer detail on the components of the planned device.

Mr. Lawson said the dirty bomb was designed to cause "injury, fear, terror and chaos" although it was unlikely to kill anyone.

"The radiation project was designed, among other things, to affect some 500 people," Mr. Lawson said.

The clerk of the court told Barot he was charged with conspiracy to murder -- "the particulars of the offense being that on diverse days between Jan. 1, 2000, and Aug. 4, 2004, you conspired together with other persons unknown to murder other persons."

Barot, wearing a gray zip-up sweater and dark trousers and sporting a closely trimmed beard, stared intently ahead but betrayed no emotion as he entered his guilty plea.

By pleading guilty, Barot "makes no admission with regard to the involvement of any of his seven co-defendants in the conspiracy," Mr. Lawson said.

Mr. Lawson said plans outlining details of the attacks had been found on a computer after Barot's arrest in August 2004. He acknowledged that no funding had been received for Barot's projects, nor any vehicles or bomb-making materials acquired.

Judge Neil Butterfield deferred sentencing to a later date.

The judge ordered that 12 other charges faced by Barot -- one of conspiracy to commit public nuisance, seven of making a record of information for terrorist purposes and four of possessing a record of information for terrorist purposes -- be suspended.

Under Britain's tight media laws, the judge ordered that further details of the conspiracy not be reported to prevent prejudicing the trials of any future defendants.

Barot was arrested by British police in August 2004 after a massive security alert in the United States.

Briton Admits US Terror Plot (FT)

By Nikki Tait

Financial Times, October 13, 2006

A London man on Thursday pleaded guilty to planning terror attacks in Britain and the US, including plots to blow up financial centres in New York, New Jersey and Washington.

Dhiren Barot, a Muslim convert, pleaded guilty Woolwich Crown Court to one count of conspiring to murder people between January 2000 and August 2004.

Prosecutors said that Mr Barot, who was arrested in August 2004, had indicated that the plea encompassed terrorism plans in both the US and UK. On the former score, Edmund Lawson, QC, told a judge at the south London court that there had been proposals found by police on a computer after the August arrests two years ago.

Those, he said, involved "plans for attacks on the International Monetary Fund and World Bank buildings in Washington, the New York Stock Exchange and Citigroup buildings in New York, and the Prudential buildings in Newark".

He added these were plans "to carry out explosions at those premises with no warning – they were basically designed to kill as many innocent people as possible"

But there had also been separate plots aimed at targets in the UK, prosecutors claimed.

One involved a plan to pack limousines with gas cylinders and explosives, which would be blown up in underground car parks. Another was a "dirty bomb" project, which could be executed in a "sychronised, concurrent and back-to-back" way with the previous scheme.

The plans, however, did not appear to have reached an advanced stage, and prosecutors said that accepted Mr Barot's claim that no finances or bomb-making equipment had been in place.

Mr Barot, who has been held at the Belmarsh high-security prison in south London, had been facing 12 further charges – seven of which focused on making a record of information for terrorist purposes and four of possessing a record of information for terrorist purposes. These will "lie on the file" in the light of his single guilty plea. He will be sentenced at a later date.

Another seven individuals have been charged in the alleged conspiracy and await trial. However, prosecutors made clear that, by his guilty plea, Mr Barot was making no admission about the involvement of any of the other co-defendants.

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Briton Admits To Plotting Attacks On U.S. (LAT)

By Kim Murphy

The Los Angeles Times, October 13, 2006

LONDON — A 34-year-old British man pleaded guilty Thursday to murder conspiracy in what authorities said was a plot to blow up the New York Stock Exchange and other high-profile financial targets across the eastern United States.

Computer records also revealed that the plot, still in its infancy, included plans to explode a radioactive "dirty bomb" in Britain capable of causing "injury, fear, terror and chaos," authorities said.

Dhiren Barot, a native of India who grew up in North London and converted to Islam, admitted his role in both parts of the conspiracy. But there was no evidence presented that he and his codefendants had raised any money or acquired any materials to carry out the attacks.

The arrests of Barot and seven other suspects in 2004 led to a high-level security alert in the U.S. aimed at securing buildings in financial districts in New York, New Jersey and Washington believed to be targets in the plot.

Computer records that U.S. authorities said were seized in separate investigations in London and Pakistan revealed plans to attack not only the New York Stock Exchange, but also the International Monetary Fund and World Bank buildings in Washington, the Citigroup building in New York and the Prudential building in Newark, N.J., prosecutors said.

The plan was "to carry out explosions at those premises with no warning. They were basically designed to kill as many innocent people as possible," prosecutor Edmund Lawson told the Woolwich Crown Court in South London.

Investigators said that, in addition to evidence of a plot to explode a dirty bomb in Britain, they uncovered plans for "back-to-back" attacks using three limousines packed with gas cylinders, explosives and detonators that were to be blown up in underground parking lots, Lawson said.

The original indictment charged Barot with possessing reconnaissance plans of the IMF headquarters, the stock exchange and Citigroup building, along with two notebooks containing information on explosives, poisons, chemicals and related matters. The defendant, however, entered a plea only on the conspiracy charge, suspending for now the other charges.

"I plead guilty," he said quietly in response to the judge's query.

Barot and two of the other defendants awaiting trial in Britain also face charges in the United States in connection with the same alleged conspiracy, but U.S. prosecutors have said they will await the completion of legal proceedings in Britain before pursuing the case.

Neither indictment has expressly linked the defendants to the Al Qaeda terrorist network. But one of the aliases attributed to Barot in the U.S. indictment is similar to the name of a man identified in the final report by the federal commission investigating the Sept. 11 attacks as a senior Al Qaeda leader. The report says the man, identified as Issa al Britani, was dispatched by Al Qaeda leader Osama bin Laden to scout for "potential economic and 'Jewish' targets in New York City."

The report also says Britani had been dispatched by self-declared Sept. 11 mastermind Khalid Shaikh Mohammed to Malaysia to learn about the jihad in Southeast Asia from a senior leader of the Jemaah Islamiah organization, now in custody in the U.S.

According to the U.S. indictment filed in New York, Barot used the aliases Esa al-Britani, Abu Esa al-Britani, Esa al-Hindi and Issa al-Hindi. It says Barot had enrolled in college in New York as cover for a series of reconnaissance missions he undertook with his codefendants in New York and Washington between Aug. 17, 2000, and April 8, 2001.

No sentencing date was scheduled. Lawson said that in his guilty plea, Barot made "no admission with regard to the involvement of any of his seven codefendants in the conspiracy." They are scheduled to face trial next year.

U.S. State Dept. Lawyer: Up To 80 Terror Suspects Face Military Commission Trials (FINDLAW/AP)

AP, October 13, 2006

(AP) - BERLIN-Up to 80 terror suspects at Guantanamo Bay face the prospect of a trial before U.S. military commissions, an U.S. government adviser said Thursday.

U.S. President George W. Bush is to sign a law allowing the creation of the commissions on Tuesday, John Bellinger, a legal adviser to the U.S. State Department, said during a visit to Germany.

"We hope that that will allow the military commission trials finally to go forward ... including the trials of the additional 14 senior members of al-Qaida and al-Qaida operatives who were brought in," Bellinger said.

He did not say when the trials might begin or who would be tried first. However, he said that up to 80 individuals will go on trial.

"As far as to how many we expect there to be, there have been several dozen individuals charged already," Bellinger said during a discussion of legal aspects of U.S. counterterrorism efforts with reporters, human rights campaigners and academics.

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"The best estimates that I have seen from our Defense Department and our Justice Department are in the neighborhood of 60 to 80 we hope can be charged on the evidence we have collected so far," he said.

The U.S. Congress passed legislation last month designed to put the CIA's clandestine interrogation program back on track as well as opening the way for terrorist trials.

The Bush administration is expected to try some or all of 14 former CIA suspects held at secret prisons now held by the military at Guantanamo Bay, Cuba. The group includes Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11, 2001, attacks.

HOMELAND RESPONSE:

FBI Names Counterterrorism Office Chief (WT)

By Jerry Seper

The Washington Times, October 13, 2006

A veteran FBI agent who served as the on-scene commander for agents deployed to Tanzania during the 1998 investigation of the al Qaeda terrorist attack on the U.S. Embassy has been named to lead the bureau's Counterterrorism Division.

FBI Director Robert S. Mueller III made the announcement yesterday, noting that Joseph Billy Jr. has been credited by top Justice Department officials with pioneering several initiatives to help fight against international terrorism.

"Joe Billy's broad experience in counterterrorism and counterintelligence over his FBI career makes him uniquely qualified to fill the position of assistant director of the Counterterrorism Division," Mr. Mueller said.

Mr. Billy, who has served as acting assistant director since June, has worked as a field agent in New York City; a supervisor in the Foreign Counterintelligence Program; a supervisor of an FBI/New York City Police Department Joint Terrorism Task Force; and as an assistant special agent in charge.

In addition to his command position in Tanzania, he led an FBI contingent of experienced terrorist agents to Northern Ireland in 1998 to assist the police in a terrorist investigation.

Mr. Billy, a 28-year FBI veteran, recently told reporters of his concerns about weapons of mass destruction, undetected homegrown terrorists and the possibility that mobsters in this country could team up with al Qaeda terrorists for the right price.

While there is no direct evidence that mob figures in this country have made any effort to hook up with terrorists, his concerns about a possible connection continues.

Those concerns were heightened when undercover FBI agents stopped a man with suspected mob ties from selling missiles to an informant posing as a terrorist middleman.

"We are continuing to look for a nexus. We are looking at this very aggressively," Mr. Billy said. "We have developed an ability to look harder and broader in a greatly enhanced way to see if there is any crossover."

Mr. Billy was promoted in 1999 to section chief in charge of international training at the FBI Academy in Quantico, Va., where he was responsible for a wide range of programs, including leadership training and continuing professional development training for FBI employees. During his tenure at the academy, he served as acting assistant director in charge, where he was responsible for all aspects of FBI training.

In February 2002, he was appointed special agent in charge of the New York field office's National Security Division and later as special agent in charge of the new Counterterrorism Division, which was formed in New York. In February 2004, he was named as special agent in charge of the Newark, N.J., field office and in March 2005, he returned to Washington headquarters to oversee the FBI's international terrorism operations.

Mr. Billy holds a masters degree in public administration from the University of Southern California.

Crossover Extremists Pose Big Threat (NSDY/AP)

By Lara Jakes Jordan, Associated Press Writer

Long Island Newsday, October 13, 2006

WASHINGTON -- Terrorists from different extremist groups who unite against a common cause -- such as the United States -- may be among the next big threats to America, the FBI's newly promoted counterterror chief says.

FBI Assistant Director Joseph Billy Jr., named Thursday as the permanent chief of the agency's counterterrorism division, said there's no evidence yet of "crossover" extremists in the U.S.

But "there's always the potential of the like-minded individuals rising up against their home country," Billy said in an interview with The Associated Press.

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"Groups cross lines, and we have to look at it less defined (instead of) to say we're looking strictly at Hezbollah, looking at Hamas," Billy said. "In a coffee shop, it doesn't take much for the rhetoric to incite and recruit people. You may be aligned with one particular cause, but the fact is you have a common enemy. And the common enemy means that people can team up."

Billy had been the FBI's acting counterterror chief since June. He heads up one of the FBI's largest divisions, overseeing 101 Joint Terror Task Force teams nationwide, with thousands of ongoing investigations at any given time.

August's foiled plot by British nationals conspiring to blow up as many as 10 U.S.-bound airlines underscored the need for international counterterror coordination, Billy said. Such work, he said, could be likened to a sort of global terror task force -- even though the FBI's investigations would remain in the United States.

"We've really moved beyond the borders of the United States, and really working as partners against this threat that faces many counties, not just the United States," he said.

The soft-spoken FBI veteran of 28 years whose name plate on his desk is spelled out in Arabic, led the investigation of the 1998 U.S. embassy bombing in Tanzania. That same year, he led a delegation of FBI agents to Northern Ireland to help local police on a terror investigation.

He also has worked in FBI field offices in New York and New Jersey.

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On the Net:

FBI: http://www.fbi.gov

Congress Lets Mob-tied Felons Work At U.S. Ports (SH)

By Deroy Murdock

Scripps News, October 13, 2006

Before Congress passed a port-security bill on Sept. 30, a House-Senate panel deleted a proposed ban by Sen. Jim DeMint, R-S.C., on current or future dockworkers convicted of murder, conspiracy, explosives trafficking and transporting hazardous materials, among other felonies. As The Wall Street Journal's John Fund reported Oct. 2, conferees stripped this language "in the dead of night at the behest of unions fearful that too many of their members could lose their jobs." Call this measure "No Longshoreman Left Behind."

Among the 9,000 truck drivers the Department of Homeland Security investigated in New York's and New Jersey's ports, about half carried convictions for such crimes as homicide, arson and drug distribution. DHS concluded: These are "vulnerabilities that could be capitalized by terrorist organizations." Former customs agent Joseph King wondered: "Instead of bringing in 50 kilograms of heroin, what would stop them from bringing in five kilograms of plutonium?"

Station WTVJ "checked more than 1,300 members of the three major longshoremen's unions listed in port records," NBC's Miami affiliate reported in March 2001. "We found nearly one in five are convicted felons in Florida. Their offenses include: attempted murder, armed robbery, assault and battery, trafficking in cocaine, grand theft, auto theft and sex with a child. Despite a county law with strict guidelines on hiring convicted felons, nearly half who appeal to a special panel to work at the port are approved."

Miami's deputy port director, Khalid Salahuddin, said: "From our standpoint, what benefit would it do to kick him out on the street? We see none."

UnionFacts.com reported that in the 2004 election the International Longshoremen's Association (ILA) made $463,500 in political contributions _ 89 percent to Democrats, 10 percent to Republicans. The International Longshore and Warehouse Union gave $367,035 _ 98 percent to Democrats. Like other AFL-CIO affiliates, these unions help deliver Big Labor's vote on Election Day.

Longshoremen also have colluded with the Mafia.

"To control and dominate the New York/New Jersey waterfront and The Port of Miami," the Justice Department announced July 6, 2005, "the Genovese and Gambino families placed organized-crime members, associates and relatives into high-ranking positions on the ILA's governing Executive Council and into positions as trustees of ILA pension, welfare and benefit funds." Former Brooklyn ILA boss Frank "Red" Scollo, indicted with Gambino capo Peter Gotti and 15 others in June 2002, pleaded guilty to racketeering in 2004.

Genovese control of ILA Local 1588 included enforcer Joseph Lore's embezzlement of the New Jersey union as its presidents, Eugene G'Sell and John Angelone, acquiesced. According to the National Legal and Policy Center, Lore "got rough if the union front men were uncooperative, at one point threatening to use a blowtorch on Angelone's crotch."

The FBI frets that terrorists could exploit the greed of underworld figures.

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"They will deal with anybody if they can make a buck," Matt Heron, the FBI's top New York City mob fighter, told the Associated Press' Pat Milton. "They will sell to a terrorist just as easily as they would sell to an order of Franciscan monks. It's a business relationship to them."

La Cosa Nostra's economic philosophy is simple, explained Pasquale D'Amuro, an FBI alumnus and now chief of Giuliani Security.

"I am aware of a high-level Mafia figure, who was cooperating with authorities, being asked if the Mafia would assist terrorists in smuggling people into Europe through Italy," D'Amuro told AP. "He said, 'The Mafia will help who ever can pay.' "

Even if most wiseguys would spurn al Qaeda's advances, the weak link could be a lone mobbed-up watchman, say, on a Staten Island dock. Desperate to pay his impatient bookie, terrorists _ or local sympathizers _ could bribe him to take a long walk along a short pier, just before a small boat unloads a nondescript box at 3:15 one morning.

"I ain't seen nuttin'," he truthfully could tell cops days later, as they investigated how an atomic device rearranged Times Square.

Bipartisan congressional conferees took an oath to "defend the Constitution of the United States against all enemies, foreign or domestic." Invited by DeMint to do precisely that, they chose instead to keep U.S. ports safe for politically connected, criminally infested labor unions.

No wonder Americans hold Congress beneath contempt.

(New York commentator Deroy Murdock is a columnist with the Scripps Howard News Service and a media fellow with the Hoover Institution on War, Revolution and Peace at Stanford University.)

Documents Reveal Scope Of U.S. Database On Antiwar Protests (NYT)

By Eric Lichtblau

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Internal military documents released Thursday provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war.

The documents, obtained by the American Civil Liberties Union under a Freedom of Information Act lawsuit, show, for instance, that military officials labeled as "potential terrorist activity" events like a "Stop the War Now" rally in Akron, Ohio, in March 2005.

The Defense Department acknowledged last year that its analysts had maintained records on war protests in an internal database past the 90 days its guidelines allowed, and even after it was determined there was no threat.

A department spokesman said Thursday that the "questionable data collection" had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected. The spokesman, Maj. Patrick Ryder, said in response to the release of the documents that the department "views with great concern any potential violation" of the policy.

"There is nothing more important or integral to the effectiveness of the U.S. military than the trust and good will of the American people," Major Ryder said.

A document first disclosed last December by NBC News showed that the military had maintained a database, known as Talon, containing information about more than 1,500 "suspicious incidents" around the country in 2004 and 2005. Dozens of alerts on antiwar meetings and peaceful protests appear to have remained in the database even after analysts had decided that they posed no threat to military bases or personnel.

Some documents obtained by the A.C.L.U. referred to the potential for disruption to military recruiting and the threat posed to military personnel as a result.

An internal report produced in May 2005, for instance, discussed antiwar protests at the University of California, Santa Cruz, and was issued "to clarify why the Students for Peace and Justice represent a potential threat to D.O.D. personnel."

The memorandum noted that several hundred students had recently protested the presence of military recruiters at a career fair and demanded that they leave.

"The clear purpose of these civil disobedience actions was to disrupt the recruiting mission of the U.S. Army Recruiting Command by blocking the entrance to the recruiting station and causing the stations to shut down early," it said.

But the document also noted that "to date, no reported incidents have occurred at these protests."

The documents indicated that intelligence reports and tips about antiwar protests, including mundane details like the schedule for weekly planning meetings, were widely shared among analysts from the military, the Federal Bureau of Investigation and the Department of Homeland Security.

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"There is simply no reason why the United States military should be monitoring the peaceful activities of American citizens who oppose U.S. war policies," said Ben Wizner, a lawyer for the A.C.L.U.

Joyce Miller, an official with the American Friends Service Committee, a Quaker group that learned that information on some of its antiwar protests was in the military database, said she found the operation to be a "chilling" and troubling trend.

World Series Security In Works (DEN)

By Paul Egan

Detroit News, October 13, 2006

Area authorities begin planning crowd control, traffic in light of Tigers' 2-0 lead over Oakland.

Detroit Police, the FBI and other area law enforcement agencies are preparing for crowd control and heightened security in the event Detroit is the host of games in Major League Baseball's World Series.

Officials said they were working on plans in light of the Detroit Tigers' 2-0 lead in the American League Championship Series going into today's game in Detroit.

Officials said their work will be made easier by Detroit's experiences hosting the Super Bowl Feb. 5 and baseball's All-Star Game in July 2005.

Detroit Deputy Chief James Tate said officials were working on plans Thursday that may include changing two-way streets near Comerica Park to one-way streets and providing easier access to and from freeways.

It's not known whether an area around Comerica would be off-limits to nonticket-holders, as Ford Field was for those not attending the Super Bowl, Tate said. He noted the Super Bowl is deemed a "level one" security event by the U.S. Department of Homeland Security, but a World Series game and the All-Star Game is not.

U.S. Attorney Stephen Murphy said an Anti-Terrorism Advisory Council, which includes all levels of law enforcement and representatives of private businesses, will likely meet in the next few days to discuss World Series plans.

Tragedy On The Skyline (NYT)

The New York Times, October 13, 2006

The sight of a Manhattan apartment tower set ablaze by a crashing airplane was chilling both for the immediate tragedy and for the memories it stirred of the 9/11 atrocities. Terrorism proved no factor in the crash of the single-propeller plane into the 30th floor of the East Side apartment house, a half block from the waterfront. But the accident, which cost the lives of the Yankees pitcher Cory Lidle and his flight instructor, laid bare a troubling situation unknown to most New Yorkers — a low-altitude, free-flying corridor over the northern stretch of the East River that many veteran small-plane pilots consider treacherous.

Small planes and helicopters had been permitted to fly the corridor below 1,100 feet without clearance. The policy relied on experienced pilots to use their own "see-and-avoid" capabilities in such low-speed traffic. In the aftermath of the crash, the Federal Aviation Administration was wise to order a temporary halt to the policy and to require instead that all planes flying below 1,500 feet over New York City first get authorization from air traffic control. Unfortunately, this was a one-day order.

The free-flying corridor, set safely below commercial flight paths, has been a boon to assorted helicopters used by business executives, tourists and highway traffic reporters. But on an overcast day with low cloud cover, as was the case Wednesday, wiser general aviation pilots avoid it. Some officials speculate that the Lidle plane's pilot, cruising above the river after a spin around the Statue of Liberty, may have crashed as he attempted a U-turn in the corridor to avoid the existing requirement that permission be requested to fly farther north.

Tighter controls should be restored indefinitely, at least until the details of the tragedy are clear, and the burden will then be on the F.A.A. to explain why small planes should not stay under restraint permanently. The most compelling argument is that closer tracking of all low-altitude fliers would greatly increase the tasks of the already burdened air traffic system, requiring more controllers and better radar equipment. But the answer is clearly to upgrade the system, not reduce precautions.

WAR NEWS:

Panel Reports Fraud By Some Nonprofits (NYT)

By Philip Shenon

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A report by Democratic investigators for the Senate Finance Committee said Thursday that several nonprofit groups linked to the corrupt lobbyist Jack Abramoff became arms of his lobbying operation and "appear to have perpetrated a fraud on other taxpayers."

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The report found that officials of the nonprofit groups, including Americans for Tax Reform, a prominent conservative group run by the Republican strategist Grover G. Norquist, agreed to "carry out Mr. Abramoff's requests for help with his clients in exchange for cash payments."

The committee's ranking Democrat, Senator Max Baucus of Montana, said in releasing the report that the Justice Department and the Internal Revenue Service would "have to determine whether tax laws were broken, but in my view, these groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws" on tax-exempt groups.

Mr. Abramoff's abuse of charitable groups, including one he founded, the Capitol Athletic Foundation, has been well-documented.

In January, the former lobbyist pleaded guilty to conspiring to corrupt public officials, including members of Congress, in a wide-ranging scheme that involved funneling his clients' money through tax-exempt groups. He is scheduled to begin serving a prison sentence next month.

None of the officers of the charities that were the focus of the new Senate report have been charged with a crime, and the charities have denied any wrongdoing in their dealings with Mr. Abramoff. But the report suggested that several of the charities had taken actions to benefit his lobbying operation that should put their tax-exempt status in question.

Spokesmen for Americans for Tax Reform did not return phone calls for comment Thursday night.

The Banking Committee report is especially critical of the group, which has close ties to the Bush administration through Mr. Norquist, as having apparently offered its support to causes championed by Mr. Abramoff's lobbying clients in exchange for large donations.

The report cited instances, based on Mr. Abramoff's e-mail, in which Mr. Norquist's group had taken money from the lobbyist "with tacit or explicit agreements to perform services, such as writing newspaper columns favorable to the clients" or with a promise to help his clients meet Karl Rove, President Bush's top political adviser, and other government officials. There was no accusation of wrongdoing by Mr. Rove, and the report did not suggest that he knew of the payments.

The report quoted a lawyer for Mr. Norquist, Cleta Mitchell, as having told the Finance Committee that Americans for Tax Reform had not abused its tax-exempt status and that the group had used its contributions "in keeping with its general purpose and permissible activities under the law."

Another of the nonprofit groups that was close to Mr. Abramoff, the National Center for Public Policy Research, criticized the Democratic report as "entirely unfair and inaccurate" and said the center had been "extremely conscientious at all times about complying with all regulations" on tax-exempt groups.

The center came under special scrutiny last year after it was disclosed that the group had underwritten overseas trips for lawmakers who were being courted by Mr. Abramoff, including a lavish visit to London for Tom DeLay, who was then House majority leader and who resigned from Congress this year. Mr. Abramoff had been a member of the center's board.

U.K. Army Head Said To Seek Iraq Pullout (AP)

By Tariq Panja, Associated Press Writer

AP, October 13, 2006

Britain's new army chief called for a withdrawal of British troops from Iraq, warning that the military's presence there only exacerbates security problems, according to an interview published Thursday.

Gen. Richard Dannatt described British Prime Minister Tony Blair's Iraq policies as "naive," declaring that while Iraqis might have welcomed coalition forces following the ouster of Saddam Hussein, the good will has since evaporated after years of violence.

The British military should "get ourselves out sometime soon because our presence exacerbates the security problems," Dannatt said in an interview with the Daily Mail released on the tabloid's Web site. "Whatever consent we may have had in the first place" from the Iraqi people "has largely turned to intolerance," he was quoted as saying.

The British government has not yet set a timetable for the departure of its 7,500 troops from Iraq.

The Defense Ministry responded to the interview by saying: "We have a clear strategy in Iraq. We are there with our international partners in support of the democratically elected government of Iraq, under a clear U.N. mandate."

Blair's office referred all questions to the Defense Ministry.

Dannatt's comments are certain to infuriate Blair, who is President Bush's key ally in the Iraq war. It is highly unusual for a sitting British military commander to publicly criticize the government's foreign policy. Dannatt took over as army commander in late August.

Britain's involvement in Iraq has proved highly controversial from the outset. Millions protested on the streets in the lead up to the war in 2003, while high profile cabinet ministers have quit the government as a result of Blair's support for the U.S.-led action.

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The general's comments may signal an increasing boldness among senior military officials who fear that the army is overstretched on two fronts — Afghanistan and Iraq. Other commanders have been quoted as saying the military needs to provide greater support for troops in Iraq and Afghanistan.

Dannatt said Britain's presence in the country was worsening security problems domestically too, contrary to Blair's claims that the war in Iraq had no link to the terror threat facing Britain. Such fears have been heightened since last year's terror attacks on London's transport system that killed 52 people and four suicide bombers.

"I don't say that the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them," he said.

"We are in a Muslim country and Muslims' views of foreigners in their country are quite clear," he said. "As a foreigner, you can be welcomed by being invited in a country, but we weren't invited certainly by those in Iraq at the time."

Dannatt was severely critical of British and American planning for postwar Iraq, describing the rationale behind the invasion as flawed.

"I think history will show that the planning for what happened after the initial successful war fighting phase was poor, probably based more on optimism than sound planning," he said.

"The original intention was that we put in place a liberal democracy that was an exemplar for the region, was pro West and might have a beneficial effect on the balance within the Middle East.

"That was the hope, whether that was a sensible or naive hope history will judge. I don't think we are going to do that. I think we should aim for a lower ambition."

The comments come at a time when British defense officials are facing growing criticism on a number of fronts. In Afghanistan, Britain has suffered a number of casualties recently as the army continues its tough battle against the resurgent Taliban in the south of the country. Thirty British soldiers have been killed in Afghanistan since July.

Since March 2003, 119 British soldiers have died in Iraq.

The general's comments polarized opinion among lawmakers and military personnel.

Former Defense Secretary Douglas Hogg questioned his motives.

"One can only assume that Sir Richard has made his views known privately and that they've been ignored," he told the British Broadcasting Corp. "I think the government needs to very quickly make it clear what the position is."

Maj. Gen. Patrick Cordingly, a former British military commander in the 1991 Gulf War, told the BBC the army chief's opinion was "enormously pragmatic" and may be welcomed by some soldiers who have served several tours of duty in Iraq.

"I think it is a very brave thing for him to say. I do agree. I think there comes a time when you have got to let Iraq get on and look after its own security," he said.

UK Presence 'worsening Iraq Situation' (FT)

By Stephen Fidler, James Blitz And Guy Dinmore

Financial Times, October 13, 2006

Britain's new army chief said UK forces should leave Iraq soon because they are making the security problem there worse.

Such unusually frank remarks from a serving soldier suggest that General Sir Richard Dannatt disagrees with government policy, which calls for troops to stay until Iraqi forces can take over.

Sir Richard said Britain should "get ourselves out sometime soon because our presence exacerbates the security problems".

In comments reported in Friday's UK Daily Mail newspaper, the chief of the general staff said foreign forces might be welcomed into a country. But "the military campaign we fought in 2003 effectively kicked the door in. Whatever consent we may have had in the first place...has largely turned to intolerance.

"That is a fact. I don't say that the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them."

Sir Richard criticised the quality of planning for what happened after Baghdad fell. "History will show that the planning for what happened after the initial successful fighting phase was poor, probably based more on optimism than sound planning."

The general said the US-led coalition in Iraq would have to settle for less than the original ambition of a pro-western liberal democracy that would be an exemplar for the region.

"That was the hope, whether that was a sensible or naive hope, history will judge...we should aim for a lower ambition." The general expressed more optimism that "we can get it right in Afghanistan". But he added: "We can't wish the Islamist challenge to our society away and I believe that the army both in Iraq and Afghanistan and probably wherever we go next, is fighting the foreign dimension of the challenge to our accepted way of life."

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Dana Perino, White House spokeswoman, said: “I don’t know the context in which this was said but I would remind you that it’s the democratically elected Iraqi leaders themselves who have asked for reassurance that we will stay to help them gain control over the security situation.” She added: “We’re going to...ensure a democratic stronghold of liberty and freedom in the heart of the Middle East is fully established and serving as a beacon of hope for those moderate governments in the region who strive for the same.”

The UK prime minister’s office is certain to argue on Friday that Britain will stick to its commitment to maintain a military presence in Iraq until the country’s own forces are fully trained.

The Ministry of Defence said on Thursday night: “We are there with our international partners in support of the democratically elected government of Iraq under a clear United Nations mandate.”

The MoD refused to confirm reports that a meeting had been set up between Des Browne, defence secretary, and the general on Friday.

However, the army chief’s comments are certain to be a blow to Tony Blair as he seeks to maintain political authority in his final months in Downing Street.

Militiamen Kill 11 At TV Station In Iraq (AP)

By Lee Keath, Associated Press Writer

AP, October 13, 2006

Suspected Shiite militiamen, some dressed as police, broke into a television station and gunned down 11 Iraqi executives, producers and other staffers Thursday — the deadliest attack against the media in this country, where at least 81 other journalists have been killed in the past three years.

The station, Shaabiya, was new and had not started full broadcasting. So far it had aired only test programming of nationalist songs, including ones against the U.S. military presence in Iraq. That may have led Shiite militiamen to suspect it of a pro-Sunni ideology.

The brazen, morning attack underlined the danger for the media in a country where causing offense to one side or another can be a death sentence — either by Sunni insurgents or the Shiite and Sunni death squads behind sectarian violence.

In another attack on Iraqi media, the body of a Kurdish radio reporter was identified at the Baghdad morgue. Azad Mohammed Hussein, 29, was kidnapped in the capital Oct. 3 while on his way to Dar al-Salam radio headquarters. His body was found Tuesday.

At least 51 journalists — mostly Iraqis — have been kidnapped in Iraq, according to Reporters Without Borders, a Paris-based journalist watchdog group. The latest was the editor of weekly magazine Nabd al-Shabab, abducted Monday on the way to work.

About two dozen gunmen, some in police uniform, pulled up to the Shaabiya offices at 7 a.m. Thursday in civilian cars, stormed into the building and killed most of those inside, said the station's executive director, Hassan Kamil, who was not there at the time.

Staff members had been working around the clock to get the station ready to begin broadcasting at the end of the Islamic holy month of Ramadan, in mid-October. As a result, many people were in the office, some still sleeping at the time of the attack.

The gunmen fired some 100 shots, Kamil said. But survivors reported not hearing any shots and no windows were damaged, suggesting the attackers may have used silenced pistols and killed their victims at close range, he said.

After the attack, blood stained the polished floors of the station building, which housed Shaabiya's studio and offices, and pistol bullet casings lay scattered around.

Among the dead were the station's chairman of the board, Abdul-Raheem Nasrallah, along with station technicians and two guards, Kamil said. Several employees managed to run away, and there were two wounded survivors — the program director and chief producer — who were in critical condition.

Kamil said he could not speculate on who was behind the attack and said the station had received no threats. He insisted the station had no sectarian bent and pointed out that the staff was a mixture of Shiites, Sunnis and Kurds. Nasrallah, the slain chairman, was a Shiite — a former military officer who was jailed during Saddam Hussein's rule, fled to Norway after his release and then returned after Saddam's fall.

"We have good relations with all political and religious parties and groups, with the Sunnis and the Shiites, and we are keen to maintain such a balance," Kamil said in a telephone interview.

But there were signs Shiite militiamen were behind the assault. Many kidnap-slaying of Sunnis have been carried out by gunmen in police uniforms and Sunnis accuse the mainly Shiite police force of helping the death squads.

The test programming the station has done so far has included nationalist songs, some of them denouncing "the American occupation" — a cause of the Sunni insurgents, though also of some Shiite militia groups.

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There were also rumors that the station was being financed by Libya. Reporters Without Borders said the militiamen may have been seeking to avenge the kidnapping of a revered Lebanese Shiite cleric, Imam Musa al-Sadr, 28 years ago, an attack often blamed on Libya. Al-Sadr is a distant uncle of Muqtada al-Sadr, head of the Mahdi Army, Iraq's most feared militia.

Kamil denied his station receives Libyan funding, saying it is still struggling to get the money to start up. But even a false rumor could be a motive for an attack.

Interior Ministry spokesman Brig. Abdel-Karim Khalaf blamed the slayings on "a gang of criminals" and said investigations were under way.

At least 81 journalists, 60 of them Iraqi, have been killed in Iraq since the March 2003 U.S. invasion of Iraq, according to an Associated Press tally based on figures provided by the Committee to Protect Journalists, a New York-based media rights group. That surpasses the 66 killed in Vietnam, and the 68 killed during World War II.

In addition, 28 employees of media outlets have been killed, including drivers, interpreters and guards — almost all of them Iraqis. The numbers do not include the Shaabiya attack, since it was not immediately known how many of the dead were journalists or support staff.

"Iraq is the most dangerous assignment in the world right now for journalists," said Joel Campagna, head of CPJ's Mideast desk. "There really aren't any battle lines. The danger begins right outside your door."

Not only are there no front lines in Iraq, but Western journalists are targeted by insurgents who consider them as little different from combatants. Baghdad's Palestine hotel, where many media organizations — including the AP — were based for extended periods of time, was attacked repeatedly; the attacks included a triple suicide vehicle assault last October that was claimed by al-Qaida in Iraq.

In one of the most graphic examples, an Iraqi television journalist, Atwar Bahjat, and two of her colleagues were abducted and slain while reporting on an explosion last February at a mosque in Samarra.

"The toll of journalists killed mounts from day to day," Reporters Without Borders said. "We are also alarmed by the number of kidnappings of journalists. Each week we learn of another journalist who has been abducted and then executed. ... Local journalists are the chief victims."

The deaths come amid a wave of violence in Iraq by both insurgents and militias. At least 34 Iraqis were killed in violence around the country Thursday, including the attack on Shaabiya.

The U.S. command announced that one American soldier was killed and two others injured in action in northern Iraq on Wednesday. The soldier's death brings the total number of American troops who have died in October in Iraq to 41.

Nine Staffers Slain At TV Station In Baghdad (USAT)

By Zaid Sabah And Rick Jervis

USA Today, October 13, 2006

BAGHDAD — The masked gunmen drove up to the studios of Baghdad's newest television station at 7:30 a.m., arriving before most of the journalists were awake.

Storming through the studios, they executed nine people, including seven journalists and two guards. The staffers — technicians, cameramen and producers — had been sleeping at the building after working late the previous evening.

Most of the dead at Shaabiya Satellite TV were shot in the head, said Talib al-Shawka, the station's news manager. Many were killed while sleeping in makeshift beds. One was shot in the bathroom as he readied for work, he said.

It was the single deadliest attack on the media since the start of the war.

“What happened today is happening every day in Iraq,” al-Shawka said. “Why it happened here today, I don't know.”

Iraq remains the most dangerous place in the world for journalists, according to the Paris-based Reporters Without Borders, a press advocacy group. Since the start of the fighting in March 2003, 118 journalists and media assistants have been killed in Iraq, the majority of them Iraqis, the organization said.

In World War II, 68 journalists were killed, and during the Vietnam conflict, 66, according to the Freedom Forum.

The gunmen drove into the station's neighborhood in white SUVs — vehicles commonly used by Iraq's security forces — and blocked off streets to the studio in Baghdad's Zayouna district, said Brig. Gen. Abdel Karim Khalaf al-Kenai, an Interior Ministry spokesman. The gunmen then stormed into the studio and began shooting employees and guards as they went, he said. There were no immediate arrests or leads, he said.

“I arrived this morning and was shocked when I saw my colleagues executed in this way,” said Sayed Nasser al-Hassani, a Shaabiya TV journalist. “I don't know why they did that with our channel. We don't even have programs yet.”

News employees often spend the night in the newsroom if they work late the preceding night because it's dangerous to be on the streets after dark. Vehicles are not allowed on Baghdad's roads after 9 p.m., and there's a ban on pedestrians starting at 11 p.m.

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Most of Iraq's TV channels and newspapers are affiliated with political parties and broadcast a point of view. The killings could have been politically motivated.

Gunmen are increasingly targeting journalists, said Ammar Karim, an Iraqi reporter based in Baghdad for Agence France-Presse. “We're working in hell,” Karim said. “Things have changed 180 degrees compared to 2004 and 2005. Now, they're targeting journalists directly, whatever their affiliations are.”

Shaabiya is owned by the Justice and Democratic Progress Party, an independent secular party that ran in December elections but didn't win any seats in the Iraqi parliament.

The satellite station launched two months ago and has beamed only a few test broadcasts, al-Shawka said.

“The channel represented all sides in the Iraqi spectrum. We have Sunnis and Shiites and Christians and Kurds. One of the victims was Egyptian,” he said. “We are in a dilemma. If you are Sunni, this is a problem. If you are Shiite, it's also a problem. Christians are another problem. We don't know what to do.”

Gunmen Kill 11 In Iraqi TV Station Attack (LAT)

By Borzou Daragahi

The Los Angeles Times, October 13, 2006

BAGHDAD — Masked gunmen methodically executed 11 employees of a Baghdad television station this morning, shooting their victims in the station's offices with weapons muffled by silencers.

The victims were among at least 24 Iraqis killed in explosions and shootings or found dead as a result of sectarian murders today. One U.S. soldier was also reported killed, a member of the 25th Infantry Division wounded in combat Wednesday along with two other soldiers near Kirkuk.

Maj. Gen. William B. Caldwell IV, spokesman for coalition forces, told reporters that insurgent attacks in the capital have increased from 28 a day to 36 over the last 16 days, which coincides with the start of Ramadan, the Muslim holy month of fasting and atonement.

With security worsening, the Baghdad government has begun talks with U.S. commanders about lengthening the American stay at bases in the country, an Iraqi spokesman said.

Among those killed at the television station was the chairman of the Al Shaabiya channel's board of directors, Abdul Raheem Nasrallah. He also was leader of a small nationalist political party behind the station. Most of those killed in the 7 a.m. attack on the newly launched station were bodyguards. The programming manager clung to life today at a Baghdad hospital with bullet wounds to the neck and mouth, and another man also was wounded.

At least some of the killers in the Al Shaabiya killings wore police uniforms and arrived in cars that resembled official police vehicles, raising suspicions the killings were tied to Shiite Muslims militias that allegedly have infiltrated forces of the Ministry of Interior.

But Muqtada Sadr, the radical Shiite cleric whose Al Mahdi militia is suspected of involvement in sectarian killings, today denounced such slayings as sacrilegious.

"The wrongdoer cannot hide behind what is right, and the title of the Mahdi army is a title for righteousness," he said in a statement. "Those wrongdoers should make use of the Ramadan period, and repent as long as repentance doors are wide open."

The killers at the station appeared to have let the two female employees go, but shot all 13 men.

Hassan Kamil, the station's manager, found over 100 spent shells on the floor when he arrived an hour after the attack, but none of the bullets had damaged the fragile glass panels in the office. Nearby guards and neighbors told him they heard no gunfire.

"That there were no holes or cracks in these glass dividers which means that the executioners are professionals, not ordinary killers," he said. "They came to kill only."

The massacre was the latest attack on media personnel in a country that has become the most dangerous place in the world for journalists. Earlier this week authorities discovered the body of Azad Mohammed, a radio reporter who had been abducted Oct. 3. Gunmen on Monday also kidnapped Ali Kareem, editor in chief of a weekly newspaper.

Government spokesman Ali Dabbagh condemned the killings and said they were under investigation. "The terrorists want to censor the truth of what is actually happening Iraq," he said.

But he also acknowledged in a news conference that Iraqi security forces "need more training and experience."

In the meantime, Iraqi officials have begun negotiating with U.S.-led forces to extend their presence on bases throughout Iraq, he said. "This is not a new agreement, it's just an extension" of the old agreement, he told reporters.

Gunmen Attack TV Station In Baghdad (WP)

DOJ_NMG_0080336

By Ellen Knickmeyer And Naseer Nouri, Washington Post Foreign Service
The Washington Post, October 13, 2006
Uniformed Assailants Arrive in Police Cars And Kill at Least 8

BAGHDAD, Oct. 12 -- Gunmen in police cars and police uniforms stormed the offices of an Iraqi satellite television channel in Baghdad on Thursday and shot or slit the throats of all inside, killing at least eight people in the deadliest attack on journalists in Iraq, according to witnesses and the Interior Ministry.

Many of those killed in the 7 a.m. raid on al-Shaabiya TV were shot as they lay sleeping in their beds at the station. Neighbors said they heard no gunfire, leading the station's executive director, Hassan Kamil, to tell state-allied al-Iraqiya television that he believed silencers had been used.

"The killing police left the scene after killing those Iraqis," said Saad Saleem, a 43-year-old teacher who lives near the house where the station is located. Gesturing at police who responded to cordon off the station after the killings, Saleem said: "These police arrived only later. For us, Iraqis, we cannot tell the difference."

The attackers killed two guards outside, then attacked the workers inside, killing six of them. The dead included Abdul Raheem Nasrallah, the channel's general director and the general secretary of a small, secular political party, the Progress and Justice Movement.

The Shaabiya workers had spent the night at the station because of a long-standing Baghdad curfew that bans overnight vehicle traffic. The new station had yet to begin regular programming, playing only patriotic music.

Suspicion fell on militias connected with the Shiite Muslim religious parties that lead Iraq's government, with the militiamen either in the police force itself or working with the aid of the police, who are predominantly Shiite.

There was no explanation for why the station was targeted, however. One theory suggested that because it was playing nationalist tunes, it had created the impression that the station favored Sunni Arabs, although the slain station executive was Shiite.

Reporters Without Borders, a Paris-based organization, cited unidentified local sources as saying the station may have been hit because it received funding from Libya. Many Shiites blame Libyan leader Moammar Gaddafi for the assassination of a revered Shiite cleric in Lebanon nearly three decades ago.

A total of 118 journalists have been killed in Iraq since the U.S.-led invasion in 2003, according to Reporters Without Borders. The vast majority of them were Iraqi.

The organization said the body of another Iraqi journalist, radio reporter Azad Mohammed Hassan, was found Tuesday in the Baghdad morgue and bore signs of severe torture. He had been kidnapped a week earlier.

The Interior Ministry said Thursday that the bodies of another 42 men or boys had been found dumped around Baghdad in the previous 24 hours. All had been shot; many were blindfolded with their hands tied. Two of the victims were boys, both apparently about 10 years old, the ministry said.

In other violence, a bomb mounted on a motorcycle killed two policemen in Baghdad, the Interior Ministry said, and a car bomb followed by a roadside bomb killed nine civilians in central Baghdad.

Seven mortar rounds landed in the overwhelmingly Shiite neighborhood of Shula in northern Baghdad, killing five civilians, the Interior Ministry said.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said Thursday that attacks in Baghdad had climbed 15 percent in the past two weeks. Caldwell tied the increased violence to the Muslim holy month of Ramadan, which ends in about two weeks.

"We assume it will still get worse before it gets better," Caldwell said. The death toll in Baghdad has more than doubled since summer, with Health Ministry officials reporting 2,600 civilians killed in the capital last month.

In the town of Hamza, about 110 miles south of Baghdad, police reported that about 30 detainees, most or all members of the Shiite militia known as the Mahdi Army, were freed from a provincial prison by attackers armed with grenades and guns.

In a statement, Moqtada al-Sadr, an influential Shiite cleric whose political bloc commands the Mahdi Army, renounced attacks blamed on his militia. "Even though this has not been proven, if it is proven, I will announce their names and declare my excommunication of them," he said.

Sadr said he spoke out "to safeguard the reputation of this dear, doctrine-following army."

Special correspondent Saad Sarhan in Najaf contributed to this report.

Attacks On U.S. Troops In Iraq Up Sharply (MCT)

By Jay Price
McClatchy Newspapers, October 13, 2006

DOJ_NMG_0080337

BAGHDAD, Iraq - Armed attacks on U.S. soldiers and Iraqis in Baghdad have increased by 43 percent since midsummer, despite an ongoing American-led campaign to secure individual neighborhoods, the top U.S. military spokesman in Iraq said Thursday.

Maj. Gen. William B. Caldwell IV said violence was down by 11 percent in neighborhoods where the sweeps had been focused. But that decline was more than offset by more attacks elsewhere, and Caldwell said the military was expecting the level of violence to keep rising during the remaining weeks of the Muslim month of Ramadan.

"Historical trends tell us that the attacks will generally increase by 20 percent during this holy month of Ramadan," Caldwell said. "We assume it will still get worse before it gets better."

In Washington, Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, acknowledged that the American strategy of training tens of thousands of Iraqi soldiers and police hasn't curbed violence and that senior military commanders were puzzled by its failure. "We do need to take a look" at other factors that might be driving violence, he said.

Pace said a berm designed to encircle Baghdad and restrict the movement of death squad members and insurgents in and out of the city had been completed recently and that 28 checkpoints manned by Iraqis now controlled the entrances to the city.

But he said death squads continued to operate in the capital after dark even in neighborhoods that U.S. and Iraqi forces had swept. He said he saw no way for American troops to stop that violence until Iraqis tired of the slaughter.

"You cannot have enough men under arms 24-7 to stop the hatred killings," he said.

In Baghdad, Caldwell said the increase in attacks on U.S. troops as well as Iraqi soldiers, police officers and civilians might be the result of the campaign to root out armed insurgents and death-squad supporters in the capital. He said the operation, which involves as many as 15,000 American troops and more than 40,000 Iraqi police officers, was exposing more troops and police to attacks.

Caldwell didn't tie the attack statistics directly to casualties, but the number of Iraqis killed in Baghdad also has risen. Nearly 2,700 Iraqi civilians were killed in the city in September, according to the Iraqi Health Ministry, 400 more than in August and nearly as many as died in July, when deaths reached a record high.

At least 40 U.S. troops have been killed in combat so far this month, according to iCasualties.org, a Web site that tracks the numbers of dead and wounded coalition troops in Iraq from defense department releases.

Caldwell cited some signs that he called positive, including a more welcoming attitude among Sunni Muslims in some Baghdad neighborhoods, who to some degree view American troops as protection from Shiite Muslim death squads.

"There's no question we're seeing that the Sunni extremist elements are in fact being much more engaging with coalition forces," he said. "If you go into neighborhoods where traditionally in the past we found some real anti-coalition force sentiment, it's probably turned around almost 180 (degrees). ... They're very much welcoming us and supporting the ongoing activities that coalition and Iraqi security forces are conducting in their areas. And we have seen that throughout the Baghdad area."

Caldwell also said that the increase in U.S.-Iraqi operations in the city had prompted the death squads to change tactics. Now they're shooting some victims on the spot rather than kidnapping them and torturing them elsewhere before murdering them or holding them for ransom, he said.

Caldwell gave details of several raids on suspected death squads in the Baghdad area during the past nine days. These netted more than 60 detainees, including five suspected cell leaders, he said.

One raid on a suspected al-Qaida compound yielded a host of weapons, including an SA-7 shoulder-fired anti-aircraft missile, something that military and civilian pilots fear.

Violence continued apace Thursday in Baghdad. At 8 a.m., gunmen burst into offices belonging to the new satellite TV channel al-Shaabia in eastern Baghdad and killed at least nine workers, including the head of the channel and a news anchor, police said.

Nine more people died when two improvised bombs detonated in different parts of the city in the morning, police said, and two other civilians and a police officer were killed when a suicide bomber rode a motorcycle into a police patrol.

Between Wednesday morning and Thursday afternoon, about 65 bodies were found around Baghdad in groups of two or three, most with their arms bound and showing signs of torture.

South of the capital, where militias and other armed groups often are more powerful than official security forces, gunmen forced their way into two police stations and made officers release prisoners.

In Karbala, they freed three detainees accused of killing the sons of a former Najaf police commander.

In Diwaniyah, 11 detainees - including one who was to be executed - were let loose, according to a police officer who didn't want his name used for security reasons.

Even Picking Up Trash Is A High Risk In Baghdad (NYT)

By Michael Luo

The New York Times, October 13, 2006

BAGHDAD, Oct. 12 — Sabah al-Atia sometimes calls home every 10 minutes when he is working to let his wife know he is still alive. After all, his job is one of the most dangerous in the city.

Mr. Atia is a trash collector.

In a city where a bomb could be lurking beneath any heap of refuse, and where insurgents are willing to kill to prevent them from being discovered, an occupation that pays only a few dollars a day has become one of the deadliest. Most of the 500 municipal workers who have been killed here since 2005 have been trash collectors, said Naeem al-Kaabi, the city's deputy mayor.

"When we are working, we are working nervously," said Mr. Atia, 29, who started collecting trash during Saddam Hussein's rule. "We are carrying our souls in our hands."

The danger to trash collectors is at the root of one of the most visible symptoms of collapse in Baghdad. Garbage is ubiquitous, especially in dangerous neighborhoods, blanketing street medians, alleys and vacant lots in stinking, fly-infested quilts. Trash collection has joined a long list of basic services, including electricity, water and sewerage, that have slipped badly in many places since the American-led invasion.

Trash collectors have frequently refused to venture into especially problem-plagued Baghdad neighborhoods, including Dora, Adhamiya, Jamiya and Ghazaliya, where spasms of violence have often been the norm. Or they have dashed in and out when the danger ebbed, hauling away what they could.

Insurgents have taken to hiding roadside bombs amid the refuse. Trash collectors sometimes stumble upon them and notify the police, but other times they are not so lucky.

To protect the bombs set for American and Iraqi convoys, insurgents have killed scores of trash collectors.

Most of the workers are Shiites, Mr. Atia said. They usually have few other options because of their limited schooling. Because they work in the open, he said, they are easy targets for Sunni extremists. Mr. Atia used to decorate the inside of his trash van with the images of Shiite clerics, but he took them down.

"We are afraid," he said.

Beyond the challenges posed by the violence, the city is woefully ill equipped to deal with the waste of six million people. It has just 380 working trash compacting trucks, compared with 1,200 before the fall of the Hussein government, Mr. Kaabi said. Most of the vehicles were destroyed or lost in the looting that seized this capital after the invasion. He estimated that Baghdad needed 1,500 garbage trucks.

With help from the Iraqi government and private organizations, the city is looking to acquire several hundred trucks, he said, and substantially upgrade its facilities for processing waste.

"We want to make Baghdad a civilized and bright city," Mr. Kaabi said.

But any tour of the capital demonstrates it has a long way to go to reach that goal. In Arasat, an upscale neighborhood, trash heaps are piled waist high in front of an electronics store in a street off the main road. In Saidiya, a middle-class neighborhood in western Baghdad, 10 piles of random garbage dot an area barely a quarter-mile square.

"I never see the trash collectors," said Aimen Amjad, 30, a shop owner in Saidiya. "If they do come, they come once in a blue moon."

Ola Sami, whose third-floor apartment balcony overlooks a large neighborhood dumping ground, said she was worried about the spread of disease.

"Forget about how badly it smells," she said. "My son got infected because of the piles. The area is like a barn."

Even in Masbah, a wealthy central Baghdad neighborhood that was once home to many of the foreign embassies in Iraq, mounds of refuse have accumulated in front of elegant homes and gardens.

"If we try to sit in the garden, we cannot because of flies and mosquitoes," said Muhammad Amin, 45, who lives next to one of the larger heaps of trash on his block. "We cannot even sit in the garden to enjoy the weather."

It had been months since trash collectors, who went door to door during Mr. Hussein's rule, had come down his street, he said, because of concrete barriers blocking the road.

In Mansour, the troubled western Baghdad district where municipal officials have struggled to keep trash from accumulating, a district councilman who would give only his last name, Naji, said he had fewer than half the trucks he needed. As a result, each garbage crew has to handle a much larger area than it should, which means the trucks make fewer trips through each neighborhood and the trash heaps grow.

Meanwhile, side streets are often ignored because the district does not have enough small garbage trucks that can squeeze down the alleys.

But security is by far the larger issue, Mr. Naji said. In dangerous areas in the district, the main roads, where many people have taken to dumping their trash, cannot be cleaned because roadside bombs are often hidden there.

Sadr City, the Shiite slum that was once notorious for its trash-strewn streets, is one place where conditions have improved. In the past, residents would often use the mounds of trash that dotted street medians as landmarks. (Turn right at the fourth trash pile.)

But over the last few months, the area, which has been relatively free of violence because it is dominated by the Mahdi Army, Moktada al-Sadr's militia, has become cleaner. Municipal work crews now go daily to shovel away trash dumped on the main roads. A median across a street from a busy food market that used to be piled high with garbage was closed off by a barbed-wire fence.

Still, it is hardly pristine. On a recent afternoon, children picked through an expanse of trash off the main road leading into the neighborhood. Deeper into the slum, near a fruit stand, rancid garbage lay in a wide ditch.

Usually just one garbage truck, with a driver and a worker, serves 20,000 to 30,000 people, said Satar Jabar, a district council member.

"It is not enough," he said.

In many places, a more profound change is needed, said Ali Hasan, a Mansour District Council member who represents Washash, a poor neighborhood where trash is a major blight. The fall of the government brought freedom, he said, which some interpret to mean freedom to dispose their trash as they please.

"During the time of Saddam, people were afraid of authorities," Mr. Hasan said. "But now people are not under anyone's control, and they don't have the awareness to keep their neighborhood clean."

Mr. Hasan said he had became so exasperated that people were not throwing their trash in bins, he assigned a person to each one, ordering them to carry trash from every home to the metal bin. But the police later took away the bins because of fears they could be hiding places for explosives, so the idea collapsed.

The city government has tried educational campaigns, posters, even seminars in schools and mosques to promote cleanliness. But in certain areas, only an armed presence has helped. Since August, the American military, with its Iraqi counterpart, has been conducting neighborhood sweeps of troubled sections of Baghdad. Once areas are secured, trash removal by Iraqi crews is among the first priorities.

The most recent statistics on the campaign contained a startling figure, alongside others on houses searched and weapons seized: 7,107,536 cubic feet of trash removed, about the size of the Hindenburg.

Muhammad Hasan was in charge of a crew of 40 working recently in Dora, one of the first neighborhoods secured.

"As you can see, the workers are working without any threat from insurgents," he said.

Before the Americans came through, trash collectors had not showed up for months in some places, several Dora residents said. The situation has begun to improve. At first, the main roads were cleared but the side streets remained repugnant. Now even those are being shoveled clean.

Elsewhere in the city, however, the piles continue to grow.

Iraq's Clerics To Issue Call For Peace From Mecca (FT)

By Roula Khalaf

Financial Times, October 13, 2006

Iraq's Sunni and Shia religious leaders are set to meet in the holy city of Mecca next week to endorse a call for an end to all sectarian bloodshed.

The meeting starting October 19, organised by the Organisation of the Islamic Conference and backed by Saudi Arabia, comes amid rising concern over a spill-over of Sunni-Shia violence into other parts of the Middle East.

Tensions between the two main branches of Islam have been fanned by the Iraq conflict – where sectarian killings leave an estimated 100 people dead every day – and by Sunni Arab regimes' alarm at the growing political influence of Shia Iran.

Yet analysts say the engagement of clerics is unlikely to have an impact on the ground, unless the meeting becomes a regular forum for a peace process.

The influence of religious figures, particularly on the Sunni side, is limited. Among Iraq's majority Shia, Ayatollah Ali Sistani, the highest ranking religious -figure, played an instrumental role in containing Shia frustrations with the US after the 2003 invasion. But he has become increasingly distant in recent months, as the -sectarian violence has intensified.

Some Iraqi officials say the lack of active containment by clerics has exacerbated the violence.

"Sectarian killings won't happen if you don't sanction them – so to contain [the violence] let's have religious leaders agree on some common foundations of Islam," said Hoshyar Zebari, Iraq's foreign minister.

"The idea is not to heal the Shia-Sunni rift in Mecca. But if influential leaders come together in calling on supporters to stop shedding Muslim blood, and it's done during Ramadam and in Mecca [birthplace of the Prophet Mohammed], it could have an impact."

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A group of influential clerics, including the Shias' Jalal al-Deen al-Saghir, and the Sunni's Mahmoud al-Sumaydai, have already prepared a document that is expected to be signed in Mecca.

However, the list of participants has yet to be finalised and there have been reports of Saudi frustration because Shia Ayatollahs have decided not to travel abroad and are expected to send -representatives.

The US has been looking to Saudi Arabia to help stabilise Iraq. The kingdom faces its own domestic problems with a disgruntled Shia minority that has long been treated by the Sunni Wahabi clerics as heretic.

Saudi Arabia recently announced plans to build an 814km security fence along its border with Iraq to protect itself against a spread of violence.

Riyadh also appears anxious about deteriorating relations between Sunni and Shia leaders in Lebanon after the summer war between Israel and Hizbollah, the Shia militant group. Sunni political leaders in the country have been critical of Hizbollah and are seeking to counter the Shia party's efforts to change the existing government.

Beyond The Coup Rumors, Options For Iraq (WP)

By David Ignatius

The Washington Post, October 13, 2006

As the security situation in Baghdad has deteriorated over the past month, there has been growing talk among Iraqi politicians about a "government of national salvation" -- a coup, in effect -- that would impose martial law throughout the country. This coup talk is probably unrealistic, but it illustrates the rising desperation among Iraqis as the country slips deeper into civil war.

The coup rumors come from several directions. U.S. officials have received reports that a prominent Sunni politician, Saleh al-Mutlak, visited Arab capitals over the summer and promoted the idea of a national salvation government, suggesting, erroneously, that it would have American support. Meanwhile, top officials of the Iraqi intelligence service have discussed a plan in which Prime Minister Nouri al-Maliki would step aside in favor of a five-man ruling commission that would suspend parliament, declare martial law and call back some officers of the old Iraqi army.

Frustration with Maliki's Shiite-led government is strongest among Iraq's Sunni minority, which dominated the old regime of Saddam Hussein. But as sectarian violence has increased, the disillusionment has spread to some prominent Shiite and Kurdish politicians as well. Some are said to support the juntalike commission, which would represent the country's main factions and include former interim prime minister Ayad Allawi -- still seen by some Iraqis as a potential "strongman" who could pull the country back from the brink.

The situation is deteriorating so fast that even radical militia leaders are said to be complaining about the anarchy. Moqtada al-Sadr, a Shiite firebrand who heads the militia known as the Mahdi Army, recently told a top official of the Iraqi intelligence service that "an increasing number of Shia death squads, operating under the name of his Mahdi Army, are Iranian pasdaran [Revolutionary Guards] staff officers and Hezbollah fighters, who are executing operational activities that he is not aware of, nor can he control," according to one U.S. source.

Bush administration officials have been puzzling over why the coup rumors have become so widespread in Baghdad. One reason is that Iraqis remember the country's history of coups, including the 1958 putsch that overthrew the monarchy and the one in 1968 that brought the Baath Party to power. Another explanation is America's increasingly vocal frustration with Maliki and the perception in Iraq that he has been given a deadline to crack down on militias, or else. Finally, the rumors may reflect ongoing U.S. efforts to reach out to former Baath Party leaders and insurgents in an effort to stabilize the country.

The perception in Baghdad, as in Washington, is that Iraq is nearing the breaking point and that something has to give. But what? When you peel away the "stay the course" rhetoric, the Bush administration's best hope seems to be for a federal solution in Iraq in which the central government devolves power to the Kurdish, Shiite and Sunni regions; oil revenue is shared equitably; the Iraqi army maintains order in unruly areas such as Baghdad; and U.S. forces gradually pull back.

The biggest problem with that strategy is that it would leave the Sunni Triangle as a lawless zone from which terrorists could operate freely. U.S. officials were encouraged by a summit in Baghdad last weekend of Sunni tribal leaders who might be able to contain al-Qaeda forces in their region. But such tribal strategies have failed in the past.

Two opportunities exist over the next few months for creative diplomacy that could begin a process of orderly American withdrawal. The first is a December deadline for renewal of the U.N. legal mandate for coalition forces in Iraq. Maliki has been dragging his feet in seeking parliamentary or other formal Iraqi approval for continued occupation, knowing that in the current environment it would be explosive. But paradoxically, this issue provides a useful chance for U.S.-Iraqi negotiation of a phased timetable for reducing American forces and closing some U.S. bases. That discussion is in everyone's interest.

The second opportunity is the quasi-official mission of former secretary of state James A. Baker III, who co-chairs the Iraq Study Group launched by the U.S. Institute of Peace. Baker believes in talking to everyone, and his team recently met with

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Syrian Foreign Minister Walid al-Moualem and Iran's U.N. ambassador, Javad Zarif, to discuss ideas for stabilizing Iraq. Though the Washington rumor mill has Baker recommending some form of "federalism-plus" for Iraq, I suspect he'll move in another direction. The architect of the 1991 Madrid peace conference understands that the best chance for a breakthrough that could stabilize Iraq would be part of a broader settlement of Middle East issues. That's an ambitious exit strategy, but it may also be the most realistic one.

Hillary Clinton: Change Course In Iraq Before It's Too Late (NSDY/AP)

By John Kekis

Long Island Newsday - AP, October 13, 2006

SYRACUSE, N.Y. -- Sen. Hillary Rodham Clinton on Thursday ratcheted up her calls for the Bush administration to change course in Iraq, saying something must be done "before it's too late."

"I'd like to see them start listening to different voices who might have a couple of good ideas about what should be done over there," Clinton said during a campaign stop at a community center on the city's predominantly black south side. "I'm trying to get people's attention. I'm just trying to get people to get smart about this."

Clinton's comments came a day after she told the New York Daily News that "if we could get some adult supervision right now in the administration with respect to their war strategy, this could be handled."

The former first lady also told the tabloid that time was running out in Iraq.

"What we've been doing is not working and we have maybe 60 to 90 days to try to put a different face on it and reverse it," she said.

Clinton said the ouster of Defense Secretary Donald H. Rumsfeld might solve a lot of problems.

"I'm not going to be an armchair general here," Clinton said Thursday. "(But) I believe that if the president were to replace Secretary Rumsfeld, the whole world would breathe a sigh of relief and maybe would start helping us more than they're going to help us if he's the messenger."

Clinton has come under attack from some in her own party for voting for the war in 2002 and her current opposition to a deadline for U.S. troop withdrawal.

Widely considered the front-runner for the Democratic presidential nomination in 2008, Clinton said she was focusing on her re-election campaign and nothing more. But her chances of securing the nomination improved with the announcement earlier in the day that Democrat Mark R. Warner had decided not to run for president in two years.

Warner, former governor of Virginia, was seen as a viable alternative to Clinton. Just last week, he traveled to Florida, a critical battleground state, to raise money and help other Democrats. He talked about how his ability to work with Republicans could appeal to Democratic primary voters.

"I respect his decision," Clinton said. "It's such an intensely personal decision. He's obviously been thinking about it quite hard."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 13, 2006

Nuclear volleyball

Intelligence photographs of North Korea's nuclear test site showed technicians playing volleyball this week near the tunnel where a nuclear device was unsuccessfully set off on Sunday.

The facility where the test took place was identified by U.S. officials as a North Korean science and technology research center near the town of Kilchu and the northeastern coast.

Very high-resolution satellite images obtained by the Defense Intelligence Agency showed the volleyball game being played near dormitories at the facility.

The Japanese intelligence agency also had access to the photographs, and according to U.S. defense officials, they reported that a sports activity so close to a nuclear site was inconsistent with post-nuclear testing precautions, since the underground tunnel where the test took place was located several hundred yards away.

Doghouse

Aides to Defense Secretary Donald H. Rumsfeld are dismayed over negative comments about him by a four-star general, whose career the secretary nurtured and extended at the cost of delaying the assumption of command by other generals.

A former senior Pentagon official said aides to Mr. Rumsfeld are taking offense at remarks by Marine Gen. James Jones, the current supreme allied commander, Europe, in the latest Bob Woodward book, "State of Denial."

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In the book, Gen. Jones is quoted as telling his friend Marine Corps Gen. Peter Pace, Joint Chiefs chairman, that "military advice is being influenced on a political level" and that the Joint Chiefs had "surrendered" to Mr. Rumsfeld.

"You should not be the parrot on the secretary's shoulder," the book quoted Gen. Jones as telling Gen. Pace when he was about to become chairman. Gen. Jones subsequently told two visiting senators at NATO, "The Joint Chiefs have been systematically emasculated by Rumsfeld."

On a recent trip to Washington, Gen. Jones did not dispute the book's accuracy.

His words have stung members of Mr. Rumsfeld's inner circle, who suggest the hurt goes all the way up to the defense secretary himself.

"Military and civilian officials close to the secretary are taken aback by Gen. Jones' comments," said the former aide, who asked not to be named. "Rumsfeld certainly takes a very different view of how he has empowered the Joint Chiefs by involving them in every decision. James Jones is highly political — a real Washington operator. He of all generals to claim that the chiefs have become political is highly ironic if not laughable."

Gen. Jones formed a fast friendship with William S. Cohen, then a Republican senator from Maine. Mr. Cohen, as secretary of defense under President Clinton, tapped Gen. Jones as his military assistant and then as Marine commandant, who serves on the Joint Chiefs.

Said Larry Di Rita, a former Pentagon spokesman and close adviser to the secretary, "I can tell you Rumsfeld would bristle at any assertion that military advice has been marginalized because he created a new process that military advice is sought and provided on more decisions than ever before in the department's history."

What irks the aides the most is that Mr. Rumsfeld has gone out of his way to help Gen. Jones' career. When his term was ending as Marine commandant three years ago, Mr. Rumsfeld tapped him as the first Marine to become NATO commander in January 2003. The move did not help Mr. Rumsfeld's standing with the Army, which traditionally held the post.

When Gen. Jones asked to remain on post until after the upcoming NATO summit, Mr. Rumsfeld agreed, even though it pushed back the placement of other four-star generals.

Army Gen. John Craddock has been confirmed by the Senate and will replace Gen. Jones after the Nov. 28 to 29 NATO summit in Riga, Latvia.

"It constipated the system," the former official said. "Rumsfeld bent over backwards to accommodate this guy. The thinking was a lot of these changes would be made in September. Once you have a hiccup with an individual four-star, it just disrupts a lot of moves. It's not about a single guy."

Asked about these complaints, Col. Derik Crotts, Gen. Jones' spokesman, said in an e-mail to The Washington Times: "General Jones is on the record with regards to his thoughts concerning a need to review Goldwater-Nichols and to address some of the unintended consequences in the legislation. This is not a new position, and he has discussed his views on this subject on numerous occasions over the years."

Goldwater-Nichols is the landmark legislation that redefined relations among civilian leaders, the Joint Chiefs and combatant commanders around the world.

Rumsfeld spokesman Eric Ruff said "the secretary has not mentioned what Jones is alleged to have said. He hasn't read the book, and he doesn't intend to."

He added, "Any suggestion that is alleged in the book that military advice has been politicized is just flat wrong and outrageous."

Mr. Ruff said the secretary has revolutionized the civilian-military working relationship by bringing officers in early in the decision-making process. He heads regular meetings of what is called the senior leadership review group and holds three Washington sessions annually with combat commanders and the Joint Chiefs. "He actively seeks out and receives military advice," Mr. Ruff said.

Democrats have pilloried Mr. Rumsfeld over the Iraq war. The secretary offered to resign twice, but President Bush told him to stay on the job.

"He's at peace with himself," the former civilian official said. "Let history decide how this is going to be seen."

Mr. Rumsfeld will officially appear with his NATO commander at Riga. Should be a frosty affair.

From the front

A lieutenant colonel with the 82nd Airborne Division who recently returned from Iraq privately filled us in on the situation in Baghdad and elsewhere in Iraq.

The insurgency is being run by former Iraqi Republican Guards and Iraqi intelligence service personnel who have lots of money and who use a combination of Islamist extremism and thuggery to recruit insurgents.

Captured insurgents who were interrogated often appear to be "brainwashed by Salafists," as one strain of Islamist extremism is called, into conducting bombings or shooting attacks on U.S. and allied troops, the officer said.

"When I would ask them why they are fighting us, they say, 'Because you are here,' " said the officer, who favors getting U.S. troops out of Iraq sooner rather than later. "And I would say, 'Why don't you stop shooting at us, and we'll leave.' "

The insurgents also use blackmail to gain recruits, often paying Iraqis to help in supporting operations, such as driving cars used in attacks. Then, the insurgent recruiters photograph the Iraqi during the attack and threaten to release to the photo to the new Iraqi government or U.S. forces if he does not continue working with insurgents.

The officer said he worked closely with local sheiks in trying to promote stability, with mixed results. Some promised cooperation but failed to work with the new Iraqi government or U.S. forces.

Other leaders have turned against the insurgents and the small number of foreign terrorists.

In Iraq, U.S. Touts Provincial Reconstruction Teams As A Model (LAT)

By Doug Smith

The Los Angeles Times, October 13, 2006

TIKRIT, Iraq — U.S. Ambassador Zalmay Khalilzad flew to the hometown of deposed Iraqi leader Saddam Hussein on Thursday to pitch a joint civilian and military project as the model for this battered country's reconstruction.

In a muted ceremony on a U.S. base in this northern city, Khalilzad inaugurated the reconstruction team for Salahuddin province, the last of seven teams the U.S. has established. In addition, Britain, Italy and South Korea are sponsoring a team each.

While characterizing the reconstruction groups as the "embodiment of the U.S. commitment … to ensuring Iraq's success," Khalilzad acknowledged their limited financial resources.

"Now this country belongs to the Iraqi people, and in the end its success or, God forbid, its failure will depend upon the Iraqi people and their leaders," he said.

The teams will focus primarily on developing leadership at the local and provincial levels to continue the rebuilding process with diminishing U.S. financial aid.

Iraq's devastated infrastructure swallowed up a $21.4-billion congressional appropriation for rebuilding with little visible effect. Millions of Iraqis still have electricity only a few hours a day, and sewage from failing systems backs up onto their streets.

The 10 provincial teams will have $315 million from U.S. funds in fiscal 2007, which has just begun, to continue construction projects.

Most of the money for putting the country back together will have to come from Baghdad, State Department officials have been saying in recent briefings and media events designed to introduce the provincial reconstruction teams.

The Iraqi money is to be largely taken from oil revenue, which has fallen far below levels originally envisioned for postwar Iraq as a result of infrastructure problems and insurgent attacks.

The teams represent a "transition from working with them to spend U.S. money to working with them to spend Iraqi money," Robert Tillery of the State Department said in a telephone interview Thursday.

This year, the Baghdad government budgeted $2 billion for redevelopment and will do so again in 2007, Tillery said.

But local and provincial governments have had difficulty spending the money because of their inexperience in controlling their own budgets, he said.

"What we are trying to do is help them with that," Tillery said.

Because security precautions limit the movements of Western media, the State Department has struggled to communicate just what the teams do.

Local government buildings are generally not safe to visit without armed escort. Government-sponsored media trips that tie up Army helicopters and personnel are infrequent and usually last only part of a day, leaving little time for reporting.

This drawback was evident during a recent media trip arranged by the U.S. military to the southern city of Hillah, where one of the first teams was established.

With armed guards outside, a panel of Iraqi provincial and district council members, most college graduates, lauded the knowledge they had acquired from training funded by the U.S. Agency for International Development.

They said they had learned how to prioritize their capital projects, prepare budgets and write proposals for funding.

They also said U.S. contractor RTI International had developed a database that streamlined city procedures. Reporters were whisked from the room before they could ask what was in the database.

Provincial reconstruction teams are modeled on a similar concept used in Afghanistan. Each team consists of about 65 specialists from the State Department, the U.S. Army Corps of Engineers, USAID and the American military's civil affairs contingent.

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The Iraqi Constitution does not allow local governments to raise revenue, thus forcing the provinces to compete for money from Baghdad. "We hear every time we go to the provinces that governments … want the authority to raise revenue," Tillery said at a recent news briefing. "And you can't blame them."

He said efforts were underway to insert a clause allowing local taxation into Iraq's national charter.

"In time that will happen," he said.

Ability Of New Iraqi Leaders Doubted (WP)

By Michael Abramowitz And Thomas E. Ricks

The Washington Post, October 13, 2006

A co-chairman of the blue-ribbon panel reviewing U.S. policy in Iraq raised concern last night about the ability of the Iraqi government to address the country's problems, as more indications emerged that the group is considering recommendations that would break sharply with Bush administration policies.

A group of experts assisting the commission has prepared two option papers for the panel, according to sources with knowledge of the group's work. One paper calls for a phased withdrawal of U.S. troops from Iraq; the other calls for more focus on security in Baghdad and for working toward political accommodation with insurgents, not democracy, the sources said. Details of the papers were first reported yesterday by the New York Sun.

One source said the documents represent the two main ideas before the commission. Another said they are among several working papers prepared for the panel and cautioned that commission members may well disagree during future deliberations.

Appearing last night on PBS's "NewsHour With Jim Lehrer," the panel's co-chairmen -- former congressman Lee H. Hamilton (Ind.), a Democrat, and former secretary of state James A. Baker III, a Republican -- emphasized that they will make no recommendations until after the Nov. 7 midterm elections. That is an effort, they said, to depoliticize their efforts.

"Nothing is ruled out. Nothing is ruled in," Baker said. Hamilton added: "Any report in the press which says that we have agreed upon any recommendation is flat-out wrong."

Still, Hamilton said he is concerned about the ability of the new Iraqi government, headed by Prime Minister Nouri al-Maliki, to provide basic services and security.

"I still have real questions in my mind as to the capacity, the will of the Iraqi government to move," said Hamilton, who recently visited Baghdad with members of the panel. "There are some encouraging signs. Their rhetoric has been pretty good, but the follow-through with action has not measured up to our hopes."

Baker's presence at the head of the bipartisan panel created by Congress has attracted intense interest in foreign policy circles because of his closeness to the Bush family. Some view the panel's recommendations as a possible vehicle to revisit Iraq policy after the elections.

The administration is cooperating with the panel, and President Bush said this week that he looks forward to its recommendations. "I think it's good to have some of our elder statesmen . . . go over there and take a look," he said Wednesday.

Still, as the options papers suggest, the panel is looking well beyond Bush's current strategy, which involves 140,000 U.S. troops trying to maintain security until the new government's security forces can keep the peace.

According to the Sun, one paper says: "The United States should aim for stability particularly in Baghdad and political accommodation in Iraq rather than victory." The other option, titled "Redeploy and Contain," calls for the phased withdrawal of U.S. troops from Iraq, though when and where they would go is unclear.

A Soldier Hoped To Do Good, But Was Changed By War (NYT)

By Laurie Goodstein

The New York Times, October 13, 2006

FORT BRAGG, N.C., Oct. 12 — Sgt. Ricky Clousing went to war in Iraq because, he said, he believed he would simultaneously be serving his nation and serving God.

But after more than four months on the streets of Baghdad and Mosul interrogating Iraqis rounded up by American troops, Sergeant Clousing said, he began to believe that he was serving neither.

He said he saw American soldiers shoot and kill an unarmed Iraqi teenager, and rode in an Army Humvee that sideswiped Iraqi cars and shot an old man's sheep for fun — both incidents Sergeant Clousing reported to superiors. He said his work as an interrogator led him to conclude that the occupation was creating a cycle of anti-American resentment and violence. After months of soul-searching on his return to Fort Bragg, Sergeant Clousing, 24, failed to report for duty one day.

In a court-martial here on Thursday, an Army judge sentenced Sergeant Clousing to 11 months in confinement for going AWOL, absent without leave. He will serve three months because of a pretrial agreement in which he pleaded guilty.

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"My experiences in Iraq forced me to re-evaluate my beliefs and my ethics," Sergeant Clousing said, sitting stiff-backed in the witness chair. "I ultimately felt I could not serve."

The case against Sergeant Clousing, a born-again Christian from Washington State, is a small one in a war that has produced sensational courts-martial. The same stark courtroom where Sergeant Clousing testified on Thursday was the site of the courts-martial of Pfc. Lynndie England, who mistreated and posed with naked Iraqi prisoners in Abu Ghraib, and Sgt. Hasan K. Akbar, who rolled grenades into tents of American troops.

Yet the military prosecutors made it clear on Thursday that the stakes were high. Although they did not challenge his motives, they said if one young soldier disillusioned by the reality of war could give up the uniform without punishment, what of others?

"A message must be sent," Capt. Jessica Alexander, the Army's trial lawyer, said in her closing argument. "There are thousands of soldiers who may disagree with this particular war, but who stay and fight."

Sergeant Clousing's allegations resulted in criminal and administrative investigations. The soldiers in the Humvee were disciplined, said Maj. Richard Wagen, the investigating officer, who testified at the trial. Major Wagen said that the Iraqi teenager who was shot was close enough to the soldiers to be considered a threat.

Sergeant Clousing's defense lawyer argued that the sergeant had experienced a "crisis of conscience," tried to resolve it through official military channels and should not be treated like a criminal.

"Some might say a person of such convictions should never have enlisted," said the lawyer, David W. Miner, who is based in Seattle, "but the Army needs soldiers with the strength of their convictions and personal courage to speak up when they see abuses."

The number of soldiers who go AWOL declined from 4,597 in 2001 to 2,479 in 2004, said Maj. Tom Earnhardt, a public affairs officer at Fort Bragg. "The vast majority of our soldiers are serving our country admirably," Major Earnhardt said.

Sergeant Clousing said in an interview that he had been a partyer and snowboarder until a sudden born-again experience in high school. He grew up in Sumner, Wash., south of Seattle. His father was an Army officer in Europe, and he lived with his mother, who was not religious.

"It sounds really cheesy," he said, "but all of a sudden I knew that God had a different plan for me."

He attended a Presbyterian church, studied the Bible and spent four consecutive summers on mission trips to Mexico. He joined Youth With a Mission, an evangelical group that sent him to Thailand, where he was on Sept. 11, 2001.

Out of patriotism, idealism and curiosity, he said, he joined the military. He signed up to be a "human intelligence collector," and trained in Arizona and at the Defense Language Institute in Monterey, Calif. He was assigned to the 82nd Airborne Division.

Arriving in Iraq in November 2004, he said he was stunned at the number of Iraqis he was assigned to interrogate who were either innocent or disgruntled citizens resentful about the American occupation. He said he told his commander: "Your soldiers and the way they're behaving are creating the insurgency you're trying to fight. It's a cycle. You don't see it, but I'm talking to the people you're bringing to me."

Sergeant Clousing said he looked into the eyes of the Iraqi teenager as he died and saw the unjustifiable loss of a life that unhinged him. He wrote in his journal, "I want to be a boy again, free of this."

Back in Fort Bragg after five months in Iraq, Sergeant Clousing took his misgivings to his superiors. They sent him to a chaplain, who showed him in the Bible where God sent his people to war, the sergeant said. Then they sent him to a psychologist who said he could get out of the military by claiming he was crazy or gay. Sergeant Clousing said he had not been looking for a way out and found the suggestion offensive.

He called a hotline for members of the military run by a coalition of antiwar groups. The man who took the call was Chuck Fager, who runs Quaker House, a longtime pacifist stronghold in Fayetteville.

"This call was unusual," Mr. Fager said in an interview. He said hotline receptionists took more than 7,000 calls from or about military members last year.

"I don't have these kinds of probing discussions about moral and religious issues very often," he said. "I said to him, you're not crazy or a heretic for having difficulty reconciling Jesus' teachings with what's going on in Iraq."

Sergeant Clousing said he could not file for conscientious objector status because he could not honestly say he was opposed to all war. After several months of soul-searching, he went AWOL.

He tried to talk with his church friends in Washington. Some understood him, but others said he had to support the government because of a biblical injunction to "render unto Caesar what is Caesar's."

"They felt that God established government and we're supposed to be submitting to authorities, and by me leaving it's rebelling again the authority that God established," Sergeant Clousing said. "Their politics has infiltrated their religion so much, they can't see past their politics."

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After 14 months, he turned himself in at Fort Lewis in Washington. He was returned to Fort Bragg, where he was assigned to a brigade made up of other soldiers who had gone AWOL. Five sat in the courtroom on Thursday, in uniform, waiting to hear clues about their future in the judge's sentence.

2 Friends' Deaths Hit Towns Hard (USAT)

By Oren Dorell

USA Today, October 13, 2006

CREVE COEUR, Ill. — Kristofer Walker and George Obourn Jr., both 20, were almost inseparable.

As high school students, their friendship revolved around marching band, playing video games together and eating at Monical's Pizza, up the street from East Peoria High School.

Together they acted on their dream of joining the Army as Cavalry Scouts, wanting to do their part after 9/11. Out of school they entered a "buddy" system that would keep them together for a year through basic training. In Iraq they served in the same squadron.

Their lives together ended on Oct. 2, when Walker was killed after his Humvee hit a roadside bomb in Taji, near Baghdad. Two days later, Obourn followed his friend, killed while clearing a building of insurgents in the same town.

This weekend, Creve Coeur will bury the two young soldiers: Walker on Friday and Obourn on Saturday. News of the buddies' double death and its timing hit this industrial community hard.

"It was bizarre, eerie," says East Peoria High School Principal Paul Whittington. "Somebody's got a plan bigger than me. … You wonder if one (of the men) would be totally miserable without the other."

The event was commemorated in ways big and small by residents of Creve Coeur and its larger neighbor East Peoria, where a frosty wind and views of the Caterpillar factory on the Illinois River make the Iraq war feel very far away.

"It's kind of a reality check," says Erick Hutchinson, 18, a senior at East Peoria. "You watch it on television, but it hits close to home when it hits someone who went to your high school."

Printed posters of the friends, taken from a family snapshot, stand at East Peoria High School. The school Booster Club posters show two young men standing shoulder to shoulder in dress uniforms.

The community paid tribute to the friends at last week's Friday night homecoming football game. Two marching band hats, each decorated with a large plume, were retired and given to members of each family. A former band member played taps.

Then the entire stadium, usually alive with roars and chants, was asked for quiet, Whittington says.

"The silence was deafening," he says.

In Creve Coeur, Mayor Wayne Baker ordered flags at the hilltop war memorial flown at half-staff and two wreaths placed nearby. The wreaths will remain until the names of Obourn and Walker, who both held the rank of specialist, can be added to a list of three other village sons who died in Iraq, Baker says.

The town sent a police escort to St. Louis to escort the caskets to East Peoria. The high school told its 1,200 students they could leave classes today to attend Walker's funeral procession.

At Minnie's Kitchen, a family restaurant on Creve Coeur's main boulevard, everyone drinking coffee Thursday afternoon knew Walker, Obourn or their families.

"It made me sad because we lost a nephew there, too," said Yvonne Hosbrough, who owns the restaurant with her husband.

Lisa Montgomery, the restaurant manager, said one of her waitresses has a son who is headed to Iraq today.

"She was visibly upset" when she heard about Walker and Obourn, Montgomery says. "She didn't break down because she was at work when she found out. She talks about it all the time."

Even people who didn't know the young men personally were affected by their story.

Their deaths brought the war a lot closer, says John Meek, who owns Midwestern Firearms in East Peoria. "It's harder to take when it's right here at home," Meek says.

Walker and Obourn met in elementary school but didn't become fast friends until they joined the marching band in their freshman year of high school. After that, they were "always together," Whittington says.

Robin Goff, a school dean who taught both boys in science class, said their personalities complemented each other. Walker was quiet in class and would blush when she complimented him on his marching band performance. Obourn was more outgoing. She recalled him standing up for a disabled classmate when others taunted him.

"He always wanted to be in the Army," says Walker's father, Kevin Walker, 48, a manager for a highway contractor.

Obourn first talked seriously about the Army in his junior year of high school, says his father, George Obourn Sr.

"He had a plan," Obourn says. "Join the Army, get the GI Bill. Get a degree in criminology and get into law enforcement. He felt he wanted to do his part for the country after 9/11. He knew what the risks were."

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In August 2004, the families met at the recruiting station for the young men's farewell before basic training. After basic, Walker and Obourn entered the 7th Squadron, 10th Cavalry, 1st Brigade Combat Team, 4th Infantry Division. They flew to Iraq in December 2005.

"I think he felt he was going to make a difference and change things" in Iraq, Kevin Walker says. "The patrols that they did were always combined patrols with the Iraqi army."

"I'd ask him, 'Are they getting any better?' He'd say, 'Oh, yeah, they're getting better,' " Walker says. "OK, then I guess you're doing some good."

Chad Walker says his brother talked about patrolling villages north of Baghdad where people would invite the troops in for tea, and of other villages that were not so nice. He didn't go into details.

Neither would Obourn. Back in March, two of Obourn's squad members were killed "right in front of him," his father says. "He didn't talk about it that much. He put on a face. Looking at photos while he was on leave, he'd kind of pause and say, 'Well, he's gone now,' and move on."

George Obourn Sr. said he is devastated by his son's death but also proud. "Every father wants your boy to grow up to be a hero, but not like this."

Running With Honor (WP)

By Emily Pegues

The Washington Post, October 13, 2006

I ran the Army Ten-Miler last Sunday, a race I have run ever since my Navy pilot brother and my Army pilot sister-in-law introduced me to it four years ago. I'm a civilian but consider myself part of the military family, never more so than last year, when my sister-in-law was serving in Iraq and I ran the race in her honor. She returned from Iraq last winter, safe, so this year I looked forward to running the race without seeing it as fraught with any personal meaning other than the joy of being alive, healthy and ready to run on a beautiful October morning.

My casual attitude changed around mile seven, when I passed a runner wearing workout clothes and a prosthetic leg that identified him as an Army soldier and a veteran of Iraq. He looked to be in his late 20s, around my age, with just the kind of lean, handsome looks that catch a girl's eye. He was accompanied by a physical therapist pushing an empty wheelchair in case it might be needed. I jogged past them.

A little farther on was another young soldier with a prosthetic leg, also accompanied by a fellow serviceman. They had paused on the side of the course to readjust the prosthesis. Minutes later I came alongside yet another soldier, this one gamely running on two prosthetic legs, made of long silver metal strips and similar to those of the other men.

What must it feel like to run on no feet? My own feet ached in my worn-out shoes. How long did it take to relearn to walk, let alone run, on those silver metal bars that look nothing like one's foot? I discovered after the race that an 18-man military amputee team had been competing.

As I passed each of the men (feeling oddly ashamed of myself for breezing by someone so clearly my athletic superior), it was interesting to observe the reactions of the other runners around me. Runners are a supportive community, and they cheered and clapped for the soldiers as we went by. Some acted as if they didn't know quite how to acknowledge the men: Was it callous to ignore their heroic, labored efforts, or awkward to comment on their disability? Runners called out words of appreciation, and a few veered over to shake their hands. Each time, the soldiers took the tribute as it was intended and waved back.

The repetition of this scene was too much to bear. Overcome by emotion, I felt my breathing becoming ragged with suppressed crying, and I began to hyperventilate. I edged over to the side of the race course to walk and get my breath back.

Around mile nine I had to slow once more, again to stave off hyperventilation, after I came up behind a group of women wearing T-shirts with printed photos of their husbands, all killed in action in Iraq or Afghanistan. They were Gold Star Wives, and there were lots of them running last Sunday. Many had joined up to form running teams. I wondered at what point they had begun running together. The American Gold Star Mothers were running, too. One of them had a shirt showing a son born in 1985 who had died serving his country. Nineteen eighty-five!

I finished the race feeling let down and dissatisfied, and unable to explain why, since I had clocked in at my expected 10-mile time. It was only later that I understood why I found this race so devastating.

There is something inherently moving about athletics because of the courage required to be an athlete. For me, this is also true of the military. The daily commitment and struggle that an athlete endures, whether for the cause of a team or simply to surpass one's personal best, requires bravery and determination as exemplified in the best traits of the military ethos. A race sponsored by the Army takes on even greater meaning during a war of murky beginnings whose end is even more obscure.

I wish with all my heart that everyone in America, including President Bush and all the elected officials who called for war, could have seen the soldiers and Gold Star families I saw last Sunday. Perhaps then they would have felt what I did: awe for

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their courage, heartbreak for their loss, and gratitude for their willingness to sacrifice everything they have for our country and its citizens. And utter moral outrage that they have been called upon to do so.

When you run alongside someone who has lost a husband or a child or a limb to the war, you are confronted with their courage and it literally takes your breath away.

Counting The Iraqi Dead (WP)

By Eugene Robinson

The Washington Post, October 13, 2006

"Not credible" was President Bush's quick verdict on the new study, published this week in the British medical journal the Lancet, calculating that more than 650,000 Iraqis have died as a result of the U.S. invasion and its ensuing chaos. It is understandable that the president would be quick to dismiss such an explosive claim, but the rest of us should take the time to look a bit more closely.

The number of estimated deaths claimed by the study is inconceivably huge and wildly out of scale with any previous figures we've heard. But it's difficult to avoid the conclusion that the human suffering in Iraq has been far beyond our imagining.

The peer-reviewed study's named authors include three researchers from the Bloomberg School of Public Health at Johns Hopkins University -- one of them is Gilbert Burnham, co-director of the school's Center for Refugee and Disaster Response -- and a professor from Baghdad's al-Mustansiriya University. Funding for the project was provided by MIT. These are not shabby credentials.

But academic degrees and prestigious affiliations alone do not establish truth. Bush said the problem is that the study's methodology has been discredited. But the team relied on a "cluster sample survey" technique that is frequently used for public health research, especially in the developing world.

No one should find the basic concept unfamiliar, since it underlies such mainstays of modern life as public opinion polls and market research. The survey team picked what was deemed a representative sample -- in this case, 1,849 households scattered throughout Iraq -- and used that sample to draw conclusions about the population as a whole. That's the same method pollsters employ to predict who will win an election.

Ideally, the selection of respondents should be as random as possible. The process of choosing the 50 widely scattered neighborhoods in which the Johns Hopkins team did its work was not quite ideal, but the Lancet peer reviewers who cleared the study for publication could find nothing that would significantly skew the results. Interviewers went house to house, recording detailed information about deaths before the 2003 invasion and deaths since.

The researchers tallied 82 pre-invasion and 547 post-invasion deaths in those households. The death rate per year nearly tripled after the invasion, they found, and a full 300 of the post-invasion deaths, or more than half, were the result of violence. (By contrast, only 2 percent of pre-invasion deaths were violent.) Of those killed by violent means, more than half died from gunshot wounds; the rest died mostly in bombings and airstrikes. Victims were primarily young and middle-aged men. In more than 90 percent of cases, family members were able to produce death certificates confirming what they told the interviewers.

Those may look like small numbers on which to base such large claims, but that's how survey research works. Pollsters in the United States, a much larger country, routinely predict nationwide trends on the basis of fewer interviews.

Does this prove, as the study asserts, that precisely 654,965 Iraqis have died "as a consequence of the war," and that exactly 601,027 of those deaths were due to violence? No, it doesn't. The Johns Hopkins team reports being 95 percent certain that the true figure lies between about 400,000 and about 900,000 -- a large range of uncertainty that some critics have seized upon as discrediting the whole project.

But the exact number is not the point. Rather, it's the scope and scale of the carnage.

Late last year President Bush gave an off-the-cuff estimate of 30,000 Iraqi civilian deaths -- this after the administration had steadfastly refused to acknowledge even trying to count the Iraqi dead. Now the administration is willing to allow that perhaps 50,000 civilians have died. It is unclear whether any science at all has gone into these estimates or whether they were essentially pulled out of a hat.

But quite a lot of science went into the Johns Hopkins study. Even if you assume that the number of Iraqi civilians killed since the war began is at the very low end of the study's range, that's still a quantum leap from earlier estimates. We now have reputable evidence -- not proof, I'll allow, but science-based evidence from respected scholars, published in one of the world's most prestigious medical journals -- that the humanitarian tragedy in Iraq is much, much worse than anyone had suspected.

If the study's findings are flawed, then its critics should demonstrate how and why. But no one should dismiss these shocking numbers without fully examining them. No one should want to.

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CORPORATE SCANDALS:

Employees Leave BCGI, Sanmina Over Backdating (WSJ)

By Charles Forelle

The Wall Street Journal, October 13, 2006

Three top executives of Boston Communications Group Inc. and an employee of Sanmina-SCI Corp. joined the management exodus stemming from stock-options investigations, as their companies' internal reviews advanced.

BCGI said Chief Executive E.Y. Snowden and finance chief Karen Walker were stepping down from those roles. Alan Bouffard, the general counsel, is retiring early, the company said. Sanmina identified its departed employee only as a manager.

The departures bring to at least 28 the number of dismissals, suspensions and resignations of corporate officials amid probes of stock-option practices at their companies. More than 100 companies are facing scrutiny from federal regulators and prosecutors, who are focusing on the practice of improperly backdating options to make them more valuable to recipients.

Options are typically designed to give recipients a stake in improving the company's share price by allowing them to purchase shares in the future at their price on the day the option was granted. By backdating grants to earlier days when the stock price was particularly low, recipients can get extra profit.

BCGI's options routinely bore extraordinarily propitious dates. Three grants between 1998 and 2002 to Mr. Snowden purportedly fell on the day of the stock's lowest annual closing price. Two other grants during the same time period were dated at quarterly lows.

BCGI, a Bedford, Mass., provider of technology to telecommunications carriers, said it would need to restate financial statements to rectify its accounting for option grants, but it didn't provide details. A spokeswoman for BCGI says Mr. Snowden, who will become nonexecutive chairman, wasn't available for comment. Ms. Walker, who has left the company entirely, couldn't be reached. Mr. Bouffard declined to comment.

Sanmina, of San Jose, Calif., said an internal investigation discovered that "most stock-option grants" to executives and employees from 1997 to 2006 were wrongly dated or improperly accounted for. The electronics manufacturer said it would restate financial results.

In a statement, Sanmina's CEO, Jure Sola, apologized, expressing regret that the company's options program "was not properly administered."

Sanmina-SCI Manager Resigns Over Stock-option Granting (MERCN)

By Ryan Blitstein

The San Jose Mercury News, October 13, 2006

Improper stock options grants at Sanmina-SCI has led to the resignation of one manager at the San Jose electronics manufacturer, the company announced today.

The company did not identify the manager in a written statement, and did not return calls for comment. Most stock options grants to executives and employees between 1997 and 2006 were not correctly dated or accounted for, the company said in the statement.

Sanmina-SCI said it will restate its financial results for that time period and record non-cash compensation charges due to the revelations about options grants by a special committee of the board, aided by independent lawyers and forensic accountants.

The announcement comes a day after five executives at security software company McAfee and online media company CNET lost their jobs due to similar stock options practices. More than 120 U.S. companies, about one-fourth of them in Silicon Valley, either face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews about options backdating.

Backdating involves changing the dates on the paperwork on options to a day when stock prices were lower, giving recipients a better chance for quick paper profits.

Sanmina-SCI's investigation pointed the finger at one current and one former manager involved in the authorization, recording and reporting of stock option grants. The current member, whose name has not yet been disclosed, has resigned, the company said.

In June, the company said it had received inquiries from the SEC about stock options and had begun an internal investigation. The special committee examined over one million electronic documents, over 350,000 pages of hard-copy documents, and conducted more than 40 interviews with current and former employees, directors and advisors, Sanmina-SCI

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aid. It recommended changes to the company's stock administration practices, which were unanimously approved by the company board.

Sanmina Exec Resigns In Option Scandal (AP)

By Michael Liedtke, AP Business Writer

AP, October 13, 2006

SAN FRANCISCO — Sanmina-SCI Corp. has severed ties with an executive who helped manipulate the value of employee stock options in a nearly decade-long scheme now under investigation by a federal grand jury.

The developments announced Thursday by the San Jose-based electronic parts manufacturer are the latest fallout from a scandal dogging dozens of companies that mishandled their stock options.

The chicanery drew the attention of federal regulators and prosecutors earlier this year, prompting more than 100 companies to launch internal reviews to ensure they accounted for their options properly. A large chunk of those companies are in Silicon Valley, where stock options first became staples of employee compensation packages.

Most of the inquiries are focused on a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

As they wrap up their investigations, many companies like Sanmina-SCI are contritely acknowledging their misconduct and dumping the responsible executives.

Sanmina spokeswoman Paige Bombino declined to identify the executive who resigned because of the stock option shenanigans, saying only that it wasn't the company's chief executive officer or chief financial officer.

Another executive who had previously left Sanmina also helped engineer a scheme affecting stock options dating back to 1997, according to the company.

At least 27 other senior executives and directors have either resigned or been fired by companies entangled in a stock option imbroglio that's erasing previously reported profits and spurring government investigations.

On Thursday, Sanmina revealed that it had received a subpoena from a federal grand jury in San Francisco, where a task force assembled by the U.S. Justice Department is marshaling criminal investigations into the stock option scandal. The company didn't specify what kind of information is being sought by the grand jury.

The stock option trouble already has imperiled Sanmina's listing on the Nasdaq Stock Market because the company missed an August deadline to file its last quarterly report with the Securities and Exchange Commission. Sanmina, like several other companies entangled in the scandal, is still trying to quantify the financial impact of its improper stock option accounting.

Sanmina shares closed unchanged Thursday at $3.93 on the Nasdaq Stock Market.

Sanmina-SCI Will Restate After Finding Options Errors (Update6) (BLOOM)

By Ron Day

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- Sanmina-SCI Corp., the world's second-largest maker of electronics for other companies, will restate results to correct stock-option errors and said it had received a subpoena from a U.S. grand jury.

Sanmina-SCI will record non-cash charges for added option costs and is changing its rules to prevent abuses of grants, it said in a statement today. The company said it's cooperating with the subpoena for options-related documents which it received from the U.S. Attorney for Northern California.

The ousted manager joins more than 30 people who have lost their jobs because of misdated options grants, including the chief executive officers of McAfee Inc. and Cnet Networks Inc. who were replaced yesterday. Boston Communications Group Inc. replaced three top executives today after finding misdated options. Sanmina-SCI said it will set fixed dates for grants.

``You are starting to see the fallout from these independent committees," said Shawn Harrison, an analyst with Longbow Research in Independence, Ohio, who rates Sanmina-SCI ``neutral" and said he doesn't own the shares. ``After the issue arising these are the steps that need to be taken."

More than 60 companies have restated or plan to revise results because of options-related errors. More than 140 companies have disclosed internal or U.S. government investigations of their options-grant practices.

Name Withheld

A manager involved in authorizing the options has resigned as a result of the probe that uncovered the errors. Paige Bombino, a spokeswoman for San Jose, California-based Sanmina- SCI, declined to identify the person.

``We will disclose it to regulatory authorities as needed," Bombino said in an interview. A former manager's actions involving option authorizations also raised concerns, Sanmina-SCI said in the statement, without elaborating.

Sanmina-SCI hasn't determined which financial periods will be restated or the amount of the additional costs. The company's accounting is also being probed by the Securities and Exchange Commission, which was reported in June. The company didn't say when it received the subpoena from the Justice Department.

Shares of Sanmina-SCI closed unchanged at $3.93 at 4:05 p.m. New York time in Nasdaq Stock Market composite trading. They've declined 7.7 percent this year.

Boston Communications

Boston Communications, the biggest U.S. provider of prepaid wireless services, said Chief Executive Officer Edward Snowden will leave the post and become non-executive chairman. Chief Financial Officer Karen Walker resigned and General Counsel Alan Bouffard retired early, the company said in a statement today.

Former CEO Paul Tobin, the company's chairman until today, replaced Snowden on a temporary basis, and Thomas Doherty was named interim CFO. Doherty is an executive vice president with Argus Management Corp., a company specializing in interim management services, Boston Communications said.

Boston Communications, based in Bedford, Massachusetts, will restate earnings and hasn't determined how much the options errors will cost nor the specific periods that may require restating.

The company's shares fell 14 cents, or 7 percent, to $1.86 in Nasdaq Stock Market composite trading. They've gained 65 percent this year.

The Broker Who Fell To Earth (NYT)

By Landon Thomas Jr.

The New York Times, October 13, 2006

She doesn't remember.

Peter E. Bacanovic, his gall rising, could not believe it. But there it was in print. "I honestly don't remember exactly what I was prosecuted for," Martha Stewart is quoted as saying in the September issue of Harper's Bazaar.

"It's a very striking comment to make, I mean she is on probation," Mr. Bacanovic said of his former friend, client and fellow convict, as he sat down for lunch last month at Sette Mezzo, just around the corner from his Manhattan town house.

Five years ago, this Upper East Side restaurant, which caters to a select mix of society tastemakers, financial kingpins and television celebrities, was the epicenter of Mr. Bacanovic's world as a Merrill Lynch broker to the elite. On this day, however, a less effervescent Mr. Bacanovic shows up, one who seems more interested in venting about Ms. Stewart's memory than finding a friend's cheek to kiss.

His eyes are red and a resurgent bout of allergies gives him persistent sniffles. He also suffers from bronchitis bad enough that he frequently has to pause for breath when taking a flight of stairs.

"I am chronically sick and chronically unemployed and without any specific plan about how to proceed next." He pauses, taking special care to keep a promise he made to himself that he would no longer refer to Ms. Stewart by name. "I will reserve comment on my co-defendant but it's very glaring to me to take such a cavalier outlook."

Susan Magrino, a spokeswoman for Ms. Stewart, said Ms. Stewart declined to comment.

Ms. Stewart's new lease on life illustrates how her fate and that of Mr. Bacanovic have diverged since their release from prison. She is once again a television celebrity and retains her tight grip on the company that she founded. America loves a comeback story, and, if anything, her brush with the law may have given her a needed dose of vulnerability.

Life for Mr. Bacanovic, who is 44 and recently completed his probation, has been a slow trudge through the slough of a legal and regulatory despond. Fired from his job at Merrill Lynch and banned from the securities industry, he is now struggling to find a permanent job and restore his tattered health and psyche.

"I was indicted not because I was the biggest criminal on the block or the biggest insider trader in history," he said. "I was indicted simply to bring a case against my celebrity co-defendant. I was a device."

Mr. Bacanovic's feelings for his former client are complicated: there is resentment fueled by what he sees as the unfairness of his lot relative to hers, yet one that is tempered by warm memories of their shared love for chow chows and of Christmases spent together in the kitchen of Ms. Stewart's home in Westport, Conn. Still, it was more than a fancy for heavily furred dogs with blue-black tongues that bound the two of them together.

The children of fathers with East European origins, Mr. Bacanovic and Ms. Stewart, 65, combined fierce professional ambition with a keen appreciation for the rewards that high society can confer.

To some extent this bond may explain why Mr. Bacanovic remained loyal to Ms. Stewart through the ordeal, even though a guilty plea would surely have kept him out of prison. Loyalty to his friends has been a touchstone for Mr. Bacanovic; he says that he also did not want to become another Diana D. Brooks, the former chief executive of Sotheby's who turned against her former boss, A. Alfred Taubman, during the price-fixing scandal at the auction house.

"I'm not interested in lying to serve an overzealous 32-year-old prosecutor," Mr. Bacanovic said. "I stood by my friend and client and told the truth.

"I am also aware that if the reverse were possible, the same would not have been done for me. This was business and my co-defendant is first and foremost a businesswoman."

That Mr. Bacanovic should be frustrated with a legal system that landed him in prison and upended his life is no surprise. He notes that the trade at the center of his legal woes — Ms. Stewart's sale of shares of ImClone Systems — was one in which he made no money. Two other friends of Samuel D. Waksal, the former chief executive of ImClone, made more than $5 million selling the same ImClone stock. Insider-trading charges were dropped against them last year, and they paid a combined $2.7 million to settle with regulators.

His rage at the gossip pages is also understandable. Yet the degree to which he has turned against Ms. Stewart, whose connections propelled his career at Merrill, is surprising.

His grievances are many. They range from not being among those who received a Christmas card from her while she was in prison, to her legal strategy. He claims that she turned down offers from the government to settle charges, which would have resulted in no trial and perhaps no prison term. He also blames her for the $75,000 fine he recently paid to the Securities and Exchange Commission to settle insider trading charges.

In his view, Ms. Stewart could have reached her own settlement with the commission at any point between late 2004 and this spring, obviating the need for him to pay a fine. This April, as Ms. Stewart continued to delay, Mr. Bacanovic took matters into his hands and called Ms. Stewart's daughter, Alexis, a longtime friend of his who had introduced him to Ms. Stewart.

The family friendship no longer existed, but Mr. Bacanovic would ask one last favor — if Ms. Stewart was going to trial, would she help pay his legal fees, as Merrill Lynch had stopped doing so.

"I said, "This is harming me,' " Mr. Bacanovic, who had to borrow money to pay his fine, recalled saying. "And she said, 'No one here feels we owe you anything.' "

Ms. Stewart's daughter, through Ms. Magrino, declined to comment.

It was a response that cut Mr. Bacanovic to the bone. "I was shocked," he said. Ms. Stewart was holding him responsible for the nightmare they had lived together so painfully.

But he conceded it was a fair inference to make. If Mr. Bacanovic had not called Ms. Stewart in December 2001 to inform her that Mr. Waksal was selling shares of his company, ImClone, there would have been no investigation or trial.

More than anything, he says he blames Ms. Stewart for the loss of his identity. In the public's mind, he may be known forever as Martha Stewart's broker.

During his time in prison in Las Vegas, fellow inmates called him Broker and never bothered to learn his name. "I am so tired of hearing her name attached to mine that the less I hear of it, the better my day is," he said.

The years have taken a toll. His doctor has told him that his immune system has been decimated from years of stress. Sometimes, when he gets out of bed in the morning, he says he feels as if there is a mountain of bricks pressing down upon him.

On the surface, Mr. Bacanovic presents a calm, if unsmiling, face. Before sitting down to lunch, he shows off the Old World manners taught to him by his parents, both of whom emigrated here from Europe, and honed during his years spent in and around Manhattan's finest salons.

He bows slightly when meeting a woman and engages in polite, precise banter with the lunch crowd. His dress, like his manners, is impeccable. His shirts are crisp with starch and not an unruly hair pokes out from his well-coifed head.

But once he sits down, his eyes blink often as they scan the room around him. It is the look of someone who still feels hunted.

"I was personally attacked in the press," he said. "I was pursued in every possible way." His eyes are red and wet, and this time it is not the allergies. "A great many lives were harmed. This goes far beyond the legal system. What was there in these allegations to warrant this? Is the guy a murderer, a child molester?"

Certainly not. But at some point during the early months of 2002, Mr. Bacanovic's single-minded dedication to Ms. Stewart's interests caused him to cross a more oblique line even though, after six weeks of testimony during his trial, it is still not entirely clear who said what to whom.

"The only people who know for sure what happened didn't testify," said Henry M. Blodget, the former Merrill Lynch analyst who wrote about the trial for Slate. "The real lesson here is that perception is reality. I can't blame the jury."

But Mr. Bacanovic, who was convicted on two charges of not telling the truth to investigators, still seems troubled by the verdict. "This whole case was about lying," he said, referring to a government witness who was accused of perjury and a juror who lied about his past. (Ms. Stewart's and Mr. Bacanovic's request for a new trial on this basis was denied by an appeals court.)

Having reached a settlement with the S.E.C. over his insider trading charges, Mr. Bacanovic has allowed himself to look toward resuming some measure of a normal life. He refuses to give any details, but says he has been looking into careers in film,

advertising and real estate. He now spends much of his time in Los Angeles, where he lives alone in a house that he rents. But the past still haunts him.

"I've spent a great deal of time thinking about my obituary in the last four years," he said. "I would really rather my tombstone not read 'broker, Martha' with dates. I'd rather it read 'Bacanovic, Peter.' "

H-P Names Hoak As Ethics Officer (WSJ)

The Wall Street Journal, October 13, 2006

Hewlett-Packard Co. named NCR Corp. former general counsel Jon Hoak as its vice president and chief ethics and compliance officer, one of several positions left vacant following the computer and printer giant's spying scandal.

Mr. Hoak, 57 years old, succeeds ousted ethics chief Kevin Hunsaker, who directed the boardroom leak probe and was fired last month before being charged with identity theft and three other felonies along with former Chairwoman Patricia Dunn and three outside investigators.

Mr. Hoak's duties will include working with an outside lawyer H-P hired to assess the company's investigative practices and develop future business-practice guidelines, the company said.

Mr. Hoak previously served as senior vice president and general counsel for NCR, a Dayton, Ohio, computer-services company best known for making automated teller machines, from 1993 to May 2006. Mr. Hoak, whose hiring was effective Wednesday, will report to Chief Executive Mark Hurd -- another NCR veteran who was lured away to H-P 19 months ago -- until a general counsel is hired, the company said.

"Obviously, Mark wanted to make a hire quickly," said H-P spokeswoman Emma Wischhusen.

The Public Side Of Private Investigations (WP)

By Brooke A. Masters

The Washington Post, October 13, 2006

Deception, personal surveillance and sting operations are commonplace tools for private investigators hired by companies to handle low-level security problems.

These also happen to be among the aggressive methods Hewlett-Packard contractors used to try to uncover the source of boardroom leaks to the media.

The resulting scandal at HP has drawn new attention to intrusive techniques available to private investigators and has raised questions about when and how they are used. Many companies, big and small, allow -- at least tacitly -- their security contractors to push the legal envelope on uncontroversial matters, like combating employee theft or counterfeiting.

But news that a big-name corporation would permit the use of such tactics for a sensitive, potentially high-profile investigation has surprised many in the corporate security field. They say most large, public companies are far more cautious when it comes to high-stakes matters involving top executives and regulatory scrutiny. Increasingly sensitive to privacy considerations and public appearances, lawyers for large corporations routinely limit the techniques they allow and are far less willing to let investigators take the initiative on tactics.

"We've evolved from more of a free rein to a punch list of what we want. Particularly in cultures we're not familiar with, we will set up strict instructions," said Regis Becker, director of global security and compliance at PPG Industries, a Pittsburgh manufacturer with facilities and affiliates in 23 countries. "We make it clear we don't want any information we are not legally entitled to."

Some firms are so concerned about the potential public-relations impact of hiring an investigator that they choose not to do it at all. Take Riggs Bank. Back in 2004, the District firm faced the same issue that eventually led to criminal charges against HP's former board chairman and general counsel: persistent leaks from inside its boardroom. Struggling to survive a money-laundering investigation and perhaps sell itself to another firm, the bank's directors considered hiring an outside investigator to find the source of the information.

After much discussion, the board rejected the idea. "The logic was if it was lawful, it was probably not going to be successful and . . . it would be highly embarrassing to have it known that the company was investigating its own board," according to a participant in the discussion who spoke on condition of anonymity because board deliberations are supposed to be confidential.

Companies that conduct corporate investigations vary widely in size and orientation. At one end are the solo practitioners who track down stolen laptops and debunk workers' compensation claims. Many investigators are former law enforcement officers accustomed to having access to subpoenas and search warrants to get the information they want. Discretion is rarely a crucial part of their assignments.

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At the other end are the highly profitable multinational corporations that do background checks on top executives, conduct discreet witness interviews and provide assistance to lawyers doing corporate fraud investigations. These firms, by contract, promise to place just as high a priority on how the investigation reflects on the client as they do on getting results.

PI Magazine, the leading industry publication, estimates that there are 60,000 licensed investigation firms in the United States, but that understates the market because six states do not require investigators to be licensed and many states allow a single licensee to employ dozens if not hundreds of people, said Jimmie Mesis, the magazine's editor in chief .

With 3,900 employees and 2005 revenue of $946 million, the largest firm by far is Kroll Inc., which bills itself as a "risk consultant." A unit of financial conglomerate Marsh & McLennan Cos., Kroll tackles everything from crisis management to substance-abuse testing and business investigations.

Other large firms tend to have dozens of employees, or at most, a few hundred. The best known among them work almost exclusively for law firms and general counsels of large companies and pride themselves on their willingness to say no.

"You should hire the guy who tells you no a lot," said James Mintz, founder of the Mintz Group. "You have to do things that are not only legal but acceptable in the eyes of a judge or a jury."

Mintz said his firm had been asked in the past if it could obtain bank and phone records using pretexting -- the method of lying that has led to criminal charges for HP's former board chairman, general counsel and several of the investigators they hired. "We've told clients you would be insane to do that."

His firm largely shies away from deception and from digging into irrelevant details of personal lives. While they will pose as buyers in a counterfeiting case, the investigators generally do not misrepresent themselves when interviewing potential witnesses or doing background checks, he said.

Some techniques have the potential to backfire if they become public, so different investigators draw the line in different places. Take garbage-stealing. It's legal as long as the trash is removed from the street rather than private property.

But Oracle Corp. was deeply embarrassed in 2000 when investigators it hired from Investigative Group International were caught going through the trash of think tanks and nonprofit groups that had been supportive of Oracle rival Microsoft Corp. The IGI team rented offices in the same building as the Association for Competitive Technology in the District and paid janitors $1,200 to hand over the trash.

As a result, some of the biggest firms say they won't engage in trash-stealing, and many prominent lawyers say they won't allow investigators to do it when their client is a big public company or a prominent individual.

"With a big corporation, the cosmetics are as important as the substance," said attorney Robert G. Morvillo, who represented Martha Stewart at her criminal trial. "If you get caught, it looks like you are doing something wrong. . . . You've got to exercise veto power every now and then."

But some investigators and lawyers do not take as hard a line. They avoid introducing stolen trash as evidence in court because they would have to explain where it came from. But they're sometimes willing to engage in a little Dumpster diving behind the scenes.

Larry Lopez, the owner of a small Cambridge, Mass., agency called Strategic Research, recalled a case in which he was working for a business that suspected one of its former employees had violated a non-compete agreement. The standard ruse in such cases would be to pose as a potential investor and approach the person directly, but because the matter was already in litigation, legal ethics canons prohibited direct contact with an opponent.

So Lopez arranged to have the former employee's trash removed and identical bags substituted in its place. His firm went through the garbage looking for names and addresses from the former employee's correspondence. The lawyers would then subpoena the correspondents directly, yielding evidence that could be introduced in court without embarrassment. "For six months, we took trash on these people and they never found out. There was nothing illegal or unethical, but the jury would have turned up its nose," if it knew the whole story, Lopez said.

Surveillance is similarly legal -- as long as it's done on public property and avoids the appearance of harassment or stalking -- but image-conscious firms often limit the practice, said Robert Seiden, chief executive of Fortress Global Investigations Corp., which has about 100 employees. "When we do surveillance for corporations, we're very cognizant [to avoid] allegations that the surveillance was over the line or intrusive," he said. "We have a code of ethics. If we see someone is with their children, we pull away."

By contrast, some investigators trying to disprove disability or workers' compensation claims openly shadow their targets. Insurance investigators say that claimants who know they are being watched sometimes agree to lesser settlements.

Faced with a need for phone records, image-conscious firms generally shy away from pretexting and try the direct approach.

"They say, 'We have a fiduciary duty to look into this. We want your phone records; give them to us or resign.' " Lopez said.

Conrad Black, Facing U.S. Trial, Embraces Canada He Once Vilified (WSJ)

By Elena Cherney

The Wall Street Journal, October 13, 2006

TORONTO -- When former newspaper baron Conrad Black renounced his Canadian citizenship five years ago, he derided the country of his birth as an underachieving, socialist land better suited to "someone just arrived from Haiti or Romania."

The chairman and chief executive of the trans-Atlantic newspaper publisher Hollinger International, Mr. Black also was a citizen of the United Kingdom, and he had just been named to the British House of Lords. The only catch: To become Lord Black of Crossharbour, the jet-setting Mr. Black had to give up his Canadian citizenship, because the Canadian government wouldn't agree to the peerage.

Now, Mr. Black appears to be having second thoughts as he prepares to stand trial next year in U.S. federal court in Chicago on fraud and racketeering charges. Charged along with three other former executives in connection with $84 million in company payments, Mr. Black has applied to have his Canadian citizenship restored. And he has embarked on a campaign to restore his tarnished image among Canadians, talking about Canada's international role -- and denouncing the case against him.

"He is re-establishing himself in the place where he's going to live," says Mr. Black's lawyer, Edward Greenspan. "This is where he was born, this is where he was raised, this is where he started his newspaper empire."

Since his indictment in the U.S. last year, Mr. Black has been living at his Toronto estate. He has been a regular on the Toronto social circuit. He declined through Mr. Greenspan to be interviewed.

Becoming a Canadian citizen wouldn't help Mr. Black avoid or delay the trial set for March, because he already has surrendered his right to fight extradition from Canada. But there is a potential benefit if Mr. Black is found guilty: Canada has nicer prisons. Canadians in the U.S. prison system can apply to transfer back to Canada. Mr. Black's former business partner, David Radler, who now is cooperating with prosecutors, indicated in his plea bargain he plans to apply to serve his sentence in Canada.

Mr. Greenspan dismisses the suggestion Mr. Black is seeking to regain citizenship so he can serve a sentence in Canada. "The only plan that we have is to be acquitted," he says.

In the meantime, Mr. Black is living under a cloud. "I want to get rid of any taint," he told an Ontario public-television interviewer last month in his first formal interview since his indictment.

Yesterday, Mr. Black got a warm welcome as the guest speaker at a luncheon of Toronto's Empire Club, which bills itself as North America's oldest speaking forum. After the traditional toast to "Her Majesty the Queen" and the lunch served by red-vested waitstaff, club president John Niles introduced Mr. Black as Lord Black of Crossharbour, to loud applause. "What is Canada after all without Lord Black, but diminished," said the Rev. Niles, who listed Mr. Black's accomplishments but made only a veiled reference to the charges against him, calling them "the difficulties."

Public attitudes toward Mr. Black appear to be softening. Some former associates he alienated say they now sympathize with him. "The Americans are being vicious with him," says Douglas Bassett, one of four independent directors who resigned from the board of parent company Hollinger Inc. three years ago, after the board at Hollinger International reported it had uncovered unauthorized payments to Mr. Black and other executives. (Hollinger International recently changed its name to Sun-Times Media Group Inc., after its flagship newspaper in Chicago.)

Mr. Bassett hasn't spoken to Mr. Black since resigning from the board. But he says his old friend "is innocent until proven guilty." The bail bond of more than $20 million that prosecutors demanded is overkill, Mr. Bassett adds.

Winning Metaphors At Office Retreats, Tales Of Adversity Fire Up The Staff (WSJ)

By George Anders

The Wall Street Journal, October 13, 2006

CORONADO, Calif. -- At their annual retreat last month, 300 finance managers for Cisco Systems Inc. began the week with strategy meetings, followed by team sand-castle building and water-balloon launching. Then came the visit from a blind man.

He was Erik Weihenmayer, a slim, athletic 38-year-old. In an after-lunch speech, he recounted his bitterness as a teenager over losing his sight. He explained how he channeled his anger into rock climbing and dreamed of climbing Mount Everest. "People said I'd kill myself or my team members if I tried," he said. "But they didn't know anything about me."

Employees of the computer-networking company watched in awe as giant video screens showed Mr. Weihenmayer in 2001, picking his way past deep crevasses until he reached the top of Everest. "You don't just deal with adversity," he said. "You use it to propel you forward." Attendees gave him a standing ovation.

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Mr. Weihenmayer makes nearly $1 million each year from such appearances, making him one of the top earners in an unusual business -- inspirational speakers whose accounts of personal struggle and triumph are sweeping through the corporate conference circuit. Companies such as Goldman Sachs & Co. and Wal-Mart Stores Inc. are booking speakers who have survived farm accidents, muggings or other tragedies, often paying $15,000 or more per engagement.

Years of scandals and strategic zigzagging have soured business audiences on pep talks from well-paid executives with fancy titles. But the skepticism softens when a speaker with a seeing-eye dog or a wheelchair speaks about unshakeable persistence, even if the orators aren't business experts. Bosses hope these speakers can cut through a fog of cynicism and complacency, getting people fired up about their jobs.

At Exxon Mobil Corp., procurement chief Jean Baderschneider says she used to book celebrities or management gurus as speakers. No more. They were too glib to connect with her teams, and in some cases she can't even remember their names. Now she invites gritty survivors to tell their stories at major staff events. "You need to build passion," Ms. Baderschneider says. "These speakers get people's juices flowing. They make us realize that our challenges are nothing compared with what they have done."

Corporations, universities and other organizations spend hundreds of millions a year on speakers. Top business and political leaders still command the highest fees, with former president Bill Clinton averaging $175,000 per speech. But Mr. Weihenmayer and a few similar orators with brave stories -- and a knack for tying their achievements to business themes -- compile enough well-paying dates to earn well into six figures themselves.

Hundreds of others try to make a living as inspirational speakers, with mixed results. Some do passably, collecting $5,000 or more a speech. Others discover to their dismay that the world isn't eager to hear their woes. Data compiled by the 4,000-member National Speakers Association indicate that the typical member earns $2,000 to $5,000 per talk. Many go for weeks without bookings.

When Trisha Meili was assaulted and left for dead in New York City in 1989, few people knew her name. Media accounts identified her only as the Central Park jogger. Then in 2003 she published her memoirs and began looking for audiences interested in how she recovered from tragedy.

One of the first people to book her was Roger Saillant, the chief executive officer of Plug Power Inc. His alternative-energy company was a highflier in 2000, with a stock that briefly traded as high as $150 a share. Three years later, the company's shares had plunged to single-digit levels. Losses were mounting and cash was scarce.

Plug Power spent $5,000 to bring Ms. Meili for a two-day visit to its headquarters in Latham, N.Y. There, she shared stories about learning to walk again after spending months in a coma. She urged people to "live totally in the present," instead of obsessing about a wonderful past that might be gone for good.

Mr. Saillant says she struck a chord. "We wanted to know how her experience could be a metaphor for what was happening at Plug Power," he says. "She had been in a near-death state but was able to pull herself out of it, thanks to the support of others and her own will not to give in. We constantly needed to raise money to keep going. There were similarities."

Since then, Ms. Meili has tripled her speaking fee, to $15,000, and expects to earn about $100,000 this year. She recently addressed managers at DuPont Co., which has been buffeted by restructuring plans the past few years. Ms. Meili remembers one of the chemical company's lawyers coming up to her and saying: "I've got this huge stack of papers on my desk. I've been too nervous about our future to get any work done on it. After hearing you, I'm ready to go back and dive into things right now."

Like many inspirational speakers, Ms. Meili says she tries to take her audience on an emotional journey. Rapt silence accompanies her opening stories. Partway through she often hears suppressed sobs. And at the end, there's an outburst of applause and even hugs from attendees. If all three parts come together, she says, "I know I've really connected with people."

One of the hardest-working inspirational speakers is Chad Hymas, a Utah real-estate investor and part-time elk rancher. Mr. Hymas nearly died in 2001, when a massive hay bale tumbled off a forklift truck on his ranch and crushed three vertebrae in his neck. The accident left his legs paralyzed and his arms barely mobile. He was despondent. Within a year, though, he was addressing church groups about his family's efforts to help him recover.

One attendee liked his talk so much that he arranged for Mr. Hymas to address a contractors' convention in Las Vegas. That speech went well. Soon Mr. Hymas was getting bookings from the likes of Wells Fargo Corp. Last year, Mr. Hymas delivered 160 speeches, ranging from small-scale local events to big corporate audiences that paid as much as $10,000 apiece, for total income of more than $500,000. This year, Mr. Hymas is on track to deliver 190 speeches, his best year ever.

Mr. Hymas says his core material hasn't changed since his first speech. He routinely recounts the early days after his accident, when he was hospitalized and struggling to raise his arms parallel to the floor. His 4-year-old son, Christian, came into the room and said: "Look, Daddy, you're flying!" Mr. Hymas now closes many of his speeches with the line: "Who needs legs when you have wings?"

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A decade ago, orators such as Mr. Hymas might have been confined to low-paying church, school and hospital engagements. Big companies didn't want to traffic in pathos. Then Oprah Winfrey, the Lifetime Channel and Hollywood kept making heroes out of people who had been hammered by life's bad breaks and bounced back.

As these stories found mass audiences, scandals such as Enron Corp. left the public far more cynical about big business and reluctant to take advice from captains of industry. An annual Gallup Poll shows that business executives currently win favorable ratings from just 16% of the public, the lowest level since the savings-and-loan scandals of the 1980s.

Speakers' bureaus took note and started booking a new breed of lecturers. Leading Authorities Inc. of Washington, D.C., now lists 234 "inspirational and motivational speakers" on its Web site, its largest category. Many are traditional experts on leadership or politics who want to be cross-listed in a popular category, says Mark French, Leading Authorities' president. His inspirational roster also includes a survivor of 30 cancer surgeries and man who recovered after he was hit by a New York City bus.

"Companies want someone fresh who has beaten the odds," says Marc Reede, president of Nationwide Speakers Bureau, a lecture agency in Beverly Hills, Calif. Lots of speakers may enjoy only a year or two on the circuit before their appeal wanes. "But that's not a problem for us," he says. "We'll find the next ones."

At times, it takes only a hint of a business analogy to succeed with corporate audiences. Adventurer John Amatt survived a climb 20 years ago in which an avalanche killed three of his teammates. He made it to the top only by radically changing his route and tactics. Businesses love that story, he says, and they apply it in ways he never expected. In the medical-equipment industry, for example, Kinetic Concepts Inc., hired Mr. Amatt earlier this year to address its 1,500-person sales force, which was dispirited by Medicare cuts.

"We couldn't conceive of another way to do things," says Cyndi Erb, a KCI executive. "He told us how sometimes you have to rethink your path. We thought he would have to customize his talk for us, but actually we found out that wasn't necessary. Our salespeople took what he said and applied it to their everyday life."

The market for sports speakers also is being realigned. Speakers' bureaus aren't just competing to offer in-person appearances by superstars. Some are doing brisk business as well in promoting disabled athletes or the brave benchwarmer with a plucky story of how he or she made it to the big time. Sports speakers who have gained visibility in the past few years include one-armed basketball player Ron Gustafson; baseball pitcher Jim Morris, who didn't make the majors until age 35; and wrestler Kyle Maynard, who was born with stunted arms.

A favorite this year is Vince Papale, who won a walk-on spot with the Philadelphia Eagles in the 1970s, at age 30, despite never having played college football. He caught just one pass during his three-year pro career but made some thrilling tackles on the kick-return unit. Mr. Papale had been doing small-scale talks in the Philadelphia area since his playing days. In 2005, speakers' bureaus started positioning him as a much bigger draw.

It helped that a movie about Mr. Papale's life, "Invincible" was due out this year. But the speakers' bureaus figured his can-do attitude would rub off on sales forces. They guessed right. American International Group Inc. tried him with a group of annuity salesmen and liked the results so much that it booked him for five more talks, at $10,000 apiece.

"We had a tough year in 2005," recalls Michael Loftus, an annuity sales chief for AIG. "We really liked his lust for achievement. His message was that any dream can come true with hard work."

"Invincible" was a surprise hit this summer, so Mr. Papale has boosted his speaking fee to $20,000 to $30,000. Speaking agents are encouraging him to make the most of the opportunity. "He is looking at a two-year window," says Andy Roth, head of Roth Talent Associates, Encino, Calif. "It makes sense for him to maximize his speaking efforts during that time."

Mr. Weihenmayer, the blind mountain climber, is trying to make public speaking into a lifelong career. He taught fifth grade earlier in his life and enjoyed it, but he found the pay dispiriting. Now he delivers 50 addresses a year, collecting up to $40,000 for his international corporate bookings. "It amazes me to earn more with one speech than I did in a year of teaching," he says.

Mr. Weihenmayer says he has benefited from lots of coaching from his father, Ed, now retired, who had a long career at Pfizer Inc. and Salomon Brothers Inc. The older man has nudged his son to get business audiences laughing at the beginning -- and then, as the speech hits its stride, to bring in corporate values such as teamwork and planning.

During his Cisco talk, Mr. Weihenmayer told a story about climbing Mount McKinley in 1995 and trying to wave to his father, who was flying overhead in a helicopter. "I asked one of my teammates: 'Do you think Dad will know I made it?'" Mr. Weihenmayer recalled. "The answer came back: 'Sure he will. You're the one person waving your ski pole in totally the wrong direction.' "

The address soon turned serious. He talked about visiting Tibet recently and helping blind teens climb to Everest base camp. "People there think blind children are possessed with evil spirits," he said. "They lock them in homes or sell them into slavery. I wanted to show them something better."

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At the end of his talk, he tied his life back to the business challenges facing Cisco. "With all the chaos of the past five years, it's as if we've all been climbing blind," he said. But that's no reason to be timid. "Be pioneers. Climb high."

After the speech, Cisco managers rushed up to shake his hand and to share stories about a son's eye injury or a friend's mountain-climbing adventure. A few asked him to sign a copy of his autobiography, which he slowly did.

Most of the time, Mr. Weihenmayer says, business audiences embrace him and wish him well. But he still remembers a bumpier session with an insurance company a few years ago. After the talk, at the hotel bar, he says, one salesman snapped at him: "So I guess the reason they brought you here was to make me feel bad."

Mr. Weihenmayer gulped. Then he told his heckler. "Maybe. But that's not a bad place to start. If it lights a fire in you, and gets you doing something different with your life, that's OK."

CRIMINAL LAW:

Report Says Nonprofits Sold Influence To Abramoff (WP)

By James V. Grimaldi And Susan Schmidt

The Washington Post, October 13, 2006

Five conservative nonprofit organizations, including one run by prominent Republican Grover Norquist, "appear to have perpetrated a fraud" on taxpayers by selling their clout to lobbyist Jack Abramoff, Senate investigators said in a report issued yesterday.

The report includes previously unreleased e-mails between the now-disgraced lobbyist and officers of the nonprofit groups, showing that Abramoff funneled money from his clients to the groups. In exchange, the groups, among other things, produced ostensibly independent newspaper op-ed columns or news releases that favored the clients' positions.

Officers of the groups "were generally available to carry out Mr. Abramoff's requests for help with his clients in exchange for cash payments," said the report, issued by the Senate Finance Committee. The report was written by the Democratic staff after a yearlong investigation and authorized by the Republican chairman, Sen. Charles E. Grassley (R-Iowa).

Abramoff has pleaded guilty to fraud and conspiracy and could go to prison as early as next month. Prosecution and defense lawyers jointly filed papers yesterday asking a judge to recommend that he be sent to a federal facility in Cumberland, Md., to make it easier for him to cooperate with the ongoing probe. The investigation has resulted in one conviction and seven guilty pleas -- including one from a lawmaker, Rep. Robert W. Ney (R-Ohio), who is to appear today before a federal judge in the District.

The Senate report released yesterday states that the nonprofit groups probably violated their tax-exempt status "by laundering payments and then disbursing funds at Mr. Abramoff's direction; taking payments in exchange for writing newspaper columns or press releases that put Mr. Abramoff's clients in a favorable light; introducing Mr. Abramoff's clients to government officials in exchange for payment; and agreeing to act as a front organization for congressional trips paid for by Mr. Abramoff's clients."

The report bolstered earlier revelations that Abramoff laundered money through the nonprofits to pay for congressional trips and paid Norquist to arrange meetings for Abramoff's clients with government officials including White House senior adviser Karl Rove.

The groups named in the report are Norquist's Americans for Tax Reform; the Council of Republicans for Environmental Advocacy, which was co-founded by Norquist and Gale Norton before she became secretary of the interior; Citizens Against Government Waste; the National Center for Public Policy Research, a spinoff of the Heritage Foundation; and Toward Tradition, a Seattle-based religious group founded by Rabbi Daniel Lapin.

E-mails released by the committee show that Abramoff, often with the knowledge of the groups' leaders, exploited the tax-exempt status and leveraged the stature of the organizations to build support among conservatives for legislation or government action sought by clients including Microsoft Corp., mutual fund company DH2 Inc., Primedia Inc.'s Channel One Network, and Brown-Forman, maker of Jack Daniel's whiskey.

A spokesman for Norquist, John Kartch, called the report "political nonsense" pushed by Democrats close to the midterm elections.

Norquist's attorney, Cleta Mitchell, had told the Senate panel that, as long as Americans for Tax Reform spends funds in keeping with its general purpose, "there is no 'abuse' of ATR's tax status." Officials with the Council of Republicans for Environmental Advocacy denied wrongdoing. Citizens Against Government Waste said the group did not abuse its tax status and always adhered to long-held positions.

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Amy Ridenour of the National Center acknowledged in an interview with investigators that donations can have some sway with think tanks but denied that they were made in exchange for positions.

Sen. Max Baucus (Mont.), the Finance Committee's ranking Democrat, called on the IRS and the FBI to investigate. "These groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws that give charitable and social welfare organizations a break for the good work they're supposed to do," Baucus said in a statement.

A spokeswoman for Grassley said the chairman did not co-write the report because he had hoped it would include a broader range of groups that he believes also breached their tax status. A Baucus aide said the Democratic staff did not object to a broader review.

The Abramoff scandal has bruised the image of Norquist, a friend of Abramoff's since their days in the College Republicans. Often consulted by Rove, Norquist for decades has convened a key Wednesday morning strategy session for conservative leaders, lobbyists and Republican lawmakers.

Abramoff traded on Norquist's cachet, at one point referring to him in an e-mail as a "hard-won asset" of his lobbying empire. In exchange for Norquist's opposition to taxes on Brown-Forman products, Norquist recommended that a $50,000 donation be made to Americans for Tax Reform, according to an Abramoff e-mail.

"What is most important, however, is that this matter is kept discreet," Abramoff wrote to a colleague at the Preston, Gates & Ellis law firm. "We do not want the opponents to think that we are trying to buy the taxpayer movement."

The e-mails show that Abramoff and Norquist explicitly discussed client donations to Norquist's group in exchange for Norquist's support. The group's advocacy "appears indistinguishable from lobbying undertaken by for-profit, taxable firms," the report said.

Among those who agreed to donate money for an opinion piece was DH2, which in 2004 pushed for tax breaks for its customers.

E-mails show that DH2 understood that Norquist's help came with a price tag. The tab was sent to DH2's managing director, Robert S. Rubin.

"I told Rubin he needs to round up some $$$ for ATR," wrote lobbyist Michael E. Williams to his boss, Abramoff.

"Get the money from Rubin in hand," Abramoff replied, "and then we'll call Grover."

How much, Williams asked.

"50K," Abramoff wrote.

Abramoff e-mailed Norquist on Feb. 10, 2004: "I have sent over a $50K contribution from DH2 (the mutual fund client). Any sense as to where we are on the op-ed placement?"

Replied Norquist: "The Wash Times told me they were running the piece. . . . I will nudge again."

The Washington Times has published about 50 Norquist op-eds since 1993 but apparently none on mutual funds. Norquist did write a letter in April 2004 to a congressman praising him for sponsoring "legislation that would finally allow mutual fund shareholders to defer their capital gains tax" and pledging that his group "is committed to helping you pass this legislation."

Norquist wrote an op-ed piece, published in the Washington Times, as part of an extensive Abramoff campaign for Channel One, which broadcasts educational programming and advertising into public school classrooms. An Abramoff e-mail to Norquist offered him $1,500 for an op-ed, and another e-mail exchange suggested up to $3,000 to buy an "economic analysis."

The Council for Republican Environmental Advocacy, founded by Norquist and Norton, who resigned as interior secretary earlier this year, also appeared to have been used "as an extension of Mr. Abramoff's lobbying organization," the report said.

Abramoff directed his client Indian tribes to donate a total of about $500,000 to the group, telling them that the donation was a way to cultivate Norton at the Interior Department, which oversees the tribes and their casinos. E-mails show that Abramoff told the tribes that they would be CREA's "trustees" and that Norton would "host" a series of CREA dinners. Interior Department documents obtained by The Washington Post suggest that Norton was an invited guest at a CREA dinner, not a host.

Senate Questions Nonprofits' Tax Status (AP-Y)

By John Heilprin, Associated Press Writer

AP, October 13, 2006

Five nonprofit groups, including one of President Bush's biggest supporters, may have broken tax laws and put their tax-exempt status at risk by helping convicted lobbyist Jack Abramoff, a Senate Finance Committee report concludes.

The 600-page report issued Thursday was prepared by the committee's Democratic staff. Majority Republicans, however, had agreed to its release and joined with Democrats in issuing subpoenas for documents and e-mails cited in the report.

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Among the groups named as possibly taking money from Abramoff clients and funneling it into his lobbying efforts on their behalf were Americans for Tax Reform, Citizens Against Government Waste and the Council of Republicans for Environmental Advocacy.

Tax-exempt groups are barred by law from being paid to lobby or do public relations.

Americans for Tax Reform is headed by Grover Norquist, a key ally of Bush and a longtime associate of Karl Rove, the president's chief political adviser.

The report said Norquist's group accepted $1.5 million from the Mississippi Band of Choctaw Indians, one of Abramoff's clients. More than two-thirds of that money was then passed to Christian Coalition founder Ralph Reed as part of Abramoff's lobbying efforts to block a rival tribe's proposed casino in Alabama.

Nell Rogers, a planner for the Choctaws, told the Senate Indian Affairs Committee that the arrangement was never intended as a contribution to support ATR's general anti-tax work. She quoted Abramoff as saying Norquist's had instead agreed to be a conduit for getting money to Reed, provided that ATR got a fee.

Sen. Max Baucus of Montana, the Senate Finance Committee's senior Democrat, said his staff turned up evidence showing the groups "may have improved a lobbyist's power and profits" by unlawfully exploiting their tax-exempt status, possibly even lobbying the White House.

Abramoff pleaded guilty in January to tax evasion and wire fraud. While awaiting sentencing, he is cooperating in a federal bribery investigation that has resulted in convictions against a congressman and the administration's top procurement officer.

Norquist's group and a second organization cited in the report denied any wrongdoing. They also questioned the timing of the report's release so close to Nov. 7 elections in which Republicans are trying to return their control of Congress.

"This is political nonsense put out by the Democrats in an inappropriate attempt to influence the election," said John Kartch, communications director for Americans for Tax Reform.

David Williams, a vice president of Citizens Against Government Waste, said it was "kind of suspicious that three weeks before an election, this comes out." The group named Baucus its monthly "porker" in October 2004 for adding drought relief to a domestic security bill.

"There is no 'there' there," Williams said of the report. "We are very careful about the issues that we pursue."

The report said Citizens Against Government Waste said some donations to it ended up being used to help Abramoff clients with public relations.

"Nonprofits should not function as de facto lobbying firms. Lobbying for a fee, public relations, and disguising sources of money are not charitable or social welfare activities," Baucus said.

He said it is up to the Justice Department and Internal Revenue Service, part of the grand jury probes into Abramoff's dealings, to decide whether the groups broke any tax laws.

Republican Sen. Charles Grassley of Iowa, the committee chairman, could have blocked the report's release. Grassley said Thursday he would consider the report but said it should have looked at more nonprofit groups.

"The problems are widespread and won't be resolved just with Mr. Abramoff going to jail," Grassley said.

The report also questioned the tax-exempt status of other groups, based on their association with Abramoff. It found that:

_The Council of Republicans for Environmental Advocacy, co-founded by Italia Federici, Norquist and former interior secretary Gale Norton, received at least $250,000 from Abramoff clients to lobby the Interior Department.

_The National Center for Public Policy Research used money from Abramoff's clients to sponsor golf trips in 2000 and 2003 to Scotland for members of Congress.

_Toward Tradition, a religion-centered group once chaired by Abramoff, took money for help with generating news articles for Abramoff and his clients.

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Senate Finance Committee's report: http://finance.senate.gov/sitepages/baucus.htm

Abramoff Laundered Money Through Tax-Exempt Groups, Report Says (BLOOM)

By Jonathan D. Salant

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- Republican lobbyist Jack Abramoff used non-profit organizations to launder money, write articles to help his clients, and hide the fact that his clients paid for trips by lawmakers and aides, said a report today by Democratic members of the Senate Finance Committee.

The report said the organizations -- including Americans for Tax Reform, run by conservative activist Grover Norquist, a supporter of President George W. Bush and congressional Republicans -- ``engaged in what amounted to profit-seeking and private benefit inconsistent with their tax-exempt status."

Senate Democrats asked the Justice Department, Treasury Department and Internal Revenue Service to review the findings.

``These groups' dealings with Jack Abramoff certainly violated the spirit, and perhaps the letter, of the laws that give charitable and social welfare organizations a break for the good work they're supposed to do," said Senator Max Baucus of Montana, the top Democrat on the committee.

A spokeswoman for Senate Finance Chairman Charles Grassley, an Iowa Republican, said he would consider the report's recommendations. Spokeswoman Jill Gerber said the senator wanted a more comprehensive report that would look at non-profit organizations on all sides of the political spectrum.

``His focus is on reforming the system to stop systemic abuse of the tax code," Gerber said. ``The problems are widespread and won't be resolved just with Mr. Abramoff going to jail."

Karl Rove

The report said Americans for Tax Reform took money from Abramoff's clients and agreed to introduce them to top Bush aide Karl Rove and other officials. Norquist is an ally of Rove.

``This is political nonsense put out by the Democrats in an inappropriate attempt to influence the election," said John Kartch, a spokesman for Americans for Tax Reform.

The report said the group served as a pass-through to hide the source of money given by Abramoff's clients. The group would accept money from his clients, then write a check from its own account to a third party while keeping a cut of the funds, the report said.

For example, the report said, Republican consultant Ralph Reed received money from the tax reform group to fund an anti-gambling campaign. The effort was being bankrolled by the Mississippi Band of Choctaw Indians, which ran a successful casino and wanted stop another tribe from opening a competing facility, the report said. A Reed spokesman didn't immediately return a call seeking comment.

The other groups named in the report were Citizens Against Government Waste, Council of Republicans for Environmental Advocacy, National Center for Public Policy Research and Toward Tradition.

`Manipulated' by Abramoff

The Republican environmental group was founded by Gale Norton, later chosen by Bush to be interior secretary. The group's president, Italia Federici, told the Senate Indian Affairs Committee in November 2005 that she was ``manipulated" by Abramoff. E-mails released by the Indian Affairs panel showed that Abramoff asked Federici to intervene with Norton's deputy, J. Steven Griles, on behalf of the lobbyist's tribal clients.

Abramoff pleaded guilty in January to conspiring to corrupt public officials and defrauding American Indian tribes that were his clients. He was a major fundraiser for the Republican Party, bringing in at least $100,000 for Bush's 2004 re-election.

He was sentenced in March to five years and 10 months in prison in a separate fraud case in Florida and has been ordered to surrender to authorities on Nov. 15. Prosecution and defense lawyers jointly filed papers today asking a judge in Miami to recommend that he be sent to a federal prison in Cumberland, Maryland. Abramoff is continuing to cooperate with government officials, and the prison is within driving distance of Washington, the papers said.

Abramoff Figure Rep. Ney To Plead Guilty (AP-Y)

By Pete Yost

AP-Yahoo, October 13, 2006

Pressed by Republican House colleagues to resign, Rep. Bob Ney (news, bio, voting record) is the first congressman to fall in the Jack Abramoff influence-peddling case, a controversy that has reached the Bush White House and Capitol Hill.

In his sixth term, Ney is to enter a guilty plea Friday to a pair of felonies that could send him to prison for up to 10 years.

Ney signed papers a month ago admitting to charges of conspiracy and making false statements, acknowledging that he had deprived the public of his honest services.

The Ohio congressman says he took tens of thousands of dollars worth of trips, sports tickets, campaign contributions, meals and casino chips in exchange for legislation and public statements supporting Abramoff's clients and a foreign businessman.

With the Justice Department recommending 27 months behind bars for Ney, the congressman may announce his decision to step down when he appears before U.S. District Judge Ellen S. Huvelle, an appointee of President Clinton.

Longtime Washington lawyer Stephen Ryan said "the most likely event" is that Ney will quit in front of the judge because that would represent acceptance of responsibility for his crimes, a critical issue with regard to the length of his prison term.

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Ney checked into an alcohol rehabilitation program in September. If Ney applies for and is accepted into the U.S. Bureau of Prisons Residential Drug Abuse Program, he might be able to reduce his time behind bars by up to a year, according to an agency manual.

Some federal judges have complained the program has been used by undeserving white-collar criminals to significantly cut prison time.

House Republicans are giving Ney a strong push toward the door.

"If Bob Ney fails to resign, I will strongly support a resolution to expel him from the House of Representatives," said Ohio Rep. Deborah Pryce (news, bio, voting record), the fourth-ranking member of the House GOP leadership.

Despite his admission of criminal activity, Ney, 52, is entitled to collect a congressional pension.

In April, the House passed legislation that would have taken away congressional pensions of any lawmaker convicted of the conspiracy charge contained in the court papers Ney signed. But the Senate-passed bill did not contain the pension provision, and the two chambers never reached a compromise.

During his time in Congress, Ney built up goodwill back home for his responsiveness and visibility in a sprawling, conservative region of mines, farms and Rust Belt towns in eastern Ohio.

The recently filed court papers note that Abramoff, other lobbyists on his team and their clients had no connection to Ney's congressional district, other than the lawmaker himself. "None of whom were Ohio-based," the court documents note.

Ney's court appearance comes one week after a top aide to White House political adviser Karl Rove resigned amid questions over her links to Abramoff. Susan Ralston left after a House committee reported that she apparently accepted tickets to sporting events from Abramoff without reimbursing him.

The House committee report, which summarized an investigation of links between Abramoff and the White House, cited 485 contacts between the lobbyist and his associates with the Bush White House. The tally was based on records House investigators obtained from 13 of 24 Abramoff clients.

In June, former White House official David Safavian, who had been the Bush administration's top procurement official, was convicted of covering up his dealings with Abramoff. He is scheduled for sentencing on Oct. 27.

Prison Sought For Former Bush Official (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 13, 2006

The government is pushing for three years in prison for a former Bush administration official found guilty of covering up his relationship with disgraced lobbyist Jack Abramoff.

The prison time could be years less than what David Safavian, former chief of staff of the General Services Administration, was initially expected to face for lying and hiding details of his connections with Abramoff from investigators and lawmakers.

Federal prosecutors calculated that Safavian's sentence should be between 30 and 37 months, based on federal guidelines, and asked that he be sentenced "at the high end of that range." Safavian could have faced up to five years on each of the four criminal counts in his June conviction. His sentencing is set for Oct. 27.

In documents filed in federal court Wednesday, Justice Department prosecutors Nathaniel B. Edmonds and Peter R. Zeidenberg urged the court to reject Safavian's request for probation, home detention and community service instead of prison.

"Such a sentence is wholly unwarranted and would constitute a miscarriage of justice," the prosecutors wrote.

"There is simply no basis for this court to accept defendant's invitation to disregard the sentencing guidelines and impose such a breathtakingly lenient sentence," the prosecutors concluded.

Safavian's attorney, Barbara Van Gelder, did not immediately return a call seeking comment Thursday.

His federal trial marked the first guilty verdict by a jury in the Abramoff probe. E-mails between the two men showed how Abramoff showered Safavian with trips and other perks while badgering him for information about two pieces of GSA-controlled property the lobbyist wanted — including the historic Old Post Office in downtown Washington.

Labor's Enthusiasm For Republicans Fades (WSJ)

By John Harwood

The Wall Street Journal, October 13, 2006

LABOR CURBS outreach to Republicans as Democratic prospects brighten.

Teamsters and FireFighters, among others, had vowed to ramp up Republican support to increase their clout while Bush's party held power. But enthusiasm has faded, a Teamsters official explains, because "Republicans went too far. We need a leadership change."

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Some local unions continue offering volunteer support and endorsements to labor-friendly Republicans. New York Republican Rep. Sue Kelly gets help from construction unions, operating engineers and transport workers. Her singer-songwriter opponent John Hall "won't have monolithic union support," says Kelly spokesman Jay Townsend.

AFL-CIO President Sweeney today headlines labor rally for Democratic Senate candidate Ford in Tennessee.

FORECASTERS see healthier economy if power is shared by two parties.

Only 12 of 35 in WSJ.com survey see optimal economic performance if Republicans keep both houses of Congress for last two years of Bush's term. Favored outcome of respondents: Democrats win the House but not the Senate. (See the full survey.2)

"MAX GRIDLOCK = MAX COMPROMISE," says Richard DeKaser of National City Corp. Atop the economists' 2007 priority list for Washington: health-care spending and Social Security. The forecasters split evenly on whether stocks would do better with Republican or Democratic victory.

WARNER'S departure from 2008 field alters Democratic contest.

"It's an open race," says ex-Virginia governor Mark Warner, disputing assessments that New York Sen. Clinton is prohibitive front-runner. Decision could lift the profiles of governors Vilsack of Iowa and Richardson of New Mexico, fellow Southerner Edwards of North Carolina, and centrist alternative Sen. Bayh of Indiana.

"No one ever won the White House without being lucky," an aide to one contender says. But some operatives cite Lamont's Senate primary win in Connecticut as evidence that restive Democrats want an unabashed liberal.

"The Democratic Party primary electorate ... is considerably to the left" of Warner, says strategist Carter Eskew.

BENCH STRENGTH? As nuclear tensions rise, some U.S. diplomats say State Department has grown thin on Korean expertise after Bush-era departure of veterans linked to Clinton's engagement policy. "It's almost like you're viewed with suspicion if you've met Koreans or speak their language," one State official says.

OH, WHAT A NIGHT: Supreme Court Justice Alito will be fêted alongside Frankie Valli of Four Seasons fame at National Italian-American Foundation gala on Oct. 21. But organizers promise ideological balance, with liberal actor Alan Alda on hand to induct late actress Anne Bancroft into foundation's Hall of Fame.

HOME OR AWAY? Former White House aide David Safavian asks U.S. District Court judge to sentence him to home detention for Abramoff-related perjury and obstruction convictions. Justice Department lawyers press for three years behind bars.

TRADING PLACES? Amid bleak national mood and local anxiety over textile job losses, Democrats see rising opportunity for challenger Larry Kissell to knock off Republican Rep. Robin Hayes in North Carolina. White House hopeful Edwards prepares to stump for Kissell, after Bush administration textile official appears with Hayes and briefs industry executives on efforts to stop "illegal goods."

PENTAGON OFFICIALS don't expect Iraq policy shift despite rising unease.

Prominent Republicans, including former Secretary of State Baker and Sens. John Warner and Snowe, have pointed to the need for near-term changes. But military commanders, who Bush insists determine his approach, want to give current security strategy more time to tamp down Baghdad violence.

The strategy so far has been met with record levels of sectarian and insurgent attacks. The top commander in Iraq, Gen. George Casey, predicts violence will subside, but "it's not going to be something that we're going to get done quickly."

If Baghdad isn't more secure by December, senior military officials say, another approach might be justified.

MINOR MEMOS: Sportsbook BetUS.com sees mushrooms, at 6 to 1, as likeliest successor to spinach as tainted vegetable; garlic is long shot at 20 to 1. ... When it rains: Direct-mail firm once owned by Rove sends mailing attacking Colorado's Democratic gubernatorial candidate -- but mistakenly uses another politician's picture.

House Panel Grills Foley's Former Aide (AP-Y)

By Larry Margasak

AP-Yahoo, October 13, 2006

Former Rep. Mark Foley's one-time aide didn't waver Thursday from his past statements during nearly five hours of closed testimony before the House ethics committee, the witness' lawyer said. Kirk Fordham has publicly said he raised alarms with the House speaker's top aide nearly three years ago.

Fordham, who was Foley's chief of staff, would not comment after emerging from a session with the ethics committee. His lawyer, Timothy Heaphy, would not provide details.

Heaphy said Fordham was "consistent in his accounts" and "forthcoming."

Fordham's extensive knowledge of Foley's actions include the Florida Republican's attempt to enter the page dorm while drunk several years ago — one of the events that triggered several alarms raised by Fordham with House officials, according to one source familiar with Fordham's actions and knowledge.

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House Speaker Dennis Hastert, R-Ill., has said he learned of inappropriate approaches by Foley in late September and his aides found out in the fall of 2005. Hastert's chief of staff, Scott Palmer, has denied that Fordham contacted him at least three years ago, contradicting Fordham and creating one of the major conflicts the committee must resolve.

Hastert spokesman Ron Bonjean said after Fordham's testimony: "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

Fordham has made several public statements on his actions and has been questioned by the FBI. Heaphy said Fordham has been asked not to comment on the substance of the inquiry because of the ongoing investigation.

Foley resigned from Congress on Sept. 29 after being confronted with sexually explicit instant messages.

Polls indicate the page scandal is hurting Republican chances of retaining the majority in the House. President Bush appeared with the embattled speaker in Chicago on Thursday, saying the country would be "better off" with Hastert in power.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Bush said as he opened a speech to raise money for two Illinois congressional candidates.

Fordham isn't the only witness who will testify about earlier, unsuccessful attempts to stop Foley, although the timelines differ.

Rep. John Shimkus, R-Ill., scheduled to appear Friday, has said he confronted Foley last fall, after he was told by Hastert's office of an overly friendly — but not sexually explicit — e-mail to a page from Louisiana.

Shimkus is chairman of the House Page Board, a group of three lawmakers and two House officers who set policy for the program that brings teenagers to Congress to attend school and perform errands in the chamber during sessions.

Shimkus has said that he and then-House clerk Jeff Trandahl confronted Foley in his office last fall after hearing from Hastert's aides about the e-mail. Shimkus said he told Foley to cease all contact with the Louisiana teenager.

The lawmaker did not tell the two other House members of the page board about the meeting — Dale Kildee, D-Mich., and Shelley Moore Capito, R-W.Va.

Shimkus said he was following the wishes of the boy's parents.

"I think Congressman Shimkus acted in an expedited manner to find out what happened" while respecting the wishes of the family, Hastert said in support of Shimkus' decision to keep the two other lawmakers out of the loop.

Another Republican House member, Rep. Jim Kolbe of Arizona, has pushed the timeline on GOP knowledge of Foley's conduct back to 2001.

Kolbe said a former page contacted his office to report receiving e-mails from Foley that made him uncomfortable. "I was not shown the content of the messages and was not told they were sexually explicit. It was my recommendation that this complaint be passed along to Rep. Foley's office and the clerk who supervised the page program. This was done promptly," he said.

Republicans received a new indication Thursday that the Foley scandal is hurting their chances of retaining control of the House.

Rep. Jo Ann Emerson, R-Mo., said in Cape Girardeau that GOP leaders made a mistake in failing to take quick action to address Foley's conduct. She said the controversy and the public's frustration with the war in Iraq could make it difficult for the GOP to retain control.

"Today, I'd say we aren't going to hold it," she said in remarks quoted by the Southeast Missourian newspaper in Cape Girardeau.

Before Fordham appeared, Capito was questioned by the House investigators.

"I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion," she said after finishing her testimony.

Capito's Democratic opponent had earlier accused her of failing to protect the high schoolers in the page program.

Foley's Former Top Aide Testifies (WP)

By Charles Babington

The Washington Post, October 13, 2006

A key player in the unfolding scandal involving teenage pages and a Florida lawmaker testified for more than four hours before a House ethics committee panel yesterday, repeating his assertions that Speaker J. Dennis Hastert's top aide had early warnings about the congressman's questionable behavior toward youths, according to the witness's attorney.

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Kirk Fordham, who was a chief of staff to then-Rep. Mark Foley (R), was consistent with his previous statements when he gave sworn testimony to a panel investigating the House's handling of Foley's actions, lawyer Timothy J. Heaphy told reporters after the two men emerged from an afternoon of questioning.

Fordham has said that he turned to Hastert's chief of staff, Scott Palmer, in 2003 in hopes of persuading Foley to stop showing so much interest in teenage pages, who work for a semester or two on Capitol Hill. Fordham has said Palmer later assured him that he had met privately with Foley and had informed Hastert (R-Ill.) of the situation.

Palmer has been publicly mum on the Foley affair except for a seven-word statement issued days ago: "What Kirk Fordham said did not happen."

Hastert says he knew nothing of concerns about Foley's behavior toward House pages until Sept. 29. That was the day Foley, 52, abruptly resigned his House seat as ABC News was reporting that he had sent sexually graphic electronic messages to former pages.

Fordham's testimony places crucial questions about the Foley affair in front of the highest level of the House Republican leadership: Did Hastert's top aides have reason to think Foley was behaving improperly? Did they relay the concerns to the speaker? And if they did not, why not?

Hastert spokesman Ron Bonjean issued a statement after Fordham's testimony, saying: "The ethics committee is investigating this matter and we are confident in its ability to determine the real facts. The Speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion."

Heaphy was with Fordham for nearly five hours as Fordham spoke with three ethics committee members and their staffers in a Capitol basement meeting room. Heaphy told reporters that his client "has been forthcoming with them. He has been consistent in his accounts of these events when he talked to the FBI and today."

The ethics committee has no jurisdiction over Foley, who is no longer a House member, but the FBI is investigating whether he committed a crime.

Fordham worked for other GOP lawmakers after leaving Foley's staff; he resigned last week as chief of staff to Rep. Thomas M. Reynolds (R-N.Y.) after it was learned that he had tried to negotiate with ABC News on behalf of Foley regarding the lewd instant messages.

While Fordham's assertions deal with Foley's alleged face-to-face behavior toward pages, another thread of the scandal involves two other key Hastert aides -- counsel Ted Van Der Meid and deputy chief of staff Mike Stokke. They have said they were alerted last year about e-mails Foley had sent to a former page from Louisiana. The e-mails, which asked the boy what he wanted for his birthday and requested he send a photo of himself, alarmed the youth and his parents. ABC News's eventual reporting of the e-mails led to leaks of the far more explicit instant messages to former pages.

A chronology issued by Hastert's office on Sept. 30 said that soon after Stokke and Van Der Meid became aware of the e-mails, two members of the House Page Board spoke with Foley, who told them that his actions were innocent. Stokke and Van Der Meid said they did not alert Hastert or Palmer, and the speaker has said they acted properly.

Yesterday morning, the ethics panel spent more than an hour with Rep. Shelley Moore Capito (R-W.Va.). She is among the members of the House Page Board who were not alerted about the e-mails sent to the Louisiana youth. "I'm a member of the Page Board who was not informed of the e-mail messages that were sent," Capito told reporters as she left the session.

She and another Page Board member -- Rep. Dale E. Kildee (D-Mich.) -- have said that they should have been informed and consulted. Democrats say an inquiry into early concerns about Foley might have uncovered his objectionable communications, which had been whispered about in some circles of former pages.

Instead, two officials quietly met with Foley late last year. They were then-House Clerk Jeff Trandahl and Rep. John M. Shimkus (R-Ill.), chairman of the Page Board. Shimkus is to testify before the ethics panel today, his office said.

Officials expected to testify next week or later, House sources said, include Trandahl and House Majority Leader John A. Boehner (R-Ohio). Boehner and Reynolds have said they told Hastert about the e-mails to the Louisiana youth. The speaker says he does not recall such conversations.

Aides including Palmer, Stokke and Van Der Meid are virtually certain to be summoned, House insiders say, but it is unclear when.

The ethics committee members attending yesterday's sessions were the chairman, Rep. Doc Hastings (R-Wash.); the ranking Democrat, Rep. Howard L. Berman (Calif.); and Rep. Judy Biggert (R-Ill.). The fourth subcommittee member handling the Foley matter is Rep. Stephanie Tubbs Jones (D-Ohio).

Ex-Foley Aide Testifies For Ethics Panel (USAT)

By Kathy Kiely

USA Today, October 13, 2006

WASHINGTON — Members of the House ethics committee spent more than four hours Thursday taking sworn testimony from a former congressional aide who says he sounded the alarm about Rep. Mark Foley's advances to teenage pages at least two years ago.

Kirk Fordham, a top aide to Foley for 10 years, said nothing as he emerged from an afternoon of interrogation by the two top-ranking members of the ethics panel: Chairman Doc Hastings, R-Wash., and Rep. Howard Berman, D-Calif.

"Mr. Fordham has been completely forthcoming," said his attorney, Tim Heaphy. "He was under oath. That's all I can say."

Fordham is considered a key figure in the ethics committee investigation, which focuses on whether House leaders should have responded sooner to warnings about Foley's unusual interest in male House pages.

Foley, a six-term Florida Republican, resigned from Congress Sept. 29 after ABC News confronted him with sexually explicit Internet messages he allegedly sent to teenage pages. Foley is now in an alcohol rehabilitation center. His lawyer, David Roth, has said Foley did not have sex with minors.

In Chicago, President Bush made his first appearance with House Speaker Dennis Hastert since the controversy. Hastert introduced Bush at a fundraiser for Republican candidates as "our friend … our leader." Bush said of Hastert. "I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House."

Fordham has said he told Hastert's chief of staff, Scott Palmer, about aspects of Foley's behavior sometime before 2004. Palmer has denied that.

Two other House Republicans, Majority Leader John Boehner of Ohio and Rep. Thomas Reynolds of New York, have said they warned Hastert about Foley's attention to pages last spring. Hastert has said he doesn't remember the conversations. Rep. Jim Kolbe, R-Ariz., has said he told the House clerk's office in 2000 or 2001 about e-mails that a page told Kolbe's office made him feel uncomfortable.

Fordham and the congressmen have said they did not know about sexually explicit messages that came to light recently. They were reporting contacts they considered overly friendly, Fordham has said.

Also Thursday, ethics committee members interviewed Rep. Shelley Moore Capito, R-W.Va., a member of the House Page Board. Capito has said she knew nothing about concerns over Foley's relationship with pages until he resigned.

Rep. John Shimkus, R-Ill., the head of the page board, will meet with the ethics committee today. Shimkus has said he confronted Foley last fall after Rep. Rodney Alexander, R-La., reported that parents of a former page he sponsored were concerned about messages Foley was sending their son. Shimkus has said he believed Foley when Foley told him that he would change his behavior.

Shimkus took then-House clerk Jeff Trandahl to meet Foley but did not tell the other members of the page board, Capito and Rep. Dale Kildee, D-Mich. Shimkus has said he was honoring the wishes of the page's parents, who wanted the matter kept private.

At a news conference on Capitol Hill on Thursday, members of the Survivors Network of those Abused by Priests said House leaders are mishandling abuse complaints. Barbara Blaine, a Chicago lawyer who founded the group, said members of Congress should report suspected misconduct to police. "Law enforcement officials are best equipped to determine what's innocuous," she said.

Ex-aide Testifies He Warned About Foley 3 Years Ago (WT/AP)

The Washington Times, October 13, 2006

Former Rep. Mark Foley's former aide didn't waver yesterday before the House ethics committee from his contention that he told the House speaker's chief of staff about Mr. Foley's approaches to male pages at least three years ago, the witness's attorney said.

Kirk Fordham would not comment after emerging from nearly five hours of closed-door testimony, but his attorney, Timothy Heaphy, said Mr. Fordham was "consistent in his accounts." Mr. Fordham has spoken out publicly on his timeline and was questioned by the FBI.

House Speaker J. Dennis Hastert has said that he personally learned of the inappropriate approaches by Mr. Foley in late September and that his aides found out in fall 2005. The speaker's chief of staff, Scott Palmer, has denied that Mr. Fordham contacted him at least three years ago, contradicting Mr. Fordham and creating one of the major conflicts the committee will have to resolve.

Mr. Heaphy told reporters that his client was "forthcoming" in his testimony. "He has been consistent in his accounts of these events when he talked to the FBI and today met with the ethics committee. He has been truthful and cooperative and will continue to be throughout this and other investigations."

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Mr. Heaphy said Mr. Fordham has been asked not to comment on the substance of the inquiry because of the ongoing investigation.

Mr. Foley resigned from Congress Sept. 29, after being confronted about his sexually explicit instant messages.

Mr. Fordham isn't the only witness who will testify about earlier, unsuccessful attempts to stop Mr. Foley, although the timelines differ.

Rep. John Shimkus, Illinois Republican, who is scheduled to appear today, has said he confronted Mr. Foley in the fall, after he was told by Mr. Hastert's office of an overly friendly -- but not sexually explicit -- e-mail to a page from Louisiana. Mr. Shimkus is chairman of the House Page Board, a group of three lawmakers and two House officers who set policy for the program that brings teenagers to Congress to attend school and perform errands in the chamber during sessions.

Mr. Shimkus has said that he and Jeff Trandahl, who was House clerk at the time, confronted Mr. Foley in his office in the fall after hearing from Mr. Hastert's aides about the e-mail. Mr. Shimkus said he told Mr. Foley to cease all contact with the Louisiana teenager.

Mr. Shimkus did not tell the two other House members of the Page Board about the meeting -- Democrat Dale E. Kildee of Michigan and fellow Republican Shelley Moore Capito of West Virginia. Mr. Shimkus said he was following the wishes of the boy's parents.

"I think Congressman Shimkus acted in an expedited manner to find out what happened, again with what the framework of what the family concern was," Mr. Hastert said in support of the decision to keep the other two lawmakers out of the loop.

Ex-Aide To Foley Testifies Of Warning Speaker's Office (NYT)

By Jeff Zeleny

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — A longtime aide to former Representative Mark Foley testified before the House ethics committee for nearly five hours on Thursday, repeating under oath his account of having explicitly warned Speaker J. Dennis Hastert's office at least three years ago that Mr. Foley should be told to keep his distance from Congressional pages.

The aide, Kirk Fordham, was the first sworn witness to appear before the bipartisan ethics panel, which is investigating whether any Republican leaders knew about Mr. Foley's conduct, which was ultimately exposed in a series of sexually explicit exchanges with former pages, and whether anything was done about it.

"Kirk has been forthcoming with them," said Timothy J. Heaphy, a lawyer representing Mr. Fordham, speaking to reporters as he walked from the committee room. "He's been consistent throughout."

Mr. Heaphy, with his client at his side, declined to answer questions about the long afternoon of questioning by three members of the committee and a team of investigators, which he would describe only as "thorough." As Mr. Fordham left the closed-door session, the sun had started to fall over the Capitol, and before getting into a taxi, he said: "I feel a lot of relief right now. It went well."

A person close to the inquiry who is sympathetic to Mr. Fordham said that Mr. Fordham decided to break his loyalties to Mr. Foley, a Florida Republican whose political career he had protected and scripted for a decade, in hope of getting his boss to change his behavior. The person agreed to speak about the matter, which is under investigation by federal prosecutors and by the House, only on the condition of anonymity.

Mr. Fordham has said he discreetly told Scott Palmer, Mr. Hastert's chief of staff, about a pattern of Mr. Foley's behavior.

The person sympathetic to Mr. Fordham said that one incident had pushed Mr. Fordham into action after years in which he heard minor complaints about Mr. Foley's conduct. The person said that Jeff Trandahl, then the House clerk, had told Mr. Fordham that Mr. Foley, who seemed drunk, had gone to the pages' dormitory near the Capitol after hours.

Mr. Palmer denies receiving a warning about Mr. Foley. Mr. Trandahl has declined to comment, saying he will save his remarks for investigators.

Mr. Fordham's testimony rests at the center of what investigators are trying to determine. The notion that he is, essentially, testifying against the word of Mr. Hastert and his closest aides underscores how the page scandal has upended the midterm election campaign and created unlikely political casualties.

Mr. Fordham, a respected Republican operative, resigned last week as chief of staff to Representative Thomas M. Reynolds, Republican of New York.

The fallout from Mr. Foley's case has increased complications for Republican candidates across the country, beginning with Mr. Reynolds, the chairman of the party's Congressional campaign committee, whose advisers now believe may be on the cusp of losing his re-election fight.

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The House ethics panel, formally known as the Committee on Standards of Official Conduct, convened Thursday in the basement of the Capitol. Throughout the day, the current class of House pages, dressed in blue coats and gray slacks and skirts, passed through a dim corridor by the closed wooden doors of the committee room, HT-2.

A locker room for House pages is one door away.

For the committee, the investigation into how Mr. Foley's case was handled is the first high-profile inquiry in nearly two years. Quarreling by Republicans and Democrats over the rules and the membership of the committee had essentially left the panel dormant.

Representative Doc Hastings, a Washington Republican who was appointed last year by Mr. Hastert to lead the committee, and Representative Howard L. Berman, of California, the ranking Democrat, have vowed to follow the investigation "wherever the evidence leads." Representative Judy Biggert, an Illinois Republican, was also present for the questioning.

The committee is scheduled to reconvene Friday, when Representative John Shimkus, an Illinois Republican who oversees the Congressional page program, is set to testify. Mr. Shimkus is the first of several Republican lawmakers who are expected to go before the committee, including the majority leader, Representative John A. Boehner of Ohio, and, ultimately, Mr. Hastert.

The speaker's office declined to issue a new comment on Thursday for Mr. Fordham's appearance. A spokesman, Ron Bonjean, said, "The ethics committee is investigating the matter, and we are confident in its ability to determine the real facts." Before Mr. Fordham arrived, Representative Shelley Moore Capito, Republican of West Virginia and a member of the page board, testified before the committee.

Ms. Capito declined to comment specifically on her testimony, but told reporters: "I'm a member of the page board who was not informed of the e-mail messages that were sent. I want the investigation to go forth quickly and reach a conclusion."

Ex-aide Testifies To Ethics Panel About Foley (CNN)

CNN.com, October 13, 2006

WASHINGTON (CNN) -- Ex-congressional aide Kirk Fordham emerged from a House ethics committee hearing Thursday after more than four hours of sworn testimony in the scandal surrounding former Rep. Mark Foley's inappropriate contacts with teenage pages.

Fordham, once Foley's chief of staff, went before the ethics committee's investigative panel early Thursday afternoon and remained there until well after 5 p.m. Neither he nor his lawyer, Tim Heaphy, would discuss details of his testimony, but Heaphy said Fordham "has been forthcoming."

"He has been consistent in his accounts of these events when he's been with the FBI [and] when he's today met with the ethics committee," Heaphy said. "He's been truthful and cooperative and will continue to be throughout this and other investigations."

A source familiar with Fordham's account said the ex-aide would testify that he warned House Speaker Dennis Hastert's office years ago about complaints regarding Foley's behavior around the teenage messengers who work on Capitol Hill -- including a report that the disgraced congressman showed up drunk at the congressional page dormitory.(Watch Bush stand by Hastert -- 1:10)

House Republican Conference Chairwoman Deborah Pryce, R-Ohio, asked House Clerk Karen Haas to investigate the dormitory allegation last week. Capitol police are looking through files for any record of the incident, a spokeswoman said.Fordham's account disputed

But CNN was told by two sources familiar with Fordham's account and a third, independent source that Fordham maintains he arranged a meeting between Foley and Hastert's chief of staff, Scott Palmer, about that report and accounts of other behavior Fordham found troubling.

Palmer has denied Fordham's account, insisting in a statement last week that "What Kirk Fordham said did not happen." He has made no further public comment, but Hastert's office issued a brief statement after Fordham's testimony.

Fordham's version of the story contradicts statements by other members of the House leadership. Hastert's office said it first learned about non-explicit but "overly friendly" e-mails between Foley and a Louisiana teen who had served as a page earlier that year, and did not know about the sexually explicit instant messages that triggered Foley's resignation until September 29, when the congressman abruptly resigned.

In a statement following Fordham's testimony, Hastert spokesman Ron Bonjean said the speaker's office was confident that the ethics committee would "determine the real facts."

"The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion," Bonjean said.

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Fordham resigned last week as chief of staff to Rep. Tom Reynolds, R-New York, after ABC News reported that he offered the network an exclusive on Foley's resignation if it agreed not to air transcripts of the most explicit messages. He said earlier Thursday that he was "pretty comfortable" with the testimony he was to deliver.

"I slept very well last night. I had a good night's sleep," he said. "I talked to my family, and I am going to tell the truth."

The committee also heard from Rep. Shelley Moore Capito, who sits on the House Page Board. When the scandal broke, Capito, R-West Virginia, said she was never consulted about the concerns raised about Foley in 2005.

"I want to see this investigation go forth quickly and reach a conclusion," she told reporters after about an hour and a half in the committee room Thursday morning.Investigations under way

The House ethics committee and the Justice Department are investigating Foley's contacts with the boys and how the House GOP leadership handled the matter. Fordham sat down with FBI agents last week, and Jordan Edmund -- a former page who has reported receiving sexually explicit instant messages from Foley -- talked to federal agents Tuesday.

Edmund's lawyer, Stephen Jones, said the contact between Foley and his now 21-year-old client was minimal, and there was no sexual contact between the two.

A source familiar with the FBI probe, including statements from pages, suggests that investigators won't find any evidence that Foley had sex with underage pages. But the source said investigators will find that Foley consistently gave pages his private e-mail address as they would leave the program.

One page has said that Foley "cast a wide net" after pages left the program and continued communicating with pages he considered willing to develop a personal relationship.

Meanwhile, more lawmakers are planning to go before the ethics committee. House Majority Leader John Boehner "was invited to meet with them and looks forward to providing any information that might be helpful to their inquiry," Boehner spokesman Kevin Madden said. He did not disclose when Boehner would testify.

Page Board Chairman John Shimkus, R-Ilinois., is scheduled to testify Friday, his spokesman said. And Rep. Rodney Alexander, who brought Foley's e-mails to the Louisiana teen to House leaders' attention, is scheduled to testify next Wednesday, his chief of staff said.

CNN National Correspondent Susan Candiotti contributed to this report.

Geddings Verdict: Guilty Of Fraud (CO)

By David Ingram And Mark Johnson

The Charlotte Observer, October 13, 2006

Raleigh - A federal jury on Thursday found former N.C. lottery commissioner Kevin Geddings guilty on five counts of mail fraud after a three-week trial.

Geddings faces up to 100 years in prison. He has not yet been sentenced. He was found not guilty of one count of wire fraud.

Prosecutors accused Geddings of participating in a conspiracy with two lobbyists for lottery vendor Scientific Games in an effort to help the company win a contract from the new N.C. lottery.

Geddings, 42, a former Charlotte businessman, showed little emotion when the verdict was read. His wife Christine sat behind him with her mouth open.

Geddings Found Guilty Of Fraud (AP)

AP, October 13, 2006

Sentencing is set for February

Kevin Geddings, a former N.C. Lottery commissioner charged with failing to disclose his work for a leading supplier of scratch-off tickets and lottery systems, was convicted yesterday of federal mail-fraud charges.

The guilty verdicts capped a three-week trial, during which Geddings told jurors that he didn't believe that he needed to report his past dealings with Scientific Games Corp. to the N.C. Board of Ethics.

"What the whole case was about was the fact that public officials serve the public," said Assistant U.S. Attorney Dennis Duffy. "People are sick of public officials serving their own interest and the interests of their friends especially."

After more than six hours of deliberations, jurors found Geddings, 42, guilty of five counts of honest services mail fraud and not guilty on a single count of wire fraud. A judge earlier dismissed three other counts of fraud included in the original indictment.

Geddings faces thousands of dollars in fines and up to 20 years in prison on each count, although prosecutors have said that it's unlikely that his sentence will be that long. A sentencing hearing was scheduled for Feb. 5, and Geddings will remain free until then.

Geddings and his attorney did not immediately return phone calls.

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Prosecutors said that Geddings defrauded the state of honest services by failing to disclose more than $250,000 in payments his public-relations company got from Scientific Games between 2000 and 2005. Among their key pieces of evidence was $24,500 in payments from Scientific Games to Geddings for work performed in the months leading up to the lottery's passage in August 2005.

Geddings resigned Nov. 1, hours before Scientific Games told state regulators about the payment, which Geddings did not include on a disclosure form filed with the state ethics board.

U.S. Attorney George Holding said that the government will continue its investigation into other possible wrongdoing surrounding the creation of the lottery, although he declined to discuss details.

"Today's verdict sends a very, very clear message that public servants in North Carolina may not lie to the people, they may not hide the truth from the people, and they may not profit on the backs of the people," Holding said.

During the trial, prosecutors said that Geddings worked with Alan Middleton, a longtime friend and Scientific Games executive, and Meredith Norris, Black's unpaid political director who was working for the company as a lobbyist, to advance Scientific Games' cause in North Carolina.

Scientific Games failed to win any business with the lottery.

Norris has pleaded no contest to charges that she broke state lobbying laws, and similar charges against Middleton are pending. Neither has been charged with a federal crime.

White House, NSA Staff Said To Be Buyers From Online Diploma Mill (AP)

AP, October 13, 2006

SPOKANE, Wash. - A White House staff member and National Security Agency employees were among 6,000 people who bought bogus online college degrees from a diploma mill, a federal judge has been told.

Others who paid thousands of dollars for phony diplomas in the operation, which used names such as St. Regis University, James Monroe University and Robertstown University, include a senior State Department employee in Kuwait and a Department of Justice employee in Spokane, defense lawyer Peter S. Schweda said Wednesday.

None of the federal officials was identified during the status conference for five defendants in U.S. District Court, nor would lawyers for either side provide any of their names outside the courtroom, The Spokesman-Review reported Thursday.

"We're not going to disclose who bought these degrees until after the trial is under way," U.S. Attorney James A. McDevitt told the newspaper.

Material provided to the defense by the Justice Department shows at least 135 government employees, also including some from the Department of Health and Human Services, bought college or university degrees to use in seeking promotions or pay raises, Schweda said.

The defense team also is seeking access to an Office of Personnel Management report which reportedly provides more detail on federal employees who are believed to have purchased the bogus degrees to enhance their portfolios.

The White House employee who reportedly bought a degree is the subject of a separate investigation, Schweda said.

The latest twist in the criminal case came Wednesday, a day after Kenneth Wade Pearson, 31, webmaster for the operation, pleaded guilty to conspiracy to commit wire and mail fraud and receipt of child pornography.

Pearson said he would provide evidence and testify against Dixie E. and Stephen K. Randock Sr. of Colbert, described by government investigators as the ringleaders, making him the third of eight defendants to reach plea agreements in the case.

Pearson, who likely faces three to five years in prison, remained free on a $10,000 bond he posted after being indicted in January. Judge Lonnie R. Suko postponed his sentencing until December 2007, two months after the Randocks and three others are scheduled to go on trial.

The Randocks also remain free on bail.

More than 10,000 sexually explicit images of children were found in four computers used by the Spokane-based operation, government lawyers said, but only Pearson was named in pornography charges.

The defendants are charged with conspiring to commit wire and mail fraud and laundering almost $2 million in diploma mill receipts in 2002-05.

As webmaster, Pearson set up and maintained as many as 125 Web sites for sales of fraudulent college and high school degrees worldwide, investigators wrote in court filings.

Investigators also have asserted that more than $43,000 in bribes were paid to three Liberian diplomats who also have not been identified, including one handoff that was videotaped by Secret Service agents at a hotel in Washington, D.C. Government lawyers have said diplomatic immunity precludes charges against the diplomats.

The Liberian "Board of Education" offered accreditation for the online diploma mills in exchange for the bribes, according to court filings.

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About 40 percent of the estimated 6,000 phony college degrees that were sold with that accreditation went to foreign residents seeking entry into the United States, investigators wrote in court filings.

A task force of state and federal agents served search warrants in August 2005 investigators found many of the phony degrees were sold in Saudi Arabia, raising national security concerns.

Ex-Member Of MS-13 Wore A Wire For Agents (WP)

By Ruben Castaneda

The Washington Post, October 13, 2006

A former member of the violent street gang MS-13 revealed in federal court yesterday that he risked his life for nearly two years by working undercover for federal agents and police investigating the group.

Noe "Shorty" Cruz, 25, testified in U.S. District Court in Greenbelt that he wore a wire two or three times to gang meetings. During one of those meetings, gang members played a videotape showing two Prince George's County police officers and a federal agent and spoke of killing an officer, Cruz testified.

Cruz also said that he tipped off investigators about which gang members' homes should be raided, that MS-13 members robbed prostitution houses and that gang leaders sent money to MS-13 leaders in El Salvador.

He testified that he turned against the gang because MS-13 members murdered another member who was his friend. To maintain his cover and avoid being beaten, he said, he took part in a fight against rival gang members at a Hispanic festival in the District.

The testimony provided a detailed look at what prosecutors say are the gang's violent ways. Cruz, who began testifying Wednesday and could complete his testimony today, is one of the government's star witnesses in its efforts to prove MS-13 is an internationally-connected criminal enterprise, rather than a neighborhood street gang.

Cruz was accompanied to and from the witness stand by federal marshals.

During the past year, federal prosecutors indicted 22 alleged members of MS-13, also known as Mara Salvatrucha, on federal racketeering charges. The indictment accuses the gang of six homicides and four attempted murders between April 2003 and June 2005. Eight attacks were in Prince George's and two in Montgomery.

Cruz is testifying against the first two defendants to go on trial: Oscar Ramos "Casper" Velasquez, 21, of Baltimore and Edgar Alberto "Pony" Ayala, 29, of Suitland. Both defendants are charged with racketeering; neither is accused of homicide.

Cruz identified Ayala as a leader of an MS-13 clique.

Some of Cruz's most compelling testimony concerned a meeting on April 17, 2004, when Cruz viewed the videotape of the three law enforcement officers.

Federal prosecutors played parts of the audiotape from the meeting, which was conducted in Spanish. Jurors and defense attorneys were provided with transcripts translated into English.

Under direct examination by Assistant U.S. Attorney Sandra Wilkinson, Cruz explained what happened at the meeting, which was attended by more than a half-dozen MS-13 members, he said. The meeting took place in the apartment of Israel Ramos "Taylor" Cruz, whom Cruz (no relation) identified as an MS-13 leader.

At the meeting, one gang member lamented "that crazy vato loco is busting everybody," according to the transcript. Vato loco is Spanish slang for crazy guy. Cruz said this was a reference to county police Detective Felipe Ordoño, a gang investigator who was Cruz's handler. At the time, Ordoño was arresting many gang members, Cruz said.

There was talk of another officer, and one gang member said, "There's a lot of status for one of those cops, you know," according to the transcript. Cruz explained that whoever killed an officer would gain much respect within MS-13.

Someone turned on a TV, and a video was played. It showed Ordoño, Roberto Acevedo, who at the time was a county police officer, and Todd Okray, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, in the Langley Park area, Cruz said. Okray is the lead agent in the racketeering investigation.

No attempts on the lives of the three law enforcement officers have been reported.

Cruz testified that he joined MS-13 at 14 in his native El Salvador. He was initiated into the gang by being "jumped in," or beaten, by fellow gang members. He came to Maryland the same year and joined a local MS-13 clique, the Sailors, which entailed another initiation beating, Cruz said.

Cruz said that he became disenchanted with the gang after the Nov. 22, 2003, murder of friend and fellow gang member Randy "Fenix" Calderon in Montgomery County. Cruz said he learned at a gang meeting that Juan Carlos "Stokey" Moriera, also an MS-13 member, shot Calderon. Moriera is charged in the indictment.

At the meeting, gang leaders explained that Calderon was killed because he had fatally stabbed a rival gang member inside the Silver Spring apartment of an MS-13 leader, Cruz said. Gang members were not upset about the murder but were upset that Calderon did it inside the apartment of a gang leader, Cruz testified.

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In December 2003, Cruz was charged with assaulting his girlfriend, a charge that was later dropped, Cruz said. After Cruz was released from jail, Ordoño visited him, and he began talking about gang activities because of the Calderon killing, Cruz said.

In August 2005, when federal agents and police arrested nearly two dozen MS-13 members under an indictment, Cruz said he was picked up, too, to maintain his cover. He testified that the government has relocated him.

FBI Probing Staff Member, Specter Says (PPG)

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 13, 2006

WASHINGTON -- Sen. Arlen Specter has acknowledged that the FBI is investigating whether one of his staffers directed millions of dollars in federal money toward companies that were clients of her husband's lobbying firm.

The Pennsylvania Republican this week released a copy of an FBI letter, sent to him this summer, that asks for help with a probe into "allegations of possible criminal misconduct" by Vicki Siegel Herson, who currently works as the senator's special projects coordinator.

In February, USA Today reported that Mr. Specter's office was instrumental in getting almost $50 million in projects for several clients of a Washington-based lobbying firm, American Defense International, between 2002 and 2005. The firm's president, Michael Herson, is the husband of Ms. Siegel Herson. Up until last year, she handled Mr. Specter's work for the Senate Appropriations Committee.

In an interview transcript issued by his press secretary yesterday, Mr. Specter said that his office's internal investigation found "no impropriety." Still, he has referred the issue to the Senate Ethics Committee. He also has changed rules for his staff, requiring top aides to identify conflicts of interest involving appropriation requests.

The FBI letter asked Mr. Specter to show authorities a report detailing the internal investigation. He shared the information in September, when FBI officials visited his office. Since then, Mr. Specter said, the bureau hasn't contacted him.

A spokesman for the FBI's Washington field office yesterday declined to say if the investigation is still under way.

Funding for American Defense International's clients was placed in defense legislation through a controversial process known as "earmarking," which allows lawmakers to set aside money in spending bills for pet projects that often benefit their states or districts.

Mr. Specter has said his office gets hundreds of requests for earmarked funds each year and that it would be impossible for him to review each project.

He has defended some projects in Pennsylvania, describing them as important for national security, including nearly $21 million in earmarked funds for Drexel University's bio-terrorism and defense networking technology work in recent years.

Senate ethics rules do no stop spouses from lobbying, but both lawmakers and staffers are required to avoid the appearance of a conflict of interest.

Murders, Robberies Jump In Cities (USAT)

By Kevin Johnson

USA Today, October 13, 2006

WASHINGTON — Less than a month after the FBI reported that violent crime rates rose across the nation in 2005, there is fresh evidence that homicides and robberies are continuing to increase in dozens of cities.

A review of 55 cities' crime data from the first six months of this year indicates the overall number of homicides rose by 4.2% compared with the same period in 2005, according to the Police Executive Research Forum, a police advocacy group. In a report Thursday, the group also said robberies rose nearly 10% and that aggravated assaults were up slightly.

The report is the latest turn in a debate over whether the U.S. government has neglected local law enforcement needs by directing tens of millions of dollars to anti-terrorism initiatives. The police executives' group has been among those pressing for more police funding to counter rising numbers of violent incidents involving gangs and drugs. Among other things, the group has cited the FBI's report last month that detailed a 1.8% increase in the nation's murder rate in 2005, after a two-decade low in 2004.

Chuck Wexler of the police group said Thursday's report is an “early warning” that many cities could be at “the front end of a tipping point of violent crime.”

While emphasizing the need to prevent terrorism, the Justice Department has acknowledged that crime is continuing to rise in some cities this year. However, Deputy Attorney General Paul McNulty and other officials say it is too soon to tell whether the increases are a significant departure from the historically low crime rates of the past decade.

Of the 55 cities surveyed by the police group, 19 had double-digit percentage increases in homicides. More than 40 cities reported jumps in robberies. Among them:

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·Orlando had 30 homicides in the first six months of the year, up from seven during the same period in 2005. Orlando police Sgt. Barbara Jones says about 60% of this year's slayings have been linked to drugs.

·In Memphis, homicides rose 43.6%, robberies were up 35% and aggravated assaults rose 7.4% in the first six months of 2006, compared with the same period last year. Tom Kirby of the Memphis and Shelby County Crime Commission cites gangs that have had turf battles and preyed on immigrant communities.

U.S. Rep. Frank Wolf, R-Va., chairman of the House Appropriations panel that oversees the Justice Department, called Thursday's report "staggering." He urged Robert Portman, head of the Office of Management and Budget, to meet with police officials "to better understand their needs."

Homicides have declined in some cities in 2006, the report said. Among them: Dallas, Chicago, Kansas City, Milwaukee, Norfolk and Washington, D.C.

Gun Goes Off In City Elementary School (BSUN)

By Sara Neufeld And Annie Linskey

The Baltimore Sun, October 13, 2006

A day after a stabbing in a Northwest Baltimore middle school, an 8-year-old boy in a nearby third-grade classroom discharged a loaded revolver Thursday, prompting some community leaders to call for the installation of metal detectors in city schools.

The city's school police chief said he would support such a preventive measure, even in elementary schools but said the move might be impractical.

Though no one was hurt in Thursday's incident at Grove Park Elementary, the events of the two days left parents frightened and distraught, and raised questions about whether the city school system is doing enough to keep children safe.

"It is disheartening," said School Police Chief Antonio Williams. "There is no good reason for an 8-year-old to have a gun."

While Baltimore schools do not have metal detectors, other big-city school systems sometimes use them in middle and high schools, said Kenneth Trump, president of a Cleveland-based school safety consulting firm. But he knew of no elementary schools using the devices, and he said they aren't foolproof.

"It's certainly a temptation for a knee-jerk reaction, but there are still many, many ways people can get weapons in," he said.

Thursday, an 8-year-old boy took a .22 caliber revolver to Grove Park and put it inside his desk, police said. Another boy, also 8, came over to see the gun about 10 a.m. and accidentally pulled the trigger. About 20 children were in the room at the time.

The gun and the bullet, which did not penetrate the desk, were recovered, Williams said. Both boys were taken into custody, but the boy who discharged the gun was released to a parent Thursday afternoon. The boy who took the gun was charged with one count of possessing a handgun and was being processed at the city's Department of Juvenile Services.

The boys' names were not released because they are juveniles.

Officials said they were investigating where the boy got the gun, but the principal sent home a letter imploring parents to check their children's backpacks and pockets before they come to school. The letter said the school will begin conducting periodic checks of backpacks and lockers. Administrators held an assembly to tell children not to take weapons to school.

Questions remained Thursday night about whether the substitute teacher who was supposed to be supervising the third-grade class was in the room when the gun went off. School system spokeswoman Edie House said the teacher was there and recovered the gun, but the father of a child in the room said she was not.

"The teacher was not in the classroom," said Les Moore, whose son was sitting next to the boy with the gun and saw him put it in his desk. "She came in after the shot. She must have been right outside the classroom."

Moore was angry that he learned about what happened from reporters when he came to pick up his son at the end of the school day and that police had interviewed his son without his knowledge.

"I feel like we should have been notified immediately," he said. "Especially the [parents of the] children who were in the classroom." He said he would want to be at his son's side after such a traumatic event.

Williams said state law allows police to interview children at a school without parental permission in an emergency, as long as they are not being questioned as criminal suspects.

Other parents were upset that school did not dismiss early.

"Why isn't school out?" asked Suyen Hinds, who was picking up her children. "Absolutely unbelievable. Every morning you send your children out and you pray."

A handful of parents who learned of the incident before school dismissed at 2:30 p.m. rushed over to get their children.

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House said the boy who took the gun would likely be placed on long-term suspension. She said taking a gun to school is normally cause for expulsion, but the decision is up to schools Chief Executive Officer Charlene Cooper Boston.

Older students who are expelled are often placed in alternative schools, but the city doesn't have an alternative school for such young children. House said home-schooling could be an option.

News of the shooting came as a shock at Grove Park, a red brick school in a neighborhood off West Northern Parkway, in the 5500 block of Kennison Ave. The school, which enrolls about 340 pupils in pre-kindergarten through fifth grade, has seen its test scores rise steadily in recent years. This spring, 85 percent of fourth-graders passed the state reading test, compared with 65 percent citywide. <

Parents spoke highly of the education Grove Park provides, and officials say it has had no previous incidents of significant violence.

"We're very confident it is an isolated event," Williams said.

On Wednesday, a 13-year-old girl at Pimlico Middle School -- a mile and a half from Grove Park -- was arrested and charged with stabbing a 14-year-old classmate in the arm with a 10-inch kitchen knife.

In the wake of the two incidents, some parents and community leaders called for the school system to consider installing metal detectors.

"Weapons are easily accessed by these kids, and it's becoming more and more dangerous," said Larry Gaines, a longtime parent advocate. "The kids are quicker to stab and shoot. Metal detectors are something that need to be seriously considered."

Gaines said the city also needs more positive recreational opportunities for children.

Williams said he has long supported metal detectors in schools. "Could every school use one? If you look at is as a preventive measure, then yeah," he said. But he added that it might not be realistic to install metal detectors everywhere, calling the matter "up for discussion."

Some safety measures in Baltimore's middle and high schools do not extend to elementary schools. Most school police officers are assigned to middle and high schools. The school police force searches students for weapons several times a year but rarely at elementary schools.

Last month, officers found a gun during a spot check for weapons outside Frederick Douglass High School, Williams said.

School police found three guns during the 2005-2006 academic year, one at a middle school and two at high schools. Two were found in 2004-2005, both in high schools. None of them was fired.

Trump, the consultant, said the most effective way to limit weapons in schools is for teachers and other school staff to develop close relationships with children.

"The No. 1 way we find out about weapons in schools is when students tell an adult they trust," he said, adding that weapons routinely find their way into prisons, which have metal detectors.

While it is rare nationally for children to bring guns to elementary schools, Trump said he hears of a few cases every year, generally when adult relatives have left the weapons in accessible places.

In January, a 7-year-old girl was shot in the arm at her Germantown day care by an 8-year-old boy who brought his father's handgun from home. The boy's father was criminally charged.

"People ask if we should put metal detectors in schools," Trump said. "I often say we should put them on the sides of the home before the kids leave for school because that's where the guns tend to come from."

Boy, 12, Charged Over Made-Up Story Of Gun Threat (WP)

By Lori Aratani

The Washington Post, October 13, 2006

Police filed charges yesterday against a 12-year-old Montgomery County boy whose false claim that a man with a gun had threatened violence against schools prompted officials to tighten security at 13 campuses Wednesday.

The boy will be charged as a juvenile with disturbing school operations, Montgomery police said. Because of his age, the seventh-grader was not named in charging documents.

The boy's story, which he told to a bus driver early Wednesday, prompted officials to take the unusual step of declaring security alerts and locking the doors at schools in northwestern Montgomery. It alarmed a community that has vivid memories of the 2002 sniper attacks and has been made uneasy recently by school shootings in Pennsylvania, Colorado and Wisconsin.

The boy later admitted that he made up the story, authorities said.

The incident has caused county school officials to rethink procedures for notifying parents about security alerts. Some parents criticized the school system for doing little to inform them about Wednesday's incident.

Some parents said they received automated phone calls about the day-long Code Blue alert, during which officials locked doors and kept student inside. But others said the only information they received was from the media.

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Dawn Nichol, 38, whose daughter Gailann is a first-grader at Germantown Elementary, said she spent the day worrying about her daughter. "I was freaking out," she said. "I was very tempted to come pick her up."

Tom Brennan, a Germantown parent, said that although he gets a daily e-mail with morning announcements from one son's school, it wasn't until about 6:45 p.m. that he received information about the Code Blue. The call, from the principal at Roberto W. Clemente Middle School, explained that there had been an alert, that the situation had been resolved and that the children were safe.

"For the communication situation to be as awful as it was is wrong," he said.

School system spokesman Brian Edwards said there was room for improvement.

School officials routinely send letters home after a Code Blue, he said, but it is left to individual schools to determine whether to do more to reach parents.

Parents are informed by phone in the event of a Code Red alert, which is more serious and during which students are kept in their classrooms or other secured areas and are not allowed to go near doors or windows.

Officials will consider whether a similar procedure or some other method of communicating with parents should be adopted for Code Blue alerts, Edwards said.

Amish Schoolhouse Is Razed (NYT)

By Sean D. Hamill

The New York Times, October 13, 2006

The one-room schoolhouse where 10 girls were shot last week, built by hand three decades ago by the Amish it served, was demolished by heavy machinery yesterday in the hope of easing the community's pain.

The Amish community had debated whether to tear down the West Nickel Mines Amish School, in Lancaster County, Pa., ever since the horror unfolded there on Oct. 2, when five of the girls were fatally wounded by Charles C. Roberts IV and the five others received serious wounds that have kept them hospitalized.

In addition to concern for the victims' families, those considering the school's fate "realized it could be very traumatic for the children, that it might just be too hard for the children who were in there to go back," said Herman Bontrager, a businessman who is a friend of some Amish church leaders in the area.

The experience of last weekend, when tourists and well-wishers clogged roads trying to get a glimpse of the schoolhouse, made the decision all the easier. "This past Sunday it was just bumper-to-bumper out there," said David Nissley, a Mennonite pastor. "They'd like to reduce the tourism it creates."

So in the darkness early yesterday morning, out of the glare of media attention, the school was torn down. Mr. Nissley volunteered his landscaping company to reseed the site with various grasses and clover to return it to pastureland.

The Amish school district board now has to decide when and where it will build a new school. For the time being, the district's 16 remaining students are attending classes in a nearby garage.

Offers of volunteer labor to help build a school have poured into the community, but Mr. Bontrager said he doubted that the Amish, known for their insularity and self-reliance, would accept.

"I think it would be pretty important for them to do it themselves," he said.

Ex-guard Is Guilty In Detainee's Death (BSUN)

By Brent Jones

The Baltimore Sun, October 13, 2006

A former correctional officer was convicted Thursday of second-degree murder in a stomping death at the city jail, a crime so brutal that eight guards were fired for lying, and a case so chaotic that two guards were cleared of criminal wrongdoing after defense attorneys alleged a cover-up hatched by their colleagues.

Dameon C. Woods' murder conviction -- a rarity for a public safety officer -- stands as a testament to the brutality of the melee that led to Raymond K. Smoot's May 2005 death and to the problems engulfing the state-run Central Booking and Intake Center.

Woods, 34, was convicted of murder with a depraved heart, or extreme disregard for human life, and two counts of assault, and could face up to 30 years in prison. Circuit Court Judge John M. Glynn set sentencing for Dec. 12.

Glynn revoked Woods' bail, and Woods was taken away with his feet and hands shackled.

James L. Hatcher, a co-defendant in the three-week trial, was found innocent on all charges. Glynn threw out charges against the third officer, Nathan D. Colbert, before the case went to the jury. Both officers have been fired.

Woods and Hatcher cried as the verdicts were read, and Glynn, in an unusual move, held the jurors as the courtroom cleared. Jurors, who deliberated for five days, did not return phone calls seeking comment.

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Standing near the steps of the Clarence M. Mitchell Courthouse, Hatcher thanked God for his exoneration and then expressed sorrow for the victim. "My heart goes out to the Smoot family," Hatcher said. "It's just a tragedy."

Despite convicting only one person in an attack that a forensics expert testified had to have been done by multiple people, prosecutors said they were pleased with the verdict.

Assistant State's Attorney Mark Cohen said prosecutors do not plan to seek charges against other correctional officers, some of whom were found during the trial to have had possible blood and human tissue of Smoot on their boots. "We understand the jury's verdict, and we can accept it," Cohen said. "We feel we've done as much as we can do with this homicide. We got the main person involved, and that was Mr. Woods."

State's Attorney Patricia C. Jessamy stood next to Cohen outside the courtroom, where she congratulated her workers and said she will continue to fight for abused detainees.

"This highlights the challenge we all face," she said. "This man, an inmate at Central Booking, did not deserve this. We want to make sure the prisoners are safe."

Correctional officers convicted in the death of a detainee are rare.

Stephen Z. Meehan, principal counsel with the Prisoner Rights Information System of Maryland for 10 years, said he cannot remember a single time when a state correctional officer was convicted in an inmate's death.

"It's hard enough to prove a civil case," he said. "The moons have to line up."

But he called Smoot's death "the most horrendous case of physical abuse" in a prison and said the jury must have seen that "something went really bad in there. This was total brutality."

Meehan said the only case comparable to Smoot's -- "but not nearly as brutal" -- was the April 2004 death of a Western Maryland prisoner.

Months later, an Allegany County grand jury decided not to indict any correctional officers in what the medical examiner ruled was the homicide of prisoner Ifeanyi A. Iko. Guards had sprayed him with an irritant and then covered him with a face mask, asphyxiating him.

Woods' attorney, Margaret Mead, said she will file a motion for a new trial, calling the verdict the worst miscarriage of justice she has seen in her 16 years of practice.

Mead argued that her client was set up by a clique of correctional officers who socialized regularly and were involved in the attack on Smoot, who was 51. The officers, some of whom were fired the day after the attack, testified to having an unauthorized meeting later, where Mead says the plan to finger her client was hatched.

There was no blood or DNA evidence linking Woods or any of the defendants to the attack.

"He is just devastated," Mead said. "His entire family is devastated."

Mead said the jury's decision will have negative effects on an officer's ability to subdue an inmate. She said officers might hesitate to respond to assistance calls.

"Every correctional officer is going to think, 'Oh, my God, if stuff gets out of hand, I'm going to get blamed for it.' If this verdict stands, how can any correctional officers feel safe in an institution?" Mead asked.

Prosecutors faced a number of hurdles in this case, including uncooperative former officers who served as witnesses. The prosecution called several officers who failed to identify anyone responsible for Smoot's death in the aftermath of the killing, then backtracked days later and told varying stories on the witness stand.

In 10 days of testimony, 27 witnesses took the stand, and seven placed Woods inside the cell, stomping Smoot. Four of those seven claimed Hatcher was part of the attack. None of the witnesses testified to seeing Colbert stomp or punch Smoot.

James Smoot, the brother of the victim, said he was glad one person was convicted but felt many more were involved in the attack. Smoot's family has filed a civil lawsuit against the state-run facility, where people arrested by police are processed before receiving bail hearings.

Smoot had been arrested and charged with failing to appear in court on a theft charge. The night he was killed, Smoot had an argument with three correctional officers. Prosecutors allege Smoot struck one of the officers in the face, knocking off his glasses and prompting a call for assistance.

As many as 30 officers flooded the outside area near Smoot's cell. Eight officers were fired the next day for lying to the warden and commissioner of the court.

"I know it's more than one. They gave us the one out of the eight," James Smoot said. "That's the best they can do? I'm still upset. The [correctional officers] that lied, they're just as guilty as he is."

One of Raymond Smoot's daughters and other family members attended the hearing.

Hatcher, walking to his lawyer's office after the verdict, heard taunts from Smoot supporters, with one person yelling, "You got away this time."

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"I was shocked to hear the reaction of some of those folks," Hatcher's lawyer, Andrew I. Alperstein, said. "I know it was painful for them, but Mr. Hatcher did not do it."

Smoot's death came at a time when Central Booking was under fire for its overcrowding and mishandling of cases.

As many as 84 detainees a day were being held more than 24 hours without seeing a judge or a court commissioner.

The public defender's office had brought a suit against the facility but dropped the case earlier this year. In Smoot's pod during the time of his killing, about 40 detainees were sleeping outside of cells. "It was a look into a world we normally do not get to see," Alperstein said.

Will Rezko Show In Court? (CHIT)

By Jeff Coen And Matt O'Connor

Chicago Tribune, October 13, 2006

Indicted businessman and political fundraiser Antoin "Tony" Rezko has a date in court Friday, and officials say he could be considered a fugitive if he doesn't show up.

Rezko is slated to appear for the first of two scheduled arraignments in his fraud cases at 10 a.m. on the 25th floor of the Dirksen U.S. Courthouse. If he isn't present and his lawyer has no reasonable explanation for his absence, authorities said they would begin an active hunt for Rezko, who is believed to have been in the Middle East for several weeks.

Nobody answered the door at Rezko's Wilmette home Thursday night, although a car was in the driveway and a light was on in the house.

Rezko is set to appear first before U.S. District Judge James B. Zagel to answer to fraud charges stemming from the allegedly bogus sale of Rezko's pizza restaurants.

At 1:30 p.m., he is to appear before U.S. District Judge Amy St. Eve to be arraigned on charges of fraud involving allegations he used his relationships with high-ranking Illinois officials to try to extort millions of dollars from firms seeking to do business with the state.

Rezko, a member of Gov. Rod Blagojevich's inner circle and one of his chief fundraisers, is accused of trying to force illegal payments from investment firms that were seeking business with the Teachers' Retirement System. Rezko allegedly used the position of his co-defendant, Stuart Levine, to pressure the firms.

Levine, once a member of two state boards, is a cooperating witness for the government.

Rezko's whereabouts have been a concern for federal investigators for weeks as the cases against him progressed. He was indicted under seal Oct. 5, and federal prosecutors moved to unseal the documents Wednesday as a federal warrant for his arrest was issued.

"The government moved to seal the indictment based on information that Rezko was then outside the United States, but had plans to return soon to the United States from abroad," the government's motions to unseal the indictment in both cases reads. "That information has not proved accurate, and the government has no current information as to whether or when Rezko intends to return to the United States."

Authorities said it is possible Rezko's attorney, Joseph J. Duffy, will appear Friday and ask both judges for more time to produce his client.

Duffy could not be reached for comment Thursday. But he had previously issued a statement saying his client is innocent and that he is traveling outside the country.

"For decades, Mr. Rezko has frequently traveled abroad for business purposes," the statement read.

The federal warrant for Rezko's arrest was issued by St. Eve, and FBI officials said information on him has been entered into law-enforcement databases. If he comes in contact with customs agents overseas or police inside the U.S., he could be detained at any time, authorities said.

If Rezko is considered to be fleeing prosecution, the FBI will handle the warrant itself in cooperation with law enforcement around the globe, FBI spokesman Tom Simon said Thursday.

The FBI typically handles its own warrants in such cases, Simon said, and has the international reach and resources to attempt to track someone overseas.

"It makes sense for us to keep these warrants and use what we have learned during an investigation to help locate the person," he said.

Authorities in recent days have been fielding rumors and hints about Rezko's whereabouts. Speculation includes that he already is back in Chicago, and also that he might be holed up in Jordan, Syria or Qatar, they said.

U.S. Atty. Patrick Fitzgerald has said Rezko's location won't matter until his scheduled court appearances. Fitzgerald said his office expects Rezko to answer the court's call as a U.S. citizen.

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"I think it's fair to say he's been traveling abroad at times," Fitzgerald told reporters Wednesday. "He was not under indictment when he was traveling abroad, and we'll wait to see what happens. We fully expect to see him in court.

"If he appears on his own volition, great," Fitzgerald said. "If he doesn't, we'll do what we always do when people become fugitives."

New legal troubles emerged for Rezko Thursday in Cook County Circuit Court.

Rezko was sued for more than $10 million by a Chicago man who says he helped Rezko secure a $1 million loan from Broadway Bank, whose vice president is Democratic state treasurer candidate Alexi Giannoulias.

Semir D. Sirazi, a Chicago businessman and former executive of U.S. Robotics, filed suit alleging Rezko defaulted on the loan he needed to help operate his restaurant empire.

Sirazi put up a $1 million certificate of deposit as collateral for the Rezko loan. Rezko pledged that if he defaulted, he and his business partner would give Sirazi a piece of the company, Rezko Concessions. They also agreed to pay Sirazi fees of $1 million per year plus interest until the loan was satisfied, the suit alleges.

Sirazi seeks the company stock and more than $10 million in accrued fees, interest and attorneys' fees.

Blagojevich Not Only Politician To Benefit From Rezko (AP)

By John O'connor

AP, October 13, 2006

SPRINGFIELD, Ill. - While Gov. Rod Blagojevich is the biggest beneficiary of Antoin "Tony" Rezko's largesse, he is not the only politician to have taken contributions from the political insider who is under federal indictment.

Rezko is linked to $47,500 in donations to Lt. Gov. Patrick Quinn, $33,000 in contributions to Attorney General Lisa Madigan, and $20,000 to Comptroller Dan Hynes, all Democrats, according to state records.

In all, Rezko, his companies and businesses that share the same address have contributed more than $423,000 to state political campaigns, including a few Republicans, in the past decade.

Rezko also has aided federal campaigns, giving more than $62,000 since 1997, according to the Federal Election Commission. Democratic U.S. Sen. Barack Obama received $11,500, on top of $8,500 from Rezko when he was a state senator.

Rezko, 51, was charged Wednesday with taking part in an elaborate scheme to get millions of dollars from companies wanting to do business with the state Teachers' Retirement System.

Blagojevich, who has not been accused of any wrongdoing, announced Wednesday that he would donate Rezko's political contributions to charity.

Up for re-election Nov. 7, Blagojevich estimated Rezko's generosity at $60,000 to $70,000. But a review of state election records shows that Rezko and companies he's involved with have contributed $91,450 to the Chicago Democrat.

Other politicians faced calls Thursday for them to return money related to the federal indictment. The indictment mentions, but does not identify, several people that prosecutors believe had a role in the kickback scheme.

Republican treasurer candidate Christine Radogno said Democratic opponent Alexi Giannoulias should return $14,000 received from Michael Winter. She cited a newspaper report identifying him as one of the unnamed figures.

Republican congressional candidate Peter Roskam, citing the same report, called on Democrat Tammy Duckworth to return $1,000 from Myron Cherry.

Prominent Trio Running Legal Defense Fund For Fumo Aides (SCCD)

By Maryclaire Dale

The State College Centre Daily, October 13, 2006

PHILADELPHIA - Three prominent Philadelphians are running a legal defense fund for Senate aides indicted in an extortion probe centering on state Sen. Vincent Fumo.

A federal judge on Thursday questioned the arrangement and whether the defendants - who worked in Fumo's offices for years - could look out for their own best interests.

"We are assuming that the senator is heavily involved in that trust fund" since the donors' names remain secret, U.S. District Judge William H. Yohn Jr. told defendant Leonard Luchko.

"It could be in your interest to pursue a plea agreement that may be adverse to the people paying your legal fees through this trust fund," Yohn warned him.

Luchko, a 50-year-old computer technician, insisted that he was satisfied with the arrangement.

"I trust Mr. Schwartzman explicitly, and I'm my own man," Luchko testified at the pretrial hearing.

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Luchko is being defended by prominent criminal defense lawyer James Schwartzman, who said in court papers that he had cut his usual $425-an-hour fee to $200 an hour during the pre-indictment period when taxpayers, under Senate rules, picked up the tab.

Schwartzman said he has not yet taken any money from the legal-defense fund and did not know the names of any donors.

But he disclosed that the trustees are J. Whyatt Mondesire, the local chapter president of the NAACP; lawyer Rhonda Resnick Cohen, who is married to Comcast executive and former mayoral aide David Cohen; and former U.S. Attorney Robert Curran, now a lawyer in Delaware County.

"Why do two lowly computer technicians have a legal defense fund created by three prominent Philadelphians?" Assistant U.S. Attorney Robert Zauzmer asked. "I think it raises all sorts of legal pitfalls."

Brian McMonagle, who represents co-defendant Mark C. Eister, said Thursday that he would seek to be paid as a court-appointed lawyer, since his client is currently unemployed.

Although legal defense funds have been used by former President Bill Clinton and others, the Luchko case may present novel questions about their use by underlings who are not the chief target of an investigation.

Yohn asked for legal briefs on the issue before moving forward with the case, which is tentatively set for trial in January.

The grand jury is expected to finish its work before then. The FBI has been investigating whether Fumo extorted millions in corporate donations for a South Philadelphia nonprofit staffed by some of his former employees.

Luchko, of Collingdale, and Eister, 36, of Camp Hill, are charged with obstructing the investigation by deleting years worth of e-mail about Fumo's ties to the Citizens Alliance for Better Neighborhoods.

Defense lawyers say their clients have offered to cooperate but want immunity. Prosecutors say they won't offer immunity unless they know what the men have to say.

None of the legal fund trustees immediately returned messages left after business Thursday.

Fund Defends Technician In Fumo Probe (PHI)

By John Shiffman And Craig R. Mccoy

The Philadelphia Inquirer, October 13, 2006

Three prominent Philadelphians are leading a legal defense fund for a once-obscure computer technician caught up in the FBI's investigation of State Sen. Vincent J. Fumo.

The defense fund has three trustees: J. Whyatt Mondesire, head of the local NAACP; former U.S. Attorney Robert E.J. Curran; and lawyer Rhonda Cohen, wife of Comcast executive and politically connected Democrat David L. Cohen, a close friend of Fumo's.

Mondesire said in an interview that Fumo allies had asked him to serve and that Fumo personally thanked him later.

The trustees' names were disclosed yesterday during a federal court hearing for the technician, Leonard P. Luchko, who is charged with deleting e-mails to thwart the FBI's investigation of Fumo.

Prosecutors said they found it odd that a onetime midlevel state employee - whom authorities acknowledge they have pressured to testify against Fumo - suddenly has such powerful friends.

"That has to raise the question of why this is happening and who aims to benefit," Assistant U.S. Attorney Robert Zauzmer said.

Luchko's lawyer, James Schwartzman, said there was no conflict of interest, nor was there anything unusual in the arrangement.

"It's done all the time in Washington and other places," Schwartzman said.

Luchko took the stand yesterday, as U.S. District Judge William Yohn Jr. queried him generally about the defense fund.

Luchko said he trusted Schwartzman completely, and added: "I am my own man."

In May, Luchko and computer technician Mark Eister, who also worked for Fumo, were charged with obstruction of justice for allegedly deleting e-mails to thwart the FBI's probe.

Eister's lawyer will not be paid by the legal defense fund. Because he is unemployed, Eister is eligible to have his legal fees paid by the government, and his lawyer, Brian McMonagle, said that was his preference.

Even before the two were indicted, prosecutors had pushed Luchko and Eister to cooperate with investigators. They've refused.

Yesterday, as the lawyers addressed the question of whether the two might ultimately change their minds, Luchko sat in the front row of the gallery, vigorously shaking his head, signaling an emphatic "No."

Among the those who have benefited from legal defense funds are former President Bill Clinton, former U.S. Sen. Robert Torricelli, former U.S. House Majority Leader Tom DeLay, and Lewis "Scooter" Libby, former chief of staff to Vice President Cheney.

Such funds are not unprecedented in Pennsylvania. One was established to assist former State Sen. Joseph Loeper before his conviction on corruption charges.

In Pennsylvania, such funds go unregulated. In Washington, rules of the U.S. House and Senate require making contributors' names public.

Barry Kauffman, executive director of Common Cause of Pennsylvania, urged the Luchko legal defense fund to disclose who was giving it money.

"There certainly should be full disclosures, if not limits," Kauffman said. "I think it's certainly in the public interest to do this."

Ralph Teti, the Philadelphia lawyer who is counsel to the fund, said it was better to keep the donors secret. That way, he said, neither Luchko nor his lawyer would know who was giving.

Teti, an election-law expert who has helped Fumo in various legal disputes over the years, said the fund could help other Senate staffers if they needed legal assistance. The Luchko defense fund will not accept money from political-action committees, he added.

Since 2003, the FBI and IRS have been investigating whether Fumo used a South Philadelphia charity, Citizens Alliance for Better Neighborhoods, for personal or political advantage.

According to court filings, the probe is focused on multimillion-dollar donations to the nonprofit by Peco Energy Co., the charity's real estate deals, and Citizens Alliance's alleged payments for political polls.

Prosecutors have said they intended to decide by Christmas whether Fumo or others would be charged.

Fumo has said that he did nothing wrong and that the case was politically inspired. A spokeswoman yesterday said the senator was not available for comment.

A third computer technician, Donald Wilson, was granted immunity and he told the grand jury that he and Luchko "systematically destroyed" e-mails when they learned of the FBI probe, officials said. Wilson also provided the FBI with passwords that helped agents read Fumo's encrypted e-mail, officials said.

Only one of the Luchko defense fund's three trustees could be reached last night.

Mondesire, who also publishes the Philadelphia Sun, said people close to the senator had approached him about helping lead the fund. He declined to name those who contacted him.

"The request came from people who were associated with Mr. Fumo," Mondesire said. "He's been very supportive of the NAACP for many, many years."

Mondesire said the fund would make sure the aide got a strong defense in court, "which is every American's right."

When a reporter asked who had given to the fund, Mondesire told him he would answer no more questions and hung up.

In early 2004, Fumo pledged $100,000 to the local NAACP to help it host a national convention here that summer. At the time, Mondesire said it was the largest donation he had received since becoming president of the organization in 1997.

Philly Bigwigs Set Fund (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, October 13, 2006

Three prominent Philadelphians were recruited to serve as trustees for a legal defense fund set up to pay the legal expenses of two computer technicians charged with trying to obstruct a federal investigation of State Sen. Vince Fumo.

The revelation came during a court hearing yesterday to investigate whether or not Fumo - or people close to him - are involved in raising money for the two technicians' defense, creating a conflict of interest.

Those identified as the fund's trustees were J. Whyatt Mondesire, Rhonda Cohen and Robert E. J. Curran.

Assistant U.S. Attorney Bob Zauzmer told U.S. Senior District Judge William H. Yohn, Jr. the revelations of the trustees' names was full of potential pitfalls.

"Two computer employees have a legal defense fund set up on their behalf by these prominent individuals and that has to raise the question immediately as to why it is this is happening and who aims to benefit from this," Zauzmer said.

Mondesire is the head of the local NAACP. Cohen is a lawyer and wife of David L. Cohen, former top aide to then-Mayor Rendell and now a top executive at Comcast. Curran is a former U.S. attorney.

The counsel for the fund is prominent labor lawyer Ralph J. Teti.

One issue that was not resolved in yesterday's court proceeding was how the fund got started, who's raising money for it and who's contributing to it.

"Some of the people associated with Senator Fumo's office asked me to do it and I said yes," Mondesire said, adding that Fumo had been a good supporter of the NAACP. He refused to answer any other questions about the fund.

Efforts to reach Cohen, Curran and Teti were unsuccessful.

Federal prosecutors were not even aware of the legal defense fund's existence until James C. Schwartzman, a lawyer for indicted computer aide Leonard Luchko, acknowledged its existence in a court filing last month.

Yohn was also intrigued about the fund. For example, he asked who was raising money for the fund and who the contributors were.

Schwartzman and Brian McMonagle, the lawyer for Mark Eister, the other computer technician charged in the case, said they did not know details about the fund.

Both said they had not submitted any bills or received any payments from the fund.

McMonagle subsequently told Yohn he wanted nothing to do with the fund.

He asked Yohn to make him a court-appointed lawyer paid by the government. Yohn said he would grant the request.

Schwartzman said he was not inclined to follow McMonagle's lead because he saw nothing "inappropriate" about the fund.

Luchko and Eister pleaded not guilty to the charges and both waived their rights yesterday to attack any verdict based on conflicts involving their lawyers.

Zauzmer said a problem for the courts is they have to weigh not just actual conflicts but the potential for conflicts.

Yohn ordered prosecutors and Schwartzman to file legal briefs within the next two weeks on court decisions regarding legal defense funds bankrolled by third parties that posed actual or potential conflicts of interest with those for whom the funds were set up.

Detroit Officer Is Accused Of Accepting Cash (DEN)

Detroit News, October 13, 2006

FBI, Internal Affairs probe charges that he took $12K from victim's family; he is suspended.

DETROIT -- A police officer assigned to the Detroit Homicide Section was suspended Wednesday as the FBI and Internal Affairs officers investigate an allegation of improper conduct by the officer with the family of a murder victim.

Department spokesman James Tate on Thursday would only confirm that Lance Newman, a 12-year veteran, was suspended with pay. The FBI declined to discuss details of the investigation.

Police sources said the allegation against Newman is that he took $12,000 from the Ann Arbor family of Joe Wagner, a 21-year-old who was stabbed to death at a church festival in southwest Detroit last June.

Newman was in charge of the investigation that resulted in the arrest of two gang members who were convicted of first-degree murder in August.

You can reach Norman Sinclair at (313) 222-2034 or nsinclair@detnews.com.

First-Degree Murder For Actress's Killer (NYT)

By Anemona Hartocollis

The New York Times, October 13, 2006

The leader of a band of youthful muggers was convicted yesterday of murdering an actress and playwright after she challenged him during a robbery on the Lower East Side last year.

Rudy Fleming, now 21, was convicted of fatally shooting Nicole duFresne, 28, after she resisted the robbery by defiantly shouting, "What are you going to do, shoot us?"

As the jury in State Supreme Court in Manhattan declared Mr. Fleming guilty on all nine counts against him, including first-degree murder, robbery and criminal possession of a weapon, Ms. duFresne's mother gasped, and her father covered his face with a handkerchief and cried.

They declined to speak to reporters afterward, but asked the prosecutor, Robert Hettleman, to distribute a written statement in which they defended their daughter's actions on the night she died.

They noted that she stood up to Mr. Fleming only after he pistol-whipped her fiancé and yanked away her best friend's purse.

"She confronted the man with the gun, pleading for the confrontation to end," the statement, signed by Ms. duFresne's mother, father and brother, said.

"The response to her request was a bullet to her heart. If a man had acted in the same manner, he may have been proclaimed a hero. Nicole died that night defending those she loved. She is our hero."

The family conceded that they wished she had acted differently, because she might still be alive. "But," they said, "she was true to who she was — a brave woman in every aspect of life, sometimes afraid but always brave."

By finding Mr. Fleming guilty of first-degree murder, the jury categorically rejected the defense contention that his .357 Magnum discharged accidentally, perhaps as he slipped in mounds of plowed snow when Ms. duFresne confronted him. His lawyer, Anthony Ricco, provided no corroboration, either through testimony or physical evidence, for this theory. Mr. Fleming faces a minimum of 20 years to life in prison and a maximum of life without parole.

The jurors declined to comment after the verdict, heeding the advice of the trial judge, Justice Daniel P. Fitzgerald, who cautioned them against speaking to reporters, implying that talking about their deliberations could lead to an overturning of the verdict.

The jury never saw Mr. Fleming, who chose not to attend his own trial. His lawyers said provisions had been made for him to monitor the proceedings in another room. In pretrial hearings, Mr. Fleming tried in vain to convince the judge that he was hallucinating about giant marshmallows and was mentally incompetent.

The physical evidence against him was substantial. The police recovered the murder weapon, a wood-handled .357 Magnum with one bullet missing and five still in the chambers, hidden under a bed in the apartment where he had been staying. They also found the scarf and sweatpants he was wearing that night, which witnesses had described.

Videotapes taken by store security cameras showed him and six friends and accomplices walking in the vicinity of Rivington and Clinton Streets, where Ms. duFresne was shot, around the time of the murder.

Friends have described Ms. duFresne, who was from Wayzata, Minn., as a gutsy, ambitious woman who had shown strength and defiance in the face of adversity in the past. She turned her rape in a parking lot while she was at Emerson College in Boston into the inspiration for a play, "Burning Cage," and a psychological thriller, "Matter." She produced her play in Seattle before moving in 2002 to New York, where she was volunteering at LAByrinth Theater Company while bartending to pay her bills.

Ms. duFresne, her fiancé, Jeffrey Sparks, and two friends, Mary Jane Gibson and Scott Nath, were on the way home from a night of drinking and playing pinball at Max Fish, a nightclub on Ludlow Street, about 3 a.m. on Jan. 27, 2005, when they were confronted by a group of young people, with Mr. Fleming in the lead, according to testimony at the trial.

Mr. Fleming muttered a slurred demand for money, struck Mr. Sparks in the eye with a gun, leaving him momentarily dazed, then yanked away Ms. Gibson's purse, throwing it to two accomplices, according to the testimony.

Enraged by the attacks, according to the testimony, Ms. duFresne turned on Mr. Fleming, shouting, "What are you going to do, shoot us?" and he reacted by shooting her once in the chest from a distance of less than an arm's length.

Mr. Fleming had been convicted of possessing a semiautomatic handgun in 2002, and spent two years in prison, though the judge did not allow the jury to hear about that. He was on parole at the time of the murder.

Liveliest D.C. Neighborhoods Also Jumping With Robberies (WP)

By Allison Klein And Dan Keating

The Washington Post, October 13, 2006

Some of Washington's most vibrant neighborhoods, destinations for suburbanites, barhoppers and urban professionals, share a lesser-known distinction: They have the highest concentrations of holdups in the city.

Criminals are striking in areas that boast of dynamic nightlife, newly minted condominiums and restaurant grand openings.

The Washington Post analyzed years of police statistics, focusing sharply on crimes this year, and found the biggest share of robberies happening at night and on sidewalks in neighborhoods north of downtown, including Adams Morgan, Mount Pleasant, Columbia Heights and the U Street corridor.

Across the city, an average of 11 robberies take place each day, the analysis shows. But on Friday and Saturday nights, the city can register as many as five an hour.

Guns are involved in at least one-third of the cases. About the same percentage end with victims being beaten or slammed to the ground -- even knocked unconscious, in some cases. The other robberies can be just as chilling, involving such weapons as knives as well as sudden grabs of purses, backpacks and money.

The statistical analysis encompassed thousands of cases, including about 2,900 this year alone. The Post also examined hundreds of robbery reports and interviewed victims, police, residents and community activists.

Police said that at least 14 homicides this year stemmed from robberies, including the slaying of a British activist in Georgetown. The number of robberies jumped last year and was rising again this summer when D.C. police stepped up patrols and began putting surveillance cameras in neighborhoods. It has tapered off since the city spent about $10 million on overtime for extra police coverage. But overtime funds are running dry, raising concerns that more trouble is ahead.

Robberies have spiked in recent years in the Washington region and many other parts of the country, as the number of juvenile offenders and the availability of guns grows, police officials said. Robberies also are becoming the crime of choice for some former drug dealers, who have switched to stickups after police crackdowns on narcotics trafficking, the officials said.

Police in Alexandria and Fairfax and Montgomery counties also are dealing with more robbery cases. In Prince George's County, the total rose sharply last year but has dipped this year.

There are more robberies per capita in the District than in New York, Los Angeles and other large cities. And robbers are traveling farther from home to strike, according to police officials. During the first six months of the year, about 40 percent of juveniles arrested in robberies and other crimes in neighborhoods just north of downtown did not live there, police said.

The city's robbery core is in the 3rd Police District, which includes the neighborhoods of Columbia Heights, Adams Morgan, Mount Pleasant, Dupont Circle and Logan Circle. It is the city's smallest, densest police district and accounts for almost 30 percent of robberies.

"It's always been a major problem," said D.C. Council member Jim Graham (D-Ward 1), whose constituents complain daily about the crimes. "But it wasn't anywhere near as serious as it is today."

Yasmin Wei, 19, can attest to that. One night recently, a man knocked her to the ground as she was returning to her Columbia Heights apartment after an art class. He slammed his foot sharply into her ribs and yanked fiercely at her bag, dragging her along the sidewalk. Finally, he jerked the bag free and ran off. Wei had a deep gash on her elbow and a bruise the size of a grapefruit on her hip.

"It was right under a streetlight," said Wei, who works as a waitress in Adams Morgan. "And it was only 9:30."

Wei said the attack was so terrifying that she no longer feels comfortable in the neighborhood and has moved in with her parents. "I don't even want to bike there after 8 p.m.," she said.

Robbers choose streets where people are likely to have cash, bank cards and cellphones. They prey on those who appear isolated, and the less lighting, the better. Dozens of police reports describe how robbers sneak up, grab a purse or bag, and flee -- the snatch-and-run. Other victims tell of robbers approaching them at gunpoint with such lines as "Give it up" and "You know what time it is."

A 19-year-old food vendor, held up while walking home from RFK Stadium, remembers exactly what the gunman told him: "I don't want no drama." The robber ran off with the man's wallet, containing two $20 bills.Resistance Is Risky

Police Chief Charles H. Ramsey said he worries about the potential for lethal violence. "It can quickly escalate to a shooting or homicide if the victim resists or if the robber is jumpy," he said.

The chief declared a crime emergency in July, and since then, the number of robberies has tapered off and is running about the same as last year. Preliminary statistics show that there were 2,898 robberies in the city as of Sept. 30.

The situation is worse than it was two years ago but much better than in the 1980s and early 1990s, when the city was averaging almost 20 robberies a day. That's little comfort to residents. As Ramsey put it, "Robbery is a good indicator of violence on our neighborhood streets," and it "provokes a great deal of fear."

Said council member Adrian M. Fenty (D-Ward 4), who likely will succeed Mayor Anthony A. Williams (D) next year: "Nothing is of greater concern to residents, and nothing makes them think twice about living in their neighborhoods more than if they don't feel safe walking around."

Police warn that trying to resist a robber is risky -- as one victim recently learned. He was stopped in the 1400 block of Morris Road SE by a robber who jabbed a gun into his side. The gun went off after the victim slapped the robber's hand. The victim, 20, was shot in the thigh.

Drugs and robberies are intertwined. Last week, Ramise Cannon was sentenced to a six-year prison term after pleading guilty to committing robberies at an ATM in Southwest Washington and on a busy street in Southeast, crimes that netted him a total of $110. Cannon, 18, told the judge that he needed help for a drug problem -- a common refrain heard at sentencing time. "I'm sorry to the victims. I know what I did was wrong," Cannon said. "I hope they have space in their hearts to forgive me."

Investigators find that robbers will go out on the streets, sometimes in groups of two or three, and rob several people in one night or on consecutive nights in the same area. The more they do, the bolder they get. They spend victims' cash quickly, run up their charge cards and use their cellphones.

More than one-third of robbery suspects arrested this year were juveniles, a pattern that Ramsey finds especially troubling. At this point last year, police had arrested 129 juveniles in robberies; this year, they've arrested 197 -- a 53 percent jump. Ramsey said the younger offenders are more apt to travel in packs and tend to get jumpy if victims resist.

Two of the five people who recently pleaded guilty to robbing tourists on the Mall were juveniles. Police said the group was bored until one suggested mugging victims there, a place long viewed as safe by residents and visitors.

The crimes on the Mall, which happened in May and July, generated a swift police response that led to the arrests. In other areas of the city, particularly the hard-hit 3rd District, D.C. police have made more than 50 arrests in robbery cases since July.

Solving robberies is not easy. Police have closed about 17 percent of their cases this year, near the national average for cities of the District's size.

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Robberies happen so fast that many victims cannot identify their assailants. "Try to focus on what he looks like," Ramsey said. "Don't focus on the clothing."

That was the mistake made by a 73-year-old woman July 4 in Southeast Washington. That afternoon, she was sitting on the porch of a house in the 700 block of 51st Street near Benning Road, reading a book, when a youth walked up, his underwear peeking out from oversize pants.

"You got the time?" he asked her. She said she didn't.

The youth grabbed her purse and ran. She'd have a hard time recognizing his face, she said, adding that she "could identify the guy's lower half better than the upper half because of his drawers showing."A Variety of Victims

Based on volume, the top location for the city's robbers is near 14th Street and Columbia Road NW, in the heart of Columbia Heights. The place jumps with activity, and luxury condos and new stores are on the way. The buzz makes it seem like a safe, lively place. But robbers pop up in the area regularly -- there is an average of five holdups a week. It comes in spurts. A few days might go by without anyone getting mugged; then two, three or four people will be held up in a single night.

Cmdr. Larry McCoy, who heads the 3rd Police District, said the victims span the economic and professional spectrum: "I've seen them all -- waitresses, lawyers, construction workers, people who work on the Hill."

Doug Bryant, 35, a technical recruiter, and his wife moved to Columbia Heights almost three years ago because it was vibrant and diverse. But after being around so much crime -- and getting attacked on the street by a young man last year -- they plan to move. "I don't like walking around here at night," he said. "And I don't mean midnight. I'm talking after 8."

In June, a construction worker walking home in Columbia Heights with $75 worth of groceries was held up by a group of juveniles. It was the third time he'd been robbed in that area.

The number of robberies there might be even higher than police statistics indicate. Adams Morgan, Mount Pleasant and Columbia Heights have a heavy number of Hispanic immigrants, and some are hesitant to report crimes.

Mariela Demetrik, 21, whose mother has a restaurant in Columbia Heights, said she has seen several robberies around Mount Pleasant and Columbia Heights.

"You'll see older Hispanic men being robbed by younger boys," said Demetrik, an art student who was born in Bolivia and raised in Washington. "You see other people get robbed, also, mostly at nighttime or early in the morning."Looking Farther Out

Some pockets east of the Anacostia River -- Fairlawn, Barry Farm, Congress Heights, Benning Terrace -- also have high robbery numbers. But they have been falling, and homicides remain the biggest problem. Neighborhoods east of the river account for 52 percent of the city's killings and 24 percent of robberies.

The 1st Police District, which includes Capitol Hill and RFK Stadium, has the second-highest percentage of muggings in the city. Its commander, Diane Groomes, said criminals are turning to robbery as open-air drug markets are shut down by police or by development.

This year, officers in her district dealt with a string of about 20 robberies called "unking" -- slang for knocking victims unconscious. Police arrested 12 juveniles.

Philip Valenziano, 21, was knocked out at 3:10 a.m. July 2, when he was leaving a Capitol Hill bar to grab a cab. He remembers three big men approaching him. Before he could get a good look at them, one of them punched him in the face.

The robbers took his wallet, which contained $27. The assault left Valenziano with a cut on his face and a broken nose. A student at Catholic University, he missed weeks of summer classes because he needed to go home to New Jersey for reconstructive surgery.

"I don't recall them giving me an opportunity to give up my stuff," Valenziano said. "I'm not dumb enough to fight back against three big dudes."

U.S. Indicts 2 Local Ex-money Managers (PHI)

By Benjamin Y. Lowe

The Philadelphia Inquirer, October 13, 2006

Two former money managers were indicted yesterday on federal charges of mail and securities fraud, stemming from the collapse of their $5.2 million hedge fund.

William J. Lennon and Anthony P. Postiglione Jr. are accused of misleading investors about the fund's performance and knowingly mailing them false information about investment returns.

Christopher Furlong, an attorney for Lennon, would not comment. Postiglione, who a U.S. Attorney's Office spokesman said had yet to retain an attorney, could not be reached for comment.

According to the indictment, Lennon, 39, of Media, and Postiglione, 36, of Malvern, used the fund's assets for expenses in excess of what their management fee allowed. Though they said in statements mailed to investors that the fund had increased in value, it actually lost $2 million over roughly three years before it was shut down in July 2004.

"The fund lost money from its inception, and rather than going to investors and telling them that... they lied to them," said Joan E. Burnes, an assistant U.S. attorney in Philadelphia.

The pair face 18 counts of mail fraud and one count of securities fraud. Lennon and Postiglione's former firm, Fountainhead Asset Management L.L.C., operated out of Wayne and Center City.

Postiglione also was charged with obstructing justice.

They settled civil Securities and Exchange Commission charges in September 2005, more than a year after the SEC froze and appointed a receiver to the hedge fund, Fountainhead L.P., in July 2004.

Among the fund's 17 investors were Postiglione's father and in-laws.

An arraignment date has not been set.

2 Stockbrokers Charged With $2 Million Swindle (PHI)

By Gloria Campisi

The Philadelphia Inquirer, October 13, 2006

Two local stockbrokers have been indicted on charges of swindling investors of nearly $2 million by claiming a hedge fund they founded was making money when it actually was failing.

The indictment said Anthony P. Postiglione Jr., 36, of Malvern, and William J. Lennon, 39, of Media, also milked the fund for personal use despite its losses.

The hedge fund, the Fountainhead Fund LP, operated from October, 2001 until July 30, 2004, originally out of an office in Philadelphia and Lennon's Media home and later from an office in Wayne.

The investors included prior clients of each of the stockbrokers, according to the indictment.

Seventeen in all lost $1.98 million, the indictment charged.

Some had invested more funds on the basis of falsified quarterly reports.

The two men not only played fast and loose with the quarterly reports and fund newsletters, but falsely claimed the investments being made were "protected by insurance," according to the indictment.

Postiglione also is accused of trying to mislead FBI agents investigating the fund.

Both are charged with mail and securities fraud.

According to the indictment, Postiglione and Lennon co-founded the Fountainhead Fund and created Fountainhead Asset Management (FAM) to run its business.

Postiglione and Lennon named themselves FAM's managing partners and were in fact the only employees of the management company, which had sole responsibility for investing fund money, the indictment said.

FAM was to receive an annual management fee equal to 1 percent of Fountainhead Fund assets and 20 percent of the fund's profits.

But the Fountainhead Fund "returned losses every quarter, except one," the indictment said.

Despite that, Postiglione and Lennon, as managing partners in FAM, "took weekly cash withdrawals from fund assets and paid personal expenses from fund assets, in amounts which greatly exceded one percent of the fund's assets," the indictment charged.

If convicted, Postiglione faces a maximum sentence of 385 years in prison and $4,760,000 fine, the U.S. attorney's office said.

Lennon faces up to 365 years in jail and a $4,510,000 fine.

Pa. Hedge-fund Duo Indicted (PHILBIZ)

Philadelphia Business Journal, October 13, 2006

The U.S. Attorney's Office in Philadelphia Thursday filed an indictment against two local stockbrokers and accused them of mail and securities fraud for allegedly misrepresenting the risks of a hedge fund they started and bilking investors out of almost $2 million.

Anthony P. Postiglione Jr., 36, of Malvern, Pa., and William J. Lennon, 39, of Media, Pa., were charged with 18 counts of mail fraud and one count of securities fraud. Postiglione is also charged with one count of obstruction of justice.

Federal prosecutors said Postiglione and Lennon were financial consultants who co-founded a hedge fund called the Fountainhead Fund LP in October 2001. Beginning in September 2001, they raised about $5.19 million from 17 investors. The indictment charges that the defendants misrepresented the risks of the Wayne, Pa.-based fund to early investors. After suffering a loss in the first full quarter of the fund's existence, prosecutors said, the stockbrokers created false and misleading quarterly account statements and newsletters and sent them to investors, stating that the fund was making money when, in fact, it was losing money. Prosecutors said this caused investors to contribute more money.

"The clients did not know what they were getting into," U.S. Attorney Pat Meehan said.

From November 2001 to July 30, 2004, when Postiglione and Lennon stopped operating the fund, Fountainhead investors never received an accurate quarterly statement and wound up losing a total of $1.98 million, prosecutors said.

The indictment also charges that, in August 2004, Postiglione knowingly falsified a document with the intent to obstruct an F.B.I. investigation.

Lennon's attorney, Christopher Furlong of Avondale, Pa., did not immediately return a call. Prosecutors said it has yet to be determined who is representing Postiglione, who could not be reached for comment.

Project Safe Childhood Cracks Down On Sex Offenders (CHICOER)

By PAULA M. FELIPE, Public Safety Reporter

Chico (CA) Enterprise-Record, October 13, 2006

Two Oroville sex registrants were arrested and two Gridley sex registrants were cited Wednesday night for failing to comply with their sex registration requirements.

The arrests were part of Project Safe Childhood (PSC), a U.S. Department of Justice initiative designed to crack down on violent sex predators and reduce Internet crimes against children, such as child pornography trafficking, according to Sgt. Steve Pelton of the Butte County Sheriff's Office.

On Wednesday night, investigators from the Butte County Sheriff's Office, Safe Street Task Force, Special Agents from the Federal Bureau of Investigation, California Department of Justice, Butte County District Attorney's Office, and officers from the police departments of Chico, Gridley, and Yuba City, joined agents and deputies from the Department of Corrections, county probation department, and Plumas County Sheriff's Office in setting out to locate 60 convicted, registered sex offenders.

At about 4 p.m. a briefing took place with the 30 law enforcement officers, who spent the next eight hours investigating whether local sex registrants were in compliance with Megan's law, that provides specific registration requirements for convicted sex offenders.

Of the 60 targeted sex registrants, 11 were found out of compliance. Felony charges have been requested against seven of those found to be non-complaint and who are still at large, according to Pelton. "The two arrested in Oroville and two others cited in Gridley had misdemeanor violations," Pelton added.

Several sex registrants' computers were also examined in an effort to locate violations dealing with chid pornography, the BCSO press release said.

"We chose to focus on these 60 sex registrants because there was something about their case that looked out of place or didn't seem quite right, so we decided to investigate," Pelton said.

Project Safe Childhood has the U.S. Attorney's Office teaming up with state and local agencies in going after sex predators.

"We are in the midst of an epidemic of sexual abuse and exploitation of our children," said Attorney General Alberto Gonzales in a U.S. Department of Justice press release. "Project Safe Childhood will help law enforcement and community leaders prevent, investigate, and prosecute sexual predators and pornographers who target our children and grandchildren."

Convicted sex offenders must sign a registration form (pursuant to Penal Code sections 290 and 290.01) and write their initials next to a list of nineteen stated requirements. Above their signature line, it reads: "I understand failure to comply with the registration requirements, and providing false information on the form or failing to provide accurate information is punishable as a criminal offense." Those who were arrested and cited Wednesday by law enforcement agents were sex registrants, who violated one or more of the registration requirements, Pelton said.

The following is a small sample of some of the requirements that are listed on the form signed by sex registrants.

· My responsibility to register as a sex offender is a lifetime requirement.

· I must register or re-register (if I have previously registered) within five working days of release from incarceration, placement, or commitment on any offense, with the law enforcement agency having jurisdiction over my place(s) of residence or where I am physically present as a transient.

· I must annually update my registration information within five working days of my birthday at the law enforcement agency having jurisdiction . . . Annual updates begin with my first birthday following registration or change of address.

· Upon coming into or when changing my residence address within a city and/or county in which I am residing, I must register or re-register in person within five working days as a sex offender with the law enforcement agency having jurisdiction over the residence.

· If I move outside of California, I am required to register in the new state within ten working days.

· I understand I am required to submit DNA samples, as well as fingerprints and full palm prints.

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According to the U.S. Department of Justice, in fiscal year 2005, federal prosecutors charged 1,447 child exploitation cases involving child pornography, coercion and enticement offenses against 1,503 defendants. Also, this year, the DOJ will award more than $14 million to the Internet Crimes Against Children (ICAC) program, a national network of 46 task forces funded by the Department's Office of Justice Programs.

Megan's Law is named after seven-year-old Megan Kanka, a New Jersey girl who was raped and killed by a known child molester who had moved across the street from the family without their knowledge, according to the Megan's Law website. "In the wake of the tragedy, the Kankas sought to have local communities warned about sex offenders in the area. All states now have a form of Megan's Law. The law is not intended to punish the offender and specifically prohibits using the information to harass or commit any crime against an offender," the website said. For more information, see: www.meganslaw.ca.gov

For more information on the PSC initiative, see: www.projectsafechildhood.gov or call the U.S. Attorney's Office for the Eastern District of California to speak with the PSC Coordinator.

In China, Children Of Inmates Face Hard Time Themselves (WP)

By Maureen Fan, Washington Post Foreign Service

The Washington Post, October 13, 2006

DALIAN, China -- The children answer to nicknames such as "Seagull," "Brightness," "Summer" and "Ocean," but they come with scars that social workers initially mistake for dirt. When they first arrive at the two-story house here, they hoard toothpaste, or they hide new socks and steamed buns in their bed quilts, as if they were precious gems.

They are the children of prisoners, and in this country, they belong to no one.

The law is unclear on who should provide for the children of China's more than 1.5 million prisoners. No government department is willing to supervise them. Historically, relatives have taken them in, but in practice, many unwanted children are shuffled from family to family. Sometimes, even the families do not want them.

A small number of children, like the 12 at the home here in Dalian, receive care at "Children's Villages," organizations usually run by civic-minded individuals. But there are no more than nine or 10 such organizations nationwide, serving perhaps 1,000 children, experts say. Prisoners have an estimated 600,000 children under the age of 18, according to Justice Ministry statistics; experts argue that the actual figure is higher.

The reasons for the neglect can be traced to China's bureaucratic system, but also to the scorn with which some Chinese have traditionally regarded criminals and, by extension, their children. In rural areas especially, the stigma against criminals and their families is felt almost as strongly as it was during the Cultural Revolution, the brutal 10-year campaign of terror that pitted youth against parent, wiped out any notion of trust and taught millions of people to shun "bad elements."

"People used to turn pale when talking about criminals in those times," said Zhang Shuqin, 58, director of the Beijing Sun Village Research Institute for Helping Special Children. "Some would argue, 'We can't even help good people's kids, why bother to help criminals or their kids?' "

At Dalian Children's Village, located behind a cornfield just west of this seaside city in northeast China, many of the children arrived after being taunted or beaten in their home villages or towns, and most came from impoverished backgrounds. Their parents, now serving time for robbery, fraud or murder, often earned less than a dollar a day before being incarcerated.

"Most of our kids live below the poverty line. They have relatives, but they're very poor. The more rural the area, the worse it is," said Pan Du, the executive director of the Dalian home. "If you live in a village, everybody knows your business. And kids can be so cruel to each other."

To protect their privacy, the children are given nicknames. "Shitou," 9, was the first child to come to live at the home three years ago. His name means "Stone," because he is considered the founding stone of the home. His previous nickname was "Idiot," given to him by relatives who beat him.

Shitou's mother abandoned the family, and his father is serving six years in prison for robbery. The boy and a sick grandmother bounced from relative to relative each month.

Yang Mei, 29, the home's full-time social worker, recalled seeing Shitou shortly after he arrived.

"I remember that his jacket was not thick enough for northeast China, and his pants were so short and tight they were hard to take off," she said. Yang also recalled Shitou flinching every time she tried to swat at the flies that loop through the home. It was only later that she learned he had once been beaten by relatives with a fly swatter.

It is a sad story, but every child at the home has a sad story, Yang said. To bring some brightness to their lives, perhaps, almost every child is given the name "Hai," which means ocean.

Hai Bin, 13, has a patch of skin on the back of his head where another child cut his head open with a rock.

Hai Chun, 13, used to collect garbage with her father to eke out a living.

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Hai Xia, 6, the youngest at the home, is the daughter of a mafia boss killed in an accident and a drug-dealing mother imprisoned for life when Hai Xia was 2.

Pan, the executive director, said that Hai Xia had nearly been adopted before she came to the home. But the Chinese couple that was interested in the girl had demanded that she never again see her mother. They thought the mother would be a bad influence.

"Chinese people have some traditional ideas, in that if your father commits crimes, your son will be a criminal, too, or the son will always follow the father's path," Yang said. "I think the discrimination is always there. Chinese people don't want to be associated with bad elements."

Both Yang and Pan earned enough in previous jobs to allow them to work for free at the home in Dalian, for the time being. The home's expenses run about $1,000 a month, with a full-time cook and a part-time accountant. Yang and Pan have just enough to cover that amount.

But there are times when they need more. When two children needed $1,250 worth of hospital surgery recently, Pan had to call local donors for help. She and her husband have sunk more than $8,000 of their own money into the home, after the founder, a family friend, became ill.

The home would have better access to international funding if it were registered with the government as a nongovernmental organization, or NGO, but the government makes the process extremely difficult -- to the point that local civil affairs officials have failed to even explain to Pan whom she must see to register.

The problem is a loophole in the law that fails to address prisoners' children. But adding to the problem is the government's year-old investigation of NGOs, especially U.S.-funded organizations suspected of having ulterior motives. Registration of new groups has come to a virtual standstill.

Nick Young, editor of China Development Brief, a Beijing-based publication that tracks China's NGOs, said state security officials have been questioning and intimidating NGO workers since news reports suggested that recent uprisings in Central Asia were heavily influenced by foreign-funded organizations.

"I think the government is concerned about foreign influence in a rather Cold War sense," Young told reporters at a recent briefing. "I think any rational observer would see that there's no real analogy between China and Kyrgyzstan and Central Asia. It's a no-brainer."

Meanwhile, Pan and Yang focus on teaching the children to withstand society's insults and to appreciate their parents, despite the parents' mistakes. They also try to prepare the children for the day their parents will be released.

It is a tough transition, as some parents struggle to find new homes and jobs. In Dalian, the children have been treated well by neighbors and local schools, but they may not face such a warm reception when they return to their families.

An Aug. 1 letter from the father of the home's newest resident, Hai Chen, 10, reached Pan last month.

"I've been in prison for three years and every moment I think of my crime I'm filled with regret. I know my crime has brought pain and harm to my family, to society and to the country," wrote the man, who is in prison for stealing a car. "I have learned that my son was not abandoned by society, but was adopted by the Children's Village. I can't do anything to thank you except to rebuild my life. Please educate my son strictly so he will never be like his father."

Researcher Jin Ling contributed to this report.

FDA Review Sought Of Data On Implants (WP)

By David Brown

The Washington Post, October 13, 2006

A consumer activist organization yesterday asked the Food and Drug Administration to investigate what it considers a possibly criminal attempt to suppress information about the risks of the new generation of silicone breast implants.

In a letter to the FDA's administrator, Public Citizen said it learned of test results -- some new, some reinterpreted -- from a scientist at implant maker Mentor Corp. who says he could not persuade his bosses to forward the data to the regulatory agency.

The scientist had worked for 15 years for Mentor, which is based in Santa Barbara, Calif. He was let go earlier this year in a company reorganization, although he thinks his protests to superiors were part of the reason.

The FDA is in the late stage of reviewing applications by two companies to sell once more silicone breast implants for general use. Last year, the agency gave preliminary approval for the devices on condition that Mentor and a competitor, Inamed (now part of another company, Allergan), complete required tests.

Currently, most breast implants used in the United States are filled with saline solution -- salt water. Silicone implants can be used only under limited conditions, generally in FDA-approved studies at specified hospitals.

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Many implants are used by women who have had a mastectomy for breast cancer, but most of the 250,000 sold each year are for breast enhancement. That number is expected to rise if the more popular silicone implants are allowed back on the market.

"This new information is compelling enough to warrant a reassessment of the FDA's position," Sidney M. Wolfe, the physician who heads Public Citizen, said in a letter to Andrew C. von Eschenbach, the FDA's acting commissioner. Wolfe added that unless the agency recommends a criminal investigation of Mentor, "it will encourage [Mentor] and other device manufacturers to selectively send the agency only those studies that put their products in the most favorable light."

The former Mentor scientist said he is not certain his findings mean that silicone implants are less safe than believed. But he said he thinks the information is relevant to the discussion and further studies need to be done.

"The data exists. It can't be refuted," he said yesterday. "I didn't want to get Mentor in trouble. I didn't want to point a finger at the FDA. The intention was to get the damn data reviewed and put in the total picture."

The scientist requested anonymity because he is looking for a job and does not want to be identified as a whistle-blower.

Two of the four issues he raised to his employers, and later to the FDA after he left Mentor, concern "low molecular weight siloxanes" -- the smaller members of a large family of silicone compounds in the implants' gel. Over time, some can pass through the plastic skin of the implant into the body.

In one of Mentor's studies, implants were submerged in the blood serum of pigs for a prolonged period. Chemists measured the amount of small silicone molecules in the liquid and found essentially no increase.

The scientist said he later determined that the silicone molecules were sticking to proteins and fat in the pig serum, making them uncountable. He devised a way to use a solvent to release them.

"The diffusion data that was submitted to the FDA is meaningless," he said in an interview.

But, he added, "even when we were aware in the corporation that this data had no meaning, we didn't inform the agency. As a matter of fact, the person who had oversight of my department tried to give validity to the data basically with a hand-waving approach." He said he considered that "intentional deception."

In another study, company scientists measured the concentration of various silicone compounds in implants that had been removed from women, some after a decade of use. Curiously, they found higher concentrations of small compounds than in implants that had never been used. For some molecules, there had been a tenfold increase, from 10 parts per million to 100 parts per million.

Why this occurred is unknown. Two possibilities are that body heat or motion may have caused large silicone molecules to break down into smaller ones.

"The bottom line is that somebody needed to go and look at this," the scientist said.

In a statement yesterday, FDA spokeswoman Heidi Valetkevitch said the agency "took the whistle blower allegations very seriously."

She said the agency "found no evidence of wrongdoing and nothing that would raise questions about the safety of the product under review or the integrity of the data submitted to FDA."

She added that manufacturers must submit any new data that could affect the safety and effectiveness of their products, but that "our investigation and inspection determined that the company's test results did not fall into this category."

In a statement, Mentor said: "During July, representatives from FDA visited our Santa Barbara facility. They asked questions and reviewed documents specific to our preclinical testing. To our knowledge, all questions were answered to the satisfaction of FDA."

Justice Department Gives Police Agencies Grants For Bulletproof Vests (GFPS)

By Don Lehman

Glens Falls (NY) Post-Star, October 13, 2006

Three local police agencies have been given federal grants to help them purchase new bulletproof vests.

Sheriff's Departments in Warren and Washington counties and Whitehall Police received money from the U.S. Department of Justice to purchase new body armor.

The Washington County Sheriff's Department will receive the most money of the three agencies, $4,462 that will be used to buy 6 vests for members of the department's newly created emergency response team, said Washington County Sheriff Roger Leclaire.

The Warren County Sheriff's Department will receive $3,847 for 18 new vests, 6 of which will replace old ones and 12 for new officers Sheriff Larry Cleveland has asked county leaders to hire.

Whitehall Police Chief Richard LaChapelle said the $3,115 the department has been chosen to receive will go toward 11 new vests to replace older ones.

LaChapelle said the department's memebers have some dating back 10 years, past when it is recommended they be replaced. The federal money will pay about half the tab, with the village picking up the rest, he said.

"You do have to replace them every so often," he said. "We're going to go to a lot lighter vest."

The grants were announced this week by U.S. Sen Charles Schumer, D-N.Y.

Leclaire said the Washington County Sheriff's Department also received word recently that it will receive a federal grant of $24,681 to purchase an iris scan machine. Iris scans are used as a means of identifying people.

Leclaire said it will be particularly useful for identifying children and Alzheimer's Disease patients.

"When we get it we'll make it available for use by any surrounding agencies," he said.

CIVIL LAW:

Class Action Suit Over ID Theft Tossed Out (CNET)

By Declan McCullagh And Anne Broache, Staff Writers, CNET News.com

CNET News, October 13, 2006

Acxiom, a data warehouser, had its databases looted at least twice. But judge throws out an ID-theft class action suit.

A federal judge in Arkansas has thrown out a class action lawsuit against Acxiom, which exposed massive amounts of Americans' personal information in a high-profile Internet security snafu three years ago.

Even though a spammer had downloaded more than one billion records from the company, U.S. District Judge William Wilson ruled that there was no evidence that Acxiom's purloined database had been used to send junk e-mail or postal mail.

Because the class action attorneys could not prove that anyone's information had actually been misused, Wilson dismissed the case and the request for damages on the grounds that any harm would be entirely speculative. "Because plaintiff has not alleged that she has suffered any concrete damages, she does not have standing under the case-or-controversy requirement," he wrote.

The decision (PDF), published on Oct. 3, could prove influential in other identity fraud cases where breaches have exposed personal information such as home addresses and Social Security numbers, but there's no proof that the information has been misused.

"If this case is not the first, it's certainly one of the first to deal with these issues," said David Kramer, a partner at the law firm of Wilson Sonsini Goodrich & Rosati, who represents Acxiom.

It's not entirely clear what information was downloaded from Acxiom, except that it was information owned by one of its customers rather than information Acxiom collected itself. Acxiom's business includes providing databases for direct marketers, including InfoBase, described by the company as "the largest collection of U.S. consumer and telephone data in one source," and Personicx, which features the "specific consumer and demographic characteristics" of tens of millions of American households. Acxiom also provides information to law enforcement agencies, and once counted former presidential candidate Wesley Clark as a board member.

In a related case dealing only with the rules governing federal agencies, the U.S. Supreme Court ruled in 2004 that someone who had his Social Security number disclosed by the Department of Labor--but experienced no actual harm such as identity fraud--was not entitled to damages (PDF).

The class action lawsuit arose out of a security breach at Acxiom in 2003 in which the company allegedly did not adequately protect a server used for file transfers (FTP). Earlier this year, Scott Levine was sentenced to eight years in prison after a federal jury convicted him of 120 counts of unauthorized access to Acxiom's computers.

Levine is a native of Boca Raton, Fla. and former chief executive of a bulk e-mail company called Snipermail.com, which had been dubbed a spammer by the Spamhaus Project. But federal prosecutors said there was no evidence that Levine used the downloaded data for identity fraud.

According to court documents, Levine and others broke into an Acxiom server used for file transfers and downloaded an encrypted password file called "ftpsam.txt" in early 2003. Then they ran a cracking utility on the ftpsam.txt file, prosecutors said, discovered 40 percent of the passwords, and used those accounts to download even more sensitive information.

The revelations raised eyebrows, in part because Acxiom Chairman Charles Morgan had offered public assurances about the company's security, including in testimony (click here for PDF) to the Federal Trade Commission. Morgan said that his company takes "exceptional security measures to protect the information we maintain for our own information products...to ensure that information will not be made available to any unauthorized person."

No decision about an appeal

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An attorney who is co-counsel on the lawsuit against Acxiom said on Wednesday that the plaintiffs have not yet decided whether to appeal. "We're going to consider what our potential avenues are over the coming week or so, and then make a decision," said Scott Poynter of the firm Emerson Poynter in Little Rock, Ark.

Emerson Poynter describes itself as a firm that has "specialized in class action litigation for over 15 years" and says all of those cases are handled on a contingency-fee basis. It has filed class-action lawsuits against companies including AOL Time Warner, Nortel Networks and Coca-Cola, typically alleging securities fraud. It has indicated it will target companies that are accused of stock option backdating as well.

"Our client tried to find out from Acxiom if her information was compromised, and they wouldn't tell her," Poynter said. "We think the consumers that have their private information stored by a company should have that right...But maybe the law needs to catch up with the Internet and the way people's privacy is being invaded today."

In the lawsuit that Emerson Poynter and a second law firm filed against Acxiom in April, they raised two vague arguments: That the data-broker was negligent, and that its actions "caused an unreasonable intrusion on the privacy" of people whose records were exposed. Those legal claims require someone to have suffered actual harm beyond a possibly increased risk of identity theft, Judge Wilson concluded. (The lawyers asked for "compensatory and punitive damages" and attorneys' fees of an unspecified amount.)

"This may lead attorneys looking to bring these sorts of claims to ensure their clients have suffered actual harm rather than speculative injury before filing suit," said Kramer, Acxiom's attorney.

But Chris Hoofnagle, a senior fellow at the University of California at Berkeley's law school who has been critical of Acxiom, thinks that the outcome might have been different if the attorneys had filed the suit in California. State law (AB1950) requires businesses that own or license personal information about Californians to "implement and maintain reasonable security procedures," Hoofnagle noted, though that law was not in place at the time of the Acxiom incident.

"I would hope that one could think of more causes of action other than identity theft and negligence," Hoofnagle said.

Levine's was not the first prosecution to stem from the security practices on Acxiom's FTP server. An Ohio man named Daniel Baas previously pleaded guilty to illegally entering Acxiom's FTP site. That investigation led federal police--including the FBI and Secret Service--to Levine, according to the Justice Department.

CIVIL RIGHTS:

Letters On Voter ID Under Fire 200,000 Mailed Out After Law Struck Down (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 13, 2006

Less than a week after a judge struck down Georgia's photo ID requirement for voters because it violated the state Constitution, nearly 200,000 letters — not the originally reported 20,000 — were sent out to registered voters, notifying them they may not have a valid driver's license or state-issued photo ID.

David Worley, a Democratic appointee to the State Election Board, is threatening to file a complaint with the U.S. Justice Department, charging the board with voter suppression for mailing the letters after the law was struck down.

The letter suggests that if a voter does not have a photo ID, they will not be allowed to vote on Election Day.

"Essentially, this is a taxpayer-funded voter suppression effort by the Republicans and a willful violation of the court's order," Worley said. "I think it is a violation of the Voting Rights Act, and I intend to take whatever legal action is available, including filing a complaint with the Justice Department. This shows the lengths to which Republicans are willing to go to stay in power."

The "Dear Georgia Voter" letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. Worley said that in early September the State Election Board voted to send out 300,000 letters to Georgians who were on the voter registration list but who did not have a driver's license.

Tex McIver, the vice chair of the election board who authorized the $55,000 mailing of the letters, said the board was only acting on an earlier order by U.S. District Judge Harold L. Murphy to educate the public about changes in Georgia voting law.

But Worley said letters should not have been sent out after the law was struck down in state court.

"I think it was necessary to send out the letter, but once the judge issued his order [voiding the law], that necessity evaporated," Worley said. "At that point, sending out the letters was intentionally misinforming the voters. "

Worley said that at a Sept. 22 State Election Board meeting, he asked if the letters had been mailed.

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"The vice chair said that at the time the order came down on the 19th, all but 20,000 of the letters had gone out," Worley said.

But according to a printing and postal delivery schedule provided on Wednesday by the State Elections Division of the Secretary of State's office, there were 79,496 letters delivered to the post office for mailing on Sept. 20 and another 115,747 sent on Sept. 25.

McIver said that he was told by staffers that only 20,000 letters had not been mailed and authorized that final batch to be sent after the Sept. 19 ruling. He said had he known that nearly 200,000 letters had not been sent, he would have still authorized the shipment.

"It doesn't change my opinion at all. I am under a federal order to educate these voters and that is what we were doing," McIver said of the letters mailed after the ruling.

"[Worley's] complaints were that this was adding to voter confusion, but everything we did was to prevent confusion," McIver said. "The letter should not confuse anybody. In it, we said that if you don't have a driver's license, go get a free one. That letter never said you can't use the 17 forms [of ID to vote]. It did say get a free ID. It also said you can vote absentee. It was not confusing."

But Jennifer Owens, executive director of the League of Women Voters of Georgia, isn't buying it. She said she has fielded several calls from confused voters and her office is in the process of mobilizing grass-roots efforts to meet with potential voters around the state to educate them on the voting process.

"From where we are sitting, this is one of the worst things that could happen as far as voter confusion," Owens said. "It certainly sends quite a clear message to those voters that they might have to show a driver's license. And if they are not paying attention to court rulings, they are not sure what they are gonna do. It raises red flags."

Carolyn Gray said her 90-year-old mother, Corrie Gray, received one of the letters.

Corrie Gray, who is black, has been voting for decades in Temple with a voter registration card and other forms of ID. She has never had a driver's license.

"She gets this letter, that she does not have photo ID. I knew that the photo ID had been blocked, so I was wondering why is this coming to her, when we know, it is not required," said Carolyn Gray. "If I had not been paying attention, I would have been running around trying to get her a photo ID. For her and a lot of elderly black folks, getting a photo idea is hell on wheels."

Worley said that he was going to ask Secretary of State Cathy Cox — who chairs the State Election Board — to call an emergency meeting next week.

Chris Riggall, Cox's spokesman said it is unprecedented that the elections board would have sent out the letters, since traditionally it was the job of the election division of the Secretary of State's Office. The General Assembly put the elections board — which is majority Republican — in charge of informing voters of the changes in voting law, Riggall said.

"There is a majority on the election board, which [Cox] is not in, that has made sure that Tex [McIver] would be the point person and the board has directed the elections division to stay out of this project," Riggall said. "It has been a situation in which the board, under Mr. McIver's leadership, has undertaken this and they have called the shots."

McIver said sending the letters after the judge's ruling has been helpful.

"By continuing to mail them, it helps me refine that list," said McIver, adding that several people have responded to the letters telling the state that they do have driver's licenses. "This was a way of building a better, cleaner, smarter, more accurate list."

Current law, which will be in effect for the Nov. 7 elections, allows voters to show one of 17 forms of identification, including some non-photo ID such as a utility bill or Social Security card. It also allows voters to sign a statement swearing to their identity if they can't produce identification.

Officer Convicted In Md. Inmate Death (AP)

By Brian Witte, The Associated Press

AP, October 13, 2006

BALTIMORE (AP) — A former correctional officer was conficted Thursday in the beating and stomping death of an inmate at a troubled jail.

Dameon Christopher Woods, 34, was one of three guards charged. A jury convicted him of second-degree murder and depraved heart, as well as first- and second-degree assault in the death of Raymond Smoot.

The jury acquitted Woods of second-degree murder, voluntary manslaughter and involuntary manslaughter charges.

James Leonard Hatcher, 45, another former correctional officer who faced the same charges as Woods, was acquitted of all charges Thursday. Circuit Court Judge John M. Glynn this week dismissed a murder charge against former officer Nathan D. Colbert.

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Smoot, 51, was beaten and stomped in his cell at the Baltimore Central Booking and Intake Center in May 2005 after getting into an altercation with officers who had trouble getting him back into his cell. He was being held on a theft charge but had a history of disciplinary problems, jail officials have said.

Eight correctional officers were fired less than a month after the death. The attack prompted the FBI to open a civil rights investigation, which is still active.

The state-run facility, which opened in 1995, has been criticized for its overcrowded and unhealthy conditions. It was designed to process as many as 45,000 people a year but has handled more than double that amount.

Kenya Kelly, Smoot's oldest daughter, said she was shocked and disappointed that only one person was convicted. She faulted a sloppy investigation and said she believed more than three participated in the beating.

"It's kind of hard to take what happened today, because justice wasn't served to the fullest extent," said Kelly, whose family has sued the state.

Mark Cohen, a prosecutor, said after the verdict that he believed prosecutors pursued the matter as far as possible.

Defense attorneys had argued that their clients were scapegoats of a conspiracy hatched by the correctional officers who were truly responsible. Woods' attorney, Margaret Mead, said she planned to file an appeal.

"How could they have found him guilty of depraved heart?" she told reporters outside the courthouse. "It's completely a miscarriage of justice."

Depraved heart is distinguished from second-degree murder in that it is not intentional and requires an extreme disregard for human life.

Sentencing is set for Dec. 12. Woods faces up to 30 years in prison on the murder charge.

Police Interview Girl In Beard Case (LNA)

By Ron Brown

Lynchburg (VA) News & Advance, October 13, 2006

State police have interviewed a 16-year-old girl who was in Clarence Lightfoot Beard Jr.'s James Crossing apartment when he died on Sept. 24.

Beard's death, which occurred while he was in custody of Lynchburg police, sparked the State Police investigation.

The girl has said she begged Lynchburg police officers to quit striking Beard, said L. Garnell Stamps, a local civil rights activist, in an interview earlier this week.

Lynchburg police said Beard struck two officers who were looking for a female fugitive at the apartment complex at about 3 a.m.

It is unclear what sparked the confrontation between Beard and police.

The city is not making 911 tapes and dispatchers' logs about the incident available to the public. The News & Advance requested the records earlier this week under the Virginia Freedom of Information Act.

The identity of the officers involved also has not been released by the city, which has said the incident is a "personnel matter" that is exempt from public disclosure.

In addition to the State Police investigation, which was requested by City Manager Kimball Payne, the Lynchburg Police Department is conducting two internal investigations.

Albert Rose, the girl's grandfather, said in a telephone interview Thursday that the State Police interview occurred on Wednesday.

"I can't say anything about the interview," he said.

Rose said more details could be made public sometime next week.

"There is a whole lot to this story," he said. "It is going to be coming out step by step."

Rose met Wednesday night with a group of local civil rights leaders and gave them a report on the incident. The group has asked the U.S. Justice Department's Civil Rights Division to look into the circumstances surrounding Beard's death.

In addition to Stamps, the civil rights advocates included Walter M. Fore Jr., president of the Lynchburg Voters League; Danny McCain, president of Concerned Citizens For Justice and Equity; W.E. Clark, chairman of the legal redress committee of the Lynchburg NAACP; the Rev. Willie Butler, president of the Lynchburg NAACP; and the Rev. James Coleman, state president of the National Action Network.

Stamps said Thursday the girl's story has been consistent since the night Beard died.

"Her story is what I call rock solid," Stamps said. "It has not changed. There are no discrepancies in her story. All that does is strengthen the case against the officers who were, in our opinion, being excessive and showing no restraint and being verbally abusive to an innocent party."

The girl told Stamps that she was repeatedly cursed by officers when she begged them to stop striking Beard.

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An autopsy showed Beard had two lumps on his head, an abrasion to his forehead and a small bruise on his temple.

Preliminary findings by a state medical examiner indicated that Beard suffered from advanced coronary artery disease.

The final version of the autopsy report will be released once a toxicology report is completed. That report will reveal what, if any, drugs Beard had in his system.

Stamps said Thursday that at least two young children and another woman were in Beard's apartment the night he died.

The civil rights group has tried to determine whether mental health counseling is needed for the 16-year-old and the two children, ages 2 and 4.

Stamps said at least one of the small children has acted out what they saw in Beard's apartment that night.

"It was our hope that the children would not have seen a lot of the things," Stamps said. "It is my thinking that the city should assume some responsibility. It was while officers of the Lynchburg Police Department were there that these three children saw this negative behavior."

Congressman Ask Justice Department To Review Law That Convicted Ramos (OIVB)

By Sara A. Carter, Staff Writer

Ontario Inland Valley (CA) Bulletin, October 13, 2006

In an eleventh-hour plea, a half-dozen congressmen are asking the Justice Department to review the federal law used to convict two Border Patrol agents of shooting a Mexican drug smuggler.

Congressman Walter B. Jones, R-N.C., circulated a letter Thursday among his colleagues that slammed federal statute 924(c), which addresses discharging a firearm in relation to a crime of violence. Conviction under the statute carries a minimum 10-year sentence in federal prison.

Jones and five other members of the caucus -- including California Reps. Gary Miller (R-Brea), Dana Rohrbacher (R-Huntington Beach) and Ed Royce (R-Fullerton) -- contend in the letter that El Paso, Texas, Border Patrol Agents Ignacio Ramos and Jose Alonso Compean should not have been charged under the statute because carrying a firearm was a necessary part of their jobs, and that they used the firearms while on duty.

``Yesterday (Tuesday), a motion to delay sentencing for Ramos and Compean was denied. Sentencing is now scheduled for Thursday, Oct. 19," the letter reads. ``We urge you to take any action you can to either delay this sentencing or have the ... charges dropped."

NJ Gets More Time To Implement Required Voter Database (AP)

By Jeffrey Gold, Associated Press Writer

AP, October 13, 2006

NEWARK, N.J. -- New Jersey has been given until next year's primary election to implement a federally required statewide voter registration list, the state and the U.S. Justice Department announced Thursday.

In a series of court filings, New Jersey acknowledged it had missed deadlines required by the Help America Vote Act and a related state law.

The petitions, if approved by federal and state judges, should prevent problems that could threaten the integrity of the Nov. 7 general election if the statewide list were used exclusively, state Attorney General Stuart Rabner said.

Federal prosecutors charged, in a complaint filed along with a proposed settlement, that New Jersey had also failed to collect driver's license numbers on the applications of new registrants, as required by HAVA, and "failed to perform reasonable registration list maintenance" as required by the National Voter Registration Act of 1993.

"We were very concerned that four years had passed without compliance with federal voting laws by the state Attorney General's Office," Christopher J. Christie, the U.S. attorney for New Jersey, said in a statement. "We are very pleased that Attorney General Rabner has taken this issue so seriously and has put the resources of his department behind fixing it as soon as possible."

If the petitions are approved, New Jersey would use the existing voter registration rolls in 20 of the 21 counties for the Nov. 7 election.

The attorney general's office said that any eligible voter whose name appears in the county poll book will be able to cast a regular ballot. Those whose names are not in the book but believe they have registered to vote can cast a provisional ballot.

Hunterdon County would use the new statewide voter registration list exclusively, while the statewide system would be tested in the others.

Rabner's office said other states have had problems implementing a statewide voter database and that deadlines have also been extended in California, Maine and New York.

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New Jersey blamed its delay on continuing "software problems that would threaten the integrity of the upcoming general election."

The state's agreement with the Justice Department sets a number of deadlines for the state, including:

_Implementing the statewide voter registration list by May 30. The primary is in June.

_Taking steps by May 30 to identify possible duplicate registrations and refer them to the counties to be checked, and, if confirmed, removed by July 25.

_Obtain by May 30 driver's license numbers (or other identification if the person does not have a driver's license) for people who registered to vote after Jan. 1.

Black Plaintiffs Attack Voting Method For Chancery, Circuit Judges (AP)

AP, October 13, 2006

JACKSON, Miss. - A group of black plaintiffs has filed a federal lawsuit challenging how Mississippi will elect state circuit and chancery judges in November.

Attorney Carroll Rhodes of Hazlehurst, who filed the lawsuit in federal court in Jackson on Oct. 3, said Thursday that he does not wish to stop any judicial elections.

Rhodes said he wants the judiciary races to be run under the election law before it was rewritten by the Legislature in 2005.

Rhodes said the new law was to take effect Jan. 1, 2007. He said the State Election Commission erroneously is using the new law for this year's election.

"All we are asking is for the ballot to be changed, not that the elections be stopped. We are not asking that anything be withdrawn. We are not asking for anything burdensome," Rhodes told The Associated Press.

No hearing date has been set for the lawsuit.

Rhodes' lawsuit, which represents only one side of a legal argument, says that in six chancery court and nine circuit court districts, the opportunity for the election of black candidates has been harmed by the new law.

In those districts, the Legislature changed the election process from a "herd" system to a "post" system. The lawsuit asks a federal panel to revert to the herd system for the Nov. 7 elections.

Under the herd system, all candidates run in a pack and the top vote getters win the available seats. The herd system was put in place in the late 1980s as part of a settlement of a lawsuit that also claimed the judicial election method diluted black voting strength.

Supporters argue the herd system can help blacks be elected because minorities can make their vote count more by voting only once, presumably for the black candidate.

For instance, in a district where two circuit judges will be elected, voters who cast a ballot for only one candidate will carry more weight than voters who select two candidates.

Lawmakers eliminated the herd system in many districts because they said it was not helping to elect minorities.

What the Legislature created was "posts," where candidates choose the post for which they are running. Many incumbents like the post system because generally a challenger will opt not to run against an incumbent if there is an open spot to pursue.

Attorney General Jim Hood, who's one of three members on the state Election Commission, said the election change was approved by the U.S. Department of Justice. Federal law requires all election changes in Mississippi to obtain Justice approval to ensure black voting efforts will not be harmed.

"We feel the Department of Justice was correct in its ruling, and we believe that the federal court will ultimately agree," Hood told the Northeast Mississippi Daily Journal newspaper.

Rhodes, however, said the Election Commission did not ask the Justice Department for approval - called preclearance - to make the new law apply to the 2006 election.

"Technically, it shouldn't be used in any area of the state," Rhodes said. "Here, the state of Mississippi is trying to implement an un-precleared voting changes for this election."

The Abstinence Shtick, Minus Jesus (WP)

By Michael Alison Chandler

The Washington Post, October 13, 2006

Christian comedian Keith Deltano did a lot of things at Loudoun County High School yesterday to encourage teenagers to stay away from sex. He sang bad hip-hop, told stories about oozing diapers, read from a government report on how condoms can fail and waved a cinder block over one unfortunate male student's genital zone.

But he never once talked about Jesus. Although he often delivers one-liners tailored to his faith, Deltano gave a routine expunged of religion to more than 1,000 students at the public high school in Leesburg.

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Some civil liberties advocates, skeptical of such shows, said school officials must enforce a line that is tested by religious performers who are invited into public schools to entertain and educate but not preach.

"Having so-called secular performances or speeches in public schools by Christian evangelists" is a growing trend, said Barry W. Lynn, executive director of Americans United for Separation of Church and State. "Schools need to be extremely careful when they tread into these waters."

In recent years, evangelist bodybuilders and extreme athletes have toured schools across the country with anti-drug and anti-suicide messages. The brother of a devout Christian victim of the 1999 Columbine school shootings has toured some Loudoun schools bringing with him a powerful anti-bullying presentation called "Rachel's Challenge."

Many parents, administrators and teachers see such assemblies as an effective way to convey hard-to-teach life lessons. But occasionally there have been controversies.

Last year, twin comedians Rick and Mick Vigneulle gave an anti-drug motivational assembly in several Charles County schools that prompted some criticism. The American Civil Liberties Union objected to fliers the duo circulated that advertised a free, off-campus pizza party during which they delivered a Christian message.

When it heard about Deltano's event, the ACLU sent a letter last week to Loudoun County High Principal Bill Oblas. The group sought assurances that the comedian would not promote the Christian pregnancy center in Lansdowne that hired him or plug his religious books and videos. It also sought a prohibition on invitations to off-campus religious activities.

Oblas said he and Deltano had already established clear parameters. The principal had previewed the performance and determined that the message was "identical" to the system's sex-education curriculum, which emphasizes abstinence. He also sent notes to parents and gave students the option of not attending.

"I understand the division of church and state. To me, it's very clear," Deltano said afterward. The former middle school teacher has been speaking about abstinence for more than 10 years and said he has toured 46 states.

His Web site has two distinct portals, one for school shows and another for faith-based shows. The site also refers browsers to the text of a federal law that spells out rules for programs that receive federal funding for abstinence education.

Stephen Budiansky, father of an 11th-grader at Loudon County High, alerted the ACLU to the event. He said he was alarmed that the school system would invite a sex-ed presentation from someone who was not a health-care professional and who has what Budiansky called "a clear religious agenda."

"There is a curriculum . . . that goes through peer review and gets scrutiny from scientific experts," Budiansky said. "Teachers are very well trained to deal with questions that arise in class and to give accurate, scientifically valid information."

One parent who attended the assembly, Eva McGann, said she would like Deltano to speak at her daughter's school -- Stone Bridge High in Ashburn -- because she said it's important for students to hear the message from someone other than teachers and parents.

Students gave Deltano mixed reviews. Many cheered and laughed at his jokes; some blushed. Afterward, sophomore Megan Patlen, 15, said that she loved it.

"Abstinence is definitely the way to go," she said, describing herself as Christian.

Junior Ghislaine LeFranc, 16, said she didn't like how abstinence was "pressed" on her in her sex-education lessons and in the assembly.

"Although it's not about Christianity, there is an underlying conservative belief," she said, which she said she does not agree with.

Oblas said he thought that the students learned something. The presentation added to the school's curriculum by reaching students in different ways, he said.

They respond to his jokes, "his high energy and his loudness," Oblas said.

Same-sex Marriage Back Before Voters, But Mood Different (USAT)

By Thomas Frank

USA Today, October 13, 2006

Two years after voters in 13 states approved constitutional bans on same-sex marriage, gay rights activists hope to reverse that course next month.

Colorado's first-in-the-nation ballot proposal to create same-sex domestic partnerships had strong support in a recent poll. Polls in three of the eight states that will vote on banning same-sex marriage show the measures trailing or leading narrowly.

“It could be a watershed year,” said Carrie Evans, state legislative director at the Human Rights Campaign, a gay and lesbian advocacy group.

Jim Pfaff, state policy director for the conservative group Focus on the Family, disagrees. He says all same-sex-marriage bans will pass because voters “believe that marriage is the union of one man and one woman.”

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Any victory for gay groups would be unprecedented. Voters have approved each of 19 proposals for state constitutional bans on same-sex marriage; support has averaged 70%. The questions began appearing on ballots in 1998 after a Hawaii court struck down the state's same-sex-marriage ban.

Now, well-run opposition campaigns and growing acceptance of homosexuality are eroding support for such bans, pollsters say.

In Arizona, a recent poll from Arizona State University on a constitutional amendment to ban same-sex marriage showed 51% of registered voters were opposed; 38% supported it. A Mason-Dixon Poll in July in South Dakota showed a similar measure trailing 49% to 41%. "We have a very good chance of killing this," said Ken Clark of Arizona Together, which opposes the measure.

Cathi Herrod of Project Marriage Arizona, the group that got the amendment on the ballot, predicted it would pass because U.S. voters have always approved such measures. Polls traditionally underestimate support for bans on same-sex marriage, she said.

In Colorado, a mid-September Rocky Mountain News poll showed 58% supported a ballot measure to create domestic partnerships that would give same-sex couples many rights of married couples, such as health insurance benefits and hospital visitation. The poll showed 38% opposed it. The same poll showed a Colorado ballot issue to ban same-sex marriage was favored by 52% to 42%.

Approval of the domestic-partnership measure would embolden activists to push for similar legal recognition in other states, said Evans of the Human Rights Campaign. Gay rights advocates believe "people are not altogether bigoted and discriminatory and do want to provide rights to same-sex couples. Colorado is testing that," she said.

Americans are torn about recognizing same-sex couples, said Scott Keeter of the Pew Research Center. A Pew survey in July showed 56% of respondents opposed gay marriage, but 54% favored civil unions.

Six states and the District of Columbia give gay couples legal rights, such as the ability to make medical decisions for a partner or to sue for wrongful death. Only Massachusetts lets them marry.

Focus on the Family and other conservative groups say constitutional bans keep courts from overturning laws barring same-sex marriage, which 26 states have.

The Arizona proposal, Proposition 107, would bar the state and cities from granting unmarried couples legal rights. That has brought rebukes from the mayors of Phoenix and Tucson. They say public entities couldn't offer domestic-partner benefits, making them less-appealing places to work. Such "high-profile" opposition is "the main reason 107 may not pass," said Bruce Merrill, director of the ASU poll that showed the same-sex proposal trailing.

Foes of Proposition 107 focus on rights they say unmarried couples would lose. "This has nothing to do with gay or straight," said Clark, opposition campaign director.

Most same-sex-marriage bans that have passed or are facing voters next month bar rights for gay couples. Courts decide how those bans affect areas such as health benefits for domestic partners, said Evans of the Human Rights Campaign. But putting such bans on the ballot can undermine them, said Brad Coker of Mason-Dixon pollsters. "The more complicated the language, the more likely people are to vote no."

ANTITRUST:

Cypress: Justice Department To Probe Static Random Access Memory Market (AP)

AP, October 13, 2006

SAN JOSE (AP) - The U.S. Department of Justice's antitrust division has opened an investigation into the static random access memory market, communications-chip maker Cypress Semiconductor said Thursday.

SRAM memory is faster than dynamic random access memory, the most common type used in personal computers. SRAM is found in relatively small quantities in PCs, it's also used in disk drives, communications equipment and networking gear.

In a statement, Cypress said it will fully support the investigation.

A Justice Department spokeswoman could not immediately be reached to confirm the start of the investigation or comment on its scope.

A separate DOJ investigation into price-fixing among DRAM companies has so far resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Cypress shares lost 78 cents, or more than 3.8 percent, to $19.34, in Thursday trading on the Nasdaq Stock Market.

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US DoJ Launches Probe Into S-Ram Pricing (FT)

By Stephanie Kirchgaessner In Washington And Chris Nuttall In San Francisco

Financial Times, October 13, 2006

The US Department of Justice has launched an investigation into possible price-fixing in the market for electronic memory chips, known as S-Ram. Companies contacted in connection to the probe include Samsung, the South Korean chipmaker, Cypress Semiconductor and Micron Technology.

The investigation comes just one year after Samsung, the leader in the S-Ram market, pleaded guilty and paid a $300m fine for its role in an international conspiracy to fix prices in the D-Ram chip market, marking the second-largest criminal antitrust fine in history.

That probe ultimately ensnared four companies and 13 individuals and elicited $731m in fines.

Samsung and Micron both said they had received subpoenas in connection to S-Ram sales and marketing and were co-operating with prosecutors. But Micron added that it did not believe it was a target of the investigation. The company received amnesty in the justice department's D-Ram investigation because of its co-operation.

Cypress said it would make available employees, documents and all other relevant information to the DoJ's antitrust division to support the investigation.

The news of the probe, just one day after the DoJ approved without any conditions the takeover of BellSouth by AT&T, underscores the two-pronged approach the Bush administration has taken on antitrust matters.

While critics contend that competition authorities have given the green light to a number of mega-mergers with few conditions, including two AT&T deals, the DoJ has also markedly ramped up its prosecution of price-fixing cases.

Unlike the D-Ram price- fixing conspiracy, which officials said forced companies such as Hewlett-Packard to increase the price of personal computers, the S-Ram market is much smaller, with sales of less than $3bn forecast this year.

DOJ Probes SRAM Market (THESTREET)

By Alexei Oreskovic, TheStreet.com Staff Reporter

TheStreet.com, October 13, 2006

Cypress Semiconductor said it is cooperating with the Justice Department in an investigation into the SRAM memory-chip market.

In a short statement released Thursday, Cypress said the DOJ's antitrust division had notified the company that there will be an investigation into the SRAM market. Cypress said it will make available its employees, documents and all other relevant information to the government to fully support the investigation.

Shares of San Jose, Calif.-based Cypress were down 3.5%, or 70 cents, at $19.42 in midday trading.

News of the investigation marks a new phase in the government's probe of computer-memory makers. For several years, the Justice Department has been investigating price fixing in the market for DRAM, the standard type of memory chips used in personal computers. SRAM memory, which is faster and more expensive than DRAM, is used for specialty purposes like a microprocessor's cache.

The DRAM probe has so far resulted in jail sentences for executives at Samsung, Hynix Semiconductor and Infineon Technologies (IFX - news - Cramer's Take), as well as more than $700 million in fines.

That investigation centers on collusion between executives at various chipmakers to set the price of DRAM chips between 1999 and 2002.

Cypress didn't disclose whether the new SRAM probe was focused on price-fixing or on different issues. A representative of the Justice Department's antitrust division was not immediately available for comment.

Justice Probing SRAM Industry (MERCN)

By Scott Duke Harris

The San Jose Mercury News, October 13, 2006

The U.S. Department of Justice, which already cracked down on price-fixing in one part of the memory chip industry, is now scrutinizing the possibility of anti-competitive practices in another, the agency confirmed Thursday.

San Jose-based Cypress Semiconductor, the world's third-largest producer of static random-access memory chips, said it was cooperating with the investigation. Other industry leaders include Korea-based Samsung, Japan-based NEC and Toshiba, and Micron Technnology, of Boise, Idaho, but none of the other companies mentioned the investigation.

In a press release, Cypress said it ``would make available employees, documents and all other relevant information to the U.S. Department of Justice's Antitrust Division to fully support the investigation."

Cypress spokesman Don Parkman declined further comment. Cypress shares lost 41 cents, or more than 2 percent, to $19.71, in Thursday trading. IDT, a relatively small SRAM producer also based in San Jose, has not been contacted by federal investigators, said company spokesman Chad Taggart.

The probe comes on the heels of a previous federal antitrust crackdown on a larger part of the memory chip industry involving DRAM, or dynamic random-access memory. That investigation resulted in more than a dozen charges against individuals and more than $731 million in fines against Samsung, Elpida Memory, Infineon Technologies and Hynix Semiconductor. California was among 34 states that in July sued seven DRAM manufacturers for allegedly fixing prices on chips that store data in personal computers and other gadgets. Cypress is not in the DRAM business.

Gina Talamona, a Department of Justice spokeswoman, confirmed the probbe but declined to say whether the investigation was focused on price-fixing, dumping or other practices, and declined to identify companies under scrutiny.

The new investigation surprised some industry observers. ``In DRAM, that price-fixing had an affect on consumers worldwide," said Mark DeVoss, a memory chip analyst with iSuppli. ``The SRAM content is so small, how much can anybody be hurt by price-fixing?"

The cost to consumers of SRAM, DeVoss said, is less apparent. An SRAM chip is more powerful than a DRAM chip, but the SRAM function is increasingly moving from discrete semiconductors to more complex devices, known as a system-on-a-chip. As a result, the SRAM market is ``flat to down," with DeVoss forecasting a 7 percent annual decline in the coming years.

The SRAM chip market in 2005 was measured at between $1.4 billion and $2.7 billion, depending on if it included the so-called pseudo-SRAM chips that are often used in cell phones, said DeVoss. That compared to a $24.8 billion DRAM market, projected to reach $30 billion this year, he said.

SRAM is a high-speed chip that ``for mission critical operations," DeVoss said. DRAM are low-performance chips that store data while a device is turned on, and in computers store programs in main memory.

FCC Chief Martin Delays AT&T Vote, Looks For Support (Update2) (BLOOM)

By Molly Peterson

Bloomberg, October 13, 2006

Oct. 12 (Bloomberg) -- U.S. Federal Communications Commission Chairman Kevin Martin delayed today's scheduled vote on AT&T Inc.'s purchase of BellSouth Corp., a sign he needs more time to win approval of the $79 billion transaction.

The FCC meeting on the merger was postponed to tomorrow while Martin and fellow Republican Commissioner Deborah Tate try to win over the panel's Democrats. AT&T lobbyist Robert Quinn said today that the San Antonio-based company is open to some conditions on the purchase to secure votes.

Rescheduling gives Martin and Tate an extra day to negotiate with Democrat members Michael Copps and Jonathan Adelstein, who criticized yesterday's Justice Department backing of the deal without conditions. The fifth commissioner, Republican Robert McDowell, has said he expects to be barred from voting because of his past work as a lobbyist.

``It does appear that the Democrats are holding up this decision for added concessions from AT&T," said Coleman Bazelon, vice president of Analysis Group, an economic and financial consulting company.

Shares of AT&T, the largest U.S. phone company, rose 37 cents to $33.33 at 10:34 a.m. in New York Stock Exchange composite trading and had gained 35 percent this year before today. Shares of BellSouth, the third biggest, gained 57 cents to $44.01 in New York trading and had risen 60 percent.

Final Hurdle

``We will negotiate all night if we have to," AT&T's Quinn told reporters in Washington. ``I fear if we don't get it done, election-year politics will take over everything."

An impasse between the FCC's Democrats and Republicans could delay a vote until the end of the month, in part because Martin is scheduled to go to China next week, said Blair Levin, a Stifel, Nicolaus & Co. analyst, in a note to investors.

``If so, the FCC may not be able to act before late October," Levin wrote.

The FCC is the last regulatory hurdle AT&T must surmount before it can complete the deal. Martin last month circulated a proposed order to approve the sale without conditions.

The draft was a starting point for talks and doesn't mean the acquisition will sail through without requirements imposed by the commission.

Rising Competition

AT&T is expanding to meet competition for phone customers from cable-television providers such as Comcast Corp. and Internet-based companies including Vonage Holdings Inc. They have created enough rivalry that regulators can support the combination of two large telephone companies, the Justice Department said yesterday.

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The purchase will increase AT&T's local-phone service area to 22 states. Atlanta-based BellSouth sells local-phone service in nine southeastern states.

The deal also would give AT&T full ownership of Cingular Wireless LLC. Atlanta-based Cingular, the largest U.S. mobile-phone carrier, is now jointly owned by AT&T and BellSouth.

In approving the transaction, the Justice Department said the deal probably won't ``substantially'' reduce competition.

``The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential, local and long-distance service indicate that this transaction is not likely to harm consumer welfare,'' Thomas Barnett, the department's antitrust chief, said in an e-mailed statement.

FCC Delays AT&T-BellSouth Vote (MRKTWTCH)

By Jeffry Bartash

Market Watch, October 13, 2006

Agency to meet Friday; Justice Dept. has cleared merger

WASHINGTON (MarketWatch) - The Federal Communications Commission delayed until Friday a vote on AT&T Inc.'s $80 billion acquisition of BellSouth Corp., suggesting the agency's commissioners are still negotiating over whether to add conditions to the deal.

The FCC had been expected to vote Thursday on the merger, which will create the largest U.S. telecommunications provider.

The delay comes after antitrust regulators at the U.S. Justice Department approved the transaction on Wednesday, saying the merger - initially valued at $67 billion when it was unveiled in March -- is likely to benefit consumers.

The Justice Department said the deal would not hurt competition "substantially" in any part of the U.S. communications industry, and they didn't require the companies to sell off any assets or attach other conditions.

That decision was blasted by consumer groups and some Democrats, who accused the department of "rubberstamping" the merger. They urged the FCC to add conditions designed to protect customers.

AT&T, formerly known as SBC Communications, is the largest long-distance operator in the U.S. and the dominant local phone provider in California, Texas and the Southwest.

BellSouth and AT&T already co-own Cingular Wireless, the biggest mobile operator in the U.S. The combined entity would cater to 70 million local phone customers in 22 states, mostly in the South, Midwest and far West.

It would also serve 10 million broadband Internet users and employ more than 300,000 workers.

The company's total revenue would exceed $120 billion and an enlarged AT&T would have a market value of more than $200 billion.

The delay at the FCC suggests that Kevin Martin, the Republican who chairs the commission, and the four other commissioners - two Republicans and two Democrats - are still negotiating whether to attach conditions to its approval.

The Justice Department was widely expected to approve the deal, although there was some question as to whether the agency would require the two companies to sell off some wireless spectrum or special high-speed access lines that serve business customers.

"After thoroughly investigating AT&T's proposed acquisition of BellSouth, the antitrust division determined that the proposed transaction is not likely to reduce competition substantially," said Thomas O. Barnett, assistant attorney general, in a DOJ statement.

FCC urged to intervene

Opponents of the deal blasted the Justice Department and called for the FCC to impose tough conditions to prevent harm to customers.

"The government has been deceived before by false promises that mergers of potential competitors benefit the public," said Gene Kimmelman, senior vice president for Consumers Union. "It should not be fooled again."

Critics had also urged Congress to block the deal, saying it would reduce competition and raise costs for homes and businesses. Although several top lawmakers in both parties sent letters to regulators questioning aspects of the merger and requesting a delay, Congress has mostly been silent on the matter.

The phone companies, for their part, insisted they could offer better services at lower prices if they were allowed to combine. They are spending billions of dollars to upgrade their networks to deliver improved wireless coverage, superfast Internet access and pay-television service over fiber-optic lines.

"AT&T is focused on bringing more video choices and next-generation broadband services to as many consumers as possible and our merger with BellSouth will help deliver these benefits to more consumers, more quickly," AT&T General Counsel James D. Ellis said in a statement.

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Frenzy of mergers

Since the historic Telecommunications Act of 1996, which partially freed the industry from extensive regulation, phone companies have merged or gone out of business at a dizzying pace amid a severe boom-and-bust cycle.

The 10 leading phone companies a decade ago -- AT&T, MCI, Sprint and the seven Baby Bells created by the 1984 breakup of the old Ma Bell -- are set to be reduced to just four: AT&T Inc., Verizon Communications, Sprint Nextel Corp. and, to a lesser extent, Qwest Communications International Inc. A host of smaller regional players also exist.

Yet pricing trends do not entirely bear out the claims of opponents or supporters of phone-industry mergers.

Local rates are somewhat higher now compared to 10 years ago, while long-distance prices have flattened out lately after years of sharp decline. Wireless prices, meanwhile, fell sharply after the late 1990s and Internet-access costs have plummeted in recent years.

Because competition is still intense, regulatory analysts have long predicted that the AT&T-BellSouth merger would pass regulatory muster with few conditions attached. The companies compete directly in very few markets.

At the same time, the cable industry is increasingly moving into the phone business while Verizon Communications and Sprint Nextel Corp. are challenging AT&T in the wireless and corporate-services.

The Justice Department concurred with that assessment.

"The presence of other competitors, changing regulatory requirements and the emergence of new technologies in markets for residential local and long distance service indicate that this transaction is not likely to harm consumer welfare," Barnett said.

AT&T and BellSouth have already won approval for their merger in all U.S. states in which they have a large presence. Foreign countries in which AT&T operates have also approved the deal. Jeffry Bartash is a reporter for MarketWatch in Washington.

AT&T Purchase Prompts Claim U.S. Tries To Avoid Court Review (BLOOM)

By James Rowley

Bloomberg, October 13, 2006

Oct. 13 (Bloomberg) -- The U.S. Justice Department's decision to approve without conditions AT&T Inc.'s $79 billion takeover of BellSouth Corp. has triggered complaints that the agency tailored its clearance to avoid judicial scrutiny.

Consumer groups and Democratic lawmakers say the department tried to head off a court review that would have been mandatory were conditions attached. The accusation caused at least a temporary delay in approval of the deal by the Federal Communications Commission.

Senator Patrick Leahy, a Vermont Democrat who co-sponsored a 2004 law calling for more detailed judicial review of mergers, accused the Justice Department of ``thumbing its nose at Congress and the courts'' by unconditionally permitting the deal. Leahy noted that lawmakers in both parties urged the Justice Department to wait until a court fight over two 2005 mergers was resolved before clearing the latest combination.

``The Bush administration has embraced the political agenda of the largest phone and cable companies,'' said Jeff Chester, executive director of the Center for Digital Democracy, a Washington consumer advocacy group.

The Justice Department defended its approval of the combination of San Antonio-based AT&T and Atlanta-based BellSouth, saying it found the deal posed no harm to competition that needed to be remedied.

The agency's antitrust enforcers are engaged in a protracted court battle over conditions imposed last year when the government cleared New York-based Verizon Communications Inc.'s purchase of MCI Inc. and SBC Communications Inc.'s acquisition of AT&T Corp. SBC changed its name to AT&T Inc. after the 2005 deal.

Earlier Transactions

U.S. District Judge Emmet Sullivan in Washington is examining those transactions. Two industry groups challenged the remedies as insufficient to preserve competition for business- phone service.

Sullivan ``exposed fundamental flaws'' and ``probably embarrassed'' the Justice Department by asking common-sense questions, said Gene Kimmelman, Washington director of Consumers Union.

The sponsors of the 2004 legislation said it is intended to ensure that judges don't act as rubber stamps when reviewing merger decisions. The Bush administration has generally taken a business-friendly approach in clearing such transactions.

Congress ``thought things had tilted too far towards virtually complete deference'' to the government, said Stephen Calkins, who teaches antitrust law at Detroit's Wayne State University.

At a July 12 hearing in the 2005 phone company mergers, Sullivan made his position clear: He said he wanted everyone to know ``I am not a rubber stamp.''

Economic Harm

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Under the 2004 law, federal judges now must determine whether settlements between the Justice Department and merging companies are pro-competitive and prevent economic harm.

Before the changes, judges had wider discretion to sign off on any deals they determined were in the ``public interest.'' They are now required to apply a set of factors before making that determination.

Sullivan, an appointee of President Bill Clinton, ordered the government to provide more information about its investigation of last year's twin phone mergers. He wants to know whether the Justice Department's requirement that the combined company lease excess fiber-optic cable serving office buildings in 19 cities will restore lost competition for business services.

Two trade groups representing customers and competitors such as Reston, Virginia-based Sprint Nextel Corp. and Chicago-based XO Holdings Inc. argued that the sale of the cable -- which the merging companies weren't planning to use anyway -- isn't sufficient.

``That remedy does nothing at all,'' said Jonathan Lee, a lawyer for Comptel, a Washington trade group challenging the government's remedies. It's ``like leasing some unused couch in your garage,'' Lee said. ``No one is using it.''

Customer Lists

The groups also said the government should have required the merged companies to sell customer lists and support operations to help others compete for business customers.

The latest phone company combination, between AT&T and BellSouth, still must be approved by the Federal Communications Commission, which meets today to vote on it. FCC Chairman Kevin Martin postponed a scheduled vote yesterday after two Democrats on the commission criticized the Justice Department decision to impose no conditions.

The takeover would combine two of the former regional operating companies of the original AT&T, or ``Ma Bell,'' which was broken up in 1984 by a judicial decree that concluded a landmark government antitrust case.

Scott Cleland, an industry analyst and chief executive officer of Washington research firm Precursor LLC, said criticism of all three telecommunications deals is misplaced.

`Ridiculous Proposition'

To suggest more stringent remedies are needed ``is a ridiculous proposition'' because ``rapidly evolving technology and innovating markets'' will ensure more competition, he said. He also questioned the notion that the government's decision was motivated by any desire to avoid another court fight. ``When people allege that, they are placing a motive that may or may not be there,'' he said.

Congress attached the judicial review requirement to the 1974 Tunney Act, which was enacted after the Watergate scandal and allegations that political contributions influenced a Justice Department antitrust case. The agency was accused of dropping a demand that International Telephone and Telegraph Co. divest ownership of the Hartford Fire Insurance Co. after an IT&T unit donated to the Republican Party.

AT&T-BellSouth Deal Hinges On Democrats (AP)

By John Dunbar, Associated Press Writer

AP, October 13, 2006

WASHINGTON (AP) -- If the Federal Communications Commission votes as planned on AT&T Inc.'s acquisition of BellSouth Corp. on Friday, it means the agency's Republican chairman compromised with two outspoken Democrats who sought significant changes in the deal.

Past comments from Democratic commissioners Michael Copps and Jonathan Adelstein and word from people familiar with the negotiations suggest points to some of the remaining unresolved issues, including:

-"network neutrality," which deals with whether Internet service providers must provide equal treatment to all traffic on their networks.

-"interconnection," or the right to access an incumbent telephone company's network.

-a possible divestiture of some of BellSouth's wireless broadband spectrum holdings.

Copps and Adelstein are in an unusually strong position on the five-member commission, which has three Republicans. One of those GOP commissioners, Robert McDowell, is a potential tie-breaking vote who has withdraw from the case because he was a lobbyist who representing competitors of AT&T and BellSouth.

Republican Deborah Taylor Tate is expected to vote with the agency chairman, Kevin Martin, in favor of the acquisition.

The FCC is the last major regulatory hurdle for the deal. The Justice Department on Wednesday approved AT&T's purchase without any conditions.

When the deal was originally announced, it was worth about $67 billion. But the rising price of AT&T's stock has pushed the value of the deal to $80.8 billion at the close of trading Thursday.

The deal would extend AT&T's dominance as the biggest provider of phone, wireless and broadband Internet services.

After the Justice Department's decision, Adelstein denounced it as "a reckless abandonment" of the department's responsibility to protect consumers and smaller businesses.

The FCC vote was scheduled for Thursday, but was pushed back a day so Martin had more time to negotiate with the two Democrats.

There still was a chance Martin could ask McDowell to vote, but only if the FCC's general counsel determines the former lobbyist does not have a conflict of interest.

Much can be learned from what Copps and Adelstein said after they approved the Verizon Communications Inc.-MCI Inc. and AT&T Corp.-SBC Communications Inc. mergers.

For example, on the network neutrality issue, they wrote: "Consumers will have an enforceable right to use their bandwidth as they see fit, going where they choose and running the applications they want on the Internet."

Jessica Zufolo, an independent equity analyst with Medley Global Advisors, said the commissioners probably would argue for strong interconnection requirements from AT&T. Telephone service offered by a cable company must be able to connect with a wireline provider to stay in business.

Zufolo said that interconnection standards need to be affirmed to include cable voice-over-internet and other entrants such as Vonage. She said some telephone companies, large and small are "very actively pushing back against the onslaught and growth" of such communication.

There may also be a discussion about divesting BellSouth's radio spectrum holdings in the 2.5 GHz band, which could be used by independent competitors to offer a wireless broadband option. AT&T would not have much incentive to offer a broadband service that competes with its own DSL (digital subscriber line) service.

AT&T would not discuss the negotiations. A company spokesman, Michael Balmoris, said "it's always been our position that we would accept any reasonable conditions in order to obtain approval from the commission."

Mother And Child Reunion (WSJ)

The Wall Street Journal, October 13, 2006

Twenty-two years ago the government broke up AT&T, creating the regional baby bells. So there was much irony in the decision this week by the Justice Department Antitrust Division to allow Ma Bell to reunite with one of its most profitable step-children: BellSouth.

Approving this $78.5 billion deal was the right call. The merger will give AT&T the added scope and scale to invest billions of dollars into building out the nation's telecommunications/broadband infrastructure. The U.S. currently ranks 19th in the world in broadband penetration -- a constraint on America's global competitiveness. The companies' shareholders are also big beneficiaries of the deal. BellSouth's stock value has risen 40% since the merger was announced in March, a $20 billion increase in shareholder wealth based on investor calculations of the business synergies.

Assistant Attorney General Thomas Barnett got it mostly right when he declared that, thanks to the combination of existing corporate competitors and emerging technologies, "the proposed transaction is not likely to reduce competition substantially." A strong case can be made that the merger won't reduce competition at all. Why? Because AT&T plans to use the merger to hasten its penetration in the Southeast into DSL Internet service and cable TV -- where competitive forces have been lacking and prices charged to homeowners artificially inflated. The biggest opponents of the merger are precisely such cable companies as Comcast and Internet firms that fear this new entrant into the market.

Last year the feds approved the AT&T merger with SBC and the acquisition of MCI by Verizon. Consumer groups predicted these new telecom behemoths would engage in predatory pricing and other anti-consumer behavior -- precisely the charges that are being made now. But according to FCC data, DSL and wireless service costs have declined in the year since those mergers were consummated.

Now the fate of the AT&T-BellSouth marriage lies in the hands of the Federal Communications Commission, which may decide as soon as today whether to agree to the deal. FCC Chairman Kevin Martin favors the deal but he may not have enough votes on the commission to prevail. One worry is that the two Democratic Commissioners may insist on onerous conditions such as price controls on AT&T services, prohibitions against bundling telecom services, and even so-called net neutrality to "protect" consumers by blocking phone companies from charging for access to their Internet pipes.

But the best way to help consumers is to allow the business scale and return on investment that will bring the information superhighway into the living room of every home and business in America. That appears much more likely to happen -- and more quickly -- with this merger than without it.

A Growing Free-for-All (NYT)

The New York Times, October 13, 2006

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By approving the merger between AT&T and BellSouth unconditionally, the Bush administration has again abdicated responsibility for protecting consumers when huge companies combine.

Fierce competition between private companies is at the core of the nation's economic strength. But government still has an important role to play as referee, making sure that the rough-and-tumble game of capitalism doesn't become perversely uncompetitive through significant concentrations of market power in the hands of a few companies.

From the very start, the Bush administration's approach to antitrust and merger policy has been much more hands-off than its predecessors'. In an era of rapid consolidation and deregulation, the Justice Department hasn't brought a single major monopoly case under the Sherman Antitrust Act since the Clinton administration went after Microsoft for illegally defending its monopoly for the Windows operating system. The department settled that case during President Bush's first year in office.

That set the tone for a merger policy that often appears to be little more than "anything goes." One gets the impression at times that the referee has left the playing field.

Perhaps the clearest example came earlier this year when the department cleared Whirlpool's $1.7 billion acquisition of Maytag, which gave the combined company up to three-quarters of the market for some home appliances. As Stephen Labaton reported in The Times shortly thereafter, that decision actually demoralized career officials in the department's antitrust division.

Not only has the government failed to bring many significant cases, it is opposing one brought and won by a third party. The Supreme Court will hear a case in which a jury found that Weyerhaeuser monopolized a market for logs in the Pacific Northwest. The Bush administration filed a brief asking the court to reverse the decision, already upheld on appeal.

A federal district judge is reviewing the antitrust settlements that previously allowed SBC Communications to acquire AT&T and Verizon to buy MCI. But by approving the AT&T-BellSouth merger without a single condition, the Justice Department has allowed this one to avoid judicial review.

That leaves the Federal Communications Commission. The commission has scheduled a meeting to discuss the merger today. It should take a long, hard look at the deal, and the overall trend toward consolidation in the telecommunications industry. There are strong arguments that competition with cable companies and Internet phone services have changed the playing field. But the commissioners should pursue the question thoroughly rather than wielding a rubber stamp as the Justice Department sometimes appears to. They must think first about protecting consumers, while bearing in mind that bigger is not always better.

Five Multiple Listing Services Agree To Equal Treatment For Discount Brokers (NYT)

By Vikas Bajaj

The New York Times, October 13, 2006

The Federal Trade Commission said yesterday that five regional real estate listing services had agreed to treat listings from discount brokers no differently than those from traditional agents.

The commission also said that it would pursue administrative cases against two Detroit multiple listing services. It says the two services either do not allow discount brokers' listings or refuse to send them to other real estate Web sites.

The announcement suggests that regulators are making headway in their campaign to deal with practices in the real estate industry that they say have reduced competition and supported high sales commissions.

More than a year ago, the Justice Department sued the National Association of Realtors, the large trade group for real estate agents, charging violations of antitrust rules. That case is still pending.

At its crux, the F.T.C. case is about the power real estate agents exercise through their control of regional home listing services, which are often the dominant and most comprehensive databases of homes for sale in an area. There are 900 such systems nationwide, and most are controlled by local Realtors.

Theoretically any real estate agent can list homes on the systems for a fixed fee, but many operators bar or restrict "exclusive agency listings," which are popular with discount brokers. Under these listings, home sellers enter into contracts with agents to list and try to sell their properties but keep the right to sell their homes themselves without having to pay a sales commission. These so-called limited-service brokers often charge commissions less than the 5 percent industry average or they refund a portion of the fee to their clients.

By contrast, under traditional listings popular with Realtors, home owners agree to pay agents regardless of who sells the home. The fees are negotiated, but they typically range from 4.5 percent to 6 percent of the sales price.

"The rules these brokers made drove up costs and reduced the choice for consumers, and they violated federal law," Jeffrey Schmidt, director of the F.T.C.'s competition bureau, said in a statement.

Officials at Realcomp II and MiRealSource, the two Michigan listing services, could not be reached for comment yesterday.

The settlement with the five firms — which are based in Colorado, New Hampshire, New Jersey, Virginia and Wisconsin — requires the systems to carry exclusive agency and other lawful listings without any restrictions. The commission recently reached a similar deal with a Realtor group in Austin, Tex.

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The National Association of Realtors said it disagreed with the F.T.C.'s characterization of listing services, noting that the systems assist competition by making it easy for buyers to search for homes. But officials for the group added that the settlements with the five firms indicated that the government might now be amenable to reaching a national deal with the industry.

The trade group has reached out to the agency twice before in an effort to "craft an industrywide solution" to concerns over listings, Laurie Janik, general counsel for the trade group, said in a statement. "We understand that the F.T.C. is now looking at the possibility of taking N.A.R. up on its offer to address this issue."

FTC Targets Real Estate For Alleged Unfair Practices (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, October 13, 2006

Agency files complaints against 2 Michigan MLSs, announces agreements with 5 others

The U.S. Federal Trade Commission today announced litigation against two multiple listing services and settlements with five other MLSs based on policies restricting a classification of property listings.

The five consent agreements resolve separate investigations against the MLSs over similar policies that prohibited the display of certain property listings on some home-search Web sites, and the litigation targets two MLSs in Michigan that have refused to withdraw similar policies.

Several other MLSs are also under investigation for similar policies, said Jeffrey Schmidt, director of the FTC's Bureau of Competition. But he did not provide specifics about how many investigations are pending, and whether the FTC would take actions against those MLSs.

Today's announcement marks the latest in a series of FTC and U.S. Justice Department actions against alleged anti-competitive practices in the real estate industry. The agencies have also opposed state measures that seek to establish a range of minimum service required for all real estate professionals, at least for some types of agreements for representation in a real estate transaction.

And the Justice Department is engaged in an antitrust lawsuit with the National Association of Realtors trade group over the association's policies for the online display and sharing of property listings information.

For most of the FTC actions announced today, the agency took issue with policies that prevent the display of property information at some home-search Web sites when MLS members entered into "exclusive agency" agreements with home sellers.

Under an exclusive agency agreement, property owners have the right to sell a property without extensive help from the listing broker and are not required to pay the broker if they directly locate a buyer for the property. Meanwhile, the MLSs did not place similar restrictions on the more popularly used "exclusive right to sell" agreement, under which sellers must pay the broker a commission when the property is sold.

According to the FTC, exclusive agency agreements are "often used by home sellers who do not wish to purchase the full range of brokerage services. Under an exclusive agency listing agreement, the listing broker often charges an up-front fee, but may receive a reduced commission, or no commission at all if the owner sells the property without the broker's further help."

Officials at MLSs that have adopted such rules have said that the rules aim to prevent MLSs from hosting for-sale-by-owner transactions in which the MLS member has little or no involvement in the transaction. The MLS, they have said, is intended to facilitate cooperation among its members and not to assist with direct home sales between a buyer and seller who may not use the professional services of an MLS member.

The FTC filed administrative complaints against Realcomp II Ltd., a corporation owned by several Realtor boards and associations in Michigan that has about 14,800 members, and broker-owned MIRealSource Inc., which has about 7,000 members.

Karen Kage, CEO for Realcomp II Ltd., said today that the action "is not unexpected." The MLS passed a rule in 2004 that prohibits exclusive agency listings from reaching popular property-search site Realtor.com, an MLS-owned property-search site at MoveInMichigan.com, and all of its members' sites that feature property information through a data-sharing agreement with other brokers.

National Association of Realtors-affiliated Realtor.com consistently ranks among the top property-search sites for consumer traffic on the Web.

"I feel very firmly that consumers do have choices and we're not taking away those choices. There are a lot of Web sites out there where listings can be published for free or for a fee, so we don't feel we're taking away consumers' choices," Kage said.

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The FTC complaint against Realcomp II charges that the MLS has violated antitrust laws in adopting "policies that limit the publication and marketing of certain properties," and states that "these policies discriminate against certain kinds of lawful contracts between listing real estate brokers and their customers, and lack any pro-competitive justification."

Another complaint, against MiRealSource Inc., charges that the MLS adopted "a series of rules designed to thwart competition by firms using alternative business models," including an August 2003 rule that prevents the MLS from accepting any listings to the MLS other than exclusive-right-to-sell listings.

The complaint also alleges that the MLS "was well aware that … alternative business models used exclusive agency listings to offer a menu of services that a home seller could choose from at a significantly lower price" and that the MLS "believed that these alternative business models were gaining ground with home sellers and home buyers during this time period and adopted rules in response to this additional competition."

Officials at MiRealSource had no comment today about the complaint.

The complaints against the Michigan MLSs will by heard by administrative law judges for the commission unless the FTC reaches settlement with the MLSs prior to trial.

The FTC also announced complaints and consent orders with Information and Real Estate Services LLC of Loveland, Colo.; Northern New England Real Estate Network Inc. of Concord, N.H.; Williamsburg Area Association of Realtors Inc. of Williamsburg, Va.; Realtors Association of Northeast Wisconsin Inc. of Appleton, Wis.; and Monmouth County Association of Realtors Inc. of Tinton Falls, N.J.

Consent orders for these five MLSs are subject to a 30-day public comment period before the FTC can finalize the orders.

Schmidt, of the FTC, said that the FTC actions seek to stop abuse and discrimination by MLSs against some members. "This is not an attack against the real estate industry as a whole," he said, and is intended "to protect consumers and the choices they have in a real estate transaction."

He added, "There is no doubt about it -- increased competition in every industry, including real estate, leads to more choices, better prices and increased services for consumers. This isn't about the FTC saying that one form of brokerage is better than another -- our point is that consumers should have a choice as to what they want, what they need."

Charles Melidosian, vice president and chief information officer for the Baird & Warner real estate company in Chicago and a member of the MLS of Northern Illinois, one of the largest MLSs in the country, said of the FTC actions, "At times I think the FTC steps a little bit too far. I don't like the fact that the FTC is stepping in and forcing lower-cost service providers to leverage the resources of higher-cost service providers."

He also said, "If someone has a new business model, go for it. Develop your own Web site. Develop your own MLS for all practical purposes. But for the federal government to come in and say MLSs who have invested a significant amount of money and time to develop these services … to force it to accept anyone and everyone to market within the MLS, I think is unfair competition.

"The next step is then 'Why can't the consumer put their listings directly in the MLS and pay nothing?' At some point you need to draw the line what is fair business practices versus healthy competition," Melidosian said.

Derek Eisenberg, a real estate broker and creator of MultipleListingSystem.com in Hackensack, N.J., has opposed the exclusive agency restrictions. "The MLS position is without merit. Their assertions that they are doing it to avoid promoting FSBOs are absurd," as addresses are typically not published for listings submitted through MLSs in his market area and there are typically no notations in the public property descriptions that suggest that a property is an exclusive agency listing, he said. "Buyers finding an (exclusive agency) owner would be like searching for a needle in a haystack."

In a statement today, National Association of Realtors officials said they have "continued to reach out to the Federal Trade Commission in an attempt to address FTC concerns regarding the treatment of exclusive agency listings."

"MLSs are a powerful force for competition," said Laurie Janik, NAR general counsel, in a statement. The announcement states, "Janik has been attempting to work with the FTC for a number of months on the inquiries into the activities the FTC views as being in violation of antitrust laws."

And NAR president Thomas M. Stevens said in a statement, "Working with the industry to develop constructive solutions is not something the FTC is accustomed to doing, and it is rewarding to see that our efforts to develop a cooperative relationship may be paying off. The result will be, we hope, the elimination of duplicative actions such as consent orders."

Homeowners Get More Access To MLS (BLOOM)

By James Rowley

Bloomberg, October 13, 2006

Real estate multiple-listing services in five states, including Colorado, agreed to drop rules that the U.S. Federal Trade Commission charged hurt competition from discount brokers.

The FTC announced the settlements as it accused two Detroit-area multiple-listing services of breaking antitrust law by barring sellers who hire discount brokers from advertising their homes on popular Web sites.

"The rules these brokers made drove up costs and reduced choice for consumers, and they violated federal law," Jeffrey Schmidt, head of the FTC's Bureau of Competition, said in a statement.

Discount brokers charge a fee for listing a property with a local multiple-listing service and may not offer the full range of services that traditional brokers provide home sellers. Full- service brokers show homes to prospective buyers and negotiate the sale with the buyer's broker.

Traditional brokers require clients to sign an agreement that authorizes them to be the exclusive agent to sell the property. Agreements with discount brokers give homeowners the ability to sell the home without help from the listing agent, the FTC said.

Internet advertising of homes "has blossomed since 2000," Schmidt said, citing a National Association of Realtors survey that found that 77 percent of home buyers used the Web to search for new homes.

The FTC brought administrative complaints against two multiple-listing services in southeastern Michigan that together serve almost 22,000 member brokers. The cases will be tried before an administrative law judge.

"What we are talking about is a group of competitors getting together, creating a rule that harms rivals and harms consumers in the process," Schmidt told reporters in Washington.

The FTC negotiated settlements, identical to one it reached in July with a multiple-listing service in Austin, Texas, with listing services based in Loveland, Colorado; Williamsburg, Virginia; Concord, New Hampshire; Tinton Falls, New Jersey, and Appleton, Wisconsin.

Schmidt said the FTC was seeking an agreement with the National Association of Realtors to get its member brokers to lift such restrictions. Not all multiple-listing services are associated with the realtors' trade group, he said.

One of the two Detroit-area multiple-listing services is not affiliated with the trade group, he said. That service barred any multiple listings by clients of discount brokers, in addition to barring them from being posted on Web sites.

Real Estate Groups Settle FTC Complaint (WP)

By Dina Elboghdady

The Washington Post, October 13, 2006

The Federal Trade Commission yesterday said groups representing thousands of real estate agents in five states have agreed to drop practices that hampered rival discount brokers from posting home-sale listings on Internet sites.

In a meeting with reporters, FTC regulators also said they are suing two more groups in the Detroit suburbs -- Realcomp II Ltd. and MiRealSource Inc. -- over similar allegedly anti-competitive practices.

The FTC's actions are the latest step in an ongoing struggle between traditional full-service real estate agents (who typically earn 5 to 6 percent in commission on each house they sell) and their newer rivals, firms that offer limited services for a lower commission, mostly on the Internet. At stake are tens of billions of dollars in real estate commissions.

Each side is accusing the other of doing a disservice to consumers. The traditional firms say their rivals often offer poor service and leave consumers in the lurch. In recent years, they have pressed several states to enact laws that force nontraditional agents to offer a wider array of services. Newcomers say that practice is designed to stifle competition and allow real estate agents to charge excessive commissions.

Yesterday, the FTC said it is not endorsing one model over the other or trying to attack the real estate industry as a whole.

"Our aim is to provide consumers with as many choices as the marketplace can provide," said Jeffrey Schmidt, director of the FTC's bureau of competition.

Some antitrust experts say the aggressive role the FTC has taken signals a possible shake-up ahead for an industry that has long clung to its way of doing business. The newer firms generally offer a la carte services, such as entering a listing but not holding open houses, for reduced commissions or flat fees.

"The industry will either undergo a revolution where you will see brokers' fees go down and alternate business models thrive or incumbents will prevail," said Mike Cowie, a former FTC official who is now a lawyer at Howrey LLP.

At the center of the issue are multiple-listing services, cooperatives formed by real estate brokers in which all their properties for sale are lumped together in one database. Most of the nation's 900 multiple-listing services display members' listings on Internet sites that can be accessed by the public.

The five companies that settled with the FTC yesterday were all charged with barring the listings of some competitors from appearing on the public Web sites, though they did allow them on Web sites open only to agents. The companies did not admit to violating the law but agreed not to engage in those practices.

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Those firms were Information Real Estate Services LLC, based in Loveland, Colo.; Northern New England Real Estate Network Inc., Concord, N.H.; Williamsburg Area Association of Realtors Inc., Williamsburg; Realtors Association of Northeast Wisconsin Inc., Appleton, Wis.; and Monmouth County Association of Realtors Inc., Tinton Falls, N.J.

Of the two Michigan groups that did not settle, Realcomp was accused of the same practice. The FTC alleges that the other group, MiRealSource, will not let alternative agents list on its MLS at all.

Karen Kage, chief executive of Realcomp, said her group did not settle with the FTC because it does not think it discriminates.

"The job of the MLS is to promote cooperation and ensure compensation to our Realtor members," Kage said. "They are the subscribers who pay fees to us to keep us in business. So we don't see that our position should be to promote the sale of properties between consumer and consumer. . . . Our position is to promote properties represented by Realtors to bring the buyer and seller together."

Some of the firms that settled with the FTC also said they did nothing wrong, including the Williamsburg Area Association of Realtors.

Linda Kinsman, the group's chief executive, said the National Association of Realtors provides model governing documents. In 2002, one of these documents included optional language that barred from public Web sites "exclusive agency" listings, in which the seller retains the option to sell the property to a buyer he or she identifies and not pay a commission to the broker. Some limited-service firms use such listings.

Kinsman's group adopted the language but "never implemented the policy and never caused public harm," she said. "We were muscled by the FTC into signing the consent order."

Ralph Holmen, associate general counsel at the National Association of Realtors, said the home seller who operates under an exclusive agency listing is essentially competing against the broker he hired. Any seller who wants to list on the MLS must hire a broker, he said.

"Why should [the seller] get the benefit of being on these public Web sites when in the end, they sell it without paying commission to the brokers?" Holmen said.

Steelmakers Seek New Tie-Ups That Are Short Of True Mergers (WSJ)

By Paul Glader

The Wall Street Journal, October 13, 2006

BUENOS AIRES -- Steel companies, particularly in Asia, are finding new ways to link up short of actual mergers, as a way to compete against -- and possibly fend off -- growing industry rivals.

The new agreements include forming joint ventures, taking small investment stakes in other companies and signing technology-licensing agreements. In part, the activity is prompted by the €28 billion ($35.1 billion) combination of Mittal Steel Co. and Arcelor SA earlier this year and India's Tata Steel Ltd.'s announcement last week that it might make a bid that could be valued at more than £5 billion ($9.3 billion) for British steelmaker Corus PLC.

In the wake of these new giants, "everybody is in the middle of brainstorming" to find competitive solutions, said Ku Taek Lee, chief executive and Chairman of South Korea's Posco, the world's third-largest steel producer, which reported 30.5 million metric tons of production last year. Among the options being considered by Posco: increasing its small stakes in other Asian steelmakers, pooling research, co-owning certain operations or linking up to purchase raw materials.

Big deals have increased investor attention on steelmakers, and the companies have plenty of cash on hand thanks to healthy steel prices over the past few years.

But many companies say they want to avoid large deals, either as a target or as the surviving company. For acquirers, stock prices are relatively high, making a deal costly, they say. Others say their corporate cultures are incompatible with those of steelmakers in certain parts of the world, making a merger difficult, or they are wary of political risks. In some cases, companies say they simply don't see acquisitions that would add value, either in terms of the product mix or geographical positions.

Still others are making moves to discourage outside bidders. A move last month by Japan's JFE Steel Corp. to buy $172 million of shares in South Korea's Dongkuk Steel Mill Co., lifting JFE's stake in the company to 15% from 4.09%, was seen by steel analysts as a defensive move. JFE has said the move has nothing to do with other mergers.

Japan's Nippon Steel Corp. is considering several growth and investment options. One is boosting its stakes in fellow Japanese steelmakers Sumitomo Metal Industries Ltd. and Kobe Steel Ltd., or expanding an existing joint relationship with Mittal Steel in North America to make auto-quality steel. "Everything is under study," said Akio Mimura, president of Nippon.

Peter Marcus, a partner in research firm World Steel Dynamics, Englewood Cliffs, N.J., says Asian steelmakers are focused on growth, saying size equals status in Asia. But, he says, Asian steelmakers are generally more wary of large mergers

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with Western producers and would prefer to grow organically or in ventures with fellow Asian producers. "They are more likely to try joint ventures, partnerships and affiliations," said Mr. Marcus.

John Surma, chairman and CEO of Pittsburgh-based U.S. Steel Corp., says that although the company does have joint ventures with Posco and Russia's OAO Severstal, it prefers acquisitions over partnerships. "Alliances and joint ventures are not always good value creators," he said, indicating they involve more bureaucracy in making decisions and divided interests, at times, on production, profits and future strategies.

Executives at Nucor Corp., based in Charlotte, N.C., say they are open to acquisition possibilities but would rather grow by licensing technologies Nucor is developing, such as new methods for casting thin sheets of steel, with partners abroad.

In Taiwan, China Steel Corp. is considering expanding a joint venture with Japan's Sumitomo Metal Industries and building plants in Taiwan that would about double China Steel's production to nearly 20 million metric tons a year by 2010, up from present capacity of 11 million metric tons.

Rent-Way Nears Vote On Rent-A-Center Deal (AP-YBIZ)

AP, October 13, 2006

Rent-Way Shareholders to Vote Nov. 14 on Takeover by Rent-A-Center

WASHINGTON (AP) -- Shareholders of Rent-Way Inc., a rent-to-own chain operator, will vote Nov. 14 on the company's proposed sale to Rent-A-Center Inc., the largest U.S. furniture rental chain, according to a Thursday filing with the Securities and Exchange Commission.

If the deal is completed, Rent-Way shareholders will be entitled to receive $10.65 per share in cash on the date of the merger, according to the filing.

The companies last month said the deal, which is expected to be completed in the fourth quarter, had received government antitrust clearance. Plano, Texas-based Rent-A-Center will pay about $576 million to buy Rent-Way of Erie, Pa.

Rent-Way's board of directors unanimously approved the agreement and is recommending shareholders vote for its adoption, according to the filing. If the deal is terminated, Rent-Way will be required to pay a termination fee to Rent-A-Center of $17.5 million and up to more than $4.1 million in expenses.

The acquisition would mark an end to Rent-Way's turnaround after an accounting scandal six years ago when founder and CEO William Morgenstern announced that some executives had cooked the company's books to meet Wall Street earnings expectations in the late 1990s.

A federal investigation confirmed that three company officers acted on their own, improperly writing down $98 million in operating expenses. Rent-Way closed a $25 million settlement with shareholders in 2004.

Shares of Rent-Way fell a penny to $10.55 in afternoon trading on the New York Stock Exchange, while Rent-A-Center added 22 cents to $28.88 on the Nasdaq.

ENVIRONMENT:

E. Coli Strains Match Samples From Ranch (USAT)

By Elizabeth Weise And Julie Schmit

USA Today, October 13, 2006

State and federal investigators came closer to pinpointing the source of the 26-state E. coli outbreak with the discovery of samples matching the deadly strain from a Salinas Valley cattle ranch that also grew spinach, California officials said Thursday.

The outbreak that killed three people and sickened about 200 has been tied to bagged spinach.

Three cattle fecal samples from one of four ranches being investigated were an exact DNA match with the deadly O157:H7 strain, said Kevin Reilly of the California Department of Health Services. Samples from the remaining three ranches are still being tested. Some fields on all four ranches were surrounded by cattle pastures, a common practice in the valley, Reilly said.

Officials were quick to point that the finding doesn't mean they have “a smoking cow.” The method of contamination “is still in question,” Reilly said.

The case marks the first time investigators have traced an E. coli strain identified in an outbreak definitively back to a Salinas Valley ranch. The valley has been implicated in 10 of 17 E. coli O157:H7 outbreaks associated with lettuce or spinach since 1996, according to the Food and Drug Administration.

All spinach implicated in the recent outbreak has been recalled and traced back to processor Natural Selection Foods of San Juan Bautista, Calif.

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Natural Selection couldn't say when it last inspected the ranch in question for following good agricultural practices because the ranch hasn't been identified. Typically, the company inspects ranches that grow lettuce or spinach weekly during growing and harvesting seasons, spokeswoman Samantha Cabaluna said.

The conditions described by officials can't be considered good agricultural practices, said Trevor Suslow, an expert on produce safety at the University of California, Davis. Placing crop fields next to cattle pastures is known to carry a level of risk, he said, as cattle are natural carriers of E. coli O157:H7.

"These are ready-to-eat products that people consume without cooking," the FDA's Robert Brackett said. "It's absolutely essential that every farm in the area and the country do what they can to ensure this never happens again."

Source Of Deadly E. Coli Is Found (NYT)

By Libby Sander

The New York Times, October 13, 2006

CHICAGO, Oct. 12 — Cattle manure collected from a California ranch under investigation by federal and state authorities contains the same strain of E. coli that killed three people and sickened nearly 200 in a recent outbreak linked to tainted spinach, federal and state food safety officials said Thursday.

"We know where the E. coli comes from," said Dr. Kevin Reilly of the California Department of Health Services.

But while the discovery of the match between E. coli in the manure and in the tainted spinach is an unprecedented development in the scientific investigation of food-borne illnesses, Dr. Reilly said, it does not solve the mystery of how the spinach was contaminated in the first place.

"We are continuing to try to determine the connection between these findings and how spinach on the fields may have been contaminated," Dr. Reilly said in a news conference.

Pinpointing how the bacteria made its way into the spinach fields, whether from tainted irrigation water, flooding, poor hygiene among field workers or by wildlife capable of breaking through fences, is the next challenge for investigators, he said.

The manure samples were taken from a large ranch in the Salinas Valley that has a beef cattle operation as well as fields where produce is grown, Dr. Reilly said. Investigators collected the samples — which are 3 of about 650 specimens taken from various ranches since the investigation began — about a half-mile from the spinach fields, he said.

The authorities are also investigating three other ranches. All of the ranches in question are in either San Benito or Monterey Counties, and none are currently growing any produce, Dr. Reilly said.

Joan Rose, a microbiologist and food safety expert at Michigan State University, said she was not surprised by Thursday's finding that the E. coli came from animal feces.

"If you start to look at the pathogen levels even in untreated sewage, it's minor compared to animal waste," Ms. Rose said, dismissing the notion that a field worker with poor hygiene could have spread the bacteria. "One person can't touch that much spinach."

The close proximity of farm animals to produce fields "has always been a concern" of the Food and Drug Administration, said Dr. Robert Brackett, director of the Center for Food Safety and Applied Nutrition at the agency. Dr. Brackett declined to comment on whether the agency would try to regulate how close those animals can be to fields where ready-to-eat produce is grown.

The ability to trace a nationwide outbreak of E. coli back to cattle manure on a specific Salinas Valley ranch within a matter of weeks is a scientific leap that would not have been possible a decade ago, Dr. Reilly said.

"This is the first time in nine outbreaks that have linked back to the Salinas Valley that we have had the ability to match up the genetic strain" of the E. coli, he said, crediting improved laboratory technology with the advance.

The history of E. coli outbreaks traced to leafy vegetables grown in Central California, particularly in the Salinas Valley, is long, the F.D.A. said. Federal and state food safety officials have asked industry groups to present long-term strategies for minimizing the likelihood of future outbreaks, and the agency has said it will not rule out the possibility of regulatory requirements.

The most recent outbreak has sickened people in 26 states and Canada, and resulted in deaths in Idaho, Nebraska and Wisconsin.

Earlier this week, Mexico announced that it would halt its imports of lettuce grown in the United States after another Salinas Valley company, the Nunes Company, issued a voluntary recall, believing that some of its lettuce may have been irrigated with water containing harmful E. coli. Laboratory tests later showed that concern to be unfounded, and Dr. Brackett of the F.D.A. said the agency was working with the Mexican government to address the issue.

E. Coli Detected Near Spinach (WP)

By Annys Shin

DOJ_NMG_0080411

The Washington Post, October 13, 2006

Investigators found E. coli in cattle feces near Salinas Valley spinach fields that matches the strain of the bacteria that sickened 200 people and killed at least three -- a major discovery in the nearly two-month search for the cause of the outbreak.

The fecal samples were found within a mile of spinach fields, on a farm with both beef cattle and produce operations, Kevin Reilly, a California food safety official, said yesterday.

Investigators are turning their attention to how the deadly bacteria could have gotten into spinach crops. Theories include contaminated irrigation water, poor worker hygiene, and wild pigs running through pastures and into the spinach fields.

"We do not have a smoking cow at this point, no," Reilly said.

Reilly was careful to say that yesterday's finding does not mean that investigators found the source of the outbreak. Over the past several weeks, investigators have collected more then 650 specimens of soil, water, plants and feces, and they are still testing for E. coli. Officials have not ruled out other sources of contamination.

The California and federal health officials conducting the investigation have narrowed its focus from 12 fields on nine farms to four fields on four farms, Reilly said. The growers that operate the four implicated fields, in Monterey and San Benito counties, have stopped growing ready-to-eat produce on those fields.

Though last month's E. coli outbreak was the 20th in 10 years linked to leafy greens and the ninth traced to the Salinas Valley, investigators have never found a specific source of contamination, which made yesterday's finding unusual.

"This is a significant finding because it's the first time we've linked a spinach or lettuce E. coli . . . outbreak to test results from a specific ranch in the Salinas Valley," Reilly said.

E. coli O157:H7 is an especially toxic form of E. coli, which can cause bloody stool, kidney failure and death.

Knowing the precise source of the outbreak could help regulators and farmers come up with more effective ways to prevent contamination, food safety experts said.

The family of an elderly Hagerstown woman who died last month after eating bagged spinach has filed a federal wrongful-death lawsuit against Natural Selection Foods LLC and Dole Food Co., one of several such suits. The death of June Dunning, 86, was not definitively linked to the outbreak because of problems completing a genetic test on the bacteria that infected her. Her death is still considered "under investigation" by public health officials.

Samantha Cabaluna, a spokeswoman for Natural Selection, said she has not seen the lawsuit and declined to comment.

Dunning died the day before the Food and Drug Administration first told the public to avoid eating fresh spinach. The outbreak was quickly traced to Natural Selection, a processor in Salinas that immediately recalled all its spinach products. Five other produce packers did the same.

About two weeks ago, after the investigation was narrowed to nine Salinas Valley farms, FDA officials said any fresh spinach that wasn't recalled was safe to eat again.

EPA Ties Plant Here To Illegal Burning (CCCT)

By Dan Kelley, Caller-Times

Corpus Christi (TX) Caller-Times, October 13, 2006

Allegations about Encycle and waste false, Asarco says

A Corpus Christi metal recycling plant took part in what the government called sham recycling, sending hazardous waste to El Paso and Montana to be burned illegally, according to federal documents.

The company, Asarco Inc., said Wednesday the allegations are old and false.

The Environmental Protection Agency document does not disclose what the materials were. More than 5,000 tons in 247 shipments left Asarco's Corpus Christi Encycle facility in about 10 years, until July 1998, according to the EPA memo. Some sludge from a wastewater treatment process was also mixed with metal smelting byproducts, known as slag, which Asarco later burned illegally in its El Paso copper smelter and another facility in East Helena, Mont., according to the memo.

Asarco agreed in 1995 and 1996 to clean 30 contaminated properties in two Corpus Christi neighborhoods, Dona Park and Manchester Place, after tests showed high amounts of lead and other heavy metals linked to health problems.

An environmental group says waste manifests indicate at least 300 tons of that material was generated at the Army's chemical warfare depot at the Rocky Mountain Arsenal.

Attorneys for the EPA wrote the memo to refer the company to the Department of Justice for sanctions. Negotiations between the company and the Justice Department led to a 1999 consent decree between Asarco and the government. The consent decree contains no admission of guilt. A 1999 EPA news release hailed the agreement as an unprecedented potential model for other companies. The release faults Asarco for "failing to properly manage hazardous waste and otherwise engaging in unlawful recycling practices."

The El Paso smelter closed in 1998. The company is applying to reopen it.

The Justice Department said Wednesday in a written statement that both federal agencies considered all available information before reaching the settlement and that it was open to a 30-day comment period before approved by a federal judge.

Two environmental groups, Get The Lead Out El Paso and Concerned Citizens of Sunland Park, obtained the EPA information this week through a request under the Freedom of Information Act.

"The EPA knew Asarco burned toxic waste right here in downtown El Paso," said state Sen. Eliot Shapleigh, D-El Paso. "EPA made a memo showing hundreds of violations. Now lawyers say it was not meant to be public. Why do we find out now?"

EPA regional spokesman Dave Berry said the memo didn't become public sooner because at the time it was drafted, it was considered a communication between attorneys preparing a legal case, and therefore would have been exempt from public release.

Tom Aldrich, Asarco's vice president of environmental affairs, said the allegations were "not new and not true."

The company also released documents from the Texas Commission on Environmental Quality interpreting the sham recycling allegation to mean no more than that the product sent to El Paso didn't contain enough metal.

Shapleigh called for a federal investigation into why charges weren't filed against the company.

Heather McMurray, a representative of both environmental groups, said she sought the documents after the steelworkers union in 2004 released memos purporting to connect the contamination in Corpus Christi to El Paso.

"We've been contaminated," McMurray said. "We realized they would find the same stuff Asarco released in Corpus."

Asarco in 2005 filed for Chapter 11 reorganization under the bankruptcy code, leading to what Shapleigh said were billions of dollars in environmental cleanup liabilities in "94 communities in 21 states." In 2002, the EPA gave Asarco notice of potential liability in an emergency cleanup of several El Paso properties that also contained high levels of lead.

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God Can Make A Tree, But Olaf Ribeiro Can Save Its Life (WSJ)

By Susan Warren

The Wall Street Journal, October 13, 2006

OLYMPIA, Wash. -- Plant pathologist Olaf Ribeiro crouched beneath the spreading evergreen branches of a sequoia tree on the state capitol grounds and peered into the underground world.

A colleague had just used an "air spade" to blast away dirt with a jet stream of air, uncovering the dense network of shallow roots at the base of the tree. Dr. Ribeiro immediately spotted a killing fungus eating away at the roots. "We have to save this tree!" he told the team of tree experts gathered around.

"I worry that future generations will know of giant old trees only by the stumps preserved in museums," he says. "I want to save old trees so that people can stand at the base of them and say, 'My God, look what nature can do.'"

Trees are dying in large numbers in cities all over the country. American Forests, a nonprofit organization in Washington, D.C., that fights for preserving trees in urban areas, says satellite reconnaissance shows metropolitan areas in the eastern U.S. have lost 30% of their tree cover in the past 20 years. It argues that about 635 million trees need to be planted in cities nationwide. Urban tree loss, due mainly to developmental sprawl, contributes to the decline in air quality as well as flooding problems in metro areas. Tree roots and the soil they are in soak up excess water, and trees consume carbon dioxide that would otherwise contribute to greenhouse gases.

Dr. Ribeiro sees the loss of trees as unnecessary. In fact, he is trying to prove that trees can live forever given the right conditions. As an expert in plant diseases like the fungus that caused the 19th-century Irish Potato Famine, Dr. Ribeiro believes the key to tree longevity is in the dirt.

Trees have evolved in sync with a complex underground world that nourishes them and keeps them healthy. Farmland cultivation, construction, foot traffic and pollution have upset the balance, cutting short trees' lives, argues the energetic, 68-year-old Dr. Ribeiro, who runs a private lab near Seattle that specializes in diagnosing diseases in crops and trees. He believes that if the original microbial activity around the tree could be duplicated, "There's no reason the tree shouldn't go on living."

Even death is just a passing phase for many trees, he says. A tree can go on living for centuries, through a rotting stump that nourishes new life, or through roots and branches that sprout saplings.

Arborist Neville Fay, of Britain's Ancient Tree Forum, calls these perpetually regenerating life forms "phoenix trees." He believes that letting old trees die destroys the chance to study, and learn more, about the oldest life forms on the planet. Ancient trees are colonized by micro-organisms that may date back thousands of years. "The tree is an ark that carries these organisms through time," he says.

Mr. Fay and Dr. Ribeiro are joining with others to form interdisciplinary teams that can diagnose problems with dying trees and keep them alive many years longer.

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To be sure, saving individual old trees is criticized by some tree experts, who deride it as "geriatric forestry." Rescues are labor-intensive and expensive, at prices that can run up to $30,000 per tree. Eric Oldar, who works for the California Department of Forestry, worries that too much focus on single trees could detract from the larger problem of cities eating away at the nation's forest canopy. The effort and money to save one old tree might be better spent protecting younger, more productive trees in the environment, he says.

Whether to save old trees comes down to measuring their value, and that's a tough call, says David Nowak, a forestry expert with the USDA Forest Service in Syracuse, N.Y. "Yes, we can keep it going. But what are you getting in return?" he asked. "Is that tree actually growing? Or is it just hanging on?"

Forestry experts agree that some old trees -- especially those with historical significance -- are worth saving at almost any cost. Deborah Gangloff, executive director of American Foresters, says such trees can be "living landmarks." "It's like paying to make sure the Liberty Bell or the Bull at Wall Street are maintained," she says.

Dr. Ribeiro believes people pay too much attention to what they can see, so when a tree appears to be dying, they rush to cut it down before it falls and causes damage.

Lately, he has focused his attention on the venerable old trees of the state capitol in Olympia. In 2003, he got together with Rob Lloyd, owner of Lloyd's Arboricultural Consulting in Battle Ground, Wash., and Neal Wolbert, president of Landscape Health Care in Olympia, to save a dying Norway Maple at risk of being cut down.

The team relies heavily on the air spade, a long-handled tube with a half-moon shield connected to an air compressor. The tool, designed to help excavate trees for moving, blasts away the dirt with high-pressure air that leaves roots undamaged. It allows Dr. Ribeiro to pinpoint root problems with surgical precision.

With a clear view of the roots of the giant maple, Dr. Ribeiro and Mr. Wolbert were able to identify and treat the area where fungus was devouring the roots, then backfill with a special prescription of nutrient-enriched soil and mulch. Now, the tree is flourishing.

Air-spading at the base of an ailing redwood, used as the state Christmas tree, revealed that small roots circling the tree were choking larger roots. "This is radical stuff," acknowledged Mr. Wolbert, as Mr. Lloyd fired up a chain saw to cut away the offending growth.

The team rescued another Norway Maple nearby. Mr. Lloyd designed a steel pole to suspend cables for supporting the tree's huge, majestic limbs, which had been weakened by rot and posed a risk of falling on passersby. Some arborists might have recommended cutting it down. But now, "this one will go forever," said Dr. Ribeiro.

Finally, the team noticed a young sequoia, planted in 1980 in honor of Dixy Lee Ray, Washington's first woman governor. It needed help. Though the tree looked green and healthy above, mushrooms sprouting at its base signaled trouble below. Air spading revealed extensive, treatable root rot that was spreading to another nearby tree. "It's a little like 'CSI,'" said Dr. Ribeiro, summing up his day's work.

New Combatant Against Global Warming: Insurance Industry (CSM)

By Ron Scherer

The Christian Science Monitor, October 13, 2006

NEW YORK

Insurance companies, who like to stay out of the limelight, are becoming leading business protagonists in the assault on global warming.

· Next week, Travelers, the giant insurance firm, will offer owners of hybrid cars in California a 10 percent discount. It already offers the discount in 41 other states and has cornered a large share of the market.

· This fall, Fireman's Fund will cut premiums for "green" buildings that save energy and emit fewer greenhouse gases. When it pays off claims, it will direct customers to environmentally friendly products to replace roofs, windows, and water heaters.

· In January, Marsh, the largest insurance broker in the US, will offer a program with Yale University to teach corporate board members about their fiduciary responsibility to manage exposure to climate change.

The insurance industry's clout is sizable. It's the second-largest industry in the world in terms of assets, and has a direct link to most homeowners and businesses. It insures coal-fired power plants as well as wind farms, so it can influence the power industry's cost structure. With its financial muscle, the industry could help advance the use of new financial instruments designed to allow companies to trade greenhouse-gas emissions in the same way that commodities are bought and sold.

"The insurance industry has the ability to change behavior, policies and communicate with clients," says Nancy Skinner, US director of the Climate Group, which lobbies for business and government action to address global warming.

Some consumers are already noticing a negative effect of this shift. In the past year, some 600,000 homeowners living in a zone that an insurer considers a high storm risk in an era of climate change have seen their policies cancelled or not renewed.

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This includes coastal areas stretching from Texas to New York. Currently, coastal properties are valued at $7.2 trillion. Reassessing risk

One reason for this massive change in coverage is an ongoing shift in the way insurance companies view risk. Insurers are starting to change their risk-assessment models to reflect future climate-change scenarios instead of past weather patterns.

"Climate change represents an ever- increasing risk, a risk far too great to ignore," says Clement Booth, a member of the Board of Management at Allianz AG, one of the world's largest insurance firms.

This week, Allianz, in cooperation with the World Wildlife Fund, issued a report on steps the insurance industry could take to reduce the physical impact of global warming or to help society adapt.

"The industry is in a unique position to incentivize," says Miranda Anderson, an author of the report and a vice president at David Gardiner & Associates. "This is the very beginning of thinking through this issue."

In fact, the industry is not driven just by an attempt to help the environment: It also wants to make money. In Travelers' case, the impetus to give a policy discount on hybrid cars came when Greg Toczydlowski, a senior vice president of product management, was gassing up his wife's Ford Excursion.

"A hybrid zipped in and out while I was still pumping, and it occurred to me it takes so little gasoline and runs so much longer on a tank," says Mr. Toczydlowski. "I came back and did research on how many hybrids are out there and what's the profile of the customer. We discovered it was a preferred customer - middle-aged, very responsible, and stable financially."

Now hybrid owners, besides saving on their fuel bills, can save money on their auto insurance - about $100 a year, according to Travelers. Attentive state regulators

The attention on climate change is likely to receive a boost from state insurance regulators, who had planned to discuss its risks in September 2005 in New Orleans, at their annual meeting. Hurricane Katrina intervened, however, and the meeting was moved to Chicago.

"As a result, regulators spent an enormous amount of time on climate change and what changes to promulgate to make sure the companies are financially sound," says Mindy Lubber, president of Ceres, a coalition of investors, environmental groups, and public-interest organizations in North America.

Ceres has made two reports on what the insurance industry can do to profitably manage climate change. In a report issued in August, Ceres details some steps currently under way, such as Swiss Re's investment in new solar technology, Munich Re's insurance renewable energy projects, and Lloyds of London's insurance on predicted energy savings.

In the US, one of the more unique and potentially far-reaching efforts will be rolled out this fall by Fireman's Fund. After a building is damaged, Fireman's will specify that it must be repaired with "greener" materials, including consumer electronics that must have Energy Star ratings from the Environmental Protection Agency. If a building is a total loss, it will be rebuilt as a "green" building. The insurer also plans to pay for an engineer to make sure ventilation systems and boilers are installed properly, which could also save energy.

"All the evidence suggests [that] if you decrease energy usage in a building, the owner's net operating income increases and you will improve the asset value," says Steven Bushnell, product director of Fireman's, owned by Allianz.

Insurance companies, adept at managing risk, are also trying to educate their customers. Marsh and Yale will train 200 board directors to understand risks of climate change. Again, part of the motivation is money: Insurance companies provide liability insurance for board members.

FBI/DEA/ATF/USMS:

Drug Czar Visits Two States To Slam Pro-pot Initiatives (WT)

By Valerie Richardson

The Washington Times, October 13, 2006

DENVER -- Federal drug czar John P. Walters barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort.

"Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better," Mr. Walters told students at South High School in Denver. "We need to make it clear that we're going to push back."

Mr. Walters made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older.

Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV.

Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal.

Mr. Walters' arrival prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs. In Nevada, the Committee to Regulate and Control Marijuana used the occasion to debut a television ad criticizing the use of "taxpayer dollars" on the drug czar's campaign stops.

"D.C. has the money to interfere in a Nevada election, but they want to slash our homeland security funding?" says the ad, which shows a photo of Mr. Walters. "Tell Washington to get their priorities straight."

Mason Tvert, campaign manager of Safer Alternative for Enjoyable Recreation, the group behind Amendment 44, called Mr. Walters a "federal agent" who was "coming to our state and lying about a state initiative."

Part of the drug czar's charge is to oppose initiatives and legislation that would promote substance abuse, said Walters spokesman Jennifer de Vallance.

Both states have a history of marijuana proposals: In 2002, Nevada defeated a legalization measure by 61 to 39 percent. In 2004, Denver approved a citywide legalization proposal in a campaign, run by Mr. Tvert, that called marijuana safer than alcohol.

The campaigns are relying on different strategies. Mr. Tvert continues to push the theme that marijuana is less dangerous than alcohol, while the Nevada group emphasizes that marijuana can be better regulated and controlled if it's legal.

While Mr. Walters was awarding Colorado a $15 million federal grant for drug screening, the Amendment 44 campaign unveiled a billboard featuring a picture of the drug czar saying that marijuana is the "safest thing in the world."

The quote comes from "Pete's Couch," an anti-marijuana ad produced for the Office of National Drug Control Policy, showing three teenage boys who prefer sitting on a couch and smoking pot to leaving the house.

"I smoked weed, and nobody died," says a teenager in the ad, which plays on the Internet sites YouTube and abovetheinfluence.com. Instead of leading an active life, "you wanna keep yourself alive; you go over to Pete's and sit on his couch until you're 86. Safest thing in the world."

Mr. Walters called the billboard quote "a lie" and said marijuana can cause "demotivational syndrome," which prompts people to lose interest in leading normal lives in favor of drug use.

"Does Colorado need more young people in the basement on a couch wasting their lives?" he said.

He also blamed the marijuana-legalization push on the efforts of "three billionaires," Democratic Party financier George Soros, University of Phoenix founder John Sperling and insurance magnate Peter Lewis, whom he accused of conducting a "social experiment" at the expense of Coloradans.

The three have backed medical-marijuana and legalization advocacy groups over the years.

Drug Czar Criticizes Nevada Proposal To Legalize Marijuana (AP)

AP, October 13, 2006

LAS VEGAS (AP) - Backers of an initiative to legalize small amounts of marijuana are trying to conduct "a social science experiment on the families of Nevada," a Bush administration official said Thursday.

John Walters, the administration's drug czar, said the initiative on Nevada's November ballot is supported by outsiders who want to take advantage of the "blind spot people have about marijuana."

"It has addictive qualities and especially in the hands of young people and teens ... has caused, as you well know, quite a loss of life," Walters, the director of the White House Office of National Drug Control Policy, said in an interview with the Associated Press.

Walters appeared Thursday with U.S. Rep. Jon Porter to speak out against the initiative, known as Question 7, and announced $500,000 in federal funding for a Clark County anti-drug program.

Backers of the measure protested Walters' visit to Nevada, which included speeches and media interviews, saying he was using tax dollars to campaign against the initiative.

Question 7 would allow people 21 and older to posses 1 ounce of marijuana in their homes - the same amount allowed under Nevada's medical marijuana law. The measure also directs marijuana growers, distributors and retailers to be licensed, taxed and regulated. And, it doubles penalties for selling or giving pot to minors and for vehicular manslaughter while under the influence of drugs or alcohol.

It is backed by The Committee to Regulate and Control Marijuana, a group that has pushed legalization measures in several states with funding from the Washington D.C.-based Marijuana Policy Project.

The group argues that the legal system is bogged down by low-level marijuana offenses. It claims that taxing and regulating pot would put drug dealers out of business while freeing law enforcement resources to pursue violent crime.

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Neal Levine, executive director of the committee says anyone who wants marijuana can get it already, so it makes more sense to put it into a tightly controlled and regulated environment.

Walters defended current drug laws.

"The laws are working. The fact of the matter is we have lower rates of substance abuse now than we did several years ago," he said.

He said new drug courts that handle only nonviolent drug-related offenses are succeeding in diverting drug users out of jails and into treatment centers. He said that a change in the law would send the wrong message to young people.

"The law is an important expression of what people take seriously," he said.

Fight To Legalize Marijuana Escalates War Of Words (KLAS)

KLAS-TV, October 13, 2006

The nation's drug czar John Walters, the National Drug Control Policy Director, was in Las Vegas Thursday urging voters to say 'No' to ballot Question 7. The initiative would make the possession of a small amount of marijuana legal. Here are the provisions.

The measure would allow the sale, use and possession of one ounce or less of marijuana for people at least 21-years of age. It imposes a tax on the sale of the drug.

The measure would double the prison sentence from 20 to 40 years for those who cause death or injury while driving under the influence of marijuana.

For Brittany Faber legalizing marijuana will always be a very personal battle. She says ten years ago the drug took from her the most important person from her childhood.

"My dad had just dropped my sister off at middle school and he was on his way to work," Brittany Faber, a Las Vegas resident, says.

Her father never made it. An 18-year-old, high on marijuana, traveling 85 mph in a 45 mph zone hit her dad's car.

"He hit my dad on the drivers side. He hit him so hard. My dad's head shattered the passenger side window," Faber says.

Brittany was 8 years old at the time. To this day, she's angry at the teen who took her father's life and received only house arrest. In 1997, there was no driving under the influence of drugs law in the state.

She fought to help get one passed in the memory of her dad.

"He would always make me milkshakes and we would sit and watch TV and eat milkshakes together. He was such a good dad. He was such a good father," Faber says.

The debate over legalizing marijuana brings up long buried feelings. She joined the national drug czar in Las Vegas to oppose legalizing marijuana.

"The willingness to say well it's only on ounce. Letting people walk around with 60 or 80 joints, that's what it amounts to really, becomes kind of a drug dealer protection act," John Walters, National Drug Control Policy Director, says.

Not everyone welcomed John Walters.

A dozen protesters let him know they approve legalizing marijuana.

"People have a choice to make. Do we want marijuana in a tightly regulated and controlled system, or do we want the current free for all that we have now. As a parent, I want it in a tightly regulated and controlled system," Neal Livine from the Committee to Regulate & Control Marijuana says.

Voters will decided on the issue on November 7. Meantime, Walters announced a $100,000 to the Las Vegas anti-drug coalition. The money will be used to prevent drug use among local teens.

Opposing Sides Discuss The Legalization Of Marijuana (KVBC)

KVBC-TV, October 12, 2006

A key question confronting voters on election day is whether or not to allow limited legalization of marijuana.

Question 7: The Marijuana Initiative, would:

Exempt persons 21 years of age and older from any civil or criminal penalty due to the possession or use of one ounce or less of marijuana.

Provide for the regulation and taxation of marijuana by the state and earmark part of those revenues to prevent and treat drug abuse.

Stiffen penalties for a person age 18 and older who supplies marijuana to persons under the age of 18.

Increase the penalty for driving under the influence of marijuana.

Thursday morning on News 3 at Sunrise, Sue Manteris and Mitch Truswell were joined by White House Drug Czar John Walters, against legalization, and the organization "Regulate Marijuana," for legalization, to discuss the initiative.

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Drug Czar Visits Colorado, Some Question His ((/KUSA)

9 News/ KUSA, October 11, 2006

DENVER - John Walters, Director of National Drug Control, toured several Colorado schools to announce a $14 million grant aimed at curbing drug use amongst students.

The U.S. Drug Czar visited Colorado Wednesday and supporters of Amendment 44 say it is because he is against the legalization of marijuana. 9NEWS at 4 p.m. October 11, 2006.

However, some wonder if the so-called Drug Czar is really campaigning against Amendment 44.

Amendment 44 is a ballot initiative which, if passed, would legalize the possession of up to one ounce of marijuana for those 21 or older. The effort is spearheaded by SAFER and its director, Mason Tvert.

Tvert says Walters' visit less than month before the election is telling.

"The federal government is pouring their resources into this state right now," Tvert said. "It goes to show that they're very scared."

Walters says he is in Colorado to tout the $14 million package Colorado will receive over the next five years. It will expand drug screening programs in school-based health clinics.

The money will also be used to train medical personnel, create promotional materials against marijuana use and fund follow-ups with students who admit they are using drugs.

"We want to prevent addiction by identifying those people who suffer from using," Walters said. "Marijuana has created a blind spot in our society that it's not being taken seriously. Yet, it is the cause of the biggest treatment need among illegal drugs."

Walters said the need for more student drug screening will increase if Amendment 44 passes.

"It tries to deceive voters," Walters said. "It claims, contrary to the evidence, that you can decrease harms from alcohol by having more harms from marijuana."

While Walters is slamming the Amendment 44 campaign, Tvert has unveiled a billboard supporting it with Walters' face on it with the words, "I call marijuana the safest thing in the world."

Tvert is citing a public service announcement created by Walter's office. The theme of the television commercial is that if you smoke pot, you will never get off the couch. Tvert thinks that means Walters believes marijuana is not harmful.

"They are not running an anti-laziness ad," Tvert said. "The Drug Czar clearly signed off on this ad."

"I never said that," Walters said. "The effort is premised on stacking one lie on top of another lie."

Walters said the billboard takes the message out of context and that marijuana is a significant threat to Colorado children.

"Does Colorado need more young people and more young adults who spend their lives in the basement on the couch wasting their time and effort?" Walters said. "To try to suggest that we ought to have more young people use marijuana is outrageous."

Tvert believes Walters' presence in Colorado and his response to the ad show his campaign is working.

Marijuana Use Measure Smokes Out Pros, Cons (GJS)

By Gary Harmon, The Daily Sentinel

Grand Junction (CO) Sentinel, October 13, 2006

A campaign to legalize possession of an ounce of marijuana is billed by proponents as a prudent substitute for alcohol. Its opponents dismiss it as “a con.”

Colorado Attorney General John Suthers, joined by local elected and federal law enforcement officials, tore into the measure, Amendment 44 on Thursday.

Amendment 44 backer Mason Tvert was there to tear back, complaining that elected officials were misusing their positions to campaign against the measure.

The officials criticized the amendment after addressing the Mesa County Methamphetamine Task Force at the Doubletree Hotel.

Legalizing marijuana, said Hiram Reyez, would undermine the goals of the meth task force. Legalizing it would lower natural barriers against drug use and make the job of combatting meth all the more difficult, he said.

With disputes raging about the dangers posed by marijuana, Reyez said the problem he sees with pot is more insidious. Hard users, he said, aren’t so much dangerous in his experience as they seem to be lazy, “densensitized” to normal needs and drives.

While some see marijuana use as a personal choice, Reyez, owner of a development-consulting company in Grand Junction, said he saw it as “a threat to my community.”

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David Cox saw it differently, standing below the billboard that will greet eastbound drivers on Patterson Road at Commerce Boulevard until the election.

He helped Safer Alternative for Enjoyable Recreation, the organization backing the amendment, get the $1,250 sign location, and he helped collect signatures for the measure at Country Jam this summer.

Mesa County, Cox said, has a treasure trove of votes for legalization if the word gets out.

"If there's an active discussion, then it can't lose," he said.

Critics pointed to the increase in potency of marijuana over the years as a threat to the health of users, but Cox said that just means less gets ingested.

"Just one puff gets you the desired result," he said.

Proponents and opponents pushed and pulled over the merits of alcohol and marijuana.

Marijuana has never been identified as the direct cause of any death, Tvert said, unlike a myriad of deaths related to alcohol.

It is, however, involved in nearly every drug-related crime that law enforcement investigates, Mesa County Sheriff Stan Hilkey said.

Meth and marijuana are related in some way, insisted Mesa County District Attorney Pete Hautzinger.

"I know there's a link because I see it every day," he said.

Marijuana is at the heart of 62 percent of drug-rehabilitation cases, Suthers said.

"It's hardly a benign drug," he said.

But drug rehab also has become the weapon of choice by judges leery of filling jails with marijuana users, Tvert said.

Scott Burns, deputy director of the Office of National Drug Control Policy, said Colorado is at the center of the legalization effort that wants to make the state the "pot capital of America. Don't fall for the con."

Suthers also criticized the amendment as "sloppy" because it was drafted in such a way that it would allow adults to transfer an ounce to someone as young as 15.

The amendment is intended to change Colorado statute only for adults, Tvert said, and it's not aimed at encouraging use among juveniles.

In fact, he said, Amendment 44 isn't intended to encourage marijuana use at all, only to recognize an alternative that is safer than alcohol, he said.

Opponents of the measure live "in an ideal world" of encouraging sobriety, Tvert said. "We live in the real world."

Gary Harmon can be reached via e-mail at gharmon@gjds.com.

Deputy Drug Czar Opposing Amendment 44 (KKCO-TV)

By Elyse Webb

KKCO-TV, October 13, 2006

A Denver–based organization is hoping to make history in Colorado by making small amounts of marijuana legal. The consumption and distribution has been illegal since 1937, and many say making it legal is a bad idea.

Amendment 44 will be on the ballot this November and many worry for the well-being of Colorado.. if the initiative is passed. Yet, Deputy Drug Czar, Scott Burns says he is confident that Colorado will follow the trend of previous states that have tried to pass this amendment.

"They have been to Alaska and the amendment failed, in Nevada it failed, California, it failed. Frankly, I believe that with people focusing on this the last few weeks before election, it will fail in Colorado, too," says Burns.

Amendment 44 would make it legal for anyone over the age of 21 to posses less than one ounce of marijuana. The manufacturing and distributing of the drug would still be illegal.

Drug Czar Visits Two States To Slam Pro-pot Initiatives (WT)

By Valerie Richardson, The Washington Times

The Washington Times, October 13, 2006

DENVER -- Federal drug czar John P. Walters barnstormed through Colorado and Nevada this week to criticize two ballot initiatives that would legalize marijuana as polls showed the proposals inching too close for comfort.

"Over 30 years of painful experience has shown us that more substance abuse doesn't make anyone's life safer or better," Mr. Walters told students at South High School in Denver. "We need to make it clear that we're going to push back."

Mr. Walters made two appearances in Colorado Wednesday before flying to Nevada for a speech yesterday to the Las Vegas Chamber of Commerce. Both states are considering measures that would legalize possession of up to 1 ounce of marijuana for those 21 or older.

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Polls show the initiatives trailing, but by single digits. The Colorado measure, Amendment 44, lags by a margin of 29 percent to 36 percent, with 35 percent undecided, according to a SurveyUSA poll taken Sept. 28 for NBC affiliate KUSA-TV.

Question 7, the Nevada proposal, has 42 percent of voters in favor and 51 percent against, with 7 percent undecided, according to a Sept. 26 poll conducted for the Las Vegas Review-Journal.

Mr. Walters' arrival prompted an outcry from the pro-marijuana campaigns in both states, which accused him of spending taxpayer dollars to meddle in state affairs. In Nevada, the Committee to Regulate and Control Marijuana used the occasion to debut a television ad criticizing the use of "taxpayer dollars" on the drug czar's campaign stops.

"D.C. has the money to interfere in a Nevada election, but they want to slash our homeland security funding?" says the ad, which shows a photo of Mr. Walters. "Tell Washington to get their priorities straight."

Mason Tvert, campaign manager of Safer Alternative for Enjoyable Recreation, the group behind Amendment 44, called Mr. Walters a "federal agent" who was "coming to our state and lying about a state initiative."

Part of the drug czar's charge is to oppose initiatives and legislation that would promote substance abuse, said Walters spokesman Jennifer de Vallance.

Both states have a history of marijuana proposals: In 2002, Nevada defeated a legalization measure by 61 to 39 percent. In 2004, Denver approved a citywide legalization proposal in a campaign, run by Mr. Tvert, that called marijuana safer than alcohol.

The campaigns are relying on different strategies. Mr. Tvert continues to push the theme that marijuana is less dangerous than alcohol, while the Nevada group emphasizes that marijuana can be better regulated and controlled if it's legal.

While Mr. Walters was awarding Colorado a $15 million federal grant for drug screening, the Amendment 44 campaign unveiled a billboard featuring a picture of the drug czar saying that marijuana is the "safest thing in the world."

The quote comes from "Pete's Couch," an anti-marijuana ad produced for the Office of National Drug Control Policy, showing three teenage boys who prefer sitting on a couch and smoking pot to leaving the house.

"I smoked weed, and nobody died," says a teenager in the ad, which plays on the Internet sites YouTube and abovetheinfluence.com. Instead of leading an active life, "you wanna keep yourself alive; you go over to Pete's and sit on his couch until you're 86. Safest thing in the world."

Mr. Walters called the billboard quote "a lie" and said marijuana can cause "demotivational syndrome," which prompts people to lose interest in leading normal lives in favor of drug use.

"Does Colorado need more young people in the basement on a couch wasting their lives?" he said.

He also blamed the marijuana-legalization push on the efforts of "three billionaires," Democratic Party financier George Soros, University of Phoenix founder John Sperling and insurance magnate Peter Lewis, whom he accused of conducting a "social experiment" at the expense of Coloradans.

The three have backed medical-marijuana and legalization advocacy groups over the years.

High Time For Pot Law, Supporters Say (GJFP)

By Paul Shockley

Grand Junction (CO) Free Press, October 13, 2006

White House official, state's attorney general, clash with pro-pot forces

Will Colorado become the "pot capital of America"?

Is marijuana the safer alternative to alcohol?

And who paid for a press gathering Thursday in a conference room at the Doubletree Hotel, where federal, state and local officials urged voters to reject a pro-pot initiative on Colorado's November ballot?

The last question became the topic of a heated exchange between Amendment 44 campaign director Mason Tvert, Scott Burns, deputy director for state and local affairs for the White House's Office of National Drug Control Policy, as well as Colorado Attorney General John Suthers.

Tvert accused Suthers of violating Colorado campaign finance law, parts of which limit government employees' expenditures while advocating for or against a ballot initiative.

"Who paid for this press conference?" Tvert asked from the back of the room.

"I am not spending a dime of taxpayer money right now," an angry Suthers retorted.

Heather Janik, spokeswoman who accompanied Burns from Washington, D.C., later said expenses were paid by the Office of National Drug Control Policy.

Mesa County Sheriff Stan Hilkey said the spat reflected one side of a debate trying to silence the other. Elected officials hold First Amendment rights, too, he said.

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"They don't want both sides of this story to be heard," Hilkey said. "If we were talking about legalizing dynamite, you wouldn't have a dispute about letting experts from ATF get up and talk about it."

Hilkey and a host of Western Slope law enforcement leaders were at the Doubletree to hear Burns' Thursday morning address, prior to the press conference. The topic of Burns' speech: methamphetamine abuse.

Dude, where's my ballot?

Amendment 44, pushed by the group Safer Alternative for Enjoyable Recreation, is a November ballot initiative that would legalize possession of an ounce, or less, of marijuana for anyone 21 years or older.

Under existing state law, possession of that amount is non-arrested petty offense — violators are issued a written summons and face up to $100 fines. If they're under 21, they could earn a suspended driver's license.

Thursday's gathering at the Doubletree called the pro-legalization effort a dangerous "con," involving a drug often associated with more serious crime. District Attorney Pete Hautzinger said it's plain "foolish."

"I'm not about to say marijuana is as bad as meth," Hautzinger said. "But in two years, I've virtually never seen a possession of marijuana case that doesn't involve meth."

Should the initiative pass, that sets up conflicts with other state, not to mention federal, drug laws, according to Hautzinger.

"It would still be against the law to buy it from somebody," he said. "You're fostering a legal piece to an illegal enterprise."

Hilkey rejected pro-pot arguments that decriminalization would "free up law enforcement to take on things like meth."

"It's exactly the opposite," Hilkey said. "The only people who are going to benefit from this are those who want to get stoned."

And you're not talking about your daddy's pot: Today's marijuana has chemical THC levels of 10 percent or higher — up from around 1 percent in the mid-1970s, according to data from Thursday's opposition rally.

Suthers argued today's youth are paying the price.

"Sixty-two percent of teens in rehab now are there because of marijuana," Suthers said.

'A failed policy'

Tvert slammed Thursday's Doubletree presentation as a "gross distortion" of Amendment 44.

"They're trying to make this a debate about children, and it's not about children," Tvert said. "People aren't interested in the federal government coming into their homes, where adults should be able to make a decision about whether or not they'll use something that's less harmful than alcohol."

Tvert, a Denver resident who claims a shoestring budget (two full-time staff members) pushing Amendment 44, called his own press conference Thursday morning — posing for cameras in front of a pro-marijuana billboard now towering over eastbound traffic at the southeast corner of F Road and Commerce Blvd.

David Cox, 24, a Palisade resident, worked the group's signature petition drive toward getting the measure on the ballot. Cox and others collected 800 signatures during this past summer's Pinnacle Homes Country Jam.

Cox knows the initiative faces an uphill battle in Mesa County.

"But if this is talked about enough, I don't think it can lose," he said. "Discussion is our ally."

That starts with getting everyone's position right, Tvert said.

"We're not saying that marijuana is safe or harmless," he said. "But if you're an adult over 21, why would we ask people to use something (alcohol) that can kill you in one sitting, versus something that's never killed anybody?"

Tvert also rejects claims that partial legalization would make the drug more accessible for younger users. A recent study found 87 percent of high school seniors said it's "very easy" to get the drug, according to Tvert.

"How could it be more available?" he asked. "If kids can get (marijuana) easier than adults, then that's the sign of a failed policy."

Reach Paul Shockley at pshockley@gjfreepress.com.

Rancor Rises At Pot Debate (DENP)

By Nancy Lofholm, Denver Post Staff Writer

Denver Post, October 13, 2006

Officials air opposition to Amend. 44; advocate cries foul

Grand Junction - Diverging opinions about a marijuana- legalization initiative led to a finger-jabbing shouting match during a news conference Thursday featuring local, state and federal officials opposed to Amendment 44.

The angry exchange came at the end of speeches given by White House National Drug Control deputy director Scott Burns and Colorado Attorney General John Suthers, who oppose the measure.

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Mason Tvert, campaign director for the Alcohol-Marijuana Equalization Committee, a group attempting to legalize possession of less than an ounce of marijuana for adults in Colorado, asked Burns, Suthers and other elected officials standing in front of a "Marijuana - Not in Our Community" banner, "Who paid for this press conference?"

"Why don't you have to file a campaign finance report when you are engaged in campaigning?" he asked as various speakers attempted to quell his questions.

Mesa County Sheriff Stan Hilkey, one of the speakers against Amendment 44, answered that, as drug experts, they had the right to talk about the marijuana initiative.

Suthers was visibly angered when he told Tvert, "You are just flat wrong" about campaign finance law - as wrong, he said, as Tvert is about drug laws. "As public officials, we are perfectly entitled to step up and express our opinions at any time," Suthers said.

The Colorado Fair Campaign Practices Act allows government employees to spend up to $50 to express opinions on a ballot initiative.

Heather Janik, a staff member with the Office of National Drug Control Policy, said that the federal office paid $50 to rent the room for the news conference and that Burns' travel to Grand Junction from Washington, D.C., was covered by his appearance at a conference to discuss methamphetamine abuse.

The thick packets of booklets and fact sheets with information opposing marijuana use that were handed out at the news conference did not specifically mention Amendment 44.

Tvert, who also held a news conference Thursday under a new billboard urging yes votes on Amendment 44, reiterated that "these guys, who are so concerned with the law, are breaking the law on this."

Other speakers at the anti-44 conference included Mesa County District Attorney Pete Hautzinger, who said "I virtually never see a meth case that doesn't also include marijuana."

Both Sides Of Ref. 44 Up In Smoke (GJFP)

By Josh Nichols

Grand Junction (CO) Free Press, October 13, 2006

Talk about a wedge issue.

Thursday was all about the weed here in the Grand Valley.

First, we had the pro-Referendum 44 folks passionately touting the importance of legalizing the bud in a billboard-unveiling press conference.

That was followed by a press conference hosted by the anti-Referendum 44 crowd, stressing how the bud is the root of all that's bad in our community.

After that, Scott M. Burns, deputy director for state and local affairs in the White House Drug Policy Office, stopped by the Free Press office. He too, said legalizing bud was bad.

Thought I was going to have to use the office dolly to roll away the stacks of paperwork he toted documenting just how bad marijuana was.

So, what onlookers like myself took away from Thursday is that some people say weed's good, and some say weed's bad.

Hence, the wedge.

Bored yet? If you are, that's OK.

Folks, I'm here to tell you that you shouldn't feel bad if you don't have strong convictions on this one.

Other than the fact that they "want to get high, sooo high," the pro crowd hasn't given many reasons on why the stuff should be legalized.

The no crowd, aside from discounting information pushed by the pro crowd, hasn't put up much of an argument as to why the stuff should be illegal.

But they're both pretty darn adamant in their stance.

Use this as a case study in politics as to what different camps do to twist the exact same information in favor of their own argument.

Myth 10 in the little book distributed Thursday by the Office of National Drug Control Policy read "the government sends otherwise innocent people to prison for casual marijuana use."

The Office of National Drug Control Policy states that this is a myth because, "It is extremely rare for anyone, particularly first-time offenders, to get sent to prison just for possessing a small amount of marijuana. In most states, possession of an ounce or less of pot is a misdemeanor offense."

Seems like a good point. Why legalize it, if law enforcement isn't making a big deal out of it anyway?

But the folks on the other side of the issue use the same information in a common argument for legalizing the stuff.

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If it's "extremely rare for anyone, particularly first-time offenders, to get sent to prison for possessing a small amount of marijuana," the drug must not be that bad, right?

They're letting offenders off easy anyway, so why not just legalize dope?

To which the Drug Control office would respond, "We're letting you off easy anyway, so what's the point of legalizing it?"

To which the pro-crowd says, "Why not?"

To which the Drug Control office says, "Why?"

And as we do so often in politics, we find ourselves in preschool before nap time.

Makes one think they're all smoking something.

Now look past the Referendum 44 haze for a moment, and remember the big issue law enforcement is facing.

Burns assured locals Thursday that the folks in Washington are paying attention to the meth problem.

"Every time I go to testify on Capitol Hill, meth is the subject," he said. He likes what he sees happening by local leaders, who have formed the Mesa County Meth Task Force. "It's a model for what has to happen," he said.

And it's a model focusing on the issue we should be focusing on.

Reach Josh Nichols at jnichols@gjfreepress.com.

Legalizing Marijuana Doesn't Make Sense (DAILYC)

Daily Camera, October 13, 2006

Just say no to Amendment 44, which would legalize possession of up to one ounce of marijuana for adults 21 or older.

In the first place, the language of the amendment, sponsored by Safer Alternative For Enjoyable Recreation, contains a major loophole. It leaves open the possibility that an adult giving marijuana to a child or young adult between 15 and 20 "appears to be legal," according to Mason Tvert, SAFER's campaign director, speaking for those who favor the amendment. He says another law, contributing to the delinquency of a minor, "covers" the loophole.

But isn't it necessary to be precise when amending the state law? We think so.

And so does Rob McGuire, a Superior attorney coordinating several organizations opposing the proposal. "They call it an unintended consequence," he says. "We considered it bad drafting."

Tvert says that opponents, whom he called "extremists, no matter how you look at it," are "going out of their way to make this about children, when it's not about children."

He argues that marijuana use is safer than alcohol use, which is legal, and that consequently pot should be legal, too: "We're not saying it's harmless; it's less harmful than alcohol."

For example, he says, referencing recent issues with alcohol abuse at the University of Colorado, "Why is that they can't stay home and smoke a joint before the football game? Instead what they do is drink as much before the game as they can."

It would be better, he suggests, to allow adults to choose between alcohol and marijuana.

Tom Gorman, a former cop who is now director of the Rocky Mountain High Intensity Drug Trafficking Area, differs emphatically.

"Do you know how much an ounce of marijuana is?" he asks. "Most people think it's a joint or two — but it makes 30 joints to as many as 80 or even 120." And, he notes that a heavy user is defined by drug enforcement as someone who smokes a joint a day.

As Gorman and others note, the police do not target people for simple possession, those whose only crime is having a small amount of pot

Gorman says if pot is legalized, its use will go up. Already, 14 million people in the United States are classified as regular users, having smoked a joint in the last month. He agrees that alcohol can be an even bigger problem, that more people are addicted to alcohol than to all drugs combined.

"Let's join forces and fight for sobriety," he urges.

Sobriety is the only safe alternative to being under the influence of alcohol, HIDTA maintains, saying, "Instead of trying to legalize another dangerous drug, we should be encouraging sobriety. "

And Guarding Our Children Against Marijuana, another organization opposing Amendment 44, cites physiological and psychological dangers of marijuana use, saying, "Children and teenagers don't need to hear the message that marijuana is safe when it is abundantly clear that marijuana's effects are harmful."

We urge a vote against the poorly drafted and misguided Amendment 44.

Roundhouse Roundup: Governor's Name To Grace Movie Screens (NM)

New Mexican, October 12, 2006

Everyone knows Gov. Bill Richardson loves Hollywood. And soon his name will be appearing in movie credits.

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No, major studios aren't clamoring over rights to a feature-length version of the Richardson campaign's "sheriff" commercials on TV.

The rules for a recent competition in which young filmmakers are seeking state grant money require that credits on any film they submit have to thank the governor.

On the state Film Office Web page announcing the program, potential applicants were told, "Awardees will acknowledge Governor Richardson and the New Mexico Film Office's New Visions/New Mexico Program in the end credits of the completed film."

The New Visions/New Mexico program, according to a news release earlier this year, offers a total of $160,000 in contracts "for New Mexico-based producers and directors to create narrative films, documentaries, animation and experimental works." Individuals can get up to $20,000 for a project.

A total of 230 filmmakers applied, Film Office Director Lisa Strout said Wednesday.

Not all were seeking the maximum amount. "I heard that one was asking for $100," she said.

The deadline for submissions was last week.

Funding recipients will be announced in December.

As for acknowledging Richardson, Strout said she wasn't aware that was a requirement.

"What's important is acknowledging the state," Strout said. Specifically mentioning the governor, she said, "isn't a requirement in my mind."

Who knows, maybe one of these films acknowledging Richardson will go on to win the next Bill Richardson Film Achievement Award -- the annual award established this year by the College of Santa Fe for outstanding national and regional contributions to film.

Oughta be in pictures: Richardson, of course, won't be the first New Mexico governor to see his name in film credits.

Former Gov. David Cargo oversaw creation of New Mexico's first state Film Office in 1968. According to its Web site, this was the first state agency in the country "whose primary goal was to enhance economic development via motion picture production."

But Cargo didn't stop there. He actually appeared in some movies made in the state.

According to the Internet Movie Guide, Cargo's roles were as follows:

He played a lowly newspaper reporter in The Good Guys and the Bad Guys in 1969 -- though his name didn't appear in the credits. Some names that did appear in the credits in this Western were Robert Mitchum, George Kennedy and David Carridine.

The next year, Cargo had a bit part in a comedy called Up in the Cellar, which starred Larry Hagman and Joan Collins.

Cargo played a state trooper in Bunny O'Hare, a comedy that starred Bette Davis and Ernest Borgnine as a pair of golden-aged bank robbers.

And he played "Cpl. Benton" in a Western called The Gatling Gun, (shot in 1969, but not released until 1973). Unfortunately, it appears Cargo was the biggest name in that movie.

What's in a name?: A little mea culpa here. In Wednesday's paper, I reported the Drug Policy Alliance contributed $25,000 to Richardson's re-election campaign. Reena Szczepanski, who heads the local DPA office, says that's not quite true. It actually was the Drug Policy Alliance Network that gave him the money.

The DPAN is affiliated with DPA, but they are funded separately. As Szczepanski explains it, donations to DPA are tax deductible, but donations to DPAN aren't. Thus, DPA is not legally able to contribute to political candidates while DPAN is.

Also, billionaire George Soros -- who as an individual gave Richardson $25,000 -- sits on the DPA board, but not the DPAN's.

Got all that?

Of course, all this only begs the question: Why is this drug-law-reform group giving so much money to Richardson?

True, Richardson came out this year in favor of a medical-marijuana bill -- though he didn't twist enough arms to get the bill through the House.

But Richardson frequently has criticized his predecessor Gary Johnson for advocating marijuana decriminalization. Richardson has made it clear he doesn't want the state known for wanting to legalize drugs.

During his first month in office, Richardson stood side by side with national drug czar John Walters, a committed drug warrior, calling the visit "a symbolic meeting to show we support (Walters') mission."

And just last summer when John Dendahl got the GOP nomination for governor, several members of Richardson's team attacked the Republican for his past support of several of DPA/DPAN's basic positions on liberalizing marijuana laws.

"We welcome the opportunity to hear John Dendahl explain his pro-drug legalization plan throughout the campaign," read a Richardson press release hours after Dendahl was nominated.

Of course, the $11.6 million Richardson campaign also welcomes the opportunity to collect campaign contributions.

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Contact Steve Terrell at 986-3037 or sterrell@sfnewmexican.com .

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Feds Respond To Chief's Concerns (GREENNR)

By Eric J.S. Townsend And Lorraine Ahearn, Staff Writers

Greensboro (NC) News-Record, October 13, 2006

GREENSBORO — Federal prosecutors are "gravely concerned" about notes from undercover drug cases appearing in a weekly newspaper, but they will not take a lead in investigating possible leaks.

In a letter hand-delivered to the police department Wednesday, U.S. Attorney Anna Mills Wagoner responded to interim police Chief Tim Bellamy's fear that a Sept. 21 article in the Rhinoceros Times "potentially compromised" two ongoing missing persons and possible homicide cases.

The same article revealed that two U.S. Customs agents were working undercover and quoted a verbatim conversation between the agents and the drug kingpin they were investigating.

Wagoner's comments came in response to a sharply critical letter Bellamy sent to her by certified mail Friday, signifying a widening rift between the federal and city agencies.

"I am very disappointed that you do not feel the public release of such information requires any action by your office, " Bellamy wrote. "... There is no question in my mind that the act of releasing this information has the potential of endangering lives."

The two missing persons cases Bellamy referred to were mentioned in the article: the disappearances of Sterling Porter, reported missing in 1997, and Sonjah Kingston, last seen in 2002.

Both Porter and Kingston had connections to Elton Turnbull, the convicted drug dealer whom former police Chief David Wray's Special Intelligence squad suspected of colluding with Lt. James Hinson. The unit never found evidence of illegal drug activity by Hinson.

Wray resigned in January, seven months after Hinson, a black police lieutenant, caught the covert unit trailing him while on duty. At the time, lawyers for Hinson said Special Intelligence was unfairly investigating black police officers, which Wray denied.

Where the Rhinoceros Times article may have raised flags for police was a section that quoted Turnbull telling the two undercover Customs agents that he was bringing Colombians to Greensboro to collect debts and to take care of people causing trouble for him. Without attributing its source, the article said Turnbull told the agents he didn't just want the Colombians merely to "hurt" those causing problems.

"People in the hospital talk," the article quoted Turnbull as saying. "I want them in the cemetery."

Rhinoceros Times editor John Hammer said Wednesday that the city has not offered any specific examples to him about why the stories are harmful.

"We certainly wouldn't want to do anything to endanger anyone undercover," Hammer said. "If they came back with something like that, we could modify what we were doing."

As for the missing persons, he said: "They have been missing for a long time, and I don't think anyone is looking for them anymore. We certainly don't feel they are in any danger."

Bellamy, named interim chief after Wray's resignation, said Wednesday night that he had not yet seen Wagoner's letter. The chief said he is concerned others with information that could help police may not come forward for fear that what they say may end up in the media.

A review of the Wray scandal conducted last year by city attorneys and a Raleigh consulting firm documented a three-year investigation in which Special Intelligence, dubbed the "secret police," reopened allegations against Hinson that Internal Affairs had already ruled groundless.

The most serious allegation was that Hinson was criminally involved with Turnbull, the drug kingpin, after Hinson's cell phone number was found in Turnbull's safe.

In an interview from prison with the News & Record last winter, Turnbull said Greensboro police detectives had repeatedly asked him to provide information against Hinson. He claimed his only connection with Hinson was that they were both romantically involved with the same woman, and that Hinson had sold Turnbull a house the officer had been renting to the woman.

According to court records, a number of co-defendants provided "substantial assistance" to federal drug investigators in exchange for reduced sentences. Turnbull's projected release date, according to the federal Bureau of Prisons, is Jan. 27, 2028.

Wagoner, in her letter to Bellamy , said she perceived no "rift" between the agencies. Yet an affidavit filed in the case two weeks ago stated her staff had not granted interviews to the State Bureau of Investigation. The SBI is investigating the Wray matter to determine whether any crimes were committed.

Wagoner wrote that on the advice of the Justice Department's Office of Legal Counsel, her staff had invited the SBI to submit questions in writing but had yet to hear back.

One aspect of the Wray investigation that allegedly involved Wagoner's staff was the brief presence of her chief criminal prosecutor during a Special Intelligence interrogation of a Greensboro woman.

Contact Eric J.S. Townsend at 373-7008 or etownsend@news-record.com

Leilehua High School Teacher Arrested On Suspicion Of Meth Distribution (HA)

Honolulu Advertiser, October 12, 2006

Lee Anzai played baseball for Hawai'i Pacific University in the late 1990s. Authorities allege Anzai used ice in college, too.

A Leilehua High School teacher accused of selling crystal methamphetamine allegedly set up drug deals while at school.

Lee N. Anzai, 29, a special education teacher who lives in Mililani, is believed to be the first Hawai'i public school teacher prosecuted on charges of selling "ice." He also allegedly admitted to an undercover officer that he smoked ice.

A Department of Education spokesman yesterday said that under DOE policy, Anzai was not required to undergo drug testing before being hired and there were no drug tests during his six years at the school. DOE policy does not require regular drug testing for employees except in special cases, the spokesman said.

Anzai was arrested late Thursday night and charged with selling about 15 ounces of crystal methamphetamine to an undercover officer for $44,500.

The criminal complaint and affidavit filed in support of the charge against Anzai contain allegations he not only sold ice, but had been an ice user for seven to eight years — dating to 1998 or 1999, when he attended Hawai'i Pacific University and played on its baseball team.

"I gotta smoke," Anzai is quoted as telling an undercover deputy sheriff in the affidavit filed in support of the charge.

PALI LONGS PARKING LOT

Anzai is a former baseball player at Kaiser High School who was an honorable-mention selection on the state all-star team. He was recruited out of high school in 1995 to play for HPU.

He was arrested at the Longs Drug Store on Pali Highway about 11:55 p.m. and charged with selling ice to the officer on five different occasions in various parking lots — away from the Central O'ahu school — over a span of about a month.

But U.S. Attorney Ed Kubo said that for some of the sales, Anzai used a cell phone to set up deals while he was in his classroom or on campus. Kubo added there were no indications Anzai sold drugs to any students.

Authorities obtained a federal search warrant in the pre-dawn hours yesterday and searched Anzai's classroom before the start of the school day at Leilehua High to minimize the disruption to classes.

Federal prosecutors said that after Anzai was arrested, authorities found him in possession of a glass methamphetamine smoking pipe. A torch lighter, a gram scale and several plastic bags with residue that appeared to be consistent with ice were found in his car. A search of Anzai's Mililani home turned up a broken glass methamphetamine pipe, a scale, several marijuana "bong" pipes and a small amount of marijuana, according to federal prosecutors.

'VIOLATED PUBLIC TRUST'

Assistant U.S. Attorney Mike Kawahara said nothing was recovered from the classroom, but said Anzai was a "significant" dealer who had access to nearly a pound of ice that was sold to the undercover officer.

"As a teacher, Mr. Anzai holds a position of trust," Kubo told reporters at a news conference yesterday. By selling ice without any concern for the community, "Mr. Anzai has violated the public trust."

The five charges that Anzai faces carry sentences with a minimum of five years and up to life in prison without parole.

Kubo said if convicted, Anzai may face a stiffer sentence because of his position of public trust and also because negotiating the deals on campus will "weigh heavily" on the sentencing judge.

Anzai appeared in court yesterday afternoon, sometimes shaking his head and covering his face with his hands.

"Just be strong, babe," his wife, Sherri, told him from the gallery as he waited for the court to be convened.

"I love you," the wife said. "What's done is done, yeah?"

The Leilehua High School Web site lists both Lee and Sherri Anzai as special education teachers.

After yesterday's court hearing, Anzai's lawyer, Howard Luke, said it would be premature to respond to the charges. He said he will seek his client's release at a hearing tomorrow on the federal prosecutors' request to hold him without bail while his case is pending.

"He's very distraught," Luke said.

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Luke said his client does not have a criminal record and has the support of his friends and family. Other relatives in the courtroom also expressed support for Anzai after the end of the hearing before he was escorted from the courtroom, but the relatives declined to comment as they left the courthouse.

"He's otherwise a very decent young man and I think we'll be able to communicate that to the court this Friday," Luke said.

Anzai is charged with five counts of selling ice to a deputy sheriff posing undercover as a drug purchaser in amounts ranging from an ounce to 5 ounces.

The sales were conducted at the parking lots of the Kamehameha Shopping Center in Kalihi, the Foodland at Waipi'o Gentry, the Russ K. Makaha Quiksilver Boardriders Club on Kapi'olani Boulevard and the Pali Longs Drug Store, federal prosecutors said.

The undercover agent paid Anzai $44,500 for the ice, according to prosecutors.

Kubo as well as other federal prosecutors, police and Department of Education spokesman Greg Knudsen said they were not aware of any other ice prosecution against a public school teacher. The public schools currently have about 13,000 teachers.

NO CRIMINAL RECORD

Anzai was subjected to a criminal background check prior to employment, Knudsen said. The check showed Anzai had no criminal record when he became a special education teacher, Knudsen said.

Because DOE policy does not require it, he was not given a pre-employment drug screen.

"Under some circumstance we can request an employee seek medical evaluation and drug testing if we have cause to suspect that a person's job performance might be affected by the use of illegal substances," Knudsen said.

There was no evidence that Anzai's performance had been affected, Knudsen said. He declined to say whether Anzai had ever been asked to take a drug test.

"I understand that he related well to the students and at one point was probably a very excellent teacher," he said.

Anzai has been placed on administrative leave.

Teachers and employees in the DOE do not need to undergo any regular routine drug testing, except for some special employees, such as bus drivers, who fall under the regulations of the Public Utilities Commission. Individual employees could be asked to take a test if there is reason to suspect the use of drugs is affecting job performance.

"People can be hired and disciplined based on nonperformance in a number of forms. Whether or not they are not performing based on the effects of some drug or lack of preparation or poor attitude — all those things don't necessarily require drug testing," he said.

He also dismissed questions about whether a mandatory drug-testing policy should be implemented.

"I don't believe it is justified at this point. We are talking about one individual among 13,000 teachers and presumably, if you follow that logic, it should apply to all DOE employers. So we're taking 20,000 to 30,000 individuals and it's not fair to cast all of them under some cloud of suspicion based on this one case," he said.

The Hawai'i State Teachers Association could not be reached for comment yesterday.

COACHES ARE CHECKED

Last week, following the state auditor's finding that Kailua High School had failed to appropriately clear a number of coaches who had criminal records during the past three years — including one who had been convicted of murder — the DOE said it would verify that all public school athletic coaches statewide have had background checks.

The DOE continues to do those checks, and Knudsen said the DOE continues to examine the accuracy of the Kailua audit.

The prosecution's case against Anzai was outlined in a detailed 29-page affidavit by a federal Drug Enforcement Administration agent.

RECORDED PHONE CALLS

According to the affidavit, a confidential informant who owed Anzai a $3,000 drug debt provided the DEA with information. The informant later introduced Anzai to the undercover officer, a deputy sheriff who used the nickname "Duke."

The affidavit quoted extensively from what it said were recorded cell phone conversations detailing negotiations.

In one cell phone conversation, Anzai asked the undercover deputy if he was a "cop," according to the affidavit. The deputy denied it, then asked Anzai if he was really a teacher of if he was actually a cop.

Anzai is accused of selling ice to the undercover deputy two more times after that conversation.

Anzai lives at Apele Place in a quiet cul-de-sac of single-family homes and duplexes in Mililani.

RECENTLY HAD A BABY

Neighbors were shocked yesterday to hear of his arrest. They said Anzai and his wife were a pleasant couple who had recently had a baby.

"He seems like a good guy. He seems like a family man," said Jon Ferrell, who lives two doors down from Anzai. "I never saw anything weird there."

In addition to teaching special education, Anzai has served in various athletic coaching capacities since 2000, DOE spokesman Knudsen said.

Anzai's former baseball coach at HPU, Allan Sato, said he was "very shocked" by the allegations.

"Academically, he proved a lot of people wrong. I don't have anything negative to say about him," Sato said. "As far as drugs, I am shocked. Wow. I'm shocked."

Anzai was senior captain of the HPU baseball team in 1999.

"He was a team guy; he always wanted what was best for the team," Sato said.

He said Anzai was generally well-liked by team members and was popular among the general student body at HPU.

"He was no bully. He was not being Mother Teresa, either. But he was the kind of guy that tried to lead the team in the right direction," Sato said.

. . .

$3,000 AN OUNCE: 'THE STUFF IS DEADLY... YEAH, I TRIED' EM'

HHere are excerpts from a criminal complaint and supporting affidavit filed by a federal Drug Enforcement Administration agent in the case against Lee N. Anzai.

Anzai, a special education teacher at Leilehua High School, was arrested Tuesday night and later charged with selling about 15 ounces of crystal methamphetamine to an undercover state deputy sheriff on five occasions.

· Anzai allegedly first sold methamphetamine to an undercover deputy sheriff on Sept. 8. The sale was for 5 grams. He allegedly sold to the same deputy sheriff four other times: Sept. 14, 19, 29 and Oct. 10.

He was arrested at 11:55 p.m. Tuesday night after allegedly selling $12,500 worth of ice to the undercover officer. A methamphetamine pipe was found in his possession and assorted drug paraphernalia and cash was found in his vehicle, the complaint said.

· At 12:35 p.m. Sept. 19, Anzai took a phone call from the undercover officer, later referred to as UC, to allegedly set up a drug deal.

Anzai indicated he was on lunch break at Leilehua High School, and that "the bell going to ring in about 5 minutes."

The undercover officer joked that "make sure you're not late (for) the bell, uh?" and Anzai said, "No, no, no, I stay in my room; it's all good." UC asked, "You get your own classroom?" and Anzai said, "Yeah."

In the same conversation, Anzai also allegedly indicated he had 5 ounces in hand and could proceed directly to a meeting site to complete the drug transaction.

Honolulu Teacher Charged In Drug Case (AP)

The Associated Press

AP, October 12, 2006

HONOLULU -- A teacher accused of arranging drug sales while at school was charged with selling crystal meth to an undercover officer, officials said Wednesday.

If convicted, Lee Nobuo Anzai, 29, could face up to life in prison, said U.S. Attorney Edward Kubo Jr.

The Leilehua High School teacher is accused of selling nearly a pound of the drug between Sept. 8 and Tuesday night, the prosecutor said.

A telephone message left by The Associated Press for Anzai's attorney, Howard Luke, was not immediately returned Wednesday.

Anzai had been a special education teacher for six years at the school in Wahiawa and has been put on administrative leave.

Department of Education spokesman Greg Knudsen said there is no drug screening program for the state's 13,000 teachers without cause or justification.

Anzai's case "didn't involve students and it didn't really affect his job performance," Knudsen said.

Unit Is Scoring Big In War On Drugs (HA)

Honolulu Advertiser, October 12, 2006

The anti-drug task force played a big role in the arrest of a Leilehua High School teacher suspected of selling crystal methamphetamine. Members of the task force were present at the press conference in which U.S. Attorney Ed Kubo announced the arrest.

An anti-drug task force that played a major role in this week's crystal meth arrest of a Leilehua High School teacher has recorded a series of knockouts since being created eight months ago, officials said yesterday.

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The Hawai'i Rapid Reduction Drug Unit has produced 30 federal and seven state drug arrests, seized 35 pounds of crystal methamphetamine and 5 pounds of cocaine, 11 firearms, five vehicles and $710,000 from February through September.

Lt. Gov. James "Duke" Aiona and Anthony "Tony" Williams, assistant special agent in charge of Drug Enforcement Administration operations in Hawai'i, spearheaded the formation of the joint federal, state and city law enforcement task force.

It was a deputy sheriff assigned to the drug unit who posed as the buyer in the investigation and arrest of Leilehua High special-education teacher Lee Anzai, officials said.

Other significant task force investigations resulted in convictions of Rudy Generalao, who has admitted to controlling ice distribution from Nanakuli to Wai'anae; Jarret Kaneshiro's organization, which included career criminals Bryan Higa, Marvin Quemado and Denny Quiambao; and another group with Oakland, Calif.-based Alejandro Panares supplying ice and crack cocaine to Hawai'i dealers Joseph Tomo, Linda Masuda and Henry Liu.

Aiona said the drug unit was organized to address a common community complaint that law enforcement agencies do not respond when drug activity is reported. "It has not disappointed," Aiona said of the unit.

The Rapid Reduction Drug Unit's full-time core group consists of three deputy sheriffs from the state Public Safety Department, two Honolulu police officers, one agent each from the FBI, Immigration & Customs Enforcement and DEA, and also a part-time DEA agent, Williams said. All have DEA enforcement powers, Williams said.

"The key here is the public should know their calls and complaints matters and are not falling on deaf ears," Williams said. "We want them to know we will protect you. Our investigations are designed to be swift and impact communities."

The Rapid Reduction Drug Unit is among the many joint task forces under the umbrella of Hawai'i High-Intensity Drug Trafficking Areas program.

By targeting the distribution network and not just top-level players, the drug unit is helping to take out what Williams calls "individuals who have been flying under the federal radar for years."

The distribution network includes many players involved in burglaries, thefts, robberies, auto thefts, identity thefts, extortion and fraud, federal officials said.

Leilehua Teacher Charged In 'ice' Distribution (HSB)

Honolulu Star-Bulletin, October 13, 2006

The quick arrest of a high school teacher for allegedly selling "ice" could not have been accomplished without a new anti-drug task force, one official said.

The Hawaii Rapid Reduction Drug Task Force was created in February and is made up of members of the Honolulu Police Department, Sheriff Division, Drug Enforcement Administration, Federal Bureau of Investigation and Immigration and Customs Enforcement.

It was formed to review complaints made by the community about suspicious drug-related activities and to match up the information to intelligence under the federal government, U.S. Attorney Ed Kubo said during a news conference.

Its mission is to "quickly and aggressively investigate and arrest in a mid- to low-level neighborhood drug dealers in hopes of working our way into the prosecution of drug organizations above them," Kubo said.

The arrest of special-education teacher Lee N. Anzai just before midnight Tuesday was initiated through calls made by residents to the Honolulu Police Department's Narcotics/Vice Division.

Members of the task force match complaints received through the Honolulu Police Department and collaborate with 12 other agencies, Kubo said.

From February through September, the task force:

» Made 30 federal drug-related arrests.

» Seized 35 pounds of ice and five pounds of cocaine.

» Seized 11 firearms, five vehicles and $710,000 in cash.

Authorities continue to urge residents to call the HPD's Narcotics/Vice Division at 529-3101 if they suspect drug activity in their neighborhood.

"The public should know that your calls and complaints are not falling on deaf ears and that they do matter," said Tony Williams, assistant special agent-in-charge of the Drug Enforcement Administration in Honolulu. "A lot of times, the information that we receive from the public would give us a little bit more, that small piece of puzzle that would help investigators succeed."

Complaint calls made to authorities involved in the task force led to the arrest of Bryan Higa and Marvin Quemado, who allegedly stole $2 million worth of jewelry from a salesman in Waipahu in June. Both have a criminal history involving drug-related offenses.

Ex-Police Lieutenant Gets Prison Term In Drug Money Case (NYT)

By William K. Rashbaum

The New York Times, October 13, 2006

A retired police lieutenant who admitted to stealing more than $110,000 in drug cash over three years, all while he supervised 40 narcotics detectives in Upper Manhattan, was sentenced to 14 months in federal prison yesterday for conspiring to launder the money.

The retired lieutenant, John T. Maguire, supervised two detectives who stole money with him and who were later captured on videotape in 2003 robbing a drug courier of $169,000, a crime that led to a sweeping police corruption investigation and the department's biggest scandal in a decade.

The investigation ultimately implicated as many as 10 current or retired detectives, but only Mr. Maguire, the two men caught on videotape and a third detective were charged with crimes. Another detective has been fired. The department is seeking to fire two others.

Mr. Maguire, who earned a degree from Columbia University, where he studied political science on a basketball scholarship, faced nearly four years in prison. But the prosecutor in the case wrote a letter that cited his cooperation with the investigation and enabled the judge in the case, Carol B. Amon of United States District Court in Brooklyn, to hand down a lighter sentence.

In agonized and remorseful remarks, Mr. Maguire, wearing a blue pin-striped suit and a red tie, apologized for the humiliation, dishonor and pain he had brought upon the Police Department and his wife and three young daughters. The girls and their mother, along with other family members and friends, filled the courtroom gallery's first two rows.

"I'm ashamed of myself and I live in shame every single day," he said.

"I knew I did wrong and I confessed to God my sins," he added, pausing as his voice choked with emotion. "I asked his forgiveness."

His lawyer, Eric W. Siegle, called the crimes "despicable and horrible." But he sought to distinguish the 51-year-old Mr. Maguire from the two men caught on the video, Thomas Rachko and Julio C. Vasquez. They robbed people, sometimes at gunpoint, and resold drugs, he argued, while Mr. Maguire just stole drug money from apartments, and in one case $96,000 packed in cereal boxes stashed in a parked car.

Mr. Siegle requested a sentence of probation for his client. But the judge said that while she found Mr. Maguire to be genuinely remorseful, the crimes he committed while in a position of power and authority warranted a prison term.

"He was their commander," she said early in the proceeding, speaking of Mr. Maguire's relationship with Mr. Rachko and Mr. Vasquez. "He knew what they were up to. He had the power to stop all this."

When Judge Amon handed down the 14-month prison term, all three of Mr. Maguire's daughters began to weep, and the oldest dropped her head into her mother's lap, shaking with sobs.

Mr. Maguire, who retired in July 2001 after 20 years on the force, worked in a narcotics unit when the three men stole together. Earlier, he had served as a Harlem precinct's Integrity Control Officer. He forfeited $110,000 as part of his plea.

Last week, Mr. Vasquez was sentenced to six years in prison.

Today, Mr. Rachko faces up to life in prison.

Uribe Vs. The Drug Thugs (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, October 13, 2006

To get an idea of how long Afghanistan's war against narco-trafficking terrorists could last, the Colombian experience with criminals of a similar ilk might be instructive -- though not encouraging. That thought occurred to me after an interview with Colombian President Álvaro Uribe in New York last week.

Mr. Uribe may be the most clear-thinking, courageous ally in the war on terror that the U.S. has in Latin America, and Washington has spent billions of dollars trying to eradicate coca plants in his country. That is to say, there has been no lack of political will in the fight against drug thugs in Colombia. If other world leaders have gone wobbly on fighting terrorism, Mr. Uribe has not. "Under no circumstances will the government weaken its policy on democratic security," he told me emphatically last week.

But as the popular president begins his second four-year term, his challenges are daunting. While it is true that guerrilla kidnappings and killings are down sharply since he instituted his policy of "democratic security" in 2002, it is also true that Colombians have rising expectations of the man who did so much in his first term to push back the terrorists and restore Colombian confidence. The trouble is that, despite these efforts, the persistent demand for illicit cocaine from the U.S. and Europe is still feeding an organized-crime network that has little incentive to take up honest work. Drug-financed terrorism remains a constant drain on resources and an impediment to Colombian development.

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Mr. Uribe put the Sisyphean task ahead of him clearly when I asked about progress in the war on drugs: "Colombia is a great ally of the U.S. In spraying, extradition, forfeiture of assets and manual eradication we have done our best. However, in relation to our efforts, we need better results." In other words, despite copious amounts of Colombian blood, sweat and tears, the reality of demand for a high-priced commodity keeps the goal to end supply out of reach.

The most immediate challenge facing the president involves the fate of 62 kidnap victims now held by the drug-trafficking Revolutionary Armed Forces of Colombia (FARC). In recent weeks the FARC has turned up the pressure on Mr. Uribe to agree to an exchange of 500 FARC operatives held by the government for the 62 kidnap victims, some of whom have been hostages for years. The guerrilla objectives are clear: A good number of the FARC prisoners are important mid-level commandantes whom the organization needs.

To boost public support for an exchange, the FARC has been releasing video tapes of the hostages to the Colombian media. Relatives of the hostages are then filmed, tears streaming down their faces as they view their loved ones held captive.

It has long been the policy of the Uribe government that any prisoner release must be carried out in accordance with the law and that any prisoner who is freed must agree to lay down arms. So I asked Mr. Uribe whether he would negotiate with the guerrillas. "I have expressed my willingness to open negotiations under conditions of good faith," he told me. "So far we have no negotiations but given good faith, we would talk."

This seems, at first, a departure from the standard views of a hard-liner on terrorism. But in fact it is a continuation of his hope for reconciliation, a hope that Mr. Uribe has held since I first interviewed him in 1997, when he was governor of the Colombian state of Antioquia. That hope may be even greater today because of the success the government has had in bringing so many of the lawless in from the cold. It is a record he is proud of. "At this moment we have completed the demobilization of 40,000 [individuals]," he says. "Over 7,000 came from the guerrillas and over 30,000 were [in the paramilitary]. There is no previous comparison [of these results]. When Colombia had the demobilization of the [former rebel group] M-19, there were 900 people [demobilized]. This is the biggest guerrilla demobilization in our history."

Despite Mr. Uribe's hope, though, if the government sticks to its policy that freed prisoners must renounce violence, not much is likely to happen. The FARC wants the swap so it can regroup. Moreover, on the subject of a broader peace negotiation, FARC leadership seems to think it can play the same game it played with previous governments, pretending to want peace so as to gain a safe haven for its businesses in arms, drugs and kidnapping. That much comes through in an open letter from FARC leaders sent to the three branches of government on Oct. 2. The letter details the conditions that the FARC demands for peace talks, "once the swap [of prisoners for kidnapping victims] is completed."

At the top of the list is the demilitarization of the coca growing states of Caquetá and Putumayo, followed by the suspension of orders to the military for the capture of FARC leadership, and an army withdrawal to its barracks. As if those demands weren't ridiculous enough, the letter goes on to say that the government must make an appeal to the international community to stop referring to the FARC as terrorists. Tell that to the 12-year-old girl who lost her leg, her parents and her four-year-old sister in the FARC attack on Club Nogal in Bogotá in 2003. That bombing, aimed at innocent civilians, killed 35 people and injured more than 170. It is a good example of why polls in Colombia put public support for the FARC at 1%.

Mr. Uribe understands that in addition to being open to talks and pushing security, he also has to show that he is responsive to political, economic and social problems. In our interview he stressed judicial reforms under his government, including the introduction of an oral-trial system similar to what is used in the U.S., an increase in judicial independence and the transfer of more legal cases against the military to civilian court jurisdiction. He also emphasized the importance of boosting economic growth, although he has already tripped on this issue by allowing a bold tax reform -- designed to stimulate investment by cutting and simplifying taxes -- to be perverted by special interests. Analysts are now warning that if Mr. Uribe is smart, he will pull the bill rather than let it further damage Colombia's investment profile.

Still, his biggest problem remains security, and it is hard to imagine real progress unless the demand for illegal drugs collapses in Europe and the U.S., or rich countries change their prohibition policies.

TAX:

Tax Revolt: Plaintiffs File Coordinated Cases Against IRS (LAW)

By Emma Schwartz, Legal Times

Legal Times, October 13, 2006

Michael Stephens hates the Internal Revenue Service. He believes it steals his money, and he won't stand for it.

"That's all we are, is slaves," says the 49-year-old truck driver from Georgia, who sued the agency. He claims he is entitled to damages through the Taxpayer Bill of Rights for alleged misconduct in tax collection by the IRS.

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Stephen's complaint -- which Judge Ellen Huvelle of the U.S. District Court for the District of Columbia dismissed in June -- might simply be a footnote in the flood of pro se cases that pour into the courthouse each year, except that Stephens isn't alone. His complaint is one of 108 nearly identical cases filed since last fall by plaintiffs from Oregon to Florida.

The effort hasn't seen much success; so far, 40 have been dismissed because of the plaintiffs' failure to exhaust their administrative remedies. But the cases managed to pique curiosity in judges' chambers.

So who's behind this effort?

Stephens won't say. Nor would more than two dozen other plaintiffs, who either did not return calls or declined to answer questions.

Seattle's Heidi Broward, whose husband Paul had his claim dismissed in July, says the suits are a coordinated effort by people who met through "various things over the Web and from years and years of networking."

The complaints are the brainchild of Chicago-based anti-tax activist George Pragovich, Broward says: "He's one of the major coordinators of what we're doing. I just fill out the forms and send them in."

But Pragovich wouldn't talk.

"Let me put it like this: Like they say on TV, I can't discuss pending litigation," Pragovich said before hanging up the phone.

CONGRESS-ADMINISTRATION:

Bush Gives Hastert Boost In Time Of Need (AP-Y)

By Nedra Pickler

AP-Yahoo, October 13, 2006

President Bush stood shoulder-to-shoulder with embattled House Speaker Dennis Hastert on Thursday, offering a powerful boost in his moment of need and declaring the country "better off" with Hastert in power.

"I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House," Bush said as he opened a speech to raise money for two Illinois congressional candidates.

The $1.1 million fundraiser provided the first picture of Bush with Hastert since a scandal broke involving a Republican congressman pursuing underage male pages. Although the president has spoken out in Hastert's defense — tepidly at first and more directly at a White House news conference on the eve of the fundraiser — their appearance together was an endorsement of Hastert when nearly half the country says he should resign.

Their long-scheduled fundraiser was sponsored by Hastert and came on the same day that the House Ethics Committee questioned ex-Rep. Mark Foley's chief of staff, Kirk Fordham, for five hours. Fordham has said he took complaints about Foley's conduct to Hastert's top aide three or four years ago.

Hastert's office has said it learned of Foley's conduct only last fall, and the speaker has said he first was notified in late September this year.

Bush defended him, without mentioning the Foley case.

"Speaker Denny Hastert has a long record of accomplishment," Bush said. "He's not one of these Washington politicians who spews a lot of hot air. He just gets the job done."

The crowd of Republican donors standing in a downtown Chicago hotel ballroom responded with loud applause.

"I have worked with him up close," Bush continued. "I know what it's like to work with a speaker who is determined to protect the United States of America and a speaker who wants to make sure that everybody who wants a job in America can find one.

"He has delivered results for the people," Bush said. "This country is better off with Denny Hastert as the speaker and it will be better off when he is the speaker the next legislative session."

Whether Hastert and the Republican Party will remain in power in the House next year is in doubt. Democrats need to pick up just 15 seats to win control, and Republican-held seats across the country are in jeopardy in the wake of the Foley case, continuing violence in Iraq and the dissatisfaction with Bush's leadership.

The beneficiaries of the fundraiser — Republican congressional candidates Peter Roskam and David McSweeney — spoke differently about the president.

McSweeney noted that although Bush lost Illinois in 2004, he won the district where he is running. "When the president comes to town, it provides good exposure," said McSweeney, who is in an uphill battle to oust freshman Democratic Rep. Melissa Bean.

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Roskam said he was thankful for the president's "tremendous fundraising boost" and his leadership on tax cuts and keeping America safe. But Roskam's Democratic opponent, Iraq war veteran Tammy Duckworth, has been criticizing his close ties to the party, and Roskam tried to distance himself from Bush's policies on education, spending and immigration.

"I've been very vocal in my separation and criticism of the administration," he said.

Attendees at the fundraiser had to donate at least $1,000 per person, and the invitation advertised that $10,000 would get a photo with the president, "two people, one click," and 10 reception passes.

Sen. John Kerry tried to use the Bush-Hastert appearance to raise money for Democratic candidates, calling it "a meeting of the no accountability caucus of the Republican Party."

"Denny Hastert has been the longest-running Republican speaker in history," Kerry, D-Mass., wrote in an e-mail to supporters. "But in 25 days, we can take the gavel out of his hands — and the smirk off George W. Bush's face."

When Bush arrived in Marine One at Chicago's O'Hare International Airport, he was greeted by rock star Bono, model Christy Turlington and Bobby Shriver, who runs an organization called DATA — or Debt, AIDS and Trade in Africa. The three were in Chicago to attend an AIDS event.

Turlington and Bono, who has been active in raising awareness of poverty and AIDS, climbed the stairs of Air Force One with the president. Bono flashed a peace sign before the group went in the plane for a 10-minute conversation with Bush about AIDS. The three visitors left the plane before it took off for Washington.

Bush Joins Hastert At Rally, And Lavishes The Praise (NYT)

By Jim Rutenberg

The New York Times, October 13, 2006

CHICAGO, Oct. 12 — President Bush came to the home turf of the House speaker, J. Dennis Hastert, on Thursday to give him a resounding pledge of support before a revved-up group of Republican donors, activists and leaders who were clearly glad to witness a presidential lift for the buffeted dean of their state party.

Appearing at a fund-raising event for two local Republican House candidates facing competitive races, David McSweeney and Peter Roskam, Mr. Bush bounded onto the stage alongside Mr. Hastert, whose Congressional district is several miles outside Chicago. Standing beside the speaker, Mr. Bush, wearing a smile that lasted for minutes, gave him a hearty handshake as Mr. Hastert, beaming, patted him on the back.

Mr. Bush came here with a far larger retinue of photographers and reporters than usual for such campaign trips. It was evidence of the anticipation surrounding his visit as questions continued to swirl about what Mr. Hastert's office knew, and when, about former Representative Mark Foley's e-mail to male pages.

Mr. Bush seemed more than happy to oblige, after Mr. Hastert introduced the president as "our friend" and "our leader."

"Before I liberate the speaker so he doesn't have to stand up here for that long, Speaker, I want to say this to you," Mr. Bush said. "I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House."

"He's not one of these Washington politicians who spews a lot of hot air — he just gets the job done," Mr. Bush said as the room erupted. "This country is better off with Denny Hastert as the speaker."

Mr. Bush's appearance completed what has appeared to be a gradual but now unmistakable White House embrace of Mr. Hastert since news first surfaced that Mr. Foley had sent risqué e-mail to Congressional pages. The visit reflected in part a calculation by the White House and party leaders that providing a protective phalanx for the speaker would help cool some of the heat from the controversy and press ahead on the party's election-year message on terrorism and taxes.

Mr. Bush seemed to provide an object lesson to his party on that strategy here, weaving praise for Mr. Hastert into his standard stump speech that takes Democrats to task as trying to block his terrorism initiatives and threatening to end his tax cuts.

Speaking about Democratic resistance to the USA Patriot Act, a regular part of his campaign speeches, Mr. Bush broke off and said, "By the way, the speaker led the charge in making sure the House passed the Patriot Act the first time and then reauthorized it."

Accusing Democrats of failing to understand the true threat of terrorists, Mr. Bush said at another point, "I see the threat; the speaker sees the threat."

Ron Bonjean, a spokesman for Mr. Hastert, said his boss appreciated the gesture.

"It's the pick-me-up that everyone really needed to help us focus toward November," Mr. Bonjean said.

The event raised $1.1 million.

Bush And Hastert Rally The GOP (CHIT)

By Mark Silva And Rick Pearson

DOJ_NMG_0080433

Chicago Tribune, October 13, 2006

President Bush delivered an in-person show of support for House Speaker Dennis Hastert on Thursday and professed optimism for Republicans in next month's elections, but a new Tribune/WGN-TV poll shows a majority of Illinois voters disapprove of the president's job performance and nearly 60 percent are unhappy with the GOP-led Congress.

The survey also shows nearly half of voters disapprove of the way Hastert, of far west suburban Plano, has handled the congressional page controversy that led to former Rep. Mark Foley's resignation. Reflecting a potential parochial bias toward a native son, a narrow plurality of Illinois voters say Hastert should not resign as speaker.

The results of the poll, conducted from Sunday to Wednesday, came as Bush traveled to Illinois to raise funds for suburban Republican congressional candidates Peter Roskam and David McSweeney—and to deliver his first personal show of support for Hastert since the congressional page scandal consumed the House Republican leadership two weeks ago.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Bush told several hundred people at an intimate fundraising reception at the Chicago Hilton and Towers on Michigan Avenue.

"Speaker Denny Hastert has a long record of accomplishment and he's not one of these Washington politicians who spews a lot of hot air," the president said. "He just gets the job done."

Bush and Hastert stood shoulder-to-shoulder—though only for a few minutes—on a low stage within arms' reach of a cheering audience. Hastert, who spoke only briefly in introducing Bush, called the president "our friend" and "our leader."

As Bush works to make the economy and war on terror the focal points in the final weeks of the campaign, he portrayed Hastert as a staunch ally.

"I have worked with him up close. I know what it's like to work with a speaker who is determined to protect the United States of America," Bush said. "The country is better off with Denny Hastert as speaker and it will be better off with him as speaker the next legislative session."

With those words, Bush turned and shook Hastert's hand, and Hastert and the party's congressional candidates left the stage to the president.

It was the first time that Bush had appeared in public with Hastert since Foley's resignation on Sept. 29 following reports that Foley had sent sexually explicit electronic messages to an underage congressional page. Hastert has maintained that he knew nothing of any improper communications between Foley and pages until that day. But several House members and staffers say they knew of problems {ndash} and reported them to the speaker's office {ndash} as long ago as 2000.

In Washington, the House ethics committee heard 4 ½ hours of sworn testimony from Kirk Fordham, Foley's former chief of staff, who has said publicly that he warned Hastert chief of staff Scott Palmer of Foley's inappropriate conduct with pages at least three years ago. Palmer has denied this.

Fordham would not discuss his testimony, but his attorney, Timothy Heaphy, said: "He has been consistent in his accounts of these events when he talked to the FBI and today met with the ethics committee."

The president maintains the page scandal, which has erupted in the weeks before the Nov. 7 elections in which control of Congress is at stake, will not "drive the election." Instead, he insists, GOP promises of tax cuts and protecting national security will resonate with voters.

"The biggest issue facing this country is who best to protect you," Bush said.

"I see the threat. The speaker sees the threat," the president said. "We've got a plan for victory in this war on terror."

While Bush presses tax cuts and a war on terror, Democrats are attempting to use the page scandal as one of their campaign weapons {ndash} questioning Hastert's leadership as Bush campaigned here.

Calling the appearance of Bush and Hastert "a meeting of the 'no accountability' caucus of the Republican Party," Sen. John Kerry (D-Mass.) issued his own fundraising appeal to supporters with e-mails Thursday.

The $850,000 that the Chicago fundraiser generated was one measurement of the popularity of Bush and Hastert.

But in a state that has been turning increasingly Democratic, the latest Tribune poll showed only 36 percent of Illinois voters approved of the job Bush has been doing in the White House, while 56 percent disapproved.

The Illinois results mirror recent national polls that have shown Bush's job approval rating ranging from 33 percent to 39 percent. One year ago, a similar Tribune survey found Bush's job approval rating at 33 percent.

The latest Tribune poll, conducted by Market Shares Corp. of Mt. Prospect, surveyed 600 likely Illinois voters for the Nov. 7 election. The survey had a margin of error of 4 percentage points.

As for Hastert, 48 percent of voters said they disapproved of his handling of the Foley situation amid FBI and House ethics committee investigations into whether congressional leaders, members or staff had prior knowledge of the former Florida Republican congressman's communications with teenage pages. Only 24 percent of the voters approved of Hastert's leadership on the issue.

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But a plurality of 42 percent of the state's voters said Hastert should not resign his speakership as a result of the controversy, while 32 percent said he should step down and 27 percent had no opinion.

Half of the voters surveyed said the scandal would not have any influence on their votes for Congress, but three in 10 voters said they would be more likely to cast a ballot for the Democratic candidate as a result.

Despite providing some home-state encouragement to stay on as speaker, the poll findings also show high voter dissatisfaction with the GOP-led Congress and Republican control of the White House, the Senate and the House.

A total of 58 percent of voters surveyed said they disapproved of the job being done by the Republican majority in Congress, including 55 percent of self-described independent voters who are a voting bloc key to GOP success in Illinois. More voters in the Republican-oriented suburban collar counties expressed dissatisfaction than said they were satisfied—44 percent to 40 percent—while 57 percent of Downstate and suburban Cook County voters also expressed disapproval.

Moreover, the poll found that 59 percent of Illinois voters believe Republicans have too much power in Washington through their control of the White House and Congress, including half of the voters in the collar counties, 54 percent Downstate, 59 percent in suburban Cook County, 78 percent in Chicago and a quarter of self-identified GOP voters.

At the fundraiser, Roskam and McSweeney each said they had no problems sharing a stage with Bush and Hastert. Roskam is running against Democrat Tammy Duckworth for the 6th Congressional District seat being vacated by veteran Republican Rep. Henry Hyde of Wood Dale. McSweeney is challenging first-term Democratic Rep. Melissa Bean of Barrington.

"It is obviously the first time that the speaker and the president will share a podium since the events as of late and it's gotten a lot of attention from that point of view," Roskam said, "but from my campaign's point of view, this is helping to raise funds so that we can get our message on television."

Bush Stands By Hastert At Illinois Fundraiser (WT)

By Joseph Curl

The Washington Times, October 13, 2006

CHICAGO -- President Bush yesterday stood shoulder to shoulder with embattled House Speaker J. Dennis Hastert and predicted that the Illinoisan will return after Election Day as the head of a Republican-controlled House.

Appearing with Mr. Hastert for the first time since Rep. Mark Foley, Florida Republican, abruptly resigned over sexually explicit messages he sent to teenage male pages, the president praised the speaker as a man of integrity. But Mr. Bush steered clear of the scandal that has hurt Republicans nationwide and left the speaker fighting for his political life.

"I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House," Mr. Bush said to whoops and cheers from Republican supporters.

"This man has a long record of accomplishment. You know, he's not one of these Washington politicians who spews a lot of hot air. He just gets the job done. ... He has delivered results for the people. This country is better off with ... Denny Hastert as the speaker, and it will be better off when he's the speaker the next legislative session," the president said.

Although the president did not call Mr. Hastert for several days after the Foley scandal broke, he traveled to Chicago yesterday to attend fundraisers for several local candidates and spent several minutes on stage posing with Mr. Hastert.

Mr. Bush has begun publicly backing Mr. Hastert, who appears to have withstood demands that he step down from his post for failing to police his own ranks. The president Wednesday called Mr. Hastert "very credible" and last week said he was a "father, teacher and coach who cares about the children of this country."

The campaign event yesterday was for U.S. House candidates David McSweeney and Peter Roskam, each of whom said he supports Mr. Hastert as speaker. Mr. McSweeney is trying to unseat a freshman Democrat, and Mr. Roskam hopes to succeed retiring Rep. Henry J. Hyde, Illinois Republican.

Mr. McSweeney said he supports Mr. Hastert but wants the several investigations under way completed swiftly.

"I believe that what we need to see is have a full and thorough investigation, see the [House] ethics committee investigation completed, the Justice Department investigation completed. I think Speaker Hastert is a man of integrity, and what I believe is we need to complete this investigation and get all the facts," Mr. McSweeney said.

Democrats continued their assault on the speaker. Sen. John Kerry of Massachusetts, trying to use the Bush-Hastert appearance to raise money for Democratic candidates, called it "a meeting of the no-accountability caucus of the Republican Party."

"Denny Hastert has been the longest-running Republican speaker in history," Mr. Kerry wrote in an e-mail to supporters. "But in 25 days, we can take the gavel out of his hands -- and the smirk off George W. Bush's face."

Mr. Hastert has insisted that he was unaware that the congressman from Florida was sending sexually explicit messages until Mr. Foley resigned two weeks ago. With less than a month to the election, the White House is doing its best to support the speaker. Press secretary Tony Snow is scheduled to appear at a fundraiser with Mr. Hastert tomorrow.

Mr. Hastert, who looked tired, made no comments at yesterday's event. Instead, he simply introduced Mr. Bush to the partisan crowd.

He was slow to get a handle on the scandal, as other Republican leaders sought to distance themselves from the embattled speaker. But two weeks of bad headlines have not hurt Mr. Hastert, 64, who has served 20 years in Congress and six years before that in the Illinois House. He is expected to win handily in his district, where he won two years ago with almost 70 percent of the vote.

Bush Backs Hastert When Backing Hastert Isn't Cool (LAT)

By James Gerstenzang

The Los Angeles Times, October 13, 2006

CHICAGO — Under ordinary circumstances, there would have been nothing remarkable about President Bush's praise Thursday for House Speaker J. Dennis Hastert at a political fundraiser.

But this is not an ordinary year. Hastert is struggling to cope with the fallout from how his office handled reports that former Florida Republican Rep. Mark Foley dispatched inappropriate electronic messages to a former congressional page.

With his big verbal hug for the speaker, Bush left no doubt about his support for the Illinois Republican at the start of the $1.1-million fundraiser. He gave the speaker a handshake and declared at the start of his speech: "I am proud to be standing with the current speaker of the House, who is going to be the future speaker of the House."

His remark prompted applause and cheers.

"He's not one of these Washington politicians who spews a lot of hot air. He just gets the job done," Bush said of Hastert, the longest-serving Republican House speaker.

He continued effusively: "I have worked with him up close. I know what it is like to work with a speaker who is determined to protect the United States of America. And a speaker who wants to make sure that everybody who wants a job in America can find one. He has delivered results for the people. This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker the next legislative session."

In addition to his support for Hastert, the president's remarks signaled his belief that the impact of the scandal should not reach beyond Foley.

Bush has had little to say in public on the matter, other than to express at a news conference Wednesday his strong disapproval of Foley's behavior, which included vivid sexual messages to pages and former pages.

Despite Bush's support, GOP candidates in several close races have canceled Hastert appearances at fundraising events.

Bush and other Republicans hope to return the focus of the campaign to national security issues. But the Foley scandal continued to play out Thursday as witnesses testified before the House Ethics Committee.

Among them was a former Foley aide who has said he complained to the speaker's office about Foley's conduct long before the speaker's office acknowledged having received a complaint.

Democrats, meanwhile, continued to highlight Foley's conduct. In the latest TV ad, which began running Thursday in a Nevada congressional race, Democratic challenger Tessa Hafen accuses Republican incumbent Jon Porter of taking "thousands in contributions from … leaders who covered up the actions of sexual predator Mark Foley."

Bush's praise for Hastert came at a fundraising reception at the Chicago Hilton Hotel for Peter Roskam and David McSweeney and other Illinois Republican congressional candidates. Roskam is in a difficult race against Tammy Duckworth, a former soldier who lost both legs from injuries in Iraq. McSweeney is seeking to unseat Rep. Melissa Bean.

Both races are drawing high-powered supporters — in addition to the president, they include First Lady Laura Bush and former President Clinton. Both districts, encompassing suburbs west and north of Chicago, are among the growing number seen as up for grabs and as key to control of the House.

Bush started his day Thursday in St. Louis at a conference on renewable energy, where he promoted tax credits for buyers of hybrid vehicles and federal spending to help industry develop new battery technology. He also talked up solar energy, wind power and particularly nuclear power.

Bush's advocacy of ethanol and other fuels that can be replenished drew mixed reviews from environmental advocates.

Nathanael Greene, with the Natural Resources Defense Council, praised Bush for focusing on the issue but said the nation needs to promote "solutions already available today — like stronger fuel-economy performance standards for all vehicles, and hybrid vehicles."

The president was interrupted briefly by a woman who shouted, "Out of Iraq now!"

As she was led out, she changed her chant to a message that reflected the theme of the conference: "Soldiers aren't renewable."

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President Praises Hastert At GOP Fundraiser In Chicago (WP)

By Michael A. Fletcher

The Washington Post, October 13, 2006

CHICAGO, Oct. 12 -- President Bush demonstrated his support for embattled House Speaker J. Dennis Hastert (R-Ill.) on Thursday, joining him at a GOP fundraiser where he praised Hastert as selfless and an effective leader.

Bush, making his first appearance with Hastert since conservative activists called for the speaker's resignation because of his failure to stem the congressional page scandal, made it clear that he hopes Hastert continues as House leader.

"I am proud to be standing with the current speaker of the House who is going to be the future speaker of the House," Bush said.

The president offered his personal endorsement of Hastert at a reception that raised about $1.1 million for Republican House candidates Peter Roskam and David McSweeney at a downtown Chicago hotel. Hastert introduced Bush at the event, and the two stood side by side until Bush began his remarks.

Hastert came under fire from conservatives after Rep. Mark Foley (R-Fla.) stepped down over sexually explicit electronic messages he sent to teenage boys who had served as congressional pages. Hastert's critics say he should have intervened sooner to address the inappropriate behavior, which some in Congress said has been known in some circles for years. Hastert, however, insists he did not learn about it until two weeks ago when Foley resigned.

The scandal has broken at a particularly inopportune time for Republicans, who are struggling to retain control of Congress in the face of growing public discontent with the Iraq war and economic anxieties that persist despite a surging stock market and gasoline prices that have fallen in recent weeks after sharp increases.

Since Foley resigned, Bush has gradually ramped up his public shows of support for Hastert. "This country is better off with Denny Hastert as the speaker, and it will be better off when he is the speaker" in the next Congress, Bush said.

Sen. John F. Kerry (D-Mass.) mocked the president's appearance with Hastert in a fundraising e-mail to supporters, calling it "a meeting of the no accountability caucus of the Republican Party."

Earlier in the day, Bush spoke at a conference on renewable energy in St. Louis, where he touted his administration's efforts to ease the nation's dependence on foreign oil by promoting and developing alternative fuels such as ethanol, hydrogen, solar and wind power.

A woman in the crowd stood up during Bush's remarks and chanted, "Out of Iraq now." Bush ignored her and continued his speech, and the event staff swiftly removed the heckler.

While the president was well received by the audience at the St. Louis Convention Center, some environmental advocates accuse him of not doing enough to promote renewable energy sources while turning his back on conservation tools within his reach, including requiring more stringent fuel-economy standards.

"The president's budget falls well short of his rhetoric when it comes to supporting the development of biofuels," said Jim Presswood, a federal energy advocate for the Natural Resources Defense Council. "After a year of volatile and record-high gas price, surely we can do more to break our oil addiction."

Bush Says Lower Oil Prices Won't Blunt New-Fuel Push (NYT)

By Alexei Barrionuevo

The New York Times, October 13, 2006

ST. LOUIS, Oct. 12 — With a tailwind of strong political support behind them, advocates for renewable fuels declared Thursday that ethanol is here to stay and issued a call for greater research and investment to solve the challenges still preventing broader use.

At a conference to promote bio-fuels, President Bush suggested that the push to wean America from its oil addiction would be a priority of the last two years of his presidency.

"Let me put it bluntly," Mr. Bush said. "We are too dependent on oil."

Mr. Bush promised that his administration would continue to pay for research into breakthrough technologies in ethanol, hybrid vehicles and nuclear power, and would uphold tax credits that he said were encouraging private investment to flood into the sector.

While saying that corn-produced ethanol was good for farmers and good for the country's economy, he also said ethanol from noncorn crops, like wood chips and switchgrass, a tall, drought-resistant prairie grass, would be needed to supply enough of the fuel to substantially blunt America's dependence on oil.

"The low gas prices," he said, "are not going to dim my enthusiasm to diversify from oil."

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Mr. Bush's speech capped a two-day conference that featured government and industry leaders, including three members of Mr. Bush's cabinet, chief executives from Fortune 500 companies like Archer Daniels Midland and DuPont, and venture capitalists like Vinod Khosla.

Industry groups, in particular the National Corn Growers Association, have been holding a series of meetings across the country in recent months to cheerlead for ethanol and biodiesel, which are at the center of broad efforts to overhaul the Midwestern farm economy.

"We are guided by the need to structure and scale renewable energy projects to be commercially viable and replicable," said Alexander Karsner, assistant secretary for energy efficiency and renewable energy at the Energy Department.

The conference was an unusual collaboration between the Energy and Agriculture Departments, which jointly organized the event.

The Energy Department described some of its efforts to develop cheaper, more efficient ethanol from noncorn crops, but the central investment appeared to be $250 million over five years to "crack the technological barriers to developing wide-scale and cost-effective biofuels."

The critical issue is making a breakthrough in the cost of cellulosic ethanol, made from plant waste or nonedible crops. That fuel costs at least twice as much per gallon to produce today as corn-based ethanol.

The ethanol boom is at the heart of farm state politics these days, and some attendees dismissed the carefully stage-managed celebration, which included rock music, but no opportunity to ask prominent speakers any questions.

Some major issues were discussed. R. James Woolsey, the former director of the Central Intelligence Agency, said federal subsidies for ethanol should be revised to allow the industry to be more self-supporting. He agreed with a suggestion by Mr. Khosla that subsidies should float according to the price of oil, moving higher when oil prices fall.

Keith Collins, chief economist at the Agriculture Department, warned that if not carefully managed, the industry's heated rush to produce ethanol threatened to take too much land away from crop production for food. He said ethanol would consume 19 percent of corn production this year, up from 6 percent in 2000.

That could push up corn prices and cause ripple effects on America's ability to export corn to places like China, where food demand is growing rapidly.

Only one oil company — Chevron — was invited to the conference. The company is involved in several research initiatives with the Energy Department, some of them looking at ethanol and bio-diesel.

BP, an oil company that invests in biofuels, was snubbed because of concerns that it might not be strong enough in its support of ethanol, said a person at an oil company who had been informed of the decision.

Donald L. Paul, Chevron's chief technology officer, said in an interview that Chevron saw opportunities to help "industrialize" biofuels and ensure that they are sustainable over decades. "Our view is that fuel diversification will be important," Dr. Paul said. "To meet our fuel needs over the next 25 years we will have to add unconventional fuels, including biofuels. It will take every molecule."

But some questioned the oil industry's motives for seeming to support ethanol now when it fought so hard to keep it out of gasoline before. On Wednesday, Mr. Khosla, who helped start Sun Microsystems and has been stumping lately for biofuels and other alternative energy investments, accused the oil industry of trying to slow the effort to incorporate more ethanol into gasoline.

"Despite nice words from the American Petroleum Institute, make no mistake about it — they are not interested in a rapid transition," Mr. Khosla said after a speech by Red Cavaney, president of the institute.

Mr. Cavaney warned that a push to sell more of an 85 percent ethanol/15 percent gasoline blend could prove "unnecessarily expensive and risky, especially in the earlier years."

"If we are to encourage more long-term use of ethanol, we need to avoid surprising consumers with unanticipated problems."

He also cautioned against a "patchwork of state-by-state laws mandating ethanol use," which could result in price spikes and fuel shortages similar to the situation when "boutique fuels" were introduced with different ingredients in different regions of the country at the end of the 1990's.

Mr. Khosla accused the oil industry of trying to confine ethanol's role to 10 percent of gasoline at the pump, serving as a supplement to improve performance, which Mr. Cavaney said was the safest way to go.

Energy Secretary Samuel W. Bodman said in an interview that he had personally invited Mr. Khosla to speak because "he has a viewpoint that has to be heard."

Patricia A. Woertz, the chief executive of Archer Daniels Midland, the biggest ethanol producer, said partnerships across different industries and heavy investment in research and infrastructure would be needed to transform biofuels from "visionary to viable."

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"The question is not whether there will be a sustainable market for biofuels, but how big that market can or should that market become," Ms. Woertz said.

In his speech, Mr. Bush promised to push to make the research and development tax credit a permanent part of the tax code. And he said the flood of private investment into biofuels must continue.

"There is a lot of smart money in America going into energy diversification," Mr. Bush said. "I hope you make a good return, and I think you will."

Bush: 'We're Too Dependent On Oil' (WP)

By Bill Brubaker

The Washington Post, October 13, 2006

President Bush today said he worries that declining gasoline prices will make Americans less concerned about the nation's future energy needs.

"Energy is -- look, let me just put it bluntly: We're too dependent on oil," he said at the Renewable Fuels Conference in St. Louis, sponsored by the departments of energy and agriculture. "Now, see, low gasoline prices may mask that concern."

Bush said he frets that the "low price of gasoline will make . . . us complacent about our future when it comes to energy."

Gasoline prices have dropped sharply in recent weeks, in part because of a slowdown in U.S. demand and a buildup in crude oil and gasoline inventories.

Today, the average price in the United States for a gallon of regular unleaded is $2.25, compared with $2.61 a month ago, according to the AAA motor club. In the Washington region, regular unleaded has dropped from $2.80 to $2.36 over the same period.

"I want to tell you that I welcome the low gasoline prices," Bush said. "However, it's not going to dim my enthusiasm for making sure we diversify away from oil. We need to diversify away from oil for economic reasons."

Bush offered his audience a dose of Energy 101, asserting early in his speech: "We live in a global world. When the demand for oil goes up in China or in India, it causes the price of crude oil to rise. And since we import about 60 percent of the crude oil we use, it causes our price to go up as well, which means the economy becomes less competitive."

"And then, of course, there's the national security concern for oil," Bush added. "Why? Well, we get oil from some countries that don't particularly care for us."

Bush's speech was interrupted by a protester who yelled, "No blood for oil! Out of Iraq now!" But the president pressed on, saying his administration has made hydrogen and fuel-cell technology a priority.

"And we will continue to research to make sure America's less dependent on foreign sources of oil," he said.

Bush trumpeted solutions to future U.S. energy needs that included "solar roofs that will enable the American family to be able to generate their own electricity" and hybrid cars that will run the first 40 miles on electricity and won't "look like a golf cart."

"I believe wind power has got the opportunity to help," Bush said. "All we need is to put a couple of windmills right there in Washington, D.C., and we'll be less dependent on foreign sources of energy," he said to laughter from the audience.

Bush promoted continued use of tax credits to encourage alternative energy sources, increased drilling for oil and natural gas in the Gulf of Mexico and expansion of nuclear power generation.

"Nuclear power is renewable, and there are no greenhouse gases associated with nuclear power," he said. "One of the problems we've had is that nobody wants to build any plants. They're afraid of the cost of regulation and the litigious nature that surrounds the construction of nuclear power plants."

At the end of the speech, Bush told his audience he had to leave to "get my limousine filled up by hydrogen."

He was on his way to Chicago to campaign for two Illinois Republicans -- businessman David McSweeney and state senator Peter Roskam -- who are running for House seats now held by Democrats.

The event at the Chicago Hilton will mark the first time Bush has appeared publicly with House Speaker J. Dennis Hastert (R-Ill.) since former Rep. Mark Foley (R-Fla.) resigned over disclosures that he sent sexually explicit messages to teenage male pages. Hastert has faced criticism over how he dealt with the Foley matter.

Rep. Edward J. Markey (D-Mass.), a member of the House energy committee, said late this afternoon that Bush's speech addressed only part of the nation's dependence on imported oil.

"Unless we mandate stronger fuel economy standards, biofuels by themselves will not be effective in helping us curb America's dependence on imported oil from the Middle East," Markey said in a statement. "Unfortunately, the President again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

Bush Urges Push For Alternative Energy (SLPD)

By Jeffrey Tomich

DOJ_NMG_0080439

St. Louis Post-Dispatch, October 13, 2006

President George W. Bush on Thursday said the push to develop alternative sources of energy and wean the nation off foreign oil shouldn't be slowed by falling gasoline prices.

"Gasoline prices are down, and that's good news," he told hundreds of people attending a renewable-energy conference at America's Center. "My worry is that it will make us complacent about our future when it comes to energy."

Crude oil has dropped by $20 a barrel in the last two months, dragging gasoline lower. At some stations across the St. Louis area Thursday, signs advertised self-serve regular unleaded for less than $2 a gallon.

Still, consumers are paying twice as much for gasoline than when Bush took office, winter heating bills have risen sharply and electric rates probably are headed higher in Illinois and Missouri next year. All of it has meant that energy prices have become a key campaign issue.

Bush spent most of his 25-minute speech repeating key points of his energy initiative unveiled eight months ago in the State of the Union message, when he declared that the United States is "addicted to oil."

The president wants to replace 75 percent of the nation's oil imports from the Middle East by 2025, and said tax credits and subsidies can help kick-start the adoption of alternative technologies such as hybrid cars and ethanol from corn, switch grass or wood chips.

Longer-term, Bush envisioned families would power their homes with rooftop solar panels, and presidential limousines would run on hydrogen, he said.

Critics, however, contend that funding for alternative energy research in the 2005 energy bill and this year's Advanced Energy Initiative is inadequate. They also say the administration has done too little to emphasize energy efficiency.

Improving the fuel economy of the nation's auto fleet is the "easiest way to protect the country from vagaries of the oil markets and the environmental impacts of our oil addition," said Nathanael Greene, an energy policy analyst with the Natural Resources Defense Council. "It's sort of inexcusable that no administration since the late 1980s has taken this issue on."

Bush was momentarily interrupted by a woman who stood up midway through the speech and chanted, "Out of Iraq now" and "Our troops are not renewable." Police removed her from the hall. The protester later was identified as Laurie Ann Meier, 30, of the 700 block of Limit Avenue in University City.

RELATED LINK

President's speech on renewable energy sources

The brief interruption didn't stop the president from citing the phenomenal growth of the renewable-energy industry in the past two years -- a point made by many of the speakers throughout the two-day conference, including three Bush Cabinet members and executives from a handful of Fortune 500 companies.

Production of ethanol has tripled since the start of the decade, to about 5 billion gallons a year, and there are now 100 plants making the fuel, with 40 others expected to begin operation next year. And while ethanol makes up just 3 percent of the nation's gasoline pool, it will account for 30 percent of the increase in consumption this year, said Thomas Dorr, undersecretary for rural development at the Agriculture Department.

Though the focus of the two-day conference was energy from renewable sources, such as the sun, wind and crops, Bush emphasized the need for oil and natural-gas exploration in the Gulf of Mexico and more terminals to receive shipments of liquefied natural gas from overseas to run power plants. He said also that America needs to utilize its 250-year supply of coal in ways that don't foul the environment.

The president repeated a desire to see development of advanced nuclear plants to help meet the country's need for electricity while helping reduce emissions of greenhouse gases.

Bush Touts New Energy Initiatives (KCS)

By Steve Kraske

The Kansas City Star, October 13, 2006

ST. LOUIS | Invoking the image of America's pioneers, President Bush on Thursday told a conference of energy entrepreneurs that the nation is moving rapidly toward independence from foreign oil.

Even the recent drop in gasoline prices won't stem the tide, the president told the "Advancing Renewable Energy" conference.

"It won't dim my enthusiasm for making sure we diversify away from oil," said the former Texas oilman.

Bush enthused over a host of new technologies — including ethanol, hydrogen, solar and even new uses of soybeans — and suggested that with each one, new markets are at hand and even ready to explode.

"Ethanol is coming," he said, a refrain he used repeatedly about different technologies.

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Critics, though, complained afterward that Bush's push for renewable energy has proceeded too slowly. America, they said, is ready to move even quicker.

Kate Johnson of the U.S. Public Interest Research Group cited one specific example: mileage standards for new cars and trucks. That's one of the easiest ways to reduce reliance on foreign oil, yet "unfortunately, the administration and Congress have not taken action."

The new American car fleet averages about 21 miles a gallon, she said. That's worse than even 10 years ago. Her group would like to see manufacturers pushed to boost it to 40 miles a gallon by 2018.

Bush's visit to St. Louis was quick. He made only the one stop at America's Center to speak at the energy conference, jointly sponsored by the U.S. Energy and Agriculture departments. In attendance was Republican Sen. Jim Talent of Missouri.

"These are exciting times," Bush said. "People are beginning to take advantage" of new technologies.

The new ideas not only wean us off foreign oil, they are good for the environment, the president said.

Solar energy may soon be common in American homes, Bush said. And wind power has huge potential.

Bush talked in strong terms about hybrid vehicles and building lighter and more powerful car batteries.

He spent the most time promoting ethanol, the corn-based fuel additive. The president pointed out that more than 5 billion gallons of ethanol would be sold this year. In 2000, just 1.6 billion gallons were sold. Next year, 40 more ethanol refineries are expected to go on line.

He talked about "cellulosic" ethanol, a fuel made from agricultural waste products, such as wood chips and corn stalks.

Bush did not include a fundraising stop for Talent's re-election campaign.

That job was left to first lady Laura Bush, who was to make a separate visit to St. Louis that included a private fundraiser for Talent as well as a tree-planting ceremony and a stop at the Gateway Arch to commemorate Breast Cancer Awareness Month.

Bush Touts Ethanol (FWST)

By Dan Piller

The Fort Worth Star-Telegram, October 13, 2006

ST. LOUIS — President Bush warned the country Thursday not to let the drop in gasoline prices divert attention from developing new forms of renewable energy, particularly corn-based ethanol.

"Gasoline prices are down, and that's good news," Bush told a conference on renewable energy co-sponsored by the U.S. Agriculture and Energy departments. "My worry is that the low prices will make us complacent about renewable energy."

Bush, who worked in the Texas oil industry before moving into politics, reiterated that the country must cut its heavy reliance on oil.

"Let me put it bluntly: We're too dependent on oil," he said. A similar declaration in his State of the Union message touched off a national focus on ethanol, now used as an environmentally friendly extender in almost half of the gasoline sold in the United States.

When Bush spoke in January, the country was reeling from gas prices that had peaked at about $3 a gallon after Hurricanes Katrina and Rita took about 30 percent of U.S. oil production out of service for months.

As recently as July 28, the average price of gasoline in Texas was $2.92 a gallon, according to AAA Texas. But large inventories and slack demand have caused prices to drop. This week's AAA Texas survey shows an average price of $2.10 a gallon in Tarrant County, $2.13 statewide and $2.25 nationwide.

The high gas prices have boosted interest in alternative and renewable energy sources. Corn-based ethanol has emerged as the leading renewable fuel for automobiles. For the first time, it was blended into gasoline sold to North Texas drivers this year.

In 2006, about 4.6 billion gallons of ethanol will be burned in U.S. automobiles, compared with 140 billion gallons of gasoline. A similar drive for soybean-based biodiesel is in the works for trucks and other diesel engines.

Several obstacles to wider ethanol use have been solved, such as the amount of energy needed to produce it. But America would likely have to import sugar cane from Brazil, for example, to radically increase ethanol production.

Bush said the government is promoting ethanol, popular not only among corn growers in the Midwest but also among environmentalists, by a 51-cents-per-gallon tax credit passed on to consumers and other tax credits for investments in ethanol-production plants. The 100 ethanol plants in the Corn Belt will be increased by about 40 within a year.

"A lot of smart money is moving into ethanol," Bush said, adding that the government is funding research into the next generation of ethanol, which could be made from sugar cane, wood chips or grasses.

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Bush spoke enthusiastically about E85, a gasoline blend that is 85 percent ethanol and is sold primarily in the upper Midwest where ethanol is popular politically. Most blends, including that of the North Texas market, are 10 percent ethanol and 90 percent gasoline.

"It doesn't take much investment to convert a car engine to be able to use E85," Bush said.

Support of E85 puts Bush mildly at odds with Big Oil. Red Cavaney, the president of the American Petroleum Institute, told the convention Wednesday that while Big Oil supports the 10 percent ethanol blend, it draws the line at E85 because of the potential for upsetting supplies and distribution.

But Bush also had reassuring words for his longtime friends in the oil industry. "I think we can drill for oil and gas in environmentally protected areas," he said. He spoke glowingly of a new oil find in deep waters of the Gulf of Mexico, announced two months ago, that could increase U.S. reserves.

Bush's speech was interrupted by applause several times by the crowd of more than 1,500 gathered in the St. Louis convention center. Most conference attendees are investors, renewable-energy advocates or representatives of agribusiness groups that stand to benefit from the emergence of renewable fuels.

One protestor, shouting, "Oil is not renewable, out of Iraq now!" was hustled from the hall as the audience applauded Bush's remarks. The president did not interrupt his speech during the incident.

The Natural Resources Defense Council, a leading group of scientists and environmental advocates, gave Bush lukewarm praise for his speech.

"The president is right to focus on the vast potential of biofuels, wind and solar energy," said Nathan Greene, a senior policy analyst with the council. "But to truly end our national oil addiction, we also need to turn to solutions already available today, like stronger fuel economy performance standards for all vehicles."

Bush: Don't Get Complacent On Energy (AP)

AP, October 13, 2006

President George W. Bush warned Americans on Thursday against becoming complacent about supporting alternative sources of energy just because gasoline prices are falling at the pump.

"I welcome the low gasoline prices," Mr. Bush said. "However, it's not going to dim my enthusiasm for making sure we diversify away from oil."

Lower gasoline prices helped bump up the president's slumping poll ratings in recent weeks, but with congressional and statehouse elections nearing in November, a sexually tainted e-mail scandal involving a Florida Republican congressman's messages to a teenage page has tarred other Republicans in the eyes of many middle-of-the-road voters.

Mr. Bush spoke at a conference en route to a fundraiser in Chicago with House Speaker Dennis Hastert to help two fellow Illinois Republicans in tough races.

The president has been backing Hastert as he fends off calls for him to resign over his handling of the congressional page scandal. Democrats claim Hastert and his staff knew of the e-mail scandal for months and did nothing about it until it was reported by ABC News.

The president on Wednesday called Hastert "very credible" and last week, a "father, teacher and coach who cares about the children of this country."

The political event in Chicago to benefit David McSweeney and Peter Roskam, two candidates for Congress, marks the first time the president has publicly appeared with Hastert since former Florida Rep. Mark Foley resigned in disgrace over sexually explicit messages he sent to teenage male pages.

Hastert insists he was not aware that the Florida congressman was sending the messages until Foley resigned two weeks ago. With less than a month to the Nov. 7 election, the White House is doing its best to prop up the speaker. White House press secretary Tony Snow plans to appear at a fundraiser with Hastert on Saturday.

Democrats need to gain 15 seats to take control of the House of Representatives and six to take power in the Senate. All 435 House seats are up for election, as are 33 of the 100 Senate seats.

In St. Louis, Mr. Bush spoke to a conference of hundreds of businessmen and women, scientists and government officials, including Energy Secretary Samuel Bodman and Agriculture Secretary Mike Johanns, who are discussing ways to fast-track the commercialization of renewable energies.

Echoing his State of the Union message that America must end its addiction to foreign oil, Mr. Bush said that by providing new sources of energy to the market, the United States can decrease overall dependence on resources abroad and power the U.S. economy with clean energy produced in the United States.

Energy is a topic that transcends the top two issues in this year's election: the economy and national security.

"We get oil from some countries that don't particularly care for us," he said.

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During Mr. Bush's speech, a woman in the crowd stood up and started chanting, "Out of Iraq now" and "Our troops are not renewable." Bush did not recognize her, but continued speaking as the crowd applauded him.

Event officials pulled her out of the audience by her jacket sleeve, and she shouted louder and louder with her fist in the air as she was escorted out of the room. "What are you doing? You're killing us!" she shouted at the president, as he continued with his speech.

The high costs of oil and gas have given new momentum to the push to develop alternative fuels and alternative energy sources. The efforts are especially visible in America's heartland, where a boom in ethanol is expanding.

Six years ago, there were 54 ethanol plants in operation, Johanns says. Today, those numbers have doubled to more than 100 plants, and an additional 44 plants are under construction.

Ethanol, however, is far from a cure-all for the nation's energy problems, according to various studies. It is not as environmentally friendly as some supporters claim and would supply only 12 percent of U.S. motoring fuel — even if every acre of corn were used.

Rep. Edward J. Markey, a senior Democratic member of both the House Energy and Commerce and Resource committees, said that that while biofuels have great promise, they are only part of the solution to the problem of America's dependence on imported oil.

"Unless we mandate stronger fuel economy standards, biofuels by themselves will not be effective in helping us curb America's dependence on imported oil from the Middle East," Markey said. "Unfortunately, the president again failed to announce any new initiatives to improve motor vehicle fuel efficiency standards today."

President Renews Call For Energy Alternatives (HC)

By Julie Mason

Houston Chronicle, October 13, 2006

WASHINGTON - President Bush warned on Thursday that while gasoline prices are coming down, America shouldn't get complacent about energy.

Bush's Advanced Energy Initiative, first detailed in his State of the Union address earlier this year, set a goal of replacing 75 percent of domestic oil imports from the Mideast by 2025.

The public push for new energy policies has waned as fuel prices have fallen. But even with gasoline prices around $2 a gallon, Bush said it's not the time to ease up on the search for alternatives.

"My worry is ... that a low price of gasoline will make us complacent about our future when it comes to energy, because I fully understand that energy is going to help determine whether or not this nation remains the economic leader in the world," he said in St. Louis at a government-sponsored conference on renewable energy.

Alternatives Bush supports include ethanol, a corn-based fuel additive; wind and solar generation; and hybrid vehicles.

"We envision a day in which light and powerful batteries will become available in the marketplace so that you can drive the first 40 miles on electricity, on batteries, and your car won't have to look like a golf cart," Bush said.

"That's not going to help rural Missouri or rural Texas, but it's certainly going to help those who live in the cities."

Jim Connaughton, chairman of the White House Council on Environmental Quality, told reporters on Air Force One that he drove a plug-in hybrid last week that got 156 miles to the gallon.

"All of these technologies will enable a switch to renewable fuels, initially ethanol, increasingly biodiesel, and then ultimately, consistent with the president's State of the Union initiative, cellulosic ethanol, that can be made from a wide variety of plant materials and plant waste materials," he said.

Bush also called for making tax credits for energy research permanent.

"There's a research and development tax credit that's on the books," Bush said. "The problem is, it expires every year, on a year-by-year basis, which means you've got to come back to Congress on a year-to-year basis, which also means there's unpredictability in the tax code, and that's not wise."

Democrats responded to Bush's speech by noting the former oilman's ties to the industry and calling his proposals a "token" effort.

"Despite the rhetoric, President Bush's energy policy is centered on doing what's good for his cronies in big oil rather than addressing the needs of hard-working Americans," Democratic National Committee Press Secretary Stacie Paxton said. "Why else would he have put his friends in big oil in charge of writing our nation's energy policy, a policy that has made us more dependent on foreign oil?"

The Energy Mandate (NYT)

By Thomas L. Friedman

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The New York Times, October 13, 2006

James Carville, the legendary Clinton campaign adviser who coined the slogan, "It's the economy, stupid," knows a gut issue when he sees one. So when Mr. Carville contacted me the other day to tell me about the newest gut issue his polling was turning up for candidates in the 2006 elections, I was all ears.

"Energy independence," he said. "It's now the No. 1 national security issue. ... It's become kind of a joke with us, because no matter how we ask the question, that's what comes up."

So, for instance, the Democracy Corps, a Democratic strategy group spearheaded by Mr. Carville and the former Clinton pollster Stan Greenberg, asked the following question in an Aug. 27 survey of likely voters: "Which of the following would you say should be the two most important national security priorities for the administration and Congress over the next few years?"

Coming in No. 1, with 42 percent, was "reducing dependence on foreign oil." Coming in a distant second at 26 percent was "combating terrorism." Coming in third at 25 percent was "the war in Iraq," and tied at 21 percent were "securing our ports, nuclear plants and chemical factories" and "addressing dangerous countries like Iran and North Korea." "Strengthening America's military" drew 12 percent. Mr. Carville also noted that because their polls are of "likely voters," they have a slight Republican bias — i.e., they aren't just polling a bunch of liberal greens.

"When we lay out different plans for how to deal with Iraq, any plan that also includes energy independence tops any other plan that doesn't," said Mr. Greenberg, who added that people are not expressing this view because they are worried about price, but because they are starting to understand that our oil dependence is fueling a host of really bad national security problems. "There is frustration that leaders have not taken it up," he added. "There is a sense that the public is ahead of the leaders, and there is actually a sense of relief when anyone talks about [energy independence] with any seriousness."

Mr. Greenberg said he started noticing this during this year's re-election campaign by Ed Rendell, the governor of Pennsylvania. When his Republican challenger, Lynn Swann, first jumped into the race, public polls showed the two candidates in a dead heat. Governor Rendell eventually pulled far ahead in the polls, though, and among the key issues that helped to separate him, said Mr. Greenberg, was the governor's stressing of alternative energy, and his "PennSecurity Fuels Initiative" to lessen dependence on foreign oil and grow the state's clean energy market.

What this means for Democratic Party candidates, argues Mr. Carville, is that it's no longer enough to have "energy security" as part of a 12-step plan for American renewal. No, it needs to become a defining issue of what Democrats are all about.

It should "not be part of an expanding litany, but rather a contracting narrative," explained Mr. Carville. "It can't just be that we are for a woman's right to choose, and education and energy independence. This is the thing we need to get done above and beyond everything else." People should associate "energy security" with Democrats the way they associate "tax cuts" with Republicans, he argued. "This is not something to add to the stew — this is the stock."

The best way for a party that is often viewed as weak on national security to overcome that deficit is to be for energy independence, he noted. Indeed, nothing would be more potent for Democrats now than to capture energy security and all the issues that surround it — from improving our trade deficit by not importing more oil to improving the climate to improving U.S. competitiveness by making us leaders in alternative fuels.

So does this mean the public would accept a gasoline or B.T.U. tax? No, said Mr. Greenberg. The public wants government to impose much higher auto mileage standards on Detroit and much more stringent energy codes on buildings and appliances. People want a tough regulatory response, à la California.

Remember, Mr. Carville and Mr. Greenberg are professional campaign advisers. They get paid to get people elected — not to offer feel-good nostrums. So when they tell you that their polling and focus groups around the country show that "reducing dependence on foreign oil" is voters' top national security priority, you know that this issue has finally arrived. The party that captures it most credibly will be rewarded.

Hello? Anybody listening?

Mr. Reid's Nondisclosure (WP)

The Washington Post, October 13, 2006

THE BEST CASE for Senate Minority Leader Harry M. Reid (D-Nev.) is that he was sloppy about financial disclosure rules in accounting for a real estate deal on which he made a $700,000 profit. The more unattractive case is that the senator's inaccurate description of the investment was an effort to disguise his partnership with a Las Vegas lawyer who's never been charged with wrongdoing but whose name has surfaced in federal investigations involving organized crime, casinos and political bribery since the 1980s. As of now, the evidence points toward sloppiness; Mr. Reid's friendship with Jay Brown isn't exactly a secret in the state. But either way, an Associated Press report about Mr. Reid's dealings doesn't cast the senator in an attractive

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light. Neither does his response to the AP story, which indicates a casual disregard for the importance of accurate reporting of lawmakers' financial affairs.

Mr. Reid bought undeveloped property on the outskirts of fast-growing Las Vegas for about $400,000 in 1998 -- one parcel outright and a second jointly with Mr. Brown. In 2001, Mr. Reid sold the land for the same price to a corporation he co-owned with Mr. Brown, who in the meantime was getting the land rezoned from residential to commercial use. But the senator didn't report the sale on his annual financial disclosure form. When the new company sold the land to developers in 2004, yielding $1.1 million for Mr. Reid, the senator did not accurately list the transaction or go back and fix the previous forms to reflect the new arrangement.

"Everything I did was transparent," Mr. Reid said at a news conference Wednesday, after the story broke. "Everything is fully disclosed to the ethics committee and everyone else. As I said, if there is some technical change that the ethics committee wants, I'll be happy to do that."

Mr. Reid's professions of transparency and full disclosure are transparently wrong. His investment was not reported in a manner that made clear his partnership with Mr. Brown. It's true -- under the inadequate financial disclosure rules -- that even if Mr. Reid had listed the newly formed corporation, Patrick Lane LLC, that wouldn't have by itself demonstrated Mr. Brown's involvement. Nonetheless, that Mr. Reid no longer owned the land, but instead had sold it for an interest in the Patrick Lane corporation, was not some mere "technical change," as the senator would like to brush it off. It's an essential element of financial disclosure rules, the purpose of which is to know how and with whom public officials are financially entwined.

Bush Confounded By The 'Unacceptable' (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, October 13, 2006

President Wields Word More Freely as His Frustration Rises and His Influence Ebbs

President Bush finds the world around him increasingly "unacceptable."

In speeches, statements and news conferences this year, the president has repeatedly declared a range of problems "unacceptable," including rising health costs, immigrants who live outside the law, North Korea's claimed nuclear test, genocide in Sudan and Iran's nuclear ambitions.

Bush's decision to lay down blunt new markers about the things he deems intolerable comes at an odd time, a phase of his presidency in which all manner of circumstances are not bending to his will: national security setbacks in North Korea and Iraq, a Congress that has shrugged its shoulders at his top domestic initiatives, a favorability rating mired below 40 percent.

But a survey of transcripts from Bush's public remarks over the past seven years shows the president's worsening political predicament has actually stoked, rather than diminished, his desire to proclaim what he cannot abide. Some presidential scholars and psychologists describe the trend as a signpost of Bush's rising frustration with his declining influence.

In the first nine months of this year, Bush declared more than twice as many events or outcomes "unacceptable" or "not acceptable" as he did in all of 2005, and nearly four times as many as he did in 2004. He is, in fact, at a presidential career high in denouncing events he considers intolerable. They number 37 so far this year, as opposed to five in 2003, 18 in 2002 and 14 in 2001.

Through a spokesman and then in a televised statement, he declared North Korea's claimed nuclear test "unacceptable" before and after it occurred Oct. 9. But he could also be heard on Jan. 9 lecturing students at an elementary school in Glen Burnie, Md., that their recent scores on math and reading proficiency tests were "unacceptable."

Having a president call something "unacceptable" is not the same as having him order U.S. troops into action. But foreign policy experts say the word is one of the strongest any leader can deploy, since it both broadcasts a national position and conveys an implicit threat to take action if his warnings are disregarded.

Bush's use of the term "reflects in some ways his frustration with a world that doesn't seem as amenable to his policies as he would like them to be," said Stanley A. Renshon, a political scientist at the City University of New York. Bush "has strong views; he believes in doing what is right. All of those things give an emotional force to his response" to events he often sees and describes without nuance.

Renshon, who wrote a mostly-favorable book in 2004 about Bush's psychology, said the president's declarations are in keeping with his apparent self-image as a Jeremiah, "railing against the tides" and saying what "people ought to be doing something about."

As such, charting the ebbs and flows of Bush's proclamations of "unacceptability" provides clues to trends in presidential irritations. It also demonstrates that Bush's most intense grievances -- like his attention -- have moved offshore, as evidenced this year by his eight declarations about "unacceptable" events in Iraq, and his 11 declarations about unacceptable behavior by Iran.

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As a presidential candidate and in his early presidency, Bush was more apt to denounce domestic events. His assertions that school performance and achievement gaps between white and black students were unacceptable account for almost a third of his usages of that term since 2000.

Bush's targets expanded from 2003 to 2005 to include nine condemnations of "unacceptable" actions by Iraq and Iran, as well as the Social Security system and the administration's own response to the Katrina hurricane. This year, he has hurled the term "unacceptable" at actions by Iraqi insurgents and police, at supporters of a withdrawal of U.S. forces from Iraq, and at a U.S. law making the degrading treatment of detainees a war crime.

North Korea's planned firing of a missile was unacceptable, Bush said June 29; after Pyongyang fired several missiles July 4, Bush again labeled the action unacceptable on July 7 and July 10. He also deemed unacceptable the country's starving of its people, its use of concentration camps and its claimed nuclear test.

Using such a categorical term is not that surprising after a policy setback, according to Steven Kull, a political psychologist who directs the University of Maryland's Program on International Policy Attitudes. Some people deal with failures, Kull said, "by intensifying an authoritarian posture and insisting that their preferences are equivalent to a moral imperative."

Asked at a news conference on Wednesday whether Washington risks looking feckless in making such categorical statements without taking decisive action, Bush said: "It's very important for the American people and North Korea to understand that that statement still stands. . . . I know this sounds [like] just saying it over and over again, but it's -- rhetoric and actions are all aimed at convincing others" to join Washington's effort to impede that country's weapons ambitions.

Bush's predecessor, Bill Clinton -- often pilloried by Republicans as irresolute -- also labeled many events "unacceptable" or "not acceptable," particularly after the political tables turned against him. When Democrats controlled Congress in 1994, for example, he used those terms four times, according to transcripts of his public comments. In 1995, after his party lost control of both houses, Clinton used the terms 20 times; his annual usages thereafter fluctuated between eight and 22, but they totaled only 86 percent of Bush's usage in a comparable six-year period.

Clinton's peeves were different from Bush's, and a quarter of his uses of the "unacceptable" label after 2004 were aimed at providing leverage in his budget battles with the Republican-led Congress. Clinton also used the label in denouncing poverty, crime, discrimination against women, inadequate health care, school violence, racial disparities and the actions of medical insurance companies. Abroad, he labeled as unacceptable the behavior of Iraqi leader Saddam Hussein unacceptable on four occasions.

MoisÃ©s NaÃ-m, the editor in chief of Foreign Policy magazine, said there is a relationship between "how strident and extreme" the language of many leaders is and how limited their options are. For Bush, NaÃ-m said, "this comes at a time when the world is convinced he is weaker than ever."

Many foreigners think the United States is losing Iraq and are no longer in awe of U.S. military might, NaÃ-m said, and at home, Bush is so weak that Republican candidates are wary of appearing with him. "The world has noticed," NaÃ-m said. "What is happening is that a lot that was deemed unacceptable [by Bush] now has become normal and tolerable."

Bush's proclamations are not the only rhetorical evidence of his mounting frustrations. One of his favorite verbal tics has long been to instruct audiences bluntly to "listen" to what he is about to say, as in "Listen, America is respected" (Aug. 30) or "Listen, this economy is good" (May 24). This year, he made that request more often than he did in a comparable portion of 2005, a sign that he hasn't given up hope it might work.

Research director Lucy Shackelford contributed to this report.

Book: Bush Aides Called Evangelicals 'Nuts' (LAT)

By Peter Wallsten

The Los Angeles Times, October 13, 2006

WASHINGTON -- A new book by a former White House official says President Bush's top political advisers privately ridiculed evangelical supporters as "nuts" and "goofy" while embracing them in public and using their votes to help win elections.

The former official also writes that the White House office of faith-based initiatives, which Bush promoted as a nonpolitical effort to support religious social service organizations, was told to host pre-election events designed to mobilize religious voters who would most likely favor Republican candidates.

The assertions by David Kuo, the former No. 2 official in the faith-based initiatives program, have rattled Republican strategists already struggling to convince evangelical voters to turn out this fall for the GOP.

Some conservatives lamented Thursday that the book, "Tempting Faith: An Inside Story of Political Seduction," also comes in the midst of the scandal involving former Rep. Mark Foley's interest in male congressional pages, another threat to conservative turnout in competitive House and Senate races.

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The book is scheduled to hit stores Monday, but the White House responded to its assertions Thursday as excerpts began leaking out.

In the book, Kuo, who quit the White House in 2003, accuses Karl Rove's political staff of cynically hijacking the faith-based initiatives idea for electoral gain. It assails Bush for failing to live up to his promises of boosting the role of religious organizations in delivering social services.

White House strategists "knew 'the nuts' were politically invaluable, but that was the extent of their usefulness," Kuo writes, according to the cable channel MSNBC, which obtained an advance copy.

"Sadly, the political affairs folks complained most often and most loudly about how boorish many politically involved Christians were. ... National Christian leaders received hugs and smiles in person and then were dismissed behind their backs and described as 'ridiculous' and 'out of control.' "

It is unclear whether Kuo identifies any specific official as using the dismissive language.

The book says that before the 2002 elections, then-White House political director Ken Mehlman issued "marching orders" to use the faith-based initiative in 20 House and Senate races, according to MSNBC. To avoid appearing overtly political, Mehlman said his staff would arrange for congressional offices to request visits from the faith-based program officials.

Throughout the 2002 and 2004 campaigns, faith-based officials would meet with lawmakers in some places in an effort to generate publicity for them, while also hosting conferences in battleground states attracting hundreds of pastors and community activists eager to learn how to apply for federal grants.

A spokeswoman for Mehlman, who is now chairman of the Republican National Committee, said he did not recall the directives mentioned by Kuo. As political director, she said, "it was Mehlman's job to both engage outside groups and inform decision makers in the White House about support for the president's agenda."

Kuo is scheduled to appear Sunday on CBS' 60 Minutes program as part of a rollout arranged by his publisher, Simon & Schuster, which shares a corporate parent with CBS. Despite a publisher-enforced embargo, a copy of the book was purchased early at a Manhattan bookstore by a producer for MSNBC's "Countdown," a spokesman for the cable channel said. Program host Keith Olbermann began reading excerpts on his Wednesday show.

Kuo's descriptions could do political damage to a Republican Party that has staked its formula for success on motivating the conservative base.

"Here we go again," said Paul M. Weyrich, a leading religious conservative with close ties to the White House, referring to the avalanche of negative factors that he predicted would keep "embarrassed Republicans" from voting, just as the Watergate scandal did in the 1970s. "If Republicans win, it will prove God is a Republican, since it will take a miracle."

Weyrich said Kuo, while still a White House official, told him of frustrations that the faith-based program had become entangled in politics. The initiative had been a signature proposal by Bush in the 2000 campaign but lost momentum amid partisan battles on Capitol Hill and the intense focus on security following the Sept. 11 attacks.

Weyrich said that Bush and many of his aides were genuinely interested in the program. But, he added, "I don't have any illusions about Rove. I think that he advocates conservatism because he believes it's the way to win."

The White House denied Kuo's account with help Thursday from two former officials popular among the evangelical base -- former speechwriter Michael Gerson and former faith-based initiative director Jim Towey.

Gerson called Kuo's account "laughable," while Towey cited a December, 2002, e-mail from Kuo expressing positive feelings about the program's progress in promoting "compassionate conservatism."

"He doesn't seem to have been working at the same White House where I worked," Towey said. "I had marching orders from the president to keep the faith-based initiative non-political, and I did."

Still, neither Gerson nor Towey denied Kuo's assertion that politics did factor into the initiative.

"Ken Mehlman was doing his job, which was to worry about races," said Towey, who left the White House this year to become president of St. Vincent College, a Catholic school in Pennsylvania.

NSC Spokesman Leaving (WP)

By Glenn Kessler

The Washington Post, October 13, 2006

Frederick Jones, the chief spokesman for the White House's National Security Council, is leaving the high-pressure post this month. Jones, a career Foreign Service officer who was named spokesman after Bush's reelection, has spent 3 1/2 years at the NSC.

Jones said that he will return to the State Department and that he plans to spend time with his wife, who is expecting a baby in January. But Jones said he also will explore other options, in case it is "time to enjoy the fruits of this robust economy."

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Gordon Johndroe, director of strategic communications and planning at the State Department, was named yesterday as Jones's replacement. Johndroe has been with the Bush administration since the beginning, including a stint as Laura Bush's press secretary.

Medicare Drug Plan Stability Disputed (USAT)

By Julie Appleby

USA Today, October 13, 2006

Medicare leaders misled seniors last month when they said premiums for Medicare drug plans would remain about the same in 2007, Rep. Henry Waxman, D-Calif., said Thursday.

Waxman says his staff's analysis shows an average 13.2% increase for next year. But Medicare officials Thursday stuck to their estimate that rates will remain about the same — so long as beneficiaries are willing, in some cases, to drop traditional Medicare and sign up for an alternative, such as an HMO.

The back-and-forth comes about a month before seniors and the disabled begin enrolling in plans for next year and provides new insight into how Medicare officials calculate drug plan premium estimates.

"The only thing everyone can agree on is seniors will need to go out and carefully reassess their options for 2007, because there are fundamental changes in the marketplace," says Dan Mendelson, president of Avalere Health, a consulting firm in Washington.

In a letter to Health and Human Services Secretary Michael Leavitt, Waxman says monthly costs for stand-alone drug plans will rise on average from $25.69 to $29.09 a month.

Rates for the lowest-cost plan in each state will rise an average of 44%, to $13.58 from $9.46. Increases will affect 77% of seniors who remain in the same plan as they chose this year, Waxman said.

By contrast, the Centers for Medicare & Medicaid Services issued a press release Sept. 29 saying that the "monthly premium beneficiaries will pay in 2007 will average $24 if they stay in their current plan, about the same as in 2006."

Who's right?

It all depends on what you include in the premium calculations.

"The congressman's analysis is incomplete and misleading … measuring just one of the plan options beneficiaries can use to get their prescription drugs," says Medicare chief Mark McClellan in a written statement.

Waxman's staff looked at premiums for stand-alone drug policies only, which were offered for the first time this year.

Those plans cover about 16 million Medicare members, who get other medical care through the traditional program.

The government's estimates include premiums for Medicare Advantage plans, which offer a full range of health services, including drugs, as an alternative to traditional Medicare. Such plans cover about 7 million members. They include types of managed-care plans, which limit choices of doctors and hospitals, as well as plans that allow a wider range of choice.

Karen Ignagni, president of America's Health Insurance Plans, says seniors should look at the full range of choices.

"There's no doubt that Medicare is providing valuable benefits for seniors, and costs are far less than what was expected at the time legislation passed" creating the new drug benefit, Ignagni says.

Democrat Disputes Medicare Prescription Drug Plan Calculations (WP)

By Christopher Lee

The Washington Post, October 13, 2006

Rep. Henry A. Waxman (D-Calif.) says Medicare officials have a problem with their math.

The Bush administration said last month that beneficiaries who stay in their Medicare prescription drug plan will pay an average of $24 a month in premiums next year, the same as this year.

But according to Waxman, average prescription drug premiums in what is known as Medicare Part D will rise to $29 a month in 2007. He cited an analysis by the Democratic staff of the House Government Reform Committee, on which he is the ranking minority member.

"The department's numbers appear to be wrong, and they disguise significant increases in premiums for Medicare drug plans," Waxman wrote in a letter to Health and Human Services Secretary Mike Leavitt yesterday. "The release of erroneous information about the cost of premiums -- whether deliberate or not -- is a disservice to millions of seniors and a discredit to the department."

Mark B. McClellan, the head of the Centers for Medicare and Medicaid Services, stood by the administration's estimate. He called Waxman's analysis "misleading" and said it might discourage the 23 million people enrolled in the Medicare drug benefit from evaluating all options.

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The discrepancy arises from the different ways that the two sides calculated average premiums. The administration average is based on both stand-alone Medicare plans that cover drugs only and heavily subsidized, HMO-style "Medicare Advantage" plans that offer a broad range of health care and do not charge a separate premium for drug coverage. Waxman's staff focused on the stand-alone plans, since 90 percent of seniors enrolled in the drug benefit choose such plans.

"The congressman's analysis is inaccurate and misleading because it is selective, measuring just one of the plan options beneficiaries can use to get their prescription drugs," McClellan said in a statement.

Waxman said Medicare officials are being "unrealistic" by putting the Medicare Advantage plans on the same footing as the more popular drug-only plans.

"The only way the Administration's numbers can possibly add up is by including artificial estimates of the costs of drug coverage in Medicare managed care plans," he said in a statement. "Most seniors won't abandon traditional Medicare just to keep the costs of their drug coverage from going up, nor should they have to."

He said the assertion that premiums will remain nearly flat in 2007 was reminiscent of the administration's assurances to Congress in 2003 that the drug benefit would cost $400 billion over 10 years -- even though federal actuaries at the time were estimating the true cost as more than $500 billion.

McClellan said the estimated cost of the benefit has dropped lately as the insurance companies that offer the federally subsidized drug coverage have charged lower-than-expected premiums while competing to lure seniors to their plans.

McClellan plans today to announce improvements to the CMS Drug Plan Finder, a tool available on the Medicare Web site to help beneficiaries choose a drug plan. Open enrollment for 2007 will begin Nov. 15.

Medicare Drug Premiums Will Rise For Many (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, October 13, 2006

WASHINGTON — Two weeks after the Bush administration announced that Medicare prescription premiums would stay about the same next year, a new analysis by congressional Democrats indicates that for a majority of middle-class seniors, rates will jump 13% — well above the overall inflation rate.

In a sternly worded letter to Health and Human Services Secretary Mike Leavitt, Rep. Henry A. Waxman, D-Los Angeles, accused the administration of "deceptive advertising."

Medicare Administrator Mark B. McClellan fired back with a statement calling the analysis by Waxman's Government Reform Committee staff "inaccurate and misleading."

But several independent experts said it is true that seniors using the most popular type of Medicare prescription coverage — a stand-alone drug plan — will face significant premium increases next year unless they switch to more economical plans that often come with more restrictions. The prescription drug benefit is overseen by the government but delivered by private insurance companies that offer a variety of plans with differing features and premiums.

"If you look at the plans where most seniors are now enrolled, many are increasing premiums," said Tricia Neuman of the Kaiser Family Foundation, who oversees Medicare policy for the nonpartisan research group.

"What was the best deal last year may not be the best deal next year," said James Firman, president of the National Council on Aging.

The argument over how much seniors will pay for prescription drug insurance next year comes in the home stretch of a campaign in which Republicans and Democrats are working hard to attract the votes of older Americans. The announcement that premiums would remain essentially unchanged may have been welcome news to many seniors, but Waxman argued that Medicare officials based that claim on "three-card monte," a reference to a card game favored by con artists.

The claim that premiums would stay flat was based on the average of expected costs for all Medicare participants, including about 6 million who get coverage through managed-care plans that are heavily subsidized by the government and generally do not charge a separate monthly premium for their prescription benefits.

Waxman, however, excluded the managed-care beneficiaries and focused on the 16 million seniors with traditional, fee-for-service Medicare, who have enrolled in stand-alone drug plans. These plans offer prescriptions only, unlike the managed-care plans that also provide hospital and doctors' care. Premiums for the stand-alone plans are projected to rise significantly.

For example, monthly premiums for Humana's popular low-price plan will rise from an average of about $10 to around $15, the company confirmed — an increase of 50%.

"The dollar amounts may not be so great, but premiums are nonetheless on the rise," Neuman said.

Even with the increases, Humana still expects to have the lowest-cost plan in 38 states. "We still feel like we're the low-cost plan overall," spokesman Dick Brown said.

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Another Humana offering, the PDP Complete plan, this year covered brand-name drugs in the so-called doughnut hole, a coverage gap Congress and the administration built into the benefit to save money. Next year, that plan will not cover brand-name drugs in the doughnut hole. And monthly premiums will rise from an average of about $58 to about $80.

The Democratic analysis concluded that the average premium for all Medicare stand-alone plans would rise from $25.69 per month in 2006 to $29.09 in 2007.

A Medicare news release issued Sept. 29 said: "The monthly premium beneficiaries will pay in 2007 will average $24 if they stay in their current plan — about the same as in 2006."

The changing premiums portend a new reality for Medicare beneficiaries, said healthcare market analyst Dan Mendelson. Until now the program offered a standard government-issue benefit for all. With the expanding role for private insurers, that's not the case anymore.

"Seniors are going to have to constantly reassess their coverage relative to their own health status and relative to what choices are being offered in the marketplace," said Mendelson, president of Avalere Health, a consulting firm. "These are commercial plans that change from year to year based on their experience, and the only way for seniors to navigate the marketplace effectively is to constantly reassess their options."

For 2006, seniors had six months to pick a drug plan. But for 2007, the open enrollment period will be about six weeks, from Nov. 15 through Dec. 31. Medicare's computerized Plan Finder, which allows seniors to compare costs and coverage for plans, will have information on the 2007 offerings starting today. It is on the Internet at http://www.medicare.gov .

"Choosing a plan may not be fun, but plans are changing," Neuman said. "I think seniors will be well advised to go back to the drawing board and revisit the decision they made for 2006."

Firman, of the group on aging, said Medicare should consider releasing the premiums for stand-alone plans separately. "There is a value in more detail being provided to people," he said.

Council Debates Ways To Divvy Up '07 Pay Raise (WP)

By Stephen Barr

The Washington Post, October 13, 2006

The government's advisory group on federal pay yesterday backed an across-the-board 2007 salary increase of 1.7 percent for federal employees, but left open how additional funds for the raise should be split among big cities and other areas.

The annual pay raise for the government's white-collar employees has two components: a national increase for all workers, and a raise that varies by locality. In most years, the Federal Salary Council, an advisory group that includes White House appointees and union leaders, has recommended a formula for setting the locality portion of the raise.

The council's staff had prepared a proposal that would have sent more of the money available for locality pay to some big cities where federal salaries lag the most behind the private sector.

But the council pulled back from approving the proposal after a union president raised questions about it and said such a change would be premature until more data are available to compare salaries in the federal and private sectors.

Colleen M. Kelley , president of the National Treasury Employees Union, pointed out that most federal employees outside large metropolitan areas would have received a raise of less than 2 percent under the staff recommendation.

The council signed off on a compromise offered by Kelley that urged the White House to designate 1.7 percent of the 2007 pay increase as an across-the-board raise, in keeping with a 1990 pay law. The remainder of the increase, Kelley proposed, "would be split between locality areas according to administration recommendations, with each locality pay area getting some portion of the funds available for locality pay increases."

The council's work was more difficult this year because Congress has not settled on how much of a raise to provide the government's 1.8 million employees.

Spending bills before Congress would provide the civil service with a 2.7 percent raise next year. But Congress has voted for a 2.2 percent raise for the military, raising the prospect that House-Senate negotiators will lower the federal employee raise to that amount.

After Congress and the White House agree to an overall average raise, a portion is parceled out among 31 metropolitan areas and a catch-all category called the "Rest of the United States."

In 1990 Congress approved variations in federal pay, based on changes in wages for local labor markets, in hopes of closing a "pay gap" between federal and nonfederal employees. The staff paper prepared for the salary council said "it is not feasible" in 2007 to close the same proportion of the pay gap in each locality area as the law envisions. The staff proposed an alternative approach in hopes of helping employees in high-cost big cities where pay gaps are the largest.

Under the staff's recommendation, if Congress approved a 2.2 percent raise, employees in the "Rest of the United States" would get a 1.81 percent pay increase and those in the Washington area 2.64 percent. In contrast, under the traditional

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allocation method for a 2.2 percent increase, RUS employees would get raises of 2.03 percent and Washington area employees would receive 2.4 percent.

Federal officials have been working to improve the methodology for comparing federal jobs with those in the private sector and in state and local governments. The staff paper indicated that the revised methodology found a bigger pay gap than previously calculated. The average pay gap this year was 18.4 percent, according to the paper, up from 13.4 percent last year.

The paper suggested that the gap may have grown because of an increase in the number of supervisory jobs covered by new salary surveys, as well as other statistical adjustments. They also noted that more changes in the methodology will take place over the next three to four years, making it difficult to form judgments on how federal salaries stack up against the private sector.Talk Shows

John C. Salamone , executive director of the Chief Human Capital Officers Council, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

John G. Vonglis , principal deputy assistant secretary of the Air Force for financial management and Air Force headquarters comptroller, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

Air Force Seeks $13 Billion To Start Replacing Tankers (NYT)

By David S. Cloud

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Air Force officials said Thursday that they were seeking $13 billion over the next five years to replace their aging fleet of aerial refueling aircraft, a process that will take decades and could grow into one of the service's largest procurement programs.

In a meeting with reporters, Air Force Secretary Michael W. Wynne and Gen. T. Michael Moseley, the Air Force chief of staff, said that they hoped to award a contract by next summer and that the current timetable calls for the first planes to be delivered by 2011.

General Moseley said that the Air Force intended to buy 10 to 15 planes a year, ending up with a total fleet of about 450 aircraft. Some analysts have said the cost of replacing the tankers could total more than $100 billion over the next three decades.

"It's important to get started" on replacing the fleet of 579 tankers, most of them over 40 years old and still playing a vital role in refueling fighters, bombers and other aircraft flying every day over Iraq, Afghanistan and elsewhere, General Moseley said.

Loren B. Thompson, an analyst with the Lexington Institute, a military policy research group in Virginia, said the Air Force worried that an accident involving any of the current tankers could force the entire fleet to be grounded.

"The Air Force is extremely concerned that because nobody has ever operated a fleet of jets this long, some design deficiency, like metal fatigue, will ground the fleet making it impossible for them to get places they need to go," Mr. Thompson said.

In January, the Pentagon canceled a $23 billion deal to lease 767 tankers from Boeing after the disclosure that a former Air Force procurement officer, Darleen Druyun, was found to have favored Boeing in contracts before being hired by the company.

The competition is likely to be between Boeing and a joint venture of the Northrop Grumman Corporation and the parent company of Airbus, the European Aeronautic Defense and Space Company.

"Darleen Druyun's impact has something to do with the desire to get an open acquisition process," General Moseley said. "That is absolutely fair and required."

Initially, the Air Force intends to purchase tankers derived from successful commercial airliner designs as replacements for the current KC-135, a midsize tanker built in the late 1950's and early 1960's. About 100 of the 520 KC-135's are set to be retired by 2010. The Air Force also flies larger KC-10's bought in the 1980's.

By opening the contract for competition, the Air Force is hoping to put the scandal behind it, the officials said. But it will also have to persuade Congress, which over the last two years has prohibited the Air Force from retiring any KC-135 tankers, to support replacing the tanker fleet at a time of increasing pressure on the military budget.

The Pentagon will include the request for the $13 billion to begin buying the tankers in its budget proposal for the fiscal year 2008, which will be formally presented next February.

This year, the Bush administration sought $36 million in advance financing for the tanker production, along with $204 million in research and development, but Congress provided no production funds and cut the research money to $70 million.

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Mr. Wynne said Thursday that the Air Force had elevated the tanker replacement program to its top procurement priority. The tanker program "is a little bit, if you will, less sexy than funding for fighters and bombers," he said, but it is the "underpinning of America's strategic capabilities."

'Every Reason To Be Proud' (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, October 13, 2006

The government has just closed the books on the 2006 fiscal year and released the figures for revenue collected. It has also been five years since the first of the Bush tax cuts began to help the economy and consumers' wallets, so it is a natural time to look back and evaluate their economic and budgetary effectiveness.

We now know that economic activity first began declining in the third quarter of 2000, although the data at the time didn't show it; and 2001 was a rough year, with growth moving back and forth around the zero mark. In August most American families received the first part of their tax cut -- a check, typically for $600. But this was overshadowed by 9/11. In the weeks following the attacks the economy began to gradually shut down. The stock exchanges and New York bond markets were closed, while air travel and transport stopped in an economy where over half a million business travelers flew every day and 25% of trade by value arrived and left by air. Uncertainty paralyzed the business community.

President Bush gave numerous speeches to rally the nation to return to normal; administration officials fanned out across the country to urge Americans to spend. The private sector did its part: Auto companies began zero percent financing and some companies made promotions based directly on the tax cuts. Far from being the disaster most forecasters (including me) had feared, the fourth quarter showed the biggest consumer-led surge since 1992. As business inventories were drawn down, production could expand again.

Mr. Bush followed up with an investment-oriented tax cut proposal in his 2002 State of the Union message. But by mid-year, with growth returning but only at a modest clip, we began working on a proposal to accelerate the multiyear tax cuts of 2001 to take full effect in 2003. We also began developing proposals to improve investor psychology through a long-overdue reduction in the double taxation of dividends. The final bill was enacted in May 2003.

The tax-cut program was not particularly novel or out-of-the-mainstream: It just combined some very sensible supply-side oriented reforms to make the tax code less burdensome with some much-needed demand-side relief. The focus of the early tax cuts was on families with children, people with high propensities to spend. A typical middle-class couple with two children got a minimum of $1,600 in relief -- equivalent to a 4% increase in their real take-home pay, or two years' worth of real pay raises in the 1990s.

Nor did Mr. Bush propose the tax cut by accident. He unveiled it in December 1999 in Des Moines, Iowa, at the height of the stock market bubble, when everyone was feeling a little giddy and some economists were arguing that we had repealed the business cycle. So it took great courage for him to say, "Yet I also believe in tax cuts for another practical reason: because they provide insurance against economic recession. . . . I hope for continued growth -- but it is not guaranteed. A president must work for the best case, and prepare for the worst." He was well-prepared; and as Alan Greenspan said, the tax cuts were "extraordinarily well timed from the point of view of the economy." * * *

While the good positive effects of the tax cut on the economy are relatively non-controversial, their effect on the federal budget stirs a great deal of controversy. The just-released figures on tax receipts in 2006 allow us to shed some light on this debate.

First, a look back at 2002 shows that it was the collapse of the bubble and the effects of 9/11 that were mainly responsible for the decline in tax revenue and the rise of the budget deficit -- and not the tax cuts. As a baseline for comparison, consider the economic and revenue projections the departing Clinton administration prepared as background for the FY 2002 Budget. That projection was based on continued solid growth and no tax cuts, although growth had in fact already begun to decline. As a result, the Clinton FY 2002 budget projected revenues of $2.210 trillion; but only $1.853 trillion was actually collected. This provided a FY 2002 shortfall of $357 billion, the result of both the tax cuts and the drop in economic activity.

The Joint Committee on Taxation estimated that the FY 2002 revenue loss of the first Bush tax cut was $38 billion and $51 billion from the second Bush tax cut -- $89 billion in all. This leaves $268 billion of the shortfall to be attributed to the effects of the collapse of the 1990s bubble, the attacks on 9/11, and other economic drags. Swings in economic activity, not discretionary tax changes, drive the great majority of the swings in federal revenues, and were the cause of the deficits of the early part of the decade. Since then, it has been a matter of fiscal "catch-up."

The data suggest that process of "catch-up" has been far more successful than official estimates thought possible. In August 2003 the non-partisan CBO forecast tax revenue in FY 2006 at $2.276 trillion (which excluded $53 billion of tax relief passed subsequently). That forecast included the effects of the slowdown, a return to more rapid growth, and the 2003 tax cuts.

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But the data just released showed FY 2006 revenues of $2.407 trillion, $131 billion higher than CBO projected after the tax cuts were accelerated and $624 billion higher than the FY 2003 revenues. For perspective on that $131 billion of extra revenues, the total 2006 revenue loss from all of the president's tax cuts was only $193 billion.

There were two reasons for the revenue feedback. First, after the tax cuts were passed the economy expanded more rapidly than most projected at the time. Second, more taxes were collected from each dollar of GDP than expected. When an economy of a given size produces higher-than-expected revenue after a tax change, it must mean that the tax code has become a more efficient revenue generator. Lower tax rates, particularly on dividends and entrepreneurial income, provide incentives for people to give up some of their previous -- economically distorting but tax-efficient -- behavior.

This response is underscored by the distribution of receipts, which have shifted decidedly up the income scale. Although critics endlessly call the Bush measures tax cuts for the rich, the share of income taxes paid by the top 1%, 5% and 10% of taxpayers has moved up. These people were most affected by higher rates of the past, and have the greatest ability to reorient their economic behavior when rates are reduced.

While economists will argue about how to divide up the extra revenue between the demand-side and supply-side responses, the more interesting question is what would have happened without an aggressive fiscal policy response. In Japan, five years after its bubble burst, tax receipts were still 14% below their peak because the economy was so weak; in the U.S. they are 19% higher than in 2000. Evidence suggests that monetary policy, though helpful, was not the lone cause of the recovery. Consumption spending turned up sharply in the third quarter of 2003, coincident with reduced tax withholding in paychecks. Nearly every important macroeconomic variable, including the unemployment rate, started improving noticeably in the second half of 2003, the first time the full impact of the tax cuts hit the economy. Moreover, consumption spending turned up in advance of the housing boom, whereas in Australia, New Zealand and the U.K. the increase in home prices clearly led an acceleration in consumption growth.

Mr. Bush has every reason to be proud of his tax cuts. Granted, he shouldn't expect a chorus of bipartisan praise based on the numbers just released. But he should rest assured that economic historians will credit the tax cuts as having been a model of the successful application of economic theory to the real world.

Mr. Lindsey, president and CEO of the Lindsey Group, was President Bush's chief economic adviser from 2001 to 2002.

Deficit Diversions (WP)

The Washington Post, October 13, 2006

AND THEN WHAT? That's the question everyone should be asking in the wake of Wednesday's announcement that the 2006 federal budget deficit came in at $247.7 billion, the lowest in four years. President Bush trumpeted the good news, saying that not only had the administration met its goal of cutting the deficit in half but that "we've done it three years ahead of schedule."

Forget the tussle over whether that's much of an achievement: Deficits tend to go down during periods of economic recovery, and cutting the deficit in half has always been something of an arbitrary target and the product of a puffed-up estimate at the outset -- the $512 billion the administration projected for 2004, at a time when the Congressional Budget Office forecast was $477 billion.

The important question, which is to say the question that the president and his congressional enablers aren't facing, is where things go from here. And the answer is, nowhere good. The trend line goes up, starting as early as next year, when the CBO projects a deficit of $286 billion. Over the long term, the outlook is bleak. Assuming that Congress makes the president's tax cuts permanent and continues to adjust the alternative minimum tax, deficits will total almost $3.5 trillion over the next decade and average $349 billion a year, according to calculations by the liberal Center on Budget and Policy Priorities. And that's the good decade: After that come the really steep costs of the retirement of the baby boomers and exploding entitlement spending.

There is no indication in either party of any willingness to come to terms with this reality. Lawmakers balked this year at any cuts to entitlement programs. The only two appropriations bills that Congress has managed to approve so far increase spending. According to the CBO, spending in the fiscal year that just ended grew by 8.7 percent, "the fastest rate of increase since 1990." A big chunk of that, about $50 billion, was one-time outlays for hurricane relief. But another worrisome factor was the rising cost of interest payments, which jumped $45 billion, or 24 percent, making it the fastest-growing category of federal spending.

Mr. Bush pledged to return to the subject of Social Security and entitlement spending after the election. "The fundamental question facing the government in Washington, D.C., is will we have the will necessary to deal with these entitlement programs, to leave behind a better budget picture, to deal with the unfunded liabilities and the mandatory programs for future generations," he said.

Nice words -- as nice as words like them sounded last year, and all the years before that. Unless Mr. Bush shifts course and gets realistic about putting both revenue and spending on the table, and unless Democrats shift course and get realistic

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about the fact that current promises to beneficiaries are unsustainable, it's those "future generations" that are going to pay the price for today's irresponsibility and inaction.

Faster FDA Cures (WSJ)

The Wall Street Journal, October 13, 2006

Whoever controls Congress next year, the Food and Drug Administration is sure to be a political battleground. The controversial Prescription Drug User Fee Act of 1992 is scheduled for reauthorization, and the conventional political wisdom holds that the FDA is too "cozy" with Big Pharma and thus overeager to rubber-stamp dangerous new drugs.

So allow us to draw attention to an important and undernoticed study, "Assessing the Safety and Efficacy of the FDA," published by the National Bureau of Economic Research. Its surprising conclusion is that the FDA does a pretty good job managing "the central speed-safety trade-off" involved in drug approvals -- and might even do well to move faster.

The authors looked at 662 drugs approved between 1979 and 2002, a period that included the passage of the Prescription Drug User Fee Act that allowed drug companies to help fund the FDA budget in exchange for faster reviews. They found that the resulting modest gains in drug review times have produced unambiguous public benefits.

In monetary terms, the authors estimate that the law improved consumer welfare by as much as $19 billion. But more importantly, they found that more rapid access to beneficial drugs saved between 180,000 and 310,000 "life-years." By contrast, assuming that every risky drug withdrawn in that period was the fault of the Prescription Drug User Fee Act produces an upper-bound estimate of only 56,000 life-years lost.

This study deserves a lot more attention than it's been getting, since the Washington debate is dominated by bad ideas about how to make FDA regulation much more onerous. In particular, a recent report from the National Academy of Science's Institute of Medicine (IOM) is being spun as evidence that the FDA is somehow "broken" and in need of fundamental reform.

We've looked at the IOM report in detail, and it's hardly as damning of the FDA as media reports suggest. For example, the report explicitly rejects the idea that high-profile drug withdrawals -- such as Vioxx -- "represent de facto failures of the drug safety regulatory system. . . This is not so." The IOM also rejects the basic idea behind legislation sponsored by Senators Chuck Grassley and Chris Dodd that the FDA should have a drug safety office separate from the office that approves drugs in the first place: "Risk and benefit cannot be considered in isolation from one another."

But despite these sensible observations, the IOM still wants more regulation. Among its recommendations are vastly increased levels of post-approval safety monitoring. That might make sense if the goal is making regulators comfortable with the idea of approving drugs more quickly. But that doesn't appear to be what the IOM and its cheering section want.

The IOM also proposes draconian restrictions on new-drug advertising and tighter conflict-of-interest standards for FDA advisory panel members. This despite the fact that the most qualified scientists and doctors have substantial sources of private income, and despite a study by the Naderite Public Citizen group that failed to find one instance of a panel recommendation that would have changed if allegedly conflicted members had been excluded.

Most fundamentally, the IOM presents little evidence that there is even a problem to remedy. By contrast, the National Bureau authors at least attempt to put some real facts on the table. They note that the absence of other attempts at hard, quantitative analysis in the great FDA debate is "somewhat paradoxical, since despite the agency's strict adherence to evidence-based evaluation of products overseen, there is less evidence on its own safety and efficacy. Put differently, no product application would pass the FDA approval process with the quality and type of evidence that currently exists for evaluating the FDA policies themselves."

The upshot of the economists' report is that the 1992 Prescription Drug User Fee Act deserves reauthorization. But the evidence also suggests Congress should probably be looking for other ways to make FDA approvals still faster. Despite the high-profile Vioxx panic, the FDA is far more likely to kill by depriving you of a drug than allowing you to take a dangerous one.

OTHER NEWS:

Fed Reports Resilience In Economy (NYT)

By Jeremy W. Peters

The New York Times, October 13, 2006

Maybe the sputtering housing market will not be that big of a drag on the economy after all.

Falling gas prices are leaving Americans with more money to spend, and inflation has become less of a threat in recent weeks, according to a report released yesterday by the Federal Reserve.

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Wall Street reveled at the news. Stock prices — already buoyed by a series of strong corporate earnings announcements from companies like McDonald's and Costco — surged even higher after the Fed's report, the beige book, came out yesterday afternoon.

The benchmark Standard & Poor's 500-stock index jumped to its highest close in more than five and a half years. The Dow Jones industrial average, which last week broke a record high that had stood since 2000, climbed past 11,900 to close fewer than 53 points short of 12,000. The Nasdaq composite gained more than a point and a half.

A separate report showing that the nation's trade deficit reached a record high in August was apparently an afterthought for investors. The Commerce Department said that on a seasonally adjusted basis, Americans imported $69.9 billion more than they exported, up 2.7 percent from a $68 billion deficit in July. That increase was in large part a result of near record petroleum prices.

While the beige book was hardly a glowing picture of the nation's economy, it did strike a generally optimistic tone. It described a "widespread cooling" in residential housing but noted that growth in commercial real estate activity was picking up some of the slack.

And there were a handful of areas where residential home sales "showed signs of resilience," the report said. Manhattan, Houston and Sioux Falls, S.D., were among these pockets of strength.

"It seems like things are still stable," said Marisa DiNatale of Moody's Economy.com. "There may be moderating growth, but it's certainly not a drastic slowdown."

Other potential problem spots in the economy — rising prices and slower consumer spending — do not appear to be much of a problem at all in many areas of the country, the report said. Consumers spent freely, taking vacations and shopping for back-to-school items. Wage growth was described as generally "modest." And there were few signs of pressure from higher prices as the cost of gasoline dropped.

Economists said falling fuel prices should be reflected in the next trade deficit report. Energy costs were the major reason for the widening trade gap in August, with the deficit in petroleum-related products accounting for nearly all of the $1.9 billion increase. The amount Americans spent on foreign-made household appliances and electronics also rose.

"The trade balance should improve significantly soon," Dimitry Fleming, an economist with ING, said in a research note. "August, however, was never going to be the starting point, with the lagged effects of higher oil prices."

The growing trade imbalance with China was another major factor in the ballooning trade deficit. The unadjusted trade deficit for August was $79 billion. Nearly a third of that, $22 billion, represented the gap in trade between the United States and China.

The numbers defied expectations. Economists who were surveyed before the numbers came out predicted that the overall deficit would fall in August, but it rose, seasonally adjusted, by $1.9 billion from July.

When the gap hit a record in July, economists said they believed that the numbers were nearing a peak. But as energy prices remained high this summer, the deficit continued to swell. Still, many economists said yesterday that they now believed that the turning point was near.

"This is probably as bad as it gets," wrote Paul Ashworth, senior United States economist with the economics research firm Capital Economics.

Yesterday, the Chinese reported their own trade numbers, which showed a surplus of $15.3 billion for September. China's trade surplus hit a record $18.8 billion in August.

While American reliance on foreign goods is showing no signs of weakening, exports also remained strong. After declining in July, exports grew in August by 2.3 percent, to $122.4 billion. But that rate of growth was not strong enough to offset the rise in imports, which reached $192.3 billion in August. That was an increase of 2.4 percent.

Peter Kretzmer, senior economist with Bank of America, said such strong import growth was a sign the economy would expand at a faster rate in the final months of the year. "We've been surprised by how strong import growth is," he said. "This strong domestic demand may be a bit of a harbinger of a strong domestic economy going into the fourth quarter."

Pressures Exist Amid Expansion, Fed Survey Says (WSJ)

By Greg Ip

The Wall Street Journal, October 13, 2006

Job markets are tightening across the country, but that hasn't yet produced a notable acceleration in wages, the Federal Reserve's latest survey of economic conditions has found.

The Fed's "beige book" also found sharply slowing housing activity but no sign yet that consumer spending has broadly slowed. Falling energy prices have provided some relief while not yet leading to notably lower consumer prices, it said. (Read the report1)

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"Economic activity continued to expand," according to the report, which is prepared a few weeks in advance of each policy meeting of the central bank. Four of the Fed's 12 districts reported that business activity "firmed," a couple said it "cooled" and others said growth was "moderate or mixed."

The Fed's next meeting is scheduled for Oct. 24-25. It is widely expected to leave its short-term interest-rate target at 5.25% as it waits for inflation to moderate.

The survey found labor shortages spreading beyond skilled and technical positions. The Fed's Kansas City district said most contacts "continued to report some kind of labor shortage," in some cases for entry-level workers.

Despite that, employers didn't report much pressure to raise wages. "Despite tight white-collar labor markets, only a couple of firms are budgeting for higher average pay raises in 2007 than in 2006," the Boston district reported.

Both housing and automobile sales were reported as weak across the country, with the Philadelphia district noting a growing number of small car dealerships going out of business and half of the homebuilders contacted in the Cleveland district having reduced their work forces. A real-estate agent in Washington, D.C., called that area's market "horrible."

However, other consumer spending remained firm. The manager of a chain department store in Charlotte, N.C., said sales were "going strong" as local factory employment expanded.

Companies tried, with mixed success, to pass on prior increases in raw-material prices to consumers, but there were signs the pressure had peaked.

In the Dallas district, "lower energy costs have halted the rise in selling prices and not yet resulted in price declines." In the same district, some producers of construction materials "report that some large publicly traded builders have sent letters asking for price reductions to help them achieve quarterly income projections. This has led them to become wary about doing business with these builders."

Meanwhile, Michael Moskow, president of the Federal Reserve Bank of Chicago, gave an upbeat message on the economy and a warning on inflation. "Outside of housing, there do not appear to be any imbalances that would foreshadow" large pullback in spending elsewhere in the economy, he said in a speech to a real-estate group in Chicago. Inflation, he said, "has been too high" and while it should "gradually come down...there are substantial risks to that forecast." If expectations of inflation increase, the Fed should raise interest rates, he suggested.

Economy Keeps Growing, But Housing And Inflation Look Problematic (USAT)

USA Today, October 13, 2006

WASHINGTON — The economy grew at a mixed or moderate pace in much of the nation from late August through September, with “widespread cooling” in housing, the Federal Reserve said Thursday.

In its beige book, an anecdotal look at the economy named for the color of its cover, the Fed said wage and price pressures were mixed.

The beige book will be used for the Fed's Oct. 24-25 meeting.

The Fed expects slower growth to gradually reduce inflation. But minutes of the Fed's Sept. 20 meeting, issued Wednesday, said officials saw a “substantial risk” their forecast might not pan out. USA TODAY economics reporters Sue Kirchhoff and Barbara Hagenbaugh looked at the beige book.

1st District:

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, most of Connecticut. Business was “somewhat mixed.” Factory costs eased but were above a year ago. Houses in Massachusetts are now on the market an average 110 days, up a month from 2005.

2nd District:

New York, northern New Jersey, Fairfield County, Conn. Business showed signs of “strengthening.” Hiring was steady to stronger. New York City tourism was robust. Housing markets in New Jersey and Upstate New York kept weakening with some falloff in home renovation.

3rd District:

Delaware, southern New Jersey, eastern Pennsylvania. Growth seems to have slowed. Manufacturing dipped, retail sales were up, though the auto sector lagged behind. Mortgage lending fell. Wages have been rising a bit faster than at the same time in 2005.

4th District:

Ohio, eastern Kentucky, western Pennsylvania, northern West Virginia. Growth was modest, with businesses worried about the slowing auto and housing sectors. Commercial builders called business strong, but worried inquiries were “beginning to taper off.” Trucking and shipping service demand softened.

5th District:

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Maryland, Virginia, North Carolina, South Carolina, southern West Virginia, District of Columbia. Activity expanded moderately, with retailers and manufacturers doing better and housing doing worse. Labor markets were generally tight, with skilled workers tough to find.

6th District:

Alabama, Florida, Georgia, eastern Tennessee, southern Louisiana, southern Mississippi. Activity was mixed. Housing trended lower in Florida and other areas. Labor shortages caused wage pressures in some areas, and firms were seeing cost increases related to energy and raw material prices.

7th District:

Iowa, northern Indiana, northern Illinois, southern Michigan, southern Wisconsin. Consumer spending rose "modestly," with retailers calling the back-to-school season "nothing stellar." The recent fall in gas prices gave sales of non-gasoline items a small boost. Manufacturers continued to see a shortage of skilled workers.

8th District:

Arkansas, southern Illinois, southern Indiana, western Kentucky, northern Mississippi, eastern Missouri, western Tennessee. Manufacturing expanded, with several firms planning to open plants. However, the auto parts industry planned to lay off workers and cut production. Permits for new home construction posted double-digit declines in the Louisville, St. Louis and Memphis areas.

9th District:

Minnesota, Montana, North Dakota, South Dakota, upper Michigan, northern Wisconsin. The job market tightened a bit. Wage increases were "moderate." Tourism was up a bit from a year ago; one official in South Dakota said the pheasant-hunting season held promise. The alternative energy industry was expanding rapidly.

10th District:

Colorado, Kansas, Nebraska, Oklahoma, Wyoming, western Missouri, northern New Mexico. The rate of hiring outpaced layoffs, and "most contacts" reported labor shortages, particularly for skilled and specialized workers. Still, wage pressures eased a bit. Consumer spending firmed, with weakness in home furnishings.

11th District:

Texas, northern Louisiana, southern New Mexico. Imported, fuel-efficient cars outsold domestic vehicles. Although some rain fell in September, drought conditions persisted. Cotton production could be off 35% from last year. A sharp drop in natural gas prices led to industry caution.

12th District:

Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington. Inflation "remained modest." Pay rose more rapidly for workers in short supply, such as those in health care, finance and construction, and in such regions as Idaho and Utah. The pace of home sales, construction and price growth slowed.

US Trade Deficit Hits All-time High (FT)

By Krishna Guha

Financial Times, October 13, 2006

The US trade deficit hit a record high for the second successive month in August, accentuating concerns about global imbalances and raising fresh doubts about the strength of US third quarter growth.

Economists were on Thursday revising down their estimates of growth in the quarter, which some now expect will fall below 2 per cent.

Meanwhile, the Federal Reserve issued its latest beige book, which suggested that consumer spending firmed in September and early October, but characterised growth overall as "moderate or mixed."

It said "nearly all districts reported that housing market conditions continued to soften" with rising inventors and additional incentives for buyers.

There was little anecdotal evidence to support the notion – advanced by some Fed officials - that housing activity may already be close to its trough.

The beige book reported that "the majority of districts characterised price pressures as contained."

Labour market conditions were described as "taut" with skilled workers in short supply in some areas. Some regions faced shortages of professional, scientific and technical workers, for example.

Wage growth was "generally modest".

The vast services sector "generally strengthened across districts since the last report," the Beige Book said, while manufacturing activity remained "generally strong.

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The August trade deficit hit $69.9bn, equivalent to an annual rate of nearly $840bn, figures released yesterday by the Department of Commerce showed.The somewhat balanced tone is consistent with the Fed remaining on hold for an extended period as it seeks to verify that inflation is easing as expected.

Part of the increase was driven by oil prices, which continued to rise in August before falling sharply into September.

However, the volume of oil imported also rose, and imports more generally were strong.

Exports remained healthy, growing at 2.3 per cent in August against 2.4 per cent for imports, but with imports starting from a much larger base, the net effect was a widening deficit.

Haseeb Ahmed, an economist at JP Morgan, said "it was a bit of a surprise, in the sense that imports were much stronger than the market was expecting." He said this boded well for inventories, which should partly offset the drag on growth.

JP Morgan still looks to a recovery in net trade to support US growth next year.

Most economists predicted a rapid turnaround in trade in the current quarter due to lower oil and other commodity prices, which would in turn boost fourth quarter growth.

"The narrowing of the nominal trade deficit will be substantial this quarter," said Peter Kretzmer, an economist at Bank of America Securities.

However, continued strength in US consumption could slow the longer term adjustment.

U.S. Trade Gap Widened In August (WSJ)

By Greg Hitt

The Wall Street Journal, October 13, 2006

The U.S. trade deficit jumped to a record $69.86 billion in August, powered by strong imports of consumer goods from China and the steep cost of imported oil.

The 2.7% increase from July kept the nation on track to shatter its record annual trade gap of more than $700 billion in 2005, the Commerce Department said yesterday. However, the data released yesterday offered some glimmers of hope that the trade picture might be poised to improve over the next few months.

"While the sharp rise in the August deficit is a little disconcerting, this should be the high-water mark for the deficit this year," said Brian Bethune, an economist with Global Insight, an economic forecasting firm.

Mr. Bethune said the recent decline in oil prices could reduce the nation's monthly bill for imported oil, which totaled $27.2 billion in August. That trend should begin to be reflected in the September trade numbers, setting the stage for a broader easing of the trade deficit by the end of the year, he said.

The price of imported oil has fallen to about $57 a barrel from the $66.12 average reported for August.

Outside the petroleum sector, the monthly deficit for trade in goods has been on a downward track since peaking in January. In the first eight months of the year, U.S. merchandise exports have been growing at a faster clip than imports -- 13.7% compared with 10.3%.

Ultimately, exports would have to grow at a much faster rate to make a significant dent in the overall deficit. But the underlying trend is giving some economists hope that an improvement could be on the horizon.

An expected softening in the nation's domestic demand, possibly including a decline in spending on imported consumer goods, could also help narrow the trade deficit in coming months. But for now, the American consumer's appetite for foreign-made goods -- from artwork and antiques to appliances and footwear -- appears undiminished by high energy prices and a cooling property market at home.

U.S. imports totaled $192.28 billion in August, with shipments from China accounting for a big share of the monthly increase. The surge in imports from China helped push the U.S. trade deficit with China up 12% to a record $21.96 billion for the month, three times as wide as the U.S.'s trade gap with Japan, according to Commerce Department figures.

U.S. exports for the month grew to $122.42 billion, helped by increased shipments abroad of U.S.-made capital goods and industrial supplies, among other things.

The unexpectedly high August trade deficit, which followed a revised July deficit of $68 billion, prompted many analysts to scale back their expectations of how much trade contributed to the nation's third-quarter economic growth. Paul Ashworth, a senior economist at Capital Economics, estimated the weak trade performance knocked 0.6 percentage points off GDP growth for the quarter.

"That reinforces our view that GDP growth slipped further to an annualized pace of around 2.0%, down from 2.6%" in the second quarter, he said.

Critics say the bloated U.S. trade deficit, which is fueled in large measure by foreign financial flows, is unsustainable over the long-term. If foreign investors ever decide to pull back, critics warn, the U.S. could be in for an economic shock, leading to falling stock values and higher interest rates.

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U.S. Trade Gap Grew To New High In August (WP)

By Howard Schneider And Nell Henderson

The Washington Post, October 13, 2006

The U.S. trade deficit rose to a record $69.9 billion in August, driven by high oil prices, a growing trade gap with China and rising consumer demand for imported goods from antiques to appliances, the government said yesterday.

The trade deficit was 2.8 percent bigger than in July, despite strong growth in exports, led by sales of agricultural products and aircraft, the Commerce Department reported. American companies sold $122.4 billion worth of goods and services overseas in August, an increase of $2.7 billion over the previous month.

American companies and consumers bought far more from abroad, however, with imports rising to $192.3 billion. That included $20.8 billion worth of crude oil, as demand remained strong through the summer despite prices that exceeded $77 per barrel in July.

The widening trade deficit is a further drag on U.S. economic growth, which has slowed sharply this year, in part because of a downturn in the housing market.

The trade report prompted several analysts to lower their estimates of recent economic growth to an annual rate of about 1 percent in the July-through-September period, or less than half of the 2.6 percent pace of the previous three months.

Such forecasts bolstered financial-market expectations that Federal Reserve policymakers will keep interest rates steady through the end of the year as they watch how the economy evolves. They hope the economy slows just enough this year to dampen inflation without sliding into a recession.

The latest trade-deficit figure "gives the Fed further reason to keep rates on hold," Jason Schenker, an economist at Wachovia Corp., said in an analysis for clients.

Schenker was among several analysts who think the trade deficit narrowed in September and is likely to shrink further in October because of the recent declines in oil prices and a drop in gasoline demand after the summer driving season. Oil settled at $57.86 yesterday on the New York Mercantile Exchange.

"While the sharp rise in the August deficit is a little disconcerting, this should be the high-water mark for the deficit this year," wrote Brian Bethune, a U.S. economist at Global Insight, a financial forecasting and analysis firm.

Even so, the trade deficit for 2006 appears on track to set another new high, surpassing last year's record $716 billion. Through August, the country had spent $523 billion more on imports than it sold abroad.

Democratic leaders, contending that theft of American ideas overseas is one factor in the trade deficit, sent a letter to President Bush yesterday, urging him to take immediate steps to protect American intellectual property. In a statement, House Democratic Leader Nancy Pelosi of California argued that lax enforcement of copyrights and patents is costing the U.S. economy $250 million a year.

"The president's failed economic policies have resulted in another month of record trade deficits, once again highlighting the need for a new direction," Pelosi said. "We must pursue an aggressive trade enforcement agenda so that U.S. businesses and workers do not pay the price for countries that refuse to play by the rules."

Bush said this week that his administration understood that problem and was working on it; Treasury Secretary Henry M. Paulson Jr. raised the concern in recent meetings in China.

Politically, the new figure from the Commerce Department highlights the continued trade gap with China, which widened to a record $22 billion, a 12 percent increase over the month before.

The mismatch in trade between the two countries has led to pressure from the Bush administration for China to let its currency rise in value against the dollar, which would make Chinese-made goods more expensive in world markets -- and American-made goods more competitive.

The trade gap is not entirely welcome news for China. The country reported yesterday that its September trade surplus was $15.3 billion, the second highest on record, after August, and a sign that efforts to tame the country's runaway economic growth are not taking hold quickly.

The flood of money into China has increased inflation and raised concerns about the overvaluation of real estate and other assets. China's leaders fear if they do not slow economic growth to a manageable pace, they risk a financial meltdown that could lead to social unrest.

Dow's Close Puts 12,000 Within Reach (WP/AP)

The Washington Post, October 13, 2006

NEW YORK, Oct. 12 -- The Dow Jones industrial average broke through 11,900 to close at a new high Thursday, boosted by optimism over the health of corporate earnings.

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It was the fifth record close in two weeks for the Dow, which also set a record intraday high.

The Dow rose 95.57, or 0.81 percent, to 11,947.70. The Standard & Poor's 500-stock index rose 12.88, or 0.95 percent, to 1362.83. The Nasdaq composite index rose 37.91, or 1.64 percent, to 2346.18.

The Dow's advance put the 12,000 mark within close range for investors. The previous high was 11,867.17 on Tuesday. The intraday high set Thursday was 11,959.63, eclipsing an earlier trading high of 11,872.94 set on Monday.

The markets were upbeat Thursday, with investors focusing on positive news from well-known consumer brands and on economic data that indicated the economy was holding its own even as it slowed.

Oil prices, which remain near lows for the year, also boosted the mood on Wall Street. An Energy Department report said inventories were higher last week and raised doubts about whether OPEC's members would be able to soon agree on a production cut.

Investors got a look at the state of the economy with the release of the Federal Reserve's "beige book," which summarizes regional economic activity. The report found that economic growth appeared to be moderate or mixed. The findings seemed to reassure investors looking for the economy to slow at a moderate pace.

Kevin Logan, chief U.S. economist at Dresdner Kleinwort, said the book's tone was more optimistic than the one issued in August. "They didn't say there was much of an inflation problem," he said. "Investors saw this as confirmation that the Fed is on hold."Movers

McDonald's rose 98 cents, to $42.23. Sales at stores open at least a year rose 10 percent in September.

PepsiCo fell $1.01, to $62.85, despite posting a 71 percent increase in third-quarter profits. Its forecast fell short of Wall Street's expectation.

Deluxe rose $3.08, to $21.29, after raising its third-quarter and full-year profit forecasts as costs fell.Indexes

New York Stock Exchange composite index rose 12.88, to 1362.83.

American Stock Exchange index rose 15.11, to 1879.92.

Russell 2000 index of smaller-company stocks rose 15.38, to 757.09.Volume

NYSE: 1.56 billion shares, down from 1.59 billion on Wednesday. Advancing issues led declining issues by 4 to 1.

Nasdaq: 2.06 billion shares, up from 2.02 billion. Advancing issues led declining issues by 3 to 1.Commodities

Crude oil for November delivery: $57.86, up 27 cents.

Gold for current delivery: $579.50 a troy ounce, up from $576.50 on Wednesday.

Rally Puts Dow On Cusp Of 12000 (WSJ)

By Peter A. McKay

The Wall Street Journal, October 13, 2006

Not many investors seem to be heeding cautionary words about whether the Dow Jones Industrial Average can continue its recent run to fresh record highs.

Less than two weeks after the blue-chip average broke a more than six-year-old record, it is already flirting with another headline-grabbing number: a close above 12000. The Dow jumped 95.57 points yesterday, or 0.8%, to a new high of 11947.70, up 11.5% on the year. The average was led by rallies in its components Boeing, which announced strong aircraft orders, and McDonald's, which forecast strong earnings. Both companies' shares rose more than 2%.

Analysts say the rally in the Dow has been driven by an odd, delicate mix of aversion to risk and optimism regarding the economy. Nearly every day, investors and big Wall Street firms alike have welcomed low unemployment rates, forecasts of strong corporate profits and the Federal Reserve's decision, starting in early August, to hold its key interest-rate targets steady.

But many investors are so antsy about whether those conditions can last much longer that they are sticking to big-name companies they think can withstand rougher conditions, if they develop. The result has been what investing pros call a "rotation" away from smaller, more speculative companies that until earlier this year had been beating the large-cap Dow industrials.

"I don't see a lot to be gained from taking a lot of risk in the equity markets right now," said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said in recent months he has been recommending that clients buy stocks in companies with large market capitalizations, like the ones in the Dow. But he adds: "Frankly, I'm surprised at how well it's worked."

The outlook for consumer spending has been a major catalyst behind the recent strength in the Dow and other major stock indicators. In particular, a pullback in energy prices has buoyed hopes that consumers can keep up their purchases of various goods and services now that they don't have to spend as much at the pump.

Crude-oil futures edged up 27 cents yesterday, to $57.86 a barrel, but have declined over the longer term amid robust supplies and easing geopolitical concerns in several oil-producing states. Oil contracts for November delivery are down about 25% from their summer highs close to $80, and are off 5.2% on the year.

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The broad Standard & Poor's 500-stock index climbed 1%, or 12.88 points, to 1362.83, up 9.2% on the year but still 12% off its record close in 2000. The index's retail components were especially strong, up 1.4%, helped in part by a 7.7% jump in shares of Costco Wholesale, which announced better-than-expected profit for its fiscal fourth quarter.

The Nasdaq Composite Index gained 1.6%, or 37.91 points, to 2346.18. On the year, however, that index, which includes many small technology stocks, has lagged behind the S&P and Dow, up just 6.4%. It is still at less than half of its record.

Leo Kamp, chief investment economist at the asset-management firm TIAA-CREF recently cautioned clients that the Dow's rally may not last much longer. He conceded in an interview that it could cross 12000 in the short term, but he doesn't think the blue-chip average can make a sustained run higher until the Fed begins to ease rates, perhaps about halfway through 2007.

Economic news yesterday was mixed. The Commerce Department announced the U.S. trade deficit hit a record $69.86 billion in August. Wall Street had expected the deficit to decline.

The Fed's "beige book" report portrayed the U.S. economy growing at a modest pace, tempered by weak housing prices and auto sales.

In major U.S. market action:

Stocks rose; bond prices were mixed. The 10-year note gained 1/32 point, or 31 cents for each $1,000 invested, pushing the yield down to 4.778%. The 30-year bond fell 2/32 to yield 4.910%.

The dollar weakened. Against the Japanese currency, the dollar fell to 119.40 yen, compared with 119.72. The euro rose to $1.2554, compared with 1.2524.

Wall Street Higher On Strong Earnings (FT)

By Anuj Gangahar In New York

Financial Times, October 13, 2006

US stocks rallied strongly on Thursday as the market welcomed a batch of strong earnings reports from companies including McDonald's and Harley Davidson and oil prices hit their lowest level this year early in the session.

In the previous session, stocks recovered after a brief sell-off in mid-afternoon after a plane crash in Manhattan. Subsequent reports confirmed the crash was not an act of terrorism, as had initially been feared.

Stocks were buoyed as oil prices were at their lowest this year in advance of the US government's weekly report on fuel, which was issued on Thursday morning.

McDonald's, the world's largest restaurant chain and a Dow component, said on Thursday that its preliminary third quarter profits rose to 68 cents per share, ahead of analyst estimates. The company also reported an 8.4 per cent rise in system-wide sales, better than the 7 per cent gain in revenue forecast by analysts. Its shares rose 2.38 per cent, or 98 cents, to $42.23.

PepsiCo said third quarter profit rose nearly 71 per cent, helped by strength in its international business, non-carbonated drinks and salty snacks. The beverage and snacks company also lifted its forecast for the year. In spite of this, PepsiCo shares fell 1.58 per cent to $62.85.

The S&P 500 closed up 0.95 per cent, or 12.87 points, at 1,362.82. The Nasdaq composite was up 1.64 per cent, or 371.91 points, at 2,346.18 at the close. The Dow Jones Industrial Average closed at a new record high of 11,948.26, up 0.81 per cent or 96.13 points for the day, the first time it has closed above the 11,900 barrier.

The US trade gap rose to a record level in August. US imports outstripped exports by $69.9bn in August, according to the commerce department, up from the previous record of $68bn set in July.

Alfred Goldman, of AG Edwards, said the upward movement of stocks was in spite of certain factors that may have been expected to have more of a negative impact recently. "This market has been ignoring several good excuses to go lower , such as North Korea's nuclear test," he said.

He added that the Dow was up 10 per cent in the past two and half months, saying the market should be careful of going too far too fast.

Early on Thursday, wholesale retailer Costco reported better-than-expected results and said it did not expect to restate results following a review of its stock option programme. Costco shares rose 7.65 per cent, or $3.83, to $53.90.

Harley Davidson, the motorcycle maker, said its earnings climbed 18 per cent in the most recent quarter, beating Wall Street forecasts. Its shares climbed 2.7 per cent to $64.88.

Shares in Systemax, the computer parts and hardware distributor, plunged after the company said it would delay reporting of its second quarter results because it needed more time to complete the process. Shares in the company were down 21.54 per cent, or $3.24, at $11.80.

Wal-Mart Loses Pennsylvania Suit On Rest Breaks (WSJ)

By James Covert

DOJ_NMG_0080461

The Wall Street Journal, October 13, 2006

Wal-Mart Stores Inc. knowingly violated Pennsylvania labor laws by forcing employees to work during rest breaks and off the clock, a state jury found.

The Bentonville, Ark., retailer, increasingly under fire for its labor practices, faces paying minimum damages of $62 million according to state labor statutes, and the total could easily exceed $100 million, plaintiff's lawyer Michael Donovan said in an interview. The Pennsylvania jury is slated to hear arguments on damages early today, he said.

During the six-week trial, former Wal-Mart workers testified they were pressured to skip breaks or cut them short by store managers who had been promised bonuses for cutting costs.

Wal-Mart's attorney, Neal Manne, argued that Wal-Mart had paid its employees properly and said the lead plaintiffs were part of a small group of disgruntled workers. Wal-Mart spokesman John Simley declined to comment on the verdict until the jury had ruled on damages.

The jury agreed with plaintiffs that Wal-Mart didn't show "good faith" in protecting workers' rights for rest breaks and improperly forced them to work off the clock. But it ruled in Wal-Mart's favor on a separate charge that it denied workers meal breaks.

Wal-Mart was sued by two former employees on behalf of 187,000 current and former hourly Wal-Mart workers. The lawsuit covers labor practices at Wal-Mart and Sam's Club stores in 1998 to 2001.

"Today's decision is another harsh indictment of Wal-Mart's pattern of disrespect for its workers and disregard for state law," said Andrew Grossman, executive director of Wal-Mart Watch, a union-backed critic. "For years it has been obvious that Wal-Mart is willing to cut corners when it comes to its employees."

Wal-Mart is facing similar suits around the U.S. The company still faces at least seven other major class-action lawsuits in the U.S., including a federal sex-discrimination suit filed in 2000 on behalf of 1.6 million former and current female workers.

Wal-Mart Workers Win Wage Suit (WP)

By Amy Joyce

The Washington Post, October 13, 2006

Wal-Mart Stores Inc. violated Pennsylvania labor laws by forcing hourly employees to work through breaks and beyond their shifts without overtime pay, a jury decided yesterday.

Lawyers for the employees said the decision could result in $62 million or more in damages.

The lawsuit, brought by two employees on behalf of almost 187,000 current and former Wal-Mart employees, claimed that the company made workers in Pennsylvania miss more than 33 million rest breaks from 1998 to 2001. At least 57 other wage-and-hour cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

"I think this proves that Wal-Mart's sweatshop mind-set persists," said Chris Kofinis, a spokesman with WakeUp Wal-Mart, a United Food and Commercial Workers Union-backed group. "There is some point where Wal-Mart will have to listen and it's got to treat its workers with respect and fairness."

Michael Donovan, a lawyer for the employees, would not comment until damages are awarded. He expects that to happen today. In court, the lawyers argued that the company denied breaks to cut labor costs and increase productivity.

"We take matters very seriously when associates say they have been mistreated in any way. However, because the jury is still in deliberation, it would not be appropriate to comment on the matter until a final decision has been made," said Sarah Clark, a spokeswoman for Wal-Mart.

Neal Manne, Wal-Mart's attorney, argued that the company properly paid its employees and that the lead plaintiffs were among a small group of disgruntled workers, according to the Philadelphia Inquirer's coverage of the trial.

Company officials said records appeared to show that workers who did not have breaks did so because they chose not to, or did not sign out, according to news reports.

The company has been trying repair its image after critics cast negative light on the company, claiming it pays poverty wages and offers few benefits.

The case is one of several class-action wage-and-hour suits against the company to go to trial. In December, a jury awarded $172 million to about 116,000 current and former Wal-Mart and Sam's Club workers in California who claimed that they were illegally denied lunch breaks. Wal-Mart is appealing the verdict.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch break case in Colorado for $50 million.

One of the pending cases, which accuses the company of paying men more than women nationally, is the largest private employer civil rights class action in history. Wal-Mart has asked an appeals court to overturn the class-action status of the case.

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The Pennsylvania case is larger than the California case in that it covers more employees and involves off-the-clock work, missed rest breaks and missed meal breaks. The jury in the six-week trial in the Court of Common Pleas in Philadelphia found in favor of Wal-Mart on the missed-meal claim.

Employees said they were pressured by managers to cut meals short and skip breaks. Two cashiers said they were locked in the store after it closed to restock merchandise.

US May Bequeath Bush A Hostile Congress (FT)

By Holly Yeager And Edward Luce

Financial Times, October 13, 2006

Republican party leaders in the US have lately been making it on to the television talk-show circuit not as guests but as jokes.

A year ago it was President George W. Bush's "Brownie, you're doing a heck of a job" praise for Michael Brown, the subsequently disgraced head of the Federal Emergency Management Agency. Variations on that Hurricane Katrina blunder kept audiences entertained for weeks.

Then, last week, America's late-night comedians got another windfall when staff of Dennis Hastert, Republican speaker of the House of Representatives, described as merely "over-friendly" the lewd e-mails sent by Mark Foley, a congressional colleague of Mr Hastert's, to teenagers who worked on Capitol Hill. Some have charged that Mr Hastert had known of this behaviour long before the story broke.

Given that at least one-third of the Republican vote comes from self-described evangelical Christians, and given Mr Hastert's dogged refusal to resign as speaker amid plummeting public confidence in his party, that choice of words could look even more inept following polling day next month.

According to the first opinion polls taken since the Foley scandal hit the front pages, the Democrats lead the Republicans by between 11 and 23 percentage points in the campaign for midterm congressional elections on November 7, a significant increase over previous weeks.

In a troubling sign for the Republicans, who have controlled the House since 1994 and the Senate since 2002, the Democrats are now ahead on all the Republicans' traditionally strong issues – most notably on national security and the "war on terror" but also on taxes and the economy. One poll even showed the Democrats leading on "moral values", one of the foundation stones of modern Republicanism.

The Democrats need to gain just 15 seats in the 435-member House to win control. Two of these seats are already in effect won, since the Republican incumbents (one of whom is Mr Foley) remain on the ballot paper but have withdrawn from the race. The Democrats also need to add six seats in the Senate, where 33 of the chamber's 100 seats are being contested.

"After looking at the news for the past 10 days or so, I have to wonder how Democrats can possibly fail in their efforts to take both the House and the Senate," says Stuart Rothenberg, editor of the Rothenberg Political Report, a Washington newsletter.

The picture in the American heartlands, where the fiercest electoral battles are being fought, suggests the Democrats are on course for victory. The latest analyses show about 40 House races in which Republicans are fighting to retain seats, while Democrats have focused their defensive efforts on fewer than a dozen races.

Most worrying for Republicans, these include seats where their incumbents have won easy re-election in the past. Among these are Tom Reynolds, leader of Republicans' House campaign effort, who is facing questions about whether he failed to act on early concerns about Mr Foley's conduct. Polls show him trailing in his upstate New York district by 15 points. Hoping to reverse that slide, his campaign released a television advertisement this week in which Mr Reynolds apologised: "Looking back, more should have been done, and for that I'm sorry."

In Pennsylvania, Curt Weldon, a 10-term congressman representing a district near Philadelphia, faces a surprisingly strong challenge, after winning re-election last time by a 19-point margin. "Six months ago, no one thought that race would be competitive," says Terry Madonna, director of the Keystone Poll at Franklin and Marshall College in Lancaster, Pennsylvania.

In Senate contests, several incumbent Republicans find themselves struggling to hold on to their seats. They include Rick Santorum of Pennsylvania, a close social conservative ally of Mr Bush, as well as Conrad Burns in Montana, Mike DeWine in Ohio, Jim Talent in Missouri and George Allen in Virginia.

Many struggling Republicans have been beset by scandals over ties between some in their party and Jack Abramoff, a lobbyist who this year pleaded guilty to corruption. Sheer ineptitude has also been a problem. For example, in August Mr Allen baffled many when he described a young Indian-American Democrat, who had been trailing him with a video camera, as a "macaca", which turned out to be a genus of monkey in north Africa. In spite of Mr Allen's tortured explanations, many assumed his slur to have been racial.

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Across the country the Republicans have been prone to gaffes and slip-ups. "You get the feeling that a big negative wave is about to hit the party," says Frank Luntz, a leading Republican pollster. "And there's virtually nothing they can do about it."

More significantly, the Democrats have benefited from Mr Bush's growing difficulties in Iraq, in spite of a failure by the opposition party to produce a coherent alternative either to the president's "stay the course" or to calls for an almost instant withdrawal of US forces.

But most voters appear to understand that the Democrats would have little influence anyway over the course of the war in Iraq even if they won both houses of Congress. "Our candidates can say what they want about Iraq, because the American people, more or less, believe that it hasn't added to our security, that our policy is not working, and because they recognise that no one knows exactly what to do," Bill Clinton, Mr Bush's Democratic predecessor, told the Financial Times in an interview last month.

In addition to Iraq, the Democrats have benefited from widespread voter anxiety over the economy – spanning rising healthcare and education costs, median wage stagnation and fears over the growing impact of competition from China and India. Again, the Democrats have few answers to the complexities of globalisation. But almost two-thirds of Americans tell pollsters their country is headed in the wrong direction.

Such is the Democrats' lead that even diehard Republicans expect defeat. Few would disagree with George Will, a conservative columnist, who wrote in the Washington Post: "If, after the Foley episode – a maraschino cherry atop the Democrats' delectable sundae of Republican miseries – the Democrats cannot gain 13 seats, they should go into another line of work."

Since the Democrats are notoriously bad at winning elections – and the Republicans have a well-deserved reputation for squeezing every possible vote out of their national database on polling day (see below) – a Democratic victory next month cannot be taken for granted. But should it happen, it would further complicate life for Mr Bush during his remaining two years in office.

Under normal conditions a president finds it tough to set the agenda during the last two years of his final term. Mr Bush faces the additional problem that the White House will have no candidate to field next time – since Dick Cheney, vice-president, will retire alongside Mr Bush. The 2008 contest will be the first time since 1952 that the White House has not provided a candidate.

In addition, Mr Bush has found it difficult enough to push his domestic agenda through a Republican-controlled Congress – having watched his most cherished goals, including the revamping of pensions and an overhaul of America's porous immigration system, fall by the wayside in the last 18 months.

A Democratic Congress would almost certainly block any further Bush initiatives, to deprive Republicans of legislative accomplishments in the build-up to the 2008 contest. "Regardless of who controls Congress, the wind will be out of the president's sails," says Sarah Binder, senior fellow at the Brookings Institution, a Washington think-tank.

However, the Democrats would use control of Capitol Hill to push through long-promised reforms. Nancy Pelosi, the San Francisco Democrat who is poised to become the first woman speaker of the House if her party wins, said this week she would use the first 100 hours of a Democratic majority to increase the minimum wage, reduce interest rates on student loans, expand federal funding for stem cell research and require the government to negotiate with pharmaceutical companies to lower costs for the Medicare prescription drug programme.

If the Democrats take the Senate too, they may be emboldened to tackle more difficult areas, such as reforms of education and healthcare. But Mr Bush will still possess his presidential veto, which he has used only once in his six years working with a Republican-controlled Congress.

There is also intense speculation among liberals that Democrats might even push to impeach Mr Bush for misleading the public into believing there were weapons of mass destruction in Saddam Hussein's Iraq. But any such efforts would almost certainly be stymied by the presidential ambitions of several Democratic senators, most notably Hillary Clinton. Anything that looked like vengefulness could rebound badly on her presidential ambitions.

"My hunch is that we'll be facing two more years of stalemate," says Ms Binder. In other words, the quality of American politics is still likely to generate jokes.

Party arsenals feature duelling databases

By Caroline Daniel

Saul Anuzis, chairman of the Republican party for the state of Michigan, opens his laptop over lunch. At his fingertips is a voter database. Pulling up his own file he scrolls through more than 100 pieces of information, including his support for an assisted-suicide prohibition bill, his boat licence, sports interests and Catholicism.

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His profile is part of a database called Voter Vault, which will be critical in the Republican midterm election campaign. Using basic voter information, with data analysis derived from polls of up to 50,000 voters and consumer databases, the party hopes to apply algorithms to predict how groups of people intend to vote and craft a message that appeals to them.

The technique, known as "micro-targeting" on the right and "modelling" on the left, is a sign of how far modern political campaigning has become a marketing exercise, with techniques that were traditionally used in broadcast advertisements applied to political communications. Nowadays political consultants tout "turnout scores", "clusters" and "micro-targeted messages".

In the US, generic electoral constituencies such as "soccer moms" and "Reagan Democrats" are broken down into even more forensic clusters. There are different algorithms to weigh cultural differences between West and East Texas. Strategists target finer demographic slices such as "high-income, God-respecting, terrorism-fearing Republicans" or "white women aged 35-45 with college educations, who are Catholic or Protestant and pro-life, with median incomes over $35,000 and live in $150,000-plus homes".

During congressional elections in 2002, for example, Republicans used statistical analysis successfully to target "downscale white men" in Georgia with a message invoking the Confederate flag, which led to higher than expected turnout among that group. In West Virginia in 2004, they modelled "older white women churchgoers" in traditional Democratic strongholds and encouraged them to vote Republican with an anti gay-marriage message.

The US is far from the only democracy where science has been applied to democratic elections on such an unprecedented scale. One of the originators of the art is Lynton Crosby, a poll guru versed in precision targeting from his native Australia. In the British general election last year, the Conservative party used the Voter Vault database in a campaign masterminded by Mr Crosby, though his efforts failed to prevent Labour, which had its own targeting software, from achieving a third successive poll victory.

In the US, Republicans have been at the forefront of applying such techniques, led by Karl Rove, the chief political strategist for President George W. Bush.

The Republican National Committee boasts a unified voter file, systematically updated by volunteers, which rigorously tracks progress, such as how many pieces of new data were added to the system. In Michigan the data will be used to craft 12 different messages as part of the effort to get out the vote. "If you have a better 'cookie cutter', you're going to make more cookies or votes," says Mr Anuzis.

As one Democratic consultant concedes: "The world changed in 2004. The rules used to be that if voter turnout was high, that meant a progressive win. But in 2004, we had the highest voter turnout since the civil rights era – we didn't win. Why? The Republicans found new ways to find new voters."

The Republican effort was led by necessity – Democrats have long had advantages in the more primitive "geography-based" targeting because more of their voters were in urbanised, centralised precincts, making it easier for them to organise large turnouts. But the base precincts for Republicans – where 80-90 per cent of those who voted did so for them – were typically rural, and smaller, with 100 rather than 10,000 votes.

This put a premium on winkling out individual voters likely to vote Republican in largely Democratic areas. In 2004, it was used in New Mexico to target Hispanics. Rather than a generic message, Republicans focused on the 20 per cent of Hispanics who supported Mr Bush's education policy, No Child Left Behind. Their Hispanic vote rose 12 per cent compared with 2000.

Democrats acknowledge they are several years behind. In 2004, state parties continued to operate eclectic voter files with different formats that were hard to scale to a national level. It was too complex to interrogate the data about which groups might respond to a certain message.

At the Democratic National Committee there was an effort to catch up under Terry McAuliffe, former chairman, who created a unified voter database – yet it was largely used as a fundraising not an electoral tool. "While progressives tried doing modelling in 2002, their approach was to try it nationally, which doesn't work. Put simply, a Texas Democrat and a Vermont Democrat are quite different Democrats," says one Democratic strategist.

The DNC under Howard Dean has yet to embrace scientific modelling on such a scale as the Republicans. It will run just six micro-targeting projects this year, though independent groups on the left, such as the AFL-CIO, are filling the void. They are tapping into a new for-profit voter database operated by Catalist. The company, created this year, received funding from George Soros, the billionaire financier.

Outside groups, such as Emily's List, pay Catalist to use their data for micro-targeting projects. The lessons – such as how to target voters who are most interested in the minimum wage – are then shared via America Votes, a grassroots voter-mobilisation operation that seeks to co-ordinate progressive groups in the 2006 elections and eliminate wasteful overlap in how they talk to voters.

Maggie Fox, president of America Votes, says her aim is to get progressive groups to work more closely and share electoral strategies, using micro-targeting to identify which organisations should be targeting which constituents. The group will

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spend $1.3m (£700,000, €1m) on micro-targeting projects in five key states, including Ohio and Michigan. “When we started doing it it was a bit like asking people to undress in public,” she says.

Yet she acknowledges the focus is on learning lessons that can be applied in 2007 and 2008, rather than making a big difference this year.

Donald Green, professor of political science at Yale University, remains sceptical of some of the claims made by advocates of micro-targeting. He agrees that it helps voter identification. “As a short cut way of identifying your supporters it is unassailable.” Yet he doubts some of the statistical inferences drawn from the data about partisanship, saying the evidence is more anecdotal than analytical.

Adrian Gray, director of strategy at the RNC, acknowledges the distinction, but says their advantage comes from having “the better message than our opponent, knowing where we send it, how many times we send it and through which medium it is sent”.

Yet in an election where macro issues such as Iraq dominate, it is hard to weigh the importance of mechanical techniques over the daily pounding from the news. “The difference between politics and the commercial marketplace is we have one day to measure success,” says Mr Gray.

GOP Redirects Funds From Faltering Races (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 13, 2006

Faced with a deteriorating political climate, Republican Party officials are hoping to keep control of the House and Senate with a strategy aimed at shoring up enough endangered incumbents to preserve their majorities, while scaling back planned spending on races that now appear unwinnable.

In recent days, the National Republican Congressional Committee (NRCC) has given back television time it had reserved in Democratic-held districts in West Virginia, South Carolina and Ohio -- apparently concluding that those races are beyond reach unless something dramatic changes the national political environment in the 25 days before the Nov. 7 election.

The Republican National Committee, which is using its substantial resources to supplement the party's Senate campaign committee, has spent virtually all of its television money in just three states -- Ohio, Missouri and Tennessee -- hoping to build a levee strong enough to save those seats and the Senate majority.

But recent events, among them the problems facing Republican Sens. George Allen in Virginia and Mike DeWine in Ohio, make that task even more difficult, GOP strategists privately concede.

Democrats, meanwhile, are juggling pleas for financial assistance from candidates in House districts once considered second-tier opportunities. The Democrats have ordered up polls in a dozen or more of these long-shot districts and now face a critical choice: whether to place bets on a few of these districts in the hope of expanding the field of competitive seats, or concentrate advertising dollars as planned on the roughly 20 to 25 districts where the odds appear most favorable.

Linda Stender has been pressing party officials to pour money into her uphill race against Rep. Mike Ferguson in New Jersey's 7th District, touting a new poll that shows her within striking distance. So far, those officials are balking.

"The challenge right now is for the DCCC to assess all the information as it is coming that show which races are competitive," Stender said. "If anything, what is toughest is there are so many seats that are competitive now."

Bill Burton, spokesman for the Democratic Congressional Campaign Committee (DCCC), said the party will look carefully before jumping in. "We're going to be polling, and we're going to look at the political dynamics and the strength of candidacies," he said. "No decisions have been made at this point."

Democrats need to gain 15 seats next month to recapture the House. Strategists believe the goal is now attainable, because of high disapproval ratings for both the Republican-controlled Congress and for President Bush, as well as public dissatisfaction over Iraq and the fallout from the Mark Foley page scandal.

Some top Republicans privately talk about losing a minimum of 12 seats, leaving them with a barely workable majority, and as many as 25 or 30 seats. Democratic strategists see the range of potential pickups in almost identical terms.

The two House campaign committees are pouring most of their money into independent expenditure ads -- most of them negative -- on behalf of their candidates. As of early this week, Democrats had spent or reserved about $49 million in advertising time; the Republicans had spent or reserved $56 million to $60 million. In some races, there may be no more television time to buy.

A summary of advertising dollars spent to date by the candidates, the national party committees and major outside groups, produced by a media firm called TNSMI/CMAG and obtained by The Washington Post, shows that the bulk of television money has gone into 35 House districts.

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Among those where spending is heaviest are three races in Indiana, where Republican incumbents are running scared. More than $4 million had been spent there as of the beginning of the week. Other races where money has flowed freely include two districts in Connecticut -- another state where Republicans are on the defensive -- and districts in Pennsylvania, Ohio, Kentucky, New Mexico, New York and Virginia.

"We're seeing relatively safe House districts with candidates up on the air five weeks out," said Evan Tracey, chief operating officer of TNSMI/CMAG. "They would have been on two to three weeks out at the earliest in past elections. . . . No one is safe."

The two committees are closely tracking spending patterns, and at this point in the campaign there is a certain amount of gamesmanship in their public explanations of what the other side is up to.

Democrats noted gleefully that Republicans had spent money on a poll in Indiana's 3rd District, where incumbent Rep. Mark Edward Souder (R) won reelection with 69 percent of the vote in 2004 and Bush carried with 68 percent of the vote. Souder has not been on anyone's endangered list.

NRCC spokesman Carl Forti said the committee polled the district out of precaution because Souder's opponent had invested several hundred thousand dollars in advertising. Forti said the poll showed Souder in no danger.

NRCC officials noted that Democrats scaled back ad buys in Phoenix and Denver and said that meant the opposition is giving up on two House incumbents. Not so, say Democrats, who say the Republicans are misreading their movements.

This jousting will continue into the final days, but what is clear at this point is that Democrats are playing very little defense in the House and the Senate. They are spending money on a small number of seats held by Democrats, most notably Rep. Leonard L. Boswell in Iowa and Melissa L. Bean in Illinois. In the Senate, Democrats worry most about Robert Menendez of New Jersey, whose seat they can ill afford to lose.

Even Republicans in districts dominated by conservative voters are picking up high levels of unease. Colorado's 5th District, for instance, has never elected a Democrat since it was created 34 years ago. But retiring Rep. Joel Hefley (R) has refused to endorse the party's nominee, Doug Lamborn, charging him with having run a "sleazy" campaign, and a new poll by the Denver Post found him tied with Democrat Jay Fawcett with a quarter of the electorate undecided.

Republican officials said the race is not that close but acknowledged that the political environment is more difficult than expected. "Everyone in the country is seeing some disenchantment with Republicans," said Lamborn campaign manager Jon Hotaling.

The DCCC sent word to Fawcett on Wednesday that they will now invest modestly in his race. "It has been a pointed discussion all along about whether we were reading things right out here," Fawcett said. "We thought something was going on. Slowly but surely we have banged away at it, and finally Washington is noticing."

Republicans seem more concerned about one of their Colorado incumbents, Rep. Marilyn Musgrave, who appears potentially vulnerable. She required a last-minute lift from GOP officials in Washington in 2004. The NRCC is coming to her aid again against state Rep. Angie Paccione; Democrats this week scaled back plans for advertising in the district, suggesting that Musgrave's standing might be improving.

Republicans are also increasingly nervous about the seat held by Rep. David G. Reichert (R-Wash.). Darcy Burner, a former Microsoft executive, has pounded Reichert for voting with the GOP majority in Washington, hoping to capitalize on widespread frustration there. In a sign of nervousness, the NRCC recently increased its spending on television ads in the district.

Burner wants help from the DCCC. "Anytime you spend millions of dollars communicating with voters, it is going to have an impact," Burner said.

But some races require more money than others to have the same impact. In New Jersey, Stender might fall victim to the cost-benefit analysis of betting on House seats in the very expensive New York media market. With limited funds, the DCCC is likely to roll the dice on seats where television ads are cheap.

Rove Makes Good On $5 Million Pledge (AP-Y)

By David Espo

AP-Yahoo, October 13, 2006

Call it a political challenge grant — you raise $5 million, and a big benefactor will kick in another $5 million.

That's the pledge that White House political strategist Karl Rove made this summer to Rep. Tom Reynolds, the head of the House Republican campaign committee, according to several officials. The arrangement was deemed so sensitive that no public announcement was made.

Under the plan, House Republicans agreed to increase the target for their so-called "Battleground" program, in which incumbent GOP lawmakers are prodded to donate or raise money for use in races other than their own. This year's program is

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run by Rep. Eric Cantor (news, bio, voting record), R-Va., and the money goes to the National Republican Congressional Committee, which pays for television commercials, political mailings and other activities in the country's most competitive races.

Originally, Cantor was given a goal of $17.5 million, and met it.

The target was then raised to $22.5 million as part of an understanding that Rove would kick in $5 million on top of it, according to officials familiar with the details. The program has generated roughly $21 million in pledges so far.

The officials who described the arrangement did so on condition of anonymity, saying they were not authorized to discuss it publicly.

One official said the pledge money was to come from funds remaining after President Bush's 2004 re-election campaign, but a spokeswoman at the Republican National Committee said that was not true.

"The Bush-Cheney campaign has not made any contributions to the NRCC and has no plans to do so," said Tracey Schmitt.

Through a spokesman, Cantor issued a statement that said, "We are pleased to announce that today we have broken the battleground records for amount raised."

It was not known whether a similar arrangement exists between Rove and Senate Republicans, who lagged well behind Democrats in campaign cash heading into the final weeks of the campaign.

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When Rep. Brian Bilbray won a special election last summer in place of a jailed former lawmaker, Randy (Duke) Cunningham, relieved Republicans said it was a sign that Democrats had been hyping their prospects for the fall.

Now it looks like the GOP is getting nervous again.

The party's campaign committee, which focuses its efforts on races that are competitive or may become so, recently commissioned a poll of the San Diego-area district and spent money for mass mailings. Bilbray's opponent on Nov. 7 is Francine Busby, the woman he defeated in June.

Republicans also show signs of concern over several other districts that have not generally been on either party's lists of competitive seats.

Among the lawmakers are Reps. Jean Schmidt of Ohio, Mark Souder of Indiana and John Sweeney of New York. The national Democrats are advertising in the Sweeney race, and Republicans customarily would follow suit in such a situation.

Democrats are showing unease about one of their own, Rep. Darlene Hooley (news, bio, voting record) of Oregon.

The party's campaign committee recently pitched in for an ad that accuses her opponent, Mike Erickson, of lying about her record "in a time of war." Republicans, too, are giving the race a late look. They recently paid for a poll in the district.

Democrats must gain 15 seats to win a House majority on Nov. 7

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Florida Democrat Tim Mahoney is the equivalent of a politician who was hit by lightning. Two weeks ago, he was running a hopeless race. Then his opponent, Rep. Mark Foley (news, bio, voting record), quit over sexually explicit computer messages he sent to teenage male pages.

Now Mahoney has an ad running that seems like a who's who of the ethically challenged among Republicans. "Congress is a mess. Corruption. Waste. Incompetence," intones the narrator as the images of Tom DeLay, Bob Ney and Jack Abramoff scroll across the screen.

DeLay is the former majority leader who quit Congress and faces allegations of violating campaign finance laws in Texas. Ney, still in Congress, recently signed a plea agreement confessing crimes of corruption. Abramoff is the former Republican lobbyist whose plea bargain last January triggered a corruption scandal that has yet to subside.

Will The Levee Break? (NYT)

By Paul Krugman

The New York Times, October 13, 2006

The conventional wisdom says that the Democrats will take control of the House of Representatives next month, but only by a small margin. I've been looking at the numbers, however, and I believe this conventional wisdom is almost all wrong.

Here's what's happening: a huge Democratic storm surge is heading toward a high Republican levee. It's still possible that the surge won't overtop the levee — that is, the Democrats could fail by a small margin to take control of Congress. But if the surge does go over the top, the flooding will almost surely reach well inland — that is, if the Democrats win, they'll probably win big.

Let's talk about Congressional arithmetic.

Unless the Bush administration is keeping Osama bin Laden in a freezer somewhere, a majority of Americans will vote Democratic this year. If Congressional seats were allocated in proportion to popular votes, a Democratic House would be a done

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deal. But they aren't, and the way our electoral system works, combined with the way ethnic groups are distributed, still gives the Republicans some hope of holding on.

The key point is that African-Americans, who overwhelmingly vote Democratic, are highly concentrated in a few districts. This means that in close elections many Democratic votes are, as political analysts say, wasted — they simply add to huge majorities in a small number of districts, while the more widely spread Republican vote allows the G.O.P. to win by narrower margins in a larger number of districts.

My back-of-the-envelope calculations suggest that because of this "geographic gerrymander," even a substantial turnaround in total Congressional votes — say, from the three-percentage-point Republican lead in 2004 to a five-point Democratic lead this year — would leave the House narrowly in Republican hands. It looks as if the Democrats need as much as a seven-point lead in the overall vote to take control.

No wonder, then, that until a few months ago many political analysts argued that the Republicans would control the House for the foreseeable future, because only a perfect political storm could overcome the G.O.P. structural advantage.

But what's that howling sound? Every poll taken this month shows the Democrats with a double-digit lead in the generic ballot question, in which voters are asked which party they support in this election. The median Democratic lead is 14 points.

And here's the thing: because there are many districts that the G.O.P. carried by only moderately large margins in recent elections, a large Democratic surge — one only a bit bigger than that needed to take the House at all — would sweep away many Republicans holding seats normally considered safe. If the actual vote is anything like what the polls now suggest, we're talking about the Democrats holding a larger majority in the House than the Republicans have held at any point since their 1994 takeover.

So if the Democrats win, they'll probably have a substantial majority. Whether they'll be able to keep that majority is another question. But be prepared to wake up less than four weeks from now and learn that everything you've been told about American politics — liberalism is dead, whoever controls the South controls Washington, only Republicans know "the way to win" — is wrong. (Are we seeing the birth of a new New Deal coalition, in which the solid Northeast takes the place of the solid South?)

The storm may yet weaken. The Iowa Electronic Markets, in which people bet real money on election outcomes, still give Republicans a roughly 40 percent chance of keeping control of both houses of Congress. If that happens, will it mean that Republican control is permanent after all?

No. Bear in mind that the G.O.P. isn't in trouble because of a string of bad luck. The problems that have caused Americans to turn on the party, from the disaster in Iraq to the botched response to Katrina, from the failed attempt to privatize Social Security to the sudden realization by many voters that the self-proclaimed champions of moral values are hypocrites, are deeply rooted in the whole nature of Republican governance. So even if this surge doesn't overtop the levee, there will be another surge soon.

But the best guess is that the permanent Republican majority will end in a little over three weeks.

'The Empire State Strikes Back' (WP)

By E. J. Dionne Jr.

The Washington Post, October 13, 2006

NEW YORK -- What is happening to the Republican Party in New York state is the national GOP's nightmare. The once-thriving political organization of Nelson Rockefeller, Al D'Amato and George Pataki is a shambles.

And the way the Republican coalition has broken up should have national Republicans scurrying for a new game plan.

For many Americans, "New York" evokes the liberal salons of Manhattan. But Manhattan is a small piece of the Empire State. Political change has been driven by the populous suburbs of Long Island and Westchester and Rockland counties, and by the vast stretches of Upstate New York that are far closer in spirit to the Midwest than to the Upper West Side or the Silk Stocking District.

The Republican collapse here has been driven by two streams of defectors: suburban moderates and Upstaters.

As a result, the entire Democratic ticket, led by Sen. Hillary Rodham Clinton and Eliot Spitzer, the party's candidate for governor, is expected by just about everyone to sweep the state. As many as five Upstate Republican congressional seats -- they would constitute a third of the 15 seats that Democrats need to win the House -- are in jeopardy.

"It's 'The Empire State Strikes Back,' " says Democrat Dan Maffei, a former congressional aide who is running a surprisingly strong race against Rep. Jim Walsh, the Republican incumbent, in a district that stretches from Syracuse to the Rochester area.

Maffei sees the immediate trend toward Democrats powered by frustration with President Bush and the Iraq war. But it is also rooted in long-term factors: the economic troubles of many Upstate communities, the area's "libertarian" leanings on cultural

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issues and the homelessness felt by many moderate Republicans in the face of a national party increasingly dominated by conservatives.

"Bush Republicanism," Maffei says, "is not for them."

D'Amato, the voluble Republican who served 18 years in the U.S. Senate until he was defeated in 1998 by Charles Schumer, sees demographic change -- the increasing number of Hispanic and African American voters -- as augmenting the Democrats' advantage in party registration. Hispanics, of course, are also a growing part of the electorate in other key states, some of them traditionally Republican.

But he adds that "there is something broader than the Republicans falling on hard times, which they are." He notes that in New York, "after the tenure of a strong governor," the party that long held power often sees its organization fall apart. This happened to Republicans after Rockefeller's long run and to Democrats after Pataki defeated Mario Cuomo in 1994. With Pataki retiring, said Assemblyman Pete Grannis, a Manhattan Democrat, it's the Republicans' "time in the skillet."

State Sen. Kemp Hannon, a Long Island Republican who has spent nearly three decades in the legislature, also worries that the coalition of "Reagan Democrats" that D'Amato helped build -- "they were Irish, Italian and Polish Democrats and some Jews" -- is a thing of the past. "I believe that Bush has destroyed that whole thing," Hannon says. "It's not here any longer in the Northeast." And the parts of Upstate New York "not moving ahead economically whatsoever . . . feel it a great deal."

Adds D'Amato: "It's very similar to an Ohio kind of thing," meaning that vulnerable New York Republicans are in much the same spot as their endangered congressional colleagues in former industrial powerhouse regions to their west.

Bill de Blasio, who managed Hillary Clinton's 2000 Senate campaign and is now a New York City Council member from Brooklyn, sees the pincer movement against Republicans from the suburbs and Upstate as similar to what's happening in other parts of the country.

"The two trends are quite universal," de Blasio says. "There's a growing body of suburbanites who are increasingly concerned about the rightward drift of the Republican Party, and voters very worried about what's happening to real wages." Paul Tokasz, the retiring Democratic majority leader in the state Assembly -- he hails from Cheektowaga, just outside Buffalo -- says the same suburban movement away from the Republicans that is so visible in the New York City area is happening in metropolitan areas across the state.

D'Amato, normally a happy Republican warrior, is in a blue mood about November. "You have a foreign policy which is groping and a domestic [Mark] Foley scandal, so you have a lot of disaffected people, and I think it's going to result not only in the Democrats taking over the House, but also with substantial numbers."

As New York goes, so goes the nation?

postchat@aol.com

In Key Races, Democrats Look At Rivals' Personal Lives (WP)

By Jim Vandehei

The Washington Post, October 13, 2006

In the wake of the Mark Foley page scandal, Democrats are targeting the personal lives of Republicans in numerous key House races as part of a campaign to capitalize on voter disgust with the messy personal lives and alleged character defects among elected officials.

Although Democrats' internal polling shows that the Foley scandal is resonating deeply only in half a dozen races, party operatives are calculating that GOP candidates are now unusually vulnerable to personal attacks, several candidates and strategists said.

In New Jersey, Democratic candidate Linda Stender this week sent voters a two-page brochure accusing Rep. Mike Ferguson (R) of improperly preying on young women in a fashionable D.C. nightclub. Stender, who is shown by polls to be within striking distance of Ferguson, said the Foley affair "opened the door to talk about the ethical challenge of my opponent." Ferguson has denied the allegations, and a spokeswoman last night called the attacks "pathetic and desperate."

Democratic candidate Chris Carney is running an ad accusing Rep. Don Sherwood (R-Pa.) of "repeatedly choking" and "attempting to strangle" a young mistress. Foley and Sherwood share "the arrogance of power," said Carney. "They're willing to cover up these types of things to retain power."

Sherwood has apologized for the affair but said in a television ad that the "allegation of abuse was never true."

Democratic candidate Kirsten Gillibrand is calling on GOP Rep. John E. Sweeney in Upstate New York to explain a drunken driving arrest 30 years ago and a more recent car accident. "Your decision to release any and all records related to your arrests and other incidents with law enforcement will send an important signal about your willingness to come clean with voters," Gillibrand said in a letter to Sweeney this week.

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The Sweeney campaign has said that the details of both incidents are out in public and that the congressman has nothing to hide. The lawmaker fired back yesterday by calling on Gillibrand to release her tax records, suggesting that she has her own secrets.

"It is attack and distract," said Maureen Donovan, a spokeswoman for Sweeney.

All three races highlight a much broader Democratic campaign to politicize the Foley page scandal over the final four weeks of the campaign, Democratic candidates and strategists say.

Top Democratic officials believe "that anybody who had a personal vulnerability before this is totally [at risk] with the spotlight on scandal," said a Democratic aide familiar with the party's plan to take advantage of the Foley affair. "Frankly, it is a tough environment out there if you have a problem with the bottle or the zipper."

Carl Forti, spokesman for the National Republican Congressional Committee (NRCC), said the effectiveness of the charges "often depends on what the person is accused of having done and their reputation and standing in the community -- national climate has nothing to do with it."

Former Republican National Committee chairman Ed Gillespie said Democrats are dangerously close "to overreaching" in their attacks, risking a political backlash like the one that damaged Republicans after they pushed for the impeachment of President Bill Clinton over the Monica S. Lewinsky scandal in 1998. Democratic operatives said they are aware of this possibility but are calculating that, as long as the attacks are at the local level, they will not backfire.

Republicans and Democrats alike said personal attacks are especially potent in districts that were not as competitive before the public's renewed focus on controversy and alleged coverups. Both sides are reporting high voter interest in the unfolding revelations that Foley repeatedly preyed on young male pages while in Congress and that GOP leaders were aware of concerns about the lawmaker's behavior and allegedly did little to stop it.

So far, there is general agreement that about half a dozen GOP candidates are suffering as a direct result of the controversy. Topping that list are NRCC Chairman Thomas M. Reynolds (R-N.Y.), who was told of Foley's questionable behavior and said he reported it to his superiors, and Sherwood, whose former mistress, in a lawsuit, accused him of choking her.

Many Republicans also said it will be virtually impossible for the newly designated Republican candidate in Foley's district to win, because Foley's name remains on the ballot.

The most common Democratic attacks have been the sort used against Republicans such as Rep. Deborah Pryce (Ohio), a member of the House GOP leadership team who has said she knew nothing of the allegations against her friend and colleague Foley. Nonetheless, Democrats are criticizing her for not catching warning signs and for being part of a team that they say averted its gaze from Foley's problems.

A big part of the Democratic strategy in Pryce's district and elsewhere is to suppress turnout among Christian conservatives, a pillar of the GOP coalition.

But there have also been attempts to take advantage of the Foley episode to highlight corruption issues more broadly.

For the Ohio seat to be vacated by indicted Rep. Robert W. Ney (R), the Democratic Congressional Campaign Committee (DCCC) is blanketing the district with mail saying GOP candidate Joy Padgett, a state senator, is too "dirty" to clean up Congress. "You can't clean up Congress if you are covered in mud," the mailings say, drawing links between Padgett and Ney. The DCCC is also running television ads questioning her personal business dealings. The offensive coincides with Ney's expected guilty plea on Friday in the money-for-favors scandal involving convicted lobbyist Jack Abramoff.

Top targets are Republican incumbents who have been bruised by the Abramoff scandal. In California, for instance, Democrats are assailing Rep. John T. Doolittle for supporting "forced abortions and sex slavery" in the Northern Mariana Islands, which were represented by Abramoff. Democrat Charlie Brown said the attack is fair because Doolittle has refused to return contributions from supporters of the government there.

In most cases, these attacks are akin to a "Hail Mary" football pass because the chances of success are so low. An example is in Nevada, where Democrats are trying to oust GOP Rep. Jon Porter from a seat that would be very hard to flip under normal circumstances. Senate Minority Leader Harry M. Reid (D-Nev.) -- facing his own controversy over a big profit on a land deal -- has twice raised questions about Porter's divorce. The Democratic candidate in that race, Tessa Hafen, is a former Reid aide.

Cheney Touts Ryun, Bush Record During Visit To Kansas (KCS)

By John Hanna

The Kansas City Star, October 13, 2006

TOPEKA, Kan. - Telling fellow Republicans that tax cuts and a vigorous war on terrorism are at stake in this year's election, Vice President Dick Cheney came here Thursday to help raise money and boost Rep. Jim Ryun's re-election campaign.

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Cheney touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a "strategy of resignation and defeatism" abroad.

"In all the decisions that will come in the next two years, it's going to matter a great deal which party has the majority on the floor and the gavel in committee," Cheney said. "The stakes in this campaign are high."

Democrats argued Cheney's visit shows Republicans are worried that Ryun, who's seeking a sixth term representing Kansas' 2nd District, might lose to Democratic challenger Nancy Boyda.

Ryun's campaign said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney. Some arrived two hours early.

"I don't think there's any part of America that's better represented in Washington than the 2nd District of Kansas," Cheney said. "He's also one of the most thoroughly respected members in the House."

The vice president also mentioned GOP challenger Chuck Ahner in the 3rd District and Republican gubernatorial candidate Jim Barnett.

Cheney's visit comes as his fellow Republicans are worried about holding onto their House majority. Earlier this month, Cheney made fundraising appearances in Florida and Wyoming to help GOP incumbents in those states.

Boyda said Cheney's visit demonstrates how Ryun has "gone Washington."

"I personally think it's going to do him more harm than good,' Boyda said during an interview. "Jim Ryun's biggest mistake is that he thinks most Kansans are as disconnected as he is, and that's what is going to get him out of office."

But Mike Gaughan, the state Democratic Party's executive director, said Ryun "is depending on his Washington cronies to give his campaign a boost."

Ryun said such a suggestion is wrong because Cheney's visit has been planned since August.

"It gives us the opportunity to make sure our message is out there so people understand the clear choices that will take place on Nov. 7," Ryun said after the event.

For fellow Republicans, Cheney painted a stark picture of what Democratic victories would mean, listing liberals such as Massachusetts Sen. Ted Kennedy as leaders of committees. Ryun's only close race to date was his first one in 1996, and Kansas Republicans used a similar argument to prevent too many defections.

"It's almost like they're saying, 'We understand why you're thinking of voting against us, but the result is going to be worse than you can imagine,'" said Bob Beatty, a Washburn University political scientist. "It's almost an acknowledgment that, 'Things haven't been going as well under our party as we'd hoped.'"

Kansas always has been friendlier-than-average territory for Bush. Two years ago, he captured 62 percent of the Sunflower State's vote in winning re-election.

Earlier this year, Ryun seemed likely to win re-election without much trouble in the 2nd District, which covers the eastern third of the state, except for the state's portion of the Kansas City metropolitan area.

The district leans GOP, and Ryun still enjoys a reservoir of admiration from his days as an Olympic runner. Also, Boyda captured only 41 percent of the vote in 2004, even with major help from the national Democratic Party.

But Boyda has said her internal polling shows the race is close, and even some Republicans acknowledge her pitch - exemplified by her "Had enough?" slogan - appears to be resonating with voters upset with Congress.

However, Cheney warned his audience that if Democrats controlled Congress, families would pay higher taxes.

"The marriage penalty will be back. The death tax will come back to life," Cheney said. "The child credit will also drop down from $1,000 to $500 per child."

Boyda called such statements "hollow rhetoric."

"Democrats would not only keep, they would expand middle class tax cuts. They would expand tax relief for independent and small businesses," she said. "The Bush tax cuts for the wealthy have to be repealed."

Cheney also said the United States is safer, adding that Bush warned Americans that the fight against terrorism would require patience and determination. He noted Connecticut Sen. Joe Lieberman's loss in his Democratic primary this year and suggested leaders such as Chairman Howard Dean are trying to purge the party.

"What these Democrats are pushing now is the very kind of retreat that has been tried and has failed in the past," Cheney said. "It would be reckless and inconsistent with our values. It would betray our friends and only heighten the danger to the United States."

Boyda said she hopes nonpartisan recommendations for ending the war in Iraq will come from former Secretary of State James A. Baker III.

"With the military stretched thin, the American people are not feeling safer," Boyda said. "This administration and Jim Ryun need some adult supervision."

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GOP Focuses On Taxes Again (WT)

By Ralph Z. Hallow

The Washington Times, October 13, 2006

President Bush and Republican Senate and House candidates are talking more about taxes in speeches, debates and TV spots after polls showed it is the Republican Party's best issue in a tough midterm election season.

"One of the most important issues on the ballot this November is taxes," Mr. Bush said this week in stumping in Georgia for former Rep. Mac Collins, seeking to unseat Rep. Jim Marshall, the incumbent Democrat. "There is a fundamental difference between the Republican and Democratic parties on this important issue."

After being off the campaign radar for months, the tax issue is now turning up in races from Virginia to Minnesota, with a little recent help from Democrats.

Republicans grinned from ear to ear last month when the ranking Democrat on the House Ways and Means Committee, New York Rep. Charles B. Rangel, just about guaranteed tax increases if his party takes over the House after Nov. 7. Asked whether Democrats would consider raising taxes across the whole spectrum of income, Mr. Rangel said, "No question about it."

Some Republicans say Mr. Rangel and his party will soon regret those words.

"Republican tax cuts have removed lots of low-income Americans from the tax rolls, so is Charlie Rangel telling those low-income folks if he and the Democrats take over, they'll put those folks back on the tax rolls?" said American Conservative Union Chairman David A. Keene. "So is he saying his supposed constituency will get to pay taxes again?"

Republican candidates are now asking the same question:

·In a new TV spot, Republican Sen. George Allen, facing an unexpectedly difficult re-election bid in Virginia, says his Democratic challenger, James H. Webb Jr., a former secretary of the Navy, will "bring back the death tax, the marriage penalty tax and cut your child tax credit from $1,000 to $500."

·In Iowa, state Senate President Jeff Lamberti, the Republican seeking to unseat Democratic Rep. Leonard L. Boswell, has hit the incumbent hard with the "new" weapon, saying the five-term congressman supports higher taxes.

·In Minnesota, Rep. Mark Kennedy -- a Republican running for the seat being vacated by retiring Democratic Sen. Mark Dayton -- in a debate this week accused his Democratic opponent, Amy Klobuchar, of supporting "job-killing" tax increases and said that Republicans "helped create 6 million new jobs ... because of the tax relief we passed."

The Democrats are countering with their traditional argument that only the rich benefit from Republicans' tax-cutting policies.

"I don't think taxes are working any better than the war on terror for Republicans, unless you are talking to people in the top 1 percent of income," said Karen Finney, spokeswoman for Democratic National Committee Chairman Howard Dean. "The vast majority of Americans know the Bush economy isn't working for them, so in talking about the economy, most voters are concerned about jobs, wages and rising costs."

Since Mr. Rangel's pledge last month that Democrats would consider across-the-board tax increases, the New York Democrat -- who would become chairman of the key tax-writing committee if Democrats win a House majority on Election Day -- has hedged, shifting his emphasis to making the rich pay more taxes.

Mr. Rangel's remarks, however, have helped focus attention on taxes -- long a signature issue for the Republican Party, but one that Republican pollsters say wasn't polling well until recently.

The comeback of the tax issue is timely for Republicans, who have found their advantage slipping on other key issues. Newsweek magazine reported earlier this month that for the first time since 2001 its poll "shows that more Americans trust the Democrats than the GOP on moral values and the war on terror."

In several competitive congressional races, Republican campaigns have shifted away from a strong emphasis on national security and have begun hammering Democrats as the party of higher taxes -- as Mr. Bush did this week in Georgia.

"Next month, our nation has to make a choice: Do we keep taxes low so you can keep our economy growing? Or do we let the Democrats in Washington raise taxes and hurt the growth of the economy?" the president said while campaigning for Mr. Collins.

"The decision you make in the voting booth will have a direct impact on your bottom line," Mr. Bush told Georgia Republicans.

Republicans say the threat of Democrats taking over Congress has helped boost the issue.

"The tax issue wasn't working for us before because the economy was good, Bush and the Republican Congress had already slashed taxes, and people were focused on other things," Mr. Keene said. "Now, with only weeks before the election, people are being told this election is not about putting money in their pockets through tax cuts but about Democrats taking money out of people's pockets by raising taxes if they get to run the show."

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Making taxes a personal issue is the key, one senior Republican adviser said.

"Candidates using the issue successfully are personalizing it, saying for example that there are 42 million middle-class families with children, and if Bush tax cuts are allowed to expire or are repealed, each such taxpayer stands to lose 2,000 bucks out of his pocket," he said.

In New Orleans, Cheney Collects Campaign Cash, Praises Levee Work (AP)

The Associated Press, October 13, 2006

NEW ORLEANS (AP) — During his first trip to this city in more than a year, Vice President Dick Cheney attended a Republican fundraiser after getting briefed on efforts to protect New Orleans from future floods.

Cheney's stopover in New Orleans was also criticized by Democrats, who released a news release questioning the vice president's decision to not spend time in areas flooded by Katrina.

Cheney was shuttled into New Orleans in a motorcade and met privately with Donald Powell, the administration's recovery czar for the battered Gulf Coast, U.S. Sen. David Vitter, R-Metairie, and Brig. Gen. Robert Crear, commander of the Mississippi Valley division of the U.S. Army Corps of Engineers.

Cheney briefly spoke to reporters after the closed-door meeting. He took no questions.

The vice president acknowledged that there are still some unfilled gaps in flood protection system, but he said overall he was "tremendously impressed."

"We've got a lot of work to do yet, but it looks like the levees are back to pre-Katrina levels, and in some cases, better than that," Cheney said. "Clearly, that's one of the most important parts of recovery process, which is altogether fitting given that this was the worst natural disaster in American history."

In the late afternoon, Cheney headlined a Republican National Committee fundraiser at the World Trade Center. The RNC said the event was expected to raise $180,000 in campaign cash.

The Democratic National Committee issued a news release calling Cheney's meeting with officials window-dressing for the fundraising junket.

Powell, speaking on Cheney's behalf, called that charge "unfortunate."

"I think he spent his time very wisely" focusing on flood control and economic issues," he said.

Earlier Thursday, Cheney visited Topeka, Kan., to help raise money and boost Rep. Jim Ryun's re-election campaign.

Cheney touched on themes he has used in speeches in other states, suggesting that a Democratic-controlled Congress would allow tax cuts championed by President Bush to lapse and would adopt a "strategy of resignation and defeatism" abroad.

Democrats argued that Cheney's visit shows Republicans are worried about Ryun, who's seeking a sixth term representing Kansas' 2nd District, losing to Democratic challenger Nancy Boyda.

Ryun's campaign said the event, held in the ballroom of Topeka's biggest conference center, raised $209,000, with nearly 300 contributors paying $100 each to attend the speech and an additional $1,000 to have their pictures taken with Cheney. They munched on snacks and drank iced tea, some arriving two hours early.

"I don't think there's any part of America that's better represented in Washington than the 2nd District of Kansas," Cheney said.

The vice president also mentioned GOP challenger Chuck Ahner in the 3rd District and Republican gubernatorial candidate Jim Barnett.

Cheney's visit comes as his fellow Republicans are worried about holding onto its House majority. Earlier this month, Cheney made fundraising appearances in Florida and Wyoming to help GOP incumbents in those states.

Earlier this year, Ryun seemed likely to win re-election without much trouble in the 2nd District. But Boyda has said her internal polling shows the race is close.

Laura Bush Lends A Hand To Sen. Talent (STL)

By Jo Mannies

STLToday.com (St. Louis), October 13, 2006

Besides planting a tree in Forest Park and flipping a pink light on at the Arch, Laura Bush also had a political role to fill while in town Thursday.

Her task: to help energize the region's Republican base about U.S. Sen. Jim Talent's bid for re-election Nov. 7.

She had plenty of help. Also in the region Thursday was her husband, President George W. Bush, and Republican National Committee chairman Ken Mehlman.

Although many of their events were nonpolitical, the appearance of all three in the same state on the same day is a rare occurrence that underscored Missouri's political importance this fall, said David Robertson, a political science professor at the

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University of Missouri at St. Louis. "Missouri has become a 'firewall' state for Republicans as they do everything they can to avoid losing the U.S. Senate," Robertson said.

A loss of six Senate seats nationwide would put the Democrats in control. And at the moment, more than that number around the country are considered in play in next month's elections. They include Talent's neck-and-neck contest with his Democratic rival, state Auditor Claire McCaskill.

Mehlman called "firewall" too strong of a term to describe Missouri's significance to the GOP. "Missouri is important to both parties," said Mehlman in a telephone interview from Union, Mo., where he headlined the last of five get-out-the-vote events Thursday for Republican activists.

Laura Bush was the chief attraction Thursday afternoon at a fundraising event for Talent in west St. Louis County that collected $300,000 for his campaign. "She is a very gracious lady," Talent said afterwards, as he told reporters how much he appreciated her campaign help.

Talent joined Bush at her two nonpolitical events open to the press.

Her first stop Thursday afternoon was at Forest Park, where she led a ceremonial planting of the first of 50 million trees that the Enterprise Rent-A-Car Foundation has promised to national forests.

Among those joining her at the World's Fair Pavilion was Andrew Taylor, chairman of Enterprise Rent-A-Car. Bush, Taylor and others donned garden gloves to plant four white pine seedlings in a shiny galvanized washtub. The seedlings are destined for permanent soil elsewhere.

"Trees are essential to our lives and our planet," Bush said. "They eliminate harmful carbon dioxide and create the oxygen we breathe."

The foundation promised to underwrite the planting of the trees through a pledge of $50 million over the next 50 years to the National Arbor Day Foundation.

The event at the Arch grounds promoted the importance of breast cancer treatment and research by bathing the monument in pink. It was the third year in a row for the ceremony, which marks Breast Cancer Awareness Month. Talent persuaded Congress in 2004 to pass a law allowing the illumination. The event was sponsored by Federated Department Stores Inc., which owns Macy's.

For Talent and Bush, the Arch-lighting event had personal significance. The senator's mother died of breast cancer; Bush's mother is a breast-cancer survivor.

"I urge everyone here to live their life to the fullest," she said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 13, 2006

Talk About Your Wildest Dreams

DMX gave his now-infamous interview to Sister 2 Sister magazine with his wife, Tashera, sitting by his side. Bet he'll bring his lawyer next time.

A Maryland woman whose child was fathered by the rapper sued him yesterday in Prince George's County Circuit Court for his claim in the interview that she had "raped" him in his sleep. Monique Wayne , 25, is seeking $6 million for defamation, false statements and "unreasonable publicity" to her private life, according to a copy of the suit provided by her lawyers.

"Miss Wayne's been completely ostracized," said attorney Stephanie Moran . "She's had to answer questions from friends and family members. You have reporters as far away as Ireland commenting on this." A rep for the 35-year-old rapper (born Earl Simmons) said last night that he would have to confer with lawyers before commenting.

DMX did not cite Wayne by name in his Q&A with Jamie Foster Brown , but Wayne's 2004 paternity suit -- which Moran said resulted in a $5,000-a-month support agreement -- had been widely reported. Wayne's suit alleges that the conception of her son, now 2, was hardly the passed-out one-night stand DMX described. She says they met in August 2003 at D.C.'s Dream (now Love) nightclub, then spent the night at Hotel Helix, followed by a day together shopping, playing pool and eating crabs at Hains Point. She claims DMX went on to invite her to parties and concerts as recently as this past summer.

"Then DMX turns around and accuses her of being a rapist," said Moran. "That's a serious allegation."

Bucks for Barbra: The Deal Is On

Barbra Streisand ' s reps were taken aback last week when we told them about the offer her concert tour promoter had made to well-heeled fans -- a personal meeting with the diva in exchange for a $50,000 contribution to her charitable foundation. First they insisted the e-mailed offer had to be a hoax -- "not her style," said one -- then expressed pique that no one had cleared the idea with Babs.

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But as Streisand heads to D.C., all is apparently forgiven. A rep for promoter Michael Cohl said that the plan is fully on track, and that the first meeting package has been sold in conjunction with tonight's Verizon Center show. But no, they wouldn't identify the generous fan who thinks a chat with Barbra is worth the cost of a new Benz. Any clue? mailto:reliablesource@%20washpost.com .

UPDATE

· Jennifer Aniston , who never acknowledged she was dating Vince Vaughn , now says they haven't broken up, reports People. While taping the Oprah Winfrey show Wednesday, Aniston confirmed that the two are "still on" but not engaged. How can they not break up if they're not dating? Just asking.

· It's official: Madonna and husband Guy Ritchie filed adoption papers for a 1-year-old boy in Malawi yesterday and got interim approval by a local judge, which allows them to take the child out of the country. "Madonna promised me that as the child grows she will bring him back to visit," the boy's father told the Associated Press.

St. Louis Arch Lights Up Pretty in Pink

Laura Bush was in St. Louis last night to see the city's landmark 630-foot arch lit up in pink for Breast Cancer Awareness Month -- the brainchild of cosmetics executive Evelyn Lauder, who also invented the pink-ribbon symbol. The National Park Service originally turned down the request two years ago, so Sen. Jim Talent (R-Mo.) successfully pushed legislation making an annual exception. Lauder attended the first lighting last year but missed this year's ceremony -- she's in Washington today, where top businesswomen will honor her philanthropic work for breast cancer research.

HEY, ISN'T THAT . . . ?

· Andie MacDowell, casual in a sweater and jeans, lunching at Olives yesterday. The raven-tressed actress was in town as a guest of the Chinese Embassy to see singer Song Zuying perform at the Kennedy Center last night. MacDowell's rep says she attended the Shanghai film festival over the summer and fell in love with all things Chinese.

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When Terror Strikes, Liberals And The Right Vote Further Apart (WSJ)

By Sharon Begley

The Wall Street Journal, October 13, 2006

On the weekend before Election Day 2004, al-Jazeera broadcast a videotape in which Osama bin Laden, addressing the U.S., boasted about the Sept. 11 terrorist attacks and tore into the Bush administration. Four days later, the president won re-election.

Three days before the March 2004 elections in Spain, terrorists bombed commuter trains, killing 191 people. The ruling party, which had strongly supported the U.S.-led invasion of Iraq, went down to defeat.

Two cases in which terrorism was front and center in voters' minds. Two different outcomes. In Spain, the attack sparked a growing fury at incumbents for not keeping them safe. In the U.S., voters in greater number embraced candidates they perceived as stronger on national security.

A growing number of studies offer clues as to how terrorism and other deadly events affect people's voting decisions. The latest research shows that because such violent political acts are brutal reminders of death, they make conservatives, but not liberals, more hostile toward those perceived as different, and more supportive of extreme military policies, according to a study in April in Personality and Social Psychology Bulletin.

For 20 years, researchers have been exploring how people manage the fear engendered by intimations of mortality. Reminded of the inevitability of their own death (which happens to a lesser degree by merely walking past a funeral parlor), people try to quench or at least manage the resulting "existential terror" in several ways. They become more certain of their worldview or faith. They conform more closely to the norms of their society. They show greater reverence for symbols of their society, such as flags and crucifixes.

All of these make people feel more secure and, crucially, a part of something larger -- something that will outlive them.

Building up your own worldview requires disparaging (even unconsciously) that of others. If beliefs that contradict yours have any worth, then by definition they call into question the absolute validity of your own. The result is stronger feelings of hostility toward those with different values and beliefs.

This "worldview defense," says psychology researcher Sheldon Solomon of Skidmore College, "reduces the terror that reminders of your own death bring." These results have been replicated in some 300 lab experiments, including in cultures with very different ideas about an afterlife.

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Which brings us back to the effect on voters of a terrorist attack and its brutal reminders of mortality. Although some voters would feel betrayed by incumbents who failed to protect them, researchers say, these days that trend would more likely be swamped by a surge toward candidates perceived as hawks on national security.

"We feel that unconscious thoughts about death do influence people's voting decisions, especially for folks who are not strongly committed to a candidate," says Prof. Solomon, expressing a consensus of those who have studied terrorism and voting behavior.

The link between thoughts of death and actual behavior shows up not only in labs but in the real world, too. After 9/11, Americans sprouted flag lapel pins. Patriotism and approval of the president soared. Tolerance for dissent plummeted. ("All Americans...need to watch what they say," warned a White House spokesman.)

Even what seem to be exceptions support the rule that reminders of death cause people to hunker down in their own worldview. New Yorkers living or working near Ground Zero are regularly reminded of death, yet tend to be liberal, opposed to the Iraq war and critical of President Bush. Why don't intimations of mortality push them toward nationalistic fervor?

"Reminders of death do make New Yorkers cling to their worldview more strongly," says psychology researcher Tom Pyszczynski of the University of Colorado, Colorado Springs. "If that worldview has to do with tolerance and peace and prosocial beliefs, then those positions strengthen."

Prof. Solomon and Prof. Pyszczynski and colleagues explain this conservative/liberal divide in the Bulletin study by suggesting that extreme militarism violates liberals' core beliefs. Since thoughts of death make people more committed to their worldview, hawks, but not doves, would increase their support for military action in the wake of a terrorist attack.

"A worldview that has your nation engaged in a heroic battle against evil seems to be especially effective at soothing fears of your own death," says Prof. Solomon. "That makes leaders who talk about fighting a righteous battle more appealing."

Needless to say, voters weigh many factors before they pull the lever. The bin Laden tape did not produce a Bush landslide, so horrific reminders of death just before Election Day have only so much power.

"Not every vote in 2004 was based on thoughts of death, but these reminders can make a big difference," says Prof. Solomon. "There is nothing like a terrorist attack to bring thoughts of your own death to the fore. My gut tells me there would be a significant movement toward candidates who describe the U.S. as engaged in a righteous fight against an evil worldview."

Clinton Says Right Wing Has Hurt U.S., Predicts Win By Democrats (LVS)

By Kathleen Hennessey

Las Vegas Sun, October 13, 2006

LAS VEGAS (AP) - The nation has been "jammed into an ideological corner" by conservative Republicans and is primed for a power shift in the November elections, former President Bill Clinton said Thursday.

"This is an election unlike any other I have ever participated in," Clinton told Democratic supporters at a fundraiser in Las Vegas. "For six years this country has been totally dominated - not by the Republican Party, this is not fair to the Republican Party - by a narrow sliver of the Republican Party, its more right-wing and its most ideological element."

"When the chips are down, this country has been jammed to the right, jammed into an ideological corner, alienated from its allies, and we're in a lot of trouble," he said.

Clinton addressed a group of about 50 top-level donors to the Jack Carter for Senate campaign. Carter, the son of former President Jimmy Carter, is running to unseat Republican Sen. John Ensign.

Clinton also attended a fundraiser for Democratic congressional candidates Jill Derby and Tessa Hafen at which the minimum contribution was $3,000.

He appeared onstage with Hafen, Derby, Carter and Rep. Shelley Berkley, D-Nev., but did not take questions from the media or comment on recent criticism of his administration's policy on nuclear nonproliferation in North Korea.

The former president largely stuck to politics.

"The Democratic Party has become the liberal and conservative party in America. If you want to be fiscally conservative, you've got to be for us. If you want to conserve natural resources, you've got to be for us," he said. "If you want a change of course in Iraq ... you've got to be for us."

Clinton also attacked Republican tax cuts, describing a repeal of the estate tax as the GOP's top legislative priority.

"They may think I should be able to give Chelsea every nickel, but I don't," Clinton said.

Tucker Bounds, spokesman for the Republican National Committee, returned the criticism.

"It's going to take more than a Bill Clinton stopover to change the minds of the majority of Nevadans," he said.

"Republicans have solid candidates on the ballot that are going to keep taxes low and continue to fight terrorism," Bounds said. He said the party had not fallen out of step with voters.

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"Keeping taxes low and the economy healthy is not a fringe belief. It is a popular belief in Nevada and a popular belief in most every other state."

Clinton did not mention Rep. Jon Porter, Hafen's opponent, or Nevada Secretary of State Dean Heller, Derby's opponent, by name. He dismissed Ensign as "a sort of a likable fellow" with "good relations with most of the powers-that-be here in the state," perhaps a reference to Ensign's working relationship with Senate Minority Leader Harry Reid, D-Nev.

Clinton, who recently made fundraising stops for Democrats in Minnesota and New Jersey, also said he was embarrassed by the recent immigration debate.

He noted that Mexico had become one of the U.S.'s top 10 creditors.

"These people are our bankers," Clinton said. "Doesn't it embarrass you that these poor people are trying to sneak over the Rio Grande River to find a living in this country and we want to stop that? But we're only too happy to turn around and say, 'Don't spend your own money on those poor illegal immigrants to give them an education and get a job in Mexico. Loan it to us.'"

Santorum, Casey Clash In Debate (CCT)

By Jennifer C. Yates And Kimberly Hefling

The Contra Costa Times, October 13, 2006

PITTSBURGH - Sen. Rick Santorum and Democrat Bob Casey bickered about everything from Santorum's residency to immigration in a contentious debate Thursday that was their first in Pennsylvania.

"Don't be a desperate campaigner," Casey, the state treasurer, told Santorum.

Santorum, R-Pa., accused Casey of relying on the name of his father, the late Gov. Robert P. Casey, and not offering plans of his own.

"I don't know how you can say so many words and say nothing," said Santorum, a two-term incumbent who is the No. 3 Senate Republican. "It's just talking point after talking point."

Santorum, who has trailed Casey in polls for months in one of the nation's most competitive Senate races, closed with an impassioned speech in which he said he has worked hard and been rewarded by Pennsylvanians and his Republican colleagues with a leadership position

"I'm a passionate guy. I'm tough, I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me? I'm a guy who had to grow up having to scratch and claw," Santorum said. "I wasn't born into a family that had a great name. My dad's an immigrant to this country. I've worked hard, just like you do in western Pennsylvania to fight for the things you believe in."

Casey closed with a promise to bring health insurance to more children and protect workers from unfair trade deals.

"We need change. We need to move in a brand-new direction," he said.

The debate started on a contentious note with a question to Santorum about his decision to keep a home in a Washington suburb in Virginia where he primarily lives with his wife and six kids. Questions have been raised throughout the campaign about Santorum's use of tax dollars from Pennsylvania to fund his children's cyberschool education.

"I'm a senator from Pennsylvania. My residence is in Pennsylvania. That's where I pay my taxes, that's where my driver's license is. We have a three bedroom home. My kids and I slept there last night," Santorum said.

Santorum then turned to Casey and accused him of not showing up for work in his position as the state treasurer, and repeatedly asked him to look into the camera and tell voters how many times he has shown up.

Casey did not. He repeatedly told Santorum to "pay the money back" that had been used to fund the cyberschool education.

"This wouldn't be an issue in this campaign if he were straight with the voters, not only with the people of Penn Hills, but the voters all over the state," Casey said.

Casey, asked if he was relying on his father's name to get elected, cited his work as state auditor and treasurer, saying he had been fiscally responsible and cracked down on waste and fraud. He said it was hard when he lost the Democratic gubernatorial primary in 2002, but he said he entered the Senate race because he thought he could contribute.

"If this race comes down to whose working harder and who does their job better, mine as state treasurer, his as a U.S. senator, I'll win that battle. I'm not worried about that at all because I get results and I've been fighting battles for the people of this state for a decade," Casey said.

The two argued over whether Casey supports "amnesty" for illegal immigrants because Casey has said he would reluctantly support a Senate bill - which Santorum opposed - that would allow illegal immigrants to earn citizenship after meeting certain requirements. Santorum has said the bill would give illegal immigrants a free ride.

As they have before, Casey accused Santorum of supporting a plan that would privatize Social Security and Santorum accused Casey of not understanding the problem or offering a plan to help.

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During the debate, Casey worked to portray Santorum as a partisan Republican and ally to President Bush who has acted in the interests of corporate America. What Santorum has done, he said, is "talk and talk and talk."

Santorum touted a record working with Democrats on issues such as curtailing dog-breeding operations dubbed "puppy mills" by opponents and obtaining money for autism research. He attempted to challenge Casey's credibility by asking Casey to name facts, such as the name of the former president of Iran, which Casey did not name when asked.

"I provide the solutions," Santorum said. "He's only describing problems."

The two, both clad in black suits and dark red ties, stood next to each other behind podiums. At one point, Santorum told Casey to "quit lying to the people, Bob." Casey later said to Santorum, "I've got a point to make, stop talking." They even interrupted moderator Ken Rice at times.

"Gentleman, please, please, please, you're just killing our time keeper and you're just trashing your own rules," Rice said after one exchange.

The debate in a KDKA-TV studio was sponsored by the station and the Pittsburgh Post-Gazette. It was the second debate between the two and comes less than a month before the Nov. 7 general election.

Their first debate, taped in Washington and aired Sept. 3 on NBC's "Meet the Press," focused primarily on the war in Iraq.

The two are expected to debate twice on Monday in Philadelphia.

The Gloves Come Off (HPN)

By Brett Lieberman

Harrisburg Patriot-News (PA), October 13, 2006

PITTSBURGH - U.S. Sen. Rick Santorum and his Democratic challenger, Robert P. Casey Jr., pointed fingers and exchanged barbs and charges of hypocrisy during a tense debate yesterday that showed how personal the Senate election has become.

The accusations and fireworks lasted throughout, when Santorum was questioned about perceptions that he's been dishonest about where he lives, to the end, when he accused Casey of being lazy and trying to coast into office on his famous name.

In between, moderator Ken Rice of KDKA-TV, which hosted the forum, struggled, mostly unsuccessfully, to maintain order.

"Gentlemen, we have to move on," Rice said at one point. "You're killing the time keeper and trashing your own rules."

Bitter exchanges came over issues such as Santorum's residency and the candidates' negative ads, but the debate degenerated when they talked about immigration reform, U.S. policies toward Iraq and Iran and how to stop the spread of nuclear weapons.

"You don't understand the issues," Santorum told Casey after the Democrat faulted the Bush administration's handling of Iran and North Korea.

Casey said "all options need to be on the table," including using the military to deal with North Korea. The White House has squandered opportunities for a solution and has alienated allies, he said.

Santorum complained of "Monday morning quarterbacking" of foreign-policy decisions by Bush critics.

Santorum also faced scrutiny from his challenger and panelists for his divisive reputation and on issues such as whether the Bush administration's decision to invade Iraq has made Iran stronger and limited U.S. options to combat terrorism.

Santorum said he is unfairly cast as a polarizing figure and portrayed himself as a straight-talking hard worker who delivers for Pennsylvania and works across party lines.

"I look people in the eye and tell them what I believe. ... I don't not answer questions. ... I'm passionate about things, as opposed to someone who just wants to ride it out and use their name and not say anything," he said.

Santorum recited a litany of his efforts, from legislation to close puppy mills, fund autism and Lyme disease research, fighting to save western Pennsylvania military bases, keep the Pirates and Penguins sports teams in Pittsburgh, and protecting farmland.

Casey faced more scrutiny of his positions and record from Santorum and the KDKA and Pittsburgh Post-Gazette panelists yesterday than he did in a debate with Santorum on NBC's "Meet the Press" last month.

But Casey, who has been criticized for his low-key style, showed a more aggressive side as he repeatedly challenged Santorum to "answer the question."

He accused Santorum of trying to piggyback on immigration reform after failing to take a tough stand on the issue during 12 years in the Senate.

Santorum, who continues to trail Casey in polls, closed the debate with a plea to voters, especially those in western Pennsylvania, where his approval is lowest.

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"As you can see from this debate, I'm a passionate guy," Santorum said. "I'm tough, I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me?

"I wasn't born into a family that had a great name. My dad's an immigrant to this country. I've worked hard, just like you do in western Pennsylvania to fight for the things you believe in," he said.

Santorum has been criticized for living with his wife and six children most of the year in Leesburg, Va., while claiming a three-bedroom home in the western Pennsylvania town of Penn Hills as their residence.

"I'm a senator from Pennsylvania. My residence is in Pennsylvania. That's where I pay my taxes, that's where my driver's license is," he said.

Santorum defended the Virginia home, noting that the Senate is in session 35 to 40 weeks a year and voters "sent me to go to Washington to fight hard, to show up for work, which is something that my opponent doesn't do."

Casey, invoking U.S. Sen. Arlen Specter's comments last month that the Senate's three-day work week ought to be extended, said Congress has more recesses than most schools.

Santorum asked Casey how much time he spends in the treasurer's office.

"Look in the camera, Mr. Casey," Santorum said. "Look in the camera and tell the people how much time you spend in the office. This is a legitimate question.

"Now I want you to look in the camera and tell people how many full days of work you spent at the treasurer's office last month," he said.

"Don't be a desperate campaigner," Casey shot back.

Santorum And Casey Trade Barbs (PT)

By Mike Wereschagin

Pittsburgh Tribune-Review Debate, October 13, 2006

In a feisty debate that spun out of the moderator's control almost from the start, U.S. Sen. Rick Santorum accused Democratic challenger Bob Casey of skipping work and offering no solutions to the nation's dilemmas, while Casey denounced Santorum for being beholden to oil companies and for not recognizing the country has problems.

The taped one-hour debate, broadcast at 7 p.m. on KDKA Channel 2, began with Santorum saying he has paid more than $100,000 in taxes on his Penn Hills home since he took office, making that home -- and not his larger house in Virginia -- his primary residence.

Santorum, who has trailed Casey in the polls for more than a year and only has a few weeks to rebound, attacked Casey's work ethic.

"How many days were you in the treasurer's office 9-to-5 last month?" Santorum, almost yelling, asked Casey. "I want you to look in the camera and tell people how many 9-to-5 days you spent in the Treasurer's office last month."

"Rick, don't be a desperate campaigner," Casey replied evenly. He didn't answer Santorum's question, and instead shot back with an accusation about taxpayer dollars paid for the Santorum children's education at a cyber charter school while they lived in Virginia. "You ripped the taxpayers off $55,000."

Santorum responded with a rapid-fire litany of the amounts of local and state taxes he paid in Penn Hills over the years, while Casey, talking at the same time, said slowly, "Pay the money back."

Moderator and KDKA anchor Ken Rice admonished the candidates to stick to the agreed time limits. It didn't work. The two continued talking over each other, pointing fingers and leaning toward the others' podium throughout the debate. Even afterward, each candidate met with reporters to take a few parting shots at his opponent.

During the debate, which began at 1:30 p.m. in KDKA's Downtown studios, Casey criticized the Bush administration and Santorum for what he said is a fixation on Iraq that has allowed Iran and North Korea to advance their nuclear weapons programs. He also challenged Santorum to close a loophole, which he said allows Halliburton, a defense contractor once run by Vice President Dick Cheney, to do business with Iran.

"What you see again is my opponent not providing any answer to the question. What he's done is describe the problem, complained about the administration," Santorum said. "I authored the Iran Freedom and Support Act, which the administration opposed. You're right. I disagree with the administration and have on the Iran policy."

Turning to Casey, he said, "I disagreed with them inviting (to the White House) the former president of Iran -- you know his name, I'm sure. The former president of Iran?"

Casey didn't. Speaking to reporters after the debate, Casey admitted he couldn't remember the former Iranian president's name -- Mohammad Khatami -- and added, "There are some names I don't know. I don't know the lobbyist from Exxon that gave (Santorum) tons of money."

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The candidates traded barbs on outsourcing, with Casey saying Pennsylvania lost 180,000 manufacturing jobs on Santorum's watch, and Santorum criticizing Casey for investing millions of taxpayer dollars in companies that have shipped jobs overseas.

On immigration, Santorum charged that Casey supports amnesty for millions of illegal immigrants. Casey shot back that the proposal he supports is not considered amnesty by Republican Sens. Arlen Specter, of Philadelphia, and John McCain, of Arizona.

Casey and Santorum are expected to debate twice more next week in Philadelphia.

Santorum, Casey Go Toe-to-toe In Debate (PPG)

By Bill Toland

Pittsburgh Post-Gazette, October 13, 2006

The two candidates interrupted each other, talked over each other, ignored time limits, ignored the moderator and generally stopped just short of playground name-calling and shin-kicking. To say that KDKA moderator Ken Rice lost control of yesterday's debate between U.S. Sen. Rick Santorum and state Treasurer Bob Casey would be fallacious, because it suggests that he ever had control to begin with.

In short: bad manners.

But great political theater.

In this debate, sponsored jointly by KDKA and the Pittsburgh Post-Gazette, the issues took a back seat to the candidates' sparring and demeanor. Mr. Santorum, a Republican, frequently challenged his Democratic foe to "look in the camera" and tell Pennsylvania the truth. After many of Mr. Casey's responses to panelists' queries, Mr. Santorum rolled his eyes and said: "You will not get this man to answer the question."

Mr. Casey, meanwhile, repeatedly alluded to the incumbent's poor poll numbers.

"Hey Rick, I know things are tough," he said. "Don't be a desperate campaigner."

And that was just the first 10 minutes. Over the course of the hour, the candidates battled on the Iraq war, border security and amnesty for undocumented immigrants, Social Security, pay raises and other issues.

Rare was the question that elicited a few minutes of civility. The close-quarters sparring undoubtedly added color to the affair, but the candidates appeared less statesmanlike than either Gov. Ed Rendell or challenger Lynn Swann, who debated each other in Pittsburgh last week.

Off the bat, Mr. Rice asked Mr. Santorum a question that has dogged him for months -- why did he allow Penn Hills School District to foot the bill for his children to attend a Pennsylvania online cyber school, when he and his family primarily live in Virginia? (A public school district, by state law, must pick up the tab for students living within the district and attending an Internet-based school.)

"I've paid $100,000 in state and local taxes," Mr. Santorum said, implying that he's entitled to the same benefits that other Pennsylvania taxpayers get, even if his children lay their heads to rest in a different state.

"This issue is as much about hypocrisy as it is about residency," Mr. Casey said, referring to Mr. Santorum's 16-year-old attack on former U.S. Rep. Doug Walgren, whom Mr. Santorum pilloried for living in Virginia instead of Pennsylvania. Both candidates were evasive to varying degrees, but Mr. Casey more so. That was partly because, at least twice, Mr. Santorum asked questions designed to trip him up -- first, he wanted to know if Mr. Casey remembered the name of former Iranian president Mohammad Khatami; second, he asked Mr. Casey if he knew precisely what percentage of the Pennsylvania Public School Employees' Retirement System's assets is invested in companies that are notorious for outsourcing jobs (he said the answer was 25 percent).

Mr. Santorum, as a result, appeared to have a better grasp of the issues, at least those ones that were raised yesterday. Mr. Casey often relied on familiar talking points, reminding viewers that Mr. Santorum votes with President Bush about 98 percent of the time, and that Mr. Santorum wanted to "privatize" Social Security by allowing younger workers to invest part of their Social Security payroll taxes into stocks.

"I don't know how you can say so many words and say nothing," Mr. Santorum said, mocking the catchphrases that are familiar not only to Mr. Casey but to all political challengers. "Brand new direction. Different course. It's just, you know, talking point after talking point."

But Mr. Santorum had his talking points, too. Several times, he said Mr. Casey doesn't take his job as state treasurer seriously, viewing it as a stepping stone to higher office. He also said Mr. Casey is coasting on his father's name, referring to the late Robert P. Casey, former governor of Pennsylvania.

If he seemed more informed at times, Mr. Santorum also seemed far more agitated, gesturing aggressively and trampling Mr. Casey's remarks more often than Mr. Casey returned the favor. He opened the debate wearing a smile, but quickly the smile

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became a frustrated scowl. Mr. Casey appeared more bemused than he did frustrated, except for a moment near the end of the debate, when he mustered his best teacher voice and cut off Mr. Santorum:

"Stop talking Rick, I've got a point to make."

Mr. Santorum seemed surprised, but recovered nicely: "It would be the first one today."

On Iraq, the candidates debated the merits of the recently publicized National Intelligence Estimate, which suggested that the invasion of Iraq is "shaping a new generation of terrorist leaders and operatives." Mr. Santorum was asked if the Iraq invasion made the Middle East more dangerous than before.

"Compared to what? Compared to had we done nothing? That's a classic Monday morning quarterback," Mr. Santorum said. The coupled U.S. invasions of Iraq and Afghanistan have helped, in his assessment, in reducing the global terror threat posed by al-Qaida and the version of Islam that breeds radical Sunnis.

"We haven't been attacked in five years," he said, speaking of the American homeland and not the 2,800 American troops who have died since the invasion.

"I think the National Intelligence Estimate tells a good part of the story," Mr. Casey replied. "That said very clearly that the war in Iraq has made it much tougher to take on the war against terrorism around the world. There's no question about that. Sen. Santorum just said that because of what happened in Iraq, we reduced the threat of terrorism -- that's not the truth. The National Intelligence Estimate contradicts what he just said."

The candidates' Iraq responses soon wandered into a parsing of the differences among special forces, special operations forces, and the U.S. Army Special Forces, informally known as the Green Berets. Mr. Rice, the moderator, had heard enough. "You're killing our timekeeper," he said, "and you're just trashing your own rules."

In his closing statement, Mr. Santorum dialed down the bullying while acknowledging it at the same time.

"You can see from this debate -- I'm a passionate guy," he said. "I'm tough. I'm a fighter. But you know what? I'm an Italian kid from a steel town. What do you expect from me? ... I wasn't born into a family that had a great name."

He also touted his role in funding local VA hospitals, and keeping the Air Force Reserve's 911th Military Airlift Wing open in Pittsburgh, when it had been facing closure.

Mr. Casey wrapped up by acknowledging that this is "a very, very important Senate race for the country," something echoed by Democrats and Republicans across the United States, as well as political observers who view Pennsylvania's premier race as a bellwether for the nation.

"We can stay on the road that we've been on the last couple of years, the road of deficit and debt ... There's a very clear choice in this campaign."

Campaign Revised In Tennessee (WT)

By Brian Debose

The Washington Times, October 13, 2006

Chattanooga Mayor Bob Corker, the Republican candidate to replace retiring Senate Majority Leader Bill Frist, has retooled his campaign in an effort to regain his lead over Rep. Harold E. Ford Jr., Tennessee Democrat.

"We've made a number of enhancements to the campaign," said Corker campaign spokesman Todd Womack. "They are more about addition than subtraction ... adjustments to ensure that we win this election, and we will."

The new campaign chairman is Tom Ingram, a longtime political insider in the state who serves as chief of staff to Sen. Lamar Alexander, Tennessee Republican.

Mr. Corker also has hired a new media consultant, former EMI Records executive Fred Davis. The campaign has moved its headquarters from Chattanooga to Nashville, the state capital.

Democrats need to win six seats on Nov. 7 to reclaim their majority in the Senate, and see hope in Republican-leaning Tennessee.

The party seized on the Corker campaign shake-up.

"Corker is in disarray, shaking things up and hiring Hollywood media types instead of explaining things like why he's for staying the course in Iraq one day and against it the next," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee.

Mr. Ford yesterday received another boost: the endorsement of Frank Cagle, a leading conservative political analyst and editor of Knoxville Magazine.

The Republican National Committee and the National Republican Senatorial Committee are working to counter Mr. Ford's momentum by infusing Mr. Corker's campaign with new ads.

RNC Chairman Ken Mehlman will lead rallies in Murfreesboro and Franklin with Mr. Corker and Rep. Marsha Blackburn, Tennessee Republican.

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Polls heavily favored Mr. Corker over the summer before trending for Mr. Ford. The latest polls show the candidates in a dead heat.

Two weeks ago, when Ben Mitchell was Mr. Corker's campaign chairman, he told The Washington Times that the campaign was comfortable with where it stood and noted that Mr. Ford "has yet to show above 45 percent in his own polling."

Things have changed since then.

The DSCC released a poll of 800 likely voters Tuesday showing Mr. Ford leading Mr. Corker by seven points, 51 percent to 44 percent, with a margin of error of 3.3 percentage points.

Hamilton Beattie & Staff conducted the poll for the DSCC from Oct. 2 to 4, during the height of the frenzy surrounding disgraced former Rep. Mark Foley, Florida Republican.

Polls conducted during that time showed a national trend against Republicans, which might have affected Mr. Corker.

A Survey USA poll of 537 likely voters for WBIR-TV Knoxville shows Mr. Corker leading with 48 percent and Mr. Ford with 46 percent, with a margin of error of four percentage points. The poll was conducted Saturday through Tuesday and released Wednesday. It still revealed a virtual dead heat in the race and more than 45 percent support for Mr. Ford.

Steele Takes A Head-On Jab At His Party (WP)

By Ann E. Marimow

The Washington Post, October 13, 2006

Maryland Senate candidate Michael S. Steele, who often avoids mentioning his political affiliation in the overwhelmingly Democratic state, took one of his most direct swipes at his party in a new commercial yesterday while continuing to fault Democrats.

In the ad, Steele criticizes Republicans for creating an education policy "that teaches to a test," a reference to President Bush's No Child Left Behind law, and Democrats for putting "bureaucracy ahead of our kids."

"Some Republicans forget folks still climbing that ladder," he says, and Democrats "just raise their taxes."

Meanwhile, Rep. Benjamin L. Cardin is trying to use the lieutenant governor's own words to pin Steele to the unpopular president. In the Democratic candidate's latest 30-second spot, the announcer says, "Steele wants you to believe he'll follow his own convictions. The truth?" The screen then flashes to Steele onstage at the 2004 Republican National Convention declaring: "The standard-bearer of these convictions is George W. Bush."

Steele, the former chairman of the state Republican Party, has played down his party ties throughout the campaign. He has pledged to be a "bridge of steel" between Republicans and Democrats and has pointed out problems with Bush's signature education policy. His criticism of the president and his party became public in July after he acknowledged sharing it privately with reporters.

The ad marks some of his most direct public comments about the GOP. Like Steele, the state's last Republican senator, Charles McC. Mathias Jr., avoided talking about his party or listing it in his literature.

"What's unusual is that Steele has taken the next step," said John N. Bambacus, who teaches politics at Frostburg State University and managed Mathias's campaign in 1980.

Steele can afford to openly criticize his party, Bambacus said, because the GOP base has "nowhere else to go."

Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said many candidates are expressing dissatisfaction with official Washington.

Sen. Lincoln D. Chafee (R-R.I.) took a similar approach in one ad, saying, "I believe that neither Republicans nor Democrats are always right. I angered Republicans when I voted against the war in Iraq and Democrats when I voted for legal reform."

To Ronayne, Steele's critique is not surprising. "Michael Steele is an independent voice, and he speaks his mind," he said. "He's pointing out problems he sees in Washington on both sides."

As is independent candidate Kevin Zeese, who has the backing of the Green, Libertarian and Populist parties. He has tried to tap into voter dissatisfaction by offering himself as an alternative to the candidates from the two major parties.

With Republicans on the defensive nationally, Cardin has repeatedly tried to link Steele to Bush, noting his support for the Iraq war and for the president's veto of a bill to expand federal funding for embryonic stem cell research.

Cardin spokesman Oren Shur accused Steele of trying to "re-create himself" through the ad, saying, "Michael Steele is in lock step with the Bush agenda."

Steele spokesman Doug Heye, noting that he counted more than 100 references to Bush by Cardin during the candidates' debate this month, shot back, "This race is not about George Bush."

Inside Politics (WT)

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By Greg Pierce

The Washington Times, October 13, 2006

Burying the news

"Why is it that none of the major television networks or newspapers have managed to pay attention to the biggest real scandal of the 2006 campaign season, Senate Minority Leader Harry Reid's real estate shenanigans?" Jed Babbin asks at www.realclearpolitics.com.

"According to [Wednesday's] AP report, Reid pocketed a $1.1 million windfall on the sale of some Las Vegas property he didn't own at the time of the sale. This makes Hillary Clinton's futures trading venture look like amateur hour. And it's time for conservatives to act because the biggest scandal is that the media are burying the story," Mr. Babbin said.

"According to the AP report, the deal was put together by Reid's longtime friend Jay Brown, '... a former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations.' Apparently Brown structured the deal so that Reid could transfer his ownership interest to Brown without disclosing it to the public. And here's the kicker: Reid didn't disclose the sale on his financial disclosure forms filed with the Senate.

"Not to make too big a deal of this, but falsifying that report — as Reid apparently did — is a federal crime. Under Title 18 US Code Section 1001, it's a false official statement. For which Reid could be sent to jail. If you're looking for this on tonight's network news or on the front page of tomorrow's New York Times (next to the newest revival of the Foley minutiae) you won't find it. There's ample time for Mark Foley, the discredited generals' revolt, and even the comprehensively discredited Lancet report on civilian casualties in Iraq. But cover a real scandal, with real misconduct that's punishable under federal criminal law?"

Never mind

A black leader who had accused Connecticut Sen. Joe Lieberman of lying about his civil rights record said yesterday that he accepted Mr. Lieberman's word that he marched with 1960s-era activists against segregation.

"It is true that he marched with Dr. King, but I believe Dr. King would be disappointed in his record as a senator over the past 18 years," said Henry E. Parker, a former state treasurer, in a statement released by the campaign of Mr. Lieberman's rival, Ned Lamont.

"I accept the fact that Sen. Lieberman provided documentation that he participated in the civil rights movement in the '60s," Mr. Parker added.

Earlier, the Connecticut Federation of Black Democratic Clubs, which includes 20 clubs, endorsed Mr. Lamont, a Democrat, and questioned whether Mr. Lieberman, who holds his seat as a Democrat but is running for re-election as an independent, had marched for civil rights. Mr. Lamont attended the event, the Associated Press reports.

Mr. Lieberman's campaign responded by producing a 1963 college newspaper clip that cites Mr. Lieberman's reporting from Jackson, Miss., about the arrests of civil rights workers. Mr. Lieberman was chairman of the Yale Daily News.

"Was I there?" Mr. Lieberman said Wednesday. "You bet I was there."

Test of leadership

"In one deadly moment, North Korea has succeeded in doing what no amount of backtracking by House Speaker J. Dennis Hastert or his beleaguered Republicans could do: It has changed the subject of the national debate. With nuclear weapons in the hands of the most deranged regime in the world, e-mails to pages will have to fade from the forefront of the public's attention," Dick Morris writes in the Hill newspaper.

"Will Bush be able to deal with the North Korean crisis? This is truly the moment for a test of his leadership," Mr. Morris said.

Soros' left hands

"In August 2004, according to [an] article in the liberal New Yorker, 'a clandestine summit meeting took place at the Aspen Institute, in Colorado's Rocky Mountains. The participants, all Democrats, were sworn to secrecy' and included five billionaires who 'shared a common goal: to use their fortunes to engineer the defeat of President George W. Bush in the 2004 election.' The wealthiest of these 'hard-core partisans' was George Soros, who had been a 'leading crusader for campaign-finance reform,' " Edward Whelan writes in National Review Online at www.nationalreview.com.

"Soros, through his Open Society Institute, provides support for the Aspen Institute, which runs various activities in support of its stated mission of '[fostering] enlightened leadership and open-minded dialogue.' Among these activities are its 'Justice and Society Seminars,' which often have federal judges as participants. The Aspen Institute has waived the steep seminar fee (currently up to $6,950) for participating federal judges, and also has covered their expenses for travel, lodging, and meals," said Mr. Whelan, president of the Ethics and Public Policy Center.

"Soros has also been a major funder of the Community Rights Counsel, a left-wing 'public interest law firm.' In addition to its activist litigation efforts, the Community Rights Counsel has been the most vocal opponent of educational seminars for judges operated by anyone other than federal bureaucrats or bar associations. Soros's left hand apparently knows what his other left

hand is doing: The Community Rights Counsel has not criticized the Aspen Institute's seminars for judges. Instead, one of its primary targets has been the academic programs in economics, philosophy, and history offered by the George Mason University Law and Economics Center."

Five key races

The U.S. Immigration Reform Political Action Committee yesterday endorsed six Republicans and two Democrats for re-election to the Senate, as well as 10 challengers and two candidates running for open Senate seats.

The group's communications director, Phil Kent, singled out five Senate endorsements as especially critical because of the sharp differences among candidates on giving amnesty, Social Security and in-state tuition to illegal aliens.

The group backed Sen. Rick Santorum, Pennsylvania Republican, over Democrat Bob Casey Jr.; Maryland Lt. Gov. Michael S. Steele, a Republican, over Democratic Rep. Benjamin L. Cardin; Tom Kean Jr., New Jersey Republican, over Democratic Sen. Robert Menendez; Sen. Jim Talent, Missouri Republican, over Democrat Claire McCaskill; and Jan Ting, Delaware Republican, over Democratic Sen. Thomas R. Carper.

Nobel finalist?

Anti-war activist Cindy Sheehan says she is a finalist for the Nobel Peace Prize.

Mrs. Sheehan made the announcement Wednesday night in an Austin, Texas, bookstore while autographing copies of her new book, "Peace Mom," local ABC affiliate KVUE-TV reported. The station's Web site provided no further details.

Warner Nixes 2008 Bid (RTD)

By JEFF E. SCHAPIRO

Richmond Times-Dispatch Warner, October 12, 2006

"While politically this appears to be the right time for me to take the plunge -- at this point, I want to have a real life." Former Gov. Mark R. Warner's decision not to run for president in 2008 scrambles politics in Virginia and beyond.

Warner's unexpected announcement yesterday could lead to a realignment of the Democratic presidential field, forcing moderates and Southerners to look elsewhere for an alternative to U.S. Sen. Hillary Rodham Clinton of New York, now considered the front-runner for the nomination.

It also could complicate Virginia politics. The popular Warner has made no secret of his interest in another term as governor. Should he seek the nomination in 2009, that could crowd a field that includes at least two prospects, both of whom badly lag behind Warner in name recognition and fund-raising ability.

House Democratic Caucus Chairman Brian J. Moran of Alexandria, who along with state Sen. R. Creigh Deeds of Bath is weighing a run for governor, said of Warner, "He'd be a wonderful governor if he chose to do that again."

Warner's decision, said Washington political analyst Stuart Rothenburg, "creates something of a vacuum" at the national level. Rothenburg said U.S. Sen. Evan Bayh of Indiana could get a boost; so might the party's vice presidential nominee in 2004, former U.S. Sen. John Edwards of North Carolina, as well as Govs. Bill Richardson of New Mexico and Tom Vilsack of Iowa.

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Clinton, campaigning in Syracuse, N.Y., for a second Senate term, told The Associated Press she respects Warner's decision. She described it as "intensely personal," adding, "I hope we haven't seen the last of him in Democratic politics and on the national scene."

An enthusiastic all-but-official candidate for the White House since leaving Richmond nine months ago, Warner signaled that he also might consider the vice presidential nomination -- if offered -- or a U.S. Senate bid two years hence.

"It does not mean I'm not going to run for public office again," said Warner, who informed his staff of his decision at a 9 a.m. meeting yesterday but told some his closest allies in confidence earlier in the week.

Warner, a 51-year-old high-tech multimillionaire viewed by some handicappers as the Democrats' best chance for attracting Republican-leaning voters in the suburbs and the countryside, said his decision is personal, not political -- that he wants to spend more time with his wife, Lisa Collis, and their three daughters, one of whom is nearing college age.

"If I'm not ready to put everything on the back burner, everything else -- family, friends, any other interest of mine -- then you shouldn't take this next step," Warner, who left the governorship with a 70 percent approval rating, said at a hastily organized news conference at The Jefferson Hotel.

He said he finalized his decision during a Columbus Day weekend trip to his parents' home in Connecticut.

Though he described politics as a "body-contact sport," Warner said he was not withdrawing out of fear of heightened scrutiny of his private life, his marriage and vast business interests. Nor was he swayed, Warner said, by punishing news coverage of another Virginia presidential prospect, U.S. Sen. George Allen, amid continuing claims the Republican is insensitive to race and ethnicity issues.

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Warner, seated at the head of a long table in a private dining room crowded with reporters, aides and supporters, insisted his decision and its timing were driven by concern for family and friends -- that he wanted to prevent further disruption of their lives.

"That's not the way I hope I treat people," said Warner.

Elected governor in 2001 on a pledge of bipartisanship, Warner suffered significant setbacks in the Republican-controlled General Assembly before winning over moderate GOP lawmakers in 2004 for a $1.4 billion tax increase for schools, police and social services.

The feat, while widely supported by Virginians, also solidified Warner's image as a common-sense centrist who could pull votes in regions long off-limits to national Democrats -- the South, Midwest and West.

However, Warner was reminded of the continuing muscle of his party's liberal core in August, when U.S. Sen. Joseph I. Lieberman of Connecticut lost a primary in large part because of his support of President Bush's Iraq policy. That development apparently forced Warner to step up his criticism of President Bush's Iraq policy.

Warner laced through his remarks yesterday occasional digs at Bush, depicting him as more interested in political polarization than practical solutions to such issues as terrorism, Iraq and energy.

Ray Buckley, vice chairman of the New Hampshire Democratic Party, said he believed Warner could have won the state's first-in-the-nation primary, which in 1992 revived the candidacy of another moderate Southern governor, Bill Clinton of Arkansas.

"Right from the beginning, he had a strong and early buzz," Buckley said of Warner. "He was able to maintain a steady, positive buzz, which is phenomenal."

Forgoing a challenge this year to Allen for the Senate, Warner launched a political action committee, ForwardTogether, that was widely seen as a first step toward a national candidacy. The PAC raised $9 million, of which more than $7 million was steered to state and federal Democratic candidates who share Warner's agenda.

ForwardTogether will remain in business, though Warner conceded its fundraising power will fade with his retreat from presidential politics.

Warner traveled extensively, visiting five countries and 28 states. His active schedule generated considerable media attention, including cover stories in Newsweek and The New York Times Magazine as well as national television and radio.

Following his news conference yesterday, Warner departed for Iowa, site of the first presidential caucuses. Next week, he visits California.

"It has been an extraordinary nine months," said Warner. "This is the right decision." But Warner later acknowledged that, given his emphasis on family considerations in bowing out for 2008, "I understand that folks in the political world will question it."

Warner said the exploratory phase of his presumed candidacy had been so disruptive that he was spending only one or two nights a week at home. Also, Warner said, he managed to attend only half of one game of his daughters' many soccer, tennis and field-hockey matches.

"This was my decision -- this was not Lisa and the girls asking me not to run," said Warner.

Warner Rules Out Run For White House In 2008 (NYT)

By Jeff Zeleny And David Stout

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Former Gov. Mark Warner of Virginia, who has been traveling across the country for more than a year exploring a bid for the White House, said today that, after “a lot of reflection, prayer and soul-searching,” he had decided not to seek the Democratic presidential nomination in 2008.

“I have decided not to run for president,” Mr. Warner said in a statement, issued at a Richmond news conference, that immediately set off a scramble among other Democrats with presidential aspirations. He said his decision was based on family considerations, but he pointedly did not rule out another try for public office later on.

A centrist Democrat who has embraced some positions more commonly associated with Republicans, Mr. Warner has been widely regarded as an attractive presidential candidate, one who might run stronger in the South and other Republican regions than other Democrats. (For example, Senator John Kerry of Massachusetts, the 2004 Democratic nominee, did not carry any of the 11 states of the old Confederacy.)

Mr. Warner said the decision, which he described as one of the most difficult of his life, crystallized in the past several days.

“This past weekend, my family and I went to Connecticut to celebrate my dad’s 81st birthday, and then we took my oldest daughter, Madison, to start looking at colleges,” Mr. Warner said. “I know these moments are never going to come again. This weekend made clear what I’d been thinking about for many weeks — that while politically this appears to be the right time for me to take the plunge, at this point I want to have a real life.”

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Mr. Warner reached his final decision in the last 48 hours, according to two Democratic officials close to his political operation. He began alerting some of his top contributors on Wednesday evening and disclosed the news during a hastily-convened meeting with his staff today.

Mr. Warner, who finished his single term as Virginia governor in January, has spent the majority of his time since leaving office traveling to New Hampshire, Iowa and other key states in the presidential nomination process. His political action committee, Forward Together, was assembling the framework for a full-blown presidential campaign to be formed after the midterm elections. Mr. Warner had assembled a staff of 35 and raised close to $10 million.

"Everywhere I've traveled, I found hope that we could turn this country around," Mr. Warner said today. "That Americans are looking for leaders who at this moment of enormous challenge for our country can actually bring us together and get things done."

Mr. Warner said he was convinced that, regardless of the "depths of dismay" that he senses over the policies of President Bush, rank-and-file Democrats are energized as the elections approach. He said he would continue to work for James Webb, who is trying to unseat Senator George Allen of Virginia, the Republican incumbent.

As for the decision to remove himself from presidential politics, at least for the time being, one Democratic official friendly to Mr. Warner said: "He realized how hard this was going to be. He's a great general election candidate, but he thought he would have difficulty winning the primary."

Mr. Warner, 51, was seen as one of the leading alternatives to Senator Hillary Rodham Clinton, Democrat of New York. More than a half-dozen other Democrats are seriously considering jumping into the race, and Mr. Warner's decision touched off quick responses from top Democratic prospects and contributors. Senator Evan Bayh, a centrist from Indiana, cancelled a day of fund-raising in California to begin telephone calls in hopes of rounding up some of Mr. Warner's supporters and contributors.

Other Democrats who are regarded as likely candidates in 2008 include Senator Kerry; his running mate, former Senator John Edwards of North Carolina; Senators Joseph R. Biden Jr. of Delaware, Christopher Dodd of Connecticut and Russell D. Feingold of Wisconsin, and Govs. Tom Vilsack of Iowa and Bill Richardson of New Mexico. Democrats speculated today that Mr. Warner's sudden departure could put new pressure on others who have so far resisted entering the race for 2008, in particular Senator Barack Obama of Illinois and former Vice President Al Gore.

The decision by Mr. Warner, party officials said, does not remove him from the short list for vice presidential running mates, regardless of who wins the Democratic presidential nomination. Nor, given his youth, does it rule out a future presidential run, although he indicated more interest today in perhaps running for the Senate or for governor again. In Virginia, the governor cannot serve consecutive terms, but there is nothing to prevent an ex-governor from running again.

Mr. Warner emphasized that he was not forgoing a White House bid because of pessimism about his chances. "I can say with complete conviction that, 15 months out from the first nomination contests, I feel we would have had as good a shot to be successful as any potential candidate in the field," he said in Richmond.

In an interview later, he acknowledged that the wide-open state of the race was tempting. "It's hard to figure out another time when there would be as good an opportunity as now," he said.

"My decision does not in any way diminish my desire to be active in getting our country fixed," Mr. Warner said. "It doesn't mean that I won't run for public office again."

Mr. Warner first ran for office in 1996, losing to Senator John W. Warner, the Republican incumbent. (The two are not related.) Should Mr. Warner opt to run for the Senate, he might try for the seat now held by Mr. Warner, who will turn 80 in February and whose term (his fifth) is up in 2008.

In his 2001 campaign for governor, Mr. Warner opposed new gun-control laws and managed to persuade the National Rifle Association to remain neutral — in effect, a victory for a Democratic candidate, according to The Almanac of American Politics. He also called himself a "fiscal conservative" and pledged not to raise taxes. He stuck to that no-tax increase pledge until about halfway through his term, when the state's fiscal realities compelled him to go along with some increases.

Mr. Warner has displayed the kind of entrepreneurial spirit that many Republicans revere. In the early years of the cell-phone industry, he assembled investor groups and packaged their cell-phone license applications in return for fees and ownership stakes. By 2001, his net worth was estimated at $200 million, according to the almanac.

Former Virginia Governor Won't Run For President In '08 (WVEC)

By Bob Lewis

AP Warner, No '08 Bid, October 13, 2006

Former Gov. Mark R. Warner has decided not to run for president in 2008, saying he wanted "a real life" and feared the impact of a drawn-out campaign on his family.

"This is the right time for me in my life to have a life for a little while," Warner told reporters at a downtown Richmond hotel.

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The Democrat, 51, would not rule out running for the Senate or seeking the governorship again; the state bars incumbents from seeking re-election. He also left open the possibility of a future presidential bid, but conceded: "Things will probably never be as aligned as they are right now."

Warner said he arrived at his decision over several weeks. He said neither his wife, Lisa Collis, nor his daughters, ages 12, 15 and 16, discouraged him from running. In a written statement, he said he made the decision after celebrating his father's 81st birthday and taking his oldest daughter on a college tour.

"I know these moments are never going to come again," Warner said. "This weekend made clear what I'd been thinking about for many weeks — that while politically this appears to be the right time for me to take the plunge, at this point I want to have a real life.

"And while the chance may never come again, I shouldn't move forward unless I'm willing to put everything else in my life on the back burner," he said.

Since Warner left the governor's office in January, he has busily toured key states in the Democratic nomination process, including New Hampshire and Iowa. His political action committee, Alexandria-based Forward Together, has raised money for Warner's exploratory effort and for other Democratic candidates in this year's midterm elections.

"This is not a choice that was made based on whether I would win or lose," Warner said in his statement. "I can say with complete conviction that 15 months out from the first nomination contests, I feel we would have had as good a shot to be successful as any potential candidate in the field."

Warner leaves a crowded field of possible Democratic candidates.

Sen. Hillary Clinton of New York is widely considered the front-runner for the nomination. Others considering or positioning themselves for a run include Sen. John Kerry of Massachusetts, the 2004 Democratic nominee; former Sen. John Edwards of North Carolina, the vice presidential nominee two years ago; Sens. Evan Bayh of Indiana, Joe Biden of Delaware, Christopher Dodd of Connecticut, Russ Feingold of Wisconsin, Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson.

"He's obviously been thinking about it quite hard and concluded, as he said in his statement, that this wasn't the right time for him and his family," Clinton said while campaigning in Syracuse, N.Y. "He's been a tremendous public servant, and I hope we haven't seen the last of him in Democratic politics and on the national scene."

Warner, a centrist who had won in a Republican-leaning state, was seen as a viable Democratic alternative to Clinton. Just last week, Warner traveled to Florida, a critical battleground state, to raise money and help other Democrats. He talked about how his ability to work with Republicans could appeal to Democratic primary voters.

"We have to really get it right and getting it right will require big enough change that it can't be a Democrat-only answer or a Republican-only answer." Warner said. "I think people ... even though they are hardcore Democratic activists, get that."

During his tenure as governor, Warner's approval rating was in the mid-70s in a state that hasn't supported a Democratic presidential nominee since 1964. His lieutenant governor, Timothy M. Kaine, rode that popularity last year to replace Warner, who left because of the state's one-term limit.

Kaine, who learned of Warner's decision late Wednesday night, said he knew Warner had serious, personal reservations about running.

"I wasn't completely surprised ... when he told me. We had talked a little bit over a couple of months, and I knew he was very legitimately wrestling with that question and hadn't resolved it in his own mind," Kaine told reporters Thursday afternoon.

Warner could be considered for a vice presidential spot. Another possibility would be Sen. John Warner's seat in 2008. The five-term senator — no relation — is 79.

Mark Warner was elected governor in 2001, defeating Republican Attorney General Mark Earley. The former state Democratic Party chairman, who made a fortune in the infancy of the cellular telephone industry, had never held elected public office.

After a difficult start with a Republican-controlled General Assembly, Warner in 2004 brokered a compromise between Democrats, moderate senators and 17 House Republicans to pass a budget-balancing $1.4 billion tax increase. The tax increase was widely regarded as the signature initiative of his four-tear term.

Warner then returned to private business.

Warner Won't Make 2008 Run For President (WP)

By Michael D. Shear

The Washington Post, October 13, 2006

RICHMOND, Oct. 12 -- Former Virginia governor Mark R. Warner unexpectedly announced Thursday that he will not seek the Democratic nomination for president in 2008, citing the personal toll a run for the White House would have on his family.

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Before Thursday, all signs pointed to a Warner candidacy. His repeated trips to Iowa, New Hampshire and other states with early primaries were largely successful, as voters greeted him with interest. He had raised $9 million for his political action committee. And he was positioning himself as a moderate alternative to another potential candidate, Sen. Hillary Rodham Clinton (D-N.Y.).

But Warner said Thursday that he had decided in the past few days that a presidential campaign would interfere with his family life even as his eldest daughter is starting to look at colleges. He said he did not want to put his "real life" on hold for the next two years.

"This moment in life is not the right time for me," Warner, 51, told reporters at the Jefferson Hotel in Richmond. "When and where, I don't know right now. But I guarantee you'll see me. I'm not going away from being involved in how we get our government fixed."

Warner, a millionaire and a founder of Nextel (now Sprint Nextel), insisted that he was not running away from scandal. "Politics is a body contact sport at this point," Warner said. "But, no, that was not [a consideration]. I understand folks in the political world will question it."

Warner's announcement stunned a growing cadre of political consultants, donors and volunteers in Virginia and elsewhere who were convinced that he would soon reveal plans to compete for the Democratic nomination. Not long ago, it appeared that Virginia could have a presidential candidate from each major party. Now, Warner is out, and Sen. George Allen (R) is in a close reelection campaign, and questions of racial insensitivity may have damaged his presidential aspirations, according to many GOP analysts.

Warner, who has been grappling with the decision for weeks, said he made up his mind during a Columbus Day weekend with his wife, three daughters and 81-year-old father in Connecticut. But the timing -- Warner made another trip to Iowa on Thursday -- left everyone in his political orbit struggling to understand.

Advisers who were in his kitchen cabinet when he was governor were shocked by the decision during a conference call Wednesday night; they had been told initially that Warner wanted to discuss "strategy." Several of his staff at Forward Together, the political action committee that was being fashioned into a full-blown presidential campaign, burst into tears when he told them at 9 a.m. Thursday. Word of Warner's plans soon leaked out.

"Everyone's devastated," said John Graham, his chief operative in New Jersey. "Why would a person pull out this fast? Is there something we don't know? Maybe he's not ready emotionally. All I ever said to him was, 'You're running, right?' And he said, 'Yes, I am.' "

Virginia Republicans, too, said they were surprised. But the decision prompted a bit of quiet celebration among GOP leaders who had watched Warner capitalize on his state tenure to run for national office.

"I've never really understood where the substance was," said Del. M. Kirkland Cox (R-Colonial Heights), who battled Warner's successful 2004 plan to raise taxes to pay for a growing government. "He's a guy whose only real legacy was raising taxes."

Warner rejected the idea that he was afraid he would lose to Clinton or one of the other as-yet-unannounced Democrats who could contest the nomination.

"Things will probably never be as aligned as they are right now," said Warner, who left office in January. "I bring a real desire to learn. I think I bring a tremendous curiosity. I think I bring a willingness to acknowledge when I'm wrong. Those three traits alone make me different from [President Bush]. Whether I had the experience and preparation to take on this challenge and then this job, I feel absolutely confident."

But that confidence -- a trait that some called unshakeable during Warner's four years in Virginia's executive mansion -- was apparently not enough.

Warner said his wife, Lisa Collis, and daughters, Eliza, 12, Gillian, 15, and Madison, 16, were ready to support a White House run. But he said that his wife was never enthusiastic and that his children were "excited" when he made his final decision.

"Lisa went from negative to neutral," Warner said of his wife's attitude in the past year. "They would have been supportive. They did not ask me not to pursue this."

A Democratic nominee could still ask Warner to run for vice president. That happened to Walter F. Mondale, who dropped out of the 1976 contest and ended up as Jimmy Carter's vice president.

Warner could also run for his old job again. Virginia law does not allow sitting governors to run for reelection, but it does allow them to seek the office again after a four-year hiatus. Warner, who left office with record-high approval ratings, has said repeatedly that he might want the job back someday.

Warner's statement that he will consider elective office in the future also shook up Virginia politics even as the state is watching another battle between Allen and Democrat James Webb.

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Democrats who have been taking the first steps toward running for the U.S. Senate in 2008 or the governorship in 2009 now have to contend with the possibility that Warner will want one of those two jobs.

"There is a potential gorilla in the race," said former lieutenant governor Donald S. Beyer (D), who served for a year as finance chief of a possible presidential bid by Warner.

Beyer, the owner of a chain of car dealerships in Northern Virginia, jokingly offered Warner a job as a mechanic if he needed one. But Beyer, a longtime friend, sounded weary and exasperated.

"All of us who were deeply and emotionally invested in him are very disappointed," Beyer said. "There's nobody in the United States better positioned to be president. But I think we all very much respected his desire to have a real life."

Warner's year-long dalliance with a run for the presidency has had its ups and downs.

Warner has been highly successful at fundraising, tapping into the venture capital community, in which he made his fortune, and topping most of the other Democratic hopefuls except Clinton. That ability helped propel him to the top of many lists of White House contenders in 2008.

His political action committee raised more than $9 million and distributed $7 million to candidates for federal and state office. It also paid for 67 trips to 28 states and five countries. His frequent trips to Iowa and New Hampshire were stirring curiosity among voters.

"We all believe that he was in a strong, strong position to be a very lead contender in winning the primary," said Ray Buckley, vice chair of the New Hampshire Democratic Party. "Often, somebody's hot one month, and then it's somebody else. For Warner to now have that buzz for 12 months was phenomenal."

But there have been difficulties as well. The New York Times Magazine put a tight, unflattering picture of Warner's face on the cover, prompting snickers. And national polls have consistently listed him as the choice of 1 or 2 percent of voters, indicating how far Warner would have to go to build recognition.

And despite Warner's belief that his brand of politics would appeal to the entire Democratic Party, pundits said his biggest challenge would be selling a moderate, bipartisan message to Democratic primary voters, especially at a time when Democrats are hungry to topple the party that will have been in power for eight years.

"I think he concluded that he couldn't win the Iowa caucuses," said one Democrat who declined to be named because he is supporting another Democratic presidential contender. "He wasn't getting any traction out there."

Geoff Garin, Warner's pollster, disputed that opinion. He said research and polling suggested that Democrats of all stripes were receptive to Warner's message.

"Every single political consideration would have had him running. There was an almost magical marriage here between the man and the moment," Garin said. "Even among those who dislike Bush the most, they want a candidate who is about hope for the future rather than just voicing their anger."

Why Did Mark Warner Quit? (TIME)

By James Carney

Time, October 13, 2006

Whenever a politician delivers an emotional speech announcing his withdrawal from the field of politics, and then cites as his reason a desire to spend more time with his family, it's a safe bet he's lying. Men who have spent years sacrificing family on the altar of ambition don't suddenly wake up one morning and decide they've had their priorities all wrong. The truth is usually elsewhere, and elsewhere is often a less than savory place.

But not always. When Mark Warner dropped out of the 2008 presidential race Thursday, the former Virginia governor shocked a lot of people, beginning with the many Democratic professionals and activists who fervently believed he would make both a strong candidate and a good president. "It's definitely a blow," says Jim Jordan, a Democratic operative who had signed on to help Warner's run for the White House. For Jordan, and others like him in both Washington and places like Iowa, New Hampshire and South Carolina, Warner's credentials as a popular former Democratic governor of a Republican state—and, prior to that, a hugely successful venture capitalist—made him the Democratic Party's best hope to capture independent and swing voters in a 2008 general election.

In the competition to be the un-Hillary, Warner had risen to the top. He was doing everything right as he positioned himself to run for the presidency— raising buckets of money for other Democrats, schmoozing activists in key primary states, winning lots of positive reviews in the press. Although the prospect of competing with Senator Clinton for the nomination is daunting for any Democratic candidate, Warner had firmly established himself as a top tier alternative. If anyone was in a position to topple Hillary, or to benefit if she chose not to run, it was Warner.

And yet he says he woke up Monday morning and decided he had his priorities all wrong. After a weekend that included celebrating his father's 81st birthday and touring colleges with the eldest of his three daughters, Warner began telling close

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staffers and supporters that he planned to drop out. "I know these moments are never going to come again," Warner said today. "This weekend made clear what I'd been thinking about for many weeks—that while politically this appears to be the right time for me to take the plunge—at this point, I want to have a real life."

Perhaps there's a hidden truth that belies Warner's simple explanation a skeleton in a closet that was about to get the kind of rummaging that only a presidential campaign can bring. But the known evidence suggests he is being honest. Those close to him say that even though his wife and daughters were willing to support a presidential run, he felt guilty about missing so much of his children's lives for the sake of pursuing political office. A fiercely ambitious man, he discovered something he didn't expect when he asked himself how badly he wanted the ultimate prize: ambivalence.

Warner Bows Out Of White House Bid, Leaving Crowded Field Of Democrats (BG/AP)

By Liz Sidoti

The Boston Globe, October 13, 2006

WASHINGTON --Mark Warner's decision Thursday to bow out of the early presidential race leaves a field still crowded with Democrats competing to be the most attractive alternative to front-runner Sen. Hillary Rodham Clinton.

Fifteen months before the first vote is cast in a presidential primary, the departure of the centrist Democrat and former Virginia governor alters the dynamics of a race still taking shape. The lineup for 2008, however, remains largely the same -- Clinton and about a dozen others.

"It's good for Hillary. Anytime a serious contender drops out that helps the front-runner," said Steve Elmendorf, the deputy campaign manager for Democrat John Kerry's 2004 presidential campaign. "Warner would have been, perhaps, the strongest, or certainly one of the strongest candidates, to become the anti-Hillary. This also will help somebody who's looking at that role."

Like several other Democrats, Warner maneuvered to become Clinton's strongest challenger and used his Forward Together committee to lay the groundwork for a presidential run after leaving the governor's office in January because of Virginia's one-term limit.

"I respect his decision. It's such an intensely personal decision," Clinton said in Syracuse, N.Y., during a campaign appearance for her 2006 Senate re-election race. "He's been a tremendous public servant, and I hope we haven't seen the last of him in Democratic politics and on the national scene."

Other rivals also offered similar praise. Warner's exit could help some distinguish themselves from the pack.

The field of centrist Democrats from Republican-held states has winnowed to Sen. Evan Bayh, a former Indiana governor, and Iowa Gov. Tom Vilsack. Former Sen. John Edwards of North Carolina, the Democrats' vice presidential candidate in 2004, now is the only Southerner left in the field.

Edwards, Vilsack and New Mexico Gov. Bill Richardson could be more attractive to voters looking for a candidate who works outside of Washington.

Others expected to run include Kerry, D-Mass., and Democratic Sens. Joe Biden of Delaware, Russ Feingold of Wisconsin, and Christopher Dodd of Connecticut.

It's also possible that Warner's exit could encourage more Democrats to jump into the mix, such as first-term Sen. Barack Obama, D-Ill. His appearance in Iowa at an annual Democratic gathering last month stoked talk of a presidential run.

For much of the year, Warner has traveled the country to raise money for and campaign with the party's candidates in this fall's congressional election while determining whether to enter the race to succeed President Bush in 2008.

"This has been a remarkable journey and I've got no regrets at all," Warner said in Des Moines, Iowa. He attended a fundraiser for state legislative candidates just hours after announcing he would not run for president.

Considered a serious contender, Warner leaves behind what he called "a very strong field." He said he would endorse whoever gets the nomination and would not rule out endorsing a candidate before then.

"I will support them," Warner said. "At some point I may weigh in and get involved with one of these candidates. But that's a decision made far down the line for me."

The 51-year-old Southerner was well-received in visits to early primary states of Iowa and New Hampshire by Democrats hungry for a fresh face. A centrist Democrat, Warner had proven he could win in a Republican-leaning state. Also appealing to supporters was his skills as a campaigner, his ability to raise millions of dollars -- $9 million as of Aug. 31 -- and his leadership experience in both the private and public sectors.

"He fit the description of new blood, new energy," said Donna Brazile, who ran Democrat Al Gore's 2000 presidential campaign.

In the end, Warner exited the race even before he had officially entered it, fearing the impact of a full-blown campaign on his wife, Lisa Collis, and his daughters, age 12, 15 and 16. He made his final decision, he said, after taking a few days off to celebrate his father's 81st birthday and tour colleges with his eldest daughter.

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"At this point, I want to have a real life," Warner said in a statement.

The Democrat could be considered for a vice presidential slot and would not rule out running for the Senate or seeking the governorship again, which is permitted under state law. He also left open the possibility of a future presidential bid but acknowledged to reporters in Virginia: "Things will probably never be as aligned as they are right now."

Bill Carrick, a Democratic strategist in California, said every candidate will now say my chances are better because there's one less serious contender.

"I also can't help but note that this is the second presidential candidate from Virginia to be eliminated this year -- one voluntarily, one involuntarily," Carrick said.

That was a reference to Republican Sen. George Allen. His presidential chances have all but disappeared as he fights to keep his political career alive after several missteps in his Senate re-election race.

Warner Will Not Run For President In '08 (WT)

By Christina Bellantoni And Seth McLaughlin

The Washington Times, October 13, 2006

Former Virginia Gov. Mark Warner yesterday stunned state and national Democrats when he announced he will not run for president in 2008 so he can spend more time with his family.

The one-time rising star of the Democratic Party had been exploring a White House bid since before he left office in January, making frequent visits to Iowa and New Hampshire and giving generously to national candidates.

Mr. Warner said "weeks of contemplation, soul-searching and an awful lot of prayer" convinced him the pressures of a national campaign weren't fair to his family -- wife Lisa Collis and daughters -- 12, 15 and 16. But he didn't rule out seeking the vice presidency two years from now, or running for governor again.

"While politically this is the right time, it's not the right time in my life," said Mr. Warner, 51. "I want to have a real life because these moments with my family won't come again."

"It came down to the fact that if I wasn't ready to put everything else in my life -- my family, my friends, any other interests -- on the back burner, then I shouldn't do this," he said.

The loss of a centrist Democrat from a southern state when former first lady Sen. Hillary Rodham Clinton is the presumed 2008 front-runner throws a wrench into the presidential primary contest.

Bloggers and party activists worried the remaining contenders don't have a resume as impressive as Mr. Warner's that could beat Mrs. Clinton, a New York Democrat many call polarizing.

"All Democrats are jockeying for a single position -- to be the alternative to Hillary -- and Warner was the moderate alternative,"said Robert D. Holsworth, dean of the College of Humanities and Sciences at Virginia Commonwealth University. "This helps Hillary because it takes away a contender who was successful in the money race."

Known for his toothy grin and hands-on style, Mr. Warner had been telling his friends for months he still hadn't made a decision about 2008, despite his fundraising and organized campaign.

During a visit with his 81-year-old father in Connecticut last weekend, Mr. Warner toured colleges with his oldest daughter, and realized it was time to announce he won't embark on a presidential campaign.

Yesterday, Mr. Warner lamented that toward the end of his daughters' soccer, field hockey and tennis seasons, he has seen "half of one game." He has spent the year traveling the country, with 86 events in 25 states.

Mr. Warner's political action committee, Forward Together, raised $9 million this year, more than any other federal PAC. He gave $7.3 million this year to candidates nationwide.

Mr. Warner said yesterday he has "complete conviction" he "would have had as good a shot to be successful as any potential candidate in the field."

The blogs exploded with the news, and some pondered whether Mr. Warner had cut a deal with Mrs. Clinton to become her running mate. Others wondered if there was a scandal brewing, a theory Mr. Warner quickly squashed.

Mr. Warner wasn't shy about his interest in the U.S. Senate seat held by Republican Sen. John W. Warner, who is likely to retire in 2008. "I have a lot of public service left in me; what form that takes, time will tell," he said.

Mr. Warner, who left the governor's office with a nearly 80 percent popularity rating, also could decide to run for the state's top office again in 2009. Virginia law bars chief executives from seeking consecutive terms.

Mr. Warner's 2001 election in a heavily Republican state gave national Democrats hope in the South, wooing rural voters with a bluegrass campaign tune and a NASCAR sponsorship.

Despite pushing a $1.38 billion tax package through Virginia's Republican-controlled legislature in 2004, Mr. Warner's popularity skyrocketed. That year, he was considered as a vice-presidential contender.

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He further bolstered his credentials when he helped his lieutenant governor, Democrat Timothy M. Kaine, win the governor's race last fall. At the end of last year, Mr. Warner officially began work on his PAC at a gala in Tysons Corner.

Yesterday's announcement shocked some of his confidants and staff, several of whom were visibly shaken at the PAC's headquarters in Old Town Alexandria. The PAC will continue through the Nov. 7 elections, sources said.

Mr. Warner also kept plans to campaign for a Democratic candidate in Iowa, and next week will campaign in Virginia with James H. Webb Jr., the Democratic nominee for U.S. Senate.

Delegate Brian J. Moran said he was disappointed with the decision because Mr. Warner had an attractive record. "He would have made a great president," the Alexandria Democrat said.

A former telecommunications executive and millionaire, Mr. Warner ran a campaign known for innovation. When a cell phone interrupted his campaign speeches he would smile and say, "You hear an annoying ring, I hear ka-ching, ka-ching."

He often brought crowds to their feet with his talk of centrist politics and the importance of global competitiveness. He also was known to unwind with a martini after campaign events, rolling up his sleeves and talking strategy.

Warner's Exit A Boon For Clinton '08 Rivals (NSDY)

By Glenn Thrush

Long Island Newsday, October 13, 2006

WASHINGTON -- Former Virginia Gov. Mark Warner had been touted to be the moderate "anti-Hillary" candidate in the 2008 Democratic presidential mix, but now his stunning exit has created an opening for another would-be Clinton-slayer: John Edwards.

After raising $9 million and assembling a campaign team, Warner called it all off in Richmond Thursday, telling reporters he needed to spend more time with his family. "While politically this appears to be the right time for me to take the plunge, at this point I want to have a real life," he said.

On its surface, Warner's departure helps Sen. Hillary Rodham Clinton, who won't have to face an indefatigably upbeat Red-state centrist millionaire who isn't nearly as polarizing as the former first lady.

But his exit may be an even bigger boon to 2004 vice presidential candidate John Edwards, even though the former North Carolina senator is more liberal than Warner.

Edwards was the big winner when the Democratic National Committee voted to squeeze the Nevada caucuses into the January 2008 primary calendar between the Iowa caucuses and the New Hampshire primary. The former North Carolina senator, who is running strongly in early Iowa polls, has the inside track on Las Vegas hotel and food service union endorsements, giving him a chance in Nevada despite Clinton's juggernaut fundraising operation.

"Mark Warner's departure confirms John Edwards as the most credible candidate to challenge Sen. Clinton," said Leo Hindery, a top New York City donor who backed Edwards in 2004. "The combination of his strength in the early primaries, plus Mark Warner stepping aside really changes things."

Another beneficiary of Warner's decision is Indiana Sen. Evan Bayh, a moderate whose views are closer to Warner's. "Bayh is the best positioned to inherit the Warner support because he's the closest thing to a centrist in the field," said Larry Sabato, a politics professor at the University of Virginia who follows Warner's career closely. "Edwards isn't a moderate. He's been running on poverty and left-wing issues."

But the big winner in 2008 just might be Mark Warner himself. By pulling out of a race he might have lost anyway, Warner is positioning himself as the perfect vice presidential pick, regardless who wins the Democratic nomination.

"He was always a better vice presidential candidate anyway. ... He's a bridgehead to the South," said University of Maryland political science professor Ronald Walters, a former Democratic operative. "He can give them some hope of winning Virginia, which no one else could do."

Democrat Mark Warner To Skip '08 White House Race (USAT)

By Jill Lawrence

USA Today, October 13, 2006

WASHINGTON — Former Virginia governor Mark Warner's surprise decision Thursday to skip the 2008 presidential race opened opportunities for several Democratic prospects angling for the same red-state niche.

Warner, who has three daughters ages 12 to 16, said family considerations drove his decision. The time for a presidential run seemed right politically, he said in a letter to supporters, but “at this point, I want to have a real life.”

By his own account, Warner made 67 trips to 28 states and five foreign countries as he explored the race. He headlined 86 events in 25 states to help his party and its candidates and raised or contributed $7.3 million for 2006 campaigns. He repeatedly

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visited Iowa, New Hampshire and South Carolina, states that lead off the nominating process. He even rated a cover story in The New York Times' Sunday magazine.

Kathy Sullivan, chairwoman of the Democratic Party in New Hampshire, said “there was a lot of interest” in Warner because he had been a successful, centrist governor in a conservative state and was perceived as electable nationally.

She said his exit probably would help Indiana Sen. Evan Bayh, a moderate ex-governor, “more than anybody.” Former North Carolina senator John Edwards, the party's 2004 vice presidential nominee, could also benefit, Sullivan said. Like Virginia, their states usually back Republicans for president.

Bayh was on the phone Thursday courting Warner supporters, spokesman Dan Pfeiffer said. The pre-eminence of New York Sen. Hillary Rodham Clinton, the strongest Democratic prospect as measured in polls and fundraising, was a formidable challenge for Warner and remains one for Bayh and the rest of the field.

Warner said his decision “doesn't mean that I won't run for public office again.” He could end up as the 2008 vice presidential nominee. Other options include a Senate run in 2008, when GOP Sen. John Warner's term ends, or another bid for governor in 2009. Mark Warner had high ratings when he left office in January, but under state law could not run for a second consecutive term.

Gov. Tim Kaine, who served as Warner's lieutenant governor and has known him since law school 25 years ago, said Warner expressed his concerns about the demands of a national campaign on “Good Friday in Richmond and we've talked about it since. I knew he was wrestling with this.”

Warner said he spent last weekend celebrating his father's 81st birthday and taking his oldest daughter to look at colleges. “I know these moments are never going to come again,” he said.

Democrats Work To Fill Ideological, Electoral Void (WP)

By Chris Cillizza

The Washington Post, October 13, 2006

Former Virginia governor Mark R. Warner's decision to bow out of the 2008 Democratic presidential race yesterday left the remaining candidates scrambling to fill the ideological and electoral void left by the candidate long considered a leading alternative to Sen. Hillary Rodham Clinton's presidential bid.

The most obvious Democrat to benefit from Warner's surprise announcement, in the view of many party strategists, is Sen. Evan Bayh (Ind.). He cleared his schedule yesterday to make phone calls to donors and party activists who had tentatively signed on with Warner for 2008 and are now free agents.

Warner's anticipated campaign was to be built around the notion that in an age of polarized politics, many voters are eager for a leader focused on reaching across partisan barriers for solutions to big problems. The former technology executive talked often about his experience in Virginia; he had won a state where Republicans had easily won the governorship in the previous two elections and went on to persuade the GOP-controlled legislature to pass a tax increase he called necessary to the financial solvency of the commonwealth.

That rÃ©sumÃ© -- coupled with his personal wealth -- had elevated him as a preferred choice among many Democrats who believe that Clinton (N.Y.) will not be electable in 2008.

"This is disheartening information to Hillary-alternative Democrats," said Thomas F. Schaller, a professor of political science at the University of Maryland at Baltimore County.

Some party strategists suggested that the greatest opportunity for a Democrat seeking to be the anti-Clinton alternative will -- unlike Warner's canceled candidacy -- emerge on the ideological left.

"I just don't think there is any oxygen in this race for the space that Warner was looking to occupy -- that being the moderate, establishment, electable, successful, business-entrepreneur-turned-one-term governor," said Chris Lehane, an experienced Democratic operative.

Clinton has carefully hewed to the ideological center in her six-year Senate career, building a record of working across party barriers. Her positioning is not without risk, however, as exemplified by the resentment toward her among many activists in the party's liberal wing because of her 2002 vote supporting the Iraq war and her unwillingness to set a date for withdrawal of troops.

"The bulk of the people running are going to run to the left of her, not the center," said Douglas Sosnik, a former Clinton White House aide and a personal adviser to Warner.

If Warner's decision shifts the 2008 center of gravity leftward, the candidate best positioned to capitalize on the change may be former senator John Edwards (N.C.), the Democratic vice presidential nominee in 2004. Since leaving the Senate at the end of that year, Edwards has apologized for his 2002 vote authorizing President Bush to use force in Iraq and he has called for

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the immediate withdrawal of U.S. forces. He has also courted organized labor, which remains a key Democratic constituency in nomination contests.

Other names touted as potential liberal alternatives include Sen. Barack Obama (Ill.), who recently made his first visit to Iowa, and former vice president Al Gore.

Many within Warner's own inner circle, however, believe that his message of centrist politics leaves a void for someone with a similar philosophy.

"People responded to his leadership style. This was a different way to think about leadership," said Monica Dixon, the head of Warner's Forward Together PAC and one of his leading campaign strategists.

On paper, Bayh most closely resembles Warner in both ideological profile and governing style. Both are former governors of Republican-leaning states who have spent much of their time in office working with members of the rival party to provide solutions.

In nearly every speech, Bayh emphasizes that he was twice elected governor of Indiana before being elected -- and reelected to the Senate. The not-so-subtle message of those speeches is that Bayh represents his party's best chance of being competitive in Republican-leaning states.

Seeking to quickly capitalize on Warner's decision, Bayh spent the day reaching out to jilted Warner backers -- making the argument that his campaign is a natural landing spot for them. In a statement released yesterday Bayh praised Warner as "an exceptional public servant, a great leader, and an influential voice in the Democratic Party."

Outgoing Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson are also positioning themselves as moderates in the 2008 field. They gain some residual benefit from a Warner-less field, said party strategists not aligned with either candidate.

"Primary voters are all handicappers," said Matt Bennett, co-founder of Third Way, a group of moderate Democrats. "They try to pick the guy who can win."

2008 Race Just Got Hazier For Democrats (LAT)

By Maura Reynolds

The Los Angeles Times, October 13, 2006

WASHINGTON — In a surprise decision that reconfigures the race for the 2008 Democratic presidential nomination, former Virginia Gov. Mark Warner announced Thursday that he would not run, saying he was unwilling to put his family second to a presidential campaign.

Warner, a centrist Democrat from a Republican-leaning Southern state, was considered by many Democratic strategists to be the strongest potential rival to Sen. Hillary Rodham Clinton (D-N.Y.), the early front-runner for the nomination.

His decision opens the field for other candidates hoping to present themselves as centrists, including Sen. Evan Bayh (D-Ind.), Iowa Gov. Tom Vilsack and New Mexico Gov. Bill Richardson.

"The great dynamic in this race is: Who are the one or two others in the pack who can break out and challenge Sen. Clinton?" said Simon Rosenberg, founder of the New Democrat Network, an organization that promotes progressive candidates.

"This benefits all the people who are going to be challenging Hillary."

Warner's stature among Democrats was based less on his nationwide visibility — he polled in the single digits — but more on the centrist record he built as governor.

He left office earlier this year with high approval ratings from Democrats and Republicans.

"The idea [is] that the way that Democrats win the White House is to nominate somebody who has won election in a red state," said Jennifer Duffy, a political analyst at the nonpartisan Cook Political Report. "He had a very successful term. He had a lot to brag about."

Warner dismissed speculation that his decision was based on any liabilities he would have had as a candidate.

"I can say with complete conviction, 15 months out from the first nominating process, I think I would have as good a shot as any of the potential candidates in the field," he told reporters in Richmond, Va.

Instead, Warner, 51, said that after four years of putting his personal life on hold as governor, he wanted to spend more time with his three teenage daughters.

"While politically this appears to be the right time for me to take the plunge, at this point I want to have a real life," Warner said. "And while the chance may never come again, I shouldn't move forward unless I'm willing to put everything else in my life on the back burner."

The announcement surprised many Democrats because Warner had been working assiduously since he left office to build a campaign war chest and political organization.

He had raised more than $9 million and made repeated trips to Iowa and New Hampshire, whose nominating contests are crucial for presidential runs.

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Traditionally, the presidential election cycle does not begin until after the midterm election, which is Nov. 7 this year.

Unofficially, Democrats and Republicans have been working at least since the 2004 election to get ready for the 2008 race, when the presidency will be up for grabs.

Former North Carolina Sen. John Edwards, Massachusetts Sen. John F. Kerry and Wisconsin Sen. Russell D. Feingold are promoting themselves as more liberal alternatives to Clinton.

Also laying the groundwork for presidential runs are Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut. And some party activists are hoping that former Vice President Al Gore and Sen. Barack Obama of Illinois decide to make a run for the White House.

Some Democratic strategists worry about Clinton as a candidate, in part because her time as first lady made her a polarizing figure. That has focused attention on less well-known Democrats, particularly the moderates.

"The center of the race is now less crowded," said a senior advisor to one of the other Democratic contenders, who spoke on condition of anonymity while discussing campaign strategy. "We have opportunities today that we did not have yesterday."

Notably, Warner did not rule out running again for public office and indicated he would be willing to consider running for vice president, senator or even governor again. Warner had been barred from seeking reelection because Virginia does not allow its governors to hold consecutive terms.

"Listen," he said, "when and where, I don't know right now, but I can guarantee you'll see I'm not going away from being involved in how we get our country fixed."

Warner, who was always devoted to politics, made a fortune as a pioneer in the cellphone industry before he became a venture capitalist.

He has used his money to bankroll his campaigns, including a failed 1996 challenge to Sen. John Warner (R-Va.) and his successful run for governor in 2001.

Friends and colleagues have said that he went into business in large part to finance his political career, and most think it's not over.

"This is a formidable competitor choosing to walk off the field. And it's disappointing to people who were working for him," said Kenneth Baer, who had been working as a speechwriter and advisor to Warner. "But he's 51 years old. There's a lot of time."

Poll: McCain, Hillary Clinton Popular Choices For President (NSDY)

Newsday, October 12, 2006

DURHAM, N.H. -- A poll released Thursday indicates that John McCain and Hillary Clinton are the early front-runners in New Hampshire for their parties' nomination for president in 2008.

A total of 515 likely voters were asked about 20 potential presidential candidates in the latest Granite State Poll conducted by the University of New Hampshire Survey Center for WMUR-TV.

The largest group of New Hampshire Republicans is supporting McCain, with 32 percent. Former New York City Mayor Rudolph Giuliani is next with 19 percent, followed by Massachusetts Gov. Mitt Romney, with 15 percent. Ten percent said they would vote for Secretary of State Condoleezza Rice. Two percent favor some other candidate and 14 percent are undecided.

Among the less popular potential candidates are Florida Gov. Jeb Bush, Virginia Sen. George Allen, Pennsylvania Sen. Rick Santorum and New York Gov. George Pataki.

Among Democrats, Clinton was the favorite, with 30 percent choosing her. John Edwards is next with 16 percent, and Al Gore is at 10 percent. Sen. John Kerry is the choice of 9 percent of Democrats.

Among the less popular choices are Delaware Sen. Joe Biden, retired Gen. Wesley Clark, New Mexico Gov. Bill Richardson, Indiana Sen. Evan Bayh, and former Virginia Gov. Mark Warner, who announced Thursday that he doesn't plan to run. Four percent prefer some other candidate and 17 percent are undecided.

"It's the first time since 1952 that there's not been an incumbent president or vice president on the ticket, so that means it's wide open," said Andy Smith of the UNH Survey Center.

Those polled also were asked which candidates they liked the least. Among potential Democratic candidates, Hillary Clinton was the least liked by 35 percent of all of the likely voters in both parties, followed by Kerry, Gore, Clark and Edwards. Jeb Bush was least liked by all likely primary voters, followed by McCain, Romney, Rice and Tennessee Sen. Bill Frist.

Democrats said their least liked candidate was Kerry, followed by Gore and then Clinton. Even though they'd vote for him, Republicans said the least popular potential candidate was McCain, followed by Bush, Romney and Pataki.

"What we're seeing right now is name recognition and overall popularity of these candidates based on name recognition," Smith said.

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When asked about candidates in the other party, 54 percent of Republicans said their least favorite candidate was Clinton, and 33 percent of Democrats called Bush the most unpopular potential candidate.

Included in the poll were 205 likely Democratic voters in 2008, and 206 likely Republican voters. The sampling margin of error was plus or minus 6.8 percentage points for both groups; it was plus or minus 4.3 percentage points for the total. The poll was conducted by phone between Sept. 15 and Sept. 24.

Mass. Governor Hires Jeb Bush Aide For '08 Bid (LAT)

By Peter Wallsten

The Los Angeles Times, October 13, 2006

WASHINGTON — With the Republican Party's conservatives lacking a favorite candidate for the 2008 presidential race, Massachusetts Gov. Mitt Romney has hired a strategist who might help him win their favor.

Sally Bradshaw, a longtime political advisor and confidante to Florida Gov. Jeb Bush, confirmed Thursday that she has signed on as a consultant to Romney's political action committee.

Known in Florida circles as Jeb Bush's equivalent to President Bush's Karl Rove, Bradshaw will advise the Romney campaign on navigating the complicated political contours of the most populous battleground state. But more important in the context of what is likely to be a competitive GOP primary, Bradshaw's presence helps Romney shore up his credentials with conservatives who view the Florida governor as one of their favorite Republicans.

Jeb Bush, despite his brother's sagging popularity, is admired by social conservatives for his support of private school vouchers and his involvement in the Terri Schiavo right-to-die case.

In his quest to win support from increasingly important evangelical voters, Romney, a Mormon who was elected in one of the nation's most liberal states, has disavowed statements supporting abortion rights

Bradshaw's decision to work for Romney also confirms that the Florida governor, who is prevented by term limits from seeking reelection, is not planning his own White House bid for 2008.

"It should be no surprise that I am not running for president," Bush wrote in an e-mail late Thursday. "After all, that is what I have told you and others in the press for a long time."

Bradshaw said Thursday that Bush encouraged her to consider working for Romney, who will appear with the governor next week in Florida at several campaign events.

Bradshaw's Florida connections could also prove useful for Romney if that state's GOP-led Legislature proceeds with plans to move up the date of the state's presidential primary. The new House speaker is pushing a bill that would schedule the election immediately after New Hampshire's first-in-the-nation primary.

Other major GOP candidates have sought advice from Jeb Bush, including Arizona Sen. John McCain, who flew to Tallahassee late last year for a private meeting.

Bush said Thursday that he is not supporting any candidates, but said Romney would be "formidable" if he runs.

Nevada Feeling Political Glow Of '08 Spotlight (NYT)

By Jennifer Steinhauer

The New York Times, October 13, 2006

LAS VEGAS — No longer is it, "Um, Dina who?"

The name of the Democratic candidate for governor here, Dina Titus, is tattooed on the brain of most every Democrat who wants to be president, because of Nevada's newly vaunted position in the 2008 election calendar.

Since Democrats moved the caucus here smack between the Iowa caucus, the first contest of the year, and the New Hampshire primary, Ms. Titus has worked the fund-raising circuit with Gov. Bill Richardson of New Mexico and Senators Russell D. Feingold of Wisconsin and John Kerry of Massachusetts and former Senator John Edwards of North Carolina. Senators Hillary Rodham Clinton of New York and Evan Bayh of Indiana and Gov. Tom Vilsack of Iowa are on their way.

"They raise money for me, and I get them face time," said Ms. Titus, a little-known state lawmaker who has leveraged the attention into a suddenly competitive race against Representative Jim Gibbons, the Republican candidate for governor.

The decision this summer to move the Nevada caucus has infuriated Democratic officials from Iowa and New Hampshire, accustomed to being the electoral prom queens of the primary season, who have been criticizing Nevada's low turnout in elections and questioning the state's ability to pull off the complex process of a high-profile caucus.

The jokes about strippers in the union halls and caucusing over the craps tables are presumably being written now.

"I met folks from Nevada before," said Gordon R. Fischer, the immediate past chairman of the Iowa Democratic Party. "It seems like a nice group of people. But I don't think you can overestimate the amount of work that goes into this. I think it is bad, with all due respect. I think it is bad for the Democratic Party and bad for the country."

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Nevadans, not surprisingly, reject this idea.

"We're not talking about figuring out the DNA strand here," said Jon Ralston, Nevada's most respected and widely quoted political reporter, who said he had already identified the state's biggest winner: "Me!"

How Nevada changes the calculation for Democratic contenders is a matter of debate within incipient campaigns, a sort of election wild card. And even as they zip off to the state to appear at fund-raisers, most potential candidates do not want to discuss the issue, partly out of fear of alienating New Hampshire.

Interview requests to the offices of the Democrats were greeted with initial cheer, but the responses became mostly frosty when the subject of the Nevada caucus surfaced.

Senator Christopher J. Dodd of Connecticut was an exception.

"There is a healthy quality to this because you're going to have to be more places," Mr. Dodd said in a telephone interview. "It is true I would not be normally going to Nevada this time of year. It changes the amount of time I spend in the state. I think the country benefits from that."

Smarting from losses in the West in 2004 and looking to gain momentum among Hispanic, exurban, union and other Western voters, the party has calculated that Nevada is the perfect swing-state entree into the 2008 campaign. It also bumped up South Carolina's primary.

For Nevada Democrats, the January caucus will seal their state's importance in national politics.

They point to Las Vegas, the nation's fastest-growing big city, the booming number of Hispanic residents and the local issues that differ from those in other states to underscore why their time has come.

Still, Nevada is not entirely ready to answer questions about logistics.

"I haven't even thought of that," said D. Taylor, secretary of the Culinary Workers Union of Nevada, which lobbied to move up the caucus. "Right now we're focused on a minimum wage bill that comes up in November."

Although Nevada has held a presidential caucus for 40 years, the scope of this event will be well beyond any of those. In 2004, 9,000 people came out to caucus here; 125,000 caucused in Iowa that year.

In previous caucuses, Nevada has set up one location in each of its 17 counties; in 2008, party officials are aiming for 1,000 sites statewide. The Nevada Democratic Party anticipates spending $1 million to train people and publicize the race. "Obviously the process isn't easy," said Kirsten Searer, the state party spokeswoman.

And how, Iowa caucus veterans say.

"It absolutely takes a tremendous amount of money, knowledge and organization to pull off a caucus," Mr. Fischer said. "We have nearly 2,000 precincts in the state of Iowa, and I compared it to planning 2,000 weddings that all go off at the same time."

Unlike primaries, caucuses have myriad built-in impediments to their own success. The first is simply getting people to show up, because going to a caucus takes more time and energy. Precinct captains, some of whom in Iowa have been playing their role for decades, must be trained. Coordinating the reporting of results, perhaps the key component, can be turbid.

"You have to go with your neighbors and publicly declare your support of a candidate, and that can take a couple hours or more to complete," Mr. Fischer explained. "You need a public meeting place, you need to get packets of information to all the precinct captains, who need to be trained in caucus procedures — there is math involved.

"Then, the hardest thing of all is reporting results. There have to be layers of security to make sure they are reporting accurately and timely. You can't have some that report right away and others that wait until 3 a.m."

Unlike the well-trodden coffee shops in Iowa and New Hampshire where candidates awkwardly tossing pancakes are as essential to winter as snowplows and mincemeat pies, Nevada is still puzzling out its pit stops.

Bagel Mania in downtown Las Vegas, a favored spot among power brokers, is in the running. But is it a good place to spot likely Democratic voters? "Absolutely not," said Evan Garfinkel, the restaurant's assistant manager, noting the clientele's conservative leanings. But Mr. Garfinkel anticipates serving the candidates scores of corned beef sandwiches nonetheless.

Nevada officials see their caucus as a chance to showcase issues — growth and water use in particular — that have often been ignored in primaries.

"So much a part of life in the Southwest are overcrowded schools, sitting in traffic, a lack of fire stations and libraries," said Ms. Titus, the candidate for governor, in an interview here. With Hispanics now making up 10 percent of all voters, immigration issues are also expected to be important.

New Hampshire is less than enthused with Nevada's new status. Its officials argue that Nevada's low turnout — its 2004 primary, the state's contest for nonpresidential races, attracted 29 percent of registered voters — and the fact that Nevadans are unschooled in big caucuses are reasons enough to try moving up New Hampshire's date. The Democratic National Committee said it would punish any candidates who participate in a state that violates the official schedule by denying them delegates.

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Here is the recent editorial take of one New Hampshire newspaper, The Portsmouth Herald: "What makes more sense — to have a racially diverse population that is not engaged in the political process or to have a predominantly white population that is politically involved and active?" The choice of Nevada, the editorial said, stemmed from "maneuvering by Nevada Senator Harry Reid and the influence of big Las Vegas gambling money on the process."

But national party officials remain confident in their choice.

"Nevada had all those magic things in terms of being a Western state, having a large Hispanic population, a large Asian population and a labor population," said Stacie Paxton, a Democratic National Committee spokeswoman. "We will work with officials from the state party to make sure they are ready to have a successful caucus."

Meanwhile, Democratic attention remains fixed on Ms. Titus. A professor at the University of Nevada and the minority leader in the State Senate, she is battling for the governor's office against Mr. Gibbons, a congressman with deep pockets, longstanding ties to the gambling industry and a lead in the polls.

The attention from national candidates has raised Ms. Titus's profile, garnered free publicity and energized her base. And as Senator Joseph R. Biden Jr. of Delaware tells it, Nevada's caucus rivals are no worse for it.

"I plan on going back out to campaign for Democratic candidates the last couple weeks in October," said Mr. Biden, who has already made one trip to Nevada. "I don't think Iowa or New Hampshire should feel threatened by it."

Arnold Swaps Agendas For Political Resurgence (USAT)

By Martin Kasindorf

USA Today, October 13, 2006

LOS ANGELES — Last year, California Gov. Arnold Schwarzenegger looked very much like the Republican he is: He waded into confrontations with the Democratic Legislature and unions of public employees. He proposed caps on state spending and eliminating legislators' long-lasting power to design their districts.

This year, Schwarzenegger has all but become a Democrat. Reversing course after his popularity rating sank to 37%, he joined Democrats in placing proposals on the Nov. 7 ballot to borrow a record $37.3 billion for highways, schools and levees. And he signed a law that made California the first state to try to reduce global warming by forcing industries to cut "greenhouse gas" emissions.

"Last year, he took every one of his moves out of the Republican playbook," says Fabian Núñez, Democratic speaker of the state Assembly. "It was an unsuccessful attempt to make a Democratic state a Republican state. Now he has surrounded himself with people who have encouraged him to wrap himself around the Democratic flag, and it has worked."

Judging from lopsided polling figures, Schwarzenegger is cruising toward election to a second term next month with the panache he exudes at the handlebars of his Harley-Davidson.

Schwarzenegger, elected in 2003 to replace recalled Democrat Gray Davis, holds a 17-point lead in statewide polls over state Treasurer Phil Angelides, 53, the Democratic challenger. The former Hollywood action star had a job-approval rating of 56% in a Los Angeles Times Poll published Oct. 1.

"You rarely see in politics anybody come up from where the governor was," says Mark Baldassare, polling director of the Public Policy Institute of California. "It's a lot easier for voters to lose faith than to regain faith in their leaders."

This year's self-reversal exemplifies the central political mystery of Arnold Schwarzenegger: continual change that has kept voters and politicians guessing whether the Austrian-born, self-made megamillionaire is at heart a Republican, a Democrat or a combination of the two.

In 2004, Schwarzenegger made a last-minute campaign stop with President Bush in crucial Ohio, where the governor runs an annual bodybuilding exposition. This year, he stays out of photo range of Bush, ducking the president's fundraising trips to California.

"I've worked with the governor for three years now, and I still don't know what his values are," says political foe Barbara Kerr, president of the 340,000-member California Teachers Association, who led the successful campaign against the governor's 2005 ballot propositions. "It's very confusing. We just don't know who we're going to see next."

As a Republican in a heavily Democratic state, Schwarzenegger, 59, has clearly abandoned the hard-edged conservatism of 2005. He's managed to re-establish the moderate image that catapulted him to Sacramento after his surprise announcement of candidacy on The Tonight Show, with Jay Leno, in 2003.

He appeared with Leno again Wednesday and joked that political ads linking him to Bush are as silly as "linking me to an Oscar." The Angelides campaign asked NBC for equal time.

Schwarzenegger originally ran as a business-oriented Republican who could make Sacramento's deficit-plagued government work. Yet he favored abortion rights, gay rights, gun control and expanded environmental protection — issues not embraced by more conservative Republicans.

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Barely more than half his appointments to state jobs have been Republicans. Half of his judicial appointments are Democrats or independents.

Within a few months of taking office, however, the governor yawed from bipartisan deficit-cutting agreements to ridiculing the Democrats who control the Legislature as “girlie men” and bashing unions of teachers and nurses.

This year, he again has reached out to top Democrats. Together, they chalked up a slate of legislative successes that Schwarzenegger touts in his campaign.

“Who can you trust to do the right thing?” Angelides said Saturday in the only televised debate with the governor. “For three years, Arnold Schwarzenegger was very consistent. Only in the last 60 days, as he sought to save his own job, has he tried to move to the middle.”

Squaring his epic shoulders against dramatic backdrops — a Malibu beach, the San Francisco skyline — the governor has signed legislation committing California to reduce emissions of carbon monoxide and other greenhouse gases 25% by 2020; raising the state minimum wage from $6.75 to $8 an hour and pressuring drugmakers to lower prices of prescription medicines for families earning less than $60,000 a year.

“As people watched him work with opposite numbers in the Legislature, people say, ‘Yeah, this is the guy we voted for in the recall. The governor of last year wasn't that guy,' ” says Matthew Dowd, the governor's chief campaign strategist.

Jack Pitney, a government professor at Claremont McKenna College in Claremont, Calif., says: “The classic question in politics is: What have you done for me lately? And Schwarzenegger has done quite a lot lately.”

Some of the twists and turns that make Schwarzenegger so hard to pinpoint:

·In the special election he called last November, voters defeated a proposal that would have made it tougher for teachers, police, nurses and firefighters to use union dues for political contributions. Also rejected were measures to give the governor more say over spending, to strip legislators of power to map their districts and to fire teachers more easily.

Unions spent $100 million and humbled Schwarzenegger, defeating all his initiatives. The unions are still so angry that they are airing TV ads against his re-election.

The special election was unpopular not only because Schwarzenegger wanted the measures passed, but also because of the expense of holding a fourth election in just over two years.

The defeat on last year's ballot measures deprived Schwarzenegger of the club he had held over legislators' heads: the threat to go directly to the people if the Legislature didn't do his bidding. “In 2005 he decided he was so popular that he could go off on his own and could get things passed by the ballot initiative,” Baldassare says. “He didn't need the Legislature. Now he does.”

Schwarzenegger has expressed contrition since that November night. “The people sent a message loud and clear,” he said in the debate with Angelides. “And that message was, ‘Don't come to us for every little thing. Go to the legislators. You guys work it out.' ”

·Within days of the November debacle, Schwarzenegger purged his staff. He started by replacing a Republican chief of staff with Susan Kennedy, a Democrat and former aide to Davis. The move enraged conservative GOP activists.

Núñez says the governor made the staff changes on the advice of his wife, Maria Shriver, a Democrat of the Kennedy family dynasty.

“She's obviously a very, very important adviser for the governor,” Dowd says. “She's as smart as anyone. She has a network of people she talks to. She provides advice, suggestions.”

·Schwarzenegger named more Democrats to his Cabinet and hired Republican strategists from Bush's 2004 campaign, including Dowd and campaign manager Steve Schmidt. The odd team of pragmatists meshes well, Dowd says.

·An improving economy pushed a $7.5 billion windfall into the treasury, enabling Schwarzenegger to restore $3 billion he'd cut from school funding in previous years. A budget deficit of $16.5 billion when he took office is down to $3.5 billion, he said in the debate.

·Schwarzenegger has raised $41.3 million this year for his campaign, nearly doubling Angelides' $23.2 million. The governor's fundraising from oil, tobacco, real estate and other industries has given Angelides ammunition to charge that the governor has violated a recall-campaign pledge to end the influence of “special interests.”

·After he abruptly switched to embracing a Democratic agenda he had battled for three years, the California Chamber of Commerce, a longtime business ally, opposed Schwarzenegger over the global warming law. The chamber has endorsed his re-election, anyway.

While Schwarzenegger schmoozed with Democrats, he ignored the Legislature's Republican minority this year. “While we were disappointed, there were no real surprises,” Senate Republican leader Dick Ackerman says. “When he ran in the recall election, we knew he was going to be a moderate Republican.”

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Núñez and other Democrats say they are ambivalent about handing Schwarzenegger accomplishments that have blocked Angelides' headway on minimum wage and other issues. Democrats had little choice but to help the governor: The Legislature's approval ratings were even lower than Schwarzenegger's.

"Do I go out and stall any effort to advance my own agenda, which is very self-defeating?" Núñez says. "The governor has been able to benefit from that cooperation. But it is a political year. We also want a Democrat elected governor. And it puts us in sort of a quagmire."

Angelides' commercials replay Schwarzenegger with Bush in Ohio to rouse the Democratic base. These days, though, Schwarzenegger's positions oppose Bush on global warming, stem-cell research and other issues.

All of this inconsistency opens Schwarzenegger to charges that he's a flip-flopper. Schwarzenegger's shifts haven't hurt him so far. "One does have to remember at all times that he is an actor," says Kerr of the teachers union. "And people have short memories. He did apologize and appear very sincere. He is a very good actor."

Attempts to link Schwarzenegger with Bush haven't registered in Angelides' polling, says Bill Carrick, Angelides' senior campaign strategist. So Schwarzenegger's zigzagging record is getting more attention from the trailing Democratic candidate.

During the debate, the polished Schwarzenegger attempted to disarm the policy-wonk Angelides with jokes and gentle jabs.

Granted one chance to ask Angelides a question, Schwarzenegger playfully asked the Democrat what his funniest moment was in the campaign.

"Every day is just a hoot — I can't tell you how much fun," Angelides said.

Though some Republican activists are miffed at Schwarzenegger, "conservatives will come out" on Election Day, Ackerman says. "He's stayed true to his pledge of no new taxes."

Schwarzenegger has been so hard to pigeonhole that he provokes a wide range of guesses about what a second term would look like. On the campaign trail, he offers few clues.

Sherry Bebitch Jeffe, a University of Southern California public policy analyst, theorizes that Schwarzenegger will "move to the left because he's more comfortable there.

He feels far more comfortable as an activist liberal than with the conservative part of his party's base."

Ackerman takes an opposite view. He expects Schwarzenegger to again challenge Democrats over legislative reapportionment, cutting public-employee pension costs and winning more budget-cutting power for governors.

Dowd says Schwarzenegger will hew to the bipartisan approach of 2006.

If he wins, Schwarzenegger is apt to start 2007 with his former movie-star appeal restored with Californians. The Los Angeles Times Poll showed that 60% of likely voters have a favorable impression of him.

"They want to like him, because he's fun," Pitney says. "It's fun to have him as governor, fun to tell people you have Arnold Schwarzenegger as your governor. It's something you can brag about to people in other states."

Not Right, 'Tonight' (LAT)

The Los Angeles Times, October 13, 2006

AMONG THE LATE-NIGHT PROMOS you aren't likely ever to hear, add this one: "Coming up on 'The Tonight Show With Jay Leno,' Jay chats up Heidi Klum, Robin Williams and Phil Angelides!"

Not many weeknight couch potatoes would be lured to their TV sets by the prospect of California's Democratic gubernatorial candidate trading quips with Leno about his humble Sacramento upbringing or his plan to raise the income ceilings on Cal Grants, which is why his invitation to appear on the program hasn't so far materialized. Yet it's also why Leno and NBC should have known better than to invite Angelides' more telegenic Republican rival for the governor's office, Arnold Schwarzenegger, on the show just four weeks before the election.

Angelides cried foul after Schwarzenegger's appearance Wednesday night, claiming that NBC is violating the equal-time provision of the Communications Act by not giving him the same consideration as his opponent. He doesn't have much of a legal argument. News interview shows are exempt from the provision, and Leno often interviews important public figures, so his program almost certainly qualifies.

Illegal or not, Schwarzenegger's appearance was clearly inappropriate. Leno at one point asked his friend the governor about the attack ads from Angelides that have sought to tie Schwarzenegger to President Bush, who is deeply unpopular in California. "To link me to George Bush is like linking me to an Oscar," Schwarzenegger replied.

It was the most entertaining line of the night, but it also blew away any pretense that this wasn't a campaign appearance. It's hard to imagine Leno asking just one presidential candidate on his show in the weeks before an election and ignoring the other, and the same should apply to the state race.

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Booking guests on shows like Leno's is all about timing; celebrities appear when they want to promote their newest movie or album, not necessarily when Leno's schedulers want them. The problem is, Schwarzenegger still acts like a movie star rather than a public official, and NBC still treats him that way.

There's no reason he couldn't have been booked after the election rather than before. But just as he made the TV circuit when he wanted to promote his latest "Terminator" movie, now he's doing it to promote himself as governor. Yet different rules apply.

The airwaves are granted to broadcasters for free, with the understanding that they are a public trust. Using them to boost favored candidates for office violates that trust, even if it doesn't violate the law.

Long List Of Laws Headed To Voters (USAT)

By Thomas Frank

USA Today, October 13, 2006

WASHINGTON — Voters next month will decide the most citizen-sponsored referendums in a non-presidential election in nearly 100 years, as groups step up efforts to shape policy by putting measures directly to popular vote.

Eighteen states will decide 76 ballot initiatives in November, according to the National Conference of State Legislatures. That's exceeded only by 87 such measures in 1914 — when initiatives were popular as part of the Progressive movement that fought moneyed special interests, the conference says.

There were also 87 ballot measures in 1996, which was a presidential election year.

"We're seeing initiatives go more and more into battleground states," said University of Florida political scientist Daniel Smith, a leading expert on initiatives. "Groups want to use them to mobilize their supporters."

Ohio has four initiatives, including a labor-backed proposal to raise the minimum wage, which sponsors hope will help Democrats in close races for governor, Senate and two House seats. In Missouri, an initiative to allow stem cell research could influence a tight Senate race.

"A lot of regional and national groups have become very adept at using the initiative process, and they have deep pockets so they can operate campaigns in a number of states," said Jennie Bowser, a policy analyst for the legislatures conference.

Initiatives increase voter turnout, particularly in non-presidential election years, and can sway other contests by drawing attention to how candidates stand on the initiative questions, Smith said. His study last year showed that a referendum to bar same-sex marriage in Ohio in 2004 helped President Bush carry that state and win a second term.

This year, "progressives are taking a page out of the right-wing playbook" by putting questions on ballots in Ohio, Colorado and four other key states to raise the minimum wage, said Kristina Wilfore, executive director of the liberal Ballot Initiative Strategy Center.

Unions are sponsoring those initiatives, even though few members earn minimum wage, to help pro-labor Democrats, AFL-CIO President John Sweeney said.

Citizens in 24 states can use initiatives to enact new laws by gathering signatures to put questions on a ballot. Since the 1970s, many initiatives have curtailed taxes, imposed term limits and restricted campaign fundraising.

Next month, voters in 33 states also will decide 121 additional ballot measures sponsored by legislatures. Those often involve less-contentious matters such a borrowing money, but they also cover topics such as same-sex marriage.

The 76 ballot initiatives do not include five "citizen vetoes" in which voters are being asked to repeal laws, such as South Dakota's near-total ban on abortion.

Other measures on ballots Nov. 7 would limit public smoking, restrict taxes and increase school spending.

Those issues don't motivate voters the way minimum wage and same-sex marriage can because they have "no clear partisan or ideological dimension," said Stephen Nicholson, a political scientist at the University of California, Merced. "The critical thing is to choose an issue where you're certain support is going to be strong and stay strong."

Ex-President Ford Has Medical Tests (AP-Y)

AP-Yahoo, October 13, 2006

Gerald Ford, the nation's oldest living former president, was in a hospital Thursday and undergoing medical tests, his office said.

Ford, 93, was doing well at Eisenhower Medical Center, spokeswoman Penny Circle said in a statement. She did not disclose the nature of the tests.

The former president has been hospitalized repeatedly this year.

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He underwent heart procedures in August at the Mayo Clinic in Rochester, Minn., then returned to his home in Rancho Mirage. He received an implantable cardiac pacemaker to regulate his heartbeat and underwent angioplasty, with stents in two of his coronary arteries to increase blood flow.

In July, Ford was admitted to Colorado's Vail Valley Medical Center for a few days because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage to treat pneumonia.

Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford, a Michigan Republican, was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973. Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

U.N. Nears Action On N. Korea (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 13, 2006

A deal on a draft sanctions resolution specifies that it cannot lead to military action, allaying Russian and Chinese concerns.

UNITED NATIONS — The Security Council edged closer to agreement Thursday on a draft sanctions resolution designed to strangle North Korea's missile and nuclear programs and their funding in response to the country's announced nuclear test.

After a flurry of high-level negotiations in Washington, Beijing and Moscow, diplomats at the United Nations worked out a compromise specifying that the resolution could not be used as a basis for military action.

The new draft was sent to capitals for consideration in time for a possible vote today or Saturday.

The resolution also calls for an embargo on conventional weapons, a ban on luxury goods, a prohibition against materials related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It would also allow the interception and inspection of suspected nuclear and missile materials going to and from North Korea.

Russia and China, sensitive to the prospect of intrusive activity so close to their borders, are concerned about whether proposed inspections of all North Korean cargo would be legal. The neighbors, which as permanent members of the Security Council hold veto power, had balked at an earlier draft circulated by the United States on Thursday. The new measure says the inspections should be "cooperative."

The U.S. added the provision against military action after a special envoy from China met with President Bush, Secretary of State Condoleezza Rice and national security advisor Stephen Hadley at the White House. The envoy, Tang Jiaxuan, told them that China agreed that "strong measures" were needed to punish North Korea but that it only wanted sanctions related to the proliferation of weapons of mass destruction, National Security Council spokesman Frederick Jones said.

Afterward, Rice acknowledged it would take a little more effort on both sides to come up with a draft acceptable to China, which would have to implement many of the sanctions.

"I think the Chinese clearly understand the gravity of the situation," Rice said. "They clearly understand that the North Koreans in doing this have made the environment much less stable and much less secure." She said that if the vote did not happen today, "I think it will be soon."

Tang goes to Moscow for meetings today and Saturday, while South Korean President Roh Moo-hyun travels to Beijing to discuss the issue.

"I don't want to say we've reached agreement, but many, many of the significant differences have been closed," said U.S. Ambassador John R. Bolton, after a breakthrough meeting among the Security Council's permanent members and Japan. "But I'm very pleased with the progress we've made, and I think it's close to the point where we will have an agreement."

Russian Ambassador Vitaly Churkin said he had urged Bolton on Thursday morning to slow down the process to ensure full agreement by the council and to prevent problems in the resolution's implementation.

Bolton said the United States would consider changes in the resolution but was determined to vote on it by the end of the week. He left it "open to interpretation" which day he meant.

"I think the council should try to respond to a nuclear test within the same week that the test occurred," Bolton said. "We're certainly in favor of keeping all the diplomatic channels open, but we also want swift action, and we shouldn't allow meetings and more meetings … to be an excuse for inaction."

Chinese Ambassador Wang Guangya said the resolution should be "firm, forceful and appropriate." He said he was willing to accept an article of Chapter 7 of the U.N. Charter — at the heart of the debate on the North Korea resolution — authorizing economic sanctions, but not the part that allows military action.

The United States, Britain and France — the other permanent members of the Security Council — argue that the issue is a test of the council's authority.

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British Ambassador Emyr Jones Parry said, "If you can't even vote Chapter 7 when a country performs a nuclear test, you have to wonder whether we'll be using Chapter 7 ever again.

"There is a perception — a misperception — that it leads to military action. It does not."

North Korean Ambassador Pak Gil Yon repeated a threat that his government would consider Security Council sanctions a declaration of war.

"We will take counter-measures," he told The Times.

He said that he did not know if the nuclear test had a smaller explosion than expected but that it had achieved its aims. "I am not a scientist. All I know is that the test was successful."

U.N. Near Agreement On N. Korea Sanctions (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, October 13, 2006

Arms Embargo Among Resolution's Provisions

UNITED NATIONS, Oct. 12 -- The U.N. Security Council moved closer Thursday night to agreement on a resolution that would impose an arms embargo and broad financial sanctions on North Korea in response to its claimed nuclear test, according to senior U.S. and European diplomats.

The council's five major powers -- the United States, Russia, China, Britain and France -- and Japan hammered out a compromise text that was to be sent to capitals Thursday night for approval, diplomats said. The preliminary deal was struck after the United States, acting at the request of China, included assurances that the resolution could not be used as a pretext for future military action against North Korea.

"I don't want to say we've reached agreement, but many, many of the significant differences have been closed," John R. Bolton, the U.S. ambassador, said after the meeting. "But I'm very pleased with the progress we've made, and I think it's close to the point where we will have an agreement."

"It was a good meeting," added French Ambassador Jean-Marc de La Sabliere. "We will now send the outcome of this meeting to our capitals. We are close to an agreement."

The diplomatic movement came hours after President Bush and Secretary of State Condoleezza Rice met in Washington with China's state councilor, Tang Jiaxuan.

Bush and Rice pressed Tang to support a series of tough measures designed to compel North Korea to halt its nuclear activities and resume multiparty talks aimed at eliminating Pyongyang's nuclear weapons.

A U.S.-backed draft resolution presented to the council earlier Thursday would impose an arms embargo on North Korea, ban all trade linked to its programs for ballistic missiles and nuclear weapons, and permit international inspections of North Korean cargo.

The U.S. text would also prohibit North Korean trade in luxury goods, and would ban travel and freeze assets of individuals involved in the country's prohibited weapons programs. North Korea would be given 30 days to halt its nuclear activities or face additional international penalties.

China has resisted the U.S. approach as too tough, instead favoring U.N. sanctions that would narrowly target North Korea's programs for nuclear and ballistic missiles. In an effort to address China's concern, the United States has agreed to include more restrictive language on the scope of military sanctions and inspections.

Rice told reporters that she, Bush and national security adviser Stephen J. Hadley "had excellent talks" with Tang, a senior official who outranks the foreign minister.

"I think the Chinese clearly understand the gravity of the situation," Rice said. "They clearly understand that the North Koreans in doing this have made the environment much less stable and much less secure."

China has voiced concern that international inspections of North Korean cargo would excessively intrude into the country's commercial affairs.

Beijing also expressed concern that the resolution invokes a provision of the U.N. Charter, Chapter 7, that has been used in the past to authorize military force. China insists that the text should refer to a section of Chapter 7, Article 41, that authorizes only sanctions.

Security Council diplomats said the United States and China are working on compromise language that would split the difference. It would refer to Chapter 7 but would require explicit council approval to consider any action against North Korea.

Russia's ambassador, Vitaly Churkin, meanwhile, said early Thursday that Moscow needs more time to consider the U.S. draft. He said a vote should be delayed until after Russian officials hold high-level meetings in Moscow with a senior Chinese delegation on Friday and Saturday.

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But council diplomats said Russia softened its opposition after Rice agreed in a phone conversation with Foreign Minister Sergei Lavrov to drop U.S. opposition to a Russian-backed resolution criticizing its neighbor Georgia, which recently detained seven Russian soldiers who were accused of spying.

Staff writer Glenn Kessler in Washington contributed to this report.

Rice, China In Agreement On North Korea (AP)

By Barry Schweid

AP, October 13, 2006

China agrees that North Korea's nuclear test was a grave development that makes Northeast Asia much less secure, Secretary of State Condoleezza Rice said Thursday after talks with a Chinese envoy.

Rice predicted the U.N. Security Council would respond to North Korea's nuclear test "with a very good resolution that will demonstrate to the North Koreans that the international community is very much united in its condemnation of this test."

President Bush, pursuing a diplomatic solution, spoke with Australian Prime Minister John Howard by telephone and they agreed on the need for a strong U.N. resolution to punish North Korea, a spokesman said.

Bush and Howard said any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said.

The Chinese envoy, State Councilor Tang Jiaxuan, met briefly with Bush in the Oval Office and conferred at the White House with Rice, national security adviser Stephen Hadley and Assistant Secretary of State Christopher Hill.

"I think the Chinese clearly understand the gravity of the situation," Rice told reporters later at the State Department. "They clearly understand that the North Koreans doing this have made the environment much less stable, much less secure."

Rice credited China with working very hard to get a tough resolution through the Security Council.

But at the United Nations, Russia urged the United States not to rush a vote but to await the results of high-level diplomacy. China said it would welcome more talks so the council could send a united and forceful message to North Korea.

After his stop in Washington, Tang is due to hold talks in Moscow with Russian officials.

The United States, China, Russia, Japan and South Korea are in a six-party negotiating arrangement with North Korea designed to stop the communist government from making nuclear weapons in exchange for economic and other concessions.

Washington has publicly reassured North Korea that the U.S. has no intention of attacking it.

Deputy national security adviser J.D. Crouch told reporters traveling with Bush to St. Louis on Thursday that the meeting with the Chinese envoy went well.

"I think it's a positive sign that we all agree that we need a resolution and that we need to go forward with strong measures," he said.

U.S. Tones Down U.N. Sanctions Draft (WT)

By Betsy Pisik

The Washington Times, October 13, 2006

NEW YORK -- The United States yesterday watered down elements of its U.N. Security Council condemnation of North Korea to win crucial support from Russia and China, but appeared unlikely to get the vote it is seeking by today.

Washington wants a tough rebuke this week of Pyongyang's announcement of a nuclear test, as well as legally binding measures to close down the communist state's access to nuclear and military materiel and illicit sources of funding.

"Differences remain on some important aspects of the resolution," John R. Bolton, U.S. ambassador to the United Nations, acknowledged after a morning of meetings. "We will continue to work on it, but not at the cost of sending a swift and strong response."

But Russian and Chinese U.N. ambassadors urged the resolution co-sponsors to slow down and leave some room for diplomacy -- both in their own capitals and directly with the North Korean regime.

China launched its own initiative yesterday, dispatching State Councilor for Foreign Affairs Tang Jiaxuan to Washington, where he met with President Bush in the Oval Office and also conferred at the White House with Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley and Assistant Secretary of State for East Asia Christopher R. Hill. Today he plans to travel to Russia for further talks.

"I think the Chinese clearly understand the gravity of the situation," Miss Rice told reporters later at the State Department. "They clearly understand that the North Koreans doing this have made the environment much less stable, much less secure."

She credited China with working very hard to get a tough resolution through the Security Council.

Miss Rice plans to visit Japan Monday, while South Korean President Roh Moo-hyun is expected in Beijing the day before for meetings with top officials.

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Pyongyang, meanwhile, leveled new threats at Japan, which on Wednesday announced a unilateral halt to trade with North Korea and a ban on its vessels entering Japanese ports. Tokyo today approved additional measures, including a total ban on imports from the country.

A North Korean diplomat in Japan, Song Il Ho, told the Kyodo News agency his country "will take strong countermeasures."

The U.S.-drafted resolution, which is co-sponsored by Japan, Britain, France and Slovakia, calls for all states to embargo materials that could contribute to North Korea's nuclear, ballistic missile or weapons programs, freeze assets linked to counterfeiting and smuggling, and impose a travel ban on senior officials. It allows states to inspect cargo moving to or from the North's ports.

The resolution also demands that Pyongyang immediately renounce nuclear weapons and return to various international nonproliferation regimes, and resume without preconditions the six-party talks with the United States and the North's neighbors.

The resolution makes provisions for humanitarian assistance and legitimate trade on which the bankrupt and famine-wracked nation depends.

The newest versions of the resolution delete language that would have demanded that nations close their ports to North Korean goods, ships and planes.

Mr. Bolton yesterday acknowledged "a relatively modest number of changes" but insisted the draft still had enough teeth to curtail North Korea's illegal trading and pursuit of nuclear weapons and energy programs.

The Security Council has been meeting in various formats every day since Pyongyang said early Monday that it had tested a nuclear device. That action galvanized many nations, including those which Mr. Bolton had taunted as Pyongyang's "protectors in the council."

"The nuclear test conducted by [North Korea] is an irresponsible action and this action has to be firmly opposed and condemned," said Wang Guangya, China's ambassador to the United Nations.

"The response and action the council is considering should be firm, forceful and also appropriate," he added. "By appropriate I mean it should reflect the feelings of the international community and more important, should [lead] to a solution of this issue by peaceful means."

U.S. And Japan Try To Get China On Board For Sanctions Against N. Korea (USAT)

By Paul Wiseman

USA Today, October 13, 2006

SEOUL — The United States and Japan are pressing the U.N. Security Council — including a reluctant China — for a vote as early as today on sanctions against North Korea for its reported nuclear test.

The Security Council is considering a U.S.-drafted proposal that would impose wide-ranging sanctions on the reclusive communist state. The latest draft also would demand that the North return to six-party talks without preconditions and that it “not conduct any further nuclear test or launch of a ballistic missile.”

Secretary of State Condoleezza Rice met Thursday in Washington with Chinese envoy Tang Jiaxuan. She said China agrees that North Korea's announcement Monday of a nuclear test was a grave development and predicted that the Security Council would respond “with a very good resolution.”

Though China denounced North Korea in harsh terms, it has in the past balked at imposing serious sanctions on the Pyongyang government. It fears that economic pressure could destabilize North Korean dictator Kim Jong Il's regime, which could send refugees into China. Russia's U.N. Ambassador Vitaly Churkin also urged the United States not to rush to a vote, saying it should wait for results of diplomatic meetings.

Japan's U.N. ambassador, Kenzo Oshima, said a vote would “most likely” take place Saturday. As two of five permanent Security Council members, China and Russia have veto power and could kill a resolution.

It's unclear how North Korea would respond to punitive measures. North Korean officials have threatened to retaliate against Japan, which said it will ban North Korean imports, bar their ships and block travel to Japan by North Korean officials. “We will take strong countermeasures,” North Korean diplomat Song Il Ho told Japan's Kyodo News. Japan's sanctions are likely to take effect today.

South Koreans, meanwhile, debated how to respond to North Korea's defiant behavior. The South Korean parliament passed a non-binding resolution Thursday condemning the reported test.

A poll published Thursday by the conservative JoongAng Daily newspaper showed that 78% of South Koreans want changes in their government's conciliatory “Sunshine Policy” of aid to North Korea with no strings attached.

“We kept giving to North Korea,” said Shin Wha Lee, a professor of political science and international relations at Korea University in Seoul. “They want to talk with us only if and when they need aid.”

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The JoongAng Poll also showed 65% of the 760 adults surveyed said South Korea should have its own nuclear weapons program. But many are less worried about a North Korean nuclear test than a regional nuclear arms race.

"It will have a domino effect," said Yu Hoon, 48, a sales representative for an Internet phone company. "Japan and Taiwan will want to have nuclear weapons." Those countries said this week that they would not develop nuclear arms.

U.N. Close To Sanctions For North Korea (AP-Y)

By Edith M. Lederer

AP-Yahoo, October 13, 2006

Key U.N. Security Council members moved closer to agreement late Thursday on a U.S.-proposed resolution that would impose sanctions but no military measures against North Korea because of its claimed nuclear test.

Tougher earlier drafts by the United States met opposition from Russia and China who wanted a more moderate response to Pyongyang's nuclear brinkmanship to try to persuade the reclusive communist nation to return to six-party talks on its nuclear program.

Both countries wanted to focus on reining in the North's weapons programs and China wanted to ensure that nothing in the draft could trigger military action.

The new U.S. draft circulated Thursday night tries to satisfy both the United States and China on the scope of sanctions. It also eliminates a blanket arms embargo in the previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft.

The United States reported significant progress in bridging differences with Russia and China after more than two hours of closed-door negotiations among ambassadors from the five permanent council nations — the U.S., Russia, China, Britain and France — and Japan's ambassador who is the current council president.

The U.S. said it hoped a vote could be held on Friday though close ally Japan said Saturday was more likely.

"We have made very substantial progress," U.S. Ambassador John Bolton told reporters after the meeting. "I don't want to say we've reached agreement yet, but many, many of the significant differences have been closed, very much to our satisfaction."

A new draft of the resolution was sent to capitals Thursday night so ministers can examine the latest changes. Bolton said the full Security Council is meeting Friday morning.

China's U.N. Ambassador Wang Guangya agreed that "good progress has been made" in improving the text. Russia's U.N. Ambassador Vitaly Churkin said there had been "a number of improvements" and, importantly, council unity "is in good shape."

"We should act with a cool head and moderation and also do everything to achieve a political, diplomatic outcome of this problem — and this is the spirit we had in those discussions," Churkin said. "It's not assured we're going to get there, but the mood is good and the effort is good, too."

North Korea warned it would have a firm response to sanctions, Japan's Kyodo News Agency reported from Pyongyang.

"We will take strong countermeasures," Kyodo quoted Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan, as saying.

The new U.S. draft expresses "profound concern" at the increased tension generated by North Korea's claim to have tested a nuclear device and therefore determines there is "a clear threat to international peace and security."

The major compromise, which appears to have satisfied both China and the United States, was on sanctions.

The United States insisted the resolution must be under Chapter 7 of the U.N. Charter — which authorizes punishments ranging from breaking diplomatic ties and imposing economic sanctions to naval blockades and military actions — because of the gravity of North Korea's action.

China opposed a blanket reference to Chapter 7 and only wanted measures under one of its articles — Article 41 which authorizes non-military sanctions such as economic penalties, breaking diplomatic relations and banning air travel.

The new draft states that the Security Council would act under Chapter 7 of the U.N. Charter and only take measures under Article 41. It also underlines that the Security Council would have to adopt a new resolution "should additional measures be necessary" against North Korea.

The U.S. proposal eliminates the blanket arms embargo and would instead impose sanctions on specific equipment including tanks, combat aircraft, warships and missiles.

It keeps the requirement that all countries prevent the sale or transfer of luxury goods and material and technology which could contribute to North Korea's nuclear, ballistic missile or other weapons of mass destruction-related programs.

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Like the previous draft, the new draft would condemn the nuclear test, demand that North Korea immediately return to six-party talks without preconditions, and impose sanctions for Pyongyang's "flagrant disregard" of the council's appeal not to detonate a device. It would also demand that North Korea "not conduct any further nuclear test or launch of a ballistic missile."

Beijing and Moscow objected to the wide scope of financial sanctions and a provision authorizing the inspection of cargo going in and out of North Korea, council diplomats said, speaking on condition of anonymity because talks are private. There is concern among some diplomats that boarding North Korean ships could lead to a military response from the North.

The latest draft keeps the financial freeze on individuals and entities with any connection to North Korea's weapons or missile programs as well as a travel ban on those associated with the programs. But it changes the focus of the provision on inspections.

In the previous draft, all countries were authorized to inspect cargo to and from North Korea, "as necessary," to ensure compliance with the sanctions and to prevent illicit trafficking.

In the new draft, all countries are authorized to take "cooperative action including through inspection of cargo ... in particular to prevent illicit trafficking in nuclear, chemical or biological weapons, their means of delivery and related materials."

China And Russia Stall Sanctions On North Korea (NYT)

By Warren Hoge

The New York Times, October 13, 2006

UNITED NATIONS, Oct. 12 — The American push to win Security Council backing for tough, swift sanctions against North Korea appeared to be set back by China and Russia on Thursday, in an echo of the obstacles the United States faces in a similar push to punish Iran.

The United States circulated a softened draft resolution to the Security Council in response to North Korea's assertion that it conducted a nuclear test on Monday. The United States pressed for a vote by Friday, but China and Russia immediately signaled their opposition to critical parts of the measure and said they needed more time.

China sent an emissary to the White House, Tang Jiaxuan, who met with President Bush on Thursday and appeared to be walking a line between punishing North Korea and preventing the United States from taking measures that would seriously threaten the government, according to the deputy national security adviser, J. D. Crouch.

A senior Bush administration official said Secretary of State Condoleezza Rice was considering a trip to Beijing, Seoul and Tokyo as early as next week to negotiate punitive steps over and above those that might be acceptable to the full Security Council.

The revised draft resolution dropped earlier Japanese amendments prohibiting North Korean ships from entering any port and North Korean aircraft from taking off or landing in any country. Japan is imposing its own new sanctions on North Korea, including a limit on imports and a ban on North Korean ships in Japanese waters.

The resolution still cites Chapter VII of the United Nations Charter, which makes sanctions mandatory and suggests the possibility of military enforcement. China and Russia have consistently opposed Chapter VII enforcement for North Korea.

The United States was able to win a unanimous Security Council resolution condemning North Korea's missile launchings last July only by dropping the reference to Chapter VII, but John R. Bolton, the American ambassador to the United Nations, said he would resist that step this time.

"In light of the fact that North Korea has claimed a test of a nuclear device, we need stronger language," he said.

The draft calls for international inspections of cargo going into and out of North Korea to block transport of weapons-related material, a section that has aroused particular objections from China, which is wary of such interdiction moves being conducted off its coasts.

American officials, while acknowledging how difficult it will be to win Security Council backing for the tough sanctions they prefer, insist that even a weaker resolution would send a strong signal of international condemnation.

The revised draft still requires all countries to prevent the sale or transfer of arms, luxury goods and material related to North Korea's nuclear, ballistic missile and unconventional weapons programs. It maintains a ban on travel by officials connected to those programs and a freeze on their assets.

The new draft omits an earlier mention of curbs on activities benefiting North Korea like "counterfeiting, money-laundering or narcotics," but Mr. Bolton said those activities were covered by the resolution's freeze of North Korean assets, which includes those from "illicit means."

The measure also calls on North Korea to return to the six-nation talks involving South Korea, China, Japan, Russia and the United States that it walked out of 13 months ago.

As for the international inspections, Mr. Bolton said that the United States already had the power to inspect cargoes under the American-led Proliferation Security Initiative, a group of more than 70 countries that have pledged to seize illicit weapons as

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they move across oceans or are transported by air. But he said the United States wanted language in the resolution that would make it binding on all 192 member states of the United Nations.

China and Russia said they believed the steps recommended by Washington could end up doing more harm than good. “As we know in this problem and in this part of the world,” Vitaly I. Churkin, the Russian ambassador, said, “some strong statements made by others in the Security Council have hurt the entire thing and have aggravated matters, so we do not want to repeat this on the level of the Security Council.”

Sounding a note of exasperation, Mr. Bolton protested as “simply incorrect” the interpretation that Chapter VII sets a pretext for military force, as many countries at the United Nations believe it did in Iraq.

“It would require a separate resolution, if one were needed, to authorize force,” he said.

Mr. Bolton said the United States was still open to changes but was determined to produce a decision by the end of the week.

“I think that the Council should try to respond to a nuclear test within the same week that the test occurred,” he said. “I don’t think that’s too much to ask for.”

Mr. Bolton had begun the week highlighting the unanimity of outrage over the North Korean move and expressing the conviction that in this instance the Council would act quickly and decisively.

To those who might claim that Thursday’s indecision encouraged Iran to believe that it had little to fear from the Security Council in next week’s scheduled debate, Mr. Bolton expressed confidence that the Council would take firm action and that it would set a good example. “I’m sure they’re watching in Tehran,” he said.

Mr. Churkin said he had asked Mr. Bolton on Thursday morning not to call for a vote, “but what happened, happened.”

Mr. Churkin and Wang Guangya, the Chinese ambassador, said high-level negotiations over the resolution’s terms were going on in major capitals over the weekend and ought not to be pre-empted by a hasty vote.

“Of course, some people are talking about a possible vote tomorrow,” Mr. Wang said. “I’m not sure, but I think we have to see the final text, because there are many common grounds that members agree, but there are some disagreements.”

Mr. Bolton responded, “We’re certainly very much in favor of keeping all the diplomatic channels open, but we also want swift action and we shouldn’t allow meetings and more meetings and more meetings and more meetings to be an excuse for inaction.”

Mr. Wang said that Beijing thought the North Korean claim that it tested a nuclear device was an “irresponsible action” which had to be “firmly opposed and condemned.”

But, he added: “More important, it should be helpful for leading to a solution of this issue by peaceful means. It should also create conditions for the parties to once again engage in negotiations to settle this issue.”

Richard A. Grenell, Mr. Bolton’s spokesman, said the Russians and Chinese were already blocking action on other issues before the Security Council regarding places like Zimbabwe, Sudan, Iran and Myanmar, formerly Burma. “It’s all right to keep talking if you are really going to get action, but not if it’s just delay and delay and delay,” he said.

Asked if the United States would settle for a less than unanimous vote, Mr. Bolton said, “We would always like the highest number of votes in the Security Council and we have not given up on our efforts to achieve that, but we have also said that it’s important what we send a very clear signal.”

Acknowledging the lack of unanimity, Mr. Bolton said: “We don’t have it yet. Differences remain, there are still differences on some important aspects of the resolution.”

He said, “We are going to continue to work on it, but we’re not going to work on it at the cost of losing sending a swift and strong response.”

Understanding China's Place In N. Korea Situation (LAT)

By Mark Magnier

The Los Angeles Times, October 13, 2006

BEIJING -- Beijing's reaction to North Korea's nuclear testing announcement was unusually swift and forceful. Within hours on Monday, the normally slow to react Chinese government characterized Pyongyang's action as "hanran," meaning brazen, a term generally reserved for its worst enemies.

By midweek, however, China was sounding more like its old self: calling for dialogue, eschewing confrontation and warning against comprehensive economic sanctions, even as it redoubled efforts to lurch its longtime ally back to the negotiating table.

As North Korea's top supplier of energy and food, Beijing is viewed as the key to a tough international response at the United Nations to North Korean leader Kim Jong Il's provocation. And Washington, for its part, argues that China must be a "responsible stakeholder" if it wants a leading role in international society.

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But with its go-slow stance, Beijing has been exposed to foreign criticism that it is squandering a golden opportunity to display global leadership.

The problem, analysts say, is that China draws much different conclusions than Washington, even in the middle of a nuclear crisis, because it has a very different idea of what's important and what it needs to survive and prosper.

While the United States and Europe view a nuclear North Korea as a fundamental threat to the global order, China sees it less as a problem in its own right than as a catalyst for secondary headaches including the possible destabilization of the Korean Peninsula and militarization of Japan.

"America wants to see North Korea go away, representing the final victory of the Cold War," said Alexandre Mansourov, a security expert with the Asia-Pacific Center for Security Studies in Honolulu. "China's interests, however, lie in keeping North Korea in place. China's not doing this because it loves Kim Jong Il, but because it wants the buffer to remain."

Furthermore, Beijing appears to be less worried about a nuclear-armed North Korea.

"There's a big perception gap," said Jin Linbo, Asia-Pacific director at Beijing's China Institute of International Studies. "China has a different assessment of the danger."

Beijing already lives in a tough neighborhood where nuclear neighbors are abundant. It nearly went to war with a nuclear Russia in the 1960s and more recently watched Pakistan and rival India join the club. China is not all that impressed by Pyongyang's nuclear technology, analysts add, nor does it see itself as an intended target.

China's current stage bears similarities to the United States from the Civil War to World War I, says Jin Canrong, vice dean of foreign relations at Beijing's Renmin University. It is industrializing rapidly, weathering a huge population shift from rural to urban areas and is grappling with enormous social problems related to rising expectations and a widening wealth gap.

In the same way America was primarily isolationist as it focused on internal development, China's leadership seeks enough time and international stability to lift its people out of poverty, ease societal stresses and keep enough money flowing to ensure the continued monopoly position of the Communist Party.

A bigger danger than North Korean nukes from China's perspective is of Washington destablizing the region. Beijing apparently believes it needs North Korea as a buffer against the 30,000 or so U.S. troops stationed in South Korea to guard against an attack by Kim.Beijing, along with Russia, fears sanctions could lead to regime change in Pyongyang and growing U.S. influence in their backyard. Sanctions presaged the U.S.-led NATO removal of Slobodan Milosevic in Serbia and the 2003 Iraq invasion that unseated Saddam Hussein.

Moreover, if Kim fell, the risk of refugees flooding across the border into China is a frightening economic and social prospect.

Also weighing on China's mind is a fear that precipitate action could disrupt its courtship of South Korea, analysts say. If the Pyongyang regime collapses in the near future in the wake of sanctions or direct military action, the United States would retain significant influence over a Seoul-dominated Korean peninsula. Keeping Kim in place, on the other hand, would eventually see both Koreas in China's camp.

"South Korea is the big prize in all of this," said Ralph Cossa, executive director of Honolulu-based Pacific Forum CSIS.

Since relations were normalized in 1992, Beijing has watched approvingly as anti-American sentiment has grown in South Korea, U.S. troop levels have declined, China supplanted the United States as Seoul's largest trading partner and trendy young Koreans have dropped their English-language classes in droves to study Mandarin. A sign of China's growing confidence is its support for South Korean Foreign Minister Ban Ki-moon as the next U.N. Secretary General, a nominee it would have condemned as a U.S. puppet a decade ago.

None of which is to say that North Korea doesn't infuriate Beijing. Despite receiving much of its food and an estimated 70 percent of its energy from China, the North is often ungrateful and defiant knowing China's interests would be hurt by its collapse. The way Pyongyang sees it, analysts add, Beijing merely writes the checks while it is doing the heavy lifting in the front-line battle against Western imperialists.

North Korea has also timed its outbursts with seeming disregard for its giant neighbor.

Its 1998 missile launch over the main island of Honshu boosted Japanese public support for an American missile defense plan, hurting Beijing's interests.

Its February 2005 announcement of reactivated nuclear activity, in the middle of Chinese New Year, infuriated Chinese officials forced to cut short their holiday.

And the announcement Monday morning occurred during one of the most important political events on the Chinese calendar -- the Communist Party's four-day central committee meeting.

Chinese leaders, with their love of pageantry, don't like tearing up their domestic or foreign scripts. The test by Beijing's mercurial neighbor not only overshadowed the meeting but also discredited President Hu Jintao's main foreign policy initiative -- six-party talks on the North Korean nuclear issue, with Pyongyang, the U.S., South Korea, Russia and Japan.

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China's biggest nightmare emerging from the crisis is a nuclear Japan, although it remains confident that won't happen given divisions in Japanese society and Washington's own fears it would spur a regional arms race.

While Beijing sees far less danger in a nuclear North Korea than Washington, however, it remains under pressure to bring its stance somewhat more in line with the U.S. position. Too many other countries are angry and the North's defiance threatens to embolden other nuclear wannabe regimes, undercutting the global stability China needs to grow and prosper internally. Nor can Beijing afford to alienate the U.S., its biggest customer, by appearing too cozy with Pyongyang.

China apparently also figures it would have more influence by supporting and watering down a U.N. sanctions resolution than it would through outright opposition. Seoul and Beijing both know that North Korea can take more punishment right now: the fall harvest gives the impoverished country some breathing room.

This all leaves Beijing seeking an equilibrium closer to the U.S. position but not so close that it deals a death knell to the North Korean regime.

Adding to Beijing's lumbering pace this week, analysts say, is its cumbersome decision-making system. Because policy for centuries has been made by a tiny elite behind closed doors, the system can fall short during periods of rapid change as other parts of the government await directives handed down from on high.

Beijing has certainly taken more global responsibility, as seen by its recent decision to send 1,000 peacekeeper troops to Lebanon. By and large, however, it tries to avoid getting entangled in too many overseas responsibilities in line with a multidecade game plan.

"China measures history in centuries, not the next quarter," said Mansourov, of the Asia-Pacific Center for Security Studies.. "There's a notion that China will play out an American scenario, but they don't see it that way. They have a very different national interest."

Yin Lijin in the Times' Beijing bureau contributed to this report.

Japan Takes Lead In Sanctioning N. Korea (AP)

By Eric Talmadge, Associated Press Writer

AP, October 13, 2006

The Yong Gwang 1, one of 24 North Korean merchant ships docked in Japanese ports, bobs beside a pier loaded to the gills with its prized cargo — rusty old bicycles that can fetch a good price on the black market in the impoverished North.

For years, this port on the Sea of Japan coast has been a regular stop for the North Koreans. But that will end Friday when Japan adopts the toughest sanctions by any country so far in response to North Korea's nuclear test.

Tokyo's sanctions include the closure of all Japanese ports to North Korean vessels, a ban on imports and exports, and a six-month ban on travel to Japan by all North Korean government officials.

In this quiet port town, North Korean trade has been a constant. The ships arrive loaded with crabs, clams or "matsutake" mushrooms, a delicacy among Japanese gourmets.

They return home filled with used bicycles or old household electrical appliances the Japanese might normally throw away, but which can be sold for a good price in the North.

The sanctions, approved by Japan's ruling party on Thursday, were to be finalized by Prime Minister Shinzo Abe's Cabinet on Friday. Fishermen here said the North Korean crews have been told to pack up and leave by midnight Friday.

"We will feel it here," said dock worker Koji Kanetsuki of the bans. "But the world needs to do something. Japan has been through Hiroshima and Nagasaki. No good will come out of having nuclear weapons."

North Korea immediately condemned the move.

Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan, said his country would take "strong countermeasures" if Japan goes through with the sanctions, according to Japan's Kyodo News.

But Japan's action also underscores the difficulty of punishing the already isolated regime of Kim Jong Il.

Though it is the world's second-largest economy and a regional trade dynamo, Japan represents less than 5 percent of the total trade with North Korea, according to the Korea Trade-Investment Promotion Agency.

The North's most crucial trading partner by far is China, which accounts for 38.9 percent of its imports and exports, followed by South Korea, at 26 percent. In fact, even Thailand outstrips Japan — accounting for 8.1 percent in 2005.

And China and South Korea aren't likely to follow Japan's hard-line example.

Beijing, Pyongyang's closest political ally, has strongly criticized North Korea but has stressed that while action should be taken, it should be "appropriate" and not so severe that it would topple Kim's fragile regime.

Trade between North Korea and China has actually expanded substantially while the efforts to bring the North back to the nuclear negotiating table have fizzled over the past year, largely over the North's demand that the U.S. lift financial sanctions.

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China's total imports and exports with North Korea jumped 14 percent last year to $2.2 billion, according to the Commerce Ministry in Beijing. The North is believed to rely on China for 90 percent of its oil.

North Korea has little to offer in return — Pyongyang ran a $1 billion deficit last year.

China's reluctance to slap tough sanctions on the North has complicated talks in the United Nations, where what to do is still being mulled in the Security Council. The United States, Japan and their allies are pushing for stern action, but Russia and China have yet to sign on.

South Korea, aware that its capital is well within reach of North Korea's artillery and missile arsenal, has also been very cautious in its response, though criticism is rising that its strategy of engagement — the "sunshine policy" — has been a failure.

Like China, South Korea's trade with the North has swelled while the nuclear talks have stalled — climbing by more than 50 percent last year to just over $1 billion, according to the South's Unification Ministry.

Because Japan's trade with North Korea is limited, Abe faced little domestic opposition to cutting it off.

Tokyo already has limited sanctions in place against North Korea, imposed after the North test-fired seven missiles into waters between Japan and the Korean Peninsula in July. Those measures included banning the Mangyongbong-92 — a North Korean ferry that served as a major conduit of trade between the two countries — from entering Japanese waters.

South Korea Grapples With Competing Pressures As It Weighs Its Response To North Korea (NYT)

By Choe Sang-hun

The New York Times, October 13, 2006

SEOUL, South Korea, Oct. 12 — South Korea, one of the few countries that can financially squeeze North Korea, slid into a bitter internal dispute Thursday over how to punish the North for its reported test of a nuclear device.

After days of squabbling, the South Korean National Assembly passed a resolution on Thursday condemning North Korea's test. But some governing party lawmakers criticized the resolution because it did not refer to "U.S. responsibility" for the crisis.

South Korea's inability to make a quick decision reflects a divide among lawmakers over how to reconcile their so-called sunshine policy of engaging North Korea with American pressure for an economic blockade of the North.

The division at home leaves President Roh Moo-hyun without a consensus as he prepares to meet the Chinese president, Hu Jintao, in Beijing on Friday.

The region will closely watch the meeting. Both China and South Korea have tried to engage North Korea. But they also compete for long-term influence there. Many South Koreans are unwilling to punish the North Koreans, partly because it would push the North closer to China.

On Thursday, Liu Jianchao, a spokesman of the Chinese Foreign Ministry, said, "It's necessary to express clearly to North Korea that the nuclear test is the wrong practice." Mr. Liu added, however, that "one can say that punishment isn't the goal."

In contrast to South Korea, Japan reacted swiftly to the reports of the North Korean nuclear test by imposing a ban on imports and ships from North Korea.

In response, a North Korean official warned Thursday that the government would take "strong countermeasures" against Japan if it carried out the ban.

"The specific contents will become clear if you keep watching," Song Il-ho, the North Korean ambassador in charge of relations with Japan, told the Kyodo news agency in Pyongyang, North Korea's capital. "We never speak empty words."

North Korea rattled the Japanese in 1998 by firing a missile that flew over Japan and crashed in the Pacific. A top governing party leader in South Korea highlighted the political divide on Thursday by warning against giving in to demands by conservatives that the country join the American-led Proliferation Security Initiative, which aims to intercept North Korean ships suspected of carrying weapons materials.

Seoul's participation in the initiative "could work as a detonator for a military clash," the party leader, Kim Keun-tae, said at a meeting with cabinet ministers.

The main opposition Grand National Party issued its own statement demanding an end to two joint ventures with the North — the Mount Kumgang tourism project, for which South Korea has provided North Korea over $900 million since 1998, and an industrial complex in Kaesong, where South Korean factories produce garments and kitchen utensils with low-wage North Korean workers.

Lee Jong-seok, South Korea's unification minister in charge of relations with North Korea, told the National Assembly on Thursday that negotiations, as well as the sanctions being considered by the United Nations Security Council, were needed because "North Korea is not a country that one can open up with pressure and sanctions alone."

President Roh has found himself caught between increasing American pressure to get tough with North Korea and strong resistance among members of his own liberal governing party.

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Conservative South Koreans called the North Korean nuclear threat a “death penalty” for the sunshine policy of promoting political reconciliation and economic cooperation with the North. They said billions of dollars funneled into the North — in cash, aid and trade — during eight years of engagement had helped North Korea divert its resources into weapons development.

But liberals within and outside the president’s camp say that although they are frustrated with the North Koreans, they see no other option but to engage them. Ending cooperative projects will only worsen inter-Korean relations and increase the danger of military clashes on the divided Korean Peninsula, they say.

“It’s clear that the sunshine policy has succeeded between the two Koreas, and it could have been more successful were it not for the bad relations between North Korea and the United States,” former President Kim Dae-jung, the architect of the engagement policy, said, according to the South Korean news media.

Asian Nations, U.S. Weigh Censure Of North Korea (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, October 13, 2006

SEOUL -- Several Asian nations and the U.S. moved ahead on multiple fronts to develop sanctions and other measures to censure North Korea's communist regime for its apparent test of a nuclear device.

The leaders of China and South Korea planned to discuss their ideas at a summit in Beijing Friday. The meeting will be the first time South Korean President Roh Moo Hyun has sat down with Chinese President Hu Jintao in 11 months. Mr. Roh also will meet with Chinese Premier Wen Jiabao.

China and South Korea are North Korea's neighbors and largest trading partners, traits that give them the most economic and political leverage over the regime of Kim Jong Il. Leaders in both countries were angered by the North's declared nuclear test on Monday. In developing a response, neither China nor South Korea wants to destabilize the North in a manner that would trigger chaos or lead to refugees on their borders.

China's foreign ministry issued another guarded statement Thursday. Ministry spokesman Liu Jianchao said "punishment should not be the purpose" of any action taken by the United Nations in response to the test. "The measures taken [by the U.N.] should be conducive to the denuclearization of the Korean peninsula and to bringing about peace and stability on the Korean peninsula," Mr. Liu said.

Japan and the U.S. are leading efforts to forge a resolution at the U.N. Security Council. John Bolton, U.S. ambassador to the U.N., said he would like the council to adopt a resolution by the week's end. The U.S. introduced a new draft resolution in the Security Council to punish North Korea and said it wants a vote on Friday.

Russia urged the U.S. not to rush the vote, saying Moscow still had differences and the U.S. should wait for the results of the flurry of high-level diplomacy. China backed Russia's call, saying Beijing would welcome more talks so the Security Council can send a united and forceful message to Pyongyang condemning the test.

The U.S. and Japan had initially hoped for a vote Thursday. But if Washington wants to get China and Russia on board, a vote is likely be delayed until next week.

"We're certainly in favor of keeping all the diplomatic channels open, but we also want swift action, and we shouldn't allow meetings, and more meetings .. to be an excuse for inaction," Mr. Bolton told reporters Thursday.

Asian stock markets remained calm amid the diplomatic maneuvering. South Korea's Composite Stock Price Index, or Kospi, rose 0.5% Thursday, though it is down 1.5% for the week. Japan's Nikkei Stock Average of 225 companies fell 0.19% Thursday.

The Bank of Korea held its overnight call-rate target steady at 4.5% and suggested its interest-rate tightening might be over as the slower-growing economy faces uncertainties from the North Korean crisis.

"The reaction of the international community, including the U.N., and the North's response to such reactions could hurt both [local] consumption and investor sentiment, so the central bank will closely monitor the situation," central-bank Gov. Lee Seongtae told reporters.

Hyundai Securities economist Lee Sang Jae said the central bank is likely to keep interest rates unchanged until the first quarter of next year while it monitors developments in the U.S. economy and North Korea.

Meanwhile, Goldman Sachs forecast a 4% growth rate for the South Korean economy next year, slower than this year's expected 4.8% rate.

"It is clear Korea reached a peak but will not have a hard landing," said Kim Sun Bae, the bank's co-director of Asia economic research. "It will be a gradual slowdown with an unstable situation until late this year or early next year."

He said the forecast hadn't been affected by the North's test, adding it will add some instability to the South Korean economy but is unlikely to develop into a crisis.

--Jung-Ah Lee contributed to this article.

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Bush, Australian PM Discuss North Korea (AP-Y)

AP, October 13, 2006

President Bush, pursuing a diplomatic solution to the North Korean nuclear crisis, spoke with Australian Prime Minister John Howard on Thursday and they agreed on the need for a strong U.N. Security Council resolution to punish Pyongyang, a spokesman said.

Separately, Chinese State Councilor Tang Jiaxuan had a meeting in the Oval Office and also conferred with Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Assistant Secretary of State Christopher Hill, deputy national security adviser J.D. Crouch told reporters.

Bush and Howard said that any resolution should be adopted under Chapter 7 of the U.N. charter, which means it could be enforced militarily, National Security Council spokesman Frederick Jones said.

Bush thanked Howard for Australia's response to both North Korea's missile test in July and its announced nuclear test on Monday. The president noted the leading position that both Australia and Japan are taking in implementing sanctions against North Korea, Jones said.

The president also thanked Howard for "the resolute commitment that the Australian people have made to the cause of freedom in Iraq and Afghanistan," the spokesman said.

Crouch, talking to reporters who accompanied Bush on a trip to St. Louis, said that meeting with the Chinese official went well.

"I think it's a positive sign that we all agree that we need a resolution and that we need to go forward with strong measures," he said.

There was not a detailed discussion on specific elements of the resolution, Crouch said, but he added that there was a "broad understanding what there needed to be was a strong response and I think that the details of those are going to have to be negotiated."

Making Good On Bush's Vow Will Require Detective Work (NYT)

By Thom Shanker And David E. Sanger

The New York Times, October 13, 2006

WASHINGTON, Oct. 12 — Making good on President Bush's vow this week to hold North Korea "fully accountable" if it shares nuclear material will pose a major challenge to American intelligence and diplomacy, requiring new equipment and a high level of international cooperation, administration and military officials say.

Mr. Bush's declaration on Monday, in his first public comments after the North announced that it had detonated a nuclear device, underscored the importance of monitoring North Korea's nuclear program, tracking its exports and investing in technology for "fingerprinting" nuclear materials.

Security specialists said Mr. Bush's warning signaled a significant expansion of longstanding policies of deterrence, extending the threat of reprisals to the transfer of nuclear weapons or materials to another country or to terrorists.

That has long been a concern about the North Korean program, but the tools to prevent it are still limited.

Robert Joseph, the under secretary of state for arms control and international security, said in an interview on Thursday that "to be credible, declaratory policy must be backed up by effective capabilities."

Mr. Joseph cited three existing programs as models for what was needed: the Proliferation Security Initiative, a loose grouping of dozens of countries that have agreed to intercept illicit arms shipments moving through their waters or airspace; Megaports, an effort to install radiation detectors at major cargo ports around the world; and Second Line of Defense, a program to place radiation detectors at major border crossings around the world.

"We are putting in place the ability to detect, disrupt and deter North Korean proliferation activities," he said. "The announced North Korean nuclear test will provide impetus to further expand these capabilities, particularly in Asia."

The Pentagon, in carrying out one of its most sensitive missions, maintains a team of nuclear experts to analyze the fallout from any nuclear attack by terrorists, not only to identify the attackers but also to figure out where they got their bomb.

Separately, the International Atomic Energy Agency, a United Nations unit based in Vienna, compiles identifying markers drawn from the chemistry and physics of processes that produce radioactive material in nuclear programs around the world.

Using that kind of data and technology, it might be possible to figure out the likely origin of an intercepted shipment of bomb material — or of the radioactive debris of a weapon that was used. The atomic energy agency's inspectors have significant records from their time in North Korea before they were expelled, and they could rule out many other possible sources of radioactive material by calling on records from nations that cooperate with the agency.

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The real question is how best to head off a nuclear transfer in the first place. Those options include stiff embargos, like those under discussion at the United Nations or even a more muscular international air and maritime inspection operation.

And then there is the threat of harsh retaliation.

Mr. Bush's declaration on Monday was no strategic aside, a number of administration and military officials said. Mr. Bush consciously chose language that amounts to a new "declaratory policy" of a line that must not be crossed.

"The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action," Mr. Bush said.

When pressed for details on the implications, a range of administration and military officials declined to elaborate, saying that part of the power of deterrence was its very ambiguity. Most would speak about the topic only on condition of anonymity.

"These declarations are constructed with some elasticity, specifically to raise questions and doubts in the mind of the object," one Bush administration official said.

Last year the White House ordered a study of whether North Korea might share some nuclear fuel with Iran, but the report was inconclusive.

Some administration officials say they doubt that the North Koreans would take the risk. Others, including Defense Secretary Donald H. Rumsfeld, argue that the North's record indicates that it proliferates any weapon in its arsenal. For example, it has long supplied missiles to Iran, and there have been suspicions, but no evidence, of nuclear cooperation between the countries as well.

Mr. Bush's statement was viewed by national security experts as a major shift in deterrence doctrine, one that acknowledges that the mission today is no longer preventing North Korea from building a nuclear weapon, but deterring its use or transfer.

"The administration will continue saying that a nuclear weapon in North Korea is unacceptable, but in fact they are beginning to accept it," said Scott D. Sagan, director of Stanford University's Center for International Security and Cooperation. "The administration is switching from a nonproliferation policy to a deterrence and defense policy. It is a form of containment rather than a form of nonproliferation."

The considerations during the cold war were far more straightforward: a Soviet missile would leave an obvious return address, allowing the United States to respond with no doubt as to the source of the attack.

But getting from the presumption of North Korean proliferation to the evidence is a very difficult task, one that initially is an intelligence, not a military, effort.

The difficulties of turning Mr. Bush's vow into real deterrence were vividly demonstrated in late 2003, the only moment when North Korea was widely suspected of being the source of nuclear material found elsewhere in the world.

The discovery was made in Libya, which decided to give up its nuclear weapons program. Along with centrifuges and other equipment purchased from the black market network created by Abdul Qadeer Khan, the Pakistani nuclear engineer, the Libyans turned over a cask of nearly two tons of uranium. It had arrived in Tripoli around 2001 in a semiprocessed form: uranium hexafluoride, the gas that is poured into centrifuges for enrichment into nuclear fuel.

Korean markings on the cask suggested that the North was the source. And chemical traces on the outside of the cask proved that the container had been at North Korea's main nuclear site, Yongbyon.

But while the Bush administration at first charged that North Korea had been the source of Libya's uranium, experts spent months trying to determine whether the contents of the cask had come from there as well or whether it had been filled up elsewhere. The result: plenty of suspicions, but no hard proof.

"We took months and months and months and still couldn't come to a 100 percent conclusion," one senior administration official said this year. "That happens. But it doesn't help you justify a counterstrike against someone."

The president's new warning grows from his 2002 National Security Strategy and subsequent statements on deterrence and pre-emption. But until now he never specifically said a nation transferring nuclear weapons or components would be held liable and be subject to retaliation, according to administration officials and analysts in the academic community.

Korean Test Seen As Only Partial Blast (WT)

By Bill Gertz

The Washington Times, October 13, 2006

Four days after North Korea tried to set off its first nuclear bomb, U.S. intelligence agencies think the blast detected by seismic sensors was a plutonium-fueled device that did not fully explode.

"The working assumption is that what happened, more likely than not, was an attempted nuclear test that fell far short of being successful," said one U.S. official familiar with the latest intelligence assessment.

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There is still no confirmation that North Korea succeeded in creating a nuclear explosion, and so far no radioactive particles that would confirm a successful nuclear test have been detected. The Washington Times first reported Tuesday that U.S. officials were having doubts, based on preliminary data, about North Korea's boasts about having successfully tested its first nuclear device.

The latest intelligence estimates of Monday's test at a nuclear test site near Kilju, in northeastern North Korea, put the size of the blast at 0.2 kilotons, or the equivalent of 200 tons of TNT. A plutonium-fueled nuclear device normally creates a much larger blast, in the range of 5 kilotons to 20 kilotons. A kiloton is the equivalent of 1,000 tons of TNT.

The detected explosion likely was produced by the conventional high-explosives used to split the plutonium atoms and produce a nuclear explosion, one official said. A second official said, "There was a yield that was in the several hundred ton range, but it at least partially failed."

Complete analysis of the data could take weeks, the officials said.

Plutonium-fueled bombs use a core of plutonium that is surrounded by conventional high explosives. High-speed electronic triggers are used to set off the high explosives, which apply pressure to the plutonium and produce the nuclear blast.

According to officials, the North Koreans informed China's government that the test they planned to carry out would produce a 4-kiloton explosion. That size indicates the North Koreans were trying to test a small warhead that likely would fit on a missile. The North Koreans have several types of ballistic missiles, including a long-range Taepodong-2, medium-range Nodong and shorter-range Scuds.

Still, the top U.S. military official was noncommittal when asked yesterday by reporters whether North Korea's detected explosion was nuclear or merely conventional.

"It is not yet determined -- with any degree of assurance -- what exactly they tested," said Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff.

Other explanations for the relatively low size of the detected blast include that North Korea did create a small nuclear explosion, but that seismic waves from it -- it registered as a 4.2 on the earthquake scale -- were muffled by an underground cavern, the officials said.

A third theory that intelligence agencies are examining is that the detected explosion was only a conventional explosion that North Korea is trying to fool the world into believing was a nuclear test, the officials said.

So far, aircraft and other sensors nearby the site of the explosion have not detected any radioactive debris. But while the detection of minute amounts of such materials would confirm a successful nuclear test, the officials warned that even if no sensors detect radioactive particles, a partially successful test would remain a possibility.

What Will Stop North Korea (WP)

By Charles Krauthammer

The Washington Post, October 13, 2006

It shall be the policy of this nation to regard any nuclear missile launched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States, requiring a full retaliatory response upon the Soviet Union .

-- President John F. Kennedy,

Oct. 22, 1962

Now that's deterrence.

Kennedy was pledging that if any nuke was launched from Cuba, the United States would not even bother with Cuba but would go directly to the source and bring the apocalypse to Russia with a massive nuclear attack.

The remarkable thing about this kind of threat is that in 1962 it was very credible. Indeed, its credibility kept the peace throughout a half-century of the Cold War.

Deterrence is what you do when there is no way to disarm your enemy. You cannot deprive him of his weapons, but you can keep him from using them. We long ago reached that stage with North Korea.

Everyone has tried to figure out how to disarm North Korea. It will not happen. Kim Jong Il is not going to give up his nukes. The only way to disarm the regime is to destroy it. China could do that with sanctions but will not. The United States could do that with a second Korean War but will not either.

So we are back to deterrence. Hence the familiar echoes of the Cuban missile crisis with North Korea's rude entry into the nuclear club this week. The United States had to immediately put down markers for deterrence. President Bush put down two.

One marker, preventing a direct attack on our allies in the region, was straightforward, if bland: "I reaffirmed to our allies in the region, including South Korea and Japan," the president said in a nationally televised statement, "that the United States will meet the full range of our deterrent and security commitments." It is understood by all that the decades-old American nuclear

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umbrella in the Pacific Rim commits us to attacking North Korea -- presumably with in-kind nuclear retaliation -- were it to attack our allies first.

Gruesome stuff, but run-of-the-mill in the nuclear age. The hard part is the second marker Bush tried to put down: proliferation deterrence.

We are in an era far more complicated than Kennedy's because his great crisis occurred before the age of terrorism. The world of 1962 was still technologically and ideologically primitive: Miniaturized nuclear weaponry had not yet been invented, nor had modern international terrorism. Yasser Arafat and the Palestine Liberation Organization gave the world that gift half a decade later with their perfection of the political airline hijacking.

Terrorism has since grown in popularity, ambition and menace. Its practitioners are in the market for nuclear weapons. North Korea has little else to sell.

Hence Bush's attempt to codify a second form of deterrence: "The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable for the consequences of such action."

A good first draft, but it could use some Kennedyesque clarity. The phrase "fully accountable" does not exactly instill fear, as it has been used promiscuously by several administrations in warnings to both terrorists and rogue states -- after which we did absolutely nothing. A better formulation would be the following:

Given the fact that there is no other nuclear power so recklessly in violation of its nuclear obligations, it shall be the policy of this nation to regard any detonation of a nuclear explosive on the United States or its allies as an attack by North Korea on the United States requiring a full retaliatory response upon North Korea.

This is how you keep Kim Jong Il from proliferating. Make him understand that his survival would be hostage to the actions of whatever terrorist group he sold his weapons to. Any terrorist detonation would be assumed to have his address on it. The United States would then return postage. Automaticity of this kind concentrates the mind.

This policy has a hitch, however. It works only in a world where there is but a single rogue nuclear state. Once that club expands to two, the policy evaporates, because a nuclear terror attack would no longer have a single automatic return address.

Which is another reason why keeping Iran from going nuclear is so important. With North Korea there is no going back. But Iran is not there yet. One rogue country is tolerable because it can be held accountable. Two rogue countries guarantees undeterrable and therefore inevitable nuclear terrorism.

Bush Gets Bum Rap (WT)

By Yearn Hong Choi

The Washington Times, October 13, 2006

President Bush has been bombarded by criticism from Democratic politicians and the so-called liberal intellectuals since North Korea announced Monday that it had tested its first nuclear bomb. This is ridiculous. Although Mr. Bush's supposed inaction has been criticized, he has been trying to operate the six-party talks to disarm North Korea. I am not sympathetic to the criticisms, because they should instead be targeting North Korea's Kim Jong-il, as well as China and South Korea, the two nations that have been financing North Korea's nuclear programs indirectly, if not directly.

There is a legitimate question to be asked: Who violated the agreement signed by North Korea and the United States in Geneva in 1994? The United States was faithful to the agreement and supplied heavy oil to North Korea, while South Korea was constructing light water reactors in North Korea. But North Korea was secretly making nuclear bombs, and subsequently disclosed the fact that it has such weapons. Mr. Bush stopped the supply of heavy oil. There was no other way. North Korea was a rogue state. It did not know how to act as a civilized partner to the Agreed Framework signed with the United States 12 years ago. As a matter of fact, North Korea and South Korea had an agreement to keep the Korean Peninsula a nuclear-free zone as early as the 1970s. But Pyongyang did not care about the signed agreement.

North Korea kidnapped South Korean fishermen from the open sea and Japanese citizens from the seashore of Japan, and bombed a South Korean plane. The DPRK sold opium and produced counterfeit U.S. dollars. It has been starving its own people. But it has produced nuclear bomb(s) and long-distance missiles in order to threaten South Korea, Japan and the United States.

How could American liberal intellectuals trust North Korea's Kim Jong-il and distrust Mr. Bush? President Clinton's engagement policy was betrayed by Kim Jong-il, and he has also betrayed South Korea's "Sunshine Policy." The appeasement policy and Sunshine policy just helped the North Korean dictator sustain his power, rather than have his country go bankrupt.

Mr. Bush's understanding of North Korea's dependence on China was admirable. China has always been behind North Korea. Kim Jong-il has been visiting Beijing seeking help, and China has warmly greeted and embraced him. So, China should participate in the six-party talks to change North Korean behavior. Could Mr. Bush have done more? I don't know, China is

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joining the United States in supporting a U.N. Security Council resolution imposing sanctions on North Korea. It was a good response from Beijing — for the first time. It was a success for Mr. Bush. I appreciate China's new stance towards North Korea, and believe South Korea will follow China's steps. I hope China will keep a distance from its colony-like North Korea, as long as it is an "Animal Farm." China should be proud of its superpower status, and should act accordingly.

Who are liberal intellectuals? They are supposed to admire civil rights of citizens and civil liberties of citizens — not to support the "Animal Farm" of the 21st century. They are supposed to admire freedom of religion, freedom of expression and freedom of movement. There are no such things in North Korea. That is why it is a rogue state.

Why don't they want regime change in North Korea — something they should be advocating? There is no way to negotiate with a man like Kim Jong-il.

The United States has limited power to punish the North Korean dictator beyond rhetoric and U.N. sanctions, however effective they may be. Should the United States target a North Korean nuclear-weapons production site, South Korea will beg Washington not to carry out an attack because of concern that Pyongyang will retaliate against its southern neighbor. Under the circumstances, South Korea has been the North Korean dictator's hostage. Former South Korean President Kim Dae-jung and current President Roh Moo-hyun have been trying to "please" Kim Jong-il. They have been pathetic. They have been seeking Kim Jong-il's mercy.

Former Secretary of Defense William Perry should know that whatever conciliatory actions South Korean people made to North Korea have failed. Washington should expect the same result from dealing with North Korea: betrayal. Mr. Bush should not be blamed for "inaction." He worked hard to establish the six-party talks to disarm North Korea's nuclear weapons. Now, China is doing something good with regard to North Korea.

General: U.S. Has Troops To Fight N. Korea (LAT)

By Peter Spiegel

The Los Angeles Times, October 13, 2006

WASHINGTON — The U.S. military's top officer said Thursday that the Pentagon would have sufficient forces to win if called on to fight a war in North Korea, but the conflict would be more difficult without the intelligence and guidance systems devoted to Iraq and Afghanistan.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that about 200,000 U.S. troops were deployed in Iraq and Afghanistan, leaving more than 2 million troops available for a war in Asia.

Pace said a conflict with North Korea, which both he and President Bush have said is highly unlikely, would rely heavily on the Navy and Air Force because of the significant deployment of land forces in Iraq. In addition, such an attack would not be "as clean as we would like," he said, because guidance systems used to aim bombs were in use in the Middle East.

"You wouldn't have the precision in combat going to a second theater of war that you would if you were only going to the first theater of war," Pace told a group of military reporters. "You end up dropping more bombs potentially to get the job done, and it would mean more brute force."

Although Pace did not name specific guidance and intelligence systems, Air Force officers have said they do not have surveillance aircraft such as Global Hawk and Predator reconnaissance drones available for East Asia because of their heavy use in Iraq and Afghanistan. The unmanned aircraft are used to spy on enemy territory.

Pace said a war in Asia would further strain U.S. troop rotations.

Pentagon officials have acknowledged in recent weeks that the Army is struggling to maintain a rotation that allows troops to return home for a year before redeploying to Iraq and Afghanistan. A third major conflict, Pace said, would probably end such yearlong respites.

One senior Pentagon official said if there were another war, most troops currently in Iraq would be forced into extended deployments, while those preparing to be sent to the Middle East would go to Asia.

Pace said the U.S. government had not confirmed whether North Korea tested a nuclear weapon, as the government in Pyongyang claimed.

The general said that even with nuclear capability, North Korea would be more worrisome to the U.S. military as a source of nuclear materials for terrorists than as a potential military foe.

Another U.S. official said intelligence agencies were still gathering data to determine whether the test blast, small by atomic standards, was a nuclear detonation.

"The working assumption has been, and continues to be, that they tried to conduct a nuclear test and that it didn't go particularly well, that it was more fizzle than pop," the official said.

Analysts think the explosion was smaller than initially reported — generating the force of perhaps as little as 200 tons of TNT, a fraction of the power of the atomic bombs the United States dropped on Japan more than 60 years ago.

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U.S. intelligence officials cautioned that the shock waves from the North Korean explosion could have been muffled if the underground test site was surrounded by caverns and tunnels that absorbed the bomb's force.

Officials said there was no confirmation of a nuclear test pending the longer-than-expected collection of atmospheric samples over Japan, downwind from the blast. The samples will be analyzed for the presence of nuclear fallout.

"It depends on meteorological conditions, and it turns out that they were not very favorable," said Daniela Rozgonova, a spokeswoman for the Vienna-based Comprehensive Nuclear Test Ban Treaty Organization. "It can take weeks."

If North Korea contained the fallout from the blast, as the country claimed, it might not be possible to confirm that it was a nuclear explosion, officials said.

Weighing Carrots Or Sticks For North Korea (WSJ)

By Yochi J. Dreazen And Jay Solomon

The Wall Street Journal, October 13, 2006

As U.S. Weighs Response To Pyongyang, Both Parties Trade Blame for Failed Diplomacy

WASHINGTON -- The Bush administration has a simple explanation for why it won't restart one-on-one talks with North Korea to persuade Pyongyang to abandon its nuclear weapons program:

"Bilateral negotiations didn't work. I appreciate the efforts of previous administrations. It just didn't work," President Bush said Wednesday, referring to the Clinton administration's years of talks with North Korea. "And therefore I thought it was important to change how we approached the problem."

Since North Korea claimed a successful nuclear detonation early this week, Democrats and Republicans have traded barbs about which administration bears more responsibility for allowing the reclusive country to acquire such weapons.

Republicans accused the Clinton administration of failing to take tough steps in the 1990s to persuade North Korea to abandon its nuclear-weapons program. Democrats say Mr. Bush's refusal to engage Pyongyang drove North Korea to accelerate that program, culminating in the announced test this week.

"It's difficult to say that the Clinton policy failed, but it's crystal clear that the current policy has failed," said Larry Wilkerson, who was chief of staff to former Secretary of State Colin Powell. "You need a carrot-and-stick approach -- you can't just use the stick."

Neither approach has succeeded, underscoring the challenges for the U.S. and its allies in deciding how to respond to the test, and ultimately, how to get Pyongyang to stop its nuclear program.

Yesterday, the U.S. and key Asian partners remained divided over how to proceed. U.S. diplomats circulated a draft Security Council resolution that, among other measures, calls for international inspections of cargo coming in or out of North Korea to prevent the transfer of weapons-related material. U.S. officials said they want to see the resolution brought to a vote today, but Russia and China said they prefer delaying the vote to allow more time for arriving at an international consensus.

China opposes the cargo inspection measure and doesn't like that the American draft resolution comes under Chapter 7 of the U.N. charter, which would preserve the option of military action against North Korea. China wants the resolution to be introduced under Article 41, which permits only nonmilitary sanctions.

A senior Chinese envoy, State Councilor Tang Jiaxuan, met with Mr. Bush and members of the president's national security team in Washington yesterday to discuss China's preference for more moderate sanctions.

The disagreements over what to do next are being shaped, in part, by the various assessments of what happened the last time the U.S. tried direct negotiations with the North Koreans.

National-security experts from both parties say the Clinton approach of engaging in talks succeeded in temporarily lowering tensions between the two sides and curbing North Korea's nuclear ambitions. Some argue that the U.S. should, for this reason, resume talks while also preparing punitive measures that could be used if Pyongyang refused to alter course.

In 1993, North Korea threatened to withdraw from the Nuclear Non-Proliferation Treaty. The Clinton administration, fearing that Pyongyang was close to deploying nuclear weapons, considered a pre-emptive military strike. President Clinton ordered the Pentagon to craft plans to send tens of thousands of additional U.S. forces to South Korea, along with war planes and other combat vehicles.

At the same time, the Clinton administration began negotiations with Pyongyang, which culminated in a 1994 deal. The so-called Agreed Framework provided a blueprint for gradually normalizing relations between the U.S. and North Korea. It called for Pyongyang to halt efforts to build nuclear weapons, and in return, the U.S. would help build two light-water reactors for power generation and provide North Korea with hundreds of thousands of tons of heavy fuel oil.

Key parts of the deal held for eight years: North Korea halted its plutonium-reprocessing work and allowed international inspectors to return. But other aspects of the agreement frayed. A Republican sweep of Congress weeks after the signing of the deal undermined the Clinton administration's ability to implement it.

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Congressional opposition to building the light-water reactors delayed their construction for several years. The U.S. and its allies ended the program earlier this year without completing either plant. The U.S. suspended shipments of the heavy fuel oil in November 2002 and did little to normalize ties between the two countries.

Supporters of the Clinton administration's approach say its strength was that it prioritized the threats North Korea posed to U.S. national security interests and systematically sought to address them. They say the Agreed Framework stopped Pyongyang's most advanced nuclear program, using plutonium fuel, and secured a promise from North Korean leader Kim Jong Il in 2000 to shelve missile tests. Officials had hoped to build on these gains to address other security challenges posed by North Korea, particularly its illicit businesses, human-rights abuses, and its placement of conventional forces within striking distance of the South Korean capital of Seoul.

The Bush administration's approach, in contrast, has tried to address all the issues at once and -- critics say -- resolved none. Some current and former U.S. diplomats say the Bush administration's hard-line approach has resulted in Pyongyang restarting its plutonium-based nuclear program and its missile tests. And there are no signs that Pyongyang plans to address the other issues.

"My biggest concern has always been the nukes," said one State Department official who has worked on Korea policy during both administrations. "But if you allow these other issues to distract from the most important one, you'll get nowhere. And this has happened."

The Clinton approach wasn't a total success, either, analysts note. Both critics and supporters say it failed to spur North Korea to decisively abandon its nuclear-weapons ambitions. U.S. intelligence officials now believe that North Korea launched a secret uranium enrichment program a few years after signing the 1994 agreement.

That agreement formally collapsed when the Bush administration confronted Pyongyang in October 2002 with evidence of its secret nuclear-weapons program and North Korea acknowledged its existence.

"It's true that we've talked to our enemies in the past, but I don't know if it would do a ... bit of good because North Korea hasn't shown any willingness to give up its nuclear program once and for all," said David Asher, a former senior State Department official.

That Was Then (WP)

By Glenn Kessler

The Washington Post, October 13, 2006

After North Korea conducted what it said was a nuclear test Sunday, many Republicans blamed the Agreed Framework negotiated by the Clinton administration -- under which a five-megawatt reactor was shut down and spent fuel rods were kept under 24-hour international supervision -- for causing the problem. But in 2003, after North Korea was discovered to have violated the agreement and the Bush administration terminated it, then-Secretary of State Colin S. Powell told The Washington Post:

"The previous administration I give great credit to for freezing that plutonium site. Lots of nuclear weapons were not made because of the Agreed Framework and the work of President Clinton and his team."

US No-talks Policy Comes Under Fire (CSM)

By Howard Lafranchi

The Christian Science Monitor, October 13, 2006

WASHINGTON

President Bush has made his stance clear: The US doesn't negotiate directly with its enemies.

But after North Korea's apparent nuclear test this week - and problems with getting severe sanctions approved by the UN - that stance is now setting off a vigorous debate.

"In my view, it is not appeasement to talk to your enemies," James Baker, secretary of State for the former President Bush, said this week.

In key election states, the Republican National Committee is offering a different view. It's airing TV ads showing Madeleine Albright, secretary of State for former President Clinton, clinking glasses with Kim Jong Il and presenting the North Korean dictator with a basketball signed by Michael Jordan. Its point: "basketball diplomacy" doesn't work.

The debate shows how the White House's policy of not directly engaging adversaries - whether North Korea, Iran, Syria, or organizations like the Palestinians' Hamas and Lebanon's Hizbullah - is under intensifying fire, including from friendly circles.

Now is probably not the moment for the United States to approve the kind of bilateral negotiations North Korea wants, many agree. "There's going to have to be a timeout chair for North Korea," says Michael Green, who served as Asia director in the Bush White House's National Security Council until last December.

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But others say the North Korea nuclear crisis, following questionable US diplomacy on this summer's war in Lebanon and a stalemate with Iran over its nuclear ambitions, is raising new challenges for the Bush administration's "no-talk-with- enemies" diplomatic approach.

"The reason we're hearing so much about this right now is that the policies towards Iran and North Korea are not working," says Geoffrey Kemp, a national security expert at the Nixon Center in Washington.

The Bush administration in its second term has embraced "multilateralism" - six-party talks with North Korea and the European Union as a go-between with Iran - without accepting direct talks with parties President Bush has termed "evil," Kemp says.

He adds, "if the multilateral approach is not going anywhere either, that really does lead you back to bilateral discussions."

Some appear to think snubbing adversaries was invented by the Bush White House, while the more adamant Bush advocates would have us believe the Clinton White House never had a foreign enemy it didn't cozy up to. But some say the seesaw of pragmatic engagement with adversaries balancing a moralistic refusal to talk has been teeter-tottering at least since the triumph of the Bolshevik revolution.

"There is a moralist streak in American foreign policy, this idea that you don't talk to bad people, that is not new," says Kemp, who served on the National Security Council in the Reagan White House.

Indeed President Reagan was famous for calling the Soviet Union "the evil empire" - but then embracing Mikhail Gorbachev, saying "I can work with this guy." Kemp says the Reagan administration was "initially standoffish" towards the Soviet Union and took years to receive a Soviet leader. But things changed, he adds, after the president was "won over by the leading pragmatists around him - those being Nancy Reagan and George Schulz."

For years it was taboo for US leaders to speak with the Palestinian Liberation Organization - so much so that Andrew Young lost his job as US ambassador to the United Nations for doing just that. Kemp remembered Alexander Haig's first Middle East trip as secretary of state, when Mr. Haig's insistence that he wouldn't stop in Damascus became the trip's major topic.

The seesaw tipped by the time Clinton took office when PLO Chairman Yasser Arafat, having renounced the doctrine of Israel's destruction, was a repeat visitor to the White House and "official visits to Damascus were almost every hour on the hour," Kemp quips.

In a news conference Wednesday President Bush fielded questions about his refusal to directly engage with Kim Jong Il's regime, saying the Clinton administration's approach "just didn't work."

Clinton administration officials refute this. Ms. Albright said in a statement Wednesday that "through our policy of constructive engagement, the world was safer" because North Korea did not develop new nuclear weapons or proceed to a nuclear test. Former Clinton Defense Secretary William Perry said it's a "lost cause" for the the US to try to deal with North Korea unless it agrees to one-on-one talks.

Bush emphasized Wednesday that his approach to North Korea is to rely on diplomacy. That suggests the debate over talking or not talking comes down to a definition of diplomacy. Administration hard-liners have argued against direct talks with the North because they say it would legitimize an abhorrent regime. But critics of the Bush approach say diplomacy is not only about dealing with allies.

Kurt Campbell, who served in both the White House and Pentagon under Clinton, says he would not "view diplomacy as a gift or as something we bestow on others, but [as] really designed for dealing with bad people on issues you care about."

Still, for others, the attraction of the Bush approach is not that it shuns talking, but that it offers talks in the context of broader bilateral negotiations - so that success or failure does not ride exclusively on American shoulders.

"The question is how do you rein in rogue regimes, and in the case of both North Korea and Iran the Bush administration has this exactly right," says Raymond Tanter, a professor at Georgetown University in Washington who served under the first President Bush.

Mr. Tanter says the Clinton administration's engagement with North Korea did not prevent the North from cheating, and exposed the US to the full blame for that. "But if North Korea is cheating on five countries, that isolates them much more, it prevents them from blaming just the US," he adds, "and it makes them subject to the weight of the international community."

White House Reverts To Cold War Containment (FT)

By Guy Dinmore

Financial Times, October 13, 2006

Lacking a viable military option in dealing with a nuclear North Korea or Iran, the Bush administration is adopting a cold war-style strategy of containment and deterrence that does not completely close the door on negotiated settlements.

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While analysts and diplomats in Washington do not rule out the possibility of US military strikes against Iran – some even wager a better than 50 per cent chance by next summer – there is a sense that the Bush doctrine of pre-emptive or preventive war is buried in the wreckage of Iraq.

There will be tough bargaining at the UN as the Bush administration seeks the legitimacy afforded by Security Council resolutions to press sanctions.

But the success of US strategy in both regions will depend more on developing ad hoc coalitions of allies and overcoming opposition from China and Russia.

Imposition of financial and trade sanctions, freezing of assets, international isolation through travel bans and interceptions of cargo at sea will be accompanied by efforts to strengthen the military capabilities of allies. This means closer military co-operation with the Gulf Arab states and a sympathetic ear to suggestions by Japan's new government that it might rewrite the postwar pacifist constitution.

Interviews with US officials, who asked not to be identified, reveal that the liberation theology that dominated the post-September 11 2001 discourse, notably President George W. Bush's second inaugural speech last year, has given way to a more pragmatic approach.

The shift is so pronounced that both neoconservatives and liberal hawks among Democrats are alarmed that the Bush administration's apparent embrace of realpolitik will mean abandoning promises made to oppressed peoples while entering into nuclear-reduction deals with the Iranian and North Korean regimes.

Beyond the US, more than 100 Arab and Muslim activists have written to Mr Bush calling on him to reaffirm his commitment to sustained democratic reform in the Arab world. They write that autocrats are intensifying their repression, emboldened by the impression that the US is wavering.

Reinforcing such impressions, one US official even suggested the administration would be willing to negotiate trade-offs at the UN in parallel discussions over North Korea, Iran and Sudan. "There are competing interests," he said.

Cliff Kupchan, analyst at the Eurasia Group consultancy, sees the Bush administration groping for an alternative to the "binary choice" of living with a nuclear Iran or staging surgical strikes.

"This administration has not reconciled itself to a nuclear Iran, but it has with North Korea," he says. But he sees any containment strategy – should it exist – complicated by a serious deterioration in the US relationship with Russia.

According to one senior US official, pressure on Iran cannot change the regime, but it might buttress the more pragmatic forces in Tehran who want to negotiate a settlement with the US.

Although the US has moved in the direction of talking to Iran – to the relief of its European allies – it still rejects one-on-one negotiations and insists that the Iranians first suspend their nuclear fuel programme.

Similarly with North Korea, the US is resisting direct talks outside the six-party process that has stalled for nearly a year. Responding to its claim of a nuclear test on Monday, the US is speaking the language of isolation and deterrence.

"Well, I think the North Koreans know that firing a nuclear missile, shall we say, would not be good for North Korean security," Condoleezza Rice, secretary of state, stated.

"The North Koreans are not confused about what it would mean to launch a nuclear attack against the United States, one of our allies or somebody in the neighbourhood."

John Hillen, assistant secretary of state for political and military affairs, is leading the push for a "new security architecture" in the Persian Gulf to counter the perceived threat from Iran. This involves beefed up military co-operation, including big ticket hardware sales, with Arab states in the Gulf Co-operation Council who are enjoying the windfall from higher oil prices.

Not surprisingly, the Arab states that feared both the wrath of the US and the threat of Islamist extremists after September 11 welcome such solicitations.

But Emile El-Hokayem, analyst at the Stimson Center in Washington, says the Arab Gulf states have a predicament. He recalls that Qatar, which hosts a US military base, was the only Security Council member not to vote in favour of the July 31 resolution demanding that Iran stop its uranium enrichment.

He also argues that a containment strategy relying heavily on a build-up of GCC military capabilities could backfire "by validating Iran's security concerns and justifying Tehran's need for a deterrent".

A less adventurist foreign policy would be welcomed by the US public, according to a poll by the Chicago Council on Global Affairs. Three out of four Americans feel the US is overdoing the job of global policeman, only 17 per cent rank spreading democracy as an important foreign policy goal, while 61 per cent say the war in Iraq has not reduced the threat of terrorism.

In Iran, Two Power Centers Vie Amid Standoff Over Nuclear Fuel (WSJ)

By Bill Spindle

The Wall Street Journal, October 13, 2006

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TEHRAN, Iran -- As the West debates how to deal with North Korea after its defiant nuclear test, another atomic confrontation awaits the world's attention, the showdown with Iran. In some ways, it is even trickier.

Both nations' leaders taunt America with bombastic rhetoric. But unlike Kim Jong Il's North Korea, Iran isn't a one-man dictatorship. Contrary to a common view of an Iran as being firmly in the hands of its fiery president, Mahmoud Ahmadinejad, Iran is torn by competing power centers that wage a daily battle for supremacy.

On one side is a mostly youthful group of fundamentalist hard-liners, typified by Mr. Ahmadinejad, who are determined to keep the revolutionary spirit vibrant. On the other is Iran's elite class of clerics, aging former revolutionaries and businessmen -- also deeply conservative and wary of reform, but far less interested in confronting the world and risking the isolation of their country.

Typifying this less-recognized power center is Iran's tough but suave chief nuclear negotiator, Ali Larijani. He is a fluent English speaker whose appointment to the critical negotiating role was seen inside Iran as a way to counterbalance the mercurial president.

Mr. Ahmadinejad tries to shake things up and sometimes succeeds, says Nassar Hadian, a political-science professor at Tehran University, "but the entire establishment of Iran is opposed to him."

Both factions vow to proceed with Iran's uranium enrichment program, which they insist is solely for peaceful purposes. Both also seek a bigger role for Iran in the regional and world stages. But they have quite different ideas about how to achieve it and about just what kind of role Iran should play in the world.

President Ahmadinejad's group favors confrontation with the West, figuring Russia and China will never back tough sanctions but instead will always offer Iran access to world markets. Iran's more traditional and establishment conservatives, by contrast, put emphasis on maintaining economic and political ties to the West, and perhaps even opening some sort of dialogue with the U.S.

All this makes for a complicated task facing the United Nations Security Council as it tries to hash out sanctions over Iran, following its defiance of an Aug. 31 U.N. deadline to accept economic incentives in exchange for giving up nuclear-fuel enrichment. The U.S. argues that only the pressure of tough sanctions will induce Iran's hard-liners to back down. Others argue that lowering tensions, perhaps by direct U.S.-Iran dialogue, would bolster pragmatic Iranian leaders who don't want to see the country outside the international fold.

The two strains of Iranian conservatism wrangle endlessly, from the oil ministry to the parliament to the backrooms where much authority really rests. Establishment conservatives have often checked the 50-year-old Mr. Ahmadinejad's ambitious plans for change. For instance, parliament ignored his drive to overhaul the oil ministry, the spigot for 80% of Iran's export income. Parliament rejected three attempts by Mr. Ahmadinejad to place loyalists as oil minister.

But Mr. Ahmadinejad has stretched the limited powers of the presidency with bombast and provocative rhetoric, thereby sometimes managing to dominate policy decisions, especially on the nuclear issue. His ability to create public furors, such as by taunting Israel and questioning the Holocaust, have brought him Western condemnation but a burst of popularity in the Muslim world. The result has been to further his agenda of defiance, as the West's negative reaction creates a sense in Iran that it is under siege and thus shouldn't give ground.

"He's tried to provoke a crisis in order to achieve better control," says Saeed Laylaz, a political analyst in Tehran.

Mr. Ahmadinejad isn't Iran's top official. That is Ali Khamenei, 67, the Supreme Leader. He gets the last word, and everyone in the system pays homage to him. But Ayatollah Khamenei is a power broker who tests the political winds in the country and moves carefully with them.

It wasn't many years ago that Iran's big political battles pitted hard-liners against liberal reformers pushing democracy and social freedom. The champion of reform, Mohammed Khatami, was president for eight years until 2005 but delivered little change. Liberals lost control first of parliament and then of the presidency. Conservatives have been in the clear ascendancy since President Ahmadinejad's election last year.

But it didn't take long after that for tensions in the conservative camp to emerge. Ayatollah Khamenei appointed Mr. Larijani -- from the camp opposite to the president-elect -- to oversee Iran's nuclear negotiations, as Secretary of the Supreme National Security Council.

Ayatollah Khamenei had backed Mr. Larijani in the presidential race just weeks earlier. His appointment was seen as a signal the nuclear portfolio would be kept out of Mr. Ahmadinejad's control.

Mr. Larijani is as close to an establishment blue-blood as there is here. He is the son of a Grand Ayatollah, the pinnacle of the Shiite Muslim world's religious hierarchy. He and his three brothers were reared in protected religious centers and have held various high political positions over many years. He is married to a daughter of a famous Iranian cleric and is close to the powerful speaker of Iran's parliament.

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Refined and intellectual, Mr. Larijani, 49, has studied math, computer science and Western philosophy. In his last role, heading the government broadcasting operation, he introduced sports and entertainment channels -- in addition to a bigger stream of state propaganda and religious programming -- as the regime tried to keep up with satellite TV that is spreading in Iran despite being illegal.

Like the president, Mr. Larijani is a true believer in the Iranian Revolution, say diplomats who know him. "He's a real hard-liner, purely in it for the survival of the regime," says a European diplomat who's been involved with the nuclear talks. He strikes diplomats as a smooth conveyor of a steely message. "In the way Larijani acts and talks, even the way he walks...he is the opposite of a populist or a demagogue," says another European diplomat who has dealt with him in the current talks.

It's a contrast to Mr. Ahmadinejad's public embrace of U.S. antagonists like Venezuela. Mr. Larijani has talked up another model for Iran: India, a nation that, even while developing nuclear weapons, has deepened its ties with the U.S. and international community.

Ayatollah Khamenei, the Supreme Leader who made Mr. Larijani the nuclear negotiator, has nonetheless not stopped Mr. Ahmadinejad from speaking out on the nuclear issue. And Mr. Ahmadinejad has proved adept at using his pulpit to influence the Supreme Leader.

Mr. Khamenei got the top position in a period of intense political maneuvering following Ayatollah Khomeini's death in 1989. Ayatollah Ruhollah Khomeini, the late hero of the 1979 revolution, had fused, in the Supreme Leader role, the Islamic Republic's two founding values: religious faith and revolutionary spirit.

The Supreme Leader enforces the values through a network that includes the judiciary, the military and the Guardian and Expediency Councils. The 12-member Guardian Council, whose membership is controlled by the Supreme Leader, is especially powerful: It decides who is allowed to run for office, and it has overturned hundreds of laws passed by parliament.

Ayatollah Khamenei after 1997 went along with some moves by the reformist president then in office to relax political and social rules. But by 2004, the Supreme Leader was working with conservatives to oust the reformers.

Critics of Mr. Ahmadinejad believe he has used the crisis atmosphere of nuclear dealings to offer Ayatollah Khamenei something that previously eluded him: a chance to make Iran a leader in the wider Muslim world. They say this dynamic gives Mr. Ahmadinejad pull with the ayatollah on nuclear issues, where the president has little formal role.

Critics of the radical president worry that his clout may be growing, based on two key diplomatic exchanges this year.

One was in March, when Mr. Larijani announced Iran was willing to discuss Iraq with the U.S. Mr. Ahmadinejad and his backers attacked the idea bitterly in speeches and newspaper editorials. Ayatollah Khamenei publicly backed Mr. Larijani. But it turned out the U.S., whose offer to talk had been on the table for months, had by this time lost interest. Mr. Ahmadinejad then stole Mr. Larijani's thunder by writing a rambling letter to Mr. Bush that renewed Iran's defiant stance -- and that spoke to a wider Muslim populace angry with America.

Mr. Larijani fared worse in the second exchange. It involved the U.N.'s Aug. 31 deadline for Iran to give up uranium enrichment in return for economic benefits. After the deadline passed with no compliance by Iran, President Ahmadinejad sent one of his top aides to Paris to meet French President Jacques Chirac. Among issues they would discuss was Lebanon, where France was reluctant to contribute to a U.N. peacekeeping force because of the risk of coming into conflict with Hezbollah. Iran has long supported and advised that group.

Just two days later, Mr. Larijani was talking about a softer line on the nuclear issue. As before, President Ahmadinejad was assailing the softer line. Ayatollah Khamenei remained silent. Soon, Mr. Larijani gave up discussing any sort of enrichment suspension, in what appeared to be a tactical victory for Mr. Ahmadinejad.

Yet, the struggle for power over Iran's policy has hardly ended. And as always, it's taking place in the larger context of the establishment's attempts to keep Mr. Ahmadinejad in check. Consider a recent move by a former president of Iran, Ali Akbar Hashemi Rafsanjani, a man who is hard to categorize politically but is surely part of the Iranian establishment.

Mr. Rafsanjani is a man Mr. Ahmadinejad defeated in the 2005 presidential vote. He also is a candidate for the Assembly of Experts, a panel that could have a big say over who becomes the next Supreme Leader.

This month, Mr. Rafsanjani released a secret letter that the late Ayatollah Khomeini wrote almost two decades ago, explaining why he was willing to end the eight-year war with Saddam Hussein's Iraq short of victory. Ayatollah Khomeini said military officers had told him that to continue, they would need far more firepower, perhaps even a nuclear weapon. A newspaper close to Mr. Rafsanjani then editorialized that Ayatollah Khomeini was wise not to let his revolutionary ideology get in the way of "a realistic understanding of the international situation." For Mr. Rafsanjani's supporters, the message was unmistakable: Today's Iran, too, should proceed with caution and pragmatism.

Mr. Ahmadinejad now is striking back. He spent much of the week denouncing Mr. Rafsanjani for releasing the letter. He also put his right-hand aide into a key position in the Interior Ministry -- one that oversees Iran's elections.

--Marc Champion and Andrew Higgins contributed to this article.

Iran Defies Call To Drop Nuclear Plans (NYT)

By Nazila Fathi

The New York Times, October 13, 2006

TEHRAN, Oct. 12 — The Iranian leadership is vowing to continue to defy an international demand to stop nuclear activities while refusing to condemn North Korea for its reported test of a small nuclear device.

Iran's supreme leader, Ayatollah Ali Khamenei, said in a speech on Tuesday that Iran would continue its uranium enrichment program, asserting, as other senior Iranian leaders have done, that the program was intended for peaceful civilian purposes.

He said the decision was made easier by the fact that Iran voluntarily suspended enrichment three years ago, a cooperative gesture that proved fruitless. "If we had not experienced that path, perhaps we would have criticized ourselves today," he said. "But now we will pursue with a strong heart."

President Mahmoud Ahmadinejad said in a speech on Tuesday that Iran would "continue its path of dignity based on resistance, wisdom and without fear."

The government spokesman, Gholam Hossein Elham, while saying that "Iran opposes any use of weapons of mass destruction," nevertheless blamed the United States for the nuclear test that North Korea said it conducted Monday. "The root cause of this should be sought in the policy, behavior and method adopted by the rulers of the United States," he said Tuesday in his weekly news conference.

It appeared that Iran was emboldened by North Korea's action, and what seemed to be light penalties proposed Wednesday in the United Nations Security Council. Iran and North Korea face possible Security Council sanctions over nuclear activities.

"It looks like the message of North Korea's test for Iran was that it can also continue its program," said Saeed Leylaz, an economist and political analyst in Tehran. "They felt that if they act forcefully and confrontationally, they can also proceed with their program like North Korea."

Iran, unlike North Korea, contends that its program is for civilian purposes, and Ayatollah Khamenei has repeatedly spoken out against nuclear weapons. Although Iran's facilities are visited by inspectors from the International Atomic Energy Agency, the United States contends that Tehran is using its civilian nuclear activities as a cover for a nuclear weapons program.

In an editorial on Tuesday, Kargozaran, a moderate daily newspaper, said North Korea could proceed with its program because it had China as its ally.

"The international community was less tough with North Korea, which has a nuclear bomb, than with Iran, which does not have a nuclear bomb," the newspaper said.

Iranians were mixed about whether Iran should continue with its nuclear program.

Some said they felt strongly that their country should pursue nuclear weapons, and dismissed efforts by the United States to halt proliferation. "A country that has nuclear bombs has no right to tell other countries that they should not have one," said Javad Tabatabai, a retired schoolteacher, as he browsed at a newsstand in north Tehran. "We are a superpower in the region, and no one will dare to stop our program."

Others said just as strongly that Iran should give up the quest. "People are hungry," said Armin Manouchehri, a 33-year-old mechanic. "Why do we need a nuclear program when the government is not capable of controlling the inflation?" Inflation is running in double digits in Iran, with items like bread and fuel rising even more.

Some people said they feared that the Security Council might be even tougher on Iran now. "North Korea's tests will make the West more sensitive toward Iran because Iran is in a more sensitive place in the Middle East than North Korea," said Fazlali Mahmoudi, 80, a pharmacist. "I am afraid that our leaders' policies would drag the country to the brink of war."

Israeli Forces Kill At Least 7 Palestinians In Gaza Fighting (WP)

By Scott Wilson, Washington Post Foreign Service

The Washington Post, October 13, 2006

JERUSALEM, Oct. 12 -- Israeli forces killed at least seven Palestinians on Thursday in the Gaza Strip during hours of sporadic ground fighting and airstrikes. Five of those killed were from a single family.

Israeli military officials said forces entered the strip before dawn near the central Gaza city of Khan Younis in search of cross-border tunnels that Palestinian armed groups use for smuggling.

The troops were fired on soon after, Israeli military officials said, and returned fire during a series of small-scale attacks for the next few hours. In addition to the dead, at least 11 Palestinians were reported wounded in the exchanges.

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The most severe strike occurred when an Israeli military aircraft, which Palestinian witnesses identified as an Apache attack helicopter, fired on ground targets near the eastern border town of Abassan.

Palestinian medics reported that five members of the Gdaih family were killed in the strike, including three gunmen from the Izzedine al-Qassam Brigades, Hamas's military arm. The two others were identified as Adel Gdaih, 40, and his 13-year-old son, Suhaib. Witnesses said they were unarmed.

An Israeli airstrike in the Shajaiyeh neighborhood of Gaza City killed at least two Palestinians and injured four others just after nightfall, according to Palestinian health officials. The target was the home of Ashraf Forwana, a Hamas gunman, who was not there at the time.

One of those killed was an 8-year-old girl, hospital officials said, and the other was Forwana's 40-year-old brother. It was unclear whether he was affiliated with Hamas's military wing.

Israel seized Gaza in the 1967 Middle East war but evacuated its settlements and military posts there last year. Israeli forces reentered the strip after the June 25 capture of an army corporal in a cross-border raid carried out by Hamas's military wing and two smaller armed groups at war with the Jewish state.

Negotiations are underway to exchange the captured Israeli soldier, Cpl. Gilad Shalit, for some of the roughly 8,500 Palestinians being held in Israeli jails.

The Palestinian Health Ministry reports that the Israeli military operation, known as Summer Rains, has killed 290 Palestinians, including at least 35 children. International and Israeli human rights agencies also put the number of dead at more than 200, many of them civilians.

Israeli forces are also operating in northern Gaza to stop the firing of crude rockets into southern Israel. At least five rockets landed in southern Israel in the hours after the fighting, including one that disrupted electrical service in the city of Sderot. No injuries were reported.

Special correspondent Islam Abdelkareem in Gaza contributed to this report.

Israeli Operations In Gaza Leave 8 Dead (LAT)

By Ken Ellingwood

The Los Angeles Times, October 13, 2006

JERUSALEM — Israeli forces killed eight people in separate operations in the Gaza Strip on Thursday, Palestinian officials said, as militants fired several rockets into southern Israel.

Six people were killed in the southern Gaza Strip during an Israeli operation early in the day near the town of Khan Yunis.

At least three of those killed in the clashes were identified as fighters belonging to the military wing of Hamas, the ruling Palestinian movement. The others were bystanders, including a man and his 13-year-old son, who were from the same extended family as the slain militants, neighbors said.

Two people, including a 2-year-old girl, died Thursday night during an Israeli airstrike on a house on the eastern edge of Gaza City, Palestinian officials said.

The strike, which targeted the home of Ashraf Farwana, a senior Hamas militant, also killed his 38-year-old brother, Ayman. Israeli officials said Ashraf Farwana had been involved in attacks against Israel and was making and distributing weapons to Hamas militants.

The eight fatalities marked the highest one-day death toll stemming from Israeli military actions in more than a month. At least 13 Palestinians were wounded in the Khan Yunis clashes and seven others were hurt in the evening airstrike in the Shajaiyeh neighborhood, hospital officials in Khan Yunis and Gaza City said.

Hamas responded to the morning raid by firing at least six Kassam rockets toward Israel, and four made it over the border, the Israeli army said. The rocket salvos caused no injuries and only minor damage to farms, the military said.

The Israeli operation began before dawn Thursday in the village of Abasan, just outside Khan Yunis.

An Israeli spokeswoman said troops were searching for cross-border tunnels and "any kind of terror threat." But Palestinian officials said they suspected that the Israelis were after a Hamas militant living in the area.

The army said soldiers shot at Palestinian gunmen who had fired on them with rifles and antitank missiles. The spokeswoman said the troops believed they had struck gunmen during at least three separate encounters.

Later, an Israeli aircraft fired a missile at a group of armed men who approached the soldiers on the ground, the military said. Palestinians said the missile killed the three militants, all from the Qudeh clan, and that a second projectile hit a house, killing the man and his son.

Israel has conducted sporadic raids since launching a broad incursion into the Gaza Strip after militants killed two soldiers and captured a third by tunneling under the border June 25. Hamas claimed partial responsibility for the cross-border raid.

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The fate of the abducted soldier, Cpl. Gilad Shalit, remains unknown. Mediation efforts to win his release as part of a prisoner exchange with Israel have so far failed.

The military operations since June have left more than 200 Palestinians dead.

Hamas is locked in a power struggle with the once-dominant Fatah movement of Palestinian Authority President Mahmoud Abbas. Negotiations over a coalition government have bogged down over Hamas' refusal to recognize Israel.

Abbas and Palestinian Authority Prime Minister Ismail Haniyeh last month said they had agreed on an alliance. But the deal unraveled, and clashes last week between the two factions left 10 dead and ratcheted up a feeling of lawlessness on the streets of the Gaza Strip and West Bank.

On Thursday, a 30-year-old Palestinian intelligence officer died after being wounded in a shooting in Gaza City. Last month, gunmen in Gaza killed Jad Tayeh, a ranking Palestinian intelligence officer.

French Pass Bill That Punishes Denial Of Armenian Genocide (NYT)

By Thomas Crampton

The New York Times, October 13, 2006

PARIS, Oct. 12 — The National Assembly, defying appeals from Turkey, approved legislation Thursday that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I were genocide.

The legislation, which was criticized by Turkey's government and some European Union officials, could further complicate talks for Turkey's admission to the Union.

With 106 deputies voting in favor and 19 against, the law sets fines of up to 45,000 euros, or about $56,000, and a year in prison for denying the genocide. Of the 577 members of the Assembly, 4 abstained and 448 did not vote at all, raising the question of whether there would be enough political will to push the law through the Senate.

Scholars and most Western governments have recognized the killing of more than a million Armenians by Ottoman Turks from 1915 to 1919 as genocide. But the subject is still taboo in Turkey, and charges have been pressed against writers and others who have brought attention to the genocide, including Orhan Pamuk, who was just awarded the Nobel Prize in literature.

"The Turkish people refuse the limitation of freedom of expression on the basis of groundless claims," the Turkish Foreign Ministry said in a statement. "With this draft law, France unfortunately loses its privileged status in the eyes of Turkish public opinion."

Ali Babacan, the Turkish economy minister and the country's lead negotiator on talks with Europe, said he could not rule out consequences for French companies.

"What happened in France today, we believe, is not in line with the core values of the European Union," Mr. Babacan said, adding that the government would not encourage a boycott of French goods.

In Brussels, the European Union warned that the law could have a harmful effect on negotiations. "It would prohibit dialogue which is necessary for reconciliation on the issue," said Krisztina Nagy, a spokeswoman for the Union. "It is not up to law to write history. Historians need to have debate."

Turkey's potential membership in the European Union has been a hot political topic here ahead of the presidential elections next spring. The leading candidates to succeed President Jacques Chirac, including Interior Minister Nicolas Sarkozy and Ségolène Royal, have agreed that Turkey must acknowledge the genocide before gaining membership. But the new legislation has been more of a campaign issue in France, which has one of Europe's largest Armenian populations.

Although most of France's top politicians supported the European Union's planned constitution, the French rejected it last year in a referendum that was also seen as a vote against further European expansion. The problem for politicians seeking to succeed Mr. Chirac is how to oppose Turkish entry without taking on the xenophobic tones of the far right.

After the vote, Mr. Chirac's government, which opposed the legislation, expressed eagerness for dialogue with Turkey and said the bill was unnecessary and inopportune. "We are very committed to dialogue with Turkey, as well as to the strong ties of friendship and cooperation which link us to that country," said Jean-Baptiste Mattéi, a spokesman for the Foreign Ministry.

Ms. Royal, who is the leading Socialist candidate for president, has loudly supported the bill. On Wednesday, she reiterated that "obviously," Turkey would have to recognize the genocide, and added, "My opinion is that of the French people."

Two other senior Socialists, Dominique Strauss-Kahn and Jack Lang, had reservations about the bill.

On the center right, Mr. Sarkozy has opposed Turkey's joining the European Union, but he kept silent about the genocide bill, which was sponsored by the Socialists.

A leading Turkish analyst of the European Union, Can Baydarol, said that although the decision would seem to have no direct effect on Turkey's relations with Europe, the hostile attitude of French lawmakers demonstrated some of the obstacles to Turkish membership.

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"Now people see that more than the technical details, political maneuvers will mark the years-long process on the way to full membership," he said.

French 'Genocide' Bill Raises Worry On Turkish Trade Ties (WSJ)

By Geraldine Amiel

The Wall Street Journal, October 13, 2006

PARIS -- French lawmakers in the National Assembly approved a bill that would make it a crime to deny that the mass killings of Armenians in Turkey during and after World War I amounted to genocide.

The action by the lower house of the French Parliament poses a threat to France's trade relationship with Turkey and "puts at stake what is an important economic relationship for us," said French Trade Minister Christine Lagarde.

The bill -- introduced by the opposition Socialists -- still would need to be approved by the Senate and signed by French President Jacques Chirac. "It's going to be a long trip before it is passed, and I hope it won't succeed," Ms. Lagarde said.

Turkey represents "a €10 billion [$12.5 billion] relationship, with €5 billion worth of exports with an annual growth of 20%," she added. According to data for 2005 on the Turkish Treasury Web site, France is the third-largest foreign investor in Turkey after Germany and the U.S.

In Brussels, Turkey's economy minister, Ali Babacan, warned that the French vote "might have economic consequences." The European Commission, the executive arm of the European Union, also noted that the bill -- if approved by the French legislature's other chamber and signed into law -- would hamper reconciliation between Turkey and Armenia.

An estimated 1.5 million Armenians were killed from 1915 to 1919. Turkey maintains the deaths occurred during civil unrest, disputes the numbers and rejects the genocide label. The French government declared in January 2001 that the killings of Armenians at the end of World War I constituted genocide.

Turkey Dealt Blow Over EU Accession (FT)

By Martin Arnold And Vincent Boland

Financial Times, October 13, 2006

Turkey's prospects of joining the European Union took a heavy blow on Thursday night, after France's National Assembly approved a bill which outraged Ankara and that critics say will set back the cause of reform within Turkey itself.

The French legislation, which could still be blocked by the senate, would make it a crime to deny that Armenians were the victims of genocide in the last years of the Ottoman Empire.

The bill was read in Turkey as a sign that France was now permanently opposed to Ankara's bid to join the EU. Bulent Arinc, the parliamentary speaker, criticised France's "hostile attitude" towards Turkey. "This is a shameful decision. We are very sorry to see that this [bill] was passed only because of internal [French] politics."

Turkey itself denies genocide and the judicial authorities have prosecuted writers who have used the term to describe the killings of Armenians.

One of the most prominent such figures is Orhan Pamuk, the Turkish novelist, who was awarded the Nobel prize for literature on Thursday minutes after the French vote.

Opinion polls show a majority of French voters oppose Turkish membership. The issue is sensitive in France because of the country's 450,000-strong Armenian community, which has grown rich and influential.

Armenians say as many as 1.5m people died in 1915-18, while Turkey admits only that hundreds of thousands of both Armenians and Turks died, largely as a result of civil war and famine.

Anti-EU sentiment in Turkey has risen sharply recently, ahead of a crucial European Commission report next month that is likely to be critical of Turkey's lack of progress over reforms.

Even before Thursay's vote, many diplomats believed that the EU membership talks could be formally suspended this year and might never be revived.

Politicians in Ankara have threatened to retaliate with economic sanctions and have even toyed with a law making it a crime to deny that North Africans were massacred by French colonial rulers.

While Mr Chirac favours Turkish accession to the EU, prominent ministers such as Nicolas Sarkozy are firmly opposed. Ségolène Royal, the Socialists' leading presidential candidate, has been non-committal, saying this week she would defer to public opinion on the question.

But Mr Chirac said on a visit to Armenia this month that Turkish recognition of the Armenian genocide should become a pre-condition of EU membership.

Diplomats and political commentators said French companies could be frozen out of the bidding as Turkey prepares to build three nuclear power stations and to replace parts of its defence infrastructure.

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Additional reporting by George Parker in Brussels and Daniel Dombey in London

French Bill Enrages Turkey (WT/AP)

By Emmanuel Georges-Picot

The Washington Times, October 13, 2006

PARIS -- France's lower house of parliament approved a bill yesterday that would make it a crime to deny that mass killings of Armenians in Turkey during the World War I era amounted to genocide, provoking anger in Turkey.

In Ankara, Turks threw eggs at the French Embassy amid growing calls to boycott French goods, although the bill faces a major struggle to become law.

"No one should harbor the conviction that Turkey will take this lightly," Turkish Foreign Minister Abdullah Gul said.

The bill passed 106-19, but the majority of the 557 lawmakers in France's lower house did not take part in the vote.

President Jacques Chirac's government opposed the bill, brought by the opposition Socialist Party, but did not use its majority in the lower house to vote it down.

Mr. Chirac did not comment on the vote yesterday, although he has said that the bill "is more of a polemic than legal reality." Catherine Colonna, his former spokeswoman and current minister for European affairs, told parliament that "it is not for the law to write history."

France's Declaration of the Rights of Man and of the Citizen, enacted in 1789 and considered to carry the legal force of a constitution, states: "The free communication of ideas and opinions is one of the most precious of the rights of man. Every citizen may, accordingly, speak, write, and print with freedom, but shall be responsible for such abuses of this freedom as shall be defined by law."

In practice, French law prohibits public speech or writings that incite racial or religious hatred, as well as those that deny the Jewish Holocaust during World War II.

The Armenia genocide issue has become intertwined with ongoing debate in France and across Europe about whether to admit mostly Muslim Turkey into the European Union. France is home to hundreds of thousands of people whose families came from Armenia.

An hour after the vote, Turkish novelist Orhan Pamuk won the Nobel Prize in literature for his works dealing with the symbols of clashing cultures.

Mr. Pamuk was charged last year with insulting Turkish identity after he told a Swiss newspaper that Turkey was unwilling to deal with two of the most painful episodes in its recent history: the massacre of Armenians and guerrilla fighting in Turkey's overwhelmingly Kurdish southeast. The charge was later dropped.

Mr. Chirac has urged Turkey to recognize "the genocide of Armenians" in order to join the bloc. "Each country grows by acknowledging its dramas and errors of the past," he said.

France already recognizes the killings of up to 1.5 million Armenians from 1915 to 1919 as genocide; under yesterday's bill, those who contest it was genocide would risk up to a year in prison and fines of up to $56,000.

French Bill Complicates Turkey's EU Bid (CSM)

By Scott Peterson

The Christian Science Monitor, October 13, 2006

ISTANBUL, TURKEY

By a wide margin, the French parliament voted Thursday to make it a criminal act to deny an Armenian genocide at the hands of Ottoman Turks, enraging Turkey and further deepening its suspicion of the European Union.

Islamic Turkey - which has sought for decades to join the EU and is now in membership negotiations - vowed retaliation against France that could disrupt billions of dollars in trade, even as both sides explore the limits of free speech.

The vote came the same day that Orhan Pamuk, the celebrated Turkish novelist, was awarded the Nobel Prize for Literature. Charges of "denigrating Turkishness" against Mr. Pamuk - brought after he publicly spoke of the killing of 1 million Armenians during World War I, and 30,000 Kurds - were dropped earlier this year in a case seen as a test of Turkey's commitment to EU-driven reforms.

The two events get at the heart of contradictions in modern Turkey, where democratic and West-leaning EU aspirations often clash with history. The staunchly secular state - a full member of the NATO military alliance - casts itself as an indispensable bridge between East and West, but has yet to be accepted as such by Europe.

Many Turks see the genocide vote - a hot- button issue - as just one more obstacle to keep them out of the 25-member EU club.

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"Turks find it very hard to swallow this; even Francophile Turks educated there are turning their backs on France," says Sami Kohen, a foreign affairs columnist for Milliyet newspaper. "A lot of us fear this will further encourage critics of the EU [who] will say: 'Enough is enough; we should give up on this EU.' "

Turkish lawmakers Wednesday proposed a counter-bill that would recognize an "Algerian genocide" carried out by colonial French forces in 1945.

Turkish columnists are also raising France's considerable role in Rwanda's 1994 genocide, as they seek to even the moral playing field.

Analysts say the French vote is likely to embolden Turkish nationalists and those who oppose EU membership for Turkey. Recent polls show that Turkish support for joining the EU has dropped from nearly 70 to around 50 percent now.

To become law, the bill must pass the French senate, which is not certain, and be signed by President Jacques Chirac. Punishment would include a one-year prison term, and a €45,000 ($56,500) fine, the same penalty now on French books for denying the Holocaust.

One Turkish newspaper headline took aim at France's reputation as the home of human rights and justice. It read: "Liberté, égalité, stupidité."

"French-Turkish relations, which have developed over centuries ... have been dealt a blow today as a result of the irresponsible false claims of French politicians who do not see the political consequences of their actions," Turkey's foreign ministry Abdullah Gul said in a statement.

"If this bill is passed, Turkey will not lose anything but France will lose Turkey," Mr. Gul had warned before the vote. "[France] will turn into a country that jails people who express their views."

The vote has become a political issue in France, where a majority is against Turkey's membership in the EU, where 400,000 ethnic Armenians live, and presidential elections are to be held in seven months. French exports to Turkey in 2005 totaled $5 billion.

During a visit to Armenia last week, Mr. Chirac stated that Turkey should not be allowed to join the EU unless it officially accepts that the death of more than 1 million Armenians, which took place in the last years of the Ottoman Empire, constitute a "genocide."

Though the French government said Thursday it opposed the legislation as "unnecessary and untimely," Chirac says Turkey must recognize the genocide before it joins the EU.

But while EU officials have been at pains to note that no such genocide criterion applies to Turkey, the sentiment matches widening unease in Europe over Turkey's EU application. Such fears in France are believed to be one reason the French last year rejected the proposed EU constitution.

"France has done its best to hamper Turkey's relations with the EU" and has been seeking "a kind of vengeance" against Turkey since the EU constitution failure, says Seyfi Tashan, director of the Turkish Foreign Policy Institute in Ankara, Turkey's capital. "So politically, the more damage they do to Turkey, the better."

Armenians say that 1.5 million died in 1915 in the first systematic genocide of the 20th century, though historians often count 1 million. Turkey officially argues that some 300,000 Armenians died in a partisan conflict that took just as many Turkish lives, when Armenians sided with invading Russian armies during World War I.

While Turkey has declared that it would open its files to historians, a host of Turkish writers and academics who have challenged official versions of events, sometimes using the word "genocide," have been charged with insulting the state by hard-line prosecutors.

Treading that line has been Mr. Pamuk, whose novels have dug into Turkey's imperial past to explore the contradictions and dilemmas of modern Turkey. The Nobel citation praised the work: "In the quest for the melancholic soul of his native city, [Pamuk] has discovered new symbols for the clash and interlacing of cultures." In February 2005, Pamuk told a Swiss newspaper that "30,000 Kurds and a million Armenians were killed in these lands and nobody but me dares to talk about it."

"What I said is not an insult, it is the truth," Pamuk said during his trial. "But what if it is wrong? Right or wrong, do people not have the right express their ideas peacefully?"

Pamuk The Provocative (WSJ)

The Wall Street Journal, October 13, 2006

The Swedish Academy has shown it's once again plugged into the Zeitgeist by awarding the Nobel Prize for Literature to Turkish novelist Orhan Pamuk. The award might be better named the Nobel Prize for Most Provocative Public Intellectual.

In seven novels, one memoir and countless public statements, the 54-year-old product of Istanbul's Europeanized upper classes explores tensions not so much between Islam and the West as within Muslim society itself. In that sense, Mr. Pamuk comes as a relief from the blind anti-Americanism of such recent European winners as Harold Pinter.

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In an interview with the Journal last December, Mr. Pamuk said he believed in a "liberal outlook" in which democracy, Western freedoms and Islam are compatible. But as his life and work bear out, clashes are inevitable. "Snow" (2002), which he called "my first and last political novel," explored the violent assault of political Islam on Turkey's rigid secular order. Three years later, ultra-nationalists persecuted Mr. Pamuk for speaking out against Turkey's historical amnesia about the 1915 massacre of Armenians; the charges of "insulting Turkishness" were later dropped.

In Mr. Pamuk's vision of a free Muslim society, space exists for religious conservatives, nationalists and Westernized people like himself. He rejects attempts by Islamists and Kemalists alike to impose their order by force, and sees in Turkey's attempts to join the European Union protection against both camps. Still, the overriding tone of his work is melancholy and betrays doubts about whether his open Muslim state can ever be.

After the death of the Egyptian Nobelist Naguib Mahfouz in late August, Mr. Pamuk took on the role of the world's best-known Muslim novelist, the West's literary guide to the East. It is a heavy burden for a writer of innovative but often plodding and windy work. Yesterday's honor will make him better known world-wide. If it also helps to make his vision of a modern Muslim society better known, so much the better.

U.S. Cuts Funding For AIDS Program (AP)

By Michael M. Phillips

AP, October 13, 2006

WASHINGTON -- The Bush administration cut funding for the only U.S. foreign-assistance project that provided male circumcision as a method of AIDS prevention.

At a time when scientists are lining up behind the idea that circumcision provides substantial protection against HIV transmission, the U.S. Agency for International Development pulled out of a small, $150,000 program in Swaziland that had circumcised more than 325 men since it was launched in January.

David Snider, a USAID spokesman, said the agency had been wrong to provide its initial funding for the program, which is run by a private non-profit called Family Life Association of Swaziland. U.S. foreign-assistance guidelines allow American money to be used for "formative assessments related to male circumcision but will not support the actual provision of clinical services" until further scientific evidence of its effectiveness is available.

The initial U.S. funding for the FLAS project "should not have occurred, and there will be no further circumcisions performed with U.S. government funds" until the scientific steering committee that guides U.S. aid so recommends, Mr. Snider said in a written response to questions.

"This was the one donor-funded program that was making male circumcision more available anywhere in Africa," said a Western AIDS official who works with Swaziland. "The other donors aren't doing anything to actually provide the services, and people are dying in huge numbers."

Swaziland, a tiny kingdom in southern Africa, has the world's highest HIV prevalence rate, with 33.4% of adults thought to be infected, according to UNAIDS. Almost 39 million people worldwide carry the AIDS virus, 24.5 million of them in sub-Sahara n Africa, according to UNAIDS.

At least three major studies have looked at the effect of circumcision on HIV transmission. One study in South Africa concluded that circumcision reduced the risk of HIV infection by 60% to 75%. The other studies are still underway.

Word of the initial findings, however, has spread around Africa, sparking a surge of demand for circumcision.

"The demand will not lose its momentum," predicted Dr. Adam Groeneveld, Swaziland's only urologist, who performs circumcisions at the Government Hospital in the capital city of Mbabane. "That's why FLAS will have to find some other source of money. There will be a temporary dip in the number of circumcisions, and an increase in the waiting list."

Dr. Groeneveld said the FLAS project, while small, provided a substantial increase in circumcision services. Doctors at Government Hospital perform just 10 circumcisions a week, and someone asking to be circumcised today would have to wait until February for the procedure, he said. The hospital is experimenting with the idea of devoting one entire day each weekend exclusively to circumcision procedures, he said.

AIDS Tests, Everywhere (NYT)

The New York Times, October 13, 2006

At the beginning of 2004, AIDS treatment in Botswana — a country with the world's second-highest rate of H.I.V. cases — was stagnating. The country was providing free antiretrovirals, but only one in 10 who needed the drugs was taking them.

Then Botswana made a simple change in the rules for AIDS testing that allowed the program to soar. Previously, Botswanans could get tested only after providing written consent and accepting extensive counseling. Now, unless they object,

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all patients entering a clinic or hospital are routinely given an AIDS test. The rate of testing has quadrupled. A third of Botswanans now know their H.I.V. status, and 85 percent of those who need treatment get it.

The American Centers for Disease Control and Prevention recommended late last month that such routine AIDS testing — called opt-out — become the standard in the United States. This is an important reform. It is even more crucial for poor countries, where 90 percent of those infected do not know it.

Unaids and the World Health Organization should move quickly to endorse opt-out AIDS testing. Their guidance is followed worldwide and will help rally needed help from outside donors.

The current protocols for testing — with their strong emphasis on privacy and consent — were designed when little could be done to help people with H.I.V. Now antiretrovirals are being rolled out in every country. But without easy access to testing, people may find out they have AIDS only when it is too late to save their lives. They will also have spent years unknowingly passing on the infection.

Where opt-out testing has been used, few patients decline tests. Treating H.I.V. like any other disease could also help lessen the stigma. People who have been tested before they feel sick also start AIDS treatment earlier, and do better on it. And studies show that those who know their status are only half as likely to infect someone else, when compared with an H.I.V. carrier who is still in the dark.

Governments need to follow Botswana's lead and make AIDS testing routine in every health clinic and hospital. And donors should ensure that every clinic has a reliable supply of AIDS tests.

Venezuela Challenges U.S.-backed Guatemala For U.N. Seat (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 13, 2006

WASHINGTON - Elections to seats on the United Nations Security Council are usually drab affairs, beyond the diplomatic chatter and a sense of international respect for the winners. But not this year.

Venezuelan President Hugo Chavez is challenging U.S.-backed Guatemala for a seat, triggering what many analysts and diplomats are calling the hottest Security Council race in nearly 30 years.

The 192 U.N. member nations will vote at a General Assembly session Monday on which of the two countries will succeed Argentina for a two-year term in the council seat reserved for Latin America. A two-thirds vote is required to win. There's a chance that neither will prevail and another country will be chosen as a compromise.

Chavez's self-avowed campaign to forge a Third World bloc against Washington's "hegemonistic tendencies" has transformed the race into a popularity contest between President Bush and the Venezuelan leader, who called Bush a devil last month during a speech to the General Assembly.

"In many ways, we can take this vote as a plebiscite on the U.S. position and how it's perceived within the U.N.," said Don Kraus, the executive vice president of Citizens for Global Solutions, a nonpartisan organization that advocates more cooperation among countries.

U.N. member nations also will vote Monday on council seats for representatives from Africa, Europe and Asia, but most of the attention will be on the Guatemala-Venezuela contest.

"I have never recalled so many media headlines" on a council election, said Heraldo Munoz, the U.N. ambassador from Chile. "The awareness has almost come to a man-on-the-street level."

To find a more contentious race, he added, one has to go back to Cuba's bids during the Cold War. In 1979, Cuba and Colombia went through 154 rounds of voting over three months - each failing to get the votes required for victory - before Mexico finally was picked as a consensus alternative.

Cuba ran again the following year, and after 23 rounds of voting in which several contenders rotated in and out, Panama emerged as the winner. Cuba eventually won a term, for 1990 and 1991.

A Chavez defeat would be a blow for his ambitions to become a leading voice of the underdeveloped world, while a victory would be an embarrassment for the Bush administration, which accuses the left-wing leader of everything from undermining democracy in Venezuela and around Latin America to failing to cooperate in the fight against drug trafficking and terrorism.

"This is about whether or not a state is responsible or simply wishes to have a constant struggle with the United States every day on every issue, thereby making the Security Council unworkable," Secretary of State Condoleezza Rice told The Wall Street Journal last month.

Chavez retorts that he's defending himself from U.S. plans to topple him or invade his country and says Washington's policies are impoverishing people around the world. Each side denies the other's accusations.

Viewed as the world's premier multilateral conflict-resolving institution, the Security Council oversees 70,000 blue-helmeted peacekeepers worldwide and can slap sanctions on wayward nations.

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The Bush administration fears that Chavez will use a Security Council seat not only as a platform to berate Bush but also to play an obstructionist role as the council debates hot-button issues such as Iran and North Korea. U.S. officials have complained that Chavez is using his oil wealth to expand his influence around the globe - and is looking for General Assembly votes.

The council's five permanent members - the United States, China, Great Britain, Russia and France - mostly call the shots, thanks to their veto power. But passing a resolution still requires at least nine votes in the 15-member body.

The presidency of the council is rotated among members for a one-month period, meaning that Venezuela could chair the body at least once during its term, serving as its representative and influencing its agenda.

Plus, the Security Council operates about a dozen committees, usually chaired by nonpermanent members, that monitor everything from sanctions against Sudan to counterterrorism and nuclear-proliferation issues.

Venezuela's candidacy has divided Latin America along its political and regional fault lines.

Central America, ruled mostly by conservative, pro-U.S. governments, is backing Guatemala. South America, run mostly by moderate leftist governments more critical of Washington, has tended to side with Chavez.

But there are exceptions: Colombia, one of the world's top beneficiaries of U.S. military aid, backs Guatemala. Peru, where a Chavez-backed presidential candidate was defeated in recent elections, plans to abstain.

The Caribbean Community - potentially benefiting from oil subsidies offered by Venezuela and opposed to Guatemala over its long-standing border dispute with Belize - has indicated that its 14 votes in the U.N. General Assembly might go to Venezuela.

Guatemala beat Venezuela in a vote earlier this year for a seat on the U.N.'s Human Rights Council, but Chavez has since traveled the globe in search of support, including trips to a vote-rich summit of 116 nonaligned nations in Havana last month and a July summit of 53 African Union countries in Gambia.

Venezuelan officials say they've secured the votes of most African nations and the 22-member League of Arab Nations plus China and Russia, among others. U.S. officials expect Guatemala to win the votes of many European and Asian democracies.

Observers think that Venezuela will receive more votes than Guatemala on Monday but will fall short of the two-thirds threshold. Already, news reports in Latin America are suggesting that the Dominican Republic, Costa Rica, Uruguay or Panama may step forward as alternatives.

Guatemala has tried to shake off the notion that it's simply doing Washington's bidding. The country argues that it launched its election bid in 2002 - well ahead of Venezuela - and that despite being a founding member of the United Nations and a contributor to some of its peacekeeping missions, it's never sat on the council.

Venezuela has had four previous stints on the Security Council, all before Chavez was elected president in 1998.

India, EU Work Toward Trade Pact (WSJ)

By John W. Miller

The Wall Street Journal, October 13, 2006

HELSINKI -- The European Union and India stepped up free-trade negotiations that could one day link two of the world's biggest markets. Both sides said they hope to complete a deal by early 2009.

"India is a market the EU has to get closer to before it goes off with another partner," EU Trade Commissioner Peter Mandelson said yesterday in an interview here in the Finnish capital, as top political and business leaders from India and Europe began two days of meetings.

The push for a bilateral deal is a strong signal that countries are putting aside hopes of resuming talks toward a global trade deal that would slash tariffs among the World Trade Organization's 149 members. The so-called Doha round of WTO negotiations collapsed in July, primarily because of farm-subsidy disagreements among the U.S., Europe and developing nations.

Like other officials, Mr. Mandelson still expresses hope that a comprehensive global deal isn't dead. "But Doha first never meant Doha alone," he said.

In private, EU officials say their motivation to move ahead with bilateral talks stems partly from a belief that rising protectionist sentiment among U.S. lawmakers eager to protect farm subsidies will make Doha impossible to achieve until after the 2008 presidential election. In an official policy declaration last week, Mr. Mandelson said the EU would work hard to sign bilateral trade deals with Russia, India and several countries in Latin America, Asia and the Middle East.

"Europe has for too long overlooked opportunities in Asia," Mr. Mandelson said. "I am now trying to correct that imbalance." Today, the Indians and Europeans expect to set a date for formal bilateral-trade talks.

Despite optimism about an EU-India deal -- including a pledge by Indian Commerce and Industry Minister Kamal Nath to move toward no tariffs for EU goods -- negotiations promise to be long and complicated. Decades of socialist rule have left India

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with cumbersome regulations and steep tariffs that shut out foreign companies and goods, while its own businesses struggle to meet strict environmental, safety and social standards the EU requires before opening the door to its 450 million consumers.

"Most European businesses face so many technical barriers to their investments that they make a U-turn and go home," says Marco Felisati, the top trade official for Confindustria, Italy's business lobby. Consequently, despite the size of their economies, trade between the EU and India remains relatively small.

EU trade with India amounted to €40 billion, or about $50 billion, of goods and services last year, with exports to India accounting for less than 2% of the EU total. By comparison, trade between the 25-nation bloc and China totaled €261 billion last year. Of course, European companies have been outsourcing much of their information-technology and call-center work to India, while India exports some €2 billion of precious stones, mostly diamonds, to the EU every year.

The EU wants India to remove regulations that prevent foreign companies from setting up shop and to cut high tariffs on certain goods Europeans produce, especially wine and spirits, said Mr. Mandelson. Because of levies as high as 264%, EU producers sold only €4 million of wine to India in 2004.

European companies are increasingly frustrated at being shut out of selling goods and services to a country of one billion people whose gross domestic product rose 8.3% in 2005 and 8.1% in 2004. Rules currently prohibit large retailers such as Tesco PLC, Wal-Mart Stores Inc. and Carrefour SA from building in India.

The picture is even worse for services, says Pascal Kerneis, managing director of the European Services Forum, a Brussels-based lobbying group. For example, the pension market is still entirely closed to foreign companies, to the frustration of European giants such as Allianz AG, which does sell insurance in India but only through a local partner. "You can argue whether it's 200 million potential consumers or 300 million, but it's a market with a huge potential," says Heinz Dollberg, Allianz's executive vice president.

Indian companies and politicians complain that EU regulations unfairly benefit European companies. For example, Europe requires farmers to certify that pesticide levels in their crops aren't dangerous, and compliance costs €1,700 per Indian farmer, according to the Federation of Indian Chambers of Commerce and Industry -- a fortune in India. The EU is readying legislation requiring firms importing chemical-based products into the EU to prove they are safe. That would cost as much as €325,000 per chemical, according to the federation.

Georgia Halts Talks On Russia's WTO Bid (AP)

By Misha Dzhindzhikhashvili, Associated Press Writer

AP, October 13, 2006

Georgia has blocked the next round of talks on Russia's bid to join the World Trade Organization in retaliation for Moscow's blockade of its small southern neighbor, the government said Thursday.

The next meeting of the group working with Russia on its membership talks had been postponed indefinitely at Georgia's request, the Foreign Ministry said. The working group met in Geneva on Thursday and had been expected to set a date for the next round of consultations.

Russia's top WTO negotiator, Maxim Medvedkov, confirmed that that no date had been set for the next round of talks. The ITAR-Tass news agency quoted him as saying that this was because Russia needed time to resolve some issues with certain countries at a bilateral and multilateral level.

In a statement, the Georgian ministry said Russia had banned Georgian wine and mineral water from its market. "And after the recent imposition of new economic sanctions, the situation got even worse. This has practically led to an economic blockade of Georgia by Russia," it said.

Last week, Georgian National Bank President Roman Gotsiridze had said that Georgia, which is already a member of the powerful global trade body, could demand that Russia be barred from the organization unless it ended its sanctions against Tbilisi.

Russia had been expected to sign a membership agreement with the United States at the Group of Eight summit it hosted in St. Petersburg this year — one of the last countries it has yet to clinch an agreement with — but talks stumbled on the question of sanitary controls for U.S. meat imports. Russia is the largest economy outside the 149-nation WTO.

Furious at the arrest of four Russian officers accused of spying two weeks ago, Russia responded by slapping a sweeping transport and postal blockade on Georgia despite the alleged spies' release.

Relations in recent years have become increasingly hostile between Russia and Georgia, whose pro-Western President Mikhail Saakashvili has sought to join NATO and throw off historic Russian influence since coming to power in 2003.

Slain Reporter's Last Story Bares Chechen Torture (NYT)

By C. J. Chivers

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The New York Times, October 13, 2006

MOSCOW, Oct. 12 — The newspaper Novaya Gazeta on Thursday published the last article by its slain special correspondent, Anna Politkovskaya, along with transcripts of videotaped torture sessions of Chechens that she had obtained in her work.

The article, an unfinished column that presented new allegations of torture by security forces in Chechnya, appeared on the same day that the European Court of Human Rights issued a ruling holding Russia responsible for the killings of five Chechen civilians in early 2000 by Russian police officers.

The victims of that incident included a 1-year-old boy and his young mother, who was eight months pregnant. All of the victims were shot, and the mother's jewelry was stolen, the court said.

The article also appeared as the federal prosecutor's office in Grozny, the capital of Chechnya, said it was checking into reports of the disappearance of another prominent Chechen: the mother of the last wife of Shamil Basayev, the terrorist leader who died in an explosion in June. The woman, Rita Ersenoyeva, has been missing since Oct. 2, human rights workers say, and had spent the last several weeks searching for her daughter, who had been kidnapped as well after what her mother had described as a forced marriage to the terrorist leader.

Ms. Politkovskaya, one of Russia's best-known journalists and human rights advocates, was fatally shot on Saturday, apparently the victim of a contract killing. The events on Thursday together served as a sort of coda on her life, reminders of the lingering chaos and human costs of the war in Chechnya, which Russia insists has been won.

Ms. Politkovskaya, 48, was a leader among the shrinking group of Russian journalists who dared to keep challenging that thinking, by writing frankly about the violence and disorder in the republic. Chechnya, her work said, remains a place where open fighting has slowed but murky police and military operations continue, and chilling behavior by Russian forces and the Kremlin's proxies is a dark norm.

Her final article, a column under the headline "We Declare You a Terrorist," presented allegations of the use of torture to exact confessions and manufacture good news from the war.

"When prosecutors and the courts work, not for the sake of the law, but on political commission and with the only goal of providing good reports for the Kremlin, then criminal cases are baked like pancakes," she wrote. "An assembly line producing 'open-hearted confessions' effectively guarantees good data on the war on terror."

She asked: "Are we, the lawful, fighting against the unlawful? Or are we battling 'their' lawlessness with 'ours?' "

The article described the case of Beslan Gadayev, a Chechen migrant deported from Ukraine to Chechnya, where he claimed in a letter to Ms. Politkovskaya that he had been asked if he committed certain unsolved murders.

When he said he had not, he wrote, he was punched near an eye, beaten, tied up, handcuffed, hung from a pipe and then connected to electric cable, whose current was switched on. In time, he said, he confessed and the next day he was told to confess again in front of journalists and to say that his injuries were a result of an escape attempt.

The article was accompanied by images from videos that Ms. Politkovskaya had obtained of an armed Chechen, who her newspaper said was presumably a member of the Chechen armed forces, torturing at least one man.

Not long after the newspaper was published Thursday morning, the European Court of Human Rights released a unanimous decision blaming Russia for deaths of five members of the Estamirov family in Grozny in early 2000, a period when Russian forces had just wrested control of the capital from separatists.

It also found that Russia had failed to adequately investigate the killings, which were part of a sweep operation that Human Rights Watch, the American-based organization, investigated and called a massacre.

At least 60 civilians were killed, shot at close range, human rights workers said, apparently by enraged police units from St. Petersburg and Ryazan who were looting the neighborhood. Nobody has ever been charged for the crimes. The court on Thursday ordered Russia to pay about 230,000 euros, or about $290,000, in damages to the victims' relatives.

Ole Solvang, executive director of the Stitching Russian Justice Initiative, a private organization that has helped survivors of the Chechen war seek justice in the European Court, said the evidence showed that the deaths were deliberate. For example, he said, the slain 1-year-old boy, Khasan Estamirov, was shot multiple times at close range. At least one shot was to the head.

"They just went completely nuts that day," Mr. Solvang said. "It was horrible."

Russia, which earlier this year also was found responsible by the court for the summary execution of a young Ingush fighter at about the same time, made no comment on the case. It has three months to appeal.

Later in the day, Valery Kuznetsov, the top federal prosecutor in Chechnya, said by telephone that his office was looking into reports that Rita Ersenoyeva had been abducted.

Kidnappings, both to gain ransom and to kill suspected rebels and their supporters, have been a part of life in Chechnya for more than a decade. Human rights groups say Russian forces or Chechens loyal to the Kremlin premier are often responsible.

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Ms. Ersenoyeva disappeared on Oct. 2 after being summoned by telephone to an administration building in the village of Stariye Atagi, according to Tanya Lokshina, chairwoman of Center Demos, a human rights group. Neither Ms. Lokshina nor Mr. Kuznetsov said they had found witnesses to the abduction.

But Ms. Ersenoyeva has not been heard from since she left for the meeting, Ms. Lokshina said, adding that Ms. Ersenoyeva left eagerly after a caller told her that there was good news about her daughter, who in August had vanished as well after gunmen seized her from the street.

China's Oil Imports Surge Amid Relentless Demand (WSJ)

By Shai Oster And David Winning

The Wall Street Journal, October 13, 2006

BEIJING -- China, the world's second-biggest oil consumer, imported a record volume of crude last month, underscoring that petroleum demand here and in other developing economies, such as India and the Middle East, continues to rise despite lofty petroleum prices.

Despite Beijing's efforts to conserve energy and curb runaway economic growth, crude imports in September jumped to 13.46 million metric tons, or an average of about 3.3 million barrels a day -- 24% more than in September 2005 and 2.4% more than the previous record in January, according to China's General Administration of Customs.

Meanwhile, China's overall trade surplus eased to $15.3 billion last month, the customs agency said, snapping a string of four straight monthly records that culminated in an August surplus of $18.8 billion. The country's exports last month rose 30.6% from a year earlier to $91.64 billion, while imports rose 22% to $76.34 billion. For the first nine months of the year, China's trade surplus reached $109.85 billion, surpassing its $102 billion surplus for all of 2005.

Economists expect China's trade surplus to return to record levels as soon as this month. "I expect [the surplus] to bounce up to $19 billion in October," said Ben Simpfendorfer, an economist at Royal Bank of Scotland Group in Hong Kong. But he added he wouldn't be surprised if it hit $20 billion.

China's mounting trade surplus has been a sore point in relations with its major trading partners, and has added pressure on the country to allow the value of its currency to rise. Its strong exports also are driving the rapid economic growth which in turn has fueled its fast-growing thirst for both foreign and domestically produced oil.

Another factor in the growth of China's oil imports last month was a move by Chinese refiners to snap up crude now that prices have fallen about 25% from a peak of around $77 a barrel in July. The lower prices have given more breathing room to companies like PetroChina Co. and China Petroleum & Chemical Corp., or Sinopec, which have had their profits squeezed by a state-set ceiling on fuel prices.

Yesterday on the New York Mercantile Exchange, crude oil for November delivery settled at $57.86 a barrel, up 27 cents. Oil remains about twice the price it was three years ago but far below the inflation-adjusted high of $99.56 it reached in April 1980.

Analyst also attribute part of China's oil-import growth to the country's efforts to build emergency stockpiles of oil. Chinese officials have been reluctant to disclose how much oil they are putting into their strategic oil reserve, because they fear such information could contribute to an increase in world prices. Last week, Xu Dingming, vice director of the State Energy Office under the State Council, said China has begun filling an oil reserve at Zhenhai in the eastern province of Zhejiang.

The International Energy Agency, a Paris group that advises major industrialized nations on energy policy, forecast in a monthly report Wednesday that China's oil demand would rise 6.4% this year, to about seven million barrels of oil a day. While the figure was revised down a bit from earlier estimates, it still is more than double the pace of growth in 2005, which was 2.6%. The U.S., however, remains the world's largest oil consumer by far, with projected oil consumption this year of about 21 million barrels a day, little changed from last year.

In 2004, China's appetite for oil rose nearly 16%, startling global markets and helping fuel a huge rise in international oil prices. That year's demand surge was caused by widespread electrical-power shortages, which forced many factories to use diesel generators to keep operating. The electricity shortage has eased, but China's rising middle class has bought millions of new cars and homes -- further driving up fuel needs.

Oil traders watching the recent import rise are much less concerned with China's outlook than in the past, partly because there appears to be plenty of supply sloshing around.

China Drafts Law To Empower Unions And End Labor Abuse (NYT)

By David Barboza

The New York Times, October 13, 2006

DOJ_NMG_0080536

SHANGHAI, Oct. 12 — China is planning to adopt a new law that seeks to crack down on sweatshops and protect workers' rights by giving labor unions real power for the first time since it introduced market forces in the 1980's.

The move, which underscores the government's growing concern about the widening income gap and threats of social unrest, is setting off a battle with American and other foreign corporations that have lobbied against it by hinting that they may build fewer factories here.

The proposed rules are being considered after the Chinese Communist Party endorsed a new doctrine that will put greater emphasis on tackling the severe side effects of the country's remarkable growth.

Whether the foreign corporations will follow through on their warnings is unclear because of the many advantages of being in China — even with restrictions and higher costs that may stem from the new law. It could go into effect as early as next May.

It would apply to all companies in China, but its emphasis is on foreign-owned companies and the suppliers to those companies.

The conflict with the foreign corporations is significant partly because it comes at a time when labor, energy and land costs are rising in this country, all indications that doing business in China is likely to get much more expensive in the coming years.

But it is not clear how effectively such a new labor law would be carried out through this vast land because local officials have tended to ignore directives from the central government or seek ways around them.

China's economy has become one of the most robust in the world since the emphasis on free markets in the 80's encouraged millions of young workers to labor for low wages at companies that made cheap exports. As a result, foreign investment has poured into China.

Some of the world's big companies have expressed concern that the new rules would revive some aspects of socialism and borrow too heavily from labor laws in union-friendly countries like France and Germany.

The Chinese government proposal, for example, would make it more difficult to lay off workers, a condition that some companies contend would be so onerous that they might slow their investments in China.

"This is really two steps backward after three steps forward," said Kenneth Tung, Asia-Pacific director of legal affairs at the Goodyear Tire and Rubber Company in Hong Kong and a legal adviser to the American Chamber of Commerce here.

The proposed law is being debated after Wal-Mart Stores, the world's biggest retailer, was forced to accept unions in its Chinese outlets.

State-controlled unions here have not wielded much power in the past, but after years of reports of worker abuse, the government seems determined to give its union new powers to negotiate worker contracts, safety protection and workplace ground rules.

Hoping to head off some of the rules, representatives of some American companies are waging an intense lobbying campaign to persuade the Chinese government to revise or abandon the proposed law.

The skirmish has pitted the American Chamber of Commerce — which represents corporations including Dell, Ford, General Electric, Microsoft and Nike — against labor activists and the All-China Federation of Trade Unions, the Communist Party's official union organization.

The workers' advocates say that the proposed labor rules — and more important, enforcement powers — are long overdue, and they accuse the American businesses of favoring a system that has led to widespread labor abuse.

On Friday, Global Labor Strategies, a group that supports labor rights policies, is expected to release a report in New York and Boston denouncing American corporations for opposing legislation that would give Chinese workers stronger rights.

"You have big corporations opposing basically modest reforms," said Tim Costello, an official of the group and a longtime labor union advocate. "This flies in the face of the idea that globalization and corporations will raise standards around the world."

China's Labor Ministry declined to comment Thursday, saying the law is still in the drafting stages. Several American corporations also declined to comment on the case, saying it was a delicate matter and referring calls to the American Chamber of Commerce.

But Andreas Lauffs, a Hong Kong-based lawyer who runs the China employment-law practice at the international law firm of Baker & McKenzie, said some American companies considered the proposed rules too costly and restrictive.

Mr. Lauffs said the new rules would give unions collective-bargaining power and control over certain factory rules, and they would also make it difficult to fire employees for poor performance.

"You could hire a sales manager, give him a quota and he doesn't sell anything, and you couldn't get rid of him," Mr. Lauffs said. "It's not easy to get rid of someone now, but under these rules it would be impossible."

It is not clear what the final law will look like, and only an updated draft is expected soon. But specialists say the trend suggests that there may be new challenges ahead for foreign companies doing business in this country.

Under China's "iron rice bowl" system of the 1950's and 60's, all workers were protected by the government or by state-owned companies, which often supplied housing and local health coverage.

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But by the 1980's, when the old Maoist model had given way to economic restructuring and the beginning of an emphasis on market forces, China began eliminating many of those protections — giving rise to mass layoffs, unemployment, huge gaps in income and pervasive labor abuse.

The worst off have been migrant workers, most of them exiles from the poorest provinces who travel far from home to live in cramped company dormitories while working long hours under poor conditions.

Migrant workers in virtually every city complain about abuses like having their pay withheld or being forced to work without a contract.

"I don't know about the labor law," said Zhang Yin, an 18-year-old migrant who washes dishes in Shanghai. "During the three months I've been here, my boss has delayed the salary payment twice. I want to quit."

Having grown increasingly concerned about the nation's widening income gap and fearing social unrest, officials in Beijing now seem determined to improve worker protection. In recent years, more and more factory workers have gone to court or taken to the streets to protest poor working conditions and overdue pay.

"The government is concerned because social turmoil can happen at any moment," says Liu Cheng, a professor of law at Shanghai Normal University and an adviser to the authorities on drafting the proposed law. "The government stresses social stability, so it needs to solve existing problems in the society."

In a surprisingly democratic move, China asked for public comment on the draft law last spring and received more than 190,000 responses, mostly from labor activists. The American Chamber of Commerce sent in a lengthy response with objections to the proposals. The European Chamber of Commerce also responded.

The law would impose heavy fines on companies that do not comply. And the state-controlled union — the only legal union in China — would gain greater power through new collective-bargaining rights or pursuing worker grievances and establishing work rules. One provision in the proposed law reads, "Labor unions or employee representatives have the right, following bargaining conducted on an equal basis, to execute with employers collective contracts on such matters as labor compensation, working hours, rest, leave, work safety and hygiene, insurance, benefits, etc."

If approved and strictly enforced, specialists say the new laws would strikingly alter the country's vast labor market and significantly push up the wages of everyday workers.

"If you really abide by the Chinese labor laws," said Anita Chan, an expert on labor issues in this country and a visiting fellow at the Australian National University, "migrant-worker wages would go up by 50 percent or more."

Until now, though, existing Chinese labor laws have gone largely unenforced, which has further complicated the debate here. Opponents of the proposed law argue that enforcing existing labor laws would be enough to solve the country's nagging problems. Advocates respond that adopting new laws would set the stage for stricter enforcement.

Even lawyers working for multinational corporations seem to agree that there is an epidemic of cheating.

Mr. Liu, the Shanghai lawyer who advised the government on the draft proposal, says many companies avoid existing laws by using employment agencies to hire workers. He says the new law will do more to protect workers from such abuse by holding companies accountable.

"The principle is not to raise the labor standard dramatically," he said, "but to raise the cost of violating the law. The current labor law is a paper tiger and is a disadvantage to those who obey it. If you don't obey the law, you won't be punished."

Official Union In China Says All Wal-Marts Are Organized (NYT)

By David Lague

The New York Times, October 13, 2006

BEIJING, Oct. 12 — Workers have set up unions at all 66 Wal-Mart outlets in China, beginning what a Chinese union official described Thursday as a wider campaign aimed at other foreign companies.

Wal-Mart has long battled to ban unions from its stores and distribution centers, and Guo Wencai, a senior organizer of the government-sanctioned All-China Federation of Trade Unions, called the establishment of union branches at the Wal-Mart stores a "breakthrough" for organized labor.

Mr. Guo said at a news conference here that the success at Wal-Mart would be a springboard to similar efforts aimed at Eastman Kodak, Dell and other companies.

"We are going to exert very high pressure on all these types of companies until unions are established there," Mr. Guo said. "It is an irreversible trend." He said union membership would lead to better conditions for employees, including higher wages and safer workplaces.

The effort to unionize workers at foreign companies is strictly limited to expanding the membership of the officially sanctioned labor federation, which says it has 150 million members.

DOJ_NMG_0080538

But some labor market analysts and human rights groups say establishing branches of the official union in foreign companies is aimed more at allowing the Chinese authorities to tighten control over the rapidly expanding private-sector work force.

Under Chinese law, employees are barred from organizing independent unions, and workers or activists seeking to challenge these rules are routinely prosecuted and jailed, according to human rights groups.

Already, many foreign businesses have allowed their workers to form unions in China. In the economic and technological development area of Tianjin, southeast of Beijing, union branches have been established at more than 300 foreign companies including the food giant Nestlé, Mr. Guo said. In Beijing, there are unions at 44 foreign enterprises.

The labor federation, with strong backing from the Chinese government, has applied intense pressure on Wal-Mart as the first phase of the wider effort to establish branches in all foreign-financed enterprises.

There are now more than 100,000 such companies operating in China, including businesses from Taiwan and Macao, according to government statistics quoted in the official media.

It is unlikely, though, that the existence of branches of the official union will lead to increased worker militancy. Labor activists at times accuse the labor federation of siding with management rather than acting as a champion of workers' rights. At best, they say, the official union sometimes tries to mediate disputes.

Labor unrest is common these days in China, particularly among the 150 million migrant workers, and some specialists suggest that an improved network of official union branches could assist the authorities in defusing protests that could potentially pose a threat to Communist Party rule. The heightened unrest is one reason that the Chinese government has announced plans for greater worker protection, including a crackdown on sweatshops.

"They are afraid that public protests or strikes might get out of hand," said Robin Munro, research director of the China Labor Bulletin, a workers' rights group in Hong Kong. "Hence, the big drive to impose unions and provide greater union coverage; I think this is seen as a way of crisis management."

Other analysts suggest that the authorities also want to expand the reach of the official union because the decline of state-owned industries has stripped away much of the Communist Party's traditional power base in the Chinese economy.

Wal-Mart, in keeping with its efforts to ban labor organizing among its work force in the United States and elsewhere, resisted official efforts to unionize until late in July, when workers at one of its stores in Fujian Province set up a union branch. Within two months, branches were established in other stores as labor federation officials and local governments encouraged workers to organize and promised that they would be protected if the company tried to retaliate.

Mr. Guo, the organizer of the official union, said about 6,000 of Wal-Mart's 30,000 employees in China were now union members and efforts were under way to improve their welfare.

A spokeswoman for Wal-Mart's international division, Beth Keck, said she was unable to provide the exact number of union branches at company stores in China. "But our position is very clear," she said. "We have committed to having branches in all our stores."

Mr. Guo said the labor federation would now assist workers in their negotiations with Wal-Mart management for new contracts and would seek to improve conditions for part-time workers.

Something In Hong Kong's Air (NYT)

The New York Times, October 13, 2006

Anyone who has ever fallen under Hong Kong's exotic spell in recent years knows how taking a deep breath can make the magic disappear. The air throughout Hong Kong's tropical landscape has grown steadily more polluted — tainted by dark, unhealthy clouds from power plants, traffic and underregulated smokestacks from the Chinese mainland.

Hong Kong's average air pollution levels can be so high — double or even triple the World Health Organization limit — that some analysts estimate the air contributes to an extra 2,000 deaths a year. Leaders in Beijing and Hong Kong have repeatedly promised to cut down on environmental toxins in the air, land and water.

But with China's booming economy, such promises keep sliding down the real priority lists. What might change that attitude is how the outside business world views the quality of life for employees. As one businessman explained to The Wall Street Journal about his family's recent retreat to Australia: "You can drink bottled water. But with the air — you have to breathe it."

Such departures have finally begun to raise concerns in Hong Kong's business community. The local Chamber of Commerce issued an urgent request for the government to commit to "genuine reductions in air pollution" after it found that "an alarming 95 percent" of executives interviewed were worried or very worried about air quality and its effects on their health. But in a disheartening development this week, Hong Kong's chief executive, Donald Tsang, missed yet another opportunity to lay out a workable plan for clearing the air quickly.

DOJ_NMG_0080539

This is not a hopeless situation, as leaders in Mexico City could attest. Once a place where residents courted asthma with every step outside, Mexico City approved what is generally regarded as one of the best and most comprehensive approaches to air pollution in 1990. The measures included everything from new fuel composition standards to new emission standards for vehicles. As a result, Mexico City halved some forms of air pollution in only five years. If Hong Kong even committed to cutting its pollution in half, that would be a good start.

DOJ_NMG_0080540

Miller, Charles S

From: Miller, Charles S
Sent: Friday, October 13, 2006 11:00 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/13/06 Civil Division News

AT&T seeks change in NSA case

U.S., CANADA AGREE TO AMEND, IMPLEMENT SOFTWOOD LUMBER DEAL

Documents Reveal Scope of U.S. Database on Antiwar Protests

Dania man ordered to pay $1.8 million in fraud case

Mountie who fingered Arar gets promoted

Hearing to Be Held in Suit Over Newspaper Anthrax Columns

Colorado man arrested for anti-war comments to Cheney files lawsuit

U.S. Judge Likely to Allow Discovery in Plan B Suit

Montpelier, VT, Times Argus

Oct 13, 2006

AT&T seeks change in NSA case

MONTPELIER – The phone company AT&T has proposed moving to California a federal lawsuit that seeks to block Vermont from investigating whether phone companies improperly provided phone records to the National Security Administration.

If successful, the request filed in Washington D.C. before a group of federal judges called the Judicial

Panel on Multidistrict Litigation would add Vermont's case to a growing list of related litigation being heard in San Francisco.

All of the cases involve lawsuits over access to records of domestic phone calls. They allege that phone companies provided records of calls to the federal government without going through established procedures.

Vermont is involved because phone customers, the American Civil Liberties Union of Vermont and the state's Public Service Department, which advocates for customers, have asked the Public Service Board to investigate whether two companies which operate in the state, AT&T and Verizon, made such records available or violated the state's consumer protection rules.

The U.S. Department of Justice sued the state to stop the inquiry, arguing that the investigation could threaten national security. Walt Sharp, a spokesman for AT&T, said the Vermont suit should be consolidated with at least 17 other cases in the federal court district of Northern California. The panel of judges hearing those lawsuits has recommended combining them, he said.

Gov. James Douglas, who pushed for the state to begin its investigation and is urging that it continue, said Thursday he would oppose the change of venue.

"I generally would like things dealt with in Vermont," he said.

There may be an important difference between the consolidated cases and Vermont's. The other cases are being brought by private phone customers against phone companies; the Vermont case involves a federal lawsuit that seeks to stop an investigation by state regulators.

Allen Gilbert of ACLU Vermont said the state's unusual regulatory system, and the involvement of state regulators, could make its situation singular.

"Our case may be unique because of the involvement of the state Department of Public Service," he said.

Sharp said that question "is up to the courts to determine."

The state is likely to make its next move after the panel of federal judges issues a preliminary ruling on AT&T's request, the first step in such cases.

"We don't want to give them opportunities to further circumvent Vermont's Consumer Bill of Rights," said Jason Gibbs, a Douglas spokesman. "The governor will seek to keep this proceeding in our area where it belongs."

END

Inside US Trade

October 13, 2006

U.S., CANADA AGREE TO AMEND, IMPLEMENT SOFTWOOD LUMBER DEAL

The U.S. and Canada late last week announced they would implement the softwood lumber agreement on Oct. 12, and signaled they would first amend the deal finalized on July 1 so it no longer requires all parties to end litigation in order for the deal to take effect.

Implementation of the deal had been held up in part by the refusal of some Canadian companies to end litigation surrounding the lumber dispute. But sources said the U.S. and Canada now plan to amend this provision, which requires counsel to all participants in the deal to sign agreements terminating litigation in the lumber fight.

Although the two governments at press time had not made the amendments public or shared them privately with industry, sources said they would also change the requirement that U.S. importers representing 95 percent of the duties collected on Canadian softwood lumber since 2002 agree to give up a portion of those deposits. Both of these requirements were seen as being difficult to meet in April, when the deal was tentatively reached.

The U.S. and Canada signaled their intention to amend the agreement in Oct. 6 joint motions in two different lumber cases at the Court OF International Trade. The nearly identical motions stated that the two governments on Oct. 6 had "tentatively agreed to amendments to the Agreement" that, "if implemented, would affect" the specific CIT cases.

The motion also said the two governments expected the agreement to be implemented on Oct. 12, at which time the U.S. and Canadian governments would agree to a dismissal of all claims raised by the government of Canada in a suit it filed against the U.S. at the Court of International Trade over continued U.S. antidumping and countervailing duties on imports of Canadian softwood lumber.

Canada had argued that an International Trade Commission finding under Section 129 of U.S. trade law, which is used to implement WTO decisions, should not have been used as a justification to keep U.S. antidumping duties in place after a North American Free Trade Agreement panel ruled that they should be terminated.

The Oct. 6 motion states that when the deal is implemented, the U.S. Department of Commerce will revoke the underlying antidumping and countervailing orders on Canadian softwood lumber. It also states that U.S. Customs and Border Protection, pursuant to the tentatively agreed amendments in the deal, will begin liquidating all entries of softwood lumber once the orders are revoked.

This move would allow all but $1 billion of the deposits collected by CBP on imports of softwood since 2002 to be returned to U.S. importers of record, which are generally affiliated with Canadian mills. According to the deal, the remaining $1 billion of the more than $5 billion collected would not be returned. Of that, $500 million would flow to members of the Coalition for Fair Lumber Imports, the U.S. lobby group that petitioned for the orders.

These actions would render moot most of the existing litigation in the lumber fight because Canadian companies, even those that do not want to drop litigation, could no longer claim they are suffering injury from the U.S. actions, since the orders would be revoked and the majority of deposits would have be returned, according to industry sources.

The Coalition for Fair Lumber Imports will drop its challenge of NAFTA's constitutionality filed in U.S. court if the deal is implemented and litigation is dropped, an industry source said.

However, it was not immediately clear what would happen with several complaints filed under Chapter 11 of NAFTA, as several sources said these challenges would not be made moot by the softwood deal. A U.S. industry source said the Coalition understood that all of the Chapter 11 claims would also be dropped.

A second industry source speculated that complaints from the U.S. industry and members of the U.S. Senate that Canadian firms were increasing their exports to the U.S. in anticipation of the deal might have had an impact on the decision by the two governments to amend the deal and move to implementation. Once the deal is implemented, Canadian exporters will face a 15 percent export tax, or will face a smaller tax but will see their imports restricted by a quota. Presently, they only face duties of about 11 percent, and they will get almost all of these duties back under the terms of the deal.

Sen. Olympia Snowe (R-ME) and nine other U.S. senators in an Oct. 6 letter to U.S. Trade Representative Susan Schwab called for the deal and export tax to be implemented retroactively to Oct. 1, when the deal was initially to have been implemented. This followed a similar letter from Senate Finance Committee Ranking Member Max Baucus (D-MT) (Inside U.S. Trade, Oct. 6, p. 1).

Sources said this week that the two sides will also have to amend the requirement that U.S. importers responsible for 95 percent of the deposits collected sign letters allowing a portion of their deposits to not be returned, as not enough importers are voluntarily signing up to do this.

The Canadian government had tried to get more importers to sign the letters by announcing that a 19 percent tax would be imposed only on Canadian lumber companies that do not have their importers sign letters of support for the deal. The tax is meant to fill the gap that would be created if some importers do not agree to allow a portion of their deposits to be used to funnel $500 million to members of the Coalition for Fair Lumber Imports, $450 million to a fund for meritorious initiatives in the U.S., and $50 million for the marketing of North American lumber. Canadian taxpayers would otherwise have to make up this difference, sources said.

The Oct. 6 motion notes that some deposits may not be liquidated until a CIT injunction preventing liquidation of some of the duties is changed, as requested by the U.S. government. The CIT injunction prevents about $900 million in deposits from being collected because of a dispute surrounding deposits kept on imports of lumber from West Fraser Mills Ltd.

The court has scheduled a status conference to discuss the West Fraser dispute on Oct. 19, and the Oct. 6 joint motion from Canada and the U.S. said liquidation of affected entries would remain suspended until the injunction is modified.

END

New York Times

October 13, 2006

Documents Reveal Scope of U.S. Database on Antiwar Protests

By ERIC LICHTBLAU

WASHINGTON, Oct. 12 — Internal military documents released Thursday provided new details about the Defense Department's collection of information on demonstrations nationwide last year by students, Quakers and others opposed to the Iraq war.

The documents, obtained by the American Civil Liberties Union under a Freedom of Information Act lawsuit, show, for instance, that military officials labeled as "potential terrorist activity" events like a "Stop the War Now" rally in Akron, Ohio, in March 2005.

The Defense Department acknowledged last year that its analysts had maintained records on war protests in an internal database past the 90 days its guidelines allowed, and even after it was determined there was no threat.

A department spokesman said Thursday that the "questionable data collection" had led to a tightening of military procedures to ensure that only information relevant to terrorism and other threats was collected. The spokesman, Maj. Patrick Ryder, said in response to the release of the documents that the department "views with great concern any potential violation" of the policy.

“There is nothing more important or integral to the effectiveness of the U.S. military than the trust and good will of the American people,” Major Ryder said.

A document first disclosed last December by NBC News showed that the military had maintained a database, known as Talon, containing information about more than 1,500 “suspicious incidents” around the country in 2004 and 2005. Dozens of alerts on antiwar meetings and peaceful protests appear to have remained in the database even after analysts had decided that they posed no threat to military bases or personnel.

Some documents obtained by the A.C.L.U. referred to the potential for disruption to military recruiting and the threat posed to military personnel as a result.

An internal report produced in May 2005, for instance, discussed antiwar protests at the University of California, Santa Cruz, and was issued “to clarify why the Students for Peace and Justice represent a potential threat to D.O.D. personnel.”

The memorandum noted that several hundred students had recently protested the presence of military recruiters at a career fair and demanded that they leave.

“The clear purpose of these civil disobedience actions was to disrupt the recruiting mission of the U.S. Army Recruiting Command by blocking the entrance to the recruiting station and causing the stations to shut down early,” it said.

But the document also noted that “to date, no reported incidents have occurred at these protests.”

The documents indicated that intelligence reports and tips about antiwar protests, including mundane details like the schedule for weekly planning meetings, were widely shared among analysts from the military, the Federal Bureau of Investigation and the Department of Homeland Security.

“There is simply no reason why the United States military should be monitoring the peaceful activities of American citizens who oppose U.S. war policies,” said Ben Wizner, a lawyer for the A.C.L.U.

Joyce Miller, an official with the American Friends Service Committee, a Quaker group that learned that information on some of its antiwar protests was in the military database, said she found the operation to be a “chilling” and troubling trend.

END

South Florida Sun-Sentinel
10/12/2006

Dania man ordered to pay $1.8 million in fraud case

A Dania Beach man was sentenced Wednesday to three years of supervised release and ordered to pay more than $1.8 million in restitution for his role in a fraud scheme, the U.S. Attorney's Office said. Jason Kowal was part of a group that promised 800 investors who chipped in a total of $15 million that if they bought ATMs through a company, they could earn their investment back in 12 months or less.

The ATMs were different in that rather than withdrawing cash, customers would receive a receipt that they would then redeem at the business where the ATM was located. Kowal fraudulently posed as an investor to lure other investors to the business, telling them he had profited from the ATMs, according to authorities. In actuality, Kowal never owned one, prosecutors said.

END

CanWest News Service; Ottawa Citizen

October 13, 2006

Mountie who fingered Arar gets promoted

Glen McGregor

OTTAWA -- An RCMP investigator who told U.S. authorities that Maher Arar was suspected of al-Qaida links has been promoted and continues to perform sensitive police work for the force.

Cpl. Michel Lang wrote to the U.S. Customs Service in 2001 and described Arar and his wife as members of a group of "Islamic extremists" with suspected connections to al-Qaida, according to findings of Justice Dennis O'Connor's inquiry into the case.

Arar was later detained in the United States and deported to Syria, where he was tortured and jailed for nearly a year.

O'Connor found that information passed on by the RCMP to U.S. agencies -- though not necessarily that provided by Lang -- likely contributed to their decision to detain the Ottawa computer programmer and send him to Syria.

Despite the public fallout from the case, few of the RCMP members involved in the investigation of Arar appear to have suffered any career setbacks. Two officers in the chain of command during the Arar investigation have been decorated with awards of merit. And Lang, despite sending contentious information, has been bumped up to his current rank of corporal, from constable.

An RCMP spokeswoman said Lang is currently working in undercover operations.

"Due to the nature of his work, we cannot specify which area he is presently assigned to," Sgt. Sylvie Tremblay said.

She said Lang was not available to comment.

Any questions about the Arar case would be addressed by RCMP Commissioner Giuliano Zaccardelli when he testifies before a parliamentary committee, she said.

Before Arar was deported, Lang was a member of the RCMP's Project A-O Canada, an anti-terrorism taskforce formed after the 9/11 attacks. He had come from the Mounties' customs and excise unit and was listed in the O'Connor report as one of several of "key investigators" working on the taskforce.

In October 2001, Lang asked Canada Customs to place a "lookout" on Arar, his wife, Monia Mazigh and several other people. That required Customs agents to conduct further searches on Arar, his wife, and their luggage and car when they entered the country. In a supporting letter, Lang wrote: "We are presently investigating in Ottawa, a group of Islamic-extremist individuals suspected of being linked to the al-Qaida terrorist movement. The following individuals and or vehicles have been identified."

Lang then repeated the same request with the U.S. Customs Service. The request again described Arar, his wife and others as members of a group of Islamic extremists with suspected al-Qaida links, according to the inquiry report.

O'Connor said he was satisfied there was reasonable ground for the Mounties to put a lookout on Arar, both in the U.S. and in Canada, as he was a person of interest in an investigation of another Ottawa man, Abdullah Almalki. However, he said the language used was "inaccurate, without any basis, and potentially

extremely inflammatory in the United States in the fall of 2001."

He also said there was no reason to also apply the lookout to Mazigh.

But without the U.S. taking part in his inquiry, O'Connor said he could not determine whether the lookout request played any role in the decision to detain Arar in New York in Sept. 2002.

During in-camera testimony, two of Lang's superior officers agreed that "Islamic extremist" was an improper characterization of Arar and his wife. In his testimony in 2004, Lang said he had no information to justify the description, O'Connor wrote.

Zaccardelli has said that errors made by his force in the Arar case were not the result of any malice and do not require disciplinary measures.

Lang is not the only Arar investigator to receive a promotion. Insp. Richard Roy, a liaison officer, was promoted to superintendent. Rick Flewelling was later promoted to sergeant.

END

AP

Oct. 13, 2006

Hearing to Be Held in Suit Over Newspaper Anthrax Columns

ALEXANDRIA, Va. (AP) - A hearing is scheduled Friday in a defamation lawsuit against The New York Times over columns that linked a former Army scientist to the 2001 anthrax killings.

The hearing in Alexandria is expected to discuss the newspaper's confidential sources used in columns about bioterrorism expert Steven Hatfill. He was labeled a "person of interest" by then-Attorney General John Ashcroft. He was never charged and has since filed several lawsuits.

A federal judge threw out Hatfill's lawsuit against The New York Times over 2002 columns by writer Nicholas Kristof that accused the FBI of failing to thoroughly investigate Hatfill.

In March, the U.S. Supreme Court refused to block the suit after it was reinstated by the 4th US Circuit Court of Appeals in Richmond.

Authorities have never solved the mysterious mailing of anthrax-laced letters that killed five people not long after the September 11th terror attacks.

END

Party for Socialism & Liberation

Oct. 13, 2006

Colorado man arrested for anti-war comments to Cheney files lawsuit

By: Sunil Freeman

On Oct. 4, Steven Howards, an environmental consultant, filed a federal lawsuit against the U.S.

government alleging civil rights violations. The suit grew out of an encounter with Vice President Dick Cheney that occurred on June 16.

The incident shows the Bush administration's unwillingness to tolerate any dissent to its genocidal policies in Iraq.

The U.S. imperialists' war has become so unpopular that the government—feeling defensive and vulnerable—is reacting repressively to benign expressions of individual dissent.

Howards was walking through an outdoor public mall in Beaver Creek, Colo., on that date with his children, who were going to a camp for piano lessons. Much to his surprise, he saw Vice President Dick Cheney, who was shaking hands with people in the mall.

Howards had a moment of hesitation, but then he approached Cheney, who had several Secret Service agents nearby, and calmly told him: "Your policies in Iraq are reprehensible." This was soon after the media had reported the 2,500th U.S. troop death in the war in Iraq.

Howards and his children then continued on their way. About 10 minutes later he returned through the same public mall with his 8-year-old son.

A Secret Service agent approached him and asked, "Did you assault the vice president?" Howards replied that he had not assaulted Cheney but had criticized him, further commenting that if freedom of speech was illegal the agent should arrest him.

At that point the agent, Virgil D. Reichle, Jr., gave him a lesson in just how far civil liberties have eroded in this country. Reichle grabbed Howards and cuffed his hands behind his back in front of his son and onlookers. When Howards said he couldn't leave his son alone the agent retorted that "Social Services" would be contacted to take the son. The traumatized child saw his mother as his father was being carted away and ran to her to evade government custody.

According to Howards, Reichle said he would be charged with assaulting the vice president. Howards was formally charged with "harassment," a misdemeanor that carries up to a one-year jail sentence. He was held in jail for three hours and released after posting a $500 bond. The charges were eventually dropped. Howards is now suing the arresting agent.

The incident in Beaver Creek is not an aberration. There are two other similar suits pending against Secret Service agents or White House staff members.

On July 4, 2004, Jeff and Nicole Rank were arrested at a George Bush appearance in Charleston, W.Va. They had proper tickets to attend the event, but they were wearing anti-Bush t-shirts. And in March 2005, two people who had an anti-war bumper sticker on their car were ejected from a taxpayer-financed Bush appearance in Denver, Colo.

Howards' lawyer, David A. Lane, has said that although the suit only names agent Reichle, Cheney could be called as a witness. He also said that additional defendants could be named if it becomes evident that agent Reichle was acting on orders from superiors.

END

Reuters

Oct. 12, 2006

U.S. Judge Likely to Allow Discovery in Plan B Suit

NEW YORK - A federal judge said on Wednesday he was inclined to let evidence gathering continue in

a lawsuit over the morning-after contraceptive pill, but stopped short of ruling whether the plaintiffs can subpoena documents and testimony from the White House.

A lawsuit filed by the The Center for Reproductive Rights on behalf of plaintiffs alleges the U.S. Food and Drug Administration has repeatedly broken its own regulations in denying women of all ages increased access to the Plan B contraceptive.

The rights group also claims that testimony from depositions it has taken so far show agency officials planned to drag out the approval process for the contraceptive for political reasons.

Evidence gathering in the case has stalled as Magistrate Judge Viktor Pohorelsky mulls whether the plaintiffs can subpoena White House documents and testimony from former White House policy aide Jay Lefkowitz and deputy FDA director Dr. Sandra Kweder.

"I'm inclined the to permit discovery be completed," Magistrate Judge Viktor Pohorelsky said in U.S. District Court in Brooklyn. "How much, I don't know."

The Center for Reproductive Rights filed its first complaint in January 2005 over the FDA's failure for make Plan B available without a prescription for women of all ages.

But in August, officials from the agency ruled the Plan B contraceptive could be sold to adults without a prescription, which some saw as ending the three-year fight over wider access and use by teenagers.

Franklin Amanat, who represents the FDA in the case, said they plan to file a motion to have the case dismissed in light of the agency's decision to allow the "vast majority who would purchase the drug" over-the-counter access to it.

But the rights group argued their claim is still valid because the agency's entire decision making process on Plan B was marred by politics, a sentiment with which another judge appeared to agree.

In another hearing on the case held earlier in the day before Chief Judge Edward Korman in Brooklyn, the judge repeated a sentiment he expressed earlier, saying the entire case "reeks with bad faith" on the part of the FDA.

Barr Pharmaceuticals Inc. applied for over-the- counter status for Plan B om 2003.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, October 16, 2006 8:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, October 16, 2006
Attachments:	agnb061016.pdf; agnb061016.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, OCTOBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Attorney Stewart Faces Sentencing In Terror Case. The New York Times (10/16, Preston) reports, "Lynne F. Stewart, the firebrand lawyer known for defending unsavory criminals, now faces the possibility of living out her life like many of them, in maximum-security lockdown in a federal prison. … Today, 20 months after she was convicted on terror charges, Ms. Stewart and two co-defendants who were convicted of conspiring with her will be sentenced in Federal District Court in Manhattan. Prosecutors, arguing that Ms. Stewart repeatedly flouted the law to aid the violent designs of an imprisoned terrorist client, have asked Judge John G. Koeltl to condemn her to 30 years in prison. … That would be a life sentence for Ms. Stewart, who turned 67 last week. Long an abrasive advocate of anti-government causes, these days she is not defiant. She is mournful about what she said were her failures as a lawyer." The Times adds, "Her dread of prison deepened unexpectedly, Ms. Stewart said, during the long period after a jury found her guilty on Feb. 10, 2005, of providing material aid to terrorism. She has recently recovered from breast cancer, but fears it will return in prison. … And if the judge comes down hard, she could be held in solitary confinement with limited visits, the same conditions as Sheik Omar Abdel Rahman, the terrorist she was convicted of aiding."

The New York Sun (10/16, Goldstein) reports that Stewart "and her allies are pinning their hopes for leniency on a strategy that argues she became so emotionally involved in the sheik's case that she acted irrationally — a strategy that is underpinned by a sealed letter to the court from a psychiatrist." The Sun continues, "A psychiatric report submitted to the federal judge in Manhattan who will decide the sentence, John Koeltl, claims that several emotional events in Stewart's life suggest her actions were motivated by 'human factors of her client and his situation' and not by politics, according to portions of the psychiatric report. … The psychiatrist, Steven Teich, points to 11 emotional events that he claims prompted her to want to take action on Abdel Rahman's behalf, Stewart's attorneys say. Among the events that make Dr.Teich's list are her experiences seeing Abdel Rahman incarcerated and the 1995 suicide of a drug defendant named Dominick Maldonado, whom Stewart had once represented. … While the evaluation by Dr. Teich is filed under seal, Stewart's attorneys quote portions of it at length in public legal papers."

Specter's Role In Crafting Detainee Bill Agreement Disputed. The Washington Post (10/16, A19, Smith, 748K) reports, "The last-minute maneuvering before the Sept. 28 vote [on the detainee bill] remains a hot topic of debate among lobbyists, lawmakers and staff members. They are wondering if [GOP Sen. Arlen] Specter, as several Judiciary Committee staff members privately asserted at the time, was pressured into discarding a less extreme and more politically palatable amendment at the Bush administration's request, in favor of an alternative more likely to be defeated. Specter says that he was not ... Questions about Specter's role in the last-minute maneuvering arose in part because he had taken a maverick position before -- and then backed President Bush's policy on the floor or in his votes."

WPost Weighs In On Treason Charges Against Gadahn. The Washington Post (10/16, A20, 748K) editorializes on the treason charges against Adam Gadahn. The "first such charge in decades marks a significant change of course. Instead of causing him to disappear into military custody, as it did with Mr. Hamdi, the government is following a road explicitly laid out in the Constitution. Broadly speaking, this is a constructive development. Unlike the murky terrain governing the holding of American citizens as enemy combatants, treason is defined in the Constitution. So there's no doubt as to the government's authority to pursue its case or the propriety of doing so. … Yet treason charges could come to pose civil liberties concerns of their own. The Constitution cannot, by definition, be unconstitutional -- yet its definition of treason is so broad and vague that, were it merely written in statute, it would probably be so."

FBI Believes High-Level Al Qaeda Suspect Could Be In UK. The (UK) Sun (10/16) reports, "An al-Qaeda general believed to be plotting dirty bomb attacks on seven US cities could be in Britain, FBI sources said yesterday. Adnan El Shukrijumah, who has a £2.5million bounty on his head, is suspected of planning a spectacular

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attack using bombs that spread radioactive waste. The FBI are investigating the 31-year-old Saudi-born scientist's UK links," and "a US source said: 'He has travelled extensively in the last seven years, and we believe this includes the UK.'"

HOMELAND RESPONSE:

Coast Guard's Great Lakes Antiterrorism Plan Sparks Controversy. The New York Times (10/16, Davey, 1.21M) reports, "Even in autumn, the cold, silent expanse of Lake Michigan defines this town, where pleasure boats glide into harbor, fishermen wait patiently for salmon and tourists peer up at the lighthouse." But "the United States Coast Guard has a new mission for the waters off of these quiet shores. For the first time, Coast Guard officials want to mount machine guns routinely on their cutters and small boats here and around all five of the Great Lakes as part of a program addressing the threats of terrorism after Sept. 11." Also, "for the first time in memory, Coast Guard members plan to use a stretch of water at least five miles off this Michigan shore -- and 33 other offshore spots near cities like Cleveland; Rochester; Milwaukee; Duluth, Minn.; and Gary, Ind. -- as permanent, live fire shooting zones for training on their new 7.62 mm weapons, which can blast as many as 650 rounds a minute and send fire more than 4,000 yards." The Times adds, "The notion is so unusual that it prompted United States diplomats to negotiate with Canadian authorities in order to agree that it would not violate a 189-year-old treaty, signed after the War of 1812, limiting arms on the Great Lakes."

Long-Serving DHS Official Leaving Agency At "Critical Time." In its web-only "Washington Wire" column, the Wall Street Journal (10/15, Block, 2.03M) reported Ambassador Cresencio 'Cris' Arcos, who had been among "the last remaining senior-level political officials left from Tom Ridge's" time at DHS, "has stepped down." Arcos's "departure comes at a critical time for DHS which is coming under growing criticism for plans to build 700 miles of fencing along the US/Mexico border as a way to crack down on illegal immigration." He "is going into semiretirement and will work part time as a consultant."

WAR NEWS:

Baker Commission To Recommend "Significant Changes" To US Iraq Strategy. The Los Angeles Times (10/16, McManus, 918K) reports the Baker Commission "backed by President Bush that is exploring U.S. options in Iraq intends to propose significant changes in the administration's strategy by early next year. ... Two options under consideration would represent reversals of U.S. policy: withdrawing American troops in phases, and bringing neighboring Iran and Syria into a joint effort to stop the fighting." One participant said the 10-member commission has agreed "it's not going to be 'stay the course.' ... The bottom line is, [current U.S. policy] isn't working. ... There's got to be another way." The Times says if the panel "recommends overhauling Bush's approach to Iraq, it could give a boost not only to critics of current policy but also to officials in the administration who have argued for broad changes."

Hagel Seconds Warner's Iraq Assessment. NBC Nightly News (10/15, story 4, 0:20, Seigenthaler, 9.87M) reported, "Today a powerful Republican senator is joining the Republican chairman of the Senate Armed Service Committee in calling for a new strategy in Iraq. Sen. Chuck Hagel said he agrees with Sen. John Warner's assessment that Iraq appears to be 'drifting sideways.' Warner advocates a change of course if the Iraqi government fails to restore order in the next few months." Hagel, on CNN's Late Edition (10/15), said, "We are going to have to find a new strategy. ... The future of Iraq is going to be determined by the Iraqi people. It will not be determined here in Washington. ... The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war." The AP (10/15, Pickler) says Hagel and Warner "are part of the growing list of Republicans who are speaking out against President Bush's current plan for Iraq as U.S. casualties rise."

Ford Questions Administration "Sanity" On Iraq. Bloomberg (10/15, Elsibai) reports Rep. Harold Ford, "engaged in a close battle for an open Senate seat in Tennessee, questioned the 'sanity' of the Bush administration's policy on Iraq." On ABC's "This Week," he said, "After hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity."

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Levin Says Phased Redeployment Of US Troops Should Begin In Next Few Months. Sen. Carl Levin said on CNN's Late Edition (10/15) that "either the insurgency or the sectarian violence requires a political solution, and that we've got to put pressure on the Iraqis to take over their own country. If they're going to have a civil war, they're going to have to do it without us, and what the leaders, our uniformed leaders in Iraq, really tell us is that we've got to find a way to put some pressure on the Iraqis to make these tough decisions. ... We've got to focus Iraqi leadership attention on this by telling them we need to begin a phased redeployment of American troops from Iraq within the next few months."

Five Americans Killed In Iraq, Bringing This Month's Toll To 53. The New York Times (10/16, Semple, 1.21M) reports, "Two marines were killed by insurgents in Anbar Province on Sunday, the American military command said, and three American soldiers died a day earlier in a bombing in southern Baghdad, bringing the total of American troop deaths in Iraq this month to at least 53, an extraordinarily high midmonth tally." At the current rate, "October is on track to be the third-deadliest month of the entire conflict for the military, according to Iraq Coalition Casualty Count, an independent Web site that tracks war-related casualties. The two most deadly months coincided with major American offensives against entrenched guerrilla fighters." The number of wounded troops, "a figure that usually parallels the number of fatalities, has also increased drastically. From Sept. 28 to Oct. 11, 427 American troops were wounded, one of the worst two-week stretches of the war, according to Iraq Coalition Casualty Count."

Iraq Violence Continues With Four Car Bombings In Kirkuk. ABC World News (10/15, story 3, 2:15, Harris, 8.78M) reported, "One year ago tonight in Iraq, they were celebrating a national election, ratifying a new constitution that seemed to offer a way out of war. But on this anniversary, there is no celebrating. Instead, today, the Prime Minister cancelled a scheduled national reconciliation conference amid another spasm of religious violence." The AP (10/15, Bodeen) reports the national reconciliation conference was "indefinitely postponed" as a" two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead."

NBC Nightly News (10/15, story 3, 2:25, Seigenthaler, 9.87M) said October "has been an especially bloody month. Fifty-three Americans have been killed and there's been an upsurge in sectarian violence. Today four car bombs exploded in quick succession in the northern city of Kirkuk." NBC (Arraf) added, "This was some of the worst violence in weeks, just one of the suicide bombs that ripped through Kirkuk's streets. ... In cities like Kirkuk and Baquba in the Sunni Triangle, US forces thought it was calm enough earlier this year to hand control over to the Iraqi army. But that was before a wave of violence sparked by an attack on one of the holiest Shiite shrines. ... The Kirkuk violence and other attacks in capped a weekend in which more than 80 people were killed, including a US Marine and four soldiers. No one immediately claimed responsibility for any of the violence but al Qaeda has said it would increase attacks on foreigners during the holy month of Ramadan."

The Los Angeles Times (10/16, Daragahi, 918K) says in its lead that "months of bloodshed have threatened the loosen the bonds holding together Iraq's fractious government, with tensions between political blocs spilling out in recent days in fiery sectarian rhetoric as well as fighting that left at least 130 people dead nationwide." The Times says October is "on pace to be the deadliest for U.S. troops in the country since January 2005."

Maliki Says Forced Disarmament Of Militias Not Imminent. USA Today (10/16, Jervis, 2.27M) reports Prime Minister Nouri al-Maliki told USA Today his government "will not force militias to disarm until later this year or early next year, despite escalating violence in Baghdad fueled by death squads and religious warfare." His remarks "point to a growing gap between the U.S. and Iraqi governments over how to handle growing sectarian violence."

Militants Declare New State In Sunni Part Of Iraq. The Washington Times/AP (10/16, Bodeen) reports, "A militant network that includes al Qaeda in Iraq declared in a video yesterday that it had established an Islamic state in six provinces where Sunni Muslims are dominant." The announcement by the Mujahedeen Shura Council "appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory. It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together."

The Financial Times (10/16, Negus) reports a video posted on the Internet in the name of the Mutayibeen Coalition, "one of Iraq's largest insurgent groups," called for

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the "creation of a separate Sunni Islamic state in the country. If authentic, it could indicate a shift in strategy for parts of the Sunni Arab insurgency."

US Helps Rebuild Iraqi Air Force. The Washington Times (10/16, Axe, 88K) reports, "A team of U.S. Air Force personnel at this sprawling British base in southern Iraq is working to rebuild an air force that the U.S. military spent more than a decade destroying. Former test pilot Lt. Col. Kelly Latimer and her team of five pilots and maintainers are partnered with 70 Squadron of the reborn Iraqi air force." The Times notes that, after devoting flights exclusively to training the Iraqis, "the unit can [now] dedicate more efforts to patrolling vital oil and power facilities and supporting the Basra-based Iraqi army's 10th Division and the tiny Iraqi navy based at nearby Umm Qasr."

Pace Says Terrorists Have "100 Year Plan" For Fighting US. Joint Chiefs of Staff Chairman Gen. Peter Pace spoke with reporters at a Christian Science Monitor (10/16, Cook, 58K) lunch Thursday, and offered "a passionate argument for the US military's mission in Iraq, stressed the nation's capacity to handle a threat from North Korea, and defended his performance as America's top military officer." His "polished performance was in contrast to the controversy surrounding remarks by Britain's army chief, Gen. Richard Dannatt, who said Thursday that British troops should be withdrawn from Iraq 'soon.'" Pace "said the enemy has 'a 100 year plan according to the map they published about a year and half ago. So anybody looking for a quick win in the war on terrorism probably hasn't read the enemy's published intent.'"

Soldier's Refusal To Deploy Roils Japanese American Community. The Los Angeles Times (10/16, Watanabe, 918K) reports on Japanese American reaction to the case of Ehren Watada, "an Army first lieutenant who earlier this year became the first commissioned officer to refuse deployment to Iraq, calling the war illegal and immoral." Watada's case "has stirred national debate over the legality of the Iraq war and a soldier's duty versus conscience. But in the Japanese American community, the case has struck a particular nerve, echoing conflicts of another war six decades ago." The case resonates within the community because "debate lingers over how Japanese Americans responded after Japan's attack on Pearl Harbor in 1941." Various Japanese Americans expressing their opinions are quoted.

Fallen Eskimo Guardsman Is Buried In Alaska. The New York Times (10/16, Leduff, 1.21M) reports on the late Staff Sgt. Billy Brown, who "is believed to be the first Eskimo killed because of this war. He was 54. Sergeant Brown, an Alaska national guardsman, never got to a battlefield. He was killed when a tractor-trailer slammed into the back of his Humvee late in July while he was on training maneuvers at Camp Shelby in Mississippi." The Times states, "For this war, 670 Guard members have been called up from rural Alaska, its largest foreign deployment ever. The Alaska Guard estimates that one-third of its members are Eskimo, so most likely a third of those deployed are indigenous men." The Times describes the impact on and incipient doubts about the war in Brown's hometown of Barrow, Alaska.

Dannatt's Remarks Spur National Debate In Britain. The Christian Science Monitor (10/16, Rice-Oxley, LaFranchi, 58K) reports, "A vigorous debate about how quickly Britain can pull out of Iraq has erupted following an unprecedented intervention from the head of the British armed forces." General Dannatt reportedly fears "that the formidable demands on the British army in both Iraq and Afghanistan are stretching the force to its limits." Experts "say the general, appointed only in August, was voicing the fears and frustrations of soldiers and officers alike who face an increasingly fraught mission with no end in sight"; "blogs and Internet postings have found British soldiers overwhelmingly applauded their commander. One on-line poll found 76 percent thought he had been 'absolutely right' to speak out."

British Scholar Sees UK Civil-Military Crisis. In a commentary for the Washington Times (10/16, 88K), military scholar Paul Moorcraft writes of Gen. Richard Dannatt's statement, "The United Kingdom is facing its biggest crisis in civil-military relations since the Second World War. ... The British Army is running out of soldiers, equipment and patience, though not fighting spirit. The British military establishment fears it is reinforcing failure in Iraq." Moorcraft argues, "Tony Blair is a lame-duck prime minister. He may be too weak to sack his forthright general. A behind-the-scenes forced resignation, especially if it were seen to be a result of US pressure, would trigger more unrest in the armed forces, perhaps even a joint demarche by other commanders. ... But

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Gen. Dannatt's frankness may be dangerous. Civilian control of the military is a cornerstone of Western democracy. ... [Dannatt] is risking the top job for the army he loves."

Prominent Journalists' Recent Books Critiquing Iraq War Reviewed. In the Washington Post (10/16, C1, 748K), Howard Kurtz examines the recent "series of books about the Iraq war" that "has exposed deep flaws in its planning and execution, made the Bush administration appear dysfunctional at times and generated enormous news coverage. All are by journalists with access to daily or weekly outlets. The bestsellers include 'Fiasco' by The Washington Post's Thomas Ricks; 'Cobra II' by Michael Gordon of the New York Times and former Timesman Bernard Trainor; 'Hubris' by Newsweek's Michael Isikoff and the Nation's David Corn; and now 'State of Denial' by The Post's Bob Woodward. Even President Bush observed last week that 'somebody ought to add up the number of pages that have been written about my administration.'"

Canadian Death Toll In Afghanistan Now 42. The New York Times (10/16, Gall, 1.21M) reports, "Two Canadian soldiers in the NATO force were killed and three were wounded in an ambush in southern Afghanistan on Saturday afternoon, and an Afghan provincial council member was assassinated Sunday on his way to work, officials said. ... The Canadians were killed when their convoy came under fire by rocket-propelled grenades and gunfire in Kandahar Province, forcing their unit to call in airstrikes, according to a NATO news release. Forty-two Canadian soldiers have been killed in Afghanistan this year."

Italian Reporter, Assistant Kidnapped In Afghanistan. The Wall Street Journal/AP (10/16) reports, "An Italian freelance photographer and his assistant were abducted in southern Afghanistan, an official said Sunday. Gabriele Torsello and his Afghan translator were abducted by armed men on Saturday as they were driving from Lashkar Gah, the capital of the southern Helmand province, toward neighboring Kandahar." Helmands and Kandahar "have been the scene of the most intense fighting between Taliban and NATO troops this year, the worst upsurge in violence in the country since the U.S.-led invasion in 2001 that ousted the Taliban regime from power."

CORPORATE SCANDALS:

UnitedHealth CEO Ousted Amid Options Probe. The New York Times (10/16, Dash, Freudenheim) reports, "Dr. William W. McGuire, a medical entrepreneur who built the UnitedHealth Group into a colossus in its field, was forced to resign from the company yesterday and to give up a portion of the $1.1 billion he holds in harshly criticized stock options." The Times continues, "UnitedHealth, one of the nation's two largest health insurers, also dismissed its general counsel and a member of its board in what amounted to a sweeping overhaul of its governance practices and leadership ranks. The options that Dr. McGuire had been granted over the years have led to criminal and civil investigations and public disapproval." The Times adds, "In a sweeping report released yesterday that was highly critical of management, a law firm hired by UnitedHealth to investigate the timing of stock options concluded that the company was riddled with poor controls and conflicts of interest. The report, which the company posted on its Web site, found that UnitedHealth had backdated options to maximize employees' compensation. … The company said yesterday that the disputed options would be repriced from the lowest share price for the years in question to the highest prices, scaling back the earnings of Dr. McGuire and others. The company did not say precisely how much its executives would give up. … The developments are the most dramatic to date since federal regulators started looking into the widespread practice of backdating stock options. More than 100 companies have come under scrutiny over the unlikely coincidence of stock options being granted again and again to senior executives on dates when the company's share price was low, a tactic that guaranteed the maximum profit when the options were turned into cash."

The AP (10/22, Freed) reports the company "said McGuire will step down immediately as chairman and as a director. It said that McGuire would continue as chief executive until Dec. 1 at the latest and that he would 'assist in an orderly transition to new leadership.'" The company "named Stephen Hemsley, currently president and chief operating officer, to be the new chief executive. It also installed Richard Burke, the founding chief executive of UnitedHealth's predecessor company, as chairman."

The Los Angeles Times (10/16, Girion) notes that the announcement "came in the wake of a board-commissioned

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investigation that found that stock option grants were "likely backdated" to allow insiders to maximize financial gains." An investigation "by a law firm hired by UnitedHealth's board concluded that 1.5 million options — most of which were granted to McGuire as a part of his 1999 compensation package — were 'likely backdated.' The results of that investigation — given to board members last week and made public Sunday — were viewed as creating pressure on McGuire to leave." Yet, "because the investigation had been underway for more than six months, there was a sense among investors until only recently that McGuire would survive the scandal, said Sheryl Skolnick, an analyst at CRT Capital in Stanford, Conn."

The Wall Street Journal (10/16, A1, Bandler, Forelle) reports, "The probe's findings, released yesterday, provided a detailed picture of how stock-option backdating worked at the company, offering glimpses of cronyism and a culture in which vast sums of compensation were handed out with few controls or written records. Among the troublesome option grants detailed in the report was a massive 1999 award to Dr. McGuire that ranks among the most lucrative ever." UnitedHealth "also is being investigated by the Securities and Exchange Commission, by federal prosecutors in New York, and by the Minnesota attorney general."

UnitedHealth To Face Investor Scrutiny. The Wall Street Journal (10/16, Fuhrmans) reports, "With William McGuire forced out from the helm of UnitedHealth, investors will start sorting out whether the company's management team can get it back on track without the man who built it. Despite the obvious challenges ahead, some investors and analysts say it can." UnitedHealth "has one critical factor working in its favor: It is known for its deep bench of management talent. … Against that backdrop, investors need to decide whether to sell the stock because the company could struggle without Dr. McGuire's leadership, or to buy it because the uncertainty about the stock-options scandal is closer to being resolved."

Smaller Firms Take On Accounting Giants. The Washington Post (10/16, D1, Hart) reports, "For more than a decade, many smaller Washington-based accounting and consulting firms have aligned themselves with one of four larger networks that represent mid-size regional firms. Now one of those networks has gone a step further: banding its member firms together to act as one company." The Post continues, "The network, called Baker Tilly USA, opens for business today, combining 22 mid-size accounting firms from around the country, including Beers & Cutler PLLC locally. The alliance plans to offer tax, audit and consulting services to capture more of the accounting market, a strategy other accounting networks plan to adopt over the next year." The Post adds, "The dissolution of accounting giant Arthur Andersen in the Enron scandal, and the more stringent internal accounting controls required by the Sarbanes-Oxley law, created more demand for the Big Four -- Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP -- particularly from the nation's largest public companies. .. .Second- and third-tier accounting firms often found it difficult to move up the accounting ranks because larger clients typically require industry-specific skills and global reach, which many regional firms do not have."

SEC To Relax Margin Rules. The Financial Times (10/16, Grant) reports, "The US is set to relax margin rules in force since after the Wall Street crash of 1929 with the approval of a system that will cut securities trading costs and pave the way for 'multi-asset' trading across equities, options and futures." The Times continues, "The move removes a key barrier to the competitiveness of the US capital markets as similar margin rules already exist in Europe, attracting increasing numbers of hedge funds to London. … It comes as many US exchanges are trying to expand the mix of their businesses towards a combination of equities, options and futures." The Times adds, "This is in response to demand from hedge funds and other traders who increasingly prefer to trade such assets simultaneously. … The Securities and Exchange Commission's staff has approved an application by the New York Stock Exchange for a new type of 'portfolio margining' account that calculates margin based on the types of assets held in the account and the interplay between them. … It will provide an alternative to the 'Reg T' margining system, under which the Federal Reserve and NYSE set margins for stock trading at up to 50 per cent."

Regulators Rethinking Hedge Fund Rules. The Financial Times (10/16, Grant) reports, "Top US policymakers believe fresh regulation of hedge funds may be needed to avoid a catastrophic hedge fund failure and that relying on banks and other counterparties to manage their exposure to the booming industry may no longer be enough." The Times continues, "The development marks a shift in thinking on hedge fund oversight since a US court in June

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struck down a rule that hedge fund managers register with the Securities and Exchange Commission. … Hedge funds have since been in regulatory limbo." The Times adds, "The $6bn losses at hedge fund Amaranth have thrust into the spotlight concerns over the systemic risks associated with the $1,500bn industry. … Since the collapse of Long Term Capital Management in 1998, the President's Working Group on Financial Markets – made up of the Federal Reserve, Treasury, SEC and Commodity Futures Trading Commission – has believed that counterparty risk management is the best way to guard against risks to the financial system posed by hedge funds. … Ben Bernanke, US Federal Reserve chairman, in May expressed scepticism about giving regulators more oversight over hedge funds, saying that allowing hedge funds and trading partners to manage risk in the sector made 'economic sense'. … However, one senior official close to the group said the explosive growth of such funds, the leverage available and the increasing exposure of pension fund money to them had cast doubt on that approach. … Speaking on condition of anonymity, he said: 'It's an unavoidable question that you ought to look comprehensively at how this framework is working . . . Is counterparty risk management still the right approach?'"

Hedge Funds Draw Insider-Trading Scrutiny. The New York Times (10/16, Anderson) reports, "In early March, executives from Movie Gallery, a big movie rental chain, held a private conference call for their lenders to talk about how disastrous 2005 had been for the company. A string of Hollywood flops had kept customers away. More people were recording movies from television instead of renting them from a store. The executives said they needed more time to fix the problems, which included more than $1 billion in debt." The Times continues, "Most of the roughly 200 lenders were not bankers, but hedge funds. And what they heard was supposed to be confidential: it was inside information, as valuable to investors as a tip about an imminent takeover. … During the next two days, though, Movie Gallery's shares were heavily traded, and its stock plummeted 25 percent. … A coincidence? Regulators are not so sure. The Securities and Exchange Commission is now looking into whether any of the hedge funds on the private call with Movie Gallery took their inside knowledge of the company's struggles and traded on it. Movie Gallery announced earnings results to the public nearly two weeks after the private conference call." The Times adds, "The Movie Gallery case provides a window onto the growing power of hedge funds in financial markets, and raises questions about their role in how information flows on Wall Street. Hedge funds have become a dominant force in the New York and London stock exchanges, and now account for roughly half of all trading in those markets. But they also have recently become major players in the more opaque debt market, which includes bonds as well as loans, and is more than one and a half times as big as the stock market. … The power shift in the loan market has prompted the trade association for lenders to develop new guidelines, to be announced today, governing how confidential and material — meaning potentially market-moving — nonpublic information is used."

CRIMINAL LAW:

DOJ To Launch Initiative Seeking Causes Of Violent Crime Increase. USA Today (10/16, Johnson) reports, "Teams of federal investigators looking to curb increases in murder and robbery will visit several U.S. cities in order to pinpoint the root causes of community violence, the Justice Department is expected to announce today." USA continues, "U.S. Attorney General Alberto Gonzales plans to outline the initiative in an appearance at the annual meeting of the nation's police chiefs in Boston, the Justice Department said." USA adds, "The Justice review comes after the Police Executive Research Forum, a national police advocacy group, reported last week that murder, robbery and assault offenses had increased substantially in a cross-section of cities during the first six months of 2006. … Last month, the FBI's national crime report for 2005 also revealed a nearly 2% increase in the nation's murder rate after a two-decade low in 2004." USA notes, "The federal program will dispatch investigators to several cities during the next few weeks to look at possible causes of increased violence, according to an outline of the initiative provided by the Justice Department. The department didn't identify the cities."

Abramoff Associate Met White House Officials 12 Times In 2003 And 2004. The Financial Times (10/16, Kirchgaessner) reports, "A lobbyist associated with Jack Abramoff, the convicted former 'superlobbyist', met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress." White House officials' "meetings with Shawn Vasell, a former associate of Mr

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Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform." The Times adds, "A spokesman for Mr Abramoff, who pleaded guilty to corruption charges this year, declined to comment."

Mehlman Denies Involvement In State Department Official's Firing. The Financial Times (10/16, Kirchgaessner) reports RNC Chair Ken Mehlman "was on Sunday put on the defensive about his alleged role in the ousting of a State Department official in 2001 who was a political foe of Jack Abramoff." Mehlman "said he did not recall the specifics of the removal of Allen Stayman, who supported changes to labour laws on the Northern Mariana Islands, an important client of Mr Abramoff, but said it was 'not true' he had the authority to fire anyone in his former role as political director at the White House." The Times quotes one of the released Abramoff emails saying, "Mehlman said he would get him [Stayman] fired." Stayman, now on the minority staff of the Senate Energy and Natural Resources Committee, had been the Director of the Office of Compact Negotiations and also served as the Department of the Interior's Deputy Assistant Secretary for Insular Affairs.

Mehlman was asked on CNN's Late Edition (10/15) about a report that an official at the State Department was fired because Jack Abramoff came to him "and basically said, fire this guy; he's not allowing the policies in the Northern Mariana Islands that Abramoff and his clients wanted." Mehlman said, "It is not true. And I'm not sure that those e-mails suggested that. First of all, I did not have the authority, as the political director, to fire anybody. It wasn't my decision."

Tampa Gambino Trial Begins Today. The St. Petersburg Times (10/16, Weimar) reports, "Not so very long ago, Tampa was an underworld hub, a place where mobsters ran illegal gambling operations out of Ybor City coffee shops and killed the people who got in their way. Those days are over, thanks largely to a crackdown by law enforcement in the 1970s and '80s. But experts say the Mafia never really left Tampa: It just changed form. Starting today, four men alleged to be members of the Gambino crime family will go on trial in U.S. District Court in Tampa on charges of racketeering and extortion. Prosecutors said the crew, headed by Ronald 'Ronnie One Arm' Trucchio, committed a string of crimes from New York to Miami, including murder, robbery and extortion." The Times adds that today, "mobile groups of crime associates called 'crews' migrate to Florida and work independently, making payments to heads of families in New York or New Jersey."

The Tampa Tribune (10/15, Silvestrini) reported, "Lorraine Lamendola's terrifying tale of hiding from mobsters by crawling around on the floor of her darkened house is at the heart of what the federal government says was a brutal struggle to control the valet parking business in Tampa. While members of the Gambino crime family…carried out murders, armed robberies and drug sales in New York, New Jersey and Florida, mobsters used extortion to gain dominance over valet revenue at hospitals, restaurants and nightclubs in the Tampa area, federal authorities allege." The Tribune noted, "Documents filed in the federal criminal case and the county civil case paint a picture of a violent struggle over the lucrative business of parking cars in the Tampa Bay area."

Internet Investigators Fight Rising Threat Of Child Predators. In a story about the rising threat of Internet child predators, the Miami Herald (10/14, Veciana-Suarez, 310K) noted, "About 18 months ago, the FBI's Miami division launched a separate Crimes Against Children Squad. The squad includes about 10 undercover investigators who mostly work online. … Since the squad began, FBI agents have arrested or identified 82 suspects for a range of sex crimes against children, said Judy Orihuela, the FBI's Miami spokeswoman." The Herald added, "The squad, which serves the Keys through Palm Beach County, also works with public schools to teach children how to stay safe. But police, like other experts, say it's ultimately up to the parents. 'We don't advocate for parents to try to keep their kids offline,' said Supervisory Special Agent Terri Patterson. 'That's unhealthy. The kids have to spend time online. Their parents just have to monitor it.'"

Bikers Raise Funds For Amish School Families. NBC Nightly News (10/15, story 11, 1:45, Seigenthaler, 9.87M) reported, " In Lancaster County, Pennsylvania, it's a weekend of healing as neighbors reach out to neighbors following the deadly Amish school shooting there. And in the wake of the violence, a new story is unfolding, one of community compassion and grace. Today, more than a thousand bikers turned on the power of their engines to help families. ... An act of kindness raising nearly

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$30,000 today to benefit families whose children were shot in an Amish school two weeks ago."

Former Duke Students Say Rape Accusation Ruined Lives. The New York Times (10/16, Wilson) reports, "In their first news interviews, three former Duke University students told the CBS News program '60 Minutes' that they were falsely accused of raping a woman hired to dance at a lacrosse team party last March." The Times continues, "One of the men has graduated from Duke, while the other two, who were sophomores, have been suspended from the university pending the outcome of the case, they said on the program, which was shown yesterday. They are free on $100,000 bail while awaiting a trial expected to start next spring. … 'This woman has destroyed everything I worked for in my life,' said the student who graduated, David F. Evans, 23, of Annapolis, Md. 'And, worst of all, she's split apart a community and a nation on facts that just didn't happen and a lie that should have never been told.'" The Times adds, "Also appearing on the show was James E. Coleman Jr., a professor at Duke's law school who criticized the prosecutor in the case and accused him of misconduct. Mr. Coleman, who led a university review of the men's lacrosse program after the party, said of Michael B. Nifong, the Durham County district attorney, 'I think in this case, it appears that this prosecutor has set out to develop whatever evidence he could to convict people he already concluded were guilty.' … In June, Mr. Coleman said Mr. Nifong should ask the state attorney general to appoint a special prosecutor and remove himself from the case. Mr. Coleman said Mr. Nifong 'pandered to the community' and set up an improper photo lineup to identify suspects. … In a telephone interview last night, Mr. Coleman said, 'He has forgotten about his obligation to protect the innocent, and in my view, that's prosecutorial misconduct.' … Mr. Nifong did not return telephone calls and e-mail messages yesterday. The accuser, a student at North Carolina Central University, could not be contacted."

Author Offers Hope To Imprisoned Teens. The New York Times (10/16, Smith) reports, "On a recent weekday afternoon (in Orlando, FL), Dennis Lehane, the best-selling crime writer, stood in front of 17 imprisoned teenagers, trying to establish his street credentials. He grew up in a violent neighborhood, he told them, Dorchester, in Boston. 'One or two made it out of my neighborhood,' he said. 'Sixteen other guys went down.'" The Times continues, "Mr. Lehane was on a tour to publicize his new story collection, 'Coronado' (HarperCollins), and had made an unusual stop: at the Youthful Offender Program at the Orange County Jail here. The participants had been reading 'Coronado' as part of a class called, in an effort to use language familiar to teenagers, 'Literature n' Living.' … Most of the boys, who are 14 to 17, had been accused of crimes so serious that they were being tried as adults. Some were awaiting trial, others serving sentences of less than a year. Many of the characters in 'Coronado,' are, like the prisoners, young, lost and violent, and the book had been assigned to them by John Richter, the program's coordinator, in an effort to get them to read — anything." The Times adds, "Mr. Richter had tested the boys to make sure they understood the book, and had them write reports, which they were now delivering to Mr. Lehane, whose 2001 novel, 'Mystic River,' was made into a movie by Clint Eastwood."

CIVIL RIGHTS:

President Of National Association Of The Deaf Calls Arrests "Totally Unnecessary." The Washington Post (10/16, B1, De Vise) reports, "The president of the National Association of the Deaf weighed in yesterday on what she called the 'totally unnecessary' arrests Friday night of 133 protesters at Gallaudet University in a dispute with campus administrators, and urged the board of trustees to take command of a situation that 'is out of control.' Bobbie Beth Scoggins, head of the advocacy group, arrived at the Washington campus yesterday afternoon to cheers from scores of students and alumni, who have taken shifts occupying tents around the campus entrance for the past week. They shut down the campus for three days to protest the selection of former university provost Jane K. Fernandes as the school's next president." Scoggins said that "sympathizers around the world had erected more than 70 'tent cities' in solidarity with the Gallaudet protesters, four of whom launched a hunger strike at the start of the weekend." Fernandes defended the arrests as "necessary to regain control of the campus."

Gay Masseur's Business Application Stirs Tensions In Manassas, VA. The Washington Post (10/16, Miroff) reports, "In the past three years, the Manassas City Council has received two applications for home-based

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massage therapy businesses, and members have approved both. Then Howard Daniel, who is gay, applied." The Post continues, "The backlash against Daniel's request began last month when nearly two dozen people, many of them members of a local church, spoke in opposition to it at a public hearing. When it came time for the city to decide on Daniel's application the next week, council members balked and voted instead to consider changing the city's zoning laws." The Post adds, "The city's response and the community opposition have blindsided Daniel and his supporters, one of whom had an anti-gay message written on his car. … Questions of discrimination are already sensitive in Manassas, which is currently under federal investigation for housing policies that allegedly target Hispanic residents, a violation of the Fair Housing Act. Now the city is again facing a land-use decision loaded with political overtones. At least one council member, Andrew L. Harrover (R), said he has received threats that Daniel's home will be picketed if the council approves his application. … The vast majority of those who have mobilized against Daniel's application do not live on his street or even in his neighborhood. Many are affiliated with Manassas's All Saints Catholic Church, though there is no indication they have organized their opposition through the church."

ANTITRUST:

AT&T-BellSouth Deal Draws Consumer Criticism. USA Today (10/16, Davidson) reports, "Consumer advocates say the new concessions AT&T has offered to close its $80 billion merger with BellSouth don't go far enough to preserve competition. … 'They're a step in the right direction, but they don't resolve the most important competitive problems,' says Gene Kimmelman of Consumers Union. … He also said AT&T's offer smacks of desperation to win approval." USA continues, "At the urging of its two Democratic commissioners, the Federal Communications Commission postponed Friday's scheduled vote on the merger until Nov. 3 to allow time for the public to comment on proposed concessions that AT&T filed Friday. The four commissioners available to vote on the merger are split 2-2 along party lines." USA adds, "AT&T's offer, an attempt to break the stalemate, includes a $10-a-month DSL broadband service for new customers for 30 months. The company also said it would also offer free DSL modems for new broadband subscribers next year. … AT&T's proposal followed a flurry of late-night negotiations Thursday with the FCC's two Democratic commissioners, Michael Copps and Jonathan Adelstein. Republican FCC Chairman Kevin Martin has recommended the merger's approval with no conditions. Democratic commissioners Friday indicated AT&T's offer represented progress. … The Justice Department last week cleared the deal with no conditions or divestitures, enraging Democrats, who vowed to press for significant requirements."

Oshkosh Truck To Buy JLG Industries For $3 Billion. The Wall Street Journal (10/16, Brat, Hallinan) reports, "Oshkosh Truck Corp. said it will acquire JLG Industries Inc. for about $3 billion, positioning the Oshkosh, Wis., maker of fire, military, concrete and garbage trucks to take better advantage of the global boom in nonresidential construction." The Journal continues, "JLG, of McConnellsburg, Pa., makes aerial-work platforms, booms and related equipment that can lift people and heavy materials several stories. The all-cash deal at $28 per JLG share will create a company with 13,000 employees and $6 billion in annual revenue. Oshkosh will assume about $200 million in debt. Shares of JLG ended unchanged Friday at $20.75 in 4 p.m. composite trading on the New York Stock Exchange." The Journal adds, "While housing construction in the U.S. has slowed, construction of office buildings, warehouses, multistory parking lots and other nonresidential construction has been strong as companies spend cash on expanding factories and offices while interests rates are near historical lows. … The purchase of JLG, which Oshkosh expects to complete in the next 90 days, will be the company's 15th acquisition since 1996."

Volkswagen Would Support MAN's Scania Bid With Restrictions. The Wall Street Journal (10/16, C8, Rauwald) reports, "German car maker Volkswagen AG said it would support MAN AG's attempt to acquire Scania AB for 95.89 billion kronor ($12.93 billion) if the German truck maker manages to acquire shares representing slightly more than 56% voting rights in its Swedish rival." The Journal continues, "Volkswagen, Europe's biggest auto maker by sales and the biggest single shareholder in both MAN and Scania, said it would offer its shares -- representing 34% of Scania's voting rights and 18.7% of its equity -- to MAN in that case. Volkswagen said MAN must also win shares representing at least 71.31% of Scania's capital." The Journal adds, "Volkswagen's

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supervisory board, the equivalent of a U.S. board of directors, 'is convinced that a solution acceptable to all sides remains the preferred outcome,' the company said in a statement following an extraordinary meeting yesterday. Volkswagen added it won't support a counterbid by Scania for MAN at the present time. .. . MAN said it welcomes 'Volkswagen AG's continued support for its concept to combine MAN and Scania AB and its willingness to tender its shares into a successful merger.' … Scania and Swedish investment company Investor AB, which owns a significant stake in Scania, have rejected the most recent bid, saying it still 'significantly undervalues' the company's prospects. Investor said yesterday it still won't rule out a counterbid by Scania."

EU, Microsoft Seek Common Ground On Vista. The Financial Times (10/16, Buck) reports, "Microsoft and the European Commission appeared to be stepping back from months of conflict over the Vista operating system, after the US software group revealed on Friday that it had made significant changes to its new flagship product ahead of Vista's launch next month." The Times continues, "Although the Brussels-based antitrust regulator stressed that it had not given a 'green light' to Microsoft, Neelie Kroes, the European Union competition commissioner, gave an upbeat assessment." The Times adds, "Microsoft's competitors said they needed more time to assess the changes to Vista. But most of them welcomed the US software giant's announcement that it would amend the operating system in order to ensure that computer users had a choice between using rival software or Microsoft's own products. … The changes focus in particular on internet search, security software and a programme similar to Adobe's PDF reader that lets users create and send fixed documents. Microsoft said it would develop interfaces that would allow rival software to connect better with the new operating system. It would also allow competing software to 'override' Vista's own functions should users install another product providing the same service. .. .Symantec, which had warned that the integration of Microsoft security features into Vista would undermine its business, said Microsoft's concessions gave reason for 'guarded optimism'. … However, Symantec said it was crucial that Microsoft made available details of the new interfaces to rival companies as fast as possible."

ENVIRONMENT:

Report Warns Growth In US Electricity Demand Outstripping New Resources. The Wall Street Journal (10/16, Smith, 2.03M) reports, "A report by the North American Electric Reliability Council warns demand for electricity is increasing three times as fast as resources are being added in the U.S., a trend that could shake electric-system reliability in the coming decade. In its first report since the organization's duties were expanded by Congress, the grid organization, known as NERC, said U.S. demand will increase by about 20% from 2006 to 2015, outstripping investment in new electrical supply." The Journal says, "Increasingly, it is left to a deregulated market to determine whether and when new resources get built. As the system drifts closer to its physical limits, it is even more important that energy regulators and utilities promote conservation and use of the most energy-efficient equipment, said Rick Sergel, chief executive of [NERC]."

WSJournal Outlines 10 Innovations That Could Reduce Electricity Usage. In an analysis, the Wall Street Journal (10/16, R1, Smith, 2.03M) reports that the electricity "crisis" the US is facing is "a tremendous opportunity." The Journal says, "Energy prices are high, supplies are increasingly tight, and anxiety is growing about climate change. But that dark outlook is driving consumers, utilities and public officials to finally take advantage of innovations that could radically reshape the nation's power consumption without lowering the standard of living." The Journal outlines "10 innovations capable of making a big difference immediately and in coming years." These include: more efficient lighting systems and hardware, advanced sensors, better tools for tracking energy use, higher EPA energy-efficiency standards, more stringent building codes, improved incentives for utilities, variable electricity pricing, rebates for old equipment, and "demand-response" programs.

Board Finds Poor Oversight By BP Caused Texas City Fire. The Wall Street Journal (10/16, A10) reports, "A July 2005 fire at BP PLC's Texas City refinery was caused by poor mechanical-integrity oversight, a U.S. safety board said. The fire occurred four months after an explosion at the refinery killed 15 workers and injured hundreds more." The Journal says, "BP said it agreed with the findings -- disclosed yesterday -- of the Chemical Safety and Hazardous

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Investigation Board and described a series of steps taken to improve 'positive material identification' at the plant, including an increase in the size of the inspection team from 50 people to more than 200."

The New York Times/AP reports BP "did not have procedures in place that could have prevented a fire in July 2005 at its refinery in Texas City after workers installed the wrong type of pipe, federal investigators said Sunday. The fire at the Resid Hydrotreater Unit, which combines heavy crude oil with hydrogen, caused more than $30 million in damage. One worker suffered minor injuries."

Mexican Bats Find Benefactors In US. The Washington Post (10/16, A8, Connolly) reports from Mexico City, "Shortly before sundown they make their first foray, cruising up to 5,000 feet aboveground in search of mosquitoes, moths and other tasty treats. A few hours later, they return home to rest and feed their young before heading out again around midnight." The Post continues, "By daybreak, when Mexican free-tailed bats finally return to their cave, named Cueva de la Boca, the colony will have traveled as far as 62 miles and gobbled some 12 tons of bugs out of the skies near the U.S. border. And in cornfields from Texas to Iowa, farmers are giving thanks. … Or at least they should be." The Post adds, 'Sure, bats are creepy. They hang upside down, squeal at high decibels and turn up in movies as blood-sucking fiends. Some even spread rabies. But, it turns out, that in the global ecosystem, bats are humanity's allies. … Every night, all night, as humans sleep, the flying mammals work feverishly. They pollinate plants such as the agave, the source of Mexico's iconic tequila. Their excrement, called guano, is a valuable fertilizer. And bats eat up to one-quarter of their body weight in insects every night, making them one of the simplest, safest, most cost-effective forms of pest control available. … Somehow, that message has not reached most people. For decades, intentionally or otherwise, property owners, hikers and sightseers have trampled habitat, dumped garbage and set fires, decimating the bat populations in many parts of the world. … Now, in a unique cross-border alliance, bat lovers have embarked on a multiyear effort to quantify the damage and replenish the bat population of northern Mexico. The project, being spearheaded by the nonprofit Texas-based Bat Conservation International (BCI), includes detailed mapping of hundreds of present and former bat roosts, educational programs for farmers and even purchases of land to protect the most vulnerable colonies."

Growing Green Economy Aims At Mainstream. The Washington Post (10/16, D1, Rosenwald) reports, "Keith Ware dressed naturally to set up his booth at the Green Festival. He wore an organic cotton hooded jacket, organic cotton blue jeans and organic hemp work boots, the soles of which are made from recycled surgical gloves. He was not, however, wearing his organic cotton underwear. … Ware is one of the owners of Eco-Green Living, a Logan Circle store that sells organic and fair-trade products such as teas, hemp boots and even the makeshift floor he was setting up, which was made from Marmoleum -- a combination of linseed oil, wood flour, rosin, jute and limestone. He was an exhibitor over the weekend at the Green Festival, which drew crowds of people to the Washington Convention Center to celebrate light bulbs that last 60,000 hours, investment funds targeting socially responsible companies and paper made from elephant dung by a company called Mr. Ellie Pooh." The Post continues, 'The show, the third in the District, grew from 250 exhibitors in the first year to more than 350. Although some exhibitors were selling products, the chief intention of the show was to develop the industry by connecting the principles and products of green businesses with mainstream customers. … By many accounts, the green business movement is taking off, with the marketplace topping more than $228 billion in the United States and with such companies as Wal-Mart Stores Inc. getting into organic food and General Electric Co. plowing into renewable energy. Levi's is introducing organic cotton jeans. Vanity Fair recently published a green issue. … (W)hat was long a counterculture movement is now embracing one of its sworn enemies -- big business -- as a key component of the cause."

FBI/DEA/ATF/USMS:

Three Chicago Gang Members Convicted Of Drug Trafficking. The Medill News Service (10/13) reports three members of a Chicago gang "were convicted Thursday, culminating a massive federal probe into a network of drug trafficking on the city's West Side. Troy Martin, Eddie Bell and Patrick Bray were each found guilty by a federal jury of running a highly organized drug ring as members of the Mafia Insane Vice Lords. … The men were arrested in May 2004 as part of 'Operation Day Trader,' a U.S. Drug Enforcement Administration investigation. A total of 48

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defendants were arrested on federal conspiracy charges, most of whom have been convicted."

Accused Asian Gang Leader Arrested In Sacramento. KOVR-TV, Sacramento (10/14) reports on its Web site that five people were arrested after they "were caught growing marijuana in plain view in their backyard. Federal agents say one of the suspects arrested is a leader of an Asian gang called Little Rascals, a gang the DEA says is the boldest they've arrested all summer. … According to an affidavit, the leader lived in Elk Grove but ran the operation out of his mother's house in Oak Park. Inside the home, agents say they found 6,000 ecstasy pills, 39 marijuana plants in the backyard of the residence well as 19 boxes of processed marijuana."

Six To Plead Guilty In Texas To Drug-Smuggling. In McAllen, the Monitor (10/14) reports six defendants in a federal drug case "have agreed to plead guilty to smuggling charges, opening the way for prosecutors to go after their 10 co-defendants. … The case dates back to December 2005, when the 16 men were indicted after an almost 10-year Drug Enforcement Administration investigation into cocaine and marijuana smuggling near Peñitas." The Monitor notes that the case involves former McAllen police officer Francisco Meza-Rojas who "led the family drug ring, according to court documents. He and the five other prisoners who escaped the prison in La Villa are still on the loose."

Pennsylvania Man Gets 8-Year Sentence for Role In Crack Ring. The Scranton (PA) Times-Tribune (10/15) reports a Kingston man "was sentenced to more than eight years in prison for his role in a crack cocaine ring that operated in Luzerne and Lancaster counties. Anthony Blaso, 54, of Kingston, pleaded guilty to a drug conspiracy count in July, four months after he was indicted in federal court as a result of an investigation by the U.S. Drug Enforcement Administration and the Wilkes-Barre Police Department."

US Military Pilot Sentenced To Prison In Ecstasy Case. The AP (10/13) reports a U.S. military pilot who "flew a U.S. Air Force jet from New York to Germany to pick up 200,000 pills of Ecstasy was sentenced Friday to 17 1/2 years in prison. U.S. District Judge John G. Koeltl rejected appeals by defense lawyers for leniency for Capt. Franklin Rodriguez of the U.S. Air National Guard, saying the sentence was appropriate for 'a particularly egregious and despicable crime.'"

The Mid-Hudson News (10/14) reports Rodriguez and his co-defendant, Master Sergeant John Fong, "pleaded guilty in May to conspiring to import the drug into the country and conspiring to possess and distribute the drug. The charges were the result of an international investigation into importation of Ecstasy on military aircraft and its distribution in the United States."

Nationwide Marijuana Plant Seizures Outpace Last Year's Count. The San Diego Union-Tribune (10/16, Lee) reports drug agents sniffed out a major marijuana patch at Palomar Mountain State Park a few months ago in the kind of raid that has become all too common on U.S. public lands. What officials initially thought might be a few hundred plants ended up being 15,000. … Initial repairs to such an area can cost taxpayers $10,000 per acre for staff time and a helicopter to haul away garbage, said the Office of National Drug Control Policy. On average, ten acres are fouled for every acre of marijuana planted in forests and on other public lands, the agency said." Federal agents "say that about 4.5 million outdoor marijuana plants have been seized nationwide this year, largely from public lands. That pace is well ahead of the 2005 count."

Rep. McGovern Seeks Leniency For Convicted Drug Dealer In Massachusetts. The Boston Herald (10/16) reports U.S. Rep. James P. McGovern "asked a federal judge in Boston to go easy last week when sentencing a now twice-convicted drug dealer who was once moving up to 13 pounds of coke per month." McGovern "wrote to U.S. District Court Judge F. Dennis Saylor IV asking leniency for Nicholas Police." On Thursday, Saylor "sentenced Police…to the low end of the 8-to-10 years he was facing for pleading guilty to possession of cocaine and marijuana."

FARC Member's Trial To Begin In D.C. The AP (10/16) reports, "The politically charged trial of a top Latin American rebel leader is set to begin in a 3-year-old kidnapping case that has the lives of three Americans hanging in the balance. Opening statements were scheduled for Monday in the U.S. District Court trial of 56-year-old Ricardo Palmera, who is considered the most senior member captured from the Revolutionary Armed Forces of

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Colombia (FARC), on charges he provided material support to a terrorist group. … The trial is the latest evidence of a stiffening U.S. stance against FARC, which the U.S. government considers a terrorist organization. … The group funds itself through drug trafficking, extortion and kidnapping."

IMMIGRATION:

Immigration Said To Cause Overcrowding, Environmental Problems. Dan Stein, president of the Federation for American Immigration Reform (FAIR), writes in USA Today (10/16, 2.27M), "Overcrowded schools, congested highways, environmental stresses: We are a nation paving over its wildernesses while depending on our enemies for vital resources. Why? Because Americans have been blindsided by a government-mandated mass immigration program that's fueling this nation's runaway population growth. This growth was neither planned nor expected, but we feel the consequences every day." Stein adds, "Our population future is entirely within our power to determine. Just as the government has mandated soaring overcrowding and congestion in the past several decades, it has the power to slow population growth by curtailing immigration and enforcing laws against illegal immigration. … As responsible stewards for future generations, there is an urgency to consider how our decisions today will affect the nation they will inherit — before it's too late."

CONGRESS-ADMINISTRATION:

Snow's Role As GOP Fundraiser Draws Criticism. The New York Times (10/16, Stolberg, 1.21M) reports that "in the six months" since President Bush "enlisted him to resuscitate a White House press operation that was barely breathing," Tony Snow, "a former Fox News television and radio host and a conservative commentator, has reinvented the job with his snappy sound bites and knack for deflecting tough questions with a smile. Now, he is reinventing it yet again, by breaking away from the briefing room to raise money for Republicans, as he did…on Saturday night for Speaker J. Dennis Hastert. … His booking agent is the White House political shop, run by Karl Rove, the president's chief strategist. The White House is not keeping track of how much money Mr. Snow raises. His talks -- Saturday night's was a cross between a one-man show and a religious revival -- have attracted little scrutiny so far, but they are giving a much-needed boost to a party whose midterm fortunes appear increasingly bleak." Yet "even as the Republican establishment revels in his celebrity – 'It's like Mick Jagger at a rock concert,' Mr. Rove said -- Mr. Snow's extracurricular activities are making some veteran Washington hands, including those with strong Republican ties, deeply uneasy." The Times goes on to quote David Gergen ("If he is seen as wearing two hats, reporters as well as the public will inevitably wonder: is he speaking to us now as the traditional press secretary, or is he speaking to us as a political partisan?") and Kenneth Duberstein ("His profile should not be a political profile…but a press profile on behalf of the president") raising concerns about Snow's political activivies.

Mehlman Says GOP Leadership Dealt With Foley Scandal Aggressively. RNC Chairman Ken Mehlman was asked on CNN's Late Edition (10/15) how Republicans will deal with the Foley scandal only a few weeks before the election. Mehlman said, "I think you answer with the truth. The fact is the Speaker and our leadership could not have been more aggressive. The moment they found out about this, they gave Mark Foley the political death penalty. They said, get out of Congress or we're going to throw you out. They called in the FBI and the Department of Justice to investigate. They tried to bring in Louis Freeh to make sure the program was appropriate in the future. I think when people find this out, they're going to appreciate it."

Hastert's Leadership Style, Tenure As Speaker Examined. The Washington Post (10/16, A1, Grunwald, VandeHei, 748K) runs an analysis piece on Speaker Dennis Hastert's record, and describes him as someone "largely unknown outside Washington, routinely underestimated as a powerless figurehead inside Washington," yet a leader who "has helped unify his fractious caucus, promote President Bush's agenda and expand the House's GOP majority." Hastert "is still beloved by his players, which is why he's survived the Foley mess so far. They appreciate how he listens to their concerns, shares credit and works overtime to keep the team together. He schlepped to 42 districts in August to try to maintain the GOP majority; it's no coincidence that his political arm is called the Keep Our Majority PAC." His aides "say he intends to fight to protect his job, and he intends to win. After all, his legacy is at stake on Nov. 7. He'll either be the unbeaten coach, or the coach who lost the big

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one. Either way, he'll be the speaker who presided over an era of unprecedented partisanship, an era when winning seemed to be the only thing that mattered."

The Washington Post (10/16, A19, Babington, 748K) also says Hastert "shows no sign of resigning," but "the mere suggestion that he might do so raises an intriguing political and constitutional question: Who would replace him while Congress is in recess? The answer, it appears, is on a piece of paper locked away in the House clerk's office. In a little-noticed action taken nearly four years ago, the House amended its rules dealing with the 'continuity of Congress' in emergencies and the succession of speakers. The rule, cited recently in Roll Call, directs the speaker to 'deliver to the Clerk a list of Members in the order in which each shall act as Speaker pro tempore...in the case of a vacancy in the office of Speaker.'" The Post adds, "Perhaps the biggest question, some lawyers say, is whether a House speaker -- full time or pro tempore -- can assume and keep the presidency under any circumstance. A statute, not the Constitution, lists the speaker's place in the line succession."

Blogger's Role In Unfolding Scandal Noted. The Wall Street Journal (10/16, A1, Schatz, 2.03M) reports, "For three days, William 'Wild Bill' Kerr huddled over an old computer, trying to solve a curious mystery. He wanted to figure out the identity of the congressional page who received the salacious instant messages that prompted Florida Rep. Mark Foley to resign Sept. 29, triggering the scandal that's rocking the House of Representatives just weeks before the election." The "conservative blogger said he felt the news media were distorting the story, and he suspected, among other things, that the page in question was over the age of consent. Five days after the Foley news broke, Mr. Kerr thought he had found the former page -- a 21-year-old political operative who, by chance, worked about 10 miles north of Mr. Kerr's two-bedroom apartment here." Kerr "disclosed the results of his investigation Oct. 4, and gained the sort of instant celebrity made possible by the Internet age."

Hitchens Suggests There Was No Crime, No Victim In Foley Scandal. Christopher Hitchens writes in the Wall Street Journal (10/16, 2.03M) that the emails between Foley and the Congressional page "read for all the world like a chat between two dirty-minded adolescent boys. … The case would perhaps be altered somewhat if Mr. Foley had been the boy's teacher, or employer, or even priest. But pages are volunteers who are not on any one person's staff, and cannot be hired or fired by individual politicians. Neither coercion nor bribery was involved, as in the priestly scandals, which were quite often instances of actual rape. And the boy in this case was obviously a very knowing one, whose virginity was somewhere in his past. Indeed, it was Mr. Foley who seemed like the juvenile, or perhaps the case of arrested development. In what sense, then, does this constitute public business? … For a 'peccadillo,' Mark Foley is gone from politics already. And a huge public holiday has been taken from the serious matters that confront the electorate. But before the waters close over this scandal, and before the next one surfaces, I would still like to know what crime was committed in this instance, and who if anyone was the victim."

Congressional Report Finds Widespread Data Loss In 19 Federal Agencies. The Washington Post (10/16, A19, 748K) reports, "Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public. Most of the data were lost or stolen. In a few cases, it was accessed by computer hackers, according to a report released Friday by the House Government Reform Committee." In all, "the committee reported 788 incidents involving the loss or compromise of sensitive information since Jan. 1, 2003. That was in addition to the 'hundreds of security and privacy incidents' at the Department of Veterans Affairs." The report said, "Data loss is a government-wide occurrence. … The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

GSA's New Acquisition Division To Be Rolled Out In Phases. In his "Federal Diary" column in the Washington Post (10/16, D4, 748K), Sthephen Barr writes, "A major new acquisition division is officially up and running at the General Services Administration, but it remains a work in progress." The new Federal Acquisition Service "combines the Federal Technology Service and the Federal Supply Service, which together handle about $56 billion in annual sales. Officials hope that consolidation will improve financial controls; stem revenue losses in the old technology service and make for more efficient purchasing of services, equipment and supplies for federal agencies." James A. Williams, the new FAS commissioner, "said the acquisition service will roll out in phases, in part to allow time to gather more feedback from members of Congress and GSA employees on how best to serve federal agencies. The GSA

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has put off restructuring 11 regional offices for at least 30 days. … For the long term, the FAS will move to create a strategic plan that fits into the GSA's priorities and gives agencies 'a total view of the GSA' that helps them track where their money is going for purchases of technology and other products, Williams said."

Three Texas Universities Compete For Bush Library. ABC World News (10/15, story 7, 2:20, Harris, 8.78M) reported three Texas universities "are battling to be the site of the future George W. Bush Presidential Library. The White House is expected to announce the winner some time after the midterm elections." Baylor University's Tommye Lou Davis: "It would put us on the map. And so, it is a high stakes game." University of Dallas President Francis Lazarus: "We might seem to be an unlikely candidate for this. But we are a small institution with a global mission." Southern Methodist University, "where Laura Bush went to college and now serves on the board of trustees," is also a contender.

President's Niece Takes Part In World Hunger Event. The Washington Times (10/16, Hunsberger, 88K) reports, "Lauren Bush -- model, Ivy Leaguer and niece of President Bush -- campaigned yesterday afternoon to help end world hunger at a Georgetown University conference on international development." She "told a gathering of about 70 students from area colleges that rich nations need to help developing countries." The Stand Up Against Poverty event "was part of a two-day campaign to set an official Guinness world record for the largest turnout for one cause."

Witness Lists In Congressional Hearings Said To Lead To Increased Spending. The Wall Street Journal (10/16, A14, 2.03M) editorializes, "If Republicans lose control of Congress next month, one big reason will be their record of overspending, especially on earmarks. What explains this GOP fiscal performance? One answer comes from a new analysis by the Cato Institute on the Capitol Hill culture of spending under Republican rule. Examining hearings of 14 Congressional committees, political scientist James Payne found that 1,014 witnesses argued in favor of greater spending while only seven advocated less, an imbalance of 145 to 1. This is worse that a Cuban election." Congressional hearings "have degenerated into a lobbying process in which advocates sing the praises of the spending that their livelihoods depend on, while stroking the egos of the politicians as constructive philanthropists. Members of Congress begin to believe their own stacked juries. It's amazing they stopped spending at $2.7 trillion this year."

OTHER NEWS:

OPEC To Hold Emergency Meeting To Discuss Output Cut. The Wall Street Journal (10/16, A2, Daya, Williams, 2.03M) reports, "The Organization of Petroleum Exporting Countries, hoping to forge an elusive deal to cut oil output and halt a slide in crude-oil prices, said it will hold an emergency meeting in Qatar Thursday." The Journal says, "Oil ministers have declared that OPEC intends to slash output by one million barrels a day, or about 4%, to prop up prices. Behind the scenes, the oil czars have failed to nail down the all-important issue of how to allocate the cuts among the membership." The Journal sees the meeting as "a sign the cartel may be getting closer to putting aside its differences." However, the United Arab Emirates "signaled there isn't a deal yet."

Survey Highlights Consumer Unease With Health Care System. USA Today (10/16, Appleby, 2.27M) reports, "The US health care system -- touted as providing the best medical care in the world -- is becoming more precarious to most Americans, who are rattled by rising costs, questions about quality and fears about the future." A new poll by USA TODAY, ABC News and the Kaiser Family Foundation "found a growing unease in America about the rising cost of health care, confusion about the causes, and a desire for major reform. But it also found a distaste for giving anything up to achieve sweeping changes." USA Today adds Drew Altman, president of the Kaiser Family Foundation, said, "We have always seen strong support for the goal of universal coverage but never seen consensus on how to get there or a willingness to pay the price." That division "was reflected in" the poll. In the survey, "68% said providing coverage for everyone is more important than keeping taxes down. … When survey respondents were asked about possible trade-offs that might come with a universal program, positive responses plummeted."

ABC World News (10/15, story 5, 4:20, Harris, 8.78M) ran a detailed report on US health care costs, opening a

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"week-long, comprehensive look at the problems and possible solutions for a system that has left millions of people uninsured, unhappy and unhealthy. As part of this series, ABC News, the Kaiser Family Foundation and 'USA Today,' polled people across the country. Only 44% say they're satisfied with the overall quality of health care, and only 18% are satisfied with the cost." Ex-Oregon Gov. John Kitzhaber, an emergency room physician, "says our health care system is just plain broken." Kitzhaber: "It's a system that sort of lies in the weeds until people are very, very sick and then rushes in with extraordinarily marvelous and expensive high technology to help you recover on the back end." Harris: "It's about a series of choices and Kitzhaber says we're making the wrong ones." Kitzhaber: "Should 95-year-old Grandpa's quadruple bypass surgery be paid at the expense of his six-year-old granddaughter getting immunizations and a routine checkup with her pediatrician?"

Possible Winners, Losers If Democrats Win Congress Examined. Columnist Jeffery H. Birnbaum writes in the Washington Post (10/16, D1, 748K), "Pharmaceutical and oil companies had better beware if Democrats make major gains in the upcoming elections. If Democrats win control of one or both chambers of Congress as many analysts expect, those and other industries could lose a raft of the legislative goodies they've garnered in recent years and also find themselves under congressional investigation. Such are the spoils when power shifts in the federal legislature." He adds, "How can we guess the winners and losers? Just follow the money. … Groups that have given much of their money to Democrats can be considered their true allies and will likely benefit from the items that Democrats push on Capitol Hill. Groups that have been delivering most of their campaign largesse to Republicans will probably see their druthers suffer under a more Democratic-leaning Congress." In addition to oil and drug companies, "other industries that would be wise to watch their backs if Democrats take over include insurers, electric utilities, manufacturers, chemical makers, home builders, general contractors, food processors, railroads and building material producers -- all of which gave 60 percent or more of their contributions to Republicans since 2002, according to the CRP's statistics." Democrats "are likely to play favorites as well. If they win, they will almost surely give high priority to the wishes of labor unions and trial lawyers, which have generally been dismissed by Republicans. The CRP classifies the political action committees of both as either solidly or strongly Democratic. Environmental groups, which work closely with Democrats, would also have a leg up."

"Bunch" Of GOP House Seats Seen As Competitive A Month Before Election Day. U.S. News and World Report (10/23, Gilgoff, 2.03M) reports that "with the ongoing investigation into the Foley scandal, continued bloodshed in Iraq, and Bush's approval numbers tumbling back to their basement levels… a bunch of Republican-held seats have suddenly become competitive less than a month before Election Day. … Whether Democrats wind up winning in these districts will determine whether they can go beyond picking up the 15 seats they need to claim just a bare majority in the House to a landslide victory." Newsweek adds, "In the past 10 days, the authoritative Cook Political Report has moved six GOP-held House seats into the 'competitive' column, bringing the number of vulnerable Republican seats to 43, compared with just nine competitive races in districts held by Democrats. The Rothenberg Political Report, another respected elections newsletter, last week raised the projected number of seats the Democrats will pick up next month from the 15-to-20 range to 18 to 25, its first such recalibration since August."

U.S. News and World Report (10/23, Gilgoff, 2.03M) reports that "more competitive races have forced Republicans to pull money from districts where they hoped to unseat Democratic incumbents. 'Because we've looked beyond the races in play to say "What's the next layer?"...we are in a position...to handle the risk of the increasing number of seats,' Republican National Committee Chairman Ken Mehlman tells U.S. News, 'and also...to say, "Now this seat's safe-we don't have to worry about it."' Asked to name a Republican-held seat that has gone from competitive to safe, Mehlman declined."

Mehlman Says Foley Scandal Has Not Had Significant Impact. U.S. News and World Report (10/23, Sullivan, 2.03M) interviews RNC Chairman Ken Mehlman. Asked about polls showing bad results for Republicans going into the November elections, Mehlman said, "Let me first say I do think that we are in a very challenging environment. I think that the situation with [Rep. Mark] Foley has made it even more challenging, but...I have not seen a significant impact in most of the races around the country, and I certainly haven't

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seen a free fall." Asked how this year's election is different than the 1994 election when Republicans took control of Congress from Democrats, Mehlman said, "First of all, in '94 the Democrats were particularly [vulnerable] to a terrible year because they had a lot of open seats and a lot of those open seats were in Republican presidential districts. There are 20 Republican open seats this year; 17 of the 20 Republican seats this year are Bush-leaning seats, meaning Bush won those districts with an average of 61 percent. The second difference from '94 is the people who are in the toughest races; people like [Connecticut Rep.] Nancy Johnson and [New Mexico Rep.] Heather Wilson and others are very battle tested. Important difference No. 3 that I think is going to be relevant this year is that Republicans had a positive agenda they could be for, and voters in '94 embraced many of the concepts behind that positive agenda. You don't see that at all this year."

Pelosi Has Raised Over $50 Million This Cycle. U.S. News and World Report (10/23, Bedard, 2.03M) reports in its "Washington Whispers" column that House Minority Leader Nancy Pelosi "has raised over $50 million this two-year election cycle and over $100 million since getting the top House Democratic post four years ago."

Democrats See Chance To Redefine Battleground For 2008 Presidential Race. U.S. News and World Report (10/23, Walsh, 2.03M) reports that the Democratic Party "sees an opportunity not only to score big wins on November 7 but also to redefine the battlegrounds for the 2008 presidential race." U.S. News adds, "With the Democrats trying to pick up 15 seats to take control of the House and six in the Senate, they are looking to the West, where a half-dozen House races and the Montana Senate race could help determine the new lineup. Colorado, Arizona, New Mexico, and Nevada are the main flash points. All four states have undergone seismic demographic and political shifts. From 2001 to 2005, Nevada was the nation's fastest-growing state. Arizona was second, Colorado eighth, and New Mexico 16th. … 'We intend to contest Arizona, New Mexico, Colorado, and Nevada as a unit next time in the presidential because we think we can win there,' Democratic National Committee Chairman Howard Dean told US News. Dean's theory is that, with a combined total of 29 electoral votes, those four states would make it unnecessary for the Democrats to win Florida, with 27 electoral votes, which they have lost in the last two down-to-the-wire presidential elections."

Dean Denies Democrats Would Raise Taxes.

DNC Chairman Howard Dean was asked on CNN's Late Edition (10/15) about Republican warnings that Democrats will raise taxes if they take control of Congress. Dean said, "That's nonsense. We have no interest in doing that. In fact, 80 percent of Americans have seen their income go down. The reason the economy doesn't work for the president is only his friends have benefited from increased earnings and corporate earnings and so forth. … Initially, I think what we'll do is raise the minimum wage, which the president refused to do without giving tax breaks to his contributors. We're not going to be the party of tax breaks to oil companies and insurance companies. We're going to be the part of middle class tax fairness. That does not include any increases of taxes on middle- class Americans of any kind. You know, we always see the Republicans coming out -- your country's going to be blown up if the Democrats take over; your taxes are going to go up. They're desperate. The truth is we believe that we ought to increase the pay of average middle class Americans and working class Americans. We believe we ought to do something about their health care. And we also believe there ought to be real ethics reform in Congress, which the Republicans refused to do."

Meanwhile, also on CNN's Late Edition (10/15), RNC Chairman Ken Mehlman said, "I'm confident we're going to maintain our majorities in the House and the Senate. And here's why. What the American people are going to vote on -- they want the economy; wonder where the economy is. Democrats have said that they will raise taxes, across- the-board tax increases." Asked about Dean's claim that Democrats will not raise taxes, Mehlman said, "That's what he says. But the guy that writes the tax laws, a guy named Charlie Rangel, the week they got out of town, said across-the-board tax increases. Nancy Pelosi, who'd be speaker, has a record of being in favor of across-the-board tax increases."

Krugman Says Party "All That Matters" In This Year's Elections. In his New York Times (10/16, 1.21M) column, Paul Krugman writes, "If the Democrats gain control of either house, no matter how narrowly, the American political landscape will be transformed. If they fail, no matter how narrowly, it will be seen, correctly, as a great victory for the hard right. The fact is that this is a one-letter election. D or R, that's all that matters. It's hard to think of an election in which the personal qualities of the people running in a given district or state have mattered less."

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GOP Said To Be Writing Off DeWine As It Redirects Funds. The New York Times (10/16, Nagourney, 1.21M) reports, "Senior Republican leaders have concluded that Senator Mike DeWine of Ohio, a pivotal state in this year's fierce midterm election battles, is likely to be heading for defeat and are moving to reduce financial support for his race and divert party money to other embattled Republican senators, party officials said." The decision "to effectively write off Mr. DeWine's seat, after a series of internal Republican polls showed him falling behind his Democratic challenger, is part of a fluid series of choices by top leaders in both parties as they set the strategic framework of the campaign's final three weeks, signaling, by where they are spending television money and other resources, the Senate and House races where they believe they have the best chances of success." Republicans "are now pinning their hopes of holding the Senate on three states -- Missouri, Tennessee and, with Ohio off the table, probably Virginia -- while trying to hold on to the House by pouring money into districts where Republicans have a strong historical or registration advantage, party officials said Sunday. Republicans also said they would run advertisements in New Jersey this week to test the vulnerability of Senator Robert Menendez, one of the few Democrats who appear endangered." The Times also reports, "In one sign of the shifting political environment, as of this weekend, national Republicans were running advertisements in 29 districts; of those, 26 are held by Republicans and 3 by Democrats, though Republicans plan to begin running advertisements this week against an Illinois Democrat, Representative Melissa Bean. National Democrats are on the air in 30 districts, and defending Democrats in just 3 races." Republicans "are no longer running advertisements in three districts where they once thought they had a chance to take over Democratic-held seats -- in South Carolina, West Virginia and Ohio -- as well as a district in Arizona now held by a Republican. The party has not broadcast any advertising in four days on behalf of Representative Chris Chocola, one of three Indiana Republicans who polls suggest are headed for defeat, though Republican officials said that does not mean they have written off Mr. Chocola's seat."

Pennsylvania Senate Race Said To Hold Important Symbolic Value For Both Sides. The Los Angeles Times (10/16, Hook, 918K) reports Sen. Rick Santorum, "an outspoken advocate of banning same-sex marriage, restricting abortion, and other social conservative causes, is considered this year's most-endangered senator. It is a four-alarm fire for conservatives, who are bringing water buckets from all corners of the political world." The Times adds, "Across Pennsylvania, pastors are preparing to stuff voter guides into their Sunday bulletins. In Washington, D.C., Paul Weyrich, a national conservative leader, hosted a conference call to give a pep talk to Republicans in Pennsylvania. In England, some Santorum fans are planning to cross the Atlantic to help campaign." Santorum "is not just a key link between the Republican Party and Christian conservatives. He is also one of President Bush's most unapologetic allies in Congress and a member of the Senate GOP leadership. And he is the apotheosis of a younger generation of Republicans…that transformed the party in the 1990s into a more confrontational, ideological political force." The Times adds, "If 2006 turns into the electoral romp for Democrats that many analysts now are predicting, a loss by Santorum would be a signifier of the end of that Republican revolution. f Democrats are unable to defeat Santorum, they are unlikely to win a majority in the Senate, which Republicans control 55-45."

Kennedy, Klobuchar Clash On Iraq. The AP (10/16, Frommer) reports, "Candidates in Minnesota's closely watched Senate race clashed Sunday on Iraq and tax policy, with the Republican defending his vote to authorize the war in Iraq. 'You can't really play Tivo and rewind,' said Rep. Mark Kennedy." During a debate on NBC's "Meet the Press," he was asked "whether he would still vote for the war knowing that Saddam Hussein did not have weapons of mass destruction. 'We acted on the information we knew at the time. I stand by my vote.'" Democrat Amy Klobuchar, the Hennepin County attorney, "said it was time to have Iraqis take more control of their country and start bringing U.S. troops home. 'You cannot solve a problem that you don't admit exists, and that is what's going on here with the congressman,' she said. 'This war has basically devolved into a civil war.'"

The Minneapolis Star Tribune (10/16, Hotakainen, 398K) reports Kennedy "said the war will require the United States 'to make adjustments,'" but "he suggested it would be impossible to come up with a diplomatic solution: 'You can't negotiate with people that are ruthless and glory in killing innocent women and children.'" Klobuchar "told the stories of a mother in Mahnomen, Minn., who can't sleep because her

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child is going on his second tour of duty in Iraq and of a father in western Minnesota who cries when questions are asked about Iraq because he lost his son. 'These are real people in the real world who are looking for solutions,' she said."

Kennedy said on NBC's Meet the Press (10/15) that the US has "seen more challenges than we expected" in Iraq. But "if you look at what's happened, we have trained 300,000 Iraqi troops. We have a government that is a unity government. This is the number one issue in this race, and there are stark differences between my opponent, Ms. Klobuchar, and myself. She says it's a distraction. I think that it is one of the central fronts in the war on terror. Osama bin Laden and Zarqawi says that as well. She has set out a specific timetable for bringing our troops home that would tell the terrorists when they can take over an oil-rich country as a sanctuary for terrorists. And I believe we ought to be bringing our troops home as soon as we can after we're sure the terrorists can't win. And she's also come out against a bill funding body armor for our troops that a majority of Democrats join me in supporting. We have no higher priority than to support our troops in time of war, and we have to win this war on terror."

Klobuchar, also on NBC's Meet the Press (10/15), said, "The congressman is talking about body armor, and of course I support body armor for our troops. I support winning this war on terror by being smart. I supported the Patriot Act. But I will say this: the best way that we can protect our troops is to get this policy right. And I believe that that means changing course in Iraq. We need to transition to Iraqi governance; we need to send the clear message that they have to take control of their own government. And that means no permanent military bases. The congressman and I differ on this."

Ford Says He Would Have Voted Against Iraq War If He Knew What He Knows Now. Tennessee Democratic US Senate candidate Rep. Harold Ford was asked on ABC's This Week (10/15) about his vote in favor of the Iraq war. Ford said, "Naturally, if I knew then what I know now, I wouldn't have voted for it. At one point, I didn't think that President Bush would have even brought the resolution, but after hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity." Ford added, "Why would you go forward with an effort in Iraq knowing that they didn't have weapons of mass destruction, knowing that our focus should have remained on bin Laden?"

Ford was also asked on ABC's This Week (10/15) about his decision to film an ad in a church. Ford said, "I say I grew up in that church. I was baptized in that church. And the kind of attacks that we're taking in this campaign have been so fierce and so unrelenting that I've relied on my faith a whole lot in this campaign. So it seemed pretty natural to me." Ford added, "I just don't believe that, from looking at this politically, that Democrats ought to cede any ground to any Republican when it comes to morality and faith."

Corker Denies Bush Is Dragging His Campaign Down. Tennessee Republican US Senate candidate Bob Corker was asked on ABC's This Week (10/15) if the recent cash infusion from the RNC to his campaign is a sign his effort is ailing. Corker said, "It's just a big race. I think the national environment is what it is, and I think people throughout the country have a lot of concerns that make the water a little choppy." Asked if President Bush is dragging his campaign down, Corker said, "No, no, I don't know. He's been the state for us twice. Certainly, you know, we appreciate that. He's helped us raise money. Laura Bush was in the state just the last few days. Again, I think it's more of a national climate of concern. And I think people on both sides of the aisle have those concerns."

Bush, Bill Clinton To Host Competing Fundraisers In Virginia Senate Race. The Washington Times (10/16, 88K) reports, "President Bush and former President Bill Clinton will host competing fundraisers in Virginia on Thursday for their favored candidates in the US Senate race." Bush "will rally Republicans at an event for Sen. George Allen at the Science Museum of Virginia in Richmond. Mr. Clinton will headline a soiree for Democratic challenger James H. Webb Jr. at the McLean home of former Sen. Charles S. Robb. Mr. Allen unseated Mr. Robb in 2000. "

Nelson, GOP Challenger Trade Charges In Final Debate. The Lincoln Journal Star (10/16, Walton) reports, "Sen. Ben Nelson and Republican challenger Pete Ricketts came out swinging Sunday in a debate that attracted an overflow crowd of more than 200 on a sunny afternoon in the Panhandle. It didn't take long to establish the tenor of their third and final direct confrontation." In an opening statement, "Nelson repeated his claims that Ricketts supports

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enactment of a national sales tax, an end to farm payments, privatization of Social Security, amnesty for illegal immigrants and opposes an increase in the federal minimum wage. All those positions may be good for Wall Street, the Democratic senator said, but they're not good for Main Street in Nebraska." Ricketts' opening remarks "took the form of a bare-knuckles response." Nelson, he said, "has benefited from 'a revolving door career in the public and private sectors (and) cashed in' on his public service experience as governor by acting as a paid lobbyist for a brief period before he was elected to the Senate." The Star adds, "Introducing a new allegation into a Senate race that has overflowed with them, Ricketts said Nelson 'sits on the board of a company that contaminates groundwater in Nebraska,' namely Behlen Manufacturing in Columbus."

The AP (10/16) reports Ricketts also "said Democratic incumbent Sen. Ben Nelson was remiss by not pushing for drought relief as part of the last Farm Bill." But "Nelson said in Sunday's debate in Scottsbluff that Republicans were the ones stopping the payments."

Stabenow Seeks To Link Bouchard To Bush In First Debate. The AP (10/16, Martin) reports, "Democratic US Sen. Debbie Stabenow and Republican challenger Mike Bouchard sparred over issues ranging from the economy to the Iraq war on Sunday as they met in their first debate." Bouchard, the Oakland County sheriff, "said Stabenow has been ineffective and has flip-flopped on several issues. 'She says one thing here and does another thing in Washington,' he said." He also "criticized Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years." Stabenow "said Bouchard would support the 'failed policies' of the Bush administration. … On the Iraq war, Stabenow said it's now time for the Iraqi police and military to 'step up so we can transition out.'"

The Detroit News (10/16) says the candidates "occasionally exchanged sharp accusations as they sparred on subjects ranging from Iraq to Social Security in a Sunday debate at WGVU-TV." The debate was recorded in studio on Sunday morning for viewing on public television stations across the state at 8 PM.

Economy Seen As Key Issue In Michigan Campaigns. The Wall Street Journal (10/16, A4, Cooper, 2.03M) reports from Michigan, "Economic anxiety hangs heavy over the midterm elections in this cradle of the American auto industry. That has meant trouble for the re-election campaign of Democratic Gov. Jennifer Granholm." The Michigan governor's race "serves as a reminder that, for all the attention to scandal and Iraq, the economy remains a factor, particularly in the Midwest, that can sting incumbents of both parties."

Record Number Of Women Could Be Elected To Senate This November. USA Today (10/16, Nichols, 2.27M) reports, "The door to the women's club in the traditionally male-dominated Senate appears to be inching wider. If polls hold true, there will be a record number of women in the Senate next year, up from the current all-time high of 14 -- nine Democrats and five Republicans. … Six female incumbents up for re-election Nov. 7 are leading their challengers, according to the most recent polls. Democrats Dianne Feinstein of California, Debbie Stabenow of Michigan, Maria Cantwell of Washington and Hillary Rodham Clinton of New York hold double-digit leads, as do Republicans Olympia Snowe of Maine and Kay Bailey Hutchison of Texas." Polls also "show two more women could join the Senate: In Minnesota, Democrat Amy Klobuchar leads Republican Rep. Mark Kennedy 49%-41%, according to a Mason-Dixon poll from late September. In Missouri, Democrat Claire McCaskill narrowly leads Republican Sen. James Talent, 44%-41%, according to a USA TODAY/Gallup Poll taken Sept. 27 to Oct. 1."

Republicans Face High Hurdles In Race For DeLay's Old Seat. USA Today/AP (10/16, Stinebaker) reports, "Voting Republican here wasn't difficult when Tom DeLay's name was on the ballot. With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate, Houston City Councilwoman Shelley Sekula Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands." The Democratic candidate "is Nick Lampson, 61, a former congressman who has outraised, outspent and campaigned longer than the Republicans."

"Atmospherics" In Northeast Said To Give Democrats Edge In Battle For Congress. Ronald Brownstein writes in the Los Angeles Times (10/16, 918K), "The political equivalent of a nor'easter is bearing down on Republicans from New England through Pennsylvania. With President Bush's approval ratings

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collapsing across the Northeast, the region presents Democrats an unusually rich concentration of opportunities to capture Republican-held House and Senate seats in the November elections. " The campaign's "atmospherics give Democrats the chance to establish in the region an equivalent to what Republicans have built in the South: an overwhelming regional advantage that anchors their bids for House and Senate majorities. Indeed, if Democrats win most of the House races in play in the Northeast, they will be virtually assured of the net gain of 15 seats nationwide that they need to control the chamber. On the plus side for the GOP, many of the targeted Republicans are strong candidates." Connecticut Rep. Rob Simmons "is an example. He prepared for heavy political weather by diligently promoting local interests, taking generally moderate positions on social issues and seizing chances to show independence from Bush. Simmons and many of the other at-risk Republicans also are fiercely attacking their Democratic opponents."

Republican Lingle Expected To Win Easy Reelection In Democratic Hawaii. The Washington Times (10/16, Pala, 88K) profiles Hawaii Gov. Linda Lingle, who according to many "would be a liberal Democrat" on the mainland. But "in a state that hadn't elected a Republican governor in 40 years, she is expected to be re-elected by such a wide margin that Hawaii's leading Democrats preferred to campaign for other jobs." University of Hawaii political scientist Ira Rohter said, "Lingle is the future of the Republican Party. I think eventually the party will move back to the center, and people like Lingle will take over." The University of Virginia's Larry Sabato "agrees. 'Candidates who succeed despite being from the heavily minority party on average are stronger and with greater talents than those nominated by the majority party,' he said. 'Lingle is a perfect example. Hawaii is such a Democratic bastion that it's amazing any Republican was ever elected statewide, and that she's a heavy favorite for re-election is even more amazing.'"

Bill Clinton Takes Aggressive Message To Campaign Trail. ABC World News (10/15, story 4, 2:10, Harris, 8.78M) reported, "The war figured prominently this weekend as former President Bill Clinton, who has been emerging as his party's most aggressive spokesperson, traveled to Iowa to give a fiery speech attacking the Bush Administration." ABC (Marlantes) added, "With midterm elections just three weeks away, Democrats are playing on Republican turf, boosted by the Mark Foley scandal and worsening conditions in Iraq. ... In the battle for the Senate, Democrats are making serious runs at red states, like Montana, Ohio, Missouri and Virginia. In Tennessee, Democratic Congressman Harold Ford is in a dead heat with Chattanooga Mayor Bob Corker, surprising even the candidate. ... Whether Republicans can match the enthusiasm of Democrats…" Clinton: "People are sick of this partisanship. They're sick of the gridlock. They're sick of the selfishness. They're sick of the abuse. They're sick of nothing going on. And they're coming to us in droves." Marlantes: "…may well determine who wins in November."

Clinton's Iowa Stop Carries 2008 Undertones. The Washington Post (10/16, A4, Balz, 748K) says that while Clinton came to Iowa "to rally Democrats three weeks before critical midterm elections," his visit "may have served another purpose as well. Alone among prospective Democratic presidential candidates for 2008, Sen. Hillary Rodham Clinton (N.Y.) has not set foot in the state all year, and the futures market in Clinton political stock here has been suffering." Iowa Democrats said Sen. Clinton's "standing reflects more than her absence. They say there is general unease within the party about her ability to win a general election. Beyond that, some Democrats are troubled by her support for the war in Iraq long after other Democratic politicians...had renounced their votes for the congressional resolution that authorized President Bush to launch the invasion."

The Washington Times (10/16, Pfeiffer, 88K) also says "few doubted that the former president was present as a surrogate" for Sen. Clinton. The ex-president did work in a joking pitch on behalf of his wife. "'I am under no illusions as to why I'm here,' he said. 'You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York.'"

Hillary Clinton Apologizes To McCain Over Aide's Comments. The Washington Times (10/16, Pierce, 88K) reports, "Sen. Hillary Rodham Clinton called Sen. John McCain on Saturday to personally apologize and denounce comments an adviser of hers reportedly made that slammed the Republican senator over his time in captivity in North Vietnam, the New York Post reports." The move "was

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sparked by a column in the New York Times in which Maureen Dowd quoted an anonymous adviser talking about Mr. McCain's criticism of the Clintons over their North Korea position. The adviser said Team Clinton thought Mr. McCain, Arizona Republican, was doing the White House's dirty work by criticizing the Clintons and ended up 'looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crewmates.'" That "was a reference to an unsubstantiated rumor used to malign Mr. McCain, a Vietnam war hero, as off-kilter during the 2000 Republican presidential primary."

2008 Democratic Hopefuls Move To Seize Mantle As The "Anti-Hillary." Newsweek (10/23, Darman, 3.12M) reports in its "Periscope" column that former Virginia Gov. Mark Warner "shocked everyone -- including some of his closest aides -- when he announced he wouldn't seek the presidency in 2008. … After Hillary Clinton, Warner had assembled the largest campaign apparatus of any Dem and secured some of the party's top talent, including media consultant Jim Margolis and strategist Jim Jordan. Aides had been talking up his fund-raising prowess and grass-roots network. But intimates knew that Warner had grown increasingly unsure about the prospect of running since returning from a family vacation to Italy this past summer." Newsweek adds, "Top Dem contenders -- including Clinton -- called to reach out (read: suck up) to Warner after his announcement. Evan Bayh and John Kerry were on the phone with Warner donors within hours; they and others, including John Edwards (and perhaps even Barack Obama and Al Gore), will now move to seize Warner's mantle as the electable anti-Hillary. But Clinton herself may have gained the most from Warner's withdrawal."

Obama Described As A "Liberal," But Not A "Screechy Partisan." In its cover story, headlined "Why Obama Could Be The Next President," Time (10/23, Klein, 4.03M) reports that Sen. Barack Obama "has become an American political phenomenon in what seems about a nanosecond." Obama is "a liberal, but not a screechy partisan. Indeed, he seems obsessively eager to find common ground with conservatives." Time adds, "The question of when Obama -- who has not yet served two years in the U.S. Senate -- will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak." Asked if he will think about running for President in 2008 after the 2006 election is over, Obama said, "When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," adding, "I haven't completely decided or unraveled that puzzle yet."

Kerry Says He Deserves Another Chance At Presidency. The AP (10/15) reports Sen. John Kerry "says he deserves a second chance if he decides to take another crack at becoming president." He pointed out that John McCain got "kicked around South Carolina by the same president because he wasn't patriotic enough as a prisoner of war" during the 2000 GOP primaries, and "he's now their leading candidate for president. Richard Nixon seemed to get kicked around pretty badly both running for president and governor, turned around and came back and got elected president."

Berkeley Scholar Urges "Progressives" To Run Positive Campaigns In 2008. In a New York Times (10/16, 1.21M) op-ed, Kevin Sweeney of the University of California Berkeley's Haas School of Business writes, "At this point in the fall campaign, unabashed negativity clogs every media outlet. The stench of foul political advertising is everywhere, and one senses that little will change: Americans once again will hold their noses and vote. For this round, there really isn't much to be done. But looking to the 2008 presidential race, there is still time to find a new way of campaigning -- specifically, for progressive candidates to consider a fresh approach to running for office. Why progressives? Because it's in their interest: pervasive negativity takes a far greater toll on progressive causes than on conservative ones. ... To level the playing field, and restore clarity to progressive values, I propose 'the forward-looking campaign.' The rules are simple. Never mention the opponent. Don't talk about the opponent's policies. Don't question the opponent's character. ... Rather than engaging the opposition, the forward-looking candidate will engage the American people in a conversation about our future."

Mallaby Accuses Bayh Of "Sellout" To Steel Lobby. In his Washington Post (10/16, A21, 748K) column, Sebastian Mallaby writes, "With Mark Warner out of the 2008 Demstakes, the chief anti-Hillary centrist is Sen. Evan Bayh of Indiana. This is a depressing commentary on the state of the Democratic Party. Bayh may have cleared his schedule to

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woo Warner supporters on Thursday. But he has yet to prove himself a real contender -- and he may not be a real centrist, either. Two weeks ago Bayh circulated a preposterous letter to his Senate colleagues. It urged them to oppose what Bayh called 'documented unfair trade' in a type of steel that's used in vehicles. It noted the Commerce Department's finding that lifting the tariff on this steel would lead to dumping by foreign producers. That would hurt U.S. steelmakers, the letter continued; so when the fate of the tariff is considered at a sunset review tomorrow, it should on no account be lifted. This is not a policy that protects workers, as Bayh's letter pretended. It's a sellout to a self-serving lobby. It would help the steel guys at the expense of the car guys, even though the car guys are hurting more and they employ more workers."

"Top Bushies" Like Gingrich For President In 2008. U.S. News and World Report (10/23, Bedard, 2.03M) reports in its "Washington Whispers" column, "Top Bushies tell us that they think" former House Speaker Newt Gingrich "would make a great president. Gingrich thinks big, they say, and represents the old Reagan-style of smaller-government conservatism. As for his past marital infidelity, they think it's a nothing-burger, especially if he faces Sen. Hillary Rodham Clinton, whose hubby had his own problems she'd rather forget."

Decline Of Election Day Festivities Seen As One Reason For Lower Turnout. The Wall Street Journal (10/16, B1, Crossen, 2.03M) writes that "in the past few decades, less than 40% of eligible voters in the U.S. have bothered to cast ballots in midterm elections. Your forebears would be ashamed. In late-19th-century midterm elections, turnout ranged from 65% to 78%. For presidential elections, almost 80% of the nation's eligible -- rich and poor, educated and illiterate -- voted." In the "early 20th century, turnout began falling precipitously. ... A century ago, a raft of new state laws, supported by leaders across the political spectrum from conservatives to progressives, transformed the idea and act of voting so radically that hundreds of thousands of people dropped out of the political system." A 19th-century voter "could decide to vote on the spur of the moment, pick up a simple ballot from party headquarters and drop it at the poll on Election Day, where his like-minded neighbors would give him a cheer and perhaps a beer. No preregistration was required, no taxes, no proof of residency, literacy or even citizenship. If, like most people then, he was a party man, his vote might earn him a reward. ... Election day was rowdy and festive, a thrilling climax to a political campaign that featured bonfires, barbecues, parades, torchlight rallies and passionate oratory. Politics were social and recreational at a time when there wasn't much other public entertainment."

Strassel Sees Lessons For GOP In Florida And Ohio. In her Wall Street Journal (10/16, A15, 2.03M) column, Kimberly Strassel writes that in Ohio, "Ken Blackwell is trailing his Democratic competitor, Ted Strickland, by double digits," while in Florida, "Charlie Crist is leading his Democratic competitor, Jim Davis, by double digits. ... Their respective failure and success is not ideological: Messrs. Blackwell and Crist are both running on the same agenda of tax cuts, fiscal responsibility and broad government reform. This, instead, is a story of the state parties behind them. In Florida, Republicans have spent the past eight years keeping their promises to voters; in Ohio the GOP forgot what 'promise' meant somewhere in the '90s. The tale of these two GOPs offers broader lessons for congressional Republicans, who are facing a rout this fall." If voters "are unhappy with Republicans, it's because the party hasn't lived up to its own principles. In the Capitol, in Ohio, and in plenty of places between and beyond, the party that promised to reform government has become the party of government."

Administration Says Study Of Iraqi Civilian Deaths Was Timed To Hurt GOP. Newsweek (10/23, 3.12M) reports in its "Periscope" column, "Iraqi doctors who helped compile the latest survey on civilian fatalities since 2003 came close to becoming statistics themselves. The survey, conducted jointly by Johns Hopkins, MIT and Baghdad's Al Mustansiriya University, said 600,000 Iraqis have died violently since just before the U.S. invasion (31 percent killed by Coalition troops; the rest in sectarian violence). President George W. Bush recently put the figure at 30,000; other estimates have ranged up to 300,000." The survey figure, "disputed by some researchers as too high (the Iraqi Health Ministry itself cites 150,000 dead), represents about 2.5 percent of Iraq's population -- more than 15,000 fatalities a month. … Administration officials said the study, published in the medical journal The Lancet, was timed to hurt the GOP in the midterm election."

NYTimes Criticizes Candidate For Refusing Debates. The New York Times (10/16, 1.21M) writes in

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an editorial, "This year in New York, when it comes to debates, the magic number seems to be two. Senator Hillary Clinton, who refused to debate her primary opponent at all, has agreed to two debates with John Spencer, the Republican former mayor of Yonkers. The Democratic front-runner for governor, Eliot Spitzer, agreed to two debates with the Republican candidate, John Faso. The Democratic candidate to succeed Mr. Spitzer as attorney general, Andrew Cuomo, agreed to appear at two debates with Jeanine Pirro, the Republican former Westchester County district attorney, but seems likely to sit out a third already agreed to by Ms. Pirro. We'd like to see more." The Times adds, "The real disappointment this year, however, is the Democratic state comptroller, Alan Hevesi, who is refusing debates altogether."

Authors Say Critics Of Religious Right Soft On "Religious Left." In a USA Today (10/16, 2.27M) op-ed, "In Defense of the Religious Right" author Patrick Hynes and "In Defense of Hypocrisy" author Jeremy Lott write, "The religious right has been demonized for pursuing a political agenda aligned with its beliefs. When the religious left acts in kind, shouldn't the same scrutiny be applied to its progressive push? ... In our political tradition, most evangelicals and other conservative Christians today are really moderates. They want a government that is non-sectarian without being hostile to organized religion and people of faith. That's a whole lot closer to what the Founders had in mind than the officially godless public square advocated by the American Civil Liberties Union. ... Critics are out of line for lambasting the religious right for advocating their beliefs, and they'd be just as wrong blasting the religious left. Yet for liberal and secular pundits, this has been a one-way street. It's time to give the 'Theocracy!' catcalls a rest."

NYTimes Says Discretion Of Religious Institutions Has Gone Too Far. The New York Times (10/16, 1.21M) editorializes, "Religious institutions should be protected from excessive intrusion by government. Judges should not tell churches who they have to hire as ministers, or meddle in doctrinal disputes. But under pressure from politically influential religious groups, Congress, the White House, and federal and state courts have expanded this principle beyond all reason. It is increasingly being applied to people, buildings and programs only tangentially related to religion. In its expanded form, this principle amounts to an enormous subsidy for religion, in some cases violating the establishment clause of the First Amendment."

Bush Declares Emergency In Snow-Hit New York. NBC Nightly News (10/15, story 7, 0:30, Seigenthaler, 9.87M) reported, "The President late today issued a state of emergency for parts of New York following the record early snow storm there. The two feet of snow that fell in western New York still has officials scrambling to return power to some 300,000 residents. Schools will be closed tomorrow and it could take most of the week for electricity to be restored."

No Deaths Reported In Major Hawaii Earthquake. NBC Nightly News (10/15, lead story, 3:00, Seigenthaler, 9.87M) led with the "major earthquake that shook the Big Island. ... The epicenter was near the town of Kailua-Kona, damaging buildings, knocking out power, even trapping some people in elevators. Remarkably, authorities say no deaths have been reported." ABC World News (10/15, lead story, 2:00, Harris, 8.78M) also led with the earthquake.

Ex-President Ford Spends Fourth Night In Hospital. ABC World News (10/15, story 6, 0:20, Harris, 8.78M) reported ex-President Gerald Ford "is spending a fourth night in the hospital tonight. Mr. Ford, who is 93 years old, was admitted to a hospital near his home in California on Thursday for tests. It is his fourth time in the hospital this year."

Evidence Said To Suggest Administration Was Manipulating North Korea Intelligence. In its cover story, Newsweek (10/23, Hirsh, Liu, Wehrfritz, 3.12M) reports, "There is some evidence that the Bush administration was seeking to manipulate intelligence on North Korea. During a visit to Pyongyang by lead negotiator James Kelly in October 2002, he presented what U.S. officials described as 'proof' that the North had a secret uranium-enrichment program, undercutting Clintonite claims that Kim was adhering to a pledge not to advance his nuclear program. Bush officials later said the North Koreans had confessed. But diplomats now say that was a translation error. (Kelly could not be reached for comment.) While Kim was clearly violating the spirit of his '94 agreement by secretly importing centrifuge equipment, US intelligence sources tell NEWSWEEK that their monitors in the region have never detected telltale emissions from any centrifuges."

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North Korean Nuke Test Pressures Neighbors To Consider Going Nuclear. U.S. News and World Report (10/23, Omestad, 2.03M) reports, "Last week's announced test explosion of an atomic bomb deep inside a North Korean mountain tunnel heralds an ominous new era in northeast Asia. … If the seismic event detected around the world is confirmed as a nuclear blast…the impoverished, hunger-ridden North will have managed to join the elite global club of declared nuclear powers. In the amoral logic of nuclear weapons, that may well confer more staying power to the hard-line regime. And it will put more pressure on its neighbors-especially Japan and South Korea-to eventually consider going nuclear."

Time (10/23, Powell, 4.03M) reports, "As crude as the North Korean blast was, it punctuated a scary fact: the rules that governed the nuclear road during the cold war and its immediate aftermath have become irrelevant, replaced by the law of the jungle -- every state, rogue or otherwise, for itself. The risk now, says former Clinton Administration Defense Department official Graham Allison, is the emergence of a more dangerous nuclear age. … What we have now is not a tight club of nuclear powers with interlocking interests and an appreciation for the brutal doctrine of 'mutually assured destruction' but an unpredictable host of potential Bomb throwers: a Stalinist Bomb out of unstable North Korea; a Shi'ite Bomb out of Iran; a Sunni Bomb out of Pakistan; and, down the road, possibly out of Egypt and Saudi Arabia as well; and, of course, an al-Qaeda Bomb out of nowhere. Israel is a nuclear power already. And Turkey may just decide it had better be too. Even Japan and South Korea could eventually move toward the Bomb, if they feel the US nuclear umbrella begins to fray in East Asia."

In its cover story, Newsweek (10/23, Hirsh, Liu, Wehrfritz, 3.12M) reports, "The gravest danger going forward is proliferation to like-minded regimes, especially to Iran. Despite the lack of any common goal…the two countries are closer to being an actual 'axis' than they were when Bush launched the phrase in January 2002. And if Pyongyang is seen as getting away with its nuclear test, some Iranian officials indicate they may raise their own demands for a nuclear program. That's partly why [Secretary of State Condoleezza] Rice is traveling to Asia and Russia in a new diplomatic offensive this week: she will link North Korea and Iran together once again, arguing that as nuclear offenders they should be made outcasts, the new slavers of the 21st century."

North Korean Test Could Unravel System Of Global Nuclear Controls. U.S. News and World Report (10/23, Omestad, 2.03M) reports, "If North Korea's regime can survive the forthcoming sanctions, the lesson for suspected nuclear wannabes like Iran could be that a breakout is manageable. North Korea could begin the unraveling of the entire system of global nuclear controls. Another worry: Will a cash-strapped North sell nuclear materials to another country or a terrorist group? With that in mind, the Bush administration wants to improve technical capabilities to recognize the 'fingerprint' of any bomb from North Korea."

Rice, Bolton Defend North Korea Sanctions Plan. NBC Nightly News (10/15, story 5, 2:15, Seigenthaler, 9.87M) reported, "The showdown with North Korea over nuclear weapons: With UN sanctions now in place, Secretary of State Condoleezza Rice will head to China looking for help in making those sanctions stick." NBC (Jordan) added, "The Bush Administration believes that those sanctions will be enforced but already it's getting some advice on how to make sure that does happen. Top White House officials took to the airwaves to tout the UN Security Council's vote punishing North Korea." John Bolton, US Ambassador to the UN (from "Meet The Press"): "The guts of the resolution are sweeping sanctions against North Korea's nuclear, chemical, and biological weapons programs and their ballistic missile program." Jordan: "But they also warned that the sanctions won't work unless China, North Korea's neighbor and ally, enforces them." Bolton (from "This Week"): "China itself now has an obligation to make sure that it complies with the resolution. And it has full national authority on its side of the border to conduct any inspections it wants." Jordan: "China says it won't inspect cargo entering or leaving North Korea for military contraband, a key part of the resolution, out of fear that destabilize the government of Kim Jong Il and send a tidal wave of refugees into China. But today, the Secretary of State was upbeat." Secretary Rice (from "Face The Nation"): "I think that you're going to find China carrying out its responsibilities, undoubtedly carrying it out in a way that it believes will not enhance conflict."

ABC World News (10/15, story 2, 2:20, Harris, 8.78M) reported, "The United Nations has put in place tough, unprecedented sanctions designed to punish North Korea for its apparent test of a nuclear weapon one week ago. Now, as North Korea remains defiant, the priority for the White House is to make sure those sanctions are actually enforced." ABC

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(Yang) added, "As President Bush returned to the White House from Camp David this afternoon, his top advisors were savoring this weekend's unanimous vote at the United Nations imposing tough economic sanctions on North Korea." And the "incoming UN Secretary-General told ABC News a meeting with North Korean leader Kim Jong-Il would be a 'good opportunity,' but only as part of regional talks including China, Russia, Japan and South Korea." The Washington Times (10/16, DeBose, 88K) reports Rice and Bolton "said they expected China to enforce sanctions unanimously passed by the U.N. Security Council to curtail North Korea's pursuit of nuclear weapons."

Bolton said on NBC's Meet the Press (10/15), "I think President Bush has made it very clear that he wants to have a peaceful and diplomatic solution to the problem posed by North Korea's continuing pursuit of nuclear weapons and delivery systems. That's part of the reason why we've pushed for these very strong sanctions in the Security Council, to deprive North Korea of the ability to continue its nuclear weapons and other programs of weapons of mass destruction." And on CNN's Late Edition (10/15), Bolton said, "When we introduced our text for the council to consider on Monday, it didn't include at that point authorization to use force. So that was never part of our plan for this resolution, which was to impose sanctions largely against North Korea's programs of weapons of mass destruction."

Rice was asked on CBS' Face the Nation (10/15) how the UN resolution will be enforced. Rice said, "It is a mandatory resolution under Chapter 7. And it is a 15-0 vote. And that is a remarkable evolution, particularly for China, which has had a very close relationship with North Korea. And I just think it shows how really angry the world is with North Korea for doing this and how concerned. It will be enforced because member states have an obligation to enforce it. I think there are some matters that will need to be worked out." Rice said on Fox News Sunday (10/15), "I understand that people are concerned about how it might work so that it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations, but China signed on to this resolution. It voted for this resolution. It is a Chapter 7 mandatory resolution, and so I'm quite certain that China is going to live up to its responsibilities. But you cannot underestimate how big a blow it is to North Korea to have all of the neighbors now, including what has been its strongest supporter, China, fully united behind sanctions against its nuclear program."

The Wall Street Journal (10/16, King, Ramstad, 2.03M) reports Rice "will head to Asia tomorrow to try to enlist Chinese and South Korean help in further isolating the North, while reassuring Japan that its alliance with the U.S. is stronger than ever." A "fundamental disagreement remains between China, Russia and South Korea and other countries, such as the U.S. and Japan, over how tough to be on the North and its leader, Kim Jong Il. For one thing, neighbors such as South Korea and China worry they'll pay the price of a refugee crisis if the Kim regime collapses. Some are already resisting key terms of the U.N. sanction."

USA Today (10/16, 2.27M) reports Rice said the sanctions "might not be strong enough to persuade North Korea to return to negotiations on halting its nuclear program. 'There may be other steps that will be necessary, given North Korea's behavior,' she said. The U.N. sanctions were not tough enough for Japan. It imposed penalties of its own, including a ban on all North Korean imports. Prime Minister Shinzo Abe said Japan could take further action."

The Financial Times (10/16, Kirchgaessner, Fifield) reports the US "said on Sunday it expected China to play a decisive role in enforcing sanctions against North Korea, brushing aside suggestions that Beijing was not committed to a United Nations resolution against its reclusive ally."

The Washington Post (10/16, A15, Kessler, 748K) reports, "China's unwillingness to act against its longtime ally raises the stakes" for Rice's "diplomatic mission to Northeast Asia later this week. Ever since the current nuclear crisis with North Korea began in 2002, the Bush administration has relied heavily on China to use its influence with North Korea's leaders. But Beijing's caution has frequently disappointed U.S. officials."

The New York Times (10/16, Onishi, 1.21M) reports, "A day after the Council unanimously passed the resolution, following nearly a week of intensive diplomatic negotiations, the South Korean government said it would still pursue economic projects with North Korea, including an industrial zone and tourist resort in the North. Those projects are not explicitly covered by the Security Council resolution, but they are an important source of hard currency for the North."

Bolton Says China Is Obliged To Comply With UN Resolution. Bolton said on ABC's This Week (10/15) that China "has an obligation to make sure it complies with the resolution, and it has full national authority on its side of the border to conduct any inspections it wants. We'll see what actually comes out of Beijing, perhaps when Secretary Rice

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is there next week. But let's be clear, China voted in favor of that provision." Bolton added, "I think that China has got a heavy responsibility here, and I must say, you know, this test by the North Koreans had to have been humiliating to China. After all of the efforts they have made over the years to protect North Korea from international approbation, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing, and I think we're still seeing that play out." Bolton said on NBC's Meet the Press (10/15) that China "voted in favor of this resolution, which is under Chapter 7 of the UN charter, and therefore binding on them. So I don't think there's any reason to believe that they're not going to abide by the terms of the resolution. And the guts of the resolution are sweeping sanctions against North Korea's nuclear, chemical and biological weapons programs and their ballistic missile program." The AP (10/15, Klug) reports on Bolton's comments on China.

UN's Ban Says North Korean Response "Very Worrisome." The Washington Post (10/16, Weymouth, 748K) discussed the North Korea situation with UN Secretary General-Designate Ban Ki Moon, who said "North Korea has declared very defiantly that if the Security Council adopts any sanctions, they will regard this as a declaration of war. This is very worrisome and shows total disrespect of the United Nations. ... I think that I would be in a much better position than any other previous secretary general -- as I come from Korea and have experience. I will try to coordinate with the concerned parties. If necessary, I will take my own initiative, which will include visiting North Korea and meeting with North Korean leaders." USA Today (10/16, Slavin, 2.27M) profiles Ban.

Warner Says Bush, Bolton, Rice Did A "Wonderful Job" On UN Resolution. Sen. John Warner said on CBS' Face the Nation (10/15) that President Bush "and his team of Rice and Bolton did a wonderful job here. First place, it's unanimous. All came together. That has enormous symbolism all through Asia that everybody came together on this and stood. Now, as to the provisions, she's going over to work them out. But that question you asked about China and its reluctance on the border, and here's my answer to it. China is seeking world recognition, trying to emerge as a power and a strong voice. This is their test. China supplies over 60 percent of the energy and food to North Korea. They have got tremendous leverage through that. South Korea itself has got a program called open sunshine and so forth. They're trading. Those two nations should be out in the lead, and I think the president and the secretary have struck a correct balance."

Kerry, Levin, Hagel Criticize UN Resolution. Sen. John Kerry said on Fox News Sunday (10/15), "These sanctions are not the bold, tough sanctions that the secretary talked about. China walked out of there and said we voted for it, but we're not going to enforce the cross-border mechanism, it's too dangerous for our region. So you have sanctions that are just, by statement of those involved, not going to do the job." Asked what he would do differently, Kerry said, "I would do precisely what I said for the last five years consistently, which is engage in bilateral, face-to-face negotiations with North Korea, make it absolutely clear to North Korea that we are not intending to invade and have a regime change, and work on the entire set of issues that are outstanding since the armistice with regard to the north."

Sen. Carl Levin said on CNN's Late Edition (10/15) that Bolton "thinks the UN resolution is a strong resolution. I'm afraid it's not. I wish it were. But the Chinese already said that they're not going to enforce inspections against goods going into North Korea without total Chinese support. There's no way a sanction regime can work. And then, near the end, he said that, well, we have no problem sitting down with the North Koreans, just one-on-one; well, we've done that. I really have got to tell you, I am utterly amazed to hear our UN ambassador say that, when just a few months ago, the President repeated what he has said over and over again. And here's the way the president the way put it. He said 'One thing I'm not going to let us do is get caught in the trap of sitting at a table alone with the North Koreans.' Now, it's incredible to me that our ambassador would make the representation that he did on your show."

Sen. Chuck Hagel said on CNN's Late Edition (10/15), "We do need to engage the North Koreans, as we need to engage the Iranians and the Syrians. A UN sanctions resolution is fine. It is limited. As Carl said, it is weak. We heard on your program about 15 minutes ago what the Chinese ambassador said. Essentially he said we're not interested in enforcing that resolution. And China is the most important country in dealing with the North Koreans, with that sanction, because they share a 900-mile border. But the United States must, now, find a resolution to this issue. We're not going to resolve the issue with North Korea through a sanction."

Nunn Says Sanctions Are "Timely" And "Substantive." Former Sen. Sam Nunn said on CBS' Face

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the Nation (10/15), "I think the sanctions are timely and I believe they're substantive. And I believe the fact that there was unanimous agreement here is enormously important. … I also think we ought to continue to have the goal of getting rid of all nuclear weapons on the Korean peninsula. I believe that China is the key, as has already been observed here. I think it would be a real breakthrough if the United States and China and South Korea all got on the same wavelength for a change. We have not been approaching this with any kind of unity for the last three or four years. And that has been, I think, a very detrimental aspect of trying to deal with North Korea."

US Uses North Korea Sanctions To Warn Iran. The AP (10/15, Klug) says the US "used new U.N. sanctions against North Korea to warn Iran, another country with nuclear ambitions." UN Ambassador John Bolton said Iran "should pay attention to Saturday's U.N. resolution against North Korea for its claimed nuclear test last week."

The New York Times (10/16, Weisman, 1.21M) reports the Bush Administration "appears to have made some headway in using new American legal tools to cut off both North Korea and Iran from the international financial system. The American campaign to use its own financial regulations to put pressure on North Korea and Iran has been a mix of implicit threats backed by explicit action, American officials and banking experts say." Over the past year, US officials "have met with many private banks overseas to warn them of the risk of doing business with certain Iranian and North Korean trading companies and businesses that the United States says have been tied to terrorist groups or to the spread of nuclear materials."

Chinese Public Reportedly Angered By North Korean Test. USA Today (10/16, MacLeod, 2.27M) reports that by "claiming to test a nuclear device, North Korea has set off a wave of anger among ordinary Chinese, who appear split about whether blame lies with North Korea or the United States. In the streets and online, Chinese responded to last week's announcement out of Pyongyang with fear. Many said a nuclear-armed North Korea meant less security for China and East Asia. They called into question China's historic role as North Korea's ally and patron. Others suggested North Korea is right to arm itself in response to U.S. and Japanese threats against it."

Princeton Scholar Says Cash Cutoff Only Way To Get Kim To Back Down. In a Washington Post (10/16, A21, 748K), op-ed, Aaron L. Friedberg of Princeton University's Woodrow Wilson School writes, "Though the hour is late and the odds long, there is still a chance that North Korean dictator Kim Jong Il can be persuaded to give up his nuclear arsenal." Kim "is a cynical realist and will not exchange his nuclear capabilities for empty acts of diplomatic deference or what he would doubtless regard as mere scraps of paper." Kim is a "cunning and rational strategist with one overriding objective: ensuring his own survival by maintaining an absolute grip on power. The only way to move him is by confronting him with a stark choice -- turn over existing nuclear weapons, dismantle production facilities and submit to rigorous international inspections, or face a steadily rising risk of overthrow and untimely death. This demand can be sweetened with promises of aid and peace pacts, but in the end Kim needs to be presented with an offer he cannot refuse. ... Choking off the flow of dollars to Pyongyang would do more than cramp Kim's lavish lifestyle; it would threaten his grip on power."

Olmert Says Prisoner Release Demand Preventing Talks With Abbas. The AP (10/16, Lavie) reports Israeli Prime Minister Ehud Olmert "said a planned summit with [Palestinian President] Mahmoud Abbas has been put on hold because of [his] insistence that Israel release large numbers of Palestinian prisoners." The AP calls that condition "the latest setback for U.S.-led efforts to restart peace talks." Tel Aviv "insists that before it frees any of the estimated 8,000 Palestinians it is holding, a soldier captured in June by Hamas-linked militants in a cross-border raid must be returned." However, one Palestinian lawmaker who is close to Abbas said preparations remain on track." The AP also notes, "disagreements over prisoners and a summit are not the main impediments to diplomatic progress. Internal Palestinian and Israeli political turmoil and control of the Palestinian government by the extremist Islamic group Hamas are larger obstacles in the way of US efforts toward peace talks, which have been stalled for six years."

Police Recommend Rape Charge Against Israeli President. The AP (10/16, Federman) reports, "Police recommended Sunday that Israeli President Moshe Katsav be charged with rape, sexual assault and fraud, the most serious charges ever to face an Israeli leader." The recommendation "came at a meeting between police investigators and Attorney General Meni Mazuz. The final decision on whether to put the president on trial is up to Mazuz." Katsav "has denied all wrongdoing."

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The New York Times (10/16, Myre, 1.21M) reports, "Although the case has received widespread coverage in Israel, any charges against Mr. Katsav are not likely to have broader political ramifications. Israel's president is expected to serve as a unifying force and set a moral tone, but his position is more symbolic than substantive."

Darfur Refugees Say Peacekeepers Not Protecting Them. The Washington Post/AP (10/16, A15, De Montesquiou) reports, "Refugees living in camps scattered across this region of western Sudan say an African Union peacekeeping mission has done little to protect them, even as rising violence is driving away crucial humanitarian aid. … As they often must, the peacekeepers explained to camp delegates that they were in Darfur only to monitor the violence and had no mandate to fight it."

WPost Says Arab Deployment Could Have Positive Effect On Darfur Crisis. The Washington Post (10/16, A20, 748K) editorializes, "Americans, Europeans and Africans have all tried to bring about a political settlement between Sudan's government and Darfur's rebels. These various efforts have combined to slow the killing, though they have failed to halt it. But the Western and African efforts stand in stark contrast to the performance of Sudan's Arab neighbors, which have so far done next to nothing. Recently the Arab League asserted that this might change. … Depending on the details of its design, an Arab force could be an acceptable alternative." The Post adds, "It's hard to see how Sudan's government could resist an Arab and Muslim peacekeeping force by calling it a threat to Islam. Arab leaders have a good chance of deploying their proposed force if they press for it seriously. So the important question will be: Are the Arabs in fact serious?"

Ecuadorian Tycoon Leads Presidential Race Ahead Of Runoff. The Wall Street Journal (10/16, DeCordoba, 2.03M) reports wealthy banana magnate Alvaro Noboa "had 27% of the vote" in Ecuador's presidential election, while Rafael Correa, "an admirer of [Venezuelan President Hugo] Chavez," had 22%. Although the vote count was only half complete, exit polls predicted a Noboa victory of several points. "The results mark a setback for Mr. Chavez, who was hoping an outright win by his political ally would extend his influence in the Andean region." The Journal notes, "Analysts said the results could give the pro-U.S., pro-markets Mr. Noboa, who has run twice before and lost races for the presidency, the edge to win the second round of the vote, scheduled for Nov 26." The winner of that election will become Ecuador's eighth president since 1996.

The New York Times (10/16, Romero, 1.21M) adds Noboa's "strong showing came as something of a surprise. In the final days of the campaign, [he] said he would limit political ties to Venezuela and fiercely criticized Mr. Correa's positions. He has also said he is strongly in favor of negotiating a trade agreement with the United States." The Washington Post (10/16, A15, Forero, 748K) and Los Angeles Times (10/16, Kraul, 918K), among other newspapers, run similar reports this morning.

British Communities Minister Backs Firing Woman For Wearing Veil. The Washington Post/AP (10/16, A17, Wagner) reports British Minister of State for Communities and Local Government Phil Woolas "has joined an increasingly bitter debate about the rights of Muslim women to veil their faces, saying a teaching assistant should be fired for insisting on wearing one in school." Woolas "was quoted by the Sunday Mirror newspaper as demanding that Aishah Azmi, a Muslim, be fired for refusing to remove her veil at work. 'She should be sacked. She has put herself in a position where she can't do her job,' Woolas said." The AP notes, "The debate on the veils began this month when" House of Commons Leader Jack Straw "said Muslim women visiting his office should remove them," and later the Conservative Party "weighed in, with one of the party's top officials accusing Muslim leaders of encouraging a 'voluntary apartheid' that could help spawn homegrown terrorism." Recently, Prime Minister Tony Blair "praised Straw for raising the issue 'in a measured and considered way,' and he urged Britons to engage the topic without 'becoming hysterical.'"

Video Suggests Chinese Troops Were Not Threatened By Tibetan Refugees. The New York Times (10/16, Kahn, 1.21M) reports, "A Romanian videotape that appears to show Chinese security forces shooting two Tibetan refugees in the Himalayas contradicts Beijing's claim that the refugees were shot when soldiers acted in self-defense." While Beijing has "acknowledged" the shootings, state media claimed "the soldiers acted only after about 70 refugees seeking to enter Nepal illegally from China attacked border troops." The Times notes, "The Sept. 30 incident was first reported by mountaineers in Nepal and was circulated by human rights groups, including the International

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Campaign for Tibet and Human Rights in China." Human rights groups provided witnesses who claim "that those who had been fired upon included monks, women and children and that the person who had been killed was a 25-year-old Tibetan Buddhist nun." The Chinese Foreign Ministry has "vowed to investigate." The Times adds, "The video does not offer a comprehensive account. It was shot from a long distance — the narrator says the cameraman was more than half a mile away — and only a few faces are clearly identifiable. But it does suggest that the shootings were not in direct response to an attack on soldiers."

Prominent Chinese Human Rights Activist Charged With Subversion. The New York Times (10/16, Kahn, 1.21M) notes Chinese authorities "have charged a prominent human rights lawyer with inciting subversion, part of a crackdown on people who have sought to use China's nascent legal system to limit the power of the state." According to his lawyer, Gao Zhisheng "was taken into custody in mid-August and was formally arrested Sept. 21, but the police only recently made clear the nature of the charge." Gao's lawyer "said the police had not allowed him to visit [him] because they said his case involved state secrets." The Times says an eventual indictment of Gao "could be one of the highest-profile prosecutions of an internationally recognized dissident in recent years." Gao "represented displaced homeowners, victims of official corruption and religious rights advocates, including members of the Falun Gong sect," and recently "has become one of the most outspoken dissidents within China, writing frequent essays and polemics posted on the Internet that have sharply criticized the authorities and have predicted that the governing Communist Party will collapse because of corruption and abuse of power."

WSJournal Defends Trade With China. The Wall Street Journal (10/16, 2.03M) editorializes, "Everyone seems to agree that China's leverage will be crucial if the world is going to contain North Korea's nuclear threat. Which is one more reason to congratulate Treasury Secretary Hank Paulson, who recently prevented a U.S.-China blowup by persuading Chuck Schumer and Lindsey Graham to drop a Senate vote on their 27.5% tariff bill against China." Sens. Schumer and Graham are "so very wrong to consider the trade deficit with China a threat to U.S. prosperity," because the "$200 billion trade deficit with China is itself a meaningless hobgoblin, mattering far less than the volume of trade." Although imports of Chinese goods "have more than doubled (up 155%) since 2000," exports to China "have climbed even faster, tripling since 2000," proving, the Times says, that, "if China is adopting currency policies to repel U.S. goods, they aren't working too well." The United States has "gained" a "surge in low-priced, high quality consumer products," including "apparel, footwear, consumer electronics, computer equipment, and so on -- all of which Americans have bought voluntarily. Arguably the biggest beneficiary of China's emergence on the world trading stage has been America's poor, who have new access to bargain-priced consumer goods." Saying that China has not held "the yuan artificially low relative to the dollar," the Times says "this is not a 'manipulation' of its exchange rate so much as it is a contracting out of its monetary system to the U.S. Federal Reserve Board." The Times notes the "greatest Chinese danger to the U.S. economy" is China's "undeveloped and politically controlled financial system," and the Administration "should be urging Beijing to privatize its banking sector, capital markets and state owned enterprises." The Times concludes, "The U.S. wants and should expect Beijing's cooperation on nuclear proliferation and North Korea; it shouldn't waste its influence on such non-problems as expanding two-way trade."

Venezuela's Bid For Security Council Seat Generates Commentary. In his column in the Washington Post (10/16, A21, 748K), Jackson Diehl says of Venezuelan President Hugo Chavez's bid for a non-permanent seat on the UN Security Council, "There's a fair chance he'll lose." A failure by Venezuela or Guatemala to garner 122 votes in the General Assembly on the first ballot will likely lead to the election of a third candidate. "If so it will be a wounding rebuff for Chavez following his Bush-as-devil tirade before the assembly last month, and one that could hurt him in another vote, if it is free and fair: his bid for reelection as president in December." A loss in today's UN ballot "would save the Bush administration from embarrassment and spare the Security Council a nuisance factor. Still, there won't be much to celebrate." Diehl says the fact that Chavez "could even come close" to winning "is testimony to how low U.S. prestige has sunk around the world. More specifically, it's a measure of how twisted U.S. relations with Latin America have become -- and also, how fragile the appeal of democratic values is in that region." Several Latin American countries are making clear "that they value Venezuela's investment in their economies more than preventing nuclear

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proliferation…; that solidarity with a neighbor matters more than solidarity with other democracies (probably the only votes for Venezuela in the free world will come from Latin America and the Caribbean); that their governments prefer a weaker United States to a chastened Hugo Chavez." In addition, Diehl says, the vote "underlines the continuing fecklessness of the Bush administration's approach to Latin America. There is its overreliance on faithful but small allies in Central America and its inability to come to terms with the region's giant, Brazil. There is its heavy-handed lobbying, which prompted Guatemala's foreign minister to say that he wished Washington 'would not promote our cause so much.' Most disturbing, there is the inability to win support from a nominally close ally such as Chile, even against an autocratic demagogue. Chavez may lose the U.N. vote, but in the contest for Latin America, the United States isn't winning."

Meanwhile, the Wall Street Journal (10/16, 2.03M) editorializes, "To understand why so many Americans dislike the U.N., consider that Venezuela, of all countries, stands a chance today of being elected" to the Security Council today. "The world's democracies in North and Central America, Europe and Asia are lining up behind Guatemala. In Latin America, Colombia and Mexico are also backing Guatemala, while Argentina and Brazil are supporting Venezuela," and "the left-of-center government in Chile is on the fence, no doubt alarmed by Mr. Chávez but also fearful of crossing him." The Journal concludes, "If Mr. Chávez wins, we'll know that most U.N. members prefer anti-American posturing to a credible Security Council."

NYTimes Lauds Selection Of Pamuk For Literature Nobel. In an editorial, the New York Times (10/16, 1.21M) says Turkish novelist Orhan Pamuk's Nobel Prize in Literature "is richly deserved. It was awarded for a body of work, fiction and nonfiction, that is driven by the conscience of imagination as well as the conscience of memory." While "Islamists and Turkish nationalists tend to think of Mr. Pamuk as a literary provocateur, especially for his brief but candid remarks about the Armenian genocide quoted in a Swiss magazine last year," the Times says Pamuk "was speaking the truth. For the sake of art and conscience, he has resisted any effort to quiet his literary voice." The choice of Pamuk "will be a popular one," and "his prize is also a reminder of how often the Nobel has been given to a writer whose work exposes the tension between the state and the artist. We read Mr. Pamuk's books as they should be read — for the imaginative and linguistic pleasure in them — seldom remembering that every artist's freedom to speak is our freedom, too. This prize helps us remember that."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Panel To Seek Change On Iraq."
"Defecting From Despair."
"A Place To Sing About."
"GOP On A Mission To Save Santorum."
"Damaging Quake Shakes Up Hawaii."
"California Is Awash In Wine Bargains."

USA Today:
"Iraq Will Wait To Disarm Militias."
"Consumer Unease With U.S. Health Care Grows."
"Study Sees Longer Rides To Work, More Commuting By Older Women."

New York Times:
"In Final 3 Weeks, G.O.P. Shifts Cash To Its Best Bets."
"Questions Grow Over U.N. Curbs On North Korea."
"Press Secretary Raising Money, And Eyebrows."
"As Lenders, Hedge Funds Draw Insider Scrutiny."
"Chief Executive At Health Insurer Is Forced Out In Options Inquiry."
"On Great Lakes, Worry Over Plan For U.S. Gunfire."

Washington Post:
"Dozens Of Iraqis Killed In Reprisals."
"Season Is Slipping Away For Redskins."
"NYC School Takeover Inspires Fenty, But Critics Abound."
"Crop Insurers Piling Up Record Profits."
"Hastert's Team Mentality To Be Tested As Foley Scandal Unfolds."
"Pulse Of Go-Go, Promise Of Peace Mingle At D.C. Dance Event For Youth."

Washington Times:
"U.S. Expects China To Lead On Sanctions."
"Minuteman Committee Aids GOP."
"Iraqi Forces Concern U.S. Commander."
"GOP Set To Take On Goliath In D.C."
"Accusations Fly In Teamster Race."
"The Weight Is Over For Patrons Of Zero Gravity."

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Atlanta Journal-Constitution:
"Strong Quake Shakes Hawaii."
"High Scores Prized Art From Italy."
"Vinings Looks For Borders, Seeks Identity."
"Christians Gain Respect On Fall TV."
"Owner's Mortgage Default Could Cost Family A Miracle."

Houston Chronicle:
"Report: Piping Mix-Up Led To BP Fire."
"Faith, Science Find Common Ground On Planet Earth."
"Putting A Face On Coverage Crisis."
"Big Quake Rattles Hawaiian Islands."
"Bachelor's Rose Takes Thorny Image In Stride."

Story Lineup From Last Night's Network News:
ABC: Hawaii-Earthquake; White House-North Korea; Iraq Violence; Bill Clinton-Bush Criticism; US Health Care Costs; Gerald Ford's Medical Status; Bush Library Contenders; 300 Millionth American.
CBS: Preempted By Pro Football.
NBC: Hawaii-Earthquake; Hawaii Quake-Resident's Viewpoint; Iraq Violence; Hagel-Iraq; White House-North Korea; US Protest-Himalayan Shooting; Bush-NY Emergency Declaration; College Football-Fight Investigation; SUV-Back Over Accidents; New Catholic Saints; Amish School Shooting-Fundraising; Belgium-Beer Tourism.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Unavailable.

VICE PRESIDENT CHENEY — 2:25 p.m. Arrivesw at Fort Campbel, Ky. airfield.

2:45 p.m. Speaks at a rally for the 101st Airborne Division. Fort Campbell, Ky.

3:50 p.m. Departs Fort Campbell.

5:35 p.m. Arrives at Louisville International Airport.

6:10 p.m. Speaks at a reception for the Davis-Kentucky Victory Committee. Private residence, Prospect, Ky.

8:15 p.m. Departs Louisville airport.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: Oct. 16 - 17. PRESIDENT ELLEN JOHNSON SIRLEAF OF LIBERIA _ 12 p.m. Speaks to the The Womens Foreign Policy Group. Ritz Carlton Hotel, 1150 22nd St. NW. Event contact: Patgricia Ellis, 202-884-8597.

Oct. 15 - 17. ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Highlights: 8:15 a.m. Keynote address by ACLU Executive Director Anthony D. Romero. 9:15 a.m. Plenary: ``Abuse of Power -- Government Intrusion into Private Matters featuring civil rights legend Rev. James Lawson, ACLU litigator Vic Walczak and Kitzmiller v. Dover clients who fought teaching Intelligent Design, and reproductive freedom advocate Cecelia Fire Thunder. 10:30 a.m. Mini-plenary and break-out sessions: Religion and the Public Square; Reproductive Freedom at a Crossroads; Gay Rights; Immigrant Rights; School to Prison Pipeline; and acy and the Internet. 12:30 p.m. Lunch Plenary: ``Torture, Secrecy and Surveillance: Holding Government Accountable" featuring: the former Ambassador Joe Wilson in a conversation with Anthony Romero as well as ACLU litigator Ann Beeson and ``Faces of Surveillance" clients. 2 p.m. Mini-plenary and break-out sessions: Guantanamo and Torture with David Rose, journalist/author; Race, Class and Civil Liberties: The Lessons of Katrina with Donna Brazile, political consultant; Ideological Exclusion; Human Rights; War on Women; and Activism and Film, with Robert Greenwald, producer and director. 3:30 p.m. - 5 p.m. Artists Speak Out on Civil Liberties" with producer/director Robert Greenwald, comedian Greg Proops, moderated by Air America's David Bender. 5:30 p.m. Faulty Intelligence" a one-man show performed by Roy Zimmerman, 7 p.m. - 9 p.m. Gala Dinner ``Tribute to Civil Libertarians includes paying honor to philanthropist Peter Lewis and veteran ACLU members. Performances by reggae artist Maxi Priest and comedian Greg Proops. 9:30 p.m. Screening of Road to Guantanamo followed by open discussion with journalist/author David Rose. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW. Contacts: Elizabeth Rose, 202-675-2303

Oct. 16 - 17. NONPROFITS _ The National Council of Nonprofit Associations holds its Non-Profit Summit. Highlights: Session on Educational Sessions: Lighting the Fire, focusing on Advocacy Strategies; Civil Society and Technology: The Future of Philanthropy, Volunteerism, and Advocacy; Coalition Building; Communicating with the Public in an Age of Skepticism and Distraction; Elevating the Nonprofit Sector: An Opportunity to Speak with One Voice; Passing the Torch: Leadership Transition and Preparation of the Next Generation of Nonprofit Sector Leadership; Resource Development: Rethinking Nonprofit Sustainability; and Targeting Your Advocacy: How (and Who) to Engage at

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the Local, State, and Federal Level. 12 p.m. Opening Plenary: Our Nonprofit Sector, with welcome by Betsy Johnson, Executive Director, Center for Nonprofit Advancement. 2 p.m. Working Session I - Deliberation of Priorities. 5:45 p.m. Vote on Top Priorities. Delegates will cast ballots to vote on the actionable priorities of the Nonprofit Congress. 6 p.m. - 8 p.m. Reception and Announcement of Top Priorities. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-962-0322.

Oct. 16 - 17. U.S.-CHINA _ Meeting of the U.S.-China Economic and Security Review Commission. Location: Hall of the States, 444 N. Capitol St. Contacts: Kathy Michels, 202-624-1409.

Oct. 16 - 18. NUCLEAR FUELS _ The Nartional Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Location: 2100 C St. NW. Contacts: Rita Guenther, 202-334-2359.

Oct. 16 - 21. SAFE KIDS _ Safe Kids Worldwide holds its 18th annual Leadership Conference. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 202-662-0600.

9:30 a.m. ELECTION-VIEWS _ The Center for Immigration Studies holds a news conference to release a poll on the views of likely voters nationally and in 145 contested Senate and House races. Location: National Press Club. Contacts: Steven Camarota, 202-466-8185.

10 a.m. EDUCATION ACT REATHORIZATION _ The Council of Chief State School Officers holds a news conference to issue a call to action on the Elementary and Secondary Education Act (ESEA) reauthorization as it releases its supporting policy statement. Council Task Force chair Elizabeth Burmaster will outline the core principles that will guide the organiztion's approach to the reauthorization of ESEA and will explain state chiefs' goal to move from no child left behind to every child a graduate. Location: Room S-211, Capitol. Contacts: Carrie Heath, 202-312-6433. Notes: Copies of the policy statement will be made available at the news conference. Reporters should RSVP to Carrie Heath at 202-312-6433 or carriehccsso.org. All advance information embargoed until 10 a.m. on Oct., 16, 2006, and is for media planning purposes only.

11 a.m. ENERGY RELIABILITY _ United States Energy Association/North American Electric Reliability Council holds a briefing .The leadership of NERC will review, discuss and take questions on its final Long-Term Reliability Assessment Report for North America being issued October 16, 2006. Location: J.W. Marriott, 1331 Pennsylvania Ave, NW. Contacts: ., 202-312-1230.

12:15 p.m. IRAQ _ The New America Foundation holds a program with David Corn of The Nation and Michael Isikoff on the inside story of the buildup to the war in Iraq. Location: 7th floor, 1630 Connecticut Ave. NW. Contacts: Sarah Brennan, 202-986-4901.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, OCTOBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Attorney Stewart Faces Sentencing In Terror Case. The New York Times (10/16, Preston) reports, "Lynne F. Stewart, the firebrand lawyer known for defending unsavory criminals, now faces the possibility of living out her life like many of them, in maximum-security lockdown in a federal prison. … Today, 20 months after she was convicted on terror charges, Ms. Stewart and two co-defendants who were convicted of conspiring with her will be sentenced in Federal District Court in Manhattan. Prosecutors, arguing that Ms. Stewart repeatedly flouted the law to aid the violent designs of an imprisoned terrorist client, have asked Judge John G. Koeltl to condemn her to 30 years in prison. … That would be a life sentence for Ms. Stewart, who turned 67 last week. Long an abrasive advocate of anti-government causes, these days she is not defiant. She is mournful about what she said were her failures as a lawyer." The Times adds, "Her dread of prison deepened unexpectedly, Ms. Stewart said, during the long period after a jury found her guilty on Feb. 10, 2005, of providing material aid to terrorism. She has recently recovered from breast cancer, but fears it will return in prison. … And if the judge comes down hard, she could be held in solitary confinement with limited visits, the same conditions as Sheik Omar Abdel Rahman, the terrorist she was convicted of aiding."

The New York Sun (10/16, Goldstein) reports that Stewart "and her allies are pinning their hopes for leniency on a strategy that argues she became so emotionally involved in the sheik's case that she acted irrationally — a strategy that is underpinned by a sealed letter to the court from a psychiatrist." The Sun continues, "A psychiatric report submitted to the federal judge in Manhattan who will decide the sentence, John Koeltl, claims that several emotional events in Stewart's life suggest her actions were motivated by 'human factors of her client and his situation' and not by politics, according to portions of the psychiatric report. … The psychiatrist, Steven Teich, points to 11 emotional events that he claims prompted her to want to take action on Abdel Rahman's behalf, Stewart's attorneys say. Among the events that make Dr.Teich's list are her experiences seeing Abdel Rahman incarcerated and the 1995 suicide of a drug defendant named Dominick Maldonado, whom Stewart had once represented. … While the evaluation by Dr. Teich is filed under seal, Stewart's attorneys quote portions of it at length in public legal papers."

Specter's Role In Crafting Detainee Bill Agreement Disputed. The Washington Post (10/16, A19, Smith, 748K) reports, "The last-minute maneuvering before the Sept. 28 vote [on the detainee bill] remains a hot topic of debate among lobbyists, lawmakers and staff members. They are wondering if [GOP Sen. Arlen] Specter, as several Judiciary Committee staff members privately asserted at the time, was pressured into discarding a less extreme and more politically palatable amendment at the Bush administration's request, in favor of an alternative more likely to be defeated. Specter says that he was not ... Questions about Specter's role in the last-minute maneuvering arose in part because he had taken a maverick position before -- and then backed President Bush's policy on the floor or in his votes."

WPost Weighs In On Treason Charges Against Gadahn. The Washington Post (10/16, A20, 748K) editorializes on the treason charges against Adam Gadahn. The "first such charge in decades marks a significant change of course. Instead of causing him to disappear into military custody, as it did with Mr. Hamdi, the government is following a road explicitly laid out in the Constitution. Broadly speaking, this is a constructive development. Unlike the murky terrain governing the holding of American citizens as enemy combatants, treason is defined in the Constitution. So there's no doubt as to the government's authority to pursue its case or the propriety of doing so. … Yet treason charges could come to pose civil liberties concerns of their own. The Constitution cannot, by definition, be unconstitutional -- yet its definition of treason is so broad and vague that, were it merely written in statute, it would probably be so."

FBI Believes High-Level Al Qaeda Suspect Could Be In UK. The (UK) Sun (10/16) reports, "An al-Qaeda general believed to be plotting dirty bomb attacks on seven US cities could be in Britain, FBI sources said yesterday. Adnan El Shukrijumah, who has a £2.5million bounty on his head, is suspected of planning a spectacular attack using bombs that spread radioactive waste. The FBI are investigating the 31-year-old Saudi-born scientist's UK links," and "a US source said: 'He has travelled extensively in the last seven years, and we believe this includes the UK.'"

HOMELAND RESPONSE:

Coast Guard's Great Lakes Antiterrorism Plan Sparks Controversy. The New York Times (10/16, Davey, 1.21M) reports, "Even in autumn, the cold, silent expanse of Lake Michigan defines this town, where pleasure boats glide into harbor, fishermen wait patiently for salmon and tourists peer up at the lighthouse." But "the United

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States Coast Guard has a new mission for the waters off of these quiet shores. For the first time, Coast Guard officials want to mount machine guns routinely on their cutters and small boats here and around all five of the Great Lakes as part of a program addressing the threats of terrorism after Sept. 11." Also, "for the first time in memory, Coast Guard members plan to use a stretch of water at least five miles off this Michigan shore -- and 33 other offshore spots near cities like Cleveland; Rochester; Milwaukee; Duluth, Minn.; and Gary, Ind. -- as permanent, live fire shooting zones for training on their new 7.62 mm weapons, which can blast as many as 650 rounds a minute and send fire more than 4,000 yards." The Times adds, "The notion is so unusual that it prompted United States diplomats to negotiate with Canadian authorities in order to agree that it would not violate a 189-year-old treaty, signed after the War of 1812, limiting arms on the Great Lakes."

Long-Serving DHS Official Leaving Agency At "Critical Time." In its web-only "Washington Wire" column, the Wall Street Journal (10/15, Block, 2.03M) reported Ambassador Cresencio 'Cris' Arcos, who had been among "the last remaining senior-level political officials left from Tom Ridge's" time at DHS, "has stepped down." Arcos's "departure comes at a critical time for DHS which is coming under growing criticism for plans to build 700 miles of fencing along the US/Mexico border as a way to crack down on illegal immigration." He "is going into semiretirement and will work part time as a consultant."

WAR NEWS:

Baker Commission To Recommend "Significant Changes" To US Iraq Strategy. The Los Angeles Times (10/16, McManus, 918K) reports the Baker Commission "backed by President Bush that is exploring U.S. options in Iraq intends to propose significant changes in the administration's strategy by early next year. ... Two options under consideration would represent reversals of U.S. policy: withdrawing American troops in phases, and bringing neighboring Iran and Syria into a joint effort to stop the fighting." One participant said the 10-member commission has agreed "it's not going to be 'stay the course.' ... The bottom line is, [current U.S. policy] isn't working. ... There's got to be another way." The Times says if the panel "recommends overhauling Bush's approach to Iraq, it could give a boost not only to critics of current policy but also to officials in the administration who have argued for broad changes."

Hagel Seconds Warner's Iraq Assessment. NBC Nightly News (10/15, story 4, 0:20, Seigenthaler, 9.87M) reported, "Today a powerful Republican senator is joining the Republican chairman of the Senate Armed Service Committee in calling for a new strategy in Iraq. Sen. Chuck Hagel said he agrees with Sen. John Warner's assessment that Iraq appears to be 'drifting sideways.' Warner advocates a change of course if the Iraqi government fails to restore order in the next few months." Hagel, on CNN's Late Edition (10/15), said, "We are going to have to find a new strategy. ... The future of Iraq is going to be determined by the Iraqi people. It will not be determined here in Washington. ... The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war." The AP (10/15, Pickler) says Hagel and Warner "are part of the growing list of Republicans who are speaking out against President Bush's current plan for Iraq as U.S. casualties rise."

Ford Questions Administration "Sanity" On Iraq. Bloomberg (10/15, Elsibai) reports Rep. Harold Ford, "engaged in a close battle for an open Senate seat in Tennessee, questioned the 'sanity' of the Bush administration's policy on Iraq." On ABC's "This Week," he said, "After hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity."

Levin Says Phased Redeployment Of US Troops Should Begin In Next Few Months. Sen. Carl Levin said on CNN's Late Edition (10/15) that "either the insurgency or the sectarian violence requires a political solution, and that we've got to put pressure on the Iraqis to take over their own country. If they're going to have a civil war, they're going to have to do it without us, and what the leaders, our uniformed leaders in Iraq, really tell us is that we've got to find a way to put some pressure on the Iraqis to make these tough decisions. ... We've got to focus Iraqi leadership attention on this by telling them we need to begin a phased redeployment of American troops from Iraq within the next few months."

Five Americans Killed In Iraq, Bringing This Month's Toll To 53. The New York Times (10/16, Semple, 1.21M) reports, "Two marines were killed by insurgents in Anbar Province on Sunday, the American military command said, and three American soldiers died a day earlier in a bombing in southern Baghdad, bringing the total of American troop deaths in Iraq this month to at least 53, an extraordinarily high midmonth tally." At the current rate, "October is on track to be the third-deadliest month of the entire conflict for the military, according to Iraq Coalition Casualty Count, an independent Web site that tracks war-related casualties. The two most deadly months coincided with major American offensives against entrenched guerrilla fighters." The number of wounded troops, "a figure that usually parallels the number of fatalities, has also increased drastically. From Sept. 28 to Oct. 11, 427 American troops

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were wounded, one of the worst two-week stretches of the war, according to Iraq Coalition Casualty Count."

Iraq Violence Continues With Four Car Bombings In Kirkuk. ABC World News (10/15, story 3, 2:15, Harris, 8.78M) reported, "One year ago tonight in Iraq, they were celebrating a national election, ratifying a new constitution that seemed to offer a way out of war. But on this anniversary, there is no celebrating. Instead, today, the Prime Minister cancelled a scheduled national reconciliation conference amid another spasm of religious violence." The AP (10/15, Bodeen) reports the national reconciliation conference was "indefinitely postponed" as a" two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead."

NBC Nightly News (10/15, story 3, 2:25, Seigenthaler, 9.87M) said October "has been an especially bloody month. Fifty-three Americans have been killed and there's been an upsurge in sectarian violence. Today four car bombs exploded in quick succession in the northern city of Kirkuk." NBC (Arraf) added, "This was some of the worst violence in weeks, just one of the suicide bombs that ripped through Kirkuk's streets. ... In cities like Kirkuk and Baquba in the Sunni Triangle, US forces thought it was calm enough earlier this year to hand control over to the Iraqi army. But that was before a wave of violence sparked by an attack on one of the holiest Shiite shrines. ... The Kirkuk violence and other attacks in capped a weekend in which more than 80 people were killed, including a US Marine and four soldiers. No one immediately claimed responsibility for any of the violence but al Qaeda has said it would increase attacks on foreigners during the holy month of Ramadan."

The Los Angeles Times (10/16, Daragahi, 918K) says in its lead that "months of bloodshed have threatened the loosen the bonds holding together Iraq's fractious government, with tensions between political blocs spilling out in recent days in fiery sectarian rhetoric as well as fighting that left at least 130 people dead nationwide." The Times says October is "on pace to be the deadliest for U.S. troops in the country since January 2005."

Maliki Says Forced Disarmament Of Militias Not Imminent. USA Today (10/16, Jervis, 2.27M) reports Prime Minister Nouri al-Maliki told USA Today his government "will not force militias to disarm until later this year or early next year, despite escalating violence in Baghdad fueled by death squads and religious warfare." His remarks "point to a growing gap between the U.S. and Iraqi governments over how to handle growing sectarian violence."

Militants Declare New State In Sunni Part Of Iraq. The Washington Times/AP (10/16, Bodeen) reports, "A militant network that includes al Qaeda in Iraq declared in a video yesterday that it had established an Islamic state in six provinces where Sunni Muslims are dominant." The announcement by the Mujahedeen Shura Council "appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory. It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together."

The Financial Times (10/16, Negus) reports a video posted on the Internet in the name of the Mutayibeen Coalition, "one of Iraq's largest insurgent groups," called for the "creation of a separate Sunni Islamic state in the country. If authentic, it could indicate a shift in strategy for parts of the Sunni Arab insurgency."

US Helps Rebuild Iraqi Air Force. The Washington Times (10/16, Axe, 88K) reports, "A team of U.S. Air Force personnel at this sprawling British base in southern Iraq is working to rebuild an air force that the U.S. military spent more than a decade destroying. Former test pilot Lt. Col. Kelly Latimer and her team of five pilots and maintainers are partnered with 70 Squadron of the reborn Iraqi air force." The Times notes that, after devoting flights exclusively to training the Iraqis, "the unit can [now] dedicate more efforts to patrolling vital oil and power facilities and supporting the Basra-based Iraqi army's 10th Division and the tiny Iraqi navy based at nearby Umm Qasr."

Pace Says Terrorists Have "100 Year Plan" For Fighting US. Joint Chiefs of Staff Chairman Gen. Peter Pace spoke with reporters at a Christian Science Monitor (10/16, Cook, 58K) lunch Thursday, and offered "a passionate argument for the US military's mission in Iraq, stressed the nation's capacity to handle a threat from North Korea, and defended his performance as America's top military officer." His "polished performance was in contrast to the controversy surrounding remarks by Britain's army chief, Gen. Richard Dannatt, who said Thursday that British troops should be withdrawn from Iraq 'soon.'" Pace "said the enemy has 'a 100 year plan according to the map they published about a year and half ago. So anybody looking for a quick win in the war on terrorism probably hasn't read the enemy's published intent.'"

Soldier's Refusal To Deploy Roils Japanese American Community. The Los Angeles Times (10/16, Watanabe, 918K) reports on Japanese American reaction to the case of Ehren Watada, "an Army first lieutenant who earlier this year became the first commissioned officer to refuse deployment to Iraq, calling the war illegal and immoral." Watada's case "has stirred national debate over the legality of the Iraq war and a soldier's duty versus conscience. But in the Japanese American

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community, the case has struck a particular nerve, echoing conflicts of another war six decades ago." The case resonates within the community because "debate lingers over how Japanese Americans responded after Japan's attack on Pearl Harbor in 1941." Various Japanese Americans expressing their opinions are quoted.

Fallen Eskimo Guardsman Is Buried In Alaska. The New York Times (10/16, Leduff, 1.21M) reports on the late Staff Sgt. Billy Brown, who "is believed to be the first Eskimo killed because of this war. He was 54. Sergeant Brown, an Alaska national guardsman, never got to a battlefield. He was killed when a tractor-trailer slammed into the back of his Humvee late in July while he was on training maneuvers at Camp Shelby in Mississippi." The Times states, "For this war, 670 Guard members have been called up from rural Alaska, its largest foreign deployment ever. The Alaska Guard estimates that one-third of its members are Eskimo, so most likely a third of those deployed are indigenous men." The Times describes the impact on and incipient doubts about the war in Brown's hometown of Barrow, Alaska.

Dannatt's Remarks Spur National Debate In Britain. The Christian Science Monitor (10/16, Rice-Oxley, LaFranchi, 58K) reports, "A vigorous debate about how quickly Britain can pull out of Iraq has erupted following an unprecedented intervention from the head of the British armed forces." General Dannatt reportedly fears "that the formidable demands on the British army in both Iraq and Afghanistan are stretching the force to its limits." Experts "say the general, appointed only in August, was voicing the fears and frustrations of soldiers and officers alike who face an increasingly fraught mission with no end in sight"; "blogs and Internet postings have found British soldiers overwhelmingly applauded their commander. One on-line poll found 76 percent thought he had been 'absolutely right' to speak out."

British Scholar Sees UK Civil-Military Crisis. In a commentary for the Washington Times (10/16, 88K), military scholar Paul Moorcraft writes of Gen. Richard Dannatt's statement, "The United Kingdom is facing its biggest crisis in civil-military relations since the Second World War. ... The British Army is running out of soldiers, equipment and patience, though not fighting spirit. The British military establishment fears it is reinforcing failure in Iraq." Moorcraft argues, "Tony Blair is a lame-duck prime minister. He may be too weak to sack his forthright general. A behind-the-scenes forced resignation, especially if it were seen to be a result of US pressure, would trigger more unrest in the armed forces, perhaps even a joint demarche by other commanders. ... But Gen. Dannatt's frankness may be dangerous. Civilian control of the military is a cornerstone of Western democracy. ... [Dannatt] is risking the top job for the army he loves."

Prominent Journalists' Recent Books Critiquing Iraq War Reviewed. In the Washington Post (10/16, C1, 748K), Howard Kurtz examines the recent "series of books about the Iraq war" that "has exposed deep flaws in its planning and execution, made the Bush administration appear dysfunctional at times and generated enormous news coverage. All are by journalists with access to daily or weekly outlets. The bestsellers include 'Fiasco' by The Washington Post's Thomas Ricks; 'Cobra II' by Michael Gordon of the New York Times and former Timesman Bernard Trainor; 'Hubris' by Newsweek's Michael Isikoff and the Nation's David Corn; and now 'State of Denial' by The Post's Bob Woodward. Even President Bush observed last week that 'somebody ought to add up the number of pages that have been written about my administration.'"

Canadian Death Toll In Afghanistan Now 42. The New York Times (10/16, Gall, 1.21M) reports, "Two Canadian soldiers in the NATO force were killed and three were wounded in an ambush in southern Afghanistan on Saturday afternoon, and an Afghan provincial council member was assassinated Sunday on his way to work, officials said. ... The Canadians were killed when their convoy came under fire by rocket-propelled grenades and gunfire in Kandahar Province, forcing their unit to call in airstrikes, according to a NATO news release. Forty-two Canadian soldiers have been killed in Afghanistan this year."

Italian Reporter, Assistant Kidnapped In Afghanistan. The Wall Street Journal/AP (10/16) reports, "An Italian freelance photographer and his assistant were abducted in southern Afghanistan, an official said Sunday. Gabriele Torsello and his Afghan translator were abducted by armed men on Saturday as they were driving from Lashkar Gah, the capital of the southern Helmand province, toward neighboring Kandahar." Helmands and Kandahar "have been the scene of the most intense fighting between Taliban and NATO troops this year, the worst upsurge in violence in the country since the U.S.-led invasion in 2001 that ousted the Taliban regime from power."

CORPORATE SCANDALS:

UnitedHealth CEO Ousted Amid Options Probe. The New York Times (10/16, Dash, Freudenheim) reports, "Dr. William W. McGuire, a medical entrepreneur who built the UnitedHealth Group into a colossus in its field, was forced to resign from the company yesterday and to give up a portion of the $1.1 billion he holds in harshly criticized stock options." The Times continues, "UnitedHealth, one of the

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nation's two largest health insurers, also dismissed its general counsel and a member of its board in what amounted to a sweeping overhaul of its governance practices and leadership ranks. The options that Dr. McGuire had been granted over the years have led to criminal and civil investigations and public disapproval." The Times adds, "In a sweeping report released yesterday that was highly critical of management, a law firm hired by UnitedHealth to investigate the timing of stock options concluded that the company was riddled with poor controls and conflicts of interest. The report, which the company posted on its Web site, found that UnitedHealth had backdated options to maximize employees' compensation. … The company said yesterday that the disputed options would be repriced from the lowest share price for the years in question to the highest prices, scaling back the earnings of Dr. McGuire and others. The company did not say precisely how much its executives would give up. … The developments are the most dramatic to date since federal regulators started looking into the widespread practice of backdating stock options. More than 100 companies have come under scrutiny over the unlikely coincidence of stock options being granted again and again to senior executives on dates when the company's share price was low, a tactic that guaranteed the maximum profit when the options were turned into cash."

The AP (10/22, Freed) reports the company "said McGuire will step down immediately as chairman and as a director. It said that McGuire would continue as chief executive until Dec. 1 at the latest and that he would 'assist in an orderly transition to new leadership.'" The company "named Stephen Hemsley, currently president and chief operating officer, to be the new chief executive. It also installed Richard Burke, the founding chief executive of UnitedHealth's predecessor company, as chairman."

The Los Angeles Times (10/16, Girion) notes that the announcement "came in the wake of a board-commissioned investigation that found that stock option grants were "likely backdated" to allow insiders to maximize financial gains." An investigation "by a law firm hired by UnitedHealth's board concluded that 1.5 million options — most of which were granted to McGuire as a part of his 1999 compensation package — were 'likely backdated.' The results of that investigation — given to board members last week and made public Sunday — were viewed as creating pressure on McGuire to leave." Yet, "because the investigation had been underway for more than six months, there was a sense among investors until only recently that McGuire would survive the scandal, said Sheryl Skolnick, an analyst at CRT Capital in Stanford, Conn."

The Wall Street Journal (10/16, A1, Bandler, Forelle) reports, "The probe's findings, released yesterday, provided a detailed picture of how stock-option backdating worked at the company, offering glimpses of cronyism and a culture in which vast sums of compensation were handed out with few controls or written records. Among the troublesome option grants detailed in the report was a massive 1999 award to Dr. McGuire that ranks among the most lucrative ever." UnitedHealth "also is being investigated by the Securities and Exchange Commission, by federal prosecutors in New York, and by the Minnesota attorney general."

UnitedHealth To Face Investor Scrutiny. The Wall Street Journal (10/16, Fuhrmans) reports, "With William McGuire forced out from the helm of UnitedHealth, investors will start sorting out whether the company's management team can get it back on track without the man who built it. Despite the obvious challenges ahead, some investors and analysts say it can." UnitedHealth "has one critical factor working in its favor: It is known for its deep bench of management talent. … Against that backdrop, investors need to decide whether to sell the stock because the company could struggle without Dr. McGuire's leadership, or to buy it because the uncertainty about the stock-options scandal is closer to being resolved."

Smaller Firms Take On Accounting Giants. The Washington Post (10/16, D1, Hart) reports, "For more than a decade, many smaller Washington-based accounting and consulting firms have aligned themselves with one of four larger networks that represent mid-size regional firms. Now one of those networks has gone a step further: banding its member firms together to act as one company." The Post continues, "The network, called Baker Tilly USA, opens for business today, combining 22 mid-size accounting firms from around the country, including Beers & Cutler PLLC locally. The alliance plans to offer tax, audit and consulting services to capture more of the accounting market, a strategy other accounting networks plan to adopt over the next year." The Post adds, "The dissolution of accounting giant Arthur Andersen in the Enron scandal, and the more stringent internal accounting controls required by the Sarbanes-Oxley law, created more demand for the Big Four -- Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP -- particularly from the nation's largest public companies. .. .Second- and third-tier accounting firms often found it difficult to move up the accounting ranks because larger clients typically require industry-specific skills and global reach, which many regional firms do not have."

SEC To Relax Margin Rules. The Financial Times (10/16, Grant) reports, "The US is set to relax margin rules in force since after the Wall Street crash of 1929 with the approval of a system that will cut securities trading costs and pave the way for 'multi-asset' trading across equities, options and futures." The Times continues, "The move removes a key barrier to the competitiveness of the US capital markets as

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similar margin rules already exist in Europe, attracting increasing numbers of hedge funds to London. … It comes as many US exchanges are trying to expand the mix of their businesses towards a combination of equities, options and futures." The Times adds, "This is in response to demand from hedge funds and other traders who increasingly prefer to trade such assets simultaneously. … The Securities and Exchange Commission's staff has approved an application by the New York Stock Exchange for a new type of 'portfolio margining' account that calculates margin based on the types of assets held in the account and the interplay between them. … It will provide an alternative to the 'Reg T' margining system, under which the Federal Reserve and NYSE set margins for stock trading at up to 50 per cent."

Regulators Rethinking Hedge Fund Rules. The Financial Times (10/16, Grant) reports, "Top US policymakers believe fresh regulation of hedge funds may be needed to avoid a catastrophic hedge fund failure and that relying on banks and other counterparties to manage their exposure to the booming industry may no longer be enough." The Times continues, "The development marks a shift in thinking on hedge fund oversight since a US court in June struck down a rule that hedge fund managers register with the Securities and Exchange Commission. … Hedge funds have since been in regulatory limbo." The Times adds, "The $6bn losses at hedge fund Amaranth have thrust into the spotlight concerns over the systemic risks associated with the $1,500bn industry. … Since the collapse of Long Term Capital Management in 1998, the President's Working Group on Financial Markets – made up of the Federal Reserve, Treasury, SEC and Commodity Futures Trading Commission – has believed that counterparty risk management is the best way to guard against risks to the financial system posed by hedge funds. … Ben Bernanke, US Federal Reserve chairman, in May expressed scepticism about giving regulators more oversight over hedge funds, saying that allowing hedge funds and trading partners to manage risk in the sector made 'economic sense'. … However, one senior official close to the group said the explosive growth of such funds, the leverage available and the increasing exposure of pension fund money to them had cast doubt on that approach. … Speaking on condition of anonymity, he said: 'It's an unavoidable question that you ought to look comprehensively at how this framework is working . . . Is counterparty risk management still the right approach?'"

Hedge Funds Draw Insider-Trading Scrutiny. The New York Times (10/16, Anderson) reports, "In early March, executives from Movie Gallery, a big movie rental chain, held a private conference call for their lenders to talk about how disastrous 2005 had been for the company. A string of Hollywood flops had kept customers away. More people were recording movies from television instead of renting them from a store. The executives said they needed more time to fix the problems, which included more than $1 billion in debt." The Times continues, "Most of the roughly 200 lenders were not bankers, but hedge funds. And what they heard was supposed to be confidential: it was inside information, as valuable to investors as a tip about an imminent takeover. … During the next two days, though, Movie Gallery's shares were heavily traded, and its stock plummeted 25 percent. … A coincidence? Regulators are not so sure. The Securities and Exchange Commission is now looking into whether any of the hedge funds on the private call with Movie Gallery took their inside knowledge of the company's struggles and traded on it. Movie Gallery announced earnings results to the public nearly two weeks after the private conference call." The Times adds, "The Movie Gallery case provides a window onto the growing power of hedge funds in financial markets, and raises questions about their role in how information flows on Wall Street. Hedge funds have become a dominant force in the New York and London stock exchanges, and now account for roughly half of all trading in those markets. But they also have recently become major players in the more opaque debt market, which includes bonds as well as loans, and is more than one and a half times as big as the stock market. … The power shift in the loan market has prompted the trade association for lenders to develop new guidelines, to be announced today, governing how confidential and material — meaning potentially market-moving — nonpublic information is used."

CRIMINAL LAW:

DOJ To Launch Initiative Seeking Causes Of Violent Crime Increase. USA Today (10/16, Johnson) reports, "Teams of federal investigators looking to curb increases in murder and robbery will visit several U.S. cities in order to pinpoint the root causes of community violence, the Justice Department is expected to announce today." USA continues, "U.S. Attorney General Alberto Gonzales plans to outline the initiative in an appearance at the annual meeting of the nation's police chiefs in Boston, the Justice Department said." USA adds, "The Justice review comes after the Police Executive Research Forum, a national police advocacy group, reported last week that murder, robbery and assault offenses had increased substantially in a cross-section of cities during the first six months of 2006. … Last month, the FBI's national crime report for 2005 also revealed a nearly 2% increase in the nation's murder rate after a two-decade low in 2004." USA notes, "The federal program will dispatch investigators to several cities during the next few weeks to look at possible causes of increased violence, according to an outline of the initiative provided by the Justice Department. The department didn't identify the cities."

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Abramoff Associate Met White House Officials 12 Times In 2003 And 2004. The Financial Times (10/16, Kirchgaessner) reports, "A lobbyist associated with Jack Abramoff, the convicted former 'superlobbyist', met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress." White House officials' "meetings with Shawn Vasell, a former associate of Mr Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform." The Times adds, "A spokesman for Mr Abramoff, who pleaded guilty to corruption charges this year, declined to comment."

Mehlman Denies Involvement In State Department Official's Firing. The Financial Times (10/16, Kirchgaessner) reports RNC Chair Ken Mehlman "was on Sunday put on the defensive about his alleged role in the ousting of a State Department official in 2001 who was a political foe of Jack Abramoff." Mehlman "said he did not recall the specifics of the removal of Allen Stayman, who supported changes to labour laws on the Northern Mariana Islands, an important client of Mr Abramoff, but said it was 'not true' he had the authority to fire anyone in his former role as political director at the White House." The Times quotes one of the released Abramoff emails saying, "Mehlman said he would get him [Stayman] fired." Stayman, now on the minority staff of the Senate Energy and Natural Resources Committee, had been the Director of the Office of Compact Negotiations and also served as the Department of the Interior's Deputy Assistant Secretary for Insular Affairs.

Mehlman was asked on CNN's Late Edition (10/15) about a report that an official at the State Department was fired because Jack Abramoff came to him "and basically said, fire this guy; he's not allowing the policies in the Northern Mariana Islands that Abramoff and his clients wanted." Mehlman said, "It is not true. And I'm not sure that those e-mails suggested that. First of all, I did not have the authority, as the political director, to fire anybody. It wasn't my decision."

Tampa Gambino Trial Begins Today. The St. Petersburg Times (10/16, Weimar) reports, "Not so very long ago, Tampa was an underworld hub, a place where mobsters ran illegal gambling operations out of Ybor City coffee shops and killed the people who got in their way. Those days are over, thanks largely to a crackdown by law enforcement in the 1970s and '80s. But experts say the Mafia never really left Tampa: It just changed form. Starting today , four men alleged to be members of the Gambino crime family will go on trial in U.S. District Court in Tampa on charges of racketeering and extortion. Prosecutors said the crew, headed by Ronald 'Ronnie One Arm' Trucchio, committed a string of crimes from New York to Miami, including murder, robbery and extortion." The Times adds that today, "mobile groups of crime associates called 'crews' migrate to Florida and work independently, making payments to heads of families in New York or New Jersey."

The Tampa Tribune (10/15, Silvestrini) reported, "Lorraine Lamendola's terrifying tale of hiding from mobsters by crawling around on the floor of her darkened house is at the heart of what the federal government says was a brutal struggle to control the valet parking business in Tampa. While members of the Gambino crime family…carried out murders, armed robberies and drug sales in New York, New Jersey and Florida, mobsters used extortion to gain dominance over valet revenue at hospitals, restaurants and nightclubs in the Tampa area, federal authorities allege." The Tribune noted, "Documents filed in the federal criminal case and the county civil case paint a picture of a violent struggle over the lucrative business of parking cars in the Tampa Bay area."

Internet Investigators Fight Rising Threat Of Child Predators. In a story about the rising threat of Internet child predators, the Miami Herald (10/14, Veciana-Suarez, 310K) noted, "About 18 months ago, the FBI's Miami division launched a separate Crimes Against Children Squad. The squad includes about 10 undercover investigators who mostly work online. … Since the squad began, FBI agents have arrested or identified 82 suspects for a range of sex crimes against children, said Judy Orihuela, the FBI's Miami spokeswoman." The Herald added, "The squad, which serves the Keys through Palm Beach County, also works with public schools to teach children how to stay safe. But police, like other experts, say it's ultimately up to the parents. 'We don't advocate for parents to try to keep their kids offline,' said Supervisory Special Agent Terri Patterson. 'That's unhealthy. The kids have to spend time online. Their parents just have to monitor it.'"

Bikers Raise Funds For Amish School Families. NBC Nightly News (10/15, story 11, 1:45, Seigenthaler, 9.87M) reported, " In Lancaster County, Pennsylvania, it's a weekend of healing as neighbors reach out to neighbors following the deadly Amish school shooting there. And in the wake of the violence, a new story is unfolding, one of community compassion and grace. Today, more than a thousand bikers turned on the power of their engines to help families. ... An act of kindness raising nearly $30,000 today to benefit families whose children were shot in an Amish school two weeks ago."

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Former Duke Students Say Rape Accusation Ruined Lives. The New York Times (10/16, Wilson) reports, "In their first news interviews, three former Duke University students told the CBS News program '60 Minutes' that they were falsely accused of raping a woman hired to dance at a lacrosse team party last March." The Times continues, "One of the men has graduated from Duke, while the other two, who were sophomores, have been suspended from the university pending the outcome of the case, they said on the program, which was shown yesterday. They are free on $100,000 bail while awaiting a trial expected to start next spring. … 'This woman has destroyed everything I worked for in my life,' said the student who graduated, David F. Evans, 23, of Annapolis, Md. 'And, worst of all, she's split apart a community and a nation on facts that just didn't happen and a lie that should have never been told.'" The Times adds, "Also appearing on the show was James E. Coleman Jr., a professor at Duke's law school who criticized the prosecutor in the case and accused him of misconduct. Mr. Coleman, who led a university review of the men's lacrosse program after the party, said of Michael B. Nifong, the Durham County district attorney, 'I think in this case, it appears that this prosecutor has set out to develop whatever evidence he could to convict people he already concluded were guilty.' … In June, Mr. Coleman said Mr. Nifong should ask the state attorney general to appoint a special prosecutor and remove himself from the case. Mr. Coleman said Mr. Nifong 'pandered to the community' and set up an improper photo lineup to identify suspects. … In a telephone interview last night, Mr. Coleman said, 'He has forgotten about his obligation to protect the innocent, and in my view, that's prosecutorial misconduct.' … Mr. Nifong did not return telephone calls and e-mail messages yesterday. The accuser, a student at North Carolina Central University, could not be contacted."

Author Offers Hope To Imprisoned Teens. The New York Times (10/16, Smith) reports, "On a recent weekday afternoon (in Orlando, FL), Dennis Lehane, the best-selling crime writer, stood in front of 17 imprisoned teenagers, trying to establish his street credentials. He grew up in a violent neighborhood, he told them, Dorchester, in Boston. 'One or two made it out of my neighborhood,' he said. 'Sixteen other guys went down.'" The Times continues, "Mr. Lehane was on a tour to publicize his new story collection, 'Coronado' (HarperCollins), and had made an unusual stop: at the Youthful Offender Program at the Orange County Jail here. The participants had been reading 'Coronado' as part of a class called, in an effort to use language familiar to teenagers, 'Literature n' Living.' … Most of the boys, who are 14 to 17, had been accused of crimes so serious that they were being tried as adults. Some were awaiting trial, others serving sentences of less than a year. Many of the characters in 'Coronado,' are, like the prisoners, young, lost and violent, and the book had been assigned to them by John Richter, the program's coordinator, in an effort to get them to read — anything." The Times adds, "Mr. Richter had tested the boys to make sure they understood the book, and had them write reports, which they were now delivering to Mr. Lehane, whose 2001 novel, 'Mystic River,' was made into a movie by Clint Eastwood."

CIVIL RIGHTS:

President Of National Association Of The Deaf Calls Arrests "Totally Unnecessary." The Washington Post (10/16, B1, De Vise) reports, "The president of the National Association of the Deaf weighed in yesterday on what she called the 'totally unnecessary' arrests Friday night of 133 protesters at Gallaudet University in a dispute with campus administrators, and urged the board of trustees to take command of a situation that 'is out of control.' Bobbie Beth Scoggins, head of the advocacy group, arrived at the Washington campus yesterday afternoon to cheers from scores of students and alumni, who have taken shifts occupying tents around the campus entrance for the past week. They shut down the campus for three days to protest the selection of former university provost Jane K. Fernandes as the school's next president." Scoggins said that "sympathizers around the world had erected more than 70 'tent cities' in solidarity with the Gallaudet protesters, four of whom launched a hunger strike at the start of the weekend." Fernandes defended the arrests as "necessary to regain control of the campus."

Gay Masseur's Business Application Stirs Tensions In Manassas, VA. The Washington Post (10/16, Miroff) reports, "In the past three years, the Manassas City Council has received two applications for home-based massage therapy businesses, and members have approved both. Then Howard Daniel, who is gay, applied." The Post continues, "The backlash against Daniel's request began last month when nearly two dozen people, many of them members of a local church, spoke in opposition to it at a public hearing. When it came time for the city to decide on Daniel's application the next week, council members balked and voted instead to consider changing the city's zoning laws." The Post adds, "The city's response and the community opposition have blindsided Daniel and his supporters, one of whom had an anti-gay message written on his car. … Questions of discrimination are already sensitive in Manassas, which is currently under federal investigation for housing policies that allegedly target Hispanic residents, a violation of the Fair Housing Act. Now the city is again facing

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a land-use decision loaded with political overtones. At least one council member, Andrew L. Harrover (R), said he has received threats that Daniel's home will be picketed if the council approves his application. … The vast majority of those who have mobilized against Daniel's application do not live on his street or even in his neighborhood. Many are affiliated with Manassas's All Saints Catholic Church, though there is no indication they have organized their opposition through the church."

ANTITRUST:

AT&T-BellSouth Deal Draws Consumer Criticism. USA Today (10/16, Davidson) reports, "Consumer advocates say the new concessions AT&T has offered to close its $80 billion merger with BellSouth don't go far enough to preserve competition. … 'They're a step in the right direction, but they don't resolve the most important competitive problems,' says Gene Kimmelman of Consumers Union. … He also said AT&T's offer smacks of desperation to win approval." USA continues, "At the urging of its two Democratic commissioners, the Federal Communications Commission postponed Friday's scheduled vote on the merger until Nov. 3 to allow time for the public to comment on proposed concessions that AT&T filed Friday. The four commissioners available to vote on the merger are split 2-2 along party lines." USA adds, "AT&T's offer, an attempt to break the stalemate, includes a $10-a-month DSL broadband service for new customers for 30 months. The company also said it would also offer free DSL modems for new broadband subscribers next year. … AT&T's proposal followed a flurry of late-night negotiations Thursday with the FCC's two Democratic commissioners, Michael Copps and Jonathan Adelstein. Republican FCC Chairman Kevin Martin has recommended the merger's approval with no conditions. Democratic commissioners Friday indicated AT&T's offer represented progress. … The Justice Department last week cleared the deal with no conditions or divestitures, enraging Democrats, who vowed to press for significant requirements."

Oshkosh Truck To Buy JLG Industries For $3 Billion. The Wall Street Journal (10/16, Brat, Hallinan) reports, "Oshkosh Truck Corp. said it will acquire JLG Industries Inc. for about $3 billion, positioning the Oshkosh, Wis., maker of fire, military, concrete and garbage trucks to take better advantage of the global boom in nonresidential construction." The Journal continues, "JLG, of McConnellsburg, Pa., makes aerial-work platforms, booms and related equipment that can lift people and heavy materials several stories. The all-cash deal at $28 per JLG share will create a company with 13,000 employees and $6 billion in annual revenue. Oshkosh will assume about $200 million in debt. Shares of JLG ended unchanged Friday at $20.75 in 4 p.m. composite trading on the New York Stock Exchange." The Journal adds, "While housing construction in the U.S. has slowed, construction of office buildings, warehouses, multistory parking lots and other nonresidential construction has been strong as companies spend cash on expanding factories and offices while interests rates are near historical lows. … The purchase of JLG, which Oshkosh expects to complete in the next 90 days, will be the company's 15th acquisition since 1996."

Volkswagen Would Support MAN's Scania Bid With Restrictions. The Wall Street Journal (10/16, C8, Rauwald) reports, "German car maker Volkswagen AG said it would support MAN AG's attempt to acquire Scania AB for 95.89 billion kronor ($12.93 billion) if the German truck maker manages to acquire shares representing slightly more than 56% voting rights in its Swedish rival." The Journal continues, "Volkswagen, Europe's biggest auto maker by sales and the biggest single shareholder in both MAN and Scania, said it would offer its shares -- representing 34% of Scania's voting rights and 18.7% of its equity -- to MAN in that case. Volkswagen said MAN must also win shares representing at least 71.31% of Scania's capital." The Journal adds, "Volkswagen's supervisory board, the equivalent of a U.S. board of directors, 'is convinced that a solution acceptable to all sides remains the preferred outcome,' the company said in a statement following an extraordinary meeting yesterday. Volkswagen added it won't support a counterbid by Scania for MAN at the present time. .. . MAN said it welcomes 'Volkswagen AG's continued support for its concept to combine MAN and Scania AB and its willingness to tender its shares into a successful merger.' … Scania and Swedish investment company Investor AB, which owns a significant stake in Scania, have rejected the most recent bid, saying it still 'significantly undervalues' the company's prospects. Investor said yesterday it still won't rule out a counterbid by Scania."

EU, Microsoft Seek Common Ground On Vista. The Financial Times (10/16, Buck) reports, "Microsoft and the European Commission appeared to be stepping back from months of conflict over the Vista operating system, after the US software group revealed on Friday that it had made significant changes to its new flagship product ahead of Vista's launch next month." The Times continues, "Although the Brussels-based antitrust regulator stressed that it had not given a 'green light' to Microsoft, Neelie Kroes, the European Union competition commissioner, gave an upbeat assessment." The Times adds, "Microsoft's competitors said they needed more time to assess the changes to Vista. But most of them welcomed the US software giant's announcement that it would amend the operating system in

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order to ensure that computer users had a choice between using rival software or Microsoft's own products. … The changes focus in particular on internet search, security software and a programme similar to Adobe's PDF reader that lets users create and send fixed documents. Microsoft said it would develop interfaces that would allow rival software to connect better with the new operating system. It would also allow competing software to 'override' Vista's own functions should users install another product providing the same service. .. .Symantec, which had warned that the integration of Microsoft security features into Vista would undermine its business, said Microsoft's concessions gave reason for 'guarded optimism'. … However, Symantec said it was crucial that Microsoft made available details of the new interfaces to rival companies as fast as possible."

ENVIRONMENT:

Report Warns Growth In US Electricity Demand Outstripping New Resources. The Wall Street Journal (10/16, Smith, 2.03M) reports, "A report by the North American Electric Reliability Council warns demand for electricity is increasing three times as fast as resources are being added in the U.S., a trend that could shake electric-system reliability in the coming decade. In its first report since the organization's duties were expanded by Congress, the grid organization, known as NERC, said U.S. demand will increase by about 20% from 2006 to 2015, outstripping investment in new electrical supply." The Journal says, "Increasingly, it is left to a deregulated market to determine whether and when new resources get built. As the system drifts closer to its physical limits, it is even more important that energy regulators and utilities promote conservation and use of the most energy-efficient equipment, said Rick Sergel, chief executive of [NERC]."

WSJournal Outlines 10 Innovations That Could Reduce Electricity Usage. In an analysis, the Wall Street Journal (10/16, R1, Smith, 2.03M) reports that the electricity "crisis" the US is facing is "a tremendous opportunity." The Journal says, "Energy prices are high, supplies are increasingly tight, and anxiety is growing about climate change. But that dark outlook is driving consumers, utilities and public officials to finally take advantage of innovations that could radically reshape the nation's power consumption without lowering the standard of living." The Journal outlines "10 innovations capable of making a big difference immediately and in coming years." These include: more efficient lighting systems and hardware, advanced sensors, better tools for tracking energy use, higher EPA energy-efficiency standards, more stringent building codes, improved incentives for utilities, variable electricity pricing, rebates for old equipment, and "demand-response" programs.

Board Finds Poor Oversight By BP Caused Texas City Fire. The Wall Street Journal (10/16, A10) reports, "A July 2005 fire at BP PLC's Texas City refinery was caused by poor mechanical-integrity oversight, a U.S. safety board said. The fire occurred four months after an explosion at the refinery killed 15 workers and injured hundreds more." The Journal says, "BP said it agreed with the findings -- disclosed yesterday -- of the Chemical Safety and Hazardous Investigation Board and described a series of steps taken to improve 'positive material identification' at the plant, including an increase in the size of the inspection team from 50 people to more than 200."

The New York Times/AP reports BP "did not have procedures in place that could have prevented a fire in July 2005 at its refinery in Texas City after workers installed the wrong type of pipe, federal investigators said Sunday. The fire at the Resid Hydrotreater Unit, which combines heavy crude oil with hydrogen, caused more than $30 million in damage. One worker suffered minor injuries."

Mexican Bats Find Benefactors In US. The Washington Post (10/16, A8, Connolly) reports from Mexico City, "Shortly before sundown they make their first foray, cruising up to 5,000 feet aboveground in search of mosquitoes, moths and other tasty treats. A few hours later, they return home to rest and feed their young before heading out again around midnight." The Post continues, "By daybreak, when Mexican free-tailed bats finally return to their cave, named Cueva de la Boca, the colony will have traveled as far as 62 miles and gobbled some 12 tons of bugs out of the skies near the U.S. border. And in cornfields from Texas to Iowa, farmers are giving thanks. … Or at least they should be." The Post adds, 'Sure, bats are creepy. They hang upside down, squeal at high decibels and turn up in movies as blood-sucking fiends. Some even spread rabies. But, it turns out, that in the global ecosystem, bats are humanity's allies. … Every night, all night, as humans sleep, the flying mammals work feverishly. They pollinate plants such as the agave, the source of Mexico's iconic tequila. Their excrement, called guano, is a valuable fertilizer. And bats eat up to one-quarter of their body weight in insects every night, making them one of the simplest, safest, most cost-effective forms of pest control available. … Somehow, that message has not reached most people. For decades, intentionally or otherwise, property owners, hikers and sightseers have trampled habitat, dumped garbage and set fires, decimating the bat populations in many parts of the world. … Now, in a unique cross-border alliance, bat lovers have embarked on a multiyear effort to quantify the damage and replenish the bat population of northern Mexico. The project, being spearheaded by the nonprofit Texas-based Bat Conservation International (BCI), includes detailed mapping of hundreds of

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present and former bat roosts, educational programs for farmers and even purchases of land to protect the most vulnerable colonies."

Growing Green Economy Aims At Mainstream. The Washington Post (10/16, D1, Rosenwald) reports, "Keith Ware dressed naturally to set up his booth at the Green Festival. He wore an organic cotton hooded jacket, organic cotton blue jeans and organic hemp work boots, the soles of which are made from recycled surgical gloves. He was not, however, wearing his organic cotton underwear. … Ware is one of the owners of Eco-Green Living, a Logan Circle store that sells organic and fair-trade products such as teas, hemp boots and even the makeshift floor he was setting up, which was made from Marmoleum -- a combination of linseed oil, wood flour, rosin, jute and limestone. He was an exhibitor over the weekend at the Green Festival, which drew crowds of people to the Washington Convention Center to celebrate light bulbs that last 60,000 hours, investment funds targeting socially responsible companies and paper made from elephant dung by a company called Mr. Ellie Pooh." The Post continues, 'The show, the third in the District, grew from 250 exhibitors in the first year to more than 350. Although some exhibitors were selling products, the chief intention of the show was to develop the industry by connecting the principles and products of green businesses with mainstream customers. … By many accounts, the green business movement is taking off, with the marketplace topping more than $228 billion in the United States and with such companies as Wal-Mart Stores Inc. getting into organic food and General Electric Co. plowing into renewable energy. Levi's is introducing organic cotton jeans. Vanity Fair recently published a green issue. … (W)hat was long a counterculture movement is now embracing one of its sworn enemies -- big business -- as a key component of the cause."

FBI/DEA/ATF/USMS:

Three Chicago Gang Members Convicted Of Drug Trafficking. The Medill News Service (10/13) reports three members of a Chicago gang "were convicted Thursday, culminating a massive federal probe into a network of drug trafficking on the city's West Side. Troy Martin, Eddie Bell and Patrick Bray were each found guilty by a federal jury of running a highly organized drug ring as members of the Mafia Insane Vice Lords. … The men were arrested in May 2004 as part of 'Operation Day Trader,' a U.S. Drug Enforcement Administration investigation. A total of 48 defendants were arrested on federal conspiracy charges, most of whom have been convicted."

Accused Asian Gang Leader Arrested In Sacramento. KOVR-TV, Sacramento (10/14) reports on its Web site that five people were arrested after they "were caught growing marijuana in plain view in their backyard. Federal agents say one of the suspects arrested is a leader of an Asian gang called Little Rascals, a gang the DEA says is the boldest they've arrested all summer. … According to an affidavit, the leader lived in Elk Grove but ran the operation out of his mother's house in Oak Park. Inside the home, agents say they found 6,000 ecstasy pills, 39 marijuana plants in the backyard of the residence well as 19 boxes of processed marijuana."

Six To Plead Guilty In Texas To Drug-Smuggling. In McAllen, the Monitor (10/14) reports six defendants in a federal drug case "have agreed to plead guilty to smuggling charges, opening the way for prosecutors to go after their 10 co-defendants. … The case dates back to December 2005, when the 16 men were indicted after an almost 10-year Drug Enforcement Administration investigation into cocaine and marijuana smuggling near Peñitas." The Monitor notes that the case involves former McAllen police officer Francisco Meza-Rojas who "led the family drug ring, according to court documents. He and the five other prisoners who escaped the prison in La Villa are still on the loose."

Pennsylvania Man Gets 8-Year Sentence for Role In Crack Ring. The Scranton (PA) Times-Tribune (10/15) reports a Kingston man "was sentenced to more than eight years in prison for his role in a crack cocaine ring that operated in Luzerne and Lancaster counties. Anthony Blaso, 54, of Kingston, pleaded guilty to a drug conspiracy count in July, four months after he was indicted in federal court as a result of an investigation by the U.S. Drug Enforcement Administration and the Wilkes-Barre Police Department."

US Military Pilot Sentenced To Prison In Ecstasy Case. The AP (10/13) reports a U.S. military pilot who "flew a U.S. Air Force jet from New York to Germany to pick up 200,000 pills of Ecstasy was sentenced Friday to 17 1/2 years in prison. U.S. District Judge John G. Koeltl rejected appeals by defense lawyers for leniency for Capt. Franklin Rodriguez of the U.S. Air National Guard, saying the sentence was appropriate for 'a particularly egregious and despicable crime.'"

The Mid-Hudson News (10/14) reports Rodriguez and his co-defendant, Master Sergeant John Fong, "pleaded guilty in May to conspiring to import the drug into the country and conspiring to possess and distribute the drug. The charges were the result of an international investigation into

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importation of Ecstasy on military aircraft and its distribution in the United States."

Nationwide Marijuana Plant Seizures Outpace Last Year's Count. The San Diego Union-Tribune (10/16, Lee) reports drug agents sniffed out a major marijuana patch at Palomar Mountain State Park a few months ago in the kind of raid that has become all too common on U.S. public lands. What officials initially thought might be a few hundred plants ended up being 15,000. … Initial repairs to such an area can cost taxpayers $10,000 per acre for staff time and a helicopter to haul away garbage, said the Office of National Drug Control Policy. On average, ten acres are fouled for every acre of marijuana planted in forests and on other public lands, the agency said." Federal agents "say that about 4.5 million outdoor marijuana plants have been seized nationwide this year, largely from public lands. That pace is well ahead of the 2005 count."

Rep. McGovern Seeks Leniency For Convicted Drug Dealer In Massachusetts. The Boston Herald (10/16) reports U.S. Rep. James P. McGovern "asked a federal judge in Boston to go easy last week when sentencing a now twice-convicted drug dealer who was once moving up to 13 pounds of coke per month." McGovern "wrote to U.S. District Court Judge F. Dennis Saylor IV asking leniency for Nicholas Police." On Thursday, Saylor "sentenced Police…to the low end of the 8-to-10 years he was facing for pleading guilty to possession of cocaine and marijuana."

FARC Member's Trial To Begin In D.C. The AP (10/16) reports, "The politically charged trial of a top Latin American rebel leader is set to begin in a 3-year-old kidnapping case that has the lives of three Americans hanging in the balance. Opening statements were scheduled for Monday in the U.S. District Court trial of 56-year-old Ricardo Palmera, who is considered the most senior member captured from the Revolutionary Armed Forces of Colombia (FARC), on charges he provided material support to a terrorist group. … The trial is the latest evidence of a stiffening U.S. stance against FARC, which the U.S. government considers a terrorist organization. … The group funds itself through drug trafficking, extortion and kidnapping."

IMMIGRATION:

Immigration Said To Cause Overcrowding, Environmental Problems. Dan Stein, president of the Federation for American Immigration Reform (FAIR), writes in USA Today (10/16, 2.27M), "Overcrowded schools, congested highways, environmental stresses: We are a nation paving over its wildernesses while depending on our enemies for vital resources. Why? Because Americans have been blindsided by a government-mandated mass immigration program that's fueling this nation's runaway population growth. This growth was neither planned nor expected, but we feel the consequences every day." Stein adds, "Our population future is entirely within our power to determine. Just as the government has mandated soaring overcrowding and congestion in the past several decades, it has the power to slow population growth by curtailing immigration and enforcing laws against illegal immigration. … As responsible stewards for future generations, there is an urgency to consider how our decisions today will affect the nation they will inherit — before it's too late."

CONGRESS-ADMINISTRATION:

Snow's Role As GOP Fundraiser Draws Criticism. The New York Times (10/16, Stolberg, 1.21M) reports that "in the six months" since President Bush "enlisted him to resuscitate a White House press operation that was barely breathing," Tony Snow, "a former Fox News television and radio host and a conservative commentator, has reinvented the job with his snappy sound bites and knack for deflecting tough questions with a smile. Now, he is reinventing it yet again, by breaking away from the briefing room to raise money for Republicans, as he did…on Saturday night for Speaker J. Dennis Hastert. … His booking agent is the White House political shop, run by Karl Rove, the president's chief strategist. The White House is not keeping track of how much money Mr. Snow raises. His talks -- Saturday night's was a cross between a one-man show and a religious revival -- have attracted little scrutiny so far, but they are giving a much-needed boost to a party whose midterm fortunes appear increasingly bleak." Yet "even as the Republican establishment revels in his celebrity – 'It's like Mick Jagger at a rock concert,' Mr. Rove said -- Mr. Snow's extracurricular activities are making some veteran Washington hands, including those with strong Republican ties, deeply uneasy." The Times goes on to quote David Gergen ("If he is seen as wearing two hats, reporters as well as the public will inevitably wonder: is he speaking to us now as the traditional press secretary, or is he speaking to us as a political partisan?") and Kenneth Duberstein ("His profile should not be a political profile…but a press profile on behalf of the president") raising concerns about Snow's political activivies.

Mehlman Says GOP Leadership Dealt With Foley Scandal Aggressively. RNC Chairman Ken Mehlman was asked on CNN's Late Edition (10/15) how Republicans will deal with the Foley scandal only a few

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weeks before the election. Mehlman said, "I think you answer with the truth. The fact is the Speaker and our leadership could not have been more aggressive. The moment they found out about this, they gave Mark Foley the political death penalty. They said, get out of Congress or we're going to throw you out. They called in the FBI and the Department of Justice to investigate. They tried to bring in Louis Freeh to make sure the program was appropriate in the future. I think when people find this out, they're going to appreciate it."

Hastert's Leadership Style, Tenure As Speaker Examined. The Washington Post (10/16, A1, Grunwald, VandeHei, 748K) runs an analysis piece on Speaker Dennis Hastert's record, and describes him as someone "largely unknown outside Washington, routinely underestimated as a powerless figurehead inside Washington," yet a leader who "has helped unify his fractious caucus, promote President Bush's agenda and expand the House's GOP majority." Hastert "is still beloved by his players, which is why he's survived the Foley mess so far. They appreciate how he listens to their concerns, shares credit and works overtime to keep the team together. He schlepped to 42 districts in August to try to maintain the GOP majority; it's no coincidence that his political arm is called the Keep Our Majority PAC." His aides "say he intends to fight to protect his job, and he intends to win. After all, his legacy is at stake on Nov. 7. He'll either be the unbeaten coach, or the coach who lost the big one. Either way, he'll be the speaker who presided over an era of unprecedented partisanship, an era when winning seemed to be the only thing that mattered."

The Washington Post (10/16, A19, Babington, 748K) also says Hastert "shows no sign of resigning," but "the mere suggestion that he might do so raises an intriguing political and constitutional question: Who would replace him while Congress is in recess? The answer, it appears, is on a piece of paper locked away in the House clerk's office. In a little-noticed action taken nearly four years ago, the House amended its rules dealing with the 'continuity of Congress' in emergencies and the succession of speakers. The rule, cited recently in Roll Call, directs the speaker to 'deliver to the Clerk a list of Members in the order in which each shall act as Speaker pro tempore...in the case of a vacancy in the office of Speaker.'" The Post adds, "Perhaps the biggest question, some lawyers say, is whether a House speaker -- full time or pro tempore -- can assume and keep the presidency under any circumstance. A statute, not the Constitution, lists the speaker's place in the line succession."

Blogger's Role In Unfolding Scandal Noted. The Wall Street Journal (10/16, A1, Schatz, 2.03M) reports, "For three days, William 'Wild Bill' Kerr huddled over an old computer, trying to solve a curious mystery. He wanted to figure out the identity of the congressional page who received the salacious instant messages that prompted Florida Rep. Mark Foley to resign Sept. 29, triggering the scandal that's rocking the House of Representatives just weeks before the election." The "conservative blogger said he felt the news media were distorting the story, and he suspected, among other things, that the page in question was over the age of consent. Five days after the Foley news broke, Mr. Kerr thought he had found the former page -- a 21-year-old political operative who, by chance, worked about 10 miles north of Mr. Kerr's two-bedroom apartment here." Kerr "disclosed the results of his investigation Oct. 4, and gained the sort of instant celebrity made possible by the Internet age."

Hitchens Suggests There Was No Crime, No Victim In Foley Scandal. Christopher Hitchens writes in the Wall Street Journal (10/16, 2.03M) that the emails between Foley and the Congressional page "read for all the world like a chat between two dirty-minded adolescent boys. … The case would perhaps be altered somewhat if Mr. Foley had been the boy's teacher, or employer, or even priest. But pages are volunteers who are not on any one person's staff, and cannot be hired or fired by individual politicians. Neither coercion nor bribery was involved, as in the priestly scandals, which were quite often instances of actual rape. And the boy in this case was obviously a very knowing one, whose virginity was somewhere in his past. Indeed, it was Mr. Foley who seemed like the juvenile, or perhaps the case of arrested development. In what sense, then, does this constitute public business? … For a 'peccadillo,' Mark Foley is gone from politics already. And a huge public holiday has been taken from the serious matters that confront the electorate. But before the waters close over this scandal, and before the next one surfaces, I would still like to know what crime was committed in this instance, and who if anyone was the victim."

Congressional Report Finds Widespread Data Loss In 19 Federal Agencies. The Washington Post (10/16, A19, 748K) reports, "Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public. Most of the data were lost or stolen. In a few cases, it was accessed by computer hackers, according to a report released Friday by the House Government Reform Committee." In all, "the committee reported 788 incidents involving the loss or compromise of sensitive information since Jan. 1, 2003. That was in addition to the 'hundreds of security and privacy incidents' at the Department of Veterans Affairs." The report said, "Data loss is a government-wide occurrence. … The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

GSA's New Acquisition Division To Be Rolled Out In Phases. In his "Federal Diary" column in the

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Washington Post (10/16, D4, 748K), Sthephen Barr writes, "A major new acquisition division is officially up and running at the General Services Administration, but it remains a work in progress." The new Federal Acquisition Service "combines the Federal Technology Service and the Federal Supply Service, which together handle about $56 billion in annual sales. Officials hope that consolidation will improve financial controls; stem revenue losses in the old technology service and make for more efficient purchasing of services, equipment and supplies for federal agencies." James A. Williams, the new FAS commissioner, "said the acquisition service will roll out in phases, in part to allow time to gather more feedback from members of Congress and GSA employees on how best to serve federal agencies. The GSA has put off restructuring 11 regional offices for at least 30 days. … For the long term, the FAS will move to create a strategic plan that fits into the GSA's priorities and gives agencies 'a total view of the GSA' that helps them track where their money is going for purchases of technology and other products, Williams said."

Three Texas Universities Compete For Bush Library. ABC World News (10/15, story 7, 2:20, Harris, 8.78M) reported three Texas universities "are battling to be the site of the future George W. Bush Presidential Library. The White House is expected to announce the winner some time after the midterm elections." Baylor University's Tommye Lou Davis: "It would put us on the map. And so, it is a high stakes game." University of Dallas President Francis Lazarus: "We might seem to be an unlikely candidate for this. But we are a small institution with a global mission." Southern Methodist University, "where Laura Bush went to college and now serves on the board of trustees," is also a contender.

President's Niece Takes Part In World Hunger Event. The Washington Times (10/16, Hunsberger, 88K) reports, "Lauren Bush -- model, Ivy Leaguer and niece of President Bush -- campaigned yesterday afternoon to help end world hunger at a Georgetown University conference on international development." She "told a gathering of about 70 students from area colleges that rich nations need to help developing countries." The Stand Up Against Poverty event "was part of a two-day campaign to set an official Guinness world record for the largest turnout for one cause."

Witness Lists In Congressional Hearings Said To Lead To Increased Spending. The Wall Street Journal (10/16, A14, 2.03M) editorializes, "If Republicans lose control of Congress next month, one big reason will be their record of overspending, especially on earmarks. What explains this GOP fiscal performance? One answer comes from a new analysis by the Cato Institute on the Capitol Hill culture of spending under Republican rule. Examining hearings of 14 Congressional committees, political scientist James Payne found that 1,014 witnesses argued in favor of greater spending while only seven advocated less, an imbalance of 145 to 1. This is worse that a Cuban election." Congressional hearings "have degenerated into a lobbying process in which advocates sing the praises of the spending that their livelihoods depend on, while stroking the egos of the politicians as constructive philanthropists. Members of Congress begin to believe their own stacked juries. It's amazing they stopped spending at $2.7 trillion this year."

OTHER NEWS:

OPEC To Hold Emergency Meeting To Discuss Output Cut. The Wall Street Journal (10/16, A2, Daya, Williams, 2.03M) reports, "The Organization of Petroleum Exporting Countries, hoping to forge an elusive deal to cut oil output and halt a slide in crude-oil prices, said it will hold an emergency meeting in Qatar Thursday." The Journal says, "Oil ministers have declared that OPEC intends to slash output by one million barrels a day, or about 4%, to prop up prices. Behind the scenes, the oil czars have failed to nail down the all-important issue of how to allocate the cuts among the membership." The Journal sees the meeting as "a sign the cartel may be getting closer to putting aside its differences." However, the United Arab Emirates "signaled there isn't a deal yet."

Survey Highlights Consumer Unease With Health Care System. USA Today (10/16, Appleby, 2.27M) reports, "The US health care system -- touted as providing the best medical care in the world -- is becoming more precarious to most Americans, who are rattled by rising costs, questions about quality and fears about the future." A new poll by USA TODAY, ABC News and the Kaiser Family Foundation "found a growing unease in America about the rising cost of health care, confusion about the causes, and a desire for major reform. But it also found a distaste for giving anything up to achieve sweeping changes." USA Today adds Drew Altman, president of the Kaiser Family Foundation, said, "We have always seen strong support for the goal of universal coverage but never seen consensus on how to get there or a willingness to pay the price." That division "was reflected in" the poll. In the survey, "68% said providing coverage for everyone is more important than keeping taxes down. … When survey respondents were asked about possible trade-offs that might come with a universal program, positive responses plummeted."

ABC World News (10/15, story 5, 4:20, Harris, 8.78M) ran a detailed report on US health care costs, opening a

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"week-long, comprehensive look at the problems and possible solutions for a system that has left millions of people uninsured, unhappy and unhealthy. As part of this series, ABC News, the Kaiser Family Foundation and 'USA Today,' polled people across the country. Only 44% say they're satisfied with the overall quality of health care, and only 18% are satisfied with the cost." Ex-Oregon Gov. John Kitzhaber, an emergency room physician, "says our health care system is just plain broken." Kitzhaber: "It's a system that sort of lies in the weeds until people are very, very sick and then rushes in with extraordinarily marvelous and expensive high technology to help you recover on the back end." Harris: "It's about a series of choices and Kitzhaber says we're making the wrong ones." Kitzhaber: "Should 95-year-old Grandpa's quadruple bypass surgery be paid at the expense of his six-year-old granddaughter getting immunizations and a routine checkup with her pediatrician?"

Possible Winners, Losers If Democrats Win Congress Examined. Columnist Jeffery H. Birnbaum writes in the Washington Post (10/16, D1, 748K), "Pharmaceutical and oil companies had better beware if Democrats make major gains in the upcoming elections. If Democrats win control of one or both chambers of Congress as many analysts expect, those and other industries could lose a raft of the legislative goodies they've garnered in recent years and also find themselves under congressional investigation. Such are the spoils when power shifts in the federal legislature." He adds, "How can we guess the winners and losers? Just follow the money. … Groups that have given much of their money to Democrats can be considered their true allies and will likely benefit from the items that Democrats push on Capitol Hill. Groups that have been delivering most of their campaign largesse to Republicans will probably see their druthers suffer under a more Democratic-leaning Congress." In addition to oil and drug companies, "other industries that would be wise to watch their backs if Democrats take over include insurers, electric utilities, manufacturers, chemical makers, home builders, general contractors, food processors, railroads and building material producers -- all of which gave 60 percent or more of their contributions to Republicans since 2002, according to the CRP's statistics." Democrats "are likely to play favorites as well. If they win, they will almost surely give high priority to the wishes of labor unions and trial lawyers, which have generally been dismissed by Republicans. The CRP classifies the political action committees of both as either solidly or strongly Democratic. Environmental groups, which work closely with Democrats, would also have a leg up."

"Bunch" Of GOP House Seats Seen As Competitive A Month Before Election Day. U.S. News and World Report (10/23, Gilgoff, 2.03M) reports that "with the ongoing investigation into the Foley scandal, continued bloodshed in Iraq, and Bush's approval numbers tumbling back to their basement levels… a bunch of Republican-held seats have suddenly become competitive less than a month before Election Day. … Whether Democrats wind up winning in these districts will determine whether they can go beyond picking up the 15 seats they need to claim just a bare majority in the House to a landslide victory." Newsweek adds, "In the past 10 days, the authoritative Cook Political Report has moved six GOP-held House seats into the 'competitive' column, bringing the number of vulnerable Republican seats to 43, compared with just nine competitive races in districts held by Democrats. The Rothenberg Political Report, another respected elections newsletter, last week raised the projected number of seats the Democrats will pick up next month from the 15-to-20 range to 18 to 25, its first such recalibration since August."

U.S. News and World Report (10/23, Gilgoff, 2.03M) reports that "more competitive races have forced Republicans to pull money from districts where they hoped to unseat Democratic incumbents. 'Because we've looked beyond the races in play to say "What's the next layer?"...we are in a position...to handle the risk of the increasing number of seats,' Republican National Committee Chairman Ken Mehlman tells U.S. News, 'and also...to say, "Now this seat's safe-we don't have to worry about it."' Asked to name a Republican-held seat that has gone from competitive to safe, Mehlman declined."

Mehlman Says Foley Scandal Has Not Had Significant Impact. U.S. News and World Report (10/23, Sullivan, 2.03M) interviews RNC Chairman Ken Mehlman. Asked about polls showing bad results for Republicans going into the November elections, Mehlman said, "Let me first say I do think that we are in a very challenging environment. I think that the situation with [Rep. Mark] Foley has made it even more challenging, but...I have not seen a significant impact in most of the races around the country, and I certainly haven't seen a free fall." Asked how this year's election is different than the 1994 election when Republicans took control of Congress from Democrats, Mehlman said, "First of all, in '94 the Democrats were particularly [vulnerable] to a terrible year because they had a lot of open seats and a lot of those open seats were in Republican presidential districts. There are 20 Republican open seats this year; 17 of the 20 Republican seats this year are Bush-leaning seats, meaning Bush won those districts with an average of 61 percent. The second difference from '94 is the people who are in the toughest races; people like [Connecticut Rep.] Nancy Johnson and [New Mexico Rep.] Heather Wilson and others

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are very battle tested. Important difference No. 3 that I think is going to be relevant this year is that Republicans had a positive agenda they could be for, and voters in '94 embraced many of the concepts behind that positive agenda. You don't see that at all this year."

Pelosi Has Raised Over $50 Million This Cycle. U.S. News and World Report (10/23, Bedard, 2.03M) reports in its "Washington Whispers" column that House Minority Leader Nancy Pelosi "has raised over $50 million this two-year election cycle and over $100 million since getting the top House Democratic post four years ago."

Democrats See Chance To Redefine Battleground For 2008 Presidential Race. U.S. News and World Report (10/23, Walsh, 2.03M) reports that the Democratic Party "sees an opportunity not only to score big wins on November 7 but also to redefine the battlegrounds for the 2008 presidential race." U.S. News adds, "With the Democrats trying to pick up 15 seats to take control of the House and six in the Senate, they are looking to the West, where a half-dozen House races and the Montana Senate race could help determine the new lineup. Colorado, Arizona, New Mexico, and Nevada are the main flash points. All four states have undergone seismic demographic and political shifts. From 2001 to 2005, Nevada was the nation's fastest-growing state. Arizona was second, Colorado eighth, and New Mexico 16th. … 'We intend to contest Arizona, New Mexico, Colorado, and Nevada as a unit next time in the presidential because we think we can win there,' Democratic National Committee Chairman Howard Dean told US News. Dean's theory is that, with a combined total of 29 electoral votes, those four states would make it unnecessary for the Democrats to win Florida, with 27 electoral votes, which they have lost in the last two down-to-the-wire presidential elections."

Dean Denies Democrats Would Raise Taxes. DNC Chairman Howard Dean was asked on CNN's Late Edition (10/15) about Republican warnings that Democrats will raise taxes if they take control of Congress. Dean said, "That's nonsense. We have no interest in doing that. In fact, 80 percent of Americans have seen their income go down. The reason the economy doesn't work for the president is only his friends have benefited from increased earnings and corporate earnings and so forth. … Initially, I think what we'll do is raise the minimum wage, which the president refused to do without giving tax breaks to his contributors. We're not going to be the party of tax breaks to oil companies and insurance companies. We're going to be the part of middle class tax fairness. That does not include any increases of taxes on middle- class Americans of any kind. You know, we always see the Republicans coming out -- your country's going to be blown up if the Democrats take over; your taxes are going to go up. They're desperate. The truth is we believe that we ought to increase the pay of average middle class Americans and working class Americans. We believe we ought to do something about their health care. And we also believe there ought to be real ethics reform in Congress, which the Republicans refused to do."

Meanwhile, also on CNN's Late Edition (10/15), RNC Chairman Ken Mehlman said, "I'm confident we're going to maintain our majorities in the House and the Senate. And here's why. What the American people are going to vote on -- they want the economy; wonder where the economy is. Democrats have said that they will raise taxes, across- the-board tax increases." Asked about Dean's claim that Democrats will not raise taxes, Mehlman said, "That's what he says. But the guy that writes the tax laws, a guy named Charlie Rangel, the week they got out of town, said across-the-board tax increases. Nancy Pelosi, who'd be speaker, has a record of being in favor of across-the-board tax increases."

Krugman Says Party "All That Matters" In This Year's Elections. In his New York Times (10/16, 1.21M) column, Paul Krugman writes, "If the Democrats gain control of either house, no matter how narrowly, the American political landscape will be transformed. If they fail, no matter how narrowly, it will be seen, correctly, as a great victory for the hard right. The fact is that this is a one-letter election. D or R, that's all that matters. It's hard to think of an election in which the personal qualities of the people running in a given district or state have mattered less."

GOP Said To Be Writing Off DeWine As It Redirects Funds. The New York Times (10/16, Nagourney, 1.21M) reports, "Senior Republican leaders have concluded that Senator Mike DeWine of Ohio, a pivotal state in this year's fierce midterm election battles, is likely to be heading for defeat and are moving to reduce financial support for his race and divert party money to other embattled Republican senators, party officials said." The decision "to effectively write off Mr. DeWine's seat, after a series of internal Republican polls showed him falling behind his Democratic challenger, is part of a fluid series of choices by top leaders in both parties as they set the strategic framework of the campaign's final three weeks, signaling, by where they are spending television money and other resources, the Senate and House races where they believe they have the best chances of success." Republicans "are now pinning their hopes of holding the Senate on three states -- Missouri, Tennessee and, with Ohio off the table, probably Virginia -- while trying to hold on to the House by pouring money into districts where Republicans have a strong historical or registration advantage, party officials said Sunday. Republicans also said they would run advertisements in New Jersey this week to test the vulnerability of Senator Robert Menendez, one of the few Democrats who appear

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endangered." The Times also reports, "In one sign of the shifting political environment, as of this weekend, national Republicans were running advertisements in 29 districts; of those, 26 are held by Republicans and 3 by Democrats, though Republicans plan to begin running advertisements this week against an Illinois Democrat, Representative Melissa Bean. National Democrats are on the air in 30 districts, and defending Democrats in just 3 races." Republicans "are no longer running advertisements in three districts where they once thought they had a chance to take over Democratic-held seats -- in South Carolina, West Virginia and Ohio -- as well as a district in Arizona now held by a Republican. The party has not broadcast any advertising in four days on behalf of Representative Chris Chocola, one of three Indiana Republicans who polls suggest are headed for defeat, though Republican officials said that does not mean they have written off Mr. Chocola's seat."

Pennsylvania Senate Race Said To Hold Important Symbolic Value For Both Sides. The Los Angeles Times (10/16, Hook, 918K) reports Sen. Rick Santorum, "an outspoken advocate of banning same-sex marriage, restricting abortion, and other social conservative causes, is considered this year's most-endangered senator. It is a four-alarm fire for conservatives, who are bringing water buckets from all corners of the political world." The Times adds, "Across Pennsylvania, pastors are preparing to stuff voter guides into their Sunday bulletins. In Washington, D.C., Paul Weyrich, a national conservative leader, hosted a conference call to give a pep talk to Republicans in Pennsylvania. In England, some Santorum fans are planning to cross the Atlantic to help campaign." Santorum "is not just a key link between the Republican Party and Christian conservatives. He is also one of President Bush's most unapologetic allies in Congress and a member of the Senate GOP leadership. And he is the apotheosis of a younger generation of Republicans…that transformed the party in the 1990s into a more confrontational, ideological political force." The Times adds, "If 2006 turns into the electoral romp for Democrats that many analysts now are predicting, a loss by Santorum would be a signifier of the end of that Republican revolution. f Democrats are unable to defeat Santorum, they are unlikely to win a majority in the Senate, which Republicans control 55-45."

Kennedy, Klobuchar Clash On Iraq. The AP (10/16, Frommer) reports, "Candidates in Minnesota's closely watched Senate race clashed Sunday on Iraq and tax policy, with the Republican defending his vote to authorize the war in Iraq. 'You can't really play Tivo and rewind,' said Rep. Mark Kennedy." During a debate on NBC's "Meet the Press," he was asked "whether he would still vote for the war knowing that Saddam Hussein did not have weapons of mass destruction. 'We acted on the information we knew at the time. I stand by my vote.'" Democrat Amy Klobuchar, the Hennepin County attorney, "said it was time to have Iraqis take more control of their country and start bringing U.S. troops home. 'You cannot solve a problem that you don't admit exists, and that is what's going on here with the congressman,' she said. 'This war has basically devolved into a civil war.'"

The Minneapolis Star Tribune (10/16, Hotakainen, 398K) reports Kennedy "said the war will require the United States 'to make adjustments,'" but "he suggested it would be impossible to come up with a diplomatic solution: 'You can't negotiate with people that are ruthless and glory in killing innocent women and children.'" Klobuchar "told the stories of a mother in Mahnomen, Minn., who can't sleep because her child is going on his second tour of duty in Iraq and of a father in western Minnesota who cries when questions are asked about Iraq because he lost his son. 'These are real people in the real world who are looking for solutions,' she said."

Kennedy said on NBC's Meet the Press (10/15) that the US has "seen more challenges than we expected" in Iraq. But "if you look at what's happened, we have trained 300,000 Iraqi troops. We have a government that is a unity government. This is the number one issue in this race, and there are stark differences between my opponent, Ms. Klobuchar, and myself. She says it's a distraction. I think that it is one of the central fronts in the war on terror. Osama bin Laden and Zarqawi says that as well. She has set out a specific timetable for bringing our troops home that would tell the terrorists when they can take over an oil-rich country as a sanctuary for terrorists. And I believe we ought to be bringing our troops home as soon as we can after we're sure the terrorists can't win. And she's also come out against a bill funding body armor for our troops that a majority of Democrats join me in supporting. We have no higher priority than to support our troops in time of war, and we have to win this war on terror."

Klobuchar, also on NBC's Meet the Press (10/15), said, "The congressman is talking about body armor, and of course I support body armor for our troops. I support winning this war on terror by being smart. I supported the Patriot Act. But I will say this: the best way that we can protect our troops is to get this policy right. And I believe that that means changing course in Iraq. We need to transition to Iraqi governance; we need to send the clear message that they have to take control of their own government. And that means no permanent military bases. The congressman and I differ on this."

Ford Says He Would Have Voted Against Iraq War If He Knew What He Knows Now. Tennessee Democratic US Senate candidate Rep. Harold Ford was

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asked on ABC's This Week (10/15) about his vote in favor of the Iraq war. Ford said, "Naturally, if I knew then what I know now, I wouldn't have voted for it. At one point, I didn't think that President Bush would have even brought the resolution, but after hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity." Ford added, "Why would you go forward with an effort in Iraq knowing that they didn't have weapons of mass destruction, knowing that our focus should have remained on bin Laden?"

Ford was also asked on ABC's This Week (10/15) about his decision to film an ad in a church. Ford said, "I say I grew up in that church. I was baptized in that church. And the kind of attacks that we're taking in this campaign have been so fierce and so unrelenting that I've relied on my faith a whole lot in this campaign. So it seemed pretty natural to me." Ford added, "I just don't believe that, from looking at this politically, that Democrats ought to cede any ground to any Republican when it comes to morality and faith."

Corker Denies Bush Is Dragging His Campaign Down. Tennessee Republican US Senate candidate Bob Corker was asked on ABC's This Week (10/15) if the recent cash infusion from the RNC to his campaign is a sign his effort is ailing. Corker said, "It's just a big race. I think the national environment is what it is, and I think people throughout the country have a lot of concerns that make the water a little choppy." Asked if President Bush is dragging his campaign down, Corker said, "No, no, I don't know. He's been the state for us twice. Certainly, you know, we appreciate that. He's helped us raise money. Laura Bush was in the state just the last few days. Again, I think it's more of a national climate of concern. And I think people on both sides of the aisle have those concerns."

Bush, Bill Clinton To Host Competing Fundraisers In Virginia Senate Race. The Washington Times (10/16, 88K) reports, "President Bush and former President Bill Clinton will host competing fundraisers in Virginia on Thursday for their favored candidates in the US Senate race." Bush "will rally Republicans at an event for Sen. George Allen at the Science Museum of Virginia in Richmond. Mr. Clinton will headline a soiree for Democratic challenger James H. Webb Jr. at the McLean home of former Sen. Charles S. Robb. Mr. Allen unseated Mr. Robb in 2000. "

Nelson, GOP Challenger Trade Charges In Final Debate. The Lincoln Journal Star (10/16, Walton) reports, "Sen. Ben Nelson and Republican challenger Pete Ricketts came out swinging Sunday in a debate that attracted an overflow crowd of more than 200 on a sunny afternoon in the Panhandle. It didn't take long to establish the tenor of their third and final direct confrontation." In an opening statement, "Nelson repeated his claims that Ricketts supports enactment of a national sales tax, an end to farm payments, privatization of Social Security, amnesty for illegal immigrants and opposes an increase in the federal minimum wage. All those positions may be good for Wall Street, the Democratic senator said, but they're not good for Main Street in Nebraska." Ricketts' opening remarks "took the form of a bare-knuckles response." Nelson, he said, "has benefited from 'a revolving door career in the public and private sectors (and) cashed in' on his public service experience as governor by acting as a paid lobbyist for a brief period before he was elected to the Senate." The Star adds, "Introducing a new allegation into a Senate race that has overflowed with them, Ricketts said Nelson 'sits on the board of a company that contaminates groundwater in Nebraska,' namely Behlen Manufacturing in Columbus."

The AP (10/16) reports Ricketts also "said Democratic incumbent Sen. Ben Nelson was remiss by not pushing for drought relief as part of the last Farm Bill." But "Nelson said in Sunday's debate in Scottsbluff that Republicans were the ones stopping the payments."

Stabenow Seeks To Link Bouchard To Bush In First Debate. The AP (10/16, Martin) reports, "Democratic US Sen. Debbie Stabenow and Republican challenger Mike Bouchard sparred over issues ranging from the economy to the Iraq war on Sunday as they met in their first debate." Bouchard, the Oakland County sheriff, "said Stabenow has been ineffective and has flip-flopped on several issues. 'She says one thing here and does another thing in Washington,' he said." He also "criticized Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years." Stabenow "said Bouchard would support the 'failed policies' of the Bush administration. … On the Iraq war, Stabenow said it's now time for the Iraqi police and military to 'step up so we can transition out.'"

The Detroit News (10/16) says the candidates "occasionally exchanged sharp accusations as they sparred on subjects ranging from Iraq to Social Security in a Sunday debate at WGVU-TV." The debate was recorded in studio on Sunday morning for viewing on public television stations across the state at 8 PM.

Economy Seen As Key Issue In Michigan Campaigns. The Wall Street Journal (10/16, A4, Cooper, 2.03M) reports from Michigan, "Economic anxiety hangs heavy over the midterm elections in this cradle of the American auto industry. That has meant trouble for the re-election campaign of Democratic Gov. Jennifer Granholm." The Michigan governor's race "serves as a reminder that, for all the attention to scandal and Iraq, the economy remains a

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factor, particularly in the Midwest, that can sting incumbents of both parties."

Record Number Of Women Could Be Elected To Senate This November. USA Today (10/16, Nichols, 2.27M) reports, "The door to the women's club in the traditionally male-dominated Senate appears to be inching wider. If polls hold true, there will be a record number of women in the Senate next year, up from the current all-time high of 14 -- nine Democrats and five Republicans. … Six female incumbents up for re-election Nov. 7 are leading their challengers, according to the most recent polls. Democrats Dianne Feinstein of California, Debbie Stabenow of Michigan, Maria Cantwell of Washington and Hillary Rodham Clinton of New York hold double-digit leads, as do Republicans Olympia Snowe of Maine and Kay Bailey Hutchison of Texas." Polls also "show two more women could join the Senate: In Minnesota, Democrat Amy Klobuchar leads Republican Rep. Mark Kennedy 49%-41%, according to a Mason-Dixon poll from late September. In Missouri, Democrat Claire McCaskill narrowly leads Republican Sen. James Talent, 44%-41%, according to a USA TODAY/Gallup Poll taken Sept. 27 to Oct. 1."

Republicans Face High Hurdles In Race For DeLay's Old Seat. USA Today/AP (10/16, Stinebaker) reports, "Voting Republican here wasn't difficult when Tom DeLay's name was on the ballot. With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate, Houston City Councilwoman Shelley Sekula Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands." The Democratic candidate "is Nick Lampson, 61, a former congressman who has outraised, outspent and campaigned longer than the Republicans."

"Atmospherics" In Northeast Said To Give Democrats Edge In Battle For Congress. Ronald Brownstein writes in the Los Angeles Times (10/16, 918K), "The political equivalent of a nor'easter is bearing down on Republicans from New England through Pennsylvania. With President Bush's approval ratings collapsing across the Northeast, the region presents Democrats an unusually rich concentration of opportunities to capture Republican-held House and Senate seats in the November elections. " The campaign's "atmospherics give Democrats the chance to establish in the region an equivalent to what Republicans have built in the South: an overwhelming regional advantage that anchors their bids for House and Senate majorities. Indeed, if Democrats win most of the House races in play in the Northeast, they will be virtually assured of the net gain of 15 seats nationwide that they need to control the chamber. On the plus side for the GOP, many of the targeted Republicans are strong candidates." Connecticut Rep. Rob Simmons "is an example. He prepared for heavy political weather by diligently promoting local interests, taking generally moderate positions on social issues and seizing chances to show independence from Bush. Simmons and many of the other at-risk Republicans also are fiercely attacking their Democratic opponents."

Republican Lingle Expected To Win Easy Reelection In Democratic Hawaii. The Washington Times (10/16, Pala, 88K) profiles Hawaii Gov. Linda Lingle, who according to many "would be a liberal Democrat" on the mainland. But "in a state that hadn't elected a Republican governor in 40 years, she is expected to be re-elected by such a wide margin that Hawaii's leading Democrats preferred to campaign for other jobs." University of Hawaii political scientist Ira Rohter said, "Lingle is the future of the Republican Party. I think eventually the party will move back to the center, and people like Lingle will take over." The University of Virginia's Larry Sabato "agrees. 'Candidates who succeed despite being from the heavily minority party on average are stronger and with greater talents than those nominated by the majority party,' he said. 'Lingle is a perfect example. Hawaii is such a Democratic bastion that it's amazing any Republican was ever elected statewide, and that she's a heavy favorite for re-election is even more amazing.'"

Bill Clinton Takes Aggressive Message To Campaign Trail. ABC World News (10/15, story 4, 2:10, Harris, 8.78M) reported, "The war figured prominently this weekend as former President Bill Clinton, who has been emerging as his party's most aggressive spokesperson, traveled to Iowa to give a fiery speech attacking the Bush Administration." ABC (Marlantes) added, "With midterm elections just three weeks away, Democrats are playing on Republican turf, boosted by the Mark Foley scandal and worsening conditions in Iraq. ... In the battle for the Senate, Democrats are making serious runs at red states, like Montana, Ohio, Missouri and Virginia. In Tennessee, Democratic Congressman Harold Ford is in a dead heat with Chattanooga Mayor Bob Corker, surprising even the candidate. ... Whether Republicans can match the enthusiasm of Democrats…" Clinton: "People are sick of this partisanship. They're sick of the gridlock. They're sick of the selfishness. They're sick of the abuse. They're sick of nothing going on. And they're coming to us in droves." Marlantes: "…may well determine who wins in November."

Clinton's Iowa Stop Carries 2008 Undertones. The Washington Post (10/16, A4, Balz, 748K) says that while

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Clinton came to Iowa "to rally Democrats three weeks before critical midterm elections," his visit "may have served another purpose as well. Alone among prospective Democratic presidential candidates for 2008, Sen. Hillary Rodham Clinton (N.Y.) has not set foot in the state all year, and the futures market in Clinton political stock here has been suffering." Iowa Democrats said Sen. Clinton's "standing reflects more than her absence. They say there is general unease within the party about her ability to win a general election. Beyond that, some Democrats are troubled by her support for the war in Iraq long after other Democratic politicians...had renounced their votes for the congressional resolution that authorized President Bush to launch the invasion."

The Washington Times (10/16, Pfeiffer, 88K) also says "few doubted that the former president was present as a surrogate" for Sen. Clinton. The ex-president did work in a joking pitch on behalf of his wife. "'I am under no illusions as to why I'm here,' he said. 'You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York.'"

Hillary Clinton Apologizes To McCain Over Aide's Comments. The Washington Times (10/16, Pierce, 88K) reports, "Sen. Hillary Rodham Clinton called Sen. John McCain on Saturday to personally apologize and denounce comments an adviser of hers reportedly made that slammed the Republican senator over his time in captivity in North Vietnam, the New York Post reports." The move "was sparked by a column in the New York Times in which Maureen Dowd quoted an anonymous adviser talking about Mr. McCain's criticism of the Clintons over their North Korea position. The adviser said Team Clinton thought Mr. McCain, Arizona Republican, was doing the White House's dirty work by criticizing the Clintons and ended up 'looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crewmates.'" That "was a reference to an unsubstantiated rumor used to malign Mr. McCain, a Vietnam war hero, as off-kilter during the 2000 Republican presidential primary."

2008 Democratic Hopefuls Move To Seize Mantle As The "Anti-Hillary." Newsweek (10/23, Darman, 3.12M) reports in its "Periscope" column that former Virginia Gov. Mark Warner "shocked everyone -- including some of his closest aides -- when he announced he wouldn't seek the presidency in 2008. … After Hillary Clinton, Warner had assembled the largest campaign apparatus of any Dem and secured some of the party's top talent, including media consultant Jim Margolis and strategist Jim Jordan. Aides had been talking up his fund-raising prowess and grass-roots network. But intimates knew that Warner had grown increasingly unsure about the prospect of running since returning from a family vacation to Italy this past summer." Newsweek adds, "Top Dem contenders -- including Clinton -- called to reach out (read: suck up) to Warner after his announcement. Evan Bayh and John Kerry were on the phone with Warner donors within hours; they and others, including John Edwards (and perhaps even Barack Obama and Al Gore), will now move to seize Warner's mantle as the electable anti-Hillary. But Clinton herself may have gained the most from Warner's withdrawal."

Obama Described As A "Liberal," But Not A "Screechy Partisan." In its cover story, headlined "Why Obama Could Be The Next President," Time (10/23, Klein, 4.03M) reports that Sen. Barack Obama "has become an American political phenomenon in what seems about a nanosecond." Obama is "a liberal, but not a screechy partisan. Indeed, he seems obsessively eager to find common ground with conservatives." Time adds, "The question of when Obama -- who has not yet served two years in the U.S. Senate -- will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak." Asked if he will think about running for President in 2008 after the 2006 election is over, Obama said, "When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," adding, "I haven't completely decided or unraveled that puzzle yet."

Kerry Says He Deserves Another Chance At Presidency. The AP (10/15) reports Sen. John Kerry "says he deserves a second chance if he decides to take another crack at becoming president." He pointed out that John McCain got "kicked around South Carolina by the same president because he wasn't patriotic enough as a prisoner of war" during the 2000 GOP primaries, and "he's now their leading candidate for president. Richard Nixon seemed to get kicked around pretty badly both running for president and governor, turned around and came back and got elected president."

Berkeley Scholar Urges "Progressives" To Run Positive Campaigns In 2008. In a New York Times (10/16, 1.21M) op-ed, Kevin Sweeney of the University of California Berkeley's Haas School of Business writes, "At this point in the fall campaign, unabashed negativity clogs every media outlet. The stench of foul political advertising is everywhere, and one senses that little will change: Americans once again will hold their noses and vote. For this round, there really isn't much to be done. But looking to the 2008 presidential race, there is still time to find a new way of campaigning -- specifically, for progressive candidates to

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consider a fresh approach to running for office. Why progressives? Because it's in their interest: pervasive negativity takes a far greater toll on progressive causes than on conservative ones. ... To level the playing field, and restore clarity to progressive values, I propose 'the forward-looking campaign.' The rules are simple. Never mention the opponent. Don't talk about the opponent's policies. Don't question the opponent's character. ... Rather than engaging the opposition, the forward-looking candidate will engage the American people in a conversation about our future."

Mallaby Accuses Bayh Of "Sellout" To Steel Lobby. In his Washington Post (10/16, A21, 748K) column, Sebastian Mallaby writes, "With Mark Warner out of the 2008 Demstakes, the chief anti-Hillary centrist is Sen. Evan Bayh of Indiana. This is a depressing commentary on the state of the Democratic Party. Bayh may have cleared his schedule to woo Warner supporters on Thursday. But he has yet to prove himself a real contender -- and he may not be a real centrist, either. Two weeks ago Bayh circulated a preposterous letter to his Senate colleagues. It urged them to oppose what Bayh called 'documented unfair trade' in a type of steel that's used in vehicles. It noted the Commerce Department's finding that lifting the tariff on this steel would lead to dumping by foreign producers. That would hurt U.S. steelmakers, the letter continued; so when the fate of the tariff is considered at a sunset review tomorrow, it should on no account be lifted. This is not a policy that protects workers, as Bayh's letter pretended. It's a sellout to a self-serving lobby. It would help the steel guys at the expense of the car guys, even though the car guys are hurting more and they employ more workers."

"Top Bushies" Like Gingrich For President In 2008. U.S. News and World Report (10/23, Bedard, 2.03M) reports in its "Washington Whispers" column, "Top Bushies tell us that they think" former House Speaker Newt Gingrich "would make a great president. Gingrich thinks big, they say, and represents the old Reagan-style of smaller-government conservatism. As for his past marital infidelity, they think it's a nothing-burger, especially if he faces Sen. Hillary Rodham Clinton, whose hubby had his own problems she'd rather forget."

Decline Of Election Day Festivities Seen As One Reason For Lower Turnout. The Wall Street Journal (10/16, B1, Crossen, 2.03M) writes that "in the past few decades, less than 40% of eligible voters in the U.S. have bothered to cast ballots in midterm elections. Your forebears would be ashamed. In late-19th-century midterm elections, turnout ranged from 65% to 78%. For presidential elections, almost 80% of the nation's eligible -- rich and poor, educated and illiterate -- voted." In the "early 20th century, turnout began falling precipitously. ... A century ago, a raft of new state laws, supported by leaders across the political spectrum from conservatives to progressives, transformed the idea and act of voting so radically that hundreds of thousands of people dropped out of the political system." A 19th-century voter "could decide to vote on the spur of the moment, pick up a simple ballot from party headquarters and drop it at the poll on Election Day, where his like-minded neighbors would give him a cheer and perhaps a beer. No preregistration was required, no taxes, no proof of residency, literacy or even citizenship. If, like most people then, he was a party man, his vote might earn him a reward. ... Election day was rowdy and festive, a thrilling climax to a political campaign that featured bonfires, barbecues, parades, torchlight rallies and passionate oratory. Politics were social and recreational at a time when there wasn't much other public entertainment."

Strassel Sees Lessons For GOP In Florida And Ohio. In her Wall Street Journal (10/16, A15, 2.03M) column, Kimberly Strassel writes that in Ohio, "Ken Blackwell is trailing his Democratic competitor, Ted Strickland, by double digits," while in Florida, "Charlie Crist is leading his Democratic competitor, Jim Davis, by double digits. ... Their respective failure and success is not ideological: Messrs. Blackwell and Crist are both running on the same agenda of tax cuts, fiscal responsibility and broad government reform. This, instead, is a story of the state parties behind them. In Florida, Republicans have spent the past eight years keeping their promises to voters; in Ohio the GOP forgot what 'promise' meant somewhere in the '90s. The tale of these two GOPs offers broader lessons for congressional Republicans, who are facing a rout this fall." If voters "are unhappy with Republicans, it's because the party hasn't lived up to its own principles. In the Capitol, in Ohio, and in plenty of places between and beyond, the party that promised to reform government has become the party of government."

Administration Says Study Of Iraqi Civilian Deaths Was Timed To Hurt GOP. Newsweek (10/23, 3.12M) reports in its "Periscope" column, "Iraqi doctors who helped compile the latest survey on civilian fatalities since 2003 came close to becoming statistics themselves. The survey, conducted jointly by Johns Hopkins, MIT and Baghdad's Al Mustansiriya University, said 600,000 Iraqis have died violently since just before the U.S. invasion (31 percent killed by Coalition troops; the rest in sectarian violence). President George W. Bush recently put the figure at 30,000; other estimates have ranged up to 300,000." The survey figure, "disputed by some researchers as too high (the Iraqi Health Ministry itself cites 150,000 dead), represents about 2.5 percent of Iraq's population -- more than 15,000

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fatalities a month. … Administration officials said the study, published in the medical journal The Lancet, was timed to hurt the GOP in the midterm election."

NYTimes Criticizes Candidate For Refusing Debates. The New York Times (10/16, 1.21M) writes in an editorial, "This year in New York, when it comes to debates, the magic number seems to be two. Senator Hillary Clinton, who refused to debate her primary opponent at all, has agreed to two debates with John Spencer, the Republican former mayor of Yonkers. The Democratic front-runner for governor, Eliot Spitzer, agreed to two debates with the Republican candidate, John Faso. The Democratic candidate to succeed Mr. Spitzer as attorney general, Andrew Cuomo, agreed to appear at two debates with Jeanine Pirro, the Republican former Westchester County district attorney, but seems likely to sit out a third already agreed to by Ms. Pirro. We'd like to see more." The Times adds, "The real disappointment this year, however, is the Democratic state comptroller, Alan Hevesi, who is refusing debates altogether."

Authors Say Critics Of Religious Right Soft On "Religious Left." In a USA Today (10/16, 2.27M) op-ed, "In Defense of the Religious Right" author Patrick Hynes and "In Defense of Hypocrisy" author Jeremy Lott write, "The religious right has been demonized for pursuing a political agenda aligned with its beliefs. When the religious left acts in kind, shouldn't the same scrutiny be applied to its progressive push? ... In our political tradition, most evangelicals and other conservative Christians today are really moderates. They want a government that is non-sectarian without being hostile to organized religion and people of faith. That's a whole lot closer to what the Founders had in mind than the officially godless public square advocated by the American Civil Liberties Union. ... Critics are out of line for lambasting the religious right for advocating their beliefs, and they'd be just as wrong blasting the religious left. Yet for liberal and secular pundits, this has been a one-way street. It's time to give the 'Theocracy!' catcalls a rest."

NYTimes Says Discretion Of Religious Institutions Has Gone Too Far. The New York Times (10/16, 1.21M) editorializes, "Religious institutions should be protected from excessive intrusion by government. Judges should not tell churches who they have to hire as ministers, or meddle in doctrinal disputes. But under pressure from politically influential religious groups, Congress, the White House, and federal and state courts have expanded this principle beyond all reason. It is increasingly being applied to people, buildings and programs only tangentially related to religion. In its expanded form, this principle amounts to an enormous subsidy for religion, in some cases violating the establishment clause of the First Amendment."

Bush Declares Emergency In Snow-Hit New York. NBC Nightly News (10/15, story 7, 0:30, Seigenthaler, 9.87M) reported, "The President late today issued a state of emergency for parts of New York following the record early snow storm there. The two feet of snow that fell in western New York still has officials scrambling to return power to some 300,000 residents. Schools will be closed tomorrow and it could take most of the week for electricity to be restored."

No Deaths Reported In Major Hawaii Earthquake. NBC Nightly News (10/15, lead story, 3:00, Seigenthaler, 9.87M) led with the "major earthquake that shook the Big Island. ... The epicenter was near the town of Kailua-Kona, damaging buildings, knocking out power, even trapping some people in elevators. Remarkably, authorities say no deaths have been reported." ABC World News (10/15, lead story, 2:00, Harris, 8.78M) also led with the earthquake.

Ex-President Ford Spends Fourth Night In Hospital. ABC World News (10/15, story 6, 0:20, Harris, 8.78M) reported ex-President Gerald Ford "is spending a fourth night in the hospital tonight. Mr. Ford, who is 93 years old, was admitted to a hospital near his home in California on Thursday for tests. It is his fourth time in the hospital this year."

Evidence Said To Suggest Administration Was Manipulating North Korea Intelligence. In its cover story, Newsweek (10/23, Hirsh, Liu, Wehrfritz, 3.12M) reports, "There is some evidence that the Bush administration was seeking to manipulate intelligence on North Korea. During a visit to Pyongyang by lead negotiator James Kelly in October 2002, he presented what U.S. officials described as 'proof' that the North had a secret uranium-enrichment program, undercutting Clintonite claims that Kim was adhering to a pledge not to advance his nuclear program. Bush officials later said the North Koreans had confessed. But diplomats now say that was a translation error. (Kelly could not be reached for comment.) While Kim was clearly violating the spirit of his '94 agreement by secretly importing centrifuge equipment, US intelligence sources tell NEWSWEEK that their monitors in the region have never detected telltale emissions from any centrifuges."

North Korean Nuke Test Pressures Neighbors To Consider Going Nuclear. U.S. News and World Report (10/23, Omestad, 2.03M) reports, "Last week's announced test explosion of an atomic bomb deep inside a North Korean

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mountain tunnel heralds an ominous new era in northeast Asia. … If the seismic event detected around the world is confirmed as a nuclear blast…the impoverished, hunger-ridden North will have managed to join the elite global club of declared nuclear powers. In the amoral logic of nuclear weapons, that may well confer more staying power to the hard-line regime. And it will put more pressure on its neighbors-especially Japan and South Korea-to eventually consider going nuclear."

Time (10/23, Powell, 4.03M) reports, "As crude as the North Korean blast was, it punctuated a scary fact: the rules that governed the nuclear road during the cold war and its immediate aftermath have become irrelevant, replaced by the law of the jungle -- every state, rogue or otherwise, for itself. The risk now, says former Clinton Administration Defense Department official Graham Allison, is the emergence of a more dangerous nuclear age. … What we have now is not a tight club of nuclear powers with interlocking interests and an appreciation for the brutal doctrine of 'mutually assured destruction' but an unpredictable host of potential Bomb throwers: a Stalinist Bomb out of unstable North Korea; a Shi'ite Bomb out of Iran; a Sunni Bomb out of Pakistan; and, down the road, possibly out of Egypt and Saudi Arabia as well; and, of course, an al-Qaeda Bomb out of nowhere. Israel is a nuclear power already. And Turkey may just decide it had better be too. Even Japan and South Korea could eventually move toward the Bomb, if they feel the US nuclear umbrella begins to fray in East Asia."

In its cover story, Newsweek (10/23, Hirsh, Liu, Wehrfritz, 3.12M) reports, "The gravest danger going forward is proliferation to like-minded regimes, especially to Iran. Despite the lack of any common goal…the two countries are closer to being an actual 'axis' than they were when Bush launched the phrase in January 2002. And if Pyongyang is seen as getting away with its nuclear test, some Iranian officials indicate they may raise their own demands for a nuclear program. That's partly why [Secretary of State Condoleezza] Rice is traveling to Asia and Russia in a new diplomatic offensive this week: she will link North Korea and Iran together once again, arguing that as nuclear offenders they should be made outcasts, the new slavers of the 21st century."

North Korean Test Could Unravel System Of Global Nuclear Controls. U.S. News and World Report (10/23, Omestad, 2.03M) reports, "If North Korea's regime can survive the forthcoming sanctions, the lesson for suspected nuclear wannabes like Iran could be that a breakout is manageable. North Korea could begin the unraveling of the entire system of global nuclear controls. Another worry: Will a cash-strapped North sell nuclear materials to another country or a terrorist group? With that in mind, the Bush administration wants to improve technical capabilities to recognize the 'fingerprint' of any bomb from North Korea."

Rice, Bolton Defend North Korea Sanctions Plan. NBC Nightly News (10/15, story 5, 2:15, Seigenthaler, 9.87M) reported, "The showdown with North Korea over nuclear weapons: With UN sanctions now in place, Secretary of State Condoleezza Rice will head to China looking for help in making those sanctions stick." NBC (Jordan) added, "The Bush Administration believes that those sanctions will be enforced but already it's getting some advice on how to make sure that does happen. Top White House officials took to the airwaves to tout the UN Security Council's vote punishing North Korea." John Bolton, US Ambassador to the UN (from "Meet The Press"): "The guts of the resolution are sweeping sanctions against North Korea's nuclear, chemical, and biological weapons programs and their ballistic missile program." Jordan: "But they also warned that the sanctions won't work unless China, North Korea's neighbor and ally, enforces them." Bolton (from "This Week"): "China itself now has an obligation to make sure that it complies with the resolution. And it has full national authority on its side of the border to conduct any inspections it wants." Jordan: "China says it won't inspect cargo entering or leaving North Korea for military contraband, a key part of the resolution, out of fear that destabilize the government of Kim Jong Il and send a tidal wave of refugees into China. But today, the Secretary of State was upbeat." Secretary Rice (from "Face The Nation"): "I think that you're going to find China carrying out its responsibilities, undoubtedly carrying it out in a way that it believes will not enhance conflict."

ABC World News (10/15, story 2, 2:20, Harris, 8.78M) reported, "The United Nations has put in place tough, unprecedented sanctions designed to punish North Korea for its apparent test of a nuclear weapon one week ago. Now, as North Korea remains defiant, the priority for the White House is to make sure those sanctions are actually enforced." ABC (Yang) added, "As President Bush returned to the White House from Camp David this afternoon, his top advisors were savoring this weekend's unanimous vote at the United Nations imposing tough economic sanctions on North Korea." And the "incoming UN Secretary-General told ABC News a meeting with North Korean leader Kim Jong-Il would be a 'good opportunity,' but only as part of regional talks including China, Russia, Japan and South Korea." The Washington Times (10/16, DeBose, 88K) reports Rice and Bolton "said they expected China to enforce sanctions unanimously passed by the U.N. Security Council to curtail North Korea's pursuit of nuclear weapons."

Bolton said on NBC's Meet the Press (10/15), "I think President Bush has made it very clear that he wants to have a peaceful and diplomatic solution to the problem posed by North Korea's continuing pursuit of nuclear weapons and delivery systems. That's part of the reason why we've pushed for these very strong sanctions in the Security Council, to deprive North Korea of the ability to continue its

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nuclear weapons and other programs of weapons of mass destruction." And on CNN's Late Edition (10/15), Bolton said, "When we introduced our text for the council to consider on Monday, it didn't include at that point authorization to use force. So that was never part of our plan for this resolution, which was to impose sanctions largely against North Korea's programs of weapons of mass destruction."

Rice was asked on CBS' Face the Nation (10/15) how the UN resolution will be enforced. Rice said, "It is a mandatory resolution under Chapter 7. And it is a 15-0 vote. And that is a remarkable evolution, particularly for China, which has had a very close relationship with North Korea. And I just think it shows how really angry the world is with North Korea for doing this and how concerned. It will be enforced because member states have an obligation to enforce it. I think there are some matters that will need to be worked out." Rice said on Fox News Sunday (10/15), "I understand that people are concerned about how it might work so that it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations, but China signed on to this resolution. It voted for this resolution. It is a Chapter 7 mandatory resolution, and so I'm quite certain that China is going to live up to its responsibilities. But you cannot underestimate how big a blow it is to North Korea to have all of the neighbors now, including what has been its strongest supporter, China, fully united behind sanctions against its nuclear program."

The Wall Street Journal (10/16, King, Ramstad, 2.03M) reports Rice "will head to Asia tomorrow to try to enlist Chinese and South Korean help in further isolating the North, while reassuring Japan that its alliance with the U.S. is stronger than ever." A "fundamental disagreement remains between China, Russia and South Korea and other countries, such as the U.S. and Japan, over how tough to be on the North and its leader, Kim Jong Il. For one thing, neighbors such as South Korea and China worry they'll pay the price of a refugee crisis if the Kim regime collapses. Some are already resisting key terms of the U.N. sanction."

USA Today (10/16, 2.27M) reports Rice said the sanctions "might not be strong enough to persuade North Korea to return to negotiations on halting its nuclear program. 'There may be other steps that will be necessary, given North Korea's behavior,' she said. The U.N. sanctions were not tough enough for Japan. It imposed penalties of its own, including a ban on all North Korean imports. Prime Minister Shinzo Abe said Japan could take further action."

The Financial Times (10/16, Kirchgaessner, Fifield) reports the US "said on Sunday it expected China to play a decisive role in enforcing sanctions against North Korea, brushing aside suggestions that Beijing was not committed to a United Nations resolution against its reclusive ally."

The Washington Post (10/16, A15, Kessler, 748K) reports, "China's unwillingness to act against its longtime ally raises the stakes" for Rice's "diplomatic mission to Northeast Asia later this week. Ever since the current nuclear crisis with North Korea began in 2002, the Bush administration has relied heavily on China to use its influence with North Korea's leaders. But Beijing's caution has frequently disappointed U.S. officials."

The New York Times (10/16, Onishi, 1.21M) reports, "A day after the Council unanimously passed the resolution, following nearly a week of intensive diplomatic negotiations, the South Korean government said it would still pursue economic projects with North Korea, including an industrial zone and tourist resort in the North. Those projects are not explicitly covered by the Security Council resolution, but they are an important source of hard currency for the North."

Bolton Says China Is Obliged To Comply With UN Resolution. Bolton said on ABC's This Week (10/15) that China "has an obligation to make sure it complies with the resolution, and it has full national authority on its side of the border to conduct any inspections it wants. We'll see what actually comes out of Beijing, perhaps when Secretary Rice is there next week. But let's be clear, China voted in favor of that provision." Bolton added, "I think that China has got a heavy responsibility here, and I must say, you know, this test by the North Koreans had to have been humiliating to China. After all of the efforts they have made over the years to protect North Korea from international approbation, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing, and I think we're still seeing that play out." Bolton said on NBC's Meet the Press (10/15) that China "voted in favor of this resolution, which is under Chapter 7 of the UN charter, and therefore binding on them. So I don't think there's any reason to believe that they're not going to abide by the terms of the resolution. And the guts of the resolution are sweeping sanctions against North Korea's nuclear, chemical and biological weapons programs and their ballistic missile program." The AP (10/15, Klug) reports on Bolton's comments on China.

UN's Ban Says North Korean Response "Very Worrisome." The Washington Post (10/16, Weymouth, 748K) discussed the North Korea situation with UN Secretary General-Designate Ban Ki Moon, who said "North Korea has declared very defiantly that if the Security Council adopts any sanctions, they will regard this as a declaration of war. This is very worrisome and shows total disrespect of the United Nations. ... I think that I would be in a much better position than any other previous secretary general -- as I come from Korea and have experience. I will try to coordinate with the concerned parties. If necessary, I will take my own initiative, which will include visiting North Korea and meeting with North Korean leaders." USA Today (10/16, Slavin, 2.27M) profiles Ban.

Warner Says Bush, Bolton, Rice Did A "Wonderful Job" On UN Resolution. Sen. John Warner said on CBS'

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Face the Nation (10/15) that President Bush "and his team of Rice and Bolton did a wonderful job here. First place, it's unanimous. All came together. That has enormous symbolism all through Asia that everybody came together on this and stood. Now, as to the provisions, she's going over to work them out. But that question you asked about China and its reluctance on the border, and here's my answer to it. China is seeking world recognition, trying to emerge as a power and a strong voice. This is their test. China supplies over 60 percent of the energy and food to North Korea. They have got tremendous leverage through that. South Korea itself has got a program called open sunshine and so forth. They're trading. Those two nations should be out in the lead, and I think the president and the secretary have struck a correct balance."

Kerry, Levin, Hagel Criticize UN Resolution. Sen. John Kerry said on Fox News Sunday (10/15), "These sanctions are not the bold, tough sanctions that the secretary talked about. China walked out of there and said we voted for it, but we're not going to enforce the cross-border mechanism, it's too dangerous for our region. So you have sanctions that are just, by statement of those involved, not going to do the job." Asked what he would do differently, Kerry said, "I would do precisely what I said for the last five years consistently, which is engage in bilateral, face-to-face negotiations with North Korea, make it absolutely clear to North Korea that we are not intending to invade and have a regime change, and work on the entire set of issues that are outstanding since the armistice with regard to the north."

Sen. Carl Levin said on CNN's Late Edition (10/15) that Bolton "thinks the UN resolution is a strong resolution. I'm afraid it's not. I wish it were. But the Chinese already said that they're not going to enforce inspections against goods going into North Korea without total Chinese support. There's no way a sanction regime can work. And then, near the end, he said that, well, we have no problem sitting down with the North Koreans, just one-on-one; well, we've done that. I really have got to tell you, I am utterly amazed to hear our UN ambassador say that, when just a few months ago, the President repeated what he has said over and over again. And here's the way the president the way put it. He said 'One thing I'm not going to let us do is get caught in the trap of sitting at a table alone with the North Koreans.' Now, it's incredible to me that our ambassador would make the representation that he did on your show."

Sen. Chuck Hagel said on CNN's Late Edition (10/15), "We do need to engage the North Koreans, as we need to engage the Iranians and the Syrians. A UN sanctions resolution is fine. It is limited. As Carl said, it is weak. We heard on your program about 15 minutes ago what the Chinese ambassador said. Essentially he said we're not interested in enforcing that resolution. And China is the most important country in dealing with the North Koreans, with that sanction, because they share a 900-mile border. But the United States must, now, find a resolution to this issue. We're not going to resolve the issue with North Korea through a sanction."

Nunn Says Sanctions Are "Timely" And "Substantive." Former Sen. Sam Nunn said on CBS' Face the Nation (10/15), "I think the sanctions are timely and I believe they're substantive. And I believe the fact that there was unanimous agreement here is enormously important. … I also think we ought to continue to have the goal of getting rid of all nuclear weapons on the Korean peninsula. I believe that China is the key, as has already been observed here. I think it would be a real breakthrough if the United States and China and South Korea all got on the same wavelength for a change. We have not been approaching this with any kind of unity for the last three or four years. And that has been, I think, a very detrimental aspect of trying to deal with North Korea."

US Uses North Korea Sanctions To Warn Iran. The AP (10/15, Klug) says the US "used new U.N. sanctions against North Korea to warn Iran, another country with nuclear ambitions." UN Ambassador John Bolton said Iran "should pay attention to Saturday's U.N. resolution against North Korea for its claimed nuclear test last week."

The New York Times (10/16, Weisman, 1.21M) reports the Bush Administration "appears to have made some headway in using new American legal tools to cut off both North Korea and Iran from the international financial system. The American campaign to use its own financial regulations to put pressure on North Korea and Iran has been a mix of implicit threats backed by explicit action, American officials and banking experts say." Over the past year, US officials "have met with many private banks overseas to warn them of the risk of doing business with certain Iranian and North Korean trading companies and businesses that the United States says have been tied to terrorist groups or to the spread of nuclear materials."

Chinese Public Reportedly Angered By North Korean Test. USA Today (10/16, MacLeod, 2.27M) reports that by "claiming to test a nuclear device, North Korea has set off a wave of anger among ordinary Chinese, who appear split about whether blame lies with North Korea or the United States. In the streets and online, Chinese responded to last week's announcement out of Pyongyang with fear. Many said a nuclear-armed North Korea meant less security for China and East Asia. They called into question China's historic role as North Korea's ally and patron. Others suggested North Korea is right to arm itself in response to U.S. and Japanese threats against it."

Princeton Scholar Says Cash Cutoff Only Way To Get Kim To Back Down. In a Washington Post (10/16, A21, 748K), op-ed, Aaron L. Friedberg of Princeton University's Woodrow Wilson School writes, "Though the hour is late and

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the odds long, there is still a chance that North Korean dictator Kim Jong Il can be persuaded to give up his nuclear arsenal." Kim "is a cynical realist and will not exchange his nuclear capabilities for empty acts of diplomatic deference or what he would doubtless regard as mere scraps of paper." Kim is a "cunning and rational strategist with one overriding objective: ensuring his own survival by maintaining an absolute grip on power. The only way to move him is by confronting him with a stark choice -- turn over existing nuclear weapons, dismantle production facilities and submit to rigorous international inspections, or face a steadily rising risk of overthrow and untimely death. This demand can be sweetened with promises of aid and peace pacts, but in the end Kim needs to be presented with an offer he cannot refuse. ... Choking off the flow of dollars to Pyongyang would do more than cramp Kim's lavish lifestyle; it would threaten his grip on power."

Olmert Says Prisoner Release Demand Preventing Talks With Abbas. The AP (10/16, Lavie) reports Israeli Prime Minister Ehud Olmert "said a planned summit with [Palestinian President] Mahmoud Abbas has been put on hold because of [his] insistence that Israel release large numbers of Palestinian prisoners." The AP calls that condition "the latest setback for U.S.-led efforts to restart peace talks." Tel Aviv "insists that before it frees any of the estimated 8,000 Palestinians it is holding, a soldier captured in June by Hamas-linked militants in a cross-border raid must be returned." However, one Palestinian lawmaker who is close to Abbas said preparations remain on track." The AP also notes, "disagreements over prisoners and a summit are not the main impediments to diplomatic progress. Internal Palestinian and Israeli political turmoil and control of the Palestinian government by the extremist Islamic group Hamas are larger obstacles in the way of US efforts toward peace talks, which have been stalled for six years."

Police Recommend Rape Charge Against Israeli President. The AP (10/16, Federman) reports, "Police recommended Sunday that Israeli President Moshe Katsav be charged with rape, sexual assault and fraud, the most serious charges ever to face an Israeli leader." The recommendation "came at a meeting between police investigators and Attorney General Meni Mazuz. The final decision on whether to put the president on trial is up to Mazuz." Katsav "has denied all wrongdoing."

The New York Times (10/16, Myre, 1.21M) reports, "Although the case has received widespread coverage in Israel, any charges against Mr. Katsav are not likely to have broader political ramifications. Israel's president is expected to serve as a unifying force and set a moral tone, but his position is more symbolic than substantive."

Darfur Refugees Say Peacekeepers Not Protecting Them. The Washington Post/AP (10/16, A15, De Montesquiou) reports, "Refugees living in camps scattered across this region of western Sudan say an African Union peacekeeping mission has done little to protect them, even as rising violence is driving away crucial humanitarian aid. … As they often must, the peacekeepers explained to camp delegates that they were in Darfur only to monitor the violence and had no mandate to fight it."

WPost Says Arab Deployment Could Have Positive Effect On Darfur Crisis. The Washington Post (10/16, A20, 748K) editorializes, "Americans, Europeans and Africans have all tried to bring about a political settlement between Sudan's government and Darfur's rebels. These various efforts have combined to slow the killing, though they have failed to halt it. But the Western and African efforts stand in stark contrast to the performance of Sudan's Arab neighbors, which have so far done next to nothing. Recently the Arab League asserted that this might change. … Depending on the details of its design, an Arab force could be an acceptable alternative." The Post adds, "It's hard to see how Sudan's government could resist an Arab and Muslim peacekeeping force by calling it a threat to Islam. Arab leaders have a good chance of deploying their proposed force if they press for it seriously. So the important question will be: Are the Arabs in fact serious?"

Ecuadorian Tycoon Leads Presidential Race Ahead Of Runoff. The Wall Street Journal (10/16, DeCordoba, 2.03M) reports wealthy banana magnate Alvaro Noboa "had 27% of the vote" in Ecuador's presidential election, while Rafael Correa, "an admirer of [Venezuelan President Hugo] Chavez," had 22%. Although the vote count was only half complete, exit polls predicted a Noboa victory of several points. "The results mark a setback for Mr. Chavez, who was hoping an outright win by his political ally would extend his influence in the Andean region." The Journal notes, "Analysts said the results could give the pro-U.S., pro-markets Mr. Noboa, who has run twice before and lost races for the presidency, the edge to win the second round of the vote, scheduled for Nov 26." The winner of that election will become Ecuador's eighth president since 1996.

The New York Times (10/16, Romero, 1.21M) adds Noboa's "strong showing came as something of a surprise. In the final days of the campaign, [he] said he would limit political ties to Venezuela and fiercely criticized Mr. Correa's positions. He has also said he is strongly in favor of negotiating a trade agreement with the United States." The Washington Post (10/16, A15, Forero, 748K) and Los Angeles Times (10/16, Kraul, 918K), among other newspapers, run similar reports this morning.

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British Communities Minister Backs Firing Woman For Wearing Veil. The Washington Post/AP (10/16, A17, Wagner) reports British Minister of State for Communities and Local Government Phil Woolas "has joined an increasingly bitter debate about the rights of Muslim women to veil their faces, saying a teaching assistant should be fired for insisting on wearing one in school." Woolas "was quoted by the Sunday Mirror newspaper as demanding that Aishah Azmi, a Muslim, be fired for refusing to remove her veil at work. 'She should be sacked. She has put herself in a position where she can't do her job,' Woolas said." The AP notes, "The debate on the veils began this month when" House of Commons Leader Jack Straw "said Muslim women visiting his office should remove them," and later the Conservative Party "weighed in, with one of the party's top officials accusing Muslim leaders of encouraging a 'voluntary apartheid' that could help spawn homegrown terrorism." Recently, Prime Minister Tony Blair "praised Straw for raising the issue 'in a measured and considered way,' and he urged Britons to engage the topic without 'becoming hysterical.'"

Video Suggests Chinese Troops Were Not Threatened By Tibetan Refugees. The New York Times (10/16, Kahn, 1.21M) reports, "A Romanian videotape that appears to show Chinese security forces shooting two Tibetan refugees in the Himalayas contradicts Beijing's claim that the refugees were shot when soldiers acted in self-defense." While Beijing has "acknowledged" the shootings, state media claimed "the soldiers acted only after about 70 refugees seeking to enter Nepal illegally from China attacked border troops." The Times notes, "The Sept. 30 incident was first reported by mountaineers in Nepal and was circulated by human rights groups, including the International Campaign for Tibet and Human Rights in China." Human rights groups provided witnesses who claim "that those who had been fired upon included monks, women and children and that the person who had been killed was a 25-year-old Tibetan Buddhist nun." The Chinese Foreign Ministry has "vowed to investigate." The Times adds, "The video does not offer a comprehensive account. It was shot from a long distance — the narrator says the cameraman was more than half a mile away — and only a few faces are clearly identifiable. But it does suggest that the shootings were not in direct response to an attack on soldiers."

Prominent Chinese Human Rights Activist Charged With Subversion. The New York Times (10/16, Kahn, 1.21M) notes Chinese authorities "have charged a prominent human rights lawyer with inciting subversion, part of a crackdown on people who have sought to use China's nascent legal system to limit the power of the state." According to his lawyer, Gao Zhisheng "was taken into custody in mid-August and was formally arrested Sept. 21, but the police only recently made clear the nature of the charge." Gao's lawyer "said the police had not allowed him to visit [him] because they said his case involved state secrets." The Times says an eventual indictment of Gao "could be one of the highest-profile prosecutions of an internationally recognized dissident in recent years." Gao "represented displaced homeowners, victims of official corruption and religious rights advocates, including members of the Falun Gong sect," and recently "has become one of the most outspoken dissidents within China, writing frequent essays and polemics posted on the Internet that have sharply criticized the authorities and have predicted that the governing Communist Party will collapse because of corruption and abuse of power."

WSJournal Defends Trade With China. The Wall Street Journal (10/16, 2.03M) editorializes, "Everyone seems to agree that China's leverage will be crucial if the world is going to contain North Korea's nuclear threat. Which is one more reason to congratulate Treasury Secretary Hank Paulson, who recently prevented a U.S.-China blowup by persuading Chuck Schumer and Lindsey Graham to drop a Senate vote on their 27.5% tariff bill against China." Sens. Schumer and Graham are "so very wrong to consider the trade deficit with China a threat to U.S. prosperity," because the "$200 billion trade deficit with China is itself a meaningless hobgoblin, mattering far less than the volume of trade." Although imports of Chinese goods "have more than doubled (up 155%) since 2000," exports to China "have climbed even faster, tripling since 2000," proving, the Times says, that, "if China is adopting currency policies to repel U.S. goods, they aren't working too well." The United States has "gained" a "surge in low-priced, high quality consumer products," including "apparel, footwear, consumer electronics, computer equipment, and so on -- all of which Americans have bought voluntarily. Arguably the biggest beneficiary of China's emergence on the world trading stage has been America's poor, who have new access to bargain-priced consumer goods." Saying that China has not held "the yuan artificially low relative to the dollar," the Times says "this is not a 'manipulation' of its exchange rate so much as it is a contracting out of its monetary system to the U.S. Federal Reserve Board." The Times notes the "greatest Chinese danger to the U.S. economy" is China's "undeveloped and politically controlled financial system," and the Administration "should be urging Beijing to privatize its banking sector, capital markets and state owned enterprises." The Times concludes, "The U.S. wants and should expect Beijing's cooperation on nuclear proliferation and North Korea; it shouldn't waste its influence on such non-problems as expanding two-way trade."

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Venezuela's Bid For Security Council Seat Generates Commentary. In his column in the Washington Post (10/16, A21, 748K), Jackson Diehl says of Venezuelan President Hugo Chavez's bid for a non-permanent seat on the UN Security Council, "There's a fair chance he'll lose." A failure by Venezuela or Guatemala to garner 122 votes in the General Assembly on the first ballot will likely lead to the election of a third candidate. "If so it will be a wounding rebuff for Chavez following his Bush-as-devil tirade before the assembly last month, and one that could hurt him in another vote, if it is free and fair: his bid for reelection as president in December." A loss in today's UN ballot "would save the Bush administration from embarrassment and spare the Security Council a nuisance factor. Still, there won't be much to celebrate." Diehl says the fact that Chavez "could even come close" to winning "is testimony to how low U.S. prestige has sunk around the world. More specifically, it's a measure of how twisted U.S. relations with Latin America have become -- and also, how fragile the appeal of democratic values is in that region." Several Latin American countries are making clear "that they value Venezuela's investment in their economies more than preventing nuclear proliferation…; that solidarity with a neighbor matters more than solidarity with other democracies (probably the only votes for Venezuela in the free world will come from Latin America and the Caribbean); that their governments prefer a weaker United States to a chastened Hugo Chavez." In addition, Diehl says, the vote "underlines the continuing fecklessness of the Bush administration's approach to Latin America. There is its overreliance on faithful but small allies in Central America and its inability to come to terms with the region's giant, Brazil. There is its heavy-handed lobbying, which prompted Guatemala's foreign minister to say that he wished Washington 'would not promote our cause so much.' Most disturbing, there is the inability to win support from a nominally close ally such as Chile, even against an autocratic demagogue. Chavez may lose the U.N. vote, but in the contest for Latin America, the United States isn't winning."

Meanwhile, the Wall Street Journal (10/16, 2.03M) editorializes, "To understand why so many Americans dislike the U.N., consider that Venezuela, of all countries, stands a chance today of being elected" to the Security Council today. "The world's democracies in North and Central America, Europe and Asia are lining up behind Guatemala. In Latin America, Colombia and Mexico are also backing Guatemala, while Argentina and Brazil are supporting Venezuela," and "the left-of-center government in Chile is on the fence, no doubt alarmed by Mr. Chávez but also fearful of crossing him." The Journal concludes, "If Mr. Chávez wins, we'll know that most U.N. members prefer anti-American posturing to a credible Security Council."

NYTimes Lauds Selection Of Pamuk For Literature Nobel. In an editorial, the New York Times (10/16, 1.21M) says Turkish novelist Orhan Pamuk's Nobel Prize in Literature "is richly deserved. It was awarded for a body of work, fiction and nonfiction, that is driven by the conscience of imagination as well as the conscience of memory." While "Islamists and Turkish nationalists tend to think of Mr. Pamuk as a literary provocateur, especially for his brief but candid remarks about the Armenian genocide quoted in a Swiss magazine last year," the Times says Pamuk "was speaking the truth. For the sake of art and conscience, he has resisted any effort to quiet his literary voice." The choice of Pamuk "will be a popular one," and "his prize is also a reminder of how often the Nobel has been given to a writer whose work exposes the tension between the state and the artist. We read Mr. Pamuk's books as they should be read — for the imaginative and linguistic pleasure in them — seldom remembering that every artist's freedom to speak is our freedom, too. This prize helps us remember that."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Panel To Seek Change On Iraq."
"Defecting From Despair."
"A Place To Sing About."
"GOP On A Mission To Save Santorum."
"Damaging Quake Shakes Up Hawaii."
"California Is Awash In Wine Bargains."

USA Today:
"Iraq Will Wait To Disarm Militias."
"Consumer Unease With U.S. Health Care Grows."
"Study Sees Longer Rides To Work, More Commuting By Older Women."

New York Times:
"In Final 3 Weeks, G.O.P. Shifts Cash To Its Best Bets."
"Questions Grow Over U.N. Curbs On North Korea."
"Press Secretary Raising Money, And Eyebrows."
"As Lenders, Hedge Funds Draw Insider Scrutiny."
"Chief Executive At Health Insurer Is Forced Out In Options Inquiry."
"On Great Lakes, Worry Over Plan For U.S. Gunfire."

Washington Post:
"Dozens Of Iraqis Killed In Reprisals."
"Season Is Slipping Away For Redskins."
"NYC School Takeover Inspires Fenty, But Critics Abound."
"Crop Insurers Piling Up Record Profits."

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"Hastert's Team Mentality To Be Tested As Foley Scandal Unfolds."
"Pulse Of Go-Go, Promise Of Peace Mingle At D.C. Dance Event For Youth."

Washington Times:
"U.S. Expects China To Lead On Sanctions."
"Minuteman Committee Aids GOP."
"Iraqi Forces Concern U.S. Commander."
"GOP Set To Take On Goliath In D.C."
"Accusations Fly In Teamster Race."
"The Weight Is Over For Patrons Of Zero Gravity."

Atlanta Journal-Constitution:
"Strong Quake Shakes Hawaii."
"High Scores Prized Art From Italy."
"Vinings Looks For Borders, Seeks Identity."
"Christians Gain Respect On Fall TV."
"Owner's Mortgage Default Could Cost Family A Miracle."

Houston Chronicle:
"Report: Piping Mix-Up Led To BP Fire."
"Faith, Science Find Common Ground On Planet Earth."
"Putting A Face On Coverage Crisis."
"Big Quake Rattles Hawaiian Islands."
"Bachelor's Rose Takes Thorny Image In Stride."

Story Lineup From Last Night's Network News:
ABC: Hawaii-Earthquake; White House-North Korea; Iraq Violence; Bill Clinton-Bush Criticism; US Health Care Costs; Gerald Ford's Medical Status; Bush Library Contenders; 300 Millionth American.
CBS: Preempted By Pro Football.
NBC: Hawaii-Earthquake; Hawaii Quake-Resident's Viewpoint; Iraq Violence; Hagel-Iraq; White House-North Korea; US Protest-Himalayan Shooting; Bush-NY Emergency Declaration; College Football-Fight Investigation; SUV-Back Over Accidents; New Catholic Saints; Amish School Shooting-Fundraising; Belgium-Beer Tourism.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Unavailable.

VICE PRESIDENT CHENEY — 2:25 p.m. Arrivesw at Fort Campbel, Ky. airfield.

2:45 p.m. Speaks at a rally for the 101st Airborne Division. Fort Campbell, Ky.

3:50 p.m. Departs Fort Campbell.

5:35 p.m. Arrives at Louisville International Airport.

6:10 p.m. Speaks at a reception for the Davis-Kentucky Victory Committee. Private residence, Prospect, Ky.

8:15 p.m. Departs Louisville airport.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: Oct. 16 - 17. PRESIDENT ELLEN JOHNSON SIRLEAF OF LIBERIA _ 12 p.m. Speaks to the The Womens Foreign Policy Group. Ritz Carlton Hotel, 1150 22nd St. NW. Event contact: Patgricia Ellis, 202-884-8597.

Oct. 15 - 17. ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Highlights: 8:15 a.m. Keynote address by ACLU Executive Director Anthony D. Romero. 9:15 a.m. Plenary: ``Abuse of Power -- Government Intrusion into Private Matters featuring civil rights legend Rev. James Lawson, ACLU litigator Vic Walczak and Kitzmiller v. Dover clients who fought teaching Intelligent Design, and reproductive freedom advocate Cecelia Fire Thunder. 10:30 a.m. Mini-plenary and break-out sessions: Religion and the Public Square; Reproductive Freedom at a Crossroads; Gay Rights; Immigrant Rights; School to Prison Pipeline; and acy and the Internet. 12:30 p.m. Lunch Plenary: ``Torture, Secrecy and Surveillance: Holding Government Accountable" featuring: the former Ambassador Joe Wilson in a conversation with Anthony Romero as well as ACLU litigator Ann Beeson and ``Faces of Surveillance" clients. 2 p.m. Mini-plenary and break-out sessions: Guantanamo and Torture with David Rose, journalist/author; Race, Class and Civil Liberties: The Lessons of Katrina with Donna Brazile, political consultant; Ideological Exclusion; Human Rights; War on Women; and Activism and Film, with Robert Greenwald, producer and director. 3:30 p.m. - 5 p.m. Artists Speak Out on Civil Liberties" with producer/director Robert Greenwald, comedian Greg Proops, moderated by Air America's David Bender. 5:30 p.m. Faulty Intelligence" a one-man show performed by Roy Zimmerman, 7 p.m. - 9 p.m. Gala Dinner ``Tribute to Civil Libertarians includes paying honor to philanthropist Peter Lewis and veteran ACLU members. Performances by reggae artist Maxi Priest and comedian Greg Proops. 9:30 p.m. Screening of Road to Guantanamo followed by open discussion with journalist/author David Rose. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW. Contacts: Elizabeth Rose, 202-675-2303

Oct. 16 - 17. NONPROFITS _ The National Council of Nonprofit Associations holds its Non-Profit Summit. Highlights: Session on Educational Sessions: Lighting the Fire, focusing on Advocacy Strategies; Civil Society and Technology: The Future of Philanthropy, Volunteerism, and Advocacy; Coalition Building; Communicating with the Public in an Age of Skepticism and Distraction; Elevating the Nonprofit Sector: An Opportunity to Speak with One Voice; Passing the Torch: Leadership Transition and Preparation of the Next Generation of Nonprofit Sector Leadership; Resource Development: Rethinking Nonprofit Sustainability; and Targeting Your Advocacy: How (and Who) to Engage at

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the Local, State, and Federal Level. 12 p.m. Opening Plenary: Our Nonprofit Sector, with welcome by Betsy Johnson, Executive Director, Center for Nonprofit Advancement. 2 p.m. Working Session I - Deliberation of Priorities. 5:45 p.m. Vote on Top Priorities. Delegates will cast ballots to vote on the actionable priorities of the Nonprofit Congress. 6 p.m. - 8 p.m. Reception and Announcement of Top Priorities. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-962-0322.

Oct. 16 - 17. U.S.-CHINA _ Meeting of the U.S.-China Economic and Security Review Commission. Location: Hall of the States, 444 N. Capitol St. Contacts: Kathy Michels, 202-624-1409.

Oct. 16 - 18. NUCLEAR FUELS _ The Nartional Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Location: 2100 C St. NW. Contacts: Rita Guenther, 202-334-2359.

Oct. 16 - 21. SAFE KIDS _ Safe Kids Worldwide holds its 18th annual Leadership Conference. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 202-662-0600.

9:30 a.m. ELECTION-VIEWS _ The Center for Immigration Studies holds a news conference to release a poll on the views of likely voters nationally and in 145 contested Senate and House races. Location: National Press Club. Contacts: Steven Camarota, 202-466-8185.

10 a.m. EDUCATION ACT REATHORIZATION _ The Council of Chief State School Officers holds a news conference to issue a call to action on the Elementary and Secondary Education Act (ESEA) reauthorization as it releases its supporting policy statement. Council Task Force chair Elizabeth Burmaster will outline the core principles that will guide the organiztion's approach to the reauthorization of ESEA and will explain state chiefs' goal to move from no child left behind to every child a graduate. Location: Room S-211, Capitol. Contacts: Carrie Heath, 202-312-6433. Notes: Copies of the policy statement will be made available at the news conference. Reporters should RSVP to Carrie Heath at 202-312-6433 or carriehccsso.org. All advance information embargoed until 10 a.m. on Oct., 16, 2006, and is for media planning purposes only.

11 a.m. ENERGY RELIABILITY _ United States Energy Association/North American Electric Reliability Council holds a briefing .The leadership of NERC will review, discuss and take questions on its final Long-Term Reliability Assessment Report for North America being issued October 16, 2006. Location: J.W. Marriott, 1331 Pennsylvania Ave, NW. Contacts: ., 202-312-1230.

12:15 p.m. IRAQ _ The New America Foundation holds a program with David Corn of The Nation and Michael Isikoff on the inside story of the buildup to the war in Iraq. Location: 7th floor, 1630 Connecticut Ave. NW. Contacts: Sarah Brennan, 202-986-4901.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, OCTOBER 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Lawyer Is Due For Sentencing In Terror Case (NYT)

By Julia Preston

The New York Times, October 16, 2006

Lynne F. Stewart, the firebrand lawyer known for defending unsavory criminals, now faces the possibility of living out her life like many of them, in maximum-security lockdown in a federal prison.

Today, 20 months after she was convicted on terror charges, Ms. Stewart and two co-defendants who were convicted of conspiring with her will be sentenced in Federal District Court in Manhattan. Prosecutors, arguing that Ms. Stewart repeatedly flouted the law to aid the violent designs of an imprisoned terrorist client, have asked Judge John G. Koeltl to condemn her to 30 years in prison.

That would be a life sentence for Ms. Stewart, who turned 67 last week. Long an abrasive advocate of anti-government causes, these days she is not defiant. She is mournful about what she said were her failures as a lawyer.

Her dread of prison deepened unexpectedly, Ms. Stewart said, during the long period after a jury found her guilty on Feb. 10, 2005, of providing material aid to terrorism. She has recently recovered from breast cancer, but fears it will return in prison.

And if the judge comes down hard, she could be held in solitary confinement with limited visits, the same conditions as Sheik Omar Abdel Rahman, the terrorist she was convicted of aiding.

All three defendants have had to wait for sentencing while Ms. Stewart was treated for cancer. She has finished radiation treatments, she said, and her doctors have declared that she is cancer-free. But she worries about the medical care in prison.

"I feel very threatened by it," Ms. Stewart said. "I know too much about the way they deal with you in prison."

Ms. Stewart's sentencing will culminate a case the Bush administration cites as a major counter-terrorism achievement. Former Attorney General John Ashcroft, who brought the indictment, devoted a full chapter to the case in his new memoir.

Ms. Stewart still denies that she acted to further any violent goals of the sheik, a blind Islamic cleric from Egypt who is serving a life sentence for a thwarted 1993 plot to bomb New York City landmarks. Whatever the sentence, her lawyers have said they will appeal the case.

But in documents they submitted to persuade Judge Koeltl to be lenient and give her no prison time, Ms. Stewart is newly remorseful about "ill-advised" moves on behalf of her client.

"I still believe it was justifiable — but perhaps not in the way that I did it," Ms. Stewart said in a sober interview in a borrowed room in the Manhattan offices where she used to practice law. She was speaking of her actions in June 2000 to violate strict prison rules, known as special administrative measures, by publicizing a message from the sheik to his militant followers in Egypt.

The government's call for a 30-year sentence jolted her, she said, into deeper self-criticism.

"Stewart's criminal conduct, which lasted more than two years, was both extremely dangerous and devious," two assistant United States attorneys, Andrew Dember and Robin Baker, wrote in their sentencing motion. Her actions, they said, "should be offensive to those actually zealously defending criminal defendants within the bounds of the law."

There was never any question during the eight-month trial that Ms. Stewart had broken the rules by releasing the sheik's statement, which said he no longer supported a cease-fire by his followers in Egypt. Another defendant, Ahmed Abdel Sattar, 47, a Staten Island postal worker, was convicted of negotiating with the militants by telephone to promote an end to the cease-fire.

The government wants a life sentence for Mr. Sattar. It is seeking 20 years for Mohamed Yousry, the Arabic translator who was convicted of helping Ms. Stewart smuggle Mr. Abdel Rahman's messages out of prison.

These days, Ms. Stewart says, what stings is that she agrees with some of prosecutors' claims about her faulty legal work.

In her trial testimony, she said she believed that she could stretch the prison rules because she regarded them as unconstitutional. But the argument was weak because, as prosecutors noted, she never made a formal legal challenge.

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She said that she completely misjudged how prosecutors viewed the sheik and the leeway she could take in defending him, as terrorism became an increasing threat to the United States. "To me, the sheik was part of the demonized other," she said, "part of a continuum" with other violent radicals she had defended more successfully, including members of the Weather Underground and the Black Panthers.

She admits that she became too close to the sheik, insisting it was because of his deteriorating health and sanity after years in solitary confinement, not any affinity with his Islamic fundamentalism.

"I ignored any warning signs," Ms. Stewart said. "I led with my heart instead of my head and thought it would be all right."

While Ms. Stewart says she regrets some of her actions, one co-defendant, Mr. Yousry, is not offering any apologies to the judge.

"I wish to God I can say I'm sorry," he said in an interview. "But I'm not guilty and I'm not going to say I'm sorry for something that I didn't do."

In the past months, Mr. Yousry, 51, has gone from bewildered to angry, reliving the trial in his mind. He was fired from a teaching job at the City University of New York when he was indicted and can no longer find work as a translator. Out on bail, he spends his time at home in Bridgeport, Conn.

Mr. Yousry said he keeps coming back to the fact that he, unlike Ms. Stewart, never signed an agreement to uphold the rules that restricted communication with the sheik. The evidence confirmed that he acted on specific instructions from Ms. Stewart. Prosecutors acknowledge that Mr. Yousry, who is not a practicing Muslim, did not support the sheik's ideas or violence. They have called him the "least culpable" defendant.

In a letter to the judge, Michael Gasper, a history professor at Yale, said Mr. Yousry had long shown an "obvious and unconcealed distaste for any brand of Islamic activism."

Mr. Yousry has never broken rank with Ms. Stewart. But his voice rose when he discussed how she handled the sheik's case.

"My job wasn't to tell the lawyer what to do," he said. "Lynne is known as an in-your-face kind of lawyer. She lives for the moment when she can stand up to the government and challenge them on issues. That's her thing. That's Lynne Stewart, not Mohamed Yousry."

There was little sympathy for Ms. Stewart among mainstream lawyers during the trial. But more than 400 letters she submitted to Judge Koeltl about her sentence include many from law professors and criminal defense lawyers who said that her actions never caused actual harm and warned of a chilling effect on lawyers who defend terrorists if she receives a long sentence. Her lawyers cite her long service as a government-appointed lawyer for rebels, mobsters and murderers.

Jo Ann Harris, a former assistant attorney general who authorized the 1994 indictment of Mr. Abdel Rahman, wrote that the terrorism counts against Ms. Stewart were "unwarranted overkill."

Ms. Stewart's failing, she wrote, was that she "didn't have a clue that the stick she was poking in the government's eye was going to have consequences beyond her imagination."

The author Gore Vidal wrote to ask the judge to "side with our Bill of Rights" by not imprisoning Ms. Stewart.

Ms. Stewart said that while her radical leftist views have not changed, she will continue to fight within the system. "I really think that my patriotism — if you'll excuse the expression — and my love of this profession demand that I have to stay and fight."

Specter's Role In Passage Of Detainee Bill Disputed (WP)

By R. Jeffrey Smith

The Washington Post, October 16, 2006

The news reached Democrats working on the military commissions bill in the Senate cloakroom the morning of Sept. 27. Sen. Arlen Specter (R-Pa.), a sponsor of two amendments giving detainees a right to challenge their detention or treatment in federal court, had decided to bring the more extreme amendment to a vote.

Democrats had lined up behind Specter because the Judiciary Committee chairman told them he shared their antipathy to language in the bill stripping detainees of habeas corpus rights. But the amendment Specter put forward was defeated 51 to 48, allowing the bill to win congressional approval without change. It handed the White House an important pre-election victory.

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The last-minute maneuvering before the Sept. 28 vote remains a hot topic of debate among lobbyists, lawmakers and staff members. They are wondering if Specter, as several Judiciary Committee staff members privately asserted at the time, was pressured into discarding a less extreme and more politically palatable amendment at the Bush administration's request, in favor of an alternative more likely to be defeated.

Specter says that he was not, and that he has no reason to believe the less extreme alternative he sponsored but withheld from a vote -- allowing detainees limited access to the courts -- might have won. Senate Majority Leader Bill Frist (R-Tenn.) backs Specter's account, but some other sources on Capitol Hill dispute it.

The stakes were considerable: The White House had been waging an intense three-month effort, set off by an adverse Supreme Court decision in June, to win explicit congressional support for the right to detain indefinitely, and without guaranteed recourse to the courts, people -- including U.S. citizens -- who are designated as "unlawful enemy combatants."

The White House was keen to secure the bill's speedy passage, because officials were worried that Congress would be more reluctant to strip detainees of their rights after the Nov. 7 midterm elections. Keeping the Senate bill free of amendments was key to avoiding a wrangle with the House, which had passed the administration-backed version and was set to leave for a recess Sept. 29.

Questions about Specter's role in the last-minute maneuvering arose in part because he had taken a maverick position before -- and then backed President Bush's policy on the floor or in his votes.

Specter said in December, for example, that he had "no doubt" the administration's warrantless surveillance program for terrorism suspects was inappropriate and should not be condoned. This summer, he sponsored a bill to legalize the program by providing for limited judicial review. Since 2001, Specter's support for Bush initiatives in Congress has fluctuated between 85 and 89 percent, according to Congressional Quarterly.

On the detainee bill, Frist had make clear his desire to ensure that no amendment passed, spokeswoman Amy Call said. She said "we were worried about both" of Specter's amendments.

The more extreme version would have deleted the bill's suspension of habeas corpus rights. The less extreme alternative, which Specter co-sponsored with Sens. Patrick J. Leahy (D-Vt.) and Gordon Smith (R.-N.H.), would have allowed detainees to file a single habeas corpus petition after a year of detention.

"The compromise looked like it had a strong chance of success," and it would have given detainees at least "a one-chance shot to appeal their innocence," said Jennifer Daskal, U.S. advocacy director for Human Rights Watch. "Rather than doing the right thing and allowing the amendment to go forward, the strategy seems to have been to put forward an amendment doomed to defeat," she said.

Frist was so determined to help the White House that on Sept. 26, he told a group of GOP lawmakers at a private meeting, in the presence of White House national security adviser Stephen Hadley, that no amendment that could pass would be allowed to come to a vote, according to one person present. Call declined to comment on a private meeting.

Although Frist did not say so then, staffers told others they were nervous that Maine's two Republican senators, Susan Collins and Olympia J. Snowe, and Sen. Chuck Hagel (R-Neb.) might support Specter's less extreme amendment.

Around the time of the vote, several members of the Judiciary Committee staff circulated reports that Frist and the White House pressured Specter into doing the administration's bidding on the habeas corpus amendment. The staffers said Specter was told that no floor time would be available to debate the milder alternative, according to five legislative aides and lobbyists following the bill, who said in separate interviews that they heard this account directly from the staff.

In a telephone interview, Specter disputed that assertion and said he was unaware that more Republicans might have supported the less extreme amendment. Frist "wanted me to limit it to one amendment . . . he wanted to get the bill finished," Specter said. But "he did not tell me" which bill to bring to the floor.

Specter said the less extreme amendment he sponsored "doesn't appeal to me for many reasons." Some habeas corpus petitions succeed on the second try, he said, an option it would not have allowed. "I know they were very nervous about the one that I offered. . . . I could not have pressed an amendment any more strenuously than I did that one," he said. Call said Frist had not told Specter which amendment to offer.

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Would the alternative amendment have attracted more GOP support? A Republican aide directly familiar with Hagel's position confirmed that the senator supported the less extreme alternative.

Specter said he did not speak to Hagel before the vote but telephoned him in Vietnam after being interviewed by The Washington Post. He said Hagel told him otherwise. Asked to clarify the discrepancy, Hagel spokesman Mike Buttry said the senator was "not going to talk about hypotheticals."

Six legislative aides and lobbyists separately quoted an aide to Collins as saying at the time that the senator would have supported the alternative amendment, providing the second vote needed to ensure its success. Asked about the statements, Collins's spokeswoman, Jen Burita, said that "we don't know how she would have voted."

Spokesmen for two other senators who voted with the administration, Snowe and Ben Nelson (D-Neb.), also declined to say if they would have supported the less extreme alternative.

Four Democratic lawmakers put forward amendments of their own that they knew would not attract enough GOP support to win. They would have required periodic reports on detainees held in CIA custody, closed the special military court system in 2011, or required U.S. notification of other countries that their officials would be prosecuted for extreme detainee abuses.

"Sometimes you offer an amendment because that's what you believe in," said an aide to one Democrat.

But for at least some Democrats involved in lobbying on the bill, the defeat of these amendments -- plus Specter's -- was not entirely an unhappy result. Some lawyers representing detainees told lawmakers before the vote that they were convinced the Supreme Court would strike down Bush's version of the bill.

They argued against a compromise -- such as Specter's unoffered amendment -- on grounds that it could make the outcome more difficult for the court to reject, a senior Democratic aide said. "We were hearing from some of the constitutional experts that . . . it is better to leave the pig ugly than put lipstick on it," the aide said, explaining why Democrats did not propose a habeas corpus amendment that might have won.

Those interviewed said they doubt a challenge to the new law -- once it is signed by Bush -- could be decided by the Supreme Court in less than a year. That leaves hundreds of suspects now incarcerated without legal recourse during that period, and potentially far beyond it.

The Treason Puzzle (WP)

The Washington Post, October 16, 2006

WHEN THE Supreme Court considered the case of Yaser Esam Hamdi, an American citizen held as an enemy combatant, Justices Antonin Scalia and John Paul Stevens objected that U.S. citizens could not be held without charge unless Congress acted to permit it in an emergency. If the government wants to lock them up for supporting the enemy, the justices said, the Constitution specifies how it may do so: Charge them with treason or some similar crime.

That is what the Justice Department did last week to Adam Gadahn, an American-born operative who had been making videotapes for al-Qaeda. The first such charge in decades marks a significant change of course. Instead of causing him to disappear into military custody, as it did with Mr. Hamdi, the government is following a road explicitly laid out in the Constitution.

Broadly speaking, this is a constructive development. Unlike the murky terrain governing the holding of American citizens as enemy combatants, treason is defined in the Constitution. So there's no doubt as to the government's authority to pursue its case or the propriety of doing so. Mr. Gadahn, if he's ever captured, will have rights in court, and the government's standard of proof, also specified in the Constitution, is high. The videos cited in the indictment involve threats of terrorist violence made against this country on behalf of a belligerent foreign power. The indictment quotes Mr. Gadahn declaring that he has "joined a movement waging war on America and killing large numbers of Americans."

Yet treason charges could come to pose civil liberties concerns of their own. The Constitution cannot, by definition, be unconstitutional -- yet its definition of treason is so broad and vague that, were it merely written in statute, it would probably be so. It consists of "levying war" against the United States or "adhering to their enemies, giving them aid and comfort" -- language that has been used to convict people of propagandizing on behalf of enemy powers. Where exactly that bleeds into protected speech is no easy question.

Al-Qaeda General 'in The UK' (UKSUN)

The (UK) Sun, October 16, 2006

AN al-Qaeda general believed to be plotting dirty bomb attacks on seven US cities could be in Britain, FBI sources said yesterday.

Adnan El Shukrijumah, who has a £2.5million bounty on his head, is suspected of planning a spectacular attack using bombs that spread radioactive waste.

The FBI are investigating the 31-year-old Saudi-born scientist's UK links, including connections to the Midlands and Birmingham.

A US source said: "He has travelled extensively in the last seven years, and we believe this includes the UK."

HOMELAND RESPONSE:

U.S. Firing Plans For Great Lakes Raise Concerns (NYT)

By Monica Davey

The New York Times, October 16, 2006

GRAND HAVEN, Mich., Oct. 10 — Even in autumn, the cold, silent expanse of Lake Michigan defines this town, where pleasure boats glide into harbor, fishermen wait patiently for salmon and tourists peer up at the lighthouse.

But the United States Coast Guard has a new mission for the waters off of these quiet shores. For the first time, Coast Guard officials want to mount machine guns routinely on their cutters and small boats here and around all five of the Great Lakes as part of a program addressing the threats of terrorism after Sept. 11.

And, for the first time in memory, Coast Guard members plan to use a stretch of water at least five miles off this Michigan shore — and 33 other offshore spots near cities like Cleveland; Rochester; Milwaukee; Duluth, Minn.; and Gary, Ind. — as permanent, live fire shooting zones for training on their new 7.62 mm weapons, which can blast as many as 650 rounds a minute and send fire more than 4,000 yards.

The notion is so unusual that it prompted United States diplomats to negotiate with Canadian authorities in order to agree that it would not violate a 189-year-old treaty, signed after the War of 1812, limiting arms on the Great Lakes.

Many here in Grand Haven, a town whose history is so lovingly intertwined with the Coast Guard that it holds an annual festival celebrating the service branch, say they think of Coast Guard members mainly as the rugged sailors who race off to search for and save troubled boaters. But even here, in a town that calls itself "Coast Guard City U.S.A.," some say the thought of members firing machine guns anywhere near these waters strikes them as dangerous to ordinary boaters, potentially damaging to the Great Lakes' ecosystem and, frankly, a somewhat surprising place to be bracing for terrorists.

"You know exactly what's going to happen with this," said Bob Foster, 58, who said he spends every chance he gets on the waters here. "Some boater is going to inadvertently drive through the live fire zone and get blown out of the water."

Carole Loftis, the owner of Snug Harbor, a popular restaurant with windows on the water, said that although she certainly carried concerns, like most Americans, about terrorism, drunken boating seemed a more frequent threat around here. "This seems a little like overkill," Ms. Loftis said of the shooting plans.

Despite complaints from some charter boat captains, environmental groups and city leaders around the Great Lakes, the Coast Guard defended the need to mount M-240B machine guns on its boats and to test fire them two or three times a year in "safety zones," about 70 square miles each.

"The Coast Guard has looked at an increased terrorist threat since 2001," Rear Adm. John E. Crowley Jr., commander of the Coast Guard district that oversees the Great Lakes, said in a telephone interview. "I don't know when or if something might happen on the Great Lakes, but I don't want to learn the hard way."

Some members of the Coast Guard assigned to law enforcement duties always carried weapons, but most of those were personal semiautomatic pistols. Since the arrival of the boat-mounted machine guns, the Coast Guard has conducted 24 training sessions on the lakes this year, although it has halted the exercises temporarily after news of the program seeped out last month and, with it, a barrage of objection.

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"When I heard, I thought it was something from The Onion newspaper or an Internet hoax," said Mike Bradley, the mayor of Sarnia, Ontario, which sits beside Lake Huron, where 6 of the 34 live fire zones are planned. "This whole thing was done way below the radar."

The Coast Guard's plans for permanent training zones were published in the Federal Register on Aug. 1, along with the promise of a month for public comment, but city leaders and ordinary boaters said that most of them never came across the document and that the authorities failed to provide them with any other notice of live fire plans — a fact that left some saying they felt as though the Coast Guard, now part of the Department of Homeland Security, was trying quietly to slip the whole weapons program past them.

Herb Bergson, the mayor of Duluth, got a telephone call in September from a resident who said she was listening to her marine scanner, heard talk of shooting on Lake Superior and wanted the mayor to explain what was going on.

"I didn't know what to tell her," Mr. Bergson said. "I was caught just flat-footed. No one told me, and they should have."

Coast Guard leaders — who have since announced nine public meetings in Great Lakes cities, starting Monday, and have extended until Nov. 13 the period for people to weigh in on the idea — acknowledge that they initially failed to publicize the weapons training program. "I've got no good answer for that," said Lt. j.g. Ryan Barone, a spokesman.

But the plans themselves, which ultimately would mean machine guns mounted on the vessels of more than 50 Coast Guard units throughout the Great Lakes, were carefully conceived, Lieutenant Barone said. Information about the proposal and scheduled public meetings is at uscgd9safetyzones.com.

All of the proposed firing zones sit at least five nautical miles from shores and from Canadian waters, as well as far from commercial shipping lanes and sensitive marine areas, Lieutenant Barone said. During the training days, when Coast Guard gunners will shoot at floating foam buoys, other boaters will be notified on marine radio frequencies, he said, and every test will include a designated safety observer.

Admiral Crowley said, "I don't feel there's a risk to anyone out there."

Around the Great Lakes, some people said they were supportive of the presence of machine guns and the planned tests. The risks of terrorism, they said, cannot be underestimated — even in small towns, even in the Upper Midwest. And as with extra airport safety measures, they said, the live fire tests may be inconvenient but they are needed.

Several ferry operators in Michigan, who carry cars and passengers across Lake Michigan, said they were satisfied that their customers would be safe. Ken Alvey, president of the Lake Erie Marine Trades Association, which represents some 80 marine businesses, said he was comfortable knowing that the Coast Guard members would practice on their new weapons.

"To say we don't have to worry about our open border with Canada would be foolish," Mr. Alvey said. "You never know what avenue terrorists will take."

But others, especially recreational boaters and professional fishing guides, said they were worried. Though most emphasized their support and gratitude to the Coast Guard, they said they did not even listen to their radios much anymore (unless a storm is rolling in) and could miss warnings altogether.

Ron Mihevc, who takes customers fishing out of the harbor at Waukegan, Ill., said he feared that the planned firing zone near Waukegan sits "right in the middle" of a prime fishing spot that draws scores of fishermen. Kelly J. Campise, another Waukegan boat captain, said fishermen already were carrying their clients many miles into Lake Michigan in search of salmon and trout at great fuel expense; going still further away to avoid the firing zones would cost still more, he said.

An 89-page environmental study, commissioned by federal authorities, concluded that rounds left in the lakes from the Coast Guard exercises would cause no harm, but Hugh McDiarmid Jr., a spokesman for the Michigan Environmental Council, said a "fuller environmental risk assessment," given the lead content of the rounds in particular, was needed.

For years, Coast Guard boats have been armed, and training has been conducted off of the coasts of this country, said Brad J. Kieserman, chief of the operations law group at Coast Guard headquarters.

On the Great Lakes, weapons training by military branches like the Navy has also occurred in years gone by, dating back to World War I and World War II. But in keeping with a treaty known as Rush-Bagot from 1817, Coast Guard vessels on the Great Lakes have historically not included naval armaments.

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But in 2003, federal authorities sought an understanding with their Canadian counterparts about Rush-Bagot in preparation for mounting machine guns on cutters so that the Coast Guard could "prevent terrorists or others engaged in criminal activities from crossing the United States-Canadian boundary by water," according to documents from the exchange between the two countries.

In recent days, though, some Canadian mayors, who said they had not heard of the plans until this fall, have objected vehemently. David Miller, the mayor of Toronto, said he worried about practical, safety aspects of the weapons plan and about the environment, but also about the precedent set for the lakes' more than 94,000 square miles of water.

"Our treaty had always said that the Great Lakes will not be militarized," Mr. Miller said. "And in effect, this remilitarizes them in the name of a threat from 9/11."

Changing Of The Guard (WSJ/WW)

By Robert Block

The Wall Street Journal/WashWire, October 15, 2006

One of the last remaining senior-level political officials left from Tom Ridge's day at the helm of the Department of Homeland Security has stepped down.

Ambassador Cresencio "Cris" Arcos played a key role in helping the fledgling DHS forge partnerships with Canada, Mexico and other nations, negotiating expanded roles for U.S. customs agents based in foreign ports to help inspect U.S.-bound cargo overseas, among other early post 9/11 security measures. His last job before leaving was to help pave the way for stationing DHS intelligence analysts overseas.

His departure comes at a critical time for DHS which is coming under growing criticism for plans to build 700 miles of fencing along the U.S./Mexico border as a way to crack down on illegal immigration. Amb. Arcos is going into semiretirement and will work part time as a consultant.

WAR NEWS:

'Stay The Course' In Iraq? No Way, U.S. Panel Says (LAT)

By Doyle Mcmanus

The Los Angeles Times, October 16, 2006

WASHINGTON — A commission backed by President Bush that is exploring U.S. options in Iraq intends to propose significant changes in the administration's strategy by early next year, members say.

Two options under consideration would represent reversals of U.S. policy: withdrawing American troops in phases, and bringing neighboring Iran and Syria into a joint effort to stop the fighting.

While it weighs alternatives, the 10-member commission headed by former Secretary of State James A. Baker III has agreed on one principle.

"It's not going to be 'stay the course,' " one participant said. "The bottom line is, [current U.S. policy] isn't working.... There's got to be another way."

If the panel recommends overhauling Bush's approach to Iraq, it could give a boost not only to critics of current policy but also to officials in the administration who have argued for broad changes.

"There'll probably be some things in our report that the administration might not like," Baker said in a television interview last week.

It's unclear how willing Bush is to change his strategy, which focuses on improving security in Baghdad, training Iraqi security forces and pressing the Iraqi government to forge a political agreement among warring factions.

Progress on all those fronts has been slow, and Bush last week said he was open to ideas.

"My attitude is: Don't do what you're doing if it's not working — change," Bush said at a news conference.

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When the panel was formed in March, some administration officials hoped it would produce a bipartisan endorsement of existing policy. But as sectarian violence in Iraq has worsened, more Republicans in Congress — and privately some administration officials — have become receptive to alternatives.

The Baker panel, called the Iraq Study Group, was formed in response to a proposal by members of Congress. Nevertheless, Baker sought — and won — Bush's endorsement. Other members include former Rep. Lee H. Hamilton (D-Ind.), who also served as co-chairman of the commission investigating the Sept. 11 terrorist attacks; retired Supreme Court Justice Sandra Day O'Connor; former Rep. Leon E. Panetta, a California Democrat who was President Clinton's chief of staff; and former CIA Director Robert M. Gates.

In its most recent closed-door meetings, the commission focused on two options drafted by experts outside the government.

One, titled "Stability First," calls for continuing to try to stabilize Baghdad, boosting efforts to entice insurgents into politics, and bringing Iran and Syria into plans to end the fighting.

The other, called "Redeploy and Contain," goes further. It calls for a gradual, phased withdrawal of American troops to bases outside Iraq where they would be available for strikes against terrorist organizations anywhere in the region.

The experts also prepared an option called "Stay the Course, Redefine the Mission," and an alternative urging a quick U.S. withdrawal, but the panel appeared less interested in those plans, participants said.

The options were first reported last week by the New York Sun.

Baker and other commission members refused to confirm the substance of the options and emphasized that the panel had made no decisions. But Baker signaled the thrust of the panel's deliberations in several television interviews last week.

"Our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate of 'stay the course' and 'cut and run,' " Baker said.

The former secretary of State, who was a longtime aide to former President George H.W. Bush, also said he favored reaching out to Iran and Syria.

"I personally believe in talking to your enemies," he said. "Neither the Syrians nor the Iranians want a chaotic Iraq ... so maybe there is some potential for getting something other than opposition from those countries."

Bringing Iran and Syria into negotiations would require significant changes in U.S. policy.

"To bring them in, we need to stop emphasizing things like democracy and start emphasizing things like stability and territorial integrity," said James Dobbins of the Rand Corp., a former U.S. envoy to Afghanistan. "We need to stop talking about regime change. It's unreasonable to think you can stabilize Iraq and destabilize Iran and Syria at the same time."

The Iraq Study Group said Dobbins was one of its advisors. Dobbins refused to talk about the panel's work, and said he was giving a personal opinion. Other participants described the commission's discussions on condition they not be identified because Baker had asked them to keep the work confidential.

Baker, promoting a new volume of his memoirs in a recent flurry of television interviews, including an appearance on Comedy Central's "The Daily Show With Jon Stewart," offered his views on issues under consideration by the panel. He also appeared on ABC's "This Week With George Stephanopoulos," PBS' "The NewsHour With Jim Lehrer" and PBS' "The Charlie Rose Show."

After the publicity blitz drew quiet grumbles from other panel participants, Baker canceled a scheduled breakfast with newspaper reporters and declined a request from The Times for an interview.

In his interviews, Baker said he did not support calls for an early withdrawal of U.S. troops. "I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," he said.

He also said he did not agree with proposals to divide Iraq into three states for Sunni Arabs, Shiites and Kurds. "Most all the experts we've talked with think that might ... trigger a civil war," he said.

And instead of trying to bring democracy to all nations in the Middle East, he said, the United States should define success as achieving "representative government, not necessarily democracy."

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Another participant, speaking on condition of anonymity, said the panel was considering whether the United States should warn the Iraqi government to get its "act together or else," a threat to withdraw troops unless the government's performance improved.

An administration official was skeptical that the panel would uncover new policy options, but said the White House would welcome ideas.

"If an independent group like the Baker panel can come up with some good ideas, we're all for it," he said, speaking on condition of anonymity because his comment had not been approved.

Participants in the Iraq Study Group said an additional goal was to identify options that Republicans and Democrats could endorse.

The commission is scheduled to meet again in mid-November. It hopes to deliver a report to Bush, Congress and the public by early 2007.

Some members of Congress, including Senate Armed Services Committee Chairman John W. Warner (R-Va.), asked Baker to provide a report after next month's congressional elections, but Baker reportedly concluded that he would need more time to build a bipartisan consensus on significant recommendations.

Baker and Hamilton noted that the panel had consulted more than 150 experts, including representatives of Iran and Syria, and that its members spent four days in Iraq this year.

Administration officials also have briefed the panel.

"You can't come out of those briefings and not have a sense that things are in real bad shape," one participant said. "The bottom line is, it's not working. They know that. And they know that time is not on their side."

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Times staff writers Paul Richter and Peter Spiegel contributed to this report.

2 GOP Senators Urge New Iraq Strategy (AP-Y)

By Nedra Pickler

AP, October 16, 2006

Two leading Republican senators called Sunday for a new strategy in Iraq, saying the situation in getting worse and leaving the United States with few options.

Sens. Chuck Hagel of Nebraska and John Warner of Virginia are part of the growing list of Republicans who are speaking out against President Bush's current plan for Iraq as U.S. casualties rise.

"The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war," Hagel said on CNN's "Late Edition."

Hagel said he agreed with Warner, chairman of the Senate Armed Services Committee, who said after a recent visit to Iraq that Iraq was "drifting sideways." Warner has urged consideration of a change of course if the Iraq government fails to restore order over the next two months or three months.

Warner said Sunday he stands by that assessment, and even in the week since his trip to Iraq, there has been an "exponential increase in the killings and the savagery that's going on over there."

"You can see some movement forward, but a lot of movement back," Warner said on "Face the Nation" on CBS. "We have to rethink all the options, except any option which says we precipitously pull out, which would let that country fall into a certain civil war at that time, and all of the neighboring countries would be destabilized."

Bush told reporters last week that he invites a change in strategy if the plan isn't working. But he also said the U.S. will not leave until the job is done.

Hagel said it is time to change course, but "our options are limited."

"We need to find a new strategy, a way out of Iraq, because the entire Middle East is more combustible than it's been probably since 1948, and more dangerous," Hagel said. "And we're in the middle of it."

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Democrats long have urged a change in Iraq policy. Sen. Carl Levin of Michigan, the leading Democrat on the Senate Armed Services Committee, said there is "no military solution to this conflict" and the United States must pressure Iraqis to take over their country.

"If they're going to have a civil war, they're going to have to do it without us," Levin said on CNN. "This is long overdue. We've got to focus Iraqi leadership attention on this by telling them we need to begin a phased redeployment of American troops from Iraq within the next few months."

Also Sunday, Rep. John Murtha, a decorated Marine veteran who favors withdrawing U.S. troops from Iraq, criticized Republicans for referring to him and other war opponents as "Defeatocrats."

In an opinion piece for The Washington, Murtha said Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and others in the White House have called Iraq war opponents appeasers and pessimists and labeled Democrats the "cut and run" party.

"It's all baseless name-calling, and it's all wrong," wrote Murtha, D-Pa. "Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

"In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course — and soon. This is not defeatism. This is realism."

Murtha, a military hawk and close confidant of top military officials, surprised Washington last year when he called for pulling all troops out of Iraq within months.

Looking ahead to the Nov. 7 elections, the chairman of the Republican National Committee, Ken Mehlman, said "the American people aren't going to say in the face of war we need to be weaker, and in the face of economic challenge we need higher taxes and more regulations and more lawsuits. The Democrats have promised both."

Tennessee Democrat Ford Questions `Sanity' Of U.S. Iraq Policy (BLOOM)

By Nadine Elsibai

Bloomberg, October 16, 2006

Oct. 15 (Bloomberg) -- Democratic Representative Harold Ford, engaged in a close battle for an open Senate seat in Tennessee, questioned the ``sanity'' of the Bush administration's policy on Iraq.

Asked on ABC's ``This Week'' program about his vote in 2002 to authorize President George W. Bush to use military force, the five-term representative said he wouldn't have backed the war if he knew that Iraq didn't have weapons of mass destruction.

``After hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity,'' he said.

Danny Diaz, spokesman for the Republican National Committee called Ford's comments ``outrageous'' and show ``he is an extreme and partisan liberal that does not represent Tennessee values.''

Ford, 36, is running against Republican Bob Corker, the former mayor of Chattanooga, Tennessee, for the seat opened up by the retirement of Senator Bill Frist. Recent polls in the state show the race is a dead heat with a little more than three weeks before the congressional election.

Democrats are attempting to frame the elections, which will decide which party controls Congress, as a referendum on Bush and the war in Iraq.

War Debate

``Why would you go forward with an effort in Iraq knowing that they didn't have weapons of mass destruction, knowing that our focus should have remained on bin Laden?'' Ford said when questioned about his statement.

Bush and Vice President Dick Cheney have called Iraq a central front in the war against terrorism and argued that the world is safer with Saddam Hussein out of power.

``It was the right thing to do, and if we had to do it over again, we'd do exactly the same thing,'' Cheney said Sept. 10 on NBC's ``Meet the Press'' program.

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Cheney spokeswoman Lea Anne McBride said the vice president's stance reflects the realities of the war against terrorism. ``You have to look at what the terrorists themselves have said," she said. ``Bin Laden calls it the third world war. We believe that taking the fight to the enemy, going on the offensive against the terrorists, is the way to defeat them."

Corker, 53, interviewed separately on the ABC program, declined to say whether going to war in Iraq was the right decision.

``I'm going to focus on where we are going forward," he said. ``I don't think it does us any good to focus on that."

Troop Levels

Corker said the U.S. shouldn't withdraw until the Iraqis are able to secure the country, and that he would back putting more U.S. troops there ``if that's necessary" for stability.

``We need to do whatever's necessary for the country to be able to secure itself," Corker said. ``And when that happens, I do hope that our men and women come quickly home."

Democrats need a net gain of six seats to get control of the 100-member Senate. With 33 Senate seats being contested on Nov. 7, the Tennessee race is one of those targeted by both parties. Another is the Minnesota seat being vacated by Democratic Senator Mark Dayton, who is retiring.

Republican Representative Mark Kennedy said on NBC's ``Meet the Press" program that he stands by his vote to authorize the invasion of Iraq, arguing that the U.S. can start withdrawing soldiers only ``after we're sure the terrorists can't win."

War Opponent

Amy Klobuchar, Kennedy's opponent and the Democratic-Farm Labor Party candidate, said on the same show that she has opposed the war from the beginning and that the conflict can't be resolved by the military.

Klobuchar, the Hennepin Count attorney, is leading in the race, according to a poll conducted for the Minneapolis Star-Tribune and released today. She had 55 percent support among likely voters to 34 percent for Kennedy, a three term member of the House from suburban Minneapolis-St. Paul.

Klobuchar, 46, said the U.S. needs ``to change course" in Iraq and the nation's top military commanders should be brought before Congress to discuss the next steps to take in the conflict. Some U.S. troops should be redeployed from Iraq to Afghanistan and Kuwait, she said.

Kennedy, 49, said that progress has been made in Iraq, and the U.S. can't let the country ``become a sanctuary for terrorists." Solving the issue of federalism in Iraq as well as letting citizens share in the wealth from oil revenue are among the political solutions that would help quell sectarian violence, he said.

On economics, Kennedy said Klobuchar's proposal to roll back the tax cuts Bush pushed through Congress for those making more than $200,000 a year would put the economy ``on its back." He said Bush and Congress could do more to cut spending.

Klobuchar said restoring the income tax rates on high- income individuals to those in place during the Clinton administration would help trim the federal debt and secure Social Security's future.

5 Americans Killed In Iraq, Bringing Month's Toll To 53 (NYT)

By Kirk Semple

The New York Times, October 16, 2006

BAGHDAD, Oct. 15 — Two marines were killed by insurgents in Anbar Province on Sunday, the American military command said, and three American soldiers died a day earlier in a bombing in southern Baghdad, bringing the total of American troop deaths in Iraq this month to at least 53, an extraordinarily high midmonth tally.

At the current rate of American troop deaths, almost four a day, October is on track to be the third-deadliest month of the entire conflict for the military, according to Iraq Coalition Casualty Count, an independent Web site that tracks war-related casualties. The two most deadly months coincided with major American offensives against entrenched guerrilla fighters.

The rise now, in spite of improvements in body and vehicle armor, followed a decision by commanders to increase the number of American troops patrolling Baghdad in an effort to quell the sectarian violence that has engulfed the city.

Attacks continued against government and civilian targets as well on Sunday. A series of seven bombings within a few hours struck in the northern city of Kirkuk, killing at least 17 people and wounding at least 73, according to police officials.

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Just last year, commanders began cutting back on American patrols in Baghdad in an effort to give Iraqi forces more responsibility. But the escalating violence forced them to reverse the strategy in late July, and thousands of American troops were shifted to Baghdad. Plans for a major troop withdrawal from the country by the end of the year were canceled.

A cornerstone of the new approach has been house-to-house sweeps of the capital's most troubled areas, intended to ferret out militia networks, fighters and armaments. To date, the Americans, with Iraqi assistance, have swept eight districts.

Simultaneously, the American and Iraqi militaries have more aggressively pursued Shiite death squads, including elements of the Mahdi Army, the militia that loosely answers to the cleric Moktada al-Sadr.

Since the neighborhood sweeps started at the beginning of August, guerrilla attacks — against military and civilian targets alike — have risen about 23 percent across the capital, according to American military statistics.

Maj. Gen. William B. Caldwell IV, a senior military spokesman here, directly attributed the rise in American deaths to the new security strategy.

"We are out more aggressively engaged in the city at this point than we were just a month ago," he said at a news conference last Thursday. "Coalition forces are being much more active in going out and looking for these folks, these death squads and elements that are associated with the sectarian violence."

According to Iraq Coalition Casualty Count, which collates statistics distributed in Pentagon news releases, the number of American deaths in Baghdad has sharply increased since the American-led crackdown began in early August.

That month, 20 American forces died in or near the capital, up from 12 in July and 15 in June. The number rose again last month, to 29.

The number of troops wounded in action, a figure that usually parallels the number of fatalities, has also increased drastically. From Sept. 28 to Oct. 11, 427 American troops were wounded, one of the worst two-week stretches of the war, according to Iraq Coalition Casualty Count. In all of September, 776 troops were wounded, the fourth-highest monthly total since the American invasion, according to the Web site.

As fighting has risen to new levels in Baghdad, the capital, it has also continued unabated in Anbar Province, the stronghold of the Sunni Arab insurgency. At least 21 Americans have died there this month, and 60 over the past two months. At the same time, forces in the region have been stretched as more troops have been sent to Baghdad.

The deadliest months for American troops since the beginning of the war have been associated with major offensives.

Some 137 American troops died in November 2004, the same month as the second siege of Falluja, where the Americans battled Sunni Arab rebels. In April 2004, a bloody month with the first siege of Falluja and pitched battles between the Americans and Mr. Sadr's militia in Najaf, 135 American troops died.

In contrast, the military has not conducted any major operations this month. The military has not initiated a new urban cordon-and-search operation for more than two weeks and has instead focused on patrolling the areas already swept, officials say.

In the multiple car bombings in Kirkuk, a city bitterly contested by several ethnic and religious groups, three suicide car bombers, including one driving a van packed with chickens and explosives, detonated their payloads throughout the city, killing 13 people and wounding at least 34, according to Maj. Gen. Turhan Yusuf, chief of the Kirkuk Police Department. One blew himself up near a girls' academy, killing two students.

Four other bombs, including two unattended car bombs, killed four civilians and wounded at least 19 others, police officials said. Most of the bombs were apparently directed at Iraqi security forces.

In Baghdad on Sunday, the authorities recovered at least 30 bodies dumped around the city, an Interior Ministry official said.

Two bombs exploded near the convoy of the chief of financial affairs for the Interior Ministry, killing seven people, though the administrator escaped unscathed, the ministry official said. Another bomb exploded in the Amel neighborhood in Baghdad, killing one civilian and wounding two others, the official said.

In Tal Afar, near Mosul, a suicide bomber wrapped in explosives walked into a local market and detonated himself near a police checkpoint, killing a child and wounding five other people, including two police officers, hospital and police officials said.

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In Mosul, five members of a family were killed when gunmen burst into their home and opened fire, officials said, and gunmen assassinated Raad al-Haiali, a provincial official and a member of the Iraqi Islamic Party, a Sunni Arab group.

The tribunal trying Saddam Hussein and his associates said Sunday that it was postponing the date for verdicts from Monday, as originally planned, to Nov. 5, according to a senior court official who requested anonymity because he was not authorized to speak publicly on the issue.

Other court officials have said in recent days that a major reason for the delay is that after nine months of hearings, the five judges in the case have failed to reach agreement on a sentence for Mr. Hussein and appeared to be undecided between a death sentence for him or a penalty of life imprisonment.

Mr. Hussein, 68, faces a possible sentence of death by hanging for his role in the execution of 148 men and boys from the mostly Shiite town of Dujail after an assassination attempt against him in 1982.

Iraq Delays National Talks Amid Killings (AP-Y)

By Christopher Bodeen

AP, October 16, 2006

Iraq's government indefinitely postponed a much-anticipated national reconciliation conference Sunday as a two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead.

Meanwhile, a militant network that includes al-Qaida in Iraq announced in a video that it had established an Islamic state in six provinces, a propaganda push in its drive to force the withdrawal of U.S. forces and topple the American-backed Iraqi government.

The Mujahedeen Shura Council — an umbrella organization of insurgent groups in Iraq — said the new state was made up of six provinces including Baghdad that have large Sunni populations, along with parts of two other central provinces that are predominantly Shiite.

Responding to the statement, the speaker of the Iraqi parliament, Mahmud al-Meshhedani, derided the group's leaders as "vulgar with no religion, who only kill others under the pretext of jihad (holy war)."

"Those who believe in this council are ignorant and those who follow it are foolish," al-Meshhedani said. "This council caused the sectarian conflict as well the displacement of both Shiites and Sunnis."

The militants' announcement appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory.

It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together.

In announcing postponement of the reconciliation conference, the Ministry of State for National Dialogue said only that the gathering, which was planned for Saturday, had been put off for "emergency reasons out of the control of the ministry." The move reflected the upheaval worsening violence has wrought on efforts to stabilize the government and curb bloodshed.

The postponement could deeply damage the al-Maliki administration, which took office just over four months ago vowing to implement a 24-point National Reconciliation plan to heal the nation's severe political wounds.

Al-Maliki did not comment on the postponement, but issued a message to the Iraqi people Sunday praising them for approving the country's first post-Saddam Hussein constitution exactly one year ago, while acknowledging the document's adoption had intensified the insurgency.

"It is your vote on the constitution that forced the terrorists ... to commit horrific massacres against innocent civilians and violate the sanctity of holy places, destroy infrastructure, obstruct reconstruction and services," he said.

The U.S. military, meanwhile, reported that three Marines and four soldiers were killed in the period from Friday through Sunday.

Weekend revenge killings among Shiites and Sunnis left at least 63 people dead in Balad, a city north of Baghdad, while 11 people died Sunday in a series of apparently coordinated bombings of a girls school and other targets in the northern city of Kirkuk, where Kurds and Arabs are in a tense struggle for control of the oil-rich city.

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Extra police flooded into Balad to enforce a curfew and additional security measures were taken in other villages in the region around Kirkuk, 180 miles north of Baghdad, Interior Ministry spokesman Brig. Abdul-Karim Khalaf said.

In Baghdad, Interior Ministry undersecretary Hala Shakir Salim survived a roadside bomb attack that killed seven others, police Capt. Mohammed Abdul-Ghani said. The Interior Ministry runs Iraqi police forces.

Three people were killed in a mortar attack on the capital's troubled Dora district, while gunmen killed four members of a family in Mosul, Iraq's third largest city 225 miles northwest of Baghdad.

South of Baghdad, three women and four men were killed in drive-by shootings in the predominantly Shiite village of Wahda on Saturday afternoon, police reported.

Also Saturday, two Egyptians, both small businessmen married to Iraqi women, were slain near Baqouba, 35 miles northeast of Baghdad, according to police in surrounding Diyala province. The identities of the gunmen and their motives were not known.

Even by Iraq's bleak standards, October has been an especially bloody month. Hundreds of Iraqis have died in attacks and more than 50 U.S. military personnel have been killed in the first two weeks alone.

Also Sunday, the U.S. military announced Iraq's Central Criminal Court had sentenced an al-Qaida member to death and convicted 64 others on charges of belonging to armed groups and other crimes, the U.S. military command said Sunday.

The military's statement did not name the man condemned to death, but said he was a "known member of the al-Qaida organization." Others sentenced to life in prison included a Saudi Arabian man that the court said had admitted coming to Iraq to fight U.S. and government forces.

Government Fissures Widening (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 16, 2006

Relations between the main Sunni and Shiite political blocs worsen as Iraq takes a step toward federalism and sectarian violence persists.

BAGHDAD — Months of bloodshed have threatened to loosen the bonds holding together Iraq's fractious government, with tensions between political blocs spilling out in recent days in fiery rhetoric as well as fighting that left more than 130 people dead nationwide.

Disagreements over several contentious issues burst into the open with a highly divisive vote on the issue of parceling Iraq into federal districts, finger-pointing over the assassination of a top politician's brother and a series of massacres between rival Shiite Muslims and Sunni Arabs north of the capital.

There, among the lush palm groves and towns along the Tigris River, at least 73 people were killed in sectarian violence over the weekend. Shiite gunmen, seeking revenge for the beheadings of 26 farmers whose bodies were found in Sunni villages, marauded through the farming hub of Balad, about 50 miles north of the capital, officials said.

The assailants randomly killed Sunni men in the market, hospitals and a used-car lot, the officials said, and 12 victims reportedly burned to death. An Iraqi army source said a total of 47 people were killed.

Sunni tribesmen in farms outside Balad lobbed mortar rounds into the Shiite-dominated town and armed themselves for further fighting, said residents of the Sunni village of Duluiya. U.S. forces imposed a curfew on the area.

Meanwhile, authorities awaited news of the fate of several groups of Shiite men kidnapped from minibuses over the weekend on their way out of the nearby Shiite village of Dujayl.

Also Sunday, six car bomb explosions killed about 10 people and injured dozens around the northern city of Kirkuk, which is claimed by Arabs as well as ethnic Kurds who inhabit a semiautonomous section of northern Iraq.

In the capital, at least 52 Iraqis, including two children, were reported killed in shootings, rocket attacks, bombings and clandestine sectarian slayings.

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Three U.S. solders were killed Saturday when their vehicle was caught in the blast of a homemade bomb south of Baghdad, the military said, disclosing no further details. At least 52 U.S. military personnel died in Iraq during the first two weeks of the month, putting October on pace to be the deadliest for U.S. troops in the country since January 2005.

Iraq's Sunni insurgents are fighting a guerrilla war against American forces and the U.S.-backed Shiite- and Kurdish-dominated government. Shiite gunmen, with possible ties to powerful political parties, fight back by killing suspected insurgents and ordinary Sunnis alike. Many Iraqis call the waves of violence a civil war tempered only by the ongoing political process.

But relations between the main Sunni and Shiite political blocs also have worsened over the last week. On Sunday, the government indefinitely postponed a highly publicized conference to discuss reconciliation among Iraq's disparate groups. According to a news release, the conference, scheduled to begin Saturday, was canceled for unspecified "emergency reasons."

Acrimony among the country's major ethnic and religious groups swelled after the Shiite- and Kurdish-dominated parliament passed a law Wednesday allowing for the eventual division of Iraq into federal regions. The vote came despite the strenuous objections of Sunnis, who view the plan as a recipe for carving up Iraq.

Sunni Arabs suspect that Shiites have agreed to cede the northern oil hub of Kirkuk to autonomy-minded Kurds in exchange for support of an oil-rich Shiite southern region. About 500 mostly Sunni Arab tribal leaders attending a summit in northern Iraq on Sunday vowed to fight any federal partitioning of the country, which they fear might further impoverish Sunnis in the resource-poor central and western regions.

"We are demanding that the government and the parliament not force this matter on Iraq and its people," said Sheik Abdul-Rahman Asi. "There are many political forces that reject this matter."

Relations between Iraq's Sunni and Shiite political blocs seem to have reached a nadir.

Earlier in the day, the Iraqi Islamic Party, a major Sunni group, issued a statement all but accusing the Shiite-dominated Interior Ministry in the Oct. 9 slaying of Amer Hashimi. He was the brother of Tariq Hashimi, one of Iraq's two vice presidents and the Sunni bloc's leader.

"The cars that broke through the [Iraqi army] checkpoints were new military cars and there were people inside wearing military uniforms," the statement said. "This is available only to the militias that are cooperating with the security apparatuses."

Shiite officials have accused Sunni insurgents in Hashimi's killing, noting that he lived in an area under the control of the Sunni-dominated Defense Ministry. In a televised speech Sunday evening, Prime Minister Nouri Maliki, while acknowledging the need to disband unruly militias that support him, blamed Iraq's problems on Sunni "terrorists."

U.S. and Iraqi officials had hoped the ongoing political process in the wake of elections last December would lower tensions and help ease the violence, but some now worry that the political and religious leaders have exacerbated problems.

"There's a sectarian conflict going on now between the Sunnis and Shiites," said Isam Rawi of the Sunni Muslim Scholars Assn., a clerical group. "But the religious and political discourse has a great effect in elevating these fights. It's not easy to target or kill or displace somebody unless somebody tells you those people are infidels or collaborators."

Times special correspondents in Baghdad, Kirkuk, Samarra and Taji contributed to this report.

Iraq Will Wait To Disarm Militias (USAT)

By Rick Jervis, Usa Today

USA Today, October 16, 2006

PM: U.S. taking 'wrong approach'

BAGHDAD — Iraqi Prime Minister Nouri al-Maliki said in an interview with USA TODAY that his government will not force militias to disarm until later this year or early next year, despite escalating violence in Baghdad fueled by death squads and religious warfare.

Al-Maliki's remarks point to a growing gap between the U.S. and Iraqi governments over how to handle growing sectarian violence.

U.S. officials have urged the Iraqi government to take immediate action to reduce the violence. On a visit to Baghdad earlier this month, Secretary of State Condoleezza Rice said the "security situation is not one that can be tolerated and it's not one helped by political inaction."

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Al-Maliki also predicted a significant U.S. troop withdrawal starting early next year, despite the growing violence. If Iraq's security forces continue to build in strength, U.S. troops could start withdrawing in “a matter of months,” he said. There are currently 141,000 U.S. troops in Iraq.

The prime minister criticized the U.S.-led military coalition for an overreliance on force, which he called the “wrong approach.”

“Terrorism and militias — especially militias — cannot be dealt with only by using tanks, guns and aircraft,” he said.

Al-Maliki's Shiite-dominated government depends on some militia leaders for political support.

Al-Maliki said he has rejected U.S. plans to launch large-scale operations into Sadr City, a Baghdad slum and a stronghold of the Mahdi Army, a powerful militia loyal to anti-American cleric Muqtada al-Sadr. Al-Sadr's political organization controls several Cabinet positions and 30 seats in the parliament.

“We have told the Americans that we don't mind targeting a Mahdi Army cell inside Sadr City,” al-Maliki said. “But the way the multinational forces are thinking of confronting this issue will destroy an entire neighborhood. Of course it was rejected.”

There “seems like a disconnect” between U.S. and Iraqi strategies, said Steven Cook, a Middle East analyst at the Council on Foreign Relations.

The prime minister, speaking softly through an interpreter, shared his views during a rare 50-minute interview Friday in his expansive, marble-and-gold-trimmed residence, a former palace of deposed leader Saddam Hussein located inside the tightly guarded Green Zone.

The U.S.-led military command in Iraq declined to address al-Maliki's remarks directly but said the coalition is working with the Iraqi government to disarm militias. “The U.S. and Iraq are working together to find solutions that will demobilize and reintegrate their members into Iraqi society,” Maj. Gen. William Caldwell said.

“The next six months will be critical in terms of reining in the danger of civil war,” Zalmay Khalilzad, the U.S. ambassador to Iraq, said in a June interview with a German magazine.

Al-Maliki said he needs time. “The problem that we face in disbanding militias — and the militias have to be disbanded — is that there are procedures, steps that need to taken, which take time,” he said.

Militants Declare Creation Of State (WT/AP)

By Christopher Bodeen

The Washington Times/AP, October 16, 2006

BAGHDAD -- A militant network that includes al Qaeda in Iraq declared in a video yesterday that it had established an Islamic state in six provinces where Sunni Muslims are dominant.

The government, meanwhile, postponed a much-anticipated national-reconciliation conference yesterday as a two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead.

The video announcement by the Mujahedeen Shura Council -- an umbrella organization of insurgent groups in Iraq -- was seen as a propaganda push in its drive to force the withdrawal of U.S. forces and topple the U.S.-backed Iraqi government.

But it follows parliamentary approval last week of a federalism bill -- opposed by most Sunnis -- that would permit the eventual creation of a semiautonomous Shi'ite region in the oil-rich south, much like the Kurdish region in the north.

The video said the new state was made up of six provinces including Baghdad that have large Sunni populations, along with parts of two other central provinces that are predominantly Shi'ite.

Responding to the statement, the speaker of the Iraqi parliament, Mahmud al-Mashhedani, derided the group's leaders as "vulgar with no religion, who only kill others under the pretext of jihad [holy war]."

"Those who believe in this council are ignorant, and those who follow it are foolish," Mr. al-Mashhedani said. "This council caused the sectarian conflict as well the displacement of both Shi'ites and Sunnis."

The militants' announcement appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory.

It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together.

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In announcing a postponement of the reconciliation conference, the Ministry of State for National Dialogue said only that the gathering, which had been planned for Saturday, had been put off for "emergency reasons out of the control of the ministry."

The al-Maliki administration took office just over four months ago, vowing to implement a 24-point national-reconciliation plan to heal the nation's severe political wounds.

Mr. al-Maliki did not comment on the postponement, but issued a message to the Iraqi people yesterday praising them for approving the country's first post-Saddam Hussein constitution exactly one year ago, while acknowledging the document's adoption had intensified the insurgency.

"It is your vote on the constitution that forced the terrorists ... to commit horrific massacres against innocent civilians and violate the sanctity of holy places, destroy infrastructure, obstruct reconstruction and services," he said.

The U.S. military, meanwhile, reported that one Marine and four soldiers were killed Friday and Saturday.

Weekend revenge killings among Shi'ites and Sunnis left at least 63 persons dead in Balad, a city north of Baghdad, while 11 persons died yesterday in a series of apparently coordinated bombings of a school for girls and other targets in the northern city of Kirkuk.

In Baghdad, Interior Ministry Undersecretary Hala Shakir Salim survived a roadside bomb attack that killed seven others, police Capt. Mohammed Abdul-Ghani said. The Interior Ministry runs Iraqi police forces.

Call For Sunni State In Iraq (FT)

By Stephen Negus

Financial Times, October 16, 2006

A video posted on the internet on Sunday in the name of one of Iraq's largest insurgent groups called for the creation of a separate Sunni Islamic state in the country.

If authentic, it could indicate a shift in strategy for parts of the Sunni Arab insurgency. "Your brothers in the Mutayibeen Coalition herald the establishment of the Islamic State of Iraq," said a spokesman, whose face was blotted out.

He said it should encompass the governates of Baghdad, Anbar, Diyala, Kirkuk, Salahedddin, Nineveh and parts of Babel and Wasit – a swathe of central and western Iraq where most Sunni Arabs live.

The Mutayibeen coalition was purportedly set up last week by the Mujahideen Shura Council, an al-Qaeda-dominated umbrella organisation, along with smaller groups and tribal leaders.

It is rarely clear whether internet statements represent a coherent stance by insurgents or a splinter group, or indeed if they are authentic at all.

But if a separate state is really now a goal of radical Sunni Islamist guerillas, it would put them at odds with mainstream Sunni politicians and many other insurgent groups. They tend to look askance at partition, which they claim would deprive their oil-poor central Iraqi heartland of resources.

Sectarian violence flared over the weekend, with police announcing yesterday that suspected Shia militiamen had killed 42 Sunnis in the Balad region, 80 kilometers north of the capital.

The killings were in apparent retaliation for the deaths of 17 Shia, whose bodies were found on the town's outskirts on Friday.

U.S. Helps Rebuild Iraqi Air Force (WT)

By David Axe

The Washington Times, October 16, 2006

BASRA AIR STATION -- A team of U.S. Air Force personnel at this sprawling British base in southern Iraq is working to rebuild an air force that the U.S. military spent more than a decade destroying.

Former test pilot Lt. Col. Kelly Latimer and her team of five pilots and maintainers are partnered with 70 Squadron of the reborn Iraqi air force, which three years ago had been grounded by 12 years of attacks and sanctions.

The squadron's 15 Iraqi pilots and 39 other personnel operate four light aircraft donated by coalition countries -- two bulbous Seekers powered by a single pusher propeller and painted bright yellow, as well as two single-prop CH-2000s sporting a more conventional engine-in-front layout and gray paint.

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Both types carry infrared and daylight cameras for monitoring power and oil infrastructure and for spotting targets for other branches of the Iraqi military.

This year, the squadron has spent 900 hours in the air, usually flying about five sorties a day. An American pilot rides along on all flights.

The squadron's equipment and missions are basic stuff. The Seeker makes 80 knots and, from the ground, sounds like a motor scooter. "With a bit of a headwind, we get passed by cars on the road," Col. Latimer said.

Many of the unit's Iraqi aviators are former fighter pilots, some having flown the Mach-3 MiG-25.

"I thought coming in that these guys would be disgruntled," Col. Latimer said, "but they're happy to be flying and to have a job."

When the squadron was formed two years ago, most flights were dedicated to training. But now that almost all the Iraqi fliers are checked out on both the Seeker and the CH-2000, the unit can dedicate more efforts to patrolling vital oil and power facilities and supporting the Basra-based Iraqi army's 10th Division and the tiny Iraqi navy based at nearby Umm Qasr.

On one recent anti-smuggling exercise, 70 Squadron pilots spotted suspect boats with its cameras and used radios to direct Iraqi patrol craft to an intercept.

"We need more exercises," Col. Latimer said, especially to improve the ground and sea forces' procedures for talking to the air force.

Col. Latimer anticipates that the squadron will swap its single-engine aircraft for bigger twin-engine planes that are faster and can carry more equipment, perhaps including advanced sensors that can transmit imagery directly to ground forces.

In the meantime, there are logistical problems to sort out. The CH-2000s need a new support contract, and aviation fuel has been in short supply. And Col. Latimer is hoping to find Iraqis with training experience so the squadron can train pilots on its own.

But there are no plans for the Americans to leave. The next rotation of U.S. advisers will stay a full year, compared with four months for the current team.

Gen. Peter Pace (CSM)

By David Cook

The Christian Science Monitor, October 16, 2006

With his ramrod-straight Marine bearing, close-cropped hair, and warm smile, Gen. Peter Pace steps out of his armored black SUV looking like he belongs on a recruiting poster.

In the 39 years since he graduated from the US Naval Academy, General Pace has seen it all: from Vietnam, to Korea, to Somalia, to duty now as chairman of the Joint Chiefs of Staff.

At a Monitor-sponsored lunch with reporters Thursday, Pace offered a passionate argument for the US military's mission in Iraq, stressed the nation's capacity to handle a threat from North Korea, and defended his performance as America's top military officer.

Pace's polished performance was in contrast to the controversy surrounding remarks by Britain's army chief, Gen. Richard Dannatt, who said Thursday that British troops should be withdrawn from Iraq "soon." After triggering a storm of controversy in Britain, Dannatt gave interviews Friday saying that he meant a phased withdrawal over two or three years.

When Pace was asked why Americans should not be dismayed at the results on the ground in Iraq, he said the enemy has "a 100 year plan according to the map they published about a year and half ago. So anybody looking for a quick win in the war on terrorism probably hasn't read the enemy's published intent."

He argued that "if we were not in Iraq right now and if we were in Afghanistan ... the center of gravity would be in Afghanistan. And that is where the fight would be taking place. And I do believe that if we left both Iraq and Afghanistan that the fight would be taking place here in the United States because that is what they have said is their objective.... I believe the American people get the fact that this is fundamentally a threat to the survival of our nation and that we are going to do what we need to do to protect our children and our grandchildren. That does not mean we should not be learning from what we are doing on the battlefield."

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The military alone cannot solve the problem of sectarian violence in Iraq, Pace said. "What has been less satisfactory is the difficulty in stopping the sectarian violence. Because fundamentally, you cannot have enough individuals under arms 24/7 on every street corner in Iraq to stop the hatred killings if someone wants to go out and do a hatred killing. And that is where the government's part comes in and where the political dialogue comes in and where the agreements and the guarantees come in amongst the various factions. So there is a lot you can do on the military side. You cannot lose this militarily, but it is not going to be 'won' militarily, either."

While Iraq is placing significant demands on the US military, Pace said that the nation has sufficient resources to fight a war with North Korea in the unlikely event that were to occur. Earlier this week, North Korea exploded what it said was a nuclear device. "We currently have just over 200,000 of our 2.4 million service members engaged in operations in the Gulf," Pace said, "which means just under 2 million are available to handle whatever other problem might come our way. That should not be lost on anybody. ... We have enormous capacity remaining, especially in our air and naval forces, to handle any potential problem."

But the general noted that dealing with North Korea while the US was still fighting in Iraq would not "be as clean as we would like." Various intelligence-collection systems are now devoted to Iraq. "So you wouldn't have the precision in combat going to a second theater of war.... You will end up dropping more bombs, potentially, to get the job done and it will be more brute force in a second [engagement]. But you can certainly get the job done anywhere on the planet with the forces we have available to us right now."

The threat of nuclear proliferation is a key worry, Pace said. "The real concern right now with North Korea is whether or not they would end up providing any weapons they may or may not have to terrorists."

Pace offered a spirited defense to charges in Bob Woodward's new book, "State of Denial," that top generals had not been blunt enough in presenting their concerns about the war in Iraq to Defense Secretary Donald Rumsfeld.

"You are asking a judge if he runs a fair court when you ask me if I have been blunt enough," Pace said. "My answer is: Yes, I have been very upfront, very straightforward. I have multiple opportunities every day. I am with the secretary of Defense a minimum of 30 minutes a day, more likely three to four hours a day, [and] with the president several times a week."

"I have ample opportunity provided to me by the secretary of Defense and the president to express my views. And, in fact, they have listened to my views and, in fact, have asked me - and invite me - to speak about things that are not just purely military if they in any way impact on the military."

The public climate toward the military now stands in contrast to what Pace and other Vietnam veterans faced. It is "strikingly different, now than 39 years ago," he said. "I think the American people have made a distinction between their support for their military and what they believe personally about any particular fight that is going on. Even those who may be in opposition to things we are doing in the war on terror right now have been extremely warm and welcoming to the troops who are coming home. And that is well understood by the troops."

Loyal To Country Or Conscience? (LAT)

By Teresa Watanabe

The Los Angeles Times, October 16, 2006

The old veterans gather nearly every morning in Little Tokyo, where an American flag and black granite sculpture rise in honor of 16,000 Japanese Americans who served during World War II.

The idea of anyone tarnishing their war record doesn't sit well, and that's exactly what some think young soldier Ehren Watada is doing.

"He's a bakatare," said George Ishihara, an 85-year-old Santa Monica resident, calling Watada the Japanese word for fool. "He ought to be ashamed of himself."

Across town, another Japanese American World War II veteran sees the young soldier as a hero. "He's following a higher law, and that's your conscience and the Constitution," said Paul Tsuneishi, an 83-year-old Sunland resident.

Watada, 28, is an Army first lieutenant who earlier this year became the first commissioned officer to refuse deployment to Iraq, calling the war illegal and immoral. Although other soldiers have refused deployment, his status as an officer sets his case

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apart. The Honolulu native of Japanese and Chinese descent faces a general court martial and seven years in prison for charges involving his refusal to deploy, criticism of President Bush and "conduct unbecoming an officer."

The soldier, stationed at the U.S. Army's Ft. Lewis base near Seattle, was not available to comment because of ongoing negotiations over his case. But his father, Bob, 66, and stepmother, Rosa Sakanishi, who live in Hawaii, have pressed his case this month in appearances throughout Southern California.

The elder Watada said his son joined the Army to help protect the country after 9/11. But when his superiors told him to study up on the Iraq war, Watada concluded that U.S. officials launched it in violation of U.S. and international laws.

The turning point, the elder Watada said, was in January when Ehren heard the father of an injured soldier lament on a radio show: "Why can't anyone stand up and stop all of this?"

"He thought the guy was talking to him," Watada said of his son. "He thought he was the person who had to stand up."

Watada's case has stirred national debate over the legality of the Iraq war and a soldier's duty versus conscience. But in the Japanese American community, the case has struck a particular nerve, echoing conflicts of another war six decades ago.

"The Watada case has provoked so much emotion because it raises the question of loyalty, and that question severely tested Japanese Americans during World War II," said Lane Hirabayashi of UCLA, the first professor in the nation to hold an academic chair dedicated to the study of the Japanese internment. "It raises a lot of controversies that I don't think have ever been fully resolved."

Debate lingers over how Japanese Americans responded after Japan's attack on Pearl Harbor in 1941. Even as the attack prompted the internment of more than 110,000 Japanese Americans and their immigrant parents in remote camps, thousands of young men and women enlisted in the U.S. military, determined to prove their loyalty.

Their service record has made them community icons of mythological proportions. The 442nd Regimental Combat Team and the 100th Battalion, composed mainly of Japanese Americans, became one of the most highly decorated units in U.S. military history.

But a small minority refused to enlist and were harshly ostracized, Hirabayashi said.

They included draft resisters, who refused to serve unless their civil and constitutional rights were restored. They also included those known as "no-no boys," for negatively answering a government loyalty questionnaire asking if they would serve in the U.S. military and renounce allegiance to the emperor of Japan.

Bitterness between the two sides persists today. Hirabayashi and others, for instance, tell tales of brothers who never spoke again after one resisted and the other served. Ellen Endo, editor of Rafu Shimpo, the Los Angeles Japanese newspaper, calls the Watada debate the most emotional community divide she's seen in four decades.

Nine veterans groups have come out against Watada, while the Asian American Vietnam Veterans Organization backs him. The Japanese American community newspapers are filled with passionate debate over the case.

The community's leading civil rights organization, the Japanese American Citizen's League, is in the hot seat. In July, the league expressed concerns about Watada's free speech rights but said the military issues in the case went beyond its mission as a civil rights group. The statement drew some praise but was also criticized as spineless.

The league's Berkeley chapter and others are urging it to take a stronger stand of support for Watada at its national meeting next month.

"I know a lot of my members will hate my guts for saying this, but I do think he's a hero," the league's executive director, John Tateishi, said of Watada. "There's a point where people have to stand by their personal beliefs."

The elder Watada said he is unfazed by the critics.

"I can only ask them to do a little research," he said during a recent interview. "If they think it's OK to invade another country and kill innocent people, that's up to them, but we strongly disagree."

Watada said his son has always been a straight arrow. The Eagle Scout and near straight-A student, who studied business and graduated from Hawaii Pacific University in 2003, once reluctantly reported high school classmates who were stealing cafeteria funds even though he knew that would label him a snitch, his father said.

After Watada graduated and began seriously considering military service, his father tried to dissuade him. The elder Watada had lost a brother in the Korean War and told his son he didn't want to lose him too.

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As terrorist threats dominated the news, however, Ehren told his father he felt he had to serve his country. He received his officer's commission in 2003, served a year in South Korea and was scheduled to deploy to Iraq in June with his Stryker brigade combat team until he began researching the war and developing doubts.

Watada said his son offered to resign or deploy to Afghanistan but was rebuffed.

University of Illinois professor Francis Boyle, an international law expert who testified on behalf of Watada at an Army hearing this year, argued that the soldier was correct to believe the United States illegally launched the Iraq war because it failed to obtain authorization for it from the United Nations Security Council, as required under international law.

Boyle has also argued that the second required authorization — a congressional war resolution — was obtained under false pretenses because the Bush administration erroneously asserted that Iraq possessed weapons of mass destruction and was linked to Al Qaeda. The Nuremberg principles adopted after World War II require soldiers to disobey illegal orders, Boyle said.

But Army spokesman Col. Dan Baggio said political questions over a war's legitimacy were "not the kind of decisions lieutenants and captains make." He said soldiers had a moral obligation to refuse illegal orders in the field — to shoot prisoners of war or innocent civilians, for instance — but they could not pick and choose where to deploy.

"If your nation has made a decision, as a member of the military forces you have an obligation to go," Baggio said. "To me, that's black and white. I would be ashamed if I didn't fulfill the obligation and duty to those troops I serve and the oath I took."

As Ehren's doubts about the war grew, his father who once tried to dissuade him from enlisting was now trying to talk him into deploying. Just go, he told him. Keep your head low.

Watada said he couldn't bear to think of his son locked up for years in the military brig, his once promising career in tatters. But Ehren was adamant about his stand. "How can I lead my men in harm's way for no good reason?" he asked. "Didn't you always tell me to do the right thing?"

Watada had to say yes.

Today, he is his son's biggest booster, tirelessly giving speeches in the hopes that broad public support will help minimize Ehren's sentence. Lt. Gen. James M. Dubik, the Ft. Lewis commander, is expected to decide this month how to proceed in Watada's case.

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A Soldier Comes Home To Alaska, Too Early And Yet Too Late (NYT)

By Charlie Leduff

The New York Times, October 16, 2006

BARROW, Alaska — When the soldiers from the frozen tundra shipped out for the burning sands of Iraq, Staff Sgt. Billy Brown promised the women that he'd bring their men back alive.

But when Sergeant Brown returned just two weeks later, he didn't bring his men at all. He came with a funeral detail. He came cargo, in a silver coffin with wood handles cloaked in an American flag. He is believed to be the first Eskimo killed because of this war. He was 54.

Sergeant Brown, an Alaska national guardsman, never got to a battlefield. He was killed when a tractor-trailer slammed into the back of his Humvee late in July while he was on training maneuvers at Camp Shelby in Mississippi.

His death rattled this town of 4,200, mostly Inupiaq Eskimos, located 500 roadless miles from anywhere and 350 miles north of the Arctic Circle.

Finally, tangibly, the war has reached one of the most isolated corners of the country.

"Until now the war was more like a television show," said Edward S. Itta, mayor of the North Slope Borough, in which Barrow lies, and a friend of Sergeant Brown's. "You don't question the war until it touches you. Only then, when a man like Billy, an important man to us, comes home dead, does the question become clear. We fight. But to what end? What's in it for my grandchildren?"

During the cold war, the battle line was drawn right here on the North Slope, with the Soviets skulking just across the Bering Strait. Most Alaska Guard members stayed in the state, protecting the home front.

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But the world has changed. For this war, 670 Guard members have been called up from rural Alaska, its largest foreign deployment ever. The Alaska Guard estimates that one-third of its members are Eskimo, so most likely a third of those deployed are indigenous men, officials say, though the military does not keep official racial records of this type.

Among the most skilled was Staff Sergeant Brown, a 29-year veteran of the Guard and an Arctic survival specialist.

"He could have retired years ago," said his niece Audrey Saganna. But he volunteered for the mission so other soldiers who had served multiple tours in Iraq could get a rest, she said.

The funeral of William Franklin Brown lasted many hours, Eskimo tradition holding that anyone who wanted to speak could do so. It took 20 men an entire day to dig his grave through the permafrost. Tribal leaders decided he should be buried in the Elders Cemetery, a great honor here. His grave is marked like the others, with a simple wooden cross. He is buried next to his father.

Born in the mining town of Lost River on the Seward Peninsula in western Alaska, Sergeant Brown grew up in Barrow, one of 18 brothers and sisters. Whaling is the centerpiece of the culture and Sergeant Brown worked as an oarsman on one crew and was a walrus and polar bear hunter. He worked for a spell at the post office, was elected to the City Council and eventually settled in as the shipping and receiving manager at the local hospital.

By virtue of his hospital job, Sergeant Brown was in attendance when nearly every Barrow child was born. He did not do this out of obligation, his people said, but because he was proud to be Inupiaq.

He never married and fathered no children of his own, but Sergeant Brown was an uncle and a counselor to dozens of struggling young men, and by native tradition, under which age is respected and revered, he was an uncle to hundreds more.

The call-up has affected Eskimo villages all across the state, some of the most remote and rugged corners of this country. The men come from places like Kongiganak, Emmonak and Scammon Bay, where winter survival depends on the summer harvest of otter, moose, geese, fish and whale. With the men gone, the long, brutal winter is expected to be even more bitter for those they've left behind.

Barrow is different from the Eskimo villages. Oil revenues from Prudhoe Bay have made it something of a city. There are flush toilets and smokestacks and a Japanese restaurant. City ways have brought city problems. Methamphetamines and alcohol are afflictions. The native language is spoken less and less. Satellite television is the entertainment of choice, and fewer young people hunt nowadays. Residents increasingly rely on the grocery store freezer rather than the winter larder.

Still, the place is poor. Broken windows are stuffed with newspapers. Houses are weather-beaten affairs of wood on stilts with metal roofs, perpetually heated with natural gas from a field off in the muskeg. Billy Brown's was spare and unpainted, well kept with few adornments. He lived next to his father.

The sun in Barrow disappears from Nov. 18 until Jan. 24, and the temperature can reach 99 below. The roads are gravel, because concrete disintegrates in the cold. The government, financed by oil revenues, is the main industry and because of plentiful natural gas, heating bills are only $200 a month in the dead of winter. Milk is $10 a gallon. Gasoline is $4. "Never Forget" placards are displayed in house windows and on car bumpers, a reference to the 9/11 terrorist attacks. And now, just as much, a reference to Billy Brown.

Sergeant Brown's hometown is not a hissing coal-bed of antiwar activism, yet with his death the doubts began to surface.

"Is it going so badly in the Middle East that the military has to scrape up a few hundred Eskimos and send them to the desert?" asked David Leavitt, a friend, who had butchered caribou hanging from his porch balustrade, drying in the Arctic sun. "I mean he wanted to go, but what's the purpose? We lost Billy for what purpose?"

The soldiers' wives talk as soldiers' wives do. They talk of pride. They talk about unflinching support for their men. But now that Billy Brown, the leader of their men, has come home in a box, they talk with a slight edge about fear and doubt.

"He signed up for it and it is his duty to go, but I don't like this war at all," said Mia Sanchez, a mother of five whose husband, Jay, enlisted three years ago. "I don't understand it. I thought he'd be protecting Alaska, not Iraq."

Melba Nowpakahok, whose husband, Owen, had Billy Brown for his best man, said that as a military wife it would be counterproductive to question any of it.

"We're just going to go with whatever the higher-ups say," she said. "Whatever the president says. Whatever Rumsfeld says. We're just going to have to go with it."

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The eight remaining men from Barrow are to arrive in the Iraqi theater sometime in October, and one company of Arctic soldiers will carry its flag with Billy Brown's name tag sewn to it.

And when the fall whale hunt begins, a new man will be holding the oar that Billy Brown once held.

British General's Remarks Spur Iraq Debate (CSM)

By Mark Rice-oxley And Howard Lafranchi

The Christian Science Monitor, October 16, 2006

LONDON AND WASHINGTON

A vigorous debate about how quickly Britain can pull out of Iraq has erupted following an unprecedented intervention from the head of the British armed forces, who said troops should leave soon because their presence was doing more harm than good.

In remarks that made leaders on both sides of the Atlantic sit up and take notice, Gen. Sir Richard Dannatt told a newspaper that Britain should get its 7,200 soldiers out of the south of the country "sometime soon" because "our presence exacerbates the security problems."

Though General Dannatt subsequently denied any rift between himself and Prime Minister Tony Blair, his original comments flatly contradicted his political masters, who have stressed they will stay the course in Iraq and insist they are shoring up rather than undermining security there.

Military experts say the general, appointed only in August, was voicing the fears and frustrations of soldiers and officers alike who face an increasingly fraught mission with no end in sight.

"We are in danger of failing in the long term because we don't have enough troops," says former army major Charles Heyman. "There's no doubt that Dannatt is right - he's reflecting what he's being told throughout the Army: that there aren't enough of us there. The British army is fully extended, and there are no more troops to send anywhere."

Although Dannatt rushed to qualify his remarks in a succession of interviews, the impression remained of a general deeply concerned about troop morale, an overstretched army, and the possibility of failure in Iraq.

Tellingly, he added in one radio interview that although he was determined to see the Iraq mission through, he didn't want it to "break" his army. "I want an army in five years time and 10 years time. Don't let's break it on this one. Let's keep an eye on time."

Dannatt's remarks may not have been popular with political leaders, but blogs and Internet postings have found British soldiers overwhelming applauded their commander. One on-line poll found 76 percent thought he had been "absolutely right" to speak out.

"He's looking after concerns of his soldiers," says Amyas Godfrey, a former army captain who served in Iraq in 2003 and 2004.

"In the broad context, the British presence may be fueling the [security] situation," says Godfrey, an associate fellow at the Royal United Services Institute in London, "but a lot of good is being done too." Soldiers are taking on the roles of policemen, civil engineers, construction workers, community officers, and diplomats, he notes.

But while top British and US military officials have - at least in private - voiced concern about the situation in Iraq, Dannatt is the first active-duty general on either side of the Atlantic to go so far publicly.

Privately, senior US military officials admit that the window is closing on the government of Iraqi Prime Minister Nouri al-Maliki to rein in paramilitary death squads and sectarian violence. Political leaders have taken up the mantra - notably senior Republicans among them - who say US Iraq policy can no longer be to "stay the course."

Sen. John Warner (R) of Virginia, chairman of the armed services committee, said this month after a trip to Baghdad that "a change of course" would be on the agenda if the rising violence is not quelled soon. Sen. Olympia Snowe (R) of Maine seconded Mr. Warner's concerns, saying that "staying the course is neither an option nor a plan."

On Friday, House Democratic leader Nancy Pelosi issued a statement jumping on Dannatt's comments, saying his conclusions mirror those of "many American generals and the partially declassified National Intelligence Estimate on Terrorism." Ms. Pelosi appeared to be referring to a number of retired generals who recently backed the estimate's findings that the Iraq war is hurting the broader war on terrorism.

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An accelerated British withdrawal from Iraq would deprive America of its most steadfast ally on the most perilous frontline in the "war on terror."

But an early pullout remains unlikely, for all Dannatt's misgivings: Tony Blair has pledged to withdraw only when Iraqi forces can handle the wretched security situation, as has Gordon Brown, the man most likely to succeed him when he steps down in the middle of next year.

The official line is that the troops are there under a UN mandate and at the behest of a democratically elected government. Iraqi leaders say the troops are essential to preserve security, and many analysts are skeptical that rapid withdrawal would remove the catalyst for violence.

Michael O'Hanlon, an expert in military affairs at the Brookings Institution in Washington, said that Dannatt's remarks are "at least a small blow to the [Bush] administration's policy," but adds: "I also think there are holes in this argument that if we left, things would get better."

Yet some military experts believe Dannatt's view may ultimately prove too hard to ignore if things go from bad to worse in Iraq.

"If his assessment is right and we are doing more harm than good, then shouldn't we change the policy?" asks Lord Tim Garden, a former assistant chief of the defense staff, adding that the general was giving "a totally accurate reflection of the situation as he sees it."

"Certainly the defense ministry might be relatively relaxed that this will move on the debate about an earlier exit for British troops, because they [ministry officials] are feeling the strain and worried about failure," he adds.

Dannatt's big fear is that the formidable demands on the British army in both Iraq and Afghanistan are stretching the force to its limits. Some military chiefs understood - incorrectly as it turns out - that agreeing to spearhead the fight against the Taliban in Afghanistan, as Britain has done this year, might enable Britain to relinquish some of its duties in Iraq back to the Americans.

Dannatt has been decorated for bravery during a long military career, but even by his standards, his bluntness was courageous. Generals meddling in politics are normally frowned on in mature, sedate democracies.

"I wouldn't be surprised if the prime minister sacks him," says Heyman.

No End In Sight (WT)

By Paul Moorcraft

The Washington Times, October 16, 2006

The United Kingdom (U.K.) is facing its biggest crisis in civil-military relations since the Second World War. Six weeks into his new job, the head of the British Army, Gen. Sir Richard Dannatt, has broken constitutional protocol by appearing to contradict government policy on Iraq.

On Friday morning a dramatic wide-ranging interview with Gen. Dannatt was published in the London Daily Mail. He warned that the presence of U.K. troops was exacerbating security problems in Iraq and should withdraw "sometime soon." He also said that the planning for post-war occupation was "poor, probably based more on optimism than sound planning."

The original ambition was to install liberal democracy: "Whether that was a sensible or naive hope, history will judge. I don't think we are going to do that...We should aim for a lower ambition." The general also talked of his Christian values, and the moral vacuum that allows radical Islam to flourish in Britain.

This ignited a media frenzy about the general wanting to quit Iraq soon, thus contradicting Prime Minister Tony Blair's statement that it would be "craven surrender" to leave Iraq while it was still in turmoil.

This in turn generated shock waves in the prime minister's office, and allegedly furious phone calls from Washington.

Opposition politicians viewed the general's remarks as "blindingly obvious," but said that saying them publicly was "unprecedented."

Some military commentators were astounded at the "breach of propriety" and wondered if the general had been misquoted and, if not, whether he would be sacked.

No doubt under orders to recant, the general immediately did a round of media interviews to "clarify" his remarks -- despite the fact that the original Daily Mail interview had been authorized.

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This "clarification" perhaps made matters worse when the general implied that the army could be "broken" if it is kept too long in Iraq. The prime minister's office rushed to say that Tony Blair "agreed with every word." The Ministry of Defence also issued a further statement that the general was on the record as standing "shoulder to shoulder with the Americans" and that he was planning "force packages in Iraq through 2007 to 2008."

But the genie was out of the bottle. The British Army is running out of soldiers, equipment and patience, though not fighting spirit. The British military establishment fears it is reinforcing failure in Iraq. The plan to engage in Afghanistan, and so be allowed to leave Iraq, has backfired.

It had been assumed in London that Washington's exit strategy was to be asked to leave by Baghdad. Instead, the beleaguered Iraqi government will cling on to its coalition security blanket as long as possible. Britain's premature departure, however, may prompt U.S. withdrawal.

A prime minister would normally sack a general who publicly undermined the central plank of his premiership, especially as it also threatens the fundamentals of U.S. foreign policy.

The senior professional politicians in the Labor government, unlike some in the Conservative opposition, have no firsthand military experience. And Tony Blair is a lame-duck prime minister. He may be too weak to sack his forthright general.

A behind-the-scenes forced resignation, especially if it were seen to be a result of U.S. pressure, would trigger more unrest in the armed forces, perhaps even a joint demarche by other commanders. Recently retired chiefs of the defense staff have publicly declared their concerns.

The security establishment has long been calling for a service chief to stand up to what it sees as political bungling in the direction of the wars.

Defense chiefs know that Iraq could descend into a maelstrom of total chaos, and they do not want to desert an ally or leave the job unfinished. But no end is in sight, and the British army can only just about cope now, let alone in the future.

The general must have felt that the views of the senior military had too long been ignored. Some top brass had become political ciphers or had been effectively gagged.

But Gen. Dannatt's frankness may be dangerous. Civilian control of the military is a cornerstone of Western democracy. Gen. Douglas MacArthur threatened to use nuclear weapons against the Chinese army in Korea, but he was relieved of his command by President Truman.

Gen. Dannatt's comments might also undermine his own troops fighting in the Middle East -- why should they risk death for a policy which their own top commander has said, in effect, is inflaming the war on terror? But even the Ministry of Defence will privately admit that troops in the field are "cheering him to the rooftops"; nearly all the unofficial army blogs confirm this. British forces can now imagine withdrawal, regardless of the U.S. timetable.

Some British officers say that it is about time senior U.S. generals spoke their mind, rather than wait for retirement before they complain that American forces are also overstretched, and perhaps the U.S. army could not field more than two brigades to operate outside Afghanistan or Iraq. In this context, General Dannatt may have done his American ally a service.

Officers will risk their lives but never their careers. General Dannatt's bravery is beyond doubt: he won the coveted Military Cross when he was 22. Now he is risking the top job for the army he loves.

Paul Moorcraft, the director of the Centre for Foreign Policy Analysis, is a former senior instructor at the Royal Military Academy, Sandhurst and the U.K. Joint Services Command and Staff College.

The Latest Chapters On The War (WP)

By Howard Kurtz

The Washington Post, October 16, 2006

In an age of blogging, podcasting, BlackBerrying and instant messaging, when any thought can be expressed within nanoseconds, an old-fashioned form of technology is making a comeback.

It's called the book, a collection of pages, bound between hard covers, that generally takes at least two years to report, write, edit and publish, using the kind of presses that date to the 15th century.

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With striking swiftness, a series of books about the Iraq war has exposed deep flaws in its planning and execution, made the Bush administration appear dysfunctional at times and generated enormous news coverage.

All are by journalists with access to daily or weekly outlets. The bestsellers include "Fiasco" by The Washington Post's Thomas Ricks; "Cobra II" by Michael Gordon of the New York Times and former Timesman Bernard Trainor; "Hubris" by Newsweek's Michael Isikoff and the Nation's David Corn; and now "State of Denial" by The Post's Bob Woodward.

Even President Bush observed last week that "somebody ought to add up the number of pages that have been written about my administration."

The Iraq mess is a large and tempting target. And despite a huge volume of coverage over the last several years, a considerable amount of material remained beneath the surface, awaiting excavation by authors.

Some critics grumble that the journalists should have gone public with their information sooner, rather than saving it for books. But it takes time to build a case and to coax information from people who may have little interest in joining the daily political sniping.

Isikoff says some sources are more willing to talk candidly for the historical record. Former House majority leader Dick Armey, for example, disclosed how he had expressed doubts about the Iraq venture but was pressed by President Bush and Vice President Cheney to keep quiet.

"A lot of stuff was concealed from the public, especially in the run-up to war," Isikoff says. "It's aggressively reporting events of a couple of years ago instead of what happened yesterday. It's the second draft of history."

The Gordon-Trainor book reveals that Gen. Tommy Franks expected to draw down American forces in Iraq to 30,000 within months. Ricks argues that U.S. military and diplomatic missteps in 2003 inflamed the Iraqi opposition. "There are a lot of people who've served in Iraq who were really upset about it -- guys who commanded divisions, brigades, companies," Ricks says. "They had a lot to say and they wanted to say it." He says his biggest ally was time -- both the year off to work on the book and the passage of time that gave sources a greater comfort level.

One former Coalition Provisional Authority (CPA) official in Iraq provided Ricks with every e-mail he had sent to the unit's boss, Paul Bremer. A commander gave Ricks a CD-ROM with every PowerPoint briefing he had received. Sources even gave him the classified plan for invading Iraq. In 2003, he says, "they would have deemed it too sensitive. Two years later, who cares?"

Woodward, who builds narratives by granting many sources anonymity, specializes in going back to his subjects again and again. For "State of Denial," he has said that he interviewed former White House chief of staff Andrew Card for seven hours over five sittings, producing 207 pages of transcripts -- and news that Card had tried to get Defense Secretary Donald Rumsfeld fired.

In "The One Percent Doctrine," former Wall Street Journal reporter Ron Suskind revealed al-Qaeda planning for a cyanide attack in New York's subways, and reported that some CIA officials regarded Bush as little more than Cheney's puppet.

Suskind says book projects can break through an administration's "message discipline."

"What you can do in a book that gets around the daily battle over news cycles is you can say to subjects that they will be rendered in context," he says. "Sources often say, 'This is a complex situation.' I can say back to them, 'I've got plenty of time.' " In a newspaper, he adds, "you're probably not going to have space to write thousands of words on some philosophical debate or longstanding internecine conflict."

A striking number of these efforts have come from journalists at The Post, which has a lenient policy toward allowing staffers time off to write books. The Post's Rajiv Chandrasekaran, in his best-selling "Imperial Life in the Emerald City," reported that the Coalition Provisional Authority had hired a number of people who had conservative credentials but lacked vital skills and experience. Former secretary of state Colin Powell gave six lengthy interviews to The Post's Karen DeYoung for her biography "Soldier."

Books can also act as a catalyst. New York Times reporter James Risen planned to disclose the administration's domestic eavesdropping program in his book "State of War" after the paper held for a year the article he co-wrote on the subject. As the book neared publication, the Times ran the story after all. Times Executive Editor Bill Keller told New York magazine that the imminent release of the book was a "factor" in the discussions but not the principal reason for his decision.

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Once books become fodder for the media machine, the carefully constructed 300-page arguments get boiled down to a handful of scooplets and anecdotes. But it is their accumulated detail and intellectual heft that embosses the books with credibility.

In the 1990s and early 2000s, starting with a slew of anti-Clinton books (against both Bill and Hillary), many of the publishing success stories seemed to be on the right. Ann Coulter's "Slander," Bernard Goldberg's "Bias" and volumes by Bill O'Reilly, Sean Hannity, Rush Limbaugh and Michael Savage often topped the charts.

But now, with Bush struggling in Iraq and mired in low poll numbers, the books packing the greatest political punch seem to be those charging the administration with incompetence. And while they are mostly written by working reporters and editors, not commentators, liberal readers are surely fueling the surge in sales.

In one sign of the times, no fewer than three books ripping Coulter -- "Soulless" by Susan Estrich; "Brainless" by Joe Maguire; and "I Hate Ann Coulter" by "Unanimous" -- are all heading to bookshelves.Tainted Series?

Kentucky's Lexington Herald-Leader yesterday launched an investigative series on Sen. Mitch McConnell pushing legislation for his affluent donors -- an effort originally paid for by a foundation that has financed several liberal groups that oppose the Republican lawmaker.

The paper's parent firm, McClatchy Co., decided last week to repay the $35,000 grant, which underwrote six months of salary and expenses for a Herald-Leader reporter on leave. The grant came from the respected Center for Investigative Reporting, which was passing on money provided by the St. Louis-based Deer Creek Foundation.

Deer Creek has funded a variety of liberal groups, including New York University law school's Brennan Center for Justice, which represented opponents of McConnell in a campaign-finance lawsuit that reached the Supreme Court.

"It's like the NRA funding a report about Sarah Brady," the gun-control advocate, says McConnell spokesman Don Stewart. "You've got to be somewhat leery about the objectivity."

McClatchy Vice President Howard Weaver says his company, which inherited the situation after buying the Herald-Leader, does not believe in such grants. "As a matter of practice, if we want some journalism done in our newsrooms, we pay for it," Weaver says. "But I've heard enough politicians explain why they gave back a campaign contribution to know it's not a perfect remedy."

Dan Noyes, acting director of the reporting center, says he paid for the series because the money went to the reporter, not the newspaper. Noyes sees no conflict because his group has an "arm's length relationship" with Deer Creek, and he says its $300,000 grant will fund campaign finance probes of both Democrats and Republicans.One Really Long Article

Esquire is taking the strange step of making endorsements -- in all 504 congressional and gubernatorial races.

For the just-released issue, the magazine says it weighed such factors as effectiveness and hypocrisy, not Iraq or taxes, in an idiosyncratic process that wound up backing a majority of Democrats for the House and Senate.

"We didn't come at it from any ideological standpoint," says Executive Editor Mark Warren. "We endorsed Ted Kennedy and Trent Lott, because of a combination of how they serve their state and how they function in the Senate."

Afghan Attack Brings Total Of Canadians Killed To 42 (NYT)

By Carlotta Gall

The New York Times, October 16, 2006

KABUL, Afghanistan, Oct. 15 — Two Canadian soldiers in the NATO force were killed and three were wounded in an ambush in southern Afghanistan on Saturday afternoon, and an Afghan provincial council member was assassinated Sunday on his way to work, officials said.

In other violence, an Italian photojournalist was reported to have been kidnapped by gunmen in southern Afghanistan. Two policemen were killed in a raid on Afghanistan's eastern border with Pakistan, and two civilians died in a roadside bomb explosion that was apparently intended for a Westerner's vehicle that was passing by, news agencies reported.

The Canadians were killed when their convoy came under fire by rocket-propelled grenades and gunfire in Kandahar Province, forcing their unit to call in airstrikes, according to a NATO news release. Forty-two Canadian soldiers have been killed in Afghanistan this year.

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Muhammad Younus Hussaini, the Kandahar provincial council member, was shot dead by two men on a motorbike as he was setting off in his car for his office, said the chief of security of police, Abdul Hakim Hangar. Mr. Hussaini's driver was wounded in the attack, he said.

Mr. Hussaini was the second local official to be killed in Kandahar city in three weeks. The head of the women's affairs department was fatally shot as she left her home on foot for work on Sept. 25, in what the police said was part of a campaign by Taliban insurgents to intimidate the population. The police chief in Kandahar, Gen. Esmatullah Alizai, said however that it was too early to say if Mr. Hussaini had been killed by the Taliban or someone else, perhaps because of some personal enmity.

The abducted Italian photojournalist, Gabriele Torsello, and his Afghan interpreter were taken by five armed men on Saturday as they drove from Lashkar Gah, the capital of Helmand Province, to the neighboring province of Kandahar, news agencies reported. The area, where British troops were battling thousands of militants through much of the summer, is prone to ambush and impromptu checkpoints by the Taliban and criminals.

The kidnapping occurred just a week after two German journalists were killed by unknown gunmen in central Afghanistan.

Italian Journalist, Afghan Translator Abducted In Southern Province (WSJ/AP)

The Wall Street Journal/AP, October 16, 2006

KANADAHAR, Afghanistan -- An Italian freelance photographer and his assistant were abducted in southern Afghanistan, an official said Sunday.

Gabriele Torsello and his Afghan translator were abducted by armed men on Saturday as they were driving from Lashkar Gah, the capital of the southern Helmand province, toward neighboring Kandahar, an Afghan official in Helmand said.

The two were in their car when they were abducted, said the official, who spoke on condition of anonymity because he wasn't authorized to speak to the media. Mr. Torsello earlier spent time in Musa Qala, another restive area in Helmand province, the official said.

Maj. Luke Knittig, a North Atlantic Treaty Organization spokesman in Kabul, said the organization was informed by another reporter that Mr. Torsello hasn't been in contact for the last three days and that it was trying to locate him. The missing reporter wasn't registered with the NATO media office and wasn't on an alliance sponsored trip, Mr. Knittig said.

Maso Notarianni, the director of Italian online magazine Peace Reporter, told Italian state TV that Torsello had called a hospital in Lashkar Gah, apparently to let authorities know he was kidnapped. "Until Thursday he was in the deep south of Afghanistan, in Taliban-controlled territory," Mr. Notarianni said.

The southern provinces of Helmand and Kandahar have been the scene of the most intense fighting between Taliban and NATO troops this year, the worst upsurge in violence in the country since the U.S.-led invasion in 2001 that ousted the Taliban regime from power.

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CORPORATE SCANDALS:

Health Insurer's Chief Is Ousted In Options Inquiry (NYT)

By Eric Dash And Milt Freudenheim

The New York Times, October 16, 2006

Dr. William W. McGuire, a medical entrepreneur who built the UnitedHealth Group into a colossus in its field, was forced to resign from the company yesterday and to give up a portion of the $1.1 billion he holds in harshly criticized stock options.

UnitedHealth, one of the nation's two largest health insurers, also dismissed its general counsel and a member of its board in what amounted to a sweeping overhaul of its governance practices and leadership ranks. The options that Dr. McGuire had been granted over the years have led to criminal and civil investigations and public disapproval.

In a sweeping report released yesterday that was highly critical of management, a law firm hired by UnitedHealth to investigate the timing of stock options concluded that the company was riddled with poor controls and conflicts of interest. The

report, which the company posted on its Web site, found that UnitedHealth had backdated options to maximize employees' compensation.

The company said yesterday that the disputed options would be repriced from the lowest share price for the years in question to the highest prices, scaling back the earnings of Dr. McGuire and others. The company did not say precisely how much its executives would give up.

The developments are the most dramatic to date since federal regulators started looking into the widespread practice of backdating stock options. More than 100 companies have come under scrutiny over the unlikely coincidence of stock options being granted again and again to senior executives on dates when the company's share price was low, a tactic that guaranteed the maximum profit when the options were turned into cash.

Executives at several companies have already been forced to resign, and at UnitedHealth Group, it was announced that five other directors would be forced out over the next three years.

At UnitedHealth, there was significant evidence that options were backdated for employees at all levels of the company between 1994 and 2002. But among the most substantial and egregious, according to the law firm's report, were those awarded to Dr. McGuire, the company's longtime chairman and chief executive. Of the 12 options grants issued to Dr. McGuire, three just happened to be priced at the stock's lowest price that year.

The Justice Department, the Minnesota Attorney General's office, the Securities and Exchange Commission and the Internal Revenue Service are all investigating UnitedHealth's options practices.

Most of the companies implicated in backdating controversies so far are Silicon Valley start-ups or firms with technology roots, where options with favorable dates were considered a recruitment tool in the dot-com boom. UnitedHealth, which has a market capitalization of $66 billion, is one of the few large blue-chip companies to stumble over the issue, and its problems underscore how prevalent the practice has been. Scrutiny over backdating also comes at a time of increasingly loud criticism of excesses of executive pay.

At UnitedHealth, even the man named to replace Dr. McGuire as chief executive has been a beneficiary of backdated options: Stephen J. Hemsley, who has been Dr. McGuire's top lieutenant, will lose a sizable portion of his options, the company said.

"Mr. Hemsley has voluntarily agreed to reprice all options awarded through 2002 to the annual high share price for each year, and to take any other appropriate action to eliminate any possible financial benefit from options-related issues," UnitedHealth said. Other senior UnitedHealth executives, including Dr. McGuire and the resigning general counsel, David J. Lubben, will take similar actions, the company said.

In a lengthy and somewhat contrite statement after a board meeting yesterday, UnitedHealth announced that it would take a series of steps recommended by an outside law firm, Wilmer Cutler Pickering Hale & Dorr, which had been hired by a special committee of UnitedHealth directors. The seven-month investigation led to a showdown that ended late yesterday after Dr. McGuire and the UnitedHealth board was presented with the findings.

In their report, investigators from Wilmer Cutler found that "most of the 29 stock grants" that accounted for nearly 450 million stock options that the company awarded between 1994 and 2002 "were likely backdated."

The report also found that a grant of one million stock options to Dr. McGuire and 500,000 options awarded to Mr. Hemsley in connection with their 1999 employment contract were probably backdated. But the company's outside investigators appeared to clear Mr. Hemsley, finding that he "had little or no role in the negotiation of, or the process leading up to, the option award" related to the contract.

Investigators, moreover, painted a picture of "inadequate" internal controls and a senior management team that failed to set an appropriate tone at the top. But the report attempted to clear the directors on the compensation committee of any legal wrongdoing. "The directors were entitled to presume that matters brought before them for action were procedurally proper and consistent with applicable legal and accounting standards," the report concludes.

The report also said that the financial relationships between Dr. McGuire and the board member who resigned yesterday, William G. Spears, who headed the board's compensation committee when Dr. McGuire's employment agreement was

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negotiated in 1999, "created a conflict of interest." Mr. Spears served as a trustee for two trusts for Dr. McGuire's children and managed as much as $55 million of Dr. McGuire's money. He also managed millions of dollars managed for Mr. Hemsley.

Acting on the law firm's recommendations, the board said it would replace, within three years, all of the directors on its compensation committee who had approved the improper options. The company also said it would create new senior executive posts to oversee ethics and compensation.

Dr. McGuire, an internist and lung specialist, will not leave empty-handed: he will still take home hundreds of millions of dollars from stock options. Over his 18 years at UnitedHealth, he banked more than a half billion dollars. UnitedHealth said last night that it was still negotiating whether he would receive a $5.1 million a year pension, which is called for in his employment contract.

Dr. McGuire is by far the best known, most powerful and most richly compensated business leader to be toppled by challenges to pay packages that were inflated by stock options based on favorable, low purchase dates. Options are typically granted at the current market price of the stock, to avoid adverse tax and accounting consequences.

Options-dating issues led to the resignation from the Apple Computer board two weeks ago of Fred D. Anderson of a former chief financial officer of Apple, but the company said that Steven P. Jobs, chief executive of Apple, had not benefited from improper equity awards.

The United Health board faced formidable challenges at its meeting yesterday. Dr. McGuire is a superstar executive with one of the best track records in American business, and losing him could undermine the confidence of Wall Street investors. The statement released by UnitedHealth, which is based in Minneapolis, pointed out that under Dr. McGuire's leadership, the company's stock price had risen by almost 8,500 percent.

But not acting posed considerable legal and financial risks for the company and the directors themselves. For some compensation committee members who remain on the board, ousting Dr. McGuire over stock option improprieties might mean implicating themselves.

Wall Street analysts said investors, who have driven down United's stock price by more than 20 percent this year, are likely to be jolted by the departure of the widely admired Dr. McGuire but may be reassured by the promotion of Mr. Hemsley, "the guy who makes things happen" at the company, said Sheryl Skolnick, a health care analyst at the CRT Capital Group.

The uproar over backdating erupted at a time when dozens of companies were forced to restate earnings to reflect option awards, under new accounting rules. UnitedHealth said in May that restating could cut as much as $286 million from profits for 2003, 2004 and last year.

The Justice Department has brought charges against officers at two companies — Brocade Communications and Comverse Technology — over options backdating, and with dozens of cases under review, more charges could be on the way. Boards, meanwhile, have forced out more than two-dozen executives, including five in the past week. And scores of companies are rushing to restate their results in time for this quarter's earnings, so they do not face legal and financial exposure for additional delays.

In an apparent effort to get ahead of the official investigators, in March, a special committee of UnitedHealth's independent directors began examining the 45,000 separate stock option grants made to company employees. The following month, the committee hired William R. McLucas, a former S.E.C. enforcement director, and his team of investigators, Wilmer Cutler Pickering Hale & Dorr, to lead the review.

There are also questions about the an unusual clause woven into Dr. McGuire's 1999 employment contract that allowed him to choose the grant date of his stock options by providing "oral notification" to the human resources or compensation committee chair. While there is nothing illegal about such a provision, compensation specialists say the practice could lead to abuse. The clause was eliminated last year.

Most analysts have continued to recommend the stock during its slide, but Matthew Borsch, who follows UnitedHealth at Goldman Sachs, predicted that United's share price "will fall further now with the certainty of Dr. McGuire's departure."

Ms. Skolnick or CRT Capital Group had other concerns. She said the changes announced yesterday were "good" but added that "the scary thing" was the possibility that past stock-dating practices may still lead to costly penalties. "I worry that something bad must have happened," she said.

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Health-Care Firm's Chief To Depart Over Stock Options (WP/AP)

By Joshua Freed

The Washington Post, October 16, 2006

UnitedHealth Group Inc., one of the largest managed health-care companies, said yesterday that chairman and chief executive William W. McGuire will step down, after months of questions about the timing behind his stock option grants.

The Minnesota-based company said McGuire will step down immediately as chairman and as a director. It said that McGuire would continue as chief executive until Dec. 1 at the latest and that he would "assist in an orderly transition to new leadership."

The company named Stephen Hemsley, currently president and chief operating officer, to be the new chief executive. It also installed Richard Burke, the founding chief executive of UnitedHealth's predecessor company, as chairman.

UnitedHealth also said that board member William G. Spears was resigning and that General Counsel David J. Lubben would retire.

The overhaul comes after directors received an outside report they commissioned to look at UnitedHealth's options-granting practices. McGuire had been under pressure since the Wall Street Journal reported in March that he received stock options on the days the company's stock price hit yearly lows in 1997, 1999 and 2000. The timing of those options is unlikely to have worked out that way unless the grants were backdated.

Because an option's price is set according to the stock price on the day of the grant, a low stock price makes an option more valuable.

Backdating stock options isn't always illegal, but failing to disclose it can trigger tax and regulatory problems. Indeed, in May, UnitedHealth acknowledged a "significant deficiency" in its handling of stock options and said it may have to restate as much as $286 million in earnings for 2003, 2004 and 2005.

UnitedHealth has disclosed that the Internal Revenue Service asked it for documents dating to 2003 concerning stock options and other compensation for some executives. It has also been subpoenaed by federal prosecutors.

On Sunday, the company released a report by an outside law firm that examined 29 options grants made between 1994 and 2006. The report found that most of those options grants didn't show a written grant date or price until weeks or, in one case, nearly a month after the grant date. The report concluded that "many of the options grants were likely backdated."

The report found eight cases where options were granted on the lowest price of the quarter, all of them before Aug. 29, 2002, when the Sarbanes-Oxley law began requiring quicker disclosures of stock options grants. After that, the number of such well-timed options grants dropped to zero.

McGuire had $1.6 billion in exercisable options at the end of 2005.

UnitedHealth In Shake-Up Over Options (LAT)

By Lisa Girion

The Los Angeles Times, October 16, 2006

The chief executive of one of the nation's largest health insurance companies retired under pressure Sunday, the latest executive to fall in an options-based pay scandal that is unfolding at scores of companies nationwide.

UnitedHealth Group Inc. announced that William McGuire, 59, was leaving — along with a director who oversaw executive compensation and the firm's top lawyer.

The announcement came in the wake of a board-commissioned investigation that found that stock option grants were "likely backdated" to allow insiders to maximize financial gains.

President and Chief Operating Officer Stephen Helmsley was tapped to replace McGuire. He said little about the stock options controversy in a statement released Sunday.

"In light of the recently completed investigation, I have determined that it is in the best interests of the company that I assist Steve Helmsley in an orderly transition to succeed me as CEO," McGuire said.

UnitedHealth doubled its presence in California last year when it bought Cypress-based PacifiCare Health Systems Inc. for $9.2 billion.

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During McGuire's 15-year tenure, UnitedHealth's share price increased fiftyfold and he amassed a potential fortune in unexercised stock options. Now, U.S. and state regulators are probing the dating of the stock options.

An investigation by a law firm hired by UnitedHealth's board concluded that 1.5 million options — most of which were granted to McGuire as a part of his 1999 compensation package — were "likely backdated."

The results of that investigation — given to board members last week and made public Sunday — were viewed as creating pressure on McGuire to leave.

Yet, because the investigation had been underway for more than six months, there was a sense among investors until only recently that McGuire would survive the scandal, said Sheryl Skolnick, an analyst at CRT Capital in Stanford, Conn.

"I don't think anybody expected Bill to be forced to retire," she said.

McGuire's departure was announced only days after the leaders of two technology companies stepped down, all signs of the growing scope of a scandal over once-hidden stock option practices designed to pad insiders' compensation packages.

Various government investigators have drawn more than 100 companies into their crosshairs, and analysts said the shake-ups in the executive suites suggested corporate boards were rushing to clean house before potential crackdowns by federal regulators or prosecutors.

"If there's a problem, and it's traced to the CEO, then boards have to take the appropriate action," Skolnick said.

McGuire, who also served as chairman of the Minnetonka, Minn.-based company, relinquished that post as well Sunday. The company said he would remain CEO as late as Dec. 1 to assist in the transition.

The terms of McGuire's parting, "including other options issues and financial benefits," were still under discussion, the company said.

McGuire also agreed to reprice all stock options awarded to him from 1994 through 2002 to the annual high share price for each year to eliminate any financial benefit from backdating.

Before the repricing, McGuire's options were reported to be worth more than $1.6 billion.

Helmsley, who the investigation's report said received 500,000 of the questionably timed options, also agreed to reprice his options.

The scandal was touched off by a Wall Street Journal report in March. It questioned whether UnitedHealth and other companies had dated executives' options, after they were granted, to when the shares dipped particularly low in order to maximize the recipients' gains.

The newspaper reported that McGuire received options on the days UnitedHealth's share price hit annual lows in 1997, 1999 and 2000 — timing that was all but impossible by chance.

The legal and tax problems surrounding backdating involve inadequate disclosure. UnitedHealth said in May that because of a "significant deficiency" in its handling of options, it may have to restate as much as $286 million in earnings for 2003, 2004 and 2005.

In its report, the law firm that investigated the options granting at UnitedHealth found that the board's compensation committee was kept in the dark about details such as the dating of options.

Another problem, it said, was that the board was not informed of the full extent of financial relationships between McGuire and William Spears, who was chairman of the compensation committee at the time the CEO's 1999 compensation package was put together.

"An appropriate tone at the top, adequate controls and discipline over the option granting process, and management transparency with the board and its committees on executive compensation matters are basic and critical to the integrity of option grants," the report said. "There were various failings in these areas."

General counsel David J. Lubben and Spears also are leaving, the company said.

Analysts said investors still had to worry about lawsuits and whether the government probes would find criminal wrongdoing by individuals or the company.

McGuire, a trained physician from Texas who towers over most colleagues, ascended to the helm of what was then a regional healthcare company in 1989.

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Through a series of acquisitions, he turned UnitedHealth into an managed-care leader with nearly 30 million enrollees across the country.

In a note to employees, McGuire took pride in his role in UnitedHealth's transformation.

"We have made significant advances in improving access to care, fostering greater affordability and enhancing the quality of healthcare for all individuals," he said. "At the same time, we have built a vital and sustaining company serving a diverse group of customers, healthcare providers, and certainly shareholders."

One of UnitedHealth's latest acquisitions was last year's purchase of PacifiCare. But the ownership change may have gone largely unnoticed by patients because the company kept the PacifiCare name in the state.

With the acquisition of PacifiCare's Secure Horizons HMOs, UnitedHealth vastly expanded its slice of the rapidly growing Medicare market.

But that government business could be at issue if prosecutors seek criminal charges against the company. In the event of a conviction, the government could move to have UnitedHealth excluded as a Medicare and Medicaid contractor, analysts said.

The board announced a series of operating and governance changes Sunday and installed UnitedHealth founding CEO Richard Burke as chairman.

Options scandals are roiling across the corporate landscape. More than two dozen executives have quit or been fired amid probes over the backdating of stock option grants to enrich corporate insiders.

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Embattled CEO To Step Down At UnitedHealth (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, October 16, 2006

The scandal over backdated stock options claimed one of corporate America's most successful chief executives, William McGuire of UnitedHealth Group Inc., who agreed to leave the giant health insurer after an internal probe concluded that the stock-option grants that have brought him a huge fortune were likely manipulated.

The probe's findings, released yesterday, provided a detailed picture of how stock-option backdating worked at the company, offering glimpses of cronyism and a culture in which vast sums of compensation were handed out with few controls or written records. Among the troublesome option grants detailed in the report was a massive 1999 award to Dr. McGuire that ranks among the most lucrative ever. UnitedHealth said Dr. McGuire would immediately relinquish the chairman's post and step down as CEO by Dec. 1. Also leaving is William G. Spears, a member of the board's compensation committee who had deep financial entanglements with Dr. McGuire, which were undisclosed to investors, and David Lubben, the company's general counsel.

With the UnitedHealth departures, more than 30 top corporate officials will have lost their posts in the wake of the options-manipulation investigations that have engulfed more than 100 U.S. companies over the past several months. Dr. McGuire is the fifth CEO in the past week to depart in the still-burgeoning scandal.

Dr. McGuire will be replaced as chief executive by his longtime lieutenant, Stephen Hemsley. The probe, conducted by the law firm of Wilmer Cutler Pickering Hale & Dorr, found that Mr. Hemsley received backdated grants, but largely cleared him of a major role in their creation. Richard T. Burke, a director and former UnitedHealth CEO, was named nonexecutive chairman.

At the end of last year, Dr. McGuire's cache of unexercised options was valued at $1.78 billion, a sum far greater than any other U.S. corporate chieftain. Yesterday, UnitedHealth said he agreed to have all of the options issued to him from 1994 through 2002 repriced, likely cutting tens of millions in dollars from their value. But the company left open other financial arrangements with Dr. McGuire, and the exact terms of his departure are likely to be the subject of intense negotiations.

UnitedHealth, which is based in Minnetonka, Minn., and has a market capitalization of $66 billion, also is being investigated by the Securities and Exchange Commission, by federal prosecutors in New York, and by the Minnesota attorney general. The probe by WilmerHale was headed by William McLucas, a former director of the enforcement division of the SEC. It examined 29 of the largest options grants at UnitedHealth over a 12-year period, and concluded that most likely were backdated to benefit insiders.

Options are designed to give recipients the opportunity to profit if the company's share price rises in the future. Grants typically are structured so that the recipient can buy shares later at the stock's market price on the day the option was granted, or the exercise price. Backdating involves pretending that the grant was awarded on an earlier day, when the share price was particularly low, giving the recipient a chance at extra profit.

Although couched in careful language, the 14-page WilmerHale report suggests that Dr. McGuire misled lawyers conducting the probe of the options grants at issue. To the end, Dr. McGuire insisted that year after year he actually did call or otherwise contact a compensation-committee member to set an options grant in motion on what, in hindsight, turned out to be a wildly favorable day.

"Certain facts run contrary to this assertion," the WilmerHale report says, citing memoranda Dr. McGuire wrote on or after the purported grant dates referring to possible grants in the future tense. The report also takes a skeptical view of the circumstantial evidence presented by Dr. McGuire to document that the compensation-committee notifications did in fact take place.

Dr. McGuire's lawyer, David M. Brodsky, declined to comment on the WilmerHale report. A spokesman for Mr. Spears also declined to address it, saying only that Mr. Spears was proud of his 15-year service on the UnitedHealth board. Mr. Lubben couldn't be reached for comment.

The lawyers conducting the probe also noted that of the 27 grants between 1994 and August 2002 under review, eight were given at the lowest price of the quarter in which they were dated, and another eight were either at the second-lowest or third-lowest price of the quarter. It was the improbability that such fortunate dates were chosen by chance -- the essence of Dr. McGuire's contention -- that helped persuade the board that he needed to leave the company, according to a person close to the situation.

The 29 grants examined in depth in the report covered 85% of all the options granted in the 12-year period. Of those 29, WilmerHale's Mr. McLucas said there were "relatively few instances in which there is either direct or circumstantial evidence to establish that a grant date was selected on that particular day." The first written evidence of a grant in the company's files often appeared weeks after the grant date, and in at least one case, a month later.

The WilmerHale report prominently cites a March 18 article in The Wall Street Journal that focused on options-grant patterns at UnitedHealth and other companies and suggested that the unusual patterns were indicative of possible backdating. The report says the Journal article prompted an SEC inquiry, and also the hiring of WilmerHale to do the probe. The Journal's analysis found that the odds were infinitesimal -- about 200 million to one -- that Dr. McGuire's grant pattern at UnitedHealth occurred by chance.

In the mid-1980s, Dr. McGuire quit clinical practice as a pulmonologist, or lung specialist, to hitch himself to the health-insurance boom. He presided over stratospheric growth at UnitedHealth -- the company's stock rose some 50-fold during his tenure. He is credited with savvy investments in technology, smart deal making and a visionary strategy that turned the company into a powerful force in American medicine.

Along the way, he appears to have paid close attention to stock options.

Year after year while at the helm of UnitedHealth, Dr. McGuire received giant option grants. In many of those years, the purported dates were suspiciously fortunate. Between 1994 and 2002, he received 12 grants, each dated just before a sharp rise in the company's share price. Three grants -- in 1997, 1999 and 2000 -- were dated on the day of the stock's lowest closing price of the year.

The WilmerHale report, which is far more detailed than disclosures made by other companies embroiled in the stock-option scandal, concludes that Dr. McGuire selected the dates for options awarded to employees below the rank of top executive by signing "CEO certificates." They were "typically executed subsequent to the date on the certificate," the report says.

For grants to top executives, he was "central to the options process," the report says.

The troubles with the 1999 grant, which is dated Oct. 13, the very day of the stock's lowest closing price that year, appear to have been central to Dr. McGuire's ouster. The grant, which was composed of three slices, covered some 1.825 million options; that's the equivalent of 14.6 million options today, taking into account subsequent stock splits. Excluding the small piece he has already cashed out, it is valued at some $600 million at today's prices.

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The report says that the grant was likely backdated. A one-million-share slice was issued supposedly in connection with Dr. McGuire's 1999 employment agreement, which the report says wasn't signed until December. Another chunk of the option was referred to by Dr. McGuire in the future tense in a memorandum dated as late as Oct. 22.

The anticipated repricing of the 1999 award from the year's low point to the year's high point -- some 60% higher -- will cost Dr. McGuire about $50 million.

The probe found that the director heading up the negotiations over the 1999 grant, Mr. Spears, had financial entanglements with Dr. McGuire. Starting in 1992, Mr. Spears served as a trustee for two of Dr. McGuire's children's trusts, according to the report. For more than a decade, Mr. Spears also acted as an investment manager for Dr. McGuire and his family, with the amount of McGuire family money under the firm's management hitting $55 million in 2006, the report found. In addition, in June of 1999, Dr. McGuire invested $500,000 in Mr. Spears's money-management firm, it said.

Mr. Spears and Dr. McGuire say they thought the board was aware of the money-management relationship, according to the report. An email uncovered during the investigation that appears to have been sent from the general counsel, Mr. Lubben, to an outside lawyer, outlined the relationship and stated that there had been a disclosure to the full board of the "conflict."

But there is no documentation to confirm that the disclosure took place then, the report says. No director recalled being told about the money-management relationship or the investment in Mr. Spears's firm before the 1999 contract negotiations. And the directors told the WilmerHale lawyers that they first learned of Dr. McGuire's investment in Mr. Spears's firm after they were told of it by investigators.

As for Mr. Lubben, the report blames the legal department, headed by him, for shoddy record keeping. The report states that most of the compensation committee minutes are either "entirely silent" on the matter of stock-option discussions or make vague, incomplete or misleading references to what happened.

The lack of records may pose a challenge to federal investigators who may seek to rebut Dr. McGuire's claims that actual meetings or conversations occurred when he said they did.

Mr. Hemsley, Dr. McGuire's successor, has also amassed a sizable options-related fortune. Dr. McGuire is far and away No. 1 on a list of executives ranked by outstanding options value, according to the ExecuComp database of more than 1,500 companies; Mr. Hemsley is No. 2, comfortably ahead of the next-ranked executive.

A looming question is what will happen to the valuable grants that Dr. McGuire hasn't yet cashed out. The total is less than $1.78 billion today, in part because of a recent decline in UnitedHealth's share price, and in part because Dr. McGuire cashed out a small fraction of his options in February, reaping $124 million in profit.

The news release issued yesterday by UnitedHealth characterized Dr. McGuire's departure as stepping down. Exactly what that means will be key to determining what he will reap. His employment contract allows him in some cases to maintain at least a portion of his option grants for years after he leaves, depending on how the departure is characterized.

In a statement, Dr. McGuire said he "decided to retire" after 15 years at the insurer's helm. "In light of the recently completed investigation, I have determined that it is in the best interests of the company that I assist Steve Hemsley in an orderly transition to succeed me as CEO," he said.

UnitedHealth said it was "engaged in discussions with Dr. McGuire concerning the terms of his departure from the company, including other options issues and financial benefits." If those discussions aren't amicably concluded, that could set the stage for acrimonious litigation. If Dr. McGuire were allowed to exercise all his outstanding options, UnitedHealth would issue him shares covering about 2% of the company -- a move sure to rankle shareholders. The company faces a litany of litigation already from shareholders.

UnitedHealth's Next Challenge Is Uncertainty (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, October 16, 2006

Sting of Backdating Scandal May Continue to Weigh On Shares; What Does CEO's Exit Mean?

With William McGuire forced out from the helm of UnitedHealth, investors will start sorting out whether the company's management team can get it back on track without the man who built it.

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Despite the obvious challenges ahead, some investors and analysts say it can.

Since Dr. McGuire was named chief executive in 1991 and set about transforming the also-ran regional health management organization into a national health-insurance heavyweight, UnitedHealth's stock has soared 50-fold, even after the lumps it has taken lately.

The performance has made heaps of money for many investors, and also for Dr. McGuire. It is now clear Dr. McGuire and other insiders also gained enormously from stock options with grant dates that had been backdated to days with low share prices, potentially increasing their value. The timing of the options led to his troubles with regulators and the company's board , whose meeting yesterday prompted his retirement.

The options scandal also has led to the possible restatement of several hundred million dollars in earnings, potentially hefty tax penalties, shareholder lawsuits and a criminal probe.

The Minnetonka, Minn.-based company is expected to generate 2006 revenue of $72 billion -- compared to just $847 million in 1991 -- largely from selling health-insurance products to employers, individuals and administering private Medicaid and Medicare plans. It has also branched out to other health-services businesses.

UnitedHealth has one critical factor working in its favor: It is known for its deep bench of management talent. It also has a management factor working against it: The man named to replace Dr. McGuire, the company's president and chief operating officer, Stephen Hemsley, has stock-options issues of his own, though UnitedHealth's board generally cleared him of close involvement in the options-granting process.

Against that backdrop, investors need to decide whether to sell the stock because the company could struggle without Dr. McGuire's leadership, or to buy it because the uncertainty about the stock-options scandal is closer to being resolved.

It is the difference between giving UnitedHealth the Fiorina treatment and giving it the Greenberg treatment.

In 2005, the week Maurice "Hank" Greenberg stepped aside as chief executive at AIG, the insurance titan he helped build, its share price fell more than 7%. Though the move helped the company take a step toward resolving an accounting scandal with regulators, Mr. Greenberg was the driving force in AIG's culture.

On the other hand, Hewlett-Packard shares soared after Carly Fiorina was ousted, also last year, as its CEO, rising 7% the day the news became public, in part because investors had doubts about the merger she helped engineer with Compaq Computer.

Hewlett-Packard's shares have continued to rise since; AIG's shares have barely recovered.

The prospect of Dr. McGuire's departure has already played a role in driving a 23% decline in UnitedHealth's stock since the issue was exposed in The Wall Street Journal in the spring. The decline also reflects expectations of a hit to earnings, as well as the possibility of payouts for shareholder lawsuits.

Matthew Borsch, an analyst at Goldman Sachs who has a sell rating on the stock and says the company still faces tough headwinds despite the resolution of Dr. McGuire's fate, says the restatement itself shouldn't dent the company's enormous earnings power. It registered net income of $3.3 billion last year, and the company said in May it might restate up to $286 million in earnings, though it has suggested since that that figure could be revised.

Some will argue that Dr. McGuire leaves a company that relies far less on his strategic thinking than it did 10 or even five years ago. "It's been remarkable what he's done," says Joseph France, an analyst at Banc of America Securities who rates UnitedHealth shares as "neutral." But "maybe a different skill set is called for now."

A pulmonologist by training, Dr. McGuire resurrected UnitedHealth from a small, financially troubled HMO into a health-care empire valued at more than $60 billion today. He drove UnitedHealth's expansion into businesses beyond commercial health insurance, jumping into growth areas such as elder-care services, private Medicaid plans and banking services around the new field of health savings accounts. He also led the industry in dropping restrictive and much-hated managed-care practices, such as requiring doctors to ask for permission when ordering tests.

In the second quarter, UnitedHealth's earnings climbed 26% to $974 million on a 57% jump in revenue to $17.9 billion. Analysts expect continued growth, with the consensus calling for a 19% increase to $2.95 per share this year and a 16% jump in 2007 to $3.41 per share.

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UnitedHealth shares are trading at nearly 18 times estimated 2006 earnings. That makes the company just a little bit more expensive than rivals WellPoint Inc. and Aetna Inc. But UnitedHealth is one of the biggest generators of free-cash flow -- $3.8 billion in 2005 -- and its earnings also are climbing faster than the industry average.

That puts the company in solid shape to deal with the health-insurance industry's shifting landscape today -- and less dependent on a visionary like Dr. McGuire, analysts say. Though it is the second-largest U.S. health insurer in terms of overall health plan members behind WellPoint, UnitedHealth is the leader where the market is growing most: In Medicare and senior-related health-care services, and the burgeoning area of high-deductible and savings account-linked health plans.

It has also acquired technology companies that write software needed by its rivals to measure hospitals and doctors on performance as employers increasingly demand more cost and quality information from them.

Many of the company's biggest operational decisions are made by the chiefs of its four divisions, whose businesses include employer health plans; Medicare and Medicaid products; specialized services such as dental plans; and technology.

The company's raft of acquisitions, including PacifiCare Health Systems, Oxford Health Plans and Definity Health, in recent years also has deepened UnitedHealth's management bench.

The most challenging situation for many investors now may not be Dr. McGuire's status. It might be sizing up Mr. Hemsley, a former chief financial officer at Arthur Anderson recruited by Dr. McGuire in 1997. He has been the key executor of Dr. McGuire's strategy, appreciated by investors for his operational skills and widely seen over the years as his eventual successor. Many will see his appointment to CEO as a continuum of UnitedHealth's current strategy.

"It might be seen as better than the worst-case scenario. If Hemsley had left too, many investors would have seen this as a complete leadership disruption," says Mr. Borsch.

But Mr. Hemsley, who also has amassed a considerable fortune in company stock-options grants, is included as a defendant in several of the options-related shareholder lawsuits against the company, partly because he also received grants on favorable dates. Should those grants produce legal problems for Mr. Hemsley, the problem for UnitedHealth might not go away, analysts say. But the board's decision to elevate him could be seen as a vote of confidence about his own legal questions, and his leadership.

Dr. McGuire and Mr. Hemsley both agreed to have all of their options through 2002 repriced.

The company has other leaders in its ranks to complement Mr. Hemsley, including former Northwest Airlines CEO Richard Anderson, who joined UnitedHealth in November 2004 as an executive vice president.

While Mr. Hemsley gets much of the credit for making UnitedHealth more efficient and for integrating acquisitions into its systems, Mr. Anderson is seen as being more experienced at operating in the public eye. Some analysts say this is exactly what UnitedHealth needs as the health-insurance market gets more competitive, creating tougher demands from hospitals and employers.

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Accounting Firms Ally To Take On The Big 4 (WP)

By Kim Hart

The Washington Post, October 16, 2006

For more than a decade, many smaller Washington-based accounting and consulting firms have aligned themselves with one of four larger networks that represent mid-size regional firms. Now one of those networks has gone a step further: banding its member firms together to act as one company.

The network, called Baker Tilly USA, opens for business today, combining 22 mid-size accounting firms from around the country, including Beers & Cutler PLLC locally. The alliance plans to offer tax, audit and consulting services to capture more of the accounting market, a strategy other accounting networks plan to adopt over the next year.

"We're coming at a time when the business market is crying out for alternatives to the Big Four, and we believe our structure can fill that void," said Geoff Barnes, chief executive and president of Baker Tilly International, a worldwide consortium of 125 firms.

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The dissolution of accounting giant Arthur Andersen in the Enron scandal, and the more stringent internal accounting controls required by the Sarbanes-Oxley law, created more demand for the Big Four -- Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP -- particularly from the nation's largest public companies.

Second- and third-tier accounting firms often found it difficult to move up the accounting ranks because larger clients typically require industry-specific skills and global reach, which many regional firms do not have.

"Companies have been gun-shy about leaving the womb of the big firms," said Allan D. Koltin of PDI Global Inc., a marketing consultant for accounting firms. "The idea of the one-firm concept is to bring a unique and distinct brand that CEOs and CFOs can feel more comfortable about because they have the resources of their affiliate firms behind them."

Decreased competition in the accounting industry has sparked concern by industry experts and government agencies. In a 2003 study, the General Accounting Office found that smaller accounting firms faced significant barriers to entry into the large public company audit market.

"There is a name-brand effect in the industry," said James Peters, chairman of the accounting department at the University of Maryland at College Park. "It's still going to be very difficult to capture companies out of the Big Four's key market."

Firms in alliances such as Baker Tilly USA "have a better chance of competing with the second-tier firms," which include RSM McGladrey Inc., Grant Thornton LLP and BDO Seidman LLP, he said.

Beers & Cutler, with a staff of 270, specializes in the government contracting, real estate, law firm and automotive sectors. The firm will share that expertise with other Baker Tilly members, said R. Edwin Offterdinger, managing partner.

Sharing institutional knowledge with other firms under a larger umbrella organization could threaten the identity of individual firms. "But it's a dual branding strategy that, if executed properly, will only enhance the brand," Offterdinger said.

Three other networks of accounting firms are preparing to introduce their alternatives. Moores Rowland North America, the Leading Edge Alliance and Moore Stephens North America also include firms based in the Washington area: Aronson & Co., Argy Wiltse & Robinson PC, and Goodman & Co., respectively.

Those groups, with Baker Tilly, represent about two-thirds of the nation's top 100 accounting firms, Koltin said.

Baker Tilly's total workforce of about 8,000 is far smaller than the staffs of the largest firms. Ernst & Young, for example, has 26,000 U.S. employees, and PriceWaterhouseCoopers has about 30,000. They each have around 140 affiliate offices around the world; Baker Tilly has 93.

But networks like Baker Tilly stand to benefit from the large number of smaller, non-global businesses "left behind" by the Big Four in recent years, Koltin said. According to CCH Inc.'s Public Accountant Report, revenue rose 21.9 percent for firms outside the Big Four in 2005, while the top firms' revenue rose 14.7 percent.

The new alliances "will become four very significant pillars that realize that, if they create depth and resources, they can have tremendous competitive advantage against all other firms in the marketplace," Koltin said.

SEC To Ease Margin Rules In Cost-cut Move (FT)

By Jeremy Grant In Washington

Financial Times, October 16, 2006

The US is set to relax margin rules in force since after the Wall Street crash of 1929 with the approval of a system that will cut securities trading costs and pave the way for “multi-asset” trading across equities, options and futures.

The move removes a key barrier to the competitiveness of the US capital markets as similar margin rules already exist in Europe, attracting increasing numbers of hedge funds to London.

It comes as many US exchanges are trying to expand the mix of their businesses towards a combination of equities, options and futures.

This is in response to demand from hedge funds and other traders who increasingly prefer to trade such assets simultaneously.

The Securities and Exchange Commission’s staff has approved an application by the New York Stock Exchange for a new type of “portfolio margining” account that calculates margin based on the types of assets held in the account and the interplay between them.

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It will provide an alternative to the "Reg T" margining system, under which the Federal Reserve and NYSE set margins for stock trading at up to 50 per cent.

Hedge funds complain that this needlessly ties up funds in margin, limiting the funds' leverage.

They also say it arbitrarily sets margin levels regardless of the types of assets and trading strategies being used, as electronic, algorithmic trading makes such trading more complex.

Grace Vogel, executive vice-president of member firm regulation at the NYSE, said the new account would use a margining system developed by the Options Clearing Corporation, a clearing house for the six US options exchanges. It would take into account when an investor's exposure to one asset, such as an IBM stock, was already being offset by a position in another, such as an option on IBM stock.

"The current rule does not recognise enough hedging strategies between options and stocks," Ms Vogel said. "[Reg T] has served us well over the years but I think we're ready to take a step in the direction of having more risk-based margining."

She said that in some cases margin could be reduced to 15 per cent. Bob Colby, deputy director of the SEC's division of market regulation, said the staff's recommendation would be put to the agency's five commissioners "in weeks".

"It's a big change, and that's why we'd like the commission to consider it," he told the Financial Times. The move is expected to be approved by a majority of commissioners.

Gary de Waal, general counsel at broker Fimat, said: "If portfolio margining is approved for the US it is as significant an event as when prime brokerage first became available. It is a major milestone."

US Rethink On Hedge Fund Rules (FT)

By Jeremy Grant In Washington

Financial Times, October 16, 2006

Top US policymakers believe fresh regulation of hedge funds may be needed to avoid a catastrophic hedge fund failure and that relying on banks and other counterparties to manage their exposure to the booming industry may no longer be enough.

The development marks a shift in thinking on hedge fund oversight since a US court in June struck down a rule that hedge fund managers register with the Securities and Exchange Commission.

Hedge funds have since been in regulatory limbo.

The $6bn losses at hedge fund Amaranth have thrust into the spotlight concerns over the systemic risks associated with the $1,500bn industry.

Since the collapse of Long Term Capital Management in 1998, the President's Working Group on Financial Markets – made up of the Federal Reserve, Treasury, SEC and Commodity Futures Trading Commission – has believed that counterparty risk management is the best way to guard against risks to the financial system posed by hedge funds.

Ben Bernanke, US Federal Reserve chairman, in May expressed scepticism about giving regulators more oversight over hedge funds, saying that allowing hedge funds and trading partners to manage risk in the sector made "economic sense".

However, one senior official close to the group said the explosive growth of such funds, the leverage available and the increasing exposure of pension fund money to them had cast doubt on that approach.

Speaking on condition of anonymity, he said: "It's an unavoidable question that you ought to look comprehensively at how this framework is working . . . Is counterparty risk management still the right approach?"

A senior SEC official said: "There's an opening to thinking about alternatives."

One focus of concern was that hedge funds had access to financing from multiple prime brokers.

"Several years have passed [since LTCM], hedge funds are bigger and significant developments have taken place not just in the mechanics of the prime brokerage business but also the way in which leverage is provided," the first official said. "The real concern is the transmission mechanism of the failure of a hedge fund into entities of a size that really are of systemic consequence for the [financial] system. You don't want the failure of a hedge fund to bring down a Morgan Stanley or a JPMorgan."

With billions of dollars in pension plan money expected to flow into hedge funds in the next few years, policymakers also needed to consider ways to improve investor protection.

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"One idea would be to say there are certain things that pension plan administrators need to do before you invest into hedge funds," the official said. "You could see an overall package of measures evolving over time."

CRIMINAL LAW:

Feds Search For Causes Of Rise In Violent Crime (USAT)

By Kevin Johnson, Usa Today

USA Today, October 16, 2006

WASHINGTON — Teams of federal investigators looking to curb increases in murder and robbery will visit several U.S. cities in order to pinpoint the root causes of community violence, the Justice Department is expected to announce today.

U.S. Attorney General Alberto Gonzales plans to outline the initiative in an appearance at the annual meeting of the nation's police chiefs in Boston, the Justice Department said.

The Justice review comes after the Police Executive Research Forum, a national police advocacy group, reported last week that murder, robbery and assault offenses had increased substantially in a cross-section of cities during the first six months of 2006.

Last month, the FBI's national crime report for 2005 also revealed a nearly 2% increase in the nation's murder rate after a two-decade low in 2004.

The federal program will dispatch investigators to several cities during the next few weeks to look at possible causes of increased violence, according to an outline of the initiative provided by the Justice Department. The department didn't identify the cities.

Teams also are scheduled to visit communities where crime has declined to determine which crime-prevention tactics have been most effective, the Justice Department said.

Chuck Wexler, executive director of the Police Executive Research Forum, called the Justice Department review "an unprecedented effort" to assess the level of violence. "It's important for the Justice Department to get into these cities," Wexler said.

The Justice Department has maintained that the crime rate in 2005 was at a "near-record low" level. But the department said it was proceeding with the review "as a proactive measure" because of the surge in homicides and the overall increase in violent crime in 2005 reported last month by the FBI.

Abramoff Associate Met Bush Officials 12 Times (FT)

By Stephanie Kirchgaessner

Financial Times, October 16, 2006

A lobbyist associated with Jack Abramoff, the convicted former "superlobbyist", met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress.

White House officials' meetings with Shawn Vasell, a former associate of Mr Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform.

A spokesman for Mr Abramoff, who pleaded guilty to corruption charges this year, declined to comment. As payment for Mr Abramoff's lobbying effort to scupper anti-gaming legislation, Gibraltar-based International Interactive Association (IIA) spent millions of dollars on fees to Greenberg Traurig.

The effort was largely effective until recently, when Congress passed a bill that, in effect, criminalised gaming.

IIA, represented by James Levy, of Gibraltar-based law firm Hassans, has sought to distance itself from its ties to Mr Abramoff by asserting that, in common with his other clients, it was unaware of the lobbyist's shenanigans. These included the fact that IIA contributed $2m (€1.6m, £1.1m) to charities that Mr Abramoff used to disguise payments to other organisations.

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Tax records and the documents released by Congress show that IIA made -donations in 2003 to the National Center for Public Policy Research (NCPPR), a conservative group, and -Capital Athletic Foundation, a charity controlled by Mr Abramoff.

Robert Litt, an attorney at Arnold & Porter, another law firm representing IIA, said the $2m was contributed to the charities without IIA's knowledge, from fees it paid Greenberg Traurig. "IIA retained Greenberg Traurig to do lobbying and, not to put too fine an edge on it, it appears Abramoff stole their money," he said.

But in e-mails released by Congress, Amy Ridenour, the president of NCPPR, told Mr Abramoff in 2004 that she intended to send a letter to IIA to confirm that the $1.5m her organisation had received had, in fact, originated from IIA.

In an unsigned letter provided to the Financial Times by IIA – that Mr Litt said it sent to Ms Ridenour in August 2004 in response to her query – IIA said it had "no information" about the payments.

Today IIA still uses Greenberg Traurig as its primary lobbying firm in Washington.

Mr Litt said that, after the departure of the person who missapplied IIA's fees, it had no reason to doubt the honesty of Greenberg Traurig.

Mehlman Denies Role In Ousting Of Official (FT)

By Stephanie Kirchgaessner

Financial Times, October 16, 2006

Ken Mehlman, the powerful chairman of the Republican National Committee, was on Sunday put on the defensive about his alleged role in the ousting of a State Department official in 2001 who was a political foe of Jack Abramoff, the former "superlobbyist" convicted on corruption charges this year.

Mr Mehlman said he did not recall the specifics of the removal of Allen Stayman, who supported changes to labour laws on the Northern Mariana Islands, an important client of Mr Abramoff, but said it was "not true" he had the authority to fire anyone in his former role as political director at the White House.

With mid-term elections looming on November 7 and the Republican party struggling to hold on to its majority in Congress, questions about Mr Abramoff's ties to the party as well as its response to the Mark Foley congressional sex scandal could not have come at a worse time.

The ties between Mr Mehlman and Mr Abramoff, which were highlighted in a report by the Los Angeles Times on Sunday, follow the release of hundreds of e-mails by a congressional committee investigating the former lobbyists' ties to the Bush administration.

The e-mails shed new light on Mr Abramoff's wheeling and dealing in Washington, including how he allegedly called in favours from a vast network of Republican allies for various political appointments and endorsements – succeeding in some endeavours and failing in others.

In one e-mail, one of Mr Abramoff's associates declared: "Mehlman said he would get him [Mr Stayman] fired."

Mr Mehlman said in an interview on CNN on Sunday that he frequently had people come to see him with political and personnel issues. "I had a way of dealing with all these matters, which is to let the policy-makers or the personnel deciders know exactly what people said. And they made the decisions," he said.

A lobbyist associated with Mr Abramoff met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress.

White House officials' meetings with Shawn Vasell, a former associate of Mr Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform.

Mob Trial To Start Today (SPT)

By Carrie Weimar

St. Petersburg Times, October 16, 2006

The four defendants are said to be members of the Gambino family.

TAMPA — Not so very long ago, Tampa was an underworld hub, a place where mobsters ran illegal gambling operations out of Ybor City coffee shops and killed the people who got in their way.

Those days are over, thanks largely to a crackdown by law enforcement in the 1970s and '80s. But experts say the Mafia never really left Tampa: It just changed form.

Starting today, four men alleged to be members of the Gambino crime family will go on trial in U.S. District Court in Tampa on charges of racketeering and extortion.

Prosecutors said the crew, headed by Ronald "Ronnie One Arm" Trucchio, committed a string of crimes from New York to Miami, including murder, robbery and extortion.

Trucchio, 55, and his band carved out a piece of Tampa's valet parking business and owned a company that parked cars at restaurants, hospitals and nude dance clubs, including Thee Doll House, court records show.

The stakes are high for the defendants, who face potential sentences of 20 years to life.

The trial will also offer a rare glimpse at a seamier side of Tampa.

"Organized crime is alive and well," said Ken Sanz, a special agent for the Florida Department of Law Enforcement, who investigated the Mafia for more than 30 years. "It's probably not comparable to what it was in the '80s, the '70s or the '60s, but it's here."

For years, organized crime in Tampa was under the control of the Trafficante crime family. But the death of Santo Trafficante Jr. in 1987 brought an end to that era.

Now, mobile groups of crime associates called "crews" migrate to Florida and work independently, making payments to heads of families in New York or New Jersey.

In exchange, the remote operations are granted protection from the families against other organized crime factions, Sanz said.

"It became open territory," he said. "Any crime family can come down here now and do business."

That's how Trucchio and his crew operated, according to federal documents.

Trucchio, who got his colorful nickname because of a deformed arm, started as a soldier in the Gambino crime family, one of the notorious five families that control organized crime in New York.

He was later elevated to captain or "capo" and put in charge of several crews, court records state.

Trucchio, who lived in Queens, N.Y., tapped fellow New Yorker John Alite to head Trucchio's Tampa crew beginning about 1993, the records state.

By that point, Alite was already well-known to federal authorities. In 1989, he and another man were arrested with John A. Gotti, son of the late mob boss, all accused of beating up two men and a woman in a Long Island night club.

Alite, 43, was arrested in Brazil in November 2004. He is fighting extradition to the United States.

'All about the money'

In the mid '90s, Alite became involved in a valet company called A&A of Tampa, which later changed its name to Prestige Valet, according to Florida business records.

Prestige had contracts with St. Joseph's Hospital and the shops in Channelside, according to court documents.

The company also parked cars at restaurants and nude dance clubs.

Valet parking would be an attractive business for the Mafia, said Scott Deitche, the author of Cigar City Mafia.

"It's all about the money," Deitche said.

"They're interested in any way they can make money and run money through. In valet parking, you're dealing with a whole lot of cash."

The president of Prestige Valet, Terry Scaglione, 40, was also charged in the case. His father, Nick Scaglione, was a member of the Trafficante crime family, Deitche said.

Terry Scaglione's attorney, Pat Doherty, said his client ran a legitimate business and didn't participate in any illegal activity.

The prosecution scored a major victory in August, when one of the defendants pleaded guilty and agreed to cooperate with the government.

In a plea agreement unsealed this month, Michael Malone admitted to robbing a Sears cashier of $20,000 in Vineland, N.J., robbing a man at Thee Doll House in Tampa and killing John Gebert in 1996.

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Gebert, 30, was at Frankie & Johnnie's, a popular bar in Queens, when he was fatally shot in the back by two men in ski masks.

Members of the Tampa crew are also accused of roughing up a gambling ring in Port St. Lucie and extorting the owner of a rival valet business, Michael Malatin.

The other defendants are Kevin McMahon and Steven Catalano.

Recalling the old days

The last major Mafia trial in Tampa grew out of the Kings Court bottle club in Holiday, Deitche said. The phony club was set up in 1979 by an undercover FBI agent named Joe Pistone, who used the alias Donnie Brasco. Pistone went on to write a bestselling book about his experiences, which was made into a Hollywood movie.

It was a wild time to be in law enforcement, said Chris Hoyer, a Tampa attorney who served on the U.S. Department of Justice Organized Crime Strike Force and helped oversee the Kings Court sting.

Hoyer watched a high-ranking sheriff's official accept money from mobsters at the club. He also developed a grudging respect for Trafficante Jr., who developed a slew of ploys to thwart authorities.

"He used to drive 40 mph down the interstate," Hoyer said. "It's pretty hard to follow someone if he's only going 40."

The latest trial has also seen its share of drama, most of it surrounding Trucchio's lawyer, Joseph Corozzo Jr.

Corozzo, a New York City lawyer, is the son of Joseph "Jo Jo" Corozzo, believed to be the consigliere, or counselor, to the Gambinos.

The younger Corozzo is under investigation for potential involvement in witness tampering and obstruction of justice. Federal officials said the investigation could cause Corozzo to put his own welfare above his client's.

In May, Assistant U.S. Attorney Jay Trezevant requested a hearing to advise Trucchio of the potential conflict. Trucchio chose to remain with Corozzo, calling him his "most valuable asset."

But now the trial is scheduled to begin without Corozzo, who is stuck in a New York trial where he is representing another alleged Mafioso.

Instead, Trucchio will be represented by a last-minute replacement, Miami lawyer George Vila, who said he is completely unfamiliar with the case or organized crime in general.

Vila filed an emergency motion asking U.S. District Judge Susan Bucklew to delay the trial. But Bucklew refused, saying it would be unfair to the other defendants.

Security will be a concern during the trial, which could last up to two months.

In court documents filed last week, Trezevant refused a defense request to provide a list of witnesses and the order in which they will testify.

His reason: At least two potential witnesses were threatened in the past month.

Times researcher Cathy Wos contributed to this report. Carrie Weimar can be reached at cweimar@sptimes.com or (813) 226-3416.

Mob Racketeering Trial To Start Monday (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, October 16, 2006

TAMPA - Lorraine Lamendola's terrifying tale of hiding from mobsters by crawling around on the floor of her darkened house is at the heart of what the federal government says was a brutal struggle to control the valet parking business in Tampa.

While members of the Gambino crime family - once headed by the flamboyant "Dapper Don" John Gotti - carried out murders, armed robberies and drug sales in New York, New Jersey and Florida, mobsters used extortion to gain dominance over valet revenue at hospitals, restaurants and nightclubs in the Tampa area, federal authorities allege.

The fight over local parking is but one facet of a wide-ranging racketeering case slated to go to trial Monday in U.S. District Court. It is also at the center of a pending civil case in Hillsborough County Circuit Court.

The two top figures in the federal racketeering trial are Ronald "Ronnie One Arm" Trucchio and John Alite. Authorities allege Trucchio is a capo in the Gambino crime family, heading a crew of soldiers who committed crimes in three states. Alite is

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accused of helping Trucchio plan and participating in the criminal activity. Alite, according to the indictment, used the influence of the Gambino crime family to "create and instill fears in others," including members and associates of his own crew.

Trucchio, serving 20 years for a South Florida federal conviction, will be among the defendants to go on trial Monday. Alite is in custody in Brazil fighting extradition.

The former owner of Prestige Valet Inc., Alite is accused in court papers of extorting people who tried to compete with his company and refused to pay kickbacks.

The current president of Prestige Valet, Terry Scaglione of Tampa, is also scheduled to go on trial, also on racketeering charges. Scaglione's grandfather was Nick Scaglione, a convicted gambling racketeer who was a member of the Trafficante crime family in Tampa during the 1950s and '60s. Wanting More Money

Documents filed in the federal criminal case and the county civil case paint a picture of a violent struggle over the lucrative business of parking cars in the Tampa Bay area.

One man's struggle with organized crime is vividly described in an affidavit filed by his wife in the civil case.

In 1996, Robert Lamendola of Spring Hill was unhappy working as a plumber at Home Depot.

Thinking he could make more money for his family, he went to work for a childhood acquaintance, Alite, in the valet parking business.

Robert Lamendola became valet manager for Prestige at the Turtle Club in Clearwater.

It wasn't long before Lamendola became involved in criminal activity.

According to a federal court document, that March, Lamendola roughed up an unnamed college student who was running a sports gambling operation. He and another man, acting on orders from Alite, visited the student and took money, telling him at gunpoint he would have to pay money every week for "protection," according to a plea agreement Lamendola signed in 2002 in a deal that would put him in prison.

Lorraine Lamendola's affidavit doesn't mention her husband's crime, but gives the following account:

Robert Lamendola quickly became disenchanted with his work as a valet manager, and wanted more money. With Alite's blessing, he and his wife opened Imperial Valet in St. Petersburg in January 1997, serving mostly businesses in the Pasco County area and eventually Pinellas County. Success Brings Trouble

When Imperial Valet started getting business in Tampa, the couple's trouble with Alite began.

On instructions from Alite, Lorraine Lamendola sent the company's financial statements. In early spring 1997, Alite began demanding payments of $150 a week for each valet account. The payments lasted six or seven weeks.

After learning that Alite was in prison, Robert Lamendola met another man who said he had stronger mob ties and could help Lamendola. Feeling "empowered," Lamendola told his wife to stop sending payments to Alite.

Then the phone calls started from Alite's associates.

Robert Lamendola told his wife to send $75 a week to Louis "Duke" Mendel, president of Prestige Valet. That lasted for six to 10 weeks.

During the early summer of 1997, Robert Lamendola got into a fist fight with Mendel at Revelations, a Tampa nightclub, after Lamendola expressed interest in bidding for the club's business.

Alite then demanded copies of all of Imperial Valet's Tampa contracts. Robert Lamendola notified his Tampa clients that his company was being "muscled out of the business by the Mafia and Prestige Valet."

In 1997 and 1998, Alite would call the house and leave threatening messages on the answering machine. "I know where your kids go to school." "Listen to me and listen good. Just remember this - your [expletive] husband will be the first guy I see when I get out, and I will get out."

Alite was released from prison. The Lamendola phone started ringing. It was Alite's New Jersey cell phone number on the caller ID.

Then the doorbell rang. Robert Lamendola told his wife to look out the front window. There was a white van parked in front and a strange man inside. Lorraine Lamendola couldn't see who was at the door.

Later, they opened the door. There was a note. "Call me, John."

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"Fearful of Alite's intentions, we crawled around on the floor and closed all of the blinds and window shades, turned off all of the lights in the house, and sat in the bathroom or the center of the living area, the only areas without windows" Lorraine Lamendola said in her affidavit. "We were forced to stay inside the house for two to three days.

"When the sun went down, we did not cook, open the refrigerator, watch TV, or do anything that would alert the outside world that we were home. During this entire time, our residence phone, as well as Robert's cellular phone, repeatedly rang for hours and hours, back to back, non-stop," first from Alite's cell phone number and then from a private number.

When they looked outside, they saw a man sitting on a lawn chair across from their house. Sometimes the lawn chair was empty.

Finally, Alite called Robert Lamendola's sister, who told him the Lamendolas were in Boston for a doctor's visit. The phone stopped ringing for two days.

Robert Lamendola purchased three guns to protect himself, including a Glock. Later, the Lamendolas' son, Michael, used the Glock to kill himself.

"I believe my son committed suicide because he was traumatized by all of the phone calls and threats to the family and all the [effects] all this activity had on the family, including Robert's transformation to an abusive and violent person," Lorraine Lamendola said in her affidavit.

In 1999, Alite, Lamendola said, threatened a 19-year-old attendant for Imperial Valet at Legend's Steakhouse in Clearwater Beach.

Alite and an associate pinned the attendant against a wall with a black Lincoln Navigator and took the cash proceeds from that night's business.

Alite told the young man he was working for Alite from now on. Prestige then took over that valet account. Civil Lawsuit Draws Attention

Robert Lamendola is in federal prison in Atlanta, serving a sentence of three years and 10 months for roughing up the college student in 1996. His projected release date is next July.

Alite no longer owns Prestige, according to Michael D. LaBarbera, attorney for the valet company.

Lorraine Lamendola's affidavit was filed by the defense in a lawsuit that has drawn the attention of federal authorities. The suit was brought by Prestige against Michael D. Malatin and his company, Healthcare Parking Systems.

Prestige accused Malatin of unfair competition. Malatin formerly worked for Prestige, and the lawsuit alleges he used his contacts there to start Healthcare Parking Systems while he still worked for Prestige.

Defending the lawsuit, Malatin claimed he, too, had been threatened by Alite. In court papers, he said he recorded several conversations with Alite at the request of the FBI.

LaBarbera said the U.S. attorney's office blocked him from investigating Lamendola's claims or even interviewing Lorraine Lamendola. A federal prosecutor argued that the lawsuit was a veiled effort to gain information about the federal investigation.

LaBarbera said his entire civil case file was subpoenaed by a federal grand jury.

The attorney said he was unable to verify any of Lorraine Lamendola's claims. He said he has represented the Scaglione family for 20 years and has never seen any evidence that Terry Scaglione is involved with organized crime.

Protecting Children From Cyberspace Invaders (MH)

By Ana Veciana-suarez

The Miami Herald, October 14, 2006

The news is full of these stories lately: adult men trolling online for young victims to seduce. It's enough to scare families right out of cyberspace.

Yet, away from the headlines, do we really know how common these cases are or how much danger our children really face online? And, do tech-savvy teens understand what they're doing when they post suggestive photos on their websites and exchange provocative messages with online buddies?

Though the Mark Foley scandal has once again focused attention on adults who engage in sexual talk with children online, direct data about Internet danger to our children is hard to come by. The figures that do exist are questioned by a number of experts.

According to the only national study of its kind of children 10 to 17, about 13 percent say they have received an unwanted solicitation to engage in sexual activity or conversation in the previous year. That figure is actually lower than the 19 percent of five years earlier, in 2000.

Those being solicited were mostly teenagers, and the material was coming from both adults and other teens. In fact, solicitations from offline friends and acquaintances grew from 3 percent of all solicitations in 2000 to 14 percent in 2005.

"We think children are going to chat rooms less and talking to strangers less often," explains David Finkelhor, director of the Crimes Against Children Research Center, which conducted the survey. ``They've either gotten the message or they've had personal experiences in these chat rooms and have chosen not to visit."

The good news, however, ends there. Aggressive solicitations -- those in which solicitors try to make offline contact with the minor -- increased among girls, from 4 percent in 2000 to 7 percent in 2005. Only two youths reported actually meeting an adult in person. (Researchers conducted telephone interviews of a statistical sampling of 1,500 young people and reported a possible margin of error of 2.5 percent.)

More young Internet users (34 percent) are also seeing unwanted sexual material online than they did in 2000 (25 percent), despite increased use of filtering, blocking and monitoring software.

Though "one case is one too many," activist Ernie Allen believes ``there is some cause for optimism. I think this is a positive indication that pounding these alerts into the heads of youth and parents is working."

Nonetheless, Allen, president of the National Center for Missing & Exploited Children, and other adults who anecdotally track online predators believe these figures don't tell the whole story. "Overwhelmingly," Allen adds, ``kids don't report when something happens to them. They shrug it off."

Xavier Von Erck, founder of Perverted-Justice.com, agrees. Most kids he talks to are either too embarrassed to say they've been solicited or fearful that their computer privileges will be taken away by panicked parents if they sound the alert. What's more, he believes, from his own experience online, that sexual solicitation of minors is relatively common.

"Any chat room we go onto, whether it's on Yahoo, AOL, Teenspot, MySpace, there's never a time we're not solicited," he adds. ``It is bad out there."

Parry Aftab, executive of WiredSafety.org, has had similar experiences. "I talk to 5,000 kids a month and almost all of them have received some kind of inappropriate communication," Aftab said. ``And it's getting worse because of the social networking sites."

CLOAK OF ANONYMITY

While the figures may be in question, experts do agree on one thing: The Internet has made sexual solicitation of minors easier and has allowed men who might not have otherwise acted on their impulses to do so under the cloak of anonymity.

"The Internet is a wonderful thing, but it's both a blessing and a curse," says Allen. ``In the physical world, if you're 40 years old and you want some kind of access, you have to directly approach the child, and then it's tougher to break down inhibitions. The Internet has provided a venue, a way for a lot of these people who have the interest or inclination to do what they want to do without directly risking the social stigma."

It is the same kind of anonymity that allows the predator to disguise not only his own identity but his intentions during the initial contacts, or at least until he has befriended the minor by showing interest and offering a sympathetic virtual ear. This kind of "grooming," says Aftab and others, is found in the released Foley messages as well as exchanges by other men.

"A lot of people will cross the line -- or at least put out feelers -- on the Internet that they wouldn't do in person," Aftab adds.

Most of those arrested are men with no criminal records, people who don't fit society's stereotype of a criminal. Many are middle- and upper middle-class men with respectable jobs and families, says Von Erck. "You can have the short, balding guy with glasses but also the tall good-looking guy," he adds. `There's no real profile."

Law enforcement officials, both nationally and locally, are focusing more resources on investigating computer-related child exploitation.

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FBI GOES ONLINE

About 18 months ago, the FBI's Miami division launched a separate Crimes Against Children Squad. The squad includes about 10 undercover investigators who mostly work online. Other local agencies, such as police departments and the Florida Department of Law Enforcement, often assist.

Since the squad began, FBI agents have arrested or identified 82 suspects for a range of sex crimes against children, said Judy Orihuela, the FBI's Miami spokeswoman. A breakdown of which crimes involved an online component was not available.

The squad, which serves the Keys through Palm Beach County, also works with public schools to teach children how to stay safe. But police, like other experts, say it's ultimately up to the parents.

"We don't advocate for parents to try to keep their kids offline," said Supervisory Special Agent Terri Patterson. ``That's unhealthy. The kids have to spend time online. Their parents just have to monitor it."

These education campaigns, as well as very public arrests of men who solicit children online, have made parents and youth more aware of the dangers. Perverted Justice, an organization dedicated to outing online predators by using decoys, has teamed up with NBC's Dateline program to lure adult men who expect to rendezvous with a young sex partner. Instead, the men are met by TV cameras and, in some cases, by police.

These shows, however, may not fully address the danger a teen can find online. Reality is, many of the unsolicited comments and solicitations are actually coming from people the children have already met offline.

In the Crimes Against Children's Research Center's study, acquaintances -- mostly other teenagers -- played a growing role in many of the unwanted solicitations and in online harassment. (The study defines harassment as threats or other offensive behavior sent online to the youth or posted online about the youth for others to see.) In fact, 44 percent of online harassers were offline acquaintances, mostly peers, in 2005, compared with 28 percent five years earlier. Unwanted sexual solicitations from acquaintances were also up.

This has lead researchers to suggest that educational efforts include talks about the danger posed from acquaintances. "It's a mistaken idea for parents to think this is only stranger danger," says Finkelhor.

What's more, some youths are using their own sexuality and Internet knowledge to post provocative come-ons in chat rooms and message boards. Critics of social networking sites complain that there is little monitoring and few safeguards to protect young users. In response, MySpace and other sites have launched public service campaigns to promote safety, but it's not uncommon for teens to fib about their age.

A cursory look at online message boards also reveals teenagers posting suggestive invitations, including some with very graphic descriptions.

"It's a good idea for parents to have a frank conversation with their children," Finkelhor says. `At the same time we have to realize that the real danger comes in the way kids think and feel that they're having an adventure by participating in some kind of exchange. They don't think anything can happen to them."

Miami Herald staff writer Steve Rothaus contributed to this report.

Rape Accusation Has Ruined Lives, Students Say (NYT)

By Duff Wilson

The New York Times, October 16, 2006

In their first news interviews, three former Duke University students told the CBS News program “60 Minutes” that they were falsely accused of raping a woman hired to dance at a lacrosse team party last March.

One of the men has graduated from Duke, while the other two, who were sophomores, have been suspended from the university pending the outcome of the case, they said on the program, which was shown yesterday. They are free on $100,000 bail while awaiting a trial expected to start next spring.

“This woman has destroyed everything I worked for in my life,” said the student who graduated, David F. Evans, 23, of Annapolis, Md. “And, worst of all, she’s split apart a community and a nation on facts that just didn’t happen and a lie that should have never been told.”

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Also appearing on the show was James E. Coleman Jr., a professor at Duke's law school who criticized the prosecutor in the case and accused him of misconduct. Mr. Coleman, who led a university review of the men's lacrosse program after the party, said of Michael B. Nifong, the Durham County district attorney, "I think in this case, it appears that this prosecutor has set out to develop whatever evidence he could to convict people he already concluded were guilty."

In June, Mr. Coleman said Mr. Nifong should ask the state attorney general to appoint a special prosecutor and remove himself from the case. Mr. Coleman said Mr. Nifong "pandered to the community" and set up an improper photo lineup to identify suspects.

In a telephone interview last night, Mr. Coleman said, "He has forgotten about his obligation to protect the innocent, and in my view, that's prosecutorial misconduct."

Mr. Nifong did not return telephone calls and e-mail messages yesterday. The accuser, a student at North Carolina Central University, could not be contacted.

Mr. Nifong has said that he, the police and the woman are determined to take the case to trial despite a tide of criticism. Mr. Nifong has said that there is medical evidence of rape and that the woman made valid identifications of the suspects, both points challenged by "60 Minutes" after what the show said was a review of nearly the entire case file.

Mr. Evans, the team captain, told "60 Minutes" that he regretted his decision to give a party with alcohol and hire strippers.

"I was naïve, I was young, I was sheltered," he said. "And I made a terrible judgment. In five months I've learned more than I did in 22 years about life."

One of the suspended students, Reade W. Seligmann, 20, of Essex Fells, N.J., said the police had never interviewed him about the case. He also said the district attorney did not want to see evidence proving he left the event shortly after the dancing stopped and before the alleged rape could have occurred.

The other suspended student, Collin Finnerty, 20, of Garden City, N.Y., said he also had evidence showing he left the party early, but did not want to reveal it before trial. He said he left the party after the women stopped dancing and never saw them again.

For Violent And Lost Boys, Crime Stories Offer Hope (NYT)

By Dinitia Smith

The New York Times, October 16, 2006

ORLANDO, Fla. — On a recent weekday afternoon, Dennis Lehane, the best-selling crime writer, stood in front of 17 imprisoned teenagers, trying to establish his street credentials. He grew up in a violent neighborhood, he told them, Dorchester, in Boston. "One or two made it out of my neighborhood," he said. "Sixteen other guys went down."

Mr. Lehane was on a tour to publicize his new story collection, "Coronado" (HarperCollins), and had made an unusual stop: at the Youthful Offender Program at the Orange County Jail here. The participants had been reading "Coronado" as part of a class called, in an effort to use language familiar to teenagers, "Literature n' Living."

Most of the boys, who are 14 to 17, had been accused of crimes so serious that they were being tried as adults. Some were awaiting trial, others serving sentences of less than a year. Many of the characters in "Coronado," are, like the prisoners, young, lost and violent, and the book had been assigned to them by John Richter, the program's coordinator, in an effort to get them to read — anything.

Mr. Richter had tested the boys to make sure they understood the book, and had them write reports, which they were now delivering to Mr. Lehane, whose 2001 novel, "Mystic River," was made into a movie by Clint Eastwood. In addition to meeting Mr. Lehane, the boys would get another prize: a contact visit with their families (most visits at the jail are conducted by video screen), plus a real dinner: fried chicken, pizza, submarine sandwiches, collard greens.

Brian Mitchell, 17, accused of hiring a hit man to kill a witness in a murder case, focused his book report on a searing story called "Until Gwen." After serving his sentence, a young man is picked up from prison by his father in a stolen truck, with a prostitute in the back. The father wants his son to reveal the whereabouts of a stolen jewel. The story reaches a violent climax and contains a terrible revelation: "He got mean, told you you aren't his anyway, some whore's kid he found in a barrel, decided might come in useful on a missing-baby scam they were running back then."

Brian, an aloof, self-contained boy, read from his report in an assured voice: "I was able to relate this story to many aspects of my own life. I also grew up different from most people, isolated because of my physical handicap." When he was an infant both of his legs were amputated at the knee because of a birth defect.

After the reports were read, there were questions. Dexter Johnson, 17, charged with shooting a man and robbing him of his cellphone, read a question written in advance: "What's helped you drive through the obstacles in your life to achieve your ambition?" he asked, reading intently, his voice halting.

Mr. Lehane was succinct: "No. 1, my parents," he replied. "No. 2, just seeing the waste around me."

In one of the book's stories, "Gone Down to Corpus," the narrator's father is a depressed drunk who sits on his front porch weeping. The boy goes with a group of friends to the house of a rich family, intending to trash it. The story ends with him on a bed with a girl and a gun at his side, waiting for the family to return. "I wonder what I'll do," the character muses. "Make that pudgy man draw. I don't know. I know that at the moment I hate the pudgy man." Tyler Kucera, 16, charged with robbing a man and threatening to blow his leg off with a shotgun, asked Mr. Lehane in a shy voice, strangled in back of his throat, "What happened when the residents of the house came home?"

But Mr. Lehane had ended on that question, and he refused to say what happened.

When Mr. Richter first arrived at the unit in 1992, the youths were fighting among themselves and refusing to attend the jail's high school program. "A lot of them didn't know how to read," he said. They were ashamed, he said, and school was their nemesis, the symbol of all their failures.

Before being imprisoned, he said, more than half the boys had dropped out, been expelled or suspended from their regular schools.

"In order for them to learn to read you have to get them to focus on a piece of writing so they will struggle through it with a teacher," Mr. Richter said. " You have to be motivated," he said. "You can't use 'Dick and Jane.' " He tried a production of "Julius Caesar" with a gang theme, and got only so-so results. Around 1995 he found a book he thought might interest the boys, Walter Mosley's "Devil in a Blue Dress." "It was relatively easy to read, and you have black characters," he said. Most of the prisoners are black or Hispanic. The book worked, and so did the incentives of contact visits with families. "Literature n' Living " was born.

Mr. Richter began sending copies of the teenagers' book reports and photographs of classes to authors, hoping to entice them to visit the jail. Ernest J. Gaines was the first author to come, in 2001, after the group read "A Lesson Before Dying" (Random House), about a black youth sentenced to death. He has visited twice. Brian Jacques, author of the "Redwall" series, about mice who fight off evil rats, foxes and other predators, has also visited twice, on a book tour for his publisher, Penguin, from England. "They'd say, 'Why am I reading about mice?' " Mr. Richter remembered. "I'd say, 'Shuddup and read the book.' Now they love 'em." So far, 12 authors have visited.

Mr. Richter, 56, who has been working in prisons for 33 years, has no statistics testifying to the program's success or its effect on recidivism rates. But, he said: "When we first began there were lots of incidents of violence. It was nothing for somebody to walk into that unit and see three or four kids waiting in shackles to be put in disciplinary lockdown." Nowadays, he said, "we have very few incidents of violence. We may have a fight once every three months."

For Tyler, charged with armed robbery, the program, "brings you into a whole new life for a brief period. Whatever you're facing here, you can put it aside."

The boys stay at the jail for an average of four to eight months. Eighty-five percent are convicted and go to adult prisons where there are few programs like this. What's the point of offering them this brief look at literature? "If there is a salvageable lot, it's these kids," Mr. Richter said. "You can see it after they've been here a while. Their eyes grow a little less hard. They begin to believe there is hope for them."

"They realize they don't have to be dirtbags," he said, "though they might think they have to be."

CIVIL RIGHTS:

Deaf Advocate Blasts Arrests (WP)

By Daniel De Vise, Washington Post Staff Writer

DOJ_NMG_0080671

The Washington Post, October 16, 2006

Protests Continue Against Incoming Gallaudet President

The president of the National Association of the Deaf weighed in yesterday on what she called the "totally unnecessary" arrests Friday night of 133 protesters at Gallaudet University in a dispute with campus administrators, and urged the board of trustees to take command of a situation that "is out of control."

Bobbie Beth Scoggins, head of the advocacy group, arrived at the Washington campus yesterday afternoon to cheers from scores of students and alumni, who have taken shifts occupying tents around the campus entrance for the past week. They shut down the campus for three days to protest the selection of former university provost Jane K. Fernandes as the school's next president.

Scoggins's appearance underscored the impact of the confrontation in the international deaf community. She said sympathizers around the world had erected more than 70 "tent cities" in solidarity with the Gallaudet protesters, four of whom launched a hunger strike at the start of the weekend.

"The whole world is with these people here," said Scoggins. "The administration claims this is a local issue. It is not."

Scoggins, who cut short a vacation in Mexico when she learned of the arrests, continued: "The arrests never should have happened. We had other options."

Fernandes said yesterday via e-mail that the arrests, "painful as they were," were necessary to regain control of the campus, which serves the local deaf community well beyond the parameters of university education.

"The first priority and focus must be that we must re-open our campus so that our children -- infants, toddlers, elementary schoolers, high schoolers and college students -- can continue learning and not fall behind their peers," she wrote.

In an e-mail sent to the campus yesterday, Gallaudet President I. King Jordan defended the arrests and said they resulted from "a complete lack of good faith" on the part of the protesters.

"You have been heard by me. You have been heard by the Board," Jordan wrote. "We have heard you from the beginning of your protest. We have considered and discussed your points of view. We just haven't agreed with you. And we still don't."

Board Chairman Brenda Jo Brueggemann said in an e-mail that her panel had not intervened because it is charged with policy and oversight at Gallaudet, not "the management of its daily matters."

Gallaudet, which had nearly 2,000 students enrolled last year, is the only university for deaf students in the country.

In a letter to the Gallaudet board, leaders of the National Association of the Deaf said the administration had lost control and should be relieved of command over the protest. Board members, the letter stated, "must waste no further time in stepping up to their fiduciary responsibilities and removing the administration's involvement in resolution of this crisis."

The letter cited the arrests as evidence of a "growing chasm between the university administration and the students, faculty, staff and alumni" and faulted university leaders for a lack of "trust and leadership."

Scoggins reiterated that message. "I see very little support for the administration," she said, surveying the crowd behind her. "I see very little."

Administrators had the protesters arrested Friday to end the campus shutdown. Students had been warned repeatedly that they could be arrested if they did not stop blocking the school's entrance. Nearly 1,000 protesters turned out Saturday, galvanized by the arrests.

Protests against Fernandes began with the announcement in May that she would replace Jordan as president in January. Jordan, who became the first deaf president of Gallaudet in 1988, has long been a hero in the deaf community. But his decision to arrest protesters Friday made him a traitor in the minds of some.

"We no longer recognize King Jordan as university president," LaToya Plummer, a Gallaudet junior who was among those arrested, said at a news conference yesterday afternoon. A student perched on the campus wall relayed her signs to the protesters beyond.

"We're looking at the last straw here," said Lois Bragg, vice chair of the faculty senate. "The problems are intense. They have been deep for a long time. The board of trustees is asleep."

Gallaudet faculty planned to meet today to consider several resolutions, Bragg said, including a call for Fernandes to resign and possible confidence votes in the board and Jordan.

The protesters, which include large numbers of alumni and university employees as well as students, say they oppose the incoming president's leadership style and the process that led to her appointment. Fernandes has said she believes the dispute is about identity politics within the deaf community, which is struggling to synthesize technology-driven shifts in what it means to be deaf.

Fernandes angered protesters with a letter to The Washington Post, published Saturday, that suggested she was under attack by deaf-culture preservationists who view her as a threat. Fernandes learned to sign at 23 and embraces, in her words, "many ways of being deaf."

Protesters yesterday accused Fernandes of playing "the deaf card" and said the incoming president was trying to create a false impression that students deem her, in the words of Professor Dirksen Bauman, "not deaf enough."

Home-Business Application Stirs Tensions In Manassas (WP)

By Nick Miroff

The Washington Post, October 16, 2006

In the past three years, the Manassas City Council has received two applications for home-based massage therapy businesses, and members have approved both. Then Howard Daniel, who is gay, applied.

The backlash against Daniel's request began last month when nearly two dozen people, many of them members of a local church, spoke in opposition to it at a public hearing. When it came time for the city to decide on Daniel's application the next week, council members balked and voted instead to consider changing the city's zoning laws.

The city's response and the community opposition have blindsided Daniel and his supporters, one of whom had an anti-gay message written on his car.

"This should have been a business issue, and somehow it has become political," said Daniel, 44. "Why?"

Richard Devine, Daniel's partner of 22 years, sees the dispute in less uncertain terms. "I think it's obvious what's going on here," he said. "It walks like a duck."

Questions of discrimination are already sensitive in Manassas, which is currently under federal investigation for housing policies that allegedly target Hispanic residents, a violation of the Fair Housing Act. Now the city is again facing a land-use decision loaded with political overtones. At least one council member, Andrew L. Harrover (R), said he has received threats that Daniel's home will be picketed if the council approves his application.

"It's going to be terribly challenging for me" to decide, said Harrover, who lives around the corner from Daniel. His wife has signed the petition in support of Daniel's application, but Harrover said he is opposed to home businesses that bring more traffic to residential neighborhoods.

The vast majority of those who have mobilized against Daniel's application do not live on his street or even in his neighborhood. Many are affiliated with Manassas's All Saints Catholic Church, though there is no indication they have organized their opposition through the church.

"This isn't a Catholic thing; it's a city thing," said Amy Bookwalter, who has spoken out against Daniel's application. "This is about keeping a residential area a residential area."

Those claims are growing increasingly hard for Daniel and his supporters to believe. Just one year earlier, they noted, another massage therapist in Manassas applied for a permit, and not one resident voiced opposition. "No one has officially come and said it yet," Daniel said, "but why are all these people concerned about traffic on a street they don't live on?"

Daniel and Devine have lived for 10 years in their Cape Cod-style home on West Street, three blocks from the city's commercial district, in a neighborhood with towering maple trees and an eclectic mix of red-brick single-family homes and Colonials.

A former Marine Corps reservist, Daniel works full time as a database administrator and treats patients on a part-time basis at the local hospital and in their homes. Daniel said he was encouraged to apply for the permit by the city planning office because his proposed client load was a fraction of that of similar businesses already approved by the council.

Daniel then spent more than $800 preparing his application: providing blueprints, inspectors' signatures, a business plan, a petition signed by all of his immediate neighbors supporting his application and a copy of his certification from the Virginia Board

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of Nursing. Appointments would be scheduled to minimize neighborhood impact, and clients would park in his driveway. On Aug. 16, the planning commission approved Daniel's application and recommended its approval by the council.

Then came the public hearing Sept. 18. Four of Daniel's neighbors spoke on his behalf. A long line of opponents followed.

"And you know what?" said Michael Hudson, Daniel's neighbor. "I started to look at these people, and I realized I didn't know any of them."

Of the 21 residents who publicly opposed Daniel's application, two live on West Street. Many said they were against home businesses on principle, and others expressed concerns about the preservation of "a family-friendly atmosphere" in Old Town, the presence of "unknown" people in the neighborhood and the unfair "competitive advantage" that Daniel could gain by working out of his home.

After the public hearing, Devine approached Daniel's opponents in the parking lot. "I went up to them and said I wanted to understand," he recalled. " 'I don't know who you are or where you live.' And the first person to speak said, 'It's not about your lifestyle.' "

Devine was stunned. "How do people from a different neighborhood know about our lifestyle?" he asked.

The next week, when council member J. Steven Randolph (I) introduced a motion to approve Daniel's application, no one seconded it.

Daniel's application hadn't actually been rejected, because no member was willing to introduce a motion to do so. That led to a 45-minute freewheeling discourse on the city's special-use-permit code, with council members ultimately voting to refer the issue to its Land Use Committee for further study -- leaving Daniel in the lurch. That same night, someone scrawled anti-gay graffiti on the car window of one of Daniel's supportive neighbors, escalating tensions further.

If the council votes on Daniel's application at next Monday's meeting, at least three of the council's six members said they are likely to vote against it. One is Jackson H. Miller, the Republican candidate for the 50th District of the House of Delegates, who introduced the motion to approve another massage therapy business a year earlier.

"I've had a mixed record on home businesses," Miller said. "I'm opposed if neighbors are opposed. That's been my standard," he said, noting that he voted with the council earlier this year to reject an application for a home-based optometry clinic.

But that standard seems like an arbitrary one to Daniel. "If they would have told me from the very beginning, 'We do not allow this,' it would have been fine with me," he said. "I would have never started the process."

ANTITRUST:

Consumer Advocates Criticize AT& T Deal (USAT)

By Paul Davidson

USA Today, October 16, 2006

Consumer advocates say the new concessions AT&T has offered to close its $80 billion merger with BellSouth don't go far enough to preserve competition.

“They're a step in the right direction, but they don't resolve the most important competitive problems,” says Gene Kimmelman of Consumers Union.

He also said AT&T's offer smacks of desperation to win approval.

At the urging of its two Democratic commissioners, the Federal Communications Commission postponed Friday's scheduled vote on the merger until Nov. 3 to allow time for the public to comment on proposed concessions that AT&T filed Friday. The four commissioners available to vote on the merger are split 2-2 along party lines.

AT&T's offer, an attempt to break the stalemate, includes a $10-a-month DSL broadband service for new customers for 30 months. The company also said it would also offer free DSL modems for new broadband subscribers next year.

AT&T's proposal followed a flurry of late-night negotiations Thursday with the FCC's two Democratic commissioners, Michael Copps and Jonathan Adelstein. Republican FCC Chairman Kevin Martin has recommended the merger's approval with no conditions. Democratic commissioners Friday indicated AT&T's offer represented progress.

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The Justice Department last week cleared the deal with no conditions or divestitures, enraging Democrats, who vowed to press for significant requirements.

The largest-ever telecom deal would forge a giant with 67 million phone lines and 57 million customers of Cingular Wireless, now jointly owned by AT&T and BellSouth. Consumers Union and others say the behemoth could crush rivals, and the deal means AT&T and BellSouth won't compete with each other. AT&T has said it faces new competition from cable companies.

AT&T also proposed to:

•Provide DSL in 85% of the combined company's 22-state region within two years and offer broadband service through satellite or wireless providers to all the rest.

•Freeze wholesale rates the companies charge rivals to lease their networks for business service. Rivals want lower rates or arbitration to settle pricing disputes.

•Assure it won't block consumers' access to any website. Websites such as Google want to prevent AT&T from offering faster downloads only to those sites that pay higher fees.

•Conduct wireless broadband trials using BellSouth spectrum that is not being used now. The Democrats and consumer advocates want the new company to sell the airwaves to a rival that would challenge the new giant.

Jonathan Lee of Comptel, which represents AT&T rivals, called the proposals "completely inadequate."

AT&T's Michael Balmoris says, "The companies are offering a number of pro-consumer conditions."

Oshkosh Truck Agrees To JLG Industries Pact (WSJ)

By Ilan Brat And Joseph T. Hallinan

The Wall Street Journal, October 16, 2006

Oshkosh Truck Corp. said it will acquire JLG Industries Inc. for about $3 billion, positioning the Oshkosh, Wis., maker of fire, military, concrete and garbage trucks to take better advantage of the global boom in nonresidential construction.

JLG, of McConnellsburg, Pa., makes aerial-work platforms, booms and related equipment that can lift people and heavy materials several stories. The all-cash deal at $28 per JLG share will create a company with 13,000 employees and $6 billion in annual revenue. Oshkosh will assume about $200 million in debt. Shares of JLG ended unchanged Friday at $20.75 in 4 p.m. composite trading on the New York Stock Exchange.

While housing construction in the U.S. has slowed, construction of office buildings, warehouses, multistory parking lots and other nonresidential construction has been strong as companies spend cash on expanding factories and offices while interests rates are near historical lows.

The purchase of JLG, which Oshkosh expects to complete in the next 90 days, will be the company's 15th acquisition since 1996. "We respect the companies, we respect their culture, and then we grow the heck out of them," Oshkosh Chairman, President and Chief Executive Robert Bohn said in an interview. Charles Szews, the company's chief financial officer, said, "We're going to have scale that we've never enjoyed."

Bill Lasky, JLG chairman, president and CEO, said the acquisition is a "great combination of two great companies."

The purchase offers a chance for Oshkosh to balance the cyclicality of its current businesses. Over the past 15 years, generally defense spending has been stronger when nonresidential construction has been weaker, said Patrick Davidson, vice president of investor relations.

JLG's expertise at lifting and moving people and materials could help make Oshkosh's fire trucks with ladders lift firefighters more quickly and safely, said Mr. Davidson. More broadly, Oshkosh officials said the deal would give it greater global purchasing power and help to hold down costs of raw materials and parts. After the acquisition, Oshkosh will spend about $1 billion a year on steel. Oshkosh trucks and JLG telehandlers -- which can lift loads such as bricks 30 to 40 feet in the air -- and aerial platforms have similar engines, transmissions, axles and tires, Mr. Bohn said.

Oshkosh reaped the benefits of big increases in defense spending following the Sept. 11, 2001, terrorist attacks and the launch of the Iraq war. The company makes a variety of heavy, severe-duty trucks that haul tanks, missile systems, ammunitions, fuel and cargo for combat units. Analyst Robert F. McCarthy of Robert W. Baird & Co. Inc., who has the company rated

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"outperform," said in a note to investors last week that Oshkosh had targeted "several opportunities" for its Bushmaster, a mine-blast-resistant armored truck.

Oshkosh's stock has more than quintupled since 2001. Friday, its shares ended at $55.54 in NYSE composite trading.

Oshkosh reported net income of $160.2 million on revenue of $2.96 billion for the fiscal year ended Sept. 30, 2005, while JLG reported net income of $149.3 million on net sales of $2.27 billion for the fiscal year ended July 31.

The acquisition is the latest step in the turnaround of Oshkosh. A decade ago, the company reported an operating loss of $3.1 million, thanks in part to a decline in U.S. defense spending with the end of the Cold War, Mr. Szews said in an interview.

The company replaced much of its top management and decided to shed underperforming businesses. Through acquisitions, Oshkosh began to reposition itself so it wouldn't be so closely tied to defense spending. In 1996 Oshkosh purchased Pierce Manufacturing Inc., a maker of fire trucks. Pierce is expected to contribute about 25% to 30% of Oshkosh's projected $3.4 billion in revenue this year, Mr. Davidson said.

JLG's stock has also enjoyed a strong run, more than quadrupling in the past three years before falling off earlier this year. At a recent investor meeting, the company indicated that it expected to increase revenue to $4 billion by 2011, and that it anticipated growth in Europe from both its own products and those generated by a recent alliance with Caterpillar Inc. Last year, JLG entered into a 20-year strategic alliance with Caterpillar related to the design, manufacture and sale of Caterpillar-branded telehandlers.

Write to Ilan Brat at ilan.brat@wsj.com1 and Joseph T. Hallinan at joe.hallinan@wsj.com2

VW Would Back MAN's Scania Bid With Restrictions (WSJ)

By Christoph Rauwald

The Wall Street Journal, October 16, 2006

German car maker Volkswagen AG said it would support MAN AG's attempt to acquire Scania AB for 95.89 billion kronor ($12.93 billion) if the German truck maker manages to acquire shares representing slightly more than 56% voting rights in its Swedish rival.

Volkswagen, Europe's biggest auto maker by sales and the biggest single shareholder in both MAN and Scania, said it would offer its shares -- representing 34% of Scania's voting rights and 18.7% of its equity -- to MAN in that case. Volkswagen said MAN must also win shares representing at least 71.31% of Scania's capital.

Volkswagen's supervisory board, the equivalent of a U.S. board of directors, "is convinced that a solution acceptable to all sides remains the preferred outcome," the company said in a statement following an extraordinary meeting yesterday. Volkswagen added it won't support a counterbid by Scania for MAN at the present time.

MAN said it welcomes "Volkswagen AG's continued support for its concept to combine MAN and Scania AB and its willingness to tender its shares into a successful merger."

Scania and Swedish investment company Investor AB, which owns a significant stake in Scania, have rejected the most recent bid, saying it still "significantly undervalues" the company's prospects. Investor said yesterday it still won't rule out a counterbid by Scania. Scania couldn't be reached.

MAN on Thursday raised its offer for Scania to about 475 kronor a share in cash and stock from about 449 kronor and said it holds 14.27% of the voting share capital in its Swedish rival as pressure to create Europe's biggest-selling truck maker increased. Under Swedish takeover law, its offer for the company is raised to the highest price it has paid for Scania shares.

The move came as a surprise after Volkswagen had rejected MAN's first offer made last month and announced a few days later that it acquired a 15.06% stake in the Munich company to "secure its strategic interest."

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ENVIRONMENT:

U.S. Electricity Demand Is Outpacing New Resources, Report Warns (WSJ)

By Rebecca Smith

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The Wall Street Journal, October 16, 2006

A report by the North American Electric Reliability Council warns demand for electricity is increasing three times as fast as resources are being added in the U.S., a trend that could shake electric-system reliability in the coming decade.

In its first report since the organization's duties were expanded by Congress, the grid organization, known as NERC, said U.S. demand will increase by about 20% from 2006 to 2015, outstripping investment in new electrical supply. The pace of growth in Canada, while slower, also is cause for concern.

NERC counts 67,000 megawatts of resources in the works in the U.S. versus 141,000 megawatts of expected demand growth by 2015, leaving a shortfall of about 81,000 megawatts, an amount equivalent to 160 large power plants. One megawatt can power 500 to 1,000 homes.

Increasingly, it is left to a deregulated market to determine whether and when new resources get built. Available resources are expected to fall below safe levels in many parts of the U.S. and Canada, such as New England, the Rocky Mountain region and Texas, in the next two to three years.

As the system drifts closer to its physical limits, it is even more important that energy regulators and utilities promote conservation and use of the most energy-efficient equipment, said Rick Sergel, chief executive of the grid reliability organization. He added conservation programs will need to at least double their reach and effectiveness to help close the gap between supply and demand.

The report said 50,000 megawatts of generating plants are poorly utilized -- either aged units taken out of service or newer plants that have been unable to line up contracts, making them nearly useless.

"We've got a problem," Mr. Sergel said. "We can't continue this 'just-in-time' planning much longer. It works in manufacturing but it does not work in the power sector."

Mr. Sergel said NERC, a nonprofit industry organization with some powers granted by Congress, is pushing for more-comprehensive resource planning and it is attacking tools that it considers flawed.

For example, grid officials create annual forecasts that are built around "normal weather" patterns. Mr. Sergel said warmer winters and hotter summers are challenging conventional notions of normalcy. This past summer, consumer demand set records in most parts of the U.S., reaching levels not expected for several years and worrying grid officials. The increase came on top of unusual demand during the summer of 2005 that was 6% higher than in 2004, according to the U.S. Energy Information Administration.

NERC intends to develop tools to determine "normal weather" for the eight regional reliability organizations that report to NERC to use when creating their forecasts. Where available resources are thinning, NERC may push state utility regulators to do more to promote investment. If investment isn't sufficient, the federal government could exercise new powers, conferred in the 2005 Energy Policy Act, to site major transmission projects.

Write to Rebecca Smith at rebecca.smith@wsj.com1

Consumers Less Power To The People (WSJ)

By Rebecca Smith

The Wall Street Journal, October 16, 2006

America is facing a crisis when it comes to electricity. But also a tremendous opportunity.

The forces that put us here look grim. Energy prices are high, supplies are increasingly tight, and anxiety is growing about climate change. But that dark outlook is driving consumers, utilities and public officials to finally take advantage of innovations that could radically reshape the nation's power consumption without lowering the standard of living.

THE JOURNAL REPORT

An influx of hedge funds2 is making energy markets more volatile than ever. And, it's in ethanol, where companies, private-equity firms and hedge funds see enormous opportunities3. • See the complete Energy4 report.

Some are technological fixes, from more-efficient light bulbs to variable-speed motors that use less energy when the load on them isn't as heavy. Others involve public policy. States are rewriting their building codes with an eye on conservation, and

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Washington is trying to lay down efficiency standards for more household appliances and electronic goods. Utilities are joining the effort as well, offering consumers rebates for buying efficient appliances and urging customers to use electricity more wisely.

The good news is, "we haven't found a major use of electricity for which there aren't great opportunities for savings," says David B. Goldstein, director of energy programs at the Natural Resources Defense Council and a recipient of a MacArthur Foundation award for his work on appliance-efficiency standards.

Of course, we've all heard revolutionary promises like these before. But the promises seem to fade as each crisis recedes. So what makes this time different? Forces are converging to make the prospect of big change much more achievable.

Most urgent, of course, is the skyrocketing demand for electricity -- and the tightening supply. Many parts of the country set new records for electricity use in July and August, which sent a warning signal to officials that they have little time to act. Conservation seems a much more feasible solution than quickly building dozens of new power plants to add generating capacity -- especially if reducing emissions is a goal. The fact that the nation's energy bill totaled $296 billion last year, up nearly 50% from 1993, also provides impetus.

We've also gotten smarter about saving energy. New technology makes it possible to build more-efficient hardware without breaking the bank. And public officials now have much better data to draw on when they plan conservation efforts. They know what's worked in the past and can build on that success.

BUILDING MORE PLANTS

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PODCAST:6 Advances in energy efficiency won't be able to answer all the needs of a growing economy and population. WSJ's Rebecca Smith discusses the main sources of electricity in the U.S. and how the mix is changing. Listen Now7

Some experts expect a transformation more profound than any since the 1973-74 Arab oil embargo. As a result of that six-month crisis, U.S. electric utilities largely weaned themselves off oil and shifted to coal and nuclear fuel for their power plants. The federal government set efficiency standards for automobiles and appliances, and building codes were revised. But much is left to be done. After all, 80% of U.S. buildings were built before 1980.

At the very least, the current push should produce considerable savings for consumers and unmistakable environmental benefits. "If you consume a lot less energy, it solves a lot of other problems," says Peter Darbee, chief executive of PG&E Corp., the San Francisco utility that serves one in 20 Americans.

Indeed, James E. Rogers Jr., chief executive of Duke Energy Corp. and president of the utility industry's leading trade group, the Edison Electric Institute, calls energy efficiency the "fifth fuel." By that he means that it's an alternative to coal, natural gas, hydropower and nuclear fuel.

Here's a look at 10 innovations capable of making a big difference immediately and in coming years:

1) LET THE LIGHT SHINE

Lighting was the first market for electricity, and it's still one of the costliest. But because lighting is ubiquitous, it tends to get less attention than other big power burners like air conditioners. And that means some tremendous improvements in lighting have gotten overlooked.

Technology has improved conventional lighting systems, making them much more efficient. Take compact fluorescent bulbs, which have bases so small they can fit inside a standard screw socket. These bulbs can often cut lighting costs by 75%, and they last at least eight times as long as regular incandescent bulbs. Many even offer a soft white light that mimics incandescent light.

The bulbs are readily available in stores, and prices have dropped substantially recently. Sales volume has increased, and many utilities are offering rebates that cut the cost of 24-watt fluorescent bulbs that produce as much light as 100-watt incandescent bulbs to $1 or $2 apiece.

If each U.S. household replaced one regular bulb with a compact fluorescent, according to the Environmental Protection Agency, consumers would collectively save more than $600 million a year. The energy saved, meanwhile, would be enough to light seven million homes, and the greenhouse-gas reductions from power plants would be equivalent to taking one million cars off the road.

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Then there's LED, or light-emitting-diode, technology, which is based on semiconductors. This method already has slashed power use dramatically for many cities as a replacement for conventional traffic lights. Typically, an 11-watt LED unit in a traffic light replaces a 140-watt incandescent unit, producing a 92% energy saving.

Now LEDs are poised to sweep into more industrial applications, such as supermarket refrigeration cases. For now, white LED light is more difficult to make, and thus far more costly, than colored LEDs. But lighting experts say they expect the price to drop enough in the next couple of years to permit broader use of white LEDs.

Meanwhile, a host of new methods are being adopted by consumers and companies, such as systems that "harvest" daylight, concentrating it and shooting it indoors so that buildings don't need to use as much artificial light. Nature's Lighting, of Park City, Utah, manufactures solar dishes, lined with mirrors, that sit on flat roofs and project sunlight through skylights into buildings. Diffusers distribute the bright light.

Mike Basch, a founder of Federal Express who's now chief executive of Nature's Lighting, says warehouses, auto makers and big-box retailers have been especially keen on the systems, which employees like because of the full-spectrum light.

At Wal-Mart Stores Inc., electricity is the leading expense after labor costs, exceeding $1 billion a year. So the retailer has been perfecting harvesting techniques to channel daylight into stores through prismatic skylights that concentrate the light without radiating heat. Sensors automatically adjust the store's fluorescent lights up and down in response to the amount of natural illumination available.

Wal-Mart now uses the system at nearly all of its stores, representing 330 million square feet of floor space. The systems cost about $200,000 per location and pay for themselves in two to three years through reduced electricity and cooling costs. "It's a pretty sophisticated setup," says Charles Zimmerman, Wal-Mart's vice president in charge of the initiative, who adds that Wal-Mart will gladly share its equipment specifications with anyone who wants them.

2) MORE-EFFICIENT HARDWARE

The past few years have seen tremendous advances in the energy efficiency of hardware. For instance, new developments in industrial motors promise huge savings for businesses. Currently, the motors represent 67% of industrial energy use, according to Clark Gellings, vice president of innovation at the Electric Power Research Institute in Palo Alto, Calif. But older motors waste lots of power because they constantly switch on and off.

Now many companies are turning to variable-frequency drives. Instead of constantly turning on and off, the drives "let motors change speed in response to the load on them," says Mr. Gellings.

MGM Mirage, the big casino and hotel operator, is installing 22 of the new variable-speed drives on refrigeration units at its Las Vegas properties. The $4 million retrofit will pay for itself through reduced energy costs in about 2½ years and thereafter will save the company about $1.6 million a year.

Big gains also are being realized in air conditioning. New federal efficiency standards took effect in January for central air-conditioning units used by homes and businesses; the least-efficient units sold must be at least 30% more efficient than last year's least-efficient models. In industry parlance, that's a 13 SEER, short for seasonal energy efficiency rating, versus a 10 SEER, the standard that had been in effect for 14 years.

According to the Department of Energy, the higher standard will save a total of 4.2 quadrillion British thermal units, or "quads," of energy from 2006 through 2030 -- enough of a saving that utilities will be able to forgo building 40 new power plants nationally. Consumers, meanwhile, will save about $1 billion by 2020.

The saving might even be more pronounced than that. Many central-air units can achieve ratings in excess of 14 SEER at only slightly greater expense -- and manufacturers say consumers are very interested. One reason may be utilities like Austin Energy, a city-owned utility in Austin, Texas, which is offering a 20% rebate on air conditioners with SEER ratings of 14 or greater.

3) SMARTER SENSORS

Manufacturers are designing their products to be more intelligent, using advanced sensors to better control energy use and drive down operating costs. Sensors selling for a few dollars can save thousands of dollars over the course of a few years. And more companies are taking advantage of the technology.

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For example, custom-sensor maker Kavlico Corp., of Moorpark, Calif., is seeing robust sales for semiconductor-based controllers used in commercial refrigeration equipment. Sensors tell a controller when to begin the defrost cycle in the freezer case, replacing automatic timers that put equipment through unnecessary heat-up-and-cool-down cycles.

The new controllers "result in a 25% to 30% reduction in power use," says Scott Farrenkopf, general manager of Kavlico, a unit of Schneider Electric of France. He says auto makers and equipment makers are ordering more custom-tailored sensors for systems designed to improve fuel economy and energy efficiency.

4) BETTER MEASURES

Consumers, meanwhile, are getting better tools for tracking energy use around the house with tools that are inexpensive and readily available. Eric Bier, a retired group-home administrator in San Diego, got concerned about his rising home utility bill. So he bought a device called a Kill-A-Watt meter, made by P3 International Corp. of New York.

He plugs the gadget, which cost about $40, into a standard wall outlet. Then he plugs various other devices into the meter, and it tells him how much power they're consuming. By multiplying this kilowatt-hour reading by his local utility's rate, he can easily figure out the monthly cost of operating the device in question.

Mr. Bier was surprised at the results of a recent home test. He learned that his new computer and accessories were using 242 kilowatt-hours of electricity a month, costing $48.50, because he never turned them off. Once he began shutting them down at night, the monthly cost dropped to about $18.80 a month for 94 kilowatt-hours of energy. On the other hand, his Roomba vacuum cleaner, from iRobot Corp., provided a pleasant surprise, vacuuming 8,960 square feet of floor space automatically each month for a total of $1.17 in electricity. "Considering how much work it does, it's a baby," he says.

Tom Lynch, director of sales and marketing for P3 International, says sales of the meters took off last winter. Sales in the first quarter of 2006 exceeded sales for all of 2005, he says, lifted by consumer worries about high utility bills.

5) SETTING STANDARDS

The federal government sets minimum standards for energy efficiency on more than a dozen products, including dishwashers, refrigerators, water heaters, room air conditioners and electric motors. From 1990 to 2000, these standards saved consumers approximately $50 billion in energy costs, according to one federal estimate.

The EPA, meanwhile, puts its own Energy Star labels on about 40 products, generally identifying the 25% of products in each category that are the most energy-efficient. In 2005, consumers with Energy Star products saved an estimated $12 billion, as well as enough electricity to power 11 million homes, according to the EPA.

But there are some glaring omissions in the EPA standards, and closing those gaps will bring more savings in coming years. For instance, television sets. The government doesn't impose an efficiency standard on TVs, and the Energy Star label identifies only TVs with low power consumption in "standby" mode -- in other words, not turned on. (Any device with a remote control is never really shut off, unless you unplug it.)

The call for a standard has grown louder as electricity use by televisions has boomed in recent years. Television screens have exploded in size, and add-on devices have proliferated, from satellite dishes to programmable set-top boxes. Some families now spend more money powering home-entertainment systems than they do refrigerating their food.

The International Electrotechnical Commission, which prepares standards for electrical and electronic technologies that often are adopted by governments, is working on common metrics to measure TV electricity consumption. After the IEC concludes its work, some efficiency information may begin appearing on sets in early 2008, the government says. Meanwhile, the EPA says it's considering Energy Star labels that would look at total power consumption by TVs instead of just power use in standby mode to give consumers a valuable tool to use when buying a new television.

The push for better disclosure is receiving some resistance from the electronics industry. The Consumer Electronics Association encourages voluntary labeling, but opposes mandatory efficiency standards for goods like TVs because "the industry has so many products and they change so fast," says Brian Markwalter, the group's vice president of technology standards.

Activists argue that the speedy evolution of products makes new standards more urgent. "Energy use has changed, and it's time for labeling to catch up," says Chris Calwell, principal in Ecos Consulting in Portland, Ore., a firm that specializes in energy issues.

6) NEW BUILDING CODES

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All states have building codes for health, fire and safety. But 40 also have codes for energy efficiency. The rules require, for example, at least minimal amounts of insulation in new buildings. The Department of Energy estimates code changes saved consumers $4.7 billion in lower electric bills between 1991 and 2005.

Now some of the 10 states that don't have statewide energy-efficiency codes, including Mississippi and Alabama, are considering adopting them, in part because they're facing lots of hurricane-related rebuilding. Meanwhile, several states that already have efficiency codes are considering adopting the latest version of a model code, released last winter by the International Code Council, a membership organization that creates the building codes often adopted by governments.

Experts say the latest version is shorter and less complex than the previous one; for instance, it divides the nation into eight climate zones instead of 19. At the same time, the new rules set more-ambitious goals for energy savings. The code hasn't yet been certified by the Department of Energy, but many states are moving ahead to consider it anyway. Energy-efficient building codes are expected to reduce primary energy use in the U.S. enough to save consumers $10 billion annually by 2010.

7) INCENTIVES FOR UTILITIES

Most utilities earn higher profits as energy use rises; that's the way their rates are structured. So conservation efforts undermine their ability to make money and get reimbursed for their costs.

But many states have changed that pricing scheme to remove the disincentive for utilities to sponsor energy-reduction programs. California and some other states assess a larger proportion of a utility's costs in basic service fees, not volumetric charges based on the number of kilowatt-hours of power consumed.

In July, dozens of utilities, big energy users and regulators pledged to attack the rate-structure problem in states where it still exists and promote energy efficiency through resource planning, giving conservation more attention. Rather than build a new 500-megawatt power plant, for example, states would see if they could cut demand by 500 megawatts more cheaply and without environmental harm.

Utility regulators from more than half of these states have endorsed this National Action Plan for Energy Efficiency. The industry is engaged because most state regulators are confronted by "new plant proposals and rising rates" that they would prefer to avoid, says Diane Munns, a utility commissioner from Iowa and a leader of the effort. If the plan were adopted nationally, U.S. energy bills could be reduced by $20 billion annually, according to the EPA, a proponent of the effort.

Meanwhile, the California Public Utilities Commission is considering creating special monetary incentives for utilities that promote conservation. Says Michael Peevey, president of the commission, "I want to see utilities get a return on energy efficiency comparable to what they'd get for putting steel in the ground."

8) VARIABLE PRICING

One of the more ambitious conservation efforts utilities are trying out -- both on their own and at the urging of regulators -- is a new kind of metering. Sophisticated electric or gas meters monitor how much energy is consumed by individual customers, taking automatic soundings several times a day instead of monthly.

This makes it possible for utilities to charge different prices by time of day or season. Regulators might use higher rates when the electric system is stressed or when fuel prices are especially high to suppress demand so fewer power plants need to run. Mr. Peevey of the California Public Utilities Commission says some consumers balk at the idea, "but when people understand this is the more environmentally sensitive option, they are supportive."

Nationwide, about 6% of electric customers have the meters in place, according to a recent study by the Federal Energy Regulatory Commission. Pennsylvania, Wisconsin, Connecticut, Kansas, Idaho and Maine have the highest usage rates, ranging from 14% to 53%.

California soon will make the list with a massive remetering project expected to cost about $3 billion. Five million customers of Southern California Edison, a unit of Edison International, will receive new meters beginning in 2008, for example. The meters will be two-way communication devices, able to send the utility instantaneous readings as well as talk to other devices like smart thermostats, which allow remote control of temperature settings. This will let consumers better control energy use -- for example, by cutting use at periods of grid stress or especially high prices.

9) REBATES

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Many utilities also offer rebates on energy-efficient appliances and equipment, trying to permanently reduce demand by getting obsolete equipment retired. When New York offered a $75 bounty for old air conditioners in 2002, 160,000 units were turned in, saving enough juice over 10 years to equal a full year's output from a large power plant.

California, where consumers pay about $20 billion a year in electricity charges, has committed to spend $2 billion of customer funds on energy-efficiency programs from 2006 through 2008, a record expenditure for any state. Elsewhere, states are considered aggressive if they get utilities to spend the equivalent of 1% to 2% of electricity revenue on energy-efficiency programs.

PG&E's Pacific Gas & Electric utility will spend $974 million and expects to permanently cut demand by 600 megawatts, eliminating the need for one large power plant and 30 to 50 years of fuel. About 250 megawatts of reductions will come from lighting alone.

Some of these efficiency programs involve big rebates. GMH Capital Partners LP, a real-estate investment firm, bought a big apartment complex in Richmond, Calif., last year. It spent $327,428 rejuvenating the nearly 20-year-old structure, installing new lights, water heaters and heat-reflecting roofing materials. The expected annual energy savings: $112,000, most of which will be realized by renters at the 1,008-unit complex.

For its trouble, GMH got a rebate check for the full amount of the equipment and installation. The local utility, PG&E, made the move because most property owners won't do expensive retrofits if renters reap the savings. "It's a tough market to crack," says Beverly Alexander, vice president of customer energy at the utility.

10) CUSTOMER-RESPONSE PROGRAMS

Getting customers to trade up to energy-efficient equipment permanently reduces energy use. But there are ways to temporarily cut consumption, particularly among big energy users. These "demand response" programs will be more visible in coming years, especially in places like New England that are having trouble getting new plants built.

Early programs paid big energy users to reduce energy use, sometimes forcing them to curtail production. One current approach cuts consumption more painlessly, with the help of controls that dim lights or cycle air conditioners and pumps when requested by the utility.

In response to a directive from Congress, the Federal Energy Regulatory Commission recently surveyed the electric-power industry and found existing demand-response programs can cut consumption by 37,500 megawatts when activated, equivalent to the output of 75 big power plants.

In July and August, when U.S. electricity markets set new records for energy use, the outfit that runs the high-voltage electric grid in the mid-Atlantic region got big energy users to cut their usage in exchange for payments. This benefited all consumers by cutting wholesale power costs by about $650 million.

Many experts think that well-designed programs, backed by the right technology, can easily cut peak energy use by 5% to 10%. In fact, California did better than that in the 2000-01 energy crisis.

Jon Wellinghoff, a member of the Federal Energy Regulatory Commission, says consumers "easily could save billions of dollars annually" with only a modest expansion of existing programs and no impact on productivity. What you need, he says, is "a willingness to try new things."

Some utilities seem willing to go down that road. Rick Green, chief executive of Aquila Inc., a Kansas City, Mo., holding company that owns utilities in five Midwestern states, says utility executives gradually are becoming convinced they can't build their way out of the current situation, as they did in the past.

He says one employee in Colorado recently told him that when he talks to conservationists, "I don't say 'no' anymore. I say, 'Yes, if...' "

Lax Oversight By BP Is Cited In Texas Fire (WSJ)

The Wall Street Journal, October 16, 2006

HOUSTON -- A July 2005 fire at BP PLC's Texas City refinery was caused by poor mechanical-integrity oversight, a U.S. safety board said.

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The fire occurred four months after an explosion at the refinery killed 15 workers and injured hundreds more. The London company has come under fire from regulators after a series of safety and compliance problems in its U.S. operations.

BP said it agreed with the findings -- disclosed yesterday -- of the Chemical Safety and Hazardous Investigation Board and described a series of steps taken to improve "positive material identification" at the plant, including an increase in the size of the inspection team from 50 people to more than 200.

The July 2005 fire lasted two hours, injured one worker and caused $30 million in property damage, the board said. Although less serious than the earlier incident, The July fire and a subsequent blaze Aug. 10, 2005, rattled regulators and local officials.

In August 2005, the board urged BP to convene an independent panel to review safety at BP's U.S. refinery. That panel, led by former Secretary of State James Baker, is expected to report on its findings in late November.

BP spokesman Neil Chapman said BP was "disturbed" by the operating culture at Texas City. But he described the current safety culture as much improved, saying the company won't run Texas City at full capacity until BP is convinced it can operate safely. The plant, BP's largest U.S. refinery, has been partially offline since it was shut for Hurricane Rita in September 2005.

Inquiry Is Critical Of BP In Refinery Fire (NYT/AP)

By The Associated Press

The New York Times, October 16, 2006

HOUSTON, Oct. 15 (AP) — The giant oil company BP did not have procedures in place that could have prevented a fire in July 2005 at its refinery in Texas City after workers installed the wrong type of pipe, federal investigators said Sunday.

The fire at the Resid Hydrotreater Unit, which combines heavy crude oil with hydrogen, caused more than $30 million in damage. One worker suffered minor injuries.

The fire occurred at the same BP plant where 15 people were killed and more than 170 were injured in a March 2005 explosion.

The plant is about 40 miles southeast of Houston.

BP officials said the fire started when an eight-inch section of heavy steel pipe failed between a compressor and heat exchanger.

Mexican Bats Find Cross-Border Benefactors (WP)

By Ceci Connolly

The Washington Post, October 16, 2006

MEXICO CITY -- Shortly before sundown they make their first foray, cruising up to 5,000 feet aboveground in search of mosquitoes, moths and other tasty treats. A few hours later, they return home to rest and feed their young before heading out again around midnight.

By daybreak, when Mexican free-tailed bats finally return to their cave, named Cueva de la Boca, the colony will have traveled as far as 62 miles and gobbled some 12 tons of bugs out of the skies near the U.S. border. And in cornfields from Texas to Iowa, farmers are giving thanks.

Or at least they should be.

Sure, bats are creepy. They hang upside down, squeal at high decibels and turn up in movies as blood-sucking fiends. Some even spread rabies. But, it turns out, that in the global ecosystem, bats are humanity's allies.

Every night, all night, as humans sleep, the flying mammals work feverishly. They pollinate plants such as the agave, the source of Mexico's iconic tequila. Their excrement, called guano, is a valuable fertilizer. And bats eat up to one-quarter of their body weight in insects every night, making them one of the simplest, safest, most cost-effective forms of pest control available.

Somehow, that message has not reached most people. For decades, intentionally or otherwise, property owners, hikers and sightseers have trampled habitat, dumped garbage and set fires, decimating the bat populations in many parts of the world.

"We scientists missed a chance to give farmers the right information in the right way at the right time," said A. Nelly Correa, a bat expert at the Center for Environmental Quality at the Monterrey Institute of Technology in Mexico. "Most of us were too busy giving the information to our peers in journals and not to the people who could be our partners."Bat Lovers Take Action

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Now, in a unique cross-border alliance, bat lovers have embarked on a multiyear effort to quantify the damage and replenish the bat population of northern Mexico. The project, being spearheaded by the nonprofit Texas-based Bat Conservation International (BCI), includes detailed mapping of hundreds of present and former bat roosts, educational programs for farmers and even purchases of land to protect the most vulnerable colonies.

In late September, armed with BCI data, the Mexican environmental group Pronatura Noreste bought the Cueva de la Boca cave outside Monterrey for about $500,000. It is believed to be the first purchase of a bat cave by Mexican conservationists, said Magdalena Rovalo, a biologist and director of the organization. Access is now limited to researchers, and plans are underway to build an observation tower in the hopes of generating tourism revenue at the cave, which takes its name from the Spanish word for "mouth."

"If we had a healthy population of bats, we would have pest control and healthy crops at no cost to society and no bad effects on health," Correa said. "And it would be a plus for the economy as bats can become a tourist attraction."

Scientists have identified more than 1,000 species of bats worldwide, representing about one-fourth of all mammal types. Latin America is home to 290 species, 140 of them in Mexico, making the region one of the most diverse bat habitats on the globe. Of all those bats, just two species feed on wild bird blood and only one eats cattle blood, said Correa, who tries at every opportunity to disabuse the public of those blood-sucking stereotypes.

"They have given all bats a bad image very unfairly," Correa said. "Bats are really great guys!"

Cueva de la Boca caught the attention of conservationists after researcher Arnulfo Moreno surveyed 10 major publicly accessible caves in northern Mexico and found that the bat population had fallen by 90 percent in five of them.

"They are especially vulnerable when they are concentrated in a single place and only produce one pup a year," said Moreno, who is based at the Technological Institute of Victoria City in Monterrey. In addition, Boca is a "maternity cave," where young pups were being suffocated to death by smoke from the torches that hikers fashioned with halved plastic bottles and old rags.

"If you're an adult bat and you cannot breathe, you just fly away," Correa said. "If you are a newly born baby bat waiting for your mom to feed you, you just fall down and die."A Shrunken Population

At one time, Cueva de la Boca was home to an estimated 20 million Mexican free-tailed bats, known to scientists as Tadarida brasiliensis . By last year, the colony had shrunk to 600,000. Pug-nosed, with a wrinkly lower lip and long, loose tail, the bats prefer warmer climes, choosing to live along the border from April to early November. There is evidence they continue south through the winter, but details of their migratory patterns are not well known.

Three other species live in the cave in smaller numbers, including the ghost-faced bat, which has folds of skin below its chin and eyes that appear to be tucked inside its ears, and the naked-back bat, so named for its smooth, almost rubbery-looking skin.

But Boca became a high priority because of the Mexican free-tailed bat and its proclivity to eat the corn earworm, a vicious moth that devours corn crops as it migrates and lays eggs all the way from Winter Garden, Tex., to the Canadian border. As a pest control, bats are more attractive than chemicals because they cost little, pose almost no risk to human health and target specific bugs, leaving the rest of nature undisturbed, Correa said. And because of their location along the border, Mexican free-tailed bats are well-positioned to eliminate earworms before they strike vital crops.

"These bats are of enormous ecological and economic benefit on both sides of the border," Merlin Tuttle, founder and president of Bat Conservation International, said in an e-mail. BCI and Fondo Mexicano, a private organization focused on biodiversity projects, have commissioned assessments of an additional 150 hard-to-reach caves along the border. The bat population in those has fallen from about 55 million to 15 million, Moreno said.

Though modest in size, the 20-acre Boca property offers conservation opportunities beyond bats. It is home to a pair of endangered peregrine falcons, a threatened cypress species and a few endangered American beaver, according to Pronatura. From a single location, visitors can take in an entire ecosystem -- the insects feeding on the plants, the bats eating the bugs and the falcons feeding on the bats.

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Since Pronatura began informing visitors about the fragile residents of Cueva de la Boca last year, the number of Mexican free-tailed bats has doubled to about 1.2 million, Correa said. It is quite a sight, she marveled, when the colony departs for another night of hunting and dining. When they emerge in one burst, their presence in the skies shows up on Doppler radar.

She can only imagine what 20 million or so would look like.

Showcasing The Growth Of The Green Economy (WP)

By Michael S. Rosenwald

The Washington Post, October 16, 2006

Keith Ware dressed naturally to set up his booth at the Green Festival. He wore an organic cotton hooded jacket, organic cotton blue jeans and organic hemp work boots, the soles of which are made from recycled surgical gloves. He was not, however, wearing his organic cotton underwear.

"That's not to say I don't own some," he said.

Ware is one of the owners of Eco-Green Living, a Logan Circle store that sells organic and fair-trade products such as teas, hemp boots and even the makeshift floor he was setting up, which was made from Marmoleum -- a combination of linseed oil, wood flour, rosin, jute and limestone. He was an exhibitor over the weekend at the Green Festival, which drew crowds of people to the Washington Convention Center to celebrate light bulbs that last 60,000 hours, investment funds targeting socially responsible companies and paper made from elephant dung by a company called Mr. Ellie Pooh.

The show, the third in the District, grew from 250 exhibitors in the first year to more than 350. Although some exhibitors were selling products, the chief intention of the show was to develop the industry by connecting the principles and products of green businesses with mainstream customers.

By many accounts, the green business movement is taking off, with the marketplace topping more than $228 billion in the United States and with such companies as Wal-Mart Stores Inc. getting into organic food and General Electric Co. plowing into renewable energy. Levi's is introducing organic cotton jeans. Vanity Fair recently published a green issue.

"I think the business has taken off like a rocket," said Kevin Danaher, co-founder of Global Exchange, a San Francisco organization that promotes social, economic and environmental justice around the world. "I think it's left the launching pad."

But as Danaher and others pound away at expanding the green economy, what was long a counterculture movement is now embracing one of its sworn enemies -- big business -- as a key component of the cause. Danaher's organization has railed for years against Nike Inc.'s manufacturing methods, accusing the company of running sweatshops, yet he says the Wal-Marts of the world can help the world go green. Such companies legitimize the movement and can offer a wider market for niche products from smaller companies, he said.

"It's the big guys genuflecting in the reflection of our values," he said. "The previous economy was based on money values. The next economy will be based on life values. You do commerce and make money, but you're making your money by saving nature and protecting human rights."

Danaher acknowledged that embracing big business may seem contradictory, and not all green groups agree with him. Wal-Mart has plenty of critics, who argue that the retailer's drive for low-cost products could degrade organic standards. "It creates confusion," Danaher said. "People have this anti-corporation, anti-big thing, which is understandable. Wal-Mart knocks out small businesses. They keep their wages down." But, he said: "They get it out into the public mind. That's why we do this show. Let's get into the general public. Preaching to the already converted doesn't take you anywhere. It's taking it into the mainstream that does."

Ware's store has been open for about a year. Besides selling to walk-in customers, the store supplies home-building and remodeling contractors with tankless water heaters, solar-powered roof fans, bamboo flooring and nontoxic paints. "We have grown phenomenally," he said. "We've gone from doing a couple hundred dollars a month to several thousand a day."

One of the most common questions Ware gets about his business is about competition, particularly from big companies. Wal-Mart, for example, has invested heavily in its organic business, becoming the world's largest buyer of organic cotton products. Last year, GE said that its Ecomagination program, which it describes as building "innovative technologies that help customers address their environmental and financial needs and help GE grow," generated $10.1 billion in revenue, up from $6.2

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billion in 2004. Waste Management Inc., the country's largest waste collector, is turning landfill gases into electricity for 400,000 homes.

"People always ask me about competition," Ware said. "No. No. There is only validation of the industry right now. It hurts the movement if they are doing small things for the publicity. If they are genuinely trying to do the things that they say they are doing for the right reasons, then it helps. I'm sure they are finding that, heck, they are earning more money off it. The idea is to get everybody moving."

Which raises the question: What if Target or Wal-Mart opened a store 10 blocks from him that sold everything he sells?

Ware doesn't think Wal-Mart would put him out of business. In fact, he thinks if Wal-Mart sells more green products, his business will be enhanced, with even more foot traffic. Ware said that if competitors were legitimately green, "I would be absolutely enthralled with it. . . . I know there will be more and more places coming up where you can buy Marmoleum flooring. Everyone will soon be selling organic cotton shoes and clothing."

And judging by the turnout at this year's show, there will be plenty of customers. The festival drew about 25,000 people, up from 17,000 last year. Fifteen minutes after opening Saturday morning, there were four lines with more than 60 people in each, waiting to get tickets.

The green industry's move toward the middle provided an interesting study in contrasts. While the show offered free valet parking for bicycle riders, high-profile Washington was also represented, and Tim Russert and his wife strolled through the hall.

Liz and Jim Staedler of Summit, N.J., were in town visiting their daughter when they came across a flier for the show. Though they have never been to a green event, their 22-year-old son has been pushing them to incorporate sustainable energy into their Colorado home. They decided to drop by for some ideas.

"I thought it would be hippies and granolas, that type of thing," Jim said. "What I see here is some of that, but it's really more toward the mainstream."

The Staedlers were standing in an aisle with a booth selling politically charged bumper stickers, including one that said "Too Poor To Vote Republican." But nearby, in a booth with an iPod playing the Jackson Five through a speaker, a tall man in a pinstriped suit introduced chic body products from Pangea Organics. Big selling point: The skin lotion boxes are plantable and will grow Genovese sweet basil.

The products displayed varied appreciably: stationery from Mr. Ellie Pooh; organic wine and beer; sustainable men's underwear at $10 a pair. There was wheat litter bedding for pets, organic yerba mate, and information on obtaining an MBA in sustainable management.

Zach Lyman is the managing partner of a District company called Reware, which sells backpacks and messenger bags that have small solar panels on the outside to provide electricity for charging. Connect cellphones, iPods, GPS navigation devices and other gizmos to the bag, and they can be charged in generally the same time it would take plugging them into a wall socket. The bags sell for about $240. Lyman estimated that he has sold about 3,500 of them.

The bags were popular with early adopters and green-product aficionados, but after Hurricane Katrina, when millions of Americans realized that they could be without power for months, Lyman's business expanded into the mainstream, to average consumers as well as disaster workers and utility companies.

"I'm a big mainstream guy," Lyman said. "That's the whole thing with this bag. How do we introduce renewable energy to people who don't think about it in their everyday life?"

Lyman said he was particularly enthusiastic about GE's efforts in green energy.

"My whole goal in life is to bring this stuff into the mainstream," he said. "I look at GE and I'm excited. They are getting the message out, and for us, here you have one of the most successful companies in the world and they are saying that climate change matters, that renewable energy matters. That is so exciting."

Mark Bisbee, the owner of Liberty Carpet One in Fairfax, has created an offshoot called GreenFloors. He sells, among other things, carpet made from recycled soda bottles, which are sorted by color, ground into chips that are turned into fibers, then spun into a carpet.

A curious thing happened in the carpet market. Because nylon carpet needs oil for production, the high price of oil has pushed nylon carpet prices about $3 per square yard above recycled carpet.

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Bisbee has customers in 48 states. He is still waiting for Wyoming and Hawaii.

"It was a small niche market and now it's more mainstream," Bisbee said. "Basically it's a question of awareness. Once people are aware they have choices it's easy, especially if it's economically similar. Then there is not really a decision."

FBI/DEA/ATF/USMS:

3 Vice Lords Convicted Of Drug Trafficking On West Side (HM)

Hilary Masell, October 13, 2006

Three high-ranking members of a Chicago street gang were convicted Thursday, culminating a massive federal probe into a network of drug trafficking on the city's West Side.

Troy Martin, Eddie Bell and Patrick Bray were each found guilty by a federal jury of running a highly organized drug ring as members of the Mafia Insane Vice Lords.

Share your thoughts

on this story on the ChicagoDefender.com message board.

Assistant U.S. Attorney Pravin Rao said the convictions send a message to other drug traffickers. "They can't . . . victimize the whole community," he said.

According to Rao, the group, led by Martin of Bolingbrook, had between 30 and 50 drug spots across the West Side. The spots operated 24 hours a day, seven days a week, selling cocaine, crack cocaine, heroin and marijuana.

Federal prosecutors called it a "sophisticated operation" with an elaborate infrastructure that earned $4,000 to $5,000 a day at each of the most active locations.

The men were arrested in May 2004 as part of "Operation Day Trader," a U.S. Drug Enforcement Administration investigation. A total of 48 defendants were arrested on federal conspiracy charges, most of whom have been convicted.

Martin, 51; Bell, 45, also of Bolingbrook; and Bray, 34, of Chicago, each face life in prison. They will be sentenced in January.

Oak Park Drug Bust Adds To Busy Summer For D.E.A. (KOVR)

KOVR-TV, October 13, 2006

(CBS 13) SACRAMENTO Five people are under arrest after they were caught growing marijuana in plain view in their backyard, say D.E.A. agents. Federal agents say one of the suspects arrested is a leader of an Asian gang called Little Rascals, a gang the D.E.A. says is the boldest they've arrested all summer.

"It's been a busy season for us. It was pretty much unexpected," said Gordon Taylor, Special Agent, Sacramento D.E.A.

According to an affidavit, the leader lived in Elk Grove but ran the operation out of his mother's house in Oak Park. Inside the home, agents say they found 6,000 ecstasy pills, 39 marijuana plants in the backyard of the residence well as 19 boxes of processed marijuana.

Agents say the gang is not linked to the earlier arrests, where the plants were grown indoors. Despite this, agents say the arrests show a trend.

While were there, two cars pulled up and drove away. One nearby resident says he's had enough.

Agents were tipped off to the operation by neighbors who said they didn't know the leader, but they know he drove an expensive corvette.

If the men arrested in this raid are convicted, they'll face jail time, say agents.

More Local Rising Cost To Cross Body Uncovered In Starr County Well Valley's Evolution A Hispanic Celebration Olympic Legend Returns To The Valley Two Evade Police By Crossing Border Local For Last Seven Days Today Sunday Saturday Friday Thursday Wednesda (MON)

Monitor, October 14, 2006

McALLEN — Six defendants in a high-profile federal drug case have agreed to plead guilty to smuggling charges, opening the way for prosecutors to go after their 10 co-defendants.

The six men who have agreed to plea guilty are Jesus Lorenzo Meza, a former Edinburg police officer; Andres Solis; Ruben Meza; Arturo Javier Hinojosa; Miguel Hernandez-Rojas and Robert Lee Rodriguez, according to court documents. The six faced as many as nine federal counts, including conspiracy to distribute marijuana and cocaine and possession with intent to distribute.

Jesus Meza, Ruben Meza and Hernandez-Rojas are brothers of former McAllen police officer Francisco Meza-Rojas, the man who authorities believe led the escape from the federal prison in La Villa last month. Meza-Rojas was in the prison awaiting trial on charges in connection with this case.

The six men who have agreed to plead guilty could face as much as life in prison and a $4 million fine. The remaining charges against the six have been dropped.

"My understanding is that this was something that happened in the past," said Edinburg Police Chief Quirino Muñoz, Jesus Meza's former boss. "We are disappointed to see anytime a police officer violates the law in such a matter."

The case dates back to December 2005, when the 16 men were indicted after an almost 10-year Drug Enforcement Administration investigation into cocaine and marijuana smuggling near Peñitas.

Meza-Rojas, 41, led the family drug ring, according to court documents. He and the five other prisoners who escaped the prison in La Villa are still on the loose. The six are considered armed and dangerous. The other five men were serving sentences for unrelated charges.

Meza-Rojas and his four brothers were arrested April 19.

There are still four co-defendants in the drug case whose names have not been released because they have yet to be arrested.

Prosecutors have decided to go forward with the case against Meza-Rojas and the six others in custody who have not agreed to plead guilty.

The Meza family smuggled in drugs through an area between Granjeno and Peñitas for years, according to a DEA agent's testimony in April.

From 1998 until 2006, they would employ as many as 10 people to perform counters-surveillance and move the drugs from Mexico to the United States, according to court documents.

Using codes, cell phones and other technology, they managed to operate seemingly undetected. Based on wire taps of many of the defendants' phones, agents were able to determine that the players in the smuggling had a system to elude law enforcement, which included abandoning a vehicle loaded with drugs when officers were about to make an arrest, the documents show.

Members of the organization would also use their vehicles to block law enforcement from entering certain roads and areas.

The U.S. Attorney's office in Houston and DEA in McAllen declined to comment. Both cited the ongoing investigation into the case.

In fact, U.S. Attorneys and DEA agents haven't shared any details about the case. All information has been gleaned from public records.

Those records and testimony from court appearances show the case against the 16 defendants heavily relies on information gathered from wire taps and confidential informants.

One of the defendants, Solis, filed a motion to have the government disclose the name of the informants. Solis has since agreed to plead guilty. Before his plea agreement, federal prosecutors filed a motion hoping to deny the disclosure of those informants.

Local Doc Cleared Of Malpractice (STT)

Scranton Times-Tribune, October 15, 2006

SCRANTON — A former Honesdale doctor was found not to have committed medical malpractice after a two-week trial in front of Lackawanna County Judge Terrence Nealon.

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Lake Ariel resident Beth Batzel sued Dr. David George, who is now practicing medicine in New Mexico, claiming that he was negligent for performing a "cervical manipulation" on her spine in June 1999, five months after she'd undergone a cervical fusion. Dr. George denied he performed any manipulations on her spine and said that even if he had, Ms. Batzel's spine was well-healed by then.

Jurors deliberated about one hour before deciding that Dr. George was not negligent in his care of Ms. Batzel, according to Judge Nealon.

Man sentenced in drug-ring case

SCRANTON — A Kingston man was sentenced to more than eight years in prison for his role in a crack cocaine ring that operated in Luzerne and Lancaster counties.

Anthony Blaso, 54, of Kingston, pleaded guilty to a drug conspiracy count in July, four months after he was indicted in federal court as a result of an investigation by the U.S. Drug Enforcement Administration and the Wilkes-Barre Police Department.

U.S. District Judge William J. Nealon sentenced Mr. Blaso to 100 months in federal prison Thursday, followed by five years' supervised probation. The case was prosecuted by Assistant U.S. Attorney Francis P. Sempa.

Man turns self in after stabbing

PITTSTON — A 21-year-old man surrendered voluntarily Friday after he stabbed another man in the 200 block of North Main Street, city police said.

Nicholas Bonafede was charged with stabbing Seid Aptiliasimov, 23, in the abdomen at 273 N. Main St. about 8 p.m., police said.

Mr. Aptiliasimov was taken to Community Medical Center for treatment. Hospital officials had no information about his condition late Saturday night.

Mr. Bonafede was charged with aggravated assault, simple assault and recklessly endangering another person. He was committed to Luzerne County Correctional Facility, where he remained Saturday night in lieu of $35,000 bail, prison officials said.

U.S. Military Pilot Sentenced In Ecstasy Case (AP)

AP, October 13, 2006

NEW YORK A U.S. military pilot who flew a U.S. Air Force jet from New York to Germany to pick up 200,000 pills of Ecstasy was sentenced Friday to 17 1/2 years in prison.

U.S. District Judge John G. Koeltl rejected appeals by defense lawyers for leniency for Capt. Franklin Rodriguez of the U.S. Air National Guard, saying the sentence was appropriate for "a particularly egregious and despicable crime."

"He took these actions while other members of the military are over there bravely fighting for our country," Koeltl said.

Rodriguez, 36, and Master Sgt. John Fong, 37, of the U.S. Air National Guard had pleaded guilty to conspiracy charges, admitting their roles in the April 2005 flight. Fong is awaiting sentencing.

"I'm very sorry," Rodriguez said before he was sentenced. "I just chose the wrong thing and my family suffered. ... I loved my job, that I served my country and I'm sorry for what I've done," he said.

Prosecutors told the judge that Rodriguez had repeatedly flown drugs on military flights, bringing hundreds of thousands of Ecstasy pills into the United States aboard cargo aircraft and that more than $700,000 (€557,768) in cash was found in a safe in his apartment.

The two men were arrested after flying the Air Force plane from Stewart Air National Guard Base in Newburgh, New York, to Germany and returning to Newburgh.

Federal law enforcement agents watched Fong load bags and boxes into a BMW before approaching the two men and asking to inspect their bags, where 28 bags of pills were found, authorities said.

Ecstasy is a synthetic drug considered part hallucinogen, part amphetamine.

Pilot Of Ecstasy Plane Sentenced To Federal Prison (MH)

Mid-Hudson, October 14, 2006

New York – A captain in the New York Air National Guard at Stewart Airport was sentenced Friday to 17_ years in federal prison for transporting ecstasy pills into the United States from Germany aboard a C-5A cargo plane.

Franklin Rodriguez, 36, and his co-defendant Master Sergeant John Fong, pleaded guilty in May to conspiring to import the drug into the country and conspiring to possess and distribute the drug.

The charges were the result of an international investigation into importation of ecstasy on military aircraft and its distribution in the United States.

It was charged that on April 12, 2005, Rodriguez and Fong flew from Germany to Stewart on a C-5A cargo plane on which they had hidden more than 200,000 ecstasy pills. Rodriguez also stored pills and $725,000 in cash in his apartment in the Bronx and the two men stored 60,000 pills in an automobile in Tampa, Florida.

Fong is scheduled to be sentenced next month.

Forest Pot Farms A Menace To Land (SDUT)

By Mike Lee, Union-tribune Staff Writer

The San Diego Union-Tribune, October 15, 2006

Drug agents sniffed out a major marijuana patch at Palomar Mountain State Park a few months ago in the kind of raid that has become all too common on U.S. public lands.

What officials initially thought might be a few hundred plants ended up being 15,000. Police also found two men and a woman tending the plots, whose yield would have been worth $60 million on the street.

The crop tenders scampered into the woods, leaving behind trash and terraces they had formed on the hillside. Initial repairs to such an area can cost taxpayers $10,000 per acre for staff time and a helicopter to haul away garbage, said the Office of National Drug Control Policy. On average, ten acres are fouled for every acre of marijuana planted in forests and on other public lands, the agency said.

“The whole process of these marijuana plantations brutalizes the landscape,” said David Graber, Pacific West regional science chief for the National Park Service.

The outdoor growing season for marijuana is coming to a close for the year, but some scars left by clandestine pot farms will take months to heal. Anti-drug agencies must deal with tons of trash, human waste, erosion and other forms of soil disturbance, loss of vegetation and chemical pollution that kills marine life.

The illegal plots also increase poaching of wildlife, raise the threat of wildfires started accidentally at campsites and put outdoor enthusiasts in harm's way. For instance, the U.S. Forest Service recently warned deer hunters to avoid two areas in Mendocino and Glenn counties until authorities could evict the marijuana growers.

Marijuana production on public lands in the United States has risen as the nation moves to further secure its borders and slow the movement of marijuana from Mexico. Mexican organized crime is behind the surge in such illegal plantings, according to law enforcement agencies.

Growers favor public property partly because if their plants are discovered, they can flee without leaving behind traceable evidence. But there are other reasons for the popularity of forests and parks.

“The nation's public lands have become a haven for this illegal activity due to the relatively few law enforcement personnel and the vast and often remote tracks of sparsely or uninhabited lands,” said the U.S. Forest Service's 2005 marijuana report.

Authorities – from the White House down to the local level – are paying more attention to the expanding practice of marijuana farming on public lands, especially national forests in California. Federal agents say that about 4.5 million outdoor marijuana plants have been seized nationwide this year, largely from public lands. That pace is well ahead of the 2005 count.

The problem has become so pervasive that President Bush's drug czar visited the Sequoia National Forest in August to discuss why drug cartels are having such success.

“Every American should be outraged that parts of their public lands are being held hostage by illegal drug traffickers,” John Walters, director of national drug-control policy, said at the time.

Appealing sites More than half the marijuana plants detected on public lands nationwide are in California, which has eight of the 10 U.S. national forests with the highest number of pot plants confiscated. And 2006 looks to be another record year for seizures.

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About 2.8 million marijuana plants were seized from outdoor farms in California through August, records show. About 75 percent of those seizures were on public lands.

The Cleveland National Forest, which cuts through central San Diego County, didn't rank among the national leaders in 2005, but authorities say about 13,000 plants were eradicated there last year.

Those Cleveland plantations caused ecological damage to 33 acres. Nationwide, the total reaches thousands of acres, according to the Office of National Drug Control Policy.

In San Diego County, the multiagency Marijuana Eradication Team removed about 250,000 plants from large-scale outdoor farms so far this year. This is about 30 percent higher than last year but below the average of about 300,000 plants in each of the past five years.

Anti-narcotics experts say the annual seizure totals nationwide vary based on enforcement pressure, weather and planting trends within the multibillion-dollar marijuana industry. In 2005, for example, heavy spring rains likely discouraged some growers and probably accounted for the county's lower eradication totals.

Some authorities say the escalating number of marijuana seizures on public lands in California indicate their enforcement methods are becoming more effective.

Robin Schwanke, spokeswoman for the state Attorney General's Office, credits the rise to better surveillance and increased understanding of what areas the growers prefer.

Others say cash-strapped, thinly staffed enforcement agencies aren't the reason for the rising rate of marijuana busts.

“At a grand scale, I see no solution anytime soon,” said Graber of the National Park Service. “At a local scale, the most we can hope for is that we harass (the growers) enough that they go somewhere else.”

Relatively few marijuana farms are found on public lands closest to the U.S.-Mexico border because the presence of immigration agents deters many potential growers.

But a few miles to the north, “any place you can think of that there would be water, they are growing it,” said Greg Meese, the patrol captain for the Cleveland National Forest.

Lasting degradation To make way for their crops, pot growers routinely use pesticides to remove swaths of native shrubs and grasses. Their plots often spread over dozens of acres. Taller trees are left as cover against aerial checks by police helicopters.

In a forest, the low-level plants keep dirt from washing into streams during rainfall. After the marijuana is harvested and winter rains come, the barren patches are highly susceptible to soil erosion. The result is that waterways in some of California's most pristine watersheds become polluted.

Marijuana growers also dam streams, haul in small pumps and run plastic irrigation lines through the forest to water their crops. The result can be dramatic changes to creeks that native fish rely on.

Often, the marijuana operations are highly sophisticated and may take weeks to set up.

A few years ago, Meese discovered an irrigation system that included pools up to 15 feet wide and just as deep.

“The head pressure in the (marijuana) garden hose was better than what you typically find in your home,” he said.

Growers commonly import rat poison to kill the critters that like to eat their profit-generating plants. They also use lots of chemical fertilizers to keep their plants green. These substances can easily contaminate nearby creeks, promoting algae blooms that can use up the oxygen in the water and kill fish.

In one case, Graber said his first clue about the presence of a major marijuana operation was extremely high nitrate levels that were detected during routine water monitoring.

A pot farm's most visible impact is trash. Marijuana growers commonly live with their plants for weeks or months at a time. At a large farm, the litter can weigh several tons and include miles of irrigation pipe.

“The camps themselves are filthy. There is garbage everywhere – anything you can think of that you would generate in your home . . . including human waste,” Meese said.

Threats to wildlife compound the other environmental concerns.

“At almost every (garden) we come across, there is some evidence of poaching, whether it be poaching salmon out of the creeks in Butte County or poaching deer,” said Patrick Foy, spokesman for the California Department of Fish and Game.

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In one instance, law enforcement agents found a camp where the tenants were making jerky out of three foxes they'd caught.

"These folks already have complete disregard for the law . . . so when anything that would serve as a food source comes by, they often take advantage of that," Foy said.

But perhaps the most serious danger is to unsuspecting hikers, hunters and mountain bikers who cross into marijuana farms, some of which are protected by booby traps and barbed wire. Most farms are well off the beaten path, but reports of run-ins between the public and growers have become routine.

On Sept. 30, for example, a hunter in the Mendocino National Forest said he stumbled onto the edge of a marijuana patch and found four men pointing rifles at him. They started firing but the hunter escaped unharmed, according to a Forest Service report.

Such incidents usually lead to raids by law enforcement teams. Once authorities haul away and destroy the marijuana plants, they remove the leftover garbage and leave the land to repair itself over time.

That was the case this summer on Palomar Mountain, where crews took out the trash and let nature take its course. Within several weeks, the native vegetation was resprouting, said Jim Dice, a senior environmental scientist for California State Parks.

"Any active restoration," he said, "would probably be more damaging than leaving it alone."

Pol Asked Fed Judge To Go Easy On Dealer (BOSH)

By Laurel J. Sweet

Boston Herald, October 16, 2006

U.S. Rep. James P. McGovern asked a federal judge in Boston to go easy last week when sentencing a now twice-convicted drug dealer who was once moving up to 13 pounds of coke per month.

The Worcester Democrat wrote to U.S. District Court Judge F. Dennis Saylor IV asking leniency for Nicholas Police, 28, even though, McGovern said, "I am not personally familiar with Mr. Police or the specific details surrounding the criminal conduct with which he has been charged."

McGovern, a self-styled champion of human rights and the first pol to pledge his allegiance to Democratic gubernatorial hopeful Deval Patrick, could not be reached for comment last night.

It is unknown if his blind faith did any good. On Thursday, Saylor sentenced Police - an Assumption College graduate who once started his own record label - to the low end of the 8-to-10 years he was facing for pleading guilty to possession of cocaine and marijuana with intent to distribute.

The 8-year federal sentence absorbs the 3-to-5 years Police has been serving since 2004 on state cocaine trafficking charges.

In that case, according to a 2003 internal U.S. Drug Enforcement Administration investigative report, Police was arrested for trying to buy 40 pounds of pot from an undercover state trooper for $60,000 cash and 4 ounces of cocaine. He pled guilty.

The same DEA memo said Police kept coke in his Worcester apartment and, according to an informant who regularly brought drugs from him, was armed with "three handguns."

Still, McGovern, 46, wrote Saylor in a letter dated Sept. 18, "As a college graduate from a stable home environment with the support of loving parents, Mr. Police stands an excellent chance to be fully rehabilitated."

Acting U.S. Attorney Michael Loucks' office disagreed, arguing in their own written remarks to Saylor, "After his arrest on state drug charges (Police) had an opportunity to turn his life around and instead simply sold more drugs.

"If anything, (Police's) personal history and characteristics cut in favor of a higher sentence in that he grew up in a supportive, middle-class family and had the time and resources to obtain a college degree.

"Drug trafficking is a serious crime," prosecutors stressed. "It is not victimless."

Police's "devastated" parents declined to comment except to say they were "very appreciative of any help" McGovern was able to give their family.

Colombian Rebel's Trial To Begin In D.C. (AP)

By Hope Yen, The Associated Press

DOJ_NMG_0080692

AP, October 16, 2006

WASHINGTON -- The politically charged trial of a top Latin American rebel leader is set to begin in a 3-year-old kidnapping case that has the lives of three Americans hanging in the balance.

Opening statements were scheduled for Monday in the U.S. District Court trial of 56-year-old Ricardo Palmera, who is considered the most senior member captured from the Revolutionary Armed Forces of Colombia (FARC), on charges he provided material support to a terrorist group.

Palmera, better known by his nom de guerre Simon Trinidad, was extradited in late 2004 after his capture in Ecuador. He is accused of conspiring to kidnap three Americans in connection with the February 2003 downing of a small U.S. airplane over a FARC stronghold in southern Colombia.

FARC is demanding that the U.S.-backed Colombian government release all of the group's imprisoned comrades, including Palmera, in exchange for the release of 62 hostages.

The hostages include three Americans on the plane _ Thomas Howes, Keith Stansell and Marc Gonsalves _ who authorities say were defense contractors involved in an intelligence-collecting mission.

Palmera is also charged in the killings of two others on the plane, U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site apparently shot to death.

The trial is the latest evidence of a stiffening U.S. stance against FARC, which the U.S. government considers a terrorist organization. Since 2000, the U.S. has given more than $4 billion to Colombia to fight the insurgency and the world's largest cocaine industry.

Family members of the hostages say they welcome Palmera's trial, although they acknowledge it could backfire. The three hostages are believed to be alive but haven't been publicly seen since a July 2003 video released by the rebels.

"I worry they may retaliate against the Americans," said Jo Rosano, mother of Marc Gonsalves.

Although Colombian President Alvaro Uribe has indicated an openness to a prisoner swap, he has suggested the release of Palmera and another leading rebel, Nayibe Rojas, is out of his hands because they had been extradited to the U.S. for trial.

A former banker from a wealthy family, the Harvard-educated Palmera says he took up arms to fight social injustice. FARC, along with a smaller leftist rebel group, has battled to topple the Colombian government for 42 years in a conflict that claims more than 3,000 lives every year.

He told The Associated Press in 1999 that he had chosen to "be alongside the progressive people fighting the 10 percent of landowners who are monopolizing 90 percent of Colombia's land."

The group funds itself through drug trafficking, extortion and kidnapping.

IMMIGRATION:

No Cause For Celebration (USAT)

By Dan Stein

USA Today, October 16, 2006

Overcrowded schools, congested highways, environmental stresses: We are a nation paving over its wildernesses while depending on our enemies for vital resources.

Why?

Because Americans have been blindsided by a government-mandated mass immigration program that's fueling this nation's runaway population growth. This growth was neither planned nor expected, but we feel the consequences every day.

The population of the USA will reach 300 million this week on a relentless march to half a billion before 2050. That's because about 80% of the current population growth in the USA is due to immigration policies — immigrants legally admitted, illegal immigrants, and births to immigrants after entering. Only a dramatic rollback in overall immigration can reverse these trends. The time to act is now.

Thirty years ago, the Rockefeller Commission could find no benefit from further increases in the size of the U.S. population. In 2006, it is hard to see how the massive government-mandated population growth of the past 30 years has improved life for

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most Americans. The addition of a staggering 100 million people since the late 1960s has accelerated virtually every environmental problem, exacerbated resource depletion, contributed to sprawl and congestion, and strained nearly all public services.

Many of our nation's opinion elite now seem intent on further acceleration. The Senate recently approved an illegal alien amnesty and immigration increase that would have resulted in at least 66 million new immigrants arriving in the USA in the next 20 years — and we'd hit a billion people before 2100. This is insane, and only a massive public outcry and strong opposition in the House prevented this from occurring.

Our population future is entirely within our power to determine. Just as the government has mandated soaring overcrowding and congestion in the past several decades, it has the power to slow population growth by curtailing immigration and enforcing laws against illegal immigration.

It's time to talk about the purposes of immigration and its role in our national future. As responsible stewards for future generations, there is an urgency to consider how our decisions today will affect the nation they will inherit — before it's too late.

Dan Stein is president of the Federation for American Immigration Reform (FAIR).

CONGRESS-ADMINISTRATION:

Bush's Press Secretary Is Raising Money, And Some Eyebrows (NYT)

By Sheryl Gay Stolberg

The New York Times, October 16, 2006

ST. CHARLES, Ill., Oct. 15 — Tony Snow draped his lanky frame across a wooden lectern, leaned forward and gazed out at 850 adoring Republicans who had paid $175 apiece to hear him speak. There was a conspiratorial gleam in his eye, as if he was about to reveal some deep inner secret from his new life as the White House press secretary.

"Yesterday," Mr. Snow declared, "I was in the Oval Office with the president ——"

He cut himself off, took a perfectly calibrated three-second pause and switched into an aw-shucks voice for dramatic effect: "I just looove saying that! Yeaaah, I was in the Oval Office. Just meeee and the president. Noooooobody else." The crowd lapped it up.

Live from the suburbs of Chicago — It's the Tony Snow Outside-the-Beltway Hour! Memo to White House press corps: you can't catch this show in the briefing room.

In the six months since Mr. Bush enlisted him to resuscitate a White House press operation that was barely breathing, Mr. Snow, a former Fox News television and radio host and a conservative commentator, has reinvented the job with his snappy sound bites and knack for deflecting tough questions with a smile. Now, he is reinventing it yet again, by breaking away from the briefing room to raise money for Republicans, as he did here on Saturday night for Speaker J. Dennis Hastert.

Mr. Snow, who will make 16 such appearances before Election Day, acknowledged he had entered "terra incognita"; to his knowledge, no other White House press secretary has raised money for political candidates while in the job. But with his star power from television and his conservative credentials, Mr. Snow, unlike his predecessors, is in hot demand.

His booking agent is the White House political shop, run by Karl Rove, the president's chief strategist. The White House is not keeping track of how much money Mr. Snow raises. His talks — Saturday night's was a cross between a one-man show and a religious revival — have attracted little scrutiny so far, but they are giving a much-needed boost to a party whose midterm fortunes appear increasingly bleak.

Yet even as the Republican establishment revels in his celebrity — "It's like Mick Jagger at a rock concert," Mr. Rove said — Mr. Snow's extracurricular activities are making some veteran Washington hands, including those with strong Republican ties, deeply uneasy.

"The principal job of the press secretary is to present information to reporters, not propaganda," said David R. Gergen, who served in the Nixon, Ford and Reagan administrations and also advised President Bill Clinton. "If he is seen as wearing two hats, reporters as well as the public will inevitably wonder: is he speaking to us now as the traditional press secretary, or is he speaking to us as a political partisan?"

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Indeed, Mr. Snow, whose commentary was so sharply critical of Mr. Bush that six months before he was hired, he referred to Mr. Bush as "something of an embarrassment," got the White House job in part because his independence gave him credibility with reporters. Kenneth J. Duberstein, former chief of staff to Ronald Reagan, said Mr. Snow must be careful not to damage that credibility.

"His profile should not be a political profile," Mr. Duberstein said, "but a press profile on behalf of the president."

But of course, press secretaries are naturally partisans; to think otherwise would be naïve. Ari Fleischer, Mr. Bush's first press secretary, said he saw nothing wrong with fund-raising appearances, "so long as you don't make yourself into red meat."

There was, for the record, not a shred of red meat in Mr. Snow's whirlwind performance Saturday night. For 28 minutes, Mr. Snow paced the stage, hands gesticulating, eyebrows arching, voice rising and falling, as he held forth without notes on the greatness of his job, his president and the American people.

Here was Mr. Snow on working in the White House: "The most exciting, intellectually aerobic job I'm ever going to have." On the nature of the American soul after the terrorist attacks of Sept. 11: "There is an ember of greatness burning in every heart." On the intellectual acumen of his boss: "He reminds me of one of those guys at the gym who plays about 40 chessboards at once."

There were no mean words about Democrats. Mr. Snow, aware of his delicate balancing act, has vowed to "stick to factual defenses and advocacy for the president."

But as the keynote speaker, of course, he got to choose which facts to defend. There was no mention of Mark Foley, the Florida congressman who resigned in late September amid revelations he sent sexually explicit e-mail to teenage pages, or Jack Abramoff, the corrupt lobbyist, or anybody else who makes Republicans cringe.

That did not sit well with the local news media, which has been following accusations that Mr. Hastert's aides knew of the Foley scandal several years ago. Just two days earlier, Mr. Bush had been in Chicago to give the speaker his support. After his talk, Mr. Snow gave a mini news conference, and was asked why he failed to raise the Foley issue, "to reassure the people who are paying 175 bucks a plate here tonight."

"Because," Mr. Snow shot back tartly, "last time I checked Mark Foley didn't represent the people of this district."

Back in Washington, Mr. Snow has gained a reputation for such witty, if biting, repartee. Sound bites seem to flow from his tongue like water tumbling downstream.

Once, he accused the veteran White House correspondent Helen Thomas, who is 86 and has been covering presidents since Mr. Snow, 51, was in grade school, of "pestering the teacher." And when Bob Woodward painted a portrait of a dysfunctional Bush White House in his new book, "State of Denial," Mr. Snow dismissed it out of hand. "Sort of like cotton candy — it melts on contact," he said.

Jim Axelrod, chief White House correspondent for CBS News, said of Mr. Snow, "He's velvet glove and iron fist."

But when Mr. Snow missed a day of work to attend a fund-raiser after a leading Republican senator raised questions about the president's Iraq policy, Mr. Axelrod was critical. "This is the kind of thing you would expect the press secretary to be handling square on," he said.

Mr. Snow said his deputy handled the questions just fine.

It is often said that the White House press secretary serves two masters: the president and the press, which relies on the press secretary to advocate for the release of information. Mr. Snow believes that is true — to a point.

"The press secretary serves two masters," he said, "but not all masters are equal."

That gets back to his decision to headline fund-raisers, a decision he says he made only after soliciting the advice of colleagues, including the White House counsel, Harriet E. Miers. Mr. Snow said he set his own ground rules and would quit raising money if it interfered with his day job.

How will he know? "I have the feeling that all of us will know," he said. "You kind of know it when you see it."

Mr. Gergen sees this as the final "blurring of the lines between politics and news and entertainment." Mr. Fleischer says those lines blurred long ago.

"The modern-day briefing is not a briefing but a TV show," he said, "and Tony is the star."

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Mr. Snow said his stardom was only “the reflected glory of the president.” But on Saturday night, as he basked in the spotlight, his face beaming out at the crowd from six oversize screens, he looked awfully happy when he said, “Let me bring you greetings from the president of the United States.”

Hastert's Team Mentality To Be Tested As Foley Scandal Unfolds (WP)

By Michael Grunwald And Jim Vandehei

The Washington Post, October 16, 2006

On a table near the desk of the speaker of the House, nine bears sit in a wooden rowboat, eight with oars and one in charge. But the boat can't move unless the oars all row in the same direction. That's why House Speaker J. Dennis Hastert (R-Ill.) bought it.

Ever since an odd combination of scandal and turmoil catapulted Hastert into the speaker's job in 1999, the beefy former wrestling coach -- who's a bit bearlike himself -- has pushed House Republicans to work as a team. And he's had remarkable success. Largely unknown outside Washington, routinely underestimated as a powerless figurehead inside Washington, the accidental speaker has helped unify his fractious caucus, promote President Bush's agenda and expand the House's GOP majority.

"That rowboat is how he sees his job," said lobbyist David Thompson, a former Hastert aide. "He wakes up every morning thinking about how he can help the Republican team."

But now the Republican rowboat is leaking, and the longest-serving GOP speaker in history is at the center of the storm.

As investigators probe whether Hastert ignored warnings about former representative Mark Foley (R-Fla.), Democrats across the country are portraying him as a symbol of a see-no-evil Republican House. They say Hastert's intense partisanship repeatedly blinded him to GOP misconduct -- not only Foley's inappropriate electronic messages with teenage pages but the corruption of lawmakers such as Rep. Robert W. Ney (R-Ohio), as well as Bush's missteps in Iraq and New Orleans. Even Hastert's defenders acknowledge that his top priority as speaker has been protecting the GOP majority, not investigating the president or his own caucus.

Hastert doesn't seem capable of intense anything; he has a conservative voting record but a moderate temperament. He looks like a cross between actor Wilford Brimley and Jabba the Hutt, and his unassuming Midwestern public demeanor makes for dull television. He has shown none of the restless intellectual energy of Newt Gingrich (R-Ga.), the frenetic revolutionary who preceded him as speaker; and he has often been dismissed as a frontman for former majority leader Tom DeLay (R-Tex.), the conservative firebrand who anointed him.

Hastert does not deliver the polished speeches and Sunday-show ripostes that typify leadership in Washington. But he sees himself as a coach, and his overriding goal is to help his team -- the Republican caucus, not the House. That team has enjoyed quite a winning streak over the past seven years. Republicans agree that if good-cop Hastert couldn't have done it without bad-cop DeLay, DeLay couldn't have done it without Hastert, either.

"Denny really smooths out the rough edges in the caucus," said former representative Rob Portman (R-Ohio), who is now Bush's budget director. "He's a kinder, gentler guy, but when he puts that big arm around you and says he needs you, it's hard to say no."

Coach Hastert is still beloved by his players, which is why he's survived the Foley mess so far. They appreciate how he listens to their concerns, shares credit and works overtime to keep the team together. He schlepped to 42 districts in August to try to maintain the GOP majority; it's no coincidence that his political arm is called the Keep Our Majority PAC.

"No one ever thinks he's put himself ahead of the team," said Rep. Adam Putnam (Fla.), a 32-year-old Hastert protÃ©gÃ© who chairs the Republican Policy Committee.

The question is whether Hastert's quiet commitment to winning at almost any cost will taint his legacy. He has always been loyal to team players like Foley, who defied his longtime supporters in the sugar industry last year to help Hastert pass a Central American trade bill. He eviscerated the House ethics committee after it admonished DeLay, and tried to change the House ethics rules to help DeLay stay in power. He didn't pay for a fundraiser he held at disgraced lobbyist Jack Abramoff's restaurant until

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reporters asked about it two years later; the same month of the fundraiser, he wrote a letter opposing an Indian casino that Abramoff was trying to kill, and received $27,500 from Abramoff and five Indian tribes.

Now Hastert finds himself disputing his leadership team over what he knew about Foley, insisting he did not know about Foley's inappropriate behavior until recently, while others say they warned him last spring. He is also under fire for a multimillion-dollar windfall he earned by buying land and then promoting a federal highway nearby.

Suddenly, Republicans such as Reps. Don Sherwood (Pa.) and Ron Lewis (Ky.) are canceling fundraisers with him, and Democrats are running ads attacking Rep. Michael E. Sodrel (Ind.) and Iowa candidate Mike Whalen for ties to the speaker. Even Hastert's lead over John Laesch, an unknown and under-funded challenger, in his heavily Republican district has shrunk to 10 points, according to a poll last week.

Rep. Rahm Emanuel (Ill.), head of the Democratic Congressional Campaign Committee, says Hastert is a perfect symbol of a hypocritical party that always claimed to distrust government power until it discovered it liked the taste.

"When it's come to a choice between the integrity of the House or the Republican majority, he's always put his thumb on the scale to protect the majority," Emanuel said.

Hastert is 64 and diabetic, and many Republican insiders think he'll step down no matter what happens in November. But he's confounded expectations all his life.Focused on Winning

Denny Hastert was an unlikely politician, a mild-mannered country boy whose father owned a feed-supply store. He inherited a stolid Midwestern conservatism from his parents, and accepted Jesus as his savior in high school. His autobiography overflows with 1950s nostalgia, with Denny waking up at 3 a.m. to drive a milk truck, and operating on his own infected shoulder.

"I learned from experience that when bad things happen, don't complain," Hastert wrote. "You play the cards you're dealt and remember there is a way to win."

He became a teacher and coach, then led a charmed life in politics, winning a race for state representative in 1980 after a GOP incumbent got sick, then jumping to Congress in 1986 after another GOP incumbent got sick. (The designer of his first yard sign, Scott Palmer, is still his top aide; and is embroiled in the Foley case.) He was a popular backbencher, and DeLay made him chief deputy whip after the Republicans seized Congress in 1994.

In 1998, Gingrich was ousted and Rep. Bob Livingston (La.) chosen to replace him. Hastert didn't know Livingston well, so he made a date to see a private-sector headhunter. But the day before the appointment, Livingston suddenly stepped down because of an extramarital affair, and DeLay within hours orchestrated Hastert's ascension to speaker.

In his first speech as speaker, Hastert vowed to reach out to Democrats, declaring that "solutions to problems cannot be found in a pool of bitterness." But Hastert soon concluded there was no point working with Democrats. In his autobiography, he suggests he started to feel this way when he visited the office of House Minority Leader Richard A. Gephardt (D-Mo.) and saw a "Gephardt for Speaker" sign. The relationship fell apart after a controversy over the House chaplain, when a few Democrats accused Hastert of anti-Catholic bias. "I have never seen a more cynical and more destructive political campaign," Hastert declared.

Hastert's team has shut House Democrats out of the governing process, refusing to allow their bills on the floor, limiting debate, calling midnight votes on complex bills that few have read. The Hastert Rule decrees that the House will consider only bills approved by the GOP caucus -- "a majority of the majority" -- and the speaker has enforced it with few exceptions.

"After the chaplain, he focused on winning," said lobbyist John Feehery, another former Hastert aide. "And with such a small majority, winning meant keeping the caucus together."

It was DeLay who spearheaded the K Street Project that made corporate lobbyists and rank-and-file Republicans so dependent on party leaders. And early in Hastert's tenure, DeLay whipped Republicans to defeat a resolution that Hastert supported on the Kosovo war, fueling perceptions that "the Hammer" was the real power in the House. But Hastert and DeLay agreed about almost everything else. And Hastert's influence gradually increased, especially as DeLay became distracted by scandal.

For example, Hastert encouraged an effort to oust Rep. Christopher H. Smith (R-N.J.) as a committee chairman after Smith bucked party leaders on veterans benefits. He angrily chewed out then-Sen. Robert C. Smith (R-N.H.) for holding up a bill full of pork-barrel projects for vulnerable House members before the 2000 election. He held open a 3 a.m. vote in 2003 on the

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prescription drug bill for three hours until he could round up a majority, and persuaded Rep. Robin Hayes (R-N.C.) to switch his vote to pass the Central American trade bill.

Republicans say Hastert wins by appealing to party loyalty and taking care of members with earmarks, campaign cash and other goodies. Conservatives aren't happy that earmarks have quadrupled under the GOP Congress, but they recognize that the House has passed almost everything Bush has requested, including his efforts to expand executive power.

"He doesn't beat people over the head, but he's kept them in line," said conservative activist Grover Norquist. "Do I wish he made spending restraint a priority? Of course. But everyone knows he represents the caucus agenda, not his own agenda."

It is only recently that GOP oars have started rowing in disparate directions -- not only over Foley, but policy issues such as Social Security and immigration. Some insiders think the loss of DeLay has created a breakdown in discipline. "Everybody in the caucus loves Denny. The problem is that nobody really fears him," said one GOP lobbyist who spoke only on condition of anonymity. "I think he's done."

Hastert aides say he intends to fight to protect his job, and he intends to win. After all, his legacy is at stake on Nov. 7. He'll either be the unbeaten coach, or the coach who lost the big one. Either way, he'll be the speaker who presided over an era of unprecedented partisanship, an era when winning seemed to be the only thing that mattered.

A Secret In The Line Of Succession (WP)

By Charles Babington

The Washington Post, October 16, 2006

House Speaker J. Dennis Hastert (R-Ill.) shows no sign of resigning over the Mark Foley-House page scandal. But the mere suggestion that he might do so raises an intriguing political and constitutional question: Who would replace him while Congress is in recess?

The answer, it appears, is on a piece of paper locked away in the House clerk's office.

In a little-noticed action taken nearly four years ago, the House amended its rules dealing with the "continuity of Congress" in emergencies and the succession of speakers. The rule, cited recently in Roll Call, directs the speaker to "deliver to the Clerk a list of Members in the order in which each shall act as Speaker pro tempore . . . in the case of a vacancy in the office of Speaker."

Normally, "speaker pro tempore" is the title given for a few hours at a time to various members of the majority who preside over House sessions. But the rules revision made in January 2003, in response to worries about terrorist strikes that could wipe out large numbers of elected officials, appears to bestow upon a newly named replacement all the powers enjoyed by a full-time speaker elected by his peers.

That would include standing behind only the vice president in the line of presidential succession, said Sally Collins, spokeswoman for House administrators. But other House officials said it is extremely unlikely that a speaker pro tempore could assume the presidency before Congress would reconvene and elect a new speaker.

One thing is certain: The identity of the speaker-in-waiting is a closely held secret. Hastert's office declined to discuss the matter, citing security concerns, and the clerk's office confirmed only that Hastert's list is not made public.

Perhaps the biggest question, some lawyers say, is whether a House speaker -- full time or pro tempore -- can assume and keep the presidency under any circumstance. A statute, not the Constitution, lists the speaker's place in the line succession.

A case can be made that no one in Congress qualifies as an "officer" eligible to assume the presidency under Article II of the Constitution, said Neil Kinkopf, a professor of law at Georgia State University. The question may never be settled, he said, because the Supreme Court would take it up only if a speaker became president and someone challenged the action in court.

As for nightmarish constitutional what-ifs, Kinkopf said, "Imagine where the presidency falls not to the speaker, but to somebody on the speaker's secret list."

How A Blogger Put Himself In The Middle Of Mark Foley Story (WSJ)

By Amy Schatz

The Wall Street Journal, October 16, 2006

MOORE, Okla. -- For three days, William "Wild Bill" Kerr huddled over an old computer, trying to solve a curious mystery.

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He wanted to figure out the identity of the congressional page who received the salacious instant messages that prompted Florida Rep. Mark Foley to resign Sept. 29, triggering the scandal that's rocking the House of Representatives just weeks before the election.

The 32-year-old conservative blogger said he felt the news media were distorting the story, and he suspected, among other things, that the page in question was over the age of consent.

Five days after the Foley news broke, Mr. Kerr thought he had found the former page -- a 21-year-old political operative who, by chance, worked about 10 miles north of Mr. Kerr's two-bedroom apartment here.

Mr. Kerr disclosed the results of his investigation Oct. 4, and gained the sort of instant celebrity made possible by the Internet age. Traffic to his site, Passionate America, shot up from a typical 32 hits a day to more than 40,000, he says. And the national media picked up the story.

Mr. Kerr is just a bit player in the unfolding Foley drama, but his experience shows the rapid-fire and harsh ways a scandal can unfold. Little-known bloggers -- with no inside connections, knowledge, or restraints imposed on mainstream journalists -- can play a big role furthering investigations, and affecting public perceptions of events.

Mr. Kerr drew immediate scorn from some fellow denizens of cyberspace after exposing -- without independent confirmation -- the name of Jordan Edmund. Mr. Edmund, through his lawyer, has neither confirmed nor denied that he was the page who engaged in sexually explicit Internet chats with Mr. Foley. But, as a result of Mr. Kerr's assertions, Mr. Edmund's name has been news on every major television network in America.

Mr. Kerr's own life has come under uncomfortable scrutiny. His 11-year-old son's photo was posted by one blogger in Ohio who hoped to spook Mr. Kerr, whom he believed had acted unethically.

It has been a heady time for the unemployed Mr. Kerr. He says he had been fired from several jobs over the years -- installing car radios, working for a call center -- and was discharged from the Navy in 1993 after faking a suicide attempt. He volunteers that years ago he was arrested for burglary. These days, he is a stay-at-home dad, taking care of his two sons, the younger of whom is 3 years old. Mr. Kerr's wife supports the family with her job at a call center here. Mr. Kerr says he has never met a famous person or a member of Congress. "I need to get out of the house more," he says.

He spends most of his days looking after his kids, working on his blog and doing an online radio show. He hosts it three times a week from his bedroom, hoping to break into conservative talk radio.

Mr. Kerr got into the business in 2003 with an independently published newsletter called the "Passionate Conservative." After a few issues, he concluded that the newsletter was too expensive to print, so he turned his attention to his Web site, where he has expressed the opinion that the Iraq war isn't going as badly as the media claim and that the Dixie Chicks should stop criticizing President Bush.

Shortly after ABC News broke the story on the Foley emails, Mr. Kerr says he felt the mainstream media were doing a poor job of covering the subject. He set out, he says, in hopes of "exposing ABC News as liars" and proving that at least one former page who received inappropriate messages from the Florida congressman was over the age of consent.

"Even if he was 17, he wasn't a victim. ... Was it a joke?" Mr. Kerr asks. And was the alleged transcript of messages a political dirty trick? Though he asked such questions, Mr. Kerr hastens to add, he wasn't defending Mr. Foley, whom he calls a "scumbag."

Mr. Kerr's investigation began when he found a Web page loaded on ABC's Internet server that wasn't easily accessible by the public. It contained what he believed to be the AOL screen name of a page who received messages from the congressman. He accomplished the feat by typing in variations on the Internet address that linked to the Internet page that featured Mr. Foley's instant messages. By slightly altering the address, he stumbled upon an older version of the exchange, which contained the AOL screen name ABC thought it had deleted from its site.

With the help of another conservative blogger Mr. Kerr had met online who goes by the name MsUnderestimated, Mr. Kerr then found the AOL profile of the page he believes received the instant messages. It said the person's first name was Jordan but didn't list a last name. Searching through congressional-page Internet sites, Mr. Kerr found a photo of a dark-haired page beaming at President Bush. The page was identified as Jordan.

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From there, Mr. Kerr and his friend began scouring Internet sites, looking for a surname. They eventually discovered Mr. Edmund's MySpace profile, which contained a photo of the same young man they had found on the congressional page Web site, along with detailed biographical information, such as where he went to school and whom he worked for, that seemed to track some of the information in the Foley instant messages posted by ABC. They also discovered that Mr. Edmund now lived in Oklahoma City and works for the gubernatorial campaign of Ernest Istook, a Republican congressman.

After connecting the dots, Mr. Kerr began emailing newspapers and prominent political bloggers on Oct. 3, hoping to make a big splash. He invited them to check out important news he promised to post the next day on Passionate America at 4 p.m.

He had not, however, contacted Mr. Edmund. Mr. Kerr says he called the Istook campaign, asked to speak to Mr. Edmund but didn't leave a message. He says he was getting ready to leave his apartment around noon on Oct. 4 to drive his rusty, gray Ford Tempo to Mr. Istook's campaign headquarters in downtown Oklahoma City when his laptop PC froze. When he rebooted, he discovered his investigation had been inadvertently published on his blog four hours ahead of time.

Mr. Kerr said it had been his intention to fix spelling errors, try to get comment from Mr. Edmund and add a last paragraph. But there's no taking things back in Internet publishing. Other bloggers had already seen his posting. Soon, other sites, including the widely viewed Drudge Report, linked to his investigation.

After Mr. Kerr's report, ABC News pulled the material off its server and apologized for failing to delete the screen name from the material Mr. Kerr unearthed from the ABC server.

ABC issued the following statement Oct. 5: "On Friday, ABC News published instant messages between a former page and Congressman Foley with the IM screen name of the teenage victim redacted. Immediately, we discovered that in one instance, the screen name of the teen on one IM exchange had not been properly redacted. ABC News immediately took down the posting, redacted the screen name and republished the posting. We certainly believed that we had taken care of the issue quickly. Last evening, after an inquiry from Matt Drudge, it came to our attention that a blogger was able to access our deleted file by typing in a slightly modified Web address. To be clear, no one visiting our Web site would have simply stumbled on the old version. We thank the blogger and Drudge for bringing this to our attention."

The day after Mr. Kerr named Mr. Edmund, Mr. Istook called a news conference on the sidewalk outside his campaign headquarters to defend his aide. He blasted Mr. Kerr, without naming him, as "an irresponsible Internet blogger."

Mr. Kerr was present at the news conference and afterward identified himself to reporters. At least one local TV news reporter put him on the air.

For Mr. Edmund, life hasn't been the same since. He talked to the FBI last week for its investigation of Mr. Foley. He still works for Mr. Istook's campaign but has been on an unofficial leave for a few days. His lawyer, Stephen Jones, who is best known for having represented Oklahoma City bomber Timothy McVeigh, complains the former page has been receiving threats. He has also been accused by bloggers of playing a joke on Mr. Foley and jeopardizing the Republicans' House majority in the November elections.

"I think it's disgraceful and clearly opportunistic," Mr. Jones says. Mr. Kerr "had his 3½ minutes of fame at the expense of a number of other people's reputations and careers," he adds.

Mr. Kerr got a letter from Mr. Jones asking him to cease any further efforts to publicize a connection between the former page and the disgraced congressman. Mr. Kerr promptly posted the letter on his blog.

He says he feels he did the right thing all along. His main complaint is that he hasn't been given the credit he deserves for his scoop. Reports usually refer to him only as "a conservative blogger."

Foley Loaded (WSJ)

By Christopher Hitchens

The Wall Street Journal, October 16, 2006

When I finally took a look at what we are all now doomed to call the "sexually explicit" emails between Rep. Mark Foley and the young male page, I found that I had an immediate difficulty in following the exchange. The congressman's side of the correspondence was denoted by his online name, while the page's name was asterisked to protect the innocent, but they both seemed to be talking about the same thing, or things. And it read for all the world like a chat between two dirty-minded adolescent

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boys. How often do you do this or think about that? How long is it? Material of that kind or "stuff like that," as we might say. Perhaps I have become jaded, or perhaps I lack some crucial moral element, but I could not see what was criminal about it, and I laughed when I read the solemn announcement from the FBI, promising to investigate whether an email could possibly have crossed an interstate line and thus aggravated the gravity of the offense. Our guardians never sleep . . . * * *

The case would perhaps be altered somewhat if Mr. Foley had been the boy's teacher, or employer, or even priest. But pages are volunteers who are not on any one person's staff, and cannot be hired or fired by individual politicians. Neither coercion nor bribery was involved, as in the priestly scandals, which were quite often instances of actual rape. And the boy in this case was obviously a very knowing one, whose virginity was somewhere in his past. Indeed, it was Mr. Foley who seemed like the juvenile, or perhaps the case of arrested development. In what sense, then, does this constitute public business?

If there had been a sexual relationship between man and boy, it would almost certainly be illegal (as it would not have been if it were between man and girl) but there is no persuasive evidence that there was any sexual relationship. Indeed, it looks to me as if the email equivalent of phone-sex was the very thing that the wretched congressman was after, and probably the most he was likely to get. The youngster seemed able to look after himself, and to "turn" the conversation whenever it became too needy. It was all a bit sad and a bit sordid, but in the scale of things, no hanging matter or federal case.

I suspect that the hugeness of the current fuss must have something to do with our uneasy and only half-acknowledged awareness that the age of innocence is long over by the time that most of our children have turned 16. And this is why the Foley giveaway was contained in his ostentatious political activity in respect of the protection of minors. Have we not learned by now that the propensity of politicians to rave on about morality is often in direct proportion to their hypocrisy on the point? "Why dost thou lash that whore?" is the pertinent question asked of the lasher in "King Lear," and the answer comes plainly -- he hotly wishes "to use her in that kind" for which he whips her.

Anyone who has studied the fate of leading gay-bashers in American politics will know that the danger-signs are there from the start. Set your watch, and sure enough that fervent campaigner will be arrested kneeling abjectly on the men's-room floor. If the campaigner is an evangelist for purity and abstinence, he is booked to keep an early and certain date in a dreary motel, beseeching a drab hooker with an expired MasterCard.

Another free laugh, therefore, is provided by all the pompous talk about when exactly Mr. Foley's colleagues began to worry that his contents might be under pressure. Never mind the possible earlier emails, or signs of excessive interest in the problems of the pages. They should have known that Mr. Foley was a gay man in the closet, of course. And they should have taken alarm at the very first moment that he began to orate about sex-offenders and children. But the crucial word, here, is "closet." As long as a proper outward show of denial was made, Mr. Foley could as well have been asked to open the House's daily prayer session.

He has of course made himself even more contemptible by emitting easy babble about a hitherto unsuspected battle with "addiction," like a cuttlefish blowing off ink, and by alluding to a possible nasty moment in the woodshed with a man in holy orders. (If he does not come forward and say who that priest was, he is withholding evidence of a crime -- which really is against the law.) But the deafness, as well as the dumbness, of his party leadership is the truly extraordinary thing. It seems that the only offense of which he can possibly be accused, by the speaker of the House, is that of election-season indiscretion. In other words: How inconvenient!

Whether one is a stern defender of the present so-called "age of consent," or inclined to take a more relaxed view of dirty talk among males of all ages, or appalled at double-standards being applied for years to moralizing mediocrities, or merely concerned with that elusive thing the dignity of Congress, one has the right to expect more seriousness from the speaker than that. I am among the vast majority of people who never understood how Dennis Hastert got his job in the first place, or indeed how he has justified hanging onto it, and who would not really notice or care if he resigned it now. However, the speaker does have it in his power to do one decent thing before his term is up -- which is to get out while he can still save a rag of his integrity. There might be a person left in the world who believes that Mr. Hastert would have taken the same lenient or lazy view if Mr. Foley had been a member of the opposite party, but innocence on that level would actually be more sinister than cynicism. To add that the same would be true of Democrats if the situation was reversed is to say no more than we already -- from the forgiveness of numerous past "peccadilloes" -- have come to expect.

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For a "peccadillo," Mark Foley is gone from politics already. And a huge public holiday has been taken from the serious matters that confront the electorate. But before the waters close over this scandal, and before the next one surfaces, I would still like to know what crime was committed in this instance, and who if anyone was the victim. We like to think that we "learn" from such episodes, but I cannot think of any lesson that can be derived from this latest spasm of righteous indignation.

Mr. Hitchens is a columnist for Vanity Fair.

Loss Of Personal Data At Federal Agencies Is Widespread (WP)

The Washington Post, October 16, 2006

Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public. Most of the data were lost or stolen. In a few cases, it was accessed by computer hackers, according to a report released Friday by the House Government Reform Committee.

In all, the committee reported 788 incidents involving the loss or compromise of sensitive information since Jan. 1, 2003. That was in addition to the "hundreds of security and privacy incidents" at the Department of Veterans Affairs.

"Data loss is a government-wide occurrence," the report said. "The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

The committee asked all Cabinet agencies, the Office of Personnel Management and the Social Security Administration to report all losses of sensitive personal information since January 2003. The request came after a laptop with information for more than 26.5 million military personnel was stolen from a VA employee in May. The laptop was recovered, and the FBI said personal data had not been copied.

In many of the newly reported cases, agencies do not know the extent of the losses, the report said.

The Treasury Department reported the most incidents -- 340 -- including one in 2005 in which an IRS employee reported a missing computer drive a month after he had last seen it.

The Commerce Department reported 297 incidents since January 2003. But in another report in September, the department acknowledged losing 1,137 laptops since 2001; most had been used by the Census Bureau.

Other security breaches cited in the report:

· In August, a laptop containing personal information on 30,000 applicants, prospects and recruiters fell off a motorcycle driven by a Navy recruiter and was picked up by someone.

· In 2004, a federal student-aid contractor used a commercial shipper to send information on 8,290 borrowers. The package was lost in transit.

· A computer hacker used "malicious software" to access files containing personal information on 1,717 employees of the National Nuclear Security Administration in 2005.

· Two employees of a contractor for the Centers for Medicare and Medicaid Services stole records containing information on 1,574 Medicare beneficiaries "for the purpose of identity theft" in 2005.

· A company that issues charge cards for the Interior Department lost data tapes containing information on 61,000 cardholders in 2005.

· In July, six Justice Department employees submitted computerized attendance reports containing Social Security numbers. The reports were downloaded 220 times and viewed 7,772 times.

GSA Consolidation Aims For More Transparency, Efficiency In Acquisitions (WP)

By Stephen Barr

The Washington Post, October 16, 2006

A major new acquisition division is officially up and running at the General Services Administration, but it remains a work in progress.

The new Federal Acquisition Service combines the Federal Technology Service and the Federal Supply Service, which together handle about $56 billion in annual sales. Officials hope that consolidation will improve financial controls; stem revenue losses in the old technology service and make for more efficient purchasing of services, equipment and supplies for federal agencies.

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James A. Williams , the new FAS commissioner, said the acquisition service will roll out in phases, in part to allow time to gather more feedback from members of Congress and GSA employees on how best to serve federal agencies. The GSA has put off restructuring 11 regional offices for at least 30 days.

At a news conference Friday, Williams said the GSA's top priority for the new service is to improve service to federal agencies. That effort will include a review of regional offices to see whether they should be organized by geography, by function or by a combination of the two, he said.

For the long term, the FAS will move to create a strategic plan that fits into the GSA's priorities and gives agencies "a total view of the GSA" that helps them track where their money is going for purchases of technology and other products, Williams said.

The GSA buys computers, software, telecommunications, cars, property and office supplies from the private sector and resells them to agencies, charging a fee for its management services. It is under pressure from federal agencies to become more competitive in the commercial market and more innovative in helping them find products and solutions.

Rep. Thomas M. Davis III (R-Va.), who helped write the law authorizing the acquisition service, welcomed the reorganization. "These actions constitute the first major GSA reform in more than 20 years and will transform federal purchasing by bringing GSA in line with the commercial market it must capture for its federal agency customers," Davis said.

Larry Allen , executive vice president of the Coalition for Government Procurement, an association of companies that sell products and services to the government, said the FAS could become "a very large force in government acquisition" and "in essence, become a portal for a wide range of commercial item acquisitions."

But the FAS also could face risks when it acts as a buyer and a project manager for an agency, he said. That approach was used by the old technology service, which finished fiscal 2006 in red ink, partly because some agencies had become dissatisfied with GSA practices and partly because the GSA had to write off a contract management system that had not met expectations.

Allen said the procurement coalition hopes the FAS develops a number of options for vendors doing business with the government and maintains the GSA Schedules program. That program provides agencies with a list of approved, government-wide contracts and often permits direct transactions between contractors and agencies.

Williams said the FAS will feature four business operations: the office of general supplies and services, led by Joseph H. Jeu ; the office of travel, motor vehicle and card services, led by Barnaby L. Brasseux ; the office of integrated technology services, led by John C. Johnson , and the office of assisted acquisition services, led by Mary A. Davie .

Gary Feit has been named acting head of the office of strategic business planning and process improvement, Williams said.

Jon A. Jordan will serve as controller and Casey Coleman as chief information officer. Jeffrey A. Koses has been named the acting head of the FAS office of acquisition management.

G. Martin Wagner has been named deputy commissioner, helping Williams oversee the reorganization. Wagner also is serving as the acting head of the office of customer accounts and research.Appointee for MSBP

Chad Bungard , a key aide on the House federal workforce subcommittee, joins the Merit Systems Protection Board today as general counsel.

For the past four years, Bungard has served as chief counsel and deputy staff director for the House Government Reform subcommittee on the federal workforce and agency organization. On the subcommittee, headed by Rep. Jon Porter (R-Nev.), he helped develop legislative proposals on an array of civil service issues, including law enforcement pay and electronic health records.

The merit board hears appeals from federal employees disputing major disciplinary actions taken by their agencies and conducts studies of the civil service.

Stephen Barr's e-mail address isbarrs@washpost.com.

Bush Niece 'Stands Up' To Poverty (WT)

By Michael Hunsberger

The Washington Times, October 16, 2006

Lauren Bush -- model, Ivy Leaguer and niece of President Bush -- campaigned yesterday afternoon to help end world hunger at a Georgetown University conference on international development.

In the school's Red Square, she told a gathering of about 70 students from area colleges that rich nations need to help developing countries.

"We are here proudly as a generation that cannot stay seated in the face of poverty," she said.

The "Stand Up Against Poverty" event was part of a two-day campaign to set an official Guinness world record for the largest turnout for one cause, event organizers said.

Students said they wanted to draw attention to the lack of progress of the United Nations Millennium Development Goals to eradicate hunger, educate children, empower women, reduce mortality rates in women and children, deal with AIDS, and tackle debt in developing countries.

Miss Bush, 22, a senior at Princeton University, provided star power as a U.N. World Food Program student ambassador.

She said making it into Guinness World Records is one goal, but "the record we really want to break is the record of breaking promises" to developing countries.

Miss Bush carried a burlap shoulder bag that read "Feed the children of the world." She said the cost of each bag, which will be sold on Amazon.com at a price to be determined, is enough to feed one child for a year.

Douglas Coutts, a U.N. special adviser, said the first step to meeting the goals is to make sure people have enough food.

"It meets a very basic need," he said at a symposium held before the event. "Unless humans have the very basic elements they need for survival... nothing else matters to them."

Manuel Leon, a junior at Georgetown who helped organize the event, said his faith leads him to a concern for the poor and hungry.

"There is a strong correlation between social justice and justice," he said.

Have Hearings, Will Spend (WSJ)

The Wall Street Journal, October 16, 2006

If Republicans lose control of Congress next month, one big reason will be their record of overspending, especially on earmarks. What explains this GOP fiscal performance?

One answer comes from a new analysis by the Cato Institute on the Capitol Hill culture of spending under Republican rule. Examining hearings of 14 Congressional committees, political scientist James Payne found that 1,014 witnesses argued in favor of greater spending while only seven advocated less, an imbalance of 145 to 1. This is worse that a Cuban election.

In the same hearings, federal programs were described as "effective" or "efficient" 50 times more often than they were described as "ineffective" or "inefficient." Federal agencies were praised as "helpful" or "beneficial" in 990 instances, but they were scorned as causing "harm" or "hurt" only a dozen times. These are many of the same federal agencies that the U.S. General Accountability Office has found often can't pass the most basic financial audit.

"The problem is that advocates of spending overwhelm all aspects of Congressional communication," says Mr. Payne. Congressional hearings that are supposed to be impartial assessments of whether taxpayers get their money's worth become instead cheerleading sessions for bigger government. "No one wants to do the honest oversight of taxpayer spending," adds Oklahoma Senator Tom Coburn, a rare Republican exception to that rule.

In sum, Congressional hearings have degenerated into a lobbying process in which advocates sing the praises of the spending that their livelihoods depend on, while stroking the egos of the politicians as constructive philanthropists. Members of Congress begin to believe their own stacked juries. It's amazing they stopped spending at $2.7 trillion this year.

OTHER NEWS:

OPEC Sets Emergency Meeting On Output Cuts (WSJ)

By Ayesha Daya And Michael Williams

The Wall Street Journal, October 16, 2006

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The Organization of Petroleum Exporting Countries, hoping to forge an elusive deal to cut oil output and halt a slide in crude-oil prices, said it will hold an emergency meeting in Qatar Thursday.

OPEC has grown alarmed in recent weeks over the sharp decline in oil prices, from a high of about $77 a barrel in July to below $60 last week. Oil ministers have declared that OPEC intends to slash output by one million barrels a day, or about 4%, to prop up prices.

Behind the scenes, the oil czars have failed to nail down the all-important issue of how to allocate the cuts among the membership. Thursday's gathering in Doha -- coming during the Muslim holy month of Ramadan -- is a sign the cartel may be getting closer to putting aside its differences.

Still, one important OPEC country signaled there isn't a deal yet. Late Saturday, an official from the United Arab Emirates oil ministry said discussions were continuing ahead of the meeting. "Consultations continue between member countries," the U.A.E. oil official said. "We have not agreed to a cut in our production yet," the official said.

Qatar's oil minister, Abdullah bin Hamad Al-Attiyah, announced the meeting yesterday, saying representatives will discuss "the current market situation."

Many within OPEC, including the cartel's president, openly say the group has agreed it needs to cut one million barrels a day. Members have been debating whether a cut should come from the group's official output target of 28 million barrels a day, or from its actual output, estimated at 27.5 million barrels a day.

At the heart of the disagreement isn't the size of the cut per se but rather who will bear the burden of reducing output and thus forgoing revenue. OPEC effectively suspended its system of output quotas for each member last month to let countries adjust output on their own to more quickly respond to price movements. Now that members agree a sizable cut is needed, the issue of quotas is coming back to haunt OPEC.

Some members, including Saudi Arabia, Algeria and Libya, have ramped up output in recent years to meet soaring global demand and are producing above old quota levels. If they cut from old quota levels, some would have to make Draconian reductions to output. So, this group wants all members to cut output by a similar percentage from current levels. Others, including Venezuela and Iran, have had their production fall below their old output quotas. They want members who are producing above the old quota levels to cut the most.

Write to Ayesha Daya at ayesha.daya@dowjones.com1 and Michael Williams at michael.williams@wsj.com2

Consumer Unease With U.S. Health Care Grows (USAT)

By Julie Appleby

USA Today, October 16, 2006

The U.S. health care system — touted as providing the best medical care in the world — is becoming more precarious to most Americans, who are rattled by rising costs, questions about quality and fears about the future.

"If you can afford it, it's the best health care system in the world, but, increasingly, people aren't able to afford it," says Clyde Bishop, a retired research scientist in Wilmington, Del.

He was among those polled about the health care system in a wide-ranging national telephone survey taken in early September by USA TODAY, ABC News and the Kaiser Family Foundation.

POLL: Americans weigh in on health care system, costs

The poll found a growing unease in America about the rising cost of health care, confusion about the causes, and a desire for major reform. But it also found a distaste for giving anything up to achieve sweeping changes.

An overwhelming 80% of respondents said they were dissatisfied with the total tab the nation spends on health care, estimated to hit $2.2 trillion, or $7,129 a person, this year. The survey, based on a national sample of 1,201 adults, has a margin of error of plus or minus 3 percentage points.

"Every year, we wind up paying more and getting less coverage," says Tammy Dougherty of El Paso. Dougherty, another poll respondent, has health insurance through her husband's job.

Few, however, correctly singled out the biggest drivers of spending, choosing instead culprits that get a lot of attention — such as profits of medical companies or malpractice lawsuits — but play a lesser role.

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Quality was also an issue: Only 44% said they were satisfied with the quality of health care in the USA, although nearly 90% said they were satisfied with their own medical providers.

While solutions to rapidly rising costs remain elusive, some early steps are being taken to try to slow the rise and improve quality. For example, many U.S. hospitals are working to reduce errors and cut complications, steps that not only improve care but can also reduce costs.

A handful of researchers are conducting cost-benefit studies, comparing one type of drug or treatment with another to find which gives the best value. Results may lead some insurers or government programs to limit the use of less-effective treatments or to charge patients more if they choose the less-effective, more-costly option.

Meanwhile, other researchers are pondering the reasons behind the vast differences on what is spent for certain surgeries or end-of-life care from one part of the country to another.

Even with such efforts, most economists predict that health care spending will continue to grow faster than the economy — and far faster than wages.

Already, the average yearly cost of the most popular type of insurance plan offered by employers hit $11,765 this year, with the average employee paying $3,226 of that total, a Kaiser Family Foundation study shows. Average premiums have risen 87% since 2000, while workers' earnings have risen 20%.

The quality movement is still in its early stages.

"It's the beginning of a campaign that looks promising," says Uwe Reinhardt, a professor of economics at Princeton who focuses on health care costs. "In some instances, (the quality movement) will probably reduce costs. But some (quality efforts) will actually cost money."

So what's driving the rapid rise of health care spending ?

Major drivers of medical inflation include how rapidly Americans embrace new drugs and technology, which are often more expensive than older treatments. Public demand is a big factor. Patients generally want the newest treatment, equating new with "better," even before solid proof exists.

Other factors include rising prices for medical services, particularly hospital prices, growing labor costs and waste and inefficiency. America's obesity epidemic is also fueling spending on medical care.

Americans did not always select the same culprits for rising spending as do economists.

In the survey, only 28% picked new drugs, treatments and technology as among the single biggest factors, while the smallest percentage, 12%, said costs are rising because more people are getting better medical care than ever before.

Half of respondents blamed profits of drug and insurance companies as one of the single biggest factors, while 37% blamed too many medical malpractice lawsuits, and 36% blamed doctors and hospitals making too much money.

"Profits might explain part of why costs are high, but it doesn't explain why costs are rising," says Paul Ginsburg, an economist at the Center for Studying Health System Change. New treatments and increased demand are fueling the rise, he says.

"The thing I find dismaying is the public doesn't recognize that it's the additional medical care they're getting that's driving costs up," Ginsburg says. "They have to come to grips with the fact that we won't be able to slow the rise in costs without making trade-offs."

Misplaced focus

Reinhardt also says the focus on profits is misplaced.

Hospitals typically have margins of 5% or less, insurers range from 5% to 8%, while drug industry profits are higher, in the 15% to 20% range, he says. But, he says, even those profits can't be blamed for rapidly rising health care spending.

"I once calculated that if you rebated all the drug company profits to patients, health spending would only go down by 1.2%," he says.

Poll respondents were closer when it came to fraud and waste, with 37% choosing it as one of the biggest drivers. Reinhardt and others have said that fraud along with overuse and waste are big players in rising costs. Overuse and waste can include unnecessary treatments, tests repeated because original results were misplaced or reliance on ineffective treatments.

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"Several credible estimates have come up with around 30% of health care is unnecessary," says Richard Deyo, professor of medicine at the University of Washington in Seattle. "I suspect even an ideal system would have some unnecessary care delivered, but 30% seems a high percentage."

Few saw any consumer responsibility in rising costs, with only 29% citing Americans' unhealthy lifestyles as one of the biggest factors.

The poll results point out the difficulty policymakers will have in trying to slow costs. While medical care has certainly improved over the years, it has also become more expensive. Reinhardt says people can't be blamed for wanting 2006 medicine, rather than 1980s medicine or 1960s medicine, but they have to realize it comes at a cost.

"The overarching theme is that this cost explosion isn't my fault," Reinhardt says. "It's all these other culprits, such as drug company profits or this or that. If we don't really know the right target and shoot at the wrong target, we'll never get where we need to go."

No magic solution

Health policy experts say there is no magic solution to controlling costs.

"The current era of shifting costs to workers has hurt working people but has not had much impact on health care costs," says Drew Altman, president of the Kaiser Family Foundation. "But the American people have little appetite for slowing the spread of new medical technology, which is the biggest driver behind rising health care costs."

Current cost-control efforts include evaluating hospitals and doctors based on their quality and cost, then having insurers channel patients to the most efficient providers. Some insurers are also experimenting with paying hospitals and doctors a premium for providing the best care with the fewest problems.

Another idea now in vogue in political and health policy circles — that patients will be more judicious users of medical care if they have to pay for more of it themselves — is not popular with poll respondents. When asked if they would favor an insurance policy that covered mainly major medical problems, with more routine doctor visits and treatments paid for out of pocket after the patient exhausts a set pool of money, 66% opposed.

Such an idea is one of the cornerstones of the so-called consumer-driven movement in the USA, with proponents touting high-deductible insurance policies that are linked with tax-free savings accounts into which patients and/or their employers could deposit money to be used to meet the policy's deductibles. Money not used each year would roll over into the next.

Supporters say such plans will counter a belief fostered by HMOs — with low or no deductibles and small fees for seeing doctors — that health care was cheap. But critics, such as Consumers Union, say the approach will hurt those who have chronic illnesses and use medical services more than average and would never be able to save.

Only a few million such policies now exist, but benefit experts say they expect more employers to offer them in the coming years.

Among those who favored the idea was poll respondent Heather Jefferson, who says health savings accounts may get people to plan for medical costs.

"It's along the lines of setting aside for a rainy day," says Jefferson, 34, of Tucson. "A lot of people don't plan ahead and prepare themselves for the car breaking down or getting sick and not being able to work."

Rather than controlling costs, most of the reform ideas under debate in Congress and the states focus more on reducing the number of uninsured, which may or may not reduce total costs. Covering more people with insurance would likely increase spending initially, as more seek medical care. In the long run, the spending growth might slow if more patients receive preventive care or treatment in the early stages of a disease.

One of the longest-running debates is whether the U.S. should adopt some kind of universal coverage, such as those systems in Europe or Canada, where everyone has health care, financed mainly through taxes. Or if it should stick with the current system, which relies on voluntary efforts by employers and a private market.

Most survey respondents, 56%, said they prefer a universal system. But support for changes to the system dropped to about one-third or less when respondents were asked if they would support universal coverage if it included restrictions on the doctors or treatments they could have or if it cost them more than they're now paying in taxes or premiums.

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Significant majorities of poll respondents supported ideas for more incremental, but nonetheless controversial, efforts to reduce the number of uninsured:

• 79% support requiring businesses to offer health insurance to full-time employees, and 64% said employers should be required to cover part-timers, as well.

• 65% support requiring all Americans to have health insurance, either from an employer or another source, with tax credits to help low-income people pay for it.

• 82% support expanding other government health programs such as Medicaid or the Children's Health Insurance Program, which provides insurance to nearly 4 million children and some parents, to cover more people.

Fewer employers offer benefits

Most poll respondents recognized that it is better to have insurance than none at all.

About six in 10 told pollsters that they fear rising costs — or a job loss — will someday banish them from the ranks of the insured.

Bishop, 66, who gets health coverage through his wife's employer, says he was forced to retire earlier than he had expected from his research scientist job for a plastics company and is looking for a new job.

While worried about his own opportunities, Bishop says, he also fears for the country in an era that is seeing a shrinking percentage of employers offering insurance and other benefits. Last year, the percentage of people who received health insurance through their jobs was 59.5%, Census Bureau data released in August show. That's the lowest rate since 1993 and below the recent peak of 63.6% coverage in 2000.

While most larger companies offer insurance, smaller companies increasingly do not.

"No one wants to give you pension benefits or health plans or anything else these days," Bishop says. "It's a dissolving of the middle class."

Nationally, nearly 16% of the population, or 46.6 million, are uninsured, according to recent Census estimates.

Slightly more than half of those polled, 52%, say the rising number of uninsured is a "critical problem" for the USA.

"My daughter does not have any health care, and she has four little ones," says Dougherty in Texas. "If it weren't for Planned Parenthood, where she can go and get care, she would not have any medical care at all."

To Predict Losers In A Power Shift, Follow The Money (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 16, 2006

Pharmaceutical and oil companies had better beware if Democrats make major gains in the upcoming elections.

If Democrats win control of one or both chambers of Congress as many analysts expect, those and other industries could lose a raft of the legislative goodies they've garnered in recent years and also find themselves under congressional investigation.

Such are the spoils when power shifts in the federal legislature. Some groups that have been getting what they want from Congress for a long time won't anymore. Others that have failed repeatedly to get their agendas passed will succeed more often.

How can we guess the winners and losers? Just follow the money.

The best way to identify Democrats' friends and foes is to examine patterns of campaign contributions. Groups that have given much of their money to Democrats can be considered their true allies and will likely benefit from the items that Democrats push on Capitol Hill. Groups that have been delivering most of their campaign largesse to Republicans will probably see their druthers suffer under a more Democratic-leaning Congress.

Political scientists debate endlessly whether political money buys congressional action or if organized interests just naturally shower with cash the lawmakers and parties that champion their causes. What isn't in dispute is that fundraising is an excellent guide to who will receive the most attention in Congress -- both good and ill.

Democratic leaders have signaled, in campaign commercials and elsewhere, that they intend to attack pharmaceutical and oil companies in a variety of ways when Congress reconvenes. That isn't a surprise; neither industry has been very supportive of Democrats in recent years. Since 2002, drug firms have given about two-thirds of their donations and energy companies have given roughly three quarters of theirs to Republicans, according to the nonpartisan Center for Responsive Politics (CRP).

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Other industries that would be wise to watch their backs if Democrats take over include insurers, electric utilities, manufacturers, chemical makers, home builders, general contractors, food processors, railroads and building material producers -- all of which gave 60 percent or more of their contributions to Republicans since 2002, according to the CRP's statistics.

Democrats are likely to play favorites as well. If they win, they will almost surely give high priority to the wishes of labor unions and trial lawyers, which have generally been dismissed by Republicans. The CRP classifies the political action committees of both as either solidly or strongly Democratic. Environmental groups, which work closely with Democrats, would also have a leg up.

Each party knows precisely who its strongest backers are and who are its greatest enemies.

That's why both Republicans and Democrats summoned their most reliable financial backers to separate meetings on Capitol Hill at the end of last month. Given the enormous stakes and potential peril of the midterm elections, party leaders pleaded for every spare nickel and by all accounts, donors coughed up plenty.

Before Congress left town, major donors had an absolutely crazed fundraising period. One labor lobbyist I know attended five fundraisers and receptions in a single night. A business lobbyist said he received seven faxed invitations to fundraising events within 20 minutes.

The loyalties of most PACs -- which are pools of money from individuals that are dispersed by companies, labor unions and interest groups -- aren't predictable. Corporate PACs in particular are notoriously fickle. When ranked for their partisan leanings by the CRP, many company-controlled PACs fall in the category of "fence-sitters" -- neither overwhelmingly Republican nor Democratic in their campaign donations. These include some of America's most prominent corporations such as Citigroup, BellSouth and General Electric.

If such companies do give more to the lawmakers of one party, that party is almost always the one in power or the one that's about to be in power. That's why Democrats this year have been getting a bit more money than usual from some PACs. The latest full set of fundraising numbers don't come out until the end of this week. So far, several of the country's largest PACs, such as those of the National Association of Realtors and United Parcel Service Inc., have given a slightly higher percentage of their dough to Democrats than they did two years ago.

The increase is tiny, but if Democrats win a notable number of additional congressional seats, that advantage will grow and become to some extent self-perpetuating. The cause is simple: Company PACs are political investment vehicles. Like any investors, PAC managers don't want to risk too much.

That's why 80 percent of the money donated by PACs to federal candidates go to people who are already in office. They are, after all, the people who can vote in Congress. What's more, they also usually win reelection -- 90 percent of the time or better. Some PACs are actually prohibited from contributing to non-incumbents for these reasons.

"To maximize their dollars, nearly all PACs -- particularly among business groups -- give the overwhelming proportion of their campaign dollars to incumbents," the CRP's Web site says.

Industries and interests will always have their partisans, and therefore some will do better than others depending on which party rules in Congress. But a lot of corporations are opportunists and not ideologues. They will tilt whichever way improves their chances of winning.Lobbying the Statehouse

An increasing number of former members of Congress turn to lobbying for their second careers. Now the Center for Public Integrity says the trend is hitting state capitals as well.

After a six-month study, the nonpartisan research group concluded that more than 1,300 former lawmakers registered to lobby state legislatures last year. Texas and Florida had the most legislators-turned-lobbyists, registering 70 and 60 ex-lawmakers, respectively. Virginia had the smallest number: six.

Just as it is in Washington, the highest-ranking former lawmakers were especially drawn to the lucrative profession. At least 98 former legislators who had been state House speakers, state Senate presidents or presidents protempore worked as lobbyists in 2005.

It's official then: Public service is a steppingstone to private profit.

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Down To The Wire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 16, 2006

ELIZABETHTOWN, KY.-The first caller into Rep. Ron Lewis's "tele-town hall meeting" last week neatly captured the grim public mood. "When are you going to bring some of our boys home?" the caller demanded. "That process is not too far into the future," Lewis replied. "The last time I checked there were 250,000 [Iraqi] defense force personnel being trained."

The woman on the line from Owensboro wasn't about to let the six-term Republican congressman off so easy. "We were starting to turn things around, then the Iraqis start killing each other," she said. Lewis agreed, suggesting it was up to Sunnis and Shiites to end the growing sectarian violence. The exchange was nearly as scratchy as the one between Lewis and a caller in the previous week's town hall meeting, who asked what the congressman was doing about the Mark Foley congressional page mess.

Those are the kinds of questions that appear to have turned Lewis's re-election bid in Kentucky's Second District-the most pro-George W. Bush district in this red state in 2004-into a real footrace in just the past couple of weeks. That's partly because Lewis is facing his first well-funded challenger, a retired Army officer who calls himself "The Colonel" and whose campaign slogan is "Faith. Family. Freedom." But with the ongoing investigation into the Foley scandal, continued bloodshed in Iraq, and Bush's approval numbers tumbling back to their basement levels, this central Kentucky race is just one in which a bunch of Republican-held seats have suddenly become competitive less than a month before Election Day. "Normally, as the election moves closer, you have a declining number of battleground districts," says election analyst Rhodes Cook. "To have the field of play expanding is unusual." Whether Democrats wind up winning in these districts will determine whether they can go beyond picking up the 15 seats they need to claim just a bare majority in the House to a landslide victory.

In the past 10 days, the authoritative Cook Political Report has moved six GOP-held House seats into the "competitive" column, bringing the number of vulnerable Republican seats to 43, compared with just nine competitive races in districts held by Democrats. The Rothenberg Political Report, another respected elections newsletter, last week raised the projected number of seats the Democrats will pick up next month from the 15-to-20 range to 18 to 25, its first such recalibration since August.

"Arrogance." In many of the newly competitive House races, and in more than half a dozen already competitive races that have tightened further in recent days, Democratic challengers say the Foley scandal was a turning point. Mike Weaver, challenging Lewis, says the scandal played into his main campaign themes: that Democrats can be just as strong on "values" issues as Republicans-Weaver says he opposes abortion rights and is anti-gay marriage-and that the GOP monopoly in Washington has the party putting its interest ahead of the nation's, demanding a "restoration of balance" that a Democratic-controlled House would provide. In a conversation with farmer Steve Wooden, who has seen crop prices fall as costs for seed, fuel, and health insurance have risen, Weaver says the scandal shows how Republicans have fallen out of touch with ordinary Americans-just as he says they have by getting too cozy with the agricultural, oil, and health insurance companies that Wooden blames for his economic woes. Standing beside his John Deere combine, Wooden, 51, nods in agreement. "To have a congressman send those E-mails illustrates their arrogance," he says. "There's too much of that in Washington." The scandal is taking its biggest toll on GOP incumbents by denying them the chance they'd ordinarily have, with control of the White House, to set the terms of the political debate. "Republicans can't break through to change the conversation," says the Cook Political Report's Amy Walter. "The debate now is over who knew what when about the page scandal, rather than, 'What are the Democrats going to do about immigration, security, taxes?'"

Even for some Republicans, Washington has become toxic. Last week, Lewis canceled an event here with House Speaker Dennis Hastert because of questions concerning what he knew about Foley's behavior. "I'm not accusing the speaker of anything," Lewis says. "But I wanted to ... not be in contact with the speaker until I found out what's going on." Lewis trusts voters to distinguish between the actions of Foley, the GOP leadership, and himself: "To bring every Republican ... into this and allow them to be tainted would be like saying the pope had been tainted by some priests within the Catholic Church."

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The National Republican Campaign Committee, meanwhile, notes that most voters continue to express approval of their own representative. A Washington Post/ABC News poll last week found that 64 percent of Americans think Republican leaders tried to cover up the Foley scandal but just 23 percent trusted the Democrats to handle it any better. The NRCC says it is unconvinced that races beyond those involving members of the leadership, like NRCC Chair Tom Reynolds, who according to one poll has fallen behind in his re-election race, will be affected by Foley. Of the race in Kentucky's Second, NRCC spokesman Carl Forti says, "It's not even on our radar screen."

For most of the newly competitive races, the Foley scandal laid bare Republican vulnerabilities that had been there before. Even in seemingly marginal districts, the Democratic Congressional Campaign Committee recruited candidates early on who had strong fundraising ability and compelling personal stories that made it difficult to peg them as liberal Democrats, including military vets like Weaver and Charlie Brown, whose race against California Rep. John Doolittle was recently declared competitive by the Cook Report.

"The next layer." In other places, demographic changes have made Republicans vulnerable. In California's 11th District, which encompasses the Central Valley, a stream of independent and moderate voters from the Bay Area and the Silicon Valley have diluted Republican Rep. Richard Pombo's conservative agricultural base. University of California-Berkeley political science Prof. Bruce Cain says that Pombo's fate might be in the hands of those newcomers, concerned about Pombo's conservative environmental policies and his ties to disgraced former lobbyist Jack Abramoff. Pombo got roughly $43,000 in donations from Abramoff and his associates. Recent press reports have also focused on an oil firm called VECO Corp., which has contributed about $18,000 to Pombo's re-election campaign. The company is named in an FBI investigation into political corruption in Alaska. Pombo challenger Jerry McNerney is concentrating his grass-roots campaign on the district's new housing developments. With California's 11th District race now in the "competitive" column, Democrats are facing tough decisions about where to spend their money. "There's not an unlimited amount," Democratic National Committee Chairman Howard Dean tells U.S. News. "And instead of focusing money on fewer races, you're focusing more money on more races." Much of the $630,000 of TV ad time the DCCC had reserved for Democratic challenger Angie Paccione in Colorado's Fourth District was canceled last week, even though the DCCC recently enrolled Paccione in its "Red to Blue" program for the most competitive candidates; a Denver Post poll last week showed a 10-point lead for incumbent Rep. Marilyn Musgrave.

At the same time, more competitive races have forced Republicans to pull money from districts where they hoped to unseat Democratic incumbents. "Because we've looked beyond the races in play to say 'What's the next layer?' ... we are in a position ... to handle the risk of the increasing number of seats," Republican National Committee Chairman Ken Mehlman tells U.S. News, "and also ... to say, "Now this seat's safe-we don't have to worry about it."" Asked to name a Republican-held seat that has gone from competitive to safe, Mehlman declined. But the RNC chair warned incumbents of the difficult political environment early in the election cycle, and many, including Lewis, amassed $1 million-plus war chests.

Indeed, marginal districts like Kentucky's Second are still uphill fights for Democrats, even as they have tightened. "Weaver looks good on paper, but Lewis hasn't done anything particularly wrong," says the Rothenberg Report's Nathan Gonzales. "That's what Democrats are wrestling with nationwide." After Lewis fielded the initial call about Iraq last week in his phone-in town hall meeting, none of the other callers asked him about the war-or about Foley. Most urged him to crack down on illegal immigration, to support the constitutional amendment banning gay marriage, and thanked him for helping them secure disability or veteran benefits. They were asking, in other words, for more of the same.

Free Fall? What Free Fall? (USNEWS)

By Will Sullivan

U.S. News and World Report, October 16, 2006

With November 7 on the horizon and polls showing GOP control of the House and Senate in serious jeopardy, Republican National Committee Chairman Ken Mehlman is racking up the frequent-flier miles. This week alone, the former Bush campaign manager will be in Florida, Georgia, Pennsylvania, and Wisconsin, preparing candidates for the sprint to the finish. Coming from Michigan and on his way to Ohio last week, Mehlman sat down with U.S. News to discuss why he's not as pessimistic about

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Election Day as the latest poll numbers might suggest, as well as his thoughts on North Korea's nuclear test, Sen. Hillary Rodham Clinton's presidential prospects, and his own plans for the future. Excerpts:

After a number of polls this week showed very bad results for Republicans, some analysts said the party is in free fall. Is that accurate?

Let me first say I do think that we are in a very challenging environment. I think that the situation with [Rep. Mark] Foley has made it even more challenging, but ... I have not seen a significant impact in most of the races around the country, and I certainly haven't seen a free fall. In the last 25 years, the electorate has ranged from plus-4 Democrat to plus-2 Republican in '02. Every one of these [new] polls has an electorate that looks more Democratic than any electorate has looked in 25 years. If the American electorate is twice as Democratic as it's been in 25 years, it's going to be a bad day for us, but that's a huge assumption.

What has been the political impact of North Korea's nuclear tests?

It seems to me people who have consistently been on the record against missile defense and whose secretary of state tried to ply the North Korean dictator with a signed basketball by Michael Jordan are not necessarily the best people to be critical of what's happening in North Korea. I think one thing we know was the attempt to appeal to the better side of Kim Jong Il did not work, and so it seems to me that the party ... that said there is an axis of evil, that said we need missile defense, and that said we need to be tough in dealing with this threat is the one that is likely, if you're looking at the issues and looking at the facts, to benefit in terms of the public's focus on this.

Has the Republican push for stricter immigration alienated Hispanic voters?

Do I believe that being for border security is inherently anti-Hispanic? No, I think that's ridiculous. If you lived in America for five generations or for five months and you were in the World Trade Center, your life was at risk, and the key is to control the border because of the need of protecting our national security. Whether you're Hispanic, whether you're Asian-American, Jewish-American, Anglo-American, you name it, that's in your interest.

How is this election like or unlike 1994, when Democrats lost control of the House?

First of all, in '94 the Democrats were particularly [vulnerable] to a terrible year because they had a lot of open seats and a lot of those open seats were in Republican presidential districts. There are 20 Republican open seats this year; 17 of the 20 Republican seats this year are Bush-leaning seats, meaning Bush won those districts with an average of 61 percent. The second difference from '94 is the people who are in the toughest races; people like [Connecticut Rep.] Nancy Johnson and [New Mexico Rep.] Heather Wilson and others are very battle tested. Important difference No. 3 that I think is going to be relevant this year is that Republicans had a positive agenda they could be for, and voters in '94 embraced many of the concepts behind that positive agenda. You don't see that at all this year.

After Hurricane Katrina, how successful can you be at winning over black voters?

Our ability to target voters differently means there are conversations going on in the black community that maybe didn't go on as aggressively before. In a world where you have a limited budget, if you're targeting entirely by geography, to target a neighborhood where you're able to get 1 in 10 votes or 1 in 5 votes may not have been cost effective. On the other hand, if you're targeting based on lifestyle, which is what we do today, you can be much more effective at reaching out to people.

Do Sen. John McCain and former New York City Mayor Rudolph Giuliani have a chance of winning the 2008 presidential nomination?

As the referee, I don't think it's appropriate to speculate on the quality of the teams, but I will say that I think that we have a lot of potentially very strong candidates running.

What about Sen. Hillary Clinton?

I think that the asset and the liability that Mrs. Clinton brings to the table is the passion she arouses in voters. And she arouses passion in their side; she arouses passion in our side.

Will you run again for chairman?

I'm going to decide in the next few weeks. I'm not going to decide with regard to the election. It'll be as much as anything a personal decision. I mean, I've now traveled over 300,000 miles.

Washington Whispers (USNEWS)

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By Paul Bedard

U.S. News and World Report, October 15, 2006

School Boss's Fear: Failing Jeopardy!

When the dream invitation from host Alex Trebek's team came in last spring to play Celebrity Jeopardy! Education Secretary Margaret Spellings was wildly happy-and equally worried. What if she bombed? Worse: What if she failed against the Hollywood stars she'd face? Couldn't happen, she vowed, scrambling to set up Jeopardy! study halls and prepare notebooks the likes of which she hadn't seen since graduating from the University of Houston. Spellings's biggest concern? Music, movies, and TV. "I was a little worried about pop culture categories like TV and movies," she confides to Whispers. "Fortunately, I had two teenage daughters helping me do my homework-a nice change for them!" Good thing: In her taping this month for the show being broadcast in November, Elton John was one of the categories.

More help came from her staff, who looked up past categories for strategy and trivia tips. "We helped her on everything from Shakespeare to Broadway musicals," says one. The chatty Texan took care of the charm, gabbing with Trebek about their shared Ukrainian heritage. Now, Jeopardy!'s rules block us from revealing the results, but rest assured, her charity choice, ProLiteracy Worldwide, got a nice check. That's because she didn't get skunked. "She was happy she didn't come in last," says a pal. Or in Jeopardy! form: What is relief, Alex?

The Newtster's New Friends at 1600

The Newt Gingrich for president buzz is back, and we're hearing it from a rather odd corner of Washington: 1600 Pennsylvania Avenue. Top Bushies tell us that they think the former disgraced House speaker would make a great president. Gingrich thinks big, they say, and represents the old Reagan-style of smaller-government conservatism. As for his past marital infidelity, they think it's a nothing-burger, especially if he faces Sen. Hillary Rodham Clinton, whose hubby had his own problems she'd rather forget.

Now Pinch-Hitting for...Paul Harvey

Add successful radio host-and Paul Harvey fill-in-to former Sen. Fred Thompson's leading roles. The Watergate investigator turned Hollywood star turned senator and now Law and Order prosecutor turned up on ABC Radio last week during the first of two weeks he's taking over for Harvey. We had to ask: Is it as easy as Harvey makes it sound? "No way," says the folksy Thompson, whose wife is about to deliver their second child, a son, any day now. "He's the master. It's like pinch-hitting for Babe Ruth." Naturally, the news and comments during his two shows daily are laced with politics. But the Tennessee conservative avoids partisanship. "It's not," he says, "like what I say when I go out to raise money for my Republican friends."

For the Record, Dean Hates Fox

Just in case you're wondering if Democratic Party Chairman Howard Dean attended the Fox News Channel anniversary party last week, the answer is simple. No way, no how. "I happen to despise Fox News because I think they're nothing but the propaganda arm of the Republican Party," he tells us. But he doesn't hate everybody there, even the Fox News Sunday host who recently grilled Bill Clinton on Iraq. "Let me just go on the record as saying I happen to like Chris Wallace. Let me just do that," he says.

New Map Out West (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 16, 2006

AURORA, COLO.-Sipping hot tea from ceramic cups, Alex and Mirlin Rohr and their friends Betty Williams and Ray Hanson looked up politely when a smiling stranger approached their table at the Golden Shanghai Restaurant. It was Ed Perlmutter, Democratic candidate for Congress in suburban Denver's Seventh House District, trolling for votes amid trays of egg rolls. The affable lawyer apologized for interrupting, then proceeded to give a brief spiel about the need for a "new direction" in Washington.

Perlmutter's message of change and independence is a common one among Democratic candidates out west these days. After years of conservative dominance, this region of majestic mountains, endless plains, and sprawling suburbs seems to be

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moving to the pragmatic middle. And the longtime "out" party sees an opportunity not only to score big wins on November 7 but also to redefine the battlegrounds for the 2008 presidential race.

There's plenty of work left to do. Back at the Golden Shanghai, the Rohrs, both 61, said the biggest issue by far is illegal immigration. Alex, an accountant, said many illegals will simply have to be deported. The husband and wife are independents who usually vote Republican, and they plan to do so again this year. Williams, 77, a retired rancher, feels no allegiance to either party and said the biggest issue is healthcare. Hanson, 78, a former engineer who said he is nonpartisan, is most concerned about the war in Iraq. He vehemently argued that America's recent military conflicts, all the way back to Korea, have wasted billions of dollars and cost countless lives-and "haven't accomplished anything." He and Williams seem to be likely Democratic voters.

Demographics. With the Democrats trying to pick up 15 seats to take control of the House and six in the Senate, they are looking to the West, where a half-dozen House races and the Montana Senate race could help determine the new lineup. Colorado, Arizona, New Mexico, and Nevada are the main flash points. All four states have undergone seismic demographic and political shifts. From 2001 to 2005, Nevada was the nation's fastest-growing state. Arizona was second, Colorado eighth, and New Mexico 16th.

Many of the newcomers are Latinos; they tend to be conservative on social issues such as abortion and school prayer but liberal on economic matters, such as the need for government spending on healthcare and education. This has, on balance, helped the Democrats, but the Hispanic turnout remains a big question mark for November 7.

Overall, service and professional jobs are multiplying throughout the West as farming and mining employment, economic staples for years, have declined. Demand is growing for public services such as mass transit, healthcare, and schools, making the Democrats' pro-government image more appealing and the GOP calls for lower taxes and less government more problematic. Increasingly pragmatic voters also appear less interested in the "values issues" that have tended to help Republicans, such as same-sex marriage, abortion, and gun control.

Add it all up, and Democrats hope a new day is dawning. "We intend to contest Arizona, New Mexico, Colorado, and Nevada as a unit next time in the presidential because we think we can win there," Democratic National Committee Chairman Howard Dean told U.S. News. Dean's theory is that, with a combined total of 29 electoral votes, those four states would make it unnecessary for the Democrats to win Florida, with 27 electoral votes, which they have lost in the last two down-to-the-wire presidential elections. "Bill Clinton won every single one of those states at one time or another," Dean added.

Big brother. Dean said the key to the Democratic resurgence lies in what he sees as the rightward, interventionist shift of the national GOP. "The Republican Party has become the big-brother party, and this is a very libertarian part of the country. ... [Westerners] don't believe it's the government's place to tell them what to do with their personal lives, and this is a government that specializes in telling people what to do in their personal lives."

For his part, Republican National Committee Chairman Ken Mehlman told U.S. News: "We do need to have aggressive efforts in the West. ... The complexion of the electorate has changed out there. And if we're smart, then we are working to make sure we reach those new voters."

But it is the Democrats who have gotten most of the good news in recent years. In 2002, Democrats won the governorships in Arizona, New Mexico, and Wyoming. In 2004, while President Bush was winning most of the states, Democrats scored in state and local races, even winning the governorship of Montana with tough-talking, horseback-riding rancher Brian Schweitzer, who criticizes free-trade agreements as unfair to American workers and opposes gun control. In Colorado, Democrats won control of the state House and Senate for the first time in more than 40 years. And two Hispanic brothers, Ken and John Salazar, both centrist Democrats, won Republican-held seats in Congress-Ken in the Senate and John in the House.

This year, the GOP is under attack from Helena to Albuquerque. In Montana, buzz-cut farmer Jon Tester, president of the state Senate, is mounting a serious challenge to Republican Sen. Conrad Burns, who had ties to disgraced lobbyist Jack Abramoff. In New Mexico, Democratic Attorney General Patricia Madrid is running even with incumbent GOP Rep. Heather Wilson. In Arizona, former state Sen. Gabrielle Giffords, a Democrat, is neck and neck with GOP former state Rep. Randy Graf for the House seat being vacated by Republican Jim Kolbe. In Wyoming, Democrat Gary Trauner is in a surprisingly competitive race with six-term Republican Rep. Barbara Cubin. No Democrat has held that seat since 1979.

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In Colorado, former Denver District Attorney Bill Ritter is far ahead of Republican Bob Beauprez-the current Seventh District representative-in the race for the governorship. Even in the conservative Fifth District centered on Colorado Springs, the Republican congressional candidate is in trouble. Doug Lamborn is under attack-from fellow Republicans-for being too negative as he tries to hold off Democrat Jay Fawcett, a small-business man and Air Force veteran.

Nowhere are the trends more clear than in Colorado's Seventh District, which includes the big Denver suburbs of Lakewood, Wheat Ridge, and Aurora. In 2002, Republican Beauprez won with a razor-thin margin of 121 votes. In 2004, Beauprez won narrowly again, but the district-almost evenly divided among Democrats, Republicans, and the unaffiliated-backed John Kerry for president.

Standing clear. Republican congressional candidate Rick O'Donnell, former state higher-education commissioner, has been trying to distance himself from the national GOP and establish an image of independence. On October 6, he told a forum in Wheat Ridge that if elected he would model himself on two liberal Democrats-former Rep. Pat Schroeder of Denver and former Sen. Daniel Patrick Moynihan of New York. O'Donnell said he disagreed with them on issues but admired their work ethic, accessibility, and willingness to fight for their constituents. For his part, Democratic candidate Perlmutter, a former state senator who leads by double digits in some polls, said O'Donnell was masking his conservatism because his party is so unpopular. But Perlmutter also felt the need to establish his own independence. He told U.S. News he won't be in lock step with national Democrats. Still, his message is strongly anti-GOP. A fiery critic of the Iraq war, he says the Republicans have gotten America bogged down in the Mideast and on many issues at home. More generally, Perlmutter said most Coloradans today reject the extremes in either party. "People in this state are, at a basic level, moderate, independent thinkers," he told U.S. News.

But neither candidate should rest easy. After the Wheat Ridge forum, a waiter at the chicken-and-pasta luncheon was asked his impression of the candidates. He preferred not to give his name but admitted he hadn't paid much attention to what O'Donnell and Perlmutter were saying because he had been too busy serving food and clearing dishes. He will make his decision later. Like many other westerners, he said he usually votes Republican but is open to the other side this year.

One-Letter Politics (NYT)

By Paul Krugman

The New York Times, October 16, 2006

In a recent interview with The Hartford Courant, Senator Joseph Lieberman said something that wasn't credible. When the newspaper asked him whether America would be better off if the Democrats took control of the House of Representatives next month, he replied, "Uh, I haven't thought about that enough to give an answer."

Why wasn't this a credible answer? Because anyone with the slightest interest in American politics — a group that obviously includes Mr. Lieberman — is waiting with bated breath to see how this election goes, and thinking a lot about the implications. If the Democrats gain control of either house, no matter how narrowly, the American political landscape will be transformed. If they fail, no matter how narrowly, it will be seen, correctly, as a great victory for the hard right.

The fact is that this is a one-letter election. D or R, that's all that matters.

It's hard to think of an election in which the personal qualities of the people running in a given district or state have mattered less. Given the stakes, voters who answer "yes" to the question Mr. Lieberman claims not to have thought about should think hard about voting for any Republican, no matter how appealing. Conversely, those who answer "no" should think hard about supporting any Democrat, no matter how much they like him or her.

There are two reasons why party control is everything in this election.

The first, lesser reason is the demonstrated ability of Republican Congressional leaders to keep their members in line, even those members who cultivate a reputation as moderates or mavericks. G.O.P. politicians sometimes make a show of independence, as Senator John McCain did in seeming to stand up to President Bush on torture. But in the end, they always give the White House what it wants: after getting a lot of good press for his principled stand, Mr. McCain signed on to a torture bill that in effect gave Mr. Bush a completely free hand.

And if the Republicans retain control of Congress, even if it's by just one seat in each house, Mr. Bush will retain that free hand. If they lose control of either house, the G.O.P. juggernaut will come to a shuddering halt.

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Yet that's the less important reason this election is all about party control. The really important reason may be summed up in two words: subpoena power.

Even if the Democrats take both houses, they won't be able to accomplish much in the way of new legislation. They won't have the votes to stop Republican filibusters in the Senate, let alone to override presidential vetoes.

The only types of legislation the Democrats might be able to push through are overwhelmingly popular measures, such as an increase in the minimum wage, that Republicans don't want but probably wouldn't dare oppose in an open vote.

But while the Democrats won't gain the ability to pass laws, if they win they will gain the ability to carry out investigations, and the legal right to compel testimony.

The current Congress has shown no inclination to investigate the Bush administration. Last year The Boston Globe offered an illuminating comparison: when Bill Clinton was president, the House took 140 hours of sworn testimony into whether Mr. Clinton had used the White House Christmas list to identify possible Democratic donors. But in 2004 and 2005, a House committee took only 12 hours of testimony on the abuses at Abu Ghraib.

If the Democrats take control, that will change — and voters should think very hard about whether they want that change. Those who think it's a good idea to investigate, say, allegations of cronyism and corruption in Iraq contracting should be aware that any vote cast for a Republican makes Congressional investigations less likely. Those who believe that the administration should be left alone to do its job should be aware that any vote for a Democrat makes investigations more likely.

O.K., what about the Senate race in Connecticut, where Ned Lamont is the Democratic nominee, and Mr. Lieberman, who lost the Democratic primary, is running as an independent but promising to caucus with the Democrats if he wins? Is this a case where the man, not the party, is what matters? Only if you believe that Mr. Lieberman's promise not to switch parties is 100 percent credible.

In Final Weeks, G.O.P. Focuses On Best Bets (NYT)

By Adam Nagourney

The New York Times, October 16, 2006

WASHINGTON, Oct. 15 — Senior Republican leaders have concluded that Senator Mike DeWine of Ohio, a pivotal state in this year's fierce midterm election battles, is likely to be heading for defeat and are moving to reduce financial support for his race and divert party money to other embattled Republican senators, party officials said.

The decision to effectively write off Mr. DeWine's seat, after a series of internal Republican polls showed him falling behind his Democratic challenger, is part of a fluid series of choices by top leaders in both parties as they set the strategic framework of the campaign's final three weeks, signaling, by where they are spending television money and other resources, the Senate and House races where they believe they have the best chances of success.

Republicans are now pinning their hopes of holding the Senate on three states — Missouri, Tennessee and, with Ohio off the table, probably Virginia — while trying to hold on to the House by pouring money into districts where Republicans have a strong historical or registration advantage, party officials said Sunday. Republicans also said they would run advertisements in New Jersey this week to test the vulnerability of Senator Robert Menendez, one of the few Democrats who appear endangered.

Senior national Republican strategists who had been briefed on decisions made during the party's internal deliberations discussed the overall strategic thrusts but declined to provide specific dollar figures, saying that would give too much information to the Democrats.

The decision involving Mr. DeWine offers the most compelling evidence so far that Republicans are circling their wagons around a smaller group of races, effectively conceding some Senate and House seats with the goal of retaining at least a thin margin of control when the 110th Congress is seated next January. Democrats need to win 6 seats to capture the Senate and 15 seats to win the House on Nov. 7.

Mr. DeWine has proved to be a successful fund-raiser on his own, and, with $4.5 million on hand, already enjoys a large financial advantage over his Democratic opponent, Representative Sherrod Brown; he is not dependent on financial support to keep campaigning. The Republican National Committee and the Republican Senatorial Campaign Committee have already spent $4.6 million on his race; party officials said they concluded that there were now simply more opportune races to focus on.

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Asked about the decision, a spokesman for Mr. DeWine, Brian Seitchik, said, "We've been pleased with the support we've received from the R.N.C. thus far." Mr. Seitchik declined to comment further.

Republicans noted that Mr. DeWine, in addition to having a sizable financial advantage, was a well-liked figure in Ohio who handily won his first two terms in the Senate and still had enough time to recover, even though recent internal party polls showed him lagging badly.

Brian Nick, a spokesman for the National Republican Senatorial Committee, said, "The committee doesn't discuss internal strategy in terms of where financial resources are allocated."

Democratic strategists said Sunday that they were polling in search of other races with vulnerable Republicans, pointing to Representative Richard W. Pombo of California as one incumbent they might take aim at.

Republicans said they remained confident that the party's considerable financial advantage would allow them to hold back a Democratic onslaught over the next three weeks, and they said they were preparing to spend significantly to bulk up any Republican who their polling over the next few days suggested might be faltering.

A critical question in the days ahead is the size of the Republican financial advantage for the final three weeks; the next filing reports are due on Friday.

Still, in interviews, Republican strategists said that the flow of bad news out of Iraq and the resignation of Representative Mark Foley after admitting he had sent sexually suggestive messages to teenage Congressional pages had soured the environment for incumbents and blunted the impact of a long-planned crush of negative advertisements Republicans had prepared to undercut Democratic challengers this month.

In one sign of the shifting political environment, as of this weekend, national Republicans were running advertisements in 29 districts; of those, 26 are held by Republicans and 3 by Democrats, though Republicans plan to begin running advertisements this week against an Illinois Democrat, Representative Melissa Bean. National Democrats are on the air in 30 districts, and defending Democrats in just 3 races.

"For a midterm election in the sixth year, based on historically the number of seats lost, you've got to play defense," said Carl Forti, the communications director for the National Republican Congressional Committee. "We have the luxury of being in the majority, so all we have to do is hold our own."

National Republicans are no longer running advertisements in three districts where they once thought they had a chance to take over Democratic-held seats — in South Carolina, West Virginia and Ohio — as well as a district in Arizona now held by a Republican. The party has not broadcast any advertising in four days on behalf of Representative Chris Chocola, one of three Indiana Republicans who polls suggest are headed for defeat, though Republican officials said that does not mean they have written off Mr. Chocola's seat.

Even before this development, Republicans had been bracing for the defeat of three sitting Republican senators: Rick Santorum of Pennsylvania, Conrad Burns of Montana and Lincoln Chafee of Rhode Island, based on polling.

At the start of the fall campaign, national Republican leaders developed a strategy to pour most of the national money into three states — Ohio, Tennessee and Missouri — to create a firewall against a Democratic takeover. One Republican Party official said Mr. DeWine's continued problems in Ohio had persuaded them to in effect rebuild a firewall that has now partly collapsed, and to find a state to replace it.

The decision about Mr. DeWine's seat came after recent internal polls showed Mr. DeWine's Democratic challenger, Representative Brown, jumping to a large lead. Mr. Brown's surge came despite a barrage of Republican advertisements intended to portray him as weak on national security — the very line of attack that had given party officials confidence earlier this year that Mr. DeWine would be re-elected.

Normally, a party would be averse to scaling back its help for a senator in a state with as many as five competitive Congressional races also on the ballot. But in this case, Ohio Republicans said, Mr. DeWine and Republican Congressional candidates face the added problem of being dragged down this November by the party's candidate for governor, J. Kenneth Blackwell, who polls show is facing a double-digit loss to the Democrat, Representative Ted Strickland.

The next important decision for Republicans is whether to compete in New Jersey; they plan to spend about $500,000 on advertising this week, followed by polling to see how vulnerable Mr. Menendez is to his Republican challenger, Thomas H. Kean

Jr. Going into New Jersey is a costly gamble, because it requires advertising in both the New York City and Philadelphia markets, which party strategists said could easily eat up $2.5 million a week.

An alternative being strongly considered by some Republican strategists is Virginia, where Senator George Allen, a Republican once viewed as breezing toward re-election, is now struggling. A poll published in The Washington Post on Sunday showed Mr. Allen in a tie with his Democratic challenger, Jim Webb. Virginia is a much more Republican state than New Jersey, not to mention less expensive, and thus might prove an easier place to make a stand.

Some Republican strategists have been pushing the party to go after Senator Debbie Stabenow, a Michigan Democrat, but other party officials said that based on the most recent polling data, Ms. Stabenow seemed assured of re-election. On the other side of the scale, Democrats said they were increasingly skeptical that they would be able to knock out Senator Jon Kyl, an Arizona Republican who had been on an early target list.

In the House, the Republican committee has spent $61 million so far, compared with $50 million by Democrats, aides to both parties said Sunday.

For Republicans, the vast majority of that money has gone to protecting incumbents. The party is on the offensive in races for three seats: two held by Democrats, Representatives Leonard L. Boswell of Iowa and Jim Marshall of Georgia, and one being vacated by Representative Bernard Sanders, an independent from Vermont who typically voted with the Democrats.

Mr. Forti said Republicans had now placed $1 million into protecting the Florida district that was represented by Mr. Foley, the Republican who resigned in the page scandal. Party officials had at first written off that seat, because it was too late to replace Mr. Foley's name on the ballot with the name of the Republican who replaced him, State Representative Joe Negron. Party officials said their polling showed that the district was so overwhelmingly Republican — Mr. Foley won 68 percent of the vote in 2004 — that they believed they could succeed again. In any event, they said they were not prepared to write off any seats in this environment.

"When you look at the polling numbers, they don't want to vote for the Democrat," Mr. Forti said. "Believe me, we are not going to waste two million bucks if we don't think we have a shot."

Faithful Rally To A Senator In Distress (LAT)

By Janet Hook

The Los Angeles Times, October 16, 2006

ROSYLN, Pa. — Keith Hollenberg, a member of the evangelical Assemblies of God church, is worried that one of his political heroes is about to lose his bid for reelection.

So when he saw Sen. Rick Santorum (R-Pa.) at a car show here, Hollenberg volunteered to help in what has become an urgent project for social conservatives in Pennsylvania and around the country: keeping Santorum in the Senate.

"I'm a big fan of yours," Hollenberg told him. "Keep on pulling for the right thing."

Santorum, an outspoken advocate of banning same-sex marriage, restricting abortion, and other social conservative causes, is considered this year's most-endangered senator.

It is a four-alarm fire for conservatives, who are bringing water buckets from all corners of the political world. Across Pennsylvania, pastors are preparing to stuff voter guides into their Sunday bulletins. In Washington, D.C., Paul Weyrich, a national conservative leader, hosted a conference call to give a pep talk to Republicans in Pennsylvania. In England, some Santorum fans are planning to cross the Atlantic to help campaign.

"I think it's important for people across the country to recognize how important it is not only to pay attention but to get engaged in this race, whatever way they can," said Colin Hanna, head of Let Freedom Ring, a conservative group based in Pennsylvania. "If Rick Santorum were to lose, it would be cited as a turning point in the social conservative movement."

Santorum is not just a key link between the Republican Party and Christian conservatives. He is also one of President Bush's most unapologetic allies in Congress and a member of the Senate GOP leadership. And he is the apotheosis of a younger generation of Republicans — led by former House speaker Newt Gingrich — that transformed the party in the 1990s into a more confrontational, ideological political force.

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If 2006 turns into the electoral romp for Democrats that many analysts now are predicting, a loss by Santorum would be a signifier of the end of that Republican revolution.

If Democrats are unable to defeat Santorum, they are unlikely to win a majority in the Senate, which Republicans control 55-45.

For most of the year, polls have found Santorum trailing his Democratic opponent, state Treasurer Bob Casey Jr., by double-digit margins. The senator's backers last week cheered a poll by the Allentown Morning Call showing the gap narrowing to 46% to 41%. They were hoping that a spirited televised debate last week) opened a new chapter of voter education about Casey's liabilities that could work to Santorum's advantage.

But G. Terry Madonna, a pollster and professor at Franklin & Marshall College in Lancaster, Pa., said Santorum was in deep trouble if he was still drawing only 40% support, having already leveled a heavy barrage of campaign ads and attacks on Casey.

Among Santorum's political problems: He is running in a state that went for Democratic Sen. John F. Kerry in the 2004 presidential election. Here in Philadelphia's suburbs, considered crucial to the election's outcome, even fellow Republicans are not as conservative as he is. At a recent GOP meeting in Upper Darby, Santorum sounded less like a champion of social conservatism and instead circulated a flier, "Delivering for Upper Darby," that detailed the federal money he had secured for local sewer repair, garage construction and more.

Even if Santorum gives social issues short shrift on the campaign trail, conservative leaders understand what is at stake. They stand to lose a powerful spokesman for their agenda. Some worry that Santorum's defeat would also be a body blow to the influence of social conservatives within the GOP.

"You would then start to see party apparatuses say things like, 'We're not sure we want to support a candidate whose conservatism is as deeply rooted as Sen. Santorum's,' and they will begin casting about for moderate conservatives," Hanna said.

At age 48, with boyish looks that make him appear a decade younger, Santorum does not look the part of a man who could be near the end of a fast-rising political career. Walking in a parade one rainy Saturday outside Philadelphia, Santorum jogs robustly from one side of the street to the other to greet spectators. Tie-less and in chinos, he wears the unflappable smile of a man who is nowhere near ready to concede defeat. Even when people boo him from curbside, he boldly reaches into the crowd to shake their hands.

Twelve years ago, Santorum was swept into the Senate when his opponent and other Democrats tripped on the coattails of Bill Clinton in the Republican tide of 1994. With a 49% plurality, Santorum beat Democratic Sen. Harris Wofford.

Santorum had already spent four years in the House, where he worked with Gingrich and the "Gang of Seven" conservative rebels who exposed a scandal at the House bank. He was eager to stir the pot even in the more staid Senate, where one of his first acts was to challenge the seniority system.

Nevertheless, Santorum zoomed up the leadership ladder. At 42, in 2001, he was chosen to be Senate Republican conference chairman, the party's No. 3 post, after having won reelection to the Senate with 52% of the vote.

Many more factors are working against Santorum now than in his 2000 campaign — most notably, his link to a president whose approval ratings are below 40% in many polls. Unlike other vulnerable Republicans who have run away from the White House, Santorum continues to embrace Bush's policy in Iraq, his controversial ideas about overhauling Social Security, even his beleaguered secretary of Defense, Donald H. Rumsfeld.

Santorum is not just a victim of political circumstance. Even his admirers say he routinely suffers self-inflicted wounds from his own sharp tongue.

In 2002, he blamed Boston "liberalism" for the Roman Catholic Church's sex abuse scandal. In a 2003 interview, he linked gay consensual sex with bigamy, polygamy, incest and adultery. In a 2005 book, he found fault with two-income families and working women. The ensuing controversies have so engulfed Santorum's image that his campaign website has a long feature, "Myth vs. Fact," to counter what people "hear about the water cooler" about Santorum.

With polls showing Casey consistently in the lead, the son of a popular former governor has run a low-key campaign with a light schedule of public events — a classic front-runner's strategy. Santorum accuses him of hiding from voters, running on his

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name and refusing to be specific. He ridiculed Casey for refusing to attend a debate last month, bringing an empty chair to dramatize his point.

When the two did meet in a televised debate last week, the exchange was bitter and personal.

"I don't know how you can say so many words and say nothing," Santorum said.

Casey replied, dismissively: "Don't be a desperate campaigner."

If there is one thing voters know about Casey, it is that he opposes abortion rights. That may cut into Santorum's ability to draw support from socially conservative Democrats.

Some conservatives are focusing on differences between the candidates on social issues other than abortion. A voter guide being distributed by the American Family Assn. of Pennsylvania, designed to be slipped into church bulletins, highlights their differences on a constitutional amendment to ban same-sex marriage (Santorum supports, Casey opposes), allowing over-the-counter sale of a morning-after pill (Santorum opposes, Casey supports) and expanding federal hate-crime protections to homosexuals (Santorum opposes, Casey supports).

Hanna's group has set up a network of conservative pastors around the state to mobilize churchgoing voters. Although it cannot by law endorse a candidate, the Pastors Network of Pennsylvania has enlisted nearly 1,000 pastors in voter-registration and get-out-the vote drives.

"I think this race is drawing very, very close," said Hanna. "The deciding factor may be which set of supporters is more motivated to turn out."

Minnesota Senate Candidates Clash On Iraq, Taxes (AP)

By Frederic J. Frommer

AP, October 15, 2006

WASHINGTON - Candidates in Minnesota's closely watched Senate race clashed Sunday on Iraq and tax policy, with the Republican defending his vote to authorize the war in Iraq.

"You can't really play Tivo and rewind," said Rep. Mark Kennedy.

During a debate on NBC's "Meet the Press," he was asked whether he would still vote for the war knowing that Saddam Hussein did not have weapons of mass destruction. "We acted on the information we knew at the time. I stand by my vote."

Democrat Amy Klobuchar, the Hennepin County attorney, said it was time to have Iraqis take more control of their country and start bringing U.S. troops home.

"You cannot solve a problem that you don't admit exists, and that is what's going on here with the congressman," she said. "This war has basically devolved into a civil war."

The answer, she said, is not more troops on the ground but a diplomatic and political solution.

Kennedy and Klobuchar are seeking to succeed Democratic Sen. Mark Dayton, who did not run for re-election. With about three weeks before the Nov. 7 election, a Star Tribune Minnesota Poll published Sunday showed Klobuchar ahead 55 percent to 34 percent among likely voters, nearly the same margin as it was in September.

Kennedy, a three-term congressman, dismissed that poll in a meeting with reporters after the debate. "This is a single-digit race," he said. Separately, Klobuchar said the "only poll that matters" is on Election Day.

In the debate, Kennedy said Iraq was the top issue in the race and that the war was central to the global fight against terrorism.

He said Klobuchar "has set out a specific timetable for bringing our troops home that would tell the terrorists when they can take over an oil-rich country as a sanctuary for terrorists," Kennedy said.

Klobuchar said she was not pressing for an immediate return of all U.S. troops from Iraq.

"We have to be reasonable," she said. "I have never been one to say 'Bring them all home tomorrow.' I have never subscribed to one of those mandatory dates, because I understand that, despite my opposition to the war from the beginning, that we have to be responsible about how we bring our troops home."

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Asked what the U.S. should do if it were to leave Iraq and a full-blown civil war were to erupt, Klobuchar said American troops should be redeployed to surrounding areas so they can return quickly if needed. She also called for bolstering security in the U.S.

On tax policy, Kennedy criticized Klobuchar for calling for a rollback of President Bush's tax cuts for the richest 1 percent.

"We cannot be raising taxes, putting this economy back on its back, and also not growing jobs," Kennedy said. He argued that a line-item veto would help rein in spending, and acknowledged, "I would like the president to take a little bit more leadership on spending."

Klobuchar said that returning tax levels for the richest to what they paid during the Clinton administration, when the economy was doing well, would help lower the federal deficit.

"When a liberal says they're going to soak the rich," quipped Kennedy, "the middle class gets drenched."

With the latest Star Tribune Minnesota Poll showing Bush's disapproval rating at 61 percent, his highest level ever, Kennedy was asked if he was running as a "George Bush Republican."

"I'm running as Mark Kennedy," he responded.

Kennedy, who usually votes with Bush, pointed out several votes where he broke with the president, such as opposing drilling for oil in an Alaskan wildlife refuge and the No Child Left Behind education law.

Klobuchar suggested Kennedy was running away from Bush.

"He spent the last few campaigns bragging about how close he was with President Bush, and now he's spending this campaign bragging about how independent he is from President Bush," she said.

Meanwhile, Klobuchar's campaign announced Sunday it had raised $1.35 million in the five-week period ending Sept. 30, and had just under $2.25 million in the bank. Kennedy's campaign said it raised $975,000 during the period and had just over $2.03 million in cash on hand.

Sharp Exchanges In National Spotlight (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, October 16, 2006

WASHINGTON - "Coffee, water or whiskey?" joked Tim Russert, who seemed to be in a fine mood Sunday morning when his Minnesota guests -- Senate candidates Amy Klobuchar and Mark Kennedy -- showed up for a debate in his NBC television studio in Washington.

As the two sipped their drinks, Russert, a native of Buffalo, N.Y., and a fan of the Buffalo Bills, commiserated with his visitors, both Vikings fans. "You may have lost four Super Bowls, but we lost four in a row," said Russert, host of "Meet the Press."

After the laughs and pleasantries, the hard-nosed Russert got down to business and got Klobuchar and Kennedy to display big differences on some big issues in their network television debate.

As they sparred for nearly 40 minutes, they traded especially sharp barbs on the war in Iraq and tax policy.

Kennedy, a Republican congressman since 2001, said he stood by his vote to authorize the war in 2002 and vigorously defended his party's tax cuts, saying they've helped produce 6 million new jobs. Klobuchar, the DFL candidate and Hennepin County attorney since 1999, said it's time to change course in Iraq and to eliminate tax cuts for the wealthiest 1 percent of Americans.

When Russert asked Kennedy if he would vote today to back the war, even if the CIA told him that former Iraqi leader Saddam Hussein did not have weapons of mass destruction, Kennedy replied: "We acted on the information that we knew at the time. ... I stand by my vote. We can't rewind. We acted on the information we knew at the time and acted correctly."

Klobuchar said that the war is now a civil war and that the United States should pursue "a diplomatic and political solution."We cannot, as Congressman Kennedy and the president are talking about, just stay the course indefinitely, with more troops dying, over $300 billion spent," she said.

Kennedy said the war will require the United States "to make adjustments," but he suggested it would be impossible to come up with a diplomatic solution: "You can't negotiate with people that are ruthless and glory in killing innocent women and children."

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Klobuchar asked Kennedy to "admit that he was wrong about voting for this war." She told the stories of a mother in Mahnomen, Minn., who can't sleep because her child is going on his second tour of duty in Iraq and of a father in western Minnesota who cries when questions are asked about Iraq because he lost his son. "These are real people in the real world who are looking for solutions," she said.

On tax policy, Kennedy said that the economy "was flat on its back" after the attacks of Sept. 11, 2001, but that Congress and the president passed tax cuts that helped revive it. "We cannot be raising taxes, putting this economy back on its back, and also not growing jobs," he said.

Klobuchar, who wants to roll back the tax cuts for those who earn more than $336,000 a year, said her plan would save $56 billion a year and is part of her proposal to start reducing the national debt, which is approaching $9 trillion.

"I'm the only candidate in this race that has come out with a plan to balance the budget," she said.

How they see themselves

When Russert asked Kennedy, who has been a close ally of President Bush, if he believes that Bush is a great president, Kennedy said: "I believe history is going to make that decision." And when Russert asked Kennedy whether he's running as "a George Bush Republican" this year. Kennedy replied: "I'm running as Mark Kennedy. I'm running as a guy who believes strongly in values that I was raised with in Minnesota."

Klobuchar billed herself as a tough prosecutor, "someone who puts people in jail for a living." But she also described herself as a mother, a wife and an advocate, and stressed her deep ties to Minnesota: "I'm the granddaughter of a miner. I'm the daughter of a newspaperman and a teacher."

The debate came on the same day that a Star Tribune Minnesota Poll showed Klobuchar with a 21-point lead, favored by 55 percent of likely voters, compared with 34 percent for Kennedy.

In an interview after the debate, Kennedy dismissed the poll, saying voters are focused on issues.

"I'm still waiting for the first person that believes the Minneapolis Star Tribune poll," he said. "I don't think anybody takes it seriously. This is a single-digit race. I know how to win tight races."

Klobuchar said the only poll that matters will be on Nov. 7.

"I don't look at the polls, except I can feel it out there," she said in an interview. "You can feel that the wind's at our back and people want a big change in Washington."

Sunday's debate, the seventh of 10 scheduled, did not include Robert Fitzgerald, the Independence Party candidate.

"There's not much we can do," Fitzgerald said. "I'm not personally disappointed that I'm not invited. It's not a dis on me. I don't think Tim Russert's hating on me or anything. But I am dismayed, I guess, that 'Meet the Press' is not willing to reflect the race as it's happening here in Minnesota. Minnesotans know that they have three major-party candidates that they get to choose from."

Bush, Clinton To Host Rival Va. Fundraisers (WT)

The Washington Times, October 16, 2006

President Bush and former President Bill Clinton will host competing fundraisers in Virginia on Thursday for their favored candidates in the U.S. Senate race.

Mr. Bush will rally Republicans at an event for Sen. George Allen at the Science Museum of Virginia in Richmond. Mr. Clinton will headline a soiree for Democrat-ic challenger James H. Webb Jr. at the McLean home of former Sen. Charles S. Robb. Mr. Allen unseated Mr. Robb in 2000.

The current president remains one of the Republican Party's best fundraisers. This is his second visit to Virginia on behalf of Mr. Allen this year.

The Webb campaign told reporters last week that the Bush visit gives it an opportunity to remind voters that Mr. Allen has voted with the president 97 percent of the time since being elected to the Senate.

Mr. Clinton, who held a fundraiser for Democrat Timothy M. Kaine last year during the gubernatorial race, is expected to bring in a big chunk of cash for Mr. Webb.

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Mr. Bush touched down in Air Force One on election eve last year to appear with Mr. Kaine's opponent, Republican Jerry W. Kilgore, a visit many political observers think ultimately hurt Mr. Kilgore at the polls the next day.

Mr. Allen has a narrow lead or is statistically tied with Mr. Webb in most polls.

Meanwhile, Mr. Webb received the endorsement Wednesday of the Richmond Crusade for Voters, a 50-year-old nonpartisan organization that aims to increase the influence of blacks in the political process.

"We are not impressed with Mr. Allen's Johnny-come-lately 'sensitivity' to the plight of minorities and the African-American community," said Crusade President Melvin Law. "We do not appreciate nor admire his record. ... Mr. Allen deserves nothing more than an F for his service."

Mr. Allen, who as governor in the 1990s issued a proclamation in honor of Confederate Heritage Month, has been criticized for once hanging a noose in his law office.

Earlier this year, he lost the support of Southern heritage buffs when he said he realized the Confederate battle flag is seen by some as a symbol of hatred and racism.

•Not-so-nasty ads

Political ads in Maryland this year are using unconventional styles and have been far less negative than those in other states, researchers at the University of Maryland at College Park said.

"We've been closely analyzing political ads in the state, and so far, we haven't seen the level of nastiness you might expect," said Trevor Parry-Giles, a communication professor there.

He said the candidates may be avoiding "a costly backlash if they go too negative."

Mr. Parry-Giles said ads by Lt. Gov. Michael S. Steele, the Republican nominee for U.S. Senate, are "innovative and compelling."

The ads present Mr. Steele talking to the camera in a relaxed and conversational tone. Some feature Mr. Steele holding a puppy or with the puppy standing nearby.

Other props included a row of trash cans, which Mr. Steele indicates as symbols for negative attacks by his opponent, Rep. Benjamin L. Cardin, the Democratic nominee for senator.

"The Steele ads are long on atmospherics and symbols apparently designed to sell his brand and to inoculate him from Democratic attacks linking him to President Bush," said Shawn Parry-Giles, a professor of communications and director of the university's Center for Political Communication and Civic Leadership. She is the wife of Mr. Parry-Giles.

"Some of Cardin's ads have been very simple -- the very opposite of slick -- using devices such as a shaky hand-held camera," she said. "This could well be a deliberate attempt to draw a distinction between Cardin and Steele."

The two professors have developed a Web site called "Political Advertising Resource Center" that is devoted to analysis of campaign ads. The site is available at www.umdparc.org.

"There's a certain numbness that sets in as an election approaches, and the ads start to blend in to the wallpaper," Mrs. Parry-Giles said. "Yet, political ads are one of the most important tools in a campaign arsenal. Citizens need to pay close, critical attention."

•Thinking globally

Virginia can thrive in the 21st century's global marketplace with an international airport and a major port, but it will falter if it cannot provide road and rail access to both, Gov. Timothy M. Kaine says.

Solving the state's transportation difficulties, the governor told industry leaders, will require "some changes in faces" in the Virginia General Assembly.

Mr. Kaine, a Democrat whose efforts to fund transportation in his first year in office have hit roadblocks in the Republican-controlled legislature, said he was not making a partisan statement.

"There are a lot of Republicans who want to solve problems," he said, "and a Democrat or two who don't."

He urged the audience of about 700 at the annual Virginia Transportation Conference in Roanoke last week to support candidates next year who are problem-solvers.

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Last month's scheduled four-day special legislative session on transportation funding ended two days early because of philosophical differences between the Senate and House of Delegates leadership -- the same differences that led to this year's unprecedented budget impasse.

Simply put, the Senate wants tax increases, and the House Republican leadership is vehemently opposed. Mr. Kaine, who supports increasing taxes and highway "user fees" to finance transportation, acknowledged that he has had "a very challenging first year."

"I'm not going to give up," he said. "I'm staying at the table on this."

The governor referred to Virginia's listing by Forbes magazine as the most business-friendly state in the nation, but he said the state's ability to compete in a global market-place will be the key to its futur.

The 27 million passenger visits a year at Washington Dulles International Airport could be increased to 50 million, he said, but more roads and rail access are needed in the traffic-clogged region.

The same is true of Hampton Roads, he said, where the port could become the busiest in the nation with dredging to accommodate even bigger ships.

"Are we going to be winners, or are we going to leave these great assets withering and dying?" he said.

•Seeking security

Maryland Lt. Gov. Michael S. Steele, the Republican nominee for U.S. Senate, is hammering the Bush administration for cutting homeland security funding.

"Terrorism has a price ... and we will either pay that price in dollars or in lives. I'd rather write the check," Mr. Steele said in a keynote luncheon address at the 2006 Mid-Atlantic All Hazards Forum, a regional emergency-management and homeland security symposium last week at the Baltimore Convention Center.

"Any formula in this environment that cuts homeland security funding for Washington, D.C., and New York City, let alone the rest of the nation, is bad public policy," he said.

Mr. Steele addressed the convention in his role as lieutenant governor, but the speech echoed his campaign platform on homeland security.

He also took a swipe at the Washington establishment, which was consistent with his run as a "Washington outsider" and his promise to be a "new kind of senator."

"We can no longer have decisions made in isolated chambers in Washington and then dictated to the states and the local communities without some understanding and appreciation of what [first-responders] do every single day to protect and defend that little patch of ground you call home," he said. "We have to be serious about this business because our enemies are serious about the business of coming after us."

Mr. Steele is running against Rep. Benjamin L. Cardin, a 10-term Democratic congressman from Baltimore who also has called for more homeland security funding for "jurisdictions with the greatest risks and vulnerability."

Mr. Cardin's campaign strategy includes linking Mr. Steele to President Bush, who is highly unpopular in heavily Democratic Maryland.

In the speech, Mr. Steele did not name the president.

He cited the 40 percent cut in funding to New York and the District and the $6 million in cut in funds to Baltimore that Homeland Security announced in May. The District's homeland security grant was slashed from $77 million to about $46 million, and New York's went from more than $200 million to about $124 million.

The cuts targeted large cities, mostly in the Northeast, and coincided with increased grants to midsized cities, including St. Louis and Jacksonville, Fla.

"Today, we face the unique and ever-changing threat of terrorism that has attacked us before, and most say it is not a question of if it will happen again, but when it will happen," Mr. Steele told the crowd of firefighters, police officers and emergency-management officials. "It is therefore the responsibility of leadership at these times, more than at any other time, to not just identify and confront threats to our national security, but more importantly, to implement smart policies that prevent these threats from ever materializing."

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"This means using the newest and best technologies for securing our infrastructure, our airports, our ports against terror threats," he said.

Nelson, Ricketts Continue Attacks In Final Debate (LJS)

By Don Walton

Lincoln Journal Star NE Senate Debate, October 16, 2006

SCOTTSBLUFF — Sen. Ben Nelson and Republican challenger Pete Ricketts came out swinging Sunday in a debate that attracted an overflow crowd of more than 200 on a sunny afternoon in the Panhandle.

It didn't take long to establish the tenor of their third and final direct confrontation.

In an opening statement, Nelson repeated his claims that Ricketts supports enactment of a national sales tax, an end to farm payments, privatization of Social Security, amnesty for illegal immigrants and opposes an increase in the federal minimum wage.

All those positions may be good for Wall Street, the Democratic senator said, but they're not good for Main Street in Nebraska.

Ricketts' opening remarks took the form of a bare-knuckles response.

Nelson, he said, has benefited from "a revolving door career in the public and private sectors (and) cashed in" on his public service experience as governor by acting as a paid lobbyist for a brief period before he was elected to the Senate.

"He is irresponsible, cannot be trusted and deserves to be fired," Ricketts declared.

Introducing a new allegation into a Senate race that has overflowed with them, Ricketts said Nelson "sits on the board of a company that contaminates groundwater in Nebraska," namely Behlen Manufacturing in Columbus.

"You've seen a preview" of Ricketts' tactics, Nelson said. "It's attack, attack, attack. My opponent has just a little problem with the truth."

Nelson said he is a member of Behlen's board of advisors, after earlier serving as a director, and suggested Ricketts inform the state's environmental quality agency about his concerns since "It's news to me."

But Ricketts said the issue allegedly involving disposal of drums of toxic waste in an area that affected some local landowners and another property owner had been a concern even during Nelson's governorship.

The Senate opponents traded blows on a number of familiar topics during the hourlong debate at the University of Nebraska's Panhandle Research Center.

But the final debate also gave each candidate an opportunity to frame his case.

Ricketts said Nelson has been an ineffective senator whereas he's the candidate of change.

If Nebraskans want change in Washington, he said, "you can't send back the same career politicians." Nebraskans who may want change from the current Republican leadership in Washington "should not give Democrats control of our values or our pocketbook," Ricketts said.

Nelson said Ricketts offers "blind party loyalty and radical bad ideas" whereas he "put(s) people and policy ahead of partisanship and always put(s) Nebraska first."

What Ricketts proposes in policy reforms "might be good for Ameritrade," Nelson said, but is not good for either Main Street or most Nebraskans. Ricketts left his post as chief operating officer of Ameritrade to enter the Senate race.

Nelson and Ricketts parted company on a number of issues.

On agriculture, Ricketts attacked Nelson, a member of the Senate Agriculture Committee, for failing to include drought disaster relief as part of the farm program.

"If your administration would quit fighting drought relief, we'd already have it," Nelson responded.

Nelson said he would "continue to fight for funding for Nebraska" by earmarking appropriations for projects like the Heartland Expressway in the Panhandle. Ricketts opposes the earmarking system and would like to replace it with block grants to states.

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Ricketts said Nelson has failed to offer any plan for dealing with the estimated 11 million illegal immigrants already living in the United States. But Nelson said Ricketts' early support for the comprehensive immigration reform bill passed by the Senate represented endorsement of amnesty.

Not true, said Ricketts, who has proposed a compromise plan to require illegal immigrants to return to their home country before they return legally to the United States with work permits.

"Amnesty with a road trip," Nelson said.

Nelson urged direct one-on-one engagement by the United States with North Korea to seek an agreement ending North Korea's development of nuclear weapons. What the United States should offer, he said, is an assurance of no sanctions and no military attack by the United States in exchange for an end to North Korea's nuclear program.

"I oppose unilateral talks with North Korea," Ricketts said. "That would reward them for bad behavior."

Instead, Ricketts said, the United States should focus on current multilateral talks, urge China to apply pressure on North Korea and implement tough sanctions.

Reach Don Walton at 473-7248 or at dwalton@journalstar.com.

Viewer Comments:

Brad wrote on October 15, 2006 10:19 PM:"Is there a 3rd person we can vote for??"

Go away Pete wrote on October 15, 2006 10:15 PM:"Go back to your country club we don't want you in Washington (or should I say Warshington)"

Tom wrote on October 15, 2006 10:08 PM:"It is very difficult to consider voting for either one of these individuals. They are both like pit bulls! I sure wish that Tom Osborne was running in this race for he certainly would get my vote. "

gail wrote on October 15, 2006 9:57 PM:"Ben Nelson is a long-time leader in our state. Pete Ricketts is a bored rich kid. This is an easy call."

Rudy wrote on October 15, 2006 9:51 PM:"I live in Columbus and our water is very fresh and tasty. I don't work at Behlens but they employ plenty of people around here that will be voting Nelson thanks to good ole Pete! Can't wait 'till this one is on the grapevine!"

gloria wrote on October 15, 2006 8:36 PM:"I am sick of pete ricketts' attacks. He is like a spoiled child who has a tantrum when he doesn't get what he wants. "

Career Politician wrote on October 15, 2006 8:03 PM:"Pete says you cant send the same career politicians back to office. But isn't Pete the one using career politicians' support for him in his ads? Pete says you cant have "unilateral" talks with North Korea. He's right, you cant have unilateral talks with anyone, those would be talks where you talk to your self. Bilateral talks is what he must oppose, or not, who knows? Pete says Ben Nelson is at fault for no drought assitance? Its the Bush White House and Chuck Hagel who blocked Nelson's drought bill. Pete, you're desperate, and behind. Your advisors have failed you miserably. you should fire them - ask yourself if you got your $12 million worth from them. "

Ricketts Says Nelson Didn't Push Drought Relief (AP)

AP NE Senate Debate, October 16, 2006

SCOTTSBLUFF, Neb. -- Republican Senate challenger Pete Ricketts said Democratic incumbent Sen. Ben Nelson was remiss by not pushing for drought relief as part of the last Farm Bill.

But Nelson said in Sunday's debate in Scottsbluff that Republicans were the ones stopping the payments. Nelson also said that there needs to be a cap when it comes to crop payments and that there was no way to predict the current drought would have lasted as long as it has.

Ricketts said drought relief must be part of the new Farm Bill and agreed that a cap must be in place. He also suggested crop insurance would help and that a "safety net" needs to be established to help farmers and ranchers.

Ricketts said that entrepreneurship and growing the economy through block grants can help revitalize rural areas. Then he criticized Nelson for not taking measures to improve the last Farm Bill. Ricketts said Nelson needed to be fired.

Nelson said that many of his efforts in the Senate had helped western Nebraska grow.

The two were asked whether they supported transportation earmarks that have been criticized as pork barrel politics.

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Nelson said he does support and will continue to support earmarks.

Ricketts suggested the same thing could be accomplished through block grants that would give more control to officials in Lincoln instead of Washington.

Ricketts told the crowd of less than 200 that Nelson can't be trusted and that a change is needed in Washington.

Nelson said he learned his values growing up in McCook, and that he always has been interested in helping people on Main Street rather than those on Wall Street. Nelson said he would like to see an end to partisanship in government.

But Ricketts fired back, saying Nelson is a career politician and can't be trusted.

Nelson countered by saying his opponent has trouble with the truth.

Mich. Senate Candidates Spar On Economy (AP-Y)

By Tim Martin

AP-Yahoo, October 16, 2006

Democratic U.S. Sen. Debbie Stabenow and Republican challenger Mike Bouchard sparred over issues ranging from the economy to the Iraq war on Sunday as they met in their first debate.

Bouchard, the Oakland County sheriff, said Stabenow has been ineffective and has flip-flopped on several issues. "She says one thing here and does another thing in Washington," he said.

The former state lawmaker also criticized Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years.

Stabenow, seeking a second term, said Bouchard would support the "failed policies" of the Bush administration.

She defended her economic stances, including a plan to have a prosecutor enforce trade agreements with other nations to protect U.S. jobs. She said "nobody in Washington understands better" than she what is at stake for the middle class.

"We are in a fight for our way of life," Stabenow said.

On the Iraq war, Stabenow said it's now time for the Iraqi police and military to "step up so we can transition out." Bouchard said a withdrawal should be "based on when is it more safe and secure, and then as quickly as possible bring our troops home."

The two candidates also sparred over Bouchard's role on the board of a Lansing-based insurance company, Jackson National Life. Bouchard has been paid up to $60,000 a year for his work with the company.

Stabenow said the company has outsourced jobs overseas, but Bouchard said that her claims were "unbelievably untrue" and that the company is held up as a Michigan success story. He said Stabenow has received thousands of dollars in campaign contributions from people associated with the company.

A message was left seeking comment with a Jackson National spokesman Sunday afternoon.

A telephone poll released Sunday of 643 likely voters by Selzer & Co. of Des Moines, Iowa, found Stabenow had a 13-point lead, with 17 percent listed as "other/not sure" and a sampling error margin of plus or minus 4 percentage points.

The poll was conducted for the Detroit Free Press and Detroit television station WDIV, from Oct. 8 through Wednesday.

The debate was recorded at the Public Broadcasting Service studios of WGVU-TV, for broadcast later in the day on PBS stations statewide.

Senate Candidates Square Off In Debate (DETN)

By Gary Heinlein

Detroit News MI Senate Debate, October 16, 2006

GRAND RAPIDS -- U.S. Sen. Debbie Stabenow and challenger Mike Bouchard occasionally exchanged sharp accusations as they sparred on subjects ranging from Iraq to Social Security in a Sunday debate at WGVU-TV.

Bouchard, the Republican sheriff of Oakland County, repeatedly has charged that Stabenow has done little during her first senate term. Stabenow linked him to President Bush, whose approval rating has been plunging and characterized his criticism as "Washington-speak."

"I have a proven record, I get results," said Bouchard, citing bills he helped pass as a member of the state senate and his current membership on a national panel addressing homeland security issues.

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Stabenow said that Bouchard "supports the failed policy of the Bush administration," while she has been fighting to protect the middle class way of life.

The debate was recorded in studio on Sunday morning for viewing on public television stations across the state at 8 tonight.

WGVU is affiliated with Grand Valley State University, with campuses in Grand Rapids and Allendale.

The candidates differed over key issues:

Stabenow said she wouldn't support an increase in Social Security tax for those who earn more than $94,000 a year to help shore up the fund. Bouchard said he would set up a bipartisan group "to look at every option," but didn't say whether he would back a higher tax.

Bouchard said the U.S. should move expeditiously to disengage from Iraq but should rely heavily on evaluations for military commanders and not make a hasty decision. Stabenow, who voted against invading Iraq, said the nation's involvement has been "misstep after misstep" and "it's time for Iraqis to step up so we can step back."

Stabenow said she supports the concept of universal health care, but through a public private partnership unlike government run programs in Canada and England. Bouchard said he opposes universal health care and favors such efforts as limiting malpractice lawsuits to help reduce costs.

Roger Moilen, a Grand Valley State University political science professor, said the televised debate helped Bouchard reach viewers who haven't seen his political ads, especially in western Michigan.

"He really needs to cut into her lead right now if he is going to keep national (Republican Party) money coming in," Moilen said. Recent polls have show Stabenow to have a double-digit lead over Bouchard.

Moilen said he thought both candidates did a good job getting out the messages that they wanted to put before voters.

How The Economy Can Define An Election (WSJ)

By Christopher Cooper

The Wall Street Journal, October 16, 2006

LANSING, Mich. -- Economic anxiety hangs heavy over the midterm elections in this cradle of the American auto industry.

That has meant trouble for the re-election campaign of Democratic Gov. Jennifer Granholm. Her response: flexing the power of incumbency and mounting a minibailout of the Big Three, along with other companies in the state, as Washington stands by.

1 • Take a closer look at Michigan's economy and auto industry, and see what the gubernatorial candidates have to say.2

She is offering tax incentives and cash loans in return for promises -- which critics describe as vague -- to preserve or create jobs. In April Ms. Granholm gave General Motors Corp. $40 million in tax breaks for a pair of factory retoolings. Last month she attended the ribbon-cutting of a drivetrain plant in Flint, which the company rehabbed in return for $28.2 million in state tax breaks. In August Ms. Granholm offered Ford Motor Co. $151 million for investments she claimed would retain more than 50,000 Michigan jobs.

As economic policy, the value of Ms. Granholm's corporate largess is questionable. The state aid is minuscule compared with losses the auto makers face. GM says the breaks are unlikely to swell its payroll. And even with the $151 million on offer, Ford appears bent on reducing its global work force by 40% within three years -- a move Ms. Granholm's critics say could wipe out 7,000 Michigan jobs.

"A good announcement here, a good announcement there; the fact is that government handouts don't create jobs," state Republican Party Chairman Saul Anuzis says.

But as a political move, the drumbeat of business-subsidy announcements looks to be working for the 47-year-old incumbent. She recently took a 50-45 poll lead against an opponent she trailed in July.

"Good policy is good politics," the governor says, when asked if her tax breaks involved political calculation. "What's good for GM is good for Michigan."

Ms. Granholm's tough race bucks the national trend this campaign season, which appears to favor Democrats over Republicans in congressional and gubernatorial races. Currently, there are 28 Republican governors and 22 Democrats. Polls

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suggest Democrats could net the four seats required for a majority. In Ohio, Republican Ken Blackwell is nearly 20 points behind challenger Ted Strickland in the race to succeed Republican Gov. Bob Taft, who is retiring. Democrats also expect gains in Arkansas, Colorado, Maryland, and New York.

The Michigan governor's race serves as a reminder that, for all the attention to scandal and Iraq, the economy remains a factor, particularly in the Midwest, that can sting incumbents of both parties.

Tapping into that, Republicans have rallied around gubernatorial candidate Dick DeVos, a conservative billionaire whose family-owned company, Amway Corp., of Ada, Mich., is a household name in the state. Now owned by closely held Alticor Inc., the company, cofounded by Mr. DeVos's father, operates in 80 countries. Mr. DeVos, who turns 51 this week, is the former president of Alticor. The DeVos campaign spent $21 million through early September; $16 million of that was the candidate's own money.

On the stump, Mr. DeVos talks of a "single-state recession," noting that Michigan has lost about 100,000 jobs during Ms. Granholm's tenure. Mr. DeVos, whose company employs 4,000 Michigan residents, casts Ms. Granholm, a Harvard-trained lawyer, as lacking the corporate acumen to steer the economy. "What I'm hearing from people is that they'd like someone with a business background to take a crack at it," he says.

Ms. Granholm isn't considered particularly pro-business, having relied heavily in her first term, as do most Democratic politicians here, on union support. Her campaign against Mr. DeVos has included traditional Democratic business-bashing, with jabs at her opponent for decisions he made at Amway. In the 1990s, Mr. DeVos oversaw the elimination of about 1,400 jobs and turned the company toward the world's biggest potential market: China.

Layoffs, outsourcing, China: "In Michigan, these are fighting words," Ms. Granholm often says.

Mr. DeVos says Ms. Granholm has unfairly conflated two discrete events. "I didn't outsource a single...job and she knows it," he says.

The second leg of Ms. Granholm's re-election strategy is, essentially, turning the state's corporate bosses into re-election proxies. Last fall, she advanced a proposal through the Legislature that allows her to borrow as much as $1 billion against tobacco settlement proceeds to bankroll the "21st Century Economic Fund." The fund, overseen by a governor-controlled panel, distributes cash awards to business start-ups that agree to relocate to Michigan or expand here.

The first tranche of money from the fund -- $101 million to 61 microbusinesses and university research shops -- was distributed early last month. "Stay tuned. Hold on to your hat. We've got a lot more to do," Ms. Granholm said at a news conference here, as the awards were announced. To ensure the news wasn't missed by the electorate, the governor's staff hired a satellite truck to beam the news conference live to every television station in the state.

While other states dispense incentives to companies, few governors have done as much and as fast as Ms. Granholm -- especially during a re-election campaign. In August and September, Granholm-controlled development boards doled out $315 million in tax breaks and loans.

Ms. Granholm's strategy appears to be working, as company executives applaud the Democrat for helping Michigan's business climate. In early August, Mark Fields, Ford's North American president, shared the stage with Ms. Granholm, to trumpet the state's tax-abatement offer. "Thank you, Gov. Granholm, and thank you to the people of the state of Michigan for your support of the home team," Mr. Fields said.

The mileage Ms. Granholm received from the Ford announcement wasn't lost on the state's Republican Party, which found itself in the delicate position of criticizing major Michigan businesses in a radio ad broadcast shortly after the offer was made public.

In the ad, a man and a woman discuss the news of the day, with the woman's tone growing sharp over what she is apparently reading in the newspaper. "This sounds like a rip-off," the woman says. "With Gov. Granholm's deal, this car company can lay off seven or eight thousand more workers and still get the big tax breaks from the state."

The radio spot was provocative. Within hours of its release, a Ford executive was on the phone with Mr. Anuzis, the Republican Party chairman, whose organization produced the ad. "To say Ford wasn't happy with the ad and asked them to pull it, I think that would be accurate," a company official said.

Mr. Anuzis says, "We're just being honest."

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Such criticism of a storied Michigan company puts Mr. DeVos, who also received a call from Ford, in a tight spot. His family's business has received similar state largess, such as in 1992, when it threatened to move a catalog distribution center in West Michigan to Georgia. At the time, Gov. John Engler, a Republican, gave the company $325,000 to retrain employees, and a $640,000 transportation grant to improve its entrance, in a move that was seized on by Mr. Engler's political rivals during his re-election campaign.

"I don't begrudge Ford or the others getting what they can out of this: If you have the political savvy and the scale, you can make a deal with the governor," says Mr. DeVos. "My worry is about the businesses that are being left behind."

Women Look To Gain More Ground In Senate (USAT)

By Bill Nichols

USA Today, October 16, 2006

WASHINGTON — The door to the women's club in the traditionally male-dominated Senate appears to be inching wider.

If polls hold true, there will be a record number of women in the Senate next year, up from the current all-time high of 14 — nine Democrats and five Republicans.

Only 33 women have served in the Senate: 20 Democrats and 13 Republicans. Until the late 1990s, there had never been more than 10 female senators at any one time.

"Each one of these steps is a big achievement … but it's a pretty high staircase," says Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University. "This is a Senate that no one had ever seen 20 or 30 years ago."

Mandel says having more women in the Senate is important because it gets voters more used to seeing women in government leadership roles. That can help change perceptions about whether a woman can be elected president. "Women are now becoming visible," she says.

Six female incumbents up for re-election Nov. 7 are leading their challengers, according to the most recent polls. Democrats Dianne Feinstein of California, Debbie Stabenow of Michigan, Maria Cantwell of Washington and Hillary Rodham Clinton of New York hold double-digit leads, as do Republicans Olympia Snowe of Maine and Kay Bailey Hutchison of Texas.

Snowe faces a female challenger, Democrat Jean Hay Bright. So does, Hutchison who is up against Democrat Barbara Ann Radnofsky.

Polls also show two more women could join the Senate:

•In Minnesota, Democrat Amy Klobuchar leads Republican Rep. Mark Kennedy 49%-41%, according to a Mason-Dixon poll from late September.

•In Missouri, Democrat Claire McCaskill narrowly leads Republican Sen. James Talent, 44%-41%, according to a USA TODAY/Gallup Poll taken Sept. 27 to Oct. 1.

Dennis Simon, co-author of Breaking the Political Glass Ceiling: Women and Congressional Elections, says the increasing number of women in the Senate reflects the slowly but steadily growing roster of female elected officials at all levels of government.

He also says this year's emphasis on unethical behavior by members of Congress, such as then-congressman Mark Foley's lewd electronic messages to a teenage congressional page, helps female candidates. Foley, a Florida Republican, resigned Sept. 29.

"When ethical issues or what we call 'scandals' are center stage, that advantages female candidates because they are seen as outsiders, not part of the regular power structure," says Simon, a political science professor at Southern Methodist University in Dallas.

Among other female Senate candidates facing voters next month, Republican Rep. Katherine Harris in Florida trails Democratic Sen. Bill Nelson by double-digit margins. Harris, who oversaw the 2000 presidential vote recount in Florida, has been dogged by missteps, staff disarray and ties to a corrupt defense contractor. A poll by the Quinnipiac University Polling Institute released last week found Nelson leading 61%-33%.

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In Hawaii, there have been no recent polls gauging Republican state Rep. Cynthia Thielen's bid to unseat Democratic Sen. Daniel Akaka. Thielen was named by the state Republican Party to face Akaka when the candidate who won the GOP primary, Jerry Coffee, withdrew from the race for health reasons.

Simon says there is also a chance that the House of Representatives could see its greatest increase in female members since 1992, when the number of women jumped from 23 to 47. There are now 70 women serving in the House: 46 Democrats and 24 Republicans. That includes three non-voting delegates, all Democrats.

Mandel says a large increase in the number of women in the House will be more likely if Democrats see major gains across the nation. She says that of 139 women running for the House, 97 are Democrats and 42 are Republicans.

"First and foremost, women are seen as the candidate of change," says Ellen Malcolm, president of EMILY's List, a political action committee that works to elect Democratic women who support abortion rights. "Voters don't see them as part of the old boys' network that they're so angry about."

GOP Voters Have Extra Task (USAT/AP)

By Joe Stinebaker, The Associated Press

USA Today, October 16, 2006

PEARLAND, Texas — Voting Republican here wasn't difficult when Tom DeLay's name was on the ballot.

With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate, Houston City Councilwoman Shelley Sekula Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands. President Bush won the district in 2004 with 64% of the vote.

Republican Cynthia Hart said she was unaware she would have to write in the GOP candidate. "I guess I have to be more careful," she said. "But I'm not so sure I would take the time to go through all that."

That would be welcome news to Democrats out to capture the former House majority leader's seat, which could help them wrest control of the House of Representatives from the GOP. Democrats need to gain 15 seats.

The Democratic candidate is Nick Lampson, 61, a former congressman who has outraised, outspent and campaigned longer than the Republicans.

"Some thought that I was nuts, but I guess when you believe strongly enough that something needs to change, you're willing to do extraordinary things to do it," Lampson said.

DeLay resigned in June. He was indicted last year on charges of violating state campaign-finance laws. He denies wrongdoing. The courts refused to allow Republicans to replace him on the ballot.

National Republicans were supposed to invest $3 million to $4 million to help Sekula Gibbs, according to state GOP chairwoman Tina Benkiser. The House GOP campaign committee has donated $134,000. Lampson had $2.2 million to spend as of June 30.

Sekula Gibbs, 53, insists the media attention surrounding the race has helped her overcome any disadvantages. "It was essential to me that we maintain a conservative voice in Washington," she said.

Advertising may help voters gain familiarity with the write-in campaign, but there are other hurdles. Voters will have to highlight and enter the "write-in" entry. They will then turn a small wheel on the voting machine and spell out Sekula Gibbs' name. Errors will be accepted as long as the voter's intent is clear to a panel of Republicans and Democrats.

GOP Running Against A Stiff Northern Wind (LAT)

By Ronald Brownstein

The Los Angeles Times, October 16, 2006

GROTON, Conn. — The political equivalent of a nor'easter is bearing down on Republicans from New England through Pennsylvania.

With President Bush's approval ratings collapsing across the Northeast, the region presents Democrats an unusually rich concentration of opportunities to capture Republican-held House and Senate seats in the November elections.

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In this tempest, Democrats are pressing GOP Sens. Lincoln Chafee in Rhode Island and Rick Santorum in Pennsylvania, and mounting fierce challenges to pick up about 10 Republican-held House seats in several states. Half a dozen other House Republicans also could be swept away.

The campaign's atmospherics give Democrats the chance to establish in the region an equivalent to what Republicans have built in the South: an overwhelming regional advantage that anchors their bids for House and Senate majorities. Indeed, if Democrats win most of the House races in play in the Northeast, they will be virtually assured of the net gain of 15 seats nationwide that they need to control the chamber.

On the plus side for the GOP, many of the targeted Republicans are strong candidates.

Rep. Rob Simmons, who represents a sprawling district in eastern Connecticut centered around Groton, is an example. He prepared for heavy political weather by diligently promoting local interests, taking generally moderate positions on social issues and seizing chances to show independence from Bush. Simmons and many of the other at-risk Republicans also are fiercely attacking their Democratic opponents.

Still, analysts in both parties agree that even with these efforts, Republicans in the Northeast's Democratic-leaning states remain especially vulnerable because of pervasive voter dissatisfaction with Bush, the Iraq war and scandals in Washington.

The endangered Republicans usually benefit from "some natural insulation because they happen to be fairly good fits for their districts," said Saul Shorr, a Democratic consultant based in Philadelphia. "But when there is a wave … places that weren't on the map [as competitive races] just get sucked in."

For decades, Northeast Republicans have experienced a decline that represents the flip-side of the GOP advances in the South. While the party's national identification with a conservative agenda, especially on social issues, has keyed its gains in Dixie, those issues have weakened it in the region that once produced such icons of political moderation as former Sens. Jacob K. Javits of New York and Lowell P. Weicker Jr. of Connecticut.

This year, the climate for further Democratic gains could hardly be more favorable. In an ABC/Washington Post survey this week, Bush's approval rating in the East stood at 27%, much lower than in any other region.

Joe Courtney, the Democrat running against Simmons, feels that wind at his back. He lost to the incumbent, 54% to 46%, in 2002 when Bush was still riding a wave of public support after the Sept. 11 terrorist attacks.

"Running in the wake of 9/11 before the invasion of Iraq was a very tough environment as a challenger with a message of change," Courtney said. "Nothing could be more different than today. People have gotten a very good look at [the GOP] agenda … and I think in a district like this people have really crossed the line as far as wanting out."

That discontent, echoed across the region, has created strong Democratic opportunities in two Senate races. In Pennsylvania, polls have shown Santorum consistently trailing Democrat Bob Casey Jr. In Rhode Island, Chafee is facing a smaller and less settled deficit against Democrat Sheldon Whitehouse.

Democratic pickups in these two states, however, could be undercut in New Jersey. There, Sen. Robert Menendez, a Democrat appointed to the seat earlier this year, is locked in a tight contest with Republican Tom Kean Jr.

In the House, top Democratic targets include four GOP-held districts in Pennsylvania, an open seat in central New York being vacated by Republican Sherwood Boehlert and a Buffalo-area district where Rep. Thomas M. Reynolds is vulnerable, in part because of the sex scandal surrounding former Rep. Mark Foley (R-Fla.).

At the apex of the Democratic target list are Simmons and two other House Republicans in Connecticut — Reps. Nancy L. Johnson and Christopher Shays.

Across the region, most Democrats want to nationalize their contests, making them a referendum on the direction Bush and the GOP-led Congress have set for the country. The Republicans want to localize the races, making them a referendum on their personal service to the district — and the personal shortcomings of their opponent.

Courtney, for instance, last week accused Simmons of failing to hold the administration accountable for reversals in Iraq and denounced him for supporting Bush-backed energy and Medicare prescription drug bills. Courtney characterized those measures as giveaways to the oil and drug industries.

Slight in build and contained in manner, Courtney is hardly a dynamic presence as a candidate. But he is firm in labeling Simmons, at every opportunity, "the president's No. 1 supporter in Connecticut."

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Simmons, a hyper-kinetic campaigner, is airing ads pounding Courtney for supporting tax increases during his tenure as a state legislator.

Above all, Simmons focuses on his role in the state's offensive to prevent the closing of the Groton naval base and his efforts to generate contracts for the nearby General Dynamics' Electric Boat submarine shipyard. His campaign website, meanwhile, contains an interactive map that lists, town by town, the federal money he has steered into the district.

"Joe Courtney doesn't know anybody in Washington D.C.; he doesn't have any clout; he doesn't have any experience," Simmons said this week at a fundraiser. Later, he whipped out his cellphone and brandished it before reporters, saying, "He doesn't have [former Veterans Affairs Secretary] Tony Principi's cellphone number. OK?"

With rare exceptions, Republicans across the region are claiming independence from Bush and spotlighting their commitment to working across party lines.

In his latest ad, Shays says, "I've gone against the president and the Republican leadership when I think they're wrong." Democrats counter that even Republicans with moderate voting records bolster Bush and the GOP by providing another vote for the party's congressional majority. In Rhode Island, Whitehouse recently unveiled an ad saying, "Bush needs Chafee to keep Republican control of the Senate. That's how Bush keeps his agenda alive."

When Courtney visited a senior center in Hebron, Conn., Jean Lyman, a retired secretary, said she had voted for Simmons before but would not this year because "he's just too tied to Bush and all his plans and programs."

By contrast, Del Knight, a medical researcher and political independent from Ledyard, Conn., who voted against Bush in 2004, still turned out for a Simmons fundraiser this week. The incumbent, Knight said, is "a good guy, and I think he has gone his own way."

Voters such as Knight have been the life raft for many Northeast Republicans as the region has turned away from the GOP. This year's results will measure whether these Republicans can still find enough support from such voters even as the intensely polarizing disputes of the Bush era have widened the distance between the two parties.

Hawaii Governor Leads From The Center (WT)

By Christopher Pala

The Washington Times, October 16, 2006

HONOLULU -- When Gov. Linda Lingle addressed leaders of the state's top 250 corporations during a banquet earlier this month, she might have been expected to brag about the state's booming economy and her promise to cut corporate taxes and government regulations.

After all, Mrs. Lingle, a Republican, is running for re-election next month, and her audience included many potential and current contributors.

Instead, she spoke about her efforts to alleviate homelessness, get welfare recipients back to work and reform the state's troubled public school system, even as she acknowledged that most of those in the audience send their children to private schools.

Hawaii residents readily remark that on the mainland, Mrs. Lingle, who has a 66 percent approval rating, would be a liberal Democrat. But in a state that hadn't elected a Republican governor in 40 years, she is expected to be re-elected by such a wide margin that Hawaii's leading Democrats preferred to campaign for other jobs, leaving the challenge to Randy Iwase, a 58-year-old former state senator.

During the campaign's only televised debate, Mrs. Lingle, 53, promised to serve out another term and is expected to challenge Sen. Daniel K. Inouye in four years, when he is expected to be seeking, at 86, his ninth term. Mr. Inouye, like the rest of Hawaii's congressional delegation, is a liberal Democrat.

"Lingle is the future of the Republican Party," said Ira Rohter, a political science professor at the University of Hawaii. "I think eventually the party will move back to the center, and people like Lingle will take over."

Larry J. Sabato, director of the Center for Politics at the University of Virginia, agrees.

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"Candidates who succeed despite being from the heavily minority party on average are stronger and with greater talents than those nominated by the majority party," he said. "Lingle is a perfect example. Hawaii is such a Democratic bastion that it's amazing any Republican was ever elected statewide, and that she's a heavy favorite for re-election is even more amazing."

Mrs. Lingle also is an observant Jew in a state with a minuscule Jewish community. She is the first female governor and the first not to be born and raised in Hawaii in 40 years.

Mrs. Lingle is from St. Louis and was educated in California. She came to Hawaii in 1976, first working for a Teamsters boss in Honolulu. She then moved to Molokai Island and edited a community newspaper.

In 1980, she left the newspaper, joined the Republican Party and was elected to the Maui County Council, where she served 10 years. In 1988, she was elected mayor of Maui County, which includes Molokai. She served for another decade and consolidated a reputation for efficiency and merit appointments, denouncing cronyism in the unions and government.

After winning the 2002 election, in which both houses of the Legislature retained large Democratic majorities, she behaved, said state House Majority Leader Marcus Oshiro, "more like a dictator than a governor."

Democrats dismissed her proposed constitutional amendment to change the school system and, by all accounts, she accomplished little in her first two years except streamlining the executive branch.

But she remained popular because, as Mr. Oshiro put it, "her timing was perfect." The recession that hobbled the previous administration turned into a boom that brought one of the country's lowest unemployment rates and allowed her to turn a budget deficit into a surplus.

Mrs. Lingle backs the Bush administration on the Iraq war. She opposes a withdrawal of U.S. troops because Iraq would "become a sitting target for terrorists" who would "be able to take over this country again and rule it in terror," she told a small group of journalists.

"We need a good strategy to make certain that democracy gets up and running as soon as possible so that they can take care of their own security and we can bring our troops home."

Clinton's Iowa Visit May Serve Wife's Aims (WP)

By Dan Balz

The Washington Post, October 16, 2006

DES MOINES, Oct. 15 -- Former president Bill Clinton entered the Hy-Vee Hall here on Saturday night like an aging rock star, striding up a red carpet, wearing a big smile, his arms outstretched to touch the hands of Democratic admirers lined up along his walkway to the stage.

Clinton came to rally Democrats three weeks before critical midterm elections. But his visit may have served another purpose as well. Alone among prospective Democratic presidential candidates for 2008, Sen. Hillary Rodham Clinton (N.Y.) has not set foot in the state all year, and the futures market in Clinton political stock here has been suffering.

Early polls by the Des Moines Register have shown former North Carolina senator John Edwards, the Democrats' 2004 vice presidential nominee, to be more popular among Democratic activists than the New York senator. A more recent survey of Iowans showed her running weaker than Edwards, Sen. John F. Kerry (D-Mass.) and Iowa Gov. Tom Vilsack (D) in a series of hypothetical general election matchups against prospective Republican candidates.

The senator's political advisers dismiss those numbers and perhaps for good reason. Clinton has chosen to focus on her own reelection in New York, they note, and so has not spent time in a state where voters insist on getting to know the candidates before they make a commitment to support them. If she decides to run, say her advisers, attitudes will change.

But Iowa Democrats said Clinton's standing reflects more than her absence. They say there is general unease within the party about her ability to win a general election. Beyond that, some Democrats are troubled by her support for the war in Iraq long after other Democratic politicians such as Kerry and Edwards had renounced their votes for the congressional resolution that authorized President Bush to launch the invasion.

Attitudes in Iowa are important in part because the state holds the opening caucuses of the nomination battle every four years. But Iowa also is a small but significant Midwestern swing state, one that swung to the Republicans in 2004. Any Democrat running for president will need to convince voters that he or she can win Iowa.

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"I think Hillary's got a problem with just about everybody with that under-the-radar thing of 'she can't win,' " said Rob Tully, a former Iowa Democratic Party chairman, and as one of Edwards's leading supporters, someone with his own biases. "That's something she's going to have to get over if she gets in. She knows that. She's an articulate, astute politician."

Antiwar sentiment has always run deep among Democratic activists in Iowa, which was why former Vermont governor Howard Dean found traction for his long-shot presidential candidacy in the opening of the 2004 nomination battle before his campaign collapsed in the weeks just before the caucuses.

If she runs, Clinton will meet skepticism or hostility among many of these antiwar Democrats. "The problem I have with Hillary is she voted for the Iraq war and did [support it] until a few months ago," said Bruce Stone, a liberal activist who attended Saturday's dinner.

Ann Selzer, who conducts the Iowa Poll for the Des Moines Register, said Clinton's problems go beyond the fact that she hasn't spent much time here recently. The problem is that many people already have an unfavorable opinion of her. "Her negatives are so negative," Selzer said in a phone interview.

It was Bill Clinton, during his first presidential campaign in 1992, who described the political partnership with his wife to voters as a buy-one, get-one-free deal. That still appears to be the case. He carries obvious political baggage, some of which his wife would inherit if she runs, but he is demonstrating that there are things he can do, small and large, that she cannot do for herself right now that could boost her candidacy.

The New York senator has avoided New Hampshire this year, like Iowa. Among other things, this has kept her out of the effort among New Hampshire Democrats to preserve their state's first-in-the-nation primary status, which the Democratic National Committee is challenging.

Every likely Democratic candidate save for Clinton has signed a letter to Gov. John Lynch (D) backing the state. But when the former president visited last summer, he offered a ringing endorsement of New Hampshire's traditional status at the front of the calendar and said his wife shared those views.

Many Democrats still look at Clinton as the party's most effective strategist and communicator, and on Saturday night he was applauded just for saying, "Here's what we [Democrats] ought to say," and used part of his 49-minute speech to road-test a message that will resonate long after next month's election.

He advised on how Democratic candidates should talk about national security and Iraq -- robustly but also critically of the administration. He outlined an ambitious domestic agenda: expanded health-care coverage, energy independence, fiscal responsibility, tax cuts for the middle class. He condemned what he described as the giveaways to big corporations, drug companies, corporate executives and the wealthiest Americans.

It was all in the guise of the midterm elections, but it could and likely will be taken right off the shelf with minimal modifications by Hillary Clinton, if she chooses to run. She already has on some of the issues he outlined.

Clinton joked that one of his main jobs these days is as the "chief caseworker for the junior senator of New York." But he is working in her behalf far beyond the borders of the Empire State and is reaching people she is not -- some of them more receptive to him than to her.

Asked before Clinton's speech what he thought of the former president, Stone brightened. "I think he walks on water, and the only way you'd get me to vote for Hillary is to tell me it's a package deal." She will decide how explicitly to make such an offer.

Woo GOP Voters, Clinton Urges Party (WT)

By Eric Pfeiffer

The Washington Times, October 16, 2006

DES MOINES, Iowa -- Former President Bill Clinton told Iowa Democrats that they should appeal to disaffected Republican voters in their efforts to win control of Congress.

"We've got a big responsibility. Forget about 2008. Forget about the politics. Just go out and find somebody and look them dead in the eye and say, 'You know, this is not right,' " Mr. Clinton said in a 45-minute speech before 3,500 Democratic Party activists Saturday night at their annual Jefferson-Jackson Day Dinner.

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Few doubted that the former president was present as a surrogate for Sen. Hillary Rodham Clinton, New York Democrat, whose likely run for the White House in 2008 would start in the important caucus state.

Democrats seeking their party's presidential nomination regularly attend the dinner during election years. Most in attendance paid $100 to attend the fundraising event that also included speeches from Iowa Democrats Gov. Tom Vilsack and Sen. Tom Harkin.

Despite his call for focus on this year's midterm elections, Mr. Clinton did work in a joking pitch on behalf of his wife.

"I am under no illusions as to why I'm here," he said. "You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York."

Mrs. Clinton did not attend the fundraiser and is the only member of the prospective class of 2008 Democrats who has not made a campaign stop in Iowa. In 1992, Mr. Clinton made only one visit during the primaries and lost the state to Mr. Harkin before eventually winning his party's nomination and the White House.

Even though Mrs. Clinton was not in Iowa, an independent organization supporting her likely 2008 campaign had a large presence at the dinner.

"The response has been overwhelming," said Peter Fedde, of VoteHillary.org, based in Chester, Va.

Mr. Fedde said Mrs. Clinton is focused on her Senate re-election, but that Mr. Clinton's speech was "very symbolic" of themes that Mrs. Clinton would tout as a presidential candidate.

"It was the same kind of issues, including working with Republicans," Mr. Fedde said.

Most of Mr. Clinton's speech focused on what he considers the faults of the Bush administration and a Republican-led Congress. Mr. Clinton cited the war in Iraq, the federal budget deficit and increased political polarization.

"You cannot blame the entire Republican Party for this reason," Mr. Clinton said. "The entire government of the United States -- the Congress, the White House and, increasingly, the courts -- for the last six years has been in the total control not of the Republican Party, but of the most ideological, the most right-wing, the most extreme sliver of the Republican Party."

Mr. Clinton said Republicans have three leading principles of governance: concentration of wealth among the nation's wealthiest people, "unlimited and unaccountable executive power" and appealing to an ideologically driven political base.

"We believe in evidence and argument, not assertions and attack," Mr. Clinton said.

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 16, 2006

Sen. Hillary Rodham Clinton called Sen. John McCain on Saturday to personally apologize and denounce comments an adviser of hers reportedly made that slammed the Republican senator over his time in captivity in North Vietnam, the New York Post reports.

The move from one potential 2008 presidential candidate to another was sparked by a column in the New York Times in which Maureen Dowd quoted an anonymous adviser talking about Mr. McCain's criticism of the Clintons over their North Korea position.

The adviser said Team Clinton thought Mr. McCain, Arizona Republican, was doing the White House's dirty work by criticizing the Clintons and ended up "looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crewmates."

That was a reference to an unsubstantiated rumor used to malign Mr. McCain, a Vietnam war hero, as off-kilter during the 2000 Republican presidential primary.

Aides to both senators said Mrs. Clinton, New York Democrat, reached out to Mr. McCain to denounce the comments.

Mrs. Clinton is said to have a good relationship with Mr. McCain, and her circle clearly wasn't pleased with the remarks.

Clinton spokesman Howard Wolfson said, "These comments are reprehensible, and they in no way reflect Senator Clinton's feelings."

McCain spokesman John Weaver replied, "Senator Clinton is correct: The remark was reprehensible."

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Last week, Mr. McCain took what many saw as the first shot of the 2008 race, blasting Mrs. Clinton for placing blame for North Korea's recent nuclear test on President Bush -- and pointed to her husband Bill's policies as a "failure."

True believers

"Global warming is a religion, not science. That's why acolytes in the media attack global-warming critics not with scientific arguments, but for their apostasy," San Francisco Chronicle columnist Debra Saunders writes.

"Then they laud global-warming believers not for reducing greenhouse gases, but simply for believing global warming is a coming catastrophe caused by man. The important thing is to have faith in those who warn: The end is near," the columnist said.

"So a New York Times editorial Thursday took after Sen. James Inhofe, R-Okla., not for being a Doubting Thomas, but as the headline read, a 'Doubting Inhofe.' The brunt of the editorial was not a scientific refutation of Inhofe's arguments against the global-warming craze -- other than to cite a National Academy of Sciences report that warned that the Earth is approaching the warmest temperatures in 12,000 years -- a short blip in time to your average geologist.

"The Times' focus was on Inhofe's refusal to bow to 'the consensus among mainstream scientists and the governments of nearly every industrialized nation concerning manmade climate change.' That is, Inhofe has had the effrontery to challenge elite orthodoxy. Or, as the editorial put it, Inhofe 'has really buttressed himself with the will to disbelieve.'

"Get thee away, Satan.

" 'I see a sense of desperation that I haven't seen before,' Inhofe told me by phone Thursday, 'and frankly I'm enjoying it.' "

Michigan debate

Sen. Debbie Stabenow, Michigan Democrat, and Republican challenger Mike Bouchard sparred over issues ranging from the economy to free-trade agreements yesterday as they met in their first debate.

Mr. Bouchard, the Oakland County sheriff, said Mrs. Stabenow has been ineffective and has flip-flopped on several issues. "She says one thing here and does another thing in Washington," he said.

The former state lawmaker also criticized Mrs. Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years.

Mrs. Stabenow, seeking a second term, said Mr. Bouchard would support the "failed policies" of the Bush administration, the Associated Press reports.

A slim lead

The Democratic candidate running for the House seat once held by Florida's Mark Foley has a slim lead over a Republican rival, according to a newspaper poll published yesterday.

Democrat Tim Mahoney led Republican state Rep. Joe Negron 48 percent to 41 percent, with 11 percent undecided, according to the poll commissioned by the South Florida Sun-Sentinel and Scripps Treasure Coast Newspapers.

Mr. Negron is filling the campaign vacancy left after Mr. Foley, a six-term congressman, resigned amid reports that he exchanged sexually explicit Internet messages with male teenagers who worked on Capitol Hill.

Mr. Foley's name will remain on the ballot, with votes cast for him going to Mr. Negron.

The poll also found that many voters in the 16th Congressional District in South Florida say their voting plans will not be influenced by the scandal. The poll has a margin of error of 4 percentage points. Maryland-based Research 2000 conducted the telephone survey of 600 likely voters in District 16 Wednesday through Friday for the newspapers.

Backing Arnold

The Los Angeles Times yesterday endorsed Arnold Schwarzenegger for a second term as governor of California.

After a "disappointing sophomore year," Mr. Schwarzenegger had managed to direct the state on a "moderate course" that deserves another four years, the newspaper said.

"In the last year, the Republican has formed relationships with legislative leaders that focused the usually fractious and often obstructive Democrats on a productive agenda."

Polls show Mr. Schwarzenegger with a sizable lead over Phil Angelides, his Democratic rival in the governor's race.

Kerry's charge

Sen. John Kerry, Massachusetts Democrat, yesterday accused the Bush administration of a "cut-and-run policy" in Afghanistan.

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Asked on "Fox News Sunday" about the U.N. Security Council resolution against North Korea's nuclear- weapons program, Mr. Kerry instead changed the subject to Iraq and Afghanistan, condemning as "a complete fantasy" the foreign-policy prescriptions offered by Secretary of State Condoleezza Rice, who had preceded him as a guest on the Fox News Channel program.

"It's a failure in Afghanistan where they have a sort of cut-and-run policy of not completing the job," said Mr. Kerry, adding that the U.S. has "seven times the troops in Iraq" as in Afghanistan.

"The problem with Iraq is that it has diminished our hand and reduced our ability to be able to deal with Iran and North Korea. They are related," Mr. Kerry said.

'We Are A Nuclear Power' (NSWK)

By Michael Hirsh, Melinda Liu And George Wehrfritz

Newsweek, October 23, 2006

Great historical events can spring from small slights. Kaiser Wilhelm never forgave the French for not treating him to a parade in Paris. "The monarchs of Europe have paid no attention to what I have to say," the German emperor whined before setting the Continent aflame in 1914. By many accounts, North Korea's Kim Jong Il also suffers from a tender ego. For one thing the 5-foot-3 dictator is sensitive about his height (hence, one suspects, his bouffant hairstyle and elevator shoes). After ordering the kidnapping of a South Korean actress, Choe Eun Hee, in 1978 to help him start up a national film industry, the first thing the movie-mad Kim jokingly asked her at a welcoming dinner was: "Well, Madame, what do you think of my physique?" More painfully, he fears that in the eyes of his countrymen and allies, he can never match the achievements of his revered father, the "Great Leader" Kim Il Sung (who was close to six feet tall and who led a guerrilla army against the Japanese occupiers in the 1930s). By many accounts, the young Kim is fed up along with his top aides, who often reflect his views. "What I hear is, Big Brother is telling Little Brother, 'Don't do that'," the North Korean vice minister of Foreign Affairs, Kim Gye Gwan, complained when Beijing urged Kim Jong Il to cancel his planned missile tests in July. "But we are not boys. We are a nuclear power."

And so one can understand the reaction at the highest levels of Kim's secretive regime when he learned of George W. Bush's contemptuous comments about him at a meeting of Republican senators in 2002. In a private diatribe that left listeners stunned by its vehemence, the U.S. president called Kim a hateful "pygmy" who behaved like "a spoiled child at a dinner table." Since those remarks and other personal cracks by Bush were reported in NEWSWEEK and other Western publications, North Korean officials have regularly complained about them to Washington-based Korea scholar Selig Harrison, who visits Pyongyang often. "How can we deal with you when your leader doesn't show us even a minimum of respect?" Kim Gye Gwan asked Harrison in 2004.

History is not just about abstract forces like economics or ideology or geography. It is also shaped, often most decisively, by the aims and ambitions of deeply flawed men—men like Kim, his father and generations of North Korean soldiers, scientists and spies who have spent years trying to join the Nuclear Club. Did Kim decide to test a nuclear device last week because the leader of the world's only superpower refuses to talk directly to him? It's more complicated than that, of course, just as World War I had many more causes than Kaiser Wilhelm's Napoleon complex. But the trail of events that led to this perilous moment—making North Korea the first new declared nuclear power in eight years, and undoubtedly the most unstable of the eight (not including Israel) in the world today—had a great deal to do with years of misplaced pride and prejudice between Pyongyang and Washington, of deep misunderstanding and disastrous missed chances. In an Oct. 10 interview with a Seoul newspaper, a North Korean diplomat confirmed that Pyongyang was sending a message: "When we declared that we had weapons, the U.S. underestimated our abilities and doubted that we really had them. The nuclear test has proven [our word]."

I. Secrets of the North

No one in Washington has ever known quite how to deal with North Korea. As a lonely Stalinist regime, Kim's nation is a political toxic-waste site that has festered for 50 years amid East Asia's glittering successes. It is also a place of truly Orwellian oddity, where traffic cops in Pyongyang's empty boulevards go through the motions of directing cars when there are none, where thousands of people starve unnoticed and where Kim administers "a gulag the size of Houston," in Bush's words. Bill Clinton

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likewise despised Kim, and as president, Clinton came much closer than Bush ever has to attacking him. But the incumbent American president is, by many accounts, offended by Kim on a more deeply moral and personal level.

During his first trip to Seoul, soon after his Axis of Evil speech in early 2002, Karen Hughes, then Bush's counselor, told reporters that the president was fascinated by satellite pictures of the Korean Peninsula at night, showing bright lights over the South and darkness over the power-starved North. To Bush, the pictures showed "the light and opportunity that comes with freedom, and the dark that comes with a regime that is oppressive," Hughes said. Just two weeks ago, at a press conference in the Rose Garden days before Kim's test, Bush recalled a meeting he had last April with a Japanese mother who had lost her teenage daughter to a North Korean abduction 29 years ago, possibly to be turned into a prostitute. He said the session—which he has called "one of the most meaningful moments of my presidency"—broke his heart.

While the size of North Korea's new test was unimpressive—at half a kiloton or less, it was little more than a nuclear popgun—Pyongyang continues to be the world's No. 1 missile proliferator. And the regime's long, shady history of secret kidnappings, amphibious commando missions and other spooky operations make American intelligence officials as nervous as they've ever been about what Kim has and what he might do with it. While the North has not yet been caught shipping nuclear materials abroad, it is conceivable that an enraged or cash-strapped Kim Jong Il could someday permit a baseball-size lump of plutonium loaded into a terrorist bomb to make its way to America.

Just as scary is what the North might pass on to other nuclear-minded regimes, especially its Axis of Evil companion, Iran. At the dawn of the Nuclear Age, during World War II, scientists worried that atomic technology could never be fully controlled—that the weapons produced to fight tyranny were demons in thin disguise. A NEWSWEEK investigation traces North Korea's nuclear demons back to their origins, and the story shows that, tragically, what was feared in the middle of the 20th century could become a commonplace of the early 21st.

Last week's half-kiloton explosion was the product of an effort spanning a half century or more. It is difficult to pinpoint the precise moment Kim Il Sung decided he needed the Bomb and a ballistic-missile program to go with it. But the ambition was in keeping with his deep insecurity going back to the dubious origins of his regime.

North Korea, after all, is an invented country, a relic of the cold-war divide. After the World War II defeat of Japan, which had occupied Korea, the regime was created by Stalin in 1945 out of the northern half of the Korean Peninsula, and Moscow propped up Kim Il Sung as a strongman. The Americans, meanwhile, built their client state in the southern half. Both sides never gave up their claims to the whole peninsula, putting them on a permanent war footing. To consolidate power, Kim created a cultlike ideology of self-reliance called juche, a curdled brew of traditional Korean xenophobia and nationalism, Confucian deference to authority and utopian Marxism-Leninism. Some experts argue that Kim decided he needed a nuclear security blanket soon after the 1950-53 Korean War, which he battled to a draw. Then came the early 1970s, when he realized he was losing the economic contest against his blood enemies in Seoul, and after that the Soviet Union disintegrated—a failure that suddenly left Pyongyang without a communist patron or a nuclear umbrella to shield it. An increasingly paranoid Kim Il Sung also sponsored many acts of terrorism against the South, including the alleged sabotaging of a Korean Airlines plane in 1987, killing all 115 passengers and crew, the year before the Seoul Olympic Games. And he taught his son well.

Driven by two men with near-absolute power, North Korea's program was produced by a staggering cast of characters. They included idealistic Korean scientists educated in Imperial Japan and repatriated after World War II, their students educated in the Soviet Union and the thousands of homegrown technicians. Japan, one of the North's hardiest enemies today, gave Pyongyang the man deemed the "first father" of North Korea's nuclear program, the late scientist and inventor Lee Sung Ki, who earned a degree in chemical engineering at Kyoto Imperial University in 1931. In fact, despite its deep isolation, the Hermit Kingdom is known or suspected to have received nuclear assistance from 14 countries: Russia, China, Austria, France, Canada, Romania, Germany, Pakistan, India, Japan, Iran, Ukraine, Kazakhstan and the Democratic Republic of Congo.

There were privateers, too: defectors, Chinese technology firms, Japanese trading houses and front companies scattered from Thailand to Scandinavia—all provided critical technologies, components or know-how by circumventing a global nonproliferation regime designed to thwart such commerce. Even the International Atomic Energy Agency unwittingly helped: analysts say a single North Korean diplomat, Choi Hak Gun, who was posted to IAEA headquarters in Vienna from 1974 to 1978, scoured the agency's library for nuclear know-how.

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The human costs of North Korea's nuclear ambitions on the nation's best and brightest were terrible. Few paid a higher price than Kimchaek University's class of '62, according to a grad who defected from North Korea several years ago and told NEWSWEEK his story. As graduation at the elite college neared more than 40 years ago, the buzz on campus was that Kim Il Sung had ordered construction of an advanced research facility to study atomic energy, and that patriotic young scientists so on would be mobilized to work there. "Our professors really pushed the need for nuclear development," he recalls. "The rumor circulating among students was that those of us sent there wouldn't have long to live."

The defector, spared the fate of those assigned to nuclear labs, spent his adult life watching unlucky classmates grow sick, weak and despondent. On leave, one confided a Confucian desperation to marry and sire children before radiation rendered him sterile. "It was exactly what we feared," the defector says, still saddened by their sacrifice. "These guys went bald. Many of them lost their eyebrows. Some of them had constant nosebleeds. They looked so weak it was hard to even face them. The thinking was, 'If one scientist falls there will always be others to take his place'." That logic not only ravaged a generation of scientists sent like worker bees into toxic nuclear labs. It cost billions in hard currency that might have fed starving people and hobbled the national economy by imposing perpetual austerity under slogans like "Military first."

North Korea was also helped by its participation in the rogues' club of nations that have suffered U.S. sanctions for pursuing nuclear ambitions, led by Pakistan, since the end of the cold war. After Washington shut down exports of military hardware to Pakistan in 1985, none other than Harvard-educated Benazir Bhutto concluded a missile deal with the North. Pakistan's black-marketing lead scientist, AQ Khan, visited North Korea 13 times over the next seven years. Pakistani President Pervez Musharraf has denied he knew anything about this, but according to former senior Pakistani officials those visits occurred with the knowledge and consent of the military leadership. Pakistan agreed to provide second-rate P1 centrifuge technology to North Korea in return for missiles, enabling Pakistan to extend the reach of its nuclear weapon deep inside India, and North Korean scientists received nuclear briefings at KRL (Khan Research Laboratory), Pakistan's main nuclear facility. Even so, the imported uranium enrichment technology has barely gotten off the ground. In the end, it was juche that prevailed.

Despite all this effort, the North Korean program remained a rather ramshackle affair, demonstrating that it's not so easy after all to build nukes. In the early 1990s, after Washington and Pyongyang nearly came to blows over the program, evangelist Billy Graham and Jimmy Carter went on peacemaking visits to the North, leading to Bill Clinton's "Agreed Framework" deal with Pyongyang. Under that 1994 pact, Clinton obtained a commitment to freeze plutonium reprocessing in exchange for aid and a civilian nuclear plant. When American experts were finally allowed in to inspect Yongbyon, the center of North Korea's nuclear programs, that year, they could hardly believe their eyes. Inside, the cooling pond looked like an abandoned swimming pool. Above it, a window was broken; a bird's carcass floated on the water. Below a film of algae, underwater cameras revealed metal receptacles—they looked like milk-bottle baskets—at the bottom of the pool containing spent nuclear fuel rods that could be reprocessed to produce weapons-grade plutonium. Some rods were broken, many mired in sludge. Tree leaves and twigs littered the place. Staring at the debris, inspectors suddenly realized that frogs were living in the water.

But since the breakdown of the Agreed Framework in 2002—the Bush administration discarded it as a flawed Clinton-era policy—Yongbyon has been cleaned up and repaired, says Sig Hecker, a former director of Los Alamos who was invited to inspect it in January 2004. Hecker later said the North Koreans were now "beyond dispute competent" at the chemistry and metallurgy of plutonium reprocessing. Indeed, the history of North Korea's program is evidence that "any country on the map with a population of 20 to 25 million will have the core group of people who can [go nuclear] if they squeeze their economy hard enough," says Daniel Pinkston, a nonproliferation expert at the Monterey Institute for International Studies. And North Korea has long been, to say the least, quite open to squeezing people in pursuit of power—including many along the Potomac River half a world away.

II. Missed Signals

Oct. 17, 2000, was a beautiful moonlit night in Washington. Marshal Cho Myong Rok, second only to Kim in North Korea, stood sipping drinks with Madeleine Albright on the terrace of the State Department's opulent Benjamin Franklin Room. In a meeting earlier that day with President Clinton, Cho had declared that Pyongyang had renounced terrorism, and he delivered Kim Jong Il's personal invitation to the president to visit Pyongyang.

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The two sides were tantalizingly near a deal to stop all North Korean missile exports and cease development, testing and deployment of anything other than short-range Scuds. At least so the Clinton team believed. In exchange, the North would get full diplomatic recognition, the promise of billions in aid from Washington and Tokyo, and the stamp of legitimacy and guarantee of security that a Clinton visit would bring, says Albright's former senior aide, Wendy Sherman. According to Yang Sungchul, the South Korean ambassador to Washington who was there that night, Albright and Marshal Cho conversed in one corner, she looking comfortable and the general bolt-upright as if standing at attention. "I'm sure he was overwhelmed" by the culture shock, says Yang: here was Cho, the leading general of a country whose capital features a U.S. war-crimes museum, surrounded by the enemy.

A week later Albright was in Pyongyang, meeting with what she described as a well-informed and charming Kim, who gave a sophisticated rundown of his security situation and graciously directed his waiters not to give her too much alcohol during toasts. At one point, recalls Sherman, Kim even called for U.S. troops to remain on the Korean Peninsula (to guard against China). Albright was also treated to a show involving tens of thousands of acrobats and dancers at a stadium, intended to impress her with the glorious feats of the North Korean revolution. During the spectacle, a mass of performers flipped colored placards that together depicted Kim's Taepodong I missile taking off for its first test in 1998. Kim turned to Albright at that moment and said, "That was the first launch of that missile, and it will be the last."

In retrospect, that evening was the high point of U.S.-North Korean relations. Since then, GOP hard-liners have gleefully criticized Albright for the visit, and dismissed the North Koreans as blackmailers. But had a lasting settlement been reached, many Asian and U.S. diplomats believe North Korea would likely not have tested a nuclear device, and would not have developed an intercontinental missile, the Taepodong II, with a range that can reach Alaska or Hawaii (though its first test failed).

In the end, Clinton was absorbed by Mideast peace talks, which the White House thought more important than a risky deal many aides doubted. But the incoming secretary of State, Colin Powell, was so impressed with the deal's terms that, when Albright and her aides briefed him and the then national-security adviser Condoleezza Rice, he praised it to the press. On March 6, 2001, Powell declared that the new administration "plan[s] to engage with North Korea, to pick up where President Clinton left off. Some promising elements were left on the table." South Korean President Kim Dae Jung, full of messianic fervor about his new Sunshine Policy of détente with the North, rushed to Washington to make his case as well.

That's when the hammer dropped. Powell, it turned out, had forgotten to check with his boss before spouting off about North Korea. And Kim Dae Jung was stunned when he stepped out for a joint news conference after meeting Bush in March 2001. "He didn't talk about what we had agreed upon but began to criticize North Korea by saying that a regime that couldn't even feed its people was making nuclear weapons," Kim Dae Jung told NEWSWEEK last week. "From that time on, things began to go wrong. I am confident that if President Bush had [pursued] the agreement sought by President Clinton the North Korean issue would have been resolved, and I am very sorry about that."

The Bush team says both Powell and Kim Dae Jung got ahead of themselves, imposing policy on the new president when he'd barely been in office. There was, at the time, a hostile "anything but Clinton" tone in the White House, and Kim Jong Il was also a handy villain to have around to justify the centerpiece of Bush's foreign policy, the expensive missile defense program.

The attacks of September 11 cemented Bush's attitude toward Kim, and shifted him toward regime change. Defense Secretary Donald Rumsfeld, especially, was obsessed by the possibility that terrorists might get their hands on a nuclear weapon. He asked his team to review which nations had the capability to produce a nuclear weapon and which had links to terrorist groups. The review came up with a list of a dozen or so nations, including countries like Syria and Libya that might be coerced into abandoning their ambitions, but it concluded that a hard-core trio—Iran, Iraq and North Korea—were probably immune to any peaceful pressures. That, more than any other review by the administration, was what led to Bush's "Axis of Evil" State of the Union speech in January 2002.

While Clinton came very close to traveling to Pyongyang, Bush maintains that he has a much more realistic approach to Kim's perfidies. In fact, Bush himself approved a plan to cut off Kim and the North Korean elite's illegal financing, only days after America, China and other countries announced a new round of talks with North Korea a year ago. Bush's former senior director for Asia, Michael Green, told NEWSWEEK last week: "The president said, 'We apply the law'." Not surprisingly, the talks broke down.

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There is some evidence that the Bush administration was seeking to manipulate intelligence on North Korea. During a visit to Pyongyang by lead negotiator James Kelly in October 2002, he presented what U.S. officials described as "proof" that the North had a secret uranium-enrichment program, undercutting Clintonite claims that Kim was adhering to a pledge not to advance his nuclear program. Bush officials later said the North Koreans had confessed. But diplomats now say that was a translation error. (Kelly could not be reached for comment.) While Kim was clearly violating the spirit of his '94 agreement by secretly importing centrifuge equipment, U.S. intelligence sources tell NEWSWEEK that their monitors in the region have never detected telltale emissions from any centrifuges. Earlier in 2002, the then Pacific commander Adm. Dennis Blair told a Pentagon meeting chaired by Under Secretary of Defense Stephen Cambone that Blair's surveillance and monitoring teams had still detected nothing. According to a participant who would speak only if he was not identified, that led Cambone to stalk over to Blair after the meeting, jab his finger into his chest and declare that he expected more out of him.

Things grew so icy between the two countries in recent years that, in what is perhaps one of the more bizarre episodes in the long history of diplomacy, the North Koreans turned to one of their few American friends, the Hackensack, N.J., restaurateur Robert (Bobby) Egan, who heads a trade group promoting business with Pyongyang. For years Egan used to joke that North Korean diplomats at the United Nations frequented his Hackensack restaurant, Cubby's, because they liked feeling "naughty": his place pushed the limit beyond which the foreign diplomats were forbidden to travel without U.S. government permission. As Egan tells it, the North Koreans were once again offering to "sell" their nuclear and missile programs to the U.S. government. "They were willing to accept a price, spread over a number of years," Egan says. There were no takers.

South Korean diplomats point out that even Ronald Reagan negotiated with the Soviet Union after calling it an "evil empire." "Having dialogue is not to make friends," Kim Dae Jung says. "You can have dialogue even with the Devil if it is necessary."

III. A Spreading Global Danger

Dealing with the devil is exactly how many U.S. officials would view a pact with Kim Jong Il, now that the work of two dictators, generations of scientists, black marketeers and military officers has apparently catapulted North Korea into the ranks of the nuclear. The administration does have a war plan for Korea. OPPLAN 5027 has long been part of the U.S. Pacific Command's inventory—initially as a plan only for the defense of the South, but since the early 1990s also laying out a follow-up invasion of the North and the toppling of the regime. Washington also has a contingency plan for taking out all known North Korean nuclear facilities—also worked up during the Clinton administration during the 1992-93 crisis. But military officials say the casualties on both sides would be enormous, even in the best case. One reason Bill Clinton decided to cut a deal, in fact, is that on May 19, 1994, Defense Secretary Bill Perry briefed the president on the likely costs of invasion: 52,000 U.S. military and 490,000 South Korean soldiers killed or wounded, and untold numbers of civilian casualties, all in the first 90 days. Perry ultimately was the one who went to Pyongyang to negotiate.

No surprise, then, that Bush has made clear he has no intention of attacking Kim. But there appears to be no easy diplomatic way out, either. Last Saturday the U.N. Security Council unanimously passed a resolution imposing sanctions, but China and Russia are still balking at anything too severe. In an interview with NEWSWEEK, the Treasury Department under secretary in charge of antiterrorism operations, Stuart Levey, said that Bush's decision to sanction the Macau-based bank that laundered money for Kim has had a ripple effect by warning other banks and businesses not to do business with North Korea or companies or financial entities linked to North Korea. The North Koreans are "looking for other access points" to the world financial system, but "they are having trouble finding new ones," he said.

The problem with Bush's approach, say his critics—who include Kim Dae Jung and many Asian diplomats—is that while he waits for regime collapse, bad things can happen. North Korea could be even more dangerous, since the removal of legitimate bank funds means Kim must resort to illicit funds instead—the kind that can come from WMD sales. And in the past six years Bush has permitted the North Korean leader to cross more U.S. "red lines"—by reprocessing spent fuel into plutonium, kicking out inspectors and declaring he has nuclear weapons—than Clinton did.

The gravest danger going forward is proliferation to like-minded regimes, especially to Iran. Despite the lack of any common goal—one regime would like to see the world turn Islamic green, the other wants things juchered—the two countries are closer to being an actual "axis" than they were when Bush launched the phrase in January 2002. And if Pyongyang is seen as getting away with its nuclear test, some Iranian officials indicate they may raise their own demands for a nuclear program. That's

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partly why Rice is traveling to Asia and Russia in a new diplomatic offensive this week: she will link North Korea and Iran together once again, arguing that as nuclear offenders they should be made outcasts, the new slavers of the 21st century.

For Washington, the greatest hope against Kim lies with China, which controls some 70 percent of the North's fuel supplies. U.S. officials hope that Chinese President Hu Jintao will decide he's finally had enough of his out-of-control former junior partner. Officials close to Vice President Dick Cheney are warning their Chinese counterparts that Japan could be forced to join the Nuclear Club. They are also warning that North Korea may threaten the Beijing Olympics in 2008. The fear? That Kim might resort to terror to make a point. As precedent, they cite the 1987 Korean Air disaster.

Last week, even as North Korea's apparatchiks threatened to fire off another test, its diplomats privately sent wistful messages to American counterparts imploring them to come back and talk. North Korean envoy Han Song Ryol, who was winding up a posting at his country's U.N. Mission in New York, sounded plaintive as he bid goodbye to U.S. friends. Han asked an American acquaintance who spoke on condition of anonymity because of the sensitivity of the matter: "What can we do to get the Americans to talk with us?" Back came the answer: nothing. Still, Rice will tell her counterparts this week that, even after the test, Bush is open to letting the North back into negotiations.

In Bush's Oval Office sits a bronze bust of Winston Churchill, who served both in the government and at the front in the war Kaiser Wilhelm started partly out of pride in 1914. Churchill's was a long life: a veteran of the trenches, in 1955 he spoke to the House of Commons about the hydrogen bomb and arms control. He was worried, he said, about what might happen "if God wearied of mankind," but he would not give in. "Never flinch, never weary, never despair," Churchill said, and took his leave. The Nuclear Age is bleak, but an old man's words might help us see our way forward as we struggle to tame the demons.

The Fresh Face (TIME)

By Joe Klein

Time, October 16, 2006

It is 9 A.M. on a fresh, sunny Saturday in Rockford, Ill., and nearly a thousand people have gathered in the gymnasium at Rock Valley College to participate in a town meeting with their Senator, Barack Obama. It is an astonishingly large crowd for a beautiful Saturday morning, but Obama--whose new book, The Audacity of Hope, is excerpted starting on page 52--has become an American political phenomenon in what seems about a nanosecond, and the folks are giddy with anticipation. "We know he's got the charisma," says Bertha McEwing, who has lived in Rockford for more than 50 years. "We want to know if he's got the brains." Just then there is a ripple through the crowd, then gasps, cheers and applause as Obama lopes into the gym with a casual, knees-y stride. "Missed ya," he says, moving to the microphone, and he continues greeting people over raucous applause. "Tired of Washington."

There's a sly hipster syncopation to his cadence, "Been stuck there for a while." But the folksiness pretty much disappears when he starts answering questions. Obama's actual speaking style is quietly conversational, low in rhetoric-saturated fat; there is no harrumph to him. About halfway through the hour-long meeting, a middle-aged man stands up and says what seems to be on everyone's mind, with appropriate passion: "Congress hasn't done a damn thing this year. I'm tired of the politicians blaming each other. We should throw them all out and start over!"

"Including me?" the Senator asks.

A chorus of n-o-o-o-s. "Not you," the man says. "You're brand new." Obama wanders into a casual disquisition about the sluggish nature of democracy. The answer is not even remotely a standard, pretaped political response. He moves through some fairly arcane turf, talking about how political gerrymandering has led to a generation of politicians who come from safe districts where they don't have to consider the other side of the debate, which has made compromise--and therefore legislative progress--more difficult. "That's why I favored Arnold Schwarzenegger's proposal last year, a nonpartisan commission to draw the congressional-district maps in California. Too bad it lost." The crowd is keeping up with Obama, listening closely as he segues into a detailed discussion of the federal budget. Eventually, he realizes he has been filibustering and apologizes to the crowd for "making a speech." No one seems to care, since Obama is doing something pretty rare in latter-day American politics: he is respecting their intelligence. He's a liberal, but not a screechy partisan. Indeed, he seems obsessively eager to find common ground with conservatives. "It's such a relief after all the screaming you see on TV," says Chuck Sweeny, political editor of the

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Rockford Register Star. "Obama is reaching out. He's saying the other side isn't evil. You can't imagine how powerful a message that is for an audience like this."

Obama's personal appeal is made manifest when he steps down from the podium and is swarmed by well-wishers of all ages and hues, although the difference in reaction between whites and blacks is subtly striking. The African Americans tend to be fairly reserved--quiet pride, knowing nods and be-careful-now looks. The white people, by contrast, are out of control. A nurse named Greta, just off a 12-hour shift, tentatively reaches out to touch the Senator's sleeve. "Oh, my God! Oh, my God! I just touched a future President! I can't believe it!" She is literally shaking with delight--her voice is quivering--as she asks Obama for an autograph and then a hug.

Indeed, as we traveled that Saturday through downstate Illinois and then across the Mississippi into the mythic presidential-campaign state of Iowa, Obama seemed the political equivalent of a rainbow--a sudden preternatural event inspiring awe and ecstasy. Bill Gluba, a longtime Democratic activist who sells real estate on both sides of the river in the Quad Cities area, reminisced about driving Bobby Kennedy around Davenport, Iowa, on May 14, 1968. "I was just a teenaged kid," he says. "But I'll never forget the way people reacted to Kennedy. Never seen anything like it since--until this guy." The question of when Obama--who has not yet served two years in the U.S. Senate--will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak. In Davenport a local reporter asks the question directly: "Are you running for President in 2008?" Obama surprises me by saying he's just thinking about the 2006 election right now, which, in the semiotic dance of presidential politics, is definitely not a no. A few days later, I ask Obama the obvious follow-up question: Will he think about running for President in 2008 when the congressional election is over? "When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," he says carefully, and then adds, "I haven't completely decided or unraveled that puzzle yet."

Which is even closer to a yes--or, perhaps, it's just a clever strategy to gin up some publicity at the launch of his book tour. The current Obama mania is reminiscent of the Colin Powell mania of September 1995, when the general--another political rainbow--leveraged speculation that he might run for President into book sales of 2.6 million copies for his memoir, My American Journey. Powell and Obama have another thing in common: they are black people who--like Tiger Woods, Oprah Winfrey and Michael Jordan--seem to have an iconic power over the American imagination because they transcend racial stereotypes. "It's all about gratitude," says essayist Shelby Steele, who frequently writes about the psychology of race. "White people are just thrilled when a prominent black person comes along and doesn't rub their noses in racial guilt. White people just go crazy over people like that."

When I asked Obama about this, he began to answer before I finished the question. "There's a core decency to the American people that doesn't get enough attention," he said, sitting in his downtown Chicago office, casually dressed in jeans and a dark blue shirt. "Figures like Oprah, Tiger, Michael Jordan give people a shortcut to express their better instincts. You can be cynical about this. You can say, It's easy to love Oprah. It's harder to embrace the idea of putting more resources into opportunities for young black men--some of whom aren't so lovable. But I don't feel that way. I think it's healthy, a good instinct. I just don't want it to stop with Oprah. I'd rather say, If you feel good about me, there's a whole lot of young men out there who could be me if given the chance."

But that's not quite true. There aren't very many people--ebony, ivory or other--who have Obama's distinctive portfolio of talents, or what he calls his "exotic" family history. His parentage was the first thing he chose to tell us about himself when he delivered his knockout keynote speech at the Democratic National Convention in 2004: his father was from Kenya and his mother from Kansas. He told the story in brilliant, painful detail in his first book, Dreams from My Father, which may be the best-written memoir ever produced by an American politician. His parents met at the University of Hawaii and stayed together only briefly. His father left when Obama was 2 years old, and Barack was raised in Hawaii by his Kansas grandparents, except for a strange and adventurous four-year interlude when he lived in Indonesia with his mother and her second husband. As a teenager at Hawaii's exclusive Punahou prep school and later as a college student, Obama road tested black rage, but it was never a very good fit. There was none of the crippling psychological legacy of slavery in his family's past. He was African and American, as opposed to African American, although he certainly endured the casual cruelties of everyday life--in the new book, he speaks of white people mistaking him for a valet-parking attendant--that are visited upon nonwhites in America. "I had to reconcile a lot of different

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threads growing up--race, class," he told me. "For example, I was going to a fancy prep school, and my mother was on food stamps while she was getting her Ph.D." Obama believes his inability to fit neatly into any group or category explains his relentless efforts to understand and reconcile opposing views. But the tendency is so pronounced that it almost seems an obsessive-compulsive tic. I counted no fewer than 50 instances of excruciatingly judicious on-the-one-hand-on-the-other-handedness in The Audacity of Hope. At one point, he considers the historic influence of ideological extremists--that is, people precisely unlike him. "It has not always been the pragmatist, the voice of reason, or the force of compromise, that has created the conditions for liberty," he writes about the antislavery movement of the 19th century. "Knowing this, I can't summarily dismiss those possessed of similar certainty today--the antiabortion activist ... the animal rights activist who raids a laboratory--no matter how deeply I disagree with their views. I am robbed even of the certainty of uncertainty--for sometimes absolute truths may well be absolute."

Yikes. But then Obama is nothing if not candid about his uncertainties and imperfections. In Dreams from My Father, which was written before he became a politician, he admits to cocaine and marijuana use and also to attending socialist meetings. In The Audacity of Hope, I counted 28 impolitic or self-deprecating admissions. Immediately, on page 3, he admits to political "restlessness," which is another way of saying he's ambitious. He flays himself for enjoying private jets, which eliminate the cramped frustrations of commercial flying but--on the other hand!--isolate him from the problems of average folks. He admits that his 2004 Senate opponent, Alan Keyes, got under his skin. He blames himself for "tensions" in his marriage; he doubts his "capacities" as a husband and father. He admits a nonpopulist affinity for Dijon mustard; he cops to being "grumpy" in the morning. He even offers his media consultant David Axelrod's opinions about the best negative TV ads that could have been used against him in the 2004 Senate campaign. (He once--accidentally, he says--voted against a bill to "protect our children from sex offenders.")

There is a method to this anguish. Self-deprecation and empathy are powerful political tools. Obama's candor is reminiscent of John McCain, who once said of his first marriage, "People wouldn't think so highly of me if they knew more about that." Obama's empathy is reminiscent of Bill Clinton, although the Senator's compassion tends to be less damp than Clinton's: it's more about understanding your argument than feeling your pain. Both those qualities have been integral to Obama's charm from the start. His Harvard Law School classmate Michael Froman told me Obama was elected president of the Law Review, the first African American to hold that prestigious position, because of his ability to win over the conservatives in their class. "It came down to Barack and a guy named David Goldberg," Froman recalls. "Most of the class were liberals, but there was a growing conservative Federalist Society presence, and there were real fights between right and left about almost every issue. Barack won the election because the conservatives thought he would take their arguments into account."

After three years as a civil rights lawyer and law professor in Chicago, Obama was elected to the Illinois state senate and quickly established himself as different from most of the other African-American legislators. "He was passionate in his views," says state senator Dave Syverson, a Republican committee chairman who worked on welfare reform with Obama. "We had some pretty fierce arguments. We went round and round about how much to spend on day care, for example. But he was not your typical party-line politician. A lot of Democrats didn't want to have any work requirement at all for people on welfare. Barack was willing to make that deal."

The raising and dashing of expectations is at the heart of almost every great political drama. In Obama's case, the expectations are ridiculous. He transcends the racial divide so effortlessly that it seems reasonable to expect that he can bridge all the other divisions--and answer all the impossible questions--plaguing American public life. He encourages those expectations by promising great things--at least, in the abstract. "This country is ready for a transformative politics of the sort that John F. Kennedy, Ronald Reagan and Franklin Roosevelt represented," he told me. But those were politicians who had big ideas or were willing to take big risks, and so far, Barack Obama hasn't done much of either. With the exception of a bipartisan effort with ultra-conservative Senator Tom Coburn of Oklahoma to publish every government contract--a matter of some embarrassment to their pork-loving colleagues--his record has been predictably liberal. And the annoying truth is, The Audacity of Hope isn't very audacious.

A few weeks ago, I watched Obama give a speech about alternative energy to an audience gathered by MoveOn.org at Georgetown University. It was supposed to be a big deal, one of three speeches MoveOn had scheduled to lay out its 2008

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issues agenda, a chance for the best-known group of activist Democrats to play footsie with the party's most charismatic speaker, and vice versa. But it was a disappointment, the closest I had seen Obama come to seeming a standard-issue pol, one who declares a crisis and answers with Band-Aids. In this case, he produced a few scraggly carrots and sticks to encourage Detroit to produce more fuel-efficient cars. The audience of students and activists sensed the Senator's timidity and became palpably less enthusiastic as Obama went on. Just two days before, Al Gore gave a rousing speech in New York City in which he proposed a far more dramatic alternative energy plan: a hefty tax on fossil fuels that would be used, in turn, to reduce Social Security and Medicare taxes. I asked Obama why he didn't support an energy-tax increase married to tax relief for working Americans in the MoveOn speech or in The Audacity of Hope. "I didn't think of it," he replied, but sensing the disingenuousness of his response--talk of a gas tax is everywhere these days, especially among high-minded policy sorts--he quickly added,"I think it's a really interesting idea."

I pressed him on this. Surely he had thought about it? "Remember, the premise of this book wasn't to lay out my 10-point plan," Obama danced. "My goal was to figure out the common values that can serve as a basis for discussion." Sensing my skepticism, he tried again: "This book doesn't drill that deep in terms of policy ... There are a slew of good ideas out there. Some things end up on the cutting-room floor."

Universal health insurance also found its way to the cutting-room floor. I asked about the universal plan recently passed in Massachusetts, which was a triumph of Obama-style bipartisanship. The plan requires everyone who earns three times the poverty rate to purchase health insurance and subsidizes those who earn less than that. Shouldn't health insurance be mandatory, like auto insurance, for those who can afford it? Obama wouldn't go there. "If there's a way of doing it voluntarily, that's more consonant with the American character," he said. "If you can't solve the problem without the government stepping in, that's when you make it mandatory."

After we jousted over several other issues, Obama felt the need to step back and defend himself. "Look, when I spoke out against going to war in Iraq in 2002, Bush was at 60-65% in the polls. I was putting my viability as a U.S. Senate candidate at risk. It looks now like an easy thing to do, but it wasn't then." He's right about that: more than a few of his potential rivals for the presidency in 2008 voted, as a matter of political expediency, to give Bush the authority to use military force in Iraq. Then Obama returned to the energy issue. "When I call for increased fuel-economy standards, that doesn't sit very well with the [United Auto Workers], and they're big buddies of mine ... Look, it's just not my style to go out of my way to offend people or be controversial just for the sake of being controversial. That's offensive and counterproductive. It makes people feel defensive and more resistant to changes."

Talk about defensive: this was the first time I had ever seen Obama less than perfectly comfortable. And his discomfort exposed the elaborate intellectual balancing mechanism that he applies to every statement and gesture, to every public moment of his life. "He's working a very dangerous high-wire act," Shelby Steele told me. "He's got to keep on pleasing white folks without offending black folks, and vice versa." Indeed, Obama faces a minefield on issues like the racial gerrymandering of congressional districts and affirmative action. "You're asking him to take policy risks? Just being who he is is taking an enormous risk."

There is a certain amount of political as well as psychological wisdom to what Steele says. The most basic rule of presidential politics is that you run against your predecessor. If Obama, 45, chooses to run in 2008, his consensus seeking would stand in stark contrast not only to the hyperpartisan Bush Administration but also to the histrionic, self-important style of baby-boom-generation politicians. Or it could work against him. An old-time Chicago politician told me Obama's thoughtfulness might be a negative in a presidential campaign. "You have to convey strength," he said, "and it's hard to do that when you're giving on-the-other-hand answers."

Meanwhile, back in our interview, I offer a slightly barbed olive branch: Maybe I'm asking for too much when I expect him to be bold on the issues, I suggest. Maybe my expectations for him are too high? "No, no," he says, and returns for a third time to energy policy--to Gore's tax-swap idea. "It's a neat idea. I'm going to call Gore and have a conversation about it. It might be something I'd want to embrace."

But he's not ready to make that leap just yet. Boldness needs to be planned, not blurted--and there are all sorts of questions to ponder before he takes the next step.Would the arrogance implicit in running now, after less than one term in the Senate,

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undercut his carefully built reputation for judiciousness? Is the Chicago politician right about the need to be strong and simple in a run for President? Or can Obama overturn all the standard political assumptions simply by being himself? "In setting your expectations for me now, just remember I haven't announced that I'm running in 2008," he concluded. "I would expect that anyone who's running in 2008, you should have very high expectations for them."

Kerry Says He Deserves 2nd Chance In '08 (AP-Y)

AP-Yahoo, October 16, 2006

Sen. John Kerry says he deserves a second chance if he decides to take another crack at becoming president.

The Massachusetts Democrat, who lost to President Bush in 2004, said it is a basic principle that "Americans give people a second chance. And if you learn something and prove you've learned something, maybe even more so. Now, I don't know what I'm going to do yet. We'll make that decision down the road."

Ronald Reagan twice unsuccessfully sought the GOP nomination for president before he got it — and won two elections for the White House.

"John McCain, their leading candidate — didn't he get kicked around South Carolina by the same president because he wasn't patriotic enough as a prisoner of war? He's now their leading candidate for president," Kerry said of the Republican Party. "Richard Nixon seemed to get kicked around pretty badly both running for president and governor, turned around and came back and got elected president."

Kerry faces a major challenge trying to convince Democratic activists that a recently defeated candidate can still carry his party's hopes for recapturing the White House.

If Kerry runs, he would have to overcome other Democratic presidential hopefuls such as Sens. Hillary Rodham Clinton of New York, Joe Biden of Delaware, Russ Feingold of Wisconsin and Christopher Dodd of Connecticut.

The list of potential opponents also could include New Mexico Gov. Bill Richardson, former Indiana Gov. Sen. Evan Bayh, Iowa Gov. Tom Vilsack, and even Kerry's ex-running mate in 2004, former Sen. John Edwards of North Carolina.

Running With Blinders (NYT)

By Kevin Sweeney

The New York Times, October 16, 2006

Berkeley, Calif.

AT this point in the fall campaign, unabashed negativity clogs every media outlet. The stench of foul political advertising is everywhere, and one senses that little will change: Americans once again will hold their noses and vote.

For this round, there really isn't much to be done. But looking to the 2008 presidential race, there is still time to find a new way of campaigning — specifically, for progressive candidates to consider a fresh approach to running for office.

Why progressives? Because it's in their interest: pervasive negativity takes a far greater toll on progressive causes than on conservative ones. Conservatives typically rail against big government and bureaucrats. But by attacking the current administration, progressives unwittingly join the anti-government chorus. The differences between the two — one side making general attacks, the other specific ones — are details. Both project negative messages about government, but the advantage still goes to the conservatives.

To level the playing field, and restore clarity to progressive values, I propose "the forward-looking campaign."

The rules are simple. Never mention the opponent. Don't talk about the opponent's policies. Don't question the opponent's character. Don't talk about votes the opponent may have cast last week, last year or even 10 years ago. Refuse to run against anything or characterize any group; choose instead to run for something. Rather than engaging the opposition, the forward-looking candidate will engage the American people in a conversation about our future, keeping the focus on what we can accomplish as a nation and as individuals.

This is not just a commitment to be positive. Many candidates have tried that and failed. I was one of them. In 1992, I ran what many would consider a positive congressional campaign; my advertising never mentioned my opponent. But during a debate, I read statements she had made about me, noting that they were inaccurate. I made the corrections and moved on, doing so — I thought — without venom.

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The next day's newspapers, however, described my actions as a personal assault, suggesting that sparks flew when I "stood up to attack." Any luster I had gained from being positive had been tarnished.

I should have known then what is now quite obvious: one person's "clarification" is another person's "brutal attack." This is why the forward-looking candidate commits to avoiding any mention of the opposition, focusing instead on those whom he seeks to serve. It is a campaign promise that can be kept before a single vote is cast.

This commitment must be announced at the very outset, and must be the most visible element of the campaign throughout the early months. No matter how negative any other campaign chooses to be, voters must know that there is one candidate who refuses to put a foot on the slippery slope. What matters to the forward-looking candidate is where we can go and how we can get there. There is confidence and power in making that kind of statement.

There are also tactical reasons for the approach. It cuts through the background noise of American politics. It responds to the national disgust with negative campaigning. It gives voters an easy handle on the candidate, distinguishing him or her from others in the race.

And the approach is a natural shield. A forward-looking candidate who emerges from the Iowa caucuses would be difficult to attack; he would have spent much of a year building a case for this new model. He can stay visibly focused on the future, adopting a posture that suggests that anything else — any sideways glance — is a distraction. At last, there would be a penalty for unleashing negative ads, because the mere fact of the ads would be more important than their content. It is political jujitsu.

The first conversation I had along these lines was with Senator Gary Hart, as we considered media strategies for his 1988 presidential campaign. (He was then the Democratic front-runner; I was his press secretary.) We talked of a campaign in which every commercial would feature Mr. Hart looking into the camera, speaking directly to voters. In some of the ads, he would note how attacks by faceless announcers were damaging American politics, and would promise that his campaign would never rely on them.

As we considered various possibilities, we hit on an interesting bonus: Every negative ad, in every race in the country, could serve as a reminder that one candidate was taking a principled approach. We never saw this approach play out, as Mr. Hart's campaign ended abruptly following allegations of an extramarital affair. But the brutal attacks that came to define that election season suggested that we might have been right to consider the strategy.

The forward-looking campaign can help a progressive candidate satisfy America's yearning for moral values in politics. The landscape is crowded with political leaders who talk of morality, and who wear their Christian values on their sleeves. (The religious values of love and forgiveness, of course, are often contradicted or overwhelmed by political tactics evoking hate, fear or vengeance.) Rather than framing divisive issues like abortion and gay marriage to project its values, the forward-looking campaign would let its very conduct do the job. Without mentioning any religion, it could project religious values.

We reap what we sow. Divisive campaigns lead to divided government, a fate the American people can no longer afford. The forward-looking candidate, focused not just on electioneering but on governance, knows we must ultimately join hands — so he stops pointing fingers.

The 2004 election, according to some, was a race between fear and anger. Republicans raised fears; Democrats expressed anger. But it is obvious in the abstract that anger could never defeat fear; the two emotions are too closely linked. A forward-looking campaign offers a better strategy for combating fear. It offers, finally, respect and hope.

The Center Fails (WP)

By Sebastian Mallaby

The Washington Post, October 16, 2006

With Mark Warner out of the 2008 Demstakes, the chief anti-Hillary centrist is Sen. Evan Bayh of Indiana. This is a depressing commentary on the state of the Democratic Party. Bayh may have cleared his schedule to woo Warner supporters on Thursday. But he has yet to prove himself a real contender -- and he may not be a real centrist, either.

Two weeks ago Bayh circulated a preposterous letter to his Senate colleagues. It urged them to oppose what Bayh called "documented unfair trade" in a type of steel that's used in vehicles. It noted the Commerce Department's finding that lifting the

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tariff on this steel would lead to dumping by foreign producers. That would hurt U.S. steelmakers, the letter continued; so when the fate of the tariff is considered at a sunset review tomorrow, it should on no account be lifted.

This is not a policy that protects workers, as Bayh's letter pretended. It's a sellout to a self-serving lobby. It would help the steel guys at the expense of the car guys, even though the car guys are hurting more and they employ more workers.

The tariff that Bayh wants to preserve is one of more than a hundred that protect the steel industry. These fortifications were erected on the theory that the steel business is inherently unfair because every nation in the world wants its own steelmaker. The creation of these national champions guarantees global oversupply of steel, or so the argument used to go. Therefore the United States had to protect itself from dumpers' unfairly low prices.

This argument was always flawed. If foreigners wanted to sell artificially cheap steel, the United States should have been happy to pocket the subsidy. But the protectionist argument is now worse than flawed, because the steel industry has changed substantially. A wave of mergers has rationalized some of the old national champions, and the alleged oversupply of steel has disappeared in the face of exploding demand from developing countries.

You can see this transformation in the steel companies' own statements. When they are lobbying senators such as Bayh, the steel guys plead that they are poor and weak and hungry. But when they are addressing investors on Wall Street, they boast that steel is scarce and that they can charge what they want for it.

If there is now a sellers' market in steel, why does the Commerce Department assert that lifting the tariff would trigger dumping? It's nice that you asked, because the answer is hilarious. The department's practice, in sunset reviews such as this one, is to rely on its original analysis -- and never mind that this dates from more than a decade ago, when the steel industry looked utterly different.

Wait, it gets better. The steel lobby has been running newspaper advertisements citing another Commerce finding: that lifting the tariff would allow foreign steel into the country at prices 10 to 36 percent below normal value. But that 36 percent margin is a fraud. The Commerce Department applied it to Nippon Steel because Nippon failed to cooperate with its review, not because Nippon is selling 36 percent below cost. During the previous go-round, when Nippon did cooperate, Commerce found a dumping margin of just 2.5 percent.

Why did Nippon refuse to cooperate with Commerce in the latest review? Nice question again: because Nippon had entered an alliance with one of the top producers in the United States and did not want to compete with its partner. In other words, consolidation generated the fraudulent 36 percent margin, but the margin is nonetheless used by the steel lobby to pretend that it remains as weak as in the pre-consolidation era.

Bayh is not the only senator to take dictation from the steel lobby. When the sunset hearing convenes at the International Trade Commission tomorrow, the steel lobby will present a petition from Sens. Arlen Specter and Jay Rockefeller, co-signed by perhaps 10 others. But Bayh stands out because centrists like him have traditionally been pro-trade and because his sights are set on the White House. Presidential aspirants are supposed to champion the national interest, not special interests.

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Why Don't Americans Like To Vote? Politics Are Only One Reason (WSJ)

By Cynthia Crossen

The Wall Street Journal, October 16, 2006

If you're an American who is not planning to vote Nov. 7, join the crowd. In the past few decades, less than 40% of eligible voters in the U.S. have bothered to cast ballots in midterm elections.

Your forebears would be ashamed. In late-19th-century midterm elections, turnout ranged from 65% to 78%. For presidential elections, almost 80% of the nation's eligible -- rich and poor, educated and illiterate -- voted. In 1888, 10 states had turnouts of more than 90%. Eight years later, Indiana voters set a record with 97% casting ballots.

Then, in the early 20th century, turnout began falling precipitously. By 1920, less than half of the voting-age population made it to the polls on Election Day. "The drop in voting was nationwide, substantial and cumulative," wrote Mark Lawrence Kornbluh, author of "Why America Stopped Voting." It was also unprecedented, both in America and other Western democracies. Americans, it seemed, no longer prized their right to vote.

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But the new nonvoters were only partly to blame for their disengagement. A century ago, a raft of new state laws, supported by leaders across the political spectrum from conservatives to progressives, transformed the idea and act of voting so radically that hundreds of thousands of people dropped out of the political system. Many of them -- and their children -- would never return.

A 19th-century man (in most states, women weren't enfranchised until 1920) could decide to vote on the spur of the moment, pick up a simple ballot from party headquarters and drop it at the poll on Election Day, where his like-minded neighbors would give him a cheer and perhaps a beer. No preregistration was required, no taxes, no proof of residency, literacy or even citizenship. If, like most people then, he was a party man, his vote might earn him a reward -- a small cash gift or even better, a job with the post office.

Election day was rowdy and festive, a thrilling climax to a political campaign that featured bonfires, barbecues, parades, torchlight rallies and passionate oratory. Politics were social and recreational at a time when there wasn't much other public entertainment. More than 20% of people were actively involved in campaigning. "Political matters were not complex, intangible and remote, but simple, concrete and directly related to the concerns of daily life," wrote Paul Kleppner in his 1982 book, "Who Voted?"

Newspapers covered little besides politics. The races were often close -- the presidency changed hands in every election between 1876 and 1896 -- and the differences between the two parties seemed enormous. People wore their allegiances proudly. "We love our parties as we love our churches and our families," said a New Hampshire senator in 1885.

But many people thought the political parties, which basically ran the elections, were too powerful and corrupt -- that the government should administer elections, and ballots should be secret so party leaders couldn't monitor their flocks' choices. Party symbols, like the elephant and donkey, would no longer appear on ballots, creating a de facto literacy test. The practice of rewarding loyal voters with cash on Election Day was widely outlawed. Competitive exams replaced patronage in awarding government jobs.

And citizens would no longer be able to depend on their party officials to vouch for their eligibility. Voters would have to register themselves in person, well ahead of the election, usually during working hours. Some states even required voters to register every year. Preregistration "increased the costs of participation to the individual and priced out of the system... marginally involved citizens," noted Mr. Kleppner. After a registration law was passed, for example, the number of voters in Philadelphia dropped from about 385,000 to about 251,000.

Victor Rosewater, a Republican politician, wrote in 1928, "Much of the seeming lethargy" among voters "is chargeable to the hurdles which, by our registration laws, we put in the way of voting -- absurd laws that make it hard to vote instead of facilitating voting."

Other broad social trends also damped the electoral spirit. Americans were leaving their small towns, where social ties often reinforced their political biases. Candidates for office began using radio, rather than rallies, to spread their messages, making voters more passive. With the proliferation of other recreational activities -- spectator sports, vaudeville, movies -- Americans no longer "needed to look to politics for escape," Mr. Kornbluh said. And when women began voting in national elections, they voted at a lower rate than men.

Many scholars believe that lower voter turnout was an unintended consequence of much-needed electoral reform. Others think it was calculated. "A primary cause of the decline in turnout at the turn of the century was deliberate disenfranchisement," wrote Michael J. Avey in his 1989 study, "The Demobilization of American Voters." "Changes in election laws were clearly focused on particular segments that the political elites wanted out of the political process."

Mr. Kleppner came to a similar conclusion. The goal of election reform was to make it difficult for some citizens to vote. "That objective was cloaked in culturally acceptable rhetoric, emphasizing electoral 'purity' and, above all, progress."

A Tale Of Two GOPs (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, October 16, 2006

In the Ohio governor's race, Ken Blackwell is trailing his Democratic competitor, Ted Strickland, by double digits. Save a last-minute miracle, Mr. Blackwell will lose the governor's mansion, and so end 16 years of GOP dominance.

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In the Florida governor's race, Charlie Crist is leading his Democratic competitor, Jim Davis, by double digits. Save a last-minute misstep, Mr. Crist is set to give the state GOP a third term in the governor's mansion, overseeing a strong Republican legislative majority.

Their respective failure and success is not ideological: Messrs. Blackwell and Crist are both running on the same agenda of tax cuts, fiscal responsibility and broad government reform. This, instead, is a story of the state parties behind them. In Florida, Republicans have spent the past eight years keeping their promises to voters; in Ohio the GOP forgot what "promise" meant somewhere in the '90s. The tale of these two GOPs offers broader lessons for congressional Republicans, who are facing a rout this fall.

That this election is a referendum on the entire Republican philosophy is the standard line so far this year. Democrats from Nancy Pelosi to Chuck Schumer argue that voters who vote blue are sending a message that they are tired of Republicans' "extreme" views on national security, taxes or social policy.

Quite the opposite, really. If voters are unhappy with Republicans, it's because the party hasn't lived up to its own principles. In the Capitol, in Ohio, and in plenty of places between and beyond, the party that promised to reform government has become the party of government.

Take Ohio. Republicans have practiced one-party rule in the state since 1994 -- more than enough time to lose one's principles. Former Gov. George Voinovich set the standard in 1992 by breaking his word and signing tax hikes. His successor, Bob Taft, with the help of the GOP legislature, in 2003 broke pledges not to raise taxes without voter permission. Some $3 billion in tax increases later, Ohio jumped to fourth place in the rankings for state and local tax burdens. (It was 23rd in 1994, when the GOP took over.) Over their first 10 years in power, Republicans increased Ohio's general operating budget by 71% -- the highest increase in the nation.

The Taft and Spend strategy socked it to the Ohio economy. Its gross state product grew a measly 1% between 2004 and 2005, while Ohio lost 150,000 jobs between 2000 and 2005. Unemployment levels have hovered above the national average. If corruption is the product of big, unconstrained government, it was no surprise to watch the GOP engulfed by scandals that swept up everyone from Mr. Taft to Congressman Bob Ney. By November of last year, Mr. Taft's approval rating was 6.5%; if anyone had been keeping track, the legislature may have scored even lower.

Mr. Blackwell didn't sign onto any of this. While the rest of his party was riding down the big-government river, the secretary of state was pushing a voter initiative to create a constitutional limit on spending. He's been running this year on tax cuts, charter schools and privatizing the Ohio Turnpike. He hasn't been touched by the scandals.

"There hasn't been a bigger critic of the Taft administration than Ken Blackwell," says Ken Blackwell . . . again and again. Voters can't find it in themselves to make the distinction. The Ohio Democratic Party understands that better than anyone, and routinely refers to its opponent as "Ken Taftwell." Mr. Strickland is so good at keeping the focus on the failed GOP, nobody has noticed he's a fan of the very tax-and-spend policies that landed Republicans in trouble in the first place.

But now look to Florida. Jeb Bush came to office in 1999 touting a sweeping reform agenda of the sort that gives Ms. Pelosi the "extremist" fits. More to the point, the governor, with the support of a Republican legislature, has instituted most of it.

Florida Republicans have passed tax cuts every year of the eight Mr. Bush has held office -- a whopping $19 billion, including the elimination of the infamous "intangibles" tax, levied on investments. While Florida's budget has grown at a rapid clip, Mr. Bush vetoed more than $2.1 billion in wasteful spending, earning him the nickname "Veto Corleone" among frustrated state lobbyists. He's trimmed 11,000 state jobs.

Tort reform? Did it. Overhauling the child welfare system? Done. Florida has led the way in greater education accountability and school voucher programs; test scores, especially among minorities, are on the rise. The state won federal permission for the most dramatic Medicaid reforms in the country, the first to inject private competition into the system.

Florida today has the highest rate of job creation in the country, and an unemployment rate of 3.3%. It's bond rating hit triple A. Revenue is pumping into the state coffers, giving Florida $6.4 billion in reserves. Gov. Bush's approval rating stands at 55%. Even the House Democratic leader, Dan Gelber, admitted his chief nemesis was a "rock star."

Mr. Crist, the state attorney general, promises more of the same, and voters have no reason to doubt him. He's already demonstrated reform bona fides as the state education commissioner who helped push through the governor's school reforms.

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He's promised further tax cuts, and is zeroing in on voter anger over double-digit property tax hikes. Mr. Crist has been blowing past Mr. Davis in fundraising and in opinion polls.

If congressional Republicans are facing a rout come November, it's in no small part because they've been headed down the Ohio highway. A few Supreme Court appointments and tax cuts aside, Republicans have largely abandoned the reform agenda that swept them to power in 1994. Their zeal has instead been directed at retaining power, which explains the earmarking epidemic and the Abramoff corruption that followed. Reform of Medicare and Social Security, the death tax, immigration, health care -- all fell off the map.

Democrats would certainly call this agenda extreme, but it was never the existence of the platform that angered voters. It was Republicans' failure to act on it.

Ms. Strassel is a member of the Journal's editorial board based in Washington.

Iraq: A Growing Body Count (NSWK)

By Dan Ephron

Newsweek, October 16, 2006

Iraqi doctors who helped compile the latest survey on civilian fatalities since 2003 came close to becoming statistics themselves. The survey, conducted jointly by Johns Hopkins, MIT and Baghdad's Al Mustansiriya University, said 600,000 Iraqis have died violently since just before the U.S. invasion (31 percent killed by Coalition troops; the rest in sectarian violence). President George W. Bush recently put the figure at 30,000; other estimates have ranged up to 300,000. The actual number is impossible to fix; estimates are just that—estimates.

Dr. Gilbert Burnham, of the Center for Refugee and Disaster Response at Johns Hopkins, says the methodology of the study he oversaw is standard practice. It involved teams of Iraqi doctors visiting more than 1,800 households to ask about fatalities and view death certificates. Surveying became dangerous. "On several occasions, members of our teams were grabbed by militias and taken to their commanders," Burnham told NEWSWEEK. "Coalition checkpoints, because of the rules of engagement, were also dicey affairs." The doctors wore white robes, and some draped stethoscopes over the necks to stand out as medical personnel.

The figure, disputed by some researchers as too high (the Iraqi Health Ministry itself cites 150,000 dead), represents about 2.5 percent of Iraq's population—more than 15,000 fatalities a month. By comparison, 10 percent of Vietnam's population was killed during America's decadelong war there. Administration officials said the study, published in the medical journal The Lancet, was timed to hurt the GOP in the midterm election. "There's no political motivation in this," says Burnham. "I feel very confident in the numbers."

Great Candidates? That's Debatable (NYT)

The New York Times, October 16, 2006

This year in New York, when it comes to debates, the magic number seems to be two. Senator Hillary Clinton, who refused to debate her primary opponent at all, has agreed to two debates with John Spencer, the Republican former mayor of Yonkers. The Democratic front-runner for governor, Eliot Spitzer, agreed to two debates with the Republican candidate, John Faso. The Democratic candidate to succeed Mr. Spitzer as attorney general, Andrew Cuomo, agreed to appear at two debates with Jeanine Pirro, the Republican former Westchester County district attorney, but seems likely to sit out a third already agreed to by Ms. Pirro.

We'd like to see more. Candidates for statewide office should face each other in different parts of the state, in debates centering on different topics. It's not as if the other demands on their time — fund-raising, handshaking and giving the same speech over and over to friendly audiences — were too important to be infringed upon.

The real disappointment this year, however, is the Democratic state comptroller, Alan Hevesi, who is refusing debates altogether. Mr. Hevesi did not even budge after his Republican opponent, Christopher Callaghan, uncovered misuse of government resources that required Mr. Hevesi to repay the state more than $80,000. Mr. Hevesi is way ahead of Mr. Callaghan, but we can't help wondering if his reluctance to face the opposition is more a reflection of weakness than strength.

Left, Right And Religion: A Double Standard (USAT)

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By Patrick Hynes And Jeremy Lott

USA Today, October 16, 2006

Should our laws be based on the Ten Commandments? How much religion in government is too much? When does legitimate participation by the pious in civic life take on troubling theocratic overtones? These are questions that conservative religious leaders wish the press would put to them.

In our political tradition, most evangelicals and other conservative Christians today are really moderates. They want a government that is non-sectarian without being hostile to organized religion and people of faith. That's a whole lot closer to what the Founders had in mind than the officially godless public square advocated by the American Civil Liberties Union.

What's more, the creation of the religious right was largely a function of the courts and politicians pushing the boundaries the other way. Evangelicals were moved to civic activism because the IRS threatened to revoke the tax-exempt status of private Christian schools; because the U.S. Supreme Court removed abortion from the political process; because mentions of the Almighty began to be scrubbed from valedictory addresses for fear that someone, somewhere might take offense. Today, the term "goddamn" is treated as protected speech, but remove the "damn" and watch the lawsuits roll in.

So evangelicals did the only responsible thing they could in a democracy. They organized and reached out. They found allies in churchgoing Roman Catholics, mainline Protestants, Jews and even some agnostics who believed that religion plays a vital role in holding society together. In this they were not so different from the civil rights leaders of the past, whose rallying cry was the God-given dignity of every American. The new coalition grew over time to the point that the religious right (or "values voters," if you prefer) became the single largest voting bloc in American politics.

That fact is intolerable to many intellectuals.

After the 2004 election, historian Garry Wills compared conservative Christians to jihadists on the op-ed page of The New York Times.

In a recent monograph, former senator and Democratic presidential candidate Gary Hart claimed to know exactly what "today's religious right has in mind." They want to "return America to a pre-Enlightenment age, an age in which the church, in this case in the form of one wing of evangelical Protestantism, dictates terms to the political process and sets the boundaries of what can and cannot be legislated and regulated by the state."

This sort of suspicion and insinuation makes it all the more difficult for the pious to participate in politics. Worse, critics such as Dartmouth College's Lucas Swaine, an assistant professor of government, have demanded that Christians not frame their arguments with reference to the Bible, a book that millions of Americans believe to be the inspired word of God, because that wouldn't square with "public reason." And any pronouncements on "values" are treated with scorn, at best.

It must be rough. Even so, we think Christian conservatives should take solace in the fact that most of their critics don't mean a word of it.

As proof, we offer Exhibit A: the religious left. No comparable group of political activists has received as much news media attention since the last election.

According to the Pew Forum on Religion & Public Life, religious lefties are about 7% of the electorate. They are called on regularly by Democratic politicians seeking to win over values voters.

What's interesting is that leaders of the religious left have not been hit with a similar and constant charge of "theocracy." This despite the fact that religious lefties articulate public policy positions in the context of the Bible and frame their political entreaties in the moral "values" language we are accustomed to hearing from Christian conservatives.

Think back to 2002, when the Evangelical Environmental Network launched the "What Would Jesus Drive?" campaign. It wasn't a joke. It was an attempt by the religious left to convince Christian voters that "transportation is a moral issue" and that they should therefore "advocate for government policies," including higher fuel economy standards and more public transportation. As with cars, so with a whole lot of other things. This small but loud minority wants to remake America with its own interpretation of Christ's teachings.

The Rev. Jim Wallis, author of the bestselling God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It, insists that federal and state budgets are "moral documents." He argues that national and state legislative priorities ought to comport

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with "God's vision of a good society offered to us by the prophet Isaiah." For you sleep-in-on-Sunday types, he means Robin Hood-like government policies that shake down the wealthy and fete the poor.

In fact, one initiative that was championed by Wallis and his fellow (oh, let's call them) Leftwing Theocrats might help to explain how misunderstood and close to the mainstream the religious right actually is. In 2003, Alabama Gov. Bob Riley decided his state's tax and education systems were decidedly un-Christian. He wanted to cut income taxes for the poor, hike the top marginal rates for the well-off, raise property and luxury taxes, and use the estimated $1.2 billion in additional revenue to boost teacher salaries and scholarships to state schools. Riley tried to convince voters to go along with these changes by saying Jesus would vote for "the least among us." He campaigned for his plan by appealing to churches and church leaders, many of whom decided to campaign for the governor's initiative. The people who normally fret about mixing church and state were beside themselves … with glee. Maybe Riley could finally draft the Bible Belt into the service of enlightened public policy. Then-New Republic editor Peter Beinart called him "that rarest of creatures: A genuinely inspiring politician."

Most churchgoing Alabamians didn't see it that way. Their rejection of Jesus-flavored progressivism at the ballot box was in keeping with how a majority of Americans think through these issues. Americans have proved willing to grant some authority to religious leaders in matters of faith and morals, and rightly so. But they are more skeptical when it comes to ceding control of the economy to people who draw paychecks from the not-for-profit sector.

The religious left is usually given a respectful hearing. That's a good thing. After all, this is a democracy in which people can make up their own minds about such things. But the same deference should be given to the arguments and ideas of religious conservatives.

Critics are out of line for lambasting the religious right for advocating their beliefs, and they'd be just as wrong blasting the religious left. Yet for liberal and secular pundits, this has been a one-way street.

It's time to give the "Theocracy!" catcalls a rest.

Faith-Based Profits (NYT)

The New York Times, October 16, 2006

Mary Rosati, a novice training to be a nun in Toledo, Ohio, says that after she received a diagnosis of breast cancer, her mother superior dismissed her. If Ms. Rosati had had a nonreligious job, she might have won a lawsuit against her diocese (which denies the charge). But a federal judge dismissed her suit under the Americans With Disabilities Act, declining to second-guess the church's "ecclesiastical decision."

Ms. Rosati's story is one of many that Diana Henriques told in a recent Times series examining the fast-changing legal status of churches and religious-affiliated institutions. The series showed that the wall between church and state is being replaced by a platform that raises religious organizations to a higher legal plane than their secular counterparts.

Day care centers with religious affiliations are exempted in some states from licensing requirements. Churches can expand in ways that would violate zoning ordinances if a nonreligious builder did the same thing, and they are permitted, in some localities, to operate lavish facilities, like state-of-the-art gyms, without paying property taxes.

Some of the most disturbing stories, like Ms. Rosati's, involve employment discrimination. Ms. Henriques told of a New Mexico rabbi who was dismissed after developing Parkinson's disease and found himself blocked from suing, and of nurses in a 44,000-employee health care system operated by the Seventh Day Adventists barred from joining unions.

Religious institutions should be protected from excessive intrusion by government. Judges should not tell churches who they have to hire as ministers, or meddle in doctrinal disputes. But under pressure from politically influential religious groups, Congress, the White House, and federal and state courts have expanded this principle beyond all reason. It is increasingly being applied to people, buildings and programs only tangentially related to religion.

In its expanded form, this principle amounts to an enormous subsidy for religion, in some cases violating the establishment clause of the First Amendment. It also undermines core American values, like the right to be free from job discrimination. It puts secular entrepreneurs at an unfair competitive disadvantage. And it deprives states and localities of much-needed tax revenues, putting a heavier burden on ordinary taxpayers.

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Like most special-interest handouts, these privileges exist in large part because the majority is not aware, or is not being heard. With property taxes growing ever more burdensome, it is likely that localities will start to give religious exemptions closer scrutiny. People who care about discrimination-free workplaces, the right to unionize and children's safety should also start to push back.

In a few places, at least, that has started. After Texas exempted religious day care centers and drug-treatment programs from state licensing, a study found that the "alternatively accredited" facilities had 10 times the rate of abuse and neglect of the others, and several were investigated. In 2001, the Texas Legislature, no enemy of organized religion, did the right thing and ended the exemption.

The New Finger On The Nuclear Button (USNEWS)

By Thomas Omestad

U.S. News and World Report, October 16, 2006

North Korea proclaimed it part of a "great leap forward." But to most, it looked like a huge step back. Last week's announced test explosion of an atomic bomb deep inside a North Korean mountain tunnel heralds an ominous new era in northeast Asia. It also, arguably, marks a historic policy failure-one decades in the making-that risks tragic consequences far beyond the Korean peninsula.

If the seismic event detected around the world is confirmed as a nuclear blast-and so far it has not been-the impoverished, hunger-ridden North will have managed to join the elite global club of declared nuclear powers. In the amoral logic of nuclear weapons, that may well confer more staying power to the hard-line regime. And it will put more pressure on its neighbors-especially Japan and South Korea-to eventually consider going nuclear. The problem of separating North Korea from its nuclear arms and ambitions, in other words, has just gotten a lot more difficult. "This is a whole new world," worries Michael Green, a former Bush administration national security official now with Georgetown University and the Center for Strategic and International Studies. "There is no example of rolling back a rogue state to rid it of nuclear weapons."

Sanctions. North Korea's latest move triggered uncommonly swift action at the United Nations Security Council, which plans to castigate the North and last week debated how far to go with sanctions. The toughest measures advocated by the Bush administration-to curtail suspect financial transactions with North Korea and force inspections of cargo heading into and out of the country-are opposed by China and Russia. Their argument: Pyongyang would see such interdictions as an act of war.

Hanging over these developments is some uncertainty about just what, exactly, North Korea did. U.S. spy planes last week cruised over the Sea of Japan, armed with sensors to detect radiation and other signatures of an atomic explosion. More will follow. Seismic sensors indicated a subkiloton explosion-unexpectedly small and possibly indicative of a faulty test or design. Or even of a massive conventional bomb portrayed as atomic. Another explanation: that the mountain cavern muffled the blast. The working assumption, an intelligence official tells U.S. News, is that it was a nuclear test, albeit "more a fizzle than a pop."

The explosion, in any event, has sparked an election-year scrap over President Bush's policy on North Korea-a policy reflecting a precarious balance between hawks who promote regime change and others who favor engagement. Some administration hard-liners contend that a nuclear test would be a "clarifying" event, affirming North Korea's status as an international outlaw and bringing countries like China and Russia closer to Bush's preference for pressuring Pyongyang. But, as it has before, Pyongyang seemed almost driven to defy Washington's warnings. Not surprisingly, as a senior U.S. official noted, "we're not fond of using the words red line."

"Stalker state." Democrats charge that Bush's approach has been a strategic blunder, with North Korea having expanded its plutonium stash from enough for one or two bombs at the start of his administration to enough for about a dozen now-all while refusing to allow direct talks with the North outside of six-nation nuclear negotiations. Bush blamed Kim's "intransigence" for the collapse of those negotiations, denying any failure of U.S. policy. Administration officials said that the test had deepened suspicion among advisers that North Korea-which has pursued nuclear technology for decades-intends to keep an arsenal regardless of what inducements are dangled. For its part, the North claims that it still wants a denuclearized Korean peninsula.

When Outlaws Get The Bomb (TIME)

By Bill Powell

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Time, October 16, 2006

The tremor out of the far north of the People's Democratic Republic of Korea was unremarkable. It registered a magnitude 4.2, a light earthquake. Its significance had to be declared by its perpetrator, the unpredictable regime of Kim Jong Il. North Korea, one of the poorest and most hermetic nations on earth, was claiming a successful underground nuclear bomb test and entry into the once exclusive club of nuclear powers as member No. 9. "More fizzle than pop," said a U.S. intelligence source dismissively, though he conceded the blast was likely to have been nuclear. A sniffer plane would later pick up hints of radiation in the atmosphere. Days of diplomatic consternation ensued at Pyongyang's announcement, and after stops and starts, the U.N. Security Council imposed sanctions on North Korea, demanding that it dismantle its nuclear-arms program. It also banned the sale of conventional weaponry and luxury goods to the country. Pointing at Washington as its nemesis, Pyongyang said any increased American military pressure would be deemed a declaration of war.

Welcome to the bad new world. As crude as the North Korean blast was, it punctuated a scary fact: the rules that governed the nuclear road during the cold war and its immediate aftermath have become irrelevant, replaced by the law of the jungle--every state, rogue or otherwise, for itself. The risk now, says former Clinton Administration Defense Department official Graham Allison, is the emergence of a more dangerous nuclear age. Pyongyang's test, says Allison, threatens to set off a "cascade" of nations seeking the ultimate weapon. "The North Korean test blew a hole in the nonproliferation regime of Northeast Asia," says Allison. "I think this is bad news for the country, bad news for the region, bad news for the world."

What we have now is not a tight club of nuclear powers with interlocking interests and an appreciation for the brutal doctrine of "mutually assured destruction" but an unpredictable host of potential Bomb throwers: a Stalinist Bomb out of unstable North Korea; a Shi'ite Bomb out of Iran; a Sunni Bomb out of Pakistan; and, down the road, possibly out of Egypt and Saudi Arabia as well; and, of course, an al-Qaeda Bomb out of nowhere. Israel is a nuclear power already. And Turkey may just decide it had better be too. Even Japan and South Korea could eventually move toward the Bomb, if they feel the U.S. nuclear umbrella begins to fray in East Asia. What are the consequences for the U.S. and the rest of the world? Are we in an era of barely controlled proliferation, in which countless nations must at least consider the possibility of going nuclear? Or are those fears, in the wake of the North Korean test, overblown? Is there still time to manage the situation?

THE CASCADE STARTS HERE

The North Korean incident impetus to what appears to be a determined push by Iran to acquire the capability to produce its own nuclear bomb. Tehran insists it is interested only in a civilian nuclear program for energy purposes. The main outside players--the U.S., the European Union, the International Atomic Energy Agency (IAEA)--are increasingly skeptical about those claims but thus far have been powerless to do much about it. Western intelligence agencies assume Iran could become the next nuclear power if it proceeds undeterred with its clandestine program. Like North Korea, Iran is a signatory to the Nuclear Nonproliferation Treaty (NPT), the diplomatic edifice erected in 1970 precisely to deter countries from going nuclear. (Pyongyang formally withdrew from the NPT in 2003.) The North Korean test, says General Giora Eiland, Israel's former National Security Adviser, means "Iran will reach the obvious conclusion--that nobody will stop them."

"If Iran goes nuclear militarily," says an Egyptian official, "others will not sit idly by." The official says Turkey would think seriously about going nuclear, and if "Iran, Israel and Turkey are all nuclear, the Arab states would feel they have no choice but to follow. Forget about eradicating poverty, all efforts will go into acquiring nuclear technology." In a private memo he wrote on May 1, which was reported in a Bob Woodward article in the Washington Post on Oct. 8, Defense Secretary Donald Rumsfeld noted that at least two Middle Eastern states--which he did not name--have been thinking about developing nuclear weapons. In all likelihood, he was referring to Egypt--which has a civilian nuclear program for its energy needs--and Saudi Arabia. The leaders in the Arab world have made due note of Iranian President Mahmoud Ahmadinejad's success in using the pursuit of nuclear power as a way to rally popular support.

When Pyongyang declared the success of its test, Japan swore it would continue to abjure nuclear arms. At a minimum, however, the incident will surely spur Japan's efforts to develop a missile-defense system in cooperation with the U.S. That, in turn, is bound to anger China and could push Beijing to spend more on nuclear weapons to ensure that Japan doesn't feel invulnerable. An icy East Asian cold war and a very hot arms race between Japan and China are a greater prospect now than they were a week ago.

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And while Tokyo seems sincere about not going nuclear now--the antinuclear sentiment in that country, for obvious reasons, runs strong and deep--there are limits to how secure Japan may come to feel under the U.S. nuclear umbrella. If North Korea proves capable of putting a nuclear warhead on a missile that can reach the U.S.--it already has short-range missiles capable of reaching Tokyo--the strategic game changes. If North Korea could nuke Japan, or blackmail it, while credibly threatening to strike the U.S. with a nuclear warhead, would Japanese officials truly believe the U.S. would retaliate against Pyongyang--and risk a North Korean nuke landing in Honolulu? The day may come when Tokyo will have to make that precise calculation.

WHAT ABOUT AL-QAEDA?

Ashton Carter, a counterproliferation expert at Harvard, believes the risk of nuclear proliferation out the back door of a rogue state is increasing. North Korea or Iran could conceivably sell a bomb to a terrorist group, and Osama bin Laden is unlikely to be put off by traditional methods of deterring a nuclear attack. That means plugging the source. Says Derek D. Smith, author of Deterring America: Rogue States and the Proliferation of Weapons of Mass Destruction: "If you can't deter the terrorist organizations, you'd better be sure to deter whoever is supplying them."

Reacting to the blast, President Bush said, "The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action." That was an explicit embrace of Graham Allison's concept of "nuclear accountability." Thus, according to Allison, if Kim Jong Il were to sell a weapon to bin Laden and that weapon were used against the U.S. or one of its allies, then the principle would require the U.S. to "treat this precisely like a nuclear-tipped-missile attack" and retaliate against Pyongyang. "That danger [of North Korean proliferation] has always been there," says Michael Green, until last year a senior staff member on the National Security Council. "But North Korea has a mailing address, and they know it. If there was a nuclear explosion somewhere, it would probably be traced back to them, and their country would be destroyed. That's a deterrent."

The Pentagon and the IAEA both devote considerable resources to the task of identifying the source of any bomb that is tested. Still, tracking the source of nuclear material is a complex, difficult endeavor--one that is hardly guaranteed success. To this day, there are questions about the origins of the material that Pakistani nuclear scientist A.Q. Khan sold to Libya. Among the material that Libya turned over after it abandoned its program was a precursor to highly enriched uranium--uranium hexafluoride. U.S. intelligence agencies believed it came from North Korea but spent months trying to prove it. They still haven't.

THE CASE FOR STAYING CALM

It is perhaps surprising at a moment when one of the world's most isolated and despotic regimes says it has gone nuclear that some current and former security strategists view Kim Jong Il's move as far less than a disaster. No one, to be sure, regards it as a good thing. But it is possible to view the test--and the state of play in the nuclear world more broadly--in more apocalyptic terms than is warranted. Many question, for example, Allison's argument that North Korea will unleash a sort of nuclear domino effect--with one country after another scrambling to get nukes. Take, for example, the nonnuclear countries in East Asia closest to North Korea: South Korea, Japan and Taiwan. All are wealthy, technologically sophisticated countries that could go nuclear in a heartbeat. (South Korea had a clandestine nuclear-arms program in the mid-1970s.) But all reside snugly under the so-called U.S. nuclear umbrella--any attack by Pyongyang would bring the full destructive force of the U.S. military in response. And last week all swore off any notion that North Korea's test would make them rethink their policy of eschewing nukes.

Indeed, since the end of the cold war in 1991, not all the news on the nuclear front has been bad. South Africa, Ukraine and, more recently, Libya all willingly gave up nuclear weapons or the pursuit of them. Brazil and Argentina formally abandoned any thought of going nuclear. "I would also disagree with the basic premise that the pressure is all in the direction of going nuclear," says Mark Fitzpatrick, a proliferation expert at the International Institute for Strategic Studies in London. The North Korea test, he says, will have only marginal effects on how other countries view their own security and the role nukes should play in them.

And some are dusting off the cold war theory that nukes are inherently stabilizing. "Nuclear weapons increase the international responsibility of every state that has acquired them," says a British general. Even Pakistan, roundly condemned as a rogue for its nuclear test in 1998 (conducted in response to India's tests held a couple of weeks earlier), is now viewed, as Fitzpatrick puts it, as a "responsible" nuclear state. It has not gone to war with India, its archrival, and--precisely because war now

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brings risk of nuclear annihilation on both sides--that prospect is less likely than it was before Pakistan joined India. Deterrence worked during the cold war, and it can work now.

MANAGING THE NEW RISK

What, then, can be done to rein in countries like North Korea? Pyongyang is especially prickly and dangerous, and already holds 10 million residents in the South Korean capital as virtual hostages. Seoul is only 30 miles from the border and has always lived under the threat of immediate destruction from North Korean firepower. Says a senior U.S. military officer: "[It is] within easy and rapid range of perhaps 10,000 artillery tubes with a 57-second flight time. That can cause World War II--size casualties." And that's without nuclear weapons. Now, unless the U.S. goes back to the bargaining table and somehow entices North Korea to give up its nuclear weapons--something most experts believe is unlikely--deterrence and containment become even more important. "The tactical game with North Korea--trying to get them to stand down their nuclear program--is now pretty much over," says Henry Sokolski, a former Defense Department nonproliferation expert in George H.W. Bush's Administration. "Now it's a strategic game, containing them and waiting for the regime to collapse."

The international community can also make it difficult for rogue nuclear states to make a buck off their new technology. To its credit, the Bush Administration has implemented the Proliferation Security Initiative (PSI), a program now involving about 80 countries. They work to interdict material and equipment they believe is headed for use in the production of weapons of mass destruction. The U.S. and its allies credit improved intelligence sharing and cooperation for successes like the October 2003 interdiction of the German-owned ship BBC China, which was intercepted carrying centrifuge components to Libya. But there are still huge gaps. The PSI relies on "actionable" intelligence, and Representative Pete Hoekstra, chairman of the House Intelligence Committee, acknowledges that U.S. human-intelligence assets in "hard targets" like North Korea are sorely lacking. Says Derek Smith: "It really comes down to having the intelligence capability to be able to determine which modes of transferral are going to be used, so you know which ship to go after. Certainly, we're not going to be able to put a blockade in place on air, sea and land all around North Korea."

China, which has not signed on to the PSI, has been a valuable partner. This summer North Korea conducted conventional- missile tests--in defiance of its chief patron Beijing and the rest of the world. And now China, which has sold conventional missiles to Iran in the past, is stepping up efforts to deter Pyongyang from moving missile and missile-related technology to Iran. A high-ranking diplomat in East Asia tells TIME that China has denied overflight rights to North Korean aircraft bound for Tehran.

Overshadowing everything is the reality that this is a different world from the one that existed during the cold war--and the established powers are at sea in trying to cope with it. Defense intellectuals like Thérèse Delpech, director of strategic affairs at the Atomic Energy Commission in France, reject classic deterrence theory as a model for today's nuclear age. "The new actors, such as Ahmadinejad or Kim, are much more prone to act [impulsively] rather than like the United States or the Soviet Union" during the cold war, she asserts. And even if that's not true--Iran's Ayatullahs and Kim may want nukes primarily to secure their hold on power--there is little question that the world faces big problems dealing with the new nuclear challenges. "The United Nations keeps pushing back deadlines, and the matters at hand get more and more serious," says Delpech. "There has to be the will among the principle powers to recognize that proliferation has to be viewed in a way that goes beyond parochial national interests."

Is there that will? The Bush Administration insists there is, and that cooperation among the Western allies will ultimately rein in North Korea and deter future nuclear wannabes like Iran. Yet that may be more hope than reality. Says Delpech: "We're now facing two very grave cases of proliferation at the same time, and we have to use this moment of condemnation to pull the [established world] powers together." But considering how long it took for the Security Council to ban the sale of luxury goods to Pyongyang, time does not appear to be on our side. [This article contains a diagram. Please see hardcopy or pdf.] NUCLEAR WORLD

North Korea is defiantly rushing to become the ninth country on earth to have the Bomb. President Bush has said the U.S. "will not tolerate" a nuclear North Korea, but containment may be the only viable option remaining

•Countries with nuclear weapons; Nuclear Nonproliferation Treaty (NPT) signatories

•Countries with the ability to develop nuclear weapons

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•Countries with nuclear weapons; not NPT signatories •Argentina, Brazil, Chile

•South Africa

France

Britain Israel Unconfirmed arsenal Iran Suspected program Pakistan Russia

China

North Korea Testing weapons

India

•Indonesia, Australia The U.S. and Russia control most of the world's nuclear warheads. Those stockpiles are shrinking, but other countries are pursuing nuclear weapons Deployed nuclear weapons, in thousands 1950-2000 U.S. U.S.S.R/Russia Others

Estimated nuclear stockpiles, 2005

Russia 8,800 inactive 7,200 deployed U.S. 10,315

Est. warheads

China 410 France 350 Britain 200 Israel 100-170 India 75-110 Pakistan 50-110 North Korea Unknown

Russia has about 8,800 warheads in reserve or awaiting dismantling

In addition to the known nuclear powers, North Korea says it has nuclear weapons. Iran could be next

Sources: Carnegie Endowment for International Peace; Natural Resources Defense Council

U.S. Expects China To Lead On Sanctions (WT)

By Brian Debose

The Washington Times, October 16, 2006

Top U.S. diplomats yesterday said they expected China to enforce sanctions unanimously passed by the U.N. Security Council to curtail North Korea's pursuit of nuclear weapons.

In an appearance on CBS' "Face the Nation," Secretary of State Condoleezza Rice said China, which shares an 880-mile border with North Korea and is Pyongyang's principal trading partner, would shoulder the major responsibility of stopping trade with the isolated communist state. Without China's cooperation on enforcement, sanctions likely would be ineffective.

"North Korea has a long border, as you say, with China. It also has very close relations with China, but China has come a very long way in being willing to sign on to a resolution that makes China now responsible to make certain that North Korea's not trading," said Miss Rice, who leaves tomorrow for a diplomatic trip to Asia, including a stop in Beijing.

"I'm quite certain that China is going to live up to its responsibilities," she said.

John R. Bolton, the U.S. ambassador to the United Nations, made similar comments yesterday, saying that North Korea's apparent nuclear test "had to have been humiliating to China," which had been protecting Pyongyang from international sanctions for years.

China's cutting its support "would be powerfully persuasive in Pyongyang," he said. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

The final resolution passed by the Security Council on Saturday demands that North Korea scrap its nuclear-weapons program but rules out military action against the country, on the demand of the Russians and Chinese. It also orders countries to prevent North Korea from importing or exporting any material for ballistic missiles and to freeze the assets and restrict the travel of people or businesses connected to the country's nuclear and missile programs.

That resolution passed by the Security Council is weaker than an earlier version that called for mandatory searches of ships entering and leaving North Korean waters and seizures of any weapons or goods that could be used to create a nuclear weapon. China, rejected that version along with Russia.

"Let's remember, the inspections are a tool to effectuate the sanctions themselves. China voted in favor of the resolution. They eventually agreed to even broader sanctions," said Mr. Bolton on ABC's "This Week."

"This means China itself now has an obligation to make sure it complies with the resolution, and it has full national authority on its side of the border to conduct any inspections it wants," he said.

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But China urged caution in a statement posted yesterday on its Foreign Ministry Web site.

"We call for relevant parties to be restrained and calm, adopt a cautious and responsible attitude to prevent the situation from worsening and break the stalemate as soon as possible so that process of the six-party talks can resume," ministry spokesman Liu Jianchao said.

Miss Rice said she would discuss with China's leaders the best methods and procedures for enforcing the sanctions, adding that forcible searches on the high seas might not be the best way to handle the situation.

"I think that we don't want to get out ahead of ourselves. ... But we'll want to use [sanctions] in a way that does not enhance the possibility for open conflict," she said.

In an appearance on CNN's "Late Edition," Mr. Bolton said the U.S. "had not proposed" a blockade of North Korea.

"The overwhelming predominance of the inspections would take place in ports and at land crossings," he said.

North Korea immediately denounced the resolution, and its U.N. ambassador walked out of the council chamber after accusing its members of a "gangsterlike" action that neglects the threat that Pyongyang says is posed by the U.S.

Japan and Australia have pledged immediate enforcement of the penalties, including sending their warships, and said they were considering harsher measures on their own.

South Korea, which has taken a conciliatory approach to Pyongyang and has provided its neighbor with aid, said it would abide by the resolution's terms but did not say how. Its Unification Ministry, which handles dealings with the North, indicated that the sanctions would not affect a tourism venture and a joint industrial complex in the North, saying the "projects have nothing to do with the weapons of mass destruction program."

In Seoul last night, Russian and South Korean diplomats agreed to try to restart the six-nation talks on North Korea's nuclear program.

"The North Korean side several times returned to the point that the six-sided process should continue," Russia's Deputy Foreign Minister Alexander Alexeyev said about his meetings Friday in Pyongyang.

But Chun Yung-woo, South Korea's main nuclear negotiator, said, "We have to see how North Korea will respond to the sanctions. After then, we can confidently talk about the diplomatic process."

The six-party talks involve the U.S., Russia, China, Japan, North Korea and South Korea.

•This article is based in part on wire service reports.

U.S. Seeks Asian Support On Squeezing Pyongyang (WSJ)

By Neil King Jr. And Evan Ramstad

The Wall Street Journal, October 16, 2006

Armed with a United Nations resolution condemning North Korea for its apparent test of a nuclear weapon, U.S. Secretary of State Condoleezza Rice will head to Asia tomorrow to try to enlist Chinese and South Korean help in further isolating the North, while reassuring Japan that its alliance with the U.S. is stronger than ever.

On Saturday, the U.N. Security Council voted to ban trade with North Korea of most weapons and all luxury goods, condemning Pyongyang for last Monday's detonation, which mounting evidence suggests was a nuclear test. But, having decided on penalties, the U.S. and others must now figure out how to impose that punishment.

A fundamental disagreement remains between China, Russia and South Korea and other countries, such as the U.S. and Japan, over how tough to be on the North and its leader, Kim Jong Il. For one thing, neighbors such as South Korea and China worry they'll pay the price of a refugee crisis if the Kim regime collapses.

Some are already resisting key terms of the U.N. sanction. For example, although China voted for the penalties, its U.N. ambassador, Wang Guangya, said afterward that Beijing found the provision allowing the boarding of ships to inspect cargo unacceptable. In South Korea, the chairman of the ruling Uri Party urged the country's leaders not to go along with cargo inspections.

China's Mr. Wang also questioned the ban on luxury goods, noting that the sanction didn't define them. "Luxury goods can mean many things for different people...if they don't have [them]," he said. For years, the North's leader, Mr. Kim, has rewarded the

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country's elite and military for their loyalty by providing them with cars, food and TVs, even as millions of ordinary North Koreans have lived with little food or electricity.

As it was, the resolution, which the Security Council passed in a rare Saturday meeting after days of negotiations, had already been weakened during the course of various drafts. China and Russia had objected to earlier U.S. proposals that they feared would endorse a full-blown military embargo on North Korea and serve as a pretext for potential military action.

The resolution passed Saturday demands that North Korea get rid of its nuclear weapons but bars military action against the country and limits a military embargo to heavy equipment such as ballistic missiles, aircraft, tanks and ships. As North Korea's closest ally, China also objected to language that would have authorized the U.S. and others to stop North Korean ships to search for banned products. The Security Council instead settled for less-formal language calling for "cooperative action" on cargo inspection.

The resolution does tighten restrictions on military sales to North Korea and requires states to seize funds and ban travel for officials involved in North Korea's nuclear program. And the measure increases the ability of states to inspect cargo going to and from North Korea.

Despite the watering down of Washington's original proposals, U.S. officials cheered the resolution passed Saturday, with President George W. Bush praising the "swift and tough" penalties, and repeating the longstanding U.S. offer of economic assistance for the North if it verifiably ends its nuclear-weapons program.

North Korea's U.N. representative, Pak Gil Yon, strongly protested the U.N. sanctions and repeated his country's desire for two-way discussions with the U.S. He said North Korea "would feel no need to possess even a single nuke when it is no longer exposed to the United States' threat, after it has dropped its hostile policy towards [the North], and confidences have been built between the two countries." The U.S. has rebuffed Pyongyang's calls for bilateral talks, and Saturday's resolution calls on North Korea to re-enter six-way talks with the two parties, plus China, Russia, Japan and South Korea.

U.S. officials say that a top objective of Ms. Rice's trip will be to encourage both China and South Korea to cooperate with Japan and the U.S. on monitoring cargo flows to and from the isolated communist state. The U.S. wants both countries to participate in an antiproliferation initiative that Washington launched in 2003 to crack down on the flow of nuclear materials and missile technology to countries such as North Korea and Iran.

U.S. officials now say they have picked up evidence of radioactive debris that appears to confirm that North Korea did test a nuclear device, though a final determination has yet to be made.

Ms. Rice will stop first in Japan, where the government has moved rapidly to impose its own restrictions on trade with North Korea. While there, Ms. Rice will seek to ease jitters in Tokyo over North Korea's nuclear advances and to reaffirm that the U.S. is prepared to help defend Japan from any outside attacks. The U.S. is concerned that saber-rattling in North Korea could lead Japan and others in Asia to pursue their own nuclear weapons, further destabilizing the region.

Ms. Rice will then travel to Seoul and Beijing, and possibly to Moscow on the way home. Rice aides say one theme throughout the trip will be U.S. hopes that North Korea's recent action will spur moves toward greater security cooperation in Asia, where bitter divisions, going back decades, have prevented the region from developing anything like what the North Atlantic Treaty Organization is for Europe.

"There are no existing...pan-Northeast Asian security structures there," said State Department spokesman Sean McCormack. "Those are discussions that are worth having."

While no regional gathering is planned for this trip, Ms. Rice may push for a meeting next month of Asia's major powers, plus the U.S., perhaps on the sidelines of the Asia-Pacific Economic Cooperation forum in Hanoi in mid-November. The point of such a gathering would be to talk about strengthening the regional security architecture to meet the North Korean challenge, U.S. officials said.

Diplomats began talking yesterday about how to resolve the differences over the U.N. resolution's provisions and about options for carrying out the order. Russian Deputy Foreign Minister Alexander Alexeyev, the first foreign official to visit Pyongyang after the test, arrived in South Korea yesterday to discuss what he had learned there. Meanwhile, the chief U.S. diplomat for Asia, Christopher Hill, left Washington for Japan, to be followed by Ms. Rice.

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Before the vote, Chinese leaders had hosted South Korean President Roh Moo Hyun for a summit meeting on Friday. In a statement issued after the summit, the two countries said it is an "absolute necessity" to resolve the North Korean nuclear issue "through dialogue while putting the highest priority on a stable denuclearization of the Korean peninsula."

China Hedges On Enforcing N. Korea Penalties (USAT)

USA Today, October 16, 2006

The Bush administration pressed China on Sunday to help enforce sanctions that the United Nations imposed on North Korea after that country announced it had tested a nuclear weapon.

China joined the rest of the U.N. Security Council in voting 15-0 Saturday for a range of sanctions against North Korea. The impact of the vote was undercut immediately by suggestions from China that it might not help carry out inspections of ships and cargo entering and leaving North Korea.

Chinese cooperation on enforcement will be on the agenda when U.S. Secretary of State Condoleezza Rice visits China, Japan and South Korea this week.

"I'm quite certain that China will live up to its responsibilities," Rice told Fox News Sunday. "I'm quite certain that China has no interest in seeing the proliferation of dangerous materials from North Korea."

Much of the cargo in and out of North Korea passes through China.

Rice said the sanctions might not be strong enough to persuade North Korea to return to negotiations on halting its nuclear program. "There may be other steps that will be necessary, given North Korea's behavior," she said.

The U.N. sanctions were not tough enough for Japan. It imposed penalties of its own, including a ban on all North Korean imports. Prime Minister Shinzo Abe said Japan could take further action.

John Bolton, U.S. ambassador to the U.N., emphasized the importance of North Korea's traditional allies Russia and China in persuading the communist regime in Pyongyang to return to negotiations. "The pressure we hope they will apply on Pyongyang, together with these very significant sanctions … could have an impact."

Sen. Carl Levin, D-Mich., ranking Democrat on the Senate Armed Services Committee, questioned the effectiveness of sanctions.

"The Chinese already said that they're not going to enforce inspections against goods going into North Korea," Levin said on CNN's Late Edition. "There's no way a sanctions regime can work."

Sen. Chuck Hagel, R-Neb., a member of the Senate Foreign Relations Committee told CNN, "We're not going to resolve the issue … through a sanction."

Jack Pritchard, former U.S. envoy in talks with North Korea during President Bush's first term, said the U.N. resolution is "clearly less than what the U.S. would have liked but about the best it could hope to get."

China and other countries want to signal North Korea that "it's not business as usual" after last week's claim of a nuclear test, Pritchard said. North Korea's closest neighbors, however, are reluctant to endorse steps that could lead to armed conflict or bring down the North Korean regime, he said.

A collapse of the regime could lead to a flood of refugees into South Korea, China and Russia, the nations that border North Korea.

Others were more upbeat about the resolution's chances of slowing North Korea's ability to amass nuclear weaponry.

Michael Green, who handled Asia matters on the White House National Security Council from 2001 to 2005, said the resolution's provisions regarding North Korean financial assets "will completely clog up North Korean bank accounts" abroad and hurt its ability to buy weapons materials.

"What the resolution will not do," Green said, is "cause the regime to collapse or cry uncle anytime soon."

US Expects China To Act Against N Korea (FT)

By Stephanie Kirchgaessner And Anna Fifield

Financial Times, October 16, 2006

The US said on Sunday it expected China to play a decisive role in enforcing sanctions against North Korea, brushing aside suggestions that Beijing was not committed to a United Nations resolution against its reclusive ally.

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The message comes just days before Condoleezza Rice, Secretary of State, heads to Japan, South Korea and China on a diplomatic mission to negotiate how Saturday's UN resolution should be enforced.

Ms Rice told Fox News Sunday on Sunday: "This is the toughest action that China has ever signed on to vis-à-vis North Korea."

Her remarks that she was "quite certain" China would live up to its responsibilities countered an earlier statement by Wang Guangya, Chinese ambassador to the UN, who said China did not approve of inspecting cargo to and from North Korea and urged restraint from "provocative steps".

John Bolton, the US ambassador to the UN, emphasised that China had a "heavy responsibility" to influence Pyongyang. In response to a question about China's trade with North Korea, Mr Bolton said it would be "powerfully persuasive" if China moved to cut off food and energy supplies to its neighbour.

Mr Bolton also said on ABC's This Week that the supposed nuclear test performed by North Korea last week "had to have been humiliating to China".

"After all of the efforts they've made over the years to protect North Korea, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing. And I think we're still seeing that play out."

North Korea on Saturday accused the UN of acting in a "gangster-like" way in imposing the sanctions, declaring that it would not give in to the US and might even detonate another device.

The UN resolution labelled the test a "clear threat to international peace and security". It will allow countries to stop cargo going to and from North Korea to check for weapons of mass destruction (WMD) or related supplies. The resolution also bans trade in heavy conventional weapons and luxury goods and urges countries to freeze funds connected with North Korea's non-conventional arms programmes.

The South Korean government, which has traditionally been reluctant to take tough action against its neighbour for fear of antagonising or destabilising the regime of Kim Jong-il, vowed to support the resolution and urged a return to six-party talks to resolve the stand-off.

Seoul is also warming to the idea of joining, or at least supporting, the proliferation security initiative, a scheme to stop the proliferation of WMD by interdicting ships or aircraft suspected of carrying them.

Taro Aso, Japan's foreign minister, said on Fuji TV that his country was considering passing a new law to make it easier to participate in UN-led inspections on cargo moving in and out of North Korea. Japan might also use an emergency law for the first time that would allow it to provide support to US forces in areas surrounding Japan, he said.

Separately, Shinzo Abe, Japan's prime minister, said the government was considering additional unilateral sanctions should Pyongyang carry out a second nuclear test. This came as Alexander Alexeyev, Russia's deputy foreign minister and its chief negotiator in the six-party talks involving North Korea, returned from Pyongyang.

"They said that only after analysing the UN resolution would they plan the subsequent character of their actions . . . including in relation to the resumption of the six party process," he told the RIA-Novosti news agency.

U.S. Officials Call On China To Help Enforce U.N. Resolution On N. Korea (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, October 16, 2006

One day after passage of a U.N. Security Council resolution punishing North Korea for its apparent test of a nuclear weapon, senior U.S. diplomats said yesterday that China must help enforce it and use economic leverage to compel Pyongyang to return to disarmament talks.

The resolution, passed unanimously, calls on states to prevent North Korea from selling or buying certain banned weapons and technology. But China said Saturday that Beijing would not inspect cargo entering or leaving North Korea, for fear of raising tensions in the region.

China's unwillingness to act against its longtime ally raises the stakes for Secretary of State Condoleezza Rice's diplomatic mission to Northeast Asia later this week. Ever since the current nuclear crisis with North Korea began in 2002, the Bush

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administration has relied heavily on China to use its influence with North Korea's leaders. But Beijing's caution has frequently disappointed U.S. officials.

U.S. Ambassador to the United Nations John R. Bolton said on ABC's "This Week" that China had a "heavy responsibility" now that Pyongyang has detonated a nuclear device. "This test by the North Koreans had to have been humiliating to China," he added.

Rice, who along with Bolton made the rounds of the Sunday talk shows, said on CBS's "Face the Nation," "You're going to find China carrying out its responsibilities, undoubtedly carrying it out in a way that it believes will not enhance conflict. None of us want to enhance conflict with these measures. We just want to keep North Korea from trading in dangerous materials."

U.S. officials said yesterday that they were pleased with the terms of Resolution 1718, which bans North Korean trade in materials linked to its weapons of mass destruction program, ballistic missiles, high-end conventional weapons -- including warplanes and battle tanks -- and luxury goods. It will create a U.N. committee to monitor the sanctions' effectiveness and to draw up a list of individuals and institutions linked to North Korea's weapons programs. They will be prohibited from traveling abroad, and most of their financial assets will be frozen.

China, which shares an 880-mile border with North Korea, has generally argued that pressure on its neighbor would be counterproductive. It frequently lured North Korea back to six-nation negotiations on Pyongyang's nuclear programs with tens of millions of dollars in payments -- in one case, China even provided North Korea with a glass factory.

In April 2005, when North Korea was boycotting an earlier round of the talks, China rejected a U.S. suggestion of a "technical" interruption in the supply of oil to North Korea, which imports all the oil it consumes.

U.S. officials continue to believe a fuel cutoff would be devastating to the North Korean government. Bolton said yesterday that if China were to interrupt energy supplies or other aid to North Korea, "it would be powerfully persuasive in Pyongyang."

Rice stressed on "Fox News Sunday" that the U.N. resolution passed very quickly, even though it required China to vote against its communist neighbor.

"This is the toughest action that China has ever signed onto vis-Ã-vis North Korea," she said. "It sends a very strong signal to North Korea that it is now completely isolated. You cannot underestimate how big a blow it is."

Questions Grow Over U.N. Curbs On North Korea (NYT)

By Norimitsu Onishi

The New York Times, October 16, 2006

TOKYO, Monday, Oct. 16 — Questions over the effectiveness of the Security Council's punitive sanctions on North Korea for its claimed nuclear test grew Sunday, as both South Korea and China — the North's two most important trading partners — indicated that business and economic relations would be largely unaffected.

A day after the Council unanimously passed the resolution, following nearly a week of intensive diplomatic negotiations, the South Korean government said it would still pursue economic projects with North Korea, including an industrial zone and tourist resort in the North. Those projects are not explicitly covered by the Security Council resolution, but they are an important source of hard currency for the North.

China, which shares a 870-mile porous border with North Korea and is perhaps its most critical economic gateway to the outside world, said Saturday that it had no intention of stopping and inspecting cross-border shipments, as called for, but not specifically required, in the resolution. The Chinese government said nothing on Sunday about how it intended to carry out the sanctions, and American officials said they would be focused on whether the normal trade flow across the border was slowed.

The relative silence on Sunday about how the resolution would be enforced, coupled with the vagaries of the resolution itself, raised concerns that the Security Council action would not have much of an impact for the foreseeable future.

"We're in the situation where everyone is saying what they won't do, but no one has yet said what exactly they will do," said Jonathan D. Pollack, a North Korea expert at the Naval War College in Newport, R.I. "The question for the next few days is what this all means, because there is a lack of specificity in the resolution."

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North Korea, which announced last Monday that it had successfully detonated a nuclear device, has denounced the resolution, accused the Security Council of gangsterism and warned that any American pressure on the North Korean government would be regarded as an act of war. But North Korea has not specified what it may do next in response.

In Washington, Secretary of State Condoleezza Rice said that China was part of "a Security Council resolution that demands very clear cooperation of member states to make certain that dangerous goods are not getting in and out of North Korea," and added that she expected cooperation.

But in interviews on two Sunday television programs she acknowledged that exactly how China would cooperate remained unclear, and she hinted that the United States would not rush to interdict North Korean ships at sea, at least initially. Instead, she expects most searches to take place at ports, she said.

"This is a powerful tool, but it's also a tool that needs to be used carefully," she said, adding, "I don't think I want to speculate about how it's going to be used." Responding to statements by the Chinese ambassador at the United Nations that China would not interdict shipments at its border with North Korea, Ms. Rice said on "Fox News Sunday" that China's support of the resolution was effectively a pledge of "cooperation in stopping the proliferation trade with North Korea."

She said she was "quite certain" that China would act in accordance with this objective, but she declined to offer details. The resolution approved Saturday condemning North Korea and calling for sanctions against it "came about more rapidly, perhaps, than any in recent memory of this magnitude," Ms. Rice said on "Face the Nation" on CBS. "So there will be some matters to be worked out."

In fact, under a loose coalition with other countries around the world known as the Proliferation Security Initiative, a few countries have already boarded ships to and from North Korea in ports throughout Asia. These countries have carried out naval exercises to practice for such interdictions. But their powers to intercept ships in international waters — except when they have permission of the owners, the captain or the country whose flag the ship is flying — have been murky, and remain so under the new Security Council resolution.

The resolution, drafted by the United States, bans trade with North Korea in materials linked with unconventional weapons, and authorizes countries to inspect cargo going into and out of the North. This last measure was diluted, however, by China's insistence that the resolution state that countries be requested, not required, to do so.

In Japan, however, enthusiasm for the new resolution was greater. Hawkish politicians close to Prime Minister Shinzo Abe said the Japanese were prepared to assist the American military in inspecting North Korean ships despite Japan's pacifist Constitution, and called for a debate on whether Japan should possess nuclear arms. Mr. Abe himself has said he has no intention of changing the government's longtime ban on the weapons.

Like China, South Korea fears that inspecting North Korean ships by force could lead to a military confrontation. As a result, despite pressure from Washington, Seoul has not joined the three-year-old American-led Proliferation Security Initiative, concerned that intercepting North Korean weapons could begin such an encounter.

"We judged that the contents of the resolution of the U.N. Security Council do not directly affect the economic cooperation programs between the two Koreas, including Kaesong and Kumgang Mountain," Choo Kyu-ho, the spokesman for the Foreign Ministry, said Sunday, referring to an industrial park and a tourist resort. "We will go ahead with the economic cooperation programs in harmony with the resolution." Mr. Choo declined to say whether South Korea planned to proceed with long-held plans to expand the Kaesong industrial zone.

Such comments are bound to worry the Bush administration, however, because President Roh Moo-hyun of South Korea told President Bush in Washington last month that a North Korean nuclear test would drastically change the South's policy, away from engagement and toward punishment.

Some Korea experts said that with the reluctance of China and South Korea to crack down on North Korea, as well as Russia's initial unwillingness to take a hard line against the North, it was unclear how effective the sanctions would be.

"Limited sanctions and cooperation will continue, so we're basically in the same boat as before," said David C. Kang, a Korea expert at Dartmouth College who is visiting Seoul. "It's untenable globally to oppose sanctions right now. So South Korea will go along with them for a while, put some projects on hold, but resume them in a year or sooner."

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Mr. Kang added: "The sanctions are at best kabuki theater. They're not going to have much effect on North Korea's behavior."

China is opposed to restricting the flow of nonmilitary goods to North Korea, which remains one of the most impoverished and isolated countries and depends on that commerce for its economic survival. Chinese border cities like Dandong and Yanji are significant trading posts where North Korean trucks line up daily, stocking up on Chinese food and consumer goods.

China is also North Korea's biggest supplier of oil, most of it shipped by rail. While the vehicles have to pass customs inspections on both sides, there is no indication that the Chinese strictly control what is sold to North Korea.

As North Korea's largest trading partner, China accounts for nearly 39 percent of its imports and exports, followed by South Korea, which has a 26 percent share, according to the South Korean government.

Thailand, Russia, and Japan are the North's other significant trading partners.

Most of the China-North Korea border is demarcated by the Yalu River. While troops patrol the border on both sides, it is widely considered porous, especially in the winter months when the Yalu freezes and people on both sides can cross without fear of detection.

China's opposition to restricting the flow of nonmilitary goods to North Korea, and what appears to be its reluctance to inspect cargo shipments in or out of the country for materials banned by the United Nations sanctions, could sharply limit their effectiveness.

The utility of seaborne inspections of North Korea cargo ships by the United States or Japan could be undermined if the North Korean government determines that it can import or export goods covered by the sanctions through Chinese ports.

Even so, Beijing agreed to punitive sanctions on North Korea for the first time, and the details of their enforcement may take longer to negotiate. Whether they will be made public remains unclear. Government officials in China typically do not provide detailed information about policies relating to North Korea or other delicate matters.

The resolution came as somewhat of a relief in South Korea, which is caught between its fear of destabilizing the North and its need to show solidarity with its American ally.

The South Korean government's engagement policy toward the North has been fiercely attacked by the political opposition in the last week. But experts said that the government's decision to press ahead with cross-border economic projects indicated that the South would stick to its engagement policy.

"The feeling is that the engagement policy itself was not to blame for the nuclear test," said Kim Sung-han, a senior analyst at the government-financed Institute for Foreign Affairs and National Security in Seoul. "The issue is how to implement it. Should there be more elements of dialogue or reciprocity? There is the feeling that implementation was not balanced enough. From now on, the government will be more realistic in implementing the engagement policy instead of giving it up altogether."

U.S. Presses China To Influence N. Korea (AP-Y)

By Foster Klug

AP-Yahoo, October 16, 2006

The U.S. ambassador to the United Nations said Sunday that China had a "heavy responsibility" to influence North Korea's behavior and urged Beijing to heed a U.N. resolution intended to punish the North for its claimed nuclear test.

John Bolton also said North Korea's Oct. 9 detonation amounted to a public humiliation for China, the North's major ally and supplier of crucial shipments of food and energy aid.

If China were to cut that support, Bolton said, it "would be powerfully persuasive in Pyongyang," the North's capital. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

Bolton and Secretary of State Condoleezza Rice played down suggestions that Beijing would balk at parts of Saturday's U.N. resolution against North Korea.

It demands that North Korea abandon its nuclear weapons program and orders all countries to prevent the reclusive nation from importing or exporting any material for weapons of mass destruction or ballistic missiles.

But China, which shares a long border with North Korea, said it would not go along with a call to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking in weapons.

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But Secretary of State Condoleezza Rice, noting that China signed on to and voted for the resolution, said, "I'm quite certain that China is going to live up to its responsibilities."

Added Bolton: "China itself now has an obligation to make sure it complies with the resolution. We'll see what actually comes out of Beijing."

Bolton said that if North Korea continues along the path of building a nuclear arsenal, the United States will "ratchet up the pressure, make it clear that their international isolation is only going to increase, and we're going to make it, to the extent we can, impossible for them to continue the program."

President Bush is sending Rice to Asia this week on a diplomatic mission to consult with allies in the region. Rice said she will try to negotiate differences over how the resolution should be put in place.

"I understand that people are concerned about how it might work so it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations," Rice said.

The North's apparent nuclear test, Bolton said, "had to have been humiliating to China. After all of the efforts they've made over the years to protect North Korea from international approbation, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing. And I think we're still seeing that play out."

Sen. John Kerry, D-Mass., said Rice's comments show how the Bush administration is "living in a world of make-believe" because their foreign policy is a failure. He said U.S. involvement in Iraq has diminished America's credibility to deal with nuclear threats in North Korea and Iran.

Bolton appeared on NBC's "Meet the Press" and ABC's "This Week," while Rice and Kerry spoke on "Fox News Sunday."

'North Korea Should Be More Realistic' (WP)

The Washington Post, October 16, 2006

Last week the members of the United Nations selected a new secretary general -- the foreign minister of South Korea, Ban Ki Moon, 62. On Saturday in New York, Ban discussed his new role with Newsweek-Washington Post's Lally Weymouth. Excerpts:

Q: The Security Council is voting on sanctions that will include some kind of blockade and inspection of certain goods entering North Korea. How will North Korea respond?

A: North Korea has declared very defiantly that if the Security Council adopts any sanctions, they will regard this as a declaration of war. This is very worrisome and shows total disrespect of the United Nations.

What role do you see for yourself as secretary general in this dispute?

I think that I would be in a much better position than any other previous secretary general -- as I come from Korea and have experience. I will try to coordinate with the concerned parties. If necessary, I will take my own initiative, which will include visiting North Korea and meeting with North Korean leaders.

Will you meet with President Kim Jong Il?

I hope so. When the secretary general of the United Nations visits [a country], normally the secretary general deals with the leaders of the member states.

People say that Kim Jong Il is not so normal.

But he has met many leaders of the world.

Some argue that the recent test is a reaction by North Korea to the economic sanctions imposed by the U.S. on the Macao-based Banco Delta Asia in 2005 right after North Korea and the U.S. appeared to have arrived at a political deal.

First of all, the financial measures imposed on the North Korean accounts in Banco Delta Asia were because of the suspicion of North Korean illicit activities, including counterfeiting [of U.S. currency]. It's wrong that North Korea has linked this issue to the six-party process.

[Recently] the American government has said that if and when North Korea returns to the six-party talks, they will be prepared to have bilateral discussions . . . on all pending measures, including these financial restrictions.

Shouldn't the U.S. have had bilateral talks with North Korea previously?

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The South Korean government has been asking the U.S. to engage in bilateral talks with the North. The U.S. government's position is not to directly engage with North Korea on bilateral issues except within the framework of the six-party talks.

Isn't this a mistake?

I would not characterize it. That's American policy.

Do you see a way to go back to negotiations and to stop North Korea from conducting further tests, or will North Korea test again in reaction to the U.N. sanctions?

I think North Korea should be more realistic. Considering the economic and political difficulty they are facing, they should have taken a wiser path.

Is there hope that you can deal with a regime like North Korea's?

The Security Council resolution is primarily [focused] on taking sanctions against North Korea, [but] in the resolution there is a paragraph leaving the door open for North Korea to come to the dialogue table. We need a two-pronged approach. While we take a very strong and stern message and deliver it to North Korea, at the same time we need to leave some room for negotiations so as not to escalate the situation.

Do you worry that North Korea may feel so isolated that they'll pursue a closer alliance with Iran and Pakistan?

There is a concern about the proliferation of materials relating to weapons of mass destruction and nuclear materials and missiles. . . . There were some dealings and cooperation between A.Q. Khan of Pakistan and North Korea. It's my understanding that at this time they don't have such close cooperation.

Do you regard the "sunshine policy" as a failure?

I don't think it's a total failure. The philosophy and objective of engagement is a good one. If we have to blame someone, it's North Korea. We have been trying to help North Korea in humanitarian matters and exchanges and cooperation. . . . But the testing of nuclear weapons was a total display of disrespect to our goodwill.

Hard-liners argue that the North Korean regime has never changed its behavior.

You should sympathize and appreciate how difficult it is for the South Korean government and people to deal with the North. Peace and prosperity come when we have a good and solid relationship with the North. When there is a crisis like this, the South Korean people are affected in a very negative way.

What do you want to accomplish as secretary general?

Development is the key issue. Without the eradication of poverty, you will always see conflicts.

What do you plan to do about U.N. reform?

U.N. reform is my top priority. The United Nations should be reborn to be able to address all the challenges more objectively and efficiently. It's frustrating that people talk about the irrelevance of the United Nations. . . . We should change the culture by making the secretariat more professional, more accountable, more transparent, with a higher level of ethics.

So no more oil-for-food scandals?

That's right. I'll try to lead by example.

U.N. Reforms, Nuke Programs Top Annan Successor's Agenda (USAT)

By Barbara Slavin

USA Today, October 16, 2006

WASHINGTON — The South Korean diplomat set to become the next United Nations chief brings insight — and possibly baggage — to one of its most pressing problems: the North Korean crisis.

Last week, the 192-member United Nations chose Ban Ki Moon, South Korea's foreign minister, to succeed Kofi Annan as its secretary-general.

Since 2004, Ban, 62, has steered the South Korean team taking part in six-nation talks with North Korea. Those discussions, aimed at halting North Korea's nuclear program, also involve the United States, China, Russia and Japan. The talks have stalled since North Korea walked away from the negotiating table in November.

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Before the talks collapsed, Ban worked on a proposal to give North Korea civilian nuclear reactors and security assurances in return for halting its weapons program. North Korea initially agreed, then balked when the Bush administration said it must disarm first.

Ban's selection as U.N. chief poses a potential problem: The Pyongyang regime might refuse to deal with him, says David Straub, a former State Department official who dealt with Korean issues.

"To have a South Korean as head of the United Nations is a terrific embarrassment for the North Koreans," Straub says. "On the other hand, being so knowledgeable about the issue, he could play a very useful role."

The two Koreas, separated by the world's most heavily armed border, remain bitter rivals 53 years after their war ended in a truce rather than a peace treaty. About 28,000 U.S. troops are in South Korea.

Attempts to reach Ban were unsuccessful. In an interview Sunday on ABC, he said he was confident sanctions against North Korea would be enforced, despite expressions of reluctance by China and Russia. At the same time, he urged other countries to talk to the isolated regime headed by North Korean leader Kim Jong Il.

Kim "is in control of all of North Korean society," Ban said on Good Morning America Weekend Edition. "The problem is that we have to talk to him."

Charles Kartman, a former U.S. negotiator in talks with North Korea, says Ban believes the South Korean government has been too conciliatory toward North Korea.

Ban has also been unhappy with Bush administration policy, which rejects one-on-one talks with North Korea. Two years ago, standing next to then-secretary of State Colin Powell, Ban chided the United States for failing to offer enough to North Korea to convince it to halt its nuclear program. The United States "must come up with a more creative and realistic proposal," Ban said at a news conference in Seoul.

Ban won the U.N. job over candidates from Latvia, Jordan, Thailand, India, Afghanistan and Sri Lanka. A diplomat for four decades, he is the second Asian to hold the job — Burma's U Thant served from 1961-71.

Any of the five veto-wielding members of the U.N. Security Council — the United States, Russia, France, China and Britain — could have killed Ban's candidacy.

Respected for his negotiating skills, Ban drew no opposition because he "is a very non-threatening character," says Edward Luck, a U.N. expert at Columbia University.

Ban will need both finesse and steel to perform three big jobs as secretary-general, Luck says:

•Public spokesman for the concerns of the world.

•Manager of an unwieldy and abuse-ridden U.N. bureaucracy.

•Mediator on difficult issues including rolling back the nuclear programs of North Korea and Iran.

Luck says Ban may have greater success than Annan in trimming the U.N. secretariat's 10,000-person payroll and establishing ethical standards.

Management reform has been a key issue for the United States, which contributes 22% of the organization's $3.8 billion annual budget. Reform efforts have been resisted by many developing nations among the U.N. members.

U.S. Uses Korea Sanctions To Warn Iran (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 16, 2006

The United States on Sunday used new U.N. sanctions against North Korea to warn Iran, another country with nuclear ambitions.

John Bolton, the U.S. ambassador to the United Nations, said Iran should pay attention to Saturday's U.N. resolution against North Korea for its claimed nuclear test last week.

"I hope the lesson they learn is that if they continue to pursue nuclear weapons, they will face the same kind of isolation and restrictions that we have just imposed on the North Koreans," Bolton told CNN's "Late Edition."

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Repeated attempts by the U.N. Security Council's five permanent members and Germany to entice Iran into negotiations on its nuclear program foundered earlier this month over Tehran's refusal to give up uranium enrichment, which can be used to develop nuclear weapons.

The six powers have agreed to start working on U.N. sanctions against Iran next week, officials have said, but they still have to bridge differences on how harsh the penalties should be.

Secretary of State Condoleezza Rice said Sunday that, just as with North Korea, efforts against Iran are "a multilateral effort, not just a U.S. effort, and that is extremely important because the United States doesn't need to do this alone and can't do it alone."

Rice told "Fox News Sunday" that "the United States is much better off working with its allies than trying to do this bilaterally and being isolated itself."

Bolton said the Iranians "could enjoy a completely different relationship with the United States if they would suspend their uranium enrichment activities."

Iran, he said, "seemed to be obsessed with the idea of getting nuclear weapons. And as long as they pursue that course, we will have to respond accordingly."

Saturday's U.N. resolution against North Korea demands that Pyongyang abandon its nuclear weapons program and orders all countries to prevent the reclusive nation from importing or exporting any material for weapons of mass destruction or ballistic missiles.

Iran on Saturday called threats of sanctions "psychological warfare" and said it would not be intimidated.

Iran contends its nuclear program is for generating electricity; the U.S. and some of its allies allege Tehran is trying to develop atomic weapons.

In Jerusalem, Israeli Prime Minister Ehud Olmert told Israeli Cabinet ministers Sunday that Iran remained the greatest threat to Israel and he was concerned about the precedent set by the nuclear test conducted last week by North Korea.

"Whoever takes the Korean matter lightly will soon find a nuclear weapon in Iran and ultimately a nuclear weapon in al-Qaida," he said, according to an official who attended the meeting and spoke on condition of anonymity because he wasn't authorized to discuss the matter on the record.

Sen. John Kerry, D-Mass., told Fox that U.S. failures in Iraq have "diminished our hand and reduced our ability to be able to deal with Iran and North Korea."

Kerry said the Bush administration "has lost credibility in the world. And that's why Iran is emboldened, and that's why North Korea is emboldened."

U.S. Pursues Tactic Of Financial Isolation (NYT)

By Steven R. Weisman

The New York Times, October 16, 2006

WASHINGTON, Oct. 15 — As debate swirls about whether new international sanctions against North Korea will be effective, the Bush administration appears to have made some headway in using new American legal tools to cut off both North Korea and Iran from the international financial system.

The American campaign to use its own financial regulations to put pressure on North Korea and Iran has been a mix of implicit threats backed by explicit action, American officials and banking experts say.

Over the last year, American officials have met with many private banks overseas to warn them of the risk of doing business with certain Iranian and North Korean trading companies and businesses that the United States says have been tied to terrorist groups or to the spread of nuclear materials.

One of the main unspoken messages of the visits, experts say, is that the United States government may eventually bar American banks from working with financial institutions doing business with groups tied to terrorism.

This campaign of pressure has been backed up by specific actions. The most notable was when the United States last month barred American banks from facilitating certain transactions, including the sale of oil, for a leading Iranian bank with reputed ties to terrorist groups.

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As a result of the American campaign, banking officials and experts say that some foreign banks are cutting ties with North Korea and Iran.

But while achieving some unilateral success in economically punishing North Korea and Iran for their nuclear ambitions, some experts say the moves against Iran, at least, could damage American economic interests if that country switched to currencies other than the dollar for its large oil trades.

The United States had turned to unilateral action in part out of frustration that its efforts to mobilize international sanctions had run into trouble. That frustration might remain if the United Nations sanctions against North Korea, passed Saturday, prove not to be as effective as the United States hopes.

Most experts acknowledge that a globally cooperative effort would be much more effective than the American unilateral efforts, but that the United States can inflict some pain with the creative use of the reach of its own laws and pressure.

The ban on American transactions with the Iranian bank, Bank Saderat, means that it will no longer be able to obtain American dollars for its dealings with any other bank in the world. Bank Saderat is one of Iran's half-dozen largest banks.

The technical term for the banned activity is a "U-turn transaction." Such a transaction permits, for example, Iran to sell oil to a German customer, who in turn directs a European bank to deposit dollars obtained from an American bank into an Iranian bank account located in Europe. The phrase "U-turn" applies because the funds are transferred to a United States bank and instantly turned back as dollars to a European bank.

Many American banking officials predict that, in coming months, the United States will ban American bank involvement in transactions involving the other leading banks in Iran. That is because there is a widespread assumption among bankers that all of Iran's state-owned banks engage in the same activities as Bank Saderat. The likely result is that Iran will have difficulty selling its oil for dollars, the international medium of exchange for all oil sales.

"This is a pretty dramatic uptick of pressure from the United States," said Judith A. Lee, a law partner specializing in economic sanctions at Gibson, Dunn & Crutcher in Washington. "It is going to create significant difficulties for European banks and European countries."

American officials decline to say whether the move against Bank Saderat would apply to other Iranian banks.

Stuart Levey, under secretary of the Treasury for terrorism and financial intelligence, said recently that in the last two years the United States had "learned a number of lessons about how best to use financial tools to apply financial pressure" on countries like Iran and North Korea.

In the last year, Mr. Levey has traveled to several countries in Europe to exert pressure on Iran and to Singapore, China, Macao, Hong Kong, Vietnam and South Korea to press banks to break their ties with North Korea.

The message was reinforced a year ago when the United States barred financial transactions with a bank in Macao, Banco Delta Asia, which officials said was involved in North Korean nuclear dealings, money laundering and counterfeiting.

Last month, citing news media reports, Mr. Levey said that at least two dozen financial institutions overseas had curtailed or suspended business with North Korea.

China, for instance, froze the accounts of North Korea in a Macao branch of the Bank of China and also cracked down on the circulation of counterfeit American dollars in China near the North Korean border.

The administration hopes that could set a pattern for the future, American officials said. "We have no reason to believe that China will not continue to protect their financial system from abuse," a Treasury official said Sunday.

As for Iran, several European banks, including Credit Suisse and UBS in Switzerland, HSBC in Britain and ABN Amro in the Netherlands, have announced curbs on dealings with Iranian banks and businesses.

"We are seeing a whole series of banks not doing business with Iran, restricting the flow of funds into Iran significantly," said Edward Morse, chief energy economist at Lehman Brothers.

Last month, Treasury Secretary Henry M. Paulson Jr. suggested at an international meeting in Singapore that banks around the world should stop doing business with more than 30 Iranian companies and government enterprises that American intelligence had linked to various illicit activities.

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Evidence that American moves against Iran might be having an effect came at the same meeting, when Ebrahim Sheibany, the Iranian central bank governor, told a local paper at an international financial meeting that Iran would have "no choice" but to shift its sale of oil away from the dollar and to the euro or Asian currencies.

Whether that shift away from dollars could have the unintended effect of hurting the United States is a matter of debate. Some experts say there is a danger that if Iran does shift currencies, it could weaken the standing of the dollar as a reserve currency, forcing the United States to raise interest rates to attract dollar purchasers.

"This is a step where the end result could clearly weaken the dollar," said John G. Heimann, an investment banker and former comptroller of the currency in the Carter administration. "What has to be considered is whether or not we are shooting ourselves in the foot."

Ordinary Chinese Angry Over N. Korean Claim Of Nuke Test (USAT)

By Calum Macleod

USA Today, October 16, 2006

BEIJING — By claiming to test a nuclear device, North Korea has set off a wave of anger among ordinary Chinese, who appear split about whether blame lies with North Korea or the United States.

In the streets and online, Chinese responded to last week's announcement out of Pyongyang with fear.

Many said a nuclear-armed North Korea meant less security for China and East Asia. They called into question China's historic role as North Korea's ally and patron. Others suggested North Korea is right to arm itself in response to U.S. and Japanese threats against it.

Pyongyang's nuclear bombshell left Zhai Huixia, 24, "shocked and furious." The Beijing graduate school student said North Korea's move "seems very selfish, intruding on Chinese interests, and aggravating turbulence in the region."

For Korean War veteran Zhang Zeshi, North Korea's claim was a bitter betrayal by an "evil" regime. "We have given them so much food, fuel and support, but they don't listen to us," he said.

Zhang, 77, was among more than a million Chinese soldiers sent by Mao Zedong to fight with North Korea in the 1950-53 Korean War. He spent two years in a South Korean POW camp. He was imprisoned again when he returned home, disgraced along with other former POWs for failing to die in battle against American "aggressors."

"We spilled our blood in vain," Zhang said. "It kept alive (North Korea's) feudal dictatorship."

Other Chinese saw North Korea's decision to go nuclear as a response to pressure by the United States, which has tried to isolate the regime headed by Kim Jong Il.

"Maybe the North Korean government would already have collapsed if the U.S. adopted an enlightened policy towards it," said Wang Miao, 25, an electrical engineer in the eastern city of Nanjing. He blamed America's "high-pressure … Cold War strategy" for forcing Pyongyang's hand.

On Saturday, Beijing joined other United Nations Security Council members in approving sanctions against North Korea. Afterward, though, Chinese Ambassador Wang Guangya said China would not help conduct inspections of ships leaving and entering North Korean ports.

China is North Korea's biggest trading partner and supplier of food and energy. It could see a flood of Korean refugees to northeast China if the secretive regime in Pyongyang collapses.

In China's swelling cyberspace, North Korea has provoked debate. On the forum at beelinkclub.com, based in eastern Shandong province, moderator Xiaocao Qiqiang called the United States and Japan warmongers. He argued that a nuclear North Korea would guarantee peace by forcing the United States and Japan to ease up.

There was no way to verify the identity of the bloggers on beelinkclub.com or other sites where North Korea dominated conversation. But such sentiment was consistent with other postings and online discussions in Chinese chat rooms monitored by Yawei Liu, a China specialist at Georgia Perimeter College.

Liu said much of the debate is colored by a "strong anti-American sentiment among many of the most informed Chinese citizens." Liu said many of those commenting "are sympathetic to North Koreans and see a vast U.S. conspiracy to undermine China."

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In another online debate, one blogger, identified as Wang Jinggu, saw Pyongyang as the villain. North Korea is too much of a liability for China and too backward to be worth the trouble, Wang wrote, adding that its people are not even allowed to use mobile phones.

The outpouring of anger — against both North Korea and the United States — is no accident, said Shen Dingli, a foreign policy specialist at Shanghai's Fudan University. The Chinese government "has the ability to censor opinion, but it has intentionally allowed public debate to let the both the U.S. and North Korea know we are unhappy," Shen said. "When the criticism is against Chinese foreign policy, the freedom will be less."

A majority of Chinese believe "we should abandon" North Korea, though their view is unlikely to sway decision-makers in Beijing, Shen said. North Korea "may no longer be our friend," he said. But its strategic value to China as a counterweight to U.S. and Japanese interests means "we must never build it into our enemy."

An Offer Kim Can't Refuse (WP)

By Aaron L. Friedberg

The Washington Post, October 16, 2006

Though the hour is late and the odds long, there is still a chance that North Korean dictator Kim Jong Il can be persuaded to give up his nuclear arsenal.

Despite what many have suggested, this cannot be achieved simply through face-to-face negotiations or by offering security guarantees and economic aid. Kim is a cynical realist and will not exchange his nuclear capabilities for empty acts of diplomatic deference or what he would doubtless regard as mere scraps of paper. The hope that he might be tempted to ease the suffering of his people is also sadly misplaced. Kim has been described by psychological profilers as a "malignant narcissist"; he cares only for himself and is indifferent to the pain of others.

Whatever his quirks, Kim is also a cunning and rational strategist with one overriding objective: ensuring his own survival by maintaining an absolute grip on power. The only way to move him is by confronting him with a stark choice -- turn over existing nuclear weapons, dismantle production facilities and submit to rigorous international inspections, or face a steadily rising risk of overthrow and untimely death. This demand can be sweetened with promises of aid and peace pacts, but in the end Kim needs to be presented with an offer he cannot refuse.

North Korea is an impoverished nation with virtually no legitimate exports. Most of its citizens scratch out a meager subsistence. Yet Kim and those around him enjoy a life of comfort, driving powerful foreign cars, drinking expensive imported whiskey, watching bootlegged DVDs and treating their ailments with the best Western medicines.

The hard currency needed to pay for these luxuries, as well as imports essential to the North's programs for weapons of mass destruction, is generated through a variety of illicit activities: counterfeiting U.S. and other currencies, manufacturing and exporting narcotics and phony name-brand cigarettes, and selling weapons from small arms to ballistic missiles to any customer with cash.

Choking off the flow of dollars to Pyongyang would do more than cramp Kim's lavish lifestyle; it would threaten his grip on power. Like other crime bosses, Kim rewards his underlings and ensures their loyalty by letting them share the loot. Kim's extended family, the top echelons of the Communist Party, and the upper ranks of the military and security services all benefit from this arrangement.

For his part, Kim is able to sleep at night because he knows that those on whom his safety depends have a stake in his well-being. If times get tough and money grows tight, however, those people will begin to feel the pinch, the circle of beneficiaries in the spoils system will become smaller and Kim will steadily grow less secure. What Kim has to fear is not a popular uprising but a palace coup. The North's people are too beaten down and weak to stage a revolution, but Kim knows that a handful of disgruntled generals or disaffected party leaders could bring a sudden end to his brutal reign.

With the help of allies such as Japan and Australia, Washington has already taken steps to disrupt North Korean arms sales, counterfeiting and drug smuggling. Last year the United States also began to go after the network of financial institutions through which dollars flow back to Pyongyang. These initiatives need to be greatly intensified and coupled with other measures to constrict Kim's dollar lifeline.

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Recently announced U.N. sanctions are a step in the right direction, but they are not enough. China must take responsibility for preventing illicit activities on or through its territory, and both China and South Korea need to ensure that whatever assistance they provide the North's people cannot readily be converted to cash by Kim and his cronies.

Seoul and Beijing have thus far been reluctant to take such steps for fear that they might provoke Kim or cause the North to collapse. The time for hesitation has long since passed. Kim may test more nuclear devices and ballistic missiles, but he is not about to attack the South or make other moves that would bring crushing retaliation. As for the danger of regime collapse, the "Dear Leader" has even more reason to fear it than do his neighbors. It should be made clear to all, including Kim, that the objective of ratcheting up financial pressure is not to topple him but to squeeze him until he chooses to abandon his nuclear ambitions.

Getting China and South Korea on board will not be easy. Both may prefer feeble gestures and empty rhetoric to tough, united action. If Seoul and Beijing remain reluctant, however, they must be made to understand that they are endangering not only the security and stability of Northeast Asia but also their future relations with the United States. The weapons Kim is perfecting could one day lay waste to an American or Asian city. Passivity in the face of this threat will lead to sharp questions from Congress and the public about the continuing value of the U.S. alliance with South Korea, to say nothing of China's supposed status as a "responsible stakeholder" in the international system.

Absent sufficient cooperation, Washington will have to weigh other risky measures. Among these are a stop-and-search blockade of North Korea's ports, secondary sanctions against companies that continue to trade with it, and aggressive criminal proceedings that could entangle individuals and institutions in other countries, including China, with unforeseeable but potentially far-reaching diplomatic and economic consequences.

The writer is a professor at Princeton University's Woodrow Wilson School and a former deputy assistant for national security affairs to Vice President Cheney.

Olmert: Palestinians Holding Up Summit (AP)

By Mark Lavie, Associated Press Writer

AP, October 16, 2006

Prime Minister Ehud Olmert on Sunday said a planned summit with Mahmoud Abbas has been put on hold because of the Palestinian president's insistence that Israel release large numbers of Palestinian prisoners — the latest setback for U.S.-led efforts to restart peace talks.

Abbas has denied demanding a prisoner release as a condition for a summit. Israel insists that before it frees any of the estimated 8,000 Palestinians it is holding, a soldier captured in June by Hamas-linked militants in a cross-border raid must be returned.

Olmert announced late last month that he soon hoped to hold a meeting with Abbas, but the preparations bogged down over the prisoners. The two have met only once since Olmert took office in March, an informal chat in Jordan.

"We offered to meet with Abu Mazen, but apparently he is not interested," Olmert was quoted as telling a Sunday meeting of lawmakers from his Kadima party. Abbas is also known as Abu Mazen.

"He is conditioning a meeting on the release of prisoners and we will not release any prisoners until (captured soldier) Gilad Shalit is released."

An official who attended the meeting spoke on condition of anonymity because he was not authorized to discuss the matter with reporters.

Saeb Erekat, a Palestinian lawmaker who is close to Abbas, said preparations remain on track. "The efforts to schedule a meeting are still ongoing, and both sides are determined to ensure a successful meeting," he said.

Still, the disagreements over prisoners and a summit are not the main impediments to diplomatic progress.

Internal Palestinian and Israeli political turmoil and control of the Palestinian government by the extremist Islamic group Hamas are larger obstacles in the way of U.S. efforts toward peace talks, which have been stalled for six years.

Hamas won Palestinian parliamentary elections in January. Israel has boycotted the militant group, which is committed to the destruction of the Jewish state, but considers Abbas an acceptable negotiating alternative.

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Secretary of State Condoleezza Rice was in the region this month to try to prop up Abbas, leader of the moderate Fatah Party that was ousted by Hamas in the January elections. Abbas was elected separately a year earlier and remains in office, but his power and influence have been severely curtailed.

Olmert also rejected Sunday the possibility of talks with Syrian President Bashar Assad, saying Assad was responsible for harboring terrorists and was attempting to destabilize the entire region, according to the official who attended the meeting.

Israel has accused Syria of providing weapons to Hezbollah guerrillas before and during the recent war in Lebanon. Olmert said that since an Aug. 14 cease-fire went into effect, Syria has continued to meddle in Lebanese affairs and tried to undermine the country's pro-Western leader.

Assad told the German magazine Der Spiegel last month "we want to make peace — peace with Israel." In an interview with the British Broadcasting Corp. broadcast last week, Assad said it remained to be seen whether Israel had the will to make peace.

Israel has been carrying out a widespread offensive in Gaza since Cpl. Gilad Shalit was captured. Israeli forces have killed 21 Palestinians in fighting since Thursday. Most of the dead were militants, but two minors, ages 10 and 14, and a 29-year-old woman also were killed.

Israel says the latest raid is aimed at targeting the repeated fire of homemade rockets from the northern Gaza Strip. "We cannot allow ourselves to accept this pace of rocket fire," Olmert said in Sunday's Cabinet meeting. Several rockets have landed in southern Israel; no serious injuries have been reported.

During the Cabinet meeting, senior military officials said they believe Hamas has smuggled anti-aircraft weapons into Gaza for the first time, participants said. If true, this could pose a serious challenge to Israel, which relies heavily on its air force to attack militants in Gaza.

Israeli government spokeswoman Miri Eisen said the weapons are coming from Iran and "other countries that sell them." She was concerned that Palestinian militants are learning "how to use the new weapons, and especially how the Palestinians can fight against Israel the way that Hezbollah fought in Lebanon."

Abbas has been trying to pressure Hamas to moderate its views, but efforts to form a national unity government — which could lead to new peace talks — have stalled. The militants have demanded the release of hundreds of Palestinians jailed by Israel.

Nevertheless, Olmert said he hoped a summit would lead to broader peace talks. Negotiations have been frozen for years, with both sides refusing to carry out their initial obligations under the internationally backed "road map" peace plan.

During Rice's visit early this month, Olmert reportedly promised to "create a better environment" and return to peacemaking.

Associated Press Writer Aron Heller contributed to this report.

Rape Charge Advised Vs. Israel President (AP)

By Josef Federman, Associated Press Writer

AP, October 16, 2006

Police recommended Sunday that Israeli President Moshe Katsav be charged with rape, sexual assault and fraud, the most serious charges ever to face an Israeli leader.

The recommendation came at a meeting between police investigators and Attorney General Meni Mazuz. The final decision on whether to put the president on trial is up to Mazuz.

He does not have a deadline for making his decision and is expected to take several weeks to study the evidence.

Katsav has denied all wrongdoing. In a statement released by his office, his lawyer, Zion Amir, said police are not authorized to bring charges, noting that in the past, when police have recommended putting senior officials on trial, the attorney general has dismissed most of the cases.

Katsav asserted in a recent Israel radio interview that the complaints against him were staged by political enemies.

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A police statement issued Sunday said the complaints were filed by "women who worked under his (Katsav's) authority." It said there was evidence he committed crimes of "rape, aggravated sexual assault, indecent acts without permission and offenses under the law to prevent sexual harassment."

The statement also said police found basis for charges of illegal wiretapping, and fraud and malfeasance in office in the case of pardons granted by the president.

Investigations into allegations of disrupting a police investigation and harassing a witness were still in progress, police said.

The investigation began earlier this year after a former employee alleged Katsav forced her to have sex under the threat of dismissal. Police repeatedly questioned Katsav at his official residence and seized personal documents.

Israel Radio and Channel 2 TV have said the case against Katsav is based on complaints by five women who allege he made unwanted sexual advances toward them during his tenure as president and before that, as a government minister.

Complaints by five other women are not being pursued because the statute of limitations has run out, the reports said.

If indicted, Katsav would likely have to step aside. In Israel, the president holds a largely ceremonial role with little authority, but is considered a unifying force in a fractured society.

Israeli Police Recommend Charges Against President (NYT)

By Greg Myre

The New York Times, October 16, 2006

JERUSALEM, Oct. 15 — The Israeli police recommended on Sunday that President Moshe Katsav face charges of rape and sexual assault allegedly committed against several women in his office. Israel's attorney general must now decide whether to file such charges.

Mr. Katsav, who has held the mostly ceremonial post since 2000, has denied any wrongdoing. He has said that at least one of his accusers was trying to extort money and that his political enemies were behind the investigation.

After an inquiry that lasted nearly two months, the police on Sunday handed their findings to the attorney general, Menachem Mazuz. He will review the material and decide whether charges are warranted. It could be weeks before he announces a decision.

A joint statement by the police and the Justice Ministry said there was evidence that the president committed "rape, aggravated sexual assault, indecent acts without permission and offenses under the law to prevent sexual harassment."

According to the police, the inquiry also found evidence that the president had committed fraud and was engaged in illegal wiretapping.

"As far as we're concerned, we've completed the investigation," said Micky Rosenfeld, a police spokesman. "There is hard evidence and hard facts in this case."

Mr. Katsav's lawyer, Zion Amir, said in a statement that Israel's attorney general had in the past dismissed police findings as insufficient and had chosen not to file charges after investigations of senior officials.

Mr. Katsav has been facing calls for his resignation, and Sunday's statement by the police was sure to intensify those demands. Israel's Parliament opens its winter session on Monday, an event Mr. Katsav normally attends. Mr. Katsav's brother, Lior Katsav, told Israeli radio that the president planned to attend but would not address the legislators.

Several female lawmakers have threatened to walk out of the session if Mr. Katsav is present.

"The president must resign," Education Minister Yuli Tamir told Israeli television. "If he doesn't do so, I believe a process will be launched to force him to resign."

Mr. Katsav is immune from standing trial while in office. However, if he resigns or is impeached by Parliament, he would have to face any charges against him, according to legal scholars. Mr. Katsav's seven-year term ends next year.

Although the case has received widespread coverage in Israel, any charges against Mr. Katsav are not likely to have broader political ramifications. Israel's president is expected to serve as a unifying force and set a moral tone, but his position is more symbolic than substantive.

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Still, the controversy surrounding Mr. Katsav comes at a time when the Israeli public has expressed widespread disappointment in the country's leadership. Many Israelis say that the government and the military mismanaged the recent war with Hezbollah in Lebanon.

Prime Minister Ehud Olmert, a target for much of that criticism, has been under investigation regarding the sale of his Jerusalem home and the purchase of a new one. His critics say he received favored treatment, getting an above-market price for the home he sold and buying the new one at below its true value.

Several other politicians are under investigation or have been charged with wrongdoing, including the former justice minister, Haim Ramon, who quit in August and was subsequently charged with sexual harassment. Mr. Ramon is accused of forcibly kissing a female soldier, a charge he denies.

Mr. Katsav, 60, is married and has five children. He was born in Iran and came to Israel a few years after the country's independence in 1948. When he was 24, he was elected mayor of Kiryat Malachi, a poor town populated by immigrants in southern Israel. He was elected to Parliament in 1977 and served for many years with the right-wing Likud party.

In 2000, the elder statesman Shimon Peres was the heavy favorite to become the president, a position that is filled by a vote in Parliament. However, Mr. Katsav was the surprise winner.

As president, Mr. Katsav has been a low-key figure who frequently attends public ceremonies here and abroad, but has generally steered clear of the frequent controversies and political upheavals in Israel.

The allegations of sexual misconduct against Mr. Katsav first surfaced during the summer, and the formal investigation began in August. The police confiscated a computer and documents from the president's official residence on Aug. 21 and have since questioned him at length on several occasions.

Although his accusers have not been identified, police officials say they are five women who have worked in the president's office.

Israel's previous president, Ezer Weizman, resigned in 2000 amid scandal. During the 1980's, when he was a lawmaker and cabinet minister, he received hundreds of thousands of dollars from a French businessman with interests in Israel. No charges were filed against Mr. Weizman, who died in 2005.

African Union Force Ineffective, Complain Refugees In Darfur (WP/AP)

By Alfred De Montesquiou, Associated Press

The Washington Post, October 16, 2006

KASSAB, Sudan, Oct. 15 -- Refugees living in camps scattered across this region of western Sudan say an African Union peacekeeping mission has done little to protect them, even as rising violence is driving away crucial humanitarian aid.

"You have been here for three years now, and what have you done for us?" a tribal leader bitterly asked a delegation of African Union soldiers and police that visited the Kassab refugee camp last week.

As they often must, the peacekeepers explained to camp delegates that they were in Darfur only to monitor the violence and had no mandate to fight it.

"You are witnessing what happens, but you aren't helping," said Attaieb Adem, one of the camp delegates.

The Sudanese army, backed by an Arab militia called the Janjaweed, and Darfur rebel groups began fighting in 2003. Since then, as many as 450,000 people have died in violence and from disease, and 2.5 million have been displaced.

The African Union mission came in 2004, but anger over its perceived ineffectiveness is strong.

"If there is nothing you can do, then you might as well go home, so that the United Nations" can come, said Adem, referring to the hope by many in Darfur that a U.N. Security Council resolution to send about 20,000 U.N. peacekeepers to the region will be implemented. The mandate of the African Union force expires at the end of the year.

Sudan's president, Omar Hassan al-Bashir, fiercely opposes the U.N. proposal, saying it would breach the country's sovereignty.

The refugees in Kassab say they do not see how their security could get any worse in their camp, on the front line of a murky war zone.

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The Janjaweed militia has been blamed for much of the bloodshed. But rebel violence and hostility to aid workers has escalated since May, when one rebel faction signed a shaky peace agreement with the government. Humanitarian groups and African Union police say they withdrew from Kassab in September mostly because of the rebel violence.

The camp's clinic closed, so refugees in need of treatment trudge to the nearest town. Women say taking that road, or even collecting firewood around the camp, exposes them to robbery and rape.

"Every day we risk being beaten, or even worse," said Kharidja Ibrahim, some of whose family members had gone wood-gathering that morning. "We're waiting. In a few hours, we'll hear what has happened to them."

Tribal leaders say armed men now plunder the camp at will.

"Four days ago, they came in broad daylight and stole 84 goats," said Abdallah Shariff. He said nights are even worse.

"We can't sleep. We go to bed with our shoes on," he said, in case they have to flee.

Egyptian Maj. Ahmed El Serafy, who commands African Union police in the sector of Darfur that includes Kassab, said improving security in Kassab is an urgent task for what few forces he has -- 82 police officers for an area of 13,000 square miles.

"I knew it was going to be bad, but I never thought it would be this bad," he said.

Serafy said that police would resume day patrols in Kassab next week and that he hoped this show of force would improve security. But the African Union's officers go unarmed, and he said some were afraid to return to the refugee camp.

Even though refugees are frustrated with the A.U. peacekeepers, camp leaders pleaded with the delegation last week to return soon, saying time is running out.

"For now, we're on our own," said Youssouf Aldoun. "He is all we have for protection" he said, pointing his palms toward the sky in a Muslim gesture that signifies God.

Arabs To The Rescue? (WP)

The Washington Post, October 16, 2006

A chance to broaden the response in Darfur

FOR THE past three years, the United States and Europe have sent millions of dollars in aid to the Sudanese territory of Darfur. African countries, for their part, have come forward with some 7,000 peacekeepers. Americans, Europeans and Africans have all tried to bring about a political settlement between Sudan's government and Darfur's rebels. These various efforts have combined to slow the killing, though they have failed to halt it. But the Western and African efforts stand in stark contrast to the performance of Sudan's Arab neighbors, which have so far done next to nothing.

Recently the Arab League asserted that this might change. Its members offered to dispatch a force of Arab and Muslim troops as peacekeepers to Darfur, replacing or preferably reinforcing the underpowered African contingent whose mandate is set to expire soon. Under the terms of a Security Council resolution passed in August, the African force is supposed to be replaced by a 20,000-strong United Nations one. But Sudan's government has described a U.N. deployment as a "prelude to an invasion" of an Islamic country. However infuriating this claim, the fact is that the United Nations is not going to fight its way into Darfur. Depending on the details of its design, an Arab force could be an acceptable alternative.

The details matter because an Arab deployment would face credibility problems: It would be identified with Sudan's Arab-led government, which has equipped and supported Darfur's genocidal militia. Moreover, the ineffectiveness of the African Union force proves that peacekeeping in Darfur is no easy task: The Arabs would need to arrive with more troops and better equipment. But if Arab governments did deploy a robust force, they might succeed in quelling militia violence. That would solve the credibility problem.

It's hard to see how Sudan's government could resist an Arab and Muslim peacekeeping force by calling it a threat to Islam. Arab leaders have a good chance of deploying their proposed force if they press for it seriously. So the important question will be: Are the Arabs in fact serious?

Exit Polls Show Magnate Leading Ecuadoran Vote (WSJ)

By Jose DeCordoba

The Wall Street Journal, October 16, 2006

DOJ_NMG_0080778

A banana magnate appears to have squeaked by a charismatic ally of Venezuela president Hugo Chavez to win a plurality of Ecuador's presidential votes, forcing a runoff election next month to determine Ecuador's eighth president in 10 years.

With about 48% of votes counted, billionaire Alvaro Noboa, 55 years old and the richest man in Ecuador, had 27% of the vote. He was leading Rafael Correa, 43, an admirer of Mr. Chavez, with 22% of the vote. Two exit polls said Mr. Noboa had between 29% to 27% of the vote, besting Mr. Correa, who had between 27% to 25% of the vote. The other 11 candidates split the remainder.

The results mark a setback for Mr. Chavez, who was hoping an outright win by his political ally would extend his influence in the Andean region. With a population of about 13 million people, Ecuador is among South America's poorest countries. It is also one of the most unstable. Its last three elected presidents have been forced from office.

But analysts said the results could give the pro-U.S., pro-markets Mr. Noboa, who has run twice before and lost races for the presidency, the edge to win the second round of the vote, scheduled for Nov 26. Michael Shifter, an analyst at the Inter-American Dialogue think tank in Washington, said a number of the losing candidates may throw their support to Mr. Noboa to stop Mr. Correa, a charismatic, articulate and telegenic campaigner.

At one point, polls showed Mr. Correa -- who has scared markets with talk of debt default -- was within striking distance of winning the election outright. Mr. Correa, who holds a doctorate in economics from the University of Illinois, opposes a free-trade pact with the U.S. He says that while he doesn't approve of using the dollar as Ecuador's currency, he would keep the present system in place since an economic crisis led the government to scrap Ecuador's currency for the U.S. unit in 2000.

During the campaign, Mr. Correa, whose name means "belt" in Spanish, would thrill crowds by cracking his belt in the air, as a symbol of the whipping he would give Ecuador's political class, which is seen as corrupt and inefficient by many Ecuadorians. Like Mr. Chavez, Mr. Correa promised to rewrite the constitution. He also vowed to disband congress, which he called a "sewer." And like Mr. Chavez, Mr. Correa likes to verbally abuse President George W. Bush.

"His positions and his language might have been too radical, even for a very angry electorate," said Mr. Shifter. "They didn't want a rupture with the U.S. or international financial institutions."

In the last week, Mr. Noboa -- fueled by flush funding and generous promises -- overtook Mr. Correa. At campaign events, Mr. Noboa, a Bible in hand, would ask God to help him save Ecuador's poor. Mr. Noboa promised to build cheap housing and create a million jobs, and unashamedly handed out cash, wheelchairs and medicine to potential voters. Mr. Noboa supports a free-trade agreement with the U.S.

"He's a quintessential populist," said Mr. Shifter.

Son of the late billionaire Luis Noboa, Mr. Noboa engaged in a bitter, nine-year legal battle with his father's second wife and his siblings before winning control of Fruit Shippers Ltd., the holding company for the family business, in 2002. Mr. Noboa today controls more than one hundred companies, including a bank and companies involved in real estate and shipping

Early Returns Point To A Presidential Runoff In Ecuador (NYT)

By Simon Romero

The New York Times, October 16, 2006

QUITO, Ecuador, Oct. 15 — Ecuador's voters appeared to be split Sunday between Álvaro Noboa, a banana magnate who favors close ties to the United States, and Rafael Correa, a leftist who is an admirer of Venezuela's Hugo Chávez and who, like Mr. Chávez, is known for his anti-American rhetoric.

Based on early election returns, the two men are likely to face a runoff on Nov. 26.

As of 10:50 p.m. local time, with 59 percent of the votes counted, Mr. Noboa was leading with 26.8 percent of the vote to 22.4 percent for Mr. Correa.

To avoid a runoff, one of the candidates needs to win a majority or 40 percent of the vote plus a 10 percentage-point lead over the nearest opponent. There were 13 candidates in the race.

Mr. Noboa's strong showing came as something of a surprise. In the final days of the campaign, Mr. Noboa, 55, a Swiss-educated billionaire scion of an elite family in Guayaquil, said he would limit political ties to Venezuela and fiercely criticized Mr. Correa's positions. He has also said he is strongly in favor of negotiating a trade agreement with the United States.

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Mr. Correa angrily reacted on Sunday to the attacks from Mr. Noboa and said his campaign might have suffered from fraud in the electronic systems used to count votes.

"The irresponsible Noboa says I want to turn this country into a Cuba," he said. "This is not the case."

Mr. Noboa, who ran an unusual campaign combining right-wing ideology and populist promises, has made it to the second round of presidential elections twice before, losing each time. In this campaign, he appeared before audiences grasping a Bible and promising to build cheap housing, attract foreign investment and distribute computers.

In recent weeks, Mr. Correa, 43, had surged in the polls after railing against Ecuador's political establishment and criticizing American influence in the country.

Mr. Correa said he opposed negotiating a free trade treaty with the United States, jolted Wall Street banks by saying he would seek to renegotiate Ecuador's foreign debt and said he would end an arrangement allowing the United States military to use an air base in Manta, on the Pacific Coast, for drug surveillance flights.

"We can negotiate with the U.S. about a base in Manta, and if they let us put a military base in Miami, if there is no problem, we'll accept," Mr. Correa recently told reporters.

Mr. Correa cast himself as an anti-establishment candidate of a different stripe from other leftist populists in the region, who have largely had military or trade union backgrounds. An obscure university professor until briefly serving as economy minister last year, he dresses in well-tailored suits and speaks fluent English and French as well as some Quechua.

He obtained postgraduate degrees in economics from the University of Illinois and Catholic University of Leuven in Belgium.

But despite that background, Mr. Correa, like many of his countrymen, dislikes many of the reforms recommended a decade ago by international lending institutions, including those strongly influenced by the United States. Mr. Correa has taken inspiration from the nationalist policies of Mr. Chávez, supporting greater government control over Ecuador's oil industry and acknowledging warm ties to him.

Those types of nontraditional positions played well with some voters.

"He's going to end the Congress, which is a sewer," Cristina Navas, 37, said of Mr. Correa after voting today.

But others expressed fears. "Venezuela is a petroleum country; Ecuador is a country with petroleum," said Vicente Bustamante, 46, a lawyer. "Venezuela can subsist on its own outside any economic bloc; we are part of the international community."

Mr. Correa met with Mr. Chávez in Venezuela in August, spending the night at the home of Mr. Chávez's parents in Barinas, the provincial cattle-raising region where Mr. Chávez was raised. Still, Mr. Correa denied receiving Venezuelan financing and emphasized a desire to also forge close ties with other leaders in the region.

While his background differs from that of Mr. Chávez, a former army officer, and President Evo Morales of Bolivia, a supporter of energy nationalization who is Mr. Chávez's closest ally in the Andes, Mr. Correa embraced their explicit criticism of the United States. At one point he described President Bush as a "tremendously dimwitted president who has done great damage to his country and to the world."

The rising distaste here for Washington belies economic and social ties to the United States that may be closer than ever. Ecuador uses the United States dollar as its currency, a six-year-old stabilization effort even Mr. Correa said needed to remain in place. More than 1 million Ecuadoreans are estimated to have immigrated to the United States since the 1990's, forming large communities in such states as New York, Florida and Illinois. The money they send home has become a vital source of income here. The United States, meanwhile, relies on Ecuador as its third-largest supplier of oil in South America after Venezuela and Brazil.

The winner of a runoff next month would face a perennial challenge: completing his term. Ecuador, which allows its Congress to remove presidents with ease, has had 7 presidents in the last 10 years.

Much of the next government's fortunes will depend on the price of oil, which is subject to the vagaries of the global energy market. Each $1 decline in oil prices translates into a $200 million decline in national income in Ecuador and a fall of 0.5 percent of gross domestic product, according to Barclays Capital.

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Mr. Correa also showed signs of fatigue in recent days, potentially providing an opening for Mr. Noboa to adroitly appeal to voters in the likely runoff.

Adrián Bonilla, a noted analyst and director of the Latin American Faculty of Social Sciences here, where Mr. Correa once gave classes, said Mr. Correa was not as radical as some say. That may be why some prominent financiers and businessmen have backed him.

“Correa is clearly against the status quo, but that doesn’t make him a Marxist or a messianic leader like Chávez,” said Mr. Bonilla. “He’s not about to turn Ecuador into a client state of Venezuela.”

Mr. Chávez, for his part, has remained uncharacteristically restrained in commenting on the race, perhaps out of concern that he might weaken Mr. Correa’s chances. Opponents of leftist populist presidential candidates in both Peru and Mexico won elections this year after attacking their rivals’ perceived ties to Mr. Chávez.

Presidential Race In Ecuador Heads To Second Round (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, October 16, 2006

QUITO, Ecuador, Oct. 15 -- A banana magnate who portrays himself as a friend of the poor and a young economist close to Venezuela's mercurial leader, Hugo ChÃ¡vez, will face each other in a presidential election runoff on Nov. 26 after neither obtained enough votes to win in a first round Sunday in this chronically unstable country.

With 51 percent of the vote counted, Alvaro Noboa, 55, one of the wealthiest men in Latin America, had 27 percent of the vote to 22 percent for Rafael Correa, 43, a charismatic former finance minister who has sharply criticized the Bush administration.

The election in this tiny, mountainous country of 13 million has attracted widespread attention beyond its borders because of the rapid rise of Correa, an economist who promises to overturn Ecuador's old economic order and calls for a constitutional assembly that could dissolve the National Congress.

Calling himself a friend of ChÃ¡vez, who has become Washington's leading antagonist in Latin America, Correa says his government would shutter a U.S. military base in Ecuador, crack down on multinational companies and possibly declare a moratorium on payment of the country's $10 billion foreign debt. If he wins next month, he will join a growing list of left-leaning leaders elected in Latin America since 2002.

"He's prepared, and we need someone who knows how to run things," said Fanny Ceron, 38, a nurse, moments after casting her ballot for Correa. "We need someone who comes from the people. The others are just moneyed people. They want power. They have the money, but no ideas."

Correa would face a furious challenge from Noboa, who has spent $2.5 million on his campaign, far more than any other candidate, casting himself as a populist. This is Noboa's third try at the presidency. He lost in 1998 and 2002. At campaign rallies, Noboa gives away T-shirts, wheelchairs and even cash. He also pays for mobile medical clinics run by his wife, Anabella AzÃ-n, a physician who also has political aspirations.

His campaign ads have attacked Correa as a dangerous extremist who would align Ecuador with Venezuela and Fidel Castro's Cuba, bringing more instability to a country that has had seven presidents in 10 years.

"Correa is selling hope," said Blasco PeÃ±aherrera, a businessman and president of the Quito Chamber of Commerce, who does not support Correa. "I'm sure his opponents are going to sell panic."

Support for Noboa surged in the past three weeks. He was a distant fourth as recently as Sept. 20, according to the Cedatos-Gallup polling firm in Quito. But Noboa, who falls to his knees before supporters and invokes God, quickly gained and in recent days surpassed Leon Roldos, a former vice president who had led in the campaign but began a fast slide last month.

On Sunday evening as results began to come in, Noboa charged that Ecuador would become another Cuba under Correa. "Rafael Correa's posture is communist, dictatorial," he said on Ecuadoran television. He also denied that he employs child laborers on his banana farms -- an accusation first made in a 124-page Human Rights Watch report in 2002.

"I don't have child workers in my companies," he said.

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Noboa once made the Forbes 500 list of the world's richest people, and in the past he frequently boasted about his friendship with well-known American luminaries. A slick campaign has side-stepped questions about his businesses and has resonated with people such as Jorge Teran, 46, a technician who is fed up with a lack of progress in Ecuador. He said he likes Noboa's plans to increase the state oil company's production and his promise to build affordable housing and create jobs. Teran also said he feels Noboa may benefit from divine intervention.

"I think he brings up God so often that he must have sensibilities in his soul," Teran said.

Correa, though, has appealed to Ecuadorans who are tired of a chaotic and corruption-riddled political system. Three presidents have been toppled since 1997, the last one, Lucio GutiÃ©rrez, just last year after a bloc of Congress voted him out. Fistfights are not uncommon in Congress, nor is scandal.

And even though Ecuador is the continent's second-largest exporter of oil to the United States, after Venezuela, most of its people are poor and underemployed.

"He's not offering housing, a new health system or education -- he's offering renewal of the political system," said Adrian Bonilla, director of the Ecuador branch of the Latin American Faculty for Social Sciences, a continent-wide university system.

Bonilla argued that, despite Correa's super-heated oratory, he is far from being a knee-jerk radical who would upend Ecuador's economy. Instead, Bonilla said, Correa is influenced by Keynesian thought, which sees a central role for government in managing the economy, and by contemporary economists such as the American Nobel Prize winner Joseph E. Stiglitz, who argues that unchecked globalization harms poor countries.

Still, the rhetoric from Correa's campaign has often touched on the kinds of nationalistic themes espoused by ChÃ¡vez and other populist leaders in Latin America. Two key advisers slated to be named ministers in a Correa government, Augusto Tandazo and Alberto Acosta, told foreign reporters that Ecuador would be tough on transnational companies and multilateral lenders.

"Ecuador is not against foreign investors," said Tandazo, considered a hard-liner on oil issues. "But we want foreign investment that knows how to control its voracious appetite."

Opponents of Correa have cast him as a puppet of ChÃ¡vez, but Acosta said a Correa administration would follow its own path, neither tied to ChÃ¡vez nor following the free-market direction of another leftist leader, Brazilian President Luiz Inacio Lula da Silva.

"We are not copying Lula, ChÃ¡vez or Kirchner," he said, referring to Argentina's president, Nestor Kirchner. "Rafael Correa is Rafael Correa, with all his positive attributes and drawbacks. We are not waiting for a prescription from abroad."

Still, many Ecuadorans have had it with promises and politics. Vladimir PeÃ±a, 33, an accountant, said he would like wholesale change but sees most of the candidates as opportunistic populists. He invalidated his ballot.

"We've had lots of populists here," he said. "And what happens is they last six months, and that's it."

Opposites Qualify For Ecuador Runoff (LAT)

By Chris Kraul

The Los Angeles Times, October 16, 2006

QUITO, Ecuador — Banana billionaire Alvaro Noboa edged left-wing economist Rafael Correa in the presidential election's first round Sunday, setting up a runoff between two candidates who are bitter rivals and polar opposites, according to partial results.

With nearly two-thirds of the ballots counted, Noboa had 26.8% of the vote and Correa 22.4%, according to electoral authorities.

Noboa, whose family owns Ecuador's largest banana plantation, closed what many pollsters saw as a 5 or 6 percentage-point deficit to Correa in the campaign's final days.

A loser in two previous runs at the presidency, Noboa, 55, gave a preview of the campaign rhetoric leading up to the Nov. 26 runoff, describing Correa in a TV interview Sunday as a "spoiled child" who is "pro-terrorism, pro-communism and pro-Cuba."

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Correa, a 43-year-old economics professor with a doctorate from the University of Illinois, said if Noboa won, he would turn Ecuador into a private banana plantation. Correa added that his campaign's exit polls showed he won by 5 percentage points, and he called the early results "a fraud foretold by the oligarchy."

Correa had risen in polls from fifth place in July to first early this month. He ran an anti-establishment and anti-U.S. campaign in which he made no effort to conceal his friendship with Venezuelan President Hugo Chavez, Washington's most outspoken critic in the region.

But Noboa, whose net worth was estimated at more than $1 billion by Forbes magazine in 1997, spent lavishly on his campaign, and there were reports of widespread giveaways, including wheelchairs for the disabled and cash handouts to the poor. Correa also spent large sums in a campaign that many speculated was financed partly by Chavez.

Simon Pachano, a teacher at the Latin American School of Social Sciences in Quito, the capital, said the results reflected widening political polarization.

"Both Noboa and Correa ran anti-party, anti-system campaigns, and there is no middle ground between the two extremes. This sets up a dangerous scenario for Ecuador," Pachano said.

The ideological divide between the two front-runners is wide. Noboa, a proponent of open-market policies, promises housing and health subsidies and the creation of 3 million jobs.

Correa promises a reformist "citizen revolution" modeled in some aspects after the Chavez agenda.

He is a harsh critic of President Bush, opposes unregulated trade and supported the Ecuadorean government's seizure of Occidental Petroleum's Block 15 oil field in May. Occidental has taken the case to international arbitration, and Correa promises to ignore any order to compensate the oil company for the takeover.

Although some observers think Correa would become more moderate as president, others expect him to follow through on the "citizen revolution" he is proposing. He caused tremors on Wall Street by threatening to default on Ecuador's foreign debt, something the government has done three times since the early 1980s.

Nine million Ecuadoreans went to the polls Sunday to choose among 13 candidates vying to become the eighth president this unstable country will have seen in 11 years.

Three presidents have been forced from office since 1996. Since the nation's founding as a republic in 1830, presidents have served an average of 20 months.

Ecuadoreans have rewritten their constitution 19 times, and Correa has proposed a constitutional assembly to draft another and "reinvent Ecuador."

Interviews with voters Sunday indicated that they were torn between the desire to reform their dysfunctional government and a wish to maintain stability and economic well-being.

"We are tired of corrupt politicians who steal all the money they can and leave the country in poverty," said retired customs worker Leon Espinosa, a Correa supporter.

Garbage truck driver Walter Zambrano said he cast a vote for Noboa, saying the candidate's experience in business and in two previous presidential campaigns was a plus. "Correa may speak pretty words, but Noboa is more balanced and cares more for the underprivileged," he said.

Noboa's family-owned Corporacion Noboa operates Clementina, a 25,000-acre plantation 45 miles north of the coastal city of Guayaquil that is one of the world's largest banana producers and exporters. The company also owns auto manufacturing and shipping interests and a Coca-Cola bottling operation.

As much as Correa's proposed "radical transformation" of Ecuador's political system appealed to some voters, it also raised fears of months of chaos and political polarization. His opposition to open-market policies also worried the business community, which relies on the U.S. export market for nearly half of all foreign shipments.

School Aide Swept Up In Britain's Veil Debate (WP/AP)

By Thomas Wagner, Associated Press

The Washington Post, October 16, 2006

DOJ_NMG_0080783

LONDON -- A government minister has joined an increasingly bitter debate about the rights of Muslim women to veil their faces, saying a teaching assistant should be fired for insisting on wearing one in school.

Phil Woolas, Britain's race and faith minister, was quoted by the Sunday Mirror newspaper as demanding that Aishah Azmi, a Muslim, be fired for refusing to remove her veil at work.

"She should be sacked. She has put herself in a position where she can't do her job," Woolas said.

Azmi has refused to remove her black veil, which leaves only her eyes visible, in front of male colleagues. She was suspended but has taken her case to a court that handles cases on employment law.

Azmi, who is 24 and has two children, has insisted that she is willing to remove her veil in class, as long as no adult males are present.

"She is denying the right of children to a full education by insisting that she wears the veil," Woolas said. "If she is saying that she won't work with men, she is taking away the right of men to work in school."

The debate on the veils began this month when Jack Straw, the former foreign secretary who now serves as leader of the House of Commons, said Muslim women visiting his office should remove them.

The opposition Conservatives also weighed in, with one of the party's top officials accusing Muslim leaders of encouraging a "voluntary apartheid" that could help spawn homegrown terrorism.

David Davis, a top Conservative Party official, supported Straw. "What Jack touched on was the fundamental issue of whether in Britain we are developing a divided society," Davis told the Sunday Telegraph newspaper. "Whether we are inadvertently encouraging a kind of voluntary apartheid."

Prime Minister Tony Blair praised Straw for raising the issue "in a measured and considered way," and he urged Britons to engage the topic without "becoming hysterical."

Salman Rushdie, whose book "The Satanic Verses" once led to death threats against him by Islamic clerics, said last week that Straw "was expressing an important opinion, which is that veils suck, which they do. I think the veil is a way of taking power away from women."

Nazir Ahmed, the House of Lords' first Muslim legislator, joined the fray by criticizing British politicians and the media for "demonizing" the country's Muslims.

On BBC radio, Ahmed, a moderate lawmaker of the governing Labor Party, said: "The problem is that the politicians and some people in the media have used this for demonization of entire communities."

Video Disputes China's Claim Shooting Was In Self-Defense (NYT)

By Joseph Kahn

The New York Times, October 16, 2006

BEIJING, Oct. 15 — A Romanian videotape that appears to show Chinese security forces shooting two Tibetan refugees in the Himalayas contradicts Beijing's claim that the refugees were shot when soldiers acted in self-defense.

China acknowledged on Thursday that soldiers killed one refugee and wounded another on Sept. 30. The official New China News Agency said the soldiers acted only after about 70 refugees seeking to enter Nepal illegally from China attacked border troops.

The long-range video shows a slow, single-file line of Tibetan refugees climbing over a snow-covered mountain pass followed by Chinese troops. A rifle shot is heard and the first climber in the pack falls to the ground, followed by the climber at the tail end of the group.

A separate shot shows a uniformed Chinese soldier firing a rifle. It then shows several soldiers examining the shooting victims and escorting some detainees back to a camp.

The video was first shown on Pro TV, a private Romanian network, and was posted on the Internet. It was taken by Sergui Matei, a Romanian cameraman on a climbing expedition on Cho Oyu, a peak near China's border with Nepal.

Tibetans often cross into Nepal, at least partly because their spiritual leader, the Dalai Lama, visits there often. He lives in exile in India and is not permitted to visit China.

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The Sept. 30 incident was first reported by mountaineers in Nepal and was circulated by human rights groups, including the International Campaign for Tibet and Human Rights in China.

Witnesses quoted by human rights groups said that those who had been fired upon included monks, women and children and that the person who had been killed was a 25-year-old Tibetan Buddhist nun.

After the accusations, China's Foreign Ministry vowed to investigate. The New China News Agency subsequently issued a report that said the soldiers had fired in self-defense after soldiers had tried to persuade the group to return home. "The stowaways refused and attacked the soldiers," the agency said.

The video does not offer a comprehensive account. It was shot from a long distance — the narrator says the cameraman was more than half a mile away — and only a few faces are clearly identifiable.

But it does suggest that the shootings were not in direct response to an attack on soldiers. The refugees were spaced far apart on an arduous climb over a 19,000-foot-high pass, called Nanpa La, when the two victims fell.

The American ambassador in Beijing, Clark T. Randt Jr., went to the Foreign Ministry on Thursday to protest China's treatment of the refugees, an embassy representative said.

China Charges A Lawyer With Inciting Subversion (NYT)

By Joseph Kahn

The New York Times, October 16, 2006

BEIJING, Oct. 15 — The Chinese police have charged a prominent human rights lawyer with inciting subversion, part of a crackdown on people who have sought to use China's nascent legal system to limit the power of the state.

The lawyer, Gao Zhisheng, was taken into custody in mid-August and was formally arrested Sept. 21, but the police only recently made clear the nature of the charge, said his lawyer, Mo Shaoping.

If Mr. Gao ends up being indicted and tried on subversion charges, it could be one of the highest-profile prosecutions of an internationally recognized dissident in recent years.

China often uses the legal system to punish people it considers subversive. But in recent years it has mainly sought to prosecute them for violating ordinary criminal laws, like leaking state secrets, violating commercial codes, disrupting traffic or committing fraud.

Mr. Gao, 42, represented displaced homeowners, victims of official corruption and religious rights advocates, including members of the Falun Gong sect, which is banned in China.

He has become one of the most outspoken dissidents within China, writing frequent essays and polemics posted on the Internet that have sharply criticized the authorities and have predicted that the governing Communist Party will collapse because of corruption and abuse of power.

This year he helped organize sympathizers around the country to participate in a rolling hunger strike to protest abuses against members of Falun Gong and other acts of persecution.

His license to practice law was suspended late last year, and he lived under constant surveillance and effective house arrest until the police detained him during a family visit to Shandong Province.

Mr. Gao's wife, Geng He, has come under police pressure since his arrest and has told some longtime friends of Mr. Gao that neither she nor her husband requires legal representation, friends of the family said. Mr. Mo said that he had had no contact with Ms. Geng and that he had been retained by another relative of Mr. Gao.

Mr. Mo said the police had not allowed him to visit Mr. Gao because they said his case involved state secrets. In state secrets cases, the authorities can deny access to a lawyer until a formal indictment has been issued.

The state secrets exception to the visitation rule applies only if the suspect is formally charged with leaking state secrets, which Mr. Gao is not, Mr. Mo said.

"You cannot claim his case involves state secrets unless you charge him with leaking state secrets," he said. "I plan to protest their refusal to allow me to see him."

A spokesman for the Beijing Public Security Bureau did not respond to an inquiry about Mr. Gao's case.

Paulson's China Victory (WSJ)

DOJ_NMG_0080785

The Wall Street Journal, October 16, 2006

Everyone seems to agree that China's leverage will be crucial if the world is going to contain North Korea's nuclear threat. Which is one more reason to congratulate Treasury Secretary Hank Paulson, who recently prevented a U.S.-China blowup by persuading Chuck Schumer and Lindsey Graham to drop a Senate vote on their 27.5% tariff bill against China.

But lest this protectionist threat return in another political guise, it's worth recounting why they're so very wrong to consider the trade deficit with China a threat to U.S. prosperity. As the Senators recently argued on these pages, their complaint is that China's "continued [currency] manipulation is a form of protectionism, and it throws the whole global trading system out of balance." The pair have now thrown their support behind a bill sponsored by Senate Finance Chairman Chuck Grassley and ranking Democrat Max Baucus that would empower Treasury to determine whether China has a "misaligned currency."

The $200 billion trade deficit with China is itself a meaningless hobgoblin, mattering far less than the volume of trade. U.S. imports from China have more than doubled (up 155%) since 2000 to $243 billion. But U.S. exports have climbed even faster, tripling since 2000. Through the first half of 2006, the value of U.S. goods shipped to China was up by nearly 40% and on pace to reach nearly $60 billion. (See the nearby table.) So if China is adopting currency policies to repel U.S. goods, they aren't working too well.

This explosion of cross-border commerce has worked to the benefit of both nations. China has had a compounded rate of GDP growth of 10% for the past five years. A report by McKinsey consulting finds that if anywhere near these rates of GDP growth are sustained over the next decade, poverty rates in China -- a nation barely able to maintain subsistence living standards for centuries -- will fall by two-thirds.

What has America gained? A surge in low-priced, high quality consumer products. Apparel, footwear, consumer electronics, computer equipment, and so on -- all of which Americans have bought voluntarily. Arguably the biggest beneficiary of China's emergence on the world trading stage has been America's poor, who have new access to bargain-priced consumer goods. A 27.5% China tariff would be the most regressive tax imposed on low income Americans in decades.

The standard response from the China-bashers (just as the Japan-bashers argued two decades ago) is that America is "exporting" jobs overseas. But over the time period that trade with China has surged, so has the number of new jobs created here. Yes, some U.S. manufacturers have lost market share to lower-cost Chinese competitors, and in recent years U.S. apparel and light manufacturing firms have brought a series of anti-dumping complaints against the Chinese.

But it's a myth that U.S. manufacturing is disappearing. A recent Cato Institute report shows that U.S. manufacturing output is up 50% in the past 12 years along with our expanding trade with China. And the National Association of Manufacturers reports that August was the tenth consecutive month in which U.S. manufactured goods exports rose more than imports. Outsourcing to China has allowed many U.S. companies to remain competitive against foreign producers, and a large chunk of U.S.-China trade is in fact intra-company trade conducted by American firms.

So has China "cheated" in the trade arena by holding the yuan artificially low relative to the dollar? The yuan has been pegged at 7.92 against the dollar since the mid-1990s, and Beijing has begun to allow a modest fluctuation in the last year or so. But this is not a "manipulation" of its exchange rate so much as it is a contracting out of its monetary system to the U.S. Federal Reserve Board. That strategy has allowed China to remove the uncertainty of exchange-rate fluctuations from investment decisions and allowed China to grow rapidly while controlling inflation (so long as the Fed controls it too, which is a separate issue).

The Chinese have thus avoided the bane of most developing nations of inept monetary controls leading to price fluctuations and periods of hyper-inflation. China was one of the few Asian nations that didn't face a crippling currency devaluation during the monetary crisis of the late 1990s.

Nor is it clear that a yuan revaluation of even 10% to 30% would have any meaningful impact on the U.S. trade deficit. China imports some $100 billion a year of raw materials. A stronger yuan would lower the price of those inputs, and thus of production costs, which could largely offset the impact of the stronger currency on export prices. And even if the U.S. were to ban all imports from China, the main effect would be to import those goods and services from elsewhere instead, albeit at higher prices. The U.S. runs a $500 billion a year capital input surplus, and the trade deficit by definition offsets those beneficial inflows.

* * *

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The greatest Chinese danger to the U.S. economy isn't trade but is its undeveloped and politically controlled financial system. An estimated 10% to 25% of all China's bank loans are nonperforming. State ownership of the banks has fostered an unhealthy and destabilizing system of crony capitalism. U.S. policymakers should be urging Beijing to privatize its banking sector, capital markets and state owned enterprises. Rather than press for trade barriers that would raise prices here at home, it would also make more sense to pressure China to enforce U.S. copyrights and patents.

Back in 2001 when China was permitted to join the World Trade Organization, one non-negotiable condition was that China lower its punitive tariffs on imported goods -- which it has done. While China needs more reforms to sustain its growth, the U.S. hasn't helped its own policy credibility by such political stunts as Congress's opposition to the purchase of Unocal by a Chinese company. The U.S. wants and should expect Beijing's cooperation on nuclear proliferation and North Korea; it shouldn't waste its influence on such non-problems as expanding two-way trade.

ChÃ¡vez's U.N. Moment (WP)

By Jackson Diehl

The Washington Post, October 16, 2006

Why Do Latin Democrats Support Him?

It's election day for Hugo ChÃ¡vez -- not in Venezuela but at the United Nations General Assembly. Today a vote is due on his government's bid for a nonpermanent seat on the Security Council. ChÃ¡vez has spent most of this year campaigning for the job, traveling the world and promising tens of millions of dollars in aid to poor countries in Asia and Africa whose votes he's counting on. His ambition is a big one: to become the leader of global opposition to the United States, or, as he puts it, to "radically oppose the violent pressure that the empire exercises."

There's a fair chance he'll lose. Most vote counters at the United Nations think Venezuela will fall short of the 122 General Assembly votes it needs on the first ballot, as will its opponent for the seat, Guatemala. One of the two might win on subsequent ballots, but Latin American governments are already anticipating that a third candidate from the region -- such as Uruguay or the Dominican Republic -- will end up getting the job. If so it will be a wounding rebuff for ChÃ¡vez following his Bush-as-devil tirade before the assembly last month, and one that could hurt him in another vote, if it is free and fair: his bid for reelection as president in December. His opponent in that race has been hammering home the point that ChÃ¡vez is squandering the country's oil revenue on foolish foreign adventures.

A ChÃ¡vez defeat would save the Bush administration from embarrassment and spare the Security Council a nuisance factor. Still, there won't be much to celebrate. The fact that a clownish populist who has eagerly embraced the presidents of Iran, Belarus, Zimbabwe and Libya could even come close to getting two-thirds of the votes of the 192 U.N. members is testimony to how low U.S. prestige has sunk around the world. More specifically, it's a measure of how twisted U.S. relations with Latin America have become -- and also, how fragile the appeal of democratic values is in that region.

How twisted? Let's look at Chile, a country that has been convulsed by debate the past two months over whether to vote for or against ChÃ¡vez. Chile's democratic president, Michelle Bachelet, is a moderate leftist; her government has a free-trade agreement with the United States and just took delivery of new F-16s for its air force. Some in her party were sheltered during the Pinochet dictatorship by Venezuela's then-liberal democratic government. ChÃ¡vez has not only dismantled that democracy but has vociferously supported Bolivia's claim to a piece of Chile's coastline. Under a military pact he signed with Bolivia's leftist government, Venezuela is committed to building new military bases on Bolivia's border with Chile.

All this, and yet Bachelet was unable to decide on her government's vote by yesterday. Only strong opposition from the centrist Christian Democratic Party, a member of her coalition, prevented her from backing ChÃ¡vez. Why? A vote for Guatemala, she told Christian Democratic congressmen earlier this month, "would be a signal of little independence from the United States," which has been pressing hard for Guatemala's candidacy, according to an account of the meeting by the newspaper El Mercurio.

In other words, as Chile's president sees it, it's better to support a budding autocrat who promises to defend Iran's nuclear program on the Security Council, and may threaten her own country's security, than to be seen as close to Chile's largest trading

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partner and strategic arms supplier at a time when it is trying to use the Security Council to stop Iran (and North Korea) from acquiring nuclear weapons.

This certainly says something about Chile, and neighbors Brazil and Argentina, which are also supporting ChÃ¡vez: that they value Venezuela's investment in their economies more than preventing nuclear proliferation (ChÃ¡vez is buying debt from Argentina and aircraft from Brazil); that solidarity with a neighbor matters more than solidarity with other democracies (probably the only votes for Venezuela in the free world will come from Latin America and the Caribbean); that their governments prefer a weaker United States to a chastened Hugo ChÃ¡vez.

But this affair also underlines the continuing fecklessness of the Bush administration's approach to Latin America. There is its overreliance on faithful but small allies in Central America and its inability to come to terms with the region's giant, Brazil. There is its heavy-handed lobbying, which prompted Guatemala's foreign minister to say that he wished Washington "would not promote our cause so much." Most disturbing, there is the inability to win support from a nominally close ally such as Chile, even against an autocratic demagogue. ChÃ¡vez may lose the U.N. vote, but in the contest for Latin America, the United States isn't winning.

Chávez's U.N. Gambit (WSJ)

The Wall Street Journal, October 16, 2006

To understand why so many Americans dislike the U.N., consider that Venezuela, of all countries, stands a chance today of being elected by a vote of the General Assembly to one of the 10 non-permanent seats on the 15-member Security Council.

This is the same country whose megalomaniac ruler, Hugo Chávez, ranted against the U.S. last month to the laughter and applause of the assembled General Assembly grandees at Turtle Bay. His international initiatives this year have included warmer ties with North Korea and Iran, buying weapons from Russia and sowing revolution throughout Latin America.

Venezuela's competition for the Latin American two-year seat that opens next year is Guatemala, a democracy that has never had a seat on the Security Council and is active in peacekeeping in Haiti and Africa. Guatemala signaled its intention to seek this seat in 2002, only to watch as Mr. Chávez jumped in the race in 2005 to get a larger megaphone for his radical views. The Caracas strongman has since played his oil card around the world to buy support, and he has the backing of the world's club of dictators.

The world's democracies in North and Central America, Europe and Asia are lining up behind Guatemala. In Latin America, Colombia and Mexico are also backing Guatemala, while Argentina and Brazil are supporting Venezuela, perhaps out of misguided leftist solidarity. The left-of-center government in Chile is on the fence, no doubt alarmed by Mr. Chávez but also fearful of crossing him.

With a two-thirds majority required to declare a winner in a secret ballot, more than several rounds of voting are expected. If Mr. Chávez wins, we'll know that most U.N. members prefer anti-American posturing to a credible Security Council.

Orhan Pamuk's Nobel Prize (NYT)

The New York Times, October 16, 2006

Orhan Pamuk, the Turkish novelist who has won this year's Nobel Prize in Literature, is not an overtly political writer. But like every serious artist, Mr. Pamuk lives in a world where the freedom to speak the truth has to be reasserted every day against political forces that would rather not hear it.

Mr. Pamuk's prize is richly deserved. It was awarded for a body of work, fiction and nonfiction, that is driven by the conscience of imagination as well as the conscience of memory. In books like "Snow," "My Name Is Red" and "Istanbul," he has made Turkey, past and present, a vital part of the modern reader's literary atlas. And in turn, it is Turkey that has given Mr. Pamuk his political edge.

Islamists and Turkish nationalists tend to think of Mr. Pamuk as a literary provocateur, especially for his brief but candid remarks about the Armenian genocide quoted in a Swiss magazine last year. But we think Mr. Pamuk was speaking the truth. For the sake of art and conscience, he has resisted any effort to quiet his literary voice.

Some of those efforts, like the offer to become a Turkish "state artist," which he declined, were flattering. Others, like the recent prosecution against him, since dropped, for anti-Turkish remarks, were not so flattering.

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Mr. Pamuk's Nobel will be a popular one, except, of course, among people who believe that artists should be allowed to work only under political or religious supervision. His prize is also a reminder of how often the Nobel has been given to a writer whose work exposes the tension between the state and the artist.

We read Mr. Pamuk's books as they should be read — for the imaginative and linguistic pleasure in them — seldom remembering that every artist's freedom to speak is our freedom, too. This prize helps us remember that.

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DEPARTMENT OF JUSTICE NEWS CLIPS

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Lawyer Is Due For Sentencing In Terror Case (NYT)

By Julia Preston

The New York Times, October 16, 2006

Lynne F. Stewart, the firebrand lawyer known for defending unsavory criminals, now faces the possibility of living out her life like many of them, in maximum-security lockdown in a federal prison.

Today, 20 months after she was convicted on terror charges, Ms. Stewart and two co-defendants who were convicted of conspiring with her will be sentenced in Federal District Court in Manhattan. Prosecutors, arguing that Ms. Stewart repeatedly flouted the law to aid the violent designs of an imprisoned terrorist client, have asked Judge John G. Koeltl to condemn her to 30 years in prison.

That would be a life sentence for Ms. Stewart, who turned 67 last week. Long an abrasive advocate of anti-government causes, these days she is not defiant. She is mournful about what she said were her failures as a lawyer.

Her dread of prison deepened unexpectedly, Ms. Stewart said, during the long period after a jury found her guilty on Feb. 10, 2005, of providing material aid to terrorism. She has recently recovered from breast cancer, but fears it will return in prison.

And if the judge comes down hard, she could be held in solitary confinement with limited visits, the same conditions as Sheik Omar Abdel Rahman, the terrorist she was convicted of aiding.

All three defendants have had to wait for sentencing while Ms. Stewart was treated for cancer. She has finished radiation treatments, she said, and her doctors have declared that she is cancer-free. But she worries about the medical care in prison.

"I feel very threatened by it," Ms. Stewart said. "I know too much about the way they deal with you in prison."

Ms. Stewart's sentencing will culminate a case the Bush administration cites as a major counter-terrorism achievement. Former Attorney General John Ashcroft, who brought the indictment, devoted a full chapter to the case in his new memoir.

Ms. Stewart still denies that she acted to further any violent goals of the sheik, a blind Islamic cleric from Egypt who is serving a life sentence for a thwarted 1993 plot to bomb New York City landmarks. Whatever the sentence, her lawyers have said they will appeal the case.

But in documents they submitted to persuade Judge Koeltl to be lenient and give her no prison time, Ms. Stewart is newly remorseful about "ill-advised" moves on behalf of her client.

"I still believe it was justifiable — but perhaps not in the way that I did it," Ms. Stewart said in a sober interview in a borrowed room in the Manhattan offices where she used to practice law. She was speaking of her actions in June 2000 to violate strict prison rules, known as special administrative measures, by publicizing a message from the sheik to his militant followers in Egypt.

The government's call for a 30-year sentence jolted her, she said, into deeper self-criticism.

"Stewart's criminal conduct, which lasted more than two years, was both extremely dangerous and devious," two assistant United States attorneys, Andrew Dember and Robin Baker, wrote in their sentencing motion. Her actions, they said, "should be offensive to those actually zealously defending criminal defendants within the bounds of the law."

There was never any question during the eight-month trial that Ms. Stewart had broken the rules by releasing the sheik's statement, which said he no longer supported a cease-fire by his followers in Egypt. Another defendant, Ahmed Abdel Sattar, 47, a Staten Island postal worker, was convicted of negotiating with the militants by telephone to promote an end to the cease-fire.

The government wants a life sentence for Mr. Sattar. It is seeking 20 years for Mohamed Yousry, the Arabic translator who was convicted of helping Ms. Stewart smuggle Mr. Abdel Rahman's messages out of prison.

These days, Ms. Stewart says, what stings is that she agrees with some of prosecutors' claims about her faulty legal work.

In her trial testimony, she said she believed that she could stretch the prison rules because she regarded them as unconstitutional. But the argument was weak because, as prosecutors noted, she never made a formal legal challenge.

She said that she completely misjudged how prosecutors viewed the sheik and the leeway she could take in defending him, as terrorism became an increasing threat to the United States. "To me, the sheik was part of the demonized other," she said, "part of a continuum" with other violent radicals she had defended more successfully, including members of the Weather Underground and the Black Panthers.

She admits that she became too close to the sheik, insisting it was because of his deteriorating health and sanity after years in solitary confinement, not any affinity with his Islamic fundamentalism.

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"I ignored any warning signs," Ms. Stewart said. "I led with my heart instead of my head and thought it would be all right."

While Ms. Stewart says she regrets some of her actions, one co-defendant, Mr. Yousry, is not offering any apologies to the judge.

"I wish to God I can say I'm sorry," he said in an interview. "But I'm not guilty and I'm not going to say I'm sorry for something that I didn't do."

In the past months, Mr. Yousry, 51, has gone from bewildered to angry, reliving the trial in his mind. He was fired from a teaching job at the City University of New York when he was indicted and can no longer find work as a translator. Out on bail, he spends his time at home in Bridgeport, Conn.

Mr. Yousry said he keeps coming back to the fact that he, unlike Ms. Stewart, never signed an agreement to uphold the rules that restricted communication with the sheik. The evidence confirmed that he acted on specific instructions from Ms. Stewart. Prosecutors acknowledge that Mr. Yousry, who is not a practicing Muslim, did not support the sheik's ideas or violence. They have called him the "least culpable" defendant.

In a letter to the judge, Michael Gasper, a history professor at Yale, said Mr. Yousry had long shown an "obvious and unconcealed distaste for any brand of Islamic activism."

Mr. Yousry has never broken rank with Ms. Stewart. But his voice rose when he discussed how she handled the sheik's case.

"My job wasn't to tell the lawyer what to do," he said. "Lynne is known as an in-your-face kind of lawyer. She lives for the moment when she can stand up to the government and challenge them on issues. That's her thing. That's Lynne Stewart, not Mohamed Yousry."

There was little sympathy for Ms. Stewart among mainstream lawyers during the trial. But more than 400 letters she submitted to Judge Koeltl about her sentence include many from law professors and criminal defense lawyers who said that her actions never caused actual harm and warned of a chilling effect on lawyers who defend terrorists if she receives a long sentence. Her lawyers cite her long service as a government-appointed lawyer for rebels, mobsters and murderers.

Jo Ann Harris, a former assistant attorney general who authorized the 1994 indictment of Mr. Abdel Rahman, wrote that the terrorism counts against Ms. Stewart were "unwarranted overkill."

Ms. Stewart's failing, she wrote, was that she "didn't have a clue that the stick she was poking in the government's eye was going to have consequences beyond her imagination."

The author Gore Vidal wrote to ask the judge to "side with our Bill of Rights" by not imprisoning Ms. Stewart.

Ms. Stewart said that while her radical leftist views have not changed, she will continue to fight within the system. "I really think that my patriotism — if you'll excuse the expression — and my love of this profession demand that I have to stay and fight."

Specter's Role In Passage Of Detainee Bill Disputed (WP)

By R. Jeffrey Smith

The Washington Post, October 16, 2006

The news reached Democrats working on the military commissions bill in the Senate cloakroom the morning of Sept. 27. Sen. Arlen Specter (R-Pa.), a sponsor of two amendments giving detainees a right to challenge their detention or treatment in federal court, had decided to bring the more extreme amendment to a vote.

Democrats had lined up behind Specter because the Judiciary Committee chairman told them he shared their antipathy to language in the bill stripping detainees of habeas corpus rights. But the amendment Specter put forward was defeated 51 to 48, allowing the bill to win congressional approval without change. It handed the White House an important pre-election victory.

The last-minute maneuvering before the Sept. 28 vote remains a hot topic of debate among lobbyists, lawmakers and staff members. They are wondering if Specter, as several Judiciary Committee staff members privately asserted at the time, was pressured into discarding a less extreme and more politically palatable amendment at the Bush administration's request, in favor of an alternative more likely to be defeated.

Specter says that he was not, and that he has no reason to believe the less extreme alternative he sponsored but withheld from a vote -- allowing detainees limited access to the courts -- might have won. Senate Majority Leader Bill Frist (R-Tenn.) backs Specter's account, but some other sources on Capitol Hill dispute it.

The stakes were considerable: The White House had been waging an intense three-month effort, set off by an adverse Supreme Court decision in June, to win explicit congressional support for the right to detain indefinitely, and without guaranteed recourse to the courts, people -- including U.S. citizens -- who are designated as "unlawful enemy combatants."

The White House was keen to secure the bill's speedy passage, because officials were worried that Congress would be more reluctant to strip detainees of their rights after the Nov. 7 midterm elections. Keeping the Senate bill free of amendments

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was key to avoiding a wrangle with the House, which had passed the administration-backed version and was set to leave for a recess Sept. 29.

Questions about Specter's role in the last-minute maneuvering arose in part because he had taken a maverick position before -- and then backed President Bush's policy on the floor or in his votes.

Specter said in December, for example, that he had "no doubt" the administration's warrantless surveillance program for terrorism suspects was inappropriate and should not be condoned. This summer, he sponsored a bill to legalize the program by providing for limited judicial review. Since 2001, Specter's support for Bush initiatives in Congress has fluctuated between 85 and 89 percent, according to Congressional Quarterly.

On the detainee bill, Frist had make clear his desire to ensure that no amendment passed, spokeswoman Amy Call said. She said "we were worried about both" of Specter's amendments.

The more extreme version would have deleted the bill's suspension of habeas corpus rights. The less extreme alternative, which Specter co-sponsored with Sens. Patrick J. Leahy (D-Vt.) and Gordon Smith (R.-N.H.), would have allowed detainees to file a single habeas corpus petition after a year of detention.

"The compromise looked like it had a strong chance of success," and it would have given detainees at least "a one-chance shot to appeal their innocence," said Jennifer Daskal, U.S. advocacy director for Human Rights Watch. "Rather than doing the right thing and allowing the amendment to go forward, the strategy seems to have been to put forward an amendment doomed to defeat," she said.

Frist was so determined to help the White House that on Sept. 26, he told a group of GOP lawmakers at a private meeting, in the presence of White House national security adviser Stephen Hadley, that no amendment that could pass would be allowed to come to a vote, according to one person present. Call declined to comment on a private meeting.

Although Frist did not say so then, staffers told others they were nervous that Maine's two Republican senators, Susan Collins and Olympia J. Snowe, and Sen. Chuck Hagel (R-Neb.) might support Specter's less extreme amendment.

Around the time of the vote, several members of the Judiciary Committee staff circulated reports that Frist and the White House pressured Specter into doing the administration's bidding on the habeas corpus amendment. The staffers said Specter was told that no floor time would be available to debate the milder alternative, according to five legislative aides and lobbyists following the bill, who said in separate interviews that they heard this account directly from the staff.

In a telephone interview, Specter disputed that assertion and said he was unaware that more Republicans might have supported the less extreme amendment. Frist "wanted me to limit it to one amendment . . . he wanted to get the bill finished," Specter said. But "he did not tell me" which bill to bring to the floor.

Specter said the less extreme amendment he sponsored "doesn't appeal to me for many reasons." Some habeas corpus petitions succeed on the second try, he said, an option it would not have allowed. "I know they were very nervous about the one that I offered. . . . I could not have pressed an amendment any more strenuously than I did that one," he said. Call said Frist had not told Specter which amendment to offer.

Would the alternative amendment have attracted more GOP support? A Republican aide directly familiar with Hagel's position confirmed that the senator supported the less extreme alternative.

Specter said he did not speak to Hagel before the vote but telephoned him in Vietnam after being interviewed by The Washington Post. He said Hagel told him otherwise. Asked to clarify the discrepancy, Hagel spokesman Mike Buttry said the senator was "not going to talk about hypotheticals."

Six legislative aides and lobbyists separately quoted an aide to Collins as saying at the time that the senator would have supported the alternative amendment, providing the second vote needed to ensure its success. Asked about the statements, Collins's spokeswoman, Jen Burita, said that "we don't know how she would have voted."

Spokesmen for two other senators who voted with the administration, Snowe and Ben Nelson (D-Neb.), also declined to say if they would have supported the less extreme alternative.

Four Democratic lawmakers put forward amendments of their own that they knew would not attract enough GOP support to win. They would have required periodic reports on detainees held in CIA custody, closed the special military court system in 2011, or required U.S. notification of other countries that their officials would be prosecuted for extreme detainee abuses.

"Sometimes you offer an amendment because that's what you believe in," said an aide to one Democrat.

But for at least some Democrats involved in lobbying on the bill, the defeat of these amendments -- plus Specter's -- was not entirely an unhappy result. Some lawyers representing detainees told lawmakers before the vote that they were convinced the Supreme Court would strike down Bush's version of the bill.

They argued against a compromise -- such as Specter's unoffered amendment -- on grounds that it could make the outcome more difficult for the court to reject, a senior Democratic aide said. "We were hearing from some of the constitutional

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experts that . . . it is better to leave the pig ugly than put lipstick on it," the aide said, explaining why Democrats did not propose a habeas corpus amendment that might have won.

Those interviewed said they doubt a challenge to the new law -- once it is signed by Bush -- could be decided by the Supreme Court in less than a year. That leaves hundreds of suspects now incarcerated without legal recourse during that period, and potentially far beyond it.

The Treason Puzzle (WP)

The Washington Post, October 16, 2006

WHEN THE Supreme Court considered the case of Yaser Esam Hamdi, an American citizen held as an enemy combatant, Justices Antonin Scalia and John Paul Stevens objected that U.S. citizens could not be held without charge unless Congress acted to permit it in an emergency. If the government wants to lock them up for supporting the enemy, the justices said, the Constitution specifies how it may do so: Charge them with treason or some similar crime.

That is what the Justice Department did last week to Adam Gadahn, an American-born operative who had been making videotapes for al-Qaeda. The first such charge in decades marks a significant change of course. Instead of causing him to disappear into military custody, as it did with Mr. Hamdi, the government is following a road explicitly laid out in the Constitution.

Broadly speaking, this is a constructive development. Unlike the murky terrain governing the holding of American citizens as enemy combatants, treason is defined in the Constitution. So there's no doubt as to the government's authority to pursue its case or the propriety of doing so. Mr. Gadahn, if he's ever captured, will have rights in court, and the government's standard of proof, also specified in the Constitution, is high. The videos cited in the indictment involve threats of terrorist violence made against this country on behalf of a belligerent foreign power. The indictment quotes Mr. Gadahn declaring that he has "joined a movement waging war on America and killing large numbers of Americans."

Yet treason charges could come to pose civil liberties concerns of their own. The Constitution cannot, by definition, be unconstitutional -- yet its definition of treason is so broad and vague that, were it merely written in statute, it would probably be so. It consists of "levying war" against the United States or "adhering to their enemies, giving them aid and comfort" -- language that has been used to convict people of propagandizing on behalf of enemy powers. Where exactly that bleeds into protected speech is no easy question.

Al-Qaeda General 'in The UK' (UKSUN)

The (UK) Sun, October 16, 2006

AN al-Qaeda general believed to be plotting dirty bomb attacks on seven US cities could be in Britain, FBI sources said yesterday.

Adnan El Shukrijumah, who has a £2.5million bounty on his head, is suspected of planning a spectacular attack using bombs that spread radioactive waste.

The FBI are investigating the 31-year-old Saudi-born scientist's UK links, including connections to the Midlands and Birmingham.

A US source said: "He has travelled extensively in the last seven years, and we believe this includes the UK."

HOMELAND RESPONSE:

U.S. Firing Plans For Great Lakes Raise Concerns (NYT)

By Monica Davey

The New York Times, October 16, 2006

GRAND HAVEN, Mich., Oct. 10 — Even in autumn, the cold, silent expanse of Lake Michigan defines this town, where pleasure boats glide into harbor, fishermen wait patiently for salmon and tourists peer up at the lighthouse.

But the United States Coast Guard has a new mission for the waters off of these quiet shores. For the first time, Coast Guard officials want to mount machine guns routinely on their cutters and small boats here and around all five of the Great Lakes as part of a program addressing the threats of terrorism after Sept. 11.

And, for the first time in memory, Coast Guard members plan to use a stretch of water at least five miles off this Michigan shore — and 33 other offshore spots near cities like Cleveland; Rochester; Milwaukee; Duluth, Minn.; and Gary, Ind. — as permanent, live fire shooting zones for training on their new 7.62 mm weapons, which can blast as many as 650 rounds a minute and send fire more than 4,000 yards.

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The notion is so unusual that it prompted United States diplomats to negotiate with Canadian authorities in order to agree that it would not violate a 189-year-old treaty, signed after the War of 1812, limiting arms on the Great Lakes.

Many here in Grand Haven, a town whose history is so lovingly intertwined with the Coast Guard that it holds an annual festival celebrating the service branch, say they think of Coast Guard members mainly as the rugged sailors who race off to search for and save troubled boaters. But even here, in a town that calls itself "Coast Guard City U.S.A.," some say the thought of members firing machine guns anywhere near these waters strikes them as dangerous to ordinary boaters, potentially damaging to the Great Lakes' ecosystem and, frankly, a somewhat surprising place to be bracing for terrorists.

"You know exactly what's going to happen with this," said Bob Foster, 58, who said he spends every chance he gets on the waters here. "Some boater is going to inadvertently drive through the live fire zone and get blown out of the water."

Carole Loftis, the owner of Snug Harbor, a popular restaurant with windows on the water, said that although she certainly carried concerns, like most Americans, about terrorism, drunken boating seemed a more frequent threat around here. "This seems a little like overkill," Ms. Loftis said of the shooting plans.

Despite complaints from some charter boat captains, environmental groups and city leaders around the Great Lakes, the Coast Guard defended the need to mount M-240B machine guns on its boats and to test fire them two or three times a year in "safety zones," about 70 square miles each.

"The Coast Guard has looked at an increased terrorist threat since 2001," Rear Adm. John E. Crowley Jr., commander of the Coast Guard district that oversees the Great Lakes, said in a telephone interview. "I don't know when or if something might happen on the Great Lakes, but I don't want to learn the hard way."

Some members of the Coast Guard assigned to law enforcement duties always carried weapons, but most of those were personal semiautomatic pistols. Since the arrival of the boat-mounted machine guns, the Coast Guard has conducted 24 training sessions on the lakes this year, although it has halted the exercises temporarily after news of the program seeped out last month and, with it, a barrage of objection.

"When I heard, I thought it was something from The Onion newspaper or an Internet hoax," said Mike Bradley, the mayor of Sarnia, Ontario, which sits beside Lake Huron, where 6 of the 34 live fire zones are planned. "This whole thing was done way below the radar."

The Coast Guard's plans for permanent training zones were published in the Federal Register on Aug. 1, along with the promise of a month for public comment, but city leaders and ordinary boaters said that most of them never came across the document and that the authorities failed to provide them with any other notice of live fire plans — a fact that left some saying they felt as though the Coast Guard, now part of the Department of Homeland Security, was trying quietly to slip the whole weapons program past them.

Herb Bergson, the mayor of Duluth, got a telephone call in September from a resident who said she was listening to her marine scanner, heard talk of shooting on Lake Superior and wanted the mayor to explain what was going on.

"I didn't know what to tell her," Mr. Bergson said. "I was caught just flat-footed. No one told me, and they should have."

Coast Guard leaders — who have since announced nine public meetings in Great Lakes cities, starting Monday, and have extended until Nov. 13 the period for people to weigh in on the idea — acknowledge that they initially failed to publicize the weapons training program. "I've got no good answer for that," said Lt. j.g. Ryan Barone, a spokesman.

But the plans themselves, which ultimately would mean machine guns mounted on the vessels of more than 50 Coast Guard units throughout the Great Lakes, were carefully conceived, Lieutenant Barone said. Information about the proposal and scheduled public meetings is at uscgd9safetyzones.com.

All of the proposed firing zones sit at least five nautical miles from shores and from Canadian waters, as well as far from commercial shipping lanes and sensitive marine areas, Lieutenant Barone said. During the training days, when Coast Guard gunners will shoot at floating foam buoys, other boaters will be notified on marine radio frequencies, he said, and every test will include a designated safety observer.

Admiral Crowley said, "I don't feel there's a risk to anyone out there."

Around the Great Lakes, some people said they were supportive of the presence of machine guns and the planned tests. The risks of terrorism, they said, cannot be underestimated — even in small towns, even in the Upper Midwest. And as with extra airport safety measures, they said, the live fire tests may be inconvenient but they are needed.

Several ferry operators in Michigan, who carry cars and passengers across Lake Michigan, said they were satisfied that their customers would be safe. Ken Alvey, president of the Lake Erie Marine Trades Association, which represents some 80 marine businesses, said he was comfortable knowing that the Coast Guard members would practice on their new weapons.

"To say we don't have to worry about our open border with Canada would be foolish," Mr. Alvey said. "You never know what avenue terrorists will take."

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But others, especially recreational boaters and professional fishing guides, said they were worried. Though most emphasized their support and gratitude to the Coast Guard, they said they did not even listen to their radios much anymore (unless a storm is rolling in) and could miss warnings altogether.

Ron Mihevc, who takes customers fishing out of the harbor at Waukegan, Ill., said he feared that the planned firing zone near Waukegan sits "right in the middle" of a prime fishing spot that draws scores of fishermen. Kelly J. Campise, another Waukegan boat captain, said fishermen already were carrying their clients many miles into Lake Michigan in search of salmon and trout at great fuel expense; going still further away to avoid the firing zones would cost still more, he said.

An 89-page environmental study, commissioned by federal authorities, concluded that rounds left in the lakes from the Coast Guard exercises would cause no harm, but Hugh McDiarmid Jr., a spokesman for the Michigan Environmental Council, said a "fuller environmental risk assessment," given the lead content of the rounds in particular, was needed.

For years, Coast Guard boats have been armed, and training has been conducted off of the coasts of this country, said Brad J. Kieserman, chief of the operations law group at Coast Guard headquarters.

On the Great Lakes, weapons training by military branches like the Navy has also occurred in years gone by, dating back to World War I and World War II. But in keeping with a treaty known as Rush-Bagot from 1817, Coast Guard vessels on the Great Lakes have historically not included naval armaments.

But in 2003, federal authorities sought an understanding with their Canadian counterparts about Rush-Bagot in preparation for mounting machine guns on cutters so that the Coast Guard could "prevent terrorists or others engaged in criminal activities from crossing the United States-Canadian boundary by water," according to documents from the exchange between the two countries.

In recent days, though, some Canadian mayors, who said they had not heard of the plans until this fall, have objected vehemently. David Miller, the mayor of Toronto, said he worried about practical, safety aspects of the weapons plan and about the environment, but also about the precedent set for the lakes' more than 94,000 square miles of water.

"Our treaty had always said that the Great Lakes will not be militarized," Mr. Miller said. "And in effect, this remilitarizes them in the name of a threat from 9/11."

Changing Of The Guard (WSJ/WW)

By Robert Block

The Wall Street Journal/WashWire, October 15, 2006

One of the last remaining senior-level political officials left from Tom Ridge's day at the helm of the Department of Homeland Security has stepped down.

Ambassador Cresencio "Cris" Arcos played a key role in helping the fledgling DHS forge partnerships with Canada, Mexico and other nations, negotiating expanded roles for U.S. customs agents based in foreign ports to help inspect U.S.-bound cargo overseas, among other early post 9/11 security measures. His last job before leaving was to help pave the way for stationing DHS intelligence analysts overseas.

His departure comes at a critical time for DHS which is coming under growing criticism for plans to build 700 miles of fencing along the U.S./Mexico border as a way to crack down on illegal immigration. Amb. Arcos is going into semiretirement and will work part time as a consultant.

WAR NEWS:

'Stay The Course' In Iraq? No Way, U.S. Panel Says (LAT)

By Doyle Mcmanus

The Los Angeles Times, October 16, 2006

WASHINGTON — A commission backed by President Bush that is exploring U.S. options in Iraq intends to propose significant changes in the administration's strategy by early next year, members say.

Two options under consideration would represent reversals of U.S. policy: withdrawing American troops in phases, and bringing neighboring Iran and Syria into a joint effort to stop the fighting.

While it weighs alternatives, the 10-member commission headed by former Secretary of State James A. Baker III has agreed on one principle.

"It's not going to be 'stay the course,' " one participant said. "The bottom line is, [current U.S. policy] isn't working.... There's got to be another way."

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If the panel recommends overhauling Bush's approach to Iraq, it could give a boost not only to critics of current policy but also to officials in the administration who have argued for broad changes.

"There'll probably be some things in our report that the administration might not like," Baker said in a television interview last week.

It's unclear how willing Bush is to change his strategy, which focuses on improving security in Baghdad, training Iraqi security forces and pressing the Iraqi government to forge a political agreement among warring factions.

Progress on all those fronts has been slow, and Bush last week said he was open to ideas.

"My attitude is: Don't do what you're doing if it's not working — change," Bush said at a news conference.

When the panel was formed in March, some administration officials hoped it would produce a bipartisan endorsement of existing policy. But as sectarian violence in Iraq has worsened, more Republicans in Congress — and privately some administration officials — have become receptive to alternatives.

The Baker panel, called the Iraq Study Group, was formed in response to a proposal by members of Congress. Nevertheless, Baker sought — and won — Bush's endorsement. Other members include former Rep. Lee H. Hamilton (D-Ind.), who also served as co-chairman of the commission investigating the Sept. 11 terrorist attacks; retired Supreme Court Justice Sandra Day O'Connor; former Rep. Leon E. Panetta, a California Democrat who was President Clinton's chief of staff; and former CIA Director Robert M. Gates.

In its most recent closed-door meetings, the commission focused on two options drafted by experts outside the government.

One, titled "Stability First," calls for continuing to try to stabilize Baghdad, boosting efforts to entice insurgents into politics, and bringing Iran and Syria into plans to end the fighting.

The other, called "Redeploy and Contain," goes further. It calls for a gradual, phased withdrawal of American troops to bases outside Iraq where they would be available for strikes against terrorist organizations anywhere in the region.

The experts also prepared an option called "Stay the Course, Redefine the Mission," and an alternative urging a quick U.S. withdrawal, but the panel appeared less interested in those plans, participants said.

The options were first reported last week by the New York Sun.

Baker and other commission members refused to confirm the substance of the options and emphasized that the panel had made no decisions. But Baker signaled the thrust of the panel's deliberations in several television interviews last week.

"Our commission believes that there are alternatives between the stated alternatives, the ones that are out there in the political debate of 'stay the course' and 'cut and run,' " Baker said.

The former secretary of State, who was a longtime aide to former President George H.W. Bush, also said he favored reaching out to Iran and Syria.

"I personally believe in talking to your enemies," he said. "Neither the Syrians nor the Iranians want a chaotic Iraq ... so maybe there is some potential for getting something other than opposition from those countries."

Bringing Iran and Syria into negotiations would require significant changes in U.S. policy.

"To bring them in, we need to stop emphasizing things like democracy and start emphasizing things like stability and territorial integrity," said James Dobbins of the Rand Corp., a former U.S. envoy to Afghanistan. "We need to stop talking about regime change. It's unreasonable to think you can stabilize Iraq and destabilize Iran and Syria at the same time."

The Iraq Study Group said Dobbins was one of its advisors. Dobbins refused to talk about the panel's work, and said he was giving a personal opinion. Other participants described the commission's discussions on condition they not be identified because Baker had asked them to keep the work confidential.

Baker, promoting a new volume of his memoirs in a recent flurry of television interviews, including an appearance on Comedy Central's "The Daily Show With Jon Stewart," offered his views on issues under consideration by the panel. He also appeared on ABC's "This Week With George Stephanopoulos," PBS' "The NewsHour With Jim Lehrer" and PBS' "The Charlie Rose Show."

After the publicity blitz drew quiet grumbles from other panel participants, Baker canceled a scheduled breakfast with newspaper reporters and declined a request from The Times for an interview.

In his interviews, Baker said he did not support calls for an early withdrawal of U.S. troops. "I think that if we picked up and left right now that you would see the biggest civil war you've ever seen," he said.

He also said he did not agree with proposals to divide Iraq into three states for Sunni Arabs, Shiites and Kurds. "Most all the experts we've talked with think that might ... trigger a civil war," he said.

And instead of trying to bring democracy to all nations in the Middle East, he said, the United States should define success as achieving "representative government, not necessarily democracy."

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Another participant, speaking on condition of anonymity, said the panel was considering whether the United States should warn the Iraqi government to get its "act together or else," a threat to withdraw troops unless the government's performance improved.

An administration official was skeptical that the panel would uncover new policy options, but said the White House would welcome ideas.

"If an independent group like the Baker panel can come up with some good ideas, we're all for it," he said, speaking on condition of anonymity because his comment had not been approved.

Participants in the Iraq Study Group said an additional goal was to identify options that Republicans and Democrats could endorse.

The commission is scheduled to meet again in mid-November. It hopes to deliver a report to Bush, Congress and the public by early 2007.

Some members of Congress, including Senate Armed Services Committee Chairman John W. Warner (R-Va.), asked Baker to provide a report after next month's congressional elections, but Baker reportedly concluded that he would need more time to build a bipartisan consensus on significant recommendations.

Baker and Hamilton noted that the panel had consulted more than 150 experts, including representatives of Iran and Syria, and that its members spent four days in Iraq this year.

Administration officials also have briefed the panel.

"You can't come out of those briefings and not have a sense that things are in real bad shape," one participant said. "The bottom line is, it's not working. They know that. And they know that time is not on their side."

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Times staff writers Paul Richter and Peter Spiegel contributed to this report.

2 GOP Senators Urge New Iraq Strategy (AP-Y)

By Nedra Pickler

AP, October 16, 2006

Two leading Republican senators called Sunday for a new strategy in Iraq, saying the situation in getting worse and leaving the United States with few options.

Sens. Chuck Hagel of Nebraska and John Warner of Virginia are part of the growing list of Republicans who are speaking out against President Bush's current plan for Iraq as U.S. casualties rise.

"The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war," Hagel said on CNN's "Late Edition."

Hagel said he agreed with Warner, chairman of the Senate Armed Services Committee, who said after a recent visit to Iraq that Iraq was "drifting sideways." Warner has urged consideration of a change of course if the Iraq government fails to restore order over the next two months or three months.

Warner said Sunday he stands by that assessment, and even in the week since his trip to Iraq, there has been an "exponential increase in the killings and the savagery that's going on over there."

"You can see some movement forward, but a lot of movement back," Warner said on "Face the Nation" on CBS. "We have to rethink all the options, except any option which says we precipitously pull out, which would let that country fall into a certain civil war at that time, and all of the neighboring countries would be destabilized."

Bush told reporters last week that he invites a change in strategy if the plan isn't working. But he also said the U.S. will not leave until the job is done.

Hagel said it is time to change course, but "our options are limited."

"We need to find a new strategy, a way out of Iraq, because the entire Middle East is more combustible than it's been probably since 1948, and more dangerous," Hagel said. "And we're in the middle of it."

Democrats long have urged a change in Iraq policy. Sen. Carl Levin of Michigan, the leading Democrat on the Senate Armed Services Committee, said there is "no military solution to this conflict" and the United States must pressure Iraqis to take over their country.

"If they're going to have a civil war, they're going to have to do it without us," Levin said on CNN. "This is long overdue. We've got to focus Iraqi leadership attention on this by telling them we need to begin a phased redeployment of American troops from Iraq within the next few months."

Also Sunday, Rep. John Murtha, a decorated Marine veteran who favors withdrawing U.S. troops from Iraq, criticized Republicans for referring to him and other war opponents as "Defeatocrats."

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In an opinion piece for The Washington, Murtha said Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and others in the White House have called Iraq war opponents appeasers and pessimists and labeled Democrats the "cut and run" party.

"It's all baseless name-calling, and it's all wrong," wrote Murtha, D-Pa. "Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

"In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course — and soon. This is not defeatism. This is realism."

Murtha, a military hawk and close confidant of top military officials, surprised Washington last year when he called for pulling all troops out of Iraq within months.

Looking ahead to the Nov. 7 elections, the chairman of the Republican National Committee, Ken Mehlman, said "the American people aren't going to say in the face of war we need to be weaker, and in the face of economic challenge we need higher taxes and more regulations and more lawsuits. The Democrats have promised both."

Tennessee Democrat Ford Questions `Sanity' Of U.S. Iraq Policy (BLOOM)

By Nadine Elsibai

Bloomberg, October 16, 2006

Oct. 15 (Bloomberg) -- Democratic Representative Harold Ford, engaged in a close battle for an open Senate seat in Tennessee, questioned the ``sanity'' of the Bush administration's policy on Iraq.

Asked on ABC's ``This Week'' program about his vote in 2002 to authorize President George W. Bush to use military force, the five-term representative said he wouldn't have backed the war if he knew that Iraq didn't have weapons of mass destruction.

``After hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity,'' he said.

Danny Diaz, spokesman for the Republican National Committee called Ford's comments ``outrageous'' and show ``he is an extreme and partisan liberal that does not represent Tennessee values.''

Ford, 36, is running against Republican Bob Corker, the former mayor of Chattanooga, Tennessee, for the seat opened up by the retirement of Senator Bill Frist. Recent polls in the state show the race is a dead heat with a little more than three weeks before the congressional election.

Democrats are attempting to frame the elections, which will decide which party controls Congress, as a referendum on Bush and the war in Iraq.

War Debate

``Why would you go forward with an effort in Iraq knowing that they didn't have weapons of mass destruction, knowing that our focus should have remained on bin Laden?'' Ford said when questioned about his statement.

Bush and Vice President Dick Cheney have called Iraq a central front in the war against terrorism and argued that the world is safer with Saddam Hussein out of power.

``It was the right thing to do, and if we had to do it over again, we'd do exactly the same thing,'' Cheney said Sept. 10 on NBC's ``Meet the Press'' program.

Cheney spokeswoman Lea Anne McBride said the vice president's stance reflects the realities of the war against terrorism. ``You have to look at what the terrorists themselves have said,'' she said. ``Bin Laden calls it the third world war. We believe that taking the fight to the enemy, going on the offensive against the terrorists, is the way to defeat them.''

Corker, 53, interviewed separately on the ABC program, declined to say whether going to war in Iraq was the right decision.

``I'm going to focus on where we are going forward,'' he said. ``I don't think it does us any good to focus on that.''

Troop Levels

Corker said the U.S. shouldn't withdraw until the Iraqis are able to secure the country, and that he would back putting more U.S. troops there ``if that's necessary'' for stability.

``We need to do whatever's necessary for the country to be able to secure itself,'' Corker said. ``And when that happens, I do hope that our men and women come quickly home.''

Democrats need a net gain of six seats to get control of the 100-member Senate. With 33 Senate seats being contested on Nov. 7, the Tennessee race is one of those targeted by both parties. Another is the Minnesota seat being vacated by Democratic Senator Mark Dayton, who is retiring.

Republican Representative Mark Kennedy said on NBC's ``Meet the Press'' program that he stands by his vote to authorize the invasion of Iraq, arguing that the U.S. can start withdrawing soldiers only ``after we're sure the terrorists can't win.''

War Opponent

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Amy Klobuchar, Kennedy's opponent and the Democratic-Farm Labor Party candidate, said on the same show that she has opposed the war from the beginning and that the conflict can't be resolved by the military.

Klobuchar, the Hennepin Count attorney, is leading in the race, according to a poll conducted for the Minneapolis Star-Tribune and released today. She had 55 percent support among likely voters to 34 percent for Kennedy, a three term member of the House from suburban Minneapolis-St. Paul.

Klobuchar, 46, said the U.S. needs ``to change course'' in Iraq and the nation's top military commanders should be brought before Congress to discuss the next steps to take in the conflict. Some U.S. troops should be redeployed from Iraq to Afghanistan and Kuwait, she said.

Kennedy, 49, said that progress has been made in Iraq, and the U.S. can't let the country ``become a sanctuary for terrorists.'' Solving the issue of federalism in Iraq as well as letting citizens share in the wealth from oil revenue are among the political solutions that would help quell sectarian violence, he said.

On economics, Kennedy said Klobuchar's proposal to roll back the tax cuts Bush pushed through Congress for those making more than $200,000 a year would put the economy ``on its back.'' He said Bush and Congress could do more to cut spending.

Klobuchar said restoring the income tax rates on high- income individuals to those in place during the Clinton administration would help trim the federal debt and secure Social Security's future.

5 Americans Killed In Iraq, Bringing Month's Toll To 53 (NYT)

By Kirk Semple

The New York Times, October 16, 2006

BAGHDAD, Oct. 15 — Two marines were killed by insurgents in Anbar Province on Sunday, the American military command said, and three American soldiers died a day earlier in a bombing in southern Baghdad, bringing the total of American troop deaths in Iraq this month to at least 53, an extraordinarily high midmonth tally.

At the current rate of American troop deaths, almost four a day, October is on track to be the third-deadliest month of the entire conflict for the military, according to Iraq Coalition Casualty Count, an independent Web site that tracks war-related casualties. The two most deadly months coincided with major American offensives against entrenched guerrilla fighters.

The rise now, in spite of improvements in body and vehicle armor, followed a decision by commanders to increase the number of American troops patrolling Baghdad in an effort to quell the sectarian violence that has engulfed the city.

Attacks continued against government and civilian targets as well on Sunday. A series of seven bombings within a few hours struck in the northern city of Kirkuk, killing at least 17 people and wounding at least 73, according to police officials.

Just last year, commanders began cutting back on American patrols in Baghdad in an effort to give Iraqi forces more responsibility. But the escalating violence forced them to reverse the strategy in late July, and thousands of American troops were shifted to Baghdad. Plans for a major troop withdrawal from the country by the end of the year were canceled.

A cornerstone of the new approach has been house-to-house sweeps of the capital's most troubled areas, intended to ferret out militia networks, fighters and armaments. To date, the Americans, with Iraqi assistance, have swept eight districts.

Simultaneously, the American and Iraqi militaries have more aggressively pursued Shiite death squads, including elements of the Mahdi Army, the militia that loosely answers to the cleric Moktada al-Sadr.

Since the neighborhood sweeps started at the beginning of August, guerrilla attacks — against military and civilian targets alike — have risen about 23 percent across the capital, according to American military statistics.

Maj. Gen. William B. Caldwell IV, a senior military spokesman here, directly attributed the rise in American deaths to the new security strategy.

"We are out more aggressively engaged in the city at this point than we were just a month ago," he said at a news conference last Thursday. "Coalition forces are being much more active in going out and looking for these folks, these death squads and elements that are associated with the sectarian violence."

According to Iraq Coalition Casualty Count, which collates statistics distributed in Pentagon news releases, the number of American deaths in Baghdad has sharply increased since the American-led crackdown began in early August.

That month, 20 American forces died in or near the capital, up from 12 in July and 15 in June. The number rose again last month, to 29.

The number of troops wounded in action, a figure that usually parallels the number of fatalities, has also increased drastically. From Sept. 28 to Oct. 11, 427 American troops were wounded, one of the worst two-week stretches of the war, according to Iraq Coalition Casualty Count. In all of September, 776 troops were wounded, the fourth-highest monthly total since the American invasion, according to the Web site.

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As fighting has risen to new levels in Baghdad, the capital, it has also continued unabated in Anbar Province, the stronghold of the Sunni Arab insurgency. At least 21 Americans have died there this month, and 60 over the past two months. At the same time, forces in the region have been stretched as more troops have been sent to Baghdad.

The deadliest months for American troops since the beginning of the war have been associated with major offensives.

Some 137 American troops died in November 2004, the same month as the second siege of Falluja, where the Americans battled Sunni Arab rebels. In April 2004, a bloody month with the first siege of Falluja and pitched battles between the Americans and Mr. Sadr's militia in Najaf, 135 American troops died.

In contrast, the military has not conducted any major operations this month. The military has not initiated a new urban cordon-and-search operation for more than two weeks and has instead focused on patrolling the areas already swept, officials say.

In the multiple car bombings in Kirkuk, a city bitterly contested by several ethnic and religious groups, three suicide car bombers, including one driving a van packed with chickens and explosives, detonated their payloads throughout the city, killing 13 people and wounding at least 34, according to Maj. Gen. Turhan Yusuf, chief of the Kirkuk Police Department. One blew himself up near a girls' academy, killing two students.

Four other bombs, including two unattended car bombs, killed four civilians and wounded at least 19 others, police officials said. Most of the bombs were apparently directed at Iraqi security forces.

In Baghdad on Sunday, the authorities recovered at least 30 bodies dumped around the city, an Interior Ministry official said.

Two bombs exploded near the convoy of the chief of financial affairs for the Interior Ministry, killing seven people, though the administrator escaped unscathed, the ministry official said. Another bomb exploded in the Amel neighborhood in Baghdad, killing one civilian and wounding two others, the official said.

In Tal Afar, near Mosul, a suicide bomber wrapped in explosives walked into a local market and detonated himself near a police checkpoint, killing a child and wounding five other people, including two police officers, hospital and police officials said.

In Mosul, five members of a family were killed when gunmen burst into their home and opened fire, officials said, and gunmen assassinated Raad al-Haiali, a provincial official and a member of the Iraqi Islamic Party, a Sunni Arab group.

The tribunal trying Saddam Hussein and his associates said Sunday that it was postponing the date for verdicts from Monday, as originally planned, to Nov. 5, according to a senior court official who requested anonymity because he was not authorized to speak publicly on the issue.

Other court officials have said in recent days that a major reason for the delay is that after nine months of hearings, the five judges in the case have failed to reach agreement on a sentence for Mr. Hussein and appeared to be undecided between a death sentence for him or a penalty of life imprisonment.

Mr. Hussein, 68, faces a possible sentence of death by hanging for his role in the execution of 148 men and boys from the mostly Shiite town of Dujail after an assassination attempt against him in 1982.

Iraq Delays National Talks Amid Killings (AP-Y)

By Christopher Bodeen

AP, October 16, 2006

Iraq's government indefinitely postponed a much-anticipated national reconciliation conference Sunday as a two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead.

Meanwhile, a militant network that includes al-Qaida in Iraq announced in a video that it had established an Islamic state in six provinces, a propaganda push in its drive to force the withdrawal of U.S. forces and topple the American-backed Iraqi government.

The Mujahedeen Shura Council — an umbrella organization of insurgent groups in Iraq — said the new state was made up of six provinces including Baghdad that have large Sunni populations, along with parts of two other central provinces that are predominantly Shiite.

Responding to the statement, the speaker of the Iraqi parliament, Mahmud al-Meshhedani, derided the group's leaders as "vulgar with no religion, who only kill others under the pretext of jihad (holy war)."

"Those who believe in this council are ignorant and those who follow it are foolish," al-Meshhedani said. "This council caused the sectarian conflict as well the displacement of both Shiites and Sunnis."

The militants' announcement appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory.

It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together.

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In announcing postponement of the reconciliation conference, the Ministry of State for National Dialogue said only that the gathering, which was planned for Saturday, had been put off for "emergency reasons out of the control of the ministry." The move reflected the upheaval worsening violence has wrought on efforts to stabilize the government and curb bloodshed.

The postponement could deeply damage the al-Maliki administration, which took office just over four months ago vowing to implement a 24-point National Reconciliation plan to heal the nation's severe political wounds.

Al-Maliki did not comment on the postponement, but issued a message to the Iraqi people Sunday praising them for approving the country's first post-Saddam Hussein constitution exactly one year ago, while acknowledging the document's adoption had intensified the insurgency.

"It is your vote on the constitution that forced the terrorists ... to commit horrific massacres against innocent civilians and violate the sanctity of holy places, destroy infrastructure, obstruct reconstruction and services," he said.

The U.S. military, meanwhile, reported that three Marines and four soldiers were killed in the period from Friday through Sunday.

Weekend revenge killings among Shiites and Sunnis left at least 63 people dead in Balad, a city north of Baghdad, while 11 people died Sunday in a series of apparently coordinated bombings of a girls school and other targets in the northern city of Kirkuk, where Kurds and Arabs are in a tense struggle for control of the oil-rich city.

Extra police flooded into Balad to enforce a curfew and additional security measures were taken in other villages in the region around Kirkuk, 180 miles north of Baghdad, Interior Ministry spokesman Brig. Abdul-Karim Khalaf said.

In Baghdad, Interior Ministry undersecretary Hala Shakir Salim survived a roadside bomb attack that killed seven others, police Capt. Mohammed Abdul-Ghani said. The Interior Ministry runs Iraqi police forces.

Three people were killed in a mortar attack on the capital's troubled Dora district, while gunmen killed four members of a family in Mosul, Iraq's third largest city 225 miles northwest of Baghdad.

South of Baghdad, three women and four men were killed in drive-by shootings in the predominantly Shiite village of Wahda on Saturday afternoon, police reported.

Also Saturday, two Egyptians, both small businessmen married to Iraqi women, were slain near Baqouba, 35 miles northeast of Baghdad, according to police in surrounding Diyala province. The identities of the gunmen and their motives were not known.

Even by Iraq's bleak standards, October has been an especially bloody month. Hundreds of Iraqis have died in attacks and more than 50 U.S. military personnel have been killed in the first two weeks alone.

Also Sunday, the U.S. military announced Iraq's Central Criminal Court had sentenced an al-Qaida member to death and convicted 64 others on charges of belonging to armed groups and other crimes, the U.S. military command said Sunday.

The military's statement did not name the man condemned to death, but said he was a "known member of the al-Qaida organization." Others sentenced to life in prison included a Saudi Arabian man that the court said had admitted coming to Iraq to fight U.S. and government forces.

Government Fissures Widening (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 16, 2006

Relations between the main Sunni and Shiite political blocs worsen as Iraq takes a step toward federalism and sectarian violence persists.

BAGHDAD — Months of bloodshed have threatened to loosen the bonds holding together Iraq's fractious government, with tensions between political blocs spilling out in recent days in fiery rhetoric as well as fighting that left more than 130 people dead nationwide.

Disagreements over several contentious issues burst into the open with a highly divisive vote on the issue of parceling Iraq into federal districts, finger-pointing over the assassination of a top politician's brother and a series of massacres between rival Shiite Muslims and Sunni Arabs north of the capital.

There, among the lush palm groves and towns along the Tigris River, at least 73 people were killed in sectarian violence over the weekend. Shiite gunmen, seeking revenge for the beheadings of 26 farmers whose bodies were found in Sunni villages, marauded through the farming hub of Balad, about 50 miles north of the capital, officials said.

The assailants randomly killed Sunni men in the market, hospitals and a used-car lot, the officials said, and 12 victims reportedly burned to death. An Iraqi army source said a total of 47 people were killed.

Sunni tribesmen in farms outside Balad lobbed mortar rounds into the Shiite-dominated town and armed themselves for further fighting, said residents of the Sunni village of Duluiya. U.S. forces imposed a curfew on the area.

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Meanwhile, authorities awaited news of the fate of several groups of Shiite men kidnapped from minibuses over the weekend on their way out of the nearby Shiite village of Dujayl.

Also Sunday, six car bomb explosions killed about 10 people and injured dozens around the northern city of Kirkuk, which is claimed by Arabs as well as ethnic Kurds who inhabit a semiautonomous section of northern Iraq.

In the capital, at least 52 Iraqis, including two children, were reported killed in shootings, rocket attacks, bombings and clandestine sectarian slayings.

Three U.S. solders were killed Saturday when their vehicle was caught in the blast of a homemade bomb south of Baghdad, the military said, disclosing no further details. At least 52 U.S. military personnel died in Iraq during the first two weeks of the month, putting October on pace to be the deadliest for U.S. troops in the country since January 2005.

Iraq's Sunni insurgents are fighting a guerrilla war against American forces and the U.S.-backed Shiite- and Kurdish-dominated government. Shiite gunmen, with possible ties to powerful political parties, fight back by killing suspected insurgents and ordinary Sunnis alike. Many Iraqis call the waves of violence a civil war tempered only by the ongoing political process.

But relations between the main Sunni and Shiite political blocs also have worsened over the last week. On Sunday, the government indefinitely postponed a highly publicized conference to discuss reconciliation among Iraq's disparate groups. According to a news release, the conference, scheduled to begin Saturday, was canceled for unspecified "emergency reasons."

Acrimony among the country's major ethnic and religious groups swelled after the Shiite- and Kurdish-dominated parliament passed a law Wednesday allowing for the eventual division of Iraq into federal regions. The vote came despite the strenuous objections of Sunnis, who view the plan as a recipe for carving up Iraq.

Sunni Arabs suspect that Shiites have agreed to cede the northern oil hub of Kirkuk to autonomy-minded Kurds in exchange for support of an oil-rich Shiite southern region. About 500 mostly Sunni Arab tribal leaders attending a summit in northern Iraq on Sunday vowed to fight any federal partitioning of the country, which they fear might further impoverish Sunnis in the resource-poor central and western regions.

"We are demanding that the government and the parliament not force this matter on Iraq and its people," said Sheik Abdul-Rahman Asi. "There are many political forces that reject this matter."

Relations between Iraq's Sunni and Shiite political blocs seem to have reached a nadir.

Earlier in the day, the Iraqi Islamic Party, a major Sunni group, issued a statement all but accusing the Shiite-dominated Interior Ministry in the Oct. 9 slaying of Amer Hashimi. He was the brother of Tariq Hashimi, one of Iraq's two vice presidents and the Sunni bloc's leader.

"The cars that broke through the [Iraqi army] checkpoints were new military cars and there were people inside wearing military uniforms," the statement said. "This is available only to the militias that are cooperating with the security apparatuses."

Shiite officials have accused Sunni insurgents in Hashimi's killing, noting that he lived in an area under the control of the Sunni-dominated Defense Ministry. In a televised speech Sunday evening, Prime Minister Nouri Maliki, while acknowledging the need to disband unruly militias that support him, blamed Iraq's problems on Sunni "terrorists."

U.S. and Iraqi officials had hoped the ongoing political process in the wake of elections last December would lower tensions and help ease the violence, but some now worry that the political and religious leaders have exacerbated problems.

"There's a sectarian conflict going on now between the Sunnis and Shiites," said Isam Rawi of the Sunni Muslim Scholars Assn., a clerical group. "But the religious and political discourse has a great effect in elevating these fights. It's not easy to target or kill or displace somebody unless somebody tells you those people are infidels or collaborators."

Times special correspondents in Baghdad, Kirkuk, Samarra and Taji contributed to this report.

Iraq Will Wait To Disarm Militias (USAT)

By Rick Jervis, Usa Today

USA Today, October 16, 2006

PM: U.S. taking 'wrong approach'

BAGHDAD — Iraqi Prime Minister Nouri al-Maliki said in an interview with USA TODAY that his government will not force militias to disarm until later this year or early next year, despite escalating violence in Baghdad fueled by death squads and religious warfare.

Al-Maliki's remarks point to a growing gap between the U.S. and Iraqi governments over how to handle growing sectarian violence.

U.S. officials have urged the Iraqi government to take immediate action to reduce the violence. On a visit to Baghdad earlier this month, Secretary of State Condoleezza Rice said the "security situation is not one that can be tolerated and it's not one helped by political inaction."

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Al-Maliki also predicted a significant U.S. troop withdrawal starting early next year, despite the growing violence. If Iraq's security forces continue to build in strength, U.S. troops could start withdrawing in “a matter of months,” he said. There are currently 141,000 U.S. troops in Iraq.

The prime minister criticized the U.S.-led military coalition for an overreliance on force, which he called the “wrong approach.”

“Terrorism and militias — especially militias — cannot be dealt with only by using tanks, guns and aircraft,” he said.

Al-Maliki's Shiite-dominated government depends on some militia leaders for political support.

Al-Maliki said he has rejected U.S. plans to launch large-scale operations into Sadr City, a Baghdad slum and a stronghold of the Mahdi Army, a powerful militia loyal to anti-American cleric Muqtada al-Sadr. Al-Sadr's political organization controls several Cabinet positions and 30 seats in the parliament.

“We have told the Americans that we don't mind targeting a Mahdi Army cell inside Sadr City,” al-Maliki said. “But the way the multinational forces are thinking of confronting this issue will destroy an entire neighborhood. Of course it was rejected.”

There “seems like a disconnect” between U.S. and Iraqi strategies, said Steven Cook, a Middle East analyst at the Council on Foreign Relations.

The prime minister, speaking softly through an interpreter, shared his views during a rare 50-minute interview Friday in his expansive, marble-and-gold-trimmed residence, a former palace of deposed leader Saddam Hussein located inside the tightly guarded Green Zone.

The U.S.-led military command in Iraq declined to address al-Maliki's remarks directly but said the coalition is working with the Iraqi government to disarm militias. “The U.S. and Iraq are working together to find solutions that will demobilize and reintegrate their members into Iraqi society,” Maj. Gen. William Caldwell said.

“The next six months will be critical in terms of reining in the danger of civil war,” Zalmay Khalilzad, the U.S. ambassador to Iraq, said in a June interview with a German magazine.

Al-Maliki said he needs time. “The problem that we face in disbanding militias — and the militias have to be disbanded — is that there are procedures, steps that need to taken, which take time,” he said.

Militants Declare Creation Of State (WT/AP)

By Christopher Bodeen

The Washington Times/AP, October 16, 2006

BAGHDAD -- A militant network that includes al Qaeda in Iraq declared in a video yesterday that it had established an Islamic state in six provinces where Sunni Muslims are dominant.

The government, meanwhile, postponed a much-anticipated national-reconciliation conference yesterday as a two-day spree of sectarian revenge killings and insurgent bombings left at least 86 Iraqis dead.

The video announcement by the Mujahedeen Shura Council -- an umbrella organization of insurgent groups in Iraq -- was seen as a propaganda push in its drive to force the withdrawal of U.S. forces and topple the U.S.-backed Iraqi government.

But it follows parliamentary approval last week of a federalism bill -- opposed by most Sunnis -- that would permit the eventual creation of a semiautonomous Shi'ite region in the oil-rich south, much like the Kurdish region in the north.

The video said the new state was made up of six provinces including Baghdad that have large Sunni populations, along with parts of two other central provinces that are predominantly Shi'ite.

Responding to the statement, the speaker of the Iraqi parliament, Mahmud al-Mashhedani, derided the group's leaders as "vulgar with no religion, who only kill others under the pretext of jihad [holy war]."

"Those who believe in this council are ignorant, and those who follow it are foolish," Mr. al-Mashhedani said. "This council caused the sectarian conflict as well the displacement of both Shi'ites and Sunnis."

The militants' announcement appeared mainly symbolic, since no Iraqi insurgent group has the strength or authority to act as a rival government and none controls territory.

It underscored, however, the weakness of Prime Minister Nouri al-Maliki's government and its inability to bring Iraq's deeply divided politicians together.

In announcing a postponement of the reconciliation conference, the Ministry of State for National Dialogue said only that the gathering, which had been planned for Saturday, had been put off for "emergency reasons out of the control of the ministry."

The al-Maliki administration took office just over four months ago, vowing to implement a 24-point national-reconciliation plan to heal the nation's severe political wounds.

Mr. al-Maliki did not comment on the postponement, but issued a message to the Iraqi people yesterday praising them for approving the country's first post-Saddam Hussein constitution exactly one year ago, while acknowledging the document's adoption had intensified the insurgency.

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"It is your vote on the constitution that forced the terrorists ... to commit horrific massacres against innocent civilians and violate the sanctity of holy places, destroy infrastructure, obstruct reconstruction and services," he said.

The U.S. military, meanwhile, reported that one Marine and four soldiers were killed Friday and Saturday.

Weekend revenge killings among Shi'ites and Sunnis left at least 63 persons dead in Balad, a city north of Baghdad, while 11 persons died yesterday in a series of apparently coordinated bombings of a school for girls and other targets in the northern city of Kirkuk.

In Baghdad, Interior Ministry Undersecretary Hala Shakir Salim survived a roadside bomb attack that killed seven others, police Capt. Mohammed Abdul-Ghani said. The Interior Ministry runs Iraqi police forces.

Call For Sunni State In Iraq (FT)

By Stephen Negus

Financial Times, October 16, 2006

A video posted on the internet on Sunday in the name of one of Iraq's largest insurgent groups called for the creation of a separate Sunni Islamic state in the country.

If authentic, it could indicate a shift in strategy for parts of the Sunni Arab insurgency. "Your brothers in the Mutayibeen Coalition herald the establishment of the Islamic State of Iraq," said a spokesman, whose face was blotted out.

He said it should encompass the governates of Baghdad, Anbar, Diyala, Kirkuk, Salahedddin, Nineveh and parts of Babel and Wasit – a swathe of central and western Iraq where most Sunni Arabs live.

The Mutayibeen coalition was purportedly set up last week by the Mujahideen Shura Council, an al-Qaeda-dominated umbrella organisation, along with smaller groups and tribal leaders.

It is rarely clear whether internet statements represent a coherent stance by insurgents or a splinter group, or indeed if they are authentic at all.

But if a separate state is really now a goal of radical Sunni Islamist guerillas, it would put them at odds with mainstream Sunni politicians and many other insurgent groups. They tend to look askance at partition, which they claim would deprive their oil-poor central Iraqi heartland of resources.

Sectarian violence flared over the weekend, with police announcing yesterday that suspected Shia militiamen had killed 42 Sunnis in the Balad region, 80 kilometers north of the capital.

The killings were in apparent retaliation for the deaths of 17 Shia, whose bodies were found on the town's outskirts on Friday.

U.S. Helps Rebuild Iraqi Air Force (WT)

By David Axe

The Washington Times, October 16, 2006

BASRA AIR STATION -- A team of U.S. Air Force personnel at this sprawling British base in southern Iraq is working to rebuild an air force that the U.S. military spent more than a decade destroying.

Former test pilot Lt. Col. Kelly Latimer and her team of five pilots and maintainers are partnered with 70 Squadron of the reborn Iraqi air force, which three years ago had been grounded by 12 years of attacks and sanctions.

The squadron's 15 Iraqi pilots and 39 other personnel operate four light aircraft donated by coalition countries -- two bulbous Seekers powered by a single pusher propeller and painted bright yellow, as well as two single-prop CH-2000s sporting a more conventional engine-in-front layout and gray paint.

Both types carry infrared and daylight cameras for monitoring power and oil infrastructure and for spotting targets for other branches of the Iraqi military.

This year, the squadron has spent 900 hours in the air, usually flying about five sorties a day. An American pilot rides along on all flights.

The squadron's equipment and missions are basic stuff. The Seeker makes 80 knots and, from the ground, sounds like a motor scooter. "With a bit of a headwind, we get passed by cars on the road," Col. Latimer said.

Many of the unit's Iraqi aviators are former fighter pilots, some having flown the Mach-3 MiG-25.

"I thought coming in that these guys would be disgruntled," Col. Latimer said, "but they're happy to be flying and to have a job."

When the squadron was formed two years ago, most flights were dedicated to training. But now that almost all the Iraqi fliers are checked out on both the Seeker and the CH-2000, the unit can dedicate more efforts to patrolling vital oil and power facilities and supporting the Basra-based Iraqi army's 10th Division and the tiny Iraqi navy based at nearby Umm Qasr.

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On one recent anti-smuggling exercise, 70 Squadron pilots spotted suspect boats with its cameras and used radios to direct Iraqi patrol craft to an intercept.

"We need more exercises," Col. Latimer said, especially to improve the ground and sea forces' procedures for talking to the air force.

Col. Latimer anticipates that the squadron will swap its single-engine aircraft for bigger twin-engine planes that are faster and can carry more equipment, perhaps including advanced sensors that can transmit imagery directly to ground forces.

In the meantime, there are logistical problems to sort out. The CH-2000s need a new support contract, and aviation fuel has been in short supply. And Col. Latimer is hoping to find Iraqis with training experience so the squadron can train pilots on its own.

But there are no plans for the Americans to leave. The next rotation of U.S. advisers will stay a full year, compared with four months for the current team.

Gen. Peter Pace (CSM)

By David Cook

The Christian Science Monitor, October 16, 2006

With his ramrod-straight Marine bearing, close-cropped hair, and warm smile, Gen. Peter Pace steps out of his armored black SUV looking like he belongs on a recruiting poster.

In the 39 years since he graduated from the US Naval Academy, General Pace has seen it all: from Vietnam, to Korea, to Somalia, to duty now as chairman of the Joint Chiefs of Staff.

At a Monitor-sponsored lunch with reporters Thursday, Pace offered a passionate argument for the US military's mission in Iraq, stressed the nation's capacity to handle a threat from North Korea, and defended his performance as America's top military officer.

Pace's polished performance was in contrast to the controversy surrounding remarks by Britain's army chief, Gen. Richard Dannatt, who said Thursday that British troops should be withdrawn from Iraq "soon." After triggering a storm of controversy in Britain, Dannatt gave interviews Friday saying that he meant a phased withdrawal over two or three years.

When Pace was asked why Americans should not be dismayed at the results on the ground in Iraq, he said the enemy has "a 100 year plan according to the map they published about a year and half ago. So anybody looking for a quick win in the war on terrorism probably hasn't read the enemy's published intent."

He argued that "if we were not in Iraq right now and if we were in Afghanistan ... the center of gravity would be in Afghanistan. And that is where the fight would be taking place. And I do believe that if we left both Iraq and Afghanistan that the fight would be taking place here in the United States because that is what they have said is their objective.... I believe the American people get the fact that this is fundamentally a threat to the survival of our nation and that we are going to do what we need to do to protect our children and our grandchildren. That does not mean we should not be learning from what we are doing on the battlefield."

The military alone cannot solve the problem of sectarian violence in Iraq, Pace said. "What has been less satisfactory is the difficulty in stopping the sectarian violence. Because fundamentally, you cannot have enough individuals under arms 24/7 on every street corner in Iraq to stop the hatred killings if someone wants to go out and do a hatred killing. And that is where the government's part comes in and where the political dialogue comes in and where the agreements and the guarantees come in amongst the various factions. So there is a lot you can do on the military side. You cannot lose this militarily, but it is not going to be 'won' militarily, either."

While Iraq is placing significant demands on the US military, Pace said that the nation has sufficient resources to fight a war with North Korea in the unlikely event that were to occur. Earlier this week, North Korea exploded what it said was a nuclear device. "We currently have just over 200,000 of our 2.4 million service members engaged in operations in the Gulf," Pace said, "which means just under 2 million are available to handle whatever other problem might come our way. That should not be lost on anybody. ... We have enormous capacity remaining, especially in our air and naval forces, to handle any potential problem."

But the general noted that dealing with North Korea while the US was still fighting in Iraq would not "be as clean as we would like." Various intelligence-collection systems are now devoted to Iraq. "So you wouldn't have the precision in combat going to a second theater of war.... You will end up dropping more bombs, potentially, to get the job done and it will be more brute force in a second [engagement]. But you can certainly get the job done anywhere on the planet with the forces we have available to us right now."

The threat of nuclear proliferation is a key worry, Pace said. "The real concern right now with North Korea is whether or not they would end up providing any weapons they may or may not have to terrorists."

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Pace offered a spirited defense to charges in Bob Woodward's new book, "State of Denial," that top generals had not been blunt enough in presenting their concerns about the war in Iraq to Defense Secretary Donald Rumsfeld.

"You are asking a judge if he runs a fair court when you ask me if I have been blunt enough," Pace said. "My answer is: Yes, I have been very upfront, very straightforward. I have multiple opportunities every day. I am with the secretary of Defense a minimum of 30 minutes a day, more likely three to four hours a day, [and] with the president several times a week."

"I have ample opportunity provided to me by the secretary of Defense and the president to express my views. And, in fact, they have listened to my views and, in fact, have asked me - and invite me - to speak about things that are not just purely military if they in any way impact on the military."

The public climate toward the military now stands in contrast to what Pace and other Vietnam veterans faced. It is "strikingly different, now than 39 years ago," he said. "I think the American people have made a distinction between their support for their military and what they believe personally about any particular fight that is going on. Even those who may be in opposition to things we are doing in the war on terror right now have been extremely warm and welcoming to the troops who are coming home. And that is well understood by the troops."

Loyal To Country Or Conscience? (LAT)

By Teresa Watanabe

The Los Angeles Times, October 16, 2006

The old veterans gather nearly every morning in Little Tokyo, where an American flag and black granite sculpture rise in honor of 16,000 Japanese Americans who served during World War II.

The idea of anyone tarnishing their war record doesn't sit well, and that's exactly what some think young soldier Ehren Watada is doing.

"He's a bakatare," said George Ishihara, an 85-year-old Santa Monica resident, calling Watada the Japanese word for fool. "He ought to be ashamed of himself."

Across town, another Japanese American World War II veteran sees the young soldier as a hero. "He's following a higher law, and that's your conscience and the Constitution," said Paul Tsuneishi, an 83-year-old Sunland resident.

Watada, 28, is an Army first lieutenant who earlier this year became the first commissioned officer to refuse deployment to Iraq, calling the war illegal and immoral. Although other soldiers have refused deployment, his status as an officer sets his case apart. The Honolulu native of Japanese and Chinese descent faces a general court martial and seven years in prison for charges involving his refusal to deploy, criticism of President Bush and "conduct unbecoming an officer."

The soldier, stationed at the U.S. Army's Ft. Lewis base near Seattle, was not available to comment because of ongoing negotiations over his case. But his father, Bob, 66, and stepmother, Rosa Sakanishi, who live in Hawaii, have pressed his case this month in appearances throughout Southern California.

The elder Watada said his son joined the Army to help protect the country after 9/11. But when his superiors told him to study up on the Iraq war, Watada concluded that U.S. officials launched it in violation of U.S. and international laws.

The turning point, the elder Watada said, was in January when Ehren heard the father of an injured soldier lament on a radio show: "Why can't anyone stand up and stop all of this?"

"He thought the guy was talking to him," Watada said of his son. "He thought he was the person who had to stand up."

Watada's case has stirred national debate over the legality of the Iraq war and a soldier's duty versus conscience. But in the Japanese American community, the case has struck a particular nerve, echoing conflicts of another war six decades ago.

"The Watada case has provoked so much emotion because it raises the question of loyalty, and that question severely tested Japanese Americans during World War II," said Lane Hirabayashi of UCLA, the first professor in the nation to hold an academic chair dedicated to the study of the Japanese internment. "It raises a lot of controversies that I don't think have ever been fully resolved."

Debate lingers over how Japanese Americans responded after Japan's attack on Pearl Harbor in 1941. Even as the attack prompted the internment of more than 110,000 Japanese Americans and their immigrant parents in remote camps, thousands of young men and women enlisted in the U.S. military, determined to prove their loyalty.

Their service record has made them community icons of mythological proportions. The 442nd Regimental Combat Team and the 100th Battalion, composed mainly of Japanese Americans, became one of the most highly decorated units in U.S. military history.

But a small minority refused to enlist and were harshly ostracized, Hirabayashi said.

They included draft resisters, who refused to serve unless their civil and constitutional rights were restored. They also included those known as "no-no boys," for negatively answering a government loyalty questionnaire asking if they would serve in the U.S. military and renounce allegiance to the emperor of Japan.

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Bitterness between the two sides persists today. Hirabayashi and others, for instance, tell tales of brothers who never spoke again after one resisted and the other served. Ellen Endo, editor of Rafu Shimpo, the Los Angeles Japanese newspaper, calls the Watada debate the most emotional community divide she's seen in four decades.

Nine veterans groups have come out against Watada, while the Asian American Vietnam Veterans Organization backs him. The Japanese American community newspapers are filled with passionate debate over the case.

The community's leading civil rights organization, the Japanese American Citizen's League, is in the hot seat. In July, the league expressed concerns about Watada's free speech rights but said the military issues in the case went beyond its mission as a civil rights group. The statement drew some praise but was also criticized as spineless.

The league's Berkeley chapter and others are urging it to take a stronger stand of support for Watada at its national meeting next month.

"I know a lot of my members will hate my guts for saying this, but I do think he's a hero," the league's executive director, John Tateishi, said of Watada. "There's a point where people have to stand by their personal beliefs."

The elder Watada said he is unfazed by the critics.

"I can only ask them to do a little research," he said during a recent interview. "If they think it's OK to invade another country and kill innocent people, that's up to them, but we strongly disagree."

Watada said his son has always been a straight arrow. The Eagle Scout and near straight-A student, who studied business and graduated from Hawaii Pacific University in 2003, once reluctantly reported high school classmates who were stealing cafeteria funds even though he knew that would label him a snitch, his father said.

After Watada graduated and began seriously considering military service, his father tried to dissuade him. The elder Watada had lost a brother in the Korean War and told his son he didn't want to lose him too.

As terrorist threats dominated the news, however, Ehren told his father he felt he had to serve his country. He received his officer's commission in 2003, served a year in South Korea and was scheduled to deploy to Iraq in June with his Stryker brigade combat team until he began researching the war and developing doubts.

Watada said his son offered to resign or deploy to Afghanistan but was rebuffed.

University of Illinois professor Francis Boyle, an international law expert who testified on behalf of Watada at an Army hearing this year, argued that the soldier was correct to believe the United States illegally launched the Iraq war because it failed to obtain authorization for it from the United Nations Security Council, as required under international law.

Boyle has also argued that the second required authorization — a congressional war resolution — was obtained under false pretenses because the Bush administration erroneously asserted that Iraq possessed weapons of mass destruction and was linked to Al Qaeda. The Nuremberg principles adopted after World War II require soldiers to disobey illegal orders, Boyle said.

But Army spokesman Col. Dan Baggio said political questions over a war's legitimacy were "not the kind of decisions lieutenants and captains make." He said soldiers had a moral obligation to refuse illegal orders in the field — to shoot prisoners of war or innocent civilians, for instance — but they could not pick and choose where to deploy.

"If your nation has made a decision, as a member of the military forces you have an obligation to go," Baggio said. "To me, that's black and white. I would be ashamed if I didn't fulfill the obligation and duty to those troops I serve and the oath I took."

As Ehren's doubts about the war grew, his father who once tried to dissuade him from enlisting was now trying to talk him into deploying. Just go, he told him. Keep your head low.

Watada said he couldn't bear to think of his son locked up for years in the military brig, his once promising career in tatters. But Ehren was adamant about his stand. "How can I lead my men in harm's way for no good reason?" he asked. "Didn't you always tell me to do the right thing?"

Watada had to say yes.

Today, he is his son's biggest booster, tirelessly giving speeches in the hopes that broad public support will help minimize Ehren's sentence. Lt. Gen. James M. Dubik, the Ft. Lewis commander, is expected to decide this month how to proceed in Watada's case.

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A Soldier Comes Home To Alaska, Too Early And Yet Too Late (NYT)

By Charlie Leduff

The New York Times, October 16, 2006

BARROW, Alaska — When the soldiers from the frozen tundra shipped out for the burning sands of Iraq, Staff Sgt. Billy Brown promised the women that he'd bring their men back alive.

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But when Sergeant Brown returned just two weeks later, he didn't bring his men at all. He came with a funeral detail. He came cargo, in a silver coffin with wood handles cloaked in an American flag. He is believed to be the first Eskimo killed because of this war. He was 54.

Sergeant Brown, an Alaska national guardsman, never got to a battlefield. He was killed when a tractor-trailer slammed into the back of his Humvee late in July while he was on training maneuvers at Camp Shelby in Mississippi.

His death rattled this town of 4,200, mostly Inupiaq Eskimos, located 500 roadless miles from anywhere and 350 miles north of the Arctic Circle.

Finally, tangibly, the war has reached one of the most isolated corners of the country.

"Until now the war was more like a television show," said Edward S. Itta, mayor of the North Slope Borough, in which Barrow lies, and a friend of Sergeant Brown's. "You don't question the war until it touches you. Only then, when a man like Billy, an important man to us, comes home dead, does the question become clear. We fight. But to what end? What's in it for my grandchildren?"

During the cold war, the battle line was drawn right here on the North Slope, with the Soviets skulking just across the Bering Strait. Most Alaska Guard members stayed in the state, protecting the home front.

But the world has changed. For this war, 670 Guard members have been called up from rural Alaska, its largest foreign deployment ever. The Alaska Guard estimates that one-third of its members are Eskimo, so most likely a third of those deployed are indigenous men, officials say, though the military does not keep official racial records of this type.

Among the most skilled was Staff Sergeant Brown, a 29-year veteran of the Guard and an Arctic survival specialist.

"He could have retired years ago," said his niece Audrey Saganna. But he volunteered for the mission so other soldiers who had served multiple tours in Iraq could get a rest, she said.

The funeral of William Franklin Brown lasted many hours, Eskimo tradition holding that anyone who wanted to speak could do so. It took 20 men an entire day to dig his grave through the permafrost. Tribal leaders decided he should be buried in the Elders Cemetery, a great honor here. His grave is marked like the others, with a simple wooden cross. He is buried next to his father.

Born in the mining town of Lost River on the Seward Peninsula in western Alaska, Sergeant Brown grew up in Barrow, one of 18 brothers and sisters. Whaling is the centerpiece of the culture and Sergeant Brown worked as an oarsman on one crew and was a walrus and polar bear hunter. He worked for a spell at the post office, was elected to the City Council and eventually settled in as the shipping and receiving manager at the local hospital.

By virtue of his hospital job, Sergeant Brown was in attendance when nearly every Barrow child was born. He did not do this out of obligation, his people said, but because he was proud to be Inupiaq.

He never married and fathered no children of his own, but Sergeant Brown was an uncle and a counselor to dozens of struggling young men, and by native tradition, under which age is respected and revered, he was an uncle to hundreds more.

The call-up has affected Eskimo villages all across the state, some of the most remote and rugged corners of this country. The men come from places like Kongiganak, Emmonak and Scammon Bay, where winter survival depends on the summer harvest of otter, moose, geese, fish and whale. With the men gone, the long, brutal winter is expected to be even more bitter for those they've left behind.

Barrow is different from the Eskimo villages. Oil revenues from Prudhoe Bay have made it something of a city. There are flush toilets and smokestacks and a Japanese restaurant. City ways have brought city problems. Methamphetamines and alcohol are afflictions. The native language is spoken less and less. Satellite television is the entertainment of choice, and fewer young people hunt nowadays. Residents increasingly rely on the grocery store freezer rather than the winter larder.

Still, the place is poor. Broken windows are stuffed with newspapers. Houses are weather-beaten affairs of wood on stilts with metal roofs, perpetually heated with natural gas from a field off in the muskeg. Billy Brown's was spare and unpainted, well kept with few adornments. He lived next to his father.

The sun in Barrow disappears from Nov. 18 until Jan. 24, and the temperature can reach 99 below. The roads are gravel, because concrete disintegrates in the cold. The government, financed by oil revenues, is the main industry and because of plentiful natural gas, heating bills are only $200 a month in the dead of winter. Milk is $10 a gallon. Gasoline is $4. "Never Forget" placards are displayed in house windows and on car bumpers, a reference to the 9/11 terrorist attacks. And now, just as much, a reference to Billy Brown.

Sergeant Brown's hometown is not a hissing coal-bed of antiwar activism, yet with his death the doubts began to surface.

"Is it going so badly in the Middle East that the military has to scrape up a few hundred Eskimos and send them to the desert?" asked David Leavitt, a friend, who had butchered caribou hanging from his porch balustrade, drying in the Arctic sun. "I mean he wanted to go, but what's the purpose? We lost Billy for what purpose?"

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The soldiers' wives talk as soldiers' wives do. They talk of pride. They talk about unflinching support for their men. But now that Billy Brown, the leader of their men, has come home in a box, they talk with a slight edge about fear and doubt.

"He signed up for it and it is his duty to go, but I don't like this war at all," said Mia Sanchez, a mother of five whose husband, Jay, enlisted three years ago. "I don't understand it. I thought he'd be protecting Alaska, not Iraq."

Melba Nowpakahok, whose husband, Owen, had Billy Brown for his best man, said that as a military wife it would be counterproductive to question any of it.

"We're just going to go with whatever the higher-ups say," she said. "Whatever the president says. Whatever Rumsfeld says. We're just going to have to go with it."

The eight remaining men from Barrow are to arrive in the Iraqi theater sometime in October, and one company of Arctic soldiers will carry its flag with Billy Brown's name tag sewn to it.

And when the fall whale hunt begins, a new man will be holding the oar that Billy Brown once held.

British General's Remarks Spur Iraq Debate (CSM)

By Mark Rice-oxley And Howard Lafranchi

The Christian Science Monitor, October 16, 2006

LONDON AND WASHINGTON

A vigorous debate about how quickly Britain can pull out of Iraq has erupted following an unprecedented intervention from the head of the British armed forces, who said troops should leave soon because their presence was doing more harm than good.

In remarks that made leaders on both sides of the Atlantic sit up and take notice, Gen. Sir Richard Dannatt told a newspaper that Britain should get its 7,200 soldiers out of the south of the country "sometime soon" because "our presence exacerbates the security problems."

Though General Dannatt subsequently denied any rift between himself and Prime Minister Tony Blair, his original comments flatly contradicted his political masters, who have stressed they will stay the course in Iraq and insist they are shoring up rather than undermining security there.

Military experts say the general, appointed only in August, was voicing the fears and frustrations of soldiers and officers alike who face an increasingly fraught mission with no end in sight.

"We are in danger of failing in the long term because we don't have enough troops," says former army major Charles Heyman. "There's no doubt that Dannatt is right - he's reflecting what he's being told throughout the Army: that there aren't enough of us there. The British army is fully extended, and there are no more troops to send anywhere."

Although Dannatt rushed to qualify his remarks in a succession of interviews, the impression remained of a general deeply concerned about troop morale, an overstretched army, and the possibility of failure in Iraq.

Tellingly, he added in one radio interview that although he was determined to see the Iraq mission through, he didn't want it to "break" his army. "I want an army in five years time and 10 years time. Don't let's break it on this one. Let's keep an eye on time."

Dannatt's remarks may not have been popular with political leaders, but blogs and Internet postings have found British soldiers overwhelming applauded their commander. One on-line poll found 76 percent thought he had been "absolutely right" to speak out.

"He's looking after concerns of his soldiers," says Amyas Godfrey, a former army captain who served in Iraq in 2003 and 2004.

"In the broad context, the British presence may be fueling the [security] situation," says Godfrey, an associate fellow at the Royal United Services Institute in London, "but a lot of good is being done too." Soldiers are taking on the roles of policemen, civil engineers, construction workers, community officers, and diplomats, he notes.

But while top British and US military officials have - at least in private - voiced concern about the situation in Iraq, Dannatt is the first active-duty general on either side of the Atlantic to go so far publicly.

Privately, senior US military officials admit that the window is closing on the government of Iraqi Prime Minister Nouri al-Maliki to rein in paramilitary death squads and sectarian violence. Political leaders have taken up the mantra - notably senior Republicans among them - who say US Iraq policy can no longer be to "stay the course."

Sen. John Warner (R) of Virginia, chairman of the armed services committee, said this month after a trip to Baghdad that "a change of course" would be on the agenda if the rising violence is not quelled soon. Sen. Olympia Snowe (R) of Maine seconded Mr. Warner's concerns, saying that "staying the course is neither an option nor a plan."

On Friday, House Democratic leader Nancy Pelosi issued a statement jumping on Dannatt's comments, saying his conclusions mirror those of "many American generals and the partially declassified National Intelligence Estimate on Terrorism."

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Ms. Pelosi appeared to be referring to a number of retired generals who recently backed the estimate's findings that the Iraq war is hurting the broader war on terrorism.

An accelerated British withdrawal from Iraq would deprive America of its most steadfast ally on the most perilous frontline in the "war on terror."

But an early pullout remains unlikely, for all Dannatt's misgivings: Tony Blair has pledged to withdraw only when Iraqi forces can handle the wretched security situation, as has Gordon Brown, the man most likely to succeed him when he steps down in the middle of next year.

The official line is that the troops are there under a UN mandate and at the behest of a democratically elected government. Iraqi leaders say the troops are essential to preserve security, and many analysts are skeptical that rapid withdrawal would remove the catalyst for violence.

Michael O'Hanlon, an expert in military affairs at the Brookings Institution in Washington, said that Dannatt's remarks are "at least a small blow to the [Bush] administration's policy," but adds: "I also think there are holes in this argument that if we left, things would get better."

Yet some military experts believe Dannatt's view may ultimately prove too hard to ignore if things go from bad to worse in Iraq.

"If his assessment is right and we are doing more harm than good, then shouldn't we change the policy?" asks Lord Tim Garden, a former assistant chief of the defense staff, adding that the general was giving "a totally accurate reflection of the situation as he sees it."

"Certainly the defense ministry might be relatively relaxed that this will move on the debate about an earlier exit for British troops, because they [ministry officials] are feeling the strain and worried about failure," he adds.

Dannatt's big fear is that the formidable demands on the British army in both Iraq and Afghanistan are stretching the force to its limits. Some military chiefs understood - incorrectly as it turns out - that agreeing to spearhead the fight against the Taliban in Afghanistan, as Britain has done this year, might enable Britain to relinquish some of its duties in Iraq back to the Americans.

Dannatt has been decorated for bravery during a long military career, but even by his standards, his bluntness was courageous. Generals meddling in politics are normally frowned on in mature, sedate democracies.

"I wouldn't be surprised if the prime minister sacks him," says Heyman.

No End In Sight (WT)

By Paul Moorcraft

The Washington Times, October 16, 2006

The United Kingdom (U.K.) is facing its biggest crisis in civil-military relations since the Second World War. Six weeks into his new job, the head of the British Army, Gen. Sir Richard Dannatt, has broken constitutional protocol by appearing to contradict government policy on Iraq.

On Friday morning a dramatic wide-ranging interview with Gen. Dannatt was published in the London Daily Mail. He warned that the presence of U.K. troops was exacerbating security problems in Iraq and should withdraw "sometime soon." He also said that the planning for post-war occupation was "poor, probably based more on optimism than sound planning."

The original ambition was to install liberal democracy: "Whether that was a sensible or naive hope, history will judge. I don't think we are going to do that...We should aim for a lower ambition." The general also talked of his Christian values, and the moral vacuum that allows radical Islam to flourish in Britain.

This ignited a media frenzy about the general wanting to quit Iraq soon, thus contradicting Prime Minister Tony Blair's statement that it would be "craven surrender" to leave Iraq while it was still in turmoil.

This in turn generated shock waves in the prime minister's office, and allegedly furious phone calls from Washington.

Opposition politicians viewed the general's remarks as "blindingly obvious," but said that saying them publicly was "unprecedented."

Some military commentators were astounded at the "breach of propriety" and wondered if the general had been misquoted and, if not, whether he would be sacked.

No doubt under orders to recant, the general immediately did a round of media interviews to "clarify" his remarks -- despite the fact that the original Daily Mail interview had been authorized.

This "clarification" perhaps made matters worse when the general implied that the army could be "broken" if it is kept too long in Iraq. The prime minister's office rushed to say that Tony Blair "agreed with every word." The Ministry of Defence also issued a further statement that the general was on the record as standing "shoulder to shoulder with the Americans" and that he was planning "force packages in Iraq through 2007 to 2008."

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But the genie was out of the bottle. The British Army is running out of soldiers, equipment and patience, though not fighting spirit. The British military establishment fears it is reinforcing failure in Iraq. The plan to engage in Afghanistan, and so be allowed to leave Iraq, has backfired.

It had been assumed in London that Washington's exit strategy was to be asked to leave by Baghdad. Instead, the beleaguered Iraqi government will cling on to its coalition security blanket as long as possible. Britain's premature departure, however, may prompt U.S. withdrawal.

A prime minister would normally sack a general who publicly undermined the central plank of his premiership, especially as it also threatens the fundamentals of U.S. foreign policy.

The senior professional politicians in the Labor government, unlike some in the Conservative opposition, have no firsthand military experience. And Tony Blair is a lame-duck prime minister. He may be too weak to sack his forthright general.

A behind-the-scenes forced resignation, especially if it were seen to be a result of U.S. pressure, would trigger more unrest in the armed forces, perhaps even a joint demarche by other commanders. Recently retired chiefs of the defense staff have publicly declared their concerns.

The security establishment has long been calling for a service chief to stand up to what it sees as political bungling in the direction of the wars.

Defense chiefs know that Iraq could descend into a maelstrom of total chaos, and they do not want to desert an ally or leave the job unfinished. But no end is in sight, and the British army can only just about cope now, let alone in the future.

The general must have felt that the views of the senior military had too long been ignored. Some top brass had become political ciphers or had been effectively gagged.

But Gen. Dannatt's frankness may be dangerous. Civilian control of the military is a cornerstone of Western democracy. Gen. Douglas MacArthur threatened to use nuclear weapons against the Chinese army in Korea, but he was relieved of his command by President Truman.

Gen. Dannatt's comments might also undermine his own troops fighting in the Middle East -- why should they risk death for a policy which their own top commander has said, in effect, is inflaming the war on terror? But even the Ministry of Defence will privately admit that troops in the field are "cheering him to the rooftops"; nearly all the unofficial army blogs confirm this. British forces can now imagine withdrawal, regardless of the U.S. timetable.

Some British officers say that it is about time senior U.S. generals spoke their mind, rather than wait for retirement before they complain that American forces are also overstretched, and perhaps the U.S. army could not field more than two brigades to operate outside Afghanistan or Iraq. In this context, General Dannatt may have done his American ally a service.

Officers will risk their lives but never their careers. General Dannatt's bravery is beyond doubt: he won the coveted Military Cross when he was 22. Now he is risking the top job for the army he loves.

Paul Moorcraft, the director of the Centre for Foreign Policy Analysis, is a former senior instructor at the Royal Military Academy, Sandhurst and the U.K. Joint Services Command and Staff College.

The Latest Chapters On The War (WP)

By Howard Kurtz

The Washington Post, October 16, 2006

In an age of blogging, podcasting, BlackBerrying and instant messaging, when any thought can be expressed within nanoseconds, an old-fashioned form of technology is making a comeback.

It's called the book, a collection of pages, bound between hard covers, that generally takes at least two years to report, write, edit and publish, using the kind of presses that date to the 15th century.

With striking swiftness, a series of books about the Iraq war has exposed deep flaws in its planning and execution, made the Bush administration appear dysfunctional at times and generated enormous news coverage.

All are by journalists with access to daily or weekly outlets. The bestsellers include "Fiasco" by The Washington Post's Thomas Ricks; "Cobra II" by Michael Gordon of the New York Times and former Timesman Bernard Trainor; "Hubris" by Newsweek's Michael Isikoff and the Nation's David Corn; and now "State of Denial" by The Post's Bob Woodward.

Even President Bush observed last week that "somebody ought to add up the number of pages that have been written about my administration."

The Iraq mess is a large and tempting target. And despite a huge volume of coverage over the last several years, a considerable amount of material remained beneath the surface, awaiting excavation by authors.

Some critics grumble that the journalists should have gone public with their information sooner, rather than saving it for books. But it takes time to build a case and to coax information from people who may have little interest in joining the daily political sniping.

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Isikoff says some sources are more willing to talk candidly for the historical record. Former House majority leader Dick Armey, for example, disclosed how he had expressed doubts about the Iraq venture but was pressed by President Bush and Vice President Cheney to keep quiet.

"A lot of stuff was concealed from the public, especially in the run-up to war," Isikoff says. "It's aggressively reporting events of a couple of years ago instead of what happened yesterday. It's the second draft of history."

The Gordon-Trainor book reveals that Gen. Tommy Franks expected to draw down American forces in Iraq to 30,000 within months. Ricks argues that U.S. military and diplomatic missteps in 2003 inflamed the Iraqi opposition. "There are a lot of people who've served in Iraq who were really upset about it -- guys who commanded divisions, brigades, companies," Ricks says. "They had a lot to say and they wanted to say it." He says his biggest ally was time -- both the year off to work on the book and the passage of time that gave sources a greater comfort level.

One former Coalition Provisional Authority (CPA) official in Iraq provided Ricks with every e-mail he had sent to the unit's boss, Paul Bremer. A commander gave Ricks a CD-ROM with every PowerPoint briefing he had received. Sources even gave him the classified plan for invading Iraq. In 2003, he says, "they would have deemed it too sensitive. Two years later, who cares?"

Woodward, who builds narratives by granting many sources anonymity, specializes in going back to his subjects again and again. For "State of Denial," he has said that he interviewed former White House chief of staff Andrew Card for seven hours over five sittings, producing 207 pages of transcripts -- and news that Card had tried to get Defense Secretary Donald Rumsfeld fired.

In "The One Percent Doctrine," former Wall Street Journal reporter Ron Suskind revealed al-Qaeda planning for a cyanide attack in New York's subways, and reported that some CIA officials regarded Bush as little more than Cheney's puppet.

Suskind says book projects can break through an administration's "message discipline."

"What you can do in a book that gets around the daily battle over news cycles is you can say to subjects that they will be rendered in context," he says. "Sources often say, 'This is a complex situation.' I can say back to them, 'I've got plenty of time.' " In a newspaper, he adds, "you're probably not going to have space to write thousands of words on some philosophical debate or longstanding internecine conflict."

A striking number of these efforts have come from journalists at The Post, which has a lenient policy toward allowing staffers time off to write books. The Post's Rajiv Chandrasekaran, in his best-selling "Imperial Life in the Emerald City," reported that the Coalition Provisional Authority had hired a number of people who had conservative credentials but lacked vital skills and experience. Former secretary of state Colin Powell gave six lengthy interviews to The Post's Karen DeYoung for her biography "Soldier."

Books can also act as a catalyst. New York Times reporter James Risen planned to disclose the administration's domestic eavesdropping program in his book "State of War" after the paper held for a year the article he co-wrote on the subject. As the book neared publication, the Times ran the story after all. Times Executive Editor Bill Keller told New York magazine that the imminent release of the book was a "factor" in the discussions but not the principal reason for his decision.

Once books become fodder for the media machine, the carefully constructed 300-page arguments get boiled down to a handful of scooplets and anecdotes. But it is their accumulated detail and intellectual heft that embosses the books with credibility.

In the 1990s and early 2000s, starting with a slew of anti-Clinton books (against both Bill and Hillary), many of the publishing success stories seemed to be on the right. Ann Coulter's "Slander," Bernard Goldberg's "Bias" and volumes by Bill O'Reilly, Sean Hannity, Rush Limbaugh and Michael Savage often topped the charts.

But now, with Bush struggling in Iraq and mired in low poll numbers, the books packing the greatest political punch seem to be those charging the administration with incompetence. And while they are mostly written by working reporters and editors, not commentators, liberal readers are surely fueling the surge in sales.

In one sign of the times, no fewer than three books ripping Coulter -- "Soulless" by Susan Estrich; "Brainless" by Joe Maguire; and "I Hate Ann Coulter" by "Unanimous" -- are all heading to bookshelves.Tainted Series?

Kentucky's Lexington Herald-Leader yesterday launched an investigative series on Sen. Mitch McConnell pushing legislation for his affluent donors -- an effort originally paid for by a foundation that has financed several liberal groups that oppose the Republican lawmaker.

The paper's parent firm, McClatchy Co., decided last week to repay the $35,000 grant, which underwrote six months of salary and expenses for a Herald-Leader reporter on leave. The grant came from the respected Center for Investigative Reporting, which was passing on money provided by the St. Louis-based Deer Creek Foundation.

Deer Creek has funded a variety of liberal groups, including New York University law school's Brennan Center for Justice, which represented opponents of McConnell in a campaign-finance lawsuit that reached the Supreme Court.

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"It's like the NRA funding a report about Sarah Brady," the gun-control advocate, says McConnell spokesman Don Stewart. "You've got to be somewhat leery about the objectivity."

McClatchy Vice President Howard Weaver says his company, which inherited the situation after buying the Herald-Leader, does not believe in such grants. "As a matter of practice, if we want some journalism done in our newsrooms, we pay for it," Weaver says. "But I've heard enough politicians explain why they gave back a campaign contribution to know it's not a perfect remedy."

Dan Noyes, acting director of the reporting center, says he paid for the series because the money went to the reporter, not the newspaper. Noyes sees no conflict because his group has an "arm's length relationship" with Deer Creek, and he says its $300,000 grant will fund campaign finance probes of both Democrats and Republicans.One Really Long Article

Esquire is taking the strange step of making endorsements -- in all 504 congressional and gubernatorial races.

For the just-released issue, the magazine says it weighed such factors as effectiveness and hypocrisy, not Iraq or taxes, in an idiosyncratic process that wound up backing a majority of Democrats for the House and Senate.

"We didn't come at it from any ideological standpoint," says Executive Editor Mark Warren. "We endorsed Ted Kennedy and Trent Lott, because of a combination of how they serve their state and how they function in the Senate."

Afghan Attack Brings Total Of Canadians Killed To 42 (NYT)

By Carlotta Gall

The New York Times, October 16, 2006

KABUL, Afghanistan, Oct. 15 — Two Canadian soldiers in the NATO force were killed and three were wounded in an ambush in southern Afghanistan on Saturday afternoon, and an Afghan provincial council member was assassinated Sunday on his way to work, officials said.

In other violence, an Italian photojournalist was reported to have been kidnapped by gunmen in southern Afghanistan. Two policemen were killed in a raid on Afghanistan's eastern border with Pakistan, and two civilians died in a roadside bomb explosion that was apparently intended for a Westerner's vehicle that was passing by, news agencies reported.

The Canadians were killed when their convoy came under fire by rocket-propelled grenades and gunfire in Kandahar Province, forcing their unit to call in airstrikes, according to a NATO news release. Forty-two Canadian soldiers have been killed in Afghanistan this year.

Muhammad Younus Hussaini, the Kandahar provincial council member, was shot dead by two men on a motorbike as he was setting off in his car for his office, said the chief of security of police, Abdul Hakim Hangar. Mr. Hussaini's driver was wounded in the attack, he said.

Mr. Hussaini was the second local official to be killed in Kandahar city in three weeks. The head of the women's affairs department was fatally shot as she left her home on foot for work on Sept. 25, in what the police said was part of a campaign by Taliban insurgents to intimidate the population. The police chief in Kandahar, Gen. Esmatullah Alizai, said however that it was too early to say if Mr. Hussaini had been killed by the Taliban or someone else, perhaps because of some personal enmity.

The abducted Italian photojournalist, Gabriele Torsello, and his Afghan interpreter were taken by five armed men on Saturday as they drove from Lashkar Gah, the capital of Helmand Province, to the neighboring province of Kandahar, news agencies reported. The area, where British troops were battling thousands of militants through much of the summer, is prone to ambush and impromptu checkpoints by the Taliban and criminals.

The kidnapping occurred just a week after two German journalists were killed by unknown gunmen in central Afghanistan.

Italian Journalist, Afghan Translator Abducted In Southern Province (WSJ/AP)

The Wall Street Journal/AP, October 16, 2006

KANADAHAR, Afghanistan -- An Italian freelance photographer and his assistant were abducted in southern Afghanistan, an official said Sunday.

Gabriele Torsello and his Afghan translator were abducted by armed men on Saturday as they were driving from Lashkar Gah, the capital of the southern Helmand province, toward neighboring Kandahar, an Afghan official in Helmand said.

The two were in their car when they were abducted, said the official, who spoke on condition of anonymity because he wasn't authorized to speak to the media. Mr. Torsello earlier spent time in Musa Qala, another restive area in Helmand province, the official said.

Maj. Luke Knittig, a North Atlantic Treaty Organization spokesman in Kabul, said the organization was informed by another reporter that Mr. Torsello hasn't been in contact for the last three days and that it was trying to locate him. The missing reporter wasn't registered with the NATO media office and wasn't on an alliance sponsored trip, Mr. Knittig said.

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Maso Notarianni, the director of Italian online magazine Peace Reporter, told Italian state TV that Torsello had called a hospital in Lashkar Gah, apparently to let authorities know he was kidnapped. "Until Thursday he was in the deep south of Afghanistan, in Taliban-controlled territory," Mr. Notarianni said.

The southern provinces of Helmand and Kandahar have been the scene of the most intense fighting between Taliban and NATO troops this year, the worst upsurge in violence in the country since the U.S.-led invasion in 2001 that ousted the Taliban regime from power.

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CORPORATE SCANDALS:

Health Insurer's Chief Is Ousted In Options Inquiry (NYT)

By Eric Dash And Milt Freudenheim

The New York Times, October 16, 2006

Dr. William W. McGuire, a medical entrepreneur who built the UnitedHealth Group into a colossus in its field, was forced to resign from the company yesterday and to give up a portion of the $1.1 billion he holds in harshly criticized stock options.

UnitedHealth, one of the nation's two largest health insurers, also dismissed its general counsel and a member of its board in what amounted to a sweeping overhaul of its governance practices and leadership ranks. The options that Dr. McGuire had been granted over the years have led to criminal and civil investigations and public disapproval.

In a sweeping report released yesterday that was highly critical of management, a law firm hired by UnitedHealth to investigate the timing of stock options concluded that the company was riddled with poor controls and conflicts of interest. The report, which the company posted on its Web site, found that UnitedHealth had backdated options to maximize employees' compensation.

The company said yesterday that the disputed options would be repriced from the lowest share price for the years in question to the highest prices, scaling back the earnings of Dr. McGuire and others. The company did not say precisely how much its executives would give up.

The developments are the most dramatic to date since federal regulators started looking into the widespread practice of backdating stock options. More than 100 companies have come under scrutiny over the unlikely coincidence of stock options being granted again and again to senior executives on dates when the company's share price was low, a tactic that guaranteed the maximum profit when the options were turned into cash.

Executives at several companies have already been forced to resign, and at UnitedHealth Group, it was announced that five other directors would be forced out over the next three years.

At UnitedHealth, there was significant evidence that options were backdated for employees at all levels of the company between 1994 and 2002. But among the most substantial and egregious, according to the law firm's report, were those awarded to Dr. McGuire, the company's longtime chairman and chief executive. Of the 12 options grants issued to Dr. McGuire, three just happened to be priced at the stock's lowest price that year.

The Justice Department, the Minnesota Attorney General's office, the Securities and Exchange Commission and the Internal Revenue Service are all investigating UnitedHealth's options practices.

Most of the companies implicated in backdating controversies so far are Silicon Valley start-ups or firms with technology roots, where options with favorable dates were considered a recruitment tool in the dot-com boom. UnitedHealth, which has a market capitalization of $66 billion, is one of the few large blue-chip companies to stumble over the issue, and its problems underscore how prevalent the practice has been. Scrutiny over backdating also comes at a time of increasingly loud criticism of excesses of executive pay.

At UnitedHealth, even the man named to replace Dr. McGuire as chief executive has been a beneficiary of backdated options: Stephen J. Hemsley, who has been Dr. McGuire's top lieutenant, will lose a sizable portion of his options, the company said.

"Mr. Hemsley has voluntarily agreed to reprice all options awarded through 2002 to the annual high share price for each year, and to take any other appropriate action to eliminate any possible financial benefit from options-related issues," UnitedHealth said. Other senior UnitedHealth executives, including Dr. McGuire and the resigning general counsel, David J. Lubben, will take similar actions, the company said.

In a lengthy and somewhat contrite statement after a board meeting yesterday, UnitedHealth announced that it would take a series of steps recommended by an outside law firm, Wilmer Cutler Pickering Hale & Dorr, which had been hired by a special

committee of UnitedHealth directors. The seven-month investigation led to a showdown that ended late yesterday after Dr. McGuire and the UnitedHealth board was presented with the findings.

In their report, investigators from Wilmer Cutler found that "most of the 29 stock grants" that accounted for nearly 450 million stock options that the company awarded between 1994 and 2002 "were likely backdated."

The report also found that a grant of one million stock options to Dr. McGuire and 500,000 options awarded to Mr. Hemsley in connection with their 1999 employment contract were probably backdated. But the company's outside investigators appeared to clear Mr. Hemsley, finding that he "had little or no role in the negotiation of, or the process leading up to, the option award" related to the contract.

Investigators, moreover, painted a picture of "inadequate" internal controls and a senior management team that failed to set an appropriate tone at the top. But the report attempted to clear the directors on the compensation committee of any legal wrongdoing. "The directors were entitled to presume that matters brought before them for action were procedurally proper and consistent with applicable legal and accounting standards," the report concludes.

The report also said that the financial relationships between Dr. McGuire and the board member who resigned yesterday, William G. Spears, who headed the board's compensation committee when Dr. McGuire's employment agreement was negotiated in 1999, "created a conflict of interest." Mr. Spears served as a trustee for two trusts for Dr. McGuire's children and managed as much as $55 million of Dr. McGuire's money. He also managed millions of dollars managed for Mr. Hemsley.

Acting on the law firm's recommendations, the board said it would replace, within three years, all of the directors on its compensation committee who had approved the improper options. The company also said it would create new senior executive posts to oversee ethics and compensation.

Dr. McGuire, an internist and lung specialist, will not leave empty-handed: he will still take home hundreds of millions of dollars from stock options. Over his 18 years at UnitedHealth, he banked more than a half billion dollars. UnitedHealth said last night that it was still negotiating whether he would receive a $5.1 million a year pension, which is called for in his employment contract.

Dr. McGuire is by far the best known, most powerful and most richly compensated business leader to be toppled by challenges to pay packages that were inflated by stock options based on favorable, low purchase dates. Options are typically granted at the current market price of the stock, to avoid adverse tax and accounting consequences.

Options-dating issues led to the resignation from the Apple Computer board two weeks ago of Fred D. Anderson of a former chief financial officer of Apple, but the company said that Steven P. Jobs, chief executive of Apple, had not benefited from improper equity awards.

The United Health board faced formidable challenges at its meeting yesterday. Dr. McGuire is a superstar executive with one of the best track records in American business, and losing him could undermine the confidence of Wall Street investors. The statement released by UnitedHealth, which is based in Minneapolis, pointed out that under Dr. McGuire's leadership, the company's stock price had risen by almost 8,500 percent.

But not acting posed considerable legal and financial risks for the company and the directors themselves. For some compensation committee members who remain on the board, ousting Dr. McGuire over stock option improprieties might mean implicating themselves.

Wall Street analysts said investors, who have driven down United's stock price by more than 20 percent this year, are likely to be jolted by the departure of the widely admired Dr. McGuire but may be reassured by the promotion of Mr. Hemsley, "the guy who makes things happen" at the company, said Sheryl Skolnick, a health care analyst at the CRT Capital Group.

The uproar over backdating erupted at a time when dozens of companies were forced to restate earnings to reflect option awards, under new accounting rules. UnitedHealth said in May that restating could cut as much as $286 million from profits for 2003, 2004 and last year.

The Justice Department has brought charges against officers at two companies — Brocade Communications and Comverse Technology — over options backdating, and with dozens of cases under review, more charges could be on the way. Boards, meanwhile, have forced out more than two-dozen executives, including five in the past week. And scores of companies are rushing to restate their results in time for this quarter's earnings, so they do not face legal and financial exposure for additional delays.

In an apparent effort to get ahead of the official investigators, in March, a special committee of UnitedHealth's independent directors began examining the 45,000 separate stock option grants made to company employees. The following month, the committee hired William R. McLucas, a former S.E.C. enforcement director, and his team of investigators, Wilmer Cutler Pickering Hale & Dorr, to lead the review.

There are also questions about the an unusual clause woven into Dr. McGuire's 1999 employment contract that allowed him to choose the grant date of his stock options by providing "oral notification" to the human resources or compensation

committee chair. While there is nothing illegal about such a provision, compensation specialists say the practice could lead to abuse. The clause was eliminated last year.

Most analysts have continued to recommend the stock during its slide, but Matthew Borsch, who follows UnitedHealth at Goldman Sachs, predicted that United's share price "will fall further now with the certainty of Dr. McGuire's departure."

Ms. Skolnick or CRT Capital Group had other concerns. She said the changes announced yesterday were "good" but added that "the scary thing" was the possibility that past stock-dating practices may still lead to costly penalties. "I worry that something bad must have happened," she said.

Health-Care Firm's Chief To Depart Over Stock Options (WP/AP)

By Joshua Freed

The Washington Post, October 16, 2006

UnitedHealth Group Inc., one of the largest managed health-care companies, said yesterday that chairman and chief executive William W. McGuire will step down, after months of questions about the timing behind his stock option grants.

The Minnesota-based company said McGuire will step down immediately as chairman and as a director. It said that McGuire would continue as chief executive until Dec. 1 at the latest and that he would "assist in an orderly transition to new leadership."

The company named Stephen Hemsley, currently president and chief operating officer, to be the new chief executive. It also installed Richard Burke, the founding chief executive of UnitedHealth's predecessor company, as chairman.

UnitedHealth also said that board member William G. Spears was resigning and that General Counsel David J. Lubben would retire.

The overhaul comes after directors received an outside report they commissioned to look at UnitedHealth's options-granting practices. McGuire had been under pressure since the Wall Street Journal reported in March that he received stock options on the days the company's stock price hit yearly lows in 1997, 1999 and 2000. The timing of those options is unlikely to have worked out that way unless the grants were backdated.

Because an option's price is set according to the stock price on the day of the grant, a low stock price makes an option more valuable.

Backdating stock options isn't always illegal, but failing to disclose it can trigger tax and regulatory problems. Indeed, in May, UnitedHealth acknowledged a "significant deficiency" in its handling of stock options and said it may have to restate as much as $286 million in earnings for 2003, 2004 and 2005.

UnitedHealth has disclosed that the Internal Revenue Service asked it for documents dating to 2003 concerning stock options and other compensation for some executives. It has also been subpoenaed by federal prosecutors.

On Sunday, the company released a report by an outside law firm that examined 29 options grants made between 1994 and 2006. The report found that most of those options grants didn't show a written grant date or price until weeks or, in one case, nearly a month after the grant date. The report concluded that "many of the options grants were likely backdated."

The report found eight cases where options were granted on the lowest price of the quarter, all of them before Aug. 29, 2002, when the Sarbanes-Oxley law began requiring quicker disclosures of stock options grants. After that, the number of such well-timed options grants dropped to zero.

McGuire had $1.6 billion in exercisable options at the end of 2005.

UnitedHealth In Shake-Up Over Options (LAT)

By Lisa Girion

The Los Angeles Times, October 16, 2006

The chief executive of one of the nation's largest health insurance companies retired under pressure Sunday, the latest executive to fall in an options-based pay scandal that is unfolding at scores of companies nationwide.

UnitedHealth Group Inc. announced that William McGuire, 59, was leaving — along with a director who oversaw executive compensation and the firm's top lawyer.

The announcement came in the wake of a board-commissioned investigation that found that stock option grants were "likely backdated" to allow insiders to maximize financial gains.

President and Chief Operating Officer Stephen Helmsley was tapped to replace McGuire. He said little about the stock options controversy in a statement released Sunday.

"In light of the recently completed investigation, I have determined that it is in the best interests of the company that I assist Steve Helmsley in an orderly transition to succeed me as CEO," McGuire said.

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UnitedHealth doubled its presence in California last year when it bought Cypress-based PacifiCare Health Systems Inc. for $9.2 billion.

During McGuire's 15-year tenure, UnitedHealth's share price increased fiftyfold and he amassed a potential fortune in unexercised stock options. Now, U.S. and state regulators are probing the dating of the stock options.

An investigation by a law firm hired by UnitedHealth's board concluded that 1.5 million options — most of which were granted to McGuire as a part of his 1999 compensation package — were "likely backdated."

The results of that investigation — given to board members last week and made public Sunday — were viewed as creating pressure on McGuire to leave.

Yet, because the investigation had been underway for more than six months, there was a sense among investors until only recently that McGuire would survive the scandal, said Sheryl Skolnick, an analyst at CRT Capital in Stanford, Conn.

"I don't think anybody expected Bill to be forced to retire," she said.

McGuire's departure was announced only days after the leaders of two technology companies stepped down, all signs of the growing scope of a scandal over once-hidden stock option practices designed to pad insiders' compensation packages.

Various government investigators have drawn more than 100 companies into their crosshairs, and analysts said the shake-ups in the executive suites suggested corporate boards were rushing to clean house before potential crackdowns by federal regulators or prosecutors.

"If there's a problem, and it's traced to the CEO, then boards have to take the appropriate action," Skolnick said.

McGuire, who also served as chairman of the Minnetonka, Minn.-based company, relinquished that post as well Sunday. The company said he would remain CEO as late as Dec. 1 to assist in the transition.

The terms of McGuire's parting, "including other options issues and financial benefits," were still under discussion, the company said.

McGuire also agreed to reprice all stock options awarded to him from 1994 through 2002 to the annual high share price for each year to eliminate any financial benefit from backdating.

Before the repricing, McGuire's options were reported to be worth more than $1.6 billion.

Helmsley, who the investigation's report said received 500,000 of the questionably timed options, also agreed to reprice his options.

The scandal was touched off by a Wall Street Journal report in March. It questioned whether UnitedHealth and other companies had dated executives' options, after they were granted, to when the shares dipped particularly low in order to maximize the recipients' gains.

The newspaper reported that McGuire received options on the days UnitedHealth's share price hit annual lows in 1997, 1999 and 2000 — timing that was all but impossible by chance.

The legal and tax problems surrounding backdating involve inadequate disclosure. UnitedHealth said in May that because of a "significant deficiency" in its handling of options, it may have to restate as much as $286 million in earnings for 2003, 2004 and 2005.

In its report, the law firm that investigated the options granting at UnitedHealth found that the board's compensation committee was kept in the dark about details such as the dating of options.

Another problem, it said, was that the board was not informed of the full extent of financial relationships between McGuire and William Spears, who was chairman of the compensation committee at the time the CEO's 1999 compensation package was put together.

"An appropriate tone at the top, adequate controls and discipline over the option granting process, and management transparency with the board and its committees on executive compensation matters are basic and critical to the integrity of option grants," the report said. "There were various failings in these areas."

General counsel David J. Lubben and Spears also are leaving, the company said.

Analysts said investors still had to worry about lawsuits and whether the government probes would find criminal wrongdoing by individuals or the company.

McGuire, a trained physician from Texas who towers over most colleagues, ascended to the helm of what was then a regional healthcare company in 1989.

Through a series of acquisitions, he turned UnitedHealth into an managed-care leader with nearly 30 million enrollees across the country.

In a note to employees, McGuire took pride in his role in UnitedHealth's transformation.

"We have made significant advances in improving access to care, fostering greater affordability and enhancing the quality of healthcare for all individuals," he said. "At the same time, we have built a vital and sustaining company serving a diverse group of customers, healthcare providers, and certainly shareholders."

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One of UnitedHealth's latest acquisitions was last year's purchase of PacifiCare. But the ownership change may have gone largely unnoticed by patients because the company kept the PacifiCare name in the state.

With the acquisition of PacifiCare's Secure Horizons HMOs, UnitedHealth vastly expanded its slice of the rapidly growing Medicare market.

But that government business could be at issue if prosecutors seek criminal charges against the company. In the event of a conviction, the government could move to have UnitedHealth excluded as a Medicare and Medicaid contractor, analysts said.

The board announced a series of operating and governance changes Sunday and installed UnitedHealth founding CEO Richard Burke as chairman.

Options scandals are roiling across the corporate landscape. More than two dozen executives have quit or been fired amid probes over the backdating of stock option grants to enrich corporate insiders.

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Embattled CEO To Step Down At UnitedHealth (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, October 16, 2006

The scandal over backdated stock options claimed one of corporate America's most successful chief executives, William McGuire of UnitedHealth Group Inc., who agreed to leave the giant health insurer after an internal probe concluded that the stock-option grants that have brought him a huge fortune were likely manipulated.

The probe's findings, released yesterday, provided a detailed picture of how stock-option backdating worked at the company, offering glimpses of cronyism and a culture in which vast sums of compensation were handed out with few controls or written records. Among the troublesome option grants detailed in the report was a massive 1999 award to Dr. McGuire that ranks among the most lucrative ever. UnitedHealth said Dr. McGuire would immediately relinquish the chairman's post and step down as CEO by Dec. 1. Also leaving is William G. Spears, a member of the board's compensation committee who had deep financial entanglements with Dr. McGuire, which were undisclosed to investors, and David Lubben, the company's general counsel.

With the UnitedHealth departures, more than 30 top corporate officials will have lost their posts in the wake of the options-manipulation investigations that have engulfed more than 100 U.S. companies over the past several months. Dr. McGuire is the fifth CEO in the past week to depart in the still-burgeoning scandal.

Dr. McGuire will be replaced as chief executive by his longtime lieutenant, Stephen Hemsley. The probe, conducted by the law firm of Wilmer Cutler Pickering Hale & Dorr, found that Mr. Hemsley received backdated grants, but largely cleared him of a major role in their creation. Richard T. Burke, a director and former UnitedHealth CEO, was named nonexecutive chairman.

At the end of last year, Dr. McGuire's cache of unexercised options was valued at $1.78 billion, a sum far greater than any other U.S. corporate chieftain. Yesterday, UnitedHealth said he agreed to have all of the options issued to him from 1994 through 2002 repriced, likely cutting tens of millions in dollars from their value. But the company left open other financial arrangements with Dr. McGuire, and the exact terms of his departure are likely to be the subject of intense negotiations.

UnitedHealth, which is based in Minnetonka, Minn., and has a market capitalization of $66 billion, also is being investigated by the Securities and Exchange Commission, by federal prosecutors in New York, and by the Minnesota attorney general. The probe by WilmerHale was headed by William McLucas, a former director of the enforcement division of the SEC. It examined 29 of the largest options grants at UnitedHealth over a 12-year period, and concluded that most likely were backdated to benefit insiders.

Options are designed to give recipients the opportunity to profit if the company's share price rises in the future. Grants typically are structured so that the recipient can buy shares later at the stock's market price on the day the option was granted, or the exercise price. Backdating involves pretending that the grant was awarded on an earlier day, when the share price was particularly low, giving the recipient a chance at extra profit.

Although couched in careful language, the 14-page WilmerHale report suggests that Dr. McGuire misled lawyers conducting the probe of the options grants at issue. To the end, Dr. McGuire insisted that year after year he actually did call or otherwise contact a compensation-committee member to set an options grant in motion on what, in hindsight, turned out to be a wildly favorable day.

"Certain facts run contrary to this assertion," the WilmerHale report says, citing memoranda Dr. McGuire wrote on or after the purported grant dates referring to possible grants in the future tense. The report also takes a skeptical view of the circumstantial evidence presented by Dr. McGuire to document that the compensation-committee notifications did in fact take place.

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Dr. McGuire's lawyer, David M. Brodsky, declined to comment on the WilmerHale report. A spokesman for Mr. Spears also declined to address it, saying only that Mr. Spears was proud of his 15-year service on the UnitedHealth board. Mr. Lubben couldn't be reached for comment.

The lawyers conducting the probe also noted that of the 27 grants between 1994 and August 2002 under review, eight were given at the lowest price of the quarter in which they were dated, and another eight were either at the second-lowest or third-lowest price of the quarter. It was the improbability that such fortunate dates were chosen by chance -- the essence of Dr. McGuire's contention -- that helped persuade the board that he needed to leave the company, according to a person close to the situation.

The 29 grants examined in depth in the report covered 85% of all the options granted in the 12-year period. Of those 29, WilmerHale's Mr. McLucas said there were "relatively few instances in which there is either direct or circumstantial evidence to establish that a grant date was selected on that particular day." The first written evidence of a grant in the company's files often appeared weeks after the grant date, and in at least one case, a month later.

The WilmerHale report prominently cites a March 18 article in The Wall Street Journal that focused on options-grant patterns at UnitedHealth and other companies and suggested that the unusual patterns were indicative of possible backdating. The report says the Journal article prompted an SEC inquiry, and also the hiring of WilmerHale to do the probe. The Journal's analysis found that the odds were infinitesimal -- about 200 million to one -- that Dr. McGuire's grant pattern at UnitedHealth occurred by chance.

In the mid-1980s, Dr. McGuire quit clinical practice as a pulmonologist, or lung specialist, to hitch himself to the health-insurance boom. He presided over stratospheric growth at UnitedHealth -- the company's stock rose some 50-fold during his tenure. He is credited with savvy investments in technology, smart deal making and a visionary strategy that turned the company into a powerful force in American medicine.

Along the way, he appears to have paid close attention to stock options.

Year after year while at the helm of UnitedHealth, Dr. McGuire received giant option grants. In many of those years, the purported dates were suspiciously fortunate. Between 1994 and 2002, he received 12 grants, each dated just before a sharp rise in the company's share price. Three grants -- in 1997, 1999 and 2000 -- were dated on the day of the stock's lowest closing price of the year.

The WilmerHale report, which is far more detailed than disclosures made by other companies embroiled in the stock-option scandal, concludes that Dr. McGuire selected the dates for options awarded to employees below the rank of top executive by signing "CEO certificates." They were "typically executed subsequent to the date on the certificate," the report says.

For grants to top executives, he was "central to the options process," the report says.

The troubles with the 1999 grant, which is dated Oct. 13, the very day of the stock's lowest closing price that year, appear to have been central to Dr. McGuire's ouster. The grant, which was composed of three slices, covered some 1.825 million options; that's the equivalent of 14.6 million options today, taking into account subsequent stock splits. Excluding the small piece he has already cashed out, it is valued at some $600 million at today's prices.

The report says that the grant was likely backdated. A one-million-share slice was issued supposedly in connection with Dr. McGuire's 1999 employment agreement, which the report says wasn't signed until December. Another chunk of the option was referred to by Dr. McGuire in the future tense in a memorandum dated as late as Oct. 22.

The anticipated repricing of the 1999 award from the year's low point to the year's high point -- some 60% higher -- will cost Dr. McGuire about $50 million.

The probe found that the director heading up the negotiations over the 1999 grant, Mr. Spears, had financial entanglements with Dr. McGuire. Starting in 1992, Mr. Spears served as a trustee for two of Dr. McGuire's children's trusts, according to the report. For more than a decade, Mr. Spears also acted as an investment manager for Dr. McGuire and his family, with the amount of McGuire family money under the firm's management hitting $55 million in 2006, the report found. In addition, in June of 1999, Dr. McGuire invested $500,000 in Mr. Spears's money-management firm, it said.

Mr. Spears and Dr. McGuire say they thought the board was aware of the money-management relationship, according to the report. An email uncovered during the investigation that appears to have been sent from the general counsel, Mr. Lubben, to an outside lawyer, outlined the relationship and stated that there had been a disclosure to the full board of the "conflict."

But there is no documentation to confirm that the disclosure took place then, the report says. No director recalled being told about the money-management relationship or the investment in Mr. Spears's firm before the 1999 contract negotiations. And the directors told the WilmerHale lawyers that they first learned of Dr. McGuire's investment in Mr. Spears's firm after they were told of it by investigators.

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As for Mr. Lubben, the report blames the legal department, headed by him, for shoddy record keeping. The report states that most of the compensation committee minutes are either "entirely silent" on the matter of stock-option discussions or make vague, incomplete or misleading references to what happened.

The lack of records may pose a challenge to federal investigators who may seek to rebut Dr. McGuire's claims that actual meetings or conversations occurred when he said they did.

Mr. Hemsley, Dr. McGuire's successor, has also amassed a sizable options-related fortune. Dr. McGuire is far and away No. 1 on a list of executives ranked by outstanding options value, according to the ExecuComp database of more than 1,500 companies; Mr. Hemsley is No. 2, comfortably ahead of the next-ranked executive.

A looming question is what will happen to the valuable grants that Dr. McGuire hasn't yet cashed out. The total is less than $1.78 billion today, in part because of a recent decline in UnitedHealth's share price, and in part because Dr. McGuire cashed out a small fraction of his options in February, reaping $124 million in profit.

The news release issued yesterday by UnitedHealth characterized Dr. McGuire's departure as stepping down. Exactly what that means will be key to determining what he will reap. His employment contract allows him in some cases to maintain at least a portion of his option grants for years after he leaves, depending on how the departure is characterized.

In a statement, Dr. McGuire said he "decided to retire" after 15 years at the insurer's helm. "In light of the recently completed investigation, I have determined that it is in the best interests of the company that I assist Steve Hemsley in an orderly transition to succeed me as CEO," he said.

UnitedHealth said it was "engaged in discussions with Dr. McGuire concerning the terms of his departure from the company, including other options issues and financial benefits." If those discussions aren't amicably concluded, that could set the stage for acrimonious litigation. If Dr. McGuire were allowed to exercise all his outstanding options, UnitedHealth would issue him shares covering about 2% of the company -- a move sure to rankle shareholders. The company faces a litany of litigation already from shareholders.

UnitedHealth's Next Challenge Is Uncertainty (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, October 16, 2006

Sting of Backdating Scandal May Continue to Weigh On Shares; What Does CEO's Exit Mean?

With William McGuire forced out from the helm of UnitedHealth, investors will start sorting out whether the company's management team can get it back on track without the man who built it.

Despite the obvious challenges ahead, some investors and analysts say it can.

Since Dr. McGuire was named chief executive in 1991 and set about transforming the also-ran regional health management organization into a national health-insurance heavyweight, UnitedHealth's stock has soared 50-fold, even after the lumps it has taken lately.

The performance has made heaps of money for many investors, and also for Dr. McGuire. It is now clear Dr. McGuire and other insiders also gained enormously from stock options with grant dates that had been backdated to days with low share prices, potentially increasing their value. The timing of the options led to his troubles with regulators and the company's board , whose meeting yesterday prompted his retirement.

The options scandal also has led to the possible restatement of several hundred million dollars in earnings, potentially hefty tax penalties, shareholder lawsuits and a criminal probe.

The Minnetonka, Minn.-based company is expected to generate 2006 revenue of $72 billion -- compared to just $847 million in 1991 -- largely from selling health-insurance products to employers, individuals and administering private Medicaid and Medicare plans. It has also branched out to other health-services businesses.

UnitedHealth has one critical factor working in its favor: It is known for its deep bench of management talent. It also has a management factor working against it: The man named to replace Dr. McGuire, the company's president and chief operating officer, Stephen Hemsley, has stock-options issues of his own, though UnitedHealth's board generally cleared him of close involvement in the options-granting process.

Against that backdrop, investors need to decide whether to sell the stock because the company could struggle without Dr. McGuire's leadership, or to buy it because the uncertainty about the stock-options scandal is closer to being resolved.

It is the difference between giving UnitedHealth the Fiorina treatment and giving it the Greenberg treatment.

In 2005, the week Maurice "Hank" Greenberg stepped aside as chief executive at AIG, the insurance titan he helped build, its share price fell more than 7%. Though the move helped the company take a step toward resolving an accounting scandal with regulators, Mr. Greenberg was the driving force in AIG's culture.

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On the other hand, Hewlett-Packard shares soared after Carly Fiorina was ousted, also last year, as its CEO, rising 7% the day the news became public, in part because investors had doubts about the merger she helped engineer with Compaq Computer.

Hewlett-Packard's shares have continued to rise since; AIG's shares have barely recovered.

The prospect of Dr. McGuire's departure has already played a role in driving a 23% decline in UnitedHealth's stock since the issue was exposed in The Wall Street Journal in the spring. The decline also reflects expectations of a hit to earnings, as well as the possibility of payouts for shareholder lawsuits.

Matthew Borsch, an analyst at Goldman Sachs who has a sell rating on the stock and says the company still faces tough headwinds despite the resolution of Dr. McGuire's fate, says the restatement itself shouldn't dent the company's enormous earnings power. It registered net income of $3.3 billion last year, and the company said in May it might restate up to $286 million in earnings, though it has suggested since that that figure could be revised.

Some will argue that Dr. McGuire leaves a company that relies far less on his strategic thinking than it did 10 or even five years ago. "It's been remarkable what he's done," says Joseph France, an analyst at Banc of America Securities who rates UnitedHealth shares as "neutral." But "maybe a different skill set is called for now."

A pulmonologist by training, Dr. McGuire resurrected UnitedHealth from a small, financially troubled HMO into a health-care empire valued at more than $60 billion today. He drove UnitedHealth's expansion into businesses beyond commercial health insurance, jumping into growth areas such as elder-care services, private Medicaid plans and banking services around the new field of health savings accounts. He also led the industry in dropping restrictive and much-hated managed-care practices, such as requiring doctors to ask for permission when ordering tests.

In the second quarter, UnitedHealth's earnings climbed 26% to $974 million on a 57% jump in revenue to $17.9 billion. Analysts expect continued growth, with the consensus calling for a 19% increase to $2.95 per share this year and a 16% jump in 2007 to $3.41 per share.

UnitedHealth shares are trading at nearly 18 times estimated 2006 earnings. That makes the company just a little bit more expensive than rivals WellPoint Inc. and Aetna Inc. But UnitedHealth is one of the biggest generators of free-cash flow -- $3.8 billion in 2005 -- and its earnings also are climbing faster than the industry average.

That puts the company in solid shape to deal with the health-insurance industry's shifting landscape today -- and less dependent on a visionary like Dr. McGuire, analysts say. Though it is the second-largest U.S. health insurer in terms of overall health plan members behind WellPoint, UnitedHealth is the leader where the market is growing most: In Medicare and senior-related health-care services, and the burgeoning area of high-deductible and savings account-linked health plans.

It has also acquired technology companies that write software needed by its rivals to measure hospitals and doctors on performance as employers increasingly demand more cost and quality information from them.

Many of the company's biggest operational decisions are made by the chiefs of its four divisions, whose businesses include employer health plans; Medicare and Medicaid products; specialized services such as dental plans; and technology.

The company's raft of acquisitions, including PacifiCare Health Systems, Oxford Health Plans and Definity Health, in recent years also has deepened UnitedHealth's management bench.

The most challenging situation for many investors now may not be Dr. McGuire's status. It might be sizing up Mr. Hemsley, a former chief financial officer at Arthur Anderson recruited by Dr. McGuire in 1997. He has been the key executor of Dr. McGuire's strategy, appreciated by investors for his operational skills and widely seen over the years as his eventual successor. Many will see his appointment to CEO as a continuum of UnitedHealth's current strategy.

"It might be seen as better than the worst-case scenario. If Hemsley had left too, many investors would have seen this as a complete leadership disruption," says Mr. Borsch.

But Mr. Hemsley, who also has amassed a considerable fortune in company stock-options grants, is included as a defendant in several of the options-related shareholder lawsuits against the company, partly because he also received grants on favorable dates. Should those grants produce legal problems for Mr. Hemsley, the problem for UnitedHealth might not go away, analysts say. But the board's decision to elevate him could be seen as a vote of confidence about his own legal questions, and his leadership.

Dr. McGuire and Mr. Hemsley both agreed to have all of their options through 2002 repriced.

The company has other leaders in its ranks to complement Mr. Hemsley, including former Northwest Airlines CEO Richard Anderson, who joined UnitedHealth in November 2004 as an executive vice president.

While Mr. Hemsley gets much of the credit for making UnitedHealth more efficient and for integrating acquisitions into its systems, Mr. Anderson is seen as being more experienced at operating in the public eye. Some analysts say this is exactly what UnitedHealth needs as the health-insurance market gets more competitive, creating tougher demands from hospitals and employers.

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Accounting Firms Ally To Take On The Big 4 (WP)

By Kim Hart

The Washington Post, October 16, 2006

For more than a decade, many smaller Washington-based accounting and consulting firms have aligned themselves with one of four larger networks that represent mid-size regional firms. Now one of those networks has gone a step further: banding its member firms together to act as one company.

The network, called Baker Tilly USA, opens for business today, combining 22 mid-size accounting firms from around the country, including Beers & Cutler PLLC locally. The alliance plans to offer tax, audit and consulting services to capture more of the accounting market, a strategy other accounting networks plan to adopt over the next year.

"We're coming at a time when the business market is crying out for alternatives to the Big Four, and we believe our structure can fill that void," said Geoff Barnes, chief executive and president of Baker Tilly International, a worldwide consortium of 125 firms.

The dissolution of accounting giant Arthur Andersen in the Enron scandal, and the more stringent internal accounting controls required by the Sarbanes-Oxley law, created more demand for the Big Four -- Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP -- particularly from the nation's largest public companies.

Second- and third-tier accounting firms often found it difficult to move up the accounting ranks because larger clients typically require industry-specific skills and global reach, which many regional firms do not have.

"Companies have been gun-shy about leaving the womb of the big firms," said Allan D. Koltin of PDI Global Inc., a marketing consultant for accounting firms. "The idea of the one-firm concept is to bring a unique and distinct brand that CEOs and CFOs can feel more comfortable about because they have the resources of their affiliate firms behind them."

Decreased competition in the accounting industry has sparked concern by industry experts and government agencies. In a 2003 study, the General Accounting Office found that smaller accounting firms faced significant barriers to entry into the large public company audit market.

"There is a name-brand effect in the industry," said James Peters, chairman of the accounting department at the University of Maryland at College Park. "It's still going to be very difficult to capture companies out of the Big Four's key market."

Firms in alliances such as Baker Tilly USA "have a better chance of competing with the second-tier firms," which include RSM McGladrey Inc., Grant Thornton LLP and BDO Seidman LLP, he said.

Beers & Cutler, with a staff of 270, specializes in the government contracting, real estate, law firm and automotive sectors. The firm will share that expertise with other Baker Tilly members, said R. Edwin Offterdinger, managing partner.

Sharing institutional knowledge with other firms under a larger umbrella organization could threaten the identity of individual firms. "But it's a dual branding strategy that, if executed properly, will only enhance the brand," Offterdinger said.

Three other networks of accounting firms are preparing to introduce their alternatives. Moores Rowland North America, the Leading Edge Alliance and Moore Stephens North America also include firms based in the Washington area: Aronson & Co., Argy Wiltse & Robinson PC, and Goodman & Co., respectively.

Those groups, with Baker Tilly, represent about two-thirds of the nation's top 100 accounting firms, Koltin said.

Baker Tilly's total workforce of about 8,000 is far smaller than the staffs of the largest firms. Ernst & Young, for example, has 26,000 U.S. employees, and PriceWaterhouseCoopers has about 30,000. They each have around 140 affiliate offices around the world; Baker Tilly has 93.

But networks like Baker Tilly stand to benefit from the large number of smaller, non-global businesses "left behind" by the Big Four in recent years, Koltin said. According to CCH Inc.'s Public Accountant Report, revenue rose 21.9 percent for firms outside the Big Four in 2005, while the top firms' revenue rose 14.7 percent.

The new alliances "will become four very significant pillars that realize that, if they create depth and resources, they can have tremendous competitive advantage against all other firms in the marketplace," Koltin said.

SEC To Ease Margin Rules In Cost-cut Move (FT)

By Jeremy Grant In Washington

Financial Times, October 16, 2006

The US is set to relax margin rules in force since after the Wall Street crash of 1929 with the approval of a system that will cut securities trading costs and pave the way for “multi-asset” trading across equities, options and futures.

The move removes a key barrier to the competitiveness of the US capital markets as similar margin rules already exist in Europe, attracting increasing numbers of hedge funds to London.

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It comes as many US exchanges are trying to expand the mix of their businesses towards a combination of equities, options and futures.

This is in response to demand from hedge funds and other traders who increasingly prefer to trade such assets simultaneously.

The Securities and Exchange Commission's staff has approved an application by the New York Stock Exchange for a new type of "portfolio margining" account that calculates margin based on the types of assets held in the account and the interplay between them.

It will provide an alternative to the "Reg T" margining system, under which the Federal Reserve and NYSE set margins for stock trading at up to 50 per cent.

Hedge funds complain that this needlessly ties up funds in margin, limiting the funds' leverage.

They also say it arbitrarily sets margin levels regardless of the types of assets and trading strategies being used, as electronic, algorithmic trading makes such trading more complex.

Grace Vogel, executive vice-president of member firm regulation at the NYSE, said the new account would use a margining system developed by the Options Clearing Corporation, a clearing house for the six US options exchanges. It would take into account when an investor's exposure to one asset, such as an IBM stock, was already being offset by a position in another, such as an option on IBM stock.

"The current rule does not recognise enough hedging strategies between options and stocks," Ms Vogel said. "[Reg T] has served us well over the years but I think we're ready to take a step in the direction of having more risk-based margining."

She said that in some cases margin could be reduced to 15 per cent. Bob Colby, deputy director of the SEC's division of market regulation, said the staff's recommendation would be put to the agency's five commissioners "in weeks".

"It's a big change, and that's why we'd like the commission to consider it," he told the Financial Times. The move is expected to be approved by a majority of commissioners.

Gary de Waal, general counsel at broker Fimat, said: "If portfolio margining is approved for the US it is as significant an event as when prime brokerage first became available. It is a major milestone."

US Rethink On Hedge Fund Rules (FT)

By Jeremy Grant In Washington

Financial Times, October 16, 2006

Top US policymakers believe fresh regulation of hedge funds may be needed to avoid a catastrophic hedge fund failure and that relying on banks and other counterparties to manage their exposure to the booming industry may no longer be enough.

The development marks a shift in thinking on hedge fund oversight since a US court in June struck down a rule that hedge fund managers register with the Securities and Exchange Commission.

Hedge funds have since been in regulatory limbo.

The $6bn losses at hedge fund Amaranth have thrust into the spotlight concerns over the systemic risks associated with the $1,500bn industry.

Since the collapse of Long Term Capital Management in 1998, the President's Working Group on Financial Markets – made up of the Federal Reserve, Treasury, SEC and Commodity Futures Trading Commission – has believed that counterparty risk management is the best way to guard against risks to the financial system posed by hedge funds.

Ben Bernanke, US Federal Reserve chairman, in May expressed scepticism about giving regulators more oversight over hedge funds, saying that allowing hedge funds and trading partners to manage risk in the sector made "economic sense".

However, one senior official close to the group said the explosive growth of such funds, the leverage available and the increasing exposure of pension fund money to them had cast doubt on that approach.

Speaking on condition of anonymity, he said: "It's an unavoidable question that you ought to look comprehensively at how this framework is working . . . Is counterparty risk management still the right approach?"

A senior SEC official said: "There's an opening to thinking about alternatives."

One focus of concern was that hedge funds had access to financing from multiple prime brokers.

"Several years have passed [since LTCM], hedge funds are bigger and significant developments have taken place not just in the mechanics of the prime brokerage business but also the way in which leverage is provided," the first official said. "The real concern is the transmission mechanism of the failure of a hedge fund into entities of a size that really are of systemic consequence for the [financial] system. You don't want the failure of a hedge fund to bring down a Morgan Stanley or a JPMorgan."

With billions of dollars in pension plan money expected to flow into hedge funds in the next few years, policymakers also needed to consider ways to improve investor protection.

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"One idea would be to say there are certain things that pension plan administrators need to do before you invest into hedge funds," the official said. "You could see an overall package of measures evolving over time."

CRIMINAL LAW:

Feds Search For Causes Of Rise In Violent Crime (USAT)

By Kevin Johnson, Usa Today

USA Today, October 16, 2006

WASHINGTON — Teams of federal investigators looking to curb increases in murder and robbery will visit several U.S. cities in order to pinpoint the root causes of community violence, the Justice Department is expected to announce today.

U.S. Attorney General Alberto Gonzales plans to outline the initiative in an appearance at the annual meeting of the nation's police chiefs in Boston, the Justice Department said.

The Justice review comes after the Police Executive Research Forum, a national police advocacy group, reported last week that murder, robbery and assault offenses had increased substantially in a cross-section of cities during the first six months of 2006.

Last month, the FBI's national crime report for 2005 also revealed a nearly 2% increase in the nation's murder rate after a two-decade low in 2004.

The federal program will dispatch investigators to several cities during the next few weeks to look at possible causes of increased violence, according to an outline of the initiative provided by the Justice Department. The department didn't identify the cities.

Teams also are scheduled to visit communities where crime has declined to determine which crime-prevention tactics have been most effective, the Justice Department said.

Chuck Wexler, executive director of the Police Executive Research Forum, called the Justice Department review "an unprecedented effort" to assess the level of violence. "It's important for the Justice Department to get into these cities," Wexler said.

The Justice Department has maintained that the crime rate in 2005 was at a "near-record low" level. But the department said it was proceeding with the review "as a proactive measure" because of the surge in homicides and the overall increase in violent crime in 2005 reported last month by the FBI.

Abramoff Associate Met Bush Officials 12 Times (FT)

By Stephanie Kirchgaessner

Financial Times, October 16, 2006

A lobbyist associated with Jack Abramoff, the convicted former "superlobbyist", met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress.

White House officials' meetings with Shawn Vasell, a former associate of Mr Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform.

A spokesman for Mr Abramoff, who pleaded guilty to corruption charges this year, declined to comment. As payment for Mr Abramoff's lobbying effort to scupper anti-gaming legislation, Gibraltar-based International Interactive Association (IIA) spent millions of dollars on fees to Greenberg Traurig.

The effort was largely effective until recently, when Congress passed a bill that, in effect, criminalised gaming.

IIA, represented by James Levy, of Gibraltar-based law firm Hassans, has sought to distance itself from its ties to Mr Abramoff by asserting that, in common with his other clients, it was unaware of the lobbyist's shenanigans. These included the fact that IIA contributed $2m (€1.6m, £1.1m) to charities that Mr Abramoff used to disguise payments to other organisations.

Tax records and the documents released by Congress show that IIA made -donations in 2003 to the National Center for Public Policy Research (NCPPR), a conservative group, and -Capital Athletic Foundation, a charity controlled by Mr Abramoff.

Robert Litt, an attorney at Arnold & Porter, another law firm representing IIA, said the $2m was contributed to the charities without IIA's knowledge, from fees it paid Greenberg Traurig. "IIA retained Greenberg Traurig to do lobbying and, not to put too fine an edge on it, it appears Abramoff stole their money," he said.

But in e-mails released by Congress, Amy Ridenour, the president of NCPPR, told Mr Abramoff in 2004 that she intended to send a letter to IIA to confirm that the $1.5m her organisation had received had, in fact, originated from IIA.

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In an unsigned letter provided to the Financial Times by IIA – that Mr Litt said it sent to Ms Ridenour in August 2004 in response to her query – IIA said it had "no information" about the payments.

Today IIA still uses Greenberg Traurig as its primary lobbying firm in Washington.

Mr Litt said that, after the departure of the person who missapplied IIA's fees, it had no reason to doubt the honesty of Greenberg Traurig.

Mehlman Denies Role In Ousting Of Official (FT)

By Stephanie Kirchgaessner

Financial Times, October 16, 2006

Ken Mehlman, the powerful chairman of the Republican National Committee, was on Sunday put on the defensive about his alleged role in the ousting of a State Department official in 2001 who was a political foe of Jack Abramoff, the former "superlobbyist" convicted on corruption charges this year.

Mr Mehlman said he did not recall the specifics of the removal of Allen Stayman, who supported changes to labour laws on the Northern Mariana Islands, an important client of Mr Abramoff, but said it was "not true" he had the authority to fire anyone in his former role as political director at the White House.

With mid-term elections looming on November 7 and the Republican party struggling to hold on to its majority in Congress, questions about Mr Abramoff's ties to the party as well as its response to the Mark Foley congressional sex scandal could not have come at a worse time.

The ties between Mr Mehlman and Mr Abramoff, which were highlighted in a report by the Los Angeles Times on Sunday, follow the release of hundreds of e-mails by a congressional committee investigating the former lobbyists' ties to the Bush administration.

The e-mails shed new light on Mr Abramoff's wheeling and dealing in Washington, including how he allegedly called in favours from a vast network of Republican allies for various political appointments and endorsements – succeeding in some endeavours and failing in others.

In one e-mail, one of Mr Abramoff's associates declared: "Mehlman said he would get him [Mr Stayman] fired."

Mr Mehlman said in an interview on CNN on Sunday that he frequently had people come to see him with political and personnel issues. "I had a way of dealing with all these matters, which is to let the policy-makers or the personnel deciders know exactly what people said. And they made the decisions," he said.

A lobbyist associated with Mr Abramoff met White House officials on 12 occasions in 2003 and 2004 on behalf of an association that represented PartyGaming and other online gaming websites, according to billing records released by Congress.

White House officials' meetings with Shawn Vasell, a former associate of Mr Abramoff, were documented by the latter's former lobbying firm, Greenberg Traurig. The documents were released following a broader investigation into contacts between Mr Abramoff's team and the Bush administration by the House committee on government reform.

Mob Trial To Start Today (SPT)

By Carrie Weimar

St. Petersburg Times, October 16, 2006

The four defendants are said to be members of the Gambino family.

TAMPA — Not so very long ago, Tampa was an underworld hub, a place where mobsters ran illegal gambling operations out of Ybor City coffee shops and killed the people who got in their way.

Those days are over, thanks largely to a crackdown by law enforcement in the 1970s and '80s. But experts say the Mafia never really left Tampa: It just changed form.

Starting today , four men alleged to be members of the Gambino crime family will go on trial in U.S. District Court in Tampa on charges of racketeering and extortion.

Prosecutors said the crew, headed by Ronald "Ronnie One Arm" Trucchio, committed a string of crimes from New York to Miami, including murder, robbery and extortion.

Trucchio, 55, and his band carved out a piece of Tampa's valet parking business and owned a company that parked cars at restaurants, hospitals and nude dance clubs, including Thee Doll House, court records show.

The stakes are high for the defendants, who face potential sentences of 20 years to life.

The trial will also offer a rare glimpse at a seamier side of Tampa.

"Organized crime is alive and well," said Ken Sanz, a special agent for the Florida Department of Law Enforcement, who investigated the Mafia for more than 30 years. "It's probably not comparable to what it was in the '80s, the '70s or the '60s, but it's here."

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For years, organized crime in Tampa was under the control of the Trafficante crime family. But the death of Santo Trafficante Jr. in 1987 brought an end to that era.

Now, mobile groups of crime associates called “crews” migrate to Florida and work independently, making payments to heads of families in New York or New Jersey.

In exchange, the remote operations are granted protection from the families against other organized crime factions, Sanz said.

“It became open territory,” he said. “Any crime family can come down here now and do business.”

That’s how Trucchio and his crew operated, according to federal documents.

Trucchio, who got his colorful nickname because of a deformed arm, started as a soldier in the Gambino crime family, one of the notorious five families that control organized crime in New York.

He was later elevated to captain or “capo” and put in charge of several crews, court records state.

Trucchio, who lived in Queens, N.Y., tapped fellow New Yorker John Alite to head Trucchio’s Tampa crew beginning about 1993, the records state.

By that point, Alite was already well-known to federal authorities. In 1989, he and another man were arrested with John A. Gotti, son of the late mob boss, all accused of beating up two men and a woman in a Long Island night club.

Alite, 43, was arrested in Brazil in November 2004. He is fighting extradition to the United States.

'All about the money’

In the mid ’90s, Alite became involved in a valet company called A&A of Tampa, which later changed its name to Prestige Valet, according to Florida business records.

Prestige had contracts with St. Joseph’s Hospital and the shops in Channelside, according to court documents.

The company also parked cars at restaurants and nude dance clubs.

Valet parking would be an attractive business for the Mafia, said Scott Deitche, the author of Cigar City Mafia.

“It’s all about the money,” Deitche said.

“They’re interested in any way they can make money and run money through. In valet parking, you’re dealing with a whole lot of cash.”

The president of Prestige Valet, Terry Scaglione, 40, was also charged in the case. His father, Nick Scaglione, was a member of the Trafficante crime family, Deitche said.

Terry Scaglione’s attorney, Pat Doherty, said his client ran a legitimate business and didn’t participate in any illegal activity.

The prosecution scored a major victory in August, when one of the defendants pleaded guilty and agreed to cooperate with the government.

In a plea agreement unsealed this month, Michael Malone admitted to robbing a Sears cashier of $20,000 in Vineland, N.J., robbing a man at Thee Doll House in Tampa and killing John Gebert in 1996.

Gebert, 30, was at Frankie & Johnnie’s, a popular bar in Queens, when he was fatally shot in the back by two men in ski masks.

Members of the Tampa crew are also accused of roughing up a gambling ring in Port St. Lucie and extorting the owner of a rival valet business, Michael Malatin.

The other defendants are Kevin McMahon and Steven Catalano.

Recalling the old days

The last major Mafia trial in Tampa grew out of the Kings Court bottle club in Holiday, Deitche said. The phony club was set up in 1979 by an undercover FBI agent named Joe Pistone, who used the alias Donnie Brasco. Pistone went on to write a bestselling book about his experiences, which was made into a Hollywood movie.

It was a wild time to be in law enforcement, said Chris Hoyer, a Tampa attorney who served on the U.S. Department of Justice Organized Crime Strike Force and helped oversee the Kings Court sting.

Hoyer watched a high-ranking sheriff’s official accept money from mobsters at the club. He also developed a grudging respect for Trafficante Jr., who developed a slew of ploys to thwart authorities.

“He used to drive 40 mph down the interstate,” Hoyer said. “It’s pretty hard to follow someone if he’s only going 40.”

The latest trial has also seen its share of drama, most of it surrounding Trucchio’s lawyer, Joseph Corozzo Jr.

Corozzo, a New York City lawyer, is the son of Joseph “Jo Jo” Corozzo, believed to be the consigliere, or counselor, to the Gambinos.

The younger Corozzo is under investigation for potential involvement in witness tampering and obstruction of justice. Federal officials said the investigation could cause Corozzo to put his own welfare above his client’s.

In May, Assistant U.S. Attorney Jay Trezevant requested a hearing to advise Trucchio of the potential conflict. Trucchio chose to remain with Corozzo, calling him his “most valuable asset.”

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But now the trial is scheduled to begin without Corozzo, who is stuck in a New York trial where he is representing another alleged Mafioso.

Instead, Trucchio will be represented by a last-minute replacement, Miami lawyer George Vila, who said he is completely unfamiliar with the case or organized crime in general.

Vila filed an emergency motion asking U.S. District Judge Susan Bucklew to delay the trial. But Bucklew refused, saying it would be unfair to the other defendants.

Security will be a concern during the trial, which could last up to two months.

In court documents filed last week, Trezevant refused a defense request to provide a list of witnesses and the order in which they will testify.

His reason: At least two potential witnesses were threatened in the past month.

Times researcher Cathy Wos contributed to this report. Carrie Weimar can be reached at cweimar@sptimes.com or (813) 226-3416.

Mob Racketeering Trial To Start Monday (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, October 16, 2006

TAMPA - Lorraine Lamendola's terrifying tale of hiding from mobsters by crawling around on the floor of her darkened house is at the heart of what the federal government says was a brutal struggle to control the valet parking business in Tampa.

While members of the Gambino crime family - once headed by the flamboyant "Dapper Don" John Gotti - carried out murders, armed robberies and drug sales in New York, New Jersey and Florida, mobsters used extortion to gain dominance over valet revenue at hospitals, restaurants and nightclubs in the Tampa area, federal authorities allege.

The fight over local parking is but one facet of a wide-ranging racketeering case slated to go to trial Monday in U.S. District Court. It is also at the center of a pending civil case in Hillsborough County Circuit Court.

The two top figures in the federal racketeering trial are Ronald "Ronnie One Arm" Trucchio and John Alite. Authorities allege Trucchio is a capo in the Gambino crime family, heading a crew of soldiers who committed crimes in three states. Alite is accused of helping Trucchio plan and participating in the criminal activity. Alite, according to the indictment, used the influence of the Gambino crime family to "create and instill fears in others," including members and associates of his own crew.

Trucchio, serving 20 years for a South Florida federal conviction, will be among the defendants to go on trial Monday. Alite is in custody in Brazil fighting extradition.

The former owner of Prestige Valet Inc., Alite is accused in court papers of extorting people who tried to compete with his company and refused to pay kickbacks.

The current president of Prestige Valet, Terry Scaglione of Tampa, is also scheduled to go on trial, also on racketeering charges. Scaglione's grandfather was Nick Scaglione, a convicted gambling racketeer who was a member of the Trafficante crime family in Tampa during the 1950s and '60s. Wanting More Money

Documents filed in the federal criminal case and the county civil case paint a picture of a violent struggle over the lucrative business of parking cars in the Tampa Bay area.

One man's struggle with organized crime is vividly described in an affidavit filed by his wife in the civil case.

In 1996, Robert Lamendola of Spring Hill was unhappy working as a plumber at Home Depot.

Thinking he could make more money for his family, he went to work for a childhood acquaintance, Alite, in the valet parking business.

Robert Lamendola became valet manager for Prestige at the Turtle Club in Clearwater.

It wasn't long before Lamendola became involved in criminal activity.

According to a federal court document, that March, Lamendola roughed up an unnamed college student who was running a sports gambling operation. He and another man, acting on orders from Alite, visited the student and took money, telling him at gunpoint he would have to pay money every week for "protection," according to a plea agreement Lamendola signed in 2002 in a deal that would put him in prison.

Lorraine Lamendola's affidavit doesn't mention her husband's crime, but gives the following account:

Robert Lamendola quickly became disenchanted with his work as a valet manager, and wanted more money. With Alite's blessing, he and his wife opened Imperial Valet in St. Petersburg in January 1997, serving mostly businesses in the Pasco County area and eventually Pinellas County. Success Brings Trouble

When Imperial Valet started getting business in Tampa, the couple's trouble with Alite began.

On instructions from Alite, Lorraine Lamendola sent the company's financial statements. In early spring 1997, Alite began demanding payments of $150 a week for each valet account. The payments lasted six or seven weeks.

After learning that Alite was in prison, Robert Lamendola met another man who said he had stronger mob ties and could help Lamendola. Feeling "empowered," Lamendola told his wife to stop sending payments to Alite.

Then the phone calls started from Alite's associates.

Robert Lamendola told his wife to send $75 a week to Louis "Duke" Mendel, president of Prestige Valet. That lasted for six to 10 weeks.

During the early summer of 1997, Robert Lamendola got into a fist fight with Mendel at Revelations, a Tampa nightclub, after Lamendola expressed interest in bidding for the club's business.

Alite then demanded copies of all of Imperial Valet's Tampa contracts. Robert Lamendola notified his Tampa clients that his company was being "muscled out of the business by the Mafia and Prestige Valet."

In 1997 and 1998, Alite would call the house and leave threatening messages on the answering machine. "I know where your kids go to school." "Listen to me and listen good. Just remember this - your [expletive] husband will be the first guy I see when I get out, and I will get out."

Alite was released from prison. The Lamendola phone started ringing. It was Alite's New Jersey cell phone number on the caller ID.

Then the doorbell rang. Robert Lamendola told his wife to look out the front window. There was a white van parked in front and a strange man inside. Lorraine Lamendola couldn't see who was at the door.

Later, they opened the door. There was a note. "Call me, John."

"Fearful of Alite's intentions, we crawled around on the floor and closed all of the blinds and window shades, turned off all of the lights in the house, and sat in the bathroom or the center of the living area, the only areas without windows" Lorraine Lamendola said in her affidavit. "We were forced to stay inside the house for two to three days.

"When the sun went down, we did not cook, open the refrigerator, watch TV, or do anything that would alert the outside world that we were home. During this entire time, our residence phone, as well as Robert's cellular phone, repeatedly rang for hours and hours, back to back, non-stop," first from Alite's cell phone number and then from a private number.

When they looked outside, they saw a man sitting on a lawn chair across from their house. Sometimes the lawn chair was empty.

Finally, Alite called Robert Lamendola's sister, who told him the Lamendolas were in Boston for a doctor's visit. The phone stopped ringing for two days.

Robert Lamendola purchased three guns to protect himself, including a Glock. Later, the Lamendolas' son, Michael, used the Glock to kill himself.

"I believe my son committed suicide because he was traumatized by all of the phone calls and threats to the family and all the [effects] all this activity had on the family, including Robert's transformation to an abusive and violent person," Lorraine Lamendola said in her affidavit.

In 1999, Alite, Lamendola said, threatened a 19-year-old attendant for Imperial Valet at Legend's Steakhouse in Clearwater Beach.

Alite and an associate pinned the attendant against a wall with a black Lincoln Navigator and took the cash proceeds from that night's business.

Alite told the young man he was working for Alite from now on. Prestige then took over that valet account. Civil Lawsuit Draws Attention

Robert Lamendola is in federal prison in Atlanta, serving a sentence of three years and 10 months for roughing up the college student in 1996. His projected release date is next July.

Alite no longer owns Prestige, according to Michael D. LaBarbera, attorney for the valet company.

Lorraine Lamendola's affidavit was filed by the defense in a lawsuit that has drawn the attention of federal authorities. The suit was brought by Prestige against Michael D. Malatin and his company, Healthcare Parking Systems.

Prestige accused Malatin of unfair competition. Malatin formerly worked for Prestige, and the lawsuit alleges he used his contacts there to start Healthcare Parking Systems while he still worked for Prestige.

Defending the lawsuit, Malatin claimed he, too, had been threatened by Alite. In court papers, he said he recorded several conversations with Alite at the request of the FBI.

LaBarbera said the U.S. attorney's office blocked him from investigating Lamendola's claims or even interviewing Lorraine Lamendola. A federal prosecutor argued that the lawsuit was a veiled effort to gain information about the federal investigation.

LaBarbera said his entire civil case file was subpoenaed by a federal grand jury.

The attorney said he was unable to verify any of Lorraine Lamendola's claims. He said he has represented the Scaglione family for 20 years and has never seen any evidence that Terry Scaglione is involved with organized crime.

Protecting Children From Cyberspace Invaders (MH)

By Ana Veciana-suarez

The Miami Herald, October 14, 2006

The news is full of these stories lately: adult men trolling online for young victims to seduce. It's enough to scare families right out of cyberspace.

Yet, away from the headlines, do we really know how common these cases are or how much danger our children really face online? And, do tech-savvy teens understand what they're doing when they post suggestive photos on their websites and exchange provocative messages with online buddies?

Though the Mark Foley scandal has once again focused attention on adults who engage in sexual talk with children online, direct data about Internet danger to our children is hard to come by. The figures that do exist are questioned by a number of experts.

According to the only national study of its kind of children 10 to 17, about 13 percent say they have received an unwanted solicitation to engage in sexual activity or conversation in the previous year. That figure is actually lower than the 19 percent of five years earlier, in 2000.

Those being solicited were mostly teenagers, and the material was coming from both adults and other teens. In fact, solicitations from offline friends and acquaintances grew from 3 percent of all solicitations in 2000 to 14 percent in 2005.

"We think children are going to chat rooms less and talking to strangers less often," explains David Finkelhor, director of the Crimes Against Children Research Center, which conducted the survey. ``They've either gotten the message or they've had personal experiences in these chat rooms and have chosen not to visit."

The good news, however, ends there. Aggressive solicitations -- those in which solicitors try to make offline contact with the minor -- increased among girls, from 4 percent in 2000 to 7 percent in 2005. Only two youths reported actually meeting an adult in person. (Researchers conducted telephone interviews of a statistical sampling of 1,500 young people and reported a possible margin of error of 2.5 percent.)

More young Internet users (34 percent) are also seeing unwanted sexual material online than they did in 2000 (25 percent), despite increased use of filtering, blocking and monitoring software.

Though "one case is one too many," activist Ernie Allen believes ``there is some cause for optimism. I think this is a positive indication that pounding these alerts into the heads of youth and parents is working."

Nonetheless, Allen, president of the National Center for Missing & Exploited Children, and other adults who anecdotally track online predators believe these figures don't tell the whole story. "Overwhelmingly," Allen adds, ``kids don't report when something happens to them. They shrug it off."

Xavier Von Erck, founder of Perverted-Justice.com, agrees. Most kids he talks to are either too embarrassed to say they've been solicited or fearful that their computer privileges will be taken away by panicked parents if they sound the alert. What's more, he believes, from his own experience online, that sexual solicitation of minors is relatively common.

"Any chat room we go onto, whether it's on Yahoo, AOL, Teenspot, MySpace, there's never a time we're not solicited," he adds. ``It is bad out there."

Parry Aftab, executive of WiredSafety.org, has had similar experiences. "I talk to 5,000 kids a month and almost all of them have received some kind of inappropriate communication," Aftab said. ``And it's getting worse because of the social networking sites."

CLOAK OF ANONYMITY

While the figures may be in question, experts do agree on one thing: The Internet has made sexual solicitation of minors easier and has allowed men who might not have otherwise acted on their impulses to do so under the cloak of anonymity.

"The Internet is a wonderful thing, but it's both a blessing and a curse," says Allen. ``In the physical world, if you're 40 years old and you want some kind of access, you have to directly approach the child, and then it's tougher to break down inhibitions. The Internet has provided a venue, a way for a lot of these people who have the interest or inclination to do what they want to do without directly risking the social stigma."

It is the same kind of anonymity that allows the predator to disguise not only his own identity but his intentions during the initial contacts, or at least until he has befriended the minor by showing interest and offering a sympathetic virtual ear. This kind of "grooming," says Aftab and others, is found in the released Foley messages as well as exchanges by other men.

"A lot of people will cross the line -- or at least put out feelers -- on the Internet that they wouldn't do in person," Aftab adds.

Most of those arrested are men with no criminal records, people who don't fit society's stereotype of a criminal. Many are middle- and upper middle-class men with respectable jobs and families, says Von Erck. "You can have the short, balding guy with glasses but also the tall good-looking guy," he adds. `There's no real profile."

Law enforcement officials, both nationally and locally, are focusing more resources on investigating computer-related child exploitation.

FBI GOES ONLINE

About 18 months ago, the FBI's Miami division launched a separate Crimes Against Children Squad. The squad includes about 10 undercover investigators who mostly work online. Other local agencies, such as police departments and the Florida Department of Law Enforcement, often assist.

Since the squad began, FBI agents have arrested or identified 82 suspects for a range of sex crimes against children, said Judy Orihuela, the FBI's Miami spokeswoman. A breakdown of which crimes involved an online component was not available.

The squad, which serves the Keys through Palm Beach County, also works with public schools to teach children how to stay safe. But police, like other experts, say it's ultimately up to the parents.

"We don't advocate for parents to try to keep their kids offline," said Supervisory Special Agent Terri Patterson. ``That's unhealthy. The kids have to spend time online. Their parents just have to monitor it."

These education campaigns, as well as very public arrests of men who solicit children online, have made parents and youth more aware of the dangers. Perverted Justice, an organization dedicated to outing online predators by using decoys, has teamed up with NBC's Dateline program to lure adult men who expect to rendezvous with a young sex partner. Instead, the men are met by TV cameras and, in some cases, by police.

These shows, however, may not fully address the danger a teen can find online. Reality is, many of the unsolicited comments and solicitations are actually coming from people the children have already met offline.

In the Crimes Against Children's Research Center's study, acquaintances -- mostly other teenagers -- played a growing role in many of the unwanted solicitations and in online harassment. (The study defines harassment as threats or other offensive behavior sent online to the youth or posted online about the youth for others to see.) In fact, 44 percent of online harassers were offline acquaintances, mostly peers, in 2005, compared with 28 percent five years earlier. Unwanted sexual solicitations from acquaintances were also up.

This has lead researchers to suggest that educational efforts include talks about the danger posed from acquaintances. "It's a mistaken idea for parents to think this is only stranger danger," says Finkelhor.

What's more, some youths are using their own sexuality and Internet knowledge to post provocative come-ons in chat rooms and message boards. Critics of social networking sites complain that there is little monitoring and few safeguards to protect young users. In response, MySpace and other sites have launched public service campaigns to promote safety, but it's not uncommon for teens to fib about their age.

A cursory look at online message boards also reveals teenagers posting suggestive invitations, including some with very graphic descriptions.

"It's a good idea for parents to have a frank conversation with their children," Finkelhor says. `At the same time we have to realize that the real danger comes in the way kids think and feel that they're having an adventure by participating in some kind of exchange. They don't think anything can happen to them."

Miami Herald staff writer Steve Rothaus contributed to this report.

Rape Accusation Has Ruined Lives, Students Say (NYT)

By Duff Wilson

The New York Times, October 16, 2006

In their first news interviews, three former Duke University students told the CBS News program “60 Minutes” that they were falsely accused of raping a woman hired to dance at a lacrosse team party last March.

One of the men has graduated from Duke, while the other two, who were sophomores, have been suspended from the university pending the outcome of the case, they said on the program, which was shown yesterday. They are free on $100,000 bail while awaiting a trial expected to start next spring.

“This woman has destroyed everything I worked for in my life,” said the student who graduated, David F. Evans, 23, of Annapolis, Md. “And, worst of all, she’s split apart a community and a nation on facts that just didn’t happen and a lie that should have never been told.”

Also appearing on the show was James E. Coleman Jr., a professor at Duke’s law school who criticized the prosecutor in the case and accused him of misconduct. Mr. Coleman, who led a university review of the men’s lacrosse program after the party, said of Michael B. Nifong, the Durham County district attorney, “I think in this case, it appears that this prosecutor has set out to develop whatever evidence he could to convict people he already concluded were guilty.”

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In June, Mr. Coleman said Mr. Nifong should ask the state attorney general to appoint a special prosecutor and remove himself from the case. Mr. Coleman said Mr. Nifong "pandered to the community" and set up an improper photo lineup to identify suspects.

In a telephone interview last night, Mr. Coleman said, "He has forgotten about his obligation to protect the innocent, and in my view, that's prosecutorial misconduct."

Mr. Nifong did not return telephone calls and e-mail messages yesterday. The accuser, a student at North Carolina Central University, could not be contacted.

Mr. Nifong has said that he, the police and the woman are determined to take the case to trial despite a tide of criticism. Mr. Nifong has said that there is medical evidence of rape and that the woman made valid identifications of the suspects, both points challenged by "60 Minutes" after what the show said was a review of nearly the entire case file.

Mr. Evans, the team captain, told "60 Minutes" that he regretted his decision to give a party with alcohol and hire strippers.

"I was naïve, I was young, I was sheltered," he said. "And I made a terrible judgment. In five months I've learned more than I did in 22 years about life."

One of the suspended students, Reade W. Seligmann, 20, of Essex Fells, N.J., said the police had never interviewed him about the case. He also said the district attorney did not want to see evidence proving he left the event shortly after the dancing stopped and before the alleged rape could have occurred.

The other suspended student, Collin Finnerty, 20, of Garden City, N.Y., said he also had evidence showing he left the party early, but did not want to reveal it before trial. He said he left the party after the women stopped dancing and never saw them again.

For Violent And Lost Boys, Crime Stories Offer Hope (NYT)

By Dinitia Smith

The New York Times, October 16, 2006

ORLANDO, Fla. — On a recent weekday afternoon, Dennis Lehane, the best-selling crime writer, stood in front of 17 imprisoned teenagers, trying to establish his street credentials. He grew up in a violent neighborhood, he told them, Dorchester, in Boston. "One or two made it out of my neighborhood," he said. "Sixteen other guys went down."

Mr. Lehane was on a tour to publicize his new story collection, "Coronado" (HarperCollins), and had made an unusual stop: at the Youthful Offender Program at the Orange County Jail here. The participants had been reading "Coronado" as part of a class called, in an effort to use language familiar to teenagers, "Literature n' Living."

Most of the boys, who are 14 to 17, had been accused of crimes so serious that they were being tried as adults. Some were awaiting trial, others serving sentences of less than a year. Many of the characters in "Coronado," are, like the prisoners, young, lost and violent, and the book had been assigned to them by John Richter, the program's coordinator, in an effort to get them to read — anything.

Mr. Richter had tested the boys to make sure they understood the book, and had them write reports, which they were now delivering to Mr. Lehane, whose 2001 novel, "Mystic River," was made into a movie by Clint Eastwood. In addition to meeting Mr. Lehane, the boys would get another prize: a contact visit with their families (most visits at the jail are conducted by video screen), plus a real dinner: fried chicken, pizza, submarine sandwiches, collard greens.

Brian Mitchell, 17, accused of hiring a hit man to kill a witness in a murder case, focused his book report on a searing story called "Until Gwen." After serving his sentence, a young man is picked up from prison by his father in a stolen truck, with a prostitute in the back. The father wants his son to reveal the whereabouts of a stolen jewel. The story reaches a violent climax and contains a terrible revelation: "He got mean, told you you aren't his anyway, some whore's kid he found in a barrel, decided might come in useful on a missing-baby scam they were running back then."

Brian, an aloof, self-contained boy, read from his report in an assured voice: "I was able to relate this story to many aspects of my own life. I also grew up different from most people, isolated because of my physical handicap." When he was an infant both of his legs were amputated at the knee because of a birth defect.

After the reports were read, there were questions. Dexter Johnson, 17, charged with shooting a man and robbing him of his cellphone, read a question written in advance: "What's helped you drive through the obstacles in your life to achieve your ambition?" he asked, reading intently, his voice halting.

Mr. Lehane was succinct: "No. 1, my parents," he replied. "No. 2, just seeing the waste around me."

In one of the book's stories, "Gone Down to Corpus," the narrator's father is a depressed drunk who sits on his front porch weeping. The boy goes with a group of friends to the house of a rich family, intending to trash it. The story ends with him on a bed with a girl and a gun at his side, waiting for the family to return. "I wonder what I'll do," the character muses. "Make that pudgy man draw. I don't know. I know that at the moment I hate the pudgy man." Tyler Kucera, 16, charged with robbing a man

and threatening to blow his leg off with a shotgun, asked Mr. Lehane in a shy voice, strangled in back of his throat, "What happened when the residents of the house came home?"

But Mr. Lehane had ended on that question, and he refused to say what happened.

When Mr. Richter first arrived at the unit in 1992, the youths were fighting among themselves and refusing to attend the jail's high school program. "A lot of them didn't know how to read," he said. They were ashamed, he said, and school was their nemesis, the symbol of all their failures.

Before being imprisoned, he said, more than half the boys had dropped out, been expelled or suspended from their regular schools.

"In order for them to learn to read you have to get them to focus on a piece of writing so they will struggle through it with a teacher," Mr. Richter said. " You have to be motivated," he said. "You can't use 'Dick and Jane.' " He tried a production of "Julius Caesar" with a gang theme, and got only so-so results. Around 1995 he found a book he thought might interest the boys, Walter Mosley's "Devil in a Blue Dress." "It was relatively easy to read, and you have black characters," he said. Most of the prisoners are black or Hispanic. The book worked, and so did the incentives of contact visits with families. "Literature n' Living " was born.

Mr. Richter began sending copies of the teenagers' book reports and photographs of classes to authors, hoping to entice them to visit the jail. Ernest J. Gaines was the first author to come, in 2001, after the group read "A Lesson Before Dying" (Random House), about a black youth sentenced to death. He has visited twice. Brian Jacques, author of the "Redwall" series, about mice who fight off evil rats, foxes and other predators, has also visited twice, on a book tour for his publisher, Penguin, from England. "They'd say, 'Why am I reading about mice?' " Mr. Richter remembered. "I'd say, 'Shuddup and read the book.' Now they love 'em." So far, 12 authors have visited.

Mr. Richter, 56, who has been working in prisons for 33 years, has no statistics testifying to the program's success or its effect on recidivism rates. But, he said: "When we first began there were lots of incidents of violence. It was nothing for somebody to walk into that unit and see three or four kids waiting in shackles to be put in disciplinary lockdown." Nowadays, he said, "we have very few incidents of violence. We may have a fight once every three months."

For Tyler, charged with armed robbery, the program, "brings you into a whole new life for a brief period. Whatever you're facing here, you can put it aside."

The boys stay at the jail for an average of four to eight months. Eighty-five percent are convicted and go to adult prisons where there are few programs like this. What's the point of offering them this brief look at literature? "If there is a salvageable lot, it's these kids," Mr. Richter said. "You can see it after they've been here a while. Their eyes grow a little less hard. They begin to believe there is hope for them."

"They realize they don't have to be dirtbags," he said, "though they might think they have to be."

CIVIL RIGHTS:

Deaf Advocate Blasts Arrests (WP)

By Daniel De Vise, Washington Post Staff Writer

The Washington Post, October 16, 2006

Protests Continue Against Incoming Gallaudet President

The president of the National Association of the Deaf weighed in yesterday on what she called the "totally unnecessary" arrests Friday night of 133 protesters at Gallaudet University in a dispute with campus administrators, and urged the board of trustees to take command of a situation that "is out of control."

Bobbie Beth Scoggins, head of the advocacy group, arrived at the Washington campus yesterday afternoon to cheers from scores of students and alumni, who have taken shifts occupying tents around the campus entrance for the past week. They shut down the campus for three days to protest the selection of former university provost Jane K. Fernandes as the school's next president.

Scoggins's appearance underscored the impact of the confrontation in the international deaf community. She said sympathizers around the world had erected more than 70 "tent cities" in solidarity with the Gallaudet protesters, four of whom launched a hunger strike at the start of the weekend.

"The whole world is with these people here," said Scoggins. "The administration claims this is a local issue. It is not."

Scoggins, who cut short a vacation in Mexico when she learned of the arrests, continued: "The arrests never should have happened. We had other options."

Fernandes said yesterday via e-mail that the arrests, "painful as they were," were necessary to regain control of the campus, which serves the local deaf community well beyond the parameters of university education.

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"The first priority and focus must be that we must re-open our campus so that our children -- infants, toddlers, elementary schoolers, high schoolers and college students -- can continue learning and not fall behind their peers," she wrote.

In an e-mail sent to the campus yesterday, Gallaudet President I. King Jordan defended the arrests and said they resulted from "a complete lack of good faith" on the part of the protesters.

"You have been heard by me. You have been heard by the Board," Jordan wrote. "We have heard you from the beginning of your protest. We have considered and discussed your points of view. We just haven't agreed with you. And we still don't."

Board Chairman Brenda Jo Brueggemann said in an e-mail that her panel had not intervened because it is charged with policy and oversight at Gallaudet, not "the management of its daily matters."

Gallaudet, which had nearly 2,000 students enrolled last year, is the only university for deaf students in the country.

In a letter to the Gallaudet board, leaders of the National Association of the Deaf said the administration had lost control and should be relieved of command over the protest. Board members, the letter stated, "must waste no further time in stepping up to their fiduciary responsibilities and removing the administration's involvement in resolution of this crisis."

The letter cited the arrests as evidence of a "growing chasm between the university administration and the students, faculty, staff and alumni" and faulted university leaders for a lack of "trust and leadership."

Scoggins reiterated that message. "I see very little support for the administration," she said, surveying the crowd behind her. "I see very little."

Administrators had the protesters arrested Friday to end the campus shutdown. Students had been warned repeatedly that they could be arrested if they did not stop blocking the school's entrance. Nearly 1,000 protesters turned out Saturday, galvanized by the arrests.

Protests against Fernandes began with the announcement in May that she would replace Jordan as president in January. Jordan, who became the first deaf president of Gallaudet in 1988, has long been a hero in the deaf community. But his decision to arrest protesters Friday made him a traitor in the minds of some.

"We no longer recognize King Jordan as university president," LaToya Plummer, a Gallaudet junior who was among those arrested, said at a news conference yesterday afternoon. A student perched on the campus wall relayed her signs to the protesters beyond.

"We're looking at the last straw here," said Lois Bragg, vice chair of the faculty senate. "The problems are intense. They have been deep for a long time. The board of trustees is asleep."

Gallaudet faculty planned to meet today to consider several resolutions, Bragg said, including a call for Fernandes to resign and possible confidence votes in the board and Jordan.

The protesters, which include large numbers of alumni and university employees as well as students, say they oppose the incoming president's leadership style and the process that led to her appointment. Fernandes has said she believes the dispute is about identity politics within the deaf community, which is struggling to synthesize technology-driven shifts in what it means to be deaf.

Fernandes angered protesters with a letter to The Washington Post, published Saturday, that suggested she was under attack by deaf-culture preservationists who view her as a threat. Fernandes learned to sign at 23 and embraces, in her words, "many ways of being deaf."

Protesters yesterday accused Fernandes of playing "the deaf card" and said the incoming president was trying to create a false impression that students deem her, in the words of Professor Dirksen Bauman, "not deaf enough."

Home-Business Application Stirs Tensions In Manassas (WP)

By Nick Miroff

The Washington Post, October 16, 2006

In the past three years, the Manassas City Council has received two applications for home-based massage therapy businesses, and members have approved both. Then Howard Daniel, who is gay, applied.

The backlash against Daniel's request began last month when nearly two dozen people, many of them members of a local church, spoke in opposition to it at a public hearing. When it came time for the city to decide on Daniel's application the next week, council members balked and voted instead to consider changing the city's zoning laws.

The city's response and the community opposition have blindsided Daniel and his supporters, one of whom had an anti-gay message written on his car.

"This should have been a business issue, and somehow it has become political," said Daniel, 44. "Why?"

Richard Devine, Daniel's partner of 22 years, sees the dispute in less uncertain terms. "I think it's obvious what's going on here," he said. "It walks like a duck."

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Questions of discrimination are already sensitive in Manassas, which is currently under federal investigation for housing policies that allegedly target Hispanic residents, a violation of the Fair Housing Act. Now the city is again facing a land-use decision loaded with political overtones. At least one council member, Andrew L. Harrover (R), said he has received threats that Daniel's home will be picketed if the council approves his application.

"It's going to be terribly challenging for me" to decide, said Harrover, who lives around the corner from Daniel. His wife has signed the petition in support of Daniel's application, but Harrover said he is opposed to home businesses that bring more traffic to residential neighborhoods.

The vast majority of those who have mobilized against Daniel's application do not live on his street or even in his neighborhood. Many are affiliated with Manassas's All Saints Catholic Church, though there is no indication they have organized their opposition through the church.

"This isn't a Catholic thing; it's a city thing," said Amy Bookwalter, who has spoken out against Daniel's application. "This is about keeping a residential area a residential area."

Those claims are growing increasingly hard for Daniel and his supporters to believe. Just one year earlier, they noted, another massage therapist in Manassas applied for a permit, and not one resident voiced opposition. "No one has officially come and said it yet," Daniel said, "but why are all these people concerned about traffic on a street they don't live on?"

Daniel and Devine have lived for 10 years in their Cape Cod-style home on West Street, three blocks from the city's commercial district, in a neighborhood with towering maple trees and an eclectic mix of red-brick single-family homes and Colonials.

A former Marine Corps reservist, Daniel works full time as a database administrator and treats patients on a part-time basis at the local hospital and in their homes. Daniel said he was encouraged to apply for the permit by the city planning office because his proposed client load was a fraction of that of similar businesses already approved by the council.

Daniel then spent more than $800 preparing his application: providing blueprints, inspectors' signatures, a business plan, a petition signed by all of his immediate neighbors supporting his application and a copy of his certification from the Virginia Board of Nursing. Appointments would be scheduled to minimize neighborhood impact, and clients would park in his driveway. On Aug. 16, the planning commission approved Daniel's application and recommended its approval by the council.

Then came the public hearing Sept. 18. Four of Daniel's neighbors spoke on his behalf. A long line of opponents followed.

"And you know what?" said Michael Hudson, Daniel's neighbor. "I started to look at these people, and I realized I didn't know any of them."

Of the 21 residents who publicly opposed Daniel's application, two live on West Street. Many said they were against home businesses on principle, and others expressed concerns about the preservation of "a family-friendly atmosphere" in Old Town, the presence of "unknown" people in the neighborhood and the unfair "competitive advantage" that Daniel could gain by working out of his home.

After the public hearing, Devine approached Daniel's opponents in the parking lot. "I went up to them and said I wanted to understand," he recalled. " 'I don't know who you are or where you live.' And the first person to speak said, 'It's not about your lifestyle.' "

Devine was stunned. "How do people from a different neighborhood know about our lifestyle?" he asked.

The next week, when council member J. Steven Randolph (I) introduced a motion to approve Daniel's application, no one seconded it.

Daniel's application hadn't actually been rejected, because no member was willing to introduce a motion to do so. That led to a 45-minute freewheeling discourse on the city's special-use-permit code, with council members ultimately voting to refer the issue to its Land Use Committee for further study -- leaving Daniel in the lurch. That same night, someone scrawled anti-gay graffiti on the car window of one of Daniel's supportive neighbors, escalating tensions further.

If the council votes on Daniel's application at next Monday's meeting, at least three of the council's six members said they are likely to vote against it. One is Jackson H. Miller, the Republican candidate for the 50th District of the House of Delegates, who introduced the motion to approve another massage therapy business a year earlier.

"I've had a mixed record on home businesses," Miller said. "I'm opposed if neighbors are opposed. That's been my standard," he said, noting that he voted with the council earlier this year to reject an application for a home-based optometry clinic.

But that standard seems like an arbitrary one to Daniel. "If they would have told me from the very beginning, 'We do not allow this,' it would have been fine with me," he said. "I would have never started the process."

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ANTITRUST:

Consumer Advocates Criticize AT& T Deal (USAT)

By Paul Davidson

USA Today, October 16, 2006

Consumer advocates say the new concessions AT&T has offered to close its $80 billion merger with BellSouth don't go far enough to preserve competition.

"They're a step in the right direction, but they don't resolve the most important competitive problems," says Gene Kimmelman of Consumers Union.

He also said AT&T's offer smacks of desperation to win approval.

At the urging of its two Democratic commissioners, the Federal Communications Commission postponed Friday's scheduled vote on the merger until Nov. 3 to allow time for the public to comment on proposed concessions that AT&T filed Friday. The four commissioners available to vote on the merger are split 2-2 along party lines.

AT&T's offer, an attempt to break the stalemate, includes a $10-a-month DSL broadband service for new customers for 30 months. The company also said it would also offer free DSL modems for new broadband subscribers next year.

AT&T's proposal followed a flurry of late-night negotiations Thursday with the FCC's two Democratic commissioners, Michael Copps and Jonathan Adelstein. Republican FCC Chairman Kevin Martin has recommended the merger's approval with no conditions. Democratic commissioners Friday indicated AT&T's offer represented progress.

The Justice Department last week cleared the deal with no conditions or divestitures, enraging Democrats, who vowed to press for significant requirements.

The largest-ever telecom deal would forge a giant with 67 million phone lines and 57 million customers of Cingular Wireless, now jointly owned by AT&T and BellSouth. Consumers Union and others say the behemoth could crush rivals, and the deal means AT&T and BellSouth won't compete with each other. AT&T has said it faces new competition from cable companies.

AT&T also proposed to:

·Provide DSL in 85% of the combined company's 22-state region within two years and offer broadband service through satellite or wireless providers to all the rest.

·Freeze wholesale rates the companies charge rivals to lease their networks for business service. Rivals want lower rates or arbitration to settle pricing disputes.

·Assure it won't block consumers' access to any website. Websites such as Google want to prevent AT&T from offering faster downloads only to those sites that pay higher fees.

·Conduct wireless broadband trials using BellSouth spectrum that is not being used now. The Democrats and consumer advocates want the new company to sell the airwaves to a rival that would challenge the new giant.

Jonathan Lee of Comptel, which represents AT&T rivals, called the proposals "completely inadequate."

AT&T's Michael Balmoris says, "The companies are offering a number of pro-consumer conditions."

Oshkosh Truck Agrees To JLG Industries Pact (WSJ)

By Ilan Brat And Joseph T. Hallinan

The Wall Street Journal, October 16, 2006

Oshkosh Truck Corp. said it will acquire JLG Industries Inc. for about $3 billion, positioning the Oshkosh, Wis., maker of fire, military, concrete and garbage trucks to take better advantage of the global boom in nonresidential construction.

JLG, of McConnellsburg, Pa., makes aerial-work platforms, booms and related equipment that can lift people and heavy materials several stories. The all-cash deal at $28 per JLG share will create a company with 13,000 employees and $6 billion in annual revenue. Oshkosh will assume about $200 million in debt. Shares of JLG ended unchanged Friday at $20.75 in 4 p.m. composite trading on the New York Stock Exchange.

While housing construction in the U.S. has slowed, construction of office buildings, warehouses, multistory parking lots and other nonresidential construction has been strong as companies spend cash on expanding factories and offices while interests rates are near historical lows.

The purchase of JLG, which Oshkosh expects to complete in the next 90 days, will be the company's 15th acquisition since 1996. "We respect the companies, we respect their culture, and then we grow the heck out of them," Oshkosh Chairman, President and Chief Executive Robert Bohn said in an interview. Charles Szews, the company's chief financial officer, said, "We're going to have scale that we've never enjoyed."

Bill Lasky, JLG chairman, president and CEO, said the acquisition is a "great combination of two great companies."

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The purchase offers a chance for Oshkosh to balance the cyclicality of its current businesses. Over the past 15 years, generally defense spending has been stronger when nonresidential construction has been weaker, said Patrick Davidson, vice president of investor relations.

JLG's expertise at lifting and moving people and materials could help make Oshkosh's fire trucks with ladders lift firefighters more quickly and safely, said Mr. Davidson. More broadly, Oshkosh officials said the deal would give it greater global purchasing power and help to hold down costs of raw materials and parts. After the acquisition, Oshkosh will spend about $1 billion a year on steel. Oshkosh trucks and JLG telehandlers -- which can lift loads such as bricks 30 to 40 feet in the air -- and aerial platforms have similar engines, transmissions, axles and tires, Mr. Bohn said.

Oshkosh reaped the benefits of big increases in defense spending following the Sept. 11, 2001, terrorist attacks and the launch of the Iraq war. The company makes a variety of heavy, severe-duty trucks that haul tanks, missile systems, ammunitions, fuel and cargo for combat units. Analyst Robert F. McCarthy of Robert W. Baird & Co. Inc., who has the company rated "outperform," said in a note to investors last week that Oshkosh had targeted "several opportunities" for its Bushmaster, a mine-blast-resistant armored truck.

Oshkosh's stock has more than quintupled since 2001. Friday, its shares ended at $55.54 in NYSE composite trading.

Oshkosh reported net income of $160.2 million on revenue of $2.96 billion for the fiscal year ended Sept. 30, 2005, while JLG reported net income of $149.3 million on net sales of $2.27 billion for the fiscal year ended July 31.

The acquisition is the latest step in the turnaround of Oshkosh. A decade ago, the company reported an operating loss of $3.1 million, thanks in part to a decline in U.S. defense spending with the end of the Cold War, Mr. Szews said in an interview.

The company replaced much of its top management and decided to shed underperforming businesses. Through acquisitions, Oshkosh began to reposition itself so it wouldn't be so closely tied to defense spending. In 1996 Oshkosh purchased Pierce Manufacturing Inc., a maker of fire trucks. Pierce is expected to contribute about 25% to 30% of Oshkosh's projected $3.4 billion in revenue this year, Mr. Davidson said.

JLG's stock has also enjoyed a strong run, more than quadrupling in the past three years before falling off earlier this year. At a recent investor meeting, the company indicated that it expected to increase revenue to $4 billion by 2011, and that it anticipated growth in Europe from both its own products and those generated by a recent alliance with Caterpillar Inc. Last year, JLG entered into a 20-year strategic alliance with Caterpillar related to the design, manufacture and sale of Caterpillar-branded telehandlers.

Write to Ilan Brat at ilan.brat@wsj.com1 and Joseph T. Hallinan at joe.hallinan@wsj.com2

VW Would Back MAN's Scania Bid With Restrictions (WSJ)

By Christoph Rauwald

The Wall Street Journal, October 16, 2006

German car maker Volkswagen AG said it would support MAN AG's attempt to acquire Scania AB for 95.89 billion kronor ($12.93 billion) if the German truck maker manages to acquire shares representing slightly more than 56% voting rights in its Swedish rival.

Volkswagen, Europe's biggest auto maker by sales and the biggest single shareholder in both MAN and Scania, said it would offer its shares -- representing 34% of Scania's voting rights and 18.7% of its equity -- to MAN in that case. Volkswagen said MAN must also win shares representing at least 71.31% of Scania's capital.

Volkswagen's supervisory board, the equivalent of a U.S. board of directors, "is convinced that a solution acceptable to all sides remains the preferred outcome," the company said in a statement following an extraordinary meeting yesterday. Volkswagen added it won't support a counterbid by Scania for MAN at the present time.

MAN said it welcomes "Volkswagen AG's continued support for its concept to combine MAN and Scania AB and its willingness to tender its shares into a successful merger."

Scania and Swedish investment company Investor AB, which owns a significant stake in Scania, have rejected the most recent bid, saying it still "significantly undervalues" the company's prospects. Investor said yesterday it still won't rule out a counterbid by Scania. Scania couldn't be reached.

MAN on Thursday raised its offer for Scania to about 475 kronor a share in cash and stock from about 449 kronor and said it holds 14.27% of the voting share capital in its Swedish rival as pressure to create Europe's biggest-selling truck maker increased. Under Swedish takeover law, its offer for the company is raised to the highest price it has paid for Scania shares.

The move came as a surprise after Volkswagen had rejected MAN's first offer made last month and announced a few days later that it acquired a 15.06% stake in the Munich company to "secure its strategic interest."

Write to Christoph Rauwald at christoph.rauwald@dowjones.com1

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ENVIRONMENT:

U.S. Electricity Demand Is Outpacing New Resources, Report Warns (WSJ)

By Rebecca Smith

The Wall Street Journal, October 16, 2006

A report by the North American Electric Reliability Council warns demand for electricity is increasing three times as fast as resources are being added in the U.S., a trend that could shake electric-system reliability in the coming decade.

In its first report since the organization's duties were expanded by Congress, the grid organization, known as NERC, said U.S. demand will increase by about 20% from 2006 to 2015, outstripping investment in new electrical supply. The pace of growth in Canada, while slower, also is cause for concern.

NERC counts 67,000 megawatts of resources in the works in the U.S. versus 141,000 megawatts of expected demand growth by 2015, leaving a shortfall of about 81,000 megawatts, an amount equivalent to 160 large power plants. One megawatt can power 500 to 1,000 homes.

Increasingly, it is left to a deregulated market to determine whether and when new resources get built. Available resources are expected to fall below safe levels in many parts of the U.S. and Canada, such as New England, the Rocky Mountain region and Texas, in the next two to three years.

As the system drifts closer to its physical limits, it is even more important that energy regulators and utilities promote conservation and use of the most energy-efficient equipment, said Rick Sergel, chief executive of the grid reliability organization. He added conservation programs will need to at least double their reach and effectiveness to help close the gap between supply and demand.

The report said 50,000 megawatts of generating plants are poorly utilized -- either aged units taken out of service or newer plants that have been unable to line up contracts, making them nearly useless.

"We've got a problem," Mr. Sergel said. "We can't continue this 'just-in-time' planning much longer. It works in manufacturing but it does not work in the power sector."

Mr. Sergel said NERC, a nonprofit industry organization with some powers granted by Congress, is pushing for more-comprehensive resource planning and it is attacking tools that it considers flawed.

For example, grid officials create annual forecasts that are built around "normal weather" patterns. Mr. Sergel said warmer winters and hotter summers are challenging conventional notions of normalcy. This past summer, consumer demand set records in most parts of the U.S., reaching levels not expected for several years and worrying grid officials. The increase came on top of unusual demand during the summer of 2005 that was 6% higher than in 2004, according to the U.S. Energy Information Administration.

NERC intends to develop tools to determine "normal weather" for the eight regional reliability organizations that report to NERC to use when creating their forecasts. Where available resources are thinning, NERC may push state utility regulators to do more to promote investment. If investment isn't sufficient, the federal government could exercise new powers, conferred in the 2005 Energy Policy Act, to site major transmission projects.

Write to Rebecca Smith at rebecca.smith@wsj.com1

Consumers Less Power To The People (WSJ)

By Rebecca Smith

The Wall Street Journal, October 16, 2006

America is facing a crisis when it comes to electricity. But also a tremendous opportunity.

The forces that put us here look grim. Energy prices are high, supplies are increasingly tight, and anxiety is growing about climate change. But that dark outlook is driving consumers, utilities and public officials to finally take advantage of innovations that could radically reshape the nation's power consumption without lowering the standard of living.

THE JOURNAL REPORT

An influx of hedge funds2 is making energy markets more volatile than ever. And, it's in ethanol, where companies, private-equity firms and hedge funds see enormous opportunities3. · See the complete Energy4 report.

Some are technological fixes, from more-efficient light bulbs to variable-speed motors that use less energy when the load on them isn't as heavy. Others involve public policy. States are rewriting their building codes with an eye on conservation, and Washington is trying to lay down efficiency standards for more household appliances and electronic goods. Utilities are joining the effort as well, offering consumers rebates for buying efficient appliances and urging customers to use electricity more wisely.

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The good news is, "we haven't found a major use of electricity for which there aren't great opportunities for savings," says David B. Goldstein, director of energy programs at the Natural Resources Defense Council and a recipient of a MacArthur Foundation award for his work on appliance-efficiency standards.

Of course, we've all heard revolutionary promises like these before. But the promises seem to fade as each crisis recedes. So what makes this time different? Forces are converging to make the prospect of big change much more achievable.

Most urgent, of course, is the skyrocketing demand for electricity -- and the tightening supply. Many parts of the country set new records for electricity use in July and August, which sent a warning signal to officials that they have little time to act. Conservation seems a much more feasible solution than quickly building dozens of new power plants to add generating capacity -- especially if reducing emissions is a goal. The fact that the nation's energy bill totaled $296 billion last year, up nearly 50% from 1993, also provides impetus.

We've also gotten smarter about saving energy. New technology makes it possible to build more-efficient hardware without breaking the bank. And public officials now have much better data to draw on when they plan conservation efforts. They know what's worked in the past and can build on that success.

BUILDING MORE PLANTS

5

PODCAST:6 Advances in energy efficiency won't be able to answer all the needs of a growing economy and population. WSJ's Rebecca Smith discusses the main sources of electricity in the U.S. and how the mix is changing. Listen Now7

Some experts expect a transformation more profound than any since the 1973-74 Arab oil embargo. As a result of that six-month crisis, U.S. electric utilities largely weaned themselves off oil and shifted to coal and nuclear fuel for their power plants. The federal government set efficiency standards for automobiles and appliances, and building codes were revised. But much is left to be done. After all, 80% of U.S. buildings were built before 1980.

At the very least, the current push should produce considerable savings for consumers and unmistakable environmental benefits. "If you consume a lot less energy, it solves a lot of other problems," says Peter Darbee, chief executive of PG&E Corp., the San Francisco utility that serves one in 20 Americans.

Indeed, James E. Rogers Jr., chief executive of Duke Energy Corp. and president of the utility industry's leading trade group, the Edison Electric Institute, calls energy efficiency the "fifth fuel." By that he means that it's an alternative to coal, natural gas, hydropower and nuclear fuel.

Here's a look at 10 innovations capable of making a big difference immediately and in coming years:

1) LET THE LIGHT SHINE

Lighting was the first market for electricity, and it's still one of the costliest. But because lighting is ubiquitous, it tends to get less attention than other big power burners like air conditioners. And that means some tremendous improvements in lighting have gotten overlooked.

Technology has improved conventional lighting systems, making them much more efficient. Take compact fluorescent bulbs, which have bases so small they can fit inside a standard screw socket. These bulbs can often cut lighting costs by 75%, and they last at least eight times as long as regular incandescent bulbs. Many even offer a soft white light that mimics incandescent light.

The bulbs are readily available in stores, and prices have dropped substantially recently. Sales volume has increased, and many utilities are offering rebates that cut the cost of 24-watt fluorescent bulbs that produce as much light as 100-watt incandescent bulbs to $1 or $2 apiece.

If each U.S. household replaced one regular bulb with a compact fluorescent, according to the Environmental Protection Agency, consumers would collectively save more than $600 million a year. The energy saved, meanwhile, would be enough to light seven million homes, and the greenhouse-gas reductions from power plants would be equivalent to taking one million cars off the road.

Then there's LED, or light-emitting-diode, technology, which is based on semiconductors. This method already has slashed power use dramatically for many cities as a replacement for conventional traffic lights. Typically, an 11-watt LED unit in a traffic light replaces a 140-watt incandescent unit, producing a 92% energy saving.

Now LEDs are poised to sweep into more industrial applications, such as supermarket refrigeration cases. For now, white LED light is more difficult to make, and thus far more costly, than colored LEDs. But lighting experts say they expect the price to drop enough in the next couple of years to permit broader use of white LEDs.

Meanwhile, a host of new methods are being adopted by consumers and companies, such as systems that "harvest" daylight, concentrating it and shooting it indoors so that buildings don't need to use as much artificial light. Nature's Lighting, of Park City, Utah, manufactures solar dishes, lined with mirrors, that sit on flat roofs and project sunlight through skylights into buildings. Diffusers distribute the bright light.

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Mike Basch, a founder of Federal Express who's now chief executive of Nature's Lighting, says warehouses, auto makers and big-box retailers have been especially keen on the systems, which employees like because of the full-spectrum light.

At Wal-Mart Stores Inc., electricity is the leading expense after labor costs, exceeding $1 billion a year. So the retailer has been perfecting harvesting techniques to channel daylight into stores through prismatic skylights that concentrate the light without radiating heat. Sensors automatically adjust the store's fluorescent lights up and down in response to the amount of natural illumination available.

Wal-Mart now uses the system at nearly all of its stores, representing 330 million square feet of floor space. The systems cost about $200,000 per location and pay for themselves in two to three years through reduced electricity and cooling costs. "It's a pretty sophisticated setup," says Charles Zimmerman, Wal-Mart's vice president in charge of the initiative, who adds that Wal-Mart will gladly share its equipment specifications with anyone who wants them.

2) MORE-EFFICIENT HARDWARE

The past few years have seen tremendous advances in the energy efficiency of hardware. For instance, new developments in industrial motors promise huge savings for businesses. Currently, the motors represent 67% of industrial energy use, according to Clark Gellings, vice president of innovation at the Electric Power Research Institute in Palo Alto, Calif. But older motors waste lots of power because they constantly switch on and off.

Now many companies are turning to variable-frequency drives. Instead of constantly turning on and off, the drives "let motors change speed in response to the load on them," says Mr. Gellings.

MGM Mirage, the big casino and hotel operator, is installing 22 of the new variable-speed drives on refrigeration units at its Las Vegas properties. The $4 million retrofit will pay for itself through reduced energy costs in about 2½ years and thereafter will save the company about $1.6 million a year.

Big gains also are being realized in air conditioning. New federal efficiency standards took effect in January for central air-conditioning units used by homes and businesses; the least-efficient units sold must be at least 30% more efficient than last year's least-efficient models. In industry parlance, that's a 13 SEER, short for seasonal energy efficiency rating, versus a 10 SEER, the standard that had been in effect for 14 years.

According to the Department of Energy, the higher standard will save a total of 4.2 quadrillion British thermal units, or "quads," of energy from 2006 through 2030 -- enough of a saving that utilities will be able to forgo building 40 new power plants nationally. Consumers, meanwhile, will save about $1 billion by 2020.

The saving might even be more pronounced than that. Many central-air units can achieve ratings in excess of 14 SEER at only slightly greater expense -- and manufacturers say consumers are very interested. One reason may be utilities like Austin Energy, a city-owned utility in Austin, Texas, which is offering a 20% rebate on air conditioners with SEER ratings of 14 or greater.

3) SMARTER SENSORS

Manufacturers are designing their products to be more intelligent, using advanced sensors to better control energy use and drive down operating costs. Sensors selling for a few dollars can save thousands of dollars over the course of a few years. And more companies are taking advantage of the technology.

For example, custom-sensor maker Kavlico Corp., of Moorpark, Calif., is seeing robust sales for semiconductor-based controllers used in commercial refrigeration equipment. Sensors tell a controller when to begin the defrost cycle in the freezer case, replacing automatic timers that put equipment through unnecessary heat-up-and-cool-down cycles.

The new controllers "result in a 25% to 30% reduction in power use," says Scott Farrenkopf, general manager of Kavlico, a unit of Schneider Electric of France. He says auto makers and equipment makers are ordering more custom-tailored sensors for systems designed to improve fuel economy and energy efficiency.

4) BETTER MEASURES

Consumers, meanwhile, are getting better tools for tracking energy use around the house with tools that are inexpensive and readily available. Eric Bier, a retired group-home administrator in San Diego, got concerned about his rising home utility bill. So he bought a device called a Kill-A-Watt meter, made by P3 International Corp. of New York.

He plugs the gadget, which cost about $40, into a standard wall outlet. Then he plugs various other devices into the meter, and it tells him how much power they're consuming. By multiplying this kilowatt-hour reading by his local utility's rate, he can easily figure out the monthly cost of operating the device in question.

Mr. Bier was surprised at the results of a recent home test. He learned that his new computer and accessories were using 242 kilowatt-hours of electricity a month, costing $48.50, because he never turned them off. Once he began shutting them down at night, the monthly cost dropped to about $18.80 a month for 94 kilowatt-hours of energy. On the other hand, his Roomba vacuum cleaner, from iRobot Corp., provided a pleasant surprise, vacuuming 8,960 square feet of floor space automatically each month for a total of $1.17 in electricity. "Considering how much work it does, it's a baby," he says.

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Tom Lynch, director of sales and marketing for P3 International, says sales of the meters took off last winter. Sales in the first quarter of 2006 exceeded sales for all of 2005, he says, lifted by consumer worries about high utility bills.

5) SETTING STANDARDS

The federal government sets minimum standards for energy efficiency on more than a dozen products, including dishwashers, refrigerators, water heaters, room air conditioners and electric motors. From 1990 to 2000, these standards saved consumers approximately $50 billion in energy costs, according to one federal estimate.

The EPA, meanwhile, puts its own Energy Star labels on about 40 products, generally identifying the 25% of products in each category that are the most energy-efficient. In 2005, consumers with Energy Star products saved an estimated $12 billion, as well as enough electricity to power 11 million homes, according to the EPA.

But there are some glaring omissions in the EPA standards, and closing those gaps will bring more savings in coming years. For instance, television sets. The government doesn't impose an efficiency standard on TVs, and the Energy Star label identifies only TVs with low power consumption in "standby" mode -- in other words, not turned on. (Any device with a remote control is never really shut off, unless you unplug it.)

The call for a standard has grown louder as electricity use by televisions has boomed in recent years. Television screens have exploded in size, and add-on devices have proliferated, from satellite dishes to programmable set-top boxes. Some families now spend more money powering home-entertainment systems than they do refrigerating their food.

The International Electrotechnical Commission, which prepares standards for electrical and electronic technologies that often are adopted by governments, is working on common metrics to measure TV electricity consumption. After the IEC concludes its work, some efficiency information may begin appearing on sets in early 2008, the government says. Meanwhile, the EPA says it's considering Energy Star labels that would look at total power consumption by TVs instead of just power use in standby mode to give consumers a valuable tool to use when buying a new television.

The push for better disclosure is receiving some resistance from the electronics industry. The Consumer Electronics Association encourages voluntary labeling, but opposes mandatory efficiency standards for goods like TVs because "the industry has so many products and they change so fast," says Brian Markwalter, the group's vice president of technology standards.

Activists argue that the speedy evolution of products makes new standards more urgent. "Energy use has changed, and it's time for labeling to catch up," says Chris Calwell, principal in Ecos Consulting in Portland, Ore., a firm that specializes in energy issues.

6) NEW BUILDING CODES

All states have building codes for health, fire and safety. But 40 also have codes for energy efficiency. The rules require, for example, at least minimal amounts of insulation in new buildings. The Department of Energy estimates code changes saved consumers $4.7 billion in lower electric bills between 1991 and 2005.

Now some of the 10 states that don't have statewide energy-efficiency codes, including Mississippi and Alabama, are considering adopting them, in part because they're facing lots of hurricane-related rebuilding. Meanwhile, several states that already have efficiency codes are considering adopting the latest version of a model code, released last winter by the International Code Council, a membership organization that creates the building codes often adopted by governments.

Experts say the latest version is shorter and less complex than the previous one; for instance, it divides the nation into eight climate zones instead of 19. At the same time, the new rules set more-ambitious goals for energy savings. The code hasn't yet been certified by the Department of Energy, but many states are moving ahead to consider it anyway. Energy-efficient building codes are expected to reduce primary energy use in the U.S. enough to save consumers $10 billion annually by 2010.

7) INCENTIVES FOR UTILITIES

Most utilities earn higher profits as energy use rises; that's the way their rates are structured. So conservation efforts undermine their ability to make money and get reimbursed for their costs.

But many states have changed that pricing scheme to remove the disincentive for utilities to sponsor energy-reduction programs. California and some other states assess a larger proportion of a utility's costs in basic service fees, not volumetric charges based on the number of kilowatt-hours of power consumed.

In July, dozens of utilities, big energy users and regulators pledged to attack the rate-structure problem in states where it still exists and promote energy efficiency through resource planning, giving conservation more attention. Rather than build a new 500-megawatt power plant, for example, states would see if they could cut demand by 500 megawatts more cheaply and without environmental harm.

Utility regulators from more than half of these states have endorsed this National Action Plan for Energy Efficiency. The industry is engaged because most state regulators are confronted by "new plant proposals and rising rates" that they would prefer to avoid, says Diane Munns, a utility commissioner from Iowa and a leader of the effort. If the plan were adopted nationally, U.S. energy bills could be reduced by $20 billion annually, according to the EPA, a proponent of the effort.

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Meanwhile, the California Public Utilities Commission is considering creating special monetary incentives for utilities that promote conservation. Says Michael Peevey, president of the commission, "I want to see utilities get a return on energy efficiency comparable to what they'd get for putting steel in the ground."

8) VARIABLE PRICING

One of the more ambitious conservation efforts utilities are trying out -- both on their own and at the urging of regulators -- is a new kind of metering. Sophisticated electric or gas meters monitor how much energy is consumed by individual customers, taking automatic soundings several times a day instead of monthly.

This makes it possible for utilities to charge different prices by time of day or season. Regulators might use higher rates when the electric system is stressed or when fuel prices are especially high to suppress demand so fewer power plants need to run. Mr. Peevey of the California Public Utilities Commission says some consumers balk at the idea, "but when people understand this is the more environmentally sensitive option, they are supportive."

Nationwide, about 6% of electric customers have the meters in place, according to a recent study by the Federal Energy Regulatory Commission. Pennsylvania, Wisconsin, Connecticut, Kansas, Idaho and Maine have the highest usage rates, ranging from 14% to 53%.

California soon will make the list with a massive remetering project expected to cost about $3 billion. Five million customers of Southern California Edison, a unit of Edison International, will receive new meters beginning in 2008, for example. The meters will be two-way communication devices, able to send the utility instantaneous readings as well as talk to other devices like smart thermostats, which allow remote control of temperature settings. This will let consumers better control energy use -- for example, by cutting use at periods of grid stress or especially high prices.

9) REBATES

Many utilities also offer rebates on energy-efficient appliances and equipment, trying to permanently reduce demand by getting obsolete equipment retired. When New York offered a $75 bounty for old air conditioners in 2002, 160,000 units were turned in, saving enough juice over 10 years to equal a full year's output from a large power plant.

California, where consumers pay about $20 billion a year in electricity charges, has committed to spend $2 billion of customer funds on energy-efficiency programs from 2006 through 2008, a record expenditure for any state. Elsewhere, states are considered aggressive if they get utilities to spend the equivalent of 1% to 2% of electricity revenue on energy-efficiency programs.

PG&E's Pacific Gas & Electric utility will spend $974 million and expects to permanently cut demand by 600 megawatts, eliminating the need for one large power plant and 30 to 50 years of fuel. About 250 megawatts of reductions will come from lighting alone.

Some of these efficiency programs involve big rebates. GMH Capital Partners LP, a real-estate investment firm, bought a big apartment complex in Richmond, Calif., last year. It spent $327,428 rejuvenating the nearly 20-year-old structure, installing new lights, water heaters and heat-reflecting roofing materials. The expected annual energy savings: $112,000, most of which will be realized by renters at the 1,008-unit complex.

For its trouble, GMH got a rebate check for the full amount of the equipment and installation. The local utility, PG&E, made the move because most property owners won't do expensive retrofits if renters reap the savings. "It's a tough market to crack," says Beverly Alexander, vice president of customer energy at the utility.

10) CUSTOMER-RESPONSE PROGRAMS

Getting customers to trade up to energy-efficient equipment permanently reduces energy use. But there are ways to temporarily cut consumption, particularly among big energy users. These "demand response" programs will be more visible in coming years, especially in places like New England that are having trouble getting new plants built.

Early programs paid big energy users to reduce energy use, sometimes forcing them to curtail production. One current approach cuts consumption more painlessly, with the help of controls that dim lights or cycle air conditioners and pumps when requested by the utility.

In response to a directive from Congress, the Federal Energy Regulatory Commission recently surveyed the electric-power industry and found existing demand-response programs can cut consumption by 37,500 megawatts when activated, equivalent to the output of 75 big power plants.

In July and August, when U.S. electricity markets set new records for energy use, the outfit that runs the high-voltage electric grid in the mid-Atlantic region got big energy users to cut their usage in exchange for payments. This benefited all consumers by cutting wholesale power costs by about $650 million.

Many experts think that well-designed programs, backed by the right technology, can easily cut peak energy use by 5% to 10%. In fact, California did better than that in the 2000-01 energy crisis.

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Jon Wellinghoff, a member of the Federal Energy Regulatory Commission, says consumers "easily could save billions of dollars annually" with only a modest expansion of existing programs and no impact on productivity. What you need, he says, is "a willingness to try new things."

Some utilities seem willing to go down that road. Rick Green, chief executive of Aquila Inc., a Kansas City, Mo., holding company that owns utilities in five Midwestern states, says utility executives gradually are becoming convinced they can't build their way out of the current situation, as they did in the past.

He says one employee in Colorado recently told him that when he talks to conservationists, "I don't say 'no' anymore. I say, 'Yes, if...' "

Lax Oversight By BP Is Cited In Texas Fire (WSJ)

The Wall Street Journal, October 16, 2006

HOUSTON -- A July 2005 fire at BP PLC's Texas City refinery was caused by poor mechanical-integrity oversight, a U.S. safety board said.

The fire occurred four months after an explosion at the refinery killed 15 workers and injured hundreds more. The London company has come under fire from regulators after a series of safety and compliance problems in its U.S. operations.

BP said it agreed with the findings -- disclosed yesterday -- of the Chemical Safety and Hazardous Investigation Board and described a series of steps taken to improve "positive material identification" at the plant, including an increase in the size of the inspection team from 50 people to more than 200.

The July 2005 fire lasted two hours, injured one worker and caused $30 million in property damage, the board said. Although less serious than the earlier incident, The July fire and a subsequent blaze Aug. 10, 2005, rattled regulators and local officials.

In August 2005, the board urged BP to convene an independent panel to review safety at BP's U.S. refinery. That panel, led by former Secretary of State James Baker, is expected to report on its findings in late November.

BP spokesman Neil Chapman said BP was "disturbed" by the operating culture at Texas City. But he described the current safety culture as much improved, saying the company won't run Texas City at full capacity until BP is convinced it can operate safely. The plant, BP's largest U.S. refinery, has been partially offline since it was shut for Hurricane Rita in September 2005.

Inquiry Is Critical Of BP In Refinery Fire (NYT/AP)

By The Associated Press

The New York Times, October 16, 2006

HOUSTON, Oct. 15 (AP) — The giant oil company BP did not have procedures in place that could have prevented a fire in July 2005 at its refinery in Texas City after workers installed the wrong type of pipe, federal investigators said Sunday.

The fire at the Resid Hydrotreater Unit, which combines heavy crude oil with hydrogen, caused more than $30 million in damage. One worker suffered minor injuries.

The fire occurred at the same BP plant where 15 people were killed and more than 170 were injured in a March 2005 explosion.

The plant is about 40 miles southeast of Houston.

BP officials said the fire started when an eight-inch section of heavy steel pipe failed between a compressor and heat exchanger.

Mexican Bats Find Cross-Border Benefactors (WP)

By Ceci Connolly

The Washington Post, October 16, 2006

MEXICO CITY -- Shortly before sundown they make their first foray, cruising up to 5,000 feet aboveground in search of mosquitoes, moths and other tasty treats. A few hours later, they return home to rest and feed their young before heading out again around midnight.

By daybreak, when Mexican free-tailed bats finally return to their cave, named Cueva de la Boca, the colony will have traveled as far as 62 miles and gobbled some 12 tons of bugs out of the skies near the U.S. border. And in cornfields from Texas to Iowa, farmers are giving thanks.

Or at least they should be.

Sure, bats are creepy. They hang upside down, squeal at high decibels and turn up in movies as blood-sucking fiends. Some even spread rabies. But, it turns out, that in the global ecosystem, bats are humanity's allies.

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Every night, all night, as humans sleep, the flying mammals work feverishly. They pollinate plants such as the agave, the source of Mexico's iconic tequila. Their excrement, called guano, is a valuable fertilizer. And bats eat up to one-quarter of their body weight in insects every night, making them one of the simplest, safest, most cost-effective forms of pest control available.

Somehow, that message has not reached most people. For decades, intentionally or otherwise, property owners, hikers and sightseers have trampled habitat, dumped garbage and set fires, decimating the bat populations in many parts of the world.

"We scientists missed a chance to give farmers the right information in the right way at the right time," said A. Nelly Correa, a bat expert at the Center for Environmental Quality at the Monterrey Institute of Technology in Mexico. "Most of us were too busy giving the information to our peers in journals and not to the people who could be our partners."Bat Lovers Take Action

Now, in a unique cross-border alliance, bat lovers have embarked on a multiyear effort to quantify the damage and replenish the bat population of northern Mexico. The project, being spearheaded by the nonprofit Texas-based Bat Conservation International (BCI), includes detailed mapping of hundreds of present and former bat roosts, educational programs for farmers and even purchases of land to protect the most vulnerable colonies.

In late September, armed with BCI data, the Mexican environmental group Pronatura Noreste bought the Cueva de la Boca cave outside Monterrey for about $500,000. It is believed to be the first purchase of a bat cave by Mexican conservationists, said Magdalena Rovalo, a biologist and director of the organization. Access is now limited to researchers, and plans are underway to build an observation tower in the hopes of generating tourism revenue at the cave, which takes its name from the Spanish word for "mouth."

"If we had a healthy population of bats, we would have pest control and healthy crops at no cost to society and no bad effects on health," Correa said. "And it would be a plus for the economy as bats can become a tourist attraction."

Scientists have identified more than 1,000 species of bats worldwide, representing about one-fourth of all mammal types. Latin America is home to 290 species, 140 of them in Mexico, making the region one of the most diverse bat habitats on the globe. Of all those bats, just two species feed on wild bird blood and only one eats cattle blood, said Correa, who tries at every opportunity to disabuse the public of those blood-sucking stereotypes.

"They have given all bats a bad image very unfairly," Correa said. "Bats are really great guys!"

Cueva de la Boca caught the attention of conservationists after researcher Arnulfo Moreno surveyed 10 major publicly accessible caves in northern Mexico and found that the bat population had fallen by 90 percent in five of them.

"They are especially vulnerable when they are concentrated in a single place and only produce one pup a year," said Moreno, who is based at the Technological Institute of Victoria City in Monterrey. In addition, Boca is a "maternity cave," where young pups were being suffocated to death by smoke from the torches that hikers fashioned with halved plastic bottles and old rags.

"If you're an adult bat and you cannot breathe, you just fly away," Correa said. "If you are a newly born baby bat waiting for your mom to feed you, you just fall down and die."A Shrunken Population

At one time, Cueva de la Boca was home to an estimated 20 million Mexican free-tailed bats, known to scientists as Tadarida brasiliensis . By last year, the colony had shrunk to 600,000. Pug-nosed, with a wrinkly lower lip and long, loose tail, the bats prefer warmer climes, choosing to live along the border from April to early November. There is evidence they continue south through the winter, but details of their migratory patterns are not well known.

Three other species live in the cave in smaller numbers, including the ghost-faced bat, which has folds of skin below its chin and eyes that appear to be tucked inside its ears, and the naked-back bat, so named for its smooth, almost rubbery-looking skin.

But Boca became a high priority because of the Mexican free-tailed bat and its proclivity to eat the corn earworm, a vicious moth that devours corn crops as it migrates and lays eggs all the way from Winter Garden, Tex., to the Canadian border. As a pest control, bats are more attractive than chemicals because they cost little, pose almost no risk to human health and target specific bugs, leaving the rest of nature undisturbed, Correa said. And because of their location along the border, Mexican free-tailed bats are well-positioned to eliminate earworms before they strike vital crops.

"These bats are of enormous ecological and economic benefit on both sides of the border," Merlin Tuttle, founder and president of Bat Conservation International, said in an e-mail. BCI and Fondo Mexicano, a private organization focused on biodiversity projects, have commissioned assessments of an additional 150 hard-to-reach caves along the border. The bat population in those has fallen from about 55 million to 15 million, Moreno said.

Though modest in size, the 20-acre Boca property offers conservation opportunities beyond bats. It is home to a pair of endangered peregrine falcons, a threatened cypress species and a few endangered American beaver, according to Pronatura. From a single location, visitors can take in an entire ecosystem -- the insects feeding on the plants, the bats eating the bugs and the falcons feeding on the bats.

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Since Pronatura began informing visitors about the fragile residents of Cueva de la Boca last year, the number of Mexican free-tailed bats has doubled to about 1.2 million, Correa said. It is quite a sight, she marveled, when the colony departs for another night of hunting and dining. When they emerge in one burst, their presence in the skies shows up on Doppler radar.

She can only imagine what 20 million or so would look like.

Showcasing The Growth Of The Green Economy (WP)

By Michael S. Rosenwald

The Washington Post, October 16, 2006

Keith Ware dressed naturally to set up his booth at the Green Festival. He wore an organic cotton hooded jacket, organic cotton blue jeans and organic hemp work boots, the soles of which are made from recycled surgical gloves. He was not, however, wearing his organic cotton underwear.

"That's not to say I don't own some," he said.

Ware is one of the owners of Eco-Green Living, a Logan Circle store that sells organic and fair-trade products such as teas, hemp boots and even the makeshift floor he was setting up, which was made from Marmoleum -- a combination of linseed oil, wood flour, rosin, jute and limestone. He was an exhibitor over the weekend at the Green Festival, which drew crowds of people to the Washington Convention Center to celebrate light bulbs that last 60,000 hours, investment funds targeting socially responsible companies and paper made from elephant dung by a company called Mr. Ellie Pooh.

The show, the third in the District, grew from 250 exhibitors in the first year to more than 350. Although some exhibitors were selling products, the chief intention of the show was to develop the industry by connecting the principles and products of green businesses with mainstream customers.

By many accounts, the green business movement is taking off, with the marketplace topping more than $228 billion in the United States and with such companies as Wal-Mart Stores Inc. getting into organic food and General Electric Co. plowing into renewable energy. Levi's is introducing organic cotton jeans. Vanity Fair recently published a green issue.

"I think the business has taken off like a rocket," said Kevin Danaher, co-founder of Global Exchange, a San Francisco organization that promotes social, economic and environmental justice around the world. "I think it's left the launching pad."

But as Danaher and others pound away at expanding the green economy, what was long a counterculture movement is now embracing one of its sworn enemies -- big business -- as a key component of the cause. Danaher's organization has railed for years against Nike Inc.'s manufacturing methods, accusing the company of running sweatshops, yet he says the Wal-Marts of the world can help the world go green. Such companies legitimize the movement and can offer a wider market for niche products from smaller companies, he said.

"It's the big guys genuflecting in the reflection of our values," he said. "The previous economy was based on money values. The next economy will be based on life values. You do commerce and make money, but you're making your money by saving nature and protecting human rights."

Danaher acknowledged that embracing big business may seem contradictory, and not all green groups agree with him. Wal-Mart has plenty of critics, who argue that the retailer's drive for low-cost products could degrade organic standards. "It creates confusion," Danaher said. "People have this anti-corporation, anti-big thing, which is understandable. Wal-Mart knocks out small businesses. They keep their wages down." But, he said: "They get it out into the public mind. That's why we do this show. Let's get into the general public. Preaching to the already converted doesn't take you anywhere. It's taking it into the mainstream that does."

Ware's store has been open for about a year. Besides selling to walk-in customers, the store supplies home-building and remodeling contractors with tankless water heaters, solar-powered roof fans, bamboo flooring and nontoxic paints. "We have grown phenomenally," he said. "We've gone from doing a couple hundred dollars a month to several thousand a day."

One of the most common questions Ware gets about his business is about competition, particularly from big companies. Wal-Mart, for example, has invested heavily in its organic business, becoming the world's largest buyer of organic cotton products. Last year, GE said that its Ecomagination program, which it describes as building "innovative technologies that help customers address their environmental and financial needs and help GE grow," generated $10.1 billion in revenue, up from $6.2 billion in 2004. Waste Management Inc., the country's largest waste collector, is turning landfill gases into electricity for 400,000 homes.

"People always ask me about competition," Ware said. "No. No. There is only validation of the industry right now. It hurts the movement if they are doing small things for the publicity. If they are genuinely trying to do the things that they say they are doing for the right reasons, then it helps. I'm sure they are finding that, heck, they are earning more money off it. The idea is to get everybody moving."

Which raises the question: What if Target or Wal-Mart opened a store 10 blocks from him that sold everything he sells?

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Ware doesn't think Wal-Mart would put him out of business. In fact, he thinks if Wal-Mart sells more green products, his business will be enhanced, with even more foot traffic. Ware said that if competitors were legitimately green, "I would be absolutely enthralled with it. . . . I know there will be more and more places coming up where you can buy Marmoleum flooring. Everyone will soon be selling organic cotton shoes and clothing."

And judging by the turnout at this year's show, there will be plenty of customers. The festival drew about 25,000 people, up from 17,000 last year. Fifteen minutes after opening Saturday morning, there were four lines with more than 60 people in each, waiting to get tickets.

The green industry's move toward the middle provided an interesting study in contrasts. While the show offered free valet parking for bicycle riders, high-profile Washington was also represented, and Tim Russert and his wife strolled through the hall.

Liz and Jim Staedler of Summit, N.J., were in town visiting their daughter when they came across a flier for the show. Though they have never been to a green event, their 22-year-old son has been pushing them to incorporate sustainable energy into their Colorado home. They decided to drop by for some ideas.

"I thought it would be hippies and granolas, that type of thing," Jim said. "What I see here is some of that, but it's really more toward the mainstream."

The Staedlers were standing in an aisle with a booth selling politically charged bumper stickers, including one that said "Too Poor To Vote Republican." But nearby, in a booth with an iPod playing the Jackson Five through a speaker, a tall man in a pinstriped suit introduced chic body products from Pangea Organics. Big selling point: The skin lotion boxes are plantable and will grow Genovese sweet basil.

The products displayed varied appreciably: stationery from Mr. Ellie Pooh; organic wine and beer; sustainable men's underwear at $10 a pair. There was wheat litter bedding for pets, organic yerba mate, and information on obtaining an MBA in sustainable management.

Zach Lyman is the managing partner of a District company called Reware, which sells backpacks and messenger bags that have small solar panels on the outside to provide electricity for charging. Connect cellphones, iPods, GPS navigation devices and other gizmos to the bag, and they can be charged in generally the same time it would take plugging them into a wall socket. The bags sell for about $240. Lyman estimated that he has sold about 3,500 of them.

The bags were popular with early adopters and green-product aficionados, but after Hurricane Katrina, when millions of Americans realized that they could be without power for months, Lyman's business expanded into the mainstream, to average consumers as well as disaster workers and utility companies.

"I'm a big mainstream guy," Lyman said. "That's the whole thing with this bag. How do we introduce renewable energy to people who don't think about it in their everyday life?"

Lyman said he was particularly enthusiastic about GE's efforts in green energy.

"My whole goal in life is to bring this stuff into the mainstream," he said. "I look at GE and I'm excited. They are getting the message out, and for us, here you have one of the most successful companies in the world and they are saying that climate change matters, that renewable energy matters. That is so exciting."

Mark Bisbee, the owner of Liberty Carpet One in Fairfax, has created an offshoot called GreenFloors. He sells, among other things, carpet made from recycled soda bottles, which are sorted by color, ground into chips that are turned into fibers, then spun into a carpet.

A curious thing happened in the carpet market. Because nylon carpet needs oil for production, the high price of oil has pushed nylon carpet prices about $3 per square yard above recycled carpet.

Bisbee has customers in 48 states. He is still waiting for Wyoming and Hawaii.

"It was a small niche market and now it's more mainstream," Bisbee said. "Basically it's a question of awareness. Once people are aware they have choices it's easy, especially if it's economically similar. Then there is not really a decision."

FBI/DEA/ATF/USMS:

3 Vice Lords Convicted Of Drug Trafficking On West Side (HM)

Hilary Masell, October 13, 2006

Three high-ranking members of a Chicago street gang were convicted Thursday, culminating a massive federal probe into a network of drug trafficking on the city's West Side.

Troy Martin, Eddie Bell and Patrick Bray were each found guilty by a federal jury of running a highly organized drug ring as members of the Mafia Insane Vice Lords.

Share your thoughts

on this story on the ChicagoDefender.com message board.

Assistant U.S. Attorney Pravin Rao said the convictions send a message to other drug traffickers. "They can't . . . victimize the whole community," he said.

According to Rao, the group, led by Martin of Bolingbrook, had between 30 and 50 drug spots across the West Side. The spots operated 24 hours a day, seven days a week, selling cocaine, crack cocaine, heroin and marijuana.

Federal prosecutors called it a "sophisticated operation" with an elaborate infrastructure that earned $4,000 to $5,000 a day at each of the most active locations.

The men were arrested in May 2004 as part of "Operation Day Trader," a U.S. Drug Enforcement Administration investigation. A total of 48 defendants were arrested on federal conspiracy charges, most of whom have been convicted.

Martin, 51; Bell, 45, also of Bolingbrook; and Bray, 34, of Chicago, each face life in prison. They will be sentenced in January.

Oak Park Drug Bust Adds To Busy Summer For D.E.A. (KOVR)

KOVR-TV, October 13, 2006

(CBS 13) SACRAMENTO Five people are under arrest after they were caught growing marijuana in plain view in their backyard, say D.E.A. agents. Federal agents say one of the suspects arrested is a leader of an Asian gang called Little Rascals, a gang the D.E.A. says is the boldest they've arrested all summer.

"It's been a busy season for us. It was pretty much unexpected," said Gordon Taylor, Special Agent, Sacramento D.E.A.

According to an affidavit, the leader lived in Elk Grove but ran the operation out of his mother's house in Oak Park. Inside the home, agents say they found 6,000 ecstasy pills, 39 marijuana plants in the backyard of the residence well as 19 boxes of processed marijuana.

Agents say the gang is not linked to the earlier arrests, where the plants were grown indoors. Despite this, agents say the arrests show a trend.

While were there, two cars pulled up and drove away. One nearby resident says he's had enough.

Agents were tipped off to the operation by neighbors who said they didn't know the leader, but they know he drove an expensive corvette.

If the men arrested in this raid are convicted, they'll face jail time, say agents.

More Local Rising Cost To Cross Body Uncovered In Starr County Well Valley's Evolution A Hispanic Celebration Olympic Legend Returns To The Valley Two Evade Police By Crossing Border Local For Last Seven Days Today Sunday Saturday Friday Thursday Wednesda (MON)

Monitor, October 14, 2006

McALLEN — Six defendants in a high-profile federal drug case have agreed to plead guilty to smuggling charges, opening the way for prosecutors to go after their 10 co-defendants.

The six men who have agreed to plea guilty are Jesus Lorenzo Meza, a former Edinburg police officer; Andres Solis; Ruben Meza; Arturo Javier Hinojosa; Miguel Hernandez-Rojas and Robert Lee Rodriguez, according to court documents. The six faced as many as nine federal counts, including conspiracy to distribute marijuana and cocaine and possession with intent to distribute.

Jesus Meza, Ruben Meza and Hernandez-Rojas are brothers of former McAllen police officer Francisco Meza-Rojas, the man who authorities believe led the escape from the federal prison in La Villa last month. Meza-Rojas was in the prison awaiting trial on charges in connection with this case.

The six men who have agreed to plead guilty could face as much as life in prison and a $4 million fine. The remaining charges against the six have been dropped.

"My understanding is that this was something that happened in the past," said Edinburg Police Chief Quirino Muñoz, Jesus Meza's former boss. "We are disappointed to see anytime a police officer violates the law in such a matter."

The case dates back to December 2005, when the 16 men were indicted after an almost 10-year Drug Enforcement Administration investigation into cocaine and marijuana smuggling near Peñitas.

Meza-Rojas, 41, led the family drug ring, according to court documents. He and the five other prisoners who escaped the prison in La Villa are still on the loose. The six are considered armed and dangerous. The other five men were serving sentences for unrelated charges.

Meza-Rojas and his four brothers were arrested April 19.

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There are still four co-defendants in the drug case whose names have not been released because they have yet to be arrested.

Prosecutors have decided to go forward with the case against Meza-Rojas and the six others in custody who have not agreed to plead guilty.

The Meza family smuggled in drugs through an area between Granjeno and Peñitas for years, according to a DEA agent's testimony in April.

From 1998 until 2006, they would employ as many as 10 people to perform counters-surveillance and move the drugs from Mexico to the United States, according to court documents.

Using codes, cell phones and other technology, they managed to operate seemingly undetected. Based on wire taps of many of the defendants' phones, agents were able to determine that the players in the smuggling had a system to elude law enforcement, which included abandoning a vehicle loaded with drugs when officers were about to make an arrest, the documents show.

Members of the organization would also use their vehicles to block law enforcement from entering certain roads and areas.

The U.S. Attorney's office in Houston and DEA in McAllen declined to comment. Both cited the ongoing investigation into the case.

In fact, U.S. Attorneys and DEA agents haven't shared any details about the case. All information has been gleaned from public records.

Those records and testimony from court appearances show the case against the 16 defendants heavily relies on information gathered from wire taps and confidential informants.

One of the defendants, Solis, filed a motion to have the government disclose the name of the informants. Solis has since agreed to plead guilty. Before his plea agreement, federal prosecutors filed a motion hoping to deny the disclosure of those informants.

Local Doc Cleared Of Malpractice (STT)

Scranton Times-Tribune, October 15, 2006

SCRANTON — A former Honesdale doctor was found not to have committed medical malpractice after a two-week trial in front of Lackawanna County Judge Terrence Nealon.

Lake Ariel resident Beth Batzel sued Dr. David George, who is now practicing medicine in New Mexico, claiming that he was negligent for performing a "cervical manipulation" on her spine in June 1999, five months after she'd undergone a cervical fusion. Dr. George denied he performed any manipulations on her spine and said that even if he had, Ms. Batzel's spine was well-healed by then.

Jurors deliberated about one hour before deciding that Dr. George was not negligent in his care of Ms. Batzel, according to Judge Nealon.

Man sentenced in drug-ring case

SCRANTON — A Kingston man was sentenced to more than eight years in prison for his role in a crack cocaine ring that operated in Luzerne and Lancaster counties.

Anthony Blaso, 54, of Kingston, pleaded guilty to a drug conspiracy count in July, four months after he was indicted in federal court as a result of an investigation by the U.S. Drug Enforcement Administration and the Wilkes-Barre Police Department.

U.S. District Judge William J. Nealon sentenced Mr. Blaso to 100 months in federal prison Thursday, followed by five years' supervised probation. The case was prosecuted by Assistant U.S. Attorney Francis P. Sempa.

Man turns self in after stabbing

PITTSTON — A 21-year-old man surrendered voluntarily Friday after he stabbed another man in the 200 block of North Main Street, city police said.

Nicholas Bonafede was charged with stabbing Seid Aptiliasimov, 23, in the abdomen at 273 N. Main St. about 8 p.m., police said.

Mr. Aptiliasimov was taken to Community Medical Center for treatment. Hospital officials had no information about his condition late Saturday night.

Mr. Bonafede was charged with aggravated assault, simple assault and recklessly endangering another person. He was committed to Luzerne County Correctional Facility, where he remained Saturday night in lieu of $35,000 bail, prison officials said.

U.S. Military Pilot Sentenced In Ecstasy Case (AP)

AP, October 13, 2006

DOJ_NMG_0080849

NEW YORK A U.S. military pilot who flew a U.S. Air Force jet from New York to Germany to pick up 200,000 pills of Ecstasy was sentenced Friday to 17 1/2 years in prison.

U.S. District Judge John G. Koeltl rejected appeals by defense lawyers for leniency for Capt. Franklin Rodriguez of the U.S. Air National Guard, saying the sentence was appropriate for "a particularly egregious and despicable crime."

"He took these actions while other members of the military are over there bravely fighting for our country," Koeltl said.

Rodriguez, 36, and Master Sgt. John Fong, 37, of the U.S. Air National Guard had pleaded guilty to conspiracy charges, admitting their roles in the April 2005 flight. Fong is awaiting sentencing.

"I'm very sorry," Rodriguez said before he was sentenced. "I just chose the wrong thing and my family suffered. ... I loved my job, that I served my country and I'm sorry for what I've done," he said.

Prosecutors told the judge that Rodriguez had repeatedly flown drugs on military flights, bringing hundreds of thousands of Ecstasy pills into the United States aboard cargo aircraft and that more than $700,000 (€557,768) in cash was found in a safe in his apartment.

The two men were arrested after flying the Air Force plane from Stewart Air National Guard Base in Newburgh, New York, to Germany and returning to Newburgh.

Federal law enforcement agents watched Fong load bags and boxes into a BMW before approaching the two men and asking to inspect their bags, where 28 bags of pills were found, authorities said.

Ecstasy is a synthetic drug considered part hallucinogen, part amphetamine.

Pilot Of Ecstasy Plane Sentenced To Federal Prison (MH)

Mid-Hudson, October 14, 2006

New York – A captain in the New York Air National Guard at Stewart Airport was sentenced Friday to 17_ years in federal prison for transporting ecstasy pills into the United States from Germany aboard a C-5A cargo plane.

Franklin Rodriguez, 36, and his co-defendant Master Sergeant John Fong, pleaded guilty in May to conspiring to import the drug into the country and conspiring to possess and distribute the drug.

The charges were the result of an international investigation into importation of ecstasy on military aircraft and its distribution in the United States.

It was charged that on April 12, 2005, Rodriguez and Fong flew from Germany to Stewart on a C-5A cargo plane on which they had hidden more than 200,000 ecstasy pills. Rodriguez also stored pills and $725,000 in cash in his apartment in the Bronx and the two men stored 60,000 pills in an automobile in Tampa, Florida.

Fong is scheduled to be sentenced next month.

Forest Pot Farms A Menace To Land (SDUT)

By Mike Lee, Union-tribune Staff Writer

The San Diego Union-Tribune, October 15, 2006

Drug agents sniffed out a major marijuana patch at Palomar Mountain State Park a few months ago in the kind of raid that has become all too common on U.S. public lands.

What officials initially thought might be a few hundred plants ended up being 15,000. Police also found two men and a woman tending the plots, whose yield would have been worth $60 million on the street.

The crop tenders scampered into the woods, leaving behind trash and terraces they had formed on the hillside. Initial repairs to such an area can cost taxpayers $10,000 per acre for staff time and a helicopter to haul away garbage, said the Office of National Drug Control Policy. On average, ten acres are fouled for every acre of marijuana planted in forests and on other public lands, the agency said.

“The whole process of these marijuana plantations brutalizes the landscape,” said David Graber, Pacific West regional science chief for the National Park Service.

The outdoor growing season for marijuana is coming to a close for the year, but some scars left by clandestine pot farms will take months to heal. Anti-drug agencies must deal with tons of trash, human waste, erosion and other forms of soil disturbance, loss of vegetation and chemical pollution that kills marine life.

The illegal plots also increase poaching of wildlife, raise the threat of wildfires started accidentally at campsites and put outdoor enthusiasts in harm's way. For instance, the U.S. Forest Service recently warned deer hunters to avoid two areas in Mendocino and Glenn counties until authorities could evict the marijuana growers.

Marijuana production on public lands in the United States has risen as the nation moves to further secure its borders and slow the movement of marijuana from Mexico. Mexican organized crime is behind the surge in such illegal plantings, according to law enforcement agencies.

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Growers favor public property partly because if their plants are discovered, they can flee without leaving behind traceable evidence. But there are other reasons for the popularity of forests and parks.

"The nation's public lands have become a haven for this illegal activity due to the relatively few law enforcement personnel and the vast and often remote tracks of sparsely or uninhabited lands," said the U.S. Forest Service's 2005 marijuana report.

Authorities – from the White House down to the local level – are paying more attention to the expanding practice of marijuana farming on public lands, especially national forests in California. Federal agents say that about 4.5 million outdoor marijuana plants have been seized nationwide this year, largely from public lands. That pace is well ahead of the 2005 count.

The problem has become so pervasive that President Bush's drug czar visited the Sequoia National Forest in August to discuss why drug cartels are having such success.

"Every American should be outraged that parts of their public lands are being held hostage by illegal drug traffickers," John Walters, director of national drug-control policy, said at the time.

Appealing sites More than half the marijuana plants detected on public lands nationwide are in California, which has eight of the 10 U.S. national forests with the highest number of pot plants confiscated. And 2006 looks to be another record year for seizures.

About 2.8 million marijuana plants were seized from outdoor farms in California through August, records show. About 75 percent of those seizures were on public lands.

The Cleveland National Forest, which cuts through central San Diego County, didn't rank among the national leaders in 2005, but authorities say about 13,000 plants were eradicated there last year.

Those Cleveland plantations caused ecological damage to 33 acres. Nationwide, the total reaches thousands of acres, according to the Office of National Drug Control Policy.

In San Diego County, the multiagency Marijuana Eradication Team removed about 250,000 plants from large-scale outdoor farms so far this year. This is about 30 percent higher than last year but below the average of about 300,000 plants in each of the past five years.

Anti-narcotics experts say the annual seizure totals nationwide vary based on enforcement pressure, weather and planting trends within the multibillion-dollar marijuana industry. In 2005, for example, heavy spring rains likely discouraged some growers and probably accounted for the county's lower eradication totals.

Some authorities say the escalating number of marijuana seizures on public lands in California indicate their enforcement methods are becoming more effective.

Robin Schwanke, spokeswoman for the state Attorney General's Office, credits the rise to better surveillance and increased understanding of what areas the growers prefer.

Others say cash-strapped, thinly staffed enforcement agencies aren't the reason for the rising rate of marijuana busts.

"At a grand scale, I see no solution anytime soon," said Graber of the National Park Service. "At a local scale, the most we can hope for is that we harass (the growers) enough that they go somewhere else."

Relatively few marijuana farms are found on public lands closest to the U.S.-Mexico border because the presence of immigration agents deters many potential growers.

But a few miles to the north, "any place you can think of that there would be water, they are growing it," said Greg Meese, the patrol captain for the Cleveland National Forest.

Lasting degradation To make way for their crops, pot growers routinely use pesticides to remove swaths of native shrubs and grasses. Their plots often spread over dozens of acres. Taller trees are left as cover against aerial checks by police helicopters.

In a forest, the low-level plants keep dirt from washing into streams during rainfall. After the marijuana is harvested and winter rains come, the barren patches are highly susceptible to soil erosion. The result is that waterways in some of California's most pristine watersheds become polluted.

Marijuana growers also dam streams, haul in small pumps and run plastic irrigation lines through the forest to water their crops. The result can be dramatic changes to creeks that native fish rely on.

Often, the marijuana operations are highly sophisticated and may take weeks to set up.

A few years ago, Meese discovered an irrigation system that included pools up to 15 feet wide and just as deep.

"The head pressure in the (marijuana) garden hose was better than what you typically find in your home," he said.

Growers commonly import rat poison to kill the critters that like to eat their profit-generating plants. They also use lots of chemical fertilizers to keep their plants green. These substances can easily contaminate nearby creeks, promoting algae blooms that can use up the oxygen in the water and kill fish.

In one case, Graber said his first clue about the presence of a major marijuana operation was extremely high nitrate levels that were detected during routine water monitoring.

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A pot farm's most visible impact is trash. Marijuana growers commonly live with their plants for weeks or months at a time. At a large farm, the litter can weigh several tons and include miles of irrigation pipe.

"The camps themselves are filthy. There is garbage everywhere – anything you can think of that you would generate in your home . . . including human waste," Meese said.

Threats to wildlife compound the other environmental concerns.

"At almost every (garden) we come across, there is some evidence of poaching, whether it be poaching salmon out of the creeks in Butte County or poaching deer," said Patrick Foy, spokesman for the California Department of Fish and Game.

In one instance, law enforcement agents found a camp where the tenants were making jerky out of three foxes they'd caught.

"These folks already have complete disregard for the law . . . so when anything that would serve as a food source comes by, they often take advantage of that," Foy said.

But perhaps the most serious danger is to unsuspecting hikers, hunters and mountain bikers who cross into marijuana farms, some of which are protected by booby traps and barbed wire. Most farms are well off the beaten path, but reports of run-ins between the public and growers have become routine.

On Sept. 30, for example, a hunter in the Mendocino National Forest said he stumbled onto the edge of a marijuana patch and found four men pointing rifles at him. They started firing but the hunter escaped unharmed, according to a Forest Service report.

Such incidents usually lead to raids by law enforcement teams. Once authorities haul away and destroy the marijuana plants, they remove the leftover garbage and leave the land to repair itself over time.

That was the case this summer on Palomar Mountain, where crews took out the trash and let nature take its course. Within several weeks, the native vegetation was resprouting, said Jim Dice, a senior environmental scientist for California State Parks.

"Any active restoration," he said, "would probably be more damaging than leaving it alone."

Pol Asked Fed Judge To Go Easy On Dealer (BOSH)

By Laurel J. Sweet

Boston Herald, October 16, 2006

U.S. Rep. James P. McGovern asked a federal judge in Boston to go easy last week when sentencing a now twice-convicted drug dealer who was once moving up to 13 pounds of coke per month.

The Worcester Democrat wrote to U.S. District Court Judge F. Dennis Saylor IV asking leniency for Nicholas Police, 28, even though, McGovern said, "I am not personally familiar with Mr. Police or the specific details surrounding the criminal conduct with which he has been charged."

McGovern, a self-styled champion of human rights and the first pol to pledge his allegiance to Democratic gubernatorial hopeful Deval Patrick, could not be reached for comment last night.

It is unknown if his blind faith did any good. On Thursday, Saylor sentenced Police - an Assumption College graduate who once started his own record label - to the low end of the 8-to-10 years he was facing for pleading guilty to possession of cocaine and marijuana with intent to distribute.

The 8-year federal sentence absorbs the 3-to-5 years Police has been serving since 2004 on state cocaine trafficking charges.

In that case, according to a 2003 internal U.S. Drug Enforcement Administration investigative report, Police was arrested for trying to buy 40 pounds of pot from an undercover state trooper for $60,000 cash and 4 ounces of cocaine. He pled guilty.

The same DEA memo said Police kept coke in his Worcester apartment and, according to an informant who regularly brought drugs from him, was armed with "three handguns."

Still, McGovern, 46, wrote Saylor in a letter dated Sept. 18, "As a college graduate from a stable home environment with the support of loving parents, Mr. Police stands an excellent chance to be fully rehabilitated."

Acting U.S. Attorney Michael Loucks' office disagreed, arguing in their own written remarks to Saylor, "After his arrest on state drug charges (Police) had an opportunity to turn his life around and instead simply sold more drugs.

"If anything, (Police's) personal history and characteristics cut in favor of a higher sentence in that he grew up in a supportive, middle-class family and had the time and resources to obtain a college degree.

"Drug trafficking is a serious crime," prosecutors stressed. "It is not victimless."

Police's "devastated" parents declined to comment except to say they were "very appreciative of any help" McGovern was able to give their family.

Colombian Rebel's Trial To Begin In D.C. (AP)

DOJ_NMG_0080852

By Hope Yen, The Associated Press

AP, October 16, 2006

WASHINGTON -- The politically charged trial of a top Latin American rebel leader is set to begin in a 3-year-old kidnapping case that has the lives of three Americans hanging in the balance.

Opening statements were scheduled for Monday in the U.S. District Court trial of 56-year-old Ricardo Palmera, who is considered the most senior member captured from the Revolutionary Armed Forces of Colombia (FARC), on charges he provided material support to a terrorist group.

Palmera, better known by his nom de guerre Simon Trinidad, was extradited in late 2004 after his capture in Ecuador. He is accused of conspiring to kidnap three Americans in connection with the February 2003 downing of a small U.S. airplane over a FARC stronghold in southern Colombia.

FARC is demanding that the U.S.-backed Colombian government release all of the group's imprisoned comrades, including Palmera, in exchange for the release of 62 hostages.

The hostages include three Americans on the plane _ Thomas Howes, Keith Stansell and Marc Gonsalves _ who authorities say were defense contractors involved in an intelligence-collecting mission.

Palmera is also charged in the killings of two others on the plane, U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site apparently shot to death.

The trial is the latest evidence of a stiffening U.S. stance against FARC, which the U.S. government considers a terrorist organization. Since 2000, the U.S. has given more than $4 billion to Colombia to fight the insurgency and the world's largest cocaine industry.

Family members of the hostages say they welcome Palmera's trial, although they acknowledge it could backfire. The three hostages are believed to be alive but haven't been publicly seen since a July 2003 video released by the rebels.

"I worry they may retaliate against the Americans," said Jo Rosano, mother of Marc Gonsalves.

Although Colombian President Alvaro Uribe has indicated an openness to a prisoner swap, he has suggested the release of Palmera and another leading rebel, Nayibe Rojas, is out of his hands because they had been extradited to the U.S. for trial.

A former banker from a wealthy family, the Harvard-educated Palmera says he took up arms to fight social injustice. FARC, along with a smaller leftist rebel group, has battled to topple the Colombian government for 42 years in a conflict that claims more than 3,000 lives every year.

He told The Associated Press in 1999 that he had chosen to "be alongside the progressive people fighting the 10 percent of landowners who are monopolizing 90 percent of Colombia's land."

The group funds itself through drug trafficking, extortion and kidnapping.

IMMIGRATION:

No Cause For Celebration (USAT)

By Dan Stein

USA Today, October 16, 2006

Overcrowded schools, congested highways, environmental stresses: We are a nation paving over its wildernesses while depending on our enemies for vital resources.

Why?

Because Americans have been blindsided by a government-mandated mass immigration program that's fueling this nation's runaway population growth. This growth was neither planned nor expected, but we feel the consequences every day.

The population of the USA will reach 300 million this week on a relentless march to half a billion before 2050. That's because about 80% of the current population growth in the USA is due to immigration policies — immigrants legally admitted, illegal immigrants, and births to immigrants after entering. Only a dramatic rollback in overall immigration can reverse these trends. The time to act is now.

Thirty years ago, the Rockefeller Commission could find no benefit from further increases in the size of the U.S. population. In 2006, it is hard to see how the massive government-mandated population growth of the past 30 years has improved life for most Americans. The addition of a staggering 100 million people since the late 1960s has accelerated virtually every environmental problem, exacerbated resource depletion, contributed to sprawl and congestion, and strained nearly all public services.

Many of our nation's opinion elite now seem intent on further acceleration. The Senate recently approved an illegal alien amnesty and immigration increase that would have resulted in at least 66 million new immigrants arriving in the USA in the next

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20 years — and we'd hit a billion people before 2100. This is insane, and only a massive public outcry and strong opposition in the House prevented this from occurring.

Our population future is entirely within our power to determine. Just as the government has mandated soaring overcrowding and congestion in the past several decades, it has the power to slow population growth by curtailing immigration and enforcing laws against illegal immigration.

It's time to talk about the purposes of immigration and its role in our national future. As responsible stewards for future generations, there is an urgency to consider how our decisions today will affect the nation they will inherit — before it's too late.

Dan Stein is president of the Federation for American Immigration Reform (FAIR).

CONGRESS-ADMINISTRATION:

Bush's Press Secretary Is Raising Money, And Some Eyebrows (NYT)

By Sheryl Gay Stolberg

The New York Times, October 16, 2006

ST. CHARLES, Ill., Oct. 15 — Tony Snow draped his lanky frame across a wooden lectern, leaned forward and gazed out at 850 adoring Republicans who had paid $175 apiece to hear him speak. There was a conspiratorial gleam in his eye, as if he was about to reveal some deep inner secret from his new life as the White House press secretary.

"Yesterday," Mr. Snow declared, "I was in the Oval Office with the president ——"

He cut himself off, took a perfectly calibrated three-second pause and switched into an aw-shucks voice for dramatic effect: "I just looove saying that! Yeaaah, I was in the Oval Office. Just meeee and the president. Noooooobody else." The crowd lapped it up.

Live from the suburbs of Chicago — It's the Tony Snow Outside-the-Beltway Hour! Memo to White House press corps: you can't catch this show in the briefing room.

In the six months since Mr. Bush enlisted him to resuscitate a White House press operation that was barely breathing, Mr. Snow, a former Fox News television and radio host and a conservative commentator, has reinvented the job with his snappy sound bites and knack for deflecting tough questions with a smile. Now, he is reinventing it yet again, by breaking away from the briefing room to raise money for Republicans, as he did here on Saturday night for Speaker J. Dennis Hastert.

Mr. Snow, who will make 16 such appearances before Election Day, acknowledged he had entered "terra incognita"; to his knowledge, no other White House press secretary has raised money for political candidates while in the job. But with his star power from television and his conservative credentials, Mr. Snow, unlike his predecessors, is in hot demand.

His booking agent is the White House political shop, run by Karl Rove, the president's chief strategist. The White House is not keeping track of how much money Mr. Snow raises. His talks — Saturday night's was a cross between a one-man show and a religious revival — have attracted little scrutiny so far, but they are giving a much-needed boost to a party whose midterm fortunes appear increasingly bleak.

Yet even as the Republican establishment revels in his celebrity — "It's like Mick Jagger at a rock concert," Mr. Rove said — Mr. Snow's extracurricular activities are making some veteran Washington hands, including those with strong Republican ties, deeply uneasy.

"The principal job of the press secretary is to present information to reporters, not propaganda," said David R. Gergen, who served in the Nixon, Ford and Reagan administrations and also advised President Bill Clinton. "If he is seen as wearing two hats, reporters as well as the public will inevitably wonder: is he speaking to us now as the traditional press secretary, or is he speaking to us as a political partisan?"

Indeed, Mr. Snow, whose commentary was so sharply critical of Mr. Bush that six months before he was hired, he referred to Mr. Bush as "something of an embarrassment," got the White House job in part because his independence gave him credibility with reporters. Kenneth J. Duberstein, former chief of staff to Ronald Reagan, said Mr. Snow must be careful not to damage that credibility.

"His profile should not be a political profile," Mr. Duberstein said, "but a press profile on behalf of the president."

But of course, press secretaries are naturally partisans; to think otherwise would be naïve. Ari Fleischer, Mr. Bush's first press secretary, said he saw nothing wrong with fund-raising appearances, "so long as you don't make yourself into red meat."

There was, for the record, not a shred of red meat in Mr. Snow's whirlwind performance Saturday night. For 28 minutes, Mr. Snow paced the stage, hands gesticulating, eyebrows arching, voice rising and falling, as he held forth without notes on the greatness of his job, his president and the American people.

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Here was Mr. Snow on working in the White House: "The most exciting, intellectually aerobic job I'm ever going to have." On the nature of the American soul after the terrorist attacks of Sept. 11: "There is an ember of greatness burning in every heart." On the intellectual acumen of his boss: "He reminds me of one of those guys at the gym who plays about 40 chessboards at once."

There were no mean words about Democrats. Mr. Snow, aware of his delicate balancing act, has vowed to "stick to factual defenses and advocacy for the president."

But as the keynote speaker, of course, he got to choose which facts to defend. There was no mention of Mark Foley, the Florida congressman who resigned in late September amid revelations he sent sexually explicit e-mail to teenage pages, or Jack Abramoff, the corrupt lobbyist, or anybody else who makes Republicans cringe.

That did not sit well with the local news media, which has been following accusations that Mr. Hastert's aides knew of the Foley scandal several years ago. Just two days earlier, Mr. Bush had been in Chicago to give the speaker his support. After his talk, Mr. Snow gave a mini news conference, and was asked why he failed to raise the Foley issue, "to reassure the people who are paying 175 bucks a plate here tonight."

"Because," Mr. Snow shot back tartly, "last time I checked Mark Foley didn't represent the people of this district."

Back in Washington, Mr. Snow has gained a reputation for such witty, if biting, repartee. Sound bites seem to flow from his tongue like water tumbling downstream.

Once, he accused the veteran White House correspondent Helen Thomas, who is 86 and has been covering presidents since Mr. Snow, 51, was in grade school, of "pestering the teacher." And when Bob Woodward painted a portrait of a dysfunctional Bush White House in his new book, "State of Denial," Mr. Snow dismissed it out of hand. "Sort of like cotton candy — it melts on contact," he said.

Jim Axelrod, chief White House correspondent for CBS News, said of Mr. Snow, "He's velvet glove and iron fist."

But when Mr. Snow missed a day of work to attend a fund-raiser after a leading Republican senator raised questions about the president's Iraq policy, Mr. Axelrod was critical. "This is the kind of thing you would expect the press secretary to be handling square on," he said.

Mr. Snow said his deputy handled the questions just fine.

It is often said that the White House press secretary serves two masters: the president and the press, which relies on the press secretary to advocate for the release of information. Mr. Snow believes that is true — to a point.

"The press secretary serves two masters," he said, "but not all masters are equal."

That gets back to his decision to headline fund-raisers, a decision he says he made only after soliciting the advice of colleagues, including the White House counsel, Harriet E. Miers. Mr. Snow said he set his own ground rules and would quit raising money if it interfered with his day job.

How will he know? "I have the feeling that all of us will know," he said. "You kind of know it when you see it."

Mr. Gergen sees this as the final "blurring of the lines between politics and news and entertainment." Mr. Fleischer says those lines blurred long ago.

"The modern-day briefing is not a briefing but a TV show," he said, "and Tony is the star."

Mr. Snow said his stardom was only "the reflected glory of the president." But on Saturday night, as he basked in the spotlight, his face beaming out at the crowd from six oversize screens, he looked awfully happy when he said, "Let me bring you greetings from the president of the United States."

Hastert's Team Mentality To Be Tested As Foley Scandal Unfolds (WP)

By Michael Grunwald And Jim Vandehei

The Washington Post, October 16, 2006

On a table near the desk of the speaker of the House, nine bears sit in a wooden rowboat, eight with oars and one in charge. But the boat can't move unless the oars all row in the same direction. That's why House Speaker J. Dennis Hastert (R-Ill.) bought it.

Ever since an odd combination of scandal and turmoil catapulted Hastert into the speaker's job in 1999, the beefy former wrestling coach -- who's a bit bearlike himself -- has pushed House Republicans to work as a team. And he's had remarkable success. Largely unknown outside Washington, routinely underestimated as a powerless figurehead inside Washington, the accidental speaker has helped unify his fractious caucus, promote President Bush's agenda and expand the House's GOP majority.

"That rowboat is how he sees his job," said lobbyist David Thompson, a former Hastert aide. "He wakes up every morning thinking about how he can help the Republican team."

But now the Republican rowboat is leaking, and the longest-serving GOP speaker in history is at the center of the storm.

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As investigators probe whether Hastert ignored warnings about former representative Mark Foley (R-Fla.), Democrats across the country are portraying him as a symbol of a see-no-evil Republican House. They say Hastert's intense partisanship repeatedly blinded him to GOP misconduct -- not only Foley's inappropriate electronic messages with teenage pages but the corruption of lawmakers such as Rep. Robert W. Ney (R-Ohio), as well as Bush's missteps in Iraq and New Orleans. Even Hastert's defenders acknowledge that his top priority as speaker has been protecting the GOP majority, not investigating the president or his own caucus.

Hastert doesn't seem capable of intense anything; he has a conservative voting record but a moderate temperament. He looks like a cross between actor Wilford Brimley and Jabba the Hutt, and his unassuming Midwestern public demeanor makes for dull television. He has shown none of the restless intellectual energy of Newt Gingrich (R-Ga.), the frenetic revolutionary who preceded him as speaker; and he has often been dismissed as a frontman for former majority leader Tom DeLay (R-Tex.), the conservative firebrand who anointed him.

Hastert does not deliver the polished speeches and Sunday-show ripostes that typify leadership in Washington. But he sees himself as a coach, and his overriding goal is to help his team -- the Republican caucus, not the House. That team has enjoyed quite a winning streak over the past seven years. Republicans agree that if good-cop Hastert couldn't have done it without bad-cop DeLay, DeLay couldn't have done it without Hastert, either.

"Denny really smooths out the rough edges in the caucus," said former representative Rob Portman (R-Ohio), who is now Bush's budget director. "He's a kinder, gentler guy, but when he puts that big arm around you and says he needs you, it's hard to say no."

Coach Hastert is still beloved by his players, which is why he's survived the Foley mess so far. They appreciate how he listens to their concerns, shares credit and works overtime to keep the team together. He schlepped to 42 districts in August to try to maintain the GOP majority; it's no coincidence that his political arm is called the Keep Our Majority PAC.

"No one ever thinks he's put himself ahead of the team," said Rep. Adam Putnam (Fla.), a 32-year-old Hastert protÃ©gÃ© who chairs the Republican Policy Committee.

The question is whether Hastert's quiet commitment to winning at almost any cost will taint his legacy. He has always been loyal to team players like Foley, who defied his longtime supporters in the sugar industry last year to help Hastert pass a Central American trade bill. He eviscerated the House ethics committee after it admonished DeLay, and tried to change the House ethics rules to help DeLay stay in power. He didn't pay for a fundraiser he held at disgraced lobbyist Jack Abramoff's restaurant until reporters asked about it two years later; the same month of the fundraiser, he wrote a letter opposing an Indian casino that Abramoff was trying to kill, and received $27,500 from Abramoff and five Indian tribes.

Now Hastert finds himself disputing his leadership team over what he knew about Foley, insisting he did not know about Foley's inappropriate behavior until recently, while others say they warned him last spring. He is also under fire for a multimillion-dollar windfall he earned by buying land and then promoting a federal highway nearby.

Suddenly, Republicans such as Reps. Don Sherwood (Pa.) and Ron Lewis (Ky.) are canceling fundraisers with him, and Democrats are running ads attacking Rep. Michael E. Sodrel (Ind.) and Iowa candidate Mike Whalen for ties to the speaker. Even Hastert's lead over John Laesch, an unknown and under-funded challenger, in his heavily Republican district has shrunk to 10 points, according to a poll last week.

Rep. Rahm Emanuel (Ill.), head of the Democratic Congressional Campaign Committee, says Hastert is a perfect symbol of a hypocritical party that always claimed to distrust government power until it discovered it liked the taste.

"When it's come to a choice between the integrity of the House or the Republican majority, he's always put his thumb on the scale to protect the majority," Emanuel said.

Hastert is 64 and diabetic, and many Republican insiders think he'll step down no matter what happens in November. But he's confounded expectations all his life.Focused on Winning

Denny Hastert was an unlikely politician, a mild-mannered country boy whose father owned a feed-supply store. He inherited a stolid Midwestern conservatism from his parents, and accepted Jesus as his savior in high school. His autobiography overflows with 1950s nostalgia, with Denny waking up at 3 a.m. to drive a milk truck, and operating on his own infected shoulder.

"I learned from experience that when bad things happen, don't complain," Hastert wrote. "You play the cards you're dealt and remember there is a way to win."

He became a teacher and coach, then led a charmed life in politics, winning a race for state representative in 1980 after a GOP incumbent got sick, then jumping to Congress in 1986 after another GOP incumbent got sick. (The designer of his first yard sign, Scott Palmer, is still his top aide; and is embroiled in the Foley case.) He was a popular backbencher, and DeLay made him chief deputy whip after the Republicans seized Congress in 1994.

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In 1998, Gingrich was ousted and Rep. Bob Livingston (La.) chosen to replace him. Hastert didn't know Livingston well, so he made a date to see a private-sector headhunter. But the day before the appointment, Livingston suddenly stepped down because of an extramarital affair, and DeLay within hours orchestrated Hastert's ascension to speaker.

In his first speech as speaker, Hastert vowed to reach out to Democrats, declaring that "solutions to problems cannot be found in a pool of bitterness." But Hastert soon concluded there was no point working with Democrats. In his autobiography, he suggests he started to feel this way when he visited the office of House Minority Leader Richard A. Gephardt (D-Mo.) and saw a "Gephardt for Speaker" sign. The relationship fell apart after a controversy over the House chaplain, when a few Democrats accused Hastert of anti-Catholic bias. "I have never seen a more cynical and more destructive political campaign," Hastert declared.

Hastert's team has shut House Democrats out of the governing process, refusing to allow their bills on the floor, limiting debate, calling midnight votes on complex bills that few have read. The Hastert Rule decrees that the House will consider only bills approved by the GOP caucus -- "a majority of the majority" -- and the speaker has enforced it with few exceptions.

"After the chaplain, he focused on winning," said lobbyist John Feehery, another former Hastert aide. "And with such a small majority, winning meant keeping the caucus together."

It was DeLay who spearheaded the K Street Project that made corporate lobbyists and rank-and-file Republicans so dependent on party leaders. And early in Hastert's tenure, DeLay whipped Republicans to defeat a resolution that Hastert supported on the Kosovo war, fueling perceptions that "the Hammer" was the real power in the House. But Hastert and DeLay agreed about almost everything else. And Hastert's influence gradually increased, especially as DeLay became distracted by scandal.

For example, Hastert encouraged an effort to oust Rep. Christopher H. Smith (R-N.J.) as a committee chairman after Smith bucked party leaders on veterans benefits. He angrily chewed out then-Sen. Robert C. Smith (R-N.H.) for holding up a bill full of pork-barrel projects for vulnerable House members before the 2000 election. He held open a 3 a.m. vote in 2003 on the prescription drug bill for three hours until he could round up a majority, and persuaded Rep. Robin Hayes (R-N.C.) to switch his vote to pass the Central American trade bill.

Republicans say Hastert wins by appealing to party loyalty and taking care of members with earmarks, campaign cash and other goodies. Conservatives aren't happy that earmarks have quadrupled under the GOP Congress, but they recognize that the House has passed almost everything Bush has requested, including his efforts to expand executive power.

"He doesn't beat people over the head, but he's kept them in line," said conservative activist Grover Norquist. "Do I wish he made spending restraint a priority? Of course. But everyone knows he represents the caucus agenda, not his own agenda."

It is only recently that GOP oars have started rowing in disparate directions -- not only over Foley, but policy issues such as Social Security and immigration. Some insiders think the loss of DeLay has created a breakdown in discipline. "Everybody in the caucus loves Denny. The problem is that nobody really fears him," said one GOP lobbyist who spoke only on condition of anonymity. "I think he's done."

Hastert aides say he intends to fight to protect his job, and he intends to win. After all, his legacy is at stake on Nov. 7. He'll either be the unbeaten coach, or the coach who lost the big one. Either way, he'll be the speaker who presided over an era of unprecedented partisanship, an era when winning seemed to be the only thing that mattered.

A Secret In The Line Of Succession (WP)

By Charles Babington

The Washington Post, October 16, 2006

House Speaker J. Dennis Hastert (R-Ill.) shows no sign of resigning over the Mark Foley-House page scandal. But the mere suggestion that he might do so raises an intriguing political and constitutional question: Who would replace him while Congress is in recess?

The answer, it appears, is on a piece of paper locked away in the House clerk's office.

In a little-noticed action taken nearly four years ago, the House amended its rules dealing with the "continuity of Congress" in emergencies and the succession of speakers. The rule, cited recently in Roll Call, directs the speaker to "deliver to the Clerk a list of Members in the order in which each shall act as Speaker pro tempore . . . in the case of a vacancy in the office of Speaker."

Normally, "speaker pro tempore" is the title given for a few hours at a time to various members of the majority who preside over House sessions. But the rules revision made in January 2003, in response to worries about terrorist strikes that could wipe out large numbers of elected officials, appears to bestow upon a newly named replacement all the powers enjoyed by a full-time speaker elected by his peers.

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That would include standing behind only the vice president in the line of presidential succession, said Sally Collins, spokeswoman for House administrators. But other House officials said it is extremely unlikely that a speaker pro tempore could assume the presidency before Congress would reconvene and elect a new speaker.

One thing is certain: The identity of the speaker-in-waiting is a closely held secret. Hastert's office declined to discuss the matter, citing security concerns, and the clerk's office confirmed only that Hastert's list is not made public.

Perhaps the biggest question, some lawyers say, is whether a House speaker -- full time or pro tempore -- can assume and keep the presidency under any circumstance. A statute, not the Constitution, lists the speaker's place in the line succession.

A case can be made that no one in Congress qualifies as an "officer" eligible to assume the presidency under Article II of the Constitution, said Neil Kinkopf, a professor of law at Georgia State University. The question may never be settled, he said, because the Supreme Court would take it up only if a speaker became president and someone challenged the action in court.

As for nightmarish constitutional what-ifs, Kinkopf said, "Imagine where the presidency falls not to the speaker, but to somebody on the speaker's secret list."

How A Blogger Put Himself In The Middle Of Mark Foley Story (WSJ)

By Amy Schatz

The Wall Street Journal, October 16, 2006

MOORE, Okla. -- For three days, William "Wild Bill" Kerr huddled over an old computer, trying to solve a curious mystery.

He wanted to figure out the identity of the congressional page who received the salacious instant messages that prompted Florida Rep. Mark Foley to resign Sept. 29, triggering the scandal that's rocking the House of Representatives just weeks before the election.

The 32-year-old conservative blogger said he felt the news media were distorting the story, and he suspected, among other things, that the page in question was over the age of consent.

Five days after the Foley news broke, Mr. Kerr thought he had found the former page -- a 21-year-old political operative who, by chance, worked about 10 miles north of Mr. Kerr's two-bedroom apartment here.

Mr. Kerr disclosed the results of his investigation Oct. 4, and gained the sort of instant celebrity made possible by the Internet age. Traffic to his site, Passionate America, shot up from a typical 32 hits a day to more than 40,000, he says. And the national media picked up the story.

Mr. Kerr is just a bit player in the unfolding Foley drama, but his experience shows the rapid-fire and harsh ways a scandal can unfold. Little-known bloggers -- with no inside connections, knowledge, or restraints imposed on mainstream journalists -- can play a big role furthering investigations, and affecting public perceptions of events.

Mr. Kerr drew immediate scorn from some fellow denizens of cyberspace after exposing -- without independent confirmation -- the name of Jordan Edmund. Mr. Edmund, through his lawyer, has neither confirmed nor denied that he was the page who engaged in sexually explicit Internet chats with Mr. Foley. But, as a result of Mr. Kerr's assertions, Mr. Edmund's name has been news on every major television network in America.

Mr. Kerr's own life has come under uncomfortable scrutiny. His 11-year-old son's photo was posted by one blogger in Ohio who hoped to spook Mr. Kerr, whom he believed had acted unethically.

It has been a heady time for the unemployed Mr. Kerr. He says he had been fired from several jobs over the years -- installing car radios, working for a call center -- and was discharged from the Navy in 1993 after faking a suicide attempt. He volunteers that years ago he was arrested for burglary. These days, he is a stay-at-home dad, taking care of his two sons, the younger of whom is 3 years old. Mr. Kerr's wife supports the family with her job at a call center here. Mr. Kerr says he has never met a famous person or a member of Congress. "I need to get out of the house more," he says.

He spends most of his days looking after his kids, working on his blog and doing an online radio show. He hosts it three times a week from his bedroom, hoping to break into conservative talk radio.

Mr. Kerr got into the business in 2003 with an independently published newsletter called the "Passionate Conservative." After a few issues, he concluded that the newsletter was too expensive to print, so he turned his attention to his Web site, where he has expressed the opinion that the Iraq war isn't going as badly as the media claim and that the Dixie Chicks should stop criticizing President Bush.

Shortly after ABC News broke the story on the Foley emails, Mr. Kerr says he felt the mainstream media were doing a poor job of covering the subject. He set out, he says, in hopes of "exposing ABC News as liars" and proving that at least one former page who received inappropriate messages from the Florida congressman was over the age of consent.

"Even if he was 17, he wasn't a victim. ... Was it a joke?" Mr. Kerr asks. And was the alleged transcript of messages a political dirty trick? Though he asked such questions, Mr. Kerr hastens to add, he wasn't defending Mr. Foley, whom he calls a "scumbag."

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Mr. Kerr's investigation began when he found a Web page loaded on ABC's Internet server that wasn't easily accessible by the public. It contained what he believed to be the AOL screen name of a page who received messages from the congressman. He accomplished the feat by typing in variations on the Internet address that linked to the Internet page that featured Mr. Foley's instant messages. By slightly altering the address, he stumbled upon an older version of the exchange, which contained the AOL screen name ABC thought it had deleted from its site.

With the help of another conservative blogger Mr. Kerr had met online who goes by the name MsUnderestimated, Mr. Kerr then found the AOL profile of the page he believes received the instant messages. It said the person's first name was Jordan but didn't list a last name. Searching through congressional-page Internet sites, Mr. Kerr found a photo of a dark-haired page beaming at President Bush. The page was identified as Jordan.

From there, Mr. Kerr and his friend began scouring Internet sites, looking for a surname. They eventually discovered Mr. Edmund's MySpace profile, which contained a photo of the same young man they had found on the congressional page Web site, along with detailed biographical information, such as where he went to school and whom he worked for, that seemed to track some of the information in the Foley instant messages posted by ABC. They also discovered that Mr. Edmund now lived in Oklahoma City and works for the gubernatorial campaign of Ernest Istook, a Republican congressman.

After connecting the dots, Mr. Kerr began emailing newspapers and prominent political bloggers on Oct. 3, hoping to make a big splash. He invited them to check out important news he promised to post the next day on Passionate America at 4 p.m.

He had not, however, contacted Mr. Edmund. Mr. Kerr says he called the Istook campaign, asked to speak to Mr. Edmund but didn't leave a message. He says he was getting ready to leave his apartment around noon on Oct. 4 to drive his rusty, gray Ford Tempo to Mr. Istook's campaign headquarters in downtown Oklahoma City when his laptop PC froze. When he rebooted, he discovered his investigation had been inadvertently published on his blog four hours ahead of time.

Mr. Kerr said it had been his intention to fix spelling errors, try to get comment from Mr. Edmund and add a last paragraph. But there's no taking things back in Internet publishing. Other bloggers had already seen his posting. Soon, other sites, including the widely viewed Drudge Report, linked to his investigation.

After Mr. Kerr's report, ABC News pulled the material off its server and apologized for failing to delete the screen name from the material Mr. Kerr unearthed from the ABC server.

ABC issued the following statement Oct. 5: "On Friday, ABC News published instant messages between a former page and Congressman Foley with the IM screen name of the teenage victim redacted. Immediately, we discovered that in one instance, the screen name of the teen on one IM exchange had not been properly redacted. ABC News immediately took down the posting, redacted the screen name and republished the posting. We certainly believed that we had taken care of the issue quickly. Last evening, after an inquiry from Matt Drudge, it came to our attention that a blogger was able to access our deleted file by typing in a slightly modified Web address. To be clear, no one visiting our Web site would have simply stumbled on the old version. We thank the blogger and Drudge for bringing this to our attention."

The day after Mr. Kerr named Mr. Edmund, Mr. Istook called a news conference on the sidewalk outside his campaign headquarters to defend his aide. He blasted Mr. Kerr, without naming him, as "an irresponsible Internet blogger."

Mr. Kerr was present at the news conference and afterward identified himself to reporters. At least one local TV news reporter put him on the air.

For Mr. Edmund, life hasn't been the same since. He talked to the FBI last week for its investigation of Mr. Foley. He still works for Mr. Istook's campaign but has been on an unofficial leave for a few days. His lawyer, Stephen Jones, who is best known for having represented Oklahoma City bomber Timothy McVeigh, complains the former page has been receiving threats. He has also been accused by bloggers of playing a joke on Mr. Foley and jeopardizing the Republicans' House majority in the November elections.

"I think it's disgraceful and clearly opportunistic," Mr. Jones says. Mr. Kerr "had his 3½ minutes of fame at the expense of a number of other people's reputations and careers," he adds.

Mr. Kerr got a letter from Mr. Jones asking him to cease any further efforts to publicize a connection between the former page and the disgraced congressman. Mr. Kerr promptly posted the letter on his blog.

He says he feels he did the right thing all along. His main complaint is that he hasn't been given the credit he deserves for his scoop. Reports usually refer to him only as "a conservative blogger."

Foley Loaded (WSJ)

By Christopher Hitchens

The Wall Street Journal, October 16, 2006

When I finally took a look at what we are all now doomed to call the "sexually explicit" emails between Rep. Mark Foley and the young male page, I found that I had an immediate difficulty in following the exchange. The congressman's side of the

correspondence was denoted by his online name, while the page's name was asterisked to protect the innocent, but they both seemed to be talking about the same thing, or things. And it read for all the world like a chat between two dirty-minded adolescent boys. How often do you do this or think about that? How long is it? Material of that kind or "stuff like that," as we might say. Perhaps I have become jaded, or perhaps I lack some crucial moral element, but I could not see what was criminal about it, and I laughed when I read the solemn announcement from the FBI, promising to investigate whether an email could possibly have crossed an interstate line and thus aggravated the gravity of the offense. Our guardians never sleep . . . * * *

The case would perhaps be altered somewhat if Mr. Foley had been the boy's teacher, or employer, or even priest. But pages are volunteers who are not on any one person's staff, and cannot be hired or fired by individual politicians. Neither coercion nor bribery was involved, as in the priestly scandals, which were quite often instances of actual rape. And the boy in this case was obviously a very knowing one, whose virginity was somewhere in his past. Indeed, it was Mr. Foley who seemed like the juvenile, or perhaps the case of arrested development. In what sense, then, does this constitute public business?

If there had been a sexual relationship between man and boy, it would almost certainly be illegal (as it would not have been if it were between man and girl) but there is no persuasive evidence that there was any sexual relationship. Indeed, it looks to me as if the email equivalent of phone-sex was the very thing that the wretched congressman was after, and probably the most he was likely to get. The youngster seemed able to look after himself, and to "turn" the conversation whenever it became too needy. It was all a bit sad and a bit sordid, but in the scale of things, no hanging matter or federal case.

I suspect that the hugeness of the current fuss must have something to do with our uneasy and only half-acknowledged awareness that the age of innocence is long over by the time that most of our children have turned 16. And this is why the Foley giveaway was contained in his ostentatious political activity in respect of the protection of minors. Have we not learned by now that the propensity of politicians to rave on about morality is often in direct proportion to their hypocrisy on the point? "Why dost thou lash that whore?" is the pertinent question asked of the lasher in "King Lear," and the answer comes plainly -- he hotly wishes "to use her in that kind" for which he whips her.

Anyone who has studied the fate of leading gay-bashers in American politics will know that the danger-signs are there from the start. Set your watch, and sure enough that fervent campaigner will be arrested kneeling abjectly on the men's-room floor. If the campaigner is an evangelist for purity and abstinence, he is booked to keep an early and certain date in a dreary motel, beseeching a drab hooker with an expired MasterCard.

Another free laugh, therefore, is provided by all the pompous talk about when exactly Mr. Foley's colleagues began to worry that his contents might be under pressure. Never mind the possible earlier emails, or signs of excessive interest in the problems of the pages. They should have known that Mr. Foley was a gay man in the closet, of course. And they should have taken alarm at the very first moment that he began to orate about sex-offenders and children. But the crucial word, here, is "closet." As long as a proper outward show of denial was made, Mr. Foley could as well have been asked to open the House's daily prayer session.

He has of course made himself even more contemptible by emitting easy babble about a hitherto unsuspected battle with "addiction," like a cuttlefish blowing off ink, and by alluding to a possible nasty moment in the woodshed with a man in holy orders. (If he does not come forward and say who that priest was, he is withholding evidence of a crime -- which really is against the law.) But the deafness, as well as the dumbness, of his party leadership is the truly extraordinary thing. It seems that the only offense of which he can possibly be accused, by the speaker of the House, is that of election-season indiscretion. In other words: How inconvenient!

Whether one is a stern defender of the present so-called "age of consent," or inclined to take a more relaxed view of dirty talk among males of all ages, or appalled at double-standards being applied for years to moralizing mediocrities, or merely concerned with that elusive thing the dignity of Congress, one has the right to expect more seriousness from the speaker than that. I am among the vast majority of people who never understood how Dennis Hastert got his job in the first place, or indeed how he has justified hanging onto it, and who would not really notice or care if he resigned it now. However, the speaker does have it in his power to do one decent thing before his term is up -- which is to get out while he can still save a rag of his integrity. There might be a person left in the world who believes that Mr. Hastert would have taken the same lenient or lazy view if Mr. Foley had been a member of the opposite party, but innocence on that level would actually be more sinister than cynicism. To add that the same would be true of Democrats if the situation was reversed is to say no more than we already -- from the forgiveness of numerous past "peccadilloes" -- have come to expect.

For a "peccadillo," Mark Foley is gone from politics already. And a huge public holiday has been taken from the serious matters that confront the electorate. But before the waters close over this scandal, and before the next one surfaces, I would still like to know what crime was committed in this instance, and who if anyone was the victim. We like to think that we "learn" from such episodes, but I cannot think of any lesson that can be derived from this latest spasm of righteous indignation.

Mr. Hitchens is a columnist for Vanity Fair.

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Loss Of Personal Data At Federal Agencies Is Widespread (WP)

The Washington Post, October 16, 2006

Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public. Most of the data were lost or stolen. In a few cases, it was accessed by computer hackers, according to a report released Friday by the House Government Reform Committee.

In all, the committee reported 788 incidents involving the loss or compromise of sensitive information since Jan. 1, 2003. That was in addition to the "hundreds of security and privacy incidents" at the Department of Veterans Affairs.

"Data loss is a government-wide occurrence," the report said. "The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

The committee asked all Cabinet agencies, the Office of Personnel Management and the Social Security Administration to report all losses of sensitive personal information since January 2003. The request came after a laptop with information for more than 26.5 million military personnel was stolen from a VA employee in May. The laptop was recovered, and the FBI said personal data had not been copied.

In many of the newly reported cases, agencies do not know the extent of the losses, the report said.

The Treasury Department reported the most incidents -- 340 -- including one in 2005 in which an IRS employee reported a missing computer drive a month after he had last seen it.

The Commerce Department reported 297 incidents since January 2003. But in another report in September, the department acknowledged losing 1,137 laptops since 2001; most had been used by the Census Bureau.

Other security breaches cited in the report:

· In August, a laptop containing personal information on 30,000 applicants, prospects and recruiters fell off a motorcycle driven by a Navy recruiter and was picked up by someone.

· In 2004, a federal student-aid contractor used a commercial shipper to send information on 8,290 borrowers. The package was lost in transit.

· A computer hacker used "malicious software" to access files containing personal information on 1,717 employees of the National Nuclear Security Administration in 2005.

· Two employees of a contractor for the Centers for Medicare and Medicaid Services stole records containing information on 1,574 Medicare beneficiaries "for the purpose of identity theft" in 2005.

· A company that issues charge cards for the Interior Department lost data tapes containing information on 61,000 cardholders in 2005.

· In July, six Justice Department employees submitted computerized attendance reports containing Social Security numbers. The reports were downloaded 220 times and viewed 7,772 times.

GSA Consolidation Aims For More Transparency, Efficiency In Acquisitions (WP)

By Stephen Barr

The Washington Post, October 16, 2006

A major new acquisition division is officially up and running at the General Services Administration, but it remains a work in progress.

The new Federal Acquisition Service combines the Federal Technology Service and the Federal Supply Service, which together handle about $56 billion in annual sales. Officials hope that consolidation will improve financial controls; stem revenue losses in the old technology service and make for more efficient purchasing of services, equipment and supplies for federal agencies.

James A. Williams , the new FAS commissioner, said the acquisition service will roll out in phases, in part to allow time to gather more feedback from members of Congress and GSA employees on how best to serve federal agencies. The GSA has put off restructuring 11 regional offices for at least 30 days.

At a news conference Friday, Williams said the GSA's top priority for the new service is to improve service to federal agencies. That effort will include a review of regional offices to see whether they should be organized by geography, by function or by a combination of the two, he said.

For the long term, the FAS will move to create a strategic plan that fits into the GSA's priorities and gives agencies "a total view of the GSA" that helps them track where their money is going for purchases of technology and other products, Williams said.

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The GSA buys computers, software, telecommunications, cars, property and office supplies from the private sector and resells them to agencies, charging a fee for its management services. It is under pressure from federal agencies to become more competitive in the commercial market and more innovative in helping them find products and solutions.

Rep. Thomas M. Davis III (R-Va.), who helped write the law authorizing the acquisition service, welcomed the reorganization. "These actions constitute the first major GSA reform in more than 20 years and will transform federal purchasing by bringing GSA in line with the commercial market it must capture for its federal agency customers," Davis said.

Larry Allen , executive vice president of the Coalition for Government Procurement, an association of companies that sell products and services to the government, said the FAS could become "a very large force in government acquisition" and "in essence, become a portal for a wide range of commercial item acquisitions."

But the FAS also could face risks when it acts as a buyer and a project manager for an agency, he said. That approach was used by the old technology service, which finished fiscal 2006 in red ink, partly because some agencies had become dissatisfied with GSA practices and partly because the GSA had to write off a contract management system that had not met expectations.

Allen said the procurement coalition hopes the FAS develops a number of options for vendors doing business with the government and maintains the GSA Schedules program. That program provides agencies with a list of approved, government-wide contracts and often permits direct transactions between contractors and agencies.

Williams said the FAS will feature four business operations: the office of general supplies and services, led by Joseph H. Jeu ; the office of travel, motor vehicle and card services, led by Barnaby L. Brasseux ; the office of integrated technology services, led by John C. Johnson , and the office of assisted acquisition services, led by Mary A. Davie .

Gary Feit has been named acting head of the office of strategic business planning and process improvement, Williams said.

Jon A. Jordan will serve as controller and Casey Coleman as chief information officer. Jeffrey A. Koses has been named the acting head of the FAS office of acquisition management.

G. Martin Wagner has been named deputy commissioner, helping Williams oversee the reorganization. Wagner also is serving as the acting head of the office of customer accounts and research.Appointee for MSBP

Chad Bungard , a key aide on the House federal workforce subcommittee, joins the Merit Systems Protection Board today as general counsel.

For the past four years, Bungard has served as chief counsel and deputy staff director for the House Government Reform subcommittee on the federal workforce and agency organization. On the subcommittee, headed by Rep. Jon Porter (R-Nev.), he helped develop legislative proposals on an array of civil service issues, including law enforcement pay and electronic health records.

The merit board hears appeals from federal employees disputing major disciplinary actions taken by their agencies and conducts studies of the civil service.

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Bush Niece 'Stands Up' To Poverty (WT)

By Michael Hunsberger

The Washington Times, October 16, 2006

Lauren Bush -- model, Ivy Leaguer and niece of President Bush -- campaigned yesterday afternoon to help end world hunger at a Georgetown University conference on international development.

In the school's Red Square, she told a gathering of about 70 students from area colleges that rich nations need to help developing countries.

"We are here proudly as a generation that cannot stay seated in the face of poverty," she said.

The "Stand Up Against Poverty" event was part of a two-day campaign to set an official Guinness world record for the largest turnout for one cause, event organizers said.

Students said they wanted to draw attention to the lack of progress of the United Nations Millennium Development Goals to eradicate hunger, educate children, empower women, reduce mortality rates in women and children, deal with AIDS, and tackle debt in developing countries.

Miss Bush, 22, a senior at Princeton University, provided star power as a U.N. World Food Program student ambassador.

She said making it into Guinness World Records is one goal, but "the record we really want to break is the record of breaking promises" to developing countries.

Miss Bush carried a burlap shoulder bag that read "Feed the children of the world." She said the cost of each bag, which will be sold on Amazon.com at a price to be determined, is enough to feed one child for a year.

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Douglas Coutts, a U.N. special adviser, said the first step to meeting the goals is to make sure people have enough food.

"It meets a very basic need," he said at a symposium held before the event. "Unless humans have the very basic elements they need for survival... nothing else matters to them."

Manuel Leon, a junior at Georgetown who helped organize the event, said his faith leads him to a concern for the poor and hungry.

"There is a strong correlation between social justice and justice," he said.

Have Hearings, Will Spend (WSJ)

The Wall Street Journal, October 16, 2006

If Republicans lose control of Congress next month, one big reason will be their record of overspending, especially on earmarks. What explains this GOP fiscal performance?

One answer comes from a new analysis by the Cato Institute on the Capitol Hill culture of spending under Republican rule. Examining hearings of 14 Congressional committees, political scientist James Payne found that 1,014 witnesses argued in favor of greater spending while only seven advocated less, an imbalance of 145 to 1. This is worse that a Cuban election.

In the same hearings, federal programs were described as "effective" or "efficient" 50 times more often than they were described as "ineffective" or "inefficient." Federal agencies were praised as "helpful" or "beneficial" in 990 instances, but they were scorned as causing "harm" or "hurt" only a dozen times. These are many of the same federal agencies that the U.S. General Accountability Office has found often can't pass the most basic financial audit.

"The problem is that advocates of spending overwhelm all aspects of Congressional communication," says Mr. Payne. Congressional hearings that are supposed to be impartial assessments of whether taxpayers get their money's worth become instead cheerleading sessions for bigger government. "No one wants to do the honest oversight of taxpayer spending," adds Oklahoma Senator Tom Coburn, a rare Republican exception to that rule.

In sum, Congressional hearings have degenerated into a lobbying process in which advocates sing the praises of the spending that their livelihoods depend on, while stroking the egos of the politicians as constructive philanthropists. Members of Congress begin to believe their own stacked juries. It's amazing they stopped spending at $2.7 trillion this year.

OTHER NEWS:

OPEC Sets Emergency Meeting On Output Cuts (WSJ)

By Ayesha Daya And Michael Williams

The Wall Street Journal, October 16, 2006

The Organization of Petroleum Exporting Countries, hoping to forge an elusive deal to cut oil output and halt a slide in crude-oil prices, said it will hold an emergency meeting in Qatar Thursday.

OPEC has grown alarmed in recent weeks over the sharp decline in oil prices, from a high of about $77 a barrel in July to below $60 last week. Oil ministers have declared that OPEC intends to slash output by one million barrels a day, or about 4%, to prop up prices.

Behind the scenes, the oil czars have failed to nail down the all-important issue of how to allocate the cuts among the membership. Thursday's gathering in Doha -- coming during the Muslim holy month of Ramadan -- is a sign the cartel may be getting closer to putting aside its differences.

Still, one important OPEC country signaled there isn't a deal yet. Late Saturday, an official from the United Arab Emirates oil ministry said discussions were continuing ahead of the meeting. "Consultations continue between member countries," the U.A.E. oil official said. "We have not agreed to a cut in our production yet," the official said.

Qatar's oil minister, Abdullah bin Hamad Al-Attiyah, announced the meeting yesterday, saying representatives will discuss "the current market situation."

Many within OPEC, including the cartel's president, openly say the group has agreed it needs to cut one million barrels a day. Members have been debating whether a cut should come from the group's official output target of 28 million barrels a day, or from its actual output, estimated at 27.5 million barrels a day.

At the heart of the disagreement isn't the size of the cut per se but rather who will bear the burden of reducing output and thus forgoing revenue. OPEC effectively suspended its system of output quotas for each member last month to let countries adjust output on their own to more quickly respond to price movements. Now that members agree a sizable cut is needed, the issue of quotas is coming back to haunt OPEC.

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Some members, including Saudi Arabia, Algeria and Libya, have ramped up output in recent years to meet soaring global demand and are producing above old quota levels. If they cut from old quota levels, some would have to make Draconian reductions to output. So, this group wants all members to cut output by a similar percentage from current levels. Others, including Venezuela and Iran, have had their production fall below their old output quotas. They want members who are producing above the old quota levels to cut the most.

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Consumer Unease With U.S. Health Care Grows (USAT)

By Julie Appleby

USA Today, October 16, 2006

The U.S. health care system — touted as providing the best medical care in the world — is becoming more precarious to most Americans, who are rattled by rising costs, questions about quality and fears about the future.

"If you can afford it, it's the best health care system in the world, but, increasingly, people aren't able to afford it," says Clyde Bishop, a retired research scientist in Wilmington, Del.

He was among those polled about the health care system in a wide-ranging national telephone survey taken in early September by USA TODAY, ABC News and the Kaiser Family Foundation.

POLL: Americans weigh in on health care system, costs

The poll found a growing unease in America about the rising cost of health care, confusion about the causes, and a desire for major reform. But it also found a distaste for giving anything up to achieve sweeping changes.

An overwhelming 80% of respondents said they were dissatisfied with the total tab the nation spends on health care, estimated to hit $2.2 trillion, or $7,129 a person, this year. The survey, based on a national sample of 1,201 adults, has a margin of error of plus or minus 3 percentage points.

"Every year, we wind up paying more and getting less coverage," says Tammy Dougherty of El Paso. Dougherty, another poll respondent, has health insurance through her husband's job.

Few, however, correctly singled out the biggest drivers of spending, choosing instead culprits that get a lot of attention — such as profits of medical companies or malpractice lawsuits — but play a lesser role.

Quality was also an issue: Only 44% said they were satisfied with the quality of health care in the USA, although nearly 90% said they were satisfied with their own medical providers.

While solutions to rapidly rising costs remain elusive, some early steps are being taken to try to slow the rise and improve quality. For example, many U.S. hospitals are working to reduce errors and cut complications, steps that not only improve care but can also reduce costs.

A handful of researchers are conducting cost-benefit studies, comparing one type of drug or treatment with another to find which gives the best value. Results may lead some insurers or government programs to limit the use of less-effective treatments or to charge patients more if they choose the less-effective, more-costly option.

Meanwhile, other researchers are pondering the reasons behind the vast differences on what is spent for certain surgeries or end-of-life care from one part of the country to another.

Even with such efforts, most economists predict that health care spending will continue to grow faster than the economy — and far faster than wages.

Already, the average yearly cost of the most popular type of insurance plan offered by employers hit $11,765 this year, with the average employee paying $3,226 of that total, a Kaiser Family Foundation study shows. Average premiums have risen 87% since 2000, while workers' earnings have risen 20%.

The quality movement is still in its early stages.

"It's the beginning of a campaign that looks promising," says Uwe Reinhardt, a professor of economics at Princeton who focuses on health care costs. "In some instances, (the quality movement) will probably reduce costs. But some (quality efforts) will actually cost money."

So what's driving the rapid rise of health care spending ?

Major drivers of medical inflation include how rapidly Americans embrace new drugs and technology, which are often more expensive than older treatments. Public demand is a big factor. Patients generally want the newest treatment, equating new with "better," even before solid proof exists.

Other factors include rising prices for medical services, particularly hospital prices, growing labor costs and waste and inefficiency. America's obesity epidemic is also fueling spending on medical care.

Americans did not always select the same culprits for rising spending as do economists.

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In the survey, only 28% picked new drugs, treatments and technology as among the single biggest factors, while the smallest percentage, 12%, said costs are rising because more people are getting better medical care than ever before.

Half of respondents blamed profits of drug and insurance companies as one of the single biggest factors, while 37% blamed too many medical malpractice lawsuits, and 36% blamed doctors and hospitals making too much money.

"Profits might explain part of why costs are high, but it doesn't explain why costs are rising," says Paul Ginsburg, an economist at the Center for Studying Health System Change. New treatments and increased demand are fueling the rise, he says.

"The thing I find dismaying is the public doesn't recognize that it's the additional medical care they're getting that's driving costs up," Ginsburg says. "They have to come to grips with the fact that we won't be able to slow the rise in costs without making trade-offs."

Misplaced focus

Reinhardt also says the focus on profits is misplaced.

Hospitals typically have margins of 5% or less, insurers range from 5% to 8%, while drug industry profits are higher, in the 15% to 20% range, he says. But, he says, even those profits can't be blamed for rapidly rising health care spending.

"I once calculated that if you rebated all the drug company profits to patients, health spending would only go down by 1.2%," he says.

Poll respondents were closer when it came to fraud and waste, with 37% choosing it as one of the biggest drivers. Reinhardt and others have said that fraud along with overuse and waste are big players in rising costs. Overuse and waste can include unnecessary treatments, tests repeated because original results were misplaced or reliance on ineffective treatments.

"Several credible estimates have come up with around 30% of health care is unnecessary," says Richard Deyo, professor of medicine at the University of Washington in Seattle. "I suspect even an ideal system would have some unnecessary care delivered, but 30% seems a high percentage."

Few saw any consumer responsibility in rising costs, with only 29% citing Americans' unhealthy lifestyles as one of the biggest factors.

The poll results point out the difficulty policymakers will have in trying to slow costs. While medical care has certainly improved over the years, it has also become more expensive. Reinhardt says people can't be blamed for wanting 2006 medicine, rather than 1980s medicine or 1960s medicine, but they have to realize it comes at a cost.

"The overarching theme is that this cost explosion isn't my fault," Reinhardt says. "It's all these other culprits, such as drug company profits or this or that. If we don't really know the right target and shoot at the wrong target, we'll never get where we need to go."

No magic solution

Health policy experts say there is no magic solution to controlling costs.

"The current era of shifting costs to workers has hurt working people but has not had much impact on health care costs," says Drew Altman, president of the Kaiser Family Foundation. "But the American people have little appetite for slowing the spread of new medical technology, which is the biggest driver behind rising health care costs."

Current cost-control efforts include evaluating hospitals and doctors based on their quality and cost, then having insurers channel patients to the most efficient providers. Some insurers are also experimenting with paying hospitals and doctors a premium for providing the best care with the fewest problems.

Another idea now in vogue in political and health policy circles — that patients will be more judicious users of medical care if they have to pay for more of it themselves — is not popular with poll respondents. When asked if they would favor an insurance policy that covered mainly major medical problems, with more routine doctor visits and treatments paid for out of pocket after the patient exhausts a set pool of money, 66% opposed.

Such an idea is one of the cornerstones of the so-called consumer-driven movement in the USA, with proponents touting high-deductible insurance policies that are linked with tax-free savings accounts into which patients and/or their employers could deposit money to be used to meet the policy's deductibles. Money not used each year would roll over into the next.

Supporters say such plans will counter a belief fostered by HMOs — with low or no deductibles and small fees for seeing doctors — that health care was cheap. But critics, such as Consumers Union, say the approach will hurt those who have chronic illnesses and use medical services more than average and would never be able to save.

Only a few million such policies now exist, but benefit experts say they expect more employers to offer them in the coming years.

Among those who favored the idea was poll respondent Heather Jefferson, who says health savings accounts may get people to plan for medical costs.

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"It's along the lines of setting aside for a rainy day," says Jefferson, 34, of Tucson. "A lot of people don't plan ahead and prepare themselves for the car breaking down or getting sick and not being able to work."

Rather than controlling costs, most of the reform ideas under debate in Congress and the states focus more on reducing the number of uninsured, which may or may not reduce total costs. Covering more people with insurance would likely increase spending initially, as more seek medical care. In the long run, the spending growth might slow if more patients receive preventive care or treatment in the early stages of a disease.

One of the longest-running debates is whether the U.S. should adopt some kind of universal coverage, such as those systems in Europe or Canada, where everyone has health care, financed mainly through taxes. Or if it should stick with the current system, which relies on voluntary efforts by employers and a private market.

Most survey respondents, 56%, said they prefer a universal system. But support for changes to the system dropped to about one-third or less when respondents were asked if they would support universal coverage if it included restrictions on the doctors or treatments they could have or if it cost them more than they're now paying in taxes or premiums.

Significant majorities of poll respondents supported ideas for more incremental, but nonetheless controversial, efforts to reduce the number of uninsured:

· 79% support requiring businesses to offer health insurance to full-time employees, and 64% said employers should be required to cover part-timers, as well.

· 65% support requiring all Americans to have health insurance, either from an employer or another source, with tax credits to help low-income people pay for it.

· 82% support expanding other government health programs such as Medicaid or the Children's Health Insurance Program, which provides insurance to nearly 4 million children and some parents, to cover more people.

Fewer employers offer benefits

Most poll respondents recognized that it is better to have insurance than none at all.

About six in 10 told pollsters that they fear rising costs — or a job loss — will someday banish them from the ranks of the insured.

Bishop, 66, who gets health coverage through his wife's employer, says he was forced to retire earlier than he had expected from his research scientist job for a plastics company and is looking for a new job.

While worried about his own opportunities, Bishop says, he also fears for the country in an era that is seeing a shrinking percentage of employers offering insurance and other benefits. Last year, the percentage of people who received health insurance through their jobs was 59.5%, Census Bureau data released in August show. That's the lowest rate since 1993 and below the recent peak of 63.6% coverage in 2000.

While most larger companies offer insurance, smaller companies increasingly do not.

"No one wants to give you pension benefits or health plans or anything else these days," Bishop says. "It's a dissolving of the middle class."

Nationally, nearly 16% of the population, or 46.6 million, are uninsured, according to recent Census estimates.

Slightly more than half of those polled, 52%, say the rising number of uninsured is a "critical problem" for the USA.

"My daughter does not have any health care, and she has four little ones," says Dougherty in Texas. "If it weren't for Planned Parenthood, where she can go and get care, she would not have any medical care at all."

To Predict Losers In A Power Shift, Follow The Money (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 16, 2006

Pharmaceutical and oil companies had better beware if Democrats make major gains in the upcoming elections.

If Democrats win control of one or both chambers of Congress as many analysts expect, those and other industries could lose a raft of the legislative goodies they've garnered in recent years and also find themselves under congressional investigation.

Such are the spoils when power shifts in the federal legislature. Some groups that have been getting what they want from Congress for a long time won't anymore. Others that have failed repeatedly to get their agendas passed will succeed more often.

How can we guess the winners and losers? Just follow the money.

The best way to identify Democrats' friends and foes is to examine patterns of campaign contributions. Groups that have given much of their money to Democrats can be considered their true allies and will likely benefit from the items that Democrats push on Capitol Hill. Groups that have been delivering most of their campaign largesse to Republicans will probably see their druthers suffer under a more Democratic-leaning Congress.

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Political scientists debate endlessly whether political money buys congressional action or if organized interests just naturally shower with cash the lawmakers and parties that champion their causes. What isn't in dispute is that fundraising is an excellent guide to who will receive the most attention in Congress -- both good and ill.

Democratic leaders have signaled, in campaign commercials and elsewhere, that they intend to attack pharmaceutical and oil companies in a variety of ways when Congress reconvenes. That isn't a surprise; neither industry has been very supportive of Democrats in recent years. Since 2002, drug firms have given about two-thirds of their donations and energy companies have given roughly three quarters of theirs to Republicans, according to the nonpartisan Center for Responsive Politics (CRP).

Other industries that would be wise to watch their backs if Democrats take over include insurers, electric utilities, manufacturers, chemical makers, home builders, general contractors, food processors, railroads and building material producers -- all of which gave 60 percent or more of their contributions to Republicans since 2002, according to the CRP's statistics.

Democrats are likely to play favorites as well. If they win, they will almost surely give high priority to the wishes of labor unions and trial lawyers, which have generally been dismissed by Republicans. The CRP classifies the political action committees of both as either solidly or strongly Democratic. Environmental groups, which work closely with Democrats, would also have a leg up.

Each party knows precisely who its strongest backers are and who are its greatest enemies.

That's why both Republicans and Democrats summoned their most reliable financial backers to separate meetings on Capitol Hill at the end of last month. Given the enormous stakes and potential peril of the midterm elections, party leaders pleaded for every spare nickel and by all accounts, donors coughed up plenty.

Before Congress left town, major donors had an absolutely crazed fundraising period. One labor lobbyist I know attended five fundraisers and receptions in a single night. A business lobbyist said he received seven faxed invitations to fundraising events within 20 minutes.

The loyalties of most PACs -- which are pools of money from individuals that are dispersed by companies, labor unions and interest groups -- aren't predictable. Corporate PACs in particular are notoriously fickle. When ranked for their partisan leanings by the CRP, many company-controlled PACs fall in the category of "fence-sitters" -- neither overwhelmingly Republican nor Democratic in their campaign donations. These include some of America's most prominent corporations such as Citigroup, BellSouth and General Electric.

If such companies do give more to the lawmakers of one party, that party is almost always the one in power or the one that's about to be in power. That's why Democrats this year have been getting a bit more money than usual from some PACs. The latest full set of fundraising numbers don't come out until the end of this week. So far, several of the country's largest PACs, such as those of the National Association of Realtors and United Parcel Service Inc., have given a slightly higher percentage of their dough to Democrats than they did two years ago.

The increase is tiny, but if Democrats win a notable number of additional congressional seats, that advantage will grow and become to some extent self-perpetuating. The cause is simple: Company PACs are political investment vehicles. Like any investors, PAC managers don't want to risk too much.

That's why 80 percent of the money donated by PACs to federal candidates go to people who are already in office. They are, after all, the people who can vote in Congress. What's more, they also usually win reelection -- 90 percent of the time or better. Some PACs are actually prohibited from contributing to non-incumbents for these reasons.

"To maximize their dollars, nearly all PACs -- particularly among business groups -- give the overwhelming proportion of their campaign dollars to incumbents," the CRP's Web site says.

Industries and interests will always have their partisans, and therefore some will do better than others depending on which party rules in Congress. But a lot of corporations are opportunists and not ideologues. They will tilt whichever way improves their chances of winning.Lobbying the Statehouse

An increasing number of former members of Congress turn to lobbying for their second careers. Now the Center for Public Integrity says the trend is hitting state capitals as well.

After a six-month study, the nonpartisan research group concluded that more than 1,300 former lawmakers registered to lobby state legislatures last year. Texas and Florida had the most legislators-turned-lobbyists, registering 70 and 60 ex-lawmakers, respectively. Virginia had the smallest number: six.

Just as it is in Washington, the highest-ranking former lawmakers were especially drawn to the lucrative profession. At least 98 former legislators who had been state House speakers, state Senate presidents or presidents protempore worked as lobbyists in 2005.

It's official then: Public service is a steppingstone to private profit.

Jeffrey Birnbaum writes about the intersection of government and business every other Monday. His e-mail address iskstreetconfidential@washpost.com.

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Down To The Wire (USNEWS)

By Dan Gilgoff

U.S. News and World Report, October 16, 2006

ELIZABETHTOWN, KY.-The first caller into Rep. Ron Lewis's "tele-town hall meeting" last week neatly captured the grim public mood. "When are you going to bring some of our boys home?" the caller demanded. "That process is not too far into the future," Lewis replied. "The last time I checked there were 250,000 [Iraqi] defense force personnel being trained."

The woman on the line from Owensboro wasn't about to let the six-term Republican congressman off so easy. "We were starting to turn things around, then the Iraqis start killing each other," she said. Lewis agreed, suggesting it was up to Sunnis and Shiites to end the growing sectarian violence. The exchange was nearly as scratchy as the one between Lewis and a caller in the previous week's town hall meeting, who asked what the congressman was doing about the Mark Foley congressional page mess.

Those are the kinds of questions that appear to have turned Lewis's re-election bid in Kentucky's Second District-the most pro-George W. Bush district in this red state in 2004-into a real footrace in just the past couple of weeks. That's partly because Lewis is facing his first well-funded challenger, a retired Army officer who calls himself "The Colonel" and whose campaign slogan is "Faith. Family. Freedom." But with the ongoing investigation into the Foley scandal, continued bloodshed in Iraq, and Bush's approval numbers tumbling back to their basement levels, this central Kentucky race is just one in which a bunch of Republican-held seats have suddenly become competitive less than a month before Election Day. "Normally, as the election moves closer, you have a declining number of battleground districts," says election analyst Rhodes Cook. "To have the field of play expanding is unusual." Whether Democrats wind up winning in these districts will determine whether they can go beyond picking up the 15 seats they need to claim just a bare majority in the House to a landslide victory.

In the past 10 days, the authoritative Cook Political Report has moved six GOP-held House seats into the "competitive" column, bringing the number of vulnerable Republican seats to 43, compared with just nine competitive races in districts held by Democrats. The Rothenberg Political Report, another respected elections newsletter, last week raised the projected number of seats the Democrats will pick up next month from the 15-to-20 range to 18 to 25, its first such recalibration since August.

"Arrogance." In many of the newly competitive House races, and in more than half a dozen already competitive races that have tightened further in recent days, Democratic challengers say the Foley scandal was a turning point. Mike Weaver, challenging Lewis, says the scandal played into his main campaign themes: that Democrats can be just as strong on "values" issues as Republicans-Weaver says he opposes abortion rights and is anti-gay marriage-and that the GOP monopoly in Washington has the party putting its interest ahead of the nation's, demanding a "restoration of balance" that a Democratic-controlled House would provide. In a conversation with farmer Steve Wooden, who has seen crop prices fall as costs for seed, fuel, and health insurance have risen, Weaver says the scandal shows how Republicans have fallen out of touch with ordinary Americans-just as he says they have by getting too cozy with the agricultural, oil, and health insurance companies that Wooden blames for his economic woes. Standing beside his John Deere combine, Wooden, 51, nods in agreement. "To have a congressman send those E-mails illustrates their arrogance," he says. "There's too much of that in Washington." The scandal is taking its biggest toll on GOP incumbents by denying them the chance they'd ordinarily have, with control of the White House, to set the terms of the political debate. "Republicans can't break through to change the conversation," says the Cook Political Report's Amy Walter. "The debate now is over who knew what when about the page scandal, rather than, 'What are the Democrats going to do about immigration, security, taxes?'"

Even for some Republicans, Washington has become toxic. Last week, Lewis canceled an event here with House Speaker Dennis Hastert because of questions concerning what he knew about Foley's behavior. "I'm not accusing the speaker of anything," Lewis says. "But I wanted to ... not be in contact with the speaker until I found out what's going on." Lewis trusts voters to distinguish between the actions of Foley, the GOP leadership, and himself: "To bring every Republican ... into this and allow them to be tainted would be like saying the pope had been tainted by some priests within the Catholic Church."

The National Republican Campaign Committee, meanwhile, notes that most voters continue to express approval of their own representative. A Washington Post/ABC News poll last week found that 64 percent of Americans think Republican leaders tried to cover up the Foley scandal but just 23 percent trusted the Democrats to handle it any better. The NRCC says it is unconvinced that races beyond those involving members of the leadership, like NRCC Chair Tom Reynolds, who according to one poll has fallen behind in his re-election race, will be affected by Foley. Of the race in Kentucky's Second, NRCC spokesman Carl Forti says, "It's not even on our radar screen."

For most of the newly competitive races, the Foley scandal laid bare Republican vulnerabilities that had been there before. Even in seemingly marginal districts, the Democratic Congressional Campaign Committee recruited candidates early on who had strong fundraising ability and compelling personal stories that made it difficult to peg them as liberal Democrats, including military

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vets like Weaver and Charlie Brown, whose race against California Rep. John Doolittle was recently declared competitive by the Cook Report.

"The next layer." In other places, demographic changes have made Republicans vulnerable. In California's 11th District, which encompasses the Central Valley, a stream of independent and moderate voters from the Bay Area and the Silicon Valley have diluted Republican Rep. Richard Pombo's conservative agricultural base. University of California-Berkeley political science Prof. Bruce Cain says that Pombo's fate might be in the hands of those newcomers, concerned about Pombo's conservative environmental policies and his ties to disgraced former lobbyist Jack Abramoff. Pombo got roughly $43,000 in donations from Abramoff and his associates. Recent press reports have also focused on an oil firm called VECO Corp., which has contributed about $18,000 to Pombo's re-election campaign. The company is named in an FBI investigation into political corruption in Alaska. Pombo challenger Jerry McNerney is concentrating his grass-roots campaign on the district's new housing developments. With California's 11th District race now in the "competitive" column, Democrats are facing tough decisions about where to spend their money. "There's not an unlimited amount," Democratic National Committee Chairman Howard Dean tells U.S. News. "And instead of focusing money on fewer races, you're focusing more money on more races." Much of the $630,000 of TV ad time the DCCC had reserved for Democratic challenger Angie Paccione in Colorado's Fourth District was canceled last week, even though the DCCC recently enrolled Paccione in its "Red to Blue" program for the most competitive candidates; a Denver Post poll last week showed a 10-point lead for incumbent Rep. Marilyn Musgrave.

At the same time, more competitive races have forced Republicans to pull money from districts where they hoped to unseat Democratic incumbents. "Because we've looked beyond the races in play to say 'What's the next layer?' ... we are in a position ... to handle the risk of the increasing number of seats," Republican National Committee Chairman Ken Mehlman tells U.S. News, "and also ... to say, "Now this seat's safe-we don't have to worry about it.'" Asked to name a Republican-held seat that has gone from competitive to safe, Mehlman declined. But the RNC chair warned incumbents of the difficult political environment early in the election cycle, and many, including Lewis, amassed $1 million-plus war chests.

Indeed, marginal districts like Kentucky's Second are still uphill fights for Democrats, even as they have tightened. "Weaver looks good on paper, but Lewis hasn't done anything particularly wrong," says the Rothenberg Report's Nathan Gonzales. "That's what Democrats are wrestling with nationwide." After Lewis fielded the initial call about Iraq last week in his phone-in town hall meeting, none of the other callers asked him about the war-or about Foley. Most urged him to crack down on illegal immigration, to support the constitutional amendment banning gay marriage, and thanked him for helping them secure disability or veteran benefits. They were asking, in other words, for more of the same.

Free Fall? What Free Fall? (USNEWS)

By Will Sullivan

U.S. News and World Report, October 16, 2006

With November 7 on the horizon and polls showing GOP control of the House and Senate in serious jeopardy, Republican National Committee Chairman Ken Mehlman is racking up the frequent-flier miles. This week alone, the former Bush campaign manager will be in Florida, Georgia, Pennsylvania, and Wisconsin, preparing candidates for the sprint to the finish. Coming from Michigan and on his way to Ohio last week, Mehlman sat down with U.S. News to discuss why he's not as pessimistic about Election Day as the latest poll numbers might suggest, as well as his thoughts on North Korea's nuclear test, Sen. Hillary Rodham Clinton's presidential prospects, and his own plans for the future. Excerpts:

After a number of polls this week showed very bad results for Republicans, some analysts said the party is in free fall. Is that accurate?

Let me first say I do think that we are in a very challenging environment. I think that the situation with [Rep. Mark] Foley has made it even more challenging, but ... I have not seen a significant impact in most of the races around the country, and I certainly haven't seen a free fall. In the last 25 years, the electorate has ranged from plus-4 Democrat to plus-2 Republican in '02. Every one of these [new] polls has an electorate that looks more Democratic than any electorate has looked in 25 years. If the American electorate is twice as Democratic as it's been in 25 years, it's going to be a bad day for us, but that's a huge assumption.

What has been the political impact of North Korea's nuclear tests?

It seems to me people who have consistently been on the record against missile defense and whose secretary of state tried to ply the North Korean dictator with a signed basketball by Michael Jordan are not necessarily the best people to be critical of what's happening in North Korea. I think one thing we know was the attempt to appeal to the better side of Kim Jong Il did not work, and so it seems to me that the party ... that said there is an axis of evil, that said we need missile defense, and that said we need to be tough in dealing with this threat is the one that is likely, if you're looking at the issues and looking at the facts, to benefit in terms of the public's focus on this.

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Has the Republican push for stricter immigration alienated Hispanic voters?

Do I believe that being for border security is inherently anti-Hispanic? No, I think that's ridiculous. If you lived in America for five generations or for five months and you were in the World Trade Center, your life was at risk, and the key is to control the border because of the need of protecting our national security. Whether you're Hispanic, whether you're Asian-American, Jewish-American, Anglo-American, you name it, that's in your interest.

How is this election like or unlike 1994, when Democrats lost control of the House?

First of all, in '94 the Democrats were particularly [vulnerable] to a terrible year because they had a lot of open seats and a lot of those open seats were in Republican presidential districts. There are 20 Republican open seats this year; 17 of the 20 Republican seats this year are Bush-leaning seats, meaning Bush won those districts with an average of 61 percent. The second difference from '94 is the people who are in the toughest races; people like [Connecticut Rep.] Nancy Johnson and [New Mexico Rep.] Heather Wilson and others are very battle tested. Important difference No. 3 that I think is going to be relevant this year is that Republicans had a positive agenda they could be for, and voters in '94 embraced many of the concepts behind that positive agenda. You don't see that at all this year.

After Hurricane Katrina, how successful can you be at winning over black voters?

Our ability to target voters differently means there are conversations going on in the black community that maybe didn't go on as aggressively before. In a world where you have a limited budget, if you're targeting entirely by geography, to target a neighborhood where you're able to get 1 in 10 votes or 1 in 5 votes may not have been cost effective. On the other hand, if you're targeting based on lifestyle, which is what we do today, you can be much more effective at reaching out to people.

Do Sen. John McCain and former New York City Mayor Rudolph Giuliani have a chance of winning the 2008 presidential nomination?

As the referee, I don't think it's appropriate to speculate on the quality of the teams, but I will say that I think that we have a lot of potentially very strong candidates running.

What about Sen. Hillary Clinton?

I think that the asset and the liability that Mrs. Clinton brings to the table is the passion she arouses in voters. And she arouses passion in their side; she arouses passion in our side.

Will you run again for chairman?

I'm going to decide in the next few weeks. I'm not going to decide with regard to the election. It'll be as much as anything a personal decision. I mean, I've now traveled over 300,000 miles.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, October 15, 2006

School Boss's Fear: Failing Jeopardy!

When the dream invitation from host Alex Trebek's team came in last spring to play Celebrity Jeopardy! Education Secretary Margaret Spellings was wildly happy-and equally worried. What if she bombed? Worse: What if she failed against the Hollywood stars she'd face? Couldn't happen, she vowed, scrambling to set up Jeopardy! study halls and prepare notebooks the likes of which she hadn't seen since graduating from the University of Houston. Spellings's biggest concern? Music, movies, and TV. "I was a little worried about pop culture categories like TV and movies," she confides to Whispers. "Fortunately, I had two teenage daughters helping me do my homework-a nice change for them!" Good thing: In her taping this month for the show being broadcast in November, Elton John was one of the categories.

More help came from her staff, who looked up past categories for strategy and trivia tips. "We helped her on everything from Shakespeare to Broadway musicals," says one. The chatty Texan took care of the charm, gabbing with Trebek about their shared Ukrainian heritage. Now, Jeopardy!'s rules block us from revealing the results, but rest assured, her charity choice, ProLiteracy Worldwide, got a nice check. That's because she didn't get skunked. "She was happy she didn't come in last," says a pal. Or in Jeopardy! form: What is relief, Alex?

The Newtster's New Friends at 1600

The Newt Gingrich for president buzz is back, and we're hearing it from a rather odd corner of Washington: 1600 Pennsylvania Avenue. Top Bushies tell us that they think the former disgraced House speaker would make a great president. Gingrich thinks big, they say, and represents the old Reagan-style of smaller-government conservatism. As for his past marital infidelity, they think it's a nothing-burger, especially if he faces Sen. Hillary Rodham Clinton, whose hubby had his own problems she'd rather forget.

Now Pinch-Hitting for...Paul Harvey

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Add successful radio host-and Paul Harvey fill-in-to former Sen. Fred Thompson's leading roles. The Watergate investigator turned Hollywood star turned senator and now Law and Order prosecutor turned up on ABC Radio last week during the first of two weeks he's taking over for Harvey. We had to ask: Is it as easy as Harvey makes it sound? "No way," says the folksy Thompson, whose wife is about to deliver their second child, a son, any day now. "He's the master. It's like pinch-hitting for Babe Ruth." Naturally, the news and comments during his two shows daily are laced with politics. But the Tennessee conservative avoids partisanship. "It's not," he says, "like what I say when I go out to raise money for my Republican friends."

For the Record, Dean Hates Fox

Just in case you're wondering if Democratic Party Chairman Howard Dean attended the Fox News Channel anniversary party last week, the answer is simple. No way, no how. "I happen to despise Fox News because I think they're nothing but the propaganda arm of the Republican Party," he tells us. But he doesn't hate everybody there, even the Fox News Sunday host who recently grilled Bill Clinton on Iraq. "Let me just go on the record as saying I happen to like Chris Wallace. Let me just do that," he says.

New Map Out West (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 16, 2006

AURORA, COLO.-Sipping hot tea from ceramic cups, Alex and Mirlin Rohr and their friends Betty Williams and Ray Hanson looked up politely when a smiling stranger approached their table at the Golden Shanghai Restaurant. It was Ed Perlmutter, Democratic candidate for Congress in suburban Denver's Seventh House District, trolling for votes amid trays of egg rolls. The affable lawyer apologized for interrupting, then proceeded to give a brief spiel about the need for a "new direction" in Washington.

Perlmutter's message of change and independence is a common one among Democratic candidates out west these days. After years of conservative dominance, this region of majestic mountains, endless plains, and sprawling suburbs seems to be moving to the pragmatic middle. And the longtime "out" party sees an opportunity not only to score big wins on November 7 but also to redefine the battlegrounds for the 2008 presidential race.

There's plenty of work left to do. Back at the Golden Shanghai, the Rohrs, both 61, said the biggest issue by far is illegal immigration. Alex, an accountant, said many illegals will simply have to be deported. The husband and wife are independents who usually vote Republican, and they plan to do so again this year. Williams, 77, a retired rancher, feels no allegiance to either party and said the biggest issue is healthcare. Hanson, 78, a former engineer who said he is nonpartisan, is most concerned about the war in Iraq. He vehemently argued that America's recent military conflicts, all the way back to Korea, have wasted billions of dollars and cost countless lives-and "haven't accomplished anything." He and Williams seem to be likely Democratic voters.

Demographics. With the Democrats trying to pick up 15 seats to take control of the House and six in the Senate, they are looking to the West, where a half-dozen House races and the Montana Senate race could help determine the new lineup. Colorado, Arizona, New Mexico, and Nevada are the main flash points. All four states have undergone seismic demographic and political shifts. From 2001 to 2005, Nevada was the nation's fastest-growing state. Arizona was second, Colorado eighth, and New Mexico 16th.

Many of the newcomers are Latinos; they tend to be conservative on social issues such as abortion and school prayer but liberal on economic matters, such as the need for government spending on healthcare and education. This has, on balance, helped the Democrats, but the Hispanic turnout remains a big question mark for November 7.

Overall, service and professional jobs are multiplying throughout the West as farming and mining employment, economic staples for years, have declined. Demand is growing for public services such as mass transit, healthcare, and schools, making the Democrats' pro-government image more appealing and the GOP calls for lower taxes and less government more problematic. Increasingly pragmatic voters also appear less interested in the "values issues" that have tended to help Republicans, such as same-sex marriage, abortion, and gun control.

Add it all up, and Democrats hope a new day is dawning. "We intend to contest Arizona, New Mexico, Colorado, and Nevada as a unit next time in the presidential because we think we can win there," Democratic National Committee Chairman Howard Dean told U.S. News. Dean's theory is that, with a combined total of 29 electoral votes, those four states would make it unnecessary for the Democrats to win Florida, with 27 electoral votes, which they have lost in the last two down-to-the-wire presidential elections. "Bill Clinton won every single one of those states at one time or another," Dean added.

Big brother. Dean said the key to the Democratic resurgence lies in what he sees as the rightward, interventionist shift of the national GOP. "The Republican Party has become the big-brother party, and this is a very libertarian part of the country. ...

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[Westerners] don't believe it's the government's place to tell them what to do with their personal lives, and this is a government that specializes in telling people what to do in their personal lives."

For his part, Republican National Committee Chairman Ken Mehlman told U.S. News: "We do need to have aggressive efforts in the West. ... The complexion of the electorate has changed out there. And if we're smart, then we are working to make sure we reach those new voters."

But it is the Democrats who have gotten most of the good news in recent years. In 2002, Democrats won the governorships in Arizona, New Mexico, and Wyoming. In 2004, while President Bush was winning most of the states, Democrats scored in state and local races, even winning the governorship of Montana with tough-talking, horseback-riding rancher Brian Schweitzer, who criticizes free-trade agreements as unfair to American workers and opposes gun control. In Colorado, Democrats won control of the state House and Senate for the first time in more than 40 years. And two Hispanic brothers, Ken and John Salazar, both centrist Democrats, won Republican-held seats in Congress-Ken in the Senate and John in the House.

This year, the GOP is under attack from Helena to Albuquerque. In Montana, buzz-cut farmer Jon Tester, president of the state Senate, is mounting a serious challenge to Republican Sen. Conrad Burns, who had ties to disgraced lobbyist Jack Abramoff. In New Mexico, Democratic Attorney General Patricia Madrid is running even with incumbent GOP Rep. Heather Wilson. In Arizona, former state Sen. Gabrielle Giffords, a Democrat, is neck and neck with GOP former state Rep. Randy Graf for the House seat being vacated by Republican Jim Kolbe. In Wyoming, Democrat Gary Trauner is in a surprisingly competitive race with six-term Republican Rep. Barbara Cubin. No Democrat has held that seat since 1979.

In Colorado, former Denver District Attorney Bill Ritter is far ahead of Republican Bob Beauprez-the current Seventh District representative-in the race for the governorship. Even in the conservative Fifth District centered on Colorado Springs, the Republican congressional candidate is in trouble. Doug Lamborn is under attack-from fellow Republicans-for being too negative as he tries to hold off Democrat Jay Fawcett, a small-business man and Air Force veteran.

Nowhere are the trends more clear than in Colorado's Seventh District, which includes the big Denver suburbs of Lakewood, Wheat Ridge, and Aurora. In 2002, Republican Beauprez won with a razor-thin margin of 121 votes. In 2004, Beauprez won narrowly again, but the district-almost evenly divided among Democrats, Republicans, and the unaffiliated-backed John Kerry for president.

Standing clear. Republican congressional candidate Rick O'Donnell, former state higher-education commissioner, has been trying to distance himself from the national GOP and establish an image of independence. On October 6, he told a forum in Wheat Ridge that if elected he would model himself on two liberal Democrats-former Rep. Pat Schroeder of Denver and former Sen. Daniel Patrick Moynihan of New York. O'Donnell said he disagreed with them on issues but admired their work ethic, accessibility, and willingness to fight for their constituents. For his part, Democratic candidate Perlmutter, a former state senator who leads by double digits in some polls, said O'Donnell was masking his conservatism because his party is so unpopular. But Perlmutter also felt the need to establish his own independence. He told U.S. News he won't be in lock step with national Democrats. Still, his message is strongly anti-GOP. A fiery critic of the Iraq war, he says the Republicans have gotten America bogged down in the Mideast and on many issues at home. More generally, Perlmutter said most Coloradans today reject the extremes in either party. "People in this state are, at a basic level, moderate, independent thinkers," he told U.S. News.

But neither candidate should rest easy. After the Wheat Ridge forum, a waiter at the chicken-and-pasta luncheon was asked his impression of the candidates. He preferred not to give his name but admitted he hadn't paid much attention to what O'Donnell and Perlmutter were saying because he had been too busy serving food and clearing dishes. He will make his decision later. Like many other westerners, he said he usually votes Republican but is open to the other side this year.

One-Letter Politics (NYT)

By Paul Krugman

The New York Times, October 16, 2006

In a recent interview with The Hartford Courant, Senator Joseph Lieberman said something that wasn't credible. When the newspaper asked him whether America would be better off if the Democrats took control of the House of Representatives next month, he replied, "Uh, I haven't thought about that enough to give an answer."

Why wasn't this a credible answer? Because anyone with the slightest interest in American politics — a group that obviously includes Mr. Lieberman — is waiting with bated breath to see how this election goes, and thinking a lot about the implications. If the Democrats gain control of either house, no matter how narrowly, the American political landscape will be transformed. If they fail, no matter how narrowly, it will be seen, correctly, as a great victory for the hard right.

The fact is that this is a one-letter election. D or R, that's all that matters.

It's hard to think of an election in which the personal qualities of the people running in a given district or state have mattered less. Given the stakes, voters who answer "yes" to the question Mr. Lieberman claims not to have thought about should

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think hard about voting for any Republican, no matter how appealing. Conversely, those who answer "no" should think hard about supporting any Democrat, no matter how much they like him or her.

There are two reasons why party control is everything in this election.

The first, lesser reason is the demonstrated ability of Republican Congressional leaders to keep their members in line, even those members who cultivate a reputation as moderates or mavericks. G.O.P. politicians sometimes make a show of independence, as Senator John McCain did in seeming to stand up to President Bush on torture. But in the end, they always give the White House what it wants: after getting a lot of good press for his principled stand, Mr. McCain signed on to a torture bill that in effect gave Mr. Bush a completely free hand.

And if the Republicans retain control of Congress, even if it's by just one seat in each house, Mr. Bush will retain that free hand. If they lose control of either house, the G.O.P. juggernaut will come to a shuddering halt.

Yet that's the less important reason this election is all about party control. The really important reason may be summed up in two words: subpoena power.

Even if the Democrats take both houses, they won't be able to accomplish much in the way of new legislation. They won't have the votes to stop Republican filibusters in the Senate, let alone to override presidential vetoes.

The only types of legislation the Democrats might be able to push through are overwhelmingly popular measures, such as an increase in the minimum wage, that Republicans don't want but probably wouldn't dare oppose in an open vote.

But while the Democrats won't gain the ability to pass laws, if they win they will gain the ability to carry out investigations, and the legal right to compel testimony.

The current Congress has shown no inclination to investigate the Bush administration. Last year The Boston Globe offered an illuminating comparison: when Bill Clinton was president, the House took 140 hours of sworn testimony into whether Mr. Clinton had used the White House Christmas list to identify possible Democratic donors. But in 2004 and 2005, a House committee took only 12 hours of testimony on the abuses at Abu Ghraib.

If the Democrats take control, that will change — and voters should think very hard about whether they want that change. Those who think it's a good idea to investigate, say, allegations of cronyism and corruption in Iraq contracting should be aware that any vote cast for a Republican makes Congressional investigations less likely. Those who believe that the administration should be left alone to do its job should be aware that any vote for a Democrat makes investigations more likely.

O.K., what about the Senate race in Connecticut, where Ned Lamont is the Democratic nominee, and Mr. Lieberman, who lost the Democratic primary, is running as an independent but promising to caucus with the Democrats if he wins? Is this a case where the man, not the party, is what matters? Only if you believe that Mr. Lieberman's promise not to switch parties is 100 percent credible.

In Final Weeks, G.O.P. Focuses On Best Bets (NYT)

By Adam Nagourney

The New York Times, October 16, 2006

WASHINGTON, Oct. 15 — Senior Republican leaders have concluded that Senator Mike DeWine of Ohio, a pivotal state in this year's fierce midterm election battles, is likely to be heading for defeat and are moving to reduce financial support for his race and divert party money to other embattled Republican senators, party officials said.

The decision to effectively write off Mr. DeWine's seat, after a series of internal Republican polls showed him falling behind his Democratic challenger, is part of a fluid series of choices by top leaders in both parties as they set the strategic framework of the campaign's final three weeks, signaling, by where they are spending television money and other resources, the Senate and House races where they believe they have the best chances of success.

Republicans are now pinning their hopes of holding the Senate on three states — Missouri, Tennessee and, with Ohio off the table, probably Virginia — while trying to hold on to the House by pouring money into districts where Republicans have a strong historical or registration advantage, party officials said Sunday. Republicans also said they would run advertisements in New Jersey this week to test the vulnerability of Senator Robert Menendez, one of the few Democrats who appear endangered.

Senior national Republican strategists who had been briefed on decisions made during the party's internal deliberations discussed the overall strategic thrusts but declined to provide specific dollar figures, saying that would give too much information to the Democrats.

The decision involving Mr. DeWine offers the most compelling evidence so far that Republicans are circling their wagons around a smaller group of races, effectively conceding some Senate and House seats with the goal of retaining at least a thin margin of control when the 110th Congress is seated next January. Democrats need to win 6 seats to capture the Senate and 15 seats to win the House on Nov. 7.

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Mr. DeWine has proved to be a successful fund-raiser on his own, and, with $4.5 million on hand, already enjoys a large financial advantage over his Democratic opponent, Representative Sherrod Brown; he is not dependent on financial support to keep campaigning. The Republican National Committee and the Republican Senatorial Campaign Committee have already spent $4.6 million on his race; party officials said they concluded that there were now simply more opportune races to focus on.

Asked about the decision, a spokesman for Mr. DeWine, Brian Seitchik, said, "We've been pleased with the support we've received from the R.N.C. thus far." Mr. Seitchik declined to comment further.

Republicans noted that Mr. DeWine, in addition to having a sizable financial advantage, was a well-liked figure in Ohio who handily won his first two terms in the Senate and still had enough time to recover, even though recent internal party polls showed him lagging badly.

Brian Nick, a spokesman for the National Republican Senatorial Committee, said, "The committee doesn't discuss internal strategy in terms of where financial resources are allocated."

Democratic strategists said Sunday that they were polling in search of other races with vulnerable Republicans, pointing to Representative Richard W. Pombo of California as one incumbent they might take aim at.

Republicans said they remained confident that the party's considerable financial advantage would allow them to hold back a Democratic onslaught over the next three weeks, and they said they were preparing to spend significantly to bulk up any Republican who their polling over the next few days suggested might be faltering.

A critical question in the days ahead is the size of the Republican financial advantage for the final three weeks; the next filing reports are due on Friday.

Still, in interviews, Republican strategists said that the flow of bad news out of Iraq and the resignation of Representative Mark Foley after admitting he had sent sexually suggestive messages to teenage Congressional pages had soured the environment for incumbents and blunted the impact of a long-planned crush of negative advertisements Republicans had prepared to undercut Democratic challengers this month.

In one sign of the shifting political environment, as of this weekend, national Republicans were running advertisements in 29 districts; of those, 26 are held by Republicans and 3 by Democrats, though Republicans plan to begin running advertisements this week against an Illinois Democrat, Representative Melissa Bean. National Democrats are on the air in 30 districts, and defending Democrats in just 3 races.

"For a midterm election in the sixth year, based on historically the number of seats lost, you've got to play defense," said Carl Forti, the communications director for the National Republican Congressional Committee. "We have the luxury of being in the majority, so all we have to do is hold our own."

National Republicans are no longer running advertisements in three districts where they once thought they had a chance to take over Democratic-held seats — in South Carolina, West Virginia and Ohio — as well as a district in Arizona now held by a Republican. The party has not broadcast any advertising in four days on behalf of Representative Chris Chocola, one of three Indiana Republicans who polls suggest are headed for defeat, though Republican officials said that does not mean they have written off Mr. Chocola's seat.

Even before this development, Republicans had been bracing for the defeat of three sitting Republican senators: Rick Santorum of Pennsylvania, Conrad Burns of Montana and Lincoln Chafee of Rhode Island, based on polling.

At the start of the fall campaign, national Republican leaders developed a strategy to pour most of the national money into three states — Ohio, Tennessee and Missouri — to create a firewall against a Democratic takeover. One Republican Party official said Mr. DeWine's continued problems in Ohio had persuaded them to in effect rebuild a firewall that has now partly collapsed, and to find a state to replace it.

The decision about Mr. DeWine's seat came after recent internal polls showed Mr. DeWine's Democratic challenger, Representative Brown, jumping to a large lead. Mr. Brown's surge came despite a barrage of Republican advertisements intended to portray him as weak on national security — the very line of attack that had given party officials confidence earlier this year that Mr. DeWine would be re-elected.

Normally, a party would be averse to scaling back its help for a senator in a state with as many as five competitive Congressional races also on the ballot. But in this case, Ohio Republicans said, Mr. DeWine and Republican Congressional candidates face the added problem of being dragged down this November by the party's candidate for governor, J. Kenneth Blackwell, who polls show is facing a double-digit loss to the Democrat, Representative Ted Strickland.

The next important decision for Republicans is whether to compete in New Jersey; they plan to spend about $500,000 on advertising this week, followed by polling to see how vulnerable Mr. Menendez is to his Republican challenger, Thomas H. Kean Jr. Going into New Jersey is a costly gamble, because it requires advertising in both the New York City and Philadelphia markets, which party strategists said could easily eat up $2.5 million a week.

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An alternative being strongly considered by some Republican strategists is Virginia, where Senator George Allen, a Republican once viewed as breezing toward re-election, is now struggling. A poll published in The Washington Post on Sunday showed Mr. Allen in a tie with his Democratic challenger, Jim Webb. Virginia is a much more Republican state than New Jersey, not to mention less expensive, and thus might prove an easier place to make a stand.

Some Republican strategists have been pushing the party to go after Senator Debbie Stabenow, a Michigan Democrat, but other party officials said that based on the most recent polling data, Ms. Stabenow seemed assured of re-election. On the other side of the scale, Democrats said they were increasingly skeptical that they would be able to knock out Senator Jon Kyl, an Arizona Republican who had been on an early target list.

In the House, the Republican committee has spent $61 million so far, compared with $50 million by Democrats, aides to both parties said Sunday.

For Republicans, the vast majority of that money has gone to protecting incumbents. The party is on the offensive in races for three seats: two held by Democrats, Representatives Leonard L. Boswell of Iowa and Jim Marshall of Georgia, and one being vacated by Representative Bernard Sanders, an independent from Vermont who typically voted with the Democrats.

Mr. Forti said Republicans had now placed $1 million into protecting the Florida district that was represented by Mr. Foley, the Republican who resigned in the page scandal. Party officials had at first written off that seat, because it was too late to replace Mr. Foley's name on the ballot with the name of the Republican who replaced him, State Representative Joe Negron. Party officials said their polling showed that the district was so overwhelmingly Republican — Mr. Foley won 68 percent of the vote in 2004 — that they believed they could succeed again. In any event, they said they were not prepared to write off any seats in this environment.

"When you look at the polling numbers, they don't want to vote for the Democrat," Mr. Forti said. "Believe me, we are not going to waste two million bucks if we don't think we have a shot."

Faithful Rally To A Senator In Distress (LAT)

By Janet Hook

The Los Angeles Times, October 16, 2006

ROSYLN, Pa. — Keith Hollenberg, a member of the evangelical Assemblies of God church, is worried that one of his political heroes is about to lose his bid for reelection.

So when he saw Sen. Rick Santorum (R-Pa.) at a car show here, Hollenberg volunteered to help in what has become an urgent project for social conservatives in Pennsylvania and around the country: keeping Santorum in the Senate.

"I'm a big fan of yours," Hollenberg told him. "Keep on pulling for the right thing."

Santorum, an outspoken advocate of banning same-sex marriage, restricting abortion, and other social conservative causes, is considered this year's most-endangered senator.

It is a four-alarm fire for conservatives, who are bringing water buckets from all corners of the political world. Across Pennsylvania, pastors are preparing to stuff voter guides into their Sunday bulletins. In Washington, D.C., Paul Weyrich, a national conservative leader, hosted a conference call to give a pep talk to Republicans in Pennsylvania. In England, some Santorum fans are planning to cross the Atlantic to help campaign.

"I think it's important for people across the country to recognize how important it is not only to pay attention but to get engaged in this race, whatever way they can," said Colin Hanna, head of Let Freedom Ring, a conservative group based in Pennsylvania. "If Rick Santorum were to lose, it would be cited as a turning point in the social conservative movement."

Santorum is not just a key link between the Republican Party and Christian conservatives. He is also one of President Bush's most unapologetic allies in Congress and a member of the Senate GOP leadership. And he is the apotheosis of a younger generation of Republicans — led by former House speaker Newt Gingrich — that transformed the party in the 1990s into a more confrontational, ideological political force.

If 2006 turns into the electoral romp for Democrats that many analysts now are predicting, a loss by Santorum would be a signifier of the end of that Republican revolution.

If Democrats are unable to defeat Santorum, they are unlikely to win a majority in the Senate, which Republicans control 55-45.

For most of the year, polls have found Santorum trailing his Democratic opponent, state Treasurer Bob Casey Jr., by double-digit margins. The senator's backers last week cheered a poll by the Allentown Morning Call showing the gap narrowing to 46% to 41%. They were hoping that a spirited televised debate last week) opened a new chapter of voter education about Casey's liabilities that could work to Santorum's advantage.

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But G. Terry Madonna, a pollster and professor at Franklin & Marshall College in Lancaster, Pa., said Santorum was in deep trouble if he was still drawing only 40% support, having already leveled a heavy barrage of campaign ads and attacks on Casey.

Among Santorum's political problems: He is running in a state that went for Democratic Sen. John F. Kerry in the 2004 presidential election. Here in Philadelphia's suburbs, considered crucial to the election's outcome, even fellow Republicans are not as conservative as he is. At a recent GOP meeting in Upper Darby, Santorum sounded less like a champion of social conservatism and instead circulated a flier, "Delivering for Upper Darby," that detailed the federal money he had secured for local sewer repair, garage construction and more.

Even if Santorum gives social issues short shrift on the campaign trail, conservative leaders understand what is at stake. They stand to lose a powerful spokesman for their agenda. Some worry that Santorum's defeat would also be a body blow to the influence of social conservatives within the GOP.

"You would then start to see party apparatuses say things like, 'We're not sure we want to support a candidate whose conservatism is as deeply rooted as Sen. Santorum's,' and they will begin casting about for moderate conservatives," Hanna said.

At age 48, with boyish looks that make him appear a decade younger, Santorum does not look the part of a man who could be near the end of a fast-rising political career. Walking in a parade one rainy Saturday outside Philadelphia, Santorum jogs robustly from one side of the street to the other to greet spectators. Tie-less and in chinos, he wears the unflappable smile of a man who is nowhere near ready to concede defeat. Even when people boo him from curbside, he boldly reaches into the crowd to shake their hands.

Twelve years ago, Santorum was swept into the Senate when his opponent and other Democrats tripped on the coattails of Bill Clinton in the Republican tide of 1994. With a 49% plurality, Santorum beat Democratic Sen. Harris Wofford.

Santorum had already spent four years in the House, where he worked with Gingrich and the "Gang of Seven" conservative rebels who exposed a scandal at the House bank. He was eager to stir the pot even in the more staid Senate, where one of his first acts was to challenge the seniority system.

Nevertheless, Santorum zoomed up the leadership ladder. At 42, in 2001, he was chosen to be Senate Republican conference chairman, the party's No. 3 post, after having won reelection to the Senate with 52% of the vote.

Many more factors are working against Santorum now than in his 2000 campaign — most notably, his link to a president whose approval ratings are below 40% in many polls. Unlike other vulnerable Republicans who have run away from the White House, Santorum continues to embrace Bush's policy in Iraq, his controversial ideas about overhauling Social Security, even his beleaguered secretary of Defense, Donald H. Rumsfeld.

Santorum is not just a victim of political circumstance. Even his admirers say he routinely suffers self-inflicted wounds from his own sharp tongue.

In 2002, he blamed Boston "liberalism" for the Roman Catholic Church's sex abuse scandal. In a 2003 interview, he linked gay consensual sex with bigamy, polygamy, incest and adultery. In a 2005 book, he found fault with two-income families and working women. The ensuing controversies have so engulfed Santorum's image that his campaign website has a long feature, "Myth vs. Fact," to counter what people "hear about the water cooler" about Santorum.

With polls showing Casey consistently in the lead, the son of a popular former governor has run a low-key campaign with a light schedule of public events — a classic front-runner's strategy. Santorum accuses him of hiding from voters, running on his name and refusing to be specific. He ridiculed Casey for refusing to attend a debate last month, bringing an empty chair to dramatize his point.

When the two did meet in a televised debate last week, the exchange was bitter and personal.

"I don't know how you can say so many words and say nothing," Santorum said.

Casey replied, dismissively: "Don't be a desperate campaigner."

If there is one thing voters know about Casey, it is that he opposes abortion rights. That may cut into Santorum's ability to draw support from socially conservative Democrats.

Some conservatives are focusing on differences between the candidates on social issues other than abortion. A voter guide being distributed by the American Family Assn. of Pennsylvania, designed to be slipped into church bulletins, highlights their differences on a constitutional amendment to ban same-sex marriage (Santorum supports, Casey opposes), allowing over-the-counter sale of a morning-after pill (Santorum opposes, Casey supports) and expanding federal hate-crime protections to homosexuals (Santorum opposes, Casey supports).

Hanna's group has set up a network of conservative pastors around the state to mobilize churchgoing voters. Although it cannot by law endorse a candidate, the Pastors Network of Pennsylvania has enlisted nearly 1,000 pastors in voter-registration and get-out-the vote drives.

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"I think this race is drawing very, very close," said Hanna. "The deciding factor may be which set of supporters is more motivated to turn out."

Minnesota Senate Candidates Clash On Iraq, Taxes (AP)

By Frederic J. Frommer

AP, October 15, 2006

WASHINGTON - Candidates in Minnesota's closely watched Senate race clashed Sunday on Iraq and tax policy, with the Republican defending his vote to authorize the war in Iraq.

"You can't really play Tivo and rewind," said Rep. Mark Kennedy.

During a debate on NBC's "Meet the Press," he was asked whether he would still vote for the war knowing that Saddam Hussein did not have weapons of mass destruction. "We acted on the information we knew at the time. I stand by my vote."

Democrat Amy Klobuchar, the Hennepin County attorney, said it was time to have Iraqis take more control of their country and start bringing U.S. troops home.

"You cannot solve a problem that you don't admit exists, and that is what's going on here with the congressman," she said. "This war has basically devolved into a civil war."

The answer, she said, is not more troops on the ground but a diplomatic and political solution.

Kennedy and Klobuchar are seeking to succeed Democratic Sen. Mark Dayton, who did not run for re-election. With about three weeks before the Nov. 7 election, a Star Tribune Minnesota Poll published Sunday showed Klobuchar ahead 55 percent to 34 percent among likely voters, nearly the same margin as it was in September.

Kennedy, a three-term congressman, dismissed that poll in a meeting with reporters after the debate. "This is a single-digit race," he said. Separately, Klobuchar said the "only poll that matters" is on Election Day.

In the debate, Kennedy said Iraq was the top issue in the race and that the war was central to the global fight against terrorism.

He said Klobuchar "has set out a specific timetable for bringing our troops home that would tell the terrorists when they can take over an oil-rich country as a sanctuary for terrorists," Kennedy said.

Klobuchar said she was not pressing for an immediate return of all U.S. troops from Iraq.

"We have to be reasonable," she said. "I have never been one to say 'Bring them all home tomorrow.' I have never subscribed to one of those mandatory dates, because I understand that, despite my opposition to the war from the beginning, that we have to be responsible about how we bring our troops home."

Asked what the U.S. should do if it were to leave Iraq and a full-blown civil war were to erupt, Klobuchar said American troops should be redeployed to surrounding areas so they can return quickly if needed. She also called for bolstering security in the U.S.

On tax policy, Kennedy criticized Klobuchar for calling for a rollback of President Bush's tax cuts for the richest 1 percent.

"We cannot be raising taxes, putting this economy back on its back, and also not growing jobs," Kennedy said. He argued that a line-item veto would help rein in spending, and acknowledged, "I would like the president to take a little bit more leadership on spending."

Klobuchar said that returning tax levels for the richest to what they paid during the Clinton administration, when the economy was doing well, would help lower the federal deficit.

"When a liberal says they're going to soak the rich," quipped Kennedy, "the middle class gets drenched."

With the latest Star Tribune Minnesota Poll showing Bush's disapproval rating at 61 percent, his highest level ever, Kennedy was asked if he was running as a "George Bush Republican."

"I'm running as Mark Kennedy," he responded.

Kennedy, who usually votes with Bush, pointed out several votes where he broke with the president, such as opposing drilling for oil in an Alaskan wildlife refuge and the No Child Left Behind education law.

Klobuchar suggested Kennedy was running away from Bush.

"He spent the last few campaigns bragging about how close he was with President Bush, and now he's spending this campaign bragging about how independent he is from President Bush," she said.

Meanwhile, Klobuchar's campaign announced Sunday it had raised $1.35 million in the five-week period ending Sept. 30, and had just under $2.25 million in the bank. Kennedy's campaign said it raised $975,000 during the period and had just over $2.03 million in cash on hand.

Sharp Exchanges In National Spotlight (MINNST)

By Rob Hotakainen

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Minneapolis Star Tribune, October 16, 2006

WASHINGTON - "Coffee, water or whiskey?" joked Tim Russert, who seemed to be in a fine mood Sunday morning when his Minnesota guests -- Senate candidates Amy Klobuchar and Mark Kennedy -- showed up for a debate in his NBC television studio in Washington.

As the two sipped their drinks, Russert, a native of Buffalo, N.Y., and a fan of the Buffalo Bills, commiserated with his visitors, both Vikings fans. "You may have lost four Super Bowls, but we lost four in a row," said Russert, host of "Meet the Press."

After the laughs and pleasantries, the hard-nosed Russert got down to business and got Klobuchar and Kennedy to display big differences on some big issues in their network television debate.

As they sparred for nearly 40 minutes, they traded especially sharp barbs on the war in Iraq and tax policy.

Kennedy, a Republican congressman since 2001, said he stood by his vote to authorize the war in 2002 and vigorously defended his party's tax cuts, saying they've helped produce 6 million new jobs. Klobuchar, the DFL candidate and Hennepin County attorney since 1999, said it's time to change course in Iraq and to eliminate tax cuts for the wealthiest 1 percent of Americans.

When Russert asked Kennedy if he would vote today to back the war, even if the CIA told him that former Iraqi leader Saddam Hussein did not have weapons of mass destruction, Kennedy replied: "We acted on the information that we knew at the time. ... I stand by my vote. We can't rewind. We acted on the information we knew at the time and acted correctly."

Klobuchar said that the war is now a civil war and that the United States should pursue "a diplomatic and political solution."We cannot, as Congressman Kennedy and the president are talking about, just stay the course indefinitely, with more troops dying, over $300 billion spent," she said.

Kennedy said the war will require the United States "to make adjustments," but he suggested it would be impossible to come up with a diplomatic solution: "You can't negotiate with people that are ruthless and glory in killing innocent women and children."

Klobuchar asked Kennedy to "admit that he was wrong about voting for this war." She told the stories of a mother in Mahnomen, Minn., who can't sleep because her child is going on his second tour of duty in Iraq and of a father in western Minnesota who cries when questions are asked about Iraq because he lost his son. "These are real people in the real world who are looking for solutions," she said.

On tax policy, Kennedy said that the economy "was flat on its back" after the attacks of Sept. 11, 2001, but that Congress and the president passed tax cuts that helped revive it. "We cannot be raising taxes, putting this economy back on its back, and also not growing jobs," he said.

Klobuchar, who wants to roll back the tax cuts for those who earn more than $336,000 a year, said her plan would save $56 billion a year and is part of her proposal to start reducing the national debt, which is approaching $9 trillion.

"I'm the only candidate in this race that has come out with a plan to balance the budget," she said.

How they see themselves

When Russert asked Kennedy, who has been a close ally of President Bush, if he believes that Bush is a great president, Kennedy said: "I believe history is going to make that decision." And when Russert asked Kennedy whether he's running as "a George Bush Republican" this year. Kennedy replied: "I'm running as Mark Kennedy. I'm running as a guy who believes strongly in values that I was raised with in Minnesota."

Klobuchar billed herself as a tough prosecutor, "someone who puts people in jail for a living." But she also described herself as a mother, a wife and an advocate, and stressed her deep ties to Minnesota: "I'm the granddaughter of a miner. I'm the daughter of a newspaperman and a teacher."

The debate came on the same day that a Star Tribune Minnesota Poll showed Klobuchar with a 21-point lead, favored by 55 percent of likely voters, compared with 34 percent for Kennedy.

In an interview after the debate, Kennedy dismissed the poll, saying voters are focused on issues.

"I'm still waiting for the first person that believes the Minneapolis Star Tribune poll," he said. "I don't think anybody takes it seriously. This is a single-digit race. I know how to win tight races."

Klobuchar said the only poll that matters will be on Nov. 7.

"I don't look at the polls, except I can feel it out there," she said in an interview. "You can feel that the wind's at our back and people want a big change in Washington."

Sunday's debate, the seventh of 10 scheduled, did not include Robert Fitzgerald, the Independence Party candidate.

"There's not much we can do," Fitzgerald said. "I'm not personally disappointed that I'm not invited. It's not a dis on me. I don't think Tim Russert's hating on me or anything. But I am dismayed, I guess, that 'Meet the Press' is not willing to reflect the

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race as it's happening here in Minnesota. Minnesotans know that they have three major-party candidates that they get to choose from."

Bush, Clinton To Host Rival Va. Fundraisers (WT)

The Washington Times, October 16, 2006

President Bush and former President Bill Clinton will host competing fundraisers in Virginia on Thursday for their favored candidates in the U.S. Senate race.

Mr. Bush will rally Republicans at an event for Sen. George Allen at the Science Museum of Virginia in Richmond. Mr. Clinton will headline a soiree for Democrat-ic challenger James H. Webb Jr. at the McLean home of former Sen. Charles S. Robb. Mr. Allen unseated Mr. Robb in 2000.

The current president remains one of the Republican Party's best fundraisers. This is his second visit to Virginia on behalf of Mr. Allen this year.

The Webb campaign told reporters last week that the Bush visit gives it an opportunity to remind voters that Mr. Allen has voted with the president 97 percent of the time since being elected to the Senate.

Mr. Clinton, who held a fundraiser for Democrat Timothy M. Kaine last year during the gubernatorial race, is expected to bring in a big chunk of cash for Mr. Webb.

Mr. Bush touched down in Air Force One on election eve last year to appear with Mr. Kaine's opponent, Republican Jerry W. Kilgore, a visit many political observers think ultimately hurt Mr. Kilgore at the polls the next day.

Mr. Allen has a narrow lead or is statistically tied with Mr. Webb in most polls.

Meanwhile, Mr. Webb received the endorsement Wednesday of the Richmond Crusade for Voters, a 50-year-old nonpartisan organization that aims to increase the influence of blacks in the political process.

"We are not impressed with Mr. Allen's Johnny-come-lately 'sensitivity' to the plight of minorities and the African-American community," said Crusade President Melvin Law. "We do not appreciate nor admire his record. ... Mr. Allen deserves nothing more than an F for his service."

Mr. Allen, who as governor in the 1990s issued a proclamation in honor of Confederate Heritage Month, has been criticized for once hanging a noose in his law office.

Earlier this year, he lost the support of Southern heritage buffs when he said he realized the Confederate battle flag is seen by some as a symbol of hatred and racism.

·Not-so-nasty ads

Political ads in Maryland this year are using unconventional styles and have been far less negative than those in other states, researchers at the University of Maryland at College Park said.

"We've been closely analyzing political ads in the state, and so far, we haven't seen the level of nastiness you might expect," said Trevor Parry-Giles, a communication professor there.

He said the candidates may be avoiding "a costly backlash if they go too negative."

Mr. Parry-Giles said ads by Lt. Gov. Michael S. Steele, the Republican nominee for U.S. Senate, are "innovative and compelling."

The ads present Mr. Steele talking to the camera in a relaxed and conversational tone. Some feature Mr. Steele holding a puppy or with the puppy standing nearby.

Other props included a row of trash cans, which Mr. Steele indicates as symbols for negative attacks by his opponent, Rep. Benjamin L. Cardin, the Democratic nominee for senator.

"The Steele ads are long on atmospherics and symbols apparently designed to sell his brand and to inoculate him from Democratic attacks linking him to President Bush," said Shawn Parry-Giles, a professor of communications and director of the university's Center for Political Communication and Civic Leadership. She is the wife of Mr. Parry-Giles.

"Some of Cardin's ads have been very simple -- the very opposite of slick -- using devices such as a shaky hand-held camera," she said. "This could well be a deliberate attempt to draw a distinction between Cardin and Steele."

The two professors have developed a Web site called "Political Advertising Resource Center" that is devoted to analysis of campaign ads. The site is available at www.umdparc.org.

"There's a certain numbness that sets in as an election approaches, and the ads start to blend in to the wallpaper," Mrs. Parry-Giles said. "Yet, political ads are one of the most important tools in a campaign arsenal. Citizens need to pay close, critical attention."

·Thinking globally

Virginia can thrive in the 21st century's global marketplace with an international airport and a major port, but it will falter if it cannot provide road and rail access to both, Gov. Timothy M. Kaine says.

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Solving the state's transportation difficulties, the governor told industry leaders, will require "some changes in faces" in the Virginia General Assembly.

Mr. Kaine, a Democrat whose efforts to fund transportation in his first year in office have hit roadblocks in the Republican-controlled legislature, said he was not making a partisan statement.

"There are a lot of Republicans who want to solve problems," he said, "and a Democrat or two who don't."

He urged the audience of about 700 at the annual Virginia Transportation Conference in Roanoke last week to support candidates next year who are problem-solvers.

Last month's scheduled four-day special legislative session on transportation funding ended two days early because of philosophical differences between the Senate and House of Delegates leadership -- the same differences that led to this year's unprecedented budget impasse.

Simply put, the Senate wants tax increases, and the House Republican leadership is vehemently opposed. Mr. Kaine, who supports increasing taxes and highway "user fees" to finance transportation, acknowledged that he has had "a very challenging first year."

"I'm not going to give up," he said. "I'm staying at the table on this."

The governor referred to Virginia's listing by Forbes magazine as the most business-friendly state in the nation, but he said the state's ability to compete in a global market-place will be the key to its futur.

The 27 million passenger visits a year at Washington Dulles International Airport could be increased to 50 million, he said, but more roads and rail access are needed in the traffic-clogged region.

The same is true of Hampton Roads, he said, where the port could become the busiest in the nation with dredging to accommodate even bigger ships.

"Are we going to be winners, or are we going to leave these great assets withering and dying?" he said.

·Seeking security

Maryland Lt. Gov. Michael S. Steele, the Republican nominee for U.S. Senate, is hammering the Bush administration for cutting homeland security funding.

"Terrorism has a price ... and we will either pay that price in dollars or in lives. I'd rather write the check," Mr. Steele said in a keynote luncheon address at the 2006 Mid-Atlantic All Hazards Forum, a regional emergency-management and homeland security symposium last week at the Baltimore Convention Center.

"Any formula in this environment that cuts homeland security funding for Washington, D.C., and New York City, let alone the rest of the nation, is bad public policy," he said.

Mr. Steele addressed the convention in his role as lieutenant governor, but the speech echoed his campaign platform on homeland security.

He also took a swipe at the Washington establishment, which was consistent with his run as a "Washington outsider" and his promise to be a "new kind of senator."

"We can no longer have decisions made in isolated chambers in Washington and then dictated to the states and the local communities without some understanding and appreciation of what [first-responders] do every single day to protect and defend that little patch of ground you call home," he said. "We have to be serious about this business because our enemies are serious about the business of coming after us."

Mr. Steele is running against Rep. Benjamin L. Cardin, a 10-term Democratic congressman from Baltimore who also has called for more homeland security funding for "jurisdictions with the greatest risks and vulnerability."

Mr. Cardin's campaign strategy includes linking Mr. Steele to President Bush, who is highly unpopular in heavily Democratic Maryland.

In the speech, Mr. Steele did not name the president.

He cited the 40 percent cut in funding to New York and the District and the $6 million in cut in funds to Baltimore that Homeland Security announced in May. The District's homeland security grant was slashed from $77 million to about $46 million, and New York's went from more than $200 million to about $124 million.

The cuts targeted large cities, mostly in the Northeast, and coincided with increased grants to midsized cities, including St. Louis and Jacksonville, Fla.

"Today, we face the unique and ever-changing threat of terrorism that has attacked us before, and most say it is not a question of if it will happen again, but when it will happen," Mr. Steele told the crowd of firefighters, police officers and emergency-management officials. "It is therefore the responsibility of leadership at these times, more than at any other time, to not just identify and confront threats to our national security, but more importantly, to implement smart policies that prevent these threats from ever materializing."

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"This means using the newest and best technologies for securing our infrastructure, our airports, our ports against terror threats," he said.

Nelson, Ricketts Continue Attacks In Final Debate (LJS)

By Don Walton

Lincoln Journal Star NE Senate Debate, October 16, 2006

SCOTTSBLUFF — Sen. Ben Nelson and Republican challenger Pete Ricketts came out swinging Sunday in a debate that attracted an overflow crowd of more than 200 on a sunny afternoon in the Panhandle.

It didn't take long to establish the tenor of their third and final direct confrontation.

In an opening statement, Nelson repeated his claims that Ricketts supports enactment of a national sales tax, an end to farm payments, privatization of Social Security, amnesty for illegal immigrants and opposes an increase in the federal minimum wage.

All those positions may be good for Wall Street, the Democratic senator said, but they're not good for Main Street in Nebraska.

Ricketts' opening remarks took the form of a bare-knuckles response.

Nelson, he said, has benefited from "a revolving door career in the public and private sectors (and) cashed in" on his public service experience as governor by acting as a paid lobbyist for a brief period before he was elected to the Senate.

"He is irresponsible, cannot be trusted and deserves to be fired," Ricketts declared.

Introducing a new allegation into a Senate race that has overflowed with them, Ricketts said Nelson "sits on the board of a company that contaminates groundwater in Nebraska," namely Behlen Manufacturing in Columbus.

"You've seen a preview" of Ricketts' tactics, Nelson said. "It's attack, attack, attack. My opponent has just a little problem with the truth."

Nelson said he is a member of Behlen's board of advisors, after earlier serving as a director, and suggested Ricketts inform the state's environmental quality agency about his concerns since "It's news to me."

But Ricketts said the issue allegedly involving disposal of drums of toxic waste in an area that affected some local landowners and another property owner had been a concern even during Nelson's governorship.

The Senate opponents traded blows on a number of familiar topics during the hourlong debate at the University of Nebraska's Panhandle Research Center.

But the final debate also gave each candidate an opportunity to frame his case.

Ricketts said Nelson has been an ineffective senator whereas he's the candidate of change.

If Nebraskans want change in Washington, he said, "you can't send back the same career politicians." Nebraskans who may want change from the current Republican leadership in Washington "should not give Democrats control of our values or our pocketbook," Ricketts said.

Nelson said Ricketts offers "blind party loyalty and radical bad ideas" whereas he "put(s) people and policy ahead of partisanship and always put(s) Nebraska first."

What Ricketts proposes in policy reforms "might be good for Ameritrade," Nelson said, but is not good for either Main Street or most Nebraskans. Ricketts left his post as chief operating officer of Ameritrade to enter the Senate race.

Nelson and Ricketts parted company on a number of issues.

On agriculture, Ricketts attacked Nelson, a member of the Senate Agriculture Committee, for failing to include drought disaster relief as part of the farm program.

"If your administration would quit fighting drought relief, we'd already have it," Nelson responded.

Nelson said he would "continue to fight for funding for Nebraska" by earmarking appropriations for projects like the Heartland Expressway in the Panhandle. Ricketts opposes the earmarking system and would like to replace it with block grants to states.

Ricketts said Nelson has failed to offer any plan for dealing with the estimated 11 million illegal immigrants already living in the United States. But Nelson said Ricketts' early support for the comprehensive immigration reform bill passed by the Senate represented endorsement of amnesty.

Not true, said Ricketts, who has proposed a compromise plan to require illegal immigrants to return to their home country before they return legally to the United States with work permits.

"Amnesty with a road trip," Nelson said.

Nelson urged direct one-on-one engagement by the United States with North Korea to seek an agreement ending North Korea's development of nuclear weapons. What the United States should offer, he said, is an assurance of no sanctions and no military attack by the United States in exchange for an end to North Korea's nuclear program.

"I oppose unilateral talks with North Korea," Ricketts said. "That would reward them for bad behavior."

Instead, Ricketts said, the United States should focus on current multilateral talks, urge China to apply pressure on North Korea and implement tough sanctions.

Reach Don Walton at 473-7248 or at dwalton@journalstar.com.

Viewer Comments:

Brad wrote on October 15, 2006 10:19 PM:"Is there a 3rd person we can vote for??"

Go away Pete wrote on October 15, 2006 10:15 PM:"Go back to your country club we don't want you in Washington (or should I say Warshington)"

Tom wrote on October 15, 2006 10:08 PM:"It is very difficult to consider voting for either one of these individuals. They are both like pit bulls! I sure wish that Tom Osborne was running in this race for he certainly would get my vote. "

gail wrote on October 15, 2006 9:57 PM:"Ben Nelson is a long-time leader in our state. Pete Ricketts is a bored rich kid. This is an easy call."

Rudy wrote on October 15, 2006 9:51 PM:"I live in Columbus and our water is very fresh and tasty. I don't work at Behlens but they employ plenty of people around here that will be voting Nelson thanks to good ole Pete! Can't wait 'till this one is on the grapevine!"

gloria wrote on October 15, 2006 8:36 PM:"I am sick of pete ricketts' attacks. He is like a spoiled child who has a tantrum when he doesn't get what he wants. "

Career Politician wrote on October 15, 2006 8:03 PM:"Pete says you cant send the same career politicians back to office. But isn't Pete the one using career politicians' support for him in his ads? Pete says you cant have "unilateral" talks with North Korea. He's right, you cant have unilateral talks with anyone, those would be talks where you talk to your self. Bilateral talks is what he must oppose, or not, who knows? Pete says Ben Nelson is at fault for no drought assitance? Its the Bush White House and Chuck Hagel who blocked Nelson's drought bill. Pete, you're desperate, and behind. Your advisors have failed you miserably. you should fire them - ask yourself if you got your $12 million worth from them. "

Ricketts Says Nelson Didn't Push Drought Relief (AP)

AP NE Senate Debate, October 16, 2006

SCOTTSBLUFF, Neb. -- Republican Senate challenger Pete Ricketts said Democratic incumbent Sen. Ben Nelson was remiss by not pushing for drought relief as part of the last Farm Bill.

But Nelson said in Sunday's debate in Scottsbluff that Republicans were the ones stopping the payments. Nelson also said that there needs to be a cap when it comes to crop payments and that there was no way to predict the current drought would have lasted as long as it has.

Ricketts said drought relief must be part of the new Farm Bill and agreed that a cap must be in place. He also suggested crop insurance would help and that a "safety net" needs to be established to help farmers and ranchers.

Ricketts said that entrepreneurship and growing the economy through block grants can help revitalize rural areas. Then he criticized Nelson for not taking measures to improve the last Farm Bill. Ricketts said Nelson needed to be fired.

Nelson said that many of his efforts in the Senate had helped western Nebraska grow.

The two were asked whether they supported transportation earmarks that have been criticized as pork barrel politics.

Nelson said he does support and will continue to support earmarks.

Ricketts suggested the same thing could be accomplished through block grants that would give more control to officials in Lincoln instead of Washington.

Ricketts told the crowd of less than 200 that Nelson can't be trusted and that a change is needed in Washington.

Nelson said he learned his values growing up in McCook, and that he always has been interested in helping people on Main Street rather than those on Wall Street. Nelson said he would like to see an end to partisanship in government.

But Ricketts fired back, saying Nelson is a career politician and can't be trusted.

Nelson countered by saying his opponent has trouble with the truth.

Mich. Senate Candidates Spar On Economy (AP-Y)

By Tim Martin

AP-Yahoo, October 16, 2006

Democratic U.S. Sen. Debbie Stabenow and Republican challenger Mike Bouchard sparred over issues ranging from the economy to the Iraq war on Sunday as they met in their first debate.

Bouchard, the Oakland County sheriff, said Stabenow has been ineffective and has flip-flopped on several issues. "She says one thing here and does another thing in Washington," he said.

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The former state lawmaker also criticized Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years.

Stabenow, seeking a second term, said Bouchard would support the "failed policies" of the Bush administration.

She defended her economic stances, including a plan to have a prosecutor enforce trade agreements with other nations to protect U.S. jobs. She said "nobody in Washington understands better" than she what is at stake for the middle class.

"We are in a fight for our way of life," Stabenow said.

On the Iraq war, Stabenow said it's now time for the Iraqi police and military to "step up so we can transition out." Bouchard said a withdrawal should be "based on when is it more safe and secure, and then as quickly as possible bring our troops home."

The two candidates also sparred over Bouchard's role on the board of a Lansing-based insurance company, Jackson National Life. Bouchard has been paid up to $60,000 a year for his work with the company.

Stabenow said the company has outsourced jobs overseas, but Bouchard said that her claims were "unbelievably untrue" and that the company is held up as a Michigan success story. He said Stabenow has received thousands of dollars in campaign contributions from people associated with the company.

A message was left seeking comment with a Jackson National spokesman Sunday afternoon.

A telephone poll released Sunday of 643 likely voters by Selzer & Co. of Des Moines, Iowa, found Stabenow had a 13-point lead, with 17 percent listed as "other/not sure" and a sampling error margin of plus or minus 4 percentage points.

The poll was conducted for the Detroit Free Press and Detroit television station WDIV, from Oct. 8 through Wednesday.

The debate was recorded at the Public Broadcasting Service studios of WGVU-TV, for broadcast later in the day on PBS stations statewide.

Senate Candidates Square Off In Debate (DETN)

By Gary Heinlein

Detroit News MI Senate Debate, October 16, 2006

GRAND RAPIDS -- U.S. Sen. Debbie Stabenow and challenger Mike Bouchard occasionally exchanged sharp accusations as they sparred on subjects ranging from Iraq to Social Security in a Sunday debate at WGVU-TV.

Bouchard, the Republican sheriff of Oakland County, repeatedly has charged that Stabenow has done little during her first senate term. Stabenow linked him to President Bush, whose approval rating has been plunging and characterized his criticism as "Washington-speak."

"I have a proven record, I get results," said Bouchard, citing bills he helped pass as a member of the state senate and his current membership on a national panel addressing homeland security issues.

Stabenow said that Bouchard "supports the failed policy of the Bush administration," while she has been fighting to protect the middle class way of life.

The debate was recorded in studio on Sunday morning for viewing on public television stations across the state at 8 tonight.

WGVU is affiliated with Grand Valley State University, with campuses in Grand Rapids and Allendale.

The candidates differed over key issues:

Stabenow said she wouldn't support an increase in Social Security tax for those who earn more than $94,000 a year to help shore up the fund. Bouchard said he would set up a bipartisan group "to look at every option," but didn't say whether he would back a higher tax.

Bouchard said the U.S. should move expeditiously to disengage from Iraq but should rely heavily on evaluations for military commanders and not make a hasty decision. Stabenow, who voted against invading Iraq, said the nation's involvement has been "misstep after misstep" and "it's time for Iraqis to step up so we can step back."

Stabenow said she supports the concept of universal health care, but through a public private partnership unlike government run programs in Canada and England. Bouchard said he opposes universal health care and favors such efforts as limiting malpractice lawsuits to help reduce costs.

Roger Moilen, a Grand Valley State University political science professor, said the televised debate helped Bouchard reach viewers who haven't seen his political ads, especially in western Michigan.

"He really needs to cut into her lead right now if he is going to keep national (Republican Party) money coming in," Moilen said. Recent polls have show Stabenow to have a double-digit lead over Bouchard.

Moilen said he thought both candidates did a good job getting out the messages that they wanted to put before voters.

How The Economy Can Define An Election (WSJ)

By Christopher Cooper

The Wall Street Journal, October 16, 2006

LANSING, Mich. -- Economic anxiety hangs heavy over the midterm elections in this cradle of the American auto industry.

That has meant trouble for the re-election campaign of Democratic Gov. Jennifer Granholm. Her response: flexing the power of incumbency and mounting a minibailout of the Big Three, along with other companies in the state, as Washington stands by.

1 · Take a closer look at Michigan's economy and auto industry, and see what the gubernatorial candidates have to say.2

She is offering tax incentives and cash loans in return for promises -- which critics describe as vague -- to preserve or create jobs. In April Ms. Granholm gave General Motors Corp. $40 million in tax breaks for a pair of factory retoolings. Last month she attended the ribbon-cutting of a drivetrain plant in Flint, which the company rehabbed in return for $28.2 million in state tax breaks. In August Ms. Granholm offered Ford Motor Co. $151 million for investments she claimed would retain more than 50,000 Michigan jobs.

As economic policy, the value of Ms. Granholm's corporate largess is questionable. The state aid is minuscule compared with losses the auto makers face. GM says the breaks are unlikely to swell its payroll. And even with the $151 million on offer, Ford appears bent on reducing its global work force by 40% within three years -- a move Ms. Granholm's critics say could wipe out 7,000 Michigan jobs.

"A good announcement here, a good announcement there; the fact is that government handouts don't create jobs," state Republican Party Chairman Saul Anuzis says.

But as a political move, the drumbeat of business-subsidy announcements looks to be working for the 47-year-old incumbent. She recently took a 50-45 poll lead against an opponent she trailed in July.

"Good policy is good politics," the governor says, when asked if her tax breaks involved political calculation. "What's good for GM is good for Michigan."

Ms. Granholm's tough race bucks the national trend this campaign season, which appears to favor Democrats over Republicans in congressional and gubernatorial races. Currently, there are 28 Republican governors and 22 Democrats. Polls suggest Democrats could net the four seats required for a majority. In Ohio, Republican Ken Blackwell is nearly 20 points behind challenger Ted Strickland in the race to succeed Republican Gov. Bob Taft, who is retiring. Democrats also expect gains in Arkansas, Colorado, Maryland, and New York.

The Michigan governor's race serves as a reminder that, for all the attention to scandal and Iraq, the economy remains a factor, particularly in the Midwest, that can sting incumbents of both parties.

Tapping into that, Republicans have rallied around gubernatorial candidate Dick DeVos, a conservative billionaire whose family-owned company, Amway Corp., of Ada, Mich., is a household name in the state. Now owned by closely held Alticor Inc., the company, cofounded by Mr. DeVos's father, operates in 80 countries. Mr. DeVos, who turns 51 this week, is the former president of Alticor. The DeVos campaign spent $21 million through early September; $16 million of that was the candidate's own money.

On the stump, Mr. DeVos talks of a "single-state recession," noting that Michigan has lost about 100,000 jobs during Ms. Granholm's tenure. Mr. DeVos, whose company employs 4,000 Michigan residents, casts Ms. Granholm, a Harvard-trained lawyer, as lacking the corporate acumen to steer the economy. "What I'm hearing from people is that they'd like someone with a business background to take a crack at it," he says.

Ms. Granholm isn't considered particularly pro-business, having relied heavily in her first term, as do most Democratic politicians here, on union support. Her campaign against Mr. DeVos has included traditional Democratic business-bashing, with jabs at her opponent for decisions he made at Amway. In the 1990s, Mr. DeVos oversaw the elimination of about 1,400 jobs and turned the company toward the world's biggest potential market: China.

Layoffs, outsourcing, China: "In Michigan, these are fighting words," Ms. Granholm often says.

Mr. DeVos says Ms. Granholm has unfairly conflated two discrete events. "I didn't outsource a single...job and she knows it," he says.

The second leg of Ms. Granholm's re-election strategy is, essentially, turning the state's corporate bosses into re-election proxies. Last fall, she advanced a proposal through the Legislature that allows her to borrow as much as $1 billion against tobacco settlement proceeds to bankroll the "21st Century Economic Fund." The fund, overseen by a governor-controlled panel, distributes cash awards to business start-ups that agree to relocate to Michigan or expand here.

The first tranche of money from the fund -- $101 million to 61 microbusinesses and university research shops -- was distributed early last month. "Stay tuned. Hold on to your hat. We've got a lot more to do," Ms. Granholm said at a news conference here, as the awards were announced. To ensure the news wasn't missed by the electorate, the governor's staff hired a satellite truck to beam the news conference live to every television station in the state.

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While other states dispense incentives to companies, few governors have done as much and as fast as Ms. Granholm -- especially during a re-election campaign. In August and September, Granholm-controlled development boards doled out $315 million in tax breaks and loans.

Ms. Granholm's strategy appears to be working, as company executives applaud the Democrat for helping Michigan's business climate. In early August, Mark Fields, Ford's North American president, shared the stage with Ms. Granholm, to trumpet the state's tax-abatement offer. "Thank you, Gov. Granholm, and thank you to the people of the state of Michigan for your support of the home team," Mr. Fields said.

The mileage Ms. Granholm received from the Ford announcement wasn't lost on the state's Republican Party, which found itself in the delicate position of criticizing major Michigan businesses in a radio ad broadcast shortly after the offer was made public.

In the ad, a man and a woman discuss the news of the day, with the woman's tone growing sharp over what she is apparently reading in the newspaper. "This sounds like a rip-off," the woman says. "With Gov. Granholm's deal, this car company can lay off seven or eight thousand more workers and still get the big tax breaks from the state."

The radio spot was provocative. Within hours of its release, a Ford executive was on the phone with Mr. Anuzis, the Republican Party chairman, whose organization produced the ad. "To say Ford wasn't happy with the ad and asked them to pull it, I think that would be accurate," a company official said.

Mr. Anuzis says, "We're just being honest."

Such criticism of a storied Michigan company puts Mr. DeVos, who also received a call from Ford, in a tight spot. His family's business has received similar state largess, such as in 1992, when it threatened to move a catalog distribution center in West Michigan to Georgia. At the time, Gov. John Engler, a Republican, gave the company $325,000 to retrain employees, and a $640,000 transportation grant to improve its entrance, in a move that was seized on by Mr. Engler's political rivals during his re-election campaign.

"I don't begrudge Ford or the others getting what they can out of this: If you have the political savvy and the scale, you can make a deal with the governor," says Mr. DeVos. "My worry is about the businesses that are being left behind."

Women Look To Gain More Ground In Senate (USAT)

By Bill Nichols

USA Today, October 16, 2006

WASHINGTON — The door to the women's club in the traditionally male-dominated Senate appears to be inching wider.

If polls hold true, there will be a record number of women in the Senate next year, up from the current all-time high of 14 — nine Democrats and five Republicans.

Only 33 women have served in the Senate: 20 Democrats and 13 Republicans. Until the late 1990s, there had never been more than 10 female senators at any one time.

“Each one of these steps is a big achievement … but it's a pretty high staircase,” says Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University. “This is a Senate that no one had ever seen 20 or 30 years ago.”

Mandel says having more women in the Senate is important because it gets voters more used to seeing women in government leadership roles. That can help change perceptions about whether a woman can be elected president. “Women are now becoming visible,” she says.

Six female incumbents up for re-election Nov. 7 are leading their challengers, according to the most recent polls. Democrats Dianne Feinstein of California, Debbie Stabenow of Michigan, Maria Cantwell of Washington and Hillary Rodham Clinton of New York hold double-digit leads, as do Republicans Olympia Snowe of Maine and Kay Bailey Hutchison of Texas.

Snowe faces a female challenger, Democrat Jean Hay Bright. So does, Hutchison who is up against Democrat Barbara Ann Radnofsky.

Polls also show two more women could join the Senate:

·In Minnesota, Democrat Amy Klobuchar leads Republican Rep. Mark Kennedy 49%-41%, according to a Mason-Dixon poll from late September.

·In Missouri, Democrat Claire McCaskill narrowly leads Republican Sen. James Talent, 44%-41%, according to a USA TODAY/Gallup Poll taken Sept. 27 to Oct. 1.

Dennis Simon, co-author of Breaking the Political Glass Ceiling: Women and Congressional Elections, says the increasing number of women in the Senate reflects the slowly but steadily growing roster of female elected officials at all levels of government.

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He also says this year's emphasis on unethical behavior by members of Congress, such as then-congressman Mark Foley's lewd electronic messages to a teenage congressional page, helps female candidates. Foley, a Florida Republican, resigned Sept. 29.

"When ethical issues or what we call 'scandals' are center stage, that advantages female candidates because they are seen as outsiders, not part of the regular power structure," says Simon, a political science professor at Southern Methodist University in Dallas.

Among other female Senate candidates facing voters next month, Republican Rep. Katherine Harris in Florida trails Democratic Sen. Bill Nelson by double-digit margins. Harris, who oversaw the 2000 presidential vote recount in Florida, has been dogged by missteps, staff disarray and ties to a corrupt defense contractor. A poll by the Quinnipiac University Polling Institute released last week found Nelson leading 61%-33%.

In Hawaii, there have been no recent polls gauging Republican state Rep. Cynthia Thielen's bid to unseat Democratic Sen. Daniel Akaka. Thielen was named by the state Republican Party to face Akaka when the candidate who won the GOP primary, Jerry Coffee, withdrew from the race for health reasons.

Simon says there is also a chance that the House of Representatives could see its greatest increase in female members since 1992, when the number of women jumped from 23 to 47. There are now 70 women serving in the House: 46 Democrats and 24 Republicans. That includes three non-voting delegates, all Democrats.

Mandel says a large increase in the number of women in the House will be more likely if Democrats see major gains across the nation. She says that of 139 women running for the House, 97 are Democrats and 42 are Republicans.

"First and foremost, women are seen as the candidate of change," says Ellen Malcolm, president of EMILY's List, a political action committee that works to elect Democratic women who support abortion rights. "Voters don't see them as part of the old boys' network that they're so angry about."

GOP Voters Have Extra Task (USAT/AP)

By Joe Stinebaker, The Associated Press

USA Today, October 16, 2006

PEARLAND, Texas — Voting Republican here wasn't difficult when Tom DeLay's name was on the ballot.

With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate, Houston City Councilwoman Shelley Sekula Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands. President Bush won the district in 2004 with 64% of the vote.

Republican Cynthia Hart said she was unaware she would have to write in the GOP candidate. "I guess I have to be more careful," she said. "But I'm not so sure I would take the time to go through all that."

That would be welcome news to Democrats out to capture the former House majority leader's seat, which could help them wrest control of the House of Representatives from the GOP. Democrats need to gain 15 seats.

The Democratic candidate is Nick Lampson, 61, a former congressman who has outraised, outspent and campaigned longer than the Republicans.

"Some thought that I was nuts, but I guess when you believe strongly enough that something needs to change, you're willing to do extraordinary things to do it," Lampson said.

DeLay resigned in June. He was indicted last year on charges of violating state campaign-finance laws. He denies wrongdoing. The courts refused to allow Republicans to replace him on the ballot.

National Republicans were supposed to invest $3 million to $4 million to help Sekula Gibbs, according to state GOP chairwoman Tina Benkiser. The House GOP campaign committee has donated $134,000. Lampson had $2.2 million to spend as of June 30.

Sekula Gibbs, 53, insists the media attention surrounding the race has helped her overcome any disadvantages. "It was essential to me that we maintain a conservative voice in Washington," she said.

Advertising may help voters gain familiarity with the write-in campaign, but there are other hurdles. Voters will have to highlight and enter the "write-in" entry. They will then turn a small wheel on the voting machine and spell out Sekula Gibbs' name. Errors will be accepted as long as the voter's intent is clear to a panel of Republicans and Democrats.

GOP Running Against A Stiff Northern Wind (LAT)

By Ronald Brownstein

The Los Angeles Times, October 16, 2006

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GROTON, Conn. — The political equivalent of a nor'easter is bearing down on Republicans from New England through Pennsylvania.

With President Bush's approval ratings collapsing across the Northeast, the region presents Democrats an unusually rich concentration of opportunities to capture Republican-held House and Senate seats in the November elections.

In this tempest, Democrats are pressing GOP Sens. Lincoln Chafee in Rhode Island and Rick Santorum in Pennsylvania, and mounting fierce challenges to pick up about 10 Republican-held House seats in several states. Half a dozen other House Republicans also could be swept away.

The campaign's atmospherics give Democrats the chance to establish in the region an equivalent to what Republicans have built in the South: an overwhelming regional advantage that anchors their bids for House and Senate majorities. Indeed, if Democrats win most of the House races in play in the Northeast, they will be virtually assured of the net gain of 15 seats nationwide that they need to control the chamber.

On the plus side for the GOP, many of the targeted Republicans are strong candidates.

Rep. Rob Simmons, who represents a sprawling district in eastern Connecticut centered around Groton, is an example. He prepared for heavy political weather by diligently promoting local interests, taking generally moderate positions on social issues and seizing chances to show independence from Bush. Simmons and many of the other at-risk Republicans also are fiercely attacking their Democratic opponents.

Still, analysts in both parties agree that even with these efforts, Republicans in the Northeast's Democratic-leaning states remain especially vulnerable because of pervasive voter dissatisfaction with Bush, the Iraq war and scandals in Washington.

The endangered Republicans usually benefit from "some natural insulation because they happen to be fairly good fits for their districts," said Saul Shorr, a Democratic consultant based in Philadelphia. "But when there is a wave … places that weren't on the map [as competitive races] just get sucked in."

For decades, Northeast Republicans have experienced a decline that represents the flip-side of the GOP advances in the South. While the party's national identification with a conservative agenda, especially on social issues, has keyed its gains in Dixie, those issues have weakened it in the region that once produced such icons of political moderation as former Sens. Jacob K. Javits of New York and Lowell P. Weicker Jr. of Connecticut.

This year, the climate for further Democratic gains could hardly be more favorable. In an ABC/Washington Post survey this week, Bush's approval rating in the East stood at 27%, much lower than in any other region.

Joe Courtney, the Democrat running against Simmons, feels that wind at his back. He lost to the incumbent, 54% to 46%, in 2002 when Bush was still riding a wave of public support after the Sept. 11 terrorist attacks.

"Running in the wake of 9/11 before the invasion of Iraq was a very tough environment as a challenger with a message of change," Courtney said. "Nothing could be more different than today. People have gotten a very good look at [the GOP] agenda … and I think in a district like this people have really crossed the line as far as wanting out."

That discontent, echoed across the region, has created strong Democratic opportunities in two Senate races. In Pennsylvania, polls have shown Santorum consistently trailing Democrat Bob Casey Jr. In Rhode Island, Chafee is facing a smaller and less settled deficit against Democrat Sheldon Whitehouse.

Democratic pickups in these two states, however, could be undercut in New Jersey. There, Sen. Robert Menendez, a Democrat appointed to the seat earlier this year, is locked in a tight contest with Republican Tom Kean Jr.

In the House, top Democratic targets include four GOP-held districts in Pennsylvania, an open seat in central New York being vacated by Republican Sherwood Boehlert and a Buffalo-area district where Rep. Thomas M. Reynolds is vulnerable, in part because of the sex scandal surrounding former Rep. Mark Foley (R-Fla.).

At the apex of the Democratic target list are Simmons and two other House Republicans in Connecticut — Reps. Nancy L. Johnson and Christopher Shays.

Across the region, most Democrats want to nationalize their contests, making them a referendum on the direction Bush and the GOP-led Congress have set for the country. The Republicans want to localize the races, making them a referendum on their personal service to the district — and the personal shortcomings of their opponent.

Courtney, for instance, last week accused Simmons of failing to hold the administration accountable for reversals in Iraq and denounced him for supporting Bush-backed energy and Medicare prescription drug bills. Courtney characterized those measures as giveaways to the oil and drug industries.

Slight in build and contained in manner, Courtney is hardly a dynamic presence as a candidate. But he is firm in labeling Simmons, at every opportunity, "the president's No. 1 supporter in Connecticut."

Simmons, a hyper-kinetic campaigner, is airing ads pounding Courtney for supporting tax increases during his tenure as a state legislator.

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Above all, Simmons focuses on his role in the state's offensive to prevent the closing of the Groton naval base and his efforts to generate contracts for the nearby General Dynamics' Electric Boat submarine shipyard. His campaign website, meanwhile, contains an interactive map that lists, town by town, the federal money he has steered into the district.

"Joe Courtney doesn't know anybody in Washington D.C.; he doesn't have any clout; he doesn't have any experience," Simmons said this week at a fundraiser. Later, he whipped out his cellphone and brandished it before reporters, saying, "He doesn't have [former Veterans Affairs Secretary] Tony Principi's cellphone number. OK?"

With rare exceptions, Republicans across the region are claiming independence from Bush and spotlighting their commitment to working across party lines.

In his latest ad, Shays says, "I've gone against the president and the Republican leadership when I think they're wrong." Democrats counter that even Republicans with moderate voting records bolster Bush and the GOP by providing another vote for the party's congressional majority. In Rhode Island, Whitehouse recently unveiled an ad saying, "Bush needs Chafee to keep Republican control of the Senate. That's how Bush keeps his agenda alive."

When Courtney visited a senior center in Hebron, Conn., Jean Lyman, a retired secretary, said she had voted for Simmons before but would not this year because "he's just too tied to Bush and all his plans and programs."

By contrast, Del Knight, a medical researcher and political independent from Ledyard, Conn., who voted against Bush in 2004, still turned out for a Simmons fundraiser this week. The incumbent, Knight said, is "a good guy, and I think he has gone his own way."

Voters such as Knight have been the life raft for many Northeast Republicans as the region has turned away from the GOP. This year's results will measure whether these Republicans can still find enough support from such voters even as the intensely polarizing disputes of the Bush era have widened the distance between the two parties.

Hawaii Governor Leads From The Center (WT)

By Christopher Pala

The Washington Times, October 16, 2006

HONOLULU -- When Gov. Linda Lingle addressed leaders of the state's top 250 corporations during a banquet earlier this month, she might have been expected to brag about the state's booming economy and her promise to cut corporate taxes and government regulations.

After all, Mrs. Lingle, a Republican, is running for re-election next month, and her audience included many potential and current contributors.

Instead, she spoke about her efforts to alleviate homelessness, get welfare recipients back to work and reform the state's troubled public school system, even as she acknowledged that most of those in the audience send their children to private schools.

Hawaii residents readily remark that on the mainland, Mrs. Lingle, who has a 66 percent approval rating, would be a liberal Democrat. But in a state that hadn't elected a Republican governor in 40 years, she is expected to be re-elected by such a wide margin that Hawaii's leading Democrats preferred to campaign for other jobs, leaving the challenge to Randy Iwase, a 58-year-old former state senator.

During the campaign's only televised debate, Mrs. Lingle, 53, promised to serve out another term and is expected to challenge Sen. Daniel K. Inouye in four years, when he is expected to be seeking, at 86, his ninth term. Mr. Inouye, like the rest of Hawaii's congressional delegation, is a liberal Democrat.

"Lingle is the future of the Republican Party," said Ira Rohter, a political science professor at the University of Hawaii. "I think eventually the party will move back to the center, and people like Lingle will take over."

Larry J. Sabato, director of the Center for Politics at the University of Virginia, agrees.

"Candidates who succeed despite being from the heavily minority party on average are stronger and with greater talents than those nominated by the majority party," he said. "Lingle is a perfect example. Hawaii is such a Democratic bastion that it's amazing any Republican was ever elected statewide, and that she's a heavy favorite for re-election is even more amazing."

Mrs. Lingle also is an observant Jew in a state with a minuscule Jewish community. She is the first female governor and the first not to be born and raised in Hawaii in 40 years.

Mrs. Lingle is from St. Louis and was educated in California. She came to Hawaii in 1976, first working for a Teamsters boss in Honolulu. She then moved to Molokai Island and edited a community newspaper.

In 1980, she left the newspaper, joined the Republican Party and was elected to the Maui County Council, where she served 10 years. In 1988, she was elected mayor of Maui County, which includes Molokai. She served for another decade and consolidated a reputation for efficiency and merit appointments, denouncing cronyism in the unions and government.

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After winning the 2002 election, in which both houses of the Legislature retained large Democratic majorities, she behaved, said state House Majority Leader Marcus Oshiro, "more like a dictator than a governor."

Democrats dismissed her proposed constitutional amendment to change the school system and, by all accounts, she accomplished little in her first two years except streamlining the executive branch.

But she remained popular because, as Mr. Oshiro put it, "her timing was perfect." The recession that hobbled the previous administration turned into a boom that brought one of the country's lowest unemployment rates and allowed her to turn a budget deficit into a surplus.

Mrs. Lingle backs the Bush administration on the Iraq war. She opposes a withdrawal of U.S. troops because Iraq would "become a sitting target for terrorists" who would "be able to take over this country again and rule it in terror," she told a small group of journalists.

"We need a good strategy to make certain that democracy gets up and running as soon as possible so that they can take care of their own security and we can bring our troops home."

Clinton's Iowa Visit May Serve Wife's Aims (WP)

By Dan Balz

The Washington Post, October 16, 2006

DES MOINES, Oct. 15 -- Former president Bill Clinton entered the Hy-Vee Hall here on Saturday night like an aging rock star, striding up a red carpet, wearing a big smile, his arms outstretched to touch the hands of Democratic admirers lined up along his walkway to the stage.

Clinton came to rally Democrats three weeks before critical midterm elections. But his visit may have served another purpose as well. Alone among prospective Democratic presidential candidates for 2008, Sen. Hillary Rodham Clinton (N.Y.) has not set foot in the state all year, and the futures market in Clinton political stock here has been suffering.

Early polls by the Des Moines Register have shown former North Carolina senator John Edwards, the Democrats' 2004 vice presidential nominee, to be more popular among Democratic activists than the New York senator. A more recent survey of Iowans showed her running weaker than Edwards, Sen. John F. Kerry (D-Mass.) and Iowa Gov. Tom Vilsack (D) in a series of hypothetical general election matchups against prospective Republican candidates.

The senator's political advisers dismiss those numbers and perhaps for good reason. Clinton has chosen to focus on her own reelection in New York, they note, and so has not spent time in a state where voters insist on getting to know the candidates before they make a commitment to support them. If she decides to run, say her advisers, attitudes will change.

But Iowa Democrats said Clinton's standing reflects more than her absence. They say there is general unease within the party about her ability to win a general election. Beyond that, some Democrats are troubled by her support for the war in Iraq long after other Democratic politicians such as Kerry and Edwards had renounced their votes for the congressional resolution that authorized President Bush to launch the invasion.

Attitudes in Iowa are important in part because the state holds the opening caucuses of the nomination battle every four years. But Iowa also is a small but significant Midwestern swing state, one that swung to the Republicans in 2004. Any Democrat running for president will need to convince voters that he or she can win Iowa.

"I think Hillary's got a problem with just about everybody with that under-the-radar thing of 'she can't win,' " said Rob Tully, a former Iowa Democratic Party chairman, and as one of Edwards's leading supporters, someone with his own biases. "That's something she's going to have to get over if she gets in. She knows that. She's an articulate, astute politician."

Antiwar sentiment has always run deep among Democratic activists in Iowa, which was why former Vermont governor Howard Dean found traction for his long-shot presidential candidacy in the opening of the 2004 nomination battle before his campaign collapsed in the weeks just before the caucuses.

If she runs, Clinton will meet skepticism or hostility among many of these antiwar Democrats. "The problem I have with Hillary is she voted for the Iraq war and did [support it] until a few months ago," said Bruce Stone, a liberal activist who attended Saturday's dinner.

Ann Selzer, who conducts the Iowa Poll for the Des Moines Register, said Clinton's problems go beyond the fact that she hasn't spent much time here recently. The problem is that many people already have an unfavorable opinion of her. "Her negatives are so negative," Selzer said in a phone interview.

It was Bill Clinton, during his first presidential campaign in 1992, who described the political partnership with his wife to voters as a buy-one, get-one-free deal. That still appears to be the case. He carries obvious political baggage, some of which his wife would inherit if she runs, but he is demonstrating that there are things he can do, small and large, that she cannot do for herself right now that could boost her candidacy.

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The New York senator has avoided New Hampshire this year, like Iowa. Among other things, this has kept her out of the effort among New Hampshire Democrats to preserve their state's first-in-the-nation primary status, which the Democratic National Committee is challenging.

Every likely Democratic candidate save for Clinton has signed a letter to Gov. John Lynch (D) backing the state. But when the former president visited last summer, he offered a ringing endorsement of New Hampshire's traditional status at the front of the calendar and said his wife shared those views.

Many Democrats still look at Clinton as the party's most effective strategist and communicator, and on Saturday night he was applauded just for saying, "Here's what we [Democrats] ought to say," and used part of his 49-minute speech to road-test a message that will resonate long after next month's election.

He advised on how Democratic candidates should talk about national security and Iraq -- robustly but also critically of the administration. He outlined an ambitious domestic agenda: expanded health-care coverage, energy independence, fiscal responsibility, tax cuts for the middle class. He condemned what he described as the giveaways to big corporations, drug companies, corporate executives and the wealthiest Americans.

It was all in the guise of the midterm elections, but it could and likely will be taken right off the shelf with minimal modifications by Hillary Clinton, if she chooses to run. She already has on some of the issues he outlined.

Clinton joked that one of his main jobs these days is as the "chief caseworker for the junior senator of New York." But he is working in her behalf far beyond the borders of the Empire State and is reaching people she is not -- some of them more receptive to him than to her.

Asked before Clinton's speech what he thought of the former president, Stone brightened. "I think he walks on water, and the only way you'd get me to vote for Hillary is to tell me it's a package deal." She will decide how explicitly to make such an offer.

Woo GOP Voters, Clinton Urges Party (WT)

By Eric Pfeiffer

The Washington Times, October 16, 2006

DES MOINES, Iowa -- Former President Bill Clinton told Iowa Democrats that they should appeal to disaffected Republican voters in their efforts to win control of Congress.

"We've got a big responsibility. Forget about 2008. Forget about the politics. Just go out and find somebody and look them dead in the eye and say, 'You know, this is not right,' " Mr. Clinton said in a 45-minute speech before 3,500 Democratic Party activists Saturday night at their annual Jefferson-Jackson Day Dinner.

Few doubted that the former president was present as a surrogate for Sen. Hillary Rodham Clinton, New York Democrat, whose likely run for the White House in 2008 would start in the important caucus state.

Democrats seeking their party's presidential nomination regularly attend the dinner during election years. Most in attendance paid $100 to attend the fundraising event that also included speeches from Iowa Democrats Gov. Tom Vilsack and Sen. Tom Harkin.

Despite his call for focus on this year's midterm elections, Mr. Clinton did work in a joking pitch on behalf of his wife.

"I am under no illusions as to why I'm here," he said. "You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York."

Mrs. Clinton did not attend the fundraiser and is the only member of the prospective class of 2008 Democrats who has not made a campaign stop in Iowa. In 1992, Mr. Clinton made only one visit during the primaries and lost the state to Mr. Harkin before eventually winning his party's nomination and the White House.

Even though Mrs. Clinton was not in Iowa, an independent organization supporting her likely 2008 campaign had a large presence at the dinner.

"The response has been overwhelming," said Peter Fedde, of VoteHillary.org, based in Chester, Va.

Mr. Fedde said Mrs. Clinton is focused on her Senate re-election, but that Mr. Clinton's speech was "very symbolic" of themes that Mrs. Clinton would tout as a presidential candidate.

"It was the same kind of issues, including working with Republicans," Mr. Fedde said.

Most of Mr. Clinton's speech focused on what he considers the faults of the Bush administration and a Republican-led Congress. Mr. Clinton cited the war in Iraq, the federal budget deficit and increased political polarization.

"You cannot blame the entire Republican Party for this reason," Mr. Clinton said. "The entire government of the United States -- the Congress, the White House and, increasingly, the courts -- for the last six years has been in the total control not of the Republican Party, but of the most ideological, the most right-wing, the most extreme sliver of the Republican Party."

Mr. Clinton said Republicans have three leading principles of governance: concentration of wealth among the nation's wealthiest people, "unlimited and unaccountable executive power" and appealing to an ideologically driven political base.

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"We believe in evidence and argument, not assertions and attack," Mr. Clinton said.

Inside Politics (WT)

By Greg Pierce

The Washington Times, October 16, 2006

Sen. Hillary Rodham Clinton called Sen. John McCain on Saturday to personally apologize and denounce comments an adviser of hers reportedly made that slammed the Republican senator over his time in captivity in North Vietnam, the New York Post reports.

The move from one potential 2008 presidential candidate to another was sparked by a column in the New York Times in which Maureen Dowd quoted an anonymous adviser talking about Mr. McCain's criticism of the Clintons over their North Korea position.

The adviser said Team Clinton thought Mr. McCain, Arizona Republican, was doing the White House's dirty work by criticizing the Clintons and ended up "looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crewmates."

That was a reference to an unsubstantiated rumor used to malign Mr. McCain, a Vietnam war hero, as off-kilter during the 2000 Republican presidential primary.

Aides to both senators said Mrs. Clinton, New York Democrat, reached out to Mr. McCain to denounce the comments.

Mrs. Clinton is said to have a good relationship with Mr. McCain, and her circle clearly wasn't pleased with the remarks.

Clinton spokesman Howard Wolfson said, "These comments are reprehensible, and they in no way reflect Senator Clinton's feelings."

McCain spokesman John Weaver replied, "Senator Clinton is correct: The remark was reprehensible."

Last week, Mr. McCain took what many saw as the first shot of the 2008 race, blasting Mrs. Clinton for placing blame for North Korea's recent nuclear test on President Bush -- and pointed to her husband Bill's policies as a "failure."

True believers

"Global warming is a religion, not science. That's why acolytes in the media attack global-warming critics not with scientific arguments, but for their apostasy," San Francisco Chronicle columnist Debra Saunders writes.

"Then they laud global-warming believers not for reducing greenhouse gases, but simply for believing global warming is a coming catastrophe caused by man. The important thing is to have faith in those who warn: The end is near," the columnist said.

"So a New York Times editorial Thursday took after Sen. James Inhofe, R-Okla., not for being a Doubting Thomas, but as the headline read, a 'Doubting Inhofe.' The brunt of the editorial was not a scientific refutation of Inhofe's arguments against the global-warming craze -- other than to cite a National Academy of Sciences report that warned that the Earth is approaching the warmest temperatures in 12,000 years -- a short blip in time to your average geologist.

"The Times' focus was on Inhofe's refusal to bow to 'the consensus among mainstream scientists and the governments of nearly every industrialized nation concerning manmade climate change.' That is, Inhofe has had the effrontery to challenge elite orthodoxy. Or, as the editorial put it, Inhofe 'has really buttressed himself with the will to disbelieve.'

"Get thee away, Satan.

" 'I see a sense of desperation that I haven't seen before,' Inhofe told me by phone Thursday, 'and frankly I'm enjoying it.' "

Michigan debate

Sen. Debbie Stabenow, Michigan Democrat, and Republican challenger Mike Bouchard sparred over issues ranging from the economy to free-trade agreements yesterday as they met in their first debate.

Mr. Bouchard, the Oakland County sheriff, said Mrs. Stabenow has been ineffective and has flip-flopped on several issues. "She says one thing here and does another thing in Washington," he said.

The former state lawmaker also criticized Mrs. Stabenow's record on the economy, noting that Michigan has lost thousands of jobs in recent years.

Mrs. Stabenow, seeking a second term, said Mr. Bouchard would support the "failed policies" of the Bush administration, the Associated Press reports.

A slim lead

The Democratic candidate running for the House seat once held by Florida's Mark Foley has a slim lead over a Republican rival, according to a newspaper poll published yesterday.

Democrat Tim Mahoney led Republican state Rep. Joe Negron 48 percent to 41 percent, with 11 percent undecided, according to the poll commissioned by the South Florida Sun-Sentinel and Scripps Treasure Coast Newspapers.

Mr. Negron is filling the campaign vacancy left after Mr. Foley, a six-term congressman, resigned amid reports that he exchanged sexually explicit Internet messages with male teenagers who worked on Capitol Hill.

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Mr. Foley's name will remain on the ballot, with votes cast for him going to Mr. Negron.

The poll also found that many voters in the 16th Congressional District in South Florida say their voting plans will not be influenced by the scandal. The poll has a margin of error of 4 percentage points. Maryland-based Research 2000 conducted the telephone survey of 600 likely voters in District 16 Wednesday through Friday for the newspapers.

Backing Arnold

The Los Angeles Times yesterday endorsed Arnold Schwarzenegger for a second term as governor of California.

After a "disappointing sophomore year," Mr. Schwarzenegger had managed to direct the state on a "moderate course" that deserves another four years, the newspaper said.

"In the last year, the Republican has formed relationships with legislative leaders that focused the usually fractious and often obstructive Democrats on a productive agenda."

Polls show Mr. Schwarzenegger with a sizable lead over Phil Angelides, his Democratic rival in the governor's race.

Kerry's charge

Sen. John Kerry, Massachusetts Democrat, yesterday accused the Bush administration of a "cut-and-run policy" in Afghanistan.

Asked on "Fox News Sunday" about the U.N. Security Council resolution against North Korea's nuclear- weapons program, Mr. Kerry instead changed the subject to Iraq and Afghanistan, condemning as "a complete fantasy" the foreign-policy prescriptions offered by Secretary of State Condoleezza Rice, who had preceded him as a guest on the Fox News Channel program.

"It's a failure in Afghanistan where they have a sort of cut-and-run policy of not completing the job," said Mr. Kerry, adding that the U.S. has "seven times the troops in Iraq" as in Afghanistan.

"The problem with Iraq is that it has diminished our hand and reduced our ability to be able to deal with Iran and North Korea. They are related," Mr. Kerry said.

'We Are A Nuclear Power' (NSWK)

By Michael Hirsh, Melinda Liu And George Wehrfritz

Newsweek, October 23, 2006

Great historical events can spring from small slights. Kaiser Wilhelm never forgave the French for not treating him to a parade in Paris. "The monarchs of Europe have paid no attention to what I have to say," the German emperor whined before setting the Continent aflame in 1914. By many accounts, North Korea's Kim Jong Il also suffers from a tender ego. For one thing the 5-foot-3 dictator is sensitive about his height (hence, one suspects, his bouffant hairstyle and elevator shoes). After ordering the kidnapping of a South Korean actress, Choe Eun Hee, in 1978 to help him start up a national film industry, the first thing the movie-mad Kim jokingly asked her at a welcoming dinner was: "Well, Madame, what do you think of my physique?" More painfully, he fears that in the eyes of his countrymen and allies, he can never match the achievements of his revered father, the "Great Leader" Kim Il Sung (who was close to six feet tall and who led a guerrilla army against the Japanese occupiers in the 1930s). By many accounts, the young Kim is fed up along with his top aides, who often reflect his views. "What I hear is, Big Brother is telling Little Brother, 'Don't do that'," the North Korean vice minister of Foreign Affairs, Kim Gye Gwan, complained when Beijing urged Kim Jong Il to cancel his planned missile tests in July. "But we are not boys. We are a nuclear power."

And so one can understand the reaction at the highest levels of Kim's secretive regime when he learned of George W. Bush's contemptuous comments about him at a meeting of Republican senators in 2002. In a private diatribe that left listeners stunned by its vehemence, the U.S. president called Kim a hateful "pygmy" who behaved like "a spoiled child at a dinner table." Since those remarks and other personal cracks by Bush were reported in NEWSWEEK and other Western publications, North Korean officials have regularly complained about them to Washington-based Korea scholar Selig Harrison, who visits Pyongyang often. "How can we deal with you when your leader doesn't show us even a minimum of respect?" Kim Gye Gwan asked Harrison in 2004.

History is not just about abstract forces like economics or ideology or geography. It is also shaped, often most decisively, by the aims and ambitions of deeply flawed men—men like Kim, his father and generations of North Korean soldiers, scientists and spies who have spent years trying to join the Nuclear Club. Did Kim decide to test a nuclear device last week because the leader of the world's only superpower refuses to talk directly to him? It's more complicated than that, of course, just as World War I had many more causes than Kaiser Wilhelm's Napoleon complex. But the trail of events that led to this perilous moment—making North Korea the first new declared nuclear power in eight years, and undoubtedly the most unstable of the eight (not including Israel) in the world today—had a great deal to do with years of misplaced pride and prejudice between Pyongyang and Washington, of deep misunderstanding and disastrous missed chances. In an Oct. 10 interview with a Seoul newspaper, a North

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Korean diplomat confirmed that Pyongyang was sending a message: "When we declared that we had weapons, the U.S. underestimated our abilities and doubted that we really had them. The nuclear test has proven [our word]."

I. Secrets of the North

No one in Washington has ever known quite how to deal with North Korea. As a lonely Stalinist regime, Kim's nation is a political toxic-waste site that has festered for 50 years amid East Asia's glittering successes. It is also a place of truly Orwellian oddity, where traffic cops in Pyongyang's empty boulevards go through the motions of directing cars when there are none, where thousands of people starve unnoticed and where Kim administers "a gulag the size of Houston," in Bush's words. Bill Clinton likewise despised Kim, and as president, Clinton came much closer than Bush ever has to attacking him. But the incumbent American president is, by many accounts, offended by Kim on a more deeply moral and personal level.

During his first trip to Seoul, soon after his Axis of Evil speech in early 2002, Karen Hughes, then Bush's counselor, told reporters that the president was fascinated by satellite pictures of the Korean Peninsula at night, showing bright lights over the South and darkness over the power-starved North. To Bush, the pictures showed "the light and opportunity that comes with freedom, and the dark that comes with a regime that is oppressive," Hughes said. Just two weeks ago, at a press conference in the Rose Garden days before Kim's test, Bush recalled a meeting he had last April with a Japanese mother who had lost her teenage daughter to a North Korean abduction 29 years ago, possibly to be turned into a prostitute. He said the session—which he has called "one of the most meaningful moments of my presidency"—broke his heart.

While the size of North Korea's new test was unimpressive—at half a kiloton or less, it was little more than a nuclear popgun—Pyongyang continues to be the world's No. 1 missile proliferator. And the regime's long, shady history of secret kidnappings, amphibious commando missions and other spooky operations make American intelligence officials as nervous as they've ever been about what Kim has and what he might do with it. While the North has not yet been caught shipping nuclear materials abroad, it is conceivable that an enraged or cash-strapped Kim Jong Il could someday permit a baseball-size lump of plutonium loaded into a terrorist bomb to make its way to America.

Just as scary is what the North might pass on to other nuclear-minded regimes, especially its Axis of Evil companion, Iran. At the dawn of the Nuclear Age, during World War II, scientists worried that atomic technology could never be fully controlled—that the weapons produced to fight tyranny were demons in thin disguise. A NEWSWEEK investigation traces North Korea's nuclear demons back to their origins, and the story shows that, tragically, what was feared in the middle of the 20th century could become a commonplace of the early 21st.

Last week's half-kiloton explosion was the product of an effort spanning a half century or more. It is difficult to pinpoint the precise moment Kim Il Sung decided he needed the Bomb and a ballistic-missile program to go with it. But the ambition was in keeping with his deep insecurity going back to the dubious origins of his regime.

North Korea, after all, is an invented country, a relic of the cold-war divide. After the World War II defeat of Japan, which had occupied Korea, the regime was created by Stalin in 1945 out of the northern half of the Korean Peninsula, and Moscow propped up Kim Il Sung as a strongman. The Americans, meanwhile, built their client state in the southern half. Both sides never gave up their claims to the whole peninsula, putting them on a permanent war footing. To consolidate power, Kim created a cultlike ideology of self-reliance called juche, a curdled brew of traditional Korean xenophobia and nationalism, Confucian deference to authority and utopian Marxism-Leninism. Some experts argue that Kim decided he needed a nuclear security blanket soon after the 1950-53 Korean War, which he battled to a draw. Then came the early 1970s, when he realized he was losing the economic contest against his blood enemies in Seoul, and after that the Soviet Union disintegrated—a failure that suddenly left Pyongyang without a communist patron or a nuclear umbrella to shield it. An increasingly paranoid Kim Il Sung also sponsored many acts of terrorism against the South, including the alleged sabotaging of a Korean Airlines plane in 1987, killing all 115 passengers and crew, the year before the Seoul Olympic Games. And he taught his son well.

Driven by two men with near-absolute power, North Korea's program was produced by a staggering cast of characters. They included idealistic Korean scientists educated in Imperial Japan and repatriated after World War II, their students educated in the Soviet Union and the thousands of homegrown technicians. Japan, one of the North's hardiest enemies today, gave Pyongyang the man deemed the "first father" of North Korea's nuclear program, the late scientist and inventor Lee Sung Ki, who earned a degree in chemical engineering at Kyoto Imperial University in 1931. In fact, despite its deep isolation, the Hermit Kingdom is known or suspected to have received nuclear assistance from 14 countries: Russia, China, Austria, France, Canada, Romania, Germany, Pakistan, India, Japan, Iran, Ukraine, Kazakhstan and the Democratic Republic of Congo.

There were privateers, too: defectors, Chinese technology firms, Japanese trading houses and front companies scattered from Thailand to Scandinavia—all provided critical technologies, components or know-how by circumventing a global nonproliferation regime designed to thwart such commerce. Even the International Atomic Energy Agency unwittingly helped: analysts say a single North Korean diplomat, Choi Hak Gun, who was posted to IAEA headquarters in Vienna from 1974 to 1978, scoured the agency's library for nuclear know-how.

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The human costs of North Korea's nuclear ambitions on the nation's best and brightest were terrible. Few paid a higher price than Kimchaek University's class of '62, according to a grad who defected from North Korea several years ago and told NEWSWEEK his story. As graduation at the elite college neared more than 40 years ago, the buzz on campus was that Kim Il Sung had ordered construction of an advanced research facility to study atomic energy, and that patriotic young scientists soon would be mobilized to work there. "Our professors really pushed the need for nuclear development," he recalls. "The rumor circulating among students was that those of us sent there wouldn't have long to live."

The defector, spared the fate of those assigned to nuclear labs, spent his adult life watching unlucky classmates grow sick, weak and despondent. On leave, one confided a Confucian desperation to marry and sire children before radiation rendered him sterile. "It was exactly what we feared," the defector says, still saddened by their sacrifice. "These guys went bald. Many of them lost their eyebrows. Some of them had constant nosebleeds. They looked so weak it was hard to even face them. The thinking was, 'If one scientist falls there will always be others to take his place'." That logic not only ravaged a generation of scientists sent like worker bees into toxic nuclear labs. It cost billions in hard currency that might have fed starving people and hobbled the national economy by imposing perpetual austerity under slogans like "Military first."

North Korea was also helped by its participation in the rogues' club of nations that have suffered U.S. sanctions for pursuing nuclear ambitions, led by Pakistan, since the end of the cold war. After Washington shut down exports of military hardware to Pakistan in 1985, none other than Harvard-educated Benazir Bhutto concluded a missile deal with the North. Pakistan's black-marketing lead scientist, AQ Khan, visited North Korea 13 times over the next seven years. Pakistani President Pervez Musharraf has denied he knew anything about this, but according to former senior Pakistani officials those visits occurred with the knowledge and consent of the military leadership. Pakistan agreed to provide second-rate P1 centrifuge technology to North Korea in return for missiles, enabling Pakistan to extend the reach of its nuclear weapon deep inside India, and North Korean scientists received nuclear briefings at KRL (Khan Research Laboratory), Pakistan's main nuclear facility. Even so, the imported uranium enrichment technology has barely gotten off the ground. In the end, it was juche that prevailed.

Despite all this effort, the North Korean program remained a rather ramshackle affair, demonstrating that it's not so easy after all to build nukes. In the early 1990s, after Washington and Pyongyang nearly came to blows over the program, evangelist Billy Graham and Jimmy Carter went on peacemaking visits to the North, leading to Bill Clinton's "Agreed Framework" deal with Pyongyang. Under that 1994 pact, Clinton obtained a commitment to freeze plutonium reprocessing in exchange for aid and a civilian nuclear plant. When American experts were finally allowed in to inspect Yongbyon, the center of North Korea's nuclear programs, that year, they could hardly believe their eyes. Inside, the cooling pond looked like an abandoned swimming pool. Above it, a window was broken; a bird's carcass floated on the water. Below a film of algae, underwater cameras revealed metal receptacles—they looked like milk-bottle baskets—at the bottom of the pool containing spent nuclear fuel rods that could be reprocessed to produce weapons-grade plutonium. Some rods were broken, many mired in sludge. Tree leaves and twigs littered the place. Staring at the debris, inspectors suddenly realized that frogs were living in the water.

But since the breakdown of the Agreed Framework in 2002—the Bush administration discarded it as a flawed Clinton-era policy—Yongbyon has been cleaned up and repaired, says Sig Hecker, a former director of Los Alamos who was invited to inspect it in January 2004. Hecker later said the North Koreans were now "beyond dispute competent" at the chemistry and metallurgy of plutonium reprocessing. Indeed, the history of North Korea's program is evidence that "any country on the map with a population of 20 to 25 million will have the core group of people who can [go nuclear] if they squeeze their economy hard enough," says Daniel Pinkston, a nonproliferation expert at the Monterey Institute for International Studies. And North Korea has long been, to say the least, quite open to squeezing people in pursuit of power—including many along the Potomac River half a world away.

II. Missed Signals

Oct. 17, 2000, was a beautiful moonlit night in Washington. Marshal Cho Myong Rok, second only to Kim in North Korea, stood sipping drinks with Madeleine Albright on the terrace of the State Department's opulent Benjamin Franklin Room. In a meeting earlier that day with President Clinton, Cho had declared that Pyongyang had renounced terrorism, and he delivered Kim Jong Il's personal invitation to the president to visit Pyongyang.

The two sides were tantalizingly near a deal to stop all North Korean missile exports and cease development, testing and deployment of anything other than short-range Scuds. At least so the Clinton team believed. In exchange, the North would get full diplomatic recognition, the promise of billions in aid from Washington and Tokyo, and the stamp of legitimacy and guarantee of security that a Clinton visit would bring, says Albright's former senior aide, Wendy Sherman. According to Yang Sungchul, the South Korean ambassador to Washington who was there that night, Albright and Marshal Cho conversed in one corner, she looking comfortable and the general bolt-upright as if standing at attention. "I'm sure he was overwhelmed" by the culture shock, says Yang: here was Cho, the leading general of a country whose capital features a U.S. war-crimes museum, surrounded by the enemy.

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A week later Albright was in Pyongyang, meeting with what she described as a well-informed and charming Kim, who gave a sophisticated rundown of his security situation and graciously directed his waiters not to give her too much alcohol during toasts. At one point, recalls Sherman, Kim even called for U.S. troops to remain on the Korean Peninsula (to guard against China). Albright was also treated to a show involving tens of thousands of acrobats and dancers at a stadium, intended to impress her with the glorious feats of the North Korean revolution. During the spectacle, a mass of performers flipped colored placards that together depicted Kim's Taepodong I missile taking off for its first test in 1998. Kim turned to Albright at that moment and said, "That was the first launch of that missile, and it will be the last."

In retrospect, that evening was the high point of U.S.-North Korean relations. Since then, GOP hard-liners have gleefully criticized Albright for the visit, and dismissed the North Koreans as blackmailers. But had a lasting settlement been reached, many Asian and U.S. diplomats believe North Korea would likely not have tested a nuclear device, and would not have developed an intercontinental missile, the Taepodong II, with a range that can reach Alaska or Hawaii (though its first test failed).

In the end, Clinton was absorbed by Mideast peace talks, which the White House thought more important than a risky deal many aides doubted. But the incoming secretary of State, Colin Powell, was so impressed with the deal's terms that, when Albright and her aides briefed him and the then national-security adviser Condoleezza Rice, he praised it to the press. On March 6, 2001, Powell declared that the new administration "plan[s] to engage with North Korea, to pick up where President Clinton left off. Some promising elements were left on the table." South Korean President Kim Dae Jung, full of messianic fervor about his new Sunshine Policy of détente with the North, rushed to Washington to make his case as well.

That's when the hammer dropped. Powell, it turned out, had forgotten to check with his boss before spouting off about North Korea. And Kim Dae Jung was stunned when he stepped out for a joint news conference after meeting Bush in March 2001. "He didn't talk about what we had agreed upon but began to criticize North Korea by saying that a regime that couldn't even feed its people was making nuclear weapons," Kim Dae Jung told NEWSWEEK last week. "From that time on, things began to go wrong. I am confident that if President Bush had [pursued] the agreement sought by President Clinton the North Korean issue would have been resolved, and I am very sorry about that."

The Bush team says both Powell and Kim Dae Jung got ahead of themselves, imposing policy on the new president when he'd barely been in office. There was, at the time, a hostile "anything but Clinton" tone in the White House, and Kim Jong Il was also a handy villain to have around to justify the centerpiece of Bush's foreign policy, the expensive missile defense program.

The attacks of September 11 cemented Bush's attitude toward Kim, and shifted him toward regime change. Defense Secretary Donald Rumsfeld, especially, was obsessed by the possibility that terrorists might get their hands on a nuclear weapon. He asked his team to review which nations had the capability to produce a nuclear weapon and which had links to terrorist groups. The review came up with a list of a dozen or so nations, including countries like Syria and Libya that might be coerced into abandoning their ambitions, but it concluded that a hard-core trio—Iran, Iraq and North Korea—were probably immune to any peaceful pressures. That, more than any other review by the administration, was what led to Bush's "Axis of Evil" State of the Union speech in January 2002.

While Clinton came very close to traveling to Pyongyang, Bush maintains that he has a much more realistic approach to Kim's perfidies. In fact, Bush himself approved a plan to cut off Kim and the North Korean elite's illegal financing, only days after America, China and other countries announced a new round of talks with North Korea a year ago. Bush's former senior director for Asia, Michael Green, told NEWSWEEK last week: "The president said, 'We apply the law'." Not surprisingly, the talks broke down.

There is some evidence that the Bush administration was seeking to manipulate intelligence on North Korea. During a visit to Pyongyang by lead negotiator James Kelly in October 2002, he presented what U.S. officials described as "proof" that the North had a secret uranium-enrichment program, undercutting Clintonite claims that Kim was adhering to a pledge not to advance his nuclear program. Bush officials later said the North Koreans had confessed. But diplomats now say that was a translation error. (Kelly could not be reached for comment.) While Kim was clearly violating the spirit of his '94 agreement by secretly importing centrifuge equipment, U.S. intelligence sources tell NEWSWEEK that their monitors in the region have never detected telltale emissions from any centrifuges. Earlier in 2002, the then Pacific commander Adm. Dennis Blair told a Pentagon meeting chaired by Under Secretary of Defense Stephen Cambone that Blair's surveillance and monitoring teams had still detected nothing. According to a participant who would speak only if he was not identified, that led Cambone to stalk over to Blair after the meeting, jab his finger into his chest and declare that he expected more out of him.

Things grew so icy between the two countries in recent years that, in what is perhaps one of the more bizarre episodes in the long history of diplomacy, the North Koreans turned to one of their few American friends, the Hackensack, N.J., restaurateur Robert (Bobby) Egan, who heads a trade group promoting business with Pyongyang. For years Egan used to joke that North Korean diplomats at the United Nations frequented his Hackensack restaurant, Cubby's, because they liked feeling "naughty": his place pushed the limit beyond which the foreign diplomats were forbidden to travel without U.S. government permission. As

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Egan tells it, the North Koreans were once again offering to "sell" their nuclear and missile programs to the U.S. government. "They were willing to accept a price, spread over a number of years," Egan says. There were no takers.

South Korean diplomats point out that even Ronald Reagan negotiated with the Soviet Union after calling it an "evil empire." "Having dialogue is not to make friends," Kim Dae Jung says. "You can have dialogue even with the Devil if it is necessary."

III. A Spreading Global Danger

Dealing with the devil is exactly how many U.S. officials would view a pact with Kim Jong Il, now that the work of two dictators, generations of scientists, black marketeers and military officers has apparently catapulted North Korea into the ranks of the nuclear. The administration does have a war plan for Korea. OPPLAN 5027 has long been part of the U.S. Pacific Command's inventory—initially as a plan only for the defense of the South, but since the early 1990s also laying out a follow-up invasion of the North and the toppling of the regime. Washington also has a contingency plan for taking out all known North Korean nuclear facilities—also worked up during the Clinton administration during the 1992-93 crisis. But military officials say the casualties on both sides would be enormous, even in the best case. One reason Bill Clinton decided to cut a deal, in fact, is that on May 19, 1994, Defense Secretary Bill Perry briefed the president on the likely costs of invasion: 52,000 U.S. military and 490,000 South Korean soldiers killed or wounded, and untold numbers of civilian casualties, all in the first 90 days. Perry ultimately was the one who went to Pyongyang to negotiate.

No surprise, then, that Bush has made clear he has no intention of attacking Kim. But there appears to be no easy diplomatic way out, either. Last Saturday the U.N. Security Council unanimously passed a resolution imposing sanctions, but China and Russia are still balking at anything too severe. In an interview with NEWSWEEK, the Treasury Department under secretary in charge of antiterrorism operations, Stuart Levey, said that Bush's decision to sanction the Macau-based bank that laundered money for Kim has had a ripple effect by warning other banks and businesses not to do business with North Korea or companies or financial entities linked to North Korea. The North Koreans are "looking for other access points" to the world financial system, but "they are having trouble finding new ones," he said.

The problem with Bush's approach, say his critics—who include Kim Dae Jung and many Asian diplomats—is that while he waits for regime collapse, bad things can happen. North Korea could be even more dangerous, since the removal of legitimate bank funds means Kim must resort to illicit funds instead—the kind that can come from WMD sales. And in the past six years Bush has permitted the North Korean leader to cross more U.S. "red lines"—by reprocessing spent fuel into plutonium, kicking out inspectors and declaring he has nuclear weapons—than Clinton did.

The gravest danger going forward is proliferation to like-minded regimes, especially to Iran. Despite the lack of any common goal—one regime would like to see the world turn Islamic green, the other wants things juchered—the two countries are closer to being an actual "axis" than they were when Bush launched the phrase in January 2002. And if Pyongyang is seen as getting away with its nuclear test, some Iranian officials indicate they may raise their own demands for a nuclear program. That's partly why Rice is traveling to Asia and Russia in a new diplomatic offensive this week: she will link North Korea and Iran together once again, arguing that as nuclear offenders they should be made outcasts, the new slavers of the 21st century.

For Washington, the greatest hope against Kim lies with China, which controls some 70 percent of the North's fuel supplies. U.S. officials hope that Chinese President Hu Jintao will decide he's finally had enough of his out-of-control former junior partner. Officials close to Vice President Dick Cheney are warning their Chinese counterparts that Japan could be forced to join the Nuclear Club. They are also warning that North Korea may threaten the Beijing Olympics in 2008. The fear? That Kim might resort to terror to make a point. As precedent, they cite the 1987 Korean Air disaster.

Last week, even as North Korea's apparatchiks threatened to fire off another test, its diplomats privately sent wistful messages to American counterparts imploring them to come back and talk. North Korean envoy Han Song Ryol, who was winding up a posting at his country's U.N. Mission in New York, sounded plaintive as he bid goodbye to U.S. friends. Han asked an American acquaintance who spoke on condition of anonymity because of the sensitivity of the matter: "What can we do to get the Americans to talk with us?" Back came the answer: nothing. Still, Rice will tell her counterparts this week that, even after the test, Bush is open to letting the North back into negotiations.

In Bush's Oval Office sits a bronze bust of Winston Churchill, who served both in the government and at the front in the war Kaiser Wilhelm started partly out of pride in 1914. Churchill's was a long life: a veteran of the trenches, in 1955 he spoke to the House of Commons about the hydrogen bomb and arms control. He was worried, he said, about what might happen "if God wearied of mankind," but he would not give in. "Never flinch, never weary, never despair," Churchill said, and took his leave. The Nuclear Age is bleak, but an old man's words might help us see our way forward as we struggle to tame the demons.

The Fresh Face (TIME)

By Joe Klein

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Time, October 16, 2006

It is 9 A.M. on a fresh, sunny Saturday in Rockford, Ill., and nearly a thousand people have gathered in the gymnasium at Rock Valley College to participate in a town meeting with their Senator, Barack Obama. It is an astonishingly large crowd for a beautiful Saturday morning, but Obama--whose new book, The Audacity of Hope, is excerpted starting on page 52--has become an American political phenomenon in what seems about a nanosecond, and the folks are giddy with anticipation. "We know he's got the charisma," says Bertha McEwing, who has lived in Rockford for more than 50 years. "We want to know if he's got the brains." Just then there is a ripple through the crowd, then gasps, cheers and applause as Obama lopes into the gym with a casual, knees-y stride. "Missed ya," he says, moving to the microphone, and he continues greeting people over raucous applause. "Tired of Washington."

There's a sly hipster syncopation to his cadence, "Been stuck there for a while." But the folksiness pretty much disappears when he starts answering questions. Obama's actual speaking style is quietly conversational, low in rhetoric-saturated fat; there is no harrumph to him. About halfway through the hour-long meeting, a middle-aged man stands up and says what seems to be on everyone's mind, with appropriate passion: "Congress hasn't done a damn thing this year. I'm tired of the politicians blaming each other. We should throw them all out and start over!"

"Including me?" the Senator asks.

A chorus of n-o-o-o-s. "Not you," the man says. "You're brand new." Obama wanders into a casual disquisition about the sluggish nature of democracy. The answer is not even remotely a standard, pretaped political response. He moves through some fairly arcane turf, talking about how political gerrymandering has led to a generation of politicians who come from safe districts where they don't have to consider the other side of the debate, which has made compromise--and therefore legislative progress--more difficult. "That's why I favored Arnold Schwarzenegger's proposal last year, a nonpartisan commission to draw the congressional-district maps in California. Too bad it lost." The crowd is keeping up with Obama, listening closely as he segues into a detailed discussion of the federal budget. Eventually, he realizes he has been filibustering and apologizes to the crowd for "making a speech." No one seems to care, since Obama is doing something pretty rare in latter-day American politics: he is respecting their intelligence. He's a liberal, but not a screechy partisan. Indeed, he seems obsessively eager to find common ground with conservatives. "It's such a relief after all the screaming you see on TV," says Chuck Sweeny, political editor of the Rockford Register Star. "Obama is reaching out. He's saying the other side isn't evil. You can't imagine how powerful a message that is for an audience like this."

Obama's personal appeal is made manifest when he steps down from the podium and is swarmed by well-wishers of all ages and hues, although the difference in reaction between whites and blacks is subtly striking. The African Americans tend to be fairly reserved--quiet pride, knowing nods and be-careful-now looks. The white people, by contrast, are out of control. A nurse named Greta, just off a 12-hour shift, tentatively reaches out to touch the Senator's sleeve. "Oh, my God! Oh, my God! I just touched a future President! I can't believe it!" She is literally shaking with delight--her voice is quivering--as she asks Obama for an autograph and then a hug.

Indeed, as we traveled that Saturday through downstate Illinois and then across the Mississippi into the mythic presidential-campaign state of Iowa, Obama seemed the political equivalent of a rainbow--a sudden preternatural event inspiring awe and ecstasy. Bill Gluba, a longtime Democratic activist who sells real estate on both sides of the river in the Quad Cities area, reminisced about driving Bobby Kennedy around Davenport, Iowa, on May 14, 1968. "I was just a teenaged kid," he says. "But I'll never forget the way people reacted to Kennedy. Never seen anything like it since--until this guy." The question of when Obama--who has not yet served two years in the U.S. Senate--will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak. In Davenport a local reporter asks the question directly: "Are you running for President in 2008?" Obama surprises me by saying he's just thinking about the 2006 election right now, which, in the semiotic dance of presidential politics, is definitely not a no. A few days later, I ask Obama the obvious follow-up question: Will he think about running for President in 2008 when the congressional election is over? "When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," he says carefully, and then adds, "I haven't completely decided or unraveled that puzzle yet."

Which is even closer to a yes--or, perhaps, it's just a clever strategy to gin up some publicity at the launch of his book tour. The current Obama mania is reminiscent of the Colin Powell mania of September 1995, when the general--another political rainbow--leveraged speculation that he might run for President into book sales of 2.6 million copies for his memoir, My American Journey. Powell and Obama have another thing in common: they are black people who--like Tiger Woods, Oprah Winfrey and Michael Jordan--seem to have an iconic power over the American imagination because they transcend racial stereotypes. "It's all about gratitude," says essayist Shelby Steele, who frequently writes about the psychology of race. "White people are just thrilled when a prominent black person comes along and doesn't rub their noses in racial guilt. White people just go crazy over people like that."

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When I asked Obama about this, he began to answer before I finished the question. "There's a core decency to the American people that doesn't get enough attention," he said, sitting in his downtown Chicago office, casually dressed in jeans and a dark blue shirt. "Figures like Oprah, Tiger, Michael Jordan give people a shortcut to express their better instincts. You can be cynical about this. You can say, It's easy to love Oprah. It's harder to embrace the idea of putting more resources into opportunities for young black men--some of whom aren't so lovable. But I don't feel that way. I think it's healthy, a good instinct. I just don't want it to stop with Oprah. I'd rather say, If you feel good about me, there's a whole lot of young men out there who could be me if given the chance."

But that's not quite true. There aren't very many people--ebony, ivory or other--who have Obama's distinctive portfolio of talents, or what he calls his "exotic" family history. His parentage was the first thing he chose to tell us about himself when he delivered his knockout keynote speech at the Democratic National Convention in 2004: his father was from Kenya and his mother from Kansas. He told the story in brilliant, painful detail in his first book, Dreams from My Father, which may be the best-written memoir ever produced by an American politician. His parents met at the University of Hawaii and stayed together only briefly. His father left when Obama was 2 years old, and Barack was raised in Hawaii by his Kansas grandparents, except for a strange and adventurous four-year interlude when he lived in Indonesia with his mother and her second husband. As a teenager at Hawaii's exclusive Punahou prep school and later as a college student, Obama road tested black rage, but it was never a very good fit. There was none of the crippling psychological legacy of slavery in his family's past. He was African and American, as opposed to African American, although he certainly endured the casual cruelties of everyday life--in the new book, he speaks of white people mistaking him for a valet-parking attendant--that are visited upon nonwhites in America. "I had to reconcile a lot of different threads growing up--race, class," he told me. "For example, I was going to a fancy prep school, and my mother was on food stamps while she was getting her Ph.D." Obama believes his inability to fit neatly into any group or category explains his relentless efforts to understand and reconcile opposing views. But the tendency is so pronounced that it almost seems an obsessive-compulsive tic. I counted no fewer than 50 instances of excruciatingly judicious on-the-one-hand-on-the-other-handedness in The Audacity of Hope. At one point, he considers the historic influence of ideological extremists--that is, people precisely unlike him. "It has not always been the pragmatist, the voice of reason, or the force of compromise, that has created the conditions for liberty," he writes about the antislavery movement of the 19th century. "Knowing this, I can't summarily dismiss those possessed of similar certainty today--the antiabortion activist ... the animal rights activist who raids a laboratory--no matter how deeply I disagree with their views. I am robbed even of the certainty of uncertainty--for sometimes absolute truths may well be absolute."

Yikes. But then Obama is nothing if not candid about his uncertainties and imperfections. In Dreams from My Father, which was written before he became a politician, he admits to cocaine and marijuana use and also to attending socialist meetings. In The Audacity of Hope, I counted 28 impolitic or self-deprecating admissions. Immediately, on page 3, he admits to political "restlessness," which is another way of saying he's ambitious. He flays himself for enjoying private jets, which eliminate the cramped frustrations of commercial flying but--on the other hand!--isolate him from the problems of average folks. He admits that his 2004 Senate opponent, Alan Keyes, got under his skin. He blames himself for "tensions" in his marriage; he doubts his "capacities" as a husband and father. He admits a nonpopulist affinity for Dijon mustard; he cops to being "grumpy" in the morning. He even offers his media consultant David Axelrod's opinions about the best negative TV ads that could have been used against him in the 2004 Senate campaign. (He once--accidentally, he says--voted against a bill to "protect our children from sex offenders.")

There is a method to this anguish. Self-deprecation and empathy are powerful political tools. Obama's candor is reminiscent of John McCain, who once said of his first marriage, "People wouldn't think so highly of me if they knew more about that." Obama's empathy is reminiscent of Bill Clinton, although the Senator's compassion tends to be less damp than Clinton's: it's more about understanding your argument than feeling your pain. Both those qualities have been integral to Obama's charm from the start. His Harvard Law School classmate Michael Froman told me Obama was elected president of the Law Review, the first African American to hold that prestigious position, because of his ability to win over the conservatives in their class. "It came down to Barack and a guy named David Goldberg," Froman recalls. "Most of the class were liberals, but there was a growing conservative Federalist Society presence, and there were real fights between right and left about almost every issue. Barack won the election because the conservatives thought he would take their arguments into account."

After three years as a civil rights lawyer and law professor in Chicago, Obama was elected to the Illinois state senate and quickly established himself as different from most of the other African-American legislators. "He was passionate in his views," says state senator Dave Syverson, a Republican committee chairman who worked on welfare reform with Obama. "We had some pretty fierce arguments. We went round and round about how much to spend on day care, for example. But he was not your typical party-line politician. A lot of Democrats didn't want to have any work requirement at all for people on welfare. Barack was willing to make that deal."

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The raising and dashing of expectations is at the heart of almost every great political drama. In Obama's case, the expectations are ridiculous. He transcends the racial divide so effortlessly that it seems reasonable to expect that he can bridge all the other divisions--and answer all the impossible questions--plaguing American public life. He encourages those expectations by promising great things--at least, in the abstract. "This country is ready for a transformative politics of the sort that John F. Kennedy, Ronald Reagan and Franklin Roosevelt represented," he told me. But those were politicians who had big ideas or were willing to take big risks, and so far, Barack Obama hasn't done much of either. With the exception of a bipartisan effort with ultra-conservative Senator Tom Coburn of Oklahoma to publish every government contract--a matter of some embarrassment to their pork-loving colleagues--his record has been predictably liberal. And the annoying truth is, The Audacity of Hope isn't very audacious.

A few weeks ago, I watched Obama give a speech about alternative energy to an audience gathered by MoveOn.org at Georgetown University. It was supposed to be a big deal, one of three speeches MoveOn had scheduled to lay out its 2008 issues agenda, a chance for the best-known group of activist Democrats to play footsie with the party's most charismatic speaker, and vice versa. But it was a disappointment, the closest I had seen Obama come to seeming a standard-issue pol, one who declares a crisis and answers with Band-Aids. In this case, he produced a few scraggly carrots and sticks to encourage Detroit to produce more fuel-efficient cars. The audience of students and activists sensed the Senator's timidity and became palpably less enthusiastic as Obama went on. Just two days before, Al Gore gave a rousing speech in New York City in which he proposed a far more dramatic alternative energy plan: a hefty tax on fossil fuels that would be used, in turn, to reduce Social Security and Medicare taxes. I asked Obama why he didn't support an energy-tax increase married to tax relief for working Americans in the MoveOn speech or in The Audacity of Hope. "I didn't think of it," he replied, but sensing the disingenuousness of his response--talk of a gas tax is everywhere these days, especially among high-minded policy sorts--he quickly added,"I think it's a really interesting idea."

I pressed him on this. Surely he had thought about it? "Remember, the premise of this book wasn't to lay out my 10-point plan," Obama danced. "My goal was to figure out the common values that can serve as a basis for discussion." Sensing my skepticism, he tried again: "This book doesn't drill that deep in terms of policy ... There are a slew of good ideas out there. Some things end up on the cutting-room floor."

Universal health insurance also found its way to the cutting-room floor. I asked about the universal plan recently passed in Massachusetts, which was a triumph of Obama-style bipartisanship. The plan requires everyone who earns three times the poverty rate to purchase health insurance and subsidizes those who earn less than that. Shouldn't health insurance be mandatory, like auto insurance, for those who can afford it? Obama wouldn't go there. "If there's a way of doing it voluntarily, that's more consonant with the American character," he said. "If you can't solve the problem without the government stepping in, that's when you make it mandatory."

After we jousted over several other issues, Obama felt the need to step back and defend himself. "Look, when I spoke out against going to war in Iraq in 2002, Bush was at 60-65% in the polls. I was putting my viability as a U.S. Senate candidate at risk. It looks now like an easy thing to do, but it wasn't then." He's right about that: more than a few of his potential rivals for the presidency in 2008 voted, as a matter of political expediency, to give Bush the authority to use military force in Iraq. Then Obama returned to the energy issue. "When I call for increased fuel-economy standards, that doesn't sit very well with the [United Auto Workers], and they're big buddies of mine ... Look, it's just not my style to go out of my way to offend people or be controversial just for the sake of being controversial. That's offensive and counterproductive. It makes people feel defensive and more resistant to changes."

Talk about defensive: this was the first time I had ever seen Obama less than perfectly comfortable. And his discomfort exposed the elaborate intellectual balancing mechanism that he applies to every statement and gesture, to every public moment of his life. "He's working a very dangerous high-wire act," Shelby Steele told me. "He's got to keep on pleasing white folks without offending black folks, and vice versa." Indeed, Obama faces a minefield on issues like the racial gerrymandering of congressional districts and affirmative action. "You're asking him to take policy risks? Just being who he is is taking an enormous risk."

There is a certain amount of political as well as psychological wisdom to what Steele says. The most basic rule of presidential politics is that you run against your predecessor. If Obama, 45, chooses to run in 2008, his consensus seeking would stand in stark contrast not only to the hyperpartisan Bush Administration but also to the histrionic, self-important style of baby-boom-generation politicians. Or it could work against him. An old-time Chicago politician told me Obama's thoughtfulness might be a negative in a presidential campaign. "You have to convey strength," he said, "and it's hard to do that when you're giving on-the-other-hand answers."

Meanwhile, back in our interview, I offer a slightly barbed olive branch: Maybe I'm asking for too much when I expect him to be bold on the issues, I suggest. Maybe my expectations for him are too high? "No, no," he says, and returns for a third time to

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energy policy--to Gore's tax-swap idea. "It's a neat idea. I'm going to call Gore and have a conversation about it. It might be something I'd want to embrace."

But he's not ready to make that leap just yet. Boldness needs to be planned, not blurted--and there are all sorts of questions to ponder before he takes the next step.Would the arrogance implicit in running now, after less than one term in the Senate, undercut his carefully built reputation for judiciousness? Is the Chicago politician right about the need to be strong and simple in a run for President? Or can Obama overturn all the standard political assumptions simply by being himself? "In setting your expectations for me now, just remember I haven't announced that I'm running in 2008," he concluded. "I would expect that anyone who's running in 2008, you should have very high expectations for them."

Kerry Says He Deserves 2nd Chance In '08 (AP-Y)

AP-Yahoo, October 16, 2006

Sen. John Kerry says he deserves a second chance if he decides to take another crack at becoming president.

The Massachusetts Democrat, who lost to President Bush in 2004, said it is a basic principle that "Americans give people a second chance. And if you learn something and prove you've learned something, maybe even more so. Now, I don't know what I'm going to do yet. We'll make that decision down the road."

Ronald Reagan twice unsuccessfully sought the GOP nomination for president before he got it — and won two elections for the White House.

"John McCain, their leading candidate — didn't he get kicked around South Carolina by the same president because he wasn't patriotic enough as a prisoner of war? He's now their leading candidate for president," Kerry said of the Republican Party. "Richard Nixon seemed to get kicked around pretty badly both running for president and governor, turned around and came back and got elected president."

Kerry faces a major challenge trying to convince Democratic activists that a recently defeated candidate can still carry his party's hopes for recapturing the White House.

If Kerry runs, he would have to overcome other Democratic presidential hopefuls such as Sens. Hillary Rodham Clinton of New York, Joe Biden of Delaware, Russ Feingold of Wisconsin and Christopher Dodd of Connecticut.

The list of potential opponents also could include New Mexico Gov. Bill Richardson, former Indiana Gov. Sen. Evan Bayh, Iowa Gov. Tom Vilsack, and even Kerry's ex-running mate in 2004, former Sen. John Edwards of North Carolina.

Running With Blinders (NYT)

By Kevin Sweeney

The New York Times, October 16, 2006

Berkeley, Calif.

AT this point in the fall campaign, unabashed negativity clogs every media outlet. The stench of foul political advertising is everywhere, and one senses that little will change: Americans once again will hold their noses and vote.

For this round, there really isn't much to be done. But looking to the 2008 presidential race, there is still time to find a new way of campaigning — specifically, for progressive candidates to consider a fresh approach to running for office.

Why progressives? Because it's in their interest: pervasive negativity takes a far greater toll on progressive causes than on conservative ones. Conservatives typically rail against big government and bureaucrats. But by attacking the current administration, progressives unwittingly join the anti-government chorus. The differences between the two — one side making general attacks, the other specific ones — are details. Both project negative messages about government, but the advantage still goes to the conservatives.

To level the playing field, and restore clarity to progressive values, I propose "the forward-looking campaign."

The rules are simple. Never mention the opponent. Don't talk about the opponent's policies. Don't question the opponent's character. Don't talk about votes the opponent may have cast last week, last year or even 10 years ago. Refuse to run against anything or characterize any group; choose instead to run for something. Rather than engaging the opposition, the forward-looking candidate will engage the American people in a conversation about our future, keeping the focus on what we can accomplish as a nation and as individuals.

This is not just a commitment to be positive. Many candidates have tried that and failed. I was one of them. In 1992, I ran what many would consider a positive congressional campaign; my advertising never mentioned my opponent. But during a debate, I read statements she had made about me, noting that they were inaccurate. I made the corrections and moved on, doing so — I thought — without venom.

The next day's newspapers, however, described my actions as a personal assault, suggesting that sparks flew when I "stood up to attack." Any luster I had gained from being positive had been tarnished.

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I should have known then what is now quite obvious: one person's "clarification" is another person's "brutal attack." This is why the forward-looking candidate commits to avoiding any mention of the opposition, focusing instead on those whom he seeks to serve. It is a campaign promise that can be kept before a single vote is cast.

This commitment must be announced at the very outset, and must be the most visible element of the campaign throughout the early months. No matter how negative any other campaign chooses to be, voters must know that there is one candidate who refuses to put a foot on the slippery slope. What matters to the forward-looking candidate is where we can go and how we can get there. There is confidence and power in making that kind of statement.

There are also tactical reasons for the approach. It cuts through the background noise of American politics. It responds to the national disgust with negative campaigning. It gives voters an easy handle on the candidate, distinguishing him or her from others in the race.

And the approach is a natural shield. A forward-looking candidate who emerges from the Iowa caucuses would be difficult to attack; he would have spent much of a year building a case for this new model. He can stay visibly focused on the future, adopting a posture that suggests that anything else — any sideways glance — is a distraction. At last, there would be a penalty for unleashing negative ads, because the mere fact of the ads would be more important than their content. It is political jujitsu.

The first conversation I had along these lines was with Senator Gary Hart, as we considered media strategies for his 1988 presidential campaign. (He was then the Democratic front-runner; I was his press secretary.) We talked of a campaign in which every commercial would feature Mr. Hart looking into the camera, speaking directly to voters. In some of the ads, he would note how attacks by faceless announcers were damaging American politics, and would promise that his campaign would never rely on them.

As we considered various possibilities, we hit on an interesting bonus: Every negative ad, in every race in the country, could serve as a reminder that one candidate was taking a principled approach. We never saw this approach play out, as Mr. Hart's campaign ended abruptly following allegations of an extramarital affair. But the brutal attacks that came to define that election season suggested that we might have been right to consider the strategy.

The forward-looking campaign can help a progressive candidate satisfy America's yearning for moral values in politics. The landscape is crowded with political leaders who talk of morality, and who wear their Christian values on their sleeves. (The religious values of love and forgiveness, of course, are often contradicted or overwhelmed by political tactics evoking hate, fear or vengeance.) Rather than framing divisive issues like abortion and gay marriage to project its values, the forward-looking campaign would let its very conduct do the job. Without mentioning any religion, it could project religious values.

We reap what we sow. Divisive campaigns lead to divided government, a fate the American people can no longer afford. The forward-looking candidate, focused not just on electioneering but on governance, knows we must ultimately join hands — so he stops pointing fingers.

The 2004 election, according to some, was a race between fear and anger. Republicans raised fears; Democrats expressed anger. But it is obvious in the abstract that anger could never defeat fear; the two emotions are too closely linked. A forward-looking campaign offers a better strategy for combating fear. It offers, finally, respect and hope.

The Center Fails (WP)

By Sebastian Mallaby

The Washington Post, October 16, 2006

With Mark Warner out of the 2008 Demstakes, the chief anti-Hillary centrist is Sen. Evan Bayh of Indiana. This is a depressing commentary on the state of the Democratic Party. Bayh may have cleared his schedule to woo Warner supporters on Thursday. But he has yet to prove himself a real contender -- and he may not be a real centrist, either.

Two weeks ago Bayh circulated a preposterous letter to his Senate colleagues. It urged them to oppose what Bayh called "documented unfair trade" in a type of steel that's used in vehicles. It noted the Commerce Department's finding that lifting the tariff on this steel would lead to dumping by foreign producers. That would hurt U.S. steelmakers, the letter continued; so when the fate of the tariff is considered at a sunset review tomorrow, it should on no account be lifted.

This is not a policy that protects workers, as Bayh's letter pretended. It's a sellout to a self-serving lobby. It would help the steel guys at the expense of the car guys, even though the car guys are hurting more and they employ more workers.

The tariff that Bayh wants to preserve is one of more than a hundred that protect the steel industry. These fortifications were erected on the theory that the steel business is inherently unfair because every nation in the world wants its own steelmaker. The creation of these national champions guarantees global oversupply of steel, or so the argument used to go. Therefore the United States had to protect itself from dumpers' unfairly low prices.

This argument was always flawed. If foreigners wanted to sell artificially cheap steel, the United States should have been happy to pocket the subsidy. But the protectionist argument is now worse than flawed, because the steel industry has changed

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substantially. A wave of mergers has rationalized some of the old national champions, and the alleged oversupply of steel has disappeared in the face of exploding demand from developing countries.

You can see this transformation in the steel companies' own statements. When they are lobbying senators such as Bayh, the steel guys plead that they are poor and weak and hungry. But when they are addressing investors on Wall Street, they boast that steel is scarce and that they can charge what they want for it.

If there is now a sellers' market in steel, why does the Commerce Department assert that lifting the tariff would trigger dumping? It's nice that you asked, because the answer is hilarious. The department's practice, in sunset reviews such as this one, is to rely on its original analysis -- and never mind that this dates from more than a decade ago, when the steel industry looked utterly different.

Wait, it gets better. The steel lobby has been running newspaper advertisements citing another Commerce finding: that lifting the tariff would allow foreign steel into the country at prices 10 to 36 percent below normal value. But that 36 percent margin is a fraud. The Commerce Department applied it to Nippon Steel because Nippon failed to cooperate with its review, not because Nippon is selling 36 percent below cost. During the previous go-round, when Nippon did cooperate, Commerce found a dumping margin of just 2.5 percent.

Why did Nippon refuse to cooperate with Commerce in the latest review? Nice question again: because Nippon had entered an alliance with one of the top producers in the United States and did not want to compete with its partner. In other words, consolidation generated the fraudulent 36 percent margin, but the margin is nonetheless used by the steel lobby to pretend that it remains as weak as in the pre-consolidation era.

Bayh is not the only senator to take dictation from the steel lobby. When the sunset hearing convenes at the International Trade Commission tomorrow, the steel lobby will present a petition from Sens. Arlen Specter and Jay Rockefeller, co-signed by perhaps 10 others. But Bayh stands out because centrists like him have traditionally been pro-trade and because his sights are set on the White House. Presidential aspirants are supposed to champion the national interest, not special interests.

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Why Don't Americans Like To Vote? Politics Are Only One Reason (WSJ)

By Cynthia Crossen

The Wall Street Journal, October 16, 2006

If you're an American who is not planning to vote Nov. 7, join the crowd. In the past few decades, less than 40% of eligible voters in the U.S. have bothered to cast ballots in midterm elections.

Your forebears would be ashamed. In late-19th-century midterm elections, turnout ranged from 65% to 78%. For presidential elections, almost 80% of the nation's eligible -- rich and poor, educated and illiterate -- voted. In 1888, 10 states had turnouts of more than 90%. Eight years later, Indiana voters set a record with 97% casting ballots.

Then, in the early 20th century, turnout began falling precipitously. By 1920, less than half of the voting-age population made it to the polls on Election Day. "The drop in voting was nationwide, substantial and cumulative," wrote Mark Lawrence Kornbluh, author of "Why America Stopped Voting." It was also unprecedented, both in America and other Western democracies. Americans, it seemed, no longer prized their right to vote.

But the new nonvoters were only partly to blame for their disengagement. A century ago, a raft of new state laws, supported by leaders across the political spectrum from conservatives to progressives, transformed the idea and act of voting so radically that hundreds of thousands of people dropped out of the political system. Many of them -- and their children -- would never return.

A 19th-century man (in most states, women weren't enfranchised until 1920) could decide to vote on the spur of the moment, pick up a simple ballot from party headquarters and drop it at the poll on Election Day, where his like-minded neighbors would give him a cheer and perhaps a beer. No preregistration was required, no taxes, no proof of residency, literacy or even citizenship. If, like most people then, he was a party man, his vote might earn him a reward -- a small cash gift or even better, a job with the post office.

Election day was rowdy and festive, a thrilling climax to a political campaign that featured bonfires, barbecues, parades, torchlight rallies and passionate oratory. Politics were social and recreational at a time when there wasn't much other public entertainment. More than 20% of people were actively involved in campaigning. "Political matters were not complex, intangible and remote, but simple, concrete and directly related to the concerns of daily life," wrote Paul Kleppner in his 1982 book, "Who Voted?"

Newspapers covered little besides politics. The races were often close -- the presidency changed hands in every election between 1876 and 1896 -- and the differences between the two parties seemed enormous. People wore their allegiances proudly. "We love our parties as we love our churches and our families," said a New Hampshire senator in 1885.

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But many people thought the political parties, which basically ran the elections, were too powerful and corrupt -- that the government should administer elections, and ballots should be secret so party leaders couldn't monitor their flocks' choices. Party symbols, like the elephant and donkey, would no longer appear on ballots, creating a de facto literacy test. The practice of rewarding loyal voters with cash on Election Day was widely outlawed. Competitive exams replaced patronage in awarding government jobs.

And citizens would no longer be able to depend on their party officials to vouch for their eligibility. Voters would have to register themselves in person, well ahead of the election, usually during working hours. Some states even required voters to register every year. Preregistration "increased the costs of participation to the individual and priced out of the system... marginally involved citizens," noted Mr. Kleppner. After a registration law was passed, for example, the number of voters in Philadelphia dropped from about 385,000 to about 251,000.

Victor Rosewater, a Republican politician, wrote in 1928, "Much of the seeming lethargy" among voters "is chargeable to the hurdles which, by our registration laws, we put in the way of voting -- absurd laws that make it hard to vote instead of facilitating voting."

Other broad social trends also damped the electoral spirit. Americans were leaving their small towns, where social ties often reinforced their political biases. Candidates for office began using radio, rather than rallies, to spread their messages, making voters more passive. With the proliferation of other recreational activities -- spectator sports, vaudeville, movies -- Americans no longer "needed to look to politics for escape," Mr. Kornbluh said. And when women began voting in national elections, they voted at a lower rate than men.

Many scholars believe that lower voter turnout was an unintended consequence of much-needed electoral reform. Others think it was calculated. "A primary cause of the decline in turnout at the turn of the century was deliberate disenfranchisement," wrote Michael J. Avey in his 1989 study, "The Demobilization of American Voters." "Changes in election laws were clearly focused on particular segments that the political elites wanted out of the political process."

Mr. Kleppner came to a similar conclusion. The goal of election reform was to make it difficult for some citizens to vote. "That objective was cloaked in culturally acceptable rhetoric, emphasizing electoral 'purity' and, above all, progress."

A Tale Of Two GOPs (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, October 16, 2006

In the Ohio governor's race, Ken Blackwell is trailing his Democratic competitor, Ted Strickland, by double digits. Save a last-minute miracle, Mr. Blackwell will lose the governor's mansion, and so end 16 years of GOP dominance.

In the Florida governor's race, Charlie Crist is leading his Democratic competitor, Jim Davis, by double digits. Save a last-minute misstep, Mr. Crist is set to give the state GOP a third term in the governor's mansion, overseeing a strong Republican legislative majority.

Their respective failure and success is not ideological: Messrs. Blackwell and Crist are both running on the same agenda of tax cuts, fiscal responsibility and broad government reform. This, instead, is a story of the state parties behind them. In Florida, Republicans have spent the past eight years keeping their promises to voters; in Ohio the GOP forgot what "promise" meant somewhere in the '90s. The tale of these two GOPs offers broader lessons for congressional Republicans, who are facing a rout this fall.

That this election is a referendum on the entire Republican philosophy is the standard line so far this year. Democrats from Nancy Pelosi to Chuck Schumer argue that voters who vote blue are sending a message that they are tired of Republicans' "extreme" views on national security, taxes or social policy.

Quite the opposite, really. If voters are unhappy with Republicans, it's because the party hasn't lived up to its own principles. In the Capitol, in Ohio, and in plenty of places between and beyond, the party that promised to reform government has become the party of government.

Take Ohio. Republicans have practiced one-party rule in the state since 1994 -- more than enough time to lose one's principles. Former Gov. George Voinovich set the standard in 1992 by breaking his word and signing tax hikes. His successor, Bob Taft, with the help of the GOP legislature, in 2003 broke pledges not to raise taxes without voter permission. Some $3 billion in tax increases later, Ohio jumped to fourth place in the rankings for state and local tax burdens. (It was 23rd in 1994, when the GOP took over.) Over their first 10 years in power, Republicans increased Ohio's general operating budget by 71% -- the highest increase in the nation.

The Taft and Spend strategy socked it to the Ohio economy. Its gross state product grew a measly 1% between 2004 and 2005, while Ohio lost 150,000 jobs between 2000 and 2005. Unemployment levels have hovered above the national average. If corruption is the product of big, unconstrained government, it was no surprise to watch the GOP engulfed by scandals that swept

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up everyone from Mr. Taft to Congressman Bob Ney. By November of last year, Mr. Taft's approval rating was 6.5%; if anyone had been keeping track, the legislature may have scored even lower.

Mr. Blackwell didn't sign onto any of this. While the rest of his party was riding down the big-government river, the secretary of state was pushing a voter initiative to create a constitutional limit on spending. He's been running this year on tax cuts, charter schools and privatizing the Ohio Turnpike. He hasn't been touched by the scandals.

"There hasn't been a bigger critic of the Taft administration than Ken Blackwell," says Ken Blackwell . . . again and again. Voters can't find it in themselves to make the distinction. The Ohio Democratic Party understands that better than anyone, and routinely refers to its opponent as "Ken Taftwell." Mr. Strickland is so good at keeping the focus on the failed GOP, nobody has noticed he's a fan of the very tax-and-spend policies that landed Republicans in trouble in the first place.

But now look to Florida. Jeb Bush came to office in 1999 touting a sweeping reform agenda of the sort that gives Ms. Pelosi the "extremist" fits. More to the point, the governor, with the support of a Republican legislature, has instituted most of it.

Florida Republicans have passed tax cuts every year of the eight Mr. Bush has held office -- a whopping $19 billion, including the elimination of the infamous "intangibles" tax, levied on investments. While Florida's budget has grown at a rapid clip, Mr. Bush vetoed more than $2.1 billion in wasteful spending, earning him the nickname "Veto Corleone" among frustrated state lobbyists. He's trimmed 11,000 state jobs.

Tort reform? Did it. Overhauling the child welfare system? Done. Florida has led the way in greater education accountability and school voucher programs; test scores, especially among minorities, are on the rise. The state won federal permission for the most dramatic Medicaid reforms in the country, the first to inject private competition into the system.

Florida today has the highest rate of job creation in the country, and an unemployment rate of 3.3%. It's bond rating hit triple A. Revenue is pumping into the state coffers, giving Florida $6.4 billion in reserves. Gov. Bush's approval rating stands at 55%. Even the House Democratic leader, Dan Gelber, admitted his chief nemesis was a "rock star."

Mr. Crist, the state attorney general, promises more of the same, and voters have no reason to doubt him. He's already demonstrated reform bona fides as the state education commissioner who helped push through the governor's school reforms. He's promised further tax cuts, and is zeroing in on voter anger over double-digit property tax hikes. Mr. Crist has been blowing past Mr. Davis in fundraising and in opinion polls.

If congressional Republicans are facing a rout come November, it's in no small part because they've been headed down the Ohio highway. A few Supreme Court appointments and tax cuts aside, Republicans have largely abandoned the reform agenda that swept them to power in 1994. Their zeal has instead been directed at retaining power, which explains the earmarking epidemic and the Abramoff corruption that followed. Reform of Medicare and Social Security, the death tax, immigration, health care -- all fell off the map.

Democrats would certainly call this agenda extreme, but it was never the existence of the platform that angered voters. It was Republicans' failure to act on it.

Ms. Strassel is a member of the Journal's editorial board based in Washington.

Iraq: A Growing Body Count (NSWK)

By Dan Ephron

Newsweek, October 16, 2006

Iraqi doctors who helped compile the latest survey on civilian fatalities since 2003 came close to becoming statistics themselves. The survey, conducted jointly by Johns Hopkins, MIT and Baghdad's Al Mustansiriya University, said 600,000 Iraqis have died violently since just before the U.S. invasion (31 percent killed by Coalition troops; the rest in sectarian violence). President George W. Bush recently put the figure at 30,000; other estimates have ranged up to 300,000. The actual number is impossible to fix; estimates are just that—estimates.

Dr. Gilbert Burnham, of the Center for Refugee and Disaster Response at Johns Hopkins, says the methodology of the study he oversaw is standard practice. It involved teams of Iraqi doctors visiting more than 1,800 households to ask about fatalities and view death certificates. Surveying became dangerous. "On several occasions, members of our teams were grabbed by militias and taken to their commanders," Burnham told NEWSWEEK. "Coalition checkpoints, because of the rules of engagement, were also dicey affairs." The doctors wore white robes, and some draped stethoscopes over the necks to stand out as medical personnel.

The figure, disputed by some researchers as too high (the Iraqi Health Ministry itself cites 150,000 dead), represents about 2.5 percent of Iraq's population—more than 15,000 fatalities a month. By comparison, 10 percent of Vietnam's population was killed during America's decadelong war there. Administration officials said the study, published in the medical journal The Lancet, was timed to hurt the GOP in the midterm election. "There's no political motivation in this," says Burnham. "I feel very confident in the numbers."

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Great Candidates? That's Debatable (NYT)

The New York Times, October 16, 2006

This year in New York, when it comes to debates, the magic number seems to be two. Senator Hillary Clinton, who refused to debate her primary opponent at all, has agreed to two debates with John Spencer, the Republican former mayor of Yonkers. The Democratic front-runner for governor, Eliot Spitzer, agreed to two debates with the Republican candidate, John Faso. The Democratic candidate to succeed Mr. Spitzer as attorney general, Andrew Cuomo, agreed to appear at two debates with Jeanine Pirro, the Republican former Westchester County district attorney, but seems likely to sit out a third already agreed to by Ms. Pirro.

We'd like to see more. Candidates for statewide office should face each other in different parts of the state, in debates centering on different topics. It's not as if the other demands on their time — fund-raising, handshaking and giving the same speech over and over to friendly audiences — were too important to be infringed upon.

The real disappointment this year, however, is the Democratic state comptroller, Alan Hevesi, who is refusing debates altogether. Mr. Hevesi did not even budge after his Republican opponent, Christopher Callaghan, uncovered misuse of government resources that required Mr. Hevesi to repay the state more than $80,000. Mr. Hevesi is way ahead of Mr. Callaghan, but we can't help wondering if his reluctance to face the opposition is more a reflection of weakness than strength.

Left, Right And Religion: A Double Standard (USAT)

By Patrick Hynes And Jeremy Lott

USA Today, October 16, 2006

Should our laws be based on the Ten Commandments? How much religion in government is too much? When does legitimate participation by the pious in civic life take on troubling theocratic overtones? These are questions that conservative religious leaders wish the press would put to them.

In our political tradition, most evangelicals and other conservative Christians today are really moderates. They want a government that is non-sectarian without being hostile to organized religion and people of faith. That's a whole lot closer to what the Founders had in mind than the officially godless public square advocated by the American Civil Liberties Union.

What's more, the creation of the religious right was largely a function of the courts and politicians pushing the boundaries the other way. Evangelicals were moved to civic activism because the IRS threatened to revoke the tax-exempt status of private Christian schools; because the U.S. Supreme Court removed abortion from the political process; because mentions of the Almighty began to be scrubbed from valedictory addresses for fear that someone, somewhere might take offense. Today, the term "goddamn" is treated as protected speech, but remove the "damn" and watch the lawsuits roll in.

So evangelicals did the only responsible thing they could in a democracy. They organized and reached out. They found allies in churchgoing Roman Catholics, mainline Protestants, Jews and even some agnostics who believed that religion plays a vital role in holding society together. In this they were not so different from the civil rights leaders of the past, whose rallying cry was the God-given dignity of every American. The new coalition grew over time to the point that the religious right (or "values voters," if you prefer) became the single largest voting bloc in American politics.

That fact is intolerable to many intellectuals.

After the 2004 election, historian Garry Wills compared conservative Christians to jihadists on the op-ed page of The New York Times.

In a recent monograph, former senator and Democratic presidential candidate Gary Hart claimed to know exactly what "today's religious right has in mind." They want to "return America to a pre-Enlightenment age, an age in which the church, in this case in the form of one wing of evangelical Protestantism, dictates terms to the political process and sets the boundaries of what can and cannot be legislated and regulated by the state."

This sort of suspicion and insinuation makes it all the more difficult for the pious to participate in politics. Worse, critics such as Dartmouth College's Lucas Swaine, an assistant professor of government, have demanded that Christians not frame their arguments with reference to the Bible, a book that millions of Americans believe to be the inspired word of God, because that wouldn't square with "public reason." And any pronouncements on "values" are treated with scorn, at best.

It must be rough. Even so, we think Christian conservatives should take solace in the fact that most of their critics don't mean a word of it.

As proof, we offer Exhibit A: the religious left. No comparable group of political activists has received as much news media attention since the last election.

According to the Pew Forum on Religion & Public Life, religious lefties are about 7% of the electorate. They are called on regularly by Democratic politicians seeking to win over values voters.

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What's interesting is that leaders of the religious left have not been hit with a similar and constant charge of "theocracy." This despite the fact that religious lefties articulate public policy positions in the context of the Bible and frame their political entreaties in the moral "values" language we are accustomed to hearing from Christian conservatives.

Think back to 2002, when the Evangelical Environmental Network launched the "What Would Jesus Drive?" campaign. It wasn't a joke. It was an attempt by the religious left to convince Christian voters that "transportation is a moral issue" and that they should therefore "advocate for government policies," including higher fuel economy standards and more public transportation. As with cars, so with a whole lot of other things. This small but loud minority wants to remake America with its own interpretation of Christ's teachings.

The Rev. Jim Wallis, author of the bestselling God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It, insists that federal and state budgets are "moral documents." He argues that national and state legislative priorities ought to comport with "God's vision of a good society offered to us by the prophet Isaiah." For you sleep-in-on-Sunday types, he means Robin Hood-like government policies that shake down the wealthy and fete the poor.

In fact, one initiative that was championed by Wallis and his fellow (oh, let's call them) Leftwing Theocrats might help to explain how misunderstood and close to the mainstream the religious right actually is. In 2003, Alabama Gov. Bob Riley decided his state's tax and education systems were decidedly un-Christian. He wanted to cut income taxes for the poor, hike the top marginal rates for the well-off, raise property and luxury taxes, and use the estimated $1.2 billion in additional revenue to boost teacher salaries and scholarships to state schools. Riley tried to convince voters to go along with these changes by saying Jesus would vote for "the least among us." He campaigned for his plan by appealing to churches and church leaders, many of whom decided to campaign for the governor's initiative. The people who normally fret about mixing church and state were beside themselves … with glee. Maybe Riley could finally draft the Bible Belt into the service of enlightened public policy. Then-New Republic editor Peter Beinart called him "that rarest of creatures: A genuinely inspiring politician."

Most churchgoing Alabamians didn't see it that way. Their rejection of Jesus-flavored progressivism at the ballot box was in keeping with how a majority of Americans think through these issues. Americans have proved willing to grant some authority to religious leaders in matters of faith and morals, and rightly so. But they are more skeptical when it comes to ceding control of the economy to people who draw paychecks from the not-for-profit sector.

The religious left is usually given a respectful hearing. That's a good thing. After all, this is a democracy in which people can make up their own minds about such things. But the same deference should be given to the arguments and ideas of religious conservatives.

Critics are out of line for lambasting the religious right for advocating their beliefs, and they'd be just as wrong blasting the religious left. Yet for liberal and secular pundits, this has been a one-way street.

It's time to give the "Theocracy!" catcalls a rest.

Faith-Based Profits (NYT)

The New York Times, October 16, 2006

Mary Rosati, a novice training to be a nun in Toledo, Ohio, says that after she received a diagnosis of breast cancer, her mother superior dismissed her. If Ms. Rosati had had a nonreligious job, she might have won a lawsuit against her diocese (which denies the charge). But a federal judge dismissed her suit under the Americans With Disabilities Act, declining to second-guess the church's "ecclesiastical decision."

Ms. Rosati's story is one of many that Diana Henriques told in a recent Times series examining the fast-changing legal status of churches and religious-affiliated institutions. The series showed that the wall between church and state is being replaced by a platform that raises religious organizations to a higher legal plane than their secular counterparts.

Day care centers with religious affiliations are exempted in some states from licensing requirements. Churches can expand in ways that would violate zoning ordinances if a nonreligious builder did the same thing, and they are permitted, in some localities, to operate lavish facilities, like state-of-the-art gyms, without paying property taxes.

Some of the most disturbing stories, like Ms. Rosati's, involve employment discrimination. Ms. Henriques told of a New Mexico rabbi who was dismissed after developing Parkinson's disease and found himself blocked from suing, and of nurses in a 44,000-employee health care system operated by the Seventh Day Adventists barred from joining unions.

Religious institutions should be protected from excessive intrusion by government. Judges should not tell churches who they have to hire as ministers, or meddle in doctrinal disputes. But under pressure from politically influential religious groups, Congress, the White House, and federal and state courts have expanded this principle beyond all reason. It is increasingly being applied to people, buildings and programs only tangentially related to religion.

In its expanded form, this principle amounts to an enormous subsidy for religion, in some cases violating the establishment clause of the First Amendment. It also undermines core American values, like the right to be free from job discrimination. It puts

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secular entrepreneurs at an unfair competitive disadvantage. And it deprives states and localities of much-needed tax revenues, putting a heavier burden on ordinary taxpayers.

Like most special-interest handouts, these privileges exist in large part because the majority is not aware, or is not being heard. With property taxes growing ever more burdensome, it is likely that localities will start to give religious exemptions closer scrutiny. People who care about discrimination-free workplaces, the right to unionize and children's safety should also start to push back.

In a few places, at least, that has started. After Texas exempted religious day care centers and drug-treatment programs from state licensing, a study found that the "alternatively accredited" facilities had 10 times the rate of abuse and neglect of the others, and several were investigated. In 2001, the Texas Legislature, no enemy of organized religion, did the right thing and ended the exemption.

The New Finger On The Nuclear Button (USNEWS)

By Thomas Omestad

U.S. News and World Report, October 16, 2006

North Korea proclaimed it part of a "great leap forward." But to most, it looked like a huge step back. Last week's announced test explosion of an atomic bomb deep inside a North Korean mountain tunnel heralds an ominous new era in northeast Asia. It also, arguably, marks a historic policy failure-one decades in the making-that risks tragic consequences far beyond the Korean peninsula.

If the seismic event detected around the world is confirmed as a nuclear blast-and so far it has not been-the impoverished, hunger-ridden North will have managed to join the elite global club of declared nuclear powers. In the amoral logic of nuclear weapons, that may well confer more staying power to the hard-line regime. And it will put more pressure on its neighbors-especially Japan and South Korea-to eventually consider going nuclear. The problem of separating North Korea from its nuclear arms and ambitions, in other words, has just gotten a lot more difficult. "This is a whole new world," worries Michael Green, a former Bush administration national security official now with Georgetown University and the Center for Strategic and International Studies. "There is no example of rolling back a rogue state to rid it of nuclear weapons."

Sanctions. North Korea's latest move triggered uncommonly swift action at the United Nations Security Council, which plans to castigate the North and last week debated how far to go with sanctions. The toughest measures advocated by the Bush administration-to curtail suspect financial transactions with North Korea and force inspections of cargo heading into and out of the country-are opposed by China and Russia. Their argument: Pyongyang would see such interdictions as an act of war.

Hanging over these developments is some uncertainty about just what, exactly, North Korea did. U.S. spy planes last week cruised over the Sea of Japan, armed with sensors to detect radiation and other signatures of an atomic explosion. More will follow. Seismic sensors indicated a subkiloton explosion-unexpectedly small and possibly indicative of a faulty test or design. Or even of a massive conventional bomb portrayed as atomic. Another explanation: that the mountain cavern muffled the blast. The working assumption, an intelligence official tells U.S. News, is that it was a nuclear test, albeit "more a fizzle than a pop."

The explosion, in any event, has sparked an election-year scrap over President Bush's policy on North Korea-a policy reflecting a precarious balance between hawks who promote regime change and others who favor engagement. Some administration hard-liners contend that a nuclear test would be a "clarifying" event, affirming North Korea's status as an international outlaw and bringing countries like China and Russia closer to Bush's preference for pressuring Pyongyang. But, as it has before, Pyongyang seemed almost driven to defy Washington's warnings. Not surprisingly, as a senior U.S. official noted, "we're not fond of using the words red line."

"Stalker state." Democrats charge that Bush's approach has been a strategic blunder, with North Korea having expanded its plutonium stash from enough for one or two bombs at the start of his administration to enough for about a dozen now-all while refusing to allow direct talks with the North outside of six-nation nuclear negotiations. Bush blamed Kim's "intransigence" for the collapse of those negotiations, denying any failure of U.S. policy. Administration officials said that the test had deepened suspicion among advisers that North Korea-which has pursued nuclear technology for decades-intends to keep an arsenal regardless of what inducements are dangled. For its part, the North claims that it still wants a denuclearized Korean peninsula.

When Outlaws Get The Bomb (TIME)

By Bill Powell

Time, October 16, 2006

The tremor out of the far north of the People's Democratic Republic of Korea was unremarkable. It registered a magnitude 4.2, a light earthquake. Its significance had to be declared by its perpetrator, the unpredictable regime of Kim Jong Il. North Korea, one of the poorest and most hermetic nations on earth, was claiming a successful underground nuclear bomb test and

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entry into the once exclusive club of nuclear powers as member No. 9. "More fizzle than pop," said a U.S. intelligence source dismissively, though he conceded the blast was likely to have been nuclear. A sniffer plane would later pick up hints of radiation in the atmosphere. Days of diplomatic consternation ensued at Pyongyang's announcement, and after stops and starts, the U.N. Security Council imposed sanctions on North Korea, demanding that it dismantle its nuclear-arms program. It also banned the sale of conventional weaponry and luxury goods to the country. Pointing at Washington as its nemesis, Pyongyang said any increased American military pressure would be deemed a declaration of war.

Welcome to the bad new world. As crude as the North Korean blast was, it punctuated a scary fact: the rules that governed the nuclear road during the cold war and its immediate aftermath have become irrelevant, replaced by the law of the jungle--every state, rogue or otherwise, for itself. The risk now, says former Clinton Administration Defense Department official Graham Allison, is the emergence of a more dangerous nuclear age. Pyongyang's test, says Allison, threatens to set off a "cascade" of nations seeking the ultimate weapon. "The North Korean test blew a hole in the nonproliferation regime of Northeast Asia," says Allison. "I think this is bad news for the country, bad news for the region, bad news for the world."

What we have now is not a tight club of nuclear powers with interlocking interests and an appreciation for the brutal doctrine of "mutually assured destruction" but an unpredictable host of potential Bomb throwers: a Stalinist Bomb out of unstable North Korea; a Shi'ite Bomb out of Iran; a Sunni Bomb out of Pakistan; and, down the road, possibly out of Egypt and Saudi Arabia as well; and, of course, an al-Qaeda Bomb out of nowhere. Israel is a nuclear power already. And Turkey may just decide it had better be too. Even Japan and South Korea could eventually move toward the Bomb, if they feel the U.S. nuclear umbrella begins to fray in East Asia. What are the consequences for the U.S. and the rest of the world? Are we in an era of barely controlled proliferation, in which countless nations must at least consider the possibility of going nuclear? Or are those fears, in the wake of the North Korean test, overblown? Is there still time to manage the situation?

THE CASCADE STARTS HERE

The North Korean incident impetus to what appears to be a determined push by Iran to acquire the capability to produce its own nuclear bomb. Tehran insists it is interested only in a civilian nuclear program for energy purposes. The main outside players--the U.S., the European Union, the International Atomic Energy Agency (IAEA)--are increasingly skeptical about those claims but thus far have been powerless to do much about it. Western intelligence agencies assume Iran could become the next nuclear power if it proceeds undeterred with its clandestine program. Like North Korea, Iran is a signatory to the Nuclear Nonproliferation Treaty (NPT), the diplomatic edifice erected in 1970 precisely to deter countries from going nuclear. (Pyongyang formally withdrew from the NPT in 2003.) The North Korean test, says General Giora Eiland, Israel's former National Security Adviser, means "Iran will reach the obvious conclusion--that nobody will stop them."

"If Iran goes nuclear militarily," says an Egyptian official, "others will not sit idly by." The official says Turkey would think seriously about going nuclear, and if "Iran, Israel and Turkey are all nuclear, the Arab states would feel they have no choice but to follow. Forget about eradicating poverty, all efforts will go into acquiring nuclear technology." In a private memo he wrote on May 1, which was reported in a Bob Woodward article in the Washington Post on Oct. 8, Defense Secretary Donald Rumsfeld noted that at least two Middle Eastern states--which he did not name--have been thinking about developing nuclear weapons. In all likelihood, he was referring to Egypt--which has a civilian nuclear program for its energy needs--and Saudi Arabia. The leaders in the Arab world have made due note of Iranian President Mahmoud Ahmadinejad's success in using the pursuit of nuclear power as a way to rally popular support.

When Pyongyang declared the success of its test, Japan swore it would continue to abjure nuclear arms. At a minimum, however, the incident will surely spur Japan's efforts to develop a missile-defense system in cooperation with the U.S. That, in turn, is bound to anger China and could push Beijing to spend more on nuclear weapons to ensure that Japan doesn't feel invulnerable. An icy East Asian cold war and a very hot arms race between Japan and China are a greater prospect now than they were a week ago.

And while Tokyo seems sincere about not going nuclear now--the antinuclear sentiment in that country, for obvious reasons, runs strong and deep--there are limits to how secure Japan may come to feel under the U.S. nuclear umbrella. If North Korea proves capable of putting a nuclear warhead on a missile that can reach the U.S.--it already has short-range missiles capable of reaching Tokyo--the strategic game changes. If North Korea could nuke Japan, or blackmail it, while credibly threatening to strike the U.S. with a nuclear warhead, would Japanese officials truly believe the U.S. would retaliate against Pyongyang--and risk a North Korean nuke landing in Honolulu? The day may come when Tokyo will have to make that precise calculation.

WHAT ABOUT AL-QAEDA?

Ashton Carter, a counterproliferation expert at Harvard, believes the risk of nuclear proliferation out the back door of a rogue state is increasing. North Korea or Iran could conceivably sell a bomb to a terrorist group, and Osama bin Laden is unlikely to be put off by traditional methods of deterring a nuclear attack. That means plugging the source. Says Derek D. Smith, author

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of Deterring America: Rogue States and the Proliferation of Weapons of Mass Destruction: "If you can't deter the terrorist organizations, you'd better be sure to deter whoever is supplying them."

Reacting to the blast, President Bush said, "The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable of the consequences of such action." That was an explicit embrace of Graham Allison's concept of "nuclear accountability." Thus, according to Allison, if Kim Jong Il were to sell a weapon to bin Laden and that weapon were used against the U.S. or one of its allies, then the principle would require the U.S. to "treat this precisely like a nuclear-tipped-missile attack" and retaliate against Pyongyang. "That danger [of North Korean proliferation] has always been there," says Michael Green, until last year a senior staff member on the National Security Council. "But North Korea has a mailing address, and they know it. If there was a nuclear explosion somewhere, it would probably be traced back to them, and their country would be destroyed. That's a deterrent."

The Pentagon and the IAEA both devote considerable resources to the task of identifying the source of any bomb that is tested. Still, tracking the source of nuclear material is a complex, difficult endeavor--one that is hardly guaranteed success. To this day, there are questions about the origins of the material that Pakistani nuclear scientist A.Q. Khan sold to Libya. Among the material that Libya turned over after it abandoned its program was a precursor to highly enriched uranium--uranium hexafluoride. U.S. intelligence agencies believed it came from North Korea but spent months trying to prove it. They still haven't.

THE CASE FOR STAYING CALM

It is perhaps surprising at a moment when one of the world's most isolated and despotic regimes says it has gone nuclear that some current and former security strategists view Kim Jong Il's move as far less than a disaster. No one, to be sure, regards it as a good thing. But it is possible to view the test--and the state of play in the nuclear world more broadly--in more apocalyptic terms than is warranted. Many question, for example, Allison's argument that North Korea will unleash a sort of nuclear domino effect--with one country after another scrambling to get nukes. Take, for example, the nonnuclear countries in East Asia closest to North Korea: South Korea, Japan and Taiwan. All are wealthy, technologically sophisticated countries that could go nuclear in a heartbeat. (South Korea had a clandestine nuclear-arms program in the mid-1970s.) But all reside snugly under the so-called U.S. nuclear umbrella--any attack by Pyongyang would bring the full destructive force of the U.S. military in response. And last week all swore off any notion that North Korea's test would make them rethink their policy of eschewing nukes.

Indeed, since the end of the cold war in 1991, not all the news on the nuclear front has been bad. South Africa, Ukraine and, more recently, Libya all willingly gave up nuclear weapons or the pursuit of them. Brazil and Argentina formally abandoned any thought of going nuclear. "I would also disagree with the basic premise that the pressure is all in the direction of going nuclear," says Mark Fitzpatrick, a proliferation expert at the International Institute for Strategic Studies in London. The North Korea test, he says, will have only marginal effects on how other countries view their own security and the role nukes should play in them.

And some are dusting off the cold war theory that nukes are inherently stabilizing. "Nuclear weapons increase the international responsibility of every state that has acquired them," says a British general. Even Pakistan, roundly condemned as a rogue for its nuclear test in 1998 (conducted in response to India's tests held a couple of weeks earlier), is now viewed, as Fitzpatrick puts it, as a "responsible" nuclear state. It has not gone to war with India, its archrival, and--precisely because war now brings risk of nuclear annihilation on both sides--that prospect is less likely than it was before Pakistan joined India. Deterrence worked during the cold war, and it can work now.

MANAGING THE NEW RISK

What, then, can be done to rein in countries like North Korea? Pyongyang is especially prickly and dangerous, and already holds 10 million residents in the South Korean capital as virtual hostages. Seoul is only 30 miles from the border and has always lived under the threat of immediate destruction from North Korean firepower. Says a senior U.S. military officer: "[It is] within easy and rapid range of perhaps 10,000 artillery tubes with a 57-second flight time. That can cause World War II--size casualties." And that's without nuclear weapons. Now, unless the U.S. goes back to the bargaining table and somehow entices North Korea to give up its nuclear weapons--something most experts believe is unlikely--deterrence and containment become even more important. "The tactical game with North Korea--trying to get them to stand down their nuclear program--is now pretty much over," says Henry Sokolski, a former Defense Department nonproliferation expert in George H.W. Bush's Administration. "Now it's a strategic game, containing them and waiting for the regime to collapse."

The international community can also make it difficult for rogue nuclear states to make a buck off their new technology. To its credit, the Bush Administration has implemented the Proliferation Security Initiative (PSI), a program now involving about 80 countries. They work to interdict material and equipment they believe is headed for use in the production of weapons of mass destruction. The U.S. and its allies credit improved intelligence sharing and cooperation for successes like the October 2003 interdiction of the German-owned ship BBC China, which was intercepted carrying centrifuge components to Libya. But there are still huge gaps. The PSI relies on "actionable" intelligence, and Representative Pete Hoekstra, chairman of the House

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Intelligence Committee, acknowledges that U.S. human-intelligence assets in "hard targets" like North Korea are sorely lacking. Says Derek Smith: "It really comes down to having the intelligence capability to be able to determine which modes of transferral are going to be used, so you know which ship to go after. Certainly, we're not going to be able to put a blockade in place on air, sea and land all around North Korea."

China, which has not signed on to the PSI, has been a valuable partner. This summer North Korea conducted conventional- missile tests--in defiance of its chief patron Beijing and the rest of the world. And now China, which has sold conventional missiles to Iran in the past, is stepping up efforts to deter Pyongyang from moving missile and missile-related technology to Iran. A high-ranking diplomat in East Asia tells TIME that China has denied overflight rights to North Korean aircraft bound for Tehran.

Overshadowing everything is the reality that this is a different world from the one that existed during the cold war--and the established powers are at sea in trying to cope with it. Defense intellectuals like Thérèse Delpech, director of strategic affairs at the Atomic Energy Commission in France, reject classic deterrence theory as a model for today's nuclear age. "The new actors, such as Ahmadinejad or Kim, are much more prone to act [impulsively] rather than like the United States or the Soviet Union" during the cold war, she asserts. And even if that's not true--Iran's Ayatullahs and Kim may want nukes primarily to secure their hold on power--there is little question that the world faces big problems dealing with the new nuclear challenges. "The United Nations keeps pushing back deadlines, and the matters at hand get more and more serious," says Delpech. "There has to be the will among the principle powers to recognize that proliferation has to be viewed in a way that goes beyond parochial national interests."

Is there that will? The Bush Administration insists there is, and that cooperation among the Western allies will ultimately rein in North Korea and deter future nuclear wannabes like Iran. Yet that may be more hope than reality. Says Delpech: "We're now facing two very grave cases of proliferation at the same time, and we have to use this moment of condemnation to pull the [established world] powers together." But considering how long it took for the Security Council to ban the sale of luxury goods to Pyongyang, time does not appear to be on our side. [This article contains a diagram. Please see hardcopy or pdf.] NUCLEAR WORLD

North Korea is defiantly rushing to become the ninth country on earth to have the Bomb. President Bush has said the U.S. "will not tolerate" a nuclear North Korea, but containment may be the only viable option remaining

·Countries with nuclear weapons; Nuclear Nonproliferation Treaty (NPT) signatories

·Countries with the ability to develop nuclear weapons

·Countries with nuclear weapons; not NPT signatories ·Argentina, Brazil, Chile

·South Africa

France

Britain Israel Unconfirmed arsenal Iran Suspected program Pakistan Russia

China

North Korea Testing weapons

India

·Indonesia, Australia The U.S. and Russia control most of the world's nuclear warheads. Those stockpiles are shrinking, but other countries are pursuing nuclear weapons Deployed nuclear weapons, in thousands 1950-2000 U.S. U.S.S.R/Russia Others

Estimated nuclear stockpiles, 2005

Russia 8,800 inactive 7,200 deployed U.S. 10,315

Est. warheads

China 410 France 350 Britain 200 Israel 100-170 India 75-110 Pakistan 50-110 North Korea Unknown

Russia has about 8,800 warheads in reserve or awaiting dismantling

In addition to the known nuclear powers, North Korea says it has nuclear weapons. Iran could be next

Sources: Carnegie Endowment for International Peace; Natural Resources Defense Council

U.S. Expects China To Lead On Sanctions (WT)

By Brian Debose

The Washington Times, October 16, 2006

Top U.S. diplomats yesterday said they expected China to enforce sanctions unanimously passed by the U.N. Security Council to curtail North Korea's pursuit of nuclear weapons.

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In an appearance on CBS' "Face the Nation," Secretary of State Condoleezza Rice said China, which shares an 880-mile border with North Korea and is Pyongyang's principal trading partner, would shoulder the major responsibility of stopping trade with the isolated communist state. Without China's cooperation on enforcement, sanctions likely would be ineffective.

"North Korea has a long border, as you say, with China. It also has very close relations with China, but China has come a very long way in being willing to sign on to a resolution that makes China now responsible to make certain that North Korea's not trading," said Miss Rice, who leaves tomorrow for a diplomatic trip to Asia, including a stop in Beijing.

"I'm quite certain that China is going to live up to its responsibilities," she said.

John R. Bolton, the U.S. ambassador to the United Nations, made similar comments yesterday, saying that North Korea's apparent nuclear test "had to have been humiliating to China," which had been protecting Pyongyang from international sanctions for years.

China's cutting its support "would be powerfully persuasive in Pyongyang," he said. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

The final resolution passed by the Security Council on Saturday demands that North Korea scrap its nuclear-weapons program but rules out military action against the country, on the demand of the Russians and Chinese. It also orders countries to prevent North Korea from importing or exporting any material for ballistic missiles and to freeze the assets and restrict the travel of people or businesses connected to the country's nuclear and missile programs.

That resolution passed by the Security Council is weaker than an earlier version that called for mandatory searches of ships entering and leaving North Korean waters and seizures of any weapons or goods that could be used to create a nuclear weapon. China, rejected that version along with Russia.

"Let's remember, the inspections are a tool to effectuate the sanctions themselves. China voted in favor of the resolution. They eventually agreed to even broader sanctions," said Mr. Bolton on ABC's "This Week."

"This means China itself now has an obligation to make sure it complies with the resolution, and it has full national authority on its side of the border to conduct any inspections it wants," he said.

But China urged caution in a statement posted yesterday on its Foreign Ministry Web site.

"We call for relevant parties to be restrained and calm, adopt a cautious and responsible attitude to prevent the situation from worsening and break the stalemate as soon as possible so that process of the six-party talks can resume," ministry spokesman Liu Jianchao said.

Miss Rice said she would discuss with China's leaders the best methods and procedures for enforcing the sanctions, adding that forcible searches on the high seas might not be the best way to handle the situation.

"I think that we don't want to get out ahead of ourselves. ... But we'll want to use [sanctions] in a way that does not enhance the possibility for open conflict," she said.

In an appearance on CNN's "Late Edition," Mr. Bolton said the U.S. "had not proposed" a blockade of North Korea.

"The overwhelming predominance of the inspections would take place in ports and at land crossings," he said.

North Korea immediately denounced the resolution, and its U.N. ambassador walked out of the council chamber after accusing its members of a "gangsterlike" action that neglects the threat that Pyongyang says is posed by the U.S.

Japan and Australia have pledged immediate enforcement of the penalties, including sending their warships, and said they were considering harsher measures on their own.

South Korea, which has taken a conciliatory approach to Pyongyang and has provided its neighbor with aid, said it would abide by the resolution's terms but did not say how. Its Unification Ministry, which handles dealings with the North, indicated that the sanctions would not affect a tourism venture and a joint industrial complex in the North, saying the "projects have nothing to do with the weapons of mass destruction program."

In Seoul last night, Russian and South Korean diplomats agreed to try to restart the six-nation talks on North Korea's nuclear program.

"The North Korean side several times returned to the point that the six-sided process should continue," Russia's Deputy Foreign Minister Alexander Alexeyev said about his meetings Friday in Pyongyang.

But Chun Yung-woo, South Korea's main nuclear negotiator, said, "We have to see how North Korea will respond to the sanctions. After then, we can confidently talk about the diplomatic process."

The six-party talks involve the U.S., Russia, China, Japan, North Korea and South Korea.

·This article is based in part on wire service reports.

U.S. Seeks Asian Support On Squeezing Pyongyang (WSJ)

By Neil King Jr. And Evan Ramstad

The Wall Street Journal, October 16, 2006

DOJ_NMG_0080911

Armed with a United Nations resolution condemning North Korea for its apparent test of a nuclear weapon, U.S. Secretary of State Condoleezza Rice will head to Asia tomorrow to try to enlist Chinese and South Korean help in further isolating the North, while reassuring Japan that its alliance with the U.S. is stronger than ever.

On Saturday, the U.N. Security Council voted to ban trade with North Korea of most weapons and all luxury goods, condemning Pyongyang for last Monday's detonation, which mounting evidence suggests was a nuclear test. But, having decided on penalties, the U.S. and others must now figure out how to impose that punishment.

A fundamental disagreement remains between China, Russia and South Korea and other countries, such as the U.S. and Japan, over how tough to be on the North and its leader, Kim Jong Il. For one thing, neighbors such as South Korea and China worry they'll pay the price of a refugee crisis if the Kim regime collapses.

Some are already resisting key terms of the U.N. sanction. For example, although China voted for the penalties, its U.N. ambassador, Wang Guangya, said afterward that Beijing found the provision allowing the boarding of ships to inspect cargo unacceptable. In South Korea, the chairman of the ruling Uri Party urged the country's leaders not to go along with cargo inspections.

China's Mr. Wang also questioned the ban on luxury goods, noting that the sanction didn't define them. "Luxury goods can mean many things for different people...if they don't have [them]," he said. For years, the North's leader, Mr. Kim, has rewarded the country's elite and military for their loyalty by providing them with cars, food and TVs, even as millions of ordinary North Koreans have lived with little food or electricity.

As it was, the resolution, which the Security Council passed in a rare Saturday meeting after days of negotiations, had already been weakened during the course of various drafts. China and Russia had objected to earlier U.S. proposals that they feared would endorse a full-blown military embargo on North Korea and serve as a pretext for potential military action.

The resolution passed Saturday demands that North Korea get rid of its nuclear weapons but bars military action against the country and limits a military embargo to heavy equipment such as ballistic missiles, aircraft, tanks and ships. As North Korea's closest ally, China also objected to language that would have authorized the U.S. and others to stop North Korean ships to search for banned products. The Security Council instead settled for less-formal language calling for "cooperative action" on cargo inspection.

The resolution does tighten restrictions on military sales to North Korea and requires states to seize funds and ban travel for officials involved in North Korea's nuclear program. And the measure increases the ability of states to inspect cargo going to and from North Korea.

Despite the watering down of Washington's original proposals, U.S. officials cheered the resolution passed Saturday, with President George W. Bush praising the "swift and tough" penalties, and repeating the longstanding U.S. offer of economic assistance for the North if it verifiably ends its nuclear-weapons program.

North Korea's U.N. representative, Pak Gil Yon, strongly protested the U.N. sanctions and repeated his country's desire for two-way discussions with the U.S. He said North Korea "would feel no need to possess even a single nuke when it is no longer exposed to the United States' threat, after it has dropped its hostile policy towards [the North], and confidences have been built between the two countries." The U.S. has rebuffed Pyongyang's calls for bilateral talks, and Saturday's resolution calls on North Korea to re-enter six-way talks with the two parties, plus China, Russia, Japan and South Korea.

U.S. officials say that a top objective of Ms. Rice's trip will be to encourage both China and South Korea to cooperate with Japan and the U.S. on monitoring cargo flows to and from the isolated communist state. The U.S. wants both countries to participate in an antiproliferation initiative that Washington launched in 2003 to crack down on the flow of nuclear materials and missile technology to countries such as North Korea and Iran.

U.S. officials now say they have picked up evidence of radioactive debris that appears to confirm that North Korea did test a nuclear device, though a final determination has yet to be made.

Ms. Rice will stop first in Japan, where the government has moved rapidly to impose its own restrictions on trade with North Korea. While there, Ms. Rice will seek to ease jitters in Tokyo over North Korea's nuclear advances and to reaffirm that the U.S. is prepared to help defend Japan from any outside attacks. The U.S. is concerned that saber-rattling in North Korea could lead Japan and others in Asia to pursue their own nuclear weapons, further destabilizing the region.

Ms. Rice will then travel to Seoul and Beijing, and possibly to Moscow on the way home. Rice aides say one theme throughout the trip will be U.S. hopes that North Korea's recent action will spur moves toward greater security cooperation in Asia, where bitter divisions, going back decades, have prevented the region from developing anything like what the North Atlantic Treaty Organization is for Europe.

"There are no existing...pan-Northeast Asian security structures there," said State Department spokesman Sean McCormack. "Those are discussions that are worth having."

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While no regional gathering is planned for this trip, Ms. Rice may push for a meeting next month of Asia's major powers, plus the U.S., perhaps on the sidelines of the Asia-Pacific Economic Cooperation forum in Hanoi in mid-November. The point of such a gathering would be to talk about strengthening the regional security architecture to meet the North Korean challenge, U.S. officials said.

Diplomats began talking yesterday about how to resolve the differences over the U.N. resolution's provisions and about options for carrying out the order. Russian Deputy Foreign Minister Alexander Alexeyev, t he first foreign official to visit Pyongyang after the test, arrived in South Korea yesterday to discuss what he had learned there. Meanwhile, the chief U.S. diplomat for Asia, Christopher Hill, left Washington for Japan, to be followed by Ms. Rice.

Before the vote, Chinese leaders had hosted South Korean President Roh Moo Hyun for a summit meeting on Friday. In a statement issued after the summit, the two countries said it is an "absolute necessity" to resolve the North Korean nuclear issue "through dialogue while putting the highest priority on a stable denuclearization of the Korean peninsula."

China Hedges On Enforcing N. Korea Penalties (USAT)

USA Today, October 16, 2006

The Bush administration pressed China on Sunday to help enforce sanctions that the United Nations imposed on North Korea after that country announced it had tested a nuclear weapon.

China joined the rest of the U.N. Security Council in voting 15-0 Saturday for a range of sanctions against North Korea. The impact of the vote was undercut immediately by suggestions from China that it might not help carry out inspections of ships and cargo entering and leaving North Korea.

Chinese cooperation on enforcement will be on the agenda when U.S. Secretary of State Condoleezza Rice visits China, Japan and South Korea this week.

“I'm quite certain that China will live up to its responsibilities,” Rice told Fox News Sunday. “I'm quite certain that China has no interest in seeing the proliferation of dangerous materials from North Korea.”

Much of the cargo in and out of North Korea passes through China.

Rice said the sanctions might not be strong enough to persuade North Korea to return to negotiations on halting its nuclear program. “There may be other steps that will be necessary, given North Korea's behavior,” she said.

The U.N. sanctions were not tough enough for Japan. It imposed penalties of its own, including a ban on all North Korean imports. Prime Minister Shinzo Abe said Japan could take further action.

John Bolton, U.S. ambassador to the U.N., emphasized the importance of North Korea's traditional allies Russia and China in persuading the communist regime in Pyongyang to return to negotiations. “The pressure we hope they will apply on Pyongyang, together with these very significant sanctions … could have an impact.”

Sen. Carl Levin, D-Mich., ranking Democrat on the Senate Armed Services Committee, questioned the effectiveness of sanctions.

“The Chinese already said that they're not going to enforce inspections against goods going into North Korea,” Levin said on CNN's Late Edition. “There's no way a sanctions regime can work.”

Sen. Chuck Hagel, R-Neb., a member of the Senate Foreign Relations Committee told CNN, “We're not going to resolve the issue … through a sanction.”

Jack Pritchard, former U.S. envoy in talks with North Korea during President Bush's first term, said the U.N. resolution is “clearly less than what the U.S. would have liked but about the best it could hope to get.”

China and other countries want to signal North Korea that “it's not business as usual” after last week's claim of a nuclear test, Pritchard said. North Korea's closest neighbors, however, are reluctant to endorse steps that could lead to armed conflict or bring down the North Korean regime, he said.

A collapse of the regime could lead to a flood of refugees into South Korea, China and Russia, the nations that border North Korea.

Others were more upbeat about the resolution's chances of slowing North Korea's ability to amass nuclear weaponry.

Michael Green, who handled Asia matters on the White House National Security Council from 2001 to 2005, said the resolution's provisions regarding North Korean financial assets “will completely clog up North Korean bank accounts” abroad and hurt its ability to buy weapons materials.

“What the resolution will not do,” Green said, is “cause the regime to collapse or cry uncle anytime soon.”

US Expects China To Act Against N Korea (FT)

By Stephanie Kirchgaessner And Anna Fifield

Financial Times, October 16, 2006

DOJ_NMG_0080913

The US said on Sunday it expected China to play a decisive role in enforcing sanctions against North Korea, brushing aside suggestions that Beijing was not committed to a United Nations resolution against its reclusive ally.

The message comes just days before Condoleezza Rice, Secretary of State, heads to Japan, South Korea and China on a diplomatic mission to negotiate how Saturday's UN resolution should be enforced.

Ms Rice told Fox News Sunday on Sunday: "This is the toughest action that China has ever signed on to vis-à-vis North Korea."

Her remarks that she was "quite certain" China would live up to its responsibilities countered an earlier statement by Wang Guangya, Chinese ambassador to the UN, who said China did not approve of inspecting cargo to and from North Korea and urged restraint from "provocative steps".

John Bolton, the US ambassador to the UN, emphasised that China had a "heavy responsibility" to influence Pyongyang. In response to a question about China's trade with North Korea, Mr Bolton said it would be "powerfully persuasive" if China moved to cut off food and energy supplies to its neighbour.

Mr Bolton also said on ABC's This Week that the supposed nuclear test performed by North Korea last week "had to have been humiliating to China".

"After all of the efforts they've made over the years to protect North Korea, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing. And I think we're still seeing that play out."

North Korea on Saturday accused the UN of acting in a "gangster-like" way in imposing the sanctions, declaring that it would not give in to the US and might even detonate another device.

The UN resolution labelled the test a "clear threat to international peace and security". It will allow countries to stop cargo going to and from North Korea to check for weapons of mass destruction (WMD) or related supplies. The resolution also bans trade in heavy conventional weapons and luxury goods and urges countries to freeze funds connected with North Korea's non-conventional arms programmes.

The South Korean government, which has traditionally been reluctant to take tough action against its neighbour for fear of antagonising or destabilising the regime of Kim Jong-il, vowed to support the resolution and urged a return to six-party talks to resolve the stand-off.

Seoul is also warming to the idea of joining, or at least supporting, the proliferation security initiative, a scheme to stop the proliferation of WMD by interdicting ships or aircraft suspected of carrying them.

Taro Aso, Japan's foreign minister, said on Fuji TV that his country was considering passing a new law to make it easier to participate in UN-led inspections on cargo moving in and out of North Korea. Japan might also use an emergency law for the first time that would allow it to provide support to US forces in areas surrounding Japan, he said.

Separately, Shinzo Abe, Japan's prime minister, said the government was considering additional unilateral sanctions should Pyongyang carry out a second nuclear test. This came as Alexander Alexeyev, Russia's deputy foreign minister and its chief negotiator in the six-party talks involving North Korea, returned from Pyongyang.

"They said that only after analysing the UN resolution would they plan the subsequent character of their actions . . . including in relation to the resumption of the six party process," he told the RIA-Novosti news agency.

U.S. Officials Call On China To Help Enforce U.N. Resolution On N. Korea (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, October 16, 2006

One day after passage of a U.N. Security Council resolution punishing North Korea for its apparent test of a nuclear weapon, senior U.S. diplomats said yesterday that China must help enforce it and use economic leverage to compel Pyongyang to return to disarmament talks.

The resolution, passed unanimously, calls on states to prevent North Korea from selling or buying certain banned weapons and technology. But China said Saturday that Beijing would not inspect cargo entering or leaving North Korea, for fear of raising tensions in the region.

China's unwillingness to act against its longtime ally raises the stakes for Secretary of State Condoleezza Rice's diplomatic mission to Northeast Asia later this week. Ever since the current nuclear crisis with North Korea began in 2002, the Bush administration has relied heavily on China to use its influence with North Korea's leaders. But Beijing's caution has frequently disappointed U.S. officials.

U.S. Ambassador to the United Nations John R. Bolton said on ABC's "This Week" that China had a "heavy responsibility" now that Pyongyang has detonated a nuclear device. "This test by the North Koreans had to have been humiliating to China," he added.

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Rice, who along with Bolton made the rounds of the Sunday talk shows, said on CBS's "Face the Nation," "You're going to find China carrying out its responsibilities, undoubtedly carrying it out in a way that it believes will not enhance conflict. None of us want to enhance conflict with these measures. We just want to keep North Korea from trading in dangerous materials."

U.S. officials said yesterday that they were pleased with the terms of Resolution 1718, which bans North Korean trade in materials linked to its weapons of mass destruction program, ballistic missiles, high-end conventional weapons -- including warplanes and battle tanks -- and luxury goods. It will create a U.N. committee to monitor the sanctions' effectiveness and to draw up a list of individuals and institutions linked to North Korea's weapons programs. They will be prohibited from traveling abroad, and most of their financial assets will be frozen.

China, which shares an 880-mile border with North Korea, has generally argued that pressure on its neighbor would be counterproductive. It frequently lured North Korea back to six-nation negotiations on Pyongyang's nuclear programs with tens of millions of dollars in payments -- in one case, China even provided North Korea with a glass factory.

In April 2005, when North Korea was boycotting an earlier round of the talks, China rejected a U.S. suggestion of a "technical" interruption in the supply of oil to North Korea, which imports all the oil it consumes.

U.S. officials continue to believe a fuel cutoff would be devastating to the North Korean government. Bolton said yesterday that if China were to interrupt energy supplies or other aid to North Korea, "it would be powerfully persuasive in Pyongyang."

Rice stressed on "Fox News Sunday" that the U.N. resolution passed very quickly, even though it required China to vote against its communist neighbor.

"This is the toughest action that China has ever signed onto vis-Ã -vis North Korea," she said. "It sends a very strong signal to North Korea that it is now completely isolated. You cannot underestimate how big a blow it is."

Questions Grow Over U.N. Curbs On North Korea (NYT)

By Norimitsu Onishi

The New York Times, October 16, 2006

TOKYO, Monday, Oct. 16 — Questions over the effectiveness of the Security Council's punitive sanctions on North Korea for its claimed nuclear test grew Sunday, as both South Korea and China — the North's two most important trading partners — indicated that business and economic relations would be largely unaffected.

A day after the Council unanimously passed the resolution, following nearly a week of intensive diplomatic negotiations, the South Korean government said it would still pursue economic projects with North Korea, including an industrial zone and tourist resort in the North. Those projects are not explicitly covered by the Security Council resolution, but they are an important source of hard currency for the North.

China, which shares a 870-mile porous border with North Korea and is perhaps its most critical economic gateway to the outside world, said Saturday that it had no intention of stopping and inspecting cross-border shipments, as called for, but not specifically required, in the resolution. The Chinese government said nothing on Sunday about how it intended to carry out the sanctions, and American officials said they would be focused on whether the normal trade flow across the border was slowed.

The relative silence on Sunday about how the resolution would be enforced, coupled with the vagaries of the resolution itself, raised concerns that the Security Council action would not have much of an impact for the foreseeable future.

"We're in the situation where everyone is saying what they won't do, but no one has yet said what exactly they will do," said Jonathan D. Pollack, a North Korea expert at the Naval War College in Newport, R.I. "The question for the next few days is what this all means, because there is a lack of specificity in the resolution."

North Korea, which announced last Monday that it had successfully detonated a nuclear device, has denounced the resolution, accused the Security Council of gangsterism and warned that any American pressure on the North Korean government would be regarded as an act of war. But North Korea has not specified what it may do next in response.

In Washington, Secretary of State Condoleezza Rice said that China was part of "a Security Council resolution that demands very clear cooperation of member states to make certain that dangerous goods are not getting in and out of North Korea," and added that she expected cooperation.

But in interviews on two Sunday television programs she acknowledged that exactly how China would cooperate remained unclear, and she hinted that the United States would not rush to interdict North Korean ships at sea, at least initially. Instead, she expects most searches to take place at ports, she said.

"This is a powerful tool, but it's also a tool that needs to be used carefully," she said, adding, "I don't think I want to speculate about how it's going to be used." Responding to statements by the Chinese ambassador at the United Nations that China would not interdict shipments at its border with North Korea, Ms. Rice said on "Fox News Sunday" that China's support of the resolution was effectively a pledge of "cooperation in stopping the proliferation trade with North Korea."

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She said she was “quite certain” that China would act in accordance with this objective, but she declined to offer details. The resolution approved Saturday condemning North Korea and calling for sanctions against it “came about more rapidly, perhaps, than any in recent memory of this magnitude,” Ms. Rice said on “Face the Nation” on CBS. “So there will be some matters to be worked out.”

In fact, under a loose coalition with other countries around the world known as the Proliferation Security Initiative, a few countries have already boarded ships to and from North Korea in ports throughout Asia. These countries have carried out naval exercises to practice for such interdictions. But their powers to intercept ships in international waters — except when they have permission of the owners, the captain or the country whose flag the ship is flying — have been murky, and remain so under the new Security Council resolution.

The resolution, drafted by the United States, bans trade with North Korea in materials linked with unconventional weapons, and authorizes countries to inspect cargo going into and out of the North. This last measure was diluted, however, by China’s insistence that the resolution state that countries be requested, not required, to do so.

In Japan, however, enthusiasm for the new resolution was greater. Hawkish politicians close to Prime Minister Shinzo Abe said the Japanese were prepared to assist the American military in inspecting North Korean ships despite Japan’s pacifist Constitution, and called for a debate on whether Japan should possess nuclear arms. Mr. Abe himself has said he has no intention of changing the government’s longtime ban on the weapons.

Like China, South Korea fears that inspecting North Korean ships by force could lead to a military confrontation. As a result, despite pressure from Washington, Seoul has not joined the three-year-old American-led Proliferation Security Initiative, concerned that intercepting North Korean weapons could begin such an encounter.

“We judged that the contents of the resolution of the U.N. Security Council do not directly affect the economic cooperation programs between the two Koreas, including Kaesong and Kumgang Mountain,” Choo Kyu-ho, the spokesman for the Foreign Ministry, said Sunday, referring to an industrial park and a tourist resort. “We will go ahead with the economic cooperation programs in harmony with the resolution.” Mr. Choo declined to say whether South Korea planned to proceed with long-held plans to expand the Kaesong industrial zone.

Such comments are bound to worry the Bush administration, however, because President Roh Moo-hyun of South Korea told President Bush in Washington last month that a North Korean nuclear test would drastically change the South’s policy, away from engagement and toward punishment.

Some Korea experts said that with the reluctance of China and South Korea to crack down on North Korea, as well as Russia’s initial unwillingness to take a hard line against the North, it was unclear how effective the sanctions would be.

“Limited sanctions and cooperation will continue, so we’re basically in the same boat as before,” said David C. Kang, a Korea expert at Dartmouth College who is visiting Seoul. “It’s untenable globally to oppose sanctions right now. So South Korea will go along with them for a while, put some projects on hold, but resume them in a year or sooner.”

Mr. Kang added: “The sanctions are at best kabuki theater. They’re not going to have much effect on North Korea’s behavior.”

China is opposed to restricting the flow of nonmilitary goods to North Korea, which remains one of the most impoverished and isolated countries and depends on that commerce for its economic survival. Chinese border cities like Dandong and Yanji are significant trading posts where North Korean trucks line up daily, stocking up on Chinese food and consumer goods.

China is also North Korea’s biggest supplier of oil, most of it shipped by rail. While the vehicles have to pass customs inspections on both sides, there is no indication that the Chinese strictly control what is sold to North Korea.

As North Korea’s largest trading partner, China accounts for nearly 39 percent of its imports and exports, followed by South Korea, which has a 26 percent share, according to the South Korean government.

Thailand, Russia, and Japan are the North’s other significant trading partners.

Most of the China-North Korea border is demarcated by the Yalu River. While troops patrol the border on both sides, it is widely considered porous, especially in the winter months when the Yalu freezes and people on both sides can cross without fear of detection.

China’s opposition to restricting the flow of nonmilitary goods to North Korea, and what appears to be its reluctance to inspect cargo shipments in or out of the country for materials banned by the United Nations sanctions, could sharply limit their effectiveness.

The utility of seaborne inspections of North Korea cargo ships by the United States or Japan could be undermined if the North Korean government determines that it can import or export goods covered by the sanctions through Chinese ports.

Even so, Beijing agreed to punitive sanctions on North Korea for the first time, and the details of their enforcement may take longer to negotiate. Whether they will be made public remains unclear. Government officials in China typically do not provide detailed information about policies relating to North Korea or other delicate matters.

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The resolution came as somewhat of a relief in South Korea, which is caught between its fear of destabilizing the North and its need to show solidarity with its American ally.

The South Korean government's engagement policy toward the North has been fiercely attacked by the political opposition in the last week. But experts said that the government's decision to press ahead with cross-border economic projects indicated that the South would stick to its engagement policy.

"The feeling is that the engagement policy itself was not to blame for the nuclear test," said Kim Sung-han, a senior analyst at the government-financed Institute for Foreign Affairs and National Security in Seoul. "The issue is how to implement it. Should there be more elements of dialogue or reciprocity? There is the feeling that implementation was not balanced enough. From now on, the government will be more realistic in implementing the engagement policy instead of giving it up altogether."

U.S. Presses China To Influence N. Korea (AP-Y)

By Foster Klug

AP-Yahoo, October 16, 2006

The U.S. ambassador to the United Nations said Sunday that China had a "heavy responsibility" to influence North Korea's behavior and urged Beijing to heed a U.N. resolution intended to punish the North for its claimed nuclear test.

John Bolton also said North Korea's Oct. 9 detonation amounted to a public humiliation for China, the North's major ally and supplier of crucial shipments of food and energy aid.

If China were to cut that support, Bolton said, it "would be powerfully persuasive in Pyongyang," the North's capital. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

Bolton and Secretary of State Condoleezza Rice played down suggestions that Beijing would balk at parts of Saturday's U.N. resolution against North Korea.

It demands that North Korea abandon its nuclear weapons program and orders all countries to prevent the reclusive nation from importing or exporting any material for weapons of mass destruction or ballistic missiles.

But China, which shares a long border with North Korea, said it would not go along with a call to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking in weapons.

But Secretary of State Condoleezza Rice, noting that China signed on to and voted for the resolution, said, "I'm quite certain that China is going to live up to its responsibilities."

Added Bolton: "China itself now has an obligation to make sure it complies with the resolution. We'll see what actually comes out of Beijing."

Bolton said that if North Korea continues along the path of building a nuclear arsenal, the United States will "ratchet up the pressure, make it clear that their international isolation is only going to increase, and we're going to make it, to the extent we can, impossible for them to continue the program."

President Bush is sending Rice to Asia this week on a diplomatic mission to consult with allies in the region. Rice said she will try to negotiate differences over how the resolution should be put in place.

"I understand that people are concerned about how it might work so it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations," Rice said.

The North's apparent nuclear test, Bolton said, "had to have been humiliating to China. After all of the efforts they've made over the years to protect North Korea from international approbation, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing. And I think we're still seeing that play out."

Sen. John Kerry, D-Mass., said Rice's comments show how the Bush administration is "living in a world of make-believe" because their foreign policy is a failure. He said U.S. involvement in Iraq has diminished America's credibility to deal with nuclear threats in North Korea and Iran.

Bolton appeared on NBC's "Meet the Press" and ABC's "This Week," while Rice and Kerry spoke on "Fox News Sunday."

'North Korea Should Be More Realistic' (WP)

The Washington Post, October 16, 2006

Last week the members of the United Nations selected a new secretary general -- the foreign minister of South Korea, Ban Ki Moon, 62. On Saturday in New York, Ban discussed his new role with Newsweek-Washington Post's Lally Weymouth. Excerpts:

Q: The Security Council is voting on sanctions that will include some kind of blockade and inspection of certain goods entering North Korea. How will North Korea respond?

A: North Korea has declared very defiantly that if the Security Council adopts any sanctions, they will regard this as a declaration of war. This is very worrisome and shows total disrespect of the United Nations.

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What role do you see for yourself as secretary general in this dispute?

I think that I would be in a much better position than any other previous secretary general -- as I come from Korea and have experience. I will try to coordinate with the concerned parties. If necessary, I will take my own initiative, which will include visiting North Korea and meeting with North Korean leaders.

Will you meet with President Kim Jong Il?

I hope so. When the secretary general of the United Nations visits [a country], normally the secretary general deals with the leaders of the member states.

People say that Kim Jong Il is not so normal.

But he has met many leaders of the world.

Some argue that the recent test is a reaction by North Korea to the economic sanctions imposed by the U.S. on the Macao-based Banco Delta Asia in 2005 right after North Korea and the U.S. appeared to have arrived at a political deal.

First of all, the financial measures imposed on the North Korean accounts in Banco Delta Asia were because of the suspicion of North Korean illicit activities, including counterfeiting [of U.S. currency]. It's wrong that North Korea has linked this issue to the six-party process.

[Recently] the American government has said that if and when North Korea returns to the six-party talks, they will be prepared to have bilateral discussions . . . on all pending measures, including these financial restrictions.

Shouldn't the U.S. have had bilateral talks with North Korea previously?

The South Korean government has been asking the U.S. to engage in bilateral talks with the North. The U.S. government's position is not to directly engage with North Korea on bilateral issues except within the framework of the six-party talks.

Isn't this a mistake?

I would not characterize it. That's American policy.

Do you see a way to go back to negotiations and to stop North Korea from conducting further tests, or will North Korea test again in reaction to the U.N. sanctions?

I think North Korea should be more realistic. Considering the economic and political difficulty they are facing, they should have taken a wiser path.

Is there hope that you can deal with a regime like North Korea's?

The Security Council resolution is primarily [focused] on taking sanctions against North Korea, [but] in the resolution there is a paragraph leaving the door open for North Korea to come to the dialogue table. We need a two-pronged approach. While we take a very strong and stern message and deliver it to North Korea, at the same time we need to leave some room for negotiations so as not to escalate the situation.

Do you worry that North Korea may feel so isolated that they'll pursue a closer alliance with Iran and Pakistan?

There is a concern about the proliferation of materials relating to weapons of mass destruction and nuclear materials and missiles. . . . There were some dealings and cooperation between A.Q. Khan of Pakistan and North Korea. It's my understanding that at this time they don't have such close cooperation.

Do you regard the "sunshine policy" as a failure?

I don't think it's a total failure. The philosophy and objective of engagement is a good one. If we have to blame someone, it's North Korea. We have been trying to help North Korea in humanitarian matters and exchanges and cooperation. . . . But the testing of nuclear weapons was a total display of disrespect to our goodwill.

Hard-liners argue that the North Korean regime has never changed its behavior.

You should sympathize and appreciate how difficult it is for the South Korean government and people to deal with the North. Peace and prosperity come when we have a good and solid relationship with the North. When there is a crisis like this, the South Korean people are affected in a very negative way.

What do you want to accomplish as secretary general?

Development is the key issue. Without the eradication of poverty, you will always see conflicts.

What do you plan to do about U.N. reform?

U.N. reform is my top priority. The United Nations should be reborn to be able to address all the challenges more objectively and efficiently. It's frustrating that people talk about the irrelevance of the United Nations. . . . We should change the culture by making the secretariat more professional, more accountable, more transparent, with a higher level of ethics.

So no more oil-for-food scandals?

That's right. I'll try to lead by example.

U.N. Reforms, Nuke Programs Top Annan Successor's Agenda (USAT)

By Barbara Slavin

DOJ_NMG_0080918

USA Today, October 16, 2006

WASHINGTON — The South Korean diplomat set to become the next United Nations chief brings insight — and possibly baggage — to one of its most pressing problems: the North Korean crisis.

Last week, the 192-member United Nations chose Ban Ki Moon, South Korea's foreign minister, to succeed Kofi Annan as its secretary-general.

Since 2004, Ban, 62, has steered the South Korean team taking part in six-nation talks with North Korea. Those discussions, aimed at halting North Korea's nuclear program, also involve the United States, China, Russia and Japan. The talks have stalled since North Korea walked away from the negotiating table in November.

Before the talks collapsed, Ban worked on a proposal to give North Korea civilian nuclear reactors and security assurances in return for halting its weapons program. North Korea initially agreed, then balked when the Bush administration said it must disarm first.

Ban's selection as U.N. chief poses a potential problem: The Pyongyang regime might refuse to deal with him, says David Straub, a former State Department official who dealt with Korean issues.

"To have a South Korean as head of the United Nations is a terrific embarrassment for the North Koreans," Straub says. "On the other hand, being so knowledgeable about the issue, he could play a very useful role."

The two Koreas, separated by the world's most heavily armed border, remain bitter rivals 53 years after their war ended in a truce rather than a peace treaty. About 28,000 U.S. troops are in South Korea.

Attempts to reach Ban were unsuccessful. In an interview Sunday on ABC, he said he was confident sanctions against North Korea would be enforced, despite expressions of reluctance by China and Russia. At the same time, he urged other countries to talk to the isolated regime headed by North Korean leader Kim Jong Il.

Kim "is in control of all of North Korean society," Ban said on Good Morning America Weekend Edition. "The problem is that we have to talk to him."

Charles Kartman, a former U.S. negotiator in talks with North Korea, says Ban believes the South Korean government has been too conciliatory toward North Korea.

Ban has also been unhappy with Bush administration policy, which rejects one-on-one talks with North Korea. Two years ago, standing next to then-secretary of State Colin Powell, Ban chided the United States for failing to offer enough to North Korea to convince it to halt its nuclear program. The United States "must come up with a more creative and realistic proposal," Ban said at a news conference in Seoul.

Ban won the U.N. job over candidates from Latvia, Jordan, Thailand, India, Afghanistan and Sri Lanka. A diplomat for four decades, he is the second Asian to hold the job — Burma's U Thant served from 1961-71.

Any of the five veto-wielding members of the U.N. Security Council — the United States, Russia, France, China and Britain — could have killed Ban's candidacy.

Respected for his negotiating skills, Ban drew no opposition because he "is a very non-threatening character," says Edward Luck, a U.N. expert at Columbia University.

Ban will need both finesse and steel to perform three big jobs as secretary-general, Luck says:

·Public spokesman for the concerns of the world.

·Manager of an unwieldy and abuse-ridden U.N. bureaucracy.

·Mediator on difficult issues including rolling back the nuclear programs of North Korea and Iran.

Luck says Ban may have greater success than Annan in trimming the U.N. secretariat's 10,000-person payroll and establishing ethical standards.

Management reform has been a key issue for the United States, which contributes 22% of the organization's $3.8 billion annual budget. Reform efforts have been resisted by many developing nations among the U.N. members.

U.S. Uses Korea Sanctions To Warn Iran (AP-Y)

By Foster Klug, Associated Press Writer

AP, October 16, 2006

The United States on Sunday used new U.N. sanctions against North Korea to warn Iran, another country with nuclear ambitions.

John Bolton, the U.S. ambassador to the United Nations, said Iran should pay attention to Saturday's U.N. resolution against North Korea for its claimed nuclear test last week.

"I hope the lesson they learn is that if they continue to pursue nuclear weapons, they will face the same kind of isolation and restrictions that we have just imposed on the North Koreans," Bolton told CNN's "Late Edition."

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Repeated attempts by the U.N. Security Council's five permanent members and Germany to entice Iran into negotiations on its nuclear program foundered earlier this month over Tehran's refusal to give up uranium enrichment, which can be used to develop nuclear weapons.

The six powers have agreed to start working on U.N. sanctions against Iran next week, officials have said, but they still have to bridge differences on how harsh the penalties should be.

Secretary of State Condoleezza Rice said Sunday that, just as with North Korea, efforts against Iran are "a multilateral effort, not just a U.S. effort, and that is extremely important because the United States doesn't need to do this alone and can't do it alone."

Rice told "Fox News Sunday" that "the United States is much better off working with its allies than trying to do this bilaterally and being isolated itself."

Bolton said the Iranians "could enjoy a completely different relationship with the United States if they would suspend their uranium enrichment activities."

Iran, he said, "seemed to be obsessed with the idea of getting nuclear weapons. And as long as they pursue that course, we will have to respond accordingly."

Saturday's U.N. resolution against North Korea demands that Pyongyang abandon its nuclear weapons program and orders all countries to prevent the reclusive nation from importing or exporting any material for weapons of mass destruction or ballistic missiles.

Iran on Saturday called threats of sanctions "psychological warfare" and said it would not be intimidated.

Iran contends its nuclear program is for generating electricity; the U.S. and some of its allies allege Tehran is trying to develop atomic weapons.

In Jerusalem, Israeli Prime Minister Ehud Olmert told Israeli Cabinet ministers Sunday that Iran remained the greatest threat to Israel and he was concerned about the precedent set by the nuclear test conducted last week by North Korea.

"Whoever takes the Korean matter lightly will soon find a nuclear weapon in Iran and ultimately a nuclear weapon in al-Qaida," he said, according to an official who attended the meeting and spoke on condition of anonymity because he wasn't authorized to discuss the matter on the record.

Sen. John Kerry, D-Mass., told Fox that U.S. failures in Iraq have "diminished our hand and reduced our ability to be able to deal with Iran and North Korea."

Kerry said the Bush administration "has lost credibility in the world. And that's why Iran is emboldened, and that's why North Korea is emboldened."

U.S. Pursues Tactic Of Financial Isolation (NYT)

By Steven R. Weisman

The New York Times, October 16, 2006

WASHINGTON, Oct. 15 — As debate swirls about whether new international sanctions against North Korea will be effective, the Bush administration appears to have made some headway in using new American legal tools to cut off both North Korea and Iran from the international financial system.

The American campaign to use its own financial regulations to put pressure on North Korea and Iran has been a mix of implicit threats backed by explicit action, American officials and banking experts say.

Over the last year, American officials have met with many private banks overseas to warn them of the risk of doing business with certain Iranian and North Korean trading companies and businesses that the United States says have been tied to terrorist groups or to the spread of nuclear materials.

One of the main unspoken messages of the visits, experts say, is that the United States government may eventually bar American banks from working with financial institutions doing business with groups tied to terrorism.

This campaign of pressure has been backed up by specific actions. The most notable was when the United States last month barred American banks from facilitating certain transactions, including the sale of oil, for a leading Iranian bank with reputed ties to terrorist groups.

As a result of the American campaign, banking officials and experts say that some foreign banks are cutting ties with North Korea and Iran.

But while achieving some unilateral success in economically punishing North Korea and Iran for their nuclear ambitions, some experts say the moves against Iran, at least, could damage American economic interests if that country switched to currencies other than the dollar for its large oil trades.

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The United States had turned to unilateral action in part out of frustration that its efforts to mobilize international sanctions had run into trouble. That frustration might remain if the United Nations sanctions against North Korea, passed Saturday, prove not to be as effective as the United States hopes.

Most experts acknowledge that a globally cooperative effort would be much more effective than the American unilateral efforts, but that the United States can inflict some pain with the creative use of the reach of its own laws and pressure.

The ban on American transactions with the Iranian bank, Bank Saderat, means that it will no longer be able to obtain American dollars for its dealings with any other bank in the world. Bank Saderat is one of Iran's half-dozen largest banks.

The technical term for the banned activity is a "U-turn transaction." Such a transaction permits, for example, Iran to sell oil to a German customer, who in turn directs a European bank to deposit dollars obtained from an American bank into an Iranian bank account located in Europe. The phrase "U-turn" applies because the funds are transferred to a United States bank and instantly turned back as dollars to a European bank.

Many American banking officials predict that, in coming months, the United States will ban American bank involvement in transactions involving the other leading banks in Iran. That is because there is a widespread assumption among bankers that all of Iran's state-owned banks engage in the same activities as Bank Saderat. The likely result is that Iran will have difficulty selling its oil for dollars, the international medium of exchange for all oil sales.

"This is a pretty dramatic uptick of pressure from the United States," said Judith A. Lee, a law partner specializing in economic sanctions at Gibson, Dunn & Crutcher in Washington. "It is going to create significant difficulties for European banks and European countries."

American officials decline to say whether the move against Bank Saderat would apply to other Iranian banks.

Stuart Levey, under secretary of the Treasury for terrorism and financial intelligence, said recently that in the last two years the United States had "learned a number of lessons about how best to use financial tools to apply financial pressure" on countries like Iran and North Korea.

In the last year, Mr. Levey has traveled to several countries in Europe to exert pressure on Iran and to Singapore, China, Macao, Hong Kong, Vietnam and South Korea to press banks to break their ties with North Korea.

The message was reinforced a year ago when the United States barred financial transactions with a bank in Macao, Banco Delta Asia, which officials said was involved in North Korean nuclear dealings, money laundering and counterfeiting.

Last month, citing news media reports, Mr. Levey said that at least two dozen financial institutions overseas had curtailed or suspended business with North Korea.

China, for instance, froze the accounts of North Korea in a Macao branch of the Bank of China and also cracked down on the circulation of counterfeit American dollars in China near the North Korean border.

The administration hopes that could set a pattern for the future, American officials said. "We have no reason to believe that China will not continue to protect their financial system from abuse," a Treasury official said Sunday.

As for Iran, several European banks, including Credit Suisse and UBS in Switzerland, HSBC in Britain and ABN Amro in the Netherlands, have announced curbs on dealings with Iranian banks and businesses.

"We are seeing a whole series of banks not doing business with Iran, restricting the flow of funds into Iran significantly," said Edward Morse, chief energy economist at Lehman Brothers.

Last month, Treasury Secretary Henry M. Paulson Jr. suggested at an international meeting in Singapore that banks around the world should stop doing business with more than 30 Iranian companies and government enterprises that American intelligence had linked to various illicit activities.

Evidence that American moves against Iran might be having an effect came at the same meeting, when Ebrahim Sheibany, the Iranian central bank governor, told a local paper at an international financial meeting that Iran would have "no choice" but to shift its sale of oil away from the dollar and to the euro or Asian currencies.

Whether that shift away from dollars could have the unintended effect of hurting the United States is a matter of debate. Some experts say there is a danger that if Iran does shift currencies, it could weaken the standing of the dollar as a reserve currency, forcing the United States to raise interest rates to attract dollar purchasers.

"This is a step where the end result could clearly weaken the dollar," said John G. Heimann, an investment banker and former comptroller of the currency in the Carter administration. "What has to be considered is whether or not we are shooting ourselves in the foot."

Ordinary Chinese Angry Over N. Korean Claim Of Nuke Test (USAT)

By Calum Macleod

USA Today, October 16, 2006

DOJ_NMG_0080921

BEIJING — By claiming to test a nuclear device, North Korea has set off a wave of anger among ordinary Chinese, who appear split about whether blame lies with North Korea or the United States.

In the streets and online, Chinese responded to last week's announcement out of Pyongyang with fear.

Many said a nuclear-armed North Korea meant less security for China and East Asia. They called into question China's historic role as North Korea's ally and patron. Others suggested North Korea is right to arm itself in response to U.S. and Japanese threats against it.

Pyongyang's nuclear bombshell left Zhai Huixia, 24, "shocked and furious." The Beijing graduate school student said North Korea's move "seems very selfish, intruding on Chinese interests, and aggravating turbulence in the region."

For Korean War veteran Zhang Zeshi, North Korea's claim was a bitter betrayal by an "evil" regime. "We have given them so much food, fuel and support, but they don't listen to us," he said.

Zhang, 77, was among more than a million Chinese soldiers sent by Mao Zedong to fight with North Korea in the 1950-53 Korean War. He spent two years in a South Korean POW camp. He was imprisoned again when he returned home, disgraced along with other former POWs for failing to die in battle against American "aggressors."

"We spilled our blood in vain," Zhang said. "It kept alive (North Korea's) feudal dictatorship."

Other Chinese saw North Korea's decision to go nuclear as a response to pressure by the United States, which has tried to isolate the regime headed by Kim Jong Il.

"Maybe the North Korean government would already have collapsed if the U.S. adopted an enlightened policy towards it," said Wang Miao, 25, an electrical engineer in the eastern city of Nanjing. He blamed America's "high-pressure … Cold War strategy" for forcing Pyongyang's hand.

On Saturday, Beijing joined other United Nations Security Council members in approving sanctions against North Korea. Afterward, though, Chinese Ambassador Wang Guangya said China would not help conduct inspections of ships leaving and entering North Korean ports.

China is North Korea's biggest trading partner and supplier of food and energy. It could see a flood of Korean refugees to northeast China if the secretive regime in Pyongyang collapses.

In China's swelling cyberspace, North Korea has provoked debate. On the forum at beelinkclub.com, based in eastern Shandong province, moderator Xiaocao Qiqiang called the United States and Japan warmongers. He argued that a nuclear North Korea would guarantee peace by forcing the United States and Japan to ease up.

There was no way to verify the identity of the bloggers on beelinkclub.com or other sites where North Korea dominated conversation. But such sentiment was consistent with other postings and online discussions in Chinese chat rooms monitored by Yawei Liu, a China specialist at Georgia Perimeter College.

Liu said much of the debate is colored by a "strong anti-American sentiment among many of the most informed Chinese citizens." Liu said many of those commenting "are sympathetic to North Koreans and see a vast U.S. conspiracy to undermine China."

In another online debate, one blogger, identified as Wang Jinggu, saw Pyongyang as the villain. North Korea is too much of a liability for China and too backward to be worth the trouble, Wang wrote, adding that its people are not even allowed to use mobile phones.

The outpouring of anger — against both North Korea and the United States — is no accident, said Shen Dingli, a foreign policy specialist at Shanghai's Fudan University. The Chinese government "has the ability to censor opinion, but it has intentionally allowed public debate to let the both the U.S. and North Korea know we are unhappy," Shen said. "When the criticism is against Chinese foreign policy, the freedom will be less."

A majority of Chinese believe "we should abandon" North Korea, though their view is unlikely to sway decision-makers in Beijing, Shen said. North Korea "may no longer be our friend," he said. But its strategic value to China as a counterweight to U.S. and Japanese interests means "we must never build it into our enemy."

An Offer Kim Can't Refuse (WP)

By Aaron L. Friedberg

The Washington Post, October 16, 2006

Though the hour is late and the odds long, there is still a chance that North Korean dictator Kim Jong Il can be persuaded to give up his nuclear arsenal.

Despite what many have suggested, this cannot be achieved simply through face-to-face negotiations or by offering security guarantees and economic aid. Kim is a cynical realist and will not exchange his nuclear capabilities for empty acts of diplomatic deference or what he would doubtless regard as mere scraps of paper. The hope that he might be tempted to ease

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the suffering of his people is also sadly misplaced. Kim has been described by psychological profilers as a "malignant narcissist"; he cares only for himself and is indifferent to the pain of others.

Whatever his quirks, Kim is also a cunning and rational strategist with one overriding objective: ensuring his own survival by maintaining an absolute grip on power. The only way to move him is by confronting him with a stark choice -- turn over existing nuclear weapons, dismantle production facilities and submit to rigorous international inspections, or face a steadily rising risk of overthrow and untimely death. This demand can be sweetened with promises of aid and peace pacts, but in the end Kim needs to be presented with an offer he cannot refuse.

North Korea is an impoverished nation with virtually no legitimate exports. Most of its citizens scratch out a meager subsistence. Yet Kim and those around him enjoy a life of comfort, driving powerful foreign cars, drinking expensive imported whiskey, watching bootlegged DVDs and treating their ailments with the best Western medicines.

The hard currency needed to pay for these luxuries, as well as imports essential to the North's programs for weapons of mass destruction, is generated through a variety of illicit activities: counterfeiting U.S. and other currencies, manufacturing and exporting narcotics and phony name-brand cigarettes, and selling weapons from small arms to ballistic missiles to any customer with cash.

Choking off the flow of dollars to Pyongyang would do more than cramp Kim's lavish lifestyle; it would threaten his grip on power. Like other crime bosses, Kim rewards his underlings and ensures their loyalty by letting them share the loot. Kim's extended family, the top echelons of the Communist Party, and the upper ranks of the military and security services all benefit from this arrangement.

For his part, Kim is able to sleep at night because he knows that those on whom his safety depends have a stake in his well-being. If times get tough and money grows tight, however, those people will begin to feel the pinch, the circle of beneficiaries in the spoils system will become smaller and Kim will steadily grow less secure. What Kim has to fear is not a popular uprising but a palace coup. The North's people are too beaten down and weak to stage a revolution, but Kim knows that a handful of disgruntled generals or disaffected party leaders could bring a sudden end to his brutal reign.

With the help of allies such as Japan and Australia, Washington has already taken steps to disrupt North Korean arms sales, counterfeiting and drug smuggling. Last year the United States also began to go after the network of financial institutions through which dollars flow back to Pyongyang. These initiatives need to be greatly intensified and coupled with other measures to constrict Kim's dollar lifeline.

Recently announced U.N. sanctions are a step in the right direction, but they are not enough. China must take responsibility for preventing illicit activities on or through its territory, and both China and South Korea need to ensure that whatever assistance they provide the North's people cannot readily be converted to cash by Kim and his cronies.

Seoul and Beijing have thus far been reluctant to take such steps for fear that they might provoke Kim or cause the North to collapse. The time for hesitation has long since passed. Kim may test more nuclear devices and ballistic missiles, but he is not about to attack the South or make other moves that would bring crushing retaliation. As for the danger of regime collapse, the "Dear Leader" has even more reason to fear it than do his neighbors. It should be made clear to all, including Kim, that the objective of ratcheting up financial pressure is not to topple him but to squeeze him until he chooses to abandon his nuclear ambitions.

Getting China and South Korea on board will not be easy. Both may prefer feeble gestures and empty rhetoric to tough, united action. If Seoul and Beijing remain reluctant, however, they must be made to understand that they are endangering not only the security and stability of Northeast Asia but also their future relations with the United States. The weapons Kim is perfecting could one day lay waste to an American or Asian city. Passivity in the face of this threat will lead to sharp questions from Congress and the public about the continuing value of the U.S. alliance with South Korea, to say nothing of China's supposed status as a "responsible stakeholder" in the international system.

Absent sufficient cooperation, Washington will have to weigh other risky measures. Among these are a stop-and-search blockade of North Korea's ports, secondary sanctions against companies that continue to trade with it, and aggressive criminal proceedings that could entangle individuals and institutions in other countries, including China, with unforeseeable but potentially far-reaching diplomatic and economic consequences.

The writer is a professor at Princeton University's Woodrow Wilson School and a former deputy assistant for national security affairs to Vice President Cheney.

Olmert: Palestinians Holding Up Summit (AP)

By Mark Lavie, Associated Press Writer
AP, October 16, 2006

DOJ_NMG_0080923

Prime Minister Ehud Olmert on Sunday said a planned summit with Mahmoud Abbas has been put on hold because of the Palestinian president's insistence that Israel release large numbers of Palestinian prisoners — the latest setback for U.S.-led efforts to restart peace talks.

Abbas has denied demanding a prisoner release as a condition for a summit. Israel insists that before it frees any of the estimated 8,000 Palestinians it is holding, a soldier captured in June by Hamas-linked militants in a cross-border raid must be returned.

Olmert announced late last month that he soon hoped to hold a meeting with Abbas, but the preparations bogged down over the prisoners. The two have met only once since Olmert took office in March, an informal chat in Jordan.

"We offered to meet with Abu Mazen, but apparently he is not interested," Olmert was quoted as telling a Sunday meeting of lawmakers from his Kadima party. Abbas is also known as Abu Mazen.

"He is conditioning a meeting on the release of prisoners and we will not release any prisoners until (captured soldier) Gilad Shalit is released."

An official who attended the meeting spoke on condition of anonymity because he was not authorized to discuss the matter with reporters.

Saeb Erekat, a Palestinian lawmaker who is close to Abbas, said preparations remain on track. "The efforts to schedule a meeting are still ongoing, and both sides are determined to ensure a successful meeting," he said.

Still, the disagreements over prisoners and a summit are not the main impediments to diplomatic progress.

Internal Palestinian and Israeli political turmoil and control of the Palestinian government by the extremist Islamic group Hamas are larger obstacles in the way of U.S. efforts toward peace talks, which have been stalled for six years.

Hamas won Palestinian parliamentary elections in January. Israel has boycotted the militant group, which is committed to the destruction of the Jewish state, but considers Abbas an acceptable negotiating alternative.

Secretary of State Condoleezza Rice was in the region this month to try to prop up Abbas, leader of the moderate Fatah Party that was ousted by Hamas in the January elections. Abbas was elected separately a year earlier and remains in office, but his power and influence have been severely curtailed.

Olmert also rejected Sunday the possibility of talks with Syrian President Bashar Assad, saying Assad was responsible for harboring terrorists and was attempting to destabilize the entire region, according to the official who attended the meeting.

Israel has accused Syria of providing weapons to Hezbollah guerrillas before and during the recent war in Lebanon. Olmert said that since an Aug. 14 cease-fire went into effect, Syria has continued to meddle in Lebanese affairs and tried to undermine the country's pro-Western leader.

Assad told the German magazine Der Spiegel last month "we want to make peace — peace with Israel." In an interview with the British Broadcasting Corp. broadcast last week, Assad said it remained to be seen whether Israel had the will to make peace.

Israel has been carrying out a widespread offensive in Gaza since Cpl. Gilad Shalit was captured. Israeli forces have killed 21 Palestinians in fighting since Thursday. Most of the dead were militants, but two minors, ages 10 and 14, and a 29-year-old woman also were killed.

Israel says the latest raid is aimed at targeting the repeated fire of homemade rockets from the northern Gaza Strip. "We cannot allow ourselves to accept this pace of rocket fire," Olmert said in Sunday's Cabinet meeting. Several rockets have landed in southern Israel; no serious injuries have been reported.

During the Cabinet meeting, senior military officials said they believe Hamas has smuggled anti-aircraft weapons into Gaza for the first time, participants said. If true, this could pose a serious challenge to Israel, which relies heavily on its air force to attack militants in Gaza.

Israeli government spokeswoman Miri Eisen said the weapons are coming from Iran and "other countries that sell them." She was concerned that Palestinian militants are learning "how to use the new weapons, and especially how the Palestinians can fight against Israel the way that Hezbollah fought in Lebanon."

Abbas has been trying to pressure Hamas to moderate its views, but efforts to form a national unity government — which could lead to new peace talks — have stalled. The militants have demanded the release of hundreds of Palestinians jailed by Israel.

Nevertheless, Olmert said he hoped a summit would lead to broader peace talks. Negotiations have been frozen for years, with both sides refusing to carry out their initial obligations under the internationally backed "road map" peace plan.

During Rice's visit early this month, Olmert reportedly promised to "create a better environment" and return to peacemaking.

Associated Press Writer Aron Heller contributed to this report.

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Rape Charge Advised Vs. Israel President (AP)

By Josef Federman, Associated Press Writer

AP, October 16, 2006

Police recommended Sunday that Israeli President Moshe Katsav be charged with rape, sexual assault and fraud, the most serious charges ever to face an Israeli leader.

The recommendation came at a meeting between police investigators and Attorney General Meni Mazuz. The final decision on whether to put the president on trial is up to Mazuz.

He does not have a deadline for making his decision and is expected to take several weeks to study the evidence.

Katsav has denied all wrongdoing. In a statement released by his office, his lawyer, Zion Amir, said police are not authorized to bring charges, noting that in the past, when police have recommended putting senior officials on trial, the attorney general has dismissed most of the cases.

Katsav asserted in a recent Israel radio interview that the complaints against him were staged by political enemies.

A police statement issued Sunday said the complaints were filed by "women who worked under his (Katsav's) authority." It said there was evidence he committed crimes of "rape, aggravated sexual assault, indecent acts without permission and offenses under the law to prevent sexual harassment."

The statement also said police found basis for charges of illegal wiretapping, and fraud and malfeasance in office in the case of pardons granted by the president.

Investigations into allegations of disrupting a police investigation and harassing a witness were still in progress, police said.

The investigation began earlier this year after a former employee alleged Katsav forced her to have sex under the threat of dismissal. Police repeatedly questioned Katsav at his official residence and seized personal documents.

Israel Radio and Channel 2 TV have said the case against Katsav is based on complaints by five women who allege he made unwanted sexual advances toward them during his tenure as president and before that, as a government minister.

Complaints by five other women are not being pursued because the statute of limitations has run out, the reports said.

If indicted, Katsav would likely have to step aside. In Israel, the president holds a largely ceremonial role with little authority, but is considered a unifying force in a fractured society.

Israeli Police Recommend Charges Against President (NYT)

By Greg Myre

The New York Times, October 16, 2006

JERUSALEM, Oct. 15 — The Israeli police recommended on Sunday that President Moshe Katsav face charges of rape and sexual assault allegedly committed against several women in his office. Israel's attorney general must now decide whether to file such charges.

Mr. Katsav, who has held the mostly ceremonial post since 2000, has denied any wrongdoing. He has said that at least one of his accusers was trying to extort money and that his political enemies were behind the investigation.

After an inquiry that lasted nearly two months, the police on Sunday handed their findings to the attorney general, Menachem Mazuz. He will review the material and decide whether charges are warranted. It could be weeks before he announces a decision.

A joint statement by the police and the Justice Ministry said there was evidence that the president committed "rape, aggravated sexual assault, indecent acts without permission and offenses under the law to prevent sexual harassment."

According to the police, the inquiry also found evidence that the president had committed fraud and was engaged in illegal wiretapping.

"As far as we're concerned, we've completed the investigation," said Micky Rosenfeld, a police spokesman. "There is hard evidence and hard facts in this case."

Mr. Katsav's lawyer, Zion Amir, said in a statement that Israel's attorney general had in the past dismissed police findings as insufficient and had chosen not to file charges after investigations of senior officials.

Mr. Katsav has been facing calls for his resignation, and Sunday's statement by the police was sure to intensify those demands. Israel's Parliament opens its winter session on Monday, an event Mr. Katsav normally attends. Mr. Katsav's brother, Lior Katsav, told Israeli radio that the president planned to attend but would not address the legislators.

Several female lawmakers have threatened to walk out of the session if Mr. Katsav is present.

"The president must resign," Education Minister Yuli Tamir told Israeli television. "If he doesn't do so, I believe a process will be launched to force him to resign."

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Mr. Katsav is immune from standing trial while in office. However, if he resigns or is impeached by Parliament, he would have to face any charges against him, according to legal scholars. Mr. Katsav's seven-year term ends next year.

Although the case has received widespread coverage in Israel, any charges against Mr. Katsav are not likely to have broader political ramifications. Israel's president is expected to serve as a unifying force and set a moral tone, but his position is more symbolic than substantive.

Still, the controversy surrounding Mr. Katsav comes at a time when the Israeli public has expressed widespread disappointment in the country's leadership. Many Israelis say that the government and the military mismanaged the recent war with Hezbollah in Lebanon.

Prime Minister Ehud Olmert, a target for much of that criticism, has been under investigation regarding the sale of his Jerusalem home and the purchase of a new one. His critics say he received favored treatment, getting an above-market price for the home he sold and buying the new one at below its true value.

Several other politicians are under investigation or have been charged with wrongdoing, including the former justice minister, Haim Ramon, who quit in August and was subsequently charged with sexual harassment. Mr. Ramon is accused of forcibly kissing a female soldier, a charge he denies.

Mr. Katsav, 60, is married and has five children. He was born in Iran and came to Israel a few years after the country's independence in 1948. When he was 24, he was elected mayor of Kiryat Malachi, a poor town populated by immigrants in southern Israel. He was elected to Parliament in 1977 and served for many years with the right-wing Likud party.

In 2000, the elder statesman Shimon Peres was the heavy favorite to become the president, a position that is filled by a vote in Parliament. However, Mr. Katsav was the surprise winner.

As president, Mr. Katsav has been a low-key figure who frequently attends public ceremonies here and abroad, but has generally steered clear of the frequent controversies and political upheavals in Israel.

The allegations of sexual misconduct against Mr. Katsav first surfaced during the summer, and the formal investigation began in August. The police confiscated a computer and documents from the president's official residence on Aug. 21 and have since questioned him at length on several occasions.

Although his accusers have not been identified, police officials say they are five women who have worked in the president's office.

Israel's previous president, Ezer Weizman, resigned in 2000 amid scandal. During the 1980's, when he was a lawmaker and cabinet minister, he received hundreds of thousands of dollars from a French businessman with interests in Israel. No charges were filed against Mr. Weizman, who died in 2005.

African Union Force Ineffective, Complain Refugees In Darfur (WP/AP)

By Alfred De Montesquiou, Associated Press

The Washington Post, October 16, 2006

KASSAB, Sudan, Oct. 15 -- Refugees living in camps scattered across this region of western Sudan say an African Union peacekeeping mission has done little to protect them, even as rising violence is driving away crucial humanitarian aid.

"You have been here for three years now, and what have you done for us?" a tribal leader bitterly asked a delegation of African Union soldiers and police that visited the Kassab refugee camp last week.

As they often must, the peacekeepers explained to camp delegates that they were in Darfur only to monitor the violence and had no mandate to fight it.

"You are witnessing what happens, but you aren't helping," said Attaieb Adem, one of the camp delegates.

The Sudanese army, backed by an Arab militia called the Janjaweed, and Darfur rebel groups began fighting in 2003. Since then, as many as 450,000 people have died in violence and from disease, and 2.5 million have been displaced.

The African Union mission came in 2004, but anger over its perceived ineffectiveness is strong.

"If there is nothing you can do, then you might as well go home, so that the United Nations" can come, said Adem, referring to the hope by many in Darfur that a U.N. Security Council resolution to send about 20,000 U.N. peacekeepers to the region will be implemented. The mandate of the African Union force expires at the end of the year.

Sudan's president, Omar Hassan al-Bashir, fiercely opposes the U.N. proposal, saying it would breach the country's sovereignty.

The refugees in Kassab say they do not see how their security could get any worse in their camp, on the front line of a murky war zone.

The Janjaweed militia has been blamed for much of the bloodshed. But rebel violence and hostility to aid workers has escalated since May, when one rebel faction signed a shaky peace agreement with the government. Humanitarian groups and African Union police say they withdrew from Kassab in September mostly because of the rebel violence.

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The camp's clinic closed, so refugees in need of treatment trudge to the nearest town. Women say taking that road, or even collecting firewood around the camp, exposes them to robbery and rape.

"Every day we risk being beaten, or even worse," said Kharidja Ibrahim, some of whose family members had gone wood-gathering that morning. "We're waiting. In a few hours, we'll hear what has happened to them."

Tribal leaders say armed men now plunder the camp at will.

"Four days ago, they came in broad daylight and stole 84 goats," said Abdallah Shariff. He said nights are even worse.

"We can't sleep. We go to bed with our shoes on," he said, in case they have to flee.

Egyptian Maj. Ahmed El Serafy, who commands African Union police in the sector of Darfur that includes Kassab, said improving security in Kassab is an urgent task for what few forces he has -- 82 police officers for an area of 13,000 square miles.

"I knew it was going to be bad, but I never thought it would be this bad," he said.

Serafy said that police would resume day patrols in Kassab next week and that he hoped this show of force would improve security. But the African Union's officers go unarmed, and he said some were afraid to return to the refugee camp.

Even though refugees are frustrated with the A.U. peacekeepers, camp leaders pleaded with the delegation last week to return soon, saying time is running out.

"For now, we're on our own," said Youssouf Aldoun. "He is all we have for protection" he said, pointing his palms toward the sky in a Muslim gesture that signifies God.

Arabs To The Rescue? (WP)

The Washington Post, October 16, 2006

A chance to broaden the response in Darfur

FOR THE past three years, the United States and Europe have sent millions of dollars in aid to the Sudanese territory of Darfur. African countries, for their part, have come forward with some 7,000 peacekeepers. Americans, Europeans and Africans have all tried to bring about a political settlement between Sudan's government and Darfur's rebels. These various efforts have combined to slow the killing, though they have failed to halt it. But the Western and African efforts stand in stark contrast to the performance of Sudan's Arab neighbors, which have so far done next to nothing.

Recently the Arab League asserted that this might change. Its members offered to dispatch a force of Arab and Muslim troops as peacekeepers to Darfur, replacing or preferably reinforcing the underpowered African contingent whose mandate is set to expire soon. Under the terms of a Security Council resolution passed in August, the African force is supposed to be replaced by a 20,000-strong United Nations one. But Sudan's government has described a U.N. deployment as a "prelude to an invasion" of an Islamic country. However infuriating this claim, the fact is that the United Nations is not going to fight its way into Darfur. Depending on the details of its design, an Arab force could be an acceptable alternative.

The details matter because an Arab deployment would face credibility problems: It would be identified with Sudan's Arab-led government, which has equipped and supported Darfur's genocidal militia. Moreover, the ineffectiveness of the African Union force proves that peacekeeping in Darfur is no easy task: The Arabs would need to arrive with more troops and better equipment. But if Arab governments did deploy a robust force, they might succeed in quelling militia violence. That would solve the credibility problem.

It's hard to see how Sudan's government could resist an Arab and Muslim peacekeeping force by calling it a threat to Islam. Arab leaders have a good chance of deploying their proposed force if they press for it seriously. So the important question will be: Are the Arabs in fact serious?

Exit Polls Show Magnate Leading Ecuadoran Vote (WSJ)

By Jose DeCordoba

The Wall Street Journal, October 16, 2006

A banana magnate appears to have squeaked by a charismatic ally of Venezuela president Hugo Chavez to win a plurality of Ecuador's presidential votes, forcing a runoff election next month to determine Ecuador's eighth president in 10 years.

With about 48% of votes counted, billionaire Alvaro Noboa, 55 years old and the richest man in Ecuador, had 27% of the vote. He was leading Rafael Correa, 43, an admirer of Mr. Chavez, with 22% of the vote. Two exit polls said Mr. Noboa had between 29% to 27% of the vote, besting Mr. Correa, who had between 27% to 25% of the vote. The other 11 candidates split the remainder.

The results mark a setback for Mr. Chavez, who was hoping an outright win by his political ally would extend his influence in the Andean region. With a population of about 13 million people, Ecuador is among South America's poorest countries. It is also one of the most unstable. Its last three elected presidents have been forced from office.

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But analysts said the results could give the pro-U.S., pro-markets Mr. Noboa, who has run twice before and lost races for the presidency, the edge to win the second round of the vote, scheduled for Nov 26. Michael Shifter, an analyst at the Inter-American Dialogue think tank in Washington, said a number of the losing candidates may throw their support to Mr. Noboa to stop Mr. Correa, a charismatic, articulate and telegenic campaigner.

At one point, polls showed Mr. Correa -- who has scared markets with talk of debt default -- was within striking distance of winning the election outright. Mr. Correa, who holds a doctorate in economics from the University of Illinois, opposes a free-trade pact with the U.S. He says that while he doesn't approve of using the dollar as Ecuador's currency, he would keep the present system in place since an economic crisis led the government to scrap Ecuador's currency for the U.S. unit in 2000.

During the campaign, Mr. Correa, whose name means "belt" in Spanish, would thrill crowds by cracking his belt in the air, as a symbol of the whipping he would give Ecuador's political class, which is seen as corrupt and inefficient by many Ecuadorians. Like Mr. Chavez, Mr. Correa promised to rewrite the constitution. He also vowed to disband congress, which he called a "sewer." And like Mr. Chavez, Mr. Correa likes to verbally abuse President George W. Bush.

"His positions and his language might have been too radical, even for a very angry electorate," said Mr. Shifter. "They didn't want a rupture with the U.S. or international financial institutions."

In the last week, Mr. Noboa -- fueled by flush funding and generous promises -- overtook Mr. Correa. At campaign events, Mr. Noboa, a Bible in hand, would ask God to help him save Ecuador's poor. Mr. Noboa promised to build cheap housing and create a million jobs, and unashamedly handed out cash, wheelchairs and medicine to potential voters. Mr. Noboa supports a free-trade agreement with the U.S.

"He's a quintessential populist," said Mr. Shifter.

Son of the late billionaire Luis Noboa, Mr. Noboa engaged in a bitter, nine-year legal battle with his father's second wife and his siblings before winning control of Fruit Shippers Ltd., the holding company for the family business, in 2002. Mr. Noboa today controls more than one hundred companies, including a bank and companies involved in real estate and shipping

Early Returns Point To A Presidential Runoff In Ecuador (NYT)

By Simon Romero

The New York Times, October 16, 2006

QUITO, Ecuador, Oct. 15 — Ecuador's voters appeared to be split Sunday between Álvaro Noboa, a banana magnate who favors close ties to the United States, and Rafael Correa, a leftist who is an admirer of Venezuela's Hugo Chávez and who, like Mr. Chávez, is known for his anti-American rhetoric.

Based on early election returns, the two men are likely to face a runoff on Nov. 26.

As of 10:50 p.m. local time, with 59 percent of the votes counted, Mr. Noboa was leading with 26.8 percent of the vote to 22.4 percent for Mr. Correa.

To avoid a runoff, one of the candidates needs to win a majority or 40 percent of the vote plus a 10 percentage-point lead over the nearest opponent. There were 13 candidates in the race.

Mr. Noboa's strong showing came as something of a surprise. In the final days of the campaign, Mr. Noboa, 55, a Swiss-educated billionaire scion of an elite family in Guayaquil, said he would limit political ties to Venezuela and fiercely criticized Mr. Correa's positions. He has also said he is strongly in favor of negotiating a trade agreement with the United States.

Mr. Correa angrily reacted on Sunday to the attacks from Mr. Noboa and said his campaign might have suffered from fraud in the electronic systems used to count votes.

"The irresponsible Noboa says I want to turn this country into a Cuba," he said. "This is not the case."

Mr. Noboa, who ran an unusual campaign combining right-wing ideology and populist promises, has made it to the second round of presidential elections twice before, losing each time. In this campaign, he appeared before audiences grasping a Bible and promising to build cheap housing, attract foreign investment and distribute computers.

In recent weeks, Mr. Correa, 43, had surged in the polls after railing against Ecuador's political establishment and criticizing American influence in the country.

Mr. Correa said he opposed negotiating a free trade treaty with the United States, jolted Wall Street banks by saying he would seek to renegotiate Ecuador's foreign debt and said he would end an arrangement allowing the United States military to use an air base in Manta, on the Pacific Coast, for drug surveillance flights.

"We can negotiate with the U.S. about a base in Manta, and if they let us put a military base in Miami, if there is no problem, we'll accept," Mr. Correa recently told reporters.

Mr. Correa cast himself as an anti-establishment candidate of a different stripe from other leftist populists in the region, who have largely had military or trade union backgrounds. An obscure university professor until briefly serving as economy minister last year, he dresses in well-tailored suits and speaks fluent English and French as well as some Quechua.

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He obtained postgraduate degrees in economics from the University of Illinois and Catholic University of Leuven in Belgium.

But despite that background, Mr. Correa, like many of his countrymen, dislikes many of the reforms recommended a decade ago by international lending institutions, including those strongly influenced by the United States. Mr. Correa has taken inspiration from the nationalist policies of Mr. Chávez, supporting greater government control over Ecuador's oil industry and acknowledging warm ties to him.

Those types of nontraditional positions played well with some voters.

"He's going to end the Congress, which is a sewer," Cristina Navas, 37, said of Mr. Correa after voting today.

But others expressed fears. "Venezuela is a petroleum country; Ecuador is a country with petroleum," said Vicente Bustamante, 46, a lawyer. "Venezuela can subsist on its own outside any economic bloc; we are part of the international community."

Mr. Correa met with Mr. Chávez in Venezuela in August, spending the night at the home of Mr. Chávez's parents in Barinas, the provincial cattle-raising region where Mr. Chávez was raised. Still, Mr. Correa denied receiving Venezuelan financing and emphasized a desire to also forge close ties with other leaders in the region.

While his background differs from that of Mr. Chávez, a former army officer, and President Evo Morales of Bolivia, a supporter of energy nationalization who is Mr. Chávez's closest ally in the Andes, Mr. Correa embraced their explicit criticism of the United States. At one point he described President Bush as a "tremendously dimwitted president who has done great damage to his country and to the world."

The rising distaste here for Washington belies economic and social ties to the United States that may be closer than ever. Ecuador uses the United States dollar as its currency, a six-year-old stabilization effort even Mr. Correa said needed to remain in place. More than 1 million Ecuadoreans are estimated to have immigrated to the United States since the 1990's, forming large communities in such states as New York, Florida and Illinois. The money they send home has become a vital source of income here. The United States, meanwhile, relies on Ecuador as its third-largest supplier of oil in South America after Venezuela and Brazil.

The winner of a runoff next month would face a perennial challenge: completing his term. Ecuador, which allows its Congress to remove presidents with ease, has had 7 presidents in the last 10 years.

Much of the next government's fortunes will depend on the price of oil, which is subject to the vagaries of the global energy market. Each $1 decline in oil prices translates into a $200 million decline in national income in Ecuador and a fall of 0.5 percent of gross domestic product, according to Barclays Capital.

Mr. Correa also showed signs of fatigue in recent days, potentially providing an opening for Mr. Noboa to adroitly appeal to voters in the likely runoff.

Adrián Bonilla, a noted analyst and director of the Latin American Faculty of Social Sciences here, where Mr. Correa once gave classes, said Mr. Correa was not as radical as some say. That may be why some prominent financiers and businessmen have backed him.

"Correa is clearly against the status quo, but that doesn't make him a Marxist or a messianic leader like Chávez," said Mr. Bonilla. "He's not about to turn Ecuador into a client state of Venezuela."

Mr. Chávez, for his part, has remained uncharacteristically restrained in commenting on the race, perhaps out of concern that he might weaken Mr. Correa's chances. Opponents of leftist populist presidential candidates in both Peru and Mexico won elections this year after attacking their rivals' perceived ties to Mr. Chávez.

Presidential Race In Ecuador Heads To Second Round (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, October 16, 2006

QUITO, Ecuador, Oct. 15 -- A banana magnate who portrays himself as a friend of the poor and a young economist close to Venezuela's mercurial leader, Hugo ChÃ¡vez, will face each other in a presidential election runoff on Nov. 26 after neither obtained enough votes to win in a first round Sunday in this chronically unstable country.

With 51 percent of the vote counted, Alvaro Noboa, 55, one of the wealthiest men in Latin America, had 27 percent of the vote to 22 percent for Rafael Correa, 43, a charismatic former finance minister who has sharply criticized the Bush administration.

The election in this tiny, mountainous country of 13 million has attracted widespread attention beyond its borders because of the rapid rise of Correa, an economist who promises to overturn Ecuador's old economic order and calls for a constitutional assembly that could dissolve the National Congress.

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Calling himself a friend of ChÃ¡vez, who has become Washington's leading antagonist in Latin America, Correa says his government would shutter a U.S. military base in Ecuador, crack down on multinational companies and possibly declare a moratorium on payment of the country's $10 billion foreign debt. If he wins next month, he will join a growing list of left-leaning leaders elected in Latin America since 2002.

"He's prepared, and we need someone who knows how to run things," said Fanny Ceron, 38, a nurse, moments after casting her ballot for Correa. "We need someone who comes from the people. The others are just moneyed people. They want power. They have the money, but no ideas."

Correa would face a furious challenge from Noboa, who has spent $2.5 million on his campaign, far more than any other candidate, casting himself as a populist. This is Noboa's third try at the presidency. He lost in 1998 and 2002. At campaign rallies, Noboa gives away T-shirts, wheelchairs and even cash. He also pays for mobile medical clinics run by his wife, Anabella AzÃ-n, a physician who also has political aspirations.

His campaign ads have attacked Correa as a dangerous extremist who would align Ecuador with Venezuela and Fidel Castro's Cuba, bringing more instability to a country that has had seven presidents in 10 years.

"Correa is selling hope," said Blasco PeÃ±aherrera, a businessman and president of the Quito Chamber of Commerce, who does not support Correa. "I'm sure his opponents are going to sell panic."

Support for Noboa surged in the past three weeks. He was a distant fourth as recently as Sept. 20, according to the Cedatos-Gallup polling firm in Quito. But Noboa, who falls to his knees before supporters and invokes God, quickly gained and in recent days surpassed Leon Roldos, a former vice president who had led in the campaign but began a fast slide last month.

On Sunday evening as results began to come in, Noboa charged that Ecuador would become another Cuba under Correa. "Rafael Correa's posture is communist, dictatorial," he said on Ecuadoran television. He also denied that he employs child laborers on his banana farms -- an accusation first made in a 124-page Human Rights Watch report in 2002.

"I don't have child workers in my companies," he said.

Noboa once made the Forbes 500 list of the world's richest people, and in the past he frequently boasted about his friendship with well-known American luminaries. A slick campaign has side-stepped questions about his businesses and has resonated with people such as Jorge Teran, 46, a technician who is fed up with a lack of progress in Ecuador. He said he likes Noboa's plans to increase the state oil company's production and his promise to build affordable housing and create jobs. Teran also said he feels Noboa may benefit from divine intervention.

"I think he brings up God so often that he must have sensibilities in his soul," Teran said.

Correa, though, has appealed to Ecuadorans who are tired of a chaotic and corruption-riddled political system. Three presidents have been toppled since 1997, the last one, Lucio GutiÃ©rrez, just last year after a bloc of Congress voted him out. Fistfights are not uncommon in Congress, nor is scandal.

And even though Ecuador is the continent's second-largest exporter of oil to the United States, after Venezuela, most of its people are poor and underemployed.

"He's not offering housing, a new health system or education -- he's offering renewal of the political system," said Adrian Bonilla, director of the Ecuador branch of the Latin American Faculty for Social Sciences, a continent-wide university system.

Bonilla argued that, despite Correa's super-heated oratory, he is far from being a knee-jerk radical who would upend Ecuador's economy. Instead, Bonilla said, Correa is influenced by Keynesian thought, which sees a central role for government in managing the economy, and by contemporary economists such as the American Nobel Prize winner Joseph E. Stiglitz, who argues that unchecked globalization harms poor countries.

Still, the rhetoric from Correa's campaign has often touched on the kinds of nationalistic themes espoused by ChÃ¡vez and other populist leaders in Latin America. Two key advisers slated to be named ministers in a Correa government, Augusto Tandazo and Alberto Acosta, told foreign reporters that Ecuador would be tough on transnational companies and multilateral lenders.

"Ecuador is not against foreign investors," said Tandazo, considered a hard-liner on oil issues. "But we want foreign investment that knows how to control its voracious appetite."

Opponents of Correa have cast him as a puppet of ChÃ¡vez, but Acosta said a Correa administration would follow its own path, neither tied to ChÃ¡vez nor following the free-market direction of another leftist leader, Brazilian President Luiz Inacio Lula da Silva.

"We are not copying Lula, ChÃ¡vez or Kirchner," he said, referring to Argentina's president, Nestor Kirchner. "Rafael Correa is Rafael Correa, with all his positive attributes and drawbacks. We are not waiting for a prescription from abroad."

Still, many Ecuadorans have had it with promises and politics. Vladimir PeÃ±a, 33, an accountant, said he would like wholesale change but sees most of the candidates as opportunistic populists. He invalidated his ballot.

"We've had lots of populists here," he said. "And what happens is they last six months, and that's it."

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Opposites Qualify For Ecuador Runoff (LAT)

By Chris Kraul

The Los Angeles Times, October 16, 2006

QUITO, Ecuador — Banana billionaire Alvaro Noboa edged left-wing economist Rafael Correa in the presidential election's first round Sunday, setting up a runoff between two candidates who are bitter rivals and polar opposites, according to partial results.

With nearly two-thirds of the ballots counted, Noboa had 26.8% of the vote and Correa 22.4%, according to electoral authorities.

Noboa, whose family owns Ecuador's largest banana plantation, closed what many pollsters saw as a 5 or 6 percentage-point deficit to Correa in the campaign's final days.

A loser in two previous runs at the presidency, Noboa, 55, gave a preview of the campaign rhetoric leading up to the Nov. 26 runoff, describing Correa in a TV interview Sunday as a "spoiled child" who is "pro-terrorism, pro-communism and pro-Cuba."

Correa, a 43-year-old economics professor with a doctorate from the University of Illinois, said if Noboa won, he would turn Ecuador into a private banana plantation. Correa added that his campaign's exit polls showed he won by 5 percentage points, and he called the early results "a fraud foretold by the oligarchy."

Correa had risen in polls from fifth place in July to first early this month. He ran an anti-establishment and anti-U.S. campaign in which he made no effort to conceal his friendship with Venezuelan President Hugo Chavez, Washington's most outspoken critic in the region.

But Noboa, whose net worth was estimated at more than $1 billion by Forbes magazine in 1997, spent lavishly on his campaign, and there were reports of widespread giveaways, including wheelchairs for the disabled and cash handouts to the poor. Correa also spent large sums in a campaign that many speculated was financed partly by Chavez.

Simon Pachano, a teacher at the Latin American School of Social Sciences in Quito, the capital, said the results reflected widening political polarization.

"Both Noboa and Correa ran anti-party, anti-system campaigns, and there is no middle ground between the two extremes. This sets up a dangerous scenario for Ecuador," Pachano said.

The ideological divide between the two front-runners is wide. Noboa, a proponent of open-market policies, promises housing and health subsidies and the creation of 3 million jobs.

Correa promises a reformist "citizen revolution" modeled in some aspects after the Chavez agenda.

He is a harsh critic of President Bush, opposes unregulated trade and supported the Ecuadorean government's seizure of Occidental Petroleum's Block 15 oil field in May. Occidental has taken the case to international arbitration, and Correa promises to ignore any order to compensate the oil company for the takeover.

Although some observers think Correa would become more moderate as president, others expect him to follow through on the "citizen revolution" he is proposing. He caused tremors on Wall Street by threatening to default on Ecuador's foreign debt, something the government has done three times since the early 1980s.

Nine million Ecuadoreans went to the polls Sunday to choose among 13 candidates vying to become the eighth president this unstable country will have seen in 11 years.

Three presidents have been forced from office since 1996. Since the nation's founding as a republic in 1830, presidents have served an average of 20 months.

Ecuadoreans have rewritten their constitution 19 times, and Correa has proposed a constitutional assembly to draft another and "reinvent Ecuador."

Interviews with voters Sunday indicated that they were torn between the desire to reform their dysfunctional government and a wish to maintain stability and economic well-being.

"We are tired of corrupt politicians who steal all the money they can and leave the country in poverty," said retired customs worker Leon Espinosa, a Correa supporter.

Garbage truck driver Walter Zambrano said he cast a vote for Noboa, saying the candidate's experience in business and in two previous presidential campaigns was a plus. "Correa may speak pretty words, but Noboa is more balanced and cares more for the underprivileged," he said.

Noboa's family-owned Corporacion Noboa operates Clementina, a 25,000-acre plantation 45 miles north of the coastal city of Guayaquil that is one of the world's largest banana producers and exporters. The company also owns auto manufacturing and shipping interests and a Coca-Cola bottling operation.

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As much as Correa's proposed "radical transformation" of Ecuador's political system appealed to some voters, it also raised fears of months of chaos and political polarization. His opposition to open-market policies also worried the business community, which relies on the U.S. export market for nearly half of all foreign shipments.

School Aide Swept Up In Britain's Veil Debate (WP/AP)

By Thomas Wagner, Associated Press

The Washington Post, October 16, 2006

LONDON -- A government minister has joined an increasingly bitter debate about the rights of Muslim women to veil their faces, saying a teaching assistant should be fired for insisting on wearing one in school.

Phil Woolas, Britain's race and faith minister, was quoted by the Sunday Mirror newspaper as demanding that Aishah Azmi, a Muslim, be fired for refusing to remove her veil at work.

"She should be sacked. She has put herself in a position where she can't do her job," Woolas said.

Azmi has refused to remove her black veil, which leaves only her eyes visible, in front of male colleagues. She was suspended but has taken her case to a court that handles cases on employment law.

Azmi, who is 24 and has two children, has insisted that she is willing to remove her veil in class, as long as no adult males are present.

"She is denying the right of children to a full education by insisting that she wears the veil," Woolas said. "If she is saying that she won't work with men, she is taking away the right of men to work in school."

The debate on the veils began this month when Jack Straw, the former foreign secretary who now serves as leader of the House of Commons, said Muslim women visiting his office should remove them.

The opposition Conservatives also weighed in, with one of the party's top officials accusing Muslim leaders of encouraging a "voluntary apartheid" that could help spawn homegrown terrorism.

David Davis, a top Conservative Party official, supported Straw. "What Jack touched on was the fundamental issue of whether in Britain we are developing a divided society," Davis told the Sunday Telegraph newspaper. "Whether we are inadvertently encouraging a kind of voluntary apartheid."

Prime Minister Tony Blair praised Straw for raising the issue "in a measured and considered way," and he urged Britons to engage the topic without "becoming hysterical."

Salman Rushdie, whose book "The Satanic Verses" once led to death threats against him by Islamic clerics, said last week that Straw "was expressing an important opinion, which is that veils suck, which they do. I think the veil is a way of taking power away from women."

Nazir Ahmed, the House of Lords' first Muslim legislator, joined the fray by criticizing British politicians and the media for "demonizing" the country's Muslims.

On BBC radio, Ahmed, a moderate lawmaker of the governing Labor Party, said: "The problem is that the politicians and some people in the media have used this for demonization of entire communities."

Video Disputes China's Claim Shooting Was In Self-Defense (NYT)

By Joseph Kahn

The New York Times, October 16, 2006

BEIJING, Oct. 15 — A Romanian videotape that appears to show Chinese security forces shooting two Tibetan refugees in the Himalayas contradicts Beijing's claim that the refugees were shot when soldiers acted in self-defense.

China acknowledged on Thursday that soldiers killed one refugee and wounded another on Sept. 30. The official New China News Agency said the soldiers acted only after about 70 refugees seeking to enter Nepal illegally from China attacked border troops.

The long-range video shows a slow, single-file line of Tibetan refugees climbing over a snow-covered mountain pass followed by Chinese troops. A rifle shot is heard and the first climber in the pack falls to the ground, followed by the climber at the tail end of the group.

A separate shot shows a uniformed Chinese soldier firing a rifle. It then shows several soldiers examining the shooting victims and escorting some detainees back to a camp.

The video was first shown on Pro TV, a private Romanian network, and was posted on the Internet. It was taken by Sergui Matei, a Romanian cameraman on a climbing expedition on Cho Oyu, a peak near China's border with Nepal.

Tibetans often cross into Nepal, at least partly because their spiritual leader, the Dalai Lama, visits there often. He lives in exile in India and is not permitted to visit China.

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The Sept. 30 incident was first reported by mountaineers in Nepal and was circulated by human rights groups, including the International Campaign for Tibet and Human Rights in China.

Witnesses quoted by human rights groups said that those who had been fired upon included monks, women and children and that the person who had been killed was a 25-year-old Tibetan Buddhist nun.

After the accusations, China's Foreign Ministry vowed to investigate. The New China News Agency subsequently issued a report that said the soldiers had fired in self-defense after soldiers had tried to persuade the group to return home. "The stowaways refused and attacked the soldiers," the agency said.

The video does not offer a comprehensive account. It was shot from a long distance — the narrator says the cameraman was more than half a mile away — and only a few faces are clearly identifiable.

But it does suggest that the shootings were not in direct response to an attack on soldiers. The refugees were spaced far apart on an arduous climb over a 19,000-foot-high pass, called Nanpa La, when the two victims fell.

The American ambassador in Beijing, Clark T. Randt Jr., went to the Foreign Ministry on Thursday to protest China's treatment of the refugees, an embassy representative said.

China Charges A Lawyer With Inciting Subversion (NYT)

By Joseph Kahn

The New York Times, October 16, 2006

BEIJING, Oct. 15 — The Chinese police have charged a prominent human rights lawyer with inciting subversion, part of a crackdown on people who have sought to use China's nascent legal system to limit the power of the state.

The lawyer, Gao Zhisheng, was taken into custody in mid-August and was formally arrested Sept. 21, but the police only recently made clear the nature of the charge, said his lawyer, Mo Shaoping.

If Mr. Gao ends up being indicted and tried on subversion charges, it could be one of the highest-profile prosecutions of an internationally recognized dissident in recent years.

China often uses the legal system to punish people it considers subversive. But in recent years it has mainly sought to prosecute them for violating ordinary criminal laws, like leaking state secrets, violating commercial codes, disrupting traffic or committing fraud.

Mr. Gao, 42, represented displaced homeowners, victims of official corruption and religious rights advocates, including members of the Falun Gong sect, which is banned in China.

He has become one of the most outspoken dissidents within China, writing frequent essays and polemics posted on the Internet that have sharply criticized the authorities and have predicted that the governing Communist Party will collapse because of corruption and abuse of power.

This year he helped organize sympathizers around the country to participate in a rolling hunger strike to protest abuses against members of Falun Gong and other acts of persecution.

His license to practice law was suspended late last year, and he lived under constant surveillance and effective house arrest until the police detained him during a family visit to Shandong Province.

Mr. Gao's wife, Geng He, has come under police pressure since his arrest and has told some longtime friends of Mr. Gao that neither she nor her husband requires legal representation, friends of the family said. Mr. Mo said that he had had no contact with Ms. Geng and that he had been retained by another relative of Mr. Gao.

Mr. Mo said the police had not allowed him to visit Mr. Gao because they said his case involved state secrets. In state secrets cases, the authorities can deny access to a lawyer until a formal indictment has been issued.

The state secrets exception to the visitation rule applies only if the suspect is formally charged with leaking state secrets, which Mr. Gao is not, Mr. Mo said.

"You cannot claim his case involves state secrets unless you charge him with leaking state secrets," he said. "I plan to protest their refusal to allow me to see him."

A spokesman for the Beijing Public Security Bureau did not respond to an inquiry about Mr. Gao's case.

Paulson's China Victory (WSJ)

The Wall Street Journal, October 16, 2006

Everyone seems to agree that China's leverage will be crucial if the world is going to contain North Korea's nuclear threat. Which is one more reason to congratulate Treasury Secretary Hank Paulson, who recently prevented a U.S.-China blowup by persuading Chuck Schumer and Lindsey Graham to drop a Senate vote on their 27.5% tariff bill against China.

But lest this protectionist threat return in another political guise, it's worth recounting why they're so very wrong to consider the trade deficit with China a threat to U.S. prosperity. As the Senators recently argued on these pages, their complaint is that

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China's "continued [currency] manipulation is a form of protectionism, and it throws the whole global trading system out of balance." The pair have now thrown their support behind a bill sponsored by Senate Finance Chairman Chuck Grassley and ranking Democrat Max Baucus that would empower Treasury to determine whether China has a "misaligned currency."

The $200 billion trade deficit with China is itself a meaningless hobgoblin, mattering far less than the volume of trade. U.S. imports from China have more than doubled (up 155%) since 2000 to $243 billion. But U.S. exports have climbed even faster, tripling since 2000. Through the first half of 2006, the value of U.S. goods shipped to China was up by nearly 40% and on pace to reach nearly $60 billion. (See the nearby table.) So if China is adopting currency policies to repel U.S. goods, they aren't working too well.

This explosion of cross-border commerce has worked to the benefit of both nations. China has had a compounded rate of GDP growth of 10% for the past five years. A report by McKinsey consulting finds that if anywhere near these rates of GDP growth are sustained over the next decade, poverty rates in China -- a nation barely able to maintain subsistence living standards for centuries -- will fall by two-thirds.

What has America gained? A surge in low-priced, high quality consumer products. Apparel, footwear, consumer electronics, computer equipment, and so on -- all of which Americans have bought voluntarily. Arguably the biggest beneficiary of China's emergence on the world trading stage has been America's poor, who have new access to bargain-priced consumer goods. A 27.5% China tariff would be the most regressive tax imposed on low income Americans in decades.

The standard response from the China-bashers (just as the Japan-bashers argued two decades ago) is that America is "exporting" jobs overseas. But over the time period that trade with China has surged, so has the number of new jobs created here. Yes, some U.S. manufacturers have lost market share to lower-cost Chinese competitors, and in recent years U.S. apparel and light manufacturing firms have brought a series of anti-dumping complaints against the Chinese.

But it's a myth that U.S. manufacturing is disappearing. A recent Cato Institute report shows that U.S. manufacturing output is up 50% in the past 12 years along with our expanding trade with China. And the National Association of Manufacturers reports that August was the tenth consecutive month in which U.S. manufactured goods exports rose more than imports. Outsourcing to China has allowed many U.S. companies to remain competitive against foreign producers, and a large chunk of U.S.-China trade is in fact intra-company trade conducted by American firms.

So has China "cheated" in the trade arena by holding the yuan artificially low relative to the dollar? The yuan has been pegged at 7.92 against the dollar since the mid-1990s, and Beijing has begun to allow a modest fluctuation in the last year or so. But this is not a "manipulation" of its exchange rate so much as it is a contracting out of its monetary system to the U.S. Federal Reserve Board. That strategy has allowed China to remove the uncertainty of exchange-rate fluctuations from investment decisions and allowed China to grow rapidly while controlling inflation (so long as the Fed controls it too, which is a separate issue).

The Chinese have thus avoided the bane of most developing nations of inept monetary controls leading to price fluctuations and periods of hyper-inflation. China was one of the few Asian nations that didn't face a crippling currency devaluation during the monetary crisis of the late 1990s.

Nor is it clear that a yuan revaluation of even 10% to 30% would have any meaningful impact on the U.S. trade deficit. China imports some $100 billion a year of raw materials. A stronger yuan would lower the price of those inputs, and thus of production costs, which could largely offset the impact of the stronger currency on export prices. And even if the U.S. were to ban all imports from China, the main effect would be to import those goods and services from elsewhere instead, albeit at higher prices. The U.S. runs a $500 billion a year capital input surplus, and the trade deficit by definition offsets those beneficial inflows.

* * *

The greatest Chinese danger to the U.S. economy isn't trade but is its undeveloped and politically controlled financial system. An estimated 10% to 25% of all China's bank loans are nonperforming. State ownership of the banks has fostered an unhealthy and destabilizing system of crony capitalism. U.S. policymakers should be urging Beijing to privatize its banking sector, capital markets and state owned enterprises. Rather than press for trade barriers that would raise prices here at home, it would also make more sense to pressure China to enforce U.S. copyrights and patents.

Back in 2001 when China was permitted to join the World Trade Organization, one non-negotiable condition was that China lower its punitive tariffs on imported goods -- which it has done. While China needs more reforms to sustain its growth, the U.S. hasn't helped its own policy credibility by such political stunts as Congress's opposition to the purchase of Unocal by a Chinese company. The U.S. wants and should expect Beijing's cooperation on nuclear proliferation and North Korea; it shouldn't waste its influence on such non-problems as expanding two-way trade.

ChÃ¡vez's U.N. Moment (WP)

By Jackson Diehl

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The Washington Post, October 16, 2006

Why Do Latin Democrats Support Him?

It's election day for Hugo ChÃ¡vez -- not in Venezuela but at the United Nations General Assembly. Today a vote is due on his government's bid for a nonpermanent seat on the Security Council. ChÃ¡vez has spent most of this year campaigning for the job, traveling the world and promising tens of millions of dollars in aid to poor countries in Asia and Africa whose votes he's counting on. His ambition is a big one: to become the leader of global opposition to the United States, or, as he puts it, to "radically oppose the violent pressure that the empire exercises."

There's a fair chance he'll lose. Most vote counters at the United Nations think Venezuela will fall short of the 122 General Assembly votes it needs on the first ballot, as will its opponent for the seat, Guatemala. One of the two might win on subsequent ballots, but Latin American governments are already anticipating that a third candidate from the region -- such as Uruguay or the Dominican Republic -- will end up getting the job. If so it will be a wounding rebuff for ChÃ¡vez following his Bush-as-devil tirade before the assembly last month, and one that could hurt him in another vote, if it is free and fair: his bid for reelection as president in December. His opponent in that race has been hammering home the point that ChÃ¡vez is squandering the country's oil revenue on foolish foreign adventures.

A ChÃ¡vez defeat would save the Bush administration from embarrassment and spare the Security Council a nuisance factor. Still, there won't be much to celebrate. The fact that a clownish populist who has eagerly embraced the presidents of Iran, Belarus, Zimbabwe and Libya could even come close to getting two-thirds of the votes of the 192 U.N. members is testimony to how low U.S. prestige has sunk around the world. More specifically, it's a measure of how twisted U.S. relations with Latin America have become -- and also, how fragile the appeal of democratic values is in that region.

How twisted? Let's look at Chile, a country that has been convulsed by debate the past two months over whether to vote for or against ChÃ¡vez. Chile's democratic president, Michelle Bachelet, is a moderate leftist; her government has a free-trade agreement with the United States and just took delivery of new F-16s for its air force. Some in her party were sheltered during the Pinochet dictatorship by Venezuela's then-liberal democratic government. ChÃ¡vez has not only dismantled that democracy but has vociferously supported Bolivia's claim to a piece of Chile's coastline. Under a military pact he signed with Bolivia's leftist government, Venezuela is committed to building new military bases on Bolivia's border with Chile.

All this, and yet Bachelet was unable to decide on her government's vote by yesterday. Only strong opposition from the centrist Christian Democratic Party, a member of her coalition, prevented her from backing ChÃ¡vez. Why? A vote for Guatemala, she told Christian Democratic congressmen earlier this month, "would be a signal of little independence from the United States," which has been pressing hard for Guatemala's candidacy, according to an account of the meeting by the newspaper El Mercurio.

In other words, as Chile's president sees it, it's better to support a budding autocrat who promises to defend Iran's nuclear program on the Security Council, and may threaten her own country's security, than to be seen as close to Chile's largest trading partner and strategic arms supplier at a time when it is trying to use the Security Council to stop Iran (and North Korea) from acquiring nuclear weapons.

This certainly says something about Chile, and neighbors Brazil and Argentina, which are also supporting ChÃ¡vez: that they value Venezuela's investment in their economies more than preventing nuclear proliferation (ChÃ¡vez is buying debt from Argentina and aircraft from Brazil); that solidarity with a neighbor matters more than solidarity with other democracies (probably the only votes for Venezuela in the free world will come from Latin America and the Caribbean); that their governments prefer a weaker United States to a chastened Hugo ChÃ¡vez.

But this affair also underlines the continuing fecklessness of the Bush administration's approach to Latin America. There is its overreliance on faithful but small allies in Central America and its inability to come to terms with the region's giant, Brazil. There is its heavy-handed lobbying, which prompted Guatemala's foreign minister to say that he wished Washington "would not promote our cause so much." Most disturbing, there is the inability to win support from a nominally close ally such as Chile, even against an autocratic demagogue. ChÃ¡vez may lose the U.N. vote, but in the contest for Latin America, the United States isn't winning.

Chávez's U.N. Gambit (WSJ)

The Wall Street Journal, October 16, 2006

To understand why so many Americans dislike the U.N., consider that Venezuela, of all countries, stands a chance today of being elected by a vote of the General Assembly to one of the 10 non-permanent seats on the 15-member Security Council.

This is the same country whose megalomaniac ruler, Hugo Chávez, ranted against the U.S. last month to the laughter and applause of the assembled General Assembly grandees at Turtle Bay. His international initiatives this year have included warmer ties with North Korea and Iran, buying weapons from Russia and sowing revolution throughout Latin America.

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Venezuela's competition for the Latin American two-year seat that opens next year is Guatemala, a democracy that has never had a seat on the Security Council and is active in peacekeeping in Haiti and Africa. Guatemala signaled its intention to seek this seat in 2002, only to watch as Mr. Chávez jumped in the race in 2005 to get a larger megaphone for his radical views. The Caracas strongman has since played his oil card around the world to buy support, and he has the backing of the world's club of dictators.

The world's democracies in North and Central America, Europe and Asia are lining up behind Guatemala. In Latin America, Colombia and Mexico are also backing Guatemala, while Argentina and Brazil are supporting Venezuela, perhaps out of misguided leftist solidarity. The left-of-center government in Chile is on the fence, no doubt alarmed by Mr. Chávez but also fearful of crossing him.

With a two-thirds majority required to declare a winner in a secret ballot, more than several rounds of voting are expected. If Mr. Chávez wins, we'll know that most U.N. members prefer anti-American posturing to a credible Security Council.

Orhan Pamuk's Nobel Prize (NYT)

The New York Times, October 16, 2006

Orhan Pamuk, the Turkish novelist who has won this year's Nobel Prize in Literature, is not an overtly political writer. But like every serious artist, Mr. Pamuk lives in a world where the freedom to speak the truth has to be reasserted every day against political forces that would rather not hear it.

Mr. Pamuk's prize is richly deserved. It was awarded for a body of work, fiction and nonfiction, that is driven by the conscience of imagination as well as the conscience of memory. In books like "Snow," "My Name Is Red" and "Istanbul," he has made Turkey, past and present, a vital part of the modern reader's literary atlas. And in turn, it is Turkey that has given Mr. Pamuk his political edge.

Islamists and Turkish nationalists tend to think of Mr. Pamuk as a literary provocateur, especially for his brief but candid remarks about the Armenian genocide quoted in a Swiss magazine last year. But we think Mr. Pamuk was speaking the truth. For the sake of art and conscience, he has resisted any effort to quiet his literary voice.

Some of those efforts, like the offer to become a Turkish "state artist," which he declined, were flattering. Others, like the recent prosecution against him, since dropped, for anti-Turkish remarks, were not so flattering.

Mr. Pamuk's Nobel will be a popular one, except, of course, among people who believe that artists should be allowed to work only under political or religious supervision. His prize is also a reminder of how often the Nobel has been given to a writer whose work exposes the tension between the state and the artist.

We read Mr. Pamuk's books as they should be read — for the imaginative and linguistic pleasure in them — seldom remembering that every artist's freedom to speak is our freedom, too. This prize helps us remember that.

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Sent:	Monday, October 16, 2006 8:23 AM
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 14, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Appeals Warrantless Surveillance Ruling To 6th Circuit. The AP (10/14, Irwin) reports, "The Justice Department on Friday asked a federal appeals court to throw out a lower court decision that said the Bush administration's warrantless surveillance program is unconstitutional." The AP continues, "The president has said the program is needed in the war on terrorism. U.S. District Judge Anna Diggs Taylor in Detroit agreed with the program's opponents when she ruled Aug. 17 that the program violates the rights to free speech and privacy and the separation of powers." The AP adds, 'Government lawyers said in pleadings filed Friday with the 6th U.S. Circuit Court of Appeals that the surveillance program 'is necessary to protect the nation from an ongoing national security threat of the highest order and is vital to waging and winning the ongoing armed conflict.' … Taylor's injunction 'dismantles a vital tool that already has helped detect and disrupt al-Qaida plots,' the Justice Department attorneys argued. They also said Taylor's order barring use of the program 'in any way' showed the judge dealt with sensitive national security issues in a 'blunderbuss manner.'" The AP notes, "A three-judge panel of the Cincinnati-based appeals court ruled Oct. 4 that the administration could keep the program in place while it appeals Taylor's decision. The judges said their ruling considered the likelihood an appeal would succeed, the potential damage to both sides, and the public interest. … The appeal is likely to take months."

SouthCom Investigates Guantanamo Abuse Charges. CBS Evening News (10/13, story 4, 0:25, Couric, 7.66M) reported, "Some barroom bragging has prompted an investigation into whether terror suspects at Guantanamo Bay were abused. A U.S. Marine sergeant says she blew the whistle after hearing guards boasting at a bar about beating prisoners. Today the Pentagon told the U.S. Southern Command to look into it. Meanwhile, the Red Cross just wrapped up a visit to Guantanamo, meeting with 14 new prisoners there, including Khalid Shaikh Mohammed, the 9/11 mastermind."

The AP (10/13, Selsky) reports, "The U.S. Southern Command on Friday launched an investigation into 'credible allegations' that guards at Guantanamo Bay abused detainees, and appointed an Army colonel to head the probe. … Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed the 'hotline' complaint last week. Vokey attached a sworn statement from his paralegal, Sgt. Heather Cerveny, 23."

Red Cross Will Give US Confidential Suggestions. The AP (10/13, Selsky) reports, "The Red Cross will make confidential recommendations to the U.S. government after meeting at Guantanamo Bay with 14 new detainees, including the alleged mastermind of the Sept. 11 attacks … The encounters apparently mark the first time the 14 detainees have spoken with anyone other than their captors since they were arrested." A Red Cross spokesman "said there were now 454 detainees at Guantanamo and the Red Cross has private access to all of them."

Lawyer Says Gitmo Detainee's Confession Was Coerced. The Washington Post (10/14, Leonnig, 748K) reports on Abdul Rahim, a 22-year-old who claims that he "endured cigarette burns, electric shocks and repeated beatings at the hands of Taliban soldiers who captured him in 2000, he said -- all because he refused to fight for al-Qaeda." Ironically, the US now holds him allegedly because of "the false confession Rahim gave to placate his Taliban torturers." His "account of being imprisoned and tortured by the Taliban is supported by newspaper accounts about Rahim and fellow prisoners whom the Taliban abandoned when U.S. forces began bombing Afghanistan in the fall of 2001. It is also supported by documents from impartial agencies that had contact with Rahim, notably the International Committee of the Red Cross."

Swiss Say Banks Broke Law By Giving Data To US. The New York Times (10/14, Bilefsky, Lichtblau, 1.21M) reports, "Swiss banks broke their nation's laws by providing banking information to American counterterrorism officials, Switzerland's top data-protection official said Friday. The banks, known for safeguarding privacy, should have informed customers using the Swift money-transfer service that their data could be passed on to third parties, the Swiss official, Hanspeter Thür, said." His opinion differed from "the views of the Swiss finance minister, Hans-Rudolf Merz, who said last month that giving the Central Intelligence Agency

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such access did not infringe on the country's banking secrecy rules." The AP (10/14) briefly reports the same story.

Georgia Imam Pleads Guilty To Providing Material Support For Hamas. The Atlanta Journal-Constitution (10/14, Rankin) reported, "The prayer leader of a North Georgia mosque has pleaded guilty to federal charges of providing material support to the Islamic militant group Hamas." Mohamed Shorbagi, "who lived near Rome, entered his guilty plea on Aug. 28, federal authorities said Friday. Shorbagi's court documents were unsealed in U.S. District Court in Atlanta Friday morning. … Said FBI Special Agent in Charge Gregory Jones, 'It is very disturbing to see people in the United States who are so willing to offer their assistance to known terrorist organizations, and this case should remind us all of the continued need to be vigilant.'" US Attorney David Nahmias said that "Shorbagi was a Georgia representative for the Holy Land Foundation and attended foundation meetings at which high-level Hamas officials made presentations condemning Israel." The Journal-Constitution noted, "Shorbagi's plea agreement states he is to be sentenced to 15 years in prison, the maximum allowed under federal sentencing guidelines."

The New York Times (10/14, Goodman, 1.21M) reports, "In a case kept secret for nearly two months, the religious leader of a mosque in Rome, Ga., has pleaded guilty to providing financial support to the militant Palestinian organization Hamas...the 42-year-old defendant, Mohamed Shorbagi, a citizen of the Palestinian territories who is living legally in the United States with his wife and young children, was charged on Aug. 28 with providing aid to Hamas through donations he made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001." The Washington Post/AP (10/14, Bluestein) also reports the story.

HOMELAND RESPONSE:

Bush Signs Bill To Increase Port Security. President Bush's signing of a bill to increase port security was primarily covered by the Washington Times and the wire services. The Washington Times (10/14, Curl, 88K) reports, "President Bush yesterday signed a law to protect U.S. ports from terrorists smuggling weapons into the United States hidden within the 11 million containers that enter the country each year." It "authorizes $3.4 billion over five years for safety measures, including the installation of radiation detectors at the 22 largest U.S. ports by the end of next year. More inspectors will be hired to increase the number of random searches of containers." In response, Rep. Edward Markey "called the new law a 'sham port bill' and complained it did not go far enough by authorizing only a pilot program to study scanning of cargo containers headed for the United States from three ports."

The wire services highlighted the political angle of the issue as the midterm elections approach. The AP (10/14, Loven) reports Bush "used the bill-signing ceremony to assert that Republicans are tough on terror, a key issue in congressional elections just less than four weeks away." But Bush "didn't mention an unrelated provision that seeks to put teeth into laws that forbid most online gambling. Instead, Bush focused on the multiple ways the legislation tightens security and closes a loophole in anti-terror defenses, especially at ports."

The Los Angeles Times (10/14, 918K) publishes a similar version of the AP article adding that while Democrats supported the bill, "Bush was accompanied at the bill-signing ceremony by one Democrat, Sen. Patty Murray of Washington, alongside a slew of Republican lawmakers. For weeks the president has insisted that Republicans are tough on terror and that Democrats would make the country weaker." The AP adds, "Murray said that for the first time in many years, she will sleep well, knowing that ports in Seattle and other cities will be safer. Murray, who has been working on the bill for more than five years, said it was gratifying to see the president sign a bipartisan bill 'in an extremely political month,' with midterm elections a few weeks away."

AFP (10/14) reports, "Hoping to retain control of Congress in legislative elections on November 7, lawmakers in Bush's Republican party adopted the measure two weeks ago to persuade voters that they are better able to prevent another terrorist attack." They "rode the security issue to electoral victory in 2002 and 2004. But the same strategy may falter this year amid growing public anxiety about the war in Iraq and the economy." And "Bush, who has portrayed the opposition Democrats as failing to grasp the nature of the terrorist threat after the attacks of September 11, 2001, used the signing ceremony as an opportunity to hammer home his campaign message on security."

Bush Signs Law To Crack Down On Internet Gambling. In a front page story the Washington Post (10/14, A1, Ahrens, 748K) briefly notes Bush signed the port security

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bill and focused instead on the bill's impact on internet gambling, which "was effectively criminalized by the federal government yesterday, as lawmakers work to eliminate an activity enjoyed by as many as 23 million Americans who wagered an estimated $6 billion last year." Although "proponents decried the effects of gambling on society, opponents pointed to the enormous popularity of Internet gambling and compared the new law to the Prohibition amendment of 1919." It "is potentially crippling to a worldwide industry whose biggest customer has been the United States." Even the WTO "has a stake in the game. The organization has ruled that the United States violates trade treaties by outlawing offshore online gambling while tolerating some forms of U.S.-based online gambling, citing the horse-racing ambiguity." But bill sponsor Rep. Bob Goodlatte said, "There are family problems, bankruptcy problems, gambling addiction, gambling by minors, using gambling to launder money for criminal and terrorist organizations and organized crime. It does not help our society."

TSA Seeks To Boost Attendance For Flight Attendant Counterterror Training. ABC World News (10/13, story 7, 2:10, Gibson, 8.78M) reported, "Since the 9/11 attacks flight attendants have been calling for self-defense training. Now, the Transportation Security Administration has launched it." ABC (Stark): "Congress required the Transportation Security Administration to develop this course. It's offered free to flight crews. But it is not required. Out of the 220,000 eligible, a mere 300 have managed to attend. They have to do so on their own time. And cover any cost to get to the course, which used to last three days. The Air Marshals now run the program. They've shortened it to a day, to try to boost enrollment."

FAA Bans General Aviation Along East River. CBS Evening News (10/13, story 5, 0:10, Couric, 7.66M) reported, "Tonight, the F.A.A. announced it is banning low-altitude flights by small private planes in New York city's East River corridor. It's a safety precaution after the crash this week that killed New York Yankees pitcher Cory Lidle and his flight instructor."

Many Immigrant Office Cleaners In Manhattan Fell Ill After 9/11. The Los Angeles Times (10/14, Barry, 918K) reports, "The dust around ground zero, we now know, contained caustic, finely pulverized concrete, trillions of microscopic fibers of glass, and particles of lead, mercury and arsenic, as well as carcinogens like asbestos and dioxin. … An ever-growing number of New Yorkers is coming forward to describe symptoms: the first responders who plunged into the tangled wreckage to find survivors; the volunteers who hauled diesel fuel and doled out cigarettes; the students at Stuyvesant High School who returned to classes while acrid fires burned nearby. Less visible is the army of cleaning workers who were sent to the area to clean office buildings."

Cruise Ship Industry Returns To Boost New Orleans. The Washington Times/AP (10/14, Sayre) reports, "The New Orleans' cruise ship industry returns to service tomorrow when the 2,000-passenger Norwegian Sun becomes the first regularly scheduled liner to cast off from the city's docks since Hurricane Katrina." After the negative impact of Katrina "the business is starting over" as "tomorrow's voyage marks the return of regularly scheduled service of four- to seven-day voyages. For a time after Katrina, two cruise ships moored at New Orleans to provide housing for emergency workers." The AP adds, "The port is opening a third cruise terminal and a 1,000-vehicle garage at a cost of $38 million that will give the facility the ability to handle two large passenger ships at once. It is bullish enough to be making plans for a fourth terminal." Yet, "Bob Wall, owner of the New Orleans-based travel agency Vacations at Sea, said the first year probably would only be modest as the ships get re-established. He thinks bookings will increase steadily in the coming months."

Microloan Program Suggested To Aid Katrina Survivors. Nobel Peace Prize winner and economist Muhammad Yunus in an op-ed in the Wall Street Journal (10/14, A6, 2.03M) suggests initiating a microfinancing program to help Katrina survivors writing, "Many people ask, Why not just give free cash, especially under such dire circumstances? In Bangladesh, we've learned that when aid is free, not only do the poor get the least of it, but everyone inflates their needs." But "Microlending has already helped millions reach a better life through their own initiative. It has also given them valuable skills as well as crucial financial back-up in case they ever face a natural disaster like Katrina. So it might be time to think about another type of support for Katrina's victims: the microloan. As our small, flood-battered country has learned, giving someone a hand up doesn't always require a handout. The most important thing is to help

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people get back to work while letting them hold on to their self-respect. Microloans can do just that."

WAR NEWS:

US, UK Downplay British General's Assessment Of Iraq. ABC World News (10/13, story 5, 0:20, Gibson, 8.78M) reported, "The British government is struggling to stamp out a furor over statements that made by a top general. Today, General Richard Dannatt insisted he was not at odds with his government's policy." Gen. Dannatt: "We've got to get on with it. We can't be there for years and years in the sort of numbers that we are. We all recognize that. There's nothing new in what I'm saying there." Gibson: "Dannatt did stand by his claim that the presence of British troops was exacerbating the violence in Iraq."

The New York Times (10/14, Cowell, 1.21M) reports, "The British government raced Friday to defuse an embarrassing public debate over remarks by" Gen. Sir Richard Dannatt, its top military commander, "that Britain should withdraw its troops from Iraq 'sometime soon.'" He "modified some of his remarks in a series of radio and television interviews," saying that "By 'soon,'…he meant that British troops should not remain there for 'years and years.' But he did not completely retract his assessment that the presence of British forces in Iraq 'exacerbated' the violence there." Prime Minister Tony Blair "insisted that, having read transcripts of the general's interviews on Friday, he was echoing official policy," and White House spokesman Tony Snow "also tried to dull the remarks, saying, 'His general point was that, you know, when your work is done you hand over authority to the Iraqis.'"

The Washington Post (10/14, A18, Jordan, 748K) adds, "Snow said Dannatt believed his comments had been 'largely taken out of context.'" Dannatt "said he was not 'backtracking' but expanding on his remarks," adding that "there was no 'rift' between him and Prime Minister Tony Blair." The Financial Times (10/14, Blitz) notes, "Blair was last night fighting to limit the damage to his Iraq policy" by this "unheard of action for a serving leader of the armed forces." The AP (10/13, Haddon) reports that Blair "insisted that there was no difference of opinion between him and army chief General Sir Richard Dannatt."

General Dannatt's Remarks Seen As Reflecting US Generals' Positions. NBC Nightly News (10/13, lead story, 3:00, Williams, 9.87M) reported, "It was the shot heard round the world and it came from the commander of the British army. He is on the record as saying British troops have no business in Iraq and should come home. While he has since changed his stance a bit, his words sent shockwaves through British forces. It wasn't what American forces needed to hear, either. As they are already facing an unraveling and violent situation on the ground, counter to their goal of democracy taking hold." NBC (Miklaszewski): "The general's remarks sent political shockwaves through both the British and U.S. Governments but what the British general had to say publicly is what many U.S. generals are saying privately." UK Gen. Richard Dannatt: "We're exacerbating it in the sense that because we are there, we provide a target and we are attacked, ergo, if we are not there, we wouldn't be attacked and the situation would be calmer." Miklaszewski: "It may sound surprising, but that's not far off the position of the U.S. military commanders. Despite a recent spike in deadly sectarian violence, senior U.S. military officials fear that throwing many more American troops into the fight would only intensify the problem and increase U.S. casualties. More troubling, senior U.S. military officials tell NBC News, 'the fabric of law in Iraq is unraveling' and fear that Prime Minister Maliki will not deliver on his pledge to take on sectarian militias."

Blair Seen As Losing Clout. The AP (10/13, Gardiner) reports, "His army chief's brazen declaration that British troops should soon leave Iraq is the latest evidence that the once-formidable prime minister -- who rode out a fierce party rebellion just last month -- may be rapidly losing his political clout."

NY Daily News Concurs With Dannatt. The New York Daily News (10/14, 729K) editorializes, "There is undeniably growing sentiment even in hardy stay-the-course circles that the Iraqi mission -- just and high-minded though it was at the beginning, just and high-minded though it remains -- has been no howling triumph. ... The Iraqis absolutely must begin to take charge of their own affairs."

Basra Shiites Want British To Leave. The AP (10/14) reports, "Many Shiites in this southern port city say they want British troops to leave, though the region is still bloodied by a persistent grind of killings, including Sunni insurgent bombings and Shiite-on-Shiite slayings amid a competition for political control." Basra leaders "agreed with an assessment by Britain's army chief that the British presence only worsens the violence and the soldiers should withdraw soon." Shiites claim that "the British presence only provides a

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target for attackers seeking to end the 'occupation' -- and some said the troops are doing nothing to rein in party-backed Shiite militias that have risen to prominence."

Bush Seen As Open To Policy Shift On Troop Withdrawal. CBS Evening News (10/13, lead story, 2:50, Couric, 7.66M) reported, "With opposition to the war in Iraq growing and no end in sight plans are now being drawn up to start withdrawing U.S. troops." CBS (Martin): "The Bush Administration has repeatedly opposed setting a timetable for the withdrawal of American troops from Iraq. But two separate sets of advisors -- one inside the Pentagon and one outside -- are now developing plans for what would amount to a withdrawal schedule. Previously rejected as telling the enemy how long they'd have to hold out, a withdrawal schedule is now seen as a way of forcing the Iraqi government to accept more responsibility and of removing what the head of the British Army identified as one of the causes of the violence: The presence of a foreign army." In addition to the Iraq Study Group, Marine Lieutenant General John Sattler "is developing what one source called a forcing mechanism that would set target dates for the turnover of areas now controlled by American forces to Iraqi troops. Setting a date and sticking to it worked for the Iraqi elections, this source said, suggesting the same model could apply to troop levels. None of these options has been approved yet, but the subject of setting a timetable for troop withdrawals is now on the table." Couric asked, whether "the President will buy this idea?" Martin replied, "Well, he said just this week if his military commanders come in and tell him he needs to do something differently in Iraq, he would accept their advice. So if the military -- and it's still an if -- were to come in with a recommendation for setting some sort of schedule, it would seem likely he would go along."

More Commentary On Troop Withdrawal. Scripps Howard News (10/14) commentator John Hall writes that, despite James Baker's intentions, "The president, more than once, said he was open to any kind of tactical change in course that his top commander in Iraq, Gen. George W. Casey Jr., would bring to him. But he seems more entrenched, not less so, on his message that 'the enemy's coming after us' if there should be a premature withdrawal of troops from Iraq.. … Rumsfeld and Vice President Cheney, and the network of neo-conservatives who backed the war from the start have formed a protective wall around the existing strategy for a long time."

Experts Offer Iraq Policy Options Contrasting With Administration's. Late in its broadcast, CBS devoted a significant amount of time to interviews with three international national security experts, all of whom offered policy options on Iraq different from the Administration's. CBS Evening News (10/13, story 8, 4:10, Couric, 7.66M) reported, "You hear about it every night. The violence in Iraq just keeps getting worse. In our latest CBS News/New York Times poll, two-thirds of the respondents told us they believe the war is going badly. But what should the United States do about it?"

Retired U.S. Army Major General Paul Eaton, who was in charge of training the Iraqi military during the first year of the war, said, "with the need to engage across the waterfront we feel need to engage with Syria, get our ambassador back there and we need to get an embassy up and running in Tehran so that we've got at least the opportunity to develop a local engagement."

Anne-Marie Slaughter, dean of the Woodrow Wilson School of Public and International Affairs at Princeton, said, "Well, I certainly agree with General Eaton that we should be working with Iran and Syria, because the long-term solution is going to require negotiations across the region. But immediately I actually think we have to recognize we are in the middle of a civil war and a civil war typically ends when one side has won decisively. I think we're going to have to stand aside, protect as many Iraqi civilians as possible, but effectively let militias fight it out."

Asked how the US could extricate itself, Daniel Benjamin, an international fellow with the Center for Strategic and International Studies, said, "It's not clear it can. It's not clear that we have any leverage anymore or what we have won't disappear very quickly. We can do a couple of things and one is that we can hold out an option to the parties that there will be an equitable division of resources in the country and that there's a big aid package."

Army Campaigns "Hard" For More Funding. McClatchy Newspapers (10/14, Brown) reports, "The Army is campaigning hard to ensure that it has enough money to keep up the battles in Iraq and Afghanistan and to prepare for potential future conflicts. Gen. Peter J. Schoomaker, the Army's chief of staff, says the service needs $138 billion in 2008 to ensure it can field as many as 19 combat brigades at any given time, as called for by the Pentagon's latest four-year strategy." The Army "has borne the brunt of manpower and

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equipment losses. More than 2,100 of the 3,100 U.S. troops killed in Iraq and Afghanistan have been Army soldiers. The Army plans to spend $17.1 billion this year to replace or repair equipment that's been lost or damaged, including more than 2,000 vehicles awaiting overhaul." Analysts Loren Thompson and Frederick Kagan discuss the nation's lack of solicitude toward an all-volunteer military and the need to have enough troops for the Iraq war and "other strategic commitments."

Funding For Additional Troops Seen As Unaffordable. Scripps Howard News (10/14) in an editorial warns, "According to the Congressional Research Service, Congress already has appropriated $437 billion for war, not including $70 billion approved by the Senate as part of next year's record-breaking Pentagon budget ... The fighting in Afghanistan, home of the Taliban and training ground of the 9/11 terrorists, is one thing. But an increasing number of Americans see Iraq as a war we can no longer afford."

Doubts About Maliki Government Grow. McClatchy Newspapers (10/14, Youssef) reports, "In the five months since Prime Minister Nouri al Maliki became Iraq's leader, the parliament and his ministries have formed hundreds of committees ... No one knows precisely how many committees have been formed - one estimate puts the number at 400. ... That lack of action is eroding Iraqi citizens' and U.S. officials' confidence that Maliki's government will be able to address the problems that plague this country, a development that would leave the U.S. with virtually no policy alternative." McClatchy adds, "There's a growing chorus that Maliki's government is unlikely to ever come to terms with the country's problems, a complaint reflected in Iraqi Web logs, newspaper columns, and, U.S. civilian and military officials say, in private conversations."

An Estimated Million Of Iraqis Have Fled Country. NBC Nightly News (10/13, story 2, 2:30, Williams, 9.87M) reported, "And now to another aspect of all this fallout from the everyday violence and danger in Iraq. The million or so Iraqis who have left their homes, in nothing short of an exodus. These are ordinary citizens leaving the homes and lives they've all known for years, sometimes for safer places inside Iraq, but more often, they are leaving Iraq altogether." NBC (Engel): "It's the office of last resort -- Baghdad's main passport agency. It's so crowded with Iraqis who want to leave, the government ordered it to stay open seven days a week. Haifa and Hassan Rubaiee, both professors at Baghdad's university, have their passports. They're packing to move to Syria, joining what the government said this week was a million Iraqis who have left since the war."

Al Sistani's Influence Is Declining. The AP (10/13, Hendawi) reports, "Grand Ayatollah Ali al-Sistani once wielded so much influence he seemed to single-handedly chart the post- Saddam Hussein political future" but "priorities for Shiite political parties have changed and their leaders no longer appear to feel the need to be seen to be closely associated with al-Sistani to gain legitimacy. Now, the country's top Shiite cleric appears powerless as Iraq edges toward civil war. ... It is a power shift that does not bode well for Iraq's Shiite-dominated government or the U.S.-led military coalition as they try to contain the stubborn Sunni insurgency and the wave of sectarian killings that has swelled since last winter."

Interior Minister Blames Iraqi Bloodshed On Facilities Protection Service. The Washington Post (10/14, Knickmeyer, 748K) reports, "Iraq's interior minister on Friday rejected allegations that Iraq's police and military have played a major role in the death squads blamed for Baghdad's surging violence, saying that only a small number of all those caught in U.S. or Iraqi raids were members of the police or army. Jawad al-Bolani, speaking to a small group of reporters in Baghdad, blamed the Facilities Protection Service, or FPS, a massive but unregulated government guard force whose numbers he put at about 150,000." The Post adds, "American generals were among the first to publicly express suspicion that the Facilities Protection Service was playing a key role in the growing sectarian killings. U.S. commanders themselves started the agency soon after the 2003 U.S-led invasion, intending it to be a force of a few thousand men who would guard buildings against looting."

The Los Angeles Times (10/14, Daragahi, 918K) reports, that Interior Minister Bolani "acknowledged that he was powerless when it came to security in large areas of the capital, especially in Sunni-dominated western Baghdad."

Interior Minister Vows To Clean House At Own Ministry. The New York Times (10/14, Semple, Luo, 1.21M) reports, "Iraq's interior minister, under pressure from Western officials and some Iraqi leaders to purge the ministry of sectarian influence, said Friday that he was preparing to reshuffle its leadership, and that he had the political backing to carry out the plan. ... Although Mr. Bolani has made some

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strides toward accomplishing his reform goals, including firing thousands of employees, Western officials and some Iraqi officials have said that he has lacked the political support to conduct the necessary purges, particularly at the upper levels of the ministry. According to American officials close to the ministry, among the commanders Mr. Bolani may replace is Adnan al-Asadi, the deputy minister of administration, who is suspected of abetting the Shiite militias. Mr. Bolani denied those assertions on Friday." Observers fear that his political independence "has left him without the political muscle to make radical, necessary changes in the institution."

Respected Iraqi Colonel Is Killed. The Washington Post (10/14, A1, Knickmeyer, Finer, 748K) in a front page article reports, "Col. Salam al-Mamuri and his Scorpion commando team were a rarity among Iraqi security forces, American and Iraqi colleagues said: a police unit fighting on both sides of the country's sectarian divide. On Friday, a bomb blew apart Mamuri and an aide at the Scorpions' headquarters in the southern city of Hilla. The attack ended the life of a broadly respected commander who had been one of the longest-serving and longest-surviving men in a cadre of Iraqi army veterans struggling to restore law and order after the 2003 U.S.-led invasion." The Post quotes Iraqis and a Special Forces member praising Mamuri's courage and "comparative evenhandedness" in fighting both Sunni insurgents and Shiite militias.

15 Killed Across Iraq. The AP (10/13, Bodeen) reports, "At least 15 people were killed in attacks Friday around Iraq, including the commander of a battalion of special Interior Ministry police and six women and two girls who were shot south of Baghdad." In the case of police Col. Mamuri's assassination, officials "were investigating whether the bomb could have been placed by a policeman from the brigade."

Eight Females Killed, Two Teenaged Girls Kidnapped In Iraq. The AP (10/13, Hendawi) reports, "Gunmen attacked Shiite women picking vegetables in a field outside the capital Friday, killing six adults and two young girls and kidnapping two teenagers. It was one of the deadliest assaults specifically targeting women in Iraq's monthslong wave of sectarian violence." Police theorized the gunmen were Sunni insurgents; the AP comments, "Previous major attacks in Iraq have killed many women and men together, and at times individual women have been shot or kidnapped. But rarely have large groups of women been attacked."

SEAL Falls On Grenade To Save Comrades. The AP (10/14, Watkins) reports from Ramadi, "A Navy SEAL sacrificed his life to save his comrades by throwing himself on top of a grenade Iraqi insurgents tossed into their sniper hideout, fellow members of the elite force said. Petty Officer 2nd Class Michael A. Monsoor had been near the only door to the rooftop structure Sept. 29 when the grenade hit him in the chest and bounced to the floor, said four SEALs." Sixteen SEALS have been killed in Afghanistan, while only two have been killed in Iraq; "Navy spokesman Lt. Taylor Clark said the low number of deaths among SEALs in Iraq is a testament to their training."

UK Coroner Says US Military Killed UK Journalist. The Washington Post (10/14, A18, Adam, Sullivan, 748K) reports that British coroner Andrew Walker "ruled Friday that U.S. troops unlawfully killed" British television journalist Terry Lloyd "during the invasion of Iraq in March 2003." He added he would seek prosecution of the U.S. troops responsible for the death." Lloyd's widow, Lynn "called the incident a 'very serious war crime' and said the troops responsible should be tried for murder." The Defense Department "said in a statement that U.S. military authorities had investigated the incident and determined that the American troops 'followed the applicable rules of engagement.'" The AP (10/14, Wagner) adds that Lynn called her husband's death a "despicable, deliberate, vengeful act." The New York Times (10/14, Cowell, 1.21M) mentions the coroner's findings in an article on the top British general's comments about Iraq. AFP (10/13) reports the Pentagon's "rejection" of the coroner's finding, in which the Pentagon said, "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

The Los Angeles Times (10/14, Murphy, 918K) reports, "Unlike many journalists who were traveling with American forces at the beginning of the war, Lloyd and his crew were operating near the southern Iraqi city of Basra on their own, a strategy many journalists believed would allow them to get a more impartial view of the war."

US Citizen Sentenced To Death In Iraq. The Washington Post (10/14, White, 748K) reports, "A U.S. citizen who allegedly orchestrated the kidnapping of three Romanian journalists near Baghdad last year was sentenced to death in

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an Iraqi court Thursday, prompting his lawyers to ask a federal judge in Washington to block the U.S. military from transferring him to the Iraqi government." Mohammad Munaf allegedly "posed as a kidnap victim but was actually involved in a conspiracy for ransom and led them into a trap." Officials "could not recall another U.S. citizen receiving a death sentence from the Central Criminal Court of Iraq." The defendant's "Iraqi attorneys reported that the Central Criminal Court judge was prepared to dismiss the charges at a hearing on Thursday but that two American officials -- including an unnamed general -- stepped into the courtroom and requested a private meeting. The judge returned 15 minutes later and sentenced Munaf and four other defendants to death without hearing additional evidence."

Shays Suggests Abu Ghraib Abuses Were "More About Pornography Than Torture." The AP (10/14, Miga) reports Rep. Christopher Shays "said Friday the Abu Ghraib prison abuses were more about pornography than torture." Shays "said a National Guard unit was primarily responsible for the abuses although it was actually the 372nd Military Police Company from Cresaptown, Md., an Army Reserve unit. 'It was a National Guard unit run amok,' Shays said in a telephone interview with The Associated Press. 'It was torture because sex abuse is torture. It was gross and despicable ... This is more about pornography than torture.' Shays sought to defuse controversy over his previous comments suggesting the Abu Ghraib abuses weren't torture but instead involved a sex ring of troops. 'Now I've seen what happened in Abu Ghraib, and Abu Ghraib was not torture,' Shays said at a debate Wednesday."

Shays Rhetoric Is Less Measured Than In Previous Campaigns. The Washington Post (10/14, A4, Goldfarb, 748K) reports Shays "has been widely known as a moderate Republican who rarely engages in firebrand politics. But that image has been challenged in recent days with remarks that a supporter called 'unusual' and his opponent said were a sign of 'desperation.' In a debate this week with Democratic challenger Diane Farrell, Shays said the Abu Ghraib prison abuse did not constitute torture. … Several analysts attributed the comments to Shays's frustration with what has become the toughest reelection campaign of his career."

Painter's Work Reflects His Outrage At Abu Ghraib. The Washington Post (10/14, Kennicott, 748K) on the front page of Style reports on the paintings of Fernando Botero: "Shocked and angered by news of Abu Ghraib, Botero was inspired to put his familiar figures through the rigors and humiliations of the abuse that American soldiers perpetrated on Iraqi inmates at the notorious prison. The result was some 80 paintings, drawings and watercolors that show his rounded figures with hoods on, shackled, bound at the wrists, forced into human piles, bleeding, screaming and vomiting. They are fat, but they're not happy." His exhibit opens on Tuesday in New York.

Afghan Suicide Bombing Kills Eight. The New York Times (10/14, Gall, 1.21M) reports in a four-sentence article, "A suicide bomber drove his car at a NATO military convoy in the southern city of Kandahar, killing eight people and wounding nine others, officials said. One NATO soldier was among the dead."

Illinois Town Mourns Two Casualties. ABC World News (10/13, story 6, 1:30, Gibson, 8.78M) reported, "On the subject of Iraq, there is deep pride and deep sorrow in a small town in Illinois tonight. Two young men who left that town as best friends to serve in the Army, are now embraced in a sad homecoming." ABC (Reynolds): "They looked so much alike, they could have been brothers. And in many ways, they were. George O'Bourne and Chris Walker, both 20, had been inseparable friends since high school. They joined the Army together. Served in the same unit in Iraq. And last week, they died in the same town outside Baghdad, just two days apart. A week ago at homecoming, the East Peoria Community High School honored them. And presented their parents with hats from the band they played in."

NYTimes Review Of "Hubris" Harshly Critical Of Administration. In the New York Times (10/14, 1.21M) review of *Hubris* (by Michael Isikoff and David Corn), reviewer Jacob Heilbrunn writes, "Where Isikoff and Corn themselves go astray is in their own obsessive focus on Judith Miller and The New York Times, as well as on the story of Joseph Wilson, Valerie Plame Wilson and Cheney's former chief of staff, I. Lewis Libby ... Far more interesting is Isikoff and Corn's exploration of the mental world that the administration inhabits. ... Hubris? Megalomania may be more like it."

Victor Davis Hanson Slams Books Calling Iraq War A Fiasco. In a commentary for the Washington Times (10/14, 88K), scholar Victor Davis Hanson writes about *Cobra*

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II, *State of Denial,* and *Fiasco* that "many of the authors' critical portraits rely on private conversations and anonymous sources. The most damning informants in these books are never identified, and so can't be questioned." Hanson adds, "Rarely do these journalists quote unnamed sources who dissent from their own views, although there are surely pro-U.S. Iraq policy candid voices among the thousands of retired generals. ... When one writes military history in the middle of a war, there is a responsibility to be extra careful. Real-time interpretations don't just offer lessons about the past but may change the very course of events as they happen."

CRIMINAL LAW:

Ney Pleads Guilty To Corruption Involving Abramoff. Rep. Bob Ney's guilty plea in the Abramoff investigation received prominent attention, with two stories on the network TV news and on the front pages of the major US newspapers. ABC World News (10/13, story 2, 2:00, Gibson, 8.78M) reported, "Today in Washington, Bob Ney was the first member of Congress to plead guilty in connection to Jack Abramoff. He plead guilty to conspiracy. But the list of his corrupt activities is much, much longer." ABC added, "Once known as 'the Mayor of Capitol Hill,' today Ney left a Federal court in disgrace. Ney admitted he was at the beck and call of corrupt lobbyist Jack Abramoff, bought and paid for. In exchange for gifts, Ney supported or opposed legislation at Abramoff's request. He also tried to influence the policies of agencies throughout government." NBC Nightly News (10/13, story 5, :30, Williams, 9.87M) reported Ney "admitted taking tens of thousands of dollars in travel and gifts from Abramoff. The Justice Department is recommending a sentence of just over two years in prison. Ney's lawyer says he will resign in the next few weeks."

The Washington Times/AP (10/14, A1, Yost) reports, "Appearing before Judge Ellen Segal Huvelle on charges of conspiracy and making false statements, Ney acknowledged taking trips, tickets, meals and campaign donations from Abramoff in return for official actions on behalf of his clients. Ney, Ohio Republican, faces up to 10 years in prison. The Justice Department recommended 27 months behind bars. Ney's lawyers plan to recommend him for a Bureau of Prisons alcohol-treatment program, which dramatically could cut the time he serves behind bars. Judge Huvelle set sentencing for Jan. 19. The Los Angeles Times (10/14, Neuman, Schmitt, 918K) reports Ney "acknowledged he used his legislative clout to do favors for Abramoff and for a Syrian businessman nicknamed the 'Fat Man.'"

The Financial Times (10/14, Daniel) notes, "The fallout from Mr Abramoff's largesse has continued to haunt Washington. Last week Susan Ralston, a White House aide to Karl Rove, the president's political adviser, abruptly resigned amid reports of her accepting gifts from Mr Abramoff. On Thursday, the Democratic staff of the Senate finance committee charged several conservative not-for-profit groups with abusing their tax-exempt status by 'laundering payments and then disbursing funds at Mr Abramoff's direction'."

White House, Congressional GOP Leaders Move To Expel Ney. The New York Times (10/14, A1, Shenon, 1.21M) reports "what had not been expected at Friday's court hearing was Mr. Ney's disclosure that he intended to remain in Congress for now. The announcement appeared to surprise and infuriate House Republican leaders, who are trying to tamp down other scandals that are threatening to damage the party in next month's Congressional elections. After learning that Mr. Ney would not step down immediately and would continue to draw his $165,200-a-year salary, Speaker J. Dennis Hastert and other Republican leaders said they would move to expel him as soon as Congress returns next month for a postelection session. … The White House joined in calling for Mr. Ney to resign immediately. 'What Congressman Ney did is not a reflection of the Republican Party,' said Tony Snow, the White House spokesman. 'It's a reflection of Congressman Ney, and he ought to step down.'"

The Washington Post (10/14, A1, Schmidt, Grimaldi, 748K) in a front page story reports, "House Republican leaders, still struggling to blunt the impact of a scandal involving House pages, immediately vowed to expel Ney in a post-election session if he has not resigned by then. Ney's attorney said in court that the congressman will resign his seat in the coming weeks but wants to first take care of pending constituent matters and see that his staff is settled." The post adds, "Ney is the eighth person convicted in the continuing federal investigation into Abramoff's activities. A federal task force that includes a dozen Justice Department prosecutors is investigating Abramoff's dealings with other congressional offices, including those of Sen. Conrad Burns (R-Mont.) and Rep. John T. Doolittle (R-Calif.), according to lawyers and witnesses involved in the probe."

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Shimkus Testifies About His Handling Of Foley Allegations. The New York Times (10/14, Zeleny, 1.21M) reports Rep. John Shimkus, chairman of the Congressional page program, "said Friday that he was unaware of previous complaints about Mark Foley." Shimkus "said that had he known of the complaints about Mr. Foley, he would have handled concerns about Mr. Foley's e-mail messages to a page from Louisiana differently. … Mr. Shimkus said that he learned of concerns about Mr. Foley last fall and that he and the clerk of the House confronted Mr. Foley at a meeting in Mr. Foley's office." Shimkus testified before the House Ethics Committee yesterday regarding the Foley scandal and "whether Republican leaders, particularly those inside Speaker J. Dennis Hastert's office, had warnings before last year that Mr. Foley had a history of being overly friendly to pages." The Washington Times/AP (10/14) reports Shimkus, "who testified in private, told reporters later that in retrospect, he wished he had handled the episode last year differently. 'Having 20/20 hindsight, a lot of things would have been done differently,' Mr. Shimkus said. Mr. Shimkus has said he kept the two other House members overseeing the pages in the dark as he confronted Mr. Foley last fall." Shimkus "has said he was following the wishes of the boy's parents by not telling the other two lawmakers of overly friendly e-mails sent by Mr. Foley to a former page."

Capitol Police Find No Record Of Alleged Foley Dorm Incident. The Washington Post (10/14, A4, Babington, Sheridan, 748K) reports, "U.S. Capitol Police said yesterday that they have no record of an alleged incident in which then-Rep. Mark Foley supposedly tried to enter a Capitol Hill dormitory for teenage pages. The purported nighttime incident has been cited by lawmakers and a key witness in the scandal that involves Foley's interactions with congressional pages and the House's handling of the matter. Unlike sexually graphic electronic messages that Foley sent to teenage boys, evidence of the alleged dorm incident has proved elusive."

Kolbe's Camping Trip With Minors Is Subject Of Federal Investigation. CBS Evening News (10/13, story 6, 0:10, Couric, 7.66M) reported, "Arizona Republican Jim Kolbe is the latest Congressman to be investigated for his dealings with former Congressional Pages. Federal prosecutors are looking into a camping trip that Kolbe took with two former Pages ten years ago. A spokesman for Kolbe, though, says nothing inappropriate happened." The Washington Times/AP (10/14) reports Kolbe "took…former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman, Korenna Cline, said yesterday. An accusation related to the trip was given to the U.S. Attorney's Office in Phoenix, but it was not immediately clear whether it was related to any contention of improper activity by Mr. Kolbe. The official, speaking on the condition of anonymity, described the inquiry as preliminary."

The AP (10/14, Talhelm) reports a "law enforcement official said the 1996 trip may be too old to investigate as a criminal action. … Beth Kolbe, the congressman's younger sister who was on the three-night trip, said nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the media. 'It's preposterous,' she said of any allegations that taking the pages along was inappropriate." The Washington Post (10/14, A4, Eggen, 748K) reports, "One official cautioned that the inquiry was based on allegations from one unidentified source that has not been substantiated. The allegations involve Kolbe's behavior toward one of the ex-pages, the official said."

Weldon Reportedly Subject Of FBI Corruption Probe. McClatchy Newspapers (10/14, Gordon) report the Justice Department "is investigating whether Republican Rep. Curt Weldon of Pennsylvania traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry. The FBI, which opened an investigation in recent months, has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to strongman Slobodan Milosevic, a federal law enforcement official said. The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show. Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm of Solutions North America Inc. in 2002." The Washington Post (10/14, A4, 748K) runs a shortened version of the McClatchy article.

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The Philadelphia Inquirer (10/14, Mason, Shiffman) reports, "The scandals surrounding lobbyist Jack Abramoff and Reps. Duke Cunningham, Robert Ney and Mark Foley have hampered Republican candidates in this election. … Every investigation is different, but it is not uncommon for agents probing alleged corruption, drugs and organized crime to spend months, even years, working covertly on a case before the suspects learn that they are under scrutiny."

Judge Rejects Ryan Bid To Remain Free Pending Appeal. The Chicago Tribune (10/14, O'Connor, Bush) reported, "Former Gov. George Ryan must surrender to prison early next year after a federal judge on Friday refused to let him remain free on bond while his appeal winds through court. In a 32-page ruling issued Friday evening, U.S. District Judge Rebecca Pallmeyer rejected claims by the defense that Ryan's conviction was likely to be reversed on appeal. The judge also refused to let Ryan's co-defendant, Lawrence Warner, put off prison pending his appeal." The Tribune noted Ryan "is scheduled to surrender to prison on Jan. 4," and Warner "on Jan. 16." The Chicago Sun-Times (10/14, Korecki) added, "Pallmeyer rejected defense contentions, including that material brought in to the deliberation room was inappropriate enough to taint proceedings, that the foreperson had outside discussions about deliberations, then lied about it, and that the newly formed jury could not truly start over on its deliberations. 'The court investigated each allegation at the time...and concluded either that the incident did not constitute misconduct at all, or that the conduct did not prejudice the defendants,' Pallmeyer wrote." The AP (10/14) also reported on the ruling, in a widely-distributed story.

Unrepentant Tennessee Lawmaker Sentenced To Five Years In Prison. The Memphis Commercial Appeal (10/14, Buser) reported, "Former state senator Roscoe Dixon was sentenced to five years and three months in prison Friday by a judge who viewed him as unrepentant for his Tennessee Waltz bribery conviction. U.S. Dist. Court Judge Jon McCalla handed down the sentence, the stiffest yet for a defendant in the FBI's undercover sting. …. 'The court has been listening for words it has not heard – "What I did was wrong,"' McCalla told the veteran legislator. 'I'm still listening for those words.' Dixon, 57, testified that he was sorry he had gotten involved in the investigation, but offered no apologies and continued to maintain he was entrapped, a defense the jury rejected this summer." The Commercial Appeal noted, "The three-year-old Tennessee Waltz investigation, which prosecutors have said is ongoing, has resulted in the indictment of 12 elected officials and aides."

The AP (10/14, Baird) reported, "After sentencing, Dixon continued to argue that he was tricked into taking money from FBI agents posing as crooked businessmen wanting a change in state law. He said he declined admitting guilt because 'I wanted to hold all my options open because I'm going to appeal.' Dixon, who is black, has argued that he was targeted by federal investigators because of his race. McCalla said he saw 'not one shred of evidence' of government wrongdoing and admonished Dixon for comments that could undermine the public's faith in the judicial system."

Former NYPD Detective Sentenced To Seven Years In Prison. The New York Times (10/14, Rashbaum) reported, "In a Brooklyn courtroom packed with his family, friends and neighbors, a retired police detective who had admitted to stealing roughly $800,000 from drug dealers delivered a tormented apology yesterday, moments before a judge sentenced him to seven years in federal prison." Thomas Rachko "was arrested on Nov. 26, 2003, just hours after he and his old partner, Julio C. Vasquez, were captured on videotape stealing $169,000 from a drug money courier. He began cooperating with the authorities almost immediately, and the theft unraveled a web of corruption — thefts of drug money and drugs that Mr. Vasquez helped sell for cash. As many as 10 current or retired police detectives and supervisors were implicated." The Times noted, "After the sentencing, an F.B.I. agent who worked on the case shook Mr. Rachko's hand." Newsday (10/14, DeStefano) added that Rachko "begged for mercy Friday and got it" with the seven-year sentence, "much less than the possible life term he faced."

The New York Post (10/14, Haberman) reported, "Rachko's court days may not be over, however. Two convicted drug dealers freed following the arrests of Rachko and Vasquez have filed federal civil-rights lawsuits against the two rogue cops and the city. Bertrand Canty and Nelson Belliard are seeking $56 million for false arrest, negligence, battery and other claims." The New York Daily News (10/14, Marzulli) and AP (10/14) also report on Rachko's sentencing.

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Body Of Missing Vermont Student Found In Gorge Near Campus. The New York Times (10/14, Belluck) reported, "A University of Vermont student who had been missing since last weekend was found dead yesterday near a gorge about 15 miles from campus, and the police identified as a suspect a man she had borrowed a cellphone from in downtown Burlington, Vt. Chief Thomas Tremblay of the Burlington police said the body of Michelle Gardner-Quinn, a 21-year-old senior from Arlington, Va., was found off the side of a road in Richmond, Vt., near a popular swimming site called Huntington Gorge. Chief Tremblay said Ms. Gardner-Quinn's death was a homicide, and he identified Brian Rooney, 36, of Richmond as a 'very likely suspect.'" The Times noted, "The disappearance of Ms. Gardner-Quinn prompted an exhaustive search by the police, the F.B.I. and legions of volunteers from the university community, many of them students shocked at the prospect that a kidnapping might have occurred in a city normally considered safe."

The Washington Post (10/14, B1, Stockwell) added, "Tremblay said Rooney was charged yesterday with sexual assault and lewd and lascivious conduct with a child in Caledonia County, about 80 miles east of Burlington. He declined to elaborate on the charges. Rooney is to be arraigned Monday on those charges, Tremblay said." The Boston Globe (10/14, Smalley, Mishra) noted, "As her parents kept vigil in Burlington, Vermont police, FBI agents, and National Guard troops, augmented by eager students and other volunteers from the university, scoured Burlington and the surrounding area. But [Friday's] discovery came about through a phone call from a group of hikers alerting authorities to a body in an area that had not been searched." The AP (10/14, Curran) also reported on the recovery of Gardner-Quinn's remains, in a widely-distributed story.

9th Circuit Upholds "Absurd" Sentence. The Los Angeles Times (10/14, Krikorian) reports, "A federal appeals court in San Francisco on Friday upheld a 159-year prison term for a mentally disturbed woman with no criminal history after one judge angrily concluded the nation's rigid sentencing laws left the panel with no options but to affirm the 'irrational, inhumane and absurd' sentence." The Times continues, "The 3-0 ruling by the U.S. 9th Circuit Court of Appeals came one year after Marion Hungerford, 52, of Billings, Mont., received the sentence for a string of robberies at Montana casinos and bars from April to July 2002. … The robberies, according to the 18-page opinion written by Judge Susan P. Garber, began when Hungerford and her male roommate, Dana Canfield, were both unemployed and decided to rob a convenience store to pay the rent. … 'Marion said she was going to have to go on a crime spree,' Canfield testified at the trial. 'And since she has problems walking and stuff, I decided that I would do it.'" The Times adds, "A jury found Hungerford not guilty of that first robbery and one other, but authorities alleged they were only the start of a string of crimes. … She was convicted on one count of conspiracy, seven counts of robbery and seven counts of using a firearm because her accomplice was armed with a .22-caliber revolver. … In rejecting her appeal of four of the robbery and firearms convictions, the court found sufficient evidence that she knowingly took part in the holdups. 'There is no evidence that [Hungerford] took any affirmative action to withdraw from the ongoing conspiracy,' the court said. 'To the contrary, she continued to accept and spend the proceeds of all the robberies and worked purposefully to conceal the crimes.' … Though affirming Hungerford's conviction, Judge Stephen Reinhardt decried the sentence handed down in the case as a 'predictable byproduct of the cruel and unjust mandatory minimum sentence scheme adopted by Congress.'"

Gonzales, Mueller To Speak At Boston Law Enforcement Conference. The Boston Globe (10/14, Simpson) reports, "More than 14,000 law enforcement professionals will gather in Boston starting this weekend for a conference that will feature some of the nation's highest-ranking officials as speakers " The Globe continues, "The International Association of Chiefs of Police, the world's largest nonprofit organization of police executives, will kick off its annual conference and exposition today at the Boston Convention and Exhibition Center. Although this will be the association's 113th conference, it will be the first in New England, said John Boyle, a Boston Police Department spokesman." The Globe adds, "Speakers include Attorney General Alberto Gonzales, FBI Director Robert S. Mueller III, and Marine General Peter Pace, chairman of the Joint Chiefs of Staff. More than 750 exhibitors will showcase police products, such as vehicles, mobile command centers, and helicopters, Boyle said. … There will be international delegates from Europe, Asia, and the Caribbean, said Wendy Balazik, an association spokeswoman."

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CIVIL LAW:

California Man Pursues Claim That Los Angeles Port Misused Funds. The Los Angeles Times (10/14, Weikel) reports, "A harbor area activist filed an appeal Friday in an attempt to revive a federal lawsuit alleging that the Port of Los Angeles misappropriated $1.2 billion in government funds to build a giant cargo terminal for the world's largest shipping line." The Times continues, "Stanley D. Mosler of Rancho Palos Verdes is challenging decisions by U.S. District Judge S. James Otero, who dismissed the false-claims case in August, saying that Mosler no longer had an attorney and that he was unqualified as a layperson to handle a lawsuit on behalf of the United States. .. A few weeks after the decision, Mosler hired a lawyer, Alan Gutman, but Otero refused to reinstate the case, saying it was too late. … Otero noted in his ruling that Mosler had been warned earlier that he should obtain counsel." The Times adds, "Mosler was represented for three years by attorney Milford Dahl, who bowed out in February 2005, saying the case would be too costly for him to pursue. Mosler then proceeded on his own, hoping to get the case to trial. … 'The elusive quality in Judge Otero's order is justice,' Mosler said. 'The dismissal was not on the merits but because I could not afford to match the port's spending in legal fees. I trust that the 9th Circuit Court of Appeals will rule that having money is not a necessary element to access our federal courts.'" The Times notes, "Filed in March 2002, Mosler's case alleged that port officials had engaged in a "bait-and-switch" maneuver when they shifted long-standing plans to relocate crude oil and other hazardous shipments to a man-made island that would be built away from populated areas to improve harbor safety. … Mosler said in his suit that port officials decided to turn the island into a massive container facility for Maersk Inc., leaving only 15 acres — instead of hundreds of acres — for petroleum and chemical terminals. … At issue was whether the port violated federal agreements to build the so-called energy island project and misappropriated $108.6 million in federal grants and nearly $1.1 billion in harbor revenue to construct what is now known as Pier 400, which was completed in 2004."

Bankruptcy Filings Down Sharply. The Los Angeles Times/AP (10/14) reports, "The ranks of people seeking to erase their debts have thinned in the year since the biggest changes in U.S. bankruptcy laws in a quarter-century took effect." Consumer bankruptcy Lawrence Brooke "said the paperwork hurdles for debtors to qualify for Chapter 7 have become insurmountable for many, and the workload and aggravation for attorneys have increased." The AP notes, "There were 263,660 personal bankruptcies filed nationwide in the first half of this year, down from 851,683 in the first six months of 2005 and 809,867 in the same period in 2004, according to the American Bankruptcy Institute." Yet "some experts predict that bankruptcy filings will eventually rebound. There was a huge rush of filings by financially strained consumers between the enactment of the legislation in April last year and the Oct. 17 deadline for the new means test and other requirements. Personal bankruptcies soared 30% to a record high last year, surpassing 2 million for the first time at 2,039,214. Then came the precipitous drop."

Air America Declares Bankruptcy. The New York Times (10/14, Leeds, 1.21M) reports, "Air America Radio, the liberal talk network started two years ago in a bid to counter the influence of conservative radio personalities like Rush Limbaugh, filed for Chapter 11 bankruptcy protection on Friday." The Times notes, "United States Bankruptcy Court Judge Robert Drain approved motions on Friday that will let the company continue to pay salaries and remain on the air. The judge also approved a loan of $900,000 from Democracy Allies, an entity formed by current investors in the network, including Rob Glaser, chief executive of the media and entertainment company RealNetworks. Its full proposed loan of $2.6 million is to be considered at a later hearing, said Tracy Klestadt, a lawyer representing Air America."

The Wall Street Journal (10/14, A5, McBride, 2.03M) notes Air America "said it had assets of $7.8 million, and short-term liabilities of $19.8 million. A number of individuals have invested in the company, including RealNetworks Inc. CEO Rob Glaser, who is the company's largest secured creditor with $9.8 million in claims. Other claimants include Citigroup Inc.'s Citibank, with $2.5 million in unsecured claims, and Clear Channel Communications Inc., with $558,333 in unsecured claims." The Washington Times/AP (10/14, Sutel) reports similar details.

CIVIL RIGHTS:

DOJ Sues Philadelphia Over Voting Bias. The AP (10/13) reports, "The U.S. Department of Justice announced Friday that it had filed a lawsuit against the city of

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Philadelphia alleging violations of the rights of Hispanic and Spanish-speaking voters." The AP continues, "The complaint filed in the U.S. District Court for the Eastern District of Pennsylvania alleges that the city failed to provide Spanish-language assistance at the polls to most Spanish-speaking voters in recent elections, the department said." The AP adds, "Federal authorities also said the city prevented Spanish-speaking voters from receiving assistance from people of their choice, even in cases where bilingual assistance was otherwise unavailable. … Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement that federal officials hope to reach agreement with city officials quickly 'to begin essential remedial measures in time for the 2006 federal elections.'"

Local Television. At least two local television networks reported that the Department of Justice sued the city of Philadelphia, alleging it failed to provide language assistance to Spanish-speaking voters in recent elections. KYW-TV Philadelphia, (10/14, 11:06 p.m.) broadcasted, "City of Philadelphia is slapped with a voting rights lawsuit. Justice Department claiming rights of Spanish speaking voters were violated in recent elections. They alleged that Spanish language assistance was not available at polls for most voters, and many were not allowed to seek help from another person in cases where there was no other bilingual that will aid."

WPVI-TV Philadelphia, (10/13, 11:09 p.m.) broadcasted, "Justice Department has filed a lawsuit suit against the city of Philadelphia over voting rights. The suit claims the city failed to provide Spanish speaking help at the polls. Justice Department hopes to work with the city to have a solution in place at the time of November elections."

DOJ Assists Clarksville, TN, With Police Department Woes. The AP (10/12) reports from Clarksville, TN, "With 12 discrimination lawsuits filed against the Clarksville Police Department, the mayor has asked a federal official for some help." The AP continues, "Walter Atkinson, who works for U.S. Department of Justice's Community Relations Service, will lead a group of citizens and officials to survey the police department and come up with suggestions to help solve its problems. The group will not investigate the specific lawsuits against the city. … 'This is going to be as much a PR push' as an information-gathering process, said group member David Shelton, of the Clarksville Human Relations Commission." The AP adds, "Mayor Don Trotter said it should take several months before recommendations for the department are finalized. .. .The meetings, which will include interviews with police officers, are closed to the public, but the recommendations will be 'very, very public,' Shelton said." The AP notes, "Discrimination lawsuits have cost the city more than $300,000 in legal expenses thus far. A majority of the suits allege racial discrimination, but at least one female officer has sued claiming gender and age discrimination."

DOJ Settles Redlining Allegations With Indiana Bank. The Northwest (IN) Times (10/14, Williams, Fitton) reports, "The federal government and Whiting-based Centier Bank have reached a $4.3 million agreement to settle allegations the bank engaged in redlining, or discriminating on the basis of race or national origin." The Times continues, "The Justice Department alleged Centier violated the Fair Housing Act and Equal Credit Opportunity Act by unlawfully failing to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond." The Times adds, "Although it acknowledged its settlement with the government, the locally owned bank 'strongly denies any suggestion that it has previously excluded minority communities from its banking efforts,' Centier said in a news release. … However, the release said, Centier management feels 'equally strongly about its desire to provide significantly enhanced services to residents and businesses in minority neighborhoods.'" The Times notes, "Centier President and CEO Michael Schrage told The Times the bank was surprised by the Justice Department's action and still does not agree with the allegations, but decided to enter into the agreement to avoid the delays and costs of litigation. … Characterizing the negotiations with the Justice Department as 'amiable,' Schrage said the Justice Department action had made Centier 'more diligent in reaching out to underserved areas.' … The consent decree filed in federal court in Hammond will prohibit Centier from discriminating on the basis of race, color or national origin in any aspect of residential real estate or credit transaction, according to the Justice Department. Once approved by the court, the agreement will resolve the allegations."

DOJ Asked To Probe Florida Beating Death. The Bradenton Herald (10/14, Marquez) reports, "A beating months ago that led to the death of a 72-year-old man has the

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Bradenton police chief looking to the attorney general of the United States for help, calling the chief law officer in the country the 'last hope' for justice." The Herald continues, "After review of the case, the state attorney's office for the 12th Judicial Circuit declined to prosecute Jamaal Lambert, 25, in the death of James Ervin Barfield, saying Lambert was acting in self-defense when he beat Barfield during an argument on May 10 near a downtown apartment building Barfield owned. … Barfield was taken to Manatee Memorial Hospital where he died two weeks later." The Herald adds, "Police Chief Michael Radzilowski wants Lambert prosecuted for the death, which was ruled a homicide by the medical examiner's office, and he's calling the state attorney's decision not to prosecute an error. … In a letter Radzilowski sent to the U.S. Department of Justice on Monday, he asks Attorney General Alberto Gonzales to review the case for 'possible prosecution of any criminal or civil right violation.' … As of Friday afternoon, there was 'nothing open in the civil rights division,' said Cynthia Magnuson, spokeswoman for the Justice Department."

Judge Orders Mississippi County To Explain Jail Hiring Practices. The Biloxi Sun Herald (10/14, Fitzgerald) reports, "A federal judge has ordered the Harrison County jail to explain what it is doing to hire more corrections officers." The Herald continues, "The order, filed Thursday by U.S. District Judge Walter J. Gex III, addresses a lingering issue of staffing problems at the Harrison County Adult Detention Center. The last time the judge questioned the jail's staffing level via court order was in 2003, when the officer-to-inmate ratio was 1-to-10. The U.S. Justice Department, which has oversight to monitor improvements at the jail, recommends a ratio of 1-to-5. … The ratio is about the same today as it was in 2003. The jail needs to hire about 65 additional corrections officers. It has about 100 jailers to oversee 950 to 1,000 inmates." The Herald adds, "Sheriff George H. Payne Jr. on Friday said his new warden has 'a good plan of action' for hiring and he believes it will meet with approval. Payne said he has beefed up advertising to include television commercials featuring Don Cabana, appointed warden two months ago. … 'We're having the same problem with hiring that many South Mississippi employers have faced since Hurricane Katrina,' Payne said." The Herald notes, "The court order gives the jail until Oct. 26 to provide a supplementary report to answer questions on staffing issues. The report is in addition to the quarterly report the jail is required to submit to the Justice Department. … Payne said staffing levels were up until the hurricane struck. .. .However, issues surrounding the fatal beating of inmate Jessie Lee Williams Jr. in February also have affected manpower and morale, Cabana said after his appointment two months ago. Two former jailers face criminal prosecution in the Williams case and a related civil lawsuit is pending."

Gallaudet Has Protesters Arrested. The New York Times (10/14, Schemo) reports, "The authorities at Gallaudet University, the nation's only liberal arts university for the deaf, moved on Friday to end a three-day siege by protesters by arresting the students opposing the board's choice of the next president." Overall, "the police arrested about 60 students in two hours, and arrests continued late into the night." The protesters "are demanding the immediate resignation of Jane K. Fernandes, the former provost who was named last spring to succeed…as president."

The Washington Times (10/14, Cella, Emerling, Nichols) reports, "The students were uncooperative but peaceful -- forming human chains and forcing campus police and Metropolitan Police officers to separate them, lift them and drag them to a waiting fleet of vans. The crowd jeered and howled as each student was carried off. By late last night, police had arrested about 90 protesters." President I. King Jordan said, "the protesters have left me no choice."

Opposition To Gay Marriage Seen As Losing Steam. The New York Times (10/14, Johnson, 1.21M) reports, "The debate over same-sex marriage was a black-or-white proposition two years ago when voters in 11 states barred gay couples from marrying." Yet "this year shades of gray are everywhere, as eight more states consider similar ballot measures. Some of the proposed bans are struggling in the polls, and the issue of same-sex marriage itself has largely failed to rouse conservative voters." While other issues have the voters attention, "the biggest change, people on both sides of the issue say, is that supporters of same-sex marriage this year are likely to be as mobilized as the opponents."

Opponents To Gay Marriage Ban Launch TV Ad Campaign. The Washington Post (10/14, B6, Jenkins, 748K) reports that Commonwealth Coalition, "An organization that opposes a ballot measure that would constitutionally ban same-sex marriage in Virginia is buying a TV commercial to run statewide, marking an intensifying effort to defeat the amendment." Their "30-second ad, which will begin

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appearing throughout the state today on CNN, shows an image of Virginia's 230-year-old Bill of Rights slowly being engulfed in flames. A narrator warns gravely that the amendment would 'destroy' the spirit of the state's Bill of Rights, which served as the model for the U.S. Bill of Rights. A second ad will appear next week, officials said."

ANTITRUST:

FCC Delays Vote On AT&T-BellSouth Merger.

The AP (10/14, Dunbar) reports, "The Federal Communications Commission has delayed a vote on the proposed buyout of BellSouth by AT&T until Nov. 3 at the latest after two Democrats asked for time to study last-minute concessions offered by the companies." The AP continues, 'The commission was scheduled to vote on the $80.8 billion deal in a special meeting yesterday that never convened. … Commissioners Michael Copps and Jonathan Adelstein circulated a letter among reporters that said in the previous 48 hours, new proposals had been made regarding the buyout that raised 'a number of significant questions and complex technical issues for us to consider.' … They asked that the proposals, which were offered by the companies through Chairman Kevin Martin's office, be made available to the public." The AP notes, "Martin responded in a letter, agreeing to make the proposals available for public comment for 10 days, and set a commission meeting for Nov. 3, though the vote may come sooner and may not require a public meeting."

The Atlanta Journal-Constitution (10/14, Geewax) reports, "Analysts said they still believed the deal would be approved. The debate, they said, is over what conditions the FCC will require." The AJC continues, "Late in the day, AT&T disclosed a broad array of possible concessions it had discussed with the FCC, including the sale of stand-alone, high-speed Internet service for a limited period of time and the return of certain jobs that had been moved overseas." The AJC adds, "AT&T spokesman Michael Balmoris said in a statement that a delay 'is not uncommon in these matters' and that the company believes the FCC soon will 'complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers.' … Balmoris said AT&T is willing to accept 'reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and share owners, given the intensely competitive environment in which we operate.'"

The New York Times (10/14, Belson) reports, "On Wednesday, the Justice Department signed off on the purchase without imposing any conditions on the companies. That angered Michael J. Copps and Jonathan S. Adelstein — the two Democratic commissioners at the F.C.C. — who said more time was needed to assess how consumers and companies would be affected." The Times adds, "With their objections in mind, the commission rescheduled its vote on the merger to yesterday, from Thursday, to give the commissioners more time to negotiate. When they were unable to decide whether and what conditions to impose on the companies, yesterday's meeting was canceled and rescheduled for Nov. 3. … 'Given the limited analysis from our leading antitrust authorities, it is all the more imperative that we now employ an open process to fully involve all affected parties, including the applicants, in order to get the public and expert review that is otherwise lacking,' the Democratic commissioners wrote in a letter to the F.C.C. chairman, Kevin J. Martin. … The negotiations are complicated further because one Republican commissioner, Robert M. McDowell, is expected to refrain from voting because of a potential conflict of interest. If he were allowed to vote, the Republicans would presumably be able to approve the merger faster because they would outnumber the Democrats, 3 to 2."

The San Antonio Express-News (10/14, Lorek) reports, "In its latest filing, AT&T agreed to provide $10 broadband service, called Digital Subscriber Line, or DSL, to new customers in its territory. … The company also pledged to provide 100 percent broadband access to its entire service area and to give free broadband modems to customers. It also offered a $1 million public safety grant to public entities in its coverage area. … In addition, AT&T discussed returning jobs from overseas to the BellSouth territory. .. .The company also mentioned network neutrality, or requiring AT&T to carry Internet traffic without charging customers more for different services or applications, according to the letter. AT&T didn't provide specifics on these issues in its letter."

The Chicago Tribune (10/14, Van) reports, "FCC Chairman Kevin Martin, who had advocated approving the merger without condition, accepted the Democrats' suggested delay and scheduled a meeting for Nov. 3 to consider the matter. Conditions on the deal needed to win the Democrats' support will be open for public discussion." The

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Tribune continues, "The stock transaction between AT&T and BellSouth is estimated to be worth about $80 billion and would give control of the nation's largest phone company and its largest wireless company to San Antonio-based AT&T, which was formerly SBC Communications Inc. before it took over AT&T last year." The Tribune adds, "A federal court review of two giant telecom mergers from last year—the SBC/AT&T deal and the takeover of MCI by Verizon Communications Inc.—is still pending. Judge Emmet Sullivan is considering evidence as to whether federal regulators gave those deals sufficient scrutiny to protect the public interest. … Senate and House leaders from both parties had asked the FCC and the Justice Department to delay their decisions on the AT&T/BellSouth deal until judicial review of last year's mergers was concluded. The antitrust division of the Justice Department ignored those requests, and the FCC appeared poised to do the same."

Microsoft Agrees To Vista Changes. The AP (10/14) reports, "Microsoft Corp. is making several key changes to its coming Windows Vista operating system in an bid to soothe European antitrust worries, while keeping its worldwide distribution plans on schedule." The AP continues, "Brad Smith, Microsoft's general counsel, said Friday that the company agreed to change how people can set their preferred search service if they upgrade to Microsoft's new Internet Explorer browser. The Redmond, Wash., company also has tweaked Vista's security system to address concerns it was favoring Microsoft's products over competing security offerings." The AP adds, "In addition, the company plans to have an international standards organization review a controversial new file format that will be included in Windows and the company's Office business suite. He said that was a step toward making the format available for other companies to license. … Even with the changes, which will be included in all versions the company ships worldwide, Microsoft said it plans deliver the long-delayed Vista to large businesses in November and consumers and small businesses in January."

The Seattle Times (10/14, Romano) reports, "Last month, the company had raised the specter of a delayed launch in Europe, pending negotiations with the European Commission (EC) over features in Vista." The Times adds, "Microsoft General Counsel Brad Smith struck a diplomatic tone Friday, saying the company received 'clear guidance' during months of 'constructive dialogue' with regulators at the commission, the administrative arm of the European Union. In response, it is making significant changes to three areas of the software: security, search and a new file format. … 'Having made each of these changes, the company and [CEO] Steve Ballmer felt comfortable moving forward and felt confident that we are in compliance with our EU competition law obligations,' Smith said during a conference call with reporters." The Times adds, "He said Ballmer spoke with European Competition Commissioner Neelie Kroes on Thursday to inform her of the company's plans. .. . The company's comments strengthened investor confidence in the release schedule for Vista, due out for large business customers in November and for broad release in January. However, Vista is coming out more than two years later than originally planned."

The New York Times (10/14, Meller) reports, "A delay in one country or region would have serious consequences for software developers, computer manufacturers and retailers there. It would also create complications for Microsoft, which has always rolled out previous versions of Windows simultaneously around the world." The Times adds, "Steven A. Ballmer, Microsoft's chief executive, confirmed the global introduction of Vista in a phone conversation with the European competition commissioner, Neelie Kroes, late Thursday. .. .The new operating system will go on sale to large computer manufacturers next month and to the public in January." The Times adds, "Until now, Microsoft has resisted pressure to change Vista. Last month it accused the European Commission of not giving it clear enough guidance on whether Vista would pass muster under European antitrust law. … It also highlighted research that showed that hundreds of thousands of jobs in the European technology industry were at stake if Vista's introduction were delayed. Also last month, members of the European Parliament wrote to Ms. Kroes warning her of the harm she would be causing to European companies if she forced a delay."

The San Jose Mercury News (10/14, Takahashi) reports, "The software giant will ship corporate versions of Vista in November and consumer versions in January, said Mary Snapp, vice president and deputy general counsel at Microsoft. … Microsoft altered the operating system in several areas to respond to concerns of European and Korean regulators about ensuring fair competition, Snapp said. The company's changes address features related to security, search and document formats recognized by Vista. … The company also answered complaints from Silicon Valley-based security firms Symantec and McAfee. … The

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companies had accused the software programming giant of abusing its monopoly by controlling which security products can run on its new operating system. They say Microsoft blocked their ability to review the operating system's kernel, or core, and that Microsoft planned to confuse customers by offering its own security dashboard. .. .But Friday, Snapp said the company will allow security vendors to view the operating system's core by making available a key technology dubbed 'application programming interfaces.'"

ENVIRONMENT:

Bush Signs Bill Reauthorizing $80 Million For Great Lakes Restoration. The AP (10/14) in a brief story notes, "President Bush has signed a bill to reauthorize up to $16 million a year for grants programs to restore habitats in the Great Lakes region." It "would authorize $80 million over five years to restore fish and wildlife habitats, provide money for fish and wildlife projects and upgrade reports on the area's ecosystem." The funding "won't be spent unless included it's included in separate appropriations bills, but supporters said it would build momentum for a comprehensive $20 billion plan to restore the Great Lakes."

Concerns Raised About Environmental Impact of US Population Growth. Washington bureau chief Edward Luce in an op-ed in the Financial Times (10/14) downplays concerns that immigration is a threat to US culture as the number of US citizens approaches 300 million. Luce is concerned about "what America's continued expansion means for its future quality of life – and, indeed, that of the rest of the planet. Nobody who drives through America's seemingly endless suburbs and 'exurbs' can miss the tension between the country's vast open horizons and the increasing traffic gridlock around them. Nor can they fail to notice that it is America's sprawling urban environs, rather than the cities themselves, that are accommodating the country's growing numbers." And "like growing numbers of mainstream Americans, I will also ask whether this is the latest sign of America's economic success or a reminder that growth cannot continue in this fashion indefinitely. It is a good question to which the answer is yes, and probably."

NYT Accuses EPA Of Ignoring Science On Air Quality. The New York Times (10/14, 1.21M) editorializes, "The Bush administration loves to talk about the virtues of 'sound science,' by which it usually means science that buttresses its own political agenda. But when some truly independent science comes along to threaten that agenda, the administration often ignores or minimizes it. The latest example involves the Environmental Protection Agency's decision to reject the recommendations of experts inside and outside the government who had urged a significant tightening of federal standards regulating the amount of soot in the air." EPA Administrator Stephen Johnson "claimed there was 'insufficient evidence' linking health problems to long-term exposure. He added that 'wherever the science gave us a clear picture, we took clear action,' noting also that 'there was not complete agreement on the standard.'" Soon "the administration must decide whether to tighten the standards for another pollutant, ground-level ozone. … The scientific advisory committee has tentatively recommended that the ozone standard be tightened, citing new evidence of smog's adverse effects. This time Mr. Johnson should pay more attention to the scientists and less to the political strategists in the White House."

FBI/DEA/ATF/USMS:

US Indicts Medical Marijuana Advocate On New Charges. The New York Times (10/14, Marshall) reports, "A leading medical marijuana advocate who successfully appealed his federal conviction this year has been indicted on new criminal charges that include tax evasion and money laundering." The Times continues, "The man, Ed Rosenthal, a well-known spokesman for the movement to legalize marijuana, was already facing a retrial on federal charges of growing marijuana for medical use. He is to be arraigned Monday in Federal District Court here on the new indictment, unsealed late Thursday. … It accuses Mr. Rosenthal, 61, of 14 felony charges that include cultivating marijuana plants; laundering $1,850, which the government says he got from selling the plants to medical dispensaries; and tax evasion. His tax returns, prosecutors said, omitted income from the sale of the plants." The Times adds, 'Reached Friday at his home in Oakland, Mr. Rosenthal said he thought the efforts to prosecute him were part of a campaign to shutter medical marijuana sites in

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California and to subvert the state law allowing them. … The state and the federal government have been locked in a legal and cultural battle over the medicinal merits of marijuana since 1996, when California voters approved a ballot measure giving seriously ill patients the right to buy and use the drug with a doctor's prescription. … The Drug Enforcement Agency has been aggressive in investigating medical marijuana facilities. Last week, the authorities raided and closed five Bay Area sites, arresting 15 people. … A spokesman for the United States attorney's office, Luke Macaulay, would not comment on the new indictment, but said, 'Drugs are a priority for the Justice Department, being that marijuana is illegal under federal law.'"

Cali Drug Cartel Pleas Were 15 Years In The Making. The AP (10/14, Anderson) reports, "The guilty pleas by the two highest-ranking Colombian cocaine traffickers ever to appear in a U.S. courtroom had their roots in a hot summer morning 15 years ago when a drug-sniffing dog named Iowa found something suspicious." The AP continues, "The dog's alert on Aug. 26, 1991, led to the discovery at the Port of Miami of more than 12 tons of cocaine concealed in metal tubes that had, in turn, been hidden inside heavy concrete posts. … The shipment served notice to federal investigators that the Cali cartel had surpassed the better-known - and much more violent - Medellin cartel in controlling Colombia's cocaine trade and was employing ingenious new smuggling methods. … 'It was electric, the atmosphere at the time,' recalled Eddie Ryan, a federal prosecutor who worked the case until leaving Miami for Charlotte three years ago. 'It was a huge load. This was a new game and they were better at it than anybody had ever been.'" The AP adds, 'The investigation spawned by the big find would take many twists and turns and break new legal ground along the way. … It culminated in the Sept. 26 guilty pleas to U.S. drug trafficking charges by brothers Gilberto and Miguel Rodriguez Orejuela, the Cali cartel kingpins nicknamed 'The Chess Player' and 'The Master' who are now serving 30-year prison sentences. A total of 141 cartel members have been convicted or pleaded guilty for their roles in an organization once responsible for 80 percent of the world's cocaine. … For Ed Kacerosky, the Customs agent who led the investigation from its inception, that moment in a Miami courtroom wasn't his biggest in the case. … Far better, he said, came after a midlevel defendant briefly mentioned links between the Cali smugglers and operations in Guatemala. That would lead to a Miami frozen vegetable warehouse used as a front to smuggle cocaine and to a lawyer who ran the cartel's South Florida operations."

Colorado Man Pleads Guilty In Bomb Case. The AP (10/14, Sarche) reports, "A former air traffic controller accused of planting homemade bombs in March outside the Grand Junction (CO) homes of four co-workers and a Federal Aviation Administration official pleaded guilty Friday to one single count that could put him in prison for more than a decade." The AP continues, "Burke, 54, was arrested in Utah in April. He agreed to plead guilty to a charge of malicious damage to a building used in interstate commerce." The AP adds, "U.S. District Judge Robert Blackburn said the charge is punishable by five to 20 years in prison and a fine of up to $250,000. Prosecutors said they will recommended a term of 10 years when Burke is sentenced on Feb. 2. … Burke had worked for Serco Group PLC, a British company that staffs air traffic control towers at airports in Grand Junction and 55 other locations. He was fired in 2004 after working for Serco for four years. … The federal Bureau of Alcohol, Tobacco and Firearms has said the Grand Junction bombs were similar to a device that exploded at Serco offices in Murfreesboro, Tenn., in February."

IMMIGRATION:

Judge Allows Lawsuit To Proceed Against Tyson's For Hiring Illegal Aliens. The Washington Times (10/14, Hirsch, 88K) reports, "A federal judge has ruled that workers can file a class-action suit against Tyson Foods Inc. for depressing wages by hiring illegal aliens." The workers' lawyer, Howard Foster, described it "as a 'very big step,' allowing him to seek damages for thousands of workers at eight plants -- including one in Glen Allen, Va. -- instead of just the four original plaintiffs." The RICO case "is one of a growing number across the nation challenging illegal aliens in the workplace. In August, a temporary agency in California sued its competitors under the state's unfair-competition laws." But "Tyson Foods described the judge's ruling as 'procedural,' adding that it was 'not based on the merits of this case, which was actually dismissed by another judge back in 2002.'"

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CONGRESS-ADMINISTRATION:

House Government Reform Committee Finds Data Breaches Across Government. On Friday, the House Government Reform Committee released a report summarizing government data thefts since Jan. 1, 2003. The report drew attention from national print media, including the Associated Press, the Los Angeles Times and the Washington Times. While the May VA data theft and other VA data breaches are noted in all of the stories, reports nevertheless focus on the report's verdict that data theft is a problem across many government agencies.

For example, the AP (10/14, Ohlemacher) reports, "Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public, raising fresh concerns about the government's ability to protect sensitive information. … In all, the committee reported 788 incidents involving the loss or compromise of sensitive personal information since Jan. 1, 2003. That was in addition to the 'hundreds of security and privacy incidents' at the Department of Veterans Affairs, the report said."

The Los Angeles Times (10/14, Mendoza, 918K) reports, Most of the nearly 800 incidents of data losses have never been publicly reported. The 'vast majority' were not accidental misplacements, but rather outright thefts of computers or data disks containing sensitive information such as Social Security numbers. In some cases the data were used inappropriately by employees and private contractors, the report said." The Times adds, "Veterans Affairs officials reported their data on two large spreadsheets covering hundreds of security and privacy breaches, the report said."

Under a headline that deems the government "careless" with data, the Washington Times (10/14, Seper, 88K) reports, "Personal files maintained by the federal government on all U.S. citizens 'remain at risk,' according to a House report released yesterday, which said the stored information is routinely lost because of carelessness, misconduct or theft. … The report said much of the information was lost when laptop computers were stolen, documenting the theft of more than 1,800 government-owned laptop computers -- including one belonging to the Defense Department and containing personal information on 30,000 applicants, recruiters and prospects that 'fell off a motorcycle belonging to a Navy recruiter.'"

Professor Finds Few Consumer Injuries In Data Thefts. Not mentioning the House Government Reform Committee report, Fred H. Cate, the director of the Indiana University Center for Applied Cybersecurity Research and a distinguished professor of law and adjunct professor of informatics, writes in a column in the Washington Post (10/14, A21, 748K), "When a laptop was stolen from the home of a Department of Veterans Affairs employee this year, newspapers across the nation editorialized about the dangers facing the people whose data were on the computer. … Then the laptop was recovered -- the data untouched and the risk of identity theft shown to be nonexistent. The happy ending to the VA saga should have come as no surprise. The fact is that few if any such breaches lead to identity theft or other consumer injuries."

McClellan Cites Cost Savings Of Medicare Rx Drug Benefit. The Washington Post (10/14, A9, Lee, 748K) reports, "The Medicare prescription drug benefit is on pace to cost the federal government about $30 billion this year, far less than the $43 billion originally projected, outgoing Medicare chief Mark B. McClellan said yesterday." According to McClellan it "is a result of cheaper-than-expected premiums, fewer people than anticipated enrolling in the new coverage, and slower growth in drug spending." McClellan "said he is pleased that independent surveys show that 80 percent of people who signed up for the new drug benefit are satisfied with their plans. But what he is most proud of has been his emphasis on shifting Medicare toward better-coordinated, prevention-oriented care, he said." The Post notes, "Predictions that many employers would drop their plans and send older workers or retirees to Medicare for drug coverage did not come to pass, McClellan said."

White House Rejects Allegations In Kuo Book. NBC Nightly News (10/13, story 6, 2:00, Williams, 9.87M) was the only network broadcast to devote a segment to David Kuo's new book "Tempting Faith." According to NBC, the White House "is responding to explosive charges in a new book by the former number-two man in the president's White House Office of Faith-Based Initiatives." NBC continued, "'Tempting Faith,' a new book by a former Bush aide says that instead of being compassionate conservatives, the Bush team manipulated people of faith for political purposes. Criticism the author, David Kuo, first made last year to NBC News." He "quotes the president as saying about

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visiting ministers, 'money, all these guys care about is money.'" NBC noted, "Today the White House said Kuo is changing his story." White House Press Secretary Tony Snow: "When David Kuo left the White House, he sent the president a very warm letter talking about how wonderful it was." Kuo's "former boss" James Towey was shown saying, "President Bush would not have tolerated that kind of conduct toward any religious leader."

The AP (10/14, Loven) reports Kuo "singled out staffers in the office of Karl Rove, Bush's top political adviser and deputy chief of staff, as particularly condescending toward evangelical Christians, viewing them as necessary to help win elections but ridiculing them behind the scenes." Snow "said he had not yet seen the book. But he said Rove was asked if he made the comments and replied he had not. Kuo, however, doesn't single out anyone by name as making the condescending comments. … Snow denied Kuo's charge that the White House's religious charities program wasn't given the status it deserved, saying Bush's personal commitment to the policy was solid."

Christian Conservative Leaders Come To Bush's Defense. The Washington Post (10/14, A3, Cooperman, 748K) reports, "Conservative religious leaders described themselves as shocked yesterday by a new book's charge that Bush administration staffers privately dismissed evangelical Christian political activists as 'nuts' and 'goofy.' But their dismay was aimed at the book's author, former White House official David Kuo, rather than at President Bush or his senior advisers. James Dobson, Charles W. Colson and other stalwarts of the conservative Christian movement defended the Bush administration and questioned the timing of the book's publication, a month before the midterm elections. Some suggested that Kuo had betrayed the White House. 'I feel sorry for him, because once you do something like this, you get your 15 minutes in the spotlight, but then after that nobody will touch you,' said Tony Perkins, president of the Family Research Council."

Air Force Memorial To Be Unveiled. President Bush will help to dedicate the new Air Force memorial Saturday, but the upcoming event received little media coverage as ABC World News (10/13, story 8, 0:10, Gibson, 8.78M) in a brief story noted, "As of tomorrow, there's going to be an impressive, new landmark at Arlington National Cemetery. The United States Air Force memorial will be dedicated, filling the last gap in Washington area monuments to the military services. The design was inspired by the Thunderbirds. And the Thunderbirds flew over the memorial today."

Rep. Charles Taylor Demands WSJournal Retract Allegations. The AP (10/14) reports Rep. Charles Taylor "demanded Friday that The Wall Street Journal correct and retract statements in an article that said he slipped projects benefiting his own business interests into the federal budget, a claim he called libelous." Taylor "said he would sue the newspaper if it does not meet his demands. … Taylor is demanding that the Journal retract a front-page article published Wednesday titled 'Seat in Congress Helps Mr. Taylor Help His Business.' It said he added 'earmarks' to legislation to widen two highways near property he owns, to give millions to nonprofit groups run by his business partners and supporters, and to provide $3.8 million for a park in front of a downtown Asheville bank he owns."

NYT Book Review Questions Rove's Success In Making Progress On Agenda. Nicholas Confessore in a review of James Moore and Wayne Slater's book "The Architect: Karl Rove and the Master Plan for Absolute Power" in the New York Times (10/14, 1.21M) calls it "a blistering sequel," and while "Rove frequently disappears from the narrative for pages at a time, the authors invariably suggest that the lack of apparent fingerprints merely proves his cunning." Confessore believes the authors have overestimated Rove because after Bush's re-election "Social Security privatization…was a political disaster. Iraq is turning into an albatross. Bush has endured some of the lowest approval ratings of any president since Richard Nixon, and voters appear even less enchanted with his allies on the Hill. Even some prominent conservatives, dismayed by growth in the size of government and the deficit spending that has fueled it, are fuming." And "the Republican Party's battles over immigration have repelled Hispanic voters, and the administration's handling of Hurricane Katrina reversed whatever gains Bush had made among blacks. Rove once hoped to build a new big-tent party that could thrive as ethnic and racial minorities become a majority of the electorate. He's had to settle for a narrower and more self-limiting coalition built around white religious conservatives, their fear of what Democratic rule would bring and the genuinely impressive machinery he's built to muster them on Election Day."

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OTHER NEWS:

Lower Gas Prices Spur Consumer Spending.

The impact of lower gas prices in boosting consumer spending was generally reported as good news. But Sen. Barack Obama provided a counterpoint on CBS, warning that the US needed to do more to secure energy independence. The New York Times/Bloomberg (10/14) reports, "Lower gasoline prices encouraged Americans to spend more on clothing, furniture and building materials, and propelled consumer confidence to the highest level in more than a year, according to reports released yesterday." Bloomberg notes, "The largest decline ever in gas-station receipts pushed overall retail sales down 0.4 percent in September, the Commerce Department said. Excluding service stations, purchases climbed 0.6 percent, three times the gain in August." And "the University of Michigan reported that its consumer sentiment index jumped to 92.3 in October, from 85.4 the prior month. It was the highest reading since July 2005."

The Wall Street Journal (10/14, A4, Conkey, 2.03M) in an article titled "Economy Benefits As Gas-Price Drop Spurs Outlays" reports, "Consumers took much of the money they saved at the gas pump last month and spent it elsewhere, giving the economy a critical boost at a time when overall growth appears to be slowing." Experts "said consumers, supported by a strong labor market and solid wage growth, are still increasing their spending at an inflation-adjusted annual rate of 3% or more. That's proving to be especially critical now that the economy appears to be settling into a period of slower growth, damped by a decrease in residential construction, higher interest rates and a wider trade deficit."

The Washington Times/AP (10/14) notes that "with confidence rebounding sharply this month, strong sales are forecast for the all-important holiday period." Global Insight chief economist Nariman Behravesh "said this decline is like a huge tax cut that will give consumers nearly $100 billion more to spend on other items." He "said the overall economy, which grew at a 2.6 percent rate in the spring, probably grew by just 1.8 percent in the third quarter but should rebound to around 2.5 percent growth in the final three months of this year."

The Financial Times (10/14, Pimlott, Guha) adds, "The firm underlying retail sales figures and an unexpectedly strong upswing in consumer confidence further diminish the prospect that the Federal Reserve will cut interest rates any time soon."

Obama Warns Falling Gas Prices Inadequate Solution To US Energy Needs. CBS Evening News (10/13, story 9, 1:30, Couric, 7.66M) reported, "Gasoline prices continue to fall. They're down to a nationwide average tonight of $2.25 a gallon, the lowest price since the first of the year. But in 'free speech' tonight, a warning that falling gas prices should not lull you into a false sense of energy security." Sen. Barack Obama said, "America's oil addiction doesn't go away when prices come down and the polls close. There are few issues besides energy that combine so many of the challenges we face today. When Ford lays off thousands of workers, it's because they can't compete with foreign companies that are making more fuel efficient cars. When we hear about rising global temperatures, it's because the fossil fuel we burn are damaging our climate. And when we wonder why the U.S. is so involved in the Middle East, it's because we need their oil. We don't have to settle for this future. We should replace more of the oil we use with alternative fuels like ethanol. And we can even make a deal with our auto companies. If they make more fuel-efficient cars, the government will help them pay their retiree health care costs. The point is the ideas on energy are out there, but we need the leadership to make it happen. And now's the time to make your voice heard, not only this November, but in all the days that follow."

Paul Brown echoed that theme in his "What's Offline" column titled "The Deathwatch For Cheap Oil" in the New York Times (10/14, 1.21M). He writes, "Those falling prices at the gasoline pump may only be temporary. Indeed, they could signal the start of an era in which, forecasters say, 'the death of cheap, abundant crude might unleash war and plunge the world into a second Great Depression.'" That's according to "Willem Kadijk, a hedge fund adviser quoted by Bloomberg Markets magazine. He is just one of many who believe that global oil production is now at or near its peak, and the only place to go is down."

Clinton Urges California Voters To Approve Increase In Taxes On Oil Revenues. The Los Angeles Times (10/14, McGreevy, 918K) reports, "Accusing oil companies of lying about the cost of Proposition 87, former President Clinton on Friday called 'bogus' their contention that approving a tax on oil revenues would trigger higher gas prices for California motorists." At a UCLA rally Clinton "said the state ballot measure would help California move toward

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less expensive, cleaner forms of energy by funding research into alternative fuels." Supporters of the tax have already launched an ad campaign featuring Al Gore and Clinton "will be featured in a new round of ads that were filmed during Friday's rally in front of a cheering crowd of 5,000, many of them students." But opponents "noted Friday that support for the measure is sagging, and predicted that the involvement of Clinton and Gore would not be enough to save a proposal that they say would create an unaccountable bureaucracy." Claremont McKenna College professor of government John Pitney said, "This is an effort to pump up the Democratic base of voters. It's a very smart move, because these are the folks the base will respond to."

Dow Sets New Record By Slight Margin. The New York Times/AP (10/14) in an article titled "Another Record Week For The Dow" reports, "The Dow Jones industrial average inched to another record close yesterday, giving it three consecutive weeks of triple-digit increases." It "was the Dow's sixth record close in two weeks. Still, stocks showed little overall movement as traders were unimpressed with a profit report from General Electric and brokerage firms issued negative comments about Home Depot." And oil prices "moved higher, holding the major indexes to modest gains." The DJIA "rose 12.81 points, or 0.11 percent, to 11,960.51, passing the record close of 11,947.70 set Thursday." The Times adds, "Broader stock indicators also advanced. The Standard & Poor's 500-stock index was up 2.79 points, or 0.20 percent, at 1,365.62, and the Nasdaq composite index was up 11.11 points, or 0.47 percent, at 2,357.29."

Providing a cautionary outlook, the Wall Street Journal (10/14, B1, McKay, 2.03M) reports, "As the Dow Jones Industrial Average flirts with a close above 12000, a familiar pattern has emerged. It edges closer to that benchmark, then pulls back. What happens once it tops that milestone may be less predictable." In the past the Dow "performed well following its initial breaches of 1,000-point benchmarks, according to the data firm Ned Davis Research, rising an average of 1.8% in the first month and 14.2% twelve months after such milestones." Yet, "the most recent milestone, which came amid the dot-com bubble, was an unpleasant exception. After the Dow finished above 11000 for the first time in May 1999, it was off 4% just a month later and remained in the red 12 months later, off 1.8%. If 12000 comes soon, it will have taken more than seven years to rise the next 1,000 points." And some experts "like Standard & Poor's strategist Sam Stovall, believe the market is due for a similar pullback now. 'It would be good for the market to have a bull-market correction soon, just to make sure it doesn't get ahead of itself,' Mr. Stovall told clients in a recent briefing."

GE Report Suggests US, Global Economy Performing Well. The Wall Street Journal (10/14, A3, Kranhold, 2.03M) in an article titled "GE Earnings Point To Solid Economy" reports, "Robust third-quarter financial results from General Electric Co.'s industrial units suggest that the global economy is weathering both high oil prices and a slowdown in the U.S. housing market." The Journal notes, "Overall, GE reported results that met expectations but disappointed some investors. But GE's industrial units posted a 14% increase in revenue and an 18% jump in profit, bolstered by strong sales of power turbines, locomotives and aircraft engines, among other products."

Similarly, the Financial Times (10/14) adds, "The US economy is proving resilient – at least if one focuses on the right set of core measures. Excluding autos, gasoline and building materials, retail sales rose by 0.8 per cent during September. The data are volatile but fit the rosy macro-economic picture painted by General Electric, a bellwether if there ever was one."

The New York Times (10/14, Deutsch, 1.21M) reports, "Investors reacted tepidly to yesterday's report, sending G.E. shares down less than a percent, to $35.98. But G.E. shares, which had been stagnant for most of the year, rose 13 percent in the last two months, and analysts do not anticipate a sell-off now." GE CFO Keith Sherin said, "We promised to grow two to three times G.D.P., and this is the seventh quarter we made good on that promise." Yet "the quarter was not devoid of disappointments. Profit at GE Commercial Finance, which rose 6 percent, fell short of the 10-to-15-percent growth the company had projected. The reason, Mr. Sherin said, was that some deals that were expected to close in the third quarter would instead close later in the year."

Courts See Upswing In Cases Regarding Long-Term Care Health Insurance. The Los Angeles Times (10/14, Selvin, 918K) reports, "Consumer advocates and insurance regulators say that lawsuits and complaints…are likely to mushroom in the coming years as more baby boomers and their ailing parents make claims on long-term care insurance. Sales of such policies grew 65%

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from 2000 to 2004, but actual and projected payouts have already caused a shakeout that could leave some policyholders with huge bills worried that insurers can't or won't pay. Some insurers who underestimated their potential obligations have sharply hiked their premiums or abandoned the market. Insurers have denied long-term care claims for a variety of reasons, lawyers say. They have, for example, rejected as inadequate documentation from seniors too sick or distracted to be diligent record keepers. Or they have rescinded policies, saying the individual didn't fully disclose a preexisting medical condition on his or her application. In response to multiplying consumer complaints, some states are requiring more training for sales agents and limiting insurers' ability to raise premiums, along with other restrictions."

Spotlight On Gay Republicans Seen As Threatening GOP Base. ABC World News (10/13, story 3, 2:30, Gibson, 8.78M) reported, "The Foley scandal as exposed the little-known aspect of life on Capitol Hill. One that is causing real controversy in the Republican Party. … It is threatening to tear the Republican Party apart. Christian conservatives are now arguing that all the gay men present in the Foley scandal prove that the Republican party has been too tolerant." Rev. Louis Sheldon: "It's time for what we call come to Jesus meeting. Homosexuality is a dysfunctional lifestyle. And it must be addressed." ABC continued, "Tony Perkins of the Family Research Council asked 'has the social agenda of the GOP been stalled by homosexual members and/or staffers? Does the party want to represent values voters or Mark Foley and friends?'" ABC went on to report that the Bush White House "won re-election in 2004 partly by campaigning against gay marriage. … And yet, it can seem perfectly accepting of such unions, as was seen this week, when Secretary of State Condoleezza Rice swore in AIDS czar Dr. Mark Dybul, who is gay, while Dybul's partner held the Bible. Rice even referred to the partner's mother as Dybul's mother-in-law."

McClatchy Reimburses Nonprofit For McConnell Investigation. McClatchy Newspapers (10/14, Rosen) report that last year, Marilyn W. Thompson, "then the executive editor of the Lexington Herald-Leader…wanted to initiate a major reporting project but lacked enough money to pay for it. Thompson, who wanted the paper to take a deep look at Mitch McConnell, Kentucky's senior U.S. senator, a Republican, came up with an answer: She'd seek support from the Center for Investigative Reporting, a California-based nonprofit group that's financed or conducted groundbreaking work in television and print journalism. The idea was approved by Thompson's bosses at Knight Ridder, which owned the Herald-Leader at the time. The center approved a $37,500 grant, and Herald-Leader reporter John Cheves went to work. This week, with Cheves winding up a six-month examination of McConnell - and the senator's staff raising questions about the unusual grant - the Herald-Leader's new owner, McClatchy Co., came to a different conclusion. McClatchy acquired Knight Ridder in June. Howard Weaver, McClatchy's vice president for news, announced that the company would reimburse the Center for Investigative Reporting for the grant."

Bush To Campaign For Sherwood And Allen This Week. The New York Times (10/14, Stolberg, 1.21M) reports President Bush "is not the kind of guy to back out on a promise, especially when it comes to raising money for fellow Republicans. So it is that Mr. Bush, who has slogged his way through many a fund-raiser this campaign season, plans to make the rounds of what might be called the Congressional newsmakers caucus next week, with back-to-back fund-raisers on Thursday for Representative Don Sherwood of Pennsylvania and Senator George Allen of Virginia." The Times notes Sherwood "has admitted having an extra-marital affair with a woman who has accused him of trying to choke her," while Allen "is fighting for re-election after a string of controversies involving racially insensitive remarks; his denial and subsequent embrace of his newly discovered Jewish heritage, and reports that he had failed to disclose stock options." According to the Times, Bush and the GOP "are investing time and money to hold seats they did not originally think they would have to defend so aggressively." The AP (10/14, Hunt) reports, "A congressman who admitted to having an affair and a senator accused of using racial slurs will get some political help from President Bush next week. … 'The President has made a commitment, and he's going to fulfill the commitment,' White House press secretary Tony Snow said Friday." Snow is quoted as saying, "Sherwood has certainly admitted to what has gone on, and the president also believes that we're all sinners, we all seek forgiveness, and in this particular case, he's supporting Don Sherwood's candidacy."

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Some GOP Insiders Claim Bush Is Unprepared For Midterm Losses. U.S. News and World Report's Kenneth T. Walsh (10/14) writes, "Some Republican strategists are increasingly upset with what they consider the overconfidence of President Bush and his senior advisers about the midterm elections November 7–a concern aggravated by the president's news conference this week. 'They aren't even planning for if they lose,' says a GOP insider who informally counsels the West Wing. If Democrats win control of the House, as many analysts expect, Republicans predict that Bush's final two years in office will be marked by multiple congressional investigations and gridlock. 'The Bush White House has had no relationship with Congress,' said a Bush ally. 'Beyond the Democrats, wait till they see how the Republicans–the ones that survive–treat them if they lose next month.' GOP insiders are upset by Bush's seeming inability to come up with new ideas or fresh approaches."

GOP Unable To Fully Fund Candidates In Several Tight Senate Races. The Wall Street Journal (10/14, A1, Cummings, 2.03M) reports, "As their prospects dim for holding control of the House, Republicans are increasingly alarmed they also could lose their Senate majority…and the party is finding its fund-raising edge isn't going as far as it used to. … For the first time since taking control of Congress in 1994, party leaders are being forced to pick and choose which of the tight races they can throw money into winning. They simply can't afford them all." According to the Journal, "Republicans have increasingly concentrated on three Senate seats -- Tennessee, Missouri and Ohio -- to try to salvage at least a one-seat majority. They currently hold 55 of the Senate's 100 seats, but at least six of those are now seen as vulnerable. The party's national and Senate campaign accounts have recently spent $14.1 million to hold the seats of retiring Senate Majority Leader Bill Frist of Tennessee, Missouri Sen. Jim Talent and Ohio Sen. Mike DeWine -- with $8 million spent on Mr. DeWine alone. Yet most polls show Democrats still leading in all three races. That spending comes at the expense of other vulnerable incumbents, including Pennsylvania Sen. Rick Santorum and Montana Sen. Conrad Burns, who are also both running behind. They are getting voter turnout help but not independent advertising support from the national party."

Most Incumbent Senators Maintain Fundraising Edge. The AP (10/14, Kuhnhenn) reports, "Incumbent senators entered the final weeks of the midterm campaign with substantial sums in their bank accounts, but challengers also stepped up fundraising to keep races competitive and ad buyers busy to the very end." Sen. Mike DeWine "had a $3 million advantage over Democratic challenger Rep. Sherrod Brown at the end of September. However, Brown had the edge on fundraising for the quarter, according to reports they plan to file with the Federal Election Commission." Sen. Maria Cantwell "said she had $3.5 million in the bank after raising $2 million in the past quarter. Her opponent, Republican Mike McGavick, outraised her this quarter, bringing in nearly $2.2 million for the period ending Sept. 30, and had $2.1 million on hand." Sen. Lincoln Chafee "reported about $700,000 on hand, compared with $1.4 million for his challenger, Sheldon Whitehouse."

Kerry Blasts Republicans Over "Lies" About Iraq, North Korea And Foley. The AP (10/14, Ramer) reports Sen. John Kerry "likened the congressional page scandal to the war in Iraq and the handling of North Korea, saying that Republicans have lied repeatedly. 'A lie, a lie, a lie, a lie. What we have in Washington is a house of lies, and in November, we need to clean house,' Kerry said Friday night during the New Hampshire Democratic Party's annual fall fundraising dinner. 'They tell us we're making progress in Iraq and that there is no civil war. That is a lie,' he said. 'It's immoral to lie about progress in that war in order to get through a news cycle or an election cycle.'

Allen's Cash On Hand Total More Than Double Webb's. The Washington Post (10/14, B5, Craig, 748K) reports James Webb "Outraised" Sen. George Allen "by nearly $1 million from July to October, according to campaign finance reports released yesterday that reflected a surge in support for the challenger after Allen made several controversial comments that dramatically tightened the race. Allen still has twice as much in the bank as Webb, but both candidates said they will have enough money in the campaign's closing weeks to compete on TV in the crucial advertising war that will help decide the outcome. Allen raised $2.6 million between July 1 and Sept. 30 and reported $5.5 million in the bank, according to his finance report, the last required before the Nov. 7 election." Webb "had $2.7 million in the bank at the end of September."

Allen Ads Hammer Webb On Gay Marriage And Taxes. The Washington Times (10/14, Bellantoni, McLaughlin, 88K) reports Allen "has been most effective

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pummeling the Democrat on taxes and social issues to rally his conservative base. 'Jim Webb, Hillary Clinton and their liberal allies in Washington don't want to give constitutional protection to traditional marriage,' an announcer says on an Allen radio ad. 'And if they don't share our values on something as basic as marriage, how can we trust them on any issue?' The ad, which is running in rural parts of the state, is one of several that hit the airwaves this week to paint Mr. Webb as a liberal out of touch with Virginia values."

Menendez Leads Kean In Cash On Hand $5.5 Million To $3.2 Million. The New York Times (10/14, Chen, 1.21M) reports, "Posting his strongest fund-raising numbers to date, State Senator Thomas H. Kean Jr. has significantly reduced what had been a three-to-one advantage in resources for his opponent, Senator Robert Menendez, according to preliminary campaign finance data released on Friday. Yet in a caustic race that figures to be dominated by television advertising in its final four weeks, Mr. Menendez, the Democratic incumbent, still enjoys a solid lead in overall cash on hand, $5.5 million compared to $3.2 million for Mr. Kean. From July 1 to Sept. 30, Mr. Kean, a Republican, raised nearly $1.8 million and spent $866,000 — eclipsing his best fund-raising efforts over a three-month period, when he raised $1.6 million in the first quarter of this year." Menendez "had his slowest quarter of the year, collecting almost $1.4 million."

Steele Angered By Cardin's Attempts To Tie Him To Bush. The Washington Times (10/14, Ward, 88K) reports, "A visibly angry Lt. Gov. Michael S. Steele yesterday lashed out at Democratic attempts to tie him to President Bush and national Republicans in the U.S. Senate race, saying that he refuses 'to be the whipping boy for or against the Republican Party.' 'You know, I'm tired of this. I've got to justify everything the administration does, or everything it doesn't do. This is not about that,' Mr. Steele told reporters after participating in a forum conducted by the Washington County Chamber of Commerce. The Republican Senate nominee noted that his Democratic opponent, Rep. Benjamin L. Cardin, 'mentioned the president 113 times' during their debate last week." The Times notes Steele "previously had distanced himself from Mr. Bush, saying that his Republican Party affiliation is a 'scarlet letter' in Maryland, where Democrats outnumber Republicans 2-to-1. But he also has called the president his 'homeboy.'"

Steele Clarifies His Positions On Abortion, Guns. The Washington Post (10/14, B4, Mosk, Marimow, 748K) reports Steele "said yesterday that his strong personal opposition to legalizing abortion would not factor into his work in Washington, or his evaluation of a nominee for U.S. Supreme Court justice, should he be elected next month. 'I have no litmus test in that regard because my constitutional obligation is to represent the people of the state,' said Steele, who is Catholic. … The Republican candidate was less emphatic when asked about gun rights and suggested that his general support might not extend to assault weapons. 'You draw the line. I mean, what do you need an assault weapon for?' Steele said."

Rural "Racism" Considered A Threat To Steele's Campaign. The Washington Times (10/14, Miller, 88K), in an article titled "Rural Areas' Racism May Cost Steele Votes," reports, "Residents in Western Maryland and on the Eastern Shore say there are many whites among them who will not vote for a black candidate. … White voters in Republican strongholds in rural areas pose a threat to the senatorial ambitions of Mr. Steele, who already has battled race-baiting by Democrats in his Senate bid." The Times adds, "an elected Eastern Shore official -- a white Republican -- said privately that racism probably will hurt Mr. Steele 'a little bit' among white voters. In Hagerstown, Gail Curtis, a black hairstylist, said local residents have shouted racial slurs at her and her children. She has 'no doubt' that some white voters will be reluctant to cast a ballot for Mr. Steele because of his race."

Harris Said To Have "Squandered" GOP's Chance To Defeat Nelson. NBC Nightly News (10/13, story 7, 2:30, Williams, 9.87M), in its "In Depth" segment reported, "By her own admission, Katherine Harris' run for senate is an uphill fight. A fight that republican leaders like Jeb Bush never wanted her to wage." She "trails incumbent Bill Nelson by at least 18 points in recent polls and Republican leaders fear she's squandered a golden opportunity to gain a vulnerable Democratic seat." NBC noted, "Neither president Bush nor Florida Governor Bush have campaigned for Harris. When the president recently stopped for two other Florida candidates, he briefly shook her hand and only mentioned her in the audience."

Bay Area Liberals Mobilize Opposition To Doolittle And Pombo. The Los Angeles Times

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(10/14, Tempest, 918K) reports San Francisco Bay area liberal activists have focused on "two candidates vying for seats in bedrock conservative districts to the east, currently occupied by Republicans John T. Doolittle of Granite Bay and Richard W. Pombo of Tracy. Although most experts still give them a narrow edge, Doolittle, 55, seeking his ninth term, and Pombo, 45, pursuing his eighth, are in the toughest fights of their political careers going into the Nov. 7 election. Their Northern California races are considered the most competitive in the state. President Bush demonstrated his concern by showing up at fundraisers for the duo last week, garnering more than $1 million for their campaigns. But the prospect of upset victories contributing to a Democratic takeover of Congress — potentially installing San Francisco's Nancy Pelosi as speaker — has added another dimension to the Doolittle and Pombo races. Hundreds of volunteers and activists in Berkeley and other Bay Area communities have mobilized on the Democratic side, raising money, manning phone banks and carpooling into the districts to canvass neighborhoods for votes."

Three Southern California GOP House Seats Safe Despite Corruption Allegations. The Los Angeles Times (10/14, Berthelsen, 918K) reports, "three Southern California Republicans with legal and ethical troubles of their own — including being named among the 'most corrupt members of Congress' by the public interest group Citizens for Responsibility and Ethics in Washington — are expected to coast to reelection in November." Rep. Jerry Lewis "is accused of earmarking hundreds of millions of taxpayer dollars for the clients of a lobbyist and close friend." Rep. Gary Miller "is accused of using his position in Congress to help a business partner and campaign contributor gain access to a prime piece of public land and of sheltering millions of dollars in real estate investment gains from taxes." Rep. Ken Calvert "is accused of earmarking millions of taxpayer dollars for transportation improvements near real estate developments in which he has a financial interest." The Times notes, "Even Lewis, who faces the most potential legal trouble as the target of an investigation by federal prosecutors, is on safe ground."

Democrats Work To Block Notices For Ballots Cast For Foley. The AP (10/14, Skoloff) reports Democrats "asked a state court Friday to block Election Day notices at polling places that would inform voters in Rep. Mark Foley's district that his GOP replacement on the ballot will receive his votes. … Foley's name is still on the ballot…and election supervisors want voters to know that votes for Foley will be given to state Rep. Joe Negron instead. Democrats say that would be electioneering, which is illegal under state law. 'We think the issue is very simple. What they propose to do is electioneering, and the law says electioneering is not allowed within 100 feet of a polling place. Simple as that,' said Democratic Party spokesman Mark Bubriski." Negron "called the Democrats' request 'a desperate attempt to try to confuse voters.'"

Several Other Once-Safe GOP Seats In Florida Considered Vulnerable. The Los Angeles Times (10/14, Williams, 918K) reports, "GOP candidates in several once-certain Florida races now appear to be in trouble." In the 13th District "Democrat Christine Jennings leads Republican Vern Buchanan by 12 percentage points, according to a recent poll, despite the wealthy Buchanan's $3 million contribution from his own pocket. Democratic State Sen. Ron Klein has been running neck-and-neck with Republican U.S. Rep. E. Clay Shaw Jr. for his 22nd District post. … Democrat Phyllis Busansky's bid for the 9th District has gained strength in the last two weeks, say campaign workers, who are awaiting new poll results. The former local government leader is facing Gus Bilirakis, son of retiring U.S. Rep. Michael Bilirakis."

Immigration Key In Hayworth House Race. The Financial Times (10/14, Luce) reports, "Every night between 6,000 and 6,500 foreigners try to cross from Mexico into the US, most of them into the desert state of Arizona. Some two-thirds of them succeed. If J.D. Hayworth's crushing handshake is any guide, future illegal aliens can expect much stiffer resistance at the border." His position not only puts Hayworth at odds with President Bush and Sen. John McCain, but also his Democratic opponent Harry Mitchell, "who polls say stands at least an odds-even chance at mid-term elections next month of ejecting the Republican from the seat he has held since 1994." At an event before a group from the National Association of Letter Carriers, Mitchell said, "We need to change the way business is done in Washington." While "hardly original, Mr Mitchell's plea appears to be sincere. As does Mr Hayworth's uncompromising line on immigration. 'My opponent,' says Mr Mitchell, 'wants to hire bond bailsmen –- call them bounty

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hunters –- to deport illegal immigrants. Is this the kind of America we want?' The postal workers evidently like Mr Mitchell. But their applause is not emphatic.

Anti-GOP Sentiment, Strong Challenger Present Hurdles For Wolf. The Washington Post (10/14, B6, Gardner, 748K) reports, "Northern Virginia's sprawling 10th District, which meanders 70 miles from McLean to the Shenandoah Valley, is nothing if not predictable. For 26 years, voters have sent Republican Frank R. Wolf of Fairfax County to represent them in Congress. That fact alone gives Wolf, 67, an enormous advantage over his Democratic challenger this year, Judy Feder. … But 2006 is not a year to assume that history will be a guide. The war in Iraq, high gasoline prices and the House page scandal are pushing voters away from President Bush's party -- even in a district viewed widely as Northern Virginia's most Republican. Add to that the uncertainty of seeking office in a fast-growing region where the political allegiance has shifted toward Democrats in recent elections, and the outlook for Wolf grows less bullish. Finally, consider the challenger: Though a political newcomer, Feder is a well-funded, well-spoken public policy expert whose aggressive campaign has caused several national political analysts and Web sites to list the 10th District as a race to watch."

WPost Endorses Wolf. The Washington Post (10/14, A20, 748K) endorses Wolf, saying, "we have had our disagreements" with Wolf "but those have been outweighed by our respect for his undisputed diligence, candor, active legislative approach and passionate commitment to human rights in some of the world's darkest corners."

Democrats Find Success Recruiting Physically Attractive Candidates. The Washington Post (10/14, A1, Murray, 748K) in a front page story reports, "Attractive politicians have an edge over not-so-attractive ones. The phenomenon is resonating especially this year. By a combination of luck and design, Democrats seem to be fielding an uncommonly high number of uncommonly good-looking candidates. The beauty gap between the parties, some on Capitol Hill muse, could even be a factor in who controls Congress after Election Day. … In most of the races, the Democratic challengers look a lot like standard-issue politicians -- not likely to impress the judges at Atlantic City. But there are others who, while they might not have movie-star looks, are certainly well above the C-SPAN median. The list is decidedly unscientific, but it includes several whose names come up often on Capitol Hill for reasons other than their policy platforms. Among those on it…are Brad Ellsworth, a swaggering Indiana sheriff; businesswoman Gabrielle Giffords of Arizona, who has chiseled features and rides a motorcycle; and Heath Shuler of North Carolina, a strapping former quarterback for the Washington Redskins. In Tennessee, Rep. Harold E. Ford Jr., a lean and stylish 36-year-old, has drawn admiring looks."

Political Candidates Find MySpace Useful In Communicating Message. The Wall Street Journal (10/14, A4, Lovley, 2.03M) reports, "Politicians across the country are discovering that a presence on social-networking sites such as MySpace isn't just a way of communicating with voters under 30, it is also a means of attracting volunteers and their donations. Howard Dean's 2004 presidential primary run underscored the Internet's untapped potential as a fund-raising tool, and political strategists say these networking sites go further by helping candidates to home in on specific audiences, beyond those who click on campaign Web sites."

Ehrlich And O'Malley To Engage In Two Debates Saturday. The Washington Post (10/14, B1, Wagner, 748K) reports, "After accusing one another of ducking debates for weeks," Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley "are preparing for a political rarity today: a doubleheader." After an hourlong debate in Baltimore this afternoon, "five hours later and 12 miles away, the Republican incumbent and Democratic challenger plan to meet again, this time at the Maryland Public Television station in Owings Mills for another hour-long showdown." The earlier debate will be taped and shown later at 7PM.

Dowd Warns McCain Against Attacking Hillary. Maureen Dowd in her column in the New York Times (10/14, 1.21M) warns that en. John McCain needs to be careful in criticizing Sen. Hillary Clinton because in the past when "men abused her" she became "a sympathetic figure to many voters." Recently McCain "managed to attack her three ways in one sentence: as a senator, as a wife and as a future opponent. This raises the question: Is it a smart move, pleasing a base that cringes at stories of these celebrity senators palling around, knocking back drinks on an overseas trip? Or is it a misstep, making Mr. McCain look like a sexist bully for pointedly blaming his fellow senator for her

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husband's old policies -- and calling her 'Mrs. Clinton' just to rub it in?"

UN Considers "Significant" Sanctions On North Korea. On the network TV news, the UN Security Council sanctions on North Korea were described in generally positive terms. Offering the most detailed TV coverage of the Administration's efforts to deal with North Korea, CBS Evening News (10/13, story 2, 2:10, Axelrod, 7.66M) reported that at the UN "they are moving with uncommon speed and consensus to get a resolution on sanctions. The resolution demands North Korea conduct no more nuclear tests and returns to the negotiating table, those so-called six party talks." US Ambassador to the UN John Bolton: "We refer to cargo you can have air cargo, sea cargo, and land cargo." Axelrod: "China's balking. It thinks inspecting the cargo could lead to a dangerous North Korean response but tonight it appears some compromise will be reached, united by the mutual need to confront North Korea." White House press secretary Tony Snow: "It's sort of like dealing with a bratty child. You give him a piece of candy and hope they'll shut up. Guess what? No more rewards for bad behavior. There will be punishments and consequences." Axelrod: "Secretary of State Rice will leave next week to meet with regional allies, work out the finer points of how to implement those sanctions. For instance, just how those inspections will be conducted, Katie."

In shorter stories ABC World News (10/13, story 4, 1:15, Karl, 8.78M) reported the UN Security Council resolution "will include a ban on weapon shipments. A ban on luxury goods. And it would freeze the weapons on anything related to North Korea's weapons system. And this will be enforced or open to enforcement by inspection of all cargo going in and out of North Korea. These are significant sanctions, even if they are a bit watered down from what the United States wanted."

And NBC Nightly News (10/13, story 3, :30, Williams, 9.87M) briefly, "The United Nations Security Council plans to vote on a resolution tomorrow call for sanctions against North Korea and condemning that nation's recent nuclear test. The resolution does not however talk about any kind of military option. China and Russia objected to that."

In contrast, the major papers' stories focused on China and Russia's objections to the draft proposal. The New York Times (10/14, A1, Hoge, 1.21M) reports, "The United States pressed for a Saturday vote on a Security Council resolution that would impose sanctions on North Korea for its reported nuclear test, but questions from China and Russia on Friday evening cast the timing and possibly the content of the document into doubt." US Ambassador to the UN John R. Bolton "said the new problems appeared 'technical' rather than 'substantial,' but said they would require another conference of Japan and the five permanent Council members." He also "indicated that one area of dispute remained the methods and legalities of how to inspect cargo." The measure "had already been softened three times this week to meet objections from China and Russia," and Washington officials were "apparently confident of the imminent passage of the measure," as "Senior State Department officials portrayed the United Nations momentum toward a resolution as evidence of a united, multilateral front agreeing to punish North Korea."

The Washington Post (10/14, A14, Kessler, 748K) adds, "China, backed by Russia, insisted that the United States include greater assurances that the resolution could not be used to justify the armed seizure of North Korean ships traveling in international waters." China's U.N. ambassador, Wang Guangya, also said "that a ban on luxury goods was unnecessary and too vague." Bolton noted "that Russia raised concerns late Friday about four new problems with the text," including "how we will define nuclear, biological and chemical and weapon-related materials and ballistic missile components."

The Financial Times (10/14, Fifield) reports, "The dispute over the extent of sanctions reflects differences over the purposes of the measure. While the US and perhaps Japan are eyeing regime change, China and South Korea would be happy with a change in behaviour." Also, "doubts are being cast on the effectiveness of whatever measures are agreed. With China and South Korea fearing the collapse of their volatile neighbour, and with a large proportion of North Korea's income coming from illegal trade, even targeted sanctions would have a limited impact." Another Financial Times (10/14, Turner) article also covers this story, as does the Los Angeles Times (10/14, Farley, 918K), the Washington Times (10/14, A1, Gertz, Pisik, 88K), the AP (10/14, Lederer) and Bloomberg (10/14, Zeranski).

Preliminary Test Consistent With Nuclear Detonation. The New York Times (10/14, Mazzetti, 1.21M) reports, "American intelligence officials said on Friday evening they had found new evidence that the country detonated a nuclear bomb." The office of John D. Negroponte, the director of national intelligence, sent a

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document sent to lawmakers on Capitol Hill saying that "an analysis of air samples taken in the region on Wednesday found radioactive material that is 'consistent with a North Korean nuclear test.'" However, a senior intelligence official "said that the results were still preliminary and that final analysis of the data would not be completed for several days." State Department spokesman Sean McCormack sounded a similar note, saying, "We're in the process now of going through, looking through all the data and all the facts to try to come up with the best possible explanation for what, exactly, happened there," but, "We don't know yet." The Washington Post (10/14, A14, Linzer, Pincus, 748K) adds, "intelligence and administration officials were cautious about reaching a conclusion before reviewing all incoming data." The Washington Times (10/14, A1, Gertz, Pisik, 88K), the Financial Times (10/14, Turner), and the AP (10/14, Burns, Gearan) also cover this story, as does a separate New York Times (10/14, Hoge, 1.21M) article.

Experts Say Kim Isn't Crazy, But Still Is Dangerous. McClatchy Newspapers (10/14, Johnson) reports that "the whispers in the West that the secretive Kim is crazy are simply wrong, experts say." However, there is "A profound mistrust between North Korea and the United States," as "North Korea believes that Washington is bent on its destruction." Cui Yingjiu, a scholar on North Korea retired from Beijing University and a university classmate of Kim, says that "if Kim is backed into a corner…his regime is capable of selling one of his nuclear weapons to a terrorist group or sparking a calamitous war by bombing Japan." The Wall Street Journal (10/14, A5, 2.03M) notes, "Experts say it is highly unlikely North Korea would drop a nuclear bomb," but a "bigger concern is that North Korea will help Iran proceed with a nuclear-weapons program by sending it technology and supplies, or that it becomes a nuclear-weapons supplier to terrorists who might not be deterred by retaliation since they don't reside in any one nation state."

US Military Plays Stabilizing Role Along DMZ. CBS Evening News (10/13, story 3, 2:45, Couric, 7.66M) reported, "Of course, nowhere is the tension between the two Koreas more palpable than along the demilitarized zone, the D.M.Z., where soldiers from both countries have been staring each other down for more than half a century." CBS (Pizzey): "The North Koreans have said sanctions amount to an act of war, but where north meets south at the D.M.Z., it was business as usual today." Taewoo Kim, Korean Institute for Defense Analyses: "They are aware of even the disadvantages that have to face after nuclear tests." Pizzey: "That certainly included the hardships of sanctions, but any hope that will lead to a popular uprising by people who live in poverty and as satellite images show, in the dark, is considered wishful thinking. There is no known organized opposition in North Korea and the regime has ensured that military options against it are limited." And "South Korean troops routinely strike a martial arts pose as they stare over the demarcation line while the 28,000 U.S. troops who back them up are required to be as much diplomats as fighting men." US Army Capt. David Fischer: "We're here to deescalate issues that may occur. That's our first rule of engagement, deescalate."

Koreans In Japan Unable To Send Care Packages To North With New Embargo. McClatchy Newspapers (10/14, Doi) reports, "Japan's decision to ban all shipping to North Korea starting Saturday in response to the North's apparent nuclear test this week will cut off care packages from ethnic Koreans who have lived in Japan for decades," including "the divided family of ethnic Korean filmmaker Yang Yonghi," who "made the documentary film 'Dear Pyongyang' based on her visits to her brothers in North Korea over the past decade," which won "the NETPAC Asian award at the Berlin International Film Festival and the special jury prize at the Sundance Film Festival this year."

Former Nuclear Monitor Blames Administration For Terminating Agreement With North Korea. Jon B. Wolfsthal, who monitored North Korea's nuclear program for the United States and is a fellow at the Center for Strategic and International Studies, writes in an op-ed in the New York Times (10/14, 1.21M) that the "Agreed Framework helped us avoid a military conflict that could have destroyed Seoul" and "froze Pyongyang's plutonium program." When American intelligence agencies confirmed that North Korea was trying to acquire a uranium enrichment program," the Administration, "instead of working within the framework to get North Korea to abandon its nuclear efforts…terminated the agreement altogether." This "jettisoned something of great diplomatic value…the willingness of North Korea to let Americans -- with whom they were legally at war -- into their nuclear center to secure plutonium-bearing fuel rods for internationally monitored storage." While "administration supporters and commentators are seeking to blame the framework for all our problems," without it, "North Korea would have immediately acquired enough plutonium to produce more nuclear weapons and would have completed construction of two much larger weapon production

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reactors." The inspectors "protected America from danger and our efforts delayed the onset of the nuclear crisis we now face. To argue otherwise is to play politics with history."

WSJournal Argues Bush's PSI & Regime Change, Not Arms Control, Stops Nuclear Threats. The Wall Street Journal (10/14, A6, 2.03M) editorializes, "The good news here is that at long last the U.N. is attempting to enforce its own nonproliferation regime," but "it took an actual nuclear blast following a long-range missile test this summer to motivate the Security Council to take even these modest actions." Both "North Korea and Iran are revealing the limits of arms control treaties in restraining rogue states bent on gaining nuclear weapons and other WMD," as they cheated on arms control agreements they signed. "The beginning of wisdom is to realize that the threat hasn't ended merely because a rogue regime signs an arms-control treaty." For stopping "rouge bomb makers, "short of deposing a regime, the most successful policy has been the Bush Administration's Proliferation Security Initiative." It differs from the Nuclear Nonproliferation Treaty in "that the PSI doesn't give the feckless or evil a veto over what it does. It is a coalition of countries with a shared sense of purpose, and above all the willingness to act."

China Allowing Refugees Suggested As Way To Deal With North Korea. Melanie Kirkpatrick writes for the Wall Street Journal (10/14, A6, 2.03M) editorial board, "If China is to assume what it considers to be its rightful place as a great power, now is the moment." as it is "the only government with a measure of influence over its lunatic nuclear ward in the Hermit Kingdom." Although not yet publicly discussed, "Opening the frontier to refugees would put pressure on Kim Jong Il to give up his nukes or watch his regime implode." Besides, "three official Chinese government documents -- obtained privately and smuggled out of the country -- show that the humanitarian crisis may be more dire than widely believed and the burden on China heavier," and "Allowing the world to help the North Korean refugees in China would help Beijing deal with a problem that is likely to get worse."

Rice Trip To Asia Expected To Focus On Nonproliferation. Towards the end of an article on the proposed UN sanctions against North Korea, the New York Times (10/14, Hoge, 1.21M) reports that Secretary of State Condoleezza Rice will "travel to Asia next week to discuss how to implement the" expected UN resolution against North Korea, "as well as to discuss other efforts to deter North Korean proliferation of a nuclear bomb or bomb-making materials. Sean McCormack, the State Department spokesman, said Ms. Rice would travel to Tokyo, Seoul and Beijing." He added that the trip "is 'an opportunity for her in the region to reaffirm and talk about the strength of our existing alliances there, and also to have a bit more of a wider conversation with others in the region about the current situation, about the security situation, and also to talk broadly about nonproliferation efforts.'"

The Financial Times (10/14, Turner) adds that "Chris Hill, assistant secretary of state and chief negotiator at the stalled talks with North Korea, told reporters Ms Rice's aim was to ensure the UN resolution had 'teeth and will function properly'." The Washington Post (10/14, A14, Kessler, 748K), the Washington Times (10/14, A1, Gertz, Pisik, 88K), and Bloomberg (10/14, Zeranski) also mention Rice's trip in stories focusing on the UN sanctions.

Nuclear Bombs Are Harder To Make Than Commonly Thought. McClatchy Newspapers (10/14, Boyd) reports that making nuclear weapons "takes a wide set of technical capabilities and a willingness to risk death or injury to join the club of nuclear nations." The scientifically oriented article describes the technical pitfalls at each step of the process for nuclear-weapon aspirants.

Iran Said To Be Watching How North Korea Is Handled. The Wall Street Journal (10/14, A2, Seib, 2.03M) reports, "Now may be the time to shelve for good the image of George W. Bush as a unilateralist, go-it-alone cowboy." The Administration "is embarking in coming days on an exceptionally complex set of diplomatic maneuvers to try to contain, simultaneously, the nuclear threats from North Korea and Iran," although "It's hard to say whether the stereotype was wrong, or whether an unfriendly world forced a change." Still, "the stakes are huge. Iran will be watching intently to see whether the U.S. actually can organize a meaningful world response to North Korea's provocation. It's entirely possible that only a truly united response will give the Iranians pause -- which is the real test of the Bush team's newfound fondness for multilateral diplomacy."

Iranian Hard Liners Said To Benefit From US Economic Measures. In a front page story in the Wall Street Journal (10/14, A1, Higgins, 2.03M) reports that "an unintended consequence of U.S. foreign policy" has been that "instead of weakening Iran, America's efforts to squeeze

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the country ended up boosting the very hard-line forces there that the U.S. wants to curb." Iranian businesses "roil" due to "potent political forces…including the heavy hand of elements close to Iran's hard-line president. Prominent among those forces in business today is the Islamic Revolutionary Guard Corps," which takes over businesses weakened by the US measures.

SEC Fines Statoil Over Iranian Payment. The Wall Street Journal (10/14, A8, Talley, 2.03M) reports, "The Securities and Exchange Commission and Justice Department levied a $21 million fine against Norwegian oil company Statoil ASA for a payment it made in 2002 to win development of a critical Iranian petroleum project." Statoil "already paid Norwegian authorities $3 million for the affair" and "acknowledged making the payment." It said "it would accept the penalties. Statoil Chairman Jannik Lindbaek said the incident occurred under the company's previous management and that the company has 'long deplored' it." The SEC "said it wanted to make the Statoil fine high to send a clear signal to other companies."

Ban Appointed Secretary General Of UN. The New York Times (10/14, Hoge, 1.21M) reports, "Ban Ki-moon, the foreign minister of South Korea, was appointed Friday by the General Assembly as the next secretary general of the United Nations" and was "greeted by sustained applause as he walked onto the rostrum to make his acceptance speech." Ban "listed his priorities as reforming the United Nations, meeting development goals established in 2000, establishing human rights, confronting threats posed by terrorism and weapons of mass destruction, slowing environmental degradation and curbing the spread of AIDS." He also "asked that people understand his modest manner as a cultural attribute and not misread it as lack of decisiveness or passion." The Washington Post (10/14, A14, 748K) adds that UN Secretary General "hailed Ban as 'exceptionally attuned to the sensitivities of countries and constituencies in every continent.'"

New UN Leader Expected To Make North Korea A Priority. CBS Evening News (10/13, story 3, 2:45, Couric, 7.66M) reported, "The General Assembly approved a new Secretary General who is very familiar with the Korean dispute. Ban Ki-Moon is South Korea's foreign minister. He has said improving relations with Kim Jong-Il's government will, in fact, be his top priority." The AP (10/14, Lederer) adds, "Ban has been in the forefront of South Korea's nuclear negotiations with Pyongyang and has said he plans to travel to North Korea as secretary-general, something Annan never did."

Cohen Says Ban Needs To Use Moral Authority To Open North Korea. Roger Cohen writes in his column in the New York Times (10/14, 1.21M), "Can a South Korean secretary general of the United Nations" open "the hermit state of a nuclear-armed North Korea?" Ban Ki-Moon "is short on the charisma that made Pope John Paul II a force. But the unanimity he engineered for his nomination testifies to his powers, and sitting atop the UN confers access, authority and agenda-setting discretion not granted by national office." Also, "a chastened U.S. commander-in-chief" is "turning to diplomacy, which is to say the United Nations, at the same time as the organization prepares to greet a new leader for whom the intricacies of the Korean Peninsula are everyday fare. On the face of it, that's a situation with potential." While "fundamental problems remain" – "China has no interest in" Kim's fall, and South Korea is "more intent on the peninsula's stability than its freedom" – if Ban "leaves office with the Korean Peninsula still divided, and 23 million North Koreans still bowing and scraping to Kim, history may prove severe in its judgment."

Violence Continues In Gaza. The New York Times (10/14, Myre, 1.21M) reports that illustrating "the relentless turmoil that has gripped Gaza since militants seized an Israeli soldier and took him to the territory," gunmen from Hamas and Fatah "battled each other overnight and during the day on Friday, leaving a teenager dead and nearly 50 people wounded in the northern Gaza town of Beit Lahiya." Meanwhile, "Four Palestinians, including three Hamas militants, were killed Friday in a second day of deadly clashes with Israeli forces in the Gaza Strip." While "Palestinian prime minister, Ismail Haniya, of Hamas, tried to calm the atmosphere during a midday speech," but despite his and Palestinian Authority president Mahmoud Abbas's pleas, "the internecine fighting has grown worse in recent weeks." The Los Angeles Times (10/14, Ellingwood, 918K) also covers this story.

Bush Expands Sudan Sanctions. The AP (10/14, Riechmann) reports, "President Bush signed an executive order Friday that stiffens sanctions on Sudan and its oil industry in an effort to persuade the government to accept U.N. peacekeepers and stop killings of civilians in Darfur." It "continues a countrywide blocking of the Sudan government's

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property, and prohibits transactions related to Sudan's oil sector." The White house says the order "imposes sanctions against those responsible for genocide, backs measures to protect civilians and humanitarian operations and supports peace efforts in the war-torn land."

Incentives Said To Favor Russian, Georgian Escalations. The Washington Times (10/14, Sands, 88K) reports that, according to regional security analysts, "The bitter dispute that erupted last month between Russia and Georgia is a 'perfect storm' of mutual suspicion and hostility in which both sides have their reasons for escalating the tension." While "the European Union and the U.N. Security Council have appealed for calm…both Georgian President Mikhail Saakashvili and Russian President Vladimir Putin could benefit from the clash." Saakashvili wants "a Russian 'overreaction' to boost his popularity at home and to attract U.S. and European support for Georgia's long-term hopes to break away from Moscow's influence and join such Western institutions as NATO and the European Union," while "Russia and Mr. Putin are equally keen to slap down Georgia, in part to punish Tbilisi for its desire to ally with the European Union and United States and in part to show Ukraine and other former Soviet states on its border the costs of pulling away from Moscow in favor of the West."

Britain, Ireland Offer New North Ireland Agreement. The New York Times (10/14, Cowell, 1.21M) reports, "After three days of closed-door negotiations, Britain and Ireland on Friday offered a compromise formula to restore Northern Ireland's power-sharing government by next March, allowing for an election or referendum to endorse the deal." However, it "was not immediately embraced by the province's fractious political parties," and "it is not certain that an agreement sponsored by London and Dublin will be enough to survive the tripwires of Northern Ireland's fissured politics." Prime Ministers Tony Blair of Britain and Bertie Ahern of Ireland "refrained from high-flown language to herald the end of the negotiations." The Democratic Unionists "had been pressing for Sinn Fein…to commit itself completely to respecting the province's police force" and "Sinn Fein has been pressing for" The Rev. Ian Paisley, the Protestant leader, "to sit in a power-sharing government as first minister with a republican leader as his deputy." Under the agreement, "each side would have to accept the other's demands," and "On Friday, at least, they seemed determined to do that." Northern Ireland's political parties would have until Nov. 10 to agree to the plan.

The Washington Post (10/14, A13, Sullivan, 748K) adds, "Blair and Ahern had said that if the parties could not reach agreement by Nov. 24, the province would have everything from water rates to education controlled by the central government in London. The St. Andrews talks were an attempt to avert that outcome."

The Financial Times (10/14, Adam, Brown) is more optimistic, reporting that "After lengthy overnight talks, Thursday's pessimistic mood began to dissipate," and "there was optimism that Ian Paisley's Democratic Unionists and Sinn Fein could within weeks overcome long-standing differences and agree to form a joint power-sharing executive." It refers to "evidence that republicans and unionists were edging closer to a deal over power-sharing." Blair "put a positive gloss on the talks, but acknowledged there was still some way to go to secure a deal and that the talks could yet unravel."

The Los Angeles Times (10/14, Murphy, 918K) takes a more negative tone, leading that "the prime ministers of Britain and Ireland failed to bring Northern Ireland's feuding parties to immediate agreement on power sharing, but worked out a proposal that could establish a new joint government."

Unlike Neighbors, Chile Embraces Trade With China. The Los Angeles Times (10/14, Dickerson, 918K) reports, "Chinese competition has put hundreds of textile manufacturers in Latin America out of business," but "Chile has cobbled one of Latin America's most successful trading relationships with the Asian giant. While other countries in the region maintain high tariffs on Chinese goods, Chile is busy tearing down trade barriers." Also, "in contrast to countries such as Mexico, where domestic producers are clamoring for protection, Chilean manufacturers are among the strongest supporters of the free-trade deal with China." Patricia Perez, general manager of a Santiago-based medical products company and president of AsexmaChile, an exporters' trade group, said, "'We see an opportunity to find niches for our products in China … and to make Chile a platform' for Chinese manufacturing and trade with the rest of Latin America."

Book Examines Spy That Betrayed US Intelligence Secrets To Cuba. McClatchy

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Newspapers (10/14, Bachelet) reports that Ana Belen Montes, who was a senior Cuba analyst for the Defense Intelligence Agency, "gave Havana detailed information on U.S. eavesdropping programs aimed at the Castro government, allowing Cuba to mount effective counterintelligence and deception operations for year, according to" the book "Enemies: How America's Foes are Stealing Our Vital Secrets and How We Let it Happen" by Bill Gertz, a defense correspondent for The Washington Times. "Some U.S. officials rank the damage she did with that caused by Aldrich Ames and Robert Hanssen, the infamous CIA and FBI turncoats for Moscow whose information resulted in the deaths of dozens of U.S. agents," and "the book also says there are 'indications' that her spying may have led to the deaths of some U.S. agents in Latin America, but it provides no details." It also "paints an embarrassing picture for U.S. spy-catchers."

Founder Of Micro-Loan Program Awarded Nobel Peace Prize. The award of the Nobel Peace Prize to Muhammad Yunus for his international micro loan program received significant media attention. NBC and CBS only briefly mentioned it, but ABC World News (10/13, lead story, 2:40, Gibson, 8.78M) in a full story segment contrasted his generosity with US congressional scandals reporting, "In Democracies around the world, people are elected to serve the public good. Tonight, a man who held no office, yet helped more families than most politicians ever do, was awarded the Nobel Peace Price."

The Washington Post (10/14, A1, Moore, 748K) in a front page story reports, "The Grameen Bank's pioneering use of micro-credit has been duplicated across the globe since Yunus started the project in his home village three decades ago. Loans as low as $9 have helped beggars start small businesses and poor women buy cellular phones and basket-weaving materials." The New York Times (10/14, Dugger, 1.21M) and the AP (10/14, Hossain) report similar details.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

All Eyes Are on Schools Chief as He Takes Stage
Lost in the Dust of 9/11
Trusting a Promise to Care
GOP's Sure Bets in Florida Now Appear in Question
Peace Prize Winner Sees Every Cent as a Seed
Brewer Aced His Final
Vote on N. Korea Faces Last Hurdles

New York Times:

U.S. Hits Obstacle in Getting a Vote on North Korea
Gay Marriage Losing Punch as Ballot Issue
Wall St. Woos Film Producers, Skirting Studios
Mrs. Astor's Son to Give Up Control of Her Estate
Peace Prize to Pioneer of Loans to Poor No Bank Would Touch
A Cult of Backyard Rocketeers Keeps the Solid Fuel Burning
Earnings for Insurers Are Soaring
London and Dublin Offer Northern Ireland a Compromise
Discord? Not Here, British Say After General's Iraq Comment
Congressman Pleads Guilty but Won't Resign for Now
Snowstorm Blankets Buffalo, Killing at Least 3
Small-Plane Pilots Must Ask Before Flying Up East River

Washington Post:

Dozens of Protesters Arrested On Gallaudet President's Order
New Law Cripples Internet Gambling
Micro-Credit Pioneer Wins Peace Prize
Ney Pleads Guilty to Corruption Charges
Democratic Faces That Could Launch Thousands of Votes
Iraqi Colonel Who Bridged Sectarian Divide Is Killed

Washington Times:

U.S. finding indicates nuclear test
GOP's Ney pleads guilty
Rural areas' racism may cost Steele votes
Body of missing student found in Vermont
Gallaudet rally broken up
Air America files for bankruptcy, will stay on the air
Suit over illegals OK'd for workers at Tyson Foods

Atlanta Journal-Constitution:

Home Depot set to enter China market
Dacula woman hits lifetime lotto
Lakewood has been 'like family'
Conyers school, NASA partner
Settlement opens realty listings
Fulton tries to polish its image

Dallas Morning News:

Coal plant interests give Perry $132,000
Departure from Wright era begins
House fire kills boy, 5, grandmother

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Girl's killer gets death penalty
Kaufman suspect charged

Houston Chronicle:

Head's 20 points lead Rockets past Hawks
Suburbs focus on crime, not nationality
Expert: Native disease killed Aztecs, still may lurk
Attorney hired by Mexico to aid Quintero's case
Hidden bag reveals big cash, bad blood
Houston meteorite hunters may join in record find
Students create mosaic of Fifth Ward history
Palmer ends 52-year golf career at Administaff
Sellers get savvy to Latino diversity

Story Lineup From Last Night's Network News:

ABC: Nobel Peace Prize; Ney Pleads Guilty; GOP Foley Rift; North Korea Nuclear Test; British General Defends Iraq Remarks; US Iraq Casualties Mourned; Buffalo Snow; Flight Attendant Counterror Training; Air Force Memorial; Skateboarder.

CBS: US Troops Iraq Policy Shift; North Korean Nuclear Test; Korean DMZ Tensions; Guantanamo Detainees; FAA NY Flight Ban; Kolbe Page Questions; Buffalo Snow; Iraq Policy Options; Obama Energy Dependence Warning; Nobel Peace Prize; Woodpecker Research.

NBC: UK General On Iraq, Exiles From Iraq, North Korea And The UN, Buffalo Snow, Ney Plea, Kuo Book, Katherine Harris Campaign, NYC Plane Crash, Nobel Peace Prize, Bono Charity.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – THE PRESIDENT'S SCHEDULE. Highlights: President and Mrs. Bush depart The White House en route Arlington, Virginia - The United States Air Force Memorial. President and Mrs. Bush depart arrive the United States Air Force Memorial. Makes Remarks at the United States Sir Force Memorial Dedication. The United States Air Force Memorial, Arlington, Virginia. President and Mrs. Bush depart The United States Air Force Memorial en route The White House.

President and Mrs. Bush Arrive The White House. President and Mrs. Bush depart The White House via Marine One en route Camp David. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Other: Oct. 11 - 14. NEUROMUSCULAR MEDICINE _ The American Association of Neuromuscular and Electrodiagnostic Medicine holds its annual meeting. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW. Contacts: n/a, 507-288-0100

Oct. 13 - 14. HOME REHAB _ The Rebuilding Together home rehabilitation organization holds its 18th annual conference. Highlights:
2:30 p.m. New CEO Gary Officer visits an all-day rebuilding event. 1903 Kearney St. NE. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Hwy., Arlington, Va. Contacts: Cindy Price, 202-483-9083

Oct. 14 - 15. GAIA THEORY _ Weekend program on ``The Gaia Theory: Model and Metaphor for the 21st Century." Location: George Mason University law school, 3301 Fairfax Dr., Arlington. Contacts: n/a, 703-528-5406 On the Net: http://www.gaiatheory.org

Oct. 14 - 23. PSYCHIATRIC SERVICES _ The American Psychiatric Association hosts its 2006 Institute on Psychiatric Services.
Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

9 a.m. POLISH/HUNGARIAN UPRISINGS _ The Cold War Museum, in conjunction with the Embassies of Hungary and Poland, will convene a gathering of diplomats, officials and historians to discuss the 1956 Polish and Hungarian uprisings against the Soviets and Communism. Highlights: 9 a.m. Welcome by Jay Rowley, Student Government President, SCSS; Dr. Richard Moniuszko, Deputy Superintendent of Schools, FCPS; Gerry Connolly, Fairfax County Board of Supervisors Chairman; and Francis Gary Powers Jr., The Cold War Museum. 9:30 a.m. Video Screening: Polish documentary on 1956 Poznan Uprising. 10 a.m. Panel 1 - The Polish Perspective: Dr. Padraic Kenney; Dr. Krzysztof Persak; Dr. Marek Chodakiewicz. Moderator: Dr. Christian Ostermann. 11:30 a.m. Video Screening: Video Interview with General Bela Kiraly. 12 p.m. Panel 2 - The Hungarian Perspective: Dr. Imre L. Toth; and Dr. Charles Gati. Moderator: Dr. Christian Ostermann. 2:15 p.m. - 3:45 p.m. Panel 3 - The International Perspective: Dr. Sergei Khrushchev, son of Soviet Premier Nikita Khrushchev; and David Eisenhower, grandson of President Dwight D. Eisenhower. Moderator: Dr. Christian Ostermann. 3:45 p.m. -

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4 p.m. Closing Remarks by Francis Gary Powers Jr. 4 p.m. - 5 p.m. Signings of ``Failed Illusions: Moscow, Washington, Budapest, and the 1956 Hungarian Revolt' by Dr. Charles Gati. ``Lorton - Then & Now." Location: South County Secondary School, 8501 Silverbrook Road, Lorton, Va. Contacts: Francis Gary Powers Jr., 703-273-2381

11 a.m. - 3 p.m. THEODORE ROOSEVELT BIRTHDAY _ The National Parks Service celebrates President Theodore Roosevelt's 148th birthday anniversary. Activities will include ranger-led walks, birdhouse building, children's crafts, live animals and exhibits. Location: Theodore Roosevelt Island. Contacts: 703-289-2550

1:30 p.m. AIR FORCE MEMORIAL _ Dedication ceremony for the Air Force Memorial. Secretary of Defense Donald H. Rumsfeld, Secretary of the Air Force Michael Wynne and Chief of Staff Gen. T. Michael Moseley, deliver remarks at the Air Force Memorial Dedication. Secretary of the Air Force Michael Wynne, Under Secretary of the Air Force Ronald Sega, Chief of Staff Gen. T. Michael Moseley, Air Force Chief of Chaplains, Chaplain (Maj. Gen.) Charles Baldwin and Chief Master Sgt. Rodney McKinley will conduct a media availability at 11:30 a.m. after the wreath-laying at the Air Force Memorial. Secretary of the Air Force Michael Wynne, Under Secretary of the Air Force Ronald Sega, Chief of Staff Gen. T. Michael Moseley and Chief Master Sgt. Rodney McKinley will conduct a media availability at 3 p.m. after the Air Force Memorial dedication. Location: 1 Air Force Dr., Arlington. Contacts: Richard Baker, 202-585-2084 On the Net: http://www.airforcememorial.org

6 p.m. BLACK GOLD _ Preview screening of documentary ``Black Gold," a documentary on Ethiopian coffee farmers. Q and A session follows the showing. Location: D.C. Convention Center. Contacts: Helen DaSilva, 617-728-2409

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 14, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Appeals Warrantless Surveillance Ruling To 6th Circuit. The AP (10/14, Irwin) reports, "The Justice Department on Friday asked a federal appeals court to throw out a lower court decision that said the Bush administration's warrantless surveillance program is unconstitutional." The AP continues, "The president has said the program is needed in the war on terrorism. U.S. District Judge Anna Diggs Taylor in Detroit agreed with the program's opponents when she ruled Aug. 17 that the program violates the rights to free speech and privacy and the separation of powers." The AP adds, 'Government lawyers said in pleadings filed Friday with the 6th U.S. Circuit Court of Appeals that the surveillance program 'is necessary to protect the nation from an ongoing national security threat of the highest order and is vital to waging and winning the ongoing armed conflict.' … Taylor's injunction 'dismantles a vital tool that already has helped detect and disrupt al-Qaida plots,' the Justice Department attorneys argued. They also said Taylor's order barring use of the program 'in any way' showed the judge dealt with sensitive national security issues in a 'blunderbuss manner.'" The AP notes, "A three-judge panel of the Cincinnati-based appeals court ruled Oct. 4 that the administration could keep the program in place while it appeals Taylor's decision. The judges said their ruling considered the likelihood an appeal would succeed, the potential damage to both sides, and the public interest. … The appeal is likely to take months."

SouthCom Investigates Guantanamo Abuse Charges. CBS Evening News (10/13, story 4, 0:25, Couric, 7.66M) reported, "Some barroom bragging has prompted an investigation into whether terror suspects at Guantanamo Bay were abused. A U.S. Marine sergeant says she blew the whistle after hearing guards boasting at a bar about beating prisoners. Today the Pentagon told the U.S. Southern Command to look into it. Meanwhile, the Red Cross just wrapped up a visit to Guantanamo, meeting with 14 new prisoners there, including Khalid Shaikh Mohammed, the 9/11 mastermind."

The AP (10/13, Selsky) reports, "The U.S. Southern Command on Friday launched an investigation into 'credible allegations' that guards at Guantanamo Bay abused detainees, and appointed an Army colonel to head the probe. ... Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed the 'hotline' complaint last week. Vokey attached a sworn statement from his paralegal, Sgt. Heather Cerveny, 23."

Red Cross Will Give US Confidential Suggestions. The AP (10/13, Selsky) reports, "The Red Cross will make confidential recommendations to the U.S. government after meeting at Guantanamo Bay with 14 new detainees, including the alleged mastermind of the Sept. 11 attacks ... The encounters apparently mark the first time the 14 detainees have spoken with anyone other than their captors since they were arrested." A Red Cross spokesman "said there were now 454 detainees at Guantanamo and the Red Cross has private access to all of them."

Lawyer Says Gitmo Detainee's Confession Was Coerced. The Washington Post (10/14, Leonnig, 748K) reports on Abdul Rahim, a 22-year-old who claims that he "endured cigarette burns, electric shocks and repeated beatings at the hands of Taliban soldiers who captured him in 2000, he said -- all because he refused to fight for al-Qaeda." Ironically, the US now holds him allegedly because of "the false confession Rahim gave to placate his Taliban torturers." His "account of being imprisoned and tortured by the Taliban is supported by newspaper accounts about Rahim and fellow prisoners whom the Taliban abandoned when U.S. forces began bombing Afghanistan in the fall of 2001. It is also supported by documents from impartial agencies that had contact with Rahim, notably the International Committee of the Red Cross."

Swiss Say Banks Broke Law By Giving Data To US. The New York Times (10/14, Bilefsky, Lichtblau, 1.21M) reports, "Swiss banks broke their nation's laws by providing banking information to American counterterrorism officials, Switzerland's top data-protection official said Friday. The banks, known for safeguarding privacy, should have informed customers using the Swift money-transfer service that their data could be passed on to third parties, the Swiss official, Hanspeter Thür, said." His opinion differed from "the views of the Swiss finance minister, Hans-Rudolf Merz, who said last month that giving the Central Intelligence Agency such access did not infringe on the country's banking secrecy rules." The AP (10/14) briefly reports the same story.

Georgia Imam Pleads Guilty To Providing Material Support For Hamas. The Atlanta Journal-Constitution (10/14, Rankin) reported, "The prayer leader of a North Georgia mosque has pleaded guilty to federal charges of providing material support to the Islamic militant group Hamas." Mohamed Shorbagi, "who lived near Rome, entered his guilty plea on Aug. 28, federal authorities said Friday. Shorbagi's court documents were unsealed in U.S. District Court in Atlanta Friday morning. … Said FBI Special Agent in Charge Gregory Jones, 'It is very disturbing to see people in the United States who are so willing to offer their assistance

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to known terrorist organizations, and this case should remind us all of the continued need to be vigilant.'" US Attorney David Nahmias said that "Shorbagi was a Georgia representative for the Holy Land Foundation and attended foundation meetings at which high-level Hamas officials made presentations condemning Israel." The Journal-Constitution noted, "Shorbagi's plea agreement states he is to be sentenced to 15 years in prison, the maximum allowed under federal sentencing guidelines."

The New York Times (10/14, Goodman, 1.21M) reports, "In a case kept secret for nearly two months, the religious leader of a mosque in Rome, Ga., has pleaded guilty to providing financial support to the militant Palestinian organization Hamas...the 42-year-old defendant, Mohamed Shorbagi, a citizen of the Palestinian territories who is living legally in the United States with his wife and young children, was charged on Aug. 28 with providing aid to Hamas through donations he made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001." The Washington Post/AP (10/14, Bluestein) also reports the story.

HOMELAND RESPONSE:

Bush Signs Bill To Increase Port Security. President Bush's signing of a bill to increase port security was primarily covered by the Washington Times and the wire services. The Washington Times (10/14, Curl, 88K) reports, "President Bush yesterday signed a law to protect U.S. ports from terrorists smuggling weapons into the United States hidden within the 11 million containers that enter the country each year." It "authorizes $3.4 billion over five years for safety measures, including the installation of radiation detectors at the 22 largest U.S. ports by the end of next year. More inspectors will be hired to increase the number of random searches of containers." In response, Rep. Edward Markey "called the new law a 'sham port bill' and complained it did not go far enough by authorizing only a pilot program to study scanning of cargo containers headed for the United States from three ports."

The wire services highlighted the political angle of the issue as the midterm elections approach. The AP (10/14, Loven) reports Bush "used the bill-signing ceremony to assert that Republicans are tough on terror, a key issue in congressional elections just less than four weeks away." But Bush "didn't mention an unrelated provision that seeks to put teeth into laws that forbid most online gambling. Instead, Bush focused on the multiple ways the legislation tightens security and closes a loophole in anti-terror defenses, especially at ports."

The Los Angeles Times (10/14, 918K) publishes a similar version of the AP article adding that while Democrats supported the bill, "Bush was accompanied at the bill-signing ceremony by one Democrat, Sen. Patty Murray of Washington, alongside a slew of Republican lawmakers. For weeks the president has insisted that Republicans are tough on terror and that Democrats would make the country weaker." The AP adds, "Murray said that for the first time in many years, she will sleep well, knowing that ports in Seattle and other cities will be safer. Murray, who has been working on the bill for more than five years, said it was gratifying to see the president sign a bipartisan bill 'in an extremely political month,' with midterm elections a few weeks away."

AFP (10/14) reports, "Hoping to retain control of Congress in legislative elections on November 7, lawmakers in Bush's Republican party adopted the measure two weeks ago to persuade voters that they are better able to prevent another terrorist attack." They "rode the security issue to electoral victory in 2002 and 2004. But the same strategy may falter this year amid growing public anxiety about the war in Iraq and the economy." And "Bush, who has portrayed the opposition Democrats as failing to grasp the nature of the terrorist threat after the attacks of September 11, 2001, used the signing ceremony as an opportunity to hammer home his campaign message on security."

Bush Signs Law To Crack Down On Internet Gambling. In a front page story the Washington Post (10/14, A1, Ahrens, 748K) briefly notes Bush signed the port security bill and focused instead on the bill's impact on internet gambling, which "was effectively criminalized by the federal government yesterday, as lawmakers work to eliminate an activity enjoyed by as many as 23 million Americans who wagered an estimated $6 billion last year." Although "proponents decried the effects of gambling on society, opponents pointed to the enormous popularity of Internet gambling and compared the new law to the Prohibition amendment of 1919." It "is potentially crippling to a worldwide industry whose biggest customer has been the United States." Even the WTO "has a stake in the game. The organization has ruled that the United States violates trade treaties by outlawing offshore online gambling while tolerating some forms of U.S.-based online gambling, citing the horse-racing ambiguity." But bill sponsor Rep. Bob Goodlatte said, "There are family problems, bankruptcy problems, gambling addiction, gambling by minors, using gambling to launder money for criminal and terrorist organizations and organized crime. It does not help our society."

TSA Seeks To Boost Attendance For Flight Attendant Counterterror Training. ABC World News (10/13, story 7, 2:10, Gibson, 8.78M) reported, "Since the 9/11 attacks flight attendants have been calling for self-defense training. Now, the Transportation Security

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Administration has launched it." ABC (Stark): "Congress required the Transportation Security Administration to develop this course. It's offered free to flight crews. But it is not required. Out of the 220,000 eligible, a mere 300 have managed to attend. They have to do so on their own time. And cover any cost to get to the course, which used to last three days. The Air Marshals now run the program. They've shortened it to a day, to try to boost enrollment."

FAA Bans General Aviation Along East River. CBS Evening News (10/13, story 5, 0:10, Couric, 7.66M) reported, "Tonight, the F.A.A. announced it is banning low-altitude flights by small private planes in New York city's East River corridor. It's a safety precaution after the crash this week that killed New York Yankees pitcher Cory Lidle and his flight instructor."

Many Immigrant Office Cleaners In Manhattan Fell Ill After 9/11. The Los Angeles Times (10/14, Barry, 918K) reports, "The dust around ground zero, we now know, contained caustic, finely pulverized concrete, trillions of microscopic fibers of glass, and particles of lead, mercury and arsenic, as well as carcinogens like asbestos and dioxin. … An ever-growing number of New Yorkers is coming forward to describe symptoms: the first responders who plunged into the tangled wreckage to find survivors; the volunteers who hauled diesel fuel and doled out cigarettes; the students at Stuyvesant High School who returned to classes while acrid fires burned nearby. Less visible is the army of cleaning workers who were sent to the area to clean office buildings."

Cruise Ship Industry Returns To Boost New Orleans. The Washington Times/AP (10/14, Sayre) reports, "The New Orleans' cruise ship industry returns to service tomorrow when the 2,000-passenger Norwegian Sun becomes the first regularly scheduled liner to cast off from the city's docks since Hurricane Katrina." After the negative impact of Katrina "the business is starting over" as "tomorrow's voyage marks the return of regularly scheduled service of four- to seven-day voyages. For a time after Katrina, two cruise ships moored at New Orleans to provide housing for emergency workers." The AP adds, "The port is opening a third cruise terminal and a 1,000-vehicle garage at a cost of $38 million that will give the facility the ability to handle two large passenger ships at once. It is bullish enough to be making plans for a fourth terminal." Yet, "Bob Wall, owner of the New Orleans-based travel agency Vacations at Sea, said the first year probably would only be modest as the ships get re-established. He thinks bookings will increase steadily in the coming months."

Microloan Program Suggested To Aid Katrina Survivors. Nobel Peace Prize winner and economist Muhammad Yunus in an op-ed in the Wall Street Journal (10/14, A6, 2.03M) suggests initiating a microfinancing program to help Katrina survivors writing, "Many people ask, Why not just give free cash, especially under such dire circumstances? In Bangladesh, we've learned that when aid is free, not only do the poor get the least of it, but everyone inflates their needs." But "Microlending has already helped millions reach a better life through their own initiative. It has also given them valuable skills as well as crucial financial back-up in case they ever face a natural disaster like Katrina. So it might be time to think about another type of support for Katrina's victims: the microloan. As our small, flood-battered country has learned, giving someone a hand up doesn't always require a handout. The most important thing is to help people get back to work while letting them hold on to their self-respect. Microloans can do just that."

WAR NEWS:

US, UK Downplay British General's Assessment Of Iraq. ABC World News (10/13, story 5, 0:20, Gibson, 8.78M) reported, "The British government is struggling to stamp out a furor over statements that made by a top general. Today, General Richard Dannatt insisted he was not at odds with his government's policy." Gen. Dannatt: "We've got to get on with it. We can't be there for years and years in the sort of numbers that we are. We all recognize that. There's nothing new in what I'm saying there." Gibson: "Dannatt did stand by his claim that the presence of British troops was exacerbating the violence in Iraq."

The New York Times (10/14, Cowell, 1.21M) reports, "The British government raced Friday to defuse an embarrassing public debate over remarks by" Gen. Sir Richard Dannatt, its top military commander, "that Britain should withdraw its troops from Iraq 'sometime soon.'" He "modified some of his remarks in a series of radio and television interviews," saying that "By 'soon,'…he meant that British troops should not remain there for 'years and years.' But he did not completely retract his assessment that the presence of British forces in Iraq 'exacerbated' the violence there." Prime Minister Tony Blair "insisted that, having read transcripts of the general's interviews on Friday, he was echoing official policy," and White House spokesman Tony Snow "also tried to dull the remarks, saying, 'His general point was that, you know, when your work is done you hand over authority to the Iraqis.'"

The Washington Post (10/14, A18, Jordan, 748K) adds, "Snow said Dannatt believed his comments had been 'largely taken out of context.'" Dannatt "said he was not 'backtracking' but expanding on his remarks," adding that "there was no 'rift' between him and Prime Minister Tony Blair." The Financial Times (10/14, Blitz) notes, "Blair was last night fighting to limit the damage to his Iraq policy" by this

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"unheard of action for a serving leader of the armed forces." The AP (10/13, Haddon) reports that Blair "insisted that there was no difference of opinion between him and army chief General Sir Richard Dannatt."

General Dannatt's Remarks Seen As Reflecting US Generals' Positions. NBC Nightly News (10/13, lead story, 3:00, Williams, 9.87M) reported, "It was the shot heard round the world and it came from the commander of the British army. He is on the record as saying British troops have no business in Iraq and should come home. While he has since changed his stance a bit, his words sent shockwaves through British forces. It wasn't what American forces needed to hear, either. As they are already facing an unraveling and violent situation on the ground, counter to their goal of democracy taking hold." NBC (Miklaszewski): "The general's remarks sent political shockwaves through both the British and U.S. Governments but what the British general had to say publicly is what many U.S. generals are saying privately." UK Gen. Richard Dannatt: "We're exacerbating it in the sense that because we are there, we provide a target and we are attacked, ergo, if we are not there, we wouldn't be attacked and the situation would be calmer." Miklaszewski: "It may sound surprising, but that's not far off the position of the U.S. military commanders. Despite a recent spike in deadly sectarian violence, senior U.S. military officials fear that throwing many more American troops into the fight would only intensify the problem and increase U.S. casualties. More troubling, senior U.S. military officials tell NBC News, 'the fabric of law in Iraq is unraveling' and fear that Prime Minister Maliki will not deliver on his pledge to take on sectarian militias."

Blair Seen As Losing Clout. The AP (10/13, Gardiner) reports, "His army chief's brazen declaration that British troops should soon leave Iraq is the latest evidence that the once-formidable prime minister -- who rode out a fierce party rebellion just last month -- may be rapidly losing his political clout."

NY Daily News Concurs With Dannatt. The New York Daily News (10/14, 729K) editorializes, "There is undeniably growing sentiment even in hardy stay-the-course circles that the Iraqi mission -- just and high-minded though it was at the beginning, just and high-minded though it remains -- has been no howling triumph. ... The Iraqis absolutely must begin to take charge of their own affairs."

Basra Shiites Want British To Leave. The AP (10/14) reports, "Many Shiites in this southern port city say they want British troops to leave, though the region is still bloodied by a persistent grind of killings, including Sunni insurgent bombings and Shiite-on-Shiite slayings amid a competition for political control." Basra leaders "agreed with an assessment by Britain's army chief that the British presence only worsens the violence and the soldiers should withdraw soon." Shiites claim that "the British presence only provides a target for attackers seeking to end the 'occupation' -- and some said the troops are doing nothing to rein in party-backed Shiite militias that have risen to prominence."

Bush Seen As Open To Policy Shift On Troop Withdrawal. CBS Evening News (10/13, lead story, 2:50, Couric, 7.66M) reported, "With opposition to the war in Iraq growing and no end in sight plans are now being drawn up to start withdrawing U.S. troops." CBS (Martin): "The Bush Administration has repeatedly opposed setting a timetable for the withdrawal of American troops from Iraq. But two separate sets of advisors -- one inside the Pentagon and one outside -- are now developing plans for what would amount to a withdrawal schedule. Previously rejected as telling the enemy how long they'd have to hold out, a withdrawal schedule is now seen as a way of forcing the Iraqi government to accept more responsibility and of removing what the head of the British Army identified as one of the causes of the violence: The presence of a foreign army." In addition to the Iraq Study Group, Marine Lieutenant General John Sattler "is developing what one source called a forcing mechanism that would set target dates for the turnover of areas now controlled by American forces to Iraqi troops. Setting a date and sticking to it worked for the Iraqi elections, this source said, suggesting the same model could apply to troop levels. None of these options has been approved yet, but the subject of setting a timetable for troop withdrawals is now on the table." Couric asked, whether "the President will buy this idea?" Martin replied, "Well, he said just this week if his military commanders come in and tell him he needs to do something differently in Iraq, he would accept their advice. So if the military -- and it's still an if -- were to come in with a recommendation for setting some sort of schedule, it would seem likely he would go along."

More Commentary On Troop Withdrawal. Scripps Howard News (10/14) commentator John Hall writes that, despite James Baker's intentions, "The president, more than once, said he was open to any kind of tactical change in course that his top commander in Iraq, Gen. George W. Casey Jr., would bring to him. But he seems more entrenched, not less so, on his message that 'the enemy's coming after us' if there should be a premature withdrawal of troops from Iraq.. … Rumsfeld and Vice President Cheney, and the network of neo-conservatives who backed the war from the start have formed a protective wall around the existing strategy for a long time."

Experts Offer Iraq Policy Options Contrasting With Administration's. Late in its broadcast, CBS devoted a significant amount of time to interviews with three international national security experts, all of whom offered policy options on Iraq different from the Administration's. CBS

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Evening News (10/13, story 8, 4:10, Couric, 7.66M) reported, "You hear about it every night. The violence in Iraq just keeps getting worse. In our latest CBS News/New York Times poll, two-thirds of the respondents told us they believe the war is going badly. But what should the United States do about it?"

Retired U.S. Army Major General Paul Eaton, who was in charge of training the Iraqi military during the first year of the war, said, "with the need to engage across the waterfront we feel need to engage with Syria, get our ambassador back there and we need to get an embassy up and running in Tehran so that we've got at least the opportunity to develop a local engagement."

Anne-Marie Slaughter, dean of the Woodrow Wilson School of Public and International Affairs at Princeton, said, "Well, I certainly agree with General Eaton that we should be working with Iran and Syria, because the long-term solution is going to require negotiations across the region. But immediately I actually think we have to recognize we are in the middle of a civil war and a civil war typically ends when one side has won decisively. I think we're going to have to stand aside, protect as many Iraqi civilians as possible, but effectively let militias fight it out."

Asked how the US could extricate itself, Daniel Benjamin, an international fellow with the Center for Strategic and International Studies, said, "It's not clear it can. It's not clear that we have any leverage anymore or what we have won't disappear very quickly. We can do a couple of things and one is that we can hold out an option to the parties that there will be an equitable division of resources in the country and that there's a big aid package."

Army Campaigns "Hard" For More Funding. McClatchy Newspapers (10/14, Brown) reports, "The Army is campaigning hard to ensure that it has enough money to keep up the battles in Iraq and Afghanistan and to prepare for potential future conflicts. Gen. Peter J. Schoomaker, the Army's chief of staff, says the service needs $138 billion in 2008 to ensure it can field as many as 19 combat brigades at any given time, as called for by the Pentagon's latest four-year strategy." The Army "has borne the brunt of manpower and equipment losses. More than 2,100 of the 3,100 U.S. troops killed in Iraq and Afghanistan have been Army soldiers. The Army plans to spend $17.1 billion this year to replace or repair equipment that's been lost or damaged, including more than 2,000 vehicles awaiting overhaul." Analysts Loren Thompson and Frederick Kagan discuss the nation's lack of solicitude toward an all-volunteer military and the need to have enough troops for the Iraq war and "other strategic commitments."

Funding For Additional Troops Seen As Unaffordable. Scripps Howard News (10/14) in an editorial warns, "According to the Congressional Research Service, Congress already has appropriated $437 billion for war, not including $70 billion approved by the Senate as part of next year's record-breaking Pentagon budget ... The fighting in Afghanistan, home of the Taliban and training ground of the 9/11 terrorists, is one thing. But an increasing number of Americans see Iraq as a war we can no longer afford."

Doubts About Maliki Government Grow. McClatchy Newspapers (10/14, Youssef) reports, "In the five months since Prime Minister Nouri al Maliki became Iraq's leader, the parliament and his ministries have formed hundreds of committees ... No one knows precisely how many committees have been formed - one estimate puts the number at 400. ... That lack of action is eroding Iraqi citizens' and U.S. officials' confidence that Maliki's government will be able to address the problems that plague this country, a development that would leave the U.S. with virtually no policy alternative." McClatchy adds, "There's a growing chorus that Maliki's government is unlikely to ever come to terms with the country's problems, a complaint reflected in Iraqi Web logs, newspaper columns, and, U.S. civilian and military officials say, in private conversations."

An Estimated Million Of Iraqis Have Fled Country. NBC Nightly News (10/13, story 2, 2:30, Williams, 9.87M) reported, "And now to another aspect of all this fallout from the everyday violence and danger in Iraq. The million or so Iraqis who have left their homes, in nothing short of an exodus. These are ordinary citizens leaving the homes and lives they've all known for years, sometimes for safer places inside Iraq, but more often, they are leaving Iraq altogether." NBC (Engel): "It's the office of last resort -- Baghdad's main passport agency. It's so crowded with Iraqis who want to leave, the government ordered it to stay open seven days a week. Haifa and Hassan Rubaiee, both professors at Baghdad's university, have their passports. They're packing to move to Syria, joining what the government said this week was a million Iraqis who have left since the war."

Al Sistani's Influence Is Declining. The AP (10/13, Hendawi) reports, "Grand Ayatollah Ali al-Sistani once wielded so much influence he seemed to single-handedly chart the post- Saddam Hussein political future" but "priorities for Shiite political parties have changed and their leaders no longer appear to feel the need to be seen to be closely associated with al-Sistani to gain legitimacy. Now, the country's top Shiite cleric appears powerless as Iraq edges toward civil war. ... It is a power shift that does not bode well for Iraq's Shiite-dominated government or the U.S.-led military coalition as they try to contain the stubborn Sunni insurgency and the wave of sectarian killings that has swelled since last winter."

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Interior Minister Blames Iraqi Bloodshed On Facilities Protection Service. The Washington Post (10/14, Knickmeyer, 748K) reports, "Iraq's interior minister on Friday rejected allegations that Iraq's police and military have played a major role in the death squads blamed for Baghdad's surging violence, saying that only a small number of all those caught in U.S. or Iraqi raids were members of the police or army. Jawad al-Bolani, speaking to a small group of reporters in Baghdad, blamed the Facilities Protection Service, or FPS, a massive but unregulated government guard force whose numbers he put at about 150,000." The Post adds, "American generals were among the first to publicly express suspicion that the Facilities Protection Service was playing a key role in the growing sectarian killings. U.S. commanders themselves started the agency soon after the 2003 U.S-led invasion, intending it to be a force of a few thousand men who would guard buildings against looting."

The Los Angeles Times (10/14, Daragahi, 918K) reports, that Interior Minister Bolani "acknowledged that he was powerless when it came to security in large areas of the capital, especially in Sunni-dominated western Baghdad."

Interior Minister Vows To Clean House At Own Ministry. The New York Times (10/14, Semple, Luo, 1.21M) reports, "Iraq's interior minister, under pressure from Western officials and some Iraqi leaders to purge the ministry of sectarian influence, said Friday that he was preparing to reshuffle its leadership, and that he had the political backing to carry out the plan. ... Although Mr. Bolani has made some strides toward accomplishing his reform goals, including firing thousands of employees, Western officials and some Iraqi officials have said that he has lacked the political support to conduct the necessary purges, particularly at the upper levels of the ministry. According to American officials close to the ministry, among the commanders Mr. Bolani may replace is Adnan al-Asadi, the deputy minister of administration, who is suspected of abetting the Shiite militias. Mr. Bolani denied those assertions on Friday." Observers fear that his political independence "has left him without the political muscle to make radical, necessary changes in the institution."

Respected Iraqi Colonel Is Killed. The Washington Post (10/14, A1, Knickmeyer, Finer, 748K) in a front page article reports, "Col. Salam al-Mamuri and his Scorpion commando team were a rarity among Iraqi security forces, American and Iraqi colleagues said: a police unit fighting on both sides of the country's sectarian divide. On Friday, a bomb blew apart Mamuri and an aide at the Scorpions' headquarters in the southern city of Hilla. The attack ended the life of a broadly respected commander who had been one of the longest-serving and longest-surviving men in a cadre of Iraqi army veterans struggling to restore law and order after the 2003 U.S.-led invasion." The Post quotes Iraqis and a Special Forces member praising Mamuri's courage and "comparative evenhandedness" in fighting both Sunni insurgents and Shiite militias.

15 Killed Across Iraq. The AP (10/13, Bodeen) reports, "At least 15 people were killed in attacks Friday around Iraq, including the commander of a battalion of special Interior Ministry police and six women and two girls who were shot south of Baghdad." In the case of police Col. Mamuri's assassination, officials "were investigating whether the bomb could have been placed by a policeman from the brigade."

Eight Females Killed, Two Teenaged Girls Kidnapped In Iraq. The AP (10/13, Hendawi) reports, "Gunmen attacked Shiite women picking vegetables in a field outside the capital Friday, killing six adults and two young girls and kidnapping two teenagers. It was one of the deadliest assaults specifically targeting women in Iraq's monthslong wave of sectarian violence." Police theorized the gunmen were Sunni insurgents; the AP comments, "Previous major attacks in Iraq have killed many women and men together, and at times individual women have been shot or kidnapped. But rarely have large groups of women been attacked."

SEAL Falls On Grenade To Save Comrades. The AP (10/14, Watkins) reports from Ramadi, "A Navy SEAL sacrificed his life to save his comrades by throwing himself on top of a grenade Iraqi insurgents tossed into their sniper hideout, fellow members of the elite force said. Petty Officer 2nd Class Michael A. Monsoor had been near the only door to the rooftop structure Sept. 29 when the grenade hit him in the chest and bounced to the floor, said four SEALs." Sixteen SEALS have been killed in Afghanistan, while only two have been killed in Iraq; "Navy spokesman Lt. Taylor Clark said the low number of deaths among SEALs in Iraq is a testament to their training."

UK Coroner Says US Military Killed UK Journalist. The Washington Post (10/14, A18, Adam, Sullivan, 748K) reports that British coroner Andrew Walker "ruled Friday that U.S. troops unlawfully killed" British television journalist Terry Lloyd "during the invasion of Iraq in March 2003." He added he would seek prosecution of the U.S. troops responsible for the death." Lloyd's widow, Lynn "called the incident a 'very serious war crime' and said the troops responsible should be tried for murder." The Defense Department "said in a statement that U.S. military authorities had investigated the incident and determined that the American troops 'followed the applicable rules of engagement.'" The AP (10/14, Wagner) adds that Lynn called her husband's death a "despicable, deliberate, vengeful act." The New York Times (10/14, Cowell, 1.21M)

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mentions the coroner's findings in an article on the top British general's comments about Iraq. AFP (10/13) reports the Pentagon's "rejection" of the coroner's finding, in which the Pentagon said, "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

The Los Angeles Times (10/14, Murphy, 918K) reports, "Unlike many journalists who were traveling with American forces at the beginning of the war, Lloyd and his crew were operating near the southern Iraqi city of Basra on their own, a strategy many journalists believed would allow them to get a more impartial view of the war."

US Citizen Sentenced To Death In Iraq. The Washington Post (10/14, White, 748K) reports, "A U.S. citizen who allegedly orchestrated the kidnapping of three Romanian journalists near Baghdad last year was sentenced to death in an Iraqi court Thursday, prompting his lawyers to ask a federal judge in Washington to block the U.S. military from transferring him to the Iraqi government." Mohammad Munaf allegedly "posed as a kidnap victim but was actually involved in a conspiracy for ransom and led them into a trap." Officials "could not recall another U.S. citizen receiving a death sentence from the Central Criminal Court of Iraq." The defendant's "Iraqi attorneys reported that the Central Criminal Court judge was prepared to dismiss the charges at a hearing on Thursday but that two American officials -- including an unnamed general -- stepped into the courtroom and requested a private meeting. The judge returned 15 minutes later and sentenced Munaf and four other defendants to death without hearing additional evidence."

Shays Suggests Abu Ghraib Abuses Were "More About Pornography Than Torture." The AP (10/14, Miga) reports Rep. Christopher Shays "said Friday the Abu Ghraib prison abuses were more about pornography than torture." Shays "said a National Guard unit was primarily responsible for the abuses although it was actually the 372nd Military Police Company from Cresaptown, Md., an Army Reserve unit. 'It was a National Guard unit run amok,' Shays said in a telephone interview with The Associated Press. 'It was torture because sex abuse is torture. It was gross and despicable ... This is more about pornography than torture.' Shays sought to defuse controversy over his previous comments suggesting the Abu Ghraib abuses weren't torture but instead involved a sex ring of troops. 'Now I've seen what happened in Abu Ghraib, and Abu Ghraib was not torture,' Shays said at a debate Wednesday."

Shays Rhetoric Is Less Measured Than In Previous Campaigns. The Washington Post (10/14, A4, Goldfarb, 748K) reports Shays "has been widely known as a moderate Republican who rarely engages in firebrand politics. But that image has been challenged in recent days with remarks that a supporter called 'unusual' and his opponent said were a sign of 'desperation.' In a debate this week with Democratic challenger Diane Farrell, Shays said the Abu Ghraib prison abuse did not constitute torture. … Several analysts attributed the comments to Shays's frustration with what has become the toughest reelection campaign of his career."

Painter's Work Reflects His Outrage At Abu Ghraib. The Washington Post (10/14, Kennicott, 748K) on the front page of Style reports on the paintings of Fernando Botero: "Shocked and angered by news of Abu Ghraib, Botero was inspired to put his familiar figures through the rigors and humiliations of the abuse that American soldiers perpetrated on Iraqi inmates at the notorious prison. The result was some 80 paintings, drawings and watercolors that show his rounded figures with hoods on, shackled, bound at the wrists, forced into human piles, bleeding, screaming and vomiting. They are fat, but they're not happy." His exhibit opens on Tuesday in New York.

Afghan Suicide Bombing Kills Eight. The New York Times (10/14, Gall, 1.21M) reports in a four-sentence article, "A suicide bomber drove his car at a NATO military convoy in the southern city of Kandahar, killing eight people and wounding nine others, officials said. One NATO soldier was among the dead."

Illinois Town Mourns Two Casualties. ABC World News (10/13, story 6, 1:30, Gibson, 8.78M) reported, "On the subject of Iraq, there is deep pride and deep sorrow in a small town in Illinois tonight. Two young men who left that town as best friends to serve in the Army, are now embraced in a sad homecoming." ABC (Reynolds): "They looked so much alike, they could have been brothers. And in many ways, they were. George O'Bourne and Chris Walker, both 20, had been inseparable friends since high school. They joined the Army together. Served in the same unit in Iraq. And last week, they died in the same town outside Baghdad, just two days apart. A week ago at homecoming, the East Peoria Community High School honored them. And presented their parents with hats from the band they played in."

NYTimes Review Of "Hubris" Harshly Critical Of Administration. In the New York Times (10/14, 1.21M) review of *Hubris* (by Michael Isikoff and David Corn), reviewer Jacob Heilbrunn writes, "Where Isikoff and Corn themselves go astray is in their own obsessive focus on Judith Miller and The New York Times, as well as on the story of Joseph Wilson, Valerie Plame Wilson and Cheney's former chief of staff, I. Lewis Libby ... Far more interesting is Isikoff and Corn's exploration of the mental world that the administration inhabits. ... Hubris? Megalomania may be more like it."

Victor Davis Hanson Slams Books Calling Iraq War A Fiasco. In a commentary for the Washington Times

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(10/14, 88K), scholar Victor Davis Hanson writes about *Cobra II*, *State of Denial,* and *Fiasco* that "many of the authors' critical portraits rely on private conversations and anonymous sources. The most damning informants in these books are never identified, and so can't be questioned." Hanson adds, "Rarely do these journalists quote unnamed sources who dissent from their own views, although there are surely pro-U.S. Iraq policy candid voices among the thousands of retired generals. ... When one writes military history in the middle of a war, there is a responsibility to be extra careful. Real-time interpretations don't just offer lessons about the past but may change the very course of events as they happen."

CRIMINAL LAW:

Ney Pleads Guilty To Corruption Involving Abramoff. Rep. Bob Ney's guilty plea in the Abramoff investigation received prominent attention, with two stories on the network TV news and on the front pages of the major US newspapers. ABC World News (10/13, story 2, 2:00, Gibson, 8.78M) reported, "Today in Washington, Bob Ney was the first member of Congress to plead guilty in connection to Jack Abramoff. He plead guilty to conspiracy. But the list of his corrupt activities is much, much longer." ABC added, "Once known as 'the Mayor of Capitol Hill,' today Ney left a Federal court in disgrace. Ney admitted he was at the beck and call of corrupt lobbyist Jack Abramoff, bought and paid for. In exchange for gifts, Ney supported or opposed legislation at Abramoff's request. He also tried to influence the policies of agencies throughout government." NBC Nightly News (10/13, story 5, :30, Williams, 9.87M) reported Ney "admitted taking tens of thousands of dollars in travel and gifts from Abramoff. The Justice Department is recommending a sentence of just over two years in prison. Ney's lawyer says he will resign in the next few weeks."

The Washington Times/AP (10/14, A1, Yost) reports, "Appearing before Judge Ellen Segal Huvelle on charges of conspiracy and making false statements, Ney acknowledged taking trips, tickets, meals and campaign donations from Abramoff in return for official actions on behalf of his clients. Ney, Ohio Republican, faces up to 10 years in prison. The Justice Department recommended 27 months behind bars. Ney's lawyers plan to recommend him for a Bureau of Prisons alcohol-treatment program, which dramatically could cut the time he serves behind bars. Judge Huvelle set sentencing for Jan. 19. The Los Angeles Times (10/14, Neuman, Schmitt, 918K) reports Ney "acknowledged he used his legislative clout to do favors for Abramoff and for a Syrian businessman nicknamed the 'Fat Man.'"

The Financial Times (10/14, Daniel) notes, "The fallout from Mr Abramoff's largesse has continued to haunt Washington. Last week Susan Ralston, a White House aide to Karl Rove, the president's political adviser, abruptly resigned amid reports of her accepting gifts from Mr Abramoff. On Thursday, the Democratic staff of the Senate finance committee charged several conservative not-for-profit groups with abusing their tax-exempt status by 'laundering payments and then disbursing funds at Mr Abramoff's direction'."

White House, Congressional GOP Leaders Move To Expel Ney. The New York Times (10/14, A1, Shenon, 1.21M) reports "what had not been expected at Friday's court hearing was Mr. Ney's disclosure that he intended to remain in Congress for now. The announcement appeared to surprise and infuriate House Republican leaders, who are trying to tamp down other scandals that are threatening to damage the party in next month's Congressional elections. After learning that Mr. Ney would not step down immediately and would continue to draw his $165,200-a-year salary, Speaker J. Dennis Hastert and other Republican leaders said they would move to expel him as soon as Congress returns next month for a postelection session. … The White House joined in calling for Mr. Ney to resign immediately. 'What Congressman Ney did is not a reflection of the Republican Party,' said Tony Snow, the White House spokesman. 'It's a reflection of Congressman Ney, and he ought to step down.'"

The Washington Post (10/14, A1, Schmidt, Grimaldi, 748K) in a front page story reports, "House Republican leaders, still struggling to blunt the impact of a scandal involving House pages, immediately vowed to expel Ney in a post-election session if he has not resigned by then. Ney's attorney said in court that the congressman will resign his seat in the coming weeks but wants to first take care of pending constituent matters and see that his staff is settled." The post adds, "Ney is the eighth person convicted in the continuing federal investigation into Abramoff's activities. A federal task force that includes a dozen Justice Department prosecutors is investigating Abramoff's dealings with other congressional offices, including those of Sen. Conrad Burns (R-Mont.) and Rep. John T. Doolittle (R-Calif.), according to lawyers and witnesses involved in the probe."

Shimkus Testifies About His Handling Of Foley Allegations. The New York Times (10/14, Zeleny, 1.21M) reports Rep. John Shimkus, chairman of the Congressional page program, "said Friday that he was unaware of previous complaints about Mark Foley." Shimkus "said that had he known of the complaints about Mr. Foley, he would have handled concerns about Mr. Foley's e-mail messages to a page from Louisiana differently. … Mr. Shimkus said that he learned of concerns about Mr. Foley last fall and that he and the clerk of the House confronted Mr. Foley at a meeting in Mr. Foley's office." Shimkus testified before the House Ethics Committee yesterday regarding the Foley scandal and

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"whether Republican leaders, particularly those inside Speaker J. Dennis Hastert's office, had warnings before last year that Mr. Foley had a history of being overly friendly to pages." The Washington Times/AP (10/14) reports Shimkus, "who testified in private, told reporters later that in retrospect, he wished he had handled the episode last year differently. 'Having 20/20 hindsight, a lot of things would have been done differently,' Mr. Shimkus said. Mr. Shimkus has said he kept the two other House members overseeing the pages in the dark as he confronted Mr. Foley last fall." Shimkus "has said he was following the wishes of the boy's parents by not telling the other two lawmakers of overly friendly e-mails sent by Mr. Foley to a former page."

Capitol Police Find No Record Of Alleged Foley Dorm Incident. The Washington Post (10/14, A4, Babington, Sheridan, 748K) reports, "U.S. Capitol Police said yesterday that they have no record of an alleged incident in which then-Rep. Mark Foley supposedly tried to enter a Capitol Hill dormitory for teenage pages. The purported nighttime incident has been cited by lawmakers and a key witness in the scandal that involves Foley's interactions with congressional pages and the House's handling of the matter. Unlike sexually graphic electronic messages that Foley sent to teenage boys, evidence of the alleged dorm incident has proved elusive."

Kolbe's Camping Trip With Minors Is Subject Of Federal Investigation. CBS Evening News (10/13, story 6, 0:10, Couric, 7.66M) reported, "Arizona Republican Jim Kolbe is the latest Congressman to be investigated for his dealings with former Congressional Pages. Federal prosecutors are looking into a camping trip that Kolbe took with two former Pages ten years ago. A spokesman for Kolbe, though, says nothing inappropriate happened." The Washington Times/AP (10/14) reports Kolbe "took…former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman, Korenna Cline, said yesterday. An accusation related to the trip was given to the U.S. Attorney's Office in Phoenix, but it was not immediately clear whether it was related to any contention of improper activity by Mr. Kolbe. The official, speaking on the condition of anonymity, described the inquiry as preliminary."

The AP (10/14, Talhelm) reports a "law enforcement official said the 1996 trip may be too old to investigate as a criminal action. … Beth Kolbe, the congressman's younger sister who was on the three-night trip, said nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the media. 'It's preposterous,' she said of any allegations that taking the pages along was inappropriate." The Washington Post (10/14, A4, Eggen, 748K) reports, "One official cautioned that the inquiry was based on allegations from one unidentified source that has not been substantiated. The allegations involve Kolbe's behavior toward one of the ex-pages, the official said."

Weldon Reportedly Subject Of FBI Corruption Probe. McClatchy Newspapers (10/14, Gordon) report the Justice Department "is investigating whether Republican Rep. Curt Weldon of Pennsylvania traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry. The FBI, which opened an investigation in recent months, has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to strongman Slobodan Milosevic, a federal law enforcement official said. The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show. Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm of Solutions North America Inc. in 2002." The Washington Post (10/14, A4, 748K) runs a shortened version of the McClatchy article.

The Philadelphia Inquirer (10/14, Mason, Shiffman) reports, "The scandals surrounding lobbyist Jack Abramoff and Reps. Duke Cunningham, Robert Ney and Mark Foley have hampered Republican candidates in this election. … Every investigation is different, but it is not uncommon for agents probing alleged corruption, drugs and organized crime to spend months, even years, working covertly on a case before the suspects learn that they are under scrutiny."

Judge Rejects Ryan Bid To Remain Free Pending Appeal. The Chicago Tribune (10/14, O'Connor, Bush) reported, "Former Gov. George Ryan must surrender to prison early next year after a federal judge on Friday refused to let him remain free on bond while his appeal winds through court. In a 32-page ruling issued Friday evening, U.S. District Judge Rebecca Pallmeyer rejected claims by the defense that Ryan's conviction was likely to be reversed on appeal. The judge also refused to let Ryan's co-defendant, Lawrence Warner, put off prison pending his appeal." The Tribune noted Ryan "is scheduled to surrender to prison on Jan. 4," and Warner "on Jan. 16." The Chicago Sun-Times (10/14, Korecki) added, "Pallmeyer rejected defense contentions, including that material brought in to the deliberation room was inappropriate enough to taint proceedings, that the foreperson had outside discussions about deliberations, then lied about it, and that the newly

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formed jury could not truly start over on its deliberations. 'The court investigated each allegation at the time...and concluded either that the incident did not constitute misconduct at all, or that the conduct did not prejudice the defendants,' Pallmeyer wrote." The AP (10/14) also reported on the ruling, in a widely-distributed story.

Unrepentant Tennessee Lawmaker Sentenced To Five Years In Prison. The Memphis Commercial Appeal (10/14, Buser) reported, "Former state senator Roscoe Dixon was sentenced to five years and three months in prison Friday by a judge who viewed him as unrepentant for his Tennessee Waltz bribery conviction. U.S. Dist. Court Judge Jon McCalla handed down the sentence, the stiffest yet for a defendant in the FBI's undercover sting. …. 'The court has been listening for words it has not heard – "What I did was wrong,"' McCalla told the veteran legislator. 'I'm still listening for those words.' Dixon, 57, testified that he was sorry he had gotten involved in the investigation, but offered no apologies and continued to maintain he was entrapped, a defense the jury rejected this summer." The Commercial Appeal noted, "The three-year-old Tennessee Waltz investigation, which prosecutors have said is ongoing, has resulted in the indictment of 12 elected officials and aides."

The AP (10/14, Baird) reported, "After sentencing, Dixon continued to argue that he was tricked into taking money from FBI agents posing as crooked businessmen wanting a change in state law. He said he declined admitting guilt because 'I wanted to hold all my options open because I'm going to appeal.' Dixon, who is black, has argued that he was targeted by federal investigators because of his race. McCalla said he saw 'not one shred of evidence' of government wrongdoing and admonished Dixon for comments that could undermine the public's faith in the judicial system."

Former NYPD Detective Sentenced To Seven Years In Prison. The New York Times (10/14, Rashbaum) reported, "In a Brooklyn courtroom packed with his family, friends and neighbors, a retired police detective who had admitted to stealing roughly $800,000 from drug dealers delivered a tormented apology yesterday, moments before a judge sentenced him to seven years in federal prison." Thomas Rachko "was arrested on Nov. 26, 2003, just hours after he and his old partner, Julio C. Vasquez, were captured on videotape stealing $169,000 from a drug money courier. He began cooperating with the authorities almost immediately, and the theft unraveled a web of corruption — thefts of drug money and drugs that Mr. Vasquez helped sell for cash. As many as 10 current or retired police detectives and supervisors were implicated." The Times noted, "After the sentencing, an F.B.I. agent who worked on the case shook Mr. Rachko's hand." Newsday (10/14, DeStefano) added that Rachko "begged for mercy Friday and got it" with the seven-year sentence, "much less than the possible life term he faced."

The New York Post (10/14, Haberman) reported, "Rachko's court days may not be over, however. Two convicted drug dealers freed following the arrests of Rachko and Vasquez have filed federal civil-rights lawsuits against the two rogue cops and the city. Bertrand Canty and Nelson Belliard are seeking $56 million for false arrest, negligence, battery and other claims." The New York Daily News (10/14, Marzulli) and AP (10/14) also report on Rachko's sentencing.

Body Of Missing Vermont Student Found In Gorge Near Campus. The New York Times (10/14, Belluck) reported, "A University of Vermont student who had been missing since last weekend was found dead yesterday near a gorge about 15 miles from campus, and the police identified as a suspect a man she had borrowed a cellphone from in downtown Burlington, Vt. Chief Thomas Tremblay of the Burlington police said the body of Michelle Gardner-Quinn, a 21-year-old senior from Arlington, Va., was found off the side of a road in Richmond, Vt., near a popular swimming site called Huntington Gorge. Chief Tremblay said Ms. Gardner-Quinn's death was a homicide, and he identified Brian Rooney, 36, of Richmond as a 'very likely suspect.'" The Times noted, "The disappearance of Ms. Gardner-Quinn prompted an exhaustive search by the police, the F.B.I. and legions of volunteers from the university community, many of them students shocked at the prospect that a kidnapping might have occurred in a city normally considered safe."

The Washington Post (10/14, B1, Stockwell) added, "Tremblay said Rooney was charged yesterday with sexual assault and lewd and lascivious conduct with a child in Caledonia County, about 80 miles east of Burlington. He declined to elaborate on the charges. Rooney is to be arraigned Monday on those charges, Tremblay said." The Boston Globe (10/14, Smalley, Mishra) noted, "As her parents kept vigil in Burlington, Vermont police, FBI agents, and National Guard troops, augmented by eager students and other volunteers from the university, scoured Burlington and the surrounding area. But [Friday's] discovery came about through a phone call from a group of hikers alerting authorities to a body in an area that had not been searched." The AP (10/14, Curran) also reported on the recovery of Gardner-Quinn's remains, in a widely-distributed story.

9th Circuit Upholds "Absurd" Sentence. The Los Angeles Times (10/14, Krikorian) reports, "A federal appeals court in San Francisco on Friday upheld a 159-year prison term for a mentally disturbed woman with no criminal history after one judge angrily concluded the nation's rigid sentencing laws left the panel with no options but to affirm the

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'irrational, inhumane and absurd' sentence." The Times continues, "The 3-0 ruling by the U.S. 9th Circuit Court of Appeals came one year after Marion Hungerford, 52, of Billings, Mont., received the sentence for a string of robberies at Montana casinos and bars from April to July 2002. … The robberies, according to the 18-page opinion written by Judge Susan P. Garber, began when Hungerford and her male roommate, Dana Canfield, were both unemployed and decided to rob a convenience store to pay the rent. … 'Marion said she was going to have to go on a crime spree,' Canfield testified at the trial. 'And since she has problems walking and stuff, I decided that I would do it.'" The Times adds, "A jury found Hungerford not guilty of that first robbery and one other, but authorities alleged they were only the start of a string of crimes. … She was convicted on one count of conspiracy, seven counts of robbery and seven counts of using a firearm because her accomplice was armed with a .22-caliber revolver. … In rejecting her appeal of four of the robbery and firearms convictions, the court found sufficient evidence that she knowingly took part in the holdups. 'There is no evidence that [Hungerford] took any affirmative action to withdraw from the ongoing conspiracy,' the court said. 'To the contrary, she continued to accept and spend the proceeds of all the robberies and worked purposefully to conceal the crimes.' … Though affirming Hungerford's conviction, Judge Stephen Reinhardt decried the sentence handed down in the case as a 'predictable byproduct of the cruel and unjust mandatory minimum sentence scheme adopted by Congress.'"

Gonzales, Mueller To Speak At Boston Law Enforcement Conference. The Boston Globe (10/14, Simpson) reports, "More than 14,000 law enforcement professionals will gather in Boston starting this weekend for a conference that will feature some of the nation's highest-ranking officials as speakers " The Globe continues, "The International Association of Chiefs of Police, the world's largest nonprofit organization of police executives, will kick off its annual conference and exposition today at the Boston Convention and Exhibition Center. Although this will be the association's 113th conference, it will be the first in New England, said John Boyle, a Boston Police Department spokesman." The Globe adds, "Speakers include Attorney General Alberto Gonzales, FBI Director Robert S. Mueller III, and Marine General Peter Pace, chairman of the Joint Chiefs of Staff. More than 750 exhibitors will showcase police products, such as vehicles, mobile command centers, and helicopters, Boyle said. … There will be international delegates from Europe, Asia, and the Caribbean, said Wendy Balazik, an association spokeswoman."

CIVIL LAW:

California Man Pursues Claim That Los Angeles Port Misused Funds. The Los Angeles Times (10/14, Weikel) reports, "A harbor area activist filed an appeal Friday in an attempt to revive a federal lawsuit alleging that the Port of Los Angeles misappropriated $1.2 billion in government funds to build a giant cargo terminal for the world's largest shipping line." The Times continues, "Stanley D. Mosler of Rancho Palos Verdes is challenging decisions by U.S. District Judge S. James Otero, who dismissed the false-claims case in August, saying that Mosler no longer had an attorney and that he was unqualified as a layperson to handle a lawsuit on behalf of the United States. .. A few weeks after the decision, Mosler hired a lawyer, Alan Gutman, but Otero refused to reinstate the case, saying it was too late. … Otero noted in his ruling that Mosler had been warned earlier that he should obtain counsel." The Times adds, "Mosler was represented for three years by attorney Milford Dahl, who bowed out in February 2005, saying the case would be too costly for him to pursue. Mosler then proceeded on his own, hoping to get the case to trial. … 'The elusive quality in Judge Otero's order is justice,' Mosler said. 'The dismissal was not on the merits but because I could not afford to match the port's spending in legal fees. I trust that the 9th Circuit Court of Appeals will rule that having money is not a necessary element to access our federal courts.'" The Times notes, "Filed in March 2002, Mosler's case alleged that port officials had engaged in a "bait-and-switch" maneuver when they shifted long-standing plans to relocate crude oil and other hazardous shipments to a man-made island that would be built away from populated areas to improve harbor safety. … Mosler said in his suit that port officials decided to turn the island into a massive container facility for Maersk Inc., leaving only 15 acres — instead of hundreds of acres — for petroleum and chemical terminals. … At issue was whether the port violated federal agreements to build the so-called energy island project and misappropriated $108.6 million in federal grants and nearly $1.1 billion in harbor revenue to construct what is now known as Pier 400, which was completed in 2004."

Bankruptcy Filings Down Sharply. The Los Angeles Times/AP (10/14) reports, "The ranks of people seeking to erase their debts have thinned in the year since the biggest changes in U.S. bankruptcy laws in a quarter-century took effect." Consumer bankruptcy Lawrence Brooke "said the paperwork hurdles for debtors to qualify for Chapter 7 have become insurmountable for many, and the workload and aggravation for attorneys have increased." The AP notes, "There were 263,660 personal bankruptcies filed

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nationwide in the first half of this year, down from 851,683 in the first six months of 2005 and 809,867 in the same period in 2004, according to the American Bankruptcy Institute." Yet "some experts predict that bankruptcy filings will eventually rebound. There was a huge rush of filings by financially strained consumers between the enactment of the legislation in April last year and the Oct. 17 deadline for the new means test and other requirements. Personal bankruptcies soared 30% to a record high last year, surpassing 2 million for the first time at 2,039,214. Then came the precipitous drop."

Air America Declares Bankruptcy. The New York Times (10/14, Leeds, 1.21M) reports, "Air America Radio, the liberal talk network started two years ago in a bid to counter the influence of conservative radio personalities like Rush Limbaugh, filed for Chapter 11 bankruptcy protection on Friday." The Times notes, "United States Bankruptcy Court Judge Robert Drain approved motions on Friday that will let the company continue to pay salaries and remain on the air. The judge also approved a loan of $900,000 from Democracy Allies, an entity formed by current investors in the network, including Rob Glaser, chief executive of the media and entertainment company RealNetworks. Its full proposed loan of $2.6 million is to be considered at a later hearing, said Tracy Klestadt, a lawyer representing Air America."

The Wall Street Journal (10/14, A5, McBride, 2.03M) notes Air America "said it had assets of $7.8 million, and short-term liabilities of $19.8 million. A number of individuals have invested in the company, including RealNetworks Inc. CEO Rob Glaser, who is the company's largest secured creditor with $9.8 million in claims. Other claimants include Citigroup Inc.'s Citibank, with $2.5 million in unsecured claims, and Clear Channel Communications Inc., with $558,333 in unsecured claims." The Washington Times/AP (10/14, Sutel) reports similar details.

CIVIL RIGHTS:

DOJ Sues Philadelphia Over Voting Bias. The AP (10/13) reports, "The U.S. Department of Justice announced Friday that it had filed a lawsuit against the city of Philadelphia alleging violations of the rights of Hispanic and Spanish-speaking voters." The AP continues, "The complaint filed in the U.S. District Court for the Eastern District of Pennsylvania alleges that the city failed to provide Spanish-language assistance at the polls to most Spanish-speaking voters in recent elections, the department said." The AP adds, "Federal authorities also said the city prevented Spanish-speaking voters from receiving assistance from people of their choice, even in cases where bilingual assistance was otherwise unavailable. … Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement that federal officials hope to reach agreement with city officials quickly 'to begin essential remedial measures in time for the 2006 federal elections.'"

Local Television. At least two local television networks reported that the Department of Justice sued the city of Philadelphia, alleging it failed to provide language assistance to Spanish-speaking voters in recent elections. KYW-TV Philadelphia, (10/14, 11:06 p.m.) broadcasted, "City of Philadelphia is slapped with a voting rights lawsuit. Justice Department claiming rights of Spanish speaking voters were violated in recent elections. They alleged that Spanish language assistance was not available at polls for most voters, and many were not allowed to seek help from another person in cases where there was no other bilingual that will aid."

WPVI-TV Philadelphia, (10/13, 11:09 p.m.) broadcasted, "Justice Department has filed a lawsuit suit against the city of Philadelphia over voting rights. The suit claims the city failed to provide Spanish speaking help at the polls. Justice Department hopes to work with the city to have a solution in place at the time of November elections."

DOJ Assists Clarksville, TN, With Police Department Woes. The AP (10/12) reports from Clarksville, TN, "With 12 discrimination lawsuits filed against the Clarksville Police Department, the mayor has asked a federal official for some help." The AP continues, "Walter Atkinson, who works for U.S. Department of Justice's Community Relations Service, will lead a group of citizens and officials to survey the police department and come up with suggestions to help solve its problems. The group will not investigate the specific lawsuits against the city. … 'This is going to be as much a PR push' as an information-gathering process, said group member David Shelton, of the Clarksville Human Relations Commission." The AP adds, "Mayor Don Trotter said it should take several months before recommendations for the department are finalized. .. .The meetings, which will include interviews with police officers, are closed to the public, but the recommendations will be 'very, very public,' Shelton said." The AP notes, "Discrimination lawsuits have cost the city more than $300,000 in legal expenses thus far. A majority of the suits allege racial discrimination, but at least one female officer has sued claiming gender and age discrimination."

DOJ Settles Redlining Allegations With Indiana Bank. The Northwest (IN) Times (10/14, Williams, Fitton) reports, "The federal government and Whiting-based Centier Bank have reached a $4.3 million agreement to settle allegations the bank engaged in redlining, or discriminating on the basis of race or national origin." The Times continues, "The Justice Department alleged Centier violated the Fair

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Housing Act and Equal Credit Opportunity Act by unlawfully failing to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond." The Times adds, "Although it acknowledged its settlement with the government, the locally owned bank 'strongly denies any suggestion that it has previously excluded minority communities from its banking efforts,' Centier said in a news release. … However, the release said, Centier management feels 'equally strongly about its desire to provide significantly enhanced services to residents and businesses in minority neighborhoods.'" The Times notes, "Centier President and CEO Michael Schrage told The Times the bank was surprised by the Justice Department's action and still does not agree with the allegations, but decided to enter into the agreement to avoid the delays and costs of litigation. … Characterizing the negotiations with the Justice Department as 'amiable,' Schrage said the Justice Department action had made Centier 'more diligent in reaching out to underserved areas.' … The consent decree filed in federal court in Hammond will prohibit Centier from discriminating on the basis of race, color or national origin in any aspect of residential real estate or credit transaction, according to the Justice Department. Once approved by the court, the agreement will resolve the allegations."

DOJ Asked To Probe Florida Beating Death. The Bradenton Herald (10/14, Marquez) reports, "A beating months ago that led to the death of a 72-year-old man has the Bradenton police chief looking to the attorney general of the United States for help, calling the chief law officer in the country the 'last hope' for justice." The Herald continues, "After review of the case, the state attorney's office for the 12th Judicial Circuit declined to prosecute Jamaal Lambert, 25, in the death of James Ervin Barfield, saying Lambert was acting in self-defense when he beat Barfield during an argument on May 10 near a downtown apartment building Barfield owned. … Barfield was taken to Manatee Memorial Hospital where he died two weeks later." The Herald adds, "Police Chief Michael Radzilowski wants Lambert prosecuted for the death, which was ruled a homicide by the medical examiner's office, and he's calling the state attorney's decision not to prosecute an error. … In a letter Radzilowski sent to the U.S. Department of Justice on Monday, he asks Attorney General Alberto Gonzales to review the case for 'possible prosecution of any criminal or civil right violation.' … As of Friday afternoon, there was 'nothing open in the civil rights division,' said Cynthia Magnuson, spokeswoman for the Justice Department."

Judge Orders Mississippi County To Explain Jail Hiring Practices. The Biloxi Sun Herald (10/14, Fitzgerald) reports, "A federal judge has ordered the Harrison County jail to explain what it is doing to hire more corrections officers." The Herald continues, "The order, filed Thursday by U.S. District Judge Walter J. Gex III, addresses a lingering issue of staffing problems at the Harrison County Adult Detention Center. The last time the judge questioned the jail's staffing level via court order was in 2003, when the officer-to-inmate ratio was 1-to-10. The U.S. Justice Department, which has oversight to monitor improvements at the jail, recommends a ratio of 1-to-5. … The ratio is about the same today as it was in 2003. The jail needs to hire about 65 additional corrections officers. It has about 100 jailers to oversee 950 to 1,000 inmates." The Herald adds, "Sheriff George H. Payne Jr. on Friday said his new warden has 'a good plan of action' for hiring and he believes it will meet with approval. Payne said he has beefed up advertising to include television commercials featuring Don Cabana, appointed warden two months ago. … 'We're having the same problem with hiring that many South Mississippi employers have faced since Hurricane Katrina,' Payne said." The Herald notes, "The court order gives the jail until Oct. 26 to provide a supplementary report to answer questions on staffing issues. The report is in addition to the quarterly report the jail is required to submit to the Justice Department. … Payne said staffing levels were up until the hurricane struck. .. .However, issues surrounding the fatal beating of inmate Jessie Lee Williams Jr. in February also have affected manpower and morale, Cabana said after his appointment two months ago. Two former jailers face criminal prosecution in the Williams case and a related civil lawsuit is pending."

Gallaudet Has Protesters Arrested. The New York Times (10/14, Schemo) reports, "The authorities at Gallaudet University, the nation's only liberal arts university for the deaf, moved on Friday to end a three-day siege by protesters by arresting the students opposing the board's choice of the next president." Overall, "the police arrested about 60 students in two hours, and arrests continued late into the night." The protesters "are demanding the immediate resignation of Jane K. Fernandes, the former provost who was named last spring to succeed…as president."

The Washington Times (10/14, Cella, Emerling, Nichols) reports, "The students were uncooperative but peaceful -- forming human chains and forcing campus police and Metropolitan Police officers to separate them, lift them and drag them to a waiting fleet of vans. The crowd jeered and howled as each student was carried off. By late last night, police had arrested about 90 protesters." President I. King Jordan said, "the protesters have left me no choice."

Opposition To Gay Marriage Seen As Losing Steam. The New York Times (10/14, Johnson, 1.21M) reports, "The debate over same-sex marriage was a black-or-white proposition two years ago when voters in 11 states

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barred gay couples from marrying." Yet "this year shades of gray are everywhere, as eight more states consider similar ballot measures. Some of the proposed bans are struggling in the polls, and the issue of same-sex marriage itself has largely failed to rouse conservative voters." While other issues have the voters attention, "the biggest change, people on both sides of the issue say, is that supporters of same-sex marriage this year are likely to be as mobilized as the opponents."

Opponents To Gay Marriage Ban Launch TV Ad Campaign. The Washington Post (10/14, B6, Jenkins, 748K) reports that Commonwealth Coalition, "An organization that opposes a ballot measure that would constitutionally ban same-sex marriage in Virginia is buying a TV commercial to run statewide, marking an intensifying effort to defeat the amendment." Their "30-second ad, which will begin appearing throughout the state today on CNN, shows an image of Virginia's 230-year-old Bill of Rights slowly being engulfed in flames. A narrator warns gravely that the amendment would 'destroy' the spirit of the state's Bill of Rights, which served as the model for the U.S. Bill of Rights. A second ad will appear next week, officials said."

ANTITRUST:

FCC Delays Vote On AT&T-BellSouth Merger.

The AP (10/14, Dunbar) reports, "The Federal Communications Commission has delayed a vote on the proposed buyout of BellSouth by AT&T until Nov. 3 at the latest after two Democrats asked for time to study last-minute concessions offered by the companies." The AP continues, 'The commission was scheduled to vote on the $80.8 billion deal in a special meeting yesterday that never convened. … Commissioners Michael Copps and Jonathan Adelstein circulated a letter among reporters that said in the previous 48 hours, new proposals had been made regarding the buyout that raised 'a number of significant questions and complex technical issues for us to consider.' … They asked that the proposals, which were offered by the companies through Chairman Kevin Martin's office, be made available to the public." The AP notes, "Martin responded in a letter, agreeing to make the proposals available for public comment for 10 days, and set a commission meeting for Nov. 3, though the vote may come sooner and may not require a public meeting."

The Atlanta Journal-Constitution (10/14, Geewax) reports, "Analysts said they still believed the deal would be approved. The debate, they said, is over what conditions the FCC will require." The AJC continues, "Late in the day, AT&T disclosed a broad array of possible concessions it had discussed with the FCC, including the sale of stand-alone, high-speed Internet service for a limited period of time and the return of certain jobs that had been moved overseas." The AJC adds, "AT&T spokesman Michael Balmoris said in a statement that a delay 'is not uncommon in these matters' and that the company believes the FCC soon will 'complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers.' … Balmoris said AT&T is willing to accept 'reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and share owners, given the intensely competitive environment in which we operate.'"

The New York Times (10/14, Belson) reports, "On Wednesday, the Justice Department signed off on the purchase without imposing any conditions on the companies. That angered Michael J. Copps and Jonathan S. Adelstein — the two Democratic commissioners at the F.C.C. — who said more time was needed to assess how consumers and companies would be affected." The Times adds, "With their objections in mind, the commission rescheduled its vote on the merger to yesterday, from Thursday, to give the commissioners more time to negotiate. When they were unable to decide whether and what conditions to impose on the companies, yesterday's meeting was canceled and rescheduled for Nov. 3. … 'Given the limited analysis from our leading antitrust authorities, it is all the more imperative that we now employ an open process to fully involve all affected parties, including the applicants, in order to get the public and expert review that is otherwise lacking,' the Democratic commissioners wrote in a letter to the F.C.C. chairman, Kevin J. Martin. … The negotiations are complicated further because one Republican commissioner, Robert M. McDowell, is expected to refrain from voting because of a potential conflict of interest. If he were allowed to vote, the Republicans would presumably be able to approve the merger faster because they would outnumber the Democrats, 3 to 2."

The San Antonio Express-News (10/14, Lorek) reports, "In its latest filing, AT&T agreed to provide $10 broadband service, called Digital Subscriber Line, or DSL, to new customers in its territory. … The company also pledged to provide 100 percent broadband access to its entire service area and to give free broadband modems to customers. It also offered a $1 million public safety grant to public entities in its coverage area. … In addition, AT&T discussed returning jobs from overseas to the BellSouth territory. .. .The company also mentioned network neutrality, or requiring AT&T to carry Internet traffic without charging customers more for different services or applications, according to the letter. AT&T didn't provide specifics on these issues in its letter."

The Chicago Tribune (10/14, Van) reports, "FCC Chairman Kevin Martin, who had advocated approving the merger without condition, accepted the Democrats'

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suggested delay and scheduled a meeting for Nov. 3 to consider the matter. Conditions on the deal needed to win the Democrats' support will be open for public discussion." The Tribune continues, "The stock transaction between AT&T and BellSouth is estimated to be worth about $80 billion and would give control of the nation's largest phone company and its largest wireless company to San Antonio-based AT&T, which was formerly SBC Communications Inc. before it took over AT&T last year." The Tribune adds, "A federal court review of two giant telecom mergers from last year—the SBC/AT&T deal and the takeover of MCI by Verizon Communications Inc.—is still pending. Judge Emmet Sullivan is considering evidence as to whether federal regulators gave those deals sufficient scrutiny to protect the public interest. … Senate and House leaders from both parties had asked the FCC and the Justice Department to delay their decisions on the AT&T/BellSouth deal until judicial review of last year's mergers was concluded. The antitrust division of the Justice Department ignored those requests, and the FCC appeared poised to do the same."

Microsoft Agrees To Vista Changes. The AP (10/14) reports, "Microsoft Corp. is making several key changes to its coming Windows Vista operating system in an bid to soothe European antitrust worries, while keeping its worldwide distribution plans on schedule." The AP continues, "Brad Smith, Microsoft's general counsel, said Friday that the company agreed to change how people can set their preferred search service if they upgrade to Microsoft's new Internet Explorer browser. The Redmond, Wash., company also has tweaked Vista's security system to address concerns it was favoring Microsoft's products over competing security offerings." The AP adds, "In addition, the company plans to have an international standards organization review a controversial new file format that will be included in Windows and the company's Office business suite. He said that was a step toward making the format available for other companies to license. … Even with the changes, which will be included in all versions the company ships worldwide, Microsoft said it plans deliver the long-delayed Vista to large businesses in November and consumers and small businesses in January."

The Seattle Times (10/14, Romano) reports, "Last month, the company had raised the specter of a delayed launch in Europe, pending negotiations with the European Commission (EC) over features in Vista." The Times adds, "Microsoft General Counsel Brad Smith struck a diplomatic tone Friday, saying the company received 'clear guidance' during months of 'constructive dialogue' with regulators at the commission, the administrative arm of the European Union. In response, it is making significant changes to three areas of the software: security, search and a new file format. … 'Having made each of these changes, the company and [CEO] Steve Ballmer felt comfortable moving forward and felt confident that we are in compliance with our EU competition law obligations,' Smith said during a conference call with reporters." The Times adds, "He said Ballmer spoke with European Competition Commissioner Neelie Kroes on Thursday to inform her of the company's plans. .. . The company's comments strengthened investor confidence in the release schedule for Vista, due out for large business customers in November and for broad release in January. However, Vista is coming out more than two years later than originally planned."

The New York Times (10/14, Meller) reports, "A delay in one country or region would have serious consequences for software developers, computer manufacturers and retailers there. It would also create complications for Microsoft, which has always rolled out previous versions of Windows simultaneously around the world." The Times adds, "Steven A. Ballmer, Microsoft's chief executive, confirmed the global introduction of Vista in a phone conversation with the European competition commissioner, Neelie Kroes, late Thursday. .. .The new operating system will go on sale to large computer manufacturers next month and to the public in January." The Times adds, "Until now, Microsoft has resisted pressure to change Vista. Last month it accused the European Commission of not giving it clear enough guidance on whether Vista would pass muster under European antitrust law. … It also highlighted research that showed that hundreds of thousands of jobs in the European technology industry were at stake if Vista's introduction were delayed. Also last month, members of the European Parliament wrote to Ms. Kroes warning her of the harm she would be causing to European companies if she forced a delay."

The San Jose Mercury News (10/14, Takahashi) reports, "The software giant will ship corporate versions of Vista in November and consumer versions in January, said Mary Snapp, vice president and deputy general counsel at Microsoft. … Microsoft altered the operating system in several areas to respond to concerns of European and Korean regulators about ensuring fair competition, Snapp said. The company's changes address features related to security, search and document formats recognized by Vista. … The company also answered complaints from Silicon Valley-based security firms Symantec and McAfee. … The companies had accused the software programming giant of abusing its monopoly by controlling which security products can run on its new operating system. They say Microsoft blocked their ability to review the operating system's kernel, or core, and that Microsoft planned to confuse customers by offering its own security dashboard. .. .But Friday, Snapp said the company will allow security vendors to view the operating system's core by making available a key technology dubbed 'application programming interfaces.'"

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ENVIRONMENT:

Bush Signs Bill Reauthorizing $80 Million For Great Lakes Restoration. The AP (10/14) in a brief story notes, "President Bush has signed a bill to reauthorize up to $16 million a year for grants programs to restore habitats in the Great Lakes region." It "would authorize $80 million over five years to restore fish and wildlife habitats, provide money for fish and wildlife projects and upgrade reports on the area's ecosystem." The funding "won't be spent unless included it's included in separate appropriations bills, but supporters said it would build momentum for a comprehensive $20 billion plan to restore the Great Lakes."

Concerns Raised About Environmental Impact of US Population Growth. Washington bureau chief Edward Luce in an op-ed in the Financial Times (10/14) downplays concerns that immigration is a threat to US culture as the number of US citizens approaches 300 million. Luce is concerned about "what America's continued expansion means for its future quality of life – and, indeed, that of the rest of the planet. Nobody who drives through America's seemingly endless suburbs and 'exurbs' can miss the tension between the country's vast open horizons and the increasing traffic gridlock around them. Nor can they fail to notice that it is America's sprawling urban environs, rather than the cities themselves, that are accommodating the country's growing numbers." And "like growing numbers of mainstream Americans, I will also ask whether this is the latest sign of America's economic success or a reminder that growth cannot continue in this fashion indefinitely. It is a good question to which the answer is yes, and probably."

NYT Accuses EPA Of Ignoring Science On Air Quality. The New York Times (10/14, 1.21M) editorializes, "The Bush administration loves to talk about the virtues of 'sound science,' by which it usually means science that buttresses its own political agenda. But when some truly independent science comes along to threaten that agenda, the administration often ignores or minimizes it. The latest example involves the Environmental Protection Agency's decision to reject the recommendations of experts inside and outside the government who had urged a significant tightening of federal standards regulating the amount of soot in the air." EPA Administrator Stephen Johnson "claimed there was 'insufficient evidence' linking health problems to long-term exposure. He added that 'wherever the science gave us a clear picture, we took clear action,' noting also that 'there was not complete agreement on the standard.'" Soon "the administration must decide whether to tighten the standards for another pollutant, ground-level ozone. … The scientific advisory committee has tentatively recommended that the ozone standard be tightened, citing new evidence of smog's adverse effects. This time Mr. Johnson should pay more attention to the scientists and less to the political strategists in the White House."

FBI/DEA/ATF/USMS:

US Indicts Medical Marijuana Advocate On New Charges. The New York Times (10/14, Marshall) reports, "A leading medical marijuana advocate who successfully appealed his federal conviction this year has been indicted on new criminal charges that include tax evasion and money laundering." The Times continues, "The man, Ed Rosenthal, a well-known spokesman for the movement to legalize marijuana, was already facing a retrial on federal charges of growing marijuana for medical use. He is to be arraigned Monday in Federal District Court here on the new indictment, unsealed late Thursday. … It accuses Mr. Rosenthal, 61, of 14 felony charges that include cultivating marijuana plants; laundering $1,850, which the government says he got from selling the plants to medical dispensaries; and tax evasion. His tax returns, prosecutors said, omitted income from the sale of the plants." The Times adds, 'Reached Friday at his home in Oakland, Mr. Rosenthal said he thought the efforts to prosecute him were part of a campaign to shutter medical marijuana sites in California and to subvert the state law allowing them. … The state and the federal government have been locked in a legal and cultural battle over the medicinal merits of marijuana since 1996, when California voters approved a ballot measure giving seriously ill patients the right to buy and use the drug with a doctor's prescription. … The Drug Enforcement Agency has been aggressive in investigating medical marijuana facilities. Last week, the authorities raided and closed five Bay Area sites, arresting 15 people. … A spokesman for the United States attorney's office, Luke Macaulay, would not comment on the new indictment, but said, 'Drugs are a priority for the Justice Department, being that marijuana is illegal under federal law.'"

Cali Drug Cartel Pleas Were 15 Years In The Making. The AP (10/14, Anderson) reports, "The guilty pleas by the two highest-ranking Colombian cocaine traffickers ever to appear in a U.S. courtroom had their roots in a hot summer morning 15 years ago when a drug-sniffing dog named Iowa found something suspicious." The AP continues, "The dog's alert on Aug. 26, 1991, led to the discovery at the Port of Miami of more than 12 tons of cocaine concealed in metal tubes that had, in turn, been hidden inside heavy concrete posts. … The shipment served notice to federal investigators that the Cali cartel had

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surpassed the better-known - and much more violent - Medellin cartel in controlling Colombia's cocaine trade and was employing ingenious new smuggling methods. … 'It was electric, the atmosphere at the time,' recalled Eddie Ryan, a federal prosecutor who worked the case until leaving Miami for Charlotte three years ago. 'It was a huge load. This was a new game and they were better at it than anybody had ever been.'" The AP adds, 'The investigation spawned by the big find would take many twists and turns and break new legal ground along the way. … It culminated in the Sept. 26 guilty pleas to U.S. drug trafficking charges by brothers Gilberto and Miguel Rodriguez Orejuela, the Cali cartel kingpins nicknamed 'The Chess Player' and 'The Master' who are now serving 30-year prison sentences. A total of 141 cartel members have been convicted or pleaded guilty for their roles in an organization once responsible for 80 percent of the world's cocaine. … For Ed Kacerosky, the Customs agent who led the investigation from its inception, that moment in a Miami courtroom wasn't his biggest in the case. … Far better, he said, came after a midlevel defendant briefly mentioned links between the Cali smugglers and operations in Guatemala. That would lead to a Miami frozen vegetable warehouse used as a front to smuggle cocaine and to a lawyer who ran the cartel's South Florida operations."

Colorado Man Pleads Guilty In Bomb Case. The AP (10/14, Sarche) reports, "A former air traffic controller accused of planting homemade bombs in March outside the Grand Junction (CO) homes of four co-workers and a Federal Aviation Administration official pleaded guilty Friday to one single count that could put him in prison for more than a decade." The AP continues, "Burke, 54, was arrested in Utah in April. He agreed to plead guilty to a charge of malicious damage to a building used in interstate commerce." The AP adds, "U.S. District Judge Robert Blackburn said the charge is punishable by five to 20 years in prison and a fine of up to $250,000. Prosecutors said they will recommended a term of 10 years when Burke is sentenced on Feb. 2. … Burke had worked for Serco Group PLC, a British company that staffs air traffic control towers at airports in Grand Junction and 55 other locations. He was fired in 2004 after working for Serco for four years. … The federal Bureau of Alcohol, Tobacco and Firearms has said the Grand Junction bombs were similar to a device that exploded at Serco offices in Murfreesboro, Tenn., in February."

IMMIGRATION:

Judge Allows Lawsuit To Proceed Against Tyson's For Hiring Illegal Aliens. The Washington Times (10/14, Hirsch, 88K) reports, "A federal judge has ruled that workers can file a class-action suit against Tyson Foods Inc. for depressing wages by hiring illegal aliens." The workers' lawyer, Howard Foster, described it "as a 'very big step,' allowing him to seek damages for thousands of workers at eight plants -- including one in Glen Allen, Va. -- instead of just the four original plaintiffs." The RICO case "is one of a growing number across the nation challenging illegal aliens in the workplace. In August, a temporary agency in California sued its competitors under the state's unfair-competition laws." But "Tyson Foods described the judge's ruling as 'procedural,' adding that it was 'not based on the merits of this case, which was actually dismissed by another judge back in 2002.'"

CONGRESS-ADMINISTRATION:

House Government Reform Committee Finds Data Breaches Across Government. On Friday, the House Government Reform Committee released a report summarizing government data thefts since Jan. 1, 2003. The report drew attention from national print media, including the Associated Press, the Los Angeles Times and the Washington Times. While the May VA data theft and other VA data breaches are noted in all of the stories, reports nevertheless focus on the report's verdict that data theft is a problem across many government agencies.

For example, the AP (10/14, Ohlemacher) reports, "Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public, raising fresh concerns about the government's ability to protect sensitive information. … In all, the committee reported 788 incidents involving the loss or compromise of sensitive personal information since Jan. 1, 2003. That was in addition to the 'hundreds of security and privacy incidents' at the Department of Veterans Affairs, the report said."

The Los Angeles Times (10/14, Mendoza, 918K) reports, Most of the nearly 800 incidents of data losses have never been publicly reported. The 'vast majority' were not accidental misplacements, but rather outright thefts of computers or data disks containing sensitive information such as Social Security numbers. In some cases the data were used inappropriately by employees and private contractors, the report said." The Times adds, "Veterans Affairs officials reported their data on two large spreadsheets covering hundreds of security and privacy breaches, the report said."

Under a headline that deems the government "careless" with data, the Washington Times (10/14, Seper, 88K) reports, "Personal files maintained by the federal government on all U.S. citizens 'remain at risk,' according to a House report released yesterday, which said the stored information is routinely lost because of carelessness, misconduct or theft. … The report said much of the information was lost when laptop computers were stolen, documenting the theft of more

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than 1,800 government-owned laptop computers -- including one belonging to the Defense Department and containing personal information on 30,000 applicants, recruiters and prospects that 'fell off a motorcycle belonging to a Navy recruiter.'"

Professor Finds Few Consumer Injuries In Data Thefts. Not mentioning the House Government Reform Committee report, Fred H. Cate, the director of the Indiana University Center for Applied Cybersecurity Research and a distinguished professor of law and adjunct professor of informatics, writes in a column in the Washington Post (10/14, A21, 748K), "When a laptop was stolen from the home of a Department of Veterans Affairs employee this year, newspapers across the nation editorialized about the dangers facing the people whose data were on the computer. … Then the laptop was recovered -- the data untouched and the risk of identity theft shown to be nonexistent. The happy ending to the VA saga should have come as no surprise. The fact is that few if any such breaches lead to identity theft or other consumer injuries."

McClellan Cites Cost Savings Of Medicare Rx Drug Benefit. The Washington Post (10/14, A9, Lee, 748K) reports, "The Medicare prescription drug benefit is on pace to cost the federal government about $30 billion this year, far less than the $43 billion originally projected, outgoing Medicare chief Mark B. McClellan said yesterday." According to McClellan it "is a result of cheaper-than-expected premiums, fewer people than anticipated enrolling in the new coverage, and slower growth in drug spending." McClellan "said he is pleased that independent surveys show that 80 percent of people who signed up for the new drug benefit are satisfied with their plans. But what he is most proud of has been his emphasis on shifting Medicare toward better-coordinated, prevention-oriented care, he said." The Post notes, "Predictions that many employers would drop their plans and send older workers or retirees to Medicare for drug coverage did not come to pass, McClellan said."

White House Rejects Allegations In Kuo Book. NBC Nightly News (10/13, story 6, 2:00, Williams, 9.87M) was the only network broadcast to devote a segment to David Kuo's new book "Tempting Faith." According to NBC, the White House "is responding to explosive charges in a new book by the former number-two man in the president's White House Office of Faith-Based Initiatives." NBC continued, "'Tempting Faith,' a new book by a former Bush aide says that instead of being compassionate conservatives, the Bush team manipulated people of faith for political purposes. Criticism the author, David Kuo, first made last year to NBC News." He "quotes the president as saying about visiting ministers, 'money, all these guys care about is money.'" NBC noted, "Today the White House said Kuo is changing his story." White House Press Secretary Tony Snow: "When David Kuo left the White House, he sent the president a very warm letter talking about how wonderful it was." Kuo's "former boss" James Towey was shown saying, "President Bush would not have tolerated that kind of conduct toward any religious leader."

The AP (10/14, Loven) reports Kuo "singled out staffers in the office of Karl Rove, Bush's top political adviser and deputy chief of staff, as particularly condescending toward evangelical Christians, viewing them as necessary to help win elections but ridiculing them behind the scenes." Snow "said he had not yet seen the book. But he said Rove was asked if he made the comments and replied he had not. Kuo, however, doesn't single out anyone by name as making the condescending comments. … Snow denied Kuo's charge that the White House's religious charities program wasn't given the status it deserved, saying Bush's personal commitment to the policy was solid."

Christian Conservative Leaders Come To Bush's Defense. The Washington Post (10/14, A3, Cooperman, 748K) reports, "Conservative religious leaders described themselves as shocked yesterday by a new book's charge that Bush administration staffers privately dismissed evangelical Christian political activists as 'nuts' and 'goofy.' But their dismay was aimed at the book's author, former White House official David Kuo, rather than at President Bush or his senior advisers. James Dobson, Charles W. Colson and other stalwarts of the conservative Christian movement defended the Bush administration and questioned the timing of the book's publication, a month before the midterm elections. Some suggested that Kuo had betrayed the White House. 'I feel sorry for him, because once you do something like this, you get your 15 minutes in the spotlight, but then after that nobody will touch you,' said Tony Perkins, president of the Family Research Council."

Air Force Memorial To Be Unveiled. President Bush will help to dedicate the new Air Force memorial Saturday, but the upcoming event received little media coverage as ABC World News (10/13, story 8, 0:10, Gibson, 8.78M) in a brief story noted, "As of tomorrow, there's going to be an impressive, new landmark at Arlington National Cemetery. The United States Air Force memorial will be dedicated, filling the last gap in Washington area monuments to the military services. The design was inspired by the Thunderbirds. And the Thunderbirds flew over the memorial today."

Rep. Charles Taylor Demands WSJournal Retract Allegations. The AP (10/14) reports Rep. Charles Taylor "demanded Friday that The Wall Street Journal correct and retract statements in an article that said he slipped projects benefiting his own business interests into

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the federal budget, a claim he called libelous." Taylor "said he would sue the newspaper if it does not meet his demands. … Taylor is demanding that the Journal retract a front-page article published Wednesday titled 'Seat in Congress Helps Mr. Taylor Help His Business.' It said he added 'earmarks' to legislation to widen two highways near property he owns, to give millions to nonprofit groups run by his business partners and supporters, and to provide $3.8 million for a park in front of a downtown Asheville bank he owns."

NYT Book Review Questions Rove's Success In Making Progress On Agenda. Nicholas Confessore in a review of James Moore and Wayne Slater's book "The Architect: Karl Rove and the Master Plan for Absolute Power" in the New York Times (10/14, 1.21M) calls it "a blistering sequel," and while "Rove frequently disappears from the narrative for pages at a time, the authors invariably suggest that the lack of apparent fingerprints merely proves his cunning." Confessore believes the authors have overestimated Rove because after Bush's re-election "Social Security privatization…was a political disaster. Iraq is turning into an albatross. Bush has endured some of the lowest approval ratings of any president since Richard Nixon, and voters appear even less enchanted with his allies on the Hill. Even some prominent conservatives, dismayed by growth in the size of government and the deficit spending that has fueled it, are fuming." And "the Republican Party's battles over immigration have repelled Hispanic voters, and the administration's handling of Hurricane Katrina reversed whatever gains Bush had made among blacks. Rove once hoped to build a new big-tent party that could thrive as ethnic and racial minorities become a majority of the electorate. He's had to settle for a narrower and more self-limiting coalition built around white religious conservatives, their fear of what Democratic rule would bring and the genuinely impressive machinery he's built to muster them on Election Day."

OTHER NEWS:

Lower Gas Prices Spur Consumer Spending. The impact of lower gas prices in boosting consumer spending was generally reported as good news. But Sen. Barack Obama provided a counterpoint on CBS, warning that the US needed to do more to secure energy independence. The New York Times/Bloomberg (10/14) reports, "Lower gasoline prices encouraged Americans to spend more on clothing, furniture and building materials, and propelled consumer confidence to the highest level in more than a year, according to reports released yesterday." Bloomberg notes, "The largest decline ever in gas-station receipts pushed overall retail sales down 0.4 percent in September, the Commerce Department said. Excluding service stations, purchases climbed 0.6 percent, three times the gain in August." And "the University of Michigan reported that its consumer sentiment index jumped to 92.3 in October, from 85.4 the prior month. It was the highest reading since July 2005."

The Wall Street Journal (10/14, A4, Conkey, 2.03M) in an article titled "Economy Benefits As Gas-Price Drop Spurs Outlays" reports, "Consumers took much of the money they saved at the gas pump last month and spent it elsewhere, giving the economy a critical boost at a time when overall growth appears to be slowing." Experts "said consumers, supported by a strong labor market and solid wage growth, are still increasing their spending at an inflation-adjusted annual rate of 3% or more. That's proving to be especially critical now that the economy appears to be settling into a period of slower growth, damped by a decrease in residential construction, higher interest rates and a wider trade deficit."

The Washington Times/AP (10/14) notes that "with confidence rebounding sharply this month, strong sales are forecast for the all-important holiday period." Global Insight chief economist Nariman Behravesh "said this decline is like a huge tax cut that will give consumers nearly $100 billion more to spend on other items." He "said the overall economy, which grew at a 2.6 percent rate in the spring, probably grew by just 1.8 percent in the third quarter but should rebound to around 2.5 percent growth in the final three months of this year."

The Financial Times (10/14, Pimlott, Guha) adds, "The firm underlying retail sales figures and an unexpectedly strong upswing in consumer confidence further diminish the prospect that the Federal Reserve will cut interest rates any time soon."

Obama Warns Falling Gas Prices Inadequate Solution To US Energy Needs. CBS Evening News (10/13, story 9, 1:30, Couric, 7.66M) reported, "Gasoline prices continue to fall. They're down to a nationwide average tonight of $2.25 a gallon, the lowest price since the first of the year. But in 'free speech' tonight, a warning that falling gas prices should not lull you into a false sense of energy security." Sen. Barack Obama said, "America's oil addiction doesn't go away when prices come down and the polls close. There are few issues besides energy that combine so many of the challenges we face today. When Ford lays off thousands of workers, it's because they can't compete with foreign companies that are making more fuel efficient cars. When we hear about rising global temperatures, it's because the fossil fuel we burn are damaging our climate. And when we wonder why the U.S. is so involved in the Middle East, it's because we need their oil. We don't have to settle for this future. We should replace more of the oil we use with alternative fuels like ethanol. And we can even make a deal with our auto companies. If they make more fuel-efficient

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cars, the government will help them pay their retiree health care costs. The point is the ideas on energy are out there, but we need the leadership to make it happen. And now's the time to make your voice heard, not only this November, but in all the days that follow."

Paul Brown echoed that theme in his "What's Offline" column titled "The Deathwatch For Cheap Oil" in the New York Times (10/14, 1.21M). He writes, "Those falling prices at the gasoline pump may only be temporary. Indeed, they could signal the start of an era in which, forecasters say, 'the death of cheap, abundant crude might unleash war and plunge the world into a second Great Depression.'" That's according to "Willem Kadijk, a hedge fund adviser quoted by Bloomberg Markets magazine. He is just one of many who believe that global oil production is now at or near its peak, and the only place to go is down."

Clinton Urges California Voters To Approve Increase In Taxes On Oil Revenues. The Los Angeles Times (10/14, McGreevy, 918K) reports, "Accusing oil companies of lying about the cost of Proposition 87, former President Clinton on Friday called 'bogus' their contention that approving a tax on oil revenues would trigger higher gas prices for California motorists." At a UCLA rally Clinton "said the state ballot measure would help California move toward less expensive, cleaner forms of energy by funding research into alternative fuels." Supporters of the tax have already launched an ad campaign featuring Al Gore and Clinton "will be featured in a new round of ads that were filmed during Friday's rally in front of a cheering crowd of 5,000, many of them students." But opponents "noted Friday that support for the measure is sagging, and predicted that the involvement of Clinton and Gore would not be enough to save a proposal that they say would create an unaccountable bureaucracy." Claremont McKenna College professor of government John Pitney said, "This is an effort to pump up the Democratic base of voters. It's a very smart move, because these are the folks the base will respond to."

Dow Sets New Record By Slight Margin. The New York Times/AP (10/14) in an article titled "Another Record Week For The Dow" reports, "The Dow Jones industrial average inched to another record close yesterday, giving it three consecutive weeks of triple-digit increases." It "was the Dow's sixth record close in two weeks. Still, stocks showed little overall movement as traders were unimpressed with a profit report from General Electric and brokerage firms issued negative comments about Home Depot." And oil prices "moved higher, holding the major indexes to modest gains." The DJIA "rose 12.81 points, or 0.11 percent, to 11,960.51, passing the record close of 11,947.70 set Thursday." The Times adds, "Broader stock indicators also advanced. The Standard & Poor's 500-stock index was up 2.79 points, or 0.20 percent, at 1,365.62, and the Nasdaq composite index was up 11.11 points, or 0.47 percent, at 2,357.29."

Providing a cautionary outlook, the Wall Street Journal (10/14, B1, McKay, 2.03M) reports, "As the Dow Jones Industrial Average flirts with a close above 12000, a familiar pattern has emerged. It edges closer to that benchmark, then pulls back. What happens once it tops that milestone may be less predictable." In the past the Dow "performed well following its initial breaches of 1,000-point benchmarks, according to the data firm Ned Davis Research, rising an average of 1.8% in the first month and 14.2% twelve months after such milestones." Yet, "the most recent milestone, which came amid the dot-com bubble, was an unpleasant exception. After the Dow finished above 11000 for the first time in May 1999, it was off 4% just a month later and remained in the red 12 months later, off 1.8%. If 12000 comes soon, it will have taken more than seven years to rise the next 1,000 points." And some experts "like Standard & Poor's strategist Sam Stovall, believe the market is due for a similar pullback now. 'It would be good for the market to have a bull-market correction soon, just to make sure it doesn't get ahead of itself,' Mr. Stovall told clients in a recent briefing."

GE Report Suggests US, Global Economy Performing Well. The Wall Street Journal (10/14, A3, Kranhold, 2.03M) in an article titled "GE Earnings Point To Solid Economy" reports, "Robust third-quarter financial results from General Electric Co.'s industrial units suggest that the global economy is weathering both high oil prices and a slowdown in the U.S. housing market." The Journal notes, "Overall, GE reported results that met expectations but disappointed some investors. But GE's industrial units posted a 14% increase in revenue and an 18% jump in profit, bolstered by strong sales of power turbines, locomotives and aircraft engines, among other products."

Similarly, the Financial Times (10/14) adds, "The US economy is proving resilient – at least if one focuses on the right set of core measures. Excluding autos, gasoline and building materials, retail sales rose by 0.8 per cent during September. The data are volatile but fit the rosy macro-economic picture painted by General Electric, a bellwether if there ever was one."

The New York Times (10/14, Deutsch, 1.21M) reports, "Investors reacted tepidly to yesterday's report, sending G.E. shares down less than a percent, to $35.98. But G.E. shares, which had been stagnant for most of the year, rose 13 percent in the last two months, and analysts do not anticipate a sell-off now." GE CFO Keith Sherin said, "We promised to grow two to three times G.D.P., and this is the seventh quarter we made good on that promise." Yet "the quarter was not devoid of disappointments. Profit at GE Commercial Finance, which rose 6 percent, fell short of the 10-to-15-

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percent growth the company had projected. The reason, Mr. Sherin said, was that some deals that were expected to close in the third quarter would instead close later in the year."

Courts See Upswing In Cases Regarding Long-Term Care Health Insurance. The Los Angeles Times (10/14, Selvin, 918K) reports, "Consumer advocates and insurance regulators say that lawsuits and complaints…are likely to mushroom in the coming years as more baby boomers and their ailing parents make claims on long-term care insurance. Sales of such policies grew 65% from 2000 to 2004, but actual and projected payouts have already caused a shakeout that could leave some policyholders with huge bills worried that insurers can't or won't pay. Some insurers who underestimated their potential obligations have sharply hiked their premiums or abandoned the market. Insurers have denied long-term care claims for a variety of reasons, lawyers say. They have, for example, rejected as inadequate documentation from seniors too sick or distracted to be diligent record keepers. Or they have rescinded policies, saying the individual didn't fully disclose a preexisting medical condition on his or her application. In response to multiplying consumer complaints, some states are requiring more training for sales agents and limiting insurers' ability to raise premiums, along with other restrictions."

Spotlight On Gay Republicans Seen As Threatening GOP Base. ABC World News (10/13, story 3, 2:30, Gibson, 8.78M) reported, "The Foley scandal as exposed the little-known aspect of life on Capitol Hill. One that is causing real controversy in the Republican Party. … It is threatening to tear the Republican Party apart. Christian conservatives are now arguing that all the gay men present in the Foley scandal prove that the Republican party has been too tolerant." Rev. Louis Sheldon: "It's time for what we call come to Jesus meeting. Homosexuality is a dysfunctional lifestyle. And it must be addressed." ABC continued, "Tony Perkins of the Family Research Council asked 'has the social agenda of the GOP been stalled by homosexual members and/or staffers? Does the party want to represent values voters or Mark Foley and friends?'" ABC went on to report that the Bush White House "won re-election in 2004 partly by campaigning against gay marriage. … And yet, it can seem perfectly accepting of such unions, as was seen this week, when Secretary of State Condoleezza Rice swore in AIDS czar Dr. Mark Dybul, who is gay, while Dybul's partner held the Bible. Rice even referred to the partner's mother as Dybul's mother-in-law."

McClatchy Reimburses Nonprofit For McConnell Investigation. McClatchy Newspapers (10/14, Rosen) report that last year, Marilyn W. Thompson, "then the executive editor of the Lexington Herald-Leader…wanted to initiate a major reporting project but lacked enough money to pay for it. Thompson, who wanted the paper to take a deep look at Mitch McConnell, Kentucky's senior U.S. senator, a Republican, came up with an answer: She'd seek support from the Center for Investigative Reporting, a California-based nonprofit group that's financed or conducted groundbreaking work in television and print journalism. The idea was approved by Thompson's bosses at Knight Ridder, which owned the Herald-Leader at the time. The center approved a $37,500 grant, and Herald-Leader reporter John Cheves went to work. This week, with Cheves winding up a six-month examination of McConnell - and the senator's staff raising questions about the unusual grant - the Herald-Leader's new owner, McClatchy Co., came to a different conclusion. McClatchy acquired Knight Ridder in June. Howard Weaver, McClatchy's vice president for news, announced that the company would reimburse the Center for Investigative Reporting for the grant."

Bush To Campaign For Sherwood And Allen This Week. The New York Times (10/14, Stolberg, 1.21M) reports President Bush "is not the kind of guy to back out on a promise, especially when it comes to raising money for fellow Republicans. So it is that Mr. Bush, who has slogged his way through many a fund-raiser this campaign season, plans to make the rounds of what might be called the Congressional newsmakers caucus next week, with back-to-back fund-raisers on Thursday for Representative Don Sherwood of Pennsylvania and Senator George Allen of Virginia." The Times notes Sherwood "has admitted having an extra-marital affair with a woman who has accused him of trying to choke her," while Allen "is fighting for re-election after a string of controversies involving racially insensitive remarks; his denial and subsequent embrace of his newly discovered Jewish heritage, and reports that he had failed to disclose stock options." According to the Times, Bush and the GOP "are investing time and money to hold seats they did not originally think they would have to defend so aggressively." The AP (10/14, Hunt) reports, "A congressman who admitted to having an affair and a senator accused of using racial slurs will get some political help from President Bush next week. … 'The President has made a commitment, and he's going to fulfill the commitment,' White House press secretary Tony Snow said Friday." Snow is quoted as saying, "Sherwood has certainly admitted to what has gone on, and the president also believes that we're all sinners, we all seek forgiveness, and in this particular case, he's supporting Don Sherwood's candidacy."

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Some GOP Insiders Claim Bush Is Unprepared For Midterm Losses. U.S. News and World Report's Kenneth T. Walsh (10/14) writes, "Some Republican strategists are increasingly upset with what they consider the overconfidence of President Bush and his senior advisers about the midterm elections November 7–a concern aggravated by the president's news conference this week. 'They aren't even planning for if they lose,' says a GOP insider who informally counsels the West Wing. If Democrats win control of the House, as many analysts expect, Republicans predict that Bush's final two years in office will be marked by multiple congressional investigations and gridlock. 'The Bush White House has had no relationship with Congress,' said a Bush ally. 'Beyond the Democrats, wait till they see how the Republicans–the ones that survive–treat them if they lose next month.' GOP insiders are upset by Bush's seeming inability to come up with new ideas or fresh approaches."

GOP Unable To Fully Fund Candidates In Several Tight Senate Races. The Wall Street Journal (10/14, A1, Cummings, 2.03M) reports, "As their prospects dim for holding control of the House, Republicans are increasingly alarmed they also could lose their Senate majority…and the party is finding its fund-raising edge isn't going as far as it used to. … For the first time since taking control of Congress in 1994, party leaders are being forced to pick and choose which of the tight races they can throw money into winning. They simply can't afford them all." According to the Journal, "Republicans have increasingly concentrated on three Senate seats -- Tennessee, Missouri and Ohio -- to try to salvage at least a one-seat majority. They currently hold 55 of the Senate's 100 seats, but at least six of those are now seen as vulnerable. The party's national and Senate campaign accounts have recently spent $14.1 million to hold the seats of retiring Senate Majority Leader Bill Frist of Tennessee, Missouri Sen. Jim Talent and Ohio Sen. Mike DeWine -- with $8 million spent on Mr. DeWine alone. Yet most polls show Democrats still leading in all three races. That spending comes at the expense of other vulnerable incumbents, including Pennsylvania Sen. Rick Santorum and Montana Sen. Conrad Burns, who are also both running behind. They are getting voter turnout help but not independent advertising support from the national party."

Most Incumbent Senators Maintain Fundraising Edge. The AP (10/14, Kuhnhenn) reports, "Incumbent senators entered the final weeks of the midterm campaign with substantial sums in their bank accounts, but challengers also stepped up fundraising to keep races competitive and ad buyers busy to the very end." Sen. Mike DeWine "had a $3 million advantage over Democratic challenger Rep. Sherrod Brown at the end of September. However, Brown had the edge on fundraising for the quarter, according to reports they plan to file with the Federal Election Commission." Sen. Maria Cantwell "said she had $3.5 million in the bank after raising $2 million in the past quarter. Her opponent, Republican Mike McGavick, outraised her this quarter, bringing in nearly $2.2 million for the period ending Sept. 30, and had $2.1 million on hand." Sen. Lincoln Chafee "reported about $700,000 on hand, compared with $1.4 million for his challenger, Sheldon Whitehouse."

Kerry Blasts Republicans Over "Lies" About Iraq, North Korea And Foley. The AP (10/14, Ramer) reports Sen. John Kerry "likened the congressional page scandal to the war in Iraq and the handling of North Korea, saying that Republicans have lied repeatedly. 'A lie, a lie, a lie, a lie. What we have in Washington is a house of lies, and in November, we need to clean house,' Kerry said Friday night during the New Hampshire Democratic Party's annual fall fundraising dinner. 'They tell us we're making progress in Iraq and that there is no civil war. That is a lie,' he said. 'It's immoral to lie about progress in that war in order to get through a news cycle or an election cycle.'

Allen's Cash On Hand Total More Than Double Webb's. The Washington Post (10/14, B5, Craig, 748K) reports James Webb "Outraised" Sen. George Allen "by nearly $1 million from July to October, according to campaign finance reports released yesterday that reflected a surge in support for the challenger after Allen made several controversial comments that dramatically tightened the race. Allen still has twice as much in the bank as Webb, but both candidates said they will have enough money in the campaign's closing weeks to compete on TV in the crucial advertising war that will help decide the outcome. Allen raised $2.6 million between July 1 and Sept. 30 and reported $5.5 million in the bank, according to his finance report, the last required before the Nov. 7 election." Webb "had $2.7 million in the bank at the end of September."

Allen Ads Hammer Webb On Gay Marriage And Taxes. The Washington Times (10/14, Bellantoni, McLaughlin, 88K) reports Allen "has been most effective pummeling the Democrat on taxes and social issues to rally his conservative base. 'Jim Webb, Hillary Clinton and their liberal allies in Washington don't want to give constitutional protection to traditional marriage,' an announcer says on an Allen radio ad. 'And if they don't share our values on something as basic as marriage, how can we trust them on any issue?' The ad, which is running in rural parts of the state, is one of several that hit the airwaves this week to paint Mr. Webb as a liberal out of touch with Virginia values."

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Menendez Leads Kean In Cash On Hand $5.5 Million To $3.2 Million. The New York Times (10/14, Chen, 1.21M) reports, "Posting his strongest fund-raising numbers to date, State Senator Thomas H. Kean Jr. has significantly reduced what had been a three-to-one advantage in resources for his opponent, Senator Robert Menendez, according to preliminary campaign finance data released on Friday. Yet in a caustic race that figures to be dominated by television advertising in its final four weeks, Mr. Menendez, the Democratic incumbent, still enjoys a solid lead in overall cash on hand, $5.5 million compared to $3.2 million for Mr. Kean. From July 1 to Sept. 30, Mr. Kean, a Republican, raised nearly $1.8 million and spent $866,000 — eclipsing his best fund-raising efforts over a three-month period, when he raised $1.6 million in the first quarter of this year." Menendez "had his slowest quarter of the year, collecting almost $1.4 million."

Steele Angered By Cardin's Attempts To Tie Him To Bush. The Washington Times (10/14, Ward, 88K) reports, "A visibly angry Lt. Gov. Michael S. Steele yesterday lashed out at Democratic attempts to tie him to President Bush and national Republicans in the U.S. Senate race, saying that he refuses 'to be the whipping boy for or against the Republican Party.' 'You know, I'm tired of this. I've got to justify everything the administration does, or everything it doesn't do. This is not about that,' Mr. Steele told reporters after participating in a forum conducted by the Washington County Chamber of Commerce. The Republican Senate nominee noted that his Democratic opponent, Rep. Benjamin L. Cardin, 'mentioned the president 113 times' during their debate last week." The Times notes Steele "previously had distanced himself from Mr. Bush, saying that his Republican Party affiliation is a 'scarlet letter' in Maryland, where Democrats outnumber Republicans 2-to-1. But he also has called the president his 'homeboy.'"

Steele Clarifies His Positions On Abortion, Guns. The Washington Post (10/14, B4, Mosk, Marimow, 748K) reports Steele "said yesterday that his strong personal opposition to legalizing abortion would not factor into his work in Washington, or his evaluation of a nominee for U.S. Supreme Court justice, should he be elected next month. 'I have no litmus test in that regard because my constitutional obligation is to represent the people of the state,' said Steele, who is Catholic. … The Republican candidate was less emphatic when asked about gun rights and suggested that his general support might not extend to assault weapons. 'You draw the line. I mean, what do you need an assault weapon for?' Steele said."

Rural "Racism" Considered A Threat To Steele's Campaign. The Washington Times (10/14, Miller, 88K), in an article titled "Rural Areas' Racism May Cost Steele Votes," reports, "Residents in Western Maryland and on the Eastern Shore say there are many whites among them who will not vote for a black candidate. … White voters in Republican strongholds in rural areas pose a threat to the senatorial ambitions of Mr. Steele, who already has battled race-baiting by Democrats in his Senate bid." The Times adds, "an elected Eastern Shore official -- a white Republican -- said privately that racism probably will hurt Mr. Steele 'a little bit' among white voters. In Hagerstown, Gail Curtis, a black hairstylist, said local residents have shouted racial slurs at her and her children. She has 'no doubt' that some white voters will be reluctant to cast a ballot for Mr. Steele because of his race."

Harris Said To Have "Squandered" GOP's Chance To Defeat Nelson. NBC Nightly News (10/13, story 7, 2:30, Williams, 9.87M), in its "In Depth" segment reported, "By her own admission, Katherine Harris' run for senate is an uphill fight. A fight that republican leaders like Jeb Bush never wanted her to wage." She "trails incumbent Bill Nelson by at least 18 points in recent polls and Republican leaders fear she's squandered a golden opportunity to gain a vulnerable Democratic seat." NBC noted, "Neither president Bush nor Florida Governor Bush have campaigned for Harris. When the president recently stopped for two other Florida candidates, he briefly shook her hand and only mentioned her in the audience."

Bay Area Liberals Mobilize Opposition To Doolittle And Pombo. The Los Angeles Times (10/14, Tempest, 918K) reports San Francisco Bay area liberal activists have focused on "two candidates vying for seats in bedrock conservative districts to the east, currently occupied by Republicans John T. Doolittle of Granite Bay and Richard W. Pombo of Tracy. Although most experts still give them a narrow edge, Doolittle, 55, seeking his ninth term, and Pombo, 45, pursuing his eighth, are in the toughest fights of their political careers going into the Nov. 7 election. Their Northern California races are considered the most competitive in the state. President Bush demonstrated his concern by showing up at fundraisers for the duo last week, garnering more than $1 million for their campaigns. But the prospect of upset victories contributing to a Democratic takeover of Congress — potentially installing San Francisco's Nancy Pelosi as speaker — has added another dimension to the Doolittle and Pombo races. Hundreds of volunteers and activists in Berkeley and other Bay Area communities have mobilized on the Democratic side, raising money, manning phone banks and carpooling into the districts to canvass neighborhoods for votes."

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Three Southern California GOP House Seats Safe Despite Corruption Allegations. The Los Angeles Times (10/14, Berthelsen, 918K) reports, "three Southern California Republicans with legal and ethical troubles of their own — including being named among the 'most corrupt members of Congress' by the public interest group Citizens for Responsibility and Ethics in Washington — are expected to coast to reelection in November." Rep. Jerry Lewis "is accused of earmarking hundreds of millions of taxpayer dollars for the clients of a lobbyist and close friend." Rep. Gary Miller "is accused of using his position in Congress to help a business partner and campaign contributor gain access to a prime piece of public land and of sheltering millions of dollars in real estate investment gains from taxes." Rep. Ken Calvert "is accused of earmarking millions of taxpayer dollars for transportation improvements near real estate developments in which he has a financial interest." The Times notes, "Even Lewis, who faces the most potential legal trouble as the target of an investigation by federal prosecutors, is on safe ground."

Democrats Work To Block Notices For Ballots Cast For Foley. The AP (10/14, Skoloff) reports Democrats "asked a state court Friday to block Election Day notices at polling places that would inform voters in Rep. Mark Foley's district that his GOP replacement on the ballot will receive his votes. … Foley's name is still on the ballot…and election supervisors want voters to know that votes for Foley will be given to state Rep. Joe Negron instead. Democrats say that would be electioneering, which is illegal under state law. 'We think the issue is very simple. What they propose to do is electioneering, and the law says electioneering is not allowed within 100 feet of a polling place. Simple as that,' said Democratic Party spokesman Mark Bubriski." Negron "called the Democrats' request 'a desperate attempt to try to confuse voters.'"

Several Other Once-Safe GOP Seats In Florida Considered Vulnerable. The Los Angeles Times (10/14, Williams, 918K) reports, "GOP candidates in several once-certain Florida races now appear to be in trouble." In the 13th District "Democrat Christine Jennings leads Republican Vern Buchanan by 12 percentage points, according to a recent poll, despite the wealthy Buchanan's $3 million contribution from his own pocket. Democratic State Sen. Ron Klein has been running neck-and-neck with Republican U.S. Rep. E. Clay Shaw Jr. for his 22nd District post. … Democrat Phyllis Busansky's bid for the 9th District has gained strength in the last two weeks, say campaign workers, who are awaiting new poll results. The former local government leader is facing Gus Bilirakis, son of retiring U.S. Rep. Michael Bilirakis."

Immigration Key In Hayworth House Race. The Financial Times (10/14, Luce) reports, "Every night between 6,000 and 6,500 foreigners try to cross from Mexico into the US, most of them into the desert state of Arizona. Some two-thirds of them succeed. If J.D. Hayworth's crushing handshake is any guide, future illegal aliens can expect much stiffer resistance at the border." His position not only puts Hayworth at odds with President Bush and Sen. John McCain, but also his Democratic opponent Harry Mitchell, "who polls say stands at least an odds-even chance at mid-term elections next month of ejecting the Republican from the seat he has held since 1994." At an event before a group from the National Association of Letter Carriers, Mitchell said, "We need to change the way business is done in Washington." While "hardly original, Mr Mitchell's plea appears to be sincere. As does Mr Hayworth's uncompromising line on immigration. 'My opponent,' says Mr Mitchell, 'wants to hire bond bailsmen –- call them bounty hunters –- to deport illegal immigrants. Is this the kind of America we want?' The postal workers evidently like Mr Mitchell. But their applause is not emphatic.

Anti-GOP Sentiment, Strong Challenger Present Hurdles For Wolf. The Washington Post (10/14, B6, Gardner, 748K) reports, "Northern Virginia's sprawling 10th District, which meanders 70 miles from McLean to the Shenandoah Valley, is nothing if not predictable. For 26 years, voters have sent Republican Frank R. Wolf of Fairfax County to represent them in Congress. That fact alone gives Wolf, 67, an enormous advantage over his Democratic challenger this year, Judy Feder. … But 2006 is not a year to assume that history will be a guide. The war in Iraq, high gasoline prices and the House page scandal are pushing voters away from President Bush's party -- even in a district viewed widely as Northern Virginia's most Republican. Add to that the uncertainty of seeking office in a fast-growing region where the political allegiance has shifted toward Democrats in recent elections, and the outlook for Wolf grows less bullish. Finally, consider the challenger: Though a political newcomer, Feder is a well-funded, well-spoken public policy expert whose aggressive campaign has caused several national political analysts and Web sites to list the 10th District as a race to watch."

WPost Endorses Wolf. The Washington Post (10/14, A20, 748K) endorses Wolf, saying, "we have had our disagreements" with Wolf "but those have been outweighed by our respect for his undisputed diligence, candor, active legislative approach and passionate commitment to human rights in some of the world's darkest corners."

Democrats Find Success Recruiting Physically Attractive Candidates. The Washington Post (10/14,

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A1, Murray, 748K) in a front page story reports, "Attractive politicians have an edge over not-so-attractive ones. The phenomenon is resonating especially this year. By a combination of luck and design, Democrats seem to be fielding an uncommonly high number of uncommonly good-looking candidates. The beauty gap between the parties, some on Capitol Hill muse, could even be a factor in who controls Congress after Election Day. … In most of the races, the Democratic challengers look a lot like standard-issue politicians -- not likely to impress the judges at Atlantic City. But there are others who, while they might not have movie-star looks, are certainly well above the C-SPAN median. The list is decidedly unscientific, but it includes several whose names come up often on Capitol Hill for reasons other than their policy platforms. Among those on it…are Brad Ellsworth, a swaggering Indiana sheriff; businesswoman Gabrielle Giffords of Arizona, who has chiseled features and rides a motorcycle; and Heath Shuler of North Carolina, a strapping former quarterback for the Washington Redskins. In Tennessee, Rep. Harold E. Ford Jr., a lean and stylish 36-year-old, has drawn admiring looks."

Political Candidates Find MySpace Useful In Communicating Message. The Wall Street Journal (10/14, A4, Lovley, 2.03M) reports, "Politicians across the country are discovering that a presence on social-networking sites such as MySpace isn't just a way of communicating with voters under 30, it is also a means of attracting volunteers and their donations. Howard Dean's 2004 presidential primary run underscored the Internet's untapped potential as a fund-raising tool, and political strategists say these networking sites go further by helping candidates to home in on specific audiences, beyond those who click on campaign Web sites."

Ehrlich And O'Malley To Engage In Two Debates Saturday. The Washington Post (10/14, B1, Wagner, 748K) reports, "After accusing one another of ducking debates for weeks," Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley "are preparing for a political rarity today: a doubleheader." After an hourlong debate in Baltimore this afternoon, "five hours later and 12 miles away, the Republican incumbent and Democratic challenger plan to meet again, this time at the Maryland Public Television station in Owings Mills for another hour-long showdown." The earlier debate will be taped and shown later at 7PM.

Dowd Warns McCain Against Attacking Hillary. Maureen Dowd in her column in the New York Times (10/14, 1.21M) warns that en. John McCain needs to be careful in criticizing Sen. Hillary Clinton because in the past when "men abused her" she became "a sympathetic figure to many voters." Recently McCain "managed to attack her three ways in one sentence: as a senator, as a wife and as a future opponent. This raises the question: Is it a smart move, pleasing a base that cringes at stories of these celebrity senators palling around, knocking back drinks on an overseas trip? Or is it a misstep, making Mr. McCain look like a sexist bully for pointedly blaming his fellow senator for her husband's old policies -- and calling her 'Mrs. Clinton' just to rub it in?"

UN Considers "Significant" Sanctions On North Korea. On the network TV news, the UN Security Council sanctions on North Korea were described in generally positive terms. Offering the most detailed TV coverage of the Administration's efforts to deal with North Korea, CBS Evening News (10/13, story 2, 2:10, Axelrod, 7.66M) reported that at the UN "they are moving with uncommon speed and consensus to get a resolution on sanctions. The resolution demands North Korea conduct no more nuclear tests and returns to the negotiating table, those so-called six party talks." US Ambassador to the UN John Bolton: "We refer to cargo you can have air cargo, sea cargo, and land cargo." Axelrod: "China's balking. It thinks inspecting the cargo could lead to a dangerous North Korean response but tonight it appears some compromise will be reached, united by the mutual need to confront North Korea." White House press secretary Tony Snow: "It's sort of like dealing with a bratty child. You give him a piece of candy and hope they'll shut up. Guess what? No more rewards for bad behavior. There will be punishments and consequences." Axelrod: "Secretary of State Rice will leave next week to meet with regional allies, work out the finer points of how to implement those sanctions. For instance, just how those inspections will be conducted, Katie."

In shorter stories ABC World News (10/13, story 4, 1:15, Karl, 8.78M) reported the UN Security Council resolution "will include a ban on weapon shipments. A ban on luxury goods. And it would freeze the weapons on anything related to North Korea's weapons system. And this will be enforced or open to enforcement by inspection of all cargo going in and out of North Korea. These are significant sanctions, even if they are a bit watered down from what the United States wanted."

And NBC Nightly News (10/13, story 3, :30, Williams, 9.87M) briefly, "The United Nations Security Council plans to vote on a resolution tomorrow call for sanctions against North Korea and condemning that nation's recent nuclear test. The resolution does not however talk about any kind of military option. China and Russia objected to that."

In contrast, the major papers' stories focused on China and Russia's objections to the draft proposal. The New York Times (10/14, A1, Hoge, 1.21M) reports, "The United States pressed for a Saturday vote on a Security Council resolution

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that would impose sanctions on North Korea for its reported nuclear test, but questions from China and Russia on Friday evening cast the timing and possibly the content of the document into doubt." US Ambassador to the UN John R. Bolton "said the new problems appeared 'technical' rather than 'substantial,' but said they would require another conference of Japan and the five permanent Council members." He also "indicated that one area of dispute remained the methods and legalities of how to inspect cargo." The measure "had already been softened three times this week to meet objections from China and Russia," and Washington officials were "apparently confident of the imminent passage of the measure," as "Senior State Department officials portrayed the United Nations momentum toward a resolution as evidence of a united, multilateral front agreeing to punish North Korea."

The Washington Post (10/14, A14, Kessler, 748K) adds, "China, backed by Russia, insisted that the United States include greater assurances that the resolution could not be used to justify the armed seizure of North Korean ships traveling in international waters." China's U.N. ambassador, Wang Guangya, also said "that a ban on luxury goods was unnecessary and too vague." Bolton noted "that Russia raised concerns late Friday about four new problems with the text," including "how we will define nuclear, biological and chemical and weapon-related materials and ballistic missile components."

The Financial Times (10/14, Fifield) reports, "The dispute over the extent of sanctions reflects differences over the purposes of the measure. While the US and perhaps Japan are eyeing regime change, China and South Korea would be happy with a change in behaviour." Also, "doubts are being cast on the effectiveness of whatever measures are agreed. With China and South Korea fearing the collapse of their volatile neighbour, and with a large proportion of North Korea's income coming from illegal trade, even targeted sanctions would have a limited impact." Another Financial Times (10/14, Turner) article also covers this story, as does the Los Angeles Times (10/14, Farley, 918K), the Washington Times (10/14, A1, Gertz, Pisik, 88K), the AP (10/14, Lederer) and Bloomberg (10/14, Zeranski).

Preliminary Test Consistent With Nuclear Detonation. The New York Times (10/14, Mazzetti, 1.21M) reports, "American intelligence officials said on Friday evening they had found new evidence that the country detonated a nuclear bomb." The office of John D. Negroponte, the director of national intelligence, sent a document sent to lawmakers on Capitol Hill saying that "an analysis of air samples taken in the region on Wednesday found radioactive material that is 'consistent with a North Korean nuclear test.'" However, a senior intelligence official "said that the results were still preliminary and that final analysis of the data would not be completed for several days." State Department spokesman Sean McCormack sounded a similar note, saying, "We're in the process now of going through, looking through all the data and all the facts to try to come up with the best possible explanation for what, exactly, happened there," but, "We don't know yet." The Washington Post (10/14, A14, Linzer, Pincus, 748K) adds, "intelligence and administration officials were cautious about reaching a conclusion before reviewing all incoming data." The Washington Times (10/14, A1, Gertz, Pisik, 88K), the Financial Times (10/14, Turner), and the AP (10/14, Burns, Gearan) also cover this story, as does a separate New York Times (10/14, Hoge, 1.21M) article.

Experts Say Kim Isn't Crazy, But Still Is Dangerous. McClatchy Newspapers (10/14, Johnson) reports that "the whispers in the West that the secretive Kim is crazy are simply wrong, experts say." However, there is "A profound mistrust between North Korea and the United States," as "North Korea believes that Washington is bent on its destruction." Cui Yingjiu, a scholar on North Korea retired from Beijing University and a university classmate of Kim, says that "if Kim is backed into a corner…his regime is capable of selling one of his nuclear weapons to a terrorist group or sparking a calamitous war by bombing Japan." The Wall Street Journal (10/14, A5, 2.03M) notes, "Experts say it is highly unlikely North Korea would drop a nuclear bomb," but a "bigger concern is that North Korea will help Iran proceed with a nuclear-weapons program by sending it technology and supplies, or that it becomes a nuclear-weapons supplier to terrorists who might not be deterred by retaliation since they don't reside in any one nation state."

US Military Plays Stabilizing Role Along DMZ. CBS Evening News (10/13, story 3, 2:45, Couric, 7.66M) reported, "Of course, nowhere is the tension between the two Koreas more palpable than along the demilitarized zone, the D.M.Z., where soldiers from both countries have been staring each other down for more than half a century." CBS (Pizzey): "The North Koreans have said sanctions amount to an act of war, but where north meets south at the D.M.Z., it was business as usual today." Taewoo Kim, Korean Institute for Defense Analyses: "They are aware of even the disadvantages that have to face after nuclear tests." Pizzey: "That certainly included the hardships of sanctions, but any hope that will lead to a popular uprising by people who live in poverty and as satellite images show, in the dark, is considered wishful thinking. There is no known organized opposition in North Korea and the regime has ensured that military options against it are limited." And "South Korean troops routinely strike a martial arts pose as they stare over the demarcation line while the 28,000 U.S. troops who back them up are required to be as much diplomats as fighting men." US Army Capt. David Fischer: "We're here to deescalate issues that may occur. That's our first rule of engagement, deescalate."

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Koreans In Japan Unable To Send Care Packages To North With New Embargo. McClatchy Newspapers (10/14, Doi) reports, "Japan's decision to ban all shipping to North Korea starting Saturday in response to the North's apparent nuclear test this week will cut off care packages from ethnic Koreans who have lived in Japan for decades," including "the divided family of ethnic Korean filmmaker Yang Yonghi," who "made the documentary film 'Dear Pyongyang' based on her visits to her brothers in North Korea over the past decade," which won "the NETPAC Asian award at the Berlin International Film Festival and the special jury prize at the Sundance Film Festival this year."

Former Nuclear Monitor Blames Administration For Terminating Agreement With North Korea. Jon B. Wolfsthal, who monitored North Korea's nuclear program for the United States and is a fellow at the Center for Strategic and International Studies, writes in an op-ed in the New York Times (10/14, 1.21M) that the "Agreed Framework helped us avoid a military conflict that could have destroyed Seoul" and "froze Pyongyang's plutonium program." When American intelligence agencies confirmed that North Korea was trying to acquire a uranium enrichment program," the Administration, "instead of working within the framework to get North Korea to abandon its nuclear efforts…terminated the agreement altogether." This "jettisoned something of great diplomatic value…the willingness of North Korea to let Americans -- with whom they were legally at war -- into their nuclear center to secure plutonium-bearing fuel rods for internationally monitored storage." While "administration supporters and commentators are seeking to blame the framework for all our problems," without it, "North Korea would have immediately acquired enough plutonium to produce more nuclear weapons and would have completed construction of two much larger weapon production reactors." The inspectors "protected America from danger and our efforts delayed the onset of the nuclear crisis we now face. To argue otherwise is to play politics with history."

WSJournal Argues Bush's PSI & Regime Change, Not Arms Control, Stops Nuclear Threats. The Wall Street Journal (10/14, A6, 2.03M) editorializes, "The good news here is that at long last the U.N. is attempting to enforce its own nonproliferation regime," but "it took an actual nuclear blast following a long-range missile test this summer to motivate the Security Council to take even these modest actions." Both "North Korea and Iran are revealing the limits of arms control treaties in restraining rogue states bent on gaining nuclear weapons and other WMD," as they cheated on arms control agreements they signed. "The beginning of wisdom is to realize that the threat hasn't ended merely because a rogue regime signs an arms-control treaty." For stopping "rouge bomb makers, "short of deposing a regime, the most successful policy has been the Bush Administration's Proliferation Security Initiative." It differs from the Nuclear Nonproliferation Treaty in "that the PSI doesn't give the feckless or evil a veto over what it does. It is a coalition of countries with a shared sense of purpose, and above all the willingness to act."

China Allowing Refugees Suggested As Way To Deal With North Korea. Melanie Kirkpatrick writes for the Wall Street Journal (10/14, A6, 2.03M) editorial board, "If China is to assume what it considers to be its rightful place as a great power, now is the moment." as it is "the only government with a measure of influence over its lunatic nuclear ward in the Hermit Kingdom." Although not yet publicly discussed, "Opening the frontier to refugees would put pressure on Kim Jong Il to give up his nukes or watch his regime implode." Besides, "three official Chinese government documents -- obtained privately and smuggled out of the country -- show that the humanitarian crisis may be more dire than widely believed and the burden on China heavier," and "Allowing the world to help the North Korean refugees in China would help Beijing deal with a problem that is likely to get worse."

Rice Trip To Asia Expected To Focus On Nonproliferation. Towards the end of an article on the proposed UN sanctions against North Korea, the New York Times (10/14, Hoge, 1.21M) reports that Secretary of State Condoleezza Rice will "travel to Asia next week to discuss how to implement the" expected UN resolution against North Korea, "as well as to discuss other efforts to deter North Korean proliferation of a nuclear bomb or bomb-making materials. Sean McCormack, the State Department spokesman, said Ms. Rice would travel to Tokyo, Seoul and Beijing." He added that the trip "is 'an opportunity for her in the region to reaffirm and talk about the strength of our existing alliances there, and also to have a bit more of a wider conversation with others in the region about the current situation, about the security situation, and also to talk broadly about nonproliferation efforts.'"

The Financial Times (10/14, Turner) adds that "Chris Hill, assistant secretary of state and chief negotiator at the stalled talks with North Korea, told reporters Ms Rice's aim was to ensure the UN resolution had 'teeth and will function properly'." The Washington Post (10/14, A14, Kessler, 748K), the Washington Times (10/14, A1, Gertz, Pisik, 88K), and Bloomberg (10/14, Zeranski) also mention Rice's trip in stories focusing on the UN sanctions.

Nuclear Bombs Are Harder To Make Than Commonly Thought. McClatchy Newspapers (10/14, Boyd) reports that making nuclear weapons "takes a wide set of technical capabilities and a willingness to risk death or injury to join the club of nuclear nations." The scientifically oriented article describes the technical pitfalls at each step of the process for nuclear-weapon aspirants.

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Iran Said To Be Watching How North Korea Is Handled. The Wall Street Journal (10/14, A2, Seib, 2.03M) reports, "Now may be the time to shelve for good the image of George W. Bush as a unilateralist, go-it-alone cowboy." The Administration "is embarking in coming days on an exceptionally complex set of diplomatic maneuvers to try to contain, simultaneously, the nuclear threats from North Korea and Iran," although "It's hard to say whether the stereotype was wrong, or whether an unfriendly world forced a change." Still, "the stakes are huge. Iran will be watching intently to see whether the U.S. actually can organize a meaningful world response to North Korea's provocation. It's entirely possible that only a truly united response will give the Iranians pause -- which is the real test of the Bush team's newfound fondness for multilateral diplomacy."

Iranian Hard Liners Said To Benefit From US Economic Measures. In a front page story in the Wall Street Journal (10/14, A1, Higgins, 2.03M) reports that "an unintended consequence of U.S. foreign policy" has been that "instead of weakening Iran, America's efforts to squeeze the country ended up boosting the very hard-line forces there that the U.S. wants to curb." Iranian businesses "roil" due to "potent political forces…including the heavy hand of elements close to Iran's hard-line president. Prominent among those forces in business today is the Islamic Revolutionary Guard Corps," which takes over businesses weakened by the US measures.

SEC Fines Statoil Over Iranian Payment. The Wall Street Journal (10/14, A8, Talley, 2.03M) reports, "The Securities and Exchange Commission and Justice Department levied a $21 million fine against Norwegian oil company Statoil ASA for a payment it made in 2002 to win development of a critical Iranian petroleum project." Statoil "already paid Norwegian authorities $3 million for the affair" and "acknowledged making the payment." It said "it would accept the penalties. Statoil Chairman Jannik Lindbaek said the incident occurred under the company's previous management and that the company has 'long deplored' it." The SEC "said it wanted to make the Statoil fine high to send a clear signal to other companies."

Ban Appointed Secretary General Of UN. The New York Times (10/14, Hoge, 1.21M) reports, "Ban Ki-moon, the foreign minister of South Korea, was appointed Friday by the General Assembly as the next secretary general of the United Nations" and was "greeted by sustained applause as he walked onto the rostrum to make his acceptance speech." Ban "listed his priorities as reforming the United Nations, meeting development goals established in 2000, establishing human rights, confronting threats posed by terrorism and weapons of mass destruction, slowing environmental degradation and curbing the spread of AIDS." He also "asked that people understand his modest manner as a cultural attribute and not misread it as lack of decisiveness or passion." The Washington Post (10/14, A14, 748K) adds that UN Secretary General "hailed Ban as 'exceptionally attuned to the sensitivities of countries and constituencies in every continent.'"

New UN Leader Expected To Make North Korea A Priority. CBS Evening News (10/13, story 3, 2:45, Couric, 7.66M) reported, "The General Assembly approved a new Secretary General who is very familiar with the Korean dispute. Ban Ki-Moon is South Korea's foreign minister. He has said improving relations with Kim Jong-Il's government will, in fact, be his top priority." The AP (10/14, Lederer) adds, "Ban has been in the forefront of South Korea's nuclear negotiations with Pyongyang and has said he plans to travel to North Korea as secretary-general, something Annan never did."

Cohen Says Ban Needs To Use Moral Authority To Open North Korea. Roger Cohen writes in his column in the New York Times (10/14, 1.21M), "Can a South Korean secretary general of the United Nations" open "the hermit state of a nuclear-armed North Korea?" Ban Ki-Moon "is short on the charisma that made Pope John Paul II a force. But the unanimity he engineered for his nomination testifies to his powers, and sitting atop the UN confers access, authority and agenda-setting discretion not granted by national office." Also, "a chastened U.S. commander-in-chief" is "turning to diplomacy, which is to say the United Nations, at the same time as the organization prepares to greet a new leader for whom the intricacies of the Korean Peninsula are everyday fare. On the face of it, that's a situation with potential." While "fundamental problems remain" – "China has no interest in" Kim's fall, and South Korea is "more intent on the peninsula's stability than its freedom" – if Ban "leaves office with the Korean Peninsula still divided, and 23 million North Koreans still bowing and scraping to Kim, history may prove severe in its judgment."

Violence Continues In Gaza. The New York Times (10/14, Myre, 1.21M) reports that illustrating "the relentless turmoil that has gripped Gaza since militants seized an Israeli soldier and took him to the territory," gunmen from Hamas and Fatah "battled each other overnight and during the day on Friday, leaving a teenager dead and nearly 50 people wounded in the northern Gaza town of Beit Lahiya." Meanwhile, "Four Palestinians, including three Hamas militants, were killed Friday in a second day of deadly clashes with Israeli forces in the Gaza Strip." While "Palestinian prime minister, Ismail Haniya, of Hamas, tried to calm the atmosphere during a midday speech," but despite his and Palestinian Authority president Mahmoud Abbas's pleas, "the internecine fighting has grown worse in recent weeks." The

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Los Angeles Times (10/14, Ellingwood, 918K) also covers this story.

Bush Expands Sudan Sanctions. The AP (10/14, Riechmann) reports, "President Bush signed an executive order Friday that stiffens sanctions on Sudan and its oil industry in an effort to persuade the government to accept U.N. peacekeepers and stop killings of civilians in Darfur." It "continues a countrywide blocking of the Sudan government's property, and prohibits transactions related to Sudan's oil sector." The White house says the order "imposes sanctions against those responsible for genocide, backs measures to protect civilians and humanitarian operations and supports peace efforts in the war-torn land."

Incentives Said To Favor Russian, Georgian Escalations. The Washington Times (10/14, Sands, 88K) reports that, according to regional security analysts, "The bitter dispute that erupted last month between Russia and Georgia is a 'perfect storm' of mutual suspicion and hostility in which both sides have their reasons for escalating the tension." While "the European Union and the U.N. Security Council have appealed for calm…both Georgian President Mikhail Saakashvili and Russian President Vladimir Putin could benefit from the clash." Saakashvili wants "a Russian 'overreaction' to boost his popularity at home and to attract U.S. and European support for Georgia's long-term hopes to break away from Moscow's influence and join such Western institutions as NATO and the European Union," while "Russia and Mr. Putin are equally keen to slap down Georgia, in part to punish Tbilisi for its desire to ally with the European Union and United States and in part to show Ukraine and other former Soviet states on its border the costs of pulling away from Moscow in favor of the West."

Britain, Ireland Offer New North Ireland Agreement. The New York Times (10/14, Cowell, 1.21M) reports, "After three days of closed-door negotiations, Britain and Ireland on Friday offered a compromise formula to restore Northern Ireland's power-sharing government by next March, allowing for an election or referendum to endorse the deal." However, it "was not immediately embraced by the province's fractious political parties," and "it is not certain that an agreement sponsored by London and Dublin will be enough to survive the tripwires of Northern Ireland's fissured politics." Prime Ministers Tony Blair of Britain and Bertie Ahern of Ireland "refrained from high-flown language to herald the end of the negotiations." The Democratic Unionists "had been pressing for Sinn Fein…to commit itself completely to respecting the province's police force" and "Sinn Fein has been pressing for" The Rev. Ian Paisley, the Protestant leader, "to sit in a power-sharing government as first minister with a republican leader as his deputy." Under the agreement, "each side would have to accept the other's demands," and "On Friday, at least, they seemed determined to do that." Northern Ireland's political parties would have until Nov. 10 to agree to the plan.

The Washington Post (10/14, A13, Sullivan, 748K) adds, "Blair and Ahern had said that if the parties could not reach agreement by Nov. 24, the province would have everything from water rates to education controlled by the central government in London. The St. Andrews talks were an attempt to avert that outcome."

The Financial Times (10/14, Adam, Brown) is more optimistic, reporting that "After lengthy overnight talks, Thursday's pessimistic mood began to dissipate," and "there was optimism that Ian Paisley's Democratic Unionists and Sinn Fein could within weeks overcome long-standing differences and agree to form a joint power-sharing executive." It refers to "evidence that republicans and unionists were edging closer to a deal over power-sharing." Blair "put a positive gloss on the talks, but acknowledged there was still some way to go to secure a deal and that the talks could yet unravel."

The Los Angeles Times (10/14, Murphy, 918K) takes a more negative tone, leading that "the prime ministers of Britain and Ireland failed to bring Northern Ireland's feuding parties to immediate agreement on power sharing, but worked out a proposal that could establish a new joint government."

Unlike Neighbors, Chile Embraces Trade With China. The Los Angeles Times (10/14, Dickerson, 918K) reports, "Chinese competition has put hundreds of textile manufacturers in Latin America out of business," but "Chile has cobbled one of Latin America's most successful trading relationships with the Asian giant. While other countries in the region maintain high tariffs on Chinese goods, Chile is busy tearing down trade barriers." Also, "in contrast to countries such as Mexico, where domestic producers are clamoring for protection, Chilean manufacturers are among the strongest supporters of the free-trade deal with China." Patricia Perez, general manager of a Santiago-based medical products company and president of AsexmaChile, an exporters' trade group, said, "'We see an opportunity to find niches for our products in China … and to make Chile a platform' for Chinese manufacturing and trade with the rest of Latin America."

Book Examines Spy That Betrayed US Intelligence Secrets To Cuba. McClatchy Newspapers (10/14, Bachelet) reports that Ana Belen Montes, who was a senior Cuba analyst for the Defense Intelligence Agency, "gave Havana detailed information on U.S. eavesdropping programs aimed at the Castro

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government, allowing Cuba to mount effective counterintelligence and deception operations for year, according to" the book "Enemies: How America's Foes are Stealing Our Vital Secrets and How We Let it Happen" by Bill Gertz, a defense correspondent for The Washington Times. "Some U.S. officials rank the damage she did with that caused by Aldrich Ames and Robert Hanssen, the infamous CIA and FBI turncoats for Moscow whose information resulted in the deaths of dozens of U.S. agents," and "the book also says there are 'indications' that her spying may have led to the deaths of some U.S. agents in Latin America, but it provides no details." It also "paints an embarrassing picture for U.S. spy-catchers."

Founder Of Micro-Loan Program Awarded Nobel Peace Prize. The award of the Nobel Peace Prize to Muhammad Yunus for his international micro loan program received significant media attention. NBC and CBS only briefly mentioned it, but ABC World News (10/13, lead story, 2:40, Gibson, 8.78M) in a full story segment contrasted his generosity with US congressional scandals reporting, "In Democracies around the world, people are elected to serve the public good. Tonight, a man who held no office, yet helped more families than most politicians ever do, was awarded the Nobel Peace Price."

The Washington Post (10/14, A1, Moore, 748K) in a front page story reports, "The Grameen Bank's pioneering use of micro-credit has been duplicated across the globe since Yunus started the project in his home village three decades ago. Loans as low as $9 have helped beggars start small businesses and poor women buy cellular phones and basket-weaving materials." The New York Times (10/14, Dugger, 1.21M) and the AP (10/14, Hossain) report similar details.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
All Eyes Are on Schools Chief as He Takes Stage
Lost in the Dust of 9/11
Trusting a Promise to Care
GOP's Sure Bets in Florida Now Appear in Question
Peace Prize Winner Sees Every Cent as a Seed
Brewer Aced His Final
Vote on N. Korea Faces Last Hurdles

New York Times:
U.S. Hits Obstacle in Getting a Vote on North Korea
Gay Marriage Losing Punch as Ballot Issue
Wall St. Woos Film Producers, Skirting Studios
Mrs. Astor's Son to Give Up Control of Her Estate
Peace Prize to Pioneer of Loans to Poor No Bank Would Touch
A Cult of Backyard Rocketeers Keeps the Solid Fuel Burning
Earnings for Insurers Are Soaring
London and Dublin Offer Northern Ireland a Compromise
Discord? Not Here, British Say After General's Iraq Comment
Congressman Pleads Guilty but Won't Resign for Now
Snowstorm Blankets Buffalo, Killing at Least 3
Small-Plane Pilots Must Ask Before Flying Up East River

Washington Post:
Dozens of Protesters Arrested On Gallaudet President's Order
New Law Cripples Internet Gambling
Micro-Credit Pioneer Wins Peace Prize
Ney Pleads Guilty to Corruption Charges
Democratic Faces That Could Launch Thousands of Votes
Iraqi Colonel Who Bridged Sectarian Divide Is Killed

Washington Times:
U.S. finding indicates nuclear test
GOP's Ney pleads guilty
Rural areas' racism may cost Steele votes
Body of missing student found in Vermont
Gallaudet rally broken up
Air America files for bankruptcy, will stay on the air
Suit over illegals OK'd for workers at Tyson Foods

Atlanta Journal-Constitution:
Home Depot set to enter China market
Dacula woman hits lifetime lotto
Lakewood has been 'like family'
Conyers school, NASA partner
Settlement opens realty listings
Fulton tries to polish its image

Dallas Morning News:
Coal plant interests give Perry $132,000
Departure from Wright era begins
House fire kills boy, 5, grandmother
Girl's killer gets death penalty
Kaufman suspect charged

Houston Chronicle:
Head's 20 points lead Rockets past Hawks
Suburbs focus on crime, not nationality
Expert: Native disease killed Aztecs, still may lurk
Attorney hired by Mexico to aid Quintero's case
Hidden bag reveals big cash, bad blood
Houston meteorite hunters may join in record find
Students create mosaic of Fifth Ward history
Palmer ends 52-year golf career at Administaff
Sellers get savvy to Latino diversity

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Story Lineup From Last Night's Network News:
ABC: Nobel Peace Prize; Ney Pleads Guilty; GOP Foley Rift; North Korea Nuclear Test; British General Defends Iraq Remarks; US Iraq Casualties Mourned; Buffalo Snow; Flight Attendant Counterror Training; Air Force Memorial; Skateboarder.
CBS: US Troops Iraq Policy Shift; North Korean Nuclear Test; Korean DMZ Tensions; Guantanamo Detainees; FAA NY Flight Ban; Kolbe Page Questions; Buffalo Snow; Iraq Policy Options; Obama Energy Dependence Warning; Nobel Peace Prize; Woodpecker Research.
NBC: UK General On Iraq, Exiles From Iraq, North Korea And The UN, Buffalo Snow, Ney Plea, Kuo Book, Katherine Harris Campaign, NYC Plane Crash, Nobel Peace Prize, Bono Charity.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH – THE PRESIDENT'S SCHEDULE. Highlights: President and Mrs. Bush depart The White House en route Arlington, Virginia - The United States Air Force Memorial. President and Mrs. Bush depart arrive the United States Air Force Memorial. Makes Remarks at the United States Sir Force Memorial Dedication. The United States Air Force Memorial, Arlington, Virginia. President and Mrs. Bush depart The United States Air Force Memorial en route The White House.
President and Mrs. Bush Arrive The White House. President and Mrs. Bush depart The White House via Marine One en route Camp David. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Other: Oct. 11 - 14. NEUROMUSCULAR MEDICINE _ The American Association of Neuromuscular and Electrodiagnostic Medicine holds its annual meeting. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW. Contacts: n/a, 507-288-0100

Oct. 13 - 14. HOME REHAB _ The Rebuilding Together home rehabilitation organization holds its 18th annual conference. Highlights:
2:30 p.m. New CEO Gary Officer visits an all-day rebuilding event. 1903 Kearney St. NE. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Hwy., Arlington, Va.
Contacts: Cindy Price, 202-483-9083

Oct. 14 - 15. GAIA THEORY _ Weekend program on ``The Gaia Theory: Model and Metaphor for the 21st Century." Location: George Mason University law school, 3301 Fairfax Dr., Arlington. Contacts: n/a, 703-528-5406 On the Net: http://www.gaiatheory.org

Oct. 14 - 23. PSYCHIATRIC SERVICES _ The American Psychiatric Association hosts its 2006 Institute on Psychiatric Services.
Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

9 a.m. POLISH/HUNGARIAN UPRISINGS _ The Cold War Museum, in conjunction with the Embassies of Hungary and Poland, will convene a gathering of diplomats, officials and historians to discuss the 1956 Polish and Hungarian uprisings against the Soviets and Communism. Highlights: 9 a.m. Welcome by Jay Rowley, Student Government President, SCSS; Dr. Richard Moniuszko, Deputy Superintendent of Schools, FCPS; Gerry Connolly, Fairfax County Board of Supervisors Chairman; and Francis Gary Powers Jr., The Cold War Museum. 9:30 a.m. Video Screening: Polish documentary on 1956 Poznan Uprising. 10 a.m. Panel 1 - The Polish Perspective: Dr. Padraic Kenney; Dr. Krzysztof Persak; Dr. Marek Chodakiewicz. Moderator: Dr. Christian Ostermann. 11:30 a.m. Video Screening: Video Interview with General Bela Kiraly. 12 p.m. Panel 2 - The Hungarian Perspective: Dr. Imre L. Toth; and Dr. Charles Gati. Moderator: Dr. Christian Ostermann. 2:15 p.m. - 3:45 p.m. Panel 3 - The International Perspective: Dr. Sergei Khrushchev, son of Soviet Premier Nikita Khrushchev; and David Eisenhower, grandson of President Dwight D. Eisenhower. Moderator: Dr. Christian Ostermann. 3:45 p.m. - 4 p.m. Closing Remarks by Francis Gary Powers Jr. 4 p.m. - 5 p.m. Signings of ``Failed Illusions: Moscow, Washington, Budapest, and the 1956 Hungarian Revolt' by Dr. Charles Gati. ``Lorton - Then & Now." Location: South County Secondary School, 8501 Silverbrook Road, Lorton, Va. Contacts: Francis Gary Powers Jr., 703-273-2381

11 a.m. - 3 p.m. THEODORE ROOSEVELT BIRTHDAY _ The National Parks Service celebrates President Theodore Roosevelt's 148th birthday anniversary. Activities will include ranger-led walks, birdhouse building, children's crafts, live animals and exhibits. Location: Theodore Roosevelt Island. Contacts: 703-289-2550

1:30 p.m. AIR FORCE MEMORIAL _ Dedication ceremony for the Air Force Memorial. Secretary of Defense Donald H. Rumsfeld, Secretary of the Air Force Michael Wynne and Chief of Staff Gen. T. Michael Moseley, deliver remarks at the Air Force Memorial Dedication. Secretary of the Air Force Michael Wynne, Under Secretary of the Air Force Ronald Sega, Chief of Staff Gen. T. Michael Moseley, Air Force Chief of Chaplains, Chaplain (Maj. Gen.) Charles Baldwin and Chief Master Sgt. Rodney McKinley will conduct a media availability at 11:30 a.m. after the wreath-laying at the Air Force Memorial. Secretary of the Air Force Michael Wynne, Under Secretary of the Air Force Ronald Sega, Chief of Staff Gen. T. Michael Moseley and Chief Master Sgt.

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Rodney McKinley will conduct a media availability at 3 p.m. after the Air Force Memorial dedication. Location: 1 Air Force Dr., Arlington. Contacts: Richard Baker, 202-585-2084 On the Net: http://www.airforcememorial.org

6 p.m. BLACK GOLD _ Preview screening of documentary ``Black Gold,'' a documentary on Ethiopian coffee farmers. Q and A session follows the showing. Location: D.C. Convention Center. Contacts: Helen DaSilva, 617-728-2409

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, October 16, 2006 8:26 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, October 14, 2006
Attachments:	dojclips061014.pdf; dojclips061014.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, OCTOBER 14, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

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Government Argues To Uphold Warrantless Surveillance Program (AP)

By Jim Irwin, Associated Press Writer

AP, October 14, 2006

DETROIT -- The Justice Department on Friday asked a federal appeals court to throw out a lower court decision that said the Bush administration's warrantless surveillance program is unconstitutional.

The president has said the program is needed in the war on terrorism. U.S. District Judge Anna Diggs Taylor in Detroit agreed with the program's opponents when she ruled Aug. 17 that the program violates the rights to free speech and privacy and the separation of powers.

Government lawyers said in pleadings filed Friday with the 6th U.S. Circuit Court of Appeals that the surveillance program "is necessary to protect the nation from an ongoing national security threat of the highest order and is vital to waging and winning the ongoing armed conflict."

Taylor's injunction "dismantles a vital tool that already has helped detect and disrupt al-Qaida plots," the Justice Department attorneys argued. They also said Taylor's order barring use of the program "in any way" showed the judge dealt with sensitive national security issues in a "blunderbuss manner."

A three-judge panel of the Cincinnati-based appeals court ruled Oct. 4 that the administration could keep the program in place while it appeals Taylor's decision. The judges said their ruling considered the likelihood an appeal would succeed, the potential damage to both sides, and the public interest.

The appeal is likely to take months.

Taylor's ruling came in a lawsuit filed by the American Civil Liberties Union seeking to block the program. Kary Moss, executive director of the ACLU's Michigan chapter, said Friday that the government's arguments buttressed "a very dramatic power grab" by the Bush administration.

"There's an awful lot of hyperbole in there, and fear mongering -- suggesting we're at war when Congress has declared no war," Moss said in a telephone interview. "They want to act as a kingdom. But we live in a democracy."

The surveillance program monitors international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to act.

The ACLU sued the National Security Agency in January on behalf of journalists, scholars and lawyers who claim the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: http://www.ca6.uscourts.gov

Taylor's ruling: http://www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

ACLU information on the case: http://www.aclu.org/nsaspying

National Security Agency: http://www.nsa.gov

Southern Command Probe Gitmo Charges (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 14, 2006

The U.S. Southern Command on Friday launched an investigation into "credible allegations" that guards at Guantanamo Bay abused detainees, and appointed an Army colonel to head the probe.

The Pentagon's Inspector General's office told The Associated Press on Friday that it had ordered the Miami-based Southern Command to investigate after Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed the "hotline" complaint last week.

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Vokey attached a sworn statement from his paralegal, Sgt. Heather Cerveny, 23, in which she said several guards in a bar at Guantanamo Bay bragged about beating detainees and described it as common practice.

"Other ones of them were talking about how when they get annoyed with the detainees, about how they hit them, or they punched them in the face," Cerveny said during a telephone interview Thursday night. "It was a general consensus that I (detected) that as a group this is something they did. That this was OK at Guantanamo, that this is how the detainees get treated."

Cerveny visited the U.S. Naval Base in Cuba last month and said she spent an hour with the guards at the military club. The guards quit discussing beating detainees after finding out she works for a detainee's legal team.

In her complaint, she wrote: "From the whole conversation, I understood that striking detainees was a common practice. ... Everyone in the group laughed at the others' stories of beating detainees."

Asked Thursday if the conversation could have been exaggerated bar talk, she said, "I don't think that they were trying to impress me in any way. They were already in a discussion in there when I walked into a group."

She said she filed the complaint because "I don't think it's right for us to be allowing these prisoners to be treated poorly ... I think we should hold ourselves to a higher standard."

Gary Comerford, spokesman for the Pentagon's Inspector General's office, told the AP that in the past two days, the case "has been referred to Southcom for action. They're going to have to look into this."

Gen. John Craddock, the commander of the Southern Command, said later Friday that he had ordered the investigation, headed by an Army colonel, to begin.

"The investigation is consistent with U.S. Southern Command's policy to investigate credible allegations of abuse" at Guantanamo detention facilities, the Southern Command said in a statement.

The military Joint Task Force that runs the detention camps in Guantanamo Bay pledged to work with investigators from the Southern Command, which oversees U.S. military operations in the Caribbean and Latin America.

"The Joint Task Force will cooperate fully with Southcom to learn the facts of the matter and will take action where misconduct is discovered," said Navy Cmdr. Rob Durand, spokesman for the detention center, in an e-mail to the AP from the base.

He insisted that his group's mission "is the safe and humane care and custody of detained enemy combatants. Abuse or harassment of detainees in any form is not condoned or tolerated."

The Inspector General receives 14,000 tips on misconduct each year via the hotline, and opens 3,000 cases each year as a result, Comerford said.

There are now 454 detainees at Guantanamo Bay, according to Vincent Lusser, a spokesman for the Geneva-based International Committee of the Red Cross.

The Red Cross just completed a two-week visit to the prison, meeting the alleged mastermind of the Sept. 11 attacks and 13 other high-profile detainees who were transferred there weeks ago from CIA custody.

Guantanamo Bay began receiving prisoners, most of them captured in Afghanistan and Pakistan, in January 2002. Only 10 of the detainees have been charged with crimes.

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Associated Press Writer Thomas Watkins in San Diego contributed to this report.

Red Cross To Issue Suggestions To U.S. (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 14, 2006

The Red Cross will make confidential recommendations to the U.S. government after meeting at Guantanamo Bay with 14 new detainees, including the alleged mastermind of the Sept. 11 attacks, a spokesman for the humanitarian organization said.

The encounters apparently mark the first time the 14 detainees have spoken with anyone other than their captors since they were arrested. They had been held in CIA custody at secret locations, and were transferred weeks ago to the Guantanamo Bay Naval Base in southeastern Cuba.

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The men include Khalid Sheikh Mohammed, who allegedly planned the Sept. 11 attacks on the United States, as well as the alleged architect of the 2000 bombing of the USS Cole and the alleged plotter of the 1998 U.S. Embassy bombings in Kenya and Tanzania.

President Bush announced Sept. 6 that the 14 men had been moved from CIA custody to Guantanamo Bay for trial and that "there are now no terrorists in the CIA program."

The Red Cross would be concerned if the secret CIA prisons were to resume operation, Vincent Lusser, a spokesman for the International Committee of the Red Cross, told reporters in Geneva on Friday.

The Red Cross had been trying to obtain access to U.S. detainees in secret locations for a long time under the Geneva Conventions, Lusser said.

Red Cross officials, who are supposed to have access to all prisoners of war, said they were aware of the arrests of some detainees but were unable to find them in the U.S. detention facilities they visited. Until the 14 high-profile detainees were recently transferred to Guantanamo Bay, their whereabouts were unknown. The locations of the CIA prisons are secret.

Bush has left open the possibility of future secret detentions, saying that "having a CIA program for questioning terrorists will continue to be crucial to getting lifesaving information."

Simon Schorno, a Washington spokesman for the Red Cross, said the group would make recommendations to the U.S. government after visiting the 14 new "high-value" detainees at Guantanamo Bay this week. He gave no time frame, but stressed the recommendations would be confidential.

He said Red Cross officials met with all 14 of the new detainees, and gave each a standard one-page form to write letters to their family members, which — after going through U.S. military censorship — would be delivered by the Red Cross.

"We were able to speak to them privately," Schorno told The Associated Press in a telephone interview late Thursday.

"The detainee is not forced to speak to us," he added. "It is up to the detainee to raise any issues that fall within our concern, for example past detentions and current conditions. It's up to the detainee to address whatever he wants to address."

The Pentagon has confirmed that the Red Cross arrived at Guantanamo Bay on Sept. 25 and met the 14 newest detainees this week.

Mohammed was believed to be the No. 3 al-Qaida leader before he was captured in Pakistan in 2003. Also among the 14 new detainees are Ramzi Binalshibh, who is accused of helping plan the Sept. 11 attacks and being a lead operative for a foiled plot to crash aircraft into London's Heathrow Airport, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells before he was captured in Pakistan in 2002.

Lusser said there were now 454 detainees at Guantanamo and the Red Cross has private access to all of them. He said Red Cross workers in Afghanistan have visited the 600-odd detainees at the U.S. military prison at Bagram air base.

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Associated Press writer Alexander G. Higgins in Geneva contributed to this report.

Coerced Confession Traps Detainee, Lawyers Say (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, October 14, 2006

Former Prisoner of Taliban Held at Guantanamo

Young runaway Abdul Rahim endured cigarette burns, electric shocks and repeated beatings at the hands of Taliban soldiers who captured him in 2000, he said -- all because he refused to fight for al-Qaeda.

In one of the bizarre twists of war, the 22-year-old college student was taken from the Taliban prison to another prison run by Americans after the invasion of Afghanistan. And the U.S. military's chief reason for holding Rahim for the past five years, according to newly declassified records, is the false confession Rahim gave to placate his Taliban torturers.

Rahim's American lawyers filed the records in federal court in Washington this week, along with the results of their own investigation corroborating Rahim's claims of innocence, adding sworn statements from witnesses. They are asking a judge to order the military to admit that it made a mistake and release Rahim, who is being held at Guantanamo Bay, Cuba.

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The filings outline a chain of unfortunate circumstances. Rahim left his family home in the United Arab Emirates after a quarrel with his strict father and was captured by Taliban fighters as he crossed into Afghanistan. They took him to an al-Qaeda training camp, and when he tried to flee, soldiers put him in prison and tortured him, the records say.

While in a cell in Kandahar, Rahim said, he gave his captors what they wanted to hear: He falsely confessed on videotape that he was a spy for the United States and promised to renounce the West and wage jihad. Among the people who tortured him, he said, was one of America's most notorious enemies: al-Qaeda operative Muhammad Atef, who was killed in 2001.

Rahim's account of being imprisoned and tortured by the Taliban is supported by newspaper accounts about Rahim and fellow prisoners whom the Taliban abandoned when U.S. forces began bombing Afghanistan in the fall of 2001. It is also supported by documents from impartial agencies that had contact with Rahim, notably the International Committee of the Red Cross.

Navy Lt. Cmdr. Jeffrey Gordon, a Defense Department spokesman, said in a statement yesterday that he could not comment on the specifics of Rahim's case, but he said detainees have several opportunities for review of their detention by military panels.

"There is a significant amount of evidence, both unclassified and classified, which supports detention by U.S. forces," he said. "This evidence has been carefully weighed at the Combatant Status Review Tribunals (CSRT) and Administrative Review Boards (ARB) held over the past two years at Guantanamo."

The U.S. military is detaining 440 foreign nationals at Guantanamo, and most have been there for more than 4 1/2 years.

The investigation and new records describe Rahim as a pawn trapped unfairly on both sides of the war on terrorism -- first in the Taliban's prison in Kandahar and then at Guantanamo. Given that much of the gathered information suggesting Rahim's innocence was available in 2001, his lawyers say the case raises alarms about the U.S. military's willingness to fairly assess decisions to indefinitely detain foreign nationals.

"They accused me of being a spy. And here, you guys accuse me of being al-Qaeda. No mercy. Who am I?" Rahim told a U.S. military tribunal, according to transcripts. "You take me from that prison and nothing changed in my life."

According to court records, in December 2001, a New York Times reporter quoted Rahim and other prisoners left behind when the Taliban fled the prison. He described being desperate to recover from his torture and to find a way back to his family.

"We just need the Red Cross or the United Nations to come take us out of here," he was quoted as saying.

But Rahim and a Russian prisoner, who has since been released from Guantanamo, attest that U.S. troops arrived instead. At first, they told Rahim and his companions that they needed to remain in U.S. custody in case they had useful information about their former captors. Rahim told the soldiers about being forced to confess on a Taliban videotape that was broadcast in his home country and being worried about how he would be received there. A few days later, after finding the Taliban videotape of Rahim's confession, the detainee and his attorneys assert, the soldiers began to treat Rahim very badly, interrogating him about his interest in suicide missions and eventually taking him to Guantanamo.

"By me telling them about the video it created confusion to the point that the Americans believed I was working with al-Qaeda," Rahim told a military review panel last year, according to transcripts. "I swear I am not al-Qaeda. . . . Please be just and fair. . . . Look into this."

Rahim's attorneys, who work in the federal public defender's office in Oregon, said they traveled to Afghanistan in their investigation of Rahim's case. The key facts were not difficult to gather, they said.

"All you have to do is find public news articles and find out this guy was imprisoned by the Taliban," said Steve Sady, one of the lawyers.

In court filings, the attorneys argue that there is no legal justification for the Bush administration to detain someone who never took up arms against the United States and was simply in Afghanistan without a passport.

"No conceivable definition of enemy combatant would include a freed political prisoner who had been subjected to brutal torture and confinement by the enemy prior to the declaration of war," the lawyers wrote in their court filing.

Staff researcher Julie Tate contributed to this report.

Swiss Official Says Banks Broke Law By Supplying Data To U.S. (NYT)

By Dan Bilefsky And Eric Lichtblau

The New York Times, October 14, 2006

PARIS, Oct. 13 — Swiss banks broke their nation's laws by providing banking information to American counterterrorism officials, Switzerland's top data-protection official said Friday.

The banks, known for safeguarding privacy, should have informed customers using the Swift money-transfer service that their data could be passed on to third parties, the Swiss official, Hanspeter Thür, said in Bern, according to The Associated Press.

Just the possibility of the data being leaked should have been grounds enough to warn customers, he said. His statement was at odds with the views of the Swiss finance minister, Hans-Rudolf Merz, who said last month that giving the Central Intelligence Agency such access did not infringe on the country's banking secrecy rules.

After the Sept. 11, 2001, terrorist attacks, Swift provided records on millions of international banking transactions to the American government in response to subpoenas from the Treasury Department. Swift — formally the Society for Worldwide Interbank Financial Telecommunication — operates a secure electronic-messaging service used by some 7,800 financial institutions to make international money transfers worth $6 trillion a day.

Analysts at the C.I.A. have used the records to conduct tens of thousands of individual examinations of banking records in search of evidence and patterns of possible terrorist financing. A prime focus of the effort has been on international transactions coming into and out of the United States.

Swift and American officials have defended the operation as a vital and lawful effort to cut off money to terrorists, but it has come under sharp international criticism.

Mr. Thür said the issue was whether information could be given to countries whose data protection laws are less stringent than Switzerland's.

He urged that a solution be negotiated by which United States laws and European data-protection rules are standardized. Some European officials want the appointment of an independent, European-based auditor to guard against abuses, in place of a Washington consulting firm that now has that role.

Switzerland is not a member of the European Union, which separately has lashed out at Swift. European Union legislators criticized the consortium in early October; at the same time, one of Swift's supervisors, the European Central Bank, acknowledged that it had known for years that the consortium was giving confidential banking records to the United States authorities.

Earlier, the privacy commission for Belgium, where Swift is based, accused the consortium of flouting European rules. "It has to be seen as a gross miscalculation by Swift that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report said.

Official: Swiss Banks Broke Privacy Law (AP-YBIZ)

AP, October 14, 2006

Swiss Banks Broke Law by Passing Banking Data to CIA, Data Protection Chief Says

BERN, Switzerland (AP) -- Swiss banks violated the law by passing banking information on to the U.S. Central Intelligence Agency, the country's top data protection official said Friday.

The banks, usually known for safeguarding the privacy of their clients, should have informed customers making international money transfers via the Belgium-based SWIFT money-transfer service that their data could be passed on to third parties, Hanspeter Thuer said.

Just the possibility of the data being leaked should have been grounds enough to warn customers, he said.

After the Sept. 11 attacks, SWIFT largely complied with U.S. requests for banking information in its anti-terror investigations.

SWIFT, or the Society for Worldwide Interbank Financial Telecommunication, operates a secure electronic messaging service used by some 7,800 financial institutions to make international money transfers worth $6 trillion a day.

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Thuer said the issue was whether information could be passed on to states whose data protection laws are not as stringent as those in Switzerland.

Referring to a report by a Belgian privacy commission, Thuer urged that a solution be negotiated by which U.S. laws and European data protection rules are standardized.

Last month, Switzerland Finance Minister Hans-Rudolf Merz said giving the CIA access to the SWIFT information did not infringe Swiss sovereignty or the country's banking secrecy rules.

N. Ga. Man Guilty Of Aiding Hamas (AJC)

By Bill Rankin, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 14, 2006

The prayer leader of a North Georgia mosque has pleaded guilty to federal charges of providing material support to the Islamic militant group Hamas.

Mohamed Shorbagi, 42, who lived near Rome, entered his guilty plea on Aug. 28, federal authorities said Friday. Shorbagi's court documents were unsealed in U.S. District Court in Atlanta Friday morning.

"This case illustrates that people who illegally support foreign terrorist organizations may be found anywhere in the United States, even in quiet and pleasant places like Rome," U.S. Attorney David Nahmias said in a prepared statement. "We will use every lawful tool to ferret out terrorism and those who provide material support to it, regardless of where they live or how they try to hide their criminal activities."

Said FBI Special Agent in Charge Gregory Jones, "It is very disturbing to see people in the United States who are so willing to offer their assistance to known terrorist organizations, and this case should remind us all of the continued need to be vigilant."

In 1997, the United States formally designated Hamas as a foreign terrorist organization. Hamas' ideology calls for the destruction of Israel.

Up until December 2001, Shorbagi provided financial support to Hamas and conspired with others, whose names were not disclosed, to provide material support to the militant group, Nahmias said. He provided the support through donations to the "Holy Land Foundation for Relief and Development," knowing that some or all of the money was destined for Hamas, Nahmias said.

Shorbagi was a Georgia representative for the Holy Land Foundation and attended foundation meetings at which high-level Hamas officials made presentations condemning Israel, Nahmias said. Shorgagi also hosted Hamas officials at a mosque in Rome where he was Imam, or prayer leader, he added.

Nahmias would not say how much money Shorbagi contributed to the Holy Land Foundation, saying only that it "was not a large amount of money."

"It goes to emphasize the point that you can not provide any money to a designated foreign terrorist organization or you're looking at 15 years in federal prison," Nahmias said.

Shorbagi's plea agreement states he is to be sentenced to 15 years in prison, the maximum allowed under federal sentencing guidelines.

The agreement also states that if Shorbagi provides "substantial assistance" to the government's ongoing investigation, "the government will consider whether to file a motion for reduction of sentence."

"This is part of an overall investigation. We're continue to investigate every angle and rely on Mr. Shorbagi's cooperation in that respect," Nahmias said.

Shorbagi agreed to pay full restitution to the victims of the "fraud crimes" he committed -- and which the government agreed not to charge him with, federal authorities said. Details of those fraud crimes were not released Friday.

Nahmias said that Shorbagi, who was born in Israel and is a citizen of the Palestinian territory of Gaza, is a lawful permanent resident of the United States. He is in federal protective custody in an undisclosed location, Nahmias said.

Sentencing for Shorbagi is scheduled for Nov. 3, before U.S. District Judge Harold L. Murphy in Rome.

Staff writer Mike Morris contributed to this article.

Leader Of A Georgia Mosque Pleads Guilty To Aiding Hamas (NYT)

By Brenda Goodman

The New York Times, October 14, 2006

ATLANTA, Oct. 13 — In a case kept secret for nearly two months, the religious leader of a mosque in Rome, Ga., has pleaded guilty to providing financial support to the militant Palestinian organization Hamas, federal prosecutors said Friday.

The government said the 42-year-old defendant, Mohamed Shorbagi, a citizen of the Palestinian territories who is living legally in the United States with his wife and young children, was charged on Aug. 28 with providing aid to Hamas through donations he made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001.

Mr. Shorbagi was also a Georgia representative for the Holy Land Foundation and attended meetings that were addressed by "high level" Hamas officials, said David E. Nahmias, the United States attorney for the Northern District of Georgia.

Mr. Nahmias hinted that there could be more legal action to follow, saying the charges and the plea agreement involving Mr. Shorbagi were being unsealed now "because we expected it to be made public in the near future in another forum as part of Mr. Shorbagi's cooperation."

Support for Hamas is illegal, because the government deems it a foreign terrorist organization. Prosecutors said Mr. Shorbagi provided financial help to the group from 1997 until the Holy Land Foundation was shut down five years ago. In pleading guilty to material support of terrorism, he agreed to serve a maximum prison term of 15 years and pay restitution of at least $240,000 to unidentified victims of that support.

Still, the plea agreement provides that if he cooperates "truthfully and completely," as is expected, the government may recommend a lesser sentence.

Michael J. Trost, an Atlanta lawyer representing Mr. Shorbagi, declined to characterize the government's case, but did say "mitigating factors" would become public at sentencing.

President Bush ordered the Holy Land Foundation closed in December 2001, saying that by raising money in the United States and funneling it to Hamas, the group "pays for murder abroad."

Seven former board members and fund-raisers for Holy Land, six of whom are American citizens, have previously been charged with conspiracy to provide material support to terrorists because they gave money to charities believed run by Hamas and to the orphans and families of "martyrs" killed in the Palestinian conflict.

There has been little public examination of the evidence against the defendants, however, and the government's efforts have been criticized because of their high level of secrecy.

"The facts of these cases are never actually released," said Rabiah Ahmed, a spokeswoman for the Council on American-Islamic Relations, based in Washington. "There's no public scrutiny except what the government chooses to release. The perception is that they're being heavy-handed and the Muslim community is being unfairly targeted."

John W. Boyd, a partner in an Albuquerque law firm that has represented the Holy Land Foundation, said he was not familiar with the particulars of the case against Mr. Shorbagi and so could not comment on its merits. But he did say he was dismayed to hear that a donor to Holy Land had been charged, since, he said, that was likely to discourage people from giving to Palestinian relief organizations.

"It certainly is going to have that effect if there's any aroma that donors are being targeted," Mr. Boyd said. "If they're now going to make it so that Islamic charities can't function at all, that's pretty dire."

Imam Guilty Of Aiding Hamas (WP/AP)

By Greg Bluestein

The Washington Post/AP, October 14, 2006

Under Plea Deal, Georgia Cleric Could Get 15 Years

ATLANTA, Oct. 13 -- The imam of a northern Georgia mosque pleaded guilty to providing material support to the militant group Hamas in a case in which the agreement, charges and even the plea hearing were handled in secret.

The U.S. attorney's office said Friday that the charges and plea agreement involving Mohamed Shorbagi were filed Aug. 28 in federal court in Rome, Ga., a division of Atlanta's federal court, but were sealed until Friday.

Shorbagi, 42, agreed to a maximum of 15 years in prison, prosecutors said. His sentencing hearing is scheduled for Nov. 3.

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According to prosecutors, between 1997 and 2001, Shorbagi provided financial support to Hamas, a group designated by the United States as a foreign terrorist organization. He also was accused of conspiring with unnamed others to provide material support to Hamas.

The donations were passed through the Holy Land Foundation for Relief and Development, prosecutors said.

"It was not for a large amount of money," U.S. Attorney David Nahmias said. "But that goes to show you it doesn't take a large amount of money to get 15 years in prison."

He said the prison time could be reduced if Shorbagi cooperates, which he is expected to do. The prosecutor's office said the sentencing is likely to take place in Rome.

Nahmias's office said Shorbagi was a Georgia representative of the Holy Land Foundation and knew money provided to the foundation was actually funneled to Hamas.

He had attended Holy Land Foundation meetings at which high-level Hamas officials made presentations condemning Israel, and had hosted high-level Hamas officials at the Rome mosque where he served as imam, prosecutors said.

Shorbagi's attorney, Michael Trost, did not immediately return a call seeking comment Friday.

HOMELAND RESPONSE:

Bush Signs Bill On Port Safety (WT)

By Joseph Curl, The Washington Times

The Washington Times, October 14, 2006

President Bush yesterday signed a law to protect U.S. ports from terrorists smuggling weapons into the United States hidden within the 11 million containers that enter the country each year.

"With the bill I sign today, we renew a clear commitment: We will work tirelessly to keep our nation safe and our ports open for business," the president said in a signing ceremony at the Eisenhower Executive Office Building.

The Security and Accountability For Every Port Act of 2006 (SAFE) includes an amendment that bans Internet gamblers from using credit cards, checks and electronic funds, drawing protests from a group representing the gambling industry.

The SAFE act authorizes $3.4 billion over five years for safety measures, including the installation of radiation detectors at the 22 largest U.S. ports by the end of next year. More inspectors will be hired to increase the number of random searches of containers.

"The SAFE Port Act will make this nation more prepared, more prosperous and more secure," Mr. Bush said. "We're going to protect our ports. We're going to defend this homeland. And we're going to win the war on terror.¶

Congress approved the bill two weeks ago before lawmakers left to campaign for the Nov. 7 midterm elections in which national security, the war in Iraq and terrorism are major issues. Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorists.

Rep. Edward J. Markey, Massachusetts Democrat, called the new law a "sham port bill" and complained it did not go far enough by authorizing only a pilot program to study scanning of cargo containers headed for the United States from three ports.

"Even though the technology exists today to scan 100 percent of U.S.-bound cargo at all ports to make sure it doesn't contain nuclear bombs, this bill doesn't require that to occur," Mr. Markey said.

But Mr. Bush said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents, where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures in exchange for benefits, including expedited clearance through U.S. ports.

The bill was approved on a 409-2 vote in the House, and by a voice vote in the Senate.

The decision by the Republican majority to lump the Internet gambling ban onto the bipartisan ports bill had drawn scathing criticism from some Democrats.

"Today is a dark day for the great American game of poker," said Michael Bolcerek, president of the Poker Players Alliance, a grass-roots advocacy organization of more than 110,000 poker enthusiasts.

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"Twenty-three million Americans who play the game online will effectively be denied the ability to enjoy this popular form of entertainment, even in the privacy of their own homes," he said.

• This article is based in part on wire service reports.

Bush Signs Port Security, Internet Bill (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, October 14, 2006

President Bush signed a bill Friday to help prevent terrorists from sneaking a nuclear, chemical or germ weapon into the United States inside one of the 11 million shipping containers that enter the nation each year — many without inspection.

"We're going to protect our ports. We're going to defend this homeland, and we're going to win this war on terror," Bush said.

The president used the bill-signing ceremony to assert that Republicans are tough on terror, a key issue in congressional elections just less than four weeks away.

He didn't mention an unrelated provision that seeks to put teeth into laws that forbid most online gambling. Instead, Bush focused on the multiple ways the legislation tightens security and closes a loophole in anti-terror defenses, especially at ports.

He noted that the SAFE Port Act authorizes the development of high-tech inspection equipment so customs agents can check cargo containers for dangerous materials without having to open them. It requires radiation-detection technology at 22 of the nation's busiest ports by the end of next year.

"We'll do everything we can to prevent an attack, but if the terrorists succeed in launching an attack, we'll be ready to respond," Bush said.

The president said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures and in return can receive benefits, including expedited clearance through U.S. ports.

Bush also noted that the bill provides additional authority for the Domestic Nuclear Detection Office, which was established to guard against the threat of terrorists smuggling a nuclear device into the country. And the act requires the Department of Homeland Security to establish a plan to speed the resumption of trade in the event of a terrorist attack on a U.S. port or waterway.

"This bill makes clear that the federal government has the authority to clear waterways, identify cleanup equipment and re-establish the flow of commerce following a terrorist attack," the president said.

Bush Signs Bill To Protect Ports From Terrorism (LAT/AP)

From Associated Press

The Los Angeles Times, October 14, 2006

Unrelated provision seeks to put teeth into online gambling laws.

WASHINGTON — President Bush signed a law today to deter terrorists from smuggling weapons into the United States inside the 11 million shipping containers that enter the country from foreign ports each year.

An unrelated provision of the bill also seeks to put teeth into laws that forbid most online gambling. It prohibits Internet gamblers from using credit cards, checks and electronic fund transfers to settle their wagers.

At the signing ceremony, Bush spoke only about sections of the SAFE Port Act that tighten security and close a loophole in anti-terror defenses, especially at ports.

"Our seaports are a gateway to commerce, a source of opportunity, and a provider of jobs," Bush said. "Our ports could also be a target of a terrorist attack, and we're determined to protect them."

Congress approved the bill two weeks ago before lawmakers left to campaign for the Nov. 7 midterm elections in which national security, the war in Iraq and terrorism are major issues. Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorists.

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Bush was accompanied at the bill-signing ceremony by one Democrat, Sen. Patty Murray of Washington, alongside a slew of Republican lawmakers. For weeks the president has insisted that Republicans are tough on terror and that Democrats would make the country weaker.

He said the new law authorizes the development of high-tech inspection equipment so customs agents can check cargo containers for dangerous materials without having to open them. It requires radiation-detection technology at 22 of the nation's busiest ports by the end of next year.

"We'll do everything we can to prevent an attack, but if the terrorists succeed in launching an attack, we'll be ready to respond," Bush said.

He said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures in exchange for benefits, including expedited clearance through U.S. ports.

Bush said the bill provides more authority for the Domestic Nuclear Detection Office, which was established to guard against the threat of terrorists smuggling a nuclear device into the country. And the act requires the Department of Homeland Security to establish a plan to speed the resumption of trade in the event of a terrorist attack on a U.S. port or waterway.

"This bill makes clear that the federal government has the authority to clear waterways, identify cleanup equipment and re-establish the flow of commerce following a terrorist attack," the president said.

The bill was approved on a 409-2 vote in the House, and by a voice vote in the Senate.

Sen. Susan Collins, R-Maine, chairwoman of the Senate Homeland Security Committee, called the bill landmark legislation that will help close "a dangerous gap in our homeland security."

Murray said that for the first time in many years, she will sleep well, knowing that ports in Seattle and other cities will be safer. Murray, who has been working on the bill for more than five years, said it was gratifying to see the president sign a bipartisan bill "in an extremely political month," with midterm elections a few weeks away.

Bush Signs Law On Security For US Ports, Ban On Online Gambling (AFP)

AFP, October 14, 2006

President George W. Bush signed a law designed to bolster security at US ports and prevent terrorists from smuggling in nuclear weapons.

The law also included an unrelated provision inserted by lawmakers in Congress to severely restrict Internet gambling, prompting gaming companies abroad to close down their US operations.

Hoping to retain control of Congress in legislative elections on November 7, lawmakers in Bush's Republican party adopted the measure two weeks ago to persuade voters that they are better able to prevent another terrorist attack.

The Republicans rode the security issue to electoral victory in 2002 and 2004. But the same strategy may falter this year amid growing public anxiety about the war in Iraq and the economy.

Bush, who has portrayed the opposition Democrats as failing to grasp the nature of the terrorist threat after the attacks of September 11, 2001, used the signing ceremony as an opportunity to hammer home his campaign message on security.

"We're going to protect our ports. We're going to defend this homeland, and we're going to win this war on terror," said Bush, surrounded by Republican lawmakers.

Entitled the "Security and Accountability For Every (SAFE) Port Act of 2006," the law provides 3.4 billion dollars over five years to strengthen security at ports and requires radiation detection technology to be installed in 22 of the country's largest ports by the end of 2007.

The measure calls for bolstering inspections on some 11 million containers that transit American ports every year, deploying inspectors to foreign ports to check cargo headed to US ports, and speeding up paperwork from private shipowners.

The opposition Democrats mostly supported the law, but said the Bush administration has neglected other vulnerable sectors such as rail and mass transit.

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Congress took the gaming industry by surprise in approving restrictions on online gambling. The law prohibits US banks and credit card companies from processing online bets.

Republicans backing the provision said it was designed to protect youngsters from the financial and moral damage of online gambling, but opponents said it could prove extremely difficult to enforce.

Critics also said that gambling businesses that cater to horse-racing and state lotteries, which enjoy powerful political patronage, were exempted from the law.

New Law Cripples Internet Gambling (WP)

By Frank Ahrens, Washington Post Staff Writer

The Washington Post, October 14, 2006

Banks Are Barred From Handling Transactions

Placing bets over the Internet was effectively criminalized by the federal government yesterday, as lawmakers work to eliminate an activity enjoyed by as many as 23 million Americans who wagered an estimated $6 billion last year.

Attached to a port-security bill signed by President Bush yesterday was the Unlawful Internet Gambling Enforcement Act, which prohibits online gamblers from using credit cards, checks and electronic fund transfers to place and settle bets. The law puts enforcement on the shoulders of banks and other U.S. financial institutions, some of which fought the legislation.

The bill's sponsor, Rep. Robert W. Goodlatte (R-Va.), said he opposes all gambling, citing its "ill effects on society," but particularly Internet gambling, which led him to draft the legislation in the summer. Senate Majority Leader Bill Frist (R-Tenn.) attached Goodlatte's bill to the port-security measure to ensure its passage and Bush's signature.

While proponents decried the effects of gambling on society, opponents pointed to the enormous popularity of Internet gambling and compared the new law to the Prohibition amendment of 1919, which led to the rise of illegal speak-easies and organized crime.

"We're going to have Prohibition, and what happened then?" said champion poker player Annie Duke, a former University of Pennsylvania doctoral candidate who began playing professionally in 1994. "We had people running around with tommy guns and drinking moonshine because they weren't given a safe product."

The new law is potentially crippling to a worldwide industry whose biggest customer has been the United States. Already, several online wagering businesses have pulled their operations out of the United States and some have collapsed, including publicly traded companies in Britain, where online betting is legal and regulated. International online gambling businesses have been watching closely as U.S. regulatory and law enforcement officials stepped up their campaign against online wagering in recent months.

Gambling, along with pornography, was one of the earliest businesses on the Internet, and one of the few profitable ones. The first Internet gambling site appeared in 1995, according to the American Gaming Association, the trade group of big casinos. Over the past decade, online gambling has caught fire, especially among men in their 20s, and crossed into the mainstream to include poker and fantasy sports leagues.

Nevertheless, online gambling has been a legally gray area, equally populated by legitimate, publicly traded overseas corporations and fly-by-night predators who, like music pirates, can shut down and move their computer servers overnight to stay ahead of the law.

In the United States, the Justice Department and federal courts are unable to agree on whether Internet gambling is illegal. The Justice Department maintains that the 1961 Wire Act, written to prohibit betting transactions via telephone, applies to the Internet. Courts have disagreed, saying that betting on sports teams over the Internet is illegal, but wagering on casino games, such as poker, is not. And though the Justice Department thinks that off-track and online wagering on horse races is illegal, it has never prosecuted a case.

Internet gamblers typically set up accounts at offshore businesses, and place and settle bets using credit cards and checks that are converted in electronic currency, much as eBay users buy and sell items using the PayPal system.

Instead of targeting specific games, such as criminalizing blackjack but not fantasy sports leagues, the new law seeks to block the financial transactions that fuel them.

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The Poker Players Alliance, a lobbying group that opposes the new law, said it would ask Congress to exempt poker from the statute. The group considers poker a game of skill, not chance.

The new law is shaking up the worldwide Internet gambling industry, with some comparing it to Congress banning the sale of Toyotas, BMWs and all other foreign vehicles here. Britain's Sportingbet PLC, for example, said 62 percent of winning bets on its site came from the United States.

A major offshore e-currency company, FirePay of Britain, said it no longer will accept payments from U.S. customers. Sportingbet sold its U.S. online operations to an Antiguan company yesterday for $1, five weeks after former company chairman Peter Dicks was arrested in New York when customs officials found he was wanted in Louisiana on charges of illegal online gambling. New York Gov. George E. Pataki (R) refused to extradite Dicks to Louisiana, and a federal judge cleared his return to England.

Former BetOnSports PLC chief executive David Carruthers was arrested in the Dallas airport in July. BetOnSports founder Gary Stephen Kaplan, also wanted by U.S. authorities, is a fugitive. BetOnSports said yesterday it would pull out of the United States and repay balances to customers here.

Most online wagering and e-currency Web sites posted releases yesterday commenting on the law and its impact on customers.

"After taking extensive legal advice, the board of PartyGaming PLC has concluded that the new legislation . . . will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," the company said.

The World Trade Organization even has a stake in the game. The organization has ruled that the United States violates trade treaties by outlawing offshore online gambling while tolerating some forms of U.S.-based online gambling, citing the horse-racing ambiguity.

The major casinos in Las Vegas and Atlantic City and on Indian reservations did not take a position on the new law, said Frank J. Fahrenkopf Jr., president of the American Gaming Association. The group's reasoning: Less casino revenue comes from gambling, as entertainment, retail and other non-wagering spending now makes up 55 percent of the cash streaming into resorts such as Harrah's and Bellagio.

"The guy who comes home and goes to his den and cracks open a can of beer and bets on the Internet is not really our customer," Fahrenkopf said. "We never viewed the Internet as being competitive."

The association wants Congress to authorize an independent study of whether a legalized, nationwide, taxed and regulated online gambling system would work in the United States, as it does in Britain.

"Would we like to get into that business?" Fahrenkopf said. "Yeah, some of our guys would."

Goodlatte said he would press to update the Wire Act to conclusively extend its authority to the Internet. That part of his bill was dropped in the Senate.

"All the problems that manifest themselves with gambling, even in heavily regulated states, are even worse on the Internet," Goodlatte said yesterday. "There are family problems, bankruptcy problems, gambling addiction, gambling by minors, using gambling to launder money for criminal and terrorist organizations and organized crime. It does not help our society."

For poker advocates such as Duke, the new law is the wrong way to cure social problems.

"We've proven in history that trying to protect the minority and punish the majority never works," Duke said. "The fact is, there is a certain percentage of people who have addictive personalities [and gamble online]. Are you going to pass a law outlawing online shopping? Or day trading?"

Lost In The Dust Of 9/11 (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, October 14, 2006

From society's margins, janitors were drafted for an epic cleanup around ground zero. Then 'the cough' racked their lives.

NEW YORK — There is no voice left in Manuel Checo's voice. He speaks in a granular rasp that fades, occasionally, to whispery puffs of air. Sometimes, for periods as long as two days, he is unable to speak at all.

When that happens, Checo carries a pad of paper with him so he can scribble down notes if he needs something. But for the most part, he will simply disappear into his rented room, ignoring his cellphone when it rings.

Checo, a janitor, spent six months cleaning dust from office buildings around ground zero after the World Trade Center attack. Five years later, the lining of his lungs is pocked with scars and densities that do not belong there — possibly a sign of a disease that can cause lung tissue to become so stiff that it can no longer carry oxygen, wrote a radiologist who examined a scan of his lungs last year.

The son of a general in the Dominican Republic, Checo, 54, irons his shirts with military precision. When he meets a woman on the street, he kisses her hand. But the truth is that when he discovered that he was too weak to work again, his life veered terribly off course. He was evicted from his apartment and slept in his car for six months. Acquaintances didn't understand his racking cough and thought he had tuberculosis or AIDS.

Whoever he was before Sept. 12, 2001 — when a supervisor from his company called to tell him there was work near ground zero — he is a different man now. Sometimes he is overwhelmed by the feeling that he has lost his way.

"I get up, I get dressed," he said, in Spanish, through a translator. "And then I say to myself, 'Where am I going?' "

The dust around ground zero, we now know, contained caustic, finely pulverized concrete, trillions of microscopic fibers of glass, and particles of lead, mercury and arsenic, as well as carcinogens like asbestos and dioxin. Five years out, the "World Trade Center cough" has started to look like a persistent — and in some cases disabling — respiratory condition.

An ever-growing number of New Yorkers is coming forward to describe symptoms: the first responders who plunged into the tangled wreckage to find survivors; the volunteers who hauled diesel fuel and doled out cigarettes; the students at Stuyvesant High School who returned to classes while acrid fires burned nearby.

Less visible is the army of cleaning workers who were sent to the area to clean office buildings. Those were the cases that were shocking to Scottie Hill, a social worker, when the Mount Sinai Medical Center opened its WTC health clinic in 2002. The cleaners, mostly Polish and Latino immigrants, were already living close to the edge when the job began; by the following year, many were in crisis because of lost wages and poor health.

Three out of four lacked health insurance. Forget workers' compensation — many of them could not even contact their employers by phone. Hill frequently saw clients who were facing eviction or had lost their homes. Some couldn't afford the $4 it cost to ride the subway to the clinic and back.

A few of the immigrant workers, too sick to support themselves in the U.S. anymore, have returned to their home countries. But that decision is fraught, too, because relatives back home — or doctors, for that matter — may not know what is wrong with them. Jaime Carcamo, a psychologist who treats 50 Latino workers who cleaned around ground zero, said some of them, finding that they were unable to work, simply withdrew from society.

"They just remain like nomads," he said. "Some of these people just fell into the cracks. People don't know about them, but they're out there still."

It is ironic, then, that Checo remembers the job so fondly. He had been a U.S. citizen for almost a decade by then, and working around ground zero gave him "so much sense of brotherhood," as if he were descending into the pit every day with police and firefighters. It was an environment stripped of class, of racism. What he says about the experience is this: "Something so bad created something so beautiful."

He worked a night shift as part of a two-man team with Alex Sanchez, a fellow Dominican 15 years his junior. Using a handsaw, they would cut two holes, each large enough for a man's torso, in a building's air vents. Peering into the dark passageway with a flashlight, all they could see was dust, glittering in the dark. Then one of them would hold up a hand vacuum, and the other would switch on an air hose, and both would disappear in a cloud of dust.

Tons of material had settled in the buildings. When terrorists crashed two planes into the World Trade Center on Sept. 11, its two towers collapsed with such force that dust and debris poured in and upward through the ventilation systems of the buildings around them. It was up to landlords to decide who would clear the buildings, and many chose cheaper labor: men and women who days before had been emptying trash cans and dusting computers.

The city's Department of Environmental Protection generally oversees the removal of debris containing asbestos, but that system was informally abandoned after Sept. 11, according to David Newman, an industrial hygienist with the New York

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Committee for Occupational Safety and Health, a coalition of union leaders and safety activists. Landlords got no guidance from state or federal agencies, leaving them "free, if you will, to do whatever they wanted, or to do nothing," Newman said. "It was kind of a Wild West."

Checo and Sanchez wore paper masks that covered their noses and mouths when they were available — about 30% of the time, Sanchez said. But the dust permeated everything; a T-shirt that was white at the beginning of a shift would be mousy-gray by its end. Anyway, health was the last thing on their minds. They were making $18 an hour, plus time and a half for overtime, instead of the $12.75 an hour they earned cleaning university buildings. It was good money. It was a good cause.

What was painful, oddly, was leaving at the end of a shift; that's when the hopeless, leaden feeling sank in. Sanchez, 39, who was born in the U.S. and wears hip, Woody Allen-ish glasses, recalls making a conscious effort to tune out at the end of the day. Back in his apartment in Washington Heights, he would watch silly, diverting television shows. Then he would collapse in bed. He had no idea whether the air was safe to breathe because he didn't ask.

"If we all used common sense, we would say, 'This is not a healthy environment,' " Sanchez said. "But the whole 9/11 situation itself kept you from thinking."

Sanchez figured he deserved to be exhausted at the end of the job. But this exhaustion was depthless, unfathomable. In May, when he tried to return to his ordinary job — buffing floors at New York University — he got dizzy and his chest closed up. He lasted six days, then went back to bed. He, his mother and his son had moved in with an aunt to save money, and both women were pressuring him, angrily, to go back to work. At one point, the fighting grew so stormy that his mother called the police.

Sanchez's world revolved around his symptoms: fatigue, joint pain, pressure in his chest, a sore throat that would not go away. Only one person seemed to believe him, and that was his work partner, Checo. The sickness drove them closer to each other, and farther from everyone else. "Me and him, we're a team," said Sanchez.

Checo had his own set of problems. Because of a bureaucratic mix-up at the company where he worked, ABM Industries, he was unable to receive unemployment benefits, and he ran through his savings so quickly that in the summer of 2002, he took a few of his possessions and moved into his car. He began to tell Sanchez that there were shadowy figures following him. Asked how Sept. 11 had altered him, he rasped out this answer:

"Every man — every great man, every evil man — has feelings," he said. "No matter how rough you are outside, you have a weak spot. 9/11 hit me in my weak spot."

Soon after the first anniversary of Sept. 11, Checo called Sanchez with exciting news: He had been watching a news show when Sen. Hillary Rodham Clinton appeared, urging ground zero workers to go for screening at the Mount Sinai Medical Center's new clinic. "Boom. I put one and one together," Sanchez said. "It's like, 'This is why this is happening.' "

The day they went in for appointments, everything changed. Checo was diagnosed with rhinitis, sinusitis, asthma, chronic post-traumatic stress disorder, major depression, delusional disorder, and schizophrenia, paranoid type. Sanchez was diagnosed with asthma, sinusitis, gastroesophageal reflux, various musculoskeletal injuries and post-traumatic stress disorder. Each now takes fistfuls of medications.

The two men don't see their old circle of Dominican friends as much these days, Sanchez said. New friends have replaced them: doctors, therapists, environmental activists. In 2004, Sanchez and Checo traveled to Washington to testify before an Environmental Protection Agency panel.

Both now receive regular workers' compensation payments — Sanchez receives $243 a week, Checo about $350 — and free healthcare at Mount Sinai. They are among 75 plaintiffs who have filed a $30-million lawsuit against the owners of dozens of office towers in Lower Manhattan. But that case is not likely to go to trial for at least two years, said their attorney, Robert Grochow.

In the meantime, Sanchez and Checo shuttle from appointment to appointment. Each man carries a sheaf of medical records and hospital bills around with him — artillery in an ongoing battle to get care. The future is something they do not focus on. But this is not unusual, said Carcamo, the psychologist.

"We don't know what is ahead of them,' " he said. "They often ask me, 'What am I going to do?' To be honest about it, I am not sure."

Sanchez is jerked back to ordinary life by the demands of his son, Jack, who started kindergarten this fall. But Checo still seems a bit lost as he walks slowly down Broadway, stopping every now and then to catch his breath. What undoes him, as he

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waits for the next round of doctor's appointments, are the trappings of ordinary life that have slipped away from him: for instance, the collection of jazz recordings that he gave away when he was evicted.

In the black vinyl folder that he carries around with him — it contains, among other things, the program from his father's funeral — is a photograph of himself kneeling in front of a softball team, the J-Boys, for whom he played center field until he got sick. In the picture, he is dark-haired, vigorous. It was taken a few weeks before the World Trade Center attack. He looks at it, occasionally, to remind himself who he was.

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A Big Easy Bon Voyage (WT/AP)

By Alan Sayre, Associated Press

The Washington Times, October 14, 2006

The New Orleans' cruise ship industry returns to service tomorrow when the 2,000-passenger Norwegian Sun becomes the first regularly scheduled liner to cast off from the city's docks since Hurricane Katrina.

The 853-foot Norwegian Cruise Lines vessel is leaving for the Caribbean. Three other cruise ships are expected to return later this year and in 2007.

Before Katrina, four cruise ships called New Orleans home. The industry was rapidly expanding, with more than 700,000 passengers leaving and arriving in 2004 through the port.

But Katrina, which struck in August 2005, shut down the usually strong fall season. Only 308,000 passengers sailed from New Orleans during the first eight months of the year, according to the International Council of Cruise Lines (ICCL), an industry group.

The truncated year supported nearly 5,000 jobs in Louisiana as the industry spent $241 million, a figure that was still higher than the $208 million spent for all of 2004, according to ICCL.

Now, nearly 14 months since the Carnival Sensation embarked on the last regular voyage -- just before Katrina hit -- the business is starting over.

There have been several one-time liner stops at New Orleans since Katrina, but tomorrow's voyage marks the return of regularly scheduled service of four- to seven-day voyages. For a time after Katrina, two cruise ships moored at New Orleans to provide housing for emergency workers.

The port is opening a third cruise terminal and a 1,000-vehicle garage at a cost of $38 million that will give the facility the ability to handle two large passenger ships at once. It is bullish enough to be making plans for a fourth terminal.

But Bob Wall, owner of the New Orleans-based travel agency Vacations at Sea, said the first year probably would only be modest as the ships get re-established. He thinks bookings will increase steadily in the coming months.

"Once they (the public) see the ships docked, I think that's going to provide a nice bump of sales," he said.

Next in line at the Port of New Orleans is Carnival Cruise Lines' Fantasy, which sails on Oct. 26, followed by Royal Caribbean International's Grandeur of the Seas on Dec. 7. Carnival is expected to begin sailing Carnival Triumph next September. All the voyages will be bound to the western Caribbean.

New Orleans' return to the vacation cruise business comes during a heady time for the industry worldwide, according to the Cruise Lines International Association (CLIA), another industry group. The industry has averaged an 8.5 percent annual growth rate in passengers since 1980, according to the group. The ICCL put total U.S. economic impact in 2005 at $32.2 billion.

After an industry record of 11.2 million passengers in 2005, the business is expecting 11.7 million this year, said CLIA spokesman Brian Major.

Before Katrina, New Orleans was one of the fastest-growing cruise ports in the country. That was fueled by the attraction of the city itself. Passengers often toured the French Quarter and other attractions before or after a cruise.

No figures are available on collateral spending specifically by cruise passengers. However, the New Orleans Convention and Visitors Bureau said the average domestic visitor spent $196 per day in the city in 2004, the latest year for which figures are available, while an international visitor put down $244 per day on average.

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But that was before Katrina. Since the storm, the city has struggled with losses in its convention business and a very slow summer, in part affected by widespread concern outside the region about the city's condition.

Mr. Wall said tomorrow's cruise is near capacity, but like airlines, cruise companies offer various ticket deals in hopes of filling up all the cabins. "The question is on-board revenue, such as shore excursions, the casinos, the bars," he said.

Ticket prices for the cruise were the lowest in several years, Mr. Wall said, ranging from about $500 per passenger for an interior cabin to $1,200 for luxury accommodations. "That's great for the consumer, though, of course, it keeps the cruise line officials nervous," he said.

'A Hand Up Doesn't Always Require A Handout' (WSJ)

By Muhammad Yunus

The Wall Street Journal, October 14, 2006

America's government and people brought charity to a new level last year in their response to Hurricane Katrina. The rebuilding has been particularly difficult, however, because it has involved lives as well as bricks and mortar. Many victims had been desperately poor all their lives. Helping them to self-sufficiency has proved just as difficult, if not harder, than putting homes and businesses back up again.

Having many very poor citizens, and more than its share of natural disasters, Bangladesh -- my own country -- has a great deal of experience facing both these challenges. We have a per capita gross national income of $440, with half the population living below the poverty line. We've little to start with, and much of that is repeatedly snatched away. In 1998, floods covered much of the country for over two months, affecting 30 million people; and a single cyclone killed 300,000 in 1970. Despite these catastrophes, more of our people are climbing out of poverty.

So at the risk of sounding presumptuous: What can the U.S. learn from Bangladesh about post-disaster economic recovery? Like many other countries, even Bangladeshis were quick with a handout after Katrina, giving the U.S. $1 million for the victims. But Americans might be surprised to learn that one of our most successful tools for rebuilding businesses is not government handouts, but rather, small loans packaged with practical business and social advice.

Microfinance is one of the biggest success stories of the developing world, and proponents like me believe it could be just as successful in helping the poor in wealthy countries such as the U.S. The basic philosophy behind microfinance is that the poor, although spurned by traditional banks because they can't provide collateral, are actually a great investment: No one works harder than someone who is striving to achieve life's basic necessities, particularly a woman with children to support. Sadly, it is also true that in catastrophic circumstances, very little of the cash so generously given ever gets all the way down to the very poor. There are too many "professionals" ahead of them in line, highly skilled at diverting funds into their own pockets. This is particularly regrettable because very poor people need only a little money to set up a business that can make a dramatic difference in the quality of their lives.

I started the Grameen Bank 30 years ago by distributing about $27 (no typo here!) worth of loans among 40 extremely poor Bangladeshis. Since the bank officially opened in 1983, it has loaned $5.7 billion in microfinance. Today, Grameen has 6.6 million borrowers in Bangladesh alone, borrowing $500 million a year in loans that average just over $100 each. The loans are entirely financed by borrowers' deposits and the bank recovers 98.85% of all money loaned. Notably, Grameen Bank has been profitable in all but three years since its launch. Our largely poor customers save $1.008 for every dollar they borrow, so the poor are truly funding the poor.

The bank supports businesses such as small services, stores, direct sales, furniture-making, cell phone stations and milling, all of which support the local economy. And it works. More than half of our borrowers have moved out of poverty, mainly through their own efforts. Most importantly, when you lend money to disadvantaged people, it gives them a sense of pride, rather than the humiliation they may feel over a handout. And just as helpful as the money is the guidance they get from the bank. Training and connecting poor, inexperienced workers to a reliable and ethical lending and savings service is a huge advantage for them that only gets stronger after a disaster. This is particularly true of women, who are often constrained by social and financial barriers. Grameen communities have also made tremendous strides on health and social issues, such as sanitation, and pushed aside discriminatory practices such as bridal dowries.

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The impact of microfinance is spreading worldwide. As of December 2004, 3,100 microcredit institutions reported reaching 92,270,289 clients, 66,614,871 of whom were among the world's poorest when they took their first loan. Assuming five persons per family, the loans to the 54.8 million poorest clients affected some 330 million family members by the end of 2004.

Microfinance has worked so well that it has become a major instrument of reconstruction in post-tsunami Asia as well. A Sri Lankan conglomerate, Ceylinco, partnered with Grameen to provide small loans to 10,000 tsunami victims. These range from $300 to $10,000 and carry an interest rate of 6%, less than half the rate for similar small loans in Sri Lanka. The loans have a one-year grace-period, and Ceylinco takes no collateral, thereby heaping all the risk onto itself. But the company felt this was still a wise investment.

Because some countries that rely heavily on microfinance also happen to be disaster-prone, Grameen now has special disaster loan funds (DLFs) to help meet the urgent need for cash after a catastrophe. These funds also aim to offset the microlender's own losses. The funds were established in Bangladesh after the record flooding of 1998, which affected 20% of the population. Similar funds were set up in Central America in the wake of Hurricane Mitch, and in Poland after the floods of 1997. The DLFs are financial reserves and usually derived from the initial donor grant to the micro-credit lender.

Many people ask, Why not just give free cash, especially under such dire circumstances? In Bangladesh, we've learned that when aid is free, not only do the poor get the least of it, but everyone inflates their needs. While some handouts are clearly necessary in such times, we focus on lending small amounts of money. This lets us keep costs down and rebuild funds for the next disaster. Most importantly, our Grameen banks are ready to act at a moment's notice. They can respond to a disaster without waiting for anyone's permission, immediately becoming like humanitarian agencies by suspending loan payments, and providing cash, food and medicines. Once rebuilding starts, the bankers keep detailed records of the money lent, and people are allowed to repay bit by bit.

That is the strategy we followed after the 1998 flooding, which covered 50% of Bangladesh's land and affected customers at about 70% of our branches. More than 700 Grameen borrowers or their family members were killed and just over half (a million borrowers) were affected by the flooding. That represents a small percentage of the overall population affected, but the Bank and its staff where there right away to help with immediate needs. Later, microlenders helped people restructure their loans or gave out new loans on more favorable terms.

Microlending has already helped millions reach a better life through their own initiative. It has also given them valuable skills as well as crucial financial back-up in case they ever face a natural disaster like Katrina. So it might be time to think about another type of support for Katrina's victims: the microloan. As our small, flood-battered country has learned, giving someone a hand up doesn't always require a handout. The most important thing is to help people get back to work while letting them hold on to their self-respect. Microloans can do just that.

Mr. Yunus, who yesterday won the 2006 Nobel Peace Prize, is founder and managing director of the Grameen Bank of Bangladesh.

WAR NEWS:

British Downplay Discord After General's Remark (NYT)

By Alan Cowell

The New York Times, October 14, 2006

ST. ANDREWS, Scotland, Oct. 13 — The British government raced Friday to defuse an embarrassing public debate over remarks by its top military commander that Britain should withdraw its troops from Iraq "sometime soon."

To critics of the government, his comments amounted to a challenge to Prime Minister Tony Blair's authority, since they seemed to be a direct contradiction of Mr. Blair's insistence that a retreat would be "a craven act of surrender."

The officer, Gen. Sir Richard Dannatt, modified some of his remarks in a series of radio and television interviews on Friday to expand on his comments in The Daily Mail, which first featured them on its Web site late Thursday.

By "soon," he later said, he meant that British troops should not remain there for "years and years." But he did not completely retract his assessment that the presence of British forces in Iraq "exacerbated" the violence there.

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"I have withdrawn none of the comments that I have made," he said in a radio interview. "I have given a little more explanation about what I meant by 'sometime soon.' That's not backtracking."

At a news conference after the Northern Ireland political settlement talks here in Scotland, Mr. Blair was asked whether Sir Richard had been opposing government policy. Mr. Blair insisted that, having read transcripts of the general's interviews on Friday, he was echoing official policy. "In terms of what he was saying about Britain, he was saying exactly the same as we have all said," Mr. Blair said, though he has never used the general's words. "We will stay and get the job done."

Mr. Blair also said, "The reason that we have been able to give up two provinces now to Iraqi control is precisely because the job has been done there."

The White House spokesman, Tony Snow, also tried to dull the remarks, saying, "His general point was that, you know, when your work is done you hand over authority to the Iraqis."

At an earlier briefing here, Mr. Blair's spokesman said the general's remarks after his Daily Mail interview showed there was "not a cigarette paper between" the prime minister and the general.

Opposition to the war led two members of Mr. Blair's cabinet to resign in protest to the invasion, and the war has greatly diminished Mr. Blair's popularity.

In another emotional issue that generates continued anger against the war, a coroner in Oxford said Friday that an inquest had found that Terry Lloyd, a British television war correspondent killed in Iraq in March 2003, was "unlawfully killed" by United States forces who opened fire on a vehicle carrying the wounded reporter away from a battlefield.

The coroner in Oxford, Andrew Walker, said the American troops should not have fired on a vehicle with wounded civilians. Mr. Lloyd was working as a so-called unilateral journalist, meaning he was not embedded with the allied forces. The coroner reviewed videotape of the fighting.

On Friday, Britain's National Union of Journalists called Mr. Lloyd's death a war crime, and Mr. Walker said he would write to the British attorney general urging him to prosecute the killers. In the fighting, Mr. Lloyd's Lebanese translator, Hussein Osman, also died. A French cameraman, Frédéric Nérac, is still missing and is presumed dead.

The general's initial comments drew widespread approval among antiwar legislators and on unofficial Web sites used by military bloggers. Britain has some 7,000 troops in Iraq, based primarily in the south around Basra.

In the Daily Mail interview, Sir Richard said British soldiers should leave Iraq "sometime soon, because our presence exacerbates the security problems." He also was quoted as saying that overstretching the British Army in Iraq could "break it."

The general told the BBC on Friday in a radio interview, "It was never my intention to have this hoo-ha."

"My intention is particularly to speak up for what is right for the army," he said.

On the same radio show, another British officer, Col. Tim Collins, who fought in Iraq in 2003, said the general's comments had offered a "refreshing and very honest insight into what the army generally feels."

In an interview with Sky News on Friday, Sir Richard said: "We are not on the run; we are not hauling our colors down. We are going to see this thing through, but we have got to get on with it; we can't be there for years and years in the sorts of numbers we are."

Britain's Army Chief Clarifies Remarks On Troop Withdrawal (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, October 14, 2006

LONDON, Oct. 13 -- Britain's top army commander, who ignited a controversy by saying that British troops should withdraw from Iraq "sometime soon," clarified Friday that he wants a pullout but not until "the mission is substantially done."

Gen. Richard Dannatt had been quoted in Friday editions of the Daily Mail as saying that British troops should leave Iraq "sometime soon because our presence exacerbates the security problems."

"We weren't invited" into Iraq, he said, but rather "kicked the door in," and "whatever consent we may have had in the first place" from the Iraqi people "has largely turned to intolerance."

Dannatt said he had "much more optimism that we can get it right in Afghanistan."

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In television and radio interviews Friday, Dannatt said he was not "backtracking" but expanding on his remarks and putting them in context. He said there was no "rift" between him and Prime Minister Tony Blair, whose office reportedly was engaged in a flurry of phone calls with the Defense Ministry over the issue. Blair recently has said a British withdrawal from Iraq would be "a craven act of surrender."

Military experts on both sides of the Atlantic have said they believe that many British military officials are eager to find a way to withdraw from the unpopular war in Iraq and concentrate on Afghanistan. Britain has 7,200 troops in Iraq and 5,600 in Afghanistan, according to the Defense Ministry. According to ministry figures, 119 British soldiers have died in Iraq and 40 in Afghanistan.

Dannatt, echoing a statement put out by Blair's office, said in a statement issued Friday that "I am on record publicly saying we're standing shoulder to shoulder with the Americans."

In Washington, White House spokesman Tony Snow said Dannatt believed his comments had been "largely taken out of context."

"He's saying there may be some times when the Brits no longer are necessary -- they're there, they're seen as an occupier, that may exacerbate some of the tensions. And that's the context in which he was discussing it," Snow said.

Amyas Godfrey, a former British army officer at the Royal United Services Institute, said officials have responded to public pressure to set a timetable for a withdrawal from Iraq by saying that it will come "when the job is done." So it is significant, he said, that the army chief has said: "We should be leaving."

"Right or wrong, there is a feeling we followed Americans into Iraq," Godfrey said. As the security situation worsens in Iraq, he said, there is a feeling of "it wasn't our idea in the first place, so why are we still there?"

In interviews Friday, Dannatt, who took over as head of the army in August, continued to speak more candidly than previous military leaders. He said that in some parts of Iraq, the "mere presence" of British troops exacerbates violence.

"I am just saying, 'Come on, we can't be here forever at this level.' . . . I have got an army to look after, which is going to be successful in current operations, but I want an army in five years' time and 10 years' time. Don't let's break it on this one. Let's keep an eye on time," Dannatt said.

"Let's face it, we have been there three and a half years," he said. "We have an interest in getting on with this."

Blair Seeks To Counter General's Attack Over Iraq (FT)

By James Blitz

Financial Times, October 14, 2006

Tony Blair was last night fighting to limit the damage to his Iraq policy after Sir Richard Dannatt, the UK's top soldier, warned that Britain's military presence there would "break" the Army if it were required to operate in the country for much longer.

His assault on the prime minister's foreign policy - an unheard of action for a serving leader of the armed forces - provoked a day of tension between Downing Street and the military. Sir Richard had to clarify a comment in a newspaper interview that troops must leave Iraq "some time soon". But he drew wide support from former military leaders.

In radio and TV appearances Sir Richard said there was no difference between his views on Iraq and those of Mr Blair, who has argued that Britain would only leave when Iraqi forces could manage national security.

A contrite-sounding Sir Richard said the 8,000 troops in Iraq would leave "some time soon when the mission is done".

But while he insisted there was no difference between himself and Downing Street on Iraq policy, Sir Richard did not retreat from arguing that the campaign in Iraq was stretching the army to intolerable levels.

Warning that Britain must be out of Iraq by 2008, he said: "We don't want to be there another two, three, four, five years. We've got to think about this in terms of a reasonable length of time."

Sir Richard received a show of support from senior military figures. Colonel Tim Collins, a senior UK officer in Iraq in 2003, said he had given a "refreshing and very honest insight into what the army generally feel".

But Michael Portillo, ex-Tory defence secretary, said Sir Richard was "absolutely compromised" by his initial contradiction of UK government policy.

Blair Stresses No Disagreement With Army Chief In Iraq Pull-out Row (AFP)

By Katherine Haddon

AFP, October 14, 2006

British Prime Minister Tony Blair insisted that there was no difference of opinion between him and army chief General Sir Richard Dannatt, who has said British troops in Iraq are exacerbating security problems and should pull out soon.

In an interview with the Daily Mail newspaper published Friday, Dannatt said: "I don't say the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them."

He added that Britain should pull out "sometime soon because our presence exacerbates the security problems".

Dannatt, the chief of general staff, later used a statement after further interviews on television and radio Friday to try to scotch the impression that he was at odds with Blair and Defence Secretary Des Browne.

He said that the army would stay in southern Iraq "until the job is done", adding: "I'm a soldier -- we don't do surrender".

Blair said Dannatt had used his later interviews to set the one with the Mail in context, during a press conference at St Andrews, Scotland, where he has been taking part in talks on restoring power-sharing to Northern Ireland.

The Prime Minister said he agreed with "every word" of Dannatt's later radio interview.

"If you read the transcript of his interview on the radio this morning and the television, he sets in proper context exactly what he was saying," Blair said.

"And if I can take just one example of why it's important these things are in context, what he is saying about wanting the British troops out of Iraq is precisely the same as what we're all saying."

Meanwhile, White House spokesman Tony Snow indicated that the United States had asked for an explanation of Dannatt's comments.

"We did call and say 'what did he say?' and we received transcripts, especially this morning's interview," he said.

Since the newspaper interview appeared overnight, Dannatt has also been at pains to show any troop reductions had to be coordinated with the United States, which provides the bulk of allied troops in Iraq.

Dannatt told the Mail that though the intention of invading Iraq was to set up a pro-Western liberal democracy which "might have a beneficial effect on the balance within the Middle East", he did not think "we are going to do that."

"I think we should aim for a lower ambition."

On BBC radio, Dannatt suggested a reduced goal might involve aiming for a unitary Iraqi state but added "whether we can make it happen, I don't know."

The Mail interview was widely interpreted as contradicting Blair's defence of the presence of British troops in Iraq in September, when he said that if Britain were to withdraw, the country "will be committing a craven act of surrender that will put our future security in the deepest peril".

Colonel Tim Collins, one of the most senior British Army officers in Iraq in 2003, praised Dannatt for what he said as a "refreshing and very honest insight into what the army generally feel."

Anti-war campaigners welcomed Dannatt airing his views, with the left-wing Stop The War Coalition even inviting the general to speak at the group's next public demonstration.

Britain has 7,200 troops in southern Iraq patrolling an area around Basra, a bastion of Iranian-backed Shiite militias. Since Britain joined the US-led invasion three years ago, 119 British troops have been killed in Iraq.

Blair's Power Sliding On Dannatt Remarks (AP)

By Beth Gardiner, Associated Press Writer

AP, October 14, 2006

Is Tony Blair losing control? His army chief's brazen declaration that British troops should soon leave Iraq is the latest evidence that the once-formidable prime minister — who rode out a fierce party rebellion just last month — may be rapidly losing his political clout.

The catalyst is clearly the Iraq war, which is seen across Britain as a tragic mistake. But Blair's influence also has suffered because of his close ties to President Bush, who is deeply unpopular in Britain, and in recent months over his support of Bush's stand that Israel should not be forced into a premature cease-fire in Lebanon.

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Blair struggled Friday to stamp out the furor following Gen. Richard Dannatt's statement that the presence of British troops is provoking violence in Iraq, not preventing it.

The opposition Conservative party — which has branded Blair a lame duck leader since he announced last month that he would resign within a year — said the army chief's comments were further proof that the Labour leader's authority was waning.

Dannatt later tried to tone down his remarks — saying he wanted a gradual pullout over the next few years — but he did not back away from them entirely. And it was too late to quell the debate set off by comments that not long ago would have seemed almost inconceivable.

"The general is just saying what millions of people in this country know to be true from simply reading the papers and watching the news," said John Rees, a co-founder of the Stop the War Coalition.

"He better than anybody knows that the British army isn't in a position to sustain this," Rees said. "It's chaos in Iraq."

Dannatt gave a series of interviews Friday and issued a statement clarifying the remarks he originally made to the Daily Mail newspaper, which were dominating the British media.

"The mere fact that we are still in some places (in Iraq) exacerbates violence from those who want to destabilize Iraqi democracy," his statement said.

"But that is not a reason for us to leave. I am on record publicly saying we're standing shoulder-to-shoulder with the Americans," he said. "I'm a soldier — we don't do surrender, we don't pull down white flags. We will remain in southern Iraq until the job is done. We're going to see this through."

Blair, in Scotland brokering talks between Northern Ireland's Catholic and Protestant political parties, said the Daily Mail had twisted Dannatt's words and taken them out of context.

The prime minister said he agreed with what he saw as the general's real message — that British troops should leave areas of Iraq as soon as local forces were able to take over security, and would be unwelcome if they stayed beyond that time. British troops have so far left two provinces in the country's south.

"What he is saying about wanting British forces out of Iraq is precisely the same as we're all saying," Blair told reporters. "Our strategy is to withdraw from Iraq — when the job is done."

Liam Fox, defense spokesman for the opposition Conservative Party — whose recent surge in the polls has made it a real threat to Blair's Labour Party — said the government should be as candid as Dannatt was about Iraq.

"What is surprising is the timing and outspoken nature of the (Dannatt) interview, which occurs at a time when the prime minister's authority seems to be ebbing away," the Tory said in a statement.

The Daily Mail, which released its interview on its Web site Thursday night, quoted Dannatt as saying that while Iraqis might have welcomed coalition forces following the ouster of Saddam Hussein, the good will has since evaporated.

The British military should "get ourselves out sometime soon because our presence exacerbates the security problems," he reportedly said.

British and American planning for postwar Iraq was poor, he added — "probably based more on optimism than sound planning."

The criticism follows months of political trouble for Blair, whose government has been damaged by a war that was unpopular from the beginning and has grown more so as the violence grinds on.

A rebellion in the Labour Party trying to oust Blair forced his reluctant announcement last month that he will resign within a year.

Former Home Secretary David Blunkett also claimed in memoirs excerpted this week that Treasury chief Gordon Brown — who seems likely to take over the party, and the government, when Blair steps down — privately opposed the war until shortly before it began, when he decided to back Blair.

Seeking Success In Iraq (NYDN)

New York Daily News, October 14, 2006

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However fast Britain's top general clarified remarks appearing to suggest he is less enthusiastic about staying the course in Iraq than he's expected to be, there is undeniably growing sentiment even in hardy stay-the-course circles that the Iraqi mission - just and high-minded though it was at the beginning, just and high-minded though it remains - has been no howling triumph.

Gen. Sir Richard Dannatt, no cut-and-run man, said: "I'm a soldier. We don't do surrender. We're going to see this through." But he also said: "History will show that the planning for what happened after the initial successful war fighting phase was poor, probably based more on optimism than sound planning." No arguing with that.

Which is why the war's immediate future hangs heavily on the soon-to-be-issued recommendations of ex-Secretary of State James Baker's bipartisan Iraq Study Group. It may already be too late in the game to undo some of the Bush administration's blunders, which have become a familiar litany in the national dialogue: There were too few boots on the ground to begin with, nobody moved fast enough to quell civil unrest in the invasion's immediate aftermath, Coalition Provisional Authority chief Paul Bremer was an utter fool to disband the Iraqi military, etc., etc. All true, all true, inexcusable, indefensible, a sorry prosecution. And all there is to say about it is, well, that was then and now is now, and there's no starting over.

High hopes attend whatever the Baker group's ideas will be about redirecting the allied energies into coherent goals, however they might be realized under the real-world conditions that now exist in what Sen. Hillary Clinton has just described as the Iraq that is, not the Iraq we would like it to be. The fact remains that the success of the allied effort has always been contingent on Baghdad's new leadership, which has yet to bring meaningful order to its own set of circumstances. The Iraqis absolutely must begin to take charge of their own affairs. Like the general said: We don't do surrender. "But we've got to get on with it. We can't be there for years and years."

No, we can't. And at this hour, it's up to Baker's bunch to help the White House find a path toward satisfactory resolution - and perhaps even to find America's way home again. Wish them wisdom.

It still stinks in Albany

The group that tagged New York's state Legislature as the nation's worst reports now that - surprise! -precious little has changed.

Wily pols that they are, Assembly Speaker Sheldon Silver and Senate Majority Leader Joe Bruno mollified the public with gestures - such as meeting the budget deadline and requiring lawmakers to actually be in their seats when voting. But the pair still giveth and taketh away committee chairmanships - and the extra pay accompanying same - so the rank-and-file sheepishly obeys their every command. No wonder, then, that the followup report from the Brennan Center for Justice at NYU pronounces the system "still broken."

Committees still rubber-stamp major legislation without hearings. Bruno and Silver still determine, unilaterally, which bills go to the floor. And bills that go to the floor always, always, always pass.

In 2004, the Brennan Center proved by objective measures that ours was the land's most dysfunctional legislature - which is saying a lot (think Trenton). The authors did not take the trouble to repeat that calculation this time around, but no matter. When it comes to godawful government, everyone knows Albany takes the prize.

Economics lesson

It doesn't take a Nobel Prize in economics to realize that the federal minimum wage - frozen at $5.15 an hour since 1997 - should be higher. Say, $7.25. But the Republican Congress, parroting the disproved argument that a higher minimum hurts employers, refuses to act. To refute the politicos, more than 650 economists, among them five Nobelists, this week issued a public letter calling for an increase.

They explain that a decent minimum not only fights poverty but equalizes "the imbalance in bargaining power that low-wage workers face in the labor market." And they note that the value of the 1997 increase"has been fully eroded," its purchasing power at its lowest point since 1951. Those hurt are not employers but the working poor. Which does not appear to matter to the working rich in Congress, who are not likely to change their minds, even with a lesson from the laureates. Perhaps control of Congress should be changed.

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Shiites Push For British Troops To Leave (AP)

AP, October 14, 2006

Many Shiites in this southern port city say they want British troops to leave, though the region is still bloodied by a persistent grind of killings, including Sunni insurgent bombings and Shiite-on-Shiite slayings amid a competition for political control.

Several prominent Basra leaders on Friday agreed with an assessment by Britain's army chief that the British presence only worsens the violence and the soldiers should withdraw soon. Gen. Richard Dannatt backpedaled Friday from the comments he made in an interview a day earlier, saying he meant troops should leave within years, but the statements caused a political storm in Britain.

In Basra, Shiites insist the British presence only provides a target for attackers seeking to end the "occupation" — and some said the troops are doing nothing to rein in party-backed Shiite militias that have risen to prominence.

"To tell the truth, (the British) have caused the chaos and the security decline in southern Iraq, especially Basra, by their leniency with the militias and their parties," said Ghali Nijm, head of the Shiite Wifaq party in Basra.

Added Aqil Talib, a member of the Basra provincial council from the Shiite Fadila party: "The British presence is no longer desired, as is that of the Americans and others, even though the British are kinder than the Americans."

It's a change in attitude from early in the Iraqi conflict, when Shiites across the country welcomed U.S.-led coalition troops that toppled Saddam Hussein, who had persecuted the Shiite majority. British troops in Basra were even praised for taking a gentler approach to policing the region than American troops further north, who were seen as heavy-handed.

But with the violence wearing on, anti-U.S. sentiment has been growing among Shiites across Iraq, and with it the feeling that international troops should go. The militia of Shiite cleric Muqtada al-Sadr, which deeply opposes the U.S.-British presence, has been growing in power.

The central government in Baghdad underlined on Friday that it wants U.S. and British troops to remain, saying they are needed to contain the violence and train Iraqi forces.

In early October, British and Iraqi forces began a neighborhood-by-neighborhood sweep of Basra — code-named "Operation Sinbad" — similar to one launched in August by U.S. troops in Baghdad. The sweep has gone through three districts — including two with a heavy militia presence — clearing out weapons, arresting about 100 people and launching reconstruction projects.

"The presence of these forces is necessary so that they can participate in establishing stability in Iraq," government spokesman Ali al-Dabbagh said.

The predominantly Shiite south has long been less violent than Baghdad and the Sunni regions of central and western Iraq, where the anti-U.S. insurgency has been based.

But there has still been steady bloodshed, and it has increased this year with the swelling of sectarian killings across the country. Basra province — home to about 3 million people, where most of the 7,000 British troops are based — sees a constant toll of bombings, shootings and kidnappings.

They come in part from Sunni insurgent attacks against British troops and Iraqi civilians with bombings, mortars and rocket fire. But increasingly the area has seen killings between Shiites as party-backed militias vie for influence.

On Thursday, a prominent al-Sadr cleric, Sheik Radhi al-Assadi, was gunned down near his home. His slaying came days after another cleric — also named Radhi al-Assadi, a distant relative, but connected to the rival Badr Brigade militia — was killed by gunmen.

Shiite militias also intimidate residents, enforcing strict Islamic laws in some districts, such as banning haircuts seen as Western, forcing women to wear the veil and closing video and music shops.

The desire to see foreign troops leave is also fueled in part by Shiite insistence they can run their own affairs.

"The British forces entered Iraq and liberated it from the Saddam regime," said one Basra resident, Essam Mohammed. "Since they have fully accomplished their mission, they should now leave Iraq ... because they are creating some obstacles and problems for the Iraqi people."

Home Winning The Peace II (SN)

DOJ_NMG_0081036

By John Hall

Scripps News, October 14, 2006

Commentary

Former Secretary of State James A. Baker III, who says the Bush administration "seriously misjudged winning the peace" in Iraq, now is heading a bipartisan commission that almost certainly will recommend broad changes in policy there before the end of the year.

What will become of these recommendations is becoming this capital's most interesting guessing game.

Baker is the respected Bush family friend and solicitor who made Bush's troubles go away in the famous 2000 contested Florida election that made him president. President Bush affectionately called the older man "Jimmy" in the Rose Garden last week. Yet, according to author Bob Woodward, he passed over Baker as secretary of Defense so he could stand by Donald Rumsfeld.

You could not tell listening to Bush's press conference last week, or reading the transcript of it, whether he is amenable to any change Baker and his distinguished panel might come up with. Baker suggested last Sunday that "stay the course" is no longer a good idea in Iraq.

Here was Bush's response to that:

"Stay the course means keep doing what you're doing. My attitude is, don't do what you're doing if it's not working; change.

"Stay the course also means don't leave before the job is done. We're going to get the job done in Iraq. And it's important that we do get the job done in Iraq."

The president, more than once, said he was open to any kind of tactical change in course that his top commander in Iraq, Gen. George W. Casey Jr., would bring to him. But he seems more entrenched, not less so, on his message that "the enemy's coming after us" if there should be a premature withdrawal of troops from Iraq.

The Defense department is now spreading the doctrine of the "long war" against radical Islam to a new generation of intelligence officers. They are being taught by the Joint Chiefs of Staff that only a victory in Iraq will stop the establishment of a caliphate that will spread its tentacles out of Baghdad into a half dozen major capitals of the Middle East, threatening the existence of Israel and the Western oil supply.

That is the 21st century version of the "falling dominoes" theory, which held that failure in Vietnam would lead to the loss of Asian alliances starting with Thailand. Now it has been brought up to date and modernized with the horror of the 9/11 attacks behind it.

Bush spoke of a day when "extreme forms of religion fight each other for influence in the Middle East; in which they've got the capacity to use oil as an economic weapon."

Indeed, it was Baker who raised concerns about Saddam Hussein's use of Iraq's oil wealth as a tool to leverage power. Iraq's invasion of Kuwait led to the first Gulf War. When Baker suggested Bush's father, who was then president, was justified in invading Iraq because of the effect of oil on jobs and the U.S. economy, he and the elder Bush were roundly criticized.

What influence Baker and his Iraq Study Group will have with the second President Bush, particularly when he is officially classified as a lame duck after the November elections, is arguable. The panel was created by Congress and includes such luminaries as former Republican New York Mayor Rudolph Giuliani, former Sen. Charles Robb of Virginia and former Rep. Lee Hamilton of Indiana. The latter two moderate Democrats were co-chairmen of the bipartisan commission that investigated the failures of government agencies that led to the 9/11 attacks and the breakdown in intelligence before the Iraq war.

The Iraq panel has largely kept its own counsel since it started work last March, quietly interviewing many of the principal players on the Iraq drama from Bush down. But the two most important, Rumsfeld and Vice President Cheney, and the network of neo-conservatives who backed the war from the start have formed a protective wall around the existing strategy for a long time.

It will be difficult for Baker or anyone else to break through or get around them.

(John Hall is the senior Washington correspondent of Media General News Service. E-mail jhall(at)mediageneral.com.)

Army Chief Campaigns For Increased Funding (MCT)

By Drew Brown

DOJ_NMG_0081037

McClatchy Newspapers, October 14, 2006

WASHINGTON - The Army is campaigning hard to ensure that it has enough money to keep up the battles in Iraq and Afghanistan and to prepare for potential future conflicts.

Gen. Peter J. Schoomaker, the Army's chief of staff, says the service needs $138 billion in 2008 to ensure it can field as many as 19 combat brigades at any given time, as called for by the Pentagon's latest four-year strategy. That figure is about $20 billion more than Congress approved for the Army in the 2007 budget.

The Army has 17 combat brigades deployed in Iraq and Afghanistan - a total of about 136,000 soldiers - but keeping those troops in battle has put unprecedented strain on the Army's funding, despite an estimated $507 billion that Congress has set aside since 2001 to pay for the wars.

But with more boots on the ground than any other service, the Army also has borne the brunt of manpower and equipment losses. More than 2,100 of the 3,100 U.S. troops killed in Iraq and Afghanistan have been Army soldiers. The Army plans to spend $17.1 billion this year to replace or repair equipment that's been lost or damaged, including more than 2,000 vehicles awaiting overhaul.

It's against this backdrop that Schoomaker appeared this week at the Army's annual convention in Washington and called for the country to increase defense spending. It was part of a public relations campaign not often seen among top uniformed military officials.

While he didn't name a figure, the general said the Army's continued effectiveness in the war would depend upon a "national commitment" to recruit, train and equip soldiers and support them and their families properly.

"This is a matter of national priorities, not affordability," Schoomaker said.

The call for increased defense spending comes at a time when the United States is spending about 4 percent of its gross domestic product on defense. The White House predicts defense spending will fall in coming years.

Schoomaker said spending 4 percent of GDP on defense is a historic low during a war. The United States spent 38 percent of its GDP on defense during World War II, 14 percent during the Korean War and 10 percent during the Vietnam conflict.

As one seasoned non-commissioned officer put it, professional armies are expensive to maintain and Schoomaker is being straightforward about what it's going to take to support the all-volunteer Army in a time of protracted war.

"The nation has not realized that yet," said the officer, a sergeant major with more than 30 years in uniform who spoke on condition of anonymity because he wasn't authorized to speak publicly. "The recent wars just now are bringing it to light. The (chief) is just saying that we're through pretending that everything is OK."

Army officials have been meeting since June with senior defense officials, the White House and members of Congress to come up with a spending figure for 2008. Schoomaker described it as a "very serious dialogue" designed to agree upon a "common set of facts" about the strategic challenges the Army faces in the future and what kind of resources it will need to meet those challenges.

"We have to increase the base budget just to support the strategy," said an Army official, who wasn't authorized to speak on the record about policy, but who agreed that Schoomaker's speech was designed to send a public message. "That's his main focus. Who was the message directed at? It's directed at Congress. It's directed at the people."

But one problem the Army is facing is that having a successful all-volunteer force has undercut much of the responsibility that the country has traditionally felt for the military, said Loren Thompson, a defense analyst at the Lexington Institute, a policy research group in Arlington, Va.

"When you're absolutely certain that you're not going to have to serve in the military, it becomes something that's an afterthought rather than a primary concern," he said. "What he's saying in his speech is that the country needs to recognize the Army's needs and fund those needs, even if it doesn't intend to serve."

Underlying the public appeal for support is a very real fear among the top Army ranks that instead of increasing spending, Congress will take money away from the Army's highest-priority modernization program, the Future Combat System.

The FCS is a $120 billion program designed to build a group of 18 manned and unmanned vehicles linked by satellite communications and a common sensor network. Advocates say it will give soldiers unparalleled situational awareness on the battlefield. The Army hopes to begin fielding the first of elements of the program in 2008.

If squeezed by competing budget pressures, the Army is likely to give priority to the program, even if it means forgoing adding soldiers to the ranks, said Frederick W. Kagan, a military historian and defense analyst at the American Enterprise Institute, a conservative Washington research group.

The active-duty Army currently has about 494,000 soldiers, but Kagan and many other experts believe the service needs tens of thousands more to fight the war and meet other strategic commitments.

"We're in a crisis as far as personnel goes, and FCS should be a much lower priority," Kagan said. "Nevertheless, transformation is very important. The U.S. is entering a period of tremendous crisis in terms of national security, and the armed forces should not have to be making hard choices now - like FCS versus soldiers."

Congress has authorized the Army to grow to 533,000 soldiers.

The Cost Of Iraq War Is Out Of Control (SN)

Scripps News, October 14, 2006

Commentary

When it comes to casualties in the war in Iraq, no one can put a price on human life. But the cost in taxpayer dollars of U.S. military operations there continues to rise to gargantuan proportions.

According to the Congressional Research Service, Congress already has appropriated $437 billion for war, not including $70 billion approved by the Senate as part of next year's record-breaking Pentagon budget. That's half a trillion dollars _ about three-quarters of it for Iraq, 20 percent for Afghanistan and 5 percent for increased security against terrorism at other foreign bases.

The fighting in Afghanistan, home of the Taliban and training ground of the 9/11 terrorists, is one thing. But an increasing number of Americans see Iraq as a war we can no longer afford. Either way, the fiscal burden will be felt for generations because the cost is being applied daily to the nation's budget deficit.

More than 2,700 American soldiers have lost their lives in Iraq and Afghanistan, and some 20,000 others have been wounded. We would not presume to trivialize their sacrifice by placing a dollar value on the mayhem, but how many more lives may be put in jeopardy when the growing cost of the Iraq war crowds out spending for, say, a new cancer drug?

These are the real costs that will multiply under an administration that has the nation stuck in an open-ended commitment, with no thought to the long-range consequences. And these costs will continue to grow until the American people decide they've had enough.

Lack Of Confidence In Maliki Government Grows (MCT)

By Nancy A. Youssef

McClatchy Newspapers, October 14, 2006

BAGHDAD, Iraq - In the five months since Prime Minister Nouri al Maliki became Iraq's leader, the parliament and his ministries have formed hundreds of committees to address problems on everything from how to disarm militias to whether tainted meat caused a group of police officers to fall ill last week.

No one knows precisely how many committees have been formed - one estimate puts the number at 400. Yet only one committee has brought its findings to the parliament.

That lack of action is eroding Iraqi citizens' and U.S. officials' confidence that Maliki's government will be able to address the problems that plague this country, a development that would leave the U.S. with virtually no policy alternative.

U.S. strategy in Iraq currently revolves around the idea that given enough time and the proper security environment, Maliki's government will take control of the country and calm the sectarian tensions that threaten to dismember it.

Yet since Iraq's first permanent government was elected, security has eroded by nearly every measure, despite the U.S. training of more than 300,000 Iraqi police and soldiers. When the government came into power, 65 bodies on average were appearing on Iraq's streets a day; today, 100 are killed daily.

According to the interior minister, the government is issuing 15,000 passports a week, many to residents who say they're desperate to flee; school populations have dropped; and some Iraqi neighborhoods have become so sectarian that some areas are divided up street by street. Services, such as electricity, haven't improved.

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Now there's a growing chorus that Maliki's government is unlikely to ever come to terms with the country's problems, a complaint reflected in Iraqi Web logs, newspaper columns, and, U.S. civilian and military officials say, in private conversations.

"I think Maliki is trying to convince the American people that he is serious about fixing things, and he is not serious," said Saad Assim al Janabi, a former member of government loyal to Ayad Allawi, whom the United States appointed interim prime minister of Iraq in 2004. "Maliki believes he is a Shiite Muslim first and that he belongs to the Dawa Party (a mostly Shiite party). We need someone to say he belongs to all of Iraq."

Top U.S. military and civilian officials here have been raising the tenor of their complaints about the government's inaction over the past month, warning that the government has only about two months to make major changes - though they don't say what might happen if it doesn't.

U.S. Ambassador Zalmay Khalilzad, in an interview this week, also sounded that alarm, saying the government must tackle such broad issues as de-Baathification, needed changes to the constitution, distribution of oil and strengthening the security forces.

But when pressed on how he expects the government to respond, he couldn't offer an answer.

The government "has committed themselves to making those decisions. And we will see how much progress they are making. But we will work with them. And if there are adjustments that need to be made to those tactics, we will consider them," Khalilzad said. "We had said the (first) six months are critical. They still have a couple of months."

Some members of the parliament, such as revered leader Humam Hamoodi, said American pressure is only making their task more difficult and that they need time.

Maliki took office on May 20 and within days announced a 24-point national reconciliation plan. It was the first of many plans that so far have had little beneficial effect on Iraq's conditions but came with a host of committees, each of which is given $13,333 a month to operate.

Under the national reconciliation plan, various committees were appointed to address a number of issues: prevention of human right violations, dissemination of a message of reconciliation, the removal of obstacles that hinder Iraqis from wanting to work.

But after a highly celebrated news conference, immortalized in the next day's newspapers by a photo of Maliki and the Sunni Muslim speaker of the house seemingly glaring at each other, there were no visible signs of changes in how the Iraqi government functioned.

Maliki's next initiative was a plan to bring peace to Basra, the predominantly Shiite city in southern Iraq that had been racked by growing violence between rival Shiite militias. That plan was to last 30 days and involved the creation of several committees. But at the end of 30 days, there was no lessening of violence. Basra residents reported that promised checkpoints aimed at curbing violence disappeared within days of the plan's inception. The second phase of the plan began this month, which included promises of more committees to rebuild Basra and hand the security apparatus to Iraqis.

The government's next peace initiative was the Baghdad security plan, or Operation Together Forward, a house-by-house sweep through the capital's most troubled neighborhoods by the Iraqi army, with the help of American forces. While crime dropped when U.S. troops blocked all entrances into the neighborhoods, when they began pulling out, criminal elements started moving back in.

Attacks in Baghdad rose from an average of 25.3 daily before the operation, to 36.1, according to the U.S. military.

"The Americans used to set up a checkpoint for a few days, especially when the security plan started, but now the Iraqi commando forces are responsible for the checkpoints. And they don't know how to deal with the people. They are really sectarian. I feel that the whole security plan had failed," said Abu Amer, 35, of the mostly Sunni Baghdad neighborhood of Dora, one of the areas swept by the American forces.

Finally, last week, Maliki and top Sunni leaders signed a four-point pact vowing to create several committees to end sectarian violence, including one to curb the media from showing graphic images of bombings and assassinations. It took them two days to hammer out the deal, and in a prime-time broadcast, they swore that either the Shiite-dominated militias or the government would survive, but not both.

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Khalilzad and Gen. George Casey, the top U.S. general in Iraq, issued a statement that evening calling the pact a significant step in the right direction showing that the Iraqi leaders wanted their country to succeed and were responding to their people's wishes for security.

But Grand Ayatollah Ali al Sistani, the top Shiite religious leader, issued a statement through his representative a few days later saying the pact lacked details - a statement echoed last week at a news conference in Washington by Sen. John Warner, R-Va., who had just returned from Iraq.

Brandishing a copy of Maliki's speech, Warner told reporters he would share it with them. "But I have to tell you, folks, it's five pages long, and you're hard put to figure out how this represents a plan that was so carefully described to us," Warner said. "That, I think, symbolizes the difficulty we have in dealing with this situation."

Most recently, Maliki has met with leaders in Anbar province and promised to create two non-sectarian army brigades in Baghdad. It remains unclear when the brigades will hit the streets, and government officials couldn't explain how they would form a non-sectarian force in the current political climate.

Ali Debaugh, a spokesman for Maliki, said the administration's greatest success is that there is dialogue among the sects.

"I think the most important accomplishment is not the reconciliation project itself as the dissemination of the reconciliation spirit," Debaugh said.

But dissemination of spirit isn't what Iraq needs, say the government's critics.

"None of the plans have reached the Iraqi street," Janabi said. "They say everything. They do nothing."

Al-Sistani's Influence Declining In Iraq (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 14, 2006

Grand Ayatollah Ali al-Sistani once wielded so much influence he seemed to single-handedly chart the post-Saddam Hussein political future in Iraq. Now, the country's top Shiite cleric appears powerless as Iraq edges toward civil war.

With dozens of Iraqis dying daily from Sunni-Shiite reprisal killings, the failures of al-Sistani's pleas for peace underline a major power shift in the Shiite establishment.

"Their political interests now outweigh religious interests," said Mustapha al-Ani, a Dubai-based Iraqi analyst. "To some extent, the need for al-Sistani's endorsement is no longer a prerequisite to gain power. Those with street credibility and a militia now have the power."

It's a major shift from the more than two years following Saddam's ouster, when Shiite leaders hung on al-Sistani's every word concerning politics. His opposition to U.S. plans for elections and a constitution forced the Americans to make dramatic changes. His calls for Shiites to avoid violence were largely adhered to.

But priorities for Shiite political parties have changed and their leaders no longer appear to feel the need to be seen to be closely associated with al-Sistani to gain legitimacy.

The swing has stripped the Shiite clergy, with the Iranian-born al-Sistani at its head, of much of its influence and given a lead role to followers of anti-U.S. cleric Muqtada al-Sadr, who does not recognize al-Sistani's religious authority.

It is a power shift that does not bode well for Iraq's Shiite-dominated government or the U.S.-led military coalition as they try to contain the stubborn Sunni insurgency and the wave of sectarian killings that has swelled since last winter.

Al-Sadr's supporters are widely suspected in many of the attacks on Sunni Arabs. His militiamen, who staged two revolts against U.S. troops in 2004, also have clashed with U.S. and Iraqi soldiers in Baghdad and southern Iraq in recent weeks.

Al-Sistani has responded to the bloodshed with a mixture of resignation and a deep sense of disappointment, said an official who is in regular contact with al-Sistani in the southern holy city of Najaf.

"He keeps praying for peace," said the official, who spoke on condition of anonymity because he is not authorized to speak to the media. "He feels the pain every day, but he has no magic wand. He tells visitors every day that what's happening does not please God or his prophet and has nothing to do with Islamic teachings."

Al-Sistani's last public statement on the crisis in Iraq came more than three months ago, when after a meeting with Prime Minister Nouri al-Maliki, he publicly upbraided the leader for the government's failure to bring security.

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Although al-Sistani has steadfastly refused to meet with U.S. officials, he counseled Shiites not to take up arms against the Americans. In 2004, he personally intervened to broker a truce that ended weeks of fighting between al-Sadr's militiamen and the U.S. military in Najaf.

In statements earlier this year, al-Sistani emotionally appealed for peace between the Shiite majority and the once-dominant Sunni minority.

The cleric, who is in his mid-70s and suffers from a heart condition, sets aside 90 minutes every day to receive visitors and well-wishers and without fail he urges them to work for an end to the bloodshed, said the official close to al-Sistani.

The visitors are mostly tribal chiefs or public figures but include less prominent Shiites. The flow of visitors shows that reverence for al-Sistani as a religious figure remains strong — but the continuing violence is a sign of his waning political leverage.

Iraq's main media give significantly less coverage to al-Sistani than they did a year ago. Portrait posters of al-Sadr in the streets of Baghdad as well as the mainly Shiite south now far outnumber those of al-Sistani.

Previously, Shiite politicians could hardly make a major decision without traveling to al-Sistani's office in Najaf to get his opinion or seek his endorsement.

When the United States tried to put off elections, al-Sistani's insistence on the vote — and mass protests he called for — forced a change of heart in Washington and elections were held in January and December 2005.

The January 2005 election produced a parliament that drafted a new constitution adopted in a referendum last October. A second election, for a full, four-year legislature, was held last December.

Al-Sistani was credited for the high Shiite turnout in all three votes. But the dismal performance of the two Shiite-led governments produced by last year's elections chipped away at his prestige since it was his support that brought them to power.

The governments' failures drove many Shiites away from moderates and into the camps of radicals like al-Sadr, whose militia — the Mahdi Army — controls Baghdad's teeming Shiite district of Sadr City and a string of Shiite towns across central and southern Iraq.

"After the elections and the referendum, people as well as the marjayiah (top Shiite clergy) expected life to be rosy, but all we got was trouble," said the official in contact with al-Sistani.

Vali Nasr, who lectures on Islamic affairs at the U.S. Naval Postgraduate School in Monterey, Calif., believes al-Sistani's involvement in politics hurt his standing.

"In some ways, his authority has gone down and he lost control of the political process," Nasr said.

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Associated Press writer Qassim Abdul-Zahra contributed to this report.

Official: Guard Force Is Behind Death Squads (WP)

By Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, October 14, 2006

BAGHDAD, Oct. 13 -- Iraq's interior minister on Friday rejected allegations that Iraq's police and military have played a major role in the death squads blamed for Baghdad's surging violence, saying that only a small number of all those caught in U.S. or Iraqi raids were members of the police or army.

Jawad al-Bolani, speaking to a small group of reporters in Baghdad, blamed the Facilities Protection Service, or FPS, a massive but unregulated government guard force whose numbers he put at about 150,000.

"Whenever we capture someone, we rarely find anyone is an employee of the government ministries," Bolani said. When they are, "they've turned out to be mostly from the FPS, with very few individual, actual incidents involving anyone from the Ministry of Interior or Ministry of Defense."

Since midsummer, Shiite-Sunni violence has escalated in Baghdad, with the Health Ministry last month reporting that the number of monthly killings here had roughly doubled since spring, to 2,600. Most of the victims had been shot and their bodies dumped in the streets, often handcuffed, blindfolded and showing signs of torture.

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Many victims are Sunni Arabs. Sunnis and some U.S. officials charge that Shiite Muslim militias, sometimes operating inside the mainly Shiite police forces, are responsible for much of the killing. Victims of Baghdad's violence are often taken away by men in police uniforms, and sometimes in police vehicles, and later found dead.

Bolani and his predecessor as interior minister, Bayan Jabr, both have minimized the possibility of any police involvement in the nightly killings. "We are experiencing a problem of impressions" regarding a police role in killings and militia infiltration of police, Bolani said Friday.

American generals were among the first to publicly express suspicion that the Facilities Protection Service was playing a key role in the growing sectarian killings. U.S. commanders themselves started the agency soon after the 2003 U.S-led invasion, intending it to be a force of a few thousand men who would guard buildings against looting.

The service today has grown to a size rivaling that of the U.S. force in Iraq, although control of the service's men is split among the various ministries they are nominally assigned to guard. Most wear uniforms similar or identical to those of the police.

Bolani also said bodyguard units assigned to unspecified officials were carrying out some of the killings.

Bolani, like Jabr, has repeatedly suggested that killings by gunmen in police uniforms were being carried out by impostors. On Friday, he repeated promises made since early this year that police would soon be issued uniforms and vehicles that would be difficult to duplicate.

Bolani also said police forces are trying to reform themselves, such as by retraining men and requiring loyalty oaths. He said major changes were needed at the command level of the Interior Ministry itself and that he had the backing of the government to make them.

Iraq's government, led by the Shiite religious parties that also lead the militias, has shown little willingness to confront them.

Interior Ministry officials were serious about purging "corrupt elements" and had fired about 3,000 employees for that reason, Bolani said. Aides said 1,228 of those employees had been subjected to administrative punishment, and Bolani said 10 to 20 percent of the 3,000 had been referred for possible prosecution. He declined to immediately give examples of infractions or name those punished.

Bolani, an independent allied to the coalition of governing Shiite religious parties, also said three of the country's biggest militias -- those of the country's two main Kurdish parties and that of a leading Shiite religious party, the Supreme Council for the Islamic Revolution in Iraq -- were among those that had been lawfully integrated into the country's security forces.

He said that a fourth major militia, the Mahdi Army of Shiite cleric Moqtada al-Sadr, along with Sunni insurgent groups, were "outside the political body and structure."

"We do not approve of the existence of these militias," Bolani said of the Mahdi Army and Sunni insurgents.

Iraqi Official Deflects Criticism (LAT)

By Borzou Daragahi

The Los Angeles Times, October 14, 2006

The interior minister says few of those aiding or tolerating sectarian killings work for him.

BAGHDAD — Iraq's interior minister, whose forces are accused of complicity in sectarian death squad killings, defended his agency in an interview with U.S. reporters Friday, and said he had the backing of the prime minister and parliament to remove corrupt and incompetent police commanders from the streets.

Jawad Bolani, a political independent who took over as interior minister in June, downplayed the problems at his ministry, seen by many as a source of sectarian tension and violence throughout the country.

He said more than two-thirds of sectarian slaying victims were found in areas of Baghdad under the control of the Defense Ministry, which oversees the Iraqi army, suggesting that U.S. and Iraqi focus on the alleged abuses by his forces was misplaced.

"Baghdad is not only the Ministry of Interior," Bolani said in his office in the capital. "It is divided in responsibility."

The Shiite-dominated Interior Ministry has been accused by Sunni Arab politicians of harboring or tolerating Shiite Muslim militias linked to killings of Sunni Arab civilians. Dozens of corpses showing signs of torture show up daily in the Tigris River or in abandoned lots. At least 18 bodies were discovered Friday in Baghdad.

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North of the capital, near the Tigris River town of Duluiya, police discovered the beheaded bodies of 14 Shiite Muslim laborers who were among 17 abducted Thursday by gunmen believed to be Sunni Arab insurgents. The victims were handcuffed and showed signs of torture.

South of Baghdad, insurgents killed an Iraqi police SWAT commander Friday in a bombing at an Interior Ministry compound that also killed a deputy and injured two others, officials said.

One U.S. soldier was reported killed in combat near Tikrit on Thursday when his vehicle struck a homemade bomb. A U.S. military news release said two Western security contractors guarding a U.S. Army Corps of Engineers convoy were killed by a roadside bomb Wednesday.

Bolani sidestepped questions about whether he saw militia influence in the Interior Ministry. But he drew a distinction between militias that existed before the 2003 U.S.-led invasion of Iraq and others, such as radical Shiite cleric Muqtada Sadr's Al Mahdi army, that emerged afterward. Under Iraqi law, those that existed before the invasion and fought former President Saddam Hussein have a right to be incorporated into security forces, whereas the others are illegal, he said.

Bolani said few sectarian militia members who had been arrested worked for the Interior Ministry. Often they were employees of an Iraqi security force that guarded government buildings, or were security guards at other ministries or for politicians. He said some had been linked to the Iraqi National Intelligence Service.

Bolani said he had removed 3,000 police officers from their posts, referring anywhere from 10% to 20% of the cases to prosecutors. An aide said Bolani had issued 1,228 "administrative punishments" to employees.

But the minister acknowledged that he was powerless when it came to security in large areas of the capital, especially in Sunni-dominated western Baghdad.

He noted that Amer Hashimi, the brother of a Sunni Arab politician, was killed this week in his Baghdad home in a neighborhood under the control of the Defense Ministry.

Increasingly shaken by the violence, many Iraqis have demanded accountability.

"It is not reasonable that cars in the daylight come to the house of a well-known commander and kill him, and the government says, 'We don't know,' " Sheik Harith Obeidi told worshipers Friday at the Shawaf Mosque in Baghdad.

Cmdr. Salam Trad, leader of a special police squadron, and his assistant were killed Friday in a bombing at his office in the Shiite city of Hillah, U.S. and Iraqi officials said. Investigators provided no details about the blast, but an Interior Ministry official said a bomb might have been placed beneath Trad's desk.

"It's obvious there was some kind of inside collaboration," said Brig. Gen. Abdul Kareem Kinani, a spokesman for the Interior Ministry.

The attack in the southern city came as thousands prepared to descend on the Shiite holy city of Najaf to commemorate a religious holiday.

More than 20,000 police officers will be on duty in the city, south of Hillah. Officials worry that Sunni Arab insurgents will attack the worshipers.

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Times special correspondents in Baghdad, Hillah and Najaf contributed to this report.

Iraqi Colonel Who Bridged Sectarian Divide Is Killed (WP)

By Ellen Knickmeyer And Jonathan Finer, Washington Post Foreign Service

The Washington Post, October 14, 2006

Officer Bridged Sectarian Divide

BAGHDAD, Oct. 13 -- Operating between the insurgent Sunni Arab suburbs of Baghdad and the Shiite militia-dominated south, Col. Salam al-Mamuri and his Scorpion commando team were a rarity among Iraqi security forces, American and Iraqi colleagues said: a police unit fighting on both sides of the country's sectarian divide.

On Friday, a bomb blew apart Mamuri and an aide at the Scorpions' headquarters in the southern city of Hilla. The attack ended the life of a broadly respected commander who had been one of the longest-serving and longest-surviving men in a cadre of Iraqi army veterans struggling to restore law and order after the 2003 U.S.-led invasion.

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Mamuri's comparative evenhandedness enforcing the law may have earned him an enemy within his own sect, the Shiites. Interior Minister Jawad al-Bolani in Baghdad called it a "possibility and a probability" that the assassination was at least in part an inside job, because the killer was able to gain access to Mamuri's office to plant the bomb.

Mamuri had founded the Scorpion brigade soon after Americans arrived and had led it ever since. Though the unit, whose commandos wore the emblem of a black arachnid, was known to locals as the Scorpions, successive deployments of U.S. Special Operations members and Marines generally called it simply Hilla SWAT.

The Scorpions were made up of about 800 men, most of them Shiites from Hilla. The unit, which Bolani called "one of the most important and vital of the Ministry of Interior," has remained relatively stable and cohesive since its early days, as other U.S. efforts to build Iraqi security forces have collapsed.

"The way I look at it, I am not here to serve Sunnis or Shiites. I am here to serve Iraq," Mamuri said in early May, in an interview in the office in which he was killed Friday. His close-cropped salt-and-pepper hair made him look a decade older than his 35 years.

His expression of neutrality was indistinguishable from those issued up and down the ranks of Iraq's predominantly Shiite police forces, many members of which are accused by Sunnis and Americans of a role in the country's escalating Shiite-Sunni killings. The difference, many Americans and Iraqis said, was that Mamuri acted as if he meant it.

"They are literally the only Iraqi unit under arms in the south that is completely independent of the political parties and the militias," a Special Forces intelligence specialist and medic said this year. "Everyone else -- the police, the army -- is playing ball for somebody. They won't."

An American Special Forces team leader who worked with the Scorpions for several months said, "We look at them as peers, we don't look at them as below us." As a matter of policy, Special Forces soldiers speak only on the condition of anonymity.

In Hilla on Friday, the commando leader's funeral dirge was the rattle of automatic-weapons fire, as the Scorpions shot into the air to mark Mamuri's death. Many residents of the flat, sprawling market town stayed indoors, taking shelter from the gunfire and fearing the killing would spark retaliatory violence.

"Ninety percent of the people are so sad about what happened, because the colonel was a very good man with the good people, but he was an iron hand against the outlaws," Hayder Foaud, a lawyer in Hilla, said by telephone.

Seven other officers were wounded by the bomb that killed Mamuri.

Capt. Muthana Ahmad, a spokesman for the provincial police force there, said the bomb may have been attached to a window of Mamuri's office. Others, including Abdul Kareem al-Kinani, a spokesman for the Interior Ministry in Baghdad, said investigators believed the wreckage indicated that the bomb had been placed under his desk.

"This is correct," Ahmad said, asked whether authorities suspected that one or more of the commando leader's aides collaborated in the killing. "As you may know, infiltration has taken place" in Iraq's security forces.

Bolani told reporters that he had ordered an investigation.

Hilla, about 60 miles south of Baghdad, is markedly more peaceful than the towns on the capital's southern outskirts that serve as strongholds for Sunni insurgents. Shiite schoolchildren today sing the Sunni towns' names, such as Latifiyah, in chilling songs equating them with hell.

On the other side of Hilla is the almost entirely Shiite south, free of the brunt of Sunni insurgent attacks but the scene of growing clashes between militias and security forces loyal to rival Shiite religious parties.

Hilla residents said Friday that local forces of Shiite cleric Moqtada al-Sadr especially disliked Mamuri, more than ever after the Scorpions raided a Sadr office in mid-September. Sadr's militia, known as the Mahdi Army, is one of the most powerful forces in Iraq.

Shiite politicians and officials from the Shiite-run Interior Ministry frequently threatened to have Mamuri replaced. Several attempts were made on his life, including a roadside bomb attack on his convoy in late April that was blamed on the Mahdi Army.

Because of its makeup and the fact that it fought al-Qaeda in Iraq and other Sunni-led insurgent groups, Hilla SWAT swiftly earned a reputation as a feared anti-Sunni force. It was heavily involved in the operations around Yusufiyah in April and May that led to the capture of several top al-Qaeda lieutenants and, the military later said, the eventual killing of Abu Musab al-Zarqawi.

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But the unit cracked down as fiercely on Shiite militias, which Mamuri blamed this spring for what by then amounted to at least a half-dozen attempts to assassinate him. He barred militia members from serving in his brigade, despite intense political pressure from the provincial governor, who Mamuri said repeatedly pressured him to accept more militia members into his ranks.

"The militias consider us the only thing preventing them from completely taking over the south," Mamuri said in the spring interview. "They are bad for the country."

Mamuri rejected the idea of giving up in the face of the assassination attempts. "You can get killed in Iraq even if you sit all day in your house," he said. "What should I do, sit around and wait to die, or try to stop the people who are killing?"

Finer reported from New Haven, Conn. Special correspondents Naseer Nouri in Baghdad and Saad Sarhan in Najaf contributed to this report.

15 Killed In Attacks Across Iraq (AP)

By Christopher Bodeen, Associated Press Writer

AP, October 14, 2006

At least 15 people were killed in attacks Friday around Iraq, including the commander of a battalion of special Interior Ministry police and six women and two girls who were shot south of Baghdad.

The women and young girls were killed by unidentified gunmen on the western outskirts of Suwayrah, 25 miles south of Baghdad, police Lt. Mohammed al-Shammari said. Two other teenage girls were kidnapped, he said.

In Hillah, about 60 miles south of Baghdad, a bomb planted in the Interior Ministry police headquarters killed Col. Salam al-Maamouri, commander of the Scorpion police battalion, and his aide, while wounding seven others, police Lt. Osama Ahmed said.

Police were investigating whether the bomb could have been placed by a policeman from the brigade, Ahmed said. He added that the bomb appeared to have been planted under the commander's chair or desk.

In downtown Baqouba, 35 miles northeast of Baghdad, a father and his two sons were killed by gunmen, provincial police said. Another two people were killed and one was wounded when unknown assailants opened fire on them on the eastern outskirts of Baqouba, police said.

The bodies of two guards assigned to protect a sewage handling facility were found in a market in Suwayrah, said Hadi al-Itabi, an official at the morgue in Kut.

8 Females, 2 Teenagers Kidnapped In Iraq (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 14, 2006

Gunmen attacked Shiite women picking vegetables in a field outside the capital Friday, killing six adults and two young girls and kidnapping two teenagers. It was one of the deadliest assaults specifically targeting women in Iraq's monthslong wave of sectarian violence.

Police said they suspected the gunmen were Sunnis seeking to intimidate Shiites into fleeing the area south of Baghdad. Previous major attacks in Iraq have killed many women and men together, and at times individual women have been shot or kidnapped. But rarely have large groups of women been attacked.

In another sign of sectarian bloodshed, police in Duluiyah north of Baghdad found 14 beheaded bodies thought to be from a group of 17 workers kidnapped by gunmen Thursday while traveling home to the mostly Shiite town of Balad. There was no word on the other abductees.

The attack on the farm field took place outside Saifiya, an ethnically mixed village south of Baghdad. Most residents already fled to escape violence, Sunnis going to the nearby town of Madain, Shiites to neighboring Suwayrah.

The women were gathering vegetables when gunmen pulled up in two cars around 8 a.m. and surrounded the field. They opened fire, killing six women and two girls about 4 or 5 years old, Lt. Mohammed al-Shammari said. The attackers forced two teenage girls into the cars and escaped, he said.

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Al-Shammari said the gunmen may have come from the nearby Baghdad district of Dora, a mixed neighborhood long torn by bloodshed inflicted by both Sunni insurgents and Shiite militiamen.

Baghdad has been the epicenter of violence for months. The city has averaged 36 attacks a day the past three weeks, an increase of nearly 30 percent over the preceding seven weeks and 60 percent higher than from mid-March to mid-June, according to U.S. military figures.

The U.S. military spokesman, Maj. Gen. William Caldwell, attributed the rise to the Islamic holy month of Ramadan, when he said attacks "historically" have increased. Some Islamic militants believe that dying in combat during Ramadan brings extra blessings in paradise.

U.S. officials warned weeks ago that killings by Shiite and Sunni death squads have become the greatest threat in Iraq, although the Sunni-dominated insurgency continues bombing and shooting attacks on U.S. and Iraqi troops as well as civilians.

Besides the attack on the women, at least 10 other Iraqi civilians died in violence Friday. A U.S. soldier was killed by a roadside bomb in northern Iraq, the 45th American death this month.

Bloodshed in Baghdad itself was tamped down by a curfew — imposed every Friday, banning vehicle traffic to prevent car bomb attacks on weekly Muslim prayers.

The northern city of Mosul was also under curfew after U.S. and Iraqi troops fought with gunmen Thursday night. The fight was sparked by a mortar barrage on a U.S. base that wounded 12 American soldiers. At least 12 suspected insurgents were reported killed in ensuing gunbattles.

The head of Iraq's most feared Shiite militia, the Mahdi Army, issued a statement late Thursday disavowing violence committed against Iraqis in the name of his group. But it was unclear whether he referred to slayings of Sunnis or minor clashes with other Shiite militias.

In pamphlets distributed in his hometown of Najaf, 100 miles south of Baghdad, radical Shiite cleric Muqtada al-Sadr — whose party is also a powerful member of the government — said members of his militia had not been involved in any "unlawful attacks" on Iraqis.

"This has not been proven, but if it is shown to be true I will publicize their names and disavow them," al-Sadr said.

"They should make use of the holy month of Ramadan and repent," he added.

Meanwhile, a new video on the Internet hinted at possible splits between Iraqi Sunni insurgents and al-Qaida in Iraq, the group behind many of the country's worst bombings and whose fighters are thought to be mostly foreign Arabs.

A man claiming to be an Iraqi Sunni insurgent appears on the video urging Osama bin Laden to replace the leader of al-Qaida in Iraq because of its attacks on Sunni clerics.

"They planted explosives in the houses, the hospitals and the schools and even the electric transformers," the man, who called himself Abu Osama al-Iraq, said in the video.

He warned that if insurgents lose Sunni support, "we will be an easy hunt for the crusaders, the occupiers and their agents the Shiites." He asked bin Laden to name an Iraqi to replace Abu Ayyub al-Masri as leader of al-Qaida in Iraq.

Al-Masri — whose pseudonym means "the Egyptian" — took over the leadership after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June. Other Sunni insurgents had criticized al-Zarqawi, a Jordanian, for turning Sunni Iraqis against the movement by killing civilians.

The authenticity of the video, posted on a Web forum often used by Islamic militants, could not be confirmed. But it was the first report of dissent toward al-Masri.

SEAL Falls On Grenade To Save Comrades (AP)

By Thomas Watkins

Associated Press, October 14, 2006

CORONADO, Calif. (AP) -- A Navy SEAL sacrificed his life to save his comrades by throwing himself on top of a grenade Iraqi insurgents tossed into their sniper hideout, fellow members of the elite force said.

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Petty Officer 2nd Class Michael A. Monsoor had been near the only door to the rooftop structure Sept. 29 when the grenade hit him in the chest and bounced to the floor, said four SEALs who spoke to The Associated Press this week on condition of anonymity because their work requires their identities to remain secret.

"He never took his eye off the grenade, his only movement was down toward it," said a 28-year-old lieutenant who sustained shrapnel wounds to both legs that day. "He undoubtedly saved mine and the other SEALs' lives, and we owe him."

Monsoor, a 25-year-old gunner, was killed in the explosion in Ramadi, west of Baghdad. He was only the second SEAL to die in Iraq since the war began.

Two SEALs next to Monsoor were injured; another who was 10 to 15 feet from the blast was unhurt. The four had been working with Iraqi soldiers providing sniper security while U.S. and Iraqi forces conducted missions in the area.

In an interview at the SEALs' West Coast headquarters in Coronado, four members of the special force remembered "Mikey" as a loyal friend and a quiet, dedicated professional.

"He was just a fun-loving guy," said a 26-year-old petty officer 2nd class who went through the grueling 29-week SEAL training with Monsoor. "Always got something funny to say, always got a little mischievous look on his face."

Other SEALS described the Garden Grove, Calif., native as a modest and humble man who drew strength from his family and his faith. His father and brother are former Marines, said a 31-year-old petty officer 2nd class.

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Prior to his death, Monsoor had already demonstrated courage under fire. He has been posthumously awarded the Silver Star for his actions May 9 in Ramadi, when he and another SEAL pulled a team member shot in the leg to safety while bullets pinged off the ground around them.

Monsoor's funeral was held Thursday at Fort Rosecrans National Cemetery in San Diego. He has also been submitted for an award for his actions the day he died.

The first Navy SEAL to die in Iraq was Petty Officer 2nd Class Marc A. Lee, 28, who was killed Aug. 2 in a firefight while on patrol against insurgents in Ramadi. Navy spokesman Lt. Taylor Clark said the low number of deaths among SEALs in Iraq is a testament to their training.

Sixteen SEALs have been killed in Afghanistan. Eleven of them died in June 2005 when a helicopter was shot down near the Pakistan border while ferrying reinforcements for troops pursuing al-Qaida militants.

There are about 2,300 of the elite fighters, based in Coronado and Little Creek, Va.

The Navy is trying to boost that number by 500 - a challenge considering more than 75 percent of candidates drop out of training, notorious for "Hell Week," a five-day stint of continual drills by the ocean broken by only four hours sleep total. Monsoor made it through training on his second attempt.

Coroner Says U.S. Forces Unlawfully Shot Reporter (WP)

By Karla Adam And Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 14, 2006

Briton to Seek Prosecution in 2003 Iraq Killing

OXFORD, England, Oct. 13 -- A British coroner ruled Friday that U.S. troops unlawfully killed a British television journalist during the invasion of Iraq in March 2003.

Coroner Andrew Walker, after an eight-day inquest, also said he would seek prosecution of the U.S. troops responsible for the death of Terry Lloyd, a veteran reporter for British television network ITN. Walker said he would ask Britain's attorney general and director of public prosecutions "whether any steps can be taken to bring the perpetrators responsible for this to justice."

The U.S. Defense Department said in a statement that U.S. military authorities had investigated the incident and determined that the American troops "followed the applicable rules of engagement."

Although it has been "an unfortunate reality that journalists have died in Iraq," U.S. troops have "never deliberately targeted" them or other noncombatants, the statement said.

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According to a videotape provided by the U.S. military and testimony from witnesses, including an ITN cameraman who was at the scene, Lloyd, 50, was killed after being caught in crossfire between U.S. and Iraqi forces near the southern Iraqi city of Basra on March 22, 2003.

The British coroner said Lloyd was shot in the back by Iraqi soldiers who had overtaken his four-wheel-drive vehicle. Lloyd then walked to a civilian minivan and was being driven away for medical treatment when U.S. forces opened fire on the van, killing Lloyd with a shot to the head, Walker concluded.

"There is no doubt that the minibus presented no threat to the American forces," Walker said. "There is no doubt it was an unlawful act of fire upon the minibus."

Under British law, coroner's inquests are conducted when a person dies violently or from unknown causes.

A Lebanese interpreter, Hussein Osman, was also killed in the incident, and French cameraman Fred Nerac is officially listed as missing and is presumed dead. An ITN cameraman, Daniel Demoustier, survived the incident.

"In my opinion, the U.S. forces involved should be prosecuted for war crimes," Demoustier said after the ruling.

Lloyd's widow, Lynn, in a statement read by her lawyer, called the incident a "very serious war crime" and said the troops responsible should be tried for murder.

David Mannion, ITN editor in chief, said the network supported the family's pursuit of prosecutions. "All of us want and need to know the truth," he said. "Terry Lloyd was killed in an unlawful act by a U.S. Marine who fired directly at the civilian minibus in which Terry, already badly injured, lay helpless."

No U.S. military officials testified at the inquest, although several submitted written witness statements. Walker ruled those statements inadmissible because he did not have the opportunity to question the troops who wrote them.

U.S. military officials provided a video shot by a serviceman from one of the U.S. tanks involved in the incident. The tape, which was played at the inquest Thursday, shows two burning vehicles, one of which may have been the minibus that was carrying Lloyd. A forensic video expert testified that about 15 minutes of the tape may have been erased before it was provided to the inquest.

Lloyd's daughter, Chelsey, said Friday that "many questions" remain about her father's death, including, "Why is there 15 minutes of film missing?" The family says they believe the missing video would show the attack on Lloyd's vehicle.

Maj. Kay Roberts, the Royal Military Police officer in charge of investigating Lloyd's death, testified that she raised questions with American military authorities about whether the videotape had been altered. She said they assured her that "what we were given was everything that they had."

Lloyd was a 20-year veteran of ITN who had made previous trips to Iraq and had extensive experience reporting from conflict zones, including Kosovo and Bosnia. In his ruling, Walker praised Lloyd and his crew as "that rare breed whose professionalism and dedication in the face of great personal danger is and can only be admired by those they left behind."

Sullivan reported from London.

Coroner: U.S. Forces Killed TV Reporter (AP)

By Thomas Wagner, Associated Press Writer

AP, October 14, 2006

A coroner ruled Friday that U.S. forces in Iraq unlawfully killed a British television journalist by shooting him in the head as he lay in the back of a makeshift ambulance during the opening days of the war.

The widow of reporter Terry Lloyd called for the perpetrators to be prosecuted for the "despicable, deliberate, vengeful act." And Deputy Coroner Andrew Walker said he would ask the attorney general to take steps to bring to justice those responsible for the death.

But prosecution of U.S. service members seemed unlikely.

Lt. Col. Mark Ballesteros, a Pentagon spokesman, said an investigation into the killing of Lloyd, 50, a veteran reporter for the British TV network ITN was completed in May 2003 and "determined that U.S. forces followed the applicable rules of engagement."

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"The Department of Defense has never deliberately targeted noncombatants, including journalists," he said. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

Ballesteros said the Pentagon will continue to work with news organizations to "do everything realistically possible to reduce the risk on an inherently dangerous battlefield, but we must remember that there are inherent risks in covering a war. "

The coroner inquest was unable to determine whether the bullets that killed Lloyd in southern Iraq on March 22, 2003, were fired by U.S. ground forces or helicopters.

State Department spokesman Sean McCormack later described Lloyd's death as a tragedy, but concurred with the Pentagon that an investigation had found the troops involved had not broken the law.

"(Lloyd's death) was a tragic circumstance that occurred in a war zone ... it's a tragedy. It's a tragedy for his friends and for his family," he said.

Aidan White, the head of the International Federation of Journalists, the world's largest organization of journalists, said: "If this was murder, as the court suggests, and the U.S. is responsible, it is certainly a war crime."

The London-based National Union of Journalists welcomed the coroner's decision and also called the killing "nothing short of a war crime." Jeremy Dear, the group's general secretary, said: "The killing of journalists with impunity must never, ever go unpunished. Any attempt to silence journalists in this way must never succeed."

Witnesses testified during the inquest that Lloyd — who was driving toward the southern Iraqi city of Basra with fellow ITN reporters — was shot by Iraqi troops who overtook his car, then died after U.S. fire hit a civilian minivan being used as an ambulance and struck him in the head.

"Terry Lloyd died following a gunshot wound to the head. The evidence this bullet was fired by the Americans is overwhelming," Walker said. "There is no doubt that the minibus presented no threat to the American forces. There is no doubt it was an unlawful act of fire."

ITN cameraman Daniel Demoustier, the sole survivor of the incident, told the inquest ITN's two four-wheel drive vehicles were overtaken by a truck carrying Iraqi forces and that gunfire erupted.

Demoustier, a Belgian, said he jumped from the flaming car and lay in the sand, waiting for the shooting to stop. Demoustier said he tried to stand to signal U.S. tanks in the area but they resumed firing at the clearly marked ITN vehicles.

Demoustier said he saw a makeshift ambulance arrive and pick up people. He was later taken to safety in the car of a British newspaper reporter.

The coroner said Friday that an Iraqi civilian drove up in a minivan and picked up four wounded Iraqi soldiers, then saw Lloyd with a press card around his neck and helped him into the van. Lloyd was shot in the head as the van drove toward a hospital, the coroner said.

In an interview with The Associated Press, Demoustier said after the ruling that the inquest did not make clear whether the bullet that killed Lloyd was fired by a U.S. tank or helicopter. He said the forces in a tank would have been able to see that they were firing at a civilian vehicle, but a helicopter would not.

Lloyd's widow, Lynn, in a statement read by her lawyer, said U.S. forces "allowed their soldiers to behave like trigger-happy cowboys in an area in which there were civilians traveling."

Lloyd and the three other ITN crew members were some of the few Western reporters who covered the fighting on their own, while most others were embedded with U.S. or British forces.

Lebanese interpreter Hussein Osman also was killed and cameraman Fred Nerac remains missing and presumed dead.

U.S. authorities didn't allow servicemen to testify at the inquest. Several submitted anonymous statements that the coroner ruled inadmissible.

"I should have heard all evidence from the American personnel," Walker said. "It was not satisfactory or appropriate to read these statements in place of that evidence."

The court watched a video Tuesday, filmed by a U.S. serviceman attached to one of the tanks accused of firing at the reporters' cars. The tape opens with images of Lloyd's vehicle and the Iraqi truck burning amid gunfire. The tanks drive to the cars and inspect them. A minivan — possibly the ambulance — appears and more shots are fired. At the end of the tape, a U.S. soldier shouts, "It's some media personnel! That's media down there!"

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A forensic examiner said the first 15 minutes of the tape may have been erased.

Pentagon Rejects Coroner's Verdict On Killing Of British Journalist (AFP)

AFP, October 14, 2006

US troops who killed a British journalist in Iraq in 2003 followed their rules of engagement, the Pentagon said, rejecting a British coroner's verdict that the killing was unlawful.

The Pentagon said its own investigation into the incident, in which British journalist Terry Lloyd was killed, concluded in May 2003 that "US forces followed the applicable rules of engagement."

"The Department of Defense has never deliberately targeted non-combatants, including journalists," the Pentagon said in a statement. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

Lloyd was killed, along with Lebanese interpreter Hussein Osman and French cameraman Fred Nerac, near the Shatt al-Basra Bridge outside Basra, Iraq's second-largest city, on March 22, 2003, days after the US-led invasion was launched.

The 50-year-old Lloyd, a correspondent for ITN News, was shot in the back after getting caught up in US and Iraqi crossfire, then shot in the head by US forces as he was taken away in a minibus for medical treatment, Oxfordshire Assistant Deputy Coroner Andrew Walker said.

"I have no doubt that it was an unlawful act to fire on this minibus," said the coroner in Oxford, west of London.

The Pentagon statement said its investigation was "limited to the engagement of the vehicle Mr. Lloyd was traveling in."

"It has been an unfortunate reality that journalists have died in Iraq," it said.

"Combat operations are inherently dangerous, and we do not take lightly our responsibilities in the conduct of these operations. We do not, nor would we ever, deliberately target a non-combatant civilian or journalist," it said.

U.S. Forces Blamed In Death Of British Journalist (LAT)

By Kim Murphy

The Los Angeles Times, October 14, 2006

LONDON — U.S. forces unlawfully fired the heavy-caliber machine-gun bullet that killed British newsman Terry Lloyd after an Iraqi civilian put him in his car and attempted to take him to the hospital when he was wounded shortly after the U.S.-led invasion of Iraq in 2003, a coroner ruled Friday.

After an eight-day inquest that included testimony from Lloyd's cameraman at ITN News, Oxfordshire Deputy Coroner Andrew Walker said he had "no doubt" the shooting was "an unlawful act," and concluded that Lloyd could have survived an earlier attack by Iraqi forces had U.S. soldiers not opened fire on his rescue vehicle.

Walker said he would ask senior British legal officials to hold those responsible criminally liable, but U.S. authorities denied wrongdoing and said the Marines deployed in southern Iraq during the early days of the war were following the rules of engagement.

"The Department of Defense has never deliberately targeted noncombatants, including journalists," the Pentagon said in a statement. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

U.S. officials declined to provide troops to testify at the inquest, and the coroner refused to accept what he said were anonymous "self-serving statements." No U.S. explanation was part of the inquest's official deliberations.

Lloyd's family called the shooting a "very serious war crime," and said the evidence showed that the newsman was able to stand and walk until he was shot in the head by U.S. troops while lying in the back of a minibus that had stopped to help him.

"This was not a 'friendly fire' incident or a crossfire incident. It was a despicable, deliberate, vengeful act, particularly as it came many minutes after the initial exchange" between U.S. military forces and Iraqi troops, Lloyd's widow, Lyn, said in a statement read by her lawyer.

"U.S. forces appear to have allowed their soldiers to behave like trigger-happy cowboys in an area where civilians were moving around," she said.

Unlike many journalists who were traveling with American forces at the beginning of the war, Lloyd and his crew were operating near the southern Iraqi city of Basra on their own, a strategy many journalists believed would allow them to get a more impartial view of the war.

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They had set out to survey the area when they inadvertently moved past U.S. tanks toward a line of Iraqi soldiers, who began chasing the journalists through Iraqi and American gunfire.

"All hell broke loose, absolutely," Lloyd's Belgian cameraman, Daniel Demoustier, testified at the inquest.

Moments later, he said, "I turned my head to the right and saw the passenger door was open and Terry was not in the car anymore."

Lloyd's Lebanese interpreter, Hussein Osman, was killed, and French cameraman Fred Nerac is missing.

Both were seized by Iraqis and put in a pickup, witnesses said.

Ballistics experts said Lloyd was hit first with a bullet fired by an Iraqi, but he would have survived had he not been hit by a second bullet fired from a U.S. tank that pierced the side of the minibus.

Walker, the deputy coroner, said the evidence led him to believe that U.S. tanks opened fire first on the two marked TV trucks and the Iraqi vehicle that had intercepted them.

He said U.S. troops opened fire on the minibus even though "it presented no threat to American forces."

The Pentagon said its investigation looked only at the shots fired at the minibus.

"Combat operations are inherently dangerous, and we do not take lightly our responsibilities in the conduct of these operations," the Pentagon said.

"We do not, nor would we ever, deliberately target a noncombatant civilian or journalist."

kim.murphy@latimes.com

U.S. Citizen Sentenced To Death In Iraq (WP)

By Josh White

The Washington Post, October 14, 2006

Federal Court Asked To Block Transfer

A U.S. citizen who allegedly orchestrated the kidnapping of three Romanian journalists near Baghdad last year was sentenced to death in an Iraqi court Thursday, prompting his lawyers to ask a federal judge in Washington to block the U.S. military from transferring him to the Iraqi government.

Mohammad Munaf, 53, has been in U.S. custody since May 23, 2005, when he was arrested during a military raid to rescue the Romanian journalists nearly two months after they were snatched. Authorities have alleged that Munaf -- who had ushered the journalists into Iraq and was acting as their guide and translator -- posed as a kidnap victim but was actually involved in a conspiracy for ransom and led them into a trap.

Military officials have said in sworn statements that Munaf confessed to elements of the crime and helped arrange the kidnapping. Munaf has been held at Camp Cropper, where the U.S. military keeps high-value detainees on behalf of Multinational Force-Iraq.

Officials said yesterday that they could not recall another U.S. citizen receiving a death sentence from the Central Criminal Court of Iraq. Munaf was born in Baghdad, received U.S. citizenship in 2000, and moved to Romania in 2001 with his wife and three children, according to court papers. Munaf's attorneys and a spokesman for the Justice Department yesterday confirmed Munaf's sentence.

Lawyers representing Munaf in the United States said that his conviction in the Iraqi court is a farce and that he was not allowed to present evidence or witnesses in his defense. In an emergency motion filed yesterday in U.S. District Court for the District of Columbia, Munaf's attorneys asked the U.S. government to intervene and argued that Munaf made incriminating statements only after "threats of violence and sexual assault against him and his family."

Jonathan Hafetz, a lawyer at the Brennan Center for Justice at New York University's law school, has filed a habeas corpus petition on Munaf's behalf and said U.S. authorities have failed to properly ensure that Munaf's trial in Iraq was fair. He said handing Munaf over to the Iraqi government would mean certain execution without appropriate review of his case.

"The implications are that no matter where a U.S. citizen is taken into custody, there would be no review of their detention," Hafetz said. "If the U.S. is going to hand over a citizen, it must ensure that the trial comports to fundamental fairness."

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Justice Department lawyers have argued in court documents that the United States should not step in because the Iraqi government has a right to try people for crimes and that the U.S. military is merely holding Munaf on Iraq's behalf and acting as a multinational force. A Justice Department spokesman said there has been no change in that position.

Munaf's Iraqi attorneys reported that the Central Criminal Court judge was prepared to dismiss the charges at a hearing on Thursday but that two American officials -- including an unnamed general -- stepped into the courtroom and requested a private meeting. The judge returned 15 minutes later and sentenced Munaf and four other defendants to death without hearing additional evidence, according to a sworn statement by Sean Riordan, a legal intern at the Brennan Center who spoke with Munaf's attorney in Baghdad.

"In 36 years practicing law in Iraq, [the lawyer] had never before seen or heard of a death sentence being handed down without deliberation or consideration of the merits," Riordan said in the statement filed in Washington yesterday.

Romanian officials had indicated previously that they did not want to push ahead with charges, according to Munaf's attorneys. They said no Romanian representatives were present at Thursday's hearing.

"The unfairness of Mohammad's trial in Iraq is horrifying, but I am thankful an American court has the ability to protect an American citizen like him," said one of Munaf's family members, who asked not to be identified because of safety concerns. "I have hope and faith that the court will do something to end this nightmare."

Shays: Abu Ghraib Abuses Were Sex Ring (AP)

By Andrew Miga

AP, October 14, 2006

Republican Rep. Christopher Shays, who is in a tough re-election fight, said Friday the Abu Ghraib prison abuses were more about pornography than torture.

The veteran Connecticut congressman said a National Guard unit was primarily responsible for the abuses although it was actually the 372nd Military Police Company from Cresaptown, Md., an Army Reserve unit.

"It was a National Guard unit run amok," Shays said in a telephone interview with The Associated Press. "It was torture because sex abuse is torture. It was gross and despicable ... This is more about pornography than torture."

Shays sought to defuse controversy over his previous comments suggesting the Abu Ghraib abuses weren't torture but instead involved a sex ring of troops.

"Now I've seen what happened in Abu Ghraib, and Abu Ghraib was not torture," Shays said at a debate Wednesday.

"It was outrageous, outrageous involvement of National Guard troops from (Maryland) who were involved in a sex ring and they took pictures of soldiers who were naked," added Shays. "And they did other things that were just outrageous. But it wasn't torture."

The lawmaker's comments were in a transcript of the debate provided by his opponent, Diane Farrell. Shays' campaign, contacted Friday, did not dispute the comments.

Abu Ghraib is the Baghdad prison where abuse of prisoners by U.S. soldiers led to an international scandal. Iraqi detainees at Abu Ghraib were brutalized and sexually humiliated by military police and intelligence agents in the fall of 2003. At least 11 U.S. soldiers have been convicted in the scandal.

Elected in 1987, Shays has distinguished himself as a moderate Republican who often breaks with his party, especially on his signature issue of campaign finance reform. But in the last week, his comments have echoed conservative talk radio.

Shays defended House Speaker Dennis Hastert's handling of a congressional page scandal, saying no one died like at Chappaquiddick in 1969 when Democratic Sen. Edward Kennedy was involved.

"I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day," the embattled Connecticut congressman told The Hartford Courant in remarks published Wednesday.

"Dennis Hastert didn't kill anybody," he added.

In the debate, the congressman had been asked what the government should do to restore the nation's moral image in the wake of torture accusations at Iraq's Abu Ghraib prison and Guantanamo Bay.

Shays said Friday he wished he had more fully explained his views at the debate.

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"I was maybe not as expansive as I needed to be," he said. "Of course, the degrading of anyone is torture. We need to deal with it."

Shays said his debate comments reflected the disturbing photos he has seen of Abu Ghraib abuses: "Naked Iraqis, naked Americans, Americans having sex ... gross and despicable pictures."

Shays is waging a bruising re-election fight against Farrell.

"Once again, Chris is trying to back away from an earlier statement because it's politically expedient," Farrell said Friday. "It's typical Chris."

Democratic Sen. Christopher Dodd, who appeared at a news conference with Farrell on Friday, said people are going to jail because of torture at Abu Ghraib.

"It's not because it was some pornography ring. I'm surprised anyone would make that suggestion," Dodd said. "The suggestion that somehow this was something less than that is, again, almost bordering on the bizarre."

During the campaign stop, Dodd criticized a direct-mail flier from the National Republican Congressional Committee titled, "Diane Farrell: Coffee Talk with the Taliban," that had been sent to voters in the southwestern Connecticut district.

"This is absolutely the worst kind of politics in America," Dodd said. "The people who associate themselves with that party and these things must be held accountable."

Farrell has received money and an endorsement from the Council for a Livable World, a 44-year-old Washington, D.C., organization that works to reduce nuclear weapons. In the mailer, Republicans said the Council has a "leader who wanted someone to sit down and talk with the Taliban instead of just forcibly removing them from power."

In a statement Friday, Shays said the NRCC had crossed the line with the mailing and called on the Republican organization to "put an end to sending this type of garbage."

On its Web site, the council calls the NRCC claim bogus and says board member Roger Fisher, an expert on conflict resolution who teaches at Harvard University, "recommended combining carrots and sticks to persuade the government of Afghanistan to turn over Osama bin Laden."

Recently, Senate Republican Leader Bill Frist said during a trip to Afghanistan that the Afghan war against Taliban guerrillas can never be won militarily and he favored bringing "people who call themselves Taliban" into the government.

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Associated Press Writers Stephen Singer in Westport, Conn., and Susan Haigh in Hartford, Conn., contributed to this report.

In Tight Race, Republican Shays Takes A Less Measured Tone (WP)

By Zachary A. Goldfarb

The Washington Post, October 14, 2006

During his 19 years in Congress, Rep. Christopher Shays (Conn.) has been widely known as a moderate Republican who rarely engages in firebrand politics. But that image has been challenged in recent days with remarks that a supporter called "unusual" and his opponent said were a sign of "desperation."

In a debate this week with Democratic challenger Diane Farrell, Shays said the Abu Ghraib prison abuse did not constitute torture. "It was outrageous, outrageous involvement of National Guard troops from [Maryland] who were involved in a sex ring, and they took pictures of soldiers who were naked," he said. "And they did other things that were just outrageous. But it wasn't torture."

Shays also recently defended House Speaker J. Dennis Hastert (R-Ill.) for his handling of the Mark Foley page scandal, contrasting it with the 1969 Chappaquiddick bridge incident, in which a young woman drowned in a car accident involving Sen. Edward M. Kennedy (D-Mass.). "Hastert didn't kill anybody," Shays told the Hartford Courant.

Several analysts attributed the comments to Shays's frustration with what has become the toughest reelection campaign of his career. Shays has been under attack by Farrell for his support of the Iraq war, which is unpopular with many Democrats and independents in Connecticut.

Shays has tried to distance himself from the war in recent months, endorsing a timetable for withdrawal and calling for the resignation of Defense Secretary Donald H. Rumsfeld. But polls suggest that Shays is still in serious danger of losing his seat.

"He seems to be coming undone," said Kevin F. Rennie, a former Republican state senator and Courant columnist. "I think he's having this conversation with himself in public that would better be held in private."

Gary Rose, an expert on Connecticut politics at Sacred Heart University in Shays's district, said the congressman is responding more forcefully than ever.

"Since 1987, Congressman Shays has routinely campaigned on the premise he is a man of principle and integrity who puts principle above politics," Rose said. "He really got aggravated when not only his opponent, but the press, suggested he was changing his position on the war due to political considerations. . . . He really feels like his core -- what makes him a special type of congressman -- has been questioned."

Yesterday, Shays backed away from his comments on Abu Ghraib. He told the Associated Press that the abuse was "torture because sex abuse is torture." But he also said, "This is more about pornography than torture."

"To appear to minimize Abu Ghraib as a sex ring doesn't characterize Abu Ghraib as what it was," Farrell said in an interview. "For him not to recognize that and be sensitive to it is deeply disappointing."

The widely reported and investigated abuse at Abu Ghraib included aggressive interrogation techniques that had been approved for use at the U.S. detention center in Guantanamo Bay, Cuba, such as using military working dogs to intimidate prisoners and shackling prisoners in painful positions. The photographs of sexual abuse at Abu Ghraib led to more than a dozen investigations into U.S. interrogation and detention policies.

Shays's campaign manager, Michael Sohn, said Farrell and the Democrats "have been personally attacking Chris for over three years now" and added: "They want two different standards." Farrell and Shays also squared off in the 2004 congressional campaign.

Sohn said Shays's remarks on Kennedy only reflected the fact that the senator had come to Connecticut a few days earlier for a Farrell fundraiser after she had called for Hastert to step down -- before Hastert was shown to have made serious mistakes in the handling of the page scandal.

"Chris has a reputation his entire career of just speaking the truth -- no matter how blunt it might be," Sohn said.

In his comments to the Courant, Shays said, "I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day."

One political analyst said Shays's willingness to fight back fiercely -- something he has been reluctant to do -- is a necessary response given the fact that his career is on the line.

Staff writer Josh White contributed to this report.

A Conflict Of Images (WP)

By Philip Kennicott

The Washington Post, October 14, 2006

Fernando Botero's Chubby Figures Confront the Torture at Abu Ghraib

NEW YORK

Back in 1993, on Park Avenue, there was a public exhibition of Fernando Botero's big, curvy bronze sculptures, monumental human and animal figures that sat fat and happy on the green median of one of the world's priciest streets. Botero's trademark chubbies aren't exactly beloved by the high art crowd -- at least that part of it committed to conceptual and abstract work. But they are a golden brand everywhere else in the world -- lucrative, popular, collectible. Even the name Botero is shorthand for one of his paintings or one of his trademark pudgy figures, and if someone whispers "Botero-esque" as you waddle by, you can be sure that it's time to start losing a few.

Park Avenue was the perfect place for them, a canyon of concrete where they seemed to mock (or celebrate) the porcine habits of the upper class. After New York, the Boteros went on to Fort Lauderdale, Chicago, Beverly Hills and (in 1996) Washington. But American museums haven't exactly been clamoring for first rights to his current show, which opens at the commercial Marlborough Gallery in New York on Tuesday.

Shocked and angered by news of Abu Ghraib, Botero was inspired to put his familiar figures through the rigors and humiliations of the abuse that American soldiers perpetrated on Iraqi inmates at the notorious prison. The result was some 80

paintings, drawings and watercolors that show his rounded figures with hoods on, shackled, bound at the wrists, forced into human piles, bleeding, screaming and vomiting. They are fat, but they're not happy.

It is a remarkable show, and a disturbing one. Few artists in this country have focused so obsessively on the events at Abu Ghraib, and even fewer have done it in a figurative, representational style. And no artist with a style so recognizable as Botero's has dared to infuse his cash-cow calling card with such nakedly political sentiment. You will probably never see then-Spec. Lynndie England practicing her sick sadomasochism in a Thomas Kinkade cottage or one of William Wegman's dogs trussed up for some waterboarding.

Botero, 74, a trim man with thin silver hair, says that he first learned of Abu Ghraib from Seymour Hirsch's explosive 2004 article in the New Yorker. Then came newspaper and television reports, and a barrage of photographs. He spent four or five months stewing over the outrage, and then, on an airplane returning to his home in Paris, he started sketching. About 45 of his Abu Ghraib works, which he has tried without success to exhibit in a U.S. museum, will go on display for the first time in this country at the New York gallery, one of his primary American outlets. It is a gallery more given to such artists as Dale Chihuly, the glass sculptor. Chihuly's exhibition of utterly vapid glass color blobs is moving out just as the Boteros move in (the Botero show runs through Nov. 18).

"We've never done an exhibition quite like this," says Janice Gardner Cecil, one of the Marlborough's directors. In the back of the gallery, behind the public space where hoi polloi wander, are large sliding racks of paintings for sale, and there one finds more familiar Botero material. Here, paintings such as "After Goya" (2005), which shows a blank-faced, full-figured, somewhat squat woman in an elegant dress and elaborate hat, are saturated in color, often tropical hues inspired by the artist's native Colombia.

By contrast, the Abu Ghraib paintings stick to a restricted palette. Flesh tones are sunburned or sickly green, and the backgrounds are dark military greens, ochre tiles and a black void seen through prison bars. Many of the works were done in charcoal or pencil, with a splash of rust color soaking through, to indicate blood. The rare bright spots in the paintings come from the paraphernalia of sadism: a blue latex glove worn by an American captor, strangely festive blindfolds, or bright-red women's underwear, used to demean and embarrass the men.

Look back through Botero's career, and these rare touches of color connect the Abu Ghraib art to the folk-inspired figures he has focused on for decades. A painting of a transvestite, from 2000, shows a hint of the same red brassiere seen in the Abu Ghraib works, and the lips of his torture victims are, for some reason, glossed up in cherry just like those of his female impersonator. And there's the head-scratcher: Is Botero just playing Abu Ghraib dress-up with his Botero People?

And isn't there something opportunistic, or at least insensitive, in that? Throughout the trauma of public exposure that made Abu Ghraib synonymous with American hypocrisy around the world, the government (and often newspapers) argued that it is humiliating to the victims to spread these images. Is it a further humiliation to Botero-ize them?

It isn't clear whether Botero sees his Boteros quite like we do, as slightly ridiculous figures, a particular species with all the grotesquerie but little of the visual sting of caricatures such as the decadent old men and prostitutes of George Grosz. He seems to see the world through the medium of his tubbies, and they are essentially neutral objects, which can be fit to multiple purposes, including his efforts, in this show, to document his feelings about torture.

"I didn't invent anything," he says, explaining that he painted directly from, and with fidelity to, descriptions he read in official reports about the outrages. (Botero insists that he didn't work from photographs.) "If I did, then all the rest of the paintings would lose their significance."

So he thinks of himself as a chronicler, albeit in paint, on canvas, with a glossy art sheen. This isn't the first time that his career has undergone what he calls "a parenthesis," a dark chapter devoted to disturbing political or social events. In the late 1990s, he painted a series of works inspired by the bloody drug-cartel wars of Colombia, a country he can only visit under extremely elaborate security arrangements because his fame makes him a target. Those paintings also hewed to the Botero style, including a corpulent Pablo Escobar, seen above the rooftops, a la Chagall, going down in a hail of bullets. He donated his drug-war paintings to museums in Bogota and Medellin, and he will donate the Abu Ghraib paintings as well.

"It is immoral to try to make money out of the suffering of people," he says. He hopes that an American museum will take them for its permanent collection; a European museum will also do.

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These paintings leave you with the sense that two worlds have collided with very odd results. The men at Abu Ghraib may not have been skeletal, but they weren't pleasantly plump, a condition that suggests (in artistic terms) bourgeois prosperity or complacency. Indeed, being fat, in our image-conscious society, is almost the same as being guilty, and yet the guilt, at Abu Ghraib, rests squarely with the Americans -- who are never explicitly represented as such; no identifying flags or insignia appear in any of these works. The perpetrators are often faceless or are represented only by a hand or a boot coming in from the margin of the painting.

And although Botero spares no effort to show degradation -- even sodomy is explicitly represented -- he never quite gets facial anguish right. The fat on a happy Botero works to neutralize expression into something round and blank, like a baby's idiotic goo-goo face; but screaming, shrieking, crying Boteros have awkward, cartoon mouths with widely separated teeth, such as a child might draw. The strongest images are ones in which the subject has passed through anguish into resignation, which strongly suggests the visual tradition of Christian martyrdom.

Authentic primitivism, with its raw edges and volatility, has largely been banished from Botero's big, happy work, which often looks as if it's minted in a factory. In the Abu Ghraib works, however, Botero is more closely in communion with folk-art traditions. He mentions Goya, the chronicler of French atrocities in Spain, and there's a resemblance. But his Abu Ghraib series feels more like a catalogue of dark memories, a compendium of outrages captured in a long-established people's vernacular, as a hedge against obfuscation and oblivion. These illustrations form a kind of history book, not one written by the victors but one sketched and colored by the meek of the earth, hidden away until the tables are turned and the truth can come out.

"Art is a permanent accusation," he says.

Abu Ghraib, an exhibition by Fernando Botero at New York's Marlborough Gallery, 40 West 57th St.,opens Tuesday and runs through Nov. 18. The gallery is open Monday-Saturday 10 a.m.-5:30 p.m.

Afghanistan: Suicide Bomb Kills Soldier And 7 Civilians (NYT)

By Carlotta Gall

The New York Times, October 14, 2006

A suicide bomber drove his car at a NATO military convoy in the southern city of Kandahar, killing eight people and wounding nine others, officials said. One NATO soldier was among the dead and another was wounded. The governor of Kandahar, Asadullah Khaled, said the soldiers involved were Americans serving as part of the NATO force in the south. More than 200 people have been killed in Afghanistan in suicide attacks this year.

Winds Of War (NYT)

By Jacob Heilbrunn

The New York Times, October 14, 2006

In the fall of 2002, Dick Cheney assembled some of his favorite intellectuals, including George Will, Bernard Lewis and Victor Davis Hanson, at the vice-presidential residence in Northwest Washington to discuss the coming Iraq war. Cheney focused on Hanson's book "The Soul of Battle," which profiled George Patton, William Tecumseh Sherman and the Theban general Epaminondas to argue that they may have employed ruthless tactics that led their contemporaries to condemn them, but that each was later vindicated by history. As the evening wore on, it became apparent that Cheney viewed himself as one such leader.

In "Hubris," Michael Isikoff and David Corn chronicle the Bush administration's delusional march to war. Though there has been a deluge of works denouncing the follies of the military and the administration, Isikoff and Corn cover somewhat different terrain. They offer the most comprehensive account of the White House's political machinations, aimed at convincing Congress and the public that Iraq posed a dire threat. Isikoff is an investigative correspondent for Newsweek and the author of "Uncovering Clinton," and Corn is an editor at The Nation and the author of "The Lies of George W. Bush." The authors, who have interviewed key politicians and government officials, supply a lot of new information. They show that in many ways the administration became the dupe of its own propaganda. Though their narrative spins out of control by the end, much of the book makes for fascinating reading.

As Isikoff and Corn demonstrate, the administration's first mission was to snow Congress. At every step, Cheney took the lead, convincing the four top leaders of Congress — Dennis Hastert, Richard Gephardt, Trent Lott and Tom Daschle — that war

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was unavoidable. Together with George Tenet, the director of central intelligence, Cheney and the lawmakers gathered in the House Intelligence Committee briefing room, where they examined photos of what looked like new construction at what Cheney declared were Iraqi nuclear weapons sites. "When the Congressional leaders departed that briefing," Isikoff and Corn write, "they looked grim."

Cheney also tackled the job of persuading a skeptical House majority leader, Dick Armey. "Trust me on this, Dick," Cheney told him. "When I get done with this briefing, you're going to be with me." Armey was perplexed: "He didn't say, 'You're going to be with us.' He didn't say, 'You're going to be with the president.' He said, 'You're going to be with me." After Cheney showed him a bunch of pictures of putative W.M.D. sites in Iraq, Armey opted to give him the benefit of the doubt, even though he didn't find the briefing very persuasive.

To buttress the administration's case, Cheney not only visited the C.I.A. to pound away at agency analysts for failing to come up with links between Al Qaeda and Saddam Hussein, but also drew on a secret intelligence unit — if the term is not too grandiose — that was overseen by Douglas Feith, then under secretary of defense. Feith's researchers, David Wurmser and Michael Maloof, who were both protégés of the prominent neoconservative Richard Perle, spent months combing through raw intelligence reports to discover the truths that had somehow eluded the entire intelligence community. In a small windowless office at the Pentagon, they created "giant wall charts" detailing the intimate links between Iraq and Al Qaeda.

Paul Wolfowitz, the deputy defense secretary at the time, was bowled over: he "was especially taken with the spaghetti lines that Maloof had drawn between the Abu Nidal terrorist organization in Iraq and training camps in Lebanon." From Lebanon, the lines then went to Al Qaeda in Afghanistan. Isikoff and Corn report that these analyses, such as they were, made a big splash at the White House. If anyone complained that solid evidence was lacking, Feith's team was unmoved: "The Feith analysts were essentially claiming that because Al Qaeda and Iraq had joined together in a clandestine partnership to attack the United States, there would be little, if any, evidence to prove the conspiracy."

Where Isikoff and Corn themselves go astray is in their own obsessive focus on Judith Miller and The New York Times, as well as on the story of Joseph Wilson, Valerie Plame Wilson and Cheney's former chief of staff, I. Lewis Libby, who is under indictment for obstruction of justice and perjury. The attention they lavish on both the Miller and the Plame cases is out of all proportion to their true significance. These chapters reach a level of detail that is simply eye-glazing. To read Isikoff and Corn, one would think that Miller (whose conduct was bad enough) and The Times were almost uniquely responsible for abetting the administration's march to war.

Far more interesting is Isikoff and Corn's exploration of the mental world that the administration inhabits. They recount that in December 2001, Scooter Libby read aloud to a visiting journalist a famous passage from Winston Churchill's memoirs about being named prime minister: "I felt as if I were walking with destiny, and that all my past life had been but a preparation for this hour and for this trial." Libby declared that these words could be applied to Cheney after Sept. 11. Hubris? Megalomania may be more like it.

Pseudo-histories Of The Iraq War (WT)

By Victor Davis Hanson

The Washington Times, October 14, 2006

Three recent books about the "fiasco" in Iraq -- "Cobra II" by Michael Gordon and Bernard Trainor, "State of Denial" by Bob Woodward and just plain "Fiasco" by Tom Ricks -- have attracted a lot of attention, and sales. All three well-written exposes repeat the now well-known argument that our government's incompetence and arrogance have nearly ensured U.S. failure in birthing democracy in Iraq.

It's worth noting, though, that many of the authors' critical portraits rely on private conversations and anonymous sources. The most damning informants in these books are never identified, and so can't be questioned.

The authors, as journalists, are well aware that after the New York Times' problems with Jayson Blair and other high-profile media scandals, the public no longer necessarily accepts as gospel what reporters write. That perhaps explains their and others' apparent adaptation of scholarly methods. Often these days journalists mimic the footnoting of historians -- giving the impression their reporting is history documented by verifiable primary and secondary sources also available to the reader.

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Indeed, the verifiability of source material is what distinguishes history from hearsay -- and what distinguishes the genre from journalism or first-person recollections. Since the time of the historian Thucydides -- who not only recorded what speakers said, but, more controversially, made them voice what he thought they might or ought to have said -- historians have developed protocols to ensure credibility. Whether or not historians use footnotes or citations, they at least now agree to draw on information that can be checked by others, who will determine how skillfully, honestly or completely such sources were employed.

But by too often using only the veneer of the historical method, the authors of these three books give their work a patina of scholarly credibility that can confuse the reader. In "Cobra II," for example, some citations at the end of the book state that information came from a "former senior military officer," "former Centcom planner" or "U.S. State Department official."

In "Fiasco," often verbatim quotations are not cited with specific attribution, but only vaguely noted in the text as "said a Bush administration official" or "recalled one officer." Among the end notes in "State of Denial," we are apprised, "The information in this chapter comes primarily from background interviews with seven knowledgeable sources."

But who are these "seven knowledgeable sources"? Since Mr. Woodward so far won't name them, how do we really know they are "knowledgeable" or even "primarily" used? Is the answer they talked to Mr. Woodward (and not to others?), or were pre-selected because they happened to agree with his own views?

In "Cobra II," we wonder why one "former Centcom planner" would talk while others (more numerous?) choose not to. And in "Fiasco," is the talkative but unnamed "Bush administration official" getting even at his rivals by offering only his interpretation of shared past conversations?

There are a number of other things wrong with all this gossip.

First, note the disturbing pattern in this resorting to anonymity. Usually the unidentified source supports the author's critique -- and thus is almost always critical of the present policy in Iraq. Rarely do these journalists quote unnamed sources who dissent from their own views, although there are surely pro-U.S. Iraq policy candid voices among the thousands of retired generals.

Second, here is the cardinal rule for anonymous sources in this new genre of pseudo-history: Talk to reporters as soon as possible "off the record" in hopes they will be sympathetic. If you keep quiet, some of your loudmouth enemies might unload on you from the safety of anonymity, ensuring their narrative, not yours, will become authoritative.

Third, we are not reading accounts of golf or fashion but the most important event since the end of the Cold War as it unfolds. When one writes military history in the middle of a war, there is a responsibility to be extra careful. Real-time interpretations don't just offer lessons about the past but may change the very course of events as they happen.

These past couple of weeks, current and former officials have been protesting that they were unfairly characterized in Mr. Woodward's book -- and have argued conditions in Iraq are not as bad as claimed by anonymous sources. And while there have been on-the-record critics of all three books, none of the unnamed accusers cited in them has come forward.

These virtual histories all allege a "state of denial" and lack of accountability on the part of government officials. Perhaps -- but how odd then that the authors of "Cobra II," "Fiasco" and "State of Denial" have used the very secrecy and subterfuge they claim to deplore in their targets.

Victor Davis Hanson is a nationally syndicated columnist and a classicist and historian at Stanford University's Hoover Institution and author of "A War Like No Other: How the Athenians and Spartans Fought the Peloponnesian War."

CRIMINAL LAW:

GOP's Ney Pleads Guilty (WT/AP)

By Pete Yost, Associated Press

The Washington Times, October 14, 2006

Rep. Bob Ney pleaded guilty yesterday in the Jack Abramoff influence-peddling investigation, the first lawmaker to confess to crimes in an election-year scandal that has stained the Republican-controlled Congress.

Republican leaders said Ney will be expelled from the House if he doesn't quit by the time they return to Washington after the Nov. 7 elections.

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Appearing before Judge Ellen Segal Huvelle on charges of conspiracy and making false statements, Ney acknowledged taking trips, tickets, meals and campaign donations from Abramoff in return for official actions on behalf of his clients.

Ney, Ohio Republican, faces up to 10 years in prison. The Justice Department recommended 27 months behind bars. Ney's lawyers plan to recommend him for a Bureau of Prisons alcohol-treatment program, which dramatically could cut the time he serves behind bars.

Judge Huvelle set sentencing for Jan. 19.

Although Ney's lawyer and the congressman promised he would resign in the next few weeks, it was not soon enough for House Republican leaders who are on the defensive because of fresh scandals in the final weeks before the midterm elections.

Speaker J. Dennis Hastert, Illinois Republican, called for Ney to resign, as did White House press secretary Tony Snow, who said Ney's criminal activity "is not a reflection of the Republican Party."

House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican, said he will introduce a resolution to kick Ney out of the House as soon as Congress returns to Washington.

The House ethics committee is investigating Mr. Hastert and other Republican House leaders, along with their top aides, for their handling of former Rep. Mark Foley's sexually charged messages to teenagers who served as House pages.

House Minority Leader Nancy Pelosi, California Democrat, faulted Mr. Hastert and the Republican leadership for letting Ney remain on the public payroll since he signed papers in September agreeing to plead guilty. Mrs. Pelosi said House leaders "have a long pattern of protecting Republican members."

In Ney's home state, Ohio Republican Party Chairman Bob Bennett called Ney "a cancer in the Congress."

Political corruption has hurt Republicans more than Democrats, recent AP-Ipsos polling showed. Democrats have the advantage over Republicans on the question of who would do a better job of handling corruption, 40 percent to 25 percent.

Ney is the latest in a string of once-influential men convicted in a scandal that so far has caught several lobbyists and two members of the Bush administration.

•Abramoff, the Republican superlobbyist, admitted guilt in January. Two former aides to Tom DeLay, Texas Republican, the former House majority leader, have also pleaded guilty, as has Ney's former chief of staff.

•Former White House official David Safavian, who was the Bush administration's top procurement official, was convicted of covering up his dealings with Abramoff. He is scheduled for sentencing on Oct. 27.

•Roger Stillwell, a former Interior Department official, pleaded guilty in August to a misdemeanor charge for not reporting that Abramoff had given him tickets to football games and concerts.

Ney confessed his criminal acts during a half-hour session at a federal courthouse a few blocks from the Capitol, where until recently he wielded a gavel as chairman of the House Administration Committee.

Responding to each of Judge Huvelle's 25 questions, Ney agreed that he had conspired to deprive the government of his "honest services," a fraud-related charge often used in public corruption cases.

Ney also acknowledged making false statements on his financial disclosure forms by concealing that Abramoff and a foreign businessman were the true source of gifts Ney received.

The gifts ranged from a trip to Scotland bankrolled by Abramoff's clients to thousands of dollars in gambling chips Ney got on two overseas junkets from foreign businessman Fouad al-Zayat, a Syrian-born aviation company owner in Cyprus.

"I allowed myself to get too comfortable with the way things have been done in Washington, D.C., for too long," Ney said in a written statement after his court appearance.

Ney said, "I never acted to enrich myself or to get things I shouldn't." Details of conspiracy suggested otherwise.

The congressman admitted he gave $5,000 from one gambling trip to a staff member to carry across the border so Ney could report a lower dollar amount to customs officials.

Ney agreed to push legislation helpful to Abramoff clients including Indian tribes and a foreign beverage distiller. Ney agreed to help al-Zayat get a visa to enter the United States and a legislative exemption to laws barring the sale of U.S.-made airplanes and parts to a foreign country.

Regarding Abramoff, Ney acknowledged accepting all-expenses-paid and reduced-price trips to play golf in Scotland in August 2002, to gamble and vacation in New Orleans in May 2003 and to vacation in New York in August 2003. The total cost of

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all the trips -- in which others, including some aides, participated -- exceeded $170,000, prosecutors said. The congressman also admitted accepting meals and sports and concert tickets for himself and his staff.

Ohio Republican Pleads Guilty In Bribery Case (LAT)

By Johanna Neuman And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, October 14, 2006

The Ohio congressman will be out of office by his January sentencing. He may get at least two years in jail for dealings with Jack Abramoff.

WASHINGTON — Rep. Bob Ney (R-Ohio) pleaded guilty Friday to bribery charges stemming from the Jack Abramoff influence-peddling investigation, becoming the first sitting congressman to confess to taking bribes in the scandal that continues to reverberate through the Republican-controlled Congress.

"I accept responsibility for my actions, and I am prepared to face the consequences of what I have done," Ney said in a statement distributed to reporters outside a federal courthouse.

Before Judge Ellen S. Huvelle, Ney pleaded guilty to conspiracy and making false statements. A month ago, in a plea agreement with prosecutors, Ney admitted that he accepted tens of thousands of dollars in illegal gifts and other largesse that included nights of casino gambling in London and a lavish golf junket to Scotland.

In return, Ney acknowledged, he used his legislative clout to do favors for Abramoff and for a Syrian businessman nicknamed the "Fat Man."

Sentencing is set for Jan. 19, by which time Ney, who is not seeking reelection, would no longer be serving in Congress. Some on Capitol Hill speculated that Ney, who has mounting legal bills, might try to stay in office a few more weeks to maintain a salary. Members of Congress earn at least $165,000 a year.

Ney's lawyer told the judge that the congressman would resign his seat in the next few weeks.

But House Speaker J. Dennis Hastert (R-Ill.), already feeling political heat over the page scandal involving former Rep. Mark Foley of Florida, could be pressured to push Ney from his committee seats when Congress reconvenes for a special session after the Nov. 7 election.

And House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) announced that he would introduce a resolution expelling Ney from the House as soon as Congress returns.

"Bob Ney has brought shame to himself and disgraced the Congress by betraying the bond entrusted to him as a public official," Sensenbrenner said. "No one — Democrat or Republican — should remain a member of the people's House after being convicted of criminal conduct while in office."

At the White House on Friday, Press Secretary Tony Snow signaled the distance the GOP will try to put between themselves and Ney in the run-up to the midterm election, where several major polls indicate voters are leaning Democratic.

"He ought to resign," Snow said. "What Congressman Ney did is not a reflection of the Republican Party, it's a reflection of Congressman Ney."

The 52-year-old Ney — a six-term Republican — could face a maximum prison term of 10 years, but Huvelle said prosectors were recommending 27 months. She said federal guidelines suggest he should be fined $5,000 to $60,000.

Ney left the courtroom Friday without speaking to reporters. On reaching a plea agreement last month, he said that alcohol abuse had contributed to a downward spiral in his life, and that he had checked himself into a rehab facility for treatment.

"A dependence on alcohol has been a problem for me," he said then. "I am not making any excuses, and I take full responsibility for my actions."

Until the Abramoff scandal, Ney was best known nationally for renaming the French fries in the House cafeteria "freedom fries" after France refused to support the U.S.-led war in Iraq. "This action today is a small, but symbolic effort to show the strong displeasure of many on Capitol Hill with the actions of our so-called ally, France," he said in March 2003.

After Ney announced he would not seek reelection, Republicans in Ohio's 18th district held a special primary in September, nominating state Sen. Joy Padgett.

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She faces Democrat Zack Space in a district that was once represented by Wayne Hays, the chairman of the House Administration Committee who resigned in 1976 after a much-publicized sex scandal involving his secretary Elizabeth Ray, who admitted, "I can't type. I can't file. I can't even answer the phone."

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Ney Falls Victim To Abramoff Scandal (FT)

By Caroline Daniel In Washington

Financial Times, October 14, 2006

The scandal over Jack Abramoff, the crooked superlobbyist, claimed its first congressional victim on Friday when Bob Ney, a six-term Ohio congressman, formally pleaded guilty to criminal corruption charges that could see him face a jail sentence of up to 10 years.

After listening to a nine-minute litany of charges against him, including accepting thousands of dollars' worth of gifts, such as a $160,000 Scottish golfing trip with two of his aides, from the lobbyist, Mr Ney admitted that he had become "too comfortable with the way things have been done in Washington DC for too long" but blamed Mr Abramoff for using his name "to advance his own secret schemes of fraud and theft in ways I could have never imagined".

At the trial Mr Ney, who sought a plea bargain with prosecutors to limit his sentence to 27 months, said he would step down before he sentencing on January 19. However, the Republican leadership, including Dennis Hastert, the House speaker, scarred by criticism of their mishandling of the Mark Foley sex scandal, threatened to expel him on Friday when they return to Washington, saying there was "no place for him in Congress".

That threat was in contrast to decisions made just three weeks ago when Mr Ney first pleaded guilty to the charges. At that time, the Republican leadership – again, including Mr Hastert – made no calls for their colleague's resignation.

John Boehner, the House majority leader, said Mr Ney had made "big mistakes" but that it was up to him to decide to resign.

The White House echoed the new statement. Amid charges from Democrats that the Republicans were imbued with a "culture of corruption", Tony Snow, the White House spokesman, sought to deflect blame from the party to individuals.

"What congressman Ney did is not a reflection of the Republican party. It's a reflection of congressman Ney. And he ought to step down. We saw that with Duke Cunningham [a former Republican congressman who resigned last year in his own bribery scandal]. He took money; he stepped down. He should have."

The fallout from Mr Abramoff's largesse has continued to haunt Washington. Last week Susan Ralston, a White House aide to Karl Rove, the president's political adviser, abruptly re-sig-ned amid reports of her accepting gifts from Mr Arbamoff. On Thursday, the Democratic staff of the Senate finance committee charged several conservative not-for-profit groups with abusing their tax-exempt status by "laundering payments and then disbursing funds at Mr Abramoff's direction".

Congressman Pleads Guilty But Won't Resign For Now (NYT)

By Philip Shenon

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — Representative Bob Ney, the first member of Congress to confess to crimes in dealings with the lobbyist Jack Abramoff, pleaded guilty to corruption charges Friday but said he would not immediately resign.

Mr. Ney, Republican of Ohio, announced last month that he intended to plead guilty, admitting that in return for official acts, he had accepted tens of thousands of dollars' worth of gifts from Mr. Abramoff that included lavish trips, meals and tickets to concerts and sporting events. He faces a prison term of more than two years.

But what had not been expected at Friday's court hearing was Mr. Ney's disclosure that he intended to remain in Congress for now. The announcement appeared to surprise and infuriate House Republican leaders, who are trying to tamp down other scandals that are threatening to damage the party in next month's Congressional elections.

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After learning that Mr. Ney would not step down immediately and would continue to draw his $165,200-a-year salary, Speaker J. Dennis Hastert and other Republican leaders said they would move to expel him as soon as Congress returns next month for a postelection session.

"Bob Ney must be punished for the criminal actions he has acknowledged," they said in a statement. "He betrayed his oath of office and violated the trust of those he represented in the House. There is no place for him in this Congress."

The White House joined in calling for Mr. Ney to resign immediately. "What Congressman Ney did is not a reflection of the Republican Party," said Tony Snow, the White House spokesman. "It's a reflection of Congressman Ney, and he ought to step down."

Mark H. Tuohey, a lawyer for Mr. Ney, said during the hearing, at the Federal District Court in Washington, that the congressman would resign "in the next few weeks" but wanted to remain for now "to make sure his staff is taken care of" and to deal with constituent issues.

Congressional rules do not require the immediate departure of a member convicted of a crime. So unless his House colleagues act to expel him, Mr. Ney, who announced in August that he would not seek re-election, could choose to serve until his term ends in early January.

Mr. Ney, 52, appeared contrite but calm in his court appearance. Asked by Judge Ellen S. Huvelle for his plea to charges of criminal conspiracy and making false statements, he replied, "I plead guilty, Your Honor."

He said in a statement issued after the hearing that "I accept responsibility for my actions and am prepared to face the consequences of what I have done."

In announcing last month that he had reached a plea bargain with prosecutors, Mr. Ney said he was an alcoholic and was seeking treatment at an outpatient medical center. Asked by Judge Huvelle on Friday whether he was currently under any medical treatment, he replied, "Right now, alcohol, last 30 days."

The congressman is to be sentenced on Jan. 19. Under the plea agreement he could face 10 years' imprisonment, but prosecutors have said they will ask Judge Huvelle to limit the sentence to 27 months, and she is expected to agree. His lawyers said Friday that they would ask that he be placed in a prison with an alcoholism treatment program.

Mr. Abramoff, a former Republican fund-raiser who pleaded guilty in January to charges of conspiring to corrupt public officials, including Mr. Ney, is to begin a prison sentence of nearly six years next month.

In two weeks, David H. Safavian, a former Bush administration official, is to go before a federal judge here to receive a prison sentence for his conviction on charges of lying about his relationship to Mr. Abramoff, including the circumstances of a 2002 golfing trip to Scotland that was arranged by Mr. Abramoff for Mr. Ney, Mr. Safavian and others.

Ney Pleads Guilty To Corruption Charges (WP)

By Susan Schmidt And James V. Grimaldi, Washington Post Staff Writers

The Washington Post, October 14, 2006

Lawmaker's Conviction Is 8th in Abramoff Probe

Rep. Robert W. Ney (R-Ohio) pleaded guilty yesterday to corruption charges arising from the influence-peddling investigation of lobbyist Jack Abramoff, becoming the first elected official to fall in a scandal that may damage his party's chances in next month's elections.

Ney, 52, emerged from a month of alcoholism treatment to appear in federal court in Washington, where he admitted performing official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. Ney also admitted taking thousands of dollars in gambling chips from an international businessman who sought his help with the State Department.

House Republican leaders, still struggling to blunt the impact of a scandal involving House pages, immediately vowed to expel Ney in a post-election session if he has not resigned by then. Ney's attorney said in court that the congressman will resign his seat in the coming weeks but wants to first take care of pending constituent matters and see that his staff is settled.

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Ney, a six-term House member from a conservative district in eastern Ohio, appeared before Judge Ellen S. Huvelle and calmly acknowledged his guilt as Huvelle read a long list of favors Ney and Abramoff had done for each other. "That's accurate, Your Honor," Ney repeated again and again.

Ney made no statement to the court, but afterward he issued a written statement saying he was "ashamed" that his long career in public service has ended this way.

"I never acted to enrich myself or get things I shouldn't, but over time, I allowed myself to get too comfortable with the way things have been done in Washington D.C. for too long," Ney said. "I accepted things I shouldn't have with the result that Jack Abramoff used my name to advance his own secret schemes of fraud and theft in way I could never have imagined."

Ney is the eighth person convicted in the continuing federal investigation into Abramoff's activities. A federal task force that includes a dozen Justice Department prosecutors is investigating Abramoff's dealings with other congressional offices, including those of Sen. Conrad Burns (R-Mont.) and Rep. John T. Doolittle (R-Calif.), according to lawyers and witnesses involved in the probe.

Last month, Ney agreed to plead guilty to one count each of conspiracy and making false statements. His formal plea was delayed while he was in rehab. Yesterday, Ney was accompanied by a young staffer and a friend, Ellen Rattner, who told reporters that he did not want to drag his wife and children into court. "He's very happy he is sober," added Rattner.

Huvelle set sentencing for Jan. 19. The government has recommended that Ney be given 27 months in prison.

But Republican and Democratic leaders said they are prepared to move against him in November when the House returns from its recess. "Bob Ney must be punished for the criminal actions he has acknowledged," said a joint statement by House Speaker J. Dennis Hastert (R-Ill.), Majority Leader John A. Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Republican Conference Chairman Deborah Pryce (R-Ohio). "He betrayed his oath of office and violated the trust of those he represented in the House. There is no place for him in this Congress. If he chooses not to resign his office, we will move to expel him immediately as our first order of business when Congress resumes its legislative work in November."

Ney announced in August that he would not seek reelection and resigned as chairman of the House Administration Committee; the head of that panel is known as the mayor of Capitol Hill.

The Ohio Republican had been a target of the investigation for a year and came under increasing pressure -- first in January with Abramoff's guilty plea and agreement to cooperate in the investigation, then with the guilty plea in May of his former aide Neil G. Volz, who admitted conspiring to corruptly influence the congressman and others. Ney admitted encouraging Volz to violate the one-year ban on lobbying by former staffers.

Ney accepted a stream of valuable things from Abramoff and the lobbyists he hired from Capitol Hill, among them Volz. The gifts included luxury vacations that prosecutors valued at more than $170,000. Ney, for his part, sought to insert four amendments into a 2002 election overhaul bill to benefit Abramoff's clients. He also admitted helping another client win a multimillion-dollar contract to provide wireless communication services to the U.S. Capitol.

The congressman admitted that he twice inserted comments in the Congressional Record aimed at bolstering a bid by Abramoff to buy a casino cruise line in Florida in 2000.

Abramoff is scheduled to report to prison next month for his conviction on bank-fraud charges in the Florida case. His partner in that deal, Adam Kidan, is slated to report soon to a minimum-security prison camp at Fort Dix, N.J.

As of August, Ney had spent $296,000 in campaign funds to pay for legal expenses this year, according to newly filed campaign reports.

By age 62, Ney could be eligible for a pension worth about 20 percent of the $165,100 congressional salary, or about $33,000 a year.

Earlier this year, Ney's committee passed ethics legislation to strip convicted lawmakers of their pensions, but the bill died in the House. Ney championed the provision, saying it was designed to hold "members of Congress and those they work with to the highest standards in order to ensure that those who abuse the public trust will be dealt with accordingly."

Research editor Alice Crites contributed to this report.

No Early Foley Complaints, Head Of Pages Says (NYT)

By Jeff Zeleny

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — Representative John Shimkus, who has been chairman of the Congressional page program since 2001, said Friday that he was unaware of previous complaints about Mark Foley.

Mr. Shimkus, Republican of Illinois, said that had he known of the complaints about Mr. Foley, he would have handled concerns about Mr. Foley's e-mail messages to a page from Louisiana differently.

"There is stuff that everybody would have done differently," Mr. Shimkus said after testifying under oath for more than three hours before the House ethics committee. "Having 20/20 hindsight, a lot of things would have been different."

Mr. Shimkus said that he learned of concerns about Mr. Foley last fall and that he and the clerk of the House confronted Mr. Foley at a meeting in Mr. Foley's office.

Mr. Foley, a Florida Republican, resigned last month after a separate series of sexually explicit messages became known.

The ethics committee, which held a closed session, is investigating whether Republican leaders, particularly those inside Speaker J. Dennis Hastert's office, had warnings before last year that Mr. Foley had a history of being overly friendly to pages.

A longtime adviser to Mr. Foley has testified that he asked Mr. Hastert's office to intervene at least three years ago, an account that the speaker's aides have denied.

As Mr. Shimkus left the hearing room in the Capitol basement on Friday afternoon, he declined to give details of his testimony, which was given to a bipartisan panel of four representatives and a team of investigators.

But speaking to reporters, Mr. Shimkus said, "The first time I had any indication that I needed to address Congressman Foley" was after being alerted to the e-mail exchange with the former page from Louisiana.

When asked whether Republican leaders had told him to exclude other members of the page board — a Republican, a Democrat and the House sergeant-at-arms — when ultimately confronting Mr. Foley last year, Mr. Shimkus replied, "I made the decision."

He did not elaborate.

It is the meeting in Mr. Foley's office late last fall, which Mr. Shimkus said ran no more than 45 minutes, that is of particular interest to the ethics committee. Mr. Shimkus said after the hearing on Friday that he and the clerk of the House, Jeff Trandhal, showed excerpts of the e-mail messages to Mr. Foley, who in Mr. Shimkus's account recoiled and promised to stop contact with the Louisiana teenager.

After the meeting, Mr. Shimkus said, he thought that Mr. Foley did keep his distance.

"I had no reason to believe there wasn't changed behavior," Mr. Shimkus said. "We would always do an end-of-the-year 'bye-bye' to the pages on the House floor, but Congressman Foley did not show this year. Historically, he always did.

"But this year, he wasn't there. So we thought the intervention may have been successful."

It was sexually explicit messages from years earlier, however, that led Mr. Foley to resign after ABC News acquired them. Those exchanges were a maddening disclosure, Mr. Shimkus said, and they have piqued his curiosity about whether anyone was familiar with previous reports of Mr. Foley's behavior.

Page Board Chairman Testifies In Foley Case (WT/AP)

The Washington Times, October 14, 2006

ASSOCIATED PRESS

An Illinois lawmaker who as an overseer of House pages acted to stop former Rep. Mark Foley from e-mailing a Louisiana page in late 2005 testified for more than three hours yesterday before House investigators.

Rep. John Shimkus, who testified in private, told reporters later that in retrospect, he wished he had handled the episode last year differently.

"Having 20/20 hindsight, a lot of things would have been done differently," Mr. Shimkus said.

Mr. Shimkus has said he kept the two other House members overseeing the pages in the dark as he confronted Mr. Foley last fall. Mr. Shimkus, chairman of the House Page Board, has said he was following the wishes of the boy's parents by not telling the other two lawmakers of overly friendly e-mails sent by Mr. Foley to a former page.

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A four-member ethics investigating panel, operating in closed session, is hearing key witnesses with knowledge of how Republicans handled several alarms raised about Mr. Foley's conduct over the past five years. The Florida Republican resigned Sept. 29 after he was confronted with sexually explicit instant messages sent to other former male pages -- not the episode that Mr. Shimkus testified about.

Mr. Shimkus said he testified to assist the investigators in finding out "who knew what, when and where."

Meanwhile in Arizona, a law-enforcement official said federal prosecutors have opened a preliminary investigation into a camping trip that an Arizona lawmaker took with two former pages and others in 1996.

Rep. Jim Kolbe, Arizona Republican, took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman, Korenna Cline, said yesterday.

An accusation related to the trip was given to the U.S. Attorney's Office in Phoenix, but it was not immediately clear whether it was related to any contention of improper activity by Mr. Kolbe.

The official, speaking on the condition of anonymity, described the inquiry as preliminary. A spokeswoman for the Justice Department declined comment.

Miss Cline said the rafting party included five current staffers, two former pages and Mr. Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Mr. Kolbe, but she said they paid their own way.

At the time of the trip, Mr. Kolbe, the only openly homosexual Republican in Congress, served on a subcommittee that oversaw the national park system. He visited the park to look at National Park Service operations and fire reconnaissance.

Mr. Kolbe, 64, was pulled into the unfolding scandal involving Mr. Foley when he said this week that a former page had complained in 2001 or 2002 about e-mails the page had received from Mr. Foley that made him feel uncomfortable. Mr. Kolbe said he referred the matter to the House clerk and that someone from Mr. Kolbe's office confronted Mr. Foley.

Police Find No Report Of A Foley Dorm Incident (WP)

By Charles Babington And Mary Beth Sheridan, Washington Post Staff Writers

The Washington Post, October 14, 2006

Witness in Scandal Alleged Then-Congressman Was Detained Outside Pages' Capitol Hill Residence

U.S. Capitol Police said yesterday that they have no record of an alleged incident in which then-Rep. Mark Foley (R-Fla.) supposedly tried to enter a Capitol Hill dormitory for teenage pages.

The purported nighttime incident has been cited by lawmakers and a key witness in the scandal that involves Foley's interactions with congressional pages and the House's handling of the matter. Unlike sexually graphic electronic messages that Foley sent to teenage boys, evidence of the alleged dorm incident has proved elusive.

Yesterday, acting Capitol Police Chief Christopher M. McGaffin said his staff conducted electronic and hand searches of files covering several years but found no record of the alleged incident in which a drunken Foley supposedly was detained outside the pages' dorm in 2003 or earlier.

"I can't find anything that was written, in the way of a report, that would establish that that did occur," McGaffin said in a telephone interview. "Having said that, I don't know, maybe it occurred and there wasn't a report generated."

McGaffin said the search was complicated by the fact that he has received no details on when the alleged incident occurred and exactly what happened. "If, obviously, a crime was committed, a report would have been generated," he said.

In a separate interview this week, Terrance W. Gainer -- who was Capitol Police chief from June 2002 to April of this year -- said he recalled no mention of such an incident during his tenure.

The absence of a police report adds uncertainty to investigations by the FBI and the House ethics committee into furtive behavior that led to Foley's abrupt resignation two weeks ago. A central question for the bipartisan ethics committee is whether House GOP leaders and others had early warnings of Foley's objectionable behavior that should have prompted inquiries among current and former pages. House leaders might cite the lack of a police report as an indication that the dorm incident never happened or that it was kept so quiet that they had no way of knowing about it.

The FBI is investigating whether Foley, now in a Florida alcohol-treatment center, committed a crime.

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Meanwhile yesterday, the chairman of the small group that oversees the House page program testified for more than three hours before the four-member ethics subcommittee conducting the inquiry. Rep. John M. Shimkus (R-Ill.), head of the Page Board, later told reporters that he "answered their questions honestly and forthrightly."

In hindsight, he said, "a lot of things would have been done different." But by dealing with Foley quietly in late 2005, Shimkus said, he honored the wishes of the parents of a Louisiana boy whose e-mail exchanges with Foley triggered the eventual exposure of far more sexually explicit messages with other youths.

Shimkus, a longtime ally of Speaker J. Dennis Hastert (R-Ill.), said it was his decision to have only one other member of the Page Board -- then-Clerk Jeff Trandahl -- join him in confronting Foley last November about the Louisiana e-mails. Two other board members -- Rep. Shelley Moore Capito (R-W.Va.) and Rep. Dale E. Kildee (D-Mich.) -- have said they should have been alerted and allowed to help decide how to deal with Foley.

Shimkus has said that Foley deceived him and Trandahl by assuring them that his actions were innocent. They ended the November meeting by instructing Foley to cease contact with the Louisiana boy, which he apparently did. Critics say Republicans' eagerness to keep the Foley allegations quiet prevented them from launching inquiries that might have uncovered the lawmaker's more sexually explicit communications with former pages in other states.

In his e-mails to the Louisiana boy, Foley had asked for a photograph and asked what the boy wanted for his birthday. The youth and his parents found the requests troubling, but Shimkus has said he lacked enough information to take strong action against Foley. Trandahl has not spoken with reporters or the ethics committee.

Word of the Louisiana e-mails, Shimkus told reporters yesterday, "was the first time that I had any indication that I needed to address Congressman Foley."

Sources familiar with the investigation say that former Foley chief of staff Kirk Fordham, who met with the House ethics panel Thursday, told members that he believes the alleged page dormitory incident took place, and that it was a sign that Foley was showing unseemly interest in teenage pages. Fordham has said he asked Hastert's chief of staff, Scott Palmer, to intervene with Foley, and that Palmer reported he did so. Palmer has denied Fordham's account.

In an Oct. 3 letter to House Clerk Karen L. Haas, Rep. Deborah Pryce (R-Ohio) said a fellow GOP lawmaker had cited "rumors that there was an incident within the last several years when then-Congressman Foley in an intoxicated state was stopped by the Capitol Police from entering the Page Residence Hall."

Hastert says he knew of no concerns about Foley's behavior toward pages until the day the lawmaker resigned, Sept. 29. Hastert's office has acknowledged that three of the speaker's aides knew of the Louisiana e-mails but that they dealt with the matter by consulting with Trandahl and without telling Hastert or Palmer.

Hastert has said his staff handled the matter appropriately.

Staff writer Sari Horwitz contributed to this report.

Kolbe Camping Trip Being Investigated (AP-Y)

By Jennifer Talhelm

AP, October 14, 2006

Federal prosecutors in Arizona have opened a preliminary investigation into a camping trip that an Arizona lawmaker took with two former pages and others in 1996, according to a law enforcement official.

Rep. Jim Kolbe, R-Ariz., took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman Korenna Cline said Friday.

An allegation related to the trip was given to the U.S. attorney's office in Phoenix, but it was not immediately clear whether it concerned any contention of improper activity by Kolbe.

The official described the inquiry as preliminary and far narrower in scope than the federal investigation into former Rep. Mark Foley, R-Fla., who resigned two weeks ago amid reports about sexually explicit e-mails he sent to pages.

A second law enforcement official said the 1996 trip may be too old to investigate as a criminal action. Both officials spoke on condition of anonymity because of the ongoing investigation. A Justice Department spokeswoman declined comment.

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Cline said the rafting party included five current staffers, two former pages and Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Kolbe, but she said they paid their own way.

Beth Kolbe, the congressman's younger sister who was on the three-night trip, said nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the media.

"It's preposterous," she said of any allegations that taking the pages along was inappropriate.

She said the group included the then-deputy park superintendent and two rangers, who served as guides and interpreters. She said it was too hot to sleep in tents, so everyone slept out in the open by the water.

At the time of the trip, Rep. Kolbe served on a subcommittee that oversaw the national park system. He visited the park to look at National Park Service operations and fire reconnaissance.

Kolbe, 64, is the only openly gay Republican in Congress.

He was pulled into the unfolding Foley scandal when he said this week that a former page had complained in 2001 or 2002 about e-mails the page had received from Foley that made him feel uncomfortable. Kolbe said he referred the matter to the House clerk and that someone from Kolbe's office confronted Foley himself.

Kolbe, who is retiring this year after 22 years in the House, was a page from 1958 to 1960 for Arizona Sen. Barry Goldwater.

He served on the board that oversees the page program between 1995 and February 2001. He frequently offers his home to former pages, interns, constituents and colleagues visiting Washington.

He is traveling in Europe and has declined interviews. Cline said he had not hired a lawyer in the matter.

Ex-Pages' Trip With Rep. Kolbe Examined (WP)

The Washington Post, October 14, 2006

The U.S. attorney's office in Phoenix has opened a preliminary investigation of a 1996 camping trip that included Rep. Jim Kolbe (R-Ariz.) and two 17-year-old boys who had participated in the congressional page program, law enforcement officials said yesterday.

One official cautioned that the inquiry was based on allegations from one unidentified source that has not been substantiated. The allegations involve Kolbe's behavior toward one of the ex-pages, the official said.

The three-day trip down the Grand Canyon also included several Kolbe staffers and National Park Service employees, according to NBC News, which first reported the investigation. Kolbe's office said in a statement to NBC that "there is absolutely no basis and no truth" to any allegations of inappropriate behavior, and that the trip included five Kolbe aides, two former pages and Kolbe's sister.

Kolbe is one of several lawmakers who have become enmeshed in the scandal over former representative Mark Foley (R-Fla.).

Kolbe said this week that a former page alerted his office several years ago about e-mails from Foley "that made him uncomfortable," and that the complaint was taken to Foley's office and the House clerk. Kolbe, a former member of the House Page Board, said he did not see the messages but was told they were sexually explicit.

Kolbe is the only openly gay Republican member of Congress. He is not seeking reelection next month.

-- Dan Eggen

FBI Investigates Rep. Curt Weldon (MCT)

By Greg Gordon

McClatchy Newspapers, October 14, 2006

WASHINGTON - The Justice Department is investigating whether Republican Rep. Curt Weldon of Pennsylvania traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry.

The FBI, which opened an investigation in recent months, has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to strongman Slobodan Milosevic, a federal law enforcement official said.

The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show.

Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm of Solutions North America Inc. in 2002. Both are registered with the Justice Department as representatives of foreign clients.

Word of the inquiry, which has been closely held within the Justice Department and the FBI, comes from two individuals with specific knowledge of the existence of the investigation. They both declined to be identified because of the confidentiality of criminal investigations.

Spokesmen for the FBI and the Justice Department declined to confirm or deny that an inquiry is under way.

William Canfield, a lawyer who represented Weldon when a Los Angeles Times report prompted the House ethics committee to briefly explore the issue two years ago, said the congressman is unaware of a Justice Department investigation and is confident that none exists.

"Is there is an inquiry going on in the Justice Department?" Canfield asked. "The answer is no. . . . Curt knows nothing about this, his chief of staff knows nothing about it and I know nothing about it. I think we would have heard about it."

Canfield said Weldon, a 10-term House member who's vice chairman of the House Armed Services Committee and active in U.S. foreign affairs, dismissed the report as "crazy" while campaigning for reelection in a tight contest in Philadelphia's southwestern suburbs.

But McClatchy Newspapers' sources said the FBI only over the last few months obtained evidence suggesting that the congressman may have broken the law. One of the sources, a federal law enforcement official, said that Weldon had not yet been told about the inquiry.

The official said that the FBI recently sought the assistance of federal prosecutors in pressuring an unidentified person to provide evidence about the 59-year-old congressman. The attempt to "squeeze" this individual appeared to be an early step, the two sources said.

It is uncertain whether the current investigation will blossom into a full-blown inquiry that will result in criminal charges being filed. It is possible at this stage of the investigation that nothing will come of it. But the FBI typically does not seek the involvement of the Justice Department unless it finds substance to the evidence it has gathered.

Weldon, his daughter and Sexton all declined to respond to requests for an interview.

Joseph Fioravanti, a Media, Pa., lawyer representing Karen Weldon, sent a letter to McClatchy Newspapers declaring that "there is no investigation" and charging that a reporter was "harassing" and "baiting" her by leaving phone messages requesting comment.

Disclosure of the inquiry three weeks before the congressional elections presents a new headache for Republicans, who are already reeling from a series of scandals as they fight to retain House and Senate majorities.

In late September, Republican Congressman Mark Foley of Florida resigned after emails disclosed inappropriate messages to young male congressional pages. On Friday, Ohio Republican Rep. Robert Ney pleaded guilty to conspiracy charges relating to a corruption probe. Last month, Ney announced he wouldn't seek reelection. Two other Republicans, Randy "Duke" Cunningham of California and Tom DeLay of Texas, also have quit amid scandal.

In the Pennsylvania race, a recent poll showed that Weldon, who is vice chairman of the House Armed Services Committee and chairman of its Tactical Air and Land Forces Subcommittee, is locked in a statistical dead heat with his Democratic challenger, retired Vice Adm. Joe Sestak.

On Oct. 4, First Lady Laura Bush tried to give Weldon a boost, praising him at a fundraiser in Springfield, Pa., for supporting President Bush's tax cuts, backing legislation to conserve natural resources and being "a champion" of U.S. troops.

Weldon, the ninth child in a blue-collar family, worked as a firefighter and schoolteacher before turning to politics and becoming active in foreign policy issues. He has made more than 30 trips to Russia to push for closer relations with the United States.

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Weldon is founder and chairman of the congressional U.S.-Former Soviet Union Energy Caucus and founder and co-chairman of an inter-parliamentary exchange with Russia, pressing for a partnership that will contribute to "peace and stability in the world." He also has met with senior officials in Libya and even in North Korea.

In 2004, The Los Angeles Times published a lengthy report that described the meteoric rise of Solutions North America, the consulting firm set up by Karen Weldon and Sexton.

The Times tracked Weldon's parallel efforts on behalf of the firm's three foreign clients, quoting Weldon and his top aide as denying any impropriety.

Citizens for Responsibility and Ethics in Washington, a Democratic-leaning watchdog group, responded to the report by calling on the House ethics committee and Attorney General John Ashcroft to open investigations.

When the ethics panel did not act, Weldon insisted that the committee look into the allegations to clear his name. Canfield said he wound up sending a thick stack of documents to support Weldon's arguments that he did not discuss his daughter's clients with her and that his assistance to the three foreign interests was unrelated to Solutions' contracts.

Canfield said the panel conducted an informal inquiry and apparently dismissed the matter because he's heard nothing in more than two years. A spokesman for the committee, which rarely talks about its inquiries, did not respond to a request for comment.

What caused Karen Weldon to set up a lobbying firm is unclear. The Times reported that Philadelphia lawyer John Gallagher, who has worked with Representative Weldon on building relations with Russia, took credit for delivering Sexton and Weldon their first client: the Moscow-based Itera energy group.

According to the Times, Justice Department filings, congressional records and interviews by McClatchy Newspapers:

Rep. Weldon and a bipartisan congressional delegation had visited Itera in May 2002 during an official trip to Russia. Itera was drawing scrutiny at the time because of allegations that it had bought assets from a state-run energy giant for hundreds of millions of dollars below their true value.

Two months before Weldon's visit, the U.S. Trade and Development Agency scrapped plans to award an $868,000 grant to Itera to study gas deposits in Russia because the firm refused to identify all of its owners.

But Weldon, at a news conference after returning from Russia, called on the Bush administration to release the grant. The Philadelphia Inquirer reported in 2004 that Weldon also complained to presidential adviser Karl Rove and to then-energy secretary Spencer Abraham about the company's treatment by the U.S. government. The grant was never approved.

On Sept. 30, 2002, Itera signed a $500,000, one-year contract with Solutions North America, a deal that included a $170,000 payment up front. It also gave Solutions a 10 percent "finder's fee" for any sales it generated, an arrangement barred by federal contracting regulations.

On Sept. 24, 2002, six days before Solutions got the contract, Weldon introduced a House resolution encouraging "improved cooperation with the Russian Federation on energy development issues." That night, assisted by his daughter's firm, he hosted a dinner at the Library of Congress honoring Itera's chairman - an event attended by nearly 30 members of Congress and 18 members of the Russian Duma, that country's parliament.

On Jan. 10, 2003, Solutions landed a second client: a one-year, $20,000-a-month contract to represent a Russian firm that had designed a "flying saucer" drone to deliver supplies to war zones. Payments, however, would start only if Solutions landed some business for the firm, Saratov Aviation Plant. Another 10 percent finder's fee was included.

The congressman visited Saratov in Russia later that month, reportedly accompanied by his daughter. Weldon was impressed with the potential of the unmanned aircraft and contacted the Naval Air Systems Command, headquartered at the Patuxent River Naval Air Station in Maryland.

A Navair spokesman, Rob Koon, said Karen Weldon met with John Fischer, Navair's director of research and engineering sciences, in May 2003 to pursue the matter without Fischer knowing she was representing Saratov.

That September, at a meeting in Russia, Navair's Fischer and a Saratov executive signed a three-page letter of intent to work together on the new aircraft. But Navair spokesman Koon said the talks ended on Oct. 30, 2003.

Solutions got its third foreign client, the Serbian Karic Foundation, after Weldon took on the unpopular job of seeking a U.S. visa for Dragomir Karic and reportedly, one for his brother, Bogoljub.

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In the early 1990s, the Treasury Department's Office of Foreign Assets Control had listed the Karic brothers among parties whose U.S. assets were frozen because of their close ties to Milosevic, who died in his cell last spring while facing war crimes charges stemming from the genocides in Bosnia. Recently, the Serbian Ministry of Internal Affairs issued an international warrant for the arrest of Bogoljub Karic as part of a tax evasion investigation.

The Karic Foundation agreed to pay Solutions $20,000 per month, to assist with its humanitarian work, including setting up a U.S. branch.

Solutions later paid more than $2,300 for Mike Conallen, who was Weldon's chief of staff at the time, to travel to Belgrade, Yugoslavia - a trip approved by Weldon, records show. Conallen later reimbursed the firm because members of Congress and their aides are barred from accepting money from foreign agents.

The Times quoted Conallen as saying he phoned the State Department so many times pushing for visas for the Karic brothers that he didn't have to say why he was calling. Conallen said he was surprised to learn of the current Justice Department inquiry, but declined further comment.

In late 2003, Sexton and Karen Weldon set up a new firm, Solutions Worldwide Inc., but ended their representation of Saratov even before the news stories broke.

Rep. Weldon Probed Over Contracts For His Daughter (WP/MCT)

Mcclatchy Newspapers

The Washington Post, October 14, 2006

The Justice Department is investigating whether Rep. Curt Weldon (R-Pa.) traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry.

The FBI has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to former Yugoslavian president Slobodan Milosevic, a federal law enforcement official said.

The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show.

Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm Solutions North America Inc. in 2002. Both are registered with the Justice Department as representatives of foreign clients.

Word of the inquiry, which has been closely held within the Justice Department and the FBI, came from two people with specific knowledge of the existence of the investigation. They both spoke on the condition of anonymity because of the confidentiality of criminal investigations.

Spokesmen for the FBI and the Justice Department declined to confirm or deny that an inquiry is underway.

Two years ago, the Los Angeles Times examined Curt Weldon's parallel efforts in Congress on behalf of the Russian and Serbian clients of his daughter, prompting the House ethics committee to briefly explore the issue.

Weldon, his daughter and Sexton all declined to respond to requests for an interview.

FBI Is Said To Be Probing Weldon Over His Influence (PHI)

By Todd Mason And John Shiffman

The Philadelphia Inquirer, October 14, 2006

The FBI is investigating whether U.S. Rep. Curt Weldon (R., Pa.) used his influence to help his daughter win consulting contracts, sources say, a development that could influence his close race for reelection.

Weldon's campaign denied that an investigation was underway. "Our attorney tells us it is preposterous," said Michael V. Puppio Jr., his campaign manager.

"The allegation in a tight race like this does the damage," Puppio said last night. "You owe a duty to dig a little deeper."

Weldon, who has served 10 terms in Congress, is running neck and neck with retired Navy admiral Joe Sestak.

The investigation, based in Washington, has progressed beyond the preliminary stages, people familiar with the case told The Inquirer yesterday. McClatchy Newspapers broke the story.

FBI spokeswoman Deborah Weierman in Washington declined comment. Weldon's lawyer in Washington, William B. Canfield III, could not be reached at work, at home or by e-mail last night.

Charles Sexton, a political ally of the congressman and a business partner of his daughter, said the timing of the leaks is "awful strange."

"No one has contacted me," he said. "People can look at us all day long. There is no wrongdoing."

Sexton and Karen Weldon, 32, formed a public relations firm, Solutions North America, in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic.

That business dealing was first reported in 2004 by the Los Angeles Times. Sources said the FBI and Justice Department investigation was based on the Times story.

The Inquirer reported in 2004 that Weldon had lobbied federal officials on behalf of one of those firms, Itera, a huge and controversial Russian natural gas company. Weldon also complained to Karl Rove, President Bush's top political adviser, about Itera's treatment by the federal U.S. Trade and Development Agency.

Itera paid $500,000 to Karen Weldon and Sexton's firm. The contract was signed in Sept. 30, 2002, six days after the congressman helped arrange a dinner at the Library of Congress to honor Itera and Igor Makarov, the firm's chief executive officer.

Itera had a controversial past; Western investors in the former Soviet Union contended that the firm's rapid growth was a result of improper business deals.

Weldon was a student of the Soviet Union, and has frequently traveled to Eastern Europe.

The business dealings of Weldon's family and friends are already an issue in the hotly contested Seventh Congressional District race. A recent poll showed Weldon locked in a statistical dead heat with Sestak. The Seventh District covers most of Delaware County and parts of Chester and Montgomery Counties.

Sestak declined to comment yesterday.

However, the Democratic Congressional Campaign Committee, in a direct mailing this week, accused Karen Weldon of getting help from "Daddy."

"In Washington, politics is a family affair, and Curt Weldon sure knew how to steer our tax dollars into his own family's pockets," the flyer said.

Karen Weldon "has not lobbied me or any other congressman," Weldon told The Inquirer's editorial board Thursday. "My kids are allowed to seek employment," he said.

Weldon said he presented the question to the House ethics committee, which declined to pursue it.

The question dogs his campaign. At a recent fund-raising breakfast featuring Laura Bush at Springfield County Club in Delaware County, an enthusiastic Republican crowd greeted Weldon's references to his children with polite silence.

Yesterday, Sestak adviser David Landau said the investigation "raises in a very dramatic fashion that accountability and ethics issues are taking center stage."

"There is a pattern here," Landau said. "You have this whole K Street mentality," he said of a key Washington address for lobbyist firms.

At the editorial board meeting, Weldon defended his party's handling of ethics issues. "Congressmen have gone to jail," he said.

The scandals surrounding lobbyist Jack Abramoff and Reps. Duke Cunningham, Robert Ney and Mark Foley have hampered Republican candidates in this election.

Every investigation is different, but it is not uncommon for agents probing alleged corruption, drugs and organized crime to spend months, even years, working covertly on a case before the suspects learn that they are under scrutiny.

Sexton, a longtime Delaware County GOP leader, once operated a private security firm that provided security to the Kuwaiti Embassy in Washington.

Ryan Loses Freedom Bid (CHIT)

By Matt O'connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, October 14, 2006

Ex-governor to be jailed during appeal

Former Gov. George Ryan must surrender to prison early next year after a federal judge on Friday refused to let him remain free on bond while his appeal winds through court.

In a 32-page ruling issued Friday evening, U.S. District Judge Rebecca Pallmeyer rejected claims by the defense that Ryan's conviction was likely to be reversed on appeal.

The judge also refused to let Ryan's co-defendant, Lawrence Warner, put off prison pending his appeal.

Both Ryan and Warner learned of the adverse ruling in calls from Tribune reporters. Ryan declined comment, while Warner said he was disappointed but not surprised.

Warner's lawyer, Edward Genson, said he would seek to have the U.S. Court of Appeals review Pallmeyer's ruling. Attorneys for Ryan were unavailable for comment.

If the judge had ruled in their favor, Ryan and Warner could have remained free on bond for two years or more before their appeal was decided.

Ryan 72, who was sentenced to 6 1/2 years in prison, is scheduled to surrender to prison on Jan. 4. Warner, 67, is to begin his nearly 3 1/2-year prison term on Jan. 16.

The federal Bureau of Prisons has yet to announce where the two will serve their sentences.

Ryan has requested that he do his time in a federal prison camp in Oxford, Wis., while Warner sought a prison camp in Yankton, S.D., in order to attend an alcohol-treatment program there.

A federal jury convicted Ryan in April of steering millions of dollars in state business to Warner and other friends in return for vacations, gifts and other benefits to Ryan and his family.

Defendants in Chicago's federal court rarely remain free on bond pending appeal, but Ryan's lawyers argued that the controversial finish to the trial raised significant legal questions that warranted their release on appeal.

Eight days into deliberations, Pallmeyer excused two jurors who had concealed their arrest records during jury selection months earlier, added alternates in their place and ordered the jury to start deliberations anew.

The fact that she had publicly agonized over the decision, calling it a "close call," didn't qualify Ryan for bond, the judge ruled. "Countless decisions made by a district court in the course of a trial ... are `close calls' when made," she wrote.

Prosecutors opposed Ryan's remaining free, saying it would erode public confidence in the justice system. Furthermore, the defense is unlikely to win on appeal, the government argued.

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Judge To Ryan: Go To Prison Jan. 4 (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, October 14, 2006

Former Gov. George Ryan has to report to prison Jan. 4, a federal judge ruled Friday, rejecting his request to remain free as he appeals a public corruption conviction.

U.S. District Judge Rebecca Pallmeyer ruled Ryan must begin serving his 6½-year sentence even though defense lawyers argued they have a strong case for appeal.

"We're very pleased with the court's decision," U.S. attorney spokesman Randall Samborn said.

Ryan's lawyers did not immediately return a call for comment. Ryan also could not be reached for comment. Ryan's lawyer, Dan Webb, previously said that the prison term was like a death sentence for his client because he would be nearly 73 by the time he begins serving.

Defense lawyers had argued that Ryan shouldn't have to go to prison right away because they believe serious questions remain over Ryan's verdict. Deliberations were interrupted after eight days when two jurors were removed for failing to disclose criminal backgrounds.

'Investigated each allegation'Two new jurors were swapped in, and the newly formed jury convicted Ryan and businessman Lawrence Warner on 22 counts. Pallmeyer later threw out two of the counts but upheld the conviction. Ryan's trial lasted nearly six months.

But Ryan's lawyers argued there was further juror misconduct, including other jurors who gave misleading answers on their questionnaires and weren't tossed.

Pallmeyer rejected defense contentions, including that material brought in to the deliberation room was inappropriate enough to taint proceedings, that the foreperson had outside discussions about deliberations, then lied about it, and that the newly formed jury could not truly start over on its deliberations.

"The court investigated each allegation at the time ... and concluded either that the incident did not constitute misconduct at all, or that the conduct did not prejudice the defendants," Pallmeyer wrote.

Pallmeyer previously said she believes the defense "significantly overstated the degree of juror misconduct in this case."

Judge Denies Appeal Bond, Tells Ryan He Must Go To Prison (BVND)

The Belleville News Democrat, October 14, 2006

CHICAGO - A federal judge dashed George Ryan's hopes of avoiding prison while his corruption case is on appeal and ordered the former governor Friday to start serving his sentence in January as scheduled.

U.S. District Judge Rebecca R. Pallmeyer rejected Ryan's claim that misconduct by members of the jury at the close of the six-month trial made it likely a higher court would throw out the verdict and therefore the 72-year-old former governor should stay out of prison in the meantime.

"The court now concludes that these issues of juror misconduct do not support defendants' motions for release pending appeal," she said.

The highly detailed 32-page order effectively told Ryan, who was convicted in April along with co-defendant Larry Warner at the close of a six-month trial, to start serving his 6 1/2 -year sentence Jan. 4 as scheduled.

Pallmeyer also denied an appeal bond for Warner.

One of Ryan's defense attorneys, Timothy J. Rooney, said the defense team would have no comment on the judge's decision Friday night.

Messages seeking comment were left Friday evening at Ryan's home and cell phone numbers.

It was not known whether Ryan's lawyers would be able to go to the 7th U.S. Circuit Court of Appeals in an effort to get an appeal bond.

Prosecutors had opposed any appeal bond for Ryan. Such bonds are very unusual. Judges are supposed to grant appeal bonds only if there is substantial likelihood that a higher court will throw out the verdict.

"We are pleased with the court's decision," said a spokesman for the U.S. attorney's office, Randall Samborn. He had no further comment.

Ryan was convicted of racketeering conspiracy, fraud, tax offenses and lying to FBI agents. Prosecutors say that as secretary of state he steered millions of dollars in state contracts to Warner and other insiders.

In return, he received rewards ranging from vacations in Jamaica, Mexico and California to a free golf bag, prosecutors argued.

Witnesses testified that state employees and taxpayer dollars were used to run Ryan's campaigns while investigations were killed to cover up the exchange of bribes and campaign donations for truck drivers licenses.

The trial's biggest fireworks came after deliberations began.

Two jurors were dismissed and replaced with alternates after it was discovered that they had not disclosed their police records on pre-trial questionnaires. The decision came eight days into jury deliberations.

But Pallmeyer said it wasn't any guarantee of a reversal on appeal.

"The court's decision to seat alternate jurors was admittedly a challenging one when made, but it does not rise to the level of the kind of 'toss up' or 'close call'" that would warrant appeal bond, she said.

It later was discovered that some of the other jurors had had brushes with the law but they were not dismissed. Pallmeyer concluded their omissions were less serious.

Ryan attorneys are planning to focus the appeal in part on another juror's action in bringing unauthorized legal papers into the jury room.

But Pallmeyer concluded the papers "had no prejudicial effect on the verdict" and therefore "does not present a substantial question warranting release pending appeal." She also brushed aside an alleged conversation about the case that another juror had with an outsider.

5 Years For Dixon (MCA)

By Lawrence Buser

Memphis Commercial Appeal, October 14, 2006

Former state senator draws judge's criticism for lack of remorse in Tennessee Waltz sting

Former state senator Roscoe Dixon was sentenced to five years and three months in prison Friday by a judge who viewed him as unrepentant for his Tennessee Waltz bribery conviction.

U.S. Dist. Court Judge Jon McCalla handed down the sentence, the stiffest yet for a defendant in the FBI's undercover sting.

Advertisement

It came after a three-hour hearing in a packed courtroom during which the judge found Dixon had shown no acceptance of responsibility.

"The court has been listening for words it has not heard -- 'What I did was wrong,'" McCalla told the veteran legislator. "I'm still listening for those words."

Dixon, 57, testified that he was sorry he had gotten involved in the investigation, but offered no apologies and continued to maintain he was entrapped, a defense the jury rejected this summer.

"I want to hold all my options to have the right to appeal," said Dixon, whose character witnesses included ministers, civic leaders and neighborhood activists. "I do want to say I'm sorry I caused my friends who are so proud of me to to have doubts about Roscoe Dixon. I too am human, but God is not through with me yet."

The former Democratic legislator will remain free on his own recognizance until he is notified when and where to report by the U.S. Bureau of Prisons, probably in several months.

The three-year-old Tennessee Waltz investigation, which prosecutors have said is ongoing, has resulted in the indictment of 12 elected officials and aides.

He is the third defendant to be sentenced to prison. Four others are awaiting sentencing and five others are set for trial.

Dixon was convicted June 8 on each of five counts of accepting payoffs from former associates and undercover FBI agents posing as crooked businessmen willing to pay for legislation favorable to their fictitious company, E-Cycle Management.

Many of the conversations and three money transactions totaling $9,500 were secretly recorded on audio and video that was shown to jurors during his seven-day trial. To show jurors he was predisposed to such conduct, prosecutors presented evidence that Dixon previously had accepted a $6,000 bribe which was not part of the indictment.

His catch phrase for agreeing to accept payoffs, as shown on the tapes, was "Keep Barry happy," a reference to aide and confessed bagman Barry Myers.

Dixon testified that he was set up and that he felt he was simply accepting financial support or campaign contributions with no favors expected in return.

Federal prosecutor Tim DiScenza acknowledged that Dixon had made valuable contributions to the community over the years as an elected official, but he said the ex-senator had betrayed the public trust and had shown in court "almost a defiance of the rule of law."

As defense attorney Coleman Garrett began expounding on the entrapment defense, that "that government manufactured this crime," McCalla quickly stopped him and delivered a sharp but carefully worded rebuke.

"This case occurred because a public official took money," the judge said. "The great disservice in this case is when public officials or legislators attack this sacred system. When a public official tells people to distrust the system, one that's worked well for hundreds of years, the corrosive effect on the community is great. That's wrong. Somebody has to say it."

McCalla then called the lawyers into his chambers for a private discussion that lasted about 15 minutes.

After the hearing, Garrett declined to say what was said behind closed doors but maintained that Dixon is still entitled to argue his defense of entrapment.

"What we're not giving proper deference to is the entrapment defense," Garrett told reporters. "The government is not sacrosanct. There's nothing wrong with challenging it."

McCalla sentenced Dixon to the low end of the federal guideline range of 63 to 78 months.

He ruled that the sentence was appropriate because Dixon had obstructed justice by testifying falsely, that he accepted multiple bribes totaling more than $10,000 and that he was a public official.

Ex-senator Dixon Sentenced To Five Years For Bribery (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), October 14, 2006

MEMPHIS - Former state Sen. Roscoe Dixon, the first lawmaker to go to trial in the bribery scandal called Tennessee Waltz, drew a sentence Friday of five years and three months in federal prison.

Dixon, 57, is the first lawmaker to go to trial in the public corruption investigation but the second to be sentenced.

Former state Rep. Chris Newton, R-Cleveland, pleaded guilty to bribery last year and was sentenced to one year in prison. Three other current or former state lawmakers are awaiting trial.

Judge Jon McCalla told Dixon and a courtroom full of supporters that statements of remorse can go a long way toward reducing a lawbreaker's punishment.

"I'm still waiting for those words," the judge said.

Dixon, a longtime Democratic lawmaker and community activist, told McCalla he hoped to get "consideration ... for my entire life."

"I'm sorry that I, too, am human, but God is not through with me yet," Dixon said.

After sentencing, Dixon continued to argue that he was tricked into taking money from FBI agents posing as crooked businessmen wanting a change in state law.

He said he declined admitting guilt because "I wanted to hold all my options open because I'm going to appeal."

Dixon, who is black, has argued that he was targeted by federal investigators because of his race.

McCalla said he saw "not one shred of evidence" of government wrongdoing and admonished Dixon for comments that could undermine the public's faith in the judicial system.

"That's wrong Sen. Dixon. That's wrong," McCalla said.

Undercover agents made bribes available to many lawmakers and other public officials, the judge said, and "some accepted and some did not. That's what happened."

After sentencing, Dixon was released without bond to await notice from federal officials on where he should report to prison. He has no chance of parole and will be on probation for two years after his release.

Dixon was convicted in June on five bribery and extortion charges carrying a statutory maximum punishment of 90 years in prison. But federal guidelines for a first-time offender called for a sentencing range of five years and three months to six years and six months.

McCalla refused defense requests to alter the mathematical formula on which the guidelines were based or to hand down a sentence below the lower range. He agreed with prosecutors on increasing the sentencing formula, saying Dixon lied in court and took numerous payoffs.

Dixon's indictment listed bribes adding up to $9,500, but McCalla agreed with prosecutors that the total was $15,500, including payoffs that preceded the Tennessee Waltz investigation.

Prosecutors said Dixon split those bribes with former associate Barry Myers, who pleaded guilty and testified against him.

"Public officials should recognize ... that they must be held accountable if they break the law," U.S. Attorney David Kustoff said. "Today's sentencing of Mr. Dixon demonstrates this very principle."

The Tennessee Waltz scandal rocked the state Legislature when indictments were made public last year and led to a special session on ethics reforms.

The investigation focused on an FBI front company, E-Cycle Management, which sought government help in setting up business in Tennessee. The investigation has led to charges against 11 defendants, including several local officials in Memphis and Chattanooga.

Overall, four defendants have pleaded guilty and two, including Dixon, have been convicted at trial. Among those awaiting trial are Sen. Ward Crutchfield, D-Chattanooga, and former Memphis Sens. Kathryn Bowers and John Ford, also Democrats.

Ex-Detective Is Given 7-Year Prison Term (NYT)

By William K. Rashbaum

The New York Times, October 14, 2006

In a Brooklyn courtroom packed with his family, friends and neighbors, a retired police detective who had admitted to stealing roughly $800,000 from drug dealers delivered a tormented apology yesterday, moments before a judge sentenced him to seven years in federal prison.

Sobbing as he described how a voracious gambling addiction drove his thefts and led to a separation from his wife, the detective, Thomas Rachko, 48, also spoke of his two sons, 11 and 13 years old, who were not in court.

He said the boys had read many times of his successes during his 20-year police career, only "to be forced because of my hideous actions to read about my disgusting behavior."

"I just can't believe I did what I did to them," Mr. Rachko told Judge Carol B. Amon of United States District Court in Brooklyn.

A big man with close-cropped silver hair, he rubbed his hand over his face as his voice quavered.

"I am so sorry, but by the same token, your honor, I am here today to be punished," he said. "I deserve to be punished. What I did was horrendous. I can't believe I did it, but it is deserving of punishment."

Mr. Rachko, who retired from the Police Department in 2002, had faced life in prison on narcotics conspiracy charges arising from his significant role in the department's biggest scandal in a decade. His sentencing brought the criminal investigation to a close.

He was arrested on Nov. 26, 2003, just hours after he and his old partner, Julio C. Vasquez, were captured on videotape stealing $169,000 from a drug money courier. He began cooperating with the authorities almost immediately, and the theft unraveled a web of corruption — thefts of drug money and drugs that Mr. Vasquez helped sell for cash. As many as 10 current or retired police detectives and supervisors were implicated.

Mr. Rachko, who before he retired was assigned to the Northern Manhattan Initiative, a narcotics unit that focused on drug dealers in Harlem and Washington Heights, spent his drug plunder betting on horses. He sometimes collected his illicit take right outside Off-Track Betting parlors so he could go back in and gamble some more.

But he stressed to the judge that he was not seeking to lessen the gravity of his crimes by citing his addiction.

"I do not use gambling as an excuse for what I did, your honor," he said. "I knew when I did what I did I was doing wrong, and I was breaking the law. I just did not have the courage or the proper mind-set to stop. I knew because of the fact that for most of my years I was a good detective, I knew that I was going to get caught. But I just could not control myself."

He told the judge that his gambling addiction placed a tremendous burden on his family. He also apologized to his community, a Bronx neighborhood, whose residents turned out with his family to support him, filling every seat on the courtroom's polished wooden benches. He said he never bought anything for himself, adding that the dark gray suit in which he was sentenced was given to him as a gift 10 years ago.

"Yes, I was greedy for that money," he said. "Almost like a — a junkie would be for a bag of heroin. I just wanted that money to gamble."

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His lawyer, Jeffrey Lichtman, had pleaded with the judge to look at some of the positive things Mr. Rachko had done, citing his work as a detective before he began committing crimes, and his extensive volunteer work in the Bronx.

The prosecutor, Adam Abensohn, an assistant United States attorney, said some of his colleagues had known Mr. Rachko before his arrest, and "liked him, trusted him and believed him."

Before pronouncing sentence, Judge Amon called his crimes a "horrible breach of the public trust." But she noted that he was remorseful and had cooperated, as detailed in a prosecution letter that enabled her to mete out a lighter sentence than the statutory minimum of 10 years and the maximum life term advised by sentencing guidelines.

The proceeding yesterday brought to an end the three-year investigation by the El Dorado Task Force, the anti-money-laundering unit of Immigration and Customs Enforcement of the Department of Homeland Security that videotaped the $169,000 theft, and by F.B.I. agents and the police Internal Affairs Bureau investigators.

Mr. Vasquez was sentenced to six years in prison. John Maguire, a retired lieutenant, was sentenced to 14 months, and Carlos Rodriguez, a former detective, was sentenced to two years. Another detective was fired after a police administrative hearing, and the department is seeking to fire two more.

After the sentencing, an F.B.I. agent who worked on the case shook Mr. Rachko's hand. Then, the retired detective, who will keep his police pension and pay a $10,000 fine after serving his prison term and five years of supervised release, walked into the courtroom gallery and held his wife in a long embrace as both wept. He then hugged several supporters who had filled the benches.

Ex-cop Gets 7 Years In Scheme (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 14, 2006

A tearful ex-cop begged for mercy Friday and got it when a federal judge in Brooklyn sentenced him to 7 years in prison, much less than the possible life term he faced for ripping off hundreds of thousands of dollars from drug dealers.

Thomas Rachko, 46, of the Bronx, told Judge Carol B. Amon that his compulsive gambling helped push him to steal the drug money over a five-year period in a scandal that implicated a number of other officers.

"Every time I got money, I gambled it away right away," Rachko told Amon. "And I now realize it wasn't so much to try to have that big win. I just wanted to gamble. I wanted the action."

Rachko, who retired from the NYPD in 2002, pleaded guilty in 2004 to charges that he was involved in a scheme in which he and others ripped off the dealers and hoarded the cash.

He was arrested in late November 2003 with then-Det. Julio Vasquez after they were both spotted by members of a drug enforcement task force taking cash from a drug trafficker in Queens.

Friday, defense attorney Jeffrey Lichtman reminded Amon that it had been Rachko who made the quick decision after his arrest to cooperate with investigators and led them to $68,000 stashed in a trash container in the Bronx.

Investigators said Rachko told them he pulled in about $800,000 from the scheme.

Because Rachko was perceived by prosecutors to have obstructed justice, he could have faced life in prison under federal sentencing guidelines. But Lichtman argued that, in the end. his client didn't obstruct justice and did nothing worse than Vasquez. Vasquez was sentenced earlier this month to 6 years in prison.

"This isn't a greedy man," added Lichtman.

Rachko, who often dabbed tears from his face with a handkerchief as Lichtman spoke, struggled to maintain his composure when he addressed Amon.

"My crimes, as terrible as they are, and my gambling addiction, in early 2003, caused me to be separated from my wife, Sandy, an unwanted separation by myself," said Rachko through sobs.

"I am here today to be punished. I deserve to be punished," said Rachko to Amon. "I humbly ask for your mercy today not only for myself, but for my continued recovery and for my children."

Amon said Rachko's crimes were "extraordinarily grave" and that he had a leadership role in the scheme. But she acknowledged that he was contrite and showed remorse.

In addition to the prison sentence, Amon fined Rachko $10,000. She allowed him to surrender to federal prison officials early next year. Rachko remains free on bail until then.

COP'S CRYING SHAME (NYPOST)

By Zach Haberman

The New York Post, October 14, 2006

October 14, 2006 -- A disgraced NYPD detective sobbed uncontrollably as he told a Brooklyn judge he robbed drug dealers not out of greed - but to feed his high-stakes gambling habit.

"I do not use gambling as an excuse for what I did," said Thomas Rachko, who gambled away roughly $800,000 in drug money he plundered over a five-year period until being busted for stealing $169,000 from a drug courier in Queens in November 2003.

"I knew when I did what I did I was doing wrong and I was breaking the law - but I just could not control myself," the retired 20-year veteran told Brooklyn federal court Judge Carol Amon, who sentenced him to seven years in prison yesterday.

He told the judge he was always looking for action, "almost like a junkie would be for a bag of heroin. I just wanted that money to gamble."

The hulking Rachko, 48, choked up as he explained how his "hideous actions" dishonored the NYPD and the people who live around him in the Riverdale section of The Bronx who showed up in droves and packed the courtroom to support him.

But he burst into tears when he apologized to his wife and two sons - who were not in the courtroom - for having "to read about my disgusting behavior."

Jeffrey Lichtman, Rachko's lawyer, pointed to many good things Rachko did as a cop and noted that he was the first to come forward and spill the beans about other crooked cops after he and former partner Julio Vasquez - who was sentenced last week to six years - were arrested.

"He deserves punishment, there's no question," said Lichtman. "But he also deserves compassion."

The judge apparently agreed, stating that, "I believe Mr. Rachko is remorseful and his statements are genuine."

She could have meted out a life sentence, but felt seven years was appropriate, since he pleaded guilty in June 2004 and will have to pay a $10,000 fine when he finishes five years' probation.

Rachko's court days may not be over, however.

Two convicted drug dealers freed following the arrests of Rachko and Vasquez have filed federal civil-rights lawsuits against the two rogue cops and the city.

Bertrand Canty and Nelson Belliard are seeking $56 million for false arrest, negligence, battery and other claims.

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I Gambled Life Away, Sez Ex-cop Who Gets 7 Years (NYDN)

New York Daily News, October 14, 2006

A disgraced former NYPD detective told a federal judge yesterday his compulsive gambling led him to steal more than $800,000 from drug dealers.

Thomas Rachko, 48, was sentenced to seven years in prison after telling Brooklyn Federal Judge Carol Amon how gambling cost him his career and marriage.

"I just lost complete control of my mind and continued to gamble," Rachko said, sobbing. "Every time I got money I gambled it right away. And now I realize it wasn't so much to try to have that big win. I just wanted to gamble. I wanted the action."

Rachko was the ringleader of a group of corrupt narcs that robbed dealers of cash and drugs with impunity for years in upper Manhattan.

"I knew I was doing wrong and I was breaking the law; I just did not have the courage or the proper mind-set to stop," he said.

After his marriage fell apart, he gambled even more. "I was greedy for that money, almost like a junkie would be for a bag of heroin," he said.

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Rachko was facing life in prison for his leadership role. But prosecutor Adam Abensohn said he deserved a break because he cooperated with authorities after he and his ex-partner, Detective Julio Vasquez, were caught in 2003 robbing a drug courier in Queens.

John Marzulli

NYC Detective In Drug Scandal Gets 7 Years (NSDY/AP)

Long Island Newsday, October 14, 2006

NEW YORK (AP) _ A retired police detective who stole nearly $800,000 in drug money sobbed and apologized for his crime before a judge sentenced him to seven years in prison.

Thomas Rachko, 48, said he stole because he needed money to fuel a gambling addiction.

"I deserve to be punished," he told U.S. District Judge Carol Amon, before she rendered the sentence in a Brooklyn court. "What I did was horrendous. I can't believe I did it, but it is deserving of punishment."

Rachko, 48, could have gotten up to life in prison on the narcotics conspiracy charges.

The case was part of a damaging corruption scandal at the police department. Rachko and his one-time police partner, Julio Vasquez, were caught on tape stealing $169,000 from a drug courier.

Confronted with the evidence, Rachko, who retired from the police department in 2002, began cooperating with investigators and helped provide evidence that led to charges against several other police detectives.

Amon called Rachko's crime a "horrible breach of the public trust," but gave him credit for helping with the investigation, and ultimately less time than the 10 year minimum he would have faced if he had refused to cooperate.

Vasquez also cooperated and was sentenced to six years in jail earlier this month for stealing and reselling cocaine. He resigned after his arrest in 2003.

Vermont Student's Body Is Found (NYT)

By Pam Belluck

The New York Times, October 14, 2006

A University of Vermont student who had been missing since last weekend was found dead yesterday near a gorge about 15 miles from campus, and the police identified as a suspect a man she had borrowed a cellphone from in downtown Burlington, Vt.

Chief Thomas Tremblay of the Burlington police said the body of Michelle Gardner-Quinn, a 21-year-old senior from Arlington, Va., was found off the side of a road in Richmond, Vt., near a popular swimming site called Huntington Gorge.

Chief Tremblay said Ms. Gardner-Quinn's death was a homicide, and he identified Brian Rooney, 36, of Richmond as a "very likely suspect."

Chief Tremblay said Mr. Rooney had been arrested yesterday afternoon on charges unrelated to Ms. Gardner-Quinn's death. He said those charges, of sexual assault and lewd and lascivious conduct with a child, involved incidents in Caledonia County, about 75 miles from Burlington, before Ms. Gardner-Quinn's disappearance.

The disappearance of Ms. Gardner-Quinn prompted an exhaustive search by the police, the F.B.I. and legions of volunteers from the university community, many of them students shocked at the prospect that a kidnapping might have occurred in a city normally considered safe.

She was last seen about 2:30 a.m. last Saturday while walking on Main Street in Burlington with Mr. Rooney, whom she had not met before. The police said she had been at bars celebrating a friend's birthday and was walking back to campus when her cellphone battery died and she stopped Mr. Rooney to ask to use his.

A surveillance camera at Perrywinkles Fine Jewelry store captured images of Ms. Gardner-Quinn and Mr. Rooney on Main Street.

Police In Vt. Find Body Of Student (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, October 14, 2006

Man Questioned in Death Of Senior From Arlington

The body of a missing college senior from Arlington was found yesterday off a rural road near the University of Vermont. Police said that the man with whom she was last seen six days ago was arrested on unrelated sex assault charges and was being questioned about her death.

Burlington Police Chief Thomas Tremblay said the body was tentatively identified as that of Michelle Gardner-Quinn, 21. The body was discovered about 15 miles southeast of downtown Burlington, near a swimming hole popular among college students and residents, Tremblay said.

He said it was not yet known how Gardner-Quinn was killed or when her body might have been left at the spot. Police said they are investigating her death as an apparent kidnapping and homicide.

"We are not done yet," Tremblay said in an afternoon news conference at Burlington's City Hall. "There is still more work to be done."

Gardner-Quinn -- whose disappearance last Saturday was the focus of an intense investigation that fanned across several nearby communities -- was last seen walking from Burlington's downtown area toward campus, about five blocks away.

A surveillance camera captured her walking with Brian Rooney, 36, a construction worker who lent her his cellphone so she could call friends after the battery in her phone died, police said.

Rooney, of nearby Richmond, Vt., has not been charged in Gardner-Quinn's slaying, Tremblay said, although he was being interviewed by detectives last night. Tremblay said Rooney was charged yesterday with sexual assault and lewd and lascivious conduct with a child in Caledonia County, about 80 miles east of Burlington. He declined to elaborate on the charges.

Rooney is to be arraigned Monday on those charges, Tremblay said.

The disappearance and death of Gardner-Quinn was at least the third such incident in the past year involving a female college student. The body of University of Virginia student Elizabeth M. Hafter, 22, was found Oct. 1 along the Blue Ridge Parkway with a single gunshot wound to the head after she had been missing a few days. And in September 2005, Virginia Commonwealth University freshman Taylor Behl was found slain in rural Mathews County. Behl, 17, of Vienna, was found one month after she was reported missing from the Richmond campus.

Yesterday, Tremblay urged anyone with information about Gardner-Quinn's case to call authorities. He said an autopsy was scheduled for this weekend.

After several days with few leads, the investigation quickened midafternoon yesterday. While Vermont State Police canvassed the swimming hole, authorities cordoned off a half-block in a residential neighborhood in Burlington not far from where Gardner-Quinn was last seen.

Using various tools, they dug out an area in the back yard of a house where concrete had been poured this week, according to the Associated Press and Burlington television stations. The house was somehow connected to Rooney, they reported.

Gardner-Quinn, a senior majoring in Latin American studies and environmental science, was reported missing after she failed to show up for a planned dinner with her parents last Saturday. They had traveled to Burlington for parents' weekend at the college.

Gardner-Quinn was a 2003 graduate of H-B Woodlawn Secondary Program, an academically rigorous magnet school at which students have a large say in the curriculum.

Tommy Lang, 21, a University of Vermont senior who grew up with Gardner-Quinn, told the Associated Press yesterday that nothing seemed amiss when she called him from Rooney's cellphone just before her disappearance.

"She sounded completely fine and normal and exactly the way she did when she left us," said Lang, who had been hanging out with Gardner-Quinn and others for a friend's 21st birthday celebration. "There wasn't anything that made me worry or made me suspicious that anything was going on."

Yesterday, after posting numerous optimistic messages online praying for Gardner-Quinn's safe return, friends began leaving messages of mourning.

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"Michelle you were one-in-a-million," wrote her friend Elizabeth Oliphant on Facebook.com, a social networking site popular among college students. "I am heartbroken for your family -- they will stay in my thoughts and prayers for a long time. You will be missed dearly."

Gail Fendley, a longtime family friend, said in a telephone interview yesterday that she considered Gardner-Quinn a part of her family. Her son, Ian Willson, 22, had grown up with Gardner-Quinn, and the two had dated in recent years. Yesterday, Fendley sat sobbing inside her vehicle, parked on a street in Richmond, Va., where her son attends college.

"It's not that every life doesn't matter, but this is one who would've made the world a better place," Fendley said. "I just can't imagine how someone could hurt our Michelle."

Worst Fears Come True In Vt. Search (BOS)

By Suzanne Smalley And Raja Mishra, Globe Staff

The Boston Globe, October 14, 2006

Student's body is discovered; area man held

BURLINGTON, Vt. -- Hikers near a rural gorge yesterday found the body of a University of Vermont student who disappeared a week ago while walking back to her dormitory on a downtown Burlington street, police said.

Police said 21-year-old Michelle Gardner-Quinn had apparently been slain, and identified Brian L. Rooney, 36, of nearby Richmond, as the suspect in a crime that has deeply unnerved this bucolic college town. Rooney, who police say is the last person seen with Gardner-Quinn, was arrested yesterday on unrelated sexual assault charges.

As ashen-faced Burlington Police Chief Thomas Tremblay announced ``with a heavy heart'' that the six-day search for Gardner-Quinn had ended, the outgoing student's friends sobbed, their worst fears realized.

``I don't even know what I'd say,'' said Adam Briere, 19, a close friend.

University of Vermont president Daniel Mark Fogel said he was devastated. ``All of us are filled with intense anguish and sorrow at the terrible news and the loss of one of our students,'' he said in an interview.

While awaiting autopsy results to confirm the identity of the body and cause of death , police would not describe how Gardner-Quinn had been killed, say whether she had been sexually assaulted, or say how long she had been dead. More crime scene processing is needed before Rooney could be linked to Gardner-Quinn's death, Tremblay said.

The student was reported missing last Saturday after she failed to show up for an outing with her parents, who had been visiting Burlington from Arlington, Va. Gardner-Quinn, who majored in Latin American history and environmental studies, had transferred in September from a college in Baltimore.

As her parents kept vigil in Burlington, Vermont police, FBI agents, and National Guard troops, augmented by eager students and other volunteers from the university, scoured Burlington and the surrounding area.

But yesterday's discovery came about through a phone call from a group of hikers alerting authorities to a body in an area that had not been searched, the bank of Huntington Gorge, a popular swimming hole in Richmond, about 15 miles from Burlington. On Tuesday, police searched a house near where the body was found that they said was related to Rooney.

Rooney had been the focus of the investigation for days, though until yesterday police had refused to identify him or call him a suspect. Police had interviewed him and knew his whereabouts for most of the week before his arrest yesterday.

Gardner-Quinn made a call from Rooney's cellphone, and a jewelry store surveillance camera captured the two walking on Main Street in downtown Burlington at roughly the same time, police said. Yesterday, police asked for the public's help in tracking the whereabouts of a red Jeep Cherokee belonging to Rooney. Police said they have searched the vehicle, but urged anyone who might have seen the Jeep between last Saturday morning and Monday morning to call investigators.

Rooney's former father-in-law described him as an erratic and abusive man unable to hang on to jobs and chronically behind on child support payments.

``He's the scum of the earth,'' Roger Martin of Craftsbury, Vt., said in an interview this week. ``He'd make my daughter do things she didn't want to do. . . . If she didn't do it, he'd say he'd hurt himself.''

Rooney was $13,000 behind in child support to Martin's daughter, with whom he has an 8-year-old girl, Martin said. He also said that Rooney often sniffed gasoline and aerosol cans to get high.

Rooney, most recently employed as a construction worker, has been accused of violence toward women in the past, court documents show.

A 23-year-old former girlfriend sought a restraining order in November 2005, alleging that Rooney ``has been sexually and emotionally abusive."

``I don't feel safe going anywhere by myself, because he shows up everywhere I go," wrote the woman, with whom Rooney had another child. ``Brian is always driving by my house, following me, calling."

Rooney will be arraigned Monday on charges of sexual assault and lewd and lascivious conduct with a child, police said. The alleged crimes happened in Caledonia County and Essex County, about 80 miles from Burlington, before Gardner-Quinn's disappearance, but police said they only discovered them while investigating Rooney this week.

The child sex charge stemmed from an action in 1998, according to Essex County State's Attorney Vincent Illuzzi.

Gardner-Quinn's disappearance prompted a sense of vulnerability in Burlington, where three colleges dominate daily life. Confirmation of her death, which quickly rippled across the city yesterday afternoon, appeared to deepen those concerns.

Women around campus said they would be more cautious, particularly at night.

``I'm definitely not going to walk anywhere alone," said Kerrie Keller, an 18-year-old freshman from Maine. ``My parents called me and asked me please not to walk anywhere alone."

At J.P.'s Pub, where Gardner-Quinn was celebrating a friend's birthday in the hours before she vanished, bartender Amy Delorme pulled the missing person fliers off the walls after news of the body's discovery.

``I saw it on the TV, so I just took them down," she said, shaking her head. ``People are just so sad."

Autopsy Performed On Vt. College Senior (WP/AP)

By John Curran, The Associated Press

The Washington Post, October 14, 2006

BURLINGTON, Vt. -- A man authorities are investigating in the case of a University of Vermont senior who was found dead along a ravine was being held without bail on unrelated charges Saturday while an autopsy was performed on the victim.

Brian L. Rooney, a construction worker from Richmond with a record of several arrests, was taken into custody Friday, the same day hikers happened upon the body of Michelle Gardner-Quinn near Huntington Gorge, a popular swimming hole.

Gardner-Quinn had disappeared nearly a week earlier while walking to her dormitory.

The cause of her death had not been released. The autopsy was ongoing Saturday but results would not be released this weekend, said police Lt. Kathleen Stubbing. She said it would likely be at least a week before any charges can be brought in the case.

Meanwhile, a memorial service for Gardner-Quinn was scheduled for Sunday night at the University of Vermont in Burlington.

Rooney, 36, was arrested Friday on unrelated charges of sex abuse elsewhere in Vermont. He was jailed without bail on those charges Saturday, pending a Monday arraignment. He had not been charged in Gardner-Quinn's case, but is considered the prime suspect in her disappearance and death, Police Chief Thomas Tremblay said.

Gardner-Quinn, 21, of Arlington, Va., was last seen alive in the early morning of Oct. 7 as she walked up Main Street after celebrating a friend's birthday at downtown bars.

Authorities said that in a chance encounter she asked Rooney to borrow his cell phone to make a call because the battery in hers had gone dead. She made the call and was seen, on surveillance video from a jewelry store camera, walking alongside Rooney.

Gardner-Quinn was reported missing later that day when she failed to make a dinner date with her parents.

Because of the surveillance video, Rooney had been the focus of the investigation.

Days later, Rooney was seen with cuts on his hands when he stopped at Walt's Game Room, a candy store and pool parlor in Winooski, where he was a regular customer, owner John Barton said Saturday. It was either Monday or Wednesday, Barton said.

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"He looked very down and depressed," said Barton, who asked Rooney about police activity at the house where he was staying.

"I asked him what the deal was with the FBI and police and everything going around. He said he was the guy who had lent the missing girl his cell phone," Barton said. "He basically said `I was walking up the street with her and when I got halfway up she went one way and I went the other and I don't remember anything after that.'"

Barton said he noticed two or three cuts on Rooney's right hand but thought they may have been suffered on the job because they were scabbed over.

A woman who lives upstairs from the Winooski apartment where Rooney was staying said Saturday he came home drunk late Wednesday and told her he did something wrong with "the girl from the college."

"He came up and he was drunk, crazy," said Amy Stewart, 25.

"He said he did something wrong with that girl. That's all I know. I say `Tell me more, tell me what's going on,' and he said he not going to tell me anymore," she said.

Rooney was charged with sexual assault in Caledonia County, 80 miles north of Burlington, and with lewd and lascivious conduct with a child in neighboring Essex county, where he previously lived, authorities said.

His stepfather said Saturday he doesn't believe Rooney was involved in Gardner-Quinn's disappearance.

"We've got all the faith in the world in him," said Ronald Skinner, whose Richmond home was searched Tuesday as part of the investigation.

According to court records and interviews, Rooney has had minor scrapes with the law. He had been arrested several times for driving without a license and once for disorderly conduct. He has also had arrests for leaving the scene of an accident and burglary, according to Caledonia County State's Attorney Bob Butterfield, who did not know the ultimate disposition of those charges Saturday.

159-Year Sentence Upheld But Called Absurd (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, October 14, 2006

In the case of a mentally disturbed robber, a justice says courts are hamstrung by Congress.

A federal appeals court in San Francisco on Friday upheld a 159-year prison term for a mentally disturbed woman with no criminal history after one judge angrily concluded the nation's rigid sentencing laws left the panel with no options but to affirm the "irrational, inhumane and absurd" sentence.

The 3-0 ruling by the U.S. 9th Circuit Court of Appeals came one year after Marion Hungerford, 52, of Billings, Mont., received the sentence for a string of robberies at Montana casinos and bars from April to July 2002.

The robberies, according to the 18-page opinion written by Judge Susan P. Garber, began when Hungerford and her male roommate, Dana Canfield, were both unemployed and decided to rob a convenience store to pay the rent.

"Marion said she was going to have to go on a crime spree," Canfield testified at the trial. "And since she has problems walking and stuff, I decided that I would do it."

A jury found Hungerford not guilty of that first robbery and one other, but authorities alleged they were only the start of a string of crimes.

She was convicted on one count of conspiracy, seven counts of robbery and seven counts of using a firearm because her accomplice was armed with a .22-caliber revolver.

In rejecting her appeal of four of the robbery and firearms convictions, the court found sufficient evidence that she knowingly took part in the holdups. "There is no evidence that [Hungerford] took any affirmative action to withdraw from the ongoing conspiracy," the court said. "To the contrary, she continued to accept and spend the proceeds of all the robberies and worked purposefully to conceal the crimes."

Though affirming Hungerford's conviction, Judge Stephen Reinhardt decried the sentence handed down in the case as a "predictable byproduct of the cruel and unjust mandatory minimum sentence scheme adopted by Congress."

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Although she never touched a gun, Reinhardt noted, Hungerford was sentenced to five years on the first count of using a firearm and 25 years on each of the three other counts because the law gave the trial judge "no choice or discretion, except to impose the statutory mandatory sentences."

"What the judge was not permitted to take into account when sentencing Hungerford should shock the conscience of anyone who believes that reasonable proportionality between a crime and the sentence is a necessary condition of fair sentencing," Reinhardt wrote.

The judge, he said, was not allowed to consider numerous mitigating factors, including Hungerford's "severe form of borderline personality disorder, which can alter one's perception of reality in a manner similar to schizophrenia" and had led to numerous suicide attempts.

Nor, Reinhardt said, was the judge permitted to consider a psychiatrist's testimony that Hungerford suffered from other mental problems, that she was financially desperate after her husband of 26 years left her, or that no one was injured in the robberies, which netted less than $10,000.

Most important, Reinhardt wrote, Hungerford's "extremely limited role" in the crimes proved ultimately irrelevant to her sentence.

Indeed, he noted, it was her accomplice who brandished the gun and committed the robberies and yet he was sentenced to 32 years after pleading guilty.

"Not only is the sentence [for Hungerford] cruel, it is absurd," he wrote. "The case at hand is precisely the type of case that should make Congress question what worthy ends are served by a cruel and inflexible sentencing scheme."

Hungerford's attorney could not be reached Friday. A Justice Department official had no comment on the ruling but said the department "is committed to the prevention of gun crime and the vigorous enforcement of our nation's gun laws."

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Law Enforcement Gathering To Bring Thousands To Hub (BOS)

By April Simpson, Globe Staff

The Boston Globe, October 14, 2006

More than 14,000 law enforcement professionals will gather in Boston starting this weekend for a conference that will feature some of the nation's highest-ranking officials as speakers .

The International Association of Chiefs of Police, the world's largest nonprofit organization of police executives, will kick off its annual conference and exposition today at the Boston Convention and Exhibition Center. Although this will be the association's 113th conference, it will be the first in New England, said John Boyle, a Boston Police Department spokesman.

Speakers include Attorney General Alberto Gonzales, FBI Director Robert S. Mueller III, and Marine General Peter Pace, chairman of the Joint Chiefs of Staff. More than 750 exhibitors will showcase police products, such as vehicles, mobile command centers, and helicopters, Boyle said.

There will be international delegates from Europe, Asia, and the Caribbean, said Wendy Balazik, an association spokeswoman. ``We all have the same goals of protecting our communities, and coming together to exchange ideas is beneficial for a law enforcement officer, no matter where he or she is from."

From today until Wednesday, participants may attend workshops on topics such as career physical fitness and responding to speeding complaints.

Tomorrow, 1,000 runners will participate in the 25th annual 5K Police Chase, with proceeds to benefit the Boston Police Department's Kids at Risk Program. The race begins in Copley Square, takes runners through Fenway Park, and ends at the Boston Marathon finish line.

The convention is expected to result in more than $16 million in direct spending, with an additional $10 million in indirect spending. Attendees are expected to fill more than 6,000 rooms in about 30 hotels, Boyle said.

Compared with previous events at the center, this conference ranks 11th in size for attendance, and second in hotel room nights booked, said Bridget Perry, a convention center spokeswoman.

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CIVIL LAW:

Activist Pursues Claim That L.A. Port Illegally Funded Maersk Facility (LAT)

By Dan Weikel, Times Staff Writer

The Los Angeles Times, October 14, 2006

He says officials spent $1.2 billion on a terminal for the giant shipper when the money was earmarked for other use.

A harbor area activist filed an appeal Friday in an attempt to revive a federal lawsuit alleging that the Port of Los Angeles misappropriated $1.2 billion in government funds to build a giant cargo terminal for the world's largest shipping line.

Stanley D. Mosler of Rancho Palos Verdes is challenging decisions by U.S. District Judge S. James Otero, who dismissed the false-claims case in August, saying that Mosler no longer had an attorney and that he was unqualified as a layperson to handle a lawsuit on behalf of the United States.

A few weeks after the decision, Mosler hired a lawyer, Alan Gutman, but Otero refused to reinstate the case, saying it was too late.

Otero noted in his ruling that Mosler had been warned earlier that he should obtain counsel.

Mosler was represented for three years by attorney Milford Dahl, who bowed out in February 2005, saying the case would be too costly for him to pursue. Mosler then proceeded on his own, hoping to get the case to trial.

"The elusive quality in Judge Otero's order is justice," Mosler said. "The dismissal was not on the merits but because I could not afford to match the port's spending in legal fees. I trust that the 9th Circuit Court of Appeals will rule that having money is not a necessary element to access our federal courts."

Filed in March 2002, Mosler's case alleged that port officials had engaged in a "bait-and-switch" maneuver when they shifted long-standing plans to relocate crude oil and other hazardous shipments to a man-made island that would be built away from populated areas to improve harbor safety.

Mosler said in his suit that port officials decided to turn the island into a massive container facility for Maersk Inc., leaving only 15 acres — instead of hundreds of acres — for petroleum and chemical terminals.

At issue was whether the port violated federal agreements to build the so-called energy island project and misappropriated $108.6 million in federal grants and nearly $1.1 billion in harbor revenue to construct what is now known as Pier 400, which was completed in 2004.

In their defense, port officials said the plans for an energy island changed because there was no market for oil and petroleum terminals. Tenants resisted the idea as too costly while crude oil and other hazardous shipments were declining.

Port officials also said that 15 of the more than 500 acres of the man-made island are still available for hazardous shipments. They also argued that the Army Corps of Engineers, which participated in the project, was told of the changes and signed modifications to the original plans.

A former corps commander in Los Angeles at the time has said, however, that he was unaware of the changes in the energy island project. A corps official also said the agency has not been able to find written records that show the port officially notified the corps of the shift in uses or that the corps OKd such changes.

After Otero dismissed the case, U.S. Department of Justice attorneys notified the court in late August that they were concerned that the lawsuit was not decided on the merits.

They stated in court papers that Mosler's failure to obtain counsel did not extinguish the federal government's right to intervene in the case in the future.

Because federal funds were allocated to the terminal project, the U.S. government has a right to recover damages should they be awarded in Mosler's case. The Justice Department has yet to intervene.

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Bankruptcy Filings Drop After Changes In Law (LAT/AP)

From The Associated Press

The Los Angeles Times, October 14, 2006

WASHINGTON — The ranks of people seeking to erase their debts have thinned in the year since the biggest changes in U.S. bankruptcy laws in a quarter-century took effect.

At a public session at the U.S. trustee's office in Alexandria, Va., on a recent morning, only about half the 50 or so chairs were occupied in a room that used to be jammed with anxious people and their attorneys.

Most were there seeking to file under Chapter 7 of the U.S. Bankruptcy Code, which wipes the debt slate clean after certain assets are forfeited.

After an eight-year campaign by banks, retailers and credit card companies, Congress changed the law to require for the first time an income-based test for measuring a debtor's ability to repay obligations. The new law took effect Oct. 17, 2005.

Those deemed to have insufficient assets or income can still file a Chapter 7 bankruptcy. But those with income above their state's median who can pay at least $6,000 over five years are forced into Chapter 13, in which a debt repayment plan is ordered.

In Virginia, where the median annual income is $43,000, more cases are ending up in the latter category.

"It's designed to make life miserable for anybody who owes money," said Lawrence Brooke, an attorney in Alexandria. "It's a help-the-banks, squish-the-little-guy law."

Brooke is one of several lawyers in northern Virginia who have abandoned consumer bankruptcy work since the new law took effect.

"I won't have anything to do with it," he said.

Brooke said the paperwork hurdles for debtors to qualify for Chapter 7 have become insurmountable for many, and the workload and aggravation for attorneys have increased.

The income test for Chapter 7 means more forms for people to give their lawyers — tax returns and pay stubs — and more questions from a bankruptcy trustee in the mandatory public sessions that already had probed into details of a person's mortgage, bills, life insurance, child support obligations and car payments.

"It's a whole different game now," said Gordon Peyton, one of the trustees in Alexandria. "It's much harder to file bankruptcy now."

There were 263,660 personal bankruptcies filed nationwide in the first half of this year, down from 851,683 in the first six months of 2005 and 809,867 in the same period in 2004, according to the American Bankruptcy Institute, an organization of bankruptcy judges and lawyers.

Chapter 7 filings accounted for 58.8% of this year's first-half total, down from 75.8% in the first half of 2005. Filings under Chapter 13 debt reorganization jumped to 41.1% from 24.1% a year earlier.

Peyton, who used to preside over three or four of the so-called Section 341 sessions on the Thursdays it was his turn, says he now holds only two. His one-on-one interviews of the people filing, who sit across from him at a table after raising their right hand and being sworn in, can take 12 minutes or more — compared with an average of 35 seconds or so before the law took effect, he said.

"It's gotten so tricky. There are a lot of pitfalls," said Peyton, a private attorney appointed as a bankruptcy trustee.

Bankruptcy lawyers say the required changes have meant more work for them, and they are charging clients more. Fees in some cases in northern Virginia have jumped from $750 or $1,000 to $1,500 or more.

In addition, under the new law people seeking bankruptcy protection are required to take credit counseling courses, for which they must pay. "It really does price a lot of people out of the market," said Nora Raum, a lawyer in Arlington, Va.

The American Bankers Assn. disputes that, noting that the bankruptcy law allows courts to waive filing and credit counseling fees for low-income debtors.

Proponents of the law say it has created a more balanced system that eliminates abuse and provides debt relief at the level at which people truly need it. They argue that bankruptcy frequently has been the last refuge of gamblers, impulsive shoppers, divorced or separated fathers avoiding child support, and even multimillionaires.

But some experts predict that bankruptcy filings will eventually rebound. There was a huge rush of filings by financially strained consumers between the enactment of the legislation in April last year and the Oct. 17 deadline for the new means test

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and other requirements. Personal bankruptcies soared 30% to a record high last year, surpassing 2 million for the first time at 2,039,214.

Then came the precipitous drop.

Filings "will come back," said John Hartgen, spokesman for the American Bankruptcy Institute. After the shakeout period, with the underlying causes of indebtedness, such as job layoffs, still prevailing, equilibrium should return, he said.

Air America, Home Of Liberal Talk, Files For Bankruptcy Protection (NYT)

By Jeff Leeds

The New York Times, October 14, 2006

LOS ANGELES, Oct. 13 — Air America Radio, the liberal talk network started two years ago in a bid to counter the influence of conservative radio personalities like Rush Limbaugh, filed for Chapter 11 bankruptcy protection on Friday.

The network and its corporate parent, Piquant LLC, filed after an owner of stations that carried Air America programming took legal action to freeze its bank accounts as part of a dispute over unpaid bills. Last month the network's backers said they would no longer provide cash to subsidize its operating losses, according to an affidavit filed by Air America in connection with the bankruptcy.

United States Bankruptcy Court Judge Robert Drain approved motions on Friday that will let the company continue to pay salaries and remain on the air. The judge also approved a loan of $900,000 from Democracy Allies, an entity formed by current investors in the network, including Rob Glaser, chief executive of the media and entertainment company RealNetworks. Its full proposed loan of $2.6 million is to be considered at a later hearing, said Tracy Klestadt, a lawyer representing Air America.

Mr. Glaser, who has been perhaps the network's biggest champion, had no comment on the filing, a spokesman said. He is also the company's largest secured creditor and is owed $9.8 million, according to bankruptcy court filings.

Air America, whose broadcast talent includes the comedian Al Franken, has struggled financially since it went on the air in the spring of 2004. According to court papers, the company lost $8.6 million in 2004 and $19.6 million last year, and has lost $13.1 million so far in 2006.

Scott Elberg, who became the network's chief executive on Monday, said in a statement, "Nobody likes filing for bankruptcy; however, this move will enable us to concentrate on informing and entertaining our audience during the coming months."

The longtime music industry executive Danny Goldberg stepped down as chief executive in April, after serving for about a year.

The executive shuffle, which has also included the departure of the company's president and its chief operating officer in recent months, is but one sign of the turbulence that has kept Air America off balance almost from the start.

Rumors of a bankruptcy filing had surfaced last month, though the company dismissed them at the time. Friday's filing, people with knowledge of Air America's business affairs said, was prompted when a radio station owner that carried Air America programming, Multicultural Radio, restricted its accounts last month after the network failed to pay $550,000 due under a previous settlement agreement. In 2004, a few weeks after Air America went on the air, Multicultural pulled the network's programming off stations in Los Angeles and Chicago, in a battle over payments for airtime, and the two sides have butted heads repeatedly since.

While the network's future appeared uncertain, industry executives were quick to deny any suggestion that the filing reflected lack of listener interest in the so-called progressive talk format. Air America says its programming is carried on 92 stations nationwide and reaches 2.4 million listeners a week.

"Whatever happens with Air America, the format is here to stay," said Amy Bolton, vice president and general manager of talk programming for Jones Radio, which syndicates programs by left-leaning hosts like Ed Schultz and Stephanie Miller. Ms. Bolton noted that Mr. Schultz's program had achieved big ratings increases on stations in San Diego, Albuquerque and Miami.

Jones, working with the radio giant Clear Channel Communications and an advocacy organization led by the former Clinton administration official John Podesta, this week started a national competition to identify new radio talent for the format.

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While certain progressive stations have achieved ratings success, Ms. Bolton noted, the format as a whole still lacks the roster of popular hosts that lead the conservative presence on radio.

The biggest of them, Mr. Limbaugh, said on the air yesterday that Air America's money woes did not surprise him.

"It was doomed to fail," Mr. Limbaugh said, according to news wire reports. "They were not a broadcasting concern to begin with. ... They went into business to affect elections."

Air America's Parent Files For Chapter 11 (WSJ)

By Sarah Mcbride

The Wall Street Journal, October 14, 2006

The parent company of Air America Radio, the liberal radio network founded two years ago and home to personalities such as Al Franken, filed for Chapter 11 bankruptcy protection.

Piquant LLC ran into its latest setback when onetime partner Multicultural Radio Broadcasting Inc., which is owed about $550,000, had Piquant's bank account frozen at J.P. Morgan Chase & Co., exacerbating an already difficult financial position.

"Nobody likes filing for bankruptcy; however, this move will enable us to concentrate on informing and entertaining our audience during the coming months," said Scott Elberg, Piquant's chief executive, in a statement.

The filing will give the company financial breathing room, helping it to reorganize and negotiate better terms with creditors.

The company said it had assets of $7.8 million, and short-term liabilities of $19.8 million. A number of individuals have invested in the company, including RealNetworks Inc. CEO Rob Glaser, who is the company's largest secured creditor with $9.8 million in claims. Other claimants include Citigroup Inc.'s Citibank, with $2.5 million in unsecured claims, and Clear Channel Communications Inc., with $558,333 in unsecured claims.

Air America's programming remains on the air at about 90 affiliates around the country. A distribution agreement with Clear Channel Communications accounts for 24 of those affiliates through its "Progressive Talk" network of stations.

Launched as a counterpart to conservative talk shows, Air America hasn't taken off in a big way, in part because of difficulty finding strong host stations in many cities.

Write to Sarah McBride at sarah.mcbride@wsj.com1

Air America Files For Bankruptcy, Will Stay On The Air (WT/AP)

By Seth Sutel, Associated Press

The Washington Times, October 14, 2006

NEW YORK -- Air America Radio, the liberal talk and news radio network that features comedian Al Franken, filed for Chapter 11 bankruptcy protection yesterday but will stay on air as it reorganizes with funding from its investor group.

The network had denied rumors a month ago that it would file for bankruptcy protection.

Air America spokeswoman Jaime Horn told the Associated Press that the filing became necessary only recently, after negotiations with a creditor from the privately held company's early days broke down.

The filing and a shuffle of the network's executives marked the latest turbulence at Air America, which has struggled financially since going on air two years ago. In April, Danny Goldberg stepped down as chief executive officer and was replaced by an interim chief executive from a management consulting firm.

"Nobody likes filing for bankruptcy," said Scott Elberg, who yesterday was appointed CEO of the network. "However, this move will enable us to concentrate on informing and entertaining our audience during the coming months."

Air America has struggled financially since its inception. Documents filed with the bankruptcy court show that the company lost $9.1 million in 2004, $19.6 million in 2005 and $13.1 million so far in 2006.

Air America owes Mr. Franken $360,750, according to the court documents. Mr. Franken was traveling and unavailable to comment but would do so Monday, Miss Horn said.

The network also features shows from liberal talk-show host Randi Rhodes and syndicated shows from Jerry Springer and Portland, Ore.-based talk-show host Thom Hartmann.

Miss Horn declined to name the creditor that negotiations broke down with, but the company had tussled earlier with a business partner, MultiCultural Radio Broadcasting Inc., which is also a creditor to Air America's parent company, Piquant LLC.

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The network will operate in the interim with funding from Democracy Alliance LLC, its investor group, which includes RealNetworks Inc. CEO Robert Glaser.

Mr. Glaser had formerly served as chairman of Air America and owns 36.7 percent of the company. He is also owed $9.8 million, according to documents filed yesterday with U.S. Bankruptcy Court for the Southern District of New York.

Mr. Glaser resigned as a director of Piquant effective yesterday morning, said Tracy Klestadt of Klestadt & Winters LLP, which represents Piquant.

Air America disclosed in the court documents that two directors left in the past two months, Douglas Kreeger and Tom Embrescia. Gary Krantz left as president in June, and Executive Vice President Tom Athans and Chief Operating Officer Carl Ginsburg left in July.

The new CEO, Mr. Elberg, who had worked at WKTU and also was a former general manager of the radio station WLIB in New York, has been with the network since May 2005.

CIVIL RIGHTS:

Justice Department Sues Philadelphia Over Voting Rights (AP)

AP, October 13, 2006

WASHINGTON (AP) — The U.S. Department of Justice announced Friday that it had filed a lawsuit against the city of Philadelphia alleging violations of the rights of Hispanic and Spanish-speaking voters.

The complaint filed in the U.S. District Court for the Eastern District of Pennsylvania alleges that the city failed to provide Spanish-language assistance at the polls to most Spanish-speaking voters in recent elections, the department said.

Federal authorities also said the city prevented Spanish-speaking voters from receiving assistance from people of their choice, even in cases where bilingual assistance was otherwise unavailable.

Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement that federal officials hope to reach agreement with city officials quickly "to begin essential remedial measures in time for the 2006 federal elections."

City representatives did not immediately return a message left at an after-hours number on Friday.

Justice Department To Help Troubled Clarksville Police Department (AP)

AP, October 12, 2006

CLARKSVILLE, Tenn.- With 12 discrimination lawsuits filed against the Clarksville Police Department, the mayor has asked a federal official for some help.

Walter Atkinson, who works for U.S. Department of Justice's Community Relations Service, will lead a group of citizens and officials to survey the police department and come up with suggestions to help solve its problems. The group will not investigate the specific lawsuits against the city.

"This is going to be as much a PR push" as an information-gathering process, said group member David Shelton, of the Clarksville Human Relations Commission.

Mayor Don Trotter said it should take several months before recommendations for the department are finalized.

The meetings, which will include interviews with police officers, are closed to the public, but the recommendations will be "very, very public," Shelton said.

The group began meeting Sept. 22. Its most recent meeting was on Wednesday.

Discrimination lawsuits have cost the city more than $300,000 in legal expenses thus far. A majority of the suits allege racial discrimination, but at least one female officer has sued claiming gender and age discrimination.

Two cases have been settled out of court for $265,000, three cases were lost in federal court on appeal, one case was dismissed, and six cases still are pending.

The city negotiated a retirement package for Police Chief Mark Smith earlier this year after nine of the lawsuits had been filed.

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Feds, Centier Settle Redlining Allegations (NINT)

By BRIAN WILLIAMS And MARK FITTON, Times Staff Writers

Northwest (IN) Times, October 14, 2006

LAKE COUNTY: Bank will invest $4.3 million in minority lending efforts

The federal government and Whiting-based Centier Bank have reached a $4.3 million agreement to settle allegations the bank engaged in redlining, or discriminating on the basis of race or national origin.

The Justice Department alleged Centier violated the Fair Housing Act and Equal Credit Opportunity Act by unlawfully failing to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond.

Although it acknowledged its settlement with the government, the locally owned bank "strongly denies any suggestion that it has previously excluded minority communities from its banking efforts," Centier said in a news release.

However, the release said, Centier management feels "equally strongly about its desire to provide significantly enhanced services to residents and businesses in minority neighborhoods."

Centier President and CEO Michael Schrage told The Times the bank was surprised by the Justice Department's action and still does not agree with the allegations, but decided to enter into the agreement to avoid the delays and costs of litigation.

Characterizing the negotiations with the Justice Department as "amiable," Schrage said the Justice Department action had made Centier "more diligent in reaching out to underserved areas."

The agreement would accelerate the bank's plans for expansion into the area in a three-year period rather than five, he said.

The consent decree filed in federal court in Hammond will prohibit Centier from discriminating on the basis of race, color or national origin in any aspect of residential real estate or credit transaction, according to the Justice Department. Once approved by the court, the agreement will resolve the allegations.

Under the settlement, the government said, Centier will:

-- Open new offices and expand existing operations in previously excluded areas.

-- Invest $3.5 million in a special financing program.

-- Spend at least $875,000 for consumer financial education, outreach and promotion in previously excluded areas.

Schrage said the bank will expand the size of its East Chicago branch office and will add two new branches in Gary in the next two years under the terms of the agreement.

In addition to physical expansion, the East Chicago branch will have a full-time loan officer and a full-time Hispanic lender within six to nine months, Schrage said. The Indianapolis Boulevard location will add a conference room, which will be available to community aid organizations, and a second office.

In Gary, a second, full-service branch is expected to open within nine months. Schrage anticipates it being on Broadway, but said a location hasn't been finalized. A third Gary branch is planned for opening in 2008, he said.

No new locations were on the drawing board for Hammond, he said.

The Justice Department said the bank fully cooperated with its investigation into lending practices and agreed to settle the matter without litigation. Wan J. Kim, an assistant attorney general in the civil rights division, commended Centier for its cooperation.

Centier also cited statements of appreciation and support from Habitat for Humanity of Lake County, Neighborhoods Inc. and the Urban League of Northwest Indiana.

The allegation

The government claimed Centier unlawfully failed to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond.

The response

Centier President and CEO Michael Schrage said Centier does not agree with the allegations, but came to terms with the government and will accelerate its efforts to invest in and reach out to minority communities.

The terms

Centier will open new offices and expand existing operations in previously excluded areas; invest $3.5 million in a special financing program; spend at least $875,000 for consumer financial education, outreach and promotion in previously excluded areas.

Attorney General Looked To For Help (BRAH)

By Melanie Marquez

The Bradenton Herald, October 14, 2006

BRADENTON - A beating months ago that led to the death of a 72-year-old man has the Bradenton police chief looking to the attorney general of the United States for help, calling the chief law officer in the country the "last hope" for justice.

After review of the case, the state attorney's office for the 12th Judicial Circuit declined to prosecute Jamaal Lambert, 25, in the death of James Ervin Barfield, saying Lambert was acting in self-defense when he beat Barfield during an argument on May 10 near a downtown apartment building Barfield owned.

Barfield was taken to Manatee Memorial Hospital where he died two weeks later.

Police Chief Michael Radzilowski wants Lambert prosecuted for the death, which was ruled a homicide by the medical examiner's office, and he's calling the state attorney's decision not to prosecute an error.

In a letter Radzilowski sent to the U.S. Department of Justice on Monday, he asks Attorney General Alberto Gonzales to review the case for "possible prosecution of any criminal or civil right violation."

As of Friday afternoon, there was "nothing open in the civil rights division," said Cynthia Magnuson, spokeswoman for the Justice Department.

The fight between Barfield and Lambert happened in the 1300 block of Third Avenue West, where Lambert's girlfriend rented a unit from Barfield. Lambert was staying there while his girlfriend was in jail, according to his arrest report.

Barfield was visiting a tenant, a 35-year-old woman he was romantically involved with, according to the review by the state attorney's office.

Barfield was intoxicated and started yelling obscenities and racial slurs at Lambert before threatening to get a gun, according to the report. He drove away from the scene after Lambert had smacked him several times to the ground. Barfield drove to the Bradenton Police Department to report the incident and officers used the Baker Act to admit Barfield to the hospital.

The medical examiner's office ruled Barfield's death a homicide, caused by a beating, according to police officials.

In its decline statement, the state attorney's office said Barfield had the onset of cirrhosis of the liver and later developing pneumonia, which they referred to as "the direct cause of death."

Police contend Lambert was the aggressor and should have been charged with manslaughter.

Melanie Marquez, Herald staff writer, can be reached at 748-0411, ext. 2620, or at mmarquez@HeraldToday.com.

Judge Orders Jail Explanation (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, October 14, 2006

GULFPORT - A federal judge has ordered the Harrison County jail to explain what it is doing to hire more corrections officers.

The order, filed Thursday by U.S. District Judge Walter J. Gex III, addresses a lingering issue of staffing problems at the Harrison County Adult Detention Center. The last time the judge questioned the jail's staffing level via court order was in 2003, when the officer-to-inmate ratio was 1-to-10. The U.S. Justice Department, which has oversight to monitor improvements at the jail, recommends a ratio of 1-to-5.

The ratio is about the same today as it was in 2003. The jail needs to hire about 65 additional corrections officers. It has about 100 jailers to oversee 950 to 1,000 inmates.

Sheriff George H. Payne Jr. on Friday said his new warden has "a good plan of action" for hiring and he believes it will meet with approval. Payne said he has beefed up advertising to include television commercials featuring Don Cabana, appointed warden two months ago.

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"We're having the same problem with hiring that many South Mississippi employers have faced since Hurricane Katrina," Payne said.

The court order gives the jail until Oct. 26 to provide a supplementary report to answer questions on staffing issues. The report is in addition to the quarterly report the jail is required to submit to the Justice Department.

Payne said staffing levels were up until the hurricane struck.

However, issues surrounding the fatal beating of inmate Jessie Lee Williams Jr. in February also have affected manpower and morale, Cabana said after his appointment two months ago. Two former jailers face criminal prosecution in the Williams case and a related civil lawsuit is pending.

Payne said he hired Cabana to bring about positive changes and he believes he is seeing results.

Seven corrections officers have been hired in the past couple of weeks, according to the latest personnel report approved by county supervisors.

Starting pay for entry-level corrections officers is about $10.40 per hour.

Pay is a potential drawback, said Cy Faneca, the sheriff's attorney.

"It's a dangerous job for not a lot of money," Faneca said.

Gex's order asks for details on plans to fill vacant jailer positions and the number of applications received, applicants interviewed and those hired.

Gex is the judge who signed the 1995 court order requiring the jail make improvements in inmate rights, jail conditions, medical care, security, training, staffing and other issues. The consent agreement came after U.S. Attorney Janet Reno in 1993 filed a complaint condemning how the Harrison County jail treated inmates and various related issues.

Students Arrested In Third Day Of Protest At College For The Deaf (NYT)

By Diana Jean Schemo

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — The authorities at Gallaudet University, the nation's only liberal arts university for the deaf, moved on Friday to end a three-day siege by protesters by arresting the students opposing the board's choice of the next president.

The campus police went into an area where about 100 protesters sat with arms interlocked, arresting them one by one and handing them over to Washington police officers who had blocked off the street along a side entrance to the university where the student protesters had gathered. As organizers had rehearsed in days leading up to the confrontation on Friday night, students went limp when arrested. They were then carried away by three or more officers.

Mark Goldstone, a lawyer for the protesters, said the police arrested about 60 students in two hours, and arrests continued late into the night.

"This is our school, not yours," one protester shouted from the back at the arresting officers while others demanded, in sign language, that the departing president of the university, I. King Jordan, appear before protesters.

"Go get the drug dealers," the protesters shouted at the police, "leave the students alone."

As night fell in the hours before the arrests began, students vowed to continue their protests.

"We're going to be here every day, over and over again, until she resigns," said Christopher Corrigan, a 19-year-old junior from Frederick Md., who was the first to be arrested.

The protesters are demanding the immediate resignation of Jane K. Fernandes, the former provost who was named last spring to succeed Dr. Jordan as president. Students have complained that the selection process was skewed and that Dr. Fernandes lacks leadership qualities. Dr. Fernandes met Friday with four protesters and Mr. Goldstone for more than an hour, but they found no resolution to the standoff that has paralyzed this university for a week.

Dr. Fernandes has said repeatedly that she will not resign, saying it would set a bad precedent, and the current president and the board have stood firmly behind her.

Mr. Goldstone said the protesters were adamant in their demand that Dr. Fernandes step down, and she was equally resolute in refusing to do so.

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But students were also determined, even welcoming the prospect of arrest Friday, which one protester, Leala Holcomb, 19, from Freemont, Calif., said would demonstrate their commitment to the world beyond the campus. “We want to get arrested to show we are firm in our conviction,” Ms. Holcomb said, adding, “It is a pretty loud statement.”

Gallaudet Rally Broken Up (WT)

By Matthew Cella, Gary Emerling And Katie Nichols, The Washington Times

The Washington Times, October 16, 2006

Police last night arrested dozens of student demonstrators who had blocked the gates of Gallaudet University's Northeast campus for three days in protest of the administration's choice for university president.

The students were uncooperative but peaceful -- forming human chains and forcing campus police and Metropolitan Police officers to separate them, lift them and drag them to a waiting fleet of vans.

The crowd jeered and howled as each student was carried off. By late last night, police had arrested about 90 protesters.

Police first said the students would be transferred to the department's training academy in Southeast and charged with unlawful assembly, which carries a maximum penalty of 90 days in jail and a $250 fine.

Later, officials said the charge would be incommoding -- a lesser infraction for which students could pay a $50 fine and be released or schedule a court appearance.

The arrests were made at a side entrance to the campus on Sixth Street Northeast and began at about 8:50 p.m., almost two hours after police and university officials issued a final warning to the demonstrators to disperse.

"I deeply regret being forced to take this action," said outgoing school President I. King Jordan. "I realize it may lead to arrests, but the protesters have left me no choice. Gallaudet University has exhausted all means of communication in negotiating with those who have disrupted the university's educational processes and held the campus hostage to their demands."

Mr. Jordan issued the final warning at about 7 p.m., after an hour of negotiations between student leaders and incoming President Jane K. Fernandes. Mrs. Fernandes briefly went out among the protesters in front of the main gate of the campus on Florida Avenue Northeast at about 2 p.m. She invited student leaders to meet and discuss their issues, while asking them to reconsider their protest. Neither side budged.

Students opposed to Mrs. Fernandes' appointment as president first took over Hall Memorial Building last week to demand that she resign. Early Wednesday, the protesters barricaded the six entrances of the campus, which includes a nursery, and elementary, middle and high schools.

Mrs. Fernandes, who was named president in May, will officially replace Mr. Jordan in January.

Shortly before officials issued the warning, police took position around the Sixth Street campus gate. Students had agreed to lift a barricade of the side entrance late Thursday, then reneged. The protests will be allowed to continue at the school's other gates.

Welders removed one of the gates as police and students watched.

Meloyde Batten-Mickens, executive director of facilities and chief of the school's department of public safety, asked protesters not to block access to the school's gates and said the requests were "non-negotiable." She said those who interfered would be subject to arrests, criminal prosecution and expulsion.

Assistant Chief Gerald Wilson of the Metropolitan Police Department also addressed the students.

"The Metropolitan Police Department has gone to great lengths not to take sides in this issue," he said, advising the students on what they should expect.

Police issued several formal warnings before making the arrests and told protesters that those who did not resist would not be handcuffed. Handcuffing deaf people has been criticized because doing so takes away their only method of communicating.

Many of the 200 students who had formed the core of the protest group made their way from the front gate of the university to the side gate when it became apparent that the arrests would take place there.

Some shouted "arrest me" as police awaited the arrival of a light truck deployed to illuminate the area and ensure that the students would be able to understand the warnings given by sign-language interpreters.

Some students were defiant.

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"I just want to see the best for Gallaudet," said Justin Jackerson, 19, through a sign-language interpreter. "I want to do this for Gallaudet. I know that I will not be alone."

Administrators canceled classes for the three days of the protest rather than call in police. Earlier yesterday, university officials said that arrests would be a last resort.

"We have to understand that inside the deaf community and the Gallaudet community [arrests] would be the saddest thing that could happen, and it would take a really, really long time to recover from that," university spokeswoman Mercy Coogan said.

Earlier yesterday, some students said they were anxious for classes to resume.

"I'm frustrated with the protests," said Jessica Loughran, 20, an international student in her third semester. "I know it's good for people to support, but I want my education."

After the Board of Trustees at Gallaudet, the country's largest school for the deaf, selected Mrs. Fernandes as its next president in May, protests followed until summer break, including objections from 67 percent of the faculty.

The protesters said there was a lack of diversity among the finalists in the selection process. Mrs. Fernandes, who is deaf, said some people think she is not deaf enough.

Gallaudet students engaged in similar arguments and protests in 1988, until a president-elect resigned and the board hired Mr. Jordan, who became the first deaf president at the 142-year-old university.

Gay Marriage Losing Punch As Ballot Issue (NYT)

By Kirk Johnson

The New York Times, October 14, 2006

DENVER, Oct. 13 — The debate over same-sex marriage was a black-or-white proposition two years ago when voters in 11 states barred gay couples from marrying.

But this year shades of gray are everywhere, as eight more states consider similar ballot measures. Some of the proposed bans are struggling in the polls, and the issue of same-sex marriage itself has largely failed to rouse conservative voters.

In some cases, other issues, like the war in Iraq and ethics in Washington, have seized voters' attention. But the biggest change, people on both sides of the issue say, is that supporters of same-sex marriage this year are likely to be as mobilized as the opponents.

The social conservatives, who focused on marriage in 2004 and helped President Bush gain re-election in some hard-fought states in the Midwest, have been offset by equally committed and organized opposition. Slick advertising, paid staff and get-out-the-vote drives have become a two-way street.

"The opponents of these measures have had a lot more time to organize and fund their efforts; that has made for a bit of a different complexion," said Julaine K. Appling, the executive director of the Family Research Institute of Wisconsin, which supports a constitutional amendment in that state defining marriage as between a man and a woman.

Proposals like Wisconsin's are also on the ballot in Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee and Virginia. And while most of the measures are expected to pass, their emotional force in drawing committed, conservative voters to the polls, many political experts say, has been muted or spent.

Recent polls in Arizona, Colorado, Virginia and Wisconsin, for example, have suggested only narrow majorities in support, in contrast to the 60 to 70 percent or more majorities in most states that voted on the issue in 2004. Two recent polls in South Dakota suggested that the same-sex marriage amendment might actually lose, while a third said it seemed likely to pass.

"As it stands right now, conservative turnout is not going to be as strong as it has traditionally been," said Jon Paul, the executive director of Coloradans for Marriage, which is supporting a ballot measure that would ban same-sex marriage.

Some pollsters say people might just be burned out on the subject of marriage and its boundaries.

"It doesn't seem to be salient to what most Tennesseans are concerned about right now," said Robert Wyatt, the associate director of the Middle Tennessee State University poll. The ballot proposal there will almost certainly pass, Dr. Wyatt said, but few people think it will drive turnout or swing the tight race for the Senate between Bob Corker, a Republican, and Representative Harold E. Ford Jr., a Democrat. Both candidates support a ban on same-sex marriage.

Dr. Wyatt said efforts to stir enthusiasm among conservatives have mostly fallen flat.

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"It's one of those things that's like preaching to the choir," he said.

The momentum against same-sex marriage at the ballot box has also been hurt by court cases that have upheld bans on same-sex marriage — notably rulings by the highest courts in New York and Washington this summer — by removing some of the urgency for constitutional amendments.

Here in Colorado, the debate has been complicated by the presence of two ballot measures on the subject that in essence work in opposite directions. One measure would add a ban on same-sex marriage to the Constitution, and the other would create a framework of legal rights for same-sex couples in civil unions.

Scholars who track gender-law issues say that gay rights groups and their allies have worked hard since the last election to create a middle-ground position on the question of partnership rights that could appeal to voters who might not vote for same-sex marriage.

The position, which has been repeated like a mantra across Colorado this year by advocates for the civil union proposal, holds that civil unions are not marriage and that if voters want to hold marriage apart as a separate institution for heterosexuals, that would be fine. But it is only fair and just, they say, that couples in other types of relationships have legal protections, too.

Opponents of the civil union bill say that the moderation line is a smokescreen and that same-sex marriage in Colorado will become a reality in fact, if not in name, if the civil union proposition is approved.

"It is nothing short of Orwellian doublespeak to say it is not marriage," State Representative Kevin Lundberg, a Republican from eastern Colorado, said at a recent forum in Denver on the ballot proposals.

Political analysts suggest that just like patrons perusing an old-fashioned Chinese restaurant menu, voters in Colorado considering the two measures might take one from Column A and one from Column B. Some people say they plan to do just that.

Joel Sidell and Dona Maloy — longtime unmarried partners who live in the Denver area — show how the lines have fractured. Mr. Sidell, 62, a retired police officer and a Republican, said he would probably vote for the ban on same-sex marriage and against civil unions.

"To me, it still does not seem right for a woman to be able to marry a woman and a male to marry a male," Mr. Sidell said. "I don't think it's the sanctity of the term. It just doesn't seem proper."

Ms. Maloy, 61, is a Democrat who said she planned to vote the opposite of her partner — no on the marriage amendment and yes to benefits for same-sex partners.

"I think that marriage is a personal thing; at least it is for me," she said. "Legally, I don't see why people can't all have the same rights."

The two major party candidates for governor in Colorado have also taken opposite sides on the marriage-civil union debate. The Democrat, Bill Ritter, has said he will vote for civil unions and against the constitutional amendment, while the Republican, Representative Bob Beauprez, has said he plans to vote against civil unions and for the same-sex marriage ban. Pollsters say those positions do not appear to be swaying the race, which Mr. Ritter has led by 10 to 15 percentage points in recent polls.

Tangled legal questions over parental rights, health care decisions and employer benefits have emerged in some states where efforts to ban same-sex marriage and civil unions were successful in the past, complicating calculations about how the bans play out in real life. The case of Lisa Miller and Janet Jenkins is one example.

Ms. Miller and Ms. Jenkins were joined in a civil ceremony in 2000 in Vermont, which allows same-sex contracts. Ms. Miller had a baby in 2002 through artificial insemination, and they raised the child together. Now they have separated, and both Vermont and Virginia, which does not recognize the validity of Vermont's civil union system, have claimed jurisdiction over the question of child custody.

Legal experts say the case is probably headed for the Supreme Court. In the meantime, Virginia's same-sex marriage ballot proposal would define marriage as between a man and a woman and also put into the Constitution the legal language at the heart of the custody battle: that civil unions formed in other states are invalid in Virginia.

That prohibition on civil unions is even too far-reaching for some opponents of same-sex marriage, said Larry J. Sabato, director of the University of Virginia Center for Politics.

"It's so sweeping, it's giving some people pause," Mr. Sabato said.

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Meanwhile, gay men and lesbians continue to come out in ever greater numbers, especially in some of the states that will be voting on the marriage issue next month.

From 2000 to 2005, the number of people identifying themselves in Census surveys as being in a same-sex couple grew by 30 percent, to about 770,000, according to a study released this week by the Williams Institute at the University of California, Los Angeles, which tracks and researches gay legal issues.

Of the eight states with ballot measures, the study found that six had growth rates higher than the national average, led by Wisconsin, up 81 percent; Colorado, up 58 percent; Virginia, up 43 percent; and South Carolina, up 39 percent.

Conservatives like Mr. Paul of the Colorado marriage group say the low-key tenor of the same-sex marriage debate could change in a thunderclap if a court decision that appears to undermine traditional marriage boundaries is handed down before the election. The New Jersey Supreme Court has a case pending and could issue a decision before Election Day.

Ban's Foes To Run Ad Across Va. (WP)

By Chris L. Jenkins, Washington Post Staff Writer

The Washington Post, October 14, 2006

An organization that opposes a ballot measure that would constitutionally ban same-sex marriage in Virginia is buying a TV commercial to run statewide, marking an intensifying effort to defeat the amendment.

The 30-second ad, which will begin appearing throughout the state today on CNN, shows an image of Virginia's 230-year-old Bill of Rights slowly being engulfed in flames. A narrator warns gravely that the amendment would "destroy" the spirit of the state's Bill of Rights, which served as the model for the U.S. Bill of Rights. A second ad will appear next week, officials said.

Sponsored by the Commonwealth Coalition, a group organized to defeat the amendment, the ad goes on to frame the organization's central argument against the amendment: Because of the wording, the measure will erode the rights of all unwed couples, including heterosexuals.

"Read all of Ballot Question One closely," the male narrator says. "Every unmarried couple could lose their rights. Like guardianship rights. And inheritance rights. . . . It goes way too far."

Proponents disagree, saying the ballot measure would ban only same-sex marriage and civil unions in Virginia. They have pointed out that there have not been cases of unwed couples losing such rights in any state that has passed similarly worded measures.

"We would have hoped that their TV ads would have answered the real question Virginians are being asked -- how should marriage be defined," said Victoria Cobb, executive director of the Family Foundation, a group that has helped organize support for the measure. "This is just another misleading campaign ad, and I don't believe Virginians will fall for it."

The ad's release three weeks before Election Day, Nov. 7, illustrates an expected scramble by both campaigns to sway voters on the issue. Cobb said the Family Foundation plans to run statewide radio commercials beginning two weeks before Election Day.

Dyana Mason, field director for the Commonwealth Coalition, said that it was unclear how long the opposition ad, which will cost the group $10,000 a day to broadcast, would air.

ANTITRUST:

AT&T-BellSouth Vote Is Delayed (AP)

By John Dunbar, Associated Press

AP, October 14, 2006

FCC allows time to study concessions

WASHINGTON – The Federal Communications Commission has delayed a vote on the proposed buyout of BellSouth by AT&T until Nov. 3 at the latest after two Democrats asked for time to study last-minute concessions offered by the companies.

The commission was scheduled to vote on the $80.8 billion deal in a special meeting yesterday that never convened.

DOJ_NMG_0081097

Commissioners Michael Copps and Jonathan Adelstein circulated a letter among reporters that said in the previous 48 hours, new proposals had been made regarding the buyout that raised "a number of significant questions and complex technical issues for us to consider."

They asked that the proposals, which were offered by the companies through Chairman Kevin Martin's office, be made available to the public.

Martin responded in a letter, agreeing to make the proposals available for public comment for 10 days, and set a commission meeting for Nov. 3, though the vote may come sooner and may not require a public meeting. Martin is traveling to China today.

The proposed deal already was under fire by consumer advocates and some lawmakers, who said it would go a long way toward re-establishing a communications monopoly that the government broke up more than two decades ago.

AT&T released a statement yesterday saying the company would discuss adding conditions to the deal "so long as they do not affect our ability to deliver merger benefits to customers and shareowners, given the intensely competitive environment in which we operate."

The Justice Department approved the sale without requiring any divestment or other conditions on Wednesday. Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition.

Adelstein called the decision "a reckless abandonment of DoJ's responsibility to protect competition and consumers."

Since the Justice Department's announcement, Martin and his staff had been working with AT&T to craft a compromise that would satisfy the two Democrats. AT&T's proposed concessions were made available for public inspection last night.

For the first 30 months following the merger, the company is offering a number of consumer-friendly items, including free digital subscriber line, or DSL, modems to customers who want to upgrade from dial-up service, and $10-per-month DSL service.

AT&T also offered to donate $1 million to foundations that promote public safety and put forth a number of guarantees promising to limit charges for companies that use other parts of its network.

The FCC's approval would have removed the final major regulatory hurdle in AT&T's bid to extend its dominance as the nation's largest provider of phone, wireless and broadband Internet services.

When the deal was announced in March, it was worth about $67 billion. But the rising price of AT&T's stock pushed the value to $80.8 billion.

FCC Delays Its Vote On BellSouth AT&T Discusses Protections Wanted By Consumer Groups (AJC)

By Marilyn Geewax, Cox Washington Bureau

The Atlanta Journal-Constitution, October 14, 2006

Washington — AT&T Inc.'s proposed purchase of BellSouth Corp. was delayed Friday when federal regulators postponed a vote amid calls to attach consumer protections to the deal.

Federal Communications Commission Chairman Kevin Martin ordered his staff to open another 10-day period for gathering public comments, and set a new meeting for Nov. 3.

Analysts said they still believed the deal would be approved. The debate, they said, is over what conditions the FCC will require.

Late in the day, AT&T disclosed a broad array of possible concessions it had discussed with the FCC, including the sale of stand-alone, high-speed Internet service for a limited period of time and the return of certain jobs that had been moved overseas.

Consumer groups have been pushing the FCC to require the new AT&T to:

> Let consumers subscribe to high-speed Internet service even if they don't have phone service with the company.

> Lease more lines to local phone and data service providers.

> Accept some restrictions against charging higher rates to online content providers who are not affiliated with them — also known as net neutrality protections.

"There is no need to rush this deal through," said Consumers Union spokeswoman Jeannine Kenney. She said the postponement will give the FCC time to have "a more open and transparent process" as they evaluate creation of what would be the nation's largest telecommunications company, with operations in 22 states.

'Reasonable conditions'

AT&T spokesman Michael Balmoris said in a statement that a delay "is not uncommon in these matters" and that the company believes the FCC soon will "complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers."

Balmoris said AT&T is willing to accept "reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and share owners, given the intensely competitive environment in which we operate."

In a six-page letter to FCC Chairman Martin dated Friday, AT&T's senior vice president of federal regulatory affairs, Robert W. Quinn, listed a number of potential conditions that company officials had discussed in phone conversations with FCC officials on Thursday.

One would respond to a key demand of consumer groups: Let consumers in BellSouth's nine-state territory subscribe to high-speed Internet service without having to buy local phone service. The service would start within a year after the closing date of the merger and last for 2 1/2 years after the start date, the letter said.

Quinn's letter said net neutrality conditions had been discussed, as had the return to BellSouth territory of jobs that had been relocated to other countries. The number of jobs was not given, but BellSouth spokesman Jeff Battcher said the reference involved a "significant number" of customer service or technical support jobs now in India and elsewhere.

Martin, a Republican, has indicated he wants the acquisition to proceed with no strings attached.

But the two Democrats on the five-member commission, Jonathan Adelstein and Michael Copps, have been pushing hard to get consumer protections.

Shortly after noon Friday, more than an hour after the FCC meeting was to have begun, reporters were handed copies of a letter that Adelstein and Copps had written to Martin.

Long delay feared

The Democrats said the decision should be delayed because AT&T has made proposals in recent days that "raise a number of significant questions and complex technical issues for us to consider." They urged that the FCC "open this process to public comment."

Around 2 p.m., reporters were given a copy of Martin's reply. The chairman said he was willing to extend the comment period, but added that he hoped the Democrats would "avoid any further delay in our consideration of this transaction."

The two top members of Congress with jurisdiction over telecommunications matters, House Energy and Commerce Committee Chairman Joe Barton (R-Texas) and Senate Commerce Committee Chairman Ted Stevens (R-Alaska) echoed Martin's concerns.

More than six months have passed since the merger application was filed in March, Barton and Stevens said in a joint statement, and the FCC "has conducted a thorough review."

"The commission has a responsibility to act expeditiously," they said.

The Democrats, although a minority on the five-member FCC, have an unusual amount of leverage in this case.

Martin is supported by a fellow Republican commissioner, Deborah Tate. Analysts believe the fifth commissioner, Robert McDowell, would also support his fellow Republicans.

But he has not been participating in the negotiations because of a potential conflict of interest. He previously worked as a lobbyist for Comptel, an association representing AT&T's competitors.

Competitors react

Comptel has urged the FCC to "protect consumers from the re-monopolization of the communications industry."

Also, NuVox Communications and XO Communications, two local phone companies that compete with AT&T, have filed an emergency motion with the FCC, urging disclosure of AT&T negotiations over conditions.

"The public has been denied the opportunity to counter AT&T's back-room advocacy," the companies said in a statement.

San Antonio-based AT&T needs only FCC approval to complete its $80.1 billion purchase of Atlanta-based BellSouth to create the nation's biggest telecommunications company. AT&T would also gain full ownership of Cingular Wireless LLC, the largest U.S. mobile-phone carrier, which it now owns jointly with BellSouth.

On Wednesday, the U.S. Justice Department signed off on the merger without conditions after concluding the deal would not hurt consumers. The deal has also won approval from each of the U.S. states with jurisdiction.

F.C.C. Delays Vote On AT&T-BellSouth Deal A Second Time (NYT)

By Ken Belson

The New York Times, October 14, 2006

The Federal Communications Commission delayed voting yesterday on AT&T's $80 billion takeover of BellSouth for the second time this week, because two commissioners declined to make a decision until public hearings were held.

AT&T and BellSouth have already won approval from their shareholders, state regulators and the Justice Department. The F.C.C. is the organization remaining that must endorse the deal.

On Wednesday, the Justice Department signed off on the purchase without imposing any conditions on the companies. That angered Michael J. Copps and Jonathan S. Adelstein — the two Democratic commissioners at the F.C.C. — who said more time was needed to assess how consumers and companies would be affected.

With their objections in mind, the commission rescheduled its vote on the merger to yesterday, from Thursday, to give the commissioners more time to negotiate. When they were unable to decide whether and what conditions to impose on the companies, yesterday's meeting was canceled and rescheduled for Nov. 3.

"Given the limited analysis from our leading antitrust authorities, it is all the more imperative that we now employ an open process to fully involve all affected parties, including the applicants, in order to get the public and expert review that is otherwise lacking," the Democratic commissioners wrote in a letter to the F.C.C. chairman, Kevin J. Martin.

The negotiations are complicated further because one Republican commissioner, Robert M. McDowell, is expected to refrain from voting because of a potential conflict of interest. If he were allowed to vote, the Republicans would presumably be able to approve the merger faster because they would outnumber the Democrats, 3 to 2.

Industry analysts do not expect the commissioners to reject the merged company, which would be the primary local phone provider in 22 states. The company would also be the largest seller of telecommunications services to businesses and the owner of Cingular Wireless, the country's biggest cellphone provider.

The commissioners could suggest that the merged company sell broadband to customers as an individual product, not bundled with phone service, a commitment Verizon accepted when it bought MCI this year.

The F.C.C. could also require AT&T and BellSouth to sell some of their wireless spectrum and local phone and data lines to ease concerns that they have too big a share in certain markets. The F.C.C. could also impose conditions that would ban the companies from charging companies extra fees to gain priority access to their networks.

Michael Coe, an AT&T spokesman, said in a statement: "We are open to discussing with the Democratic F.C.C. commissioners reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and shareowners, given the intensely competitive environment in which we operate."

The F.C.C.'s decision to put off voting on the deal initially sent both companies' stocks lower in trading yesterday. AT&T's shares finished unchanged at $33.60 while BellSouth's stock dipped 15 cents, to $44.13.

AT&T Makes Concessions On Merger (SAEN)

By L.A. Lorek, Express-News Business Writer

San Antonio Express-News, October 14, 2006

AT&T has agreed to make concessions to get unanimous Federal Communications Commission approval for its $80 billion merger with BellSouth.

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Late Friday, the San Antonio-based company filed a six-page letter with the FCC saying it "would not object to the imposition of certain merger conditions" requested by the Democratic commissioners "in order to obtain expeditious unanimous approval of the merger."

The FCC delayed its meeting Friday on the proposed merger of AT&T and Atlanta-based BellSouth until Nov. 3 after the two Democratic commissioners, Michael Copps and Jonathan Adelstein, sent a letter to Chairman Kevin Martin saying they wanted more time to evaluate the deal.

"In the last 48 hours, new proposals were made for addressing the concerns raised in this proceeding," Copps and Adelstein told Martin. "These proposals raise a number of significant questions and complex issues for us to consider."

They recommended AT&T and BellSouth's new proposal be put up for public review. They also blasted the Justice Department for its "limited analysis" of the merger.

In response, Martin wrote a letter saying the FCC would give the commissioners 10 days to seek public comment on the proposed changes.

In its latest filing, AT&T agreed to provide $10 broadband service, called Digital Subscriber Line, or DSL, to new customers in its territory.

The company also pledged to provide 100 percent broadband access to its entire service area and to give free broadband modems to customers. It also offered a $1 million public safety grant to public entities in its coverage area.

In addition, AT&T discussed returning jobs from overseas to the BellSouth territory.

The company also mentioned network neutrality, or requiring AT&T to carry Internet traffic without charging customers more for different services or applications, according to the letter. AT&T didn't provide specifics on these issues in its letter.

AT&T, which has been working with Martin's office for the past few days to hammer out an agreement, ran out of time to gain final approval for the merger, which is not uncommon, said Mike Balmoris, company spokesman.

"We look forward to the Nov. 3 FCC meeting, when we expect the FCC to complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers," Balmoris said.

The Justice Department approved the merger without restrictions Wednesday.

Usually, the Justice Department is responsible for determining the competitiveness or anti-competitiveness of a merger, said Le Keough, an analyst with Frost Bank in Austin.

"It made it though the (Justice Department) with flying colors, but there seems to be some political hang-ups at the FCC," Keough said.

But Ben Silverman, telecom analyst with FindProfit.com in Princeton, N.J., said the deal isn't in danger.

"This is typical last-minute wrangling," Silverman said.

Members of Congress and consumer groups have urged the FCC to wait until a federal court reviews two previous telecommunications mergers — the deal between AT&T and SBC Communications Corp. and the combination of Verizon Communications and MCI.

The merger of AT&T and BellSouth would create the nation's largest telecom company and consolidate Cingular Wireless, one of the nation's largest wireless providers.

The combined company would rejoin four of the Ma Bell companies created in 1984 when a court broke up AT&T over monopolistic concerns.

AT&T and BellSouth together would have more than 300,000 employees and revenue of $117 billion. The merger would also increase AT&T's service territory from 13 to 22 states — 18 of which have approved the merger.

AT&T's shares closed unchanged Friday at $33.60 and BellSouth's stock closed down 15 cents at $44.13.

FCC Puts Off Vote On Deal By AT&T (CHIT)

By Jon Van, Tribune Staff Reporter

Chicago Tribune, October 14, 2006

Democrats get delay of BellSouth buyout

AT&T Inc.'s drive to win regulatory approval for its takeover of BellSouth Corp. stalled Friday as the Federal Communications Commission put off a decision on the matter until next month.

Acting earlier this week, the Justice Department approved the deal without condition, drawing harsh criticism from consumer advocates, some members of Congress and two FCC commissioners.

Those commissioners, Democrats Jonathan Adelstein and Michael Copps, sought a delay in FCC action on the case, arguing that AT&T's negotiations designed to win commission approval should be made public before a decision is made.

FCC Chairman Kevin Martin, who had advocated approving the merger without condition, accepted the Democrats' suggested delay and scheduled a meeting for Nov. 3 to consider the matter. Conditions on the deal needed to win the Democrats' support will be open for public discussion.

The stock transaction between AT&T and BellSouth is estimated to be worth about $80 billion and would give control of the nation's largest phone company and its largest wireless company to San Antonio-based AT&T, which was formerly SBC Communications Inc. before it took over AT&T last year.

A federal court review of two giant telecom mergers from last year—the SBC/AT&T deal and the takeover of MCI by Verizon Communications Inc.—is still pending. Judge Emmet Sullivan is considering evidence as to whether federal regulators gave those deals sufficient scrutiny to protect the public interest.

Senate and House leaders from both parties had asked the FCC and the Justice Department to delay their decisions on the AT&T/BellSouth deal until judicial review of last year's mergers was concluded. The antitrust division of the Justice Department ignored those requests, and the FCC appeared poised to do the same.

The FCC is controlled by three Republican commissioners, but its two Democrats have unusual influence on the AT&T matter because one Republican commissioner, Robert McDowell, is not participating in the decision. Before he was named to the FCC by President Bush, McDowell worked as a lobbyist for AT&T competitors who actively fought merger approval.

Democratic commissioners have asked for conditions to assure that AT&T will not use its increased market power in ways that harm consumers or competitors.

AT&T, which had pushed hard to get its merger approved this week, said it now expects approval next month. "We ran short of time to gain final approval," said Dave Pacholczyk, an AT&T spokesman, "which isn't uncommon in these matters. We look forward to the Nov. 3 FCC meeting."

Pacholczyk said his company believes the merger should be approved without conditions, but is open to discuss reasonable conditions that will win unanimous approval of the deal from regulators.

Analysts said they doubt that the FCC delay will prove a major obstacle to AT&T's deal, but that it was unexpected.

"This delay is a big surprise," said Jeff Kagan, an Atlanta-based telecom industry analyst. Kagan said he expects the deal will win approval, but with some conditions imposed.

"I think ultimately, it's not much more than a speed bump for AT&T," said David McCourt, chief executive of Granahan McCourt Capital LLC, a private investment firm specializing in telecom and media. "But I think that the Justice Department, acting so quickly, has injected more partisan politics into the matter than was necessary."

jvan@tribune.com

Microsoft To Tweak Vista For EU Agency (AP)

Associated Press

AP, October 14, 2006

BRUSSELS -- Microsoft Corp. is making several key changes to its coming Windows Vista operating system in an bid to soothe European antitrust worries, while keeping its worldwide distribution plans on schedule.

Brad Smith, Microsoft's general counsel, said Friday that the company agreed to change how people can set their preferred search service if they upgrade to Microsoft's new Internet Explorer browser. The Redmond, Wash., company also has tweaked Vista's security system to address concerns it was favoring Microsoft's products over competing security offerings.

In addition, the company plans to have an international standards organization review a controversial new file format that will be included in Windows and the company's Office business suite. He said that was a step toward making the format available for other companies to license.

Even with the changes, which will be included in all versions the company ships worldwide, Microsoft said it plans deliver the long-delayed Vista to large businesses in November and consumers and small businesses in January.

The announcement follows many testy exchanges between Microsoft and European regulators, who remain embroiled in a long-running antitrust dispute over the current version of Windows.

But Smith told The Associated Press the changes announced Friday were the result of conversation, rather than litigation, between the two parties. EU antitrust chief Neelie Kroes and Steve Ballmer, Microsoft's chief executive, spoke by phone Thursday.

The EU antitrust office, which this spring voiced concerns about the new Windows software, refused to back Microsoft's optimism that Europe's concerns had been met.

"The jury is out," a spokesman said.

Microsoft Makes Vista Changes (SEATIMES)

By Benjamin J. Romano, Seattle Times technology reporter

The Seattle Times, October 14, 2006

Microsoft is confident that changes it's making to Windows Vista will assuage competition concerns raised by European and Korean antitrust officials, and it plans to launch the new operating system on schedule around the world.

Last month, the company had raised the specter of a delayed launch in Europe, pending negotiations with the European Commission (EC) over features in Vista.

Microsoft General Counsel Brad Smith struck a diplomatic tone Friday, saying the company received "clear guidance" during months of "constructive dialogue" with regulators at the commission, the administrative arm of the European Union. In response, it is making significant changes to three areas of the software: security, search and a new file format.

"Having made each of these changes, the company and [CEO] Steve Ballmer felt comfortable moving forward and felt confident that we are in compliance with our EU competition law obligations," Smith said during a conference call with reporters.

He said Ballmer spoke with European Competition Commissioner Neelie Kroes on Thursday to inform her of the company's plans.

Wall Street viewed the news favorably, bidding Microsoft shares up 15 cents Friday to close at $28.37, a level it has not seen in nearly two years.

The company's comments strengthened investor confidence in the release schedule for Vista, due out for large business customers in November and for broad release in January. However, Vista is coming out more than two years later than originally planned.

"There's a timing issue," said Joe Wilcox, an analyst with Jupiter Research. "Microsoft wants to ship this operating system on time and it wants to ship it everywhere. And that puts Microsoft in a position to be more conciliatory."

Both Smith and the EC pointed out that there is no "green light" from the regulatory body, which does not approve products in advance.

Microsoft "must shoulder its own responsibilities to ensure that Vista is fully compliant" with competition rules and a 2004 anti-trust ruling against the company regarding the predecessor to Vista, the EC said in a brief statement Friday.

Fines and penalties stemming from that ruling have ballooned to nearly $1 billion. Microsoft is appealing.

The changes to Vista Microsoft announced Friday offer no guarantee that additional antitrust issues won't arise in the future.

"The commission will closely monitor the effects of Vista in the market and, in particular, examine any complaints concerning Vista on their own merits," the statement concluded.

Computer-security firms, among the most vocal complainants to the EC about Vista recently, withheld judgment on Microsoft's changes.

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"It's encouraging that they've said this," said Chris Paden, a Symantec spokesman. "It's a step in the right direction, but at the same time, security vendors are going to be wondering when" Microsoft will make technical details of the changes available for them to use.

McAfee, another security firm, did not return calls for comment.

Smith outlined the changes, which will apply to versions of the program sold in all markets, not just Europe.

Access granted

Microsoft is providing access to the kernel, or central part, of its code for 64-bit versions of Windows Vista, Smith said. A security feature called PatchGuard keeps the kernel inaccessible and unchanged. Previously, vendors had used access to the kernel for features of their own products.

Instead of removing PatchGuard, Microsoft built kernel-level application programming interfaces (APIs) so that security software vendors can still get access to parts of Vista they need, Smith said.

Microsoft also changed its Windows Security Center, a feature that sends alerts to users when, say, a firewall has been turned off or anti-virus software needs updating. Now, when a competitor's security product is installed, Windows Security Center will not duplicate alerts the competitive product may send.

Upgrade-process changed

In search, Microsoft changed the upgrade process to Vista and its Internet Explorer 7 browser to ensure that all search engines, such as Google, Yahoo! and its own Live Search, are on a level playing field.

Microsoft also agreed to submit its new file format — XML Paper Specification, or XPS, a competitor to Adobe's PDF — to a standards organization. Smith said it will also loosen the licensing terms under which the XPS format is available to other software providers for use in their own products.

He noted that the changes made at the EC's behest are one part of the global regulatory thicket Microsoft has navigated in building Vista.

"Windows Vista is probably one of the most heavily scrutinized products in the history of technology," he said, adding that Microsoft has worked with more than 20 government agencies on three continents.

Smith said that Microsoft has also been in discussions with the Korean Fair Trade Commission and plans to release a unique version of Vista to comply with its rules, on the same schedule.

Microsoft Makes Changes In Windows Vista To Suit Foreign Regulators (NYT)

By Paul Meller

The New York Times, October 14, 2006

BRUSSELS, Oct. 13 — Microsoft announced Friday that Windows Vista, the next version of its computer operating system, had been altered to satisfy regulatory concerns and would be introduced simultaneously worldwide. Less than a month ago, it had warned that antitrust problems could delay the introduction in Europe and South Korea.

A delay in one country or region would have serious consequences for software developers, computer manufacturers and retailers there. It would also create complications for Microsoft, which has always rolled out previous versions of Windows simultaneously around the world.

Steven A. Ballmer, Microsoft's chief executive, confirmed the global introduction of Vista in a phone conversation with the European competition commissioner, Neelie Kroes, late Thursday.

The new operating system will go on sale to large computer manufacturers next month and to the public in January.

In the statement issued Friday, Microsoft said it had altered Vista to address the concerns the commission has expressed about the new operating system over the last eight months.

Similarly, the concerns of South Korea's Fair Trade Commission have also been addressed, Microsoft said.

"We are excited to bring the security enhancements and innovative new features of Windows Vista to our customers and partners around the world, and we are committed to adhering to local law in every region of the world," Mr. Ballmer said in the statement.

Until now, Microsoft has resisted pressure to change Vista. Last month it accused the European Commission of not giving it clear enough guidance on whether Vista would pass muster under European antitrust law.

It also highlighted research that showed that hundreds of thousands of jobs in the European technology industry were at stake if Vista's introduction were delayed. Also last month, members of the European Parliament wrote to Ms. Kroes warning her of the harm she would be causing to European companies if she forced a delay.

The commission stood its ground, insisting that it was not up to regulators to approve Vista before its introduction. It repeated this message Friday. "The commission has not given a green light to Microsoft to deliver Vista," it said in a statement. "Microsoft must shoulder its own responsibilities to ensure that Vista is fully compliant with competition rules and in particular with the principles laid down in the March 2004 commission antitrust decision concerning Microsoft."

In 2004, the commission found that Microsoft had violated antitrust rules by bundling its music and video player, Media Player, into Windows XP and ordered the company to release a second version of Windows with Media Player stripped out.

"We understand that the European commission doesn't give a green light to a product before it is launched, and that it is a company's obligation to be in compliance with antitrust law," Brad Smith, Microsoft's general counsel, said in a conference call with journalists on Friday.

"Having made the changes we were advised to make, we are confident Vista is in compliance," he added.

Many of the problems with Vista identified by the commission echo the issues that resulted in the 2004 antitrust ruling. It alerted Microsoft to five potential antitrust problems in March, which were addressed in changes incorporated into the new operating system over the summer.

Last month, the commission pointed to three remaining problems, concerning Microsoft's plan to bundle into Vista an Internet search engine, security software and a fixed document format similar to the one sold by the software company Adobe.

Symantec, a leader in antivirus software, embarked on a huge public relations offensive, contending that Microsoft was effectively shutting it and other security software specialists out of Vista.

Two weeks ago, Microsoft addressed the main concerns of Symantec by agreeing to allow access to the heart, or kernel, of the Windows operating system to security products made by competitors. In the area of search, Microsoft changed Vista to allow users to choose their own search engine and make it the default Internet search tool on their computers.

In the area of fixed document formats, Microsoft agreed to the commission's demands that its new fixed-layout document format, called the XML Paper Specification, be scrutinized by an independent standards-setting organization. It also agreed to change the licensing terms to make its format more available to other software developers.

The commission said in a statement that it would "closely monitor the effects of Vista in the market" and would examine any complaints the new operating system might provoke "on their own merits."

Microsoft To Ship Vista On Schedule (MERCN)

By Dean Takahashi

The San Jose Mercury News, October 14, 2006

Microsoft said Friday that it would ship its Windows Vista operating system on schedule worldwide even as it addresses the concerns of European and Korean antitrust regulators as well as computer security firms.

The software giant will ship corporate versions of Vista in November and consumer versions in January, said Mary Snapp, vice president and deputy general counsel at Microsoft.

When the European Union raised concerns in March, Microsoft had warned it might have trouble making Vista available in Europe at the same time as other places.

``We are excited to bring the security enhancements and innovative new features of Windows Vista to our customers and partners around the world, and we are committed to adhering to local law in every region of the world," said Steve Ballmer, chief executive of Redmond, Wash.-based Microsoft.

Microsoft altered the operating system in several areas to respond to concerns of European and Korean regulators about ensuring fair competition, Snapp said. The company's changes address features related to security, search and document formats recognized by Vista.

The company also answered complaints from Silicon Valley-based security firms Symantec and McAfee.

The companies had accused the software programming giant of abusing its monopoly by controlling which security products can run on its new operating system. They say Microsoft blocked their ability to review the operating system's kernel, or core, and that Microsoft planned to confuse customers by offering its own security dashboard.

But Friday, Snapp said the company will allow security vendors to view the operating system's core by making available a key technology dubbed ``application programming interfaces."

In addition, the setup process for establishing security on the operating system will include options for choosing non-Microsoft security programs, Snapp said. When users click on the security center setup, they can choose Microsoft's solution as the default or choose options from other vendors.

Symantec representative Cris Paden said his company was aware of the concessions, but had yet to see the final detailed information needed to address their concerns.

``On one hand, it's encouraging that they're publicly committed to this, but we're being guardedly optimistic," Paden said. ``They haven't committed to a timeline and . . . it would be nice if they talked to us."

Microsoft will also make it possible for users to pick alternative search engines such as Google or Yahoo as their default. Changes such as these are important to third-party software companies because they fear that Microsoft's tight coupling of the operating system with its own software applications will give it an unfair advantage.

Google officials are awaiting Microsoft's impending release of the Internet Explorer 7.0 browser, which will hit the market ahead of the consumer version of Vista. That browser has a built-in search function, and Google wants to make sure users have a choice.

``We understand that Microsoft may make changes to the search default in IE7," said Ricardo Reyes, a Google official. ``But we haven't seen how it will be implemented yet."

In the past, conflicts on software bundling with Netscape and Real Networks led to years of litigation.

Finally, Microsoft said it would work with standard-setting groups to make the document formats recognized by Windows Vista available to other companies.

ENVIRONMENT:

Bush Signs Bill For Great Lakes Habitats (AP-Y)

AP, October 14, 2006

President Bush has signed a bill to reauthorize up to $16 million a year for grants programs to restore habitats in the Great Lakes region.

The legislation signed into law Thursday would authorize $80 million over five years to restore fish and wildlife habitats, provide money for fish and wildlife projects and upgrade reports on the area's ecosystem.

The money won't be spent unless included it's included in separate appropriations bills, but supporters said it would build momentum for a comprehensive $20 billion plan to restore the Great Lakes.

"This is a victory for our Great Lakes and the people who enjoy its beaches, world-class fishing streams and national parklands," said Tom Kiernan, president of the National Parks Conservation Association.

The lakes make up about 95 percent of North America's fresh water and have been threatened by pollution, invasive species and the loss of habitat.

The measure aims to guard thousands of different species of fish and wildlife and 130 endangered or rare plants and animal species that have been identified within the region's ecosystem. It was led by Sens. Mike DeWine, R-Ohio, and Carl Levin, D-Mich., and Reps. Mark Kirk, R-Ill., and Dale Kildee, D-Mich.

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The bill is S. 2430

Overcrowding, Not Race, Is US's Immigration Problem (FT)

DOJ_NMG_0081106

By Edward Luce

Financial Times, October 14, 2006

Some time in the next few days the 300 millionth American will be born or perhaps – so the joke goes – will cross illegally into the US from Mexico at night. Like many jokes, this one has a kernel of truth. In 1967, when America's population hit 200m, only five per cent of the country was foreign-born. Today that proportion has more than doubled. By 2043, when the US is projected to cross 400m, it is likely to be far higher. An increasingly large share will be Hispanic.

But America's population milestone is significant for reasons other than the politics of immigration. Samuel Huntingdon, the author of The Clash of Civilisations and the lesser-known Who Are We? The Challenges to America's National Identity, may or may not speak for large numbers of Americans when he warns of the "unique and disturbing challenge" posed to America's social fabric by the influx of Mexicans. But history is definitely not on his side.

As the Washington-based Brookings Institution points out in an excellent series on America's 300m landmark*, fears of being swamped by un-American foreigners are older than America itself. Writing more than 20 years before the American revolution, Benjamin Franklin warned that the influx of Germans into Philadelphia "will shortly be so numerous as to Germanise us instead of our Anglifying them".

Today more Americans describe themselves of German than of British descent yet almost all of them are able to do so only in English. The notion that America's newer "Latino" arrivals will somehow convert America into a Spanish-speaking country is barely less tenable than Mr Franklin's fears about Germans.

It is fairly certain, however, that Hispanic immigrants will energise America's economy in much the same way as their Polish, Jewish, Irish and Italian predecessors – or indeed as do their less numerous contemporaries from Africa and Asia. As President George W. Bush once said, perhaps with one eye on the Hispanic vote: "Hell, if they can make it through the Great Bend we want 'em."

It is true that America is becoming less white, assuming – as the US Census Bureau does – that you define Hispanics as non-white. Some Americans sublimate their fear of being swamped by darker skins by talking instead about the linguistic or cultural threat to the American way of life. But the very fact that only a tiny slice of rightwing nuts feel able to articulate their racial fears suggests that the tide is permanently against them.

Between 1980 and 2000 the proportion of Americans in racially mixed marriages doubled to six per cent. A quarter of Americans say they have a close relative of a different colour. In short, there is little reason to believe the character of America's current expansion is a serious threat to its long tradition of assimilating large numbers of newcomers from strange lands.

More interesting, but perhaps less appreciated, is what America's continued expansion means for its future quality of life – and, indeed, that of the rest of the planet. Nobody who drives through America's seemingly endless suburbs and "exurbs" can miss the tension between the country's vast open horizons and the increasing traffic gridlock around them. Nor can they fail to notice that it is America's sprawling urban environs, rather than the cities themselves, that are accommodating the country's growing numbers. It is true that America's population density is still less than a quarter that of continental Europe. But Europe's population growth has reached a virtual standstill. Besides, there are not too many Americans who aspire to live in North Dakota.

For the large majority of Americans living near or on its east or west coastlines, the reality of growing population density is hard to ignore. What were once isolated mountain escapes or unblemished patches of coastline are now jam-packed with resorts, second homes and, of course, snaking queues of traffic. So condensed have America's coastlines become that it is often hard to distinguish one built-up area from another because what falls in between is crammed with the same strip malls and chain motels as the last.

Imagine America a generation from now with one-third more freeways, out-of-town malls, refuse landfills, residential developments and sports utility vehicles than it has today. That, of course, is without mentioning the threat of global warming to which Americans disproportionately contribute. With 4 per cent of the planet's population, America contributes a quarter of the world's greenhouse gas emissions.

Like many others, I will raise my glass to the vibrant culture of diversity and optimism that is symbolised by America's latest notch on the population ladder. But, like growing numbers of mainstream Americans, I will also ask whether this is the latest sign

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of America's economic success or a reminder that growth cannot continue in this fashion indefinitely. It is a good question to which the answer is yes, and probably.

*http://www.brookings.edu/comm/infocus/300million.htm

The writer is the FT's Washington bureau chief

Science Ignored, Again (NYT)

The New York Times, October 14, 2006

The Bush administration loves to talk about the virtues of "sound science," by which it usually means science that buttresses its own political agenda. But when some truly independent science comes along to threaten that agenda, the administration often ignores or minimizes it. The latest example involves the Environmental Protection Agency's decision to reject the recommendations of experts inside and outside the government who had urged a significant tightening of federal standards regulating the amount of soot in the air.

At issue were so-called fine particles, tiny specks of soot that are less than one-thirtieth the diameter of a human hair. They penetrate deep into the lungs and circulatory system and have been implicated in tens of thousands of deaths annually from both respiratory and coronary disease. The E.P.A., obliged under the Clean Air Act to set new exposure levels every five years, tightened the daily standard. But it left unchanged the annual standard, which affects chronic exposure and which the medical community regards as more important.

In so doing, the agency rejected the recommendation of its own staff scientists and even that of its Clean Air Scientific Advisory Council, a 22-member group of outside experts that had recommended a significant tightening of the standards. Stephen Johnson, the agency administrator, claimed there was "insufficient evidence" linking health problems to long-term exposure. He added that "wherever the science gave us a clear picture, we took clear action," noting also that "there was not complete agreement on the standard."

One wonders how much evidence Mr. Johnson requires, and how "complete" an "agreement" must be before he takes action. A 20-2 vote in favor of stronger standards seems fairly convincing to us; likewise the unanimous plea for stronger standards from mainstream groups like the American Medical Association.

The environmental and medical communities suspect that the administration's main motive was to save the power companies and other industrial sources of pollution about $1.9 billion in new investment that the more protective annual standard would have required. But here, too, the administration appears to have ignored expert advice. Last Friday, the agency released an economic analysis showing that in exchange for $1.9 billion in new costs, the stronger annual standards could save as many as 24,000 thousand lives and as much as $50 billion annually in health care and other costs to society. Studies like these always offer a range of possible outcomes, but even at the lower end — 2,200 lives and $4.3 billion in money saved — the cost-benefit ratios are very favorable.

In the next year or so, the administration must decide whether to tighten the standards for another pollutant, ground-level ozone, which causes smog and is also associated with respiratory diseases. The scientific advisory committee has tentatively recommended that the ozone standard be tightened, citing new evidence of smog's adverse effects. This time Mr. Johnson should pay more attention to the scientists and less to the political strategists in the White House.

FBI/DEA/ATF/USMS:

Medical Marijuana Advocate Faces New U.S. Indictment (NYT)

By Carolyn Marshall

The New York Times, October 14, 2006

SAN FRANCISCO, Oct. 13 — A leading medical marijuana advocate who successfully appealed his federal conviction this year has been indicted on new criminal charges that include tax evasion and money laundering.

DOJ_NMG_0081108

The man, Ed Rosenthal, a well-known spokesman for the movement to legalize marijuana, was already facing a retrial on federal charges of growing marijuana for medical use. He is to be arraigned Monday in Federal District Court here on the new indictment, unsealed late Thursday.

It accuses Mr. Rosenthal, 61, of 14 felony charges that include cultivating marijuana plants; laundering $1,850, which the government says he got from selling the plants to medical dispensaries; and tax evasion. His tax returns, prosecutors said, omitted income from the sale of the plants.

Reached Friday at his home in Oakland, Mr. Rosenthal said he thought the efforts to prosecute him were part of a campaign to shutter medical marijuana sites in California and to subvert the state law allowing them.

"They want to shut me up," he said. "They are vindictive. They don't like anybody beating them, and they will go after you again and again until they wear you down."

The state and the federal government have been locked in a legal and cultural battle over the medicinal merits of marijuana since 1996, when California voters approved a ballot measure giving seriously ill patients the right to buy and use the drug with a doctor's prescription.

The Drug Enforcement Agency has been aggressive in investigating medical marijuana facilities. Last week, the authorities raided and closed five Bay Area sites, arresting 15 people.

A spokesman for the United States attorney's office, Luke Macaulay, would not comment on the new indictment, but said, "Drugs are a priority for the Justice Department, being that marijuana is illegal under federal law."

The new charges against Mr. Rosenthal are similar to those in a 2002 federal indictment. At the time, Mr. Rosenthal worked for the City of Oakland and was sanctioned under city and state laws to grow marijuana plants and sell them to dispensaries. He was convicted by a jury, but a federal appeals court overturned the decision, citing juror misconduct. He was granted a new trial, and prosecutors were moving forward, but the new federal indictment supersedes the earlier one.

Guilty Pleas By 2 Top Cali Cartel Figures Were 15 Years In Making (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, October 14, 2006

The guilty pleas by the two highest-ranking Colombian cocaine traffickers ever to appear in a U.S. courtroom had their roots in a hot summer morning 15 years ago when a drug-sniffing dog named Iowa found something suspicious.

The dog's alert on Aug. 26, 1991, led to the discovery at the Port of Miami of more than 12 tons of cocaine concealed in metal tubes that had, in turn, been hidden inside heavy concrete posts.

The shipment served notice to federal investigators that the Cali cartel had surpassed the better-known - and much more violent - Medellin cartel in controlling Colombia's cocaine trade and was employing ingenious new smuggling methods.

"It was electric, the atmosphere at the time," recalled Eddie Ryan, a federal prosecutor who worked the case until leaving Miami for Charlotte three years ago. "It was a huge load. This was a new game and they were better at it than anybody had ever been."

The investigation spawned by the big find would take many twists and turns and break new legal ground along the way.

It culminated in the Sept. 26 guilty pleas to U.S. drug trafficking charges by brothers Gilberto and Miguel Rodriguez Orejuela, the Cali cartel kingpins nicknamed "The Chess Player" and "The Master" who are now serving 30-year prison sentences. A total of 141 cartel members have been convicted or pleaded guilty for their roles in an organization once responsible for 80 percent of the world's cocaine.

For Ed Kacerosky, the Customs agent who led the investigation from its inception, that moment in a Miami courtroom wasn't his biggest in the case.

Far better, he said, came after a midlevel defendant briefly mentioned links between the Cali smugglers and operations in Guatemala. That would lead to a Miami frozen vegetable warehouse used as a front to smuggle cocaine and to a lawyer who ran the cartel's South Florida operations.

"You need to catch a break," said Kacerosky, 50, now a U.S Customs and Immigration Enforcement supervisory special agent. "You could be the greatest detective but you need to have a little bit of luck."

One of those breaks came after one of a dozen Cali associates waited a bit too late to throw his cell phone into the Miami River.

Kacerosky had identified the Miami-based operatives by decoding phone numbers seized from a man arrested for involvement in the load hidden in concrete posts. When he called the numbers, all of them were dead except one - and that one had called the replacement numbers for all his confederates.

"That was the first big success. That's what turned the tide in this whole case," Kacerosky said.

It was also the early days of cell phones - the big, clunky gray or black ones - and well before computers were in common use to crunch investigative data, Kacerosky said. "This was all first-time stuff," he said.

Information from that cell phone information led to the frozen vegetable operation that got weekly shipments from Guatemala - "I said 'bingo'" recalled Kacerosky - and to a lawyer named Harold Ackerman, who lived in a Miami Beach mansion. A wiretap was placed on his phone and investigators monitored 186 phone calls over a six-day period discussing Cali cocaine shipments, money laundering and so forth.

"That was just an absolute gold mine," Kacerosky said.

Ackerman was eventually convicted and sentenced to six life terms but won sentence reductions for his cooperation with federal prosecutors. Well before that, however, he provided another set of clues that helped unravel the cartel.

There were 24 employees listed in Ackerman's coded address book. All had fled Miami after Ackerman's 1992 arrest except a new hire named Raul Marti, who worked at the Taino Coffee Co. Investigators discovered that Taino was getting three or four shipping containers of "coffee" per month from Panama, which seemed suspiciously high.

Marti had no cell phone and didn't make many calls from his office. But four times a day, Marti would go to one of several banks of pay phones in Miami and use a prepaid phone debit card - cutting-edge technology in those days - to call numbers in Cali, Colombia.

Kacerosky was able to trace the cards' access numbers to a switching service in Miami that specialized in Colombian phone debit cards. So rather than trying to obtain difficult-to-get wiretap orders for dozens of pay phones, Customs investigators got warrants for the card numbers and monitored the calls through the switching service.

That led to hundreds of tapes of conversations between Miguel Rodriguez Orejuela and several Cali operatives and lawyers in the United States. Eventually, other Miami-based attorneys would join Ackerman in prison for convictions on such things as preparing false affidavits, paying hush money and relaying threats from cartel kingpins.

Those prosecutions, and the unprecedented search warrants approved in 1994 by the Justice Department for lawyers' offices, changed the way defense attorneys do business - especially the care taken to discover the source of a client's money.

"It really changed the landscape for the country on how lawyers had to look at their fees and had to protect themselves in addition to their clients," said David O. Markus, who represents Gilberto Rodriguez Orejuela.

The case also provided important lessons for law enforcement. Perhaps the key, Kacerosky said, was that investigators didn't quit after arresting a trio of low-level people who had been hired to break open those original cocaine-laden concrete posts in 1991.

Investigators knew the Cali kingpins had a state-of-the-art warehouse filled with cutting tools and a dozen workers ready to slice open the posts and distribute the cocaine gradually. But the Rodriguez Orejuela brothers opted instead for three guys with sledgehammers, Kacerosky said, to test whether U.S. agents were on the trail of their big load.

It would have been easy to declare victory and go home after making that bust, but Customs, the Drug Enforcement Administration and drug task force other investigators did not.

"The No. 1 lesson is you never stop investigating," Kacerosky said.

Guilty Plea In Colo. House Bombs Case (AP)

By Jon Sarche, Associated Press Writer

AP, October 14, 2006

DOJ_NMG_0081110

(AP) - DENVER-A former air traffic controller accused of planting homemade bombs in March outside the Grand Junction homes of four co-workers and a Federal Aviation Administration official pleaded guilty Friday to one single count that could put him in prison for more than a decade.

Burke, 54, was arrested in Utah in April. He agreed to plead guilty to a charge of malicious damage to a building used in interstate commerce.

U.S. District Judge Robert Blackburn said the charge is punishable by five to 20 years in prison and a fine of up to $250,000. Prosecutors said they will recommended a term of 10 years when Burke is sentenced on Feb. 2.

Burke had worked for Serco Group PLC, a British company that staffs air traffic control towers at airports in Grand Junction and 55 other locations. He was fired in 2004 after working for Serco for four years.

The federal Bureau of Alcohol, Tobacco and Firearms has said the Grand Junction bombs were similar to a device that exploded at Serco offices in Murfreesboro, Tenn., in February.

No one was injured and only minor property damage was reported when three of the bombs in Grand Junction exploded. Two others were defused by bomb technicians.

IMMIGRATION:

Suit Over Illegals OK'd For Workers At Tyson Foods (WT)

By Steve Hirsch, The Washington Times

The Washington Times, October 14, 2006

A federal judge has ruled that workers can file a class-action suit against Tyson Foods Inc. for depressing wages by hiring illegal aliens.

Howard W. Foster, a Chicago lawyer for the Tyson employees, described the ruling in Winchester, Tenn., as a "very big step," allowing him to seek damages for thousands of workers at eight plants -- including one in Glen Allen, Va. -- instead of just the four original plaintiffs.

The case, filed in 2002 under the federal Racketeer Influenced and Corrupt Organizations Act (RICO), is one of a growing number across the nation challenging illegal aliens in the workplace. In August, a temporary agency in California sued its competitors under the state's unfair-competition laws.

Mr. Foster has represented U.S. citizens seeking damages for wage depression caused by employment of illegal aliens in other cases, including one against Mohawk Industries and a class-action case against Zirkle Fruit Co., which has been settled.

"You can't bring these cases unless they get certified as class actions," he said yesterday.

"An individual person can't bring one -- it's not economically viable to do it. So it's important that it gets certified as a class action," he said.

An estimated 12 million to 20 million illegal aliens are living in the United States, making up a large part of the nation's work force.

In April, Homeland Security Secretary Michael Chertoff announced a nationwide crackdown to target employers who "knowingly and recklessly" hire illegal aliens, and those who help them find jobs.

His announcement coincided with news that more than 1,180 illegal aliens had been arrested during raids at 40 IFCO Systems North America Inc. plants. The Houston company is the largest pallet services company in the U.S.

Yesterday, Tyson Foods described the judge's ruling as "procedural," adding that it was "not based on the merits of this case, which was actually dismissed by another judge back in 2002."

"We remain confident our company will ultimately prevail," Tyson spokesman Gary Mickelson said by e-mail.

"The plaintiffs' claims in this lawsuit are simply unfounded and largely based on federal charges our company has already successfully defended," he said, adding, "In 2003, a Chattanooga jury found the Springdale, Ark., company not guilty of violating immigration laws, confirming the company has made a concerted effort to hire properly and abide by the law."

U.S. District Judge Curtis L. Collier's order, issued Tuesday, schedules a Jan. 29 conference with lawyers. It is expected he will set a trial date then.

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A federal jury in March 2003 acquitted Tyson and three former managers of conspiring to hire illegal aliens from Mexico and Central America for low-wage production jobs to boost profits. Two former Tyson managers who made plea deals were sentenced to one year each of probation.

Before the case went to trial, four former employees at Tyson's Shelbyville, Tenn., plant sued. The lawsuit by Birda Trollinger, Robert Martinez, Tabetha Edding and Doris Jewell contends the company violated the RICO Act by knowingly hiring illegal aliens who were willing to work for wages below those acceptable to Americans.

In 2004, a three-judge panel of the 6th Circuit Court of Appeals in Cincinnati overturned a lower-court dismissal of the four workers' case.

The lawsuit says Tyson relied on a network of recruiters and temporary employment agencies that brought illegal workers into the United States and supplied them with false identification.

Mr. Foster said Tyson employee pay, "probably $8 to $10 an hour," was depressed by the hiring of illegal aliens.

"We haven't stated exactly" by what amount wages were depressed, he said, adding that that would be determined by "experts."

The eight Tyson plants named in the suit are at Shelbyville; Corydon, Ind.; Gadsden, Ala., Blountsville, Ala., Ashland, Ala.; Sedalia, Mo.; Center, Texas and Glen Allen, Va.

• This article is based in part on wire service reports.

CONGRESS-ADMINISTRATION:

Govt. Reports 788 Cases Of Lost Data (AP-Y)

By Stephen Ohlemacher, Associated Press Writer

AP, October 14, 2006

Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public, raising fresh concerns about the government's ability to protect sensitive information.

Most of the data was lost or stolen. In a few cases, it was accessed by computer hackers, according a report released Friday by the House Government Reform Committee. Government contractors were responsible for many of the security breaches.

In all, the committee reported 788 incidents involving the loss or compromise of sensitive personal information since Jan. 1, 2003. That was in addition to the "hundreds of security and privacy incidents" at the Department of Veterans Affairs, the report said.

"Data loss is a government-wide occurrence," the report said. "The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

The committee asked all Cabinet agencies, the Office of Personnel Management and the Social Security Administration to report all losses of sensitive personal information since January 2003. The request came after a laptop with information for more than 26.5 million military personnel was stolen from a Veterans Affairs Department employee in May. Law enforcement officials recovered the laptop, and the FBI said Social Security numbers and other personal data had not been copied.

In many of the newly reported cases, the agencies still don't know the extent of the losses, the report said.

The Treasury Department reported the most incidents — 340 — including one in 2005 in which an IRS employee reported a missing computer drive nearly a month after he had last seen it.

The Commerce Department reported 297 incidents since January 2003. However, in a separate report released in September, the department acknowledged losing 1,137 laptops since 2001. Most of the lost computers had been used by the Census Bureau.

Among the other security breaches cited in the report:

_In August, a laptop containing personal information on 30,000 applicants, prospects and recruiters fell off a motorcycle driven by a Navy recruiter. Someone in a car apparently stopped and picked up the computer. A notification letter is being prepared for those affected.

DOJ_NMG_0081112

_In 2004, a federal student aid contractor used a commercial shipping company to send personal information on 8,290 borrowers. The package was lost in transit, but the Education Department decided against notifying the affected people.

_A computer hacker used "malicious software" to access files containing personal information on 1,717 employees of the National Nuclear Security Administration in 2005. The Energy Department, which oversees the agency, said it has improved its computer defenses.

• Two employees of a contractor for the Centers for Medicare and Medicaid Services stole records containing information on about 1,574 Medicare beneficiaries "for the purpose of identity theft" in 2005. The affected people were notified.

_A company that issues charge cards for the Interior Department lost data tapes containing information on 61,000 cardholders in 2005. The cards were issued under the General Services Administration's SmartPay program. Affected cardholders were notified.

_In July, six Justice Department employees submitted computerized attendance reports containing Social Security numbers. Those reports were then downloaded 220 times and viewed 7,772 times. The incident is being investigated.

Data Theft At Agencies Not As Uncommon As Hoped (LAT)

By Moises Mendoza, Times Staff Writer

The Los Angeles Times, October 14, 2006

A House report deems the incidence of lost or stolen information more pervasive than thought. Most cases are outright theft, it says.

WASHINGTON — Incidents of lost or stolen personal data at federal government agencies are more widespread than previously thought, affecting all 19 federal departments and millions of citizens since 2003, according to a congressional report released Friday.

Most of the nearly 800 incidents of data losses have never been publicly reported. The "vast majority" were not accidental misplacements, but rather outright thefts of computers or data disks containing sensitive information such as Social Security numbers. In some cases the data were used inappropriately by employees and private contractors, the report said.

The House Government Reform Committee began investigating data losses after several high-profile security breaches, including the theft in May from an employee's home of a Veterans Affairs laptop containing the personal data of more than 26 million veterans.

Since then, several other agencies, including the Social Security Administration, the Internal Revenue Service and the Department of Health and Human Services, have revealed security breaches that affected thousands more individuals.

The report found that agencies are often slow to realize that data thefts have taken place or how many people were affected by the breaches. And it was unclear how often they have informed citizens that their data might have been compromised, the report added.

Committee member Henry A. Waxman (D-Los Angeles) said federal agencies were losing too much information and suffering too many breaches.

"Americans expect their private information to be protected," Waxman said in a statement. "But the reality is that federal security systems remain far too vulnerable."

According to the report, recent incidents included:

• The loss in March of a Defense Department portable data drive that included personnel records of more than 200,000 Marines who served from 2001 to 2005. The report said the department sent a notification letter to the Marine Cops and the affected Marines.

• The loss of a Department of Education magnetic tape containing the personal information of more than 11,000 student loan borrowers.

• An unauthorized breach of an Air Force database compromising personal data of more than 30,000 members of the military.

Other incidents of data loss were reported to the committee by the departments of Housing and Urban Development, Transportation, State, Treasury, Commerce and Veterans Affairs.

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The Commerce Department, for example, reported 214 incidents of lost or stolen computers at the Census Bureau. Veterans Affairs officials reported their data on two large spreadsheets covering hundreds of security and privacy breaches, the report said.

In most cases, the report said, there was little evidence that thieves used the data to steal people's identities. However, the report did cite one identity theft scheme last year by a Health and Human Services contractor that affected more than 1,500 people.

A few incidents have involved hackers looking to use citizens' personal data for illegal purposes, the report said.

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U.S. Careless With Citizens' Information (WASHTIMES)

By Jerry Seper

The Washington Times, October 14, 2006

Personal files maintained by the federal government on all U.S. citizens "remain at risk," according to a House report released yesterday, which said the stored information is routinely lost because of carelessness, misconduct or theft.

"The federal government compiles and holds sensitive personal information on every citizen, including health records, tax returns and military records," said a report by the House Government Reform Committee.

"In many cases, agencies do not know what information they have, who has access to the information, and what devices containing information have been lost, stolen or misplaced."

The report said much of the information was lost when laptop computers were stolen, documenting the theft of more than 1,800 government-owned laptop computers -- including one belonging to the Defense Department and containing personal information on 30,000 applicants, recruiters and prospects that "fell off a motorcycle belonging to a Navy recruiter."

The committee, chaired by Rep. Thomas M. Davis III, Virginia Republican, began an investigation into the government's ability to keep its files secure after the Department of Veterans Affairs' disclosure that computer equipment containing the personal information of 26.5 million veterans and active-duty members of the military had been stolen from the home of a department employee.

Since that time, several other agencies -- including the Social Security Administration, the Internal Revenue Service and the Department of Health and Human Services -- have acknowledged security breaches that affected thousands more people.

To develop what the committee called "a full picture of the risks posed by data breaches at federal agencies," it asked agencies to provide details about incidents involving the loss or compromise of any sensitive personal information held by the agency or a contractor since Jan. 1, 2003.

The report outlined a "wide range of incidents involving data loss or theft, privacy breaches and security incidents," noting that despite the volume of sensitive information held by the agencies, there is no requirement that the public be notified if it is compromised.

The committee found that data loss is a governmentwide occurrence, noting that 19 federal departments and agencies had reported at least one loss of personally identifiable information since January 2003. It said the agencies do not always know what has been lost or how many people could be affected by a particular data loss.

It also said that only a small number of the data breaches are reported to the committee were caused by hackers breaking into computer systems online, with the vast majority of losses resulting from thefts of portable computers, drives and disks, or unauthorized use of data by employees.

The committee also said that federal agencies rely heavily on private-sector contractors for information-technology management services and, as a result, many of the reported data breaches were the responsibility of contractors.

According to the committee, problems concerning the loss of personal information were found at Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, Veterans Affairs, Office of Personnel Management and the Social Security Administration.

The Identity Theft Scare (WP)

By Fred H. Cate

The Washington Post, October 14, 2006

Identity theft is getting a lot of attention these days -- from news stories about missing laptops and lost data to television commercials for fraud prevention and credit monitoring services. Congress has held hearings, and members have issued forecasts of an impending plague of identity theft. Rep. Edward Markey (D-Mass.), in a statement typical of many of his congressional colleagues, said that "Social Security numbers and date-of-birth information are pure gold in the hands of identity thieves, who quickly convert them into credit cards and cash equivalents to perpetrate massive frauds."

When a laptop was stolen from the home of a Department of Veterans Affairs employee this year, newspapers across the nation editorialized about the dangers facing the people whose data were on the computer. The Post alone published more than 40 stories and wrote that "26.5 million veterans were placed at risk of identity theft." The VA notified all 26.5 million of them and asked Congress for $160.5 million to cover the cost of one year of credit monitoring for the veterans.

Then the laptop was recovered -- the data untouched and the risk of identity theft shown to be nonexistent.

The happy ending to the VA saga should have come as no surprise. The fact is that few if any such breaches lead to identity theft or other consumer injuries.

A 2005 study by ID Analytics, which operates a nationwide fraud-detection network, found that even when the missing information included credit card numbers or other account-level data, the risk of identity theft was no greater than for accounts from which no information was lost or stolen. Two years after a theft, only one out of every 1,020 account holders whose information had been stolen -- less than one-tenth of 1 percent -- had been targets of any attempted fraud.

The reasons are not hard to discern.

First, the term security "breach" is so broad that it includes cases, such as that of the VA employee, in which the target of the theft was equipment, not data. In fact, most security breaches involve the accidental loss of information or equipment rather than a deliberate attack on data.

Second, identity theft is most commonly the result of data being obtained directly from victims, not through security breaches. According to a 2005 Javelin Strategy & Research survey, for the half of victims of identity-based fraud who knew where their information had been obtained, the most common source was a "lost or stolen wallet, checkbook, or credit card."

Thirty-five percent of identity-theft cases in which the perpetrator was identified involved a "family member or relative," and 18 percent a friend or neighbor. That means that roughly half of all known identity thieves were not strangers. Another 23 percent of such cases involved dishonest employees. All together, three-fourths of identity theft cases did not involve access to the kind of third-party data obtained through a security breach.

Third, identify theft affects far fewer Americans than the hype suggests. Although the figure most commonly cited in the media is 10 million U.S. victims a year, in April the Justice Department put the number at 3.6 million for the second half of 2004.

But more than half of those cases (two-thirds, according to the Federal Trade Commission) actually involve credit card fraud. This is good news, because Congress long ago limited consumer liability for credit card fraud to $50, and the universal industry practice is to waive that charge.

The Justice Department estimates that there were only 538,700 cases of true identity theft (those in which personal information was used to open accounts in the victim's name) in the second half of 2004. The FTC received about 250,000 identity-theft complaints in 2005. Moreover, research shows that identity theft is on the decline.

The danger of the security breach frenzy is not merely that it exaggerates the risk of identity theft and the role that security breaches play but that it ignores greater threats, such as the involvement of organized crime and the emergence of new and harder-to-detect frauds, that menace our increasingly information-dependent society.

The writer is director of the Indiana University Center for Applied Cybersecurity Research and a distinguished professor of law and adjunct professor of informatics.

Outgoing Medicare Chief Cites Drug Savings (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, October 14, 2006

DOJ_NMG_0081115

The Medicare prescription drug benefit is on pace to cost the federal government about $30 billion this year, far less than the $43 billion originally projected, outgoing Medicare chief Mark B. McClellan said yesterday.

The lower cost is a result of cheaper-than-expected premiums, fewer people than anticipated enrolling in the new coverage, and slower growth in drug spending, said McClellan, who is returning to the private sector next week after 2 1/2 years as administrator of the Centers for Medicare and Medicaid Services.

McClellan, 43, spent his last day having breakfast with a dozen reporters, conducting a conference call about Medicare's online tools for consumers and talking with his staff.

"And I've got a few boxes to pack up -- photos and things like that," said McClellan, who added that he was "probably just going to go home and collapse" at day's end.

The economist and physician previously served as commissioner of the Food and Drug Administration and as a member of the White House's Council of Economic Advisers. Leslie V. Norwalk, No. 2 at CMS, will take charge as acting administrator.

McClellan plans to announce an affiliation with a Washington think tank on Monday. The Texan said he is pleased that independent surveys show that 80 percent of people who signed up for the new drug benefit are satisfied with their plans. But what he is most proud of has been his emphasis on shifting Medicare toward better-coordinated, prevention-oriented care, he said.

"We have got to move in this kind of direction to have a sustainable, innovative, affordable health-care system," he said.

The lower costs, he said, are due largely to the competition among insurers to lure seniors to their plans. When Congress created the benefit, the average monthly premium was expected to be $37; it has turned out to be $24. And instead of rising to $40 next year as projected, the average premium should be $26, he said.

A House Democratic analysis, however, concluded that the average monthly premium in 2007 will be about $29, and that some beneficiaries will see far steeper increases. The analysis calculated that the average cost of the lowest-priced plan will rise 44 percent, to $13.58.

McClellan has called the analysis "misleading" because it does not account for seniors who have drug coverage through HMO-style Medicare Advantage plans.

Another factor in holding down costs is enrollment. There are 43 million people on Medicare, the federal health insurance program for the elderly, and actuaries estimated that 38 million would seek the new drug coverage.

Instead, about 23 million seniors enrolled in drug plans directly through Medicare, and 7 million others got coverage through employers that received a Medicare subsidy to continue private drug plans for their older employees and pensioners, officials said. An additional 5 million seniors get drug coverage through the Department of Veterans Affairs, and about 2.5 million are covered through the Federal Employees Health Benefits Program.

Predictions that many employers would drop their plans and send older workers or retirees to Medicare for drug coverage did not come to pass, McClellan said.

Finally, costs were lower than predicted because about 60 percent of the prescriptions filled under the new benefit were for generic drugs, compared with the national average of about 52 percent, he said.

The drug benefit's costs are projected to climb to $48 billion next year, in part because people who enrolled as late as this May will be on the books for all of 2007. But because that estimate does not reflect the latest cost data from the plans, McClellan doesn't expect it to stick.

"I think it's unlikely that we're going to see anything but a significant reduction in that $48 billion projection," he said.

White House Denies Book's Allegations (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, October 14, 2006

A former Bush aide claims that evangelical Christians were embraced for political gain at the White House but derided privately as "nuts," "ridiculous" and "goofy."

The allegations — denied by the White House on Friday — are in a new book by David Kuo, a conservative Christian who was deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003.

DOJ_NMG_0081116

The book describes Kuo's frustration at what he felt was lackluster enthusiasm in the White House for the program, which seeks to steer more federal social service contracts to religious organizations. Details from the book, "Tempting Faith: An Inside Story of Political Seduction," were reported by MSNBC ahead of Monday's publication date.

Kuo singled out staffers in the office of Karl Rove, Bush's top political adviser and deputy chief of staff, as particularly condescending toward evangelical Christians, viewing them as necessary to help win elections but ridiculing them behind the scenes.

Kuo also described how officials from the faith-based office were systematically dispatched to hold large events in areas where there were key House and Senate races before the 2002 elections.

White House press secretary Tony Snow said he had not yet seen the book. But he said Rove was asked if he made the comments and replied he had not. Kuo, however, doesn't single out anyone by name as making the condescending comments.

"These are people who are friends. You don't talk about friends that way," Snow said.

Bush's spokesman also said there was no attempt to exploit the office to score political points, and that the president had specifically directed it not be politicized.

Snow denied Kuo's charge that the White House's religious charities program wasn't given the status it deserved, saying Bush's personal commitment to the policy was solid. Kuo has complained publicly in the past that the White House did not push hard enough for promised federal funding for religious groups to help the poor.

Snow read from what he called a "very warm letter" Kuo wrote to Bush when he left the White House. Kuo told the president he was proud of what the initiative had accomplished and said "it's your staff's keen awareness of your unwavering support for this initiative that's made the difference."

Snow concluded that the reports on the book "seem at odds with what he was saying inside the building at the time he departed."

Kuo's account of how the faith-based office has been regarded inside the White House recalls that of another high-level alumnus of the program. John J. Dilulio Jr., the faith-based office's first director, who quit in 2002, told Esquire magazine that "Mayberry Machiavellis" led by Rove based policy only on re-election concerns. After his comments caused an uproar, Dilulio apologized for making what he said were rude remarks.

Conservatives Rally Against Bush Aide-Turned-Critic (WP)

By Alan Cooperman, Washington Post Staff Writer

The Washington Post, October 14, 2006

ExposÃ© of White House Scorn for Evangelicals Is Disputed

Conservative religious leaders described themselves as shocked yesterday by a new book's charge that Bush administration staffers privately dismissed evangelical Christian political activists as "nuts" and "goofy."

But their dismay was aimed at the book's author, former White House official David Kuo, rather than at President Bush or his senior advisers.

James Dobson, Charles W. Colson and other stalwarts of the conservative Christian movement defended the Bush administration and questioned the timing of the book's publication, a month before the midterm elections. Some suggested that Kuo had betrayed the White House.

"I feel sorry for him, because once you do something like this, you get your 15 minutes in the spotlight, but then after that nobody will touch you," said Tony Perkins, president of the Family Research Council, a Christian advocacy group in Washington. "These kiss-and-tell books do more damage to the author than to the people they attack."

Kuo, who was deputy director of the White House Office of Faith-Based and Community Initiatives in Bush's first term, alleges in the book, "Tempting Faith," that the Bush administration used its funding of religious charities to court evangelical voters in Machiavellian fashion.

The book is being published at a pivotal moment not just for Republicans who are battling to maintain control of the House and Senate but also for conservative Christian voters, whose support for the GOP has dipped in recent polls.

DOJ_NMG_0081117

At 7 p.m. Sunday, evangelical leaders including Perkins and Dobson plan to broadcast a 90-minute television special from a Boston church to hundreds of other churches across the country in an attempt to keep religious conservatives from sitting out the election.

Called "Liberty Sunday," it will "highlight specific cases and stories where people's religious liberties have been threatened because of homosexual activism and gay marriage in Massachusetts," said Family Research Council spokeswoman Bethanie Swendsen.

At the same hour, CBS's "60 Minutes" will broadcast the first interview with Kuo about his book, which is scheduled to go on sale Monday. CBS and the book's publisher, Simon & Schuster, tried to keep a lid on the book's contents until the "60 Minutes" exclusive. But MSNBC host Keith Olbermann obtained a copy and began broadcasting excerpts Wednesday.

Conservative Christian leaders as well as present and former White House officials responded yesterday to the MSNBC report, noting that they had not yet seen the book itself.

White House press secretary Tony Snow told reporters that the book's "assumption or insinuation seems to be that the administration takes lightly faith-based groups." That is "false," he said.

Asked whether the president's "faith-based initiative" was used for political purposes, Snow said flatly: "No." Snow also read from a letter Kuo wrote to Bush when he left the administration in December 2003, saying he was "proud of all the initiative has accomplished."

In the book, Kuo asserts that the faith-based office was hurriedly set up after Bush took office in 2001 by a transition volunteer who was given less than a week to roll out the initiative.

Kuo asserts that evangelical leaders were called "the nuts" by people in White House political strategist Karl Rove's office. "National Christian leaders received hugs and smiles in person, and then were dismissed behind their backs and described as 'ridiculous,' 'out of control' and just plain 'goofy,' " the book says, according to MSNBC.

Kuo previously has criticized the Bush administration for not carrying out the president's 2000 campaign promise to boost charitable giving at least $7 billion a year by extending charitable tax breaks to people who do not itemize income tax deductions.

In the book, he says the White House opted instead for cuts in the estate tax that eliminated the incentive for many wealthy people to make charitable donations. The "ultimate impact was to brutalize the very charities Mr. Bush once identified as his top priorities," Kuo says.

Beginning in 2002, the White House held ostensibly "nonpartisan" conferences about the availability of federal grants for religious charities. But Kuo alleges that the events were, in fact, designed to help vulnerable Republican incumbents.

Ken Mehlman, then the White House director of political affairs and now chairman of the Republican National Committee, "loved the idea and gave us our marching orders" to hold meetings in 20 congressional districts, the book says.

H. James Towey, who directed the faith-based office during Kuo's time there, said yesterday that "it sounds like he worked at a different White House than the one I worked for."

Towey added that he, not Mehlman, decided where to hold conferences. "If a congressman in a tight race invited me, I went," he said. "But that was true of Democrats as well as Republicans."

Dobson, the psychologist and radio host who heads the influential group Focus on the Family, issued a statement calling the book "a mix of sour grapes and political timing."

Colson, who founded Prison Fellowship Ministries, said he was "shocked and disappointed by what appears to be political timing to sell a book, and a very unfair characterization of the parties involved."

Jan LaRue, chief counsel of Concerned Women for America, a Christian women's group in Washington, said she sees "no reason to question the sincerity of this president" based on the accusations aired so far.

"So, in Rove's office people of faith are mocked? Well, who in Rove's office did the mocking? It's easy to make allegations like that if you don't give the name, date, time," she said.

Perkins of the Family Research Council said he would not be surprised if derisive comments were made behind Christian leaders' backs.

DOJ_NMG_0081118

"I have no misconceptions about how people in the Republican Party and the establishment view social conservatives. They are dismissive. I see how they prefer to work with fiscal conservatives," he said. "Having said that, I see it really as a marriage of convenience. We are not without significant gains by working with this administration."

Congressman Demands Retraction From WSJ (AP)

By Tim Whitmire

Associated Press, October 14, 2006

CHARLOTTE, N.C. (AP) -- A congressman in the thick of a tough re-election battle demanded Friday that The Wall Street Journal correct and retract statements in an article that said he slipped projects benefiting his own business interests into the federal budget, a claim he called libelous.

Rep. Charles Taylor said he would sue the newspaper if it does not meet his demands, made in a letter written by Asheville lawyer Robert B. Long Jr. and released by Taylor's office.

Taylor is demanding that the Journal retract a front-page article published Wednesday titled "Seat in Congress Helps Mr. Taylor Help His Business." It said he added "earmarks" to legislation to widen two highways near property he owns, to give millions to nonprofit groups run by his business partners and supporters, and to provide $3.8 million for a park in front of a downtown Asheville bank he owns.

Written by John R. Wilke, the story cited congressional, corporate and real-estate records. Taylor described it as "full of misinformation and unsupported falsehoods."

A Wall Street Journal spokesman was unable to immediately confirm that the newspaper had received Taylor's letter and therefore could not comment.

Taylor, a veteran Republican from Brevard who is one of Congress's wealthiest members, is in a fierce re-election battle with Democrat Heath Shuler, a former NFL quarterback. Although Taylor's district in far western North Carolina leans conservative, many analysts have rated the race a tossup.

In a summary, Taylor identified 15 statements in the article he said were false. He said he owns no property near one of the highways mentioned, and that the other road project is needed for the safety of area residents, not for the timberland he owns "miles away."

He said another earmark the story attributed to him - a much publicized grant of $500,000 to fund a teapot museum in Sparta - actually came from Rep. Virginia Foxx, a Republican who represents the district that includes Sparta.

Strategist In Chief (NYT)

By Nicholas Confessore

The New York Times, October 14, 2006

No political figure is more vital to the self-esteem of the Democratic Party and its faithful than Karl Rove. Ever since Rove rose to national renown with George W. Bush some six years ago, he has provided sweet relief for Democrats otherwise ill equipped to explain Bush's successes. For the president's critics, it is axiomatic that Rove is supremely diabolical and inscrutably brilliant, since they're also pretty sure the president himself is neither. I doubt any political consultant has sold more books without writing one himself.

Just ask James Moore and Wayne Slater, two veteran Texas political reporters who have tracked Rove for years. In 2003 they published their first Rove book, the best-selling "Bush's Brain," a trenchant chronicle of Rove's triumphant efforts to turn Bush into a winning presidential candidate. Now they've returned with a blistering sequel, "The Architect: Karl Rove and the Master Plan for Absolute Power," promising a close look at Rove's strategy to cement today's thin Republican majorities into enduring ones.

Much of the master plan will sound familiar to anyone who subscribes to a newspaper. The Republicans must court and mobilize the party's religious conservative base with wedge issues like gay marriage; discourage unionization and defang the trial lawyers, key sources of Democratic cash and ground troops; build a finely tuned grass-roots machine that can overpower the Democrats during elections and bolster Republican initiatives in between them.

DOJ_NMG_0081119

Put the pieces together, the authors argue, and Republicans can control Washington for a generation. "Democracy, to Karl Rove, is like a very large board game," they write. Monopoly, I'm guessing. One of the conceits of "The Architect" is that Rove's hand is behind practically everything Republican officials say and do, no matter how minor or conventional. (The strategy of "tort reform," for example, long predates Rove's appearance on the scene.) Though Rove frequently disappears from the narrative for pages at a time, the authors invariably suggest that the lack of apparent fingerprints merely proves his cunning. Of new Labor Department regulations requiring unions to reveal more of their finances, for example, the authors write that a union lawyer "could not prove Rove's involvement, but there were connections." The appointee who drafted the rules previously worked for the chairman of the Republican National Committee, who in turn "took his orders from Karl Rove."

"The Architect" rapidly descends into self-parody. Take the authors' account of meetings where Rove cooked breakfast for the Bush re-election team. "Rove's speciality was his scrambled eggs — eggies, he called them — which he announced with great fanfare were prepared with a special ingredient, most likely cream," they write breathlessly. "As in everything, Rove pursued his cooking with manic, relentless attention." By then, it's clear "The Architect" isn't chiefly an explication of Rove's master plan. Rather, it's an indictment of the man himself as a cynical and manipulative hypocrite who will do anything to win. (Unsurprisingly, few of Rove's confidants appear by name in this book, and the only original quotations from Rove appear to be drawn from interviews he agreed to for "Bush's Brain.")

Rove's sole interest in religion, Moore and Slater charge, is to exploit the anger and alienation of religious conservatives "as a political tool." Likewise, he has no particular beef with gays, but found that demonizing them gets Republicans elected. I suppose it is to illustrate the party's insincerity on this issue that the authors devote much space to discussing the bachelorhood, confirmed and otherwise, of various Republican officials. But the book veers into thoroughly unappealing territory when the authors insinuate, in a chapter all the more lurid for its pretense of sympathy, that Rove's adoptive father, Louis Rove, left Karl's mother because he was gay. As Louis Rove lay on his deathbed in the summer of 2004, Moore and Slater write, "his son was in the midst of launching the antigay issues campaign that was to lead to the re-election of George W. Bush."

It's what happened after Bush's re-election, though, that ultimately compromises "The Architect." Social Security privatization, the centerpiece of Bush's much-touted "ownership society," was a political disaster. Iraq is turning into an albatross. Bush has endured some of the lowest approval ratings of any president since Richard Nixon, and voters appear even less enchanted with his allies on the Hill. Even some prominent conservatives, dismayed by growth in the size of government and the deficit spending that has fueled it, are fuming.

Meanwhile, the Republican Party's battles over immigration have repelled Hispanic voters, and the administration's handling of Hurricane Katrina reversed whatever gains Bush had made among blacks. Rove once hoped to build a new big-tent party that could thrive as ethnic and racial minorities become a majority of the electorate. He's had to settle for a narrower and more self-limiting coalition built around white religious conservatives, their fear of what Democratic rule would bring and the genuinely impressive machinery he's built to muster them on Election Day.

It's worked for two elections now, and it may well work for a third. But machines can be imitated. Demographics cannot; nor can the kind of substantive policy accomplishments that ultimately bind voters to a party over the long term. The authors depict the decline in Rove's fortunes toward the end of their account, but they never really square it with their belief in his near infallibility. "Karl Rove would almost certainly design a plan to make his problems disappear," they write. "The architect never runs out of ideas." Soon we'll see just how sturdy his creation is.

OTHER NEWS:

Cheaper Gas Lifts Spending By Consumers (NYT)

By Bloomberg News

The New York Times, October 14, 2006

Lower gasoline prices encouraged Americans to spend more on clothing, furniture and building materials, and propelled consumer confidence to the highest level in more than a year, according to reports released yesterday.

DOJ_NMG_0081120

The largest decline ever in gas-station receipts pushed overall retail sales down 0.4 percent in September, the Commerce Department said. Excluding service stations, purchases climbed 0.6 percent, three times the gain in August.

In addition, the University of Michigan reported that its consumer sentiment index jumped to 92.3 in October, from 85.4 the prior month. It was the highest reading since July 2005.

According to the Commerce Department, sales excluding autos, gasoline and building materials, which the government uses to calculate gross domestic product figures, increased 0.8 percent in September, the most since January. The gain was twice as much as in August.

Sales excluding autos fell 0.5 percent in September after a 0.2 percent rise. No change was forecast by economists. Sales at automobile dealerships and parts stores were unchanged last month after a 0.4 percent decline in August.

Purchases at nonstore retailers, including online and catalog sales, increased 1.1 percent in September after falling 0.2 percent the month before. Sales at department stores increased 1 percent after no change.

The data suggests that housing has yet to take a big bite out of consumer spending. This week, the president of the Federal Reserve Bank of Dallas, Richard W. Fisher, said that "it's important not to over-fixate on housing" because "the rest of the economy is running on all pistons."

A healthy labor market is sustaining consumer spending. The unemployment rate fell to 4.6 percent last month, matching a five-year low, and workers' average hourly earnings rose 4 percent from September 2005, matching the biggest gain in five years, the Labor Department said this month.

Economy Benefits As Gas-Price Drop Spurs Outlays (WSJ)

By Christopher Conkey

The Wall Street Journal, October 14, 2006

Consumers took much of the money they saved at the gas pump last month and spent it elsewhere, giving the economy a critical boost at a time when overall growth appears to be slowing.

The Commerce Department said Friday that retail sales in September eased 0.4% from the previous month, primarily due to a 9.3% plunge in gas-station revenue precipitated by a big drop in oil prices.

ECONOMIST S REACT

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Consumers impressed economists with their quick turnaround in spending money saved at the pump. Read a handful of economists' reactions2 to the September retail-sales report.

Economists were unfazed by those declines, though, because virtually every other kind of retailer benefited from consumers having some extra spending money. Apparel stores saw particularly strong gains, and retail sales excluding the volatile gas and automobile industries posted a robust 0.8% increase last month.

"Overall, this report is encouraging evidence that consumer spending has not been much affected by the slumping housing market," said David Resler, chief economist at Nomura Securities International Inc.

Many economists said consumers, supported by a strong labor market and solid wage growth, are still increasing their spending at an inflation-adjusted annual rate of 3% or more. That's proving to be especially critical now that the economy appears to be settling into a period of slower growth, damped by a decrease in residential construction, higher interest rates and a wider trade deficit.

In a recent speech, Federal Reserve Vice Chairman Donald Kohn said "the economy could be in the process of registering several consecutive quarters of growth below its potential rate."

The potential rate, generally considered to be about 3% a year, is widely seen as the fastest pace at which the economy can expand without sparking a damaging surge in inflation. Periods of below-potential growth in the past have led to recessions, but Mr. Kohn said "several features of the current financial situation," such as historically low interest rates and easy credit availability, suggest "this time will be different."

DOJ_NMG_0081121

The average economist surveyed recently by WSJ.com said the economy grew at a modest annual rate of 2.3% in the third quarter, with some saying it grew as slowly as 1.5% or less. On average, economists predicted growth for the next year would stay below the economy's potential rate. The government will release its estimate of third-quarter economic growth in two weeks.

The biggest drags on the economy now are the decline in residential construction, which is subtracting about one percentage point from economic growth, and the widening trade deficit. Economists said a slowdown in inventory accumulation could prove to be another negative factor.

Separate data released by the Commerce Department on Friday showed that business inventories grew by 0.6% in August, slightly slower than the 0.7% gain in July.

Aside from solid consumer-spending growth, the economy is getting strong support from business investment and commercial construction. Strong corporate profits have paved the way for businesses to buy equipment, and significant price appreciation in residential real estate in recent years is helping cushion the blow from the weakening housing market on consumer spending.

Another plus is the drop in oil prices, which is helping to reduce inflationary pressures and boost consumers' moods. These effects could be seen in two other reports released Friday. The Labor Department said import prices fell 2.1% in September, the first decline in six months, primarily thanks to a 10.3% fall in petroleum prices.

Meanwhile, the University of Michigan said its preliminary index estimate of consumer sentiment in early October soared to 92.3 from 85.4 in September, marking the highest level of consumer confidence in more than a year.

Consumers with more money to spend increased buying of nondurable goods like clothing and restaurant meals more than they did on durables like cars and kitchen appliances, according to data from the retail-sales report.

Revenue at clothing stores in September rose 3% from August, but sales at motor-vehicle and parts dealers fell 0.5% over the same period. Sporting goods, music, book and hobby stores saw their sales increase 1.1% in September, but revenue at furniture stores grew by a more modest 0.2%.

"Durables tend to be bigger-ticket items and are often financed, so higher financing rates will likely make consumers think twice about laying down the plastic for these purchases," said Gina Martin, an economist at Wachovia Corp. "In contrast, an extra $50 at the pump translates fairly easily to picking up an extra sweater at the mall or an extra dinner out."

Write to Christopher Conkey at christopher.conkey@wsj.com3

Savings At Pump Fueling Shoppers (WT/AP)

The Washington Times, October 14, 2006

ASSOCIATED PRESS

Bolstered by falling gasoline prices, consumers headed back to the malls to shop in September, and with confidence rebounding sharply this month, strong sales are forecast for the all-important holiday period.

Overall, retail sales fell by 0.4 percent in September, the Commerce Department reported yesterday. But that decline was skewed by the good news that gasoline prices plummeted last month, sending sales at service stations down by a record 9.3 percent.

Excluding service stations, retail sales posted a solid increase of 0.6 percent, the government said, as consumers used the money they saved on gasoline to spend on other items.

"Households continue to empty their wallets at a very rapid pace," said Joel Naroff, chief economist at Naroff Economic Advisors, a private forecasting firm.

A second report yesterday showed that consumer confidence, which had been depressed by surging gasoline prices, posted a strong rebound in October.

The University of Michigan's confidence survey rose to 92.3 in October, according to a preliminary reading, up from 85.4 in September. The October confidence level, the best showing in 15 months, was far better than economists had been expecting.

Signs of strength in the consumer sector lifted spirits on Wall Street, sending the Dow Jones Industrial Average up by 12.81 points to close at 11,960.51. It was the Dow's sixth record close in the past two weeks and put the blue-chip index tantalizing close to the 12,000 mark.

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Analysts said the rise in confidence, which is being fueled by falling gasoline prices, should translate into solid consumer spending during the upcoming holiday sales season and help keep the nation from stumbling into a recession.

Since peaking above $3 per gallon in early August, the nationwide average for regular gasoline has fallen by 78 cents per gallon.

Nariman Behravesh, chief economist at Global Insight, said this decline is like a huge tax cut that will give consumers nearly $100 billion more to spend on other items.

The economy skidded to a sharp slowdown in the spring under the impact of soaring gasoline prices, rising interest rates and a cooling housing market, raising fears of a possible recession.

Now, with gasoline prices falling and the Federal Reserve putting its two-year credit-tightening campaign on hold, economists think growth will slow in the second half of the year but a recession will be avoided.

Mr. Behravesh said the overall economy, which grew at a 2.6 percent rate in the spring, probably grew by just 1.8 percent in the third quarter but should rebound to around 2.5 percent growth in the final three months of this year.

"Wage growth is improving; the stock market is doing well; and gasoline prices are down. All of this is very good news for the consumer," he said.

For September, retail sales jumped 1.1 percent at department stores and were up an even larger 3 percent at specialty clothing stores, the biggest increase in this category in 11 months, as cooler weather last month put shoppers in the mood to buy the new fall clothing lines.

Oil Price Drop Cheers US Consumers (FT)

By Daniel Pimlott In New York And Krishna Guha In Washington

Financial Times, October 14, 2006

The sharp fall in oil prices last month left US consumers with more money to spend on other goods and services and gave them a more hopeful outlook on the state of the economy, according to data released on Friday.

The firm underlying retail sales figures and an unexpectedly strong upswing in consumer confidence further diminish the prospect that the Federal Reserve will cut interest rates any time soon.

The reports came after Michael Moskow, the president of the Chicago Fed, said in a speech Thursday night that he still believes that “the risk of inflation remaining too high is greater than the risk of growth being too low.”

The Michigan consumer sentiment index jumped to its highest reading in over a year on Friday, beating analysts expectations.

Overall retail sales fell 0.4 per cent, compared with analysts expectations of a 0.2 per cent rise. But the decline was entirely due to a sharp fall in spending on gasoline.

”The sales report had a weak headline figure but were strong underneath,” Mike Pond, treasury and inflation link strategist at Barclays. “That’s no real surprise given the price of gasoline has fallen. But the data points to stronger consumer spending in the final quarter of the year.”

Resilience in consumer spending will weigh heavily on the Fed’s policy-making Open Market Committee.

“Maybe the Fed not only won’t cut rates, but might have to tighten them,” said Richard Gilhooly, senior bond strategist at BNP Paribas. “That’s not the view in the marketplace at the moment but if we continue to get data like today that could change.”

Overall inflation is likely to have fallen thanks to the 12 per cent drop in gasoline prices last month, and the Fed hopes that lower energy prices will also over time reduce the pressure on firms to “pass through” higher energy costs to consumers.

However, some analysts argue that the core rate, which excludes the volatile energy and food prices, may not decline as rapidly as expected if businesses feel shoppers can afford higher prices.

“If the transfer of purchasing power to the consumer is sustained, we will see a increase in pricing power for the retailers,” said Mr Gilhooly.

Retail sales rose by 0.6 per cent, excluding gasoline sales. Taking out sales of cars and parts, which can also fluctuate widely from month to month, retail sales rose by 0.8 per cent, following gains of 0.4 per cent in August and 0.6 per cent in July.

The Deathwatch For Cheap Oil (NYT)

DOJ_NMG_0081123

By Paul B. Brown

The New York Times, October 14, 2006

THOSE falling prices at the gasoline pump may only be temporary. Indeed, they could signal the start of an era in which, forecasters say, "the death of cheap, abundant crude might unleash war and plunge the world into a second Great Depression."

"Peak oil is a reality," says Willem Kadijk, a hedge fund adviser quoted by Bloomberg Markets magazine. He is just one of many who believe that global oil production is now at or near its peak, and the only place to go is down.

"Once the flow crests and starts to decline, and some geologists say it already has, oil will no longer be able to slake the world's growing thirst for energy," Deepak Gopinath writes in summarizing the argument. "The result will be the oil shock to end all oil shocks."

The price of a barrel of crude oil, which closed yesterday at $58.68, "will spiral to $200 — and keep rising," he writes.

Representative Roscoe G. Bartlett, a Maryland Republican, has formed the Congressional Peak Oil Caucus to draw attention to the issue. "The world has never faced a problem like this," he told the magazine.

The nation's oil companies dispute the assertions. An Exxon Mobil spokesman says the company's geologists expect global oil production to keep rising for at least the next two decades.

ON SECOND THOUGHT If you think ethanol is a simple answer to solving our gasoline needs, think again, argues Consumer Reports in this month's cover article, "The Ethanol Myth."

"Despite the avid support of the Bush administration and major American car companies," E85 — a commonly used blend of 85 percent ethanol and 15 percent gasoline — "is unlikely to fill more than a small percentage of U.S. energy needs," the magazine says.

Reasons for the pessimism are that ethanol costs more, is hard to find outside the Midwest — only about 800 gas stations out of 176,000 nationwide sell E85 — and provides fewer miles to the gallon. The magazine tested ethanol on a Chevrolet Tahoe and found that the fuel economy dropped "27 percent when running on E85 compared with gasoline, from an already low 14 m.p.g."

At the time of the test, the average retail price of E85 was $2.91 a gallon, which meant the 27 percent fuel-economy penalty would have caused drivers to pay "$3.99 for the energy equivalent of a gallon of gasoline."

A FAR BIGGER BANG The Rolling Stones, fronted by their 63-year-old lead singer, Mick Jagger, are heading into the home stretch of what will be the most commercially successful rock tour of all time, Rolling Stone reports.

By the time the tour ends in Hawaii next month, the band will have sold nearly two million tickets for a total of $256 million in revenue, according to the magazine, which cited figures compiled by Pollstar.

The "Bigger Bang" tour, which began last year, set a record during its 2005 leg when it recorded $162 million in 43 dates, "so this fall's tour ... could be considered a victory lap," Brian Hiatt writes.

"We're kind of looking at it like we're Lewis and Clark — we're playing the Wyomings and Montanas," said Keith Richards, the guitarist.

Michael Cohl, a promoter, said the tour could continue next year, although no dates are scheduled.

In case you were wondering, U2's 2005 "Vertigo" tour is the second-highest-grossing tour ($138.9 million); the Stones own third place with the "Voodoo Lounge" tour in 1994 ($121.2 million); Bruce Springsteen and the E Street Band grossed $115.9 million in their 2003 tour; and U2 rounds out the top five with $109.7 million in 2001 during its "Elevation" tour.

FINAL TAKE Even assuming that the growing number of companies devoted to space travel are successful, becoming a rocketman (or woman) is going to cost you at least $200,000. However, Popular Mechanics reports that for $295 "you can launch a photo of yourself — or some other keepsake — into space on Bigelow Aerospace's Genesis II spacecraft, due to launch early next year." Not surprisingly, the company plans to sell space for corporate advertising as well. Can orbiting billboards be far behind? PAUL B. BROWN

Clinton Touts Oil Tax Measure At UCLA Rally (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, October 14, 2006

DOJ_NMG_0081124

The former president tells a crowd of 5,000 that Prop. 87 would allow the state to do something remarkable -- save the planet.

Accusing oil companies of lying about the cost of Proposition 87, former President Clinton on Friday called "bogus" their contention that approving a tax on oil revenues would trigger higher gas prices for California motorists.

During a rally at UCLA, the former president said the state ballot measure would help California move toward less expensive, cleaner forms of energy by funding research into alternative fuels.

Gas prices are lower in other states that already have oil taxes like the one proposed by Proposition 87, Clinton added.

"California is being given an opportunity and an obligation to do something remarkable — to save the planet, improve our national security, create the next generation of good jobs for the American people," Clinton said.

The measure on the Nov. 7 ballot would impose up to $485 million a year in taxes on companies that extract oil from California land, with the money going to finance research and development of alternative energy. Over its life, the measure would raise $4 billion for grants and loans to projects developing alternative fuels and more energy-efficient vehicles.

With opponents, led by oil companies, pumping more than $52 million into the campaign to defeat the state ballot measure, supporters brought Clinton into the state just days after launching a television ad campaign in which his former vice president, Al Gore, said the measure would reduce the state's dependence on foreign oil and clean the air.

Clinton, still popular in a state that he twice won in presidential elections, will be featured in a new round of ads that were filmed during Friday's rally in front of a cheering crowd of 5,000, many of them students.

Opponents of Proposition 87 noted Friday that support for the measure is sagging, and predicted that the involvement of Clinton and Gore would not be enough to save a proposal that they say would create an unaccountable bureaucracy.

"The proponents can bring in big names from outside California who will leave the state before the election," said Al Lundeen, communications director for No on Proposition 87. "It's those of us who live here who will have to live with the negative impacts of Proposition 87."

A Field Poll on Oct. 4 found voters split on the measure, with 44% supporting and 41% opposing. It led in an earlier poll, 52% to 31%.

The involvement of two national political figures should provide a "modest boost" to the Proposition 87 campaign, but it is rare that the involvement of outsiders, including former presidents, makes a big difference in state initiative races, said John J. Pitney Jr., a professor of government at Claremont McKenna College.

"This is an effort to pump up the Democratic base of voters. It's a very smart move, because these are the folks the base will respond to," Pitney said.

Most of the $45.7 million raised so far by the measure's supporters has come from venture capitalists and Hollywood figures, including real estate heir and environmentalist Stephen L. Bing, whom Clinton acknowledged Friday as a friend.

Clinton arrived at the rally in a hybrid Mercury Mariner and, before appearing on the outdoor stage, met privately with a group of children who suffer from asthma made worse by air pollution.

"They are paying the price for our addiction to oil," Clinton said later during the rally.

The former president directly addressed opponents' contention in radio and television ads that already high gas prices would get worse if an oil tax was imposed.

If oil companies "really thought you were going to pay for this, would they be spending all that money trying to convince you to vote against it?" Clinton asked.

He said that other states, including his native Arkansas, charge an oil extraction tax and that gasoline is less expensive in many of them.

"It never makes any difference in the price," Clinton said, adding that the price is set in the markets.

Opponents said the comparison with other states is not fair because California already has other taxes that are higher, so a new tax would make California an even more expensive place to pump oil.

Economists cited by the opposition have concluded that the proposed tax would result in oil companies bringing in more oil from out of California.

"If you are reliant on sources outside the state, it ends up costing more in the long run," Lundeen said.

DOJ_NMG_0081125

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Another Record Week For The Dow (NYT/AP)

By The Associated Press

The New York Times, October 14, 2006

The Dow Jones industrial average inched to another record close yesterday, giving it three consecutive weeks of triple-digit increases.

The Dow spent much of a quiet session in the red after the strong surge Thursday in which it broke through 11,900 for the first time. Thursday's advance came amid optimism over the health of corporate earnings, and yesterday's gain put the Dow 12,000 benchmark within closer reach.

The average's gain yesterday was the Dow's sixth record close in two weeks. Still, stocks showed little overall movement as traders were unimpressed with a profit report from General Electric and brokerage firms issued negative comments about Home Depot.

Oil prices, which have supported stocks as they have fallen in recent weeks, moved higher, holding the major indexes to modest gains.

The Dow Jones industrial average rose 12.81 points, or 0.11 percent, to 11,960.51, passing the record close of 11,947.70 set Thursday.

Broader stock indicators also advanced. The Standard & Poor's 500-stock index was up 2.79 points, or 0.20 percent, at 1,365.62, and the Nasdaq composite index was up 11.11 points, or 0.47 percent, at 2,357.29.

Bonds fell, with the price of the benchmark 10-year Treasury note down 7/32, at 10019/32, and the yield, which moves in the opposite direction from the price, rising to 4.80 percent from 4.77 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

Crude oil settled up 82 cents at $58.68 a barrel on the New York Mercantile Exchange.

The markets were caught off guard yesterday by a 0.4 percent decline in retail sales last month. The decline, reported by the Commerce Department, was largely a result of a 9.3 percent decline in spending on gasoline. Spending did increase in other areas, however.

"I think this morning's retail sales figure was actually positive once you parse out all the details," said Mike Malone, a trading analyst at Cowen & Company, referring to a drop in spending on gasoline that enabled consumers to spend elsewhere. "For all the talk of the death of the consumer, that is definitely not manifesting itself."

The University of Michigan's preliminary consumer sentiment figure for October was a stronger-than-expected 92.3. In September, the figure was 85.4.

In corporate news, G.E. reported a 6 percent increase in its third-quarter profit, matching Wall Street's expectations, and turned in better-than-expected revenue. G.E., which was down 24 cents at $35.98, held back the S.& P. 500, which is weighted by market capitalization.

Home Depot declined $1, or 2.64 percent, to $36.90 after several brokerage firms issued negative comments on the company, the nation's largest home improvement chain. Home Depot, one of the 30 stocks that make up the Dow, announced plans on Thursday to shake up its executive structure to try to improve performance.

The furniture maker La-Z-Boy fell $1.14, or 7.6 percent, to $13.86, after the company lowered its quarterly earnings and sales forecasts for all three of its divisions, citing a weak retail environment.

Viewpoint, which provides Web search and advertising services, was down 26 cents, or 25.5 percent, at 76 cents a share after cutting its full-year revenue forecast amid soft ad spending and customers' product delays.

FMS Financial rose $4.85, or 18.1 percent, to $31.60 after Beneficial Mutual Bancorp agreed to purchase the company, the parent of Farmers and Mechanics Bank, for $28 a share, or about $183.2 million in cash and stock.

Big 12000 Mark Stays Out Of Reach For Dow (WSJ)

By Peter A. Mckay

The Wall Street Journal, October 14, 2006

DOJ_NMG_0081126

As the Dow Jones Industrial Average flirts with a close above 12000, a familiar pattern has emerged. It edges closer to that benchmark, then pulls back.

What happens once it tops that milestone may be less predictable.

The Dow scratched up a small gain Friday, touching another new record close. But it ended short of a fresh 1,000-point benchmark, held back by data showing surprisingly weak retail sales in September. The blue-chip average rose 12.81 points, or 0.1%, to 11960.51, up 0.9% on the week and up 12% for the year.

Friday's finish was the sixth record close for the Dow in nine days. Before the average crossed its old January 2000 peak for the first time early this month, it flirted with that mark for several weeks. Beginning in late September, it crossed the record several times on an intraday basis but closed shy of it.

Strategist Chris Johnson, of the research firm Schaeffer's Investment Research, said the Dow's tentative approach to 12000 echoes the recent chase of the old record, with some investors taking an opportunity to take money off the table before pushing the blue-chip average higher later.

"As soon as the buzz about a record died down a little, it finally pushed through," said Mr. Johnson, who expects the average will make it to 12000 soon. "The real question is how long can it last afterward, and what follows."

The Dow historically performed well following its initial breaches of 1,000-point benchmarks, according to the data firm Ned Davis Research, rising an average of 1.8% in the first month and 14.2% twelve months after such milestones.

But the most recent milestone, which came amid the dot-com bubble, was an unpleasant exception. After the Dow finished above 11000 for the first time in May 1999, it was off 4% just a month later and remained in the red 12 months later, off 1.8%. If 12000 comes soon, it will have taken more than seven years to rise the next 1,000 points.

Some market watchers, like Standard & Poor's strategist Sam Stovall, believe the market is due for a similar pullback now. "It would be good for the market to have a bull-market correction soon, just to make sure it doesn't get ahead of itself," Mr. Stovall told clients in a recent briefing.

For the moment, other indexes are following the Dow higher, for the third straight week of gains.

The broad S&P 500-stock index gained 0.2%, or 2.79 points, to finish at 1365.62, its highest level in more than five-and-a-half years. The S&P is up 1.2% on the week and 9.4% for the year. The technology-focused Nasdaq Composite Index gained 0.5%, or 11.11 points, to 2357.29, up 2.5% on the week and 6.9% for 2006.

Keeping the stock market's mood subdued Friday were fresh data from the Commerce Department showing that U.S. retail sales fell 0.4% last month, contrary to Wall Street's expectation for a small rise. Also, crude-oil prices rose. Contracts for November delivery gained 71 cents, or 1.2%, to end at $58.57 a barrel, off 2% on the week at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose, and bond prices fell: The 10-year note slipped 7/32 point, or $2.19 for each $1,000 invested, pushing the yield up to 4.806%.

The dollar strengthened. Against the Japanese currency, the dollar rose to 119.67 yen, compared with 119.40 yen late Thursday. The euro fell to $1.2510, compared with $1.2554.

Write to Peter A. McKay at peter.mckay@wsj.com1

GE Earnings Point To Solid Economy (WSJ)

By Kathryn Kranhold

The Wall Street Journal, October 14, 2006

Net Rises 6.2% as Strength Of Industrial Unit Benefits From Infrastructure Projects

Robust third-quarter financial results from General Electric Co.'s industrial units suggest that the global economy is weathering both high oil prices and a slowdown in the U.S. housing market.

Overall, GE reported results that met expectations but disappointed some investors. But GE's industrial units posted a 14% increase in revenue and an 18% jump in profit, bolstered by strong sales of power turbines, locomotives and aircraft engines, among other products.

DOJ_NMG_0081127

Chairman and Chief Executive Jeffrey Immelt said the global economy is "solid" and GE is benefiting from increased spending on infrastructure projects. "We're seeing great growth around the world," he said in a conference call. For the current quarter, GE projected that revenue would increase 10% and profit would rise 11% to 14%.

For the third quarter, the Fairfield, Conn., company said net income grew 6.1% to $4.96 billion, or 48 cents a share, from $4.67 billion, or 43 cents a share, a year earlier. The year-earlier results include GE's insurance business, most of which has been sold. GE said profit from continuing operations grew 10% to $5.06 billion, meeting analysts' expectations.

Revenue grew 12% to $40.8 billion. GE had estimated quarterly sales at more than $40 billion; analysts had estimated about $39.9 billion.

WALL STREET JOURNAL VIDEO

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Money & Investing editor Jon Hilsenrath2 discusses GE's earnings report, calling it a mixed bag of positives and negatives.

GE's results were hampered by disappointing results in its commercial-finance unit and continued weakness at its NBC Universal entertainment unit. Operating profit at NBC fell 10%, as projected.

On the other side of the ledger, though, sales at GE's biggest division, infrastructure, increased 20%, and operating profit jumped 24%. The infrastructure unit includes aircraft engines, power turbines, and oil-and-gas and transportation equipment.

GE's health-care and industrial units reported 19% and 10% increases in operating profit, respectively. Across the company, GE said orders grew 15%, faster than revenue, suggesting strong future results.

"Industrial businesses were the real horses here," said Stephen Tusa, an analyst with J.P. Morgan. "These are the high-value businesses where investors want to see the growth."

Even within the industrial units, there were some caution signs. The energy group reported a lower-than-expected profit margin of 14.8%, compared with 20% for the rest of infrastructure.

The energy group is selling more power turbines but Mr. Immelt said prices fell 2% in the quarter. And GE's plastics business continued to be hit by high raw-material prices, reporting operating profit fell 23% to $152 million.

CONFERENCE CALL

3

See a transcript4 of General Electric's conference call, provided by Thomson StreetEvents (www.streetevents.com5). Adobe Acrobat required6 MORE ON EARNINGS

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Take a peek8 at what to expect in the quarterly reports of other major companies.

Chief Financial Officer Keith Sherin called the revenue results "a good news story," noting that strong equipment sales will translate into future revenue for GE's services businesses.

Still, investors fretted over the weakness in GE's commercial-finance unit and an unexpectedly low tax rate that lifted profits. Profit at the commercial-finance unit rose 6% to $1.29 billion, short of GE's projection of 10% to 15% growth.

Mr. Sherin said some transactions that were expected to close in the third quarter were not finalized.

3RD-QUARTER REVENUE

By division, in billions

For the third quarter in a row, GE benefited from a lower tax rate than projected. Its financial units reported an 11% tax rate, below GE's projection of 13%. The industrial tax rate was 22%, below analysts' expectations of about 24%. Mr. Sherin said the lower rates lifted profit by about $120 million, or one cent a share.

In 4 p.m. New York Stock Exchange composite trading, GE fell 24 cents, to $35.98, the fourth consecutive quarter that GE shares fell on the day it posted financial results. Since posting second-quarter results in July, however, GE shares are up 12%.

Write to Kathryn Kranhold at kathryn.kranhold@wsj.com9

General Electric (FT)

Financial Times, October 14, 2006

DOJ_NMG_0081128

The US economy is proving resilient – at least if one focuses on the right set of core measures. Excluding autos, gasoline and building materials, retail sales rose by 0.8 per cent during September. The data are volatile but fit the rosy macro-economic picture painted by General Electric, a bellwether if there ever was one.

Incidentally, GE has long mastered the art of drawing attention to flattering measures. On Friday, it trumpeted its strong organic revenue growth, with earnings from continuing operations up 10 per cent. But underlying trends were less impressive. Consolidated sales from continuing operations rose 12 per cent but costs increased even faster, leaving pre-tax profits up just 5 per cent. Minimising taxes remains one of GE's key strengths but there seems to be rather weak operating leverage in the conglomerate's core activities.

GE also suffered from higher raw materials costs in plastics. The turnround at NBC appears on track but has yet to lead to rising profits. Meanwhile, rather spectacular infrastructure equipment sales are depressing margins now but should lead to lucrative service contracts next year. GE's results are also becoming more intelligible. But with the shares up 10 per cent since the last results and half its profits coming from financial services, investors have every reason to tread carefully.

G.E. Reports That Earnings Rose Sharply In The Quarter (NYT)

By Claudia H. Deutsch

The New York Times, October 14, 2006

General Electric, buoyed by strong equipment sales overseas that more than counteracted weak performance in the plastics and NBC Universal units, said yesterday that it earned $5.059 billion in the third quarter of 2006, a 10 percent rise over the period last year. Revenue rose 12 percent, to $40.86 billion from $36.37 billion in the 2005 quarter.

Earnings per share from continued operations, after a $100 million loss from discontinued insurance operations, came in at 49 cents a share, a penny more than last year and in line with Wall Street expectations. G.E. reaffirmed that it would earn $1.97 to $1.99 a share for the year.

"We're finishing up on a solid year, with all the critical metrics heading the right way," Jeffrey R. Immelt, G.E.'s chairman, said on a conference call.

Investors reacted tepidly to yesterday's report, sending G.E. shares down less than a percent, to $35.98. But G.E. shares, which had been stagnant for most of the year, rose 13 percent in the last two months, and analysts do not anticipate a sell-off now.

"They had broad-based 10 percent organic growth, and that is reassuring," said Deane M. Dray, an analyst at Goldman Sachs with a buy rating on G.E. shares. Mr. Dray had anticipated 8 percent growth.

Keith S. Sherin, G.E.'s chief financial officer, noted that equipment orders were up 15 percent, boding well for the year.

"We promised to grow two to three times G.D.P., and this is the seventh quarter we made good on that promise," he said in a telephone interview after the morning call with analysts. "We've invested in technology; we've focused on the customer; we've put insurance in the rearview mirror; and we've invested in growth as a process. Investors are finally responding to those changes."

Investors may also have reacted well to G.E.'s buyback program; the company has repurchased $7.1 billion of its shares this year.

Still, the quarter was not devoid of disappointments. Profit at GE Commercial Finance, which rose 6 percent, fell short of the 10-to-15-percent growth the company had projected. The reason, Mr. Sherin said, was that some deals that were expected to close in the third quarter would instead close later in the year.

Profit at NBC Universal, which is still struggling with prime-time viewership, declined 10 percent in the quarter. Although Mr. Sherin insisted that the unit was poised for a turnaround, he conceded that "NBC is still a work in progress."

And at G.E.'s plastics business, which was unable to raise prices despite soaring costs for raw materials like benzene, operating profit declined 23 percent, to $152 million.

"High commodity prices are a double-edged sword that hurts G.E.'s plastics business even as it helps G.E.'s oil and gas services businesses," said Daniel J. Rosenblatt, an analyst at Marble Harbor Investment Counsel, which owns G.E. shares.

Several analysts suggested that G.E. put plastics on the auction block.

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"There is such a strong private equity market out there; this could be a good time for them to sell it," suggested Richard Tortoriello, an analyst with S&P Equity Research who rates G.E. a buy.

In the conference call and news release, Mr. Immelt stressed that G.E. would invest only in the more specialized, higher margin plastics in the portfolio. But he was careful not to suggest a sale of the unit — or to rule out the possibility of one.

Mr. Sherin was similarly circumspect. "We are not currently working on selling plastics," he said, but acknowledged that "there may be pieces of the plastics portfolio that we can use to free up some capital."

Not all investors relish a sale, though. Until this year, many analysts were clamoring for G.E. to sell its consumer businesses, which were then lackluster. Instead, G.E. focused on more expensive appliances. And, appliance sales are up 18 percent this year.

"Just because a business is at the bottom of a cycle doesn't mean that G.E. should jump ship," Mr. Rosenblatt said.

Some analysts also questioned why some of the quarter's upside surprises did not translate into higher-than-expected earnings. G.E.'s tax rate was lower than Wall Street had anticipated. And most analysts had expected revenue to fall shy of $40 billion.

"When revenues are above expectations, earnings would normally also be above expectations," said Timothy M. Ghriskey, chief investment officer at Solaris Asset Management, which does not own G.E. shares. "Were there increased costs? Lower productivity? More marketing and research expenditures? We just don't know."

The answer is none of the above, Mr. Sherin said. Most of the unexpected sales strength was from infrastructure equipment like turbines, which are among the lower-margin items in G.E.'s portfolio.

Trusting A Promise To Care (LAT)

By Molly Selvin, Times Staff Writer

The Los Angeles Times, October 14, 2006

Some elderly clients aren't getting the long-term benefits they had counted on. As liabilities grow, some insurers leave the market.

To avoid becoming a financial burden to her children and grandchildren, Vera Smith bought long-term care insurance. Like a growing number of Americans, the 87-year-old retiree saw it as a sensible way to cover care-giving costs not included in Medicare and conventional health insurance.

But almost two years ago, Smith's insurer stopped paying benefits, contending that she violated the policy's terms by moving in with her daughter after she became too frail to take care of herself. That forced Veray Smith, the daughter, to quit her supervisory job and sell her mother's South Los Angeles house so she could afford to stay home with her.

"I'm the full-time caregiver now. It's hard," said Veray, who along with her mother has sued the insurer for bad faith. The insurer, Penn Treaty Network America Insurance Corp., declined to comment.

Consumer advocates and insurance regulators say that lawsuits and complaints like the Smiths' are likely to mushroom in the coming years as more baby boomers and their ailing parents make claims on long-term care insurance.

Sales of such policies grew 65% from 2000 to 2004, but actual and projected payouts have already caused a shakeout that could leave some policyholders with huge bills worried that insurers can't or won't pay. Some insurers who underestimated their potential obligations have sharply hiked their premiums or abandoned the market.

Insurers have denied long-term care claims for a variety of reasons, lawyers say. They have, for example, rejected as inadequate documentation from seniors too sick or distracted to be diligent record keepers. Or they have rescinded policies, saying the individual didn't fully disclose a preexisting medical condition on his or her application.

In response to multiplying consumer complaints, some states are requiring more training for sales agents and limiting insurers' ability to raise premiums, along with other restrictions.

The growing popularity of long-term care insurance "puts pressure on us as regulators to ensure that policies live up to their promise to pay," said Sandy Praeger, the insurance commissioner of Kansas and vice president of the National Assn. of Insurance Commissioners.

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Industry representatives say the popularity of these policies speaks to their value for consumers and public confidence that carriers will make good on their promises.

"This product is rigorously regulated" by all 50 states, "each of them representing consumers," said Laura Moore, senior vice president for long-term care insurance at John Hancock Life Insurance Co., one of the largest participants in the market.

But experts say it's hard to predict the future of the market because these policies are fairly new and relatively few policyholders have needed to make claims so far.

For example, Moore said, just 1% of John Hancock's policyholders have claimed benefits. But the company is confident in its financial assumptions and its ability to make good on every policy, she said.

More than 6.1 million Americans were covered by long-term care policies in 2004, up from 5 million in 2002 and 3.7 million in 2000, according to the National Assn. of Insurance Commissioners. Employers have fueled the boom by offering group rates on care policies.

Policies typically cover care-giving, such as home nursing services, up to a fixed amount, such as $100 or $150 a day. But the policyholder must meet certain disability criteria, perhaps severe cognitive impairment or requiring help with dressing or bathing.

Premiums are based on an individual's medical history and the age at which the policy is purchased. For instance, a person in his or her late 40s who buys a typical employer-sponsored group policy can expect to pay premiums of $1,200 a year, Moore said. Annual premiums could rise to $2,000 for an individual policy and higher for an older person or someone with a history of diabetes, cancer or other chronic disease.

But financial pressures have forced some companies out of the long-term market, including CNA Financial Corp., Transamerica Corp. and Fortis Insurance Co., although regulations require that the policies they sold be honored.

Complaints about long-term care policies rose to 2,472 nationally in 2005, up from 2,175 in 2004 and 1,755 in 2003, according to the national insurance commissioners group.

The Smiths' case, regulator Praeger said, is a lesson to those considering a long-term care policy. "You want to make sure it has the most flexibility possible and that help can be delivered in the most settings possible."

Vera Smith moved to Los Angeles from Tennessee in 1945 with $1 in her pocket, her daughter said, and eventually saved enough from jobs as a cleaning lady and a school cook to buy her house.

The policy she bought in 1998 allowed her to stay in her own home even after she was diagnosed with Alzheimer's disease six years ago, paying as much as $100 a day for caregivers.

But after she was hospitalized with a severe urinary tract infection in January 2005, Smith grew so frail that her physician said she needed continuous care. The family decided she should move into her daughter's Phillips Ranch home, where Veray Smith had added a room equipped with grab bars and a wheelchair ramp to accommodate her mother.

That's when insurer Penn Treaty stopped paying for caregivers, Veray said, saying the residence did not qualify as a home under the terms of her policy.

Veray said her mother now has arthritis and diabetes and suffers from the aftereffects of a stroke. A few months ago, she was also diagnosed with bladder cancer.

Her mother's daily needs leave Veray little time for herself or her husband, she said. Apart from the constant care — bathing, helping Vera on and off the commode, doing her hair and cooking for her — Veray said her mother had become "very clingy. She doesn't want me out of her sight."

"I love her, but it's changed the dynamic of my marriage," she added. "I'll be lying in bed with my husband and she'll call, 'Veray, where were you?' "

The suit she and her mother filed in Pomona Superior Court last month accused Penn Treaty of breach of contract, bad faith and unfair dealing.

Veray, who holds power of attorney for her mother, said she notified Penn Treaty of her mother's change of address upon her discharge from the hospital and told the insurer that her mother would be leasing the room for $100 a month.

A month later, Veray received a letter from the company that denied her mother's claims for home helpers, explaining only that "your current residence does not meet the policy definition of a home."

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"I sent them a copy of the rent checks, pictures of my mother's room, the building permit from the city and daily care-giving notes," she said. "But they kept saying no."

Linda Carraghan, an attorney with Penn Treaty, declined to respond to the Smiths' charges, saying only that "company policy is not to comment on litigation."

The Smiths' attorney, Frank Darras of Claremont, insists that Penn Treaty's definition of a "residence" in the policy should not disqualify the elder Smith. The policy, he said, defines "your personal residence" as "a private dwelling owned or leased by you, and includes a home for the retired or aged."

Darras, who called the facts in this case "particularly egregious," said he had filed about 20 cases involving such policies and said he received 15 to 20 calls from unhappy policyholders each month.

In most of his lawsuits, Darras said, the carrier disputed the policyholders' inability to care for themselves.

In one bad-faith case Darras settled last year, an elderly woman with Alzheimer's died while awaiting trial against Conseco Inc.

The woman and her husband claimed Conseco requested unreasonable and duplicative documentation of her condition, failed to respond to her request for help and then informed her that the care policy was invalid.

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Newspaper Company Returns Outside Funding For Investigation (MCT)

By James Rosen

McClatchy Newspapers, October 14, 2006

WASHINGTON - Marilyn W. Thompson, then the executive editor of the Lexington Herald-Leader in Kentucky, faced a problem last year that's afflicting more and more newspaper editors across the country: She wanted to initiate a major reporting project but lacked enough money to pay for it.

Thompson, who wanted the paper to take a deep look at Mitch McConnell, Kentucky's senior U.S. senator, a Republican, came up with an answer: She'd seek support from the Center for Investigative Reporting, a California-based nonprofit group that's financed or conducted groundbreaking work in television and print journalism.

The idea was approved by Thompson's bosses at Knight Ridder, which owned the Herald-Leader at the time. The center approved a $37,500 grant, and Herald-Leader reporter John Cheves went to work.

This week, with Cheves winding up a six-month examination of McConnell - and the senator's staff raising questions about the unusual grant - the Herald-Leader's new owner, McClatchy Co., came to a different conclusion. McClatchy acquired Knight Ridder in June.

Howard Weaver, McClatchy's vice president for news, announced that the company would reimburse the Center for Investigative Reporting for the grant.

"If we want one of our staff members to do a report for one of our papers, we should pay for it," Weaver said.

The Herald-Leader said the four-part series would be published as planned, beginning Sunday.

The newspaper's report comes on the eve of an election that could make McConnell the majority leader of the Senate.

First elected to the Senate in 1984, McConnell has risen to be the chamber's No. 2 Republican.

He drew national attention for his outspoken opposition to a bipartisan campaign-finance bill that President Bush signed into law in 2002. He was the lead plaintiff in a lawsuit against the measure, which the Supreme Court upheld in December 2003.

McConnell's stance "begged the question" of how he himself had become such a prodigious political fund-raiser, said Thompson, who left the Herald-Leader in July to become the national investigations editor for the Los Angeles Times.

Cheves, 34, was assigned to answer that question. He's worked for the Herald-Leader since 1997, examining the political campaign finances of Democrats and Republicans alike in local, state and federal elections.

The decision to find outside funding put the Herald-Leader on the cutting edge of an industrywide wave of change, as cash-strapped newspapers, facing increased Internet competition, explore new revenue sources beyond the traditional advertising and circulation streams.

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"The old business model of just having advertisers and readers fund journalism is giving way to a new model where news organizations go to philanthropic and other groups to subsidize watchdog projects," said Tom Rosenstiel, a former Los Angeles Times reporter who founded the Project for Excellence in Journalism, a research center that monitors the performance of the press.

Public TV and radio networks long have used money from a broad array of foundations to finance documentaries and other news reports, but the practice is more recent in print journalism.

"It would be better if it didn't happen, but the old model does seem to be giving way," Rosenstiel said.

As the Herald-Leader prepares to publish a series on McConnell focusing heavily on how he raises money and who provides it, the senator is trying to turn the tables on the paper.

In a series of e-mails and phone calls to Herald-Leader editors, McConnell's top aides accused the Center for Investigative Reporting of liberal bias.

Don Stewart, McConnell's communications director, said a search of campaign contributions by members of the center's board of directors and staff members had revealed donations only to Democratic candidates or affiliated groups.

McConnell's aides delved further: Cheves' work on McConnell had really been funded by the Deer Creek Foundation, a St. Louis organization that's giving the Center for Investigative Reporting $300,000 over three years to pay for an in-depth look at campaign financing by both parties.

Stewart noted that in 2002, Deer Creek gave $100,000 to New York University's Brennan Center for Justice to help defray the costs of litigating against the lawsuit that McConnell and others brought over the campaign-finance legislation. The Brennan Center was co-counsel in the case.

"Just as (gun-control advocate) Sarah Brady would question the objectivity of a reporter paid by a pro-gun-rights group, it should be easy to see why we question the objectivity of a reporter whose salary was paid by a group that provides millions of dollars to the senator's political opponents," Stewart said.

From 2001 through 2004, the Brennan Center received more than $1 million from the Deer Creek Foundation, according to the foundation's IRS filings. Seven other groups that many conservatives regard as hubs of left-wing politics got a total of nearly $2.6 million from the Deer Creek Foundation, among them Public Citizen, the Center on Budget and Policy Priorities and the Alliance for Justice.

Stewart said that Joan Claybrook, the president of Public Citizen, called McConnell "King of the Prevaricators" in 2001 and accused him of having "feasted on today's legalized bribery and corruption." Deer Creek gave Public Citizen a total of $458,000 from 2001 through 2004.

In its solicitation of grant proposals, Deer Creek says projects should "focus on the preservation and advancement of majority rule in our society, including the protection of basic rights as provided by the Constitution and Bill of Rights and education that relates to this concept."

Mary Hawker, the director of the Deer Creek Foundation, declined to be interviewed. In three faxed statements, however, she challenged McConnell's motives for protesting the Herald-Leader series.

"We think false issues are being raised (what better way to divert attention from the main story)," Hawker said. "Deer Creek has been supporting organizations working for campaign-finance reform since 1984. Organizations receiving grants often point up abuses under current law (by Democrats and Republicans) to support and demonstrate the need for reform."

The allegations that the Center for Investigative Reporting is biased surprised Dan Noyes, its acting executive director.

"We certainly have been attacked over the years, but I'm not sure I've ever seen somebody attack the story in the media before it has even appeared," he said.

The center, Noyes said, collaborated with PBS' "Frontline" program to produce ambitious investigations of the campaign finances of both parties in the 1992 and 1996 presidential elections. A 1997 project, also financed in part by Deer Creek through the center, became an award-winning book called "Secrets: The CIA's War at Home," Noyes said. It revealed the clandestine efforts of President Lyndon Johnson, a Democrat, to undermine reporting that was critical of the Vietnam War, he said.

Cheves, the McConnell series' reporter, said the Center for Investigative Reporting "has reviewed various drafts of the stories" but has "made no suggestions or changes."

The center doesn't show material to the Deer Creek Foundation or any of its other funding sources, Noyes said.

Cheves and his editors at the Herald-Leader said neither group placed any constraints on his reporting. They said he had limited contact with the Center for Investigative Reporting and none with Deer Creek as he produced the series.

"It is extremely thorough and very fair," said Sharon Walsh, the enterprise editor at the newspaper. "I don't know how else I would be able to associate my name with it. I think it's an excellent piece of journalism."

The controversy over the McConnell series and its funding ended up in the lap of Weaver, McClatchy's vice president for news. After consulting with several editors involved in the project and with McClatchy Chief Executive Officer Gary Pruitt, Weaver decided to reimburse the Center for Investigative Reporting for the original grant to the Herald-Leader.

"I'm not uncomfortable with the journalism, and I'm certainly not uncomfortable with the journalist," Weaver said. "I just think that the relationship (with the outside groups) was sufficiently unorthodox that we don't need to do it."

The decision to refund the grant drew various responses from some of the main players in the controversy.

For McConnell, the move comes too late.

"Returning the money after the fact doesn't change the product or any of the concerns we've raised," Stewart said. "It would be hard to explain why the paper is running stories that McClatchy has determined came as the result of an inappropriate funding process."

For Bob Steele, who teaches journalism ethics at the Poynter Institute in Florida and in newsrooms around the country, the decision to return the money was the right one.

"I would think that kind of specific funding by an organization with a direct stake in the players and the issues is ethically problematic," Steele said. "You can't erase the board here in its entirety because there's a history, but at least it's wise for McClatchy to say it's going to pay for the costs of doing this reporting."

The decision disappointed Thompson, the former Herald-Leader executive editor, whose Knight Ridder bosses had praised her for producing important journalism with outside funding.

"The truly important thing is that revelatory reporting will be published, after it has been thoroughly vetted for accuracy and fairness," Thompson said. "Which, of course, was our goal from the very start."

Despite Woes, Bush Offers Fund-Raising As Promised (NYT)

By Sheryl Gay Stolberg

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — President Bush is not the kind of guy to back out on a promise, especially when it comes to raising money for fellow Republicans.

So it is that Mr. Bush, who has slogged his way through many a fund-raiser this campaign season, plans to make the rounds of what might be called the Congressional newsmakers caucus next week, with back-to-back fund-raisers on Thursday for Representative Don Sherwood of Pennsylvania and Senator George Allen of Virginia.

Mr. Sherwood, who is now vulnerable in what had been considered a safe seat, has admitted having an extra-marital affair with a woman who has accused him of trying to choke her; he has said the “allegation of abuse was never true.”

Mr. Allen is fighting for re-election after a string of controversies involving racially insensitive remarks; his denial and subsequent embrace of his newly discovered Jewish heritage, and reports that he had failed to disclose stock options.

“The president made a commitment, and he’s going to stick with it,” Tony Snow, the White House press secretary, said Friday, explaining the fund-raising appearances. “The president supports their quest for election. He understands what’s going on.”

In a year that has seen Republicans tarred by scandal — Mark Foley of Florida resigned his House seat late last month after revelations he sent sexually explicit e-mail messages to teenage pages; Representative Bob Ney of Ohio pleaded guilty on Friday to taking bribes in the Jack Abramoff lobbying scandal, and Randy Cunningham, a former House member, was sentenced to eight years in prison in March for taking bribes — the troubles of Mr. Allen and Mr. Sherwood might seem tame by comparison.

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But the president's appearances on their behalf underscore the challenge facing Mr. Bush. With a little more than three weeks to go until Election Day, he and his party are investing time and money to hold seats they did not originally think they would have to defend so aggressively.

"It's all about maintaining the majority and turning out your vote," said Scott Reed, a Republican strategist. "It's normal at this stage of the campaign to go back and tap down some of the wobbly races, and it sounds like Pennsylvania and Virginia are on the top of the trouble list."

Mr. Allen's campaign manager, Dick Wadhams, said the Allen campaign hoped to raise enough money Thursday to counter the $1 million that the Democratic Senatorial Campaign Committee recently gave to Mr. Allen's opponent, Jim Webb.

A spokesman for Mr. Sherwood did not return a reporter's call.

Mr. Snow said the president supported both men and was comfortable appearing with them. "George Allen is not a bigot. Period," he said.

As to Mr. Sherwood, Mr. Snow said the president "believes that we are all sinners and we all seek forgiveness."

Bush To Campaign For Troubled Lawmakers (AP-Y)

By Terence Hunt, Ap White House Correspondent

AP, October 14, 2006

A congressman who admitted to having an affair and a senator accused of using racial slurs will get some political help from President Bush next week.

Bush will make campaign stops Thursday in Pennsylvania and Virginia to help the two troubled Republicans as the GOP struggles to maintain its endangered grip on the House and Senate.

"The President has made a commitment, and he's going to fulfill the commitment," White House press secretary Tony Snow said Friday.

Bush's appearances are intended to give a boost to four-term Rep. Don Sherwood, R-Pa., and Sen. George Allen, R-Va.

Sherwood had one of the safest seats in Congress as his conservatism played well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the last two elections.

Then last year Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit claiming he had choked her.

"Mr. Sherwood has certainly admitted to what has gone on, and the president also believes that we're all sinners, we all seek forgiveness, and in this particular case, he's supporting Don Sherwood's candidacy," Snow said.

Allen has spent weeks rebutting accusations he used racist language and liked Confederate symbols. The furor began Aug. 11, when the senator called a volunteer for his opponent "macaca," considered by some to be a racial slur, during a political rally.

"George Allen is not a bigot. Period," Snow said. "And you've had a number of black leaders who've come forward to make the point.

"So the president, absolutely, supports his candidacy," Snow said.

Snow suggested that Allen's opponent, Democrat Jim Webb, was vulnerable for things he has said. Webb, a former Navy secretary under President Reagan, argued in a 1979 magazine article that women are not fit to command men in battle and criticized their admission to the U.S. Naval Academy.

Bush Is Said To Have No Plan If GOP Loses (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 13, 2006

Some Republican strategists are increasingly upset with what they consider the overconfidence of President Bush and his senior advisers about the midterm elections November 7–a concern aggravated by the president's news conference this week.

"They aren't even planning for if they lose," says a GOP insider who informally counsels the West Wing. If Democrats win control of the House, as many analysts expect, Republicans predict that Bush's final two years in office will be marked by multiple congressional investigations and gridlock.

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"The Bush White House has had no relationship with Congress," said a Bush ally. "Beyond the Democrats, wait till they see how the Republicans–the ones that survive–treat them if they lose next month." GOP insiders are upset by Bush's seeming inability to come up with new ideas or fresh approaches. There is even a heightened sensitivity to the way Bush talks about advisers who served his father.

At the president's news conference on Wednesday, allies of his father complained that the president seemed dismissive of former Secretary of State James Baker, who remains close to his dad and is cochairman of a bipartisan panel studying the war in Iraq.

"I think it's good to have some of our elder statesmen–I hate to call Baker an elder statesman–but to go over there and take a look, and to come back and make recommendations," Bush said. Baker fans felt this made the former secretary seem part of a bygone era. There is also considerable criticism of Bush for making little or no news in his 63-minute encounter with the press.

"He had nothing to say at the press conference," says a prominent GOP insider. "My question is, why call it?"

Tight Races Republican Money Can't Stave Off New Peril In Senate (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 14, 2006

Chances Rise for Democrats Controlling Both Houses As Funding Gap Narrows Paying a Scandal Premium

WASHINGTON -- As their prospects dim for holding control of the House, Republicans are increasingly alarmed they also could lose their Senate majority on Nov. 7, and the party is finding its fund-raising edge isn't going as far as it used to.

The late cash crunch shows just how much an already difficult political environment has worsened for Republicans since the scandal over Rep. Mark Foley's emails to pages erupted two weeks ago. For the first time since taking control of Congress in 1994, party leaders are being forced to pick and choose which of the tight races they can throw money into winning. They simply can't afford them all.

Mounting fears of a growing anti-incumbent wave have led many well-off party veterans to hoard more of their war chests to protect themselves, rather than share with more vulnerable colleagues as they usually would. New York Republican Rep. Peter King, for instance, has outraised a feisty Democratic opponent by sixfold. But with three weeks until the election, he is resisting pressure to send a late check to his party's campaign committee. "The concern any Republican has is: Will there be a political tsunami? Will the bottom drop out of the polls?"

Republicans have increasingly concentrated on three Senate seats -- Tennessee, Missouri and Ohio -- to try to salvage at least a one-seat majority. They currently hold 55 of the Senate's 100 seats, but at least six of those are now seen as vulnerable. The party's national and Senate campaign accounts have recently spent $14.1 million to hold the seats of retiring Senate Majority Leader Bill Frist of Tennessee, Missouri Sen. Jim Talent and Ohio Sen. Mike DeWine -- with $8 million spent on Mr. DeWine alone. Yet most polls show Democrats still leading in all three races.

That spending comes at the expense of other vulnerable incumbents, including Pennsylvania Sen. Rick Santorum and Montana Sen. Conrad Burns, who are also both running behind. They are getting voter turnout help but not independent advertising support from the national party.

The party's new priorities also divert money away from the overall House contest, in which the Republican National Committee has invested less than $1 million in ads. Meanwhile, many Republican national strategists now expect to lose their House majority, as the number of endangered seats has recently risen and Democrats have been able to hold a bigger portion of their cash back for a late push.

"There is no question this is the most challenging environment we've had since 1994 from lots of perspectives, from issues to targeting races," says RNC Chairman Ken Mehlman. But he noted the party also has raised more money than ever before and plans major voter-turnout help for candidates in tight races. It also is unclear yet whether incumbent Republicans will manage to boost their fund raising in the last weeks to swamp individual Democratic opponents.

Republicans are used to having more money than Democrats but this year the margin is narrower. And Republican money needs to be spread across an unusually large number of races. Those tight contests in turn are creating an air-time crunch that is sending advertising costs soaring compared with just two years ago.

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Republicans also are paying a scandal premium. The uproar over Rep. Foley has made it harder for Republican candidates to break through with their desired message. Other recent ethical scandals, such as the Abramoff lobbying case, also have raised the effective price to elect some Republican candidates.

A large number of the toughest Republican races this year are concentrated in expensive urban media markets, particularly in the Northeast. That means Republicans must spend more on defense, and can't invest as heavily in offense.

For instance, Republicans say they can defeat New Jersey's freshman Democratic Sen. Robert Menendez. Republican campaign committees are using direct mail and blast emails to highlight alleged ethical violations by the incumbent, and boosting ground troops for the turnout effort on Election Day. But the real road into the homes of New Jersey voters is by way of the pricey New York and Philadelphia markets, the country's first and fourth biggest. So far, the party hasn't reserved a penny to put its attacks against Mr. Menendez on the airwaves.

The Republican House campaign committee has reserved about 20% of its national television advertising budget -- $10 million -- just for the Philadelphia market. That is because three House Republicans are endangered there. But that doesn't buy nearly as much airtime as it used to. A 30-second commercial before an 11 p.m. local newscast cost $1,509 in 2004. The current price: $3,044, according to TNS Media Intelligence/cmag, which tracks political advertising.

The Republicans' vulnerability in those races has drawn well-financed challengers in the House contests, as well as the re-election race of Sen. Santorum. Those supply-and-demand pressures have pushed advertising costs skyward.

The investment in Philadelphia means House leaders have to forgo spending elsewhere. After their favored candidate lost in an Arizona primary, the House Republican campaign committee canceled television time it had reserved for the general election contest for that open seat, which now is likely to flip from Republican to Democrat. Party leaders are debating shifting resources away from a Colorado open seat, which also could become a Democratic pickup. And wealthy House incumbents, such as Indiana Rep. Chris Chocola, are being told to dip into their own personal fortunes to pay for their re-elections rather than waiting for a handout from the national committees.

Comparing balance sheets between the two parties, Republicans don't seem in bad shape. The national committee, combined with the party's Senate and House campaign committees, has raised $378 million since this campaign cycle began in January 2005, which still dwarfs the $270 million the Democrats have raised. And Republican candidates outraised the Democrats by more than $10 million through August, according to the Center for Responsive Politics, the most recent figures available.

But those are less comfortable margins than Republicans are used to having, and the overall numbers mask some surprising weaknesses.

The Democrats' campaign committees specifically targeting House and Senate races have surpassed or matched their Republican counterparts in building up cash on hand, which has never happened before. According to Tony Corrado, an expert on political finance at Colby College, the two Democratic congressional committees have helped cut the Republicans' cash edge at this point to less than half the margin it was overall in the 2002 midterms.

"We have to at least surpass them to just stay competitive," Illinois veteran Republican Rep. Ray LaHood says of the Democrats. "This is the most competitive I have ever seen it."

A study by the Campaign Finance Institute, a nonpartisan Washington organization that tracks political money, also holds unsettling news for Republicans. Democratic candidates vying in competitive districts are in their best financial position in years, raising an average of $1 million in the first 18 months of this campaign cycle, compared with an average $1.7 million by the Republican incumbents. At the same point in 2004, Republican incumbents enjoyed a four-to-one advantage over their challengers.

It has fallen to the Republican National Committee, the party's biggest money machine, to provide some breathing room. The RNC reported in August a $28 million edge over the Democratic National Committee. But the vast majority of that money is earmarked for a $30 million national get-out-the-vote effort, which party leaders say will push some marginal candidates over the finish line.

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The Foley scandal could make it even harder for Republicans to sustain their cash advantage. The day before his emails became public, the House Republican campaign committee chairman, Rep. Tom Reynolds of New York, told members he was raising his "battleground" budget by $5 million, to $22 million.

In short order, questions about the House leadership's management of the scandal -- including Mr. Reynolds himself -- tarnished some of the Republicans' biggest fund-raiser headliners. Embattled candidates across the country were already shunning money-raising events with unpopular President Bush. Now they are avoiding fund-raisers that feature House Speaker Dennis Hastert of Illinois, and House Majority Leader John Boehner of Ohio.

To keep control of the House, Republicans have to limit their net losses at 14 seats. To keep control of the Senate, they can't drop more than five. But, as the election nears, they are being forced to defend an ever-widening field.

Since the Foley furor, the number of House Republican seats in play has moved from 36 to 43, according to Amy Walter, of the Cook Political Report. The number of Democrats in some peril is unchanged at nine.

At the same time, Republicans seem to have to pay an increasing price to hold on to each seat. In a June special election, the national party committees spent about $5 million to hold the seat of Republican Rep. Randy "Duke" Cunningham, the San Diego lawmaker who pleaded guilty to bribery. Their candidate, Rep. Brian Bilbray, won with 78,341 votes. The cost per ballot: about $64. In the 2004 midterms, Mr. Cunningham spent less than $6 per vote, $939,000 overall.

In Rhode Island, Republicans spent at least $1.6 million defending incumbent Sen. Lincoln Chafee against a primary challenge from a candidate party leaders considered too conservative to win in November. Mr. Chafee won with 34,936 votes, a cost-per-vote ratio for the party committees of $46. In 2000, Mr. Chafee faced no primary challenge but won the general election spending only about $10 per vote.

In Pennsylvania, the re-election campaign of Republican Rep. Jim Gerlach shows the unusual budget strains facing his party this year.

Mr. Gerlach was elected to Congress in 2002 after stints in both chambers in the state legislature. In both his congressional races he won by a narrow 51%-49% ratio. His 2004 Democratic challenger, Lois Murphy, is racing against him again this time. Mr. Gerlach says he made his first round of fund-raising calls for this campaign in January 2005 -- less than two months after his 2004 re-election.

Mr. Gerlach calculates he has held 60 to 70 fund-raisers a year to collect the approximately $3 million he has budgeted for the campaign, about a million more than he spent in 2004. But Ms. Murphy sometimes has matched or surpassed his fund raising, and boosted her campaign budget to more than $3 million after Mr. Gerlach unleashed an early round of direct mail accusing her of favoring tax increases.

The House Republican committee is rushing to Mr. Gerlach's aid, earmarking $4 million of its $10 million for Philadelphia TV ads just for his race. The Democratic House committee is countering with about $3 million. "We have to make up for that and we will. I will not lose this election for a few million dollars," House Minority Leader Nancy Pelosi said in an interview.

Mr. Gerlach's campaign finances also have been affected by scandals. In August, he returned a $7,000 donation to him from Ohio Rep. Bob Ney, who pleaded guilty Friday in the Abramoff lobbying scandal. He has refused to give back the $30,000 that came from former House Majority Leader Tom DeLay's campaign accounts, arguing that though the former Texas lawmaker has been charged with money laundering, he hasn't been convicted of anything.

Now Mr. Gerlach is grappling with fallout from the Foley scandal. He canceled a fund-raiser that was to be headlined by Majority Leader Boehner, whose role in managing the crisis is a subject of scrutiny, and quickly transferred a $1,000 check from Mr. Foley to charity. During a recent senior-center appearance, Mr. Gerlach gave up trying to talk about terrorism or taxes when it became apparent that the Foley matter was chiefly on his audience's minds. "Did you think people knew?" one participant asked. As the congressman dodged, another woman pressed him that "there had to be some" hints.

Mr. Gerlach opted for political survival and distanced himself from his party leaders. The disclosure of the so-called "overly friendly" email to a page, initially brushed aside by House leaders, "should have set off some bells and whistles," he said, "because that's not a normal thing."

Write to Jeanne Cummings at jeanne.cummings@wsj.com1

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Incumbents Hold Cash Advantages (AP-Y)

By Jim Kuhnhenn, Associated Press Writer

AP, October 14, 2006

Incumbent senators entered the final weeks of the midterm campaign with substantial sums in their bank accounts, but challengers also stepped up fundraising to keep races competitive and ad buyers busy to the very end.

Republican Sen. Mike DeWine, locked in one of the fiercest Senate races this year, had a $3 million advantage over Democratic challenger Rep. Sherrod Brown at the end of September. However, Brown had the edge on fundraising for the quarter, according to reports they plan to file with the Federal Election Commission.

In Connecticut, Sen. Joe Lieberman, running as an independent, had $4.7 million in the bank as he attempts to fend off millionaire Democrat Ned Lamont. New Jersey Democratic Sen. Robert Menendez had $5.5 million at the end of September, compared with $3.17 million for Republican challenger Tom Kean Jr.

Democratic Sen. Maria Cantwell of Washington said she had $3.5 million in the bank after raising $2 million in the past quarter. Her opponent, Republican Mike McGavick, outraised her this quarter, bringing in nearly $2.2 million for the period ending Sept. 30, and had $2.1 million on hand.

In Rhode Island, incumbent Republican Sen. Lincoln Chafee reported about $700,000 on hand, compared with $1.4 million for his challenger, Sheldon Whitehouse.

Sen. Hillary Rodham Clinton had more than $14 million in her campaign account as she coasts through an easy re-election campaign in New York. Any money she has left over after the Nov. 7 election could be used in a possible presidential campaign, giving her a head start over her potential opponents.

Democrat James Webb, who is seeking to unseat Republican Sen. George Allen of Virginia, reported having $2.7 million on hand after raising $3.5 million in the quarter. Allen, who had not released his new quarterly numbers, had $6.6 million on hand at the end of June.

As a rule, incumbents tend to raise more money than challengers. In this election cycle, that advantage helps Republicans. But Democratic operatives say third-quarter fundraising by their candidates have helped close that gap.

In Ohio, DeWine had $4.5 million in the bank compared with Brown's $1.2 million. But Brown managed to raise slightly more money since July than DeWine. The Brown campaign also said its cash-on-hand figure was lower because it had paid for about $2.5 million in advertising until election day.

Lamont's campaign did not immediately release his campaign finance data. He has spent about $9 million of his own money to unseat Lieberman, including a $2 million contribution this week.

In New Jersey, Kean raised $1.76 million in the quarter.

For Chafee, his lower cash-on-hand total reflects the enormous effort he made to beat back a primary challenge from Republican Steve Laffey on Sept. 12. Chafee has had little time to resupply his campaign account. Chafee, who lists his net worth between $41 million and $64 million, could also write a check to his campaign as he did during the primary.

The deadline for July-September finance reports is Sunday. Several campaigns were beginning to release their figures Friday.

At this point in a campaign, the amount of cash in the bank can determine a campaign's ability to surge ahead or defend against an opponent's momentum. The money is also a factor in helping national parties decide where to spend their resources.

In Ohio, for example, the Democratic Senatorial Campaign Committee, the National Republican Senatorial Committee and the Republican National Committee have been spending heavily on television advertising and other means of reaching voters. Outside groups have also weighed in with ads.

Campaign strategists said the amount of cash candidates had was especially important in states with a number of media markets, such as Ohio, Pennsylvania and New Jersey. Smaller states such as Montana and Rhode Island are less expensive.

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Associated Press writers Devlin Barrett, Matthew Daly and Donna De La Cruz contributed to this report.

Kerry Says GOP Lied About Foley, Iraq (AP)

DOJ_NMG_0081139

By Holly Ramer

Associated Press, October 14, 2006

MANCHESTER, N.H. (AP) -- Sen. John Kerry, a potential presidential candidate in 2008, likened the congressional page scandal to the war in Iraq and the handling of North Korea, saying that Republicans have lied repeatedly.

"A lie, a lie, a lie, a lie. What we have in Washington is a house of lies, and in November, we need to clean house," Kerry, D-Mass., said Friday night during the New Hampshire Democratic Party's annual fall fundraising dinner.

"They tell us we're making progress in Iraq and that there is no civil war. That is a lie," he said. "It's immoral to lie about progress in that war in order to get through a news cycle or an election cycle."

Kerry criticized the Bush administration for blaming the North Korean nuclear test on former President Clinton.

"That is a lie. North Korea's nuclear program was frozen under Bill Clinton. When George W. Bush turned his back on diplomacy, Kim Jong Il turned back to making bombs, and the world is less safe because a madman has the Bush bomb," he said.

Republicans also are lying when they claim the page scandal surrounding former Rep. Mark Foley is a Democratic plot to win the midterm elections, Kerry said.

"This issue is here because of a Republican cover-up," he said. "And those from the party that preaches moral values that covered this up have no right to preach moral values anymore."

Responding to the speech, Wayne Semprini, chairman of the New Hampshire Republican State Committee, said Americans didn't buy what Kerry and the Democrats said in 2004.

Webb Has Profitable Quarter, But Allen Still Leads (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, October 14, 2006

Democrat James Webb outraised Sen. George Allen (R-Va.) by nearly $1 million from July to October, according to campaign finance reports released yesterday that reflected a surge in support for the challenger after Allen made several controversial comments that dramatically tightened the race.

Allen still has twice as much in the bank as Webb, but both candidates said they will have enough money in the campaign's closing weeks to compete on TV in the crucial advertising war that will help decide the outcome.

Allen raised $2.6 million between July 1 and Sept. 30 and reported $5.5 million in the bank, according to his finance report, the last required before the Nov. 7 election.

Webb, who released his numbers earlier this month, raised $3.5 million during the same period. Webb had $2.7 million in the bank at the end of September, compared with the $437,000 he had after winning the Democratic nomination in June.

"Obviously, Webb has had a lot of momentum in the last two or three months," said Charlie Cook, editor of the Cook Political Report, which last week rated Virginia's Senate race a tossup. "There are a lot of people who didn't give to Webb six months ago because they didn't think he had a chance, but now he has a chance and they are jumping in."

Dick Wadhams, Allen's campaign manager, discounted Webb's recent fundraising success by pointing to the amount of money his candidate still had in the bank.

"What is important is the bullet you have left to shoot," said Wadhams, who accused Webb of raising all of his money from national Democratic leaders who support higher taxes.

Kristian Denny Todd, a Webb spokeswoman, countered that Wadhams is "desperate" because Webb is picking up support.

"This shows what we have been saying all along: The more people get to know George Allen, the more they know George Allen is wrong for Virginia and Jim Webb is the right choice," Todd said.

The Federal Election Commission reports do not take into account the amount of money each candidate has raised so far this month. Vice President Dick Cheney headlined an Allen fundraiser last week in Fairfax. Webb spent Thursday and Friday raising money in Atlanta.

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Allen's and Webb's bank accounts probably will get another boost next week when the current president and a former president travel to Virginia to lend their support. President Bush will appear at an Allen fundraiser in Richmond on Thursday, the same day former president Bill Clinton will attend a Webb fundraiser at the McLean home of former senator Charles S. Robb (D).

The high-profile visits underscore how the race has become one of the most closely watched Senate contests in the country. With less than a month to go until the election, both candidates and their affiliates are expected to pour millions of dollars into television commercials, direct mail, telephone calls and other efforts to mobilize voters.

Allen, a former governor who has raised $13 million for his reelection, was expected to crush Webb, a political newcomer, in the money race this year. In June, Allen had a 15-to-1 money advantage over Webb.

But Webb campaign officials say their fundraising soared after Allen made international headlines when he referred to a Webb campaign aide of Indian descent as "macaca" at a GOP rally in Southwest Virginia on Aug. 11. The term is considered a racial slur in some cultures.

After facing weeks of questions about his racial sensitivity, Allen watched his once-double-digit lead over Webb in the polls vanish. A Mason-Dixon poll released earlier this month showed the race tied.

The tightening of the race forced Allen to spend $3.6 million between July and October, compared with $1 million spent by Webb, according to finance reports.

Webb began advertising heavily only this month, to respond to weeks of assertions by Allen that Webb wrote a 1979 article that was demeaning to military women. Webb campaign officials say fundraising is still brisk, including $100,000 in online donations so far this week.

Webb also is being aided by the Democratic Senatorial Campaign Committee, which this week began a $1 million ad buy focusing on Allen's voting record and his macaca comment. The committee also is planning a $750,000 ad buy next week, according to sources in both campaigns. The National Republican Senatorial Campaign Committee has paid for direct-mail brochures, but it is unclear whether it also will start airing television or radio ads in the state. These amounts are independent expenditures that do not have to be listed on the candidates' reports.

Allen still has the advantage in money; yesterday, he released his second ad in a week accusing Webb of wanting to raise taxes. The ad will cost the campaign more than $600,000, an aide said.

Cook, who said Virginia is a key battleground in efforts by the Democrats to regain control of Congress, expects a lot of money to flow into the state between now and Election Day.

"If Webb loses, I am not sure it's going to be because of money," he said.

Allen's Ads Put Webb On Defense (WT)

By Christina Bellantoni And Seth Mclaughlin, The Washington Times

The Washington Times, October 14, 2006

U.S. Sen. George Allen will reprise his role as a quarterback on the attack, while James H. Webb Jr. employs a defensive strategy in the final weeks before the election in Virginia's Senate race.

Mr. Allen, a Republican, will try to steamroll Mr. Webb, a Democrat, with a barrage of political ads before the Nov. 7 election.

The strategy has so far forced Mr. Webb to deflect a different issue each day, but Mr. Allen has been most effective pummeling the Democrat on taxes and social issues to rally his conservative base.

"Jim Webb, Hillary Clinton and their liberal allies in Washington don't want to give constitutional protection to traditional marriage," an announcer says on an Allen radio ad. "And if they don't share our values on something as basic as marriage, how can we trust them on any issue?"

The ad, which is running in rural parts of the state, is one of several that hit the airwaves this week to paint Mr. Webb as a liberal out of touch with Virginia values.

The Webb campaign fired back.

"All George Allen has left are lies," Webb spokeswoman Kristian Denny-Todd said. "The latest ad contains the baseless charge that Jim Webb wants to redefine marriage. Radio stations should immediately pull the ad."

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Mr. Webb, who served as secretary of the Navy under President Reagan in 1987-88, is appealing to centrist Republicans and voters fed up with the Iraq war.

The decorated Vietnam War veteran is no stranger to a fight, and has surrounded himself with tough and seasoned Democrats, including former President Bill Clinton, Gov. Timothy M. Kaine and former Gov. Mark Warner.

"We have an administration that is telling us that the global war on terror is World War three or four, take your pick, and that Iraq is the central battlefront on the central war on international terror," Mr. Webb said at a recent campaign appearance in Dumfries, Va. "But ask yourself, how many of them are risking their own kid?"

Mr. Webb's son Jimmy, a 24-year-old lance corporal in the Marine Corps, is in Ramadi, one of the most dangerous regions of Iraq.

The Democrat's campaign said Mr. Allen's marriage ad includes the false claim that Mr. Webb "would like to change the definition of marriage."

Mr. Webb said that as a Christian, he thinks marriage should be between one man and one woman, but he plans to vote against the proposed amendment on the Virginia ballot because he thinks it takes rights away from all unmarried couples.

"We have a law right now that defines marriage," he said at a debate Monday night. "We don't need to ruin the Constitution."

Mr. Allen also is telling voters Mr. Webb would repeal President Bush's tax cuts, which forced the Democrat to run an ad rebutting the claim.

"Take a look in your wallet. Are you rich?" asks the Allen radio ad. "Jim Webb thinks you are. He thinks you don't need a tax cut. In fact, he thinks you aren't paying enough taxes."

Mr. Webb's ad responds: "George Allen's lying again. Truth is, Jim Webb's plan cuts taxes for middle class families and veterans."

Mr. Webb, who benefited from free publicity after numerous Allen missteps over the past two months, dismissed Mr. Allen's commercials this week as employing "Karl Rove" tactics and claims he is misquoted.

"What I've said is any tax breaks that benefit a large section of the American people, I am for," he told reporters Wednesday.

But Allen campaign manager Dick Wadhams responded: "It's pretty clear that Webb's refusal to agree to a 'no-new tax' pledge means what we all know, that he would join Hillary Clinton and Ted Kennedy in rolling back the tax cuts Senators Allen and Warner helped pass in 2001 and 2003."

Several elements of Mr. Bush's tax cuts are set to expire over the next few years if Congress does not renew them.

Kean Campaign Shows Improvement In Its Fund-Raising Efforts (NYT)

By David W. Chen

The New York Times, October 14, 2006

TRENTON, Oct. 13 — Posting his strongest fund-raising numbers to date, State Senator Thomas H. Kean Jr. has significantly reduced what had been a three-to-one advantage in resources for his opponent, Senator Robert Menendez, according to preliminary campaign finance data released on Friday.

Yet in a caustic race that figures to be dominated by television advertising in its final four weeks, Mr. Menendez, the Democratic incumbent, still enjoys a solid lead in overall cash on hand, $5.5 million compared to $3.2 million for Mr. Kean.

From July 1 to Sept. 30, Mr. Kean, a Republican, raised nearly $1.8 million and spent $866,000 — eclipsing his best fund-raising efforts over a three-month period, when he raised $1.6 million in the first quarter of this year.

Mr. Menendez, meanwhile, had his slowest quarter of the year, collecting almost $1.4 million. And with a television blitz that began in September, he spent $3.4 million, or almost double what he had spent in the previous two quarters combined.

The campaigns are required to file detailed breakdowns of contributions with the Federal Election Commission on Sunday, but said they would not publicly release those fuller reports for at least a week.

In an election year in which control of Congress could be in the balance, the New Jersey totals are part of a national spreadsheet of campaign data that will be used to help gauge the wherewithal of Democrats and Republicans heading into Nov. 7.

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In Connecticut, for instance, Senator Joseph I. Lieberman reported having $4.7 million on hand. He raised $6.1 million from July 20 to Sept. 30, and spent $4.9 million in that period. Mr. Lieberman is running as an independent after having been defeated in the Democratic primary by Ned Lamont, who did not release his financial report on Friday. Mr. Lamont, a cable television executive, has previously said that he contributed $4.7 million to his own campaign since the Aug. 8 primary.

In New Jersey, the third-quarter fund-raising figures had been much anticipated, because recent polls have showed Mr. Menendez, who was appointed in December to fill the seat, and Mr. Kean in a virtual tie.

Steele Hits Cardin For Linking Him To Bush, GOP (WT)

By Jon Ward, The Washington Times

The Washington Times, October 14, 2006

HAGERSTOWN, Md. -- A visibly angry Lt. Gov. Michael S. Steele yesterday lashed out at Democratic attempts to tie him to President Bush and national Republicans in the U.S. Senate race, saying that he refuses "to be the whipping boy for or against the Republican Party."

"You know, I'm tired of this. I've got to justify everything the administration does, or everything it doesn't do. This is not about that," Mr. Steele told reporters after participating in a forum conducted by the Washington County Chamber of Commerce.

The Republican Senate nominee noted that his Democratic opponent, Rep. Benjamin L. Cardin, "mentioned the president 113 times" during their debate last week.

"If he wanted to run against George Bush, he should have done it two years ago," said Mr. Steele, who began airing a TV ad this week that criticizes both parties.

Mr. Cardin and Mr. Steele took part in a forum that had been billed as a debate. The Senate candidates separately took to the podium, addressed the Chamber of Commerce and answered questions from the audience.

The 10-term congressman from Baltimore talked at length about health care, transportation, and especially his desire to balance the federal budget.

"Mr. Steele talks about changing the direction of America," said Mr. Cardin, who spoke to the chamber before his Republican rival. "I don't know how you change the direction of America when you agree with the president on so many issues."

Democratic ads for Mr. Cardin have linked Mr. Steele to the president and Republican leaders, such as strategist Karl Rove.

Asked if he thinks the general unpopularity of national Republicans will affect his campaign, Mr. Steele said: "I'm not going to stand here and try to be the whipping boy for or against the Republican Party because this is the same nonsense ... that keeps this cycle going.

"Let's move forward," he said. "You know what's going to make the difference between my winning this seat and losing this seat? Me. Me. Nothing else. Me. That's why this is a conversation between me and the people."

Mr. Steele, who is the first black to win a statewide election in Maryland, said that he is "feeling a pulse and a heartbeat in this state that is not being captured in polls. I'm excited about that."

Mr. Steele previously had distanced himself from Mr. Bush, saying that his Republican Party affiliation is a "scarlet letter" in Maryland, where Democrats outnumber Republicans 2-to-1. But he also has called the president his "homeboy."

The Democratic strategy of linking Mr. Steele to national Republicans was recommended last spring by a pollster who said that Mr. Steele was a "unique threat" to Democrats' monopoly on black voters.

Pollster Cornell Belcher identified an "emerging black swing vote" and advised Democrats to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate."

Recent polls have shown Mr. Cardin leading by an average of 10 points. But cracks have appeared in Democratic unity since Mr. Cardin defeated Kweisi Mfume, past president of the National Association for the Advancement of Colored People, in the party's Senate primary.

Black political, religious and business leaders have said that there is growing grass-roots discontent with the lack of minority leaders in the Democratic Party. They say that some black voters, who are mostly registered Democrats, are going to cross party lines and vote for Mr. Steele.

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Mr. Cardin and Mr. Steele have scheduled two debates -- Oct. 25 on WJLA-TV (Channel 7) and Oct. 29 on NBC's "Meet the Press."

Opposition To Abortion Won't Affect Job, Steele Says (WP)

By Matthew Mosk And Ann E. Marimow, Washington Post Staff Writers

The Washington Post, October 14, 2006

Maryland Senate candidate Michael S. Steele said yesterday that his strong personal opposition to legalizing abortion would not factor into his work in Washington, or his evaluation of a nominee for U.S. Supreme Court justice, should he be elected next month.

"I have no litmus test in that regard because my constitutional obligation is to represent the people of the state," said Steele, who is Catholic.

"In that instance, you put on the bench the best jurist because our country is more than one issue, even though it's a profound issue," he said during a meeting with Washington Post editors and reporters. "I have never subscribed to a benchmark, litmus test mentality. And I never would. I never will."

The Republican candidate was less emphatic when asked about gun rights and suggested that his general support might not extend to assault weapons.

"You draw the line. I mean, what do you need an assault weapon for?" Steele said. The National Rifle Association has spent about $4,000 in support of his bid this year, campaign finance records show.

The remarks highlighted a continued effort by Steele -- who is running in a state where Democrats outnumber Republicans by nearly 2 to 1 -- to soften the edges on his conservative views on a number of incendiary social issues.

They came the day after the lieutenant governor began a television ad criticizing his party for implementing an education policy, the No Child Left Behind act, that he says "teaches to the test."

"It's clear that Michael Steele will say anything to get elected," said Oren Shur, a spokesman for Rep. Benjamin L. Cardin, Steele's Democratic rival. "At this point, it's hard to tell if Steele is just hiding his support for Bush's convictions or if he has no real convictions at all."

If there has been any brushback from the Republican National Committee, Steele said he was unaware of it. Steele said yesterday, "They ain't gonna give up on the brother."

Steele has spent much of his campaign distancing himself from the GOP in a year when the president is polling below 40 percent nationally and lower in Maryland.

Earlier yesterday, Steele and Cardin spoke about economics, health care and gas prices at a forum held by the Hagerstown-Washington County Chamber of Commerce.

The candidates stood at the same podium, answering many of the same questions, but they spoke separately. They overlapped briefly, shaking hands in the back of the hotel ballroom as Cardin departed and Steele arrived.

Their contrasts in style and substance were striking. Cardin, sounding like a policy professor, presented himself as a fiscally responsible "deficit hawk" with a record of working with Republicans during his 20 years in Congress.

"I'm a hawk on paying the bills," Cardin told the audience of about 100 people. "It doesn't sell well in the polls. People love tax cuts; people love big spending. Well, legislators have to make tough decisions."

Steele, emphasizing his personal story, portrayed himself as an outsider who would bring a small-business owners' perspective to what he called out-of-touch official Washington.

"Washington, in my view, has gotten outside itself," he said. "It is beyond the ivory tower. It is a place that none of us have any clue of what they're doing because they have no clue as to what's going on in your daily lives."

On policy, the candidates' differences were most apparent on two issues. Cardin opposes suspending the federal gas tax because, he said, the revenue is needed to pay for critical transportation projects. Steele said he would suspend the tax for four months to give consumers a break. On health care, Cardin supports a universal coverage plan similar to legislation passed in Massachusetts. Steele prefers to give businesses more flexibility to pool their resources.

Rural Areas' Racism May Cost Steele Votes (WT)

DOJ_NMG_0081144

By S.a. Miller, The Washington Times

The Washington Times, October 14, 2006

Residents in Western Maryland and on the Eastern Shore say there are many whites among them who will not vote for a black candidate, such as Lt. Gov. Michael S. Steele, who is running for the U.S. Senate.

"Here in rural parts of the state, race might be an issue. It shouldn't, but it might," Greg Slick, a physical education teacher at North Hagerstown High School, said at a recent Friday night varsity football game. "They are not openly going to say it."

Mr. Slick, 52, a registered Republican who is white, said he will vote for Mr. Steele. But he added that the World Knights of the Ku Klux Klan is not based in nearby Sharpsburg by accident, despite public outcry every summer over the group's annual rally at Antietam National Battlefield.

"Someone is drawing them here," he said.

David Marshall, 54, a white waterman from Crisfield on the Eastern Shore, said he is sure some of the people he works with will vote against Mr. Steele because of his skin color.

However, he said he and his friends will vote for Mr. Steele, regardless of his race.

"The people I talk to say it won't affect their vote," Mr. Marshall said on a recent afternoon as he moored his trawler.

Racial politics in Maryland has focused on the Democratic Party's efforts to secure support among its most loyal bloc -- black voters, who increasingly say that the party has taken them for granted.

Rep. Benjamin L. Cardin -- the Democratic Senate nominee who is a white, 10-term congressman from Baltimore -- is trying to woo black votes amid criticism that the state party's ticket lacks diversity.

But white voters in Republican strongholds in rural areas pose a threat to the senatorial ambitions of Mr. Steele, who already has battled race-baiting by Democrats in his Senate bid.

"On the Eastern Shore, there are a lot of rednecks," said Dawn Thomas, 46, a white waitress at a Kent Island restaurant. "I know how my family is. They come from over here, and they're very prejudiced."

A Steele campaign adviser said the Senate nominee can do little to counter racism. However, the adviser remained confident that conservative rural voters from both parties will overwhelmingly support Mr. Steele.

In 2002, Mr. Steele became the first black to win a statewide election, as the running mate of Robert L. Ehrlich Jr. The Ehrlich-Steele ticket drew 2-to-1 support among voters in rural areas, such as Allegany, Washington and Wicomico counties. During a luncheon Monday at The Washington Times, Mr. Ehrlich said much of Mr. Steele's support is from white women.

In last month's primary election, Mr. Steele easily won the 10-candidate contest for the Republican Senate nomination, collecting thousands of votes over many white contenders who garnered only double-digit support in rural jurisdictions.

Such results prompted Paula A. Lampton, chairwoman of the Washington County Republican Central Committee, to say that race is not an issue.

"I've lived here for 30 years and I haven't seen it," she said. Mr. Steele "is very well-received when he comes here. He definitely represents our values and our needs in this portion of Western Maryland."

In addition, Catherine Poe, president of the Talbot County Democratic Forum, said she expects solid support for Mr. Steele among Republicans on the Eastern Shore.

"I know the Republican base is jazzed up and working way hard," she said. "Republicans are much more disciplined. They will stick with their guy."

However, an elected Eastern Shore official -- a white Republican -- said privately that racism probably will hurt Mr. Steele "a little bit" among white voters.

In Hagerstown, Gail Curtis, a black hairstylist, said local residents have shouted racial slurs at her and her children. She has "no doubt" that some white voters will be reluctant to cast a ballot for Mr. Steele because of his race.

"It's bad," said Ms. Curtis, 35. "This town is extremely set back in time. But it is changing."

Hagerstown City Council member Alesia Parson-McBean, a Democrat who last year became the first black elected to the council, said racial tensions are easing but acknowledged the persistence of old prejudices.

"I know within my first year [in office] I received hate mail and all these things," Mrs. Parson-McBean said. "It splintered people and caused division in our city, and much of the division was based on race."

Last year, Mrs. Parson-McBean and black high-school students were the target of death threats from Jeffrey Shifler, who was a member of the Boonsboro Police Department.

Shifler, 42, pleaded guilty in August to federal civil rights charges for hate mail and telephone calls to the council member threatening to burn her house down and for calls to the school board threatening to shoot black students. He is scheduled to be sentenced in December.

"That was considered amazing for this area," Mrs. Parson-McBean said of Shifler's prosecution. "I'm hoping we already learned from the ugliness of the past and are headed to a brighter future."

Mr. Steele's potential to break the Democratic lock on black urban votes has made Maryland's Senate race one of the country's most closely watched campaigns and one of the most fiercely fought between the national parties.

The Senate has one black member -- Barack Obama, Illinois Democrat and the fifth black senator in U.S. history.

The country has not had a black governor since L. Douglas Wilder, a Virginia Democrat, left office 12 years ago. He was the country's second black governor: Pinckney Benton Stewart Pinchback led Louisiana from 1872 to 1873.

Mr. Steele is among three black U.S. Senate candidates and three black gubernatorial candidates -- a record number -- on the Nov. 7 ballot. Only Democrat Deval Patrick in the Massachusetts governor's race is ahead in the polls.

To Invade GOP Strongholds, Tap Bay Area (LAT)

By Rone Tempest, Times Staff Writer

The Los Angeles Times, October 14, 2006

Activists are flooding into the districts of Reps. Pombo and Doolittle on behalf of Democratic challengers, making the races more competitive.

BERKELEY — The congressional fundraiser was at a pub in the heart of this liberal political stronghold. A local band, The Flux, entertained with a tune titled "Impeach the President."

The focus of attention: two candidates vying for seats in bedrock conservative districts to the east, currently occupied by Republicans John T. Doolittle of Granite Bay and Richard W. Pombo of Tracy.

Although most experts still give them a narrow edge, Doolittle, 55, seeking his ninth term, and Pombo, 45, pursuing his eighth, are in the toughest fights of their political careers going into the Nov. 7 election.

Their Northern California races are considered the most competitive in the state. President Bush demonstrated his concern by showing up at fundraisers for the duo last week, garnering more than $1 million for their campaigns.

But the prospect of upset victories contributing to a Democratic takeover of Congress — potentially installing San Francisco's Nancy Pelosi as speaker — has added another dimension to the Doolittle and Pombo races. Hundreds of volunteers and activists in Berkeley and other Bay Area communities have mobilized on the Democratic side, raising money, manning phone banks and carpooling into the districts to canvass neighborhoods for votes.

"They are already trying to figure out the color of Nancy Pelosi's rug in the speaker's office," said Allan Hoffenblum, publisher of the nonpartisan California Target Book, an election compendium.

The Berkeley event at the Albatross Pub was preceded Sept. 27 by a rally at Oakland's Grand Lake Theater at which former San Francisco mayor and state Assembly Speaker Willie Brown urged the crowd to fan out into the Doolittle and Pombo districts.

"There is a concerted effort to nationalize the elections," complained Doolittle, interviewed after the Bush fundraiser at the Serrano Country Club in suburban Sacramento. "You've got a lot of them being bused in here from the Bay Area — left-wing, antiwar activists."

Doolittle, whose 4th District stretches from the Sierra foothills east of Sacramento to the Oregon border, is opposed by retired Air Force Lt. Col. Charlie Brown, 56, of Roseville. Brown, a soft-spoken Air Force Academy graduate, is counting on his military background to help him in what is arguably California's most conservative district, based on Republican registration.

Pombo, whose 11th District includes Bay Area suburbs and San Joaquin Valley ranch lands, is challenged by wind energy scientist Jerry McNerney, 55, of Pleasanton. McNerney's intellectual and environmental credentials are an asset in some of the high-tech corners of the district, which includes the Lawrence Livermore National Laboratory.

Pombo and McNerney faced off last week in a debate in Tracy, Pombo's hometown.

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The incumbent defended the Bush policy in Iraq.

"Going to war in Iraq was to protect this country," Pombo said. "I would rather take the war over there than fight it here."

McNerney countered that "we need to find a smart and a tough way to end this war."

The McNerney-Pombo contest is a repeat of the 2004 election, which Pombo won handily. Since 2004, however, both Doolittle and Pombo have suffered from their association with convicted Washington lobbyist and power broker Jack Abramoff.

Doolittle's wife, Julie, owns a political consulting firm that did extensive work for Abramoff. Doolittle has also been criticized for paying his wife's firm, Sierra Dominion Financial Solutions, a 15% commission on campaign contributions.

When President Bush raised $600,000 at the Oct. 3 fundraiser, Julie Doolittle earned $90,000.

Pombo received $7,500 in campaign contributions from Abramoff and $30,000 from Abramoff clients.

Like Doolittle, Pombo has also come under attack for bestowing campaign funds on his immediate family, including several hundred thousand dollars for his wife, Annette, and brother Randall.

On the heels of the Abramoff matter came the congressional page scandal that led to the resignation of Rep. Mark Foley, a Florida Republican. With the environment for Republicans deteriorating, the independent Cook Political Report last week downgraded both the Pombo and Doolittle races from likely GOP victories to merely leaning Republican.

Still, both Doolittle and Pombo have amassed significant campaign reserves. In the last federal reporting period, Pombo had 10 times more cash on hand than McNerney, a disparity that could give the incumbent a big advantage when television ads begin airing in earnest this month.

Both the Brown and McNerney candidacies, however, have been bolstered by activists from the Bay Area, the most Democratic chunk of the state.

"I'm overjoyed to find a place where I can work and perhaps make a difference," said Keith Miller, 69, a retired UC Berkeley mathematics professor who spent a recent evening manning a phone bank for McNerney in a downtown Oakland union hall.

In addition to phone banks and fundraisers, the activists organize several convoys a week into the Doolittle and Pombo districts. Their energy and zeal are evident, if a tad florid.

"Yesterday, Sept. 23, 2006, a date which will live in infamy," blogged San Jose volunteer Jason Spitzer, 43, a semiconductor engineer who has made three trips into the San Joaquin Valley on behalf of McNerney. "The passionate progressive patriots of America suddenly and deliberately attacked the residential neighborhoods of the city of Manteca."

The volunteer efforts for Brown and McNerney have impressed veteran political observers.

"They see this national Democratic tsunami in which they are on the verge of taking over the House for the first time since 1994," Hoffenblum said. "The best they can do to participate is work in these two congressional districts within driving distance of the Bay Area."

Speaking at the Albatross gathering, McNerney was grateful for the help. "This is about the people taking our country back from the corporate interests — this is ground zero," McNerney said.

Brown mirrored his sentiments: "John Doolittle likes to say that I like to come to the Bay Area because I'm only interested in liberals. But I like to come to the Bay Area because you want to take this country back."

Leaders of the migrating Democrats say they are sensitive to local issues and attitudes in districts that are often hugely different from those in the Bay Area. When they go into Pombo's district, for example, they first ally themselves with local Democratic Party clubs.

"We are aware that these two candidates are not running in Berkeley," said Kim Wayne, 68, co-chair of the Progressive East Bay Democrats.

Doolittle and Pombo have characterized the Bay Area activists as carpetbaggers who want to implant liberal ideas in the largely conservative districts.

"Brown has become the ultimate chameleon candidate," Doolittle said on his campaign website. "By day, he pretends to be a conservative. By night, his true colors come out as he raises money and recruits volunteers from the most liberal activists in the Bay Area."

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Pombo has played up the Bay Area liberal invasion theme in his political mailers. Doolittle is expected to make it the theme of his television ads. But the volunteers say they have met with little hostility from potential voters. Political analyst Hoffenblum says the effect of the political activists is still uncertain.

"My guess is that it is probably productive work," said Hoffenblum. "When someone comes to their door for a candidate, voters seldom ask 'Where do you live in California?' "

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3 Southland Congressional Seats Safe, Despite Ethics Issues (LAT)

By Christian Berthelsen, Times Staff Writer

The Los Angeles Times, October 14, 2006

The GOP lawmakers are expected to win despite questions.

Ethics scandals around the nation have rendered Republican members of Congress vulnerable and buoyed Democrats hoping to unseat them.

Except in Southern California.

Democrats need to pick up 15 seats to regain control of Congress, a prospect that political watchers say is realistic for the first time this decade.

But three Southern California Republicans with legal and ethical troubles of their own — including being named among the "most corrupt members of Congress" by the public interest group Citizens for Responsibility and Ethics in Washington — are expected to coast to reelection in November.

The public-interest group is the same one that provided the FBI with e-mails it obtained of Rep. Mark Foley's correspondence with congressional pages.

Rep. Jerry Lewis (R-Redlands) is accused of earmarking hundreds of millions of taxpayer dollars for the clients of a lobbyist and close friend.

Rep. Gary Miller (R-Diamond Bar) is accused of using his position in Congress to help a business partner and campaign contributor gain access to a prime piece of public land and of sheltering millions of dollars in real estate investment gains from taxes.

Rep. Ken Calvert (R-Corona) is accused of earmarking millions of taxpayer dollars for transportation improvements near real estate developments in which he has a financial interest.

"They're not in competitive races; it's as simple as that," said Stuart Rothenberg, editor of the nonpartisan Rothenberg Political Report. "There's no buzz around town about any of them."

Though Northern California has a pair of competitive races, most of the action will again be far from the nation's most populous state — Ohio, Pennsylvania and the northeast, most notably. Because California has some of the most heavily gerrymandered electoral districts in the country, members hold almost insurmountable voter registration advantages of 15 to 20 percentage points.

"That these congressmen face no serious challenge despite the questions about their ethics highlights the problems with gerrymandered districts," said Ned Wigglesworth, a policy advocate for California Common Cause, which has unsuccessfully pushed to reform how districts are drawn in California. "Gerrymandered districts drain competition out of the electoral system and undermine the accountability which is necessary for a functioning, healthy democracy."

Even Lewis, who faces the most potential legal trouble as the target of an investigation by federal prosecutors, is on safe ground.

He is facing off against Louie Contreras, a candidate with no previous political experience who has raised less than $5,000. By contrast, Lewis, a 28-year House veteran who holds one of the most powerful positions in government as chairman of the Appropriations Committee, had $1.4 million in the bank as of June. Not that he is using it to run much of a race. Lewis has not opened a campaign office or even hired a campaign manager.

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Calvert is being challenged by Louis Vandenberg, a University of California administrator and Iraq war opponent who has run against him twice before. Campaign finance reports as of June showed his campaign had a little more than $2,500 in cash, compared with more than $260,000 for Calvert.

Miller isn't even facing a challenger.

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Fla. Dems Attack Election Day Notices (AP-Y)

By Brian Skoloff, Associated Press Writer

AP, October 14, 2006

Florida Democrats asked a state court Friday to block Election Day notices at polling places that would inform voters in Rep. Mark Foley's district that his GOP replacement on the ballot will receive his votes.

Foley had been a shoo-in for re-election before he resigned from Congress on Sept. 29 after being confronted with sexually explicit instant messages he wrote to male Congressional pages.

Foley's name is still on the ballot, though, and election supervisors want voters to know that votes for Foley will be given to state Rep. Joe Negron instead.

Democrats say that would be electioneering, which is illegal under state law.

"We think the issue is very simple. What they propose to do is electioneering, and the law says electioneering is not allowed within 100 feet of a polling place. Simple as that," said Democratic Party spokesman Mark Bubriski.

Jenny Nash, a spokeswoman for the Florida secretary of state, said electioneering includes any notice or advertisement that informs voters about a specific candidate but does not necessarily ask voters to cast their ballots for that candidate.

She called the Democratic Party's motion for an emergency injunction "a reach." Democrats filed the motion in state court in Tallahassee.

The notices also would let voters know that a vote for Tim Mahoney, Negron's Democratic challenger, will count for Mahoney and a vote for unaffiliated Emmie Ross will count for Ross.

"There is plenty of support in Florida election code for both the department and the supervisors to educate voters and to provide them with necessary information," Nash said. "We feel it's a commonsense approach that in order to avoid confusion at the polls, voters should be educated to any last-minute changes to the ballot."

Negron called the Democrats' request "a desperate attempt to try to confuse voters."

"I can't imagine why anyone would oppose voters knowing how their votes will count," he said. "But you know what, voters are a lot smarter than the experts give them credit for."

Registered Republicans in the district outnumber Democrats 202,500 to 170,369, according to the latest state figures. Foley had been seeking his seventh term in Congress.

GOP's Sure Bets In Florida Now Appear In Question (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, October 14, 2006

PUNTA GORDA, Fla. — In this conservative sanctuary in Florida's 16th Congressional District, the matrons of the Peace River Federated Republican Women's Forum gathered to hear why they should cast their votes for disgraced former Rep. Mark Foley.

"A vote for Mark Foley is a vote to elect Joe Negron," explained Negron, who took over the GOP spot on the ballot when Foley resigned after explicit messages he sent to teenage male pages were made public.

The Nov. 7 ballot had already been approved and some absentee forms mailed out when Foley resigned. Florida law forbids variation in the voting materials within any district, so Foley's name had to stay.

"People are saying you can't push the button next to Mark Foley's name. But I know that you're smarter than that," Negron said.

The 45-year-old attorney's assurances that the party can hang on to the congressional seat were comforting to a staunchly Republican crowd still reeling from the scandal that put its district up for grabs for the first time in a quarter-century.

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But even here in Charlotte County on Florida's west coast, where voter turnout is regularly above 70% and heavily GOP, there are fears that the Foley scandal could discourage Republicans from going to the polls.

With President Bush's slumping approval ratings, dissatisfaction with the Iraq war and the failure of the Republican-dominated Congress to tackle issues like Social Security and immigration, GOP candidates in several once-certain Florida races now appear to be in trouble.

A new squabble over the unchangeable ballot arose Friday, when the Florida Democratic Party filed a court motion to prevent "illegal electioneering" at polling places — which is how it sees district election officials' plan to post notices telling voters that they should mark their ballots for Foley if they want to vote for Negron.

"Plain and simple, posting candidates' names is considered electioneering, and electioneering within 100 feet of a polling place is illegal," said Karen Thurman, state Democratic party chairwoman. "It's not the state's job to inform voters about the Republican candidate."

Negron retorted that the appeal for an injunction was Democratic challenger Tim Mahoney's admission of weakness. "He knows that the only way he can win this race is to run against Mark Foley," Negron said.

Before Foley resigned, Republicans held 18 of Florida's 25 U.S. House seats. Political analysts believe five of those are within Democratic reach — potential pickups that could help break the Republicans' control of Congress.

"This is about a lot more than one errant person, and voters know that," Florida Democratic Party spokesman Mark Bubriski said of the bounce in support for Democrats.

Just north of here, in the 13th District put into play by U.S. Rep. Katherine Harris when she decided to challenge Democratic Sen. Bill Nelson, Democrat Christine Jennings leads Republican Vern Buchanan by 12 percentage points, according to a recent poll, despite the wealthy Buchanan's $3 million contribution from his own pocket.

Democratic State Sen. Ron Klein has been running neck-and-neck with Republican U.S. Rep. E. Clay Shaw Jr. for his 22nd District post. Brian Smoot, Klein's campaign manager, said he had no fresh polling data, but noted that the buzz on the stump trail along the Gold Coast of Palm Beach and Broward counties was lifting spirits.

"Certainly the man on the street, or the voter on the street, has been talking about the Foley scandal and disapproval of the handling of the war in Iraq," Smoot said, reporting a rise in campaign event turnout. The Republican leadership's failure to confront Foley before the revelations that forced his resignation "has crystallized in people's minds that this is not just a do-nothing Congress but a Congress afflicted with various scandals and more interested in political games than addressing important issues."

Democrat Phyllis Busansky's bid for the 9th District has gained strength in the last two weeks, say campaign workers, who are awaiting new poll results. The former local government leader is facing Gus Bilirakis, son of retiring U.S. Rep. Michael Bilirakis. "Anecdotally, the phones are ringing off the hook," says her campaign manager, Robert Becker.

Gus Bilirakis was quoted as telling reporters in Washington that his campaign wouldn't have a comment on the leadership's handling of the Foley affair "until after we win," a remark that voters found callous and evasive, and that had his handlers scrambling to contain the damage.

In the Orlando area's 8th District, Republican incumbent Ric Keller has been getting a spirited challenge from Democrat Charlie Stuart, although nonpartisan forecasts such as the Cook Political Report continue to rate that seat as likely Republican.

In staunch Republican territory, voters express revulsion and a sense of betrayal about Foley's behavior. But those still politically active tend to blame the man, not the party.

"The Foley thing is very upsetting to everyone, but I can't actually believe it will interfere" in voters' deliberations, says Diane D'Andrea, president of the Peace River group that brought Negron to speak here. "I don't think people will vote against Joe Negron because of what someone else did."

But negative campaigning in the closely contested races is turning off voters, she added. "You hear a lot of people saying, 'I get all this garbage in the mail, and I don't want to vote for anybody.' "

Negron brushes off the Foley specter and has taken to the stump with gusto, crisscrossing his bizarrely contoured bicoastal district — it stretches from the Gulf of Mexico to the Atlantic Ocean over migrant-tended farmland in the interior of the state —

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with a solidly conservative platform. In his first week on the campaign trail, he addressed business, labor and agricultural groups in each of the eight counties that constitute the district.

"Before Mark Foley's downfall, Tim Mahoney wasn't considered a credible candidate," Negron says of his opponent, insisting he will not let the Democrat "get a free ride."

Three field managers from the Republican National Congressional Committee have come from Washington to direct Negron's 11th-hour bid, and the effort has gotten $1 million in funding from federal party coffers.

Mahoney's campaign did not return phone calls, but a new TV ad released Thursday cast the Democrat as an alternative to a Republican-dominated Congress rife with corruption, incompetence and scandal.

Florida Republican Party spokesman Jeff Sadosky dismisses Democrats' claims to be drawing away disaffected Republicans and independent voters.

"Voters see this for exactly what it is: one guy with a sick problem that needs to get some help," Sadosky said. "They're not holding that against other Republican candidates."

Prominent national party figures, including President Bush, are expected to stump for Negron and other Florida GOP candidates, and Negron has been touting his close ties to Gov. Jeb Bush, who enjoys approval ratings upward of 60% — almost double those of his brother in the White House.

The Democrats also have been sending their biggest political guns south to shore up their hopefuls. Former presidential candidate Sen. John F. Kerry of Massachusetts, Sen. Barack Obama of Illinois and Sen. Hillary Rodham Clinton of New York have all visited Florida in the past two weeks. Former President Clinton also has been raising money for Klein.

Republican voters predict the Foley fallout will subside by election day.

"We've moved past it by now," says 64-year-old Darlene Queener, a retired bank employee who moved here from Wisconsin. "For the first few days, everyone talked about it. But it's something that happened, and it's going to be taken care of and we have to get beyond it because the goal is that the Republican Party keeps that seat."

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Battle Lines Drawn Along Mexico Border (FT)

By Edward Luce

Financial Times, October 14, 2006

Every night between 6,000 and 6,500 foreigners try to cross from Mexico into the US, most of them into the desert state of Arizona. Some two-thirds of them -succeed.

If J.D. Hayworth's crushing handshake is any guide, future illegal aliens can expect much stiffer resistance at the border. The Republican congressman, who represents a large suburb of Phoenix, Arizona's commercial capital, is one of the leading lights of the "enforcement first" Republicans who want to build a 1,120 km fence along the US border with Mexico. They also want to deport as many as possible of the estimated 12m illegal aliens already living in the US.

That puts the former American football player at odds with John McCain, his fellow Republican and a senator from Arizona, who is sponsoring "comprehensive reform" that would set up a temporary guest-worker programme for unskilled immigrants and stiffen policing all along the US-Mexico border.

It also puts Mr Hayworth at loggerheads with Harry Mitchell, his Democratic opponent, who polls say stands at least an odds-even chance at mid-term elections next month of ejecting the Republican from the seat he has held since 1994.

Like Mr McCain, a probable Republican contender for the 2008 presidential race, Mr Mitchell believes in providing existing "illegals" with a pathway to American citizenship once they have cleared their tax arrears. Although it is also sponsored by George W. Bush, Mr Hayworth believes that most of Arizona rejects the plan to prov-ide what he describes as an "amnesty" to illegals.

"If you have a hole in the roof and the water is flooding into your house, the first thing you do is you fix the roof," said Mr Hayworth, at his modest campaign offices off one of Phoenix's many freeways. "Once you've fixed the roof then you attend to the interior water damage."

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With an unemployment rate of just 3.6 per cent – well below the national average – Arizona's interior economic damage is not easy to detect. Fuelled by a booming services sector and America's inexorable demographic shift to the south, Arizona is visibly prosperous. But if you peer behind the shiny new wallpaper you can find damp on the walls, say supporters of Mr Hayworth.

"If you look at what has happened to the wages of people in the bottom half of the economy – particularly among African-Americans – then illegal labour has a direct downward effect on incomes," said Randall Pullen, an attorney who also runs Protect Our City, a group that campaigns to deport illegal aliens from Phoenix. "Then there is the crime. Statistics show that 13 per cent of illegals who come to America have a criminal record, often for very serious crimes such as rape and murder."

But their loudest argument is that America's porous southern border undermines national security. Mr Hayworth cites recent testimony by Robert Mueller, the head of the Federal Bureau of Investigation, who said that some of those caught crossing over were from Muslim countries. "There is a popular belief they are all from Mexico: not true," said Mr Hayworth. "Many of them are from Islamo-fascist countries that wish to do us harm."

Across town, at another oasis of strip malls amid Phoenix's endless desert of eight-lane freeways, Harry Mitchell is addressing a gathering of postal workers. Although the quaintly named National Association of Letter Carriers has endorsed the Democrat, one or two are sceptical of comprehensive reform. "Why aren't you proposing to penalise employers who hire illegal immigrants?" asks one. Mr Mitchell prevaricates. Then says that he is.

A grandfather who has held locally elected positions for the past 32 years, Mr Mitchell's almost teddy-bear demeanour cuts a striking contrast with his opponent. But his message is equally consistent.

"Why is my opponent only talking about immigration now in an election year?" he asks. "The Republicans have controlled the House of Representatives since 1994 and they have done nothing. Hayworth is playing politics with immigration to divert your attention from other issues, such as the collapse of ethics in Congress."

It is a charge that has some force. According to Washington's Center for Responsive Politics, Mr Hayworth is one of the largest recipients of donations from clients of Jack Abramoff, a notorious lobbyist imprisoned for fraud this year.

"I am a great believer in public service," Mr Mitchell continues. "We need to change the way business is done in Washington."

Although hardly original, Mr Mitchell's plea appears to be sincere. As does Mr Hayworth's uncompromising line on immigration. "My opponent," says Mr Mitchell, "wants to hire bond bailsmen – call them bounty hunters – to deport illegal immigrants. Is this the kind of America we want?"

The postal workers evidently like Mr Mitchell. But their applause is not emphatic.

Wolf Vs. Feder Becomes Race To Watch (WP)

By Amy Gardner, Washington Post Staff Writer

The Washington Post, October 14, 2006

Northern Virginia's sprawling 10th District, which meanders 70 miles from McLean to the Shenandoah Valley, is nothing if not predictable. For 26 years, voters have sent Republican Frank R. Wolf of Fairfax County to represent them in Congress.

That fact alone gives Wolf, 67, an enormous advantage over his Democratic challenger this year, Judy Feder. His name recognition among voters is vast. And a quarter-century of public service has provided him with a long list of accomplishments to tout, from securing Metro funding and fighting gang violence to calling attention to atrocities in western Sudan.

But 2006 is not a year to assume that history will be a guide. The war in Iraq, high gasoline prices and the House page scandal are pushing voters away from President Bush's party -- even in a district viewed widely as Northern Virginia's most Republican. Add to that the uncertainty of seeking office in a fast-growing region where the political allegiance has shifted toward Democrats in recent elections, and the outlook for Wolf grows less bullish.

Finally, consider the challenger: Though a political newcomer, Feder is a well-funded, well-spoken public policy expert whose aggressive campaign has caused several national political analysts and Web sites to list the 10th District as a race to watch.

"Democrats have had weak candidate after weak candidate against Frank Wolf," said Virginia Commonwealth University professor Robert D. Holsworth. "She is not a weak candidate. She's been more energetic. She's done more things that you

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expect a quality candidate to do, such as raise money, even against a popular incumbent. It's one of those races where it's not as certain as it normally would be."

Feder, 59, is spending most of her time criticizing Bush and Republican leaders in Congress. In cable TV ads and appearances, she has reminded voters how often Wolf has voted with Bush -- for the war, for tax breaks for oil companies, for a Medicare drug program that some seniors have found confusing and expensive. A vote for Wolf, Feder says, is a vote for staying the course.

"We need change in Washington more urgently than any time I can remember in my lifetime," Feder told the Great Falls Civic Association this week.

Feder, who is on leave from her job as dean of Georgetown University's Public Policy Institute, is a tiny woman with funky glasses and short-cropped hair. She was a leading architect of President Clinton's universal health plan, which failed. At the Great Falls forum, she seized the microphone with no hesitation and looked Wolf straight in the eye as she declared the need for new leadership in Congress.

Among the changes Feder would push for are a slow withdrawal from Iraq and the removal of Defense Secretary Donald H. Rumsfeld, more government investment in alternative energy sources and new spending patterns for federal transportation dollars to discourage sprawl and reward smarter growth.

On traffic and sprawl, Feder is following the successful campaign strategies of recently elected Democrats, including Va. Gov. Timothy M. Kaine, who have prevailed in such congestion-choked communities as Loudoun and Fairfax counties with a promise to improve roads and encourage better growth patterns.

But she is also venturing into a policy area largely controlled by local governments. Wolf supporters scoffed at a town hall meeting hosted by Feder to discuss a land-use decision in Loudoun County last month, accusing her of trying to capitalize on a polarizing issue that has nothing to do with Congress.

Wolf also cried foul when Feder accused the 13-term congressman of failing to rescue a plan to build a tunnel instead of elevated tracks through Tysons Corner as part of the rail extension to Dulles International Airport.

Wolf said he did not oppose the tunnel. But he was instrumental in persuading Kaine to kill it last month because the added cost of the tunnel could have put the project at risk of failing to meet federal "cost effectiveness" guidelines, jeopardizing hundreds of millions in federal dollars.

"If that had happened, the whole thing would have gone away," Wolf said. "We need rail. Without rail, there is no hope."

Wolf said he is not always partisan on Capitol Hill and not in lock step with Bush. He has pushed for the bipartisan commission that is studying the administration's policies in Iraq.

"There was a failure," he said. The Iraq Study Group, he added, "will get to the bottom of this and come up with new ideas."

Wolf is a friend of such anti-sprawl groups as the Piedmont Environmental Council. Like Feder, he opposes a proposal by Dominion Virginia Power, which could need federal approval, to erect a new power line through pristine countryside in six 10th District counties, including Loudoun and Prince William.

Wolf, who lives in Vienna, also has used his authority as chairman of a House Appropriations subcommittee to encourage telecommuting for employees of the departments of Justice, Commerce and State. He demanded an investigation into possible price gouging by oil companies in the wake of Hurricane Katrina, and he has voted to increase federal investment in alternative energy sources.

One of Wolf's passions has been calling attention to human rights abuses worldwide. He has traveled abroad dozens of times, to such strife-torn regions as Tibet, Congo, Sierra Leone, Rwanda, Ethiopia, Afghanistan, Iraq and Sudan. Usually mild-mannered, Wolf's slight stoop and white hair lend him a grandfatherly air (he has 12 grandchildren). But he becomes animated, pounding the table as he speaks of suffering abroad.

"I have met people, held people, women who have been raped," Wolf said, his voice trailing off. "I have one person in my office who does nothing but human rights and religious freedom" issues.

Wolf's amiable disposition, longevity and views on such issues as transit and preservation have made him popular across a broad swath of the 10th District's electorate -- including left-leaning conservationists who might otherwise oppose an ally of Bush this year.

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Cate Magennis Wyatt is such a voter. A resident of the Loudoun County village of Waterford and a former secretary of commerce and trade for Democratic governor L. Douglas Wilder, Wyatt now leads an effort to establish a National Heritage Area along a 175-mile corridor from Gettysburg to Monticello. In Congress, Wolf is the lead supporter of the project, Called the Journey Through Hallowed Ground.

"Mr. Wolf is listening to his constituents," Wyatt said. "Mr. Wolf is really leading the charge on conservation and ensuring our history is here for generations to come."

Such support could protect Wolf against the onslaught of anti-Republican sentiment sweeping the nation. The Web page CQPolitics.com recently reclassified the 10th District race from "safe Republican" to "Republican favored." And, the Democratic Congressional Campaign Committee has called the 10th an "emerging" race.

A recent poll conducted by the independent R.T. Strategies of Alexandria puts Feder just 5 points behind Wolf. The poll's margin of error is plus or minus 3 percentage points.

Feder said, "People all over the nation are desperate for change and accountability in Washington."

But Holsworth, the VCU professor, said, "It still would be a huge surprise if Frank Wolf could be beaten."

Mr. Wolf 'S Diligence (WP)

The Washington Post, October 14, 2006

Our choice in Northern Virginia's 10th District

OVER THE YEARS we have had our disagreements with Rep. Frank R. Wolf , the Republican who has represented Northern Virginia's 10th District since 1981. But those have been outweighed by our respect for his undisputed diligence, candor, active legislative approach and passionate commitment to human rights in some of the world's darkest corners. Those qualities continue to make Mr. Wolf part of a diminishing breed in the House -- of legislators whose independent-mindedness and pragmatic problem-solving outweigh their partisanship. He deserves reelection this year against health-care expert Judy Feder, dean of Georgetown's Public Policy Institute.

In addition to his habitual attentiveness to an array of local issues in Northern Virginia -- congested roads, stressed transit systems and the rising threat of Latino gangs -- Mr. Wolf has made a particular mark in this latest congressional term by his constructive national role. It was chiefly at his prodding that Congress established a bipartisan commission on Iraq, led by former secretary of state James A. Baker III and former representative Lee H. Hamilton, that represents the best hope at this point of forging a national consensus on how to proceed in the war. In addition, Mr. Wolf proposed a big-picture commission to tackle the fiscal and budgetary issues that Congress has so conspicuously failed to address, including entitlement spending on Social Security, Medicaid and Medicare as well as the tax code. The object would be to devise a fiscally sustainable course for the nation and present it to Congress for an up-or-down vote.

Ms. Feder is a smart, credible candidate whose broad experience and deep knowledge of health-care policy have given her a prominent role in that national debate for years; she was a senior official in the Department of Health and Human Services during the Clinton administration. She makes a reasonable case that Mr. Wolf, by some of the party-line votes he has cast, is complicit in assorted policy failures of the Bush administration, particularly its reckless tax cuts.

But if Mr. Wolf has proved anything in 26 years in Congress, it is that he is more than a party-line Republican. His repeated visits to Iraq, Darfur, Afghanistan, Chechnya and other unlovely hot spots reflect his zeal for human rights. For that he has earned respect on both sides of Capitol Hill's partisan divide and a 14th term in Congress.

Democratic Faces That Could Launch Thousands Of Votes (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 14, 2006

With a Parade of Attractive Candidates, the Party May Benefit From the Politics of Beauty

AUBURN, N.Y. -- Maybe Democratic candidate Michael Arcuri is running strong in this Republican House district because he pledges to expand health coverage, balance the budget and raise the minimum wage.

Or maybe it's his piercing Italian eyes and runner's physique.

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"He is pretty good-looking," observed Paula Ferrin with admiration, as the 47-year-old district attorney worked the crowd at a local senior center.

"What we want is brains, honey," scolded her friend Rose Oliver.

"True," Ferrin answered, "but handsome doesn't hurt."

The research is unambiguous that Ferrin is right: Attractive politicians have an edge over not-so-attractive ones. The phenomenon is resonating especially this year. By a combination of luck and design, Democrats seem to be fielding an uncommonly high number of uncommonly good-looking candidates.

The beauty gap between the parties, some on Capitol Hill muse, could even be a factor in who controls Congress after Election Day.

Democratic operatives do not publicly say that they went out of their way this year to recruit candidates with a high hotness quotient. Privately, however, they acknowledge that, as they focused on finding the most dynamic politicians to challenge vulnerable Republicans, it did not escape their notice that some of the most attractive prospects were indeed often quite attractive.

There is a certain logic to the trend. Back in 1994, when Republicans seized power in Congress from Democrats, the GOP had a number of fresh-faced challengers who knocked off incumbents who had grown worse for wear after years of committee hearings and fundraising receptions.

This year, it is the Democrats who have several ripe opportunities to unseat Republicans, some of whom have grown gray and portly during their years in power.

To gain the 15 seats needed to recapture House control, the party is targeting about 40 GOP-leaning districts, including New York's 24th, where veteran Rep. Sherwood L. Boehlert (R) is retiring and where Arcuri is campaigning.

In most of the races, the Democratic challengers look a lot like standard-issue politicians -- not likely to impress the judges at Atlantic City. But there are others who, while they might not have movie-star looks, are certainly well above the C-SPAN median.

The list is decidedly unscientific, but it includes several whose names come up often on Capitol Hill for reasons other than their policy platforms. Among those on it, in addition to Arcuri, are Brad Ellsworth, a swaggering Indiana sheriff; businesswoman Gabrielle Giffords of Arizona, who has chiseled features and rides a motorcycle; and Heath Shuler of North Carolina, a strapping former quarterback for the Washington Redskins. In Tennessee, Rep. Harold E. Ford Jr., a lean and stylish 36-year-old, has drawn admiring looks.

Republican Bob Corker, who is running against Ford, has acknowledged the disparity. "I know I'm not as good-looking," Corker said. He hopes his business experience will compensate.

The crop of eye-pleasing pols has party operatives calculating the politics of beauty. "There's a fine line, and you can't cross it," said Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. Voters don't like men who look like pretty boys or women who resemble bimbos. "If you're too good-looking, people won't take you seriously," Emanuel said.

Carl Forti, spokesman for the National Republican Congressional Committee, agreed that attractive candidates often have an early advantage. But he said voters' decisions in the polling booth are rarely skin-deep, especially in a closely contested race.

"When each side is spending four or five million, people know the records, and it doesn't have the same impact," he said. He noted that Shuler's popularity has declined in recent weeks following reports that his real estate firm was late in paying taxes. "That's gone back to being a close race."

The two candidates here in this Upstate New York district have similar rÃ©sumÃ©s. Both Arcuri and his GOP opponent, state Sen. Raymond A. Meier, are lawyers. The two first crossed paths in 1985 while working on opposite sides of a local election recount. Polls showed they entered the race with roughly even name identification. They have the same Oneida County political base.

Meier's advantage is that the 24th District is home to 45,000 more registered Republicans than Democrats. But Arcuri is a popular prosecutor, the first Democrat elected to the post in 40 years. He's also tall and thin, with dark, gray-flecked hair and sharp features. Meier, who is 53, wears glasses, and his hair is brown and thinning. His look would seem to be perfectly pleasant but nondescript.

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Arcuri's image is plastered all over his campaign materials, from yard signs to the trading cards that are distributed at campaign events. In his official campaign photo, he leans forward with one hand on his hip, looking suave and casual. His Web site shows him finishing a marathon.

His political friends tease him about his fashion-magazine persona, but they acknowledge that it's a valuable asset. "He's a young, good-looking guy," said Charlie Evangelista, Ontario County Democratic Committee chairman. "He's going to connect with people."

Arcuri's theory is that voters have an immediate, visceral reaction to candidates that, if powerful enough, can trump ideology or party affiliation. "How do you get around the status quo? You look for younger, energetic faces," he said. But while people may decide in an instant whether or not they are able to vote for him, he said, "then they have to know you can do the job."

He added, "I spend a lot of time assuring people I can be congressional."

His theory might be correct. An independent poll in the district released last night showed him with a 10-point lead.

Some of the academic research on beauty and voting goes back decades, to the early 1970s. In 1990, political scientist Lee Sigelman, then at the University of Arizona, posited that Democrats were losing ground nationally, despite an advantage in voter registration, because their looks were a turnoff. He rated all governors and members of Congress on an ugliness scale and found that of the 26 least attractive, 25 were Democrats.

The playing field these days is more level. Research has shown that if candidates invest a little effort in their looks, the payoff can be huge. Campaign consultants hover around candidates, ordering them to change their hairstyles, get in shape and update their wardrobes. "The bar has been raised, without question," said Sigelman, now a George Washington University political science professor.

He singled out three Maryland statewide candidates, Republican Senate nominee Michael S. Steele and gubernatorial rivals Robert L. Ehrlich Jr. (R) and Martin O'Malley (D), "as playing the image game really well." Politicians today, said Sigelman, strive for "the personality and looks of talk show hosts." The goal is to be "well turned out."

One candidate who made a high-impact adjustment is Diane Farrell. The Connecticut Democrat used to wear her blond hair pulled back tight, but after a gentle nudge from a campaign aide, she allowed it to hang loose for a more natural, relaxed look.

The looks factor can be maddening for the opposition. One writer on an anti-Shuler blog expressed annoyance at the candidate's wife, "with all her quips about how cute Shuler is. What a way to decide how to vote!!"

Perhaps not surprisingly, research has shown that voters who are easily swayed by social trends tend to favor more attractive candidates. Conversely, people who resist social trends prefer unattractive candidates.

The latest wave of research examines a possible root of political attraction: how closely candidates and voters resemble each other. A Stanford University study this year suggested that little-known candidates can increase their electoral support by as much as 20 percentage points by tweaking visual features on their campaign materials so they look slightly more like a targeted group of voters, for instance Asians or Hispanics.

The less voters know about the candidates, as in races such as the Arcuri-Meier contest with no incumbent, the more looks seem to matter. An examination of a 2001 British local election by a team of Texas Tech University and University of Plymouth researchers found that, in the absence of facts, people who are considered attractive by survey respondents are more likely to win.

The findings were presented to the American Political Science Association's 2003 annual meeting, with the caveat that they "may offend notions of democracy that candidates should compete fairly and on the basis of issues not appearance."

Politicians Try Out MySpace (WSJ)

By Erika Lovley

The Wall Street Journal, October 14, 2006

Candidates Use Social-Networking Sites to Attract Young Voters

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Luther Lowe already planned to vote for Rep. Marion Berry, an Arkansas Democrat running for re-election in November. But after finding the 64-year-old congressman's profile online at MySpace and Facebook, he was impressed enough to send the candidate a $100 donation.

"He has some funny quotes and talks about himself" in the Web postings, says Mr. Lowe, a 24-year-old from Little Rock. "I felt like I could understand him on a personal basis. It played into the decision of me not only voting, but giving money, too."

Politicians across the country are discovering that a presence on social-networking sites such as MySpace isn't just a way of communicating with voters under 30, it is also a means of attracting volunteers and their donations. Howard Dean's 2004 presidential primary run underscored the Internet's untapped potential as a fund-raising tool, and political strategists say these networking sites go further by helping candidates to home in on specific audiences, beyond those who click on campaign Web sites.

Sites such as Facebook and MySpace are increasingly popular Internet destinations for young people: cyber-locales where people create their own Web pages, congregate in large numbers and communicate with friends and strangers -- and sometimes politicians. To see if someone is a registered site member, a user can type the person's name in a search bar.

Chuck Poochigian, a Republican state senator from Fresno who is running for California attorney general, joined MySpace in early August. Within two months, Mr. Poochigian reported that the number of online donations to his campaign jumped more than 50%. "It's been pretty remarkable," he says. "There is little question that the level of enthusiasm among younger voters is higher now than it otherwise would be."

Fresno resident Sevag Tateosian, 25, says it was the endorsements by both public figures and MySpace visitors he found on Mr. Poochigian's MySpace profile that convinced him to become a campaign volunteer. "It definitely pushed me over the edge to support him," says Mr. Tateosian, who helps out as a data-entry volunteer. "I was impressed to find him on MySpace. It tells you that he cares about getting his message out to a younger forum."

With almost 500 site visitors having signed up as "friends" -- many under the age of 30 -- Mr. Poochigian's profile includes a full biography, a list of "Poochigian Trivia," and a rolling slideshow from the campaign trail. In the comment forum, friends of "Pooch," as he is nicknamed, post messages of encouragement.

"I didn't know that much about Poochigian, but this page has me sold. He's got my vote," posted user Yik, a 26-year-old man from Davis, Calif.

"Hey, Chuck. Thanks for the add. I put you on my top friends list so I hope that will help get some votes for you!!!" posted Misty, 30, of Caruthers, Calif.

Successful sites take more than a list of policy positions in a flashy font and a few photos. Only 80 friends have signed up to the MySpace page of Mr. Poochigian's opponent, Oakland Mayor Jerry Brown -- who cut a youthful figure himself when he was California governor a generation ago. Mr. Brown's page carries little campaign information, save for a few campaign-trail pictures and a video commercial that slams Mr. Poochigian's conservative views. Still, Mr. Brown, a Democrat with strong name recognition, is leading in this race. His fund-raising, too, has far outstripped his rival.

In Utah, Democrat Pete Ashdown, who is running for a congressional seat, says his number of young volunteers shot through the roof after his campaign joined MySpace in March 2005.

"It's the holy grail of politics," says Mr. Ashdown. "The amount of volunteerism was absolutely minimal compared to what we are getting now."

Political scientists, too, are paying attention to the online sites as a way to plant civic awareness in the minds of young adults. "Anything that gets young people involved in politics is great," says University of Massachusetts political-science professor Ray La Raja. In teaching undergraduates, Mr. La Raja has struggled to find an approach that inspires students to become politically active. MySpace, he says, could be that venue.

"Research points out that if people get involved in politics early, they tend to become habitual participants," he says. "Even if kids only donate $5 or $10, they will feel an attachment to the campaign."

That sentiment is echoed by Kenneth A. Gross, a political lawyer with Skadden, Arps, Slate, Meagher & Flom in Washington and a former associate general counsel of the Federal Election Commission.

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"I don't see a downside for politicians unless the solicitation is accompanied by some scandalous personal information," he says, adding that getting younger voters involved "is one of the biggest challenges facing the democratic system."

Politicians with profiles that get the most traffic, including U.S. Rep. Ted Strickland, an Ohio Democrat running for governor, know that on MySpace, it is important to do as the under-30 crowd does: make public what is personal -- and don't skimp on the trivial.

Mr. Strickland's profile says he is a Leo with a weakness for Twinkies. A video shows his guitar-playing wife, Frances, serenading him on stage during a campaign dinner.

Since the congressman's online debut in December, he has acquired an impressive 1,440 friends, and online donations are on the rise, according to campaign spokesman Keith Dailey. While not all online donations can be tracked directly to MySpace, Mr. Dailey says the links between MySpace and the campaign-donation page helps.

"We have found a great deal of interest," Mr. Dailey says. "Being on the cutting edge of Internet technologies is increasingly becoming necessary in political campaigning."

In some instances, campaign volunteers such as 24-year-old musician Zachery Allan Starkey of Columbus, Ohio, are using their candidate's page to rally support for upcoming fund-raisers and events. Mr. Starkey uses the Strickland MySpace profile page to promote a concert event, Dance Dance Democracy Party, he's producing for the candidate later this month.

The MySpace profile, he says, made it a lot easier to promote the event. "I was able to get in contact with a lot of politicians and supporters," says Mr. Starkey, who is proud of the planning he put into the show.

"In the end, I want to sit back at night and say, 'At least I did something.' "

Write to Erika Lovley at erika.lovely@wsj.com1

It's Ehrlich Vs. O'Malley, Bouts I And II (WP)

By John Wagner, Washington Post Staff Writer

The Washington Post, October 14, 2006

Candidates To Debate Each Other Twice Today

After accusing one another of ducking debates for weeks, Maryland's leading gubernatorial candidates are preparing for a political rarity today: a doubleheader.

Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley are scheduled to tangle for 60 minutes this afternoon in the studios of WJZ-TV in Baltimore.

Then, five hours later and 12 miles away, the Republican incumbent and Democratic challenger plan to meet again, this time at the Maryland Public Television station in Owings Mills for another hour-long showdown.

"I can't remember this ever happening before in any race," said Mike Morrill, a longtime Democratic operative in Maryland. "Even candidates who debate a lot don't debate twice on the same day."

The back-to-back televised debates will be the first of this year's campaign for governor -- and likely the last.

For those at home interested in watching, pay close attention: The second debate will actually air first.

Tonight's encounter is set to be shown live at 7 p.m. statewide on public television and in Baltimore on WBAL-TV, the city's NBC affiliate, where NASCAR fans expecting coverage of the Nextel Cup will be in for a surprise.

The earlier contest is being taped and won't air until 7 p.m. Monday, on both statewide public television and WJZ, Baltimore's CBS affiliate.

So just how did this happen?

Both campaigns point to the other -- and a deadline put forward by Ehrlich.

Ehrlich aides said the governor welcomed the prospect of several debates with O'Malley but made clear early on that he wanted to be done by mid-October. With Ehrlich's deadline looming, aides said, the O'Malley camp dragged its feet on scheduling.

Ehrlich spokeswoman Shareese DeLeaver said it was "a desperate attempt to run out the clock for risk of exposing a record of failed leadership."

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O'Malley aides, however, said Ehrlich's team has been the difficult party -- and that the mayor remains willing to debate right up until Election Day.

"This is what happens when lines are drawn in the sand, when there are self-imposed deadlines and your opposing campaign refuses to negotiate in good faith," said O'Malley spokesman Rick Abbruzzese. "That said, the mayor is looking forward to participating in both debates and sharing his positive vision for the state with the people of Maryland."

Viewers should expect to hear plenty about education, crime, health care and other key topics in both settings.

The terms of the WJZ debate were mostly settled earlier in the week. But only in recent days did the live debate on public television start coming together.

And last night, the two sides were still scrambling to reach an agreement over who would be on the panel of questioners.

Ehrlich objected to the three-member panel that included a reporter from the Baltimore Sun, a paper with whom the governor has had a rocky relationship. Ehrlich aides said the reporter had been added to the panel without their blessing.

A scramble for a replacement ensued. In the end, both sides wound up agreeing to a two-member panel.

"There were also some issues about standing up and sitting down," said Steven J. Schupak, vice president for programming at Maryland Public Television. Schupak coordinated the debate negotiations.

Some analysts suggested the bitter debate over debates reflected the overall tone of the race.

"You have a campaign with two very competitive people as candidates, and I think that seeped into this process," said Carol Hirschburg, a GOP political consultant in Maryland. "It's really kind of a game: who can get the upper hand, who can gain some sort of advantage, a psychological advantage, catching the other candidate off guard?"

Engaging in two debates in one day, analysts said, will force some novel strategic considerations by the two campaigns.

Do they, for example, save some of their better lines for the nightcap? And, in this age of image, do they change clothes between the two contests?

"Given they're going to air on different days, the one tip I would offer is to at least change your tie, and, if you have the opportunity, put on a different suit," Morrill said.

Is Chivalry Shivved? (NYT)

By Maureen Dowd

The New York Times, October 14, 2006

Washington

Hillary Clinton became a senator because men abused her. Her husband humiliated her in public and her opponent, Rick Lazio, hounded her in a debate. She was a sympathetic figure to many voters only after she went from pushy to pushed around.

So John McCain must be wary as he figures out how to push her around. He must slide in the shiv chivalrously.

This week, he managed to attack her three ways in one sentence: as a senator, as a wife and as a future opponent. This raises the question: Is it a smart move, pleasing a base that cringes at stories of these celebrity senators palling around, knocking back drinks on an overseas trip? Or is it a misstep, making Mr. McCain look like a sexist bully for pointedly blaming his fellow senator for her husband's old policies — and calling her "Mrs. Clinton" just to rub it in?

On a trip to Detroit to campaign for a Republican Senate candidate, Mr. McCain singled out Hillary for a shellacking on North Korea. "I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure," he said.

The next morning on CBS's "The Early Show," he was asked why he would blame the Clintons for North Korea's batty behavior.

It's clear, after all, that the North Koreans are acting immaturely in response to W. acting immaturely. They want attention because the Bush administration inexplicably refuses to talk to them. And they know, in the pre-emptive world ordained by nutty Dick Cheney, that the best way to protect themselves from the fate of Saddam Hussein is to actually go nuclear, rather than merely fantasizing and boasting about it.

But the Republicans love to blame Bill Clinton for everything, from the radioactive Congressional page explosion to the radioactive North Korean explosion.

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Mr. McCain told Hannah Storm that he "was responding to attacks made on President Bush by Mrs. Clinton, Senator Kerry, Senator Reid and other Democrats." Hillary advisers noted that she was called "Mrs." while the others were called "Senator."

Just as the male Republican front-runner, known for a short fuse, must be careful how he attacks the female Democratic front-runner, the former first lady must be careful how she attacks the war hero.

If she doesn't respond forcefully, she's not fit for the alpha chair in the Oval; if she responds too forcefully, the Republicans will try to paint her as an angry harridan who would nag us to death, or go all hypersensitive on us.

"It hurts her when she gets in a defensive crouch on her husband's record," a McCain adviser said.

Clearly, the missus does not think so. Billary has their 2008 war room running and finger-wagging. Just as they teamed up recently to punch back when Condi and Bush boosters accused Bill of being lax with Al Qaeda before 9/11, Hillary swiftly rebutted the charge that Bill was lax with North Korea, calling it "ridiculous."

Privately, Hillary's camp was not overly upset by the McCain swipe because it suspected he was doing the bidding of the White House and that he ended up, as one adviser put it, "looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crew mates." Besides, Senator Clinton does like to cruise on her husband's coattails and remind Americans that the economy was exploding and the world wasn't.

Hillary's people think she's better off tying herself to les bon-temps-roulez Bill years than Mr. McCain is tying himself to the war-without-end W. years. "It's bad enough that he strapped himself to a broken Acme rocket on Iraq and the economy, now he's strapping himself on North Korea," said one. "People were enamored of his independence, but now he just seems like Bush's windup toy, the obedient corporal."

Linking to W. may become even more problematic if Republicans lose the House next month, and Democrats begin a lollapalooza of investigations into W.'s economic policies, Katrina management methods, Iraq military plan and Iraq reconstruction record.

But Hillary and her first lad have their work cut out for them in trying to take out a popular war hero, according to Mark Halperin and John Harris, authors of "The Way to Win: Taking the White House in 2008."

"Our sense right now," Mr. Halperin says, "is that McCain would beat any Democrat including Hillary Clinton, and Clinton would beat any Republican except for McCain."

U.S. Hits Obstacle In Getting A Vote On North Korea (NYT)

By Warren Hoge

The New York Times, October 14, 2006

UNITED NATIONS, Oct. 13 — The United States pressed for a Saturday vote on a Security Council resolution that would impose sanctions on North Korea for its reported nuclear test, but questions from China and Russia on Friday evening cast the timing and possibly the content of the document into doubt.

The terms of the resolution had already been softened three times this week to meet objections from China and Russia, and earlier Friday there appeared to be agreement on holding a vote Saturday morning.

John R. Bolton, the American ambassador to the United Nations, said the new problems appeared "technical" rather than "substantial," but said they would require another conference of Japan and the five permanent Council members, Britain, China, France, Russia and the United States, Saturday before the full 15-member panel met later in the day.

While the wording of the resolution was still being worked out, American intelligence officials said on Friday evening that they had found radioactive material in air samples taken over the region, providing more evidence that North Korea did indeed detonate a nuclear bomb. [Page A7.]

The new draft resolution dropped or softened several provisions to placate China and Russia. It eliminated explicit mention of military enforcement of the sanctions; placed more limits on the kinds of cargo that could be inspected going in and out of North Korea; and dropped a blanket embargo on conventional weapons.

Mr. Bolton indicated that one area of dispute remained the methods and legalities of how to inspect cargo. The new draft resolution limits the weapons ban to large-size arms, military systems and unconventional weapons.

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The measure, drafted by the United States, still requires all countries to prevent the sale or transfer of material related to North Korea's nuclear, ballistic missile and unconventional weapons programs, and maintains a ban on travel by persons associated with those programs.

It also bars North Korea from exporting such weapons, a provision aimed at the international concern over the possibility of unconventional arms from North Korea ending up with terrorist groups or rogue states.

Kenzo Oshima, the Japanese ambassador to the United Nations and president of the Security Council, announced the Council would gather at noon, but could not say whether there would be a vote.

"An overwhelming majority of the Council members want to vote as soon as possible," Mr. Bolton said. "They still think it is important to send a swift and strong signal, and I'm confident we're going to be able to do that."

Wang Guangya, the Chinese ambassador, said, "It all depends on the final text, because we are not at the final text yet."

The United States and Japan, the driving forces behind the resolution, had earlier thought they had surmounted the Chinese and Russian objections to the resolution when they submitted a revision Thursday night that softened some of the earlier provisions.

Mr. Bolton said the United States was "very satisfied" with the document as it stood Friday morning and was prepared to vote for it immediately.

But Mr. Wang, while asserting his country was happy with the progress that had been made, said his country was still studying the text before officially pronouncing on it. "With progress we are always satisfied, but if we work harder, we might make more progress," he said.

Vitaly I. Churkin, the Russian ambassador, said, "I think we are on the right track, but we are not there yet."

In Washington, officials, apparently confident of the imminent passage of the measure, announced that Secretary of State Condoleezza Rice would travel to Asia next week to discuss how to implement the resolution, as well as to discuss other efforts to deter North Korean proliferation of a nuclear bomb or bomb-making materials. Sean McCormack, the State Department spokesman, said Ms. Rice would travel to Tokyo, Seoul and Beijing.

The trip, he said, is "an opportunity for her in the region to reaffirm and talk about the strength of our existing alliances there, and also to have a bit more of a wider conversation with others in the region about the current situation, about the security situation, and also to talk broadly about nonproliferation efforts."

Senior State Department officials portrayed the United Nations momentum toward a resolution as evidence of a united, multilateral front agreeing to punish North Korea.

"So the first issue we need to do is to make clear that the sense of outrage and condemnation by the international community to have a resolution in the Security Council, which will not only be a resolution condemning North Korea, but actually a resolution with some teeth to it," said Christopher Hill, the assistant secretary of state for east Asian and Pacific affairs.

"North Korea needs to understand that this is indeed a very, very costly decision that will leave North Korea far worse off and far more isolated than ever before," said Mr. Hill, speaking at a conference in Washington. "We need to give that message very clearly and make sure that North Korea cannot find any differences in our views. So I think so far, so good."

The resolution condemns the test on Oct. 9 as a "flagrant disregard" of Security Council warnings, orders it not to conduct nuclear or missile tests, and urges the North to return to six-nation talks with South Korea, China, Japan, Russia and the United States.

It freezes funds overseas of people or businesses connected to the unconventional weapons programs and bans the sale of luxury goods to North Korea.

"I think the North Korean population has been losing height and weight over the years," Mr. Bolton said. "Maybe this will be a little diet for Kim Jong-il," he said, referring to the North Korean dictator.

Under the resolution, member states are to report to the Security Council within 30 days on steps they have taken to comply with the its demands.

The resolution still invokes Chapter VII of the United Nations Charter, which makes mandatory economic and diplomatic sanctions. China and Russia customarily resist the Chapter VII provision on the grounds that it sets a pretext for the use of military force, as many countries believe it did in Iraq.

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But in a formulation used in July to obtain a unanimous vote on the resolution condemning the North Korean missile launches, the text added a reference to Article 41 of the chapter, which permits only "means not involving the use of military force."

In another change designed to gain Chinese and Russian support, the resolution now says the inspection process will be "cooperative" with local authorities. Both countries were sensitive to such interdiction being done near their coasts and borders, but Mr. Bolton said that though the inspections covered air, sea and land shipments, he expected most actions would be performed in port.

As for the agreement struck to limit the arms embargo to specific weapons like missiles, tanks, attack helicopters, artillery systems, warships and combat aircraft, Mr. Bolton said, "That would place under embargo the most dangerous, most sophisticated, most lethal weapons, so that's a substantial step forward, and, as I say, we're happy to accept that as a compromise."

Russia, China Resist U.N. Vote On N. Korea (WP)

By Colum Lynch And Glenn Kessler, Washington Post Staff Writers

The Washington Post, October 14, 2006

Concerns Include Possible Seizure of Ships

UNITED NATIONS, Oct. 13 -- The United States and Japan pushed for a Saturday vote on a Security Council resolution that would condemn North Korea's reported nuclear test and impose an embargo on the communist government's trade in weapons of mass destruction, ballistic missiles, most conventional heavy weapons and luxury goods.

But Russia raised new concerns that the resolution fails to adequately define what weapons-related goods would be covered by the embargo. And China, backed by Russia, insisted that the United States include greater assurances that the resolution could not be used to justify the armed seizure of North Korean ships traveling in international waters.

The Security Council's five permanent members -- the United States, Russia, China, Britain and France -- and Japan said they would continue negotiations Saturday morning and convene a meeting of the 15-nation council at noon.

The impasse came several hours after John R. Bolton, the U.S. ambassador to the United Nations, announced that the resolution enjoyed the "unanimous agreement" of the council's key powers. "I'm still ready to go for a vote. We'll just have to see what the instructions are, particularly from Moscow and China," he said Friday evening.

The U.S.-backed draft text urges states to enforce the embargo by inspecting cargo entering or leaving North Korea. It would also ban travel and freeze the bank accounts of North Korean officials linked to the country's most lethal weapons programs.

To secure Chinese and Russian support for the resolution, the United States, Japan and their European allies have already agreed to include explicit assurances that the resolution could not be used as a pretext for military action. They also dropped other strong measures, including a U.S. proposal to give Pyongyang a 30-day deadline to suspend its nuclear activities or face additional penalties. Japan withdrew a series of controversial proposals to ban all North Korean exports and to prohibit North Korean aircraft and vessels from arriving in foreign ports.

But Bolton said that Russia raised concerns late Friday about four new problems with the text. The most important, according to Bolton, involved the "question of how we will define nuclear, biological and chemical and weapon-related materials and ballistic missile components."

China's U.N. ambassador, Wang Guangya, said Friday morning that many of the chief obstacles to an agreement had been cleared but that the council would "bridge a few final points" where some minor differences remained. But Wang told reporters that Chinese officials had discovered other problems in the text.

China's chief concern involves a provision calling for international inspections of North Korean cargo. China expressed concern that some states could invoke the provision to justify the seizure of North Korean ships in international waters, an act that Wang insists would be a violation of international law.

Bolton countered that there are existing international and national laws "that allow the boarding of ships in international waters." He said that those laws provide the authority for the U.S.-sponsored Proliferation Security Initiative, an agreement among

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16 states to coordinate interdiction operations on the high seas. Bolton described the resolution as "a kind of codification" of the Proliferation Security Initiative and said that there is nothing new or different in the current resolution on North Korea.

Bolton also differed with Wang over the importance of a ban on luxury goods, which he said had been crafted to prevent North Korea's rulers, primarily the leader, Kim Jong Il, from spending lavishly on expensive foreign goods. "I think, you know, the North Korean population's been losing average height and weight over the years, and maybe this'll be a little diet for Kim Jong Il."

Wang said that a ban on luxury goods was unnecessary and too vague. "I don't know what luxury good means, because luxury goods can mean many things for different people," Wang told reporters.

U.S. officials believe it is essential to pass the resolution this weekend, before Secretary of State Condoleezza Rice embarks next week on a trip to Japan, South Korea and China. Rice plans to meet with senior officials on implementing the provisions, including restricting North Korea's arms trade, the State Department announced.

"We'll be looking for ways to increase our cooperation with other countries and to make it clear to North Korea that it's going to have to figure out another way to earn its living besides this type of activity," Assistant Secretary of State Christopher R. Hill said yesterday at the National Press Club.

Kessler reported from Washington.

The Search For Pyongyang's Pressure Point (FT)

By Anna Fifield

Financial Times, October 14, 2006

As the countries of the United Nations wrangle over the sanctions to be imposed on North Korea following its nuclear test this week, doubts are being cast on the effectiveness of whatever measures are agreed.

With China and South Korea fearing the collapse of their volatile neighbour, and with a large proportion of North Korea's income coming from illegal trade, even targeted sanctions would have a limited impact. The regime has already survived the death of its founder and a famine that killed up to 10 per cent of its population.

Rüdiger Frank, a North Korean economy specialist at the University of Vienna, said: "I don't think there is any more room for more sanctions from the usual suspects. To be effective, China and South Korea have to join.

"But a nuclear North Korea is even more risky in case of collapse than just a humanitarian catastrophe, so why would they increase the chance of a collapse."

North Korea says its missile launches in July and the nuclear test were "self-defence" in response to US financial sanctions imposed in September last year to curb alleged counterfeiting and money laundering.

Now the US, Europe and Japan are all calling for a tough UN resolution and authorisation for countries to interdict shipments to and from North Korea, both of which China is opposing.

The dispute over the extent of sanctions reflects differences over the purposes of the measure. While the US and perhaps Japan are eyeing regime change, China and South Korea would be happy with a change in behaviour.

Marcus Noland, of Washington's Institute for International Economics, said economic sanctions were seldom effective in changing behaviour.

"If the sanctions were going to have any shot at working they would have to be comprehensive sanctions, as suggested by Japan," he said. "That package was big enough to potentially have an impact and it also had the benefit of simplicity, but they would also imply a significant degree of hardship for ordinary people."

But the suggested targeted sanctions were too weak to be effective and because of their complexity, they almost invited circumvention, Mr Noland said.

"Weak sanctions may be counterproductive because President Bush and President Roh [of South Korea] warn that they will not tolerate a nuclear test but they are not imposing the penalties or incentives to back it up. That might tempt North Korea to push the envelope even further," he said.

Much of the crisis can be traced back to North Korea's dire economic situation. The differences between the North and South Korean economies could not be more stark. The mineral-rich north had always been the industrial heartland and the more fertile South was traditionally the rice bowl.

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Indeed, the South's gross domestic product did not overtake the North's until the early 1970s but now at $700bn (£377bn, €558bn), it is about 40 times larger than that of the North's.

Economic reforms that Pyongyang begrudgingly introduced in 2002, which liberalised prices and wages, have led to some changes in North Korea's decrepit economy and trade has grown exponentially.

The South's Korea Trade Investment Promotion Agency estimates the value of North Korea's legal foreign trade crossed the $3bn mark last year, the highest since the Soviet Union collapsed in 1991, with trade with China comprising more than half of the total.

But it is North Korea's sizeable illegal trade that will further dilute any economic sanctions. Analysts suggest North Korea earns about one-third of its revenues from aid, one-third from conventional exports and the remainder from criminal activities.

Crime is such a fundamental part of North Korea's economy that David Asher, co-ordinator of the US State Department's North Korea working group from 2003 to 2005, calls the country the "Soprano state".

"North Korea is perhaps the only country in the world whose embassies and overseas personnel are ex-pected to contribute income to the 'Party Centre', not rely on central government funds for their operations," said Mr Asher in a speech at the Wilson Centre last November.

Several North Korean diplomats have been caught carrying narcotics through eastern European countries in recent years. In 2004, a North Korean ship carrying $150m worth of heroin was seized in Australia.

Pyongyang has also been producing and distributing counterfeit US dollars, cigarettes and pharmaceuticals, especially the erectile dysfunction drugs Viagra and Cialis.

Counterfeit cigarettes are said to depart regularly from the North Korean ports of Rajin and Nampo for shipment through China and South Korea to the rest of the world, and tobacco companies have identified factories producing counterfeit cigarettes in North Korea.

But the international community is now most concerned about the prospect of North Korea trading missile and weapons of mass destruction technology, a concern that is only likely to be heightened with sanctions.

Jon Wolfsthal, of the Centre for Strategic and International Studies in Washington, said: "North Korea is probably going to want to hold on to their precious weapons technology. But if the US squeezes them, that increases the risk that they might sell weapons to ensure their survival."

Vote On N. Korea Faces Last Hurdles (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 14, 2006

China and Russia have lingering concerns about sanctions sought today at the U.N.

UNITED NATIONS — The Security Council plans to vote today on a resolution imposing sanctions on North Korea for its declared nuclear test after a last-minute session to address Chinese and Russian concerns over how to implement them.

Tests showing radiation in gases near North Korea dispelled most doubts that the nation had exploded a nuclear device, which had arisen after earlier sampling did not detect any nuclear particles in the air, a U.S. government official said.

The resolution calls for a ban on goods related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It also would put an embargo on heavy conventional weapons and luxury goods. A draft introduced late Thursday included a provision, requested by China and Russia, that made clear that the resolution would not allow military enforcement without another resolution.

But China has balked at a measure that would allow the inspection and seizure of suspected nuclear and missile materials going in and out of North Korea, arguing that it could provoke confrontation, interfere with commerce and allow intrusive activity too close to its borders.

The measure is based on the 2003 U.S.-led Proliferation Security Initiative, or PSI, involving a group of 16 core countries that have agreed to take steps to stop the flow of weapons of mass destruction, including boarding ships for aggressive inspections. Russia is a member of the core group, and more than 80 other nations have signed on.

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U.S. Ambassador John R. Bolton, one of the architects of the initiative, said that including such a measure in the North Korea resolution would oblige nations to help with cargo inspections at air and sea ports and border crossings, and that it was consistent with international law. "I see that as a natural evolution," Bolton said.

China, however, said it could not agree to the inspections. "Politically, China will not do it," said the nation's ambassador, Wang Guangya. "I believe that the exercises under PSI will easily lead, whether it is intentional or not, to … escalations of provocations."

Russia called a special session Friday afternoon to discuss objections to the implementation of the sanctions as outlined in the draft.

"We are not there yet," Russian Ambassador Vitaly Churkin said about hopes for the entire Security Council voting in favor of the resolution. "It will be unanimous if and when, when and if, we vote unanimously on this resolution."

The council plans to vote this afternoon after meetings to finalize proposed changes.

"I'm still ready to go for a vote," Bolton said Friday night. "We'll just have to see what instructions are overnight from Russia and China." The two countries, neighbors and major trade partners of North Korea, are considered crucial to the implementation of the tough new sanctions.

U.S. Secretary of State Condoleezza Rice set plans to visit China, South Korea and Japan next week to discuss vigorous enforcement of the proposed sanctions, and to try to show a common front with allies, officials said.

Sean McCormack, the chief State Department spokesman, told reporters that Rice would be talking "about how to actually go about implementing the resolution." Experts have said that the importance of the new resolution will depend largely on how strictly it is enforced.

Rice also plans to talk to leaders more broadly about regional security issues and nonproliferation efforts, McCormack said.

Christopher Hill, U.S. assistant secretary of State for East Asia, said Rice would urge other countries to stringently apply the sanctions.

"A key part of her trip will be to make sure that the resolution, when passed, will really have teeth to it, and will really function properly," Hill said at an event sponsored by Princeton University's Woodrow Wilson School of Public and International Affairs and Foreign Policy magazine. "We need to make sure that we have devised something that works" against North Korea, he said.

Meanwhile, tests of air samples collected near North Korea have confirmed the small-magnitude blast Monday was a nuclear explosion, the U.S. government official said.

Results of initial tests, released early Friday, found no evidence of radioactivity in air particles. But subsequent tests on gases collected by a WC-135 "sniffer plane" were positive for radiation, indicating an atomic explosion, the U.S. official said.

The samples were tested at the Air Force Technical Applications Center at Patrick Air Force Base in Florida.

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Times staff writers Greg Miller, Julian E. Barnes, James Gerstenzang and Paul Richter in Washington contributed to this report.

U.S. Finding Indicates Nuclear Test (WT)

By Bill Gertz And Betsy Pisik, The Washington Times

The Washington Times, October 14, 2006

U.S. intelligence agencies have detected radioactive particles in air samples collected near North Korea's nuclear testing facility, leading analysts to conclude that the blast detected Monday was a nuclear explosion, Bush administration officials said last night.

Meanwhile, at U.N. headquarters in New York, the United States, China and Russia agreed yesterday on sanctions against North Korea for its claimed nuclear test, with Washington backing away from its tough demands of inspections at sea to assuage fears by Beijing and Moscow of a U.S. naval buildup in East Asia.

Diplomats said they expected a vote by the 15-nation U.N. Security Council as early as today.

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Washington agreed to accept language ruling out a military response to win backing from China and Russia, which have vetoes in the council.

But differences remained over how far the United Nations could go in authorizing searches of North Korean ships.

John R. Bolton, the U.S. ambassador at the United Nations who had pressed for a "swift and strong" response to Monday's reported nuclear test, said he was pleased with the latest draft.

"I hope that we will have a vote -- expect to have a vote by the 14th of October, five days [after the test]," Mr. Bolton said. "So that is, I think, a sign of the determination of the council in the face of this threat to move quickly."

The detected radioactive particles were picked up by sensors aboard aircraft flying off the coast of North Korea around the time the Oct. 9 blast was detected by seismic sensors northwest of the town of Kilchu.

Processing of the data collected by the WC-135 aircraft, called "sniffers" because of the chemical sensors that can detect particles of radioactive material, has been under way for the past five days.

Analysis of data by a laboratory in Florida is the first indication that nuclear particles were found after the test.

The finding of such particles is significant because it supports other evidence by U.S. intelligence agencies of a test and will likely lead to a more definitive conclusion that the explosion produced a nuclear yield.

One senior intelligence official said the sensor data indicating nuclear particles supports the main theory of intelligence analysts that the underground test was a plutonium device that did not fully detonate.

The blast detected by sensors created a shock wave equivalent to a magnitude 4.2 earthquake and nuclear specialists estimated that the blast was 0.2 kilotons, or the equivalent of 200 tons of TNT.

That size is far smaller than the 4 kilotons that North Korean officials told China prior to the test would be the size of the demonstration shot.

A defense official said it is almost impossible for an underground nuclear test not to produce some venting of radioactive particles because the particles escape through the ground or through the opening of the tunnel.

The U.N. draft document to impose sanctions on North Korea expresses "profound concern that the test claimed by [North Korea] had generated increased tension in the region and beyond, and [determined] therefore that there is a clear threat to international peace and security."

There were conflicting reports yesterday whether radiation had been detected at the test site. But the relatively small size of the explosion indicated that the blast had failed to set off a nuclear chain reaction.

Secretary of State Condoleezza Rice prepared to head to China, Japan and South Korea early next week to discuss steps to implement the U.N. resolution.

The latest draft:

•Prohibits the transfer of material or technology to Pyongyang that can be used in nuclear, ballistic missile or other weapons of mass destruction-related programs.

•Prohibits sales or transfers of heavy conventional weapons such as tanks, warships and combat aircraft to North Korea.

•States that the resolution does not authorize the use of military force against North Korea.

•Allows travel bans on people involved in North Korean weapons programs and their families.

•Demands Pyongyang immediately return without condition to the six-nation talks about energy and security concerns, and rejoin international nonproliferation agreements.

•Bans sales of luxury goods, such as cognac and gourmet food, to the North.

"The North Korean population's been losing average height and weight over the years, and maybe this will be a little diet for Kim Jong-il," Mr. Bolton said.

He was referring to the North Korean leader, who is said to import vast quantities of lobster, caviar, fine wines and expensive cuts of sushi for himself, his family and close associates.

The sanctions were carefully tailored not to impose additional hardship on North Korea's impoverished population, most of whom are dependent on rations from international donors.

The document also emphasizes regional cooperation, in part to satisfy Chinese fears of a greater U.S. military presence in the region.

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North Korea is likely to take a higher profile at the United Nations, now that it claims to have conducted a nuclear test and is threatening additional testing.

South Korean Foreign Minister Ban Ki-moon, unanimously selected yesterday by the U.N. General Assembly to be the next secretary-general of the world body, has pledged to work for peace and stability in Asia.

Mr. Ban told reporters yesterday evening that he would stress improved communications between nations and North Korea.

"Diplomacy is very important," he said. "Even during military conflicts there needs to be room for dialogue. I have always been saying that we need to take a two-pronged approach. Sometimes we take a stern and strong position, but there is room for dialogue, it is absolutely necessary."

One of the resolution's most ambitious planks is to create an international inspection regime that could, in theory, allow authorities to board ships, planes and trucks going into or out of North Korea.

North Korean neighbors Russia and China sought last-minute changes in the inspection regime, fearing that it would increase the presence of U.S. warships in the region.

The five veto-wielding council members -- the United States, Britain, China, France and Russia -- met late yesterday with Japan, which holds the council presidency this month.

Wang Guangya, China's U.N. ambassador, said negotiations would continue today.

The inspection proposal is modeled on the 2003 Proliferation Security Initiative (PSI).

The United States and 65 other nations have voluntarily agreed to inspections under the PSI, in which members agree to share intelligence and resources to contain weapons of mass destruction. North Korea is not a member.

The U.S. and Bahrain yesterday announced they would practice interdicting nuclear material and equipment at sea on Oct. 31, in the Persian Gulf, off the coast of Iran.

Kuwait, France and Britain are also expected to participate.

U.S., Japan Seek N. Korea Sanctions Vote (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 14, 2006

The U.S. and Japan said they want a vote Saturday by the U.N. Security Council on a resolution imposing punishing sanctions on North Korea for its claimed nuclear test and demanding the elimination of all its nuclear weapons. But last-minute changes sought by Russia and China could delay a vote.

The five permanent council members — the U.S., Russia, China, Britain and France — and Japan were to meet Saturday morning before the full 15-member council convenes to discuss the changes.

"I'm still ready to go for a vote, and we'll just have to see what the instructions are overnight, in particular from Moscow and China," U.S. Ambassador John Bolton said late Friday, adding the changes were essentially technical in nature.

He said a vote could still be possible on Saturday.

In an effort by the U.S. and its allies to compromise, the latest draft expressly rules out military action against North Korea, a demand by the Russians and Chinese. The Americans also eliminated a complete ban on the sale of conventional weapons; instead, the draft limits the embargo to major hardware such as tanks, warships, combat aircraft and missiles.

But the resolution would still ban the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles, and would authorize all countries to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking.

The accord came as U.S. officials said Friday that an air sampling taken after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion. However, the Bush administration and congressional officials said no final determination had been made about the nature of last weekend's mystery-shrouded blast.

The officials spoke on condition of anonymity because of the sensitive nature of the information.

Results from another test disclosed Friday — an initial air sampling on Tuesday — showed no evidence of radioactive particles that would be expected from a successful nuclear detonation, a U.S. government intelligence official said.

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Meanwhile, North Korean ships loaded their final cargo of secondhand bicycles and household appliances in the Japanese port city of Sakaiminato after Japanese Prime Minister Shinzo Abe's Cabinet agreed to ban trade with the communist state. The unilateral Japanese sanctions also include a six-month ban on travel to Japan by all North Korean government officials.

The U.S. and other nations trying to persuade the North to give up its atomic program continued a flurry of high-level diplomatic visits. Secretary of State Condoleezza Rice planned a trip next week to Asia; Russia sent an envoy to Pyongyang; and the presidents of China and South Korea — the North's main sources of trade and aid — met in Beijing to discuss the proposed resolution.

Bolton said earlier Friday that the council's agreement just five days after North Korea's announcement it had detonated a nuclear device was "a sign of the determination of the council in the face of this threat to move quickly."

The U.S.-sponsored draft would declare that Monday's test claimed by North Korea had increased tension in northeast Asia, creating "a clear threat to international peace and security." It would condemn the claimed test in "flagrant disregard" of the council's appeal not to detonate a nuclear device, demand that North Korea not conduct any further test or launch any more ballistic missiles, and authorize a range of economic and diplomatic sanctions.

The draft would also freeze the financial assets of — and impose a travel ban on — individuals and entities with any connection to North Korea's weapons or missile programs. It would also ban countries from selling luxury goods to North Korea.

Asked why, Bolton said, "I think the North Korean population has been losing average height and weight over the years and maybe this will be a little diet for Kim Jong Il," North Korea's leader.

Chinese Ambassador Wang Guangya, asked earlier whether Beijing was prepared to go along with the ban, said: "I don't know what luxury goods means, because luxury goods can mean many things for different people ... if they don't have it."

The latest draft resolution still invokes Chapter 7 of the U.N. Charter, which the U.S. views as a necessary enforcement tool because it makes economic and diplomatic sanctions mandatory.

China and Russia normally object to the Chapter 7 provision because it carries the possibility of military enforcement. The Bush administration used the same provision to justify its invasion of Iraq, and Moscow and Beijing worry the U.S. might do the same eventually with North Korea — even though President Bush has said the U.S. has no plans to attack.

But in a compromise also used in July to reach a unanimous vote on a resolution condemning North Korean missile launches, the text added mention of Article 41 of the chapter, which permits only "means not involving the use of military force."

In another key change to gain Chinese and Russian support, the resolution now says the inspection process — which covers shipments by land, air and sea — will be "cooperative" with local authorities. Both China and Russia share borders with North Korea and are uncomfortable with the possibility of the U.S. inderdicting ships near their coasts. At any rate, Bolton said he expected most actions would be performed at ports.

South Korea's Foreign Minister Ban Ki-moon, who has been a key figure in dealings with North Korea, told reporters soon after the General Assembly voted by acclamation to appoint him the next U.N. secretary-general that he hopes the Security Council will be able to adopt the resolution Saturday and send "a very strong and clear message" to Pyongyang.

The resolution would rely on all countries to implement the sanctions, but it would create a sanctions committee comprising all 15 Security Council nations to monitor implementation and report any violations to the council for possible further action.

Rice's trip to China, South Korea and Japan is the next step in the U.S. diplomatic offensive at the United Nations and with Pyongyang's neighbors. State Department spokesman Sean McCormack said "she's going to be talking about the passage of that resolution certainly, but really what comes after."

The trip is meant to present a unified front to North Korea, which will be looking for any cracks in the diplomatic coalition behind the U.N. statement. Coming less than a month before midterm congressional elections, Rice's trip is also an opportunity for the Bush administration to highlight its work countering dangerous regimes and terror threats.

The council's moves coincided with a Russian news agency report that North Korea favors the implementation of a year-old agreement to abandon its nuclear programs in exchange for aid and security guarantees. The ITAR-Tass news agency quoted Russia's Deputy Foreign Minister Alexander Alexeyev speaking after consultations in Pyongyang.

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The report apparently referred to an agreement reached in September 2005 at six-nation talks involving the two Koreas, the U.S., China, Russia and Japan. Pyongyang has boycotted the talks for the past 13 months to protest financial measures imposed by Washington for alleged counterfeiting and money-laundering.

If the Russian report is confirmed, it could signify a major breakthrough in efforts to curb North Korea's nuclear ambitions.

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Associated Press writers Paul Burkhardt and Ed Harris at the United Nations and Robert Burns and Anne Gearan in Washington contributed to this report.

UN Sets Vote On North Korea As Russia Seeks Changes (Update8) (BLOOM)

By Todd Zeranski

Bloomberg, October 14, 2006

Oct. 13 (Bloomberg) -- The United Nations Security Council scheduled a vote tomorrow on a draft resolution sanctioning North Korea for a suspected nuclear-bomb test as the U.S. attempted late today to iron out differences with Russia on specific penalties.

The Russian government expressed reservations about a list of banned items that could be used in developing nuclear, biological and chemical weapons, U.S. Ambassador John Bolton told reporters at the UN. He said the changes Russia sought weren't ``substantial'' and he hoped the vote would go forward.

The U.S. and Japan are trying to win international backing for penalties against the North Korean government of dictator Kim Jong Il to curtail nuclear-weapons development. South Korean Foreign Minister Ban Ki Moon, who was elected the next secretary-general of the UN today, urged the Security Council to ``send out a very strong, unified and clear message'' to North Korea that would thwart further tests.

The new schedule is for the five veto-wielding members of the Security Council -- Russia, China, the U.S., France and the U.K. -- plus Japan to meet at 10 a.m. after receiving instructions from their capitals, Bolton said. Japan would preside over a full council meeting at noon.

``We do have unanimous agreement'' on the main text of the resolution, Bolton said earlier in the day. North Korea announced Oct. 8 that it had it carried out its first nuclear test, drawing condemnation from around the world. The UN Security Council began emergency consultations the next day.

Concession to China

In a concession to China, the U.S. dropped explicit reference to a part of the UN Charter that would make sanctions militarily enforceable, changing it to Article 41 of Chapter 7, which only authorizes diplomatic and economic sanctions. Agreement on a draft Security Council resolution circulated by the U.S. on North Korea sanctions had been held up because of opposition from China and Russia.

``Realistically there was no military option for the United States, anyway,'' said Derek Mitchell, a special assistant for Asia-Pacific affairs for the secretary of defense during the Clinton administration. ``The important thing is to get a unanimous resolution to demonstrate unity to the North Koreans. That speaks to why the administration is flexible at this point.''

Warships, Tanks

The resolution would bar the sale or transfer of missiles, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government. So-called ``luxury goods'' would also be banned, though there hasn't been any specific mention of which items would fall into this category.

Secretary of State Condoleezza Rice will travel to Beijing, Seoul and Tokyo Oct. 17-22 to talk about the resolution and ``how to go about actually implementing that resolution,'' State Department spokesman Sean McCormack told reporters today in Washington.

``Such a resolution doesn't meet everything that the Bush administration wanted'' said Adam Ward, an Asia analyst who is in charge of the Washington office of the International Institute for Strategic Studies, a London-based policy study group. ``On the other hand, the administration takes the view that at least now the process is under way, and that there will be follow-on action in the Security Council if the demands of the international community are not met.''

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Japanese Sanctions

Japanese Ambassador Kenzo Oshima predicted the measure would be ``very effective." Japan today implements national measures against North Korea in ``three key areas: import ban, ban on ships and a travel ban," he said.

``We felt it very necessary to have some extra measures, a measure to reflect the strong feelings of the government and people of Japan in respect to the nuclear test."

A group similar to the U.S.-led Proliferation Security Initiative, which shares intelligence to combat the spread of weapons of mass destruction, would carry out inspections in seaports, airports and other transit points of cargo headed to or from North Korea, though Bolton said inspections could also take place at sea.

Ships at Sea

The Security Council may still be discussing whether the resolution should allow inspections of ships at sea, an issue on which China disagrees with the U.S., to make sure North Korea isn't sharing nuclear technology with other countries or terrorist groups, Mitchell said.

``The Chinese worry North Korea would see that as an act of war," Mitchell, who is currently a senior fellow at the Center for Strategic and International Studies, said.

The resolution demands that North Korea return to the so- called six-party talks, aimed at disarming its weapons program, and eliminate its nuclear and missile programs. Unidentified North Korean officials associated with missile- and nuclear weapons-programs would face a ban on travel.

North Korea is prepared to implement a year-old accord that involves abandoning its nuclear plans in exchange for aid and security guarantees, the Associated Press reported, citing a Russian envoy quoted by the ITAR-Tass news agency. No further details were immediately available.

At the White House, spokesman Tony Snow told reporters that he had seen and couldn't confirm reports that North Korea may be ready for nuclear talks.

``All they have to do is say they're going to return to the six-party talks, and that they're going to put an end to their nuclear program and a lot of good things will happen," Snow said. ``Keep in mind the North Koreans are not above a little gamesmanship a few hours before the United Nations is getting ready to vote on a resolution."

Air Sample

Initial results of an air sample collected Oct. 10 to verify North Korea's claim that it conducted a nuclear test show no signs of radioactive particles, a U.S. intelligence official said. A final analysis of the sample will be completed later today or tomorrow, said the official, who requested anonymity.

The results don't definitively cast doubt on North Korea's assertion that it conducted an underground nuclear test because the bomb's fumes may have been contained initially, the official said. Still, it's difficult to keep some the fumes from eventually venting into the atmosphere, the official said.

White House spokesman Snow earlier today told reporters ``there may not be" a definitive conclusion to questions about the North Korean test.

Preliminary Samples Hint At North Korean Nuclear Test (NYT)

By Mark Mazzetti

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — With the United Nations preparing to vote on whether to impose harsh sanctions on North Korea, American intelligence officials said on Friday evening they had found new evidence that the country detonated a nuclear bomb deep inside a mountain in its desolate northern territory.

An analysis of air samples taken in the region on Wednesday found radioactive material that is “consistent with a North Korean nuclear test,” according to a document sent to lawmakers on Capitol Hill on Friday by the office of John D. Negroponte, the director of national intelligence.

But a senior intelligence official, who spoke on condition of anonymity, said that the results were still preliminary and that final analysis of the data would not be completed for several days.

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The document was provided to The New York Times on Friday evening.

One day after the blast, the Pentagon dispatched Air Force planes with special radiation detectors into international airspace near North Korea. The official did not say whether the planes had collected the radioactive sample.

One question that remains is whether the explosion that North Korean leaders announced with great fanfare might actually have been a failure or merely a partial success.

Both intelligence officials and independent scientists have said that the detonation was a "sub-kiloton" blast — an explosion far smaller than typical nuclear tests by novice bomb designers. One widely held theory is that the nuclear blast was less powerful than the North Koreans had hoped it would be.

Earlier this week, American officials said the North Koreans had notified the Chinese government that the nuclear test would be in the range of four kilotons.

"Based in very incomplete information, it smells to me like a fizzle," said Sidney Drell, a theoretical physicist and arms control expert at The Hoover Institution at Stanford University.

Given the comparatively small size of the blast, American officials said, it is possible that only a small amount of radioactive material leaked from the subterranean test site.

Because the test was conducted by one of the world's most closed societies, the Pentagon and intelligence agencies have had to construct complicated computer models to try to prove North Korean claims of a nuclear test. They used the models to calculate the times that the Air Force's WC-135 "Constant Phoenix" aircraft would have the best chance to collect samples of radiation from the explosion.

Military officials said earlier in the week that the ability to detect any radiation would depend partly on the uncertainties of nature because the prevailing winds would have to blow east toward the military aircraft patrols.

Professor Drell also said that any radiation leakage would depend on the geology of the test site. The explosion could have blasted new holes in rock formations that would allow radioactive material to seep into the air. But the blast could also have sealed off subterranean passages and reduced the chances for leakage.

"We're in the process now of going through, looking through all the data and all the facts to try to come up with the best possible explanation for what, exactly, happened there," said Sean McCormack, a State Department spokesman.

"We don't know yet."

U.S. Detects Signs Of Radiation Consistent With Test (WP)

By Dafna Linzer And Walter Pincus, Washington Post Staff Writers

The Washington Post, October 14, 2006

Initial environmental samples collected by a U.S. military aircraft detected signs of radiation over the Sea of Japan, possibly confirming North Korea's nuclear test, intelligence officials said yesterday.

Officials said the positive radiation result was consistent with an atomic test and would make it possible to rule out the possibility that Monday's test had been conducted with conventional explosives alone. But intelligence and administration officials were cautious about reaching a conclusion before reviewing all incoming data. "The intelligence community continues to analyze the data," said Frederick Jones, spokesman for the National Security Council. "When the intelligence community has a determination to present, we will make that public."

Earlier detection attempts by the United States, China and South Korea did not pick up any radiation. An intelligence official said additional samples are being collected, and analysts are also taking a harder look at seismic data, satellite photos and communications intercepts.

North Korea, according to U.S. intelligence estimates, has enough plutonium for as many as a dozen nuclear weapons, depending on their level of sophistication. Some analysts have judged Pyongyang's technical capabilities in the nuclear design field to be at a low level. But there are now discussions among top U.S. weapons scientists and analysts whether North Korea may have managed to test a miniaturized warhead or a more sophisticated design than was expected.

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"When you look at the rest of their activities, increasing sophistication isn't the first thing you think of, but it hasn't been discarded either," said one nuclear scientist who spoke on the condition of anonymity because of instructions from superiors to avoid talking to reporters about the test.

U.S. intelligence experts say they believe, though cannot prove, that the North Korean blast was the result of a partial implosion of plutonium at the core of the test device. That would mean some of the plutonium failed to implode, but intelligence officials do not claim to know why. The blast yield was less than a kiloton, far smaller than the 20-to-23-kiloton bomb the U.S. military dropped on Japan 60 years ago, and less than the four-kiloton yield the North Koreans told the Chinese to expect in advance of Monday's test.

Several theories about the small yield include the possibility that the device's design was slightly imperfect and thus failed to set off explosive charges simultaneously. Without the simultaneous detonation, the plutonium would fail to fully compress and implode.

If the test was conducted with a miniaturized nuclear device, however, it is possible that the North Koreans were able to conceal any radiation, as they claimed. One analyst suggested that the test may have been conducted in a horizontal tunnel with a vertical drop at the end, thus reducing the chance for radiation to vent into the air.

In an interview with the Hankyoreh, a Seoul-based newspaper, a North Korean diplomat said Tuesday that the test "was smaller than expected, but a small success means a larger success is possible."

He added that the aim was "to possess nuclear weapons," and that it would be possible to take additional measures such as preparing to load nuclear warheads onto missiles.

Even without a definitive conclusion about the test, it set off jitters in neighboring South Korea. A statement signed by 17 former defense ministers and veterans called on the Seoul government to request that the United States redeploy tactical nuclear weapons, which were removed by George H.W. Bush's administration in 1991.

Ironically, it was the initial stationing of U.S. tactical nuclear artillery shells along the demilitarized zone between North and South Korea in the late 1960s that prompted Pyongyang to begin a nuclear program.

The chances of the United States redeploying those weapons are slim; Secretary of State Condoleezza Rice said Thursday that the goal of U.S. diplomacy is to denuclearize the Korean Peninsula.

U.S.: Test Points To N. Korea Nuke Blast (AP-Y)

By Robert Burns And Anne Gearan, Associated Press Writers

AP, October 14, 2006

An air sampling taken after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion, Bush administration and congressional officials said Friday night. They said no final determination had been made about the nature of last weekend's mystery-shrouded blast.

One U.S. government official said intelligence officials assigned an 80 percent probability that the North Korean explosion was a nuclear detonation, based on the air sample collected Wednesday. The official said it appeared highly unlikely that the sample of radioactive material was produced by any other source, including a nuclear power reactor.

The official also said additional sampling might be conducted, not necessarily by airborne means. He would not elaborate, citing security concerns.

A senior administration official suggested that the North Korean test was a dud. "The betting is that this was an attempt at a nuclear test that failed," the official said. "We don't think they were trying to fake a nuclear test, but it may have been a nuclear fizzle."

The officials who described the results spoke on condition of anonymity because of the sensitive nature of the information.

North Korea's claim of a successful nuclear test Monday sent shock waves throughout Asia and around the world. President Bush has called for stiff United Nations sanctions on North Korea, while refusing appeals by U.N. Secretary-General Kofi Annan and others to take part in one-one-one talks with the reclusive communist regime.

Since North Korea's announcement, the United States and other nations have been conducting scientific tests to determine whether a nuclear explosion had occurred.

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The administration briefed key members of Congress about the preliminary test results of an air sample an official said was collected above Qunggye, near the area of the claimed nuclear test.

Results from another test disclosed Friday — an initial air sampling on Tuesday — showed no evidence of radioactive particles that would be expected from a successful nuclear detonation, a U.S. government intelligence official said.

The contradictory readings reinforced uncertainty about the size and success of Monday's underground explosion, which North Korea has trumpeted as a nuclear test. Data from seismic sensors have already indicated the explosion was smaller than expected.

The Chinese and Japanese governments have done their own air sampling and found no trace of radioactive material, officials from both countries said Friday. A Japanese government official said his country sampled air over the Sea of Japan, as well as rainfall and ground-level air on Japanese territory and found nothing.

A spokesman for National Intelligence Director John Negroponte declined to comment on any findings from U.S. spy agencies.

One Republican lawmaker, citing the release of "intelligence reports appearing to confirm the likelihood of a North Korean nuclear test," backed Bush's call for a return to international talks. But the lawmaker, Rep. Heather Wilson, R-N.M., also parted company with the president, saying that if a "prominent American delegation — preferably a bipartisan one — get North Korea to walk back from the ledge, we should do so."

The State Department, meanwhile, announced that Secretary of State Condoleezza Rice will travel to China, South Korea and Japan next week to discuss steps to pressure North Korea to drop its nuclear efforts and to assess the region's security situation.

Members of the U.N. Security Council agreed Friday on wording of a resolution that would clamp sanctions on the communist country. The draft, scheduled for a Saturday vote, would authorize nonmilitary sanctions against the North, and says that any further action the council might want to take would require another U.N. resolution.

It also eliminates a blanket arms embargo from a tougher, previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft.

State Department spokesman Sean McCormack said that on Rice's trip, "she's going to be talking about the passage of that resolution certainly, but really what comes after."

Rice's trip is meant to present a unified front to North Korea, which will be looking for any cracks in the diplomatic coalition behind the U.N. statement. Coming less than a month before midterm congressional elections, Rice's trip is also an opportunity for the Bush administration to highlight its work countering dangerous regimes and terror threats.

Beyond the threat to Asian neighbors and perhaps other nations posed by a nuclear North Korea, the administration is worried that Pyongyang could sell its nuclear know-how to terrorists or other potential U.S. enemies, including Iran.

"Now is the time really to be very firm — to be calm, but firm — and to make clear to the North Koreans that no one is going to accept them as a nuclear weapons state," Assistant Secretary of State Christopher Hill said Friday at the National Press Club.

Analysts and government officials have said it may take weeks or longer to determine with confidence whether the North Korean explosion was nuclear.

The negative air sample was taken Tuesday by a specialized aircraft, the WC-135, flying from Kadena air base in Okinawa, Japan. It apparently took the sample over the Sea of Japan, between the Korean mainland and Japan.

In Beijing, a government official said Friday that Chinese monitoring also has found no evidence of airborne radiation from the test-explosion. The official with the State Environmental Protection Administration said China has been monitoring air samples since Monday.

The U.S., which has sought tough steps in the United Nations that could leave the door open to a blockade or other military action, has had to give ground to gain support from China and Russia. Those countries, along with South Korea, have been reluctant to abandon diplomatic efforts to resolve the standoff.

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Associated Press Diplomatic Writer Barry Schweid contributed to this report.

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North Korea Spawns New Fears As Member Of Nuclear Club (MCT)

By Tim Johnson

McClatchy Newspapers, October 14, 2006

BEIJING - It's been called an "evil state," a "psycho state" and even a "Soprano state" that survives on crime, like the fictional television mob family.

Its leader, Kim Jong Il, once a movie director, has come up with an extraordinary plot line: Steer a totalitarian, bankrupt regime to develop nuclear weapons, then use cunning to ride out international sanctions and keep a firm grip on the nukes.

The final episodes have yet to unfold: Will the protagonist dare to put a bomb atop a missile and fire it? Will he try "nuclear blackmail" to extort billions from his neighbors?

North Korea's missile sales and illicit activity, its involvement in terrorism and its ability to seal off its people from the outside world and to hide the doings of its leaders all make it a nuclear nation worth fearing.

But the whispers in the West that the secretive Kim is crazy are simply wrong, experts say.

"Here's a guy who is leader of a failed state with a failed ideology having survived with his father for the last 50 years pitting the major powers against each other," said Ralph Cossa, the head of the Honolulu-based Center for Strategic and International Studies' Pacific Forum.

"For a crazy man, he's pretty successful."

His latest triumph came at 10:36 a.m. Monday in a shaft about 1,180 feet under a mountain at the Hwadaeri testing facility near North Korea's northeastern border with Russia. There, North Korea set off an explosion that experts say probably was a nuclear test, though no test debris has been detected in the atmosphere. The relatively small size of the blast indicates that it might have been a fizzle.

But the shock value unnerved Western policymakers.

After all, North Korean intelligence agents killed 18 South Korean officials in Burma in 1983, and bombed an airliner out of the sky in 1987, killing 115 people.

In more recent years, the cash-strapped regime has turned to moneymaking endeavors such as peddling narcotics and fake Viagra, smuggling bogus Marlboro cigarettes and printing fake American $100 bills. It sells missile and weapons technology abroad, largely in the Middle East.

A profound mistrust between North Korea and the United States adds a hair-trigger feel to the crisis. North Korea believes that Washington is bent on its destruction.

"We are under extreme threat (from the) United States of nuclear war," North Korea's ambassador to Australia, Chon Jae Hong, said after the nuclear test. North Korean propaganda routinely is laden with threats against the United States.

North Korea is more isolated than any other nation on Earth. For half a century, its million citizens have lived in a cocoon, sealed off from the world, knowing only "juche," or self-reliance, first under the leadership of Kim Il Sung, the "Great Leader," then under his son, Kim Jong Il, the "Dear Leader."

The once-industrialized country has seen its factories deteriorate and stand empty from lack of electricity. Floods and poor management produced starvation beginning in the mid-1990s, and, though estimates are difficult, the toll is thought to have reached up to 2 million people. The economy took a turn for the better beginning in 2000 and agriculture improved, helped largely by fertilizer sent from South Korea.

Few tourists are permitted. Those who go must leave behind video cameras, cell phones and binoculars. Minders severely restrict what tourists can photograph.

Photos that get out reveal woeful poverty. Pictures at a Web site set up by Russian travelers to North Korea in July (http://www.fishmonger.ru/06-07-27) show peasants using rickety wooden carts with no tires on their wheels; they roll on metal rims.

Ordinary people have no access to newspapers or the Internet. TVs and radios are sealed so that they get only official broadcasts.

"All radios have fixed tuning that only allow three or four official channels," said Andrei N. Lankov, an expert on North Korea at Kookmin University in Seoul. Defectors tell of North Koreans huddling alone under thick blankets to listen to radios smuggled

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in from China or North Korean ones they've tinkered with to get South Korean or international broadcasts, said Betsy Henderson of Radio Free Asia in Washington.

A huge army burdens the militarized nation's paltry economy.

"A majority of men aged 17 to 30 are soldiers. Think about it. One million soldiers. The whole population is just 22 million people. You hardly see any young males in the countryside or the cities," said Cui Yingjiu, a scholar on North Korea retired from Beijing University.

Cui knows North Korea as well as anyone. He was a university classmate of Kim Jong Il in 1961-64 in Pyongyang and visits the country about once a year.

Cui described Kim as charismatic and strong-willed, popular with students, fluent in Russian and displaying a strong affection for Hollywood films.

"He had a big collection of movies even then," Cui recalled.

Kim's short, paunchy stature and upswept hair didn't stop him on the social front.

"He's not timid. He's quite manly. ... Girls regarded him as attractive," Cui said.

When Kim took over power from his father, who died in 1994, North Korea was mired in crisis, struggling with the collapse of its benefactor, the Soviet Union. Kim steered the nation into criminal endeavors, allowing regime agents to ply the seams of global lawlessness.

U.S. officials say they've documented 50 incidents in 20 countries linking North Koreans, often diplomats, to drug trafficking.

Cases include the 2003 seizure in Australia of the North Korean ship Pong Su with 275 pounds of heroin worth $150 million aboard. In June 2004, Egypt detained North Korean diplomats smuggling vast quantities of an anti-anxiety drug. Six months later, Turkey arrested two diplomats with $7 million of a synthetic aphrodisiac.

More troubling, North Korea turned itself into a global "Missiles `R' Us," shipping entire advanced missiles or technology to anyone with a fat wallet.

Iran, Syria, Yemen, Libya and Pakistan were beneficiaries, and U.S. officials labeled North Korea the world's No. 1 missile proliferator.

Some of the earnings went into North Korea's nuclear program, which it agreed with Washington to suspend in 1994 in exchange for vast energy assistance. North Korea stopped its plutonium production and put it under the watch of the U.N.'s International Atomic Energy Agency, and halted work on two larger reactors. It resumed reprocessing plutonium in 2003, shortly after U.S. officials said North Korea had admitted that it had a secret program to create highly enriched uranium, another fuel for nuclear weapons.

Kim's worries increased when President Bush declared in early 2002 that North Korea was part of an "axis of evil" that included Iraq and Iran.

"North Korea saw how the U.S. invaded Iraq. Now Iran is under great pressure," Cui said. Many in the regime believe that "after Iran's collapse, it's going to be our turn."

As global tensions over Pyongyang rose, Beijing nudged Kim to loosen the reins on North Korea's economy and open to the world as China had done decades earlier. In 2001 and again early this year, Kim and a large entourage toured some of China's most modern regions.

To a limited degree, the tactic worked. Kim allowed farmers to sell their excess harvests and freed factory managers to do the same. He permitted some open markets and relaxed a hold on state banks. Foreign aid workers noticed less hunger and better conditions.

Yet power shortages remain constant, and the reforms triggered some social frictions as the government began to charge for housing and electricity. Some of the economic reforms were rolled back in 2005.

Kim now sees himself as locked in a chess match with Bush, two leaders with a propensity for strident language and a stubborn, determined view of the world, Cui said.

"Bush doesn't listen to the United Nations. Kim is the same. He doesn't listen to what Russia says, what China says, what the U.S. says. Don't you think the two men are similar?" he asked.

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If Kim is backed into a corner, Cui said, his regime is capable of selling one of his nuclear weapons to a terrorist group or sparking a calamitous war by bombing Japan. Many North Koreans, weary of their plight, wouldn't object.

"They feel it's better to go to war than to continue suffering," he said.

North Korea: Joining The Nuclear Club? (WSJ)

The Wall Street Journal, October 14, 2006

Since 1963, the global nuclear stockpile has been reduced to about 27,000 warheads, down from a peak of 70,000 in 1986, according to the Bulletin of the Atomic Scientists. A handful of countries have voluntarily abandoned nuclear-weapons programs, including Libya, Argentina, Brazil and South Africa.

But the picture is complicated. Pakistan and India refrained from signing the nonproliferation treaty, claiming in part that it is unfair. Instead, they embarked on their own weapons programs. While that initially drew rebuke from the international community, the U.S. this year opened negotiations with India, saying it would be willing to overlook the nuclear transgression and send the country nuclear technology. Some nonproliferation experts claim this creates a double standard that could provide an incentive for countries to acquire nuclear weapons.

Another sticking point: Many of the five original nuclear countries continue to fund their nuclear-weapons programs, even though they agreed in the nonproliferation treaty to eventually disarm.

Is North Korea likely to use a nuclear weapon? Experts say it is highly unlikely North Korea would drop a nuclear bomb, mainly because its delivery systems aren't thought to be sophisticated enough to attach a nuclear warhead to a ballistic missile. Also North Korea is likely deterred by knowing that other nuclear nations would retaliate.

The bigger concern is that North Korea will help Iran proceed with a nuclear-weapons program by sending it technology and supplies, or that it becomes a nuclear-weapons supplier to terrorists who might not be deterred by retaliation since they don't reside in any one nation state.

--Lauren Etter

FACTS

In 1998 Pakistan became the seventh nation to test a nuclear bomb. India -- the sixth nation to test a nuclear weapon in 1974 -- named its blast the Smiling Buddha. The test was conducted in May, the month when the Buddha's birth is celebrated.

There have been 2,051 nuclear tests conducted world-wide since 1945. Of all the tests, the U.S. accounts for half. Russia accounts for 35%. The world's largest nuclear test -- named Tsar Bomba -- was conducted by Russia in 1961 on an island in the Arctic Sea.

Under Operation Plowshare -- named after a Bible passage -- the U.S. tested so-called peaceful nuclear explosions for building canals and roads. One 1962 test, Operation Sedan, displaced 12 million tons of earth, creating a crater 1,280 feet in diameter.

The recent North Korean blast was equal to the force of 550 tons of TNT, according to South Korean geologists. That is about 4% of the force of the Hiroshima atomic bomb.

The first atomic bomb was detonated in the U.S. at 5:29 a.m. on July 16, 1945, in a New Mexico desert called Jornada del Muerto or Journey of Death. It led one witness to say "everything suddenly got brighter than daylight."

The largest U.S. nuclear weapon ever tested was in Bikini Atoll in 1954. The U.S. government paid $150 million to Bikinians for damages caused by the tests, and in 1996 reported that eating fruit on the island "could add significant radioactivity to the body."

POINTS OF VIEW

"If the U.S. keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures."

-- North Korean government

"The United States remains committed to diplomacy. The United States also reserves all options to defend our friends and our interests in the region against the threats from North Korea."

--President Bush

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"The North Korea test is certainly a major blow and challenge to nonproliferation, but people who are looking out and saying the sky is falling or the mushroom cloud is descending...are mistaken."

--George Perkovich, The Carnegie Endowment for International Peace

"The treaty is unraveling. And unfortunately, the U.S. has lost the moral high ground because we're going after countries like North Korea and Iran saying they can't have nuclear weapons, otherwise, we'll nuke you."

--Stephen Schwartz, Center for Nonproliferation Studies * * *

BY THE NUMBERS

Embargo Halts Families' Care Packages From Japan To North Korea (MCT)

By Emi Doi

McClatchy Newspapers, October 14, 2006

TOKYO - Japan's decision to ban all shipping to North Korea starting Saturday in response to the North's apparent nuclear test this week will cut off care packages from ethnic Koreans who have lived in Japan for decades.

Among them is the divided family of ethnic Korean filmmaker Yang Yonghi, who lives in Japan.

Yang made the documentary film "Dear Pyongyang" based on her visits to her brothers in North Korea over the past decade. Her father, an ethnic North Korean immigrant to Japan, sent his three sons back to North Korea to live in 1971. Yang, who was 6 at the time, said her brothers were all born in Japan.

For more than 30 years, they've not been allowed to return. Japan, like the United States, does not have diplomatic relations with North Korea.

Japan has a large Korean community because before World War II, when Japan colonized the Korean peninsula, Japanese officials forced several hundred thousand Koreans to move to Japan to work. These people and their descendants reside in Japan but don't have Japanese citizenship unless they ask for it.

In the film, Yang asked her father why he sent his sons to North Korea.

"I didn't have to send my sons back," he murmured. "The situation has changed so badly."

The filmmaker's mother for many years sent six or seven boxes full of school supplies, clothes and other goods to the sons and their families. She sent portable body warmers to her grandchildren when she heard they had suffered frostbite on their feet.

With the new shipping ban, she no longer knows what to do to help them.

"Dear Pyongyang" won the NETPAC Asian award at the Berlin International Film Festival and the special jury prize at the Sundance Film Festival this year.

Behind Enemy Reactors (NYT)

By Jon B. Wolfsthal

The New York Times, October 14, 2006

Washington

I CELEBRATED New Year's in 1996 by drinking cheap sparkling wine at the Yongbyon nuclear center, where North Korea produced the plutonium for its first nuclear test. Like dozens of dedicated civil servants, I served as an "on-site monitor" under the 1994 United States-North Korean nuclear agreement known as the Agreed Framework.

Those of us who served as monitors are proud of what we accomplished. I am not alone in being concerned that many commentators and government officials are trying to lay the blame for at least some of the current nuclear crisis at the feet of the previous administration's efforts to end North Korea's nuclear program. These allegations have little bearing on the facts and minimize the contribution of the Americans who served their country in dangerous circumstances.

In 1994, the situation with North Korea had become so fraught that the Clinton administration was considering military strikes to prevent North Korea from extracting plutonium from spent nuclear fuel at Yongbyon. At the time, North Korea might have had enough plutonium, produced in 1989, to build one or two nuclear devices. The fuel being discharged contained enough plutonium for five to six additional weapons.

Last-ditch talks between former President Jimmy Carter and President Kim Il-sung of North Korea defused the crisis and led to the framework. The deal, which helped us avoid a military conflict that could have destroyed Seoul, froze Pyongyang's

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plutonium program; eventually, it could have led to North Korea abandoning its nuclear efforts in exchange for diplomatic recognition by the United States and economic incentives.

In 2002, however, American intelligence agencies confirmed that North Korea was trying to acquire a uranium enrichment program in violation of the deal. But instead of working within the framework to get North Korea to abandon its nuclear efforts, the Bush administration terminated the agreement altogether. It also began arguing for regime change.

In jettisoning the framework, the administration jettisoned something of great diplomatic value. A key part of the agreement was the willingness of North Korea to let Americans — with whom they were legally at war — into their nuclear center to secure plutonium-bearing fuel rods for internationally monitored storage. In other words, the framework put Americans behind enemy lines.

As you might imagine, the daily circumstances were nothing short of insane. Assigned to North Korea for a month or so at a time, we were put up in a hastily constructed cement "guest house" a half-mile from the most secret nuclear site in North Korea. The 10 people on each rotation were watched by armed guards; our rooms were monitored at all times. No phone calls home or outside communication was possible. When I was there in the winter of 1996, temperatures at night hit 30 below. To get to work every day, we would pass through no fewer than four police and military checkpoints, some with machine-gun nests. The site itself was highly unsafe and radioactive and would have been shut down by safety officials in seconds had it operated in the United States.

Those who took the assignment left families and friends behind and bounced between acute stress and extreme boredom. Some read to escape the monotony, some played cards. I "borrowed" an International Atomic Energy Agency VCR to watch movies. We all knew that at any moment, should the political winds change, we would be hostages deep in hostile territory with no American embassy to protect us. But we took the job to make our country more secure and to pursue an end to North Korea's nuclear program.

Now that North Korea claims to have tested a nuclear device, administration supporters and commentators are seeking to blame the framework for all our problems.

They should look elsewhere. Without the framework's freeze, North Korea would have immediately acquired enough plutonium to produce more nuclear weapons and would have completed construction of two much larger weapon production reactors. By now, North Korea would have been capable of producing 20 nuclear weapons per year.

The prolonged freeze on North Korea's production and nuclear construction delayed the acquisition of nuclear materials — and it appears to have prevented North Korea from completing the larger reactors. The testing of a nuclear device by Pyongyang was pushed back at least a decade.

Those of us who served in North Korea risked our personal safety and comfort for our country. We protected America from danger and our efforts delayed the onset of the nuclear crisis we now face. To argue otherwise is to play politics with history.

The Arms-Control Illusion (WSJ)

The Wall Street Journal, October 14, 2006

North Korea's apparent test of a nuclear weapon has once more put the international arms control system in the hot seat. This week the U.N. Security Council did muster 13 votes condemning the test, whatever that means, and today it is expected to vote on new nonmilitary sanctions against Pyongyang.

This is better than nothing, though how much better depends on the fine print and the political will to enforce it. China and Russia objected at first to the sternest punishment, especially to inspections of North Korean cargo ships and tough financial sanctions. But according to reports yesterday, the U.N. resolution will allow at least some of these searches.

The good news here is that at long last the U.N. is attempting to enforce its own nonproliferation regime. Before the multilateralists get too pleased, however, it's worth recalling that it took an actual nuclear blast following a long-range missile test this summer to motivate the Security Council to take even these modest actions. Years of North Korean cheating on its treaty commitments hadn't been enough.

We mention this because the cases of North Korea and Iran are revealing the limits of arms control treaties in restraining rogue states bent on gaining nuclear weapons and other WMD. In the wake of Korea's nuclear test, we are hearing renewed

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calls for "direct" talks between the U.S. and North Korea akin to those that took place in the 1990s. The idea is to get North Korea to sign another agreement promising to give up its nukes. But one reason we're at the current pass is because Kim Jong Il violated the many commitments he made to the Clinton Administration.

Even as it allowed inspectors at its Yongban nuclear facility, Pyongyang was pursuing a separate and secret bomb-building effort. When the world objected once that effort was exposed, North Korea responded by shutting off the U.N. cameras at Yongban, expelling the inspectors and withdrawing from the Nuclear Nonproliferation Treaty (NPT). Meanwhile, because the 1994 Agreed Framework had allowed North Korea to keep its plutonium under U.N. "safeguards," Pyongyang was then free to make a bomb with that nuclear fuel. Now it apparently has done so, unless this too turns out to be another lie.

The case of Iran has followed a similar arc of deception and U.N. failure. Tehran also signed the NPT, only to pursue its own secret bomb-building effort. The U.N. inspectors working inside Iran didn't discover any of this until they were tipped off by an Iranian opposition group that clearly had better intelligence than the U.N. The International Atomic Energy Agency has since produced report after report documenting Iran's violation and deception, and, under the explicit terms of the NPT, Tehran should have been referred immediately to the Security Council.

Yet the IAEA declined to do so for years. And only this summer, after Iran repeatedly rejected European entreaties to stop enriching uranium, did the Security Council finally agree to cite Iran for its arms-control violations. That resolution set an August 31 deadline for Iran to stop enriching uranium, promising dire consequences. But Iran keeps enriching, and so far the U.N. keeps begging it to cooperate. If neither Tehran nor Pyongyang takes these U.N. warnings seriously, this is why.

The latest U.N. excuse for doing little is fear that Iran will withdraw from the NPT, as North Korea did -- and then where would we be? But at least then Iran would have been forced to brand itself an international rogue, instead of using the NPT as a fig leaf to buy more time to fulfill its obvious nuclear ambitions.

If arms control won't stop rogue bomb makers, what can? Well, regime change for one. Saddam Hussein is no longer a potential nuclear threat to anyone because he no longer runs Iraq. But short of deposing a regime, the most successful policy has been the Bush Administration's Proliferation Security Initiative.

Operated out of the Pentagon on a "coalition of the willing" basis, PSI helped blow the whistle on Libya's clandestine nuclear program, rolled up A.Q. Khan's nuclear black market and has interdicted North Korean weapons shipments. The difference between this and the NPT is that the PSI doesn't give the feckless or evil a veto over what it does. It is a coalition of countries with a shared sense of purpose, and above all the willingness to act.

The world will need more such cooperation and creative thinking to contain a proliferation threat that is only going to grow. But the beginning of wisdom is to realize that the threat hasn't ended merely because a rogue regime signs an arms-control treaty.

Let Them Go (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, October 14, 2006

If China is to assume what it considers to be its rightful place as a great power, now is the moment. The world is looking to Beijing as the only government with a measure of influence over its lunatic nuclear ward in the Hermit Kingdom. The question is, will it use it?

China says it favors "punitive" actions on Pyongyang for its apparent nuclear test this week, and there's talk -- so far desultory -- of sanctions. But no one is speaking publicly about Beijing's biggest source of influence: the 900-mile border it shares with North Korea. Opening the frontier to refugees would put pressure on Kim Jong Il to give up his nukes or watch his regime implode. As Mark Palmer, U.S. ambassador to Hungary in 1989, has noted, the East German refugees who passed through that country en route to West Germany sped the collapse of the Soviet Union.

The plight of North Korean refugees hiding in northeastern China is a humanitarian crisis that has received scant global notice. No one knows how many are in hiding or how many Beijing has deported back to North Korea in violation of its obligations under the Convention Relating to the Status of Refugees. China refuses to let the United Nations or other countries help the North Koreans.

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Now, three official Chinese government documents -- obtained privately and smuggled out of the country -- show that the humanitarian crisis may be more dire than widely believed and the burden on China heavier. Two of the documents are from the Public Security Bureau -- one from the Border Police and the other from a police station along the border. The third is from the Finance Bureau of the Yanbian Korean Autonomous Prefecture in Jilin Province, home to many ethnic Koreans.

The documents were obtained by a U.S.-South Korean group that helps North Korean refugees navigate the underground railroad to safety out of China. The group prefers to remain anonymous for fear that its work could be endangered. They have been vouched for to me by two other sources, one on Capitol Hill and another at an international human-rights organization.

The Border Police document, dated Jan. 10, 2005, begins blandly enough: "From the start of illegal border crossings in 1983," it says, "the number of illegal immigrants from North Korea that have stayed in China has increased every year." It adds, "Public Security and Armed Police departments have strengthened preventative and deportation efforts."

The numbers it reports are newsworthy -- and staggering: "To date, almost 400,000 North Korean illegal immigrants have entered China and large numbers continue to cross the border illegally." And, "As of the end of December 2004, 133,009 North Korean illegal immigrants have been deported." While Chinese authorities obviously know how many refugees they have deported, by definition they can't know how many are in hiding. The estimate of 400,000 is sure to be low.

The Yanbian Finance Bureau document, dated Oct. 19, 2004, provides further evidence of the extent of the crisis. It is a letter to provincial authorities requesting more money to help with deportation efforts. "According to statistics from the Public Security, border police and civil administration, more than 93,000 refugees are still living in Yanbian Prefecture." The letter goes on to say that although the Border Police Bureau has established "six new refugee-deportation and detention centers," it does not have sufficient funds to do the job. Yanbian requests 30 million yuan ($3.8 million) a year "to solve this financial problem."

It's the third document, though, that puts this "financial problem" in human terms. It's a report, dated Oct. 7, 2003, from a police station in Badaogou Precinct, near Baishan City, in Zhangbai Korean Autonomous County, also in Jilin Province.

"At 7 a.m. on Oct. 3, 2003," Case Report No. 055 begins, "a report was received from the public of several corpses floating in the Yalu River. Officers from the Precinct immediately responded and organized personnel and by 10 a.m. 53 corpses had been recovered.

"At 5 a.m. on Oct. 4 an additional three corpses were recovered for a total of 56 corpses. There were 36 males and 20 females, including seven children (five male and two female). After examination of the personal effects it was determined that the dead were citizens of the DPRK [North Korea]. Autopsies confirmed that all 56 had been shot to death. It is estimated that the dead were shot by Korean border guards while attempting to cross into China."

While Pyongyang bears ultimate responsibility for the abuse of its citizens, China is complicit. Its policy of tracking down and repatriating refugees amounts to a death sentence for many returnees. It's a crime to leave the workers' paradise, and North Koreans who are caught and deported are shipped off to internment camps or worse.

If Beijing wants to send a message to Pyongyang about its nuclear program, it could announce that, effective immediately, it is taking several steps: It will stop deporting North Koreans, allow the United Nations to set up refugee camps, and permit the resettlement of refugees in third countries, from which they could go to South Korea, whose constitution codifies its moral responsibility to accept its Northern cousins, or to other countries willing to take them in. The U.S., which so far has accepted a mere eight North Koreans, could step up to the plate here.

The Border Police document notes that since the early 1980s there have been six instances of mass migrations that have coincided with North Korea's famines. Now, winter is coming, and there are already reports of food shortages. Allowing the world to help the North Korean refugees in China would help Beijing deal with a problem that is likely to get worse.

Making An Atomic Bomb Requires Skill, Guts (MCT)

By Robert S. Boyd

McClatchy Newspapers, October 14, 2006

WASHINGTON - Making an atomic bomb isn't for dummies - or for sissies. It takes a wide set of technical capabilities and a willingness to risk death or injury to join the club of nuclear nations.

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"It's not done in your basement or bathtub," said Robert Norris, a nuclear weapons expert at the Natural Resources Defense Council, an environmental group in Washington. "You need physicists, chemists, engineers, metallurgists - a whole stable of people with skills and central direction - to make a successful bomb."

There are difficulties each step of the way, from designing the weapon to assembling the dangerous radioactive materials to manufacturing a complicated, high-precision device, delivering it to its target and setting it off at the right time and place.

A modern atomic bomb has to be small and light enough to fit on a missile or in an artillery shell or a suitcase. It can't be as massive as the 5-ton "Fat Man," which an Air Force B-29 bomber dropped on Nagasaki, Japan, in 1945.

Safety is also a concern. Powerful chemical explosives are needed to detonate a nuclear bomb. Weapons-grade plutonium and highly enriched uranium are lethally radioactive.

"This high explosive stuff is dangerous to make," Norris said. "If it's ignited before it's supposed to, it can spread plutonium all over the place. There have been serious nuclear-weapons accidents in the United States."

The easiest bomb to make uses nuclear fission, which splits a mass of uranium or plutonium atoms to release enormous amounts of heat and energy. It's much harder to construct a fusion, or hydrogen, bomb, which fuses atoms together as happens inside the sun.

North Korea, and possibly Iran, is working on fission weapons. North Korea is farther along the learning curve than Iran, as shown by what may have been a partially successful bomb test Monday. Iran would still need to produce enough enriched uranium for a nuclear bomb.

Both countries already have passed the first hurdle: They reportedly have obtained detailed bomb designs from Pakistan's rogue nuclear-weapons expert, Abdul Qadeer Khan.

The next crucial step is to acquire a sufficient stock of nuclear fuel. At least 2 pounds of weapons-grade plutonium or 4 pounds of highly enriched uranium are needed to set off a single fission bomb, according to the Bulletin of the Atomic Scientists.

The form of uranium found in nature, known as U-238, is plentiful, but less than 1 percent of it is U-235, the highly radioactive form needed for a bomb. An elaborate process is required to extract U-235 from U-238.

First, uranium ore, or "yellowcake," is dissolved in nitric acid and converted to a toxic gas known as hexafluoride. The gas is spun in a centrifuge to separate the heavier U-238 from the lighter U-235. The fuel must be enriched until it's at least 90 percent pure. The process takes thousands of centrifuges spinning for months, as North Korea did in the 1990s and Iran reportedly is doing now.

"A few thousand is what you need for one bomb per year," Princeton University nuclear expert Frank von Hippel told the journal Science.

A different procedure is used to make weapons-grade plutonium. Some uranium fuel in a nuclear-power reactor absorbs extra neutrons and gradually turns into plutonium-239. Acids dissolve the uranium in the spent fuel rods and separate out the plutonium.

The most difficult task probably is constructing the bomb itself. It typically consists of a hollow sphere or cylinder in which the explosive fuel is surrounded by a dense material, usually U-238.

The fissionable fuel is very unstable and must be divided into separate "subcritical" masses so it won't blow up prematurely. Two or more of these masses must be rapidly smashed together to sustain a fission chain reaction.

One way to do this in a uranium-fueled bomb is to shoot a small lump of U-235 into a larger piece. This raises the fuel to a critical mass, touching off a spontaneous chain reaction.

Another technique, called "implosion," is used to detonate a plutonium-fueled bomb. A core of plutonium is surrounded by a sphere of little wedge-shaped chemical explosives. When the explosives are ignited they create a shock wave and squeeze the mass until it detonates.

"It's quite complex to fabricate one of these things," Norris said. "You have to get the angles right. It's also dangerous to cut and shape high explosives, which might go off."

Extremely fine-precision machining and complicated electronics are required to make implosion work.

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To set off the bomb, the explosive wedges, typically numbering 32 or 64, must all go off at the same instant. Tiny wires leading from each wedge to a central electronic trigger must be exactly the right length to produce a simultaneous explosion. Otherwise the bomb will fizzle, as may have happened in the North Korean test.

"If the plutonium is not squeezed precisely evenly, you get a squirt out of one side and have little or no yield," said Hans Kristensen, the director of the Nuclear Information Project at the Federation of American Scientists.

Diplomacy How Bush Aims To Lasso U.N. Sanctions (WSJ)

By Gerald F. Seib

The Wall Street Journal, October 14, 2006

Now may be the time to shelve for good the image of George W. Bush as a unilateralist, go-it-alone cowboy.

The Bush team is embarking in coming days on an exceptionally complex set of diplomatic maneuvers to try to contain, simultaneously, the nuclear threats from North Korea and Iran. The heavy lifting all involves persuading other nations to cooperate, and success is defined as America not being left to stand alone.

That, of course, defies the earlier stereotypes of both the president and his United Nations ambassador, John Bolton, both of whom were portrayed as champions of a diplomacy that worried little or not at all about other nations or the U.N. machinery.

It's hard to say whether the stereotype was wrong, or whether an unfriendly world forced a change. But in either case, the diplomatic offensive now unfolding begins this weekend with the final work on a U.N. Security Council resolution slapping sanctions on North Korea as punishment for its claimed nuclear-weapons test last week.

To get within striking distance of that resolution, the Bush administration has been willing in recent days to pull back from its original goals. It has softened its insistence that the U.N. endorse the halting and searching of ships heading to North Korea to find contraband material that could help either its military or nuclear programs. Beyond that, the U.S. had to ease jangled nerves in China and Russia by making clear that it wouldn't use a resolution on economic sanctions as a pretext for military action.

Put another way, the U.S. now is doing precisely what critics said it refused to do on Iraq: making compromises to win international unity.

That doesn't mean the Bush administration will stop with whatever it ekes out of the U.N. Secretary of State Condoleezza Rice next week begins step two of the diplomatic game plan when she sets off on a trip to Japan, China and South Korea to build on the resolution. One subject she may discuss: getting the Japanese and South Koreans to do more under the administration's existing Proliferation Security Initiative, which calls for interdicting weapons shipments into and out of both North Korea and Iran.

The third step in the diplomatic minuet comes later next week, when the U.S. tries to get the Security Council to turn from North Korea to Iran. The goal is to compose another sanctions resolution to punish Iran for refusing to give up its uranium-enrichment program. That won't be simple; hard as it is to agree with China on a plan to punish its North Korean friends, it may be even tougher to win agreement from Russia on a plan to punish its Iranian friends.

But the stakes are huge. Iran will be watching intently to see whether the U.S. actually can organize a meaningful world response to North Korea's provocation. It's entirely possible that only a truly united response will give the Iranians pause -- which is the real test of the Bush team's newfound fondness for multilateral diplomacy.

A Feared Force Roils Business In Iran (WSJ)

By Andrew Higgins

The Wall Street Journal, October 14, 2006

As Hard-Liners Rise, Shadowy Revolutionary Guard Muscles In on Airport And Nabs Energy Deals Dawn Clash Over a Drilling Rig in The Persian Gulf

Early one morning in August, a pair of Iranian military vessels pulled up alongside the Orizont, a Romanian oil rig working in waters off the coast of Iran. Armed men jumped out and clambered up one leg of the drilling platform.

Viorel Petcu, the rig's chief, phoned his boss in Romania to report that the Iranians had started shooting. The line then went dead as the Iranians commandeered the communications room and herded 19 Romanian workers onto the helicopter pad. No one was hurt, recalled Mr. Petcu, speaking later from the still-occupied rig, but "it was like something you only see only on television." Iran denies opening fire.

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The rig matter ostensibly was just a lease dispute between partners. But it exposed the potent political forces that roil Iranian business, including the heavy hand of elements close to Iran's hard-line president. Prominent among those forces in business today is a group the West knows mainly for its fervor in enforcing religious rectitude: the Islamic Revolutionary Guard Corps.

The secretive paramilitary group, according to the U.S., arms both violent Shiite militias in Iraq and Hezbollah, the Lebanese group that fought a war with Israel this summer. It runs feared prisons inside Iran. The Revolutionary Guard also has a big role that is less understood in the West: an active player in business.

It builds highways and tunnels. Two years ago it muscled aside a Turkish firm that had a contract to run a new Tehran airport. Now the Revolutionary Guard is making an aggressive push into the backbone of Iran's economy, its oil and gas fields, one of the world's richest troves of fossil fuel.

In June, a Revolutionary Guard engineering group won a $2.3 billion contract to develop part of a big gas field in Iran's part of the Persian Gulf. That group also won a $1.3 billion deal to build a pipeline across Iran toward Pakistan.

Who exactly ordered the raid on the Romanian drilling rig isn't clear. Iran's government says it was carried out by the police. Romanians still aboard the rig -- now lying paralyzed in the Gulf -- say one of the five Iranians currently occupying and controlling it is a Revolutionary Guard officer. In any case, the Guard now is among those negotiating to take over an Iranian firm, Oriental Oil Co., that holds the lease to this rig and two other disputed platforms from Romania.

The struggle for the leases and drilling rigs reveals an unintended consequence of U.S. foreign policy. In this case, instead of weakening Iran, America's efforts to squeeze the country ended up boosting the very hard-line forces there that the U.S. wants to curb.

Washington urged European banks not to do business with Iranian banks. But when one of them stopped doing so, it put Oriental Oil, the holder of the rig lease, in a bind. This and other problems prompted Oriental to put itself up for sale, creating an opening for Iranian hard-liners to try to grab the business.

The Revolutionary Guard has long been a major force in Iran's politics. It has its own ground, air and naval units, which operate in parallel to Iran's regular military. Former guardsmen -- including President Mahmoud Ahmadinejad -- are scattered throughout the government and security apparatus. While some Guard veterans have become reformers, the organization has a fearsome reputation inside Iran as a brutal defender of revolutionary orthodoxy.

It runs its own intelligence service and has played a big role in crushing dissent, most recently in 1999 during a wave of student-led protests. The Guard also controls a feared outfit called the Basij, composed of youthful zealots who prowl the streets hunting for insufficiently veiled women and others who violate strict Islamic norms. The Basij claims millions of members.

The Guard has a long history of activity abroad, having helped set up Lebanon's Hezbollah militia in the early 1980s. More recently it has reached into neighboring Iraq. There, according to a senior Israeli security official, its quest for influence is spearheaded by a special unit of the Guard called the Ramadan Headquarters, which trains and funds Iraq Shiite fighters.

The Guard's business activities include engineering, media, trading and energy. "They are taking positions everywhere," says Mohsen Sazegara, a former aide to the late Ayatollah Khomeini and a founder of the paramilitary force in 1979. The Guard, says Mr. Sazegara, who broke with Iran's regime a few years ago and now lives in the U.S., is a "unique organization in the world: a political body, a military force and big, complex company."

The Guard got its start in business after Iran's 1980-88 war with Saddam Hussein's Iraq, in which it fought and suffered horrendous losses. Its engineering unit, called Khatam al-Anbiya Construction Headquarters, then shifted from building fortifications to projects such as roads, dams and tunnels. (The unit's name derives from a phrase meaning "the final prophet," i.e., the Prophet Mohammed.) Presenting itself as an ordinary company, Khatam set up a Web site and published an in-house journal called Road and Tunnel Magazine. It established headquarters in a nondescript building in northern Tehran. Its chief is a former oil engineer.

Throughout, though, Khatam has remained an essentially military operation. "I'm not allowed to tell you anything," says Mohammadreza Rajabalinejad, a civil engineer who used to edit its magazine. A senior Guard official recently told the Iranian press 70% of Khatam's work is military-related. Khatam declined to comment.

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The Guard's initial reason for getting into business was both economic and political: newly demobilized and often bitter soldiers needed jobs, and the government, fearful of unrest, wanted to keep them occupied. As Khatam and other Guard ventures grew, they helped generate funds for the Guard and allowed regime loyalists to enrich themselves free from scrutiny by parliament or other state bodies.

The Guard reports not to the government but to Iran's supreme authority, the cleric Ayatollah Ali Khamenei. Its business units publish no accounts. Its budget is secret.

Though focused on work inside Iran, Khatam and other Guard ventures have done jobs abroad. They helped build a road in western Afghanistan after the fall of the Taliban, when the U.S.-backed government of Hamid Karzai pleaded for foreign help. Mr. Sazegara says the Guard is deeply involved in smuggling foreign goods into Iran.

The Guard made its first splashy display of hardball business tactics in May 2004. That month, it ousted a Turkish company that had a contract to run Iran's new Imam Khomeini International Airport. Troops and armored cars crashed a grand opening, blocking the runway. A plane that was about to land was turned away and all further flights were canceled.

The Turks fled. "It was a horrible, fantastical day," says Erken Ozber, a manager for the Turkish company, Tepe-Akfen-Vie. Months later, the airport reopened under management of the Revolutionary Guard and Iranian state organizations.

The debacle didn't dim the enthusiasm of foreign companies scouting for prospects in Iran's energy sector. Iran has the biggest natural-gas reserves after Russia and, according to the BP Statistical Review, its oil deposits are second only to Saudi Arabia's.

Among those looking for prospects was a Norwegian company called Aker Kvaerner. It led a consortium in 2004 that, Iranian officials say, included Khatam, the Revolutionary Guard unit. In early 2005, the consortium won a deal to help develop Iran's giant South Pars gas field in the Persian Gulf.

The Norwegians ran into flak at home for associating with the Guard, whose harsh prison network in Iran is notorious. "In Alliance with the Army of Torture," read a headline in an Oslo paper. The company's chief executive wrote a letter defending its Iran business. In any case, the deal soured before final terms could be worked out. The Norwegian company won't specify what went wrong.

Oriental Oil, the company currently at the center of the rig affair, also wanted into the big gas field. One of its sister companies formed a bidding partnership with a unit of Halliburton Co. of Houston. Although Washington tightly restricts U.S. companies and citizens from doing business in Iran, the rules don't bar non-U.S. citizens working for foreign-registered subsidiaries, as was the case with this Halliburton unit.

Oriental Oil, with offices in Dubai and Tehran, certainly looked like a good bet at the time, 2004. Its majority owner, Mehrdad Akbar Safdari, was a veteran of Iran's war with Iraq. People who know him say he had close ties both to the Guard and to more moderate political forces then running Iran. Also well connected was a partner of his, Cyrus Nasseri, an urbane former Iranian ambassador to the United Nations in Geneva who had studied for a time in Kentucky and spoke both English and French. He had won the trust of Iran's governing elite by helping negotiate the end of the Iran-Iraq war in 1988.

Oriental also got into the offshore-rig business. It rented foreign drilling rigs with the intent of re-leasing them, at a markup, to Iran's national oil company.

Oriental leased two rigs, first from Romania's state oil company and later from a private Romanian company that bought the rigs from the state company. The price, a fixed $40,000 a day, now is a bargain, because rates have since roughly tripled. The private Romanian company also then agreed to rent a third platform to Oriental.

To handle details, Oriental set up a letter of credit through an Iranian state-owned bank, Bank Saderat. Credit Suisse Group in Europe agreed to work with that bank to process the lease payments.

Things started to pay off for Oriental and Halliburton in late 2004. Oriental won a $307 million contract to develop two phases of the gas field. It was "a very happy time," recalls Oriental's general manager in Dubai, Khosrow Arabi.

But political winds in Tehran were shifting. Conservatives had just won parliamentary elections. Then in June of 2005, Iran elected as president Mr. Ahmadinejad, himself a former Revolutionary Guardsman. He had campaigned on a pledge to curb what he called Iran's "oil mafia."

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As president, he moved against businesses close to his more moderate predecessor. News media linked to the Guard and other hard-liners began to denounce Oriental Oil, and particularly its minority owner, the diplomat Mr. Nasseri. Fars News Agency complained that Mr. Nasseri "had access to the country's most secret information as a member of Iran's nuclear negotiating team and at the same time was dealing directly with the American company Halliburton, which once was run by Dick Cheney." Some griped about a since-aborted deal he had helped negotiate under which Iran agreed to suspend uranium enrichment. Asked about this, Mr. Nasseri says he won't discuss "lies and rumor."

In short order, Iran announced it was investigating Oriental Oil for corruption. The state oil company, alleging bribery, canceled Oriental Oil's winning bid for work in the South Pars gas field.

At that point, Halliburton dropped all contact with Oriental. Halliburton says they had never signed a final contract. Mr. Arabi, Oriental's manager in Dubai, recalls that "we were fighting with everyone. We had headaches everywhere."

Oriental, however, still had something Iran needed: lease contracts for several foreign offshore drilling rigs, including the three Romanian ones.

A shortage of drilling rigs has long bedeviled Iran, hurting its efforts to increase oil production, which remains far below the level before the 1979 revolution. U.S. law keeps out American drillers, the biggest players in the business.

Stripped of its biggest projects, Oriental Oil now clung to the drilling rigs as a lifeline. Its grip quickly began to slip.

In February, Credit Suisse said it was suspending its role handling the lease payments in cooperation with Iran's Bank Saderat. This followed U.S. pressure on big European banks to curtail business with the Iranian bank. A Credit Suisse spokesman declined to comment on the spat but said the bank was doing a "controlled withdrawal" from work with Iran-related corporate clients and decided late last year to refuse new Iran business. He cited an "increase in political and financial risks" and a desire to "safeguard our reputation."

The U.S. Treasury Department, ramping up its campaign to squeeze Iran, last month announced it was excluding Bank Saderat from both direct and indirect access to the U.S. financial system. The Treasury claimed Iran had used the bank to funnel $50 million to a group controlled by Hezbollah.

In this case, the U.S. campaign, because of the squeeze it created for Oriental Oil, may have ended up helping what is believed to be Hezbollah's principal sponsor -- the Revolutionary Guard.

The Romanian owner of the drilling rigs, Grup Servicii Petroliere SA, said it couldn't continue to lease the rigs to Oriental now that Credit Suisse had pulled out. Gabriel Comanescu, the Romanian company's president, also complained about a heap of unpaid bills. In April, he terminated the lease contracts and demanded his rigs back. Oriental, saying it could find a replacement bank, made clear that it had no intention of giving up the rigs. The two sides' claims and counterclaims are now before an arbitration panel in Paris.

Oriental, beset both by political problems at home and by banking woes abroad, decided its only option was to sell out, says its Mr. Arabi. "They are the winners," he said, referring to hard-line Iranian politicians and news media who he said were behind the campaign against Oriental. Iran suddenly dropped its corruption case against the company.

The Revolutionary Guard, meanwhile, was on a roll. Iran's new government had given it the lead role in developing two phases of the gas field -- the same project previously assigned to the Norwegian-led consortium. The Guard also won a gas pipeline deal, plus a contract to expand Tehran's subway system.

Its advances haven't come without push-back, reflecting the rival power centers that mark Iran today. Reformist members of parliament wrote to President Ahmadinejad complaining about no-bid contracts and below-market-rate loans given to the Guard. And parliament blocked Mr. Ahmadinejad's attempt to name a Guard veteran as oil minister.

Still, when Oriental Oil gave up and decided to sell itself, the Guard's engineering unit quickly became a top contender to buy it, in competition with an affiliate of the state oil company and others.

The U.S. is deeply wary of the Revolutionary Guard but believes that the trials of Iranian firms squeezed by foreign banks may in the future undermine hard-line elements. "While those who are currently benefitting from Iranian integration into the global economy are the ones who will feel this isolation the most, they are also in the best position to persuade the regime that its current track will undermine the future of the Iranian people," said Stuart Levey, Under Treasury Secretary for Terrorism and Financial Intelligence.

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In Romania, Mr. Comanescu, having canceled the drilling-rig leases when the bank system for handling lease payments collapsed, laid plans to get the three rigs back. One was outside Iran for repairs, so reclaiming it wasn't hard. But two were moored in Iranian waters in the Persian Gulf.

In June, Mr. Comanescu hired three tugboats to drag off one of them, the Orizont. But the tugs turned back after Iran's state oil company ordered them to.

In August, he tried again, this time with the other rig, and had more success. Tugs towed it from Iranian waters to the United Arab Emirates. Iran branded the move a hijacking and said state oil officials had been roughed up and held hostage. Ian Bahn, a Briton who supervised the move, called that charge nonsense, saying the men allegedly held hostage were "smiling, laughing and joking with us."

This left just one Romanian drilling rig, the Orizont, still in Iranian waters. An Iranian court ordered that it stay put.

On Aug. 22, vessels again approached the rig, but this time they weren't tugboats. They were Iranian boats, and their occupants had guns, says the rig's chief, Mr. Petcu. He says the Iranians forced their way aboard.

Mr. Petcu says that after the Iranian forces herded him and the other Romanians onto the helicopter pad, the intruders began hunting for documents, looking in computers, cabinets and even the refrigerator.

Photos taken by the Romanians show two Iranian vessels. There was a large patrol boat of the type Iran's navy uses and a smaller unmarked craft that, naval experts say, appeared to belong to the Revolutionary Guard.

Iran's government, which had earlier accused Oriental Oil of corruption, now rallied to defend the sanctity of its rig contracts. The Foreign Ministry said police had boarded the Orizont to prevent the rig from being moved illegally, and thus to foil "a second robbery." After a day of heated exchanges between Tehran and Bucharest, President Ahmadinejad telephoned Romania's president to assure him that Iran had no hostile intent, merely commercial interests.

Today, Mr. Nasseri, the diplomat who was a target of the campaign against Oriental, says he has sold his 10% stake in Oriental. He won't say to whom. "I'm tired," he says. "I just want to lead a normal, comfortable life."

Eight weeks after the rig raid, with the platform in limbo in the Persian Gulf, Iran has withdrawn most of its armed men but still occupies the rig. Mr. Comanescu, the Romanian executive, says his staff aboard the platform has been able to identify the five Iranians still there. He says two are armed police, one is a representative of Oriental Oil, one is an envoy from Iran's state oil company and the last is an armed intelligence officer of the Revolutionary Guard. "We are caught in the middle of a big Iranian fight. This is our tragedy," he says.

"I wouldn't wish my biggest enemy to be in the situation I'm in," the Romanian executive adds. "Do you think the Revolutionary Guards went to...the Harvard Business School?"

Write to Andrew Higgins at andrew.higgins@wsj.com1

Norway's Statoil Is Fined By SEC Over Iran Affair (WSJ)

By Ian Talley

The Wall Street Journal, October 14, 2006

The Securities and Exchange Commission and Justice Department levied a $21 million fine against Norwegian oil company Statoil ASA for a payment it made in 2002 to win development of a critical Iranian petroleum project.

State-controlled Statoil has already paid Norwegian authorities $3 million for the affair, which involved a $15.2 million consultancy contract with Horton Investment Ltd. -- a consultancy that also had links to the state-owned National Iranian Oil Co. -- and led to the ouster of several top executives.

Norwegian investigators said the deal was illegal and meant to influence officials for entry into the South Pars project petroleum project in Iran. In October 2002, Statoil was awarded the development contract.

Statoil acknowledged making the payment and said it would accept the penalties. Statoil Chairman Jannik Lindbaek said the incident occurred under the company's previous management and that the company has "long deplored" it.

The sanction is among the largest under the Foreign Corrupt Practices Act, a 1970s law that prohibits bribes to foreign officials. In the largest fine under the act, Titan Corp. last year agreed to pay $28.5 million to settle SEC allegations it covered up payments in six countries.

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The SEC, which has been ratcheting up pressure on U.S. corporations to disclose any questionable payments they may have made overseas, said it wanted to make the Statoil fine high to send a clear signal to other companies.

"It was important for us to not just make this violation just another cost of doing business for the company," said Helene T. Glotzer, SEC associate regional director.

The SEC said it would require Statoil to pay $10.5 million of any future profit from the Iranian project currently under construction. The Justice Department said it would accept the $3 million penalty levied against Statoil by Norwegian authorities as part of its $10.5 million penalty.

An official Iranian investigation last year found there had been no wrongdoing by any Iranian officials or companies.

In January, Statoil wrote down the South Pars project by $335 million following three years of delays, poor pre-engineering plans and higher commodity prices.

Separately, Norwegian safety officials upheld an order to shut down two offshore oil platforms, owned by Statoil and Norske Shell ASA, the Norwegian branch of Royal Dutch Shell PLC, because of defects in their lifeboat systems. The order will delay production of about 280,000 barrels per day of oil, or some 10% of the production that makes Norway the world's third-largest oil exporter after Saudi Arabia and Russia.

---- Elizabeth Cowley and Deborah Solomon contributed to this article.

Write to Ian Talley at ian.talley@dowjones.com1

South Korean Is Appointed Secretary General Of U.N. (NYT)

By Warren Hoge

The New York Times, October 14, 2006

UNITED NATIONS, Oct. 13 — Ban Ki-moon, the foreign minister of South Korea, was appointed Friday by the General Assembly as the next secretary general of the United Nations, succeeding Kofi Annan.

Mr. Ban was approved by acclamation of the 192-member body and greeted by sustained applause as he walked onto the rostrum to make his acceptance speech.

He is to take the oath of office in mid-December and assume the job on Jan. 1, the day after Mr. Annan completes his two five-year terms. In his foreign service career, Mr. Ban has taken part in negotiations with North Korea, and said this month that he would like to go there once he becomes secretary general.

Mr. Ban, 62, will become the eighth secretary general in the 60-year history of the United Nations and the first Asian occupant of the office since U Thant of Burma stepped down in 1971.

Mr. Annan, 68, hailed his successor as “a man with a truly global mind at the helm of the world’s only universal organization.”

He recalled that the first man to hold the position, Trygve Lie, told his successor, Dag Hammarskjold, “You are about to take over the most impossible job on earth.”

Mr. Annan said, “While that may be true, I would say, ‘This is also the best possible job on earth.’ ”

Mr. Ban said he had appreciated the United Nations from his youth for the role the organization played in creating and rebuilding his war-torn country.

He also said he had been “pained by scenes of its failures” in his travels in recent years. “In too many places could I feel the dismay over inaction of the U.N., or action that was too little or came too late.”

He pledged, “I am determined to dispel the disillusionment.”

He listed his priorities as reforming the United Nations, meeting development goals established in 2000, establishing human rights, confronting threats posed by terrorism and weapons of mass destruction, slowing environmental degradation and curbing the spread of AIDS.

Under the United Nations Charter, the name of the new secretary general is chosen by the Security Council and sent to the General Assembly for appointment.

Mr. Ban defeated six other candidates for the job in four informal polls of the Council and was officially elected by the 15-member panel on Monday.

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A veteran of three decades in his country's foreign service, Mr. Ban is familiar with the United Nations, where he served as first secretary of the South Korean mission in the 1970's and was chief assistant to Han Seung-soo, president of the General Assembly, in 2001.

He is a more retiring personality than Mr. Annan, who traveled the world as a global diplomat and made high-profile statements on the rule of international law.

In his speech, he asked that people understand his modest manner as a cultural attribute and not misread it as lack of decisiveness or passion.

"Asia is a region where modesty is a virtue," he said.

"But the modest is about demeanor," he said, "not about vision and goals. It does not mean the lack of commitment or leadership. Rather it is quiet determination in action to get things done without so much fanfare."

South Korean Approved As U.N. Secretary General (WP)

From News Services

The Washington Post, October 14, 2006

UNITED NATIONS, Oct. 13 -- The U.N. General Assembly overwhelmingly approved South Korean Foreign Minister Ban Ki Moon on Friday as the next U.N. secretary general.

The Security Council's choice of Ban, 62, to succeed Kofi Annan was ratified by acclamation at the General Assembly, consisting of all 192 U.N. member governments.

Hundreds of diplomats and U.N. staffers broke into loud applause when the General Assembly president, Sheikha Haya Rashed al-Khalifa of Bahrain, asked the assembly to adopt the resolution by acclamation. She then banged the gavel and said, "It is so decided."

Ban will become the eighth secretary general in the United Nations' 60-year history on Jan. 1, when Annan's second five-year term expires. The last Asian to run the world body was U Thant of Burma, who held the post from 1961 to 1971.

"It has been a long journey from my youth in war-torn and destitute Korea to this rostrum and these awesome responsibilities," Ban said in accepting the post, in both English and French.

"I could make the journey because the U.N. was with my people in our darkest days," he said. "It gave us hope and sustenance, security and dignity. It showed us a better way. So I feel at home today."

Ban will oversee an organization with 92,000 peacekeepers around the world and a $5 billion annual budget. The United Nations' reputation has been tarnished by corruption scandals, and its outdated practices need reform to meet the challenges of the 21st century.

Annan hailed Ban as "exceptionally attuned to the sensitivities of countries and constituencies in every continent."

The choice of Ban for the top job coincides with increased U.N. involvement in the effort to thwart North Korea's nuclear weapon development program. Ban has said that he would like to help mediate the dispute with the communist government in North Korea.

Ban Named Next U.N. Secretary-general (AP)

By Edith M. Lederer

AP, October 14, 2006

The U.N. General Assembly appointed South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general Friday, and the veteran diplomat who grew up during a war that divided his country pledged to make peace with North Korea a top priority.

The assembly's action on Ban capped the remarkable rise of a man who was little known outside Asia before launching his campaign to succeed Kofi Annan. It also marked a milestone for South Korea, which only joined the United Nations in 1991 and still has U.N. troops on the tense border with the North.

Ban has been in the forefront of South Korea's nuclear negotiations with Pyongyang and has said he plans to travel to North Korea as secretary-general, something Annan never did. He said last month he would use the authority of the U.N. position to promote peace and reconciliation on the Korean peninsula "and a peaceful resolution of the North Korean nuclear issue."

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The U.S. and Japan were pushing for a vote by the Security Council Saturday on a resolution imposing punishing sanctions on the North for its claimed nuclear test earlier this week. The test prompted worldwide outrage and demands from the U.S. and its allies for the isolated communist regime to return to six-party talks aimed at persuading the North to abandon its nuclear program.

Ban told a press conference soon after his selection that he hopes the Security Council "quickly adopts a clear and strong resolution" to show North Korea that the international community is united against its claimed nuclear test.

In a speech to hundreds of diplomats and U.N. staff Friday, Ban laid out his vision for the United Nations whose reputation has been tarnished by corruption scandals and whose outdated practices still need major reform to meet the challenges of the 21st century.

"My tenure will be marked by ceaseless efforts to build bridges and close divides," he said. "Leadership of harmony not division, by example not instruction, has served me well so far. I intend to stay the course as secretary-general."

During a nearly 40-year career as a diplomat, Ban said, "I have been elated by the successes of the U.N. in making life better for countless people. I have also been pained by scenes of its failures. In too many places could I feel the dismay over inaction of the U.N., or action that was too little or came too late."

"I am determined to dispel the disillusionment," he said.

Ban, 62, will become the eighth secretary-general in the U.N.'s 60-year history on Jan. 1 when Annan's second five-year term expires. He was one of seven candidates vying to be the U.N. chief and topped all four informal polls in the Security Council.

He said he was proud to be the second Asian chosen to serve as secretary-general. The last secretary-general from the continent was Burma's U Thant, who served from 1961-71.

By tradition, the post of secretary-general rotates among the regions of the world and most countries agreed that this time it was Asia's turn.

Hundreds of diplomats and U.N. staff in the chamber broke into loud applause when assembly president Sheikha Haya Rashed Al Khalifa asked the 192-nation world body to adopt the resolution appointing Ban by acclamation. She then banged the gavel and said, "It is so decided."

Annan hailed Ban as "a future secretary-general who is exceptionally attuned to the sensitivities of countries and constituencies in every continent" and said he would be "a man with a truly global mind at the helm of the world's only universal organization."

Annan recalled that the first U.N. secretary-general, Trygvie Lie, told his successor, Dag Hammarskjold, "You are about to take over the most impossible job on Earth."

"While that may be true," Annan said, "I would say: This is also the best possible job on Earth."

He said he had only one piece of advice for his successor when he takes over — "try to make full use of the unparalleled resource you will find in the staff of the organization. Their commitment is the U.N.'s greatest asset."

U.S. Ambassador John Bolton said Ban is "the right person to lead the United Nations at this decisive movement in its history, particularly as the U.N. struggles to fulfill the terms of the reform agenda that world leaders agreed to last fall."

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with North Korea. During his diplomatic career, he was posted in India, Austria, Washington and at the United Nations.

Ban received a degree in international relations from Seoul National University in 1970, and earned a master's degree in public administration from Harvard University in 1985.

An early influence for him came from a White House visit with President John F. Kennedy as part of a program organized by the American Red Cross when he was an 18-year-old student. His visit is captured in a black-and-white photo that shows Ban smiling among students from other countries as the president spoke.

Ban on Friday harkened back to his childhood, saying the United Nations stood by South Korea in its impoverished postwar days.

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"It has been a long journey from my youth in war-torn and desperate Korea to this rostrum and these awesome responsibilities," he said. "I could make this journey because the U.N. was with my people in our darkest days. It gave us hope and sustenance, security and dignity. It showed us a better way."

He said he hopes to head a United Nations like the one he remembered from his boyhood.

"I am an optimist, and I am full of hope about the future of our global organization. Let us work together for a U.N. that can deliver more and better."

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Associated Press Writer Edward Harris contributed to this report

Seismic Task For Korean Assuming U.N. Mantle (NYT)

By Roger Cohen International Herald Tribune

The New York Times, October 14, 2006

NEW YORK

A Polish pope, with a little help from his compatriots, prized open the prison of Central Europe. Can a South Korean secretary general of the United Nations do the same for the 23 million hapless people locked in the hermit state of a nuclear-armed North Korea?

Ban Ki Moon, the South Korean foreign minister, who will succeed Kofi Annan at the end of the year, is short on the charisma that made Pope John Paul II a force. But the unanimity he engineered for his nomination testifies to his powers, and sitting atop the UN confers access, authority and agenda-setting discretion not granted by national office.

The Korean question will inevitably top his agenda because it's the world's greatest strategic anomaly: a frozen "temporary" border that is the Cold War's strangest relic, separating a nation caught in a Stalinist time warp from another, Ban's, that is a vibrant emblem of the world's most dynamic region.

Following North Korea's announcement that it had tested a small nuclear device, the threat posed by this anomaly is clear. As David Sanger of The New York Times has noted, Kim Jong Il's bizarre regime has "never developed a weapons system it did not sell on the world market." We know all too well who the many clients are for loose nukes.

Since the "seismic event," the term favored by the U.S. administration for Kim's explosion, President George W. Bush has warned that the ever shifting "red line" for Pyongyang now stands at selling nuclear material. That, Bush said, would constitute a "grave threat" for which Kim would be held "fully accountable." Kim's not suicidal, so he may listen to that, at least for now.

This warning aside, Bush's favorite word of late has been "diplomacy." It courses through his parlance with the readiness once reserved for with-us- or-against-us rabble-rousing. You don't have to look any further than Baghdad for the explanation. America is stretched thin with little taste for further military confrontation.

"My answer is that I believe the commander-in-chief must try all diplomatic measures before we commit our military," Bush opined the other day, adding, "We're making progress when we've got others at the table."

So here, it seems, is a chastened U.S. commander-in-chief turning to diplomacy, which is to say the United Nations, at the same time as the organization prepares to greet a new leader for whom the intricacies of the Korean Peninsula are everyday fare. On the face of it, that's a situation with potential.

The potential may be greater because the North Korean bomb has been "seismic" in more than one sense. It has shifted the political terrain in Asia. Shinzo Abe, the new Japanese prime minister, chose to make conciliatory visits to Beijing and Seoul his first diplomatic moves.

That immediately endeared Abe to the United States.

"What has been the weakness of the American strategic position in Asia over the last several years and, indeed what has been the weakness in dealing with North Korea?" Nicholas Burns, an under secretary of state, asked at the Council on Foreign Relations this week. "You've had this very difficult relationship between China and Japan. You've had an equally difficult relationship between Japan and South Korea."

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Burns gave part of the answer to why the six-party talks with Pyongyang have failed: those pressing Kim were divided among themselves. If Abe proves attuned to Chinese and South Korean World War II grievances, the principal source of friction, fissures may narrow and pressure on Pyongyang intensify.

But fundamental problems remain, not least that while the United States would be happy enough to see Kim fall and his regime implode, China has no interest in that outcome. South Korea, more intent on the peninsula's stability than its freedom, and marked by strong pockets of anti-American sentiment, is also deeply ambivalent.

A coalition is only as strong as its weakest partner. Already, anger at North Korea from China and Russia has given way to exhortations to proceed with prudence, the sort of mealy-mouthed talk for which Kim showed such contempt with his little bomb.

The Bush administration's quest for a strongly worded UN Security Council Resolution, backed by a possible threat of military force under Chapter 7 of the UN Charter, is facing resistance.

That's par for the course. Whether the issue is North Korea or Iran, China and Russia will seek little ways to chip away at American power. Given Bush's international standing, they will not be isolated. But in diplomacy, as life, you must be careful what you wish for: North Korean nukes should focus minds on what the costs of a divided, dithering and leaderless world can be.

Which brings us back to Ban. When I interviewed him in Seoul last year, he was a study in prudence. Unification, he said, was "an ardent aspiration of all 70 million Korean people," but "now our priority should be the maintenance of peace and stability." He noted that South Korea would face an "enormously heavy burden from a sudden collapse of the North" and dismissed the notion of unification within a decade.

Pressure and sanctions are fine, and better if delivered with unanimity. But, as Pope John Paul II showed, moral suasion can be the most powerful force of all. North Korea is a squalid, corrupt, ruthless little family dynasty with a big army and no food; it should be history by now. Somebody needs to find ways to make that clear.

Ban, in his new position, will carry the world's moral authority. As a Korean, he has a moral obligation. Office can transform the stature of man; age tends to accentuate the urge to leave a lasting mark. Who better to speak for Korean freedom than he?

The incoming secretary general has already said he's ready to go to Pyongyang. That's a good start. If he leaves office with the Korean Peninsula still divided, and 23 million North Koreans still bowing and scraping to Kim, history may prove severe in its judgment.

5 Die As Palestinians Clash With Israelis And Each Other (NYT)

By Greg Myre

The New York Times, October 14, 2006

JERUSALEM, Oct. 13 — Four Palestinians, including three Hamas militants, were killed Friday in a second day of deadly clashes with Israeli forces in the Gaza Strip.

In a separate confrontation, Palestinian gunmen from the two main factions, Hamas and Fatah, battled each other overnight and during the day on Friday, leaving a teenager dead and nearly 50 people wounded in the northern Gaza town of Beit Lahiya, the Palestinians said.

Both developments illustrated the relentless turmoil that has gripped Gaza since militants seized an Israeli soldier and took him to the territory on June 25. Since then, Israeli forces have re-entered Gaza, carrying out ground raids and frequent airstrikes, and tensions between Hamas and Fatah have often boiled over into street fighting.

The Palestinian prime minister, Ismail Haniya, of Hamas, tried to calm the atmosphere during a midday speech on Friday at a mosque in the southern Gaza town of Khan Yunis. “We are committed to not getting dragged into internal strife or into the so-called civil war,” Mr. Haniya said.

Despite such pleas by Mr. Haniya and the Palestinian Authority president, Mahmoud Abbas, the internecine fighting has grown worse in recent weeks, and talks on a Palestinian unity government are deadlocked.

One of the key sticking points in the talks has been Hamas’s refusal to recognize Israel, as demanded by Western countries. Mr. Haniya reiterated Hamas’s position on Friday.

“Israel might have secured the recognition of some of our people, and some in the Arab world and in the international community,” Mr. Haniya said. “It is now seeking another recognition, Islamic recognition. I say we will not give it this card.”

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In Friday's deadliest episode, the Israeli Air Force bombed a vehicle in northern Gaza, killing three Hamas militants inside, and wounding several passers-by on the street.

The Israeli military said the Hamas men were planning to launch rockets at southern Israel, and that the same Hamas cell was involved in rocket fire a day earlier.

Also on Friday, a Palestinian woman was shot dead near her house in Khan Yunis, according to residents and medical workers. Palestinians said she was hit by Israeli gunfire. The Israeli military said it was searching for tunnels in the area and shot two gunmen, but was not aware of having hit a woman.

A day earlier, the Israeli military killed eight Palestinians in Gaza, including militants and civilians, and a ninth Palestinian died of his wounds on Friday.

In another development, the Israeli security forces clashed with hundreds of Palestinians from the West Bank who tried to enter Jerusalem on Friday to pray at the Aksa Mosque compound, one of the holiest sites in Islam.

The Palestinians, who tried to enter the city at several checkpoints, threw stones and bottles at the security forces, who responded with tear gas, rubber bullets and stun grenades. No serious injuries were reported.

An estimated 160,000 Muslims took part in the midday prayers at the mosque compound in Jerusalem's Old City, and such huge crowds are the norm during the holy month of Ramadan. However, Israel has not been allowing Muslim men under 40 to attend the services and has barred most Palestinians from the West Bank, citing security concerns.

The latest round of internal Palestinian fighting began on Thursday, with the fatal shooting of a member of the intelligence service, a branch of the security forces considered loyal to Mr. Abbas.

On Thursday night, a local Hamas leader was gunned down in Beit Lahiya. Shortly afterward, Hamas and Fatah gunmen there began exchanging fire. The shooting lasted through the night and during much of the day on Friday. A teenage bystander was killed.

9 Slain As Gaza Clashes Continue (LAT)

By Ken Ellingwood

The Los Angeles Times, October 14, 2006

At least 18 Palestinians have been killed since Thursday in actions by the Israeli military. Violence between Fatah and Hamas also persists.

JERUSALEM — Israeli forces killed at least nine Palestinians in the Gaza Strip on Friday and early today in clashes that mark the deadliest flare-up in weeks.

At least 18 people have died in military actions since Thursday morning, several of them civilians, Palestinian officials said.

Early today, Israeli aircraft fired missiles at Hamas fighters east of Gaza City, killing five. The Israeli military said gunmen had fired antitank missiles at troops that had moved into the area.

Three Hamas militants were killed Friday near Beit Lahiya when an Israeli aircraft fired a missile at the car in which they were riding.

The Israeli military said the car was loaded with homemade Kassam rockets the men planned to fire into Israel. Militants launched six Kassams a day earlier after an Israeli raid killed six people near the town of Khan Yunis, in southern Gaza.

Earlier Friday, Palestinian officials said a 32-year-old woman died after being hit by gunfire outside her home in Abasan, a village near Khan Yunis where Israeli forces have operated since Thursday. Israeli army officials said they were unaware of any shots hitting civilians. A military spokeswoman said soldiers had fired at two gunmen who approached, hitting both fighters and killing one.

Meanwhile, a 38-year-old man died of wounds suffered a night earlier during an Israeli missile strike on a house in the Shajaiyeh neighborhood of Gaza City. The strike targeted Ashraf Farwana, a senior Hamas militant, but he was not home.

Killed instead were his brother, Ayman, and an 8-year-old girl in an adjoining house.

Israel renewed military operations in Gaza after the June 25 capture of an Israeli soldier by Palestinian militants. The latest fighting has added to the turmoil in the impoverished coastal enclave, where factional clashes between the ruling Hamas movement and its main rival, Fatah, also are occurring.

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At least 10 people were injured early Friday during a shootout between the rival groups in Beit Lahiya.

The encounter was apparently triggered by the fatal shooting of a Hamas militant the previous night by gunmen who appeared at his home. That shooting followed the slaying of a 30-year-old officer of the Palestinian intelligence service, which is loyal to Fatah.

Also Friday, a mob burned down a Gaza radio station affiliated with Fatah. The owner said the attackers were members of Hamas.

The two groups have been locked in a power struggle since Hamas won control of the government by defeating Fatah in parliamentary elections in January.

Talks aimed at forging a unity government have deadlocked over Hamas' refusal to recognize Israel.

Palestinian Authority President Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniyeh, of Hamas, announced a tentative agreement last month but it fell apart almost immediately.

Officials in both factions hoped a new government lineup could help break a months-long international aid embargo against Hamas, which much of the West classifies as a terrorist group.

In other developments, Palestinians clashed with Israeli police at checkpoints leading to Jerusalem as they protested restrictions on Muslim prayers at the Al Aqsa mosque in the walled Old City. Officers fired stun grenades to disperse the crowd after youths hurled rocks, police spokesman Micky Rosenfeld said.

Israel has barred men younger than 40 from attending Friday prayers at the mosque during the Muslim holy month of Ramadan, citing security concerns. Arab leaders have decried the restrictions as a violation of religious freedom.

More than 150,000 worshipers attended Friday's prayers.

Bush Strengthens Sanctions On Sudan (AP-Y)

By Deb Riechmann, Associated Press Writer

AP, October 14, 2006

President Bush signed an executive order Friday that stiffens sanctions on Sudan and its oil industry in an effort to persuade the government to accept U.N. peacekeepers and stop killings of civilians in Darfur.

The president signed the Darfur Peace and Accountability Act to address the crisis in the western region of Sudan where at least 200,000 people have died and 2.5 million people have been displaced in three years of fighting.

The act imposes sanctions against those responsible for genocide, backs measures to protect civilians and humanitarian operations and supports peace efforts in the war-torn land, according to the order issued by the White House Friday on evening. The order continues a countrywide blocking of the Sudan government's property, and prohibits transactions related to Sudan's oil sector.

"The government of Sudan continues to implement policies and actions that violate human rights, in particular with respect to the conflict in Darfur," Bush said in his order.

"The pervasive role played by the government of Sudan in Sudan's petroleum and petrochemical industries threatens U.S. national security and foreign policy interests."

Bush's executive action expands on an earlier executive order issued by President Clinton in 1997.

The action taken Friday maintains robust U.S. sanctions on Sudan while facilitating U.S. assistance and investment in the development and reconstruction of Southern Sudan.

United Nations investigators and rights groups have blamed the bulk of the atrocities on the janjaweed, a pro-government militia that is widely accused of killing villagers and setting fire to their homes. The government denies supporting the janjaweed.

Despite a May peace agreement, aid workers and rights organizations agree with the Crisis Group's assessment that violence has increased in recent months.

The U.N. Security Council voted in August to replace the weak African Union peacekeeping mission with a much bigger U.N. force. But Sudan President Omar al-Bashir and his ruling National Congress Party have refused to let the U.N. peacekeepers deploy, claiming they would breach Sudan's sovereignty.

'Perfect Storm' Brewing In Georgia (WT)

By David R. Sands, The Washington Times

The Washington Times, October 14, 2006

The bitter dispute that erupted last month between Russia and Georgia is a "perfect storm" of mutual suspicion and hostility in which both sides have their reasons for escalating the tension, regional security analysts say.

Russia-Georgia relations, never good in the best of times, have plummeted after Moscow's harsh reaction to the Sept. 27 arrest and expulsion of four Russian soldiers in Tbilisi on espionage charges.

Russia cut mail and transportation links to Georgia and deported scores of Georgians for purported immigration-law violations. There also have been reports of intimidation of Georgian nationals and businesses in Moscow.

The European Union and the U.N. Security Council have appealed for calm, but both Georgian President Mikhail Saakashvili and Russian President Vladimir Putin could benefit from the clash, said Charles King, an Eastern European specialist who teaches at Georgetown University.

"The crisis is a perfect storm that serves the interests of both Russia and Georgia to continually up the ante," Mr. King said. "They may not want war, but they could take all the steps up to war."

Bruce Jackson, president of the Washington-based Project on Transitional Democracies, said both leaders are playing for stakes that are larger than the fate of a few spies.

"Both Putin and Saakashvili think they can derive benefits from escalation," said Mr. Jackson, who said this week that it was "more likely than not" that there will be further deportations and violence before the crisis eased.

Mr. King said the pro-Western Mr. Saakashvili was banking on a Russian "overreaction" to boost his popularity at home and to attract U.S. and European support for Georgia's long-term hopes to break away from Moscow's influence and join such Western institutions as NATO and the European Union.

Tbilisi has also tried to raise international opposition to Russia's backing of separatist movements in Georgia's South Ossetia and Abkhazia enclaves, which have resisted central control since Georgia gained independence from the collapsing Soviet Union in April 1991. Mr. Saakashvili's strong stand on the so-called "frozen conflicts" has helped reverse a decline in his political popularity in the three years since he led Georgia's democratic Rose Revolution.

In an opinion piece in the Wall Street Journal on Thursday, Mr. Saakashvili slammed what he called Russia's "unprovoked onslaught" and accused Russian leaders of trying to "smite the success story to the south."

Mr. Saakashvili's real audience, Mr. King said, is Washington.

"A fight with Russia keeps Georgia on the U.S. agenda," he said. "Brinksmanship can be played with one's friends as well as one's enemies."

The Georgian leader said his country "will do all that is necessary to ease the current tensions," but on the same day, his government announced that it was postponing indefinitely talks on a deal that would allow Russia to enter the World Trade Organization.

Mr. King said Russia and Mr. Putin are equally keen to slap down Georgia, in part to punish Tbilisi for its desire to ally with the European Union and United States and in part to show Ukraine and other former Soviet states on its border the costs of pulling away from Moscow in favor of the West.

With Mr. Putin set to step down as president in 2008, his potential successors are also competing to see who can take the harder line in defense of Russian national interests in the Georgian standoff.

But Russia's hard line is expected to come under fire when EU leaders meet with Mr. Putin next week at a summit in Finland. A draft summit statement being considered by EU foreign ministers expresses "grave concern" over Russia's recent actions against Georgia, according to press reports.

London And Dublin Offer Northern Ireland A Compromise (NYT)

By Alan Cowell

The New York Times, October 14, 2006

DOJ_NMG_0081194

ST. ANDREWS, Scotland, Oct. 13 — After three days of closed-door negotiations, Britain and Ireland on Friday offered a compromise formula to restore Northern Ireland's power-sharing government by next March, allowing for an election or referendum to endorse the deal.

While the package was not immediately embraced by the province's fractious political parties, it gave them until Nov. 10 to hold meetings among their followers and then give their answer to what was promptly named the St. Andrews Agreement. But it is not certain that an agreement sponsored by London and Dublin will be enough to survive the tripwires of Northern Ireland's fissured politics.

The main parties, the Roman Catholic Sinn Fein and the Protestant Democratic Unionist Party, promised to respond by Nov. 10. If they consent, their action will begin a choreographed sequence of events to permit the power-sharing government set up under the Good Friday Agreement of 1998 to be restored. It was suspended four years ago in a dispute over alleged espionage by the Irish Republican Army.

Restoration of the power-sharing government, consisting of an executive branch as well as the existing local assembly, would be an important step toward ending Northern Ireland's anomalous political status at a time when its people have become used to relative peace and economic growth.

At a news conference, Prime Ministers Tony Blair of Britain and Bertie Ahern of Ireland refrained from high-flown language to herald the end of the negotiations. "I think we have a way forward here," Mr. Blair told reporters in the golf resort where the talks took place.

The Rev. Ian Paisley, the 80-year-old Protestant leader, said his party had made "considerable progress throughout the course of these talks."

The Democratic Unionists, who want a continued union with Britain, had been pressing for Sinn Fein, which seeks a united Ireland and is the political wing of the Irish Republican Army, to commit itself completely to respecting the province's police force, which Sinn Fein regards as a Protestant-dominated adversary.

Sinn Fein has been pressing for Mr. Paisley's agreement to sit in a power-sharing government as first minister with a republican leader as his deputy — an idea that would once have been unthinkable. The agreement means each side would have to accept the other's demands for the deal to unfold.

On Friday, at least, they seemed determined to do that. "We need to find ways to put differences behind us," said Gerry Adams, the Sinn Fein leader.

Mr. Paisley seemed equally ready to compromise. "Today we stand at a crossroads," he said. "We stand at a place where there is a road to democracy and there is a road to anarchy, and I trust that we will see in the coming days the vast majority of people taking to the road of democracy."

Initially, Britain threatened to shut down the Northern Ireland Assembly and resume direct rule of the troubled province if the parties did not agree to settle their differences by Nov. 24. That deadline now seems to have slipped well into next year.

The St. Andrews Agreement lays out a schedule of events, beginning with a preparatory caucus for political leaders in Northern Ireland starting Tuesday. Then, if they agree to continue the settlement deal by Nov. 10, the assembly would meet on Nov. 24.

On that day, the assembly would nominate a first minister and a deputy. According to a British official, those two figures — likely to be Mr. Paisley and Sinn Fein's Martin McGuinness — would "not take up their role" on that day. But the presence of the two men technically in the same administration would offer a heady symbol of power sharing intended to breathe confidence into the agreement.

The next steps would be for the so-called Independent Monitoring Commission to report in January on the status of the Irish Republican Army's pledge to renounce violence, followed by a referendum or election in March to endorse the St. Andrews Agreement.

Most participants except Mr. Paisley favored a referendum, according to a participant who asked not to be identified because he was not authorized to disclose details of the deliberations.

Finally, the local executive body would be revived on March 26. But if the parties failed to set up the executive, or failed to agree "at any stage," the assembly would be dissolved.

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The agreement also provides for the British government to inject unspecified financial support into the province, which is already heavily dependent on central government financing.

A critical element of the agreement relates to Sinn Fein's demand that the police in Northern Ireland be controlled by the local executive, giving Sinn Fein more influence over the force. The agreement suggests that the local government could assume control of the police by May 2008.

Deal Would Revive N. Ireland Assembly (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 14, 2006

Power-Sharing Plan Faces Hurdles

LONDON, Oct. 13 -- The prime ministers of Britain and Ireland on Friday announced plans for Northern Ireland's Protestants and Catholics to share power in a deal that would restore the province's suspended local government by next March.

"I think we have a way forward here," British Prime Minister Tony Blair said at a news conference with his Irish counterpart, Bertie Ahern. The breakthrough came after three days of intensive talks with Northern Ireland's main political players in the Scottish resort town of St. Andrews.

Creating a local assembly in which Catholics and Protestants govern together was a cornerstone of the 1998 Good Friday accords. That pact set out a framework for lasting peace in the British province, where three decades of sectarian conflict claimed more than 3,600 lives until a cease-fire in 1997. The first assembly collapsed in October 2002 amid the mutual suspicion between Catholic and Protestant leaders that has long poisoned the province's politics.

While the assembly officially reconvened in May, officials have been unable to agree on a power-sharing plan between the "nationalist" Catholics, represented by Sinn Fein, who favor reunification with the Republic of Ireland, and the "unionist" Protestants, represented mainly by the Democratic Unionist Party, who favor continued British rule.

Blair and Ahern had said that if the parties could not reach agreement by Nov. 24, the province would have everything from water rates to education controlled by the central government in London. The St. Andrews talks were an attempt to avert that outcome, which is particularly opposed by Sinn Fein and its leaders, Gerry Adams and Martin McGuinness.

Blair and Ahern said on Friday that Northern Ireland's political parties would have until Nov. 10 to agree to the plan. If they do, they would also nominate the two ministers who would lead the assembly -- most likely the Rev. Ian Paisley, head of the Democratic Unionists, as the first minister, and McGuinness as his deputy. The ministers would not actually assume full power until March 26, a delay officials said would give each side time to assess the other's commitment to the power-sharing agreement.

Blair also said the agreement would have to be approved by the province's voters in some sort of referendum.

Blair and Ahern said the plan requires each side to compromise. Sinn Fein would have to endorse and support the province's police force, which is still predominantly Protestant. Sinn Fein officials have been reluctant to recognize the force until they believe that it more fully represents Catholic interests.

The Democratic Unionists and Paisley, their hard-line leader, would have to agree to collaborate in a government with Sinn Fein, the political affiliate of the Irish Republican Army, which waged a guerrilla war in the province for decades before announcing last year that it had laid down its weapons for good. Paisley has often said he refuses to govern with men he considers "terrorists."

If the voters approve the deal and the main political parties find the arrangement satisfactory, the assembly would choose the rest of its leadership on March 14 and London would restore the provincial government's authority on March 26.

Officials from the main political parties said they would consult with their members about the proposal.

Paisley said the nationalists, or republicans, had a "delivery to make."

"Delivering on the pivotal issue of policing and the rule of law starts now," he said.

Adams said: "Common-sense political realism and the interest of all our people demand we achieve this."

Renewed Optimism Over N Ireland Deal (FT)

By Christopher Adams And John Murray Brown

DOJ_NMG_0081196

Financial Times, October 14, 2006

Tony Blair and Bertie Ahern, the Irish Taoiseach, on Friday set out a timetable for returning devolved power to Northern Ireland, amid evidence that republicans and unionists were edging closer to a deal over power-sharing.

On Friday, the final day of three days of multi-party talks in St Andrews, Scotland, Mr Blair said the province could have devolved government by March 26 if the parties endorse the plan by November 10.

There was optimism that Ian Paisley's Democratic Unionists and Sinn Fein could within weeks overcome long-standing differences and agree to form a joint power-sharing executive.

The provincial assembly in Stormont has been suspended since October 2002 and the UK has set a November 24 deadline for the parties to strike a deal

One person close to the negotiations told the Financial Times that the first step in the process, assuming the parties agreed, would be for Gerry Adams, Sinn Fein president, to call a meeting of his national executive to recommend a special conference on policing.

Mr Paisley and Sinn Fein's Martin McGuinness would then be appointed first and deputy first ministers of the Stormont assembly, but in shadow form without wielding real power.

As they prepared for government, it is hoped Sinn Fein would approve recognition of the Police Service of Northern Ireland – a key DUP demand – at its special conference.

The republicans' acceptance of policing has been a key stumbling block to agreement. Sinn Fein has demanded that the assembly and executive be set up first.

The deal might then be endorsed by referendum or by fresh elections to the assembly.

After lengthy overnight talks, Thursday's pessimistic mood began to dissipate. A news conference originally scheduled for midday was deferred and was expected at around 4pm local time.

Mr Adams, who spoke briefly to reporters outside the isolated hotel where the talks were being held, refused to go into detail about how discussions were going.

However, he hinted at a growing sense of optimism.

"I don't want to add to any rumour machine or anything else. All I'm going to say at this point is thank God it's a lovely day and it's work in progress...This process is based on optimism of the will."

Peter Hain, Northern Ireland secretary, has said the government will dissolve the assembly by parliamentary order and stop paying the representatives' salaries if the parties fail to meet the November deadline for agreement.

Mr Blair said there would be some process of electoral endorsement in March, either with a referendum or elections.

The prime minister put a positive gloss on the talks, but acknowledged there was still some way to go to secure a deal and that the talks could yet unravel.

"It is a pretty brave and bold move to say absolutely for sure that no-one will attempt to unpick any aspect of it [the draft agreement]," he said.

Mr Paisley declared afterwards: "The days of the gunman in government are hopefully over."

"More work is required on a number of issues, not least to institutions and structures of devolved power." he said

And, referring to concerns over Sinn Fein's stance on policing, he added that "it is deeds not deadlines that count".

Mr Adams said he would consult with Sinn Fein members and the wider republican community. "Republicans have delivered big time in recent times...in order to be part in a progressive way of finding a solution we have to acknowledge we have been part of the problem," he said.

N. Ireland Talks Yield Progress (LAT)

By Kim Murphy

The Los Angeles Times, October 14, 2006

Both sides are optimistic after Blair and Ahern draw up a proposal for a new joint government.

DOJ_NMG_0081197

LONDON — After three days of intense negotiations while locked in at a Scottish golf resort, the prime ministers of Britain and Ireland failed to bring Northern Ireland's feuding parties to immediate agreement on power sharing, but worked out a proposal that could establish a new joint government by March.

The talks diplomatically ignored a Nov. 24 deadline for settling the long-standing conflict, but held out the possibility of a resolution during another five months of consultations, concessions and tentative steps toward a shared future.

"Today we stand at a crossroads," the Rev. Ian Paisley, leader of the Democratic Unionist Party, said Friday after the talks, which he said made "considerable progress."

"We stand at a place where there is a road to democracy and there is a road to anarchy, and I trust that we will see in the coming days the vast majority of people taking to the road of democracy," the Protestant leader said. "The days of the gunmen in government are hopefully over forever."

Sinn Fein leader Gerry Adams said he was committed to "put all these divisions behind us and to resolve all of these differences."

"Common sense, political realism and the interests of all sections of our people demand that we achieve this," the republican leader said.

Years of violent conflict between Protestant British loyalists and Roman Catholic republicans hoping for a united Ireland have been followed by more years of missed deadlines and failed agreements toward achieving a lasting peace. The result was that the British government turned up the heat on the process and imposed the November deadline for the parties to either reach agreement on restoring the Northern Ireland Assembly and a shared executive, as the administration is called, or face dissolution of the Assembly and return to direct rule by London.

Both sides have been generally willing to work out an agreement, but ran aground once again this week on two issues: Sinn Fein's reluctance to recognize a police force that has often been used as an instrument of repression; and the refusal of DUP leaders to sit in a government with Sinn Fein until assured it had abandoned its militant, Irish Republican Army-linked past and, especially, was willing to accept the police.

The proposed agreement and timetable set out by British Prime Minister Tony Blair and his Irish counterpart, Bertie Ahern, recognizes that the remaining hurdles are as much choreography as substance — if Sinn Fein accepts the police, the DUP will probably accept Sinn Fein, but who blinks first? — and establishes a series of confidence-building measures.

The proposal demands agreement on police and power sharing. But it also gives the parties time to consult with their bases and seek voter approval of significant policy moves.

Each party has until Nov. 10 to respond. If they agree in principle, the Northern Ireland Assembly will nominate a leader, presumably from the DUP, and a deputy leader, from Sinn Fein, on Nov. 24. But significantly, the executive does not take power until elections are held in March.

If all goes smoothly, party leaders would nominate members of the full governing executive March 14, and London would hand over governing authority March 26.

The British prime minister, who has worked to make resolution of the Northern Ireland conflict a hallmark of his administration, flew to the Scottish city of St. Andrews and blocked out a full 48 hours from his schedule to sit with Ahern and try to push the parties to agreement. He said the proposed deal provided "a sound basis" that required compromises from both sides.

"We want a new dispensation in Northern Ireland where there is a shared future and where people can resolve their differences in a democratic way," Blair said. "And so it's a simple deal in the end. It's about, on the one hand, equality, respect for people who hold different views … and exclusively peaceful means being used in order to decide differences."

Ahern said the proposed agreement provided "all of the elements" needed for a final resolution. "If not perfect by anybody's agenda, it is a fair and sustainable balance to try to, by March, make sure we have a working executive based on power sharing and acceptance of policing and the rule of law."

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Chile Holds Own In Global Market (LAT)

By Marla Dickerson

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The Los Angeles Times, October 14, 2006

While other countries fear China and maintain high tariffs; the Latin nation is tearing down trade barriers to Beijing.

SANTIAGO, Chile — Chinese competition has put hundreds of textile manufacturers in Latin America out of business. It gave Jose Ramon de Camino Muxi a new start.

After visiting China many times in the 1990s, the Chilean entrepreneur was convinced that his family's wool and cotton operations would be shredded by mammoth factories there. But he didn't despair. He decided to let China do his manufacturing for him.

De Camino now peddles Chinese-made footwear through his 10 Payless ShoeSource retail shops in Chile. And he sells wholesale shoes and fabrics with the "Made in China" label to mom-and-pop stores around the country. De Camino said his $12-million enterprise is growing 20% a year. Business has never been better.

"China is my partner," he said on a recent afternoon amid the clatter of electric drills and hammers wielded by construction workers expanding his jam-packed warehouse. "I would not like to have the Chinese as an enemy."

De Camino's if-you-can't-beat-'em-join-'em attitude is an example of how Chile has cobbled one of Latin America's most successful trading relationships with the Asian giant. While other countries in the region maintain high tariffs on Chinese goods, Chile is busy tearing down trade barriers.

Over the last decade, China has become Chile's second-largest trading partner, behind the United States. Chile signed a free-trade agreement with China last year, the only Latin American country to have done so.

That might seem foolhardy for a nation of only 16 million souls, whose manufacturing base is dwarfed by that of the world's most populous country. But Chile ran a $1.9-billion trade surplus with China last year, mainly because of surging copper exports to feed voracious Chinese demand.

Chinese-made merchandise is swamping store shelves and showrooms in Chile. Chinese imports hit a record $2.5 billion last year, about 8.5% of Chile's total purchases from foreigners. China supplies nearly half of Chile's imported consumer goods such as clothing and electronics, up from one-tenth in 1996.

But in contrast to countries such as Mexico, where domestic producers are clamoring for protection, Chilean manufacturers are among the strongest supporters of the free-trade deal with China.

"You can't close the door. That's the reality," said Patricia Perez, general manager of a Santiago-based medical products company and president of AsexmaChile, an exporters' trade group. "We see an opportunity to find niches for our products in China … and to make Chile a platform" for Chinese manufacturing and trade with the rest of Latin America.

That view is not widely shared across the region despite a Chinese-led commodities boom that is fueling robust economic growth. In addition to snapping up raw materials from aluminum to wood pulp, China is investing in railways, pipelines, highways and satellites. Analysts credit low-cost Chinese-made consumer goods for helping keep inflation in check and for boosting the buying power of the poor. Still, many in Latin America view China and other fast-growing Asian nations as rivals that are stealing jobs, soaking up foreign investment, threatening domestic industries and pushing them out of world markets.

In 1980, the combined economies of the nations of Latin America and the Caribbean were twice as large as those of China and India together. By 2004, they were 20% smaller than the two Asian countries, according to a recent World Bank report.

China and India's share of world exports is 50% larger than those of Latin America and the Caribbean. In 1990, the reverse was true. China's economy averaged 8.5% growth from 1981 to 2000, while Latin America's barely budged and poverty remains entrenched.

"Blame for the private sector's poor performance … often falls on the growing presence of China," said the World Bank report released in August.

Mexico and the natural resource-poor nations of Central America are particularly wary. In contrast to their South American counterparts, they sell little to China and are running trade deficits with the Asian nation.

They are also losing out in export markets. Ten years ago, China wasn't even ranked among Chile's top-ten trading partners. Today it's No. 2, behind the United States.

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Central America has lost thousands of apparel and textile jobs to Asia. Mexico, Brazil and Argentina together have initiated more anti-dumping cases against China than the European Union, the United States or Canada, according to the World Bank, which says the approach is counterproductive.

"Instead of responding with protectionist policies, the region should adopt offensive strategies to take advantage of the overall positive effects of high Chinese and Indian growth," said Guillermo Perry, chief economist of the Latin America region for the World Bank.

Chile, which is thinly populated but blessed with natural resources and educated citizens, has been opening its economy for more than three decades.

In the 1970s, its military rulers decided that trade, private enterprise and increased productivity were keys to raising living standards. They adopted a policy of unilateral liberalization to drop tariffs, open Chile's markets and force its companies to sink or swim against global competitors.

Now a full-fledged democracy, Chile enjoys one of the highest standards of living in Latin America and has become an accomplished world trader. Gross national income per capita was $5,870 in 2005, second to Mexico's $7,310 in Latin America, according to the World Bank.

Exports accounted for nearly 40% of the nation's gross domestic product last year. The nation has free-trade agreements with some of the world's largest economies, including the U.S., Canada, Mexico, the European Union and South Korea. It's currently in negotiations with Japan and India.

Thus Chile had no fear of signing a pact with China, Perez of AsexmaChile said.

Chilean stores were stocked with plenty of Chinese goods before the agreement, thanks to Chile's meager tariffs averaging about 6%. Perez said most of AsexmaChile's 500 members figure that Chile got the better end of the deal because it will eventually win tariff-free access for 92% of its exports to China.

"We're already competing with the whole world here," she said. "We aren't afraid."

Still, the agreement underscores how important Asia trade is to Chile. Although Chile's exports are well-balanced, with about 23% of its $39 billion in 2005 exports going to North America and 25% to Europe, Asia now accounts for the largest chunk at 36%. Chile last year shipped $4.4 billion worth of copper, wine, fish meal, vegetables, wood pulp and other products to China. That's more than 11% of Chile's total exports and nearly one-third of its exports to Asia.

Chile's Ministry of Exterior Relations has beefed up its Asian department. Entrepreneurs are taking Mandarin classes and going on trade missions to China.

Shoe importer De Camino recently returned from his 34th trip there since 1987. An exuberant man who wears pinstriped suits and drives a Jaguar, he credits China for helping keep inflation low and for allowing Chileans to stretch their pesos.

A room in his offices in the capital's outskirts is crammed with this season's offerings — spike-heeled boots, sexy pumps, sleek basketball shoes.

Chileans are fashion conscious, he said, but most can't afford to spend a fortune on footwear. De Camino said Chilean design combined with Chinese manufacturing prowess have allowed him to deliver good-looking shoes at reasonable prices.

"Ten years ago you would have paid $100 for these," he said, grabbing a pair of Air Jordan knockoffs. "I can sell them for $20 now, thanks to China."

De Camino acknowledges that his staff of 100 is half what it was when his family had manufacturing plants in Chile. But he dismisses the notion that China's development is a danger.

He said that China would eventually become the world's largest economy and that the rest of Latin American would do well to learn how to work with it rather than throw up trade barriers.

"It's impossible to go back," he said. "Everybody needs China."

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Book Outlines How Spy Exposed U.S. Intelligence Secrets To Cuba (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 14, 2006

DOJ_NMG_0081200

WASHINGTON - A senior Cuba analyst for the Defense Intelligence Agency gave Havana detailed information on U.S. eavesdropping programs aimed at the Castro government, allowing Cuba to mount effective counterintelligence and deception operations for year, according to a new book on U.S. intelligence failures.

Cuban spy Ana Belen Montes, who was born in Puerto Rico, enjoyed nearly unfettered access to classified information until she was caught in 2001. She's now serving a 25-year prison term.

The book, "Enemies: How America's Foes are Stealing Our Vital Secrets and How We Let it Happen" was written by Bill Gertz, a defense correspondent for The Washington Times.

In it, Gertz reports that Montes leaked so many significant U.S. secrets to Havana that some U.S. officials rank the damage she did with that caused by Aldrich Ames and Robert Hanssen, the infamous CIA and FBI turncoats for Moscow whose information resulted in the deaths of dozens of U.S. agents.

"Montes was the first national-level analyst from the intelligence community known to have turned traitor and the most damaging Cuban spy arrested to date," Gertz wrote, quoting from a still-classified damage assessment report on Montes.

U.S. intelligence officials consulted by McClatchy Newspapers confirmed that Gertz's book reflects the intelligence community's assessment of the Montes case, although some of the more sensitive information remains under wraps.

Gertz has written several books on intelligence matters.

U.S. officials believe Montes did the greatest damage by giving Cuba information on U.S. electronic eavesdropping systems, which were the primary sources of intelligence on Cuba since Washington had long found it all but impossible to recruit spies within the island, Gertz wrote.

During a briefing from the National Security Agency she received in 1999, Montes learned about "every single NSA eavesdropping program targeted against Cuba and Latin America," according to Gertz's book.

She also learned about current and proposed electronic spying systems by taking part in planning sessions for future imagery and other intelligence-gathering programs, the book adds.

Montes had access to an intelligence community computer system, the Corporate Information Retrieval and Storage system, which includes information from the CIA, the State Department's Bureau of Intelligence and Research, the NSA, the FBI and other sources, Gertz wrote.

The book notes that Montes also sat on an interagency group known as the Hard Target Committee, which discussed operations in places such as Iran, China and North Korea. The book doesn't say if the information was passed to those countries.

Through Montes, the Cubans obtained a clear picture of what Washington knew and didn't know about Cuba, allowing Havana to carry out "a robust denial and deception program," according to the damage assessment report.

Some of her disinformation included a 1998 U.S. intelligence report that downplayed the threat of Cuban armed forces and its bio-weapons capabilities, and a 1993 paper that said the Cuban military wanted closer ties with the United States, Gertz wrote.

The book also says there are "indications" that her spying may have led to the deaths of some U.S. agents in Latin America, but it provides no details. Court records show Montes leaked the identities of four U.S. agents in Cuba. Those agents weren't harmed.

The damage assessment report, however, paints an embarrassing picture for U.S. spy-catchers: Montes met her Cuban handlers, posing as business people, students or academics, at Washington restaurants more than 100 times, sometimes twice a week.

Montes, who pleaded guilty to spying charges, told a Washington courtroom that she had spied for Cuba out of conviction that U.S. policies were causing undue suffering to Cubans and that Havana paid her little or no money for her work.

According to Gertz, Cuba recruited Montes around 1985. She first came under U.S. suspicion in 1994, when Cuba detected a highly secret electronic surveillance system. Montes took a polygraph test and passed it.

Montes came under suspicion again in 2000, when Cuban officials uncovered a U.S. agent working in Cuba for a special intelligence program, Gertz wrote. Montes was one of the few U.S. officials familiar with the operation. The FBI placed her under surveillance and arrested her in 2001.

Micro-Credit Pioneer Wins Peace Prize (WP)

DOJ_NMG_0081201

By Molly Moore, Washington Post Foreign Service

The Washington Post, October 14, 2006

Economist, Bank Brought New Opportunity to Poor

PARIS, Oct. 13 -- Bangladeshi economist Muhammad Yunus and the Grameen Bank he created won the Nobel Peace Prize on Friday for leveraging small loans into major social change for impoverished families.

The Grameen Bank's pioneering use of micro-credit has been duplicated across the globe since Yunus started the project in his home village three decades ago. Loans as low as $9 have helped beggars start small businesses and poor women buy cellular phones and basket-weaving materials.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," the Norwegian Nobel Committee said in its citation released Friday in Oslo. "Micro-credit is one such means."

The committee praised Yunus, 66, as "a leader who has managed to translate visions into practical action for the benefit of millions of people, not only in Bangladesh but across cultures and civilizations."

In a telephone interview, Yunus said he was overcome by the excitement of winning the prize after several years of being nominated.

"I was trying to find people to tell, and the phone kept buzzing, so I could hardly tell anybody," said Yunus, speaking from his home in Dhaka, the capital of Bangladesh. "Then people started coming and bringing flowers. It's fantastic."

Still exuberant after hours of telephone calls and hundreds of visitors pouring into his house, Yunus said: "This prize is so overwhelming, it will affect our work tremendously. It will bring the issues I'm raising to the attention of people who can make a difference in the world.

"From this day on, micro-credit will become part of the financial center, it can't be kept as some kind of subsector," he said. "As a bank you have to reach the poor people. That's a big change, and banking will not be the same."

Yunus said he believes the Nobel committee endorsed his view that bridging the gap between rich and poor countries in an age of increasing globalization is critical to reducing conflict around the world.

"You cannot go on having absurd amounts of wealth when other people have problems of survival," he said. "If you can bring an end to poverty, at least from an economic point of view, you can have a more livable situation between very rich people and very poor people, very rich countries and very poor countries. That's our basic ingredient for peace."

Bangladesh's first Nobel Prize exhilarated a poor nation more accustomed to news of natural disasters, disease and political upheaval. A massive public assembly was planned for Saturday in Dhaka to honor Yunus and the Grameen Bank, according to bank officials who said their offices were besieged Friday by customers, citizens and politicians offering congratulations.

Yunus and the bank were surprise winners among the 191 nominees for the most prestigious of the Nobel awards. Speculation in recent days had focused on diplomats and officials who brokered last year's Aceh peace accord, which ended 29 years of fighting in the Indonesian province, and on global celebrities that included Bono, the U2 lead singer and anti-poverty campaigner.

The $1.4 million prize will be split between the Grameen Bank and Yunus, the bank's managing director. Yunus said he would use his share to set up a company to make low-cost, nutritious food for the poor and to establish an eye hospital for poor Bangladeshis.

Yunus and the Grameen Bank are hardly household names outside of Bangladesh, but Yunus has been one of the world's most prominent and renowned leaders of poverty alleviation. The Grameen Bank model has been duplicated in more than 100 countries, from Uganda to Malaysia to Chicago's South Side.

The Bill and Melinda Gates Foundation recognized the bank's efforts in August, providing a $1.5 million grant to expand its work worldwide through the Grameen Foundation.

A gentle, soft-spoken man who has been feted by kings and presidents for his groundbreaking and tireless efforts to improve the lives of poor families, Yunus nonetheless has remained most at ease in the steamy Bangladeshi villages where the bank's clients -- mostly sari-clad women -- line up at makeshift tables to repay their loans.

DOJ_NMG_0081202

Yunus launched the idea of the Grameen Bank after he returned to Bangladesh from the United States to take a teaching job in the economics department at Chittagong University.

Alarmed at the poverty created by ongoing famine, he and his students started an experimental project giving women $27 loans to buy straw to make stools.

The bank they created -- Grameen means "village" in the Bengali language -- not only defied conventional lending rules by making loans to the poorest of the poor, but challenged cultural taboos by giving most of the loans to women in a Muslim-dominated society where rural women at the time were seldom allowed to touch money or work outside of their homes. The bank issues most of its loans to women because Yunus discovered that they spent their money more carefully and paid back the loans in far high percentages than did men.

Today, the bank has 6.61 million borrowers and 2,226 branches. The bank reports that it has lent $5.72 billion over the past 30 years and claims a 98 percent repayment rate.

"Micro-credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions," the Nobel Prize committee said in its citation Friday.

Three years ago, the bank started a program to give beggars -- or "struggling members" -- lines of credit of about $9 to purchase small items such as bread, candy, pickles and toys. Recipients of the loans then resell the goods "to supplement their begging," according to the bank's description of the program, which is intended not only to empower beggars, but to boost their morale and dignity.

"Yunus's long-term vision is to eliminate poverty in the world," the Nobel Prize committee said. "That vision cannot be realized by means of micro-credit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing efforts to achieve it, micro-credit must play a major part."

Peace Prize To Pioneer Of Loans To Poor No Bank Would Touch (NYT)

By Celia W. Dugger

The New York Times, October 14, 2006

A Bangladeshi economist, Muhammad Yunus, and the bank he founded 30 years ago won the Nobel Peace Prize yesterday for pioneering work in giving tiny loans to millions of poor people no commercial bank would touch — destitute widows and abandoned wives, landless laborers and rickshaw drivers, sweepers and beggars.

The Nobel Committee praised Mr. Yunus, 66, and the Grameen Bank for making microcredit, as the loans are called, a practical solution to combating rural poverty in Bangladesh and inspiring similar schemes across the developing world.

“Microcredit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions,” the committee said in announcing the prize.

Mr. Yunus has long been an influential champion of the idea that even the most impoverished people have the drive and creativity to build small businesses with loans as small as $12, and Grameen Bank has dedicated itself to helping the poorest of the poor.

The borrowers used the money to buy milk-giving cows, or bamboo to craft stools, or yarn to weave into stoles, or incense to sell in stalls, among myriad other money-making schemes.

Reached in Dhaka, Bangladesh, by telephone yesterday, Mr. Yunus recalled the day in 1976 when he reached into his own pocket to give his first loan, $27, to 42 villagers living near Chittagong University where he said he was then teaching “elegant theories of economics.” The borrowers invested the money and repaid him in full, though they had no collateral and signed nothing.

He said he asked himself that day, “If you can make so many people so happy with such a small amount of money, why shouldn’t you do more of it?”

Still, over the years, Mr. Yunus faced skeptics and detractors, as it became clear that microcredit loans, alluring as they were, were not by themselves a panacea for poverty.

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Some in the microfinance business have questioned the Grameen Bank's focus on serving the poorest, arguing the industry would grow faster and have more impact if it aimed at a wider pool of borrowers, including those struggling just above the poverty line.

Others have sometimes criticized what they see as Grameen's unconventional accounting practices (which Mr. Yunus said yesterday were fully transparent) — or maintained that Grameen should have been more of a leader in combining microcredit with health and education services, or in lending to poor people who need money not to start businesses, but to pay their bills, or cover their children's school fees.

But in interviews yesterday, Mr. Yunus's skeptics and fans alike credited him and Grameen with helping to fundamentally change the way the world saw the potential of poor people and to popularize the movement to provide financial services to the poor.

"Yunus was one of the early visionaries who believed in the idea of poor people as viable, worthy, attractive clients for loans," said Elizabeth Littlefield, who heads the Consultative Group to Assist the Poor, a research institution supported by microfinance donors. "That simple notion has put in motion a huge range of imitators and innovators who have taken that idea and run with it, improved on it, expanded it."

Or, as the Nobel committee put it: "Yunus's long-term vision is to eliminate poverty in the world. That vision cannot be realized by means of microcredit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing effort to achieve it, microcredit must play a major part."

The prize was another that fell under a broader definition of peace, awarded by the committee not for traditional conflict resolution, but rather development work, and followed the 2004 award to a Kenyan environmentalist, Wangari Maathai.

Indeed, in the decades since Mr. Yunus's first loan, microcredit has become one of the most popular antipoverty strategies in the world. Last year, more than 100 million people received small loans from more than 3,100 institutions in 130 countries, according to Microcredit Summit, a Washington-based nonprofit advocacy group that Mr. Yunus helped found. The average loan from Grameen Bank was $130.

Over the years, the movement to provide financial services to the poor has become more capacious, stressing the need for services beyond loans — for safe places to save small amounts of money, for crop and life insurance, for inexpensive ways to transfer money earned in distant cities and foreign countries to families back home.

In the 1970's, when Mr. Yunus was getting started, the idea that poor people were a good credit risk seemed far-fetched. The United States Agency for International Development had conducted a global survey of banking services in poor communities and found failure after failure, said Jonathan J. Morduch, an economics professor at New York University who co-wrote a book on microcredits.

Many of the lenders then were state-owned banks that gave credit to politically connected elites rather than the poor people they were supposed to serve. And often at election time, vote-seeking politicians pressed the banks to forgive loans wholesale, leaving the institutions in terrible financial shape.

In 1974, Mr. Yunus, trained as an economist at Vanderbilt University, found himself teaching economics at Chittagong University when Bangladesh was struck by famine. "I decided I must do something," he said. He began working in nearby villages, among them Jobra, where he made his first loan in 1976.

He said he tried to persuade commercial banks to give loans to poor people who had no assets and had always been dependent on local moneylenders. But the bankers only did so when he personally co-signed as a guarantor.

Mr. Yunus's new model of banking for the poor had several unusual features, Professor Morduch said. Grameen lent to groups of five people, who helped ensure that each member repaid his or her share. It lent not only to farmers, but also to laborers and women who had a knack for crafts and shopkeeping. And it required borrowers to repay their loans in manageable, bite-sized weekly installments.

"He proved the impossible: that the poor were bankable," Professor Morduch said.

But Mr. Yunus's approach went beyond giving the poor economic opportunity to seeking deeper social change, said Amartya Sen, who, like Mr. Yunus, is a Bengali, an economist and a Nobel prize winner.

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Mr. Sen, a professor at Harvard, noted that Grameen's loans had gone overwhelmingly to women, giving financial clout to women who had little power in Bangladeshi society and often lived cloistered in their homes.

In the overwhelmingly Muslim nation of Bangladesh, Mr. Yunus's approach also offered hope and ideas to compete with the allure of fundamentalist Islamic causes.

"It's a very secular movement," Professor Sen said, "very egalitarian, market friendly and socially radical."

Those who have watched Mr. Yunus over the years remarked on his gifts as a salesman — his personal warmth, his talent for telling a story, his sheer ability to charm an audience. Those qualities were very much on display last month when he participated in a panel at a Sheraton hotel in New York during Bill Clinton's gathering of international do-gooders.

The theme was "Building a Sustainable Future," and Mr. Yunus told about how Grameen gave loans to beggars. He made hundreds of rich people — many of them looking for causes to support — laugh out loud and also tugged at their heartstrings.

"All we are doing is telling beggars that, well, since you go house to house begging, would you like to take some merchandise with you, some cookies, some candy, something?" he asked a crowd that hooted with delight at this clever notion.

"A typical loan for a beggar is something like $12," he said. "With $12, she has a basket of merchandise she carries around and goes house to house."

"Today, we have more than 80,000 beggars in the program," he said. "Many of them have already quit begging completely."

At that, the audience erupted in a sustained burst of applause. Mr. Yunus beamed.

Economist, Bank Win Nobel Peace Prize (AP)

By Farid Hossain, Associated Press Writer

AP, October 14, 2006

The simple yet revolutionary idea of loaning tiny sums to poor people looking to escape poverty by starting businesses won Bangladeshi economist Muhammad Yunus and the Grameen Bank he founded the Nobel Peace Prize on Friday.

Yunus' notion — today, known as microcredit — has spread around the globe in the past three decades and is said to have helped more than 100 million people take their first steps to rise out of poverty.

Some bought diary cows, others egg-laying hens. In recent years, money for a single cell phone has been enough to start thriving enterprises in isolated villages without phone lines from East Asia to West Africa.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," the Nobel Committee said in its citation in Oslo, Norway. "Microcredit is one such means. Development from below also serves to advance democracy and human rights."

The 65-year-old economist said he would use part of his share of the $1.4 million award to create a company to make low-cost, high-nutrition food for the poor. The rest would go toward setting up an eye hospital for the poor in Bangladesh, he said. The food company, to be known as Social Business Enterprise, will sell food for a nominal price.

Yunus is the first Nobel Prize winner from Bangladesh, a poverty-stricken Southeast Asian nation of about 141 million people on the Bay of Bengal.

"I am so, so happy, it's really a great news for the whole nation," Yunus told The Associated Press after the prize was announced. He was reached by telephone at his home in the Bangladeshi capital, Dhaka.

His joy was shared by those his microcredit program has helped.

"I can't express in words how happy I am," said Gulbadan Nesa, 40, who five years ago used $90 from the Grameen Bank to buy chickens so she could sell eggs. She's since taken more loans and expanded into selling building materials.

"Not long ago I was almost begging for money to feed my family," she said from Bishnurampur, her village in northern Bangladesh. "Today, I've got my own house and enough money to feed my children and send them to school."

Grameen, which means rural in the Bengali language, was the first lender to hand out microcredit, giving small loans to poor Bangladeshis who did not qualify for loans from conventional banks. No collateral is needed for Grameen loans, which average about $200.

But there is social pressure to repay. Recipients form groups of five and members qualify for future loans only if all are current on their old ones.

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The results are hard to argue with — the bank says it has a 99 percent repayment rate.

The bank says it has loaned $5.72 billion to 6.6 million Bangladeshi, 97 percent of whom were women, and today provides services in more than 70,000 villages.

The success has allowed Grameen to expand its credit to include housing loans, financing for irrigation and fisheries as well as traditional savings accounts.

But Grameen is not without critics, many of whom focus on the bank's high interest rates. Its business loans carry a rate of 20 percent, significantly higher than the 10-15 percent charged by commercial banks.

"While the poor pay 20 percent interest for their loan, the rich pay much less. It can't be called social justice," said S.M. Akash, an economics professor at Dhaka University.

Reports routinely circulate in Bangladesh's media of people being forced to borrow from second or third sources, often at higher interest rates, to repay Grameen loans. But almost no one is willing put their names to such criticism in Bangladesh, where Yunus was considered a national hero even before the Nobel Prize was announced.

How much impact Grameen has had on Bangladesh's economy also remains an open question.

Poverty has decreased since Grameen was founded in 1983. Bangladesh's per capita income has grown from $280 in 1985 to $440 in 2006, according to World Bank figures.

While the bank was "a factor" in that success, economists "can't apportion exactly how much credit has to go with Grameen," said Jonathan Morduch, an expert on microfinance at New York University.

And even if per capita income has increased, overwhelmingly Muslim Bangladesh remains one of the world's poorest countries, a land beset by political unrest and the ever-present specter of another military coup.

In fact, the spread of Yunus' and Grameen's microcredit schemes around the world — they are now considered a key approach to spurring development — is arguably one of the few bright spots for Bangladesh since it won independence from Pakistan in 1973.

Worldwide, microcredit financing is estimated to have helped 92 million families last year alone, according to Jove Oliver, spokesman for the Microcredit Summit Campaign, part of the Washington-based Project Results Educational Fund.

Yunus told The Associated Press in 2004 that his "eureka moment" came while chatting to a shy woman weaving bamboo stools with calloused fingers.

Sufia Begum was a 21-year-old mother of three when he met her in 1974 and asked how much she earned. She replied that she borrowed about five taka, the equivalent of nine cents, from a middleman for the bamboo for each stool.

All but two cents of that went back to the lender.

"I thought to myself, my God, for five takas she has become a slave," Yunus said in the interview.

The following day, he and his students did a survey in the woman's village, Jobra, and discovered that 43 villagers owed a total of $27.

"I couldn't take it anymore. I put the $27 out there and told them they could liberate themselves," he said, and pay him back whenever they could. The idea was to buy their own materials and cut out the middleman.

Over the following year, they all paid him back — day by day.

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Associated Press writers Matt Moore and Doug Mellgren in Oslo, Norway, and Julhas Alam in Dhaka contributed to this report.

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On the Net:

http://www.nobelpeaceprize.org

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

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TERRORISM NEWS:

Government Argues To Uphold Warrantless Surveillance Program (AP)

By Jim Irwin, Associated Press Writer

AP, October 14, 2006

DETROIT -- The Justice Department on Friday asked a federal appeals court to throw out a lower court decision that said the Bush administration's warrantless surveillance program is unconstitutional.

The president has said the program is needed in the war on terrorism. U.S. District Judge Anna Diggs Taylor in Detroit agreed with the program's opponents when she ruled Aug. 17 that the program violates the rights to free speech and privacy and the separation of powers.

Government lawyers said in pleadings filed Friday with the 6th U.S. Circuit Court of Appeals that the surveillance program "is necessary to protect the nation from an ongoing national security threat of the highest order and is vital to waging and winning the ongoing armed conflict."

Taylor's injunction "dismantles a vital tool that already has helped detect and disrupt al-Qaida plots," the Justice Department attorneys argued. They also said Taylor's order barring use of the program "in any way" showed the judge dealt with sensitive national security issues in a "blunderbuss manner."

A three-judge panel of the Cincinnati-based appeals court ruled Oct. 4 that the administration could keep the program in place while it appeals Taylor's decision. The judges said their ruling considered the likelihood an appeal would succeed, the potential damage to both sides, and the public interest.

The appeal is likely to take months.

Taylor's ruling came in a lawsuit filed by the American Civil Liberties Union seeking to block the program. Kary Moss, executive director of the ACLU's Michigan chapter, said Friday that the government's arguments buttressed "a very dramatic power grab" by the Bush administration.

"There's an awful lot of hyperbole in there, and fear mongering -- suggesting we're at war when Congress has declared no war," Moss said in a telephone interview. "They want to act as a kingdom. But we live in a democracy."

The surveillance program monitors international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. A secret court has been set up to grant warrants for such surveillance, but the government says it can't always wait for a court to act.

DOJ_NMG_0081209

The ACLU sued the National Security Agency in January on behalf of journalists, scholars and lawyers who claim the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

Similar lawsuits challenging the program have been filed by other groups, including in New York and San Francisco. The issue could wind up before the U.S. Supreme Court.

On the Net:

6th U.S. Circuit Court of Appeals: http://www.ca6.uscourts.gov

Taylor's ruling: http://www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

ACLU information on the case: http://www.aclu.org/nsaspying

National Security Agency: http://www.nsa.gov

Southern Command Probe Gitmo Charges (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 14, 2006

The U.S. Southern Command on Friday launched an investigation into "credible allegations" that guards at Guantanamo Bay abused detainees, and appointed an Army colonel to head the probe.

The Pentagon's Inspector General's office told The Associated Press on Friday that it had ordered the Miami-based Southern Command to investigate after Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed the "hotline" complaint last week.

Vokey attached a sworn statement from his paralegal, Sgt. Heather Cerveny, 23, in which she said several guards in a bar at Guantanamo Bay bragged about beating detainees and described it as common practice.

"Other ones of them were talking about how when they get annoyed with the detainees, about how they hit them, or they punched them in the face," Cerveny said during a telephone interview Thursday night. "It was a general consensus that I (detected) that as a group this is something they did. That this was OK at Guantanamo, that this is how the detainees get treated."

Cerveny visited the U.S. Naval Base in Cuba last month and said she spent an hour with the guards at the military club. The guards quit discussing beating detainees after finding out she works for a detainee's legal team.

In her complaint, she wrote: "From the whole conversation, I understood that striking detainees was a common practice. ... Everyone in the group laughed at the others' stories of beating detainees."

Asked Thursday if the conversation could have been exaggerated bar talk, she said, "I don't think that they were trying to impress me in any way. They were already in a discussion in there when I walked into a group."

She said she filed the complaint because "I don't think it's right for us to be allowing these prisoners to be treated poorly ... I think we should hold ourselves to a higher standard."

Gary Comerford, spokesman for the Pentagon's Inspector General's office, told the AP that in the past two days, the case "has been referred to Southcom for action. They're going to have to look into this."

Gen. John Craddock, the commander of the Southern Command, said later Friday that he had ordered the investigation, headed by an Army colonel, to begin.

"The investigation is consistent with U.S. Southern Command's policy to investigate credible allegations of abuse" at Guantanamo detention facilities, the Southern Command said in a statement.

The military Joint Task Force that runs the detention camps in Guantanamo Bay pledged to work with investigators from the Southern Command, which oversees U.S. military operations in the Caribbean and Latin America.

"The Joint Task Force will cooperate fully with Southcom to learn the facts of the matter and will take action where misconduct is discovered," said Navy Cmdr. Rob Durand, spokesman for the detention center, in an e-mail to the AP from the base.

He insisted that his group's mission "is the safe and humane care and custody of detained enemy combatants. Abuse or harassment of detainees in any form is not condoned or tolerated."

The Inspector General receives 14,000 tips on misconduct each year via the hotline, and opens 3,000 cases each year as a result, Comerford said.

There are now 454 detainees at Guantanamo Bay, according to Vincent Lusser, a spokesman for the Geneva-based International Committee of the Red Cross.

The Red Cross just completed a two-week visit to the prison, meeting the alleged mastermind of the Sept. 11 attacks and 13 other high-profile detainees who were transferred there weeks ago from CIA custody.

DOJ_NMG_0081210

Guantanamo Bay began receiving prisoners, most of them captured in Afghanistan and Pakistan, in January 2002. Only 10 of the detainees have been charged with crimes.

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Associated Press Writer Thomas Watkins in San Diego contributed to this report.

Red Cross To Issue Suggestions To U.S. (AP)

By Andrew O. Selsky, Associated Press Writer

AP, October 14, 2006

The Red Cross will make confidential recommendations to the U.S. government after meeting at Guantanamo Bay with 14 new detainees, including the alleged mastermind of the Sept. 11 attacks, a spokesman for the humanitarian organization said.

The encounters apparently mark the first time the 14 detainees have spoken with anyone other than their captors since they were arrested. They had been held in CIA custody at secret locations, and were transferred weeks ago to the Guantanamo Bay Naval Base in southeastern Cuba.

The men include Khalid Sheikh Mohammed, who allegedly planned the Sept. 11 attacks on the United States, as well as the alleged architect of the 2000 bombing of the USS Cole and the alleged plotter of the 1998 U.S. Embassy bombings in Kenya and Tanzania.

President Bush announced Sept. 6 that the 14 men had been moved from CIA custody to Guantanamo Bay for trial and that "there are now no terrorists in the CIA program."

The Red Cross would be concerned if the secret CIA prisons were to resume operation, Vincent Lusser, a spokesman for the International Committee of the Red Cross, told reporters in Geneva on Friday.

The Red Cross had been trying to obtain access to U.S. detainees in secret locations for a long time under the Geneva Conventions, Lusser said.

Red Cross officials, who are supposed to have access to all prisoners of war, said they were aware of the arrests of some detainees but were unable to find them in the U.S. detention facilities they visited. Until the 14 high-profile detainees were recently transferred to Guantanamo Bay, their whereabouts were unknown. The locations of the CIA prisons are secret.

Bush has left open the possibility of future secret detentions, saying that "having a CIA program for questioning terrorists will continue to be crucial to getting lifesaving information."

Simon Schorno, a Washington spokesman for the Red Cross, said the group would make recommendations to the U.S. government after visiting the 14 new "high-value" detainees at Guantanamo Bay this week. He gave no time frame, but stressed the recommendations would be confidential.

He said Red Cross officials met with all 14 of the new detainees, and gave each a standard one-page form to write letters to their family members, which — after going through U.S. military censorship — would be delivered by the Red Cross.

"We were able to speak to them privately," Schorno told The Associated Press in a telephone interview late Thursday.

"The detainee is not forced to speak to us," he added. "It is up to the detainee to raise any issues that fall within our concern, for example past detentions and current conditions. It's up to the detainee to address whatever he wants to address."

The Pentagon has confirmed that the Red Cross arrived at Guantanamo Bay on Sept. 25 and met the 14 newest detainees this week.

Mohammed was believed to be the No. 3 al-Qaida leader before he was captured in Pakistan in 2003. Also among the 14 new detainees are Ramzi Binalshibh, who is accused of helping plan the Sept. 11 attacks and being a lead operative for a foiled plot to crash aircraft into London's Heathrow Airport, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells before he was captured in Pakistan in 2002.

Lusser said there were now 454 detainees at Guantanamo and the Red Cross has private access to all of them. He said Red Cross workers in Afghanistan have visited the 600-odd detainees at the U.S. military prison at Bagram air base.

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Associated Press writer Alexander G. Higgins in Geneva contributed to this report.

Coerced Confession Traps Detainee, Lawyers Say (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, October 14, 2006

Former Prisoner of Taliban Held at Guantanamo

Young runaway Abdul Rahim endured cigarette burns, electric shocks and repeated beatings at the hands of Taliban soldiers who captured him in 2000, he said -- all because he refused to fight for al-Qaeda.

DOJ_NMG_0081211

In one of the bizarre twists of war, the 22-year-old college student was taken from the Taliban prison to another prison run by Americans after the invasion of Afghanistan. And the U.S. military's chief reason for holding Rahim for the past five years, according to newly declassified records, is the false confession Rahim gave to placate his Taliban torturers.

Rahim's American lawyers filed the records in federal court in Washington this week, along with the results of their own investigation corroborating Rahim's claims of innocence, adding sworn statements from witnesses. They are asking a judge to order the military to admit that it made a mistake and release Rahim, who is being held at Guantanamo Bay, Cuba.

The filings outline a chain of unfortunate circumstances. Rahim left his family home in the United Arab Emirates after a quarrel with his strict father and was captured by Taliban fighters as he crossed into Afghanistan. They took him to an al-Qaeda training camp, and when he tried to flee, soldiers put him in prison and tortured him, the records say.

While in a cell in Kandahar, Rahim said, he gave his captors what they wanted to hear: He falsely confessed on videotape that he was a spy for the United States and promised to renounce the West and wage jihad. Among the people who tortured him, he said, was one of America's most notorious enemies: al-Qaeda operative Muhammad Atef, who was killed in 2001.

Rahim's account of being imprisoned and tortured by the Taliban is supported by newspaper accounts about Rahim and fellow prisoners whom the Taliban abandoned when U.S. forces began bombing Afghanistan in the fall of 2001. It is also supported by documents from impartial agencies that had contact with Rahim, notably the International Committee of the Red Cross.

Navy Lt. Cmdr. Jeffrey Gordon, a Defense Department spokesman, said in a statement yesterday that he could not comment on the specifics of Rahim's case, but he said detainees have several opportunities for review of their detention by military panels.

"There is a significant amount of evidence, both unclassified and classified, which supports detention by U.S. forces," he said. "This evidence has been carefully weighed at the Combatant Status Review Tribunals (CSRT) and Administrative Review Boards (ARB) held over the past two years at Guantanamo."

The U.S. military is detaining 440 foreign nationals at Guantanamo, and most have been there for more than 4 1/2 years.

The investigation and new records describe Rahim as a pawn trapped unfairly on both sides of the war on terrorism -- first in the Taliban's prison in Kandahar and then at Guantanamo. Given that much of the gathered information suggesting Rahim's innocence was available in 2001, his lawyers say the case raises alarms about the U.S. military's willingness to fairly assess decisions to indefinitely detain foreign nationals.

"They accused me of being a spy. And here, you guys accuse me of being al-Qaeda. No mercy. Who am I?" Rahim told a U.S. military tribunal, according to transcripts. "You take me from that prison and nothing changed in my life."

According to court records, in December 2001, a New York Times reporter quoted Rahim and other prisoners left behind when the Taliban fled the prison. He described being desperate to recover from his torture and to find a way back to his family.

"We just need the Red Cross or the United Nations to come take us out of here," he was quoted as saying.

But Rahim and a Russian prisoner, who has since been released from Guantanamo, attest that U.S. troops arrived instead. At first, they told Rahim and his companions that they needed to remain in U.S. custody in case they had useful information about their former captors. Rahim told the soldiers about being forced to confess on a Taliban videotape that was broadcast in his home country and being worried about how he would be received there. A few days later, after finding the Taliban videotape of Rahim's confession, the detainee and his attorneys assert, the soldiers began to treat Rahim very badly, interrogating him about his interest in suicide missions and eventually taking him to Guantanamo.

"By me telling them about the video it created confusion to the point that the Americans believed I was working with al-Qaeda," Rahim told a military review panel last year, according to transcripts. "I swear I am not al-Qaeda. . . . Please be just and fair. . . . Look into this."

Rahim's attorneys, who work in the federal public defender's office in Oregon, said they traveled to Afghanistan in their investigation of Rahim's case. The key facts were not difficult to gather, they said.

"All you have to do is find public news articles and find out this guy was imprisoned by the Taliban," said Steve Sady, one of the lawyers.

In court filings, the attorneys argue that there is no legal justification for the Bush administration to detain someone who never took up arms against the United States and was simply in Afghanistan without a passport.

"No conceivable definition of enemy combatant would include a freed political prisoner who had been subjected to brutal torture and confinement by the enemy prior to the declaration of war," the lawyers wrote in their court filing.

Staff researcher Julie Tate contributed to this report.

Swiss Official Says Banks Broke Law By Supplying Data To U.S. (NYT)

By Dan Bilefsky And Eric Lichtblau

The New York Times, October 14, 2006

PARIS, Oct. 13 — Swiss banks broke their nation's laws by providing banking information to American counterterrorism officials, Switzerland's top data-protection official said Friday.

The banks, known for safeguarding privacy, should have informed customers using the Swift money-transfer service that their data could be passed on to third parties, the Swiss official, Hanspeter Thür, said in Bern, according to The Associated Press.

Just the possibility of the data being leaked should have been grounds enough to warn customers, he said. His statement was at odds with the views of the Swiss finance minister, Hans-Rudolf Merz, who said last month that giving the Central Intelligence Agency such access did not infringe on the country's banking secrecy rules.

After the Sept. 11, 2001, terrorist attacks, Swift provided records on millions of international banking transactions to the American government in response to subpoenas from the Treasury Department. Swift — formally the Society for Worldwide Interbank Financial Telecommunication — operates a secure electronic-messaging service used by some 7,800 financial institutions to make international money transfers worth $6 trillion a day.

Analysts at the C.I.A. have used the records to conduct tens of thousands of individual examinations of banking records in search of evidence and patterns of possible terrorist financing. A prime focus of the effort has been on international transactions coming into and out of the United States.

Swift and American officials have defended the operation as a vital and lawful effort to cut off money to terrorists, but it has come under sharp international criticism.

Mr. Thür said the issue was whether information could be given to countries whose data protection laws are less stringent than Switzerland's.

He urged that a solution be negotiated by which United States laws and European data-protection rules are standardized. Some European officials want the appointment of an independent, European-based auditor to guard against abuses, in place of a Washington consulting firm that now has that role.

Switzerland is not a member of the European Union, which separately has lashed out at Swift. European Union legislators criticized the consortium in early October; at the same time, one of Swift's supervisors, the European Central Bank, acknowledged that it had known for years that the consortium was giving confidential banking records to the United States authorities.

Earlier, the privacy commission for Belgium, where Swift is based, accused the consortium of flouting European rules. "It has to be seen as a gross miscalculation by Swift that it has, for years, secretly and systematically transferred massive amounts of personal data for surveillance without effective and clear legal basis and independent controls in line with Belgian and European law," the report said.

Official: Swiss Banks Broke Privacy Law (AP-YBIZ)

AP, October 14, 2006

Swiss Banks Broke Law by Passing Banking Data to CIA, Data Protection Chief Says

BERN, Switzerland (AP) -- Swiss banks violated the law by passing banking information on to the U.S. Central Intelligence Agency, the country's top data protection official said Friday.

The banks, usually known for safeguarding the privacy of their clients, should have informed customers making international money transfers via the Belgium-based SWIFT money-transfer service that their data could be passed on to third parties, Hanspeter Thuer said.

Just the possibility of the data being leaked should have been grounds enough to warn customers, he said.

After the Sept. 11 attacks, SWIFT largely complied with U.S. requests for banking information in its anti-terror investigations.

SWIFT, or the Society for Worldwide Interbank Financial Telecommunication, operates a secure electronic messaging service used by some 7,800 financial institutions to make international money transfers worth $6 trillion a day.

Thuer said the issue was whether information could be passed on to states whose data protection laws are not as stringent as those in Switzerland.

Referring to a report by a Belgian privacy commission, Thuer urged that a solution be negotiated by which U.S. laws and European data protection rules are standardized.

Last month, Switzerland Finance Minister Hans-Rudolf Merz said giving the CIA access to the SWIFT information did not infringe Swiss sovereignty or the country's banking secrecy rules.

N. Ga. Man Guilty Of Aiding Hamas (AJC)

DOJ_NMG_0081213

By Bill Rankin, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 14, 2006

The prayer leader of a North Georgia mosque has pleaded guilty to federal charges of providing material support to the Islamic militant group Hamas.

Mohamed Shorbagi, 42, who lived near Rome, entered his guilty plea on Aug. 28, federal authorities said Friday. Shorbagi's court documents were unsealed in U.S. District Court in Atlanta Friday morning.

"This case illustrates that people who illegally support foreign terrorist organizations may be found anywhere in the United States, even in quiet and pleasant places like Rome," U.S. Attorney David Nahmias said in a prepared statement. "We will use every lawful tool to ferret out terrorism and those who provide material support to it, regardless of where they live or how they try to hide their criminal activities."

Said FBI Special Agent in Charge Gregory Jones, "It is very disturbing to see people in the United States who are so willing to offer their assistance to known terrorist organizations, and this case should remind us all of the continued need to be vigilant."

In 1997, the United States formally designated Hamas as a foreign terrorist organization. Hamas' ideology calls for the destruction of Israel.

Up until December 2001, Shorbagi provided financial support to Hamas and conspired with others, whose names were not disclosed, to provide material support to the militant group, Nahmias said. He provided the support through donations to the "Holy Land Foundation for Relief and Development," knowing that some or all of the money was destined for Hamas, Nahmias said.

Shorbagi was a Georgia representative for the Holy Land Foundation and attended foundation meetings at which high-level Hamas officials made presentations condemning Israel, Nahmias said. Shorgagi also hosted Hamas officials at a mosque in Rome where he was Imam, or prayer leader, he added.

Nahmias would not say how much money Shorbagi contributed to the Holy Land Foundation, saying only that it "was not a large amount of money."

"It goes to emphasize the point that you can not provide any money to a designated foreign terrorist organization or you're looking at 15 years in federal prison," Nahmias said.

Shorbagi's plea agreement states he is to be sentenced to 15 years in prison, the maximum allowed under federal sentencing guidelines.

The agreement also states that if Shorbagi provides "substantial assistance" to the government's ongoing investigation, "the government will consider whether to file a motion for reduction of sentence."

"This is part of an overall investigation. We're continue to investigate every angle and rely on Mr. Shorbagi's cooperation in that respect," Nahmias said.

Shorbagi agreed to pay full restitution to the victims of the "fraud crimes" he committed -- and which the government agreed not to charge him with, federal authorities said. Details of those fraud crimes were not released Friday.

Nahmias said that Shorbagi, who was born in Israel and is a citizen of the Palestinian territory of Gaza, is a lawful permanent resident of the United States. He is in federal protective custody in an undisclosed location, Nahmias said.

Sentencing for Shorbagi is scheduled for Nov. 3, before U.S. District Judge Harold L. Murphy in Rome.

Staff writer Mike Morris contributed to this article.

Leader Of A Georgia Mosque Pleads Guilty To Aiding Hamas (NYT)

By Brenda Goodman

The New York Times, October 14, 2006

ATLANTA, Oct. 13 — In a case kept secret for nearly two months, the religious leader of a mosque in Rome, Ga., has pleaded guilty to providing financial support to the militant Palestinian organization Hamas, federal prosecutors said Friday.

The government said the 42-year-old defendant, Mohamed Shorbagi, a citizen of the Palestinian territories who is living legally in the United States with his wife and young children, was charged on Aug. 28 with providing aid to Hamas through donations he made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001.

Mr. Shorbagi was also a Georgia representative for the Holy Land Foundation and attended meetings that were addressed by “high level” Hamas officials, said David E. Nahmias, the United States attorney for the Northern District of Georgia.

Mr. Nahmias hinted that there could be more legal action to follow, saying the charges and the plea agreement involving Mr. Shorbagi were being unsealed now “because we expected it to be made public in the near future in another forum as part of Mr. Shorbagi’s cooperation.”

Support for Hamas is illegal, because the government deems it a foreign terrorist organization. Prosecutors said Mr. Shorbagi provided financial help to the group from 1997 until the Holy Land Foundation was shut down five years ago. In pleading guilty to material support of terrorism, he agreed to serve a maximum prison term of 15 years and pay restitution of at least $240,000 to unidentified victims of that support.

Still, the plea agreement provides that if he cooperates "truthfully and completely," as is expected, the government may recommend a lesser sentence.

Michael J. Trost, an Atlanta lawyer representing Mr. Shorbagi, declined to characterize the government's case, but did say "mitigating factors" would become public at sentencing.

President Bush ordered the Holy Land Foundation closed in December 2001, saying that by raising money in the United States and funneling it to Hamas, the group "pays for murder abroad."

Seven former board members and fund-raisers for Holy Land, six of whom are American citizens, have previously been charged with conspiracy to provide material support to terrorists because they gave money to charities believed run by Hamas and to the orphans and families of "martyrs" killed in the Palestinian conflict.

There has been little public examination of the evidence against the defendants, however, and the government's efforts have been criticized because of their high level of secrecy.

"The facts of these cases are never actually released," said Rabiah Ahmed, a spokeswoman for the Council on American-Islamic Relations, based in Washington. "There's no public scrutiny except what the government chooses to release. The perception is that they're being heavy-handed and the Muslim community is being unfairly targeted."

John W. Boyd, a partner in an Albuquerque law firm that has represented the Holy Land Foundation, said he was not familiar with the particulars of the case against Mr. Shorbagi and so could not comment on its merits. But he did say he was dismayed to hear that a donor to Holy Land had been charged, since, he said, that was likely to discourage people from giving to Palestinian relief organizations.

"It certainly is going to have that effect if there's any aroma that donors are being targeted," Mr. Boyd said. "If they're now going to make it so that Islamic charities can't function at all, that's pretty dire."

Imam Guilty Of Aiding Hamas (WP/AP)

By Greg Bluestein

The Washington Post/AP, October 14, 2006

Under Plea Deal, Georgia Cleric Could Get 15 Years

ATLANTA, Oct. 13 -- The imam of a northern Georgia mosque pleaded guilty to providing material support to the militant group Hamas in a case in which the agreement, charges and even the plea hearing were handled in secret.

The U.S. attorney's office said Friday that the charges and plea agreement involving Mohamed Shorbagi were filed Aug. 28 in federal court in Rome, Ga., a division of Atlanta's federal court, but were sealed until Friday.

Shorbagi, 42, agreed to a maximum of 15 years in prison, prosecutors said. His sentencing hearing is scheduled for Nov. 3.

According to prosecutors, between 1997 and 2001, Shorbagi provided financial support to Hamas, a group designated by the United States as a foreign terrorist organization. He also was accused of conspiring with unnamed others to provide material support to Hamas.

The donations were passed through the Holy Land Foundation for Relief and Development, prosecutors said.

"It was not for a large amount of money," U.S. Attorney David Nahmias said. "But that goes to show you it doesn't take a large amount of money to get 15 years in prison."

He said the prison time could be reduced if Shorbagi cooperates, which he is expected to do. The prosecutor's office said the sentencing is likely to take place in Rome.

Nahmias's office said Shorbagi was a Georgia representative of the Holy Land Foundation and knew money provided to the foundation was actually funneled to Hamas.

He had attended Holy Land Foundation meetings at which high-level Hamas officials made presentations condemning Israel, and had hosted high-level Hamas officials at the Rome mosque where he served as imam, prosecutors said.

Shorbagi's attorney, Michael Trost, did not immediately return a call seeking comment Friday.

HOMELAND RESPONSE:

Bush Signs Bill On Port Safety (WT)

DOJ_NMG_0081215

By Joseph Curl, The Washington Times

The Washington Times, October 14, 2006

President Bush yesterday signed a law to protect U.S. ports from terrorists smuggling weapons into the United States hidden within the 11 million containers that enter the country each year.

"With the bill I sign today, we renew a clear commitment: We will work tirelessly to keep our nation safe and our ports open for business," the president said in a signing ceremony at the Eisenhower Executive Office Building.

The Security and Accountability For Every Port Act of 2006 (SAFE) includes an amendment that bans Internet gamblers from using credit cards, checks and electronic funds, drawing protests from a group representing the gambling industry.

The SAFE act authorizes $3.4 billion over five years for safety measures, including the installation of radiation detectors at the 22 largest U.S. ports by the end of next year. More inspectors will be hired to increase the number of random searches of containers.

"The SAFE Port Act will make this nation more prepared, more prosperous and more secure," Mr. Bush said. "We're going to protect our ports. We're going to defend this homeland. And we're going to win the war on terror.¶

Congress approved the bill two weeks ago before lawmakers left to campaign for the Nov. 7 midterm elections in which national security, the war in Iraq and terrorism are major issues. Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorists.

Rep. Edward J. Markey, Massachusetts Democrat, called the new law a "sham port bill" and complained it did not go far enough by authorizing only a pilot program to study scanning of cargo containers headed for the United States from three ports.

"Even though the technology exists today to scan 100 percent of U.S.-bound cargo at all ports to make sure it doesn't contain nuclear bombs, this bill doesn't require that to occur," Mr. Markey said.

But Mr. Bush said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents, where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures in exchange for benefits, including expedited clearance through U.S. ports.

The bill was approved on a 409-2 vote in the House, and by a voice vote in the Senate.

The decision by the Republican majority to lump the Internet gambling ban onto the bipartisan ports bill had drawn scathing criticism from some Democrats.

"Today is a dark day for the great American game of poker," said Michael Bolcerek, president of the Poker Players Alliance, a grass-roots advocacy organization of more than 110,000 poker enthusiasts.

"Twenty-three million Americans who play the game online will effectively be denied the ability to enjoy this popular form of entertainment, even in the privacy of their own homes," he said.

· This article is based in part on wire service reports.

Bush Signs Port Security, Internet Bill (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, October 14, 2006

President Bush signed a bill Friday to help prevent terrorists from sneaking a nuclear, chemical or germ weapon into the United States inside one of the 11 million shipping containers that enter the nation each year — many without inspection.

"We're going to protect our ports. We're going to defend this homeland, and we're going to win this war on terror," Bush said.

The president used the bill-signing ceremony to assert that Republicans are tough on terror, a key issue in congressional elections just less than four weeks away.

He didn't mention an unrelated provision that seeks to put teeth into laws that forbid most online gambling. Instead, Bush focused on the multiple ways the legislation tightens security and closes a loophole in anti-terror defenses, especially at ports.

He noted that the SAFE Port Act authorizes the development of high-tech inspection equipment so customs agents can check cargo containers for dangerous materials without having to open them. It requires radiation-detection technology at 22 of the nation's busiest ports by the end of next year.

"We'll do everything we can to prevent an attack, but if the terrorists succeed in launching an attack, we'll be ready to respond," Bush said.

The president said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures and in return can receive benefits, including expedited clearance through U.S. ports.

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Bush also noted that the bill provides additional authority for the Domestic Nuclear Detection Office, which was established to guard against the threat of terrorists smuggling a nuclear device into the country. And the act requires the Department of Homeland Security to establish a plan to speed the resumption of trade in the event of a terrorist attack on a U.S. port or waterway.

"This bill makes clear that the federal government has the authority to clear waterways, identify cleanup equipment and re-establish the flow of commerce following a terrorist attack," the president said.

Bush Signs Bill To Protect Ports From Terrorism (LAT/AP)

From Associated Press

The Los Angeles Times, October 14, 2006

Unrelated provision seeks to put teeth into online gambling laws.

WASHINGTON — President Bush signed a law today to deter terrorists from smuggling weapons into the United States inside the 11 million shipping containers that enter the country from foreign ports each year.

An unrelated provision of the bill also seeks to put teeth into laws that forbid most online gambling. It prohibits Internet gamblers from using credit cards, checks and electronic fund transfers to settle their wagers.

At the signing ceremony, Bush spoke only about sections of the SAFE Port Act that tighten security and close a loophole in anti-terror defenses, especially at ports.

"Our seaports are a gateway to commerce, a source of opportunity, and a provider of jobs," Bush said. "Our ports could also be a target of a terrorist attack, and we're determined to protect them."

Congress approved the bill two weeks ago before lawmakers left to campaign for the Nov. 7 midterm elections in which national security, the war in Iraq and terrorism are major issues. Democrats favored the bill, but said it failed to address rail and mass transit, other areas considered highly vulnerable to terrorists.

Bush was accompanied at the bill-signing ceremony by one Democrat, Sen. Patty Murray of Washington, alongside a slew of Republican lawmakers. For weeks the president has insisted that Republicans are tough on terror and that Democrats would make the country weaker.

He said the new law authorizes the development of high-tech inspection equipment so customs agents can check cargo containers for dangerous materials without having to open them. It requires radiation-detection technology at 22 of the nation's busiest ports by the end of next year.

"We'll do everything we can to prevent an attack, but if the terrorists succeed in launching an attack, we'll be ready to respond," Bush said.

He said the bill codifies the Container Security Initiative, which deploys U.S. inspectors to dozens of foreign ports on five continents where they can screen cargo bound for the United States. He said it also codifies the Customs Trade Partnership Against Terrorism, a joint public-private sector initiative in which private shippers agree to improve their own security measures in exchange for benefits, including expedited clearance through U.S. ports.

Bush said the bill provides more authority for the Domestic Nuclear Detection Office, which was established to guard against the threat of terrorists smuggling a nuclear device into the country. And the act requires the Department of Homeland Security to establish a plan to speed the resumption of trade in the event of a terrorist attack on a U.S. port or waterway.

"This bill makes clear that the federal government has the authority to clear waterways, identify cleanup equipment and re-establish the flow of commerce following a terrorist attack," the president said.

The bill was approved on a 409-2 vote in the House, and by a voice vote in the Senate.

Sen. Susan Collins, R-Maine, chairwoman of the Senate Homeland Security Committee, called the bill landmark legislation that will help close "a dangerous gap in our homeland security."

Murray said that for the first time in many years, she will sleep well, knowing that ports in Seattle and other cities will be safer. Murray, who has been working on the bill for more than five years, said it was gratifying to see the president sign a bipartisan bill "in an extremely political month," with midterm elections a few weeks away.

Bush Signs Law On Security For US Ports, Ban On Online Gambling (AFP)

AFP, October 14, 2006

President George W. Bush signed a law designed to bolster security at US ports and prevent terrorists from smuggling in nuclear weapons.

The law also included an unrelated provision inserted by lawmakers in Congress to severely restrict Internet gambling, prompting gaming companies abroad to close down their US operations.

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Hoping to retain control of Congress in legislative elections on November 7, lawmakers in Bush's Republican party adopted the measure two weeks ago to persuade voters that they are better able to prevent another terrorist attack.

The Republicans rode the security issue to electoral victory in 2002 and 2004. But the same strategy may falter this year amid growing public anxiety about the war in Iraq and the economy.

Bush, who has portrayed the opposition Democrats as failing to grasp the nature of the terrorist threat after the attacks of September 11, 2001, used the signing ceremony as an opportunity to hammer home his campaign message on security.

"We're going to protect our ports. We're going to defend this homeland, and we're going to win this war on terror," said Bush, surrounded by Republican lawmakers.

Entitled the "Security and Accountability For Every (SAFE) Port Act of 2006," the law provides 3.4 billion dollars over five years to strengthen security at ports and requires radiation detection technology to be installed in 22 of the country's largest ports by the end of 2007.

The measure calls for bolstering inspections on some 11 million containers that transit American ports every year, deploying inspectors to foreign ports to check cargo headed to US ports, and speeding up paperwork from private shipowners.

The opposition Democrats mostly supported the law, but said the Bush administration has neglected other vulnerable sectors such as rail and mass transit.

Congress took the gaming industry by surprise in approving restrictions on online gambling. The law prohibits US banks and credit card companies from processing online bets.

Republicans backing the provision said it was designed to protect youngsters from the financial and moral damage of online gambling, but opponents said it could prove extremely difficult to enforce.

Critics also said that gambling businesses that cater to horse-racing and state lotteries, which enjoy powerful political patronage, were exempted from the law.

New Law Cripples Internet Gambling (WP)

By Frank Ahrens, Washington Post Staff Writer

The Washington Post, October 14, 2006

Banks Are Barred From Handling Transactions

Placing bets over the Internet was effectively criminalized by the federal government yesterday, as lawmakers work to eliminate an activity enjoyed by as many as 23 million Americans who wagered an estimated $6 billion last year.

Attached to a port-security bill signed by President Bush yesterday was the Unlawful Internet Gambling Enforcement Act, which prohibits online gamblers from using credit cards, checks and electronic fund transfers to place and settle bets. The law puts enforcement on the shoulders of banks and other U.S. financial institutions, some of which fought the legislation.

The bill's sponsor, Rep. Robert W. Goodlatte (R-Va.), said he opposes all gambling, citing its "ill effects on society," but particularly Internet gambling, which led him to draft the legislation in the summer. Senate Majority Leader Bill Frist (R-Tenn.) attached Goodlatte's bill to the port-security measure to ensure its passage and Bush's signature.

While proponents decried the effects of gambling on society, opponents pointed to the enormous popularity of Internet gambling and compared the new law to the Prohibition amendment of 1919, which led to the rise of illegal speak-easies and organized crime.

"We're going to have Prohibition, and what happened then?" said champion poker player Annie Duke, a former University of Pennsylvania doctoral candidate who began playing professionally in 1994. "We had people running around with tommy guns and drinking moonshine because they weren't given a safe product."

The new law is potentially crippling to a worldwide industry whose biggest customer has been the United States. Already, several online wagering businesses have pulled their operations out of the United States and some have collapsed, including publicly traded companies in Britain, where online betting is legal and regulated. International online gambling businesses have been watching closely as U.S. regulatory and law enforcement officials stepped up their campaign against online wagering in recent months.

Gambling, along with pornography, was one of the earliest businesses on the Internet, and one of the few profitable ones. The first Internet gambling site appeared in 1995, according to the American Gaming Association, the trade group of big casinos. Over the past decade, online gambling has caught fire, especially among men in their 20s, and crossed into the mainstream to include poker and fantasy sports leagues.

Nevertheless, online gambling has been a legally gray area, equally populated by legitimate, publicly traded overseas corporations and fly-by-night predators who, like music pirates, can shut down and move their computer servers overnight to stay ahead of the law.

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In the United States, the Justice Department and federal courts are unable to agree on whether Internet gambling is illegal. The Justice Department maintains that the 1961 Wire Act, written to prohibit betting transactions via telephone, applies to the Internet. Courts have disagreed, saying that betting on sports teams over the Internet is illegal, but wagering on casino games, such as poker, is not. And though the Justice Department thinks that off-track and online wagering on horse races is illegal, it has never prosecuted a case.

Internet gamblers typically set up accounts at offshore businesses, and place and settle bets using credit cards and checks that are converted in electronic currency, much as eBay users buy and sell items using the PayPal system.

Instead of targeting specific games, such as criminalizing blackjack but not fantasy sports leagues, the new law seeks to block the financial transactions that fuel them.

The Poker Players Alliance, a lobbying group that opposes the new law, said it would ask Congress to exempt poker from the statute. The group considers poker a game of skill, not chance.

The new law is shaking up the worldwide Internet gambling industry, with some comparing it to Congress banning the sale of Toyotas, BMWs and all other foreign vehicles here. Britain's Sportingbet PLC, for example, said 62 percent of winning bets on its site came from the United States.

A major offshore e-currency company, FirePay of Britain, said it no longer will accept payments from U.S. customers. Sportingbet sold its U.S. online operations to an Antiguan company yesterday for $1, five weeks after former company chairman Peter Dicks was arrested in New York when customs officials found he was wanted in Louisiana on charges of illegal online gambling. New York Gov. George E. Pataki (R) refused to extradite Dicks to Louisiana, and a federal judge cleared his return to England.

Former BetOnSports PLC chief executive David Carruthers was arrested in the Dallas airport in July. BetOnSports founder Gary Stephen Kaplan, also wanted by U.S. authorities, is a fugitive. BetOnSports said yesterday it would pull out of the United States and repay balances to customers here.

Most online wagering and e-currency Web sites posted releases yesterday commenting on the law and its impact on customers.

"After taking extensive legal advice, the board of PartyGaming PLC has concluded that the new legislation . . . will make it practically impossible to provide U.S. residents with access to its real money poker and other real money gaming sites," the company said.

The World Trade Organization even has a stake in the game. The organization has ruled that the United States violates trade treaties by outlawing offshore online gambling while tolerating some forms of U.S.-based online gambling, citing the horse-racing ambiguity.

The major casinos in Las Vegas and Atlantic City and on Indian reservations did not take a position on the new law, said Frank J. Fahrenkopf Jr., president of the American Gaming Association. The group's reasoning: Less casino revenue comes from gambling, as entertainment, retail and other non-wagering spending now makes up 55 percent of the cash streaming into resorts such as Harrah's and Bellagio.

"The guy who comes home and goes to his den and cracks open a can of beer and bets on the Internet is not really our customer," Fahrenkopf said. "We never viewed the Internet as being competitive."

The association wants Congress to authorize an independent study of whether a legalized, nationwide, taxed and regulated online gambling system would work in the United States, as it does in Britain.

"Would we like to get into that business?" Fahrenkopf said. "Yeah, some of our guys would."

Goodlatte said he would press to update the Wire Act to conclusively extend its authority to the Internet. That part of his bill was dropped in the Senate.

"All the problems that manifest themselves with gambling, even in heavily regulated states, are even worse on the Internet," Goodlatte said yesterday. "There are family problems, bankruptcy problems, gambling addiction, gambling by minors, using gambling to launder money for criminal and terrorist organizations and organized crime. It does not help our society."

For poker advocates such as Duke, the new law is the wrong way to cure social problems.

"We've proven in history that trying to protect the minority and punish the majority never works," Duke said. "The fact is, there is a certain percentage of people who have addictive personalities [and gamble online]. Are you going to pass a law outlawing online shopping? Or day trading?"

Lost In The Dust Of 9/11 (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, October 14, 2006

From society's margins, janitors were drafted for an epic cleanup around ground zero. Then 'the cough' racked their lives.

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NEW YORK — There is no voice left in Manuel Checo's voice. He speaks in a granular rasp that fades, occasionally, to whispery puffs of air. Sometimes, for periods as long as two days, he is unable to speak at all.

When that happens, Checo carries a pad of paper with him so he can scribble down notes if he needs something. But for the most part, he will simply disappear into his rented room, ignoring his cellphone when it rings.

Checo, a janitor, spent six months cleaning dust from office buildings around ground zero after the World Trade Center attack. Five years later, the lining of his lungs is pocked with scars and densities that do not belong there — possibly a sign of a disease that can cause lung tissue to become so stiff that it can no longer carry oxygen, wrote a radiologist who examined a scan of his lungs last year.

The son of a general in the Dominican Republic, Checo, 54, irons his shirts with military precision. When he meets a woman on the street, he kisses her hand. But the truth is that when he discovered that he was too weak to work again, his life veered terribly off course. He was evicted from his apartment and slept in his car for six months. Acquaintances didn't understand his racking cough and thought he had tuberculosis or AIDS.

Whoever he was before Sept. 12, 2001 — when a supervisor from his company called to tell him there was work near ground zero — he is a different man now. Sometimes he is overwhelmed by the feeling that he has lost his way.

"I get up, I get dressed," he said, in Spanish, through a translator. "And then I say to myself, 'Where am I going?' "

The dust around ground zero, we now know, contained caustic, finely pulverized concrete, trillions of microscopic fibers of glass, and particles of lead, mercury and arsenic, as well as carcinogens like asbestos and dioxin. Five years out, the "World Trade Center cough" has started to look like a persistent — and in some cases disabling — respiratory condition.

An ever-growing number of New Yorkers is coming forward to describe symptoms: the first responders who plunged into the tangled wreckage to find survivors; the volunteers who hauled diesel fuel and doled out cigarettes; the students at Stuyvesant High School who returned to classes while acrid fires burned nearby.

Less visible is the army of cleaning workers who were sent to the area to clean office buildings. Those were the cases that were shocking to Scottie Hill, a social worker, when the Mount Sinai Medical Center opened its WTC health clinic in 2002. The cleaners, mostly Polish and Latino immigrants, were already living close to the edge when the job began; by the following year, many were in crisis because of lost wages and poor health.

Three out of four lacked health insurance. Forget workers' compensation — many of them could not even contact their employers by phone. Hill frequently saw clients who were facing eviction or had lost their homes. Some couldn't afford the $4 it cost to ride the subway to the clinic and back.

A few of the immigrant workers, too sick to support themselves in the U.S. anymore, have returned to their home countries. But that decision is fraught, too, because relatives back home — or doctors, for that matter — may not know what is wrong with them. Jaime Carcamo, a psychologist who treats 50 Latino workers who cleaned around ground zero, said some of them, finding that they were unable to work, simply withdrew from society.

"They just remain like nomads," he said. "Some of these people just fell into the cracks. People don't know about them, but they're out there still."

It is ironic, then, that Checo remembers the job so fondly. He had been a U.S. citizen for almost a decade by then, and working around ground zero gave him "so much sense of brotherhood," as if he were descending into the pit every day with police and firefighters. It was an environment stripped of class, of racism. What he says about the experience is this: "Something so bad created something so beautiful."

He worked a night shift as part of a two-man team with Alex Sanchez, a fellow Dominican 15 years his junior. Using a handsaw, they would cut two holes, each large enough for a man's torso, in a building's air vents. Peering into the dark passageway with a flashlight, all they could see was dust, glittering in the dark. Then one of them would hold up a hand vacuum, and the other would switch on an air hose, and both would disappear in a cloud of dust.

Tons of material had settled in the buildings. When terrorists crashed two planes into the World Trade Center on Sept. 11, its two towers collapsed with such force that dust and debris poured in and upward through the ventilation systems of the buildings around them. It was up to landlords to decide who would clear the buildings, and many chose cheaper labor: men and women who days before had been emptying trash cans and dusting computers.

The city's Department of Environmental Protection generally oversees the removal of debris containing asbestos, but that system was informally abandoned after Sept. 11, according to David Newman, an industrial hygienist with the New York Committee for Occupational Safety and Health, a coalition of union leaders and safety activists. Landlords got no guidance from state or federal agencies, leaving them "free, if you will, to do whatever they wanted, or to do nothing," Newman said. "It was kind of a Wild West."

Checo and Sanchez wore paper masks that covered their noses and mouths when they were available — about 30% of the time, Sanchez said. But the dust permeated everything; a T-shirt that was white at the beginning of a shift would be mousy-

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gray by its end. Anyway, health was the last thing on their minds. They were making $18 an hour, plus time and a half for overtime, instead of the $12.75 an hour they earned cleaning university buildings. It was good money. It was a good cause.

What was painful, oddly, was leaving at the end of a shift; that's when the hopeless, leaden feeling sank in. Sanchez, 39, who was born in the U.S. and wears hip, Woody Allen-ish glasses, recalls making a conscious effort to tune out at the end of the day. Back in his apartment in Washington Heights, he would watch silly, diverting television shows. Then he would collapse in bed. He had no idea whether the air was safe to breathe because he didn't ask.

"If we all used common sense, we would say, 'This is not a healthy environment,' " Sanchez said. "But the whole 9/11 situation itself kept you from thinking."

Sanchez figured he deserved to be exhausted at the end of the job. But this exhaustion was depthless, unfathomable. In May, when he tried to return to his ordinary job — buffing floors at New York University — he got dizzy and his chest closed up. He lasted six days, then went back to bed. He, his mother and his son had moved in with an aunt to save money, and both women were pressuring him, angrily, to go back to work. At one point, the fighting grew so stormy that his mother called the police.

Sanchez's world revolved around his symptoms: fatigue, joint pain, pressure in his chest, a sore throat that would not go away. Only one person seemed to believe him, and that was his work partner, Checo. The sickness drove them closer to each other, and farther from everyone else. "Me and him, we're a team," said Sanchez.

Checo had his own set of problems. Because of a bureaucratic mix-up at the company where he worked, ABM Industries, he was unable to receive unemployment benefits, and he ran through his savings so quickly that in the summer of 2002, he took a few of his possessions and moved into his car. He began to tell Sanchez that there were shadowy figures following him. Asked how Sept. 11 had altered him, he rasped out this answer:

"Every man — every great man, every evil man — has feelings," he said. "No matter how rough you are outside, you have a weak spot. 9/11 hit me in my weak spot."

Soon after the first anniversary of Sept. 11, Checo called Sanchez with exciting news: He had been watching a news show when Sen. Hillary Rodham Clinton appeared, urging ground zero workers to go for screening at the Mount Sinai Medical Center's new clinic. "Boom. I put one and one together," Sanchez said. "It's like, 'This is why this is happening.' "

The day they went in for appointments, everything changed. Checo was diagnosed with rhinitis, sinusitis, asthma, chronic post-traumatic stress disorder, major depression, delusional disorder, and schizophrenia, paranoid type. Sanchez was diagnosed with asthma, sinusitis, gastroesophageal reflux, various musculoskeletal injuries and post-traumatic stress disorder. Each now takes fistfuls of medications.

The two men don't see their old circle of Dominican friends as much these days, Sanchez said. New friends have replaced them: doctors, therapists, environmental activists. In 2004, Sanchez and Checo traveled to Washington to testify before an Environmental Protection Agency panel.

Both now receive regular workers' compensation payments — Sanchez receives $243 a week, Checo about $350 — and free healthcare at Mount Sinai. They are among 75 plaintiffs who have filed a $30-million lawsuit against the owners of dozens of office towers in Lower Manhattan. But that case is not likely to go to trial for at least two years, said their attorney, Robert Grochow.

In the meantime, Sanchez and Checo shuttle from appointment to appointment. Each man carries a sheaf of medical records and hospital bills around with him — artillery in an ongoing battle to get care. The future is something they do not focus on. But this is not unusual, said Carcamo, the psychologist.

"We don't know what is ahead of them,' " he said. "They often ask me, 'What am I going to do?' To be honest about it, I am not sure."

Sanchez is jerked back to ordinary life by the demands of his son, Jack, who started kindergarten this fall. But Checo still seems a bit lost as he walks slowly down Broadway, stopping every now and then to catch his breath. What undoes him, as he waits for the next round of doctor's appointments, are the trappings of ordinary life that have slipped away from him: for instance, the collection of jazz recordings that he gave away when he was evicted.

In the black vinyl folder that he carries around with him — it contains, among other things, the program from his father's funeral — is a photograph of himself kneeling in front of a softball team, the J-Boys, for whom he played center field until he got sick. In the picture, he is dark-haired, vigorous. It was taken a few weeks before the World Trade Center attack. He looks at it, occasionally, to remind himself who he was.

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A Big Easy Bon Voyage (WT/AP)

By Alan Sayre, Associated Press

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The Washington Times, October 14, 2006

The New Orleans' cruise ship industry returns to service tomorrow when the 2,000-passenger Norwegian Sun becomes the first regularly scheduled liner to cast off from the city's docks since Hurricane Katrina.

The 853-foot Norwegian Cruise Lines vessel is leaving for the Caribbean. Three other cruise ships are expected to return later this year and in 2007.

Before Katrina, four cruise ships called New Orleans home. The industry was rapidly expanding, with more than 700,000 passengers leaving and arriving in 2004 through the port.

But Katrina, which struck in August 2005, shut down the usually strong fall season. Only 308,000 passengers sailed from New Orleans during the first eight months of the year, according to the International Council of Cruise Lines (ICCL), an industry group.

The truncated year supported nearly 5,000 jobs in Louisiana as the industry spent $241 million, a figure that was still higher than the $208 million spent for all of 2004, according to ICCL.

Now, nearly 14 months since the Carnival Sensation embarked on the last regular voyage -- just before Katrina hit -- the business is starting over.

There have been several one-time liner stops at New Orleans since Katrina, but tomorrow's voyage marks the return of regularly scheduled service of four- to seven-day voyages. For a time after Katrina, two cruise ships moored at New Orleans to provide housing for emergency workers.

The port is opening a third cruise terminal and a 1,000-vehicle garage at a cost of $38 million that will give the facility the ability to handle two large passenger ships at once. It is bullish enough to be making plans for a fourth terminal.

But Bob Wall, owner of the New Orleans-based travel agency Vacations at Sea, said the first year probably would only be modest as the ships get re-established. He thinks bookings will increase steadily in the coming months.

"Once they (the public) see the ships docked, I think that's going to provide a nice bump of sales," he said.

Next in line at the Port of New Orleans is Carnival Cruise Lines' Fantasy, which sails on Oct. 26, followed by Royal Caribbean International's Grandeur of the Seas on Dec. 7. Carnival is expected to begin sailing Carnival Triumph next September. All the voyages will be bound to the western Caribbean.

New Orleans' return to the vacation cruise business comes during a heady time for the industry worldwide, according to the Cruise Lines International Association (CLIA), another industry group. The industry has averaged an 8.5 percent annual growth rate in passengers since 1980, according to the group. The ICCL put total U.S. economic impact in 2005 at $32.2 billion.

After an industry record of 11.2 million passengers in 2005, the business is expecting 11.7 million this year, said CLIA spokesman Brian Major.

Before Katrina, New Orleans was one of the fastest-growing cruise ports in the country. That was fueled by the attraction of the city itself. Passengers often toured the French Quarter and other attractions before or after a cruise.

No figures are available on collateral spending specifically by cruise passengers. However, the New Orleans Convention and Visitors Bureau said the average domestic visitor spent $196 per day in the city in 2004, the latest year for which figures are available, while an international visitor put down $244 per day on average.

But that was before Katrina. Since the storm, the city has struggled with losses in its convention business and a very slow summer, in part affected by widespread concern outside the region about the city's condition.

Mr. Wall said tomorrow's cruise is near capacity, but like airlines, cruise companies offer various ticket deals in hopes of filling up all the cabins. "The question is on-board revenue, such as shore excursions, the casinos, the bars," he said.

Ticket prices for the cruise were the lowest in several years, Mr. Wall said, ranging from about $500 per passenger for an interior cabin to $1,200 for luxury accommodations. "That's great for the consumer, though, of course, it keeps the cruise line officials nervous," he said.

'A Hand Up Doesn't Always Require A Handout' (WSJ)

By Muhammad Yunus

The Wall Street Journal, October 14, 2006

America's government and people brought charity to a new level last year in their response to Hurricane Katrina. The rebuilding has been particularly difficult, however, because it has involved lives as well as bricks and mortar. Many victims had been desperately poor all their lives. Helping them to self-sufficiency has proved just as difficult, if not harder, than putting homes and businesses back up again.

Having many very poor citizens, and more than its share of natural disasters, Bangladesh -- my own country -- has a great deal of experience facing both these challenges. We have a per capita gross national income of $440, with half the population living below the poverty line. We've little to start with, and much of that is repeatedly snatched away. In 1998, floods covered

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much of the country for over two months, affecting 30 million people; and a single cyclone killed 300,000 in 1970. Despite these catastrophes, more of our people are climbing out of poverty.

So at the risk of sounding presumptuous: What can the U.S. learn from Bangladesh about post-disaster economic recovery? Like many other countries, even Bangladeshis were quick with a handout after Katrina, giving the U.S. $1 million for the victims. But Americans might be surprised to learn that one of our most successful tools for rebuilding businesses is not government handouts, but rather, small loans packaged with practical business and social advice.

Microfinance is one of the biggest success stories of the developing world, and proponents like me believe it could be just as successful in helping the poor in wealthy countries such as the U.S. The basic philosophy behind microfinance is that the poor, although spurned by traditional banks because they can't provide collateral, are actually a great investment: No one works harder than someone who is striving to achieve life's basic necessities, particularly a woman with children to support. Sadly, it is also true that in catastrophic circumstances, very little of the cash so generously given ever gets all the way down to the very poor. There are too many "professionals" ahead of them in line, highly skilled at diverting funds into their own pockets. This is particularly regrettable because very poor people need only a little money to set up a business that can make a dramatic difference in the quality of their lives.

I started the Grameen Bank 30 years ago by distributing about $27 (no typo here!) worth of loans among 40 extremely poor Bangladeshis. Since the bank officially opened in 1983, it has loaned $5.7 billion in microfinance. Today, Grameen has 6.6 million borrowers in Bangladesh alone, borrowing $500 million a year in loans that average just over $100 each. The loans are entirely financed by borrowers' deposits and the bank recovers 98.85% of all money loaned. Notably, Grameen Bank has been profitable in all but three years since its launch. Our largely poor customers save $1.008 for every dollar they borrow, so the poor are truly funding the poor.

The bank supports businesses such as small services, stores, direct sales, furniture-making, cell phone stations and milling, all of which support the local economy. And it works. More than half of our borrowers have moved out of poverty, mainly through their own efforts. Most importantly, when you lend money to disadvantaged people, it gives them a sense of pride, rather than the humiliation they may feel over a handout. And just as helpful as the money is the guidance they get from the bank. Training and connecting poor, inexperienced workers to a reliable and ethical lending and savings service is a huge advantage for them that only gets stronger after a disaster. This is particularly true of women, who are often constrained by social and financial barriers. Grameen communities have also made tremendous strides on health and social issues, such as sanitation, and pushed aside discriminatory practices such as bridal dowries.

The impact of microfinance is spreading worldwide. As of December 2004, 3,100 microcredit institutions reported reaching 92,270,289 clients, 66,614,871 of whom were among the world's poorest when they took their first loan. Assuming five persons per family, the loans to the 54.8 million poorest clients affected some 330 million family members by the end of 2004.

Microfinance has worked so well that it has become a major instrument of reconstruction in post-tsunami Asia as well. A Sri Lankan conglomerate, Ceylinco, partnered with Grameen to provide small loans to 10,000 tsunami victims. These range from $300 to $10,000 and carry an interest rate of 6%, less than half the rate for similar small loans in Sri Lanka. The loans have a one-year grace-period, and Ceylinco takes no collateral, thereby heaping all the risk onto itself. But the company felt this was still a wise investment.

Because some countries that rely heavily on microfinance also happen to be disaster-prone, Grameen now has special disaster loan funds (DLFs) to help meet the urgent need for cash after a catastrophe. These funds also aim to offset the microlender's own losses. The funds were established in Bangladesh after the record flooding of 1998, which affected 20% of the population. Similar funds were set up in Central America in the wake of Hurricane Mitch, and in Poland after the floods of 1997. The DLFs are financial reserves and usually derived from the initial donor grant to the micro-credit lender.

Many people ask, Why not just give free cash, especially under such dire circumstances? In Bangladesh, we've learned that when aid is free, not only do the poor get the least of it, but everyone inflates their needs. While some handouts are clearly necessary in such times, we focus on lending small amounts of money. This lets us keep costs down and rebuild funds for the next disaster. Most importantly, our Grameen banks are ready to act at a moment's notice. They can respond to a disaster without waiting for anyone's permission, immediately becoming like humanitarian agencies by suspending loan payments, and providing cash, food and medicines. Once rebuilding starts, the bankers keep detailed records of the money lent, and people are allowed to repay bit by bit.

That is the strategy we followed after the 1998 flooding, which covered 50% of Bangladesh's land and affected customers at about 70% of our branches. More than 700 Grameen borrowers or their family members were killed and just over half (a million borrowers) were affected by the flooding. That represents a small percentage of the overall population affected, but the Bank and its staff where there right away to help with immediate needs. Later, microlenders helped people restructure their loans or gave out new loans on more favorable terms.

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Microlending has already helped millions reach a better life through their own initiative. It has also given them valuable skills as well as crucial financial back-up in case they ever face a natural disaster like Katrina. So it might be time to think about another type of support for Katrina's victims: the microloan. As our small, flood-battered country has learned, giving someone a hand up doesn't always require a handout. The most important thing is to help people get back to work while letting them hold on to their self-respect. Microloans can do just that.

Mr. Yunus, who yesterday won the 2006 Nobel Peace Prize, is founder and managing director of the Grameen Bank of Bangladesh.

WAR NEWS:

British Downplay Discord After General's Remark (NYT)

By Alan Cowell

The New York Times, October 14, 2006

ST. ANDREWS, Scotland, Oct. 13 — The British government raced Friday to defuse an embarrassing public debate over remarks by its top military commander that Britain should withdraw its troops from Iraq "sometime soon."

To critics of the government, his comments amounted to a challenge to Prime Minister Tony Blair's authority, since they seemed to be a direct contradiction of Mr. Blair's insistence that a retreat would be "a craven act of surrender."

The officer, Gen. Sir Richard Dannatt, modified some of his remarks in a series of radio and television interviews on Friday to expand on his comments in The Daily Mail, which first featured them on its Web site late Thursday.

By "soon," he later said, he meant that British troops should not remain there for "years and years." But he did not completely retract his assessment that the presence of British forces in Iraq "exacerbated" the violence there.

"I have withdrawn none of the comments that I have made," he said in a radio interview. "I have given a little more explanation about what I meant by 'sometime soon.' That's not backtracking."

At a news conference after the Northern Ireland political settlement talks here in Scotland, Mr. Blair was asked whether Sir Richard had been opposing government policy. Mr. Blair insisted that, having read transcripts of the general's interviews on Friday, he was echoing official policy. "In terms of what he was saying about Britain, he was saying exactly the same as we have all said," Mr. Blair said, though he has never used the general's words. "We will stay and get the job done."

Mr. Blair also said, "The reason that we have been able to give up two provinces now to Iraqi control is precisely because the job has been done there."

The White House spokesman, Tony Snow, also tried to dull the remarks, saying, "His general point was that, you know, when your work is done you hand over authority to the Iraqis."

At an earlier briefing here, Mr. Blair's spokesman said the general's remarks after his Daily Mail interview showed there was "not a cigarette paper between" the prime minister and the general.

Opposition to the war led two members of Mr. Blair's cabinet to resign in protest to the invasion, and the war has greatly diminished Mr. Blair's popularity.

In another emotional issue that generates continued anger against the war, a coroner in Oxford said Friday that an inquest had found that Terry Lloyd, a British television war correspondent killed in Iraq in March 2003, was "unlawfully killed" by United States forces who opened fire on a vehicle carrying the wounded reporter away from a battlefield.

The coroner in Oxford, Andrew Walker, said the American troops should not have fired on a vehicle with wounded civilians. Mr. Lloyd was working as a so-called unilateral journalist, meaning he was not embedded with the allied forces. The coroner reviewed videotape of the fighting.

On Friday, Britain's National Union of Journalists called Mr. Lloyd's death a war crime, and Mr. Walker said he would write to the British attorney general urging him to prosecute the killers. In the fighting, Mr. Lloyd's Lebanese translator, Hussein Osman, also died. A French cameraman, Frédéric Nérac, is still missing and is presumed dead.

The general's initial comments drew widespread approval among antiwar legislators and on unofficial Web sites used by military bloggers. Britain has some 7,000 troops in Iraq, based primarily in the south around Basra.

In the Daily Mail interview, Sir Richard said British soldiers should leave Iraq "sometime soon, because our presence exacerbates the security problems." He also was quoted as saying that overstretching the British Army in Iraq could "break it."

The general told the BBC on Friday in a radio interview, "It was never my intention to have this hoo-ha."

"My intention is particularly to speak up for what is right for the army," he said.

On the same radio show, another British officer, Col. Tim Collins, who fought in Iraq in 2003, said the general's comments had offered a "refreshing and very honest insight into what the army generally feels."

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In an interview with Sky News on Friday, Sir Richard said: “We are not on the run; we are not hauling our colors down. We are going to see this thing through, but we have got to get on with it; we can’t be there for years and years in the sorts of numbers we are.”

Britain's Army Chief Clarifies Remarks On Troop Withdrawal (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, October 14, 2006

LONDON, Oct. 13 -- Britain's top army commander, who ignited a controversy by saying that British troops should withdraw from Iraq "sometime soon," clarified Friday that he wants a pullout but not until "the mission is substantially done."

Gen. Richard Dannatt had been quoted in Friday editions of the Daily Mail as saying that British troops should leave Iraq "sometime soon because our presence exacerbates the security problems."

"We weren't invited" into Iraq, he said, but rather "kicked the door in," and "whatever consent we may have had in the first place" from the Iraqi people "has largely turned to intolerance."

Dannatt said he had "much more optimism that we can get it right in Afghanistan."

In television and radio interviews Friday, Dannatt said he was not "backtracking" but expanding on his remarks and putting them in context. He said there was no "rift" between him and Prime Minister Tony Blair, whose office reportedly was engaged in a flurry of phone calls with the Defense Ministry over the issue. Blair recently has said a British withdrawal from Iraq would be "a craven act of surrender."

Military experts on both sides of the Atlantic have said they believe that many British military officials are eager to find a way to withdraw from the unpopular war in Iraq and concentrate on Afghanistan. Britain has 7,200 troops in Iraq and 5,600 in Afghanistan, according to the Defense Ministry. According to ministry figures, 119 British soldiers have died in Iraq and 40 in Afghanistan.

Dannatt, echoing a statement put out by Blair's office, said in a statement issued Friday that "I am on record publicly saying we're standing shoulder to shoulder with the Americans."

In Washington, White House spokesman Tony Snow said Dannatt believed his comments had been "largely taken out of context."

"He's saying there may be some times when the Brits no longer are necessary -- they're there, they're seen as an occupier, that may exacerbate some of the tensions. And that's the context in which he was discussing it," Snow said.

Amyas Godfrey, a former British army officer at the Royal United Services Institute, said officials have responded to public pressure to set a timetable for a withdrawal from Iraq by saying that it will come "when the job is done." So it is significant, he said, that the army chief has said: "We should be leaving."

"Right or wrong, there is a feeling we followed Americans into Iraq," Godfrey said. As the security situation worsens in Iraq, he said, there is a feeling of "it wasn't our idea in the first place, so why are we still there?"

In interviews Friday, Dannatt, who took over as head of the army in August, continued to speak more candidly than previous military leaders. He said that in some parts of Iraq, the "mere presence" of British troops exacerbates violence.

"I am just saying, 'Come on, we can't be here forever at this level.' . . . I have got an army to look after, which is going to be successful in current operations, but I want an army in five years' time and 10 years' time. Don't let's break it on this one. Let's keep an eye on time," Dannatt said.

"Let's face it, we have been there three and a half years," he said. "We have an interest in getting on with this."

Blair Seeks To Counter General's Attack Over Iraq (FT)

By James Blitz

Financial Times, October 14, 2006

Tony Blair was last night fighting to limit the damage to his Iraq policy after Sir Richard Dannatt, the UK's top soldier, warned that Britain's military presence there would "break" the Army if it were required to operate in the country for much longer.

His assault on the prime minister's foreign policy - an unheard of action for a serving leader of the armed forces - provoked a day of tension between Downing Street and the military. Sir Richard had to clarify a comment in a newspaper interview that troops must leave Iraq "some time soon". But he drew wide support from former military leaders.

In radio and TV appearances Sir Richard said there was no difference between his views on Iraq and those of Mr Blair, who has argued that Britain would only leave when Iraqi forces could manage national security.

A contrite-sounding Sir Richard said the 8,000 troops in Iraq would leave "some time soon when the mission is done".

But while he insisted there was no difference between himself and Downing Street on Iraq policy, Sir Richard did not retreat from arguing that the campaign in Iraq was stretching the army to intolerable levels.

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Warning that Britain must be out of Iraq by 2008, he said: "We don't want to be there another two, three, four, five years. We've got to think about this in terms of a reasonable length of time."

Sir Richard received a show of support from senior military figures. Colonel Tim Collins, a senior UK officer in Iraq in 2003, said he had given a "refreshing and very honest insight into what the army generally feel".

But Michael Portillo, ex-Tory defence secretary, said Sir Richard was "absolutely compromised" by his initial contradiction of UK government policy.

Blair Stresses No Disagreement With Army Chief In Iraq Pull-out Row (AFP)

By Katherine Haddon

AFP, October 14, 2006

British Prime Minister Tony Blair insisted that there was no difference of opinion between him and army chief General Sir Richard Dannatt, who has said British troops in Iraq are exacerbating security problems and should pull out soon.

In an interview with the Daily Mail newspaper published Friday, Dannatt said: "I don't say the difficulties we are experiencing round the world are caused by our presence in Iraq but undoubtedly our presence in Iraq exacerbates them."

He added that Britain should pull out "sometime soon because our presence exacerbates the security problems".

Dannatt, the chief of general staff, later used a statement after further interviews on television and radio Friday to try to scotch the impression that he was at odds with Blair and Defence Secretary Des Browne.

He said that the army would stay in southern Iraq "until the job is done", adding: "I'm a soldier -- we don't do surrender".

Blair said Dannatt had used his later interviews to set the one with the Mail in context, during a press conference at St Andrews, Scotland, where he has been taking part in talks on restoring power-sharing to Northern Ireland.

The Prime Minister said he agreed with "every word" of Dannatt's later radio interview.

"If you read the transcript of his interview on the radio this morning and the television, he sets in proper context exactly what he was saying," Blair said.

"And if I can take just one example of why it's important these things are in context, what he is saying about wanting the British troops out of Iraq is precisely the same as what we're all saying."

Meanwhile, White House spokesman Tony Snow indicated that the United States had asked for an explanation of Dannatt's comments.

"We did call and say 'what did he say?' and we received transcripts, especially this morning's interview," he said.

Since the newspaper interview appeared overnight, Dannatt has also been at pains to show any troop reductions had to be coordinated with the United States, which provides the bulk of allied troops in Iraq.

Dannatt told the Mail that though the intention of invading Iraq was to set up a pro-Western liberal democracy which "might have a beneficial effect on the balance within the Middle East", he did not think "we are going to do that."

"I think we should aim for a lower ambition."

On BBC radio, Dannatt suggested a reduced goal might involve aiming for a unitary Iraqi state but added "whether we can make it happen, I don't know."

The Mail interview was widely interpreted as contradicting Blair's defence of the presence of British troops in Iraq in September, when he said that if Britain were to withdraw, the country "will be committing a craven act of surrender that will put our future security in the deepest peril".

Colonel Tim Collins, one of the most senior British Army officers in Iraq in 2003, praised Dannatt for what he said as a "refreshing and very honest insight into what the army generally feel."

Anti-war campaigners welcomed Dannatt airing his views, with the left-wing Stop The War Coalition even inviting the general to speak at the group's next public demonstration.

Britain has 7,200 troops in southern Iraq patrolling an area around Basra, a bastion of Iranian-backed Shiite militias. Since Britain joined the US-led invasion three years ago, 119 British troops have been killed in Iraq.

Blair's Power Sliding On Dannatt Remarks (AP)

By Beth Gardiner, Associated Press Writer

AP, October 14, 2006

Is Tony Blair losing control? His army chief's brazen declaration that British troops should soon leave Iraq is the latest evidence that the once-formidable prime minister — who rode out a fierce party rebellion just last month — may be rapidly losing his political clout.

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The catalyst is clearly the Iraq war, which is seen across Britain as a tragic mistake. But Blair's influence also has suffered because of his close ties to President Bush, who is deeply unpopular in Britain, and in recent months over his support of Bush's stand that Israel should not be forced into a premature cease-fire in Lebanon.

Blair struggled Friday to stamp out the furor following Gen. Richard Dannatt's statement that the presence of British troops is provoking violence in Iraq, not preventing it.

The opposition Conservative party — which has branded Blair a lame duck leader since he announced last month that he would resign within a year — said the army chief's comments were further proof that the Labour leader's authority was waning.

Dannatt later tried to tone down his remarks — saying he wanted a gradual pullout over the next few years — but he did not back away from them entirely. And it was too late to quell the debate set off by comments that not long ago would have seemed almost inconceivable.

"The general is just saying what millions of people in this country know to be true from simply reading the papers and watching the news," said John Rees, a co-founder of the Stop the War Coalition.

"He better than anybody knows that the British army isn't in a position to sustain this," Rees said. "It's chaos in Iraq."

Dannatt gave a series of interviews Friday and issued a statement clarifying the remarks he originally made to the Daily Mail newspaper, which were dominating the British media.

"The mere fact that we are still in some places (in Iraq) exacerbates violence from those who want to destabilize Iraqi democracy," his statement said.

"But that is not a reason for us to leave. I am on record publicly saying we're standing shoulder-to-shoulder with the Americans," he said. "I'm a soldier — we don't do surrender, we don't pull down white flags. We will remain in southern Iraq until the job is done. We're going to see this through."

Blair, in Scotland brokering talks between Northern Ireland's Catholic and Protestant political parties, said the Daily Mail had twisted Dannatt's words and taken them out of context.

The prime minister said he agreed with what he saw as the general's real message — that British troops should leave areas of Iraq as soon as local forces were able to take over security, and would be unwelcome if they stayed beyond that time. British troops have so far left two provinces in the country's south.

"What he is saying about wanting British forces out of Iraq is precisely the same as we're all saying," Blair told reporters. "Our strategy is to withdraw from Iraq — when the job is done."

Liam Fox, defense spokesman for the opposition Conservative Party — whose recent surge in the polls has made it a real threat to Blair's Labour Party — said the government should be as candid as Dannatt was about Iraq.

"What is surprising is the timing and outspoken nature of the (Dannatt) interview, which occurs at a time when the prime minister's authority seems to be ebbing away," the Tory said in a statement.

The Daily Mail, which released its interview on its Web site Thursday night, quoted Dannatt as saying that while Iraqis might have welcomed coalition forces following the ouster of Saddam Hussein, the good will has since evaporated.

The British military should "get ourselves out sometime soon because our presence exacerbates the security problems," he reportedly said.

British and American planning for postwar Iraq was poor, he added — "probably based more on optimism than sound planning."

The criticism follows months of political trouble for Blair, whose government has been damaged by a war that was unpopular from the beginning and has grown more so as the violence grinds on.

A rebellion in the Labour Party trying to oust Blair forced his reluctant announcement last month that he will resign within a year.

Former Home Secretary David Blunkett also claimed in memoirs excerpted this week that Treasury chief Gordon Brown — who seems likely to take over the party, and the government, when Blair steps down — privately opposed the war until shortly before it began, when he decided to back Blair.

Seeking Success In Iraq (NYDN)

New York Daily News, October 14, 2006

However fast Britain's top general clarified remarks appearing to suggest he is less enthusiastic about staying the course in Iraq than he's expected to be, there is undeniably growing sentiment even in hardy stay-the-course circles that the Iraqi mission - just and high-minded though it was at the beginning, just and high-minded though it remains - has been no howling triumph.

Gen. Sir Richard Dannatt, no cut-and-run man, said: "I'm a soldier. We don't do surrender. We're going to see this through." But he also said: "History will show that the planning for what happened after the initial successful war fighting phase was poor, probably based more on optimism than sound planning." No arguing with that.

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Which is why the war's immediate future hangs heavily on the soon-to-be-issued recommendations of ex-Secretary of State James Baker's bipartisan Iraq Study Group. It may already be too late in the game to undo some of the Bush administration's blunders, which have become a familiar litany in the national dialogue: There were too few boots on the ground to begin with, nobody moved fast enough to quell civil unrest in the invasion's immediate aftermath, Coalition Provisional Authority chief Paul Bremer was an utter fool to disband the Iraqi military, etc., etc. All true, all true, inexcusable, indefensible, a sorry prosecution. And all there is to say about it is, well, that was then and now is now, and there's no starting over.

High hopes attend whatever the Baker group's ideas will be about redirecting the allied energies into coherent goals, however they might be realized under the real-world conditions that now exist in what Sen. Hillary Clinton has just described as the Iraq that is, not the Iraq we would like it to be. The fact remains that the success of the allied effort has always been contingent on Baghdad's new leadership, which has yet to bring meaningful order to its own set of circumstances. The Iraqis absolutely must begin to take charge of their own affairs. Like the general said: We don't do surrender. "But we've got to get on with it. We can't be there for years and years."

No, we can't. And at this hour, it's up to Baker's bunch to help the White House find a path toward satisfactory resolution - and perhaps even to find America's way home again. Wish them wisdom.

It still stinks in Albany

The group that tagged New York's state Legislature as the nation's worst reports now that - surprise! -precious little has changed.

Wily pols that they are, Assembly Speaker Sheldon Silver and Senate Majority Leader Joe Bruno mollified the public with gestures - such as meeting the budget deadline and requiring lawmakers to actually be in their seats when voting. But the pair still giveth and taketh away committee chairmanships - and the extra pay accompanying same - so the rank-and-file sheepishly obeys their every command. No wonder, then, that the followup report from the Brennan Center for Justice at NYU pronounces the system "still broken."

Committees still rubber-stamp major legislation without hearings. Bruno and Silver still determine, unilaterally, which bills go to the floor. And bills that go to the floor always, always, always pass.

In 2004, the Brennan Center proved by objective measures that ours was the land's most dysfunctional legislature - which is saying a lot (think Trenton). The authors did not take the trouble to repeat that calculation this time around, but no matter. When it comes to godawful government, everyone knows Albany takes the prize.

Economics lesson

It doesn't take a Nobel Prize in economics to realize that the federal minimum wage - frozen at $5.15 an hour since 1997 - should be higher. Say, $7.25. But the Republican Congress, parroting the disproved argument that a higher minimum hurts employers, refuses to act. To refute the politicos, more than 650 economists, among them five Nobelists, this week issued a public letter calling for an increase.

They explain that a decent minimum not only fights poverty but equalizes "the imbalance in bargaining power that low-wage workers face in the labor market." And they note that the value of the 1997 increase"has been fully eroded," its purchasing power at its lowest point since 1951. Those hurt are not employers but the working poor. Which does not appear to matter to the working rich in Congress, who are not likely to change their minds, even with a lesson from the laureates. Perhaps control of Congress should be changed.

You can e-mail the Daily News editors at voicers@edit.nydailynews.com. Please include your full name, address and phone number. The Daily News reserves the right to edit letters. The shorter the letter, the better the chance it will be used.

Shiites Push For British Troops To Leave (AP)

AP, October 14, 2006

Many Shiites in this southern port city say they want British troops to leave, though the region is still bloodied by a persistent grind of killings, including Sunni insurgent bombings and Shiite-on-Shiite slayings amid a competition for political control.

Several prominent Basra leaders on Friday agreed with an assessment by Britain's army chief that the British presence only worsens the violence and the soldiers should withdraw soon. Gen. Richard Dannatt backpedaled Friday from the comments he made in an interview a day earlier, saying he meant troops should leave within years, but the statements caused a political storm in Britain.

In Basra, Shiites insist the British presence only provides a target for attackers seeking to end the "occupation" — and some said the troops are doing nothing to rein in party-backed Shiite militias that have risen to prominence.

"To tell the truth, (the British) have caused the chaos and the security decline in southern Iraq, especially Basra, by their leniency with the militias and their parties," said Ghali Nijm, head of the Shiite Wifaq party in Basra.

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Added Aqil Talib, a member of the Basra provincial council from the Shiite Fadila party: "The British presence is no longer desired, as is that of the Americans and others, even though the British are kinder than the Americans."

It's a change in attitude from early in the Iraqi conflict, when Shiites across the country welcomed U.S.-led coalition troops that toppled Saddam Hussein, who had persecuted the Shiite majority. British troops in Basra were even praised for taking a gentler approach to policing the region than American troops further north, who were seen as heavy-handed.

But with the violence wearing on, anti-U.S. sentiment has been growing among Shiites across Iraq, and with it the feeling that international troops should go. The militia of Shiite cleric Muqtada al-Sadr, which deeply opposes the U.S.-British presence, has been growing in power.

The central government in Baghdad underlined on Friday that it wants U.S. and British troops to remain, saying they are needed to contain the violence and train Iraqi forces.

In early October, British and Iraqi forces began a neighborhood-by-neighborhood sweep of Basra — code-named "Operation Sinbad" — similar to one launched in August by U.S. troops in Baghdad. The sweep has gone through three districts — including two with a heavy militia presence — clearing out weapons, arresting about 100 people and launching reconstruction projects.

"The presence of these forces is necessary so that they can participate in establishing stability in Iraq," government spokesman Ali al-Dabbagh said.

The predominantly Shiite south has long been less violent than Baghdad and the Sunni regions of central and western Iraq, where the anti-U.S. insurgency has been based.

But there has still been steady bloodshed, and it has increased this year with the swelling of sectarian killings across the country. Basra province — home to about 3 million people, where most of the 7,000 British troops are based — sees a constant toll of bombings, shootings and kidnappings.

They come in part from Sunni insurgent attacks against British troops and Iraqi civilians with bombings, mortars and rocket fire. But increasingly the area has seen killings between Shiites as party-backed militias vie for influence.

On Thursday, a prominent al-Sadr cleric, Sheik Radhi al-Assadi, was gunned down near his home. His slaying came days after another cleric — also named Radhi al-Assadi, a distant relative, but connected to the rival Badr Brigade militia — was killed by gunmen.

Shiite militias also intimidate residents, enforcing strict Islamic laws in some districts, such as banning haircuts seen as Western, forcing women to wear the veil and closing video and music shops.

The desire to see foreign troops leave is also fueled in part by Shiite insistence they can run their own affairs.

"The British forces entered Iraq and liberated it from the Saddam regime," said one Basra resident, Essam Mohammed. "Since they have fully accomplished their mission, they should now leave Iraq ... because they are creating some obstacles and problems for the Iraqi people."

Home Winning The Peace II (SN)

By John Hall

Scripps News, October 14, 2006

Commentary

Former Secretary of State James A. Baker III, who says the Bush administration "seriously misjudged winning the peace" in Iraq, now is heading a bipartisan commission that almost certainly will recommend broad changes in policy there before the end of the year.

What will become of these recommendations is becoming this capital's most interesting guessing game.

Baker is the respected Bush family friend and solicitor who made Bush's troubles go away in the famous 2000 contested Florida election that made him president. President Bush affectionately called the older man "Jimmy" in the Rose Garden last week. Yet, according to author Bob Woodward, he passed over Baker as secretary of Defense so he could stand by Donald Rumsfeld.

You could not tell listening to Bush's press conference last week, or reading the transcript of it, whether he is amenable to any change Baker and his distinguished panel might come up with. Baker suggested last Sunday that "stay the course" is no longer a good idea in Iraq.

Here was Bush's response to that:

"Stay the course means keep doing what you're doing. My attitude is, don't do what you're doing if it's not working; change.

"Stay the course also means don't leave before the job is done. We're going to get the job done in Iraq. And it's important that we do get the job done in Iraq."

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The president, more than once, said he was open to any kind of tactical change in course that his top commander in Iraq, Gen. George W. Casey Jr., would bring to him. But he seems more entrenched, not less so, on his message that "the enemy's coming after us" if there should be a premature withdrawal of troops from Iraq.

The Defense department is now spreading the doctrine of the "long war" against radical Islam to a new generation of intelligence officers. They are being taught by the Joint Chiefs of Staff that only a victory in Iraq will stop the establishment of a caliphate that will spread its tentacles out of Baghdad into a half dozen major capitals of the Middle East, threatening the existence of Israel and the Western oil supply.

That is the 21st century version of the "falling dominoes" theory, which held that failure in Vietnam would lead to the loss of Asian alliances starting with Thailand. Now it has been brought up to date and modernized with the horror of the 9/11 attacks behind it.

Bush spoke of a day when "extreme forms of religion fight each other for influence in the Middle East; in which they've got the capacity to use oil as an economic weapon."

Indeed, it was Baker who raised concerns about Saddam Hussein's use of Iraq's oil wealth as a tool to leverage power. Iraq's invasion of Kuwait led to the first Gulf War. When Baker suggested Bush's father, who was then president, was justified in invading Iraq because of the effect of oil on jobs and the U.S. economy, he and the elder Bush were roundly criticized.

What influence Baker and his Iraq Study Group will have with the second President Bush, particularly when he is officially classified as a lame duck after the November elections, is arguable. The panel was created by Congress and includes such luminaries as former Republican New York Mayor Rudolph Giuliani, former Sen. Charles Robb of Virginia and former Rep. Lee Hamilton of Indiana. The latter two moderate Democrats were co-chairmen of the bipartisan commission that investigated the failures of government agencies that led to the 9/11 attacks and the breakdown in intelligence before the Iraq war.

The Iraq panel has largely kept its own counsel since it started work last March, quietly interviewing many of the principal players on the Iraq drama from Bush down. But the two most important, Rumsfeld and Vice President Cheney, and the network of neo-conservatives who backed the war from the start have formed a protective wall around the existing strategy for a long time.

It will be difficult for Baker or anyone else to break through or get around them.

(John Hall is the senior Washington correspondent of Media General News Service. E-mail jhall(at)mediageneral.com.)

Army Chief Campaigns For Increased Funding (MCT)

By Drew Brown

McClatchy Newspapers, October 14, 2006

WASHINGTON - The Army is campaigning hard to ensure that it has enough money to keep up the battles in Iraq and Afghanistan and to prepare for potential future conflicts.

Gen. Peter J. Schoomaker, the Army's chief of staff, says the service needs $138 billion in 2008 to ensure it can field as many as 19 combat brigades at any given time, as called for by the Pentagon's latest four-year strategy. That figure is about $20 billion more than Congress approved for the Army in the 2007 budget.

The Army has 17 combat brigades deployed in Iraq and Afghanistan - a total of about 136,000 soldiers - but keeping those troops in battle has put unprecedented strain on the Army's funding, despite an estimated $507 billion that Congress has set aside since 2001 to pay for the wars.

But with more boots on the ground than any other service, the Army also has borne the brunt of manpower and equipment losses. More than 2,100 of the 3,100 U.S. troops killed in Iraq and Afghanistan have been Army soldiers. The Army plans to spend $17.1 billion this year to replace or repair equipment that's been lost or damaged, including more than 2,000 vehicles awaiting overhaul.

It's against this backdrop that Schoomaker appeared this week at the Army's annual convention in Washington and called for the country to increase defense spending. It was part of a public relations campaign not often seen among top uniformed military officials.

While he didn't name a figure, the general said the Army's continued effectiveness in the war would depend upon a "national commitment" to recruit, train and equip soldiers and support them and their families properly.

"This is a matter of national priorities, not affordability," Schoomaker said.

The call for increased defense spending comes at a time when the United States is spending about 4 percent of its gross domestic product on defense. The White House predicts defense spending will fall in coming years.

Schoomaker said spending 4 percent of GDP on defense is a historic low during a war. The United States spent 38 percent of its GDP on defense during World War II, 14 percent during the Korean War and 10 percent during the Vietnam conflict.

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As one seasoned non-commissioned officer put it, professional armies are expensive to maintain and Schoomaker is being straightforward about what it's going to take to support the all-volunteer Army in a time of protracted war.

"The nation has not realized that yet," said the officer, a sergeant major with more than 30 years in uniform who spoke on condition of anonymity because he wasn't authorized to speak publicly. "The recent wars just now are bringing it to light. The (chief) is just saying that we're through pretending that everything is OK."

Army officials have been meeting since June with senior defense officials, the White House and members of Congress to come up with a spending figure for 2008. Schoomaker described it as a "very serious dialogue" designed to agree upon a "common set of facts" about the strategic challenges the Army faces in the future and what kind of resources it will need to meet those challenges.

"We have to increase the base budget just to support the strategy," said an Army official, who wasn't authorized to speak on the record about policy, but who agreed that Schoomaker's speech was designed to send a public message. "That's his main focus. Who was the message directed at? It's directed at Congress. It's directed at the people."

But one problem the Army is facing is that having a successful all-volunteer force has undercut much of the responsibility that the country has traditionally felt for the military, said Loren Thompson, a defense analyst at the Lexington Institute, a policy research group in Arlington, Va.

"When you're absolutely certain that you're not going to have to serve in the military, it becomes something that's an afterthought rather than a primary concern," he said. "What he's saying in his speech is that the country needs to recognize the Army's needs and fund those needs, even if it doesn't intend to serve."

Underlying the public appeal for support is a very real fear among the top Army ranks that instead of increasing spending, Congress will take money away from the Army's highest-priority modernization program, the Future Combat System.

The FCS is a $120 billion program designed to build a group of 18 manned and unmanned vehicles linked by satellite communications and a common sensor network. Advocates say it will give soldiers unparalleled situational awareness on the battlefield. The Army hopes to begin fielding the first of elements of the program in 2008.

If squeezed by competing budget pressures, the Army is likely to give priority to the program, even if it means forgoing adding soldiers to the ranks, said Frederick W. Kagan, a military historian and defense analyst at the American Enterprise Institute, a conservative Washington research group.

The active-duty Army currently has about 494,000 soldiers, but Kagan and many other experts believe the service needs tens of thousands more to fight the war and meet other strategic commitments.

"We're in a crisis as far as personnel goes, and FCS should be a much lower priority," Kagan said. "Nevertheless, transformation is very important. The U.S. is entering a period of tremendous crisis in terms of national security, and the armed forces should not have to be making hard choices now - like FCS versus soldiers."

Congress has authorized the Army to grow to 533,000 soldiers.

The Cost Of Iraq War Is Out Of Control (SN)

Scripps News, October 14, 2006

Commentary

When it comes to casualties in the war in Iraq, no one can put a price on human life. But the cost in taxpayer dollars of U.S. military operations there continues to rise to gargantuan proportions.

According to the Congressional Research Service, Congress already has appropriated $437 billion for war, not including $70 billion approved by the Senate as part of next year's record-breaking Pentagon budget. That's half a trillion dollars _ about three-quarters of it for Iraq, 20 percent for Afghanistan and 5 percent for increased security against terrorism at other foreign bases.

The fighting in Afghanistan, home of the Taliban and training ground of the 9/11 terrorists, is one thing. But an increasing number of Americans see Iraq as a war we can no longer afford. Either way, the fiscal burden will be felt for generations because the cost is being applied daily to the nation's budget deficit.

More than 2,700 American soldiers have lost their lives in Iraq and Afghanistan, and some 20,000 others have been wounded. We would not presume to trivialize their sacrifice by placing a dollar value on the mayhem, but how many more lives may be put in jeopardy when the growing cost of the Iraq war crowds out spending for, say, a new cancer drug?

These are the real costs that will multiply under an administration that has the nation stuck in an open-ended commitment, with no thought to the long-range consequences. And these costs will continue to grow until the American people decide they've had enough.

Lack Of Confidence In Maliki Government Grows (MCT)

DOJ_NMG_0081231

By Nancy A. Youssef

McClatchy Newspapers, October 14, 2006

BAGHDAD, Iraq - In the five months since Prime Minister Nouri al Maliki became Iraq's leader, the parliament and his ministries have formed hundreds of committees to address problems on everything from how to disarm militias to whether tainted meat caused a group of police officers to fall ill last week.

No one knows precisely how many committees have been formed - one estimate puts the number at 400. Yet only one committee has brought its findings to the parliament.

That lack of action is eroding Iraqi citizens' and U.S. officials' confidence that Maliki's government will be able to address the problems that plague this country, a development that would leave the U.S. with virtually no policy alternative.

U.S. strategy in Iraq currently revolves around the idea that given enough time and the proper security environment, Maliki's government will take control of the country and calm the sectarian tensions that threaten to dismember it.

Yet since Iraq's first permanent government was elected, security has eroded by nearly every measure, despite the U.S. training of more than 300,000 Iraqi police and soldiers. When the government came into power, 65 bodies on average were appearing on Iraq's streets a day; today, 100 are killed daily.

According to the interior minister, the government is issuing 15,000 passports a week, many to residents who say they're desperate to flee; school populations have dropped; and some Iraqi neighborhoods have become so sectarian that some areas are divided up street by street. Services, such as electricity, haven't improved.

Now there's a growing chorus that Maliki's government is unlikely to ever come to terms with the country's problems, a complaint reflected in Iraqi Web logs, newspaper columns, and, U.S. civilian and military officials say, in private conversations.

"I think Maliki is trying to convince the American people that he is serious about fixing things, and he is not serious," said Saad Assim al Janabi, a former member of government loyal to Ayad Allawi, whom the United States appointed interim prime minister of Iraq in 2004. "Maliki believes he is a Shiite Muslim first and that he belongs to the Dawa Party (a mostly Shiite party). We need someone to say he belongs to all of Iraq."

Top U.S. military and civilian officials here have been raising the tenor of their complaints about the government's inaction over the past month, warning that the government has only about two months to make major changes - though they don't say what might happen if it doesn't.

U.S. Ambassador Zalmay Khalilzad, in an interview this week, also sounded that alarm, saying the government must tackle such broad issues as de-Baathification, needed changes to the constitution, distribution of oil and strengthening the security forces.

But when pressed on how he expects the government to respond, he couldn't offer an answer.

The government "has committed themselves to making those decisions. And we will see how much progress they are making. But we will work with them. And if there are adjustments that need to be made to those tactics, we will consider them," Khalilzad said. "We had said the (first) six months are critical. They still have a couple of months."

Some members of the parliament, such as revered leader Humam Hamoodi, said American pressure is only making their task more difficult and that they need time.

Maliki took office on May 20 and within days announced a 24-point national reconciliation plan. It was the first of many plans that so far have had little beneficial effect on Iraq's conditions but came with a host of committees, each of which is given $13,333 a month to operate.

Under the national reconciliation plan, various committees were appointed to address a number of issues: prevention of human right violations, dissemination of a message of reconciliation, the removal of obstacles that hinder Iraqis from wanting to work.

But after a highly celebrated news conference, immortalized in the next day's newspapers by a photo of Maliki and the Sunni Muslim speaker of the house seemingly glaring at each other, there were no visible signs of changes in how the Iraqi government functioned.

Maliki's next initiative was a plan to bring peace to Basra, the predominantly Shiite city in southern Iraq that had been racked by growing violence between rival Shiite militias. That plan was to last 30 days and involved the creation of several committees. But at the end of 30 days, there was no lessening of violence. Basra residents reported that promised checkpoints aimed at curbing violence disappeared within days of the plan's inception. The second phase of the plan began this month, which included promises of more committees to rebuild Basra and hand the security apparatus to Iraqis.

The government's next peace initiative was the Baghdad security plan, or Operation Together Forward, a house-by-house sweep through the capital's most troubled neighborhoods by the Iraqi army, with the help of American forces. While crime dropped when U.S. troops blocked all entrances into the neighborhoods, when they began pulling out, criminal elements started moving back in.

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Attacks in Baghdad rose from an average of 25.3 daily before the operation, to 36.1, according to the U.S. military.

"The Americans used to set up a checkpoint for a few days, especially when the security plan started, but now the Iraqi commando forces are responsible for the checkpoints. And they don't know how to deal with the people. They are really sectarian. I feel that the whole security plan had failed," said Abu Amer, 35, of the mostly Sunni Baghdad neighborhood of Dora, one of the areas swept by the American forces.

Finally, last week, Maliki and top Sunni leaders signed a four-point pact vowing to create several committees to end sectarian violence, including one to curb the media from showing graphic images of bombings and assassinations. It took them two days to hammer out the deal, and in a prime-time broadcast, they swore that either the Shiite-dominated militias or the government would survive, but not both.

Khalilzad and Gen. George Casey, the top U.S. general in Iraq, issued a statement that evening calling the pact a significant step in the right direction showing that the Iraqi leaders wanted their country to succeed and were responding to their people's wishes for security.

But Grand Ayatollah Ali al Sistani, the top Shiite religious leader, issued a statement through his representative a few days later saying the pact lacked details - a statement echoed last week at a news conference in Washington by Sen. John Warner, R-Va., who had just returned from Iraq.

Brandishing a copy of Maliki's speech, Warner told reporters he would share it with them. "But I have to tell you, folks, it's five pages long, and you're hard put to figure out how this represents a plan that was so carefully described to us," Warner said. "That, I think, symbolizes the difficulty we have in dealing with this situation."

Most recently, Maliki has met with leaders in Anbar province and promised to create two non-sectarian army brigades in Baghdad. It remains unclear when the brigades will hit the streets, and government officials couldn't explain how they would form a non-sectarian force in the current political climate.

Ali Debaugh, a spokesman for Maliki, said the administration's greatest success is that there is dialogue among the sects.

"I think the most important accomplishment is not the reconciliation project itself as the dissemination of the reconciliation spirit," Debaugh said.

But dissemination of spirit isn't what Iraq needs, say the government's critics.

"None of the plans have reached the Iraqi street," Janabi said. "They say everything. They do nothing."

Al-Sistani's Influence Declining In Iraq (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 14, 2006

Grand Ayatollah Ali al-Sistani once wielded so much influence he seemed to single-handedly chart the post-Saddam Hussein political future in Iraq. Now, the country's top Shiite cleric appears powerless as Iraq edges toward civil war.

With dozens of Iraqis dying daily from Sunni-Shiite reprisal killings, the failures of al-Sistani's pleas for peace underline a major power shift in the Shiite establishment.

"Their political interests now outweigh religious interests," said Mustapha al-Ani, a Dubai-based Iraqi analyst. "To some extent, the need for al-Sistani's endorsement is no longer a prerequisite to gain power. Those with street credibility and a militia now have the power."

It's a major shift from the more than two years following Saddam's ouster, when Shiite leaders hung on al-Sistani's every word concerning politics. His opposition to U.S. plans for elections and a constitution forced the Americans to make dramatic changes. His calls for Shiites to avoid violence were largely adhered to.

But priorities for Shiite political parties have changed and their leaders no longer appear to feel the need to be seen to be closely associated with al-Sistani to gain legitimacy.

The swing has stripped the Shiite clergy, with the Iranian-born al-Sistani at its head, of much of its influence and given a lead role to followers of anti-U.S. cleric Muqtada al-Sadr, who does not recognize al-Sistani's religious authority.

It is a power shift that does not bode well for Iraq's Shiite-dominated government or the U.S.-led military coalition as they try to contain the stubborn Sunni insurgency and the wave of sectarian killings that has swelled since last winter.

Al-Sadr's supporters are widely suspected in many of the attacks on Sunni Arabs. His militiamen, who staged two revolts against U.S. troops in 2004, also have clashed with U.S. and Iraqi soldiers in Baghdad and southern Iraq in recent weeks.

Al-Sistani has responded to the bloodshed with a mixture of resignation and a deep sense of disappointment, said an official who is in regular contact with al-Sistani in the southern holy city of Najaf.

"He keeps praying for peace," said the official, who spoke on condition of anonymity because he is not authorized to speak to the media. "He feels the pain every day, but he has no magic wand. He tells visitors every day that what's happening does not please God or his prophet and has nothing to do with Islamic teachings."

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Al-Sistani's last public statement on the crisis in Iraq came more than three months ago, when after a meeting with Prime Minister Nouri al-Maliki, he publicly upbraided the leader for the government's failure to bring security.

Although al-Sistani has steadfastly refused to meet with U.S. officials, he counseled Shiites not to take up arms against the Americans. In 2004, he personally intervened to broker a truce that ended weeks of fighting between al-Sadr's militiamen and the U.S. military in Najaf.

In statements earlier this year, al-Sistani emotionally appealed for peace between the Shiite majority and the once-dominant Sunni minority.

The cleric, who is in his mid-70s and suffers from a heart condition, sets aside 90 minutes every day to receive visitors and well-wishers and without fail he urges them to work for an end to the bloodshed, said the official close to al-Sistani.

The visitors are mostly tribal chiefs or public figures but include less prominent Shiites. The flow of visitors shows that reverence for al-Sistani as a religious figure remains strong — but the continuing violence is a sign of his waning political leverage.

Iraq's main media give significantly less coverage to al-Sistani than they did a year ago. Portrait posters of al-Sadr in the streets of Baghdad as well as the mainly Shiite south now far outnumber those of al-Sistani.

Previously, Shiite politicians could hardly make a major decision without traveling to al-Sistani's office in Najaf to get his opinion or seek his endorsement.

When the United States tried to put off elections, al-Sistani's insistence on the vote — and mass protests he called for — forced a change of heart in Washington and elections were held in January and December 2005.

The January 2005 election produced a parliament that drafted a new constitution adopted in a referendum last October. A second election, for a full, four-year legislature, was held last December.

Al-Sistani was credited for the high Shiite turnout in all three votes. But the dismal performance of the two Shiite-led governments produced by last year's elections chipped away at his prestige since it was his support that brought them to power.

The governments' failures drove many Shiites away from moderates and into the camps of radicals like al-Sadr, whose militia — the Mahdi Army — controls Baghdad's teeming Shiite district of Sadr City and a string of Shiite towns across central and southern Iraq.

"After the elections and the referendum, people as well as the marjayiah (top Shiite clergy) expected life to be rosy, but all we got was trouble," said the official in contact with al-Sistani.

Vali Nasr, who lectures on Islamic affairs at the U.S. Naval Postgraduate School in Monterey, Calif., believes al-Sistani's involvement in politics hurt his standing.

"In some ways, his authority has gone down and he lost control of the political process," Nasr said.

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Associated Press writer Qassim Abdul-Zahra contributed to this report.

Official: Guard Force Is Behind Death Squads (WP)

By Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, October 14, 2006

BAGHDAD, Oct. 13 -- Iraq's interior minister on Friday rejected allegations that Iraq's police and military have played a major role in the death squads blamed for Baghdad's surging violence, saying that only a small number of all those caught in U.S. or Iraqi raids were members of the police or army.

Jawad al-Bolani, speaking to a small group of reporters in Baghdad, blamed the Facilities Protection Service, or FPS, a massive but unregulated government guard force whose numbers he put at about 150,000.

"Whenever we capture someone, we rarely find anyone is an employee of the government ministries," Bolani said. When they are, "they've turned out to be mostly from the FPS, with very few individual, actual incidents involving anyone from the Ministry of Interior or Ministry of Defense."

Since midsummer, Shiite-Sunni violence has escalated in Baghdad, with the Health Ministry last month reporting that the number of monthly killings here had roughly doubled since spring, to 2,600. Most of the victims had been shot and their bodies dumped in the streets, often handcuffed, blindfolded and showing signs of torture.

Many victims are Sunni Arabs. Sunnis and some U.S. officials charge that Shiite Muslim militias, sometimes operating inside the mainly Shiite police forces, are responsible for much of the killing. Victims of Baghdad's violence are often taken away by men in police uniforms, and sometimes in police vehicles, and later found dead.

Bolani and his predecessor as interior minister, Bayan Jabr, both have minimized the possibility of any police involvement in the nightly killings. "We are experiencing a problem of impressions" regarding a police role in killings and militia infiltration of police, Bolani said Friday.

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American generals were among the first to publicly express suspicion that the Facilities Protection Service was playing a key role in the growing sectarian killings. U.S. commanders themselves started the agency soon after the 2003 U.S-led invasion, intending it to be a force of a few thousand men who would guard buildings against looting.

The service today has grown to a size rivaling that of the U.S. force in Iraq, although control of the service's men is split among the various ministries they are nominally assigned to guard. Most wear uniforms similar or identical to those of the police.

Bolani also said bodyguard units assigned to unspecified officials were carrying out some of the killings.

Bolani, like Jabr, has repeatedly suggested that killings by gunmen in police uniforms were being carried out by impostors. On Friday, he repeated promises made since early this year that police would soon be issued uniforms and vehicles that would be difficult to duplicate.

Bolani also said police forces are trying to reform themselves, such as by retraining men and requiring loyalty oaths. He said major changes were needed at the command level of the Interior Ministry itself and that he had the backing of the government to make them.

Iraq's government, led by the Shiite religious parties that also lead the militias, has shown little willingness to confront them.

Interior Ministry officials were serious about purging "corrupt elements" and had fired about 3,000 employees for that reason, Bolani said. Aides said 1,228 of those employees had been subjected to administrative punishment, and Bolani said 10 to 20 percent of the 3,000 had been referred for possible prosecution. He declined to immediately give examples of infractions or name those punished.

Bolani, an independent allied to the coalition of governing Shiite religious parties, also said three of the country's biggest militias -- those of the country's two main Kurdish parties and that of a leading Shiite religious party, the Supreme Council for the Islamic Revolution in Iraq -- were among those that had been lawfully integrated into the country's security forces.

He said that a fourth major militia, the Mahdi Army of Shiite cleric Moqtada al-Sadr, along with Sunni insurgent groups, were "outside the political body and structure."

"We do not approve of the existence of these militias," Bolani said of the Mahdi Army and Sunni insurgents.

Iraqi Official Deflects Criticism (LAT)

By Borzou Daragahi

The Los Angeles Times, October 14, 2006

The interior minister says few of those aiding or tolerating sectarian killings work for him.

BAGHDAD — Iraq's interior minister, whose forces are accused of complicity in sectarian death squad killings, defended his agency in an interview with U.S. reporters Friday, and said he had the backing of the prime minister and parliament to remove corrupt and incompetent police commanders from the streets.

Jawad Bolani, a political independent who took over as interior minister in June, downplayed the problems at his ministry, seen by many as a source of sectarian tension and violence throughout the country.

He said more than two-thirds of sectarian slaying victims were found in areas of Baghdad under the control of the Defense Ministry, which oversees the Iraqi army, suggesting that U.S. and Iraqi focus on the alleged abuses by his forces was misplaced.

"Baghdad is not only the Ministry of Interior," Bolani said in his office in the capital. "It is divided in responsibility."

The Shiite-dominated Interior Ministry has been accused by Sunni Arab politicians of harboring or tolerating Shiite Muslim militias linked to killings of Sunni Arab civilians. Dozens of corpses showing signs of torture show up daily in the Tigris River or in abandoned lots. At least 18 bodies were discovered Friday in Baghdad.

North of the capital, near the Tigris River town of Duluiya, police discovered the beheaded bodies of 14 Shiite Muslim laborers who were among 17 abducted Thursday by gunmen believed to be Sunni Arab insurgents. The victims were handcuffed and showed signs of torture.

South of Baghdad, insurgents killed an Iraqi police SWAT commander Friday in a bombing at an Interior Ministry compound that also killed a deputy and injured two others, officials said.

One U.S. soldier was reported killed in combat near Tikrit on Thursday when his vehicle struck a homemade bomb. A U.S. military news release said two Western security contractors guarding a U.S. Army Corps of Engineers convoy were killed by a roadside bomb Wednesday.

Bolani sidestepped questions about whether he saw militia influence in the Interior Ministry. But he drew a distinction between militias that existed before the 2003 U.S.-led invasion of Iraq and others, such as radical Shiite cleric Muqtada Sadr's Al Mahdi army, that emerged afterward. Under Iraqi law, those that existed before the invasion and fought former President Saddam Hussein have a right to be incorporated into security forces, whereas the others are illegal, he said.

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Bolani said few sectarian militia members who had been arrested worked for the Interior Ministry. Often they were employees of an Iraqi security force that guarded government buildings, or were security guards at other ministries or for politicians. He said some had been linked to the Iraqi National Intelligence Service.

Bolani said he had removed 3,000 police officers from their posts, referring anywhere from 10% to 20% of the cases to prosecutors. An aide said Bolani had issued 1,228 "administrative punishments" to employees.

But the minister acknowledged that he was powerless when it came to security in large areas of the capital, especially in Sunni-dominated western Baghdad.

He noted that Amer Hashimi, the brother of a Sunni Arab politician, was killed this week in his Baghdad home in a neighborhood under the control of the Defense Ministry.

Increasingly shaken by the violence, many Iraqis have demanded accountability.

"It is not reasonable that cars in the daylight come to the house of a well-known commander and kill him, and the government says, 'We don't know,' " Sheik Harith Obeidi told worshipers Friday at the Shawaf Mosque in Baghdad.

Cmdr. Salam Trad, leader of a special police squadron, and his assistant were killed Friday in a bombing at his office in the Shiite city of Hillah, U.S. and Iraqi officials said. Investigators provided no details about the blast, but an Interior Ministry official said a bomb might have been placed beneath Trad's desk.

"It's obvious there was some kind of inside collaboration," said Brig. Gen. Abdul Kareem Kinani, a spokesman for the Interior Ministry.

The attack in the southern city came as thousands prepared to descend on the Shiite holy city of Najaf to commemorate a religious holiday.

More than 20,000 police officers will be on duty in the city, south of Hillah. Officials worry that Sunni Arab insurgents will attack the worshipers.

daragahi@latimes.com

Times special correspondents in Baghdad, Hillah and Najaf contributed to this report.

Iraqi Colonel Who Bridged Sectarian Divide Is Killed (WP)

By Ellen Knickmeyer And Jonathan Finer, Washington Post Foreign Service

The Washington Post, October 14, 2006

Officer Bridged Sectarian Divide

BAGHDAD, Oct. 13 -- Operating between the insurgent Sunni Arab suburbs of Baghdad and the Shiite militia-dominated south, Col. Salam al-Mamuri and his Scorpion commando team were a rarity among Iraqi security forces, American and Iraqi colleagues said: a police unit fighting on both sides of the country's sectarian divide.

On Friday, a bomb blew apart Mamuri and an aide at the Scorpions' headquarters in the southern city of Hilla. The attack ended the life of a broadly respected commander who had been one of the longest-serving and longest-surviving men in a cadre of Iraqi army veterans struggling to restore law and order after the 2003 U.S.-led invasion.

Mamuri's comparative evenhandedness enforcing the law may have earned him an enemy within his own sect, the Shiites. Interior Minister Jawad al-Bolani in Baghdad called it a "possibility and a probability" that the assassination was at least in part an inside job, because the killer was able to gain access to Mamuri's office to plant the bomb.

Mamuri had founded the Scorpion brigade soon after Americans arrived and had led it ever since. Though the unit, whose commandos wore the emblem of a black arachnid, was known to locals as the Scorpions, successive deployments of U.S. Special Operations members and Marines generally called it simply Hilla SWAT.

The Scorpions were made up of about 800 men, most of them Shiites from Hilla. The unit, which Bolani called "one of the most important and vital of the Ministry of Interior," has remained relatively stable and cohesive since its early days, as other U.S. efforts to build Iraqi security forces have collapsed.

"The way I look at it, I am not here to serve Sunnis or Shiites. I am here to serve Iraq," Mamuri said in early May, in an interview in the office in which he was killed Friday. His close-cropped salt-and-pepper hair made him look a decade older than his 35 years.

His expression of neutrality was indistinguishable from those issued up and down the ranks of Iraq's predominantly Shiite police forces, many members of which are accused by Sunnis and Americans of a role in the country's escalating Shiite-Sunni killings. The difference, many Americans and Iraqis said, was that Mamuri acted as if he meant it.

"They are literally the only Iraqi unit under arms in the south that is completely independent of the political parties and the militias," a Special Forces intelligence specialist and medic said this year. "Everyone else -- the police, the army -- is playing ball for somebody. They won't."

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An American Special Forces team leader who worked with the Scorpions for several months said, "We look at them as peers, we don't look at them as below us." As a matter of policy, Special Forces soldiers speak only on the condition of anonymity.

In Hilla on Friday, the commando leader's funeral dirge was the rattle of automatic-weapons fire, as the Scorpions shot into the air to mark Mamuri's death. Many residents of the flat, sprawling market town stayed indoors, taking shelter from the gunfire and fearing the killing would spark retaliatory violence.

"Ninety percent of the people are so sad about what happened, because the colonel was a very good man with the good people, but he was an iron hand against the outlaws," Hayder Foaud, a lawyer in Hilla, said by telephone.

Seven other officers were wounded by the bomb that killed Mamuri.

Capt. Muthana Ahmad, a spokesman for the provincial police force there, said the bomb may have been attached to a window of Mamuri's office. Others, including Abdul Kareem al-Kinani, a spokesman for the Interior Ministry in Baghdad, said investigators believed the wreckage indicated that the bomb had been placed under his desk.

"This is correct," Ahmad said, asked whether authorities suspected that one or more of the commando leader's aides collaborated in the killing. "As you may know, infiltration has taken place" in Iraq's security forces.

Bolani told reporters that he had ordered an investigation.

Hilla, about 60 miles south of Baghdad, is markedly more peaceful than the towns on the capital's southern outskirts that serve as strongholds for Sunni insurgents. Shiite schoolchildren today sing the Sunni towns' names, such as Latifiyah, in chilling songs equating them with hell.

On the other side of Hilla is the almost entirely Shiite south, free of the brunt of Sunni insurgent attacks but the scene of growing clashes between militias and security forces loyal to rival Shiite religious parties.

Hilla residents said Friday that local forces of Shiite cleric Moqtada al-Sadr especially disliked Mamuri, more than ever after the Scorpions raided a Sadr office in mid-September. Sadr's militia, known as the Mahdi Army, is one of the most powerful forces in Iraq.

Shiite politicians and officials from the Shiite-run Interior Ministry frequently threatened to have Mamuri replaced. Several attempts were made on his life, including a roadside bomb attack on his convoy in late April that was blamed on the Mahdi Army.

Because of its makeup and the fact that it fought al-Qaeda in Iraq and other Sunni-led insurgent groups, Hilla SWAT swiftly earned a reputation as a feared anti-Sunni force. It was heavily involved in the operations around Yusufiyah in April and May that led to the capture of several top al-Qaeda lieutenants and, the military later said, the eventual killing of Abu Musab al-Zarqawi.

But the unit cracked down as fiercely on Shiite militias, which Mamuri blamed this spring for what by then amounted to at least a half-dozen attempts to assassinate him. He barred militia members from serving in his brigade, despite intense political pressure from the provincial governor, who Mamuri said repeatedly pressured him to accept more militia members into his ranks.

"The militias consider us the only thing preventing them from completely taking over the south," Mamuri said in the spring interview. "They are bad for the country."

Mamuri rejected the idea of giving up in the face of the assassination attempts. "You can get killed in Iraq even if you sit all day in your house," he said. "What should I do, sit around and wait to die, or try to stop the people who are killing?"

Finer reported from New Haven, Conn. Special correspondents Naseer Nouri in Baghdad and Saad Sarhan in Najaf contributed to this report.

15 Killed In Attacks Across Iraq (AP)

By Christopher Bodeen, Associated Press Writer

AP, October 14, 2006

At least 15 people were killed in attacks Friday around Iraq, including the commander of a battalion of special Interior Ministry police and six women and two girls who were shot south of Baghdad.

The women and young girls were killed by unidentified gunmen on the western outskirts of Suwayrah, 25 miles south of Baghdad, police Lt. Mohammed al-Shammari said. Two other teenage girls were kidnapped, he said.

In Hillah, about 60 miles south of Baghdad, a bomb planted in the Interior Ministry police headquarters killed Col. Salam al-Maamouri, commander of the Scorpion police battalion, and his aide, while wounding seven others, police Lt. Osama Ahmed said.

Police were investigating whether the bomb could have been placed by a policeman from the brigade, Ahmed said. He added that the bomb appeared to have been planted under the commander's chair or desk.

In downtown Baqouba, 35 miles northeast of Baghdad, a father and his two sons were killed by gunmen, provincial police said. Another two people were killed and one was wounded when unknown assailants opened fire on them on the eastern outskirts of Baqouba, police said.

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The bodies of two guards assigned to protect a sewage handling facility were found in a market in Suwayrah, said Hadi al-Itabi, an official at the morgue in Kut.

8 Females, 2 Teenagers Kidnapped In Iraq (AP)

By Hamza Hendawi, Associated Press Writer

AP, October 14, 2006

Gunmen attacked Shiite women picking vegetables in a field outside the capital Friday, killing six adults and two young girls and kidnapping two teenagers. It was one of the deadliest assaults specifically targeting women in Iraq's monthslong wave of sectarian violence.

Police said they suspected the gunmen were Sunnis seeking to intimidate Shiites into fleeing the area south of Baghdad. Previous major attacks in Iraq have killed many women and men together, and at times individual women have been shot or kidnapped. But rarely have large groups of women been attacked.

In another sign of sectarian bloodshed, police in Duluiyah north of Baghdad found 14 beheaded bodies thought to be from a group of 17 workers kidnapped by gunmen Thursday while traveling home to the mostly Shiite town of Balad. There was no word on the other abductees.

The attack on the farm field took place outside Saifiya, an ethnically mixed village south of Baghdad. Most residents already fled to escape violence, Sunnis going to the nearby town of Madain, Shiites to neighboring Suwayrah.

The women were gathering vegetables when gunmen pulled up in two cars around 8 a.m. and surrounded the field. They opened fire, killing six women and two girls about 4 or 5 years old, Lt. Mohammed al-Shammari said. The attackers forced two teenage girls into the cars and escaped, he said.

Al-Shammari said the gunmen may have come from the nearby Baghdad district of Dora, a mixed neighborhood long torn by bloodshed inflicted by both Sunni insurgents and Shiite militiamen.

Baghdad has been the epicenter of violence for months. The city has averaged 36 attacks a day the past three weeks, an increase of nearly 30 percent over the preceding seven weeks and 60 percent higher than from mid-March to mid-June, according to U.S. military figures.

The U.S. military spokesman, Maj. Gen. William Caldwell, attributed the rise to the Islamic holy month of Ramadan, when he said attacks "historically" have increased. Some Islamic militants believe that dying in combat during Ramadan brings extra blessings in paradise.

U.S. officials warned weeks ago that killings by Shiite and Sunni death squads have become the greatest threat in Iraq, although the Sunni-dominated insurgency continues bombing and shooting attacks on U.S. and Iraqi troops as well as civilians.

Besides the attack on the women, at least 10 other Iraqi civilians died in violence Friday. A U.S. soldier was killed by a roadside bomb in northern Iraq, the 45th American death this month.

Bloodshed in Baghdad itself was tamped down by a curfew — imposed every Friday, banning vehicle traffic to prevent car bomb attacks on weekly Muslim prayers.

The northern city of Mosul was also under curfew after U.S. and Iraqi troops fought with gunmen Thursday night. The fight was sparked by a mortar barrage on a U.S. base that wounded 12 American soldiers. At least 12 suspected insurgents were reported killed in ensuing gunbattles.

The head of Iraq's most feared Shiite militia, the Mahdi Army, issued a statement late Thursday disavowing violence committed against Iraqis in the name of his group. But it was unclear whether he referred to slayings of Sunnis or minor clashes with other Shiite militias.

In pamphlets distributed in his hometown of Najaf, 100 miles south of Baghdad, radical Shiite cleric Muqtada al-Sadr — whose party is also a powerful member of the government — said members of his militia had not been involved in any "unlawful attacks" on Iraqis.

"This has not been proven, but if it is shown to be true I will publicize their names and disavow them," al-Sadr said.

"They should make use of the holy month of Ramadan and repent," he added.

Meanwhile, a new video on the Internet hinted at possible splits between Iraqi Sunni insurgents and al-Qaida in Iraq, the group behind many of the country's worst bombings and whose fighters are thought to be mostly foreign Arabs.

A man claiming to be an Iraqi Sunni insurgent appears on the video urging Osama bin Laden to replace the leader of al-Qaida in Iraq because of its attacks on Sunni clerics.

"They planted explosives in the houses, the hospitals and the schools and even the electric transformers," the man, who called himself Abu Osama al-Iraq, said in the video.

He warned that if insurgents lose Sunni support, "we will be an easy hunt for the crusaders, the occupiers and their agents the Shiites." He asked bin Laden to name an Iraqi to replace Abu Ayyub al-Masri as leader of al-Qaida in Iraq.

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Al-Masri — whose pseudonym means "the Egyptian" — took over the leadership after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June. Other Sunni insurgents had criticized al-Zarqawi, a Jordanian, for turning Sunni Iraqis against the movement by killing civilians.

The authenticity of the video, posted on a Web forum often used by Islamic militants, could not be confirmed. But it was the first report of dissent toward al-Masri.

SEAL Falls On Grenade To Save Comrades (AP)

By Thomas Watkins

Associated Press, October 14, 2006

CORONADO, Calif. (AP) -- A Navy SEAL sacrificed his life to save his comrades by throwing himself on top of a grenade Iraqi insurgents tossed into their sniper hideout, fellow members of the elite force said.

Petty Officer 2nd Class Michael A. Monsoor had been near the only door to the rooftop structure Sept. 29 when the grenade hit him in the chest and bounced to the floor, said four SEALs who spoke to The Associated Press this week on condition of anonymity because their work requires their identities to remain secret.

"He never took his eye off the grenade, his only movement was down toward it," said a 28-year-old lieutenant who sustained shrapnel wounds to both legs that day. "He undoubtedly saved mine and the other SEALs' lives, and we owe him."

Monsoor, a 25-year-old gunner, was killed in the explosion in Ramadi, west of Baghdad. He was only the second SEAL to die in Iraq since the war began.

Two SEALs next to Monsoor were injured; another who was 10 to 15 feet from the blast was unhurt. The four had been working with Iraqi soldiers providing sniper security while U.S. and Iraqi forces conducted missions in the area.

In an interview at the SEALs' West Coast headquarters in Coronado, four members of the special force remembered "Mikey" as a loyal friend and a quiet, dedicated professional.

"He was just a fun-loving guy," said a 26-year-old petty officer 2nd class who went through the grueling 29-week SEAL training with Monsoor. "Always got something funny to say, always got a little mischievous look on his face."

Other SEALS described the Garden Grove, Calif., native as a modest and humble man who drew strength from his family and his faith. His father and brother are former Marines, said a 31-year-old petty officer 2nd class.

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Prior to his death, Monsoor had already demonstrated courage under fire. He has been posthumously awarded the Silver Star for his actions May 9 in Ramadi, when he and another SEAL pulled a team member shot in the leg to safety while bullets pinged off the ground around them.

Monsoor's funeral was held Thursday at Fort Rosecrans National Cemetery in San Diego. He has also been submitted for an award for his actions the day he died.

The first Navy SEAL to die in Iraq was Petty Officer 2nd Class Marc A. Lee, 28, who was killed Aug. 2 in a firefight while on patrol against insurgents in Ramadi. Navy spokesman Lt. Taylor Clark said the low number of deaths among SEALs in Iraq is a testament to their training.

Sixteen SEALs have been killed in Afghanistan. Eleven of them died in June 2005 when a helicopter was shot down near the Pakistan border while ferrying reinforcements for troops pursuing al-Qaida militants.

There are about 2,300 of the elite fighters, based in Coronado and Little Creek, Va.

The Navy is trying to boost that number by 500 - a challenge considering more than 75 percent of candidates drop out of training, notorious for "Hell Week," a five-day stint of continual drills by the ocean broken by only four hours sleep total. Monsoor made it through training on his second attempt.

Coroner Says U.S. Forces Unlawfully Shot Reporter (WP)

By Karla Adam And Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 14, 2006

Briton to Seek Prosecution in 2003 Iraq Killing

OXFORD, England, Oct. 13 -- A British coroner ruled Friday that U.S. troops unlawfully killed a British television journalist during the invasion of Iraq in March 2003.

Coroner Andrew Walker, after an eight-day inquest, also said he would seek prosecution of the U.S. troops responsible for the death of Terry Lloyd, a veteran reporter for British television network ITN. Walker said he would ask Britain's attorney general and director of public prosecutions "whether any steps can be taken to bring the perpetrators responsible for this to justice."

The U.S. Defense Department said in a statement that U.S. military authorities had investigated the incident and determined that the American troops "followed the applicable rules of engagement."

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Although it has been "an unfortunate reality that journalists have died in Iraq," U.S. troops have "never deliberately targeted" them or other noncombatants, the statement said.

According to a videotape provided by the U.S. military and testimony from witnesses, including an ITN cameraman who was at the scene, Lloyd, 50, was killed after being caught in crossfire between U.S. and Iraqi forces near the southern Iraqi city of Basra on March 22, 2003.

The British coroner said Lloyd was shot in the back by Iraqi soldiers who had overtaken his four-wheel-drive vehicle. Lloyd then walked to a civilian minivan and was being driven away for medical treatment when U.S. forces opened fire on the van, killing Lloyd with a shot to the head, Walker concluded.

"There is no doubt that the minibus presented no threat to the American forces," Walker said. "There is no doubt it was an unlawful act of fire upon the minibus."

Under British law, coroner's inquests are conducted when a person dies violently or from unknown causes.

A Lebanese interpreter, Hussein Osman, was also killed in the incident, and French cameraman Fred Nerac is officially listed as missing and is presumed dead. An ITN cameraman, Daniel Demoustier, survived the incident.

"In my opinion, the U.S. forces involved should be prosecuted for war crimes," Demoustier said after the ruling.

Lloyd's widow, Lynn, in a statement read by her lawyer, called the incident a "very serious war crime" and said the troops responsible should be tried for murder.

David Mannion, ITN editor in chief, said the network supported the family's pursuit of prosecutions. "All of us want and need to know the truth," he said. "Terry Lloyd was killed in an unlawful act by a U.S. Marine who fired directly at the civilian minibus in which Terry, already badly injured, lay helpless."

No U.S. military officials testified at the inquest, although several submitted written witness statements. Walker ruled those statements inadmissible because he did not have the opportunity to question the troops who wrote them.

U.S. military officials provided a video shot by a serviceman from one of the U.S. tanks involved in the incident. The tape, which was played at the inquest Thursday, shows two burning vehicles, one of which may have been the minibus that was carrying Lloyd. A forensic video expert testified that about 15 minutes of the tape may have been erased before it was provided to the inquest.

Lloyd's daughter, Chelsey, said Friday that "many questions" remain about her father's death, including, "Why is there 15 minutes of film missing?" The family says they believe the missing video would show the attack on Lloyd's vehicle.

Maj. Kay Roberts, the Royal Military Police officer in charge of investigating Lloyd's death, testified that she raised questions with American military authorities about whether the videotape had been altered. She said they assured her that "what we were given was everything that they had."

Lloyd was a 20-year veteran of ITN who had made previous trips to Iraq and had extensive experience reporting from conflict zones, including Kosovo and Bosnia. In his ruling, Walker praised Lloyd and his crew as "that rare breed whose professionalism and dedication in the face of great personal danger is and can only be admired by those they left behind."

Sullivan reported from London.

Coroner: U.S. Forces Killed TV Reporter (AP)

By Thomas Wagner, Associated Press Writer

AP, October 14, 2006

A coroner ruled Friday that U.S. forces in Iraq unlawfully killed a British television journalist by shooting him in the head as he lay in the back of a makeshift ambulance during the opening days of the war.

The widow of reporter Terry Lloyd called for the perpetrators to be prosecuted for the "despicable, deliberate, vengeful act." And Deputy Coroner Andrew Walker said he would ask the attorney general to take steps to bring to justice those responsible for the death.

But prosecution of U.S. service members seemed unlikely.

Lt. Col. Mark Ballesteros, a Pentagon spokesman, said an investigation into the killing of Lloyd, 50, a veteran reporter for the British TV network ITN was completed in May 2003 and "determined that U.S. forces followed the applicable rules of engagement."

"The Department of Defense has never deliberately targeted noncombatants, including journalists," he said. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

Ballesteros said the Pentagon will continue to work with news organizations to "do everything realistically possible to reduce the risk on an inherently dangerous battlefield, but we must remember that there are inherent risks in covering a war. "

The coroner inquest was unable to determine whether the bullets that killed Lloyd in southern Iraq on March 22, 2003, were fired by U.S. ground forces or helicopters.

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State Department spokesman Sean McCormack later described Lloyd's death as a tragedy, but concurred with the Pentagon that an investigation had found the troops involved had not broken the law.

"(Lloyd's death) was a tragic circumstance that occurred in a war zone ... it's a tragedy. It's a tragedy for his friends and for his family," he said.

Aidan White, the head of the International Federation of Journalists, the world's largest organization of journalists, said: "If this was murder, as the court suggests, and the U.S. is responsible, it is certainly a war crime."

The London-based National Union of Journalists welcomed the coroner's decision and also called the killing "nothing short of a war crime." Jeremy Dear, the group's general secretary, said: "The killing of journalists with impunity must never, ever go unpunished. Any attempt to silence journalists in this way must never succeed."

Witnesses testified during the inquest that Lloyd — who was driving toward the southern Iraqi city of Basra with fellow ITN reporters — was shot by Iraqi troops who overtook his car, then died after U.S. fire hit a civilian minivan being used as an ambulance and struck him in the head.

"Terry Lloyd died following a gunshot wound to the head. The evidence this bullet was fired by the Americans is overwhelming," Walker said. "There is no doubt that the minibus presented no threat to the American forces. There is no doubt it was an unlawful act of fire."

ITN cameraman Daniel Demoustier, the sole survivor of the incident, told the inquest ITN's two four-wheel drive vehicles were overtaken by a truck carrying Iraqi forces and that gunfire erupted.

Demoustier, a Belgian, said he jumped from the flaming car and lay in the sand, waiting for the shooting to stop. Demoustier said he tried to stand to signal U.S. tanks in the area but they resumed firing at the clearly marked ITN vehicles.

Demoustier said he saw a makeshift ambulance arrive and pick up people. He was later taken to safety in the car of a British newspaper reporter.

The coroner said Friday that an Iraqi civilian drove up in a minivan and picked up four wounded Iraqi soldiers, then saw Lloyd with a press card around his neck and helped him into the van. Lloyd was shot in the head as the van drove toward a hospital, the coroner said.

In an interview with The Associated Press, Demoustier said after the ruling that the inquest did not make clear whether the bullet that killed Lloyd was fired by a U.S. tank or helicopter. He said the forces in a tank would have been able to see that they were firing at a civilian vehicle, but a helicopter would not.

Lloyd's widow, Lynn, in a statement read by her lawyer, said U.S. forces "allowed their soldiers to behave like trigger-happy cowboys in an area in which there were civilians traveling."

Lloyd and the three other ITN crew members were some of the few Western reporters who covered the fighting on their own, while most others were embedded with U.S. or British forces.

Lebanese interpreter Hussein Osman also was killed and cameraman Fred Nerac remains missing and presumed dead.

U.S. authorities didn't allow servicemen to testify at the inquest. Several submitted anonymous statements that the coroner ruled inadmissible.

"I should have heard all evidence from the American personnel," Walker said. "It was not satisfactory or appropriate to read these statements in place of that evidence."

The court watched a video Tuesday, filmed by a U.S. serviceman attached to one of the tanks accused of firing at the reporters' cars. The tape opens with images of Lloyd's vehicle and the Iraqi truck burning amid gunfire. The tanks drive to the cars and inspect them. A minivan — possibly the ambulance — appears and more shots are fired. At the end of the tape, a U.S. soldier shouts, "It's some media personnel! That's media down there!"

A forensic examiner said the first 15 minutes of the tape may have been erased.

Pentagon Rejects Coroner's Verdict On Killing Of British Journalist (AFP)

AFP, October 14, 2006

US troops who killed a British journalist in Iraq in 2003 followed their rules of engagement, the Pentagon said, rejecting a British coroner's verdict that the killing was unlawful.

The Pentagon said its own investigation into the incident, in which British journalist Terry Lloyd was killed, concluded in May 2003 that "US forces followed the applicable rules of engagement."

"The Department of Defense has never deliberately targeted non-combatants, including journalists," the Pentagon said in a statement. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

Lloyd was killed, along with Lebanese interpreter Hussein Osman and French cameraman Fred Nerac, near the Shatt al-Basra Bridge outside Basra, Iraq's second-largest city, on March 22, 2003, days after the US-led invasion was launched.

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The 50-year-old Lloyd, a correspondent for ITN News, was shot in the back after getting caught up in US and Iraqi crossfire, then shot in the head by US forces as he was taken away in a minibus for medical treatment, Oxfordshire Assistant Deputy Coroner Andrew Walker said.

"I have no doubt that it was an unlawful act to fire on this minibus," said the coroner in Oxford, west of London.

The Pentagon statement said its investigation was "limited to the engagement of the vehicle Mr. Lloyd was traveling in."

"It has been an unfortunate reality that journalists have died in Iraq," it said.

"Combat operations are inherently dangerous, and we do not take lightly our responsibilities in the conduct of these operations. We do not, nor would we ever, deliberately target a non-combatant civilian or journalist," it said.

U.S. Forces Blamed In Death Of British Journalist (LAT)

By Kim Murphy

The Los Angeles Times, October 14, 2006

LONDON — U.S. forces unlawfully fired the heavy-caliber machine-gun bullet that killed British newsman Terry Lloyd after an Iraqi civilian put him in his car and attempted to take him to the hospital when he was wounded shortly after the U.S.-led invasion of Iraq in 2003, a coroner ruled Friday.

After an eight-day inquest that included testimony from Lloyd's cameraman at ITN News, Oxfordshire Deputy Coroner Andrew Walker said he had "no doubt" the shooting was "an unlawful act," and concluded that Lloyd could have survived an earlier attack by Iraqi forces had U.S. soldiers not opened fire on his rescue vehicle.

Walker said he would ask senior British legal officials to hold those responsible criminally liable, but U.S. authorities denied wrongdoing and said the Marines deployed in southern Iraq during the early days of the war were following the rules of engagement.

"The Department of Defense has never deliberately targeted noncombatants, including journalists," the Pentagon said in a statement. "We have always gone to extreme measures to avoid civilian casualties and collateral damage."

U.S. officials declined to provide troops to testify at the inquest, and the coroner refused to accept what he said were anonymous "self-serving statements." No U.S. explanation was part of the inquest's official deliberations.

Lloyd's family called the shooting a "very serious war crime," and said the evidence showed that the newsman was able to stand and walk until he was shot in the head by U.S. troops while lying in the back of a minibus that had stopped to help him.

"This was not a 'friendly fire' incident or a crossfire incident. It was a despicable, deliberate, vengeful act, particularly as it came many minutes after the initial exchange" between U.S. military forces and Iraqi troops, Lloyd's widow, Lyn, said in a statement read by her lawyer.

"U.S. forces appear to have allowed their soldiers to behave like trigger-happy cowboys in an area where civilians were moving around," she said.

Unlike many journalists who were traveling with American forces at the beginning of the war, Lloyd and his crew were operating near the southern Iraqi city of Basra on their own, a strategy many journalists believed would allow them to get a more impartial view of the war.

They had set out to survey the area when they inadvertently moved past U.S. tanks toward a line of Iraqi soldiers, who began chasing the journalists through Iraqi and American gunfire.

"All hell broke loose, absolutely," Lloyd's Belgian cameraman, Daniel Demoustier, testified at the inquest.

Moments later, he said, "I turned my head to the right and saw the passenger door was open and Terry was not in the car anymore."

Lloyd's Lebanese interpreter, Hussein Osman, was killed, and French cameraman Fred Nerac is missing.

Both were seized by Iraqis and put in a pickup, witnesses said.

Ballistics experts said Lloyd was hit first with a bullet fired by an Iraqi, but he would have survived had he not been hit by a second bullet fired from a U.S. tank that pierced the side of the minibus.

Walker, the deputy coroner, said the evidence led him to believe that U.S. tanks opened fire first on the two marked TV trucks and the Iraqi vehicle that had intercepted them.

He said U.S. troops opened fire on the minibus even though "it presented no threat to American forces."

The Pentagon said its investigation looked only at the shots fired at the minibus.

"Combat operations are inherently dangerous, and we do not take lightly our responsibilities in the conduct of these operations," the Pentagon said.

"We do not, nor would we ever, deliberately target a noncombatant civilian or journalist."

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DOJ_NMG_0081242

U.S. Citizen Sentenced To Death In Iraq (WP)

By Josh White

The Washington Post, October 14, 2006

Federal Court Asked To Block Transfer

A U.S. citizen who allegedly orchestrated the kidnapping of three Romanian journalists near Baghdad last year was sentenced to death in an Iraqi court Thursday, prompting his lawyers to ask a federal judge in Washington to block the U.S. military from transferring him to the Iraqi government.

Mohammad Munaf, 53, has been in U.S. custody since May 23, 2005, when he was arrested during a military raid to rescue the Romanian journalists nearly two months after they were snatched. Authorities have alleged that Munaf -- who had ushered the journalists into Iraq and was acting as their guide and translator -- posed as a kidnap victim but was actually involved in a conspiracy for ransom and led them into a trap.

Military officials have said in sworn statements that Munaf confessed to elements of the crime and helped arrange the kidnapping. Munaf has been held at Camp Cropper, where the U.S. military keeps high-value detainees on behalf of Multinational Force-Iraq.

Officials said yesterday that they could not recall another U.S. citizen receiving a death sentence from the Central Criminal Court of Iraq. Munaf was born in Baghdad, received U.S. citizenship in 2000, and moved to Romania in 2001 with his wife and three children, according to court papers. Munaf's attorneys and a spokesman for the Justice Department yesterday confirmed Munaf's sentence.

Lawyers representing Munaf in the United States said that his conviction in the Iraqi court is a farce and that he was not allowed to present evidence or witnesses in his defense. In an emergency motion filed yesterday in U.S. District Court for the District of Columbia, Munaf's attorneys asked the U.S. government to intervene and argued that Munaf made incriminating statements only after "threats of violence and sexual assault against him and his family."

Jonathan Hafetz, a lawyer at the Brennan Center for Justice at New York University's law school, has filed a habeas corpus petition on Munaf's behalf and said U.S. authorities have failed to properly ensure that Munaf's trial in Iraq was fair. He said handing Munaf over to the Iraqi government would mean certain execution without appropriate review of his case.

"The implications are that no matter where a U.S. citizen is taken into custody, there would be no review of their detention," Hafetz said. "If the U.S. is going to hand over a citizen, it must ensure that the trial comports to fundamental fairness."

Justice Department lawyers have argued in court documents that the United States should not step in because the Iraqi government has a right to try people for crimes and that the U.S. military is merely holding Munaf on Iraq's behalf and acting as a multinational force. A Justice Department spokesman said there has been no change in that position.

Munaf's Iraqi attorneys reported that the Central Criminal Court judge was prepared to dismiss the charges at a hearing on Thursday but that two American officials -- including an unnamed general -- stepped into the courtroom and requested a private meeting. The judge returned 15 minutes later and sentenced Munaf and four other defendants to death without hearing additional evidence, according to a sworn statement by Sean Riordan, a legal intern at the Brennan Center who spoke with Munaf's attorney in Baghdad.

"In 36 years practicing law in Iraq, [the lawyer] had never before seen or heard of a death sentence being handed down without deliberation or consideration of the merits," Riordan said in the statement filed in Washington yesterday.

Romanian officials had indicated previously that they did not want to push ahead with charges, according to Munaf's attorneys. They said no Romanian representatives were present at Thursday's hearing.

"The unfairness of Mohammad's trial in Iraq is horrifying, but I am thankful an American court has the ability to protect an American citizen like him," said one of Munaf's family members, who asked not to be identified because of safety concerns. "I have hope and faith that the court will do something to end this nightmare."

Shays: Abu Ghraib Abuses Were Sex Ring (AP)

By Andrew Miga

AP, October 14, 2006

Republican Rep. Christopher Shays, who is in a tough re-election fight, said Friday the Abu Ghraib prison abuses were more about pornography than torture.

The veteran Connecticut congressman said a National Guard unit was primarily responsible for the abuses although it was actually the 372nd Military Police Company from Cresaptown, Md., an Army Reserve unit.

"It was a National Guard unit run amok," Shays said in a telephone interview with The Associated Press. "It was torture because sex abuse is torture. It was gross and despicable ... This is more about pornography than torture."

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Shays sought to defuse controversy over his previous comments suggesting the Abu Ghraib abuses weren't torture but instead involved a sex ring of troops.

"Now I've seen what happened in Abu Ghraib, and Abu Ghraib was not torture," Shays said at a debate Wednesday.

"It was outrageous, outrageous involvement of National Guard troops from (Maryland) who were involved in a sex ring and they took pictures of soldiers who were naked," added Shays. "And they did other things that were just outrageous. But it wasn't torture."

The lawmaker's comments were in a transcript of the debate provided by his opponent, Diane Farrell. Shays' campaign, contacted Friday, did not dispute the comments.

Abu Ghraib is the Baghdad prison where abuse of prisoners by U.S. soldiers led to an international scandal. Iraqi detainees at Abu Ghraib were brutalized and sexually humiliated by military police and intelligence agents in the fall of 2003. At least 11 U.S. soldiers have been convicted in the scandal.

Elected in 1987, Shays has distinguished himself as a moderate Republican who often breaks with his party, especially on his signature issue of campaign finance reform. But in the last week, his comments have echoed conservative talk radio.

Shays defended House Speaker Dennis Hastert's handling of a congressional page scandal, saying no one died like at Chappaquiddick in 1969 when Democratic Sen. Edward Kennedy was involved.

"I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day," the embattled Connecticut congressman told The Hartford Courant in remarks published Wednesday.

"Dennis Hastert didn't kill anybody," he added.

In the debate, the congressman had been asked what the government should do to restore the nation's moral image in the wake of torture accusations at Iraq's Abu Ghraib prison and Guantanamo Bay.

Shays said Friday he wished he had more fully explained his views at the debate.

"I was maybe not as expansive as I needed to be," he said. "Of course, the degrading of anyone is torture. We need to deal with it."

Shays said his debate comments reflected the disturbing photos he has seen of Abu Ghraib abuses: "Naked Iraqis, naked Americans, Americans having sex ... gross and despicable pictures."

Shays is waging a bruising re-election fight against Farrell.

"Once again, Chris is trying to back away from an earlier statement because it's politically expedient," Farrell said Friday. "It's typical Chris."

Democratic Sen. Christopher Dodd, who appeared at a news conference with Farrell on Friday, said people are going to jail because of torture at Abu Ghraib.

"It's not because it was some pornography ring. I'm surprised anyone would make that suggestion," Dodd said. "The suggestion that somehow this was something less than that is, again, almost bordering on the bizarre."

During the campaign stop, Dodd criticized a direct-mail flier from the National Republican Congressional Committee titled, "Diane Farrell: Coffee Talk with the Taliban," that had been sent to voters in the southwestern Connecticut district.

"This is absolutely the worst kind of politics in America," Dodd said. "The people who associate themselves with that party and these things must be held accountable."

Farrell has received money and an endorsement from the Council for a Livable World, a 44-year-old Washington, D.C., organization that works to reduce nuclear weapons. In the mailer, Republicans said the Council has a "leader who wanted someone to sit down and talk with the Taliban instead of just forcibly removing them from power."

In a statement Friday, Shays said the NRCC had crossed the line with the mailing and called on the Republican organization to "put an end to sending this type of garbage."

On its Web site, the council calls the NRCC claim bogus and says board member Roger Fisher, an expert on conflict resolution who teaches at Harvard University, "recommended combining carrots and sticks to persuade the government of Afghanistan to turn over Osama bin Laden."

Recently, Senate Republican Leader Bill Frist said during a trip to Afghanistan that the Afghan war against Taliban guerrillas can never be won militarily and he favored bringing "people who call themselves Taliban" into the government.

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Associated Press Writers Stephen Singer in Westport, Conn., and Susan Haigh in Hartford, Conn., contributed to this report.

In Tight Race, Republican Shays Takes A Less Measured Tone (WP)

By Zachary A. Goldfarb

The Washington Post, October 14, 2006

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During his 19 years in Congress, Rep. Christopher Shays (Conn.) has been widely known as a moderate Republican who rarely engages in firebrand politics. But that image has been challenged in recent days with remarks that a supporter called "unusual" and his opponent said were a sign of "desperation."

In a debate this week with Democratic challenger Diane Farrell, Shays said the Abu Ghraib prison abuse did not constitute torture. "It was outrageous, outrageous involvement of National Guard troops from [Maryland] who were involved in a sex ring, and they took pictures of soldiers who were naked," he said. "And they did other things that were just outrageous. But it wasn't torture."

Shays also recently defended House Speaker J. Dennis Hastert (R-Ill.) for his handling of the Mark Foley page scandal, contrasting it with the 1969 Chappaquiddick bridge incident, in which a young woman drowned in a car accident involving Sen. Edward M. Kennedy (D-Mass.). "Hastert didn't kill anybody," Shays told the Hartford Courant.

Several analysts attributed the comments to Shays's frustration with what has become the toughest reelection campaign of his career. Shays has been under attack by Farrell for his support of the Iraq war, which is unpopular with many Democrats and independents in Connecticut.

Shays has tried to distance himself from the war in recent months, endorsing a timetable for withdrawal and calling for the resignation of Defense Secretary Donald H. Rumsfeld. But polls suggest that Shays is still in serious danger of losing his seat.

"He seems to be coming undone," said Kevin F. Rennie, a former Republican state senator and Courant columnist. "I think he's having this conversation with himself in public that would better be held in private."

Gary Rose, an expert on Connecticut politics at Sacred Heart University in Shays's district, said the congressman is responding more forcefully than ever.

"Since 1987, Congressman Shays has routinely campaigned on the premise he is a man of principle and integrity who puts principle above politics," Rose said. "He really got aggravated when not only his opponent, but the press, suggested he was changing his position on the war due to political considerations. . . . He really feels like his core -- what makes him a special type of congressman -- has been questioned."

Yesterday, Shays backed away from his comments on Abu Ghraib. He told the Associated Press that the abuse was "torture because sex abuse is torture." But he also said, "This is more about pornography than torture."

"To appear to minimize Abu Ghraib as a sex ring doesn't characterize Abu Ghraib as what it was," Farrell said in an interview. "For him not to recognize that and be sensitive to it is deeply disappointing."

The widely reported and investigated abuse at Abu Ghraib included aggressive interrogation techniques that had been approved for use at the U.S. detention center in Guantanamo Bay, Cuba, such as using military working dogs to intimidate prisoners and shackling prisoners in painful positions. The photographs of sexual abuse at Abu Ghraib led to more than a dozen investigations into U.S. interrogation and detention policies.

Shays's campaign manager, Michael Sohn, said Farrell and the Democrats "have been personally attacking Chris for over three years now" and added: "They want two different standards." Farrell and Shays also squared off in the 2004 congressional campaign.

Sohn said Shays's remarks on Kennedy only reflected the fact that the senator had come to Connecticut a few days earlier for a Farrell fundraiser after she had called for Hastert to step down -- before Hastert was shown to have made serious mistakes in the handling of the page scandal.

"Chris has a reputation his entire career of just speaking the truth -- no matter how blunt it might be," Sohn said.

In his comments to the Courant, Shays said, "I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day."

One political analyst said Shays's willingness to fight back fiercely -- something he has been reluctant to do -- is a necessary response given the fact that his career is on the line.

Staff writer Josh White contributed to this report.

A Conflict Of Images (WP)

By Philip Kennicott

The Washington Post, October 14, 2006

Fernando Botero's Chubby Figures Confront the Torture at Abu Ghraib

NEW YORK

Back in 1993, on Park Avenue, there was a public exhibition of Fernando Botero's big, curvy bronze sculptures, monumental human and animal figures that sat fat and happy on the green median of one of the world's priciest streets. Botero's trademark chubbies aren't exactly beloved by the high art crowd -- at least that part of it committed to conceptual and abstract work. But they are a golden brand everywhere else in the world -- lucrative, popular, collectible. Even the name Botero is

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shorthand for one of his paintings or one of his trademark pudgy figures, and if someone whispers "Botero-esque" as you waddle by, you can be sure that it's time to start losing a few.

Park Avenue was the perfect place for them, a canyon of concrete where they seemed to mock (or celebrate) the porcine habits of the upper class. After New York, the Boteros went on to Fort Lauderdale, Chicago, Beverly Hills and (in 1996) Washington. But American museums haven't exactly been clamoring for first rights to his current show, which opens at the commercial Marlborough Gallery in New York on Tuesday.

Shocked and angered by news of Abu Ghraib, Botero was inspired to put his familiar figures through the rigors and humiliations of the abuse that American soldiers perpetrated on Iraqi inmates at the notorious prison. The result was some 80 paintings, drawings and watercolors that show his rounded figures with hoods on, shackled, bound at the wrists, forced into human piles, bleeding, screaming and vomiting. They are fat, but they're not happy.

It is a remarkable show, and a disturbing one. Few artists in this country have focused so obsessively on the events at Abu Ghraib, and even fewer have done it in a figurative, representational style. And no artist with a style so recognizable as Botero's has dared to infuse his cash-cow calling card with such nakedly political sentiment. You will probably never see then-Spec. Lynndie England practicing her sick sadomasochism in a Thomas Kinkade cottage or one of William Wegman's dogs trussed up for some waterboarding.

Botero, 74, a trim man with thin silver hair, says that he first learned of Abu Ghraib from Seymour Hirsch's explosive 2004 article in the New Yorker. Then came newspaper and television reports, and a barrage of photographs. He spent four or five months stewing over the outrage, and then, on an airplane returning to his home in Paris, he started sketching. About 45 of his Abu Ghraib works, which he has tried without success to exhibit in a U.S. museum, will go on display for the first time in this country at the New York gallery, one of his primary American outlets. It is a gallery more given to such artists as Dale Chihuly, the glass sculptor. Chihuly's exhibition of utterly vapid glass color blobs is moving out just as the Boteros move in (the Botero show runs through Nov. 18).

"We've never done an exhibition quite like this," says Janice Gardner Cecil, one of the Marlborough's directors. In the back of the gallery, behind the public space where hoi polloi wander, are large sliding racks of paintings for sale, and there one finds more familiar Botero material. Here, paintings such as "After Goya" (2005), which shows a blank-faced, full-figured, somewhat squat woman in an elegant dress and elaborate hat, are saturated in color, often tropical hues inspired by the artist's native Colombia.

By contrast, the Abu Ghraib paintings stick to a restricted palette. Flesh tones are sunburned or sickly green, and the backgrounds are dark military greens, ochre tiles and a black void seen through prison bars. Many of the works were done in charcoal or pencil, with a splash of rust color soaking through, to indicate blood. The rare bright spots in the paintings come from the paraphernalia of sadism: a blue latex glove worn by an American captor, strangely festive blindfolds, or bright-red women's underwear, used to demean and embarrass the men.

Look back through Botero's career, and these rare touches of color connect the Abu Ghraib art to the folk-inspired figures he has focused on for decades. A painting of a transvestite, from 2000, shows a hint of the same red brassiere seen in the Abu Ghraib works, and the lips of his torture victims are, for some reason, glossed up in cherry just like those of his female impersonator. And there's the head-scratcher: Is Botero just playing Abu Ghraib dress-up with his Botero People?

And isn't there something opportunistic, or at least insensitive, in that? Throughout the trauma of public exposure that made Abu Ghraib synonymous with American hypocrisy around the world, the government (and often newspapers) argued that it is humiliating to the victims to spread these images. Is it a further humiliation to Botero-ize them?

It isn't clear whether Botero sees his Boteros quite like we do, as slightly ridiculous figures, a particular species with all the grotesquerie but little of the visual sting of caricatures such as the decadent old men and prostitutes of George Grosz. He seems to see the world through the medium of his tubbies, and they are essentially neutral objects, which can be fit to multiple purposes, including his efforts, in this show, to document his feelings about torture.

"I didn't invent anything," he says, explaining that he painted directly from, and with fidelity to, descriptions he read in official reports about the outrages. (Botero insists that he didn't work from photographs.) "If I did, then all the rest of the paintings would lose their significance."

So he thinks of himself as a chronicler, albeit in paint, on canvas, with a glossy art sheen. This isn't the first time that his career has undergone what he calls "a parenthesis," a dark chapter devoted to disturbing political or social events. In the late 1990s, he painted a series of works inspired by the bloody drug-cartel wars of Colombia, a country he can only visit under extremely elaborate security arrangements because his fame makes him a target. Those paintings also hewed to the Botero style, including a corpulent Pablo Escobar, seen above the rooftops, a la Chagall, going down in a hail of bullets. He donated his drug-war paintings to museums in Bogota and Medellin, and he will donate the Abu Ghraib paintings as well.

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"It is immoral to try to make money out of the suffering of people," he says. He hopes that an American museum will take them for its permanent collection; a European museum will also do.

These paintings leave you with the sense that two worlds have collided with very odd results. The men at Abu Ghraib may not have been skeletal, but they weren't pleasantly plump, a condition that suggests (in artistic terms) bourgeois prosperity or complacency. Indeed, being fat, in our image-conscious society, is almost the same as being guilty, and yet the guilt, at Abu Ghraib, rests squarely with the Americans -- who are never explicitly represented as such; no identifying flags or insignia appear in any of these works. The perpetrators are often faceless or are represented only by a hand or a boot coming in from the margin of the painting.

And although Botero spares no effort to show degradation -- even sodomy is explicitly represented -- he never quite gets facial anguish right. The fat on a happy Botero works to neutralize expression into something round and blank, like a baby's idiotic goo-goo face; but screaming, shrieking, crying Boteros have awkward, cartoon mouths with widely separated teeth, such as a child might draw. The strongest images are ones in which the subject has passed through anguish into resignation, which strongly suggests the visual tradition of Christian martyrdom.

Authentic primitivism, with its raw edges and volatility, has largely been banished from Botero's big, happy work, which often looks as if it's minted in a factory. In the Abu Ghraib works, however, Botero is more closely in communion with folk-art traditions. He mentions Goya, the chronicler of French atrocities in Spain, and there's a resemblance. But his Abu Ghraib series feels more like a catalogue of dark memories, a compendium of outrages captured in a long-established people's vernacular, as a hedge against obfuscation and oblivion. These illustrations form a kind of history book, not one written by the victors but one sketched and colored by the meek of the earth, hidden away until the tables are turned and the truth can come out.

"Art is a permanent accusation," he says.

Abu Ghraib, an exhibition by Fernando Botero at New York's Marlborough Gallery, 40 West 57th St.,opens Tuesday and runs through Nov. 18. The gallery is open Monday-Saturday 10 a.m.-5:30 p.m.

Afghanistan: Suicide Bomb Kills Soldier And 7 Civilians (NYT)

By Carlotta Gall

The New York Times, October 14, 2006

A suicide bomber drove his car at a NATO military convoy in the southern city of Kandahar, killing eight people and wounding nine others, officials said. One NATO soldier was among the dead and another was wounded. The governor of Kandahar, Asadullah Khaled, said the soldiers involved were Americans serving as part of the NATO force in the south. More than 200 people have been killed in Afghanistan in suicide attacks this year.

Winds Of War (NYT)

By Jacob Heilbrunn

The New York Times, October 14, 2006

In the fall of 2002, Dick Cheney assembled some of his favorite intellectuals, including George Will, Bernard Lewis and Victor Davis Hanson, at the vice-presidential residence in Northwest Washington to discuss the coming Iraq war. Cheney focused on Hanson's book "The Soul of Battle," which profiled George Patton, William Tecumseh Sherman and the Theban general Epaminondas to argue that they may have employed ruthless tactics that led their contemporaries to condemn them, but that each was later vindicated by history. As the evening wore on, it became apparent that Cheney viewed himself as one such leader.

In "Hubris," Michael Isikoff and David Corn chronicle the Bush administration's delusional march to war. Though there has been a deluge of works denouncing the follies of the military and the administration, Isikoff and Corn cover somewhat different terrain. They offer the most comprehensive account of the White House's political machinations, aimed at convincing Congress and the public that Iraq posed a dire threat. Isikoff is an investigative correspondent for Newsweek and the author of "Uncovering Clinton," and Corn is an editor at The Nation and the author of "The Lies of George W. Bush." The authors, who have interviewed key politicians and government officials, supply a lot of new information. They show that in many ways the administration became the dupe of its own propaganda. Though their narrative spins out of control by the end, much of the book makes for fascinating reading.

As Isikoff and Corn demonstrate, the administration's first mission was to snow Congress. At every step, Cheney took the lead, convincing the four top leaders of Congress — Dennis Hastert, Richard Gephardt, Trent Lott and Tom Daschle — that war was unavoidable. Together with George Tenet, the director of central intelligence, Cheney and the lawmakers gathered in the House Intelligence Committee briefing room, where they examined photos of what looked like new construction at what Cheney

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declared were Iraqi nuclear weapons sites. “When the Congressional leaders departed that briefing,” Isikoff and Corn write, “they looked grim.”

Cheney also tackled the job of persuading a skeptical House majority leader, Dick Armey. “Trust me on this, Dick,” Cheney told him. “When I get done with this briefing, you’re going to be with me.” Armey was perplexed: “He didn’t say, ‘You’re going to be with us.’ He didn’t say, ‘You’re going to be with the president.’ He said, ‘You’re going to be with me.” After Cheney showed him a bunch of pictures of putative W.M.D. sites in Iraq, Armey opted to give him the benefit of the doubt, even though he didn’t find the briefing very persuasive.

To buttress the administration’s case, Cheney not only visited the C.I.A. to pound away at agency analysts for failing to come up with links between Al Qaeda and Saddam Hussein, but also drew on a secret intelligence unit — if the term is not too grandiose — that was overseen by Douglas Feith, then under secretary of defense. Feith’s researchers, David Wurmser and Michael Maloof, who were both protégés of the prominent neoconservative Richard Perle, spent months combing through raw intelligence reports to discover the truths that had somehow eluded the entire intelligence community. In a small windowless office at the Pentagon, they created “giant wall charts” detailing the intimate links between Iraq and Al Qaeda.

Paul Wolfowitz, the deputy defense secretary at the time, was bowled over: he “was especially taken with the spaghetti lines that Maloof had drawn between the Abu Nidal terrorist organization in Iraq and training camps in Lebanon.” From Lebanon, the lines then went to Al Qaeda in Afghanistan. Isikoff and Corn report that these analyses, such as they were, made a big splash at the White House. If anyone complained that solid evidence was lacking, Feith’s team was unmoved: “The Feith analysts were essentially claiming that because Al Qaeda and Iraq had joined together in a clandestine partnership to attack the United States, there would be little, if any, evidence to prove the conspiracy.”

Where Isikoff and Corn themselves go astray is in their own obsessive focus on Judith Miller and The New York Times, as well as on the story of Joseph Wilson, Valerie Plame Wilson and Cheney’s former chief of staff, I. Lewis Libby, who is under indictment for obstruction of justice and perjury. The attention they lavish on both the Miller and the Plame cases is out of all proportion to their true significance. These chapters reach a level of detail that is simply eye-glazing. To read Isikoff and Corn, one would think that Miller (whose conduct was bad enough) and The Times were almost uniquely responsible for abetting the administration’s march to war.

Far more interesting is Isikoff and Corn’s exploration of the mental world that the administration inhabits. They recount that in December 2001, Scooter Libby read aloud to a visiting journalist a famous passage from Winston Churchill’s memoirs about being named prime minister: “I felt as if I were walking with destiny, and that all my past life had been but a preparation for this hour and for this trial.” Libby declared that these words could be applied to Cheney after Sept. 11. Hubris? Megalomania may be more like it.

Pseudo-histories Of The Iraq War (WT)

By Victor Davis Hanson

The Washington Times, October 14, 2006

Three recent books about the "fiasco" in Iraq -- "Cobra II" by Michael Gordon and Bernard Trainor, "State of Denial" by Bob Woodward and just plain "Fiasco" by Tom Ricks -- have attracted a lot of attention, and sales. All three well-written exposes repeat the now well-known argument that our government's incompetence and arrogance have nearly ensured U.S. failure in birthing democracy in Iraq.

It's worth noting, though, that many of the authors' critical portraits rely on private conversations and anonymous sources. The most damning informants in these books are never identified, and so can't be questioned.

The authors, as journalists, are well aware that after the New York Times' problems with Jayson Blair and other high-profile media scandals, the public no longer necessarily accepts as gospel what reporters write. That perhaps explains their and others' apparent adaptation of scholarly methods. Often these days journalists mimic the footnoting of historians -- giving the impression their reporting is history documented by verifiable primary and secondary sources also available to the reader.

Indeed, the verifiability of source material is what distinguishes history from hearsay -- and what distinguishes the genre from journalism or first-person recollections. Since the time of the historian Thucydides -- who not only recorded what speakers said, but, more controversially, made them voice what he thought they might or ought to have said -- historians have developed protocols to ensure credibility. Whether or not historians use footnotes or citations, they at least now agree to draw on information that can be checked by others, who will determine how skillfully, honestly or completely such sources were employed.

But by too often using only the veneer of the historical method, the authors of these three books give their work a patina of scholarly credibility that can confuse the reader. In "Cobra II," for example, some citations at the end of the book state that information came from a "former senior military officer," "former Centcom planner" or "U.S. State Department official."

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In "Fiasco," often verbatim quotations are not cited with specific attribution, but only vaguely noted in the text as "said a Bush administration official" or "recalled one officer." Among the end notes in "State of Denial," we are apprised, "The information in this chapter comes primarily from background interviews with seven knowledgeable sources."

But who are these "seven knowledgeable sources"? Since Mr. Woodward so far won't name them, how do we really know they are "knowledgeable" or even "primarily" used? Is the answer they talked to Mr. Woodward (and not to others?), or were pre-selected because they happened to agree with his own views?

In "Cobra II," we wonder why one "former Centcom planner" would talk while others (more numerous?) choose not to. And in "Fiasco," is the talkative but unnamed "Bush administration official" getting even at his rivals by offering only his interpretation of shared past conversations?

There are a number of other things wrong with all this gossip.

First, note the disturbing pattern in this resorting to anonymity. Usually the unidentified source supports the author's critique -- and thus is almost always critical of the present policy in Iraq. Rarely do these journalists quote unnamed sources who dissent from their own views, although there are surely pro-U.S. Iraq policy candid voices among the thousands of retired generals.

Second, here is the cardinal rule for anonymous sources in this new genre of pseudo-history: Talk to reporters as soon as possible "off the record" in hopes they will be sympathetic. If you keep quiet, some of your loudmouth enemies might unload on you from the safety of anonymity, ensuring their narrative, not yours, will become authoritative.

Third, we are not reading accounts of golf or fashion but the most important event since the end of the Cold War as it unfolds. When one writes military history in the middle of a war, there is a responsibility to be extra careful. Real-time interpretations don't just offer lessons about the past but may change the very course of events as they happen.

These past couple of weeks, current and former officials have been protesting that they were unfairly characterized in Mr. Woodward's book -- and have argued conditions in Iraq are not as bad as claimed by anonymous sources. And while there have been on-the-record critics of all three books, none of the unnamed accusers cited in them has come forward.

These virtual histories all allege a "state of denial" and lack of accountability on the part of government officials. Perhaps -- but how odd then that the authors of "Cobra II," "Fiasco" and "State of Denial" have used the very secrecy and subterfuge they claim to deplore in their targets.

Victor Davis Hanson is a nationally syndicated columnist and a classicist and historian at Stanford University's Hoover Institution and author of "A War Like No Other: How the Athenians and Spartans Fought the Peloponnesian War."

CRIMINAL LAW:

GOP's Ney Pleads Guilty (WT/AP)

By Pete Yost, Associated Press

The Washington Times, October 14, 2006

Rep. Bob Ney pleaded guilty yesterday in the Jack Abramoff influence-peddling investigation, the first lawmaker to confess to crimes in an election-year scandal that has stained the Republican-controlled Congress.

Republican leaders said Ney will be expelled from the House if he doesn't quit by the time they return to Washington after the Nov. 7 elections.

Appearing before Judge Ellen Segal Huvelle on charges of conspiracy and making false statements, Ney acknowledged taking trips, tickets, meals and campaign donations from Abramoff in return for official actions on behalf of his clients.

Ney, Ohio Republican, faces up to 10 years in prison. The Justice Department recommended 27 months behind bars. Ney's lawyers plan to recommend him for a Bureau of Prisons alcohol-treatment program, which dramatically could cut the time he serves behind bars.

Judge Huvelle set sentencing for Jan. 19.

Although Ney's lawyer and the congressman promised he would resign in the next few weeks, it was not soon enough for House Republican leaders who are on the defensive because of fresh scandals in the final weeks before the midterm elections.

Speaker J. Dennis Hastert, Illinois Republican, called for Ney to resign, as did White House press secretary Tony Snow, who said Ney's criminal activity "is not a reflection of the Republican Party."

House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican, said he will introduce a resolution to kick Ney out of the House as soon as Congress returns to Washington.

The House ethics committee is investigating Mr. Hastert and other Republican House leaders, along with their top aides, for their handling of former Rep. Mark Foley's sexually charged messages to teenagers who served as House pages.

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House Minority Leader Nancy Pelosi, California Democrat, faulted Mr. Hastert and the Republican leadership for letting Ney remain on the public payroll since he signed papers in September agreeing to plead guilty. Mrs. Pelosi said House leaders "have a long pattern of protecting Republican members."

In Ney's home state, Ohio Republican Party Chairman Bob Bennett called Ney "a cancer in the Congress."

Political corruption has hurt Republicans more than Democrats, recent AP-Ipsos polling showed. Democrats have the advantage over Republicans on the question of who would do a better job of handling corruption, 40 percent to 25 percent.

Ney is the latest in a string of once-influential men convicted in a scandal that so far has caught several lobbyists and two members of the Bush administration.

·Abramoff, the Republican superlobbyist, admitted guilt in January. Two former aides to Tom DeLay, Texas Republican, the former House majority leader, have also pleaded guilty, as has Ney's former chief of staff.

·Former White House official David Safavian, who was the Bush administration's top procurement official, was convicted of covering up his dealings with Abramoff. He is scheduled for sentencing on Oct. 27.

·Roger Stillwell, a former Interior Department official, pleaded guilty in August to a misdemeanor charge for not reporting that Abramoff had given him tickets to football games and concerts.

Ney confessed his criminal acts during a half-hour session at a federal courthouse a few blocks from the Capitol, where until recently he wielded a gavel as chairman of the House Administration Committee.

Responding to each of Judge Huvelle's 25 questions, Ney agreed that he had conspired to deprive the government of his "honest services," a fraud-related charge often used in public corruption cases.

Ney also acknowledged making false statements on his financial disclosure forms by concealing that Abramoff and a foreign businessman were the true source of gifts Ney received.

The gifts ranged from a trip to Scotland bankrolled by Abramoff's clients to thousands of dollars in gambling chips Ney got on two overseas junkets from foreign businessman Fouad al-Zayat, a Syrian-born aviation company owner in Cyprus.

"I allowed myself to get too comfortable with the way things have been done in Washington, D.C., for too long," Ney said in a written statement after his court appearance.

Ney said, "I never acted to enrich myself or to get things I shouldn't." Details of conspiracy suggested otherwise.

The congressman admitted he gave $5,000 from one gambling trip to a staff member to carry across the border so Ney could report a lower dollar amount to customs officials.

Ney agreed to push legislation helpful to Abramoff clients including Indian tribes and a foreign beverage distiller. Ney agreed to help al-Zayat get a visa to enter the United States and a legislative exemption to laws barring the sale of U.S.-made airplanes and parts to a foreign country.

Regarding Abramoff, Ney acknowledged accepting all-expenses-paid and reduced-price trips to play golf in Scotland in August 2002, to gamble and vacation in New Orleans in May 2003 and to vacation in New York in August 2003. The total cost of all the trips -- in which others, including some aides, participated -- exceeded $170,000, prosecutors said. The congressman also admitted accepting meals and sports and concert tickets for himself and his staff.

Ohio Republican Pleads Guilty In Bribery Case (LAT)

By Johanna Neuman And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, October 14, 2006

The Ohio congressman will be out of office by his January sentencing. He may get at least two years in jail for dealings with Jack Abramoff.

WASHINGTON — Rep. Bob Ney (R-Ohio) pleaded guilty Friday to bribery charges stemming from the Jack Abramoff influence-peddling investigation, becoming the first sitting congressman to confess to taking bribes in the scandal that continues to reverberate through the Republican-controlled Congress.

"I accept responsibility for my actions, and I am prepared to face the consequences of what I have done," Ney said in a statement distributed to reporters outside a federal courthouse.

Before Judge Ellen S. Huvelle, Ney pleaded guilty to conspiracy and making false statements. A month ago, in a plea agreement with prosecutors, Ney admitted that he accepted tens of thousands of dollars in illegal gifts and other largesse that included nights of casino gambling in London and a lavish golf junket to Scotland.

In return, Ney acknowledged, he used his legislative clout to do favors for Abramoff and for a Syrian businessman nicknamed the "Fat Man."

Sentencing is set for Jan. 19, by which time Ney, who is not seeking reelection, would no longer be serving in Congress. Some on Capitol Hill speculated that Ney, who has mounting legal bills, might try to stay in office a few more weeks to maintain a salary. Members of Congress earn at least $165,000 a year.

Ney's lawyer told the judge that the congressman would resign his seat in the next few weeks.

But House Speaker J. Dennis Hastert (R-Ill.), already feeling political heat over the page scandal involving former Rep. Mark Foley of Florida, could be pressured to push Ney from his committee seats when Congress reconvenes for a special session after the Nov. 7 election.

And House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.) announced that he would introduce a resolution expelling Ney from the House as soon as Congress returns.

"Bob Ney has brought shame to himself and disgraced the Congress by betraying the bond entrusted to him as a public official," Sensenbrenner said. "No one — Democrat or Republican — should remain a member of the people's House after being convicted of criminal conduct while in office."

At the White House on Friday, Press Secretary Tony Snow signaled the distance the GOP will try to put between themselves and Ney in the run-up to the midterm election, where several major polls indicate voters are leaning Democratic.

"He ought to resign," Snow said. "What Congressman Ney did is not a reflection of the Republican Party, it's a reflection of Congressman Ney."

The 52-year-old Ney — a six-term Republican — could face a maximum prison term of 10 years, but Huvelle said prosectors were recommending 27 months. She said federal guidelines suggest he should be fined $5,000 to $60,000.

Ney left the courtroom Friday without speaking to reporters. On reaching a plea agreement last month, he said that alcohol abuse had contributed to a downward spiral in his life, and that he had checked himself into a rehab facility for treatment.

"A dependence on alcohol has been a problem for me," he said then. "I am not making any excuses, and I take full responsibility for my actions."

Until the Abramoff scandal, Ney was best known nationally for renaming the French fries in the House cafeteria "freedom fries" after France refused to support the U.S.-led war in Iraq. "This action today is a small, but symbolic effort to show the strong displeasure of many on Capitol Hill with the actions of our so-called ally, France," he said in March 2003.

After Ney announced he would not seek reelection, Republicans in Ohio's 18th district held a special primary in September, nominating state Sen. Joy Padgett.

She faces Democrat Zack Space in a district that was once represented by Wayne Hays, the chairman of the House Administration Committee who resigned in 1976 after a much-publicized sex scandal involving his secretary Elizabeth Ray, who admitted, "I can't type. I can't file. I can't even answer the phone."

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Ney Falls Victim To Abramoff Scandal (FT)

By Caroline Daniel In Washington
Financial Times, October 14, 2006

The scandal over Jack Abramoff, the crooked superlobbyist, claimed its first congressional victim on Friday when Bob Ney, a six-term Ohio congressman, formally pleaded guilty to criminal corruption charges that could see him face a jail sentence of up to 10 years.

After listening to a nine-minute litany of charges against him, including accepting thousands of dollars' worth of gifts, such as a $160,000 Scottish golfing trip with two of his aides, from the lobbyist, Mr Ney admitted that he had become "too comfortable with the way things have been done in Washington DC for too long" but blamed Mr Abramoff for using his name "to advance his own secret schemes of fraud and theft in ways I could have never imagined".

At the trial Mr Ney, who sought a plea bargain with prosecutors to limit his sentence to 27 months, said he would step down before he sentencing on January 19. However, the Republican leadership, including Dennis Hastert, the House speaker, scarred by criticism of their mishandling of the Mark Foley sex scandal, threatened to expel him on Friday when they return to Washington, saying there was "no place for him in Congress".

That threat was in contrast to decisions made just three weeks ago when Mr Ney first pleaded guilty to the charges. At that time, the Republican leadership – again, including Mr Hastert – made no calls for their colleague's resignation.

John Boehner, the House majority leader, said Mr Ney had made "big mistakes" but that it was up to him to decide to resign.

The White House echoed the new statement. Amid charges from Democrats that the Republicans were imbued with a "culture of corruption", Tony Snow, the White House spokesman, sought to deflect blame from the party to individuals.

"What congressman Ney did is not a reflection of the Republican party. It's a reflection of congressman Ney. And he ought to step down. We saw that with Duke Cunningham [a former Republican congressman who resigned last year in his own bribery scandal]. He took money; he stepped down. He should have."

The fallout from Mr Abramoff's largesse has continued to haunt Washington. Last week Susan Ralston, a White House aide to Karl Rove, the president's political adviser, abruptly re-sig-ned amid reports of her accepting gifts from Mr Arbamoff. On Thursday, the Democratic staff of the Senate finance committee charged several conservative not-for-profit groups with abusing their tax-exempt status by "laundering payments and then disbursing funds at Mr Abramoff's direction".

Congressman Pleads Guilty But Won't Resign For Now (NYT)

By Philip Shenon

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — Representative Bob Ney, the first member of Congress to confess to crimes in dealings with the lobbyist Jack Abramoff, pleaded guilty to corruption charges Friday but said he would not immediately resign.

Mr. Ney, Republican of Ohio, announced last month that he intended to plead guilty, admitting that in return for official acts, he had accepted tens of thousands of dollars' worth of gifts from Mr. Abramoff that included lavish trips, meals and tickets to concerts and sporting events. He faces a prison term of more than two years.

But what had not been expected at Friday's court hearing was Mr. Ney's disclosure that he intended to remain in Congress for now. The announcement appeared to surprise and infuriate House Republican leaders, who are trying to tamp down other scandals that are threatening to damage the party in next month's Congressional elections.

After learning that Mr. Ney would not step down immediately and would continue to draw his $165,200-a-year salary, Speaker J. Dennis Hastert and other Republican leaders said they would move to expel him as soon as Congress returns next month for a postelection session.

"Bob Ney must be punished for the criminal actions he has acknowledged," they said in a statement. "He betrayed his oath of office and violated the trust of those he represented in the House. There is no place for him in this Congress."

The White House joined in calling for Mr. Ney to resign immediately. "What Congressman Ney did is not a reflection of the Republican Party," said Tony Snow, the White House spokesman. "It's a reflection of Congressman Ney, and he ought to step down."

Mark H. Tuohey, a lawyer for Mr. Ney, said during the hearing, at the Federal District Court in Washington, that the congressman would resign "in the next few weeks" but wanted to remain for now "to make sure his staff is taken care of" and to deal with constituent issues.

Congressional rules do not require the immediate departure of a member convicted of a crime. So unless his House colleagues act to expel him, Mr. Ney, who announced in August that he would not seek re-election, could choose to serve until his term ends in early January.

Mr. Ney, 52, appeared contrite but calm in his court appearance. Asked by Judge Ellen S. Huvelle for his plea to charges of criminal conspiracy and making false statements, he replied, "I plead guilty, Your Honor."

He said in a statement issued after the hearing that "I accept responsibility for my actions and am prepared to face the consequences of what I have done."

In announcing last month that he had reached a plea bargain with prosecutors, Mr. Ney said he was an alcoholic and was seeking treatment at an outpatient medical center. Asked by Judge Huvelle on Friday whether he was currently under any medical treatment, he replied, "Right now, alcohol, last 30 days."

The congressman is to be sentenced on Jan. 19. Under the plea agreement he could face 10 years' imprisonment, but prosecutors have said they will ask Judge Huvelle to limit the sentence to 27 months, and she is expected to agree. His lawyers said Friday that they would ask that he be placed in a prison with an alcoholism treatment program.

Mr. Abramoff, a former Republican fund-raiser who pleaded guilty in January to charges of conspiring to corrupt public officials, including Mr. Ney, is to begin a prison sentence of nearly six years next month.

In two weeks, David H. Safavian, a former Bush administration official, is to go before a federal judge here to receive a prison sentence for his conviction on charges of lying about his relationship to Mr. Abramoff, including the circumstances of a 2002 golfing trip to Scotland that was arranged by Mr. Abramoff for Mr. Ney, Mr. Safavian and others.

Ney Pleads Guilty To Corruption Charges (WP)

By Susan Schmidt And James V. Grimaldi, Washington Post Staff Writers

The Washington Post, October 14, 2006

Lawmaker's Conviction Is 8th in Abramoff Probe

Rep. Robert W. Ney (R-Ohio) pleaded guilty yesterday to corruption charges arising from the influence-peddling investigation of lobbyist Jack Abramoff, becoming the first elected official to fall in a scandal that may damage his party's chances in next month's elections.

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Ney, 52, emerged from a month of alcoholism treatment to appear in federal court in Washington, where he admitted performing official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. Ney also admitted taking thousands of dollars in gambling chips from an international businessman who sought his help with the State Department.

House Republican leaders, still struggling to blunt the impact of a scandal involving House pages, immediately vowed to expel Ney in a post-election session if he has not resigned by then. Ney's attorney said in court that the congressman will resign his seat in the coming weeks but wants to first take care of pending constituent matters and see that his staff is settled.

Ney, a six-term House member from a conservative district in eastern Ohio, appeared before Judge Ellen S. Huvelle and calmly acknowledged his guilt as Huvelle read a long list of favors Ney and Abramoff had done for each other. "That's accurate, Your Honor," Ney repeated again and again.

Ney made no statement to the court, but afterward he issued a written statement saying he was "ashamed" that his long career in public service has ended this way.

"I never acted to enrich myself or get things I shouldn't, but over time, I allowed myself to get too comfortable with the way things have been done in Washington D.C. for too long," Ney said. "I accepted things I shouldn't have with the result that Jack Abramoff used my name to advance his own secret schemes of fraud and theft in way I could never have imagined."

Ney is the eighth person convicted in the continuing federal investigation into Abramoff's activities. A federal task force that includes a dozen Justice Department prosecutors is investigating Abramoff's dealings with other congressional offices, including those of Sen. Conrad Burns (R-Mont.) and Rep. John T. Doolittle (R-Calif.), according to lawyers and witnesses involved in the probe.

Last month, Ney agreed to plead guilty to one count each of conspiracy and making false statements. His formal plea was delayed while he was in rehab. Yesterday, Ney was accompanied by a young staffer and a friend, Ellen Rattner, who told reporters that he did not want to drag his wife and children into court. "He's very happy he is sober," added Rattner.

Huvelle set sentencing for Jan. 19. The government has recommended that Ney be given 27 months in prison.

But Republican and Democratic leaders said they are prepared to move against him in November when the House returns from its recess. "Bob Ney must be punished for the criminal actions he has acknowledged," said a joint statement by House Speaker J. Dennis Hastert (R-Ill.), Majority Leader John A. Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Republican Conference Chairman Deborah Pryce (R-Ohio). "He betrayed his oath of office and violated the trust of those he represented in the House. There is no place for him in this Congress. If he chooses not to resign his office, we will move to expel him immediately as our first order of business when Congress resumes its legislative work in November."

Ney announced in August that he would not seek reelection and resigned as chairman of the House Administration Committee; the head of that panel is known as the mayor of Capitol Hill.

The Ohio Republican had been a target of the investigation for a year and came under increasing pressure -- first in January with Abramoff's guilty plea and agreement to cooperate in the investigation, then with the guilty plea in May of his former aide Neil G. Volz, who admitted conspiring to corruptly influence the congressman and others. Ney admitted encouraging Volz to violate the one-year ban on lobbying by former staffers.

Ney accepted a stream of valuable things from Abramoff and the lobbyists he hired from Capitol Hill, among them Volz. The gifts included luxury vacations that prosecutors valued at more than $170,000. Ney, for his part, sought to insert four amendments into a 2002 election overhaul bill to benefit Abramoff's clients. He also admitted helping another client win a multimillion-dollar contract to provide wireless communication services to the U.S. Capitol.

The congressman admitted that he twice inserted comments in the Congressional Record aimed at bolstering a bid by Abramoff to buy a casino cruise line in Florida in 2000.

Abramoff is scheduled to report to prison next month for his conviction on bank-fraud charges in the Florida case. His partner in that deal, Adam Kidan, is slated to report soon to a minimum-security prison camp at Fort Dix, N.J.

As of August, Ney had spent $296,000 in campaign funds to pay for legal expenses this year, according to newly filed campaign reports.

By age 62, Ney could be eligible for a pension worth about 20 percent of the $165,100 congressional salary, or about $33,000 a year.

Earlier this year, Ney's committee passed ethics legislation to strip convicted lawmakers of their pensions, but the bill died in the House. Ney championed the provision, saying it was designed to hold "members of Congress and those they work with to the highest standards in order to ensure that those who abuse the public trust will be dealt with accordingly."

Research editor Alice Crites contributed to this report.

No Early Foley Complaints, Head Of Pages Says (NYT)

By Jeff Zeleny

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — Representative John Shimkus, who has been chairman of the Congressional page program since 2001, said Friday that he was unaware of previous complaints about Mark Foley.

Mr. Shimkus, Republican of Illinois, said that had he known of the complaints about Mr. Foley, he would have handled concerns about Mr. Foley's e-mail messages to a page from Louisiana differently.

"There is stuff that everybody would have done differently," Mr. Shimkus said after testifying under oath for more than three hours before the House ethics committee. "Having 20/20 hindsight, a lot of things would have been different."

Mr. Shimkus said that he learned of concerns about Mr. Foley last fall and that he and the clerk of the House confronted Mr. Foley at a meeting in Mr. Foley's office.

Mr. Foley, a Florida Republican, resigned last month after a separate series of sexually explicit messages became known.

The ethics committee, which held a closed session, is investigating whether Republican leaders, particularly those inside Speaker J. Dennis Hastert's office, had warnings before last year that Mr. Foley had a history of being overly friendly to pages.

A longtime adviser to Mr. Foley has testified that he asked Mr. Hastert's office to intervene at least three years ago, an account that the speaker's aides have denied.

As Mr. Shimkus left the hearing room in the Capitol basement on Friday afternoon, he declined to give details of his testimony, which was given to a bipartisan panel of four representatives and a team of investigators.

But speaking to reporters, Mr. Shimkus said, "The first time I had any indication that I needed to address Congressman Foley" was after being alerted to the e-mail exchange with the former page from Louisiana.

When asked whether Republican leaders had told him to exclude other members of the page board — a Republican, a Democrat and the House sergeant-at-arms — when ultimately confronting Mr. Foley last year, Mr. Shimkus replied, "I made the decision."

He did not elaborate.

It is the meeting in Mr. Foley's office late last fall, which Mr. Shimkus said ran no more than 45 minutes, that is of particular interest to the ethics committee. Mr. Shimkus said after the hearing on Friday that he and the clerk of the House, Jeff Trandhal, showed excerpts of the e-mail messages to Mr. Foley, who in Mr. Shimkus's account recoiled and promised to stop contact with the Louisiana teenager.

After the meeting, Mr. Shimkus said, he thought that Mr. Foley did keep his distance.

"I had no reason to believe there wasn't changed behavior," Mr. Shimkus said. "We would always do an end-of-the-year 'bye-bye' to the pages on the House floor, but Congressman Foley did not show this year. Historically, he always did.

"But this year, he wasn't there. So we thought the intervention may have been successful."

It was sexually explicit messages from years earlier, however, that led Mr. Foley to resign after ABC News acquired them. Those exchanges were a maddening disclosure, Mr. Shimkus said, and they have piqued his curiosity about whether anyone was familiar with previous reports of Mr. Foley's behavior.

Page Board Chairman Testifies In Foley Case (WT/AP)

The Washington Times, October 14, 2006

ASSOCIATED PRESS

An Illinois lawmaker who as an overseer of House pages acted to stop former Rep. Mark Foley from e-mailing a Louisiana page in late 2005 testified for more than three hours yesterday before House investigators.

Rep. John Shimkus, who testified in private, told reporters later that in retrospect, he wished he had handled the episode last year differently.

"Having 20/20 hindsight, a lot of things would have been done differently," Mr. Shimkus said.

Mr. Shimkus has said he kept the two other House members overseeing the pages in the dark as he confronted Mr. Foley last fall. Mr. Shimkus, chairman of the House Page Board, has said he was following the wishes of the boy's parents by not telling the other two lawmakers of overly friendly e-mails sent by Mr. Foley to a former page.

A four-member ethics investigating panel, operating in closed session, is hearing key witnesses with knowledge of how Republicans handled several alarms raised about Mr. Foley's conduct over the past five years. The Florida Republican resigned Sept. 29 after he was confronted with sexually explicit instant messages sent to other former male pages -- not the episode that Mr. Shimkus testified about.

Mr. Shimkus said he testified to assist the investigators in finding out "who knew what, when and where."

Meanwhile in Arizona, a law-enforcement official said federal prosecutors have opened a preliminary investigation into a camping trip that an Arizona lawmaker took with two former pages and others in 1996.

Rep. Jim Kolbe, Arizona Republican, took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman, Korenna Cline, said yesterday.

An accusation related to the trip was given to the U.S. Attorney's Office in Phoenix, but it was not immediately clear whether it was related to any contention of improper activity by Mr. Kolbe.

The official, speaking on the condition of anonymity, described the inquiry as preliminary. A spokeswoman for the Justice Department declined comment.

Miss Cline said the rafting party included five current staffers, two former pages and Mr. Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Mr. Kolbe, but she said they paid their own way.

At the time of the trip, Mr. Kolbe, the only openly homosexual Republican in Congress, served on a subcommittee that oversaw the national park system. He visited the park to look at National Park Service operations and fire reconnaissance.

Mr. Kolbe, 64, was pulled into the unfolding scandal involving Mr. Foley when he said this week that a former page had complained in 2001 or 2002 about e-mails the page had received from Mr. Foley that made him feel uncomfortable. Mr. Kolbe said he referred the matter to the House clerk and that someone from Mr. Kolbe's office confronted Mr. Foley.

Police Find No Report Of A Foley Dorm Incident (WP)

By Charles Babington And Mary Beth Sheridan, Washington Post Staff Writers

The Washington Post, October 14, 2006

Witness in Scandal Alleged Then-Congressman Was Detained Outside Pages' Capitol Hill Residence

U.S. Capitol Police said yesterday that they have no record of an alleged incident in which then-Rep. Mark Foley (R-Fla.) supposedly tried to enter a Capitol Hill dormitory for teenage pages.

The purported nighttime incident has been cited by lawmakers and a key witness in the scandal that involves Foley's interactions with congressional pages and the House's handling of the matter. Unlike sexually graphic electronic messages that Foley sent to teenage boys, evidence of the alleged dorm incident has proved elusive.

Yesterday, acting Capitol Police Chief Christopher M. McGaffin said his staff conducted electronic and hand searches of files covering several years but found no record of the alleged incident in which a drunken Foley supposedly was detained outside the pages' dorm in 2003 or earlier.

"I can't find anything that was written, in the way of a report, that would establish that that did occur," McGaffin said in a telephone interview. "Having said that, I don't know, maybe it occurred and there wasn't a report generated."

McGaffin said the search was complicated by the fact that he has received no details on when the alleged incident occurred and exactly what happened. "If, obviously, a crime was committed, a report would have been generated," he said.

In a separate interview this week, Terrance W. Gainer -- who was Capitol Police chief from June 2002 to April of this year -- said he recalled no mention of such an incident during his tenure.

The absence of a police report adds uncertainty to investigations by the FBI and the House ethics committee into furtive behavior that led to Foley's abrupt resignation two weeks ago. A central question for the bipartisan ethics committee is whether House GOP leaders and others had early warnings of Foley's objectionable behavior that should have prompted inquiries among current and former pages. House leaders might cite the lack of a police report as an indication that the dorm incident never happened or that it was kept so quiet that they had no way of knowing about it.

The FBI is investigating whether Foley, now in a Florida alcohol-treatment center, committed a crime.

Meanwhile yesterday, the chairman of the small group that oversees the House page program testified for more than three hours before the four-member ethics subcommittee conducting the inquiry. Rep. John M. Shimkus (R-Ill.), head of the Page Board, later told reporters that he "answered their questions honestly and forthrightly."

In hindsight, he said, "a lot of things would have been done different." But by dealing with Foley quietly in late 2005, Shimkus said, he honored the wishes of the parents of a Louisiana boy whose e-mail exchanges with Foley triggered the eventual exposure of far more sexually explicit messages with other youths.

Shimkus, a longtime ally of Speaker J. Dennis Hastert (R-Ill.), said it was his decision to have only one other member of the Page Board -- then-Clerk Jeff Trandahl -- join him in confronting Foley last November about the Louisiana e-mails. Two other board members -- Rep. Shelley Moore Capito (R-W.Va.) and Rep. Dale E. Kildee (D-Mich.) -- have said they should have been alerted and allowed to help decide how to deal with Foley.

Shimkus has said that Foley deceived him and Trandahl by assuring them that his actions were innocent. They ended the November meeting by instructing Foley to cease contact with the Louisiana boy, which he apparently did. Critics say Republicans' eagerness to keep the Foley allegations quiet prevented them from launching inquiries that might have uncovered the lawmaker's more sexually explicit communications with former pages in other states.

In his e-mails to the Louisiana boy, Foley had asked for a photograph and asked what the boy wanted for his birthday. The youth and his parents found the requests troubling, but Shimkus has said he lacked enough information to take strong action against Foley. Trandahl has not spoken with reporters or the ethics committee.

Word of the Louisiana e-mails, Shimkus told reporters yesterday, "was the first time that I had any indication that I needed to address Congressman Foley."

Sources familiar with the investigation say that former Foley chief of staff Kirk Fordham, who met with the House ethics panel Thursday, told members that he believes the alleged page dormitory incident took place, and that it was a sign that Foley was showing unseemly interest in teenage pages. Fordham has said he asked Hastert's chief of staff, Scott Palmer, to intervene with Foley, and that Palmer reported he did so. Palmer has denied Fordham's account.

In an Oct. 3 letter to House Clerk Karen L. Haas, Rep. Deborah Pryce (R-Ohio) said a fellow GOP lawmaker had cited "rumors that there was an incident within the last several years when then-Congressman Foley in an intoxicated state was stopped by the Capitol Police from entering the Page Residence Hall."

Hastert says he knew of no concerns about Foley's behavior toward pages until the day the lawmaker resigned, Sept. 29. Hastert's office has acknowledged that three of the speaker's aides knew of the Louisiana e-mails but that they dealt with the matter by consulting with Trandahl and without telling Hastert or Palmer.

Hastert has said his staff handled the matter appropriately.

Staff writer Sari Horwitz contributed to this report.

Kolbe Camping Trip Being Investigated (AP-Y)

By Jennifer Talhelm

AP, October 14, 2006

Federal prosecutors in Arizona have opened a preliminary investigation into a camping trip that an Arizona lawmaker took with two former pages and others in 1996, according to a law enforcement official.

Rep. Jim Kolbe, R-Ariz., took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his spokeswoman Korenna Cline said Friday.

An allegation related to the trip was given to the U.S. attorney's office in Phoenix, but it was not immediately clear whether it concerned any contention of improper activity by Kolbe.

The official described the inquiry as preliminary and far narrower in scope than the federal investigation into former Rep. Mark Foley, R-Fla., who resigned two weeks ago amid reports about sexually explicit e-mails he sent to pages.

A second law enforcement official said the 1996 trip may be too old to investigate as a criminal action. Both officials spoke on condition of anonymity because of the ongoing investigation. A Justice Department spokeswoman declined comment.

Cline said the rafting party included five current staffers, two former pages and Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Kolbe, but she said they paid their own way.

Beth Kolbe, the congressman's younger sister who was on the three-night trip, said nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the media.

"It's preposterous," she said of any allegations that taking the pages along was inappropriate.

She said the group included the then-deputy park superintendent and two rangers, who served as guides and interpreters. She said it was too hot to sleep in tents, so everyone slept out in the open by the water.

At the time of the trip, Rep. Kolbe served on a subcommittee that oversaw the national park system. He visited the park to look at National Park Service operations and fire reconnaissance.

Kolbe, 64, is the only openly gay Republican in Congress.

He was pulled into the unfolding Foley scandal when he said this week that a former page had complained in 2001 or 2002 about e-mails the page had received from Foley that made him feel uncomfortable. Kolbe said he referred the matter to the House clerk and that someone from Kolbe's office confronted Foley himself.

Kolbe, who is retiring this year after 22 years in the House, was a page from 1958 to 1960 for Arizona Sen. Barry Goldwater.

He served on the board that oversees the page program between 1995 and February 2001. He frequently offers his home to former pages, interns, constituents and colleagues visiting Washington.

He is traveling in Europe and has declined interviews. Cline said he had not hired a lawyer in the matter.

Ex-Pages' Trip With Rep. Kolbe Examined (WP)

The Washington Post, October 14, 2006

The U.S. attorney's office in Phoenix has opened a preliminary investigation of a 1996 camping trip that included Rep. Jim Kolbe (R-Ariz.) and two 17-year-old boys who had participated in the congressional page program, law enforcement officials said yesterday.

One official cautioned that the inquiry was based on allegations from one unidentified source that has not been substantiated. The allegations involve Kolbe's behavior toward one of the ex-pages, the official said.

The three-day trip down the Grand Canyon also included several Kolbe staffers and National Park Service employees, according to NBC News, which first reported the investigation. Kolbe's office said in a statement to NBC that "there is absolutely no basis and no truth" to any allegations of inappropriate behavior, and that the trip included five Kolbe aides, two former pages and Kolbe's sister.

Kolbe is one of several lawmakers who have become enmeshed in the scandal over former representative Mark Foley (R-Fla.).

Kolbe said this week that a former page alerted his office several years ago about e-mails from Foley "that made him uncomfortable," and that the complaint was taken to Foley's office and the House clerk. Kolbe, a former member of the House Page Board, said he did not see the messages but was told they were sexually explicit.

Kolbe is the only openly gay Republican member of Congress. He is not seeking reelection next month.

-- Dan Eggen

FBI Investigates Rep. Curt Weldon (MCT)

By Greg Gordon

McClatchy Newspapers, October 14, 2006

WASHINGTON - The Justice Department is investigating whether Republican Rep. Curt Weldon of Pennsylvania traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry.

The FBI, which opened an investigation in recent months, has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to strongman Slobodan Milosevic, a federal law enforcement official said.

The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show.

Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm of Solutions North America Inc. in 2002. Both are registered with the Justice Department as representatives of foreign clients.

Word of the inquiry, which has been closely held within the Justice Department and the FBI, comes from two individuals with specific knowledge of the existence of the investigation. They both declined to be identified because of the confidentiality of criminal investigations.

Spokesmen for the FBI and the Justice Department declined to confirm or deny that an inquiry is under way.

William Canfield, a lawyer who represented Weldon when a Los Angeles Times report prompted the House ethics committee to briefly explore the issue two years ago, said the congressman is unaware of a Justice Department investigation and is confident that none exists.

"Is there is an inquiry going on in the Justice Department?" Canfield asked. "The answer is no. . . . Curt knows nothing about this, his chief of staff knows nothing about it and I know nothing about it. I think we would have heard about it."

Canfield said Weldon, a 10-term House member who's vice chairman of the House Armed Services Committee and active in U.S. foreign affairs, dismissed the report as "crazy" while campaigning for reelection in a tight contest in Philadelphia's southwestern suburbs.

But McClatchy Newspapers' sources said the FBI only over the last few months obtained evidence suggesting that the congressman may have broken the law. One of the sources, a federal law enforcement official, said that Weldon had not yet been told about the inquiry.

The official said that the FBI recently sought the assistance of federal prosecutors in pressuring an unidentified person to provide evidence about the 59-year-old congressman. The attempt to "squeeze" this individual appeared to be an early step, the two sources said.

It is uncertain whether the current investigation will blossom into a full-blown inquiry that will result in criminal charges being filed. It is possible at this stage of the investigation that nothing will come of it. But the FBI typically does not seek the involvement of the Justice Department unless it finds substance to the evidence it has gathered.

Weldon, his daughter and Sexton all declined to respond to requests for an interview.

Joseph Fioravanti, a Media, Pa., lawyer representing Karen Weldon, sent a letter to McClatchy Newspapers declaring that "there is no investigation" and charging that a reporter was "harassing" and "baiting" her by leaving phone messages requesting comment.

Disclosure of the inquiry three weeks before the congressional elections presents a new headache for Republicans, who are already reeling from a series of scandals as they fight to retain House and Senate majorities.

In late September, Republican Congressman Mark Foley of Florida resigned after emails disclosed inappropriate messages to young male congressional pages. On Friday, Ohio Republican Rep. Robert Ney pleaded guilty to conspiracy charges relating to a corruption probe. Last month, Ney announced he wouldn't seek reelection. Two other Republicans, Randy "Duke" Cunningham of California and Tom DeLay of Texas, also have quit amid scandal.

In the Pennsylvania race, a recent poll showed that Weldon, who is vice chairman of the House Armed Services Committee and chairman of its Tactical Air and Land Forces Subcommittee, is locked in a statistical dead heat with his Democratic challenger, retired Vice Adm. Joe Sestak.

On Oct. 4, First Lady Laura Bush tried to give Weldon a boost, praising him at a fundraiser in Springfield, Pa., for supporting President Bush's tax cuts, backing legislation to conserve natural resources and being "a champion" of U.S. troops.

Weldon, the ninth child in a blue-collar family, worked as a firefighter and schoolteacher before turning to politics and becoming active in foreign policy issues. He has made more than 30 trips to Russia to push for closer relations with the United States.

Weldon is founder and chairman of the congressional U.S.-Former Soviet Union Energy Caucus and founder and co-chairman of an inter-parliamentary exchange with Russia, pressing for a partnership that will contribute to "peace and stability in the world." He also has met with senior officials in Libya and even in North Korea.

In 2004, The Los Angeles Times published a lengthy report that described the meteoric rise of Solutions North America, the consulting firm set up by Karen Weldon and Sexton.

The Times tracked Weldon's parallel efforts on behalf of the firm's three foreign clients, quoting Weldon and his top aide as denying any impropriety.

Citizens for Responsibility and Ethics in Washington, a Democratic-leaning watchdog group, responded to the report by calling on the House ethics committee and Attorney General John Ashcroft to open investigations.

When the ethics panel did not act, Weldon insisted that the committee look into the allegations to clear his name. Canfield said he wound up sending a thick stack of documents to support Weldon's arguments that he did not discuss his daughter's clients with her and that his assistance to the three foreign interests was unrelated to Solutions' contracts.

Canfield said the panel conducted an informal inquiry and apparently dismissed the matter because he's heard nothing in more than two years. A spokesman for the committee, which rarely talks about its inquiries, did not respond to a request for comment.

What caused Karen Weldon to set up a lobbying firm is unclear. The Times reported that Philadelphia lawyer John Gallagher, who has worked with Representative Weldon on building relations with Russia, took credit for delivering Sexton and Weldon their first client: the Moscow-based Itera energy group.

According to the Times, Justice Department filings, congressional records and interviews by McClatchy Newspapers:

Rep. Weldon and a bipartisan congressional delegation had visited Itera in May 2002 during an official trip to Russia. Itera was drawing scrutiny at the time because of allegations that it had bought assets from a state-run energy giant for hundreds of millions of dollars below their true value.

Two months before Weldon's visit, the U.S. Trade and Development Agency scrapped plans to award an $868,000 grant to Itera to study gas deposits in Russia because the firm refused to identify all of its owners.

But Weldon, at a news conference after returning from Russia, called on the Bush administration to release the grant. The Philadelphia Inquirer reported in 2004 that Weldon also complained to presidential adviser Karl Rove and to then-energy secretary Spencer Abraham about the company's treatment by the U.S. government. The grant was never approved.

On Sept. 30, 2002, Itera signed a $500,000, one-year contract with Solutions North America, a deal that included a $170,000 payment up front. It also gave Solutions a 10 percent "finder's fee" for any sales it generated, an arrangement barred by federal contracting regulations.

On Sept. 24, 2002, six days before Solutions got the contract, Weldon introduced a House resolution encouraging "improved cooperation with the Russian Federation on energy development issues." That night, assisted by his daughter's firm, he hosted a dinner at the Library of Congress honoring Itera's chairman - an event attended by nearly 30 members of Congress and 18 members of the Russian Duma, that country's parliament.

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On Jan. 10, 2003, Solutions landed a second client: a one-year, $20,000-a-month contract to represent a Russian firm that had designed a "flying saucer" drone to deliver supplies to war zones. Payments, however, would start only if Solutions landed some business for the firm, Saratov Aviation Plant. Another 10 percent finder's fee was included.

The congressman visited Saratov in Russia later that month, reportedly accompanied by his daughter. Weldon was impressed with the potential of the unmanned aircraft and contacted the Naval Air Systems Command, headquartered at the Patuxent River Naval Air Station in Maryland.

A Navair spokesman, Rob Koon, said Karen Weldon met with John Fischer, Navair's director of research and engineering sciences, in May 2003 to pursue the matter without Fischer knowing she was representing Saratov.

That September, at a meeting in Russia, Navair's Fischer and a Saratov executive signed a three-page letter of intent to work together on the new aircraft. But Navair spokesman Koon said the talks ended on Oct. 30, 2003.

Solutions got its third foreign client, the Serbian Karic Foundation, after Weldon took on the unpopular job of seeking a U.S. visa for Dragomir Karic and reportedly, one for his brother, Bogoljub.

In the early 1990s, the Treasury Department's Office of Foreign Assets Control had listed the Karic brothers among parties whose U.S. assets were frozen because of their close ties to Milosevic, who died in his cell last spring while facing war crimes charges stemming from the genocides in Bosnia. Recently, the Serbian Ministry of Internal Affairs issued an international warrant for the arrest of Bogoljub Karic as part of a tax evasion investigation.

The Karic Foundation agreed to pay Solutions $20,000 per month, to assist with its humanitarian work, including setting up a U.S. branch.

Solutions later paid more than $2,300 for Mike Conallen, who was Weldon's chief of staff at the time, to travel to Belgrade, Yugoslavia - a trip approved by Weldon, records show. Conallen later reimbursed the firm because members of Congress and their aides are barred from accepting money from foreign agents.

The Times quoted Conallen as saying he phoned the State Department so many times pushing for visas for the Karic brothers that he didn't have to say why he was calling. Conallen said he was surprised to learn of the current Justice Department inquiry, but declined further comment.

In late 2003, Sexton and Karen Weldon set up a new firm, Solutions Worldwide Inc., but ended their representation of Saratov even before the news stories broke.

Rep. Weldon Probed Over Contracts For His Daughter (WP/MCT)

Mcclatchy Newspapers

The Washington Post, October 14, 2006

The Justice Department is investigating whether Rep. Curt Weldon (R-Pa.) traded his political influence for lucrative lobbying and consulting contracts for his daughter, according to sources with direct knowledge of the inquiry.

The FBI has formally referred the matter to the department's Public Integrity Section for additional scrutiny. At issue are Weldon's efforts between 2002 and 2004 to aid two Russian companies and two Serbian brothers with ties to former Yugoslavian president Slobodan Milosevic, a federal law enforcement official said.

The Russian companies and a Serbian foundation run by the brothers' family each hired a firm co-owned by Weldon's daughter, Karen, for fees totaling nearly $1 million a year, public records show.

Karen Weldon was 28 and lacked consulting experience when she and Charles Sexton, a Weldon ally and longtime Republican leader in Delaware County, Pa., created the firm Solutions North America Inc. in 2002. Both are registered with the Justice Department as representatives of foreign clients.

Word of the inquiry, which has been closely held within the Justice Department and the FBI, came from two people with specific knowledge of the existence of the investigation. They both spoke on the condition of anonymity because of the confidentiality of criminal investigations.

Spokesmen for the FBI and the Justice Department declined to confirm or deny that an inquiry is underway.

Two years ago, the Los Angeles Times examined Curt Weldon's parallel efforts in Congress on behalf of the Russian and Serbian clients of his daughter, prompting the House ethics committee to briefly explore the issue.

Weldon, his daughter and Sexton all declined to respond to requests for an interview.

FBI Is Said To Be Probing Weldon Over His Influence (PHI)

By Todd Mason And John Shiffman

The Philadelphia Inquirer, October 14, 2006

The FBI is investigating whether U.S. Rep. Curt Weldon (R., Pa.) used his influence to help his daughter win consulting contracts, sources say, a development that could influence his close race for reelection.

Weldon's campaign denied that an investigation was underway. "Our attorney tells us it is preposterous," said Michael V. Puppio Jr., his campaign manager.

"The allegation in a tight race like this does the damage," Puppio said last night. "You owe a duty to dig a little deeper."

Weldon, who has served 10 terms in Congress, is running neck and neck with retired Navy admiral Joe Sestak.

The investigation, based in Washington, has progressed beyond the preliminary stages, people familiar with the case told The Inquirer yesterday. McClatchy Newspapers broke the story.

FBI spokeswoman Deborah Weierman in Washington declined comment. Weldon's lawyer in Washington, William B. Canfield III, could not be reached at work, at home or by e-mail last night.

Charles Sexton, a political ally of the congressman and a business partner of his daughter, said the timing of the leaks is "awful strange."

"No one has contacted me," he said. "People can look at us all day long. There is no wrongdoing."

Sexton and Karen Weldon, 32, formed a public relations firm, Solutions North America, in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic.

That business dealing was first reported in 2004 by the Los Angeles Times. Sources said the FBI and Justice Department investigation was based on the Times story.

The Inquirer reported in 2004 that Weldon had lobbied federal officials on behalf of one of those firms, Itera, a huge and controversial Russian natural gas company. Weldon also complained to Karl Rove, President Bush's top political adviser, about Itera's treatment by the federal U.S. Trade and Development Agency.

Itera paid $500,000 to Karen Weldon and Sexton's firm. The contract was signed in Sept. 30, 2002, six days after the congressman helped arrange a dinner at the Library of Congress to honor Itera and Igor Makarov, the firm's chief executive officer.

Itera had a controversial past; Western investors in the former Soviet Union contended that the firm's rapid growth was a result of improper business deals.

Weldon was a student of the Soviet Union, and has frequently traveled to Eastern Europe.

The business dealings of Weldon's family and friends are already an issue in the hotly contested Seventh Congressional District race. A recent poll showed Weldon locked in a statistical dead heat with Sestak. The Seventh District covers most of Delaware County and parts of Chester and Montgomery Counties.

Sestak declined to comment yesterday.

However, the Democratic Congressional Campaign Committee, in a direct mailing this week, accused Karen Weldon of getting help from "Daddy."

"In Washington, politics is a family affair, and Curt Weldon sure knew how to steer our tax dollars into his own family's pockets," the flyer said.

Karen Weldon "has not lobbied me or any other congressman," Weldon told The Inquirer's editorial board Thursday. "My kids are allowed to seek employment," he said.

Weldon said he presented the question to the House ethics committee, which declined to pursue it.

The question dogs his campaign. At a recent fund-raising breakfast featuring Laura Bush at Springfield County Club in Delaware County, an enthusiastic Republican crowd greeted Weldon's references to his children with polite silence.

Yesterday, Sestak adviser David Landau said the investigation "raises in a very dramatic fashion that accountability and ethics issues are taking center stage."

"There is a pattern here," Landau said. "You have this whole K Street mentality," he said of a key Washington address for lobbyist firms.

At the editorial board meeting, Weldon defended his party's handling of ethics issues. "Congressmen have gone to jail," he said.

The scandals surrounding lobbyist Jack Abramoff and Reps. Duke Cunningham, Robert Ney and Mark Foley have hampered Republican candidates in this election.

Every investigation is different, but it is not uncommon for agents probing alleged corruption, drugs and organized crime to spend months, even years, working covertly on a case before the suspects learn that they are under scrutiny.

Sexton, a longtime Delaware County GOP leader, once operated a private security firm that provided security to the Kuwaiti Embassy in Washington.

Ryan Loses Freedom Bid (CHIT)

By Matt O'connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, October 14, 2006

Ex-governor to be jailed during appeal

Former Gov. George Ryan must surrender to prison early next year after a federal judge on Friday refused to let him remain free on bond while his appeal winds through court.

In a 32-page ruling issued Friday evening, U.S. District Judge Rebecca Pallmeyer rejected claims by the defense that Ryan's conviction was likely to be reversed on appeal.

The judge also refused to let Ryan's co-defendant, Lawrence Warner, put off prison pending his appeal.

Both Ryan and Warner learned of the adverse ruling in calls from Tribune reporters. Ryan declined comment, while Warner said he was disappointed but not surprised.

Warner's lawyer, Edward Genson, said he would seek to have the U.S. Court of Appeals review Pallmeyer's ruling. Attorneys for Ryan were unavailable for comment.

If the judge had ruled in their favor, Ryan and Warner could have remained free on bond for two years or more before their appeal was decided.

Ryan 72, who was sentenced to 6 1/2 years in prison, is scheduled to surrender to prison on Jan. 4. Warner, 67, is to begin his nearly 3 1/2-year prison term on Jan. 16.

The federal Bureau of Prisons has yet to announce where the two will serve their sentences.

Ryan has requested that he do his time in a federal prison camp in Oxford, Wis., while Warner sought a prison camp in Yankton, S.D., in order to attend an alcohol-treatment program there.

A federal jury convicted Ryan in April of steering millions of dollars in state business to Warner and other friends in return for vacations, gifts and other benefits to Ryan and his family.

Defendants in Chicago's federal court rarely remain free on bond pending appeal, but Ryan's lawyers argued that the controversial finish to the trial raised significant legal questions that warranted their release on appeal.

Eight days into deliberations, Pallmeyer excused two jurors who had concealed their arrest records during jury selection months earlier, added alternates in their place and ordered the jury to start deliberations anew.

The fact that she had publicly agonized over the decision, calling it a "close call," didn't qualify Ryan for bond, the judge ruled. "Countless decisions made by a district court in the course of a trial ... are `close calls' when made," she wrote.

Prosecutors opposed Ryan's remaining free, saying it would erode public confidence in the justice system. Furthermore, the defense is unlikely to win on appeal, the government argued.

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Judge To Ryan: Go To Prison Jan. 4 (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, October 14, 2006

Former Gov. George Ryan has to report to prison Jan. 4, a federal judge ruled Friday, rejecting his request to remain free as he appeals a public corruption conviction.

U.S. District Judge Rebecca Pallmeyer ruled Ryan must begin serving his 6½-year sentence even though defense lawyers argued they have a strong case for appeal.

"We're very pleased with the court's decision," U.S. attorney spokesman Randall Samborn said.

Ryan's lawyers did not immediately return a call for comment. Ryan also could not be reached for comment. Ryan's lawyer, Dan Webb, previously said that the prison term was like a death sentence for his client because he would be nearly 73 by the time he begins serving.

Defense lawyers had argued that Ryan shouldn't have to go to prison right away because they believe serious questions remain over Ryan's verdict. Deliberations were interrupted after eight days when two jurors were removed for failing to disclose criminal backgrounds.

'Investigated each allegation'Two new jurors were swapped in, and the newly formed jury convicted Ryan and businessman Lawrence Warner on 22 counts. Pallmeyer later threw out two of the counts but upheld the conviction. Ryan's trial lasted nearly six months.

But Ryan's lawyers argued there was further juror misconduct, including other jurors who gave misleading answers on their questionnaires and weren't tossed.

Pallmeyer rejected defense contentions, including that material brought in to the deliberation room was inappropriate enough to taint proceedings, that the foreperson had outside discussions about deliberations, then lied about it, and that the newly formed jury could not truly start over on its deliberations.

"The court investigated each allegation at the time ... and concluded either that the incident did not constitute misconduct at all, or that the conduct did not prejudice the defendants," Pallmeyer wrote.

Pallmeyer previously said she believes the defense "significantly overstated the degree of juror misconduct in this case."

Judge Denies Appeal Bond, Tells Ryan He Must Go To Prison (BVND)

The Belleville News Democrat, October 14, 2006

CHICAGO - A federal judge dashed George Ryan's hopes of avoiding prison while his corruption case is on appeal and ordered the former governor Friday to start serving his sentence in January as scheduled.

U.S. District Judge Rebecca R. Pallmeyer rejected Ryan's claim that misconduct by members of the jury at the close of the six-month trial made it likely a higher court would throw out the verdict and therefore the 72-year-old former governor should stay out of prison in the meantime.

"The court now concludes that these issues of juror misconduct do not support defendants' motions for release pending appeal," she said.

The highly detailed 32-page order effectively told Ryan, who was convicted in April along with co-defendant Larry Warner at the close of a six-month trial, to start serving his 6 1/2 -year sentence Jan. 4 as scheduled.

Pallmeyer also denied an appeal bond for Warner.

One of Ryan's defense attorneys, Timothy J. Rooney, said the defense team would have no comment on the judge's decision Friday night.

Messages seeking comment were left Friday evening at Ryan's home and cell phone numbers.

It was not known whether Ryan's lawyers would be able to go to the 7th U.S. Circuit Court of Appeals in an effort to get an appeal bond.

Prosecutors had opposed any appeal bond for Ryan. Such bonds are very unusual. Judges are supposed to grant appeal bonds only if there is substantial likelihood that a higher court will throw out the verdict.

"We are pleased with the court's decision," said a spokesman for the U.S. attorney's office, Randall Samborn. He had no further comment.

Ryan was convicted of racketeering conspiracy, fraud, tax offenses and lying to FBI agents. Prosecutors say that as secretary of state he steered millions of dollars in state contracts to Warner and other insiders.

In return, he received rewards ranging from vacations in Jamaica, Mexico and California to a free golf bag, prosecutors argued.

Witnesses testified that state employees and taxpayer dollars were used to run Ryan's campaigns while investigations were killed to cover up the exchange of bribes and campaign donations for truck drivers licenses.

The trial's biggest fireworks came after deliberations began.

Two jurors were dismissed and replaced with alternates after it was discovered that they had not disclosed their police records on pre-trial questionnaires. The decision came eight days into jury deliberations.

But Pallmeyer said it wasn't any guarantee of a reversal on appeal.

"The court's decision to seat alternate jurors was admittedly a challenging one when made, but it does not rise to the level of the kind of 'toss up' or 'close call'" that would warrant appeal bond, she said.

It later was discovered that some of the other jurors had had brushes with the law but they were not dismissed. Pallmeyer concluded their omissions were less serious.

Ryan attorneys are planning to focus the appeal in part on another juror's action in bringing unauthorized legal papers into the jury room.

But Pallmeyer concluded the papers "had no prejudicial effect on the verdict" and therefore "does not present a substantial question warranting release pending appeal." She also brushed aside an alleged conversation about the case that another juror had with an outsider.

5 Years For Dixon (MCA)

By Lawrence Buser

Memphis Commercial Appeal, October 14, 2006

Former state senator draws judge's criticism for lack of remorse in Tennessee Waltz sting

Former state senator Roscoe Dixon was sentenced to five years and three months in prison Friday by a judge who viewed him as unrepentant for his Tennessee Waltz bribery conviction.

U.S. Dist. Court Judge Jon McCalla handed down the sentence, the stiffest yet for a defendant in the FBI's undercover sting.

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Advertisement

It came after a three-hour hearing in a packed courtroom during which the judge found Dixon had shown no acceptance of responsibility.

"The court has been listening for words it has not heard -- 'What I did was wrong,'" McCalla told the veteran legislator. "I'm still listening for those words."

Dixon, 57, testified that he was sorry he had gotten involved in the investigation, but offered no apologies and continued to maintain he was entrapped, a defense the jury rejected this summer.

"I want to hold all my options to have the right to appeal," said Dixon, whose character witnesses included ministers, civic leaders and neighborhood activists. "I do want to say I'm sorry I caused my friends who are so proud of me to to have doubts about Roscoe Dixon. I too am human, but God is not through with me yet."

The former Democratic legislator will remain free on his own recognizance until he is notified when and where to report by the U.S. Bureau of Prisons, probably in several months.

The three-year-old Tennessee Waltz investigation, which prosecutors have said is ongoing, has resulted in the indictment of 12 elected officials and aides.

He is the third defendant to be sentenced to prison. Four others are awaiting sentencing and five others are set for trial.

Dixon was convicted June 8 on each of five counts of accepting payoffs from former associates and undercover FBI agents posing as crooked businessmen willing to pay for legislation favorable to their fictitious company, E-Cycle Management.

Many of the conversations and three money transactions totaling $9,500 were secretly recorded on audio and video that was shown to jurors during his seven-day trial. To show jurors he was predisposed to such conduct, prosecutors presented evidence that Dixon previously had accepted a $6,000 bribe which was not part of the indictment.

His catch phrase for agreeing to accept payoffs, as shown on the tapes, was "Keep Barry happy," a reference to aide and confessed bagman Barry Myers.

Dixon testified that he was set up and that he felt he was simply accepting financial support or campaign contributions with no favors expected in return.

Federal prosecutor Tim DiScenza acknowledged that Dixon had made valuable contributions to the community over the years as an elected official, but he said the ex-senator had betrayed the public trust and had shown in court "almost a defiance of the rule of law."

As defense attorney Coleman Garrett began expounding on the entrapment defense, that "that government manufactured this crime," McCalla quickly stopped him and delivered a sharp but carefully worded rebuke.

"This case occurred because a public official took money," the judge said. "The great disservice in this case is when public officials or legislators attack this sacred system. When a public official tells people to distrust the system, one that's worked well for hundreds of years, the corrosive effect on the community is great. That's wrong. Somebody has to say it."

McCalla then called the lawyers into his chambers for a private discussion that lasted about 15 minutes.

After the hearing, Garrett declined to say what was said behind closed doors but maintained that Dixon is still entitled to argue his defense of entrapment.

"What we're not giving proper deference to is the entrapment defense," Garrett told reporters. "The government is not sacrosanct. There's nothing wrong with challenging it."

McCalla sentenced Dixon to the low end of the federal guideline range of 63 to 78 months.

He ruled that the sentence was appropriate because Dixon had obstructed justice by testifying falsely, that he accepted multiple bribes totaling more than $10,000 and that he was a public official.

Ex-senator Dixon Sentenced To Five Years For Bribery (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), October 14, 2006

MEMPHIS - Former state Sen. Roscoe Dixon, the first lawmaker to go to trial in the bribery scandal called Tennessee Waltz, drew a sentence Friday of five years and three months in federal prison.

Dixon, 57, is the first lawmaker to go to trial in the public corruption investigation but the second to be sentenced.

Former state Rep. Chris Newton, R-Cleveland, pleaded guilty to bribery last year and was sentenced to one year in prison. Three other current or former state lawmakers are awaiting trial.

Judge Jon McCalla told Dixon and a courtroom full of supporters that statements of remorse can go a long way toward reducing a lawbreaker's punishment.

"I'm still waiting for those words," the judge said.

Dixon, a longtime Democratic lawmaker and community activist, told McCalla he hoped to get "consideration ... for my entire life."

"I'm sorry that I, too, am human, but God is not through with me yet," Dixon said.

After sentencing, Dixon continued to argue that he was tricked into taking money from FBI agents posing as crooked businessmen wanting a change in state law.

He said he declined admitting guilt because "I wanted to hold all my options open because I'm going to appeal."

Dixon, who is black, has argued that he was targeted by federal investigators because of his race.

McCalla said he saw "not one shred of evidence" of government wrongdoing and admonished Dixon for comments that could undermine the public's faith in the judicial system.

"That's wrong Sen. Dixon. That's wrong," McCalla said.

Undercover agents made bribes available to many lawmakers and other public officials, the judge said, and "some accepted and some did not. That's what happened."

After sentencing, Dixon was released without bond to await notice from federal officials on where he should report to prison. He has no chance of parole and will be on probation for two years after his release.

Dixon was convicted in June on five bribery and extortion charges carrying a statutory maximum punishment of 90 years in prison. But federal guidelines for a first-time offender called for a sentencing range of five years and three months to six years and six months.

McCalla refused defense requests to alter the mathematical formula on which the guidelines were based or to hand down a sentence below the lower range. He agreed with prosecutors on increasing the sentencing formula, saying Dixon lied in court and took numerous payoffs.

Dixon's indictment listed bribes adding up to $9,500, but McCalla agreed with prosecutors that the total was $15,500, including payoffs that preceded the Tennessee Waltz investigation.

Prosecutors said Dixon split those bribes with former associate Barry Myers, who pleaded guilty and testified against him.

"Public officials should recognize ... that they must be held accountable if they break the law," U.S. Attorney David Kustoff said. "Today's sentencing of Mr. Dixon demonstrates this very principle."

The Tennessee Waltz scandal rocked the state Legislature when indictments were made public last year and led to a special session on ethics reforms.

The investigation focused on an FBI front company, E-Cycle Management, which sought government help in setting up business in Tennessee. The investigation has led to charges against 11 defendants, including several local officials in Memphis and Chattanooga.

Overall, four defendants have pleaded guilty and two, including Dixon, have been convicted at trial. Among those awaiting trial are Sen. Ward Crutchfield, D-Chattanooga, and former Memphis Sens. Kathryn Bowers and John Ford, also Democrats.

Ex-Detective Is Given 7-Year Prison Term (NYT)

By William K. Rashbaum

The New York Times, October 14, 2006

In a Brooklyn courtroom packed with his family, friends and neighbors, a retired police detective who had admitted to stealing roughly $800,000 from drug dealers delivered a tormented apology yesterday, moments before a judge sentenced him to seven years in federal prison.

Sobbing as he described how a voracious gambling addiction drove his thefts and led to a separation from his wife, the detective, Thomas Rachko, 48, also spoke of his two sons, 11 and 13 years old, who were not in court.

He said the boys had read many times of his successes during his 20-year police career, only “to be forced because of my hideous actions to read about my disgusting behavior.”

“I just can’t believe I did what I did to them,” Mr. Rachko told Judge Carol B. Amon of United States District Court in Brooklyn.

A big man with close-cropped silver hair, he rubbed his hand over his face as his voice quavered.

“I am so sorry, but by the same token, your honor, I am here today to be punished,” he said. “I deserve to be punished. What I did was horrendous. I can’t believe I did it, but it is deserving of punishment.”

Mr. Rachko, who retired from the Police Department in 2002, had faced life in prison on narcotics conspiracy charges arising from his significant role in the department’s biggest scandal in a decade. His sentencing brought the criminal investigation to a close.

He was arrested on Nov. 26, 2003, just hours after he and his old partner, Julio C. Vasquez, were captured on videotape stealing $169,000 from a drug money courier. He began cooperating with the authorities almost immediately, and the theft

unraveled a web of corruption — thefts of drug money and drugs that Mr. Vasquez helped sell for cash. As many as 10 current or retired police detectives and supervisors were implicated.

Mr. Rachko, who before he retired was assigned to the Northern Manhattan Initiative, a narcotics unit that focused on drug dealers in Harlem and Washington Heights, spent his drug plunder betting on horses. He sometimes collected his illicit take right outside Off-Track Betting parlors so he could go back in and gamble some more.

But he stressed to the judge that he was not seeking to lessen the gravity of his crimes by citing his addiction.

"I do not use gambling as an excuse for what I did, your honor," he said. "I knew when I did what I did I was doing wrong, and I was breaking the law. I just did not have the courage or the proper mind-set to stop. I knew because of the fact that for most of my years I was a good detective, I knew that I was going to get caught. But I just could not control myself."

He told the judge that his gambling addiction placed a tremendous burden on his family. He also apologized to his community, a Bronx neighborhood, whose residents turned out with his family to support him, filling every seat on the courtroom's polished wooden benches. He said he never bought anything for himself, adding that the dark gray suit in which he was sentenced was given to him as a gift 10 years ago.

"Yes, I was greedy for that money," he said. "Almost like a — a junkie would be for a bag of heroin. I just wanted that money to gamble."

His lawyer, Jeffrey Lichtman, had pleaded with the judge to look at some of the positive things Mr. Rachko had done, citing his work as a detective before he began committing crimes, and his extensive volunteer work in the Bronx.

The prosecutor, Adam Abensohn, an assistant United States attorney, said some of his colleagues had known Mr. Rachko before his arrest, and "liked him, trusted him and believed him."

Before pronouncing sentence, Judge Amon called his crimes a "horrible breach of the public trust." But she noted that he was remorseful and had cooperated, as detailed in a prosecution letter that enabled her to mete out a lighter sentence than the statutory minimum of 10 years and the maximum life term advised by sentencing guidelines.

The proceeding yesterday brought to an end the three-year investigation by the El Dorado Task Force, the anti-money-laundering unit of Immigration and Customs Enforcement of the Department of Homeland Security that videotaped the $169,000 theft, and by F.B.I. agents and the police Internal Affairs Bureau investigators.

Mr. Vasquez was sentenced to six years in prison. John Maguire, a retired lieutenant, was sentenced to 14 months, and Carlos Rodriguez, a former detective, was sentenced to two years. Another detective was fired after a police administrative hearing, and the department is seeking to fire two more.

After the sentencing, an F.B.I. agent who worked on the case shook Mr. Rachko's hand. Then, the retired detective, who will keep his police pension and pay a $10,000 fine after serving his prison term and five years of supervised release, walked into the courtroom gallery and held his wife in a long embrace as both wept. He then hugged several supporters who had filled the benches.

Ex-cop Gets 7 Years In Scheme (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 14, 2006

A tearful ex-cop begged for mercy Friday and got it when a federal judge in Brooklyn sentenced him to 7 years in prison, much less than the possible life term he faced for ripping off hundreds of thousands of dollars from drug dealers.

Thomas Rachko, 46, of the Bronx, told Judge Carol B. Amon that his compulsive gambling helped push him to steal the drug money over a five-year period in a scandal that implicated a number of other officers.

"Every time I got money, I gambled it away right away," Rachko told Amon. "And I now realize it wasn't so much to try to have that big win. I just wanted to gamble. I wanted the action."

Rachko, who retired from the NYPD in 2002, pleaded guilty in 2004 to charges that he was involved in a scheme in which he and others ripped off the dealers and hoarded the cash.

He was arrested in late November 2003 with then-Det. Julio Vasquez after they were both spotted by members of a drug enforcement task force taking cash from a drug trafficker in Queens.

Friday, defense attorney Jeffrey Lichtman reminded Amon that it had been Rachko who made the quick decision after his arrest to cooperate with investigators and led them to $68,000 stashed in a trash container in the Bronx.

Investigators said Rachko told them he pulled in about $800,000 from the scheme.

Because Rachko was perceived by prosecutors to have obstructed justice, he could have faced life in prison under federal sentencing guidelines. But Lichtman argued that, in the end. his client didn't obstruct justice and did nothing worse than Vasquez. Vasquez was sentenced earlier this month to 6 years in prison.

"This isn't a greedy man," added Lichtman.

Rachko, who often dabbed tears from his face with a handkerchief as Lichtman spoke, struggled to maintain his composure when he addressed Amon.

"My crimes, as terrible as they are, and my gambling addiction, in early 2003, caused me to be separated from my wife, Sandy, an unwanted separation by myself," said Rachko through sobs.

"I am here today to be punished. I deserve to be punished," said Rachko to Amon. "I humbly ask for your mercy today not only for myself, but for my continued recovery and for my children."

Amon said Rachko's crimes were "extraordinarily grave" and that he had a leadership role in the scheme. But she acknowledged that he was contrite and showed remorse.

In addition to the prison sentence, Amon fined Rachko $10,000. She allowed him to surrender to federal prison officials early next year. Rachko remains free on bail until then.

COP'S CRYING SHAME (NYPOST)

By Zach Haberman

The New York Post, October 14, 2006

October 14, 2006 -- A disgraced NYPD detective sobbed uncontrollably as he told a Brooklyn judge he robbed drug dealers not out of greed - but to feed his high-stakes gambling habit.

"I do not use gambling as an excuse for what I did," said Thomas Rachko, who gambled away roughly $800,000 in drug money he plundered over a five-year period until being busted for stealing $169,000 from a drug courier in Queens in November 2003.

"I knew when I did what I did I was doing wrong and I was breaking the law - but I just could not control myself," the retired 20-year veteran told Brooklyn federal court Judge Carol Amon, who sentenced him to seven years in prison yesterday.

He told the judge he was always looking for action, "almost like a junkie would be for a bag of heroin. I just wanted that money to gamble."

The hulking Rachko, 48, choked up as he explained how his "hideous actions" dishonored the NYPD and the people who live around him in the Riverdale section of The Bronx who showed up in droves and packed the courtroom to support him.

But he burst into tears when he apologized to his wife and two sons - who were not in the courtroom - for having "to read about my disgusting behavior."

Jeffrey Lichtman, Rachko's lawyer, pointed to many good things Rachko did as a cop and noted that he was the first to come forward and spill the beans about other crooked cops after he and former partner Julio Vasquez - who was sentenced last week to six years - were arrested.

"He deserves punishment, there's no question," said Lichtman. "But he also deserves compassion."

The judge apparently agreed, stating that, "I believe Mr. Rachko is remorseful and his statements are genuine."

She could have meted out a life sentence, but felt seven years was appropriate, since he pleaded guilty in June 2004 and will have to pay a $10,000 fine when he finishes five years' probation.

Rachko's court days may not be over, however.

Two convicted drug dealers freed following the arrests of Rachko and Vasquez have filed federal civil-rights lawsuits against the two rogue cops and the city.

Bertrand Canty and Nelson Belliard are seeking $56 million for false arrest, negligence, battery and other claims.

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I Gambled Life Away, Sez Ex-cop Who Gets 7 Years (NYDN)

New York Daily News, October 14, 2006

A disgraced former NYPD detective told a federal judge yesterday his compulsive gambling led him to steal more than $800,000 from drug dealers.

Thomas Rachko, 48, was sentenced to seven years in prison after telling Brooklyn Federal Judge Carol Amon how gambling cost him his career and marriage.

"I just lost complete control of my mind and continued to gamble," Rachko said, sobbing. "Every time I got money I gambled it right away. And now I realize it wasn't so much to try to have that big win. I just wanted to gamble. I wanted the action."

Rachko was the ringleader of a group of corrupt narcs that robbed dealers of cash and drugs with impunity for years in upper Manhattan.

"I knew I was doing wrong and I was breaking the law; I just did not have the courage or the proper mind-set to stop," he said.

After his marriage fell apart, he gambled even more. "I was greedy for that money, almost like a junkie would be for a bag of heroin," he said.

Rachko was facing life in prison for his leadership role. But prosecutor Adam Abensohn said he deserved a break because he cooperated with authorities after he and his ex-partner, Detective Julio Vasquez, were caught in 2003 robbing a drug courier in Queens.

John Marzulli

NYC Detective In Drug Scandal Gets 7 Years (NSDY/AP)

Long Island Newsday, October 14, 2006

NEW YORK (AP) _ A retired police detective who stole nearly $800,000 in drug money sobbed and apologized for his crime before a judge sentenced him to seven years in prison.

Thomas Rachko, 48, said he stole because he needed money to fuel a gambling addiction.

"I deserve to be punished," he told U.S. District Judge Carol Amon, before she rendered the sentence in a Brooklyn court. "What I did was horrendous. I can't believe I did it, but it is deserving of punishment."

Rachko, 48, could have gotten up to life in prison on the narcotics conspiracy charges.

The case was part of a damaging corruption scandal at the police department. Rachko and his one-time police partner, Julio Vasquez, were caught on tape stealing $169,000 from a drug courier.

Confronted with the evidence, Rachko, who retired from the police department in 2002, began cooperating with investigators and helped provide evidence that led to charges against several other police detectives.

Amon called Rachko's crime a "horrible breach of the public trust," but gave him credit for helping with the investigation, and ultimately less time than the 10 year minimum he would have faced if he had refused to cooperate.

Vasquez also cooperated and was sentenced to six years in jail earlier this month for stealing and reselling cocaine. He resigned after his arrest in 2003.

Vermont Student's Body Is Found (NYT)

By Pam Belluck

The New York Times, October 14, 2006

A University of Vermont student who had been missing since last weekend was found dead yesterday near a gorge about 15 miles from campus, and the police identified as a suspect a man she had borrowed a cellphone from in downtown Burlington, Vt.

Chief Thomas Tremblay of the Burlington police said the body of Michelle Gardner-Quinn, a 21-year-old senior from Arlington, Va., was found off the side of a road in Richmond, Vt., near a popular swimming site called Huntington Gorge.

Chief Tremblay said Ms. Gardner-Quinn's death was a homicide, and he identified Brian Rooney, 36, of Richmond as a "very likely suspect."

Chief Tremblay said Mr. Rooney had been arrested yesterday afternoon on charges unrelated to Ms. Gardner-Quinn's death. He said those charges, of sexual assault and lewd and lascivious conduct with a child, involved incidents in Caledonia County, about 75 miles from Burlington, before Ms. Gardner-Quinn's disappearance.

The disappearance of Ms. Gardner-Quinn prompted an exhaustive search by the police, the F.B.I. and legions of volunteers from the university community, many of them students shocked at the prospect that a kidnapping might have occurred in a city normally considered safe.

She was last seen about 2:30 a.m. last Saturday while walking on Main Street in Burlington with Mr. Rooney, whom she had not met before. The police said she had been at bars celebrating a friend's birthday and was walking back to campus when her cellphone battery died and she stopped Mr. Rooney to ask to use his.

A surveillance camera at Perrywinkles Fine Jewelry store captured images of Ms. Gardner-Quinn and Mr. Rooney on Main Street.

Police In Vt. Find Body Of Student (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, October 14, 2006

Man Questioned in Death Of Senior From Arlington

The body of a missing college senior from Arlington was found yesterday off a rural road near the University of Vermont. Police said that the man with whom she was last seen six days ago was arrested on unrelated sex assault charges and was being questioned about her death.

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Burlington Police Chief Thomas Tremblay said the body was tentatively identified as that of Michelle Gardner-Quinn, 21. The body was discovered about 15 miles southeast of downtown Burlington, near a swimming hole popular among college students and residents, Tremblay said.

He said it was not yet known how Gardner-Quinn was killed or when her body might have been left at the spot. Police said they are investigating her death as an apparent kidnapping and homicide.

"We are not done yet," Tremblay said in an afternoon news conference at Burlington's City Hall. "There is still more work to be done."

Gardner-Quinn -- whose disappearance last Saturday was the focus of an intense investigation that fanned across several nearby communities -- was last seen walking from Burlington's downtown area toward campus, about five blocks away.

A surveillance camera captured her walking with Brian Rooney, 36, a construction worker who lent her his cellphone so she could call friends after the battery in her phone died, police said.

Rooney, of nearby Richmond, Vt., has not been charged in Gardner-Quinn's slaying, Tremblay said, although he was being interviewed by detectives last night. Tremblay said Rooney was charged yesterday with sexual assault and lewd and lascivious conduct with a child in Caledonia County, about 80 miles east of Burlington. He declined to elaborate on the charges.

Rooney is to be arraigned Monday on those charges, Tremblay said.

The disappearance and death of Gardner-Quinn was at least the third such incident in the past year involving a female college student. The body of University of Virginia student Elizabeth M. Hafter, 22, was found Oct. 1 along the Blue Ridge Parkway with a single gunshot wound to the head after she had been missing a few days. And in September 2005, Virginia Commonwealth University freshman Taylor Behl was found slain in rural Mathews County. Behl, 17, of Vienna, was found one month after she was reported missing from the Richmond campus.

Yesterday, Tremblay urged anyone with information about Gardner-Quinn's case to call authorities. He said an autopsy was scheduled for this weekend.

After several days with few leads, the investigation quickened midafternoon yesterday. While Vermont State Police canvassed the swimming hole, authorities cordoned off a half-block in a residential neighborhood in Burlington not far from where Gardner-Quinn was last seen.

Using various tools, they dug out an area in the back yard of a house where concrete had been poured this week, according to the Associated Press and Burlington television stations. The house was somehow connected to Rooney, they reported.

Gardner-Quinn, a senior majoring in Latin American studies and environmental science, was reported missing after she failed to show up for a planned dinner with her parents last Saturday. They had traveled to Burlington for parents' weekend at the college.

Gardner-Quinn was a 2003 graduate of H-B Woodlawn Secondary Program, an academically rigorous magnet school at which students have a large say in the curriculum.

Tommy Lang, 21, a University of Vermont senior who grew up with Gardner-Quinn, told the Associated Press yesterday that nothing seemed amiss when she called him from Rooney's cellphone just before her disappearance.

"She sounded completely fine and normal and exactly the way she did when she left us," said Lang, who had been hanging out with Gardner-Quinn and others for a friend's 21st birthday celebration. "There wasn't anything that made me worry or made me suspicious that anything was going on."

Yesterday, after posting numerous optimistic messages online praying for Gardner-Quinn's safe return, friends began leaving messages of mourning.

"Michelle you were one-in-a-million," wrote her friend Elizabeth Oliphant on Facebook.com, a social networking site popular among college students. "I am heartbroken for your family -- they will stay in my thoughts and prayers for a long time. You will be missed dearly."

Gail Fendley, a longtime family friend, said in a telephone interview yesterday that she considered Gardner-Quinn a part of her family. Her son, Ian Willson, 22, had grown up with Gardner-Quinn, and the two had dated in recent years. Yesterday, Fendley sat sobbing inside her vehicle, parked on a street in Richmond, Va., where her son attends college.

"It's not that every life doesn't matter, but this is one who would've made the world a better place," Fendley said. "I just can't imagine how someone could hurt our Michelle."

Worst Fears Come True In Vt. Search (BOS)

By Suzanne Smalley And Raja Mishra, Globe Staff

The Boston Globe, October 14, 2006

Student's body is discovered; area man held

DOJ_NMG_0081268

BURLINGTON, Vt. -- Hikers near a rural gorge yesterday found the body of a University of Vermont student who disappeared a week ago while walking back to her dormitory on a downtown Burlington street, police said.

Police said 21-year-old Michelle Gardner-Quinn had apparently been slain, and identified Brian L. Rooney, 36, of nearby Richmond, as the suspect in a crime that has deeply unnerved this bucolic college town. Rooney, who police say is the last person seen with Gardner-Quinn, was arrested yesterday on unrelated sexual assault charges.

As ashen-faced Burlington Police Chief Thomas Tremblay announced ``with a heavy heart'' that the six-day search for Gardner-Quinn had ended, the outgoing student's friends sobbed, their worst fears realized.

``I don't even know what I'd say,'' said Adam Briere, 19, a close friend.

University of Vermont president Daniel Mark Fogel said he was devastated. ``All of us are filled with intense anguish and sorrow at the terrible news and the loss of one of our students,'' he said in an interview.

While awaiting autopsy results to confirm the identity of the body and cause of death , police would not describe how Gardner-Quinn had been killed, say whether she had been sexually assaulted, or say how long she had been dead. More crime scene processing is needed before Rooney could be linked to Gardner-Quinn's death, Tremblay said.

The student was reported missing last Saturday after she failed to show up for an outing with her parents, who had been visiting Burlington from Arlington, Va. Gardner-Quinn, who majored in Latin American history and environmental studies, had transferred in September from a college in Baltimore.

As her parents kept vigil in Burlington, Vermont police, FBI agents, and National Guard troops, augmented by eager students and other volunteers from the university, scoured Burlington and the surrounding area.

But yesterday's discovery came about through a phone call from a group of hikers alerting authorities to a body in an area that had not been searched, the bank of Huntington Gorge, a popular swimming hole in Richmond, about 15 miles from Burlington. On Tuesday, police searched a house near where the body was found that they said was related to Rooney.

Rooney had been the focus of the investigation for days, though until yesterday police had refused to identify him or call him a suspect. Police had interviewed him and knew his whereabouts for most of the week before his arrest yesterday.

Gardner-Quinn made a call from Rooney's cellphone, and a jewelry store surveillance camera captured the two walking on Main Street in downtown Burlington at roughly the same time, police said. Yesterday, police asked for the public's help in tracking the whereabouts of a red Jeep Cherokee belonging to Rooney. Police said they have searched the vehicle, but urged anyone who might have seen the Jeep between last Saturday morning and Monday morning to call investigators.

Rooney's former father-in-law described him as an erratic and abusive man unable to hang on to jobs and chronically behind on child support payments.

``He's the scum of the earth,'' Roger Martin of Craftsbury, Vt., said in an interview this week. ``He'd make my daughter do things she didn't want to do. . . . If she didn't do it, he'd say he'd hurt himself.''

Rooney was $13,000 behind in child support to Martin's daughter, with whom he has an 8-year-old girl, Martin said. He also said that Rooney often sniffed gasoline and aerosol cans to get high.

Rooney, most recently employed as a construction worker, has been accused of violence toward women in the past, court documents show.

A 23-year-old former girlfriend sought a restraining order in November 2005, alleging that Rooney ``has been sexually and emotionally abusive.''

``I don't feel safe going anywhere by myself, because he shows up everywhere I go,'' wrote the woman, with whom Rooney had another child. ``Brian is always driving by my house, following me, calling.''

Rooney will be arraigned Monday on charges of sexual assault and lewd and lascivious conduct with a child, police said. The alleged crimes happened in Caledonia County and Essex County, about 80 miles from Burlington, before Gardner-Quinn's disappearance, but police said they only discovered them while investigating Rooney this week.

The child sex charge stemmed from an action in 1998, according to Essex County State's Attorney Vincent Illuzzi.

Gardner-Quinn's disappearance prompted a sense of vulnerability in Burlington, where three colleges dominate daily life. Confirmation of her death, which quickly rippled across the city yesterday afternoon, appeared to deepen those concerns.

Women around campus said they would be more cautious, particularly at night.

``I'm definitely not going to walk anywhere alone,'' said Kerrie Keller, an 18-year-old freshman from Maine. ``My parents called me and asked me please not to walk anywhere alone.''

At J.P.'s Pub, where Gardner-Quinn was celebrating a friend's birthday in the hours before she vanished, bartender Amy Delorme pulled the missing person fliers off the walls after news of the body's discovery.

``I saw it on the TV, so I just took them down,'' she said, shaking her head. ``People are just so sad.''

Autopsy Performed On Vt. College Senior (WP/AP)

DOJ_NMG_0081269

By John Curran, The Associated Press

The Washington Post, October 14, 2006

BURLINGTON, Vt. -- A man authorities are investigating in the case of a University of Vermont senior who was found dead along a ravine was being held without bail on unrelated charges Saturday while an autopsy was performed on the victim.

Brian L. Rooney, a construction worker from Richmond with a record of several arrests, was taken into custody Friday, the same day hikers happened upon the body of Michelle Gardner-Quinn near Huntington Gorge, a popular swimming hole.

Gardner-Quinn had disappeared nearly a week earlier while walking to her dormitory.

The cause of her death had not been released. The autopsy was ongoing Saturday but results would not be released this weekend, said police Lt. Kathleen Stubbing. She said it would likely be at least a week before any charges can be brought in the case.

Meanwhile, a memorial service for Gardner-Quinn was scheduled for Sunday night at the University of Vermont in Burlington.

Rooney, 36, was arrested Friday on unrelated charges of sex abuse elsewhere in Vermont. He was jailed without bail on those charges Saturday, pending a Monday arraignment. He had not been charged in Gardner-Quinn's case, but is considered the prime suspect in her disappearance and death, Police Chief Thomas Tremblay said.

Gardner-Quinn, 21, of Arlington, Va., was last seen alive in the early morning of Oct. 7 as she walked up Main Street after celebrating a friend's birthday at downtown bars.

Authorities said that in a chance encounter she asked Rooney to borrow his cell phone to make a call because the battery in hers had gone dead. She made the call and was seen, on surveillance video from a jewelry store camera, walking alongside Rooney.

Gardner-Quinn was reported missing later that day when she failed to make a dinner date with her parents.

Because of the surveillance video, Rooney had been the focus of the investigation.

Days later, Rooney was seen with cuts on his hands when he stopped at Walt's Game Room, a candy store and pool parlor in Winooski, where he was a regular customer, owner John Barton said Saturday. It was either Monday or Wednesday, Barton said.

"He looked very down and depressed," said Barton, who asked Rooney about police activity at the house where he was staying.

"I asked him what the deal was with the FBI and police and everything going around. He said he was the guy who had lent the missing girl his cell phone," Barton said. "He basically said `I was walking up the street with her and when I got halfway up she went one way and I went the other and I don't remember anything after that.'"

Barton said he noticed two or three cuts on Rooney's right hand but thought they may have been suffered on the job because they were scabbed over.

A woman who lives upstairs from the Winooski apartment where Rooney was staying said Saturday he came home drunk late Wednesday and told her he did something wrong with "the girl from the college."

"He came up and he was drunk, crazy," said Amy Stewart, 25.

"He said he did something wrong with that girl. That's all I know. I say `Tell me more, tell me what's going on,' and he said he not going to tell me anymore," she said.

Rooney was charged with sexual assault in Caledonia County, 80 miles north of Burlington, and with lewd and lascivious conduct with a child in neighboring Essex county, where he previously lived, authorities said.

His stepfather said Saturday he doesn't believe Rooney was involved in Gardner-Quinn's disappearance.

"We've got all the faith in the world in him," said Ronald Skinner, whose Richmond home was searched Tuesday as part of the investigation.

According to court records and interviews, Rooney has had minor scrapes with the law. He had been arrested several times for driving without a license and once for disorderly conduct. He has also had arrests for leaving the scene of an accident and burglary, according to Caledonia County State's Attorney Bob Butterfield, who did not know the ultimate disposition of those charges Saturday.

159-Year Sentence Upheld But Called Absurd (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, October 14, 2006

In the case of a mentally disturbed robber, a justice says courts are hamstrung by Congress.

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A federal appeals court in San Francisco on Friday upheld a 159-year prison term for a mentally disturbed woman with no criminal history after one judge angrily concluded the nation's rigid sentencing laws left the panel with no options but to affirm the "irrational, inhumane and absurd" sentence.

The 3-0 ruling by the U.S. 9th Circuit Court of Appeals came one year after Marion Hungerford, 52, of Billings, Mont., received the sentence for a string of robberies at Montana casinos and bars from April to July 2002.

The robberies, according to the 18-page opinion written by Judge Susan P. Garber, began when Hungerford and her male roommate, Dana Canfield, were both unemployed and decided to rob a convenience store to pay the rent.

"Marion said she was going to have to go on a crime spree," Canfield testified at the trial. "And since she has problems walking and stuff, I decided that I would do it."

A jury found Hungerford not guilty of that first robbery and one other, but authorities alleged they were only the start of a string of crimes.

She was convicted on one count of conspiracy, seven counts of robbery and seven counts of using a firearm because her accomplice was armed with a .22-caliber revolver.

In rejecting her appeal of four of the robbery and firearms convictions, the court found sufficient evidence that she knowingly took part in the holdups. "There is no evidence that [Hungerford] took any affirmative action to withdraw from the ongoing conspiracy," the court said. "To the contrary, she continued to accept and spend the proceeds of all the robberies and worked purposefully to conceal the crimes."

Though affirming Hungerford's conviction, Judge Stephen Reinhardt decried the sentence handed down in the case as a "predictable byproduct of the cruel and unjust mandatory minimum sentence scheme adopted by Congress."

Although she never touched a gun, Reinhardt noted, Hungerford was sentenced to five years on the first count of using a firearm and 25 years on each of the three other counts because the law gave the trial judge "no choice or discretion, except to impose the statutory mandatory sentences."

"What the judge was not permitted to take into account when sentencing Hungerford should shock the conscience of anyone who believes that reasonable proportionality between a crime and the sentence is a necessary condition of fair sentencing," Reinhardt wrote.

The judge, he said, was not allowed to consider numerous mitigating factors, including Hungerford's "severe form of borderline personality disorder, which can alter one's perception of reality in a manner similar to schizophrenia" and had led to numerous suicide attempts.

Nor, Reinhardt said, was the judge permitted to consider a psychiatrist's testimony that Hungerford suffered from other mental problems, that she was financially desperate after her husband of 26 years left her, or that no one was injured in the robberies, which netted less than $10,000.

Most important, Reinhardt wrote, Hungerford's "extremely limited role" in the crimes proved ultimately irrelevant to her sentence.

Indeed, he noted, it was her accomplice who brandished the gun and committed the robberies and yet he was sentenced to 32 years after pleading guilty.

"Not only is the sentence [for Hungerford] cruel, it is absurd," he wrote. "The case at hand is precisely the type of case that should make Congress question what worthy ends are served by a cruel and inflexible sentencing scheme."

Hungerford's attorney could not be reached Friday. A Justice Department official had no comment on the ruling but said the department "is committed to the prevention of gun crime and the vigorous enforcement of our nation's gun laws."

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Law Enforcement Gathering To Bring Thousands To Hub (BOS)

By April Simpson, Globe Staff

The Boston Globe, October 14, 2006

More than 14,000 law enforcement professionals will gather in Boston starting this weekend for a conference that will feature some of the nation's highest-ranking officials as speakers .

The International Association of Chiefs of Police, the world's largest nonprofit organization of police executives, will kick off its annual conference and exposition today at the Boston Convention and Exhibition Center. Although this will be the association's 113th conference, it will be the first in New England, said John Boyle, a Boston Police Department spokesman.

Speakers include Attorney General Alberto Gonzales, FBI Director Robert S. Mueller III, and Marine General Peter Pace, chairman of the Joint Chiefs of Staff. More than 750 exhibitors will showcase police products, such as vehicles, mobile command centers, and helicopters, Boyle said.

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There will be international delegates from Europe, Asia, and the Caribbean, said Wendy Balazik, an association spokeswoman. ``We all have the same goals of protecting our communities, and coming together to exchange ideas is beneficial for a law enforcement officer, no matter where he or she is from."

From today until Wednesday, participants may attend workshops on topics such as career physical fitness and responding to speeding complaints.

Tomorrow, 1,000 runners will participate in the 25th annual 5K Police Chase, with proceeds to benefit the Boston Police Department's Kids at Risk Program. The race begins in Copley Square, takes runners through Fenway Park, and ends at the Boston Marathon finish line.

The convention is expected to result in more than $16 million in direct spending, with an additional $10 million in indirect spending. Attendees are expected to fill more than 6,000 rooms in about 30 hotels, Boyle said.

Compared with previous events at the center, this conference ranks 11th in size for attendance, and second in hotel room nights booked, said Bridget Perry, a convention center spokeswoman.

CIVIL LAW:

Activist Pursues Claim That L.A. Port Illegally Funded Maersk Facility (LAT)

By Dan Weikel, Times Staff Writer

The Los Angeles Times, October 14, 2006

He says officials spent $1.2 billion on a terminal for the giant shipper when the money was earmarked for other use.

A harbor area activist filed an appeal Friday in an attempt to revive a federal lawsuit alleging that the Port of Los Angeles misappropriated $1.2 billion in government funds to build a giant cargo terminal for the world's largest shipping line.

Stanley D. Mosler of Rancho Palos Verdes is challenging decisions by U.S. District Judge S. James Otero, who dismissed the false-claims case in August, saying that Mosler no longer had an attorney and that he was unqualified as a layperson to handle a lawsuit on behalf of the United States.

A few weeks after the decision, Mosler hired a lawyer, Alan Gutman, but Otero refused to reinstate the case, saying it was too late.

Otero noted in his ruling that Mosler had been warned earlier that he should obtain counsel.

Mosler was represented for three years by attorney Milford Dahl, who bowed out in February 2005, saying the case would be too costly for him to pursue. Mosler then proceeded on his own, hoping to get the case to trial.

"The elusive quality in Judge Otero's order is justice," Mosler said. "The dismissal was not on the merits but because I could not afford to match the port's spending in legal fees. I trust that the 9th Circuit Court of Appeals will rule that having money is not a necessary element to access our federal courts."

Filed in March 2002, Mosler's case alleged that port officials had engaged in a "bait-and-switch" maneuver when they shifted long-standing plans to relocate crude oil and other hazardous shipments to a man-made island that would be built away from populated areas to improve harbor safety.

Mosler said in his suit that port officials decided to turn the island into a massive container facility for Maersk Inc., leaving only 15 acres — instead of hundreds of acres — for petroleum and chemical terminals.

At issue was whether the port violated federal agreements to build the so-called energy island project and misappropriated $108.6 million in federal grants and nearly $1.1 billion in harbor revenue to construct what is now known as Pier 400, which was completed in 2004.

In their defense, port officials said the plans for an energy island changed because there was no market for oil and petroleum terminals. Tenants resisted the idea as too costly while crude oil and other hazardous shipments were declining.

Port officials also said that 15 of the more than 500 acres of the man-made island are still available for hazardous shipments. They also argued that the Army Corps of Engineers, which participated in the project, was told of the changes and signed modifications to the original plans.

A former corps commander in Los Angeles at the time has said, however, that he was unaware of the changes in the energy island project. A corps official also said the agency has not been able to find written records that show the port officially notified the corps of the shift in uses or that the corps OKd such changes.

After Otero dismissed the case, U.S. Department of Justice attorneys notified the court in late August that they were concerned that the lawsuit was not decided on the merits.

They stated in court papers that Mosler's failure to obtain counsel did not extinguish the federal government's right to intervene in the case in the future.

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Because federal funds were allocated to the terminal project, the U.S. government has a right to recover damages should they be awarded in Mosler's case. The Justice Department has yet to intervene.

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Bankruptcy Filings Drop After Changes In Law (LAT/AP)

From The Associated Press

The Los Angeles Times, October 14, 2006

WASHINGTON — The ranks of people seeking to erase their debts have thinned in the year since the biggest changes in U.S. bankruptcy laws in a quarter-century took effect.

At a public session at the U.S. trustee's office in Alexandria, Va., on a recent morning, only about half the 50 or so chairs were occupied in a room that used to be jammed with anxious people and their attorneys.

Most were there seeking to file under Chapter 7 of the U.S. Bankruptcy Code, which wipes the debt slate clean after certain assets are forfeited.

After an eight-year campaign by banks, retailers and credit card companies, Congress changed the law to require for the first time an income-based test for measuring a debtor's ability to repay obligations. The new law took effect Oct. 17, 2005.

Those deemed to have insufficient assets or income can still file a Chapter 7 bankruptcy. But those with income above their state's median who can pay at least $6,000 over five years are forced into Chapter 13, in which a debt repayment plan is ordered.

In Virginia, where the median annual income is $43,000, more cases are ending up in the latter category.

"It's designed to make life miserable for anybody who owes money," said Lawrence Brooke, an attorney in Alexandria. "It's a help-the-banks, squish-the-little-guy law."

Brooke is one of several lawyers in northern Virginia who have abandoned consumer bankruptcy work since the new law took effect.

"I won't have anything to do with it," he said.

Brooke said the paperwork hurdles for debtors to qualify for Chapter 7 have become insurmountable for many, and the workload and aggravation for attorneys have increased.

The income test for Chapter 7 means more forms for people to give their lawyers — tax returns and pay stubs — and more questions from a bankruptcy trustee in the mandatory public sessions that already had probed into details of a person's mortgage, bills, life insurance, child support obligations and car payments.

"It's a whole different game now," said Gordon Peyton, one of the trustees in Alexandria. "It's much harder to file bankruptcy now."

There were 263,660 personal bankruptcies filed nationwide in the first half of this year, down from 851,683 in the first six months of 2005 and 809,867 in the same period in 2004, according to the American Bankruptcy Institute, an organization of bankruptcy judges and lawyers.

Chapter 7 filings accounted for 58.8% of this year's first-half total, down from 75.8% in the first half of 2005. Filings under Chapter 13 debt reorganization jumped to 41.1% from 24.1% a year earlier.

Peyton, who used to preside over three or four of the so-called Section 341 sessions on the Thursdays it was his turn, says he now holds only two. His one-on-one interviews of the people filing, who sit across from him at a table after raising their right hand and being sworn in, can take 12 minutes or more — compared with an average of 35 seconds or so before the law took effect, he said.

"It's gotten so tricky. There are a lot of pitfalls," said Peyton, a private attorney appointed as a bankruptcy trustee.

Bankruptcy lawyers say the required changes have meant more work for them, and they are charging clients more. Fees in some cases in northern Virginia have jumped from $750 or $1,000 to $1,500 or more.

In addition, under the new law people seeking bankruptcy protection are required to take credit counseling courses, for which they must pay. "It really does price a lot of people out of the market," said Nora Raum, a lawyer in Arlington, Va.

The American Bankers Assn. disputes that, noting that the bankruptcy law allows courts to waive filing and credit counseling fees for low-income debtors.

Proponents of the law say it has created a more balanced system that eliminates abuse and provides debt relief at the level at which people truly need it. They argue that bankruptcy frequently has been the last refuge of gamblers, impulsive shoppers, divorced or separated fathers avoiding child support, and even multimillionaires.

But some experts predict that bankruptcy filings will eventually rebound. There was a huge rush of filings by financially strained consumers between the enactment of the legislation in April last year and the Oct. 17 deadline for the new means test

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and other requirements. Personal bankruptcies soared 30% to a record high last year, surpassing 2 million for the first time at 2,039,214.

Then came the precipitous drop.

Filings "will come back," said John Hartgen, spokesman for the American Bankruptcy Institute. After the shakeout period, with the underlying causes of indebtedness, such as job layoffs, still prevailing, equilibrium should return, he said.

Air America, Home Of Liberal Talk, Files For Bankruptcy Protection (NYT)

By Jeff Leeds

The New York Times, October 14, 2006

LOS ANGELES, Oct. 13 — Air America Radio, the liberal talk network started two years ago in a bid to counter the influence of conservative radio personalities like Rush Limbaugh, filed for Chapter 11 bankruptcy protection on Friday.

The network and its corporate parent, Piquant LLC, filed after an owner of stations that carried Air America programming took legal action to freeze its bank accounts as part of a dispute over unpaid bills. Last month the network's backers said they would no longer provide cash to subsidize its operating losses, according to an affidavit filed by Air America in connection with the bankruptcy.

United States Bankruptcy Court Judge Robert Drain approved motions on Friday that will let the company continue to pay salaries and remain on the air. The judge also approved a loan of $900,000 from Democracy Allies, an entity formed by current investors in the network, including Rob Glaser, chief executive of the media and entertainment company RealNetworks. Its full proposed loan of $2.6 million is to be considered at a later hearing, said Tracy Klestadt, a lawyer representing Air America.

Mr. Glaser, who has been perhaps the network's biggest champion, had no comment on the filing, a spokesman said. He is also the company's largest secured creditor and is owed $9.8 million, according to bankruptcy court filings.

Air America, whose broadcast talent includes the comedian Al Franken, has struggled financially since it went on the air in the spring of 2004. According to court papers, the company lost $8.6 million in 2004 and $19.6 million last year, and has lost $13.1 million so far in 2006.

Scott Elberg, who became the network's chief executive on Monday, said in a statement, "Nobody likes filing for bankruptcy; however, this move will enable us to concentrate on informing and entertaining our audience during the coming months."

The longtime music industry executive Danny Goldberg stepped down as chief executive in April, after serving for about a year.

The executive shuffle, which has also included the departure of the company's president and its chief operating officer in recent months, is but one sign of the turbulence that has kept Air America off balance almost from the start.

Rumors of a bankruptcy filing had surfaced last month, though the company dismissed them at the time. Friday's filing, people with knowledge of Air America's business affairs said, was prompted when a radio station owner that carried Air America programming, Multicultural Radio, restricted its accounts last month after the network failed to pay $550,000 due under a previous settlement agreement. In 2004, a few weeks after Air America went on the air, Multicultural pulled the network's programming off stations in Los Angeles and Chicago, in a battle over payments for airtime, and the two sides have butted heads repeatedly since.

While the network's future appeared uncertain, industry executives were quick to deny any suggestion that the filing reflected lack of listener interest in the so-called progressive talk format. Air America says its programming is carried on 92 stations nationwide and reaches 2.4 million listeners a week.

"Whatever happens with Air America, the format is here to stay," said Amy Bolton, vice president and general manager of talk programming for Jones Radio, which syndicates programs by left-leaning hosts like Ed Schultz and Stephanie Miller. Ms. Bolton noted that Mr. Schultz's program had achieved big ratings increases on stations in San Diego, Albuquerque and Miami.

Jones, working with the radio giant Clear Channel Communications and an advocacy organization led by the former Clinton administration official John Podesta, this week started a national competition to identify new radio talent for the format. While certain progressive stations have achieved ratings success, Ms. Bolton noted, the format as a whole still lacks the roster of popular hosts that lead the conservative presence on radio.

The biggest of them, Mr. Limbaugh, said on the air yesterday that Air America's money woes did not surprise him.

"It was doomed to fail," Mr. Limbaugh said, according to news wire reports. "They were not a broadcasting concern to begin with. ... They went into business to affect elections."

Air America's Parent Files For Chapter 11 (WSJ)

By Sarah Mcbride

DOJ_NMG_0081274

The Wall Street Journal, October 14, 2006

The parent company of Air America Radio, the liberal radio network founded two years ago and home to personalities such as Al Franken, filed for Chapter 11 bankruptcy protection.

Piquant LLC ran into its latest setback when onetime partner Multicultural Radio Broadcasting Inc., which is owed about $550,000, had Piquant's bank account frozen at J.P. Morgan Chase & Co., exacerbating an already difficult financial position.

"Nobody likes filing for bankruptcy; however, this move will enable us to concentrate on informing and entertaining our audience during the coming months," said Scott Elberg, Piquant's chief executive, in a statement.

The filing will give the company financial breathing room, helping it to reorganize and negotiate better terms with creditors.

The company said it had assets of $7.8 million, and short-term liabilities of $19.8 million. A number of individuals have invested in the company, including RealNetworks Inc. CEO Rob Glaser, who is the company's largest secured creditor with $9.8 million in claims. Other claimants include Citigroup Inc.'s Citibank, with $2.5 million in unsecured claims, and Clear Channel Communications Inc., with $558,333 in unsecured claims.

Air America's programming remains on the air at about 90 affiliates around the country. A distribution agreement with Clear Channel Communications accounts for 24 of those affiliates through its "Progressive Talk" network of stations.

Launched as a counterpart to conservative talk shows, Air America hasn't taken off in a big way, in part because of difficulty finding strong host stations in many cities.

Write to Sarah McBride at sarah.mcbride@wsj.com1

Air America Files For Bankruptcy, Will Stay On The Air (WT/AP)

By Seth Sutel, Associated Press

The Washington Times, October 14, 2006

NEW YORK -- Air America Radio, the liberal talk and news radio network that features comedian Al Franken, filed for Chapter 11 bankruptcy protection yesterday but will stay on air as it reorganizes with funding from its investor group.

The network had denied rumors a month ago that it would file for bankruptcy protection.

Air America spokeswoman Jaime Horn told the Associated Press that the filing became necessary only recently, after negotiations with a creditor from the privately held company's early days broke down.

The filing and a shuffle of the network's executives marked the latest turbulence at Air America, which has struggled financially since going on air two years ago. In April, Danny Goldberg stepped down as chief executive officer and was replaced by an interim chief executive from a management consulting firm.

"Nobody likes filing for bankruptcy," said Scott Elberg, who yesterday was appointed CEO of the network. "However, this move will enable us to concentrate on informing and entertaining our audience during the coming months."

Air America has struggled financially since its inception. Documents filed with the bankruptcy court show that the company lost $9.1 million in 2004, $19.6 million in 2005 and $13.1 million so far in 2006.

Air America owes Mr. Franken $360,750, according to the court documents. Mr. Franken was traveling and unavailable to comment but would do so Monday, Miss Horn said.

The network also features shows from liberal talk-show host Randi Rhodes and syndicated shows from Jerry Springer and Portland, Ore.-based talk-show host Thom Hartmann.

Miss Horn declined to name the creditor that negotiations broke down with, but the company had tussled earlier with a business partner, MultiCultural Radio Broadcasting Inc., which is also a creditor to Air America's parent company, Piquant LLC.

The network will operate in the interim with funding from Democracy Alliance LLC, its investor group, which includes RealNetworks Inc. CEO Robert Glaser.

Mr. Glaser had formerly served as chairman of Air America and owns 36.7 percent of the company. He is also owed $9.8 million, according to documents filed yesterday with U.S. Bankruptcy Court for the Southern District of New York.

Mr. Glaser resigned as a director of Piquant effective yesterday morning, said Tracy Klestadt of Klestadt & Winters LLP, which represents Piquant.

Air America disclosed in the court documents that two directors left in the past two months, Douglas Kreeger and Tom Embrescia. Gary Krantz left as president in June, and Executive Vice President Tom Athans and Chief Operating Officer Carl Ginsburg left in July.

The new CEO, Mr. Elberg, who had worked at WKTU and also was a former general manager of the radio station WLIB in New York, has been with the network since May 2005.

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CIVIL RIGHTS:

Justice Department Sues Philadelphia Over Voting Rights (AP)

AP, October 13, 2006

WASHINGTON (AP) — The U.S. Department of Justice announced Friday that it had filed a lawsuit against the city of Philadelphia alleging violations of the rights of Hispanic and Spanish-speaking voters.

The complaint filed in the U.S. District Court for the Eastern District of Pennsylvania alleges that the city failed to provide Spanish-language assistance at the polls to most Spanish-speaking voters in recent elections, the department said.

Federal authorities also said the city prevented Spanish-speaking voters from receiving assistance from people of their choice, even in cases where bilingual assistance was otherwise unavailable.

Wan J. Kim, assistant attorney general for the Civil Rights Division, said in a statement that federal officials hope to reach agreement with city officials quickly "to begin essential remedial measures in time for the 2006 federal elections."

City representatives did not immediately return a message left at an after-hours number on Friday.

Justice Department To Help Troubled Clarksville Police Department (AP)

AP, October 12, 2006

CLARKSVILLE, Tenn.- With 12 discrimination lawsuits filed against the Clarksville Police Department, the mayor has asked a federal official for some help.

Walter Atkinson, who works for U.S. Department of Justice's Community Relations Service, will lead a group of citizens and officials to survey the police department and come up with suggestions to help solve its problems. The group will not investigate the specific lawsuits against the city.

"This is going to be as much a PR push" as an information-gathering process, said group member David Shelton, of the Clarksville Human Relations Commission.

Mayor Don Trotter said it should take several months before recommendations for the department are finalized.

The meetings, which will include interviews with police officers, are closed to the public, but the recommendations will be "very, very public," Shelton said.

The group began meeting Sept. 22. Its most recent meeting was on Wednesday.

Discrimination lawsuits have cost the city more than $300,000 in legal expenses thus far. A majority of the suits allege racial discrimination, but at least one female officer has sued claiming gender and age discrimination.

Two cases have been settled out of court for $265,000, three cases were lost in federal court on appeal, one case was dismissed, and six cases still are pending.

The city negotiated a retirement package for Police Chief Mark Smith earlier this year after nine of the lawsuits had been filed.

Feds, Centier Settle Redlining Allegations (NINT)

By BRIAN WILLIAMS And MARK FITTON, Times Staff Writers

Northwest (IN) Times, October 14, 2006

LAKE COUNTY: Bank will invest $4.3 million in minority lending efforts

The federal government and Whiting-based Centier Bank have reached a $4.3 million agreement to settle allegations the bank engaged in redlining, or discriminating on the basis of race or national origin.

The Justice Department alleged Centier violated the Fair Housing Act and Equal Credit Opportunity Act by unlawfully failing to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond.

Although it acknowledged its settlement with the government, the locally owned bank "strongly denies any suggestion that it has previously excluded minority communities from its banking efforts," Centier said in a news release.

However, the release said, Centier management feels "equally strongly about its desire to provide significantly enhanced services to residents and businesses in minority neighborhoods."

Centier President and CEO Michael Schrage told The Times the bank was surprised by the Justice Department's action and still does not agree with the allegations, but decided to enter into the agreement to avoid the delays and costs of litigation.

Characterizing the negotiations with the Justice Department as "amiable," Schrage said the Justice Department action had made Centier "more diligent in reaching out to underserved areas."

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The agreement would accelerate the bank's plans for expansion into the area in a three-year period rather than five, he said.

The consent decree filed in federal court in Hammond will prohibit Centier from discriminating on the basis of race, color or national origin in any aspect of residential real estate or credit transaction, according to the Justice Department. Once approved by the court, the agreement will resolve the allegations.

Under the settlement, the government said, Centier will:

-- Open new offices and expand existing operations in previously excluded areas.

-- Invest $3.5 million in a special financing program.

-- Spend at least $875,000 for consumer financial education, outreach and promotion in previously excluded areas.

Schrage said the bank will expand the size of its East Chicago branch office and will add two new branches in Gary in the next two years under the terms of the agreement.

In addition to physical expansion, the East Chicago branch will have a full-time loan officer and a full-time Hispanic lender within six to nine months, Schrage said. The Indianapolis Boulevard location will add a conference room, which will be available to community aid organizations, and a second office.

In Gary, a second, full-service branch is expected to open within nine months. Schrage anticipates it being on Broadway, but said a location hasn't been finalized. A third Gary branch is planned for opening in 2008, he said.

No new locations were on the drawing board for Hammond, he said.

The Justice Department said the bank fully cooperated with its investigation into lending practices and agreed to settle the matter without litigation. Wan J. Kim, an assistant attorney general in the civil rights division, commended Centier for its cooperation.

Centier also cited statements of appreciation and support from Habitat for Humanity of Lake County, Neighborhoods Inc. and the Urban League of Northwest Indiana.

The allegation

The government claimed Centier unlawfully failed to equally market and provide products and services to predominantly black and Hispanic neighborhoods in Gary, East Chicago and Hammond.

The response

Centier President and CEO Michael Schrage said Centier does not agree with the allegations, but came to terms with the government and will accelerate its efforts to invest in and reach out to minority communities.

The terms

Centier will open new offices and expand existing operations in previously excluded areas; invest $3.5 million in a special financing program; spend at least $875,000 for consumer financial education, outreach and promotion in previously excluded areas.

Attorney General Looked To For Help (BRAH)

By Melanie Marquez

The Bradenton Herald, October 14, 2006

BRADENTON - A beating months ago that led to the death of a 72-year-old man has the Bradenton police chief looking to the attorney general of the United States for help, calling the chief law officer in the country the "last hope" for justice.

After review of the case, the state attorney's office for the 12th Judicial Circuit declined to prosecute Jamaal Lambert, 25, in the death of James Ervin Barfield, saying Lambert was acting in self-defense when he beat Barfield during an argument on May 10 near a downtown apartment building Barfield owned.

Barfield was taken to Manatee Memorial Hospital where he died two weeks later.

Police Chief Michael Radzilowski wants Lambert prosecuted for the death, which was ruled a homicide by the medical examiner's office, and he's calling the state attorney's decision not to prosecute an error.

In a letter Radzilowski sent to the U.S. Department of Justice on Monday, he asks Attorney General Alberto Gonzales to review the case for "possible prosecution of any criminal or civil right violation."

As of Friday afternoon, there was "nothing open in the civil rights division," said Cynthia Magnuson, spokeswoman for the Justice Department.

The fight between Barfield and Lambert happened in the 1300 block of Third Avenue West, where Lambert's girlfriend rented a unit from Barfield. Lambert was staying there while his girlfriend was in jail, according to his arrest report.

Barfield was visiting a tenant, a 35-year-old woman he was romantically involved with, according to the review by the state attorney's office.

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Barfield was intoxicated and started yelling obscenities and racial slurs at Lambert before threatening to get a gun, according to the report. He drove away from the scene after Lambert had smacked him several times to the ground. Barfield drove to the Bradenton Police Department to report the incident and officers used the Baker Act to admit Barfield to the hospital.

The medical examiner's office ruled Barfield's death a homicide, caused by a beating, according to police officials.

In its decline statement, the state attorney's office said Barfield had the onset of cirrhosis of the liver and later developing pneumonia, which they referred to as "the direct cause of death."

Police contend Lambert was the aggressor and should have been charged with manslaughter.

Melanie Marquez, Herald staff writer, can be reached at 748-0411, ext. 2620, or at mmarquez@HeraldToday.com.

Judge Orders Jail Explanation (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, October 14, 2006

GULFPORT - A federal judge has ordered the Harrison County jail to explain what it is doing to hire more corrections officers.

The order, filed Thursday by U.S. District Judge Walter J. Gex III, addresses a lingering issue of staffing problems at the Harrison County Adult Detention Center. The last time the judge questioned the jail's staffing level via court order was in 2003, when the officer-to-inmate ratio was 1-to-10. The U.S. Justice Department, which has oversight to monitor improvements at the jail, recommends a ratio of 1-to-5.

The ratio is about the same today as it was in 2003. The jail needs to hire about 65 additional corrections officers. It has about 100 jailers to oversee 950 to 1,000 inmates.

Sheriff George H. Payne Jr. on Friday said his new warden has "a good plan of action" for hiring and he believes it will meet with approval. Payne said he has beefed up advertising to include television commercials featuring Don Cabana, appointed warden two months ago.

"We're having the same problem with hiring that many South Mississippi employers have faced since Hurricane Katrina," Payne said.

The court order gives the jail until Oct. 26 to provide a supplementary report to answer questions on staffing issues. The report is in addition to the quarterly report the jail is required to submit to the Justice Department.

Payne said staffing levels were up until the hurricane struck.

However, issues surrounding the fatal beating of inmate Jessie Lee Williams Jr. in February also have affected manpower and morale, Cabana said after his appointment two months ago. Two former jailers face criminal prosecution in the Williams case and a related civil lawsuit is pending.

Payne said he hired Cabana to bring about positive changes and he believes he is seeing results.

Seven corrections officers have been hired in the past couple of weeks, according to the latest personnel report approved by county supervisors.

Starting pay for entry-level corrections officers is about $10.40 per hour.

Pay is a potential drawback, said Cy Faneca, the sheriff's attorney.

"It's a dangerous job for not a lot of money," Faneca said.

Gex's order asks for details on plans to fill vacant jailer positions and the number of applications received, applicants interviewed and those hired.

Gex is the judge who signed the 1995 court order requiring the jail make improvements in inmate rights, jail conditions, medical care, security, training, staffing and other issues. The consent agreement came after U.S. Attorney Janet Reno in 1993 filed a complaint condemning how the Harrison County jail treated inmates and various related issues.

Students Arrested In Third Day Of Protest At College For The Deaf (NYT)

By Diana Jean Schemo

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — The authorities at Gallaudet University, the nation’s only liberal arts university for the deaf, moved on Friday to end a three-day siege by protesters by arresting the students opposing the board’s choice of the next president.

The campus police went into an area where about 100 protesters sat with arms interlocked, arresting them one by one and handing them over to Washington police officers who had blocked off the street along a side entrance to the university where the student protesters had gathered. As organizers had rehearsed in days leading up to the confrontation on Friday night, students went limp when arrested. They were then carried away by three or more officers.

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Mark Goldstone, a lawyer for the protesters, said the police arrested about 60 students in two hours, and arrests continued late into the night.

"This is our school, not yours," one protester shouted from the back at the arresting officers while others demanded, in sign language, that the departing president of the university, I. King Jordan, appear before protesters.

"Go get the drug dealers," the protesters shouted at the police, "leave the students alone."

As night fell in the hours before the arrests began, students vowed to continue their protests.

"We're going to be here every day, over and over again, until she resigns," said Christopher Corrigan, a 19-year-old junior from Frederick Md., who was the first to be arrested.

The protesters are demanding the immediate resignation of Jane K. Fernandes, the former provost who was named last spring to succeed Dr. Jordan as president. Students have complained that the selection process was skewed and that Dr. Fernandes lacks leadership qualities. Dr. Fernandes met Friday with four protesters and Mr. Goldstone for more than an hour, but they found no resolution to the standoff that has paralyzed this university for a week.

Dr. Fernandes has said repeatedly that she will not resign, saying it would set a bad precedent, and the current president and the board have stood firmly behind her.

Mr. Goldstone said the protesters were adamant in their demand that Dr. Fernandes step down, and she was equally resolute in refusing to do so.

But students were also determined, even welcoming the prospect of arrest Friday, which one protester, Leala Holcomb, 19, from Freemont, Calif., said would demonstrate their commitment to the world beyond the campus. "We want to get arrested to show we are firm in our conviction," Ms. Holcomb said, adding, "It is a pretty loud statement."

Gallaudet Rally Broken Up (WT)

By Matthew Cella, Gary Emerling And Katie Nichols, The Washington Times

The Washington Times, October 16, 2006

Police last night arrested dozens of student demonstrators who had blocked the gates of Gallaudet University's Northeast campus for three days in protest of the administration's choice for university president.

The students were uncooperative but peaceful -- forming human chains and forcing campus police and Metropolitan Police officers to separate them, lift them and drag them to a waiting fleet of vans.

The crowd jeered and howled as each student was carried off. By late last night, police had arrested about 90 protesters.

Police first said the students would be transferred to the department's training academy in Southeast and charged with unlawful assembly, which carries a maximum penalty of 90 days in jail and a $250 fine.

Later, officials said the charge would be incommoding -- a lesser infraction for which students could pay a $50 fine and be released or schedule a court appearance.

The arrests were made at a side entrance to the campus on Sixth Street Northeast and began at about 8:50 p.m., almost two hours after police and university officials issued a final warning to the demonstrators to disperse.

"I deeply regret being forced to take this action," said outgoing school President I. King Jordan. "I realize it may lead to arrests, but the protesters have left me no choice. Gallaudet University has exhausted all means of communication in negotiating with those who have disrupted the university's educational processes and held the campus hostage to their demands."

Mr. Jordan issued the final warning at about 7 p.m., after an hour of negotiations between student leaders and incoming President Jane K. Fernandes. Mrs. Fernandes briefly went out among the protesters in front of the main gate of the campus on Florida Avenue Northeast at about 2 p.m. She invited student leaders to meet and discuss their issues, while asking them to reconsider their protest. Neither side budged.

Students opposed to Mrs. Fernandes' appointment as president first took over Hall Memorial Building last week to demand that she resign. Early Wednesday, the protesters barricaded the six entrances of the campus, which includes a nursery, and elementary, middle and high schools.

Mrs. Fernandes, who was named president in May, will officially replace Mr. Jordan in January.

Shortly before officials issued the warning, police took position around the Sixth Street campus gate. Students had agreed to lift a barricade of the side entrance late Thursday, then reneged. The protests will be allowed to continue at the school's other gates.

Welders removed one of the gates as police and students watched.

Meloyde Batten-Mickens, executive director of facilities and chief of the school's department of public safety, asked protesters not to block access to the school's gates and said the requests were "non-negotiable." She said those who interfered would be subject to arrests, criminal prosecution and expulsion.

Assistant Chief Gerald Wilson of the Metropolitan Police Department also addressed the students.

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"The Metropolitan Police Department has gone to great lengths not to take sides in this issue," he said, advising the students on what they should expect.

Police issued several formal warnings before making the arrests and told protesters that those who did not resist would not be handcuffed. Handcuffing deaf people has been criticized because doing so takes away their only method of communicating.

Many of the 200 students who had formed the core of the protest group made their way from the front gate of the university to the side gate when it became apparent that the arrests would take place there.

Some shouted "arrest me" as police awaited the arrival of a light truck deployed to illuminate the area and ensure that the students would be able to understand the warnings given by sign-language interpreters.

Some students were defiant.

"I just want to see the best for Gallaudet," said Justin Jackerson, 19, through a sign-language interpreter. "I want to do this for Gallaudet. I know that I will not be alone."

Administrators canceled classes for the three days of the protest rather than call in police. Earlier yesterday, university officials said that arrests would be a last resort.

"We have to understand that inside the deaf community and the Gallaudet community [arrests] would be the saddest thing that could happen, and it would take a really, really long time to recover from that," university spokeswoman Mercy Coogan said.

Earlier yesterday, some students said they were anxious for classes to resume.

"I'm frustrated with the protests," said Jessica Loughran, 20, an international student in her third semester. "I know it's good for people to support, but I want my education."

After the Board of Trustees at Gallaudet, the country's largest school for the deaf, selected Mrs. Fernandes as its next president in May, protests followed until summer break, including objections from 67 percent of the faculty.

The protesters said there was a lack of diversity among the finalists in the selection process. Mrs. Fernandes, who is deaf, said some people think she is not deaf enough.

Gallaudet students engaged in similar arguments and protests in 1988, until a president-elect resigned and the board hired Mr. Jordan, who became the first deaf president at the 142-year-old university.

Gay Marriage Losing Punch As Ballot Issue (NYT)

By Kirk Johnson

The New York Times, October 14, 2006

DENVER, Oct. 13 — The debate over same-sex marriage was a black-or-white proposition two years ago when voters in 11 states barred gay couples from marrying.

But this year shades of gray are everywhere, as eight more states consider similar ballot measures. Some of the proposed bans are struggling in the polls, and the issue of same-sex marriage itself has largely failed to rouse conservative voters.

In some cases, other issues, like the war in Iraq and ethics in Washington, have seized voters' attention. But the biggest change, people on both sides of the issue say, is that supporters of same-sex marriage this year are likely to be as mobilized as the opponents.

The social conservatives, who focused on marriage in 2004 and helped President Bush gain re-election in some hard-fought states in the Midwest, have been offset by equally committed and organized opposition. Slick advertising, paid staff and get-out-the-vote drives have become a two-way street.

"The opponents of these measures have had a lot more time to organize and fund their efforts; that has made for a bit of a different complexion," said Julaine K. Appling, the executive director of the Family Research Institute of Wisconsin, which supports a constitutional amendment in that state defining marriage as between a man and a woman.

Proposals like Wisconsin's are also on the ballot in Arizona, Colorado, Idaho, South Carolina, South Dakota, Tennessee and Virginia. And while most of the measures are expected to pass, their emotional force in drawing committed, conservative voters to the polls, many political experts say, has been muted or spent.

Recent polls in Arizona, Colorado, Virginia and Wisconsin, for example, have suggested only narrow majorities in support, in contrast to the 60 to 70 percent or more majorities in most states that voted on the issue in 2004. Two recent polls in South Dakota suggested that the same-sex marriage amendment might actually lose, while a third said it seemed likely to pass.

"As it stands right now, conservative turnout is not going to be as strong as it has traditionally been," said Jon Paul, the executive director of Coloradans for Marriage, which is supporting a ballot measure that would ban same-sex marriage.

Some pollsters say people might just be burned out on the subject of marriage and its boundaries.

"It doesn't seem to be salient to what most Tennesseans are concerned about right now," said Robert Wyatt, the associate director of the Middle Tennessee State University poll. The ballot proposal there will almost certainly pass, Dr. Wyatt said, but

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few people think it will drive turnout or swing the tight race for the Senate between Bob Corker, a Republican, and Representative Harold E. Ford Jr., a Democrat. Both candidates support a ban on same-sex marriage.

Dr. Wyatt said efforts to stir enthusiasm among conservatives have mostly fallen flat.

"It's one of those things that's like preaching to the choir," he said.

The momentum against same-sex marriage at the ballot box has also been hurt by court cases that have upheld bans on same-sex marriage — notably rulings by the highest courts in New York and Washington this summer — by removing some of the urgency for constitutional amendments.

Here in Colorado, the debate has been complicated by the presence of two ballot measures on the subject that in essence work in opposite directions. One measure would add a ban on same-sex marriage to the Constitution, and the other would create a framework of legal rights for same-sex couples in civil unions.

Scholars who track gender-law issues say that gay rights groups and their allies have worked hard since the last election to create a middle-ground position on the question of partnership rights that could appeal to voters who might not vote for same-sex marriage.

The position, which has been repeated like a mantra across Colorado this year by advocates for the civil union proposal, holds that civil unions are not marriage and that if voters want to hold marriage apart as a separate institution for heterosexuals, that would be fine. But it is only fair and just, they say, that couples in other types of relationships have legal protections, too.

Opponents of the civil union bill say that the moderation line is a smokescreen and that same-sex marriage in Colorado will become a reality in fact, if not in name, if the civil union proposition is approved.

"It is nothing short of Orwellian doublespeak to say it is not marriage," State Representative Kevin Lundberg, a Republican from eastern Colorado, said at a recent forum in Denver on the ballot proposals.

Political analysts suggest that just like patrons perusing an old-fashioned Chinese restaurant menu, voters in Colorado considering the two measures might take one from Column A and one from Column B. Some people say they plan to do just that.

Joel Sidell and Dona Maloy — longtime unmarried partners who live in the Denver area — show how the lines have fractured. Mr. Sidell, 62, a retired police officer and a Republican, said he would probably vote for the ban on same-sex marriage and against civil unions.

"To me, it still does not seem right for a woman to be able to marry a woman and a male to marry a male," Mr. Sidell said. "I don't think it's the sanctity of the term. It just doesn't seem proper."

Ms. Maloy, 61, is a Democrat who said she planned to vote the opposite of her partner — no on the marriage amendment and yes to benefits for same-sex partners.

"I think that marriage is a personal thing; at least it is for me," she said. "Legally, I don't see why people can't all have the same rights."

The two major party candidates for governor in Colorado have also taken opposite sides on the marriage-civil union debate. The Democrat, Bill Ritter, has said he will vote for civil unions and against the constitutional amendment, while the Republican, Representative Bob Beauprez, has said he plans to vote against civil unions and for the same-sex marriage ban. Pollsters say those positions do not appear to be swaying the race, which Mr. Ritter has led by 10 to 15 percentage points in recent polls.

Tangled legal questions over parental rights, health care decisions and employer benefits have emerged in some states where efforts to ban same-sex marriage and civil unions were successful in the past, complicating calculations about how the bans play out in real life. The case of Lisa Miller and Janet Jenkins is one example.

Ms. Miller and Ms. Jenkins were joined in a civil ceremony in 2000 in Vermont, which allows same-sex contracts. Ms. Miller had a baby in 2002 through artificial insemination, and they raised the child together. Now they have separated, and both Vermont and Virginia, which does not recognize the validity of Vermont's civil union system, have claimed jurisdiction over the question of child custody.

Legal experts say the case is probably headed for the Supreme Court. In the meantime, Virginia's same-sex marriage ballot proposal would define marriage as between a man and a woman and also put into the Constitution the legal language at the heart of the custody battle: that civil unions formed in other states are invalid in Virginia.

That prohibition on civil unions is even too far-reaching for some opponents of same-sex marriage, said Larry J. Sabato, director of the University of Virginia Center for Politics.

"It's so sweeping, it's giving some people pause," Mr. Sabato said.

Meanwhile, gay men and lesbians continue to come out in ever greater numbers, especially in some of the states that will be voting on the marriage issue next month.

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From 2000 to 2005, the number of people identifying themselves in Census surveys as being in a same-sex couple grew by 30 percent, to about 770,000, according to a study released this week by the Williams Institute at the University of California, Los Angeles, which tracks and researches gay legal issues.

Of the eight states with ballot measures, the study found that six had growth rates higher than the national average, led by Wisconsin, up 81 percent; Colorado, up 58 percent; Virginia, up 43 percent; and South Carolina, up 39 percent.

Conservatives like Mr. Paul of the Colorado marriage group say the low-key tenor of the same-sex marriage debate could change in a thunderclap if a court decision that appears to undermine traditional marriage boundaries is handed down before the election. The New Jersey Supreme Court has a case pending and could issue a decision before Election Day.

Ban's Foes To Run Ad Across Va. (WP)

By Chris L. Jenkins, Washington Post Staff Writer

The Washington Post, October 14, 2006

An organization that opposes a ballot measure that would constitutionally ban same-sex marriage in Virginia is buying a TV commercial to run statewide, marking an intensifying effort to defeat the amendment.

The 30-second ad, which will begin appearing throughout the state today on CNN, shows an image of Virginia's 230-year-old Bill of Rights slowly being engulfed in flames. A narrator warns gravely that the amendment would "destroy" the spirit of the state's Bill of Rights, which served as the model for the U.S. Bill of Rights. A second ad will appear next week, officials said.

Sponsored by the Commonwealth Coalition, a group organized to defeat the amendment, the ad goes on to frame the organization's central argument against the amendment: Because of the wording, the measure will erode the rights of all unwed couples, including heterosexuals.

"Read all of Ballot Question One closely," the male narrator says. "Every unmarried couple could lose their rights. Like guardianship rights. And inheritance rights. . . . It goes way too far."

Proponents disagree, saying the ballot measure would ban only same-sex marriage and civil unions in Virginia. They have pointed out that there have not been cases of unwed couples losing such rights in any state that has passed similarly worded measures.

"We would have hoped that their TV ads would have answered the real question Virginians are being asked -- how should marriage be defined," said Victoria Cobb, executive director of the Family Foundation, a group that has helped organize support for the measure. "This is just another misleading campaign ad, and I don't believe Virginians will fall for it."

The ad's release three weeks before Election Day, Nov. 7, illustrates an expected scramble by both campaigns to sway voters on the issue. Cobb said the Family Foundation plans to run statewide radio commercials beginning two weeks before Election Day.

Dyana Mason, field director for the Commonwealth Coalition, said that it was unclear how long the opposition ad, which will cost the group $10,000 a day to broadcast, would air.

ANTITRUST:

AT&T-BellSouth Vote Is Delayed (AP)

By John Dunbar, Associated Press

AP, October 14, 2006

FCC allows time to study concessions

WASHINGTON – The Federal Communications Commission has delayed a vote on the proposed buyout of BellSouth by AT&T until Nov. 3 at the latest after two Democrats asked for time to study last-minute concessions offered by the companies.

The commission was scheduled to vote on the $80.8 billion deal in a special meeting yesterday that never convened.

Commissioners Michael Copps and Jonathan Adelstein circulated a letter among reporters that said in the previous 48 hours, new proposals had been made regarding the buyout that raised “a number of significant questions and complex technical issues for us to consider.”

They asked that the proposals, which were offered by the companies through Chairman Kevin Martin's office, be made available to the public.

Martin responded in a letter, agreeing to make the proposals available for public comment for 10 days, and set a commission meeting for Nov. 3, though the vote may come sooner and may not require a public meeting. Martin is traveling to China today.

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The proposed deal already was under fire by consumer advocates and some lawmakers, who said it would go a long way toward re-establishing a communications monopoly that the government broke up more than two decades ago.

AT&T released a statement yesterday saying the company would discuss adding conditions to the deal “so long as they do not affect our ability to deliver merger benefits to customers and shareowners, given the intensely competitive environment in which we operate.”

The Justice Department approved the sale without requiring any divestment or other conditions on Wednesday. Despite the scale of the purchase, the Justice Department found no potentially adverse effects on competition.

Adelstein called the decision “a reckless abandonment of DoJ's responsibility to protect competition and consumers.”

Since the Justice Department's announcement, Martin and his staff had been working with AT&T to craft a compromise that would satisfy the two Democrats. AT&T's proposed concessions were made available for public inspection last night.

For the first 30 months following the merger, the company is offering a number of consumer-friendly items, including free digital subscriber line, or DSL, modems to customers who want to upgrade from dial-up service, and $10-per-month DSL service.

AT&T also offered to donate $1 million to foundations that promote public safety and put forth a number of guarantees promising to limit charges for companies that use other parts of its network.

The FCC's approval would have removed the final major regulatory hurdle in AT&T's bid to extend its dominance as the nation's largest provider of phone, wireless and broadband Internet services.

When the deal was announced in March, it was worth about $67 billion. But the rising price of AT&T's stock pushed the value to $80.8 billion.

FCC Delays Its Vote On BellSouth AT&T Discusses Protections Wanted By Consumer Groups (AJC)

By Marilyn Geewax, Cox Washington Bureau

The Atlanta Journal-Constitution, October 14, 2006

Washington — AT&T Inc.'s proposed purchase of BellSouth Corp. was delayed Friday when federal regulators postponed a vote amid calls to attach consumer protections to the deal.

Federal Communications Commission Chairman Kevin Martin ordered his staff to open another 10-day period for gathering public comments, and set a new meeting for Nov. 3.

Analysts said they still believed the deal would be approved. The debate, they said, is over what conditions the FCC will require.

Late in the day, AT&T disclosed a broad array of possible concessions it had discussed with the FCC, including the sale of stand-alone, high-speed Internet service for a limited period of time and the return of certain jobs that had been moved overseas.

Consumer groups have been pushing the FCC to require the new AT&T to:

> Let consumers subscribe to high-speed Internet service even if they don't have phone service with the company.

> Lease more lines to local phone and data service providers.

> Accept some restrictions against charging higher rates to online content providers who are not affiliated with them — also known as net neutrality protections.

"There is no need to rush this deal through," said Consumers Union spokeswoman Jeannine Kenney. She said the postponement will give the FCC time to have "a more open and transparent process" as they evaluate creation of what would be the nation's largest telecommunications company, with operations in 22 states.

'Reasonable conditions'

AT&T spokesman Michael Balmoris said in a statement that a delay "is not uncommon in these matters" and that the company believes the FCC soon will "complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers."

Balmoris said AT&T is willing to accept "reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and share owners, given the intensely competitive environment in which we operate."

In a six-page letter to FCC Chairman Martin dated Friday, AT&T's senior vice president of federal regulatory affairs, Robert W. Quinn, listed a number of potential conditions that company officials had discussed in phone conversations with FCC officials on Thursday.

One would respond to a key demand of consumer groups: Let consumers in BellSouth's nine-state territory subscribe to high-speed Internet service without having to buy local phone service. The service would start within a year after the closing date of the merger and last for 2 1/2 years after the start date, the letter said.

Quinn's letter said net neutrality conditions had been discussed, as had the return to BellSouth territory of jobs that had been relocated to other countries. The number of jobs was not given, but BellSouth spokesman Jeff Battcher said the reference involved a "significant number" of customer service or technical support jobs now in India and elsewhere.

Martin, a Republican, has indicated he wants the acquisition to proceed with no strings attached.

But the two Democrats on the five-member commission, Jonathan Adelstein and Michael Copps, have been pushing hard to get consumer protections.

Shortly after noon Friday, more than an hour after the FCC meeting was to have begun, reporters were handed copies of a letter that Adelstein and Copps had written to Martin.

Long delay feared

The Democrats said the decision should be delayed because AT&T has made proposals in recent days that "raise a number of significant questions and complex technical issues for us to consider." They urged that the FCC "open this process to public comment."

Around 2 p.m., reporters were given a copy of Martin's reply. The chairman said he was willing to extend the comment period, but added that he hoped the Democrats would "avoid any further delay in our consideration of this transaction."

The two top members of Congress with jurisdiction over telecommunications matters, House Energy and Commerce Committee Chairman Joe Barton (R-Texas) and Senate Commerce Committee Chairman Ted Stevens (R-Alaska) echoed Martin's concerns.

More than six months have passed since the merger application was filed in March, Barton and Stevens said in a joint statement, and the FCC "has conducted a thorough review."

"The commission has a responsibility to act expeditiously," they said.

The Democrats, although a minority on the five-member FCC, have an unusual amount of leverage in this case.

Martin is supported by a fellow Republican commissioner, Deborah Tate. Analysts believe the fifth commissioner, Robert McDowell, would also support his fellow Republicans.

But he has not been participating in the negotiations because of a potential conflict of interest. He previously worked as a lobbyist for Comptel, an association representing AT&T's competitors.

Competitors react

Comptel has urged the FCC to "protect consumers from the re-monopolization of the communications industry."

Also, NuVox Communications and XO Communications, two local phone companies that compete with AT&T, have filed an emergency motion with the FCC, urging disclosure of AT&T negotiations over conditions.

"The public has been denied the opportunity to counter AT&T's back-room advocacy," the companies said in a statement.

San Antonio-based AT&T needs only FCC approval to complete its $80.1 billion purchase of Atlanta-based BellSouth to create the nation's biggest telecommunications company. AT&T would also gain full ownership of Cingular Wireless LLC, the largest U.S. mobile-phone carrier, which it now owns jointly with BellSouth.

On Wednesday, the U.S. Justice Department signed off on the merger without conditions after concluding the deal would not hurt consumers. The deal has also won approval from each of the U.S. states with jurisdiction.

F.C.C. Delays Vote On AT&T-BellSouth Deal A Second Time (NYT)

By Ken Belson

The New York Times, October 14, 2006

The Federal Communications Commission delayed voting yesterday on AT&T's $80 billion takeover of BellSouth for the second time this week, because two commissioners declined to make a decision until public hearings were held.

AT&T and BellSouth have already won approval from their shareholders, state regulators and the Justice Department. The F.C.C. is the organization remaining that must endorse the deal.

On Wednesday, the Justice Department signed off on the purchase without imposing any conditions on the companies. That angered Michael J. Copps and Jonathan S. Adelstein — the two Democratic commissioners at the F.C.C. — who said more time was needed to assess how consumers and companies would be affected.

With their objections in mind, the commission rescheduled its vote on the merger to yesterday, from Thursday, to give the commissioners more time to negotiate. When they were unable to decide whether and what conditions to impose on the companies, yesterday's meeting was canceled and rescheduled for Nov. 3.

"Given the limited analysis from our leading antitrust authorities, it is all the more imperative that we now employ an open process to fully involve all affected parties, including the applicants, in order to get the public and expert review that is otherwise lacking," the Democratic commissioners wrote in a letter to the F.C.C. chairman, Kevin J. Martin.

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The negotiations are complicated further because one Republican commissioner, Robert M. McDowell, is expected to refrain from voting because of a potential conflict of interest. If he were allowed to vote, the Republicans would presumably be able to approve the merger faster because they would outnumber the Democrats, 3 to 2.

Industry analysts do not expect the commissioners to reject the merged company, which would be the primary local phone provider in 22 states. The company would also be the largest seller of telecommunications services to businesses and the owner of Cingular Wireless, the country's biggest cellphone provider.

The commissioners could suggest that the merged company sell broadband to customers as an individual product, not bundled with phone service, a commitment Verizon accepted when it bought MCI this year.

The F.C.C. could also require AT&T and BellSouth to sell some of their wireless spectrum and local phone and data lines to ease concerns that they have too big a share in certain markets. The F.C.C. could also impose conditions that would ban the companies from charging companies extra fees to gain priority access to their networks.

Michael Coe, an AT&T spokesman, said in a statement: "We are open to discussing with the Democratic F.C.C. commissioners reasonable conditions on the merger in order to obtain unanimous approval, so long as they do not affect our ability to deliver merger benefits to customers and shareowners, given the intensely competitive environment in which we operate."

The F.C.C.'s decision to put off voting on the deal initially sent both companies' stocks lower in trading yesterday. AT&T's shares finished unchanged at $33.60 while BellSouth's stock dipped 15 cents, to $44.13.

AT&T Makes Concessions On Merger (SAEN)

By L.A. Lorek, Express-News Business Writer

San Antonio Express-News, October 14, 2006

AT&T has agreed to make concessions to get unanimous Federal Communications Commission approval for its $80 billion merger with BellSouth.

Late Friday, the San Antonio-based company filed a six-page letter with the FCC saying it "would not object to the imposition of certain merger conditions" requested by the Democratic commissioners "in order to obtain expeditious unanimous approval of the merger."

The FCC delayed its meeting Friday on the proposed merger of AT&T and Atlanta-based BellSouth until Nov. 3 after the two Democratic commissioners, Michael Copps and Jonathan Adelstein, sent a letter to Chairman Kevin Martin saying they wanted more time to evaluate the deal.

"In the last 48 hours, new proposals were made for addressing the concerns raised in this proceeding," Copps and Adelstein told Martin. "These proposals raise a number of significant questions and complex issues for us to consider."

They recommended AT&T and BellSouth's new proposal be put up for public review. They also blasted the Justice Department for its "limited analysis" of the merger.

In response, Martin wrote a letter saying the FCC would give the commissioners 10 days to seek public comment on the proposed changes.

In its latest filing, AT&T agreed to provide $10 broadband service, called Digital Subscriber Line, or DSL, to new customers in its territory.

The company also pledged to provide 100 percent broadband access to its entire service area and to give free broadband modems to customers. It also offered a $1 million public safety grant to public entities in its coverage area.

In addition, AT&T discussed returning jobs from overseas to the BellSouth territory.

The company also mentioned network neutrality, or requiring AT&T to carry Internet traffic without charging customers more for different services or applications, according to the letter. AT&T didn't provide specifics on these issues in its letter.

AT&T, which has been working with Martin's office for the past few days to hammer out an agreement, ran out of time to gain final approval for the merger, which is not uncommon, said Mike Balmoris, company spokesman.

"We look forward to the Nov. 3 FCC meeting, when we expect the FCC to complete its review, approve the merger and allow us to begin delivering the numerous benefits of the merger to consumers," Balmoris said.

The Justice Department approved the merger without restrictions Wednesday.

Usually, the Justice Department is responsible for determining the competitiveness or anti-competitiveness of a merger, said Le Keough, an analyst with Frost Bank in Austin.

"It made it though the (Justice Department) with flying colors, but there seems to be some political hang-ups at the FCC," Keough said.

But Ben Silverman, telecom analyst with FindProfit.com in Princeton, N.J., said the deal isn't in danger.

"This is typical last-minute wrangling," Silverman said.

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Members of Congress and consumer groups have urged the FCC to wait until a federal court reviews two previous telecommunications mergers — the deal between AT&T and SBC Communications Corp. and the combination of Verizon Communications and MCI.

The merger of AT&T and BellSouth would create the nation's largest telecom company and consolidate Cingular Wireless, one of the nation's largest wireless providers.

The combined company would rejoin four of the Ma Bell companies created in 1984 when a court broke up AT&T over monopolistic concerns.

AT&T and BellSouth together would have more than 300,000 employees and revenue of $117 billion. The merger would also increase AT&T's service territory from 13 to 22 states — 18 of which have approved the merger.

AT&T's shares closed unchanged Friday at $33.60 and BellSouth's stock closed down 15 cents at $44.13.

FCC Puts Off Vote On Deal By AT&T (CHIT)

By Jon Van, Tribune Staff Reporter

Chicago Tribune, October 14, 2006

Democrats get delay of BellSouth buyout

AT&T Inc.'s drive to win regulatory approval for its takeover of BellSouth Corp. stalled Friday as the Federal Communications Commission put off a decision on the matter until next month.

Acting earlier this week, the Justice Department approved the deal without condition, drawing harsh criticism from consumer advocates, some members of Congress and two FCC commissioners.

Those commissioners, Democrats Jonathan Adelstein and Michael Copps, sought a delay in FCC action on the case, arguing that AT&T's negotiations designed to win commission approval should be made public before a decision is made.

FCC Chairman Kevin Martin, who had advocated approving the merger without condition, accepted the Democrats' suggested delay and scheduled a meeting for Nov. 3 to consider the matter. Conditions on the deal needed to win the Democrats' support will be open for public discussion.

The stock transaction between AT&T and BellSouth is estimated to be worth about $80 billion and would give control of the nation's largest phone company and its largest wireless company to San Antonio-based AT&T, which was formerly SBC Communications Inc. before it took over AT&T last year.

A federal court review of two giant telecom mergers from last year—the SBC/AT&T deal and the takeover of MCI by Verizon Communications Inc.—is still pending. Judge Emmet Sullivan is considering evidence as to whether federal regulators gave those deals sufficient scrutiny to protect the public interest.

Senate and House leaders from both parties had asked the FCC and the Justice Department to delay their decisions on the AT&T/BellSouth deal until judicial review of last year's mergers was concluded. The antitrust division of the Justice Department ignored those requests, and the FCC appeared poised to do the same.

The FCC is controlled by three Republican commissioners, but its two Democrats have unusual influence on the AT&T matter because one Republican commissioner, Robert McDowell, is not participating in the decision. Before he was named to the FCC by President Bush, McDowell worked as a lobbyist for AT&T competitors who actively fought merger approval.

Democratic commissioners have asked for conditions to assure that AT&T will not use its increased market power in ways that harm consumers or competitors.

AT&T, which had pushed hard to get its merger approved this week, said it now expects approval next month. "We ran short of time to gain final approval," said Dave Pacholczyk, an AT&T spokesman, "which isn't uncommon in these matters. We look forward to the Nov. 3 FCC meeting."

Pacholczyk said his company believes the merger should be approved without conditions, but is open to discuss reasonable conditions that will win unanimous approval of the deal from regulators.

Analysts said they doubt that the FCC delay will prove a major obstacle to AT&T's deal, but that it was unexpected.

"This delay is a big surprise," said Jeff Kagan, an Atlanta-based telecom industry analyst. Kagan said he expects the deal will win approval, but with some conditions imposed.

"I think ultimately, it's not much more than a speed bump for AT&T," said David McCourt, chief executive of Granahan McCourt Capital LLC, a private investment firm specializing in telecom and media. "But I think that the Justice Department, acting so quickly, has injected more partisan politics into the matter than was necessary."

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Microsoft To Tweak Vista For EU Agency (AP)

Associated Press

DOJ_NMG_0081286

AP, October 14, 2006

BRUSSELS -- Microsoft Corp. is making several key changes to its coming Windows Vista operating system in an bid to soothe European antitrust worries, while keeping its worldwide distribution plans on schedule.

Brad Smith, Microsoft's general counsel, said Friday that the company agreed to change how people can set their preferred search service if they upgrade to Microsoft's new Internet Explorer browser. The Redmond, Wash., company also has tweaked Vista's security system to address concerns it was favoring Microsoft's products over competing security offerings.

In addition, the company plans to have an international standards organization review a controversial new file format that will be included in Windows and the company's Office business suite. He said that was a step toward making the format available for other companies to license.

Even with the changes, which will be included in all versions the company ships worldwide, Microsoft said it plans deliver the long-delayed Vista to large businesses in November and consumers and small businesses in January.

The announcement follows many testy exchanges between Microsoft and European regulators, who remain embroiled in a long-running antitrust dispute over the current version of Windows.

But Smith told The Associated Press the changes announced Friday were the result of conversation, rather than litigation, between the two parties. EU antitrust chief Neelie Kroes and Steve Ballmer, Microsoft's chief executive, spoke by phone Thursday.

The EU antitrust office, which this spring voiced concerns about the new Windows software, refused to back Microsoft's optimism that Europe's concerns had been met.

"The jury is out," a spokesman said.

Microsoft Makes Vista Changes (SEATIMES)

By Benjamin J. Romano, Seattle Times technology reporter

The Seattle Times, October 14, 2006

Microsoft is confident that changes it's making to Windows Vista will assuage competition concerns raised by European and Korean antitrust officials, and it plans to launch the new operating system on schedule around the world.

Last month, the company had raised the specter of a delayed launch in Europe, pending negotiations with the European Commission (EC) over features in Vista.

Microsoft General Counsel Brad Smith struck a diplomatic tone Friday, saying the company received "clear guidance" during months of "constructive dialogue" with regulators at the commission, the administrative arm of the European Union. In response, it is making significant changes to three areas of the software: security, search and a new file format.

"Having made each of these changes, the company and [CEO] Steve Ballmer felt comfortable moving forward and felt confident that we are in compliance with our EU competition law obligations," Smith said during a conference call with reporters.

He said Ballmer spoke with European Competition Commissioner Neelie Kroes on Thursday to inform her of the company's plans.

Wall Street viewed the news favorably, bidding Microsoft shares up 15 cents Friday to close at $28.37, a level it has not seen in nearly two years.

The company's comments strengthened investor confidence in the release schedule for Vista, due out for large business customers in November and for broad release in January. However, Vista is coming out more than two years later than originally planned.

"There's a timing issue," said Joe Wilcox, an analyst with Jupiter Research. "Microsoft wants to ship this operating system on time and it wants to ship it everywhere. And that puts Microsoft in a position to be more conciliatory."

Both Smith and the EC pointed out that there is no "green light" from the regulatory body, which does not approve products in advance.

Microsoft "must shoulder its own responsibilities to ensure that Vista is fully compliant" with competition rules and a 2004 anti-trust ruling against the company regarding the predecessor to Vista, the EC said in a brief statement Friday.

Fines and penalties stemming from that ruling have ballooned to nearly $1 billion. Microsoft is appealing.

The changes to Vista Microsoft announced Friday offer no guarantee that additional antitrust issues won't arise in the future.

"The commission will closely monitor the effects of Vista in the market and, in particular, examine any complaints concerning Vista on their own merits," the statement concluded.

Computer-security firms, among the most vocal complainants to the EC about Vista recently, withheld judgment on Microsoft's changes.

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"It's encouraging that they've said this," said Chris Paden, a Symantec spokesman. "It's a step in the right direction, but at the same time, security vendors are going to be wondering when" Microsoft will make technical details of the changes available for them to use.

McAfee, another security firm, did not return calls for comment.

Smith outlined the changes, which will apply to versions of the program sold in all markets, not just Europe.

Access granted

Microsoft is providing access to the kernel, or central part, of its code for 64-bit versions of Windows Vista, Smith said. A security feature called PatchGuard keeps the kernel inaccessible and unchanged. Previously, vendors had used access to the kernel for features of their own products.

Instead of removing PatchGuard, Microsoft built kernel-level application programming interfaces (APIs) so that security software vendors can still get access to parts of Vista they need, Smith said.

Microsoft also changed its Windows Security Center, a feature that sends alerts to users when, say, a firewall has been turned off or anti-virus software needs updating. Now, when a competitor's security product is installed, Windows Security Center will not duplicate alerts the competitive product may send.

Upgrade-process changed

In search, Microsoft changed the upgrade process to Vista and its Internet Explorer 7 browser to ensure that all search engines, such as Google, Yahoo! and its own Live Search, are on a level playing field.

Microsoft also agreed to submit its new file format — XML Paper Specification, or XPS, a competitor to Adobe's PDF — to a standards organization. Smith said it will also loosen the licensing terms under which the XPS format is available to other software providers for use in their own products.

He noted that the changes made at the EC's behest are one part of the global regulatory thicket Microsoft has navigated in building Vista.

"Windows Vista is probably one of the most heavily scrutinized products in the history of technology," he said, adding that Microsoft has worked with more than 20 government agencies on three continents.

Smith said that Microsoft has also been in discussions with the Korean Fair Trade Commission and plans to release a unique version of Vista to comply with its rules, on the same schedule.

Microsoft Makes Changes In Windows Vista To Suit Foreign Regulators (NYT)

By Paul Meller

The New York Times, October 14, 2006

BRUSSELS, Oct. 13 — Microsoft announced Friday that Windows Vista, the next version of its computer operating system, had been altered to satisfy regulatory concerns and would be introduced simultaneously worldwide. Less than a month ago, it had warned that antitrust problems could delay the introduction in Europe and South Korea.

A delay in one country or region would have serious consequences for software developers, computer manufacturers and retailers there. It would also create complications for Microsoft, which has always rolled out previous versions of Windows simultaneously around the world.

Steven A. Ballmer, Microsoft's chief executive, confirmed the global introduction of Vista in a phone conversation with the European competition commissioner, Neelie Kroes, late Thursday.

The new operating system will go on sale to large computer manufacturers next month and to the public in January.

In the statement issued Friday, Microsoft said it had altered Vista to address the concerns the commission has expressed about the new operating system over the last eight months.

Similarly, the concerns of South Korea's Fair Trade Commission have also been addressed, Microsoft said.

"We are excited to bring the security enhancements and innovative new features of Windows Vista to our customers and partners around the world, and we are committed to adhering to local law in every region of the world," Mr. Ballmer said in the statement.

Until now, Microsoft has resisted pressure to change Vista. Last month it accused the European Commission of not giving it clear enough guidance on whether Vista would pass muster under European antitrust law.

It also highlighted research that showed that hundreds of thousands of jobs in the European technology industry were at stake if Vista's introduction were delayed. Also last month, members of the European Parliament wrote to Ms. Kroes warning her of the harm she would be causing to European companies if she forced a delay.

The commission stood its ground, insisting that it was not up to regulators to approve Vista before its introduction. It repeated this message Friday. "The commission has not given a green light to Microsoft to deliver Vista," it said in a statement.

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"Microsoft must shoulder its own responsibilities to ensure that Vista is fully compliant with competition rules and in particular with the principles laid down in the March 2004 commission antitrust decision concerning Microsoft."

In 2004, the commission found that Microsoft had violated antitrust rules by bundling its music and video player, Media Player, into Windows XP and ordered the company to release a second version of Windows with Media Player stripped out.

"We understand that the European commission doesn't give a green light to a product before it is launched, and that it is a company's obligation to be in compliance with antitrust law," Brad Smith, Microsoft's general counsel, said in a conference call with journalists on Friday.

"Having made the changes we were advised to make, we are confident Vista is in compliance," he added.

Many of the problems with Vista identified by the commission echo the issues that resulted in the 2004 antitrust ruling. It alerted Microsoft to five potential antitrust problems in March, which were addressed in changes incorporated into the new operating system over the summer.

Last month, the commission pointed to three remaining problems, concerning Microsoft's plan to bundle into Vista an Internet search engine, security software and a fixed document format similar to the one sold by the software company Adobe.

Symantec, a leader in antivirus software, embarked on a huge public relations offensive, contending that Microsoft was effectively shutting it and other security software specialists out of Vista.

Two weeks ago, Microsoft addressed the main concerns of Symantec by agreeing to allow access to the heart, or kernel, of the Windows operating system to security products made by competitors. In the area of search, Microsoft changed Vista to allow users to choose their own search engine and make it the default Internet search tool on their computers.

In the area of fixed document formats, Microsoft agreed to the commission's demands that its new fixed-layout document format, called the XML Paper Specification, be scrutinized by an independent standards-setting organization. It also agreed to change the licensing terms to make its format more available to other software developers.

The commission said in a statement that it would "closely monitor the effects of Vista in the market" and would examine any complaints the new operating system might provoke "on their own merits."

Microsoft To Ship Vista On Schedule (MERCN)

By Dean Takahashi

The San Jose Mercury News, October 14, 2006

Microsoft said Friday that it would ship its Windows Vista operating system on schedule worldwide even as it addresses the concerns of European and Korean antitrust regulators as well as computer security firms.

The software giant will ship corporate versions of Vista in November and consumer versions in January, said Mary Snapp, vice president and deputy general counsel at Microsoft.

When the European Union raised concerns in March, Microsoft had warned it might have trouble making Vista available in Europe at the same time as other places.

``We are excited to bring the security enhancements and innovative new features of Windows Vista to our customers and partners around the world, and we are committed to adhering to local law in every region of the world," said Steve Ballmer, chief executive of Redmond, Wash.-based Microsoft.

Microsoft altered the operating system in several areas to respond to concerns of European and Korean regulators about ensuring fair competition, Snapp said. The company's changes address features related to security, search and document formats recognized by Vista.

The company also answered complaints from Silicon Valley-based security firms Symantec and McAfee.

The companies had accused the software programming giant of abusing its monopoly by controlling which security products can run on its new operating system. They say Microsoft blocked their ability to review the operating system's kernel, or core, and that Microsoft planned to confuse customers by offering its own security dashboard.

But Friday, Snapp said the company will allow security vendors to view the operating system's core by making available a key technology dubbed ``application programming interfaces."

In addition, the setup process for establishing security on the operating system will include options for choosing non-Microsoft security programs, Snapp said. When users click on the security center setup, they can choose Microsoft's solution as the default or choose options from other vendors.

Symantec representative Cris Paden said his company was aware of the concessions, but had yet to see the final detailed information needed to address their concerns.

``On one hand, it's encouraging that they're publicly committed to this, but we're being guardedly optimistic," Paden said. ``They haven't committed to a timeline and . . . it would be nice if they talked to us."

Microsoft will also make it possible for users to pick alternative search engines such as Google or Yahoo as their default. Changes such as these are important to third-party software companies because they fear that Microsoft's tight coupling of the operating system with its own software applications will give it an unfair advantage.

Google officials are awaiting Microsoft's impending release of the Internet Explorer 7.0 browser, which will hit the market ahead of the consumer version of Vista. That browser has a built-in search function, and Google wants to make sure users have a choice.

``We understand that Microsoft may make changes to the search default in IE7," said Ricardo Reyes, a Google official. ``But we haven't seen how it will be implemented yet."

In the past, conflicts on software bundling with Netscape and Real Networks led to years of litigation.

Finally, Microsoft said it would work with standard-setting groups to make the document formats recognized by Windows Vista available to other companies.

ENVIRONMENT:

Bush Signs Bill For Great Lakes Habitats (AP-Y)

AP, October 14, 2006

President Bush has signed a bill to reauthorize up to $16 million a year for grants programs to restore habitats in the Great Lakes region.

The legislation signed into law Thursday would authorize $80 million over five years to restore fish and wildlife habitats, provide money for fish and wildlife projects and upgrade reports on the area's ecosystem.

The money won't be spent unless included it's included in separate appropriations bills, but supporters said it would build momentum for a comprehensive $20 billion plan to restore the Great Lakes.

"This is a victory for our Great Lakes and the people who enjoy its beaches, world-class fishing streams and national parklands," said Tom Kiernan, president of the National Parks Conservation Association.

The lakes make up about 95 percent of North America's fresh water and have been threatened by pollution, invasive species and the loss of habitat.

The measure aims to guard thousands of different species of fish and wildlife and 130 endangered or rare plants and animal species that have been identified within the region's ecosystem. It was led by Sens. Mike DeWine, R-Ohio, and Carl Levin, D-Mich., and Reps. Mark Kirk, R-Ill., and Dale Kildee, D-Mich.

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The bill is S. 2430

Overcrowding, Not Race, Is US's Immigration Problem (FT)

By Edward Luce

Financial Times, October 14, 2006

Some time in the next few days the 300 millionth American will be born or perhaps – so the joke goes – will cross illegally into the US from Mexico at night. Like many jokes, this one has a kernel of truth. In 1967, when America's population hit 200m, only five per cent of the country was foreign-born. Today that proportion has more than doubled. By 2043, when the US is projected to cross 400m, it is likely to be far higher. An increasingly large share will be Hispanic.

But America's population milestone is significant for reasons other than the politics of immigration. Samuel Huntingdon, the author of The Clash of Civilisations and the lesser-known Who Are We? The Challenges to America's National Identity, may or may not speak for large numbers of Americans when he warns of the "unique and disturbing challenge" posed to America's social fabric by the influx of Mexicans. But history is definitely not on his side.

As the Washington-based Brookings Institution points out in an excellent series on America's 300m landmark*, fears of being swamped by un-American foreigners are older than America itself. Writing more than 20 years before the American revolution, Benjamin Franklin warned that the influx of Germans into Philadelphia "will shortly be so numerous as to Germanise us instead of our Anglifying them".

Today more Americans describe themselves of German than of British descent yet almost all of them are able to do so only in English. The notion that America's newer "Latino" arrivals will somehow convert America into a Spanish-speaking country is barely less tenable than Mr Franklin's fears about Germans.

It is fairly certain, however, that Hispanic immigrants will energise America's economy in much the same way as their Polish, Jewish, Irish and Italian predecessors – or indeed as do their less numerous contemporaries from Africa and Asia. As

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President George W. Bush once said, perhaps with one eye on the Hispanic vote: "Hell, if they can make it through the Great Bend we want 'em."

It is true that America is becoming less white, assuming – as the US Census Bureau does – that you define Hispanics as non-white. Some Americans sublimate their fear of being swamped by darker skins by talking instead about the linguistic or cultural threat to the American way of life. But the very fact that only a tiny slice of rightwing nuts feel able to articulate their racial fears suggests that the tide is permanently against them.

Between 1980 and 2000 the proportion of Americans in racially mixed marriages doubled to six per cent. A quarter of Americans say they have a close relative of a different colour. In short, there is little reason to believe the character of America's current expansion is a serious threat to its long tradition of assimilating large numbers of newcomers from strange lands.

More interesting, but perhaps less appreciated, is what America's continued expansion means for its future quality of life – and, indeed, that of the rest of the planet. Nobody who drives through America's seemingly endless suburbs and "exurbs" can miss the tension between the country's vast open horizons and the increasing traffic gridlock around them. Nor can they fail to notice that it is America's sprawling urban environs, rather than the cities themselves, that are accommodating the country's growing numbers. It is true that America's population density is still less than a quarter that of continental Europe. But Europe's population growth has reached a virtual standstill. Besides, there are not too many Americans who aspire to live in North Dakota.

For the large majority of Americans living near or on its east or west coastlines, the reality of growing population density is hard to ignore. What were once isolated mountain escapes or unblemished patches of coastline are now jam-packed with resorts, second homes and, of course, snaking queues of traffic. So condensed have America's coastlines become that it is often hard to distinguish one built-up area from another because what falls in between is crammed with the same strip malls and chain motels as the last.

Imagine America a generation from now with one-third more freeways, out-of-town malls, refuse landfills, residential developments and sports utility vehicles than it has today. That, of course, is without mentioning the threat of global warming to which Americans disproportionately contribute. With 4 per cent of the planet's population, America contributes a quarter of the world's greenhouse gas emissions.

Like many others, I will raise my glass to the vibrant culture of diversity and optimism that is symbolised by America's latest notch on the population ladder. But, like growing numbers of mainstream Americans, I will also ask whether this is the latest sign of America's economic success or a reminder that growth cannot continue in this fashion indefinitely. It is a good question to which the answer is yes, and probably.

*http://www.brookings.edu/comm/infocus/300million.htm

The writer is the FT's Washington bureau chief

Science Ignored, Again (NYT)

The New York Times, October 14, 2006

The Bush administration loves to talk about the virtues of "sound science," by which it usually means science that buttresses its own political agenda. But when some truly independent science comes along to threaten that agenda, the administration often ignores or minimizes it. The latest example involves the Environmental Protection Agency's decision to reject the recommendations of experts inside and outside the government who had urged a significant tightening of federal standards regulating the amount of soot in the air.

At issue were so-called fine particles, tiny specks of soot that are less than one-thirtieth the diameter of a human hair. They penetrate deep into the lungs and circulatory system and have been implicated in tens of thousands of deaths annually from both respiratory and coronary disease. The E.P.A., obliged under the Clean Air Act to set new exposure levels every five years, tightened the daily standard. But it left unchanged the annual standard, which affects chronic exposure and which the medical community regards as more important.

In so doing, the agency rejected the recommendation of its own staff scientists and even that of its Clean Air Scientific Advisory Council, a 22-member group of outside experts that had recommended a significant tightening of the standards. Stephen Johnson, the agency administrator, claimed there was "insufficient evidence" linking health problems to long-term exposure. He added that "wherever the science gave us a clear picture, we took clear action," noting also that "there was not complete agreement on the standard."

One wonders how much evidence Mr. Johnson requires, and how "complete" an "agreement" must be before he takes action. A 20-2 vote in favor of stronger standards seems fairly convincing to us; likewise the unanimous plea for stronger standards from mainstream groups like the American Medical Association.

The environmental and medical communities suspect that the administration's main motive was to save the power companies and other industrial sources of pollution about $1.9 billion in new investment that the more protective annual standard

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would have required. But here, too, the administration appears to have ignored expert advice. Last Friday, the agency released an economic analysis showing that in exchange for $1.9 billion in new costs, the stronger annual standards could save as many as 24,000 thousand lives and as much as $50 billion annually in health care and other costs to society. Studies like these always offer a range of possible outcomes, but even at the lower end — 2,200 lives and $4.3 billion in money saved — the cost-benefit ratios are very favorable.

In the next year or so, the administration must decide whether to tighten the standards for another pollutant, ground-level ozone, which causes smog and is also associated with respiratory diseases. The scientific advisory committee has tentatively recommended that the ozone standard be tightened, citing new evidence of smog's adverse effects. This time Mr. Johnson should pay more attention to the scientists and less to the political strategists in the White House.

FBI/DEA/ATF/USMS:

Medical Marijuana Advocate Faces New U.S. Indictment (NYT)

By Carolyn Marshall

The New York Times, October 14, 2006

SAN FRANCISCO, Oct. 13 — A leading medical marijuana advocate who successfully appealed his federal conviction this year has been indicted on new criminal charges that include tax evasion and money laundering.

The man, Ed Rosenthal, a well-known spokesman for the movement to legalize marijuana, was already facing a retrial on federal charges of growing marijuana for medical use. He is to be arraigned Monday in Federal District Court here on the new indictment, unsealed late Thursday.

It accuses Mr. Rosenthal, 61, of 14 felony charges that include cultivating marijuana plants; laundering $1,850, which the government says he got from selling the plants to medical dispensaries; and tax evasion. His tax returns, prosecutors said, omitted income from the sale of the plants.

Reached Friday at his home in Oakland, Mr. Rosenthal said he thought the efforts to prosecute him were part of a campaign to shutter medical marijuana sites in California and to subvert the state law allowing them.

"They want to shut me up," he said. "They are vindictive. They don't like anybody beating them, and they will go after you again and again until they wear you down."

The state and the federal government have been locked in a legal and cultural battle over the medicinal merits of marijuana since 1996, when California voters approved a ballot measure giving seriously ill patients the right to buy and use the drug with a doctor's prescription.

The Drug Enforcement Agency has been aggressive in investigating medical marijuana facilities. Last week, the authorities raided and closed five Bay Area sites, arresting 15 people.

A spokesman for the United States attorney's office, Luke Macaulay, would not comment on the new indictment, but said, "Drugs are a priority for the Justice Department, being that marijuana is illegal under federal law."

The new charges against Mr. Rosenthal are similar to those in a 2002 federal indictment. At the time, Mr. Rosenthal worked for the City of Oakland and was sanctioned under city and state laws to grow marijuana plants and sell them to dispensaries. He was convicted by a jury, but a federal appeals court overturned the decision, citing juror misconduct. He was granted a new trial, and prosecutors were moving forward, but the new federal indictment supersedes the earlier one.

Guilty Pleas By 2 Top Cali Cartel Figures Were 15 Years In Making (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, October 14, 2006

The guilty pleas by the two highest-ranking Colombian cocaine traffickers ever to appear in a U.S. courtroom had their roots in a hot summer morning 15 years ago when a drug-sniffing dog named Iowa found something suspicious.

The dog's alert on Aug. 26, 1991, led to the discovery at the Port of Miami of more than 12 tons of cocaine concealed in metal tubes that had, in turn, been hidden inside heavy concrete posts.

The shipment served notice to federal investigators that the Cali cartel had surpassed the better-known - and much more violent - Medellin cartel in controlling Colombia's cocaine trade and was employing ingenious new smuggling methods.

"It was electric, the atmosphere at the time," recalled Eddie Ryan, a federal prosecutor who worked the case until leaving Miami for Charlotte three years ago. "It was a huge load. This was a new game and they were better at it than anybody had ever been."

The investigation spawned by the big find would take many twists and turns and break new legal ground along the way.

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It culminated in the Sept. 26 guilty pleas to U.S. drug trafficking charges by brothers Gilberto and Miguel Rodriguez Orejuela, the Cali cartel kingpins nicknamed "The Chess Player" and "The Master" who are now serving 30-year prison sentences. A total of 141 cartel members have been convicted or pleaded guilty for their roles in an organization once responsible for 80 percent of the world's cocaine.

For Ed Kacerosky, the Customs agent who led the investigation from its inception, that moment in a Miami courtroom wasn't his biggest in the case.

Far better, he said, came after a midlevel defendant briefly mentioned links between the Cali smugglers and operations in Guatemala. That would lead to a Miami frozen vegetable warehouse used as a front to smuggle cocaine and to a lawyer who ran the cartel's South Florida operations.

"You need to catch a break," said Kacerosky, 50, now a U.S Customs and Immigration Enforcement supervisory special agent. "You could be the greatest detective but you need to have a little bit of luck."

One of those breaks came after one of a dozen Cali associates waited a bit too late to throw his cell phone into the Miami River.

Kacerosky had identified the Miami-based operatives by decoding phone numbers seized from a man arrested for involvement in the load hidden in concrete posts. When he called the numbers, all of them were dead except one - and that one had called the replacement numbers for all his confederates.

"That was the first big success. That's what turned the tide in this whole case," Kacerosky said.

It was also the early days of cell phones - the big, clunky gray or black ones - and well before computers were in common use to crunch investigative data, Kacerosky said. "This was all first-time stuff," he said.

Information from that cell phone information led to the frozen vegetable operation that got weekly shipments from Guatemala - "I said 'bingo'" recalled Kacerosky - and to a lawyer named Harold Ackerman, who lived in a Miami Beach mansion. A wiretap was placed on his phone and investigators monitored 186 phone calls over a six-day period discussing Cali cocaine shipments, money laundering and so forth.

"That was just an absolute gold mine," Kacerosky said.

Ackerman was eventually convicted and sentenced to six life terms but won sentence reductions for his cooperation with federal prosecutors. Well before that, however, he provided another set of clues that helped unravel the cartel.

There were 24 employees listed in Ackerman's coded address book. All had fled Miami after Ackerman's 1992 arrest except a new hire named Raul Marti, who worked at the Taino Coffee Co. Investigators discovered that Taino was getting three or four shipping containers of "coffee" per month from Panama, which seemed suspiciously high.

Marti had no cell phone and didn't make many calls from his office. But four times a day, Marti would go to one of several banks of pay phones in Miami and use a prepaid phone debit card - cutting-edge technology in those days - to call numbers in Cali, Colombia.

Kacerosky was able to trace the cards' access numbers to a switching service in Miami that specialized in Colombian phone debit cards. So rather than trying to obtain difficult-to-get wiretap orders for dozens of pay phones, Customs investigators got warrants for the card numbers and monitored the calls through the switching service.

That led to hundreds of tapes of conversations between Miguel Rodriguez Orejuela and several Cali operatives and lawyers in the United States. Eventually, other Miami-based attorneys would join Ackerman in prison for convictions on such things as preparing false affidavits, paying hush money and relaying threats from cartel kingpins.

Those prosecutions, and the unprecedented search warrants approved in 1994 by the Justice Department for lawyers' offices, changed the way defense attorneys do business - especially the care taken to discover the source of a client's money.

"It really changed the landscape for the country on how lawyers had to look at their fees and had to protect themselves in addition to their clients," said David O. Markus, who represents Gilberto Rodriguez Orejuela.

The case also provided important lessons for law enforcement. Perhaps the key, Kacerosky said, was that investigators didn't quit after arresting a trio of low-level people who had been hired to break open those original cocaine-laden concrete posts in 1991.

Investigators knew the Cali kingpins had a state-of-the-art warehouse filled with cutting tools and a dozen workers ready to slice open the posts and distribute the cocaine gradually. But the Rodriguez Orejuela brothers opted instead for three guys with sledgehammers, Kacerosky said, to test whether U.S. agents were on the trail of their big load.

It would have been easy to declare victory and go home after making that bust, but Customs, the Drug Enforcement Administration and drug task force other investigators did not.

"The No. 1 lesson is you never stop investigating," Kacerosky said.

Guilty Plea In Colo. House Bombs Case (AP)

DOJ_NMG_0081293

By Jon Sarche, Associated Press Writer

AP, October 14, 2006

(AP) - DENVER-A former air traffic controller accused of planting homemade bombs in March outside the Grand Junction homes of four co-workers and a Federal Aviation Administration official pleaded guilty Friday to one single count that could put him in prison for more than a decade.

Burke, 54, was arrested in Utah in April. He agreed to plead guilty to a charge of malicious damage to a building used in interstate commerce.

U.S. District Judge Robert Blackburn said the charge is punishable by five to 20 years in prison and a fine of up to $250,000. Prosecutors said they will recommended a term of 10 years when Burke is sentenced on Feb. 2.

Burke had worked for Serco Group PLC, a British company that staffs air traffic control towers at airports in Grand Junction and 55 other locations. He was fired in 2004 after working for Serco for four years.

The federal Bureau of Alcohol, Tobacco and Firearms has said the Grand Junction bombs were similar to a device that exploded at Serco offices in Murfreesboro, Tenn., in February.

No one was injured and only minor property damage was reported when three of the bombs in Grand Junction exploded. Two others were defused by bomb technicians.

IMMIGRATION:

Suit Over Illegals OK'd For Workers At Tyson Foods (WT)

By Steve Hirsch, The Washington Times

The Washington Times, October 14, 2006

A federal judge has ruled that workers can file a class-action suit against Tyson Foods Inc. for depressing wages by hiring illegal aliens.

Howard W. Foster, a Chicago lawyer for the Tyson employees, described the ruling in Winchester, Tenn., as a "very big step," allowing him to seek damages for thousands of workers at eight plants -- including one in Glen Allen, Va. -- instead of just the four original plaintiffs.

The case, filed in 2002 under the federal Racketeer Influenced and Corrupt Organizations Act (RICO), is one of a growing number across the nation challenging illegal aliens in the workplace. In August, a temporary agency in California sued its competitors under the state's unfair-competition laws.

Mr. Foster has represented U.S. citizens seeking damages for wage depression caused by employment of illegal aliens in other cases, including one against Mohawk Industries and a class-action case against Zirkle Fruit Co., which has been settled.

"You can't bring these cases unless they get certified as class actions," he said yesterday.

"An individual person can't bring one -- it's not economically viable to do it. So it's important that it gets certified as a class action," he said.

An estimated 12 million to 20 million illegal aliens are living in the United States, making up a large part of the nation's work force.

In April, Homeland Security Secretary Michael Chertoff announced a nationwide crackdown to target employers who "knowingly and recklessly" hire illegal aliens, and those who help them find jobs.

His announcement coincided with news that more than 1,180 illegal aliens had been arrested during raids at 40 IFCO Systems North America Inc. plants. The Houston company is the largest pallet services company in the U.S.

Yesterday, Tyson Foods described the judge's ruling as "procedural," adding that it was "not based on the merits of this case, which was actually dismissed by another judge back in 2002."

"We remain confident our company will ultimately prevail," Tyson spokesman Gary Mickelson said by e-mail.

"The plaintiffs' claims in this lawsuit are simply unfounded and largely based on federal charges our company has already successfully defended," he said, adding, "In 2003, a Chattanooga jury found the Springdale, Ark., company not guilty of violating immigration laws, confirming the company has made a concerted effort to hire properly and abide by the law."

U.S. District Judge Curtis L. Collier's order, issued Tuesday, schedules a Jan. 29 conference with lawyers. It is expected he will set a trial date then.

A federal jury in March 2003 acquitted Tyson and three former managers of conspiring to hire illegal aliens from Mexico and Central America for low-wage production jobs to boost profits. Two former Tyson managers who made plea deals were sentenced to one year each of probation.

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Before the case went to trial, four former employees at Tyson's Shelbyville, Tenn., plant sued. The lawsuit by Birda Trollinger, Robert Martinez, Tabetha Edding and Doris Jewell contends the company violated the RICO Act by knowingly hiring illegal aliens who were willing to work for wages below those acceptable to Americans.

In 2004, a three-judge panel of the 6th Circuit Court of Appeals in Cincinnati overturned a lower-court dismissal of the four workers' case.

The lawsuit says Tyson relied on a network of recruiters and temporary employment agencies that brought illegal workers into the United States and supplied them with false identification.

Mr. Foster said Tyson employee pay, "probably $8 to $10 an hour," was depressed by the hiring of illegal aliens.

"We haven't stated exactly" by what amount wages were depressed, he said, adding that that would be determined by "experts."

The eight Tyson plants named in the suit are at Shelbyville; Corydon, Ind.; Gadsden, Ala., Blountsville, Ala., Ashland, Ala.; Sedalia, Mo.; Center, Texas and Glen Allen, Va.

· This article is based in part on wire service reports.

CONGRESS-ADMINISTRATION:

Govt. Reports 788 Cases Of Lost Data (AP-Y)

By Stephen Ohlemacher, Associated Press Writer

AP, October 14, 2006

Federal workers at 19 agencies have lost personal information affecting thousands of employees and the public, raising fresh concerns about the government's ability to protect sensitive information.

Most of the data was lost or stolen. In a few cases, it was accessed by computer hackers, according a report released Friday by the House Government Reform Committee. Government contractors were responsible for many of the security breaches.

In all, the committee reported 788 incidents involving the loss or compromise of sensitive personal information since Jan. 1, 2003. That was in addition to the "hundreds of security and privacy incidents" at the Department of Veterans Affairs, the report said.

"Data loss is a government-wide occurrence," the report said. "The vast majority of data losses arose from physical thefts of portable computers, drives and disks or unauthorized use of data by employees."

The committee asked all Cabinet agencies, the Office of Personnel Management and the Social Security Administration to report all losses of sensitive personal information since January 2003. The request came after a laptop with information for more than 26.5 million military personnel was stolen from a Veterans Affairs Department employee in May. Law enforcement officials recovered the laptop, and the FBI said Social Security numbers and other personal data had not been copied.

In many of the newly reported cases, the agencies still don't know the extent of the losses, the report said.

The Treasury Department reported the most incidents — 340 — including one in 2005 in which an IRS employee reported a missing computer drive nearly a month after he had last seen it.

The Commerce Department reported 297 incidents since January 2003. However, in a separate report released in September, the department acknowledged losing 1,137 laptops since 2001. Most of the lost computers had been used by the Census Bureau.

Among the other security breaches cited in the report:

_In August, a laptop containing personal information on 30,000 applicants, prospects and recruiters fell off a motorcycle driven by a Navy recruiter. Someone in a car apparently stopped and picked up the computer. A notification letter is being prepared for those affected.

_In 2004, a federal student aid contractor used a commercial shipping company to send personal information on 8,290 borrowers. The package was lost in transit, but the Education Department decided against notifying the affected people.

_A computer hacker used "malicious software" to access files containing personal information on 1,717 employees of the National Nuclear Security Administration in 2005. The Energy Department, which oversees the agency, said it has improved its computer defenses.

· Two employees of a contractor for the Centers for Medicare and Medicaid Services stole records containing information on about 1,574 Medicare beneficiaries "for the purpose of identity theft" in 2005. The affected people were notified.

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_A company that issues charge cards for the Interior Department lost data tapes containing information on 61,000 cardholders in 2005. The cards were issued under the General Services Administration's SmartPay program. Affected cardholders were notified.

_In July, six Justice Department employees submitted computerized attendance reports containing Social Security numbers. Those reports were then downloaded 220 times and viewed 7,772 times. The incident is being investigated.

Data Theft At Agencies Not As Uncommon As Hoped (LAT)

By Moises Mendoza, Times Staff Writer

The Los Angeles Times, October 14, 2006

A House report deems the incidence of lost or stolen information more pervasive than thought. Most cases are outright theft, it says.

WASHINGTON — Incidents of lost or stolen personal data at federal government agencies are more widespread than previously thought, affecting all 19 federal departments and millions of citizens since 2003, according to a congressional report released Friday.

Most of the nearly 800 incidents of data losses have never been publicly reported. The "vast majority" were not accidental misplacements, but rather outright thefts of computers or data disks containing sensitive information such as Social Security numbers. In some cases the data were used inappropriately by employees and private contractors, the report said.

The House Government Reform Committee began investigating data losses after several high-profile security breaches, including the theft in May from an employee's home of a Veterans Affairs laptop containing the personal data of more than 26 million veterans.

Since then, several other agencies, including the Social Security Administration, the Internal Revenue Service and the Department of Health and Human Services, have revealed security breaches that affected thousands more individuals.

The report found that agencies are often slow to realize that data thefts have taken place or how many people were affected by the breaches. And it was unclear how often they have informed citizens that their data might have been compromised, the report added.

Committee member Henry A. Waxman (D-Los Angeles) said federal agencies were losing too much information and suffering too many breaches.

"Americans expect their private information to be protected," Waxman said in a statement. "But the reality is that federal security systems remain far too vulnerable."

According to the report, recent incidents included:

· The loss in March of a Defense Department portable data drive that included personnel records of more than 200,000 Marines who served from 2001 to 2005. The report said the department sent a notification letter to the Marine Cops and the affected Marines.

· The loss of a Department of Education magnetic tape containing the personal information of more than 11,000 student loan borrowers.

· An unauthorized breach of an Air Force database compromising personal data of more than 30,000 members of the military.

Other incidents of data loss were reported to the committee by the departments of Housing and Urban Development, Transportation, State, Treasury, Commerce and Veterans Affairs.

The Commerce Department, for example, reported 214 incidents of lost or stolen computers at the Census Bureau. Veterans Affairs officials reported their data on two large spreadsheets covering hundreds of security and privacy breaches, the report said.

In most cases, the report said, there was little evidence that thieves used the data to steal people's identities. However, the report did cite one identity theft scheme last year by a Health and Human Services contractor that affected more than 1,500 people.

A few incidents have involved hackers looking to use citizens' personal data for illegal purposes, the report said.

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U.S. Careless With Citizens' Information (WASHTIMES)

By Jerry Seper

The Washington Times, October 14, 2006

Personal files maintained by the federal government on all U.S. citizens "remain at risk," according to a House report released yesterday, which said the stored information is routinely lost because of carelessness, misconduct or theft.

"The federal government compiles and holds sensitive personal information on every citizen, including health records, tax returns and military records," said a report by the House Government Reform Committee.

"In many cases, agencies do not know what information they have, who has access to the information, and what devices containing information have been lost, stolen or misplaced."

The report said much of the information was lost when laptop computers were stolen, documenting the theft of more than 1,800 government-owned laptop computers -- including one belonging to the Defense Department and containing personal information on 30,000 applicants, recruiters and prospects that "fell off a motorcycle belonging to a Navy recruiter."

The committee, chaired by Rep. Thomas M. Davis III, Virginia Republican, began an investigation into the government's ability to keep its files secure after the Department of Veterans Affairs' disclosure that computer equipment containing the personal information of 26.5 million veterans and active-duty members of the military had been stolen from the home of a department employee.

Since that time, several other agencies -- including the Social Security Administration, the Internal Revenue Service and the Department of Health and Human Services -- have acknowledged security breaches that affected thousands more people.

To develop what the committee called "a full picture of the risks posed by data breaches at federal agencies," it asked agencies to provide details about incidents involving the loss or compromise of any sensitive personal information held by the agency or a contractor since Jan. 1, 2003.

The report outlined a "wide range of incidents involving data loss or theft, privacy breaches and security incidents," noting that despite the volume of sensitive information held by the agencies, there is no requirement that the public be notified if it is compromised.

The committee found that data loss is a governmentwide occurrence, noting that 19 federal departments and agencies had reported at least one loss of personally identifiable information since January 2003. It said the agencies do not always know what has been lost or how many people could be affected by a particular data loss.

It also said that only a small number of the data breaches are reported to the committee were caused by hackers breaking into computer systems online, with the vast majority of losses resulting from thefts of portable computers, drives and disks, or unauthorized use of data by employees.

The committee also said that federal agencies rely heavily on private-sector contractors for information-technology management services and, as a result, many of the reported data breaches were the responsibility of contractors.

According to the committee, problems concerning the loss of personal information were found at Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, Veterans Affairs, Office of Personnel Management and the Social Security Administration.

The Identity Theft Scare (WP)

By Fred H. Cate

The Washington Post, October 14, 2006

Identity theft is getting a lot of attention these days -- from news stories about missing laptops and lost data to television commercials for fraud prevention and credit monitoring services. Congress has held hearings, and members have issued forecasts of an impending plague of identity theft. Rep. Edward Markey (D-Mass.), in a statement typical of many of his congressional colleagues, said that "Social Security numbers and date-of-birth information are pure gold in the hands of identity thieves, who quickly convert them into credit cards and cash equivalents to perpetrate massive frauds."

When a laptop was stolen from the home of a Department of Veterans Affairs employee this year, newspapers across the nation editorialized about the dangers facing the people whose data were on the computer. The Post alone published more than 40 stories and wrote that "26.5 million veterans were placed at risk of identity theft." The VA notified all 26.5 million of them and asked Congress for $160.5 million to cover the cost of one year of credit monitoring for the veterans.

Then the laptop was recovered -- the data untouched and the risk of identity theft shown to be nonexistent.

The happy ending to the VA saga should have come as no surprise. The fact is that few if any such breaches lead to identity theft or other consumer injuries.

A 2005 study by ID Analytics, which operates a nationwide fraud-detection network, found that even when the missing information included credit card numbers or other account-level data, the risk of identity theft was no greater than for accounts from which no information was lost or stolen. Two years after a theft, only one out of every 1,020 account holders whose information had been stolen -- less than one-tenth of 1 percent -- had been targets of any attempted fraud.

The reasons are not hard to discern.

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First, the term security "breach" is so broad that it includes cases, such as that of the VA employee, in which the target of the theft was equipment, not data. In fact, most security breaches involve the accidental loss of information or equipment rather than a deliberate attack on data.

Second, identity theft is most commonly the result of data being obtained directly from victims, not through security breaches. According to a 2005 Javelin Strategy & Research survey, for the half of victims of identity-based fraud who knew where their information had been obtained, the most common source was a "lost or stolen wallet, checkbook, or credit card."

Thirty-five percent of identity-theft cases in which the perpetrator was identified involved a "family member or relative," and 18 percent a friend or neighbor. That means that roughly half of all known identity thieves were not strangers. Another 23 percent of such cases involved dishonest employees. All together, three-fourths of identity theft cases did not involve access to the kind of third-party data obtained through a security breach.

Third, identify theft affects far fewer Americans than the hype suggests. Although the figure most commonly cited in the media is 10 million U.S. victims a year, in April the Justice Department put the number at 3.6 million for the second half of 2004.

But more than half of those cases (two-thirds, according to the Federal Trade Commission) actually involve credit card fraud. This is good news, because Congress long ago limited consumer liability for credit card fraud to $50, and the universal industry practice is to waive that charge.

The Justice Department estimates that there were only 538,700 cases of true identity theft (those in which personal information was used to open accounts in the victim's name) in the second half of 2004. The FTC received about 250,000 identity-theft complaints in 2005. Moreover, research shows that identity theft is on the decline.

The danger of the security breach frenzy is not merely that it exaggerates the risk of identity theft and the role that security breaches play but that it ignores greater threats, such as the involvement of organized crime and the emergence of new and harder-to-detect frauds, that menace our increasingly information-dependent society.

The writer is director of the Indiana University Center for Applied Cybersecurity Research and a distinguished professor of law and adjunct professor of informatics.

Outgoing Medicare Chief Cites Drug Savings (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, October 14, 2006

The Medicare prescription drug benefit is on pace to cost the federal government about $30 billion this year, far less than the $43 billion originally projected, outgoing Medicare chief Mark B. McClellan said yesterday.

The lower cost is a result of cheaper-than-expected premiums, fewer people than anticipated enrolling in the new coverage, and slower growth in drug spending, said McClellan, who is returning to the private sector next week after 2 1/2 years as administrator of the Centers for Medicare and Medicaid Services.

McClellan, 43, spent his last day having breakfast with a dozen reporters, conducting a conference call about Medicare's online tools for consumers and talking with his staff.

"And I've got a few boxes to pack up -- photos and things like that," said McClellan, who added that he was "probably just going to go home and collapse" at day's end.

The economist and physician previously served as commissioner of the Food and Drug Administration and as a member of the White House's Council of Economic Advisers. Leslie V. Norwalk, No. 2 at CMS, will take charge as acting administrator.

McClellan plans to announce an affiliation with a Washington think tank on Monday. The Texan said he is pleased that independent surveys show that 80 percent of people who signed up for the new drug benefit are satisfied with their plans. But what he is most proud of has been his emphasis on shifting Medicare toward better-coordinated, prevention-oriented care, he said.

"We have got to move in this kind of direction to have a sustainable, innovative, affordable health-care system," he said.

The lower costs, he said, are due largely to the competition among insurers to lure seniors to their plans. When Congress created the benefit, the average monthly premium was expected to be $37; it has turned out to be $24. And instead of rising to $40 next year as projected, the average premium should be $26, he said.

A House Democratic analysis, however, concluded that the average monthly premium in 2007 will be about $29, and that some beneficiaries will see far steeper increases. The analysis calculated that the average cost of the lowest-priced plan will rise 44 percent, to $13.58.

McClellan has called the analysis "misleading" because it does not account for seniors who have drug coverage through HMO-style Medicare Advantage plans.

Another factor in holding down costs is enrollment. There are 43 million people on Medicare, the federal health insurance program for the elderly, and actuaries estimated that 38 million would seek the new drug coverage.

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Instead, about 23 million seniors enrolled in drug plans directly through Medicare, and 7 million others got coverage through employers that received a Medicare subsidy to continue private drug plans for their older employees and pensioners, officials said. An additional 5 million seniors get drug coverage through the Department of Veterans Affairs, and about 2.5 million are covered through the Federal Employees Health Benefits Program.

Predictions that many employers would drop their plans and send older workers or retirees to Medicare for drug coverage did not come to pass, McClellan said.

Finally, costs were lower than predicted because about 60 percent of the prescriptions filled under the new benefit were for generic drugs, compared with the national average of about 52 percent, he said.

The drug benefit's costs are projected to climb to $48 billion next year, in part because people who enrolled as late as this May will be on the books for all of 2007. But because that estimate does not reflect the latest cost data from the plans, McClellan doesn't expect it to stick.

"I think it's unlikely that we're going to see anything but a significant reduction in that $48 billion projection," he said.

White House Denies Book's Allegations (AP-Y)

By Jennifer Loven, Associated Press Writer

AP, October 14, 2006

A former Bush aide claims that evangelical Christians were embraced for political gain at the White House but derided privately as "nuts," "ridiculous" and "goofy."

The allegations — denied by the White House on Friday — are in a new book by David Kuo, a conservative Christian who was deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003.

The book describes Kuo's frustration at what he felt was lackluster enthusiasm in the White House for the program, which seeks to steer more federal social service contracts to religious organizations. Details from the book, "Tempting Faith: An Inside Story of Political Seduction," were reported by MSNBC ahead of Monday's publication date.

Kuo singled out staffers in the office of Karl Rove, Bush's top political adviser and deputy chief of staff, as particularly condescending toward evangelical Christians, viewing them as necessary to help win elections but ridiculing them behind the scenes.

Kuo also described how officials from the faith-based office were systematically dispatched to hold large events in areas where there were key House and Senate races before the 2002 elections.

White House press secretary Tony Snow said he had not yet seen the book. But he said Rove was asked if he made the comments and replied he had not. Kuo, however, doesn't single out anyone by name as making the condescending comments.

"These are people who are friends. You don't talk about friends that way," Snow said.

Bush's spokesman also said there was no attempt to exploit the office to score political points, and that the president had specifically directed it not be politicized.

Snow denied Kuo's charge that the White House's religious charities program wasn't given the status it deserved, saying Bush's personal commitment to the policy was solid. Kuo has complained publicly in the past that the White House did not push hard enough for promised federal funding for religious groups to help the poor.

Snow read from what he called a "very warm letter" Kuo wrote to Bush when he left the White House. Kuo told the president he was proud of what the initiative had accomplished and said "it's your staff's keen awareness of your unwavering support for this initiative that's made the difference."

Snow concluded that the reports on the book "seem at odds with what he was saying inside the building at the time he departed."

Kuo's account of how the faith-based office has been regarded inside the White House recalls that of another high-level alumnus of the program. John J. DiIulio Jr., the faith-based office's first director, who quit in 2002, told Esquire magazine that "Mayberry Machiavellis" led by Rove based policy only on re-election concerns. After his comments caused an uproar, DiIulio apologized for making what he said were rude remarks.

Conservatives Rally Against Bush Aide-Turned-Critic (WP)

By Alan Cooperman, Washington Post Staff Writer

The Washington Post, October 14, 2006

ExposÃ© of White House Scorn for Evangelicals Is Disputed

Conservative religious leaders described themselves as shocked yesterday by a new book's charge that Bush administration staffers privately dismissed evangelical Christian political activists as "nuts" and "goofy."

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But their dismay was aimed at the book's author, former White House official David Kuo, rather than at President Bush or his senior advisers.

James Dobson, Charles W. Colson and other stalwarts of the conservative Christian movement defended the Bush administration and questioned the timing of the book's publication, a month before the midterm elections. Some suggested that Kuo had betrayed the White House.

"I feel sorry for him, because once you do something like this, you get your 15 minutes in the spotlight, but then after that nobody will touch you," said Tony Perkins, president of the Family Research Council, a Christian advocacy group in Washington. "These kiss-and-tell books do more damage to the author than to the people they attack."

Kuo, who was deputy director of the White House Office of Faith-Based and Community Initiatives in Bush's first term, alleges in the book, "Tempting Faith," that the Bush administration used its funding of religious charities to court evangelical voters in Machiavellian fashion.

The book is being published at a pivotal moment not just for Republicans who are battling to maintain control of the House and Senate but also for conservative Christian voters, whose support for the GOP has dipped in recent polls.

At 7 p.m. Sunday, evangelical leaders including Perkins and Dobson plan to broadcast a 90-minute television special from a Boston church to hundreds of other churches across the country in an attempt to keep religious conservatives from sitting out the election.

Called "Liberty Sunday," it will "highlight specific cases and stories where people's religious liberties have been threatened because of homosexual activism and gay marriage in Massachusetts," said Family Research Council spokeswoman Bethanie Swendsen.

At the same hour, CBS's "60 Minutes" will broadcast the first interview with Kuo about his book, which is scheduled to go on sale Monday. CBS and the book's publisher, Simon & Schuster, tried to keep a lid on the book's contents until the "60 Minutes" exclusive. But MSNBC host Keith Olbermann obtained a copy and began broadcasting excerpts Wednesday.

Conservative Christian leaders as well as present and former White House officials responded yesterday to the MSNBC report, noting that they had not yet seen the book itself.

White House press secretary Tony Snow told reporters that the book's "assumption or insinuation seems to be that the administration takes lightly faith-based groups." That is "false," he said.

Asked whether the president's "faith-based initiative" was used for political purposes, Snow said flatly: "No." Snow also read from a letter Kuo wrote to Bush when he left the administration in December 2003, saying he was "proud of all the initiative has accomplished."

In the book, Kuo asserts that the faith-based office was hurriedly set up after Bush took office in 2001 by a transition volunteer who was given less than a week to roll out the initiative.

Kuo asserts that evangelical leaders were called "the nuts" by people in White House political strategist Karl Rove's office. "National Christian leaders received hugs and smiles in person, and then were dismissed behind their backs and described as 'ridiculous,' 'out of control' and just plain 'goofy,' " the book says, according to MSNBC.

Kuo previously has criticized the Bush administration for not carrying out the president's 2000 campaign promise to boost charitable giving at least $7 billion a year by extending charitable tax breaks to people who do not itemize income tax deductions.

In the book, he says the White House opted instead for cuts in the estate tax that eliminated the incentive for many wealthy people to make charitable donations. The "ultimate impact was to brutalize the very charities Mr. Bush once identified as his top priorities," Kuo says.

Beginning in 2002, the White House held ostensibly "nonpartisan" conferences about the availability of federal grants for religious charities. But Kuo alleges that the events were, in fact, designed to help vulnerable Republican incumbents.

Ken Mehlman, then the White House director of political affairs and now chairman of the Republican National Committee, "loved the idea and gave us our marching orders" to hold meetings in 20 congressional districts, the book says.

H. James Towey, who directed the faith-based office during Kuo's time there, said yesterday that "it sounds like he worked at a different White House than the one I worked for."

Towey added that he, not Mehlman, decided where to hold conferences. "If a congressman in a tight race invited me, I went," he said. "But that was true of Democrats as well as Republicans."

Dobson, the psychologist and radio host who heads the influential group Focus on the Family, issued a statement calling the book "a mix of sour grapes and political timing."

Colson, who founded Prison Fellowship Ministries, said he was "shocked and disappointed by what appears to be political timing to sell a book, and a very unfair characterization of the parties involved."

Jan LaRue, chief counsel of Concerned Women for America, a Christian women's group in Washington, said she sees "no reason to question the sincerity of this president" based on the accusations aired so far.

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"So, in Rove's office people of faith are mocked? Well, who in Rove's office did the mocking? It's easy to make allegations like that if you don't give the name, date, time," she said.

Perkins of the Family Research Council said he would not be surprised if derisive comments were made behind Christian leaders' backs.

"I have no misconceptions about how people in the Republican Party and the establishment view social conservatives. They are dismissive. I see how they prefer to work with fiscal conservatives," he said. "Having said that, I see it really as a marriage of convenience. We are not without significant gains by working with this administration."

Congressman Demands Retraction From WSJ (AP)

By Tim Whitmire

Associated Press, October 14, 2006

CHARLOTTE, N.C. (AP) -- A congressman in the thick of a tough re-election battle demanded Friday that The Wall Street Journal correct and retract statements in an article that said he slipped projects benefiting his own business interests into the federal budget, a claim he called libelous.

Rep. Charles Taylor said he would sue the newspaper if it does not meet his demands, made in a letter written by Asheville lawyer Robert B. Long Jr. and released by Taylor's office.

Taylor is demanding that the Journal retract a front-page article published Wednesday titled "Seat in Congress Helps Mr. Taylor Help His Business." It said he added "earmarks" to legislation to widen two highways near property he owns, to give millions to nonprofit groups run by his business partners and supporters, and to provide $3.8 million for a park in front of a downtown Asheville bank he owns.

Written by John R. Wilke, the story cited congressional, corporate and real-estate records. Taylor described it as "full of misinformation and unsupported falsehoods."

A Wall Street Journal spokesman was unable to immediately confirm that the newspaper had received Taylor's letter and therefore could not comment.

Taylor, a veteran Republican from Brevard who is one of Congress's wealthiest members, is in a fierce re-election battle with Democrat Heath Shuler, a former NFL quarterback. Although Taylor's district in far western North Carolina leans conservative, many analysts have rated the race a tossup.

In a summary, Taylor identified 15 statements in the article he said were false. He said he owns no property near one of the highways mentioned, and that the other road project is needed for the safety of area residents, not for the timberland he owns "miles away."

He said another earmark the story attributed to him - a much publicized grant of $500,000 to fund a teapot museum in Sparta - actually came from Rep. Virginia Foxx, a Republican who represents the district that includes Sparta.

Strategist In Chief (NYT)

By Nicholas Confessore

The New York Times, October 14, 2006

No political figure is more vital to the self-esteem of the Democratic Party and its faithful than Karl Rove. Ever since Rove rose to national renown with George W. Bush some six years ago, he has provided sweet relief for Democrats otherwise ill equipped to explain Bush's successes. For the president's critics, it is axiomatic that Rove is supremely diabolical and inscrutably brilliant, since they're also pretty sure the president himself is neither. I doubt any political consultant has sold more books without writing one himself.

Just ask James Moore and Wayne Slater, two veteran Texas political reporters who have tracked Rove for years. In 2003 they published their first Rove book, the best-selling "Bush's Brain," a trenchant chronicle of Rove's triumphant efforts to turn Bush into a winning presidential candidate. Now they've returned with a blistering sequel, "The Architect: Karl Rove and the Master Plan for Absolute Power," promising a close look at Rove's strategy to cement today's thin Republican majorities into enduring ones.

Much of the master plan will sound familiar to anyone who subscribes to a newspaper. The Republicans must court and mobilize the party's religious conservative base with wedge issues like gay marriage; discourage unionization and defang the trial lawyers, key sources of Democratic cash and ground troops; build a finely tuned grass-roots machine that can overpower the Democrats during elections and bolster Republican initiatives in between them.

Put the pieces together, the authors argue, and Republicans can control Washington for a generation. "Democracy, to Karl Rove, is like a very large board game," they write. Monopoly, I'm guessing. One of the conceits of "The Architect" is that Rove's hand is behind practically everything Republican officials say and do, no matter how minor or conventional. (The strategy of "tort

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reform," for example, long predates Rove's appearance on the scene.) Though Rove frequently disappears from the narrative for pages at a time, the authors invariably suggest that the lack of apparent fingerprints merely proves his cunning. Of new Labor Department regulations requiring unions to reveal more of their finances, for example, the authors write that a union lawyer "could not prove Rove's involvement, but there were connections." The appointee who drafted the rules previously worked for the chairman of the Republican National Committee, who in turn "took his orders from Karl Rove."

"The Architect" rapidly descends into self-parody. Take the authors' account of meetings where Rove cooked breakfast for the Bush re-election team. "Rove's speciality was his scrambled eggs — eggies, he called them — which he announced with great fanfare were prepared with a special ingredient, most likely cream," they write breathlessly. "As in everything, Rove pursued his cooking with manic, relentless attention." By then, it's clear "The Architect" isn't chiefly an explication of Rove's master plan. Rather, it's an indictment of the man himself as a cynical and manipulative hypocrite who will do anything to win. (Unsurprisingly, few of Rove's confidants appear by name in this book, and the only original quotations from Rove appear to be drawn from interviews he agreed to for "Bush's Brain.")

Rove's sole interest in religion, Moore and Slater charge, is to exploit the anger and alienation of religious conservatives "as a political tool." Likewise, he has no particular beef with gays, but found that demonizing them gets Republicans elected. I suppose it is to illustrate the party's insincerity on this issue that the authors devote much space to discussing the bachelorhood, confirmed and otherwise, of various Republican officials. But the book veers into thoroughly unappealing territory when the authors insinuate, in a chapter all the more lurid for its pretense of sympathy, that Rove's adoptive father, Louis Rove, left Karl's mother because he was gay. As Louis Rove lay on his deathbed in the summer of 2004, Moore and Slater write, "his son was in the midst of launching the antigay issues campaign that was to lead to the re-election of George W. Bush."

It's what happened after Bush's re-election, though, that ultimately compromises "The Architect." Social Security privatization, the centerpiece of Bush's much-touted "ownership society," was a political disaster. Iraq is turning into an albatross. Bush has endured some of the lowest approval ratings of any president since Richard Nixon, and voters appear even less enchanted with his allies on the Hill. Even some prominent conservatives, dismayed by growth in the size of government and the deficit spending that has fueled it, are fuming.

Meanwhile, the Republican Party's battles over immigration have repelled Hispanic voters, and the administration's handling of Hurricane Katrina reversed whatever gains Bush had made among blacks. Rove once hoped to build a new big-tent party that could thrive as ethnic and racial minorities become a majority of the electorate. He's had to settle for a narrower and more self-limiting coalition built around white religious conservatives, their fear of what Democratic rule would bring and the genuinely impressive machinery he's built to muster them on Election Day.

It's worked for two elections now, and it may well work for a third. But machines can be imitated. Demographics cannot; nor can the kind of substantive policy accomplishments that ultimately bind voters to a party over the long term. The authors depict the decline in Rove's fortunes toward the end of their account, but they never really square it with their belief in his near infallibility. "Karl Rove would almost certainly design a plan to make his problems disappear," they write. "The architect never runs out of ideas." Soon we'll see just how sturdy his creation is.

OTHER NEWS:

Cheaper Gas Lifts Spending By Consumers (NYT)

By Bloomberg News

The New York Times, October 14, 2006

Lower gasoline prices encouraged Americans to spend more on clothing, furniture and building materials, and propelled consumer confidence to the highest level in more than a year, according to reports released yesterday.

The largest decline ever in gas-station receipts pushed overall retail sales down 0.4 percent in September, the Commerce Department said. Excluding service stations, purchases climbed 0.6 percent, three times the gain in August.

In addition, the University of Michigan reported that its consumer sentiment index jumped to 92.3 in October, from 85.4 the prior month. It was the highest reading since July 2005.

According to the Commerce Department, sales excluding autos, gasoline and building materials, which the government uses to calculate gross domestic product figures, increased 0.8 percent in September, the most since January. The gain was twice as much as in August.

Sales excluding autos fell 0.5 percent in September after a 0.2 percent rise. No change was forecast by economists. Sales at automobile dealerships and parts stores were unchanged last month after a 0.4 percent decline in August.

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Purchases at nonstore retailers, including online and catalog sales, increased 1.1 percent in September after falling 0.2 percent the month before. Sales at department stores increased 1 percent after no change.

The data suggests that housing has yet to take a big bite out of consumer spending. This week, the president of the Federal Reserve Bank of Dallas, Richard W. Fisher, said that "it's important not to over-fixate on housing" because "the rest of the economy is running on all pistons."

A healthy labor market is sustaining consumer spending. The unemployment rate fell to 4.6 percent last month, matching a five-year low, and workers' average hourly earnings rose 4 percent from September 2005, matching the biggest gain in five years, the Labor Department said this month.

Economy Benefits As Gas-Price Drop Spurs Outlays (WSJ)

By Christopher Conkey

The Wall Street Journal, October 14, 2006

Consumers took much of the money they saved at the gas pump last month and spent it elsewhere, giving the economy a critical boost at a time when overall growth appears to be slowing.

The Commerce Department said Friday that retail sales in September eased 0.4% from the previous month, primarily due to a 9.3% plunge in gas-station revenue precipitated by a big drop in oil prices.

ECONOMISTS REACT

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Consumers impressed economists with their quick turnaround in spending money saved at the pump. Read a handful of economists' reactions2 to the September retail-sales report.

Economists were unfazed by those declines, though, because virtually every other kind of retailer benefited from consumers having some extra spending money. Apparel stores saw particularly strong gains, and retail sales excluding the volatile gas and automobile industries posted a robust 0.8% increase last month.

"Overall, this report is encouraging evidence that consumer spending has not been much affected by the slumping housing market," said David Resler, chief economist at Nomura Securities International Inc.

Many economists said consumers, supported by a strong labor market and solid wage growth, are still increasing their spending at an inflation-adjusted annual rate of 3% or more. That's proving to be especially critical now that the economy appears to be settling into a period of slower growth, damped by a decrease in residential construction, higher interest rates and a wider trade deficit.

In a recent speech, Federal Reserve Vice Chairman Donald Kohn said "the economy could be in the process of registering several consecutive quarters of growth below its potential rate."

The potential rate, generally considered to be about 3% a year, is widely seen as the fastest pace at which the economy can expand without sparking a damaging surge in inflation. Periods of below-potential growth in the past have led to recessions, but Mr. Kohn said "several features of the current financial situation," such as historically low interest rates and easy credit availability, suggest "this time will be different."

The average economist surveyed recently by WSJ.com said the economy grew at a modest annual rate of 2.3% in the third quarter, with some saying it grew as slowly as 1.5% or less. On average, economists predicted growth for the next year would stay below the economy's potential rate. The government will release its estimate of third-quarter economic growth in two weeks.

The biggest drags on the economy now are the decline in residential construction, which is subtracting about one percentage point from economic growth, and the widening trade deficit. Economists said a slowdown in inventory accumulation could prove to be another negative factor.

Separate data released by the Commerce Department on Friday showed that business inventories grew by 0.6% in August, slightly slower than the 0.7% gain in July.

Aside from solid consumer-spending growth, the economy is getting strong support from business investment and commercial construction. Strong corporate profits have paved the way for businesses to buy equipment, and significant price appreciation in residential real estate in recent years is helping cushion the blow from the weakening housing market on consumer spending.

Another plus is the drop in oil prices, which is helping to reduce inflationary pressures and boost consumers' moods. These effects could be seen in two other reports released Friday. The Labor Department said import prices fell 2.1% in September, the first decline in six months, primarily thanks to a 10.3% fall in petroleum prices.

Meanwhile, the University of Michigan said its preliminary index estimate of consumer sentiment in early October soared to 92.3 from 85.4 in September, marking the highest level of consumer confidence in more than a year.

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Consumers with more money to spend increased buying of nondurable goods like clothing and restaurant meals more than they did on durables like cars and kitchen appliances, according to data from the retail-sales report.

Revenue at clothing stores in September rose 3% from August, but sales at motor-vehicle and parts dealers fell 0.5% over the same period. Sporting goods, music, book and hobby stores saw their sales increase 1.1% in September, but revenue at furniture stores grew by a more modest 0.2%.

"Durables tend to be bigger-ticket items and are often financed, so higher financing rates will likely make consumers think twice about laying down the plastic for these purchases," said Gina Martin, an economist at Wachovia Corp. "In contrast, an extra $50 at the pump translates fairly easily to picking up an extra sweater at the mall or an extra dinner out."

Write to Christopher Conkey at christopher.conkey@wsj.com3

Savings At Pump Fueling Shoppers (WT/AP)

The Washington Times, October 14, 2006

ASSOCIATED PRESS

Bolstered by falling gasoline prices, consumers headed back to the malls to shop in September, and with confidence rebounding sharply this month, strong sales are forecast for the all-important holiday period.

Overall, retail sales fell by 0.4 percent in September, the Commerce Department reported yesterday. But that decline was skewed by the good news that gasoline prices plummeted last month, sending sales at service stations down by a record 9.3 percent.

Excluding service stations, retail sales posted a solid increase of 0.6 percent, the government said, as consumers used the money they saved on gasoline to spend on other items.

"Households continue to empty their wallets at a very rapid pace," said Joel Naroff, chief economist at Naroff Economic Advisors, a private forecasting firm.

A second report yesterday showed that consumer confidence, which had been depressed by surging gasoline prices, posted a strong rebound in October.

The University of Michigan's confidence survey rose to 92.3 in October, according to a preliminary reading, up from 85.4 in September. The October confidence level, the best showing in 15 months, was far better than economists had been expecting.

Signs of strength in the consumer sector lifted spirits on Wall Street, sending the Dow Jones Industrial Average up by 12.81 points to close at 11,960.51. It was the Dow's sixth record close in the past two weeks and put the blue-chip index tantalizing close to the 12,000 mark.

Analysts said the rise in confidence, which is being fueled by falling gasoline prices, should translate into solid consumer spending during the upcoming holiday sales season and help keep the nation from stumbling into a recession.

Since peaking above $3 per gallon in early August, the nationwide average for regular gasoline has fallen by 78 cents per gallon.

Nariman Behravesh, chief economist at Global Insight, said this decline is like a huge tax cut that will give consumers nearly $100 billion more to spend on other items.

The economy skidded to a sharp slowdown in the spring under the impact of soaring gasoline prices, rising interest rates and a cooling housing market, raising fears of a possible recession.

Now, with gasoline prices falling and the Federal Reserve putting its two-year credit-tightening campaign on hold, economists think growth will slow in the second half of the year but a recession will be avoided.

Mr. Behravesh said the overall economy, which grew at a 2.6 percent rate in the spring, probably grew by just 1.8 percent in the third quarter but should rebound to around 2.5 percent growth in the final three months of this year.

"Wage growth is improving; the stock market is doing well; and gasoline prices are down. All of this is very good news for the consumer," he said.

For September, retail sales jumped 1.1 percent at department stores and were up an even larger 3 percent at specialty clothing stores, the biggest increase in this category in 11 months, as cooler weather last month put shoppers in the mood to buy the new fall clothing lines.

Oil Price Drop Cheers US Consumers (FT)

By Daniel Pimlott In New York And Krishna Guha In Washington

Financial Times, October 14, 2006

The sharp fall in oil prices last month left US consumers with more money to spend on other goods and services and gave them a more hopeful outlook on the state of the economy, according to data released on Friday.

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The firm underlying retail sales figures and an unexpectedly strong upswing in consumer confidence further diminish the prospect that the Federal Reserve will cut interest rates any time soon.

The reports came after Michael Moskow, the president of the Chicago Fed, said in a speech Thursday night that he still believes that "the risk of inflation remaining too high is greater than the risk of growth being too low."

The Michigan consumer sentiment index jumped to its highest reading in over a year on Friday, beating analysts expectations.

Overall retail sales fell 0.4 per cent, compared with analysts expectations of a 0.2 per cent rise. But the decline was entirely due to a sharp fall in spending on gasoline.

"The sales report had a weak headline figure but were strong underneath," Mike Pond, treasury and inflation link strategist at Barclays. "That's no real surprise given the price of gasoline has fallen. But the data points to stronger consumer spending in the final quarter of the year."

Resilience in consumer spending will weigh heavily on the Fed's policy-making Open Market Committee.

"Maybe the Fed not only won't cut rates, but might have to tighten them," said Richard Gilhooly, senior bond strategist at BNP Paribas. "That's not the view in the marketplace at the moment but if we continue to get data like today that could change."

Overall inflation is likely to have fallen thanks to the 12 per cent drop in gasoline prices last month, and the Fed hopes that lower energy prices will also over time reduce the pressure on firms to "pass through" higher energy costs to consumers.

However, some analysts argue that the core rate, which excludes the volatile energy and food prices, may not decline as rapidly as expected if businesses feel shoppers can afford higher prices.

"If the transfer of purchasing power to the consumer is sustained, we will see a increase in pricing power for the retailers," said Mr Gilhooly.

Retail sales rose by 0.6 per cent, excluding gasoline sales. Taking out sales of cars and parts, which can also fluctuate widely from month to month, retail sales rose by 0.8 per cent, following gains of 0.4 per cent in August and 0.6 per cent in July.

The Deathwatch For Cheap Oil (NYT)

By Paul B. Brown

The New York Times, October 14, 2006

THOSE falling prices at the gasoline pump may only be temporary. Indeed, they could signal the start of an era in which, forecasters say, "the death of cheap, abundant crude might unleash war and plunge the world into a second Great Depression."

"Peak oil is a reality," says Willem Kadijk, a hedge fund adviser quoted by Bloomberg Markets magazine. He is just one of many who believe that global oil production is now at or near its peak, and the only place to go is down.

"Once the flow crests and starts to decline, and some geologists say it already has, oil will no longer be able to slake the world's growing thirst for energy," Deepak Gopinath writes in summarizing the argument. "The result will be the oil shock to end all oil shocks."

The price of a barrel of crude oil, which closed yesterday at $58.68, "will spiral to $200 — and keep rising," he writes.

Representative Roscoe G. Bartlett, a Maryland Republican, has formed the Congressional Peak Oil Caucus to draw attention to the issue. "The world has never faced a problem like this," he told the magazine.

The nation's oil companies dispute the assertions. An Exxon Mobil spokesman says the company's geologists expect global oil production to keep rising for at least the next two decades.

ON SECOND THOUGHT If you think ethanol is a simple answer to solving our gasoline needs, think again, argues Consumer Reports in this month's cover article, "The Ethanol Myth."

"Despite the avid support of the Bush administration and major American car companies," E85 — a commonly used blend of 85 percent ethanol and 15 percent gasoline — "is unlikely to fill more than a small percentage of U.S. energy needs," the magazine says.

Reasons for the pessimism are that ethanol costs more, is hard to find outside the Midwest — only about 800 gas stations out of 176,000 nationwide sell E85 — and provides fewer miles to the gallon. The magazine tested ethanol on a Chevrolet Tahoe and found that the fuel economy dropped "27 percent when running on E85 compared with gasoline, from an already low 14 m.p.g."

At the time of the test, the average retail price of E85 was $2.91 a gallon, which meant the 27 percent fuel-economy penalty would have caused drivers to pay "$3.99 for the energy equivalent of a gallon of gasoline."

A FAR BIGGER BANG The Rolling Stones, fronted by their 63-year-old lead singer, Mick Jagger, are heading into the home stretch of what will be the most commercially successful rock tour of all time, Rolling Stone reports.

By the time the tour ends in Hawaii next month, the band will have sold nearly two million tickets for a total of $256 million in revenue, according to the magazine, which cited figures compiled by Pollstar.

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The “Bigger Bang” tour, which began last year, set a record during its 2005 leg when it recorded $162 million in 43 dates, “so this fall’s tour ... could be considered a victory lap,” Brian Hiatt writes.

“We’re kind of looking at it like we’re Lewis and Clark — we’re playing the Wyomings and Montanas,” said Keith Richards, the guitarist.

Michael Cohl, a promoter, said the tour could continue next year, although no dates are scheduled.

In case you were wondering, U2’s 2005 “Vertigo” tour is the second-highest-grossing tour ($138.9 million); the Stones own third place with the “Voodoo Lounge” tour in 1994 ($121.2 million); Bruce Springsteen and the E Street Band grossed $115.9 million in their 2003 tour; and U2 rounds out the top five with $109.7 million in 2001 during its “Elevation” tour.

FINAL TAKE Even assuming that the growing number of companies devoted to space travel are successful, becoming a rocketman (or woman) is going to cost you at least $200,000. However, Popular Mechanics reports that for $295 “you can launch a photo of yourself — or some other keepsake — into space on Bigelow Aerospace’s Genesis II spacecraft, due to launch early next year.” Not surprisingly, the company plans to sell space for corporate advertising as well. Can orbiting billboards be far behind? PAUL B. BROWN

Clinton Touts Oil Tax Measure At UCLA Rally (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, October 14, 2006

The former president tells a crowd of 5,000 that Prop. 87 would allow the state to do something remarkable -- save the planet.

Accusing oil companies of lying about the cost of Proposition 87, former President Clinton on Friday called "bogus" their contention that approving a tax on oil revenues would trigger higher gas prices for California motorists.

During a rally at UCLA, the former president said the state ballot measure would help California move toward less expensive, cleaner forms of energy by funding research into alternative fuels.

Gas prices are lower in other states that already have oil taxes like the one proposed by Proposition 87, Clinton added.

"California is being given an opportunity and an obligation to do something remarkable — to save the planet, improve our national security, create the next generation of good jobs for the American people," Clinton said.

The measure on the Nov. 7 ballot would impose up to $485 million a year in taxes on companies that extract oil from California land, with the money going to finance research and development of alternative energy. Over its life, the measure would raise $4 billion for grants and loans to projects developing alternative fuels and more energy-efficient vehicles.

With opponents, led by oil companies, pumping more than $52 million into the campaign to defeat the state ballot measure, supporters brought Clinton into the state just days after launching a television ad campaign in which his former vice president, Al Gore, said the measure would reduce the state's dependence on foreign oil and clean the air.

Clinton, still popular in a state that he twice won in presidential elections, will be featured in a new round of ads that were filmed during Friday's rally in front of a cheering crowd of 5,000, many of them students.

Opponents of Proposition 87 noted Friday that support for the measure is sagging, and predicted that the involvement of Clinton and Gore would not be enough to save a proposal that they say would create an unaccountable bureaucracy.

"The proponents can bring in big names from outside California who will leave the state before the election," said Al Lundeen, communications director for No on Proposition 87. "It's those of us who live here who will have to live with the negative impacts of Proposition 87."

A Field Poll on Oct. 4 found voters split on the measure, with 44% supporting and 41% opposing. It led in an earlier poll, 52% to 31%.

The involvement of two national political figures should provide a "modest boost" to the Proposition 87 campaign, but it is rare that the involvement of outsiders, including former presidents, makes a big difference in state initiative races, said John J. Pitney Jr., a professor of government at Claremont McKenna College.

"This is an effort to pump up the Democratic base of voters. It's a very smart move, because these are the folks the base will respond to," Pitney said.

Most of the $45.7 million raised so far by the measure's supporters has come from venture capitalists and Hollywood figures, including real estate heir and environmentalist Stephen L. Bing, whom Clinton acknowledged Friday as a friend.

Clinton arrived at the rally in a hybrid Mercury Mariner and, before appearing on the outdoor stage, met privately with a group of children who suffer from asthma made worse by air pollution.

"They are paying the price for our addiction to oil," Clinton said later during the rally.

The former president directly addressed opponents' contention in radio and television ads that already high gas prices would get worse if an oil tax was imposed.

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If oil companies "really thought you were going to pay for this, would they be spending all that money trying to convince you to vote against it?" Clinton asked.

He said that other states, including his native Arkansas, charge an oil extraction tax and that gasoline is less expensive in many of them.

"It never makes any difference in the price," Clinton said, adding that the price is set in the markets.

Opponents said the comparison with other states is not fair because California already has other taxes that are higher, so a new tax would make California an even more expensive place to pump oil.

Economists cited by the opposition have concluded that the proposed tax would result in oil companies bringing in more oil from out of California.

"If you are reliant on sources outside the state, it ends up costing more in the long run," Lundeen said.

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Another Record Week For The Dow (NYT/AP)

By The Associated Press

The New York Times, October 14, 2006

The Dow Jones industrial average inched to another record close yesterday, giving it three consecutive weeks of triple-digit increases.

The Dow spent much of a quiet session in the red after the strong surge Thursday in which it broke through 11,900 for the first time. Thursday's advance came amid optimism over the health of corporate earnings, and yesterday's gain put the Dow 12,000 benchmark within closer reach.

The average's gain yesterday was the Dow's sixth record close in two weeks. Still, stocks showed little overall movement as traders were unimpressed with a profit report from General Electric and brokerage firms issued negative comments about Home Depot.

Oil prices, which have supported stocks as they have fallen in recent weeks, moved higher, holding the major indexes to modest gains.

The Dow Jones industrial average rose 12.81 points, or 0.11 percent, to 11,960.51, passing the record close of 11,947.70 set Thursday.

Broader stock indicators also advanced. The Standard & Poor's 500-stock index was up 2.79 points, or 0.20 percent, at 1,365.62, and the Nasdaq composite index was up 11.11 points, or 0.47 percent, at 2,357.29.

Bonds fell, with the price of the benchmark 10-year Treasury note down 7/32, at 10019/32, and the yield, which moves in the opposite direction from the price, rising to 4.80 percent from 4.77 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

Crude oil settled up 82 cents at $58.68 a barrel on the New York Mercantile Exchange.

The markets were caught off guard yesterday by a 0.4 percent decline in retail sales last month. The decline, reported by the Commerce Department, was largely a result of a 9.3 percent decline in spending on gasoline. Spending did increase in other areas, however.

"I think this morning's retail sales figure was actually positive once you parse out all the details," said Mike Malone, a trading analyst at Cowen & Company, referring to a drop in spending on gasoline that enabled consumers to spend elsewhere. "For all the talk of the death of the consumer, that is definitely not manifesting itself."

The University of Michigan's preliminary consumer sentiment figure for October was a stronger-than-expected 92.3. In September, the figure was 85.4.

In corporate news, G.E. reported a 6 percent increase in its third-quarter profit, matching Wall Street's expectations, and turned in better-than-expected revenue. G.E., which was down 24 cents at $35.98, held back the S.& P. 500, which is weighted by market capitalization.

Home Depot declined $1, or 2.64 percent, to $36.90 after several brokerage firms issued negative comments on the company, the nation's largest home improvement chain. Home Depot, one of the 30 stocks that make up the Dow, announced plans on Thursday to shake up its executive structure to try to improve performance.

The furniture maker La-Z-Boy fell $1.14, or 7.6 percent, to $13.86, after the company lowered its quarterly earnings and sales forecasts for all three of its divisions, citing a weak retail environment.

Viewpoint, which provides Web search and advertising services, was down 26 cents, or 25.5 percent, at 76 cents a share after cutting its full-year revenue forecast amid soft ad spending and customers' product delays.

FMS Financial rose $4.85, or 18.1 percent, to $31.60 after Beneficial Mutual Bancorp agreed to purchase the company, the parent of Farmers and Mechanics Bank, for $28 a share, or about $183.2 million in cash and stock.

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Big 12000 Mark Stays Out Of Reach For Dow (WSJ)

By Peter A. Mckay

The Wall Street Journal, October 14, 2006

As the Dow Jones Industrial Average flirts with a close above 12000, a familiar pattern has emerged. It edges closer to that benchmark, then pulls back.

What happens once it tops that milestone may be less predictable.

The Dow scratched up a small gain Friday, touching another new record close. But it ended short of a fresh 1,000-point benchmark, held back by data showing surprisingly weak retail sales in September. The blue-chip average rose 12.81 points, or 0.1%, to 11960.51, up 0.9% on the week and up 12% for the year.

Friday's finish was the sixth record close for the Dow in nine days. Before the average crossed its old January 2000 peak for the first time early this month, it flirted with that mark for several weeks. Beginning in late September, it crossed the record several times on an intraday basis but closed shy of it.

Strategist Chris Johnson, of the research firm Schaeffer's Investment Research, said the Dow's tentative approach to 12000 echoes the recent chase of the old record, with some investors taking an opportunity to take money off the table before pushing the blue-chip average higher later.

"As soon as the buzz about a record died down a little, it finally pushed through," said Mr. Johnson, who expects the average will make it to 12000 soon. "The real question is how long can it last afterward, and what follows."

The Dow historically performed well following its initial breaches of 1,000-point benchmarks, according to the data firm Ned Davis Research, rising an average of 1.8% in the first month and 14.2% twelve months after such milestones.

But the most recent milestone, which came amid the dot-com bubble, was an unpleasant exception. After the Dow finished above 11000 for the first time in May 1999, it was off 4% just a month later and remained in the red 12 months later, off 1.8%. If 12000 comes soon, it will have taken more than seven years to rise the next 1,000 points.

Some market watchers, like Standard & Poor's strategist Sam Stovall, believe the market is due for a similar pullback now. "It would be good for the market to have a bull-market correction soon, just to make sure it doesn't get ahead of itself," Mr. Stovall told clients in a recent briefing.

For the moment, other indexes are following the Dow higher, for the third straight week of gains.

The broad S&P 500-stock index gained 0.2%, or 2.79 points, to finish at 1365.62, its highest level in more than five-and-a-half years. The S&P is up 1.2% on the week and 9.4% for the year. The technology-focused Nasdaq Composite Index gained 0.5%, or 11.11 points, to 2357.29, up 2.5% on the week and 6.9% for 2006.

Keeping the stock market's mood subdued Friday were fresh data from the Commerce Department showing that U.S. retail sales fell 0.4% last month, contrary to Wall Street's expectation for a small rise. Also, crude-oil prices rose. Contracts for November delivery gained 71 cents, or 1.2%, to end at $58.57 a barrel, off 2% on the week at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose, and bond prices fell: The 10-year note slipped 7/32 point, or $2.19 for each $1,000 invested, pushing the yield up to 4.806%.

The dollar strengthened. Against the Japanese currency, the dollar rose to 119.67 yen, compared with 119.40 yen late Thursday. The euro fell to $1.2510, compared with $1.2554.

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GE Earnings Point To Solid Economy (WSJ)

By Kathryn Kranhold

The Wall Street Journal, October 14, 2006

Net Rises 6.2% as Strength Of Industrial Unit Benefits From Infrastructure Projects

Robust third-quarter financial results from General Electric Co.'s industrial units suggest that the global economy is weathering both high oil prices and a slowdown in the U.S. housing market.

Overall, GE reported results that met expectations but disappointed some investors. But GE's industrial units posted a 14% increase in revenue and an 18% jump in profit, bolstered by strong sales of power turbines, locomotives and aircraft engines, among other products.

Chairman and Chief Executive Jeffrey Immelt said the global economy is "solid" and GE is benefiting from increased spending on infrastructure projects. "We're seeing great growth around the world," he said in a conference call. For the current quarter, GE projected that revenue would increase 10% and profit would rise 11% to 14%.

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For the third quarter, the Fairfield, Conn., company said net income grew 6.1% to $4.96 billion, or 48 cents a share, from $4.67 billion, or 43 cents a share, a year earlier. The year-earlier results include GE's insurance business, most of which has been sold. GE said profit from continuing operations grew 10% to $5.06 billion, meeting analysts' expectations.

Revenue grew 12% to $40.8 billion. GE had estimated quarterly sales at more than $40 billion; analysts had estimated about $39.9 billion.

WALL STREET JOURNAL VIDEO

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Money & Investing editor Jon Hilsenrath2 discusses GE's earnings report, calling it a mixed bag of positives and negatives.

GE's results were hampered by disappointing results in its commercial-finance unit and continued weakness at its NBC Universal entertainment unit. Operating profit at NBC fell 10%, as projected.

On the other side of the ledger, though, sales at GE's biggest division, infrastructure, increased 20%, and operating profit jumped 24%. The infrastructure unit includes aircraft engines, power turbines, and oil-and-gas and transportation equipment.

GE's health-care and industrial units reported 19% and 10% increases in operating profit, respectively. Across the company, GE said orders grew 15%, faster than revenue, suggesting strong future results.

"Industrial businesses were the real horses here," said Stephen Tusa, an analyst with J.P. Morgan. "These are the high-value businesses where investors want to see the growth."

Even within the industrial units, there were some caution signs. The energy group reported a lower-than-expected profit margin of 14.8%, compared with 20% for the rest of infrastructure.

The energy group is selling more power turbines but Mr. Immelt said prices fell 2% in the quarter. And GE's plastics business continued to be hit by high raw-material prices, reporting operating profit fell 23% to $152 million.

CONFERENCE CALL

3

See a transcript4 of General Electric's conference call, provided by Thomson StreetEvents (www.streetevents.com5). Adobe Acrobat required6 MORE ON EARNINGS

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Take a peek8 at what to expect in the quarterly reports of other major companies.

Chief Financial Officer Keith Sherin called the revenue results "a good news story," noting that strong equipment sales will translate into future revenue for GE's services businesses.

Still, investors fretted over the weakness in GE's commercial-finance unit and an unexpectedly low tax rate that lifted profits. Profit at the commercial-finance unit rose 6% to $1.29 billion, short of GE's projection of 10% to 15% growth.

Mr. Sherin said some transactions that were expected to close in the third quarter were not finalized.

3RD-QUARTER REVENUE

By division, in billions

For the third quarter in a row, GE benefited from a lower tax rate than projected. Its financial units reported an 11% tax rate, below GE's projection of 13%. The industrial tax rate was 22%, below analysts' expectations of about 24%. Mr. Sherin said the lower rates lifted profit by about $120 million, or one cent a share.

In 4 p.m. New York Stock Exchange composite trading, GE fell 24 cents, to $35.98, the fourth consecutive quarter that GE shares fell on the day it posted financial results. Since posting second-quarter results in July, however, GE shares are up 12%.

Write to Kathryn Kranhold at kathryn.kranhold@wsj.com9

General Electric (FT)

Financial Times, October 14, 2006

The US economy is proving resilient – at least if one focuses on the right set of core measures. Excluding autos, gasoline and building materials, retail sales rose by 0.8 per cent during September. The data are volatile but fit the rosy macro-economic picture painted by General Electric, a bellwether if there ever was one.

Incidentally, GE has long mastered the art of drawing attention to flattering measures. On Friday, it trumpeted its strong organic revenue growth, with earnings from continuing operations up 10 per cent. But underlying trends were less impressive. Consolidated sales from continuing operations rose 12 per cent but costs increased even faster, leaving pre-tax profits up just 5 per cent. Minimising taxes remains one of GE's key strengths but there seems to be rather weak operating leverage in the conglomerate's core activities.

GE also suffered from higher raw materials costs in plastics. The turnround at NBC appears on track but has yet to lead to rising profits. Meanwhile, rather spectacular infrastructure equipment sales are depressing margins now but should lead to

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lucrative service contracts next year. GE's results are also becoming more intelligible. But with the shares up 10 per cent since the last results and half its profits coming from financial services, investors have every reason to tread carefully.

G.E. Reports That Earnings Rose Sharply In The Quarter (NYT)

By Claudia H. Deutsch

The New York Times, October 14, 2006

General Electric, buoyed by strong equipment sales overseas that more than counteracted weak performance in the plastics and NBC Universal units, said yesterday that it earned $5.059 billion in the third quarter of 2006, a 10 percent rise over the period last year. Revenue rose 12 percent, to $40.86 billion from $36.37 billion in the 2005 quarter.

Earnings per share from continued operations, after a $100 million loss from discontinued insurance operations, came in at 49 cents a share, a penny more than last year and in line with Wall Street expectations. G.E. reaffirmed that it would earn $1.97 to $1.99 a share for the year.

"We're finishing up on a solid year, with all the critical metrics heading the right way," Jeffrey R. Immelt, G.E.'s chairman, said on a conference call.

Investors reacted tepidly to yesterday's report, sending G.E. shares down less than a percent, to $35.98. But G.E. shares, which had been stagnant for most of the year, rose 13 percent in the last two months, and analysts do not anticipate a sell-off now.

"They had broad-based 10 percent organic growth, and that is reassuring," said Deane M. Dray, an analyst at Goldman Sachs with a buy rating on G.E. shares. Mr. Dray had anticipated 8 percent growth.

Keith S. Sherin, G.E.'s chief financial officer, noted that equipment orders were up 15 percent, boding well for the year.

"We promised to grow two to three times G.D.P., and this is the seventh quarter we made good on that promise," he said in a telephone interview after the morning call with analysts. "We've invested in technology; we've focused on the customer; we've put insurance in the rearview mirror; and we've invested in growth as a process. Investors are finally responding to those changes."

Investors may also have reacted well to G.E.'s buyback program; the company has repurchased $7.1 billion of its shares this year.

Still, the quarter was not devoid of disappointments. Profit at GE Commercial Finance, which rose 6 percent, fell short of the 10-to-15-percent growth the company had projected. The reason, Mr. Sherin said, was that some deals that were expected to close in the third quarter would instead close later in the year.

Profit at NBC Universal, which is still struggling with prime-time viewership, declined 10 percent in the quarter. Although Mr. Sherin insisted that the unit was poised for a turnaround, he conceded that "NBC is still a work in progress."

And at G.E.'s plastics business, which was unable to raise prices despite soaring costs for raw materials like benzene, operating profit declined 23 percent, to $152 million.

"High commodity prices are a double-edged sword that hurts G.E.'s plastics business even as it helps G.E.'s oil and gas services businesses," said Daniel J. Rosenblatt, an analyst at Marble Harbor Investment Counsel, which owns G.E. shares.

Several analysts suggested that G.E. put plastics on the auction block.

"There is such a strong private equity market out there; this could be a good time for them to sell it," suggested Richard Tortoriello, an analyst with S&P Equity Research who rates G.E. a buy.

In the conference call and news release, Mr. Immelt stressed that G.E. would invest only in the more specialized, higher margin plastics in the portfolio. But he was careful not to suggest a sale of the unit — or to rule out the possibility of one.

Mr. Sherin was similarly circumspect. "We are not currently working on selling plastics," he said, but acknowledged that "there may be pieces of the plastics portfolio that we can use to free up some capital."

Not all investors relish a sale, though. Until this year, many analysts were clamoring for G.E. to sell its consumer businesses, which were then lackluster. Instead, G.E. focused on more expensive appliances. And, appliance sales are up 18 percent this year.

"Just because a business is at the bottom of a cycle doesn't mean that G.E. should jump ship," Mr. Rosenblatt said.

Some analysts also questioned why some of the quarter's upside surprises did not translate into higher-than-expected earnings. G.E.'s tax rate was lower than Wall Street had anticipated. And most analysts had expected revenue to fall shy of $40 billion.

"When revenues are above expectations, earnings would normally also be above expectations," said Timothy M. Ghriskey, chief investment officer at Solaris Asset Management, which does not own G.E. shares. "Were there increased costs? Lower productivity? More marketing and research expenditures? We just don't know."

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The answer is none of the above, Mr. Sherin said. Most of the unexpected sales strength was from infrastructure equipment like turbines, which are among the lower-margin items in G.E.'s portfolio.

Trusting A Promise To Care (LAT)

By Molly Selvin, Times Staff Writer

The Los Angeles Times, October 14, 2006

Some elderly clients aren't getting the long-term benefits they had counted on. As liabilities grow, some insurers leave the market.

To avoid becoming a financial burden to her children and grandchildren, Vera Smith bought long-term care insurance. Like a growing number of Americans, the 87-year-old retiree saw it as a sensible way to cover care-giving costs not included in Medicare and conventional health insurance.

But almost two years ago, Smith's insurer stopped paying benefits, contending that she violated the policy's terms by moving in with her daughter after she became too frail to take care of herself. That forced Veray Smith, the daughter, to quit her supervisory job and sell her mother's South Los Angeles house so she could afford to stay home with her.

"I'm the full-time caregiver now. It's hard," said Veray, who along with her mother has sued the insurer for bad faith. The insurer, Penn Treaty Network America Insurance Corp., declined to comment.

Consumer advocates and insurance regulators say that lawsuits and complaints like the Smiths' are likely to mushroom in the coming years as more baby boomers and their ailing parents make claims on long-term care insurance.

Sales of such policies grew 65% from 2000 to 2004, but actual and projected payouts have already caused a shakeout that could leave some policyholders with huge bills worried that insurers can't or won't pay. Some insurers who underestimated their potential obligations have sharply hiked their premiums or abandoned the market.

Insurers have denied long-term care claims for a variety of reasons, lawyers say. They have, for example, rejected as inadequate documentation from seniors too sick or distracted to be diligent record keepers. Or they have rescinded policies, saying the individual didn't fully disclose a preexisting medical condition on his or her application.

In response to multiplying consumer complaints, some states are requiring more training for sales agents and limiting insurers' ability to raise premiums, along with other restrictions.

The growing popularity of long-term care insurance "puts pressure on us as regulators to ensure that policies live up to their promise to pay," said Sandy Praeger, the insurance commissioner of Kansas and vice president of the National Assn. of Insurance Commissioners.

Industry representatives say the popularity of these policies speaks to their value for consumers and public confidence that carriers will make good on their promises.

"This product is rigorously regulated" by all 50 states, "each of them representing consumers," said Laura Moore, senior vice president for long-term care insurance at John Hancock Life Insurance Co., one of the largest participants in the market.

But experts say it's hard to predict the future of the market because these policies are fairly new and relatively few policyholders have needed to make claims so far.

For example, Moore said, just 1% of John Hancock's policyholders have claimed benefits. But the company is confident in its financial assumptions and its ability to make good on every policy, she said.

More than 6.1 million Americans were covered by long-term care policies in 2004, up from 5 million in 2002 and 3.7 million in 2000, according to the National Assn. of Insurance Commissioners. Employers have fueled the boom by offering group rates on care policies.

Policies typically cover care-giving, such as home nursing services, up to a fixed amount, such as $100 or $150 a day. But the policyholder must meet certain disability criteria, perhaps severe cognitive impairment or requiring help with dressing or bathing.

Premiums are based on an individual's medical history and the age at which the policy is purchased. For instance, a person in his or her late 40s who buys a typical employer-sponsored group policy can expect to pay premiums of $1,200 a year, Moore said. Annual premiums could rise to $2,000 for an individual policy and higher for an older person or someone with a history of diabetes, cancer or other chronic disease.

But financial pressures have forced some companies out of the long-term market, including CNA Financial Corp., Transamerica Corp. and Fortis Insurance Co., although regulations require that the policies they sold be honored.

Complaints about long-term care policies rose to 2,472 nationally in 2005, up from 2,175 in 2004 and 1,755 in 2003, according to the national insurance commissioners group.

The Smiths' case, regulator Praeger said, is a lesson to those considering a long-term care policy. "You want to make sure it has the most flexibility possible and that help can be delivered in the most settings possible."

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Vera Smith moved to Los Angeles from Tennessee in 1945 with $1 in her pocket, her daughter said, and eventually saved enough from jobs as a cleaning lady and a school cook to buy her house.

The policy she bought in 1998 allowed her to stay in her own home even after she was diagnosed with Alzheimer's disease six years ago, paying as much as $100 a day for caregivers.

But after she was hospitalized with a severe urinary tract infection in January 2005, Smith grew so frail that her physician said she needed continuous care. The family decided she should move into her daughter's Phillips Ranch home, where Veray Smith had added a room equipped with grab bars and a wheelchair ramp to accommodate her mother.

That's when insurer Penn Treaty stopped paying for caregivers, Veray said, saying the residence did not qualify as a home under the terms of her policy.

Veray said her mother now has arthritis and diabetes and suffers from the aftereffects of a stroke. A few months ago, she was also diagnosed with bladder cancer.

Her mother's daily needs leave Veray little time for herself or her husband, she said. Apart from the constant care — bathing, helping Vera on and off the commode, doing her hair and cooking for her — Veray said her mother had become "very clingy. She doesn't want me out of her sight."

"I love her, but it's changed the dynamic of my marriage," she added. "I'll be lying in bed with my husband and she'll call, 'Veray, where were you?' "

The suit she and her mother filed in Pomona Superior Court last month accused Penn Treaty of breach of contract, bad faith and unfair dealing.

Veray, who holds power of attorney for her mother, said she notified Penn Treaty of her mother's change of address upon her discharge from the hospital and told the insurer that her mother would be leasing the room for $100 a month.

A month later, Veray received a letter from the company that denied her mother's claims for home helpers, explaining only that "your current residence does not meet the policy definition of a home."

"I sent them a copy of the rent checks, pictures of my mother's room, the building permit from the city and daily care-giving notes," she said. "But they kept saying no."

Linda Carraghan, an attorney with Penn Treaty, declined to respond to the Smiths' charges, saying only that "company policy is not to comment on litigation."

The Smiths' attorney, Frank Darras of Claremont, insists that Penn Treaty's definition of a "residence" in the policy should not disqualify the elder Smith. The policy, he said, defines "your personal residence" as "a private dwelling owned or leased by you, and includes a home for the retired or aged."

Darras, who called the facts in this case "particularly egregious," said he had filed about 20 cases involving such policies and said he received 15 to 20 calls from unhappy policyholders each month.

In most of his lawsuits, Darras said, the carrier disputed the policyholders' inability to care for themselves.

In one bad-faith case Darras settled last year, an elderly woman with Alzheimer's died while awaiting trial against Conseco Inc.

The woman and her husband claimed Conseco requested unreasonable and duplicative documentation of her condition, failed to respond to her request for help and then informed her that the care policy was invalid.

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Newspaper Company Returns Outside Funding For Investigation (MCT)

By James Rosen

McClatchy Newspapers, October 14, 2006

WASHINGTON - Marilyn W. Thompson, then the executive editor of the Lexington Herald-Leader in Kentucky, faced a problem last year that's afflicting more and more newspaper editors across the country: She wanted to initiate a major reporting project but lacked enough money to pay for it.

Thompson, who wanted the paper to take a deep look at Mitch McConnell, Kentucky's senior U.S. senator, a Republican, came up with an answer: She'd seek support from the Center for Investigative Reporting, a California-based nonprofit group that's financed or conducted groundbreaking work in television and print journalism.

The idea was approved by Thompson's bosses at Knight Ridder, which owned the Herald-Leader at the time. The center approved a $37,500 grant, and Herald-Leader reporter John Cheves went to work.

This week, with Cheves winding up a six-month examination of McConnell - and the senator's staff raising questions about the unusual grant - the Herald-Leader's new owner, McClatchy Co., came to a different conclusion. McClatchy acquired Knight Ridder in June.

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Howard Weaver, McClatchy's vice president for news, announced that the company would reimburse the Center for Investigative Reporting for the grant.

"If we want one of our staff members to do a report for one of our papers, we should pay for it," Weaver said.

The Herald-Leader said the four-part series would be published as planned, beginning Sunday.

The newspaper's report comes on the eve of an election that could make McConnell the majority leader of the Senate.

First elected to the Senate in 1984, McConnell has risen to be the chamber's No. 2 Republican.

He drew national attention for his outspoken opposition to a bipartisan campaign-finance bill that President Bush signed into law in 2002. He was the lead plaintiff in a lawsuit against the measure, which the Supreme Court upheld in December 2003.

McConnell's stance "begged the question" of how he himself had become such a prodigious political fund-raiser, said Thompson, who left the Herald-Leader in July to become the national investigations editor for the Los Angeles Times.

Cheves, 34, was assigned to answer that question. He's worked for the Herald-Leader since 1997, examining the political campaign finances of Democrats and Republicans alike in local, state and federal elections.

The decision to find outside funding put the Herald-Leader on the cutting edge of an industrywide wave of change, as cash-strapped newspapers, facing increased Internet competition, explore new revenue sources beyond the traditional advertising and circulation streams.

"The old business model of just having advertisers and readers fund journalism is giving way to a new model where news organizations go to philanthropic and other groups to subsidize watchdog projects," said Tom Rosenstiel, a former Los Angeles Times reporter who founded the Project for Excellence in Journalism, a research center that monitors the performance of the press.

Public TV and radio networks long have used money from a broad array of foundations to finance documentaries and other news reports, but the practice is more recent in print journalism.

"It would be better if it didn't happen, but the old model does seem to be giving way," Rosenstiel said.

As the Herald-Leader prepares to publish a series on McConnell focusing heavily on how he raises money and who provides it, the senator is trying to turn the tables on the paper.

In a series of e-mails and phone calls to Herald-Leader editors, McConnell's top aides accused the Center for Investigative Reporting of liberal bias.

Don Stewart, McConnell's communications director, said a search of campaign contributions by members of the center's board of directors and staff members had revealed donations only to Democratic candidates or affiliated groups.

McConnell's aides delved further: Cheves' work on McConnell had really been funded by the Deer Creek Foundation, a St. Louis organization that's giving the Center for Investigative Reporting $300,000 over three years to pay for an in-depth look at campaign financing by both parties.

Stewart noted that in 2002, Deer Creek gave $100,000 to New York University's Brennan Center for Justice to help defray the costs of litigating against the lawsuit that McConnell and others brought over the campaign-finance legislation. The Brennan Center was co-counsel in the case.

"Just as (gun-control advocate) Sarah Brady would question the objectivity of a reporter paid by a pro-gun-rights group, it should be easy to see why we question the objectivity of a reporter whose salary was paid by a group that provides millions of dollars to the senator's political opponents," Stewart said.

From 2001 through 2004, the Brennan Center received more than $1 million from the Deer Creek Foundation, according to the foundation's IRS filings. Seven other groups that many conservatives regard as hubs of left-wing politics got a total of nearly $2.6 million from the Deer Creek Foundation, among them Public Citizen, the Center on Budget and Policy Priorities and the Alliance for Justice.

Stewart said that Joan Claybrook, the president of Public Citizen, called McConnell "King of the Prevaricators" in 2001 and accused him of having "feasted on today's legalized bribery and corruption." Deer Creek gave Public Citizen a total of $458,000 from 2001 through 2004.

In its solicitation of grant proposals, Deer Creek says projects should "focus on the preservation and advancement of majority rule in our society, including the protection of basic rights as provided by the Constitution and Bill of Rights and education that relates to this concept."

Mary Hawker, the director of the Deer Creek Foundation, declined to be interviewed. In three faxed statements, however, she challenged McConnell's motives for protesting the Herald-Leader series.

"We think false issues are being raised (what better way to divert attention from the main story)," Hawker said. "Deer Creek has been supporting organizations working for campaign-finance reform since 1984. Organizations receiving grants often point up abuses under current law (by Democrats and Republicans) to support and demonstrate the need for reform."

The allegations that the Center for Investigative Reporting is biased surprised Dan Noyes, its acting executive director.

"We certainly have been attacked over the years, but I'm not sure I've ever seen somebody attack the story in the media before it has even appeared," he said.

The center, Noyes said, collaborated with PBS' "Frontline" program to produce ambitious investigations of the campaign finances of both parties in the 1992 and 1996 presidential elections. A 1997 project, also financed in part by Deer Creek through the center, became an award-winning book called "Secrets: The CIA's War at Home," Noyes said. It revealed the clandestine efforts of President Lyndon Johnson, a Democrat, to undermine reporting that was critical of the Vietnam War, he said.

Cheves, the McConnell series' reporter, said the Center for Investigative Reporting "has reviewed various drafts of the stories" but has "made no suggestions or changes."

The center doesn't show material to the Deer Creek Foundation or any of its other funding sources, Noyes said.

Cheves and his editors at the Herald-Leader said neither group placed any constraints on his reporting. They said he had limited contact with the Center for Investigative Reporting and none with Deer Creek as he produced the series.

"It is extremely thorough and very fair," said Sharon Walsh, the enterprise editor at the newspaper. "I don't know how else I would be able to associate my name with it. I think it's an excellent piece of journalism."

The controversy over the McConnell series and its funding ended up in the lap of Weaver, McClatchy's vice president for news. After consulting with several editors involved in the project and with McClatchy Chief Executive Officer Gary Pruitt, Weaver decided to reimburse the Center for Investigative Reporting for the original grant to the Herald-Leader.

"I'm not uncomfortable with the journalism, and I'm certainly not uncomfortable with the journalist," Weaver said. "I just think that the relationship (with the outside groups) was sufficiently unorthodox that we don't need to do it."

The decision to refund the grant drew various responses from some of the main players in the controversy.

For McConnell, the move comes too late.

"Returning the money after the fact doesn't change the product or any of the concerns we've raised," Stewart said. "It would be hard to explain why the paper is running stories that McClatchy has determined came as the result of an inappropriate funding process."

For Bob Steele, who teaches journalism ethics at the Poynter Institute in Florida and in newsrooms around the country, the decision to return the money was the right one.

"I would think that kind of specific funding by an organization with a direct stake in the players and the issues is ethically problematic," Steele said. "You can't erase the board here in its entirety because there's a history, but at least it's wise for McClatchy to say it's going to pay for the costs of doing this reporting."

The decision disappointed Thompson, the former Herald-Leader executive editor, whose Knight Ridder bosses had praised her for producing important journalism with outside funding.

"The truly important thing is that revelatory reporting will be published, after it has been thoroughly vetted for accuracy and fairness," Thompson said. "Which, of course, was our goal from the very start."

Despite Woes, Bush Offers Fund-Raising As Promised (NYT)

By Sheryl Gay Stolberg

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — President Bush is not the kind of guy to back out on a promise, especially when it comes to raising money for fellow Republicans.

So it is that Mr. Bush, who has slogged his way through many a fund-raiser this campaign season, plans to make the rounds of what might be called the Congressional newsmakers caucus next week, with back-to-back fund-raisers on Thursday for Representative Don Sherwood of Pennsylvania and Senator George Allen of Virginia.

Mr. Sherwood, who is now vulnerable in what had been considered a safe seat, has admitted having an extra-marital affair with a woman who has accused him of trying to choke her; he has said the “allegation of abuse was never true.”

Mr. Allen is fighting for re-election after a string of controversies involving racially insensitive remarks; his denial and subsequent embrace of his newly discovered Jewish heritage, and reports that he had failed to disclose stock options.

“The president made a commitment, and he’s going to stick with it,” Tony Snow, the White House press secretary, said Friday, explaining the fund-raising appearances. “The president supports their quest for election. He understands what’s going on.”

In a year that has seen Republicans tarred by scandal — Mark Foley of Florida resigned his House seat late last month after revelations he sent sexually explicit e-mail messages to teenage pages; Representative Bob Ney of Ohio pleaded guilty on Friday to taking bribes in the Jack Abramoff lobbying scandal, and Randy Cunningham, a former House member, was sentenced to eight years in prison in March for taking bribes — the troubles of Mr. Allen and Mr. Sherwood might seem tame by comparison.

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But the president's appearances on their behalf underscore the challenge facing Mr. Bush. With a little more than three weeks to go until Election Day, he and his party are investing time and money to hold seats they did not originally think they would have to defend so aggressively.

"It's all about maintaining the majority and turning out your vote," said Scott Reed, a Republican strategist. "It's normal at this stage of the campaign to go back and tap down some of the wobbly races, and it sounds like Pennsylvania and Virginia are on the top of the trouble list."

Mr. Allen's campaign manager, Dick Wadhams, said the Allen campaign hoped to raise enough money Thursday to counter the $1 million that the Democratic Senatorial Campaign Committee recently gave to Mr. Allen's opponent, Jim Webb.

A spokesman for Mr. Sherwood did not return a reporter's call.

Mr. Snow said the president supported both men and was comfortable appearing with them. "George Allen is not a bigot. Period," he said.

As to Mr. Sherwood, Mr. Snow said the president "believes that we are all sinners and we all seek forgiveness."

Bush To Campaign For Troubled Lawmakers (AP-Y)

By Terence Hunt, Ap White House Correspondent

AP, October 14, 2006

A congressman who admitted to having an affair and a senator accused of using racial slurs will get some political help from President Bush next week.

Bush will make campaign stops Thursday in Pennsylvania and Virginia to help the two troubled Republicans as the GOP struggles to maintain its endangered grip on the House and Senate.

"The President has made a commitment, and he's going to fulfill the commitment," White House press secretary Tony Snow said Friday.

Bush's appearances are intended to give a boost to four-term Rep. Don Sherwood, R-Pa., and Sen. George Allen, R-Va.

Sherwood had one of the safest seats in Congress as his conservatism played well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the last two elections.

Then last year Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit claiming he had choked her.

"Mr. Sherwood has certainly admitted to what has gone on, and the president also believes that we're all sinners, we all seek forgiveness, and in this particular case, he's supporting Don Sherwood's candidacy," Snow said.

Allen has spent weeks rebutting accusations he used racist language and liked Confederate symbols. The furor began Aug. 11, when the senator called a volunteer for his opponent "macaca," considered by some to be a racial slur, during a political rally.

"George Allen is not a bigot. Period," Snow said. "And you've had a number of black leaders who've come forward to make the point.

"So the president, absolutely, supports his candidacy," Snow said.

Snow suggested that Allen's opponent, Democrat Jim Webb, was vulnerable for things he has said. Webb, a former Navy secretary under President Reagan, argued in a 1979 magazine article that women are not fit to command men in battle and criticized their admission to the U.S. Naval Academy.

Bush Is Said To Have No Plan If GOP Loses (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, October 13, 2006

Some Republican strategists are increasingly upset with what they consider the overconfidence of President Bush and his senior advisers about the midterm elections November 7–a concern aggravated by the president's news conference this week.

"They aren't even planning for if they lose," says a GOP insider who informally counsels the West Wing. If Democrats win control of the House, as many analysts expect, Republicans predict that Bush's final two years in office will be marked by multiple congressional investigations and gridlock.

"The Bush White House has had no relationship with Congress," said a Bush ally. "Beyond the Democrats, wait till they see how the Republicans–the ones that survive–treat them if they lose next month." GOP insiders are upset by Bush's seeming inability to come up with new ideas or fresh approaches. There is even a heightened sensitivity to the way Bush talks about advisers who served his father.

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At the president's news conference on Wednesday, allies of his father complained that the president seemed dismissive of former Secretary of State James Baker, who remains close to his dad and is cochairman of a bipartisan panel studying the war in Iraq.

"I think it's good to have some of our elder statesmen–I hate to call Baker an elder statesman–but to go over there and take a look, and to come back and make recommendations," Bush said. Baker fans felt this made the former secretary seem part of a bygone era. There is also considerable criticism of Bush for making little or no news in his 63-minute encounter with the press.

"He had nothing to say at the press conference," says a prominent GOP insider. "My question is, why call it?"

Tight Races Republican Money Can't Stave Off New Peril In Senate (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 14, 2006

Chances Rise for Democrats Controlling Both Houses As Funding Gap Narrows Paying a Scandal Premium

WASHINGTON -- As their prospects dim for holding control of the House, Republicans are increasingly alarmed they also could lose their Senate majority on Nov. 7, and the party is finding its fund-raising edge isn't going as far as it used to.

The late cash crunch shows just how much an already difficult political environment has worsened for Republicans since the scandal over Rep. Mark Foley's emails to pages erupted two weeks ago. For the first time since taking control of Congress in 1994, party leaders are being forced to pick and choose which of the tight races they can throw money into winning. They simply can't afford them all.

Mounting fears of a growing anti-incumbent wave have led many well-off party veterans to hoard more of their war chests to protect themselves, rather than share with more vulnerable colleagues as they usually would. New York Republican Rep. Peter King, for instance, has outraised a feisty Democratic opponent by sixfold. But with three weeks until the election, he is resisting pressure to send a late check to his party's campaign committee. "The concern any Republican has is: Will there be a political tsunami? Will the bottom drop out of the polls?"

Republicans have increasingly concentrated on three Senate seats -- Tennessee, Missouri and Ohio -- to try to salvage at least a one-seat majority. They currently hold 55 of the Senate's 100 seats, but at least six of those are now seen as vulnerable. The party's national and Senate campaign accounts have recently spent $14.1 million to hold the seats of retiring Senate Majority Leader Bill Frist of Tennessee, Missouri Sen. Jim Talent and Ohio Sen. Mike DeWine -- with $8 million spent on Mr. DeWine alone. Yet most polls show Democrats still leading in all three races.

That spending comes at the expense of other vulnerable incumbents, including Pennsylvania Sen. Rick Santorum and Montana Sen. Conrad Burns, who are also both running behind. They are getting voter turnout help but not independent advertising support from the national party.

The party's new priorities also divert money away from the overall House contest, in which the Republican National Committee has invested less than $1 million in ads. Meanwhile, many Republican national strategists now expect to lose their House majority, as the number of endangered seats has recently risen and Democrats have been able to hold a bigger portion of their cash back for a late push.

"There is no question this is the most challenging environment we've had since 1994 from lots of perspectives, from issues to targeting races," says RNC Chairman Ken Mehlman. But he noted the party also has raised more money than ever before and plans major voter-turnout help for candidates in tight races. It also is unclear yet whether incumbent Republicans will manage to boost their fund raising in the last weeks to swamp individual Democratic opponents.

Republicans are used to having more money than Democrats but this year the margin is narrower. And Republican money needs to be spread across an unusually large number of races. Those tight contests in turn are creating an air-time crunch that is sending advertising costs soaring compared with just two years ago.

Republicans also are paying a scandal premium. The uproar over Rep. Foley has made it harder for Republican candidates to break through with their desired message. Other recent ethical scandals, such as the Abramoff lobbying case, also have raised the effective price to elect some Republican candidates.

A large number of the toughest Republican races this year are concentrated in expensive urban media markets, particularly in the Northeast. That means Republicans must spend more on defense, and can't invest as heavily in offense.

For instance, Republicans say they can defeat New Jersey's freshman Democratic Sen. Robert Menendez. Republican campaign committees are using direct mail and blast emails to highlight alleged ethical violations by the incumbent, and boosting ground troops for the turnout effort on Election Day. But the real road into the homes of New Jersey voters is by way of the pricey New York and Philadelphia markets, the country's first and fourth biggest. So far, the party hasn't reserved a penny to put its attacks against Mr. Menendez on the airwaves.

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The Republican House campaign committee has reserved about 20% of its national television advertising budget -- $10 million -- just for the Philadelphia market. That is because three House Republicans are endangered there. But that doesn't buy nearly as much airtime as it used to. A 30-second commercial before an 11 p.m. local newscast cost $1,509 in 2004. The current price: $3,044, according to TNS Media Intelligence/cmag, which tracks political advertising.

The Republicans' vulnerability in those races has drawn well-financed challengers in the House contests, as well as the re-election race of Sen. Santorum. Those supply-and-demand pressures have pushed advertising costs skyward.

The investment in Philadelphia means House leaders have to forgo spending elsewhere. After their favored candidate lost in an Arizona primary, the House Republican campaign committee canceled television time it had reserved for the general election contest for that open seat, which now is likely to flip from Republican to Democrat. Party leaders are debating shifting resources away from a Colorado open seat, which also could become a Democratic pickup. And wealthy House incumbents, such as Indiana Rep. Chris Chocola, are being told to dip into their own personal fortunes to pay for their re-elections rather than waiting for a handout from the national committees.

Comparing balance sheets between the two parties, Republicans don't seem in bad shape. The national committee, combined with the party's Senate and House campaign committees, has raised $378 million since this campaign cycle began in January 2005, which still dwarfs the $270 million the Democrats have raised. And Republican candidates outraised the Democrats by more than $10 million through August, according to the Center for Responsive Politics, the most recent figures available.

But those are less comfortable margins than Republicans are used to having, and the overall numbers mask some surprising weaknesses.

The Democrats' campaign committees specifically targeting House and Senate races have surpassed or matched their Republican counterparts in building up cash on hand, which has never happened before. According to Tony Corrado, an expert on political finance at Colby College, the two Democratic congressional committees have helped cut the Republicans' cash edge at this point to less than half the margin it was overall in the 2002 midterms.

"We have to at least surpass them to just stay competitive," Illinois veteran Republican Rep. Ray LaHood says of the Democrats. "This is the most competitive I have ever seen it."

A study by the Campaign Finance Institute, a nonpartisan Washington organization that tracks political money, also holds unsettling news for Republicans. Democratic candidates vying in competitive districts are in their best financial position in years, raising an average of $1 million in the first 18 months of this campaign cycle, compared with an average $1.7 million by the Republican incumbents. At the same point in 2004, Republican incumbents enjoyed a four-to-one advantage over their challengers.

It has fallen to the Republican National Committee, the party's biggest money machine, to provide some breathing room. The RNC reported in August a $28 million edge over the Democratic National Committee. But the vast majority of that money is earmarked for a $30 million national get-out-the-vote effort, which party leaders say will push some marginal candidates over the finish line.

The Foley scandal could make it even harder for Republicans to sustain their cash advantage. The day before his emails became public, the House Republican campaign committee chairman, Rep. Tom Reynolds of New York, told members he was raising his "battleground" budget by $5 million, to $22 million.

In short order, questions about the House leadership's management of the scandal -- including Mr. Reynolds himself -- tarnished some of the Republicans' biggest fund-raiser headliners. Embattled candidates across the country were already shunning money-raising events with unpopular President Bush. Now they are avoiding fund-raisers that feature House Speaker Dennis Hastert of Illinois, and House Majority Leader John Boehner of Ohio.

To keep control of the House, Republicans have to limit their net losses at 14 seats. To keep control of the Senate, they can't drop more than five. But, as the election nears, they are being forced to defend an ever-widening field.

Since the Foley furor, the number of House Republican seats in play has moved from 36 to 43, according to Amy Walter, of the Cook Political Report. The number of Democrats in some peril is unchanged at nine.

At the same time, Republicans seem to have to pay an increasing price to hold on to each seat. In a June special election, the national party committees spent about $5 million to hold the seat of Republican Rep. Randy "Duke" Cunningham, the San Diego lawmaker who pleaded guilty to bribery. Their candidate, Rep. Brian Bilbray, won with 78,341 votes. The cost per ballot: about $64. In the 2004 midterms, Mr. Cunningham spent less than $6 per vote, $939,000 overall.

In Rhode Island, Republicans spent at least $1.6 million defending incumbent Sen. Lincoln Chafee against a primary challenge from a candidate party leaders considered too conservative to win in November. Mr. Chafee won with 34,936 votes, a cost-per-vote ratio for the party committees of $46. In 2000, Mr. Chafee faced no primary challenge but won the general election spending only about $10 per vote.

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In Pennsylvania, the re-election campaign of Republican Rep. Jim Gerlach shows the unusual budget strains facing his party this year.

Mr. Gerlach was elected to Congress in 2002 after stints in both chambers in the state legislature. In both his congressional races he won by a narrow 51%-49% ratio. His 2004 Democratic challenger, Lois Murphy, is racing against him again this time. Mr. Gerlach says he made his first round of fund-raising calls for this campaign in January 2005 -- less than two months after his 2004 re-election.

Mr. Gerlach calculates he has held 60 to 70 fund-raisers a year to collect the approximately $3 million he has budgeted for the campaign, about a million more than he spent in 2004. But Ms. Murphy sometimes has matched or surpassed his fund raising, and boosted her campaign budget to more than $3 million after Mr. Gerlach unleashed an early round of direct mail accusing her of favoring tax increases.

The House Republican committee is rushing to Mr. Gerlach's aid, earmarking $4 million of its $10 million for Philadelphia TV ads just for his race. The Democratic House committee is countering with about $3 million. "We have to make up for that and we will. I will not lose this election for a few million dollars," House Minority Leader Nancy Pelosi said in an interview.

Mr. Gerlach's campaign finances also have been affected by scandals. In August, he returned a $7,000 donation to him from Ohio Rep. Bob Ney, who pleaded guilty Friday in the Abramoff lobbying scandal. He has refused to give back the $30,000 that came from former House Majority Leader Tom DeLay's campaign accounts, arguing that though the former Texas lawmaker has been charged with money laundering, he hasn't been convicted of anything.

Now Mr. Gerlach is grappling with fallout from the Foley scandal. He canceled a fund-raiser that was to be headlined by Majority Leader Boehner, whose role in managing the crisis is a subject of scrutiny, and quickly transferred a $1,000 check from Mr. Foley to charity. During a recent senior-center appearance, Mr. Gerlach gave up trying to talk about terrorism or taxes when it became apparent that the Foley matter was chiefly on his audience's minds. "Did you think people knew?" one participant asked. As the congressman dodged, another woman pressed him that "there had to be some" hints.

Mr. Gerlach opted for political survival and distanced himself from his party leaders. The disclosure of the so-called "overly friendly" email to a page, initially brushed aside by House leaders, "should have set off some bells and whistles," he said, "because that's not a normal thing."

Write to Jeanne Cummings at jeanne.cummings@wsj.com1

Incumbents Hold Cash Advantages (AP-Y)

By Jim Kuhnhenn, Associated Press Writer

AP, October 14, 2006

Incumbent senators entered the final weeks of the midterm campaign with substantial sums in their bank accounts, but challengers also stepped up fundraising to keep races competitive and ad buyers busy to the very end.

Republican Sen. Mike DeWine, locked in one of the fiercest Senate races this year, had a $3 million advantage over Democratic challenger Rep. Sherrod Brown at the end of September. However, Brown had the edge on fundraising for the quarter, according to reports they plan to file with the Federal Election Commission.

In Connecticut, Sen. Joe Lieberman, running as an independent, had $4.7 million in the bank as he attempts to fend off millionaire Democrat Ned Lamont. New Jersey Democratic Sen. Robert Menendez had $5.5 million at the end of September, compared with $3.17 million for Republican challenger Tom Kean Jr.

Democratic Sen. Maria Cantwell of Washington said she had $3.5 million in the bank after raising $2 million in the past quarter. Her opponent, Republican Mike McGavick, outraised her this quarter, bringing in nearly $2.2 million for the period ending Sept. 30, and had $2.1 million on hand.

In Rhode Island, incumbent Republican Sen. Lincoln Chafee reported about $700,000 on hand, compared with $1.4 million for his challenger, Sheldon Whitehouse.

Sen. Hillary Rodham Clinton had more than $14 million in her campaign account as she coasts through an easy re-election campaign in New York. Any money she has left over after the Nov. 7 election could be used in a possible presidential campaign, giving her a head start over her potential opponents.

Democrat James Webb, who is seeking to unseat Republican Sen. George Allen of Virginia, reported having $2.7 million on hand after raising $3.5 million in the quarter. Allen, who had not released his new quarterly numbers, had $6.6 million on hand at the end of June.

As a rule, incumbents tend to raise more money than challengers. In this election cycle, that advantage helps Republicans. But Democratic operatives say third-quarter fundraising by their candidates have helped close that gap.

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In Ohio, DeWine had $4.5 million in the bank compared with Brown's $1.2 million. But Brown managed to raise slightly more money since July than DeWine. The Brown campaign also said its cash-on-hand figure was lower because it had paid for about $2.5 million in advertising until election day.

Lamont's campaign did not immediately release his campaign finance data. He has spent about $9 million of his own money to unseat Lieberman, including a $2 million contribution this week.

In New Jersey, Kean raised $1.76 million in the quarter.

For Chafee, his lower cash-on-hand total reflects the enormous effort he made to beat back a primary challenge from Republican Steve Laffey on Sept. 12. Chafee has had little time to resupply his campaign account. Chafee, who lists his net worth between $41 million and $64 million, could also write a check to his campaign as he did during the primary.

The deadline for July-September finance reports is Sunday. Several campaigns were beginning to release their figures Friday.

At this point in a campaign, the amount of cash in the bank can determine a campaign's ability to surge ahead or defend against an opponent's momentum. The money is also a factor in helping national parties decide where to spend their resources.

In Ohio, for example, the Democratic Senatorial Campaign Committee, the National Republican Senatorial Committee and the Republican National Committee have been spending heavily on television advertising and other means of reaching voters. Outside groups have also weighed in with ads.

Campaign strategists said the amount of cash candidates had was especially important in states with a number of media markets, such as Ohio, Pennsylvania and New Jersey. Smaller states such as Montana and Rhode Island are less expensive.

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Associated Press writers Devlin Barrett, Matthew Daly and Donna De La Cruz contributed to this report.

Kerry Says GOP Lied About Foley, Iraq (AP)

By Holly Ramer

Associated Press, October 14, 2006

MANCHESTER, N.H. (AP) -- Sen. John Kerry, a potential presidential candidate in 2008, likened the congressional page scandal to the war in Iraq and the handling of North Korea, saying that Republicans have lied repeatedly.

"A lie, a lie, a lie, a lie. What we have in Washington is a house of lies, and in November, we need to clean house," Kerry, D-Mass., said Friday night during the New Hampshire Democratic Party's annual fall fundraising dinner.

"They tell us we're making progress in Iraq and that there is no civil war. That is a lie," he said. "It's immoral to lie about progress in that war in order to get through a news cycle or an election cycle."

Kerry criticized the Bush administration for blaming the North Korean nuclear test on former President Clinton.

"That is a lie. North Korea's nuclear program was frozen under Bill Clinton. When George W. Bush turned his back on diplomacy, Kim Jong Il turned back to making bombs, and the world is less safe because a madman has the Bush bomb," he said.

Republicans also are lying when they claim the page scandal surrounding former Rep. Mark Foley is a Democratic plot to win the midterm elections, Kerry said.

"This issue is here because of a Republican cover-up," he said. "And those from the party that preaches moral values that covered this up have no right to preach moral values anymore."

Responding to the speech, Wayne Semprini, chairman of the New Hampshire Republican State Committee, said Americans didn't buy what Kerry and the Democrats said in 2004.

Webb Has Profitable Quarter, But Allen Still Leads (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, October 14, 2006

Democrat James Webb outraised Sen. George Allen (R-Va.) by nearly $1 million from July to October, according to campaign finance reports released yesterday that reflected a surge in support for the challenger after Allen made several controversial comments that dramatically tightened the race.

Allen still has twice as much in the bank as Webb, but both candidates said they will have enough money in the campaign's closing weeks to compete on TV in the crucial advertising war that will help decide the outcome.

Allen raised $2.6 million between July 1 and Sept. 30 and reported $5.5 million in the bank, according to his finance report, the last required before the Nov. 7 election.

Webb, who released his numbers earlier this month, raised $3.5 million during the same period. Webb had $2.7 million in the bank at the end of September, compared with the $437,000 he had after winning the Democratic nomination in June.

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"Obviously, Webb has had a lot of momentum in the last two or three months," said Charlie Cook, editor of the Cook Political Report, which last week rated Virginia's Senate race a tossup. "There are a lot of people who didn't give to Webb six months ago because they didn't think he had a chance, but now he has a chance and they are jumping in."

Dick Wadhams, Allen's campaign manager, discounted Webb's recent fundraising success by pointing to the amount of money his candidate still had in the bank.

"What is important is the bullet you have left to shoot," said Wadhams, who accused Webb of raising all of his money from national Democratic leaders who support higher taxes.

Kristian Denny Todd, a Webb spokeswoman, countered that Wadhams is "desperate" because Webb is picking up support.

"This shows what we have been saying all along: The more people get to know George Allen, the more they know George Allen is wrong for Virginia and Jim Webb is the right choice," Todd said.

The Federal Election Commission reports do not take into account the amount of money each candidate has raised so far this month. Vice President Dick Cheney headlined an Allen fundraiser last week in Fairfax. Webb spent Thursday and Friday raising money in Atlanta.

Allen's and Webb's bank accounts probably will get another boost next week when the current president and a former president travel to Virginia to lend their support. President Bush will appear at an Allen fundraiser in Richmond on Thursday, the same day former president Bill Clinton will attend a Webb fundraiser at the McLean home of former senator Charles S. Robb (D).

The high-profile visits underscore how the race has become one of the most closely watched Senate contests in the country. With less than a month to go until the election, both candidates and their affiliates are expected to pour millions of dollars into television commercials, direct mail, telephone calls and other efforts to mobilize voters.

Allen, a former governor who has raised $13 million for his reelection, was expected to crush Webb, a political newcomer, in the money race this year. In June, Allen had a 15-to-1 money advantage over Webb.

But Webb campaign officials say their fundraising soared after Allen made international headlines when he referred to a Webb campaign aide of Indian descent as "macaca" at a GOP rally in Southwest Virginia on Aug. 11. The term is considered a racial slur in some cultures.

After facing weeks of questions about his racial sensitivity, Allen watched his once-double-digit lead over Webb in the polls vanish. A Mason-Dixon poll released earlier this month showed the race tied.

The tightening of the race forced Allen to spend $3.6 million between July and October, compared with $1 million spent by Webb, according to finance reports.

Webb began advertising heavily only this month, to respond to weeks of assertions by Allen that Webb wrote a 1979 article that was demeaning to military women. Webb campaign officials say fundraising is still brisk, including $100,000 in online donations so far this week.

Webb also is being aided by the Democratic Senatorial Campaign Committee, which this week began a $1 million ad buy focusing on Allen's voting record and his macaca comment. The committee also is planning a $750,000 ad buy next week, according to sources in both campaigns. The National Republican Senatorial Campaign Committee has paid for direct-mail brochures, but it is unclear whether it also will start airing television or radio ads in the state. These amounts are independent expenditures that do not have to be listed on the candidates' reports.

Allen still has the advantage in money; yesterday, he released his second ad in a week accusing Webb of wanting to raise taxes. The ad will cost the campaign more than $600,000, an aide said.

Cook, who said Virginia is a key battleground in efforts by the Democrats to regain control of Congress, expects a lot of money to flow into the state between now and Election Day.

"If Webb loses, I am not sure it's going to be because of money," he said.

Allen's Ads Put Webb On Defense (WT)

By Christina Bellantoni And Seth Mclaughlin, The Washington Times

The Washington Times, October 14, 2006

U.S. Sen. George Allen will reprise his role as a quarterback on the attack, while James H. Webb Jr. employs a defensive strategy in the final weeks before the election in Virginia's Senate race.

Mr. Allen, a Republican, will try to steamroll Mr. Webb, a Democrat, with a barrage of political ads before the Nov. 7 election.

The strategy has so far forced Mr. Webb to deflect a different issue each day, but Mr. Allen has been most effective pummeling the Democrat on taxes and social issues to rally his conservative base.

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"Jim Webb, Hillary Clinton and their liberal allies in Washington don't want to give constitutional protection to traditional marriage," an announcer says on an Allen radio ad. "And if they don't share our values on something as basic as marriage, how can we trust them on any issue?"

The ad, which is running in rural parts of the state, is one of several that hit the airwaves this week to paint Mr. Webb as a liberal out of touch with Virginia values.

The Webb campaign fired back.

"All George Allen has left are lies," Webb spokeswoman Kristian Denny-Todd said. "The latest ad contains the baseless charge that Jim Webb wants to redefine marriage. Radio stations should immediately pull the ad."

Mr. Webb, who served as secretary of the Navy under President Reagan in 1987-88, is appealing to centrist Republicans and voters fed up with the Iraq war.

The decorated Vietnam War veteran is no stranger to a fight, and has surrounded himself with tough and seasoned Democrats, including former President Bill Clinton, Gov. Timothy M. Kaine and former Gov. Mark Warner.

"We have an administration that is telling us that the global war on terror is World War three or four, take your pick, and that Iraq is the central battlefront on the central war on international terror," Mr. Webb said at a recent campaign appearance in Dumfries, Va. "But ask yourself, how many of them are risking their own kid?"

Mr. Webb's son Jimmy, a 24-year-old lance corporal in the Marine Corps, is in Ramadi, one of the most dangerous regions of Iraq.

The Democrat's campaign said Mr. Allen's marriage ad includes the false claim that Mr. Webb "would like to change the definition of marriage."

Mr. Webb said that as a Christian, he thinks marriage should be between one man and one woman, but he plans to vote against the proposed amendment on the Virginia ballot because he thinks it takes rights away from all unmarried couples.

"We have a law right now that defines marriage," he said at a debate Monday night. "We don't need to ruin the Constitution."

Mr. Allen also is telling voters Mr. Webb would repeal President Bush's tax cuts, which forced the Democrat to run an ad rebutting the claim.

"Take a look in your wallet. Are you rich?" asks the Allen radio ad. "Jim Webb thinks you are. He thinks you don't need a tax cut. In fact, he thinks you aren't paying enough taxes."

Mr. Webb's ad responds: "George Allen's lying again. Truth is, Jim Webb's plan cuts taxes for middle class families and veterans."

Mr. Webb, who benefited from free publicity after numerous Allen missteps over the past two months, dismissed Mr. Allen's commercials this week as employing "Karl Rove" tactics and claims he is misquoted.

"What I've said is any tax breaks that benefit a large section of the American people, I am for," he told reporters Wednesday.

But Allen campaign manager Dick Wadhams responded: "It's pretty clear that Webb's refusal to agree to a 'no-new tax' pledge means what we all know, that he would join Hillary Clinton and Ted Kennedy in rolling back the tax cuts Senators Allen and Warner helped pass in 2001 and 2003."

Several elements of Mr. Bush's tax cuts are set to expire over the next few years if Congress does not renew them.

Kean Campaign Shows Improvement In Its Fund-Raising Efforts (NYT)

By David W. Chen

The New York Times, October 14, 2006

TRENTON, Oct. 13 — Posting his strongest fund-raising numbers to date, State Senator Thomas H. Kean Jr. has significantly reduced what had been a three-to-one advantage in resources for his opponent, Senator Robert Menendez, according to preliminary campaign finance data released on Friday.

Yet in a caustic race that figures to be dominated by television advertising in its final four weeks, Mr. Menendez, the Democratic incumbent, still enjoys a solid lead in overall cash on hand, $5.5 million compared to $3.2 million for Mr. Kean.

From July 1 to Sept. 30, Mr. Kean, a Republican, raised nearly $1.8 million and spent $866,000 — eclipsing his best fund-raising efforts over a three-month period, when he raised $1.6 million in the first quarter of this year.

Mr. Menendez, meanwhile, had his slowest quarter of the year, collecting almost $1.4 million. And with a television blitz that began in September, he spent $3.4 million, or almost double what he had spent in the previous two quarters combined.

The campaigns are required to file detailed breakdowns of contributions with the Federal Election Commission on Sunday, but said they would not publicly release those fuller reports for at least a week.

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In an election year in which control of Congress could be in the balance, the New Jersey totals are part of a national spreadsheet of campaign data that will be used to help gauge the wherewithal of Democrats and Republicans heading into Nov. 7.

In Connecticut, for instance, Senator Joseph I. Lieberman reported having $4.7 million on hand. He raised $6.1 million from July 20 to Sept. 30, and spent $4.9 million in that period. Mr. Lieberman is running as an independent after having been defeated in the Democratic primary by Ned Lamont, who did not release his financial report on Friday. Mr. Lamont, a cable television executive, has previously said that he contributed $4.7 million to his own campaign since the Aug. 8 primary.

In New Jersey, the third-quarter fund-raising figures had been much anticipated, because recent polls have showed Mr. Menendez, who was appointed in December to fill the seat, and Mr. Kean in a virtual tie.

Steele Hits Cardin For Linking Him To Bush, GOP (WT)

By Jon Ward, The Washington Times

The Washington Times, October 14, 2006

HAGERSTOWN, Md. -- A visibly angry Lt. Gov. Michael S. Steele yesterday lashed out at Democratic attempts to tie him to President Bush and national Republicans in the U.S. Senate race, saying that he refuses "to be the whipping boy for or against the Republican Party."

"You know, I'm tired of this. I've got to justify everything the administration does, or everything it doesn't do. This is not about that," Mr. Steele told reporters after participating in a forum conducted by the Washington County Chamber of Commerce.

The Republican Senate nominee noted that his Democratic opponent, Rep. Benjamin L. Cardin, "mentioned the president 113 times" during their debate last week.

"If he wanted to run against George Bush, he should have done it two years ago," said Mr. Steele, who began airing a TV ad this week that criticizes both parties.

Mr. Cardin and Mr. Steele took part in a forum that had been billed as a debate. The Senate candidates separately took to the podium, addressed the Chamber of Commerce and answered questions from the audience.

The 10-term congressman from Baltimore talked at length about health care, transportation, and especially his desire to balance the federal budget.

"Mr. Steele talks about changing the direction of America," said Mr. Cardin, who spoke to the chamber before his Republican rival. "I don't know how you change the direction of America when you agree with the president on so many issues."

Democratic ads for Mr. Cardin have linked Mr. Steele to the president and Republican leaders, such as strategist Karl Rove.

Asked if he thinks the general unpopularity of national Republicans will affect his campaign, Mr. Steele said: "I'm not going to stand here and try to be the whipping boy for or against the Republican Party because this is the same nonsense ... that keeps this cycle going.

"Let's move forward," he said. "You know what's going to make the difference between my winning this seat and losing this seat? Me. Me. Nothing else. Me. That's why this is a conversation between me and the people."

Mr. Steele, who is the first black to win a statewide election in Maryland, said that he is "feeling a pulse and a heartbeat in this state that is not being captured in polls. I'm excited about that."

Mr. Steele previously had distanced himself from Mr. Bush, saying that his Republican Party affiliation is a "scarlet letter" in Maryland, where Democrats outnumber Republicans 2-to-1. But he also has called the president his "homeboy."

The Democratic strategy of linking Mr. Steele to national Republicans was recommended last spring by a pollster who said that Mr. Steele was a "unique threat" to Democrats' monopoly on black voters.

Pollster Cornell Belcher identified an "emerging black swing vote" and advised Democrats to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate."

Recent polls have shown Mr. Cardin leading by an average of 10 points. But cracks have appeared in Democratic unity since Mr. Cardin defeated Kweisi Mfume, past president of the National Association for the Advancement of Colored People, in the party's Senate primary.

Black political, religious and business leaders have said that there is growing grass-roots discontent with the lack of minority leaders in the Democratic Party. They say that some black voters, who are mostly registered Democrats, are going to cross party lines and vote for Mr. Steele.

Mr. Cardin and Mr. Steele have scheduled two debates -- Oct. 25 on WJLA-TV (Channel 7) and Oct. 29 on NBC's "Meet the Press."

Opposition To Abortion Won't Affect Job, Steele Says (WP)

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By Matthew Mosk And Ann E. Marimow, Washington Post Staff Writers

The Washington Post, October 14, 2006

Maryland Senate candidate Michael S. Steele said yesterday that his strong personal opposition to legalizing abortion would not factor into his work in Washington, or his evaluation of a nominee for U.S. Supreme Court justice, should he be elected next month.

"I have no litmus test in that regard because my constitutional obligation is to represent the people of the state," said Steele, who is Catholic.

"In that instance, you put on the bench the best jurist because our country is more than one issue, even though it's a profound issue," he said during a meeting with Washington Post editors and reporters. "I have never subscribed to a benchmark, litmus test mentality. And I never would. I never will."

The Republican candidate was less emphatic when asked about gun rights and suggested that his general support might not extend to assault weapons.

"You draw the line. I mean, what do you need an assault weapon for?" Steele said. The National Rifle Association has spent about $4,000 in support of his bid this year, campaign finance records show.

The remarks highlighted a continued effort by Steele -- who is running in a state where Democrats outnumber Republicans by nearly 2 to 1 -- to soften the edges on his conservative views on a number of incendiary social issues.

They came the day after the lieutenant governor began a television ad criticizing his party for implementing an education policy, the No Child Left Behind act, that he says "teaches to the test."

"It's clear that Michael Steele will say anything to get elected," said Oren Shur, a spokesman for Rep. Benjamin L. Cardin, Steele's Democratic rival. "At this point, it's hard to tell if Steele is just hiding his support for Bush's convictions or if he has no real convictions at all."

If there has been any brushback from the Republican National Committee, Steele said he was unaware of it. Steele said yesterday, "They ain't gonna give up on the brother."

Steele has spent much of his campaign distancing himself from the GOP in a year when the president is polling below 40 percent nationally and lower in Maryland.

Earlier yesterday, Steele and Cardin spoke about economics, health care and gas prices at a forum held by the Hagerstown-Washington County Chamber of Commerce.

The candidates stood at the same podium, answering many of the same questions, but they spoke separately. They overlapped briefly, shaking hands in the back of the hotel ballroom as Cardin departed and Steele arrived.

Their contrasts in style and substance were striking. Cardin, sounding like a policy professor, presented himself as a fiscally responsible "deficit hawk" with a record of working with Republicans during his 20 years in Congress.

"I'm a hawk on paying the bills," Cardin told the audience of about 100 people. "It doesn't sell well in the polls. People love tax cuts; people love big spending. Well, legislators have to make tough decisions."

Steele, emphasizing his personal story, portrayed himself as an outsider who would bring a small-business owners' perspective to what he called out-of-touch official Washington.

"Washington, in my view, has gotten outside itself," he said. "It is beyond the ivory tower. It is a place that none of us have any clue of what they're doing because they have no clue as to what's going on in your daily lives."

On policy, the candidates' differences were most apparent on two issues. Cardin opposes suspending the federal gas tax because, he said, the revenue is needed to pay for critical transportation projects. Steele said he would suspend the tax for four months to give consumers a break. On health care, Cardin supports a universal coverage plan similar to legislation passed in Massachusetts. Steele prefers to give businesses more flexibility to pool their resources.

Rural Areas' Racism May Cost Steele Votes (WT)

By S.a. Miller, The Washington Times

The Washington Times, October 14, 2006

Residents in Western Maryland and on the Eastern Shore say there are many whites among them who will not vote for a black candidate, such as Lt. Gov. Michael S. Steele, who is running for the U.S. Senate.

"Here in rural parts of the state, race might be an issue. It shouldn't, but it might," Greg Slick, a physical education teacher at North Hagerstown High School, said at a recent Friday night varsity football game. "They are not openly going to say it."

Mr. Slick, 52, a registered Republican who is white, said he will vote for Mr. Steele. But he added that the World Knights of the Ku Klux Klan is not based in nearby Sharpsburg by accident, despite public outcry every summer over the group's annual rally at Antietam National Battlefield.

"Someone is drawing them here," he said.

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David Marshall, 54, a white waterman from Crisfield on the Eastern Shore, said he is sure some of the people he works with will vote against Mr. Steele because of his skin color.

However, he said he and his friends will vote for Mr. Steele, regardless of his race.

"The people I talk to say it won't affect their vote," Mr. Marshall said on a recent afternoon as he moored his trawler.

Racial politics in Maryland has focused on the Democratic Party's efforts to secure support among its most loyal bloc -- black voters, who increasingly say that the party has taken them for granted.

Rep. Benjamin L. Cardin -- the Democratic Senate nominee who is a white, 10-term congressman from Baltimore -- is trying to woo black votes amid criticism that the state party's ticket lacks diversity.

But white voters in Republican strongholds in rural areas pose a threat to the senatorial ambitions of Mr. Steele, who already has battled race-baiting by Democrats in his Senate bid.

"On the Eastern Shore, there are a lot of rednecks," said Dawn Thomas, 46, a white waitress at a Kent Island restaurant. "I know how my family is. They come from over here, and they're very prejudiced."

A Steele campaign adviser said the Senate nominee can do little to counter racism. However, the adviser remained confident that conservative rural voters from both parties will overwhelmingly support Mr. Steele.

In 2002, Mr. Steele became the first black to win a statewide election, as the running mate of Robert L. Ehrlich Jr. The Ehrlich-Steele ticket drew 2-to-1 support among voters in rural areas, such as Allegany, Washington and Wicomico counties. During a luncheon Monday at The Washington Times, Mr. Ehrlich said much of Mr. Steele's support is from white women.

In last month's primary election, Mr. Steele easily won the 10-candidate contest for the Republican Senate nomination, collecting thousands of votes over many white contenders who garnered only double-digit support in rural jurisdictions.

Such results prompted Paula A. Lampton, chairwoman of the Washington County Republican Central Committee, to say that race is not an issue.

"I've lived here for 30 years and I haven't seen it," she said. Mr. Steele "is very well-received when he comes here. He definitely represents our values and our needs in this portion of Western Maryland."

In addition, Catherine Poe, president of the Talbot County Democratic Forum, said she expects solid support for Mr. Steele among Republicans on the Eastern Shore.

"I know the Republican base is jazzed up and working way hard," she said. "Republicans are much more disciplined. They will stick with their guy."

However, an elected Eastern Shore official -- a white Republican -- said privately that racism probably will hurt Mr. Steele "a little bit" among white voters.

In Hagerstown, Gail Curtis, a black hairstylist, said local residents have shouted racial slurs at her and her children. She has "no doubt" that some white voters will be reluctant to cast a ballot for Mr. Steele because of his race.

"It's bad," said Ms. Curtis, 35. "This town is extremely set back in time. But it is changing."

Hagerstown City Council member Alesia Parson-McBean, a Democrat who last year became the first black elected to the council, said racial tensions are easing but acknowledged the persistence of old prejudices.

"I know within my first year [in office] I received hate mail and all these things," Mrs. Parson-McBean said. "It splintered people and caused division in our city, and much of the division was based on race."

Last year, Mrs. Parson-McBean and black high-school students were the target of death threats from Jeffrey Shifler, who was a member of the Boonsboro Police Department.

Shifler, 42, pleaded guilty in August to federal civil rights charges for hate mail and telephone calls to the council member threatening to burn her house down and for calls to the school board threatening to shoot black students. He is scheduled to be sentenced in December.

"That was considered amazing for this area," Mrs. Parson-McBean said of Shifler's prosecution. "I'm hoping we already learned from the ugliness of the past and are headed to a brighter future."

Mr. Steele's potential to break the Democratic lock on black urban votes has made Maryland's Senate race one of the country's most closely watched campaigns and one of the most fiercely fought between the national parties.

The Senate has one black member -- Barack Obama, Illinois Democrat and the fifth black senator in U.S. history.

The country has not had a black governor since L. Douglas Wilder, a Virginia Democrat, left office 12 years ago. He was the country's second black governor: Pinckney Benton Stewart Pinchback led Louisiana from 1872 to 1873.

Mr. Steele is among three black U.S. Senate candidates and three black gubernatorial candidates -- a record number -- on the Nov. 7 ballot. Only Democrat Deval Patrick in the Massachusetts governor's race is ahead in the polls.

To Invade GOP Strongholds, Tap Bay Area (LAT)

By Rone Tempest, Times Staff Writer

DOJ_NMG_0081324

The Los Angeles Times, October 14, 2006

Activists are flooding into the districts of Reps. Pombo and Doolittle on behalf of Democratic challengers, making the races more competitive.

BERKELEY — The congressional fundraiser was at a pub in the heart of this liberal political stronghold. A local band, The Flux, entertained with a tune titled "Impeach the President."

The focus of attention: two candidates vying for seats in bedrock conservative districts to the east, currently occupied by Republicans John T. Doolittle of Granite Bay and Richard W. Pombo of Tracy.

Although most experts still give them a narrow edge, Doolittle, 55, seeking his ninth term, and Pombo, 45, pursuing his eighth, are in the toughest fights of their political careers going into the Nov. 7 election.

Their Northern California races are considered the most competitive in the state. President Bush demonstrated his concern by showing up at fundraisers for the duo last week, garnering more than $1 million for their campaigns.

But the prospect of upset victories contributing to a Democratic takeover of Congress — potentially installing San Francisco's Nancy Pelosi as speaker — has added another dimension to the Doolittle and Pombo races. Hundreds of volunteers and activists in Berkeley and other Bay Area communities have mobilized on the Democratic side, raising money, manning phone banks and carpooling into the districts to canvass neighborhoods for votes.

"They are already trying to figure out the color of Nancy Pelosi's rug in the speaker's office," said Allan Hoffenblum, publisher of the nonpartisan California Target Book, an election compendium.

The Berkeley event at the Albatross Pub was preceded Sept. 27 by a rally at Oakland's Grand Lake Theater at which former San Francisco mayor and state Assembly Speaker Willie Brown urged the crowd to fan out into the Doolittle and Pombo districts.

"There is a concerted effort to nationalize the elections," complained Doolittle, interviewed after the Bush fundraiser at the Serrano Country Club in suburban Sacramento. "You've got a lot of them being bused in here from the Bay Area — left-wing, antiwar activists."

Doolittle, whose 4th District stretches from the Sierra foothills east of Sacramento to the Oregon border, is opposed by retired Air Force Lt. Col. Charlie Brown, 56, of Roseville. Brown, a soft-spoken Air Force Academy graduate, is counting on his military background to help him in what is arguably California's most conservative district, based on Republican registration.

Pombo, whose 11th District includes Bay Area suburbs and San Joaquin Valley ranch lands, is challenged by wind energy scientist Jerry McNerney, 55, of Pleasanton. McNerney's intellectual and environmental credentials are an asset in some of the high-tech corners of the district, which includes the Lawrence Livermore National Laboratory.

Pombo and McNerney faced off last week in a debate in Tracy, Pombo's hometown.

The incumbent defended the Bush policy in Iraq.

"Going to war in Iraq was to protect this country," Pombo said. "I would rather take the war over there than fight it here."

McNerney countered that "we need to find a smart and a tough way to end this war."

The McNerney-Pombo contest is a repeat of the 2004 election, which Pombo won handily. Since 2004, however, both Doolittle and Pombo have suffered from their association with convicted Washington lobbyist and power broker Jack Abramoff.

Doolittle's wife, Julie, owns a political consulting firm that did extensive work for Abramoff. Doolittle has also been criticized for paying his wife's firm, Sierra Dominion Financial Solutions, a 15% commission on campaign contributions.

When President Bush raised $600,000 at the Oct. 3 fundraiser, Julie Doolittle earned $90,000.

Pombo received $7,500 in campaign contributions from Abramoff and $30,000 from Abramoff clients.

Like Doolittle, Pombo has also come under attack for bestowing campaign funds on his immediate family, including several hundred thousand dollars for his wife, Annette, and brother Randall.

On the heels of the Abramoff matter came the congressional page scandal that led to the resignation of Rep. Mark Foley, a Florida Republican. With the environment for Republicans deteriorating, the independent Cook Political Report last week downgraded both the Pombo and Doolittle races from likely GOP victories to merely leaning Republican.

Still, both Doolittle and Pombo have amassed significant campaign reserves. In the last federal reporting period, Pombo had 10 times more cash on hand than McNerney, a disparity that could give the incumbent a big advantage when television ads begin airing in earnest this month.

Both the Brown and McNerney candidacies, however, have been bolstered by activists from the Bay Area, the most Democratic chunk of the state.

"I'm overjoyed to find a place where I can work and perhaps make a difference," said Keith Miller, 69, a retired UC Berkeley mathematics professor who spent a recent evening manning a phone bank for McNerney in a downtown Oakland union hall.

In addition to phone banks and fundraisers, the activists organize several convoys a week into the Doolittle and Pombo districts. Their energy and zeal are evident, if a tad florid.

"Yesterday, Sept. 23, 2006, a date which will live in infamy," blogged San Jose volunteer Jason Spitzer, 43, a semiconductor engineer who has made three trips into the San Joaquin Valley on behalf of McNerney. "The passionate progressive patriots of America suddenly and deliberately attacked the residential neighborhoods of the city of Manteca."

The volunteer efforts for Brown and McNerney have impressed veteran political observers.

"They see this national Democratic tsunami in which they are on the verge of taking over the House for the first time since 1994," Hoffenblum said. "The best they can do to participate is work in these two congressional districts within driving distance of the Bay Area."

Speaking at the Albatross gathering, McNerney was grateful for the help. "This is about the people taking our country back from the corporate interests — this is ground zero," McNerney said.

Brown mirrored his sentiments: "John Doolittle likes to say that I like to come to the Bay Area because I'm only interested in liberals. But I like to come to the Bay Area because you want to take this country back."

Leaders of the migrating Democrats say they are sensitive to local issues and attitudes in districts that are often hugely different from those in the Bay Area. When they go into Pombo's district, for example, they first ally themselves with local Democratic Party clubs.

"We are aware that these two candidates are not running in Berkeley," said Kim Wayne, 68, co-chair of the Progressive East Bay Democrats.

Doolittle and Pombo have characterized the Bay Area activists as carpetbaggers who want to implant liberal ideas in the largely conservative districts.

"Brown has become the ultimate chameleon candidate," Doolittle said on his campaign website. "By day, he pretends to be a conservative. By night, his true colors come out as he raises money and recruits volunteers from the most liberal activists in the Bay Area."

Pombo has played up the Bay Area liberal invasion theme in his political mailers. Doolittle is expected to make it the theme of his television ads. But the volunteers say they have met with little hostility from potential voters. Political analyst Hoffenblum says the effect of the political activists is still uncertain.

"My guess is that it is probably productive work," said Hoffenblum. "When someone comes to their door for a candidate, voters seldom ask 'Where do you live in California?' "

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3 Southland Congressional Seats Safe, Despite Ethics Issues (LAT)

By Christian Berthelsen, Times Staff Writer

The Los Angeles Times, October 14, 2006

The GOP lawmakers are expected to win despite questions.

Ethics scandals around the nation have rendered Republican members of Congress vulnerable and buoyed Democrats hoping to unseat them.

Except in Southern California.

Democrats need to pick up 15 seats to regain control of Congress, a prospect that political watchers say is realistic for the first time this decade.

But three Southern California Republicans with legal and ethical troubles of their own — including being named among the "most corrupt members of Congress" by the public interest group Citizens for Responsibility and Ethics in Washington — are expected to coast to reelection in November.

The public-interest group is the same one that provided the FBI with e-mails it obtained of Rep. Mark Foley's correspondence with congressional pages.

Rep. Jerry Lewis (R-Redlands) is accused of earmarking hundreds of millions of taxpayer dollars for the clients of a lobbyist and close friend.

Rep. Gary Miller (R-Diamond Bar) is accused of using his position in Congress to help a business partner and campaign contributor gain access to a prime piece of public land and of sheltering millions of dollars in real estate investment gains from taxes.

Rep. Ken Calvert (R-Corona) is accused of earmarking millions of taxpayer dollars for transportation improvements near real estate developments in which he has a financial interest.

"They're not in competitive races; it's as simple as that," said Stuart Rothenberg, editor of the nonpartisan Rothenberg Political Report. "There's no buzz around town about any of them."

Though Northern California has a pair of competitive races, most of the action will again be far from the nation's most populous state — Ohio, Pennsylvania and the northeast, most notably. Because California has some of the most heavily

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gerrymandered electoral districts in the country, members hold almost insurmountable voter registration advantages of 15 to 20 percentage points.

"That these congressmen face no serious challenge despite the questions about their ethics highlights the problems with gerrymandered districts," said Ned Wigglesworth, a policy advocate for California Common Cause, which has unsuccessfully pushed to reform how districts are drawn in California. "Gerrymandered districts drain competition out of the electoral system and undermine the accountability which is necessary for a functioning, healthy democracy."

Even Lewis, who faces the most potential legal trouble as the target of an investigation by federal prosecutors, is on safe ground.

He is facing off against Louie Contreras, a candidate with no previous political experience who has raised less than $5,000. By contrast, Lewis, a 28-year House veteran who holds one of the most powerful positions in government as chairman of the Appropriations Committee, had $1.4 million in the bank as of June. Not that he is using it to run much of a race. Lewis has not opened a campaign office or even hired a campaign manager.

Calvert is being challenged by Louis Vandenberg, a University of California administrator and Iraq war opponent who has run against him twice before. Campaign finance reports as of June showed his campaign had a little more than $2,500 in cash, compared with more than $260,000 for Calvert.

Miller isn't even facing a challenger.

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Fla. Dems Attack Election Day Notices (AP-Y)

By Brian Skoloff, Associated Press Writer

AP, October 14, 2006

Florida Democrats asked a state court Friday to block Election Day notices at polling places that would inform voters in Rep. Mark Foley's district that his GOP replacement on the ballot will receive his votes.

Foley had been a shoo-in for re-election before he resigned from Congress on Sept. 29 after being confronted with sexually explicit instant messages he wrote to male Congressional pages.

Foley's name is still on the ballot, though, and election supervisors want voters to know that votes for Foley will be given to state Rep. Joe Negron instead.

Democrats say that would be electioneering, which is illegal under state law.

"We think the issue is very simple. What they propose to do is electioneering, and the law says electioneering is not allowed within 100 feet of a polling place. Simple as that," said Democratic Party spokesman Mark Bubriski.

Jenny Nash, a spokeswoman for the Florida secretary of state, said electioneering includes any notice or advertisement that informs voters about a specific candidate but does not necessarily ask voters to cast their ballots for that candidate.

She called the Democratic Party's motion for an emergency injunction "a reach." Democrats filed the motion in state court in Tallahassee.

The notices also would let voters know that a vote for Tim Mahoney, Negron's Democratic challenger, will count for Mahoney and a vote for unaffiliated Emmie Ross will count for Ross.

"There is plenty of support in Florida election code for both the department and the supervisors to educate voters and to provide them with necessary information," Nash said. "We feel it's a commonsense approach that in order to avoid confusion at the polls, voters should be educated to any last-minute changes to the ballot."

Negron called the Democrats' request "a desperate attempt to try to confuse voters."

"I can't imagine why anyone would oppose voters knowing how their votes will count," he said. "But you know what, voters are a lot smarter than the experts give them credit for."

Registered Republicans in the district outnumber Democrats 202,500 to 170,369, according to the latest state figures. Foley had been seeking his seventh term in Congress.

GOP's Sure Bets In Florida Now Appear In Question (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, October 14, 2006

PUNTA GORDA, Fla. — In this conservative sanctuary in Florida's 16th Congressional District, the matrons of the Peace River Federated Republican Women's Forum gathered to hear why they should cast their votes for disgraced former Rep. Mark Foley.

"A vote for Mark Foley is a vote to elect Joe Negron," explained Negron, who took over the GOP spot on the ballot when Foley resigned after explicit messages he sent to teenage male pages were made public.

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The Nov. 7 ballot had already been approved and some absentee forms mailed out when Foley resigned. Florida law forbids variation in the voting materials within any district, so Foley's name had to stay.

"People are saying you can't push the button next to Mark Foley's name. But I know that you're smarter than that," Negron said.

The 45-year-old attorney's assurances that the party can hang on to the congressional seat were comforting to a staunchly Republican crowd still reeling from the scandal that put its district up for grabs for the first time in a quarter-century.

But even here in Charlotte County on Florida's west coast, where voter turnout is regularly above 70% and heavily GOP, there are fears that the Foley scandal could discourage Republicans from going to the polls.

With President Bush's slumping approval ratings, dissatisfaction with the Iraq war and the failure of the Republican-dominated Congress to tackle issues like Social Security and immigration, GOP candidates in several once-certain Florida races now appear to be in trouble.

A new squabble over the unchangeable ballot arose Friday, when the Florida Democratic Party filed a court motion to prevent "illegal electioneering" at polling places — which is how it sees district election officials' plan to post notices telling voters that they should mark their ballots for Foley if they want to vote for Negron.

"Plain and simple, posting candidates' names is considered electioneering, and electioneering within 100 feet of a polling place is illegal," said Karen Thurman, state Democratic party chairwoman. "It's not the state's job to inform voters about the Republican candidate."

Negron retorted that the appeal for an injunction was Democratic challenger Tim Mahoney's admission of weakness. "He knows that the only way he can win this race is to run against Mark Foley," Negron said.

Before Foley resigned, Republicans held 18 of Florida's 25 U.S. House seats. Political analysts believe five of those are within Democratic reach — potential pickups that could help break the Republicans' control of Congress.

"This is about a lot more than one errant person, and voters know that," Florida Democratic Party spokesman Mark Bubriski said of the bounce in support for Democrats.

Just north of here, in the 13th District put into play by U.S. Rep. Katherine Harris when she decided to challenge Democratic Sen. Bill Nelson, Democrat Christine Jennings leads Republican Vern Buchanan by 12 percentage points, according to a recent poll, despite the wealthy Buchanan's $3 million contribution from his own pocket.

Democratic State Sen. Ron Klein has been running neck-and-neck with Republican U.S. Rep. E. Clay Shaw Jr. for his 22nd District post. Brian Smoot, Klein's campaign manager, said he had no fresh polling data, but noted that the buzz on the stump trail along the Gold Coast of Palm Beach and Broward counties was lifting spirits.

"Certainly the man on the street, or the voter on the street, has been talking about the Foley scandal and disapproval of the handling of the war in Iraq," Smoot said, reporting a rise in campaign event turnout. The Republican leadership's failure to confront Foley before the revelations that forced his resignation "has crystallized in people's minds that this is not just a do-nothing Congress but a Congress afflicted with various scandals and more interested in political games than addressing important issues."

Democrat Phyllis Busansky's bid for the 9th District has gained strength in the last two weeks, say campaign workers, who are awaiting new poll results. The former local government leader is facing Gus Bilirakis, son of retiring U.S. Rep. Michael Bilirakis. "Anecdotally, the phones are ringing off the hook," says her campaign manager, Robert Becker.

Gus Bilirakis was quoted as telling reporters in Washington that his campaign wouldn't have a comment on the leadership's handling of the Foley affair "until after we win," a remark that voters found callous and evasive, and that had his handlers scrambling to contain the damage.

In the Orlando area's 8th District, Republican incumbent Ric Keller has been getting a spirited challenge from Democrat Charlie Stuart, although nonpartisan forecasts such as the Cook Political Report continue to rate that seat as likely Republican.

In staunch Republican territory, voters express revulsion and a sense of betrayal about Foley's behavior. But those still politically active tend to blame the man, not the party.

"The Foley thing is very upsetting to everyone, but I can't actually believe it will interfere" in voters' deliberations, says Diane D'Andrea, president of the Peace River group that brought Negron to speak here. "I don't think people will vote against Joe Negron because of what someone else did."

But negative campaigning in the closely contested races is turning off voters, she added. "You hear a lot of people saying, 'I get all this garbage in the mail, and I don't want to vote for anybody.' "

Negron brushes off the Foley specter and has taken to the stump with gusto, crisscrossing his bizarrely contoured bicoastal district — it stretches from the Gulf of Mexico to the Atlantic Ocean over migrant-tended farmland in the interior of the state — with a solidly conservative platform. In his first week on the campaign trail, he addressed business, labor and agricultural groups in each of the eight counties that constitute the district.

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"Before Mark Foley's downfall, Tim Mahoney wasn't considered a credible candidate," Negron says of his opponent, insisting he will not let the Democrat "get a free ride."

Three field managers from the Republican National Congressional Committee have come from Washington to direct Negron's 11th-hour bid, and the effort has gotten $1 million in funding from federal party coffers.

Mahoney's campaign did not return phone calls, but a new TV ad released Thursday cast the Democrat as an alternative to a Republican-dominated Congress rife with corruption, incompetence and scandal.

Florida Republican Party spokesman Jeff Sadosky dismisses Democrats' claims to be drawing away disaffected Republicans and independent voters.

"Voters see this for exactly what it is: one guy with a sick problem that needs to get some help," Sadosky said. "They're not holding that against other Republican candidates."

Prominent national party figures, including President Bush, are expected to stump for Negron and other Florida GOP candidates, and Negron has been touting his close ties to Gov. Jeb Bush, who enjoys approval ratings upward of 60% — almost double those of his brother in the White House.

The Democrats also have been sending their biggest political guns south to shore up their hopefuls. Former presidential candidate Sen. John F. Kerry of Massachusetts, Sen. Barack Obama of Illinois and Sen. Hillary Rodham Clinton of New York have all visited Florida in the past two weeks. Former President Clinton also has been raising money for Klein.

Republican voters predict the Foley fallout will subside by election day.

"We've moved past it by now," says 64-year-old Darlene Queener, a retired bank employee who moved here from Wisconsin. "For the first few days, everyone talked about it. But it's something that happened, and it's going to be taken care of and we have to get beyond it because the goal is that the Republican Party keeps that seat."

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Battle Lines Drawn Along Mexico Border (FT)

By Edward Luce

Financial Times, October 14, 2006

Every night between 6,000 and 6,500 foreigners try to cross from Mexico into the US, most of them into the desert state of Arizona. Some two-thirds of them -succeed.

If J.D. Hayworth's crushing handshake is any guide, future illegal aliens can expect much stiffer resistance at the border. The Republican congressman, who represents a large suburb of Phoenix, Arizona's commercial capital, is one of the leading lights of the "enforcement first" Republicans who want to build a 1,120 km fence along the US border with Mexico. They also want to deport as many as possible of the estimated 12m illegal aliens already living in the US.

That puts the former American football player at odds with John McCain, his fellow Republican and a senator from Arizona, who is sponsoring "comprehensive reform" that would set up a temporary guest-worker programme for unskilled immigrants and stiffen policing all along the US-Mexico border.

It also puts Mr Hayworth at loggerheads with Harry Mitchell, his Democratic opponent, who polls say stands at least an odds-even chance at mid-term elections next month of ejecting the Republican from the seat he has held since 1994.

Like Mr McCain, a probable Republican contender for the 2008 presidential race, Mr Mitchell believes in providing existing "illegals" with a pathway to American citizenship once they have cleared their tax arrears. Although it is also sponsored by George W. Bush, Mr Hayworth believes that most of Arizona rejects the plan to prov-ide what he describes as an "amnesty" to illegals.

"If you have a hole in the roof and the water is flooding into your house, the first thing you do is you fix the roof," said Mr Hayworth, at his modest campaign offices off one of Phoenix's many freeways. "Once you've fixed the roof then you attend to the interior water damage."

With an unemployment rate of just 3.6 per cent – well below the national average – Arizona's interior economic damage is not easy to detect. Fuelled by a booming services sector and America's inexorable demographic shift to the south, Arizona is visibly prosperous. But if you peer behind the shiny new wallpaper you can find damp on the walls, say supporters of Mr Hayworth.

"If you look at what has happened to the wages of people in the bottom half of the economy – particularly among African-Americans – then illegal labour has a direct downward effect on incomes," said Randall Pullen, an attorney who also runs Protect Our City, a group that campaigns to deport illegal aliens from Phoenix. "Then there is the crime. Statistics show that 13 per cent of illegals who come to America have a criminal record, often for very serious crimes such as rape and murder."

But their loudest argument is that America's porous southern border undermines national security. Mr Hayworth cites recent testimony by Robert Mueller, the head of the Federal Bureau of Investigation, who said that some of those caught

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crossing over were from Muslim countries. “There is a popular belief they are all from Mexico: not true,” said Mr Hayworth. “Many of them are from Islamo-fascist countries that wish to do us harm.”

Across town, at another oasis of strip malls amid Phoenix’s endless desert of eight-lane freeways, Harry Mitchell is addressing a gathering of postal workers. Although the quaintly named National Association of Letter Carriers has endorsed the Democrat, one or two are sceptical of comprehensive reform. “Why aren’t you proposing to penalise employers who hire illegal immigrants?” asks one. Mr Mitchell prevaricates. Then says that he is.

A grandfather who has held locally elected positions for the past 32 years, Mr Mitchell’s almost teddy-bear demeanour cuts a striking contrast with his opponent. But his message is equally consistent.

“Why is my opponent only talking about immigration now in an election year?” he asks. “The Republicans have controlled the House of Representatives since 1994 and they have done nothing. Hayworth is playing politics with immigration to divert your attention from other issues, such as the collapse of ethics in Congress.”

It is a charge that has some force. According to Washington’s Center for Responsive Politics, Mr Hayworth is one of the largest recipients of donations from clients of Jack Abramoff, a notorious lobbyist imprisoned for fraud this year.

“I am a great believer in public service,” Mr Mitchell continues. “We need to change the way business is done in Washington.”

Although hardly original, Mr Mitchell’s plea appears to be sincere. As does Mr Hayworth’s uncompromising line on immigration. “My opponent,” says Mr Mitchell, “wants to hire bond bailsmen – call them bounty hunters – to deport illegal immigrants. Is this the kind of America we want?”

The postal workers evidently like Mr Mitchell. But their applause is not emphatic.

Wolf Vs. Feder Becomes Race To Watch (WP)

By Amy Gardner, Washington Post Staff Writer

The Washington Post, October 14, 2006

Northern Virginia's sprawling 10th District, which meanders 70 miles from McLean to the Shenandoah Valley, is nothing if not predictable. For 26 years, voters have sent Republican Frank R. Wolf of Fairfax County to represent them in Congress.

That fact alone gives Wolf, 67, an enormous advantage over his Democratic challenger this year, Judy Feder. His name recognition among voters is vast. And a quarter-century of public service has provided him with a long list of accomplishments to tout, from securing Metro funding and fighting gang violence to calling attention to atrocities in western Sudan.

But 2006 is not a year to assume that history will be a guide. The war in Iraq, high gasoline prices and the House page scandal are pushing voters away from President Bush's party -- even in a district viewed widely as Northern Virginia's most Republican. Add to that the uncertainty of seeking office in a fast-growing region where the political allegiance has shifted toward Democrats in recent elections, and the outlook for Wolf grows less bullish.

Finally, consider the challenger: Though a political newcomer, Feder is a well-funded, well-spoken public policy expert whose aggressive campaign has caused several national political analysts and Web sites to list the 10th District as a race to watch.

"Democrats have had weak candidate after weak candidate against Frank Wolf," said Virginia Commonwealth University professor Robert D. Holsworth. "She is not a weak candidate. She's been more energetic. She's done more things that you expect a quality candidate to do, such as raise money, even against a popular incumbent. It's one of those races where it's not as certain as it normally would be."

Feder, 59, is spending most of her time criticizing Bush and Republican leaders in Congress. In cable TV ads and appearances, she has reminded voters how often Wolf has voted with Bush -- for the war, for tax breaks for oil companies, for a Medicare drug program that some seniors have found confusing and expensive. A vote for Wolf, Feder says, is a vote for staying the course.

"We need change in Washington more urgently than any time I can remember in my lifetime," Feder told the Great Falls Civic Association this week.

Feder, who is on leave from her job as dean of Georgetown University's Public Policy Institute, is a tiny woman with funky glasses and short-cropped hair. She was a leading architect of President Clinton's universal health plan, which failed. At the Great Falls forum, she seized the microphone with no hesitation and looked Wolf straight in the eye as she declared the need for new leadership in Congress.

Among the changes Feder would push for are a slow withdrawal from Iraq and the removal of Defense Secretary Donald H. Rumsfeld, more government investment in alternative energy sources and new spending patterns for federal transportation dollars to discourage sprawl and reward smarter growth.

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On traffic and sprawl, Feder is following the successful campaign strategies of recently elected Democrats, including Va. Gov. Timothy M. Kaine, who have prevailed in such congestion-choked communities as Loudoun and Fairfax counties with a promise to improve roads and encourage better growth patterns.

But she is also venturing into a policy area largely controlled by local governments. Wolf supporters scoffed at a town hall meeting hosted by Feder to discuss a land-use decision in Loudoun County last month, accusing her of trying to capitalize on a polarizing issue that has nothing to do with Congress.

Wolf also cried foul when Feder accused the 13-term congressman of failing to rescue a plan to build a tunnel instead of elevated tracks through Tysons Corner as part of the rail extension to Dulles International Airport.

Wolf said he did not oppose the tunnel. But he was instrumental in persuading Kaine to kill it last month because the added cost of the tunnel could have put the project at risk of failing to meet federal "cost effectiveness" guidelines, jeopardizing hundreds of millions in federal dollars.

"If that had happened, the whole thing would have gone away," Wolf said. "We need rail. Without rail, there is no hope."

Wolf said he is not always partisan on Capitol Hill and not in lock step with Bush. He has pushed for the bipartisan commission that is studying the administration's policies in Iraq.

"There was a failure," he said. The Iraq Study Group, he added, "will get to the bottom of this and come up with new ideas."

Wolf is a friend of such anti-sprawl groups as the Piedmont Environmental Council. Like Feder, he opposes a proposal by Dominion Virginia Power, which could need federal approval, to erect a new power line through pristine countryside in six 10th District counties, including Loudoun and Prince William.

Wolf, who lives in Vienna, also has used his authority as chairman of a House Appropriations subcommittee to encourage telecommuting for employees of the departments of Justice, Commerce and State. He demanded an investigation into possible price gouging by oil companies in the wake of Hurricane Katrina, and he has voted to increase federal investment in alternative energy sources.

One of Wolf's passions has been calling attention to human rights abuses worldwide. He has traveled abroad dozens of times, to such strife-torn regions as Tibet, Congo, Sierra Leone, Rwanda, Ethiopia, Afghanistan, Iraq and Sudan. Usually mild-mannered, Wolf's slight stoop and white hair lend him a grandfatherly air (he has 12 grandchildren). But he becomes animated, pounding the table as he speaks of suffering abroad.

"I have met people, held people, women who have been raped," Wolf said, his voice trailing off. "I have one person in my office who does nothing but human rights and religious freedom" issues.

Wolf's amiable disposition, longevity and views on such issues as transit and preservation have made him popular across a broad swath of the 10th District's electorate -- including left-leaning conservationists who might otherwise oppose an ally of Bush this year.

Cate Magennis Wyatt is such a voter. A resident of the Loudoun County village of Waterford and a former secretary of commerce and trade for Democratic governor L. Douglas Wilder, Wyatt now leads an effort to establish a National Heritage Area along a 175-mile corridor from Gettysburg to Monticello. In Congress, Wolf is the lead supporter of the project, Called the Journey Through Hallowed Ground.

"Mr. Wolf is listening to his constituents," Wyatt said. "Mr. Wolf is really leading the charge on conservation and ensuring our history is here for generations to come."

Such support could protect Wolf against the onslaught of anti-Republican sentiment sweeping the nation. The Web page CQPolitics.com recently reclassified the 10th District race from "safe Republican" to "Republican favored." And, the Democratic Congressional Campaign Committee has called the 10th an "emerging" race.

A recent poll conducted by the independent R.T. Strategies of Alexandria puts Feder just 5 points behind Wolf. The poll's margin of error is plus or minus 3 percentage points.

Feder said, "People all over the nation are desperate for change and accountability in Washington."

But Holsworth, the VCU professor, said, "It still would be a huge surprise if Frank Wolf could be beaten."

Mr. Wolf 'S Diligence (WP)

The Washington Post, October 14, 2006

Our choice in Northern Virginia's 10th District

OVER THE YEARS we have had our disagreements with Rep. Frank R. Wolf , the Republican who has represented Northern Virginia's 10th District since 1981. But those have been outweighed by our respect for his undisputed diligence, candor, active legislative approach and passionate commitment to human rights in some of the world's darkest corners. Those qualities continue to make Mr. Wolf part of a diminishing breed in the House -- of legislators whose independent-mindedness and

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pragmatic problem-solving outweigh their partisanship. He deserves reelection this year against health-care expert Judy Feder, dean of Georgetown's Public Policy Institute.

In addition to his habitual attentiveness to an array of local issues in Northern Virginia -- congested roads, stressed transit systems and the rising threat of Latino gangs -- Mr. Wolf has made a particular mark in this latest congressional term by his constructive national role. It was chiefly at his prodding that Congress established a bipartisan commission on Iraq, led by former secretary of state James A. Baker III and former representative Lee H. Hamilton, that represents the best hope at this point of forging a national consensus on how to proceed in the war. In addition, Mr. Wolf proposed a big-picture commission to tackle the fiscal and budgetary issues that Congress has so conspicuously failed to address, including entitlement spending on Social Security, Medicaid and Medicare as well as the tax code. The object would be to devise a fiscally sustainable course for the nation and present it to Congress for an up-or-down vote.

Ms. Feder is a smart, credible candidate whose broad experience and deep knowledge of health-care policy have given her a prominent role in that national debate for years; she was a senior official in the Department of Health and Human Services during the Clinton administration. She makes a reasonable case that Mr. Wolf, by some of the party-line votes he has cast, is complicit in assorted policy failures of the Bush administration, particularly its reckless tax cuts.

But if Mr. Wolf has proved anything in 26 years in Congress, it is that he is more than a party-line Republican. His repeated visits to Iraq, Darfur, Afghanistan, Chechnya and other unlovely hot spots reflect his zeal for human rights. For that he has earned respect on both sides of Capitol Hill's partisan divide and a 14th term in Congress.

Democratic Faces That Could Launch Thousands Of Votes (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, October 14, 2006

With a Parade of Attractive Candidates, the Party May Benefit From the Politics of Beauty

AUBURN, N.Y. -- Maybe Democratic candidate Michael Arcuri is running strong in this Republican House district because he pledges to expand health coverage, balance the budget and raise the minimum wage.

Or maybe it's his piercing Italian eyes and runner's physique.

"He is pretty good-looking," observed Paula Ferrin with admiration, as the 47-year-old district attorney worked the crowd at a local senior center.

"What we want is brains, honey," scolded her friend Rose Oliver.

"True," Ferrin answered, "but handsome doesn't hurt."

The research is unambiguous that Ferrin is right: Attractive politicians have an edge over not-so-attractive ones. The phenomenon is resonating especially this year. By a combination of luck and design, Democrats seem to be fielding an uncommonly high number of uncommonly good-looking candidates.

The beauty gap between the parties, some on Capitol Hill muse, could even be a factor in who controls Congress after Election Day.

Democratic operatives do not publicly say that they went out of their way this year to recruit candidates with a high hotness quotient. Privately, however, they acknowledge that, as they focused on finding the most dynamic politicians to challenge vulnerable Republicans, it did not escape their notice that some of the most attractive prospects were indeed often quite attractive.

There is a certain logic to the trend. Back in 1994, when Republicans seized power in Congress from Democrats, the GOP had a number of fresh-faced challengers who knocked off incumbents who had grown worse for wear after years of committee hearings and fundraising receptions.

This year, it is the Democrats who have several ripe opportunities to unseat Republicans, some of whom have grown gray and portly during their years in power.

To gain the 15 seats needed to recapture House control, the party is targeting about 40 GOP-leaning districts, including New York's 24th, where veteran Rep. Sherwood L. Boehlert (R) is retiring and where Arcuri is campaigning.

In most of the races, the Democratic challengers look a lot like standard-issue politicians -- not likely to impress the judges at Atlantic City. But there are others who, while they might not have movie-star looks, are certainly well above the C-SPAN median.

The list is decidedly unscientific, but it includes several whose names come up often on Capitol Hill for reasons other than their policy platforms. Among those on it, in addition to Arcuri, are Brad Ellsworth, a swaggering Indiana sheriff; businesswoman Gabrielle Giffords of Arizona, who has chiseled features and rides a motorcycle; and Heath Shuler of North Carolina, a strapping former quarterback for the Washington Redskins. In Tennessee, Rep. Harold E. Ford Jr., a lean and stylish 36-year-old, has drawn admiring looks.

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Republican Bob Corker, who is running against Ford, has acknowledged the disparity. "I know I'm not as good-looking," Corker said. He hopes his business experience will compensate.

The crop of eye-pleasing pols has party operatives calculating the politics of beauty. "There's a fine line, and you can't cross it," said Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. Voters don't like men who look like pretty boys or women who resemble bimbos. "If you're too good-looking, people won't take you seriously," Emanuel said.

Carl Forti, spokesman for the National Republican Congressional Committee, agreed that attractive candidates often have an early advantage. But he said voters' decisions in the polling booth are rarely skin-deep, especially in a closely contested race.

"When each side is spending four or five million, people know the records, and it doesn't have the same impact," he said. He noted that Shuler's popularity has declined in recent weeks following reports that his real estate firm was late in paying taxes. "That's gone back to being a close race."

The two candidates here in this Upstate New York district have similar rÃ©sumÃ©s. Both Arcuri and his GOP opponent, state Sen. Raymond A. Meier, are lawyers. The two first crossed paths in 1985 while working on opposite sides of a local election recount. Polls showed they entered the race with roughly even name identification. They have the same Oneida County political base.

Meier's advantage is that the 24th District is home to 45,000 more registered Republicans than Democrats. But Arcuri is a popular prosecutor, the first Democrat elected to the post in 40 years. He's also tall and thin, with dark, gray-flecked hair and sharp features. Meier, who is 53, wears glasses, and his hair is brown and thinning. His look would seem to be perfectly pleasant but nondescript.

Arcuri's image is plastered all over his campaign materials, from yard signs to the trading cards that are distributed at campaign events. In his official campaign photo, he leans forward with one hand on his hip, looking suave and casual. His Web site shows him finishing a marathon.

His political friends tease him about his fashion-magazine persona, but they acknowledge that it's a valuable asset. "He's a young, good-looking guy," said Charlie Evangelista, Ontario County Democratic Committee chairman. "He's going to connect with people."

Arcuri's theory is that voters have an immediate, visceral reaction to candidates that, if powerful enough, can trump ideology or party affiliation. "How do you get around the status quo? You look for younger, energetic faces," he said. But while people may decide in an instant whether or not they are able to vote for him, he said, "then they have to know you can do the job."

He added, "I spend a lot of time assuring people I can be congressional."

His theory might be correct. An independent poll in the district released last night showed him with a 10-point lead.

Some of the academic research on beauty and voting goes back decades, to the early 1970s. In 1990, political scientist Lee Sigelman, then at the University of Arizona, posited that Democrats were losing ground nationally, despite an advantage in voter registration, because their looks were a turnoff. He rated all governors and members of Congress on an ugliness scale and found that of the 26 least attractive, 25 were Democrats.

The playing field these days is more level. Research has shown that if candidates invest a little effort in their looks, the payoff can be huge. Campaign consultants hover around candidates, ordering them to change their hairstyles, get in shape and update their wardrobes. "The bar has been raised, without question," said Sigelman, now a George Washington University political science professor.

He singled out three Maryland statewide candidates, Republican Senate nominee Michael S. Steele and gubernatorial rivals Robert L. Ehrlich Jr. (R) and Martin O'Malley (D), "as playing the image game really well." Politicians today, said Sigelman, strive for "the personality and looks of talk show hosts." The goal is to be "well turned out."

One candidate who made a high-impact adjustment is Diane Farrell. The Connecticut Democrat used to wear her blond hair pulled back tight, but after a gentle nudge from a campaign aide, she allowed it to hang loose for a more natural, relaxed look.

The looks factor can be maddening for the opposition. One writer on an anti-Shuler blog expressed annoyance at the candidate's wife, "with all her quips about how cute Shuler is. What a way to decide how to vote!!"

Perhaps not surprisingly, research has shown that voters who are easily swayed by social trends tend to favor more attractive candidates. Conversely, people who resist social trends prefer unattractive candidates.

The latest wave of research examines a possible root of political attraction: how closely candidates and voters resemble each other. A Stanford University study this year suggested that little-known candidates can increase their electoral support by as much as 20 percentage points by tweaking visual features on their campaign materials so they look slightly more like a targeted group of voters, for instance Asians or Hispanics.

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The less voters know about the candidates, as in races such as the Arcuri-Meier contest with no incumbent, the more looks seem to matter. An examination of a 2001 British local election by a team of Texas Tech University and University of Plymouth researchers found that, in the absence of facts, people who are considered attractive by survey respondents are more likely to win.

The findings were presented to the American Political Science Association's 2003 annual meeting, with the caveat that they "may offend notions of democracy that candidates should compete fairly and on the basis of issues not appearance."

Politicians Try Out MySpace (WSJ)

By Erika Lovley

The Wall Street Journal, October 14, 2006

Candidates Use Social-Networking Sites to Attract Young Voters

Luther Lowe already planned to vote for Rep. Marion Berry, an Arkansas Democrat running for re-election in November. But after finding the 64-year-old congressman's profile online at MySpace and Facebook, he was impressed enough to send the candidate a $100 donation.

"He has some funny quotes and talks about himself" in the Web postings, says Mr. Lowe, a 24-year-old from Little Rock. "I felt like I could understand him on a personal basis. It played into the decision of me not only voting, but giving money, too."

Politicians across the country are discovering that a presence on social-networking sites such as MySpace isn't just a way of communicating with voters under 30, it is also a means of attracting volunteers and their donations. Howard Dean's 2004 presidential primary run underscored the Internet's untapped potential as a fund-raising tool, and political strategists say these networking sites go further by helping candidates to home in on specific audiences, beyond those who click on campaign Web sites.

Sites such as Facebook and MySpace are increasingly popular Internet destinations for young people: cyber-locales where people create their own Web pages, congregate in large numbers and communicate with friends and strangers -- and sometimes politicians. To see if someone is a registered site member, a user can type the person's name in a search bar.

Chuck Poochigian, a Republican state senator from Fresno who is running for California attorney general, joined MySpace in early August. Within two months, Mr. Poochigian reported that the number of online donations to his campaign jumped more than 50%. "It's been pretty remarkable," he says. "There is little question that the level of enthusiasm among younger voters is higher now than it otherwise would be."

Fresno resident Sevag Tateosian, 25, says it was the endorsements by both public figures and MySpace visitors he found on Mr. Poochigian's MySpace profile that convinced him to become a campaign volunteer. "It definitely pushed me over the edge to support him," says Mr. Tateosian, who helps out as a data-entry volunteer. "I was impressed to find him on MySpace. It tells you that he cares about getting his message out to a younger forum."

With almost 500 site visitors having signed up as "friends" -- many under the age of 30 -- Mr. Poochigian's profile includes a full biography, a list of "Poochigian Trivia," and a rolling slideshow from the campaign trail. In the comment forum, friends of "Pooch," as he is nicknamed, post messages of encouragement.

"I didn't know that much about Poochigian, but this page has me sold. He's got my vote," posted user Yik, a 26-year-old man from Davis, Calif.

"Hey, Chuck. Thanks for the add. I put you on my top friends list so I hope that will help get some votes for you!!!" posted Misty, 30, of Caruthers, Calif.

Successful sites take more than a list of policy positions in a flashy font and a few photos. Only 80 friends have signed up to the MySpace page of Mr. Poochigian's opponent, Oakland Mayor Jerry Brown -- who cut a youthful figure himself when he was California governor a generation ago. Mr. Brown's page carries little campaign information, save for a few campaign-trail pictures and a video commercial that slams Mr. Poochigian's conservative views. Still, Mr. Brown, a Democrat with strong name recognition, is leading in this race. His fund-raising, too, has far outstripped his rival.

In Utah, Democrat Pete Ashdown, who is running for a congressional seat, says his number of young volunteers shot through the roof after his campaign joined MySpace in March 2005.

"It's the holy grail of politics," says Mr. Ashdown. "The amount of volunteerism was absolutely minimal compared to what we are getting now."

Political scientists, too, are paying attention to the online sites as a way to plant civic awareness in the minds of young adults. "Anything that gets young people involved in politics is great," says University of Massachusetts political-science professor Ray La Raja. In teaching undergraduates, Mr. La Raja has struggled to find an approach that inspires students to become politically active. MySpace, he says, could be that venue.

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"Research points out that if people get involved in politics early, they tend to become habitual participants," he says. "Even if kids only donate $5 or $10, they will feel an attachment to the campaign."

That sentiment is echoed by Kenneth A. Gross, a political lawyer with Skadden, Arps, Slate, Meagher & Flom in Washington and a former associate general counsel of the Federal Election Commission.

"I don't see a downside for politicians unless the solicitation is accompanied by some scandalous personal information," he says, adding that getting younger voters involved "is one of the biggest challenges facing the democratic system."

Politicians with profiles that get the most traffic, including U.S. Rep. Ted Strickland, an Ohio Democrat running for governor, know that on MySpace, it is important to do as the under-30 crowd does: make public what is personal -- and don't skimp on the trivial.

Mr. Strickland's profile says he is a Leo with a weakness for Twinkies. A video shows his guitar-playing wife, Frances, serenading him on stage during a campaign dinner.

Since the congressman's online debut in December, he has acquired an impressive 1,440 friends, and online donations are on the rise, according to campaign spokesman Keith Dailey. While not all online donations can be tracked directly to MySpace, Mr. Dailey says the links between MySpace and the campaign-donation page helps.

"We have found a great deal of interest," Mr. Dailey says. "Being on the cutting edge of Internet technologies is increasingly becoming necessary in political campaigning."

In some instances, campaign volunteers such as 24-year-old musician Zachery Allan Starkey of Columbus, Ohio, are using their candidate's page to rally support for upcoming fund-raisers and events. Mr. Starkey uses the Strickland MySpace profile page to promote a concert event, Dance Dance Democracy Party, he's producing for the candidate later this month.

The MySpace profile, he says, made it a lot easier to promote the event. "I was able to get in contact with a lot of politicians and supporters," says Mr. Starkey, who is proud of the planning he put into the show.

"In the end, I want to sit back at night and say, 'At least I did something.' "

Write to Erika Lovley at erika.lovely@wsj.com1

It's Ehrlich Vs. O'Malley, Bouts I And II (WP)

By John Wagner, Washington Post Staff Writer

The Washington Post, October 14, 2006

Candidates To Debate Each Other Twice Today

After accusing one another of ducking debates for weeks, Maryland's leading gubernatorial candidates are preparing for a political rarity today: a doubleheader.

Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley are scheduled to tangle for 60 minutes this afternoon in the studios of WJZ-TV in Baltimore.

Then, five hours later and 12 miles away, the Republican incumbent and Democratic challenger plan to meet again, this time at the Maryland Public Television station in Owings Mills for another hour-long showdown.

"I can't remember this ever happening before in any race," said Mike Morrill, a longtime Democratic operative in Maryland. "Even candidates who debate a lot don't debate twice on the same day."

The back-to-back televised debates will be the first of this year's campaign for governor -- and likely the last.

For those at home interested in watching, pay close attention: The second debate will actually air first.

Tonight's encounter is set to be shown live at 7 p.m. statewide on public television and in Baltimore on WBAL-TV, the city's NBC affiliate, where NASCAR fans expecting coverage of the Nextel Cup will be in for a surprise.

The earlier contest is being taped and won't air until 7 p.m. Monday, on both statewide public television and WJZ, Baltimore's CBS affiliate.

So just how did this happen?

Both campaigns point to the other -- and a deadline put forward by Ehrlich.

Ehrlich aides said the governor welcomed the prospect of several debates with O'Malley but made clear early on that he wanted to be done by mid-October. With Ehrlich's deadline looming, aides said, the O'Malley camp dragged its feet on scheduling.

Ehrlich spokeswoman Shareese DeLeaver said it was "a desperate attempt to run out the clock for risk of exposing a record of failed leadership."

O'Malley aides, however, said Ehrlich's team has been the difficult party -- and that the mayor remains willing to debate right up until Election Day.

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"This is what happens when lines are drawn in the sand, when there are self-imposed deadlines and your opposing campaign refuses to negotiate in good faith," said O'Malley spokesman Rick Abbruzzese. "That said, the mayor is looking forward to participating in both debates and sharing his positive vision for the state with the people of Maryland."

Viewers should expect to hear plenty about education, crime, health care and other key topics in both settings.

The terms of the WJZ debate were mostly settled earlier in the week. But only in recent days did the live debate on public television start coming together.

And last night, the two sides were still scrambling to reach an agreement over who would be on the panel of questioners.

Ehrlich objected to the three-member panel that included a reporter from the Baltimore Sun, a paper with whom the governor has had a rocky relationship. Ehrlich aides said the reporter had been added to the panel without their blessing.

A scramble for a replacement ensued. In the end, both sides wound up agreeing to a two-member panel.

"There were also some issues about standing up and sitting down," said Steven J. Schupak, vice president for programming at Maryland Public Television. Schupak coordinated the debate negotiations.

Some analysts suggested the bitter debate over debates reflected the overall tone of the race.

"You have a campaign with two very competitive people as candidates, and I think that seeped into this process," said Carol Hirschburg, a GOP political consultant in Maryland. "It's really kind of a game: who can get the upper hand, who can gain some sort of advantage, a psychological advantage, catching the other candidate off guard?"

Engaging in two debates in one day, analysts said, will force some novel strategic considerations by the two campaigns.

Do they, for example, save some of their better lines for the nightcap? And, in this age of image, do they change clothes between the two contests?

"Given they're going to air on different days, the one tip I would offer is to at least change your tie, and, if you have the opportunity, put on a different suit," Morrill said.

Is Chivalry Shivved? (NYT)

By Maureen Dowd

The New York Times, October 14, 2006

Washington

Hillary Clinton became a senator because men abused her. Her husband humiliated her in public and her opponent, Rick Lazio, hounded her in a debate. She was a sympathetic figure to many voters only after she went from pushy to pushed around.

So John McCain must be wary as he figures out how to push her around. He must slide in the shiv chivalrously.

This week, he managed to attack her three ways in one sentence: as a senator, as a wife and as a future opponent. This raises the question: Is it a smart move, pleasing a base that cringes at stories of these celebrity senators palling around, knocking back drinks on an overseas trip? Or is it a misstep, making Mr. McCain look like a sexist bully for pointedly blaming his fellow senator for her husband's old policies — and calling her "Mrs. Clinton" just to rub it in?

On a trip to Detroit to campaign for a Republican Senate candidate, Mr. McCain singled out Hillary for a shellacking on North Korea. "I would remind Senator Clinton and other Democrats critical of Bush administration policies that the framework agreement her husband's administration negotiated was a failure," he said.

The next morning on CBS's "The Early Show," he was asked why he would blame the Clintons for North Korea's batty behavior.

It's clear, after all, that the North Koreans are acting immaturely in response to W. acting immaturely. They want attention because the Bush administration inexplicably refuses to talk to them. And they know, in the pre-emptive world ordained by nutty Dick Cheney, that the best way to protect themselves from the fate of Saddam Hussein is to actually go nuclear, rather than merely fantasizing and boasting about it.

But the Republicans love to blame Bill Clinton for everything, from the radioactive Congressional page explosion to the radioactive North Korean explosion.

Mr. McCain told Hannah Storm that he "was responding to attacks made on President Bush by Mrs. Clinton, Senator Kerry, Senator Reid and other Democrats." Hillary advisers noted that she was called "Mrs." while the others were called "Senator."

Just as the male Republican front-runner, known for a short fuse, must be careful how he attacks the female Democratic front-runner, the former first lady must be careful how she attacks the war hero.

If she doesn't respond forcefully, she's not fit for the alpha chair in the Oval; if she responds too forcefully, the Republicans will try to paint her as an angry harridan who would nag us to death, or go all hypersensitive on us.

"It hurts her when she gets in a defensive crouch on her husband's record," a McCain adviser said.

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Clearly, the missus does not think so. Billary has their 2008 war room running and finger-wagging. Just as they teamed up recently to punch back when Condi and Bush boosters accused Bill of being lax with Al Qaeda before 9/11, Hillary swiftly rebutted the charge that Bill was lax with North Korea, calling it "ridiculous."

Privately, Hillary's camp was not overly upset by the McCain swipe because it suspected he was doing the bidding of the White House and that he ended up, as one adviser put it, "looking similar to the way he did on those captive tapes from Hanoi, where he recited the names of his crew mates." Besides, Senator Clinton does like to cruise on her husband's coattails and remind Americans that the economy was exploding and the world wasn't.

Hillary's people think she's better off tying herself to les bon-temps-roulez Bill years than Mr. McCain is tying himself to the war-without-end W. years. "It's bad enough that he strapped himself to a broken Acme rocket on Iraq and the economy, now he's strapping himself on North Korea," said one. "People were enamored of his independence, but now he just seems like Bush's windup toy, the obedient corporal."

Linking to W. may become even more problematic if Republicans lose the House next month, and Democrats begin a lollapalooza of investigations into W.'s economic policies, Katrina management methods, Iraq military plan and Iraq reconstruction record.

But Hillary and her first lad have their work cut out for them in trying to take out a popular war hero, according to Mark Halperin and John Harris, authors of "The Way to Win: Taking the White House in 2008."

"Our sense right now," Mr. Halperin says, "is that McCain would beat any Democrat including Hillary Clinton, and Clinton would beat any Republican except for McCain."

U.S. Hits Obstacle In Getting A Vote On North Korea (NYT)

By Warren Hoge

The New York Times, October 14, 2006

UNITED NATIONS, Oct. 13 — The United States pressed for a Saturday vote on a Security Council resolution that would impose sanctions on North Korea for its reported nuclear test, but questions from China and Russia on Friday evening cast the timing and possibly the content of the document into doubt.

The terms of the resolution had already been softened three times this week to meet objections from China and Russia, and earlier Friday there appeared to be agreement on holding a vote Saturday morning.

John R. Bolton, the American ambassador to the United Nations, said the new problems appeared "technical" rather than "substantial," but said they would require another conference of Japan and the five permanent Council members, Britain, China, France, Russia and the United States, Saturday before the full 15-member panel met later in the day.

While the wording of the resolution was still being worked out, American intelligence officials said on Friday evening that they had found radioactive material in air samples taken over the region, providing more evidence that North Korea did indeed detonate a nuclear bomb. [Page A7.]

The new draft resolution dropped or softened several provisions to placate China and Russia. It eliminated explicit mention of military enforcement of the sanctions; placed more limits on the kinds of cargo that could be inspected going in and out of North Korea; and dropped a blanket embargo on conventional weapons.

Mr. Bolton indicated that one area of dispute remained the methods and legalities of how to inspect cargo. The new draft resolution limits the weapons ban to large-size arms, military systems and unconventional weapons.

The measure, drafted by the United States, still requires all countries to prevent the sale or transfer of material related to North Korea's nuclear, ballistic missile and unconventional weapons programs, and maintains a ban on travel by persons associated with those programs.

It also bars North Korea from exporting such weapons, a provision aimed at the international concern over the possibility of unconventional arms from North Korea ending up with terrorist groups or rogue states.

Kenzo Oshima, the Japanese ambassador to the United Nations and president of the Security Council, announced the Council would gather at noon, but could not say whether there would be a vote.

"An overwhelming majority of the Council members want to vote as soon as possible," Mr. Bolton said. "They still think it is important to send a swift and strong signal, and I'm confident we're going to be able to do that."

Wang Guangya, the Chinese ambassador, said, "It all depends on the final text, because we are not at the final text yet."

The United States and Japan, the driving forces behind the resolution, had earlier thought they had surmounted the Chinese and Russian objections to the resolution when they submitted a revision Thursday night that softened some of the earlier provisions.

Mr. Bolton said the United States was "very satisfied" with the document as it stood Friday morning and was prepared to vote for it immediately.

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But Mr. Wang, while asserting his country was happy with the progress that had been made, said his country was still studying the text before officially pronouncing on it. "With progress we are always satisfied, but if we work harder, we might make more progress," he said.

Vitaly I. Churkin, the Russian ambassador, said, "I think we are on the right track, but we are not there yet."

In Washington, officials, apparently confident of the imminent passage of the measure, announced that Secretary of State Condoleezza Rice would travel to Asia next week to discuss how to implement the resolution, as well as to discuss other efforts to deter North Korean proliferation of a nuclear bomb or bomb-making materials. Sean McCormack, the State Department spokesman, said Ms. Rice would travel to Tokyo, Seoul and Beijing.

The trip, he said, is "an opportunity for her in the region to reaffirm and talk about the strength of our existing alliances there, and also to have a bit more of a wider conversation with others in the region about the current situation, about the security situation, and also to talk broadly about nonproliferation efforts."

Senior State Department officials portrayed the United Nations momentum toward a resolution as evidence of a united, multilateral front agreeing to punish North Korea.

"So the first issue we need to do is to make clear that the sense of outrage and condemnation by the international community to have a resolution in the Security Council, which will not only be a resolution condemning North Korea, but actually a resolution with some teeth to it," said Christopher Hill, the assistant secretary of state for east Asian and Pacific affairs.

"North Korea needs to understand that this is indeed a very, very costly decision that will leave North Korea far worse off and far more isolated than ever before," said Mr. Hill, speaking at a conference in Washington. "We need to give that message very clearly and make sure that North Korea cannot find any differences in our views. So I think so far, so good."

The resolution condemns the test on Oct. 9 as a "flagrant disregard" of Security Council warnings, orders it not to conduct nuclear or missile tests, and urges the North to return to six-nation talks with South Korea, China, Japan, Russia and the United States.

It freezes funds overseas of people or businesses connected to the unconventional weapons programs and bans the sale of luxury goods to North Korea.

"I think the North Korean population has been losing height and weight over the years," Mr. Bolton said. "Maybe this will be a little diet for Kim Jong-il," he said, referring to the North Korean dictator.

Under the resolution, member states are to report to the Security Council within 30 days on steps they have taken to comply with the its demands.

The resolution still invokes Chapter VII of the United Nations Charter, which makes mandatory economic and diplomatic sanctions. China and Russia customarily resist the Chapter VII provision on the grounds that it sets a pretext for the use of military force, as many countries believe it did in Iraq.

But in a formulation used in July to obtain a unanimous vote on the resolution condemning the North Korean missile launches, the text added a reference to Article 41 of the chapter, which permits only "means not involving the use of military force."

In another change designed to gain Chinese and Russian support, the resolution now says the inspection process will be "cooperative" with local authorities. Both countries were sensitive to such interdiction being done near their coasts and borders, but Mr. Bolton said that though the inspections covered air, sea and land shipments, he expected most actions would be performed in port.

As for the agreement struck to limit the arms embargo to specific weapons like missiles, tanks, attack helicopters, artillery systems, warships and combat aircraft, Mr. Bolton said, "That would place under embargo the most dangerous, most sophisticated, most lethal weapons, so that's a substantial step forward, and, as I say, we're happy to accept that as a compromise."

Russia, China Resist U.N. Vote On N. Korea (WP)

By Colum Lynch And Glenn Kessler, Washington Post Staff Writers

The Washington Post, October 14, 2006

Concerns Include Possible Seizure of Ships

UNITED NATIONS, Oct. 13 -- The United States and Japan pushed for a Saturday vote on a Security Council resolution that would condemn North Korea's reported nuclear test and impose an embargo on the communist government's trade in weapons of mass destruction, ballistic missiles, most conventional heavy weapons and luxury goods.

But Russia raised new concerns that the resolution fails to adequately define what weapons-related goods would be covered by the embargo. And China, backed by Russia, insisted that the United States include greater assurances that the resolution could not be used to justify the armed seizure of North Korean ships traveling in international waters.

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The Security Council's five permanent members -- the United States, Russia, China, Britain and France -- and Japan said they would continue negotiations Saturday morning and convene a meeting of the 15-nation council at noon.

The impasse came several hours after John R. Bolton, the U.S. ambassador to the United Nations, announced that the resolution enjoyed the "unanimous agreement" of the council's key powers. "I'm still ready to go for a vote. We'll just have to see what the instructions are, particularly from Moscow and China," he said Friday evening.

The U.S.-backed draft text urges states to enforce the embargo by inspecting cargo entering or leaving North Korea. It would also ban travel and freeze the bank accounts of North Korean officials linked to the country's most lethal weapons programs.

To secure Chinese and Russian support for the resolution, the United States, Japan and their European allies have already agreed to include explicit assurances that the resolution could not be used as a pretext for military action. They also dropped other strong measures, including a U.S. proposal to give Pyongyang a 30-day deadline to suspend its nuclear activities or face additional penalties. Japan withdrew a series of controversial proposals to ban all North Korean exports and to prohibit North Korean aircraft and vessels from arriving in foreign ports.

But Bolton said that Russia raised concerns late Friday about four new problems with the text. The most important, according to Bolton, involved the "question of how we will define nuclear, biological and chemical and weapon-related materials and ballistic missile components."

China's U.N. ambassador, Wang Guangya, said Friday morning that many of the chief obstacles to an agreement had been cleared but that the council would "bridge a few final points" where some minor differences remained. But Wang told reporters that Chinese officials had discovered other problems in the text.

China's chief concern involves a provision calling for international inspections of North Korean cargo. China expressed concern that some states could invoke the provision to justify the seizure of North Korean ships in international waters, an act that Wang insists would be a violation of international law.

Bolton countered that there are existing international and national laws "that allow the boarding of ships in international waters." He said that those laws provide the authority for the U.S.-sponsored Proliferation Security Initiative, an agreement among 16 states to coordinate interdiction operations on the high seas. Bolton described the resolution as "a kind of codification" of the Proliferation Security Initiative and said that there is nothing new or different in the current resolution on North Korea.

Bolton also differed with Wang over the importance of a ban on luxury goods, which he said had been crafted to prevent North Korea's rulers, primarily the leader, Kim Jong Il, from spending lavishly on expensive foreign goods. "I think, you know, the North Korean population's been losing average height and weight over the years, and maybe this'll be a little diet for Kim Jong Il."

Wang said that a ban on luxury goods was unnecessary and too vague. "I don't know what luxury good means, because luxury goods can mean many things for different people," Wang told reporters.

U.S. officials believe it is essential to pass the resolution this weekend, before Secretary of State Condoleezza Rice embarks next week on a trip to Japan, South Korea and China. Rice plans to meet with senior officials on implementing the provisions, including restricting North Korea's arms trade, the State Department announced.

"We'll be looking for ways to increase our cooperation with other countries and to make it clear to North Korea that it's going to have to figure out another way to earn its living besides this type of activity," Assistant Secretary of State Christopher R. Hill said yesterday at the National Press Club.

Kessler reported from Washington.

The Search For Pyongyang's Pressure Point (FT)

By Anna Fifield

Financial Times, October 14, 2006

As the countries of the United Nations wrangle over the sanctions to be imposed on North Korea following its nuclear test this week, doubts are being cast on the effectiveness of whatever measures are agreed.

With China and South Korea fearing the collapse of their volatile neighbour, and with a large proportion of North Korea's income coming from illegal trade, even targeted sanctions would have a limited impact. The regime has already survived the death of its founder and a famine that killed up to 10 per cent of its population.

Rüdiger Frank, a North Korean economy specialist at the University of Vienna, said: "I don't think there is any more room for more sanctions from the usual suspects. To be effective, China and South Korea have to join.

"But a nuclear North Korea is even more risky in case of collapse than just a humanitarian catastrophe, so why would they increase the chance of a collapse."

North Korea says its missile launches in July and the nuclear test were "self-defence" in response to US financial sanctions imposed in September last year to curb alleged counterfeiting and money laundering.

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Now the US, Europe and Japan are all calling for a tough UN resolution and authorisation for countries to interdict shipments to and from North Korea, both of which China is opposing.

The dispute over the extent of sanctions reflects differences over the purposes of the measure. While the US and perhaps Japan are eyeing regime change, China and South Korea would be happy with a change in behaviour.

Marcus Noland, of Washington's Institute for International Economics, said economic sanctions were seldom effective in changing behaviour.

"If the sanctions were going to have any shot at working they would have to be comprehensive sanctions, as suggested by Japan," he said. "That package was big enough to potentially have an impact and it also had the benefit of simplicity, but they would also imply a significant degree of hardship for ordinary people."

But the suggested targeted sanctions were too weak to be effective and because of their complexity, they almost invited circumvention, Mr Noland said.

"Weak sanctions may be counterproductive because President Bush and President Roh [of South Korea] warn that they will not tolerate a nuclear test but they are not imposing the penalties or incentives to back it up. That might tempt North Korea to push the envelope even further," he said.

Much of the crisis can be traced back to North Korea's dire economic situation. The differences between the North and South Korean economies could not be more stark. The mineral-rich north had always been the industrial heartland and the more fertile South was traditionally the rice bowl.

Indeed, the South's gross domestic product did not overtake the North's until the early 1970s but now at $700bn (£377bn, €558bn), it is about 40 times larger than that of the North's.

Economic reforms that Pyongyang begrudgingly introduced in 2002, which liberalised prices and wages, have led to some changes in North Korea's decrepit economy and trade has grown exponentially.

The South's Korea Trade Investment Promotion Agency estimates the value of North Korea's legal foreign trade crossed the $3bn mark last year, the highest since the Soviet Union collapsed in 1991, with trade with China comprising more than half of the total.

But it is North Korea's sizeable illegal trade that will further dilute any economic sanctions. Analysts suggest North Korea earns about one-third of its revenues from aid, one-third from conventional exports and the remainder from criminal activities.

Crime is such a fundamental part of North Korea's economy that David Asher, co-ordinator of the US State Department's North Korea working group from 2003 to 2005, calls the country the "Soprano state".

"North Korea is perhaps the only country in the world whose embassies and overseas personnel are ex-pected to contribute income to the 'Party Centre', not rely on central government funds for their operations," said Mr Asher in a speech at the Wilson Centre last November.

Several North Korean diplomats have been caught carrying narcotics through eastern European countries in recent years. In 2004, a North Korean ship carrying $150m worth of heroin was seized in Australia.

Pyongyang has also been producing and distributing counterfeit US dollars, cigarettes and pharmaceuticals, especially the erectile dysfunction drugs Viagra and Cialis.

Counterfeit cigarettes are said to depart regularly from the North Korean ports of Rajin and Nampo for shipment through China and South Korea to the rest of the world, and tobacco companies have identified factories producing counterfeit cigarettes in North Korea.

But the international community is now most concerned about the prospect of North Korea trading missile and weapons of mass destruction technology, a concern that is only likely to be heightened with sanctions.

Jon Wolfsthal, of the Centre for Strategic and International Studies in Washington, said: "North Korea is probably going to want to hold on to their precious weapons technology. But if the US squeezes them, that increases the risk that they might sell weapons to ensure their survival."

Vote On N. Korea Faces Last Hurdles (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 14, 2006

China and Russia have lingering concerns about sanctions sought today at the U.N.

UNITED NATIONS — The Security Council plans to vote today on a resolution imposing sanctions on North Korea for its declared nuclear test after a last-minute session to address Chinese and Russian concerns over how to implement them.

Tests showing radiation in gases near North Korea dispelled most doubts that the nation had exploded a nuclear device, which had arisen after earlier sampling did not detect any nuclear particles in the air, a U.S. government official said.

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The resolution calls for a ban on goods related to North Korea's missile and nuclear programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It also would put an embargo on heavy conventional weapons and luxury goods. A draft introduced late Thursday included a provision, requested by China and Russia, that made clear that the resolution would not allow military enforcement without another resolution.

But China has balked at a measure that would allow the inspection and seizure of suspected nuclear and missile materials going in and out of North Korea, arguing that it could provoke confrontation, interfere with commerce and allow intrusive activity too close to its borders.

The measure is based on the 2003 U.S.-led Proliferation Security Initiative, or PSI, involving a group of 16 core countries that have agreed to take steps to stop the flow of weapons of mass destruction, including boarding ships for aggressive inspections. Russia is a member of the core group, and more than 80 other nations have signed on.

U.S. Ambassador John R. Bolton, one of the architects of the initiative, said that including such a measure in the North Korea resolution would oblige nations to help with cargo inspections at air and sea ports and border crossings, and that it was consistent with international law. "I see that as a natural evolution," Bolton said.

China, however, said it could not agree to the inspections. "Politically, China will not do it," said the nation's ambassador, Wang Guangya. "I believe that the exercises under PSI will easily lead, whether it is intentional or not, to … escalations of provocations."

Russia called a special session Friday afternoon to discuss objections to the implementation of the sanctions as outlined in the draft.

"We are not there yet," Russian Ambassador Vitaly Churkin said about hopes for the entire Security Council voting in favor of the resolution. "It will be unanimous if and when, when and if, we vote unanimously on this resolution."

The council plans to vote this afternoon after meetings to finalize proposed changes.

"I'm still ready to go for a vote," Bolton said Friday night. "We'll just have to see what instructions are overnight from Russia and China." The two countries, neighbors and major trade partners of North Korea, are considered crucial to the implementation of the tough new sanctions.

U.S. Secretary of State Condoleezza Rice set plans to visit China, South Korea and Japan next week to discuss vigorous enforcement of the proposed sanctions, and to try to show a common front with allies, officials said.

Sean McCormack, the chief State Department spokesman, told reporters that Rice would be talking "about how to actually go about implementing the resolution." Experts have said that the importance of the new resolution will depend largely on how strictly it is enforced.

Rice also plans to talk to leaders more broadly about regional security issues and nonproliferation efforts, McCormack said.

Christopher Hill, U.S. assistant secretary of State for East Asia, said Rice would urge other countries to stringently apply the sanctions.

"A key part of her trip will be to make sure that the resolution, when passed, will really have teeth to it, and will really function properly," Hill said at an event sponsored by Princeton University's Woodrow Wilson School of Public and International Affairs and Foreign Policy magazine. "We need to make sure that we have devised something that works" against North Korea, he said.

Meanwhile, tests of air samples collected near North Korea have confirmed the small-magnitude blast Monday was a nuclear explosion, the U.S. government official said.

Results of initial tests, released early Friday, found no evidence of radioactivity in air particles. But subsequent tests on gases collected by a WC-135 "sniffer plane" were positive for radiation, indicating an atomic explosion, the U.S. official said.

The samples were tested at the Air Force Technical Applications Center at Patrick Air Force Base in Florida.

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Times staff writers Greg Miller, Julian E. Barnes, James Gerstenzang and Paul Richter in Washington contributed to this report.

U.S. Finding Indicates Nuclear Test (WT)

By Bill Gertz And Betsy Pisik, The Washington Times

The Washington Times, October 14, 2006

U.S. intelligence agencies have detected radioactive particles in air samples collected near North Korea's nuclear testing facility, leading analysts to conclude that the blast detected Monday was a nuclear explosion, Bush administration officials said last night.

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Meanwhile, at U.N. headquarters in New York, the United States, China and Russia agreed yesterday on sanctions against North Korea for its claimed nuclear test, with Washington backing away from its tough demands of inspections at sea to assuage fears by Beijing and Moscow of a U.S. naval buildup in East Asia.

Diplomats said they expected a vote by the 15-nation U.N. Security Council as early as today.

Washington agreed to accept language ruling out a military response to win backing from China and Russia, which have vetoes in the council.

But differences remained over how far the United Nations could go in authorizing searches of North Korean ships.

John R. Bolton, the U.S. ambassador at the United Nations who had pressed for a "swift and strong" response to Monday's reported nuclear test, said he was pleased with the latest draft.

"I hope that we will have a vote -- expect to have a vote by the 14th of October, five days [after the test]," Mr. Bolton said. "So that is, I think, a sign of the determination of the council in the face of this threat to move quickly."

The detected radioactive particles were picked up by sensors aboard aircraft flying off the coast of North Korea around the time the Oct. 9 blast was detected by seismic sensors northwest of the town of Kilchu.

Processing of the data collected by the WC-135 aircraft, called "sniffers" because of the chemical sensors that can detect particles of radioactive material, has been under way for the past five days.

Analysis of data by a laboratory in Florida is the first indication that nuclear particles were found after the test.

The finding of such particles is significant because it supports other evidence by U.S. intelligence agencies of a test and will likely lead to a more definitive conclusion that the explosion produced a nuclear yield.

One senior intelligence official said the sensor data indicating nuclear particles supports the main theory of intelligence analysts that the underground test was a plutonium device that did not fully detonate.

The blast detected by sensors created a shock wave equivalent to a magnitude 4.2 earthquake and nuclear specialists estimated that the blast was 0.2 kilotons, or the equivalent of 200 tons of TNT.

That size is far smaller than the 4 kilotons that North Korean officials told China prior to the test would be the size of the demonstration shot.

A defense official said it is almost impossible for an underground nuclear test not to produce some venting of radioactive particles because the particles escape through the ground or through the opening of the tunnel.

The U.N. draft document to impose sanctions on North Korea expresses "profound concern that the test claimed by [North Korea] had generated increased tension in the region and beyond, and [determined] therefore that there is a clear threat to international peace and security."

There were conflicting reports yesterday whether radiation had been detected at the test site. But the relatively small size of the explosion indicated that the blast had failed to set off a nuclear chain reaction.

Secretary of State Condoleezza Rice prepared to head to China, Japan and South Korea early next week to discuss steps to implement the U.N. resolution.

The latest draft:

·Prohibits the transfer of material or technology to Pyongyang that can be used in nuclear, ballistic missile or other weapons of mass destruction-related programs.

·Prohibits sales or transfers of heavy conventional weapons such as tanks, warships and combat aircraft to North Korea.

·States that the resolution does not authorize the use of military force against North Korea.

·Allows travel bans on people involved in North Korean weapons programs and their families.

·Demands Pyongyang immediately return without condition to the six-nation talks about energy and security concerns, and rejoin international nonproliferation agreements.

·Bans sales of luxury goods, such as cognac and gourmet food, to the North.

"The North Korean population's been losing average height and weight over the years, and maybe this will be a little diet for Kim Jong-il," Mr. Bolton said.

He was referring to the North Korean leader, who is said to import vast quantities of lobster, caviar, fine wines and expensive cuts of sushi for himself, his family and close associates.

The sanctions were carefully tailored not to impose additional hardship on North Korea's impoverished population, most of whom are dependent on rations from international donors.

The document also emphasizes regional cooperation, in part to satisfy Chinese fears of a greater U.S. military presence in the region.

North Korea is likely to take a higher profile at the United Nations, now that it claims to have conducted a nuclear test and is threatening additional testing.

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South Korean Foreign Minister Ban Ki-moon, unanimously selected yesterday by the U.N. General Assembly to be the next secretary-general of the world body, has pledged to work for peace and stability in Asia.

Mr. Ban told reporters yesterday evening that he would stress improved communications between nations and North Korea.

"Diplomacy is very important," he said. "Even during military conflicts there needs to be room for dialogue. I have always been saying that we need to take a two-pronged approach. Sometimes we take a stern and strong position, but there is room for dialogue, it is absolutely necessary."

One of the resolution's most ambitious planks is to create an international inspection regime that could, in theory, allow authorities to board ships, planes and trucks going into or out of North Korea.

North Korean neighbors Russia and China sought last-minute changes in the inspection regime, fearing that it would increase the presence of U.S. warships in the region.

The five veto-wielding council members -- the United States, Britain, China, France and Russia -- met late yesterday with Japan, which holds the council presidency this month.

Wang Guangya, China's U.N. ambassador, said negotiations would continue today.

The inspection proposal is modeled on the 2003 Proliferation Security Initiative (PSI).

The United States and 65 other nations have voluntarily agreed to inspections under the PSI, in which members agree to share intelligence and resources to contain weapons of mass destruction. North Korea is not a member.

The U.S. and Bahrain yesterday announced they would practice interdicting nuclear material and equipment at sea on Oct. 31, in the Persian Gulf, off the coast of Iran.

Kuwait, France and Britain are also expected to participate.

U.S., Japan Seek N. Korea Sanctions Vote (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 14, 2006

The U.S. and Japan said they want a vote Saturday by the U.N. Security Council on a resolution imposing punishing sanctions on North Korea for its claimed nuclear test and demanding the elimination of all its nuclear weapons. But last-minute changes sought by Russia and China could delay a vote.

The five permanent council members — the U.S., Russia, China, Britain and France — and Japan were to meet Saturday morning before the full 15-member council convenes to discuss the changes.

"I'm still ready to go for a vote, and we'll just have to see what the instructions are overnight, in particular from Moscow and China," U.S. Ambassador John Bolton said late Friday, adding the changes were essentially technical in nature.

He said a vote could still be possible on Saturday.

In an effort by the U.S. and its allies to compromise, the latest draft expressly rules out military action against North Korea, a demand by the Russians and Chinese. The Americans also eliminated a complete ban on the sale of conventional weapons; instead, the draft limits the embargo to major hardware such as tanks, warships, combat aircraft and missiles.

But the resolution would still ban the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles, and would authorize all countries to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking.

The accord came as U.S. officials said Friday that an air sampling taken after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion. However, the Bush administration and congressional officials said no final determination had been made about the nature of last weekend's mystery-shrouded blast.

The officials spoke on condition of anonymity because of the sensitive nature of the information.

Results from another test disclosed Friday — an initial air sampling on Tuesday — showed no evidence of radioactive particles that would be expected from a successful nuclear detonation, a U.S. government intelligence official said.

Meanwhile, North Korean ships loaded their final cargo of secondhand bicycles and household appliances in the Japanese port city of Sakaiminato after Japanese Prime Minister Shinzo Abe's Cabinet agreed to ban trade with the communist state. The unilateral Japanese sanctions also include a six-month ban on travel to Japan by all North Korean government officials.

The U.S. and other nations trying to persuade the North to give up its atomic program continued a flurry of high-level diplomatic visits. Secretary of State Condoleezza Rice planned a trip next week to Asia; Russia sent an envoy to Pyongyang; and the presidents of China and South Korea — the North's main sources of trade and aid — met in Beijing to discuss the proposed resolution.

Bolton said earlier Friday that the council's agreement just five days after North Korea's announcement it had detonated a nuclear device was "a sign of the determination of the council in the face of this threat to move quickly."

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The U.S.-sponsored draft would declare that Monday's test claimed by North Korea had increased tension in northeast Asia, creating "a clear threat to international peace and security." It would condemn the claimed test in "flagrant disregard" of the council's appeal not to detonate a nuclear device, demand that North Korea not conduct any further test or launch any more ballistic missiles, and authorize a range of economic and diplomatic sanctions.

The draft would also freeze the financial assets of — and impose a travel ban on — individuals and entities with any connection to North Korea's weapons or missile programs. It would also ban countries from selling luxury goods to North Korea.

Asked why, Bolton said, "I think the North Korean population has been losing average height and weight over the years and maybe this will be a little diet for Kim Jong Il," North Korea's leader.

Chinese Ambassador Wang Guangya, asked earlier whether Beijing was prepared to go along with the ban, said: "I don't know what luxury goods means, because luxury goods can mean many things for different people ... if they don't have it."

The latest draft resolution still invokes Chapter 7 of the U.N. Charter, which the U.S. views as a necessary enforcement tool because it makes economic and diplomatic sanctions mandatory.

China and Russia normally object to the Chapter 7 provision because it carries the possibility of military enforcement. The Bush administration used the same provision to justify its invasion of Iraq, and Moscow and Beijing worry the U.S. might do the same eventually with North Korea — even though President Bush has said the U.S. has no plans to attack.

But in a compromise also used in July to reach a unanimous vote on a resolution condemning North Korean missile launches, the text added mention of Article 41 of the chapter, which permits only "means not involving the use of military force."

In another key change to gain Chinese and Russian support, the resolution now says the inspection process — which covers shipments by land, air and sea — will be "cooperative" with local authorities. Both China and Russia share borders with North Korea and are uncomfortable with the possibility of the U.S. inderdicting ships near their coasts. At any rate, Bolton said he expected most actions would be performed at ports.

South Korea's Foreign Minister Ban Ki-moon, who has been a key figure in dealings with North Korea, told reporters soon after the General Assembly voted by acclamation to appoint him the next U.N. secretary-general that he hopes the Security Council will be able to adopt the resolution Saturday and send "a very strong and clear message" to Pyongyang.

The resolution would rely on all countries to implement the sanctions, but it would create a sanctions committee comprising all 15 Security Council nations to monitor implementation and report any violations to the council for possible further action.

Rice's trip to China, South Korea and Japan is the next step in the U.S. diplomatic offensive at the United Nations and with Pyongyang's neighbors. State Department spokesman Sean McCormack said "she's going to be talking about the passage of that resolution certainly, but really what comes after."

The trip is meant to present a unified front to North Korea, which will be looking for any cracks in the diplomatic coalition behind the U.N. statement. Coming less than a month before midterm congressional elections, Rice's trip is also an opportunity for the Bush administration to highlight its work countering dangerous regimes and terror threats.

The council's moves coincided with a Russian news agency report that North Korea favors the implementation of a year-old agreement to abandon its nuclear programs in exchange for aid and security guarantees. The ITAR-Tass news agency quoted Russia's Deputy Foreign Minister Alexander Alexeyev speaking after consultations in Pyongyang.

The report apparently referred to an agreement reached in September 2005 at six-nation talks involving the two Koreas, the U.S., China, Russia and Japan. Pyongyang has boycotted the talks for the past 13 months to protest financial measures imposed by Washington for alleged counterfeiting and money-laundering.

If the Russian report is confirmed, it could signify a major breakthrough in efforts to curb North Korea's nuclear ambitions.

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Associated Press writers Paul Burkhardt and Ed Harris at the United Nations and Robert Burns and Anne Gearan in Washington contributed to this report.

UN Sets Vote On North Korea As Russia Seeks Changes (Update8) (BLOOM)

By Todd Zeranski

Bloomberg, October 14, 2006

Oct. 13 (Bloomberg) -- The United Nations Security Council scheduled a vote tomorrow on a draft resolution sanctioning North Korea for a suspected nuclear-bomb test as the U.S. attempted late today to iron out differences with Russia on specific penalties.

The Russian government expressed reservations about a list of banned items that could be used in developing nuclear, biological and chemical weapons, U.S. Ambassador John Bolton told reporters at the UN. He said the changes Russia sought weren't ``substantial'' and he hoped the vote would go forward.

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The U.S. and Japan are trying to win international backing for penalties against the North Korean government of dictator Kim Jong Il to curtail nuclear-weapons development. South Korean Foreign Minister Ban Ki Moon, who was elected the next secretary-general of the UN today, urged the Security Council to ``send out a very strong, unified and clear message'' to North Korea that would thwart further tests.

The new schedule is for the five veto-wielding members of the Security Council -- Russia, China, the U.S., France and the U.K. -- plus Japan to meet at 10 a.m. after receiving instructions from their capitals, Bolton said. Japan would preside over a full council meeting at noon.

``We do have unanimous agreement'' on the main text of the resolution, Bolton said earlier in the day. North Korea announced Oct. 8 that it had it carried out its first nuclear test, drawing condemnation from around the world. The UN Security Council began emergency consultations the next day.

Concession to China

In a concession to China, the U.S. dropped explicit reference to a part of the UN Charter that would make sanctions militarily enforceable, changing it to Article 41 of Chapter 7, which only authorizes diplomatic and economic sanctions. Agreement on a draft Security Council resolution circulated by the U.S. on North Korea sanctions had been held up because of opposition from China and Russia.

``Realistically there was no military option for the United States, anyway,'' said Derek Mitchell, a special assistant for Asia-Pacific affairs for the secretary of defense during the Clinton administration. ``The important thing is to get a unanimous resolution to demonstrate unity to the North Koreans. That speaks to why the administration is flexible at this point.''

Warships, Tanks

The resolution would bar the sale or transfer of missiles, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government. So-called ``luxury goods'' would also be banned, though there hasn't been any specific mention of which items would fall into this category.

Secretary of State Condoleezza Rice will travel to Beijing, Seoul and Tokyo Oct. 17-22 to talk about the resolution and ``how to go about actually implementing that resolution,'' State Department spokesman Sean McCormack told reporters today in Washington.

``Such a resolution doesn't meet everything that the Bush administration wanted'' said Adam Ward, an Asia analyst who is in charge of the Washington office of the International Institute for Strategic Studies, a London-based policy study group. ``On the other hand, the administration takes the view that at least now the process is under way, and that there will be follow-on action in the Security Council if the demands of the international community are not met.''

Japanese Sanctions

Japanese Ambassador Kenzo Oshima predicted the measure would be ``very effective.'' Japan today implements national measures against North Korea in ``three key areas: import ban, ban on ships and a travel ban,'' he said.

``We felt it very necessary to have some extra measures, a measure to reflect the strong feelings of the government and people of Japan in respect to the nuclear test.''

A group similar to the U.S.-led Proliferation Security Initiative, which shares intelligence to combat the spread of weapons of mass destruction, would carry out inspections in seaports, airports and other transit points of cargo headed to or from North Korea, though Bolton said inspections could also take place at sea.

Ships at Sea

The Security Council may still be discussing whether the resolution should allow inspections of ships at sea, an issue on which China disagrees with the U.S., to make sure North Korea isn't sharing nuclear technology with other countries or terrorist groups, Mitchell said.

``The Chinese worry North Korea would see that as an act of war,'' Mitchell, who is currently a senior fellow at the Center for Strategic and International Studies, said.

The resolution demands that North Korea return to the so- called six-party talks, aimed at disarming its weapons program, and eliminate its nuclear and missile programs. Unidentified North Korean officials associated with missile- and nuclear weapons-programs would face a ban on travel.

North Korea is prepared to implement a year-old accord that involves abandoning its nuclear plans in exchange for aid and security guarantees, the Associated Press reported, citing a Russian envoy quoted by the ITAR-Tass news agency. No further details were immediately available.

At the White House, spokesman Tony Snow told reporters that he had seen and couldn't confirm reports that North Korea may be ready for nuclear talks.

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``All they have to do is say they're going to return to the six-party talks, and that they're going to put an end to their nuclear program and a lot of good things will happen," Snow said. ``Keep in mind the North Koreans are not above a little gamesmanship a few hours before the United Nations is getting ready to vote on a resolution."

Air Sample

Initial results of an air sample collected Oct. 10 to verify North Korea's claim that it conducted a nuclear test show no signs of radioactive particles, a U.S. intelligence official said. A final analysis of the sample will be completed later today or tomorrow, said the official, who requested anonymity.

The results don't definitively cast doubt on North Korea's assertion that it conducted an underground nuclear test because the bomb's fumes may have been contained initially, the official said. Still, it's difficult to keep some the fumes from eventually venting into the atmosphere, the official said.

White House spokesman Snow earlier today told reporters ``there may not be" a definitive conclusion to questions about the North Korean test.

Preliminary Samples Hint At North Korean Nuclear Test (NYT)

By Mark Mazzetti

The New York Times, October 14, 2006

WASHINGTON, Oct. 13 — With the United Nations preparing to vote on whether to impose harsh sanctions on North Korea, American intelligence officials said on Friday evening they had found new evidence that the country detonated a nuclear bomb deep inside a mountain in its desolate northern territory.

An analysis of air samples taken in the region on Wednesday found radioactive material that is “consistent with a North Korean nuclear test,” according to a document sent to lawmakers on Capitol Hill on Friday by the office of John D. Negroponte, the director of national intelligence.

But a senior intelligence official, who spoke on condition of anonymity, said that the results were still preliminary and that final analysis of the data would not be completed for several days.

The document was provided to The New York Times on Friday evening.

One day after the blast, the Pentagon dispatched Air Force planes with special radiation detectors into international airspace near North Korea. The official did not say whether the planes had collected the radioactive sample.

One question that remains is whether the explosion that North Korean leaders announced with great fanfare might actually have been a failure or merely a partial success.

Both intelligence officials and independent scientists have said that the detonation was a “sub-kiloton” blast — an explosion far smaller than typical nuclear tests by novice bomb designers. One widely held theory is that the nuclear blast was less powerful than the North Koreans had hoped it would be.

Earlier this week, American officials said the North Koreans had notified the Chinese government that the nuclear test would be in the range of four kilotons.

“Based in very incomplete information, it smells to me like a fizzle,” said Sidney Drell, a theoretical physicist and arms control expert at The Hoover Institution at Stanford University.

Given the comparatively small size of the blast, American officials said, it is possible that only a small amount of radioactive material leaked from the subterranean test site.

Because the test was conducted by one of the world’s most closed societies, the Pentagon and intelligence agencies have had to construct complicated computer models to try to prove North Korean claims of a nuclear test. They used the models to calculate the times that the Air Force’s WC-135 “Constant Phoenix” aircraft would have the best chance to collect samples of radiation from the explosion.

Military officials said earlier in the week that the ability to detect any radiation would depend partly on the uncertainties of nature because the prevailing winds would have to blow east toward the military aircraft patrols.

Professor Drell also said that any radiation leakage would depend on the geology of the test site. The explosion could have blasted new holes in rock formations that would allow radioactive material to seep into the air. But the blast could also have sealed off subterranean passages and reduced the chances for leakage.

“We’re in the process now of going through, looking through all the data and all the facts to try to come up with the best possible explanation for what, exactly, happened there,” said Sean McCormack, a State Department spokesman.

“We don’t know yet.”

U.S. Detects Signs Of Radiation Consistent With Test (WP)

By Dafna Linzer And Walter Pincus, Washington Post Staff Writers

DOJ_NMG_0081346

The Washington Post, October 14, 2006

Initial environmental samples collected by a U.S. military aircraft detected signs of radiation over the Sea of Japan, possibly confirming North Korea's nuclear test, intelligence officials said yesterday.

Officials said the positive radiation result was consistent with an atomic test and would make it possible to rule out the possibility that Monday's test had been conducted with conventional explosives alone. But intelligence and administration officials were cautious about reaching a conclusion before reviewing all incoming data. "The intelligence community continues to analyze the data," said Frederick Jones, spokesman for the National Security Council. "When the intelligence community has a determination to present, we will make that public."

Earlier detection attempts by the United States, China and South Korea did not pick up any radiation. An intelligence official said additional samples are being collected, and analysts are also taking a harder look at seismic data, satellite photos and communications intercepts.

North Korea, according to U.S. intelligence estimates, has enough plutonium for as many as a dozen nuclear weapons, depending on their level of sophistication. Some analysts have judged Pyongyang's technical capabilities in the nuclear design field to be at a low level. But there are now discussions among top U.S. weapons scientists and analysts whether North Korea may have managed to test a miniaturized warhead or a more sophisticated design than was expected.

"When you look at the rest of their activities, increasing sophistication isn't the first thing you think of, but it hasn't been discarded either," said one nuclear scientist who spoke on the condition of anonymity because of instructions from superiors to avoid talking to reporters about the test.

U.S. intelligence experts say they believe, though cannot prove, that the North Korean blast was the result of a partial implosion of plutonium at the core of the test device. That would mean some of the plutonium failed to implode, but intelligence officials do not claim to know why. The blast yield was less than a kiloton, far smaller than the 20-to-23-kiloton bomb the U.S. military dropped on Japan 60 years ago, and less than the four-kiloton yield the North Koreans told the Chinese to expect in advance of Monday's test.

Several theories about the small yield include the possibility that the device's design was slightly imperfect and thus failed to set off explosive charges simultaneously. Without the simultaneous detonation, the plutonium would fail to fully compress and implode.

If the test was conducted with a miniaturized nuclear device, however, it is possible that the North Koreans were able to conceal any radiation, as they claimed. One analyst suggested that the test may have been conducted in a horizontal tunnel with a vertical drop at the end, thus reducing the chance for radiation to vent into the air.

In an interview with the Hankyoreh, a Seoul-based newspaper, a North Korean diplomat said Tuesday that the test "was smaller than expected, but a small success means a larger success is possible."

He added that the aim was "to possess nuclear weapons," and that it would be possible to take additional measures such as preparing to load nuclear warheads onto missiles.

Even without a definitive conclusion about the test, it set off jitters in neighboring South Korea. A statement signed by 17 former defense ministers and veterans called on the Seoul government to request that the United States redeploy tactical nuclear weapons, which were removed by George H.W. Bush's administration in 1991.

Ironically, it was the initial stationing of U.S. tactical nuclear artillery shells along the demilitarized zone between North and South Korea in the late 1960s that prompted Pyongyang to begin a nuclear program.

The chances of the United States redeploying those weapons are slim; Secretary of State Condoleezza Rice said Thursday that the goal of U.S. diplomacy is to denuclearize the Korean Peninsula.

U.S.: Test Points To N. Korea Nuke Blast (AP-Y)

By Robert Burns And Anne Gearan, Associated Press Writers

AP, October 14, 2006

An air sampling taken after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion, Bush administration and congressional officials said Friday night. They said no final determination had been made about the nature of last weekend's mystery-shrouded blast.

One U.S. government official said intelligence officials assigned an 80 percent probability that the North Korean explosion was a nuclear detonation, based on the air sample collected Wednesday. The official said it appeared highly unlikely that the sample of radioactive material was produced by any other source, including a nuclear power reactor.

The official also said additional sampling might be conducted, not necessarily by airborne means. He would not elaborate, citing security concerns.

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A senior administration official suggested that the North Korean test was a dud. "The betting is that this was an attempt at a nuclear test that failed," the official said. "We don't think they were trying to fake a nuclear test, but it may have been a nuclear fizzle."

The officials who described the results spoke on condition of anonymity because of the sensitive nature of the information.

North Korea's claim of a successful nuclear test Monday sent shock waves throughout Asia and around the world. President Bush has called for stiff United Nations sanctions on North Korea, while refusing appeals by U.N. Secretary-General Kofi Annan and others to take part in one-one-one talks with the reclusive communist regime.

Since North Korea's announcement, the United States and other nations have been conducting scientific tests to determine whether a nuclear explosion had occurred.

The administration briefed key members of Congress about the preliminary test results of an air sample an official said was collected above Qunggye, near the area of the claimed nuclear test.

Results from another test disclosed Friday — an initial air sampling on Tuesday — showed no evidence of radioactive particles that would be expected from a successful nuclear detonation, a U.S. government intelligence official said.

The contradictory readings reinforced uncertainty about the size and success of Monday's underground explosion, which North Korea has trumpeted as a nuclear test. Data from seismic sensors have already indicated the explosion was smaller than expected.

The Chinese and Japanese governments have done their own air sampling and found no trace of radioactive material, officials from both countries said Friday. A Japanese government official said his country sampled air over the Sea of Japan, as well as rainfall and ground-level air on Japanese territory and found nothing.

A spokesman for National Intelligence Director John Negroponte declined to comment on any findings from U.S. spy agencies.

One Republican lawmaker, citing the release of "intelligence reports appearing to confirm the likelihood of a North Korean nuclear test," backed Bush's call for a return to international talks. But the lawmaker, Rep. Heather Wilson, R-N.M., also parted company with the president, saying that if a "prominent American delegation — preferably a bipartisan one — get North Korea to walk back from the ledge, we should do so."

The State Department, meanwhile, announced that Secretary of State Condoleezza Rice will travel to China, South Korea and Japan next week to discuss steps to pressure North Korea to drop its nuclear efforts and to assess the region's security situation.

Members of the U.N. Security Council agreed Friday on wording of a resolution that would clamp sanctions on the communist country. The draft, scheduled for a Saturday vote, would authorize nonmilitary sanctions against the North, and says that any further action the council might want to take would require another U.N. resolution.

It also eliminates a blanket arms embargo from a tougher, previous draft, instead targeting specific equipment for sanctions including missiles, tanks, warships and combat aircraft.

State Department spokesman Sean McCormack said that on Rice's trip, "she's going to be talking about the passage of that resolution certainly, but really what comes after."

Rice's trip is meant to present a unified front to North Korea, which will be looking for any cracks in the diplomatic coalition behind the U.N. statement. Coming less than a month before midterm congressional elections, Rice's trip is also an opportunity for the Bush administration to highlight its work countering dangerous regimes and terror threats.

Beyond the threat to Asian neighbors and perhaps other nations posed by a nuclear North Korea, the administration is worried that Pyongyang could sell its nuclear know-how to terrorists or other potential U.S. enemies, including Iran.

"Now is the time really to be very firm — to be calm, but firm — and to make clear to the North Koreans that no one is going to accept them as a nuclear weapons state," Assistant Secretary of State Christopher Hill said Friday at the National Press Club.

Analysts and government officials have said it may take weeks or longer to determine with confidence whether the North Korean explosion was nuclear.

The negative air sample was taken Tuesday by a specialized aircraft, the WC-135, flying from Kadena air base in Okinawa, Japan. It apparently took the sample over the Sea of Japan, between the Korean mainland and Japan.

In Beijing, a government official said Friday that Chinese monitoring also has found no evidence of airborne radiation from the test-explosion. The official with the State Environmental Protection Administration said China has been monitoring air samples since Monday.

The U.S., which has sought tough steps in the United Nations that could leave the door open to a blockade or other military action, has had to give ground to gain support from China and Russia. Those countries, along with South Korea, have been reluctant to abandon diplomatic efforts to resolve the standoff.

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Associated Press Diplomatic Writer Barry Schweid contributed to this report.

North Korea Spawns New Fears As Member Of Nuclear Club (MCT)

By Tim Johnson

McClatchy Newspapers, October 14, 2006

BEIJING - It's been called an "evil state," a "psycho state" and even a "Soprano state" that survives on crime, like the fictional television mob family.

Its leader, Kim Jong Il, once a movie director, has come up with an extraordinary plot line: Steer a totalitarian, bankrupt regime to develop nuclear weapons, then use cunning to ride out international sanctions and keep a firm grip on the nukes.

The final episodes have yet to unfold: Will the protagonist dare to put a bomb atop a missile and fire it? Will he try "nuclear blackmail" to extort billions from his neighbors?

North Korea's missile sales and illicit activity, its involvement in terrorism and its ability to seal off its people from the outside world and to hide the doings of its leaders all make it a nuclear nation worth fearing.

But the whispers in the West that the secretive Kim is crazy are simply wrong, experts say.

"Here's a guy who is leader of a failed state with a failed ideology having survived with his father for the last 50 years pitting the major powers against each other," said Ralph Cossa, the head of the Honolulu-based Center for Strategic and International Studies' Pacific Forum.

"For a crazy man, he's pretty successful."

His latest triumph came at 10:36 a.m. Monday in a shaft about 1,180 feet under a mountain at the Hwadaeri testing facility near North Korea's northeastern border with Russia. There, North Korea set off an explosion that experts say probably was a nuclear test, though no test debris has been detected in the atmosphere. The relatively small size of the blast indicates that it might have been a fizzle.

But the shock value unnerved Western policymakers.

After all, North Korean intelligence agents killed 18 South Korean officials in Burma in 1983, and bombed an airliner out of the sky in 1987, killing 115 people.

In more recent years, the cash-strapped regime has turned to moneymaking endeavors such as peddling narcotics and fake Viagra, smuggling bogus Marlboro cigarettes and printing fake American $100 bills. It sells missile and weapons technology abroad, largely in the Middle East.

A profound mistrust between North Korea and the United States adds a hair-trigger feel to the crisis. North Korea believes that Washington is bent on its destruction.

"We are under extreme threat (from the) United States of nuclear war," North Korea's ambassador to Australia, Chon Jae Hong, said after the nuclear test. North Korean propaganda routinely is laden with threats against the United States.

North Korea is more isolated than any other nation on Earth. For half a century, its million citizens have lived in a cocoon, sealed off from the world, knowing only "juche," or self-reliance, first under the leadership of Kim Il Sung, the "Great Leader," then under his son, Kim Jong Il, the "Dear Leader."

The once-industrialized country has seen its factories deteriorate and stand empty from lack of electricity. Floods and poor management produced starvation beginning in the mid-1990s, and, though estimates are difficult, the toll is thought to have reached up to 2 million people. The economy took a turn for the better beginning in 2000 and agriculture improved, helped largely by fertilizer sent from South Korea.

Few tourists are permitted. Those who go must leave behind video cameras, cell phones and binoculars. Minders severely restrict what tourists can photograph.

Photos that get out reveal woeful poverty. Pictures at a Web site set up by Russian travelers to North Korea in July (http://www.fishmonger.ru/06-07-27) show peasants using rickety wooden carts with no tires on their wheels; they roll on metal rims.

Ordinary people have no access to newspapers or the Internet. TVs and radios are sealed so that they get only official broadcasts.

"All radios have fixed tuning that only allow three or four official channels," said Andrei N. Lankov, an expert on North Korea at Kookmin University in Seoul. Defectors tell of North Koreans huddling alone under thick blankets to listen to radios smuggled in from China or North Korean ones they've tinkered with to get South Korean or international broadcasts, said Betsy Henderson of Radio Free Asia in Washington.

A huge army burdens the militarized nation's paltry economy.

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"A majority of men aged 17 to 30 are soldiers. Think about it. One million soldiers. The whole population is just 22 million people. You hardly see any young males in the countryside or the cities," said Cui Yingjiu, a scholar on North Korea retired from Beijing University.

Cui knows North Korea as well as anyone. He was a university classmate of Kim Jong Il in 1961-64 in Pyongyang and visits the country about once a year.

Cui described Kim as charismatic and strong-willed, popular with students, fluent in Russian and displaying a strong affection for Hollywood films.

"He had a big collection of movies even then," Cui recalled.

Kim's short, paunchy stature and upswept hair didn't stop him on the social front.

"He's not timid. He's quite manly. ... Girls regarded him as attractive," Cui said.

When Kim took over power from his father, who died in 1994, North Korea was mired in crisis, struggling with the collapse of its benefactor, the Soviet Union. Kim steered the nation into criminal endeavors, allowing regime agents to ply the seams of global lawlessness.

U.S. officials say they've documented 50 incidents in 20 countries linking North Koreans, often diplomats, to drug trafficking.

Cases include the 2003 seizure in Australia of the North Korean ship Pong Su with 275 pounds of heroin worth $150 million aboard. In June 2004, Egypt detained North Korean diplomats smuggling vast quantities of an anti-anxiety drug. Six months later, Turkey arrested two diplomats with $7 million of a synthetic aphrodisiac.

More troubling, North Korea turned itself into a global "Missiles `R' Us," shipping entire advanced missiles or technology to anyone with a fat wallet.

Iran, Syria, Yemen, Libya and Pakistan were beneficiaries, and U.S. officials labeled North Korea the world's No. 1 missile proliferator.

Some of the earnings went into North Korea's nuclear program, which it agreed with Washington to suspend in 1994 in exchange for vast energy assistance. North Korea stopped its plutonium production and put it under the watch of the U.N.'s International Atomic Energy Agency, and halted work on two larger reactors. It resumed reprocessing plutonium in 2003, shortly after U.S. officials said North Korea had admitted that it had a secret program to create highly enriched uranium, another fuel for nuclear weapons.

Kim's worries increased when President Bush declared in early 2002 that North Korea was part of an "axis of evil" that included Iraq and Iran.

"North Korea saw how the U.S. invaded Iraq. Now Iran is under great pressure," Cui said. Many in the regime believe that "after Iran's collapse, it's going to be our turn."

As global tensions over Pyongyang rose, Beijing nudged Kim to loosen the reins on North Korea's economy and open to the world as China had done decades earlier. In 2001 and again early this year, Kim and a large entourage toured some of China's most modern regions.

To a limited degree, the tactic worked. Kim allowed farmers to sell their excess harvests and freed factory managers to do the same. He permitted some open markets and relaxed a hold on state banks. Foreign aid workers noticed less hunger and better conditions.

Yet power shortages remain constant, and the reforms triggered some social frictions as the government began to charge for housing and electricity. Some of the economic reforms were rolled back in 2005.

Kim now sees himself as locked in a chess match with Bush, two leaders with a propensity for strident language and a stubborn, determined view of the world, Cui said.

"Bush doesn't listen to the United Nations. Kim is the same. He doesn't listen to what Russia says, what China says, what the U.S. says. Don't you think the two men are similar?" he asked.

If Kim is backed into a corner, Cui said, his regime is capable of selling one of his nuclear weapons to a terrorist group or sparking a calamitous war by bombing Japan. Many North Koreans, weary of their plight, wouldn't object.

"They feel it's better to go to war than to continue suffering," he said.

North Korea: Joining The Nuclear Club? (WSJ)

The Wall Street Journal, October 14, 2006

Since 1963, the global nuclear stockpile has been reduced to about 27,000 warheads, down from a peak of 70,000 in 1986, according to the Bulletin of the Atomic Scientists. A handful of countries have voluntarily abandoned nuclear-weapons programs, including Libya, Argentina, Brazil and South Africa.

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But the picture is complicated. Pakistan and India refrained from signing the nonproliferation treaty, claiming in part that it is unfair. Instead, they embarked on their own weapons programs. While that initially drew rebuke from the international community, the U.S. this year opened negotiations with India, saying it would be willing to overlook the nuclear transgression and send the country nuclear technology. Some nonproliferation experts claim this creates a double standard that could provide an incentive for countries to acquire nuclear weapons.

Another sticking point: Many of the five original nuclear countries continue to fund their nuclear-weapons programs, even though they agreed in the nonproliferation treaty to eventually disarm.

Is North Korea likely to use a nuclear weapon? Experts say it is highly unlikely North Korea would drop a nuclear bomb, mainly because its delivery systems aren't thought to be sophisticated enough to attach a nuclear warhead to a ballistic missile. Also North Korea is likely deterred by knowing that other nuclear nations would retaliate.

The bigger concern is that North Korea will help Iran proceed with a nuclear-weapons program by sending it technology and supplies, or that it becomes a nuclear-weapons supplier to terrorists who might not be deterred by retaliation since they don't reside in any one nation state.

--Lauren Etter

FACTS

In 1998 Pakistan became the seventh nation to test a nuclear bomb. India -- the sixth nation to test a nuclear weapon in 1974 -- named its blast the Smiling Buddha. The test was conducted in May, the month when the Buddha's birth is celebrated.

There have been 2,051 nuclear tests conducted world-wide since 1945. Of all the tests, the U.S. accounts for half. Russia accounts for 35%. The world's largest nuclear test -- named Tsar Bomba -- was conducted by Russia in 1961 on an island in the Arctic Sea.

Under Operation Plowshare -- named after a Bible passage -- the U.S. tested so-called peaceful nuclear explosions for building canals and roads. One 1962 test, Operation Sedan, displaced 12 million tons of earth, creating a crater 1,280 feet in diameter.

The recent North Korean blast was equal to the force of 550 tons of TNT, according to South Korean geologists. That is about 4% of the force of the Hiroshima atomic bomb.

The first atomic bomb was detonated in the U.S. at 5:29 a.m. on July 16, 1945, in a New Mexico desert called Jornada del Muerto or Journey of Death. It led one witness to say "everything suddenly got brighter than daylight."

The largest U.S. nuclear weapon ever tested was in Bikini Atoll in 1954. The U.S. government paid $150 million to Bikinians for damages caused by the tests, and in 1996 reported that eating fruit on the island "could add significant radioactivity to the body."

POINTS OF VIEW

"If the U.S. keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures."

-- North Korean government

"The United States remains committed to diplomacy. The United States also reserves all options to defend our friends and our interests in the region against the threats from North Korea."

--President Bush

"The North Korea test is certainly a major blow and challenge to nonproliferation, but people who are looking out and saying the sky is falling or the mushroom cloud is descending...are mistaken."

--George Perkovich, The Carnegie Endowment for International Peace

"The treaty is unraveling. And unfortunately, the U.S. has lost the moral high ground because we're going after countries like North Korea and Iran saying they can't have nuclear weapons, otherwise, we'll nuke you."

--Stephen Schwartz, Center for Nonproliferation Studies * * *

BY THE NUMBERS

Embargo Halts Families' Care Packages From Japan To North Korea (MCT)

By Emi Doi

McClatchy Newspapers, October 14, 2006

TOKYO - Japan's decision to ban all shipping to North Korea starting Saturday in response to the North's apparent nuclear test this week will cut off care packages from ethnic Koreans who have lived in Japan for decades.

Among them is the divided family of ethnic Korean filmmaker Yang Yonghi, who lives in Japan.

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Yang made the documentary film "Dear Pyongyang" based on her visits to her brothers in North Korea over the past decade. Her father, an ethnic North Korean immigrant to Japan, sent his three sons back to North Korea to live in 1971. Yang, who was 6 at the time, said her brothers were all born in Japan.

For more than 30 years, they've not been allowed to return. Japan, like the United States, does not have diplomatic relations with North Korea.

Japan has a large Korean community because before World War II, when Japan colonized the Korean peninsula, Japanese officials forced several hundred thousand Koreans to move to Japan to work. These people and their descendants reside in Japan but don't have Japanese citizenship unless they ask for it.

In the film, Yang asked her father why he sent his sons to North Korea.

"I didn't have to send my sons back," he murmured. "The situation has changed so badly."

The filmmaker's mother for many years sent six or seven boxes full of school supplies, clothes and other goods to the sons and their families. She sent portable body warmers to her grandchildren when she heard they had suffered frostbite on their feet.

With the new shipping ban, she no longer knows what to do to help them.

"Dear Pyongyang" won the NETPAC Asian award at the Berlin International Film Festival and the special jury prize at the Sundance Film Festival this year.

Behind Enemy Reactors (NYT)

By Jon B. Wolfsthal

The New York Times, October 14, 2006

Washington

I CELEBRATED New Year's in 1996 by drinking cheap sparkling wine at the Yongbyon nuclear center, where North Korea produced the plutonium for its first nuclear test. Like dozens of dedicated civil servants, I served as an "on-site monitor" under the 1994 United States-North Korean nuclear agreement known as the Agreed Framework.

Those of us who served as monitors are proud of what we accomplished. I am not alone in being concerned that many commentators and government officials are trying to lay the blame for at least some of the current nuclear crisis at the feet of the previous administration's efforts to end North Korea's nuclear program. These allegations have little bearing on the facts and minimize the contribution of the Americans who served their country in dangerous circumstances.

In 1994, the situation with North Korea had become so fraught that the Clinton administration was considering military strikes to prevent North Korea from extracting plutonium from spent nuclear fuel at Yongbyon. At the time, North Korea might have had enough plutonium, produced in 1989, to build one or two nuclear devices. The fuel being discharged contained enough plutonium for five to six additional weapons.

Last-ditch talks between former President Jimmy Carter and President Kim Il-sung of North Korea defused the crisis and led to the framework. The deal, which helped us avoid a military conflict that could have destroyed Seoul, froze Pyongyang's plutonium program; eventually, it could have led to North Korea abandoning its nuclear efforts in exchange for diplomatic recognition by the United States and economic incentives.

In 2002, however, American intelligence agencies confirmed that North Korea was trying to acquire a uranium enrichment program in violation of the deal. But instead of working within the framework to get North Korea to abandon its nuclear efforts, the Bush administration terminated the agreement altogether. It also began arguing for regime change.

In jettisoning the framework, the administration jettisoned something of great diplomatic value. A key part of the agreement was the willingness of North Korea to let Americans — with whom they were legally at war — into their nuclear center to secure plutonium-bearing fuel rods for internationally monitored storage. In other words, the framework put Americans behind enemy lines.

As you might imagine, the daily circumstances were nothing short of insane. Assigned to North Korea for a month or so at a time, we were put up in a hastily constructed cement "guest house" a half-mile from the most secret nuclear site in North Korea. The 10 people on each rotation were watched by armed guards; our rooms were monitored at all times. No phone calls home or outside communication was possible. When I was there in the winter of 1996, temperatures at night hit 30 below. To get to work every day, we would pass through no fewer than four police and military checkpoints, some with machine-gun nests. The site itself was highly unsafe and radioactive and would have been shut down by safety officials in seconds had it operated in the United States.

Those who took the assignment left families and friends behind and bounced between acute stress and extreme boredom. Some read to escape the monotony, some played cards. I "borrowed" an International Atomic Energy Agency VCR to watch movies. We all knew that at any moment, should the political winds change, we would be hostages deep in hostile territory with

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no American embassy to protect us. But we took the job to make our country more secure and to pursue an end to North Korea's nuclear program.

Now that North Korea claims to have tested a nuclear device, administration supporters and commentators are seeking to blame the framework for all our problems.

They should look elsewhere. Without the framework's freeze, North Korea would have immediately acquired enough plutonium to produce more nuclear weapons and would have completed construction of two much larger weapon production reactors. By now, North Korea would have been capable of producing 20 nuclear weapons per year.

The prolonged freeze on North Korea's production and nuclear construction delayed the acquisition of nuclear materials — and it appears to have prevented North Korea from completing the larger reactors. The testing of a nuclear device by Pyongyang was pushed back at least a decade.

Those of us who served in North Korea risked our personal safety and comfort for our country. We protected America from danger and our efforts delayed the onset of the nuclear crisis we now face. To argue otherwise is to play politics with history.

The Arms-Control Illusion (WSJ)

The Wall Street Journal, October 14, 2006

North Korea's apparent test of a nuclear weapon has once more put the international arms control system in the hot seat. This week the U.N. Security Council did muster 13 votes condemning the test, whatever that means, and today it is expected to vote on new nonmilitary sanctions against Pyongyang.

This is better than nothing, though how much better depends on the fine print and the political will to enforce it. China and Russia objected at first to the sternest punishment, especially to inspections of North Korean cargo ships and tough financial sanctions. But according to reports yesterday, the U.N. resolution will allow at least some of these searches.

The good news here is that at long last the U.N. is attempting to enforce its own nonproliferation regime. Before the multilateralists get too pleased, however, it's worth recalling that it took an actual nuclear blast following a long-range missile test this summer to motivate the Security Council to take even these modest actions. Years of North Korean cheating on its treaty commitments hadn't been enough.

We mention this because the cases of North Korea and Iran are revealing the limits of arms control treaties in restraining rogue states bent on gaining nuclear weapons and other WMD. In the wake of Korea's nuclear test, we are hearing renewed calls for "direct" talks between the U.S. and North Korea akin to those that took place in the 1990s. The idea is to get North Korea to sign another agreement promising to give up its nukes. But one reason we're at the current pass is because Kim Jong Il violated the many commitments he made to the Clinton Administration.

Even as it allowed inspectors at its Yongban nuclear facility, Pyongyang was pursuing a separate and secret bomb-building effort. When the world objected once that effort was exposed, North Korea responded by shutting off the U.N. cameras at Yongban, expelling the inspectors and withdrawing from the Nuclear Nonproliferation Treaty (NPT). Meanwhile, because the 1994 Agreed Framework had allowed North Korea to keep its plutonium under U.N. "safeguards," Pyongyang was then free to make a bomb with that nuclear fuel. Now it apparently has done so, unless this too turns out to be another lie.

The case of Iran has followed a similar arc of deception and U.N. failure. Tehran also signed the NPT, only to pursue its own secret bomb-building effort. The U.N. inspectors working inside Iran didn't discover any of this until they were tipped off by an Iranian opposition group that clearly had better intelligence than the U.N. The International Atomic Energy Agency has since produced report after report documenting Iran's violation and deception, and, under the explicit terms of the NPT, Tehran should have been referred immediately to the Security Council.

Yet the IAEA declined to do so for years. And only this summer, after Iran repeatedly rejected European entreaties to stop enriching uranium, did the Security Council finally agree to cite Iran for its arms-control violations. That resolution set an August 31 deadline for Iran to stop enriching uranium, promising dire consequences. But Iran keeps enriching, and so far the U.N. keeps begging it to cooperate. If neither Tehran nor Pyongyang takes these U.N. warnings seriously, this is why.

The latest U.N. excuse for doing little is fear that Iran will withdraw from the NPT, as North Korea did -- and then where would we be? But at least then Iran would have been forced to brand itself an international rogue, instead of using the NPT as a fig leaf to buy more time to fulfill its obvious nuclear ambitions.

If arms control won't stop rogue bomb makers, what can? Well, regime change for one. Saddam Hussein is no longer a potential nuclear threat to anyone because he no longer runs Iraq. But short of deposing a regime, the most successful policy has been the Bush Administration's Proliferation Security Initiative.

Operated out of the Pentagon on a "coalition of the willing" basis, PSI helped blow the whistle on Libya's clandestine nuclear program, rolled up A.Q. Khan's nuclear black market and has interdicted North Korean weapons shipments. The

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difference between this and the NPT is that the PSI doesn't give the feckless or evil a veto over what it does. It is a coalition of countries with a shared sense of purpose, and above all the willingness to act.

The world will need more such cooperation and creative thinking to contain a proliferation threat that is only going to grow. But the beginning of wisdom is to realize that the threat hasn't ended merely because a rogue regime signs an arms-control treaty.

Let Them Go (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, October 14, 2006

If China is to assume what it considers to be its rightful place as a great power, now is the moment. The world is looking to Beijing as the only government with a measure of influence over its lunatic nuclear ward in the Hermit Kingdom. The question is, will it use it?

China says it favors "punitive" actions on Pyongyang for its apparent nuclear test this week, and there's talk -- so far desultory -- of sanctions. But no one is speaking publicly about Beijing's biggest source of influence: the 900-mile border it shares with North Korea. Opening the frontier to refugees would put pressure on Kim Jong Il to give up his nukes or watch his regime implode. As Mark Palmer, U.S. ambassador to Hungary in 1989, has noted, the East German refugees who passed through that country en route to West Germany sped the collapse of the Soviet Union.

The plight of North Korean refugees hiding in northeastern China is a humanitarian crisis that has received scant global notice. No one knows how many are in hiding or how many Beijing has deported back to North Korea in violation of its obligations under the Convention Relating to the Status of Refugees. China refuses to let the United Nations or other countries help the North Koreans.

Now, three official Chinese government documents -- obtained privately and smuggled out of the country -- show that the humanitarian crisis may be more dire than widely believed and the burden on China heavier. Two of the documents are from the Public Security Bureau -- one from the Border Police and the other from a police station along the border. The third is from the Finance Bureau of the Yanbian Korean Autonomous Prefecture in Jilin Province, home to many ethnic Koreans.

The documents were obtained by a U.S.-South Korean group that helps North Korean refugees navigate the underground railroad to safety out of China. The group prefers to remain anonymous for fear that its work could be endangered. They have been vouched for to me by two other sources, one on Capitol Hill and another at an international human-rights organization.

The Border Police document, dated Jan. 10, 2005, begins blandly enough: "From the start of illegal border crossings in 1983," it says, "the number of illegal immigrants from North Korea that have stayed in China has increased every year." It adds, "Public Security and Armed Police departments have strengthened preventative and deportation efforts."

The numbers it reports are newsworthy -- and staggering: "To date, almost 400,000 North Korean illegal immigrants have entered China and large numbers continue to cross the border illegally." And, "As of the end of December 2004, 133,009 North Korean illegal immigrants have been deported." While Chinese authorities obviously know how many refugees they have deported, by definition they can't know how many are in hiding. The estimate of 400,000 is sure to be low.

The Yanbian Finance Bureau document, dated Oct. 19, 2004, provides further evidence of the extent of the crisis. It is a letter to provincial authorities requesting more money to help with deportation efforts. "According to statistics from the Public Security, border police and civil administration, more than 93,000 refugees are still living in Yanbian Prefecture." The letter goes on to say that although the Border Police Bureau has established "six new refugee-deportation and detention centers," it does not have sufficient funds to do the job. Yanbian requests 30 million yuan ($3.8 million) a year "to solve this financial problem."

It's the third document, though, that puts this "financial problem" in human terms. It's a report, dated Oct. 7, 2003, from a police station in Badaogou Precinct, near Baishan City, in Zhangbai Korean Autonomous County, also in Jilin Province.

"At 7 a.m. on Oct. 3, 2003," Case Report No. 055 begins, "a report was received from the public of several corpses floating in the Yalu River. Officers from the Precinct immediately responded and organized personnel and by 10 a.m. 53 corpses had been recovered.

"At 5 a.m. on Oct. 4 an additional three corpses were recovered for a total of 56 corpses. There were 36 males and 20 females, including seven children (five male and two female). After examination of the personal effects it was determined that the dead were citizens of the DPRK [North Korea]. Autopsies confirmed that all 56 had been shot to death. It is estimated that the dead were shot by Korean border guards while attempting to cross into China."

While Pyongyang bears ultimate responsibility for the abuse of its citizens, China is complicit. Its policy of tracking down and repatriating refugees amounts to a death sentence for many returnees. It's a crime to leave the workers' paradise, and North Koreans who are caught and deported are shipped off to internment camps or worse.

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If Beijing wants to send a message to Pyongyang about its nuclear program, it could announce that, effective immediately, it is taking several steps: It will stop deporting North Koreans, allow the United Nations to set up refugee camps, and permit the resettlement of refugees in third countries, from which they could go to South Korea, whose constitution codifies its moral responsibility to accept its Northern cousins, or to other countries willing to take them in. The U.S., which so far has accepted a mere eight North Koreans, could step up to the plate here.

The Border Police document notes that since the early 1980s there have been six instances of mass migrations that have coincided with North Korea's famines. Now, winter is coming, and there are already reports of food shortages. Allowing the world to help the North Korean refugees in China would help Beijing deal with a problem that is likely to get worse.

Making An Atomic Bomb Requires Skill, Guts (MCT)

By Robert S. Boyd

McClatchy Newspapers, October 14, 2006

WASHINGTON - Making an atomic bomb isn't for dummies - or for sissies. It takes a wide set of technical capabilities and a willingness to risk death or injury to join the club of nuclear nations.

"It's not done in your basement or bathtub," said Robert Norris, a nuclear weapons expert at the Natural Resources Defense Council, an environmental group in Washington. "You need physicists, chemists, engineers, metallurgists - a whole stable of people with skills and central direction - to make a successful bomb."

There are difficulties each step of the way, from designing the weapon to assembling the dangerous radioactive materials to manufacturing a complicated, high-precision device, delivering it to its target and setting it off at the right time and place.

A modern atomic bomb has to be small and light enough to fit on a missile or in an artillery shell or a suitcase. It can't be as massive as the 5-ton "Fat Man," which an Air Force B-29 bomber dropped on Nagasaki, Japan, in 1945.

Safety is also a concern. Powerful chemical explosives are needed to detonate a nuclear bomb. Weapons-grade plutonium and highly enriched uranium are lethally radioactive.

"This high explosive stuff is dangerous to make," Norris said. "If it's ignited before it's supposed to, it can spread plutonium all over the place. There have been serious nuclear-weapons accidents in the United States."

The easiest bomb to make uses nuclear fission, which splits a mass of uranium or plutonium atoms to release enormous amounts of heat and energy. It's much harder to construct a fusion, or hydrogen, bomb, which fuses atoms together as happens inside the sun.

North Korea, and possibly Iran, is working on fission weapons. North Korea is farther along the learning curve than Iran, as shown by what may have been a partially successful bomb test Monday. Iran would still need to produce enough enriched uranium for a nuclear bomb.

Both countries already have passed the first hurdle: They reportedly have obtained detailed bomb designs from Pakistan's rogue nuclear-weapons expert, Abdul Qadeer Khan.

The next crucial step is to acquire a sufficient stock of nuclear fuel. At least 2 pounds of weapons-grade plutonium or 4 pounds of highly enriched uranium are needed to set off a single fission bomb, according to the Bulletin of the Atomic Scientists.

The form of uranium found in nature, known as U-238, is plentiful, but less than 1 percent of it is U-235, the highly radioactive form needed for a bomb. An elaborate process is required to extract U-235 from U-238.

First, uranium ore, or "yellowcake," is dissolved in nitric acid and converted to a toxic gas known as hexafluoride. The gas is spun in a centrifuge to separate the heavier U-238 from the lighter U-235. The fuel must be enriched until it's at least 90 percent pure. The process takes thousands of centrifuges spinning for months, as North Korea did in the 1990s and Iran reportedly is doing now.

"A few thousand is what you need for one bomb per year," Princeton University nuclear expert Frank von Hippel told the journal Science.

A different procedure is used to make weapons-grade plutonium. Some uranium fuel in a nuclear-power reactor absorbs extra neutrons and gradually turns into plutonium-239. Acids dissolve the uranium in the spent fuel rods and separate out the plutonium.

The most difficult task probably is constructing the bomb itself. It typically consists of a hollow sphere or cylinder in which the explosive fuel is surrounded by a dense material, usually U-238.

The fissionable fuel is very unstable and must be divided into separate "subcritical" masses so it won't blow up prematurely. Two or more of these masses must be rapidly smashed together to sustain a fission chain reaction.

One way to do this in a uranium-fueled bomb is to shoot a small lump of U-235 into a larger piece. This raises the fuel to a critical mass, touching off a spontaneous chain reaction.

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Another technique, called "implosion," is used to detonate a plutonium-fueled bomb. A core of plutonium is surrounded by a sphere of little wedge-shaped chemical explosives. When the explosives are ignited they create a shock wave and squeeze the mass until it detonates.

"It's quite complex to fabricate one of these things," Norris said. "You have to get the angles right. It's also dangerous to cut and shape high explosives, which might go off."

Extremely fine-precision machining and complicated electronics are required to make implosion work.

To set off the bomb, the explosive wedges, typically numbering 32 or 64, must all go off at the same instant. Tiny wires leading from each wedge to a central electronic trigger must be exactly the right length to produce a simultaneous explosion. Otherwise the bomb will fizzle, as may have happened in the North Korean test.

"If the plutonium is not squeezed precisely evenly, you get a squirt out of one side and have little or no yield," said Hans Kristensen, the director of the Nuclear Information Project at the Federation of American Scientists.

Diplomacy How Bush Aims To Lasso U.N. Sanctions (WSJ)

By Gerald F. Seib

The Wall Street Journal, October 14, 2006

Now may be the time to shelve for good the image of George W. Bush as a unilateralist, go-it-alone cowboy.

The Bush team is embarking in coming days on an exceptionally complex set of diplomatic maneuvers to try to contain, simultaneously, the nuclear threats from North Korea and Iran. The heavy lifting all involves persuading other nations to cooperate, and success is defined as America not being left to stand alone.

That, of course, defies the earlier stereotypes of both the president and his United Nations ambassador, John Bolton, both of whom were portrayed as champions of a diplomacy that worried little or not at all about other nations or the U.N. machinery.

It's hard to say whether the stereotype was wrong, or whether an unfriendly world forced a change. But in either case, the diplomatic offensive now unfolding begins this weekend with the final work on a U.N. Security Council resolution slapping sanctions on North Korea as punishment for its claimed nuclear-weapons test last week.

To get within striking distance of that resolution, the Bush administration has been willing in recent days to pull back from its original goals. It has softened its insistence that the U.N. endorse the halting and searching of ships heading to North Korea to find contraband material that could help either its military or nuclear programs. Beyond that, the U.S. had to ease jangled nerves in China and Russia by making clear that it wouldn't use a resolution on economic sanctions as a pretext for military action.

Put another way, the U.S. now is doing precisely what critics said it refused to do on Iraq: making compromises to win international unity.

That doesn't mean the Bush administration will stop with whatever it ekes out of the U.N. Secretary of State Condoleezza Rice next week begins step two of the diplomatic game plan when she sets off on a trip to Japan, China and South Korea to build on the resolution. One subject she may discuss: getting the Japanese and South Koreans to do more under the administration's existing Proliferation Security Initiative, which calls for interdicting weapons shipments into and out of both North Korea and Iran.

The third step in the diplomatic minuet comes later next week, when the U.S. tries to get the Security Council to turn from North Korea to Iran. The goal is to compose another sanctions resolution to punish Iran for refusing to give up its uranium-enrichment program. That won't be simple; hard as it is to agree with China on a plan to punish its North Korean friends, it may be even tougher to win agreement from Russia on a plan to punish its Iranian friends.

But the stakes are huge. Iran will be watching intently to see whether the U.S. actually can organize a meaningful world response to North Korea's provocation. It's entirely possible that only a truly united response will give the Iranians pause -- which is the real test of the Bush team's newfound fondness for multilateral diplomacy.

A Feared Force Roils Business In Iran (WSJ)

By Andrew Higgins

The Wall Street Journal, October 14, 2006

As Hard-Liners Rise, Shadowy Revolutionary Guard Muscles In on Airport And Nabs Energy Deals Dawn Clash Over a Drilling Rig in The Persian Gulf

Early one morning in August, a pair of Iranian military vessels pulled up alongside the Orizont, a Romanian oil rig working in waters off the coast of Iran. Armed men jumped out and clambered up one leg of the drilling platform.

Viorel Petcu, the rig's chief, phoned his boss in Romania to report that the Iranians had started shooting. The line then went dead as the Iranians commandeered the communications room and herded 19 Romanian workers onto the helicopter pad. No

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one was hurt, recalled Mr. Petcu, speaking later from the still-occupied rig, but "it was like something you only see only on television." Iran denies opening fire.

The rig matter ostensibly was just a lease dispute between partners. But it exposed the potent political forces that roil Iranian business, including the heavy hand of elements close to Iran's hard-line president. Prominent among those forces in business today is a group the West knows mainly for its fervor in enforcing religious rectitude: the Islamic Revolutionary Guard Corps.

The secretive paramilitary group, according to the U.S., arms both violent Shiite militias in Iraq and Hezbollah, the Lebanese group that fought a war with Israel this summer. It runs feared prisons inside Iran. The Revolutionary Guard also has a big role that is less understood in the West: an active player in business.

It builds highways and tunnels. Two years ago it muscled aside a Turkish firm that had a contract to run a new Tehran airport. Now the Revolutionary Guard is making an aggressive push into the backbone of Iran's economy, its oil and gas fields, one of the world's richest troves of fossil fuel.

In June, a Revolutionary Guard engineering group won a $2.3 billion contract to develop part of a big gas field in Iran's part of the Persian Gulf. That group also won a $1.3 billion deal to build a pipeline across Iran toward Pakistan.

Who exactly ordered the raid on the Romanian drilling rig isn't clear. Iran's government says it was carried out by the police. Romanians still aboard the rig -- now lying paralyzed in the Gulf -- say one of the five Iranians currently occupying and controlling it is a Revolutionary Guard officer. In any case, the Guard now is among those negotiating to take over an Iranian firm, Oriental Oil Co., that holds the lease to this rig and two other disputed platforms from Romania.

The struggle for the leases and drilling rigs reveals an unintended consequence of U.S. foreign policy. In this case, instead of weakening Iran, America's efforts to squeeze the country ended up boosting the very hard-line forces there that the U.S. wants to curb.

Washington urged European banks not to do business with Iranian banks. But when one of them stopped doing so, it put Oriental Oil, the holder of the rig lease, in a bind. This and other problems prompted Oriental to put itself up for sale, creating an opening for Iranian hard-liners to try to grab the business.

The Revolutionary Guard has long been a major force in Iran's politics. It has its own ground, air and naval units, which operate in parallel to Iran's regular military. Former guardsmen -- including President Mahmoud Ahmadinejad -- are scattered throughout the government and security apparatus. While some Guard veterans have become reformers, the organization has a fearsome reputation inside Iran as a brutal defender of revolutionary orthodoxy.

It runs its own intelligence service and has played a big role in crushing dissent, most recently in 1999 during a wave of student-led protests. The Guard also controls a feared outfit called the Basij, composed of youthful zealots who prowl the streets hunting for insufficiently veiled women and others who violate strict Islamic norms. The Basij claims millions of members.

The Guard has a long history of activity abroad, having helped set up Lebanon's Hezbollah militia in the early 1980s. More recently it has reached into neighboring Iraq. There, according to a senior Israeli security official, its quest for influence is spearheaded by a special unit of the Guard called the Ramadan Headquarters, which trains and funds Iraq Shiite fighters.

The Guard's business activities include engineering, media, trading and energy. "They are taking positions everywhere," says Mohsen Sazegara, a former aide to the late Ayatollah Khomeini and a founder of the paramilitary force in 1979. The Guard, says Mr. Sazegara, who broke with Iran's regime a few years ago and now lives in the U.S., is a "unique organization in the world: a political body, a military force and big, complex company."

The Guard got its start in business after Iran's 1980-88 war with Saddam Hussein's Iraq, in which it fought and suffered horrendous losses. Its engineering unit, called Khatam al-Anbiya Construction Headquarters, then shifted from building fortifications to projects such as roads, dams and tunnels. (The unit's name derives from a phrase meaning "the final prophet," i.e., the Prophet Mohammed.) Presenting itself as an ordinary company, Khatam set up a Web site and published an in-house journal called Road and Tunnel Magazine. It established headquarters in a nondescript building in northern Tehran. Its chief is a former oil engineer.

Throughout, though, Khatam has remained an essentially military operation. "I'm not allowed to tell you anything," says Mohammadreza Rajabalinejad, a civil engineer who used to edit its magazine. A senior Guard official recently told the Iranian press 70% of Khatam's work is military-related. Khatam declined to comment.

The Guard's initial reason for getting into business was both economic and political: newly demobilized and often bitter soldiers needed jobs, and the government, fearful of unrest, wanted to keep them occupied. As Khatam and other Guard ventures grew, they helped generate funds for the Guard and allowed regime loyalists to enrich themselves free from scrutiny by parliament or other state bodies.

The Guard reports not to the government but to Iran's supreme authority, the cleric Ayatollah Ali Khamenei. Its business units publish no accounts. Its budget is secret.

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Though focused on work inside Iran, Khatam and other Guard ventures have done jobs abroad. They helped build a road in western Afghanistan after the fall of the Taliban, when the U.S.-backed government of Hamid Karzai pleaded for foreign help. Mr. Sazegara says the Guard is deeply involved in smuggling foreign goods into Iran.

The Guard made its first splashy display of hardball business tactics in May 2004. That month, it ousted a Turkish company that had a contract to run Iran's new Imam Khomeini International Airport. Troops and armored cars crashed a grand opening, blocking the runway. A plane that was about to land was turned away and all further flights were canceled.

The Turks fled. "It was a horrible, fantastical day," says Erken Ozber, a manager for the Turkish company, Tepe-Akfen-Vie. Months later, the airport reopened under management of the Revolutionary Guard and Iranian state organizations.

The debacle didn't dim the enthusiasm of foreign companies scouting for prospects in Iran's energy sector. Iran has the biggest natural-gas reserves after Russia and, according to the BP Statistical Review, its oil deposits are second only to Saudi Arabia's.

Among those looking for prospects was a Norwegian company called Aker Kvaerner. It led a consortium in 2004 that, Iranian officials say, included Khatam, the Revolutionary Guard unit. In early 2005, the consortium won a deal to help develop Iran's giant South Pars gas field in the Persian Gulf.

The Norwegians ran into flak at home for associating with the Guard, whose harsh prison network in Iran is notorious. "In Alliance with the Army of Torture," read a headline in an Oslo paper. The company's chief executive wrote a letter defending its Iran business. In any case, the deal soured before final terms could be worked out. The Norwegian company won't specify what went wrong.

Oriental Oil, the company currently at the center of the rig affair, also wanted into the big gas field. One of its sister companies formed a bidding partnership with a unit of Halliburton Co. of Houston. Although Washington tightly restricts U.S. companies and citizens from doing business in Iran, the rules don't bar non-U.S. citizens working for foreign-registered subsidiaries, as was the case with this Halliburton unit.

Oriental Oil, with offices in Dubai and Tehran, certainly looked like a good bet at the time, 2004. Its majority owner, Mehrdad Akbar Safdari, was a veteran of Iran's war with Iraq. People who know him say he had close ties both to the Guard and to more moderate political forces then running Iran. Also well connected was a partner of his, Cyrus Nasseri, an urbane former Iranian ambassador to the United Nations in Geneva who had studied for a time in Kentucky and spoke both English and French. He had won the trust of Iran's governing elite by helping negotiate the end of the Iran-Iraq war in 1988.

Oriental also got into the offshore-rig business. It rented foreign drilling rigs with the intent of re-leasing them, at a markup, to Iran's national oil company.

Oriental leased two rigs, first from Romania's state oil company and later from a private Romanian company that bought the rigs from the state company. The price, a fixed $40,000 a day, now is a bargain, because rates have since roughly tripled. The private Romanian company also then agreed to rent a third platform to Oriental.

To handle details, Oriental set up a letter of credit through an Iranian state-owned bank, Bank Saderat. Credit Suisse Group in Europe agreed to work with that bank to process the lease payments.

Things started to pay off for Oriental and Halliburton in late 2004. Oriental won a $307 million contract to develop two phases of the gas field. It was "a very happy time," recalls Oriental's general manager in Dubai, Khosrow Arabi.

But political winds in Tehran were shifting. Conservatives had just won parliamentary elections. Then in June of 2005, Iran elected as president Mr. Ahmadinejad, himself a former Revolutionary Guardsman. He had campaigned on a pledge to curb what he called Iran's "oil mafia."

As president, he moved against businesses close to his more moderate predecessor. News media linked to the Guard and other hard-liners began to denounce Oriental Oil, and particularly its minority owner, the diplomat Mr. Nasseri. Fars News Agency complained that Mr. Nasseri "had access to the country's most secret information as a member of Iran's nuclear negotiating team and at the same time was dealing directly with the American company Halliburton, which once was run by Dick Cheney." Some griped about a since-aborted deal he had helped negotiate under which Iran agreed to suspend uranium enrichment. Asked about this, Mr. Nasseri says he won't discuss "lies and rumor."

In short order, Iran announced it was investigating Oriental Oil for corruption. The state oil company, alleging bribery, canceled Oriental Oil's winning bid for work in the South Pars gas field.

At that point, Halliburton dropped all contact with Oriental. Halliburton says they had never signed a final contract. Mr. Arabi, Oriental's manager in Dubai, recalls that "we were fighting with everyone. We had headaches everywhere."

Oriental, however, still had something Iran needed: lease contracts for several foreign offshore drilling rigs, including the three Romanian ones.

A shortage of drilling rigs has long bedeviled Iran, hurting its efforts to increase oil production, which remains far below the level before the 1979 revolution. U.S. law keeps out American drillers, the biggest players in the business.

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Stripped of its biggest projects, Oriental Oil now clung to the drilling rigs as a lifeline. Its grip quickly began to slip.

In February, Credit Suisse said it was suspending its role handling the lease payments in cooperation with Iran's Bank Saderat. This followed U.S. pressure on big European banks to curtail business with the Iranian bank. A Credit Suisse spokesman declined to comment on the spat but said the bank was doing a "controlled withdrawal" from work with Iran-related corporate clients and decided late last year to refuse new Iran business. He cited an "increase in political and financial risks" and a desire to "safeguard our reputation."

The U.S. Treasury Department, ramping up its campaign to squeeze Iran, last month announced it was excluding Bank Saderat from both direct and indirect access to the U.S. financial system. The Treasury claimed Iran had used the bank to funnel $50 million to a group controlled by Hezbollah.

In this case, the U.S. campaign, because of the squeeze it created for Oriental Oil, may have ended up helping what is believed to be Hezbollah's principal sponsor -- the Revolutionary Guard.

The Romanian owner of the drilling rigs, Grup Servicii Petroliere SA, said it couldn't continue to lease the rigs to Oriental now that Credit Suisse had pulled out. Gabriel Comanescu, the Romanian company's president, also complained about a heap of unpaid bills. In April, he terminated the lease contracts and demanded his rigs back. Oriental, saying it could find a replacement bank, made clear that it had no intention of giving up the rigs. The two sides' claims and counterclaims are now before an arbitration panel in Paris.

Oriental, beset both by political problems at home and by banking woes abroad, decided its only option was to sell out, says its Mr. Arabi. "They are the winners," he said, referring to hard-line Iranian politicians and news media who he said were behind the campaign against Oriental. Iran suddenly dropped its corruption case against the company.

The Revolutionary Guard, meanwhile, was on a roll. Iran's new government had given it the lead role in developing two phases of the gas field -- the same project previously assigned to the Norwegian-led consortium. The Guard also won a gas pipeline deal, plus a contract to expand Tehran's subway system.

Its advances haven't come without push-back, reflecting the rival power centers that mark Iran today. Reformist members of parliament wrote to President Ahmadinejad complaining about no-bid contracts and below-market-rate loans given to the Guard. And parliament blocked Mr. Ahmadinejad's attempt to name a Guard veteran as oil minister.

Still, when Oriental Oil gave up and decided to sell itself, the Guard's engineering unit quickly became a top contender to buy it, in competition with an affiliate of the state oil company and others.

The U.S. is deeply wary of the Revolutionary Guard but believes that the trials of Iranian firms squeezed by foreign banks may in the future undermine hard-line elements. "While those who are currently benefitting from Iranian integration into the global economy are the ones who will feel this isolation the most, they are also in the best position to persuade the regime that its current track will undermine the future of the Iranian people," said Stuart Levey, Under Treasury Secretary for Terrorism and Financial Intelligence.

In Romania, Mr. Comanescu, having canceled the drilling-rig leases when the bank system for handling lease payments collapsed, laid plans to get the three rigs back. One was outside Iran for repairs, so reclaiming it wasn't hard. But two were moored in Iranian waters in the Persian Gulf.

In June, Mr. Comanescu hired three tugboats to drag off one of them, the Orizont. But the tugs turned back after Iran's state oil company ordered them to.

In August, he tried again, this time with the other rig, and had more success. Tugs towed it from Iranian waters to the United Arab Emirates. Iran branded the move a hijacking and said state oil officials had been roughed up and held hostage. Ian Bahn, a Briton who supervised the move, called that charge nonsense, saying the men allegedly held hostage were "smiling, laughing and joking with us."

This left just one Romanian drilling rig, the Orizont, still in Iranian waters. An Iranian court ordered that it stay put.

On Aug. 22, vessels again approached the rig, but this time they weren't tugboats. They were Iranian boats, and their occupants had guns, says the rig's chief, Mr. Petcu. He says the Iranians forced their way aboard.

Mr. Petcu says that after the Iranian forces herded him and the other Romanians onto the helicopter pad, the intruders began hunting for documents, looking in computers, cabinets and even the refrigerator.

Photos taken by the Romanians show two Iranian vessels. There was a large patrol boat of the type Iran's navy uses and a smaller unmarked craft that, naval experts say, appeared to belong to the Revolutionary Guard.

Iran's government, which had earlier accused Oriental Oil of corruption, now rallied to defend the sanctity of its rig contracts. The Foreign Ministry said police had boarded the Orizont to prevent the rig from being moved illegally, and thus to foil "a second robbery." After a day of heated exchanges between Tehran and Bucharest, President Ahmadinejad telephoned Romania's president to assure him that Iran had no hostile intent, merely commercial interests.

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Today, Mr. Nasseri, the diplomat who was a target of the campaign against Oriental, says he has sold his 10% stake in Oriental. He won't say to whom. "I'm tired," he says. "I just want to lead a normal, comfortable life."

Eight weeks after the rig raid, with the platform in limbo in the Persian Gulf, Iran has withdrawn most of its armed men but still occupies the rig. Mr. Comanescu, the Romanian executive, says his staff aboard the platform has been able to identify the five Iranians still there. He says two are armed police, one is a representative of Oriental Oil, one is an envoy from Iran's state oil company and the last is an armed intelligence officer of the Revolutionary Guard. "We are caught in the middle of a big Iranian fight. This is our tragedy," he says.

"I wouldn't wish my biggest enemy to be in the situation I'm in," the Romanian executive adds. "Do you think the Revolutionary Guards went to...the Harvard Business School?"

Write to Andrew Higgins at andrew.higgins@wsj.com1

Norway's Statoil Is Fined By SEC Over Iran Affair (WSJ)

By Ian Talley

The Wall Street Journal, October 14, 2006

The Securities and Exchange Commission and Justice Department levied a $21 million fine against Norwegian oil company Statoil ASA for a payment it made in 2002 to win development of a critical Iranian petroleum project.

State-controlled Statoil has already paid Norwegian authorities $3 million for the affair, which involved a $15.2 million consultancy contract with Horton Investment Ltd. -- a consultancy that also had links to the state-owned National Iranian Oil Co. -- and led to the ouster of several top executives.

Norwegian investigators said the deal was illegal and meant to influence officials for entry into the South Pars project petroleum project in Iran. In October 2002, Statoil was awarded the development contract.

Statoil acknowledged making the payment and said it would accept the penalties. Statoil Chairman Jannik Lindbaek said the incident occurred under the company's previous management and that the company has "long deplored" it.

The sanction is among the largest under the Foreign Corrupt Practices Act, a 1970s law that prohibits bribes to foreign officials. In the largest fine under the act, Titan Corp. last year agreed to pay $28.5 million to settle SEC allegations it covered up payments in six countries.

The SEC, which has been ratcheting up pressure on U.S. corporations to disclose any questionable payments they may have made overseas, said it wanted to make the Statoil fine high to send a clear signal to other companies.

"It was important for us to not just make this violation just another cost of doing business for the company," said Helene T. Glotzer, SEC associate regional director.

The SEC said it would require Statoil to pay $10.5 million of any future profit from the Iranian project currently under construction. The Justice Department said it would accept the $3 million penalty levied against Statoil by Norwegian authorities as part of its $10.5 million penalty.

An official Iranian investigation last year found there had been no wrongdoing by any Iranian officials or companies.

In January, Statoil wrote down the South Pars project by $335 million following three years of delays, poor pre-engineering plans and higher commodity prices.

Separately, Norwegian safety officials upheld an order to shut down two offshore oil platforms, owned by Statoil and Norske Shell ASA, the Norwegian branch of Royal Dutch Shell PLC, because of defects in their lifeboat systems. The order will delay production of about 280,000 barrels per day of oil, or some 10% of the production that makes Norway the world's third-largest oil exporter after Saudi Arabia and Russia.

---- Elizabeth Cowley and Deborah Solomon contributed to this article.

Write to Ian Talley at ian.talley@dowjones.com1

South Korean Is Appointed Secretary General Of U.N. (NYT)

By Warren Hoge

The New York Times, October 14, 2006

UNITED NATIONS, Oct. 13 — Ban Ki-moon, the foreign minister of South Korea, was appointed Friday by the General Assembly as the next secretary general of the United Nations, succeeding Kofi Annan.

Mr. Ban was approved by acclamation of the 192-member body and greeted by sustained applause as he walked onto the rostrum to make his acceptance speech.

He is to take the oath of office in mid-December and assume the job on Jan. 1, the day after Mr. Annan completes his two five-year terms. In his foreign service career, Mr. Ban has taken part in negotiations with North Korea, and said this month that he would like to go there once he becomes secretary general.

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Mr. Ban, 62, will become the eighth secretary general in the 60-year history of the United Nations and the first Asian occupant of the office since U Thant of Burma stepped down in 1971.

Mr. Annan, 68, hailed his successor as "a man with a truly global mind at the helm of the world's only universal organization."

He recalled that the first man to hold the position, Trygve Lie, told his successor, Dag Hammarskjold, "You are about to take over the most impossible job on earth."

Mr. Annan said, "While that may be true, I would say, 'This is also the best possible job on earth.' "

Mr. Ban said he had appreciated the United Nations from his youth for the role the organization played in creating and rebuilding his war-torn country.

He also said he had been "pained by scenes of its failures" in his travels in recent years. "In too many places could I feel the dismay over inaction of the U.N., or action that was too little or came too late."

He pledged, "I am determined to dispel the disillusionment."

He listed his priorities as reforming the United Nations, meeting development goals established in 2000, establishing human rights, confronting threats posed by terrorism and weapons of mass destruction, slowing environmental degradation and curbing the spread of AIDS.

Under the United Nations Charter, the name of the new secretary general is chosen by the Security Council and sent to the General Assembly for appointment.

Mr. Ban defeated six other candidates for the job in four informal polls of the Council and was officially elected by the 15-member panel on Monday.

A veteran of three decades in his country's foreign service, Mr. Ban is familiar with the United Nations, where he served as first secretary of the South Korean mission in the 1970's and was chief assistant to Han Seung-soo, president of the General Assembly, in 2001.

He is a more retiring personality than Mr. Annan, who traveled the world as a global diplomat and made high-profile statements on the rule of international law.

In his speech, he asked that people understand his modest manner as a cultural attribute and not misread it as lack of decisiveness or passion.

"Asia is a region where modesty is a virtue," he said.

"But the modest is about demeanor," he said, "not about vision and goals. It does not mean the lack of commitment or leadership. Rather it is quiet determination in action to get things done without so much fanfare."

South Korean Approved As U.N. Secretary General (WP)

From News Services

The Washington Post, October 14, 2006

UNITED NATIONS, Oct. 13 -- The U.N. General Assembly overwhelmingly approved South Korean Foreign Minister Ban Ki Moon on Friday as the next U.N. secretary general.

The Security Council's choice of Ban, 62, to succeed Kofi Annan was ratified by acclamation at the General Assembly, consisting of all 192 U.N. member governments.

Hundreds of diplomats and U.N. staffers broke into loud applause when the General Assembly president, Sheikha Haya Rashed al-Khalifa of Bahrain, asked the assembly to adopt the resolution by acclamation. She then banged the gavel and said, "It is so decided."

Ban will become the eighth secretary general in the United Nations' 60-year history on Jan. 1, when Annan's second five-year term expires. The last Asian to run the world body was U Thant of Burma, who held the post from 1961 to 1971.

"It has been a long journey from my youth in war-torn and destitute Korea to this rostrum and these awesome responsibilities," Ban said in accepting the post, in both English and French.

"I could make the journey because the U.N. was with my people in our darkest days," he said. "It gave us hope and sustenance, security and dignity. It showed us a better way. So I feel at home today."

Ban will oversee an organization with 92,000 peacekeepers around the world and a $5 billion annual budget. The United Nations' reputation has been tarnished by corruption scandals, and its outdated practices need reform to meet the challenges of the 21st century.

Annan hailed Ban as "exceptionally attuned to the sensitivities of countries and constituencies in every continent."

The choice of Ban for the top job coincides with increased U.N. involvement in the effort to thwart North Korea's nuclear weapon development program. Ban has said that he would like to help mediate the dispute with the communist government in North Korea.

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Ban Named Next U.N. Secretary-general (AP)

By Edith M. Lederer

AP, October 14, 2006

The U.N. General Assembly appointed South Korean Foreign Minister Ban Ki-moon as the next U.N. secretary-general Friday, and the veteran diplomat who grew up during a war that divided his country pledged to make peace with North Korea a top priority.

The assembly's action on Ban capped the remarkable rise of a man who was little known outside Asia before launching his campaign to succeed Kofi Annan. It also marked a milestone for South Korea, which only joined the United Nations in 1991 and still has U.N. troops on the tense border with the North.

Ban has been in the forefront of South Korea's nuclear negotiations with Pyongyang and has said he plans to travel to North Korea as secretary-general, something Annan never did. He said last month he would use the authority of the U.N. position to promote peace and reconciliation on the Korean peninsula "and a peaceful resolution of the North Korean nuclear issue."

The U.S. and Japan were pushing for a vote by the Security Council Saturday on a resolution imposing punishing sanctions on the North for its claimed nuclear test earlier this week. The test prompted worldwide outrage and demands from the U.S. and its allies for the isolated communist regime to return to six-party talks aimed at persuading the North to abandon its nuclear program.

Ban told a press conference soon after his selection that he hopes the Security Council "quickly adopts a clear and strong resolution" to show North Korea that the international community is united against its claimed nuclear test.

In a speech to hundreds of diplomats and U.N. staff Friday, Ban laid out his vision for the United Nations whose reputation has been tarnished by corruption scandals and whose outdated practices still need major reform to meet the challenges of the 21st century.

"My tenure will be marked by ceaseless efforts to build bridges and close divides," he said. "Leadership of harmony not division, by example not instruction, has served me well so far. I intend to stay the course as secretary-general."

During a nearly 40-year career as a diplomat, Ban said, "I have been elated by the successes of the U.N. in making life better for countless people. I have also been pained by scenes of its failures. In too many places could I feel the dismay over inaction of the U.N., or action that was too little or came too late."

"I am determined to dispel the disillusionment," he said.

Ban, 62, will become the eighth secretary-general in the U.N.'s 60-year history on Jan. 1 when Annan's second five-year term expires. He was one of seven candidates vying to be the U.N. chief and topped all four informal polls in the Security Council.

He said he was proud to be the second Asian chosen to serve as secretary-general. The last secretary-general from the continent was Burma's U Thant, who served from 1961-71.

By tradition, the post of secretary-general rotates among the regions of the world and most countries agreed that this time it was Asia's turn.

Hundreds of diplomats and U.N. staff in the chamber broke into loud applause when assembly president Sheikha Haya Rashed Al Khalifa asked the 192-nation world body to adopt the resolution appointing Ban by acclamation. She then banged the gavel and said, "It is so decided."

Annan hailed Ban as "a future secretary-general who is exceptionally attuned to the sensitivities of countries and constituencies in every continent" and said he would be "a man with a truly global mind at the helm of the world's only universal organization."

Annan recalled that the first U.N. secretary-general, Trygvie Lie, told his successor, Dag Hammarskjold, "You are about to take over the most impossible job on Earth."

"While that may be true," Annan said, "I would say: This is also the best possible job on Earth."

He said he had only one piece of advice for his successor when he takes over — "try to make full use of the unparalleled resource you will find in the staff of the organization. Their commitment is the U.N.'s greatest asset."

U.S. Ambassador John Bolton said Ban is "the right person to lead the United Nations at this decisive movement in its history, particularly as the U.N. struggles to fulfill the terms of the reform agenda that world leaders agreed to last fall."

Ban has been South Korea's foreign minister for more than 2 1/2 years and served as national security adviser to two presidents — jobs that focused on relations with North Korea. During his diplomatic career, he was posted in India, Austria, Washington and at the United Nations.

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Ban received a degree in international relations from Seoul National University in 1970, and earned a master's degree in public administration from Harvard University in 1985.

An early influence for him came from a White House visit with President John F. Kennedy as part of a program organized by the American Red Cross when he was an 18-year-old student. His visit is captured in a black-and-white photo that shows Ban smiling among students from other countries as the president spoke.

Ban on Friday harkened back to his childhood, saying the United Nations stood by South Korea in its impoverished postwar days.

"It has been a long journey from my youth in war-torn and desperate Korea to this rostrum and these awesome responsibilities," he said. "I could make this journey because the U.N. was with my people in our darkest days. It gave us hope and sustenance, security and dignity. It showed us a better way."

He said he hopes to head a United Nations like the one he remembered from his boyhood.

"I am an optimist, and I am full of hope about the future of our global organization. Let us work together for a U.N. that can deliver more and better."

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Associated Press Writer Edward Harris contributed to this report

Seismic Task For Korean Assuming U.N. Mantle (NYT)

By Roger Cohen International Herald Tribune

The New York Times, October 14, 2006

NEW YORK

A Polish pope, with a little help from his compatriots, prized open the prison of Central Europe. Can a South Korean secretary general of the United Nations do the same for the 23 million hapless people locked in the hermit state of a nuclear-armed North Korea?

Ban Ki Moon, the South Korean foreign minister, who will succeed Kofi Annan at the end of the year, is short on the charisma that made Pope John Paul II a force. But the unanimity he engineered for his nomination testifies to his powers, and sitting atop the UN confers access, authority and agenda-setting discretion not granted by national office.

The Korean question will inevitably top his agenda because it's the world's greatest strategic anomaly: a frozen "temporary" border that is the Cold War's strangest relic, separating a nation caught in a Stalinist time warp from another, Ban's, that is a vibrant emblem of the world's most dynamic region.

Following North Korea's announcement that it had tested a small nuclear device, the threat posed by this anomaly is clear. As David Sanger of The New York Times has noted, Kim Jong Il's bizarre regime has "never developed a weapons system it did not sell on the world market." We know all too well who the many clients are for loose nukes.

Since the "seismic event," the term favored by the U.S. administration for Kim's explosion, President George W. Bush has warned that the ever shifting "red line" for Pyongyang now stands at selling nuclear material. That, Bush said, would constitute a "grave threat" for which Kim would be held "fully accountable." Kim's not suicidal, so he may listen to that, at least for now.

This warning aside, Bush's favorite word of late has been "diplomacy." It courses through his parlance with the readiness once reserved for with-us- or-against-us rabble-rousing. You don't have to look any further than Baghdad for the explanation. America is stretched thin with little taste for further military confrontation.

"My answer is that I believe the commander-in-chief must try all diplomatic measures before we commit our military," Bush opined the other day, adding, "We're making progress when we've got others at the table."

So here, it seems, is a chastened U.S. commander-in-chief turning to diplomacy, which is to say the United Nations, at the same time as the organization prepares to greet a new leader for whom the intricacies of the Korean Peninsula are everyday fare. On the face of it, that's a situation with potential.

The potential may be greater because the North Korean bomb has been "seismic" in more than one sense. It has shifted the political terrain in Asia. Shinzo Abe, the new Japanese prime minister, chose to make conciliatory visits to Beijing and Seoul his first diplomatic moves.

That immediately endeared Abe to the United States.

"What has been the weakness of the American strategic position in Asia over the last several years and, indeed what has been the weakness in dealing with North Korea?" Nicholas Burns, an under secretary of state, asked at the Council on Foreign Relations this week. "You've had this very difficult relationship between China and Japan. You've had an equally difficult relationship between Japan and South Korea."

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Burns gave part of the answer to why the six-party talks with Pyongyang have failed: those pressing Kim were divided among themselves. If Abe proves attuned to Chinese and South Korean World War II grievances, the principal source of friction, fissures may narrow and pressure on Pyongyang intensify.

But fundamental problems remain, not least that while the United States would be happy enough to see Kim fall and his regime implode, China has no interest in that outcome. South Korea, more intent on the peninsula's stability than its freedom, and marked by strong pockets of anti-American sentiment, is also deeply ambivalent.

A coalition is only as strong as its weakest partner. Already, anger at North Korea from China and Russia has given way to exhortations to proceed with prudence, the sort of mealy-mouthed talk for which Kim showed such contempt with his little bomb.

The Bush administration's quest for a strongly worded UN Security Council Resolution, backed by a possible threat of military force under Chapter 7 of the UN Charter, is facing resistance.

That's par for the course. Whether the issue is North Korea or Iran, China and Russia will seek little ways to chip away at American power. Given Bush's international standing, they will not be isolated. But in diplomacy, as life, you must be careful what you wish for: North Korean nukes should focus minds on what the costs of a divided, dithering and leaderless world can be.

Which brings us back to Ban. When I interviewed him in Seoul last year, he was a study in prudence. Unification, he said, was "an ardent aspiration of all 70 million Korean people," but "now our priority should be the maintenance of peace and stability." He noted that South Korea would face an "enormously heavy burden from a sudden collapse of the North" and dismissed the notion of unification within a decade.

Pressure and sanctions are fine, and better if delivered with unanimity. But, as Pope John Paul II showed, moral suasion can be the most powerful force of all. North Korea is a squalid, corrupt, ruthless little family dynasty with a big army and no food; it should be history by now. Somebody needs to find ways to make that clear.

Ban, in his new position, will carry the world's moral authority. As a Korean, he has a moral obligation. Office can transform the stature of man; age tends to accentuate the urge to leave a lasting mark. Who better to speak for Korean freedom than he?

The incoming secretary general has already said he's ready to go to Pyongyang. That's a good start. If he leaves office with the Korean Peninsula still divided, and 23 million North Koreans still bowing and scraping to Kim, history may prove severe in its judgment.

5 Die As Palestinians Clash With Israelis And Each Other (NYT)

By Greg Myre

The New York Times, October 14, 2006

JERUSALEM, Oct. 13 — Four Palestinians, including three Hamas militants, were killed Friday in a second day of deadly clashes with Israeli forces in the Gaza Strip.

In a separate confrontation, Palestinian gunmen from the two main factions, Hamas and Fatah, battled each other overnight and during the day on Friday, leaving a teenager dead and nearly 50 people wounded in the northern Gaza town of Beit Lahiya, the Palestinians said.

Both developments illustrated the relentless turmoil that has gripped Gaza since militants seized an Israeli soldier and took him to the territory on June 25. Since then, Israeli forces have re-entered Gaza, carrying out ground raids and frequent airstrikes, and tensions between Hamas and Fatah have often boiled over into street fighting.

The Palestinian prime minister, Ismail Haniya, of Hamas, tried to calm the atmosphere during a midday speech on Friday at a mosque in the southern Gaza town of Khan Yunis. “We are committed to not getting dragged into internal strife or into the so-called civil war,” Mr. Haniya said.

Despite such pleas by Mr. Haniya and the Palestinian Authority president, Mahmoud Abbas, the internecine fighting has grown worse in recent weeks, and talks on a Palestinian unity government are deadlocked.

One of the key sticking points in the talks has been Hamas’s refusal to recognize Israel, as demanded by Western countries. Mr. Haniya reiterated Hamas’s position on Friday.

“Israel might have secured the recognition of some of our people, and some in the Arab world and in the international community,” Mr. Haniya said. “It is now seeking another recognition, Islamic recognition. I say we will not give it this card.”

In Friday’s deadliest episode, the Israeli Air Force bombed a vehicle in northern Gaza, killing three Hamas militants inside, and wounding several passers-by on the street.

The Israeli military said the Hamas men were planning to launch rockets at southern Israel, and that the same Hamas cell was involved in rocket fire a day earlier.

Also on Friday, a Palestinian woman was shot dead near her house in Khan Yunis, according to residents and medical workers. Palestinians said she was hit by Israeli gunfire. The Israeli military said it was searching for tunnels in the area and shot two gunmen, but was not aware of having hit a woman.

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A day earlier, the Israeli military killed eight Palestinians in Gaza, including militants and civilians, and a ninth Palestinian died of his wounds on Friday.

In another development, the Israeli security forces clashed with hundreds of Palestinians from the West Bank who tried to enter Jerusalem on Friday to pray at the Aksa Mosque compound, one of the holiest sites in Islam.

The Palestinians, who tried to enter the city at several checkpoints, threw stones and bottles at the security forces, who responded with tear gas, rubber bullets and stun grenades. No serious injuries were reported.

An estimated 160,000 Muslims took part in the midday prayers at the mosque compound in Jerusalem's Old City, and such huge crowds are the norm during the holy month of Ramadan. However, Israel has not been allowing Muslim men under 40 to attend the services and has barred most Palestinians from the West Bank, citing security concerns.

The latest round of internal Palestinian fighting began on Thursday, with the fatal shooting of a member of the intelligence service, a branch of the security forces considered loyal to Mr. Abbas.

On Thursday night, a local Hamas leader was gunned down in Beit Lahiya. Shortly afterward, Hamas and Fatah gunmen there began exchanging fire. The shooting lasted through the night and during much of the day on Friday. A teenage bystander was killed.

9 Slain As Gaza Clashes Continue (LAT)

By Ken Ellingwood

The Los Angeles Times, October 14, 2006

At least 18 Palestinians have been killed since Thursday in actions by the Israeli military. Violence between Fatah and Hamas also persists.

JERUSALEM — Israeli forces killed at least nine Palestinians in the Gaza Strip on Friday and early today in clashes that mark the deadliest flare-up in weeks.

At least 18 people have died in military actions since Thursday morning, several of them civilians, Palestinian officials said.

Early today, Israeli aircraft fired missiles at Hamas fighters east of Gaza City, killing five. The Israeli military said gunmen had fired antitank missiles at troops that had moved into the area.

Three Hamas militants were killed Friday near Beit Lahiya when an Israeli aircraft fired a missile at the car in which they were riding.

The Israeli military said the car was loaded with homemade Kassam rockets the men planned to fire into Israel. Militants launched six Kassams a day earlier after an Israeli raid killed six people near the town of Khan Yunis, in southern Gaza.

Earlier Friday, Palestinian officials said a 32-year-old woman died after being hit by gunfire outside her home in Abasan, a village near Khan Yunis where Israeli forces have operated since Thursday. Israeli army officials said they were unaware of any shots hitting civilians. A military spokeswoman said soldiers had fired at two gunmen who approached, hitting both fighters and killing one.

Meanwhile, a 38-year-old man died of wounds suffered a night earlier during an Israeli missile strike on a house in the Shajaiyeh neighborhood of Gaza City. The strike targeted Ashraf Farwana, a senior Hamas militant, but he was not home.

Killed instead were his brother, Ayman, and an 8-year-old girl in an adjoining house.

Israel renewed military operations in Gaza after the June 25 capture of an Israeli soldier by Palestinian militants. The latest fighting has added to the turmoil in the impoverished coastal enclave, where factional clashes between the ruling Hamas movement and its main rival, Fatah, also are occurring.

At least 10 people were injured early Friday during a shootout between the rival groups in Beit Lahiya.

The encounter was apparently triggered by the fatal shooting of a Hamas militant the previous night by gunmen who appeared at his home. That shooting followed the slaying of a 30-year-old officer of the Palestinian intelligence service, which is loyal to Fatah.

Also Friday, a mob burned down a Gaza radio station affiliated with Fatah. The owner said the attackers were members of Hamas.

The two groups have been locked in a power struggle since Hamas won control of the government by defeating Fatah in parliamentary elections in January.

Talks aimed at forging a unity government have deadlocked over Hamas' refusal to recognize Israel.

Palestinian Authority President Mahmoud Abbas, of Fatah, and Prime Minister Ismail Haniyeh, of Hamas, announced a tentative agreement last month but it fell apart almost immediately.

Officials in both factions hoped a new government lineup could help break a months-long international aid embargo against Hamas, which much of the West classifies as a terrorist group.

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In other developments, Palestinians clashed with Israeli police at checkpoints leading to Jerusalem as they protested restrictions on Muslim prayers at the Al Aqsa mosque in the walled Old City. Officers fired stun grenades to disperse the crowd after youths hurled rocks, police spokesman Micky Rosenfeld said.

Israel has barred men younger than 40 from attending Friday prayers at the mosque during the Muslim holy month of Ramadan, citing security concerns. Arab leaders have decried the restrictions as a violation of religious freedom.

More than 150,000 worshipers attended Friday's prayers.

Bush Strengthens Sanctions On Sudan (AP-Y)

By Deb Riechmann, Associated Press Writer

AP, October 14, 2006

President Bush signed an executive order Friday that stiffens sanctions on Sudan and its oil industry in an effort to persuade the government to accept U.N. peacekeepers and stop killings of civilians in Darfur.

The president signed the Darfur Peace and Accountability Act to address the crisis in the western region of Sudan where at least 200,000 people have died and 2.5 million people have been displaced in three years of fighting.

The act imposes sanctions against those responsible for genocide, backs measures to protect civilians and humanitarian operations and supports peace efforts in the war-torn land, according to the order issued by the White House Friday on evening. The order continues a countrywide blocking of the Sudan government's property, and prohibits transactions related to Sudan's oil sector.

"The government of Sudan continues to implement policies and actions that violate human rights, in particular with respect to the conflict in Darfur," Bush said in his order.

"The pervasive role played by the government of Sudan in Sudan's petroleum and petrochemical industries threatens U.S. national security and foreign policy interests."

Bush's executive action expands on an earlier executive order issued by President Clinton in 1997.

The action taken Friday maintains robust U.S. sanctions on Sudan while facilitating U.S. assistance and investment in the development and reconstruction of Southern Sudan.

United Nations investigators and rights groups have blamed the bulk of the atrocities on the janjaweed, a pro-government militia that is widely accused of killing villagers and setting fire to their homes. The government denies supporting the janjaweed.

Despite a May peace agreement, aid workers and rights organizations agree with the Crisis Group's assessment that violence has increased in recent months.

The U.N. Security Council voted in August to replace the weak African Union peacekeeping mission with a much bigger U.N. force. But Sudan President Omar al-Bashir and his ruling National Congress Party have refused to let the U.N. peacekeepers deploy, claiming they would breach Sudan's sovereignty.

'Perfect Storm' Brewing In Georgia (WT)

By David R. Sands, The Washington Times

The Washington Times, October 14, 2006

The bitter dispute that erupted last month between Russia and Georgia is a "perfect storm" of mutual suspicion and hostility in which both sides have their reasons for escalating the tension, regional security analysts say.

Russia-Georgia relations, never good in the best of times, have plummeted after Moscow's harsh reaction to the Sept. 27 arrest and expulsion of four Russian soldiers in Tbilisi on espionage charges.

Russia cut mail and transportation links to Georgia and deported scores of Georgians for purported immigration-law violations. There also have been reports of intimidation of Georgian nationals and businesses in Moscow.

The European Union and the U.N. Security Council have appealed for calm, but both Georgian President Mikhail Saakashvili and Russian President Vladimir Putin could benefit from the clash, said Charles King, an Eastern European specialist who teaches at Georgetown University.

"The crisis is a perfect storm that serves the interests of both Russia and Georgia to continually up the ante," Mr. King said. "They may not want war, but they could take all the steps up to war."

Bruce Jackson, president of the Washington-based Project on Transitional Democracies, said both leaders are playing for stakes that are larger than the fate of a few spies.

"Both Putin and Saakashvili think they can derive benefits from escalation," said Mr. Jackson, who said this week that it was "more likely than not" that there will be further deportations and violence before the crisis eased.

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Mr. King said the pro-Western Mr. Saakashvili was banking on a Russian "overreaction" to boost his popularity at home and to attract U.S. and European support for Georgia's long-term hopes to break away from Moscow's influence and join such Western institutions as NATO and the European Union.

Tbilisi has also tried to raise international opposition to Russia's backing of separatist movements in Georgia's South Ossetia and Abkhazia enclaves, which have resisted central control since Georgia gained independence from the collapsing Soviet Union in April 1991. Mr. Saakashvili's strong stand on the so-called "frozen conflicts" has helped reverse a decline in his political popularity in the three years since he led Georgia's democratic Rose Revolution.

In an opinion piece in the Wall Street Journal on Thursday, Mr. Saakashvili slammed what he called Russia's "unprovoked onslaught" and accused Russian leaders of trying to "smite the success story to the south."

Mr. Saakashvili's real audience, Mr. King said, is Washington.

"A fight with Russia keeps Georgia on the U.S. agenda," he said. "Brinksmanship can be played with one's friends as well as one's enemies."

The Georgian leader said his country "will do all that is necessary to ease the current tensions," but on the same day, his government announced that it was postponing indefinitely talks on a deal that would allow Russia to enter the World Trade Organization.

Mr. King said Russia and Mr. Putin are equally keen to slap down Georgia, in part to punish Tbilisi for its desire to ally with the European Union and United States and in part to show Ukraine and other former Soviet states on its border the costs of pulling away from Moscow in favor of the West.

With Mr. Putin set to step down as president in 2008, his potential successors are also competing to see who can take the harder line in defense of Russian national interests in the Georgian standoff.

But Russia's hard line is expected to come under fire when EU leaders meet with Mr. Putin next week at a summit in Finland. A draft summit statement being considered by EU foreign ministers expresses "grave concern" over Russia's recent actions against Georgia, according to press reports.

London And Dublin Offer Northern Ireland A Compromise (NYT)

By Alan Cowell

The New York Times, October 14, 2006

ST. ANDREWS, Scotland, Oct. 13 — After three days of closed-door negotiations, Britain and Ireland on Friday offered a compromise formula to restore Northern Ireland's power-sharing government by next March, allowing for an election or referendum to endorse the deal.

While the package was not immediately embraced by the province's fractious political parties, it gave them until Nov. 10 to hold meetings among their followers and then give their answer to what was promptly named the St. Andrews Agreement. But it is not certain that an agreement sponsored by London and Dublin will be enough to survive the tripwires of Northern Ireland's fissured politics.

The main parties, the Roman Catholic Sinn Fein and the Protestant Democratic Unionist Party, promised to respond by Nov. 10. If they consent, their action will begin a choreographed sequence of events to permit the power-sharing government set up under the Good Friday Agreement of 1998 to be restored. It was suspended four years ago in a dispute over alleged espionage by the Irish Republican Army.

Restoration of the power-sharing government, consisting of an executive branch as well as the existing local assembly, would be an important step toward ending Northern Ireland's anomalous political status at a time when its people have become used to relative peace and economic growth.

At a news conference, Prime Ministers Tony Blair of Britain and Bertie Ahern of Ireland refrained from high-flown language to herald the end of the negotiations. "I think we have a way forward here," Mr. Blair told reporters in the golf resort where the talks took place.

The Rev. Ian Paisley, the 80-year-old Protestant leader, said his party had made "considerable progress throughout the course of these talks."

The Democratic Unionists, who want a continued union with Britain, had been pressing for Sinn Fein, which seeks a united Ireland and is the political wing of the Irish Republican Army, to commit itself completely to respecting the province's police force, which Sinn Fein regards as a Protestant-dominated adversary.

Sinn Fein has been pressing for Mr. Paisley's agreement to sit in a power-sharing government as first minister with a republican leader as his deputy — an idea that would once have been unthinkable. The agreement means each side would have to accept the other's demands for the deal to unfold.

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On Friday, at least, they seemed determined to do that. “We need to find ways to put differences behind us,” said Gerry Adams, the Sinn Fein leader.

Mr. Paisley seemed equally ready to compromise. “Today we stand at a crossroads,” he said. “We stand at a place where there is a road to democracy and there is a road to anarchy, and I trust that we will see in the coming days the vast majority of people taking to the road of democracy.”

Initially, Britain threatened to shut down the Northern Ireland Assembly and resume direct rule of the troubled province if the parties did not agree to settle their differences by Nov. 24. That deadline now seems to have slipped well into next year.

The St. Andrews Agreement lays out a schedule of events, beginning with a preparatory caucus for political leaders in Northern Ireland starting Tuesday. Then, if they agree to continue the settlement deal by Nov. 10, the assembly would meet on Nov. 24.

On that day, the assembly would nominate a first minister and a deputy. According to a British official, those two figures — likely to be Mr. Paisley and Sinn Fein’s Martin McGuinness — would “not take up their role” on that day. But the presence of the two men technically in the same administration would offer a heady symbol of power sharing intended to breathe confidence into the agreement.

The next steps would be for the so-called Independent Monitoring Commission to report in January on the status of the Irish Republican Army’s pledge to renounce violence, followed by a referendum or election in March to endorse the St. Andrews Agreement.

Most participants except Mr. Paisley favored a referendum, according to a participant who asked not to be identified because he was not authorized to disclose details of the deliberations.

Finally, the local executive body would be revived on March 26. But if the parties failed to set up the executive, or failed to agree “at any stage,” the assembly would be dissolved.

The agreement also provides for the British government to inject unspecified financial support into the province, which is already heavily dependent on central government financing.

A critical element of the agreement relates to Sinn Fein’s demand that the police in Northern Ireland be controlled by the local executive, giving Sinn Fein more influence over the force. The agreement suggests that the local government could assume control of the police by May 2008.

Deal Would Revive N. Ireland Assembly (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, October 14, 2006

Power-Sharing Plan Faces Hurdles

LONDON, Oct. 13 -- The prime ministers of Britain and Ireland on Friday announced plans for Northern Ireland's Protestants and Catholics to share power in a deal that would restore the province's suspended local government by next March.

"I think we have a way forward here," British Prime Minister Tony Blair said at a news conference with his Irish counterpart, Bertie Ahern. The breakthrough came after three days of intensive talks with Northern Ireland's main political players in the Scottish resort town of St. Andrews.

Creating a local assembly in which Catholics and Protestants govern together was a cornerstone of the 1998 Good Friday accords. That pact set out a framework for lasting peace in the British province, where three decades of sectarian conflict claimed more than 3,600 lives until a cease-fire in 1997. The first assembly collapsed in October 2002 amid the mutual suspicion between Catholic and Protestant leaders that has long poisoned the province's politics.

While the assembly officially reconvened in May, officials have been unable to agree on a power-sharing plan between the "nationalist" Catholics, represented by Sinn Fein, who favor reunification with the Republic of Ireland, and the "unionist" Protestants, represented mainly by the Democratic Unionist Party, who favor continued British rule.

Blair and Ahern had said that if the parties could not reach agreement by Nov. 24, the province would have everything from water rates to education controlled by the central government in London. The St. Andrews talks were an attempt to avert that outcome, which is particularly opposed by Sinn Fein and its leaders, Gerry Adams and Martin McGuinness.

Blair and Ahern said on Friday that Northern Ireland's political parties would have until Nov. 10 to agree to the plan. If they do, they would also nominate the two ministers who would lead the assembly -- most likely the Rev. Ian Paisley, head of the Democratic Unionists, as the first minister, and McGuinness as his deputy. The ministers would not actually assume full power until March 26, a delay officials said would give each side time to assess the other's commitment to the power-sharing agreement.

Blair also said the agreement would have to be approved by the province's voters in some sort of referendum.

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Blair and Ahern said the plan requires each side to compromise. Sinn Fein would have to endorse and support the province's police force, which is still predominantly Protestant. Sinn Fein officials have been reluctant to recognize the force until they believe that it more fully represents Catholic interests.

The Democratic Unionists and Paisley, their hard-line leader, would have to agree to collaborate in a government with Sinn Fein, the political affiliate of the Irish Republican Army, which waged a guerrilla war in the province for decades before announcing last year that it had laid down its weapons for good. Paisley has often said he refuses to govern with men he considers "terrorists."

If the voters approve the deal and the main political parties find the arrangement satisfactory, the assembly would choose the rest of its leadership on March 14 and London would restore the provincial government's authority on March 26.

Officials from the main political parties said they would consult with their members about the proposal.

Paisley said the nationalists, or republicans, had a "delivery to make."

"Delivering on the pivotal issue of policing and the rule of law starts now," he said.

Adams said: "Common-sense political realism and the interest of all our people demand we achieve this."

Renewed Optimism Over N Ireland Deal (FT)

By Christopher Adams And John Murray Brown

Financial Times, October 14, 2006

Tony Blair and Bertie Ahern, the Irish Taoiseach, on Friday set out a timetable for returning devolved power to Northern Ireland, amid evidence that republicans and unionists were edging closer to a deal over power-sharing.

On Friday, the final day of three days of multi-party talks in St Andrews, Scotland, Mr Blair said the province could have devolved government by March 26 if the parties endorse the plan by November 10.

There was optimism that Ian Paisley's Democratic Unionists and Sinn Fein could within weeks overcome long-standing differences and agree to form a joint power-sharing executive.

The provincial assembly in Stormont has been suspended since October 2002 and the UK has set a November 24 deadline for the parties to strike a deal

One person close to the negotiations told the Financial Times that the first step in the process, assuming the parties agreed, would be for Gerry Adams, Sinn Fein president, to call a meeting of his national executive to recommend a special conference on policing.

Mr Paisley and Sinn Fein's Martin McGuinness would then be appointed first and deputy first ministers of the Stormont assembly, but in shadow form without wielding real power.

As they prepared for government, it is hoped Sinn Fein would approve recognition of the Police Service of Northern Ireland – a key DUP demand – at its special conference.

The republicans' acceptance of policing has been a key stumbling block to agreement. Sinn Fein has demanded that the assembly and executive be set up first.

The deal might then be endorsed by referendum or by fresh elections to the assembly.

After lengthy overnight talks, Thursday's pessimistic mood began to dissipate. A news conference originally scheduled for midday was deferred and was expected at around 4pm local time.

Mr Adams, who spoke briefly to reporters outside the isolated hotel where the talks were being held, refused to go into detail about how discussions were going.

However, he hinted at a growing sense of optimism.

"I don't want to add to any rumour machine or anything else. All I'm going to say at this point is thank God it's a lovely day and it's work in progress...This process is based on optimism of the will."

Peter Hain, Northern Ireland secretary, has said the government will dissolve the assembly by parliamentary order and stop paying the representatives' salaries if the parties fail to meet the November deadline for agreement.

Mr Blair said there would be some process of electoral endorsement in March, either with a referendum or elections.

The prime minister put a positive gloss on the talks, but acknowledged there was still some way to go to secure a deal and that the talks could yet unravel.

"It is a pretty brave and bold move to say absolutely for sure that no-one will attempt to unpick any aspect of it [the draft agreement]," he said.

Mr Paisley declared afterwards: "The days of the gunman in government are hopefully over."

"More work is required on a number of issues, not least to institutions and structures of devolved power." he said

And, referring to concerns over Sinn Fein's stance on policing, he added that "it is deeds not deadlines that count".

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Mr Adams said he would consult with Sinn Fein members and the wider republican community. "Republicans have delivered big time in recent times...in order to be part in a progressive way of finding a solution we have to acknowledge we have been part of the problem," he said.

N. Ireland Talks Yield Progress (LAT)

By Kim Murphy

The Los Angeles Times, October 14, 2006

Both sides are optimistic after Blair and Ahern draw up a proposal for a new joint government.

LONDON — After three days of intense negotiations while locked in at a Scottish golf resort, the prime ministers of Britain and Ireland failed to bring Northern Ireland's feuding parties to immediate agreement on power sharing, but worked out a proposal that could establish a new joint government by March.

The talks diplomatically ignored a Nov. 24 deadline for settling the long-standing conflict, but held out the possibility of a resolution during another five months of consultations, concessions and tentative steps toward a shared future.

"Today we stand at a crossroads," the Rev. Ian Paisley, leader of the Democratic Unionist Party, said Friday after the talks, which he said made "considerable progress."

"We stand at a place where there is a road to democracy and there is a road to anarchy, and I trust that we will see in the coming days the vast majority of people taking to the road of democracy," the Protestant leader said. "The days of the gunmen in government are hopefully over forever."

Sinn Fein leader Gerry Adams said he was committed to "put all these divisions behind us and to resolve all of these differences."

"Common sense, political realism and the interests of all sections of our people demand that we achieve this," the republican leader said.

Years of violent conflict between Protestant British loyalists and Roman Catholic republicans hoping for a united Ireland have been followed by more years of missed deadlines and failed agreements toward achieving a lasting peace. The result was that the British government turned up the heat on the process and imposed the November deadline for the parties to either reach agreement on restoring the Northern Ireland Assembly and a shared executive, as the administration is called, or face dissolution of the Assembly and return to direct rule by London.

Both sides have been generally willing to work out an agreement, but ran aground once again this week on two issues: Sinn Fein's reluctance to recognize a police force that has often been used as an instrument of repression; and the refusal of DUP leaders to sit in a government with Sinn Fein until assured it had abandoned its militant, Irish Republican Army-linked past and, especially, was willing to accept the police.

The proposed agreement and timetable set out by British Prime Minister Tony Blair and his Irish counterpart, Bertie Ahern, recognizes that the remaining hurdles are as much choreography as substance — if Sinn Fein accepts the police, the DUP will probably accept Sinn Fein, but who blinks first? — and establishes a series of confidence-building measures.

The proposal demands agreement on police and power sharing. But it also gives the parties time to consult with their bases and seek voter approval of significant policy moves.

Each party has until Nov. 10 to respond. If they agree in principle, the Northern Ireland Assembly will nominate a leader, presumably from the DUP, and a deputy leader, from Sinn Fein, on Nov. 24. But significantly, the executive does not take power until elections are held in March.

If all goes smoothly, party leaders would nominate members of the full governing executive March 14, and London would hand over governing authority March 26.

The British prime minister, who has worked to make resolution of the Northern Ireland conflict a hallmark of his administration, flew to the Scottish city of St. Andrews and blocked out a full 48 hours from his schedule to sit with Ahern and try to push the parties to agreement. He said the proposed deal provided "a sound basis" that required compromises from both sides.

"We want a new dispensation in Northern Ireland where there is a shared future and where people can resolve their differences in a democratic way," Blair said. "And so it's a simple deal in the end. It's about, on the one hand, equality, respect for people who hold different views … and exclusively peaceful means being used in order to decide differences."

Ahern said the proposed agreement provided "all of the elements" needed for a final resolution. "If not perfect by anybody's agenda, it is a fair and sustainable balance to try to, by March, make sure we have a working executive based on power sharing and acceptance of policing and the rule of law."

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Chile Holds Own In Global Market (LAT)

By Marla Dickerson

The Los Angeles Times, October 14, 2006

While other countries fear China and maintain high tariffs; the Latin nation is tearing down trade barriers to Beijing.

SANTIAGO, Chile — Chinese competition has put hundreds of textile manufacturers in Latin America out of business. It gave Jose Ramon de Camino Muxi a new start.

After visiting China many times in the 1990s, the Chilean entrepreneur was convinced that his family's wool and cotton operations would be shredded by mammoth factories there. But he didn't despair. He decided to let China do his manufacturing for him.

De Camino now peddles Chinese-made footwear through his 10 Payless ShoeSource retail shops in Chile. And he sells wholesale shoes and fabrics with the "Made in China" label to mom-and-pop stores around the country. De Camino said his $12-million enterprise is growing 20% a year. Business has never been better.

"China is my partner," he said on a recent afternoon amid the clatter of electric drills and hammers wielded by construction workers expanding his jam-packed warehouse. "I would not like to have the Chinese as an enemy."

De Camino's if-you-can't-beat-'em-join-'em attitude is an example of how Chile has cobbled one of Latin America's most successful trading relationships with the Asian giant. While other countries in the region maintain high tariffs on Chinese goods, Chile is busy tearing down trade barriers.

Over the last decade, China has become Chile's second-largest trading partner, behind the United States. Chile signed a free-trade agreement with China last year, the only Latin American country to have done so.

That might seem foolhardy for a nation of only 16 million souls, whose manufacturing base is dwarfed by that of the world's most populous country. But Chile ran a $1.9-billion trade surplus with China last year, mainly because of surging copper exports to feed voracious Chinese demand.

Chinese-made merchandise is swamping store shelves and showrooms in Chile. Chinese imports hit a record $2.5 billion last year, about 8.5% of Chile's total purchases from foreigners. China supplies nearly half of Chile's imported consumer goods such as clothing and electronics, up from one-tenth in 1996.

But in contrast to countries such as Mexico, where domestic producers are clamoring for protection, Chilean manufacturers are among the strongest supporters of the free-trade deal with China.

"You can't close the door. That's the reality," said Patricia Perez, general manager of a Santiago-based medical products company and president of AsexmaChile, an exporters' trade group. "We see an opportunity to find niches for our products in China … and to make Chile a platform" for Chinese manufacturing and trade with the rest of Latin America.

That view is not widely shared across the region despite a Chinese-led commodities boom that is fueling robust economic growth. In addition to snapping up raw materials from aluminum to wood pulp, China is investing in railways, pipelines, highways and satellites. Analysts credit low-cost Chinese-made consumer goods for helping keep inflation in check and for boosting the buying power of the poor. Still, many in Latin America view China and other fast-growing Asian nations as rivals that are stealing jobs, soaking up foreign investment, threatening domestic industries and pushing them out of world markets.

In 1980, the combined economies of the nations of Latin America and the Caribbean were twice as large as those of China and India together. By 2004, they were 20% smaller than the two Asian countries, according to a recent World Bank report.

China and India's share of world exports is 50% larger than those of Latin America and the Caribbean. In 1990, the reverse was true. China's economy averaged 8.5% growth from 1981 to 2000, while Latin America's barely budged and poverty remains entrenched.

"Blame for the private sector's poor performance … often falls on the growing presence of China," said the World Bank report released in August.

Mexico and the natural resource-poor nations of Central America are particularly wary. In contrast to their South American counterparts, they sell little to China and are running trade deficits with the Asian nation.

They are also losing out in export markets. Ten years ago, China wasn't even ranked among Chile's top-ten trading partners. Today it's No. 2, behind the United States.

Central America has lost thousands of apparel and textile jobs to Asia. Mexico, Brazil and Argentina together have initiated more anti-dumping cases against China than the European Union, the United States or Canada, according to the World Bank, which says the approach is counterproductive.

"Instead of responding with protectionist policies, the region should adopt offensive strategies to take advantage of the overall positive effects of high Chinese and Indian growth," said Guillermo Perry, chief economist of the Latin America region for the World Bank.

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Chile, which is thinly populated but blessed with natural resources and educated citizens, has been opening its economy for more than three decades.

In the 1970s, its military rulers decided that trade, private enterprise and increased productivity were keys to raising living standards. They adopted a policy of unilateral liberalization to drop tariffs, open Chile's markets and force its companies to sink or swim against global competitors.

Now a full-fledged democracy, Chile enjoys one of the highest standards of living in Latin America and has become an accomplished world trader. Gross national income per capita was $5,870 in 2005, second to Mexico's $7,310 in Latin America, according to the World Bank.

Exports accounted for nearly 40% of the nation's gross domestic product last year. The nation has free-trade agreements with some of the world's largest economies, including the U.S., Canada, Mexico, the European Union and South Korea. It's currently in negotiations with Japan and India.

Thus Chile had no fear of signing a pact with China, Perez of AsexmaChile said.

Chilean stores were stocked with plenty of Chinese goods before the agreement, thanks to Chile's meager tariffs averaging about 6%. Perez said most of AsexmaChile's 500 members figure that Chile got the better end of the deal because it will eventually win tariff-free access for 92% of its exports to China.

"We're already competing with the whole world here," she said. "We aren't afraid."

Still, the agreement underscores how important Asia trade is to Chile. Although Chile's exports are well-balanced, with about 23% of its $39 billion in 2005 exports going to North America and 25% to Europe, Asia now accounts for the largest chunk at 36%. Chile last year shipped $4.4 billion worth of copper, wine, fish meal, vegetables, wood pulp and other products to China. That's more than 11% of Chile's total exports and nearly one-third of its exports to Asia.

Chile's Ministry of Exterior Relations has beefed up its Asian department. Entrepreneurs are taking Mandarin classes and going on trade missions to China.

Shoe importer De Camino recently returned from his 34th trip there since 1987. An exuberant man who wears pinstriped suits and drives a Jaguar, he credits China for helping keep inflation low and for allowing Chileans to stretch their pesos.

A room in his offices in the capital's outskirts is crammed with this season's offerings — spike-heeled boots, sexy pumps, sleek basketball shoes.

Chileans are fashion conscious, he said, but most can't afford to spend a fortune on footwear. De Camino said Chilean design combined with Chinese manufacturing prowess have allowed him to deliver good-looking shoes at reasonable prices.

"Ten years ago you would have paid $100 for these," he said, grabbing a pair of Air Jordan knockoffs. "I can sell them for $20 now, thanks to China."

De Camino acknowledges that his staff of 100 is half what it was when his family had manufacturing plants in Chile. But he dismisses the notion that China's development is a danger.

He said that China would eventually become the world's largest economy and that the rest of Latin American would do well to learn how to work with it rather than throw up trade barriers.

"It's impossible to go back," he said. "Everybody needs China."

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Book Outlines How Spy Exposed U.S. Intelligence Secrets To Cuba (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 14, 2006

WASHINGTON - A senior Cuba analyst for the Defense Intelligence Agency gave Havana detailed information on U.S. eavesdropping programs aimed at the Castro government, allowing Cuba to mount effective counterintelligence and deception operations for year, according to a new book on U.S. intelligence failures.

Cuban spy Ana Belen Montes, who was born in Puerto Rico, enjoyed nearly unfettered access to classified information until she was caught in 2001. She's now serving a 25-year prison term.

The book, "Enemies: How America's Foes are Stealing Our Vital Secrets and How We Let it Happen" was written by Bill Gertz, a defense correspondent for The Washington Times.

In it, Gertz reports that Montes leaked so many significant U.S. secrets to Havana that some U.S. officials rank the damage she did with that caused by Aldrich Ames and Robert Hanssen, the infamous CIA and FBI turncoats for Moscow whose information resulted in the deaths of dozens of U.S. agents.

"Montes was the first national-level analyst from the intelligence community known to have turned traitor and the most damaging Cuban spy arrested to date," Gertz wrote, quoting from a still-classified damage assessment report on Montes.

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U.S. intelligence officials consulted by McClatchy Newspapers confirmed that Gertz's book reflects the intelligence community's assessment of the Montes case, although some of the more sensitive information remains under wraps.

Gertz has written several books on intelligence matters.

U.S. officials believe Montes did the greatest damage by giving Cuba information on U.S. electronic eavesdropping systems, which were the primary sources of intelligence on Cuba since Washington had long found it all but impossible to recruit spies within the island, Gertz wrote.

During a briefing from the National Security Agency she received in 1999, Montes learned about "every single NSA eavesdropping program targeted against Cuba and Latin America," according to Gertz's book.

She also learned about current and proposed electronic spying systems by taking part in planning sessions for future imagery and other intelligence-gathering programs, the book adds.

Montes had access to an intelligence community computer system, the Corporate Information Retrieval and Storage system, which includes information from the CIA, the State Department's Bureau of Intelligence and Research, the NSA, the FBI and other sources, Gertz wrote.

The book notes that Montes also sat on an interagency group known as the Hard Target Committee, which discussed operations in places such as Iran, China and North Korea. The book doesn't say if the information was passed to those countries.

Through Montes, the Cubans obtained a clear picture of what Washington knew and didn't know about Cuba, allowing Havana to carry out "a robust denial and deception program," according to the damage assessment report.

Some of her disinformation included a 1998 U.S. intelligence report that downplayed the threat of Cuban armed forces and its bio-weapons capabilities, and a 1993 paper that said the Cuban military wanted closer ties with the United States, Gertz wrote.

The book also says there are "indications" that her spying may have led to the deaths of some U.S. agents in Latin America, but it provides no details. Court records show Montes leaked the identities of four U.S. agents in Cuba. Those agents weren't harmed.

The damage assessment report, however, paints an embarrassing picture for U.S. spy-catchers: Montes met her Cuban handlers, posing as business people, students or academics, at Washington restaurants more than 100 times, sometimes twice a week.

Montes, who pleaded guilty to spying charges, told a Washington courtroom that she had spied for Cuba out of conviction that U.S. policies were causing undue suffering to Cubans and that Havana paid her little or no money for her work.

According to Gertz, Cuba recruited Montes around 1985. She first came under U.S. suspicion in 1994, when Cuba detected a highly secret electronic surveillance system. Montes took a polygraph test and passed it.

Montes came under suspicion again in 2000, when Cuban officials uncovered a U.S. agent working in Cuba for a special intelligence program, Gertz wrote. Montes was one of the few U.S. officials familiar with the operation. The FBI placed her under surveillance and arrested her in 2001.

Micro-Credit Pioneer Wins Peace Prize (WP)

By Molly Moore, Washington Post Foreign Service

The Washington Post, October 14, 2006

Economist, Bank Brought New Opportunity to Poor

PARIS, Oct. 13 -- Bangladeshi economist Muhammad Yunus and the Grameen Bank he created won the Nobel Peace Prize on Friday for leveraging small loans into major social change for impoverished families.

The Grameen Bank's pioneering use of micro-credit has been duplicated across the globe since Yunus started the project in his home village three decades ago. Loans as low as $9 have helped beggars start small businesses and poor women buy cellular phones and basket-weaving materials.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," the Norwegian Nobel Committee said in its citation released Friday in Oslo. "Micro-credit is one such means."

The committee praised Yunus, 66, as "a leader who has managed to translate visions into practical action for the benefit of millions of people, not only in Bangladesh but across cultures and civilizations."

In a telephone interview, Yunus said he was overcome by the excitement of winning the prize after several years of being nominated.

"I was trying to find people to tell, and the phone kept buzzing, so I could hardly tell anybody," said Yunus, speaking from his home in Dhaka, the capital of Bangladesh. "Then people started coming and bringing flowers. It's fantastic."

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Still exuberant after hours of telephone calls and hundreds of visitors pouring into his house, Yunus said: "This prize is so overwhelming, it will affect our work tremendously. It will bring the issues I'm raising to the attention of people who can make a difference in the world.

"From this day on, micro-credit will become part of the financial center, it can't be kept as some kind of subsector," he said. "As a bank you have to reach the poor people. That's a big change, and banking will not be the same."

Yunus said he believes the Nobel committee endorsed his view that bridging the gap between rich and poor countries in an age of increasing globalization is critical to reducing conflict around the world.

"You cannot go on having absurd amounts of wealth when other people have problems of survival," he said. "If you can bring an end to poverty, at least from an economic point of view, you can have a more livable situation between very rich people and very poor people, very rich countries and very poor countries. That's our basic ingredient for peace."

Bangladesh's first Nobel Prize exhilarated a poor nation more accustomed to news of natural disasters, disease and political upheaval. A massive public assembly was planned for Saturday in Dhaka to honor Yunus and the Grameen Bank, according to bank officials who said their offices were besieged Friday by customers, citizens and politicians offering congratulations.

Yunus and the bank were surprise winners among the 191 nominees for the most prestigious of the Nobel awards. Speculation in recent days had focused on diplomats and officials who brokered last year's Aceh peace accord, which ended 29 years of fighting in the Indonesian province, and on global celebrities that included Bono, the U2 lead singer and anti-poverty campaigner.

The $1.4 million prize will be split between the Grameen Bank and Yunus, the bank's managing director. Yunus said he would use his share to set up a company to make low-cost, nutritious food for the poor and to establish an eye hospital for poor Bangladeshis.

Yunus and the Grameen Bank are hardly household names outside of Bangladesh, but Yunus has been one of the world's most prominent and renowned leaders of poverty alleviation. The Grameen Bank model has been duplicated in more than 100 countries, from Uganda to Malaysia to Chicago's South Side.

The Bill and Melinda Gates Foundation recognized the bank's efforts in August, providing a $1.5 million grant to expand its work worldwide through the Grameen Foundation.

A gentle, soft-spoken man who has been feted by kings and presidents for his groundbreaking and tireless efforts to improve the lives of poor families, Yunus nonetheless has remained most at ease in the steamy Bangladeshi villages where the bank's clients -- mostly sari-clad women -- line up at makeshift tables to repay their loans.

Yunus launched the idea of the Grameen Bank after he returned to Bangladesh from the United States to take a teaching job in the economics department at Chittagong University.

Alarmed at the poverty created by ongoing famine, he and his students started an experimental project giving women $27 loans to buy straw to make stools.

The bank they created -- Grameen means "village" in the Bengali language -- not only defied conventional lending rules by making loans to the poorest of the poor, but challenged cultural taboos by giving most of the loans to women in a Muslim-dominated society where rural women at the time were seldom allowed to touch money or work outside of their homes. The bank issues most of its loans to women because Yunus discovered that they spent their money more carefully and paid back the loans in far high percentages than did men.

Today, the bank has 6.61 million borrowers and 2,226 branches. The bank reports that it has lent $5.72 billion over the past 30 years and claims a 98 percent repayment rate.

"Micro-credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions," the Nobel Prize committee said in its citation Friday.

Three years ago, the bank started a program to give beggars -- or "struggling members" -- lines of credit of about $9 to purchase small items such as bread, candy, pickles and toys. Recipients of the loans then resell the goods "to supplement their begging," according to the bank's description of the program, which is intended not only to empower beggars, but to boost their morale and dignity.

"Yunus's long-term vision is to eliminate poverty in the world," the Nobel Prize committee said. "That vision cannot be realized by means of micro-credit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing efforts to achieve it, micro-credit must play a major part."

Peace Prize To Pioneer Of Loans To Poor No Bank Would Touch (NYT)

By Celia W. Dugger

The New York Times, October 14, 2006

DOJ_NMG_0081374

A Bangladeshi economist, Muhammad Yunus, and the bank he founded 30 years ago won the Nobel Peace Prize yesterday for pioneering work in giving tiny loans to millions of poor people no commercial bank would touch — destitute widows and abandoned wives, landless laborers and rickshaw drivers, sweepers and beggars.

The Nobel Committee praised Mr. Yunus, 66, and the Grameen Bank for making microcredit, as the loans are called, a practical solution to combating rural poverty in Bangladesh and inspiring similar schemes across the developing world.

"Microcredit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions," the committee said in announcing the prize.

Mr. Yunus has long been an influential champion of the idea that even the most impoverished people have the drive and creativity to build small businesses with loans as small as $12, and Grameen Bank has dedicated itself to helping the poorest of the poor.

The borrowers used the money to buy milk-giving cows, or bamboo to craft stools, or yarn to weave into stoles, or incense to sell in stalls, among myriad other money-making schemes.

Reached in Dhaka, Bangladesh, by telephone yesterday, Mr. Yunus recalled the day in 1976 when he reached into his own pocket to give his first loan, $27, to 42 villagers living near Chittagong University where he said he was then teaching "elegant theories of economics." The borrowers invested the money and repaid him in full, though they had no collateral and signed nothing.

He said he asked himself that day, "If you can make so many people so happy with such a small amount of money, why shouldn't you do more of it?"

Still, over the years, Mr. Yunus faced skeptics and detractors, as it became clear that microcredit loans, alluring as they were, were not by themselves a panacea for poverty.

Some in the microfinance business have questioned the Grameen Bank's focus on serving the poorest, arguing the industry would grow faster and have more impact if it aimed at a wider pool of borrowers, including those struggling just above the poverty line.

Others have sometimes criticized what they see as Grameen's unconventional accounting practices (which Mr. Yunus said yesterday were fully transparent) — or maintained that Grameen should have been more of a leader in combining microcredit with health and education services, or in lending to poor people who need money not to start businesses, but to pay their bills, or cover their children's school fees.

But in interviews yesterday, Mr. Yunus's skeptics and fans alike credited him and Grameen with helping to fundamentally change the way the world saw the potential of poor people and to popularize the movement to provide financial services to the poor.

"Yunus was one of the early visionaries who believed in the idea of poor people as viable, worthy, attractive clients for loans," said Elizabeth Littlefield, who heads the Consultative Group to Assist the Poor, a research institution supported by microfinance donors. "That simple notion has put in motion a huge range of imitators and innovators who have taken that idea and run with it, improved on it, expanded it."

Or, as the Nobel committee put it: "Yunus's long-term vision is to eliminate poverty in the world. That vision cannot be realized by means of microcredit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing effort to achieve it, microcredit must play a major part."

The prize was another that fell under a broader definition of peace, awarded by the committee not for traditional conflict resolution, but rather development work, and followed the 2004 award to a Kenyan environmentalist, Wangari Maathai.

Indeed, in the decades since Mr. Yunus's first loan, microcredit has become one of the most popular antipoverty strategies in the world. Last year, more than 100 million people received small loans from more than 3,100 institutions in 130 countries, according to Microcredit Summit, a Washington-based nonprofit advocacy group that Mr. Yunus helped found. The average loan from Grameen Bank was $130.

Over the years, the movement to provide financial services to the poor has become more capacious, stressing the need for services beyond loans — for safe places to save small amounts of money, for crop and life insurance, for inexpensive ways to transfer money earned in distant cities and foreign countries to families back home.

In the 1970's, when Mr. Yunus was getting started, the idea that poor people were a good credit risk seemed far-fetched. The United States Agency for International Development had conducted a global survey of banking services in poor communities and found failure after failure, said Jonathan J. Morduch, an economics professor at New York University who co-wrote a book on microcredits.

Many of the lenders then were state-owned banks that gave credit to politically connected elites rather than the poor people they were supposed to serve. And often at election time, vote-seeking politicians pressed the banks to forgive loans wholesale, leaving the institutions in terrible financial shape.

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In 1974, Mr. Yunus, trained as an economist at Vanderbilt University, found himself teaching economics at Chittagong University when Bangladesh was struck by famine. “I decided I must do something,” he said. He began working in nearby villages, among them Jobra, where he made his first loan in 1976.

He said he tried to persuade commercial banks to give loans to poor people who had no assets and had always been dependent on local moneylenders. But the bankers only did so when he personally co-signed as a guarantor.

Mr. Yunus’s new model of banking for the poor had several unusual features, Professor Morduch said. Grameen lent to groups of five people, who helped ensure that each member repaid his or her share. It lent not only to farmers, but also to laborers and women who had a knack for crafts and shopkeeping. And it required borrowers to repay their loans in manageable, bite-sized weekly installments.

“He proved the impossible: that the poor were bankable,” Professor Morduch said.

But Mr. Yunus’s approach went beyond giving the poor economic opportunity to seeking deeper social change, said Amartya Sen, who, like Mr. Yunus, is a Bengali, an economist and a Nobel prize winner.

Mr. Sen, a professor at Harvard, noted that Grameen’s loans had gone overwhelmingly to women, giving financial clout to women who had little power in Bangladeshi society and often lived cloistered in their homes.

In the overwhelmingly Muslim nation of Bangladesh, Mr. Yunus’s approach also offered hope and ideas to compete with the allure of fundamentalist Islamic causes.

“It’s a very secular movement,” Professor Sen said, “very egalitarian, market friendly and socially radical.”

Those who have watched Mr. Yunus over the years remarked on his gifts as a salesman — his personal warmth, his talent for telling a story, his sheer ability to charm an audience. Those qualities were very much on display last month when he participated in a panel at a Sheraton hotel in New York during Bill Clinton’s gathering of international do-gooders.

The theme was “Building a Sustainable Future,” and Mr. Yunus told about how Grameen gave loans to beggars. He made hundreds of rich people — many of them looking for causes to support — laugh out loud and also tugged at their heartstrings.

“All we are doing is telling beggars that, well, since you go house to house begging, would you like to take some merchandise with you, some cookies, some candy, something?” he asked a crowd that hooted with delight at this clever notion.

“A typical loan for a beggar is something like $12,” he said. “With $12, she has a basket of merchandise she carries around and goes house to house.”

“Today, we have more than 80,000 beggars in the program,” he said. “Many of them have already quit begging completely.”

At that, the audience erupted in a sustained burst of applause. Mr. Yunus beamed.

Economist, Bank Win Nobel Peace Prize (AP)

By Farid Hossain, Associated Press Writer

AP, October 14, 2006

The simple yet revolutionary idea of loaning tiny sums to poor people looking to escape poverty by starting businesses won Bangladeshi economist Muhammad Yunus and the Grameen Bank he founded the Nobel Peace Prize on Friday.

Yunus' notion — today, known as microcredit — has spread around the globe in the past three decades and is said to have helped more than 100 million people take their first steps to rise out of poverty.

Some bought diary cows, others egg-laying hens. In recent years, money for a single cell phone has been enough to start thriving enterprises in isolated villages without phone lines from East Asia to West Africa.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," the Nobel Committee said in its citation in Oslo, Norway. "Microcredit is one such means. Development from below also serves to advance democracy and human rights."

The 65-year-old economist said he would use part of his share of the $1.4 million award to create a company to make low-cost, high-nutrition food for the poor. The rest would go toward setting up an eye hospital for the poor in Bangladesh, he said. The food company, to be known as Social Business Enterprise, will sell food for a nominal price.

Yunus is the first Nobel Prize winner from Bangladesh, a poverty-stricken Southeast Asian nation of about 141 million people on the Bay of Bengal.

"I am so, so happy, it's really a great news for the whole nation," Yunus told The Associated Press after the prize was announced. He was reached by telephone at his home in the Bangladeshi capital, Dhaka.

His joy was shared by those his microcredit program has helped.

"I can't express in words how happy I am," said Gulbadan Nesa, 40, who five years ago used $90 from the Grameen Bank to buy chickens so she could sell eggs. She's since taken more loans and expanded into selling building materials.

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"Not long ago I was almost begging for money to feed my family," she said from Bishnurampur, her village in northern Bangladesh. "Today, I've got my own house and enough money to feed my children and send them to school."

Grameen, which means rural in the Bengali language, was the first lender to hand out microcredit, giving small loans to poor Bangladeshis who did not qualify for loans from conventional banks. No collateral is needed for Grameen loans, which average about $200.

But there is social pressure to repay. Recipients form groups of five and members qualify for future loans only if all are current on their old ones.

The results are hard to argue with — the bank says it has a 99 percent repayment rate.

The bank says it has loaned $5.72 billion to 6.6 million Bangladeshi, 97 percent of whom were women, and today provides services in more than 70,000 villages.

The success has allowed Grameen to expand its credit to include housing loans, financing for irrigation and fisheries as well as traditional savings accounts.

But Grameen is not without critics, many of whom focus on the bank's high interest rates. Its business loans carry a rate of 20 percent, significantly higher than the 10-15 percent charged by commercial banks.

"While the poor pay 20 percent interest for their loan, the rich pay much less. It can't be called social justice," said S.M. Akash, an economics professor at Dhaka University.

Reports routinely circulate in Bangladesh's media of people being forced to borrow from second or third sources, often at higher interest rates, to repay Grameen loans. But almost no one is willing put their names to such criticism in Bangladesh, where Yunus was considered a national hero even before the Nobel Prize was announced.

How much impact Grameen has had on Bangladesh's economy also remains an open question.

Poverty has decreased since Grameen was founded in 1983. Bangladesh's per capita income has grown from $280 in 1985 to $440 in 2006, according to World Bank figures.

While the bank was "a factor" in that success, economists "can't apportion exactly how much credit has to go with Grameen," said Jonathan Morduch, an expert on microfinance at New York University.

And even if per capita income has increased, overwhelmingly Muslim Bangladesh remains one of the world's poorest countries, a land beset by political unrest and the ever-present specter of another military coup.

In fact, the spread of Yunus' and Grameen's microcredit schemes around the world — they are now considered a key approach to spurring development — is arguably one of the few bright spots for Bangladesh since it won independence from Pakistan in 1973.

Worldwide, microcredit financing is estimated to have helped 92 million families last year alone, according to Jove Oliver, spokesman for the Microcredit Summit Campaign, part of the Washington-based Project Results Educational Fund.

Yunus told The Associated Press in 2004 that his "eureka moment" came while chatting to a shy woman weaving bamboo stools with calloused fingers.

Sufia Begum was a 21-year-old mother of three when he met her in 1974 and asked how much she earned. She replied that she borrowed about five taka, the equivalent of nine cents, from a middleman for the bamboo for each stool.

All but two cents of that went back to the lender.

"I thought to myself, my God, for five takas she has become a slave," Yunus said in the interview.

The following day, he and his students did a survey in the woman's village, Jobra, and discovered that 43 villagers owed a total of $27.

"I couldn't take it anymore. I put the $27 out there and told them they could liberate themselves," he said, and pay him back whenever they could. The idea was to buy their own materials and cut out the middleman.

Over the following year, they all paid him back — day by day.

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Associated Press writers Matt Moore and Doug Mellgren in Oslo, Norway, and Julhas Alam in Dhaka contributed to this report.

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On the Net:

http://www.nobelpeaceprize.org

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, October 16, 2006 8:27 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, October 15, 2006
Attachments:	agnb061015.pdf; agnb061015.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

US May Charge KSM With Pearl Murder. McClatchy Newspapers (10/15, Rosenberg) reports, "U.S. military officials intend to charge Guantanamo Bay captive Khalid Sheikh Mohammed with the murder of Wall Street Journal reporter Daniel Pearl, according to a Time magazine report." However, "the Pentagon's chief war-crimes prosecutor told The Miami Herald on Friday that the Time report may be premature." Time "attributed to 'national security officials' the detail that Mohammed admitted under interrogation to having killed Pearl ... The magazine also reported that it compared the hands seen on the videotape executing Pearl to Mohammed's hands and confirmed it was him."

Final PENTTBOM Detainee Remains Jailed In Arizona. The AP (10/15, Mendoza) reported, "In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society. But he has been in custody for five years. His name is Ali Partovi," and "he is the last to be held of about 1,200 Arab and Muslim men swept up" by US investigators after 9/11. The AP notes, "The FBI operation was called PENTTBOM; it was swift and fierce, and the stakes couldn't have been higher. When in doubt, the orders came, arrest now and ask questions later. … Then came demands, from Congress, from the Justice Department's Inspector General, from the ACLU and Human Rights Watch and from Arab and Muslim activists, that these individuals must be accounted for. To date that hasn't occurred. … Here's what is known: 762 of the 1,200 PENTTBOM arrestees were charged with immigration violations at the behest of the FBI because agents thought they might be associated with terrorism. Partovi was one of these 762."

Paralegal And Lawyer Are Ordered Not To Discuss Guantanamo Charges. The AP (10/14, Leitsinger) reports, "A paralegal and a military lawyer who brought forward allegations about prisoner abuse at the Guantanamo Bay detention center have been ordered not to speak with the press, lawyers and a military spokeswoman said Saturday." USMC Lt. Col. Colby Vokey and Sgt. Heather Cerveny have been directed "not to communicate with the media."

Military Defense Lawyers Fear For Careers. The Los Angeles Times (10/15, Williams, 918K) reports, "The order has heightened fears among the military defense lawyers for Guantanamo prisoners that their careers will suffer for exposing flaws and injustices in the system," according to Muneer Ahmad, a law professor and lawyer for a detainee. Detainees' lawyers "say the personal stakes are high and point to the Navy's failure to promote Lt. Cmdr. Charles Swift after he successfully challenged the legitimacy of the Pentagon's war-crimes commissions." In addition, "at least three other military defense lawyers for the 10 charged terrorism suspects have also been passed over for promotion in what some consider a subtle reprimand of their vigorous defense of their clients."

Plight Of Detainees Highlighted In Media. Following the Washington Post's previous coverage of Abdul Rahim, who claims he was wrongly sent to Guantanamo, the New York Times (10/15, Golden, 1.21M) reports, "Abdul Rahim Al Ginco thought he was saved when the United States invaded Afghanistan in 2001 and overthrew the Taliban regime. Mr. Ginco, a college student living in the United Arab Emirates, had gone to Afghanistan in 2000 ... But rather than help Mr. Ginco return home, American soldiers detained him again." Ginco "remains in the United States military prison at Guantánamo Bay, Cuba -- in part, it appears, on the strength of a propaganda videotape made by his [Taliban] torturers." The Times observes that he appears in two, possibly coerced "propaganda videos" shot by the Taliban and that a law awaiting President Bush's signature "would also sweep away most federal court challenges to the detention of Guantánamo prisoners, including perhaps the one filed by American lawyers for Mr. Ginco, who is now 28."

Last 9/11 Detainee Languishes In Arizona Detention Center. The AP (10/15, Mendoza) reports in a highly critical article, "In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society. But he has been in custody for five years. His name is Ali Partovi. And according to the Department of Homeland Security, he is the last to be held of about 1,200 Arab and Muslim men swept up by authorities in the United States after the Sept. 11, 2001, terror attacks." After erroneous reportage that all such detainees had been freed, "the Department of Homeland Security insists he really is the last one in custody." The AP quotes several very critical human rights advocates and lawyers about the detention policies that followed 9/11 and also interviews Partovi by telephone.

LAT Applauds Prosecution Of US Terrorist In Contrast To Foreign Detainees. The Los Angeles Times (10/15, 918K) editorializes in support of charging Adam Yahiye Gadahn with treason, writing, "The government's

DOJ_NMG_0081381

attempts to circumvent the Constitution in its war on terror -- by establishing military tribunals lacking in due process and wiretapping Americans without a warrant -- have been roundly and rightly criticized. But in this case, the Justice Department is relying on the U.S. court system and the most venerable of U.S. laws to bring a high-profile U.S. operative of Al Qaeda to justice."

NYTimes Faults Supporters Of Military Commissions Act. The New York Times (10/15, 1.21M) editorializes about the Military Commissions Act, writing that Sen. Lindsey Graham "and other supporters of this dreadful legislation seem to have forgotten that American justice does not merely deliver swift punishment to the guilty. It also protects the innocent. ... Mr. Bush wants Americans to trust him to apply these powers only to truly dangerous men. Even if our system were based on that sort of personal power and not the rule of law, it would be hard to trust the judgment of a president and an administration whose records are so bad."

US Security Policy Could Help Free 9/11 Suspect In Germany. McClatchy Newspapers (10/15, Schofield) reports from Hamburg, Germany, "There is no dispute that Mounir el-Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon. .. .He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al-Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States that was used to help finance the hijackers' pilot training." McClatchy continues, "German authorities charged him with 3,066 counts of accessory to murder, and in February 2003 he was convicted — the first person to stand trial in the attacks. .. .But that conviction was overturned by a German appeals court in 2004. This year, he was ordered released pending resolution of appeals. … Now el-Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history." McClatchy adds, "A German court Thursday began a hearing into whether the accessory-to-murder charges should be restored. The German government is seeking a third trial in the matter. … Among the issues is whether the United States will allow German lawyers to question two key figures in the Sept. 11 plot: alleged ringleader Khalid Sheikh Mohammed and co-conspirator Binalshib."

Supermax Prison Housing Terrorists Is Understaffed. The AP (10/15, Tsai) reports, "Staffing at the Supermax prison [in Colorado] has gotten so low that job hazards have increased for correctional officers watching over the nation's worst terrorists," including al-Qaida member Zacarias Moussaoui, Unabomber Theodore Kaczynski and Oklahoma City bombing conspirator Terry Nichols, "an arbitrator has ruled. ... The American Federation of Government Employees had said assaults and threats increased after staffing at the Supermax was reduced last year." The AP notes, "Housing units at Supermax require three officers per shift, but entire units were sometimes left unstaffed, and cells were not being searched regularly, the arbitrator found."

Islamic Schools Test British Principle Of Integration. The New York Times (10/15, Cowell, 1.21M) reports on Islamic schools operating in Britain, "The visible differences -- the way female teenagers wear the full-length dress and head-covering and the boys wear black robes and skullcaps -- play into a ferocious debate about the sense of separateness or readiness to integrate Britain's estimated 1.8 million Muslims, about 3 percent of the population." The Times writes, "Only 7 Islamic schools receive public financing, compared with 36 Jewish schools, and about 7,000 Christian schools. The parents of just 3 percent of Muslim students enroll them in Islamic schools, where the education is generally rigorous and there is a code to nurture their Islamic identity, shield them from discrimination and provide moral guidance." However, some analysts express "fear that a premium on cultural separateness has Britain 'sleepwalking into segregation.'" One Islamic principal says that "students from Islamic schools…were not associated with either the religious and racial riots in northern England in the early 2000's or in any of the recent terrorism conspiracies," but police say that in heavily Muslim Leicester "they rounded up what they called an Al Qaeda cell" in 2002.

Hyde Park Visitors Discuss Islam. The Washington Post (10/15, A14, Corner, 748K) reports on a typical day at Speakers' Corner in Hyde Park, "The hot topics on this day were immigration in general and Muslim immigrants in particular." One woman asks Muslim women why they wear hijabs and has heard "heard answers ranging from 'I am happy to wear it' to 'It's the way of my husband.'"

PATRIOT ACT:

Ashcroft Claims ACLU Benefits From Its Attacks On The Patriot Act. In a short interview with the New York Times Magazine (10/15, Solomon) former US Attorney General John Ashcroft answered a question regarding the Patriot Act by saying, "After years of misrepresentation and pillorying by a variety of groups like the A.C.L.U. that ended up making a lot of money by opposing it and developed a lot of membership by opposing it, its renewal

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passed by 89 votes in the Senate. … If you think they don't care about membership, I think that's a naïve understanding of the way politics works in America."

HOMELAND RESPONSE:

Former Sen. Daschle Calls For Action In Anthrax Case. In a commentary for the Washington Post (10/15, B7, 748K), former Sen. Tom Daschle recalls the anthrax mailings that targeted his office and killed five people elsewhere. He points up four areas for improvement: "We ought to use this fifth anniversary of the attack to rededicate ourselves to solving the crime and ensuring that we are better prepared to confront similar attacks. First, the FBI and the Justice Department must treat this investigation with urgency. ... Second, the Sept. 11 commission called for the creation of an FBI national security workforce and for a recalibration of the FBI mission -- from sole concentration on its criminal justice mission and toward increased focus on national security. ... Third, progress on the investigation and needed reforms are hindered by a lack of congressional oversight. ... Finally, there has been precious little reform of our public health infrastructure to ensure that we are prepared for future terrorist attacks and health emergencies."

WAR NEWS:

Bush's Justification For War Seen As Evolving. The AP (10/15, Raum) reports, "President Bush keeps revising his explanation for why the U.S. is in Iraq, moving from narrow military objectives at first to history-of-civilization stakes now. ... 3 1/2 years later, with no weapons found, still no end in sight and the war a liability for nearly all Republicans on the ballot Nov. 7, the justification has become far broader and now includes the expansive 'struggle between good and evil.'" Brookings pundit Michael O'Hanlon said that the "shifting rationales" each had "some validity"; however, he added, "The problem is they can't change the realities on the ground in Iraq, which is that we're in the process of beginning to lose." The negative AP piece calls recent events "dispiriting" and contends, "The more ominous and determined his words, the more skeptical the American public appears."

26 Iraqis Dead After Revenge Killing Spree. The New York Times (10/15, Lou, Mizher, 1.21M) reports that Balad, "a rural Shiite town northwest of" Baghdad "exploded in sectarian reprisals on Saturday as angry residents, many roving the streets in armed packs on the backs of pickup trucks, killed at least 26 people from a nearby Sunni village" of Dhuluiya, following the discovery of "14 Shiite construction workers…beheaded bodies…in an orchard in Dhuluiya. The workers, from Balad, had been kidnapped. Hamad al-Qaisi, governor of Salahuddin Province, which includes both towns, met with "tribal sheiks to urge restraint. He said he exacted their promises to do what they could." He also "has asked the American military to help him impose order."

The Washington Post (10/15, A14, Knickmeyer, Aldin, 748K) adds that medical workers, residents, police and militia leaders said many of the dead were "brought to a hospital bearing the marks of electric drills and other signs of torture." According to Shiite leaders in Balad, "they responded to the farmworkers' killings by asking a Baghdad office of Moqtada al-Sadr, an influential Shiite cleric, to send militiamen and weapons." During the night "reinforcements from the Shiite-controlled Interior Ministry arrived and residents cowered in their homes." This "fighting in the Tigris River towns served as a microcosm of the Shiite-Sunni killing that has increased dramatically this year."

The AP (10/15, Bodeen) reports that, besides the 26 Sunni Arabs' deaths, "the U.S. military, meanwhile, reported the deaths of a Marine and four soldiers." Sectarian fighting "has killed 43 people so far in Balad, 50 miles north of Baghdad."

US Military Works To Prepare Iraqis To Take Control Of Security. NBC Nightly News (10/14, story 3, 2:30, Seigenthaler, 9.87M) reported that "in Baqouba, the Iraqi army is taking on increased responsibility for security with American forces providing support." NBC (Arraf): "In a region ripped apart by sectarian violence they are fighting an uphill battle to make Iraqis trust them." Col. Brian Jones, Cmdr. 3rd Heavy Brigade Combat Team: "As the al Qaeda elements come in the extremists from the Sunni side, the extremists from the Shia side, are coming in to combat them. And so again spinning into a cycle that continues to build." Arraf: "Brigadier General Dana Petard oversees military training teams. As Iraqi troops take on more responsibility Americans are working with them make sure they don't take sides." Brigadier General Dana Petard: "Any mission the transition teams are on, there is no problems with sectarian violence on those missions." Arraf: "The officers planning the latest raid have reasons to want revenge. 'We call this operation "hunting rats,"' this captain says. Their battalion, Sunni and Shia, has lost 170 of its 700 men over the last two years. But Colonel Ibrahim Abid tells them to make sure their soldiers treat people with respect. ... It is a cycle of violence that could spiral out of control unless people are persuaded to turn to the Iraqi army for protection."

Shakeup Begins In Iraqi Police. The AP (10/14, Rising) reports, "Iraq's Shiite-dominated Interior Ministry,

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whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders, a spokesman said Saturday." The spokesman said "up to 600" of the fired employees will be prosecuted. The AP comments, "The Shiite-led national police force, controlled by the Interior Ministry, is widely accused of being infiltrated by Shiite militias blamed in slayings of Sunni Arabs. Critics say Prime Minister Nouri al-Maliki has been reluctant to move against the militias since many are linked to parties in his coalition. ... Sadr City, the sprawling Shiite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone, and U.S. commanders say they are waiting on the command from al-Maliki's government." The Washington Times publishes an abbreviated version of this article.

Al Qaeda In Iraq Calls "Insurgent Video" Fake. The AP (10/14) reports, "Al-Qaida in Iraq said Saturday that a recent video tape made by a man claiming to be an insurgent who called for the replacement of the head of the terrorist group was fabricated. ... On Friday, a man who said he was an Iraqi Islamic insurgent released a video tape urging Osama bin Laden to replace al-Qaida in Iraq's leader with an Iraqi national." The umbrella Mujahedeen Shura Council claimed that the false videotape "shows the great dilemma that the Crusaders' coalition is passing through in Iraq especially after the calls for withdrawal that were released by the British army," a reference to the statement by Gen. Richard Dannatt. About 35 sites carried this story.

Attacks On Journalists In Iraq Continue. The Los Angeles Times (10/15, Smith, Rasheed, 918K) reports, "Gunmen killed a radio journalist and kidnapped a television reporter, Iraqi police said Saturday, continuing a spate of attacks that has killed 14 media employees in recent weeks." The continuing attacks "are raising concern that the groups responsible for Iraq's sectarian bloodletting are turning their attention to the news media." Most of the recent victims have worked for "relatively independent" organizations. The Times continues, "The Committee to Protect Journalists, based in New York, reported Friday that 85 journalists and 35 media support workers had been killed in Iraq since March 2003, making the war there the deadliest conflict for the media in the last 25 years."

Disfigured Iraqi Girl Receives Plastic Surgery At UCLA. The Los Angeles Times (10/15, Streeter, 918K) reports in a 5,399-word article on the 9-year-old Iraqi Marwa Naim, who was disfigured by shrapnel in an explosion that killed her mother. The Times reports, "The Americans were invading Baghdad, and Marwa Naim blamed them. She would never forget the explosion." However, "the UCLA Medical Center and its chief of plastic surgery, Dr. Tim Miller, offered to restore her face -- for free. But if Americans had hurt her, could they be trusted to heal her?" The Times describes her months of multiple surgeries in America and her bittersweet return to an unstable Iraq: "She said that she was happy to be home but that she was rarely allowed to go outside, because of the violence."

Besieged Baghdadis Seek Inspiration In Billboards. The AP (10/14, Hendawi) reports, "Thousands of posters and billboards dot Baghdad with messages of hope for a city of gloom, where residents largely stay home, afraid of the streets, their pain and grief deepening every day amid unending violence. ... The images are in stark contrast to the blitz of upbeat street ads that filled the Iraqi capital in the two years after Saddam Hussein's ouster in 2003." Today's billboards "are an unusually blunt acknowledgment of just how grave conditions have become" in a society where "the use of images is a particularly important part of" public life."

The bleak article describes what Baghdadis now see in daily life: "On any given day, citizens step from their homes to see police trucks loaded with dead, blood-drenched corpses, the beheaded bodies of men snatched from their homes or workplace by gunmen in police uniforms, body parts strewn across a street or dangling from a roof in the wake of a bombing. ... Baghdad has an unemployment rate of a staggering 30 percent. Power outages are routine and last up to three days at a time. The price of gasoline has risen by as much as 12-fold since Saddam's ouster and fuel is often scarce." More than 40 sites carried this story.

Baghdadis Turn To "Doctor Phil" For Comfort. The Los Angeles Times (10/15, Daragahi, 918K) reports, "Syndicated and subtitled versions of 'Dr. Phil' and 'The Oprah Winfrey Show' are growing popular throughout the Middle East. For Iraqis, they offer a window to a world in which people are more concerned with bedroom and workplace foibles than mortar rounds and death squads." The Times follows a 50-year-old Iraqi family man who "worries about the unspeakable" but "hopes 'Dr. Phil' can serve as a substitute social world for his children, who aren't able to spend time with friends, date, or even leave their home after dusk."

Lawyers Try To Free American Held In Iraq. The New York Times (10/15, Lewis, 1.21M) reports, "An American citizen who was tried in an Iraqi court on charges that he had assisted in the kidnapping of three Romanian journalists last year has been sentenced to death, along with five Iraqi co-defendants, a spokesman for the United States Embassy in Baghdad said Saturday." Mohammad Munaf's lawyers have argued "that his death sentence undermined

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one of the United States government's principal arguments for transferring him, namely that he would be in no danger of physical abuse in Iraqi custody." The DOJ has argued "Mr. Munaf was not actually in United States custody but was being held by a multinational force." The Times lists earlier cases in which judges have ruled against the military's claim that "an American [is] being held by a multinational force" rather than by the US military.

NATO Commander Shifts To More Aggressive Tactics In Face Of Attacks. The New York Times (10/15, Gall, 1.21M) reports on NATO commander Lt. Gen. David Richards's assessment of the war with the Taliban. He "talked like a peacekeeper" when he arrived in Afghanistan, but "was quickly forced to put many of those plans aside and engage in hard fighting, not least to show the insurgents, and the wavering local population, that his troops were a force to be reckoned with." Richards's troops "came under repeated attacks, both on patrol and at their bases, forcing NATO to call in air and artillery strikes that inevitably killed scores of the very civilians he was trying to win over. It was not exactly the hearts-and-minds strategy he had planned." However, he "says that about 10 percent of the population in the south may support the Taliban, that 20 percent are opposed to them, and that the rest are stuck in the middle."

Two NATO Soldiers Are Killed. The New York Times (10/15, 1.21M) reports, "NATO reported that two of its soldiers died in combat in Kandahar Province on Saturday, and a bomb struck a provincial governor's convoy east of Kabul, the capital, narrowly missing him, Afghan officials said."

Boston Globe Denounces Tillman "Coverup." The Boston Globe (10/15, 425K) editorializes, "Of the thousands of deaths, military and civilian, in the Afghanistan and Iraq wars, none so captures the mix of patriotism, impulsiveness, and dishonesty in the US mission as the shooting death of Pat Tillman by members of his own platoon. ... Tillman's life and death have come under a new spotlight as a result of a revealing 12,749-word article by Gary Smith in Sports Illustrated," which reveals that he "told a fellow soldier that he thought the war was '[expletive] illegal.' According to Smith, Tillman was looking forward after his discharge to having a friend arrange a meeting with Noam Chomsky." The Globe concludes, "If the inspector general does not provide a persuasive and public accounting of what occurred, Congress should do the job itself."

Sen. Kerry Critiques Conduct Of War In Woodward Interview. In the Washington Post (10/15, 748K), Sen. John Kerry gives a 2,538-word interview with Bob Woodward in which Kerry sharply criticizes the administration's conduct of the war. Kerry faults the administration for failing to install a "pretty extensive outreach effort" (consisting of "President George Herbert Walker Bush, President Jimmy Carter, President Bill Clinton ... President Ford, Brent Scowcroft, Zbig Brzezinski, Jim Baker, George Shultz") before starting the GWOT and for ignoring Secretary of State Powell's misgivings. He adds about Iraq, "[I]t wasn't really until three months before the war starts that Bush got involved in aftermath planning," and charges that the administration ignored the "fairly elaborate plan" drawn up by the State Department.

Kerry sharply criticizes Secretary Rumsfeld, expressing "incredulity" at "the notion that you have to send people to war simply because you put them there." He concludes, "I think history is going to be very, very tough on not just the way the war has been managed, but on the way in which the decision to go to war was carried out."

Former Ambassador Dennis Ross Proposes "Plan For Iraq." In a commentary for the Washington Post (10/15, 748K), former Middle East negotiator Dennis Ross proposes three steps: "First, it's time for the Bush administration to insist that a national reconciliation conference be held and not be disbanded until agreement is reached on amendments to the constitution. ... Second, a long-discussed regional conference with all of Iraq's neighbors should be held. ... While Iraq's neighbors may agree on little else, the common interest of wanting to avoid an all-out civil war in Iraq could create a basis for a general set of understandings on what they will and will not do to help foster stability there. ... Third, President Bush should inform Maliki that we will not impose a deadline for withdrawal but we are going to negotiate with his government a timetable for our departure."

Lawyer Suggests More Advisors, Less Force In Iraq. In a commentary for the New York Times (10/15, 1.21M), lawyer and former "embedded advisor" Philip Carter writes, "When I finally left Baquba, the violent capital of Iraq's Diyala Province, I found myself questioning many aspects of our mission and our accomplishments, both in a personal search for meaning and a quest to gather lessons that might help those soldiers who will follow me." Carter worked "to build the provincial police so they could provide security and the rule of law." After his experiences, he warns, "This is the central paradox of the Iraq war in fall 2006: we are making progress in developing the Iraqi Army and police, yet the violence gripping the country continues to worsen. ... Given Iraq's historic antipathy to invaders and the strength of today's insurgency, I believe only a wholly unconventional approach will work. This means many more embedded advisers like myself, working in tandem with teams from the State Department and other agencies, supported by combat forces only when force is necessary."

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Book Reviews Focus On Conduct Of Iraq War. In the Washington Post Book World (10/15), British journalist Martin Kettle writes of *Hubris*, "This [book], however, pulls together with unusually shocking clarity the multiple failures of process and statecraft that led so many people to persuade themselves that the evidence pointed to an active Iraqi program to develop weapons of mass destruction and that it was in the interests of the United States to overthrow Saddam Hussein."

New Biography Of Powell Portrays Him As "Loyal To A Fault." In a review for the Washington Post Book World (10/15), journalist George Packer discusses the new Colin Powell biography *Soldier*. Packer calls Powell "an uncommonly decent man, a stellar product of great American institutions. But when those institutions failed -- when the Bush administration took the country to war in Iraq, rashly and under false pretexts -- Powell did not have the imagination to challenge or, finally, defy the system that had made him." Secretary Rumsfeld and Vice President Cheney are called "more intellectually aggressive" and "far more ruthless" than Powell in the run-up to war.

NYPost Review Praises New Book About Fallujah Retaking. In the New York Post (10/15, 608K), former Special Forces Lt. Col. Gordon Cucullu says of *We Were One* by Patrick O'Donnell, "With unprecedented initiative Patrick K. O'Donnell volunteered to live and fight alongside American soldiers and Marines in Iraq in order to construct a real-time, eyewitness history of the fighting." O'Donnell focuses on the Second Battle of Fallujah and puts a "human face on the troops who are fighting against some of the fiercest enemies America has ever encountered."

NYPost Review Praises New Max Boot Book. In the New York Post (10/15, 608K), columnist Ralph Peters says of *War Made New: Technology, Warfare and the Course of History, 1500 To Today* that it is "worth every penny. It's not only a terrific read; it's a cheap education on how, for half a millennium, machines made war and war made machines." However, Peters faults Boot for being "reluctant to burn bridges to establishment figures. Despite his fateful errors in Iraq, Donald Rumsfeld slips from the author's hands like a cobra covered in K-Y Jelly, eluding criticism."

Advocate Calls For VA To Better Plan To Handle Iraq, Afghanistan Veterans' Claims. CNN's This Week At War (10/14, 7:44 p.m., Roberts) recaps an earlier report by Sanjay Gupta about the demands that returning veterans put on the VA healthcare system. CNN then interviews Paul Sullivan of Veterans for America, who says VA faces a "crisis." Sullivan: "They have Vietnam veterans coming, still filing claims from the Vietnam war, veterans coming in an defiling claims from the Gulf War, and now we have returning Afghanistan and Iraq veterans to the tune of hundreds of thousands." Sullivan estimates this could result in 400,000 to 700,000 veterans seeking VA healthcare and benefits. Invited by the CNN interviewer, Sullivan drew a comparison to Vietnam veterans, saying veterans may file claims that aren't immediately obvious and develop over years. Sullivan says, "Right now, VA has a window of opportunity. They have no plan to address this huge tidal wave of veterans coming back and congress and the Department of Veterans affairs need to act now: Develop a plan, collect some data," and "find out how much this is going to cost taxpayers."

DOJ:

Morford Takes Over As Interim US Attorney In Nashville. The Nashville City Paper (10/15, Allen) reports, "Just before he left office, Jim Vines, who recently stepped down as Nashville's U.S. Attorney, said one of his greatest accomplishments was building up the Nashville office to a point where it could handle another Tennessee Waltz-type investigation. … 'Even though it centered around the legislature, it had to be handled out of the Memphis office,' Vines said last month in an interview with The City Paper, explaining that when the investigation into corruption at the Capitol began, the Nashville office was simply not up to the task of leading it. … 'But if we were to have another ethics scandal, we could do it here now,' Vines said. … So it seems fitting that after Vines' exit, the man selected to replace him – at least in the interim – is credited with cleaning up what was formerly the single most corrupt city is the United States: Youngstown, Ohio." The City Paper continues, "Youngstown is the hometown of former U.S. Rep James Traficant, who was indicted on federal corruption charges in 2002 and sentenced to eight years in prison. … For decades, most of Youngstown's local leaders were controlled by mafia bosses, who routinely blew up one another with car bombs. … That was until a U.S. attorney named Craig S. Morford arrived in Cleveland." The City Paper adds, "Over a period of five years, Morford investigated, prosecuted and convicted 70 individuals, including mob bosses, the county sheriff, county prosecutor, a nearby police chief, four judges and 10 attorneys. … Two weeks ago, the U.S. Department of Justice named Morford to head up the Nashville U.S. Attorney's Office. … The appointment is temporary for now – Morford's family is staying in Cleveland for the time being – but the career prosecutor, armed with decades of experience in high-profile cases, is already diving into his job in Nashville. … And he is prepared to lead the office in whatever direction it needs to go."

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CORPORATE SCANDALS:

Options Probe Tarnishes Finance Jobs. The San Francisco Chronicle (10/15, D - 1, Said) reports, "Headhunter Larry Ormsby was seeking a new chief financial officer for a Silicon Valley company recently. Then news cropped up that one of his candidates had big black mark on his resume: The company where he had previously been CFO was implicated in the stock options backdating scandal now grabbing headlines. … 'That was enough for us to say, "Let's not pursue this person,"' said Ormsby, senior client partner at Korn/Ferry International in San Francisco specializing in CFO and other senior finance positions. 'Clients aren't comfortable making a hire when there is some gray area of uncertainty about what happened' at a candidate's previous jobs." The Chronicle continues, "People caught up in probes over improper backdating of stock options may have bigger worries than their next job. But recruitment experts and others say the scandal may tarnish the careers of those in decision-making positions at the companies being investigated, regardless of whether they are ever charged with a crime. … About 125 companies, nearly a quarter of them in Silicon Valley, are facing probes over whether they improperly granted stock options that were retroactively linked to dates when their stock price was low, thus giving recipients a leg up on potential profits. Such backdating is illegal unless it is disclosed and accounted for properly -- something that many companies evidently failed to do." The Chronicle adds, "Investigators from the Securities and Exchange Commission, Justice Department and the companies themselves are sifting through documents to try to figure out who did what when. … About 30 executives and board members have gotten the ax over their involvement in backdating, but experts expect the toll to rise as companies finalize investigations of themselves. Only two cases so far have resulted in criminal charges being filed."

CRIMINAL LAW:

Mehlman Allegedly Ordered State Dept. Official's Ouster At Abramoff's Behest. The Los Angeles Times (10/15, Wallsten, 918K) in an article titled, "Displease A Lobbyist, Get Fired," reports, "For five years, Allen Stayman wondered who ordered his removal from a State Department job negotiating agreements with tiny Pacific island nations -- even when his own bosses wanted him to stay. Now he knows. Newly disclosed e-mails suggest that the ax fell after intervention by one of the highest officials at the White House: Ken Mehlman, on behalf of one of the most influential lobbyists in town, Jack Abramoff. The e-mails show that Abramoff, whose client list included the Northern Mariana Islands, had long opposed Stayman's work advocating labor changes in that U.S. commonwealth, and considered what his lobbying team called the 'Stayman project' a high priority." According to the Times, "The latest revelations provide more detail than the Bush administration has acknowledged about how Abramoff and his team reached into high levels of the White House, not just Capitol Hill, which has been the main focus of the influence-peddling investigation. The e-mails, disclosed as part of a report by the House Government Reform Committee, show how Abramoff manipulated the system through officials such as Mehlman." The Times notes Mehlman "said he did not recall the details of his contacts with the Abramoff team, including discussions about Stayman."

Weldon Was Unaware Of FBI Corruption Investigation. The AP (10/15, Hefling, Jordan) reports on the active FBI investigation of Rep. Curt Weldon regarding whether he "used his influence to secure lobbying and consulting contracts for his daughter," Karen Weldon. The AP notes that Weldon's chief of staff, Russ Caso, "said Saturday no one had notified him of an investigation. … Caso said Weldon and his staff were '100 percent caught off guard' when they learned of the investigation, first reported late Friday by McClatchy Newspapers." The AP adds, "Two people familiar with the investigation told the AP on Saturday that the inquiry was being handled by agents from the FBI's field offices in Washington and Philadelphia and was being coordinated by the Justice Department's Public Integrity Section."

Police Chiefs Blame Rise In Violent Crime On Federal Focus On Homeland Security. NBC Nightly News (10/14, story 5, 2:30, Seigenthaler, 9.87M) reported, "In Iowa tonight authorities are investigating the death of a family of five, in an unrelated case a family of four was found murdered Friday along the Florida turnpike. Examples of a growing trend in this country, violent crime on the rise." NBC (Williams): "Many police chiefs claim the Federal government has put so much emphasis on homeland security it is neglecting crime on the street."

Web Gambling Sites Continue Advertising Despite Crackdown. The AP (10/15, Caruso) reports, "Despite repeated warnings from law enforcement officials, offshore Internet gambling companies have continued to advertise heavily in the United States." The AP continues, "Giant billboards in Manhattan, some several stories high, brazenly advertise Internet gambling sites like Sportsbook.com, now based in Antigua. … Promotions for BetUS, a Canadian and Costa Rican company that takes wagers on American sports, run regularly on the Howard

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Stern Show on Sirius Satellite Radio. Fantasy football magazines on sale at newsstands are packed with ads for online bookies and casinos." The AP adds, "The advertisements -- which the companies insist are legal -- have helped attract millions of customers to online gambling, and may have left the impression that both the ads and online wagering are legal. … They are not, said Paul Larrabee, a spokesman for New York Attorney General Eliot Spitzer. … 'Gaming and bookmaking are not legal in New York, so anyone who markets to a New Yorker may be in violation of New York state law,' Larrabee said. 'We have done case after case after case involving instances where an act that is illegal in New York is marketed to New Yorkers.' … Actual prosecutions of advertisers for promoting gambling are rare, however, and media companies accepting the ads insist they are breaking no law. … That position sometimes hangs on a looser interpretation of gambling laws. … ESPN, for example, runs ads for online poker sites during its broadcasts of the Word Series of Poker, but says it does so only for Web pages that don't actually process bets. … 'We only accept advertising for educational, learn-to-play, for-free sites,' said ESPN spokeswoman Keri Potts. … Many of these so-called 'educational' sites, however, are simply companion pages to full-fledged gambling operations, easily reachable with a few mouse clicks or by changing the last few characters of a Web address from '.net' to '.com.' … Potts said it wasn't up to ESPN to investigate those affiliations. … The Justice Department has taken a different view. In 2003 it warned that publishers and broadcasters who advertise gambling sites could be prosecuted for aiding and abetting a crime. … A year later, federal authorities pressured the parent company of the Discovery Channel into forfeiting $6 million in advertising money that had come from online poker sites."

Web Data Controls Seen As Lacking. The AP (10/15) reports, "If you don't like what your favorite Internet search engine or e-commerce site does with information it collects about you, your options are limited to living with it or logging off." The AP continues, "Major search engines, for instance, all keep records of your searches for weeks, months or even years, often tied to your computer's Internet address or more. Retailers, meanwhile, generally presume the right to send marketing e-mails. … Although online companies have become better at disclosing data practices, privacy advocates say the services' stated policies generally don't give consumers real choice. … 'None of them have gotten to the point of giving a lot of controls in users' hands,' said Ari Schwartz, deputy director of the technology watchdog group Center for Democracy and Technology. Privacy policies 'are about notice ... not about control.'" The AP adds, "Recent developments - from companies losing laptops containing sensitive data to Time Warner Inc.'s AOL releasing customers' search terms - have again turned the spotlight on Internet privacy. … But the push for stronger federal protections is countered by Attorney General Alberto Gonzales' desire to require Internet providers preserve customer records to help prosecutors fight child pornography. Officials have released few details, though they say any proposal would keep the data in company hands until the government seeks a subpoena or other lawful process." The AP notes, "Federal law already limits how personal financial and health care data may be used, but U.S. privacy laws are generally considered weak compared with Europe and Canada. … Industry groups have stepped in with guidelines that go beyond legal requirements."

CIVIL RIGHTS:

San Francisco Behind Schedule For Police-Conduct Plan. The San Francisco Chronicle (10/15, A-1, Sward) reports, "Eight months after Mayor Gavin Newsom vowed to ride 'roughshod' over the Police Department to ensure adoption of a computerized system to track officers' use of force and other conduct, the plan has yet to be submitted to the Police Commission for a vote." The Chronicle continues, "In a February interview, after The Chronicle reported on use of force by San Francisco officers, Newsom said he wanted such a system adopted by the end of the year and added the move was 'in the best interest of the department in terms of public confidence and a kind of respect we are hoping to build again ...' … Since then, negotiations over the system's details have not led to a formal agreement by the participants, which include the department, the American Civil Liberties Union and the Police Officers Association." The Chronicle adds, "The proposal, which involves complex technology, has yet to be put out to bid, and the department -- rather than talking about having the system in place by year's end as the mayor pledged -- is now saying it plans to have a pilot program operating before the year is over. … Deputy Police Chief Charles Keohane said the proposed tracking system will soon be presented to the department's command staff and then will be forwarded to the Police Officers Association, which has "meet and confer" rights on any such change. … A series of articles in The Chronicle in February reported that about 100 San Francisco officers were responsible for a quarter of the incidents of force logged by the 2,100-officer department from 1996-2004, and that in recent years San Francisco officers had more force allegations filed against them than those in San Jose, Oakland, San Diego and Seattle combined. … The series also found that the department did not have an effective, computerized system for tracking the performance of officers

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and often failed to intervene with officers who reported using force much more than their peers."

Louisiana Community Continues Dialogue After Racial Bus Incident. The Shreveport (LA) Times (10/15, Welborn) reports, "A second community forum held Saturday (in Coushatta, LA) in response to an August incident in which nine black children allege they were seated at the back of a school bus because of their race drew a much smaller but no less interested crowd." The Times continues, "About 50 people gathered in Springville Baptist Church, compared to the 200 or so that crowded inside Will of God Ministries in early September for the first public forum. Only a sprinkling of adults indicated Saturday they did not attend last month's session. … Not in attendance were the parents or the children at the center of issue that has gained worldwide attention. But they were represented by Patricia Wilson-Sessoms and her mother, Coushatta councilwoman Rosetta Wilson, both of whom are related to three of the children." The Times adds, "Sessoms said she wished more had attended Saturday, but she realizes there were many events going on in Coushatta and other communities that likely drew people away. Still, she's pleased that the community dialogue is continuing and she looks forward to the next step in the process that is being led by Carmelita Pope Freeman, southwest regional director of the Justice Department's Community Relations Service. … Within the next few weeks, Sessoms and others will build teams that will act as negotiators in a meeting with the school system's negotiators." The Times notes, "More than bus seating is drawing comments from the public. Hiring practices, teacher certification, discipline, pupil-teacher ratios, testing and much more have been listed as concerns when it comes to the Red River Parish school system. … But it was the bus situation that has gained the most attention. The nine children complained at the beginning of school in mid August that their white bus driver, Deloris Davis, made them give up their seats to the white children. After the children's mothers filed racial discrimination complaints with the school system, Davis made new seating assignments but still put the children at the rear of the bus on two seats."

ENVIRONMENT:

Farmers Collect Multiple Forms Of Federal Aid For Single Disaster. As part of a series titled, "Harvesting Cash: Double-Dipping When Disaster Strikes," the Washington Post (10/15, A1, Gaul, Morgan, Cohen, 748K), in a front-page article titled, "Aid Is A Bumper Crop For Farmers," reports that "shortly after passing the Agricultural Risk Protection Act" in 2008, Congress "lost its fiscal will. One week before the presidential election, it passed a new $1.8 billion disaster bill to assist farmers hurt by bad weather. Two others followed in subsequent years, totaling more than $6 billion. Today, after a searing drought in the Plains, farm-state legislators are pushing for billions more in aid. The result is that farmers often get paid twice by the government for the same disaster, once in subsidized insurance and then again in disaster assistance, a legal but controversial form of double-dipping, a Washington Post investigation found."

In a related article the Washington Post (10/15, Gaul, 748K) profiles a farmer in North Carolina who received $4.7 million in federal disaster payments between 2001 and 2005. In another related piece, the Washington Post (10/15, Gaul, Cohen, 748K) reports, "There is an alternative to giving struggling farmers emergency disaster aid after every drought, hurricane and storm. … They can take out federally subsidized low-interest loans up to $500,000 for each disaster they experience. But the farmers tend to pass up the emergency loans in favor of the emergency cash."

Federal Aid Rules Said To Influence Crop Decisions. The Washington Post (10/15, A13, Gaul, 748K) reports, "Crop insurance helps to protect farmers against the vagaries of weather. But it can also alter the landscape of farming in a region, resulting in higher losses for taxpayers. Consider the lowly sweet potato. For years, it was excluded from federal crop insurance. But in the late 1990s, growers and legislators in North Carolina successfully lobbied federal officials for coverage. Soon, the number of acres planted with sweet potatoes was doubling and tripling, as were the claims filed by farmers."

Government Programs Bring Fresh Produce To Urban Areas. The Washington Post (10/15, A3, Goldstein, 748K) reports on "a new strategy for social change: a government campaign to bring supermarkets stocked with healthful food into neglected inner-city neighborhoods to improve public health. The Pennsylvania Fresh Food Financing Initiative, leveraging $30 million in state money with $90 million in private funds, is the most ambitious of a spate of state and local projects around the country. They represent a different model for public nutrition programs, which have relied since the 1960s on federal subsidies, such as food stamps and WIC."

CMS Genetic Testing Rules Considered Inadequate. The Washington Times (10/15, Price, 88K) reports, "Some scientists and consumer health groups are angry that the U.S. Centers for Medicare and Medicaid Services (CMS) has decided not to write new rules designed to improve the quality of laboratories that perform genetic testing, keeping in place current guidelines. … Late last month, the Genetics and Public Policy Center -- along with the Genetic Alliance and the Public Citizen Health Research

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Group -- filed a petition with CMS demanding the agency create a 'genetic testing specialty' under the provisions of the Clinical Laboratories Improvement Amendments (CLIA) of 1988, which CMS administers. The groups argued that additional regulation was necessary to ensure high-quality genetic test results, which they say are now used to diagnose more than 900 diseases."

Faith Community Taking More Activist Stance Against Global Warming. The New York Times (10/15, Banerjee, 1.21M) reports, "Over the last year, religious activism on global warming has won much attention. Last February, 86 evangelical Christian leaders backed an initiative to combat global warming, a move that broke the evangelical movement's broad silence on the issue but exposed stark divisions." This month, 4,000 congregations of various faiths will show films on global warming, including 'An Inconvenient Truth.' [On Oct. 8, Christian, Muslim, Jewish and Buddhist leaders met in Philadelphia to discuss global warming.]" And "Greg Wickersham, a high school teacher and a member of the environmental ministry at Intown Community Church in Atlanta, which is affiliated with the theologically conservative Presbyterian Church in America, says, 'If you do worship the Creator, you take care of his creation.'"

FBI/DEA/ATF/USMS:

Drug Cartel Informant Lashes Out At US. The Dallas Morning News (10/15, Corchado) reports, "A former informant whose participation in drug-related murders in Mexico caused turmoil in the U.S. agency that paid him says that there were more killings than reported and that drug corruption extends into the U.S. and Mexican governments." The News continues, "In sworn testimony and in response to questions submitted through his attorney, Guillérmo Eduardo Ramírez Peyro, the man known as 'Lalo,' provided new details about his work as a drug cartel operative and as a U.S. government informant, and he claimed to have personal knowledge of extensive government corruption." The News adds, "Mr. Ramírez also lashed out at his former U.S. employers, saying they are turning their backs on him after he helped them apprehend dozens of drug traffickers. … 'With the names I provided they were able to arrest more than 50 people, and they took millions of dollars from drug proceeds from U.S. streets,' he said. 'In spite of that, I'm jailed here without any protection and without any guarantee that I will stay in the United States.'" The News notes, "Mr. Ramírez, 35, is being held by the U.S. government at an undisclosed location in the Midwest, fighting deportation to Mexico, where he insists he faces 'certain death.' … U.S. authorities characterize him as a renegade informant whose independent actions led, in part, to the August 2004 killing of an El Paso man, Abraham Guzmán, outside a hamburger restaurant in that border city. … Mr. Ramírez made his remarks in a written response to questions submitted through his attorney, Jodi Goodwin. He had agreed to speak with reporters from The Dallas Morning News, which first reported about his role in the cartel killings in March 2004; the Mexico city weekly magazine Proceso; the London Observer; and Narco News, an Internet blog, but prison officials transferred him hours before the scheduled interview."

IMMIGRATION:

Newspapers Seek Data On Immigrant Convicts. The Atlanta Journal-Constitution (10/15, Carr) reports, "A federal court of appeals hears oral arguments Tuesday in a case that has broad implications in the debate over illegal immigration and the public's right to know about illegal immigrant convicts who have not been deported as required by law." The AJC continues, "Cox Newspapers is asserting in its appeal that the Justice Department should release the names, birthdates and identity numbers of illegal immigrants who have served prison time for serious crimes, including child molestation, manslaughter, drug dealing and drunken driving. … Cox, which includes The Atlanta Journal-Constitution, revealed in a published report four years ago that hundreds of felons were never picked up in Georgia by immigration officials after serving their sentences." The AJC adds, "The Justice Department says that it has turned over some of the information requested by Cox under the Freedom of Information Act, which requires federal agencies to disclose government records to the public. The department gave Cox information about the illegal immigrants, including convicts' native country, date taken into custody and date of release, according to legal briefs filed in federal court. … But divulging personally identifiable information such as their full name, date of birth, alien registration number and FBI number would invade the privacy of convicted illegal immigrants and serve no public interest, Justice Department lawyers wrote in legal briefs." The AJC notes, "The case raises the question of whether illegal immigrants should be granted the same privacy protections that citizens and legal residents have in the Freedom of Information Act. … The U.S. Supreme Court has ruled that privacy protections extend to personally identifying information and they encompass criminal convictions that are a matter of public record, Justice Department lawyers wrote in a legal brief."

GOP's Split Over Immigration Said To Be Most Evident In Arizona. In a extensive 8,279-word piece for the New York Times Magazine (10/15) Joseph Lelyveld

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writes, "In Arizona, it becomes evident, the battle over illegal immigration is, in one of its dimensions, a battle over the future of the Republican Party in the state and, because of [Sen. John] McCain's ambitions, nationally as well. It also becomes evident that what anti-immigrant zealots call an 'invasion' is taking place not in spite of federal policies but, at least in Arizona, partly because of them." Lelyvel asks, "how come, if the issue of illegal immigration is the House majority's ticket to remaining in power, its own creature, the National Republican Campaign Committee, was spending money in the Republican primary held last month to defeat…a down-the-line, seal-the-border, anti-immigrant crusader named Randy Graf, in the one House race in Arizona in which a seat was clearly up for grabs? A self-proclaimed Minuteman, running in the Eighth Congressional District…Graf was leading in polls of likely primary voters. Yet the smart money in both parties seemed to be betting that a Graf victory would guarantee that the seat, Republican for the last 22 years, would swing Democratic. So while national parties normally steer clear of local primaries…out-of-state Republican money was flowing in the Eighth to a moderate with a 'common sense' approach to immigration issues not unlike John McCain's, while national Democratic money, in a peculiar twist, was paying for ads portraying that same moderate as a wimp on illegals, in hopes of putting the supposedly beatable Randy Graf over the top in the other party's primary."

Hispanic Immigrants Drive US Population To 300 Million. The Washington Times (10/15, Price, 88K) reports the U.S. Census Bureau "says it expects the nation's population to reach 300 million on Tuesday, 39 years after the 200 million mark was reached and 91 years after the county's population hit 100 million." The Times goes on to report that the primary engine of population growth in the US has been the influx of Hispanic immigrants. According to the Times, "The first effort to count them came in the 1970 census, which found a total U.S. population of 203 million and 9.6 million Hispanics. There are about 43 million Hispanics in the country today, according to the Census Bureau." By 2050 Hispanics "will account for about a quarter of the U.S. population."

CONGRESS-ADMINISTRATION:

Bush Dedicates Air Force Memorial. NBC Nightly News (10/14, story 8, 2:00, Siegenthaler, 9.87M) reported, "Unlike the Army, Navy and the Marines, the Air Force has not had a memorial to its veterans near our nation's capital. That changed today on a hilltop in Arlington, Virginia, when President Bush dedicated a striking monument to the men and women of the youngest branch of the military." He "honored the 54,000 men and women of the Air Force who died in combat." Bush: "To all that climbed and chased the shouting wind America stops to say your service and sacrifice will be remembered forever." Secretary of Defense Donald Rumsfeld: "We commemorate the aviators who captured our country's imagination and proved critical to the defense of our nation time and again." Siegenthaler: "With the nation again at war, veterans say they hope it inspires future generations to serve." Unidentified: "Most people out here come and immediately get it. They understand what the memorial is all about."

Noting Bush's reference to the war against terrorism both the AP and the Washington Times (10/15, Emerling, 88K) quote Bush saying, "And looking from this promontory to a place once filled with smoke and flames, we remember why we need them."

The AP (10/15, Loven) reports, "President Bush helped the Air Force make a dream come true on Saturday, dedicating a hilltop monument for the service to the memory of airmen lost defending America and to those that fight for it still." Bush said, "To all who have climbed sunward and chased the shouting wind, America stops to say your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation."

In its metro section the Washington Post (10/15, C11, Shapira, 748K) focuses on the experience of veterans at the ceremony and only mentions that Bush and Rumsfled made speeches as "hundreds of VIPs joined current and retired Air Force brass underneath the dizzying monument."

Despite Public Support For Son, Aides To Bush's Father Say Discord A Reality. The New York Daily News (10/15, DeFrank, 729K) reports, "At this month's christening of the nuclear aircraft carrier bearing his name, former President George H.W. Bush delivered a rousing endorsement of his son. 'I am very proud of our President,' the elder Bush said in rain-swept ceremonies in Newport News, Va. 'I support him in every single way with every fiber in my body.'" However, "Many of his closest former aides beg to differ. Indeed, one of the worst-kept secrets in Bush World is the dismay, in some cases disdain, harbored by many senior aides of the former President toward the administration of his son -- 41 and 43." The Daily News continues, "As the war in Iraq has worsened and public support for the current administration has tanked, loyalists of the elder Bush have found it impossible to suppress their disillusionment -- particularly their belief that many of 43's policies are a stick in the eye of his father." One "key member of 41's team said, 'Forty-three has now repudiated everything 41 stands for, and still he won't say a word. Personally, I think he's dying inside.'"

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Increase In Uninsured Children Coincides With Bush's Years In Office. The Los Angeles Times' Ronald Brownstein (10/15) writes, "Until recently, children had been a bright spot in a dismal healthcare picture. Since President Bush took office, the total number of people in America without insurance has jumped from 39.8 million in 2000 to more than 46.5 million in 2005. The percentage of people receiving healthcare through their employer has dropped every year since 2000. Children haven't been immune to that trend. The share of children receiving healthcare through their parents' employer has also been falling. But until last year, government had stepped in to offset those losses." In 2005, "with state budgets squeezed, the number of children receiving insurance from public programs also fell. These twin retrenchments produced a jump of nearly 400,000 in the number of uninsured children -- the largest annual increase since 1995."

Bush Seen As Taking More Aggressive Stance On Issues As Elections Approach. Julie Mason in her "White House Watch" column in the Houston Chronicle (10/15, 535K) reports, "With the Republican political message galloping out of his control in the final weeks of the congressional campaign, President Bush tried corralling it last week with a news conference in the Rose Garden" which was noteworthy because "Bush has been using a different speaking style lately, with more angry-sounding, often highly partisan rhetoric and stronger body language." Bush "grips the podium, jabs a finger and raises his voice. He squares his shoulders, mocking Democrats and scoffing at critics of his policies." He is "in full-throttle campaign mode" because if he "can't lead his party to another majority in the House and Senate, his domestic agenda may wind up as scraps of forgotten rhetoric. He could also face stronger and more effective resistance to his Iraq policy."

Man Arrested After Jumping White House Fence. The AP (10/15) reports, "The Secret Service on Saturday apprehended a man who climbed over the fence along the North Lawn of the White House. Around 6:30 p.m. EDT, Alexis Janicki, 24, jumped the fence, said Secret Service spokeswoman Kim Bruce. He was immediately apprehended by the Secret Service uniformed division and taken into custody." He "was charged with trespassing and possession of a controlled substance, which was cannabis … President Bush was at the presidential retreat at Camp David in Maryland when the incident occurred."

OTHER NEWS:

Low Gas Prices Boost Economy But Expert Warns Prices Could Increase Sharply. NBC Nightly News (10/14, story 10, 2:20, Siegenthaler, 9.87M) reported, "The continuing fall of gasoline prices is fueling record highs in the stock market, and raising consumer confidence. The monthly consumer survey is at its highest point in more than a year as the prices at the pump slid for the eighth straight week. The national average stands at $2.24 a gallon." Energy analyst John Kilduff: "The collapse in prices we are experiencing is unprecedented. We have never seen it go from being so valuable to be so unvaluable in relation to crude oil. Still looking for prices on a national average to break $2.00. Really none of our worst fears materialized." But Kilduff noted the US has "a huge vulnerability because a lot of the crude oil we rely on is in countries and places that are unfriendly towards the US" and that the US is "merely a headline or two away from $70 or $80 oil again."

OPEC To Consider Voluntary Supply Cuts. The New York Times/Bloomberg (10/15) reports that OPEC "will hold an emergency meeting in Doha, Qatar, on Oct. 19 to discuss a 1 million barrel-a-day output cut, an OPEC delegate said." They will "discuss a voluntary supply cut aimed at reviving oil prices that have fallen by a quarter in the last three months. Members will debate whether to cut actual production or to lower the cartel's 28 million barrel-a-day output quota."

Competition Fails To Lead To Decrease In Electricity Utility Rates. The New York Times (10/15, Johnston, 1.21M) reports, "A decade after competition was introduced in their industries, long-distance phone rates had fallen by half, air fares by more than a fourth and trucking rates by a fourth. But a decade after the federal government opened the business of generating electricity to competition, the market has produced no such decline." The Times notes, "Instead, more rate increase requests are pending now than ever before, said Jim Owen, a spokesman for the Edison Electric Institute, the association for the investor-owned utilities that provide about 60 percent of the nation's power. … The Federal Energy Regulatory Commission and other federal agencies warn in a draft report to Congress that 'customers may experience rate shock' as utilities seek to make up for revenue they did not collect during the period of artificially reduced prices and to cover higher costs of fuel. They warned that 'this rate shock can create public pressure' to turn back from electricity prices set by the market to prices set by government regulators."

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Recent Decline In Workers' Wages And Benefits Compared To Rise In 1990s. Eduardo Porter in an "Economic View" article in the New York Times (10/15, 1.21M) states, "Five years into a relatively robust economic expansion, it's understandable that many American workers feel that they are not getting their fair share of the pie." It's because "the share of the economy devoted to workers' wages and benefits has eroded in the United States over the last five years. But if it's any consolation, the trend for workers in other rich industrial nations isn't much better." According to the Bureau of Economic Analysis workers' wages and benefits "declined 2.5 percentage points from 2000 to 2005, to 56.5 percent of" GDP. That's in contrast to the late 1990s "when robust growth bolstered employment and increased labor's bargaining power. Workers' share of the economy grew 2.3 percentage points from 1995 to 2000."

Federal Reserve May Postpone Interest Rate Cut Over Concern About Inflation. Conrad De Aenlle in a "Market Week" article in the New York Times (10/15, 1.21M) writes, "Just when it looked as though a Federal Reserve interest-rate cut might be on the way, the Fed sent a message to Wall Street: not so fast. That, at least, was the way many traders interpreted the record, released last week, of the last meeting of the central bank's policy makers. It revealed that the policy makers continue to be concerned about inflation. That concern had been largely lifted in the minds of traders, but the Fed's statement is likely to revive it, especially this week, when reports are due on September wholesale and retail prices."

Bush And Rove's Optimism About Midterms Described As A "Self-Delusion." The Washington Post (10/15, A4, Abramowitz, 748K), in an article titled "White House Upbeat About GOP Prospects: Self-Assurance of Bush, Rove and Others Is Not Shared by Many in the Party," reports, "Amid widespread panic in the Republican establishment about the coming midterm elections, there are two people whose confidence about GOP prospects strikes even their closest allies as almost inexplicably upbeat: President Bush and his top political adviser, Karl Rove." Although "some" Republicans "are bracing for losses of 25 House seats or more," Rove "is predicting that, at worst, Republicans will lose only 8 to 10 seats." As for the Senate, Rove is said to believe, "a Democratic victory would require the opposition to 'run the table,' as one official put it, to pick up the necessary six seats -- a prospect the White House seems to regard as nearly inconceivable." The Post adds, "The official White House line of supreme self-assurance comes from the top down. Bush has publicly and privately banished any talk of losing the GOP majorities, in part to squelch any loss of nerve among his legions. … The question is whether this is a case of justified confidence -- based on Bush's and Rove's electoral record and knowledge of the money, technology and other assets at their command -- or of self-delusion. Even many Republicans suspect the latter. Three GOP strategists with close ties to the White House flatly predicted the loss of the House, though they would not do so on the record for fear of offending senior Bush aides."

GOP Hopes To Counter Democrats' Enthusiasm With Proven GOTV Effort. The New York Times (10/15, Toner, 1.21M) reports, "Pollsters say enthusiasm among Democrats is particularly high this year — significantly higher, by several important measures, than the intensity of Republicans. Republican strategists counter that they can compensate for any gap in enthusiasm with their legendary get-out-the-vote operation. The party has built its electoral success in the last two elections on identifying and producing nearly every obtainable Republican vote at the polls; this time may be more challenging, they say, but no different. 'I do think our base is coming together and will be coming together later, but four weeks is an eternity in this business,' said Representative Tom Cole, an Oklahoma Republican and longtime party strategist. Republicans will ultimately be motivated to vote, Mr. Cole said, and they will turn out on Election Day even if 'this is a race where professionalism has to make up for enthusiasm.'" The Times goes on to report, "The Republican machine was on full display last weekend in Ohio, where volunteers worked phone banks in all 88 counties on what the party called Super Saturday. They contacted 100,000 carefully selected potential Republican voters and knocked on the doors of 50,000."

The AP (10/15, Sidoti) reports, "In the battle for control of Congress, Democrats hope enthusiasm trumps Republican efficiency. Otherwise, they concede, they will have problems on Nov. 7 as a party still struggling to catch up with the GOP's ability to turn voters out of seeming thin air. 'Makes me green with envy,' says Ellen Malcolm, the president of EMILY's List, which backs female candidates who support abortion rights. She was speaking of the Republican Party program that relies on reams of polling data, publicly available information and consumer choice records to identify likely GOP voters in even the most Democratic precincts."

Most Congressional Incumbents Safe Despite Series Of Scandals. The Washington Times (10/15, Lambro, 88K) reports, "The overwhelming majority of House incumbents have little if any serious opposition in November's midterm elections, whose outcome likely will be decided by 30 to 40 tossup races out of a total of 435 contests. That is the inherent contradiction in an election portrayed as a titanic

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battle of fed-up voters unhappy with members of Congress when, in fact, a majority approve of their representatives' performance in office and are expected to return most incumbents to Washington, many by large majorities. … While voter approval of Congress has plunged to 32 percent in the wake of the lobbying and congressional-page scandals, a Washington Post-ABC News poll of voters last week found that at least 60 percent liked and supported their representatives."

Washington Scandals Dog House Members Seeking Statewide Office. The Los Angeles Times (10/15, Barabak, 918K) reports Rep. Jim Gibbons "has represented a big chunk of Nevada in Congress, enjoying the advantages of incumbency as he coasted to one easy reelection after another. But as he tries to move up to statewide office this fall, Gibbons isn't promoting all those years spent in Washington. … Gibbons, a square-jawed former airline pilot, is one of 16 House members -- nine of them Republican -- who have tried to move on to either a governorship or the Senate in this year's midterm election. Most have struggled in a political climate that nonpartisan pollster Andrew Kohut described as'anti-incumbent, anti-Washington, anti-Republican.' In Minnesota," GOP Rep. Mark Kennedy trails badly in his Senate bid. … In Colorado, where Republican Rep. Bob Beauprez is trying to become governor, 'the Washington burden' has all but killed his chances, said Floyd Ciruli, an independent polltaker in Denver. Even here in Nevada, where Gibbons is ahead in polls, Republicans fret that the Mark Foley sex scandal and other frustrations with the GOP-run Congress could depress party turnout and cost them an open governor's seat in Carson City."

Many Negative Ads Tie Candidates To Lobbyists And Special Interests. The Washington Post (10/15, A10, Birnbaum, 748K) reports, "The dirtiest word on the campaign trail this year is 'lobbyist.' In close contests from Connecticut to California, Republicans and Democrats are attacking each other for getting too close to 'special interests' and lobbyists. The accusation, a longtime election staple, is carrying greater heft than usual, election experts agree, thanks to the guilty plea of disgraced lobbyist Jack Abramoff in January. … Candidates and independent organizations have run more than 300 political ads suggesting that the incumbents, the challengers or both have been co-opted by narrow interests or, worse, have actually lobbied."

Ickes' Group Targets Bush In Ad To Air In Competitive House Districts. The New York Times (10/15, Broder, 1.21M) describes an ad created by the September Fund, "a new independent group founded by the Democratic operative Harold M. Ickes," which "was first broadcast Thursday on CNN and will be shown in as many as a dozen competitive Congressional districts starting next week." In the ad, a "succession of Americans are standing in a park posing the questions to a shrub. The handheld camera moves in and out to show the people and the plant. The bush, of course, does not respond to their questions, and they walk away in disgust." The "shrub" is supposed to represent President Bush. The Times notes this is the first ad from the September Fund, which "hopes to raise as much as $20 million to counteract the Republicans' significant financial edge in this election. Mr. Ickes has not said how much he has raised nor has he named his major donors. He has also not revealed what races he plans to single out."

Women Key Constituency In Midterm Elections. David Broder in his column in the Washington Post (10/15, B7, 748K) writes, "Men have been making policy in Washington for as long as most of us can remember. But much of the political future rests in the hands of women." According to Broder, "In the narrowest terms, with Democrats needing 15 seats to capture a majority of the seats in the House of Representatives, there are 17 highly competitive districts with female candidates. More broadly, much of the voter mobilization effort in both parties -- and their allied groups -- is aimed at women, especially those who normally vote in presidential years but skip the midterm elections." Broder writes, "That this election could result in placing a woman, Nancy Pelosi, in line to be speaker of the House for the first time in history only emphasizes the growing role of women in setting the political course."

Democrats See Opportunity To Regain Voters Lost To Reagan In 1980. In a "Week in Review" piece for the New York Times (10/15, 1.21M) David Kirkpatrick writes, "Some political analysts…say they see a chance for a potential Democratic comeback, an opportunity for another historic realignment of the political parties. … In recent Harris Interactive polls, the number of respondents who refuse to acknowledge a preference for either party has risen to about 25 percent of the electorate from about 12 percent for most of the last decade." Kirkpatrick adds, "polls showing Democrats poised for big gains this fall in both chambers of Congress are reigniting the debate: Can Democrats crack apart the Reagan coalition of white blue-collar workers, evangelical Protestants, Southerners and chambers of commerce?"

New Poll Shows Allen Barely Ahead Of Webb 49-47. The Washington Post (10/15, A1, Barnes, Shear, 748K) reports Sen. George Allen and James Webb "are virtually tied." According to the Post, Allen gets 49 percent, compared with 47 percent for Webb, within the 3 percentage point margin of error for the poll conducted over three days

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last week. With few respondents saying they are undecided and most seemingly locked in for their candidate, the poll indicates that the candidates' strategies for turning out supporters will be vital and that changes in the national political climate could tilt the outcome. … Independent Gail Parker receives 2 percent of the support in the poll. For Webb, the 60-year-old Democratic Party newcomer who launched his campaign eight months ago, the poll provides new evidence that his underfunded, long-shot bid has created one of the country's most competitive races." However, "the poll contains plenty of concern for the former Navy secretary and author from Falls Church. Webb owns a solid lead only in Northern Virginia, and his supporters, as a group, are far less enthusiastic about his candidacy than are Allen's voters."

Klobuchar Leading Kennedy 55-34 According To Minnesota Poll. The Minneapolis Star Tribune (10/15, Lopez, Diaz, Hotakainen, 398K) reports DFL Senate candidate Amy Klobuchar "continues to hold a substantial lead over her GOP rival Mark Kennedy, according to the latest Minnesota Poll, and there are signs that national Republican leaders are now turning their focus to other Senate campaigns. The poll shows Klobuchar with 55 percent to Kennedy's 34 percent, a margin that is nearly the same as it was in September. Kennedy's campaign challenged the poll results, as it has with every Minnesota Poll on the Senate race." The Star Tribune notes, "The two candidates will debate today on NBC's 'Meet the Press.' The poll, conducted from Oct. 6 to Wednesday with 818 likely voters, has a margin of sampling error of plus or minus 3.4 percentage points. A Rasmussen poll conducted earlier this month also showed a double-digit lead for Klobuchar."

Both Talent And McCaskill Avoiding Stem Cell Debate. The New York Times (10/15, Saulny, 1.21M) reports, "Over cocktails one recent Monday night at a Democratic fund-raiser in New York, Claire McCaskill, the Democratic Senate candidate in Missouri, played up her support for stem cell research. But at a campaign appearance here in rural and largely conservative Kirksville, Ms. McCaskill never mentioned the subject. Similarly, her Republican opponent, Senator Jim Talent, came out against a statewide ballot measure on stem cell research at the strong urging of conservative Christians. But when Mr. Talent recently addressed an electricians' trade group at a resort on the Lake of the Ozarks, he did not speak of his opposition." According to the Times, "Just a few months ago, the Missouri stem cell research initiative on the November ballot was a defining issue of the campaign. … But now, as Mr. Talent and Ms. McCaskill reach beyond their traditional bases, the emotionally charged ballot measure — which would allow the research and possibly provide state financing for it — is almost too hot to touch."

Casey Portrayed As Humble Social Conservative "Well Suited" To Defeat Santorum. The Washington Post (10/15, A4, Finkel, 748K) reports on the race between Sen. Rick Santorum and Bob Casey. According to the Post, "In going after a high-ranking Senate Republican, Democrats picked someone well suited for the role: the state treasurer and a member of one of Pennsylvania's best-known political families, who has strong conservative views on social issues, a liberal economic philosophy and opposition to the war in Iraq. Casey is against abortion and gun control, and he agrees with the current federal policy that limits embryonic stem cell research -- all positions that have inoculated him against attacks from the right. … Since formally announcing his candidacy in March 2005, Casey has held a steady lead over Santorum in the polls. Yet even as he appears on the verge of a victory with national implications, many in his state and throughout the country know little about his background. Casey, 46, gives new meaning to political humility, and he discourages attention to his personal life or comparisons to his father, the late Robert P. Casey, a former governor."

NYTimes Endorses Clinton. The New York Times (10/15, 1.21M) endorses Sen. Hillary Clinton in her reelection campaign against John Spencer, who the Times dismisses as "an unknown, unqualified opponent."

Feinstein's GOP Challenger Garnering Very Little Support. The Los Angeles Times (10/15, Martelle, 918K) reports, "During a national election cycle marked by a bitter fight for control of the Senate and the House of Representatives, the campaign for California's senior Senate seat has the feel of a foregone conclusion as [Sen. Dianne] Feinstein, one of the state's most popular vote-getters, holds a commanding lead among likely voters in the race" against Republican Dick Moutjoy.

National GOP Said To Have Written-Off Several High-Profile Ohio Races. The AP (10/15, Smyth) reports, "As the GOP scrambles nationwide to retain its majority, scandal-ridden Ohio appears to be falling off the financial radar screen. Television time is being forsaken for House candidates. And national promotions of the state's gubernatorial candidate by the Republican Governors Association popped up, then disappeared." The AP adds that the National Republican Congressional Committee "pulled advertising it had planned in the race between Republican Craig Foltin and Democrat Betty Sutton for [Rep. Sherrod] Brown's open House seat, which the GOP initially thought it

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could wrest from Democrats. The committee also viewed the seat being vacated by Democratic U.S. Rep. Ted Strickland, who is running for governor, as a potential gain, but has backed away from that hope." The AP continues, "Meanwhile, after an aggressive early advertising push, Republican gubernatorial nominee Ken Blackwell, Ohio's secretary of state, has disappeared from the airwaves — a surprising turn of events for the leading candidate on the party's ticket. A one-time strategy called for the RGA to air its own ads in support of Blackwell, but the governor's group appears to have written off the state."

Murtha And Portman Assist Opposing House Candidates In Ohio. The AP (10/15) reports Rep. John Murtha "campaigned in Ohio for fellow Democrat Victoria Wulsin, who is challenging first-term Republican Rep. Jean Schmidt in the state's 2nd District. Schmidt criticized Murtha's call to pull troops out of Iraq on the floor of the House last year." Schmidt "received campaign help Saturday from Rob Portman, the White House budget chief and the district's representative for 12 years before Schmidt."

Murtha Defends Opposition To Iraq War. In an op-ed in The Washington Post (10/15, B1, 748K), Rep. John Murtha writes, "The Republicans are running scared. In the White House, on Capitol Hill and on the campaign trail, they're worried about losing control of Congress," Murtha writes, adding, "And so the administration and the GOP have launched a desperate assault on Democrats and our position on the war in Iraq. Defeatists, they call us, and appeasers and -- oh so cleverly -- 'Defeatocrats.'" According to Murtha, "It's all baseless name-calling, and it's all wrong. Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure. In that case, count me in."

The AP (10/15) reports the details of Murtha's essay for Sunday's Washington Post "blasting Republicans for referring to him and other Iraq war opponents as 'Defeatocrats.'"

Despite Criticisms Of Murtha's Views On Iraq, Polls Show He Has A Substantial Lead Over GOP Challenger Irey. The Pittsburgh Post-Gazette (10/15, Toland, 241K) reports, "Rarely in the annals of American politics has the much-used David-Goliath analogy been so apropos," as Murtha "is literally and figuratively daunting — literally because he's 6 feet, 3 inches tall and broad-shouldered with a booming voice; figuratively because he's a giant in Congress, a 32-year veteran of the House of Representatives." According to the report, PA12 challenger Diana Irey (R) "is the opposite — soft-spoken, slight, barely clearing 5 feet, a neophyte on the national stage. We know how the Bible story ended. But can Mrs. Irey slay this towering Johnstown warrior?" According to the report, despite Irey's "hopes of using Mr. Murtha's well-publicized Iraq comments to nationalize the race and her fund-raising base…a recently published poll showed her trailing 57 percent to 30."

Unexpectedly Close PA7 Race Highlights Change In Politics Of National Security. The New York Times (10/15, Zernike, 1.21M) reports that when PA7 challenger Joe Sestak (D) "announced he was running for Congress, national Democrats and media consultants told him not to talk about pulling troops out of Iraq, arguing it would only encourage the image of Democrats as weak on national security. Nine months later, having ignored their advice, Mr. Sestak has put a 20-year Republican incumbent on the run for the first time, turning a bid by a political novice into a real race." Surveys "show that Mr. Sestak is running even or better with" Rep. Curt Weldon and "the war more than any other issue is propelling voters toward him." His "persistence on the issue, and Mr. Weldon's efforts to recalibrate his position, highlight some of the ways Iraq may be altering the politics of national security after decades in which the advantage has gone to the Republicans."

Dogged By Bribery Probe, Rep. Jefferson Fails To Get Party's Endorsement. The AP (10/15) reports, "The Louisiana Democratic Party on Saturday turned down" Eight-term LA2 Rep. William Jefferson, and endorsed state Rep. Karen Carter (D) "one of a dozen challengers who emerged after Mr. Jefferson became a target of a federal bribery investigation." According to the report, "This is the first time in recent memory that an incumbent has failed to win the state party's endorsement."

Prominent Colorado Republicans Refuse To Back GOP Candidate Lamborn. The Washington Times (10/15, Richardson, 88K) reports that Colorado state Sen. Doug Lamborn's (R) "fiercest opponent in the 5th District race isn't his Democratic foe. It's the Republican he's trying to succeed," 10-term CO5 Rep. Joel Hefley (R). According to the report, Lamborn is running "neck and neck" Jay Fawcett (D), "a veteran and small-business owner, in the ultraconservative district, according to a Denver Post poll released last week. One of the reasons: Mr. Hefley." Soon "after Mr. Lamborn won a six-candidate primary on Aug. 8, Mr. Hefley, who is retiring, said he would refuse to endorse the Republican candidate, pointing to what he described as his 'sleazy, dishonest campaign.' That stinging rebuke, coming from the highly regarded Mr. Hefley, delivered a devastating blow to Mr. Lamborn's candidacy. Several other prominent Republicans soon joined Mr. Hefley in refusing to endorse Mr. Lamborn, pointing to ads and mailings they say unfairly demonized his Republican foes."

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Democrats Have Advantage At Ballot In Race For Tom Delay's Former Seat. The AP (10/14, Stinebaker) reports that when former TX 22 Rep. Tom Delay's name was on the ballot, "Voting Republican in this conservative district was never difficult. … With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate," Houston City Councilwoman Shelley Sekula-Gibbs (R)." The AP notes, "That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands."

Denver Post Endorses Salazar For Re-Election. The Denver Post (10/14, 256K) endorses CO3 Rep. John Salazar (D) for re-election, writing, "In his first term representing the sprawling 3rd Congressional District, Salazar gained a seat on the House Veterans Affairs Committee and used the position to push for expanded veterans health care, fairer treatment of military widows and for cracking down on fraudulent claims for military medals. … Salazar's freshman performance and keen interest in 3rd District issues has earned him re-election."

California Democrats Seek Rare Victories In Longtime Republican House Districts. The Los Angeles Times (10/15, Perry, 918K) reports, "The congressional election isn't until Nov. 7, but the real decisions may have been made in 2001, the last time district lines were redrawn in California. Of 53 districts in the state, only three have drawn much interest, two of those because of the ethical problems of the Republican incumbents." According to the report, "Still, Democrats are hoping for electoral lighting to strike in the districts that are represented by" incumbents CA4 Rep. John T. Doolittle, CA11 Rep. Richard W. Pombo and CA50 Rep. Brian Bilbray (R)." Yet "if lightning is to strike, it will have to defy some daunting numbers from the past. In four decades" UC San Diego congressional scholar Gary Jacobson says "no Democrat has beaten a Republican in a congressional district in which Republicans held a registration edge of four percentage points or greater. In Doolittle's district, the pro-GOP margin is 18 percentage points, in Pombo's 6 and in Bilbray's 14."

GOP Expected To Fare Well In California Races. The Los Angeles Times (10/15, Finnegan, 918K) reports, "Reliably Democratic California looks more GOP-friendly this year than much of the U.S.," as Schwarzenegger "is heavily favored for reelection Nov. 7 over" challenger state Treasurer Phil Angelides (D). According to the report, "Several other Republicans seeking statewide office are mounting surprisingly competitive races against Democratic rivals, though the outcomes are far from sure. And billions of dollars in bonds and taxes on the ballot face tough prospects, thanks largely to Republican voters' aversion to government growth."

California Redistricting May Hurt Democrat's Chances Of Retaking House. In an op-ed in the Los Angeles Times (10/15, 918K), former GOP consultant Tony Quinn writes, "With the Mark Foley sex scandal dropping on congressional Republicans like a brick on a teacup, bipartisan decisions made five years ago to gerrymander congressional district lines in California and other states may be all that's left to save the GOP from losing control of Congress." Quinn adds, "So, if [House Minority Leader Nancy] Pelosi comes up short of the 15 seats needed to make her the next House speaker, she'll know where to place the blame. She can just look in the mirror."

Schwarzenegger's Celebrity Seen As Asset At Polls. The Los Angeles Times (10/15, Salladay, 918K) reports, "If the historic recall election three years ago upended California politics, the race between" Angelides Schwarzenegger "has returned the political system to its regularly scheduled programming. Between state Treasurer Angelides and the incumbent Gov. Schwarzenegger, there is little talk about sweeping away special interests or transforming the political system as we know it. Instead, potential voters have been given a choice between established politicians from the two major parties, each with traditional corporate or union backers, each with slightly different but relatively mainstream views on public policy." According to the report, "Still, an unusual and important factor hangs over the campaign, and brings a benefit to the incumbent: Schwarzenegger's status as a worldwide celebrity."

Los Angeles Times Endorses Schwarzenegger. The Los Angeles Times (10/15, 918K) endorses Gov. Arnold Schwarzenegger writing, "After his historic election in the 2003 recall, followed by some early promise and a disappointing sophomore year, Arnold Schwarzenegger has been a solid, pragmatic governor who has steered a moderate course for California. He deserves a sequel." According to the Times, "Angelides may be more specific about many of California's problems. But Schwarzenegger is more likely to solve them."

Politics Of California Governor, New York Mayor Similar. In a Week In Review piece in the New York Times (10/15, 1.21M), Jennifer Steinhauer compares the styles of California Gov. Arnold Schwarzenegger and New York Mayor Michael Bloomberg saying, "Both men are moderate centrists, estranged from their party's mainstream, who first ran for office on what seemed like a lark. Both watched their popularity sink mid-term to embarrassing levels." According to Steinhauer, "Mr. Bloomberg came back to beat handily -- and greatly outspend -- a Democratic machine politician

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whose attempts to claw away at the mayor and paint him as the president's buddy flopped. Mr. Schwarzenegger's re-election bid does not end until next month, but his campaign has uncannily mirrored Mr. Bloomberg's 2005 race."

Maryland Gubernatorial Rivals Square Off In Two Debates. The Washington Post (10/15, A1, Wagner, Mosk, 748K) in a front page story reports that Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley "traded scathing assessments of each other's records yesterday during a pair of debates in which they did little to hide their mutual disdain. Ehrlich accused his Democratic rival of neglecting Baltimore's low-performing schools, of wrongfully arresting thousands of its citizens and of practicing a 'leadership style of whining and blaming others for your failures.'" According to the Post, "For months now, the governor has succeeded in keeping the campaign focused largely on Baltimore crime and education, two topics he had identified as weaknesses for an opponent who has overseen one of the nation's largest cities for seven years. But it is unclear whether his message is working with statewide voters -- O'Malley has consistently led in independent polls."

The Washington Times (10/15, Miller, 88K) reports that Ehrlich and O'Malley "clashed yesterday in two debates that frequently dwelled on [Baltimore's] crime problems and poorly performing schools, despite the mayor's attempts to shift the focus to the governor." Afterward, "both candidates claimed victory. The Ehrlich campaign said the governor 'convincingly demonstrated that Maryland is better off today than it was four years ago" while O'Malley's campaign "said the mayor won by 'showcasing new ideas for progress for Maryland's hardworking families.'"

WPost Faults Maryland Candidates For Raising Questions About Election Process. The Washington Post (10/15, 748K) in an editorial asks, "How come, when Maryland Gov. Robert L. Ehrlich Jr. (R) expresses no confidence in state election officials and urges voters to use absentee ballots, Democrats squawk about a conspiracy to suppress the vote, but when Montgomery County Executive Douglas M. Duncan (D) says the same thing, there is silence? Given the importance of voting, playing politics in this way isn't forgivable." Maryland political leaders should "not add to the confusion with suggestions that paper is the only safe way to vote. Instead of sowing unease that could well give pause to prospective voters, Mr. Ehrlich and Mr. Duncan should be focusing on the constructive steps that they are taking to try to ensure a smooth election."

Kerry's Attacks On Bush Said To Be Part Of His 2008 Campaign Strategy. The Washington Post (10/15, A7, Balz, 748K) reports that Sen. John Kerry, while speaking to Democrats in New Hampshire recently, "left little doubt that if he runs again in 2008, he intends to be the chief prosecutor of the record of the Bush presidency. 'A lie, a lie, a lie and a lie,' he said after recounting Republican claims that Iraq is not in a civil war, that North Korea's nuclear advancement is former president Bill Clinton's fault and that Democrats were behind the release of salacious e-mails that Mark Foley sent to former House pages. It was as if the Kerry of 2006 was channeling the Howard Dean of 2003. 'What we have in Washington is a house of lies, and in November, we need to clean house,' he said." However, "even Democrats have been reluctant to follow Kerry's recommendations for changing policy by setting a timetable for withdrawing U.S. forces" from Iraq.

Former President Clinton Helps Raise Funds For Iowa Democrats. The AP (10/15) reports former President Bill Clinton "said Saturday that voters 'know something is wrong' in Washington and urged Democrats to create change in the November elections. 'I have never seen the American people so serious,' said Clinton. 'I think I know why. People know things are out of whack. The rhythm of our public life and our common life in America has been disturbed.' The former president was the keynote speaker at the Jefferson-Jackson Day dinner, the Iowa Democratic Party's biggest annual fundraising event. He drew more than 3,500 activists."

Edwards Blasts Bush's Iraq Strategy While Campaigning In Iowa. The AP (10/15) reports former Sen. John Edwards "on Saturday bashed the Bush administration for 'proactive stupidity' by sticking with a failed policy in Iraq and being unable to admit its mistakes. He predicted the Iraq war and a wave of scandals in the Republican-run Congress will prompt voters to demand change in November. … Edwards was spending the weekend in eastern Iowa raising money for Democratic legislative candidates." He "diverted from his campaign schedule to speak at a University of Iowa conference on poverty issues."

Thompson Mulling 2008 Presidential Campaign. The Milwaukee Journal Sentinel (10/15, Skiba, 259K) reports, "Political analysts say Tommy G. Thompson faces long odds if he tries for the Republican presidential nomination in 2008. Aides to Thompson, 64, announced last week that he was launching a political action committee, Forward America, and mulling a run for the White House. That comes after discussions with key advisers and a pair of visits to Iowa, whose caucuses kick off the presidential nominating season. Ahead, aides said, Thompson plans a trip to New Hampshire, which hosts the first primary of 2008."

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Obama Said To Lack "Big Ideas" Necessary For Presidential Bid. Time's Joe Klein (10/15) writes that Sen. Barack Obama "has become an American political phenomenon in what seems about a nanosecond, and the folks are giddy with anticipation. … The question of when Obama -- who has not yet served two years in the U.S. Senate -- will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak." According to Klein, "He encourages those expectations by promising great things -- at least, in the abstract. 'This country is ready for a transformative politics of the sort that John F. Kennedy, Ronald Reagan and Franklin Roosevelt represented,' he told me. But those were politicians who had big ideas or were willing to take big risks, and so far, Barack Obama hasn't done much of either. … His record has been predictably liberal."

New York Bid To Land 2008 Democratic National Convention In Jeopardy. The New York Times (10/15, Cardwell, 1.21M) reports, "New York City's bid to land the 2008 Democratic National Convention is in jeopardy" because Mayor Michael Bloomberg "is spread so thin with fund-raising commitments that he may not be able to raise the money from private donors needed to pay for it, an official said on Thursday. The fund-raising worries come as Democrats have been seriously considering bringing the convention to New York rather than to the other competing city, Denver, which offers a politically attractive location, but has logistical problems because of a scarcity of hotel rooms."

Conservatives Seek To Rein In "Activist" Judges With Ballot Initiatives. The Los Angeles Times (10/15, Simon, 918K) reports, "Judges across several Western states could soon face new limits on their authority and threats to their independence, as conservatives campaign for ballot measures that aim to rein in what they describe as 'runaway courts.' Frustration among the right has been building for years, especially since the high court in Massachusetts legalized same-sex marriage in 2003." For example, "South Dakota's ballot contains the most radical provision: It would empower citizens to sue judges over their rulings. Other proposals would make Colorado the first state to impose term limits on top judges and give Montana residents the right to recall judges over any 'dissatisfaction.' In Oregon, an amendment would require Supreme and Appeals court judges to be elected by geographic district, so they reflect the values of conservative rural communities as well as the liberal legal establishment in Portland."

Rep. Gerry Studds Dies After Collapse. NBC Nightly News (10/14, story 7, :10, Seigenthaler, 9.87M) reported, "From Massachusetts comes word of the death of former Democratic congressman Gerry Studds. He won re-election until his retirement in 1997. He collapsed last week and was recovering in Boston at a hospital when doctors say he succumbed to a blood clot. He was 69."

The New York Times (10/15, Cave, 1.21M) reports that after he was censured for having an affair with a 17-year-old Congressional page, Studds "seemed emboldened by his re-election." Author Charles Kaiser said, "In a sense, he became a role model. … His experience convinced other people that it would now be possible to run as an openly gay person." The recent scandal involving former Rep. Mark Foley "revived interest in Mr. Studds's own dalliance with a teenage page in 1983" as "several Republican candidates sought to deflect criticism aimed at their own party by reminding voters about Mr. Studds." The NRCC "chastised Democrats in this year's race for taking contributions from party leaders who had served with Mr. Studds."

The Washington Post (10/15, C7, Lamb, 748K)quotes Sen. Edward Kennedy saying, "His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea. … He was a steward of the oceans." The AP (10/15, Lindsay) reports similar details.

Columnist Suggests Republicans Should Follow Example Of Social Traditionalists. David Brooks in his column in the New York Times (10/15, 1.21M) contrasts the differences between religious conservatives and social libertarians with the philosophies of social traditionalists, who believe "that when policies fail, it's usually because they are based on inaccurate assumptions about human nature" rather than abstract theories and are "are interested in how to strengthen institutions that breed responsible people." Brooks argues that the "culture war has become self-parodic, so people are hungry for a morality that is neither absolutist nor nihilistic. As the economy has opened up opportunities, it's become clear many people lack the cultural capital to take advantage of them." Brooks concludes, "A Republican Party in danger of dividing between religious conservatives on the one side and libertarians on the other might return to these traditionalist values after the coming deluge."

Households With Married Couples Now A Minority. The New York Times (10/15, Roberts, 1.21M) reports, "Married couples, whose numbers have been declining for decades as a proportion of American households, have finally slipped into a minority, according to an analysis of new census figures by The New York Times. The American Community Survey, released this month by the

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Census Bureau, found that 49.7 percent, or 55.2 million, of the nation's 111.1 million households in 2005 were made up of married couples -- with and without children -- just shy of a majority and down from more than 52 percent five years earlier." The Times adds, "The total number of married couples is higher than ever, and most Americans eventually marry," but "a growing number of adults are spending more of their lives single or living unmarried with partners, and the potential social and economic implications are profound."

Bush Applauds UN Vote To Impose "Strict Sanctions" North Korea. The Administration's response to the UN vote to sanction North Korea received significant media coverage, leading the single network newscast on Saturday evening and appearing on the front pages of major newspapers. President Bush's remarks that the "swift and tough" sanctions sent "a clear message" to North Korea were repeated in virtually all stories of the UN vote.

NBC Nightly News (10/14, lead story, 2:20, Seigenthaler, 9.87M) reported, "World leaders sent a strong message to North Korea today. The UN Security Council voted unanimously to punish them for its nuclear program. North Korea rejected the move and warned further pressure would be considered a declaration of war and then its ambassador walked out of the session. It is all part of a growing international crisis." US Ambassador to the UN John Bolton: "We will give them time to respond. I hope they choose the correct path – give up the pursuit of weapons of mass destruction." NBC (Jordan): "President Bush welcomed the vote." President Bush: "This action by the United Nations which was swift and tough says that we are united in our determination to see to it the Korean peninsula is nuclear weapons free." Jordan: "But nonproliferation expert Joseph Cirincione said the U.S. is no longer in control of the negotiations." Nonproliferation expert Joseph Cirincione: "We may be seeing the beginning of a more assertive diplomatic role for China."

In a front page story, the New York Times (10/15, A1, Hoge, 1.21M) reports it will be "the toughest international action against North Korea since the end of the Korean War" and "hit most of the tough points that the United States and Japan, in particular, had been seeking." Also, "a ban on the shipment of luxury goods in the resolution was particularly championed by" US Ambassador John Bolton :and J. D. Crouch, the deputy national security adviser, as a way to harm the North's leader, Kim Jong-il." The Times notes, "Current and former Bush administration officials, and experts on the North, said that while the sanctions did not go as far as Washington wished, they probably gave it and Japan the legal means to squeeze the country. They provide the basis to inspect ships in ports around the world -- though not necessarily on the high seas -- and gives Washington a way to expand a program to force banks to halt dealings with the country." President Bush "praised the resolution, saying it sent 'a clear message to the leader of North Korea regarding his weapons programs.'"

And in it's front page story the Washington Post (10/15, A1, Lynch, Kessler, 748K) notes Bush and Bolton's responses and adds, "U.S. officials believe the resolution will give them the international tools to put the squeeze on North Korea. Secretary of State Condoleezza Rice will travel to Japan, South Korea and China later this week to discuss the implementation of the resolution as well as possible actions that could be taken by countries to punish Pyongyang, U.S. officials said." For now, "U.S. officials are focused on implementing this resolution and are not contemplating more resolutions, officials said. When President Bush travels to Hanoi next month for an Asian economic summit, there is the possibility that Bush and the leaders from China, South Korea, Japan, Russia and possibly other countries will meet on North Korea and 'take stock' of the resolution's effectiveness."

The Los Angeles Times (10/15, Farley, 918K) says the UN vote "was a hard-fought act of unity." China's resistance to inspecting North Korean cargo "throws into doubt how effective the sanctions will be" but "U.S. officials portrayed the unanimous vote as a political victory for the United States in bringing together countries that had been reluctant to take a hard line on North Korea — in particular, China and Russia." And Bush "described the Security Council resolution as a 'clear message' to North Korean leader Kim Jong Il that 'the world is united in our opposition to his nuclear weapons plans.'"

The AP (10/15, Loven) notes, "Despite the softer provisions and no threat of military action to enforce them, Bush pronounced the measure 'a clear message' to North Korea." In addition Rice and Bolton will appear "on the Sunday morning television talk shows to bolster the U.S. case." Meanwhile, "Democrats responded by saying that the apparent test is evidence Bush's approach to North Korea has failed." Pennsylvania House candidate Patrick Murphy said, "We have seen the number of terrorist attacks increase around the world. We have seen North Korea and Iran -- two members of the president's axis of evil -- enhance their nuclear weapons capabilities."

After his radio message Bloomberg (10/15, Murray, Varner) reports Bush "told reporters…that if North Korea verifiably ends its weapons program, the U.S. and other nations will provide economic help." In his radio address Bush "said the U.S. will keep consulting with allies in the region." The Financial Times (10/15) and the Washington Times/AP (10/15, A1, Lederer) publish similar details.

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Washington's Approach To Nuclear Proliferation Said To Reveal US Weakness. The Washington Post (10/15, Pincus, 748K) reports that "it is hard to remember a moment when the world's sole superpower seemed less positioned to manage a fractured world." Even "as America barrels toward this nuclear showdown on opposite sides of Asia, perhaps the best measure of America's power in these matters is its need for Russia and China to cooperate." After all, "diplomacy works best from a position of strength. And even though the United States still boasts the world's largest military, most dynamic economy and a culture that the world snaps up, there is rising evidence that many countries -- Russia and China among them -- sniff a distinct change in the strategic atmosphere," and behind North Korea's and Iran's "threats lies an understanding of American vulnerabilities."

Rice's Challenge On Asia Trip Said To Be Convincing Chinese. The Washington Post (10/15, Pincus, 748K) reports, "The challenge facing Secretary of State Condoleezza Rice this week on her trip to Beijing, Seoul and Tokyo is to change" China's mindset. While "the Chinese are now plenty mad with the nation they once said was 'as close as lips and teeth' to China," what "Beijing fears more than a nuclear North Korea is an imploded North Korea. They fear hungry refugees rushing over the border. They don't want a power grab for North Korea's territory that could put them in conflict with other big powers."

Nuclear North Korea Developed Over Fifty Year & Both Parties' Administrations. The Washington Post (10/15, A16, Pincus, 748K) follows the history of nuclear proliferation in Korea saying, "Democrats and Republicans have been quick to use North Korea's apparent nuclear test to benefit their own party…but a review of history shows that both sides have contributed to the current situation." The North Korean nuclear project was "triggered in part by threats from Presidents Harry S. Truman and Dwight D. Eisenhower to end the Korean War," when they indicated the possibility of using nuclear weapons to end it. The US also kept nuclear weapons in South Korea from 1957 until 1991. More recently, when "intelligence analysts at the Lawrence Livermore National Laboratory completed a highly classified report that concluded North Korea had begun construction of a plant to enrich uranium," the Administration "waited until October 2002 before confronting the North Koreans," and it soon "ended its participation in the 1994 agreement," after which North Korea began reprocessing its fuel rods.

South Koreans Disappointed Approach To North Korea Rejected. NBC Nightly News (10/14, story 2, 2:00, Seigenthaler, 9.87M) reported, "While Japan has been urging tough sanctions, China and South Korea have taken a more restrained approach." NBC (Colt): "In South Korea, days after the apparent nuclear test there is still disbelief and anger. The south built a highway, laid down a new railroad line and they have yet to carry anyone across the DMZ. The 150 mile barbed border remains impenetrable. It's called the 'sunshine policy' and its aim is to remove the barriers that exist between North and South. Many South Koreans say it is clear from Monday's test it is not working." Experts "say the North has nothing to lose." Han Sung-Joo, former South Korean Foreign Minister: "They are saying to the world we are not going to be intimidated by the outside world." Colt: "Maybe not intimidated but tonight the North is more isolated from the outside world than any time in recent memory."

In a front page article the Washington Times (10/15, A1, Salmon, 88K) reports, "public opinion in the South has turned sharply against a South Korean policy of engaging the enemy in the belief it will eventually bring peace on the divided peninsula," and "South Korean President Roh Moo-hyun has conceded the 'sunshine' policy of engagement with North Korea is under threat because of the nuclear test." However, "the architect of South Korea's engagement with the North, former President Kim Dae-jung, remained unmoved by the test." Instead, he "blamed American hard-liners for the crisis and said engagement must continue.

Next UN Secretary General Praises Resolution, Calls For More Talks. The AP (10/15, Lederer) reports that new UN Secretary General, Ban Ki-moon said he "welcomed the U.N. Security Council's 'very clear, strong and unified message to North Korea,'" but "stressed…that 'we need a two-pronged approach at this time,' relying not only on sanctions but on dialogue and talks."

Bloomberg (10/15, Bliss, Varner) reports that analysts support Ban's position. They say that the resolution "will only be effective if the Bush administration backs it with negotiations to end the weapons program." Stephen Bosworth, a former U.S. ambassador to South Korea under President Bill Clinton, said that "the administration should be congratulated for quickly unifying world opinion," but it is "Very unlikely" to change North Korea's behavior. Still, John Tkacik, a former U.S. diplomat in China, said that "the UN resolution may force the North Koreans back into those talks." However, it if doesn't "the crisis might 'persist indefinitely.'"

Newsweek Experts Urge Administration To Open Dialogue With North Korea. Newsweek (10/15, 3.12M) on its web site publishes the advice of five experts on how to handle North Korea. Former South Korean President Kim Dae Jung recalls that former Presidents Nixon, Reagan and Eisenhower all engaged in dialogues with their enemies and states, "From a country that is very much responsible for world peace, the United States' refusal to talk is quite unacceptable."

Former U.S. Ambassador to South Korea during the Clinton Administration Stephen Bosworth writes, "We've got to listen to the North Koreans as they tell us what they think they want -- that is, direct contact with the United States, not

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simply through the six-party process, but they want direct contact of the sort that we had under Bush One and under Clinton. To say we've tried that and it failed, as the president did [Thursday] -- I simply don't agree with that. What is the disadvantage? Rewarding their bad behavior? That's patent nonsense. We talk all the time to people who behave badly."

Former UN weapons inspector Hans Blix writes, "With the elections coming up in America, Bush wants to be seen as firm, to look macho. In [an earlier crisis] in 1994, when I was at the IAEA, [former President] Jimmy Carter went to Pyongyang and met Kim Il Sung. Maybe another such trick is needed today."

Hazel Smith, a professor in international relations at Warwick University in Britain, writes, "The U.S. has to cut the rhetoric and get on with [diplomacy]. That means it has to have something to offer the North Koreans rather than just beating them about the head. All the other parties in the six-party talks now want America to start direct talks [with Pyongyang] and it could be done without loss of face in the context of multilateral negotiations. If America stops tightening the screws, the North Koreans will give. That's diplomacy."

In contrast, Gordon Chang, author of "Nuclear Showdown: North Korea Takes on the World," states, "The Bush administration put sanctions in place about a year ago [to stop] North Korea's currency counterfeiting program. They've been surprisingly effective in constricting the flow of funds in and out of North Korea. They are really starting to hurt the regime. I don't think it's the time to loosen them; on the contrary, I believe the sanctions should be tightened."

Columnist Calls Talks With North Korea Inevitable. In her column for the Philadelphia Inquirer (10/15, 399K), Trudy Rubin argues, "Republicans contend that the Clinton-era negotiations with North Korea were a failure and demonstrate why talks are pointless. But that assessment stands history on its head. ... True, the Clinton administration's negotiations didn't end North Korea's nuclear program -- but they did delay the production of weapons for eight years. Some on the Bush team now advocate bombing Iran's nuclear energy facilities -- at terrible risk -- just to delay the Iranian program perhaps three to five years." Yet, "at some point, the White House will have to decide whether it wants to pursue the small chance of freezing Pyongyang's program, or at least limiting the number of weapons." James Baker III "has already spoken with an Iranian representative. Pyongyang next?"

Scholar Says China's Soft Power Might Stop North Korea, Open China To Acting More Responsibly. Joshua Kurlantzick, a visiting scholar at the Carnegie Endowment for International Peace, writes in an op-ed in the Washington Post (10/15, B3, 748K), "China has quietly reoriented its foreign policy to emerge as a new advocate of 'soft power." Which "could raise a host of problems internationally." However, this soft power "could also -- if properly exploited by other nations -- transform the Asian giant into a more responsible member of the world community." The more "Beijing's profile rises," the more" its foreign policy will also come under greater scrutiny. Its leaders will have to do more to maintain the country's appeal -- and this could be the opportunity the West needs to bend China toward becoming a more responsible international power and moving away from some of its more roguish friends." It can use that power to "do more than fume and condemn" North Korea.

Additional Countries May Pursue Nuclear Weapons. North Korea's nuclear test has prompted speculation in prominent US newspapers about the development of nuclear weapons by other countries. In a font page article, the New York Times (10/15, A1, Broad, Sanger, 1.21M) reports that "atomic officials estimate that as many as 40 more countries have the technical skill, and in some cases the required material, to build a bomb," and officials and arms control specialists say that opportunity, "coupled with new nuclear threats in Asia and the Middle East, risks a second nuclear age…in which nations are more likely to abandon the old restraints against atomic weapons." Director general of the IAEA Mohamed ElBaradei "estimated that up to 49 nations now know how to make nuclear arms, and he has warned that global tensions could push some over the line." Furthermore, "the spread of nuclear technology is expected to accelerate as nations redouble their reliance on atomic power." Although "it is not clear if the expansion of the world's civilian atomic infrastructure will ultimately lead to a rise in the number of countries building nuclear arms, it could give more countries the means to do so."

The Los Angeles Times (10/15, Rubin, 918K) adds that North Korea's test "was just the latest sign that the effort to contain the spread of atomic weapons was breaking down." Policymakers and experts say that a few "countries are on the verge of beginning uranium enrichment programs, and others have already started such efforts." Those "that have pursued nuclear capability outside the treaty or by hiding their programs have, after an initial distancing by the international community, gone unpunished over the long term," and India, Pakistan and Israel, which "refused to sign the" nonproliferation treaty, "enjoy the favor and respect of world leaders, setting an example of what countries can get when they acquire nuclear weapons." Additionally, the IAEA "has failed to detect cheating by countries" and "has no enforcement power."

Other Nations May Engage In "Near-Nuclear" Proliferation. Andrew Grotto, a senior national security analyst at the Center for American Progress, writes in an op-ed in the Washington Post (10/15, B3, 748K), "Pyongyang's

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test could encourage 'near-nuclear' proliferation -- a world in which states master key technologies that are ostensibly for harmless energy-related purposes but can be quickly adapted for deadly, offensive ends," and "A world in which countries have the capability to go nuclear on short notice is fraught with peril." There are "five nations in particular that may pursue that path." Iran may be "may be emboldened" by North Korea's test. Japan, South Korea, Egypt, and Saudi Arabia all have the technology or access to a nuclear power needed to make or buy a nuclear weapon. They are also concerned about North Korea or Iran's possession of nuclear weapons, and may feel they need parity.

Reporter Argues Nuclear Proliferation Is "Inevitable." William Langewiesche, international correspondent for Vanity Fair and the author of "Atomic Bazaar: The Rise of the Nuclear-Armed Poor," writes in an op-ed in the Los Angeles Times (10/15, 918K) that "the acquisition of atomic weapons by North Korea is the worst development yet in the ongoing story of nuclear proliferation by upstart states," but "what's done is done, and though we may protest and bluster, there is very little the U.S. can do to stop it from proceeding." Instead, "we would do well to calm down," as "the spread of nuclear weapons is, and always has been, inevitable." Today "the desire for nuclear weapons is spreading in inverse relation to the lowered risk of an all-out global nuclear war," and this trend "is accelerating in a world where countries must turn to themselves for protection and where the U.S., especially after the invasion of Iraq, is seen as an aggressor and a threat."

Expert Blames Bush Foreign Policy For Failure To Prevent Proliferation Of Nuclear Weapons. Nonproliferation expert Joseph Cirincione in an op-ed titled "Bush Unleashes The Nuclear Beast" in the Los Angeles Times (10/15, 918K) describes how the Nuclear Nonproliferation Treaty prevented most countries from developing nuclear weapons for years and asks, "suddenly, the threat is back. In the last six years, we seem awash in nuclear threats: First it was Saddam Hussein, then North Korea and Iran. How did it happen? Is nuclear restraint dead?" Cirincione blames "the problem is the strategy George W. Bush chose, which rejects international treaties as the solution to proliferation. He and his advisors saw these agreements as limiting U.S. flexibility and viewed the United Nations and other global gatherings as arenas where the world's Lilliputians could tie down the American Gulliver." Cirincione concludes, "Bush administration officials have proved expert at smashing the agreements their predecessors so painstakingly built, but in doing so they broke the bars that had caged the nuclear beast. Those who will have to repair the damage would do well to look back at the handiwork of the past. They might learn a thing or two."

Japan And South Korea Now Have Incentive To Go Nuclear. In a commentary for the Newark Star Ledger (10/15) CFR.org editor Michael Moran warns, "Japan and South Korea have predicated most of their defense and foreign policy decisions on the assumption they would be protected, in the final analysis, by America's nuclear umbrella. ... With the decision of North Korea to test a nuclear weapon, those days may now be numbered…the temptation of going nuclear, and of having a permanent seat at the world's big table as a result, may prove too much to resist."

WPost Is Pessimistic About Future Nonproliferation Efforts. The Washington Post (10/15, B6, 748K) editorializes, "The most critical question following North Korea's reported nuclear test is whether anything can be done to stop other states or terrorist groups from acquiring such weapons in coming years. … Based on the response to North Korea last week, the outlook isn't good." Countries "such as North Korea and Iran can be stopped only if a powerful coalition of countries emerges against them, combining the United States and Europe with Russia, China and regional powers," and "nuclear counterproliferation has to become those governments' highest priority. They have to be willing to make sacrifices and take risks. As the diplomacy at the United Nations last week once again demonstrated, neither China nor Russia regard stopping the spread of nuclear weapons as essential." Russian President Vladimir Putin is "willing to make a gesture toward preventing a world that bristles with nuclear weapons…only if he can get some help in his attempt to crush" Georgia, "a government that resists Russia's neo-imperialism. If such politics continue to underlie counterproliferation, we can expect a much more dangerous world."

Iran Suggests Old Nuclear Proposal. The Washington Times/AFP (10/15) reports that Iran's foreign ministry spokesman Mohammad Ali Hosseini "said yesterday a year-old offer from President Mahmoud Ahmadinejad for foreign countries to handle its uranium enrichment activities still stands as a way to break the deadlock over its nuclear program," adding that "a suggestion made by Iran earlier this month for a French-led consortium to enrich uranium for Iran on Iranian soil remained 'appropriate.'" However, previously that "idea was met with a cool reception from Western powers, who object to enrichment done in Iran."

Germany Dismisses Possibly Of Successful Iran Talks. The AP (10/15, Moulson) reports that German Foreign Minister Frank-Walter Steinmeier "said there is currently no prospect of successful nuclear talks with Iran but that pressure on the country would be applied gradually, leaving the door open to future negotiations." He "gave no details of sanctions that might be taken against Tehran. However, he noted that a package of incentives aimed at

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persuading Iran to halt uranium enrichment is still being offered." Iran on called the "threats of sanctions 'psychological warfare' and said it would not be intimidated."

Israel Increases Effort To Stop Palestinian Rocket Fire. The New York Times (10/15, Myre, 1.21M) reports that in "another in a series of periodic escalations since an Israeli soldier was seized on June 25," Israeli soldiers "killed seven Palestinian militants in fighting Saturday as tanks and other armored vehicles rolled into areas east of Gaza City" as part of "a stepped-up effort to halt Palestinian rocket fire." During the last three days, "Israeli troops have staged ground operations in eastern Gaza…killing 20 Palestinians and wounding about 30. Most of the dead were Hamas militants who were targets of airstrikes, but several civilians also died." Ghazi Hamad, a spokesman for the Palestinian Authority government, accused Israel "of 'going ahead with evil plans for a bloody military escalation and seeking the highest possible Palestinian losses.'"

Sudan Signs Peace Agreement With Eastern Rebels. The New York Times (10/15, Gettleman, 1.21M) reports, "The Sudanese government signed a peace deal on Saturday with a small rebel movement in the eastern part of the country" called the Eastern Front. It will "end fighting that has lasted 10 years though with nowhere near the intensity of the conflict in Darfur." The agreement gives the Eastern Front "more representation in the national and regional administrations, including high-ranking posts in Khartoum, the capital." Sudanese president Omar Hassan al-Bashir "called it an example of 'Africans solving an African problem without foreign help,' a clear reference to his government's continuing refusal to allow United Nations peacekeepers into Darfur."

The AP (10/15, Osman) adds, "Al-Bashir promised…that all the money that was being spent on war will be paid for development." This "agreement is considered a relief to Khartoum, which has been struggling to put down rebellions on both sides of the country, as well as to keep a shaky peace after a civil war with the south."

Somali Courts Embrace Varying Interpretations Of Islam. The Los Angeles Times (10/15, Sanders, 918K) reports, "Four months after they seized control of Somalia's capital, Islamists have won widespread praise for reestablishing order and stability in Mogadishu and surrounding areas after 15 years of anarchy. But the Islamists are by no means uniform in their application of justice," and "a clash of ideologies has emerged between leaders of the Islamist union and nearly three dozen smaller, semiautonomous courts that function as local governments throughout southern Somalia. These clan-based courts, some of which have their own militias, sometimes pursue distinct and competing interpretations of Islamic law." While "On big issues…the Islamists show few signs of discord," as Somalis debating how to create an Islamic-based government, "cracks are beginning to show."

Kristof Extols Positive Aspects Of Islam. Nicholas Kristof writes in his column in the New York Times (10/15, 1.21M), "Islam sometimes comes across the airwaves in the West as the faith of medieval fanatics wielding swords and wearing explosive vests." However, those are "some stones in a complex mosaic. And those images can't explain why Islam appears to be in percentage terms the fastest-growing major religion in the world today." Islam provides "a firm moral code, spiritual reassurance and orderliness to people vexed by chaos and immorality around them, and they offer dignity to the poor," hence its growth. There is also "a broad ferment for more gender equality in the Muslim world," as part of "the thread of reform" that exists within it. Not only is Islam "much more complex than the headlines might suggest," but "we would be close-minded ourselves if we ignored the more hopeful rumblings that are also taking place within the vast Islamic world."

Venezuela Uses Petrodollars To Boost Security Council Seat. The New York Times/AP (10/15) reports, "As Venezuela lobbies for a U.N. Security Council seat, President Hugo Chavez has bolstered its chances by spreading petrodollars across the Americas and beyond," and, "Ironically, this aid is bankrolled in large part by oil sales to the United States." That "international support will be put to the test on Monday as Venezuela goes up against U.S.-backed Guatemala in a General Assembly vote." At least one country, Dominica, "has acknowledged that Venezuela's aid 'cannot go unnoticed' as a factor in the decision" to support Venezuela. At the same time, "Chavez's aid pledges…have come under attack ahead of Venezuela's Dec. 3 presidential vote by opposition candidate Manuel Rosales, who says poor Venezuelans need the money."

Ecuador Frontrunner's Intentions Unknown, But Of Concern To Washington. The Washington Post (10/15, A15, Forero, 748K) reports, "In his unlikely race to power, Rafael Correa is as anti-establishment as any politician on a continent where populists have surged by spewing invective against market reforms and the Bush administration," but "it remains unclear if Correa, the front-runner among a dozen candidates, would be a strident nationalist in the mold of Chávez or a center-left pragmatist." While "associates and some influential business executives who oppose him say he is a brilliant thinker who, though deeply concerned about the poor, is unlikely to follow the same path as Chávez," he "has cast himself as such a radical that Wall Street has winced with every point he has risen in

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the polls." Certainly "a win by a leftist with ties to Chávez -- particularly in a country where American oil companies have significant investments -- would be a setback for Washington."

Obrador Using Gubernatorial Election To Reinvigorate His Political Fortunes. The Los Angeles Times (10/15, Enriquez, 918K) reports that Lopez Obrador's "political future, and that of his fledgling leftist movement, may rest on today's gubernatorial election in Tabasco." Obrador "spent the last several weeks campaigning for Cesar Raul Ojeda" and if he won it "would also be a triumph for Lopez Obrador." However, "Support for Lopez Obrador has dwindled since protesters closed down their Mexico City encampments a month ago after judges rejected demands for a national recount," and his "so-called campaign of civil resistance has scared people off."

"New Left" Said To Be Becoming More Influential In Chinese Policy. The New York Times (10/15, Mishra, 1.21M) reports that China's New Left "advocate a 'Chinese alternative' to the neoliberal market economy." They also disagree that a market economy inevitably encourages democracy. The New Left "view the Communist leadership as a likely force for change." While "New Leftists have never directed government policy, their concerns are increasingly amplified by the central leadership," and "this spring it began to become clear that the New Left's advocacy of a welfare state is being echoed within the Communist leadership, which is fearful of social instability and is keen to consolidate its power and legitimacy."

Kissinger Delves Into Role Of Secretary Of State. Former Secretary of State Henry Kissinger writes in a review of Robert Beisner's "Dean Acheson: A Life in the Cold War," in the New York Times (10/15, 1.21M) that "accolades for" Acheson "have become bipartisan," and "Secretaries of state appointed by the party of his erstwhile tormentors have described him as a role model; Condoleezza Rice is the most recent example." Acheson said, "'Americans must reconcile themselves to "limited objectives" and work in congress with others, for an essential part of American power was the "ability to evoke support from others -- an ability quite as important as the capacity to compel. The importance of that perception has not changed with the passage of time."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A New Global Nuclear Order."
"Helping One Girl Face The Future With Hope."
"Wanted: Schools Chief With Zero Experience."
"Displease A Lobbyist, Get Fired."
"Call Of The West: Rein In The Judges."
"For Being Flat, This Guy Sure Does Get Around."

New York Times:
"Security Council Backs Sanctions On North Korea."
"Week In Review: Restraints Fray As Nuclear Age Grows Globally."
"Competitive Era Fails To Shrink Electric Bills."
"Democrats Have Intensity, But G.O.P. Has Its machine."
"After Duke Case, College Athletes Are Put On Notice."
"Salmon Find An Ally In The Far East Of Russia."

Washington Post:
"Allen, Webb In Virtual Tie, Post Poll Says."
"Aid Is A Bumper Crop For Farmers."
"U.N. Votes To Impose Sanctions On N. Korea."
"Gallaudet Reopens With Protests Still At Front Gates."
"For India's Traditional Fishermen, Cellphones Deliver A Sea Change."

Washington Times:
"Air Force Memorial Dedicated."
"U.N. Imposes Trade Embargo On N. Korea."
"Schools, Crime Are Debatable."
"Special Report: Straining The Stork With 300 Millionth."

Detroit Free Press:
"Magg-ical! Tigers sweep A's, reach World Series

Atlanta Journal-Constitution:
"Boosters: Too Much Of A Good Thing?"
"Biker Rally Roars Into Unadilla."
"Dolly's Truth."
"China Develops Taste For Pampered Pooches."
"North Korea Irate As U.N. Approves Nuclear Sanctions."

Dallas Morning News:
"Elections 2006: Backstage Pass To Campaign Trail."
"Cartel Figure Lashes Out."
"Freddy Fender: 1937-2006 — Voice Was Texas In 2 Languages."
"N. Korea Sanctions Approved."
"Adversity Only Fuels Doherty's Tenacity."

Houston Chronicle:
"Most Can't Bank On Big Tax Cut."
"Two Lives Lost Along The Tracks."
"'A Giant Of Texas Music'."
"North Korea Quickly Rejects U.N. Sanctions."

Story Lineup From Last Night's Network News:
ABC: Preempted By College Football.
CBS: Preempted By College Football.

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NBC: Bush Applauds U.N. Vote To Sanction North Korea; South Koreans Disappointed Approach To North Korea Rejected; U.S. And Iraqi Army Cooperation; Amish Shooting Forgiveness; U.S. Violent Crime Wave; New York Snowfall; Gerry Studs R.I.P.; Air Force Memorial Dedicated; Elder Abuse; Gas Prices; Italy Volcano Eruption; High School Cheating Epidemic.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Oct. 14 - 15. GAIA THEORY _ Weekend program on ``The Gaia Theory: Model and Metaphor for the 21st Century." Location: George Mason University law school, 3301 Fairfax Dr., Arlington. Contacts: n/a, 703-528-5406. On the Net: http://www.gaiatheory.org

Oct. 14 - 23. PSYCHIATRIC SERVICES _ The Americam Psychiatric Association hosts its 2006 Institute on Psychiatric Services. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

Oct. 15 - 16. ENGINEERING -- Location: National Academies Building, auditorium, 2100 C St. NW. Contacts: ., 202-334-2138.

Oct. 15 - 17. ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW. Contacts: Elizabeth Rose, 202-675-2303.

1 p.m. LAW OFFICERS MEMORIAL _ A wreath-laying ceremony will be held to commemorate the 15th anniversary of the dedication of the National Law Enforcement Officers Memorial. Location: National Law Enforcement Officers Memorial, E Street between 4th and 5th Streets NW. Contacts: 202-737-3400.

2:30 p.m. WOMEN'S MEMORIAL _ The Women In Military Service For America Memorial Foundation marks the 9th anniversary of the Memorial's dedication with a reception and one-woman theatrical production by Washington, DC, actress Kate Campbell Stevenson. Also included will be a special presentation of the Alliance for National Defenses (AND) annual Positive Voice Award. The reception and the cutting of the anniversary cake will follow Stevensons performance. Location: Women's Memorial at Arlington National Cemetery. Contacts: ., 703-533-1155.

3 p.m. FASHION SHOW _ Ebony magazine holds its 49th annual Ebony Fashion Fair with the hottest designers from around the globe. Location: DC Convention Center. Contacts: Priscilla Clarke, 202-476-9643

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

US May Charge KSM With Pearl Murder. McClatchy Newspapers (10/15, Rosenberg) reports, "U.S. military officials intend to charge Guantanamo Bay captive Khalid Sheikh Mohammed with the murder of Wall Street Journal reporter Daniel Pearl, according to a Time magazine report." However, "the Pentagon's chief war-crimes prosecutor told The Miami Herald on Friday that the Time report may be premature." Time "attributed to 'national security officials' the detail that Mohammed admitted under interrogation to having killed Pearl ... The magazine also reported that it compared the hands seen on the videotape executing Pearl to Mohammed's hands and confirmed it was him."

Final PENTTBOM Detainee Remains Jailed In Arizona. The AP (10/15, Mendoza) reported, "In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society. But he has been in custody for five years. His name is Ali Partovi," and "he is the last to be held of about 1,200 Arab and Muslim men swept up" by US investigators after 9/11. The AP notes, "The FBI operation was called PENTTBOM; it was swift and fierce, and the stakes couldn't have been higher. When in doubt, the orders came, arrest now and ask questions later. … Then came demands, from Congress, from the Justice Department's Inspector General, from the ACLU and Human Rights Watch and from Arab and Muslim activists, that these individuals must be accounted for. To date that hasn't occurred. … Here's what is known: 762 of the 1,200 PENTTBOM arrestees were charged with immigration violations at the behest of the FBI because agents thought they might be associated with terrorism. Partovi was one of these 762."

Paralegal And Lawyer Are Ordered Not To Discuss Guantanamo Charges. The AP (10/14, Leitsinger) reports, "A paralegal and a military lawyer who brought forward allegations about prisoner abuse at the Guantanamo Bay detention center have been ordered not to speak with the press, lawyers and a military spokeswoman said Saturday." USMC Lt. Col. Colby Vokey and Sgt. Heather Cerveny have been directed "not to communicate with the media."

Military Defense Lawyers Fear For Careers. The Los Angeles Times (10/15, Williams, 918K) reports, "The order has heightened fears among the military defense lawyers for Guantanamo prisoners that their careers will suffer for exposing flaws and injustices in the system," according to Muneer Ahmad, a law professor and lawyer for a detainee. Detainees' lawyers "say the personal stakes are high and point to the Navy's failure to promote Lt. Cmdr. Charles Swift after he successfully challenged the legitimacy of the Pentagon's war-crimes commissions." In addition, "at least three other military defense lawyers for the 10 charged terrorism suspects have also been passed over for promotion in what some consider a subtle reprimand of their vigorous defense of their clients."

Plight Of Detainees Highlighted In Media. Following the Washington Post's previous coverage of Abdul Rahim, who claims he was wrongly sent to Guantanamo, the New York Times (10/15, Golden, 1.21M) reports, "Abdul Rahim Al Ginco thought he was saved when the United States invaded Afghanistan in 2001 and overthrew the Taliban regime. Mr. Ginco, a college student living in the United Arab Emirates, had gone to Afghanistan in 2000 ... But rather than help Mr. Ginco return home, American soldiers detained him again." Ginco "remains in the United States military prison at Guantánamo Bay, Cuba -- in part, it appears, on the strength of a propaganda videotape made by his [Taliban] torturers." The Times observes that he appears in two, possibly coerced "propaganda videos" shot by the Taliban and that a law awaiting President Bush's signature "would also sweep away most federal court challenges to the detention of Guantánamo prisoners, including perhaps the one filed by American lawyers for Mr. Ginco, who is now 28."

Last 9/11 Detainee Languishes In Arizona Detention Center. The AP (10/15, Mendoza) reports in a highly critical article, "In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society. But he has been in custody for five years. His name is Ali Partovi. And according to the Department of Homeland Security, he is the last to be held of about 1,200 Arab and Muslim men swept up by authorities in the United States after the Sept. 11, 2001, terror attacks." After erroneous reportage that all such detainees had been freed, "the Department of Homeland Security insists he really is the last one in custody." The AP quotes several very critical human rights advocates and lawyers about the detention policies that followed 9/11 and also interviews Partovi by telephone.

LAT Applauds Prosecution Of US Terrorist In Contrast To Foreign Detainees. The Los Angeles Times (10/15, 918K) editorializes in support of charging Adam Yahiye Gadahn with treason, writing, "The government's attempts to circumvent the Constitution in its war on terror -- by establishing military tribunals lacking in due process and

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wiretapping Americans without a warrant -- have been roundly and rightly criticized. But in this case, the Justice Department is relying on the U.S. court system and the most venerable of U.S. laws to bring a high-profile U.S. operative of Al Qaeda to justice."

NYTimes Faults Supporters Of Military Commissions Act. The New York Times (10/15, 1.21M) editorializes about the Military Commissions Act, writing that Sen. Lindsey Graham "and other supporters of this dreadful legislation seem to have forgotten that American justice does not merely deliver swift punishment to the guilty. It also protects the innocent. ... Mr. Bush wants Americans to trust him to apply these powers only to truly dangerous men. Even if our system were based on that sort of personal power and not the rule of law, it would be hard to trust the judgment of a president and an administration whose records are so bad."

US Security Policy Could Help Free 9/11 Suspect In Germany. McClatchy Newspapers (10/15, Schofield) reports from Hamburg, Germany, "There is no dispute that Mounir el-Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon. .. .He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al-Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States that was used to help finance the hijackers' pilot training." McClatchy continues, "German authorities charged him with 3,066 counts of accessory to murder, and in February 2003 he was convicted — the first person to stand trial in the attacks. .. .But that conviction was overturned by a German appeals court in 2004. This year, he was ordered released pending resolution of appeals. … Now el-Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history." McClatchy adds, "A German court Thursday began a hearing into whether the accessory-to-murder charges should be restored. The German government is seeking a third trial in the matter. … Among the issues is whether the United States will allow German lawyers to question two key figures in the Sept. 11 plot: alleged ringleader Khalid Sheikh Mohammed and co-conspirator Binalshib."

Supermax Prison Housing Terrorists Is Understaffed. The AP (10/15, Tsai) reports, "Staffing at the Supermax prison [in Colorado] has gotten so low that job hazards have increased for correctional officers watching over the nation's worst terrorists," including al-Qaida member Zacarias Moussaoui, Unabomber Theodore Kaczynski and Oklahoma City bombing conspirator Terry Nichols, "an arbitrator has ruled. ... The American Federation of Government Employees had said assaults and threats increased after staffing at the Supermax was reduced last year." The AP notes, "Housing units at Supermax require three officers per shift, but entire units were sometimes left unstaffed, and cells were not being searched regularly, the arbitrator found."

Islamic Schools Test British Principle Of Integration. The New York Times (10/15, Cowell, 1.21M) reports on Islamic schools operating in Britain, "The visible differences -- the way female teenagers wear the full-length dress and head-covering and the boys wear black robes and skullcaps -- play into a ferocious debate about the sense of separateness or readiness to integrate Britain's estimated 1.8 million Muslims, about 3 percent of the population." The Times writes, "Only 7 Islamic schools receive public financing, compared with 36 Jewish schools, and about 7,000 Christian schools. The parents of just 3 percent of Muslim students enroll them in Islamic schools, where the education is generally rigorous and there is a code to nurture their Islamic identity, shield them from discrimination and provide moral guidance." However, some analysts express "fear that a premium on cultural separateness has Britain 'sleepwalking into segregation.'" One Islamic principal says that "students from Islamic schools…were not associated with either the religious and racial riots in northern England in the early 2000's or in any of the recent terrorism conspiracies," but police say that in heavily Muslim Leicester "they rounded up what they called an Al Qaeda cell" in 2002.

Hyde Park Visitors Discuss Islam. The Washington Post (10/15, A14, Corner, 748K) reports on a typical day at Speakers' Corner in Hyde Park, "The hot topics on this day were immigration in general and Muslim immigrants in particular." One woman asks Muslim women why they wear hijabs and has heard "heard answers ranging from 'I am happy to wear it' to 'It's the way of my husband.'"

PATRIOT ACT:

Ashcroft Claims ACLU Benefits From Its Attacks On The Patriot Act. In a short interview with the New York Times Magazine (10/15, Solomon) former US Attorney General John Ashcroft answered a question regarding the Patriot Act by saying, "After years of misrepresentation and pillorying by a variety of groups like the A.C.L.U. that ended up making a lot of money by opposing it and developed a lot of membership by opposing it, its renewal passed by 89 votes in the Senate. … If you

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think they don't care about membership, I think that's a naïve understanding of the way politics works in America."

HOMELAND RESPONSE:

Former Sen. Daschle Calls For Action In Anthrax Case. In a commentary for the Washington Post (10/15, B7, 748K), former Sen. Tom Daschle recalls the anthrax mailings that targeted his office and killed five people elsewhere. He points up four areas for improvement: "We ought to use this fifth anniversary of the attack to rededicate ourselves to solving the crime and ensuring that we are better prepared to confront similar attacks. First, the FBI and the Justice Department must treat this investigation with urgency. ... Second, the Sept. 11 commission called for the creation of an FBI national security workforce and for a recalibration of the FBI mission -- from sole concentration on its criminal justice mission and toward increased focus on national security. ... Third, progress on the investigation and needed reforms are hindered by a lack of congressional oversight. ... Finally, there has been precious little reform of our public health infrastructure to ensure that we are prepared for future terrorist attacks and health emergencies."

WAR NEWS:

Bush's Justification For War Seen As Evolving. The AP (10/15, Raum) reports, "President Bush keeps revising his explanation for why the U.S. is in Iraq, moving from narrow military objectives at first to history-of-civilization stakes now. ... 3 1/2 years later, with no weapons found, still no end in sight and the war a liability for nearly all Republicans on the ballot Nov. 7, the justification has become far broader and now includes the expansive 'struggle between good and evil.'" Brookings pundit Michael O'Hanlon said that the "shifting rationales" each had "some validity"; however, he added, "The problem is they can't change the realities on the ground in Iraq, which is that we're in the process of beginning to lose." The negative AP piece calls recent events "dispiriting" and contends, "The more ominous and determined his words, the more skeptical the American public appears."

26 Iraqis Dead After Revenge Killing Spree. The New York Times (10/15, Lou, Mizher, 1.21M) reports that Balad, "a rural Shiite town northwest of" Baghdad "exploded in sectarian reprisals on Saturday as angry residents, many roving the streets in armed packs on the backs of pickup trucks, killed at least 26 people from a nearby Sunni village" of Dhuluiya, following the discovery of "14 Shiite construction workers…beheaded bodies…in an orchard in Dhuluiya. The workers, from Balad, had been kidnapped. Hamad al-Qaisi, governor of Salahuddin Province, which includes both towns, met with "tribal sheiks to urge restraint. He said he exacted their promises to do what they could." He also "has asked the American military to help him impose order."

The Washington Post (10/15, A14, Knickmeyer, Aldin, 748K) adds that medical workers, residents, police and militia leaders said many of the dead were "brought to a hospital bearing the marks of electric drills and other signs of torture." According to Shiite leaders in Balad, "they responded to the farmworkers' killings by asking a Baghdad office of Moqtada al-Sadr, an influential Shiite cleric, to send militiamen and weapons." During the night "reinforcements from the Shiite-controlled Interior Ministry arrived and residents cowered in their homes." This "fighting in the Tigris River towns served as a microcosm of the Shiite-Sunni killing that has increased dramatically this year."

The AP (10/15, Bodeen) reports that, besides the 26 Sunni Arabs' deaths, "the U.S. military, meanwhile, reported the deaths of a Marine and four soldiers." Sectarian fighting "has killed 43 people so far in Balad, 50 miles north of Baghdad."

US Military Works To Prepare Iraqis To Take Control Of Security. NBC Nightly News (10/14, story 3, 2:30, Seigenthaler, 9.87M) reported that "in Baqouba, the Iraqi army is taking on increased responsibility for security with American forces providing support." NBC (Arraf): "In a region ripped apart by sectarian violence they are fighting an uphill battle to make Iraqis trust them." Col. Brian Jones, Cmdr. 3rd Heavy Brigade Combat Team: "As the al Qaeda elements come in the extremists from the Sunni side, the extremists from the Shia side, are coming in to combat them. And so again spinning into a cycle that continues to build." Arraf: "Brigadier General Dana Petard oversees military training teams. As Iraqi troops take on more responsibility Americans are working with them make sure they don't take sides." Brigadier General Dana Petard: "Any mission the transition teams are on, there is no problems with sectarian violence on those missions." Arraf: "The officers planning the latest raid have reasons to want revenge. 'We call this operation "hunting rats,"' this captain says. Their battalion, Sunni and Shia, has lost 170 of its 700 men over the last two years. But Colonel Ibrahim Abid tells them to make sure their soldiers treat people with respect. ... It is a cycle of violence that could spiral out of control unless people are persuaded to turn to the Iraqi army for protection."

Shakeup Begins In Iraqi Police. The AP (10/14, Rising) reports, "Iraq's Shiite-dominated Interior Ministry, whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders,

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a spokesman said Saturday." The spokesman said "up to 600" of the fired employees will be prosecuted. The AP comments, "The Shiite-led national police force, controlled by the Interior Ministry, is widely accused of being infiltrated by Shiite militias blamed in slayings of Sunni Arabs. Critics say Prime Minister Nouri al-Maliki has been reluctant to move against the militias since many are linked to parties in his coalition. ... Sadr City, the sprawling Shiite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone, and U.S. commanders say they are waiting on the command from al-Maliki's government." The Washington Times publishes an abbreviated version of this article.

Al Qaeda In Iraq Calls "Insurgent Video" Fake. The AP (10/14) reports, "Al-Qaida in Iraq said Saturday that a recent video tape made by a man claiming to be an insurgent who called for the replacement of the head of the terrorist group was fabricated. ... On Friday, a man who said he was an Iraqi Islamic insurgent released a video tape urging Osama bin Laden to replace al-Qaida in Iraq's leader with an Iraqi national." The umbrella Mujahedeen Shura Council claimed that the false videotape "shows the great dilemma that the Crusaders' coalition is passing through in Iraq especially after the calls for withdrawal that were released by the British army," a reference to the statement by Gen. Richard Dannatt. About 35 sites carried this story.

Attacks On Journalists In Iraq Continue. The Los Angeles Times (10/15, Smith, Rasheed, 918K) reports, "Gunmen killed a radio journalist and kidnapped a television reporter, Iraqi police said Saturday, continuing a spate of attacks that has killed 14 media employees in recent weeks." The continuing attacks "are raising concern that the groups responsible for Iraq's sectarian bloodletting are turning their attention to the news media." Most of the recent victims have worked for "relatively independent" organizations. The Times continues, "The Committee to Protect Journalists, based in New York, reported Friday that 85 journalists and 35 media support workers had been killed in Iraq since March 2003, making the war there the deadliest conflict for the media in the last 25 years."

Disfigured Iraqi Girl Receives Plastic Surgery At UCLA. The Los Angeles Times (10/15, Streeter, 918K) reports in a 5,399-word article on the 9-year-old Iraqi Marwa Naim, who was disfigured by shrapnel in an explosion that killed her mother. The Times reports, "The Americans were invading Baghdad, and Marwa Naim blamed them. She would never forget the explosion." However, "the UCLA Medical Center and its chief of plastic surgery, Dr. Tim Miller, offered to restore her face -- for free. But if Americans had hurt her, could they be trusted to heal her?" The Times describes her months of multiple surgeries in America and her bittersweet return to an unstable Iraq: "She said that she was happy to be home but that she was rarely allowed to go outside, because of the violence."

Besieged Baghdadis Seek Inspiration In Billboards. The AP (10/14, Hendawi) reports, "Thousands of posters and billboards dot Baghdad with messages of hope for a city of gloom, where residents largely stay home, afraid of the streets, their pain and grief deepening every day amid unending violence. ... The images are in stark contrast to the blitz of upbeat street ads that filled the Iraqi capital in the two years after Saddam Hussein's ouster in 2003." Today's billboards "are an unusually blunt acknowledgment of just how grave conditions have become" in a society where "the use of images is a particularly important part of" public life."

The bleak article describes what Baghdadis now see in daily life: "On any given day, citizens step from their homes to see police trucks loaded with dead, blood-drenched corpses, the beheaded bodies of men snatched from their homes or workplace by gunmen in police uniforms, body parts strewn across a street or dangling from a roof in the wake of a bombing. ... Baghdad has an unemployment rate of a staggering 30 percent. Power outages are routine and last up to three days at a time. The price of gasoline has risen by as much as 12-fold since Saddam's ouster and fuel is often scarce." More than 40 sites carried this story.

Baghdadis Turn To "Doctor Phil" For Comfort. The Los Angeles Times (10/15, Daragahi, 918K) reports, "Syndicated and subtitled versions of 'Dr. Phil' and 'The Oprah Winfrey Show' are growing popular throughout the Middle East. For Iraqis, they offer a window to a world in which people are more concerned with bedroom and workplace foibles than mortar rounds and death squads." The Times follows a 50-year-old Iraqi family man who "worries about the unspeakable" but "hopes 'Dr. Phil' can serve as a substitute social world for his children, who aren't able to spend time with friends, date, or even leave their home after dusk."

Lawyers Try To Free American Held In Iraq. The New York Times (10/15, Lewis, 1.21M) reports, "An American citizen who was tried in an Iraqi court on charges that he had assisted in the kidnapping of three Romanian journalists last year has been sentenced to death, along with five Iraqi co-defendants, a spokesman for the United States Embassy in Baghdad said Saturday." Mohammad Munaf's lawyers have argued "that his death sentence undermined one of the United States government's principal arguments for transferring him, namely that he would be in no danger of physical abuse in Iraqi custody." The DOJ has argued "Mr. Munaf was not actually in United States custody but was

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being held by a multinational force." The Times lists earlier cases in which judges have ruled against the military's claim that "an American [is] being held by a multinational force" rather than by the US military.

NATO Commander Shifts To More Aggressive Tactics In Face Of Attacks. The New York Times (10/15, Gall, 1.21M) reports on NATO commander Lt. Gen. David Richards's assessment of the war with the Taliban. He "talked like a peacekeeper" when he arrived in Afghanistan, but "was quickly forced to put many of those plans aside and engage in hard fighting, not least to show the insurgents, and the wavering local population, that his troops were a force to be reckoned with." Richards's troops "came under repeated attacks, both on patrol and at their bases, forcing NATO to call in air and artillery strikes that inevitably killed scores of the very civilians he was trying to win over. It was not exactly the hearts-and-minds strategy he had planned." However, he "says that about 10 percent of the population in the south may support the Taliban, that 20 percent are opposed to them, and that the rest are stuck in the middle."

Two NATO Soldiers Are Killed. The New York Times (10/15, 1.21M) reports, "NATO reported that two of its soldiers died in combat in Kandahar Province on Saturday, and a bomb struck a provincial governor's convoy east of Kabul, the capital, narrowly missing him, Afghan officials said."

Boston Globe Denounces Tillman "Coverup." The Boston Globe (10/15, 425K) editorializes, "Of the thousands of deaths, military and civilian, in the Afghanistan and Iraq wars, none so captures the mix of patriotism, impulsiveness, and dishonesty in the US mission as the shooting death of Pat Tillman by members of his own platoon. ... Tillman's life and death have come under a new spotlight as a result of a revealing 12,749-word article by Gary Smith in Sports Illustrated," which reveals that he "told a fellow soldier that he thought the war was '[expletive] illegal.' According to Smith, Tillman was looking forward after his discharge to having a friend arrange a meeting with Noam Chomsky." The Globe concludes, "If the inspector general does not provide a persuasive and public accounting of what occurred, Congress should do the job itself."

Sen. Kerry Critiques Conduct Of War In Woodward Interview. In the Washington Post (10/15, 748K), Sen. John Kerry gives a 2,538-word interview with Bob Woodward in which Kerry sharply criticizes the administration's conduct of the war. Kerry faults the administration for failing to install a "pretty extensive outreach effort" (consisting of "President George Herbert Walker Bush, President Jimmy Carter, President Bill Clinton ... President Ford, Brent Scowcroft, Zbig Brzezinski, Jim Baker, George Shultz") before starting the GWOT and for ignoring Secretary of State Powell's misgivings. He adds about Iraq, "[I]t wasn't really until three months before the war starts that Bush got involved in aftermath planning," and charges that the administration ignored the "fairly elaborate plan" drawn up by the State Department.

Kerry sharply criticizes Secretary Rumsfeld, expressing "incredulity" at "the notion that you have to send people to war simply because you put them there." He concludes, "I think history is going to be very, very tough on not just the way the war has been managed, but on the way in which the decision to go to war was carried out."

Former Ambassador Dennis Ross Proposes "Plan For Iraq." In a commentary for the Washington Post (10/15, 748K), former Middle East negotiator Dennis Ross proposes three steps: "First, it's time for the Bush administration to insist that a national reconciliation conference be held and not be disbanded until agreement is reached on amendments to the constitution. ... Second, a long-discussed regional conference with all of Iraq's neighbors should be held. ... While Iraq's neighbors may agree on little else, the common interest of wanting to avoid an all-out civil war in Iraq could create a basis for a general set of understandings on what they will and will not do to help foster stability there. ... Third, President Bush should inform Maliki that we will not impose a deadline for withdrawal but we are going to negotiate with his government a timetable for our departure."

Lawyer Suggests More Advisors, Less Force In Iraq. In a commentary for the New York Times (10/15, 1.21M), lawyer and former "embedded advisor" Philip Carter writes, "When I finally left Baquba, the violent capital of Iraq's Diyala Province, I found myself questioning many aspects of our mission and our accomplishments, both in a personal search for meaning and a quest to gather lessons that might help those soldiers who will follow me." Carter worked "to build the provincial police so they could provide security and the rule of law." After his experiences, he warns, "This is the central paradox of the Iraq war in fall 2006: we are making progress in developing the Iraqi Army and police, yet the violence gripping the country continues to worsen. ... Given Iraq's historic antipathy to invaders and the strength of today's insurgency, I believe only a wholly unconventional approach will work. This means many more embedded advisers like myself, working in tandem with teams from the State Department and other agencies, supported by combat forces only when force is necessary."

Book Reviews Focus On Conduct Of Iraq War. In the Washington Post Book World (10/15), British journalist Martin Kettle writes of *Hubris*, "This [book], however, pulls together with unusually shocking clarity the multiple failures of

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process and statecraft that led so many people to persuade themselves that the evidence pointed to an active Iraqi program to develop weapons of mass destruction and that it was in the interests of the United States to overthrow Saddam Hussein."

New Biography Of Powell Portrays Him As "Loyal To A Fault." In a review for the Washington Post Book World (10/15), journalist George Packer discusses the new Colin Powell biography *Soldier*. Packer calls Powell "an uncommonly decent man, a stellar product of great American institutions. But when those institutions failed -- when the Bush administration took the country to war in Iraq, rashly and under false pretexts -- Powell did not have the imagination to challenge or, finally, defy the system that had made him." Secretary Rumsfeld and Vice President Cheney are called "more intellectually aggressive" and "far more ruthless" than Powell in the run-up to war.

NYPost Review Praises New Book About Fallujah Retaking. In the New York Post (10/15, 608K), former Special Forces Lt. Col. Gordon Cucullu says of *We Were One* by Patrick O'Donnell, "With unprecedented initiative Patrick K. O'Donnell volunteered to live and fight alongside American soldiers and Marines in Iraq in order to construct a real-time, eyewitness history of the fighting." O'Donnell focuses on the Second Battle of Fallujah and puts a "human face on the troops who are fighting against some of the fiercest enemies America has ever encountered."

NYPost Review Praises New Max Boot Book. In the New York Post (10/15, 608K), columnist Ralph Peters says of *War Made New: Technology, Warfare and the Course of History, 1500 To Today* that it is "worth every penny. It's not only a terrific read; it's a cheap education on how, for half a millennium, machines made war and war made machines." However, Peters faults Boot for being "reluctant to burn bridges to establishment figures. Despite his fateful errors in Iraq, Donald Rumsfeld slips from the author's hands like a cobra covered in K-Y Jelly, eluding criticism."

Advocate Calls For VA To Better Plan To Handle Iraq, Afghanistan Veterans' Claims. CNN's This Week At War (10/14, 7:44 p.m., Roberts) recaps an earlier report by Sanjay Gupta about the demands that returning veterans put on the VA healthcare system. CNN then interviews Paul Sullivan of Veterans for America, who says VA faces a "crisis." Sullivan: "They have Vietnam veterans coming, still filing claims from the Vietnam war, veterans coming in an defiling claims from the Gulf War, and now we have returning Afghanistan and Iraq veterans to the tune of hundreds of thousands." Sullivan estimates this could result in 400,000 to 700,000 veterans seeking VA healthcare and benefits. Invited by the CNN interviewer, Sullivan drew a comparison to Vietnam veterans, saying veterans may file claims that aren't immediately obvious and develop over years. Sullivan says, "Right now, VA has a window of opportunity. They have no plan to address this huge tidal wave of veterans coming back and congress and the Department of Veterans affairs need to act now: Develop a plan, collect some data," and "find out how much this is going to cost taxpayers."

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Morford Takes Over As Interim US Attorney In Nashville. The Nashville City Paper (10/15, Allen) reports, "Just before he left office, Jim Vines, who recently stepped down as Nashville's U.S. Attorney, said one of his greatest accomplishments was building up the Nashville office to a point where it could handle another Tennessee Waltz-type investigation. … 'Even though it centered around the legislature, it had to be handled out of the Memphis office,' Vines said last month in an interview with The City Paper, explaining that when the investigation into corruption at the Capitol began, the Nashville office was simply not up to the task of leading it. … 'But if we were to have another ethics scandal, we could do it here now,' Vines said. … So it seems fitting that after Vines' exit, the man selected to replace him – at least in the interim – is credited with cleaning up what was formerly the single most corrupt city is the United States: Youngstown, Ohio." The City Paper continues, "Youngstown is the hometown of former U.S. Rep James Traficant, who was indicted on federal corruption charges in 2002 and sentenced to eight years in prison. … For decades, most of Youngstown's local leaders were controlled by mafia bosses, who routinely blew up one another with car bombs. … That was until a U.S. attorney named Craig S. Morford arrived in Cleveland." The City Paper adds, "Over a period of five years, Morford investigated, prosecuted and convicted 70 individuals, including mob bosses, the county sheriff, county prosecutor, a nearby police chief, four judges and 10 attorneys. … Two weeks ago, the U.S. Department of Justice named Morford to head up the Nashville U.S. Attorney's Office. … The appointment is temporary for now – Morford's family is staying in Cleveland for the time being – but the career prosecutor, armed with decades of experience in high-profile cases, is already diving into his job in Nashville. … And he is prepared to lead the office in whatever direction it needs to go."

CORPORATE SCANDALS:

Options Probe Tarnishes Finance Jobs. The San Francisco Chronicle (10/15, D - 1, Said) reports, "Headhunter Larry Ormsby was seeking a new chief financial officer for a

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Silicon Valley company recently. Then news cropped up that one of his candidates had big black mark on his resume: The company where he had previously been CFO was implicated in the stock options backdating scandal now grabbing headlines. … 'That was enough for us to say, "Let's not pursue this person,"' said Ormsby, senior client partner at Korn/Ferry International in San Francisco specializing in CFO and other senior finance positions. 'Clients aren't comfortable making a hire when there is some gray area of uncertainty about what happened' at a candidate's previous jobs." The Chronicle continues, "People caught up in probes over improper backdating of stock options may have bigger worries than their next job. But recruitment experts and others say the scandal may tarnish the careers of those in decision-making positions at the companies being investigated, regardless of whether they are ever charged with a crime. … About 125 companies, nearly a quarter of them in Silicon Valley, are facing probes over whether they improperly granted stock options that were retroactively linked to dates when their stock price was low, thus giving recipients a leg up on potential profits. Such backdating is illegal unless it is disclosed and accounted for properly -- something that many companies evidently failed to do." The Chronicle adds, "Investigators from the Securities and Exchange Commission, Justice Department and the companies themselves are sifting through documents to try to figure out who did what when. … About 30 executives and board members have gotten the ax over their involvement in backdating, but experts expect the toll to rise as companies finalize investigations of themselves. Only two cases so far have resulted in criminal charges being filed."

CRIMINAL LAW:

Mehlman Allegedly Ordered State Dept. Official's Ouster At Abramoff's Behest. The Los Angeles Times (10/15, Wallsten, 918K) in an article titled, "Displease A Lobbyist, Get Fired," reports, "For five years, Allen Stayman wondered who ordered his removal from a State Department job negotiating agreements with tiny Pacific island nations -- even when his own bosses wanted him to stay. Now he knows. Newly disclosed e-mails suggest that the ax fell after intervention by one of the highest officials at the White House: Ken Mehlman, on behalf of one of the most influential lobbyists in town, Jack Abramoff. The e-mails show that Abramoff, whose client list included the Northern Mariana Islands, had long opposed Stayman's work advocating labor changes in that U.S. commonwealth, and considered what his lobbying team called the 'Stayman project' a high priority." According to the Times, "The latest revelations provide more detail than the Bush administration has acknowledged about how Abramoff and his team reached into high levels of the White House, not just Capitol Hill, which has been the main focus of the influence-peddling investigation. The e-mails, disclosed as part of a report by the House Government Reform Committee, show how Abramoff manipulated the system through officials such as Mehlman." The Times notes Mehlman "said he did not recall the details of his contacts with the Abramoff team, including discussions about Stayman."

Weldon Was Unaware Of FBI Corruption Investigation. The AP (10/15, Hefling, Jordan) reports on the active FBI investigation of Rep. Curt Weldon regarding whether he "used his influence to secure lobbying and consulting contracts for his daughter," Karen Weldon. The AP notes that Weldon's chief of staff, Russ Caso, "said Saturday no one had notified him of an investigation. … Caso said Weldon and his staff were '100 percent caught off guard' when they learned of the investigation, first reported late Friday by McClatchy Newspapers." The AP adds, "Two people familiar with the investigation told the AP on Saturday that the inquiry was being handled by agents from the FBI's field offices in Washington and Philadelphia and was being coordinated by the Justice Department's Public Integrity Section."

Police Chiefs Blame Rise In Violent Crime On Federal Focus On Homeland Security. NBC Nightly News (10/14, story 5, 2:30, Seigenthaler, 9.87M) reported, "In Iowa tonight authorities are investigating the death of a family of five, in an unrelated case a family of four was found murdered Friday along the Florida turnpike. Examples of a growing trend in this country, violent crime on the rise." NBC (Williams): "Many police chiefs claim the Federal government has put so much emphasis on homeland security it is neglecting crime on the street."

Web Gambling Sites Continue Advertising Despite Crackdown. The AP (10/15, Caruso) reports, "Despite repeated warnings from law enforcement officials, offshore Internet gambling companies have continued to advertise heavily in the United States." The AP continues, "Giant billboards in Manhattan, some several stories high, brazenly advertise Internet gambling sites like Sportsbook.com, now based in Antigua. … Promotions for BetUS, a Canadian and Costa Rican company that takes wagers on American sports, run regularly on the Howard Stern Show on Sirius Satellite Radio. Fantasy football magazines on sale at newsstands are packed with ads for online bookies and casinos." The AP adds, "The advertisements -- which the companies insist are legal -- have helped attract millions of customers to online gambling, and may have left the impression that both the ads and online

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wagering are legal. … They are not, said Paul Larrabee, a spokesman for New York Attorney General Eliot Spitzer. … 'Gaming and bookmaking are not legal in New York, so anyone who markets to a New Yorker may be in violation of New York state law,' Larrabee said. 'We have done case after case after case involving instances where an act that is illegal in New York is marketed to New Yorkers.' … Actual prosecutions of advertisers for promoting gambling are rare, however, and media companies accepting the ads insist they are breaking no law. … That position sometimes hangs on a looser interpretation of gambling laws. … ESPN, for example, runs ads for online poker sites during its broadcasts of the Word Series of Poker, but says it does so only for Web pages that don't actually process bets. … 'We only accept advertising for educational, learn-to-play, for-free sites,' said ESPN spokeswoman Keri Potts. … Many of these so-called 'educational' sites, however, are simply companion pages to full-fledged gambling operations, easily reachable with a few mouse clicks or by changing the last few characters of a Web address from '.net' to '.com.' … Potts said it wasn't up to ESPN to investigate those affiliations. … The Justice Department has taken a different view. In 2003 it warned that publishers and broadcasters who advertise gambling sites could be prosecuted for aiding and abetting a crime. … A year later, federal authorities pressured the parent company of the Discovery Channel into forfeiting $6 million in advertising money that had come from online poker sites."

Web Data Controls Seen As Lacking. The AP (10/15) reports, "If you don't like what your favorite Internet search engine or e-commerce site does with information it collects about you, your options are limited to living with it or logging off." The AP continues, "Major search engines, for instance, all keep records of your searches for weeks, months or even years, often tied to your computer's Internet address or more. Retailers, meanwhile, generally presume the right to send marketing e-mails. … Although online companies have become better at disclosing data practices, privacy advocates say the services' stated policies generally don't give consumers real choice. … 'None of them have gotten to the point of giving a lot of controls in users' hands,' said Ari Schwartz, deputy director of the technology watchdog group Center for Democracy and Technology. Privacy policies 'are about notice ... not about control.'" The AP adds, "Recent developments - from companies losing laptops containing sensitive data to Time Warner Inc.'s AOL releasing customers' search terms - have again turned the spotlight on Internet privacy. … But the push for stronger federal protections is countered by Attorney General Alberto Gonzales' desire to require Internet providers preserve customer records to help prosecutors fight child pornography. Officials have released few details, though they say any proposal would keep the data in company hands until the government seeks a subpoena or other lawful process." The AP notes, "Federal law already limits how personal financial and health care data may be used, but U.S. privacy laws are generally considered weak compared with Europe and Canada. … Industry groups have stepped in with guidelines that go beyond legal requirements."

CIVIL RIGHTS:

San Francisco Behind Schedule For Police-Conduct Plan. The San Francisco Chronicle (10/15, A-1, Sward) reports, "Eight months after Mayor Gavin Newsom vowed to ride 'roughshod' over the Police Department to ensure adoption of a computerized system to track officers' use of force and other conduct, the plan has yet to be submitted to the Police Commission for a vote." The Chronicle continues, "In a February interview, after The Chronicle reported on use of force by San Francisco officers, Newsom said he wanted such a system adopted by the end of the year and added the move was 'in the best interest of the department in terms of public confidence and a kind of respect we are hoping to build again ...' … Since then, negotiations over the system's details have not led to a formal agreement by the participants, which include the department, the American Civil Liberties Union and the Police Officers Association." The Chronicle adds, "The proposal, which involves complex technology, has yet to be put out to bid, and the department -- rather than talking about having the system in place by year's end as the mayor pledged -- is now saying it plans to have a pilot program operating before the year is over. … Deputy Police Chief Charles Keohane said the proposed tracking system will soon be presented to the department's command staff and then will be forwarded to the Police Officers Association, which has "meet and confer" rights on any such change. … A series of articles in The Chronicle in February reported that about 100 San Francisco officers were responsible for a quarter of the incidents of force logged by the 2,100-officer department from 1996-2004, and that in recent years San Francisco officers had more force allegations filed against them than those in San Jose, Oakland, San Diego and Seattle combined. … The series also found that the department did not have an effective, computerized system for tracking the performance of officers and often failed to intervene with officers who reported using force much more than their peers."

Louisiana Community Continues Dialogue After Racial Bus Incident. The Shreveport (LA) Times (10/15, Welborn) reports, "A second community forum held Saturday (in Coushatta, LA) in response to an August incident in which nine black children allege they were seated at the back of a school bus because of their race drew a

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much smaller but no less interested crowd." The Times continues, "About 50 people gathered in Springville Baptist Church, compared to the 200 or so that crowded inside Will of God Ministries in early September for the first public forum. Only a sprinkling of adults indicated Saturday they did not attend last month's session. … Not in attendance were the parents or the children at the center of issue that has gained worldwide attention. But they were represented by Patricia Wilson-Sessoms and her mother, Coushatta councilwoman Rosetta Wilson, both of whom are related to three of the children." The Times adds, "Sessoms said she wished more had attended Saturday, but she realizes there were many events going on in Coushatta and other communities that likely drew people away. Still, she's pleased that the community dialogue is continuing and she looks forward to the next step in the process that is being led by Carmelita Pope Freeman, southwest regional director of the Justice Department's Community Relations Service. … Within the next few weeks, Sessoms and others will build teams that will act as negotiators in a meeting with the school system's negotiators." The Times notes, "More than bus seating is drawing comments from the public. Hiring practices, teacher certification, discipline, pupil-teacher ratios, testing and much more have been listed as concerns when it comes to the Red River Parish school system. … But it was the bus situation that has gained the most attention. The nine children complained at the beginning of school in mid August that their white bus driver, Deloris Davis, made them give up their seats to the white children. After the children's mothers filed racial discrimination complaints with the school system, Davis made new seating assignments but still put the children at the rear of the bus on two seats."

ENVIRONMENT:

Farmers Collect Multiple Forms Of Federal Aid For Single Disaster. As part of a series titled, "Harvesting Cash: Double-Dipping When Disaster Strikes," the Washington Post (10/15, A1, Gaul, Morgan, Cohen, 748K), in a front-page article titled, "Aid Is A Bumper Crop For Farmers," reports that "shortly after passing the Agricultural Risk Protection Act" in 2008, Congress "lost its fiscal will. One week before the presidential election, it passed a new $1.8 billion disaster bill to assist farmers hurt by bad weather. Two others followed in subsequent years, totaling more than $6 billion. Today, after a searing drought in the Plains, farm-state legislators are pushing for billions more in aid. The result is that farmers often get paid twice by the government for the same disaster, once in subsidized insurance and then again in disaster assistance, a legal but controversial form of double-dipping, a Washington Post investigation found."

In a related article the Washington Post (10/15, Gaul, 748K) profiles a farmer in North Carolina who received $4.7 million in federal disaster payments between 2001 and 2005. In another related piece, the Washington Post (10/15, Gaul, Cohen, 748K) reports, "There is an alternative to giving struggling farmers emergency disaster aid after every drought, hurricane and storm. … They can take out federally subsidized low-interest loans up to $500,000 for each disaster they experience. But the farmers tend to pass up the emergency loans in favor of the emergency cash."

Federal Aid Rules Said To Influence Crop Decisions. The Washington Post (10/15, A13, Gaul, 748K) reports, "Crop insurance helps to protect farmers against the vagaries of weather. But it can also alter the landscape of farming in a region, resulting in higher losses for taxpayers. Consider the lowly sweet potato. For years, it was excluded from federal crop insurance. But in the late 1990s, growers and legislators in North Carolina successfully lobbied federal officials for coverage. Soon, the number of acres planted with sweet potatoes was doubling and tripling, as were the claims filed by farmers."

Government Programs Bring Fresh Produce To Urban Areas. The Washington Post (10/15, A3, Goldstein, 748K) reports on "a new strategy for social change: a government campaign to bring supermarkets stocked with healthful food into neglected inner-city neighborhoods to improve public health. The Pennsylvania Fresh Food Financing Initiative, leveraging $30 million in state money with $90 million in private funds, is the most ambitious of a spate of state and local projects around the country. They represent a different model for public nutrition programs, which have relied since the 1960s on federal subsidies, such as food stamps and WIC."

CMS Genetic Testing Rules Considered Inadequate. The Washington Times (10/15, Price, 88K) reports, "Some scientists and consumer health groups are angry that the U.S. Centers for Medicare and Medicaid Services (CMS) has decided not to write new rules designed to improve the quality of laboratories that perform genetic testing, keeping in place current guidelines. … Late last month, the Genetics and Public Policy Center -- along with the Genetic Alliance and the Public Citizen Health Research Group -- filed a petition with CMS demanding the agency create a 'genetic testing specialty' under the provisions of the Clinical Laboratories Improvement Amendments (CLIA) of 1988, which CMS administers. The groups argued that additional regulation was necessary to ensure high-quality genetic test results, which they say are now used to diagnose more than 900 diseases."

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Faith Community Taking More Activist Stance Against Global Warming. The New York Times (10/15, Banerjee, 1.21M) reports, "Over the last year, religious activism on global warming has won much attention. Last February, 86 evangelical Christian leaders backed an initiative to combat global warming, a move that broke the evangelical movement's broad silence on the issue but exposed stark divisions." This month, 4,000 congregations of various faiths will show films on global warming, including 'An Inconvenient Truth.' [On Oct. 8, Christian, Muslim, Jewish and Buddhist leaders met in Philadelphia to discuss global warming.]" And "Greg Wickersham, a high school teacher and a member of the environmental ministry at Intown Community Church in Atlanta, which is affiliated with the theologically conservative Presbyterian Church in America, says, 'If you do worship the Creator, you take care of his creation.'"

FBI/DEA/ATF/USMS:

Drug Cartel Informant Lashes Out At US. The Dallas Morning News (10/15, Corchado) reports, "A former informant whose participation in drug-related murders in Mexico caused turmoil in the U.S. agency that paid him says that there were more killings than reported and that drug corruption extends into the U.S. and Mexican governments." The News continues, "In sworn testimony and in response to questions submitted through his attorney, Guillérmo Eduardo Ramírez Peyro, the man known as 'Lalo,' provided new details about his work as a drug cartel operative and as a U.S. government informant, and he claimed to have personal knowledge of extensive government corruption." The News adds, "Mr. Ramírez also lashed out at his former U.S. employers, saying they are turning their backs on him after he helped them apprehend dozens of drug traffickers. … 'With the names I provided they were able to arrest more than 50 people, and they took millions of dollars from drug proceeds from U.S. streets,' he said. 'In spite of that, I'm jailed here without any protection and without any guarantee that I will stay in the United States.'" The News notes, "Mr. Ramírez, 35, is being held by the U.S. government at an undisclosed location in the Midwest, fighting deportation to Mexico, where he insists he faces 'certain death.' … U.S. authorities characterize him as a renegade informant whose independent actions led, in part, to the August 2004 killing of an El Paso man, Abraham Guzmán, outside a hamburger restaurant in that border city. … Mr. Ramírez made his remarks in a written response to questions submitted through his attorney, Jodi Goodwin. He had agreed to speak with reporters from The Dallas Morning News, which first reported about his role in the cartel killings in March 2004; the Mexico city weekly magazine Proceso; the London Observer; and Narco News, an Internet blog, but prison officials transferred him hours before the scheduled interview."

IMMIGRATION:

Newspapers Seek Data On Immigrant Convicts. The Atlanta Journal-Constitution (10/15, Carr) reports, "A federal court of appeals hears oral arguments Tuesday in a case that has broad implications in the debate over illegal immigration and the public's right to know about illegal immigrant convicts who have not been deported as required by law." The AJC continues, "Cox Newspapers is asserting in its appeal that the Justice Department should release the names, birthdates and identity numbers of illegal immigrants who have served prison time for serious crimes, including child molestation, manslaughter, drug dealing and drunken driving. … Cox, which includes The Atlanta Journal-Constitution, revealed in a published report four years ago that hundreds of felons were never picked up in Georgia by immigration officials after serving their sentences." The AJC adds, "The Justice Department says that it has turned over some of the information requested by Cox under the Freedom of Information Act, which requires federal agencies to disclose government records to the public. The department gave Cox information about the illegal immigrants, including convicts' native country, date taken into custody and date of release, according to legal briefs filed in federal court. … But divulging personally identifiable information such as their full name, date of birth, alien registration number and FBI number would invade the privacy of convicted illegal immigrants and serve no public interest, Justice Department lawyers wrote in legal briefs." The AJC notes, "The case raises the question of whether illegal immigrants should be granted the same privacy protections that citizens and legal residents have in the Freedom of Information Act. … The U.S. Supreme Court has ruled that privacy protections extend to personally identifying information and they encompass criminal convictions that are a matter of public record, Justice Department lawyers wrote in a legal brief."

GOP's Split Over Immigration Said To Be Most Evident In Arizona. In a extensive 8,279-word piece for the New York Times Magazine (10/15) Joseph Lelyveld writes, "In Arizona, it becomes evident, the battle over illegal immigration is, in one of its dimensions, a battle over the future of the Republican Party in the state and, because of [Sen. John] McCain's ambitions, nationally as well. It also becomes evident that what anti-immigrant zealots call an 'invasion' is taking place not in spite of federal policies but, at least in Arizona, partly because of them." Lelyvel asks, "how come, if the issue of illegal immigration is the House

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majority's ticket to remaining in power, its own creature, the National Republican Campaign Committee, was spending money in the Republican primary held last month to defeat…a down-the-line, seal-the-border, anti-immigrant crusader named Randy Graf, in the one House race in Arizona in which a seat was clearly up for grabs? A self-proclaimed Minuteman, running in the Eighth Congressional District…Graf was leading in polls of likely primary voters. Yet the smart money in both parties seemed to be betting that a Graf victory would guarantee that the seat, Republican for the last 22 years, would swing Democratic. So while national parties normally steer clear of local primaries…out-of-state Republican money was flowing in the Eighth to a moderate with a 'common sense' approach to immigration issues not unlike John McCain's, while national Democratic money, in a peculiar twist, was paying for ads portraying that same moderate as a wimp on illegals, in hopes of putting the supposedly beatable Randy Graf over the top in the other party's primary."

Hispanic Immigrants Drive US Population To 300 Million. The Washington Times (10/15, Price, 88K) reports the U.S. Census Bureau "says it expects the nation's population to reach 300 million on Tuesday, 39 years after the 200 million mark was reached and 91 years after the county's population hit 100 million." The Times goes on to report that the primary engine of population growth in the US has been the influx of Hispanic immigrants. According to the Times, "The first effort to count them came in the 1970 census, which found a total U.S. population of 203 million and 9.6 million Hispanics. There are about 43 million Hispanics in the country today, according to the Census Bureau." By 2050 Hispanics "will account for about a quarter of the U.S. population."

CONGRESS-ADMINISTRATION:

Bush Dedicates Air Force Memorial. NBC Nightly News (10/14, story 8, 2:00, Siegenthaler, 9.87M) reported, "Unlike the Army, Navy and the Marines, the Air Force has not had a memorial to its veterans near our nation's capital. That changed today on a hilltop in Arlington, Virginia, when President Bush dedicated a striking monument to the men and women of the youngest branch of the military." He "honored the 54,000 men and women of the Air Force who died in combat." Bush: "To all that climbed and chased the shouting wind America stops to say your service and sacrifice will be remembered forever." Secretary of Defense Donald Rumsfeld: "We commemorate the aviators who captured our country's imagination and proved critical to the defense of our nation time and again." Siegenthaler: "With the nation again at war, veterans say they hope it inspires future generations to serve." Unidentified: "Most people out here come and immediately get it. They understand what the memorial is all about."

Noting Bush's reference to the war against terrorism both the AP and the Washington Times (10/15, Emerling, 88K) quote Bush saying, "And looking from this promontory to a place once filled with smoke and flames, we remember why we need them."

The AP (10/15, Loven) reports, "President Bush helped the Air Force make a dream come true on Saturday, dedicating a hilltop monument for the service to the memory of airmen lost defending America and to those that fight for it still." Bush said, "To all who have climbed sunward and chased the shouting wind, America stops to say your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation."

In its metro section the Washington Post (10/15, C11, Shapira, 748K) focuses on the experience of veterans at the ceremony and only mentions that Bush and Rumsfled made speeches as "hundreds of VIPs joined current and retired Air Force brass underneath the dizzying monument."

Despite Public Support For Son, Aides To Bush's Father Say Discord A Reality. The New York Daily News (10/15, DeFrank, 729K) reports, "At this month's christening of the nuclear aircraft carrier bearing his name, former President George H.W. Bush delivered a rousing endorsement of his son. 'I am very proud of our President,' the elder Bush said in rain-swept ceremonies in Newport News, Va. 'I support him in every single way with every fiber in my body.'" However, "Many of his closest former aides beg to differ. Indeed, one of the worst-kept secrets in Bush World is the dismay, in some cases disdain, harbored by many senior aides of the former President toward the administration of his son -- 41 and 43." The Daily News continues, "As the war in Iraq has worsened and public support for the current administration has tanked, loyalists of the elder Bush have found it impossible to suppress their disillusionment -- particularly their belief that many of 43's policies are a stick in the eye of his father." One "key member of 41's team said, 'Forty-three has now repudiated everything 41 stands for, and still he won't say a word. Personally, I think he's dying inside.'"

Increase In Uninsured Children Coincides With Bush's Years In Office. The Los Angeles Times' Ronald Brownstein (10/15) writes, "Until recently, children had been a bright spot in a dismal healthcare picture. Since President Bush took office, the total number of people in America without insurance has jumped from 39.8 million in 2000 to more than 46.5 million in 2005. The percentage of people receiving healthcare through their employer has dropped every year since 2000. Children haven't been

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immune to that trend. The share of children receiving healthcare through their parents' employer has also been falling. But until last year, government had stepped in to offset those losses." In 2005, "with state budgets squeezed, the number of children receiving insurance from public programs also fell. These twin retrenchments produced a jump of nearly 400,000 in the number of uninsured children -- the largest annual increase since 1995."

Bush Seen As Taking More Aggressive Stance On Issues As Elections Approach. Julie Mason in her "White House Watch" column in the Houston Chronicle (10/15, 535K) reports, "With the Republican political message galloping out of his control in the final weeks of the congressional campaign, President Bush tried corralling it last week with a news conference in the Rose Garden" which was noteworthy because "Bush has been using a different speaking style lately, with more angry-sounding, often highly partisan rhetoric and stronger body language." Bush "grips the podium, jabs a finger and raises his voice. He squares his shoulders, mocking Democrats and scoffing at critics of his policies." He is "in full-throttle campaign mode" because if he "can't lead his party to another majority in the House and Senate, his domestic agenda may wind up as scraps of forgotten rhetoric. He could also face stronger and more effective resistance to his Iraq policy."

Man Arrested After Jumping White House Fence. The AP (10/15) reports, "The Secret Service on Saturday apprehended a man who climbed over the fence along the North Lawn of the White House. Around 6:30 p.m. EDT, Alexis Janicki, 24, jumped the fence, said Secret Service spokeswoman Kim Bruce. He was immediately apprehended by the Secret Service uniformed division and taken into custody." He "was charged with trespassing and possession of a controlled substance, which was cannabis … President Bush was at the presidential retreat at Camp David in Maryland when the incident occurred."

OTHER NEWS:

Low Gas Prices Boost Economy But Expert Warns Prices Could Increase Sharply. NBC Nightly News (10/14, story 10, 2:20, Siegenthaler, 9.87M) reported, "The continuing fall of gasoline prices is fueling record highs in the stock market, and raising consumer confidence. The monthly consumer survey is at its highest point in more than a year as the prices at the pump slid for the eighth straight week. The national average stands at $2.24 a gallon." Energy analyst John Kilduff: "The collapse in prices we are experiencing is unprecedented. We have never seen it go from being so valuable to be so unvaluable in relation to crude oil. Still looking for prices on a national average to break $2.00. Really none of our worst fears materialized." But Kilduff noted the US has "a huge vulnerability because a lot of the crude oil we rely on is in countries and places that are unfriendly towards the US" and that the US is "merely a headline or two away from $70 or $80 oil again."

OPEC To Consider Voluntary Supply Cuts. The New York Times/Bloomberg (10/15) reports that OPEC "will hold an emergency meeting in Doha, Qatar, on Oct. 19 to discuss a 1 million barrel-a-day output cut, an OPEC delegate said." They will "discuss a voluntary supply cut aimed at reviving oil prices that have fallen by a quarter in the last three months. Members will debate whether to cut actual production or to lower the cartel's 28 million barrel-a-day output quota."

Competition Fails To Lead To Decrease In Electricity Utility Rates. The New York Times (10/15, Johnston, 1.21M) reports, "A decade after competition was introduced in their industries, long-distance phone rates had fallen by half, air fares by more than a fourth and trucking rates by a fourth. But a decade after the federal government opened the business of generating electricity to competition, the market has produced no such decline." The Times notes, "Instead, more rate increase requests are pending now than ever before, said Jim Owen, a spokesman for the Edison Electric Institute, the association for the investor-owned utilities that provide about 60 percent of the nation's power. … The Federal Energy Regulatory Commission and other federal agencies warn in a draft report to Congress that 'customers may experience rate shock' as utilities seek to make up for revenue they did not collect during the period of artificially reduced prices and to cover higher costs of fuel. They warned that 'this rate shock can create public pressure' to turn back from electricity prices set by the market to prices set by government regulators."

Recent Decline In Workers' Wages And Benefits Compared To Rise In 1990s. Eduardo Porter in an "Economic View" article in the New York Times (10/15, 1.21M) states, "Five years into a relatively robust economic expansion, it's understandable that many American workers feel that they are not getting their fair share of the pie." It's because "the share of the economy devoted to workers' wages and benefits has eroded in the United States over the last five years. But if it's any consolation, the trend for workers in other rich industrial nations isn't much better." According to the Bureau of Economic Analysis workers' wages and benefits "declined 2.5 percentage points from 2000 to 2005, to 56.5 percent of" GDP. That's in contrast to

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the late 1990s "when robust growth bolstered employment and increased labor's bargaining power. Workers' share of the economy grew 2.3 percentage points from 1995 to 2000."

Federal Reserve May Postpone Interest Rate Cut Over Concern About Inflation. Conrad De Aenlle in a "Market Week" article in the New York Times (10/15, 1.21M) writes, "Just when it looked as though a Federal Reserve interest-rate cut might be on the way, the Fed sent a message to Wall Street: not so fast. That, at least, was the way many traders interpreted the record, released last week, of the last meeting of the central bank's policy makers. It revealed that the policy makers continue to be concerned about inflation. That concern had been largely lifted in the minds of traders, but the Fed's statement is likely to revive it, especially this week, when reports are due on September wholesale and retail prices."

Bush And Rove's Optimism About Midterms Described As A "Self-Delusion." The Washington Post (10/15, A4, Abramowitz, 748K), in an article titled "White House Upbeat About GOP Prospects: Self-Assurance of Bush, Rove and Others Is Not Shared by Many in the Party," reports, "Amid widespread panic in the Republican establishment about the coming midterm elections, there are two people whose confidence about GOP prospects strikes even their closest allies as almost inexplicably upbeat: President Bush and his top political adviser, Karl Rove." Although "some" Republicans "are bracing for losses of 25 House seats or more," Rove "is predicting that, at worst, Republicans will lose only 8 to 10 seats." As for the Senate, Rove is said to believe, "a Democratic victory would require the opposition to 'run the table,' as one official put it, to pick up the necessary six seats -- a prospect the White House seems to regard as nearly inconceivable." The Post adds, "The official White House line of supreme self-assurance comes from the top down. Bush has publicly and privately banished any talk of losing the GOP majorities, in part to squelch any loss of nerve among his legions. … The question is whether this is a case of justified confidence -- based on Bush's and Rove's electoral record and knowledge of the money, technology and other assets at their command -- or of self-delusion. Even many Republicans suspect the latter. Three GOP strategists with close ties to the White House flatly predicted the loss of the House, though they would not do so on the record for fear of offending senior Bush aides."

GOP Hopes To Counter Democrats' Enthusiasm With Proven GOTV Effort. The New York Times (10/15, Toner, 1.21M) reports, "Pollsters say enthusiasm among Democrats is particularly high this year — significantly higher, by several important measures, than the intensity of Republicans. Republican strategists counter that they can compensate for any gap in enthusiasm with their legendary get-out-the-vote operation. The party has built its electoral success in the last two elections on identifying and producing nearly every obtainable Republican vote at the polls; this time may be more challenging, they say, but no different. 'I do think our base is coming together and will be coming together later, but four weeks is an eternity in this business,' said Representative Tom Cole, an Oklahoma Republican and longtime party strategist. Republicans will ultimately be motivated to vote, Mr. Cole said, and they will turn out on Election Day even if 'this is a race where professionalism has to make up for enthusiasm.'" The Times goes on to report, "The Republican machine was on full display last weekend in Ohio, where volunteers worked phone banks in all 88 counties on what the party called Super Saturday. They contacted 100,000 carefully selected potential Republican voters and knocked on the doors of 50,000."

The AP (10/15, Sidoti) reports, "In the battle for control of Congress, Democrats hope enthusiasm trumps Republican efficiency. Otherwise, they concede, they will have problems on Nov. 7 as a party still struggling to catch up with the GOP's ability to turn voters out of seeming thin air. 'Makes me green with envy,' says Ellen Malcolm, the president of EMILY's List, which backs female candidates who support abortion rights. She was speaking of the Republican Party program that relies on reams of polling data, publicly available information and consumer choice records to identify likely GOP voters in even the most Democratic precincts."

Most Congressional Incumbents Safe Despite Series Of Scandals. The Washington Times (10/15, Lambro, 88K) reports, "The overwhelming majority of House incumbents have little if any serious opposition in November's midterm elections, whose outcome likely will be decided by 30 to 40 tossup races out of a total of 435 contests. That is the inherent contradiction in an election portrayed as a titanic battle of fed-up voters unhappy with members of Congress when, in fact, a majority approve of their representatives' performance in office and are expected to return most incumbents to Washington, many by large majorities. … While voter approval of Congress has plunged to 32 percent in the wake of the lobbying and congressional-page scandals, a Washington Post-ABC News poll of voters last week found that at least 60 percent liked and supported their representatives."

Washington Scandals Dog House Members Seeking Statewide Office. The Los Angeles Times (10/15, Barabak, 918K) reports Rep. Jim Gibbons "has

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represented a big chunk of Nevada in Congress, enjoying the advantages of incumbency as he coasted to one easy reelection after another. But as he tries to move up to statewide office this fall, Gibbons isn't promoting all those years spent in Washington. … Gibbons, a square-jawed former airline pilot, is one of 16 House members -- nine of them Republican -- who have tried to move on to either a governorship or the Senate in this year's midterm election. Most have struggled in a political climate that nonpartisan pollster Andrew Kohut described as'anti-incumbent, anti-Washington, anti-Republican.' In Minnesota," GOP Rep. Mark Kennedy trails badly in his Senate bid. … In Colorado, where Republican Rep. Bob Beauprez is trying to become governor, 'the Washington burden' has all but killed his chances, said Floyd Ciruli, an independent polltaker in Denver. Even here in Nevada, where Gibbons is ahead in polls, Republicans fret that the Mark Foley sex scandal and other frustrations with the GOP-run Congress could depress party turnout and cost them an open governor's seat in Carson City."

Many Negative Ads Tie Candidates To Lobbyists And Special Interests. The Washington Post (10/15, A10, Birnbaum, 748K) reports, "The dirtiest word on the campaign trail this year is 'lobbyist.' In close contests from Connecticut to California, Republicans and Democrats are attacking each other for getting too close to 'special interests' and lobbyists. The accusation, a longtime election staple, is carrying greater heft than usual, election experts agree, thanks to the guilty plea of disgraced lobbyist Jack Abramoff in January. … Candidates and independent organizations have run more than 300 political ads suggesting that the incumbents, the challengers or both have been co-opted by narrow interests or, worse, have actually lobbied."

Ickes' Group Targets Bush In Ad To Air In Competitive House Districts. The New York Times (10/15, Broder, 1.21M) describes an ad created by the September Fund, "a new independent group founded by the Democratic operative Harold M. Ickes," which "was first broadcast Thursday on CNN and will be shown in as many as a dozen competitive Congressional districts starting next week." In the ad, a "succession of Americans are standing in a park posing the questions to a shrub. The handheld camera moves in and out to show the people and the plant. The bush, of course, does not respond to their questions, and they walk away in disgust." The "shrub" is supposed to represent President Bush. The Times notes this is the first ad from the September Fund, which "hopes to raise as much as $20 million to counteract the Republicans' significant financial edge in this election. Mr. Ickes has not said how much he has raised nor has he named his major donors. He has also not revealed what races he plans to single out."

Women Key Constituency In Midterm Elections. David Broder in his column in the Washington Post (10/15, B7, 748K) writes, "Men have been making policy in Washington for as long as most of us can remember. But much of the political future rests in the hands of women." According to Broder, "In the narrowest terms, with Democrats needing 15 seats to capture a majority of the seats in the House of Representatives, there are 17 highly competitive districts with female candidates. More broadly, much of the voter mobilization effort in both parties -- and their allied groups -- is aimed at women, especially those who normally vote in presidential years but skip the midterm elections." Broder writes, "That this election could result in placing a woman, Nancy Pelosi, in line to be speaker of the House for the first time in history only emphasizes the growing role of women in setting the political course."

Democrats See Opportunity To Regain Voters Lost To Reagan In 1980. In a "Week in Review" piece for the New York Times (10/15, 1.21M) David Kirkpatrick writes, "Some political analysts…say they see a chance for a potential Democratic comeback, an opportunity for another historic realignment of the political parties. … In recent Harris Interactive polls, the number of respondents who refuse to acknowledge a preference for either party has risen to about 25 percent of the electorate from about 12 percent for most of the last decade." Kirkpatrick adds, "polls showing Democrats poised for big gains this fall in both chambers of Congress are reigniting the debate: Can Democrats crack apart the Reagan coalition of white blue-collar workers, evangelical Protestants, Southerners and chambers of commerce?"

New Poll Shows Allen Barely Ahead Of Webb 49-47. The Washington Post (10/15, A1, Barnes, Shear, 748K) reports Sen. George Allen and James Webb "are virtually tied." According to the Post, Allen gets 49 percent, compared with 47 percent for Webb, within the 3 percentage point margin of error for the poll conducted over three days last week. With few respondents saying they are undecided and most seemingly locked in for their candidate, the poll indicates that the candidates' strategies for turning out supporters will be vital and that changes in the national political climate could tilt the outcome. … Independent Gail Parker receives 2 percent of the support in the poll. For Webb, the 60-year-old Democratic Party newcomer who launched his campaign eight months ago, the poll provides new evidence that his underfunded, long-shot bid has created one of the country's most competitive races." However, "the poll contains plenty of concern for the former Navy secretary and author from Falls Church. Webb owns a solid lead only in Northern Virginia, and his supporters, as a group, are far less enthusiastic about his candidacy than are Allen's voters."

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Klobuchar Leading Kennedy 55-34 According To Minnesota Poll. The Minneapolis Star Tribune (10/15, Lopez, Diaz, Hotakainen, 398K) reports DFL Senate candidate Amy Klobuchar "continues to hold a substantial lead over her GOP rival Mark Kennedy, according to the latest Minnesota Poll, and there are signs that national Republican leaders are now turning their focus to other Senate campaigns. The poll shows Klobuchar with 55 percent to Kennedy's 34 percent, a margin that is nearly the same as it was in September. Kennedy's campaign challenged the poll results, as it has with every Minnesota Poll on the Senate race." The Star Tribune notes, "The two candidates will debate today on NBC's 'Meet the Press.' The poll, conducted from Oct. 6 to Wednesday with 818 likely voters, has a margin of sampling error of plus or minus 3.4 percentage points. A Rasmussen poll conducted earlier this month also showed a double-digit lead for Klobuchar."

Both Talent And McCaskill Avoiding Stem Cell Debate. The New York Times (10/15, Saulny, 1.21M) reports, "Over cocktails one recent Monday night at a Democratic fund-raiser in New York, Claire McCaskill, the Democratic Senate candidate in Missouri, played up her support for stem cell research. But at a campaign appearance here in rural and largely conservative Kirksville, Ms. McCaskill never mentioned the subject. Similarly, her Republican opponent, Senator Jim Talent, came out against a statewide ballot measure on stem cell research at the strong urging of conservative Christians. But when Mr. Talent recently addressed an electricians' trade group at a resort on the Lake of the Ozarks, he did not speak of his opposition." According to the Times, "Just a few months ago, the Missouri stem cell research initiative on the November ballot was a defining issue of the campaign. … But now, as Mr. Talent and Ms. McCaskill reach beyond their traditional bases, the emotionally charged ballot measure — which would allow the research and possibly provide state financing for it — is almost too hot to touch."

Casey Portrayed As Humble Social Conservative "Well Suited" To Defeat Santorum. The Washington Post (10/15, A4, Finkel, 748K) reports on the race between Sen. Rick Santorum and Bob Casey. According to the Post, "In going after a high-ranking Senate Republican, Democrats picked someone well suited for the role: the state treasurer and a member of one of Pennsylvania's best-known political families, who has strong conservative views on social issues, a liberal economic philosophy and opposition to the war in Iraq. Casey is against abortion and gun control, and he agrees with the current federal policy that limits embryonic stem cell research -- all positions that have inoculated him against attacks from the right. … Since formally announcing his candidacy in March 2005, Casey has held a steady lead over Santorum in the polls. Yet even as he appears on the verge of a victory with national implications, many in his state and throughout the country know little about his background. Casey, 46, gives new meaning to political humility, and he discourages attention to his personal life or comparisons to his father, the late Robert P. Casey, a former governor."

NYTimes Endorses Clinton. The New York Times (10/15, 1.21M) endorses Sen. Hillary Clinton in her reelection campaign against John Spencer, who the Times dismisses as "an unknown, unqualified opponent."

Feinstein's GOP Challenger Garnering Very Little Support. The Los Angeles Times (10/15, Martelle, 918K) reports, "During a national election cycle marked by a bitter fight for control of the Senate and the House of Representatives, the campaign for California's senior Senate seat has the feel of a foregone conclusion as [Sen. Dianne] Feinstein, one of the state's most popular vote-getters, holds a commanding lead among likely voters in the race" against Republican Dick Moutjoy.

National GOP Said To Have Written-Off Several High-Profile Ohio Races. The AP (10/15, Smyth) reports, "As the GOP scrambles nationwide to retain its majority, scandal-ridden Ohio appears to be falling off the financial radar screen. Television time is being forsaken for House candidates. And national promotions of the state's gubernatorial candidate by the Republican Governors Association popped up, then disappeared." The AP adds that the National Republican Congressional Committee "pulled advertising it had planned in the race between Republican Craig Foltin and Democrat Betty Sutton for [Rep. Sherrod] Brown's open House seat, which the GOP initially thought it could wrest from Democrats. The committee also viewed the seat being vacated by Democratic U.S. Rep. Ted Strickland, who is running for governor, as a potential gain, but has backed away from that hope." The AP continues, "Meanwhile, after an aggressive early advertising push, Republican gubernatorial nominee Ken Blackwell, Ohio's secretary of state, has disappeared from the airwaves — a surprising turn of events for the leading candidate on the party's ticket. A one-time strategy called for the RGA to air its own ads in support of Blackwell, but the governor's group appears to have written off the state."

Murtha And Portman Assist Opposing House Candidates In Ohio. The AP (10/15) reports Rep. John Murtha "campaigned in Ohio for fellow Democrat Victoria Wulsin, who is challenging first-term Republican Rep. Jean Schmidt in the state's 2nd District. Schmidt criticized

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Murtha's call to pull troops out of Iraq on the floor of the House last year." Schmidt "received campaign help Saturday from Rob Portman, the White House budget chief and the district's representative for 12 years before Schmidt."

Murtha Defends Opposition To Iraq War. In an op-ed in The Washington Post (10/15, B1, 748K), Rep. John Murtha writes, "The Republicans are running scared. In the White House, on Capitol Hill and on the campaign trail, they're worried about losing control of Congress," Murtha writes, adding, "And so the administration and the GOP have launched a desperate assault on Democrats and our position on the war in Iraq. Defeatists, they call us, and appeasers and -- oh so cleverly -- 'Defeatocrats.'" According to Murtha, "It's all baseless name-calling, and it's all wrong. Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure. In that case, count me in."

The AP (10/15) reports the details of Murtha's essay for Sunday's Washington Post "blasting Republicans for referring to him and other Iraq war opponents as 'Defeatocrats.'"

Despite Criticisms Of Murtha's Views On Iraq, Polls Show He Has A Substantial Lead Over GOP Challenger Irey. The Pittsburgh Post-Gazette (10/15, Toland, 241K) reports, "Rarely in the annals of American politics has the much-used David-Goliath analogy been so apropos," as Murtha "is literally and figuratively daunting — literally because he's 6 feet, 3 inches tall and broad-shouldered with a booming voice; figuratively because he's a giant in Congress, a 32-year veteran of the House of Representatives." According to the report, PA12 challenger Diana Irey (R) "is the opposite — soft-spoken, slight, barely clearing 5 feet, a neophyte on the national stage. We know how the Bible story ended. But can Mrs. Irey slay this towering Johnstown warrior?" According to the report, despite Irey's "hopes of using Mr. Murtha's well-publicized Iraq comments to nationalize the race and her fund-raising base…a recently published poll showed her trailing 57 percent to 30."

Unexpectedly Close PA7 Race Highlights Change In Politics Of National Security. The New York Times (10/15, Zernike, 1.21M) reports that when PA7 challenger Joe Sestak (D) "announced he was running for Congress, national Democrats and media consultants told him not to talk about pulling troops out of Iraq, arguing it would only encourage the image of Democrats as weak on national security. Nine months later, having ignored their advice, Mr. Sestak has put a 20-year Republican incumbent on the run for the first time, turning a bid by a political novice into a real race." Surveys "show that Mr. Sestak is running even or better with" Rep. Curt Weldon and "the war more than any other issue is propelling voters toward him." His "persistence on the issue, and Mr. Weldon's efforts to recalibrate his position, highlight some of the ways Iraq may be altering the politics of national security after decades in which the advantage has gone to the Republicans."

Dogged By Bribery Probe, Rep. Jefferson Fails To Get Party's Endorsement. The AP (10/15) reports, "The Louisiana Democratic Party on Saturday turned down" Eight-term LA2 Rep. William Jefferson, and endorsed state Rep. Karen Carter (D) "one of a dozen challengers who emerged after Mr. Jefferson became a target of a federal bribery investigation." According to the report, "This is the first time in recent memory that an incumbent has failed to win the state party's endorsement."

Prominent Colorado Republicans Refuse To Back GOP Candidate Lamborn. The Washington Times (10/15, Richardson, 88K) reports that Colorado state Sen. Doug Lamborn's (R) "fiercest opponent in the 5th District race isn't his Democratic foe. It's the Republican he's trying to succeed," 10-term CO5 Rep. Joel Hefley (R). According to the report, Lamborn is running "neck and neck" Jay Fawcett (D), "a veteran and small-business owner, in the ultraconservative district, according to a Denver Post poll released last week. One of the reasons: Mr. Hefley." Soon "after Mr. Lamborn won a six-candidate primary on Aug. 8, Mr. Hefley, who is retiring, said he would refuse to endorse the Republican candidate, pointing to what he described as his 'sleazy, dishonest campaign.' That stinging rebuke, coming from the highly regarded Mr. Hefley, delivered a devastating blow to Mr. Lamborn's candidacy. Several other prominent Republicans soon joined Mr. Hefley in refusing to endorse Mr. Lamborn, pointing to ads and mailings they say unfairly demonized his Republican foes."

Democrats Have Advantage At Ballot In Race For Tom Delay's Former Seat. The AP (10/14, Stinebaker) reports that when former TX 22 Rep. Tom Delay's name was on the ballot, "Voting Republican in this conservative district was never difficult. … With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate," Houston City Councilwoman Shelley Sekula-Gibbs (R)." The AP notes, "That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands."

Denver Post Endorses Salazar For Re-Election. The Denver Post (10/14, 256K) endorses CO3 Rep. John Salazar (D) for re-election, writing, "In his first term representing the sprawling 3rd Congressional District, Salazar gained a seat on the House Veterans Affairs Committee and used the position to push for expanded

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veterans health care, fairer treatment of military widows and for cracking down on fraudulent claims for military medals. … Salazar's freshman performance and keen interest in 3rd District issues has earned him re-election."

California Democrats Seek Rare Victories In Longtime Republican House Districts. The Los Angeles Times (10/15, Perry, 918K) reports, "The congressional election isn't until Nov. 7, but the real decisions may have been made in 2001, the last time district lines were redrawn in California. Of 53 districts in the state, only three have drawn much interest, two of those because of the ethical problems of the Republican incumbents." According to the report, "Still, Democrats are hoping for electoral lighting to strike in the districts that are represented by" incumbents CA4 Rep. John T. Doolittle, CA11 Rep. Richard W. Pombo and CA50 Rep. Brian Bilbray (R)." Yet "if lightning is to strike, it will have to defy some daunting numbers from the past. In four decades" UC San Diego congressional scholar Gary Jacobson says "no Democrat has beaten a Republican in a congressional district in which Republicans held a registration edge of four percentage points or greater. In Doolittle's district, the pro-GOP margin is 18 percentage points, in Pombo's 6 and in Bilbray's 14."

GOP Expected To Fare Well In California Races. The Los Angeles Times (10/15, Finnegan, 918K) reports, "Reliably Democratic California looks more GOP-friendly this year than much of the U.S.," as Schwarzenegger "is heavily favored for reelection Nov. 7 over" challenger state Treasurer Phil Angelides (D). According to the report, "Several other Republicans seeking statewide office are mounting surprisingly competitive races against Democratic rivals, though the outcomes are far from sure. And billions of dollars in bonds and taxes on the ballot face tough prospects, thanks largely to Republican voters' aversion to government growth."

California Redistricting May Hurt Democrat's Chances Of Retaking House. In an op-ed in the Los Angeles Times (10/15, 918K), former GOP consultant Tony Quinn writes, "With the Mark Foley sex scandal dropping on congressional Republicans like a brick on a teacup, bipartisan decisions made five years ago to gerrymander congressional district lines in California and other states may be all that's left to save the GOP from losing control of Congress." Quinn adds, "So, if [House Minority Leader Nancy] Pelosi comes up short of the 15 seats needed to make her the next House speaker, she'll know where to place the blame. She can just look in the mirror."

Schwarzenegger's Celebrity Seen As Asset At Polls. The Los Angeles Times (10/15, Salladay, 918K) reports, "If the historic recall election three years ago upended California politics, the race between" Angelides Schwarzenegger "has returned the political system to its regularly scheduled programming. Between state Treasurer Angelides and the incumbent Gov. Schwarzenegger, there is little talk about sweeping away special interests or transforming the political system as we know it. Instead, potential voters have been given a choice between established politicians from the two major parties, each with traditional corporate or union backers, each with slightly different but relatively mainstream views on public policy." According to the report, "Still, an unusual and important factor hangs over the campaign, and brings a benefit to the incumbent: Schwarzenegger's status as a worldwide celebrity."

Los Angeles Times Endorses Schwarzenegger. The Los Angeles Times (10/15, 918K) endorses Gov. Arnold Schwarzenegger writing, "After his historic election in the 2003 recall, followed by some early promise and a disappointing sophomore year, Arnold Schwarzenegger has been a solid, pragmatic governor who has steered a moderate course for California. He deserves a sequel." According to the Times, "Angelides may be more specific about many of California's problems. But Schwarzenegger is more likely to solve them."

Politics Of California Governor, New York Mayor Similar. In a Week In Review piece in the New York Times (10/15, 1.21M), Jennifer Steinhauer compares the styles of California Gov. Arnold Schwarzenegger and New York Mayor Michael Bloomberg saying, "Both men are moderate centrists, estranged from their party's mainstream, who first ran for office on what seemed like a lark. Both watched their popularity sink mid-term to embarrassing levels." According to Steinhauer, "Mr. Bloomberg came back to beat handily -- and greatly outspend -- a Democratic machine politician whose attempts to claw away at the mayor and paint him as the president's buddy flopped. Mr. Schwarzenegger's re-election bid does not end until next month, but his campaign has uncannily mirrored Mr. Bloomberg's 2005 race."

Maryland Gubernatorial Rivals Square Off In Two Debates. The Washington Post (10/15, A1, Wagner, Mosk, 748K) in a front page story reports that Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley "traded scathing assessments of each other's records yesterday during a pair of debates in which they did little to hide their mutual disdain. Ehrlich accused his Democratic rival of neglecting Baltimore's low-performing schools, of wrongfully arresting thousands of its citizens and of practicing a 'leadership style of whining and blaming others for your failures.'" According to the Post, "For months now, the governor has succeeded in keeping the campaign focused largely on Baltimore crime and education, two topics he had identified as weaknesses for an opponent who has overseen one of the nation's largest cities for seven years. But it is

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unclear whether his message is working with statewide voters -- O'Malley has consistently led in independent polls."

The Washington Times (10/15, Miller, 88K) reports that Ehrlich and O'Malley "clashed yesterday in two debates that frequently dwelled on [Baltimore's] crime problems and poorly performing schools, despite the mayor's attempts to shift the focus to the governor." Afterward, "both candidates claimed victory. The Ehrlich campaign said the governor 'convincingly demonstrated that Maryland is better off today than it was four years ago" while O'Malley's campaign "said the mayor won by 'showcasing new ideas for progress for Maryland's hardworking families.'"

WPost Faults Maryland Candidates For Raising Questions About Election Process. The Washington Post (10/15, 748K) in an editorial asks, "How come, when Maryland Gov. Robert L. Ehrlich Jr. (R) expresses no confidence in state election officials and urges voters to use absentee ballots, Democrats squawk about a conspiracy to suppress the vote, but when Montgomery County Executive Douglas M. Duncan (D) says the same thing, there is silence? Given the importance of voting, playing politics in this way isn't forgivable." Maryland political leaders should "not add to the confusion with suggestions that paper is the only safe way to vote. Instead of sowing unease that could well give pause to prospective voters, Mr. Ehrlich and Mr. Duncan should be focusing on the constructive steps that they are taking to try to ensure a smooth election."

Kerry's Attacks On Bush Said To Be Part Of His 2008 Campaign Strategy. The Washington Post (10/15, A7, Balz, 748K) reports that Sen. John Kerry, while speaking to Democrats in New Hampshire recently, "left little doubt that if he runs again in 2008, he intends to be the chief prosecutor of the record of the Bush presidency. 'A lie, a lie, a lie and a lie,' he said after recounting Republican claims that Iraq is not in a civil war, that North Korea's nuclear advancement is former president Bill Clinton's fault and that Democrats were behind the release of salacious e-mails that Mark Foley sent to former House pages. It was as if the Kerry of 2006 was channeling the Howard Dean of 2003. 'What we have in Washington is a house of lies, and in November, we need to clean house,' he said." However, "even Democrats have been reluctant to follow Kerry's recommendations for changing policy by setting a timetable for withdrawing U.S. forces" from Iraq.

Former President Clinton Helps Raise Funds For Iowa Democrats. The AP (10/15) reports former President Bill Clinton "said Saturday that voters 'know something is wrong' in Washington and urged Democrats to create change in the November elections. 'I have never seen the American people so serious,' said Clinton. 'I think I know why. People know things are out of whack. The rhythm of our public life and our common life in America has been disturbed.' The former president was the keynote speaker at the Jefferson-Jackson Day dinner, the Iowa Democratic Party's biggest annual fundraising event. He drew more than 3,500 activists."

Edwards Blasts Bush's Iraq Strategy While Campaigning In Iowa. The AP (10/15) reports former Sen. John Edwards "on Saturday bashed the Bush administration for 'proactive stupidity' by sticking with a failed policy in Iraq and being unable to admit its mistakes. He predicted the Iraq war and a wave of scandals in the Republican-run Congress will prompt voters to demand change in November. … Edwards was spending the weekend in eastern Iowa raising money for Democratic legislative candidates." He "diverted from his campaign schedule to speak at a University of Iowa conference on poverty issues."

Thompson Mulling 2008 Presidential Campaign. The Milwaukee Journal Sentinel (10/15, Skiba, 259K) reports, "Political analysts say Tommy G. Thompson faces long odds if he tries for the Republican presidential nomination in 2008. Aides to Thompson, 64, announced last week that he was launching a political action committee, Forward America, and mulling a run for the White House. That comes after discussions with key advisers and a pair of visits to Iowa, whose caucuses kick off the presidential nominating season. Ahead, aides said, Thompson plans a trip to New Hampshire, which hosts the first primary of 2008."

Obama Said To Lack "Big Ideas" Necessary For Presidential Bid. Time's Joe Klein (10/15) writes that Sen. Barack Obama "has become an American political phenomenon in what seems about a nanosecond, and the folks are giddy with anticipation. … The question of when Obama -- who has not yet served two years in the U.S. Senate -- will run for President is omnipresent. That he will eventually run, and win, is assumed by almost everyone who comes to watch him speak." According to Klein, "He encourages those expectations by promising great things -- at least, in the abstract. 'This country is ready for a transformative politics of the sort that John F. Kennedy, Ronald Reagan and Franklin Roosevelt represented,' he told me. But those were politicians who had big ideas or were willing to take big risks, and so far, Barack Obama hasn't done much of either. … His record has been predictably liberal."

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New York Bid To Land 2008 Democratic National Convention In Jeopardy. The New York Times (10/15, Cardwell, 1.21M) reports, "New York City's bid to land the 2008 Democratic National Convention is in jeopardy" because Mayor Michael Bloomberg "is spread so thin with fund-raising commitments that he may not be able to raise the money from private donors needed to pay for it, an official said on Thursday. The fund-raising worries come as Democrats have been seriously considering bringing the convention to New York rather than to the other competing city, Denver, which offers a politically attractive location, but has logistical problems because of a scarcity of hotel rooms."

Conservatives Seek To Rein In "Activist" Judges With Ballot Initiatives. The Los Angeles Times (10/15, Simon, 918K) reports, "Judges across several Western states could soon face new limits on their authority and threats to their independence, as conservatives campaign for ballot measures that aim to rein in what they describe as 'runaway courts.' Frustration among the right has been building for years, especially since the high court in Massachusetts legalized same-sex marriage in 2003." For example, "South Dakota's ballot contains the most radical provision: It would empower citizens to sue judges over their rulings. Other proposals would make Colorado the first state to impose term limits on top judges and give Montana residents the right to recall judges over any 'dissatisfaction.' In Oregon, an amendment would require Supreme and Appeals court judges to be elected by geographic district, so they reflect the values of conservative rural communities as well as the liberal legal establishment in Portland."

Rep. Gerry Studds Dies After Collapse. NBC Nightly News (10/14, story 7, :10, Seigenthaler, 9.87M) reported, "From Massachusetts comes word of the death of former Democratic congressman Gerry Studds. He won re-election until his retirement in 1997. He collapsed last week and was recovering in Boston at a hospital when doctors say he succumbed to a blood clot. He was 69."

The New York Times (10/15, Cave, 1.21M) reports that after he was censured for having an affair with a 17-year-old Congressional page, Studds "seemed emboldened by his re-election." Author Charles Kaiser said, "In a sense, he became a role model. … His experience convinced other people that it would now be possible to run as an openly gay person." The recent scandal involving former Rep. Mark Foley "revived interest in Mr. Studds's own dalliance with a teenage page in 1983" as "several Republican candidates sought to deflect criticism aimed at their own party by reminding voters about Mr. Studds." The NRCC "chastised Democrats in this year's race for taking contributions from party leaders who had served with Mr. Studds."

The Washington Post (10/15, C7, Lamb, 748K)quotes Sen. Edward Kennedy saying, "His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea. … He was a steward of the oceans." The AP (10/15, Lindsay) reports similar details.

Columnist Suggests Republicans Should Follow Example Of Social Traditionalists. David Brooks in his column in the New York Times (10/15, 1.21M) contrasts the differences between religious conservatives and social libertarians with the philosophies of social traditionalists, who believe "that when policies fail, it's usually because they are based on inaccurate assumptions about human nature" rather than abstract theories and are "are interested in how to strengthen institutions that breed responsible people." Brooks argues that the "culture war has become self-parodic, so people are hungry for a morality that is neither absolutist nor nihilistic. As the economy has opened up opportunities, it's become clear many people lack the cultural capital to take advantage of them." Brooks concludes, "A Republican Party in danger of dividing between religious conservatives on the one side and libertarians on the other might return to these traditionalist values after the coming deluge."

Households With Married Couples Now A Minority. The New York Times (10/15, Roberts, 1.21M) reports, "Married couples, whose numbers have been declining for decades as a proportion of American households, have finally slipped into a minority, according to an analysis of new census figures by The New York Times. The American Community Survey, released this month by the Census Bureau, found that 49.7 percent, or 55.2 million, of the nation's 111.1 million households in 2005 were made up of married couples -- with and without children -- just shy of a majority and down from more than 52 percent five years earlier." The Times adds, "The total number of married couples is higher than ever, and most Americans eventually marry," but "a growing number of adults are spending more of their lives single or living unmarried with partners, and the potential social and economic implications are profound."

Bush Applauds UN Vote To Impose "Strict Sanctions" North Korea. The Administration's response to the UN vote to sanction North Korea received significant media coverage, leading the single network newscast on Saturday evening and appearing on the front pages of major newspapers. President Bush's remarks that the "swift and tough" sanctions sent "a clear message" to

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North Korea were repeated in virtually all stories of the UN vote.

NBC Nightly News (10/14, lead story, 2:20, Seigenthaler, 9.87M) reported, "World leaders sent a strong message to North Korea today. The UN Security Council voted unanimously to punish them for its nuclear program. North Korea rejected the move and warned further pressure would be considered a declaration of war and then its ambassador walked out of the session. It is all part of a growing international crisis." US Ambassador to the UN John Bolton: "We will give them time to respond. I hope they choose the correct path – give up the pursuit of weapons of mass destruction." NBC (Jordan): "President Bush welcomed the vote." President Bush: "This action by the United Nations which was swift and tough says that we are united in our determination to see to it the Korean peninsula is nuclear weapons free." Jordan: "But nonproliferation expert Joseph Cirincione said the U.S. is no longer in control of the negotiations." Nonproliferation expert Joseph Cirincione: "We may be seeing the beginning of a more assertive diplomatic role for China."

In a front page story, the New York Times (10/15, A1, Hoge, 1.21M) reports it will be "the toughest international action against North Korea since the end of the Korean War" and "hit most of the tough points that the United States and Japan, in particular, had been seeking." Also, "a ban on the shipment of luxury goods in the resolution was particularly championed by" US Ambassador John Bolton :and J. D. Crouch, the deputy national security adviser, as a way to harm the North's leader, Kim Jong-il." The Times notes, "Current and former Bush administration officials, and experts on the North, said that while the sanctions did not go as far as Washington wished, they probably gave it and Japan the legal means to squeeze the country. They provide the basis to inspect ships in ports around the world -- though not necessarily on the high seas -- and gives Washington a way to expand a program to force banks to halt dealings with the country." President Bush "praised the resolution, saying it sent 'a clear message to the leader of North Korea regarding his weapons programs.'"

And in it's front page story the Washington Post (10/15, A1, Lynch, Kessler, 748K) notes Bush and Bolton's responses and adds, "U.S. officials believe the resolution will give them the international tools to put the squeeze on North Korea. Secretary of State Condoleezza Rice will travel to Japan, South Korea and China later this week to discuss the implementation of the resolution as well as possible actions that could be taken by countries to punish Pyongyang, U.S. officials said." For now, "U.S. officials are focused on implementing this resolution and are not contemplating more resolutions, officials said. When President Bush travels to Hanoi next month for an Asian economic summit, there is the possibility that Bush and the leaders from China, South Korea, Japan, Russia and possibly other countries will meet on North Korea and 'take stock' of the resolution's effectiveness."

The Los Angeles Times (10/15, Farley, 918K) says the UN vote "was a hard-fought act of unity." China's resistance to inspecting North Korean cargo "throws into doubt how effective the sanctions will be" but "U.S. officials portrayed the unanimous vote as a political victory for the United States in bringing together countries that had been reluctant to take a hard line on North Korea — in particular, China and Russia." And Bush "described the Security Council resolution as a 'clear message' to North Korean leader Kim Jong Il that 'the world is united in our opposition to his nuclear weapons plans.'"

The AP (10/15, Loven) notes, "Despite the softer provisions and no threat of military action to enforce them, Bush pronounced the measure 'a clear message' to North Korea." In addition Rice and Bolton will appear "on the Sunday morning television talk shows to bolster the U.S. case." Meanwhile, "Democrats responded by saying that the apparent test is evidence Bush's approach to North Korea has failed." Pennsylvania House candidate Patrick Murphy said, "We have seen the number of terrorist attacks increase around the world. We have seen North Korea and Iran -- two members of the president's axis of evil -- enhance their nuclear weapons capabilities."

After his radio message Bloomberg (10/15, Murray, Varner) reports Bush "told reporters…that if North Korea verifiably ends its weapons program, the U.S. and other nations will provide economic help." In his radio address Bush "said the U.S. will keep consulting with allies in the region." The Financial Times (10/15) and the Washington Times/AP (10/15, A1, Lederer) publish similar details.

Washington's Approach To Nuclear Proliferation Said To Reveal US Weakness. The Washington Post (10/15, Pincus, 748K) reports that "it is hard to remember a moment when the world's sole superpower seemed less positioned to manage a fractured world." Even "as America barrels toward this nuclear showdown on opposite sides of Asia, perhaps the best measure of America's power in these matters is its need for Russia and China to cooperate." After all, "diplomacy works best from a position of strength. And even though the United States still boasts the world's largest military, most dynamic economy and a culture that the world snaps up, there is rising evidence that many countries -- Russia and China among them -- sniff a distinct change in the strategic atmosphere," and behind North Korea's and Iran's "threats lies an understanding of American vulnerabilities."

Rice's Challenge On Asia Trip Said To Be Convincing Chinese. The Washington Post (10/15, Pincus, 748K) reports, "The challenge facing Secretary of State Condoleezza Rice this week on her trip to Beijing, Seoul and Tokyo is to change" China's mindset. While "the Chinese are

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now plenty mad with the nation they once said was 'as close as lips and teeth' to China," what "Beijing fears more than a nuclear North Korea is an imploded North Korea. They fear hungry refugees rushing over the border. They don't want a power grab for North Korea's territory that could put them in conflict with other big powers."

Nuclear North Korea Developed Over Fifty Year & Both Parties' Administrations. The Washington Post (10/15, A16, Pincus, 748K) follows the history of nuclear proliferation in Korea saying, "Democrats and Republicans have been quick to use North Korea's apparent nuclear test to benefit their own party…but a review of history shows that both sides have contributed to the current situation." The North Korean nuclear project was "triggered in part by threats from Presidents Harry S. Truman and Dwight D. Eisenhower to end the Korean War," when they indicated the possibility of using nuclear weapons to end it. The US also kept nuclear weapons in South Korea from 1957 until 1991. More recently, when "intelligence analysts at the Lawrence Livermore National Laboratory completed a highly classified report that concluded North Korea had begun construction of a plant to enrich uranium," the Administration "waited until October 2002 before confronting the North Koreans," and it soon "ended its participation in the 1994 agreement," after which North Korea began reprocessing its fuel rods.

South Koreans Disappointed Approach To North Korea Rejected. NBC Nightly News (10/14, story 2, 2:00, Seigenthaler, 9.87M) reported, "While Japan has been urging tough sanctions, China and South Korea have taken a more restrained approach." NBC (Colt): "In South Korea, days after the apparent nuclear test there is still disbelief and anger. The south built a highway, laid down a new railroad line and they have yet to carry anyone across the DMZ. The 150 mile barbed border remains impenetrable. It's called the 'sunshine policy' and its aim is to remove the barriers that exist between North and South. Many South Koreans say it is clear from Monday's test it is not working." Experts "say the North has nothing to lose." Han Sung-Joo, former South Korean Foreign Minister: "They are saying to the world we are not going to be intimidated by the outside world." Colt: "Maybe not intimidated but tonight the North is more isolated from the outside world than any time in recent memory."

In a front page article the Washington Times (10/15, A1, Salmon, 88K) reports, "public opinion in the South has turned sharply against a South Korean policy of engaging the enemy in the belief it will eventually bring peace on the divided peninsula," and "South Korean President Roh Moo-hyun has conceded the 'sunshine' policy of engagement with North Korea is under threat because of the nuclear test." However, "the architect of South Korea's engagement with the North, former President Kim Dae-jung, remained unmoved by the test." Instead, he "blamed American hard-liners for the crisis and said engagement must continue.

Next UN Secretary General Praises Resolution, Calls For More Talks. The AP (10/15, Lederer) reports that new UN Secretary General, Ban Ki-moon said he "welcomed the U.N. Security Council's 'very clear, strong and unified message to North Korea,'" but "stressed…that 'we need a two-pronged approach at this time,' relying not only on sanctions but on dialogue and talks."

Bloomberg (10/15, Bliss, Varner) reports that analysts support Ban's position. They say that the resolution "will only be effective if the Bush administration backs it with negotiations to end the weapons program." Stephen Bosworth, a former U.S. ambassador to South Korea under President Bill Clinton, said that "the administration should be congratulated for quickly unifying world opinion," but it is "Very unlikely" to change North Korea's behavior. Still, John Tkacik, a former U.S. diplomat in China, said that "the UN resolution may force the North Koreans back into those talks." However, it if doesn't "the crisis might 'persist indefinitely.'"

Newsweek Experts Urge Administration To Open Dialogue With North Korea. Newsweek (10/15, 3.12M) on its web site publishes the advice of five experts on how to handle North Korea. Former South Korean President Kim Dae Jung recalls that former Presidents Nixon, Reagan and Eisenhower all engaged in dialogues with their enemies and states, "From a country that is very much responsible for world peace, the United States' refusal to talk is quite unacceptable."

Former U.S. Ambassador to South Korea during the Clinton Administration Stephen Bosworth writes, "We've got to listen to the North Koreans as they tell us what they think they want -- that is, direct contact with the United States, not simply through the six-party process, but they want direct contact of the sort that we had under Bush One and under Clinton. To say we've tried that and it failed, as the president did [Thursday] -- I simply don't agree with that. What is the disadvantage? Rewarding their bad behavior? That's patent nonsense. We talk all the time to people who behave badly."

Former UN weapons inspector Hans Blix writes, "With the elections coming up in America, Bush wants to be seen as firm, to look macho. In [an earlier crisis] in 1994, when I was at the IAEA, [former President] Jimmy Carter went to Pyongyang and met Kim Il Sung. Maybe another such trick is needed today."

Hazel Smith, a professor in international relations at Warwick University in Britain, writes, "The U.S. has to cut the rhetoric and get on with [diplomacy]. That means it has to have something to offer the North Koreans rather than just beating them about the head. All the other parties in the six-party talks now want America to start direct talks [with Pyongyang] and it could be done without loss of face in the context of multilateral negotiations. If America stops tightening the screws, the North Koreans will give. That's diplomacy."

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In contrast, Gordon Chang, author of "Nuclear Showdown: North Korea Takes on the World," states, "The Bush administration put sanctions in place about a year ago [to stop] North Korea's currency counterfeiting program. They've been surprisingly effective in constricting the flow of funds in and out of North Korea. They are really starting to hurt the regime. I don't think it's the time to loosen them; on the contrary, I believe the sanctions should be tightened."

Columnist Calls Talks With North Korea Inevitable. In her column for the Philadelphia Inquirer (10/15, 399K), Trudy Rubin argues, "Republicans contend that the Clinton-era negotiations with North Korea were a failure and demonstrate why talks are pointless. But that assessment stands history on its head. ... True, the Clinton administration's negotiations didn't end North Korea's nuclear program -- but they did delay the production of weapons for eight years. Some on the Bush team now advocate bombing Iran's nuclear energy facilities -- at terrible risk -- just to delay the Iranian program perhaps three to five years." Yet, "at some point, the White House will have to decide whether it wants to pursue the small chance of freezing Pyongyang's program, or at least limiting the number of weapons." James Baker III "has already spoken with an Iranian representative. Pyongyang next?"

Scholar Says China's Soft Power Might Stop North Korea, Open China To Acting More Responsibly. Joshua Kurlantzick, a visiting scholar at the Carnegie Endowment for International Peace, writes in an op-ed in the Washington Post (10/15, B3, 748K), "China has quietly reoriented its foreign policy to emerge as a new advocate of 'soft power." Which "could raise a host of problems internationally." However, this soft power "could also -- if properly exploited by other nations -- transform the Asian giant into a more responsible member of the world community." The more "Beijing's profile rises," the more" its foreign policy will also come under greater scrutiny. Its leaders will have to do more to maintain the country's appeal -- and this could be the opportunity the West needs to bend China toward becoming a more responsible international power and moving away from some of its more roguish friends." It can use that power to "do more than fume and condemn" North Korea.

Additional Countries May Pursue Nuclear Weapons. North Korea's nuclear test has prompted speculation in prominent US newspapers about the development of nuclear weapons by other countries. In a font page article, the New York Times (10/15, A1, Broad, Sanger, 1.21M) reports that "atomic officials estimate that as many as 40 more countries have the technical skill, and in some cases the required material, to build a bomb," and officials and arms control specialists say that opportunity, "coupled with new nuclear threats in Asia and the Middle East, risks a second nuclear age…in which nations are more likely to abandon the old restraints against atomic weapons." Director general of the IAEA Mohamed ElBaradei "estimated that up to 49 nations now know how to make nuclear arms, and he has warned that global tensions could push some over the line." Furthermore, "the spread of nuclear technology is expected to accelerate as nations redouble their reliance on atomic power." Although "it is not clear if the expansion of the world's civilian atomic infrastructure will ultimately lead to a rise in the number of countries building nuclear arms, it could give more countries the means to do so."

The Los Angeles Times (10/15, Rubin, 918K) adds that North Korea's test "was just the latest sign that the effort to contain the spread of atomic weapons was breaking down." Policymakers and experts say that a few "countries are on the verge of beginning uranium enrichment programs, and others have already started such efforts." Those "that have pursued nuclear capability outside the treaty or by hiding their programs have, after an initial distancing by the international community, gone unpunished over the long term," and India, Pakistan and Israel, which "refused to sign the" nonproliferation treaty, "enjoy the favor and respect of world leaders, setting an example of what countries can get when they acquire nuclear weapons." Additionally, the IAEA "has failed to detect cheating by countries" and "has no enforcement power."

Other Nations May Engage In "Near-Nuclear" Proliferation. Andrew Grotto, a senior national security analyst at the Center for American Progress, writes in an op-ed in the Washington Post (10/15, B3, 748K), "Pyongyang's test could encourage 'near-nuclear' proliferation -- a world in which states master key technologies that are ostensibly for harmless energy-related purposes but can be quickly adapted for deadly, offensive ends," and "A world in which countries have the capability to go nuclear on short notice is fraught with peril." There are "five nations in particular that may pursue that path." Iran may be "may be emboldened" by North Korea's test. Japan, South Korea, Egypt, and Saudi Arabia all have the technology or access to a nuclear power needed to make or buy a nuclear weapon. They are also concerned about North Korea or Iran's possession of nuclear weapons, and may feel they need parity.

Reporter Argues Nuclear Proliferation Is "Inevitable." William Langewiesche, international correspondent for Vanity Fair and the author of "Atomic Bazaar: The Rise of the Nuclear-Armed Poor," writes in an op-ed in the Los Angeles Times (10/15, 918K) that "the acquisition of atomic weapons by North Korea is the worst development yet in the ongoing story of nuclear proliferation by upstart states," but "what's done is done, and though we may protest and bluster, there is very little the U.S. can do to stop it from proceeding." Instead, "we would do well to calm down," as "the spread of nuclear weapons is, and always has

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been, inevitable." Today "the desire for nuclear weapons is spreading in inverse relation to the lowered risk of an all-out global nuclear war," and this trend "is accelerating in a world where countries must turn to themselves for protection and where the U.S., especially after the invasion of Iraq, is seen as an aggressor and a threat."

Expert Blames Bush Foreign Policy For Failure To Prevent Proliferation Of Nuclear Weapons. Nonproliferation expert Joseph Cirincione in an op-ed titled "Bush Unleashes The Nuclear Beast" in the Los Angeles Times (10/15, 918K) describes how the Nuclear Nonproliferation Treaty prevented most countries from developing nuclear weapons for years and asks, "suddenly, the threat is back. In the last six years, we seem awash in nuclear threats: First it was Saddam Hussein, then North Korea and Iran. How did it happen? Is nuclear restraint dead?" Cirincione blames "the problem is the strategy George W. Bush chose, which rejects international treaties as the solution to proliferation. He and his advisors saw these agreements as limiting U.S. flexibility and viewed the United Nations and other global gatherings as arenas where the world's Lilliputians could tie down the American Gulliver." Cirincione concludes, "Bush administration officials have proved expert at smashing the agreements their predecessors so painstakingly built, but in doing so they broke the bars that had caged the nuclear beast. Those who will have to repair the damage would do well to look back at the handiwork of the past. They might learn a thing or two."

Japan And South Korea Now Have Incentive To Go Nuclear. In a commentary for the Newark Star Ledger (10/15) CFR.org editor Michael Moran warns, "Japan and South Korea have predicated most of their defense and foreign policy decisions on the assumption they would be protected, in the final analysis, by America's nuclear umbrella. ... With the decision of North Korea to test a nuclear weapon, those days may now be numbered…the temptation of going nuclear, and of having a permanent seat at the world's big table as a result, may prove too much to resist."

WPost Is Pessimistic About Future Nonproliferation Efforts. The Washington Post (10/15, B6, 748K) editorializes, "The most critical question following North Korea's reported nuclear test is whether anything can be done to stop other states or terrorist groups from acquiring such weapons in coming years. … Based on the response to North Korea last week, the outlook isn't good." Countries "such as North Korea and Iran can be stopped only if a powerful coalition of countries emerges against them, combining the United States and Europe with Russia, China and regional powers," and "nuclear counterproliferation has to become those governments' highest priority. They have to be willing to make sacrifices and take risks. As the diplomacy at the United Nations last week once again demonstrated, neither China nor Russia regard stopping the spread of nuclear weapons as essential." Russian President Vladimir Putin is "willing to make a gesture toward preventing a world that bristles with nuclear weapons…only if he can get some help in his attempt to crush" Georgia, "a government that resists Russia's neo-imperialism. If such politics continue to underlie counterproliferation, we can expect a much more dangerous world."

Iran Suggests Old Nuclear Proposal. The Washington Times/AFP (10/15) reports that Iran's foreign ministry spokesman Mohammad Ali Hosseini "said yesterday a year-old offer from President Mahmoud Ahmadinejad for foreign countries to handle its uranium enrichment activities still stands as a way to break the deadlock over its nuclear program," adding that "a suggestion made by Iran earlier this month for a French-led consortium to enrich uranium for Iran on Iranian soil remained 'appropriate.'" However, previously that "idea was met with a cool reception from Western powers, who object to enrichment done in Iran."

Germany Dismisses Possibly Of Successful Iran Talks. The AP (10/15, Moulson) reports that German Foreign Minister Frank-Walter Steinmeier "said there is currently no prospect of successful nuclear talks with Iran but that pressure on the country would be applied gradually, leaving the door open to future negotiations." He "gave no details of sanctions that might be taken against Tehran. However, he noted that a package of incentives aimed at persuading Iran to halt uranium enrichment is still being offered." Iran on called the "threats of sanctions 'psychological warfare' and said it would not be intimidated."

Israel Increases Effort To Stop Palestinian Rocket Fire. The New York Times (10/15, Myre, 1.21M) reports that in "another in a series of periodic escalations since an Israeli soldier was seized on June 25," Israeli soldiers "killed seven Palestinian militants in fighting Saturday as tanks and other armored vehicles rolled into areas east of Gaza City" as part of "a stepped-up effort to halt Palestinian rocket fire." During the last three days, "Israeli troops have staged ground operations in eastern Gaza…killing 20 Palestinians and wounding about 30. Most of the dead were Hamas militants who were targets of airstrikes, but several civilians also died." Ghazi Hamad, a spokesman for the Palestinian Authority government, accused Israel "of 'going ahead with evil plans for a bloody military escalation and seeking the highest possible Palestinian losses.'"

Sudan Signs Peace Agreement With Eastern Rebels. The New York Times (10/15, Gettleman, 1.21M) reports, "The Sudanese government signed a peace deal on Saturday with a small rebel movement in the eastern part of the country" called the Eastern Front. It will "end fighting that has lasted 10 years though with nowhere near the intensity of

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the conflict in Darfur." The agreement gives the Eastern Front "more representation in the national and regional administrations, including high-ranking posts in Khartoum, the capital." Sudanese president Omar Hassan al-Bashir "called it an example of 'Africans solving an African problem without foreign help,' a clear reference to his government's continuing refusal to allow United Nations peacekeepers into Darfur."

The AP (10/15, Osman) adds, "Al-Bashir promised…that all the money that was being spent on war will be paid for development." This "agreement is considered a relief to Khartoum, which has been struggling to put down rebellions on both sides of the country, as well as to keep a shaky peace after a civil war with the south."

Somali Courts Embrace Varying Interpretations Of Islam. The Los Angeles Times (10/15, Sanders, 918K) reports, "Four months after they seized control of Somalia's capital, Islamists have won widespread praise for reestablishing order and stability in Mogadishu and surrounding areas after 15 years of anarchy. But the Islamists are by no means uniform in their application of justice," and "a clash of ideologies has emerged between leaders of the Islamist union and nearly three dozen smaller, semiautonomous courts that function as local governments throughout southern Somalia. These clan-based courts, some of which have their own militias, sometimes pursue distinct and competing interpretations of Islamic law." While "On big issues…the Islamists show few signs of discord," as Somalis debating how to create an Islamic-based government, "cracks are beginning to show."

Kristof Extols Positive Aspects Of Islam. Nicholas Kristof writes in his column in the New York Times (10/15, 1.21M), "Islam sometimes comes across the airwaves in the West as the faith of medieval fanatics wielding swords and wearing explosive vests." However, those are "some stones in a complex mosaic. And those images can't explain why Islam appears to be in percentage terms the fastest-growing major religion in the world today." Islam provides "a firm moral code, spiritual reassurance and orderliness to people vexed by chaos and immorality around them, and they offer dignity to the poor," hence its growth. There is also "a broad ferment for more gender equality in the Muslim world," as part of "the thread of reform" that exists within it. Not only is Islam "much more complex than the headlines might suggest," but "we would be close-minded ourselves if we ignored the more hopeful rumblings that are also taking place within the vast Islamic world."

Venezuela Uses Petrodollars To Boost Security Council Seat. The New York Times/AP (10/15) reports, "As Venezuela lobbies for a U.N. Security Council seat, President Hugo Chavez has bolstered its chances by spreading petrodollars across the Americas and beyond," and, "Ironically, this aid is bankrolled in large part by oil sales to the United States." That "international support will be put to the test on Monday as Venezuela goes up against U.S.-backed Guatemala in a General Assembly vote." At least one country, Dominica, "has acknowledged that Venezuela's aid 'cannot go unnoticed' as a factor in the decision" to support Venezuela. At the same time, "Chavez's aid pledges…have come under attack ahead of Venezuela's Dec. 3 presidential vote by opposition candidate Manuel Rosales, who says poor Venezuelans need the money."

Ecuador Frontrunner's Intentions Unknown, But Of Concern To Washington. The Washington Post (10/15, A15, Forero, 748K) reports, "In his unlikely race to power, Rafael Correa is as anti-establishment as any politician on a continent where populists have surged by spewing invective against market reforms and the Bush administration," but "it remains unclear if Correa, the front-runner among a dozen candidates, would be a strident nationalist in the mold of Chávez or a center-left pragmatist." While "associates and some influential business executives who oppose him say he is a brilliant thinker who, though deeply concerned about the poor, is unlikely to follow the same path as Chávez," he "has cast himself as such a radical that Wall Street has winced with every point he has risen in the polls." Certainly "a win by a leftist with ties to Chávez -- particularly in a country where American oil companies have significant investments -- would be a setback for Washington."

Obrador Using Gubernatorial Election To Reinvigorate His Political Fortunes. The Los Angeles Times (10/15, Enriquez, 918K) reports that Lopez Obrador's "political future, and that of his fledgling leftist movement, may rest on today's gubernatorial election in Tabasco." Obrador "spent the last several weeks campaigning for Cesar Raul Ojeda" and if he won it "would also be a triumph for Lopez Obrador." However, "Support for Lopez Obrador has dwindled since protesters closed down their Mexico City encampments a month ago after judges rejected demands for a national recount," and his "so-called campaign of civil resistance has scared people off."

"New Left" Said To Be Becoming More Influential In Chinese Policy. The New York Times (10/15, Mishra, 1.21M) reports that China's New Left "advocate a 'Chinese alternative' to the neoliberal market economy." They also disagree that a market economy inevitably encourages democracy. The New Left "view the Communist leadership as a likely force for change." While "New Leftists have never directed government policy, their

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concerns are increasingly amplified by the central leadership," and "this spring it began to become clear that the New Left's advocacy of a welfare state is being echoed within the Communist leadership, which is fearful of social instability and is keen to consolidate its power and legitimacy."

Kissinger Delves Into Role Of Secretary Of State. Former Secretary of State Henry Kissinger writes in a review of Robert Beisner's "Dean Acheson: A Life in the Cold War," in the New York Times (10/15, 1.21M) that "accolades for" Acheson "have become bipartisan," and "Secretaries of state appointed by the party of his erstwhile tormentors have described him as a role model; Condoleezza Rice is the most recent example." Acheson said, "'Americans must reconcile themselves to "limited objectives" and work in congress with others, for an essential part of American power was the "ability to evoke support from others -- an ability quite as important as the capacity to compel. The importance of that perception has not changed with the passage of time."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A New Global Nuclear Order."
"Helping One Girl Face The Future With Hope."
"Wanted: Schools Chief With Zero Experience."
"Displease A Lobbyist, Get Fired."
"Call Of The West: Rein In The Judges."
"For Being Flat, This Guy Sure Does Get Around."

New York Times:
"Security Council Backs Sanctions On North Korea."
"Week In Review: Restraints Fray As Nuclear Age Grows Globally."
"Competitive Era Fails To Shrink Electric Bills."
"Democrats Have Intensity, But G.O.P. Has Its machine."
"After Duke Case, College Athletes Are Put On Notice."
"Salmon Find An Ally In The Far East Of Russia."

Washington Post:
"Allen, Webb In Virtual Tie, Post Poll Says."
"Aid Is A Bumper Crop For Farmers."
"U.N. Votes To Impose Sanctions On N. Korea."
"Gallaudet Reopens With Protests Still At Front Gates."
"For India's Traditional Fishermen, Cellphones Deliver A Sea Change."

Washington Times:
"Air Force Memorial Dedicated."
"U.N. Imposes Trade Embargo On N. Korea."
"Schools, Crime Are Debatable."
"Special Report: Straining The Stork With 300 Millionth."

Detroit Free Press:
"Magg-ical! Tigers sweep A's, reach World Series

Atlanta Journal-Constitution:
"Boosters: Too Much Of A Good Thing?"
"Biker Rally Roars Into Unadilla."
"Dolly's Truth."
"China Develops Taste For Pampered Pooches."
"North Korea Irate As U.N. Approves Nuclear Sanctions."

Dallas Morning News:
"Elections 2006: Backstage Pass To Campaign Trail."
"Cartel Figure Lashes Out."
"Freddy Fender: 1937-2006 — Voice Was Texas In 2 Languages."
"N. Korea Sanctions Approved."
"Adversity Only Fuels Doherty's Tenacity."

Houston Chronicle:
"Most Can't Bank On Big Tax Cut."
"Two Lives Lost Along The Tracks."
"'A Giant Of Texas Music'."
"North Korea Quickly Rejects U.N. Sanctions."

Story Lineup From Last Night's Network News:
ABC: Preempted By College Football.
CBS: Preempted By College Football.
NBC: Bush Applauds U.N. Vote To Sanction North Korea; South Koreans Disappointed Approach To North Korea Rejected; U.S. And Iraqi Army Cooperation; Amish Shooting Forgiveness; U.S. Violent Crime Wave; New York Snowfall; Gerry Studs R.I.P.; Air Force Memorial Dedicated; Elder Abuse; Gas Prices; Italy Volcano Eruption; High School Cheating Epidemic.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY
Oct. 14 - 15. GAIA THEORY _ Weekend program on ``The Gaia Theory: Model and Metaphor for the 21st Century." Location: George Mason University law school, 3301 Fairfax Dr., Arlington. Contacts: n/a, 703-528-5406. On the Net: http://www.gaiatheory.org

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Oct. 14 - 23. PSYCHIATRIC SERVICES _ The Americam Psychiatric Association hosts its 2006 Institute on Psychiatric Services. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

Oct. 15 - 16. ENGINEERING -- Location: National Academies Building, auditorium, 2100 C St. NW. Contacts: ., 202-334-2138.

Oct. 15 - 17. ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW. Contacts: Elizabeth Rose, 202-675-2303.

1 p.m. LAW OFFICERS MEMORIAL _ A wreath-laying ceremony will be held to commemorate the 15th anniversary of the dedication of the National Law Enforcement Officers Memorial. Location: National Law Enforcement Officers Memorial, E Street between 4th and 5th Streets NW. Contacts: 202-737-3400.

2:30 p.m. WOMEN'S MEMORIAL _ The Women In Military Service For America Memorial Foundation marks the 9th anniversary of the Memorial's dedication with a reception and one-woman theatrical production by Washington, DC, actress Kate Campbell Stevenson. Also included will be a special presentation of the Alliance for National Defenses (AND) annual Positive Voice Award. The reception and the cutting of the anniversary cake will follow Stevensons performance. Location: Women's Memorial at Arlington National Cemetery. Contacts: ., 703-533-1155.

3 p.m. FASHION SHOW _ Ebony magazine holds its 49th annual Ebony Fashion Fair with the hottest designers from around the globe. Location: DC Convention Center. Contacts: Priscilla Clarke, 202-476-9643

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, October 16, 2006 8:28 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, October 15, 2006
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DEPARTMENT OF JUSTICE NEWS CLIPS

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TERRORISM NEWS:

U.S. May Charge Alleged 9/11 Leader With The Death Of Daniel Pearl (MCT)

By Carol Rosenberg

McClatchy Newspapers, October 15, 2006

U.S. military officials intend to charge Guantanamo Bay captive Khalid Sheikh Mohammed with the murder of Wall Street Journal reporter Daniel Pearl, according to a Time magazine report.

U.S. officials have identified Mohammed as the al Qaida mastermind of the Sept. 11, 2001, terrorist attacks, and President Bush has said he's a likely candidate for a war-crimes trial.

But the Pentagon's chief war-crimes prosecutor told The Miami Herald on Friday that the Time report may be premature; prosecutors are still studying the case files of Mohammed and 13 other so-called high-value detainees who were turned over to the military by the CIA.

Captured in Pakistan in March 2003, Mohammed had been held in secret CIA detention until his Labor Day transfer to the Guantanamo detention center at the U.S. Navy base in southeast Cuba.

On Thursday, Time posted an item on its Web site reporting that administration officials want to charge Mohammed with Pearl's January 2002 murder, in which Pearl's throat was slit. The killing was captured on a grisly videotape.

"One former U.S. national security official tells Time there is no doubt that KSM personally wielded the knife that killed the Wall Street Journal reporter," the report said.

Military intelligence circles refer to Mohammed, a U.S.-educated, Kuwait-born Pakistani, as KSM, a nom de guerre of sorts that Bush himself adopted in revealing Mohammed's transfer to Guantanamo on Sept. 6.

If charged and tried before the administration's new, redesigned military commissions, Mohammed would be the most senior al Qaida figure to face trial.

Unclear is whether future prosecutions would include charges of conspiracy, which had been challenged as unconstitutional in the first effort to try 10 alleged al Qaida co-conspirators already at Guantanamo.

A Pearl murder charge would allege a specific act and identify a high-profile victim, a scenario the chief Pentagon prosecutor said hadn't yet been considered.

"I at this point in time certainly can't say that," said Air Force Col. Moe Davis, whose earlier prosecutions were upended in June by a Supreme Court decision that struck down the previous military commission format.

Pentagon attorneys are presently drawing up new rules by which new commissions would be staged, though probably not until next year.

Moreover, the latest arrivals at Guantanamo, including Ramzi Binalshibh and Abu Zubaydah, other alleged al Qaida plotters, have yet to go through basic military review panels to confirm that they're "enemy combatants."

Davis said he was surprised by the Time report on plans to try Mohammed for the Pearl murder and said was definitely not the source of it.

"Ultimately if he was to be prosecuted in a military commission, it would be up to this office to draft the charges," he said in a telephone interview. "But it is way too early to be making any decision on not just him, but any of the 14.

"We haven't scratched the surface deep enough to make any decisions on that."

Time doesn't name its source but attributed to "national security officials" the detail that Mohammed admitted under interrogation to having killed Pearl, "admitting without remorse that he personally severed Pearl's head and telling interrogators he had to switch knives after the first one `got dull.'"

The magazine also reported that it compared the hands seen on the videotape executing Pearl to Mohammed's hands and confirmed it was him. It did not elaborate.

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Mohammed has been identified as a 1986 graduate of North Carolina Agricultural and Technical State University and is reportedly fluent in Arabic, English and Urdu.

Mohammed, who's about 40, has no lawyer and hasn't been seen publicly since his capture, although he and the other 13 detainees recently met with Red Cross delegates and have been registered as U.S.-held prisoners for the first time in up to four years of captivity at an undisclosed location.

Pearl, a Stanford University graduate who was 38 when he was killed, disappeared while on assignment in Pakistan in January 2002, pursuing an article about Islamic extremism.

1 Man Still Locked Up From 9/11 Sweeps (AP)

By Martha Mendoza

AP, October 15, 2006

In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society.

But he has been in custody for five years.

His name is Ali Partovi. And according to the Department of Homeland Security, he is the last to be held of about 1,200 Arab and Muslim men swept up by authorities in the United States after the Sept. 11, 2001, terror attacks.

There has been no full accounting of all of these individuals. Nor has a promised federal policy to protect against unrestricted sweeps been produced.

Human rights groups tried to track the detainees; members of Congress denounced the arrests. They all believed that all of those who had been arrested had been deported, released or processed through the criminal justice system.

Just this summer, it was reported that an Algerian man, Benemar "Ben" Benatta, was the last detainee, and that his transfer to Canada had closed the book on the post-9/11 sweeps.

But now The Associated Press has learned that at least one person — Partovi — is still being held. The Department of Homeland Security insists he really is the last one in custody.

"Certainly it's not our goal as an agency to keep anyone detained indefinitely," said DHS spokesman Dean Boyd. Boyd said the department would like to remove Partovi from the United States but that he refuses to return to his homeland of Iran.

And so he remains, a curious remnant of a desperate time.

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Within hours of the Sept. 11 attacks — before it was even clear if they were over — the FBI was ordered to identify the terrorists who had managed to slip so smoothly into American society and to catch anyone who might have been working with them. The FBI operation was called PENTTBOM; it was swift and fierce, and the stakes couldn't have been higher.

When in doubt, the orders came, arrest now and ask questions later. To make this easier, law enforcement officials were authorized to use immigration charges as needed. The risk of allowing terrorists to slip away just because there wasn't ample evidence to hold them on terror charges could not be tolerated. And thus hundreds of individuals who were not terrorists, nor associated with terrorists, were temporarily taken into city, county and federal custody.

They were caught in their bedrooms while they slept, pulled from the restaurant kitchens where they worked, stopped at the border, even federal offices where they had gone to seek help. In the end, then-Attorney General John Ashcroft's call for "aggressive detentions" in the unprecedented sweeps netted more than 1,200 individuals in less than two months.

The initial reaction to the sweeps was confusion. Members of Congress, leading civil rights organizations, Arab and Muslim activists, even the Justice Department's internal watchdogs, didn't know how to react.

"After 9/11, everyone was caught off guard. There was so much secrecy surrounding the government's policies that it took a number of months before the public and civil-liberties groups began unraveling what the government was doing," said Lee Gelernt, an American Civil Liberties Union attorney.

Then came demands, from Congress, from the Justice Department's Inspector General, from the ACLU and Human Rights Watch and from Arab and Muslim activists, that these individuals must be accounted for.

To date that hasn't occurred.

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"The fact is the United States has not come forward with information on what happened to these people, or released their names," said Rachel Meeropol, a staff attorney at the Center for Constitutional Rights, an advocacy organization that represents several detainees being held in Guantanamo. "Our understanding is that the majority of these people who were swept up on immigration violations were then held in detention until they were cleared of any connection to terrorism. We believe that accounts for the vast majority of people who were swept up."

Here's what is known: 762 of the 1,200 PENTTBOM arrestees were charged with immigration violations at the behest of the FBI because agents thought they might be associated with terrorism. Partovi was one of these 762. Much as Partovi used a false passport, nearly all of these detainees had violated immigration laws, either by overstaying their visas, entering the country illegally, or violating some other immigration law.

Unlike Partovi, almost everyone was either deported or released within a few months.

There were still at least 438 other individuals who were not accounted for. Most of those individuals, said Justice Department officials, were released within days. But at least 93 were charged with federal crimes and processed through the courts, and an unknown number were deemed material witnesses.

As the years passed, said the ACLU's Gelernt, public concern faded.

"Initially there was a lot of attention on the 1,200 people, but we're still not sure exactly what happened to all of them," said the ACLU's Gelernt.

The repercussions are still being felt, say advocates.

"Those 1,200 were taken in on pseudo-immigration charges," said Jennifer Daskal of Human Rights Watch. "It really is a black mark on the U.S. and it undermines our intelligence gathering because it creates distrust between law enforcement officials and communities where those officials should be building rapport and trust."

"People lost years of their lives and families were ripped apart in the frenzy of fear," said Kerri Sherlock, director of policy and planning at the Rights Working Group, an advocacy organization in Washington D.C. "Do we really want to be a country that locks people up without guaranteeing their basic constitutional rights?"

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In June 2003, the Justice Department's inspector general, an in-house auditor, found widespread abuses in the way immigration laws were used to hold people suspected of terrorism in the months following 9/11. The inspector general made 21 recommendations aimed at protecting individuals' civil rights. Twenty of those recommendations have been adopted.

The last recommendation calls for the Justice Department and the Department of Homeland Security to formalize policies, responsibilities, and procedures for managing a national emergency that involves alien detainees. After the inspector general's report, the Justice and Homeland Security departments agreed with the recommendation and began negotiating over language. Officials at both departments say those negotiations are still going on.

"The Department of Homeland Security and the Department of Justice continue to work toward the development of formal joint policies and approaches for the handling of such national security cases during periods of national impact," said Homeland Security Department spokesman Dean Boyd.

However, Boyd stressed that guidelines were set up in 2004 to make sure detainees' rights are being protected on a case-by-case basis.

"We learned from the past," he said. "We evaluate each situation to make sure it's being handled fairly."

Tim Lynch, a lawyer with the libertarian think tank Cato Institute, said guidelines are not enough.

"I don't think the guidelines will mean very much in an emergency if they don't have the binding force of law," he said. "We shouldn't be surprised if those guidelines aren't followed if there's another massive attack."

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When the AP wrote Ali Partovi to ask for an interview, he called collect from the Florence Correctional Center, a privately run detention center in Arizona where he is held. Adamantly, he said he did not want to be interviewed and that he wanted to remain private, even though he said understood his case files, including litigation he files himself, are part of the public record.

He later reportedly told a public affairs officer at the facility that he is too busy for an interview — perhaps preparing his many legal appeals.

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In his lawsuits — there have been seven so far — Partovi claims he is a victim of civil rights abuses and demands between $5 million and $10 million in restitution. The most recent was filed in July.

The staff at the jail where he was first held "poured hot coffee on my body, they also poured cold ice water on my body," he wrote in one, claiming that staffers also cuffed his hands and feet, which caused "my ankle and lower extremities to swell abnormally."

"It is my firm belief that I am constantly subjected to physical abuse (because) of my ethnicity, I am Iranian of Persian birth," he wrote in another, filed this summer. In that lawsuit he claimed that immigration officers forced him to kneel while handcuffed, and then kicked and punched his stomach and kidneys.

"As you can imagine, this is very, very painful when you are cuffed from behind," he wrote.

A spokesman for the U.S. Attorney said that office was aware of the lawsuits but could not comment on them. A detention center spokesman said he was not aware of any lawsuits and could not respond.

Partovi doesn't have a lawyer, and he told the AP he doesn't want one, choosing instead to represent himself, gleaning expertise from the prison library.

He did have a lawyer once, when he was arrested in Guam in the fall of 2001, trying to enter the country on a fraudulent Italian passport.

"Mr. Partovi came into Guam International Airport using a false passport. He explained about having been married to a Japanese women and the arrangement wasn't working out. He applied for political asylum, and I believe the federal government thought he might be a terror suspect," said Curtis Charles Van de Veld, who was hired by the federal government to represent him.

Partovi was sentenced to 175 days in custody, which he had already served by the time he pleaded guilty in 2002. Then he was turned over to the Department of Homeland Security.

Until the AP contacted him, Van de Veld didn't realize his former client was still in custody.

"I'm surprised he hasn't contacted me," he said.

2 Ordered Not To Discuss Gitmo Claims (AP)

By Miranda Leitsinger

AP, October 15, 2006

A paralegal and a military lawyer who brought forward allegations about prisoner abuse at the Guantanamo Bay detention center have been ordered not to speak with the press, lawyers and a military spokeswoman said Saturday.

Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed a complaint with the Pentagon last week alleging that abuse was ongoing at the prison. He attached a sworn statement from his paralegal, Sgt. Heather Cerveny, in which she said several Guantanamo guards bragged in a bar about beating detainees, describing it as common practice.

Muneer Ahmad, a civilian defense lawyer for Omar Khadr, a Canadian detainee whose military counsel is Vokey, said that Vokey and Cerveny were ordered Friday by the U.S. Marines not to speak with the press.

A spokeswoman for the Marines confirmed the order, saying Vokey's supervisor — Col. Carol Joyce, the Marines' chief defense counsel — had directed him not to communicate with the media "pending her review of the facts."

"This is necessary to ensure all actions of counsel are in compliance with regulations establishing professional standards for military attorneys," the spokeswoman, 1st Lt. Blanca E. Binstock, said in a statement.

Reached by telephone, Vokey declined to comment, saying, "I can't even talk about it." When asked if he was going to abide by the order for the time being, he said, "Yes."

Telephone calls placed to Cerveny and a Pentagon spokesman were not immediately returned.

Ahmad said Vokey was also barred from talking to the media about anything related to the military commissions — tribunals set up to try detainees. He said he didn't know how the order was issued and that Vokey previously had the military's authorization to speak with the media.

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"I think he is very concerned about his ability to perform his job as a lawyer," Ahmad said. "It's really quite troubling ... at this point I'm not sure what our next steps will be."

Cerveny, 23, visited Guantanamo last month and has said she spent an hour with the guards at the military club. She said the guards stopped discussing beating detainees after finding out that she works for a detainee's legal team.

"It was a general consensus that I (detected) that as a group this is something they did. That this was OK at Guantanamo, that this is how the detainees get treated," Cerveny said in a telephone interview Thursday.

Gen. John Craddock, commander of the U.S. Southern Command, said Friday that he had ordered an investigation headed by an Army colonel.

The military Joint Task Force that runs the detention camps in Guantanamo Bay pledged to work with investigators from the Southern Command, which oversees U.S. military operations in the Caribbean and Latin America.

There are now 454 detainees at Guantanamo Bay, according to Vincent Lusser, a spokesman for the Geneva-based International Committee of the Red Cross.

Guantanamo Bay began receiving prisoners, most of them captured in Afghanistan and Pakistan, in January 2002. Only 10 of the detainees have been charged with crimes.

Marine Corps Issues Gag Order In Detainee Abuse Case (LAT)

By Carol J. Williams

The Los Angeles Times, October 15, 2006

The action has lawyers worrying they could be punished for defending Guantanamo clients.

MIAMI — The U.S. Marine Corps has threatened to punish two members of the military legal team representing a terrorism suspect being held at Guantanamo Bay if they continue to speak publicly about reported prisoner abuse, a civilian lawyer from the defense team said Saturday.

The action directed at Lt. Col. Colby Vokey and Sgt. Heather Cerveny follows their report last week that Guantanamo guards bragged about beating detainees, said Muneer Ahmad, an American University law professor who assists in the defense of Canadian suspect Omar Khadr.

The order has heightened fears among the military defense lawyers for Guantanamo prisoners that their careers will suffer for exposing flaws and injustices in the system, Ahmad said.

"In one fell swoop, the government is gagging a defense lawyer and threatening retaliation against a whistle-blower," Ahmad said. "It really points out what is wrong with the detainee legislation that Bush is scheduled to sign on Tuesday: It permits the abuse of detainees to continue, immunizes the wrongdoers and precludes the detainees from ever challenging it in court."

The Marine Corps said the gag order had been issued to ensure the legal team's actions were in compliance with professional standards. "The Chief Defense Counsel of the Marine Corps, as Lt. Col. Vokey's direct supervisor, has directed him not to communicate with the media on this case pending her review of the facts," said 1st Lt. Blanca E. Binstock of the Marine public affairs office.

Defense lawyers for Guantanamo prisoners say the personal stakes are high and point to the Navy's failure to promote Lt. Cmdr. Charles Swift after he successfully challenged the legitimacy of the Pentagon's war-crimes commissions. Two weeks after the Supreme Court ruled the commissions unconstitutional and lacking in due process, Swift was passed over for advancement and will be forced by the Navy's up-or-out policy to retire by summer.

At least three other military defense lawyers for the 10 charged terrorism suspects have also been passed over for promotion in what some consider a subtle reprimand of their vigorous defense of their clients.

"We've all known that representing folks in these kind of circumstances would have consequences, but to actually see Charlie passed over after he takes his case to the Supreme Court and wins — that certainly put it in the forefront for me," said Army Maj. Tom Fleener, who represents Ali Hamza Bahlul of Yemen.

As an Army reservist with a civilian law career in Wyoming to return to in a year or so, Fleener notes he is less susceptible to pressures being exerted on the military defense lawyers.

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"If I was active duty, where my livelihood depended on what my military superiors said of me, I would feel tremendous pressure," he said.

Fleener says the mood in Guantanamo defense circles has deteriorated since the government's response to the high court ruling June 29 that President Bush overstepped his powers when he created the military war-crimes commissions. Those commissions would have allowed Pentagon prosecutors to use hearsay evidence and testimony obtained through torture, and barred defendants from seeing evidence against them that prosecutors deemed classified.

Congress last month passed legislation creating a new military commissions process almost identical to the one rejected by the Supreme Court, with the added restriction that Guantanamo detainees have no right to submit writs of habeas corpus to U.S. civil courts to challenge their detention.

It was such a writ filed on behalf of Salim Ahmed Hamdan, an alleged driver and bodyguard for Osama bin Laden, that brought the tribunal case to the Supreme Court.

Swift declined to comment on not having received a promotion.

"As a defense attorney, I don't like allegations without evidence," he says of the widespread view among his colleagues that he was punished for challenging the administration's tribunal process.

"What you sought in any career was an opportunity to make a difference. I got that opportunity, and for that I will be forever grateful," Swift said.

He said the new commissions legislation appears to preclude defendants' getting a fair trial.

"A zealous defense is essential to any process that works," Swift said. "What has given the commissions any integrity so far is the ability of defense council to raise the case and concerns in all federal forums and the commissions themselves, and when necessary, in the media."

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Expecting U.S. Help, Sent To Guantánamo (NYT)

By Tim Golden

The New York Times, October 15, 2006

Abdul Rahim Al Ginco thought he was saved when the United States invaded Afghanistan in 2001 and overthrew the Taliban regime.

Mr. Ginco, a college student living in the United Arab Emirates, had gone to Afghanistan in 2000 after running away from his strict Muslim father. He was soon imprisoned by the Taliban, and tortured by operatives of Al Qaeda until, he said, he falsely confessed to being a spy for Israel and the United States.

But rather than help Mr. Ginco return home, American soldiers detained him again. Nearly five years later, he remains in the United States military prison at Guantánamo Bay, Cuba — in part, it appears, on the strength of a propaganda videotape made by his torturers.

“This was a 22-year-old kid who was brutally tortured,” one of Mr. Ginco’s American lawyers, Stephen R. Sady, said. “And instead of being liberated, he has endured four and a half years of additional confinement.”

A bill signed into law by President Bush last December requires the Pentagon to determine if information being used to hold a detainee has been obtained by coercion and “the probative value (if any)” of such information. Another law passed by Congress last month would ban the use of statements made under torture from the military tribunals that are to be used to prosecute some Guantánamo detainees.

But that second law, which awaits the president’s signature, would also sweep away most federal court challenges to the detention of Guantánamo prisoners, including perhaps the one filed by American lawyers for Mr. Ginco, who is now 28.

A spokesman for the Department of Defense, Cmdr. Jeffrey D. Gordon of the Navy, said he could not discuss the specifics of the evidence against any particular detainee. And because part of the military’s case against Mr. Ginco remains classified, it is not possible to evaluate fully the grounds for his detention.

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But partial transcripts from two review hearings for Mr. Ginco at Guantánamo and information filed by his lawyers last week in district court in Washington show that the military has repeatedly accused him of having volunteered his life as a Qaeda martyr — a claim that appears to be based on a videotape found in Afghanistan.

That tape was pulled from the rubble of a home used by Muhammad Atef, the reputed military chief of Al Qaeda, who was killed by an American air strike on his home near Kabul on Nov. 16, 2001. Mr. Ginco named Mr. Atef as one of the Qaeda and Taliban operatives who tortured him in early 2000, applying electric shocks to his ears and toes, nearly drowning him in a filthy water tank, depriving him of sleep and beating him on the soles of his feet.

In December 2001 and January 2002, several Western news reporters, including one for The New York Times, interviewed Mr. Ginco and four other foreign prisoners as the Northern Alliance took over the prison where they had been held in Kandahar. A reporter for The Times of London described Mr. Ginco and some of the others as "desperate to be interviewed by the F.B.I."

On Jan. 17, however, John Ashcroft, then the attorney general, held a news conference to announce that five videotapes had been recovered from the ruins of Mr. Atef's home showing several men who "may be trained and prepared to commit future suicide terrorist acts." The first man shown in an excerpt from one of those tapes was Mr. Ginco, whom Mr. Ashcroft identified as Abd Al-Rahim.

Lawyers for Mr. Ginco, who was born to a Kurdish family in Syria, still have not viewed the complete tape from which Mr. Ashcroft showed a brief excerpt or heard its audio. But they said they believed it showed part of one of the propaganda videos made by the torturers who extracted Mr. Ginco's confession. In a hearing at Guantánamo in November 2005, Mr. Ginco admitted to a military review panel that he appeared in the video but said, "It wasn't my choice."

The Taliban announced in May 2000 that Mr. Ginco had been arrested as a spy. Another videotape was then broadcast on an Arab television network, in which he looks pale, uneasy and underweight and confesses at length to having been a spy for the United States and Israel.

This interview with Mr. Ginco about his purported espionage was also published in a Taliban government magazine in July 2000. It quotes him as saying he was corrupted at college by an "evil acquaintance" who introduced him to a "computer game called PlayStation." Later, he added, he was shown a pornographic computer disc and introduced to an American embassy official, whom he identified as "Shamoyel Anty," an agent of "the Israeli intelligence agency."

After the collapse of the Taliban, Mr. Ginco and the four other foreigners were taken for questioning to the makeshift American detention center in Kandahar. Initially, one of the men said, they were treated more as guests than as prisoners, and were given chocolates and extra blankets by the American soldiers.

His treatment suddenly became much harsher, his lawyers said, after he was recognized as one of the men depicted in a brief Time magazine article based on Mr. Ashcroft's announcement about the videotapes.

Mr. Ginco and the four others were transferred to Guantánamo in May 2002. Two of the five, a Briton and a Russian, were released in 2004, and both have made sworn statements on Mr. Ginco's behalf, his lawyer, Mr. Sady, said.

In other statements filed in federal court, members of Mr. Ginco's family said he had run away from home after borrowing money for a camping trip from some of his college classmates. Mr. Ginco's elder brother, with whom he was living, said the family considered such borrowing shameful, and that he threatened to tell their strict father about the episode.

Mr. Ginco said he had tried to arrange to travel to Europe or Canada but could not because his father had kept his passport. He said a former friend from college who worked at the Afghan Embassy in Dubai told him that he could be deported to Afghanistan if he went to the police and told them he was an undocumented Afghan, which he then did.

In Afghanistan, he quickly drew the suspicion of the Taliban. He was told to go fight against Northern Alliance forces, he said, and sent briefly to a Qaeda training camp. When he tried to leave, he said, he was imprisoned and tortured. At Guantánamo, he has told military officials that the mistreatment badly damaged his right arm and that he had spent much of his time there in a psychiatric ward.

Mr. Ginco's lawyers, who are federal public defenders in Oregon, are contesting his detention on the grounds that he could not have fought against the United States after it declared a war on terrorism because he was being held by the Taliban as an American spy.

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The Right Charge For The Crime (LAT)

The Los Angeles Times, October 15, 2006

Adam Yahiye Gadahn's actions are treasonous, and the charge ensures he'll have the right to trial guaranteed him by the Constitution.

NEWS THAT A GRAND JURY had charged a Southern California native with treason last week begged the question: Can they still do that? The United States, after all, has not charged anyone with treason, a crime defined under English law as early as 1350, since World War II.

But if the facts are as the government alleges, Adam Yahiye Gadahn did indeed commit treason when, in his own words, he "joined a movement waging war on America and killing large numbers of Americans." Gadahn, a convert to Islam who remains a fugitive overseas, has appeared in five propaganda videos for Al Qaeda. Most recently, on the fifth anniversary of the 9/11 terror attacks, Gadahn appeared in a video featuring scenes of the attack, describing the United States as "enemy soil" and extolling the heroism of the terrorists. In a previous video released that same month, Ayman Zawahiri, Osama bin Laden's second in command, introduced Gadahn as "our brother, Azzam the American."

Treason is the only crime defined in the Constitution itself, which establishes a higher evidentiary burden — two eyewitnesses or a courtroom confession — for its prosecution. This higher burden, and the ability to rely on other criminal statutes in most such cases, is the reason the government so seldom resorts to the charge of treason. But in Gadahn's case, his own video messages may help the government prove its case, and prosecutors were within their rights to charge him with the most serious offense against the nation, a crime that can be punishable by death.

There may be no evidence that Gadahn picked up a gun or assembled bombs. But the U.S. criminal code, which tracks the constitutional language, states that "whoever, owing allegiance to the United States, levies war against them or adheres to their enemies, giving them aid and comfort within the United States or elsewhere, is guilty of treason." If the government can prove the facts it alleges, that is clearly what Gadahn did — he joined the enemy (there can be little doubt that a state of war exists between Al Qaeda and the U.S.) to further its cause.

The government's attempts to circumvent the Constitution in its war on terror — by establishing military tribunals lacking in due process and wiretapping Americans without a warrant — have been roundly and rightly criticized. But in this case, the Justice Department is relying on the U.S. court system and the most venerable of U.S. laws to bring a high-profile U.S. operative of Al Qaeda to justice.

Guilty Until Confirmed Guilty (NYT)

The New York Times, October 15, 2006

When President Bush rammed the bill on military commissions through Congress, the Republicans crowed about creating a process that would be tough on terrorists but preserve essential principles of justice. “America can be proud,” said Senator Lindsey Graham, one of the bill’s architects.

Unfortunately, Mr. Graham was wrong. One of the many problems with the new law is that it will only make it harder than it already is to separate the real terrorists from the far larger group of inmates at Guantánamo Bay who were bit players in the Taliban or innocent bystanders. Mr. Graham and other supporters of this dreadful legislation seem to have forgotten that American justice does not merely deliver swift punishment to the guilty. It also protects the innocent.

Mr. Bush ignored that fact after 9/11, when he tried to put the prisoners of the war on terror beyond the reach of American law and the Geneva Conventions. For starters, he dispensed with one of the vital provisions of the conventions: that prisoners must be screened by a “competent tribunal” if there is any doubt about who they are and what role they played in hostilities. As a result, hundreds of men captured in Afghanistan and other countries were sent to Guantánamo Bay and other prisons, including the network of illegal C.I.A. detention camps, without any attempt to determine whether they were any sort of combatant, legal or illegal.

The Bush administration showed not the slightest interest in fixing this problem until the Supreme Court said in Hamdi v. Rumsfeld that the president cannot simply lock up anyone — even a foreign citizen — without giving him a real chance to challenge his detention before a “neutral decision maker.”

In response, Mr. Bush created Combatant Status Review Tribunals, which gave the most cursory possible reviews of the Gitmo detainees. These reviews took place years after the prisoners were captured. They permitted the use of hearsay evidence, evidence obtained through coercion and even torture, and evidence that was kept secret from the prisoner. The normal burden of proof was reversed: the tribunals presumed prisoners were justifiably detained and the prisoners had the burden of disproving government evidence — presuming they knew what it was in the first place.

The new law leaves this mockery of justice stronger. The Military Commissions Act of 2006 makes it virtually impossible to contest a status tribunal's decision. It prohibits claims of habeas corpus — the ancient right of prisoners in just societies to have their detentions reviewed — or any case based directly or indirectly on the Geneva Conventions. Even if an appeal got to the single appeals court now authorized to hear it, the administration would very likely argue that it cannot be heard without jeopardizing secrets, as it has done repeatedly.

The new law dangerously expands the definition of illegal enemy combatant and allows Mr. Bush — and the secretary of defense — to give to anyone they choose the authority to designate a prisoner as an illegal combatant. It also allows Mr. Bush to go on squirreling prisoners away at secret C.I.A. camps where none of the rules apply.

Mr. Bush wants Americans to trust him to apply these powers only to truly dangerous men. Even if our system were based on that sort of personal power and not the rule of law, it would be hard to trust the judgment of a president and an administration whose records are so bad. The United States has yet to acknowledge that it kidnapped an innocent Canadian citizen and sent him to be abused in a Syrian prison. In another case, a German citizen has accused the United States of grabbing him off the streets of Macedonia, drugging him and sending him to Afghanistan, where he was brutally treated. Then there is the Ethiopian living in London who said he was grabbed by American agents and brutalized by Moroccan torturers until he confessed to plotting with Jose Padilla to set off a "dirty bomb." Mr. Padilla was never charged with the crime. The Ethiopian remains at Guantánamo Bay.

Republicans who support the new law like to point out that it only covers foreigners. But Americans have never believed that human rights are just for Americans. Our nation is outraged when an authoritarian government jails an American, or one of its own citizens, on trumped-up charges and brings him or her before a phony court. Surely that is not the model we want to follow in our nation's prisons.

U.S. Policy Could Help 9/11 Suspect (MCT)

By Matthew Schofield

McClatchy Newspapers, October 15, 2006

HAMBURG, Germany | There is no dispute that Mounir el-Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon.

He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al-Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States that was used to help finance the hijackers' pilot training.

German authorities charged him with 3,066 counts of accessory to murder, and in February 2003 he was convicted — the first person to stand trial in the attacks.

But that conviction was overturned by a German appeals court in 2004. This year, he was ordered released pending resolution of appeals.

Now el-Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history.

A German court Thursday began a hearing into whether the accessory-to-murder charges should be restored. The German government is seeking a third trial in the matter.

Among the issues is whether the United States will allow German lawyers to question two key figures in the Sept. 11 plot: alleged ringleader Khalid Sheikh Mohammed and co-conspirator Binalshib.

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At the time of el-Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the CIA. Despite two visits to America by the German prosecutor, U.S. officials declined to make the two men available for questioning.

In September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held at Guantanamo Bay, Cuba.

U.S. military lawyers will soon be appointed to represent them under a law authorizing the Bush administration to try them and other terror suspects before military tribunals.

It is unclear, however, whether the military will make Mohammed and Binalshib available to assist in el-Motassadeq's case. The German prosecutor's office won't comment on whether it would renew efforts to question them — German law forbids prosecutors from commenting outside of court — and spokesmen for the U.S. Justice Department and the Pentagon said they had no information on the subject.

German prosecutors, however, say they will ask the court to reinstate the accessory-to-murder charges.

They will argue that even though el-Motassedeq may not have known precisely when and what Atta and his companions were planning, he knew enough to be found guilty of helping them.

Whether testimony from Mohammed and Binalshib would help prosecutors convict el-Motassadeq is unclear. One of the issues in this case is that he says it would clear him.

Mohammed is thought to have first suggested the hijacking plan to Osama bin Laden. Binalshib, who roomed with Atta in Hamburg, is suspected of becoming the plot's principal logistician after America refused him a visa.

El-Motassadeq insists their testimony would show that he knew little of the plot. His first trial statements that the CIA delivered to the prosecutors appeared to confirm this.

Even so, the court refused to accept the statements after el-Motassadeq's attorney suggested they might have been the result of torture.

U.S. officials declined then to discuss the conditions under which the two men were questioned. Any future German questioning of Mohammed and Binalshib would be likely to focus on how they were treated during the years they were held by the CIA.

Arbitrator: Supermax Prison Understaffed (AP-Y)

By Catherine Tsai, Associated Press Writer

AP, October 15, 2006

Staffing at the Supermax prison has gotten so low that job hazards have increased for correctional officers watching over the nation's worst terrorists, an arbitrator has ruled.

The arbitrator stopped short of ordering the Bureau of Prisons to hire more staff, but union officials representing Supermax officers said the ruling would bolster their argument to Congress for more prison funding.

"If the most maximum security federal penitentiary is indeed understaffed, what is happening across the entire Bureau of Prisons as far as staffing levels?" asked state Rep. Buffie McFadyen, who testified for the union at an arbitration hearing in May. Her district includes Supermax and 11 other state and federal prisons.

The American Federation of Government Employees had said assaults and threats increased after staffing at the Supermax was reduced last year. Two inmates were killed in two separate incidents.

The slayings were the first since the prison 90 miles southwest of Denver opened in 1994. It houses the nation's most dangerous inmates, including al-Qaida member Zacarias Moussaoui, Unabomber Theodore Kaczynski and Oklahoma City bombing conspirator Terry Nichols.

Housing units at Supermax require three officers per shift, but entire units were sometimes left unstaffed, and cells were not being searched regularly, the arbitrator found.

Arbitrator Joseph Lazar ordered the bureau to reduce inherent hazards at Supermax to the lowest possible levels, as called for by a collective bargaining agreement.

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"The agency in fact did not keep its bargain to lower hazards to the lowest possible level," Lazar wrote in a ruling made available Friday by union officials.

Supermax officials were not immediately available for comment.

Islamic Schools Test Ideal Of Integration In Britain (NYT)

By Alan Cowell

The New York Times, October 15, 2006

LEICESTER, England — The sports hall doubles as a prayer room and dining hall for male teenagers, at other times for young women, but never the two together. In the kindergarten, female teachers, warned of an impending visit by a man, draw full facial veils before receiving their guest. When the guest arrives, the children offer a chorus in Arabic: "As salaam aleikum" — peace be upon you.

"Here we can keep ourselves on the path of religion," said Nasir Nathalia, a 15-year-old student at the Leicester Islamic Academy. His friend Mohammed Seedat agrees. "There is less chance here of going off the track," he said.

This is the piety that Britain's expanding Islamic schools seek to project, casting themselves as typical of the thousands of faith schools, mainly Christian, that make up roughly one-third of all publicly financed British schools.

But the visible differences — the way female teenagers wear the full-length dress and head-covering and the boys wear black robes and skullcaps — play into a ferocious debate about the sense of separateness or readiness to integrate Britain's estimated 1.8 million Muslims, about 3 percent of the population.

And the discussion touches on a much wider theme of ethnic segregation across the British state-financed educational system. "Segregation is now so extreme in some schools that there is not much further it can go," Trevor Phillips, the chairman of the Commission for Racial Equality, told a parliamentary panel. "It doesn't help to prepare children in these schools for the real world."

Neither, some believe, does it bridge the gap between a largely secular society and a profound commitment to a single faith.

"If you are going to have Islamic schools, the question is whether they are going to embrace Western values," said Patrick Sookhdeo, a Pakistan-born Anglican priest who converted from Islam and who runs a not-for-profit institute committed to maintaining Christian values. "I would argue that Islamic values are not compatible with Western values."

Others disagree just as boldly. "If you think faith schools are divisive, it would help a great deal to know why: Is there empirical evidence?" said Mohamed Mukadam, the principal of the Leicester Islamic Academy.

Students from Islamic schools, Mr. Mukadam said in an interview, were not associated with either the religious and racial riots in northern England in the early 2000's or in any of the recent terrorism conspiracies. "If you want to examine the northern riots, or the terrorism," he said, "I have not come across a single person from faith schools or who went to faith schools."

It is a debate shot through with fear and resentment after terrorist attacks by Muslims and alleged plots in London, leaving the British government to ponder how it can properly deny state financing to Islamic schools that teach the core subjects of the national curriculum when it provides money for much more numerous schools of Christian, Jewish or other faiths. Only 7 Islamic schools receive public financing, compared with 36 Jewish schools, and about 7,000 Christian schools.

The parents of just 3 percent of Muslim students enroll them in Islamic schools, where the education is generally rigorous and there is a code to nurture their Islamic identity, shield them from discrimination and provide moral guidance. The bulk of the 140 Islamic schools charge tuition. At Leicester, for instance, tuition is $2,700 a year.

"Muslim children in this country tend to live separate lives anyhow," said Mark Halstead, a professor of education at the University of Huddersfield in northern England. "Whether they go to Muslim school does not make much difference to their segregation. They are concentrated in the inner cities. They could be attending a state school that is 90 percent Muslim anyway."

A report by Simon Burgess, a professor of economics, discovered that, for instance, in the blue-collar Tower Hamlets district of East London, where ethnic minorities form 48 percent of the population, nearly half the schools were "exclusively nonwhite."

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The issue of Islamic separateness is magnified by a recent debate about a full-face veil that shows only the eyes and is known as the niqab. Some non-Muslims, most notably Foreign Secretary Jack Straw, have said the veil illustrates that Muslims are rejecting British norms; others say simply that Britons are discriminating against Muslims.

The debate cuts to the heart of Britain's stated philosophy on multiculturalism, defined 40 years ago by the Labor politician Roy Jenkins when he was home secretary. In laying out a new immigration policy, he said immigration should not lead to a "flattening process of assimilation" but instead should provide "equal opportunity accompanied by cultural diversity."

But now, as the country is struggling so publicly with Muslim assimilation, some analysts like Mr. Phillips of the Commission for Racial Equality fear that a premium on cultural separateness has Britain "sleepwalking into segregation."

On another level, the debate over Islamic schools here also involves equity in the use of tax money.

According to the Department of Education in London, private schools must meet laborious and detailed criteria to gain access to state financing, and many Islamic schools have failed to do so.

Since 1997, according to government figures, only 25 "minority faith" schools have qualified for government financing — 15 of them Jewish and the rest Muslim, Sikh, Greek Orthodox and Seventh-day Adventist schools.

Islamic schools typically teach the same basic subjects as in other faith or state-run schools. All — private and public — are subject to inspections.

But there are differences.

While Christian schools say 25 percent of their seats are open to non-Christians, Mr. Mukadam said there were so few Islamic schools that it would be impractical to offer admission to non-Muslims.

In Leicester, many students attend Koranic recitation and memorization lessons at separate madrasas — schools run by mosques without regulation — outside normal school hours.

Still, a survey by the Islamic Human Rights Commission last year said that Muslims in several categories — people who are older, wealthier and more secular, and students in their late teens — placed academic success ahead of religious affiliation in choosing a school.

According to the most recent government inspection of the Leicester Islamic Academy educational standards in 2002, most of its teenage students achieved twice the national average grades in the examinations that high school students take around the age of 16. But that does not necessarily immunize students from the broader pressures of life as British Muslims, even in Leicester.

This city in the English midlands, once known as a center for manufacturing shoes and textiles, prides itself on diversity. More than one-third of the 300,000 residents are members of Britain's ethnic minorities, and Leicester is expected to become Britain's first city with a nonwhite majority in less than a decade. But it has not been protected from the threat of terrorism: in early 2002, the police rounded up what they called an Al Qaeda cell here.

The sight of Muslims under attack in Palestinian areas or Iraq, said Nasir, the student at the academy here, "makes us want to help, through giving or charity." Yusuf Parekh, a 15-year-old classmate, said some people felt the pain and anger particularly because "their people are being killed back home."

But is violence justified? "Only as a last resort," he said.

But Mr. Mukadam, who is also chairman of the Association of Muslim Schools, insisted that his school taught loyalty to Britain as a land that offered religious and other freedoms. If an Islamic school were found to be "fomenting radicalism," he said, "it is my first duty to say this school should not exist."

He acknowledged that some students might feel passionately about the plight of fellow Muslims elsewhere. "My job," he said, "is to understand their deep hurt but get them away from the radicals that promote violence."

Having Their Say, For A Moment Or All Day (WP)

By An Afternoon At Speakers' Corner

The Washington Post, October 15, 2006

LONDON

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Just after noon last Sunday, seven people stood on stools and stepladders that they had lugged to this famous spot in central London. Soon, small crowds -- many among them regular listeners and hecklers -- filled the corner of Hyde Park that for more than a century has been known as the place to go to speak your mind.

"Those idiotic remarks!" said Heiko Khoo, emphatically disagreeing with the position of Jack Straw, leader of the House of Commons, that the veil worn by some Muslim women is a "visible statement of separation."

Khoo, 41, a tour guide who has been speaking here most Sundays for 20 years, contended that Straw knew Muslims would never vote for his Labor Party because of its support of the Iraq war, so he decided to court what Khoo called the "numbskull brigade: those who think, 'Those bleed'n Muslims, they don't belong here. Why don't they behave like us?' "

Several yards away, another regular on a ladder, a woman in a "Gone With the Wind" puffy red dress, asked people gathering around her to address her as "Madame Speaker." Farther away, a man attracted a group of German tourists with a huge placard around his neck that read, "IT'S GOING TO GET WORSE."

"What will get worse?" he was asked.

"Obesity!" he replied in a deeply serious tone. He gave the impression he had more answers at the ready.

There is a bit of everything at Speakers' Corner. Once a place where the condemned were hanged -- and perhaps, some say, because they were given one last chance to say a few words -- the northeast corner of Hyde Park has since the late 19th century been sacred ground for free speech.

There are other noteworthy patches in the 350-acre park -- the Nanny's Lawn, the Lovers' Walk -- but it is only here near Marble Arch where the unsung, along with legends from Winston Churchill to Karl Marx, have come to have their say.

The hot topics on this day were immigration in general and Muslim immigrants in particular.

"Anyone can say what they like," said Anne Martin, 46, a nurse from Kent, who was listening to Khoo defend Muslim women's right to dress as they wish.

Others may spend their Sundays having the family over for a roast or enjoying a museum or a ramble, as the British call a walk in the countryside. But Martin drives here, two hours each way, to revel in the chance to listen to people whose paths she would otherwise never cross.

"I have gone up to Muslim women here," she said, "and asked, 'Why do you wear the hijab ?' " She said she couldn't do that on just any old street corner, but here, it is encouraged. She said she heard answers ranging from "I am happy to wear it" to "It's the way of my husband."

"You can ask questions, and nobody is offended," she said, adding that she has only once seen a fistfight break out. She said the police who stand out of sight at a nearby corner moved quickly to end it.

At 1:15 p.m., 18-year-old Chris Brennan was risking a fight as he disparaged foreigners. But while angry words like "racist" were hurled at him, he persisted in saying he thought his country was better when it was, as he said, "white."

"I have a democratic right to come out and speak like the communists do over there," Brennan said pointing to another gaggle of people across the pavement.

Emily Stapleton, 28, a marketing executive, shouted to Brennan that she is going out with an Asian man: "I don't see anything wrong with it, why should you?"

Gary Castle, a street sweeper, piped up that most of those cleaning up London's trash alongside him were from Eastern Europe. He said they were helping, not hurting, the country because "they are willing to do the jobs we aren't."

Brennan tried to stand his ground but was losing his audience. "He's completely mad," said Ali Mohamed, 21, a Somali-born Londoner, as he turned to find another speaker. "But it tells you something."

Khoo, who speaks four or five hours each Sunday, showed no sign of tiring at 2:30 p.m. and seemed to draw energy from the crowd.

As he was addressing the perception that immigrants receive cheap public housing while hardworking low-income British people must fend for themselves, a man shouted to him: "So if there are only 10 houses, who gets them?"

"We build more," he thundered back. "We don't blame the people who get houses for the shortage."

Behind him, tourists hopped on and off open-air red buses and thousands of runners dressed in bright green and orange T-shirts ran by, participating in a downtown road race.

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Yards away, an elderly man in big glasses and a blue knit cap recited poetry: "She forgot the stars, the moon and sun . . . She forgot the dells where the water runs . . . ."

Lloyd James, 64, said he couldn't quite remember who wrote those lovely lines, but he comes here to share them out loud. "I used to speak on politics, but people like to shout and argue," he said.

Then he continued his delivery, a quiet beauty amid the boisterous clash of words and worldviews:

" . . . She had no knowledge when the day was done."

PATRIOT ACT:

For God And Country (NYT)

By Interview By Deborah Solomon

The New York Times, October 15, 2006

Q: Your new book about the aftermath of 9/11 is titled <object.title class="Movie" idsrc="nyt_ttl" value="141747;242031;138166;152893">"Never Again," but isn't that an inappropriate use of a phrase that has traditionally referred to the Holocaust? </object.title>

<object.title class="Movie" idsrc="nyt_ttl" value="141747;242031;138166;152893">I used it because President Bush turned and looked in my direction and said, "Don't ever let this happen again."</object.title>

Now that you have left your post as U.S. attorney general and are working as a lobbyist, would you still defend the president's willingness to disregard the Geneva Conventions in the treatment and torture of suspected terrorists?

I think there is a very sound argument for saying that those who violate the Geneva Conventions should not benefit from its provisions.

You're talking about the terrorists. But we can't stoop to their level. This is the United States of America. We have to guarantee the rights of everyone, including prisoners.

Well, we have guaranteed many rights to the prisoners.

What about the Patriot Act, which licensed the disregard of certain privacy laws designed to protect our own citizens?

After years of misrepresentation and pillorying by a variety of groups like the A.C.L.U. that ended up making a lot of money by opposing it and developed a lot of membership by opposing it, its renewal passed by 89 votes in the Senate.

They didn't oppose the Patriot Act in order to make money, or as some kind of marketing scheme.

If you think they don't care about membership, I think that's a naïve understanding of the way politics works in America.

As one of the best-known evangelical Christians in this country, what do you make of the current pope, Benedict XVI?

When the pope speaks, I take it very seriously. But I don't take it as ultimately authoritative, unless I find it to be consistent with what I believe is ultimately authoritative, and that's the Scripture.

What did you think when the pope gave that controversial speech last month, appearing to debunk Islam by referring to a medieval text that characterizes Muhammad as a prophet of violence?

If the pope thought the Muslim faith were better than the Catholic faith, he'd be a Muslim. To say that you have beliefs and that they are equal to everyone else's beliefs all the time is to devalue the concept of belief.

In that case, do you think your own religious tradition of evangelicalism is superior to Catholicism?

For me it is.

What about Islam?

I don't think it's the faith for me. I find that I respond to the reconciliation, the healing and the forgiveness of Jesus.

Don't all the major monotheistic religions — Judaism, Christianity and Islam — teach compassion?

In some cases, they do. I can't really speak for them. I'm a Christian for a variety of reasons. Maybe because it's easy. What I have to do to please God is to confess that I am a sinner instead of trying to prove that I am good.

So you see yourself as a sinner?

Yes. I fail and do things that I wish I didn't do.

Such as?

I'm unkind on occasion, and I am selfish. For me, embracing the Christian faith is something that I do not because I am good but because I am not good, because I need help.

Why? Do you drink?

I drink probably a quart or two a day, but not of alcohol! I don't consume alcohol at all. I've never had a mixed drink.

Have you ever smoked a cigarette?

No. I puffed on a cigar one time, and it just made my mouth feel like someone had shot a cobweb all inside my mouth.

If you felt temptation for another woman, what would you do?

Call my wife.

In addition to songwriting, you dabble in the visual arts. What sort of work do you do?

I make barbed-wire sculpture.

Why barbed wire?

Because there was a surplus of it on my farm.

Well, thank you for making time for this interview.

I just hope that in meeting people, they'll understand that I am not as bad as they thought I was.

HOMELAND RESPONSE:

The Unsolved Case Of Anthrax (WP)

By Tom Daschle

The Washington Post, October 15, 2006

Oct. 15, 2001, is a day I'll never forget. On that day one of my staff members opened an anthrax-laced letter addressed to me, and my office became a part of the deadliest bioterrorism attack in U.S. history. Anthrax was also sent through the mail to a number of other people and organizations -- the National Enquirer, the New York Post, broadcaster Tom Brokaw and Sen. Pat Leahy of Vermont. These attacks killed five people, injured 17 others, disrupted operations all over Capitol Hill and alarmed an entire nation.

Twenty-eight people, including 20 on my staff, tested positive for anthrax exposure. Though relieved that they were spared the horror of the disease, I am reminded every day that the families and friends of five others were not so lucky. Robert Stevens in Florida, Kathy Nguyen in New York, Ottilie Lundgren in Connecticut, and Thomas Morris Jr. and Joseph Curseen in Washington were all victims of the attack.

Five years later, the alarm I and many others experienced on that dark day has been replaced by a deep discouragement and dismay.

The investigation's trail has gone cold. Physical evidence that might have been gathered in the first days and weeks after the attacks is long gone. Meanwhile, if a recent article in The Post is any guide, questions remain in the scientific community about the composition of the anthrax and the level of technological expertise required to manufacture it -- even though there is no question about its extreme lethality.

While the FBI has made gains in its scientific capabilities and understanding of anthrax, its slowness to move and its lack of direction in the early stages of the investigation led to missed opportunities. In this age when we face a new kind of enemy, we need to be able to adapt our counterterrorism and law enforcement strategies to meet the threat.

We ought to use this fifth anniversary of the attack to rededicate ourselves to solving the crime and ensuring that we are better prepared to confront similar attacks.

First, the FBI and the Justice Department must treat this investigation with urgency. Solving the crime would send an important message to the perpetrator(s), to those who are contemplating similar attacks and to the American people.

Second, the Sept. 11 commission called for the creation of an FBI national security workforce and for a recalibration of the FBI mission -- from sole concentration on its criminal justice mission and toward increased focus on national security. Late last year the commission gave the FBI a C on its progress. A recent examination of the bureau found that new agents get insufficient

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counterterrorism training and that the role of analysts is underappreciated. These reforms, like the investigation of the attack itself, need to be implemented with urgency.

Third, progress on the investigation and needed reforms are hindered by a lack of congressional oversight. Part of that is the FBI's fault: Even the targets of this attack have been denied updates on the investigation since mid-2004, the last time I was briefed on it. But Congress cannot and should not be given a free pass on the issue. There has been dramatically little oversight of FBI reorganization in the two years since the Sept. 11 commission's initial report was released and the year since the commission released its review of progress toward implementing its sensible recommendations.

Finally, there has been precious little reform of our public health infrastructure to ensure that we are prepared for future terrorist attacks and health emergencies. Every American deserves to know that he or she will receive the best care this country has to offer if and when the next disaster strikes.

Regrettably, we learned after Hurricane Katrina that emergency health services are both scarce and fragile in this country. Moreover, our funding for public health infrastructure has lagged, exacerbating the crisis in emergency capacity. And efforts to stockpile necessary drugs have been usurped by inefficient subsidies to drug companies and by bureaucratic indecision.

It's been five years since the anthrax attacks shook our country and took the lives of five Americans. We cannot permit another five to pass before we close this chapter and prepare for the next one.

The writer, a former Democratic senator from South Dakota who served as Senate majority leader, works with the Center for American Progress and for the law firm Alston & Bird.

WAR NEWS:

Bush Keeps Revising War Justification (AP)

By Tom Raum

AP, October 15, 2006

President Bush keeps revising his explanation for why the U.S. is in Iraq, moving from narrow military objectives at first to history-of-civilization stakes now.

Initially, the rationale was specific: to stop Saddam Hussein from using what Bush claimed were the Iraqi leader's weapons of mass destruction or from selling them to al-Qaida or other terrorist groups.

But 3 1/2 years later, with no weapons found, still no end in sight and the war a liability for nearly all Republicans on the ballot Nov. 7, the justification has become far broader and now includes the expansive "struggle between good and evil."

Republicans seized on North Korea's reported nuclear test last week as further evidence that the need for strong U.S. leadership extends beyond Iraq.

Bush's changing rhetoric reflects increasing administration efforts to tie the war, increasingly unpopular at home, with the global fight against terrorism, still the president's strongest suit politically.

"We can't tolerate a new terrorist state in the heart of the Middle East, with large oil reserves that could be used to fund its radical ambitions, or used to inflict economic damage on the West," Bush said in a news conference last week in the Rose Garden.

When no weapons of mass destruction were found in Iraq, Bush shifted his war justification to one of liberating Iraqis from a brutal ruler.

After Saddam's capture in December 2003, the rationale became helping to spread democracy through the Middle East. Then it was confronting terrorists in Iraq "so we do not have to face them here at home," and "making America safer," themes Bush pounds today.

"We're in the ideological struggle of the 21st century," he told a California audience this month. "It's a struggle between good and evil."

Vice President Dick Cheney takes it even further: "The hopes of the civilized world ride with us," Cheney tells audiences.

Except for the weapons of mass destruction argument, there is some validity in each of Bush's shifting rationales, said Michael O'Hanlon, a foreign policy scholar at the Brookings Institution who initially supported the war effort.

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"And I don't have any big problems with any of them, analytically. The problem is they can't change the realities on the ground in Iraq, which is that we're in the process of beginning to lose," O'Hanlon said. "It is taking us a long time to realize that, but the war is not headed the way it should be."

Andrew Card, Bush's first chief of staff, said Bush's evolving rhetoric, including his insistence that Iraq is a crucial part of the fight against terrorism, is part of an attempt to put the war in better perspective for Americans.

The administration recently has been "doing a much better job" in explaining the stakes, Card said in an interview. "We never said it was going to be easy. The president always told us it would be long and tough."

"I'm trying to do everything I can to remind people that the war on terror has the war in Iraq as a subset. It's critical we succeed in Iraq as part of the war on terror," said Card, who left the White House in March.

Bush at first sought to explain increasing insurgent and sectarian violence as a lead-up to Iraqi elections. But elections came and went, and a democratically elected government took over, and the sectarian violence increased.

Bush has insisted U.S. soldiers will stand down as Iraqis stand up. He has likened the war to the 20th century struggles against fascism, Nazism and communism. He has called Iraq the "central front" in a global fight against radical jihadists.

Having jettisoned most of the earlier, upbeat claims of progress, Bush these days emphasizes consequences of setting even a limited withdrawal timetable: abandonment of the Iraqi people, destabilizing the Middle East and emboldening terrorists around the world.

The more ominous and determined his words, the more skeptical the American public appears, polls show, both on the war itself and over whether it is part of the larger fight against terrorism, as the administration insists.

Bush's approval rating, reflected by AP-Ipsos polls, has slid from the mid 60s at the outset of the U.S.-led invasion in March 2003 to the high 30s now. There were light jumps upward after the December 2003 capture of Saddam, Bush's re-election in November 2004 and each of three series of aggressive speeches over the past year. Those gains tended to vanish quickly.

With the war intruding on the fall elections, both parties have stepped up their rhetoric.

Republicans, who are also reeling from the congressional page scandal, are casting Democrats as seeking to "cut and run" and appease terrorists.

Democrats accuse Bush of failed leadership with his "stay the course" strategy. They cite a government intelligence assessment suggesting the Iraq war has helped recruit more terrorists, and a book by journalist Bob Woodward that portrays Bush as intransigent in his defense of the Iraq war and his advisers as bitterly divided.

Democrats say Iraq has become a distraction from the war against terrorism — not a central front. But they are divided among themselves on what strategy to pursue.

Republicans, too, increasingly are growing divided as U.S. casualties rise.

"I struggle with the fact that President Bush said, `As the Iraqis stand up, we will stand down.' But the fact is, this has not happened," said Rep. Christopher Shays, R-Conn., a war supporter turned war skeptic.

The Republican chairman of the Senate Armed Services Committee, Sen. John Warner of Virginia, said after a recent visit to Iraq that Iraq was "drifting sideways." He urged consideration of a "change of course" if the Iraq government fails to restore order over the next two or three months.

More than 2,750 members of the U.S. military have died since the beginning of the war, most of them since Bush's May 2003 "mission accomplished" aircraft carrier speech. Tens of thousands of Iraqis have died.

Recent events have been dispiriting.

The United States now has about 141,000 troops in Iraq, up from about 127,000 in July. Some military experts have suggested at least one additional U.S. division, or around 20,000 troops, is needed in western Iraq alone.

Dan Benjamin, a former Middle East specialist with the National Security Council in the Clinton administration, said the administration is overemphasizing the nature of the threat in an effort to bolster support.

"I think the administration has oversold the case that Iraq could become a jihadist state," said Benjamin, now with the Center for Strategic and International Studies. "If the U.S. were to leave Iraq tomorrow, the result would be a bloodbath in which Sunnis and Shiites fight it out. But the jihadists would not be able to seek power."

Not all of Bush's rhetorical flourishes have had the intended consequences.

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When the history of Iraq is finally written, the recent surge in sectarian violence is "going to be a comma," Bush said in several recent appearances.

Critics immediately complained that the remark appeared unsympathetic and dismissive of U.S. and Iraqi casualties, an assertion the White House disputed.

For a while last summer, Bush depicted the war as one against "Islamic fascism," borrowing a phrase from conservative commentators. The strategy backfired, further fanning anti-American sentiment across the Muslim world.

The "fascism" phrase abruptly disappeared from Bush's speeches, reportedly after he was talked out of it by Secretary of State Condoleezza Rice and Karen Hughes, a longtime Bush confidant now with the State Department.

Hughes said she would not disclose private conversations with the president. But, she told the AP, she did not use the "fascism" phrase herself. "I use `violent extremist,'" she said.

26 Killed In Revenge Attacks Outside Baghdad (NYT)

By Michael Luo And Qais Mizher

The New York Times, October 15, 2006

BAGHDAD, Oct. 14 — A rural Shiite town northwest of here exploded in sectarian reprisals on Saturday as angry residents, many roving the streets in armed packs on the backs of pickup trucks, killed at least 26 people from a nearby Sunni village, provincial authorities said.

The killings in the town of Balad , about 50 miles from Baghdad, were in response to the slaughter of 14 Shiite construction workers whose beheaded bodies were found Friday in an orchard in Dhuluiya, a Sunni town, said Hamad al-Qaisi, governor of Salahuddin Province, which includes both towns.

The workers had gone to Dhuluiya on Thursday to help rebuild houses and were on their way back when they were kidnapped by Sunni militiamen, said another government official from Salahedin who spoke on condition of anonymity.

When their corpses were eventually brought back to Balad, angry mobs gathered in the streets clamoring for revenge, Mr. al-Qaisi said.

Armed residents set up a checkpoint inside Balad's central market area, where many people from Dhuluiya come to shop, he said, as well as one on the road between the two towns.

At least 26 bullet-riddled bodies, all believed to be Sunni residents of Dhuluiya, were found around Balad on Saturday, he said.

Mr. Qaisi went to Balad to meet with tribal sheiks to urge restraint. He said he exacted their promises to do what they could. Meanwhile, he imposed a curfew as of Saturday evening on Balad and Dujail, a neighboring Shiite town, where sectarian tensions are also high, he said.

"The situation is very bad in both Balad and Dujail," he said.

Gunmen in pickup trucks were still roaming Balad on Saturday afternoon, he said, adding that he has asked the American military to help him impose order.

The American military reported that an Iraqi detainee at Camp Bucca died Saturday morning from what appeared to be a heart attack. The detainee was checked into the camp's hospital on Oct. 5, the military said. At 1:40 a.m. Saturday he called for assistance, and doctors tried to help him. Shortly afterward, a cardiac monitor showed no pulse. Efforts to revive him failed, the statement said.

In central Baghdad, a pair of car bombs exploded about 1 p.m., wounding one person, an Interior Ministry official said.

At least 22 bullet-riddled bodies, many of them handcuffed and bearing signs of torture, were found by the police across the capital on Saturday, the official said.

Another car bomb blast just 15 minutes earlier aimed at an American convoy in Dora resulted in no casualties, he said.

In other violence in Iraq, a Shiite family of four was killed at dawn in Mahmudiya by gunmen dressed in military-style uniforms, The Associated Press said. At least seven people were reported killed in a mortar attack near Baquba.

Two more American servicemen were killed on Saturday, one from a roadside bomb in Baghdad and the other from "enemy action" in Anbar Province, the American military said.

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Sunni Arabs Targeted In Revenge Killings (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin

The Washington Post, October 15, 2006

Violence Flares After Beheading Of Shiite Workers

BAGHDAD, Oct. 14 -- Seeking revenge for the killing of 17 Shiite farmworkers, Shiite militiamen surged into a town north of Baghdad on Saturday to launch attacks that by nightfall killed at least 27 Sunni Arabs, many of them brought to a hospital bearing the marks of electric drills and other signs of torture, according to medical workers, residents, police and militia leaders.

Sounds of shooting suggested the killing in the city of Balad continued into the night Saturday, as reinforcements from the Shiite-controlled Interior Ministry arrived and residents cowered in their homes. "You hear nothing but gunshots," Hasanein Ali, assistant director of Balad's hospital, said by telephone.

In addition to the dead counted at the hospital, one Balad resident who fled the city said he had seen more bodies burned in the streets.

The fierce outbreak of violence in the mostly Shiite city, surrounded by Sunni towns, was sparked in the mostly Sunni town of Duluiyah. The two communities are separated only by the Tigris River about 50 miles north of Baghdad.

On Friday, 17 Shiite laborers who had been hired to prune date palm trees in Duluiyah were kidnapped, police said. The workers' headless bodies were found outside the town later that day.

Shiite leaders in Balad said they responded to the farmworkers' killings by asking a Baghdad office of Moqtada al-Sadr, an influential Shiite cleric, to send militiamen and weapons.

"It is necessary to take a strong stand, so that such killings will not be repeated, and so we can take our revenge," said Taysser Musawi, a Shiite cleric in Balad.

Scores of militia fighters went to Balad in answer to the call, and residents said they targeted the city's Sunni minority.

"The armed men, using loudspeakers, ordered Sunnis to leave the city of Balad within 24 hours or they will face death," said Ali, the hospital official. "The city now is in the hands of the armed men and the militias."

Ali added that some police officers appeared to be fighting alongside the militiamen.

Ali said 27 dead Sunnis had been brought to the hospital, and said he believed more bodies had yet to be collected because of darkness and the fighting. A local Sunni resident, Muhannad Khalaf, interviewed outside Balad, said he had seen three burned bodies on the road as he fled north to safety in the Sunni city of Tikrit.

The attacks allegedly sparked fighting between townspeople of Duluiyah and Balad. In Balad, police Capt. Abdul Aziz Khazrajy said the Interior Ministry in Baghdad sent security forces to the scene.

Khalaf asserted that the Interior Ministry commandos had set up checkpoints and were screening travelers, seeking out Sunnis. Both Shiite and Sunni fighters in Iraq's growing sectarian violence often are accused of using traffic checks to find and kill members of the opposite sect.

A police major in Duluiyah, Hussein Alwan, said by telephone that residents "are in a state of alert and top readiness. They are carrying arms, while mosques are calling on the people through loudspeakers to take up arms in defense of the town. They expect an imminent attack" by Interior Ministry commandos.

Tensions in the area have been high for weeks, "but yesterday's killing of the 17 farmworkers was the spark that will set off total war" there, Alwan said.

The fighting in the Tigris River towns served as a microcosm of the Shiite-Sunni killing that has increased dramatically this year and is claiming scores of lives in the capital and around Iraq every day, according to monthly counts from Iraqi authorities.

Baghdad police said they had found 23 bodies between midnight Friday and noon Saturday. All of the victims were shot and most of them bore signs of torture.

Three separate attacks involving bombs or mortars killed three civilians and a policeman in Baghdad, police said.

In the northern oil city of Kirkuk, gunmen attacked an Iraqi army checkpoint, triggering a clash that killed two gunmen, Lt. Col. Sadrudeen Aziz said.

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The U.S. military reported that a bomb killed an American soldier southwest of Baghdad on Friday and, on Saturday, a U.S. airman was killed in action in Baghdad and a Marine died "due to enemy action" in the western province of Anbar. October is on track to be one of the deadliest months of the war for U.S. forces, with more than 40 killed so far.

Aldin reported from outside Balad. Other Washington Post staff in Iraq contributed to this report.

26 Sunnis Killed In Sectarian Violence (AP)

By Christopher Bodeen

AP, October 15, 2006

Suspected Shiite militiamen killed 26 Sunni Arabs in a city north of Baghdad that has been seized by a rash of sectarian bloodletting, an Interior Ministry official said Sunday.

The U.S. military, meanwhile, reported the deaths of a Marine and four soldiers.

The killings in Balad on Saturday were in apparent retaliation for the slayings of 17 Shiites whose decapitated bodies were found in an orchard on the town's outskirts Friday. An outbreak of sectarian violence has killed 43 people so far in Balad, 50 miles north of Baghdad.

Extra police flooded into the city and a curfew was imposed, Interior Ministry spokesman Brig. Abdul-Karim Khalaf said. Additional security measures were taken in other villages in the predominantly Sunni area, a hotbed of the insurgency battling U.S. and Iraqi forces.

The Marine was killed in combat Saturday in Anbar province, the Sunni heartland west of Baghdad, the military said.

Three soldiers died in a roadside bombing Saturday south of Baghdad, and another was killed in a roadside bombing Friday night southwest of the capital.

In eastern Baghdad Sunday, Interior Ministry Undersecretary Hala Shakir Salim survived a roadside bomb attack that killed three bystanders and two bodyguards, police Capt. Mohammed Abdul-Ghani said.

A married couple and two of their sons were killed Sunday morning when gunmen burst into their home in Mosul, Iraq's third-largest city 225 miles northwest of Baghdad. Two of their daughters-in-law were critically wounded. Police Col. Eid al-Jibouri said the identities of the attackers and their motive were unknown.

South of Baghdad, three women and four men were killed in drive-by shootings in the predominantly Shiite village of Wahda on Saturday afternoon, said provincial police spokesman Lt. Hadi Hassan.

Iraqi Police Force Facing Shake-up (AP)

By David Rising

AP, October 15, 2006

Iraq's Shiite-dominated Interior Ministry, whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders, a spokesman said Saturday.

Thousands have died this year in the cycle of killings between Shiite and Sunni death squads. At least 22 were killed Saturday, mainly in sectarian attacks.

Authorities also said they discovered the headless bodies of 17 Shiite construction workers in an orchard outside Baghdad, kidnapped and decapitated in apparent retaliation for an attack on Sunni Arabs last week.

The decapitated corpses were found Friday outside the city of Duluiyah, 45 miles north of Baghdad, along with four other unknown victims, also beheaded.

The killings of the workers came after the kidnapping Wednesday of three Sunni Arabs in Duluiyah by a Shiite militia based in Balad, police said. The three were killed and their bodies burned. After the discovery of the bodies late Friday and early Saturday, Sunni families living near Balad were starting to flee their homes, fearing Shiite retaliation.

Amid the growing tensions between Sunni Arabs and Shiites, Saudi Arabia's King Abdullah met Saturday with prominent Iraqi clerics from both sects in the Islamic holy city of Mecca and urged them to seek an end to the violence to allow the two sides to reconcile.

"My brothers, we need now patience, calmness and quiet to get to know each other," the king told them.

Spokesman Abdul-Karim Khalaf said the Interior Ministry shake-up would ensure stronger action to stop the violence.

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"We are working on reshuffling the ministry's vital posts like (the leaders of the) police commandos and public order forces, as well as some undersecretaries," he told The Associated Press, without elaborating.

He said most of the 3,000 employees who had been removed since May were suspected of corruption or human rights violations, but did not specify whether they were involved in militia activities. Up to 600 of them will face prosecution, he said.

The Shiite-led national police force, controlled by the Interior Ministry, is widely accused of being infiltrated by Shiite militias blamed in slayings of Sunni Arabs. Critics say Prime Minister Nouri al-Maliki has been reluctant to move against the militias since many are linked to parties in his coalition.

The U.S. embarked on an intensive neighborhood-by-neighborhood sweep of the capital in August in a crackdown on the killings.

But Sadr City, the sprawling Shiite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone, and U.S. commanders say they are waiting on the command from al-Maliki's government.

When al-Maliki's government was formed in May, Interior Minister Jawad Bolani was given the post as top security official in large part because he had no militia links. But his lack of militia connections also has given him less leverage to make change.

Earlier this month, an entire brigade of some 700 policemen was suspended from service and taken to barracks because of suspected militia sympathies. The commander of one of the brigade's battalions faces criminal prosecution and others are being investigated.

The troops were suspected of allowing Shiite militias to operate freely in their area, where there had been a mass kidnapping of some two dozen people from a frozen food factory, at least seven of whom have since been found dead.

Problems with the brigade emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer. At the time it was taken off line, the top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, suggested many of the policemen were involved in allowing death squads to operate and would not be brought back.

Still, Khalaf played down the role of the ministry's police forces in militia violence, blaming instead the Facilities Protection Service, rather than the police. The FPS, created to guard government buildings and infrastructure, has some 150,000 members but an unclear command structure.

He said the FPS is not working under the supervision of either the Interior or Defense ministries. U.S. commanders also have said FPS members may be carrying out a large portion of the killings.

The Interior Ministry also has said that many attacks are carried out by people impersonating either Iraqi soldiers or police, and this month introduced new uniforms for certain units and new markings for police vehicles.

Also Saturday, a U.S. airman operating with an Iraqi police unit was killed in combat in Baghdad, the military said, bringing to 46 the number of U.S. servicemembers who have died in Iraq this month.

Seven people were killed in an early morning mortar attack on a small Sunni village near Baqouba, 35 miles northeast of Baghdad. Residents blamed Shiite militias for the attack, in which four mortar rounds were fired into the village.

In the evening, gunmen in a vehicle opened fire in the Shiite village of Wahda, killing three women and four men. Police pursued them and caught one of the attackers, a Sunni gunman, police said.

A Shiite family of four was killed around dawn in Mahmoudiya, about 20 miles south of Baghdad, army Capt. Oday Abdul-Ridha said. Abdul-Ridha said assailants dressed in military-style uniforms had stormed into the family's house.

In Baghdad, an employee of government-run TV was killed in a drive-by shooting Friday night, police said.

Raed Qais al-Shammari, a technician with the al-Iraqiya station, was standing near his home talking with a friend when he was shot by a gunman from a car in the violence-wracked Dora neighborhood, police said.

The attack follows Thursday's killings of 11 people at Baghdad's private Shaabiya television station. Shiite militiamen are suspected to have carried out that attack, possibly due to perceptions the newly formed station was backing their Sunni Arab rivals.

3,000 Ministry Staffers Fired Over Corruption (WT/AP)

By David Rising

DOJ_NMG_0081459

The Washington Times/AP, October 15, 2006

BAGHDAD -- Iraq's Shi'ite-dominated Interior Ministry, whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders, a spokesman said yesterday.

Thousands have died this year in the cycle of killings between Shi'ite and Sunni death squads. At least 22 were killed yesterday, mainly in sectarian attacks.

Authorities also said they discovered the headless bodies of 17 Shi'ite construction workers in an orchard outside Baghdad, kidnapped and decapitated in apparent retaliation for an attack on Sunni Arabs last week. The decapitated corpses were found Friday outside the city of Duluiyah, 45 miles north of Baghdad, along with four other unknown victims, also beheaded.

The workers were killed after the kidnapping Wednesday of three Sunni Arabs in Duluiyah by a Shi'ite militia based in Balad, police said. The three were killed and their bodies burned. After the discovery of their bodies late Friday and early yesterday, Sunni families living near Balad started to flee their homes, fearing Shi'ite retaliation.

With tension growing between Sunni Arabs and Shi'ites, Saudi Arabia's King Abdullah met yesterday with prominent Iraqi clerics from both sects in the Islamic holy city of Mecca and urged them to seek an end to the violence to allow the two sides to reconcile.

"My brothers, we need now patience, calmness and quiet to get to know each other," the king told them.

Spokesman Abdul-Karim Khalaf said the Interior Ministry shake-up would ensure stronger action to stop the violence.

"We are working on reshuffling the ministry's vital posts like [the leaders of] police commandos and public order forces, as well as some undersecretaries," he told the Associated Press, without elaborating.

He said most of the 3,000 employees who had been removed since May were suspected of corruption or human rights violations, but he did not specify whether they were involved in militia activities. Up to 600 of them will face prosecution, he said.

The Shi'ite-led national police force, controlled by the Interior Ministry, is widely accused of infiltration by Shi'ite militias blamed in slayings of Sunni Arabs. Critics said Prime Minister Nouri al-Maliki has been reluctant to move against the militias because many are linked to parties in his coalition.

The U.S. embarked on an intensive neighborhood-by-neighborhood sweep of the capital in August in a crackdown on the killings, but Sadr City, the sprawling Shi'ite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone. U.S. commanders said they are waiting on the command from Mr. al-Maliki's government.

When Mr. al-Maliki's government was formed in May, Interior Minister Jawad Bolani was given the post as top security official largely because he had no militia links, but his lack of militia connections also has given him less leverage to make change.

Earlier this month, an entire brigade of about 700 policemen was suspended from service and taken to barracks because of suspected militia sympathies. The commander of one of the brigade's battalions faces criminal prosecution, and others are being investigated.

Al-Qaida In Iraq: 'Insurgent Tape' Fake (AP)

AP, October 15, 2006

Al-Qaida in Iraq said Saturday that a recent video tape made by a man claiming to be an insurgent who called for the replacement of the head of the terrorist group was fabricated.

The Mujahedeen Shura Council — an umbrella organization of insurgent groups, including al-Qaida in Iraq — said in a statement posted on its Web site that the video was "a lie and a media trick."

The statement could not be independently confirmed.

On Friday, a man who said he was an Iraqi Islamic insurgent released a video tape urging Osama bin Laden to replace al-Qaida in Iraq's leader with an Iraqi national. The man, who claimed to be Abu Osama al-Iraqi, said in the 17-minute video tape posted on a Web site commonly used by insurgents that there were "deviations" by al-Qaida in Iraq under its new leader Abu Ayyub al-Masri.

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Al-Masri — whose pseudonym means "the Egyptian" — took over the leadership after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June. Other Sunni insurgents had criticized al-Zarqawi, a Jordanian, for turning Sunni Iraqis against the movement by killing civilians.

The Shura Council said the false video tape "shows the great dilemma that the Crusader's coalition is passing through in Iraq especially after the calls for withdrawal that were released by the British army."

The group was referring to Britain's top soldier, Gen. Richard Dannatt, who said Thursday that British troops should withdraw from Iraq. On Friday, he backpedaled from the comments, saying he meant troops should leave within years.

Attacks On Journalists Continue In Baghdad (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, October 15, 2006

A radio announcer was shot dead on his way to work, and a TV reporter was abducted. Some fear a militia campaign against the media.

BAGHDAD — Gunmen killed a radio journalist and kidnapped a television reporter, Iraqi police said Saturday, continuing a spate of attacks that has killed 14 media employees in recent weeks.

Hussam Ahmed, a correspondent for the independent TV station Nahrain, was forced from his car at gunpoint Saturday, police said. The gunmen took him away in another car. There has been no communication from the kidnappers.

Police also reported that another journalist, announcer Raid Qais of Voice of Iraq radio, was shot while driving to work in the Dora neighborhood of south Baghdad on Friday. Qais died instantly, police said.

Three other journalists recently have been kidnapped or killed in roadside attacks, and 11 employees of a television station were killed by gunmen Thursday. A convoy of armed men, some wearing police uniforms, invaded the Al Shaabiya satellite television station and opened fire at executives, technicians and guards. General manager Abdul Raheem Nasrallah was among those killed.

The attacks are raising concern that the groups responsible for Iraq's sectarian bloodletting are turning their attention to the news media.

"They're trying to hide the reality of the crimes they are committing in Iraq by killing the individuals who are transmitting that reality to the whole world," said Ziad Ajili, head of the Journalistic Freedoms Observatory, an Iraqi free-speech watchdog group.

The other journalists killed recently included reporter Azad Mohammed of the Dar al Salam radio station, whose body lay in the morgue Wednesday. Mohammed, 29, was kidnapped Oct. 3 as he left his house in the Shaab neighborhood of northeast Baghdad.

On Thursday, radio announcer Mohammed Abdul Rahman, 55, of Dijla Radio was found dead. He was kidnapped in mid-September in the western Baghdad neighborhood of Mansour, where he had moved after receiving threats.

Ali Kareem, editor of a weekly newspaper, was grabbed from his car Monday on the way to work in east Baghdad, the Voice of Iraq reported. Iraq's journalism syndicate received a $50,000 ransom demand for Kareem's release.

Although most of Iraq's media outlets have some political or tribal affiliation, most of the recent victims worked for organizations that are considered relatively independent.

Ajili said some attacks on journalists might involve political or tribal motives, but "the first thing is because they are journalists."

"I think there is a campaign against journalism," said Saif Qaissi, a reporter for a foreign news agency who was a friend of Qais, the slain announcer. "It has been escalating for four months."

Reporters covering public affairs in Iraq face a high-stakes dilemma, Qaissi said. If they praise the government, anti-government groups are likely to accuse them of being tied to a group in power. If they criticize, they can be accused of trying to destabilize the country.

"They don't realize that the journalist has to write both the failures and the successes," he said.

The Committee to Protect Journalists, based in New York, reported Friday that 85 journalists and 35 media support workers had been killed in Iraq since March 2003, making the war there the deadliest conflict for the media in the last 25 years.

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On Saturday, authorities reported finding 18 bodies in Baghdad and seven more in Duluiya, north of the capital, where 14 other bodies had been found Friday. Some of the victims showed signs of torture.

A bomb killed one person and injured two in east Baghdad.

An attack on an Iraqi army convoy outside the northern city of Kirkuk left one soldier dead and two wounded.

The Associated Press reported that gunmen killed six adults and two young girls in an attack Friday on a Shiite family picking vegetables in fields south of the capital. Interior Ministry officials could not immediately confirm the report.

U.S. officials reported the combat deaths of two American military personnel. A Marine died Saturday of injuries sustained in an enemy attack in Al Anbar province. A soldier died Friday of wounds received when his vehicle hit a roadside bomb in southwest Baghdad.

The Army also reported that a base in southwest Baghdad that was rocked by a spectacular series of explosions set off by a mortar round that hit an ammunition dump Wednesday had been restored to normal operations in 24 hours.

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Times special correspondents in Baghdad and Kirkuk contributed to this report.

Helping One Girl Face The Future With Hope (LAT)

By Kurt Streeter

The Los Angeles Times, October 15, 2006

Disfigured by war, a young Iraqi finds medical aid and caring strangers in L.A.

IT WAS shrapnel that brought her to Los Angeles. Hot and sharp, it pierced her legs, her stomach and her right hand. It mangled her face around her deep brown eyes, and it tore off her nose.

"I'm hurt," Marwa cried. "Mommy, I'm hurt in my face. I'm hurt, Mommy. My face."

A missile? Mortar? Whose? It was impossible to know. The Americans were invading Baghdad, and Marwa Naim blamed them. She would never forget the explosion. It had blown up her house, thrown her into the air and flung her on top of her mother. Marwa saw a hole the shrapnel carved into her mother's stomach.

Her mother lay still. Marwa saw blood. "Mommy, Mommy, get up…. "

Then Marwa's vision began to fade. She would recall thinking that she herself was dying. Or that maybe she was already dead. Before she lost consciousness, she heard her aunt screaming for her father.

"Mohammed!" her aunt cried. "Your wife is dead! Your wife is dead!"

Marwa was 9 years old.

She had been pretty, her skin soft and toffee-colored, her eyes, mouth and nose set together in perfect proportion, just like her mother's. It gave her the confidence to make herself known, even in a rough suburb like hers on the southern outskirts of Baghdad, a poor and religiously conservative neighborhood where girls settled into defined roles and rarely ventured out alone.

But now her face! Iraqi doctors removed the shrapnel from her stomach and hand and repaired the scars on her lip and around her eyes. But they could not replace her right thumb. And her nose? There was next to nothing. No nostrils, no tip. Just two holes and a small gutter covered by a zigzagging scar.

She saw her face in a mirror and cried. She was too embarrassed to go out. Everyone stared and gossiped. She stopped going to school. Other children called her "Mrs. No Nose." She hated those taunts, hated them more than anything. "Mrs. No Nose. Mrs. No Nose." She couldn't take it.

Her father got a small aid grant and opened a tiny store, where he sold chips and Pepsis to his battle-weary neighbors. That was how aid groups found out about Marwa. They offered to arrange for her to fly to Los Angeles. The Palestine Children's Relief Fund offered to buy her a ticket and find somewhere for her to stay.

The UCLA Medical Center and its chief of plastic surgery, Dr. Tim Miller, offered to restore her face — for free.

But if Americans had hurt her, could they be trusted to heal her?

She would have to go to the United States for months alone. How would she manage? She knew no English, and her perceptions came from bootlegged Jackie Chan movies and whispers on the street: America was an ugly, scary place, especially for Muslims.

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When she returned, would she come back just to be killed in another explosion?

Go, her father said. If she didn't look normal, she would never finish school, and she might never marry. He blamed the Americans too. He would recall seeing their aircraft firing missiles just before the concussion. But her face meant so much.

"You're going to look better," he said. "Your nose will get better. Its beautiful shape will be back."

Fearful arrival

MARWA Naim arrived at Los Angeles International Airport one foggy evening in January. By then, she was 11 but still too young to be alone. She carried all of her belongings in a small bag. She wore a pair of thin brown sandals, cream-colored pants and an old light-blue hijab, the head covering common among Muslim women. It was frayed and had small holes at its edges.

"You must be Marwa," a man said in Arabic. He hugged her and gave her a clutch of red and pink flowers. "Assalamu alaikum, habibi," he said. "May peace be upon you, little girl." He was holding a small photograph of her, taken before her injury. "My name is Mr. Saad. Welcome." He introduced her to his wife, Yabitha, who stood quietly by his side. "We'll be sticking together for a while."

Marwa was afraid. They drove to Saad Alazzawi's home in an old Mercedes. Through the fog, she peered out at a freeway and its maze of speeding cars; at billboards with women in bikinis and men with bare chests; at glowing, red and blue neon signs and thousands of white lights from homes and businesses stretched as far as she could see.

She would remember thinking of home. She wanted to cry.

Saad had emigrated from Iraq in the 1970s. Wiry, with bushy salt-and-pepper brows and piercing eyes, he had spent years running a small Muslim school in South Los Angeles. Then things changed. Now, in the same building, he rented a banquet hall for weddings and quinceañera parties. Still, he was an eager helping hand in the Muslim community.

Though they shared a homeland, Saad and Marwa were different. He was Sunni and she was Shiite. He was strict and she was headstrong. Saad had a program for her: He would teach her to read and write better Arabic, educate her generally and train her in the ways of the Koran. He would try to keep her happy, in spite of all the medical tribulations she faced.

Grueling process begins

THEY began four days later. At UCLA, Dr. Miller smiled at her. She let herself smile back at him — briefly. Then she looked down at the beige carpet.

"Marwa, hi," he said. "How are you doing today?"

She was in an examination room. Miller would let me accompany him as he tried to undo the damage the shrapnel had done. It was devastating to see a child so badly disfigured, but I loved her spine-straight courage. So did Miller. A lean, energetic man in his mid-60s, he had been in South Vietnam. He had been shot at, heard missiles explode, seen children die.

"This is personal," he said. "I have to help."

He brought his face close to Marwa's and studied the jagged contours. Where her nose had been, it seemed as if a small volcano had blown its top. Only the base remained, a clump of flesh. She could breathe normally, but she had holes for nostrils. And there was the zigzag scar.

Still, he thought, she was strikingly pretty. Her eyes were big and expressive, and she had a slight overbite that pushed her lips into a curl when she grinned, making her seem sheepish and vulnerable.

Miller had helped to restore thousands of faces. He knew about the psychology of self-image — how hard it must be for a striking girl to suffer such a deformity.

"She's not in great shape for this," he told me on the phone late one night. "This is going to be extremely difficult. What happens in the first procedure, that's going to set the course for the next operation and how this all will go."

He figured it could take five, maybe six surgeries — half a year, at least. He was concerned that everyone around Marwa might think this would be easy, as if it were some sort of a slam dunk. He said he had called two other surgeons to help him figure out which technique to use.

How do you build a nose from nothing? He compared it to what paratroopers had done in South Vietnam. "Working on her, it's going to be like jumping out of an airplane," he said, "and just hoping the chute opens."

Marwa's first leap came Feb. 10, after a sleepless night.

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She had sat on her bed until dawn in a sparse room at Saad's duplex, looking at photos of her family, everyone except her mother. She had no pictures of her mother.

She would remember hearing wind rattle against the windows — and trembling.

At 6:30 a.m., she was at UCLA, surrounded by doctors and nurses. She eyed them warily, clutching a soft, brown teddy bear.

Miller walked in.

"Oh, my God," she said in English. She had heard people say that when they were frightened.

"I have something for you," Miller said. It was a flower: a tall, thin orchid with tender white petals. He asked an interpreter to translate.

"This is going to go well," he said. "There's nothing to worry about."

"Thank you," she said, again in English. And she smiled.

By 8 a.m. they were in surgery. She was anesthetized. Miller applied orange gel to her face. Then he marked off portions of skin with black ink.

At 8:05, he laid a scalpel into the flesh in the middle of her forehead. Delicately, he cut a U-shaped flap of skin. He left the bottom end of the flap attached between her thick eyebrows. He lifted the top end and examined both sides. It was brown on the outside, bloody and fatty on the inside.

A nurse suctioned the blood.

"Double hook, please," Miller said, calmly. "Moist cloths, please."

Gently, he draped the flap of skin against her cheek. He closed the opening it had left on her forehead.

Then he made a second incision, this time around the ugly black scar in the pit where her nose used to be. He cut out the scar and peeled back the skin on both sides. From my vantage point at Marwa's feet, even I could see that there simply was not enough cartilage left to use as the foundation for a new nose.

Miller directed his fellow doctors to her right ear. Deftly, they cut inside. They took out small, white chunks of cartilage. With this cartilage, Miller and another doctor began to build a new nose. For a moment, they looked like artists. Delicately, they molded the chunks and then sewed the structure together.

Miller stepped back. The cartilage looked like a miniature flagpole, a few centimeters tall. Then he took the flap of skin, its bottom still attached between her eyebrows, and twisted it to turn the brown side out and the bloody side in. Finally, he stretched it down, over the top of the cartilage flagpole.

It was a nose.

But not a very beautiful nose. It looked like a swollen, twisted, bloodied clump.

To keep everything in place, Miller inserted a thin, 3-inch metal rod through the clump. It stuck out on both sides. In Marwa's nostrils, he placed small yellow tubes to keep the passages open. The tubes jutted out from her face.

"This is a hard one," he said, stepping back again. He wasn't sure that her nose would ever look normal. And he worried about the forehead hair growing from it. He knew, though, that he would revisit this nose.

"Time will tell," Miller said. "Time will tell."

Now Marwa lay in recovery. Her eyes opened slightly. Saad stood above her. He held her right hand, stroked her forearm and prayed in Arabic. "In the name of the merciful and compassionate God, say, 'He is God alone, God the eternal…. ' I seek refuge in the Lord of daybreak, in the Lord of men, the king of men, the God of men…. "

She moaned. I wondered how she felt. In Arabic, Saad asked her what was wrong. "She says, 'The pain, it is bad. Very bad.' "

Marwa looked at Saad and muttered softly in Arabic. "What did they do to me? Why did they do this?"

Saad looked up to heaven, then at me. She was more than just a kid he was trying to help. She was a symbol. "We have hurt this little girl," he said. "She didn't deserve this. The children of Iraq, my people, they don't deserve the pain they are taking. Now I have this little one to take care of …. She represents the tragedy of Iraq."

He tightened his lips and shook his head.

Marwa clutched his hand.

He looked at me again. "What would you do?" he asked. He was thinking of her future.

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"Should I intervene, maybe even try to keep her here, so she wouldn't have to return? What should I do, as her guardian? Heal her and then let her go back to that war zone?"

There were no good answers. How moral would it be to heal a child and then send her directly back into the teeth of war? How moral would it be to keep her here, to separate her from her family?

Marwa tried to stifle her moans. Her eyebrows tensed.

She whimpered and opened her mouth slightly. A single tear formed at her right eye.

Slowly, it rolled down her cheek.

A land so new

MARWA turned 12. America was odd and amazing. Everywhere she went her eyes grew wide, sometimes with fear and disdain, sometimes with wonder. When she was not at UCLA, she flew kites, walked on the beach and ate Fosters Freeze treats. At an Islamic Chinese restaurant in Alhambra, Saad introduced her to egg rolls. She didn't like them.

From inside Saad's old Mercedes-Benz, she gaped at everything. "So many cars, so many cars," she would say in Arabic. Saad translated. "It's all so big, so rich, so clean." She said she wanted a sports car, a convertible.

She stared at tight, low-cut jeans, skin-hugging tops and shirts with sleeves above the elbows. She said she wanted some of those clothes too.

But somehow she understood the price, and not just in dollars. Things seemed lock-step in America, she said, even regimented. Saad translated her words. "It is true, they have more freedom here. But in other ways, the people here, all they do is work…. There is no fun, only work. People are like machines here. Is this freedom?"

Still, she envied how easily American children could make their feelings known and how girls could act like boys: be tough, independent, aggressive.

She ran through Saad's banquet hall, kicking a soccer ball. He taught her how to ride his son's rickety black 10-speed bike, and she fell in love with it. She pedaled furiously around his neighborhood, her hijab flapping, the yellow tubes in her nostrils straining with each breath, blood trickling out.

"Please, little girl, slow down!" Saad shouted. What if she fell and did more damage to her face? He took the bike away.

It was futile. The next day, she sneaked it out — and flew off again.

She grew tired of his program: the English, the Koran, the home schooling. She wanted to sleep in, skateboard, ride the bike.

Saad finally sent her to spend a weekend with Theresa Moussa, an Egyptian who had come to America as a girl. She worked for UCLA, helping the medical center with its Arabic-speaking patients. She had been interpreting for Marwa.

A divorcee with a son in college, Theresa was traditional enough to revere her parents and try to please them, but she was also strong and independent. She had flowing, black hair and long legs, and she didn't try to hide them. She wore makeup and high heels, form-fitting skirts and blouses that showed her arms.

At Theresa's house, Marwa walked with a bounce. They laughed and shared secrets. Marwa could watch all the TV she wanted and help herself to anything in the refrigerator. She and Theresa went to a beauty shop together and had their nails done in pink.

Marwa asked Theresa if she believed in God.

Yes, Theresa said.

Marwa noticed her crucifixes and her painting of the Virgin Mary. She must be from a different strain of Islam, Marwa thought. "So, you are Sunni, right?" she asked.

"No, I am Christian," Theresa said. "Coptic Christian."

One night, the two of them sat on Theresa's black leather coach and watched a movie. Marwa draped her arms around Theresa and buried her head in Theresa's chest. They both fell asleep.

Near midnight, Theresa woke. She gently awakened Marwa.

Groggily, Marwa looked into Theresa's eyes. "Mommy…. "

On March 6, Miller operated again.

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The flap of skin, twisting down between her eyes, seemed like a snout. In a restaurant one day, a boy had looked at her and fled back to his friends. "Elephant girl!"

Now Miller raised the flap. Underneath was the transplanted cartilage. With needles, scissors, forceps and thread, he chipped at the cartilage and molded it. Like a sculptor, he thinned it here, then thinned it there.

Slowly, he created a tip.

On April 10, he operated a third time. Using scissors and scalpels, he refashioned the flap of skin around the top of what was starting to look like a real nose.

There came a moment of truth.

He lifted the flap and snipped it from its moorings.

In a miraculous way, the flap would find new roots and new ways for blood to flow and keep it alive.

And there it was: Her face was beginning to look as it once had.

After each operation, Marwa moaned. "No, no," she cried. "Get away, get away."

"But little girl, you need water," Saad said.

"They did more than what you told me!" she cried out after one surgery. "There is a lot of pain! I want my father! I need to be with my father! Ohhhh! Why? Why? Why? Why is this happening to me, Allah? Where is my mother? Why did she have to die? Why?

Saad could do nothing. He stroked her arm. "It's OK, baby. It'll be all right, little girl."

"Mr. Saad, why is Allah punishing me? Why did Allah take my mother? I want to be with her. I don't want to live anymore. I wish I had died. I wish the Americans had just killed me."

The anesthetic worked like a truth serum, Saad thought, letting her spill out her true feelings. He stiffened when he heard them.

Marwa wanted to see her face.

A hand mirror lay on a table. Saad hesitated. Then he gave it to her.

Marwa stared. Despite improvements, her nose was still a puffy, reddened clump, oozing blood. Two yellow tubes still protruded from its nostrils.

"This is a nose?" she cried out. "Why didn't God let me die?"

Concerns and clashes

BETWEEN surgeries, Saad spoke to Marwa's father and learned that he was patrolling the roof of his flat every night in fear that someone would hurt his family.

How could Saad, in good conscience, send Marwa home?

On the other hand, so long as she was in America, how could he shield her from temptations? Especially the temptation of the bicycle?

"Baby, baby, please, no," he pleaded with her. "Please, off the bike before you fall and hurt yourself."

She rode it anyway, in circles, just out of reach. She mimicked him, speaking in English. "Baby, baby, please. Baby, baby…. " Then she would switch to Arabic. "I know what you can do and what you cannot do. You are not my father. And I am a child. Here I have rights."

One day, without warning, the front wheel of the bicycle twisted on a patch of oil. The bike slid out from under her, and she plunged to the ground. With her thumbless hand, she broke her fall, but the yellow tubes jarred loose and spilled to the pavement.

Saad ran to her.

She dusted herself off, picked up the tubes and looked at her hand. Blood trickled from a gash. The tubes would have to be cleaned and reinserted. Her face trembled, as if she wanted to cry, but she held it in. She couldn't afford to show her tears, not now.

"That's it," Saad said. "I take the air out of the tires. No more biking."

Marwa brushed past him and walked away muttering. Saad translated. She was saying: "I don't want to stay here anymore."

Saad was growing weary and frustrated. He needed a break. He began letting her spend more weekends with other families in the network of Iraqi Americans around Los Angeles.

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Sometimes she stayed with the family of Karim and Lily Karam in Palos Verdes Estates. The Karams took her to ride horses and let her try on lipstick. She watched an old Egyptian movie about a belly dancer named ZuZu, who fell into the arms of a blond leading man. "Hi, handsome," Marwa said, in English. "So handsome."

She borrowed the movie and took it back to Saad's, but he wouldn't let her watch it.

"Movies like this, they are totally undermining me," Saad said, burying his head in his hands. "And undermining society. It's taking liberalism into the extreme. As far as the clothes, anything goes. Freedom, freedom. We are free to do whatever we want. I can't have her watching this trash. Not in my house."

One Saturday, Theresa and her fiance took Marwa to Universal Studios. I went along. At Waterworld, a lavish production based on the movie, men in green uniforms strutted in front of us with rifles and grenades. They fired at each other. Water splashed. Explosions thundered. The men screamed.

Marwa held desperately to Theresa's arm. "Theresa, Theresa, is it real? What is happening?"

It was fake, Theresa said.

Marwa didn't believe it. She ducked and tucked her head against Theresa's shoulder. She opened her mouth and closed her eyes.

Pop-pop-pop…. Boom!

Men fell into the water.

One blast shook the ground. It must have sounded like the explosion in Iraq that changed her life. Could she take it?

Finally, she looked up. She saw that Theresa was smiling and laughing. Everyone was applauding.

By the end of the show, Marwa was applauding too.

The day was darkened by thoughts of my father. He had fallen gravely ill with heart disease, and I was worried. Marwa could tell. "He could die," I told her — really die, not like the men in Waterworld.

She said she would pray for him.

On another Saturday, she practiced putting makeup on Theresa, who woke to find her eyes caked with black liner and thick blue shadow, her lips painted bright red, her cheeks plastered with rouge. When Theresa drove her home to Saad's house, Marwa said: "I don't know why I love you, but I do."

Marwa looked at her nose in the rearview mirror. It did, indeed, seem like a nose. "I like the way I look now," she said. "You are so good to me, so nice. Do you love me too?"

"Yes, of course I do," Theresa would remember saying. "You are special to me. You are like the daughter I never had."

"I like that," Marwa said. She clutched Theresa's arm. "That makes me happy."

On May 10, Marwa had her fourth operation. By now, doctors were making progress with the hair that had been growing in little clumps on her nose. They used a laser to kill the follicles. Still, there was more to be done.

Before her anesthetic, Miller walked into her room, smiling. Her nose had a few lumps. A thin scar stretched from her eyebrow to her hairline. But he thought he could diminish those things. And he had a surprise.

"This," he said, "is probably going to be our last time."

"OK," she shot back in English. "Be careful."

He laughed. She knew so much English now. Gone was the shy, scared girl he had met back in February. Earlier in the week, she had come to his office. She wore a new ensemble: a fashionable pair of white jeans, a pink top and a pink hijab.

She clasped his hand and held it tight for a full minute.

He teased her.

She giggled, then looked him in the eye and winked.

During the surgery, Miller opened her nose with a scalpel. He trimmed and shaped the cartilage at its tip, then cut bits of bone that had formed a little hump at the ridge and flattened it slightly.

He narrowed the scar on her forehead. It took two hours. Then Miller lifted the skin around her nose and examined it. He announced that he was going to sew the skin together. When he finished, he stepped back to see how she looked.

He turned to me and clenched his fist. "You know what?" he said. "We're done. It's just going to be a few more stitches, and then we're done. This is all I can do for her."

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When Marwa healed, she would have a fine nose.

He would check her in a year, if he could, and make any necessary adjustments. Otherwise, her surgeries were over.

Time for farewells

AFTER the operation, Marwa spoke to Saad so rudely that he sent her to her room — more than once. She hugged her teddy bear, clutched a photograph of her father and wept.

Finally, Saad asked Salam and Sahar Ali, an Iraqi American couple in Mission Viejo, to keep her while she healed and until she could go home.

"I should not have brought her to stay with me," Saad told me one afternoon. "I would not do this again. She has brought it all to my face: the war, the suffering. I was trying to deal with the guilt I have for not being in Iraq, for not helping enough. But with her behavior and her pain, I have seen in front of me the tragedy of Iraq."

Tears pooled in his eyes.

The Alis took Marwa to a mosque, where she heard an imam speak about honoring mothers. She knelt and cried. "In heaven," she asked, "will I see my mother?"

Worried about her sadness, the Alis let her watch satellite TV. They took her to Disneyland, to Chuck E. Cheese's, to Starbucks and to an outdoor mall in Irvine, where she rode a carousel for the first time and spent an hour at a computer store.

She went to Al Ridah, an Islamic school, where Marwa helped students with their Arabic.

Now it was only a matter of weeks. On the phone, I spoke with her father in Iraq. Gunfire and explosions were a constant part of life. He had seen a man being kidnapped. An American tank patrolling his street had rolled over his car and destroyed it.

"I am very scared of what it is going to be like when she comes back," he said. He knew that Marwa had grown accustomed to America and liked it. He wondered if she could handle the hardship in Iraq, even if she had a nose. "I am afraid."

But he needed her. She had to help take care of the house and her older brother and two younger sisters — even if it meant that she could not go back to school. He needed her to wake the other children, make them breakfast, clean the house….

Marwa went to a department store one evening with Sahar. She jumped on the back of a shopping cart and pushed off, racing down the aisles. Sahar chased her. "Don't do that! Marwa, please."

"But Auntie," Marwa shouted. "Here I am free! Free, Auntie, free!"

Finally, the day came.

Marwa's nose was healing. It looked much like a normal nose, slightly upturned and gracefully proportioned. It had a small lump at the bridge, and its skin was a touch darker than her cheeks. A thin scar traced a straight line from between her eyebrows up to her scalp.

She had spent the night at the Karams' in Palos Verdes Estates so she could be nearer LAX. Now it was morning, and she was watching a video of Cinderella, who was defying all expectations and transforming into a princess.

"Time is up, Cinderella," Lily Karam said. "We are going to miss the plane if you keep watching."

Marwa wouldn't budge. "No, no, I don't want to go. I'll go tomorrow, OK?"

I had planned to fly with her as far as Amman, Jordan, where her father was to pick her up and take her home. But now I could not go. My father's heart had grown weaker, and he had died just days before.

In Lily's car, rushing to make up time, I told Marwa how her courage with far greater hardships had helped me while I sat at my father's side.

On several occasions before, she had let me know exactly how tired she had grown of my notebook and questions. But now she paused.

"Thank you, Kurt," she said in English as she sat in a car that drove through thick traffic on Pacific Coast Highway. "This nice. Thank you."

She grew quiet. She rolled down the window and stared out. Her lips quivered. She turned to Lily and said that she knew she had to go home but that she wasn't sure if going home would be good for her.

It helped that at LAX she was surrounded by many of the people who had helped her. Saad was there, along with officials from the relief fund that had paid for her trip. One of them wondered aloud: "How does a 12-year-old girl injured in the war adapt to a foreign country like this one — and then go back to war?"

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Marwa stood tall. She wore a chiffon top, high-heeled shoes and wraparound sunglasses. She carried a fancy handbag. Covering her hair was a new, cream-colored hijab, embroidered with tiny sparkles.

Her luggage was filled with new clothes, stuffed animals, jewelry, wristwatches, purses, a SpongeBob, Play-Doh, journals, a picture frame trimmed in pink fuzz — and photos of Saad, Miller, Theresa.

She reached up and hugged Theresa.

"I don't want…. "

Theresa cut her off. "Listen, you have to go. I want you to look back and remember your time here — and remember me. But you have to go. You go — and make something of yourself."

"But …. "

"Don't worry, no matter how far we are, we will always be friends."

Gently, Theresa placed into Marwa's small hand a letter.

"But I will miss you…."

"I will miss you too…."

A bittersweet journey

MY COLLEAGUES, photographer Anne Cusack and reporter Ashraf Khalil, accompanied Marwa on the plane. Marwa took out a photo of Theresa and kissed it, again and again. She read Theresa's letter. It said Theresa would never forget her.

Anne could see Marwa was sobbing.

At the baggage claim area in Amman, she spotted a man who looked like her. His back was turned, but she knew instantly that it was her father. She wrapped her arms around his legs, and he swept her up into his arms.

During two days in Amman, Marwa got a glimpse of her future. Mohammed Naim expected his daughter to address people formally, with honorifics: uncle, auntie or mister. But she called Ashraf by his first name. Her father upbraided her.

She pouted.

"She's getting stubborn," he said.

"No, I'm not," she said. "I'm not stubborn!"

"That's something that has to change," he said. Such disrespect could lead to danger at home. "We have to bring her back to our way."

He tried to prepare her for her neighborhood: His shop was faring poorly. Few people had enough money for Pepsis and chips. "Our neighbors? They were kidnapped, last month."

Everyone knew she had been in America, and people who had gotten help from Americans were not well thought of. "We come home every night and lock ourselves in."

She looked at him wearily. "Let's change the subject."

At 7 a.m. July 3, Marwa Naim and her father climbed aboard a propeller-driven, 13-seat Fokker to fly back to Baghdad. She wore designer jeans, high heels, a white blouse and a denim jacket, cut short above her waist.

She walked up a staircase to the door of the plane. She turned, gave a tiny wave and was gone.

A changed life

WHEN they reached Iraq, Marwa told me by phone, she learned that her father had remarried. His new wife was Faiza — one of her distant cousins. Faiza, her father said, was pregnant.

Her neighbors could not believe how her face had changed. No one called her "Mrs. No Nose" anymore. She said that she was happy to be home but that she was rarely allowed to go outside, because of the violence.

In America, she could ride a bike, swim, see Theresa. "I want to go back," she said. "I want so go back as soon as I can."

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About this story

Writer Kurt Streeter and photographer Anne Cusack spent four months with Marwa Naim, her doctors and those who welcomed Marwa into their homes. Streeter interviewed them extensively. He and Cusack were present during each of her surgeries and many of her experiences of daily life in America. Conversations in Arabic were translated by her caretakers.

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Cusack and writer Ashraf Khalil accompanied Marwa back to the Middle East. The account of the bombing that injured her is drawn from interviews with Marwa, her father and Marine Col. Christopher Conlin, who led American troops through her neighborhood on their way into Baghdad.

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On latimes.com

An extensive photo gallery chronicling Marwa's months-long medical ordeal, the ups and downs of her strange new experience in Southern California and her journey back home can be viewed at latimes.com/newface.

Billboards, Posters Offer Baghdad Hope (AP)

By Hamza Hendawi

AP, October 15, 2006

Thousands of posters and billboards dot Baghdad with messages of hope for a city of gloom, where residents largely stay home, afraid of the streets, their pain and grief deepening every day amid unending violence.

"No matter how strong the storm, it will go away in the end," declares the message on one poster, with a picture of a worried young woman clasping a boy to her body, her hand protectively placed over his head, her hair fluttering in the wind.

Hundreds of copies of the poster — and at least one giant one on a billboard — can be seen throughout the city, pasted on concrete blast walls and outside buildings.

Even with the attempt to instill hope, the messages, sponsored by the government, are an unusually blunt acknowledgment of just how grave conditions have become.

"You have the power to pull Iraq out of this darkness," declares another billboard overlooking a square. The words are inscribed next to a burning map of Iraq painted in the red, black and white colors of the country's national flag.

The images are in stark contrast to the blitz of upbeat street ads that filled the Iraqi capital in the two years after Saddam Hussein's ouster in 2003. Those showed optimistic Iraqis casting ballots or engaged in rebuilding. They prescribed democracy as the key to a better life and free elections and a new constitution as the tonic for the ills of society.

During two general elections last year, there was hardly a wall in Baghdad not plastered with candidates' campaign posters.

U.S. and Iraqi authorities have long used billboards and posters to get their message out to a public confused by the rapid change that followed Saddam's overthrow. As far back as early 2004, authorities used posters and billboards to rally support for the country's nascent security forces in the midst of a growing Sunni insurgency. The U.S. military at times put up posters with congratulatory messages to Iraqis on religious occasions, trying to counter its image as a foreign occupier.

The use of images is a particularly important part of Iraq's public life.

Portraits of key religious figures, including some who died centuries ago, hang in homes and streets by Iraq's Shiite majority to display their religious identity and their post-Saddam political empowerment.

But the new crop of billboards and posters in Baghdad reflect the dark mood resulting from a marked worsening of conditions in the Tigris River metropolis, where contemporary reality has made a cruel joke of its former boast of being "the city of peace."

Iraqis had adjusted to suicide bombings and other attacks by Sunni insurgents. But for the past six months they've faced a new brand of violence, sectarian killings blamed on Shiite death squads and reprisal slayings by Sunni militants. The violence, in which neighbor is turned against neighbor, is deadly and deeply demoralizing.

"Two years ago, I thought it could not get any worse than this," said barber Qais al-Sharaa. "But it has every day since." In view of his shop was a giant billboard reading "Terrorism has no religion," with the word "terrorism" in red and dripping what looks like blood drops.

The sectarian violence has centered on Baghdad, and security operations by U.S. and Iraqi forces have brought little relief.

The city witnessed an average of 36 attacks a day in the past three weeks, an increase of nearly 30 percent over the preceding seven weeks and 60 percent higher than from mid-March to mid-June, according to U.S. military figures.

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The sight of what in any other world capital would pass for a nightmare has become the daytime reality of Baghdadis. On any given day, citizens step from their homes to see police trucks loaded with dead, blood-drenched corpses, the beheaded bodies of men snatched from their homes or workplace by gunmen in police uniforms, body parts strewn across a street or dangling from a roof in the wake of a bombing.

Many residents, therefore, are holed up, going out only when necessary. Traffic has thinned, and the once congested streets and sidewalks are nearly vacant by late afternoon, hours before a sunset curfew that has been in place for months.

Baghdad has an unemployment rate of a staggering 30 percent. Power outages are routine and last up to three days at a time. The price of gasoline has risen by as much as 12-fold since Saddam's ouster and fuel is often scarce.

A sign on Mansour street in central Baghdad — once a thriving commercial district that now is frequently hit by bomb blasts — speaks to two of the city's worst problems, security and uncollected garbage.

"Uncollected garbage attracts explosive devices as well as rats," the sign warns. Insurgents often conceal roadside bombs in garbage. Like much of the capital, Mansour street is now defined by ubiquitous concrete blast barriers, security checkpoints and barbed wire that has snagged windblown plastic bags.

The owners of one of Baghdad's best known pastry shops, also on Mansour street, have given up on replacing the glass on the store's front windows after several blasts shattered it. Al-Khaski's now has concrete wall instead.

"The sight of Baghdad streets remind me of the tragedy in which we live," said Ibrahim Haidar, a 41-year-old father of two who lives in the volatile New Baghdad district. "It makes me feel I could die any second."

Yet, against all odds, the street ads try to offer some hope to a city teetering above an abyss of failed statehood and civil war.

The billboard shows the dark silhouettes of arms stretched skyward as if from a grave in front of a melancholy, dusky sky. The message: "The will of honorable people will enable Iraq to rise."

Tense Baghdad Residents Find Oasis In 'Dr. Phil' (LAT)

By Borzou Daragahi

The Los Angeles Times, October 15, 2006

Seeing bedroom and workplace foibles solved on TV offers comfort to people confronted daily by mortar rounds and death squads.

BAGHDAD — The young men at the checkpoint couldn't have been older than his own lanky teenagers. Wielding Kalashnikovs, they brusquely ordered the gentlemanly, 50-year-old Shamil Hashem Suhaili and his 16-year-old son, Ahmad, out of their car. They demanded identification. They questioned him harshly.

Where are you going? Where are you coming from?

It was degrading, to be sure, for a man of his age and accomplishments. But the hydro-engineer could do little but submit.

"I answered them politely," he says. "If you make a mistake they could do anything to you. If they want, maybe they will get your mobile phone, your money, maybe they take my son. They are the judge. They do whatever they want."

Frightened and angry, Suhaili headed home with his son for lunch with their family. Afterward, Suhaili powered up his generator and wound down his nerves with one of the few things that give him comfort: "Dr. Phil."

In a world of armed gangs, random shootings, blackouts and trash heaps, salves are where you find them.

For Suhaili, they're a family lunch, a bit of gardening, and the balding American talk-show host from Texas, whose weekday television program airs with Arabic subtitles on a popular Lebanese-based satellite channel.

Syndicated and subtitled versions of "Dr. Phil" and "The Oprah Winfrey Show" are growing popular throughout the Middle East. For Iraqis, they offer a window to a world in which people are more concerned with bedroom and workplace foibles than mortar rounds and death squads.

From the moment Suhaili clambers out of bed, his travails are beyond the scope of a "Dr. Phil" episode. He struggles through the dark and muggy heat, hoping there's enough water for a shower, enough light to button his shirt by. "You can't even comb your hair," he says. "You can't select the proper clothes and shirt for your pants."

His work at Iraq's Ministry of Water Resources sometimes seems the perfect metaphor for his life: spending the day plugging the cracks in Iraq's dams.

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After climbing into his beat-up Volkswagen, Suhaili girds himself for the hourlong ride past multiple checkpoints. If he's short on gas it means a dangerous wait at the fuel station, or paying steep black-market prices for fuel from a jerrycan.

"Sometimes these people are cheating," he says. "They mix it with water or diesel. It ruins your car."

Suhaili, a Sunni Arab, is a stocky man whose reddish brown hair and mustache show wisps of white. His smoky-brown eyes glisten as he recounts his family's near-brushes with disaster: A car bomb explosion near his home shattered every window and door frame. A mortar round struck his son Abdullah's school. Uniformed gunmen abducted a dozen young Sunni Arab men from his neighborhood — people who had played with his sons — before torturing and killing them.

But much of the frustration is more mundane: Hours of work are lost on his computer because the power goes out at the ministry. A checkpoint delay holds him up for an hour. Teachers demand bribes in excess of $100 to help his two sons, Abdullah, 19, and Ahmad, advance in school. Fear of suicide bombings at a crowded no-frills market forces him to shop at a pricier one.

There are the half-melted spent bullets he finds on his roof, a warning that even minding your own business and staying at home may not protect you from the random gunfire that rains down on Baghdad.

And all day long he worries about the unspeakable. His daughter, Yasmine, a quiet but alert 22-year-old, travels along dangerous roads to medical school. His sons navigate the halls of a school riven by sectarian tensions. His wife, Hadel Hazem, insists on driving herself — sometimes alone — around the city. He thinks of them with every television and radio report of corpses, kidnappings and bombings.

"When my child is late coming home from school for just five minutes, 100 thoughts go through my mind," says Hazem, a retired electrical engineer who runs a small nonprofit organization for widows.

After work, school and errands, when all five family members gather for a midafternoon lunch, they share stories of terrible fates that have befallen others.

Abdullah and Ahmad discuss a new project they're working on: setting up a computer network among the neighborhood boys so they can compete at video games without leaving their homes.

But sometimes the anxiety explodes. An argument breaks out.

"We can't storm out of the house," Abdullah says. "We can only raise our voices." There are tears. But there are also hugs and apologies, quiet moments of reflection.

And Saturday to Wednesday, from 7 p.m. to 8 p.m., there is Dr. Phil C. McGraw, the author who exhorts viewers to "stop talking and do something."

One episode the family remembers fondly: A naughty daughter constantly fights with her mother, who tends to be harsh. The mother has no idea how to calm her daughter down, so she just keeps yelling at her.

Dr. Phil demonstrates to the mother that her daughter is merely emulating her own bad behavior. Both mother and daughter come to a realization. They calm down, and they begin to be nicer to each other.

"I feel that he has really great power to understand people's problems and how to solve them," Suhaili says.

He hopes "Dr. Phil" can serve as a substitute social world for his children, who aren't able to spend time with friends, date, or even leave their home after dusk. "I want to show them these are the ordinary problems people deal with," he says.

During rare idle moments, Suhaili composes imaginary letters to his favorite television host.

"Dear Dr. Phil," he begins. "How can I live this difficult life? I forgot what normal life is like. Sometimes I work in the garden to keep my mind off my troubles. I feel more comfortable working in a green place. But some days even the garden doesn't help when you hear that old friends have been murdered and people have fled the country."

Suhaili doubts Dr. Phil can help him or Iraq. Maybe he'd suggest a vacation or a hobby. "If you compare our problems now with the problems he is talking about, it is very big difference," he says, with a chuckle.

"He's addressing psychological problems, how to deal with people," he says. "Here you are dealing with big problems. You are dealing with insurgents and terrorists.

"How would Dr. Phil disarm a militia?"

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Lawyers Seek To Free U.S. Citizen Held In Iraq (NYT)

By Neil A. Lewis

The New York Times, October 15, 2006

WASHINGTON, Oct. 14 — An American citizen who was tried in an Iraqi court on charges that he had assisted in the kidnapping of three Romanian journalists last year has been sentenced to death, along with five Iraqi co-defendants, a spokesman for the United States Embassy in Baghdad said Saturday.

The spokesman, Lou Fintor, did not identify the American by name, but according to officials in Baghdad and his own legal team, he is Mohammed Munaf, 53.

Lawyers for Mr. Munaf filed papers in federal court in Washington on Friday to try to prevent his transfer to the Iraqi government, arguing that his death sentence undermined one of the United States government's principal arguments for transferring him, namely that he would be in no danger of physical abuse in Iraqi custody.

Mr. Munaf, an Iraqi native who became a citizen of the United States in 2000, traveled to Iraq in March 2005 to act as translator and guide for three Romanian journalists. The journalists were kidnapped by Iraqis and held for 55 days, as was Mr. Munaf.

The Romanians were freed by American forces on May 23, 2005, but Mr. Munaf was held on suspicion of having been an accomplice in the kidnapping.

According to the government, Mr. Munaf confessed to concocting the plot with friends and relatives and only acted as if he were a victim.

But Jonathan Hafetz, a lawyer with the Brennan Center for Justice at the New York University School of Law, said Mr. Munaf's confession was made under torture.

Mr. Munaf is being held by the American military at Camp Cropper near the Baghdad International Airport.

Because Mr. Munaf is a United States citizen, Mr. Hafetz and his other lawyers have asked Judge Royce C. Lamberth of the United States District Court here to order the military to maintain custody and not give him to the Iraqi criminal court.

In papers filed with the court, Mr. Hafetz said that United States military officials had intervened with the Iraqi judge and insisted that Mr. Munaf be convicted and sentenced to death. Earlier, the Justice Department said that Judge Lamberth should not intervene in the case for several reasons. The department said that Mr. Munaf's claims that he could face torture and physical harm if transferred to Iraqi custody were only speculative and based on news reports of abuse in the government's prison system.

The Justice Department also argued that Mr. Munaf was not actually in United States custody but was being held by a multinational force that was helping the Iraqi government in detention operations.

A judge in another case rejected an argument by the department that an American was being held by a multinational force.

In a similar case involving another American citizen held by the multinational force, a different federal judge rejected the department's argument that the prisoner was not being held by the United States military as a legalistic fiction.

In that case, involving a native of Jordan, the judge issued a restraining order to stop the United States military from transferring the man to Iraqi custody. That case is on appeal, and Mr. Munaf's lawyers have asked Judge Lamberth to await a ruling from the appeals court.

Peacekeeper Commander Mired In Afghan Combat (NYT)

By Carlotta Gall

The New York Times, October 15, 2006

KABUL, Afghanistan, Oct. 14 — Leaning against the red webbing that passes for upholstery in a military aircraft, Lt. Gen. David Richards, the British commander of NATO troops in Afghanistan, scanned a press clip as he flew back to the capital from Kandahar, the center of combat operations in the south.

The article was by a well-known British columnist who had written in The Guardian that he was "baffled by Richards's naïveté about the Taliban." The author, Simon Jenkins, contended that NATO could not possibly win against an enemy that could "count on the tacit support of tens of thousands of fighters from tribal militias."

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"I am not naïve; he's naïve," General Richards shouted over the roar of the plane engines. He dismissed as "nonsense" the idea that the surge by the Taliban across southern Afghanistan this year was driven by ideology or Pashtun tribal grievances.

"This is not a huge popular uprising," he added, bristling. "And to distort the truth is so unjust for the people here who want us. And it is unhelpful since it undermines the fabric of what we are doing."

"People do not want a return to the Taliban," he said, "but we need time to allow that aspiration to win."

Already half through his one-year command in Afghanistan, General Richards, 54, does not have much time.

He now commands the 31,000 troops of the International Security Assistance Force, including 12,000 American troops, spread across the whole country.

The British general, who has led NATO's most elite fighting force, the Allied Rapid Reaction Corps, since 2001, served three tours in Northern Ireland, and was commander of British peacekeeping forces three times — in East Timor in 1999 and twice in Sierra Leone in 2000.

When he arrived in Afghanistan in February, he talked like a peacekeeper, too, emphasizing the need to improve security so reconstruction and development projects could take root, to extend the government's reach, and to win hearts and minds.

He vowed to do things differently than the Americans. He said that NATO soldiers would treat detainees in a transparent way, respect Islam and Afghan culture, and raid houses only if necessary.

But the general was quickly forced to put many of those plans aside and engage in hard fighting, not least to show the insurgents, and the wavering local population, that his troops were a force to be reckoned with.

Even before he took command of the turbulent south, Taliban insurgents were swarming in numbers not seen since 2001. General Richards estimates that his troops now face 4,000 to 5,000 Taliban fighters.

The summer months were consumed by heavy fighting. The general's forces came under repeated attacks, both on patrol and at their bases, forcing NATO to call in air and artillery strikes that inevitably killed scores of the very civilians he was trying to win over. It was not exactly the hearts-and-minds strategy he had planned. Still, the general insists his forces were fully ready: they had spent nine months preparing for the mission, because the NATO deployment was delayed by several months.

"We knew there was a lot of opposition," he said, this time in an interview in his headquarters in Kabul, set between the United States Embassy and the presidential palace. "We had been watching it, and the Americans were very forthcoming with their intelligence."

"There were doubts about NATO and our ability to conduct demanding security operations," he said. "There are no questions about our ability now."

The fighting was regrettable, but necessary, he added. "We've killed, sadly — because in many respects some of them are just unemployed young Afghan men who need employment and are paid cynically by the Taliban to do their dirty stuff for them.

"But we have killed many hundreds of Taliban in the last month, chiefly in Kandahar and Helmand, and it has put paid to any doubt in anyone's mind that NATO can do what we were sent here to do."

Recently, there have, indeed, been some successes. Not least, his forces regained control of Panjwai, a district just 15 miles west of Kandahar, the main southern city, where the Taliban had gathered in large numbers. The victory was vital for its strategic and psychological impact, the general said.

"The Taliban were very cocky about Panjwai," he said on his visit to Kandahar during the operation. "They think they can face us down. We will prove to them that they are defeatable. It's very important for people to see that happening, and the rather worried atmospherics will change overnight."

The general says that about 10 percent of the population in the south may support the Taliban, that 20 percent are opposed to them, and that the rest are stuck in the middle.

"They are straightforward, simple folk who above all want security for their family, and they will go with whichever side can convince them they are going to win," he said. "And that 70 percent must not be allowed to slip into the hands of the Taliban this autumn."

That will mean rolling out tangible benefits — in the form of assistance — as soon as security allows, he said.

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"It's a very important psychological, physical, military and wider campaign that we are conducting, and I think this autumn is a critical period," he said. "And that's my main focus at the moment, getting those visible improvements, in security, governance and reconstruction and development to start happening in the south so that we can persuade that 70 percent that we will win."

Yet in his time in Afghanistan, General Richards has seen up close just how weak and ill equipped the Afghan government is to handle a crisis, like the riots that broke out in Kabul after an American military truck plowed into civilian cars, killing at least four people, in May.

He also found a startling lack of coordination among the government, the military and foreign donors, which he described as "anarchy" in his first weeks on the job.

He set to work to help President Hamid Karzai form a kind of privy council to convene crucial ministers and security officials, as well as United States and NATO commanders and ambassadors of leading donor countries, the United Nations and European Union. Called the Policy Action Group, it meets weekly and is designed to bring badly needed coordination to security and aid efforts.

"It's a pretty powerful structure," said one NATO official, who spoke on the condition of anonymity and who credited General Richards with the idea. "This is his war cabinet; this is the bit he never had."

There is still a long way to go. He talks of the need to combat corruption, replace bad government officials and persuade international donors to drop their lengthy procedures and tendering rules to help reconstruction aid flow.

"I am not giving the rosy picture," he said on the military flight. "I'll be honest. There's a lot to do."

2 NATO Soldiers Are Killed In Afghanistan (NYT)

The New York Times, October 15, 2006

KABUL, Afghanistan, Oct. 14 — NATO reported that two of its soldiers died in combat in Kandahar Province on Saturday, and a bomb struck a provincial governor's convoy east of Kabul, the capital, narrowly missing him, Afghan officials said.

One provincial official was killed in the ensuing gun battle with militants.

A news agency reported that Taliban rebels had claimed responsibility for the attack, aimed at Gov. Gulab Mangal of Laghman Province. It was the latest of a string of such attacks against the country's civilian administrators in recent weeks.

Separately, six men working for American forces on Afghanistan's eastern border were killed Friday by a roadside bomb on their return from delivering aid to a village.

On Saturday, NATO forces and the Afghan police killed one man and arrested nine others suspected of involvement in recent bomb attacks southeast of Kabul, a NATO press release said.

Friendly Fire And Fraud (BOS)

The Boston Globe, October 15, 2006

OF THE thousands of deaths, military and civilian, in the Afghanistan and Iraq wars, none so captures the mix of patriotism, impulsiveness, and dishonesty in the US mission as the shooting death of Pat Tillman by members of his own platoon.

Tillman was the Arizona Cardinals' safety who gave up his football career to join the Army and died in a firefight in Afghanistan in 2004. Although the Army knew the facts of his death almost immediately, it did not reveal them to his parents or the public until almost a month after a televised memorial service for the soldier. His superiors at first exaggerated his role in the clash and never mentioned friendly fire. Since then, contradictory investigations have left his parents still uncertain about what happened.

Recently, California congressman Mike Honda asked the Defense Department's inspector general to speed up his criminal investigation into the killing and a possible cover up by the military. If the inspector general does not release his report or if it still leaves open questions, Congress should conduct its own inquiry into the events of April 22, 2004 -- and into the failure of military personnel of all ranks to insist on facts and accountability in a timely way.

Tillman's life and death have come undera new spotlight as a result of a revealing 12,749-word article by Gary Smith in Sports Illustrated. Accounts by Smith of Tillman's self-testing, daredevil adventures beforethe military help to explain why, after the Sept. 11, 2001, attacks, he gave up his $3.6 million football contract to enlist as a raw recruit.

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But another side of Tillman also emerges: that of a voracious reader with a questioning and independent spirit. In 2003 in Iraq, Tillman's first overseas assignment, he told a fellow soldier that he thought the war was ``[expletive] illegal." According to Smith, Tillman was looking forward after his discharge to having a friend arrange a meeting with Noam Chomsky, the MIT professor and critic of US foreign policy. His father and mother have demonstrated the same searching intelligence as their son in seeking information from the military.

Friendly fire happens all too often, sadly, in the fog and noise of war. But the military will not draw lessons from deaths like that of Tillman and an allied Afghan soldier who was also killed by his platoon that April day if it does not demand unflinching accuracy in reports from those involved. The botched investigations of this high-profile incident also hurt the credibility of the military's inquiries into the killings of civilians in Iraq and Afghanistan. If the inspector general does not provide a persuasive and public accounting of what occurred, Congress should do the job itself.

A Conversation With John Kerry (WP)

Interview By Bob Woodward

The Washington Post, October 15, 2006

In the months before the 2004 presidential election, The Washington Post's Bob Woodward sought to interview Sen. John F. Kerry, the Democratic nominee, about how he might have conducted foreign policy in the 18 months between Sept. 11, 2001, and the invasion of Iraq in March 2003. For his book "Plan of Attack," Woodward had interviewed President Bush on how and why he made decisions during that same period. Woodward gave the Kerry campaign a list of 22 questions based on Bush's actions, asking how Kerry would have responded at each key decision point if he had been president. Kerry declined the interview at the time. More than a year later, on March 7, Kerry agreed to be interviewed by Woodward and answer the 22 questions. Below is an edited version of their two-hour conversation .

ON PLANNING FOR WAR

John Kerry: Let me start at the beginning, because if I were president and we had been attacked as we were attacked on 9/11, I would have, first of all, created a kind of war cabinet similar to what other presidents have done historically, going back to Roosevelt and others. . . .

Now, you may have an executive committee within that . . . like President Kennedy did. But your war cabinet itself needs to be especially plugged in . . . so the right questions are on the table and the right questions are asked and the right discussion takes place. I mean, if you go back and look at Eisenhower, Eisenhower is smart in that he played less than fully briefed, so to speak, and he would let the staff fight it out in front of him and not let on what he believed or where he wanted to go. I think it's particularly important presidentially not to indicate your policy right up front unless there's such a clarity to it. For instance, in response to 9/11, there's clarity. We've got to go kill al-Qaeda. . . . In fact, I would have thought about starting that war differently.

Bob Woodward: In what way?

I believe that during that particular period of time you knew that they [the Taliban and al-Qaeda] had bad habits. They didn't believe that we would necessarily invade. . . . That is an enormous advantage with which to begin any planning. So they are running around in caravans, which we can see from technical means. They're talking on cellphones, which we can follow with technical means. It gave us time to put assets on the ground.

There are all kinds of things that we could have done with respect to pinpointing their whereabouts.

This is after 9/11?

Absolutely. And my instincts would have been much more inclined to have used feint as subterfuge to indicate you might be doing one thing when you're really doing another. . . . I would have been inclined to have used a greater covert effort to put the pressure on Osama bin Laden, at which point I would have been prepared to move major track divisions into position, whether it's the 101st, the 10th Mountain Division, 82nd Airborne, etc.

. . . Now, I know we had SEALs at Tora Bora. And they wanted to go. I mean, who wouldn't have wanted to go get Osama bin Laden?

[T]he bottom line is there wasn't even a sufficient strategy to do that. I would have guaranteed there was. Period.

What would you have said to your central commander, who's the guy on the ground, about planning for an Iraq war?

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First of all, I would have had enough people around who understand and define to me adequately the nature of the threat that we now face. . . . And that requires a pretty extensive outreach effort which includes, in my judgment, not just the Joint Chiefs of Staff and your national security adviser and your intelligence director, but it really includes. . . . President George Herbert Walker Bush, President Jimmy Carter, President Bill Clinton, you know, President Ford, Brent Scowcroft, Zbig Brzezinski, Jim Baker, George Shultz. I mean, you start running the list. I would have had all of those people to some evening sessions, sat up there in the Yellow Room and sat around and said, "What are we facing here? What are the challenges? What's the most important thing we do? How do we win?" Once you define the war on terror, then you can really understand what you've got to do. I think these guys rushed to a definition of the war, saw it the way they wanted to see it, clouded by ideology, and then went out and made people do things accordingly. . . .

It's incomprehensible to me. I mean look -- go back to that period. On that November 21st date [Nov. 21, 2001, when Bush first asked Rumsfeld to look at the war plan for an attack on Iraq], we had not yet fought Tora Bora. . . . We were deep in Afghanistan with an enormous priority to kill al-Qaeda. And we also had a very tentative Pakistan that was fragile, which was a country with nuclear weapons, which we were just moving to the place of sort of participation with America. . . . So my instinct, absent evidence of intelligence, would not have been to ask the secretary of defense for war plans on Iraq. I would have said, "Do we have sufficient troops on the ground to trap Osama bin Laden?" . . . It would not have moved me to take the eye off of Osama bin Laden and the fundamental goal, which was destroying al-Qaeda. . . .

You would have gone to Bush's father, even?

Oh, absolutely. You kidding? I would have said, "Come down here and spend the evening at the White House. Let's talk. I want to talk to you. Tell me about your decision. Tell me all the things that went through your head when you were thinking about going into Iraq and you made the decision finally not to go."

In August '02, Powell asked for a two-hour dinner alone with Bush. Condi Rice is there and he says, "The consequences have not been fully examined and if you invade . . . 'you break it, you own it.'" What would you have done at that moment, if you were president?

If I were president and my secretary of state came to me and said, "Mr. President, you're on a bad track," I would slow the baby down and find out if I was on a bad track. Or I'd fire my secretary of state. . . . I mean, if a guy with Colin Powell's credentials who's been chairman of the Joint Chiefs of Staff, who'd risen up through service to other presidents, who's been to war, and who is your chosen secretary of state, came to me and said that, I'd say, "Okay. What do we need to do? Where are we? What are the downsides? What haven't we done?"

ON THE "AXIS OF EVIL"

Do you think that the idea of lumping North Korea, Iran and Iraq together is, from a policy point of view, possible or wise, as Bush did in his 2002 State of the Union?

No, it's neither wise nor possible because they are different challenges, different cultures, different historical backgrounds to those challenges. And in the case of the Middle East, we really had an opportunity post-9/11. This is what I think was so important. This is what I saw staring us in the face as I went through 2004 . . . a remarkable opportunity to reconnect to the post-9/11 goodwill of the world, which in my judgment this administration squandered. And that goodwill was perhaps one of our greatest assets. Had we taken that goodwill and built it into a larger strategic concept -- I mean, you can go back to Woodrow Wilson. . . . And then you go to Roosevelt. You go to Kennedy . . . and Eisenhower. They all had a larger strategic concept, which -- this is important -- had the ability to bring the world to our side.

Bush thought this was a strategic concept.

This was an ideological concept, not a strategic concept. . . .

I mean, this is what I would have wanted in first discussions. What are we up against? What is this all about? Did these guys just attack us because this is part of Osama bin Laden's strategy for a greater caliphate in the Middle East, or are they attacking us for other reasons? . . . And it seems to me that the transformational aspects of it require a much more massive kind of public diplomacy, global cooperation on religious issues as well as on economic issues and human rights and other issues, as it did the barrel of a gun. These guys could only see it in the context of the military piece.

ON POSTWAR PLANNING

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[I]t wasn't really until three months before the war starts that Bush got involved in aftermath planning. And the question is, when do you start, even if you're contemplating war, which clearly they are, when do you start the ball rolling on aftermath?

Day One. And that is not a Monday morning quarterback comment. That is such a fundamental prerequisite to the concept of contemplating going to war, particularly where you are going to occupy another country. One of the first questions, I'd sit there with a bunch of people at the table, I'd say, "Okay, assuming we go into Iraq, what happens after?" Nobody ever doubted this was going to be short and we were going to win. So we knew we were going to win, so once we're in Baghdad, what happens? Who's going to run the country? Will there be electricity? What are the war plans? Can we protect the pipelines on the oil? What's the ability to make sure people have food? Are you going to guard the ammo dump so you make sure there isn't looting?

Remember when Rumsfeld said, "Oh, looting happens."

"Stuff happens."

I was stunned by that. And I said they're going to rue the day that they allowed this stuff to get out of control because they sent a message, "No control." And our kids were being blown up by the very weapons that they didn't even think about securing on the way in. There should have been an elaborate -- in fact it was an elaborate plan and they chose to ignore it. Colin Powell and the State Department had a fairly elaborate plan and I've talked to people who are involved in the making of it.

ON DONALD RUMSFELD

In November-December '02, Rumsfeld's making major force deployments to the area but he says we can't do a big one because it will tell the world diplomacy is over. And he said, "We're sending these forces and they're going to be in top fighting shape for about two or three months but then it will start to degrade." Your reaction?

One of incredulity that a president would even allow that argument to be persuasive and that a secretary of defense would make it in the first place. And shame on all of them for that. That is insulting to Americans and to all of us, the notion that you have to send people to war simply because you put them there. This is just, you know, it was their rush to war.

And then when Rumsfeld in January started telling the president, "You're losing your options." And you know, you get to a point where we're asking our allies, particularly the Saudis, to make commitments and it's not feasible to back off.

Well, you could always back off it if you haven't committed the troops and there's a reason to back off. I mean, if you don't have intelligence to go to war and you go to war for weapons of mass destruction, you damn well can say, "I'm not giving the order to fire." What is the shame in going back and saying, "We have new intelligence that indicates something different and I intend as president to exercise my responsibility to the world and to our troops to make sure we've exhausted that."

Do you get in a bind, though, where to credibly threaten force you have to deploy all kinds of troops and then once you've deployed them you get into --

The purpose of the deployment of the troops is to get the weapons of mass destruction under control. If at the last moment something indicates to you either there aren't weapons of mass destruction or you have a way to get them under control, you don't use the troops and you don't have to. I mean, those are the tough judgments. Look, what are you going to do? "Oh, gee. We're locked in. We don't have sufficient evidence but I'm going to send this kid from Illinois to die anyway?"

ON DOUBTS

Can a president afford to have doubt in a time of war?

Well, you better have your doubts before the war. And you better explore every doubt before the war. But once you've committed, you better not have a doubt. You better know what you're doing and you better be committed to winning and do everything in your power to do that.

Do you think they had a process of doubt?

No. Clearly they didn't, and that's a reflection of the president.

But Bush says, when I asked him earlier, I said, "You never get everyone to agree on the use of force."

I'm not looking for everybody's agreement. You're never going to get everybody to agree.

What are you looking for?

What I'm looking for is the broadest possible vetting and examination. And let the debate take place in front of me and I'll make my judgment. But nobody will have any doubt that every question was asked. Nobody will have any doubt that the alternative theories were examined, that history was examined, that culture was examined, religion was understood, that the dynamics of the

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region were explored, that people who've lived there have been inquired of. When I get to that decision I can explain it and there's only one rationale, not a whole bunch of shifting rationales. That's the way you take a nation to war.

ON HISTORY'S VERDICT

I asked Bush in December '03, "How do you think history's going to judge your war?" And that's when he said, "We don't know. We won't know. We'll all be dead."

I think history nowadays judges things much more rapidly, number one. And number two, certain things lend themselves to pretty rapid judgment. Vietnam is an example of that. . . . And history is going to judge this very, very, very rapidly, I think.

And severely?

I think history is going to be very, very tough on not just the way the war has been managed, but on the way in which the decision to go to war was carried out. It's going to be a low moment . . . in the presidency in history.

A Plan For Iraq (WP)

By Dennis Ross

The Washington Post, October 15, 2006

As a longtime negotiator in the Middle East, I learned that the most demanding requirement of peacemaking was just getting each side to adjust to reality. In Iraq today, 3 1/2 years after the United States went to war there, no one seems to be doing that.

The Shiites, who dominate the government, may have reason to distrust the Sunnis, but they also remain unready to recognize the Sunnis' need for formal assurance that they will have a piece of the pie. The Sunnis may understand, intellectually, that they will no longer hold all the positions of power and privilege, but emotionally they have yet to accept the idea of the Shiites -- an underclass in their eyes -- as the dominant political force. The Kurds, regardless of what they say, expect to be independent and simply want a political framework that legitimizes that status without exposing them to threats from Turkey or Iran.

And what about the Bush administration -- has it adjusted to reality? It claims progress, even while we sink into civil war. New security plans are tried and fail. Expectations that we will be able to draw down our forces rise and then fall as sectarian violence increases and becomes self-perpetuating.

Staying the course is a prescription for avoiding reality. But simply setting a deadline and withdrawing might also constitute a form of denial -- denial of what will happen in the region after a precipitous pullout. So what can be done?

The starting point is to recognize that Iraq is not going to be a democratic, unified country that serves as a model for the region. The violence and the Sunni-Shiite division have already ruled that out. Instead, Iraq could, in the best case, evolve into a country that has the following: a central government with limited powers; provincial governments with extensive autonomy; sharing of oil revenue; and, at the local level, some rough form of representation and tolerance for minorities. In those circumstances Iraq might eventually achieve stability.

Such an outcome won't materialize on its own. To be sure, it could emerge after a prolonged civil war, which is the path we are heading down. Three interconnected initiatives might create a more acceptable path for managing either this outcome or at least our own disengagement from Iraq.

First, it's time for the Bush administration to insist that a national reconciliation conference be held and not be disbanded until agreement is reached on amendments to the constitution. Prime Minister Nouri al-Maliki has presented his plan for national reconciliation, but it fails to address the constitution and the legal assurances Sunnis want.

The Sunnis supported the constitution and participated in the elections last December with the understanding that there would be amendments on sharing oil revenue, on a prohibition against provinces' seceding and on the role of Islam in the state. Those amendments were never adopted, and now, when a committee has finally been formed to discuss them, it appears to the Sunnis that they will have to negotiate with a gun at their heads: namely, with parallel discussions on developing plans for provinces to secede also taking place.

Above all, what the Sunnis don't want is a rump state without resources. If they think that's all they will be left with, they will continue to at least acquiesce in the insurgency. And for the Shiites, that will be justification for preserving their militias. No

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national compact, no formal structure giving the Sunnis a legal foothold, no end to their support for the insurgency and no readiness by the Shiites to disband their militias.

Second, a long-discussed regional conference with all of Iraq's neighbors should be held. None of them -- Iran, Saudi Arabia, Jordan, Syria, Turkey -- wants the Bush administration to succeed in Iraq (at least in the way the president defines success). And yet every one of them fears the consequences of an Iraq convulsed in the aftermath of a precipitous U.S. withdrawal. A full-scale civil war, with refugees streaming out of the country, with instability bound to leak across borders, and with other nations intervening to protect their own interests and their Iraqi allies is just as much a nightmare for Iran as it is for Saudi Arabia. While Iraq's neighbors may agree on little else, the common interest of wanting to avoid an all-out civil war in Iraq could create a basis for a general set of understandings on what they will and will not do to help foster stability there. The administration ought to work for such a conference now.

Third, President Bush should inform Maliki that we will not impose a deadline for withdrawal but we are going to negotiate with his government a timetable for our departure. The difference between a deadline and an agreed timetable is the difference between leaving the Iraqis in the lurch and informing them they have to assume responsibilities. The former guarantees preservation of the militias as they anticipate a deepening civil war; the latter puts all sectarian groups on notice that they can shape the future but the clock is ticking and if they don't begin to get serious about reconciliation and about fulfilling their own responsibilities they face the abyss.

No one in Iraq seems to want us there, but everyone is afraid to have us leave. In the meantime, everyone seems willing to sit back, to avoid tackling the tough problems and to let us carry the brunt of the fighting. That has to stop.

Clearly there should be a relationship between the effort to finally produce national reconciliation and our approach to working out an agreement on the timing of withdrawal. If the Iraqis create a real national compact, the United States can be more flexible on its timetable for withdrawal. If they fail to do so, the United States must be more demanding in negotiations on the timetable. Ultimately, if Iraqis are ready to resolve their internal political differences, to adjust to reality and to make the hard choices they face, our presence can help in the transition. But if they continue to avoid reality, our presence will simply prolong both their state of denial and ours. It is time for a change in course.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Waging War, One Police Precinct At A Time (NYT)

By Phillip Carter

The New York Times, October 15, 2006

Los Angeles

THE military's new counterinsurgency manual offers a great deal of wisdom for those who will wage the small wars of the future. Its prescriptions and paradoxes — like the maxim that the more force used, the less effective it is — make sense. However, having spent the last year advising a provincial police headquarters in Iraq, I know it's far easier to write about such wars than to fight them.

The war I knew was infinitely more complex, contradictory and elusive than the one described in the network news broadcasts or envisioned in the new field manual. When I finally left Baquba, the violent capital of Iraq's Diyala Province, I found myself questioning many aspects of our mission and our accomplishments, both in a personal search for meaning and a quest to gather lessons that might help those soldiers who will follow me.

The first question was how Iraq in September 2006 differed from that of October 2005. Our Iraqi interpreters told us things were better than last year, which in turn had been better than 2004, when American forces frequently fought pitched battles in Baquba. Yet, sometimes in the same breath, they would long for the days of stability and order under Saddam Hussein.

During my time there, the hundreds of thousands of residents of Baquba went to work or school, shopped in markets, spent time with their families and lived their lives. The vibrancy and vitality of Iraqi society was the norm, not the anarchic violence we see in the news.

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And yet, the violence did exist; it was not a figment of reporters' imaginations. Gunfire frequently echoed through the streets of central Baquba, and homemade bombs often interrupted the bustling marketplace just north of our compound. This violence worsened during my time in Iraq: the Army's PowerPoint presentations depicting attack and death statistics from across the country showed the same, steadily increasing trend lines.

Despite the trend towards consolidation of American units onto huge bases in the desert, my team remained in downtown Baquba. We shared our compound with the provincial government; it adjoined the provincial courthouse and was just 800 yards down the street from the police headquarters. This proximity made us more effective, both because it made it easier for us to talk to the Iraqi leaders with whom we worked, and because it enhanced our credibility with our Iraqi counterparts, who saw us living and working by their side.

When the power grid failed or water supply stopped working — a daily experience during the summer — we knew and felt it firsthand. Likewise, when explosions or firefights erupted in the city, we could judge their severity with our own senses. We learned that counterinsurgency cannot be conducted from afar.

But did we make a difference? Diyala Province has 1.4 million citizens and stretches from the northern edge of Baghdad east to the Iranian border, north to Kurdistan, and west to the Sunni heartland. My brigade commander, a sage infantryman from Colorado, called Diyala "little Iraq," because its mix of people, geography and conditions represented a microcosm of the torn country. As goes Diyala, so goes Iraq, he and others said.

Our mission was deceptively simple: to build the provincial police so they could provide security and the rule of law. In these areas, we observed tangible progress. My team delivered hundreds of recruits to American-financed police academies, and oversaw a local academy that retrained hundreds of officers who had served under the old regime. Our civilian advisers, American police officers who came to Iraq as State Department contractors, trained hundreds of Iraqi patrolmen in street survival and investigative skills.

We gave trucks, rifles, body armor, radios and countless other items to the police, and oversaw the construction or renovation of police stations throughout the province. With our help, the police chief, a corpulent former army officer, and his staff became better managers, and replaced many ineffective and corrupt officers. We also brought our expertise to the Iraqi jails, judges and lawyers, resulting in hundreds of innocent Iraqi detainees being released after languishing for months or years in jail.

Despite these successes, I still left Iraq feeling uncertain about what we had accomplished. In theory, security should have improved with the development of capable Iraqi Army and police units. That did not happen. This is the central paradox of the Iraq war in fall 2006: we are making progress in developing the Iraqi Army and police, yet the violence gripping the country continues to worsen.

This paradox raises fundamental questions about the wisdom and efficacy of our strategy, which is to "stand up" Iraqi security forces so we can "stand down" American forces. Put simply, this plan is a blueprint for withdrawal, not for victory. Improving the Iraqi Army and police is necessary to prevail in Iraq; it is not sufficient.

Counterinsurgency is more like an election than a military operation; the Iraqi government must convince the Iraqi people to choose it over the alternatives offered by Sunni, Shiite and Kurdish militants. To do so, the Iraqi government and the coalition must deliver public goods — security, public works, commerce, education and the rule of law, to name a few. The campaign must convince not just a majority or super-majority but virtually everyone, for as the noted insurgents T. E. Lawrence and Mao Zedong have noted, it takes the support of just 2 in 100 citizens to sustain an insurgency.

At this point, and with this strategy, it may not be possible to win in Iraq. America gained a spectacular victory in 2003, toppling the brutal Saddam Hussein regime. But there are limits to what military force can accomplish. You cannot plant democracy with a bayonet, nor can you force Iraqis to choose a particular path if their democracy is to mean anything at all.

Moreover, our choices in 2006 are not as good as our choices were in 2003; we cannot simply stay the course now and hope for victory. Given Iraq's historic antipathy to invaders and the strength of today's insurgency, I believe only a wholly unconventional approach will work. This means many more embedded advisers like myself, working in tandem with teams from the State Department and other agencies, supported by combat forces only when force is necessary.

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We should strive in 2006 to build on our successes and to find a smarter way to shift the counterinsurgency effort to the Iraqis in order to secure an imperfect victory. For, as Lawrence wrote eight decades ago about helping the Arabs fight the Turks: "Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them."

Burden Of Proof (WP)

The Washington Post, October 15, 2006

Two reporters charge the Bush administration with using fraudulent intelligence to start a war.

HUBRIS

The Inside Story of Spin, Scandal,

and the Selling of the Iraq War

By Michael Isikoff and David Corn

Crown. 463 pp. $25.95

In October 2002, a file of documents from the U.S. embassy in Rome arrived on the desk of one of the State Department's senior nuclear proliferation analysts. The papers had been handed over by an Italian journalist, who had been given them by an informer who had, in turn, obtained them from a mysterious source in the embassy of Niger. The documents purported to show that Niger had signed a July 2000 deal to supply Iraq with 500 tons of yellowcake uranium -- about one-sixth of the African country's annual production and a key ingredient in a uranium-enrichment process that could provide Saddam Hussein's regime with a nuclear bomb.

As Simon Dodge of the State Department's intelligence bureau began to review the documents in Washington, he soon concluded that they were fakes. One of the papers described a secret meeting in Rome at which representatives of Iraq, Iran, Sudan, Libya and Pakistan formed a joint "plan of action" to defend themselves against the West in alliance with "Islamic patriots accused of belonging to criminal organizations." Dodge later told Senate investigators that he considered the claim "completely implausible," or, as Michael Isikoff and David Corn put it, "something out of James Bond -- or maybe Austin Powers." Niger embassy stamps, palpably fake, linked the "plan of action" document to those depicting the Iraq deal. The papers are a hoax, Dodge e-mailed colleagues.

This was not what most in the White House wanted to hear. By October 2002, when Dodge began examining the Niger documents, the Bush administration was already accelerating its drive for war against Iraq. An authoritative demolition of one of the most dramatic parts of that case -- that Baghdad was building a nuclear weapon -- was deeply unwelcome and, coming from the diplomats at the State Department, viewed with particular suspicion by Vice President Cheney's office. Partly by accident (the CIA merely put its copy of the "obviously forged" Rome papers in a vault and left them there) and partly because it simply did not want to know, the White House remained in denial about the unreliability of the whole Niger uranium story. Fatefully, the president would use the claim in his State of the Union address in January 2003. It was the principal basis for the administration's repeated rhetorical flourish that the Iraqi smoking gun might "come in the form of a mushroom cloud." And it was a phony.

The Niger claim provides the central thread in Hubris , Isikoff and Corn's exhaustive reconstruction of the formulation and selling of the Iraq War. For those who wish to understand how one of the most powerful officials in the land -- Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby -- came to be under indictment for obstruction of justice, perjury and making false statements arising out of the Niger story, this book is indispensable.

But Niger was not the only proffered justification for the attack on Iraq that eventually crumbled to dust in the light of day. So did the false claims of Iraqi defectors, such as the shadowy informant known as "Curveball," that Iraq possessed mobile biological laboratories, a claim that was a centerpiece of then-secretary of state Colin Powell's U.N. presentation in February 2003. So did the misguided conviction that Iraq's purchase of aluminum tubes was proof of a nuclear-arms program. So did the long-disproved claim that 9/11 hijacker Mohamed Atta met with Iraqi intelligence agents in Prague in April 2001, which became almost an article of faith for the administration's hawks.

There have been many books about the Iraq war, and there will be many others before we are through. This one, however, pulls together with unusually shocking clarity the multiple failures of process and statecraft that led so many people to persuade

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themselves that the evidence pointed to an active Iraqi program to develop weapons of mass destruction and that it was in the interests of the United States to overthrow Saddam Hussein.

This is seemingly an eternal theme. The deeper we are drawn into Isikoff and Corn's account, the more we enter March of Folly territory. When the late Barbara W. Tuchman published her masterly 1984 account of the ruinous policies that governments have pursued through the ages, she ranged across a canvas stretching from the Trojan war to Vietnam.

To qualify as folly, Tuchman wrote, a policy must meet three criteria: It must have been seen at the time as counterproductive; a feasible alternative course of action must have been available; and the policy must have been that of a group of people, not merely a single tyrant or ruler. If ever a policy qualifies on all counts, it was the U.S.-imposed regime change in Iraq. Isikoff and Corn are reporters (for Newsweek and the Nation, respectively), not historians, but they still compel the reader to confront a further, essential dimension of folly's march. In each case -- the Niger uranium papers, the mobile labs, the aluminum tubes, the Atta-Iraq link -- there were people up and down the policy chain, including some at the very top, who either knew at the time or should have known that the claims were false or unreliable.

Many critics of the Iraq War have highlighted the ideological drive behind the invasion. Fewer have grappled with the more complex question of why it was impossible for skeptics, doubters and more scrupulous analysts to stop it. Isikoff and Corn enable us to understand better how this devastating policy tragedy played out. But as Coleridge once observed, the light of experience is but a lantern on the stern, illuminating only the waters through which we have passed. Sadly, Isikoff and Corn can't tell the next generation how to avoid such tragedies. Â·

Martin Kettle is a commentator and a former U.S. bureau chief of the Guardian newspaper.

Loyal To A Fault (WP)

The Washington Post, October 15, 2006

Did a charismatic secretary of state serve the country and the president well on Iraq?

SOLDIER

The Life of Colin Powell

By Karen DeYoung

Knopf. 610 pp. $28.95

The subject of Karen DeYoung's new biography doesn't quite attain the stature that his many admirers might wish for him: that of a tragic hero. The Colin Powell portrayed in Soldier comes across as a disciplined and talented beneficiary of genuine equal opportunity, an inspiring leader of bureaucracies, "the world's best staff officer," a cool operator in Washington's political wars, an uncommonly decent man, a stellar product of great American institutions. But when those institutions failed -- when the Bush administration took the country to war in Iraq, rashly and under false pretexts -- Powell did not have the imagination to challenge or, finally, defy the system that had made him.

DeYoung, an associate editor at The Washington Post, had Powell's cooperation in the form of six extended interviews, but as she notes at the end of the book, they covered only the most recent ground -- the years since Powell told his own story in his 1995 memoir, My American Journey. For this reason, and because a man of Powell's supreme self-control is even more opaque than most public figures, her march through his early years and his rise through the ranks of the Army has a dutiful feel -- a blur of promotions and Powell family relocations without any strong sense of his inner life. In spite of DeYoung's reportorial talents and sympathetic understanding of her subject, the first half of Soldier should have been greatly compressed; Powell's career is simply not important or interesting enough for a full-dress biographical monument. (Would anyone want to read 500 pages about Brent Scowcroft?)

DeYoung might have done better to limit herself to Powell's years as secretary of state. She imbues this story with narrative tension and a steady accumulation of detail that shows exactly how he allowed himself to be used, mastered and then cast aside by his antagonists in the administration, above all by his longtime colleague Dick Cheney, now the vice president. It illustrates what critics, including Powell's former chief of staff Lawrence B. Wilkerson, have described as broken policymaking, with disagreements turning poisonously personal and key decisions, such as the jettisoning of the Kyoto accords or even the historic decision to invade Iraq, made without the knowledge of leading officials, usually Powell himself.

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Powell had the devotion of those below him, and his instinct for the right word and gesture was never surer than on Sept. 11, 2001, when, marooned in Lima, Peru, at a meeting of the Organization of American States, he insisted on staying long enough to cast the American vote in favor of a document called the Democratic Charter. "He knew from the start that what we needed were friends," his spokesman Richard Boucher told DeYoung. "We didn't know who did it, we didn't know why. But we needed democratic friends -- that was the only way, whatever this was, that we were going to beat it."

It was the thinking of a moderate Republican member of the internationalist foreign policy establishment -- one of the last. It was not the thinking of the president and his most influential advisers, especially the vice president and Defense Secretary Donald Rumsfeld, who were more intellectually aggressive than Powell and far more ruthless in undermining their chief antagonist. In DeYoung's account, Powell believed for a long time that he was winning more than his share of interagency battles, partly because his meteoric rise through a system that operated in an essentially rational way had been almost untroubled. "But past experience was turning out to be a poor guide to the new reality," DeYoung writes, "and Powell was slow to grasp the extent of his -- and the State Department's -- isolation within Bush's national security team."

As the administration moved with blind self-confidence toward war in Iraq, Powell slowly became part of the machinery that he thought he was helping to brake. The process by which he began to accept the White House's terms of the argument makes for the best pages of Soldier , a fascinating study in bureaucratic maneuvering, groupthink and subtle self-deception. Powell's tactical successes obscured his larger strategic defeat: Once he persuaded the president to take his case against Iraq to the United Nations in September 2002, DeYoung writes, "Powell quickly moved to protect his right flank by establishing his bona fides inside the administration as a believer in the Iraqi threat and a firm supporter -- should diplomacy and international pressure fail -- of the use of force. Almost overnight, his carefully couched assessments of the state of Saddam's weapons programs were transformed into certainty." This change led directly to the moment for which Powell himself has said he will always be remembered: his dramatic speech to the U.N. Security Council on Feb. 5, 2003, vouching for the existence of weapons of mass destruction in Iraq, later shown to be almost completely wrong. After that, the war was inevitable, as was the historical verdict on Powell's tenure in office.

His entire career had prepared him to be a first-rate secretary of state in a functional administration, and if he had had the good luck to serve under a better president, he might be remembered in the company of one of his heroes, George C. Marshall, another former general who became secretary of state, for Harry S. Truman. But as George W. Bush's principal cabinet officer, Powell was condemned by his own limitations. He took comfort in Marshall's reply to critics who thought that he should have resigned over his disagreement with President Truman's decision to recognize the newly created state of Israel in 1948. "No, gentlemen," Marshall is said to have replied, "you don't take a post of this sort and then resign when the man who has the constitutional responsibility to make decisions makes one you don't like." To Powell, Marshall had "done his job. He had given the President his best advice. He had presented it strongly . . . [and] used every, every opportunity to press his case."

It is easy to understand why this story inspired Powell. But there is a crucial difference. Powell never told Bush not to invade Iraq; out of a lifelong sense of propriety and restraint, he kept his best advice to himself. In 2003, the country needed someone more than the world's best staff officer. Â·

George Packer, a staff writer for the New Yorker, is the author of "The Assassins' Gate: America in Iraq."

NEXT GREATEST GENERATION (NYPOST)

By Gordon Cucullu

The New York Post, October 15, 2006

October 15, 2006 -- WE WERE ONE: SHOULDER TO SHOULDER WITH THE MARINES WHO TOOK FALLUJAH

BY PATRICK K. O'DONNELL

DE CAPO PRESS, 288 PAGES, $25

WITH unprecedented initiative Patrick K. O'Donnell volunteered to live and fight alongside American soldiers and Marines in Iraq in order to construct a real-time, eyewitness history of the fighting. He spent months in battle with the troops, mostly with a platoon from the 3/1 Marines. After every combat action, he spent countless hours debriefing them.

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O'Donnell's book focuses on the Second Battle of Fallujah. In part as commemoration, "We Were One" is scheduled to be released in the days preceding the two-year anniversary of that battle (Nov. 9), the Marine Corps birthday and Veterans Day. But the author's most important accomplishment among many is to put a human face on the troops who are fighting against some of the fiercest enemies America has ever encountered.

We meet the Marines who will make this attack. They are all volunteers, of course, several coming back for multiple combat deployments. These are no "dumb grunts," though they bear the title with pride. Prior to deployment, they train constantly, study "a three-foot high" stack of books and manuals and even learn Arabic. Their loyalty is primarily to each other; to the friends they have come to rely on for their lives. The bonding experience of combat can be a tired cliché for readers, but O'Donnell captures it without cheapening it.

O'Donnell shows the strength of these personal relationships as men lie wounded and dead in filthy Grenade Alley, where the mujahedeen tossed so many hand grenades that most of a 12-man squad was wounded. In Fallujah, the platoon learned that survival depended entirely on the mutual loyalty and support they gave one another - and the whimsy of the gods of war.

Kicking in the doors of as many as 100 stone houses, the men found enemy fighters wired to the gills with a narcotic cocktail of adrenaline, cocaine and amphetamines and learned too well the lesson of the randomness of combat. A Marine moves slightly and the wall where he stood is raked with machine gun fire, while others are killed or wounded by similar twists of fate.

O'Donnell paints a picture of intense bravery. The dehydrated, exhausted platoon maintains focus on their objective of keeping each other alive and killing or capturing the enemy.

These Marines knowingly walked in the shoes of their grandfathers in the Pacific war, and their fathers in Vietnam. They proudly referred to the Battle of Hue City and the conquest of Iwo Jima as part of the long heritage that they would join when they won the Battle of Fallujah. And they won resoundingly, despite ferocious odds.

Most of those who survived and remained in the Marine Corps were "serving on the Iraqi-Syrian border" as the book was completed. By now they may have rotated home and then back yet again into the fray.

Read O'Donnell's excellent book and you will know that they are indeed, as were each preceding generation, "The Greatest."

Gordon Cucullu (colonelgordon.com) is a former Special Forces lieutenant colonel and author of "Separated at Birth: How North Korea became the Evil Twin."

WAR MACHINES (NYPOST)

By Ralph Peters

The New York Post, October 15, 2006

October 15, 2006 -- WAR MADE NEW: TECHNOLOGY, WARFARE AND THE COURSE OF HISTORY, 1500 TO TODAY

BY MAX BOOT

GOTHAM BOOKS, 624 PAGES, $35

A BOOK'S got to be pretty damned good to be worth $35. And "War Made New" is worth every penny. It's not only a terrific read; it's a cheap education on how, for half a millennium, machines made war and war made machines. The research is impressive, the judgments are sound - and Max Boot's a strong, clear writer.

Taking the "Blitzkrieg of 1494" as his line of departure, he explains why a nearly forgotten French invasion of the Italian peninsula arguably created modern war. He then takes the reader through a vivid account of the Spanish Armada's decomposition, the innovative tactics of Gustavus Adolphus - and one paradigm-shattering campaign after another, right down to Operation Iraqi Freedom. Boot concludes with an eye-opening discussion of future military technologies.

The author sets up great battles as suspense stories, and you'll want to know what happens next. This is grand history, moving from the collapse of the Marathas in India to Pearl Harbor and the Battle of Midway. I knew the outcomes, but I still read anxiously. Boot's purpose is serious - to educate readers about the fateful relationship between technological change and warfare - but he makes the lessons enjoyable.

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It's not enough to possess the best gear. In 1940, the French had more and better equipment than the German army. But the Germans saw how to marry massed tanks and tactical radios to stun a slow-thinking opponent. In the War on Terror, our enemies brilliantly used our own technologies against us - cellphones, the Internet, airliners. It's not just what you've got, but how innovatively you use it.

You've still got to back the right weapons, though: Boot argues that the British lost their eastern empire because they failed to see that aircraft carriers had superceded battleships. You've got to choose the right stuff and use it more effectively than your enemy.

For all the discussion of technology - ever clear, always sensible - Boot never loses sight of the supremacy of the human being. After a riveting discussion of robotics, nanotechnology and what the Soviets used to call "weapons based on new physical principles," he concludes that nothing will match the flesh-and-blood soldier's situational awareness for many years to come.

My quibbles are minor: An active journalist, Boot is reluctant to burn bridges to establishment figures. Despite his fateful errors in Iraq, Donald Rumsfeld slips from the author's hands like a cobra covered in K-Y Jelly, eluding criticism. And Boot falls for the armchair general's "tooth-to-tail ratio" complaint that our military includes too many support troops. Well, there are a lot more "support troops" in a civilian hospital today than 50 years ago. As organizational complexity increases, staff requirements grow. And you'd better have somebody trained and ready when the precision weapon needs to be programmed.

But these criticisms are trivial compared to the ambitious scope - and success - of "War Made New." This is a book for both the general reader and reading generals.

Ralph Peters' latest book is "Never Quit the Fight."

DOJ:

Interim U.S. Attorney Settles In To The Job (NCP)

By Jared Allen

Nashville City Paper, October 15, 2006

Just before he left office, Jim Vines, who recently stepped down as Nashville's U.S. Attorney, said one of his greatest accomplishments was building up the Nashville office to a point where it could handle another Tennessee Waltz-type investigation.

"Even though it centered around the legislature, it had to be handled out of the Memphis office," Vines said last month in an interview with The City Paper, explaining that when the investigation into corruption at the Capitol began, the Nashville office was simply not up to the task of leading it.

"But if we were to have another ethics scandal, we could do it here now," Vines said.

So it seems fitting that after Vines' exit, the man selected to replace him – at least in the interim – is credited with cleaning up what was formerly the single most corrupt city is the United States: Youngstown, Ohio.

Youngstown is the hometown of former U.S. Rep James Traficant, who was indicted on federal corruption charges in 2002 and sentenced to eight years in prison.

For decades, most of Youngstown's local leaders were controlled by mafia bosses, who routinely blew up one another with car bombs.

That was until a U.S. attorney named Craig S. Morford arrived in Cleveland.

Over a period of five years, Morford investigated, prosecuted and convicted 70 individuals, including mob bosses, the county sheriff, county prosecutor, a nearby police chief, four judges and 10 attorneys.

Two weeks ago, the U.S. Department of Justice named Morford to head up the Nashville U.S. Attorney's Office.

The appointment is temporary for now – Morford's family is staying in Cleveland for the time being – but the career prosecutor, armed with decades of experience in high-profile cases, is already diving into his job in Nashville.

And he is prepared to lead the office in whatever direction it needs to go.

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"I've dedicated much of my career to fighting corruption," Morford said. "My belief is that the system is only as good as the people who run it, and when we give people a public servant position, we put our trust to those people. And they need to step up and live up to that trust. And if they don't, it's our job to come in and do something about it."

But Morford, who is also best known for investigating a Detroit U.S. attorney's terrorism investigation gone awry, and one that ultimately led to an admission by the Justice Department that it withheld sharing evidence with defense attorneys, does not see himself as a reformer.

"I don't come in here as a fixer," Morford said. "I'm here because I got a call. I was asked to serve in this way and I've always been one that's tried to answer the call. That's why I went to Detroit."

Morford also believes his main job is to hold down the well-built fort left by Vines.

"I've quickly assessed that there's a tremendous foundation that's been built by Jim, the people he brought in and the people who were already here," Morford said. "I view my job is maintaining that foundation, preserving that foundation and building upon that foundation."

In terms of building, Morford said his priorities include investigating and prosecuting cases of terrorism, health care fraud and violent crime.

He also stressed his work in Cleveland breaking up a entrenched but non-traditional culture of gangs and gang violence.

"Cleveland is much like Nashville. We don't have the large presence of national gangs – the Bloods, Crips and those types of things – but we have street corner gangs, that are extremely violent and involved in heavy crack dealing, Morford said.

"And for the family who lost their 8-year-old son on the way to the neighborhood recreation center, they don't much care that the guy who shot him calls himself a 'Dirty 30' because he lives on 30th Street, as opposed to a Blood or a Crip."

Morford will likely receive a warm welcome from the Metro Police Department, which in May launched a major initiative to combat Nashville gangs, which are likewise largely unorganized but still violent.

"We are looking forward to a continuation of the strong working relationship with the U.S. Attorney's Office on gang, gun and other issues," said Don Aaron, Police Department spokesman.

Morford is scheduled to meet with Metro Police Chief Serpas this week, and assessing the current gang problem and the police response to it will be on the top of the agenda, the U.S. Attorney said.

"The biggest problem you have in solving gang crime is getting good, solid intelligence so you can really get your hands around what the problem is," Morford said, discussing his work in Cleveland. "And there is a significant role for our office to play."

CORPORATE SCANDALS:

Finance Jobs Tarnished By Options Cases Legacy Of Scandals Could Linger, Threatening Guilt By Association (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, October 15, 2006

Headhunter Larry Ormsby was seeking a new chief financial officer for a Silicon Valley company recently. Then news cropped up that one of his candidates had big black mark on his resume: The company where he had previously been CFO was implicated in the stock options backdating scandal now grabbing headlines.

"That was enough for us to say, 'Let's not pursue this person,' " said Ormsby, senior client partner at Korn/Ferry International in San Francisco specializing in CFO and other senior finance positions. "Clients aren't comfortable making a hire when there is some gray area of uncertainty about what happened" at a candidate's previous jobs.

People caught up in probes over improper backdating of stock options may have bigger worries than their next job. But recruitment experts and others say the scandal may tarnish the careers of those in decision-making positions at the companies being investigated, regardless of whether they are ever charged with a crime.

"Of course it will be an issue" for job seekers, said John Challenger, chief executive officer of Challenger Grey & Christmas, a global outplacing firm in Chicago. "At an executive level, the company or the search firm will look through each of the jobs a candidate has had to understand if there was something that happened that might be problematic for the new company."

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About 125 companies, nearly a quarter of them in Silicon Valley, are facing probes over whether they improperly granted stock options that were retroactively linked to dates when their stock price was low, thus giving recipients a leg up on potential profits. Such backdating is illegal unless it is disclosed and accounted for properly -- something that many companies evidently failed to do.

Investigators from the Securities and Exchange Commission, Justice Department and the companies themselves are sifting through documents to try to figure out who did what when.

About 30 executives and board members have gotten the ax over their involvement in backdating, but experts expect the toll to rise as companies finalize investigations of themselves. Only two cases so far have resulted in criminal charges being filed.

"If companies want to get credit (with the SEC and Justice Department) for their cooperation by showing they found a problem and have done everything possible to eliminate it going forward, one thing they will want to say is that people associated with the problem are no longer here," said Jim Sanders, a Los Angeles attorney specializing in white-collar defense and a former SEC regional administrator and federal prosecutor. "I've been in situations where (SEC officials) say, 'How can you say you fully cooperated and cleaned house when Joe Blow is still working there?' "

But even people who don't get the heave-ho could be tarred by their association with the scandal -- assuming they were somewhere in the chain of command that oversaw finances.

"I think it will impact the candidacy of people looking for jobs if they themselves were part of the cabal of inner circle people who were likely to have been the manipulators," said Mark Jaffe, president of executive-search firm Wyatt and Jaffe in Minneapolis. "If you were the chief corporate counsel, the CFO, the treasurer, the chief operating officer or the CEO, you're likely to get some splatter on you, and with good reason. If you were the chief marketing officer or the (chief technology officer), it could be you were in the Bahamas that week."

Rick Beal, managing consultant for the San Francisco office of search firm Watson Wyatt Worldwide, said he thinks people from affected companies could rise above their involvement if they can make a good case for themselves.

"If they came away with a lot of real positive learning experiences out of it, they understand and can articulate how things went wrong and why, and they hold themselves personally accountable for it, that speaks volumes about them," Beal said. "If someone says, 'I stepped down because I had to and it wasn't really my fault' and points the finger elsewhere, that tells you something, too."

In any case, he said, search firms themselves may help candidates clean up their reputations.

"Headhunters shopping these folks are going to spin it as strongly as they possibly can," Beal said. "They'll say, 'I've got a great candidate who got caught up in this stuff, but he's a really good guy.' "

Ormsby of Korn/Ferry said he feels obligated to do much more thorough background checks on job candidates in the post-Enron world.

"We used to check education, criminal, employment -- more basic checks," he said. "For the past five years, we've been much more aggressive on every CFO assignment to make sure we look for SEC investigations that have happened, look for civil as well as criminal background checks." In addition, he makes many more reference calls, Ormsby said.

Sanders, the former SEC administrator, said there is an added complication for people who left companies under investigation.

"The real issue for them is if the facts were significant enough that a corporation felt a resignation was appropriate, that is clearly in my view going to draw the attention of the SEC," he said. "The SEC has the power to bar someone from being an officer or director of a publicly held corporation. From the prospective new employer's standpoint, I can only guess that ... a candidate who might be the subject of an SEC enforcement action" would be undesirable.

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CRIMINAL LAW:

Displease A Lobbyist, Get Fired (LAT)

By Peter Wallsten, Times Staff Writer

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The Los Angeles Times, October 15, 2006

E-mails show Jack Abramoff's ability to influence White House staffing decisions through his highly placed friends.

WASHINGTON — For five years, Allen Stayman wondered who ordered his removal from a State Department job negotiating agreements with tiny Pacific island nations — even when his own bosses wanted him to stay.

Now he knows.

Newly disclosed e-mails suggest that the ax fell after intervention by one of the highest officials at the White House: Ken Mehlman, on behalf of one of the most influential lobbyists in town, Jack Abramoff.

The e-mails show that Abramoff, whose client list included the Northern Mariana Islands, had long opposed Stayman's work advocating labor changes in that U.S. commonwealth, and considered what his lobbying team called the "Stayman project" a high priority.

"Mehlman said he would get him fired," an Abramoff associate wrote after meeting with Mehlman, who was then White House political director.

The exchange illustrates how, more than two years after the corruption scandal surrounding the now-disgraced Abramoff came to light, people are still learning the extent of the lobbyist's ability to pull the levers of power in Washington. The latest revelations provide more detail than the Bush administration has acknowledged about how Abramoff and his team reached into high levels of the White House, not just Capitol Hill, which has been the main focus of the influence-peddling investigation.

The e-mails, disclosed as part of a report by the House Government Reform Committee, show how Abramoff manipulated the system through officials such as Mehlman, now the chairman of the Republican National Committee. Doing so, Abramoff directed government appointments, influenced policy decisions and won White House endorsements for political candidates — all in the service of his clients.

The report found more than 400 lobbying contacts between Abramoff's team and the White House.

Besides the Stayman matter, the e-mails reveal Mehlman's role in helping an Abramoff client, the Mississippi Band of Choctaw Indians, secure $16.3 million for a new jail that government analysts concluded was not necessary. Mehlman also helped Abramoff obtain a White House endorsement in 2002 of the Republican gubernatorial ticket in the U.S. territory of Guam .

Abramoff pleaded guilty in January to federal charges in a congressional bribery investigation that continues to loom over Capitol Hill and the GOP. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

The scandal has touched just one West Wing staffer, Susan Ralston, a onetime Abramoff aide who resigned this month as executive assistant to strategist Karl Rove after congressional investigators documented frequent contact with the lobbyist's team.

Mehlman said he did not recall the details of his contacts with the Abramoff team, including discussions about Stayman, the former State Department official. But he said such interactions were part of his job as White House political director.

"I was a gateway," Mehlman said in an interview. "It was my job to talk to political supporters, to hear their requests, and hand them on to policymakers."

Mehlman said he had known Abramoff since the mid-1990s and would listen to his requests along with those of other influential Republicans.

"I know Jack," Mehlman said. "I certainly recall that if he and others wanted to meet I would have met with them, as I would have met with lots of people."

Mehlman, a Baltimore native and graduate of Harvard Law School, has remained a GOP power player since stepping down as political director in 2003. He built the party's grass-roots get-out-the-vote strategy, managing President Bush's 2004 reelection campaign before taking over the RNC last year.

Democrats charge that Mehlman may have acted unethically during his time at the White House, lobbying for government actions at Abramoff's behest, even when policy experts disagreed with the decision.

The senior Democrat on the House Government Reform Committee, Rep. Henry A. Waxman of Los Angeles, points to e-mails suggesting that in June 2001, amid negotiations over whether to fire Stayman, Mehlman requested and might have been given two U2 concert tickets in Abramoff's suite at what was then the MCI Center (now the Verizon Center).

Ethics rules prohibit officials from accepting gifts worth more than $20 from a person doing business with the government, although there are exceptions. Ethics officials typically consider such suite tickets to be worth the same as the event's most expensive tickets, which in this case was $133 apiece, according to Waxman's office.

"Please tell me we can fit two more in for Friday," lobbyist and Kevin Ring wrote to Abramoff, his partner. "Ken Mehlman of the White House apparently wants to go." On the day before the concert, Ring wrote to Abramoff that a resume for a Stayman replacement had been "sent to our conduit."

Referring in the same e-mail to an unrelated Labor Department appointment, Ring said he "will talk to Mehlman at the concert tomorrow night."

A former Abramoff associate remembers Mehlman attending the concert. Mehlman said he did not recall it. "I've been to several U2 concerts, but I don't know whether I went to that one," he said. "But I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules."

Waxman said the e-mails suggested Mehlman may have "violated fundamental ethics regulations and the law."

"There are serious questions that Mr. Mehlman needs to address with candor and that Congress should investigate thoroughly," Waxman said.

The e-mails disclosed in the House report showed that Mehlman was involved in a variety of matters of interest to Abramoff, one of which bore fruit for the lobbyist after he discussed delivering campaign contributions to GOP causes.

Tony Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), referred to Mehlman on Nov. 9, 2001, as a "rock star" after Mehlman agreed to "take care of" the Choctaws' jail, despite a Justice Department finding that the tribe's existing jail was adequate.

Several days after that meeting, on Nov. 13, Rudy recommended a $15,000 contribution to the Republican National Committee. "Let's give the check to Ken Mehlman at the White House," wrote Rudy, who later pleaded guilty to conspiracy charges in the broader investigation.

On Nov. 15, campaign finance records show, the tribe gave $10,000 to the RNC. Overall, the tribe gave $120,000 in the 2002 election cycle to Republican committees and $95,000 to Democratic committees, according to the Center for Responsive Politics.

Two weeks after the RNC received its check, Susan Butler, chief of staff to U.S. Rep. Charles W. "Chip" Pickering, a Mississippi Republican whose district includes the Choctaws, e-mailed Rudy to say that she had discussed the issue with Mehlman and others and that "they were very positive and promised to work with us on it."

When Justice Department officials relented and released the money for the jail, giddy Abramoff associates planned to host agency officials in a suite at a Dave Matthews concert.

"I have the suite filling up with DOJ staffers who just got our client $16 million," one wrote. Another replied that the agency officials deserve any reward they want, "opening day tickets, Skins v. Giants, oriental massages, hookers, whatever."

Mehlman, meanwhile, also helped Abramoff with another client, Guam, the e-mails show.

On Oct. 9, 2002, Abramoff asked Mehlman to secure a White House endorsement for the island's GOP gubernatorial ticket.

Three weeks later, Abramoff received a note from Ralston, then Rove's assistant, saying that Mehlman had gotten a quote from the White House for "your Guam candidates." She also asked Abramoff to send his requests in the future to "Ken only."

For Stayman, learning more about how Abramoff used White House connections helped him understand why, five years ago, he found himself looking at a career change.

His job was up for renewal, but his State Department supervisors wanted to keep him on to finish a project that was expected to take more time.

"With only about a year left on my appointment, I didn't think it would trigger any interest from the White House," Stayman said. "I assumed that Abramoff was behind it, but I didn't know the details, who called whom and how much effort it took."

Unbeknownst to Stayman, though, within weeks of Bush taking office, the "Stayman project" was in full swing.

State Department officials resisted the dismissal, and negotiations dragged on for months. In May 2001, one of Mehlman's deputies assured Abramoff's team that, "Obviously, this guy cannot stay."

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That July 9, Ralston e-mailed Abramoff with news of a deal on Stayman: "He'll be out in four months."

And he was.

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Weldon Faces Probe On Daughter's Deals (AP-Y)

By Kimberly Hefling And Lara Jakes Jordan, Associated Press Writer

AP, October 15, 2006

The FBI is investigating whether Rep. Curt Weldon, R-Pa., used his influence to secure lobbying and consulting contracts for his daughter, two people familiar with the inquiry said Saturday.

The inquiry focuses on lobbying contracts worth $1 million that Weldon's daughter, Karen Weldon, obtained from foreign clients and whether they were assisted by the congressman, they said. They spoke on condition of anonymity because of the confidentiality of the criminal investigation.

Weldon, a 10-term Republican from the Philadelphia suburbs, long has denied any wrongdoing, and his top aide said Saturday no one had notified him of an investigation.

"I think if there was an investigation, somebody would have contacted us," said Russ Caso, Weldon's chief of staff.

Caso said Weldon and his staff were "100 percent caught off guard" when they learned of the investigation, first reported late Friday by McClatchy Newspapers. This account cited two individuals with specific knowledge of the existence of the investigation; they declined to be identified because of the confidentiality of criminal investigations.

Caso, whose boss is in a tight race for re-election on Nov. 7 against Democrat Joe Sestak, tried to cast doubt on reports of the investigation. "Unidentified sources mean nothing," Caso said. "There's no substance in that story. It's a flimsy story."

Two people familiar with the investigation told the AP on Saturday that the inquiry was being handled by agents from the FBI's field offices in Washington and Philadelphia and was being coordinated by the Justice Department's Public Integrity Section. Spokesmen for the Justice Department and the FBI declined comment Saturday.

Those two people familiar with the investigation confirmed that federal agents were examining Weldon's work between 2002 and 2004 to help two Russian companies and two Serbian brothers connected to former Yugoslav President Slobodan Milosevic. They had hired Solutions North America Inc., a company operated by Karen Weldon and Charles Sexton, a Republican ally of the congressman.

Weldon, vice chairman of the House Armed Services committee, is a Russian speaker regarded by some as a foreign policy expert who has clashed at times with the Bush administration.

Over the last few days, the Democratic Congressional Campaign Committee has mailed fliers to voters in Weldon's district accusing Karen Weldon of getting help from her father on lobbying projects.

Michael Puppio, Weldon's campaign manager, questioned the timing of the mailing and published reports about the investigation. He accused Democrats of "attempting to smear the congressman and his entire family" in the final weeks of the campaign.

Jen Psaki, a spokeswoman for the DCCC, said it's "bizarre, paranoid and absurd" for the Weldon campaign to imply there's a link in the timing of the mailing and the published reports.

The Weldon investigation comes at a critical time for Republicans who are fighting to maintain a majority in the House of Representatives in a midst of scandals.

On Friday, Rep. Bob Ney, R-Ohio, pleaded guilty in the Jack Abramoff lobbying scandal, which has touched on federal lawmakers, former aides and members of the Bush administration.

At the same time, an inquiry is under way on Capitol Hill into whether Republican House leaders or their top aides covered up questionable behavior of former Rep. Mark Foley toward teenage males who worked as House pages.

Web Gambling Sites Keep Advertising, Despite Crackdown (AP)

By David B. Caruso, Associated Press Writer

AP, October 15, 2006

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NEW YORK -- Despite repeated warnings from law enforcement officials, offshore Internet gambling companies have continued to advertise heavily in the United States.

Giant billboards in Manhattan, some several stories high, brazenly advertise Internet gambling sites like Sportsbook.com, now based in Antigua.

Promotions for BetUS, a Canadian and Costa Rican company that takes wagers on American sports, run regularly on the Howard Stern Show on Sirius Satellite Radio. Fantasy football magazines on sale at newsstands are packed with ads for online bookies and casinos.

The advertisements _ which the companies insist are legal _ have helped attract millions of customers to online gambling, and may have left the impression that both the ads and online wagering are legal.

They are not, said Paul Larrabee, a spokesman for New York Attorney General Eliot Spitzer.

"Gaming and bookmaking are not legal in New York, so anyone who markets to a New Yorker may be in violation of New York state law," Larrabee said. "We have done case after case after case involving instances where an act that is illegal in New York is marketed to New Yorkers."

Actual prosecutions of advertisers for promoting gambling are rare, however, and media companies accepting the ads insist they are breaking no law.

That position sometimes hangs on a looser interpretation of gambling laws.

ESPN, for example, runs ads for online poker sites during its broadcasts of the Word Series of Poker, but says it does so only for Web pages that don't actually process bets.

"We only accept advertising for educational, learn-to-play, for-free sites," said ESPN spokeswoman Keri Potts.

Many of these so-called "educational" sites, however, are simply companion pages to full-fledged gambling operations, easily reachable with a few mouse clicks or by changing the last few characters of a Web address from ".net" to ".com."

Potts said it wasn't up to ESPN to investigate those affiliations.

"Is it really for us to be regulating how they operate their businesses?" she said.

The Justice Department has taken a different view. In 2003 it warned that publishers and broadcasters who advertise gambling sites could be prosecuted for aiding and abetting a crime.

A year later, federal authorities pressured the parent company of the Discovery Channel into forfeiting $6 million in advertising money that had come from online poker sites.

A similar arrangement was reached in January with the Sporting News, which agreed to pay a $4.2 million fine and run $3 million worth of public service announcements to resolve claims that it ran ads promoting illegal Internet gambling.

Despite those settlements, Internet gambling lawyer Lawrence G. Walters said there is uncertainty over whether running advertisements for an offshore gambling concern is illegal.

"They scare these people to death and tell them they are going to prosecute them criminally if they don't cooperate ... but I'm looking forward to the day that someone decides to fight this," he said.

The situation was muddied further on Friday when President Bush signed legislation aimed at prohibiting the credit card and electronic fund transactions U.S. players often use to settle online wagers.

Some foreign online gambling outfits said immediately after the legislation was signed that they would stop doing business with American customers.

"The real question is, 'Are any of the online gambling Web sites going to bother advertising anymore?" given the change in U.S. law, Walters said.

Sportingbet PLC, a British Internet gambling company that had hung billboards throughout Manhattan bearing the image of actress Nikki Cox and the slogan "Everybody Bets," sold its site Sportsbook.com to a company in Antigua on Friday for $1.

The action came just weeks after the company's chairman was arrested at a New York airport after customs officials discovered he was wanted on online gambling charges in Louisiana.

New York Gov. George Pataki ultimately decided that state law didn't allow the executive to be extradited and he was allowed to fly home to London.

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Spokesmen for several online gambling services declined to be interviewed about their advertising campaigns, but maintained that their offshore services are either legal or beyond the reach of U.S. law.

That argument was rejected by Christopher P. Blank, executive assistant district attorney for the Brooklyn DA's rackets division.

"If you're sitting in Costa Rica with your staff, and you're accepting bets from New York, you're gambling in New York," he said.

Controls On Web Data Lacking (AP)

AP, October 15, 2006

NEW YORK — If you don't like what your favorite Internet search engine or e-commerce site does with information it collects about you, your options are limited to living with it or logging off.

Major search engines, for instance, all keep records of your searches for weeks, months or even years, often tied to your computer's Internet address or more. Retailers, meanwhile, generally presume the right to send marketing e-mails.

Although online companies have become better at disclosing data practices, privacy advocates say the services' stated policies generally don't give consumers real choice.

"None of them have gotten to the point of giving a lot of controls in users' hands," said Ari Schwartz, deputy director of the technology watchdog group Center for Democracy and Technology. Privacy policies "are about notice ... not about control."

Recent developments - from companies losing laptops containing sensitive data to Time Warner Inc.'s AOL releasing customers' search terms - have again turned the spotlight on Internet privacy.

But the push for stronger federal protections is countered by Attorney General Alberto Gonzales' desire to require Internet providers preserve customer records to help prosecutors fight child pornography. Officials have released few details, though they say any proposal would keep the data in company hands until the government seeks a subpoena or other lawful process.

Federal law already limits how personal financial and health care data may be used, but U.S. privacy laws are generally considered weak compared with Europe and Canada.

Industry groups have stepped in with guidelines that go beyond legal requirements.

One group, Truste, requires member companies such as AOL and Yahoo Inc. give consumers a way to decline sharing personally identifiable information with outside parties. Companies also must disclose any use of tracking technology and specify personal information collected and how it is used.

"The fact that we don't license every person on the Internet gives consumers (the ability) to shop around," said John Tomaszewski, Truste's vice president for legal, policy and compliance. "We've got folks out there engaging in a higher standard than what is normally required."

Some companies go even further.

E-Loan Inc. customers worried about safeguards when datas get outsourced to India can choose to have loan applications processed domestically, though loans in such cases would take two additional days to close.

Mark Lefanowicz, E-Loan's president, said about 80 percent of customers have agreed to outsourcing, and he said choice pre-empted any backlash.

"They have the right to deal with us under their terms," he said. "If we just disclosed we used an overseas provider, for a lot of customers it's irritating to them."

Comcast Corp., meanwhile, gives customers a range of options on how long its servers keep e-mail, while a small search engine called Ixquick promises to purge data within 48 hours.

In other cases, companies have responded to backlash from customers. When Facebook recently allowed easier tracking of changes their friends make to personal profile pages, users threatened boycotts and forced the company to apologize and offer more privacy controls.

But such cases are rare. Consumers generally haven't demanded better privacy options the way they shop around for better prices or ease of use, said Carl Malamud, senior fellow at Center for American Progress, a liberal think tank.

"As a consumer I don't choose based on practices for privacy," he said. "I choose based on functionality."

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CIVIL RIGHTS:

S.F. Police-conduct Plan Behind Schedule (SFC)

By Susan Sward, Chronicle Staff Writer

San Francisco Chronicle, October 15, 2006

Eight months after Mayor Gavin Newsom vowed to ride "roughshod" over the Police Department to ensure adoption of a computerized system to track officers' use of force and other conduct, the plan has yet to be submitted to the Police Commission for a vote.

In a February interview, after The Chronicle reported on use of force by San Francisco officers, Newsom said he wanted such a system adopted by the end of the year and added the move was "in the best interest of the department in terms of public confidence and a kind of respect we are hoping to build again ..."

Since then, negotiations over the system's details have not led to a formal agreement by the participants, which include the department, the American Civil Liberties Union and the Police Officers Association.

The proposal, which involves complex technology, has yet to be put out to bid, and the department -- rather than talking about having the system in place by year's end as the mayor pledged -- is now saying it plans to have a pilot program operating before the year is over.

Deputy Police Chief Charles Keohane said the proposed tracking system will soon be presented to the department's command staff and then will be forwarded to the Police Officers Association, which has "meet and confer" rights on any such change.

"The Police Department has been saying it has been working tirelessly on this system for years, but so far it hasn't happened," said Commissioner Joe Veronese. "I'd like to see it materialize into an effective policy soon."

Deputy Chief Keohane said the department is moving "at light speed" -- far faster than some other departments attempting to build similar tracking systems -- and he added he hoped the complete system could be up and running by March.

He added the department is drafting the proposal to put the system out to bid and plans to present the proposed system to the Police Commission soon. In previous meetings, commissioners have voiced strong support for this sort of the system, which was first advocated three years ago by critics, including the city controller's office.

Newsom said in an interview he was "pleased with the progress that has been made and that we will have a pilot by the end of the year. We are within 90 days of an expectation of something that usually takes three to five years in other cities. While all of us would like to have seen it yesterday, one deals with the reality of process in San Francisco on anything that deals with technology."

Mark Schlosberg, police practices policy director for the ACLU's Northern California branch, said he has been meeting with the department on the tracking system's details and "we're very close."

The position of the officers' union on the new regulation that will define the tracking system is not known. Keohane said, "The negotiations with the POA are down to the nitty-gritty, and hopefully, all the differences will be ironed out."

A series of articles in The Chronicle in February reported that about 100 San Francisco officers were responsible for a quarter of the incidents of force logged by the 2,100-officer department from 1996-2004, and that in recent years San Francisco officers had more force allegations filed against them than those in San Jose, Oakland, San Diego and Seattle combined.

The series also found that the department did not have an effective, computerized system for tracking the performance of officers and often failed to intervene with officers who reported using force much more than their peers.

Implementation of the tracking system is one of two major reforms that national and local experts say San Francisco must undertake to improve local policing. The second involves strengthening the Police Commission, which oversees the department.

Tracking system crucial

Law enforcement experts view a computerized tracking system -- which can offer an up-to-date, comprehensive look at an officer's record with a few keystrokes -- as a crucial move that other cities already have embraced.

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Police practices experts also say, however, that departments that want to improve officer performance and identify those who need counseling must go beyond that computerization step and change the way they manage officers on the streets.

Such deep, fundamental change is difficult for many departments to achieve, they say. Instead, change often comes because of a scandal or a lawsuit.

"I believe departments are generally incapable of reforming themselves," said Duke University law Professor Erwin Chemerinsky, who wrote a report on the Los Angeles Police Department after its Rampart scandal in the late 1990s, in which officers stole drugs and beat and framed citizens.

"Reform usually involves major change, including changing the culture of a department," Chemerinsky said, "and I think it is very difficult to do from within ... absent a major scandal or significant change in personnel."

Police Chief Heather Fong has repeatedly said the department is pressing forward on the tracking system. She also said earlier this year that its officers "are very restrained in when and how they use force" and use it only when "they must resist the force that is being used against them."

Early intervention

More than two decades ago, law enforcement agencies began building systems capable of identifying officers with problematic performance, especially excessive use of force.

Departments used a variety of methods to intervene, including counseling and retraining, with the goal of dealing with an officer's problems before discipline became necessary.

The trend toward tracking systems was fueled by a growing awareness that a relatively small group of officers in each agency is typically responsible for a disproportionate amount of the force used on citizens.

The thinking was that if those officers could be identified, counseled, retrained or removed from the street, departments could reduce the use of unnecessary force, citizen complaints and costly lawsuits.

In the mid-1980s, San Francisco began requiring officers to report when they used force on citizens. In the mid-'90s, it also started tracking citizen complaints against individual officers.

Neither system was computerized so that supervisors could perform speedy checks on an officer's record, seeing which officers were logging the most force or quickly comparing citizen complaints with use-of-force logs.

Tracking for promotions

While many departments use tracking systems to warn of problem behavior by officers, the Justice Department says more are expanding their systems to follow positive indicators of officers' behavior -- such as arrests made or commendations -- that may identify those worthy of promotions.

In Pittsburgh, for example, the police department uses its system as a broad management tool, not just to watch for misconduct by its 866 officers.

"Officers know people pay attention to what's in there," said Pittsburgh police Cmdr. Linda Barone, speaking of the tracking system. "If they want to be promoted or go to specialized units, if there is nothing in the system that says you have been working at all, it has been told to them: 'Don't bother.' "

In 1997, Pittsburgh entered into a consent decree with the Justice Department to improve its tracking of officer performance and to take other modernizing steps. Today, it has a comprehensive early intervention system: It requires sergeants to log onto the computer every day and monitor their officers' behavior.

Samuel Walker, one of the nation's top experts on police tracking systems, emphasized that management in a department has to be totally committed to making a system work. "Somebody has to make these things happen," Walker said. "If no one really takes the lead, these reforms won't happen, and unprofessional conduct will continue."

Good results reported

In some cities, Walker and others report, both use-of-force incidents and citizen complaints decreased following installation of an early intervention system.

San Francisco's department proposes monitoring a greatly expanded list of behavior in addition to citizen complaints, including use of force, officer-involved shootings and discharges, internal affairs and workplace discrimination complaints, civil suits and claims, on-duty accidents and vehicle pursuits.

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Newsom's 2006-07 budget includes $575,000 for the intervention system's hardware, software and maintenance costs.

Fong told The Chronicle the new system "will afford essential feedback to those officers who may need guidance or additional training in their duties, provide timely and relevant information to supervisors, and raise the level of professionalism in our department."

Newsom said while there is some natural concern and resistance among police officers about the changes the system will require, he thinks ultimately everyone, including the rank and file, "benefits because it will allow us in an objective way to analyze data and treat everyone fairly. That builds public trust, and with public trust, comes a stronger department."

The Police Officers Association did not respond to a Chronicle request for comment on the system. In a recent newsletter to members, association President Gary Delagnes said: "An early intervention system that is fair to all parties and is not seen as much as a punitive tool as a monitoring tool should be implemented as soon as possible."

Police Commission

Another change that has been urged to improve oversight of San Francisco police officers involves the Police Commission.

For more than a decade, critics, including the San Francisco Bar Association, have said the commission should have its own staff to help it formulate policy.

By law, the commission has the power to fire officers or to impose any suspension longer than 10 days; it also sets the general orders that spell out department policy.

The seven-member commission -- composed of volunteers appointed by the mayor and Board of Supervisors -- now has only a sergeant and a clerk on staff. It relies on the department for reports on policy issues.

After persistent lobbying by police Commissioner Theresa Sparks, the 2006-07 city budget includes $50,000 for a hearing officer and an $89,000 performance auditor who will do commission work but remain a department -- not a commission -- employee.

"We need to look at whether our policies on use of force are strong enough," Sparks said. "But until we have staffing resources, we are for all practical purposes ceremonial."

In Los Angeles, the commission has had a staff of analysts focused on policy issues for more than a decade.

"The benefit of having the independent review and oversight is that the department knows there will be such a review" of anything it proposes, said Richard Tefank, executive director of the city's Board of Police Commissioners.

At a recent seminar co-chaired by former Police Chief Anthony Ribera and former chief and Mayor Frank Jordan, Schlosberg of the ACLU said additional commission staffing is a critical need.

"The Police Commission is overwhelmed by the issues on its plate," Schlosberg said.

Some witnesses at the seminar said the commissioners would not be so overwhelmed if they didn't have to conduct lengthy hearings on every officer who might deserve more than a 10-day suspension, the maximum that can now be imposed by the police chief.

Fong said in an interview after the seminar: "The chief should have authority to impose suspensions of 45 to 90 days when appropriate."

Difficult prospect

Often, change in a department must be imposed from outside.

After the 1991 Los Angeles police beating of motorist Rodney King, Congress passed a law allowing the Justice Department to file "pattern or practice" suits for violations of citizens' civil rights.

Since 1997, Justice has used that law to file several lawsuits against police agencies and then hammer out consent decrees to force change.

In some instances, private citizens have sued departments to produce change, winning court-enforced agreements.

In Oakland, the Police Department entered into a settlement in 2003 with 119 citizens who alleged that four officers known as "the Riders" had beaten or framed them. The settlement paid $10.5 million to the plaintiffs and their lawyers and committed the department to reforms expected to cost $10 million more by 2008.

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The reforms include establishing a comprehensive system to track officer behavior and performance, an expanded and more accessible internal affairs bureau to investigate citizen complaints, more sergeants to supervise officers on the streets and changes in the field training program to prevent the assigning of problem officers to train new recruits.

Oakland has found one of the most difficult reforms to comply with has been the tracking system, which the department says it hopes to finish installing late in 2007 -- more than a year after it had hoped. Oakland Police Capt. Paul Figueroa estimates the cost of the system "could easily be $2.5 million to $3 million."

San Francisco has faced no such outside impetus, and city leaders historically have not pushed hard for police reform.

Major reform would be difficult to achieve, said John Keker, a prominent defense attorney who served as Police Commission president under Mayors Art Agnos and Willie Brown.

"San Francisco hasn't had a scandal as grievous as Rampart in L.A. or the Riders in Oakland," said Keker, "and there hasn't been an allegation of organized brutality here -- it's been random."

Without a major scandal, Keker said, very little can change because no mayor or police chief wants to tangle with the Police Officers Association, which "to some extent runs the department. So nothing happens."

The Police Officers Association did not respond to requests for comment.

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Coushatta Residents Continue Dialogue After Controversial Bus Incident (SHREVET)

By Vickie Welborn

Shreveport (LA) Times, October 15, 2006

Second community forum draws smaller crowd

COUSHATTA "" A second community forum held Saturday in response to an August incident in which nine black children allege they were seated at the back of a school bus because of their race drew a much smaller but no less interested crowd.

About 50 people gathered in Springville Baptist Church, compared to the 200 or so that crowded inside Will of God Ministries in early September for the first public forum. Only a sprinkling of adults indicated Saturday they did not attend last month's session.

Not in attendance were the parents or the children at the center of issue that has gained worldwide attention. But they were represented by Patricia Wilson-Sessoms and her mother, Coushatta councilwoman Rosetta Wilson, both of whom are related to three of the children.

Sessoms said she wished more had attended Saturday, but she realizes there were many events going on in Coushatta and other communities that likely drew people away. Still, she's pleased that the community dialogue is continuing and she looks forward to the next step in the process that is being led by Carmelita Pope Freeman, southwest regional director of the Justice Department's Community Relations Service.

Within the next few weeks, Sessoms and others will build teams that will act as negotiators in a meeting with the school system's negotiators. "That will happen once we establish what we want changed," Sessoms said.

More than bus seating is drawing comments from the public. Hiring practices, teacher certification, discipline, pupil-teacher ratios, testing and much more have been listed as concerns when it comes to the Red River Parish school system.

But it was the bus situation that has gained the most attention. The nine children complained at the beginning of school in mid August that their white bus driver, Deloris Davis, made them give up their seats to the white children. After the children's mothers filed racial discrimination complaints with the school system, Davis made new seating assignments but still put the children at the rear of the bus on two seats.

Davis has denied through her attorney that her actions were racially motivated, saying instead that the seating arrangement was the result of the prior year's chart. But Davis was removed from her bus and ultimately requested retirement, which was granted Oct. 4, her 25th anniversary date.

Randy Jackson did not mention the bus situation when he stood before the crowd Saturday. Instead, Jackson called for change. He said many of the people in the school system were there when he left the area in 1981.

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"A lot of them are trained to act they way they do," Jackson said, adding that he is prepared to leave Coushatta again with his children if change does not take place.

Substitute teacher Robin Owens focused on the lack of fairness in the school system. She cited incidents in which children are not treated equally in discipline matters.

The Rev. DaVince Taylor motivated the audience and drew applause when he challenged them to rally together as a community. He drew their attention to a Red River High football game of two weeks ago when the visiting team from Ferriday "" a town not much larger than Coushatta "" brought about 170 students "" 120 in the band and flag line and 50 football players.

"That was done with community involvement," Taylor charged. "Our children need us "» we've got to get actively involved."

NAACP District Vice President James Pannell, of Shreveport assured the crowd that the NAACP is monitoring the situation, but has agreed to take a back seat as the Justice Department continues to help the community work out its problems from within.

And work is what Pope-Freeman led the forum attendees in doing. She divided them into groups and tasked them with categorizing the wide range of concerns detailed in nine pages of raw data gathered from last month's meeting. Their work would be used during the negotiation process with school officials.

Sessoms said no one from the school system has been in contact with the children's mothers since the one and only meeting with Superintendent Kay Easley. "It may be because we're working through this process and they don't think they can."

The only acknowledgement school leaders have offered was at a September board meeting in which Easley simply stated, "We're working through the process."

The children, ranging in age from preschoolers to teenagers, are still riding the bus to which they were assigned after taken off of Davis' bus, Sessoms said. At least one is undergoing professional counseling.

"This was more than a back of the bus incident. They children were called names and mistreated. They were not allowed to talk back to the other kids that were calling them names. "» They had been getting teased, but I'm not sure if that is happening any more. They're doing fine now, I believe."

ENVIRONMENT:

Aid Is A Bumper Crop For Farmers (WP)

By Gilbert M. Gaul, Dan Morgan And Sarah Cohen, Washington Post Staff Writers

The Washington Post, October 15, 2006

In the spring of 2000, Congress decided to do something about its costly and politically driven practice of giving farmers a disaster payment each time a storm damaged their crops.

The lawmakers voted to use $8 billion in new taxpayer subsidies to help farmers buy crop insurance to protect them against losses. The insurance would replace the disaster payments and reduce government costs.

But shortly after passing the Agricultural Risk Protection Act, Congress lost its fiscal will. One week before the presidential election, it passed a new $1.8 billion disaster bill to assist farmers hurt by bad weather. Two others followed in subsequent years, totaling more than $6 billion. Today, after a searing drought in the Plains, farm-state legislators are pushing for billions more in aid.

The result is that farmers often get paid twice by the government for the same disaster, once in subsidized insurance and then again in disaster assistance, a legal but controversial form of double-dipping, a Washington Post investigation found. Together, the programs have cost taxpayers nearly $24 billion since 2000.

The government pays billions to help farmers buy cheap federal insurance, billions more to private insurance companies to help run the program and billions more to cover the riskiest claims. And on top of all that, it spends billions on disaster payments.

"It should be one or the other," said Mark Orebaugh, a flinty 52-year-old who has suffered several years of bad crops in southwestern Kansas. "There should be a permanent disaster program or crop insurance that is enough to cover my losses."

Instead, there are essentially both.

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"Everybody says the money is free, but we're all paying," said Charles Fisher, a central California farmer who helped oversee government disaster payments in his area for a dozen years. "Washington unbundles the money, opens the window and turns on the fan."

The money is blown all over the country, from New York to Nebraska to California, usually at election time, fanned by farm-state legislators.

A major share of the money goes to parched and flood-prone areas where farming is tenuous at best and "disasters" seem to happen every year, a review of thousands of records and interviews with dozens of farmers, economists, insurers and government regulators have found.

Farmers in Gaines County, a parched stretch of West Texas, collected nearly $66 million in the past five disaster bills. Cavalier County farmers in North Dakota, soaked by rain and floods, got $67 million. The money was in addition to $116 million that farmers in those two counties got in crop insurance payments.

Just four states forming a narrow swath in the middle of the country -- Texas, Kansas, South Dakota and North Dakota -- collected nearly four of every 10 dollars of the disaster aid handed out in the past decade, $3.8 billion in all, records show. Farmers in those states also collected $5.6 billion from crop insurance.

Those farmers have come to depend on both crop insurance and disaster payments, which together allow for covering up to 95 percent of the value of their crops. "Taxpayers are funding something good, the rural life," said Terry Aronson, a farmer in the flood-prone Devil's Lake area of North Dakota, who has received nearly $300,000 in disaster aid the past decade.

"No one wants to appear they are being chintzy with farmers," said Bruce L. Gardner, an agricultural economist at the University of Maryland and a former top USDA official. "In spite of all of these increases in subsidies, crop insurance really hasn't made a dent in the disaster payments."A Continuous Cycle

In the past 25 years, Congress has passed three major "reforms" of the federal crop insurance program in an effort to sign up more farmers and reduce their dependence on disaster aid. Instead, the result has been a continuous cycle in which Congress expands crop insurance only to turn around and hand out more disaster payments.

In 2000, then-House Agriculture Committee Chairman Larry Combest, a Republican representing West Texas, was instrumental in getting the most recent reform bill passed, which included the $8 billion in new premium subsidies. He cited the "countless billions" in disaster payments that were undermining crop insurance. In the Senate, Pat Roberts (R-Kan.) argued that expanded insurance would result in "less need" for disaster aid.

The government would now pick up an average of 60 percent of the cost of farmers' premiums. Farmers jumped at the cheaper insurance. Today, about 80 percent of all eligible cropland -- 240 million acres -- is insured at some level.

Yet only four months after the bill was passed, Congress authorized $1.8 billion in disaster aid. That was followed by $3.1 billion for 2001 and 2002 crop losses, and $3.5 billion covering 2003 and 2004. Still another $250 million was set aside after the 2005 hurricanes.

"In farm states, legislators have to appear they are doing something," said Art Barnaby, an agricultural economist at Kansas State University and an expert on crop insurance. "It can hurt them politically if they don't."

Combest, now a lobbyist representing agricultural interests, including crop insurance agents, declined to be interviewed. "I think I'll take a pass," he said. Roberts did not respond to requests for comment.

Disaster payments to farmers are a public record but, by law, the USDA keeps the names of recipients of crop insurance confidential. Thus there is no way to count how many farmers have collected both and in what amount. However, interviews with farmers and government officials indicate that farmers who get insurance payments also get most of the disaster money.

The USDA calculates how much to pay farmers in disaster money by first looking at how much they have received in crop insurance for losses. Farmers must show that they have lost at least 35 percent of their crop to qualify for a disaster payment. The maximum is $80,000. The total of their insurance payments, disaster aid and sales revenue from remaining crops is capped at 95 percent of what they would have earned if they had harvested and sold a full crop.Bountiful Harvests and Aid, Too

Tulare County in California is an example of a farming region where the use of crop insurance is extensive but farmers still draw millions in disaster relief. The county is part of the lush San Joaquin Valley, one of the largest and most productive

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agricultural regions in the world. The largely irrigated fields produce a bountiful harvest of oranges, lemons, olives, cotton and 150 other crops.

For 12 years, Charles Fisher, 73, helped to police the distribution of disaster payments to Tulare's farmers.

It wasn't the easiest task for Fisher, who chaired the local farmers' committee that approves disaster payments on behalf of the Tulare County branch of the federal Farm Service Agency. In one case, a nectarine grower sought help for weather damage after he had pulled down his own trees. Other farmers claimed to have suffered disasters when the weather was normal.

Fisher said he doesn't begrudge growers who have collected disaster aid, despite the cost to taxpayers. His own farm has gotten some. "Whether it's right or wrong, if they are offering it, you're foolish to turn it down," he said.

Tulare farmers have received a total of nearly $77 million in disaster payments since 1998. They have also netted $51.1 million in crop insurance. Yet the county harvest has been bountiful in most years, with agricultural sales reaching an all-time high of $4 billion in 2005.

The county hasn't suffered a true weather disaster since Christmas 1998, when it was hit with a freeze and torrential rains, according to local weather consultants and some farmers.

"Katrina is a disaster," said Tom Gruber, a local orange grower. "A hurricane in Florida is a disaster."

But very few Tulare farmers are rejected when they apply for disaster aid, records show. Of the 732 applications by orange growers for assistance in the past two disaster bills, only 33 were ruled ineligible -- less than 5 percent.

Don Laux, 78, of Porterville, is one of dozens of citrus growers who have gotten help.

Some of the orange trees on his 500-plus acres were planted in 1911 and have survived Tulare County weather for nearly a century. As do most citrus growers, Laux and his son Gary use wind machines, automatic irrigation systems, computerized weather stations and a private weather consultant to minimize their risks. They also take out crop insurance, which has paid them for losses. Still, Laux Land Co. has received $215,000 in disaster payments since 1998, according to USDA records.

"I think anyone could get along without it, but it would be a lot harder," Don Laux said. "Any little bit helps."

Last year, the Lauxes received $73,000 in disaster payments for losses on a portion of their 2004 crop of navels and Valencias. They based their claim on a warm spell that "hit the blooms" and caused some oranges to fall prematurely.

Most of their orchards came through okay, but when Don Laux checked with the packaging house that handled their oranges, he learned that yields per acre had fallen by up to 40 percent in some of their orchards. Armed with the records, the Lauxes filed for aid.

"We're not farming for the government, we're farming for ourselves," Gary Laux said. "We truly would like to make money growing crops. But there are a lot of influences out there we have no control over. It's nice to have a safety net."

Minutes of monthly Farm Service Agency meetings, obtained under the Freedom of Information Act, show that some Tulare growers have pushed the disaster program to the limit. In March 2004, for example, a grower sought a payment on 27.6 acres of nectarines he said he had grown three years earlier. After a field inspection and aerial photographs, the committee concluded that "there was no evidence of nectarines. The slides distinctly show pulled trees in bunches on the 27.6 acres."

A catfish farmer who put in a claim for fish lost because of heat "was unable to substantiate the viability of the operation." A field inspection found "a lack of evidence of fish or fish bones in the dried up ponds."

Both applications were rejected.'Everything but the Kitchen Sink'

Congressional sponsors of disaster legislation offer a variety of reasons for their bills. They say federally subsidized insurance doesn't cover all of a farmer's losses, and disaster aid fills the gaps. It helps to stabilize rural economies, which don't have many other options. And it offsets rising fuel and production costs while securing cheap food for Americans.

"Any suggestion that things are good in ag country does not meet the reality test," Rep. Jerry Moran (R-Kan.), chairman of a key House Agriculture subcommittee, observed in a floor speech last year. His office recently helped to coordinate a day of lobbying by farmers and agriculture groups pressing for billions in aid for the 2005 and 2006 crop years.

To get those costly disaster packages passed, their sponsors spread the money around. Recent disaster bills include millions for cottonseed producers and pecan and sugar beet growers; set-asides for farmers in Virginia and North Carolina; and $7.2 million for a transportation project benefiting a sugar grower's co-op in Hawaii. Since 1990, legislators have muscled

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through eight major disaster packages and several smaller provisions covering every year except the past two, including money for clams, oysters, shellfish, hay, sod, shrimp and lobster.

Many of the recent disaster packages have been shoehorned into large appropriations bills, including a military construction bill in 2004. That means legislators do not even get an opportunity to vote directly on the subsidies.

"The problem with ad hoc disaster programs is that in order to get them passed, they throw in everything but the kitchen sink," said Tom Buis, president of the National Farmers Union. The industry group favors overhauling the present system to make it more rigorous while still targeting farmers in need. "There's a lot of ways we can do this better. We need to start looking at the underlying cause of the problem, not just the symptoms."

Buis added that farmers don't expect to have all of their losses covered by disaster payments. "They're not being made whole now," he said. "What we have is a horrible public policy that needs to be fixed so we help farmers who truly have a need."

Among the ideas being considered by Buis and others is guaranteeing a portion of a farmer's income.

In recent months, lawmakers from the Plains states have pressed for billions more in disaster aid to cover the past two crop years, contending that farmers have been devastated by drought and rising costs. The Bush administration opposes the additional aid, noting that crops were at "record or near record" levels in 2005 and that millions would go to farmers who do not really need the money.

In a letter to Agriculture Secretary Mike Johanns, Sen. Kent Conrad (D-N.D.) wrote that not all farmers have "had the good fortune to produce above average crops," adding that the $4 billion wouldn't "come close to making farmers whole."A Perennial Safety Net

Conrad's home state highlights how disaster aid has become a kind of perennial safety net for risk-prone farmers. North Dakota ranks second, behind only Texas, in total disaster aid, with almost $1 billion in the past decade. Its farmers have suffered floods and droughts, with many getting payments over and over.

Federal agricultural disasters have been declared five out of the past six years in Cavalier County, where farmers grow wheat and barley on flat, wind-blown fields in the northeastern corner of the state. None of the farmers' applications for aid for their 2003-2004 crops was turned down, records show. "There was no reason to turn any down," said Michele Schommer, who heads the local office of the Farm Service Agency. "The whole county was bad."

Although accounting for 2 percent of all farms in North Dakota, Cavalier County has received more than 7 percent of the state's disaster payments in the past decade. The average total of $113,000 per farm was more than double the state average and nearly 20 times the national average.

At 6,300 acres, Dettler Farms is among the biggest in Cavalier County. It has collected disaster payments each time they were available in the past decade -- $450,000 all together. The farm has also received insurance payments nearly every year, said Steve Dettler.

Last year "was the worst year ever," Dettler said. Rains came during the planting season in June. "You couldn't get into the fields."

Dettler and other farmers are counting on more help. In late August, Conrad staged a rally of 400 farmers in Bismarck supporting a multibillion-dollar aid package to help farmers and ranchers in the western part of the state, which has been beset by drought. He was joined by Gov. John Hoeven (R).

The drought has actually helped Cavalier County by drying out fields that had been flooded; farmers there are harvesting one of their best crops in a decade. But Dettler said he hopes there is a disaster program to cover his 2005 losses.

"We depend on it being there every other year," he said. "It's an election year, and everyone's involved this time."

Conrad said that "it's a key and legitimate question" to ask how much aid farmers should get. But he added, "We're in something extraordinary. Go to the Gulf Coast, they have 100 years' experience with hurricanes. We don't say, 'Enough' to Florida, or to California and earthquakes, wildfires and mudslides. As a matter of national policy, we help out areas that have natural disasters."How Much Risk to Bear?

How much risk should taxpayers expect American farmers to bear on their own?

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Mark Orebaugh struggles with that question while sitting at the kitchen table in his modest home northwest of Dodge City, Kan. He has received hundreds of thousands of dollars in federal crop insurance in the last four years. An additional $116,000 has arrived in disaster payments.

Finally, after a long pause, he answers that he could tolerate up to a "20 percent" crop loss. "I don't think 20 percent is a disaster," he said. "I could probably handle that if you average out the good and bad years."

But Orebaugh is uncertain and looks to his banker, Leon Flax, for help. Flax, tall and dressed in blue jeans, has worked with Orebaugh and other farmers for years. "I don't know," he says, shaking his head. "Not this year. I don't think you could handle anything this year."

A late freeze hit some of Orebaugh's crops. Then the temperature soared to 100 degrees in June and remained there for weeks, baking his wheat, corn and grain sorghum. The claims adjuster has already been by once, and Orebaugh expects him back soon. He hopes to collect about $200,000 in crop insurance.

Like most Kansas farmers, Orebaugh is heavily insured. With the help of government subsidies, he has covered up to 75 percent of the yields on the 6,000 acres he owns or leases.

Orebaugh said the insurance alone is not enough. To begin with, it does not cover all of a farmer's losses. In addition, if a farmer suffers poor harvests in back-to-back years, his insurance policy, which is based on his average yield over four years, covers less. This is a major sore point in areas such as Kansas, which has been hard hit by droughts.

"I'm not sure what more we can do," said Rebecca Davies, a regional director for the crop insurance program in Topeka, Kan. "We have coverage [plans] of up to 85 percent. What more could you ask for? They still pass disaster programs."

Kansas farmers have received $421 million in disaster payments since 2001, among the highest payouts nationally. That is in addition to $1.3 billion in insurance payments to farmers and $680 million in federal subsides to help farmers pay their premiums.

For Orebaugh and most Kansas farmers, the federal insurance is "a good deal." In the past four years, he has paid $81,730 in premiums but collected $295,796 in claims-- or $3.62 for every $1 he put in. That's higher than the state average, but Orebaugh farms on the western side of Kansas where water is scarce and much of the farmland isn't irrigated.

"There's just no water," he said. "We probably should never have developed those [fields] when we did 30 years ago because the water table was declining."

Orebaugh's grandfather immigrated from Germany in 1901. "He crossed two of the most fertile valleys in the country, the Missouri and the Mississippi, and settled in western Kansas," Orebaugh said. "Why he ever landed in this godforsaken valley I don't know."

A drought has plagued much of western Kansas, including Ford County, where Orebaugh farms, since 2000. Orebaugh has had two good crop years out of the last six. "This year is going to be a wipeout," he said.

The good years help to average out the bad. "I use the money to pay back my loans," Orebaugh said. But he quickly adds that he rarely gets ahead. "That's why we need disaster assistance. It's the only way we can pay back our loans."

This year, Orebaugh took on an additional 1,000 acres in his operation and has higher costs and a bigger bank loan, about $230,000. "Talk about a case of bad timing," he said. Now, he is "praying" for another disaster bill.

"We don't like it any more than the taxpayers do. With disaster assistance, we're at the whims of the politicians," he said. "But we need something. I don't care what you name it.

"It's feast or famine here. Economically, does it make sense? Probably not. Philosophically, I don't know. Americans want cheap food, and they want it when they want it."

Research editor Alice Crites contributed to this report.

Too Big For Disaster Aid, Farmer Chooses To Divide And Conquer (WP)

By Gilbert M. Gaul, Washington Post Staff Writer

The Washington Post, October 15, 2006

NASHVILLE, N.C. -- When Hurricane Floyd flooded his crops in 1999, causing millions in losses, Dale C. Bone didn't get a dime from the government.

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Bone was too big. His farming and packing business easily exceeded the government's cutoff of $2.5 million in annual gross income for federal disaster payments. "We were a lot larger than that," he recalled.

So following the hurricane, Bone got creative. Instead of continuing as a corporation, he restructured as a partnership with 13 different owners. That way, each partner could apply individually and fall below the government's income limit.

"We were forced to go into these partnerships to qualify," Bone said. "It's ridiculous. We should be able to get the payments regardless. It's the same people involved."

Soon, disaster aid was flowing to Bone's operations in eastern North Carolina, and it was all perfectly legal. Between 2001-2005, the Dale Bone Farms Partnership collected more than $4.7 million in federal disaster payments, records show. That made Bone, 63, one of the largest recipients of disaster aid in the nation. Still, he said, his losses exceed what he got in disaster aid.

Bone said the area was hit by a series of tropical storms and excessive rain. "Two thousand and four hurt the worst. We lost about 1,000 acres of sweet potatoes. We lost cucumbers with disease. Mildew was terrible. We've just had terrible weather."

Most of the payments Bone and his partners received came from the Noninsured Crop Disaster Assistance Program, or NAP, a little known federal plan for farmers whose crops do not qualify for federally subsidized insurance. Eligible crops include mushrooms, Christmas trees, ginseng, turf grass, sea grass and tropical fish. Bone said he qualified for cucumbers and sweet potatoes.

To apply for a NAP payment, growers must pay a $100 fee and meet certain deadlines. They have to lose at least half of their crop to a natural disaster, or be prevented from planting 35 percent of their intended acres. Growers get 55 percent of the average market price for losses.

Congress approved NAP in 1994 but expanded it in 2000. Since then, payments have grown sharply, topping $100 million each year and nearly $900 million since the program's inception. Unlike other disaster programs, NAP is fully funded and doesn't require annual legislation.

The Oak Ridge Fish Hatchery in Plant City, Fla., received $200,000 in NAP payments and $160,000 in regular disaster payments after two freezes killed tropical fish in some of its 400 open ponds a few years ago. "We have NAP because there's no crop insurance available for tropical fish," owner David Drawdy said. The firm, located halfway between Tampa and Orlando, sells to Wal-Mart and PETCO.

Steve Peterson, who oversees the NAP program, said fish hatcheries qualify as long as the fish are grown "in a controlled environment. We cover fingerlings, brood fish. We cover the food fish," he said.

For Dale Bone, who has retired from farming, the payments have ended. "I've sold my business," he said recently. "I'm down to zero. I'm out."

Most Farmers Skipping Subsidized Loans And Going For The Cash (WP)

By Gilbert M. Gaul And Sarah Cohen, Washington Post Staff Writers

The Washington Post, October 15, 2006

There is an alternative to giving struggling farmers emergency disaster aid after every drought, hurricane and storm. Only farmers who cannot qualify for a commercial loan are eligible.

They can take out federally subsidized low-interest loans up to $500,000 for each disaster they experience. But the farmers tend to pass up the emergency loans in favor of the emergency cash.

For example, Nebraska farmers took out just nine emergency loans totaling about $389,000 between 2004-2006, records show. During roughly the same period, they collected more than $100 million in disaster payments.

"They don't want a loan," said R. Coke Gray II, head of the Farm Service Agency in Columbus County, N.C., where farmers have also gotten millions in disaster aid. "They want a disaster program because those are going to be dollars they don't have to borrow. If I was in their boat, I'd do it too."

Others say the farmers are just being smart.

"Farmers are very careful about taking on additional debt," said Brian Wolford, the top U.S. Department Agriculture official in Nebraska. "At the same time, I don't think any farmer counts on disaster aid because there are no guarantees."

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Nationwide, use of the loans has declined sharply as disaster aid has increased. Farmers took out just 381 emergency loans in 2005, down from nearly 2,500 in 2000, records show.

The loans began in the late 1940s when the Farmers Home Administration began looking for a way to help farmers recover from natural disasters.

To qualify, farmers must be located in a county that has been declared a disaster by the secretary of agriculture. The declaration process is complicated and involves surveys, paperwork and meetings. Dozens of local, state and federal officials are involved, including two USDA employees who review applications and make recommendations to the secretary.

Each year, thousands of applications arrive in Washington. And so long as they meet the government's threshold that at least one crop or one farmer in a county suffered a loss of 30 percent or greater, they usually are approved.

"It is not a very high bar to clear," USDA Deputy Administrator John Johnson acknowledged in an e-mail to The Post.

Recently, as many as two of every three counties in the country have received declarations, prompting some to question the government's standard. "To me, we're not living in the Sahara," said Hunt Shipman, a former top USDA official. "So if we're having multiple years of disaster declarations, we may not have the right ruler to measure disasters."

Local officials, governors and farm state legislators campaign aggressively for the declarations, writing letters and making phone calls. Nebraska Gov. Dave Heineman made three requests this year on behalf of counties hurt by drought. He was joined by Republican Sen. Chuck Hagel, who wrote three separate letters to the USDA, according to a July press release issued by Hagel's office applauding a declaration covering 49 counties.

"Today's announcement is an important step to help farmers and ranchers . . .survive a difficult market and recover from damages caused by poor conditions," Hagel wrote.

Despite the effort, few farmers in Nebraska or elsewhere appear to want the loans that the disaster declarations enable.

Why do legislators go to all the trouble then? Hagel did not respond to requests for comment. Some USDA officials believe it is so legislators can put out press releases showing they are helping their farm constituents.

"There is also a public relations benefit for those officials who like to write letters requesting or supporting the designation," Johnson told The Post.

Still another reason is that the letters and disaster declarations attract public attention and help set the stage for disaster legislation that puts cash in the hands of farmers, some times years later.

"Probably the most important thing it does is it signals there is a greater need out there," Wolford said.

'Farming Your Insurance' (WP)

The Washington Post, October 15, 2006

WHITEVILLE, N.C. -- Crop insurance helps to protect farmers against the vagaries of weather. But it can also alter the landscape of farming in a region, resulting in higher losses for taxpayers.

Consider the lowly sweet potato.

For years, it was excluded from federal crop insurance. But in the late 1990s, growers and legislators in North Carolina successfully lobbied federal officials for coverage. Soon, the number of acres planted with sweet potatoes was doubling and tripling, as were the claims filed by farmers.

In Columbus County, a low-lying area tucked away in the southern corner of the state, the number of sweet potato acres quadrupled after federal crop insurance was introduced in 1998. Almost immediately, losses also began mounting: $1.4 million in 1999, $2 million in 2000, $3.3 million in 2001. Between 1999 and 2005, sweet potato farmers paid $954,264 in premiums but collected nearly $15 million in federal insurance payments -- a return of almost $16 on every $1 in premiums.

On one level, it was a case of bad luck, growers said. Starting in 1999 with Hurricane Floyd, the county was hit with a series of storms that roared in off the coast and dumped buckets of rain on their fields during the fall harvest. A root crop, sweet potatoes are vulnerable to standing water and rot easily.

"We just seem to have had one storm after another," said Phil Gore, a crop insurance agent who also grew sweet potatoes until a few years ago.

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But other growers and government officials said the large losses couldn't be explained by bad weather alone. They said some of the farmers who started growing sweet potatoes had never grown them before. Others planted in areas known to be wet. Still others didn't take care of their crops, saving money on fertilizers and other production costs, only to turn around and file insurance claims when their yields were poor -- a practice known as "farming your insurance."

"I heard some farmers plant in dark, wet soil," said Michael Shaw, a county extension agent. "Others were planting their bushes far apart, so when the adjuster came it looked like they had a bad yield."

"There was definitely a problem with the insurance," said R. Coke Gray II, a local USDA official. "Someone could go out and put nitrogen on their plants. That makes them nice and bushy . . . but produces no potatoes."

Crop insurance officials became so alarmed about the sweet potato losses that they hired a consultant. In October 2003, the consultant reported that the high losses could not be explained by weather alone and that the losses for sweet potatoes "were remarkably higher than those of other crops."

Several members of the Federal Crop Insurance Corporation, which sets policy for the insurance program, wanted to eliminate sweet potato insurance in Columbus County. After lobbying by the North Carolina congressional delegation, a revised insurance plan was introduced with higher premiums and stiff restrictions on the number of acres that farmers were allowed to plant. Growers also had to hire a "scout" to inspect their crops before harvest.

Most of the changes went into effect in 2005, with dramatic results. The number of insured acres of sweet potatoes in Columbus County plummeted to 1,548, from a high of about 6,000. The lower figure was nearly identical to the number of acres planted in 1997, the year before insurance became available. Losses also took a nosedive, to $109,265.

"After they revised the program, it wasn't as easy to collect," said George Wooten III, whose family has grown sweet potatoes here for decades. "It's almost like the guys who were in it before insurance stayed in it, and ones who weren't left."

-- Gilbert M. Gaul

In Cities, Healthful Living Through Fresher Shopping (WP)

By Amy Goldstein, Washington Post Staff Writer

The Washington Post, October 15, 2006

PHILADELPHIA -- When Larry Lawrence drops into ShopRite, he steers his shopping cart to the towering mounds of produce. "It is like I am being drawn," he said, "by the peaches and the plums and the bananas."

Lawrence, 57, has been eating more fruits and vegetables, and fresh fish, too, since the sprawling store opened five blocks from his house in Eastwick, an industrial swath of southwest Philadelphia that was chosen in the 1950s as the nation's largest urban renewal project. Now, Eastwick is one of the first sites of a new strategy for social change: a government campaign to bring supermarkets stocked with healthful food into neglected inner-city neighborhoods to improve public health.

The Pennsylvania Fresh Food Financing Initiative, leveraging $30 million in state money with $90 million in private funds, is the most ambitious of a spate of state and local projects around the country. They represent a different model for public nutrition programs, which have relied since the 1960s on federal subsidies, such as food stamps and WIC.

Healthful food is scarce in many inner-city neighborhoods, where much of the food comes from corner markets and greasy takeout places. Instead of subsidizing shoppers, the projects shift the emphasis to the private sector, offering coaching and financial inducements for grocers to go into areas they shunned for decades.

These initiatives grow out of new research exploring the relationship among proximity to fresh food, the nation's obesity epidemic and diseases such as diabetes that are affected by diet. "We tried to make the connection between grocery stores and public health," said R. Duane Perry, executive director of the Food Trust, a nonprofit group that, in a pioneering 2002 study, produced maps showing that low-income neighborhoods of Philadelphia with few or no supermarkets had high death rates from diet-related diseases.

A study in Chicago, released three months ago, measured the distance from every city block to the nearest grocery store and fast-food restaurant. It found that people in what it called Chicago's "food deserts" died early in greater numbers and had more diabetes, obesity and high blood pressure.

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Such public health discoveries -- combined with an older view of supermarkets as tools of economic development -- have been spurring new policies around the country.

In the District, a mayor's commission on nutrition in July issued a study by a nonprofit group, D.C. Hunger Solutions, showing that obesity is highest in the city's two wards east of the Anacostia River, where poverty is greatest and access to grocery stores is worst. The D.C. government has worked to attract a Giant supermarket that opened last year in Columbia Heights and one being built in Congress Heights, but those efforts began years ago more out of a desire to revitalize the neighborhoods than to improve residents' eating habits.

Baltimore created a Supermarket Initiative in 2002 that has used city economic development funds to attract 19 stores so far. The California legislature passed a bill in August designed to give low-income residents discounts to buy fruits and vegetables -- and help mom-and-pop stores carry more fresh food.

Chicago's planning department held a "grocers' expo" in February for executives from supermarket chains across the Midwest, who were handed a book touting 50 spots in Chicago where stores are needed, plus financial incentives the city could offer. And the National Conference of State Legislators just brought lawmakers to Philadelphia from Louisiana, New Mexico and Michigan to learn how they might replicate the food-financing initiative.

Here in Philadelphia, the initiative's first two years have yielded a central lesson: Despite the fervor of politicians, civic groups, bankers and several grocers, creating successful supermarkets in poor city neighborhoods is hard. It is daunting to train workers, maintain security -- even to acquire enough land.

"The money, to be honest with you, was the easy part," said state Rep. Dwight Evans (D), the initiative's main political patron. "The toughest part is to make this work."

The Rev. Leon Sullivan, the renowned civil rights leader, developed Progress Plaza in North Philadelphia nearly 40 years ago as an example of black empowerment. For its first three decades, the shopping center was anchored by a series of grocery stores. The last one closed eight years ago, and now the only food available is Popeyes fried chicken. Nearby drugstores have added shelves of canned food and chips, but not produce.

Helen Love, 86, a widow and retired inspector for an electronics plant, is one of many original residents in the nearby townhouses of Yorktown, the model neighborhood for black residents that went up in the 1960s. Now, she and a friend, Marvella Lattimore, take turns every other week driving each other to a supermarket half an hour away. Love parks in a handicapped spot and is so tired when she gets home that, she said, "that's usually it for the day."

Across the street, Israel Edward, 74, who has stopped driving because of poor eyesight, takes the bus to Reading Terminal Market in Center City. "I only bring what my two arms can carry," he said. Next door, Doris Turner, 85, gets to a large grocery store about every two months, when a grandson in the National Guard can take her.

Evans, the legislator, lived near Yorktown as a young boy and remembers shopping at Best Market with his aunt Rosie. He remembers the race riots of 1964 along the street the supermarket was on, with nickels all over the ground from parking meters the looters had broken. And he remembers, in the few years after the violence, the disinvestment by white merchants.

So when the Food Trust's director brought him the maps of grocery stores and death rates, he understood their importance. As minority chairman of the Pennsylvania House Appropriations Committee, he has put $10 million in the state budget for the food initiative each of the past three years, requiring three times as much in private financing. The Food Trust helps with applications. The Reinvestment Fund, a nonprofit financing institution, has secured money from banks, screens applicants and awards the grants. The money can be used for marketing studies, land acquisition, environmental cleanup, city permits, construction, and help with worker training and store security.

So far, the fund has given grants for nine stores in Philadelphia and five elsewhere in the state. Most are for large, new supermarkets, but a few are helping corner stores expand or buy refrigeration equipment to carry more fresh food.

Not all succeed. A Shop 'N Bag opened in West Philadelphia in late 2004 and closed a year later -- a casualty of an inexperienced owner and delays in housing redevelopment that was to have generated customers, according to Evans and the Food Trust's Perry. And there have been snags. Fresh Grocer, which is to return a supermarket, at last, to Progress Plaza, was to have its opening this fall, but that will be delayed at least until late in 2007 -- the result of complications with permits and with renovations of the rest of the shopping center.

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In an industry with typical profit margins of 1 to 2 percent, inner-city neighborhoods are "a far more complicated place to build your business," with higher costs and less demand for profitable luxury foods, said Jeffrey Brown, president of Brown's Super Stores, which owns the ShopRite in Eastwick. The store, near the Philadelphia airport, opened two years ago with help from a $5 million tax refund for capital investment and a $250,000 grant to train workers.

Brown's strategy here has been to align the business more closely with the neighbors than he does at his suburban stores. Before opening, he invited civic and religious leaders to lunch to talk over what they expected from the store. Working from scratch, his employees make sweet-potato pies and cakes, down-home potato salad, seafood cakes, and 100 other recipes catering to local tastes that he could not buy wholesale.

Brown conferred with the imams at local mosques about what foods meet Muslim residents' halal requirements. He has brought in a Western Union outlet for the neighborhood's Caribbean immigrants to wire remittances.

A community job bank has funneled 90 percent of the store's workers, many from families where steady jobs are unfamiliar, Brown said. He invited Maggie Powell, longtime president of the Eastwick Project Area Committee, to help teach new hires how to comport themselves at work. And when Powell's 39-year-old son was fatally shot in June, store managers took food trays to her house at no charge for three days.

In turn, Powell and local politicians helped to lobby the local utility company, Peco, after Brown was told the power could not be turned on in time for the store's grand opening. It was. Other problems prove harder to solve. When a manager catches a shoplifter, Brown said, the police say they are too busy with violent crime to come.

The store lost money in its first year, Brown said, but had a profit of close to 1 percent in its second.

The effect ShopRite and the other stores are having on nutrition is less well understood. Recent research, for example, that included rural, suburban and urban areas of a few states showed that black residents -- but not white ones -- had somewhat more healthful diets if they could buy fresh food nearby. A few months ago, Stephen Matthews, a sociologist at Pennsylvania State University, began a rigorous study in Philadelphia on whether the arrival of a supermarket changes the amount of fruits and vegetables people eat.

On a recent afternoon, Larry Lawrence, stopping in on his way home from work as a counselor for troubled boys, said: "I'm glad they moved in. There are two or three guys, all day long, putting out fresh stuff. Bananas. Strawberries."

Not all shoppers are attracted by the produce. "It's the sweet-potato cake. They don't have that at any other store," said Toinette Alexander.

Still, Brown, said, "we are doing $40,000, $50,000, $60,000 a week in fruits and vegetables. That is more fruits and vegetables than was happening before."

Medicare Slammed For Not Improving Lab-quality Rules (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, October 15, 2006

Some scientists and consumer health groups are angry that the U.S. Centers for Medicare and Medicaid Services (CMS) has decided not to write new rules designed to improve the quality of laboratories that perform genetic testing, keeping in place current guidelines.

"We're very disappointed," said Rick Borchelt, spokesman for the Genetics and Public Policy Center. "After years of saying they were going to do this, they did a complete about-face ... with no justification. We're mystified."

Late last month, the Genetics and Public Policy Center -- along with the Genetic Alliance and the Public Citizen Health Research Group -- filed a petition with CMS demanding the agency create a "genetic testing specialty" under the provisions of the Clinical Laboratories Improvement Amendments (CLIA) of 1988, which CMS administers.

The groups argued that additional regulation was necessary to ensure high-quality genetic test results, which they say are now used to diagnose more than 900 diseases.

"Making sure that laboratories can accurately and reliably perform genetic tests is a fundamental requirement for the success of genetic medicine, and a fundamental obligation of CMS," said Kathy Hudson, director of the Genetics and Public Policy Center.

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"In 2000, CMS thought the creation of rulemaking with CLIA was a good idea," said Catherine D. O'Connell, a senior scientist with Tetracore Inc., a biotechnology research and development firm in Rockville. Until just a few months ago, she and others said, CMS said new rules to strengthen and ensure the quality of genetic labs should be under CLIA.

But now CMS says it "will focus on beefed-up oversight of genetic testing labs under current rules," Miss O'Connell said.

CMS recently informed an advisory panel that oversees CLIA that it has "scrapped the rulemaking effort," even though work to establish "specialty requirements for genetic testing" had been under way for years.

In an e-mail, CMS confirmed it has decided "there will not be a CLIA genetic testing standard" and offered a half-dozen explanations.

Key among them, CMS said, is that a "CLIA regulation would not resolve the problem that these tests are not currently FDA-approved, and, therefore, not clinically validated."

Besides, CMS said, it has no data indicating genetic testing labs "have any more problems than labs doing other kinds of testing."

Furthermore, the federal agency said, it is still not clear how such rules would address a host of sensitive moral issues, such as when doctors use tests that could show a patient is suffering from an incurable disease predict how long that patient will live.

CLIA standards "would not fix ethical, legal and social issues associated with genetic testing," CMS said.

What's more, CMS said, the genetic testing field is "so dynamic, it would be impossible to write prescriptive standards for these tests that would not go out of date before they are published."

Meanwhile, the Food and Drug Administration (FDA), which says it wants to take over the regulation of genetic testing, has been sending letters to clinical labs that do such testing. The letters warn the labs that they are violating federal law by providing these "unapproved medical devices (tests)" to clinicians, said Richard A. Samp, chief counsel of the Washington Legal Foundation. The labs were told they can "either submit voluntarily to FDA regulations" or stop providing the tests, he said.

The public interest law firm recently filed a citizen petition with the FDA, calling on the agency to cease its efforts to enforce its "medical device" regulations.

An FDA spokeswoman said the agency has fully explained why it thinks it should be regulating genetic tests in congressional hearings.

Citing Heavenly Injunctions To Fight Earthly Warming (NYT)

By Neela Banerjee

The New York Times, October 15, 2006

WYANDOTTE, Mich. — To find St. Elizabeth Roman Catholic Church in this working class suburb south of Detroit, look toward the roofline, for the windmill. Not a big windmill, it is a spare steel structure maybe nine feet high, perched atop the rectory of the church and facing northeast into the winds that come off Lake Erie.

Yet the windmill, two solar panels on the roof, another atop the front porch and a solar water heating system above the garage are the pride of the Rev. Charles Morris, St. Elizabeth's priest.

Over the last five years, Father Morris has sharply reduced his small parish's energy use and emissions of carbon dioxide, the compound most scientists believe has led to global warming, and he has organized other congregations across Michigan to do the same.

"We're all part of God's creation," Father Morris said. "If someone like me doesn't speak about its care, who will? The changes we've made here, that's a form of preaching."

Over the last year, religious activism on global warming has won much attention. Last February, 86 evangelical Christian leaders backed an initiative to combat global warming, a move that broke the evangelical movement's broad silence on the issue but exposed stark divisions.

In October, 4,000 congregations of various faiths will show films on global warming, including "An Inconvenient Truth." [On Oct. 8, Christian, Muslim, Jewish and Buddhist leaders met in Philadelphia to discuss global warming.]

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At ground level, clergy members and lay people have been working to increase awareness of global warming and to reduce their own greenhouse gas emissions. Many, like Father Morris, were active for years before the issue attracted wider concern. Encounters in their own lives awakened them to global warming, they said. But their faith and the imperatives they see in their Scriptures compelled them to act, they said.

"If you do worship the Creator, you take care of his creation," said Greg Wickersham, a high school teacher and a member of the environmental ministry at Intown Community Church in Atlanta, which is affiliated with the theologically conservative Presbyterian Church in America.

"If we are made in his image, we should mirror his image in our dominion over the Earth," Mr. Wickersham said. "He is creative and sustaining, not destructive."

Father Morris is the executive director of the 124-member Michigan Interfaith Power and Light, the state affiliate of Interfaith Power and Light, the religious association that organized the screenings of the global warming films.

The Michigan organization's representatives speak to local congregations about global warming and ways to counteract it. They arrange for "energy audits," so people can learn how to reduce consumption without sacrificing comfort. Changes include replacing regular light bulbs with long-life fluorescent ones and more ambitious projects like installing solar panels.

In 2005 and the first three quarters of 2006 combined, energy-saving efforts by the group's members have prevented the release into the atmosphere of 14,130 tons of carbon dioxide, according to Enerficiency, an energy consulting firm. Investments in new technology are projected to save the group's congregations nearly $2 million "over the life of the new products," Enerficiency said.

St. Elizabeth itself has reduced its peak energy demand by 60 percent over the last five years and has reduced its annual energy bills by $20,000, Father Morris said.

Father Morris's interest in the environment was nurtured as he roamed farmland next to his childhood home in southern Ohio, times, he said, when he had "an experience of the divine."

His readings and his degree in urban planning sharpened his awareness of global warming. And his faith buttresses his activism, he said. He notes that the United States Conference of Catholic Bishops has urged greater care of the environment. He cites Biblical passages, like Genesis 2:15, that call upon humans to care for God's creation.

Father Morris has found allies in poor urban churches and well-to-do mosques and synagogues in the suburbs. Rabbi Daniel Nevins of Adat Shalom Synagogue in Farmington Hills, a northwest suburb of Detroit, draws inspiration from many of the Bible passages Father Morris cites. Rabbi Nevins focuses much of his efforts on bringing environmental concerns into some of the worship at Adat Shalom.

At Yom Kippur, as part of a ritual when Jews admit their sins before God, Rabbi Nevins added a passage he wrote about the "sin of destroying God's creation." As Jews celebrate the Sukkot holiday and sleep in temporary structures meant to evoke those that Jews lived in during their 40 years in the desert, they are also meant to see the beauty of nature and the fragility of their own existence, Rabbi Nevins said.

Still, it is slow going, he said. The sprawling Conservative synagogue has replaced many of its windows and lights and instituted a large recycling program, but Rabbi Nevins wants to do more. "There's not an active resistance, but people give lip service to environmental ideas and don't change their lifestyle," he said.

Many clergy members run into resistance stemming from theology, economics or politics. The Rev. Gerald Durley of Providence Baptist Church in Atlanta, a largely African-American congregation, said that parishioners often thought of global warming as a distant issue, while problems like crime or the spread of AIDS must be tackled now.

Mr. Durley said he reminded them that in the early 1980's, many blacks dismissed AIDS as a remote issue, too, one that affected only gay white men.

Despite the February statement by prominent evangelicals about global warming, many in the pews remain unconvinced, often because they see it as an issue of the political left.

"When I give talks on environmental stewardship at Christian colleges, I have students look me in the eye and ask, 'Is global warming real?' " said Dave Mahan, associate director of the Au Sable Institute of Environmental Studies, a Christian

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environmental education organization headquartered in Grand Rapids, Mich. “I answer that God wants us to lead a stewardly life whether or not there is global warming.”

The Sisters, Servants of the Immaculate Heart of Mary, a Catholic religious order for women, used an opportunity to renovate their 73-year-old mother house in Monroe, Mich., to create a model of sustainable energy and water use.

The 376,000-square-foot building is heated and cooled by geothermal power, provided by some 240 wells dug on the order’s property. Water from sinks and showers, or “gray water,” is fed into a natural filtration and treatment system in a series of ponds and then recycled for use in toilets. Some lawns have been given over to natural meadows to reduce watering and mowing. Insulation is made of recycled materials. The building now saves $200,000 annually in energy costs.

Some neighbors find the shaggy meadows unsightly. The city had to be persuaded to allow the gray water scheme. But the order, the average age of whose members at the mother house is 86, is also asked regularly to advise other groups, religious and secular, on building energy efficient facilities.

“We are recreating the monastery of old, where people come to learn how to live into the next century,” said Sister Janet Ryan, a member of the order’s leadership council. “Our dream is that the mother house serves as something of an ecological lab. For a bunch of elderly women, we have a huge agenda.”

FBI/DEA/ATF/USMS:

Cartel Figure Lashes Out (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, October 15, 2006

Ex-informant held by U.S. says drug corruption is rampant

A former informant whose participation in drug-related murders in Mexico caused turmoil in the U.S. agency that paid him says that there were more killings than reported and that drug corruption extends into the U.S. and Mexican governments.

In sworn testimony and in response to questions submitted through his attorney, Guillérmo Eduardo Ramírez Peyro, the man known as "Lalo," provided new details about his work as a drug cartel operative and as a U.S. government informant, and he claimed to have personal knowledge of extensive government corruption.

DallasNews.com/Extra

Juárez story archive: Drugs, death and scandal

Mr. Ramírez also lashed out at his former U.S. employers, saying they are turning their backs on him after he helped them apprehend dozens of drug traffickers.

"With the names I provided they were able to arrest more than 50 people, and they took millions of dollars from drug proceeds from U.S. streets," he said. "In spite of that, I'm jailed here without any protection and without any guarantee that I will stay in the United States."

Mr. Ramírez, 35, is being held by the U.S. government at an undisclosed location in the Midwest, fighting deportation to Mexico, where he insists he faces "certain death."

U.S. authorities characterize him as a renegade informant whose independent actions led, in part, to the August 2004 killing of an El Paso man, Abraham Guzmán, outside a hamburger restaurant in that border city.

Mr. Ramírez made his remarks in a written response to questions submitted through his attorney, Jodi Goodwin. He had agreed to speak with reporters from The Dallas Morning News, which first reported about his role in the cartel killings in March 2004; the Mexico city weekly magazine Proceso; the London Observer; and Narco News, an Internet blog, but prison officials transferred him hours before the scheduled interview.

He apparently was moved at the request of Immigration and Customs Enforcement, the agency he served as an informant for four years, Ms. Goodwin said.

Implicating officers

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Mr. Ramírez, in confidential memos to ICE, had described how he infiltrated Mexico's powerful Juárez drug cartel and on two occasions witnessed cartel-ordered assassinations and supervised disposal of the victims, including a U.S. citizen. The bodies were found in January 2004 buried in the yard of a Juárez home.

In his latest comments, Mr. Ramírez said the killings usually were carried out by night-shift Mexican police officers working for the cartel and using the nickname "La Linea," or The Line.

"Not all the victims were assassinated at the same house," Mr. Ramírez said. "Some were left on the streets. They would kill people all the time, people who were not buried in [the same house], but in other homes too." He said there were "many more" killings but did not elaborate.

Mr. Ramírez insists he played no direct role in any killing, but critics of his role with ICE have said he was not just a spectator, as agency officials have said.

Reports in The News about his role in the cartel killings rocked the El Paso office of ICE, where four special agents were investigated and two supervisors were transferred. ICE is part of the Department of Homeland Security.

"The U.S. government is afraid of Lalo's mouth," said Ms. Goodwin, "afraid that Lalo will tell the whole story, which will say that every step he took, every move he made, was with the full knowledge of his ICE handlers."

Mr. Ramírez says he would like to be placed in a witness protection program or sent to Europe.

On Aug. 5, 2005, a U.S. immigration judge granted his petition to stay, agreeing that he would face danger in Mexico. The U.S. government, which initially concurred, appealed that decision and now wants him deported. An appeals court overturned the judge's ruling, and Ms. Goodwin is now appealing that decision.

"Am I angry at the U.S. government?" Mr. Ramírez wrote. "No. I'm sad, hurt that after everything I did for ICE they now want to deport me back to Mexico to face a certain death."

ICE officials had no comment. Spokeswoman Leticia Zamarripa said The News' request for comment "was going through the normal review process" and no immediate response was available.

The agency's relationship with Mr. Ramírez was part of an ambitious undercover investigation aimed at snaring Vicente Carrillo Fuentes, then reputedly Latin America's most powerful drug lord.

Misconduct allegations

Critics of the operation have asked whether ICE agents could have prevented some of the killings across the border, and exactly what and when the U.S. attorney's office knew about the killings.

Questions have been raised specifically about the roles of Johnny Sutton, the U.S. attorney in San Antonio, and Juanita Fielden, assistant U.S. attorney in El Paso.

Sandalio González, former Drug Enforcement Administration agent in charge in El Paso, says Mr. Sutton ignored allegations of misconduct by ICE and Ms. Fielden that Mr. González outlined in a lengthy memo to the U.S. attorney's office and the ICE chief in El Paso. He says Mr. Sutton instead used his office to retaliate against Mr. González, who later retired.

"They were not interested in investigating the allegations in my letter; they were more interested in jamming me for writing the letter," Mr. González said.

Mr. Gonzalez made his allegations against Mr. Sutton and Ms. Fielden through the Merit System Protection Board in 2004. The News obtained the document containing his allegation through a Freedom of Information Act request.

Calls to Mr. Sutton's office in San Antonio were not returned. Ms. Fielden's office referred questions to Mr. Sutton.

Two years ago, ICE ordered an internal investigation to restore confidence in the El Paso office. Its findings remain confidential, but top supervisors Patricia Kramer and Giovanni Gaudioso were transferred to Washington. Two other agents were temporarily suspended, and Mr. Ramírez's main handler, Raul Bencomo, remains on administrative leave.

According to court affidavits, the agents said they were not told of the killings beforehand.

"What's clear is, Lalo will haunt us for a long, long time," said an ICE official, who spoke on condition of anonymity.

Right-hand man

Guillérmo Eduardo Ramírez Peyro is a native of Mexico City and a former highway police officer in the southern state of Guerrero. In the late 1990s, he turned to the drug trade, developing schemes to help smuggle cocaine into the United States. In

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2000, he started working as a U.S.-paid drug informant. He says that he earned $224,650 over a four-year period and that ICE still owes him $200,000 for various cases.

For an agency eager to bring down Mr. Carrillo Fuentes, Lalo was a major find. He was the right-hand man of Heriberto Santillán Tabares, considered a top operative in the Juárez cartel.

Among the scores of traffickers he helped bust was Mr. Santillán, who was sentenced to 25 years in prison in a plea bargain with U.S. prosecutors. In the deal, murder charges against Mr. Santillán were dropped.

Mr. Ramírez said he played the role of drug trafficker to help the U.S. government dismantle the cartel. He said he was in constant contact with his American overseers, talking to them three or four times a day. He said he occasionally briefed other U.S. agencies, including the FBI, the DEA and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

El Paso FBI spokeswoman Andrea Simmons said, "We don't confirm or deny whether we talk with certain people or whether we had any briefings with those people." ATF did not return calls seeking comment.

Mr. González said DEA agents met with the informant for briefings but were not told of his role in the killings.

Mr. Ramírez also alleged, in the responses through his lawyer, that some U.S. Customs inspectors and some members of the DEA had links to the drug cartel.

He said he turned over to his minders recordings of conversations in which Mr. Santillán talked about connections between the cartel and the "three letter" agency – which he took as a reference to the DEA – and the fact that "Vicente Carrillo Fuentes had absolutely no worries about the DEA."

David Monnette, DEA spokesman in El Paso, said: "We hold our workforce to the highest ethical standard, and we regard the ethical performance of duty as our first priority. We take very seriously any allegation of misconduct, abuse of position, or criminal action, and we continue to ensure the fair and impartial administration of justice and uphold the integrity and reputation of our outstanding workforce."

Mr. Sandalio, the former El Paso DEA chief, said: "That's entirely possible that the cartel had a hook in DEA. I'm not going to sit here and tell you there is no corruption in our government. Obviously there is."

'They knew everything'

Regarding the Abraham Guzmán case, Mr. Ramírez denied that he engaged in any freelancing that would have resulted in that slaying. He said that while he was in protective custody in San Antonio, his supervisor, Mr. Bencomo, implied that he should return to the border to help on a case involving a corrupt customs inspector. He said he was told the agency needed him to collect $25,000 owed to the inspector. Mr. Ramírez said he instead sent Mr. Guzmán, who was shot to death.

"They knew everything," he said. "For them to say I acted on my own is false."

Mr. Bencomo's attorney, Mary Stillinger, rejected that version of events. "That is absolutely not true," she said. "Agent Bencomo had no idea he [Lalo] was coming to El Paso. He was specifically told not to do that."

In his written responses, Mr. Ramírez also rejected assertions Ms. Fielden made in an affidavit that it was only in late January 2004 that she knew the extent of the informant's role in slayings in Juárez. And he said that far from telling him to stop participating in such criminal activity, his ICE handlers had only one request: that he not tape any future killings. He said he had used hidden microphones to record cartel activities.

The former U.S. informant also impugned authorities in Mexico, saying he worked with corrupt local, state and federal officials, as well as members of the military.

"The Mexican government, the police, the military," he said. "They are the cartel."

In a sworn statement dated Aug. 11 and filed in federal court in Bloomington, Minn., Mr. Ramírez said he was told that the office of the Mexican president had an arrangement with a cartel. He said that Mr. Santillán "explained to me that President [Vicente] Fox took the position to arrange, consult with, the cartel from Juárez. ... He was going to attack the enemy cartels, being from Tijuana and from the Gulf, and then the cartel from Juárez would be operating ... without the government being ... on top of them."

Mr. Ramírez said he personally made arrangements with Colombian drug traffickers to transport drugs with the help of the Mexican navy and federal agents

The Mexican government flatly denied the allegations.

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"Obviously there is no substance to what this man is saying," said Ricardo Cabrera, assistant to the government's top organized crime investigator, José Luis Santiago Vasconcelos. "We have been lauded by the U.S. government for our continuous fight against all drug cartels. This person is saying these things, making allegations of corruption, to save his case and fight deportation to Mexico."

IMMIGRATION:

Immigrant Convict Data Sought Information Should Be Public, Cox Says (AJC)

By Rebecca Carr, Cox Washington Bureau

The Atlanta Journal-Constitution, October 15, 2006

Washington — A federal court of appeals hears oral arguments Tuesday in a case that has broad implications in the debate over illegal immigration and the public's right to know about illegal immigrant convicts who have not been deported as required by law.

Cox Newspapers is asserting in its appeal that the Justice Department should release the names, birthdates and identity numbers of illegal immigrants who have served prison time for serious crimes, including child molestation, manslaughter, drug dealing and drunken driving.

Cox, which includes The Atlanta Journal-Constitution, revealed in a published report four years ago that hundreds of felons were never picked up in Georgia by immigration officials after serving their sentences.

The Justice Department says that it has turned over some of the information requested by Cox under the Freedom of Information Act, which requires federal agencies to disclose government records to the public. The department gave Cox information about the illegal immigrants, including convicts' native country, date taken into custody and date of release, according to legal briefs filed in federal court.

But divulging personally identifiable information such as their full name, date of birth, alien registration number and FBI number would invade the privacy of convicted illegal immigrants and serve no public interest, Justice Department lawyers wrote in legal briefs.

The case raises the question of whether illegal immigrants should be granted the same privacy protections that citizens and legal residents have in the Freedom of Information Act.

The U.S. Supreme Court has ruled that privacy protections extend to personally identifying information and they encompass criminal convictions that are a matter of public record, Justice Department lawyers wrote in a legal brief.

The release of additional information would permit the public to connect the records with individuals, the Justice Department argued, creating a clearly unwarranted invasion of their privacy. One of the department's main arguments against disclosure is the possibility of error — that a person would be wrongly identified as an illegal immigrant.

The lawsuit was filed by the Washington bureau of Cox Newspapers, one of the nation's largest publishing companies with 17 daily and 25 weekly newspapers.

U.S. District Judge Richard J. Leon issued a summary judgment ruling on Sept. 27, 2005, in favor of the Justice Department's decision to turn down Cox's request for personal information about the illegal immigrant convicts.

In that decision, Leon wrote that the privacy interest of the convicted illegal immigrants "far outweighs the public interest that might be served from disclosing this information."

Cox is appealing that decision in the U.S. Court of Appeals for the District of Columbia Circuit, saying that the public has the right to know if the government has been derelict in its duty to deport convicts who are here illegally. The public also has the right to know if the convicts have repeated their crimes, according to Cox lawyers Jonathan D. Hart and Michael Kovaka.

The Cox lawyers argue that the lower court failed to identify the harm that would come from disclosing the names of the convicted felons who evaded deportation.

"Established notions of privacy confirm that criminals generally have no legitimate privacy interest in limiting public knowledge of their crimes," Hart and Kovaka wrote in a legal brief filed with the court.

Hart and Kovaka argue that criminal convictions are already a matter of public record.

Illegal immigrants do not have the same privacy rights as citizens and legal residents, Hart and Kovaka wrote. Indeed, the lawyers wrote, Congress specifically excluded undocumented aliens from the protections in the Privacy Act.

The case is important to the public because the information contained in the government database reveals that federal immigration officials are failing to properly execute the law, Kovaka said in an interview.

"At the very least this is an egregious inability of the government to fulfill its own obligations under the law and it is endangering the public," Kovaka said.

Cox's quest for information about illegal immigrants goes back four years.

On Dec. 15, 2002, the Cox Washington Bureau published an article in The Journal-Constitution that revealed that 20 percent of the illegal immigrants who had been incarcerated in Georgia's prison system were set free instead of being deported as required by federal law after serving their time.

At least eight of the criminals were convicted of molesting children, others for dealing drugs and robbery.

The Cox Washington Bureau filed a request for records under the Freedom of Information Act on Sept. 12, 2003, seeking records from the Justice Department about the State Criminal Alien Assistance Program.

The program keeps data on illegal immigrants in the prison system to reimburse states and localities for the costs related to the incarceration of illegal immigrants.

The Border Dividing Arizona (NYT)

By Joseph Lelyveld

The New York Times, October 15, 2006

When House Republicans calculated that their best bet for saving their majority was to run this fall as if illegal immigration and border security were the most urgent issues facing the country — bigger by far than that great unmentionable, Iraq — they were finally speaking the language of a Republican state legislator from Mesa, Ariz., named Russell Pearce. The Arizonan was there before Tom Tancredo, the Colorado congressman who talks of making a run for the White House on the issue; there before even Lou Dobbs and Rush Limbaugh if not Pat Buchanan. A fast-talking former cop, Pearce went into electoral politics only after it became clear that he wouldn't soon be able to realize his dream of becoming sheriff of Maricopa County, the area around Phoenix where more than half of Arizona lives. As a lawmaker, Pearce hasn't just embraced the issue of illegal immigration as a tactic; for him it's a passion — his opponents say an obsession — "the root cause" of almost any other problem Arizona and the nation face. Talk about terrorists and high crime rates, he'll say the border is undefended. Are schools failing? They're being overwhelmed by "a population that don't put a high value to education." Are there a million people in Arizona without health care? "Yeah, they broke into the country illegally. They came into the country poor, they're gonna stay poor. You've imported them!"

Russell Pearce's single-mindedness has proved to be a force in Arizona, setting the political agenda, helping to make illegal immigration the single most important and contested issue in the state. "He's in the catbird seat," a Democratic officeholder conceded last spring. Pearce can point to nine bills on illegal aliens that he has helped drive to passage in the State Legislature: to authorize major expenditures of state money on border enforcement, normally a federal responsibility; to deprive "undocumented" residents of social services; to ban Spanish as a language of communication by state agencies and officials; to define being in the state illegally as "trespass," a misdemeanor on the first offense and a felony on the second; to empower the local police to enforce immigration law. But nine times, the Democratic governor, Janet Napolitano, has turned him back with vetoes on crisply asserted fiscal and constitutional grounds, urging him and his Republican supporters to stop playing "political games."

"Shame, shame, shame on those who continue to ignore the No. 1 issue facing America," Pearce fumed last month when I visited his office at the State Capitol in Phoenix, which displayed not one but two portraits of John Wayne. The anathema he pronounced was intended not just for his governor but also for the Republican president and the Republican sponsor of the immigration-reform bill the president had backed; in Pearce's terms, "the treacherous, treasonous bill" the Senate passed in March. It was known as the McCain-Kennedy bill, McCain being, of course, Arizona's senior senator and, it is presumed, a leading contender for the 2008 Republican presidential nomination. And it contained two provisions Russell Pearce could not

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abide: a path to citizenship for longtime residents who, after entering illegally, held steady employment, learned English and paid their taxes (plus fines to be levied for entering the country without a visa); and an opening for hundreds of thousands of temporary "guest workers" to come across legally for limited periods of work.

Was he saying that John McCain himself was "treacherous, treasonous?" I asked, interrupting Pearce's discourse in midflow.

"Yes, I am," he replied, not pausing for breath as he raced on.

In Arizona, it becomes evident, the battle over illegal immigration is, in one of its dimensions, a battle over the future of the Republican Party in the state and, because of McCain's ambitions, nationally as well. It also becomes evident that what anti-immigrant zealots call an "invasion" is taking place not in spite of federal policies but, at least in Arizona, partly because of them. For 12 years the Border Patrol has deliberately funneled the immigrant flow away from settled urban areas like El Paso and San Diego (and, later, small Arizona border communities like Douglas and Nogales) into the Arizona deserts, where intruders can be more easily spotted, tracked and apprehended by its officers, using everything at their disposal, from high-tech sensors and drones to helicopters, jeeps, floodlights and horses. The number of arrests in Arizona alone has been running at more than half a million a year (slightly more than California, Texas and New Mexico combined for three years running). The number of arrests is larger than the number of individuals who get caught, since many are stopped two or three times. By the same token, it is almost certainly smaller than the number who eventually make it past the patrols — by a factor of two, three or four, depending on who's doing the extrapolating in order to score what point. The average number of arrests on Arizona's 376-mile border works out to more than 1,400 a day over the last two years. An Arizona politician running on the border crisis can therefore safely assert, since no one really knows, that 5,000 or 6,000 illegal aliens cross into the state every night.

What cannot be disputed is that year after year, hundreds die in the desert, usually from hyperthermia (267 by the official count in fiscal year 2005, and 199 for almost the same period in 2006). Among the people who make themselves heard on radio talk shows and in Internet postings, there are some who argue that the intruders get what is coming to them. "Break the law, pay the price. And another one bites the dust!" said a posting by a reader reacting to another report of a death in the desert. After crosses were displayed at a small pro-immigrant rally in Phoenix on Labor Day to commemorate the dead, a talk-show host named Bruce Jacobs, who speaks about little besides the "invasion" on his drive-time program on the Phoenix station KFYI, objected furiously to the display, in an accent that betrayed his own distant origins, in Ronkonkoma, on Long Island. "Whites didn't kill these people, America didn't kill these people," he said, his voice rising. "They killed themselves!" He meant that they'd be alive if they had stayed where they belonged, instead of giving in to the siren call of gainful employment in the globalized economy promoted by the United States.

So there's enough raw feeling out there and enough raw reality — or so you'd think — to make a state that has become the main thoroughfare for illegal border traffic responsive to the electoral line of House Republicans. While there were probably enough votes in the House last spring to enact some version of McCain-Kennedy had it been brought to the floor, that would have taken an ad hoc bipartisan coalition of Democrats and moderate Republicans — something the current House leadership forbids, allowing bills to come to a vote only when "a majority of the majority" supports them. The majority of the majority, responding to what's called its "base," wants to seal the border and deny permanent residence — which they say would amount to "amnesty" — to the uncounted millions of "illegals" already in the country; estimates run from 8 million to 11 million to more than 20 million (roughly half of whom happen not to have crossed the border on foot but simply overstayed visas).

Surely a red state that has supported a Democrat only once in the last 14 presidential elections might rally to such a program. But then how come Governor Napolitano, who's up for re-election next month, was so obviously unfazed by a showy visit by the House Republican leadership, including Speaker Dennis Hastert, to the border last summer and two hearings that were staged in her state as a way of whipping up support for the caucus's position? "If they don't know about the border by now, they don't want to know," she told me dismissively, spreading out her hands with the palms up and mugging a humorous look that said something like, "Who do they think they're kidding?" Then, realizing that my recording device could not capture her look, she filled in the blank with a sound culminating in a loud laugh. "Pshaw," she said. "That's how I'd describe it. Pshaw!" What was needed from Congress was a workable reform, she said, not more posturing.

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A former U.S. attorney and state attorney general — described by her opponents as well as her supporters as "smart" and "tough" — Napolitano has been dealing with immigration issues for a dozen years. Political photo ops by newcomers to the border don't impress her. For all the Republican efforts to nail her on immigration, it will be a huge upset if she's beaten. Does she know something the majority of the majority in Washington has yet to figure out?

And how come, if the issue of illegal immigration is the House majority's ticket to remaining in power, its own creature, the National Republican Campaign Committee, was spending money in the Republican primary held last month to defeat one of Russell Pearce's most conspicuous allies, a down-the-line, seal-the-border, anti-immigrant crusader named Randy Graf, in the one House race in Arizona in which a seat was clearly up for grabs? A self-proclaimed Minuteman, running in the Eighth Congressional District — a border district in the southeastern corner of the state, the very one that gave rise to the volunteer militia known as the Minuteman Project — Graf was leading in polls of likely primary voters. Yet the smart money in both parties seemed to be betting that a Graf victory would guarantee that the seat, Republican for the last 22 years, would swing Democratic. So while national parties normally steer clear of local primaries — and virtually never intervene in the other party's — out-of-state Republican money was flowing in the Eighth to a moderate with a "common sense" approach to immigration issues not unlike John McCain's, while national Democratic money, in a peculiar twist, was paying for ads portraying that same moderate as a wimp on illegals, in hopes of putting the supposedly beatable Randy Graf over the top in the other party's primary.

In talking tough on the border and on illegal immigration, Republican candidates can be said to be running against themselves. After all, they control the White House, along with both chambers of Congress, which so far this year have produced two irreconcilable pieces of legislation and therefore a stalemate. The cleavage in the party is between those who want to systematize the country's widening dependence on foreign labor (the Senate version) — to try to take the "illegal" out of illegal immigration — and those who want to slam the door (the House version). Every 10 years or so Washington is seized with the issue of immigration, and eventually a complicated, contradictory law is produced, making matters worse. After supposed reforms in 1986 and 1996, it became conspicuously harder for migrants to come and go on a seasonal basis; therefore they stayed and, at great hardship and cost, brought their families. The systematizers talk about the needs of a global economy while more and more alien workers, depending on forged Social Security cards and driver's licenses, get paid off the books by subcontractors. Taking a more populist stand, Republican door-slammers call for a crackdown on employers who have become addicted to cheap labor, just as union leaders once did before union jobs were shipped abroad.

In a border state like Arizona, this history is not unknown; the promise of reform and the promise of enforcement are each viewed with a certain amount of skepticism. Besides, red states are seldom red all over; often they have patches of blue, especially around large cities and universities. Arizona's Eighth is decidedly purple. It takes in much of Tucson, which is liberal by Phoenix standards, and runs to the edge of the University of Arizona campus. Republicans have a registration edge, but nearly one-third of its voters call themselves independent. Many in older generations can remember voting for Morris Udall, a venerated liberal Democrat. Also worth mentioning may be the fact that its 9,000 square miles all belonged to Mexico until the 1853 Gadsden Purchase established the border where it now stands.

Since 1984, the district has been represented by Jim Kolbe, a friend of John McCain and like McCain a U.S. Navy Vietnam vet. Kolbe has been considered a leader on Capitol Hill in fights for the North Atlantic Free Trade Agreement and programs to combat AIDS in Africa. Ever since a gay publication threatened to out him 10 years ago, the congressman has lived with a label: "the only openly gay Republican in Congress." (For an example of the spread of knowledge in the information age, type those words into Google; you're instantly informed you have 958,000 "results.") Arizona's Eighth faithfully re-elected Kolbe thereafter and, having come out, he was quietly forthright on issues touching on sex and sexual orientation, identifying himself as pro-choice and a supporter of same-sex marriage. Kolbe seemed invulnerable, but in the 2004 Republican primary he got a bad scare from Randy Graf, who, running to his right on immigration and border issues, pulled in nearly 43 percent of the vote.

Last year Kolbe announced he was stepping down. When I visited his office on Capitol Hill in June, he insisted that he could have beaten Randy Graf by a wider margin in a rematch. Graf and the immigration issue, Kolbe told me, hadn't driven him from politics. ("I want to get out while people are still urging me to stay," he said. "I want to get out while I can walk out and not be carried out of here.") Kolbe had already endorsed one of Graf's primary opponents, Steve Huffman. He would never support Graf, he vowed. If, despite his best efforts, his old opponent took the nomination, Congressman Kolbe said, it was "an absolute

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certainty, guaranteed" that the seat would go Democratic. The Eighth could never be won, he said, by a "know-nothing party person — anti-immigrant, anti-abortion, anti-stem-cell-research, anti-gay-rights, anti-everything, right down the line."

Randy Graf is anti all those things, but his disposition is sunny and easygoing in a Midwestern way. He informs you pleasantly that he was born in St. Vincent's Hospital in Green Bay, Wisc., two months before Vince Lombardi became head coach of the Packers. Obviously he does not view this as a non sequitur. (Only 30 percent of Arizonans were born in the state, so it's not unusual for a politician to have been born somewhere else. John McCain, son of a naval officer, was born in the Panama Canal Zone; the state's other senator, Jon Kyl, a Republican, in Nebraska; Janet Napolitano, in New York City, then raised in Albuquerque.) Graf, who is now 47, moved to Green Valley south of Tucson to take up a post as a golf pro when Jim Kolbe was in his first term in Congress. Green Valley has a median age of 72.2 and a population, though it is only 40 miles from the border, that is 96.6 percent "white non-Hispanic," according to a Web site for retirees looking for a place to settle. Eventually Green Valley sent Graf to the State Legislature. Though many of his supporters were also from the Midwest, they were not inclined to think of themselves as migrants.

Graf's political mantra was standard for a Reagan Republican when he was elected to the state House of Representatives in Phoenix in 2000. He talked about lowering taxes, downsizing government, lowering taxes, protecting the rights of gun owners and lowering taxes. The year 2000 actually set the high-tide mark for the flow of illegal aliens in what the Border Patrol calls its Tucson sector — already by then its busiest — encompassing an area of 90,000 square miles along 262 miles of border and including all of Graf's legislative district: the Border Patrol detained 616,346 aliens that year in the sector. As Graf tells it, it wasn't the numbers or the growing presence of the Border Patrol giving chase on highways between Green Valley and the border that drove him to seize on the issue. It was an epiphany one evening in a supermarket. He found himself, so he says, in line behind a grandmother, mother and daughter from a single Hispanic family — the daughter, eight months pregnant — all making their purchases with food stamps and uncomprehending when the sales clerk addressed them in English. He had no way of being sure they were here illegally, but for Graf it became a vision of a connection between taxes and illegal immigration that needed to be elevated to a cause.

Sept. 11, 2001, added a whole other layer to this parable. "We live in a different day and age in the post-9/11 world," Graf now says. "Ninety-nine percent of them may be coming to support their families, but 1 percent of four million is still an awful lot of people."

The argument that the border must be secured because of the threat of terrorism remains largely theoretical. The Border Patrol keeps a count on non-Mexicans it detains (O.T.M.'s, they're called, for "Other Than Mexican"). Mostly they're from Central America and farther south, but a trickle can be traced to what the Department of Homeland Security classes as "special interest" countries (a euphemism that refers mostly to countries in the Muslim crescent from North Africa to Pakistan). In the Tucson sector, just 15 such persons had been picked up by Sept. 10 in the fiscal year that was about to end — scarcely one a month, a total that could easily be exceeded in an afternoon at a busy airport receiving flights from those same places. (In all its sectors, on the northern as well as southern borders, the Border Patrol detained a total of 418 aliens from the "special interest" countries in a period of nearly a year. The argument that the influx includes gang members and other criminal elements stands up better. The more difficult crossing the border becomes, the more opportunities there are for the human traffickers known as coyotes, who promise to steer those heading north to safe houses or cars driven by accomplices or relatives, at prices ranging as high as $2,000 a head. The Border Patrol keeps tallies of those it catches who prove to have criminal records, once its computers recognize their fingerprints. In the Tucson sector, about 440 a month are picked up with records of burglary, assault or narcotics charges. Coyotes, when they are caught, face charges of "alien smuggling" under the U.S. Criminal Code.)

Randy Graf's second epiphany was also not driven by numbers. It came at the start of 2004, when he heard a Republican president speak feelingly of immigrant families from Mexico who "bring to America the values of faith in God, love of family, hard work and self-reliance." Citing his own experience as a border governor, George W. Bush said that the border needed to be secured but also that a broken immigration system had to be made "more compassionate and more humane." Congress should "increase the annual number of green cards that can lead to citizenship," the president said. This was not what Graf wanted to hear from the leader of his party. He had a snapshot of himself and the president hanging in his office at the State Capitol; he

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turned the picture upside down and left it hanging that way for a couple of days as a symbol of his protest. And he decided to run for Congress, in opposition to what the president was calling a comprehensive reform.

Graf isn't interested in reforming the system; he wants stricter enforcement of laws on the books — "zero tolerance" for illegal migrants, those trying to cross the border and those already here. If that takes putting the National Guard on the border in a military role and giving the local police the authority and resources to enforce immigration law, he's all for it. In 2004, Graf, Russell Pearce and Randy Pullen, a Republican national committeeman, were the prime shapers of Proposition 200, an Arizona state ballot initiative designed to limit the spending of government funds on services for anyone in the country illegally. Governor Napolitano and every single member of the Arizona Congressional delegation opposed it, yet it passed with 56 percent of the vote.

An "honest debate" is needed about "changing demographics," Graf argues. The mass border crossings are not just illegal; in their scale, they suggest that the cultural identity of his adopted state could change. "You can almost say that Los Angeles has been transformed already," he says, clinching his point with an example he seems to think will cause a shudder. A half million immigrants demonstrated there last spring. The mayor, a Latino himself, supported them. Graf saw that as a warning for Arizona.

One pillar of Graf's support has been in the retirement communities around Green Valley, where few residents seemed to wonder who built their houses or mowed their golf courses. Another was in frontier Cochise County, where the U.S. Army subdued the Apache chief Geronimo, where the shootout at the O.K. Corral occurred, where the Wobblies battled the copper bosses — and where, after all that history had been turned into lore for tourists, ranchers who graze their cattle on large tracts of scrub land leased from the state became infuriated by the constant incursions of illegal aliens in large numbers. In their desperate passage, the intruders cause regular livestock losses by snipping fences, by littering the desert with plastic bottles and other debris that can play havoc with the delicate insides of a ruminant and by now and then partaking of a calf, despite the risk that even a small roasting fire might betray their whereabouts. The Graf campaign got under way in the county in 2004 at about the same time as the Minuteman Project; inevitably, they formed an alliance — the candidate, having declared himself a Minuteman, receiving the endorsement of the movement's leader, Chris Simcox.

I'd encountered Minutemen at the Hispanic rally at the Capitol in Phoenix on Labor Day, which failed dismally to attract a respectable fraction of the estimated 150,000 who turned out on Phoenix's streets in May waving banners and signs that said, somos america or we are america. This time the signs of the counterdemonstrators were almost as conspicuous. you are central americans, we are north americans, you are trespassers, so — vacate — leave, a Minuteman placard demanded. what part of illegal don't you understand? asked another. I hadn't gotten far trying to chat with the people planted under those signs, so I asked Randy Graf to introduce me to a Minuteman. To my surprise, he managed to match me up with one from my part of the country, a former consultant on new product lines who once worked in Manhattan and last lived near Princeton, N.J., before retiring in Sonoita, where he now tended several head of longhorn cattle as a hobby.

No other houses or human activities are visible in the view through the picture windows of Gene Cafarelli's spacious high-ceilinged stucco home, exquisitely sited on a piece of what was once a 2,000-acre ranch, now divided into two dozen parcels for high-end dwellings like his, none of which are supposed to be visible from any other. What you see is not obviously different from what a Spanish conquistador passing this way in the 16th century might have seen — a long view across a rolling valley, usually dun-colored but now, in September, turned green by the heaviest rainy season in years, to the Whetstone Mountains shimmering at a distance. But when Cafarelli goes out at night, he packs a gun, something he never thought to do in New Jersey.

Although he has had no direct encounters with migrants, he senses their presence. Some of his neighbors have had their homes broken into while they were away; necessities like food and clothing were seized, tradable luxuries like TV's and laptops left behind. Elderly neighbors have heard Spanish outside their windows at night; the serene landscape is actually teeming. Cafarelli imagines that he was often at close quarters with illegal immigrants when he commuted to New York, but he didn't recognize the look. Now he thinks he would. If there's a problem of racism, it's the racism of the Mexican ruling classes, he thinks, cynically pleased as they are to export their poor in return for dollar remittances in the billions that the laborers then send home.

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The Minuteman Project was in part symbolic, he acknowledged, a way of calling attention to the failure of government to secure the border. The volunteers have no power of detention; they can only call the Border Patrol when they spot intruders through their night-vision binoculars. (In fact, other citizen patrols have been known over the years to detain migrants at gunpoint.) Now, despite his 68 years, the semiretired consultant — tall, white-haired, bronzed — is in training with a new search-and-rescue team the Minutemen are forming. Humane Borders, a Tucson church group, trucks fresh water to stations it has planted in the desert along heavily traveled routes. The Border Patrol sends out its own rescue teams to treat dehydrated, footsore aliens. Even the Minutemen, known widely as vigilantes, have their kinder, gentler side, it seems. The day before, Cafarelli was on two four-hour training missions in the bush, returning just before midnight. Each man carried two gallons of water, one for himself, the other for anyone they might encounter. As it happened, they encountered no one.

"I've always admired people who combine intellectual activity with action," Cafarelli told me. In his mind, the Minutemen are patriots deserving of the description.

In the minds of other Arizonans, the Minutemen and the broader anti-immigration movement put at risk major sectors of the economy, which have long depended on a supply of migrants. Cochise growers, for instance, are often on the other side of the issue from its ranchers. I spoke to an onion farmer who said he expects to plant 100 acres next year instead of 200 because he didn't think he'd be able to hire enough harvesters. "They yak about securing the border, yak about 'no amnesty,'" the farmer said. "We need to secure the border, but we've got to have a guest-worker program." A builder I spoke to couldn't say enough about the work ethic of the migrants employed on his projects, primarily roofing or putting up drywall. "God, do I love my boys," he said. "Mind you, I don't know whether my boys are legals or not." He would not be surprised, the man admitted, to learn that 25 percent of them had given him bogus Social Security numbers.

Randy Graf, the former golf pro, wasn't the only self-described Minuteman running. Early in the year another offered himself as a Republican candidate against Governor Napolitano, running essentially a one-issue, tough-guy campaign on Arizona's responsibility — whatever the feds did or failed to do — to control its own southern border. Were it not for the fact that he bore Arizona's most potent political name, Don Goldwater — a real estate investor and nephew of the late senator — would have been described as a political nonentity: his campaign résumé mentioned that he'd been a delegate to one national convention, volunteered in some campaigns and served as a den leader for the Cub Scouts. Some active Republicans said they had never heard of him. But running basically on shoe leather, the illegals and the name — "A name you know, a name you can trust," his brochures said — the candidate, who proved to be a tireless campaigner, overcame a lack of funds and built a lead over the summer in polls on the Republican primary race.

Goldwater's most original promise was his pledge to empower the local police to detain illegal aliens and corral them in an encampment on the border — a "temporary tent city," he called it — where they could be put to work building fences and clearing the desert of the refuse they and those like them had scattered when they came across. When a Spanish news agency reported that Goldwater wanted to build a "concentration camp" for illegals, he demanded and got a retraction, but not before a statement had been put out in Washington by Senator McCain denouncing any plan for a concentration camp on the Arizona border.

I chatted with Goldwater in September outside a movie theater in the northernmost shopping mall on Scottsdale Road, where the desert and Scottsdale's newest housing tracts bump against one another. The theater was previewing a documentary called "The Border War," and a large audience of anti-immigrant stalwarts had turned out. I'd looked for evidence that his uncle had crusaded on the question of immigration, I told the candidate, and hadn't found any. Barry Goldwater, he said, always felt strongly about the rule of law. How was he feeling these days, I asked, about Senator McCain? "He knows he won't control the state party when Don Goldwater is elected governor," the candidate said with calm certitude. "He's facing a revolt by the grass roots."

Randy Graf endorsed Goldwater. So did Russell Pearce, one of several more prominent Republicans who'd flirted with the idea of taking on Janet Napolitano. ("I'd love to get in the ring with her," he said.) Another was Maricopa County's popular, showboating sheriff, Joe Arpaio, a former station chief in Mexico for the Drug Enforcement Administration who seems to enjoy the attention he gets when he hints he might run for higher office but then never does. (It was Arpaio who put up Arizona's first tent city in Phoenix, to house the county jail's overflow behind razor wire, making the point that there would be no limit to jail capacity in

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his jurisdiction. It has since become a photo op for presidential candidates, including George Bush in 2000 and Mitt Romney, the governor of Massachusetts, this year. Pearce, once Maricopa's chief deputy, says it was all his idea.) Most obvious as a potential candidate was Representative J.D. Hayworth, a late but fervent convert to the cause of sealing the border, who finally decided, he says, that in a time of national crisis it was more important that he hang on to his seniority in the House, for Arizona's sake.

Each said he thought Napolitano could be beaten. Each had a reason not to take her on. That left the little-known Goldwater facing off in the Republican primary against Len Munsil, a "movement conservative for 20 years," by his own description, whose dogged campaigning on pro-life, pro-abstinence, anti-pornography, anti-same-sex-marriage issues had won him a solid base among evangelicals. For Munsil — an able candidate but far to the right by Arizona standards — illegal immigration seemed at first to be an afterthought. But just after Labor Day, with less than two weeks to go to the primary, he proclaimed it his highest priority. As governor, he pledged, he would station the National Guard on the border, spend state money to put sensors and fences where the federal authorities had yet to put them and establish a new Arizona Border Patrol to back up the U.S. Border Patrol, which already has 3,300 officers in the state and stands to have more than 5,000 by 2008 under President Bush's promised expansion of the federal force.

Janet Napolitano watched the escalating arms race between the two far-right Republican gubernatorial candidates with wry humor and maybe a hint of disdain, from her office on top of a stubby tower that is built into the Arizona Capitol. She wondered where her opponents would find the cash to back up their costly promises. Would they raise taxes or cut programs and if so, which ones, she asked, offering a preview of her own campaign. Her way had been to proclaim, in August 2005, a state of emergency on the border and demand that Washington station Guard troops there and pay for them. She wrote to Defense Secretary Donald Rumsfeld and, after a month, heard from a deputy who said it was a matter for the Department of Homeland Security. Then she sent a legal brief in the form of a letter jointly addressed to Rumsfeld and the secretary of Homeland Security, Michael Chertoff. All she got back was an answering legal brief from deputies with more citations of laws and policies, bland assurances of how seriously they'd considered her plea, how earnestly they recognized the problem, how deeply they intended to deliberate on it and how little they could do. Then in May everything changed: the president announced in an Oval Office speech that he was sending the Guard to the border to take on some of the Border Patrol's auxiliary duties. The next day he flew to Yuma and posed for pictures on the border with Janet Napolitano. Arizona newspapers reported that he'd embraced her plan. Republicans who'd geared up to fight Napolitano on border issues were less than pleased. Their president had made it possible for this Democrat to claim that progress was being made. (In the same way, she's even likely to benefit from the recent announcement that the Department of Homeland Security will be paying Boeing $67 million over the next eight months to develop a system combining radar, ground sensors, cameras and unmanned aircraft that will first be tested in Arizona.)

In fact, the number of border intruders actually started to come down over the summer. This may have had more to do with the heavy monsoon rains than with the National Guard. Napolitano herself suspects that some Mexicans have yet to figure out that the Guard is on the border to build roads, repair fences and set up observation posts, not to shoot border crossers. "I know people need a sense that laws are being enforced," she told me. "They get nervous and frustrated when they think it's out of control. And Arizonans got to the point where they believed — I believed — it was out of control." Those, she figures, who want to seal the border and bar immigrants, period, rather than "manage the border" won't vote for her anyway. Those who want a system that's less cruel, less chaotic are ready, she says, to consider realistic approaches.

So when Republicans accuse her of talking a good game and doing little or nothing, she'll retort, she says, "When are you going to call on Washington, D.C., to do their part?" Her idea of a workable system is more expansive than the bill the Senate passed. Like President Bush, she would go beyond a temporary "guest worker" program to a system that would allow for more visas and green cards for Mexican workers seeking permanent residence. The numbers would have to be adjusted to changing economic circumstances. Most important, there would have to be real penalties for American employers who hired illegals. Many such employers contribute to political campaigns, which may be why, year after year, Congress has withheld financing from agencies charged with making the sanctions it long ago enacted stick.

Napolitano presents herself as a problem-solver, not an ideologue. ("I think that's just so anachronistic," she remarked when I noted the absence of liberal rhetoric in her pronouncements.) Her tone is brisk, managerial; the language she uses is markedly cooler than the appeals to tradition and compassion found in Bush's several addresses on the subject. But she is

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prepared to ask, in response to Russell Pearce's complaints about the high costs of educating the huge number of Spanish-language children in Arizona schools, "whether we want to take a failed national immigration policy out on a child in school."

"I'm the governor of this state," Napolitano continued, a suggestion of heat now in her voice. "I've got, let's assume, 160,000 kids in school who speak Spanish. They need to read and write and speak English if they're going to succeed in school. And they've got to succeed in school if they're going to succeed in life. To me, if you don't deal with these issues forthrightly, you're well on your way to creating a permanent underclass."

Arizonans, she says, are not easily sold on simplistic solutions to the border crisis involving little besides expenditure on law enforcement and technology. Earl de Berge, a Phoenix pollster, offered some survey results from May that seemed to show that a "comprehensive" reform had its own appeal in the state: 73 percent said it should be made possible for migrant workers to enter and leave the country without breaking the law.

It's often argued that work-seeking Mexicans drawn to the border should instead find the line at a consulate where they can apply for a visa, then wait their turn. What's missing from the discussion is the realization that there basically is no such line for the sort of semi-skilled border-crossers I repeatedly encountered on roadsides from Tucson on south, forlornly waiting to be processed and taken away by ICE (the unusually apposite acronym, for an agency called Immigration and Customs Enforcement, is pronounced as one word). On State Highway 86, a road heading west from Tucson, for instance, there were 15 who'd just been hauled from two old Chevy Cavaliers that had their backseats removed and blocks of wood jammed into the springs so that the back of the car would ride unnaturally high, not betraying the weight of the human cargo inside, covered by blankets. For the Border Patrol a high-riding old car, in which only two passengers are visible, can be as much of a tip-off as one that sags. These were young men who said they'd come all the way from Chiapas in southern Mexico to find work.

Here's the data on legal immigration from Mexico: In fiscal year 2005, according to U.S. Citizenship and Immigration Services, a division of the Department of Homeland Security, 157,992 Mexicans were admitted to the United States on immigration visas, less than half the number that were caught entering the Tucson sector illegally in that same period but still about 14 percent of all immigrants who legally entered the United States that year. Of the Mexican total, 45 percent were immediate family members of persons who had already qualified for legal residence; another 40 percent were more distant relatives of legal U.S. residents, most of whom had to wait 15 years or more to have their papers processed, paying regular fees to government agencies to keep them pending. The remaining 15 percent were people who either got in on special visas for highly qualified immigrants with technical training and skills deemed to be desirable, or were among the small number officially sponsored by a prospective employer.

The men from Chiapas lined up next to the ICE bus had no such connections. Typical of the thousands bused back across the border every day, they may have had relatives in the United States. But it's highly unlikely that these relatives would have been legal residents. Therefore, if the migrants were determined to take the jobs that were undoubtedly waiting for them in Phoenix and points north, east and west, on construction and landscaping crews or in hotels, slaughterhouses or poultry factories, then the trek across the desert, scary and expensive as it was bound to be, would have been their only obvious and realistic way in.

Russell Pearce sees them, these newcomers, when he drives through the district he represents, which happens also to be the district where he grew up. They shape up early each morning in the city of Mesa at the major intersections along Broadway, an area that was the heart of the original Mormon settlement here. Sometimes Minutemen demonstrators show up with their placards and noisily chase them into sidestreets, hoping to embarrass the crew bosses and ordinary householders who come by in their pickups to engage them for a day or a few hours. Many of the migrants, it is presumed, are in transition, hoping to put aside enough cash to finance the next stage of their journey, which will take them to California or Illinois, Nebraska or North Carolina.

But some settle in Mesa. This is evident from the latest figures published by the Census Bureau in its American Community Survey. In 2005, Mesa — now the nation's 40th biggest city — was found to be 24 percent Hispanic, up from 19.7 percent only five years earlier. Its overall growth was 10 percent, more than half that growth obviously Hispanic, enough to give the City Council district around the Mormon Temple a Hispanic majority. (This could be read as a fulfillment of a panel in the frieze that goes around the temple, a panel said to depict "the Hispanic people. . .leaving their old homes and coming to join the people of the Church of Jesus Christ of Latter-day Saints.")

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But there are still no Latinos on the Mesa City Council and no discernible increase in the number of Latino voters. Kyle Jones, a Mormon in his second term representing the district, said he would have considered stepping aside for a highly capable Latina candidate who ran against him in the last election if he had thought she had a chance of winning. She came in third, finishing with only 18 percent of the vote, behind not only Jones but a Minuteman running to Jones's right and drawing votes from that portion of the community that is permanently riled by their newer neighbors' tendency to hold big parties in front yards instead of on more seemly rear patios, and to play loud, unfamiliar music in an unfamiliar language. Mesa is farther from the border than Cochise County. But since it's sometimes a destination, not a thoroughfare, resentments accumulate just as surely.

The gap between the demography of his district and its voter profile strongly suggests to Pearce that the new residents are virtually all illegal. In his lexicon, that makes them "felons." Overall, 7 or 8 percent of the state's population may fall into the category of those who crossed the border without going through any legal channel, accounting for at least one-fourth and possibly one-third of its Hispanic residents. Russell Pearce acknowledges that children born in this country to these migrants are entitled to citizenship under the 14th Amendment, but he thinks something should be done about that.

When Pearce puts the tax burden on Arizona citizens resulting from unauthorized immigrations at well over $2 billion, he's rolling together the citizen and noncitizen Spanish speakers in public schools. What's often missed in the public debate is the fact that individual immigrant families often are neither strictly "legal" or "illegal" but an ambiguous blend. The father may have a green card, the mother not; the older children may not be naturalized, while the younger are deemed citizens by birth. In such households, there's an abiding fear of doing anything that might call attention to the dubious status of some of its members. So a child who has been an outstanding student may be discouraged by her family from applying to college if her Social Security number, or even that of a sibling, won't stand up to scrutiny.

I met one evening in September with five young women and their mothers, residents of a remarkably rundown trailer park in western Mesa that looked as if it hadn't been refurbished since the Korean War. Meaning to encourage candor, I said I didn't need to know their last names. Lucy, a high-school senior whose English was easy and idiomatic, completely unaccented, did much of the talking. She already understood, she said, that the local community college would be beyond her reach. Her father had spent thousands on lawyers without seeming to bring the noncitizens in the family closer to legal residence. The obstacles seemed insurmountable.

"I don't want people to think we're, like, invading," Lucy said. "We're just trying to make, like, a better life."

The Republican races got a little crazy in the last days before the primary on Sept 12. Len Munsil, the movement conservative battling for the nomination for governor on the strength of his stand on family-values issues, found himself accused, in a "push poll" of uncertain origins, of having fathered an illegitimate child. This crusader for abstinence before marriage then had to confess that he and his wife had yielded to temptation and conceived the first of their eight children a month before their wedding. In the race for Jim Kolbe's seat, the congressman's designated successor, Steve Huffman, was "unendorsed" by The Tucson Weekly, which had backed him, for refusing to talk about a bungled undercover mission by a campaign aide caught snapping pictures through a window of a home occupied by an opponent's former wife.

Before the results were in, two Arizonas were put on display in events held in separate hotel ballrooms. The first was a dinner honoring Congressman Kolbe, which brought 600 persons connected to Tucson's business, political and cultural elites together in the ballroom of a resort in the foothills of the Catalina Mountains. These were people who prided themselves in their ability to work across party lines. The Democratic governor was there to lead the celebration, which included videotaped tributes by Condoleezza Rice, Bono and John McCain on big screens and a cycle of love songs rendered by a soprano, winding up with "Our Love Is Here to Stay," which she sang sitting knee to knee with the honoree. Kolbe seemed swept away but managed a response in which he bemoaned the rise of extreme partisanship in Congress and the decline of the art of compromise. He then thanked supporters, friends and relatives, ending with his partner, a Panamanian national, who half-rose from his seat next to Janet Napolitano to receive a round of applause that did not sound perfunctory.

The mood was decidedly more righteous and embattled in the smaller, second ballroom in a south Tucson hotel, where fewer than 200 of Randy Graf's supporters gathered on primary night for what they hoped would be a victory party. Testing the ability of the party to come together, I asked one of Graf's supporters whether he'd be able to back Huffman if his man lost. "I'd

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vote for any derelict off the street before I voted for him," the man said. An hour later the crowd was shouting: "Randy! Randy! Randy!" as their candidate claimed victory.

But there wasn't much evidence in the results of a groundswell of fresh anger over border issues strong enough to determine the outcome of the races in November. Don Goldwater, the one-issue candidate Graf and Russell Pearce had backed, was easily beaten by Len Munsil, who waited till the last days of the campaign to broaden his base by running a TV ad in which John McCain, the nemesis of anti-migrant diehards, called him "a man we can trust."

Even Graf's victory raised questions about his prospects, for his percentage of the vote was no greater than what he drew two years earlier. If the result was to be read as a referendum on immigration reform, it was hard to miss the fact that the combined vote for two runner-up candidates who supported a new guest-worker program — the Kolbe position all these years — amounted to slightly more than 50 percent among Eighth District Republicans. A portion of those voters were now likely to be tempted to defect to the Democratic nominee, Gabrielle Giffords, a vivacious former state senator, just 36 years old, who lines up with McCain and Napolitano to support a "viable guest-worker program that meets the needs of Arizona's economy." Of course she's also for "improved border security," more Border Patrol agents, more technology in the form of radar, sensors and drones. Arizona, she says, has paid a heavy price for Republican failures on the border. Like the governor, she aims to show that the immigration issue underscores the need for change in Washington; in other words, that the abiding anxiety about the border and illegal aliens can be made to work for Democrats. It may come as a surprise to tacticians in the Republican House caucus, but no candidate in red-state Arizona or anywhere else is calling for less border security.

Having battled his way to the nomination on the issue, Randy Graf's best shot now is to portray Gabrielle Giffords as a coddler of illegals, "an extreme liberal" (as she is described in a negative TV ad put up by the Minutemen) who yearns to hand out Social Security benefits to illegal aliens. (The ad even shows a check made out to "Illegal Alien.") Anything can happen in a campaign, but the first poll showed Giffords, the Democrat, with a commanding lead. Of course it's also possible that the Republicans will make little headway on the immigration issue in Arizona, or beyond, but still retain control of the House. In that case, the "majority of the majority" would be likely to continue to bar any vote on a version of the reform that passed the Senate. They'd do so out of an instinct not to cede power to moderates in their own ranks.

Randy Graf seemed to define the breach in the Republican Party when I asked him whether he'd seek Senator McCain's support. "I look forward to talking to John McCain," he said. "It will give me a good opportunity to talk about immigration with him." McCain had meant to withhold his endorsement from Graf but reversed himself for the sake of a Republican majority in the House and his own relations with his party in his home state. His endorsement was silent on Graf's anti-immigrant stand. And in fact, the senator had no plans to meet the candidate.

Straining The Stork With 300 Millionth (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, October 15, 2006

The U.S. Census Bureau says it expects the nation's population to reach 300 million on Tuesday, 39 years after the 200 million mark was reached and 91 years after the county's population hit 100 million.

The 300 millionth person will enter a country that's much different than it was in 1967, when Life magazine designated the birth of Robert "Bobby" Ken Woo Jr. as a population milestone, naming him the nation's 200-millionth resident.

"In 1970, immigrants constituted less than 5 percent of the U.S. population," said William Frey, a demographer at the University of Michigan and the Brookings Institution, adding that today, they are 12.1 percent.

When the population reached 200 million on Nov. 20, 1967, there was no accurate tally of Hispanics in the United States. The first effort to count them came in the 1970 census, which found a total U.S. population of 203 million and 9.6 million Hispanics. There are about 43 million Hispanics in the country today, according to the Census Bureau.

The United States "was not a melting pot" when the 200-millionth American arrived, Mr. Frey said. "But we're now becoming a new melting pot."

Carl Haub, a senior demographer with the Population Reference Bureau (PRB), agreed.

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The American melting pot disappeared after the 1920s and did not return until well after the government "liberalized its immigration laws in 1965 and stopped discriminating against those from areas other than Europe."

The Hart-Celler Act of 1965 did away with national-origin quotas, in which 70 percent of all immigrant slots were given to natives of just three countries -- the United Kingdom, Ireland and Germany, according to the Center for Immigration Studies (CIS), an organization that opposes unbridled immigration.

In fact, sharp increases in immigration started in the mid-1980s and have continued since.

"The 1990s had the biggest increases in numbers of immigrants" of any of the previous six decades, Mr. Frey said.

Although the Census Bureau says the newest population milestone will be reached at about 7:45 a.m. Tuesday, it is "not going to make an attempt to identify the 300-millionth person," spokesman Robert Bernstein said. The bureau also did not identify the 100- millionth American, who was born in 1915.

He said there is no way to know whether the 300-millionth person will be a baby born in this country, an immigrant who arrives here by plane or an illegal alien who surreptitiously crosses the border from Mexico.

The Census Bureau based its estimate of when the U.S. population will reach 300 million on the expectation that the nation will register one birth every seven seconds and one death every 13 seconds, while net international migration is expected to add one person every 31 seconds. The result is an increase in the total population of one person every 11 seconds.

The United States will join China and India as the third country to be home to at least 300 million people.

For weeks, Mr. Frey has predicted that the "300-millionth person will be a Hispanic male born to immigrant parents in Los Angeles County on October 17."

Mr. Frey bases his prediction on the fact that Hispanics are driving the population increase the nation is experiencing.

Why Los Angeles County?

"Half of the growth in the United States is Hispanic, and Hispanics have made their greatest gains in Los Angeles County, California," he said.

Both he and Mr. Haub predicted the child will be male because, worldwide, the proportion of male births to female births is 5 percent higher.

However, Mr. Haub said the PRB thinks the 300-millionth person is "most likely to be a white non-Hispanic male," since non-Hispanic whites still constitute nearly 70 percent of the total U.S. population. That proportion is down from 83 percent in 1967.

"The U.S. population is growing by 2.8 million yearly, and Hispanics account for 1.3 million of that growth. But there are 2.3 million births in the majority population annually, and only 900,000 births among Hispanics. So it's more likely the 300-millionth person will be a white non-Hispanic," he said.

But white non-Hispanic Americans will lose their majority by 2050, when they will make up one-half of the total population and minorities will account for the other half, Mr. Bernstein said. By that time, he said, Hispanics will account for about a quarter of the U.S. population.

Many were shocked in 1967 when Life magazine designated Mr. Woo, a fourth-generation Chinese-American, as the 200-millionth American.

The Census Bureau had predicted the 200-millionth American would arrive between 10:58 a.m. and 11:02 a.m. Nov. 20 of that year.

Life said it dispatched 23 teams of reporters and photographers to stake out hospitals in 22 cities to await the birth. Mr. Woo, now a Harvard-educated lawyer, was born at an Atlanta hospital at 11:03 a.m., so his birth came closest to the predicted time.

But Mr. Frey said he "never bought" Life's choice, arguing that it should have been a white suburban boy, given the demographics of the time. Census data indicate that whites constituted nearly 89 percent of the population in 1960, a total that included Hispanics. But supporters of Life's pick note that Mr. Woo did grow up in the suburbs.

As for the nation's new population landmark, Mr. Frey said, "More important than the numbers are how we got there, which was through immigration and increased fertility."

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The United States is unusual among many developed countries in that it consistently has an excess of births over deaths. Immigration is also a contributing factor, because so many of the Hispanic women entering this country are of child-bearing age, and they tend to have more children than other women.

One-fifth of all children younger than 18 in this country are either foreign-born or in a family where at least one parent was foreign-born, according to a PRB report. Nearly half of all children younger than 5 are members of a racial or ethnic minority, and such children are much more likely to live in poverty. Black and Hispanic youngsters top the list, with a third of black children and 28 percent of Hispanics living below the poverty line, the report found.

Mr. Frey said he is grateful to see the increased immigration, because it is bringing both "younger and more diverse" populations to this country at a time when "our own population is growing older." By 2030, he said, "12 [percent] to 20 percent of the population will be seniors," 65 and older.

But not everyone thinks the 300 million population marker is a reason to celebrate.

"Americans are not pleased with the rate of population growth," said Roy Beck, executive director of NumbersUSA, a group that advocates lower immigration.

A national survey of 1,000 likely voters that his group conducted in September "reveals great discomfort about the rapid U.S. population growth being caused by federal immigration policies," according to a statement from NumbersUSA.

The poll showed that about two-thirds think increased population will "negatively impact the quality of life in America, such as causing more congestion, overcrowding and pollution," the group said.

The survey also showed that America's largest population groups -- whites, blacks and Hispanics -- are worried about the Census Bureau's forecast that the nation's population will grow by another 100 million by 2043.

According to the survey, Hispanics, by a ratio of 6-to-1, said their quality of life would be negatively affected if that happens in the next 50 years. The ratio was 9-to-1 for blacks and whites. Fewer than 12 percent of respondents said they thought the projected population growth would have a positive effect on their lives.

CIS spokesman John Keeley said none of that surprises him.

"Things are already pretty dire," he said. "Look at circumstances right here in the D.C. area: the horrible rush hours, the high cost of housing, the crowded conditions in schools and the increased job competition.

"Immigration, legal and increasingly illegal, have detrimental roles in this exploding population," Mr. Keeley said.

"Rapid population growth is creating a host of societal concerns; yet it is not even being acknowledged [by policy-makers] beyond this 300 million figure," he said.

The result, Mr. Keeley said, is a "population density so stultifying you can't move."

In its report, "The United States at 300 Million," the PRB warns: "If current poverty rates for minority children continue unabated in the future, then the health and well-being of substantial numbers of children may be compromised."

Mr. Keeley said it's already time to worry about the nation's staggering growth. "We need agriculture, but unchecked growth is putting stress on natural resources. This means we will increasingly confront an inability to provide food."

• Reporter Eric Pfeiffer and researcher John Sopko contributed to this article.

CONGRESS-ADMINISTRATION:

Air Force Memorial Dedicated (WT)

By Gary Emerling

The Washington Times, October 15, 2006

The only branch of the U.S. military that had been lacking a memorial in the D.C. area now has one to call its own.

President Bush, Defense Secretary Donald H. Rumsfeld and other dignitaries yesterday presided over the dedication of the U.S. Air Force Memorial -- a towering set of stainless-steel spires that pierce the skyline from a perch overlooking the Pentagon.

"Under these magnificent spires, we pay tribute to the men and women of the Air Force who stand ready to give all for their country," Mr. Bush told an audience of 1,400, including many blue-clad Air Force personnel.

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"And looking from this promontory to a place once filled with smoke and flames, we remember why we need them," said Mr. Bush, referring to the nearby Pentagon, which was hit by a hijacked airplane during the September 11 terrorist attacks.

The $30 million memorial sits on a prominent hilltop east of the Navy Annex and next to Arlington National Cemetery.

Initial plans called for a site near the Iwo Jima Memorial, which sparked a squabble between the Air Force and the Marines. The dispute ended when Congress, in the 2002 Defense Authorization bill, authorized the memorial to be built at its current site.

Designed by renowned architect James Ingo Freed, who died Dec. 15 at age 75, the memorial consists of three spires -- the tallest of which reaches 270 feet into the air -- that soar skyward to evoke the bomb-burst formation of the Air Force Thunderbirds precision-flying team.

An Air Force star is embedded in granite directly beneath the spires. The area surrounding the memorial includes two granite inscription walls, a bronze honor guard statue and a glass contemplation wall to honor fallen airmen.

"This memorial has been a labor of love," said H. Ross Perot Jr., chairman of the Air Force Memorial Foundation. "This memorial says to everybody who visits, ... 'This is the spirit that helped build our Air Force.' "

The ceremony also served as a lesson on the Air Force, complete with flights by planes that served throughout its history.

First came a Stearman PT-17 biplane, with a formation featuring an F-22A Raptor ending the procession.

Officials also recounted the names of heroic airmen since the inception of the Air Force, which began in 1907 as a division of the U.S. Army Signal Corps and achieved its status as a separate military branch in 1947.

From the heroic exploits of Lt. Col. Jimmy Doolittle's raiders in World War II to the missions of pilots in Operation Enduring Freedom, the efforts of airmen past, present and future were lauded.

"The Air Force Memorial is thus a magnificent tribute to each of the 54,000 men and women who preceded us into the heavens on wings of valor," said Gen. T. Michael Moseley, the Air Force's chief of staff.

The event also included a gravity-defying demonstration by the Thunderbirds, who soared above the memorial in a bomb-burst formation and left behind only tails of smoke.

"To all who have climbed sunward and chased the shouting wind, America stops to say: 'Your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation,' " Mr. Bush said.

After the ceremony, event organizers said an estimated 30,000 people were expected to attend an open house in the Pentagon's south parking lot, which included a concert by country singer Lee Ann Womack.

The Air Force Memorial will open to the public on Tuesday.

At Long Last, A Va. Air Force Memorial (AP)

By Jennifer Loven

AP, October 15, 2006

President Bush helped the Air Force make a dream come true on Saturday, dedicating a hilltop monument for the service to the memory of airmen lost defending America and to those that fight for it still.

"A long blue line of heroes has defended freedom in the skies above," Bush said. "To all who have climbed sunward and chased the shouting wind, America stops to say your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation."

Bush spoke at the base of three soaring steel stalks, meant to evoke the famed Air Force Thunderbirds' "bomb-burst" maneuver, that glinted in the bright sun.

The dedication ceremony concluded with a dramatic demonstration of the real thing by members of the precision flying team. Their four jets flew straight upward in close formation and released silver contrails as they peeled away from each other. A fifth plane followed, flying through the middle of the vapors while spinning.

The $30 million United States Air Force Memorial, 15 years in the making, is set on a ridge next to Arlington National Cemetery and overlooking the Pentagon and the nation's capital beyond.

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"Under these magnificent spires, we pay tribute to the men and women of the Air Force who stand ready to give all to their country," the president said. "And looking from this promontory to a place once filled with smoke and flames, we remember why we need them."

As the Air Force's history was recounted by a series of speakers, a succession of aircraft — from a replica of Orville Wright's historic biplane to an F-117A Nighthawk Stealth fighter — flew overhead.

The 17,000-ton metal spires that are the centerpiece of the memorial arc as high as 270 feet into the air.

"This memorial soars. It soars in space and in the imagination," Air Force Secretary Michael Wynne said. "These three spires echo our values: integrity, service and excellence. ... This memorial is a brilliant symbol of freedom and the spirit of flight."

Nearby are also two inscribed granite walls and an 8-foot bronze "honor guard" statue of four figures. A glass wall engraved with the "missing man" formation — a signature maneuver to honor those missing and fallen in the military — provides the only images of aircraft.

"This memorial says to everybody who visits, today and tomorrow, 'This is the spirit that helped build the Air Force. This is the sacrifice that helped defend our freedom. This is the courage that helped build our nation.' On behalf of a very grateful country, and a grateful people, it says, 'Thank you,'" said H. Ross Perot, Jr., chairman of the memorial's board of trustees and a former fighter pilot in the Air Force Reserve.

The memorial was the last major work of architect James Ingo Freed, who died in December. Among his other projects is the U.S. Holocaust Memorial Museum in Washington.

The Air Force was the only military branch without a monument around the capital. Efforts to change that, though, were stymied by controversy, lawsuits and congressional action until the current site and design went forward.

The memorial was first planned for a spot on the other side of Arlington National Cemetery, and Freed's design of a suspended five-pointed star won the competition in the mid-1990s. But the Marines disputed the location, saying it encroached on their cherished Iwo Jima Memorial nearby.

Lawsuits ensued and legislation was passed to prevent construction. Eventually, a new site was donated and the designing process had to start over. Freed won again with a design said to be inspired after the architect saw the Thunderbirds on television.

The design has been trumpeted for its modern appeal and its reflection of the Air Force's advanced technology.

A Heady Day For Fliers (WP)

By Ian Shapira

The Washington Post, October 15, 2006

Memorial Dedication Gives Air Force Vets Chance to Tell Their Side of the Action

They all came yesterday, the avionics guys, the swaggering pilots, the military brats in shirts featuring a photograph of their dad in Guam, and those who flew everywhere from the Russian coastline to the Persian Gulf.

Frank Veale Jr., 73, who joined the Air Force in 1950, arrived with an uncle on his mind, a captain in the old Army Air Corps who died after being captured in the Philippines. Just a few feet away, Walt McGinnis, 79, from San Antonio, and his son, Kevin, 46, talked in jest about how the elder McGinnis could have easily lost it over Korea.

"He got shot at a few times," said Kevin McGinnis, a retired Air Force lieutenant colonel.

"You're never scared," the elder McGinnis said, reflecting on the moment and looking at his son. "You're just busy."

Under a blue sky pierced by a triumvirate of curved spires soaring more than 200 feet in the air, thousands of veterans and family members armed with well-traveled war stories came to an Arlington promontory and a Pentagon parking lot for the dedication and official unveiling of the U.S. Air Force Memorial. For the Air Force, which had been the only military branch not to have its own Washington memorial, the dedication completed nearly 15 years of effort to build a monument in the capital region to more than 54,000 airmen killed in action.

The dedication ceremony, which included speeches by President Bush and Defense Secretary Donald Rumsfeld, came nearly 60 years after the Air Force's creation as a separate service. Up by the memorial, hundreds of VIPs joined current and

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retired Air Force brass underneath the dizzying monument. They milled about its wide base, read inscriptions on adjacent granite walls, heard from dignitaries and watched the U.S. Air Force Band and Honor Guard perform.

Down by the Pentagon's parking lot, where the jutting spires could be seen in the distance, other former airmen and their relatives toured military aircraft and visited information booths. Mostly, they ambled around, sharing old stories filled with talk of B-29s or C-141s and reminiscing about the mundane tasks they just happened to perform on historic days.

Seaton Phelps, 84, from Edenton, N.C., sat in the parking lot in a back row seat, facing the distant memorial. He was part of the Air Force's predecessor, the Army Air Corps. He served in England during World War II.

"I helped prepare the planes for the paratroops on D-Day," he said. "We didn't know what was going to happen. We just helped get the planes ready -- C-4 gliders and C-47s."

When asked what he thought of the memorial, he smiled. "I don't know how to express it," he said. "It's just nice."

Nearby, Frank Veale Jr., an aircraft radar specialist during the Korean War, said he came to the dedication to remember his uncle, an Army Air Corps captain who died as a prisoner of war. "He lived through the Death March, but then he died on a POW ship that sank," he said as he walked by a booth hawking Air Force pins and hats. "He was my favorite uncle."

Then, Veale told some stories of his own, with a brash wit and carefree attitude common among airmen. There was one about how he withstood ceaseless monsoons in Okinawa while living in flimsy tents. "But we had a Quonset hut where we went for chow," he said. "That was the one good thing about the Air Force -- good chow."

Lest he forget any close calls -- many airmen have them, and it doesn't take much to get these guys going -- Veale recalled a perilous trip from a military base in Florida to England.

"We were going over the Atlantic, and I happen to look out the window, and I see that one of the propellers had stopped," he said. "This guy yelled at me and said, 'The propeller's out.' And I said, 'Don't worry, we got three more.' But right as we landed, a second propeller had feathered out, on the same side. We would have been in the Atlantic had we not been landing."

At the ceremony, Ross Perot Jr., son of the former presidential candidate and chairman of the Air Force Memorial Foundation, told the audience, "This has been a labor of love." Indeed, the memorial once was designed as a five-pointed star to be located near the famed Iwo Jima statue, but the Marines protested the encroachment on their memorial, and the plan was thrown out. Perot, an Air Force veteran, said 140,000 people helped donate money to the $30 million memorial.

The veterans were not the only ones feeling proud. Spouses and children were there, all bound by a life that they inherited and a military perspective that they cultivated as their own. Maryruth Ormsbee and Anneliese Hollis, who traveled from Fort Worth with their husbands, Clyde and Kenneth, showed pride merely by saying what their spouses did. "My husband was in explosives ordnance," Ormsbee said of Clyde. "He put bombs on airplanes. Took them off. Blew them up."

"My husband was in radar and then in simulators," Hollis said.

"We really wish that more wives would be with their husbands. Not many of them travel with them anymore," Ormsbee said.

"I second that," Hollis said.

By the ceremony's end, Air Force Capt. Erica Rabe, 32, was standing beneath the spires, anticipating the famous "bomb burst" maneuver by five F-16 jets known as the Thunderbirds. "We don't have as much history as the other branches, but we have the same amount of courage, professionalism, dedication and patriotism, so it's about time," said Rabe, who added that her father was an Air Force pilot who recently died. "He would have loved to have seen this."

Just then, directly above the spires, four F-16s screamed across the sky, zoomed upward and curved outward, before a fifth jet rocketed straight through the middle, twisting in endless corkscrews.

The memorial officially opens to the public Tuesday.

One Proud Poppy ... But (NYDN)

By Thomas M. Defrank, Daily News Washington Bureau Chief

New York Daily News, October 15, 2006

WASHINGTON - At this month's christening of the nuclear aircraft carrier bearing his name, former President George H.W. Bush delivered a rousing endorsement of his son.

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"I am very proud of our President," the elder Bush said in rain-swept ceremonies in Newport News, Va. "I support him in every single way with every fiber in my body."

Yet many of his closest former aides beg to differ.

Indeed, one of the worst-kept secrets in Bush World is the dismay, in some cases disdain, harbored by many senior aides of the former President toward the administration of his son - 41 and 43, as many call them, political shorthand that refers to their numerical places in American presidential history.

For five years, the 41s have bit their collective tongues as, they complain, the 43s ignored their counsel. But as the war in Iraq has worsened and public support for the current administration has tanked, loyalists of the elder Bush have found it impossible to suppress their disillusionment - particularly their belief that many of 43's policies are a stick in the eye of his father.

"Forty-three has now repudiated everything 41 stands for, and still he won't say a word," a key member of the elder Bush alumni said. "Personally, I think he's dying inside."

To 41 loyalists, the bill of indictment is voluminous. Some alleged 43 has betrayed his father's middle-of-the-road philosophy by governing as a divider, not the uniter he promised in the 2000 campaign. Others, like former 41 speechwriter Curt Smith, argue 43 isn't conservative enough.

"Conservatives want limited government, a balanced Middle East approach, a foreign policy that builds, not destroys, and general, not special, interest," Smith said. "Bush 41 endorsed all of the above. Bush 43 supports none."

A common refrain of the 41s is that 43's muscular approach to foreign affairs - what one derided as "cowboy diplomacy" - has estranged the U.S. from its allies and diminished its authority around the globe.

The ultimate sticking point for the old guard is Iraq. They cite the appointment of 41's close friend and former secretary of state, James Baker, to chart a new Iraq policy as belated vindication.

The 41s remain incensed, however, that Brent Scowcroft, 41's national security adviser and once a top outside adviser to this administration, has been demonized since he wrote a 2002 article opposing an Iraq invasion.

"What Brent said is now the accepted wisdom," a senior 41 hand said, "and everyone believes 41 agrees with him, though he'll never say it."

While the 41s do most of the finger-pointing, aides to the current President reject the criticism as nitpicking from out-of-touch malcontents.

They also bash the 41s for going public, charging much of the damaging material in Bob Woodward's new book, "State of Denial," was provided by 41 partisans.

"Nobody has a monopoly on wisdom," a 43 staffer said, "especially those whose information may not be as good as when they were in power."

The family-feud fault lines were on dramatic display at the carrier christening festivities, where both camps turned out in full force.

"We're all on our best behavior," a top 43 official joked.

A few moments later, however, one of 41's most prominent counselors couldn't resist.

Trading social gossip at a reception, the ex-aide noted that former Secretary of State Colin Powell was in attendance. "He should be here," the adviser noted. "We didn't fire him" - a barbed reference to Powell's departure as 43's top diplomat after four years of bureaucratic fisticuffs with Vice President Cheney and Secretary of Defense Donald Rumsfeld, two frequent targets of the 41s.

"Everyone knew how Rumsfeld acts," another key 41 assistant said. "Everyone knew 43 didn't have an attention span. Everyone knew Condi [Rice] wouldn't be able to stand up to Cheney and Rumsfeld. We told them all of this, and we were told we don't know what we're doing."

Another top former 41 loyalist confided that several ex-colleagues remarked on a perceived "stature gap" between father and son as they sat on the dais.

The 41s concede their broadsides are awkward for their ex-boss, but say they're motivated by a desire to protect his legacy.

In fact, the 41s suggest a singular irony: the unpopularity of the son's administration may be rehabilitating the father's.

"By comparison, the old man looks better and better," a senior 41 hand said, with undisguised satisfaction.

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States, Not Feds, Tending To Nation's Uninsured Children (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 15, 2006

It's inspiring, truly, that everyone in Washington is so concerned about the health and well-being of the 93 teenagers who serve as pages each year for the House and Senate.

But it would be nice if the nation's political leaders could spare a moment for another 8,310,000 young people who appear to have escaped their notice.

That, according to the Census Bureau, is the number of children younger than 18 in America who lack health insurance.

Until recently, children had been a bright spot in a dismal healthcare picture. Since President Bush took office, the total number of people in America without insurance has jumped from 39.8 million in 2000 to more than 46.5 million in 2005. The percentage of people receiving healthcare through their employer has dropped every year since 2000.

Children haven't been immune to that trend. The share of children receiving healthcare through their parents' employer has also been falling. But until last year, government had stepped in to offset those losses.

From 1998 through 2004, the number of children enrolled in Medicaid (a state-federal partnership for the poor) and the Children's Health Insurance Program (a state-federal partnership for children in working poor families) swelled by more than 5.6 million. That expanding public safety net steadily reduced the number of uninsured children, despite the continuing erosion of employment-based coverage.

In 2005, the latest year for which figures are available, that relatively benign picture darkened. Employment-based coverage for kids continued its decline. But with state budgets squeezed, the number of children receiving insurance from public programs also fell. These twin retrenchments produced a jump of nearly 400,000 in the number of uninsured children — the largest annual increase since 1995.

Most Americans would probably be surprised by the profile of the 8.3 million kids without insurance. Nearly nine in 10 live in families where at least one parent works, according to a recent study of census data by Families USA, a healthcare advocacy group. Nearly six in 10 live in two-parent families. Almost a third of uninsured kids live in families where both parents work.

Less surprising are the consequences of lacking insurance. Analyzing another government survey, the report found that children without insurance were much less likely than those who were covered to receive regular check-ups, and much more likely to have unmet medical needs. Children without coverage were three times more likely than insured kids to go an entire year without seeing a doctor.

These trends have provoked little discussion in Washington, where Bush and Congress have failed to agree on any serious steps to reverse the rise in healthcare costs and the decline in access. So the initiative is shifting to innovative states. "A lot of these efforts are born out of frustration with Washington," said Ron Pollack, executive director of Families USA. "It's like, we can't continue to wait for Godot."

Illinois, under Democratic Gov. Rod Blagojevich, has launched a program that allows all parents to buy subsidized insurance for their children, with premiums set at a sliding scale based on income. As part of the universal coverage plan that Massachusetts' Republican Gov. Mitt Romney signed this year, the state will insure through Medicaid all children in families earning up to three times the poverty level (about $60,000 annually for a family of four).

Bill Richardson, the Democratic governor of New Mexico, this year pushed through a plan ensuring access to insurance for kids 5 years of age and younger and said that if reelected, he would extend coverage to adults (partly by requiring employers doing state business to provide insurance).

In November's election, the crucial healthcare battles are being fought over ballot initiatives in California and Missouri.

In both states, broad coalitions of public health advocates are pushing for tobacco tax increases to finance expanded coverage. The Missouri plan, known as Amendment 3, would raise tobacco taxes 80 cents a pack, mostly to cover more low-income kids and adults. The California proposal, Proposition 86, is more ambitious: It would raise taxes $2.60 a pack to provide access to insurance for the estimated 800,000 children in the state without it.

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These efforts dramatize both the possibilities and the perils of expanding coverage at a state level. If the initiatives succeed, they could send "a signal nationally" that encourages other states and eventually Washington to act, notes Wendy Lazarus, founder of the Children's Partnership, a leading sponsor of the California proposition.

The problem is that, compared with Washington, states have more limited revenue sources to finance expanded coverage for kids. That has led advocates in Missouri and California to focus on tobacco taxes (which carry the added public health benefit of discouraging smoking).

But by targeting cigarettes, they have stirred a ferocious counterattack from the tobacco industry. The Missouri amendment is faring better in polls than its California counterpart, but neither is guaranteed to survive the barrage of advertising the tobacco industry is funding in each state.

From both a policy and a political perspective, it probably doesn't make long-term sense to rely so heavily on one industry — even one so culpable for compounding the burden of death and disease — to fund more healthcare coverage.

Guaranteeing insurance for all kids should be a national priority, with a national solution and a broad funding source. States are taking important steps, and could take more in November. But until Washington commits to the cause, America will continue to live with the shame of denying reliable healthcare to one in every nine of its children.

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'Stakes' Rise For Bush, Even In Speech (HC)

By Julie Mason

Houston Chronicle, October 15, 2006

Tougher-talking president uses word 11 times during his latest news conference

WASHINGTON — With the Republican political message galloping out of his control in the final weeks of the congressional campaign, President Bush tried corralling it last week with a news conference in the Rose Garden.

The news conference didn't produce much news, but it did produce other noteworthy things.

Bush has been using a different speaking style lately, with more angry-sounding, often highly partisan rhetoric and stronger body language.

He grips the podium, jabs a finger and raises his voice. He squares his shoulders, mocking Democrats and scoffing at critics of his policies.

Bush, who relishes political combat, is in full-throttle campaign mode.

Key issues for Bush are North Korea and the Middle East, where the stakes, Bush said, "are really high." And numerous: Bush alluded to the "stakes" 11 times in just more than an hour in his Rose Garden news conference.

In fact, "the stakes couldn't be any higher," Bush said. "I understand the stakes. I'm going to repeat them one more time."

He added, "As a matter of fact, I'm going to spend a lot of time repeating the stakes."

The stakes are high for Bush in November. If he can't lead his party to another majority in the House and Senate, his domestic agenda may wind up as scraps of forgotten rhetoric. He could also face stronger and more effective resistance to his Iraq policy.

So far, his efforts to campaign on tax cuts and the war on terrorism largely have been eclipsed by other events — the Mark Foley scandal, intelligence leaks, a spate of critical books and North Korea's purported nuclear test.

With Bush trying to restore his political footing at the press conference, he said again, "The stakes are really high."

Bono finds what he's looking for: face timeIt's hard enough sometimes for Bush's friends and allies to get aboard Air Force One. The chance to walk up the airplane steps, pause at the top and turn for a little wave is a closely guarded privilege.

Rock star philanthropist Bono, in Chicago last week for an AIDS prevention event, noticed the president's airplane on the tarmac and scrambled into a little last-minute meeting with Air Force One's chief passenger.

Bono and Bush, politically at odds, have forged a strange friendship over the years. Bono has met with the president several times, asking for more money for Africa and help with other issues.

For his part, Bush seems amused — even when the Irish rocker turns up in the Oval Office somewhat dishevelled and wearing sunglasses.

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It often draws Bush's ire when others, especially journalists, show up in similar states of dress.

Anyway, reporters awaiting takeoff on the big plane back to Washington were surprised to see Bush, Bono and model Christy Turlington strolling across the tarmac toward Air Force One together.

At the pivotal moment on the top of the stairs, Bono flashed a peace sign.

White House deputy spokeswoman Dana Perino said the three spent about 12 minutes in Bush's private office on board.

Their meeting was mostly social. Bono thanked Bush for keeping the focus on AIDS and Bush thanked Bono for thanking him.

Snow can campaign for GOP on the jobWhite House spokesman Tony Snow initially said he would use vacation days to campaign for Republican candidates in the Nov. 7 election.

He is the first White House spokesman to add fundraising to his regular duties. But the White House clarified its policy last week, saying Snow is permitted to raise money for Republican candidates while working at his taxpayer-funded job.

"Mr. Snow, like other commissioned officers in the White House, is construed to be on duty 24 hours a day, seven days a week, and therefore is not required to track vacation or leave time," a note to reporters said.

Snow's travel expenses for campaigns are paid by the Republican National Committee.

Short take•"One has a stronger hand when there's more people playing your same cards," Bush said last week, on multilateral diplomacy.

Man Allegedly Climbs White House Fence (AP-Y)

AP, October 15, 2006

The Secret Service on Saturday apprehended a man who climbed over the fence along the North Lawn of the White House.

Around 6:30 p.m. EDT, Alexis Janicki, 24, jumped the fence, said Secret Service spokeswoman Kim Bruce. He was immediately apprehended by the Secret Service uniformed division and taken into custody.

Janicki was charged with trespassing and possession of a controlled substance, which was cannabis, Bruce said. He was turned over to the District of Columbia's Metropolitan Police Department for processing.

President Bush was at the presidential retreat at Camp David in Maryland when the incident occurred.

OTHER NEWS:

OPEC To Meet To Discuss Cut In Oil Output (NYT)

By Bloomberg News

The New York Times, October 15, 2006

Oct. 14 — The Organization of Petroleum Exporting Countries, which produces 40 percent of the world's oil, will hold an emergency meeting in Doha, Qatar, on Oct. 19 to discuss a 1 million barrel-a-day output cut, an OPEC delegate said.

The group will convene in Qatar to discuss a voluntary supply cut aimed at reviving oil prices that have fallen by a quarter in the last three months. Members will debate whether to cut actual production or to lower the cartel's 28 million barrel-a-day output quota.

The 10 members with quotas pumped 27.6 million barrels a day last month, according to Bloomberg data. Iraq is currently exempt from the quota system.

Crude oil for November delivery rose 71 cents, or 1.2 percent, to close at $58.57 a barrel on the New York Mercantile Exchange on Friday. On Oct. 12, futures touched $57.22, the lowest since Dec. 19. The contract slipped 2 percent in the last week.

OPEC's next scheduled meeting was to be held on Dec. 14 in Abuja, Nigeria.

The 11 members of OPEC are Saudi Arabia, Iran, Venezuela, Iraq, the United Arab Emirates, Kuwait, Nigeria, Libya, Indonesia, Algeria and Qatar. More than half of the group's output is from the Persian Gulf.

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Competitive Era Fails To Shrink Electric Bills (NYT)

By David Cay Johnston

The New York Times, October 15, 2006

A decade after competition was introduced in their industries, long-distance phone rates had fallen by half, air fares by more than a fourth and trucking rates by a fourth. But a decade after the federal government opened the business of generating electricity to competition, the market has produced no such decline.

Instead, more rate increase requests are pending now than ever before, said Jim Owen, a spokesman for the Edison Electric Institute, the association for the investor-owned utilities that provide about 60 percent of the nation's power. The investor-owned electric utility industry published a June report entitled "Why Are Electricity Prices Increasing?"

About 40 percent of all electricity customers — those in 23 states and the District of Columbia where new competition was approved — mostly paid modestly lower prices over the past decade. But those savings were primarily because states, which continue to have some rate-setting power, imposed cuts, freezes and caps at the behest of consumer groups that wanted to insulate customers from any initial price swings.

The last of those rate protections expire next year, and the Federal Energy Regulatory Commission and other federal agencies warn in a draft report to Congress that "customers may experience rate shock" as utilities seek to make up for revenue they did not collect during the period of artificially reduced prices and to cover higher costs of fuel. They warned that "this rate shock can create public pressure" to turn back from electricity prices set by the market to prices set by government regulators.

The disappointing results stem in good part from the fact that a genuinely competitive market for electricity production has not developed.

Concerned about rising prices, California and five other states have suspended or delayed transition to the competitive system.

And voters around two California cities, Sacramento and Davis, will decide next month whether to replace investor-owned utilities with municipal power in hopes of lowering rates. Drives are under way to expand public power in Massachusetts. In Portland, Ore., the city council tried and failed to buy the local utility company.

Electric customers in other states are facing rude surprises.

In Baltimore, an expected 72 percent rate increase in electricity prices has aroused so much protest that the state legislature met in special session, where it arranged to phase in the higher costs over several years. In Illinois, rates are about to rise as much as 55 percent.

The three New York area states opened their electricity markets to competition, with different results.

In Connecticut, residential electric rates rose up to 27 percent last year to an average of $128 a month, and are expected to go up as much as 50 percent more in January.

In New Jersey, rates rose up to 13 percent this year, and are poised to go much higher.

New York residential customers, by contrast, paid an inflation-adjusted average of 16 percent less in 2004 than in 1996, a state report said. It is not known how much of that is attributable to government-ordered rate cuts, but the state benefited from huge increases in power generated by its nuclear plants and by buying power from New England plants that, starting next year, may have less electricity to sell to New York.

The Federal Energy Regulatory Commission and five other agencies, in the draft of the report to Congress, are unable to specify any overall savings. "It has been difficult," the report states, "to determine whether retail prices" in the states that opened to competition "are higher or lower than they otherwise would have been" under the old system.

Joseph T. Kelliher, the commission chairman, said Friday that eventually "market discipline will deliver the best prices" and noted that every administration and Congress since 1978 had pushed the industry toward competition. He added that the commission recognized a need for "constant reform of the rules."

Under the old system, regulated utilities generated electricity and distributed it to customers. Under the new system, many regulated utilities only deliver power, which they buy from competing producers whose prices are not regulated. For example, Consolidated Edison, which serves the New York City area, once produced almost all the power it delivered; now it must buy virtually all its electricity from companies that bought its power plants and from other independent generators.

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The goal is for producers to compete to offer electricity at the lowest price, savings customers money.

Independent power producers, free-market economists and the Clinton Administration cheered in 1996 when the federal government allowed states to adopt the new system. The new rules "will benefit the industry and consumers to the tune of billions of dollars every year," Elizabeth A. Moler, then chairwoman of FERC, said at the time. She said the new rules would "accelerate competition and bring lower prices and more choices to energy customers."

But that has not happened. A truly competitive market has never developed, and, in most areas, the number of power producers is small. In New Jersey, for example, only six companies produce power, and not all of them sell to every utility.

Some utilities have decided to buy electricity not from the cheapest supplier but from one owned by a sister to the utility company, even if that electricity is more expensive. That has been the case in Ohio.

And if electricity is needed from more than one producer, utilities pay each one the highest price accepted in the bidding, not the lowest. This one-price system, adopted by the industry and approved by the federal government, is intended to encourage investment in new power plants, which are costlier than older ones.

But critics say that, as in California five years ago in a scandal that enveloped Enron, the auction system can be manipulated to drive up prices, with the increases passed on to customers. What is more, companies that produce electricity can withhold it or limit production even when demand is at its highest, lifting prices. This happened in California, and the federal commission has found that it occurred in a few more instances since then. Critics say that more subtle techniques to reduce the supply of power are common and that the commission shows little interest in investigating.

Bryan Lee, a FERC spokesman, said complaints of manipulation are investigated, but only last year did Congress give the commission the legal tools to punish manipulators.

Under the new system there have been some big winners — including Goldman Sachs and the Carlyle Group, the private equity firm — that figured out that there were huge profits to be made in one area of the new system.

Such investors have in some cases resold power plants they just bought, making a large profit. In other cases, investors have bought power plants from the utilities at what proved to be bargain prices, then sold the electricity back at much higher prices than it would have cost the utility to generate the electricity.

Richard Blumenthal, the Connecticut attorney general, said the supposedly competitive market has been "a complete failure and colossal waste of time and money."

He asked the federal commission to revoke competitive pricing in his state, but the commission dismissed the complaint last Wednesday, saying the state had not proved its case.

Advocates of moving to the new system say that, in time, the discipline of the competitive market will mean the best possible prices for customers. Alfred E. Kahn, the Cornell University economist who led the fight to deregulate airlines and who, as New York's chief utility regulator in the 1970's, nudged electric utilities toward the new system, said that he was not troubled by the uneven results so far.

"Change," Professor Kahn said, "is always messy."

But some advocates of introducing competition to the electric industry have soured on the idea. They include the Cato Institute, a leading promoter of libertarian thought that favors the least possible regulation and that concluded earlier this year that government and electric utilities have made such hash of the new system that the whole effort should be scrapped.

"We recommend total abandonment of restructuring," Cato said. If the public rejects a greater embrace of markets, Cato wrote, the next best choice would be a "return to an updated version of the old" system.

The conflicting results among the many studies of electric prices stand in contrast to the sharp, unambiguous drops in the prices of telephone calls, air travel and trucking.

One study by the utility economist Mark L. Fagan, a senior fellow at the Kennedy School of Government at Harvard and a consultant to various businesses who favors a competitive system, found that the new system often produces better results. He found that in 12 of 18 states that restructured, prices were lower for industrial customers than they would have been under the old system. But he also found that prices were somewhat lower than his model predicted in seven of 27 states that did not open to competition.

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In Virginia, a state that did not move to the new system, a report last month by the agency that regulates utilities found "no discernible benefit" to customers in the 16 states that had gone the farthest and warned that electricity prices in those states "may actually be increasing faster than for customers in states that did not restructure."

And Professor Jay Apt, a former astronaut who runs the electricity study center at Carnegie-Mellon University, found that savings from introducing competition to sales of electricity to large industrial customers "are so small that they are not meaningful."

Regardless of the debate over the effectiveness of the new system, electricity prices are expected to rise in the next few years for several reasons apart from any rise in the price of coal, natural gas, oil, uranium and other fuels.

A study issued in June by the Edison Foundation, which represents investor-owned utilities concluded that utilities would have to raise rates to upgrade local distribution systems and to finance long-distance transmission lines, as well as for new power plants. The study found that utility profit margins had thinned and financial strength had weakened. It called for relief in the form of higher rates.

After Years Of Growth, What About Workers' Share? (NYT)

By Eduardo Porter

The New York Times, October 15, 2006

JOB growth is starting to slow, and wages are barely keeping up with inflation. Five years into a relatively robust economic expansion, it's understandable that many American workers feel that they are not getting their fair share of the pie.

In fact, the share of the economy devoted to workers' wages and benefits has eroded in the United States over the last five years. But if it's any consolation, the trend for workers in other rich industrial nations isn't much better.

The portion of the economy going to the workers in wages and benefits is perhaps the broadest measure of the workers' share of economic growth. The numbers are based on how many workers are employed and how much they are paid for their toil.

In the United States, this economic slice, including wages, health insurance and pension benefits, declined 2.5 percentage points from 2000 to 2005, to 56.5 percent of gross domestic product, according to the United States Bureau of Economic Analysis.

Workers in some countries have lost even more. According to data from the Organization for Economic Cooperation and Development, the forum of industrialized countries, the workers' share of gross domestic product in Germany fell 3.1 percentage points over the last half-decade. In Japan, the decline was 3 points.

Over all, the workers' share of the economy fell in 4 of the Group of 7 industrialized nations.

The recent declines are hardly atypical. While there have been some periods when the workers' share has risen, the overall trend since the 1970's has been downward in most industrialized countries.

Economists have identified some important forces causing this erosion, but they are mostly perplexed by the long decline. "It's a bit of a mystery why the labor share is falling so much," said Alan B. Krueger, a professor of economics at Princeton.

Olivier Blanchard, a professor of economics at the Massachusetts Institute of Technology, added, "The complete, integrated story remains to be told."

For workers, perhaps the most important question is, how long will the slide continue?

Workers in the United States appeared to get a break for a few years in the second half of the 1990's, when robust growth bolstered employment and increased labor's bargaining power. Workers' share of the economy grew 2.3 percentage points from 1995 to 2000.

But that increase proved fleeting. While the uptick led some economists to expect a similar rebound in this decade, many are losing hope.

"The longer the recovery is delayed," Mr. Krueger said, "the less confident I am."

To begin with, consider changes in the composition of the American economy. In 1975, manufacturing accounted for 28 percent of output, while finance accounted for 18 percent, according to an analysis by the Organization for Economic

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Cooperation and Development. By 1995, the relative importance of these sectors had flipped — with finance accounting for 27 percent and manufacturing for 22 percent.

This shift took a chunk out of the workers' share because banks and other financial companies use fewer workers than manufacturers to do what they do, and they don't pay their workers proportionally more.

And well-known forces continue to whittle away at the workers' share. Cheap imports from China and cheap call centers in India have increased the competition for jobs. New technologies have also replaced many middle-income workers. And immigration is on the rise in much of the industrial world.

Though economists do not fully understand how these forces are affecting labor markets, most seem to agree that, one way or another, they are eating into the workers' share of the pie.

In the United States, where labor unions have lost much of their bargaining power and few workplace regulations limit employers' decisions, companies have had an easier time reducing real wages. In the last year, wages have risen only enough to keep pace with inflation. In real terms, the wages of nonmanagement employees in the United States are now 10 percent below their level in the early 1970's, according to Labor Department statistics.

In Western Europe, collective bargaining has been more successful in keeping wages up. These differences affect the distribution of the workers' share. America's low-wage labor market is virtually nonexistent in the European Union. There is no Western European equivalent of the American earning $5.15 an hour, the federal minimum wage, on the overnight shift as a convenience store cashier. A $7-an-hour baby-sitter is nearly impossible to find in London. Over all, the wage distribution in Europe is much less polarized than it is in the United States.

BUT the institutional differences have done little to halt the slide in the share of the economy that is devoted to workers' compensation.

Mr. Blanchard suggested that the decline in the labor share in Europe might have been prompted in the 1970's by strong unions pushing up employee wages — which led companies to shed workers, eliminating many occupations entirely — the late-night cashier, for example — and replacing others with machines.

"The decline in the wage share is bound to level off," said David Grubb, a labor economist at the O.E.C.D. But the question is, when will it stop falling, and how?

If historical experience in the United States serves as any guide, workers' compensation could still fall a long way. It was a different world then, but it is worth noting that in 1929, workers had less than half of the economic pie.

An Iffy Road To Lower Rates (NYT)

By Conrad De Aenlle

The New York Times, October 15, 2006

JUST when it looked as though a Federal Reserve interest-rate cut might be on the way, the Fed sent a message to Wall Street: not so fast.

That, at least, was the way many traders interpreted the record, released last week, of the last meeting of the central bank's policy makers. It revealed that the policy makers continue to be concerned about inflation. That concern had been largely lifted in the minds of traders, but the Fed's statement is likely to revive it, especially this week, when reports are due on September wholesale and retail prices.

After steep falls in energy prices, a Bloomberg News poll of economists forecasts rare price declines — negative inflation figures — for both reports. No such softness is anticipated, however, in the more widely followed core numbers, which exclude food and energy items.

The Bloomberg poll predicts that core consumer prices, to be reported on Wednesday, will be up 0.2 percent, the same increase as in August. Producer prices, due on Tuesday, are expected to be up by the same figure, after a 0.4 percent decline in August.

Russ Koesterich, senior portfolio manager at Barclays Global Investors, warned that if the core numbers exceeded projections, the stock market might not take the news well.

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"What the Fed has told us is they're data dependent," he said. "To the extent that we have outsized numbers, it's going to be significant. The market has written off the likelihood of further hikes. By talking about the possibility of cuts, they're putting the cart before the horse."

Investors' high hopes may have backed them into a corner, with the Dow Jones industrial average trading at record levels, he cautioned.

"The stock market is discounting a Goldilocks scenario: the economy will gently slow in '07 and the Fed can cut, but the slowdown will not be so severe that it will hurt earnings," Mr. Koesterich said. "It's possible, but it's very optimistic, and it's a priced-for-perfection environment."

Weighing the prospects for such a soft landing, he added, "you have to hope the market will get it, but it doesn't often turn out that way."

DATA WATCH On a busy economic calendar, readings on Tuesday for September industrial production and capacity utilization are expected to show little change.

The next day, data on September housing starts and building permits are forecast to show further declines in the housing market.

White House Upbeat About GOP Prospects (WP)

By Michael Abramowitz

The Washington Post, October 15, 2006

Self-Assurance of Bush, Rove and Others Is Not Shared by Many in the Party

Amid widespread panic in the Republican establishment about the coming midterm elections, there are two people whose confidence about GOP prospects strikes even their closest allies as almost inexplicably upbeat: President Bush and his top political adviser, Karl Rove.

Some Republicans on Capitol Hill are bracing for losses of 25 House seats or more. But party operatives say Rove is predicting that, at worst, Republicans will lose only 8 to 10 seats -- shy of the 15-seat threshold that would cede control to Democrats for the first time since the 1994 elections and probably hobble the balance of Bush's second term.

In the Senate, Rove and associates believe, a Democratic victory would require the opposition to "run the table," as one official put it, to pick up the necessary six seats -- a prospect the White House seems to regard as nearly inconceivable.

The Mark Foley page scandal and its fallout have many Republicans panicked, but Rove professes to be taking it in stride. "The data we are seeing from individual races and the national polls would tend to indicate that people can divorce Foley's personal action from the party," he said in a brief interview Thursday.

The official White House line of supreme self-assurance comes from the top down. Bush has publicly and privately banished any talk of losing the GOP majorities, in part to squelch any loss of nerve among his legions. Come January, he said last week, "We'll have a Republican speaker and a Republican leader of the Senate."

The question is whether this is a case of justified confidence -- based on Bush's and Rove's electoral record and knowledge of the money, technology and other assets at their command -- or of self-delusion. Even many Republicans suspect the latter. Three GOP strategists with close ties to the White House flatly predicted the loss of the House, though they would not do so on the record for fear of offending senior Bush aides.

At this point in the 2002 and 2004 election cycles, Bush was on the offensive, racing around the country and providing public lifts to many candidates. This year, by contrast, is mostly about defense. Bush lately has been stumping for vulnerable House Republicans who, only a few weeks ago, seemed safe for reelection. Meanwhile, Bush's own unpopularity has made House and Senate campaigns think twice about using him.

"You have to be careful where you take him," said an adviser to a GOP candidate in a close Senate race. In the past, this source said, the White House usually dictated where the president went. "They are probably more cooperative. They will go into the places and formats we suggest," he added.

To Rove and the small cadre of operatives who have been at his side throughout the administration -- including Republican National Committee Chairman Ken Mehlman and White House political director Sara Taylor -- confidence flows

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from a conviction that a political operation that has produced three consecutive national victories is capable of one more, despite voter disaffection with Iraq and GOP scandals in Washington.

Republican officials say the three closely coordinate strategy, with constant e-mails and a daily conference call. They see this familiarity -- in many respects it is the same team leading GOP strategy as in the past two elections -- as one advantage they have over Democrats, whose leaders on Capitol Hill and national party officials have been at odds on strategy.

So far, there have been few surprises in the Bush-Rove playbook, which seems little changed over the past four years. It includes tapping the powers of incumbency, mobilizing Christian conservatives and others in the GOP base, and seeking to polarize the electorate around national security and taxes. A huge effort to raise money by Bush, Vice President Cheney and first lady Laura Bush seems to be paying off: By Taylor's calculation, the various GOP campaigns and party committees will have a $55 million money advantage in the final three weeks of the campaign.

The RNC is also planning another big get-out-the-vote drive in the final three days before the elections. Rove believes that many of the polls in individual House and Senate races understate what he expects to be a GOP advantage in turnout, according to one party strategist who has heard him discuss the midterms.

Taylor, an Iowa native and protege of Mehlman's, said the administration recognized long ago that this would be a difficult campaign, coming in the sixth year of a presidency. "History suggests this will be a tough year for us," she said. "But at some point, the weight of our structural advantages makes up ground. And the message is really more important than all of that. When it comes to the war on terror, people have confidence in the policies that are keeping the country safe."

Polling suggests that may be changing -- the recent Washington Post-ABC News poll found that 53 percent of Americans disapprove of Bush's handling of terrorism, the lowest number he has ever received on what has been a signature strength. But in every campaign appearance, Bush continues to attack Democrats for being purportedly soft on national security.

The frustration for the White House is that, until two weeks ago, the Bush-Rove plan seemed to be having an impact. The White House used the anniversary of the Sept. 11, 2001, attacks as an opportunity to redefine the Nov. 7 elections around the terrorism issue. A modest uptick in Bush's approval ratings followed, and GOP lawmakers began to feel better about their prospects.

But recent events combined to change the campaign conversation. These include the leak of a classified intelligence document suggesting that the Iraq war was complicating the fight against terrorism, a Bob Woodward book alleging administration deceptions about the war, and -- perhaps most critically -- the Foley scandal, which raised questions about whether the GOP tolerated the abuse of minors to protect one of its own.

Nonetheless, White House officials say the president plans to use the final weeks of the campaign to try to reshape the national agenda and to help as many candidates as he can, starting this week with fundraisers for Sen. George Allen (Va.) and Rep. Don Sherwood (Pa.), who is in trouble after admitting an extramarital affair.

"The president is going to be articulating the big issues and do so in a way that grabs people's attention," Rove said, although he quickly added that he believes many of the races will turn on local issues.

Sen. Charles E. Schumer (N.Y.), who chairs the Democratic Senatorial Campaign Committee, predicted that it will not work: "The bottom line is that people are tired of the president and his policies, and he has been unable to escape it."

He voiced skepticism that Bush is helping Republicans much, despite what he concedes is the president's fundraising prowess. "Most candidates don't want to show up in public with him, and those that do are embarrassed," Schumer said. "If Bush were popular, these races would not be close."

A key focus is Tennessee, central to GOP hopes of holding the Senate, where Republican Bob Corker is locked in an expectedly tight race with Rep. Harold E. Ford Jr. (D). Bush has visited there twice, and Republicans anticipate another visit from Bush and the first lady. White House officials have also pushed Corker to go after Ford more aggressively.

Taylor, who with Rove helps determine Bush's political travel, said the president has helped raise money for some of the most endangered GOP House incumbents, such as Reps. Heather A. Wilson (N.M.) and E. Clay Shaw Jr. (Fla.). Some of Bush's focus more recently has been on helping GOP candidates who are in less intensely competitive districts, she said, citing recent presidential stops on behalf of California Reps. John T. Doolittle and Richard W. Pombo. "For Democrats to take back control of

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the House, they have to go to this outer ring," she said. "One of the things that's important now is to make sure this outer tier is solid and candidates have the resources they need."

Amy Walter, who tracks the House races for the Cook Political Report, views such stops differently. "It speaks to the fact that there are Republican districts that are now in serious jeopardy," she said.

Democrats Have Intensity, But G.O.P. Has Its Machine (NYT)

By Robin Toner

The New York Times, October 15, 2006

WASHINGTON, Oct. 14 — Clif Kelley, a retired economist from Columbus, Ohio, is the walking, talking, fuming embodiment of what pollsters say is a defining feature of this election: the intensity of Democrats.

Mr. Kelley and a handful of fellow Democrats in Franklin County's 21st Ward began meeting about two years ago, calling themselves Grassroots 21. Today they have a newsletter, a blog and on one recent Sunday a sprawling audience crammed into Mr. Kelley's suburban backyard for a rally on a semi-rainy day.

Mr. Kelley reminded his friends that he vowed two years ago he would not die under a Bush administration. "You can see I've been holding on," he said as the audience roared.

Mr. Kelley is 89. And angry. He says he simply "can't wait" for Election Day.

Voter intensity is a critical element in politics, especially in midterm elections, when Americans' interest and turnout are typically much lower than in a presidential election year. Pollsters say enthusiasm among Democrats is particularly high this year — significantly higher, by several important measures, than the intensity of Republicans.

Republican strategists counter that they can compensate for any gap in enthusiasm with their legendary get-out-the-vote operation. The party has built its electoral success in the last two elections on identifying and producing nearly every obtainable Republican vote at the polls; this time may be more challenging, they say, but no different.

"I do think our base is coming together and will be coming together later, but four weeks is an eternity in this business," said Representative Tom Cole, an Oklahoma Republican and longtime party strategist. Republicans will ultimately be motivated to vote, Mr. Cole said, and they will turn out on Election Day even if "this is a race where professionalism has to make up for enthusiasm."

Even so, in the latest New York Times/CBS News poll, conducted Oct. 5-8, 46 percent of Democrats said they were more enthusiastic about voting this year than in previous Congressional elections, compared with 33 percent of Republicans.

A similar trend appears in recent polls by the Pew Research Center and Gallup, which show that Democrats' level of engagement is higher than in the midterm elections of 2002, 1998 and especially 1994, when a Republican landslide gave the party control of the House and Senate.

Democratic strategists consider this new intensity a critical advantage throughout the ups and downs of a campaign narrative driven at various times by war, national security scares, gas prices and, most recently, the scandal surrounding former Representative Mark Foley, Republican of Florida.

"There's been a consistent pattern for the better part of a year that Democrats are pretty focused on what they're voting for and what they're voting against," said Geoffrey Garin, a Democratic pollster, "while Republican voters are feeling ambivalent on both fronts."

Voter intensity can bubble up from the grass roots, but it can also be stoked (or dampened) by the candidates' campaigns and harnessed by a sophisticated turnout campaign.

Conservative voters have many reasons to be less enthusiastic this year, analysts say, including their party's deficit spending and the scandal over Mr. Foley's conduct toward Congressional pages, not to mention an array of local Republican scandals in Ohio. But if the Republican get-out-the-vote drive, known as the 72-Hour Project, lives up to its billing, said Andrew Kohut, head of the Pew center, "the turnout consequences for the G.O.P. might not be as dire as these poll numbers suggest."

The Republican machine was on full display last weekend in Ohio, where volunteers worked phone banks in all 88 counties on what the party called Super Saturday. They contacted 100,000 carefully selected potential Republican voters and

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knocked on the doors of 50,000. When the day was done, Jason Mauk, the political director for the state party, said, "I think that really discredits the notion that Republican voters and volunteers are not energized."

At one of those phone banks, in downtown Columbus, the energy level was high, fueled by endless trays of doughnuts, bagels and pizza. Shift after shift of volunteers rotated through, with a steady murmur of voices reading a script, urging a vote, offering to arrange an absentee ballot: "This is a very important election year, and your vote will help determine Ohio's future."

One of the volunteers, Laurie Sutton, said: "I hit the phone banks every night. I'm addicted to it."

At midday, several of the top Republican candidates came by to rally the troops. Betty Montgomery, who is running for state attorney general, acknowledged the challenges facing Republicans this year but summoned the memory of the Ohio State football coach Woody Hayes. "We know how to win," she said. "We know the fundamentals. He would say, 'Execute the fundamentals!' "

Ms. Montgomery recalled the 2004 election, when Ohio delivered the presidency to Mr. Bush, largely on the basis of the Republican turnout operation. "We blew their socks off," she said of the Democrats. "They didn't know what hit them."

But Ohio Democratic leaders say they do know what hit them two years ago and vow that it will not happen again. "The Republicans talk about that 72-hour operation as if it's the best thing since electricity," said Chris Redfern, chairman of the Ohio Democratic Party. "The fact is, I believe we will be competitive."

Underscoring the rivalry, Ohio Democrats said they also completed 100,000 calls that Saturday. Around the country, though, some Democrats wonder whether their party can match the well-financed 72-Hour Project, created by the Republican National Committee; some of the outside groups who worked on voter turnout for the Democrats in 2004 have curtailed their efforts, although party campaign committees insist that they have stepped forward to fill the gap.

Ohio is a state where the partisan war has raged, with little interruption, since 2004. But polls suggest that around the nation, voters understand what is at stake in these midterm elections.

Two major factors drive the Democratic intensity, analysts say: anger about the war in Iraq and other Bush administration policies, and optimism about their chances this year.

"I feel like there's some hope to get more Democrats elected this time," said Virginia Crossett, 53, a Democrat and veterinary technician in Louisville, Ky., who was interviewed in a follow-up to the recent Times/CBS poll. Half of the Democrats who were more enthusiastic about voting said they felt that way because victory was in reach.

"I think most of the Republicans are doing a horrible job, and I don't feel like my life is any better whatsoever in the last six years — and probably worse," Ms. Crossett said.

The flip side to the Democrats' optimism, of course, is that the prospect of Democratic control is a powerful motivator for many Republicans.

"A lot of issues are important to me, major issues like the war on terror, what's going on in Iraq, North Korea and Iran, immigration and the Mexican border," said Rick Nunley, 40, a Republican from North Canton, Ohio, who works in industrial sales. "Those issues will be affected drastically in the not-too-distant future if there are major policy changes or shifts in the government."

Republicans say they will keep working to harness their vote. Holly Pendell, a veteran Republican volunteer who works for the United States Chamber of Commerce, was canvassing a suburban Columbus subdivision last Sunday with her "walk book" that identified which houses to visit. The advertising campaign started so early and became so intense that people "can't even make sense of the ads," Ms. Pendell said. "That's why door-to-door is so important."

Democrats say they will be doing the same, while also counting on the intensity of the Clif Kelleys of the country. When the Democrats lost the presidential race in Ohio two years ago, it was a painful defeat to many on the local level. But Grassroots 21 has made real progress in its neighborhood, Mr. Kelley said, and "it gave us confidence that we could so something."

"What really pushes us now is the issues," Mr. Kelley said. "We're mad. I'm mad."

The group, in fact, recently adopted a new logo: the Fighting 21st.

Dems Facing Proven GOP Turnout Machine (AP-Y)

By Liz Sidoti, Associated Press Writer

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AP, October 15, 2006

In the battle for control of Congress, Democrats hope enthusiasm trumps Republican efficiency.

Otherwise, they concede, they will have problems on Nov. 7 as a party still struggling to catch up with the GOP's ability to turn voters out of seeming thin air.

"Makes me green with envy," says Ellen Malcolm, the president of EMILY's List, which backs female candidates who support abortion rights. She was speaking of the Republican Party program that relies on reams of polling data, publicly available information and consumer choice records to identify likely GOP voters in even the most Democratic precincts.

Republicans most recently put their prowess on display in California, where they turned out enough conservatives in June to elect Brian Bilbray to the House, and a few months later in Rhode Island, where they motivated moderates and independents to vote for Sen. Lincoln Chafee in a primary.

Democrats hope technology is not the deciding factor in the upcoming election that will determine the majority party in the House and Senate. Democrats need to gain 15 seats in the House and six in the Senate to knock Republicans from power.

"They don't have some secret stash of voters," says Karin Johanson, executive director of the Democratic Congressional Campaign Committee.

"If the Republicans are less enthused, the independents are breaking our way, and the Democratic base is highly enthused, then we're in very good shape," she said.

For now, at least, polls indicate Democrats have momentum on their side.

Likely voters say they have a low opinion of Congress and favor Democrats over Republicans to control the House and Senate. These voters also say they trust Democrats more than Republicans to handle the economy and the situation in Iraq, although it is unclear whether that sentiment will carry over to Election Day.

An Associated Press-Ipsos survey found 47 percent of Democrats are angry at the GOP-controlled Congress, while only 15 percent of Republicans are enthusiastic about their congressional leadership. An AP-Pew poll found that anger is driving Democrats to vote.

Getting people to vote is even more of a challenge in a midterm election year. Voting levels drop compared with presidential election years. In 2000, 59.5 percent of people in the U.S. age 18 or older voted. That fell to 46.1 percent in 2002, then climbed to 63.8 percent in 2004, a presidential election year.

As recently as the 1990s, the Democratic Party consistently won the turnout battle, relying on aggressive work by precinct captains and labor leaders in urban areas home to Democratic base voters.

Republicans started to retool their efforts after 2000 when Democratic presidential candidate Al Gore won the popular vote by 543,895 over George W. Bush. Bush won the electoral vote and the presidency, and his top strategist, Karl Rove, was determined to change how the party turned out voters.

"The Republican Party kind of stared death in the face and said if we don't figure out how to do better, we're going to lose," said Terry Nelson, the RNC's deputy chief of staff in 2002 and the Bush campaign's political director in 2004.

So, Republicans built a massive database of voters.

They compiled information about individuals that is available in public records and in consumer data that the GOP buys from vendors. Voter profiles contain everything from a person's age, address and voting frequency to their magazine subscriptions, preferred drinks and vehicles owned.

With an expansive voter file, Republicans then can use computer modeling to parse out individual voters in Democratic precincts whose consumer habits indicate they may lean toward the GOP. Republicans then can tailor messages to them based on their lifestyle habits and voting behaviors, and personally reach out to each of them to vote.

A final push comes just before an election, when volunteers with detailed voter lists make phone calls, knock on doors and send mail to encourage people to turn out — specifically those identified as most likely to side with Republicans but also most likely to stay home.

The system helped the GOP keep majorities in Congress and the White House in 2002 and 2004.

"The Republicans have about a four-year head start on where the Democrats are now," said Michael McDonald, a Brookings Institution expert on voter turnout. "The good news for the Democrats: You can catch up pretty quickly."

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Democrats have been scrambling to do just that. But progress in setting up a party-centered operation like the RNC's has been slow, leading to disputes within the party and prompting allied groups to set in motion their own turnout efforts.

In 2004, Democratic presidential candidate John Kerry drew 16 percent more votes than Gore had in 2000. Republicans did even better — Bush's votes increased by 23 percent.

Karen Finney, spokeswoman for the Democratic National Committee, said chairman Howard Dean has invested $8 million in the party's voter file this year, committed $12 million to get-out-the-vote efforts and is using the same voter identification and turnout techniques as Republicans in six states.

"The Republicans were further ahead of us last cycle. They just had much better data and were able to do more sophisticated things with it," Finney said. But this year, she said, through the combined efforts of the DNC, the House and Senate committees and the party's allied groups "we will have the resources we need to get our voters out."

Absent a large-scale party-driven program, the House and Senate Democratic campaign committees set up their own voter identification and turnout initiatives using the same techniques Republicans rely upon.

Additionally, labor and progressive organizations started a turnout campaign similar to the GOP's. Coordinating the effort is America Votes, a nonprofit group that played a similar role in 2004.

This time, America Votes is supplying coalition members voter data compiled by a new firm founded by Harold Ickes, a former White House aide under President Clinton. The America Votes effort, estimated to cost $25 million, is targeting Michigan, Pennsylvania, Ohio, Minnesota, Colorado and Wisconsin.

Labor unions have pledged to spend $40 million on turnout operations, and MoveOn.org, the liberal group, says it has budgeted $12 million.

The RNC planned to spend $60 million this fall on both advertising and get-out-the-vote efforts to protect the GOP's narrow majorities.

Incumbency Is Clear Winner In House Midterms (WT)

By Donald Lambro, The Washington Times

The Washington Times, October 15, 2006

The overwhelming majority of House incumbents have little if any serious opposition in November's midterm elections, whose outcome likely will be decided by 30 to 40 tossup races out of a total of 435 contests.

That is the inherent contradiction in an election portrayed as a titanic battle of fed-up voters unhappy with members of Congress when, in fact, a majority approve of their representatives' performance in office and are expected to return most incumbents to Washington, many by large majorities.

"This happens to be a year when more competitive House seats are in play, but it's still a small universe," said Norman Ornstein, a political analyst at the American Enterprise Institute. "The vast majority of members, no matter how strong the wind is blowing, no matter how much the public wants change, they are immune from it."

While voter approval of Congress has plunged to 32 percent in the wake of the lobbying and congressional-page scandals, a Washington Post-ABC News poll of voters last week found that at least 60 percent liked and supported their representatives.

"The old adage that voters hate Congress but love their congressman continues to ring true. Incumbents are hard to beat," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

The number of noncompetitive House elections range from 354 to nearly 400, according to various analysts who have surveyed the individual campaigns.

"There are probably around 380 out of 435 seats that are simply not competitive at all," Mr. Ornstein said. "You still have about 30 or so that are in the pure tossup category and close to another 30 that are leaning one way or the other."

A comprehensive survey of House seats by Congressional Quarterly's CQPolitics.com said there was a "total of 354 seats (or 81 percent of the House)" safe for the incumbent party.

CQ also found that 55 House members had no major-party opponent, though most had third-party, independent or write-in opposition who were not considered a threat to their re-election. Of these 55 lawmakers, 45 were Democrats and 10 were Republicans -- "an indication that the Democrats sought to field as many candidates as possible in an election year in which the

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national political environment favors them," said CQPolitics.com senior writer Gregory L. Girouix, who conducted the 50-state survey.

Elections analyst Stuart Rothenberg said 59 House seats are "in play," including 51 Republican seats and 8 Democratic seats. Twenty-six of these seats, all held by Republicans, are considered "tossups," while another nine Republican seats are either favored to go Democratic or leaning in that direction.

The Democrats need a net gain of 15 seats to take majority control of the House, which they lost in 1994. That was the year when Republicans, without losing any of their own races, won a net gain of 18 seats in open contests and defeated 34 Democratic incumbents for a total 52-seat gain.

The predominant reason most representatives remain safe is redistricting, the redrawing of congressional lines every 10 years to maintain proportional representation in each district. Redistricting has become a high-tech, computer-designed art, in which the majority party in the state legislatures, armed with the latest census tracts, can move enough voters into districts to protect their lawmakers from serious challenge.

"The dynamics of redistricting still works to create safe districts in most cases," Mr. Ornstein said.

Washington Drags At Lawmakers' Campaigns (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, October 15, 2006

Deficits, the Iraq war and the Foley scandal hurt House members seeking higher office.

LAS VEGAS — For 10 years, Jim Gibbons has represented a big chunk of Nevada in Congress, enjoying the advantages of incumbency as he coasted to one easy reelection after another.

But as he tries to move up to statewide office this fall, Gibbons isn't promoting all those years spent in Washington. Instead, the Republican lawmaker has focused on attacking his Democratic opponent as a tax-raising liberal and talking up his knowledge of Nevada "corner to corner."

Asked about Congress, Gibbons replied brusquely: "I'm running for governor." A few moments later, however, he acknowledged, "You'd have to be kidding yourself [to] think that some of these media stories about what's happening back there aren't being viewed and watched here."

Gibbons, a square-jawed former airline pilot, is one of 16 House members — nine of them Republican — who have tried to move on to either a governorship or the Senate in this year's midterm election. Most have struggled in a political climate that nonpartisan pollster Andrew Kohut described as "anti-incumbent, anti-Washington, anti-Republican."

In Minnesota, where GOP Rep. Mark Kennedy trails badly in his Senate bid, being linked to Congress is like being strapped "to one of those 15th century torture devices" that squeeze tighter and tighter, said University of Minnesota political scientist Lawrence Jacobs.

In Colorado, where Republican Rep. Bob Beauprez is trying to become governor, "the Washington burden" has all but killed his chances, said Floyd Ciruli, an independent polltaker in Denver.

Even here in Nevada, where Gibbons is ahead in polls, Republicans fret that the Mark Foley sex scandal and other frustrations with the GOP-run Congress could depress party turnout and cost them an open governor's seat in Carson City.

"It's the 'X' factor of 2006," said Phil Musser, executive director of the Republican Governors Assn., which recently launched a TV ad assailing Gibbons' Democratic opponent, state Sen. Dina Titus, to help shore up his support. "It's no secret," Musser added, "that it's not the best year to be a member of Congress running."

Of the 16 House members who have sought higher office this year, two were eliminated in primaries, including Nebraska's legendary ex-football coach Tom Osborne, who lost to Republican Gov. Dave Heineman in a major upset. Most of the rest are locked in close contests, or else trail far behind their noncongressional opponents. (Two House Democrats running for Senate and governor in Ohio seem to be immune, thanks to the state's fiercely anti-Republican mood).

It is not just the controversies enveloping the GOP-run Congress that have burdened those seeking a political change of address, though they certainly haven't helped. Along with Foley, the Florida Republican who abruptly quit when his explicit messages to teenage House pages were made public, three other GOP members of Congress have been forced to resign

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during the current session, including former Rancho Santa Fe Rep. Randy "Duke" Cunningham, who is serving a federal prison term for bribery.

In Iowa, gubernatorial hopeful Jim Nussle, an eight-term Republican congressman, has had to explain the record deficits run up during his years as chairman of the House Budget Committee. Facing a tough challenge from Democratic Secretary of State Chet Culver, Nussle doesn't talk much about Washington. Instead, he stresses his years as a county prosecutor before being elected to Congress in 1990.

In Wisconsin, Democratic Gov. James Doyle has called attention to the unpopular war in Iraq — unduly politicizing it, critics say — by flying state flags at half-staff for every Wisconsin soldier killed. He has lately pulled ahead of Republican Rep. Mark Green, who voted to support the invasion.

Democrats, too, are facing guilt by political association with Congress, which is suffering its worst approval ratings in more than a decade.

In Maryland, 10-term Democratic Rep. Benjamin L. Cardin has been blistered by his Republican rival, Lt. Gov. Michael Steele, for the 20 years he has spent on Capitol Hill. "What you just watched was the problem of Washington," Steele said in a recent debate. "They run their mouths, but they do not listen."

But the larger weight of woes is being borne by Republicans. There are more of them aspiring to higher office, and — as the party in power — the GOP represents the status quo, which is not a helpful thing in this restive election season. "If you're unhappy, [elevating] a member of Congress is probably not the change you have in mind," said Jennifer Duffy, a nonpartisan analyst with the Cook Political Report.

Even under better circumstances, moving up from the House is rarely easy, said Thad Beyle, a University of North Carolina expert on the nation's governors, who puts the typical election odds at no better than 50-50. That is because most members of Congress represent only a fraction of their state, requiring them — however long they have served on Capitol Hill — to essentially start campaigning from scratch.

Such is the case with Gibbons in Nevada, even though his district — more than 105,000 square miles, stretching from Reno to the edge of this famously sybaritic city — is one of the largest congressional districts in the country.

Las Vegas and Clark County make up roughly 65% of the state electorate and have their own Democratic representative in Congress. For Gibbons, who favors cowboy boots along with his monogrammed French cuffs, that means introducing himself to hundreds of thousands of new voters — not to mention the more than 5,000 new residents arriving here each month. There simply aren't enough hours in the day, he laments, to shake all those hands.

To win statewide, a Republican needs to minimize losses in the Democratic south, perform well in Reno and Washoe County in the north, and run up the vote in "the rurals," as the rest of Nevada's 17 counties are known. To that end, Gibbons has played on long-standing regional resentments, portraying legislator Titus as a Las Vegas politician with little regard for the rest of the state.

Titus has responded by trying to wrap Congress around Gibbons' neck. Her TV ads have assailed "Washington waste," and she attacks Gibbons as a failed lawmaker who has not delivered for the state despite his party's majority status. "He's forgotten about Nevada," she said in an interview.

Titus, who has served 18 years in Carson City, contrasted her record on healthcare, environmental issues and balancing budgets — a requirement under state law — with the red ink and toxic atmosphere on Capitol Hill. "You don't see that kind of partisanship in the Legislature," she said in a Georgia twang that some Nevadans consider a liability.

Gibbons, who served in the Legislature before going to Congress, scoffed at the comparison. "Being in Carson City is like playing slow-pitch softball with your best friends," he said. Working in Washington is like "playing shortstop in a hardball, fast-pitch game in the third game of the World Series."

Though serving in Congress may be nothing to brag about this election season, Gibbons said his ability to perform at both levels should count for something. "I think voters in the state of Nevada are quite smart and they will analyze their needs … and make a choice based on who they think is the best candidate for the job," Gibbons said.

Not, he suggested, on events 2,500 miles away.

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(INFOBOX BELOW)

Up or out

Sixteen House members have sought to move on to a governorship or the U.S. Senate in this year's midterm election.

Fourteen face voters in November:

• Rep. Bob Beauprez, R-Colo., running for governor
• Rep. Sherrod Brown, D-Ohio, running for U.S. Senate
• Rep. Benjamin L. Cardin, D-Md., running for U.S. Senate
• Rep. Jim Davis, D-Fla., running for governor
• Rep. Harold E. Ford Jr., D-Tenn., running for U.S. Senate
• Rep. Jim Gibbons, R-Nev., running for governor
• Rep. Mark Green, R-Wis., running for governor
• Rep. Katherine Harris, R-Fla., running for U.S. Senate
• Rep. Ernest Istook, R-Okla., running for governor
• Rep. Mark Kennedy, R-Minn., running for U.S. Senate
• Rep. Jim Nussle, R-Iowa, running for governor
• Rep. C.L. "Butch" Otter, R-Idaho, running for governor
• Rep. Bernard Sanders, I-Vt., running for U.S. Senate
• Rep. Ted Strickland, D-Ohio, running for governor

Two others were defeated in primaries:

• Rep. Ed Case, D-Hawaii, lost U.S. Senate primary
• Rep. Tom Osborne, R-Neb., lost gubernatorial primary

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Source: Times staff reports

Candidates Taking Aim At Lobbyists (WP)

By Jeffrey H. Birnbaum, Washington Post Staff Writer

The Washington Post, October 15, 2006

The dirtiest word on the campaign trail this year is "lobbyist."

In close contests from Connecticut to California, Republicans and Democrats are attacking each other for getting too close to "special interests" and lobbyists. The accusation, a longtime election staple, is carrying greater heft than usual, election experts agree, thanks to the guilty plea of disgraced lobbyist Jack Abramoff in January and the recent e-mail scandal of former representative Mark Foley (R-Fla.).

"The lobbyist has become the prime caricature for having too much power in Washington," said Evan Tracey of TNS Media Intelligence/CMAG, a nonpartisan research firm that monitors political commercials. "Lobbyists and special interests are the biggest bogeymen of this election."

Candidates and independent organizations have run more than 300 political ads suggesting that the incumbents, the challengers or both have been co-opted by narrow interests or, worse, have actually lobbied. Many more such ads are planned in the tightest House and Senate races.

In one congressional district in eastern Florida, each candidate has tried to lay the taint of lobbying on the other. Rep. E. Clay Shaw Jr. (R) upbraided his Democratic rival, state Sen. Ron Klein, a lawyer, for working as a lobbyist at the local level -- a suggestion that Klein dismissed as "a personal attack." In response, the Democratic Congressional Campaign Committee (DCCC) bought ads accusing Shaw of championing special aid to drug companies in Medicare legislation.

Maryland's Senate contenders, Lt. Gov. Michael S. Steele (R) and Rep. Benjamin L. Cardin (D), have also traded insinuations in TV ads that the other is too sympathetic to "special interests."

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Lobbyists have never been popular, and Democratic leaders have signaled for months that "corruption" would be central to their assault on the GOP. But as ethical misdeeds on Capitol Hill have multiplied, politicians of both parties are betting big that voters will reject candidates who appear to be too involved with professional favor-seekers.

"First there was Abramoff; now there's Foley," said Paul A. Miller, president of the American League of Lobbyists, a lobbyist trade group in the capital. "Corruption has risen to play a major role in this election, and lobbyists are a target."

Allegations of lobbying are as likely to come from Republicans as from Democrats. In the rematch of Rep. Michael E. Sodrel (R-Ind.) and former representative Baron P. Hill (D), Sodrel disparaged Hill for joining a D.C.-based lobbying firm last year rather than returning home after his defeat for reelection. "It speaks volumes about him," said Cam Savage, Sodrel's campaign manager.

Sen. Maria Cantwell (D-Wash.) has been attacked by her Republican opponent for sponsoring more than $11 million in earmarked appropriations for the clients of Ron Dotzauer, a former boyfriend, current campaign adviser and head of a lobbying firm.

"This is a year in which Congress has been rocked by scandal, much of it between members of Congress and lobbyists," said Elliott Bundy, spokesman for Mike McGavick, Cantwell's challenger. "We have discussed how her connections to this lobbyist have affected her official duties."

Democrats berate Republicans for their lobbyist connections with equal vigor. The DCCC put up ads in Arizona against Rep. J.D. Hayworth (R) that charged him with taking more than $4 million in contributions from "lobbyists and special interests." And in California, a group called Americans for Conservation went after Rep. Richard W. Pombo (R) for advocating the sale of public land "after mining lobbyists threw him a fundraiser."

The DCCC also paid for TV ads against Rep. Nancy L. Johnson (R-Conn.) that asked, "When Washington special interests wine and dine Nancy Johnson, what do you think they talk about?" The punch line: "It probably isn't you."

Tracey said dozens of similar ads are playing across the country. Portraying politicians as being in the thrall of unpopular interests, he said, "is an easy catch phrase that seems to work," especially in what is shaping up as a year in which many voters are dissatisfied with the federal government.

Millionaire candidates who are funding their own campaigns are particularly heavy users of the anti-lobbyist theme. Typical is Jim Pederson, the Democratic business executive running for Senate from Arizona. His slogan is "Nobody's Senator But Ours." In one of his commercials he proclaimed: "I'm even willing to finance much of my campaign with my own money to keep my independence from special interests."

Polls suggest that expressing such disdain could be a winning tactic. The latest USA Today-Gallup survey showed that no other issue topped "corruption in government" as Election Day nears: 86 percent of those asked said that corruption will be either important or very important to their decision at the ballot box -- the same percentage that named the Iraq war as important to them.

Democrats have a clear advantage on the issue, according to a Washington Post-ABC News poll this month. When respondents were asked which party they trusted to handle various issues, Democrats led Republicans on ethics by 19 points. The chief reason apparently is that most of the lobbyists and lawmakers caught misbehaving -- including Abramoff and Foley -- are Republicans.

But no one has welcomed an accusation of excessive coziness with lobbies and lobbyists; candidates invariably cry foul for fear of the political fallout. Cantwell's campaign has said the senator was helping her constituents with the controversial earmarks, not Dotzauer. Other lawmakers on the receiving end of such attacks also say the ads overlook the good intentions of their public service.

Lobbyists believe they have been wronged as well. The American League of Lobbyists sent letters and press statements to Republican and Democratic campaign committees complaining that the attacks against it are unfair, and also hypocritical because the parties are constantly leaning on the league for contributions. "If you think we're the biggest problem in the system, return our money," league president Miller said. He said no one has taken up his challenge.

Nonetheless, whenever lobbying becomes an issue in a race, both sides react quickly. In Missouri, Democratic Senate candidate Claire McCaskill aired an ad that inquired about Sen. James M. Talent (R): "What kind of a person takes $280,000

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from oil companies, then gives them $14 billion" in legislated benefits? The National Republican Senatorial Committee shot back that the commercial distorted the senator's "record more than a fun-house mirror ever could."

In Minnesota, both candidates for a House seat have expressed queasiness about the lobbying that was done by a railroad to secure federal loans, including help it received from Sen. John Thune (R-S.D.). During the two years before his election to the Senate in 2004, Thune was paid $220,000 to lobby for the Dakota, Minnesota & Eastern Railroad. As a senator, he proudly championed the railroad's effort to expand a federal program so that it could be eligible for a record $2.3 billion loan to assist its expansion in Minnesota.

In the district that includes Rochester, Minn., Rep. Gil Gutknecht (R) said he is "troubled" by the process that led to the law's change and intends to negotiate the best deal he can for his constituents. His Democratic challenger, Tim Walz, said he wants the law rescinded and has made his opposition a focus of his campaign.

"Lobbyists are writing the legislation that's going through," he charged. "This is a breakdown of government in general, and the people are appalled."

An Ad Takes The Democrats' Campaign Straight To Bush (NYT)

By John M. Broder

The New York Times, October 15, 2006

The September Fund, a new independent group founded by the Democratic operative Harold M. Ickes, produced this 30-second spot. It was first broadcast Thursday on CNN and will be shown in as many as a dozen competitive Congressional districts starting next week.

PRODUCER Jimmy Siegel

THE SCRIPT So what's our exit strategy from Iraq?

Why do our soldiers have to keep dying?

What about affordable health care?

Can't we support stem cell research?

Why did we let down Katrina victims?

Why won't Congress do anything?

Pass a decent minimum wage?

Why are we losing so many jobs to overseas?

(Narrator:)

O.K., it's kind of ridiculous to think you're ever going to get an answer from this (pause) bush.

But it's also kind of ridiculous to think you're going to get an answer (cue a picture of President Bush) from this one.

Text: Demand Answers. Vote for Change.

ON THE SCREEN A succession of Americans are standing in a park posing the questions to a shrub. The handheld camera moves in and out to show the people and the plant. The bush, of course, does not respond to their questions, and they walk away in disgust. The photograph of Mr. Bush makes him seem befuddled.

ACCURACY The advertisement makes no real challengeable claims of fact. It reflects the Democratic critique of the president's policies on Iraq and stem cell research and is critical of the administration's response to Hurricane Katrina. Congress has not acted on several major issues, including immigration and Social Security. The federal minimum wage has not risen in almost a decade.

SCORECARD This is the first advertisement from the group formed by Mr. Ickes, who has said he hopes to raise as much as $20 million to counteract the Republicans' significant financial edge in this election. Mr. Ickes has not said how much he has raised nor has he named his major donors. He has also not revealed what races he plans to single out. While Mr. Bush is not on the ballot anywhere, the September Group hopes to tie Republican candidates across the country to what Democrats claim are the failures of the Bush administration and the Republican-led Congress. The producer, Mr. Siegel, a well-regarded former Madison Avenue advertising executive, has also made commercials for Eliot Spitzer, the Democratic candidate for governor of New York.

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A Gender Insurgency In Politics (WP)

By David S. Broder

The Washington Post, October 15, 2006

Men have been making policy in Washington for as long as most of us can remember. But much of the political future rests in the hands of women.

In the narrowest terms, with Democrats needing 15 seats to capture a majority of the seats in the House of Representatives, there are 17 highly competitive districts with female candidates.

More broadly, much of the voter mobilization effort in both parties -- and their allied groups -- is aimed at women, especially those who normally vote in presidential years but skip the midterm elections.

That this election could result in placing a woman, Nancy Pelosi, in line to be speaker of the House for the first time in history only emphasizes the growing role of women in setting the political course.

Dennis Simon, a Southern Methodist University political scientist who has studied female candidates for Congress, has issued his statistics describing filings for 2006.

He reported last week that women made up 16 percent of the candidates running in this year's congressional primaries, an all-time high and the ninth consecutive election cycle in which that proportion has increased.

The total of 136 women nominated for House seats this year is only one fewer than the record set in 2004. And odds are good, Simon says, that the number of women elected will be higher this year than the 67 in the last Congress.

Of the 65 women seeking reelection -- 42 Democrats and 23 Republicans -- only six are regarded as vulnerable, all from the GOP side. Three of them -- Reps. Marilyn Musgrave of Colorado, Deborah Pryce of Ohio and Heather Wilson of New Mexico -- have female opponents, so the maximum loss of seats held by women would be three.

That contrasts with the 53 races in which women are challenging incumbents and the 18 open seats with female candidates.

One of the most heavily contested open seats, Minnesota's 6th District, has opposing female nominees, Republican Michele Bachmann and Democrat Patty Wetterling.

Overall, more Democratic women are in competitive races than Republican women. There are 39 Democratic challengers to incumbents, compared with 14 Republicans. In the open seats, 12 Democratic women and six Republican women are running. Simon credits the disparity largely to the work of groups such as Emily's List, which recruits and trains pro-abortion-rights Democratic women to run and raises money to support them.

Comparable efforts on the GOP side have been far less extensive or successful, Simon said. Martha Rainville in Vermont may be the Republicans' best hope to capture a seat. She is running for a seat left open when independent Bernard Sanders, who caucuses with the Democrats, decided to seek an open Senate seat.

Democrats have several other challengers in addition to the races already mentioned. Among the potential winners are Lois Murphy, running again after a narrow loss in 2004 in Pennsylvania; Tammy Duckworth, a wounded Iraq war veteran running for an open seat in Illinois; Diane Farrell in Connecticut; Gabrielle Giffords in Arizona; Darcy Burner in Washington; Kirsten Gillibrand in New York and Christine Jennings in Florida. Add Wetterling in Minnesota, Patricia Madrid in New Mexico and Mary Jo Kilroy in Ohio, and it is a formidable lineup of talent, boosting the Democrats' chances of gaining control of the House.

Backing these candidates is a grass-roots effort to draw more women to the polls. A number of groups, both left and right, are engaged in the campaigns. I bumped into one unusual program, sponsored by the AFL-CIO last week, called "Stirring the Pot." Small groups of women, half a dozen to two dozen, met on Tuesday evening for living-room conversations about health care, education and job security and to encourage each other to vote.

I talked to Monique Schmittou, one of 20 women who met for a potluck supper in Canton, Mich. A single mother who has a teenage daughter and cares for an elderly mother, Schmittou recently was laid off from an auto-parts company for which she had worked 10 years.

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Now facing the loss of her health insurance, she joined others in discussing what she calls "a crisis" for many in her community. Before they broke up, they addressed about 250 cards to other Canton women, urging them to vote next month.

It may be that women like these will give the men in power a needed kick in the pants -- to get them moving on the real issues.

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Voters' Allegiances, Ripe For The Picking (NYT)

By David D. Kirkpatrick

The New York Times, October 15, 2006

IN May 1980, the pollster Richard Wirthlin huddled with his presidential candidate, Ronald Reagan, to plot a course through what looked like a daunting landscape for their party. Just over half the country told pollsters that they were Democrats or leaned that way, compared with just 30 percent that said they were Republicans — a gap that had held steady more or less since the New Deal.

The rest is political history. By winning over millions of white working-class Democrats, Mr. Reagan cut that gap in half and ushered in 26 years of Republican dominance at the voting booth.

Now, on the eve of the midterm elections, surveys show mounting impatience with both the war in Iraq and Republican rule. Some political analysts — including Mr. Wirthlin — say they see a chance for a potential Democratic comeback, an opportunity for another historic realignment of the political parties.

"I would not be surprised," Mr. Wirthlin said, noting a small slip in the number of voters who say they lean Republican combined with an unusual spike in the number who reject both major parties.

In recent Harris Interactive polls, the number of respondents who refuse to acknowledge a preference for either party has risen to about 25 percent of the electorate from about 12 percent for most of the last decade.

Much of this increase in independents, he said, is probably accounted for by former Republican voters not quite willing to say they lean Democratic, but also unlikely to turn out this year.

"It is a red flag that Republican politicians need to watch," Mr. Wirthlin said. Although Republicans have long outperformed Democrats at turning out their voters, he added, "this year they may be raking water up a hill."

Dramatic shifts in political allegiance are clear only in retrospect and hard to foresee. The White House strategist Karl Rove long predicted that President George W. Bush would cement a Republican majority that could govern Washington for decades.

On the other side, Ruy Teixeira, a Democratic pollster, and John B. Judis, a liberal journalist, responded with their 2002 book, "The Emerging Democratic Majority," published just months before the Republicans defied history to enlarge their majorities in the midterm elections. There are reasons to consider a Democratic resurgence a long shot. No Democratic presidential candidate has won a clear majority of the national vote since Jimmy Carter in 1976, in the aftermath of Watergate. President Clinton won with pluralities, thanks in part to the third-party candidacy of H. Ross Perot in both elections. And in the first midterm of his presidency, in 1994, Democrats lost decisively in the battle for control of the House, which reflects national political trends more closely than the Senate.

Still, polls showing Democrats poised for big gains this fall in both chambers of Congress are reigniting the debate: Can Democrats crack apart the Reagan coalition of white blue-collar workers, evangelical Protestants, Southerners and chambers of commerce? Or will shifts in population toward the outer suburbs, the South and the West combine with the Democrats' secular, liberal Northeastern image to keep the party a minority in national elections for years to come?

At the heart of the debate is the war in Iraq, which pollsters on both sides agree is the biggest factor propelling Democratic hopes for the fall.

To many analysts, the backlash against the war is an inevitable and transient reaction that could fade when the Republicans pick a new standard-bearer in 2008. John Mark Hansen, a political scientist at the University of Chicago, said every conflict since the Mexican-American War has hurt the president's popularity and cost his party in midterm elections. Even in 1942, less than a year after Pearl Harbor, the Democrats lost 45 seats in the House and 9 in the Senate — during "the good war" and at the start of what turned out to be their party's ascendance.

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Democrats, though, argue that Iraq may be singular. No other fight has been so closely associated with one party or its leader. None has been justified with arguments that crumbled as quickly as the suspicions of weapons of mass destruction or an Iraq-Qaeda tie. And the war's end, for now, remains far out of sight.

"Iraq has the potential to be to the Republican Party on national security what the Depression was to the Republican Party on economics," said Representative Rahm Emanuel, the Illinois Democrat who is chairman of the Democratic Congressional Campaign Committee.

The Democrats' hope is that the war changes the reputations of the two parties in a way that may ultimately lead to remaking their constituencies as well, just as Roosevelt's New Deal formed a lasting bond with union members and urban immigrants. President Johnson's Great Society programs, on the other hand, eventually delivered the South to the Republicans by linking the Democrats to civil rights and liberalism — a gradual shift that reached a sudden tipping point with Mr. Reagan's election. By tarnishing the Republican image of greater competence in foreign affairs, Democrats say, the war could open new inroads for their party among the white working-class voters who have voted Republican since the Reagan days.

White voters without a college degree make up about half the electorate, according to the census. And Democrats have long contended that those voters should be the natural constituency for their party's brand of economic populism.

But the white working class has voted overwhelmingly for Republicans since Reagan. President Bush widened the Republican advantage among such voters from a margin of 17 percentage points in 2000 to 23 percentage points in 2004, according to exit poll data compiled by Mr. Teixeira, a senior fellow at the Century Foundation.

One reason for the Republican edge with those voters, many pollsters say, has been the party's reputation as the one that shares their values, especially those of traditionally religious Christians. But another major factor has been national security. By two to one, voters in 2004 trusted Mr. Bush over his Democratic opponent, Senator John Kerry, to handle terrorist threats. Now, that security edge has all but disappeared. Among white voters with no college education, approval of the president's handling of the war on terrorism had plummeted from a margin of 22 percentage points the summer of 2004 to just 7 percentage points last week, according to a New York Times/CBS News poll.

And the Republican advantage as the party that shares voters' "moral values" declined from 12 percentage points to only 5 points — within the poll's margin of error. (Several polls show that voters also now favor the Democrats to manage the war and the economy.)

"Iraq is the squandering of the national security premium the Republicans have been living on," Mr. Teixeira said. The Republicans' failure at "standing up" to foreign threats, he argued, had diminished their credibility on a whole cluster of "values" issues like "standing up for what is right" as well.

That, he contended, is vindicating his argument for a Democratic ascendance: if the Democrats can cut their margin of defeat among white workers, they can build a durable national majority from their coalition of professionals, women, African-Americans and the fast-growing Hispanic population. Although Mr. Bush's popularity with Hispanics at one time threatened to dislodge them from the Democratic bloc, the Republican moves this year to build a wall along the Mexican border has effectively pushed them back.

"That is fatal," Mr. Teixeira said.

Turning momentary popularity into a more lasting majority, of course, takes more than a midterm election. For one thing, voters typically develop a party preference based on the political atmosphere at the time they come of age and grow more attached to that party over the course of their lives. The voters who came of age in the 1930's, for example, have remained the most solidly Democratic. Fifty-seven percent are Democrats and only 38 percent are Republican, according to the American National Election Study.

Recent surveys and exit polls suggest that the Democrats have regained the upper hand among the young voters who entered the electorate over the last 15 years, and political scientists say dismay at the Iraq war is likely to prolong that trend.

"The longer Bush's approval ratings stay in the mid-30's, the more lost young Republicans there will be in the next generation," said Donald P. Green, a political scientist at Yale. But by the same rule, voters who came of age in the Reagan era are reliably Republican. Voters around the age of 36 are the only age group in which Republicans outnumber Democrats,

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according to 2006 surveys by the Pew Research Center. And it will be decades before they pass through the populace, "like an elephant through a boa constrictor," Professor Hansen said.

The true political consequence of the Iraq war also remains to be seen. American voters may hate wars, but they also favor candidates who take a muscular approach to foreign affairs, Professor Green said. Since the Vietnam-era peace movement, Democrats have had a reputation as peaceniks. It has cost them votes, especially among white working-class men and especially since the Reagan era. Unless Iraq leads to a new caution about military force, the war may not do much to change that.

"The usual card the Democrats would play would be 'get out of war,' " Professor Green said. "That just reinforces it."

Others argue that the travails of the Bush administration will be less transformative than the Democrats hope. "In the Depression, birth rates plunged way down," said Michael Barone, a political analyst. "They stopped having sex. They put their kids to bed hungry. In my opinion, the Iraq war is not that kind of event."

"If the Republicans suffer losses, it is a negative verdict on competence rather than ideology," he continued. "If you look at domestic issues, what are the Democrats talking about? The minimum wage is the first thing they mention, and it is a 1938 law."

Mr. Barone, who is associated with the theory of a lasting Republican majority, argued that essential elements remained unchanged. The party is strongest in the regions with the highest growth rates — the South and West — and it dominates 97 of the 100 fastest growing counties in the country, mostly booming "exurbs" on the outskirts of cities.

And whatever happens in Iraq, little has changed to the Democrats' reputation as the party of secular, elite liberals.

"Next to race, church attendance is the strongest correlation with voting," said Michael Dimock, associate director of the Pew Research Center. "America remains very religious. A lot of people tell us that someone who does not believe in God is not an acceptable candidate for president. Anything but that."

What's more, Democrats will need solutions to capitalize on their opportunity, said Professor Jack Pitney Jr. of Claremont McKenna College.

"Franklin Roosevelt had a clear answer, a very specific program, the New Deal," he said. "Do the Democrats have the same kind of clear answer to Iraq? It is damaging to Republicans, but it is hard to see how it is constructive to Democrats."

Still, Mr. Wirthlin, puzzling at Republican troubles even in a relatively prosperous economy, pointed to Sept. 11.

"Foreign policy took on a different and darker edge with the destruction of the twin towers," Mr. Wirthlin said. "My assumption is that was a mega-event that refocused people politically from 'myself and my neighbor and getting a job' to 'how are we doing in the world?' "

And at the moment that has meant an even greater focus on the war in Iraq, he said, turning what was once the Republicans greatest strength into a major liability.

Allen And Webb In Virtual Tie, Post Poll Says (WP)

By Robert Barnes And Michael D. Shear, Washington Post Staff Writers

The Washington Post, October 15, 2006

Northern Virginia Voters' Views Differ From Rest of Commonwealth

Virginia Sen. George Allen (R) and Democratic challenger James Webb are virtually tied in a race that could shift the balance of power in Washington and which reinforces the differences between Northern Virginia and the rest of the commonwealth, according to a new Washington Post poll.

Allen gets 49 percent, compared with 47 percent for Webb, within the 3 percentage point margin of error for the poll conducted over three days last week. With few respondents saying they are undecided and most seemingly locked in for their candidate, the poll indicates that the candidates' strategies for turning out supporters will be vital and that changes in the national political climate could tilt the outcome.

President Bush's approval rating among Virginians who say they are likely to vote is about the same as it is nationally. But fewer people in the state say their feelings about Bush will influence their Senate vote, compared with the number in a national poll. And in a sign that the greater Democratic enthusiasm seen nationally is also evident in Virginia, the poll finds that fewer of those who say they are certain to vote Nov. 7 identify themselves as Republicans than a year ago.

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The three issues that poll respondents cite most frequently as extremely important -- the situation in Iraq, the war on terrorism and ethics in government -- are all volatile subjects heading into the campaigns' final weeks. The poll shows that Allen has a sizable advantage among those who cite terrorism and that Webb is not doing as well as Democrats nationally in turning the Iraq war and Republican congressional scandals into issues that work for his side.

Northern Virginians are increasingly Democratic -- more distrustful of the war in Iraq and the president and more supportive of Webb than the rest of the state, according to the poll. The region is the economic engine of the commonwealth and the source of much of its growth, and on many issues, its urbanizing and diverse population seems to agree more with the rest of the nation and less with those who live south of the Rappahannock River.

No matter who wins, a race filled with drama and controversy has won unprecedented attention from the electorate. Fifty-two percent of likely voters in the survey say they are following the race "very" closely; the previous high in Post polling goes back to 1989, when 39 percent of Virginians showed high interest in L. Douglas Wilder's bid to become the first black candidate to be elected governor in any state.

Independent Gail Parker receives 2 percent of the support in the poll.

For Webb, the 60-year-old Democratic Party newcomer who launched his campaign eight months ago, the poll provides new evidence that his underfunded, long-shot bid has created one of the country's most competitive races.

"We are extremely encouraged by these numbers," said Webb spokeswoman Kristian Denny Todd. "We've always maintained that the more people learned about the real George Allen, the more they would feel he's wrong for Virginia. We will build upon this momentum, and we know we will win."

But the poll contains plenty of concern for the former Navy secretary and author from Falls Church. Webb owns a solid lead only in Northern Virginia, and his supporters, as a group, are far less enthusiastic about his candidacy than are Allen's voters. One of the selling points for his candidacy was that his military background and service in the Reagan administration would appeal to Republicans, but he does no better among the GOP in the Post poll than Sen. John F. Kerry (D-Mass.) did in the state in the 2004 presidential race.

Allen, 54, can be content that after what might be the most tumultuous campaign any incumbent has seen this election cycle, he still has a bond with Virginians who elected him governor in 1993 and senator in 2000. A strong majority of those in the poll say they think of him as honest, trustworthy and a leader, and 57 percent approve of how he's doing in the Senate.

"We've always known the race was going to be close," said Allen consultant Chris LaCivita. "After being subjected to one of the meanest campaigns of attempted character assassination in the commonwealth's history, we are confident that the people are going to vote on issues. When they vote on issues, Allen wins."

But there are serious doubts about Allen in the poll. The percentage of voters who say they don't like Allen has increased dramatically from a year ago, and 43 percent now say they have an unfavorable opinion of him. By a large margin, independent voters sided with Allen six years ago when he ousted Democratic Sen. Charles S. Robb; this year, he's essentially tied with Webb among that group. And nearly one in five polled say they feel Allen was being intentionally racist when he called an Indian American supporter of Webb "macaca." An additional 44 percent view the comment as racist but say they don't think Allen intended it that way.Dueling Controversies

Allen's remarks might have as much as anything to do with why the race is so close.

His macaca comment caused a national controversy -- the film clips a staple on Youtube.com and his changing explanations a gift to late-night comedians. It was followed by articles charging that as a University of Virginia student in the 1970s, Allen regularly used a racial epithet to describe blacks. Allen denies that.

And he stumbled when answering questions about his previously unacknowledged Jewish ancestry.

Allen responded by putting Webb on the defensive about a 1979 article Webb wrote condemning the idea of women in combat and at the Naval Academy. Webb apologized for the inflammatory language he had used, such as calling the overwhelmingly male dormitory at the academy a "horny woman's dream," but Allen has spent more than $1 million on ads spotlighting the issue because he said it shows a disrespect for women.

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It is unclear from the poll how much those so-called character issues will affect the campaign -- 17 percent say Webb's comments are important to their vote, as opposed to 25 percent who say they feel the same way about Allen's remarks -- but they have given the race a nasty tone.

"I didn't like the way the race has sort of turned to all of these sort of negative things," said Vicki Merkel, 52, a teacher from Vienna who says she will vote for Allen. "Why do people say those things? And why are we digging way into the 1970s anyhow?"

She is among the 64 percent of those polled who say the campaign has been too negative, but voters are split almost evenly about who is to blame. Allen's supporters say the media have been tougher on their candidate, and overall, 36 percent of the respondents say the media have treated Allen unfairly, compared with 19 percent who say the same about Webb.A Plunge in Popularity

Allen was once one of the commonwealth's most popular politicians. But now Gov. Timothy M. Kaine (D) and the state's senior senator, John W. Warner (R), have much better favorability ratings, as does former governor Mark R. Warner (D).

Allen's favorable rating in Post polls of likely voters has plunged from 63 percent last fall to 53 percent today, and his unfavorable numbers have increased from 31 percent to 43 percent. Fifty-three percent of those polled have a favorable opinion of Webb; 37 percent have an unfavorable opinion And although Allen refuses to promise he would serve out his six-year term instead of trying for the presidency in 2008, the poll shows Virginians are opposed to the idea.

By a margin of 56 percent to 35 percent, poll respondents say they don't think Allen would make a good president, including 20 percent of those who say they will vote for his reelection.

But Allen's supporters appear loyal in other ways. Although Republicans nationally worry that their base might be turned off, 43 percent of Allen's voters say they are "very" enthusiastic about his Senate campaign, as opposed to 25 percent of Webb's.

"I just like the way he talks," said John Sullivan, 79, retired from the Navy and living in Loudoun County. "He's very forthright about things and conservative, which I am."

Apart from Northern Virginia, Allen is well thought of throughout the state, the poll shows, and voters say he's doing a good job. And on issues, he has several significant advantages.

Among those who say the U.S. campaign against terrorism is extremely important in their decision, two-thirds favor Allen. By contrast, voters who say the war in Iraq is extremely important split their votes evenly between Allen and Webb, who made his opposition to the war a cornerstone of his campaign. The same is true for those who cite "ethics in government" as a top concern.

Allen has a similar lead among those who consider taxes extremely important -- he has spent a considerable amount of money on advertisements saying that Webb would vote to roll back tax cuts -- and among those who say immigration is extremely important to their decision.

In addition, the poll shows that Allen does not suffer from the gender gap that has afflicted other Republican candidates in the past. In every Virginia election for the past decade, Democratic candidates for governor and Senate have held leads among women. But 49 percent of the women polled say they would vote for Allen, compared with 47 percent for Webb.

Webb is struggling with women more than previous Democrats have. In 2005, Kaine led among likely women voters by nine points in late polls, and former governor Warner had a double-digit lead among women going into Election Day.A Leap From Unknown

Perhaps the most positive news for Webb in the poll is the tightness of the race, considering that he was largely unknown even in late spring and that Allen spent about $9.5 million on his reelection, compared with Webb's $2 million.

On personal characteristics such as honesty, family values and leadership, Webb scores nearly as highly as Allen, who has been a fixture in Virginia politics for 25 years. More people say Webb would "stand up for issues important to African Americans" than would Allen, and more say Webb is "tolerant of the points of view of all Virginians."

Still, Webb supporters speak more of what he stands for than the man himself. Jeanette Wiltse, 64, a retired consultant from Arlington County, said she thinks Allen has done "all right" and she doesn't know very much about Webb. But she's voting for him.

"First thing is, he's a Democrat," Wiltse said. "I'm absolutely fed up with this administration. I think the war is a large part of it. I think Bush has basically trashed our foreign relations."

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But according to the poll, Webb has not been able to persuade enough women like Wiltse to join his cause, even though only 39 percent of women say the war in Iraq was worth fighting.

On the plus side for Webb, he's also splitting the male vote, which traditionally has gone for Republican candidates. Webb has hoped his status as a decorated veteran would help with the large portion of the Virginia population that has served in the military. About 25 percent say Webb's background would make them more likely to vote for him.The Northern Va. Factor

Webb would win handily if the election took place only in Northern Virginia, claiming 56 percent of the vote there to Allen's 42 percent, the poll shows. But Allen would win easily in the rest of the state, besting Webb by almost 10 points.

"I would prefer to tilt the balance to the Democrats in the Senate and get the war over," said Elizabeth Barclay, 55, a Fairfax County lawyer.

And the differences are particularly striking among men: Webb's 18-point lead among males in Northern Virginia turns into a 12-point deficit in the rest of the state.

The views of Northern Virginians are similar to those of the rest of the nation this political year, according to the poll.

When it comes to the war in Iraq, Northern Virginians say it was not worth fighting by almost a two to one margin -- just as strongly as the rest of the nation. Commonwealth residents outside Northern Virginia are evenly split on whether the war should have been fought.

Polling director Jon Cohen and database editor Dan Keating contributed to this report.

Klobuchar Still Leads Big Over Kennedy (MINNST)

By Kevin Diaz, Rob Hotakainen

Minneapolis Star Tribune, October 15, 2006

Patricia Lopez, Kevin Diaz and Rob Hotakainen DFL Senate candidate Amy Klobuchar continues to hold a substantial lead over her GOP rival Mark Kennedy, according to the latest Minnesota Poll, and there are signs that national Republican leaders are now turning their focus to other Senate campaigns.

The poll shows Klobuchar with 55 percent to Kennedy's 34 percent, a margin that is nearly the same as it was in September.

Kennedy's campaign challenged the poll results, as it has with every Minnesota Poll on the Senate race.

"No one believes these numbers," said Heidi Frederickson, a Kennedy campaign spokeswoman. "This is a single-digit race. We know it, the Democrats know it and Minnesotans know it."

Klobuchar campaign manager Ben Goldfarb said the race will "ultimately be very close, but it's clear that Minnesotans are tired of Congressman Kennedy's outrageous negative attacks and continue to respond to Amy Klobuchar's positive vision for change."

The two candidates will debate today on NBC's "Meet the Press."

The poll, conducted from Oct. 6 to Wednesday with 818 likely voters, has a margin of sampling error of plus or minus 3.4 percentage points. A Rasmussen poll conducted earlier this month also showed a double-digit lead for Klobuchar.

The latest Minnesota Poll suggests that voter choices in the Senate race are turning mostly on national issues such as the Iraq war and President Bush's 61 percent job disapproval rating in the state, the highest he has had.

Those results appear to be hurting Kennedy, a three-term congressman representing Minnesota's Sixth District who has been politically close to Bush and supports the war.

The poll shows that 50 percent of independents and 62 percent of moderates favor Klobuchar, compared with 29 percent and 24 percent respectively for Kennedy.

"We see this nationally," said Steven Smith, a political scientist and congressional expert at Washington University in St. Louis. "Independents and moderates in particular are looking for a change."

Divided over strategy

As part of its attempt to maintain control of the Senate, the Republican National Committee (RNC) and the National Republican Senatorial Campaign (NRSC) have begun focusing most of their television advertising on close contests for Republican-held seats in Ohio, Tennessee and Missouri, according to the latest federal campaign spending reports.

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The strategy is angering some Minnesota Republicans, who say it's wrong for the party to abandon Kennedy, a candidate once regarded as the GOP's best bet to pick up a Senate seat.

"In reflects an incumbent- protection mentality," said Gary Miller, who runs a pro-Kennedy website called Kennedy vs. the Machine. "It's disappointing."

Others say they fear that a lack of interest in Minnesota by the national party could depress voter turnout and hurt Republican Gov. Tim Pawlenty and others involved in close races. But to many GOP leaders, it's a simply a matter of national strategy; resources are tied up in other states.

"What's going on is we've got a couple of pitched battles with incumbents that will decide whether the Senate changes hands," said Sen. Norm Coleman, R-Minn. "It's not a reflection of this race."

The NRSC has yet to make a TV ad buy for Kennedy.

By comparison, Coleman said, the national party pumped more than $5 million into his 2002 Senate bid, when he squared off first with the late Sen. Paul Wellstone, and then Democratic legend Walter Mondale.

Kennedy campaign officials scoffed at any suggestion that the NRSC has abandoned their race.

"They're being very helpful," Frederickson said. "They're going to send in a bunch of people to do [last] 72-hour get-out-the vote efforts. We're in daily contact with them. ... The idea that they've abandoned us is utterly false."

State GOP leaders certainly have not given up on Kennedy. Coleman, for example, has given $100,000 from his own campaign fund to help get out the vote in Minnesota.

Party activists say that will be their focus in the remaining three weeks of the campaign. "My message to our folks is this is a winnable race, and to stay involved" Coleman said. "I'll continue to make that pitch to my colleagues in the NRSC."

On the attack

Kennedy's standing in polls has prompted him in recent weeks to go on the attack against Klobuchar with negative ads that, according to the Minnesota Poll, have hurt his standing with voters and made some of them more likely to vote for Klobuchar. Kennedy is now viewed negatively by 44 percent of voters, the poll shows, compared with Klobuchar's 25 percent negative rating.

Lifelong Republican Marvel Carstenbrock, 79, of Austin, Minn., said she plans to break ranks and vote for Klobuchar, although she also supports Pawlenty for governor. "I like that Amy Klobuchar," Carstenbrock said. "She's a good gal. She seems like she'll work hard." As for Kennedy, she said, "I am sick of that guy and his negative commercials. I wish he would just say what he wants to do."

The poll also shows that Klobuchar has a huge gender gap working in her favor -- 60 percent of women support here compared with 28 percent for Kennedy. She is running strongly in the metro area and outstate Minnesota. And on a list of a half-dozen indicators, Klobuchar is seen by more voters as a stronger leader and more independent thinker, with a well-defined agenda.

The poll numbers indicate that Kennedy is doing better than he had been in recent weeks locking up his conservative base, with strong support coming from voters such as Dwight Hicks, 53, a maintenance worker in Anoka County.

"I like the Republican Party's direction in general," Hicks said. "What's most important to me about Kennedy is that he's a Republican. I just agree with Republicans."

Still, that progress has been slow and Klobuchar is doing better among Democrats and liberals than Kennedy is doing with conservatives and Republicans. Klobuchar also is continuing to demonstrate significant crossover appeal, picking up a fifth of conservatives and nearly 1 in 10 Republicans.

Her support among high-wage earners also tops 50 percent even though she has pledged to roll back Bush tax cuts on those earning more than $300,000.

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Tacit Silence On Stem Cell Research In Missouri Race (NYT)

By Susan Saulny

The New York Times, October 15, 2006

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KIRKSVILLE, Mo. — Over cocktails one recent Monday night at a Democratic fund-raiser in New York, Claire McCaskill, the Democratic Senate candidate in Missouri, played up her support for stem cell research.

But at a campaign appearance here in rural and largely conservative Kirksville, Ms. McCaskill never mentioned the subject.

Similarly, her Republican opponent, Senator Jim Talent, came out against a statewide ballot measure on stem cell research at the strong urging of conservative Christians. But when Mr. Talent recently addressed an electricians' trade group at a resort on the Lake of the Ozarks, he did not speak of his opposition.

Just a few months ago, the Missouri stem cell research initiative on the November ballot was a defining issue of the campaign, as both candidates tried to firm up support among the party faithful in one of the tightest Senate races in the country. But now, as Mr. Talent and Ms. McCaskill reach beyond their traditional bases, the emotionally charged ballot measure — which would allow the research and possibly provide state financing for it — is almost too hot to touch.

In a race that appears to be a dead heat, the result has been an odd sort of mutual quietness, where the opposing camps seem to agree that the less said on the stump about stem cell research, the better.

"I've urged everyone to make those decisions on their own," Mr. Talent said after the speech to the electricians, in Osage Beach, Mo., when asked about the ballot measure. "I've tried not to make it political."

Ms. McCaskill denied shying from the issue but acknowledged it was not part of her standard campaign speech.

"It's not that I'm ignoring it, but the stem cell issue usually comes up in the context of question and answer," she said after a debate in Clayton, Mo. "People are confused and want to talk about it."

The truth of the matter, campaign analysts say, is that Mr. Talent and Ms. McCaskill are battling over a tiny percentage of undecided voters and dare not risk offending them by drawing attention to such a polarizing issue.

The race here is one of six nationwide in which Democrats see the possibility of picking up a Republican seat to win control of the Senate; as such, there is little margin for error for either party. Even in a recent national television appearance on MSNBC, when the two candidates were asked about stem cell research, Mr. Talent and Ms. McCaskill were measured in their responses, and careful to use language that would not offend.

Robert Hunt Sprinkle, the editor in chief of Politics and the Life Sciences, a journal edited at the University of Maryland, has tracked how the stem cell research issue has figured in elections nationwide. Mr. Sprinkle said it was "quite sensible" that the two candidates in Missouri had backed away from "defending a view on a topic of arcane technological content" in a close campaign.

"This is a debate that is entered at one's peril in the campaign context, when a sound bite is removed for analysis," he said. "These are very treacherous waters."

The dynamic is markedly different in several other states, where Democratic candidates have made stem cell research a bigger part of their campaigns, in part because of evidence of broad public support for the research in those states and because of the wedge it sometimes drives between far-right and moderate Republicans.

In Wisconsin, the incumbent Democratic governor, James E. Doyle, has made his steady support of all permissible forms of stem cell research almost a daily mantra in his race against Representative Mark Green, a Republican who favors setting stricter limits.

In the Maryland race for the Senate, Lt. Gov. Michael Steele, a Republican, is running against Representative Benjamin L. Cardin, a Democrat who has tailored his message to two main themes: the war in Iraq and his support for stem cell research.

"Ben Cardin is doing what I expected Claire McCaskill to do, which is bring it up," said Trevor Parry-Giles, an associate professor of political communication at the University of Maryland. "It might be one of those issues that plays better on the coasts for Democrats, but Republicans face a tougher road on this one because they need moderate independent voters."

In Missouri, Mr. Talent has found himself tripping over the Republican divide.

Some more moderate Republicans, including Gov. Matt Blunt and John C. Danforth, the former United States senator, are backing the stem cell research referendum, while more conservative legislators, including Representative Todd Akin, are speaking out against it, particularly to Christian congregations.

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At first, Mr. Talent chose to steer clear of the issue, hesitating to take a position on the ballot measure before relenting under pressure from Christian conservatives. The senator had already angered many conservatives by removing his name from a Senate bill opposed to cloning, so there was some bridge-building to be done.

"This is a difficult issue," Mr. Talent said in an interview. "It comes up a fair amount, but I've been talking about my priorities and what they're going to be. Generally, I've focused on what I've done."

And as of late, Ms. McCaskill has made that task easier for Mr. Talent by also sidestepping the stem cell debate. Like many Democrats facing off against incumbent Republicans, Ms. McCaskill, the Missouri state auditor, has highlighted Mr. Talent's close association with an unpopular White House and pressed national issues like security, the war in Iraq, taxes and health care.

"He agrees with President Bush more than I agree with my husband," Ms. McCaskill said of Mr. Talent in an interview. "I think it's very hard for Missourians to accept that he's an agent of change. In contrast, I have very independent branding."

The largest group in the state promoting stem cell research, the Missouri Coalition for Lifesaving Cures, which is responsible for putting the initiative on the ballot, has steered clear of questions about the Senate race because of its nonpartisan stance.

The group's chairman, Donn Rubin, said it was trying to pitch a large tent.

"Our initiative is supported by many denominations, Christian and other, who believe in this research as a means to alleviate suffering," Mr. Rubin said. "Anyone of us could be a patient tomorrow and we all have a stake in seeing this amendment pass."

If the measure were to pass — and polls indicate that a majority of Missourians support it — Missouri would join California as the only states to include the right to perform stem cell research in its state constitution. But unlike the California measure, which designated billions of dollars for the research, the Missouri amendment does not include a commitment to financing. (It does not bar the possibility of it, however.)

The ballot measure would guarantee that any stem cell research that is legal under federal law could be performed in Missouri. Mr. Rubin said the coalition sought to get the issue on the ballot in direct response to efforts for years by conservative lawmakers to ban the cloning procedure involved in some forms of the research.

In the most controversial form of stem cell research, embryos are cloned and their stem cells are removed. This practice has ignited the political debate about whether life is being destroyed.

"This is the big one, this is the biggest pro-life issue voters have ever been confronted with," said Pam Fichter, the president of Missouri Right to Life. "This is the people deciding whether they want to enshrine in the constitution the right to clone and kill human embryos."

Given the void in the discourse at the candidates' level, many voters have been left to sort through a barrage of advertisements financed by independent groups. On billboards, on the radio and on television, the proposed amendment has been dubbed the "kill bill" by anti-abortion groups and conservative Christians. Advocates for the measure equate its passing with the guarantee of lifesaving cures.

Meanwhile, the Senate candidates continue to look for swing voters. Ms. McCaskill is working long hours to shore up her standing in the state's rural counties, where weak support from conservative voters contributed to her narrow defeat in the governor's race in 2004 and where opposition to the stem cell initiative tends to be strong. At the same time, Mr. Talent is trying to win the support of more liberal voters in urban areas, where his conservative views on stem cell research generally are not well received.

"They're raiding the traditional backyard of the other," said Professor Lana Stein, who heads the political science department at the University of Missouri, St. Louis.

Low-Key Democrat Leads High-Stakes Senate Race (WP)

By David Finkel, Washington Post Staff Writer

The Washington Post, October 15, 2006

Social Conservative Bob Casey Is an Unlikely Party Hero

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READING, Pa. -- For Bob Casey Jr., it was one of the good days in his campaign to send Sen. Rick Santorum (R-Pa.) into political obscurity. Morning brought word of a new poll showing him with a 12-point lead over Santorum, who is the third most powerful Republican in the Senate, and evening brought an adoring audience to a fundraiser here in a private home, where Casey said with growing confidence, "I really believe this race is about America."

His voice, in contrast to the high-pitched, battle-ready aggressiveness that is in Santorum's, was polite as he criticized his opponent and President Bush, touched upon his Catholic upbringing and discussed his work as a Jesuit volunteer in inner-city Philadelphia. "In the life of a middle-class family, things are not going all that well," he said several weeks ago to the middle-class crowd, and as he went on, his quiet words blended with the cricket chirps coming through the open windows.

When Casey was done talking, the next sounds included scribbling pens and checks being torn out of checkbooks because of what Democrats say this race means: A Casey victory would not only topple one of America's best-known conservatives but would also enhance the Democrats' prospects of winning control of the Senate.

The Democrats need to pick up six seats to take control of the Senate, and Pennsylvania has become one of their best hopes. Emboldened by polls showing widespread discontent with the GOP-controlled Congress, Democrats vow a fundamental reordering of domestic and foreign policy if their party sweeps to victory in the Senate and House on Nov. 7.

In going after a high-ranking Senate Republican, Democrats picked someone well suited for the role: the state treasurer and a member of one of Pennsylvania's best-known political families, who has strong conservative views on social issues, a liberal economic philosophy and opposition to the war in Iraq. Casey is against abortion and gun control, and he agrees with the current federal policy that limits embryonic stem cell research -- all positions that have inoculated him against attacks from the right.

Sen. Charles E. Schumer (N.Y.), the chairman of the Democratic Senatorial Campaign Committee, was so eager to recruit Casey that he and Gov. Edward G. Rendell (D) forced former state treasurer Barbara Hafer out of the race. That move rankled many liberal Democrats because of Hafer's support of abortion rights, but Schumer viewed Casey as the only candidate who could beat Santorum.

Since formally announcing his candidacy in March 2005, Casey has held a steady lead over Santorum in the polls. Yet even as he appears on the verge of a victory with national implications, many in his state and throughout the country know little about his background. Casey, 46, gives new meaning to political humility, and he discourages attention to his personal life or comparisons to his father, the late Robert P. Casey, a former governor.

"When a good politician walks in the room, even if you don't see him, you know it. The oxygen is sucked out of the room," said David Paul, a financial adviser in the Philadelphia suburbs and a Casey supporter. "When Casey comes in, you really don't know he's there. Whatever people were talking about, they just keep talking."

G. Terry Madonna, a Pennsylvania pollster, said, "If you ask people 'Who is Bob Casey Jr.?' their answer would be 'Well, I think he's a public official whose father was governor.' " Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College, added, "They will not have a real specific sense about who he is."

Casey, when asked to talk about himself during a recent interview, replied, "Yeah, gosh, let's talk about public policy for a while."

Casey's father was a dominant figure in Pennsylvania. As a youth, he was a gifted athlete who turned down a tryout with the Philadelphia Phillies to accept a college basketball scholarship. After college and law school, he won his first election, becoming the state's auditor general, and made three unsuccessful bids for governor before finally winning in 1986. His two terms were notable for advances in welfare reform and health care for women and children. He was also a staunch foe of abortion.

The governor was barred from speaking at the 1992 Democratic National Convention in part because of his un-Democrat-like opposition to abortion. He was also the defendant in a U.S. Supreme Court case that year called Planned Parenthood of Southeastern Pennsylvania v. Casey, which challenged Pennsylvania restrictions on abortion and, to the dismay of abortion proponents, led to a redefining of fetal viability.

Casey's eldest son, Bob, followed in his footsteps, graduating from the College of the Holy Cross and obtaining a law degree from Catholic University before entering politics and winning his first of two terms as state auditor general in 1996. Casey

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ran for governor in 2002 but lost to Rendell in the Democratic primary. In 2004, he ran against a little-known opponent and won the post of state treasurer with 3.3 million votes -- more votes than any other candidate for a statewide office in Pennsylvania history.

Being treasurer, Casey recalled recently, was the perfect reflection of why he got into politics -- not because of personal ambition, he said, but because of his notion of public service. Since his childhood in Scranton, he said, that's what his father and mother emphasized. "I don't remember my parents ever giving us a noblesse oblige speech," he said. Rather, he learned through everyday examples, especially from his father.

As a state official, Casey proved to be a traditional Democrat on most issues, but, like his father, he was an ardent foe of abortion.

So when the party that had kept his father from speaking in 1992 began courting him in late 2004 to run against Santorum, he had a conversation with one of his brothers.

"Isn't this interesting?" is the way that conversation went, Chris Casey said. "Isn't this ironic?"

Casey's sister Margi McGrath commented on why the national party sought out her brother: "It's not because they love him. He's not their tailor-made candidate."

Yet within days of his election as state treasurer, the Democrats were contacting him about running against Santorum.

Santorum, a former House member, first won election to the Senate in 1994 with 1.7 million votes, which was just under 50 percent of the popular vote. He was reelected in 2000 with 2.4 million votes, or 53 percent, and he became a prominent and polarizing conservative figure in the Senate.

Whatever the reason for the courtship, Casey didn't say yes immediately.

"He was agonizing about it," said McGrath.

Casey recounted a conversation with his wife: " 'You've got to think about this,' " he said she told him. "And I said, 'I'm going to think about it, very seriously.' And she said, 'But you've got to really think about this,' and these weren't her words, but basically she was saying, 'You can win this race, you can defeat him, and I'm not sure anyone else can.' And that weighed heavily on me because I knew, to be blunt about it, if I didn't run, he'd probably be reelected. And maybe easily."

For three months, Casey worked the angles, thinking about the implications of winning and of losing and his often-stated desire to become Pennsylvania's governor. He finally agreed, he said, because "you can make a tremendous contribution as a U.S. senator on issues I care about, like health care and like building an economy."

"But also I was influenced by the idea that sometimes you've got to stop what's going on, and you may be the only person that can do that," he said.

By midsummer of this year, Santorum had raised substantially more money than Casey -- $17.2 million to $10.8 million -- much of it going toward advertising that has portrayed Casey as a ladder climber, a candidate with only the vaguest positions, and, in an attempt to convey that he is not the same Casey as his father, "Bobby."

"What you heard from Mr. Casey is what you hear all the time. No specifics," Santorum said when the two debated on "Meet the Press" in early September. Casey, however, who was anything but docile in the debate -- sometimes interrupting Santorum, sometimes correcting him, sometimes mocking him -- was well ahead in the polls at that point.

He has been leading in the polls since spring. The only blip in a steady stream of successes came in a poll a few weeks ago, which showed that unfavorable reactions to him had risen from 13 percent in May to 22 percent in September as Santorum ramped up his attacks. "Santorum, at the moment, is defining Casey better than Casey is defining himself," said Madonna, the pollster.

What the poll also showed, however, is that the race is far less about Casey than about Santorum. Nearly 30 percent of likely Casey voters said they support him mainly because he's not Santorum -- "a pretty high percentage," Madonna said. And as Santorum's unfavorable rating has climbed from 26 percent when Casey entered the race to 37 percent in September, the Casey campaign has seemed content to remain low key, letting Casey be defined less by who he is than by who he is not.

As McGrath said, when asked who her brother is: "He's not a polarizing figure."

Who is he, though?

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At a second campaign stop in Reading, this one with union workers at a small hotel, Kathy Quimby watched Casey come in.

"Wasn't his father in politics?" she asked, trying to figure out where she had heard Casey's name.

Quimby, who works at the hotel, watched as the candidate went around the room, shaking hands and speaking in an even voice about what is wrong and right in the country.

Chalk up another vote against Santorum: "He seems like a nice guy," she said.

The New York Senate Race (NYT)

The New York Times, October 15, 2006

Hillary Clinton is running in a phantom race for the Senate, pitted against an unknown, unqualified opponent. In the unlikely event that New Yorkers ever learn what John Spencer's views are, most would find them far too conservative. It's a measure of the haplessness of Mr. Spencer's campaign that the Republican nominee has been dogged by rumors that his real aim is to prepare the ground for an attempt to regain his old job as mayor of Yonkers.

It would be easy to endorse Hillary Clinton for a second term even if she had a far more credible opponent. Mrs. Clinton has been an excellent senator — hard-working and in close touch with her state. We have been particularly impressed by her focus on the neglected "first suburbs" of aging housing and decaying infrastructure. As a Democrat, she has a limited ability to influence legislation, but she has taken a lead in forming the debate on a number of issues of substance. Her bill aimed at fixing the mechanics of voting set the standard for election reform legislation.

Watching Mrs. Clinton do her job, we have been impressed by her mastery of even the most obscure details of New York's problems. Her ability to work with Republicans has been a pleasant surprise. She has won the genuine respect of most of her colleagues in Washington, and she seems to have found a forum in which her lifelong wonkishness can be put to good use. It seems as if in the Senate, Mrs. Clinton has found her true calling.

The puzzle of this campaign is that she might not consider that a compliment.

Mrs. Clinton's intention to be a candidate for president in 2008, though unannounced, is hardly a secret. And the Republicans' failure to field a candidate of substance has allowed her to spend this fall running against George Bush. So far, the voters do not seem to mind. The idea that Hillary Clinton wants to desert New York two years into her next term has been the centerpiece of Mr. Spencer's campaign, to little avail.

We enthusiastically endorse Mrs. Clinton for re-election, while watching with interest to see if she can convince the country that she has as much aptitude for the presidency as she does for her current job. Her extraordinary discipline might help her to avoid mistakes during a presidential campaign, to run a race that will not center on some symbolic slip-up. But can she conjure up a vision of the future for a nation desperately in need of inspiration and real leadership? Can she speak to the great issues of the day directly, without carefully trimming every sentence to steer clear of controversy?

The real question is not whether she can turn in continued good performance in the Senate, or even whether she can run a smart campaign for president. It is whether she can put some great idea ahead of her own political upward mobility, whether there is a cause so important to her that she will risk her political security for it. We are waiting for a profile-in-courage moment, a sign that she is something more than a very competent politician. Meanwhile, we endorse Hillary Clinton for another six years in the Senate.

GOP All But Cedes The Race To Feinstein (LAT)

By Scott Martelle, Times Staff Writer

The Los Angeles Times, October 15, 2006

The Republican candidate for one of California's two seats in the Senate — potentially one of the most powerful legislative positions in the country — walked alone into a banquet room at the Pomona Valley Mining Co. restaurant on a recent morning and looked around.

The regular meeting of the California Federation of Republican Women, Southern Division, was underway, and the candidate, Dick Mountjoy, portly beneath a shock of white hair, stood mostly unnoticed. As a woman at the head table talked of

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plans for an upcoming convention, Mountjoy slipped small stacks of pamphlets and bumper stickers from the pockets of his cream-colored jacket and placed them on the registration table.

There was no entourage. No scheduler clicking away on a Blackberry or campaign handler whispering into a cellphone. Just Mountjoy, a former state senator from nearby Monrovia and self-described "biblical constitutionalist," here to talk to the Republican faithful about his campaign to unseat incumbent Democrat Dianne Feinstein.

David had it easier against Goliath.

During a national election cycle marked by a bitter fight for control of the Senate and the House of Representatives, the campaign for California's senior Senate seat has the feel of a foregone conclusion as Feinstein, one of the state's most popular vote-getters, holds a commanding lead among likely voters in the race.

"Mountjoy doesn't have the reach in the Republican Party or the name identification or the appeal to moderates that Feinstein has with Democrats," said Terry Christensen, a political analyst at San Jose State. The Republican Party "knows it, and they're not spending money on it. So it's partly Feinstein's strength and partly the California Republican Party's weakness," Christensen said.

And few people seem to know who Mountjoy is, despite his role as one of the architects of 1994's Proposition 187, which would have made it illegal for undocumented immigrants to receive many government benefits. Mountjoy's 29% support among all registered voters in the most recent Los Angeles Times poll is less than the 34% of state voters enrolled as Republicans. And in a July Field poll — one of the last to ask the question — 62% of voters said they did not know enough about Mountjoy to have an opinion about him.

Little has changed since then. Feinstein entered the late-summer push with more than $8 million in the bank to Mountjoy's $21,000, making it likely that this will be the second California race in a row for the Senate in which the Republican challenger was unable to air crucial television ads in the final weeks of the campaign.

The next financial reports aren't due until today, but even Republicans seem to have given up. The National Republican Senatorial Campaign Committee — a key funding and organizing tool for Republican Senate incumbents and hopefuls — doesn't even list Mountjoy as a candidate on its website. To add insult to injury, where his face and biography should be posted, the website lists Barbara Boxer, a red flag for Republican bulls.

Which is fitting, since this lopsided matchup has its roots in Boxer's 58%-38% reelection two years ago over former California Secretary of State Bill Jones.

"The conventional wisdom is that Boxer is not as strong politically as Feinstein, and if Boxer could win in a walk, then the Feinstein race would be that much easier," said Jack Pitney, a political analyst at Claremont McKenna College and a former Republican official.

"Feinstein's advantage fed on itself. She went into the election a heavy favorite, and that deterred more credible candidates from getting in the race. From the Republican perspective, it's a vicious cycle. People don't think he can win, so they don't give him support, which makes it less likely he will win."

So why would a politician willingly enter such a race?

"The biggest upside is low expectations — nobody expects him to do anything," Pitney said. "If he can crack 40%, he can claim a moral victory. But it's more about him doing his duty for the party. Major parties ought to nominate somebody to run against an incumbent, even if the outcome looks like a foregone conclusion. He's performing a service for textbook democracy."

Mountjoy insists that he is running to win and hopes that a strong Republican turnout and weak Democratic showing on election day will trump the early polls and overwhelming disparity in campaign budgets.

"We don't have a lot of money, but we have enough to get our message out, and that's all we need to do," Mountjoy said. "We don't try to match her money, just outdo her with the issues."

Mountjoy's platform embraces such boilerplate conservative issues as increased border security with Mexico, no amnesty for illegal immigrants, support for the war in Iraq, elimination of unspecified government waste, a stronger military and enhanced property rights. He also opposes abortion, even in cases of incest or rape, and gay marriage.

"America is at a crossroads," said Mountjoy, who lists the Bible and the U.S. Constitution as his two guiding texts. "We've got to turn America around. We are quickly slipping into a moral decay that is unprecedented, and I for one say it has got to stop."

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Feinstein's positions are just as reliably moderate-liberal as Mountjoy's are conservative.

She advocates a "humane" approach to stemming illegal immigration; a "structured downsizing" of the U.S. military presence in Iraq and Donald H. Rumsfeld's ouster as Defense secretary; a more collegial approach to foreign policy; and a heightened fight against global warming. She supports abortion rights and civil unions for gays.

As for campaigning, don't expect to see much of Feinstein on the stump beyond a few town hall-style meetings and what campaign manager Kam Kuwata referred to as "Washington report lunches" — part of her regimen for keeping in touch with constituents.

"Sen. Feinstein has focused her time on doing what she's been doing all along — doing her job well," Kuwata said. "Why tinker with something people appreciate?"

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Begin text of infobox

Dianne Feinstein

Party: Democrat

Occupation: U.S. senator since 1992. Mayor of San Francisco from 1978 to 1988; member, San Francisco Board of Supervisors, 1970 to 1978.

Age: 73; born in San Francisco.

Residence: San Francisco

Personal: Married; one child, three stepchildren, five grandchildren.

Education: Bachelor's degree from Stanford University.

Career highlights: Former mayor of San Francisco, she first won election to the U.S. Senate in 1992 in the wake of the controversial appointment of Clarence Thomas to the U.S. Supreme Court, when she and Barbara Boxer made California the first state to have two women elected to the Senate at the same time. Feinstein has established a reputation as a liberal-moderate. Serves on the Judiciary, Appropriations, Energy and Natural Resources committees, and the Select Committee on Intelligence. Backed legislation protecting more than 7 million acres of California desert and dealing with other environmental issues; backed creation of a director of national intelligence; helped establish rights for victims of violent crime, and wrote the 1994 bill banning assault weapons.

Platform: Calls for a "change in direction in Iraq"; a more collegial relationship with allies on foreign policy; securing the border but also adopting a "humane approach" to undocumented immigrants already in the U.S.; aggressively working to reduce global warming; supports stem cell research; opposes further development of nuclear weapons by the U.S.; and calls for appointment of "mainstream judges" to the federal bench.

On the Issues

Iraq: Says Defense Secretary Donald H. Rumsfeld should be replaced. Supports development of a timeline and exit strategy that would significantly reduce the presence of U.S. troops by the end of 2007.

Immigration/border: Supports increasing the number of Border Patrol agents and Port of Entry inspectors. Says illegal immigrants should be put on a path to citizenship if they can prove they have been law-abiding, have worked and will continue to work, pay a fine and all back taxes and learn English.

Environment: Wants to raise average fuel economy on all vehicles by 10 miles per gallon by 2017, reduce greenhouse emissions by 10% or more by 2025.

Abortion: Supports abortion rights.

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Richard Mountjoy

Party: Republican

Occupation: Owner of a construction company before entering politics in 1968. A former state legislator, now active in pushing an initiative to deny most government benefits to illegal immigrants.

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Age: 74; born in Los Angeles. Residence: Monrovia

Personal: Married; three children, six grandchildren and two great-grandchildren.

Education: Monrovia-Arcadia- Duarte High School

Career highlights: One of the architects of Proposition 187, which denied most government benefits to illegal immigrants. The measure was overturned by the courts, and the administration of then-Gov. Gray Davis declined to appeal. Also was instrumental in legislation that banned the additive MTBE from gasoline.

Platform: Described on his campaign website as a "no-nonsense conservative who believes in God, country and family in that order," Mountjoy supports "improved barriers and beefed-up law enforcement" on the borders and opposes amnesty for undocumented immigrants; backs balancing the budget through unspecified spending cuts and enacting laws to blunt a Supreme Court decision that broadened eminent domain to seize private property; supports "President Bush's anti-terrorism plans"; opposes gay marriage and abortion, including in cases of incest and rape.

On the Issues

Iraq: Says U.S. should stay the course. Favors continued training of Iraqi police and military. Would support withdrawal only after U.S. is victorious.

Immigration/border: Favors

fence along entire southern

border and increased law enforcement. Opposes government benefits for illegal immigrants, except emergency medical care. Opposes all amnesty programs.

Environment: Says the continuing influx of immigrants must be addressed first.

Abortion: Opposes abortion.

Ohio GOP's Financial Support Wavering (AP-Y)

By Julie Carr Smyth, Assocated Press Writer

AP, October 15, 2006

As the GOP scrambles nationwide to retain its majority, scandal-ridden Ohio appears to be falling off the financial radar screen.

Television time is being forsaken for House candidates. And national promotions of the state's gubernatorial candidate by the Republican Governors Association popped up, then disappeared.

Ohio Republicans are trying to regroup amid a guilty plea Friday by U.S. Rep. Bob Ney in a Washington influence-peddling case and the trial of GOP fundraiser Tom Noe — accused of stealing from a state investment in rare coins — set to begin next week. Their national counterparts are following suit, focusing every last penny on races they believe they can win.

Those include U.S. Sen. Mike DeWine's seat, which is being hotly contested by U.S. Rep. Sherrod Brown; U.S. Rep. Deborah Pryce's seat, which Democrat Mary Jo Kilroy is seeking; and the seat Ney is vacating, which the party hopes state Rep. Joy Padgett can win over Democrat Zach Space.

"As races change, dynamics change," said Ed Patru, spokesman for the National Republican Congressional Committee. "We're not going to continue spending money in races where we're significantly ahead and, conversely, in some races if it looks to be out of reach, you're not going to dump a bunch of money into it."

In recent days, the committee pulled advertising it had planned in the race between Republican Craig Foltin and Democrat Betty Sutton for Brown's open House seat, which the GOP initially thought it could wrest from Democrats. The committee also viewed the seat being vacated by Democratic U.S. Rep. Ted Strickland, who is running for governor, as a potential gain, but has backed away from that hope.

Strickland has held a double-digit lead in the polls in that race, which is drawing national attention because the winner's party will carry an edge into the 2008 presidential election. A narrow win in Ohio gave President Bush the electoral votes he needed for re-election in 2004.

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Without mentioning specifics, Patru said open seats have been judged less important than those held by incumbents. He said the committee is still optimistic about 10 to 12 seats that are open or held by Democrats nationwide, and believes Democrats have also adjusted their early expectations.

Meanwhile, after an aggressive early advertising push, Republican gubernatorial nominee Ken Blackwell, Ohio's secretary of state, has disappeared from the airwaves — a surprising turn of events for the leading candidate on the party's ticket.

A one-time strategy called for the RGA to air its own ads in support of Blackwell, but the governor's group appears to have written off the state.

In a letter to supporters earlier this month, the group's chairman, Massachusetts Gov. Mitt Romney, listed Iowa, Maine, Oregon, Illinois, Arkansas and Michigan as the only states with targeted governor's races.

RGA executive director Phil Musser said the letter has been misinterpreted, and that specific states were listed where money was still able to be spent under campaign finance limits.

"If we could send volunteers under the law in Ohio, we sure would," Musser said. "And any assertion that this is about how we view the race is ludicrous."

The Ohio Republican Party does not appear to be coming forward to fill the advertising void, choosing instead to put its resources into the races for secretary of state and state auditor.

Blackwell said Friday he is not disappointed with the support he has received.

"The fact is the president came in and raised $1.6 million for me. They've had Cabinet officers in just this week," he said. "The RGA has made independent expenditures in the hundreds of thousands of dollars. I'm perfectly satisfied with the level of support."

During a visit this week to stump for DeWine, Republican National Committee Chairman Ken Mehlman said the party is not letting up in Ohio despite the hurdles it faces.

"We have well over 50 people on the ground whose job it is to help Ken win, to help Mike DeWine win and to help the congressional candidates win," he said. "We sent out 1.5 million absentee mail pieces, that specifically feature Ken Blackwell and the others on the ticket. We believe Ken Blackwell is an asset to Ohio and the whole turnout effort we have in place benefits Ken Blackwell on Election Day."

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Associated Press Writer M.R. Kropko contributed to this report.

GOP, Democrats Rally For Ohio Hopefuls (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

Filed at 9:47 p.m. ET

HAMILTON, Ohio (AP) -- House Majority Leader John Boehner rallied supporters in a key southwest Ohio county Saturday amid a series of scandals involving Republicans and polls indicating tight or uphill battles.

"I'm here to tell you that elections are not won or lost on what the polls say. Elections are won or lost based on who shows up to vote," Boehner told more than 100 people at Butler County Republican Party headquarters before volunteers fanned out with yard signs, rolls of stickers and campaign door hangers.

Boehner faces questioning in the House ethics committee investigation of the page scandal unfolding since Florida Republican Rep. Mark Foley resigned over suggestive instant messages sent to a former page in 2003.

Boehner told reporters he didn't know earlier of the messages that prompted Foley's departure and suspects their release was timed politically.

"I had no knowledge. I don't think the speaker or anybody else in the leadership had any knowledge of these sexually explicit messages," Boehner said. "The question is who did know? Why did they show up when they did?''

In Ohio, the page scandal has affected the race of Republican Deborah Pryce, he said. Democrat Mary Jo Kilroy ran a radio ad highlighting Pryce's friendship with Foley.

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Also Saturday, Democratic Rep. John Murtha campaigned in Ohio for fellow Democrat Victoria Wulsin, who is challenging first-term Republican Rep. Jean Schmidt in the state's 2nd District. Schmidt criticized Murtha's call to pull troops out of Iraq on the floor of the House last year.

The 16-term Pennsylvania congressman said there needs to be "a return to civility" in Washington and said the Iraq war is a costly failure that's only going to get worse if U.S. troops remain.

"The Iraqis have to figure this out themselves," he said.

During a debate last November, Schmidt spoke of a phone call she received from a Marine colonel saying he "asked me to send Congressman Murtha a message -- that cowards cut and run, Marines never do."

The remark prompted boos from Democrats and brought the House to a standstill. Schmidt subsequently apologized to Murtha and said she hadn't realized he was a decorated Marine veteran of the Vietnam War.

Schmidt wouldn't comment on Murtha's visit, but said her constituents agree with her support of the president's Iraq policy, not Murtha's call for withdrawal. She received campaign help Saturday from Rob Portman, the White House budget chief and the district's representative for 12 years before Schmidt.

During his visit, Murtha also helped raise funds for Wulsin, a medical doctor and former public health officer. He said little about Schmidt, saying his main campaign mission is to get a Democratic majority in the House.

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On the Net:

http://www.jeanschmidt.com

http://www.wulsinforcongress.com

Confessions Of A 'Defeatocrat' (WP)

By John P. Murtha

The Washington Post, October 15, 2006

The Republicans are running scared. In the White House, on Capitol Hill and on the campaign trail, they're worried about losing control of Congress. And so the administration and the GOP have launched a desperate assault on Democrats and our position on the war in Iraq. Defeatists, they call us, and appeasers and -- oh so cleverly -- "Defeatocrats."

Vice President Cheney has accused Democrats of "self-defeating pessimism." Defense Secretary Donald H. Rumsfeld has faulted us for believing that "vicious extremists can be appeased." The White House calls Democrats the party of "cut and run."

It's all baseless name-calling, and it's all wrong. Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course -- and soon. This is not defeatism. This is realism.

Our troops who are putting their lives on the line deserve a plan that matches our military prowess with diplomatic and political skill. They deserve a clear and achievable mission and they deserve to know precisely what it will take to accomplish it. They deserve answers, not spin.

Our military has done all it can do in Iraq, and the Iraqis want their occupation to end. I support bringing our troops home at the earliest practicable date, at a rate that will keep those remaining there safe on the ground. It's time that the White House and the GOP start working with Democrats in Congress to come up with a reasonable timetable for withdrawal and for handing the Iraqi government over to the Iraqis.

The administration's use of Rovian catchphrases is nothing but propaganda designed to stifle the loyal opposition. We Democrats are determined to restore our nation's military strength, refocus on the real terrorist threat, bolster security safeguards at home and reestablish the credible standing we once had in the world. That is not defeatist. It is a call to formulate and execute a winning game plan for the War on Terror.

Most Democrats voted against the 2002 resolution authorizing the use of military force in Iraq. Regrettably, I was not one of them. Since entering Congress in 1974, I have always supported the president on issues of war. But in this case, I made a

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mistake -- and unlike certain members of the administration, I'm willing to say so. If I had known in October 2002 what I know now, I would never have voted for the resolution.

Some of my Democratic colleagues questioned whether Iraq posed an immediate threat to our national security; some were not convinced that Iraq was accelerating the development of nuclear weapons and had an active chemical and biological weapons program; and almost all believed that Iraq was not involved in the Sept. 11, 2001, attacks. They turned out to be right on all three counts. Nevertheless, since our forces deployed to Iraq, Democratic support for the troops has never wavered.

In the past nine months alone, $962 billion has been appropriated for the Defense Department, $190 billion for the war effort. A vast majority of Democrats voted for the funding. Democrats also identified shortfalls in body armor, armored vehicles and electronic jammers to defeat roadside bombs. Democrats uncovered problems with the military readiness of our ground forces in the United States and fought for measures to restore it. That's hardly defeatist.

When U.S. forces first entered Baghdad, the Iraqi people cheered as the statue of Saddam Hussein was torn from its pedestal. Forty-two months and $400 billion later, we are caught in a civil war in which 61 percent of Iraqis think killing Americans is justified and the Iraqi people butcher one another at an alarming rate. We are considered occupiers. The longer we stay, the harder it becomes for the Iraqis to find their own destiny.

The administration's "stay-the-course" strategy is not a plan for victory. It's not even a plan. All we have is a new military blueprint to keep 140,000 troops in Iraq through 2010.

We are seeing an astonishing and unprecedented parade of retired U.S. generals calling for a new direction in Iraq. These are voices of bravery, experience, conscience and loyalty. These are men who have been taught to look coldly and objectively at the facts of bloodshed. Can they all be wrong? How about the 15 intelligence agencies that recently offered the opinion that this war has not made us safer? Are they all defeatists? Are they to be ignored?

Was Gen. Eric K. Shinseki, former Army chief of staff, a defeatist when he said that it would take several hundred thousand troops to prevail in Iraq? His recommendation was ignored. Or what about Gen. Jay M. Garner, our first administrator in Iraq, who recommended that the Iraqi army be kept intact and used to stabilize the country? His recommendations were ignored. The Iraqi army was disbanded and the former military took their munitions and went off to form the core of the insurgency. Was former secretary of state Colin L. Powell defeatist when he warned: "If you break it, you own it"? Was Republican Dwight D. Eisenhower a defeatist when he ran for president in 1952 to change the course of Democrat Harry S. Truman's administration in Korea?

Will the White House toss the same tired insults at Sen. John W. Warner (Va.), the Republican chairman of the Senate Armed Services Committee, who has voiced concern over the situation in Iraq? Or at former secretary of state James A. Baker III when the commission he is co-chairing delivers its report on reassessing our options in Iraq?

This administration's insistence on a "go-it-alone, stay-the-course" policy in the face of objections from a majority of Americans and Iraqis and most world public opinion, and in the face of a deteriorating situation, defies logic.

The United States is about to begin its fifth year of occupation and fighting in Iraq. That makes this war longer than U.S. participation in World Wars I and II, and longer than the Korean War and our own Civil War. With every year of occupation, our efforts to fight global terrorism and our military's readiness to fight future wars have further deteriorated, along with our standing in the world. Meanwhile, the radical Islamic cause wins more and more recruits.

Despite the presence of more than 140,000 U.S. troops in Iraq, 23,000 Americans injured or killed, tens of thousands of Iraqi deaths and the expenditure of nearly a half a trillion dollars, here are the dismal results:

Â· In September, 776 U.S troops were wounded in Iraq, the highest monthly toll in more than two years.

Â· Over the past year, the number of attacks against U.S. personnel has doubled, rising from 400 to more than 800 per week.

Â· Zalmay Khalilzad, the U.S. ambassador to Iraq, recently acknowledged that sectarian violence has replaced the insurgency as the single biggest threat to Iraq.

Â· In the past two months, 6,000 Iraqis died, more than in the first year of the war.

Â· Last week, electricity output averaged 2.4 hours per day in Baghdad and 10.4 hours nationwide -- 7 percent less than in the same period in 2005.

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Â· A Sept. 27 World Public Opinion poll indicated that 91 percent of Iraqi Sunnis and 74 percent of Iraqi Shiites want the Iraqi government to ask U.S.-led forces to withdraw within a year. Ninety-seven percent of Sunnis and 82 percent of Shiites said that the U.S. military presence is "provoking more conflict than it is preventing." And Iraqi support for attacks against U.S.-led forces has increased sharply over the past few months, from 47 percent to 61 percent.

Now, Karl Rove may call me a defeatist, but can anyone living in the real world deny that these statistics are heading in the wrong direction? Yet despite this bleak record of performance, the president continues to stand by his team of failed architects, preferring to prop them up instead of demanding accountability.

Democrats are fighting a war on two fronts: One is combating the spin and intimidation that defines this administration. The other is fighting to change course, to do things better, to substitute smart, disciplined strategy for dogma and denial in Iraq.

That's not defeatism. That's our duty.

Rep. John P. Murtha (D-Pa.) is the ranking member on the House Appropriations defense subcommittee.

He served 37 years in the Marine Corps.

Rep. Murtha Blasts GOP For Name - Calling (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

WASHINGTON (AP) -- Rep. John Murtha, a decorated Marine veteran who favors withdrawing U.S. troops from Iraq, wrote an essay for Sunday's Washington Post blasting Republicans for referring to him and other Iraq war opponents as "Defeatocrats."

In his opinion piece, first published on the Post's Web site Saturday night, Murtha, D-Pa., said Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and others in the White House have called Iraq war opponents appeasers and pessimists and labeled Democrats the "cut and run" party.

"It's all baseless name-calling, and it's all wrong," Murtha wrote. "Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

"In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course -- and soon. This is not defeatism. This is realism."

Murtha, a military hawk and close confidant of top military officials, surprised Washington last year when he called for pulling all troops out of Iraq within months.

At a GOP fundraiser in Milwaukee last month, Cheney accused Murtha of advocating a policy of retreat in the war against terrorism.

In the Post essay, Murtha wrote: "Democrats are fighting a war on two fronts: One is combating the spin and intimidation that defines this administration. The other is fighting to change course, to do things better, to substitute smart, disciplined strategy for dogma and denial in Iraq.

"That's not defeatism. That's our duty," Murtha wrote.

Murtha's Opposition To Iraq War Makes Him A Big Target (PPG)

By Bill Toland, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 15, 2006

Rarely in the annals of American politics has the much-used David-Goliath analogy been so apropos. U.S. Rep. John Murtha is literally and figuratively daunting -- literally because he's 6 feet, 3 inches tall and broad-shouldered with a booming voice; figuratively because he's a giant in Congress, a 32-year veteran of the House of Representatives. And his challenger, Republican Diana Irey, is the opposite -- soft-spoken, slight, barely clearing 5 feet, a neophyte on the national stage.

We know how the Bible story ended. But can Mrs. Irey slay this towering Johnstown warrior?

Since earning a surprising victory in her first run for political office, when she defeated an incumbent to secure a seat on the Washington County Board of Commissioners in 1995, Mrs. Irey has been a favorite among Pennsylvania's GOP notables such as former Allegheny County Chief Executive Jim Roddey, and Sens. Arlen Specter and Rick Santorum. A West Virginia native, she married into a family with some clout. Her late father-in-law, Frank Irey, was GOP chairman in Washington County.

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For years, there had been speculation that she'd be recruited to run for higher office, but, until now, she's balked, citing her young family and her comfort with her role in Washington, Pa.

What changed? Last autumn, she said, Mr. Murtha's call for American withdrawal from Iraq lit a fire. At the same time, she had been marginalized on the commissioners board, the only Republican there, serving with two Democrats. Add a dash of ambition and the timing was right.

"Jack Murtha's been in office for 32 years, and that's too long," said Mrs. Irey, 44, the mother of three teens. "I believe he's lost touch with the beliefs of the people in the 12th District. ... He no longer is voting the conservative values of the 12th District. He's voting more like he's the congressman from liberal San Francisco than conservative southwestern Pennsylvania."

National exposure

With more than $2.5 million raised and $1.8 million on hand, Mr. Murtha is financially better off than his foe. Mrs. Irey had raised $305,000 and had $159,000 in cash on hand as of June 30, the most recent Federal Election Commission reporting deadline. And, despite her hopes of using Mr. Murtha's well-publicized Iraq comments to nationalize the race and her fund-raising base -- "We have contributions from all 50 states," she said -- $36,000, or 23 percent, of her campaign funds have come from out of state. And a recently published poll showed her trailing 57 percent to 30.

Still, those numbers tell just part of the story. Mrs. Irey has outpaced several of Pennsylvania's congressional challengers and has raised more money than at least one incumbent. Her invitations to "Fox News Live" and "Hannity & Colmes," and her stint on "Hardball with Chris Matthews" are as good as free advertising and are luxuries that aren't afforded to all congressional challengers. She's also been supported by a vociferous Internet-based anti-Murtha campaign, organized by a group known as Vets for the Truth, which has rallied opposition to certain Democratic candidates who have served in the U.S. military. Presidential candidate Sen. John F. Kerry was the group's most notable victim.

Mrs. Irey hopes that outside support will be joined by a regional electorate that registers Democratic but often votes conservatively. Over the course of a half-hour interview, Mrs. Irey tossed up a dozen conservative boilerplate issues: gay marriage, the Pledge of Allegiance, immigration and border security, lower taxes, drilling in Alaska's Arctic National Wildlife Refuge, and, of course, her support and Mr. Murtha's disapproval of the Iraq war.

The war looms as the largest issue in many congressional races across the country, but especially so in this race. Mr. Murtha, 74, a retired Marine reservist and the top-ranking Democrat on the House committee that disburses defense appropriations, crashed into the national consciousness in November, when he called for a military withdrawal from Iraq, to be carried out at the earliest practical date. He became a darling of the anti-war left and, just as quickly, a target for the right, which has branded him a traitor.

Both candidates say they speak for veterans. Mr. Murtha has done so historically, noting that he visits military hospitals once a week, and he suggests that he, and not Mrs. Irey, is in better position to gauge the military's mood. His opposition to the war "is a policy thing. This has nothing to do with supporting the military," he said.

But Mrs. Irey predicts she'll win close to half of the veteran voting bloc Nov. 7. The disaffection with Mr. Murtha is greater than his campaign realizes, she said. "Every time we withdraw before a mission is completed," Mrs. Irey said, "we send a message of surrender."

Mrs. Irey has seized on not only Mr. Murtha's November comments, but also his response to the deaths of two dozen unarmed Haditha, Iraq, residents who were killed by U.S. Marines reportedly outraged over the death of a comrade. Mr. Murtha said the Marine group killed in "cold blood," and suggested that the group's superiors tried to cover up the deaths. "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood," he said.

The remarks "were completely inappropriate," said Mrs. Irey. "That was a rush to judgment. What he did was wrong."

His sudden outspokenness is surprising to those who have known him over his three decades in Congress. Until last year, Mr. Murtha was generally viewed as a behind-the-scenes deal-maker who was able to navigate the congressional power structure while rarely airing dirty laundry. His Haditha comments seemed out of character, and politically ill-advised. So, too, did his remarks at a Sept. 30 political rally, during which he said that he knew of military wives who were abused by their soldier husbands.

"This war is [tearing] the families apart," he said. "I see women who have been abused when their husbands come home."

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If the Haditha comments don't hurt him, Mrs. Irey hopes that Mr. Murtha's ancillary role in the Abscam congressional bribery scandal will. Like some of Mr. Murtha's previous opponents, she hopes to make hay by pointing out that Mr. Murtha was an "unindicted co-conspirator" in the 1980s scandal. The FBI sting netted several congressmen, including two from Pennsylvania, by offering bribes in exchange for favors and asylum for a fictitious Arab sheik.

When an agent offered $50,000, Mr. Murtha memorably responded: "I'm not interested, at this point." In resurrecting Abscam, Mrs. Irey has been aided by talk radio, as well as by The American Spectator magazine, which unearthed the hour-long video of the attempted sting and released it last month. In the video, Mr. Murtha invites the agents to invest in his distric t, possibly in the coal mining industry, or in area banks, hoping to bring jobs to his district.

He also seems aware that he is toeing the legal line, and says he doesn't plan to throw away his legislative career for a few bucks.

"I'm going to be there 20 years in that Congress, and I don't want to screw it up by some little thing along the way. If I wanted to make a lot of money, I'd have been outside," in the private sector, he says. Mr. Murtha, then as now, reminds voters that "I was the one who didn't take the money."

How serious a threat?

How seriously does Mr. Murtha take the Irey campaign?

It's tough to say. Publicly, he says his campaign's internal polls show a generous lead, and he says he doesn't count Mrs. Irey among his toughest challengers. "Mascara was a threat. Bailey was a threat. They were sitting congressmen," he said, speaking of former Reps. Frank Mascara, a Democrat who lost his district to Mr. Murtha in a primary forced by reapportionment, and Don Bailey, who lost the same way.

But he's also hired a private detective to look into Mrs. Irey's past. The firm, Gentile-Meinert and Associates, didn't discover anything of note, Mr. Murtha said, although it reported that Mrs. Irey has a poor attendance record. She's been appointed to a lot of boards, but doesn't always attend the meetings, he said.

He said the hiring an investigator was not an indication that he views Mrs. Irey as a contender. His campaign hires a detective to investigate all of his political opponents, Mr. Murtha said.

Mrs. Irey sees it another way.

"People across the nation care about this race," she said. "Of course, it has very little to do with me, and everything to do with my opponent." For example, donations to her campaign spike each time she appears on cable TV to criticize Mr. Murtha.

Still, the spikes don't add up to much, relative to Mr. Murtha's campaign funds. Trailing in money, she'll have to hope that her many TV appearances will help build name recognition in the eastern part of the district, then rely on her popularity in parts west, where she's been in office longer than Mr. Murtha has. Though he's been in Congress for 16 terms, and is now seeking his 17th, much of Mr. Murtha's district -- including the Washington County side -- is new to him, a result of redistricting after the 2000 Census.

He said his district has a Democratic voting registration majority of 150,000. But in recent elections, some of those registered Democrats have been voting Republican. In the 2004 presidential election, Westmoreland and Cambria counties tilted to President Bush. Mr. Murtha's 12th District contains pieces of both counties, all of Greene County, jagged bits of Armstrong, Fayette, Indiana, Somerset and Washington counties, and a sliver of Allegheny.

Recent history, as far as Mr. Murtha is concerned, is ancient history. "Our polling says they're not going to vote Republican this time," he said. "The Democrats are going to be in the majority. There's going to be a hurricane throughout the country."

But Mrs. Irey hopes the country's anti-Republican mood will be trumped by more generic anti-incumbent sentiments. "I'm afraid that our nation is headed in the wrong direction," she said. "This is going to be the Diana and Goliath story."

In Pennsylvania, Questions About War Erode A Traditional Republican Advantage (NYT)

By Kate Zernike

The New York Times, October 15, 2006

DOJ_NMG_0081569

EDGMONT, Pa., Oct. 12 — When Joe Sestak announced he was running for Congress, national Democrats and media consultants told him not to talk about pulling troops out of Iraq, arguing it would only encourage the image of Democrats as weak on national security.

Nine months later, having ignored their advice, Mr. Sestak has put a 20-year Republican incumbent on the run for the first time, turning a bid by a political novice into a real race. Polls show that Mr. Sestak is running even or better with his opponent, Representative Curt Weldon, and that the war more than any other issue is propelling voters toward him.

Facing pressure from Mr. Sestak and a stream of bad news from Iraq, Mr. Weldon, who prides himself on his foreign policy credentials, has adopted an unconventional proposal to allow the generals on the ground, rather than President Bush as commander in chief, to decide the pace of a phased withdrawal.

"That's what I've asked the president to articulate," Mr. Weldon said in an interview, "but so far he's been unwilling to do so."

Mr. Sestak's persistence on the issue, and Mr. Weldon's efforts to recalibrate his position, highlight some of the ways Iraq may be altering the politics of national security after decades in which the advantage has gone to the Republicans.

Democrats are increasingly confident that they can win on national security by arguing, as Mr. Sestak does, that going to war with Iraq ignored the more potent threats of North Korea and Iran, and that staying has left the nation unprepared to deal with crises elsewhere.

Mr. Sestak's résumé provides the Democrats an especially good opportunity to be seen as strong when it comes to protecting the country: a former three-star admiral, he worked as a national security adviser in the Clinton White House.

In an election where every seat matters — Democrats need 15 to win a majority in the House — Mr. Sestak's credentials could prove crucial. The Seventh Congressional District race here in the wealthy Philadelphia suburbs has emerged as the most competitive in one of the most competitive states for House races.

"We wouldn't be talking about this race if it weren't for the Iraq war," said G. Terry Madonna, the director of the Keystone Poll at Franklin & Marshall College in Lancaster. "It's been a long time since I've seen a foreign policy issue like the war dominate a suburban Congressional race. No one can honestly believe that Sestak would be a serious challenger to Weldon if it weren't for the war. His experience has given him added credibility."

Mr. Weldon is not shy about foreign policy: he has made several trips to North Korea and pushed for a missile defense system. Bucking ridicule and the conclusions of the Bush administration, he has argued that the jury is still out on whether there were unconventional weapons when the United States went into Iraq, and that the 9/11 commission ignored evidence that a secret Pentagon program had identified several hijackers before the attacks.

But Mr. Weldon faces other issues on the foreign policy front. Law enforcement officials said Saturday, for instance, that they were investigating his role in securing lobbying contracts for his daughter's international public relations firm.

In this race, however, Mr. Weldon has tried to run on his local bona fides — his roots in a blue-collar town here, the money he has brought home — dismissing Mr. Sestak, who grew up in the district but lived elsewhere for 31 years in the military. But the war has been hard to avoid.

At an event for Republican women at the Edgmont Country Club, he talked about his successes in land preservation and economic development, and named local hospital and social service agency executives as close friends. "I'm running on what we've done," he told the audience.

A woman raised her hand: "You need to instruct us: what about bringing home the troops, which seems to be the most important issue, and the blame and so forth on all our Republican candidates?" she asked. "What should campaign workers say about Republicans bringing home the troops?"

Mr. Weldon replied, "It's a good question, it's a tough issue," then outlined again his plan to let the generals decide when the Iraqi army is ready, and to dismiss an American brigade as each Iraqi one is ready.

"I don't want Dick Cheney or Don Rumsfeld doing it," he said. "We don't need some armchair politician back in Washington, because they want to run for office, to pick a date out of the air. The generals on the ground decide it's time to bring our troops home in a phased withdrawal, which they are doing, then that's the system we have in place."

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"Look, all of us want out of that war," he added. Then he changed the subject to North Korea, saying he was the first congressman to go there, and had just spent the weekend on the phone with the United Nations to try to resolve the nuclear crisis.

The most recent Keystone Poll showed about a quarter of registered Republicans saying they would cross lines to vote for Mr. Sestak. He has attracted a broad coalition; in one evening, he went from a fund-raiser with Howard Dean to a meeting of suburban Republican women.

"People don't see a clear strategy, they don't see why we went in, they don't see how we're going to get out," said Anne St. Clair, a Republican who has voted for Mr. Weldon but is now leading Republicans for Sestak and had invited the women to meet him at her home in Thornton, Pa.

Ms. St. Clair said she and her husband grew disenchanted with their party when they lived abroad in the last several years and watched the nation's reputation deteriorate. "The current administration feels they know what's best for this country and for the rest of the world," she said. "I came home and felt like I didn't recognize my party."

A drab conference room in East Goshen Township exploded into applause as Mr. Sestak said that he was a few points ahead in a recent poll. For an hour, the audience asked questions on North Korea, Saudi Arabia, Pakistan, and how to provide a powerful defense but avoid war.

"I'm not antiwar," he told them. "I am for a strong defense that helps to shape a global environment that moves towards peace and prosperity by having all elements of our power out there — from diplomacy to our economy to the power of our ideals, and our military backing them up. That does not mean going on reckless misadventures like Iraq, to impose ourselves, or to go against where there really wasn't a clear and present danger."

His answers pleased Lowell Young, a retiree who voted for John Kerry in 2004 but said he did not like to think of himself as a Democrat.

"The Democrats are too wishy-washy," Mr. Young said, giving as an example the debate over legislation governing treatment of terrorism suspects, where the Democrats sat back while Republicans negotiated with the White House. "They're afraid to take a stand, they're afraid they're going to be seen as weak on national security. They need a backbone. Joe seems to have it."

Still, national Republicans have reserved about $8 million in television time in Pennsylvania for the last month of the campaign, the bulk of it in this district. And Mr. Madonna, the pollster, said the result would probably be influenced by international events in the next several weeks.

"Democrats have begun to turn their image around, but it just takes something like the London bombings to gin up fears," he said. "There's just enough in the Republican arsenal — to argue that what Clinton did on North Korea was wrong, for instance — to keep voters not entirely comfortable with Democrats on the national security issue."

Endorsement In Louisiana (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

BATON ROUGE, La., Oct. 14 (AP) — The Louisiana Democratic Party on Saturday turned down Representative William J. Jefferson, an eight-term congressman, and endorsed State Representative Karen R. Carter, one of a dozen challengers who emerged after Mr. Jefferson became a target of a federal bribery investigation.

The State Central Committee voted 69 to 53 at a special meeting to decide whom to endorse in Louisiana's open primaries on Nov. 7. This is the first time in recent memory that an incumbent has failed to win the state party's endorsement. All seven of the state's Congressional seats are open.

Mr. Jefferson denies the bribery accusations and has not been charged.

A Kentucky businessman, Vernon L. Jackson, pleaded guilty to charges that he made payments to a consulting firm run by Mr. Jefferson's wife in return for the congressman's help on business deals in Africa.

Hefley Risks GOP Hold On Colorado Seat (WT)

By Valerie Richardson, The Washington Times

DOJ_NMG_0081571

The Washington Times, October 15, 2006

COLORADO SPRINGS -- Republican state Sen. Doug Lamborn's fiercest opponent in the 5th District race isn't his Democratic foe. It's the Republican he's trying to succeed -- 10-term Rep. Joel Hefley.

Mr. Lamborn is running neck and neck with Democrat Jay Fawcett, a veteran and small-business owner, in the ultraconservative district, according to a Denver Post poll released last week.

One of the reasons: Mr. Hefley.

Shortly after Mr. Lamborn won a six-candidate primary on Aug. 8, Mr. Hefley, who is retiring, said he would refuse to endorse the Republican candidate, pointing to what he described as his "sleazy, dishonest campaign."

That stinging rebuke, coming from the highly regarded Mr. Hefley, delivered a devastating blow to Mr. Lamborn's candidacy. Several other prominent Republicans soon joined Mr. Hefley in refusing to endorse Mr. Lamborn, pointing to ads and mailings they say unfairly demonized his Republican foes.

One flier, sent out by the local Christian Coalition, accused fellow Republican Jeff Crank of supporting "the radical homosexual agenda." Radio and television ads produced by the Club for Growth accused Mr. Crank, who was Mr. Lamborn's chief rival for the nomination, of supporting tax increases.

Mr. Lamborn has insisted he had no control over the content of the disputed materials because they were put out by independent political committees, not his campaign.

"Unfortunately, Mr. Hefley is not revealing that the ads he disagreed with were run by third-party groups that I had nothing to do with," Mr. Lamborn said Friday.

Meanwhile, Mr. Fawcett has taken full advantage of the internecine squabble, running newspaper ads last week listing state Republican leaders under the headline, "None of These Republicans Will Endorse Doug Lamborn for Congress."

Mr. Hefley responded Friday with a statement stressing that he would not support Mr. Fawcett, either, but repeating his earlier remarks about Mr. Lamborn.

"I do not endorse liberal Democrats, and I regard Jay Fawcett as a liberal Democrat," he said. "I also do not endorse people who I feel run sleazy, dishonest campaigns, regardless of their political affiliation."

During a debate here yesterday, a smiling Mr. Fawcett held up the front page of the Colorado Springs Gazette with the headline, "Hefley Supports 'None of the Above' in 5th."

Mr. Lamborn, meanwhile, said nothing about the Hefley comments, instead describing himself repeatedly as a "Ronald Reagan Republican" and stressing the theme, "I am a conservative Republican, and he is a liberal Democrat."

Still, Mr. Hefley's remarks have stuck.

"That one comment, 'sleazy campaign,' is what has defined the Lamborn campaign," Colorado College political science professor Robert Loevy said. "The issue is Lamborn, not the Democrat. If Lamborn is defeated, it will be because of Joel Hefley."

National Democrats have taken notice. Last week, the Democratic Congressional Campaign Committee raised the race's profile to an "emerging race." At the same time, other Republicans are speaking out in Mr. Lamborn's defense.

"I've known Doug Lamborn for years in the legislature, and I have not found anyone with higher integrity than Doug," said Republican state Sen. Dave Schultheis of Colorado Springs.

Working in Mr. Lamborn's favor is the district's overwhelmingly Republican makeup. The Republicans hold a 2-1 registration edge, and no Democrat has been elected to the seat since its creation in 1972.

But the district is also heavily populated by active and retired military, and Mr. Fawcett has the advantage of being a retired Air Force officer.

Dems Have Clear Shot At DeLay's Seat (AP-Y)

By Joe Stinebaker, Associated Press Writer

AP, October 14, 2006

Voting Republican in this conservative district was never difficult when Tom DeLay's name was on the ballot. With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate,

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Houston City Councilwoman Shelley Sekula-Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands.

Cynthia Hart, a straight-ticket Republican and mother of three in suburban Houston, said she was unaware she would have to write in the Republican candidate.

"I guess I have to be more careful," Hart said. "But I'm not so sure I would take the time to go through all that."

That's welcome news to Democrats who see a real chance for capturing the former House majority leader's seat, a gain that could help them wrest control of the House from the GOP. Democrats need to gain 15 seats to seize the majority.

Beyond the math, winning in DeLay's district would be sweet revenge for an opposition party that has suffered the powerful Republican's wrath for nearly a decade. Democrats have a legitimate candidate in Nick Lampson, a former congressman who has outraised, outspent and campaigned longer than the Republicans.

Less than a month to the election, Lampson isn't gloating.

"Certainly, there's the satisfaction of being able to win, and to prove your point, but it was always about the issues," Lampson said. "I obviously felt he (DeLay) was vulnerable or I wouldn't have gotten into it. Some thought that I was nuts, but I guess when you believe strongly enough that something needs to change, you're willing to do extraordinary things to do it."

DeLay resigned from Congress in June amid a series of investigations of his fundraising activities. The courts refused to allow Republicans to replace him on the ballot, leading him to withdraw from the race and forcing Republicans to turn to Sekula-Gibbs as a write-in candidate.

National Republicans were supposed to invest $3 million to $4 million to help Sekula-Gibbs, according to state Republican chairwoman Tina Benkiser. So far, however, she's received just $134,000 from the National Republican Congressional Committee.

Lampson had $2.2 million to spend as of June 30.

Sekula-Gibbs, 53, insists the national attention surrounding the race and intense media coverage locally have helped her overcome any disadvantages. The dermatologist entered politics after her husband, local television anchorman Sylvan Rodriguez, died of cancer.

"It was essential to me that we maintain a conservative voice in Washington," she said in explaining her decision. "The people of this district are very conservative. They want a conservative voice. And the individual who the Democrats have offered is far from conservative."

Although Lampson gets low marks from conservative groups, he secured the endorsement of the National Rifle Association, a prize among Texas candidates.

Sekula-Gibbs strongly supports the war in Iraq, opposes abortion and favors building a fence and stationing the National Guard at the Mexican border to stop illegal immigration.

Lampson, 61, describes the war in Iraq as "a mess," but he says he opposes withdrawing until the Iraqi army is capable of controlling the country. He favors sending more border agents south but not the military. He also advocates more rigorous prosecution of businesses that knowingly hire illegal immigrants.

Lampson plays down party affiliation in the Republican-leaning district, which President Bush won with 64 percent of the vote in 2004.

"I believe that people want something different from the partisanship that they have been experiencing," he said, noting that he received 60 percent of the vote in his old district, which was 53 percent Republican.

Much of Sekula-Gibbs' time and money has gone toward telling voters who she is and how to vote for her. Vice President Dick Cheney headlined a fundraiser for her earlier this month. The campaign also had been working to bring in House Speaker Dennis Hastert, but it quickly abandoned those plans in the wake of the congressional page scandal.

Advertising may help voters gain familiarity with Sekula-Gibbs' write-in campaign, but some experts predict it won't help enough.

The district uses electronic voting and voters will have to highlight and enter the "write-in" entry. They then turn a small wheel on the voting machine and spell out Sekula-Gibbs' name. Misspellings or other errors will be accepted as votes as long as the voter's intent is clear to members of "resolution committees" made up of Republicans and Democrats in each county.

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Helen Square, an independent voter from Houston, said she would write in Sekula-Gibbs because she was familiar with her work on Houston City Council.

"I like to vote for the person," Square said, "and not for the party."

Alvin and Ruth Ziehr, a Pearland couple, said they try to keep up with local politics but acknowledged it's been difficult to stay atop changes in this race. The two knew that "Shelley someone" was mounting a GOP write-in effort and that no Republican would appear on the ballot.

"But that's all right with me," laughed Alvin Ziehr. "I've never voted Republican in my life."

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On the Net:

Shelley Sekula-Gibbs: http://sekulagibbsforcongress.com/

Nick Lampson: http://lampson.com/

Salazar True To His District (DENP)

Denver Post, October 14, 2006

John Salazar served in the U.S. Army during the Vietnam era, and is the only veteran in Colorado's congressional delegation. He's a farmer who isn't away from the land long enough to forget its many challenges. When he was elected to Congress two years ago, we wondered whether Salazar would bring this experience to bear.

In his first term representing the sprawling 3rd Congressional District, Salazar gained a seat on the House Veterans Affairs Committee and used the position to push for expanded veterans health care, fairer treatment of military widows and for cracking down on fraudulent claims for military medals.

Salazar also has been active on two other panels well-suited to serve a district that counts farming, ranching and tourism as key industries: Transportation and Infrastructure, and Agriculture. In those roles, he has fought for overdue highway improvements and sought to promote cleaner fossil fuel technologies, along with such renewable energy sources as ethanol.

Salazar's freshman performance and keen interest in 3rd District issues has earned him re-election.

By Democratic standards, Salazar is cut from conservative cloth, as evidenced by his vote to repeat the estate tax and the fact that he has the support of the National Rifle Association. That may account for the fact that the GOP has invested little in the 3rd though registered Republicans outnumber Democrats by about 20,000 voters.

Republican candidate Scott Tipton, owner of the Mesa Verde Trading Co., is an engaging rival and longtime GOP activist. Tipton's been crisscrossing the district in a high-mileage pickup, and we like his spunk and his willingness to provide an alternative.

Tipton sounds the standard-issue Republican calls to rein in a federal bureaucracy and free-spending Congress, but he has no answer to the fact that Congress has been entirely controlled by his own party for the past six years as the fiscal climate has turned ugly.

Third district voters are more likely to achieve real change by returning the free-thinking incumbent, Salazar, than by sending Tipton to Congress to reinforce the status quo.

Of 53 Races, Only 3 Offer Ray Of Hope To Non-Incumbent Party's Candidates (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, October 15, 2006

SAN DIEGO — The congressional election isn't until Nov. 7, but the real decisions may have been made in 2001, the last time district lines were redrawn in California.

Of 53 districts in the state, only three have drawn much interest, two of those because of the ethical problems of the Republican incumbents.

And to call all three competitive could be a stretch.

"In California, we have 20 safe Republican seats and 33 safe Democratic seats" and not much in between, said Gary Jacobson, congressional scholar at UC San Diego.

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Still, Democrats are hoping for electoral lighting to strike in the districts that are represented by longtime GOP incumbents John T. Doolittle and Richard W. Pombo and by recycled incumbent Brian Bilbray.

Doolittle (R-Roseville) was associated with disgraced lobbyist Jack Abramoff. Pombo (R-Tracy) is the bete noire of the environmental movement and took money from Abramoff. Bilbray (R-Carlsbad) took over, after a June special election, the seat once held by Randall "Duke" Cunningham, who is now imprisoned for bribery. He previously served three terms in Congress from another district.

But if lightning is to strike, it will have to defy some daunting numbers from the past.

In four decades, Jacobson said, no Democrat has beaten a Republican in a congressional district in which Republicans held a registration edge of four percentage points or greater.

In Doolittle's district, the pro-GOP margin is 18 percentage points, in Pombo's 6 and in Bilbray's 14.

With those numbers, and their belief that neither the Iraq war nor the Mark Foley page scandal will make Republicans dump their party's candidates, Republican strategists are talking with confidence.

"California is the quietest state in the nation when it comes to congressional races," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

Democrats, however, think that Pombo is vulnerable because of his position against the Endangered Species Act, among other things.

Busloads of environmental activists from the Bay Area are providing energy to dump the seven-time incumbent in favor of wind-turbine manufacturer Jerry McNerney, the Democrat.

"We see fertile opportunity in the ethical problems of Pombo and Doolittle, the national climate, and the proclivity of the House Republican leadership to look the other way" in the Foley-page scandal, said Kate Bedingfield, a spokeswoman for the Democratic Congressional Campaign Committee.

In the district in northern San Diego County once represented by Cunningham, the Democratic Party has listed Francine Busby's as an "emerging race" as she tries to oust Bilbray, who defeated her in a June special election.

Busby, a school board member and women's-studies lecturer, has called on House Speaker Dennis Hastert (R-Illinois) to resign because of a failure to investigate early signs of impropriety involving ex-Rep. Foley and the pages. She has challenged Bilbray to do the same, but he has refused.

Issues aside, politics is a game of numbers — registration and money — and in both regards incumbents enjoy the advantage.

"Gerrymandering has all but abolished competitiveness in November," said Allan Hoffenblum, a Republican consultant and editor of the nonpartisan Target Book.

So lopsided is the registration that, for example, Democratic incumbents Xavier Becerra, Diane Watson and Maxine Waters of Los Angeles, Lucille Roybal-Allard of East Los Angeles, Juanita Millender-McDonald of Carson and Hilda Solis of El Monte face opposition that is either nonexistent or considered token.

California voters like incumbents, even when they break promises not to become career politicians. Grace F. Napolitano (D-Norwalk) and Ken Calvert (R-Corona) were reelected in 2004 despite breaking term-limit pledges and are running again this year.

Roll Call, the Washingtoninsider newspaper, archly notes that the only chance Republican Peter Hankwitz, a television producer, has of beating Brad Sherman (D-Sherman Oaks) and serving in Congress is if "he stars in a sitcom that takes place on Capitol Hill."

In only one district has the incumbent opted for retirement. Bill Thomas (R-Bakersfield) is retiring; Assembly Minority leader Kevin McCarthy, a former Thomas aide, is favored to replace him. An intra-party fight was avoided in the primary when state Sen. Roy Ashburn of Bakersfield decided not to run.

In many districts, the only real fight was in the primary.

In the 50th District, Bilbray barely nosed out a millionaire investor, Eric Roach, to win the GOP nomination in the April primary to succeed Cunningham.

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Roach considered continuing his candidacy but decided against it after a meeting with party leaders. Bilbray beat Busby in the June runoff to win the remaining months of Cunningham's term.

In the 51st District, which covers part of the San Diego border with Mexico and most of the Imperial Valley, Rep. Bob Filner, a Democrat, won a bitter contest with Assemblyman Juan Vargas of San Diego. Filner is now a prohibitive favorite to beat teacher Mike Blake, a Republican, for his eighth term.

"You have to go with form," Jacobson said. "The world can change, of course, but not very often."

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The Contrarian State (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, October 15, 2006

Reliably Democratic California looks more GOP-friendly this year than much of the U.S. In a climate that favors the moderate, Schwarzenegger sets the tone.

By political tradition, California forges its own way. It has affirmed its place in the forefront of reliably Democratic states even as the nation has kept Republicans firmly in control of Congress and the White House.

So now that the national mood has shifted amid the troubles in Iraq, giving Democrats a shot at seizing Congress, it is oddly fitting that 2006 is shaping up as a strong year for Republicans in California.

The Republican governor, Arnold Schwarzenegger, is heavily favored for reelection Nov. 7 over his Democratic challenger, state Treasurer Phil Angelides. Several other Republicans seeking statewide office are mounting surprisingly competitive races against Democratic rivals, though the outcomes are far from sure. And billions of dollars in bonds and taxes on the ballot face tough prospects, thanks largely to Republican voters' aversion to government growth.

With its nearly 16 million voters spread across more than 163,000 square miles, California is so vast that it creates an election climate of its own. This year, its dominating force is Schwarzenegger, whose comeback from his political collapse last year is driving a potential Republican resurgence in California — or at least what would pass for one in a state so effectively Democratic.

Further isolating California from the national swing toward Democrats is the absence of serious competition in the state's 53 congressional races, but for two U.S. House districts where the reelection of Republicans is somewhat uncertain.

By drawing the state's congressional map to protect incumbents of both major parties, the Legislature has made California immune from "the great churning dissatisfaction with the Republicans on a national level," said Tony Quinn, co-editor of California Target Book, a nonpartisan election guide. "We might as well be out in the Pacific Ocean someplace."

Also marginalizing California's role in the nation's midterm vote is the all-but-guaranteed reelection of Democratic U.S. Sen. Dianne Feinstein. Her Republican opponent, former state Sen. Richard Mountjoy of Monrovia, has raised too little money — and is too conservative — to pose a credible threat.

As for Schwarzenegger, he has refashioned his political image in a way that separates him more than ever from the social conservatives who lead the national Republican Party. A supporter of gay rights, gun control and legal abortion, he has doggedly chased after support from Democrats and independents this year, as must any California Republican running statewide. (Republicans make up 34% of California voters, Democrats 43%. Another 23% have shunned the major parties but still tend to favor Democrats.)

For the most part, Schwarzenegger has done so by striking deals with Democrats who control the Legislature, signing bills he had long resisted. One of them cuts prescription drug costs. Another caps greenhouse gas emissions to put California in the vanguard of the fight to stop global warming.

Schwarzenegger has also neutralized some of the fervent opposition he faced last year from organized labor by signing a bill to raise the minimum wage and by restoring school money that he had diverted to balance the state budget. In a nod to labor's success in defeating his initiatives last November, Schwarzenegger has also dropped his bellicose rhetoric against "union bosses."

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"I wouldn't say that California's going Republican so much as the Republican gubernatorial candidate has put on Democratic colors for the sake of the election," said Jeff Lustig, a political science professor at Cal State Sacramento.

In his reelection ads, Schwarzenegger stresses such typically Democratic issues as schools, healthcare and the environment, along with the touchstone Republican topics of crime and taxes. At the same time, he has joined Democrats in pushing for $37 billion in bonds for vast public construction projects.

The overall mix has enabled Schwarzenegger to cast himself as a centrist in his battle against Angelides, who positioned himself as a liberal in the Democratic primary with a showcase proposal to raise taxes on corporations and the wealthy.

For Angelides, a former developer and state Democratic chairman, the campaign has been disjointed. In the spring primary, he emphasized character, portraying himself as the rare Democrat who had the guts to stand up to Schwarzenegger budget cuts at the peak of the governor's popularity.

Over the summer, he shifted to populist economics: He vowed to fight for middle-class Californians struggling with rising costs of gasoline, healthcare and higher education. To blunt Schwarzenegger's attacks on his history of supporting tax hikes, Angelides also pledged to cut taxes for Californians who make less than $100,000 a year.

Most recently, Angelides has turned to Iraq, saying he would demand the return of California's National Guard troops from the war. The move was part of his effort to depict Schwarzenegger, who has supported the war, as a partisan crony of President Bush, a highly unpopular Republican in California.

The jumble of Angelides approaches reflects his trouble in drawing sharp distinctions with a governor who spent the year racking up bipartisan deals with the Legislature. California may be a Democratic state, but recent history suggests its voters strongly favor moderates regardless of party label.

"Anybody who can dominate the center in this state is going to win," said Gary Jacobson, a UC San Diego political science professor.

Beyond ideology, Schwarzenegger's wide lead in voter surveys also illustrates the potency of a household name, which Angelides lacks. The three Democrats with the strongest statewide poll ratings are also three of the best known: Feinstein, Oakland Mayor and former Gov. Jerry Brown, running for attorney general, and Atty. Gen. Bill Lockyer, a candidate for treasurer.

For other races, some Democrats fear Angelides will fail to entice a strong turnout of his own party's voters, helping Republicans. Among the Republicans running close to their rivals were Thousand Oaks state Sen. Tom McClintock for lieutenant governor, Secretary of State Bruce McPherson, who is seeking reelection, Silicon Valley tycoon Steve Poizner for insurance commissioner and former Moorpark Assemblyman Tony Strickland for controller.

Normally, Democrats would hold the edge in all those races, but each Republican has unique advantages. McClintock, facing Insurance Commissioner John Garamendi, is well known from his previous runs for governor and controller. McPherson, named to his job by Schwarzenegger to replace a Democrat who resigned, has the perks of incumbency for his race against state Sen. Debra Bowen of Marina del Rey. And Poizner is dipping into his personal fortune for his contest against Lt. Gov. Cruz Bustamante, whose fundraising practices turned off many voters in his run for governor in the 2003 recall.

Also on the ballot are 13 propositions. Their common theme is money: They call for $46 billion in spending on highways, schools, levees and much more. The state would raise taxes, mainly on oil and tobacco, by more than $3 billion a year. The full package of ballot measures would add $84 billion in debt, including interest, to state budgets over the next 30 years.

Together, the proposals will test whether California's voters stick to the fiscal restraint they established when the state was more amenable to Republicans or embrace an expansive government agenda that buttresses its more recent standing as a Democratic stronghold.

"We could have a complete repudiation of taxes or the most massive public works spending projects we've ever seen in California," said Thad Kousser, an assistant professor of political science at UC San Diego.

"So the stakes are really quite high."

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How California Helps Protect GOP Power (LAT)

By Tony Quinn, Tony Quinn Is A Former Consultant To Legislative Republicans On Redistricting And Was An Expert Witn

The Los Angeles Times, October 15, 2006

Gerrymandered districts almost ensure no state Republicans will lose their seats even in the worst of times.

WITH THE Mark Foley sex scandal dropping on congressional Republicans like a brick on a teacup, bipartisan decisions made five years ago to gerrymander congressional district lines in California and other states may be all that's left to save the GOP from losing control of Congress.

When the California Legislature redrew the state's political lines in 2001, the priority of both Democrats and Republicans was to put a lock on their respective districts.

Four GOP incumbent congressmen had lost in the 2000 election, and the party, fearful of losing even more in increasingly blue California, was desperate to hold on to its 20 seats in the House. Republicans offered Democrats a deal: Give us 20 safe seats in the redistricting plan, and you can do anything you want with the remaining 33.

Districts must be equally populated. But in a bipartisan gerrymander, other factors — protecting racial minorities, ensuring compact districts — can be easily ignored, as they were in the 2001 redistricting. Job security was uppermost in the minds of the Democratic and Republican mapmakers.

Rep. Howard L. Berman, for example, wanted to dilute the number of Latinos in his San Fernando Valley district to avoid a Latino primary challenger, and he got what he wanted. The whole deal was cemented in a meeting between Democrats and White House political guru Karl Rove.

Among the big losers was Rep. Nancy Pelosi of San Francisco, the House minority leader.

The gerrymandered lines in California amount to a Republican firewall against losses even in the worst of times, and for the GOP, these are the worst of times. The national political environment could hardly be more favorable for Democrats. Pelosi's party needs to win only 15 GOP-held districts and she would become the first Californian and first woman to be speaker of the House.

But the gerrymandering of congressional districts in California and other states is so extreme that Democrats are having trouble finding enough targets to win control of the chamber. Some analysts think that Democratic chances of winning the Senate are better because candidates run statewide.

The bible for House races is the Rothenberg Political Report, published by Stuart Rothenberg, which tracks the 435 House districts. The report lists only 41 "highly competitive" districts this fall throughout the country, 37 of which are held by Republicans. None of them are in California.

In general, the number of competitive House seats in the sixth year of an incumbent administration is much higher. President Bush is far less popular than in 2004, so one would expect him to be a drag on Republican incumbents. In 1994, the unpopular Clinton administration was the main reason that Democrats lost 52 House seats, including three in California.

But the 20-seat deal crafted by state Republicans in 2001 was part of a broader gerrymandering effort to ensure that their party would be the majority in the House even in a terrible political year. The icing on the cake was the 2003 Texas redistricting engineered by former House Majority Leader Tom DeLay. He turned a previous Democratic gerrymander into one that produced six additional GOP congressmen from Texas in 2004. That followed earlier GOP-directed gerrymandering in such states as Michigan and Pennsylvania.

Republicans, thinking strategically, combined these and other safe seats with the 20 in California to produce their majority. Congressional Democrats, by contrast, seemed more interested in protecting individual incumbents, which undercut their chances of winning nationally.

One of only two mildly competitive congressional districts in California is the 11th in the Stockton area, held by Rep. Richard W. Pombo, the controversial Republican chairman of the House Resources Committee, whom Democrats and environmentalists accuse of trying to dismantle the Endangered Species Act.

Before the 2001 redistricting, Pombo's district included heavily Democratic downtown Stockton. These voters were given to a neighboring Democrat, and Pombo's new district meandered all over the map in pursuit of Republican-voting suburbanites.

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In 2003, Stockton residents sued, claiming that Pombo's district violated a California constitutional provision requiring that districts should respect city and county boundaries and be geographically compact. California's congressional Democrats and both parties in the Legislature spent a nice hunk of taxpayer dollars defending their handiwork, and Pombo's district survived.

In 2005, Democrats successfully fought to defeat Proposition 77, which would have provided for an immediate redrawing of legislative and congressional districts, despite the fact that their efforts were propping up a number of otherwise vulnerable GOP incumbents, among them Pombo.

Pelosi and other Democrats think they can defeat Pombo in November, and perhaps they will if a huge Democratic wave builds. But they certainly have made his reelection easier by giving him a highly gerrymandered district.

Without the gerrymandered districts, Democrats would certainly make some gains in the state.

So, if Pelosi comes up short of the 15 seats needed to make her the next House speaker, she'll know where to place the blame. She can just look in the mirror.

It's Back To Politics As Usual, More Or Less (LAT)

By Robert Salladay, Times Staff Writer

The Los Angeles Times, October 15, 2006

Compared to the recall and last year's special election, this choice is more traditional, except for Schwarzenegger's enduring celebrity.

SACRAMENTO — If the historic recall election three years ago upended California politics, the race between Democrat Phil Angelides and Republican Arnold Schwarzenegger in 2006 has returned the political system to its regularly scheduled programming.

Between state Treasurer Angelides and the incumbent Gov. Schwarzenegger, there is little talk about sweeping away special interests or transforming the political system as we know it.

Instead, potential voters have been given a choice between established politicians from the two major parties, each with traditional corporate or union backers, each with slightly different but relatively mainstream views on public policy.

Still, an unusual and important factor hangs over the campaign, and brings a benefit to the incumbent: Schwarzenegger's status as a worldwide celebrity.

"That celebrity has consistently brought out more media coverage, more cameras, than anything I have seen at an Angelides event," said Sherry Bebitch Jeffe, a USC professor and expert on California politics. "It must be terribly frustrating for Angelides."

Few jobs in the United States are as powerful as California governor. Only the president and the Chicago mayor make more political appointments. The Legislature sends more than 1,000 bills to the governor every year. The vast state bureaucracy regulates nearly every aspect of California life. It provides healthcare and educates millions.

When voters choose the next person for that powerful job, their choice will look much like offerings from the past: a liberal Democrat against a centrist Republican. When Angelides and Schwarzenegger differ, there are few surprises.

That's the case on many issues — for example, on immigration, one of the most important to voters, according to recent polls.

Angelides and Schwarzenegger agree that illegal immigrants should be "put on a path to citizenship," but only after paying a fine and back taxes, learning English and getting in line behind people who are attempting to become citizens legally. Both have called for a more civil debate on the explosive issue.

The two men's biggest difference concerns the California National Guard. Angelides says he would not use federalized state troops to police the U.S.-Mexico border. Schwarzenegger sent more than 1,000 troops to the border on a limited deployment at the request of President Bush to back up federal border agents, but rejected a later Bush administration call for more.

Even the supposedly sharp contrast between Angelides and Schwarzenegger on the subject of raising taxes is fuzzier than both sides admit.

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Yes, Angelides wants to raise taxes — on California's wealthiest couples, while offering tax cuts to the middle class. Schwarzenegger would have voters believe that Angelides is salivating over $18 billion in planned tax increases in the event that he gets into office, a figure that is clearly wrong.

Yes, Schwarzenegger is holding firm against tax increases, a politically popular position. But he's hardly a fiscal conservative. He has presided over a 26% increase in state government spending, and approved higher fees and tuition at California's public colleges — which some call a tax by another name.

He also proposed $68 billion in borrowing to shore up the state's faltering infrastructure system. The Legislature sliced that approximately in half, putting $37 billion in bonds on next month's ballot for voters to approve.

Angelides, with the help of his union supporters and a traditional Democratic message, survived the June primary by defeating state Controller Steve Westly.

But the bitter race left his campaign nearly broke, and battered by the impression that he had polluted Lake Tahoe or was beholden to developers.

Schwarzenegger, who had no Republican primary opponent, immediately fired up his campaign. The day after the primary, he launched ads against Angelides alleging that the treasurer would take California backward. And he hammered the tax issue so much that the treasurer had a hard time recovering. Since early summer, Angelides has lagged well behind Schwarzenegger in the polls.

"I can tell by the joy I see in your eyes that you love to raise taxes," the governor said to Angelides during their recent debate in Sacramento, the only one scheduled between the two. "Why don't you just say right now, 'I love increasing your taxes.' "

Incumbent governors come with considerable political advantages, not the least of which is the veto pen. Schwarzenegger has used his office, and the power of the veto threat, to negotiate big legislative deals with the Democrats who control the Legislature. One example was a bill to curb California's contribution to global warming, putting the state at the forefront of a global issue.

The bipartisan efforts have gone a long way for Schwarzenegger, according to the polls, to assure voters that he has abandoned the confrontational tone of his disastrous 2005 special election.

Many of Angelides' strongest supporters have appeared on stages with the governor — political symbolism he dearly needed after the bruising special election.

But Schwarzenegger's political transformation also has provided a contrast for Angelides to exploit. He has been hammering the governor for supporting Bush during a critical time in the president's 2004 reelection campaign, suggesting that the Republican governor is far more conservative than he lets on.

"The fact is, when you speak like this you sound just like Newt Gingrich," Angelides told Schwarzenegger at the debate.

"You sound like Speaker Hastert. You sound like George Bush attacking me on taxes."

Angelides says voters will turn on the governor over the issue of trust, a word he used multiple times when the two candidates debated in Sacramento.

On the campaign trail, he notes repeatedly that the governor has had multiple political personas since being elected in 2003.

The challenger's central question has been: Which governor can we expect? The reformer of 2004, the conservative of 2005 or the centrist of 2006?

Whichever candidate you believe, the race has put California a long way from the turbulent recall days, and handed voters something familiar: politics as usual.

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Begin text of infobox

Arnold Schwarzenegger

Party: Republican

Occupation: Governor of California

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Age: 59; born in Graz, Austria.

Residence: Los Angeles (Brentwood)

Personal: Married; four children.

Education: Bachelor's degree in business and international economics, University of Wisconsin-Superior, 1979.

Career highlights: As a bodybuilder, won 13 championship titles; was the subject of "Pumping Iron," a 1977 documentary about bodybuilding, and went on to star in many films; in 1990, was named chairman of the Presidential Council on Physical Fitness and Sports under President George H. W. Bush; sponsored Proposition 49, a ballot measure approved in 2002 to increase funding for after-school programs.

Platform: Job creation through economic development and promotion of the California economy; no tax increases; curbs on greenhouse gases through regulation on business; $37 billion in bonds to rebuild state infrastructure.

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Party: Democratic

Occupation: State treasurer

Age: 53; born in Sacramento.

Residence: Sacramento

Personal: Married; three children.

Education: Bachelor's degree in government, Harvard University, 1974.

Career highlights: Employed in state government 1975 to 1983; private developer 1984 to 1998; chairman of the California Democratic Party 1991 to 1993; state treasurer 1999 to present.

Platform: Cut taxes for middle class and increase taxes on couples making more than $500,000 a year; lower tuition and fees at Cal State and University of California schools; regulate salaries of health maintenance organization executives; require large companies to provide health coverage for employees.

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On the issues

This is where the governor and his challenger stand on some issues important to Californians:

Source: Times reporting

Los Angeles Times

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Run for money

The contributions count this year has Gov. Arnold Schwarzenegger ahead of Democratic challenger Phil Angelides by nearly two to one:

Schwarzenegger -- $32,741,662

Angelides -- $17,066,230

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Source: California Secretary of State

Schwarzenegger For Governor (LAT)

The Los Angeles Times, October 15, 2006

The governor has learned how to work with the Legislature and chart a moderate course for California.

AFTER HIS HISTORIC ELECTION in the 2003 recall, followed by some early promise and a disappointing sophomore year, Arnold Schwarzenegger has been a solid, pragmatic governor who has steered a moderate course for California. He deserves a sequel.

In the last year, the Republican has formed relationships with legislative leaders that focused the usually fractious and often obstructive Democrats on a productive agenda. Together, they have given Californians a historic law to combat global warming, a prescription drug plan and a reasonable increase in the minimum wage. If he is reelected, the governor says, "we're going to continue in a bipartisan way."

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That's encouraging — and there's reason to believe it's not simply a sound bite. The governor says he now realizes he made a mistake last year in trying to strong-arm the Legislature and browbeat the voters with his ill-advised and ill-fated special election. And a look at his track record suggests that Schwarzenegger is more comfortable the closer he is to California's center of political gravity.

In fact, he may embody it. On the environment, on stem cell research and on reproductive choice, he has distinguished himself from the Bush administration and other conservatives on the national scene. He respects the still-thriving spirit of the state's taxpayer revolt yet also understands California's heritage of building for the future.

His priorities for the next term, Schwarzenegger says, include reforming the state's dysfunctional prisons and another try at fixing California's jury-rigged redistricting system. His previous attempts to address both problems failed miserably. Paradoxically, however, he may be in a better position to address these issues — and others, such as the state's structural budget deficit — because he is a Republican. A little partisanship can be healthy in Sacramento, if it serves as a check on the excesses of the legislative or executive branch. And Schwarzenegger and the Democrats in the Legislature now better understand how they give each other political cover.

No such dynamic would exist if Schwarzenegger's opponent, Democratic state Treasurer Phil Angelides, were elected. Some of his criticisms of the governor are valid; Angelides is correct to note that Schwarzenegger is too hazy about how he plans to close the state's perpetual budget shortfall. To the extent that the challenger is more candid, however, his prescription of raising some personal income and corporate taxes is the wrong one.

Schwarzenegger correctly senses that a leader with good instincts and confidence is more effective — and more inspiring — than one with a good plan and a lot of details. Angelides may be more specific about many of California's problems. But Schwarzenegger is more likely to solve them. The Times endorses Arnold Schwarzenegger for governor.

Twins, Not Really. But Not Far Off. (NYT)

By Jennifer Steinhauer

The New York Times, October 15, 2006

LOS ANGELES

I FEEL utterly confident that Michael R. Bloomberg would never be caught dead in the alligator-skin loafers attached to the feet of Arnold Schwarzenegger, which the governor of California had just plopped atop a table in the presidential suite of a four-star hotel in Newport Beach.

Even so, over the next 20 minutes of that recent interview, I could not help feeling that I was covering the mayor of New York all over again, albeit a taller, tanner, somewhat less comprehensible rendering.

I was the City Hall bureau chief for this newspaper for most of Mr. Bloomberg's first term, and now, here in Los Angeles, I find myself with a sense of déjà vu covering Mr. Schwarzenegger, the other popular, blue-state Republican.

Sometimes, I feel amused. Other times, slightly cursed. (Do I really have to listen to another speech by the man who proclaims to embody the American dream?) But I often find myself amazed that the middle-aged Jewish guy with the Boston twang I covered two years ago is so similar to the Austrian-born muscle man 3,000 miles west.

Both men are moderate centrists, estranged from their party's mainstream, who first ran for office on what seemed like a lark. After making a slew of goofy comments and odd policy pronouncements, they both found themselves, shockingly, in their first political jobs.

Both watched their popularity sink mid-term to embarrassing levels. Mr. Bloomberg came back to beat handily — and greatly outspend — a Democratic machine politician whose attempts to claw away at the mayor and paint him as the president's buddy flopped.

Mr. Schwarzenegger's re-election bid does not end until next month, but his campaign has uncannily mirrored Mr. Bloomberg's 2005 race. Like the mayor, he distanced himself from his party, cut deals with lawmakers, and outspent his opponent while also more or less ignoring him. The outcome, polls show, is likely to be the same.

Each had two careers that made him buckets of money before settling into a $1-a-year job as a high-profile public servant, their old lives informing how they govern.

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Mr. Bloomberg — former Wall Street trader and entrepreneur — literally tore down the walls at City Hall and replaced them with glass, to emulate the financial information company he founded. Mr. Schwarzenegger — one-time body builder and movie star — explained his tax policy by walking me through the budget of "Terminator 3."

Each man is tolerant, though far from politically correct. The world has watched each squirm when off-the-record comments became public. Each can be snappish with his staff (random tip: don't ever serve the governor cold eggs, or come unprepared to meet with the mayor) but endlessly cheerful and optimistic in public.

Both remain fond of creature comforts.

The same week I met with the governor, I walked into the Beverly Wilshire Hotel, where Mr. Bloomberg was staying, and what seemed like half his senior staff had taken a breakfast table there. Preferred mode of transport for both? Private plane.

And they like each other. Mr. Bloomberg is hosting a fund-raiser for the governor in his home on Monday; the mayor's recent visit here to promote environmental legislation was like one big buddy movie. During one news conference, Mr. Schwarzenegger announced that the mayor was, "My soul mate. He's the man."

It is not terribly surprising that the re-election campaigns of Mr. Bloomberg and Mr. Schwarzenegger are so similar. The week after Mr. Bloomberg won reelection last year, Maria Shriver, Mr. Schwarzenegger's wife, called Kevin Sheekey, Mr. Bloomberg's campaign manager, and said that she wanted her husband's re-election campaign to be just like the mayor's.

Further, Mr. Bloomberg and Mr. Schwarzenegger are both products of the areas they represent. New York and California voters tolerate Republicans as long as they give them some tax relief and seem to keep jobs in the area, yet keep their social politics firmly rooted to the left and legislate effectively across party lines.

Mr. Bloomberg, who is sometimes mentioned as a 2008 presidential candidate, and Mr. Schwarzenegger, who by law cannot be, both see themselves as the answer to gridlock. "Perhaps fame and money sets them free to set their own course," said Bruce E. Cain, director of the Institute of Governmental Studies at the University of California, Berkeley. "Maybe plutocracy is the answer to our partisan problems."

Together, they promote causes (like environmental programs), raise cash (for the governor) and offer moral support in a political arena with few natural allies. "The Republican Party does not really meet either of their needs," said Louis DeSipio, a professor of political science at the University of California, Irvine. "They learn from each other's mistakes."

And while Mr. Schwarzenegger's vice is cigars (something I shall never partake in with him) and Mr. Bloomberg's is popcorn (something I appreciated when visiting his office, though it often needed more salt), they seem to simply like hanging out. "I can tell you," Mr. Sheekey said, "in California they had a riotous time together."

Ehrlich, O'Malley Swap Scorn In TV Debates (WP)

By John Wagner And Matthew Mosk, Washington Post Staff Writers

The Washington Post, October 15, 2006

Baltimore Crime and Schools Dominate in Back-to-Back Exchanges

Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley traded scathing assessments of each other's records yesterday during a pair of debates in which they did little to hide their mutual disdain.

Ehrlich (R) accused his Democratic rival of neglecting Baltimore's low-performing schools, of wrongfully arresting thousands of its citizens and of practicing a "leadership style of whining and blaming others for your failures."

O'Malley argued that there are "two Bob Ehrlichs," one who, during an election year, touts tax cuts, investments in education and a commitment to the environment, and another whose record of governing is starkly different.

"We can do better, but we need a governor who is on the side of working families," O'Malley said during the first of two debates, which was taped yesterday afternoon for broadcast tomorrow night on Maryland Public Television and WJZ (channel 13) in Baltimore.

In an unusual arrangement, the gubernatorial candidates engaged in a second debate that aired live last night on statewide public television and on WBAL (channel 11) -- the candidates described the two as though they were two halves of a sporting contest.

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The set of televised debates came amid a bruising contest between two of Maryland's best-known politicians that until yesterday had played out largely through television advertising, much of it negative and in the expansive Baltimore media market. For months now, the governor has succeeded in keeping the campaign focused largely on Baltimore crime and education, two topics he had identified as weaknesses for an opponent who has overseen one of the nation's largest cities for seven years. But it is unclear whether his message is working with statewide voters -- O'Malley has consistently led in independent polls.

Yesterday, those two themes resurfaced for long stretches as the two men sparred. But O'Malley managed to weave a third theme through both debates -- the notion of "two Bob Ehrlichs." That allowed him to address a range of claims Ehrlich has made during the campaign, such as his assertion that he supported state-funded stem cell research or backed large increases for higher education, moves he only made in the final year of his term.

After the debates had concluded, Ehrlich tried to head off the new line of attack, saying that there are two Bob Ehrlichs -- "the 60th governor of Maryland and the 61st."

Both men sought to spotlight their accomplishments, with Ehrlich, Maryland's first GOP governor in a generation, saying that his administration had "taken Annapolis by storm" after having been sent there to stop the "worst instincts" of the Democrat-led legislature.

"I believe by any measure, Maryland is better today than it was four years ago," Ehrlich said, citing higher statewide school test scores, new transportation projects and a thriving economy.

O'Malley cited improvements in test scores in Baltimore, particularly among younger students, as well as reductions in violent crime and homicides -- progress that, he said, Ehrlich has sought to belittle for political gain.

In both debates, the two men sat behind desks stacked with their notes and papers, and exchanged comments in loosely structured hour-long encounters.

As often occurs with his more casual style, the governor's answers were peppered with acronyms and references to programs, such as his "wraparound" social services approach that would probably have befuddled all but the most devoted state government junkies.

O'Malley tried for a loftier tone, at one point calling for a "new line" in Maryland, a reference to Maryland's nickname as the "Old Line State." Ehrlich presented a more common-man persona, twice telling the mayor after he finished an answer, "I don't know what all that means."

The most pointed exchange came in the afternoon debate over the way the two candidates view Baltimore and the significant aid that the state provides for social programs there.

"I pay for you," Ehrlich said, looking straight at O'Malley. "Without us, you are done."

Reading from a document, Ehrlich then ticked off annual state investments in Baltimore schools, transportation, social services and community colleges. "You get the drift here," Ehrlich said.

O'Malley shot back that Ehrlich was practicing "the politics of division and fear."

"I just wanted to remind you that the citizens of the City of Baltimore are also citizens of our state and that we're all in this together," O'Malley said. "Frankly, governor, the biggest philosophical difference between you and me is that I do believe that we're all in this together, and you believe this is a world of us and them."

The evening debate was calmer than the afternoon one and more focused on the issues, with the first 21 minutes devoted to education.

Ehrlich focused on the worst-performing of Baltimore's schools, saying the mayor "wants to claim success, wants to pretend that these schools are in good shape." O'Malley responded by putting emphasis on the city's highest-performing schools and accusing the governor of "promoting stereotypes" by concentrating on the failures in a small segment of inner-city classrooms.

The two also explored the issues of crime, the recent utility rate increases and the state's budget outlook, and, in the end, leadership styles. The governor repeated his assertion that O'Malley's style is to "blame everyone." The mayor said of Ehrlich: "Good at potshots; bad at taking responsibility."

At the outset of the first debate, O'Malley sought to inoculate himself against attacks on schools and crime that have dominated Ehrlich's television ads, warning the audience that they were coming.

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O'Malley later tried to shift the focus of the debate by noting that about 40 percent of those arrested for murder in Baltimore this year were under the supervision of a state-run parole system overseen by the Ehrlich administration. He also spoke of problems in the state's juvenile justice system, which Ehrlich had pledged to fix during his 2002 campaign.

O'Malley's greatest wound on the issue of the city's homicide count, however, may have been self-inflicted. In a discussion about crime, he said mistakenly that the murder count in Baltimore had dropped below 200 for several years running. Last year, the count stood at 269.

Aides said that O'Malley clearly meant to say the count had dropped below 300, a figure that was exceeded every year in the decade before O'Malley was elected in 1999.

An Ehrlich news release issued after the debate, however, said O'Malley had "deliberately misled the citizens of Maryland."

O'Malley adviser Steve Kearney said the mayor "misspoke," and Kearney pointed out that during the WJZ debate Ehrlich mistakenly claimed not to have raised taxes during his term. "If they want to play that game, we can."

While sales and income taxes have not increased during Ehrlich's term -- a distinction the governor often makes -- he did agree to raise property taxes, as well as raising fees on vehicle registration and sewer service -- increases O'Malley hammered him on during the debates.

More broadly, O'Malley sought to portray Ehrlich as more interested in promoting corporate interests than protecting working families. O'Malley said that Ehrlich-appointed utility regulators had "rubber-stamped" a major rate increase this year by the state's largest electricity provider. And he chided Ehrlich for allowing college tuition to rise by 40 percent at some campuses.

Ehrlich countered that O'Malley was engaging in "classic class warfare."

Ehrlich also was critical of the Baltimore police policy of stepped-up enforcement for offenses such as loitering. Police say the strategy helps deter violent crime, but critics have decried the large number of people who are arrested for such offenses but who are never charged with a crime.

Ehrlich said O'Malley's "mass arrests" have alienated citizens and demoralized the police force.

O'Malley seemed to grow increasingly impatient with Ehrlich's focus on Baltimore issues, reminding him at one point: "This is a race for governor, governor. This is not a race for Baltimore City Council."

Schools, Crime Are Debatable (WT)

By S.a. Miller, The Washington Times

The Washington Times, October 15, 2006

BALTIMORE -- Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley clashed yesterday in two debates that frequently dwelled on the city's crime problems and poorly performing schools, despite the mayor's attempts to shift the focus to the governor.

"We have made tremendous progress in our city in recent years," said Mr. O'Malley, the Democratic nominee for governor. "But we can all make more progress if we had a governor that practiced the politics of bringing people together instead of the politics of division."

He promised to practice "the politics of hope and the politics of dreams and the politics that say we are all in this together."

Mr. Ehrlich, a Republican seeking re-election, responded: "I don't know what all that means."

"That's the leadership style of whining and blaming others for your failures," continued Mr. Ehrlich, pointing to the mayor's past criticism of Baltimore State's Attorney Patricia C. Jessamy, the City Council and President Bush for impeding the city.

Mr. O'Malley has also blamed the city's crime problems on a "revolving door" at the state's prisons. "The problem that every jurisdiction in our state faces is not a lack of courage by our local police," he said. "Governor, if you want to do something about the dangerous position that our officers are put in, why don't you do something about your broken parole and probation system?"

The moderator at the debate, which was videotaped at WJZ-TV (Channel 13) in Baltimore, did not allow Mr. Ehrlich to respond. The debate will be aired Monday at 7 p.m. by the station and statewide by Maryland Public Television.

Mr. Ehrlich did get to respond during the next debate, which was aired live last night by Maryland Public Television and WBAL-TV (Channel 11) in Baltimore and in many ways duplicated the first encounter.

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"Talk about revolving doors," Mr. Ehrlich said. The mayor has had "seven police commissioners in seven years. ... Not a whole lot of people are lining up to take criminal justice advice from you, Mr. Mayor."

The candidates' disdain for each other was evident at both debates, which likely were their last face-to-face confrontations before the Nov. 7 election.

Mr. Ehrlich has said he does not want to debate after mid-October so that he can concentrate on campaigning. Their two previous debates were not televised.

Within hours of the first debate's conclusion, both candidates claimed victory.

The Ehrlich campaign said the governor "convincingly demonstrated that Maryland is better off today than it was four years ago."

The O'Malley campaign said the mayor won by "showcasing new ideas for progress for Maryland's hardworking families."

In both debates, Mr. O'Malley frequently accused the governor of "selling out" working-class families to the profit of "powerful and wealthy special interests."

Mr. Ehrlich called the charges "classic class warfare" and repeatedly dismissed the mayor as a political opportunist who distorts the facts, shifts the blame and makes politically expedient decisions.

"Get the facts right," he told Mr. O'Malley. "Nobody is buying your drive-by attacks."

Mr. Ehrlich touted his record in the debates, noting reforms to the state's troubled juvenile-justice and prison systems.

He also reminded voters that he inherited a $2 billion budget deficit and turned it into a $2 billion budget surplus, all the while spending more on public schools and blocking Democratic lawmakers' attempts to increase state income taxes or sales taxes.

"We were agents of change," Mr. Ehrlich said. "We were given a mandate by the people of Maryland to effectuate change in Annapolis. Maryland is in far better shape today than it was four years ago."

Baltimore's education and crime problems have put Mr. O'Malley's campaign on the defensive, but the mayor continues to lead Mr. Ehrlich in most polls.

Mr. O'Malley says there has been a 40 percent reduction in violent crime in Baltimore since he took office in 1999, but the crime statistics are questionable and the city's homicide rate remains among the highest in the country.

He also points to rising test scores in the public elementary schools. Mr. Ehrlich cites the high dropout rate and 11 middle and high schools that have recorded failing test scores for nine consecutive years.

The candidates also sparred over taxes, the environment, transportation and energy policies.

On nearly every issue, Mr. O'Malley said the governor sided with special interests, including insurance companies on health care and power companies on energy prices.

Mr. O'Malley faulted the governor for increasing taxes, including state property taxes, higher tuition at state universities and a "flush tax" for environmental improvements to wastewater treatment plants.

Mr. Ehrlich defended his tax record, saying he pulled the state out of a deficit without increasing taxes and targeted fees to pay for major road projects and to clean up the Chesapeake Bay.

He pointed out that Mr. O'Malley raised the city's income, property and energy taxes. "Your record is clear," he told the mayor.

"There is no reason for a general tax increase at any time in the immediate or intermediate future," Mr. Ehrlich said, repeating his pledge from four years ago.

Mr. O'Malley said he agreed that a tax increase was not needed, but also said the state's structural deficit persists while the city budget is truly balanced.

"The difference in our budgets is, I pay for you," Mr. Ehrlich said. "Without us, you are done."

He pointed out the state pays for the majority of the city's transportation, social services and education budgets.

Still, attention remains focused on Baltimore's troubles with schools and crime.

The public schools issue re-emerged last week with four days of violent incidents, including a 14-year-old boy being shot in the back Friday at a football game at Frederick Douglass High School.

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The violence started Monday when about 100 students from Digital Harbor High School gathered near the school to watch a fistfight between two 15-year-old girls and some of the spectators smashed car windshields.

At Pimlico Middle School, a 14-year-old girl was hospitalized Wednesday after a 13-year-old student stabbed her in the arm with a kitchen knife. That same day, students were locked down at Holabird Elementary School for more than four hours after a shooting nearby.

An 8-year-old boy brought a .22-caliber handgun Thursday to Grove Park Elementary School, and police say another 8-year-old boy accidentally fired the weapon. No one was injured.

Party Games (WP)

The Washington Post, October 15, 2006

HOW COME, when Maryland Gov. Robert L. Ehrlich Jr. (R) expresses no confidence in state election officials and urges voters to use absentee ballots, Democrats squawk about a conspiracy to suppress the vote, but when Montgomery County Executive Douglas M. Duncan (D) says the same thing, there is silence? Given the importance of voting, playing politics in this way isn't forgivable.

Voting problems that Maryland experienced on primary day in September remain a real cause for concern. In Montgomery local election officials inexplicably forgot to deliver the computer cards needed to power the voting machines. Poorly trained workers and no-show judges caused problems in Baltimore City and Prince George's County. Glitches with the electronic poll books used to sign in voters cropped up across the state. Unfortunately, these legitimate issues have become blurred by assertions -- so far unfounded -- that there are problems with the reliability of the electronic voting machines. While we think that a paper trail for electronic voting is a prudent idea, the primary day voting breakdowns did not involve the voting machines, which worked without incident.

It is important that the state's political leaders not add to the confusion with suggestions that paper is the only safe way to vote. Instead of sowing unease that could well give pause to prospective voters, Mr. Ehrlich and Mr. Duncan should be focusing on the constructive steps that they are taking to try to ensure a smooth election. Mr. Ehrlich, for instance, deserves praise for his efforts to recruit state employees to work the polls by offering them administrative leave. Similarly, Mr. Duncan has made it possible for county technical experts to help election officials. There have been other encouraging signs such as the Maryland State Bar Association leading a drive to get its members to volunteer.

No doubt, the attention paid to the voting problems has put state and local election officials on notice as to exactly what is at stake on Nov. 7. And their jobs are the least of it.

With Eye On 2008, Kerry Goes After Bush (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, October 15, 2006

MANCHESTER, N.H. -- Sen. John F. Kerry (D-Mass.) barely said hello to the New Hampshire Democrats who filled a banquet room here Friday night before unloading on President Bush.

"This war in Iraq is a disgrace," he said in the second sentence of his speech at a party fundraising dinner.

Thirty-two minutes and 14 standing ovations later, the man who lost the 2004 presidential campaign left little doubt that if he runs again in 2008, he intends to be the chief prosecutor of the record of the Bush presidency.

"A lie, a lie, a lie and a lie," he said after recounting Republican claims that Iraq is not in a civil war, that North Korea's nuclear advancement is former president Bill Clinton's fault and that Democrats were behind the release of salacious e-mails that Mark Foley sent to former House pages.

It was as if the Kerry of 2006 was channeling the Howard Dean of 2003. "What we have in Washington is a house of lies, and in November, we need to clean house," he said.

Kerry spoke to an audience that included many of the activists who helped propel him to the nomination two years ago. But after Bush's victory, many of them are decidedly cooler to a Kerry presidential campaign in 2008.

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The University of New Hampshire released a survey Thursday of presidential preferences in the Granite State. Sen. Hillary Rodham Clinton (N.Y.) led the field of Democrats with 30 percent, followed by former senator John Edwards (N.C.) at 16 percent and former vice president Al Gore at 10 percent. Kerry ranked fourth with 9 percent.

None of this seems to discourage the Massachusetts senator. He said he has been getting a far different sense from conversations with Democrats during his travels this fall. "I'm very encouraged," he said in an interview a few hours before his speech. "I know what the conventional wisdom is, and it's had a good record of being wrong."

Kerry believes he was defeated in 2004 in large part because of what he calls two lies from his opponents: one about the way America went to war in 2003, the other far more personal -- the Swift Boat veterans' attacks that challenged his Vietnam War record, crippling his campaign in August 2004.

Democrats still fault Kerry for failing to fight back against those charges, and he says he regrets that he was not more aggressive. "We thought the truth was understood," he said. "We should have done more." But, Kerry added: "I don't think that should disqualify you from being president of the United States, necessarily."

What is disqualifying, he believes, is the Bush administration's Iraq strategy. "This war is utterly disastrous," he said. "It's without parallel in modern American foreign policy history in the incompetence and in the lack of effort to bring elders of both parties together and create an atmosphere of solving it. And I am incensed that young Americans are losing their lives because these guys are arrogant and incompetent."

Those kinds of comments have drawn instant rebukes from critics in the Republican Party, and even Democrats have been reluctant to follow Kerry's recommendations for changing policy by setting a timetable for withdrawing U.S. forces. He predicts that more of his colleagues in the Senate will move his way after the midterm elections.

Kerry said those who have encouraged him to run again believe he can be a viable candidate. "Are there enough people who believe that?" he asked. "Can we put that together? Have I learned the lessons of getting kicked on my butt and dusted up, and can I bring a better experience to the table? I think I've learned a lot of lessons. The question is, can you convey that to people? I don't know. Those are the imponderables."

Bill Clinton Rallies Activists In Iowa (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

Filed at 11:00 p.m. ET

DES MOINES, Iowa (AP) -- Former President Bill Clinton said Saturday that voters "know something is wrong" in Washington and urged Democrats to create change in the November elections.

"I have never seen the American people so serious," said Clinton. "I think I know why. People know things are out of whack. The rhythm of our public life and our common life in America has been disturbed."

The former president was the keynote speaker at the Jefferson-Jackson Day dinner, the Iowa Democratic Party's biggest annual fundraising event. He drew more than 3,500 activists.

There is speculation that Clinton's wife, New York Sen. Hillary Rodham Clinton, may seek the Democratic presidential nomination in 2008. She has not been in Iowa during this election cycle, even though other candidates have already begun campaigning in the state that will open the presidential nominating season.

Bill Clinton joked about the speculation. "I am under no illusions as to why I'm here," he said. "You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York."

Clinton urged activists to focus on the midterm election.

"People are sick of partisanship, they are sick of gridlock and they are coming to us in droves," said Clinton. "People know something is wrong and they want to change."

Clinton called the Bush administration and the Republican-led Congress "unprecedentedly unaccountable" and said tax cuts for the rich have led to huge deficits.

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"This is not class warfare," said Clinton. "I've been poor and I've been rich and I like rich better. I want to pay my share. I don't need another vacation home."

Both the White House and Congress are resistant to scrutiny from the outside, he said.

"In Iraq, which is famous for no-bid contracts, $9 billion has gone missing and there has been no serious congressional investigation," said Clinton. "There's never been a more secretive, unaccountable administration."

SOLON, Iowa (AP) -- Former North Carolina Sen. John Edwards on Saturday bashed the Bush administration for "proactive stupidity" by sticking with a failed policy in Iraq and being unable to admit its mistakes.

He predicted the Iraq war and a wave of scandals in the Republican-run Congress will prompt voters to demand change in November.

"There is an underlying current that Democrats are in a strong position, for a lot of reasons," Edwards told The Associated Press. "Some of it is the scandals and corruption that people all across the country are seeing in Washington."

Edwards was spending the weekend in eastern Iowa raising money for Democratic legislative candidates.

He finished a surprising second in Iowa's leadoff precinct caucuses in the 2004 presidential election, and that propelled him to a spot on the ticket with eventual nominee John Kerry. Edwards has left little doubt he's interested in again seeking the party's nomination, and he's been among the most active of the potential candidates campaigning in Iowa.

Danny Diaz, a spokesman with the Republican National Committee, said Saturday that Edwards is a "failed presidential candidate and a rejected vice presidential candidate whose political attacks will be no more successful today than they were two years ago."

Edwards diverted from his campaign schedule to speak at a University of Iowa conference on poverty issues. "We should be for the eradication of poverty in America," he said. "In our party, we need to seize the moral high ground."

Bid For President Called A Long Shot (MJS)

By Katherine M. Skiba

Milwaukee Journal Sentinel, October 15, 2006

Thompson launches PAC, considers run for White House

Washington - Political analysts say Tommy G. Thompson faces long odds if he tries for the Republican presidential nomination in 2008.

Aides to Thompson, 64, announced last week that he was launching a political action committee, Forward America, and mulling a run for the White House. That comes after discussions with key advisers and a pair of visits to Iowa, whose caucuses kick off the presidential nominating season.

Ahead, aides said, Thompson plans a trip to New Hampshire, which hosts the first primary of 2008.

Thompson was governor of Wisconsin from 1987 to 2001, longer than anyone in history. He was U.S. Health and Human Services chief from 2001 to 2005 during President Bush's first term.

Today he works for a Washington law firm and a major consulting practice and has a hand in a number of business ventures, many in health care.

Why steep odds if he runs for the highest office in the land?

Although the race is wide open - with no vice president waiting in the wings - Thompson is not well-known nationally or among the top-tier of GOP candidates, generally thought to include Sen. John McCain, Senate Majority Leader Bill Frist, former New York Mayor Rudolph Giuliani and Massachusetts Gov. Mitt Romney.

He's also weighing a run rather late in the game. With the Iowa GOP caucuses planned at the start of 2008, Thompson would have to amass tens of millions of dollars in short order to compete there and in subsequent nominating contests in other states.

He flirted this year with a run against either Wisconsin Gov. Jim Doyle or U.S. Sen. Herb Kohl - then sat out both contests - just as he reiterated his presidential ambitions. He had weighed a campaign for president in 1996 and again in 2000 but didn't pull the trigger.

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Aides said the leadership PAC would let him travel the country to back GOP candidates, spread his ideas and shape the party's agenda.

At the same time, the people on "Team Tommy" - as one adviser called key supporters - tout his work on the state, national and international levels and boast that he's got a track record on public policy issues, fire in the belly, a knack for campaigning and a solid reputation in Iowa, where the nominating season kicks off. Plus his family is now behind the effort, they said.

"The presidency would be the one thing that would interest him at this juncture," former Thompson aide Kevin Keane said. "He is as energized as I've seen him about this." Appealing to the public is key

Political scientist Charles O. Jones, emeritus professor at the University of Wisconsin-Madison and senior fellow at The Brookings Institution, said Thompson's fledgling steps make a potential candidacy difficult to assess.

"And since it's a hard thing to evaluate, you have to say it's among the longer of the long shots," Jones said. "There's a whole process to get people to think about you as a presidential candidate, and that's not really gone on."

David T. Canon, a UW political science professor, said Thompson's reputation as a centrist and his record on social policy and education were strengths. Thompson was a pioneer in welfare reform and private school vouchers.

Talking about McCain, Giuliani and Romney, Canon said: "On policy grounds, Thompson can go toe to toe with any of those guys. The question is, can he get his name out there and appeal to the national party people and other people who contribute to Republican Party campaigns?"

"The next couple of months," Canon said, "are critical."

Keane said Thompson is not daunted by the competition.

"He's a (former) Midwestern governor and cabinet secretary with a track record that, frankly, is going to be tough for any leader to match," he said. "What separates Governor Thompson from the field is turning ideas into workable solutions."

Keane now is senior vice president for communications for the American Beverage Association.

Thompson could not be reached for comment.

At the University of Virginia, political scientist Larry Sabato expects Thompson would have to raise $20 million to $30 million to be taken seriously as a candidate.

"He's a god in Wisconsin, but outside Wisconsin he's not that well-known," Sabato said. "It's tough to take a presidential bid seriously, but he may prove us all wrong."

A recent survey of likely Wisconsin voters by GOP pollster Strategic Vision found 55% of the respondents want Thompson to try for the presidency; others were split between not wanting him to run or being undecided.

When state Republicans in the poll were asked their choice for president in '08, Giuliani was named by 33%, Thompson by 24%, McCain by 17%; others were in single digits. Campaigning in Iowa

According to Tony Jewell, another former Thompson aide, Thompson has traveled twice to Iowa in recent weeks to stump for state legislative candidates. He'll return Oct. 24 for a fund-raiser for House Republican Jim Nussle, who is running for governor.

Iowans have seen no fewer than 11 GOP presidential hopefuls in recent months, said Cullen Sheehan, executive director of the Republican Party of Iowa. He's met Thompson several times - Sheehan was campaign manager for unsuccessful GOP Senate candidate Tim Michels of Wisconsin in 2004 - and thinks Thompson could have a "big impact in a state like Iowa, being a Midwesterner himself."

Talking about the PAC, Jewell said Thompson is using it as a vehicle to support candidates and "stay involved in the national debate on issues that are very important to the future of the country." He named health care, accountability in education, energy independence and foreign policy as top concerns.

Thompson made about 100 speeches in the year after he left the cabinet, often detailing his plan to cover the 45 million Americans without health insurance.

So-called leadership PACs are not unusual. Half of the 10 federal lawmakers from Wisconsin have them, notably Democratic Sen. Russ Feingold, who has been traveling widely and considering a presidential run of his own. The others: House Democrats Tammy Baldwin and Ron Kind and Republicans Paul Ryan and Tom Petri.

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Thompson's PAC, whose name borrows from the state's motto, "Forward," has not yet registered with the Federal Election Commission.

At the Washington-based Center for Responsive Politics, which tracks money in politics, Communications Director Massie Ritsch said that although the chief purpose of such a PAC is to support candidates, outlays often benefit the person who controls the PAC.

"They spend a lot of money on what you might call overhead: staff, fund-raising costs, travel, sometimes you see polling, that sort of thing. They can be a pre-presidential committee of sorts," he said.

Fund-Raising Obstacles Imperil N.Y. Bid For '08 Democratic Convention (NYT)

By Diane Cardwell

The New York Times, October 15, 2006

New York City's bid to land the 2008 Democratic National Convention is in jeopardy because Mayor Michael R. Bloomberg is spread so thin with fund-raising commitments that he may not be able to raise the money from private donors needed to pay for it, an official said on Thursday.

The fund-raising worries come as Democrats have been seriously considering bringing the convention to New York rather than to the other competing city, Denver, which offers a politically attractive location, but has logistical problems because of a scarcity of hotel rooms.

A Democratic convention in New York would be likely to give Senator Hillary Rodham Clinton a starring role, even if she is not chosen as the party's presidential nominee.

But now, administration officials are raising "grave concerns" about Mr. Bloomberg's ability to cover the expenses. For 2004, when the city was working to show how it had recovered from the Sept. 11 attack, city officials promised Republicans $73 million for their convention and raised $85 million in a fund-raising drive headed by Mayor Bloomberg. This time around, the budget goal is for nearly $85 million, a figure administration officials say could grow to $100 million.

Given the roughly $250 million Mr. Bloomberg has promised to raise for the World Trade Center Memorial Foundation and for programs recommended by his poverty commission, an administration official who would speak only anonymously said there were "serious concerns" about his ability to hit that target. If Mr. Bloomberg and other host committee officials could not bring in the promised amount, the city would have to make up the difference.

It was not immediately clear whether officials would pull back from the bid or devise a new fund-raising strategy, but the financial issue is dampening what had appeared to be encouraging developments as New York pushed aggressively to serve as host to the Democrats in 2008.

From the beginning, few political analysts greeted New York's attempt to snare the convention with much optimism, arguing that Democrats would be wiser to go to an area of the country where they stood to sway a few fence-sitting states to their side, instead of choosing a state that has long been in the Democratic camp.

But aides to Mr. Bloomberg put together an all-out pitch, promising to decorate the entire city, provide delegates with concierge services and offer the news media free spa treatments and haircuts at Barneys to help them "get excited about their environment," according to a host committee presentation. Mayor Bloomberg even traveled to Chicago to court Democrats, taking along the "Sopranos" star Lorraine Bracco as aides doled out Big Apple martinis and manhattans to party leaders.

Then, New York's effort got a surprise shot in the arm from an unlikely source: the Republicans, who snapped up Minneapolis and St. Paul, which, like New York, had bid for both conventions. That put the Twin Cities out of the running for the Democratic convention, since both events are scheduled just days apart.

Further strengthening New York's chances was the sense among Democrats that while New York, with its large police force, transit system and other logistical advantages, can pull off a successful convention, Denver may not have enough space even to house the delegates. Denver itself has just 19,000 hotel rooms, according the New York pitch, compared with New York's 63,200 hotel rooms.

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But Denver offers political advantages that could trump New York, Bloomberg aides concede. The convention offers an opportunity for Democrats to court a region considered increasingly receptive to the party's message, said Seth Masket, an assistant professor of political science at the University of Denver.

"To that extent, geography does matter," he said. "The mountain states are becoming more purple, as they say, and in Colorado in particular the Democratic Party has been doing increasingly well in recent years, and it's looking good for this fall."

That stems, he said, from the migration of voters from more liberal areas along the West Coast, but also from the tenor of the national Republican Party, whose cultural conservatism does not play well with the more individualistic, libertarian strains of the mountain region.

Indeed, senators from Nevada, Montana, New Mexico and Colorado recently sent a letter to Howard Dean, the Democratic Party chairman, urging him to select Denver as a way of increasing the party's chances of winning several Western states that have been increasingly up for grabs.

Conversely, this line of reasoning goes, holding the convention in the politically safe terrain of New York would represent a missed opportunity, especially if the party is nominating a New Yorker like Mrs. Clinton. Although the city is the country's media capital and a national megaphone, said Doug Muzzio, a professor at the Baruch School of Public Affairs, "It's like the Subway Series: it's great for New Yorkers but lousy for everybody else because they're not interested."

New York has a storied history of holding conventions, serving as host when Democrats nominated Jimmy Carter in 1976 and also when Democrats held the longest convention in American political history, when the party took more than 100 ballots to nominate John W. Davis, who went on to lose to Calvin Coolidge in 1924. After the 2004 Republican convention, George Bush went on to victory, and city officials said the event drew $245 million in business during a slow time of the year.

For the city, there is the question of whether New Yorkers would even be interested in a 2008 convention, given the disruptions and the potential for street protests. In 2004, those protests led to mass arrests and detentions, followed by lawsuits against the city that are still winding through the courts. And if the Iraq war remains unsettled and divisive, it could again prove a catalyst for thousands to take to the streets.

"We hope that the city will acknowledge and learn from the mistakes it made handling protests during the Republican National Convention," said Donna Lieberman, executive director of the New York Civil Liberties Union. "Political conventions are lightning rods for protest. That doesn't mean that we will see the breadth and intensity of activity that New York saw during the Republican convention, but the city has to be prepared to respect the right to protest, whatever the point of view."

Call Of The West: Rein In The Judges (LAT)

By Stephanie Simon, Times Staff Writer

The Los Angeles Times, October 15, 2006

Conservative ballot measures in many states would check judicial power. South Dakotans seek a right to sue jurists, Montanans to recall.

DENVER — Judges across several Western states could soon face new limits on their authority and threats to their independence, as conservatives campaign for ballot measures that aim to rein in what they describe as "runaway courts."

Frustration among the right has been building for years, especially since the high court in Massachusetts legalized same-sex marriage in 2003. Politicians and pastors have accused judges of ignoring the public will and legislating from the bench.

On Nov. 7, voters will be asked to do something about it.

South Dakota's ballot contains the most radical provision: It would empower citizens to sue judges over their rulings.

Other proposals would make Colorado the first state to impose term limits on top judges and give Montana residents the right to recall judges over any "dissatisfaction." In Oregon, an amendment would require Supreme and Appeals court judges to be elected by geographic district, so they reflect the values of conservative rural communities as well as the liberal legal establishment in Portland.

In three other states, ballot measures would also limit judicial authority, though that is not their primary intent. Proposition 90 in California aims to restrict government's right to condemn private property; it also takes elements of such cases out of judges'

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hands and entrusts them to juries instead. Nevada has a similar initiative. And a proposal in North Dakota would severely curtail the discretion judges have in settling custody disputes.

Supporters cast their efforts as populist and democratic, a way to make judges answer more directly to the citizens they serve. "This is a very measured and mild response to the perception that our courts are out of control," said John Andrews, a former legislator promoting the amendment to impose term limits in Colorado.

Opponents, however, warn that the initiatives would begin to dismantle the system of checks and balances set up under the U.S. Constitution.

"Judges are there to protect the minority from the tyranny of the majority. They are not there to do the popular will," said Doreen Dodson, a St. Louis attorney who chairs the American Bar Assn.'s committee on judicial independence. "They are accountable to the law and the Constitution."

States have always struggled to balance judicial independence and accountability, said Rorie Spill Solberg, a political scientist at Oregon State University. Lately, she said, that scale has tipped ever more toward accountability — and toward a notion that judges should respect, even represent, the will of the majority.

All but eight states ban partisan elections for judges in an effort to keep politics — and corruption — off the bench. But Solberg and others worry that the latest wave of changes would make judges more vulnerable to pressure from interest groups and even individuals.

"What I see, pretty much across the country, are judges under siege," said former Colorado Supreme Court Justice Rebecca Love Kourlis.

South Dakota's Amendment E would have the most sweeping effect; it has drawn opposition from conservatives and liberals — including, in a rare show of unanimity, every member of the state Legislature.

Under the amendment judges in the state could lose their jobs or assets if citizens disliked how they sentenced a criminal, resolved a business dispute or settled a divorce. "We want to give power back to the people," said Jake Hanes, a spokesman for the measure.

A special grand jury would evaluate citizen complaints against judges — and judges would not be presumed innocent. Amendment E explicitly instructs jurors to "liberally" tilt in favor of any citizen with a grievance, and "not to be swayed by artful presentation by the judge."

This deep suspicion of judges is reflected not only on the fall ballot, but also in the rallying cries of the right, especially Christian conservatives. A summit for "values voters" last spring included a session called "The Judiciary: Overruling God." Mock ballots, circulated online, urge Christians to vote for the judge they'd most like to impeach.

The American Bar Assn. is so concerned about the trend that it recently produced a DVD called "Countering the Critics," to be screened at churches, Rotary Clubs and Chambers of Commerce nationwide. To encourage lawyers to speak up in defense of the judiciary, the ABA has drafted sample speeches, op-ed articles and letters to the editor comparing judges to referees, sworn to uphold the rules, however unpopular.

That analogy does not sit well with Andrews, the former state senator backing term limits in Colorado.

In his view, judges too often let their political views color their decisions. Or they arrogantly "ignore or overrule decisions of the people," he said.

Andrews' campaign has spent more than $300,000 reminding voters in Colorado of rulings that he considers outrageous, such as when judges struck down a school voucher program, canceled a ballot initiative to limit services for illegal immigrants, and voided the death penalty for a convicted murderer because jurors used the Bible to guide their deliberations.

One of his radio ads begins: "Remember that line, 'Here comes the judge?' Amendment 40 has a better idea: There goes the judge."

Andrews, a Republican, acknowledges that term limits won't guarantee rulings he approves. But he says it's better then letting justices sit on the bench for decades, "curdling like old milk."

Under current law, the governor appoints justices in consultation with a bipartisan commission; they can serve until age 72, facing retention elections just once a decade. Amendment 40 would limit the justices to 10 years, with more frequent retention elections.

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Five of seven state Supreme Court justices would be forced off within two years if the measure passes. Andrews relishes that symbolism.

"Simply sending this message of profound discontent with a judiciary that used to be respected is very valuable," he said.

The amendment has drawn high-powered — and well-funded — opposition, with public statements coming from many district attorneys, three former governors and Republican Gov. Bill Owens.

"Reasonable people, present company included, will disagree with rulings from time to time, but that does not mean we dismantle an entire branch of government," said former Gov. Richard D. Lamm, a Democrat.

Still, analysts say the measure in Colorado — like those in other states — has a shot at passing because it taps into such widespread anger at the courts.

"How successful they'll be is really hard to know," said Elizabeth Theiss Smith, a political scientist at the University of South Dakota.

"Conservatives in particular have been so upset about judicial rulings, and this is an activist way to deal with activist judges."

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Gerry Studds Dies At 69; First Openly Gay Congressman (NYT)

By Damien Cave

The New York Times, October 15, 2006

Gerry E. Studds, the first openly gay member of Congress and a demanding advocate for New England fishermen and for gay rights, died early Saturday at Boston University Medical Center, his husband said.

The cause was a vascular illness that led Mr. Studds to collapse while walking his dog on Oct. 3 in Boston. He was 69.

From 1973 to 1997, Mr. Studds (whose first name was pronounced GAIR-ee) represented the Massachusetts district where he grew up, covering Cape Cod and the barnacled old fishing towns near the coast. He was the first Democrat to win the district in 50 years, and over the course of 12 terms, he sponsored several laws that helped protect local fisheries and create national parks along the Massachusetts shore.

A former Foreign Service officer with degrees from Yale, he was also a leading critic of President Ronald Reagan's clandestine support of the Contra rebels in Nicaragua. He staunchly opposed "Star Wars," or the Strategic Defense Initiative, which Mr. Studds once described as "the Edsel of the 1980's" — overpriced and oversold.

His homosexuality was revealed through scandal. In 1983, he was censured by the House for having had an affair 10 years earlier with a 17-year-old Congressional page. For Mr. Studds, formal and dignified, a model of old New England reserve, the discovery sparked intense anguish, friends said.

He had long been unsure of the role his sexuality should play. At the nation's first major gay march on Washington in 1979, he told friends he could neither attend nor stay away.

"His act of courage was to jog within a block of it," said Representative Barney Frank, Democrat of Massachusetts, the congressman from Mr. Studds's adjoining district, who announced his own homosexuality four years later. "He felt that conflicted."

Once outed, however, Mr. Studds refused to buckle to conservative pressure to resign.

"All members of Congress are in need of humbling experiences from time to time," Mr. Studds said at the time. But he never apologized. He defended the relationship as consensual and condemned the investigation, saying it had invaded his privacy.

He went on to win re-election in 1984, surprising both supporters and opponents.

For some, it echoed an earlier, unexpected accomplishment: In 1968, as a 30-year-old teacher at St. Paul's School in Concord, N.H., Mr. Studds was one of two crucial figures who persuaded Senator Eugene McCarthy to bring his antiwar presidential campaign to the state's primary. Members of the campaign partly attributed Mr. McCarthy's surprisingly strong showing there — which helped force President Lyndon B. Johnson out of the race — to the 12-day tour Mr. Studds had scheduled.

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"He was a major factor for us in the New Hampshire primary," said Seymour M. Hersh, who was the press secretary for Mr. McCarthy. "Gerry was just there; he was there with ideas, he was there to organize."

Mr. Studds's re-election in 1984 had reverberations of its own.

"In a sense, he became a role model," said Charles Kaiser, author of "1968 in America" and "The Gay Metropolis." "His experience convinced other people that it would now be possible to run as an openly gay person."

Mr. Studds also seemed emboldened by his re-election. He began to demand more money for AIDS research and treatment. He pressed for the right of gay people to serve openly in the military, releasing a previously suppressed Pentagon report in 1989, which concluded that sexuality "is unrelated to job performance in the same way as is being left- or right-handed."

In addition to speaking on the House floor on behalf of gay marriage, he set an example. In 2004, he and his longtime partner, Dean T. Hara, became one of the first couples to marry under a Massachusetts law allowing gay marriage.

"Gerry often said that it was the fight for gay and lesbian equality that was the last great civil rights chapter in modern American history," Mr. Hara said in a statement.

"He did not live to see its final sentences written," Mr. Hara added, "but all of us will forever be indebted to him for leading the way with compassion and wisdom."

Mr. Studds's past had recently resurfaced. In the final two weeks of his life, the two-decade-old controversy surrounding Mr. Studds became an issue in the 2006 midterm election campaign as a new Congressional page scandal unfolded.

Though his name had barely been mentioned in Washington since he retired, the resignation late last month of Representative Mark Foley, a Florida Republican, revived interest in Mr. Studds's own dalliance with a teenage page in 1983.

Across the country, several Republican candidates sought to deflect criticism aimed at their own party by reminding voters about Mr. Studds. The National Republican Congressional Committee chastised Democrats in this year's race for taking contributions from party leaders who had served with Mr. Studds.

In the Oct. 16 issue of The Weekly Standard, printed before Mr. Studds's death, the conservative commentator Charles Krauthammer also invoked the retired Massachusetts congressman as he drew a contrast between Republicans and Democrats. Mr. Krauthammer argued that Mr. Foley had resigned immediately and that Mr. Studds had left Congress only after Democrats had lost their majority, which he called "the political equivalent of dying in your sleep."

Mr. Hara, Mr. Studds's husband, declined to comment on the newest criticism.

A memorial service will be held in November. In addition to Mr. Hara, Mr. Studds is survived by his brother, Colin Studds; his sister-in-law, Mary Lou Studds; his sister, Gaynor Stewart; four nephews; and his English springer spaniel, Bonnie.

Gerry Studds; Gay Pioneer In Congress (WP)

By Yvonne Shinhoster Lamb, Washington Post Staff Writer

The Washington Post, October 15, 2006

Gerry E. Studds, the first openly gay person elected to Congress and a longtime proponent of environmental protection, New England fishermen and human rights, died Oct. 14 at Boston Medical Center, several days after he collapsed while walking his dog. He was 69.

Mr. Studds lost consciousness because of a blood clot in his lung Oct. 3. He later regained consciousness and seemed to be improving, but his condition worsened Friday because of a second clot, according to Dean Hara, who married Mr. Studds in 2004 shortly after same-sex marriage was legalized in Massachusetts.

A 12-term congressman from Massachusetts, Mr. Studds was a ranking member of the House Democratic leadership and popular in his 10th Congressional District in 1983 when he was censured for sexual misconduct with a 17-year-old male page that had occurred 10 years earlier.

Mr. Studds told the House that his affair with the page was "a very serious error in judgment" but that it was "a mutually voluntary, private relationship between adults."

He chose not to fight the charges, saying his right to privacy was more important.

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"It is not a simple task for any of us to meet adequately the obligations of either public office or private life, let alone both," Mr. Studds said on the House floor. "But these challenges are made substantially more complex when one is, as I am, both an elected public official and gay."

The scandal, which also involved Rep. Daniel B. Crane (R-Ill.), who was involved with a female page, highlighted problems in supervision of congressional pages.

Mr. Studds's revelation did not prevent his reelection in 1984, a race he won by a solid majority.

Long a champion of environmental and maritime concerns, Mr. Studds was advocate for the fishing industry and worked to establish a barrier to foreign fishing vessels 200 miles from the U.S. coast. He was chairman of the powerful Committee on Merchant Marine and Fisheries from 1990 to 1994, the Subcommittee on the Coast Guard and Navigation, and the Subcommittee on Fisheries, Oceans and Wildlife, and was a member of the Subcommittee on Health and the Environment. He was a leader in passing legislation that now protects the Atlantic striped bass, whales, dolphins and porpoises.

"His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea," Sen. Edward M. Kennedy (D-Mass.) said. "He was a steward of the oceans."

Mr. Studds, who was known for his acidic wit and his mastery of legislative details, also pushed for health-care reform and for increased funding for people with AIDS and for AIDS research. In 1987, he sent a copy of Surgeon General C. Everett Koop's 36-page "Report on AIDS" to every household in his district. He also opposed military intervention in Central America.

He was among the first members of Congress to endorse lifting the ban on gays and lesbians in the military, and in 1994 with Kennedy, he introduced legislation to end discrimination in the workplace based on sexual orientation.

Gerry Eastman Studds was born May 12, 1937, in Mineola, N.Y., the son of a Long Island architect. He grew up in Cohasset, Mass., in the district he would later represent. He graduated from Yale University and received his master's degree in teaching there in 1961.

Shortly after, he came to Washington and joined the State Department as a Foreign Service officer. By 1962, he was working as a congressional liaison for President John F. Kennedy's domestic Peace Corps task force, and two years later he was a legislative assistant to Sen. Harrison A. Williams Jr. (D-N.J.).

Leaving Washington in the mid-1960s, he became a history teacher at St. Paul's School in Concord, N.H., until his opposition to the Vietnam War propelled him back into politics. In 1968, the young teacher and peace activist joined the presidential primary campaign of Sen. Eugene McCarthy (D-Minn.) as a coordinator in New Hampshire, where his political acumen developed.

In the book "1968 in America" (1988), author Charles Kaiser recounted how Mr. Studds and David Hoeh, a political strategist, helped to orchestrate McCarthy's victory in New Hampshire.

"Studds had spent the Thanksgiving recess at home doing some basic statistical research on New Hampshire presidential primaries, and he came to Chicago armed with an analysis of the vote, its percentage in each town and each congressional district," Kaiser wrote. "He presented McCarthy with a twelve-day schedule of campaigning with which the candidate could hit 75 percent of the voters."

The analysis, combined with Hoeh's experience, proved successful. "This would be the hallmark of the New Hampshire campaign: so-called amateurs who turned out to be much better informed about the local electorate than their most entrenched opponents," Kaiser wrote.

Fully engaged in the politics of the day, Mr. Studds went on to serve as a delegate to the tumultuous 1968 Democratic National Convention in Chicago. Two years later, at age 33 and while a student at the Harvard School of Education, he first ran for Congress but lost to the Republican incumbent in a close election.

He spent the next two years studying issues related to the fishing industry and Portuguese, the language of a community in his district of considerable size. In 1972, he won his second bid and became the first Democrat in 50 years to win what was considered a safe Republican seat.

Mr. Studds, who lived in Provincetown, Mass., retired from Congress in 1997 and became a lobbyist for the fishing industry and environmental causes.

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In 1996, Congress named the 842-square-mile Stellwagen Bank National Marine Sanctuary for him.

In addition to Hara, his partner since 1991, survivors include a brother and a sister.

Studds, 1st Openly Gay Congressman, Dies (AP-Y)

By Jay Lindsay, Associated Press Writer

AP, October 15, 2006

Former Rep. Gerry Studds, who became the first openly gay member of Congress when his homosexuality was exposed during a teenage page sex scandal, died early Saturday. He was 69.

Studds died at Boston Medical Center several days after he collapsed while walking his dog, his husband said. Doctors determined his loss of consciousness was due to a blood clot in his lung, Dean Hara said.

Studds regained consciousness and seemed to be improving, but his condition deteriorated Friday because of a second blood clot. The origin of the second clot was not immediately determined, said Hara, who married Studds shortly after same-sex marriage was legalized in Massachusetts in 2004.

Hara said Studds gave courage to gay people by winning re-election after publicly acknowledging his homosexuality.

"He gave people of his generation, of my generation, of future generations, the courage to do whatever they wanted to do," said Hara, 49.

Studds was first elected in 1972 and represented Cape Cod and the Islands, New Bedford, and the South Shore for 12 Congressional terms. He retired from Congress in 1997.

In his early career, Studds was known for opposing the Vietnam War and military intervention in Central America. Studds later became an advocate for a stronger federal response to the AIDS crisis and was among the first members of Congress to endorse lifting the ban on gays serving in the military.

In 1983, Studds acknowledged his homosexuality after a 27-year-old man disclosed that he and Studds had had a sexual relationship a decade earlier when the man was a teenage congressional page.

The House of Representatives censured Studds, who then went home to face his constituents in a series of public meetings.

At the time, Studds called the relationship with the teenage page, which included a trip to Europe, "a very serious error in judgment." But he did not apologize and defended the relationship as a consensual relationship with a young adult. The former page later appeared publicly with Studds in support of him.

The scandal recently resurfaced when Rep. Mark Foley, R-Fla., resigned after exchanging sexually explicit instant messages with a page. Republicans accused Democrats of hypocrisy for savaging Foley while saying little about Studds at that time.

Hara said Studds was never ashamed of the relationship with the page.

"This young man knew what he was doing," Hara said. "He was at (Studds') side."

Studds told his colleagues in a speech on the floor of the House that everyone faces a daily challenge of balancing public and private lives.

"These challenges are made substantially more complex when one is, as am I, both an elected public official and gay," Studds said at the time.

In Congress, Studds was an outspoken advocate for the fishing industry and was hailed by his constituents for his work establishing a limit for foreign fishing vessels 200 miles from the coast. After leaving Congress, he became a lobbyist for the fishing industry and environmental causes.

"His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea," Sen. Edward Kennedy, D-Mass., said in a statement. "He was a steward of the oceans."

In 1996, Congress named the 842-square-mile Gerry E. Studds Stellwagen Bank National Marine Sanctuary after him in recognition of his work protecting the marine environment.

In addition to Hara, Studds is survived by a brother, a sister and four nephews.

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A Moral Philosophy For Middle-Class America (NYT)

By David Brooks

The New York Times, October 15, 2006

Some people are religious conservatives, who believe that policies should align with the transcendent moral order of the universe. Other people are social libertarians, who believe government should be neutral on values issues, and individuals should be guaranteed their own private space to work out their own solutions to moral questions.

But others of us are social traditionalists. We differ from the religious conservatives in that we're not sure about a transcendent moral order. Furthermore, we think it's both too sectarian and too lofty to try to pattern government policies on God's law.

We also disagree with the social libertarians. We don't think government can be neutral on values issues. Nations are held together by shared beliefs. People flourish because they have been encouraged by society to adopt certain habits and behaviors. It's a chimera to believe individuals come up with solutions to moral questions alone; human beings are social creatures whose actions and views are profoundly shaped by the social fabric that binds them.

We traditionalists observe that when policies fail, it's usually because they are based on inaccurate assumptions about human nature. So we don't base our thinking on the abstract arguments of theology. Nor do we base it on economics, with its image of profit-maximizing individuals. We begin our thinking with a study of what human beings in particular places are actually like.

We know, for example, that human beings are wired to form attachments with each other. As Daniel Goleman writes in his new book, "Social Intelligence," the subconscious mind is able to detect nonverbal emotional messages that the conscious mind is not even aware of. Babies cry in sympathy with other infants. Young children use "mirror neurons" to imitate and learn. As adults, our brain and cardiovascular functions are influenced by the people around us, as we instinctively mimic their emotions.

We are engaged, Goleman writes, in endless "protoconversations," and you get these social contagions. A mood or change can sweep through a group or a nation as people subconsciously mold one another's behavior.

All of this was anticipated by Adam Smith nearly 250 years ago. In "The Theory of Moral Sentiments," Smith based his theory of morals on the intense sociability of human beings (rather than on divine law or the idea of maximum individual autonomy). His approach is a starting point for social traditionalists today.

Smith argued that more than just about everything else, people hunger for approval. We feel intense pleasure when we experience the sympathy of others. In a well-structured society, he continues, our desire for sympathy leads us to restrain our selfish or egotistical behaviors.

Furthermore, Smith continues, we not only want to feel praise, we want to feel praiseworthy. We want to act in ways that would deserve praise, if a wise, impartial spectator happened to be watching us. In our best moments, we want to live up to the ideals our society has gradually engraved upon us.

So for Smith, the crucial policy question was: How do you embed people in relationships that will discourage selfish behavior and emotionally reward virtue and self-control?

Today, while the religious conservatives and the social libertarians have their culture war flashpoints — how many crèches can you fit on the head of a publicly funded pin? — the traditionalists are interested in how to strengthen institutions that breed responsible people. How do you encourage marriage at a time when 70 percent of African-American babies are born out of wedlock? How can you embed young men in American cities, or in Iraq, in the constructive world of work, so they won't drift into the world of violence? How can you build preschool programs so children from chaotic homes will have at least one stable place to develop self-control? How can you assimilate immigrants so they will internalize the social norms of the United States? How can parents keep cultural garbage out of their homes?

In the 1980's, Smith was known as the apostle of free-market capitalism. But these days attention has shifted over to his social philosophy. The culture war has become self-parodic, so people are hungry for a morality that is neither absolutist nor nihilistic. As the economy has opened up opportunities, it's become clear many people lack the cultural capital to take advantage of them.

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A Republican Party in danger of dividing between religious conservatives on the one side and libertarians on the other might return to these traditionalist values after the coming deluge.

It's Official: To Be Married Means To Be Outnumbered (NYT)

By Sam Roberts

The New York Times, October 15, 2006

Married couples, whose numbers have been declining for decades as a proportion of American households, have finally slipped into a minority, according to an analysis of new census figures by The New York Times.

The American Community Survey, released this month by the Census Bureau, found that 49.7 percent, or 55.2 million, of the nation's 111.1 million households in 2005 were made up of married couples — with and without children — just shy of a majority and down from more than 52 percent five years earlier.

The numbers by no means suggests marriage is dead or necessarily that a tipping point has been reached. The total number of married couples is higher than ever, and most Americans eventually marry. But marriage has been facing more competition. A growing number of adults are spending more of their lives single or living unmarried with partners, and the potential social and economic implications are profound.

"It just changes the social weight of marriage in the economy, in the work force, in sales of homes and rentals, and who manufacturers advertise to," said Stephanie Coontz, director of public education for the Council on Contemporary Families, a nonprofit research group. "It certainly challenges the way we set up our work policies."

While the number of single young adults and elderly widows are both growing, Professor Coontz said, "we have an anachronistic view as to what extent you can use marriage to organize the distribution and redistribution of benefits."

Couples decide to live together for many reasons, but real estate can be as compelling as romance.

"Owning three toothbrushes and finding that they are always at the wrong house when you are getting ready to go to bed wears on you," said Amanda Hawn, a 28-year-old writer who set up housekeeping near San Francisco with her boyfriend, Nate Larsen, a real estate analyst, after shuttling between his apartment and one she shared with a friend. "Moving in together has simplified life," Ms. Hawn said.

The census survey estimated that 5.2 million couples, a little more than 5 percent of households, were unmarried opposite-sex partners. An additional 413,000 households were male couples, and 363,000 were female couples. In all, nearly one in 10 couples were unmarried. (One in 20 households consisted of people living alone).

And the numbers of unmarried couples are growing. Since 2000, those identifying themselves as unmarried opposite-sex couples rose by about 14 percent, male couples by 24 percent and female couples by 12 percent.

Matt Foreman, executive director of the National Gay and Lesbian Task Force, said gay couples were undercounted because many gay people were reluctant to disclose their sexual orientation. But he said that inhibition seemed to be fading.

"I would say the increase is due to people feeling more comfortable disclosing that they are gay or lesbian and living with a partner," he said.

The survey did not ask about sexual orientation, but its questionnaire was designed to distinguish partners from roommates. A partner was defined as "an adult who is unrelated to the householder, but shares living quarters and has a close personal relationship with the householder."

Some of the biggest gains in unmarried couples were recorded in unexpected places. In the rural Midwest, the number of households made up of male partners rose 77 percent since 2000.

The survey revealed wide disparities in household composition by place. The proportion of married couples ranged from more than 69 percent in Utah County, Utah, which includes Provo, to 26 percent in Manhattan, which has a smaller share of married couples than almost anyplace in the country. But Manhattan registered a 1.2 percent increase in married couples since 2000, in contrast to the rest of New York City and many other places.

Among counties, the highest proportion of unmarried opposite-sex partners was in Mendocino, Calif., where they made up nearly 11 percent of all households.

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The highest share of male couples was in San Francisco, where, according to the census, they accounted for nearly 2 percent of all households. In Manhattan, they made up 1 percent of households. Hampshire County, Mass., home to Northampton, had the highest proportion of female couples, at 1.7 percent. Some of the highest numbers of unmarried couples were recorded in the South, which as defined by the census, has the largest population of any region.

David Blankenhorn, president of the marriage advocacy group the Institute for American Values, said married couples had become a minority largely because of the growing number of households made up of people who planned to marry or who used to be married.

Steve Watters, the director of young adults for Focus on the Family, a conservative Christian group, said that the trend of fewer married couples was more a reflection of delaying marriage than rejection of it.

"It does show that a lot of people are experimenting with alternatives before they get there," Mr. Watters said. "The biggest concern is that those who still aspire to marriage are going to find fewer models. They're also finding they've gotten so good at being single it's hard to be at one with another person."

But Pamela J. Smock, a researcher at the University of Michigan Population Studies Center, said her research — unaffiliated with the Census Bureau — found that the desire for strong family bonds, and especially marriage, was constant.

"Even cohabiting young adults tell us that they are doing so because it would be unwise to marry without first living together in a society marked by high levels of divorce," Ms. Smock said.

A number of couples interviewed agreed that cohabiting was akin to taking a test drive and, given the scarcity of affordable apartments and homes, also a matter of convenience. Some said that pregnancy was the only thing that would prompt them to make a legal commitment soon. Others said they never intended to marry. A few of those couples said they were inspired by solidarity with gay and lesbian couples who cannot legally marry in most states.

Jennifer Lynch, a 28-year-old stage manager in New York, said she had lived on the Lower East Side with her boyfriend, who is 37 and divorced, for most of the five years they have been a couple.

"Cohabitating is our choice, and we have no intention to be married," Ms. Lynch said. "There is little difference between what we do and what married people do. We love each other, exist together, all of our decisions are based upon each other. Everyone we care about knows this."

If anything, she added, "not having the false security of wedding rings makes us work even a little harder."

With more competition from other ways of living, the proportion of married couples has been shrinking for decades. In 1930, they accounted for about 84 percent of households. By 1990 the proportion of married couples had declined to about 56 percent.

Married couples have not been a majority of households headed by adults younger than 25 since the 1970's, but among those aged 25 to 34 the proportion slipped below 50 percent for the first time within the past five years. (Among Americans aged 35 to 64, married couples still make up a majority of all households.)

"It's partially fueled by women in the work force; they don't necessarily have to marry to be economically secure," said Andrew A. Beveridge, a demographer at Queens College of the City University of New York, who conducted the census analysis for The New York Times. "You used to get married to have sex. Now one of the major reasons to get married is to have children, and the attractiveness of having children has declined for many people because of the cost."

William H. Frey, a demographer at the Brookings Institution, attributed the accelerated trend to the lifestyles of baby boomers.

"It's the legacy of the boomers that have finally caused this tipping point," Dr. Frey said. "Certainly later generations have followed in boomer footsteps, with high levels of living together before marriage, and more flexible lifestyles. But the boomers were the trailblazers, once again, rebelling against a norm their parents epitomized.

"This would seem to close the book on the Ozzie and Harriet era that characterized much of the last century," he said.

Security Council Backs Sanctions On North Korea (NYT)

By Warren Hoge

The New York Times, October 15, 2006

DOJ_NMG_0081600

UNITED NATIONS, Oct. 14 — The Security Council voted unanimously on Saturday to impose strict sanctions on North Korea for its reported nuclear test, overcoming objections from Russia and China by explicitly excluding the threat of military force.

The resolution, drafted by the United States, clears the way for the toughest international action against North Korea since the end of the Korean War. Primarily, it bars the sale or transfer of material that could be used to make nuclear, biological and chemical weapons or ballistic missiles, and it bans international travel and freezes the overseas assets of people associated with the North's weapons programs.

In its most debated clause, the resolution authorizes all countries to inspect cargo going in and out of North Korea to detect illicit weapons.

That power was the sticking point in days of what the Russian ambassador called "tense negotiations" with China and Russia that continued up until just minutes before the final vote early Saturday afternoon. And less than an hour after joining in the Council vote to approve the resolution, the Chinese ambassador, Wang Guangya, said China would not participate in the inspection regime because it would create "conflict that could have serious implications for the region."

Mr. Wang said China supported the resolution as a necessary way to respond to Pyongyang's "flagrant" behavior.

The 15-0 vote came days after North Korea's claim it had tested a nuclear device, reflecting the immediate global alarm that such a weapon could wind up in the hands of terrorists or other rogue states. Indeed, the wording of the resolution hit most of the tough points that the United States and Japan, in particular, had been seeking.

But China's refusal to take part in searches, and Russia's seeming annoyance at the end of the process, immediately raised questions about how effective the resolution's execution could be. And it raised the prospect, too, that similar action sought by the United States against Iran could face a much tougher battle.

After the vote, John R. Bolton, the American ambassador, insisted that China was bound by the resolution's terms and would have to find a way to comply with the inspection provision. "I can't believe that China won't adhere to obligations that the Security Council has imposed," he said.

Ambassador Pak Gil-yon of North Korea told the Council that his government "totally rejected" the resolution, and he accused the panel's members of "gangster-like" action and a "double standards" attitude that neglected the nuclear threat posed by the United States.

He said that if the United States continued to "increase pressure" on North Korea, his government would consider it a declaration of war and take "critical countermeasures."

Mr. Pak then rose from his guest seat at the end of the horseshoe-shaped table and left the chamber.

Mr. Bolton asked to be heard and pointed to the empty chair, saying Mr. Pak's impulsive departure was the equivalent of Khrushchev's pounding his desk in protest in the General Assembly. The Russian ambassador, Vitaly I. Churkin, complained that the reference, even at a moment that he described as Mr. Bolton's "emotional state," was "an inappropriate analogy."

Current and former Bush administration officials, and experts on North Korea, said Saturday that while the sanctions did not go as far as Washington wished, they probably provided the legal justification for the United States and Japan to squeeze the country. It will provide the basis for inspecting ships in ports around the world — though not necessarily on the high seas — and gives Washington a way to expand a program to force banks to halt dealings with the country.

Earlier this year, Stephen J. Hadley, the national security adviser, said that the huge pressure put on one small bank in Macao, Banco Delta Asia, "was the first thing we ever did that got their attention." Today one of his aides said, "Our plan is that Banco Delta is just a beginning."

What the administration did not get was authority to use military force to stop ships in international waters. In order to obtain Chinese agreement, it agreed this week to drop explicit reference to a chapter of the United Nations Charter that authorizes the possible use of military power to enforce sanctions.

"This isn't going to be like the Cuban missile crisis, where we put up a full blockade," said Michael Green, who headed Asia operations on the National Security Council staff until late last year, and is now at the Center for Strategic and International Studies.

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The big loophole in the resolution concerns policing the North's border with China. The two countries had about $1.7 billion in trade last year. The Chinese declaration Saturday cast doubt on the likelihood that China would inspect, much less stop, much of the trade moving across that border.

Speaking outside the White House on Saturday, President Bush praised the resolution, saying it sent "a clear message to the leader of North Korea regarding his weapons programs. This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea Peninsula is nuclear-weapons-free."

In addition to the sanctions and search regime, the resolution demands that North Korea abandon its illicit weapons programs and rejoin the nonproliferation treaty, and it calls on the government to return to the so-called six-nation talks involving South Korea, Japan, China, Russia and the United States.

A ban on the shipment of luxury goods in the resolution was particularly championed by Mr. Bolton and J. D. Crouch, the deputy national security adviser, as a way to harm the North's leader, Kim Jong-il, administration officials said. Mr. Kim does not command the kind of loyalty that his father, Kim Il-sung, the country's father and "Great Leader," did until his death in 1994. So instead, according to North Korean defectors, he buys allegiance with Mercedes-Benz cars, bottles of cognac and plenty of walking-around money.

Mr. Bolton alluded to that this week when he said that one intent of the resolution was to put Mr. Kim, who presides over a starving country but travels on luxurious train cars, on a diet. He said that the resolution left Pyongyang "utterly and totally isolated" and that the government should see its only way back to international acceptance was "abandoning weapons of mass destruction and not continuing to go after them."

Mr. Bolton said the measure was aimed at illicit activities of Pyongyang like "money laundering, counterfeiting and selling of narcotics." Those words, however, were removed this week to gain Chinese and Russian approval.

The final draft also dropped a broad arms embargo in favor of one just on heavy equipment like battle tanks, artillery systems, missiles and warships.

Despite the changes, Mr. Bolton said, "We think this represents essentially what the United States was asking for when it circulated its draft resolution on Monday."

Asked about the effect of Saturday's decision on the debate expected next week over sanctions on Iran for its refusal to suspend its nuclear program, he said, "I think this shows quite strongly that the Council is not going to tolerate proliferation of weapons of mass destruction and Iran should learn from this lesson."

But Mr. Churkin, the Russian ambassador, signaled that an obstacle in the negotiations over North Korea would also arise in the Iran debate, where Russia and China have also been reluctant to approve direct punishments.

Noting that in the cases of both North Korea and Iran, the United States had imposed its own sanctions, he said, "It is unhealthy that when discussing collective measures and trying to be cooperative and forming a unified approach, one country comes out and adopts unilateral measures which also apply to other countries that are participating in the discussion."

He said, "We very much hope that our American colleagues understand, in terms of the problems we have to solve and tackle in the next stage of our work in the Security Council."

U.N. Votes To Impose Sanctions On N. Korea (WP)

By Colum Lynch And Glenn Kessler

The Washington Post, October 15, 2006

Council Demands End To Nuclear Program

UNITED NATIONS, Oct. 14 -- The U.N. Security Council voted unanimously Saturday to condemn North Korea and impose stiff sanctions on the communist government in response to its suspected nuclear test.

North Korea's ambassador immediately rejected the council's demand to dismantle its nuclear weapons program and threatened to respond to the escalating pressure on the reclusive government with unspecified "physical countermeasures."

The 15-nation council's action highlighted the outrage that followed North Korea's claim of having tested a nuclear bomb Oct. 9. It also marked a rare willingness by North's Korea council allies, China and Russia, to impose sanctions on Pyongyang.

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But to secure their support, the United States was compelled to water down key measures designed to ensure that the sanctions could be enforced. And China -- which shares an 880-mile border with North Korea -- said after the vote that it would ignore a critical provision, which calls on governments to inspect goods entering or leaving North Korea.

Still, President Bush issued a statement welcoming the decision, saying that the United Nations has sent a clear message to North Korean leader Kim Jong Il that the world is "united in our opposition to his nuclear weapons plans."

"There's a better way forward for the people of North Korea," Bush said. "If the leader of North Korea were to verifiably end his weapons programs, the United States and other nations would be willing to help the nation recover economically."

John R. Bolton, the U.S. ambassador to the United Nations, meanwhile, warned that the United States would pursue additional penalties against North Korea if it fails to abide by the council's demand that it agree to destroy its weapons of mass destruction.

Resolution 1718 bans North Korean trade in materials linked to its weapons of mass destruction program, ballistic missiles, high-end conventional weapons -- including war planes and battle tanks -- and luxury goods.

It will create a U.N. committee to monitor the sanctions' effectiveness and to draw up a list of individuals and institutions linked to North Korea's weapons programs. They will be prohibited from traveling abroad, and most of their financial assets will be frozen.

But the resolution stops far short of imposing the kind of sweeping trade embargo initially proposed by Japan. It no longer contains a U.S.-proposed provision to give North Korea 30 days to suspend its nuclear program or face "further action."

The text also provides no additional authority to allow inspections of North Korean vessels suspected of transporting illicit weapons. The United States claims that it already possesses that power, but China maintains that such actions violate international law.

Addressing the council chamber in English, North Korean U.N. ambassador Pak Gil Yon told the council that his government "totally rejects" the council's "unjustifiable" resolution. He said it was "gangster like" for the council to impose such "coercive" measures. He walked out of the U.N. chamber before the session ended.

After Pak's speech, Bolton directed the council's attention to the North Korean diplomat's empty chair and suggested that his right to address the council be suspended.

"That is the second time in three months that the representative of the DPRK [The Democratic Republic of Korea], having asked to participate in our meetings, has rejected a unanimous resolution of the Security Council and walked out of this chamber," Bolton said. "It's the contemporary equivalent of Nikita Khrushchev's pounding his shoe on the desk of the General Assembly."

Russia's U.N. ambassador, Vitaly Churkin, took offense at the reference to the former Soviet leader. He appealed to council president Kenzo Oshima of Japan "to use your influence" to discourage the use of such an "inappropriate analogy."

U.S. officials believe the resolution will give them the international tools to put the squeeze on North Korea. Secretary of State Condoleezza Rice will travel to Japan, South Korea and China later this week to discuss the implementation of the resolution as well as possible actions that could be taken by countries to punish Pyongyang, U.S. officials said.

The Japanese government, the closest ally of the United States on the North Korean issue, has already imposed sweeping economic sanctions on North Korea in response to the nuclear test. Rice will try to persuade South Korea and China -- which have deep economic ties with North Korea and have supported the country even during the nuclear impasse -- to also tighten the vise, officials said.

"There is such a political backlash against North Korea that people are more willing to consider unilateral actions," said a senior State Department official. "The net effect is that the North Koreans find themselves in a substantially different place," even with China.

China is critical to the success of Security Council provisions calling for restrictions on North Korea's trade in illicit items, because most of Pyongyang's trade crosses the Chinese border. China, however, may be resistant to suggestions that it cut off or reduce North Korea's economic lifeline because it has long valued the stability of having North Korea as a buffer state between China's border and South Korea, which has 25,000 U.S. troops.

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For the moment, U.S. officials are focused on implementing this resolution and are not contemplating more resolutions, officials said. When President Bush travels to Hanoi next month for an Asian economic summit, there is the possibility that Bush and the leaders from China, South Korea, Japan, Russia and possibly other countries will meet on North Korea and "take stock" of the resolution's effectiveness.

U.S. officials are also exploring whether the six-nation negotiating group that has focused on North Korea can form the basis for a new security organization akin to NATO or other regional forums. Assistant Secretary of State Christopher R. Hill, the administration's point man on North Korea, noted that unlike Europe, Asia has no such institutions.

The administration believes "we can move beyond just the peace in the Korean peninsula," Hill said in a speech Friday, "but also toward creating some multilateral structures that will allow Northeast Asia not only to be the economic juggernaut that Southeast Asia is . . . but also Northeast Asia that can also be exporting peace and a sense of how to get along."

Kessler reported from Washington.

Security Council Vote Is Unanimous On Sanctions (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 15, 2006

The resolution aimed at depriving North Korea of access to nuclear materials leaves room for diplomacy. China opts out of cargo checks.

UNITED NATIONS — The U.N. Security Council voted unanimously Saturday to impose sanctions on North Korea that are meant to cut off the materials and funding for its nuclear program, although China ruled out participating in inspections of North Korean cargo.

As a result of what Russia's ambassador called "tense negotiations," the resolution does not allow military enforcement of the sanctions and makes it clear that the restrictions will be lifted once North Korea abandons its nuclear program and returns to talks. It also contains exemptions to the sanctions to minimize the effect on civilians.

The decision by all 15 members to punish North Korea while leaving the diplomatic door open was a hard-fought act of unity in the wake of the reclusive regime's defiant Oct. 9 announcement that it had conducted a nuclear test, days after the Security Council warned of "serious consequences."

"The Security Council has adopted one of the most important decisions in recent times on an issue of great concern to the international community, that of nonproliferation," Japanese Ambassador Kenzo Oshima said after the vote.

To prevent North Korea from acquiring or exporting nuclear materials, the resolution calls for a ban on goods related to the nation's weapons programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It also would put an embargo on heavy conventional weapons and luxury goods.

But China said Saturday that it would not participate in a key measure that would allow the inspection and seizure of suspected nuclear and missile materials going in and out of North Korea. At China's insistence, the final text was diluted to merely request, rather than require, that countries aggressively inspect North Korean cargo.

"China will implement this resolution, but it will not participate in those inspections," Chinese Ambassador Wang Guangya said. "We strongly urge those who think it is necessary to do it with caution, because it could easily lead by one side or the other to a provocation of conflict. That would have serious implications for the region."

China's reluctance to take part in inspections of North Korean cargo throws into doubt how effective the sanctions will be. China is North Korea's neighbor and provides about 70% of its oil and 40% of its food. Beijing doesn't want the sanctions to cause the unstable regime in Pyongyang to collapse, sending refugees flooding across the border into China.

U.S. Secretary of State Condoleezza Rice is heading to Beijing, Seoul and Tokyo this week to talk about how to enforce the resolution, and additional measures that the countries can take to contain North Korea.

The inspection measure is based on the 2003 U.S.-led Proliferation Security Initiative, or PSI, involving a group of 16 core countries that have agreed to take steps to stop the flow of weapons of mass destruction, including boarding ships for inspections.

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U.S. officials portrayed the unanimous vote as a political victory for the United States in bringing together countries that had been reluctant to take a hard line on North Korea — in particular, China and Russia.

U.S. Ambassador John R. Bolton had pushed hard for a swift and tough resolution after North Korea's missile tests in July and after the declared nuclear test last week, and even managed to get the PSI measure in the resolution.

President Bush described the Security Council resolution as a "clear message" to North Korean leader Kim Jong Il that "the world is united in our opposition to his nuclear weapons plans."

In brief remarks on the South Lawn of the White House, Bush also pledged to help North Korea with its economic recovery if it gave up its nuclear weapons program. "This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea Peninsula is nuclear-weapons-free," he said.

The North Korean ambassador, Pak Gil Yon, told the council that his country "totally rejects the unjustifiable resolution" and denounced the "gangster-like" behavior of the Security Council for sanctioning North Korea without addressing the threat that it felt the U.S. posed to his country.

North Korea would not "possess even a single nuke when it is no longer exposed to the U.S. threat," Pak said, but if sanctions are imposed it will "continue to take physical countermeasures, considering it as a declaration of war."

Pak then walked out of the chamber, leading Bolton to suggest to the council that North Korea should be expelled from the United Nations.

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Times staff writer Maura Reynolds in Washington contributed to this report.

Bush: U.N. Action Sends Clear Message (AP)

By Jennifer Loven

AP, October 15, 2006

President Bush said Saturday that the U.N. Security Council had sent a "swift and tough" message to North Korea that its claimed detonation of a nuclear bomb was unacceptable to the world.

Bush spoke shortly after the council unanimously approved a resolution penalizing the reclusive communist nation for its announcement of the test on Oct. 9.

"This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korean Peninsula is nuclear-weapons free," the president told reporters in brief remarks from the White House's South Lawn. He then left for the presidential retreat at Camp David in Maryland.

Bush said North Korea still had a chance for "a better way forward" and promised economic assistance to the impoverished country from the United States and others if it would verifiably end its nuclear weapons program.

"The message today, however, says to the leader of North Korea that the world is united in our opposition to his nuclear weapons plans," Bush said.

The president took no questions. He never referred by name to Kim Jong Il, whose country Bush had branded a member of an "axis of evil."

The resolution demands that North Korea eliminate all its nuclear weapons and come back to six-party talks, which include the U.S., that are aimed at ending its program.

"This is the strongest resolution, the strongest set of sanctions ever passed on North Korea," said Kristen Silverberg, assistant secretary of state for international organizations.

The U.S. and Japan made several concessions to win support from skeptical council members, particularly China and Russia.

The resolution expressly rules out military action against North Korea. Also, language was dropped from the U.S. proposal that would have imposed a complete ban on the sale of conventional weapons. Instead, the embargo is limited to major hardware such as tanks, warships, combat aircraft and missiles.

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The resolution calls on all countries to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking in weapons of mass destruction or ballistic missiles. The final draft was softened from language saying the council "decides" — which is a stronger authorization.

The measure also bans the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles. It orders all countries to freeze the assets and ban travel for anyone engaged in supporting North Korea's weapons programs.

Freezing financial assets of North Korean leaders and banning the import of luxury items are considered key pieces of the plan because they would squeeze the nation's elite but spare the ordinary citizen, Silverberg said.

"We hope to change the calculus for individual officials in North Korea," she said.

Despite the softer provisions and no threat of military action to enforce them, Bush pronounced the measure "a clear message" to North Korea.

North Korea immediately rejected the resolution, and its U.N. ambassador walked out of the council chamber. Ambassador Pak Gil Yon said North Korea wants talks but warned that it will consider increased U.S. pressure a declaration of war.

The U.S. has refused to talk one on one with North Korea except on the margins of six-nation disarmament talks that also include China, South Korea, Japan and Russia.

Bush is sending Secretary of State Condoleezza Rice to China, South Korea and Japan this coming week to try to ensure there are no fissures between North Korea's neighbors and the United States. Rice and the U.S. ambassador to the U.N., John Bolton, also were appearing on the Sunday morning television talk shows to bolster the U.S. case.

The North Korea crisis was the subject of the president's weekly radio address on Saturday. Democrats responded by saying that the apparent test is evidence Bush's approach to North Korea has failed.

"Under President Bush and this Republican Congress' watch, our country has become less safe — both domestically and abroad," said congressional candidate Patrick Murphy of Pennsylvania. "We have seen the number of terrorist attacks increase around the world. We have seen North Korea and Iran — two members of the president's axis of evil — enhance their nuclear weapons capabilities."

Bush Says UN Needs To Send North Korea Clear Message (Update2) (BLOOM)

By Brendan Murray And Bill Varner

Bloomberg, October 15, 2006

Oct. 14 (Bloomberg) -- President George W. Bush said a United Nations resolution that punishes North Korea for its nuclear activities will help prevent Kim Jong Il's isolated country from building and exporting atomic weapons.

``We will send a clear message to the North Korean regime that its actions will not be tolerated," Bush said in his weekly radio broadcast. The U.S. and other countries ``agree on the need for a strong United Nations Security Council resolution that will require North Korea to dismantle its nuclear programs," he said.

The Security Council today voted 15 to 0 to adopt the resolution, which Bush this afternoon told reporters was ``swift and tough." Agreement came after the U.S. introduced amendments that addressed objections by China and Russia.

China sought greater assurances that the resolution couldn't be used to justify armed seizure of North Korean ships traveling in international waters, while Russia was concerned about the scope of weapons-related items included in the embargo.

Cargo Inspection

The resolution bars the sale or transfer of missile, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government, and also calls for UN member nations to conduct inspection of cargo going to of from North Korea.

Bush said in his radio address that the resolution should ``specify measures to prevent North Korea from importing or exporting nuclear or missile technologies" and ``should prevent financial transactions or asset transfers that would help North Korea develop its nuclear or missile capabilities."

North Korea announced Oct. 9 that it had carried out its first nuclear test, drawing condemnation from around the world.

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In a concession to China, the U.S. earlier dropped explicit reference to a part of the UN Charter that would make sanctions militarily enforceable, changing it to Article 41 of Chapter 7, which only authorizes diplomatic and economic sanctions. The Washington Post reported this morning that China wants greater assurances that the resolution couldn't be used to justify armed seizure of North Korean ships traveling in international waters.

Carrot and Stick

``We will give the nations with the closest ties to North Korea -- China and South Korea -- a framework to use their leverage to pressure Pyongyang and persuade its regime to change course," Bush said in his radio address. The president told reporters this afternoon that if North Korea verifiably ends its weapons program, the U.S. and other nations will provide economic help.

Bush said the U.S. will keep consulting with allies in the region.

``In response to North Korea's provocation, we will seek to increase our defense cooperation with our allies, including cooperation on ballistic missile defense to protect against North Korean aggression, and cooperation to prevent North Korea from importing or exporting nuclear or missile technologies," Bush said in the address.

Secretary of State Condoleezza Rice will travel to Beijing, Seoul and Tokyo Oct. 17-22 to talk about the resolution and ``how to go about actually implementing that resolution," State Department spokesman Sean McCormack told reporters yesterday in Washington.

Radioactivity Detected

The U.S. notified South Korea today that it had detected evidence of radioactivity near the site where North Korea claims it conducted the nuclear test.

``The U.S. informed us of its findings," said Chun Ki Seok an official at the public affairs division of the Defense Ministry in Seoul. ``The detection of radioactivity means the North conducted a nuclear test. But we are still unaware of whether the test succeeded."

``With its actions this week, the North Korean regime has once again broken its word, provoked an international crisis, and denied its people the opportunity for a better life," Bush said.

U.N. Imposes Trade Embargo On N. Korea (WT/AP)

By Edith M. Lederer, Associated Press

The Washington Times, October 15, 2006

NEW YORK -- The U.N. Security Council voted unanimously yesterday to impose punishing sanctions on North Korea for reportedly carrying out a nuclear test, declaring that the test posed "a clear threat to international peace and security."

North Korea immediately rejected the resolution, and its U.N. ambassador walked out of the council chamber after accusing its members of a "gangsterlike" action that neglects the nuclear threat posed by the United States.

"The Democratic People's Republic of Korea is ready for talks, dialogue and confrontation," Ambassador Pak Gil-yon said, using the conventional long form of his country's name.

"If the United States increases pressure upon the Democratic People's Republic of Korea persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war."

The vote came after the United States, Britain and France overcame last-minute differences with Russia and China during what the Russian ambassador called "tense negotiations."

The resolution demands North Korea eliminate all its nuclear weapons, but expressly rules out military action against the country -- a point demanded by the Russians and Chinese.

U.S. Ambassador John R. Bolton warned Pyongyang, however, that if it continues pursuing nuclear weapons, the United States would seek further measures.

The Security Council condemned the nuclear test that North Korea said it conducted Monday. It demanded that North Korea immediately return to six-party talks aimed at persuading Pyongyang to dismantle its weapons program without precondition.

It imposed sanctions for the North's "flagrant disregard" of the council's appeal not to detonate a nuclear device and demanded that North Korea "not conduct any further nuclear test or launch of a ballistic missile."

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The resolution bans the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles. It orders all countries to freeze the assets and ban travel for anyone engaged in supporting North Korea's weapons programs.

"This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korean Peninsula is nuclear-weapons free," President Bush said.

In a measure aimed at North Korean leader Kim Jong-il and the country's tiny elite, the resolution bans the sale of luxury goods to the country.

To meet Russian and Chinese concerns, the U.S. eliminated a complete ban on the sale of conventional weapons. Instead, the resolution limits the embargo to major hardware such as tanks, warships, combat aircraft and missiles.

The resolution calls on all countries to inspect cargo leaving for and arriving from North Korea to prevent any illegal trafficking in unconventional weapons or ballistic missiles.

China's U.N. ambassador, Wang Guangya, said after the vote that this provision allowing the boarding of ships to inspect cargo was still unacceptable to Beijing, and it would not carry out inspections.

Nonetheless, Mr. Wang hailed what he called a "watered-down" resolution.

He told reporters that he did not consider the North Korean ambassador's response the official reply from Pyongyang, which he awaits.

"The important thing is not what they say here," Mr. Wang said. The overriding issue, he said, is "how we work together for peace and security in the region."

Russia's U.N. ambassador, Vitaly Churkin, said Moscow got what it wanted -- a strong resolution but one that is also aimed at "prevention of a further escalation of tension."

North Korea's Mr. Pak told the Security Council that the reported nuclear test was not inconsistent with the country's goal of a denuclearized Korean Peninsula.

"The DPRK clarified more than once that it would feel no need to possess even a single nuke when it is no longer exposed to the United States' threat, after it has dropped its hostile policy to the DPRK and confidence has been built between the two countries," he said.

Mr. Bolton said North Korea's reported test "unquestionably poses one of the gravest threats to international peace and security that this council has ever had to confront."

Following Mr. Pak's speech, Mr. Bolton took the floor again saying: "I'm not going to waste any of our time responding."

But he noted that North Korea had done yesterday exactly what it did in July after the council adopted limited sanctions for its ballistic-missile tests -- immediately reject the resolution and walk out.

"It is the contemporary equivalent of Nikita Khrushchev pounding his shoe on the desk," Mr. Bolton said, referring to the Soviet leader's legendary act of protest at the U.N. General Assembly in 1960.

Mr. Bolton told reporters afterward that the next step is to start work on implementing the resolution.

On Friday, U.S. officials said an air sampling after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion. However, the Bush administration and congressional officials said no final determination had been made about the nature of Monday's mystery-shrouded blast.

N. Korean Nuclear Conflict Has Deep Roots (WP)

By Walter Pincus

The Washington Post, October 15, 2006

50 Years of Threats and Broken Pacts Culminate in Apparent Atomic Test

Democrats and Republicans have been quick to use North Korea's apparent nuclear test to benefit their own party in these final weeks of the congressional campaign, but a review of history shows that both sides have contributed to the current situation.

There is more than 50 years of history to Pyongyang's attempt to gain a nuclear weapon, triggered in part by threats from Presidents Harry S. Truman and Dwight D. Eisenhower to end the Korean War.

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In 1950, when a reporter asked Truman whether he would use atomic bombs at a time when the war was going badly, the president said, "That includes every weapon we have."

Three years later, Eisenhower made a veiled threat, saying he would "remove all restraints in our use of weapons" if the North Korean government did not negotiate in good faith an ending to that bloody war.

In 1957, the United States placed nuclear-tipped Matador missiles in South Korea, to be followed in later years, under both Republican and Democratic administrations, by nuclear artillery, most of which was placed within miles of the demilitarized zone.

It was not until President Jimmy Carter's administration, in the late 1970s, that the first steps were taken to remove some of the hundreds of nuclear weapons that the United States maintained in South Korea, a process that was not completed until 1991, under the first Bush administration.

It is against that background that the North Korean nuclear program developed.

North Korea has its own uranium mines and in 1965 obtained a small research reactor from the Soviet Union, which it located at Yongbyon. By the mid-1970s, North Korean technicians had increased the capability of that reactor and constructed a second one. Pyongyang agreed in 1977 to allow the International Atomic Energy Agency (IAEA) to inspect the first reactor.

It was in the 1980s that the North Korean weapons program began its clandestine growth with the building of a facility for reprocessing fuel into weapons-grade material and the testing of chemical high explosives. In 1985, around the time U.S. intelligence discovered a third, once-secret reactor, North Korea agreed to sign the Nuclear Non-Proliferation Treaty (NPT).

Five years later, U.S. intelligence discovered through satellite photos that a structure had been built that appeared to be capable of separating plutonium from nuclear fuel rods. Under pressure, North Korea signed a safeguards agreement with the IAEA in 1992, and inspections of facilities began. But in January 1993, IAEA inspectors were prevented from going to two previously unreported facilities. In the resulting crisis, North Korea attempted to withdraw from the NPT.

The Clinton administration responded in 1994 that if North Korea reprocessed plutonium from fuel rods, it would be crossing a "red line" that could trigger military action. The North Koreans "suspended" their withdrawal from the NPT, and bilateral talks with the Clinton administration got underway. When negotiations deadlocked, North Korea removed fuel rods from one of its reactors, a step that brought Carter back into the picture as a negotiator.

The resulting talks led to the 1994 Agreed Framework, under which North Korea would freeze and eventually dismantle its nuclear weapons program. In return, it would be supplied with conventional fuel and ultimately with two light-water reactors that could not produce potential weapons-grade fuel.

However, a subsequent IAEA inspection determined that North Korea had clandestinely extracted about 24 kilograms of plutonium from its fuel rods, and U.S. intelligence reported that was enough material for two or three 20-kiloton plutonium bombs.

During the next six years of the Clinton administration and into the first years of the current Bush administration, the spent fuel from North Korea's reactors was kept in a storage pond under IAEA supervision. As late as July 5, 2002, in a letter to Rep. Edward J. Markey (D-Mass.), then-national security adviser Condoleezza Rice said the administration was continuing with the 1994 agreement but holding back some elements until the IAEA certified that the North Koreans had come into full compliance with the NPT's safeguards agreement.

In November 2001, when the Bush administration was absorbed in the aftermath of the Sept. 11 terrorist attacks, intelligence analysts at the Lawrence Livermore National Laboratory completed a highly classified report that concluded North Korea had begun construction of a plant to enrich uranium. A National Intelligence Estimate of the North Korean program confirmed the Livermore report, providing evidence that Pyongyang was violating the agreement.

Nonetheless, the Bush administration waited until October 2002 before confronting the North Koreans, who at one meeting confirmed they were following another path to a nuclear weapon using enriched uranium.

Soon thereafter, the United States ended its participation in the 1994 agreement. North Korea ordered IAEA inspectors out, announced it would reprocess the stored fuel rods and withdrew from the NPT. Earlier this year, Pyongyang declared it had nuclear weapons.

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The Bush administration then embarked on a new approach, developing a six-nation strategy based on the idea that bilateral U.S.-North Korea negotiations did not work and that only bringing in China and South Korea, which had direct leverage over the Pyongyang government, would gain results.

In South, Most Call For New Policy, Own Nukes (WT)

By Andrew Salmon, The Washington Times

The Washington Times, October 15, 2006

SEOUL -- In less than a week since North Korea claimed to have tested a nuclear weapon, public opinion in the South has turned sharply against a South Korean policy of engaging the enemy in the belief it will eventually bring peace on the divided peninsula.

A JoongAng newspaper poll, several days after the reported nuclear test Monday, found 78 percent of respondents thought South Korea should revise its policy, and 65 percent said South Korea should develop nuclear weapons to protect itself.

Protesters have held nightly candlelight vigils, and some have burned North Korean flags.

"We worry about a war because the regime is so thoughtless," librarian Lee Young-sook said at one rally. "The South Korean people are being held hostage."

North Korea faces United Nations sanctions, approved yesterday in a unanimous vote of the 15-nation Security Council.

South Korean President Roh Moo-hyun has conceded the "sunshine" policy of engagement with North Korea is under threat because of the nuclear test.

A Korea Opinion Institute poll found approval for the opposition Grand National Party (GNP) at 40.1 percent, compared with an approval rating of 11.4 percent for Mr. Roh's ruling Uri Party.

The GNP has demanded that industrial and tourism projects with the North be shut down.

Even the left-wing newspaper Hankyoreh titled its editorial on the nuclear test "Shock and poor judgment."

The architect of South Korea's engagement with the North, former President Kim Dae-jung, remained unmoved by the test.

In a speech at a university Wednesday, he advised the United States to enter bilateral talks with North Korea, blamed American hard-liners for the crisis and said engagement must continue.

Andrei Lankov, a North Korean specialist at Seoul's Kookmin University, said a key weather vane of North-South ties points to North Korea's Mount Kumgang (Diamond Mountain), a resort for South Korean tourists inside the communist state.

"If the government stops the tours to Mount Kumgang, that will really send a message that they are serious," Mr. Lankov said.

The resort, run by South Korean conglomerate Hyundai Asan, has welcomed more than 1 million tourists from the South since 1998, earning the impoverished North hundreds of millions of dollars in foreign currency.

Business has continued at the engagement policy's second flagship project, the joint North-South industrial complex at Kaesong, just inside North Korea.

Fifteen South Korean companies are established in the Seoul-funded project, but South Korea halted expansion after the North tested missiles on July 4 and, on Wednesday, it indefinitely halted further land sales at the site.

•This article is based in part on wire service reports.

U.N.'s Next Leader Urges North Korea (AP)

By Edith M. Lederer

AP, October 15, 2006

South Korea's foreign minister, who has promised to make peace with North Korea a top priority as the new U.N. secretary-general, said Saturday the global community must engage the reclusive country in talks over its nuclear program, not just punish it with sanctions.

Ban Ki-moon, who was appointed Friday to succeed Kofi Annan on Jan. 1, said in an interview with the Associated Press that he welcomed the U.N. Security Council's "very clear, strong and unified message to North Korea" in the resolution it adopted Saturday, declaring Pyongyang's claimed nuclear test unacceptable.

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The resolution demanded that North Korea give up nuclear weapons, and banned the country from exporting or importing any material for its weapons or ballistic missile programs. It also called on all countries to inspect cargo to or from the North to interdict weapons smuggling, and ordered governments to freeze all assets and ban the travel of anyone involved in illegal trafficking.

"I hope that North Korea will comply with this resolution," Ban said. "I hope that all member states of the United Nations will fully implement this resolution."

The resolution expressly rules out military action against North Korea, and Ban stressed in the interview that "we need a two-pronged approach at this time," relying not only on sanctions but on dialogue and talks.

He urged the North Koreans to return to six-nation talks which Pyongyang has boycotted for 13 months to protest financial measures imposed by the United States for alleged counterfeiting and money-laundering. The boycott began just after an agreement in September 2005 in which the North agreed to give up its nuclear weapons in exchange for security guarantees and aid.

"North Korea should return to the six-party process immediately without any preconditions," Ban said. "We need to have the North Koreans get on board with the negotiations."

"We hope that the North Koreans will take a more reasonable and practical approach for the future. A much brighter future lies ahead if they implement the joint statement adopted last year," he said, referring to its September 2005 pledge to abandon its weapons program.

Ban said he was "very much disappointed" at Saturday's statement by North Korea's U.N. Ambassador Pak Gil Yon, who rejected the resolution and accused the council of a "gangster-like action."

Pak said Pyongyang conducted the nuclear test "to protect its sovereignty" in the face of escalating U.S. threats and sanctions. He added that North Korea would give up its nuclear weapons if it didn't face continued threats from the U.S., stressing the country is ready for dialogue but prepared for confrontation if U.S. pressure intensifies.

"I am very much frustrated at the path North Korea has taken of testing nuclear weapons in violation of all existing regulations and conventions and treaties to prevent the proliferation of weapons of mass destruction," Ban said.

The test was conducted "in total disrespect" of South Korea's humanitarian aid, exchanges and cooperation with the North, he said.

Ban said last month that if he became secretary-general, he would use his authority to further peace, inter-Korean reconciliation, and a peaceful resolution of the North Korean nuclear issue. He also said he wanted to go to North Korea, something Annan never did.

Asked when he would visit the North, Ban said, "First of all I have to see how the situation develops."

"As the Security Council has adopted a very strong resolution, we will see how the resolution is implemented," he added.

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Associated Press Writer Gerald Nadler contributed to this report.

Negotiations Must Follow UN's North Korea Action, Analysts Say (BLOOM)

By Jeff Bliss And William Varner

Bloomberg, October 15, 2006

Oct. 15 (Bloomberg) -- The United Nations Security Council resolution punishing North Korea for a suspected nuclear test will only be effective if the Bush administration backs it with negotiations to end the weapons program, some national-security analysts said.

Stephen Bosworth, a former U.S. ambassador to South Korea under President Bill Clinton, said the administration should be congratulated for quickly unifying world opinion against the Oct. 9 test. Yet sanctions alone won't be enough to pressure a government that already is economically and diplomatically isolated, he said.

The resolution is ``an admirable demonstration of international sentiment against what the North Koreans have done," said Bosworth, now dean of the Fletcher School of Law and Diplomacy at Tufts University in Medford, Massachusetts. ``Will it change North Korea's behavior? Very unlikely."

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The resolution, adopted 15-0 yesterday, bans the sale or transfer of missiles, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government. It calls for UN member nations to conduct ``inspection of cargo" going to or from North Korea.

President George W. Bush must overrule those in the administration who are reluctant to talk directly with the North Koreans, said Joseph Cirincione, a senior vice president for national security at the Center for American Progress in Washington.

`Important Prods'

The sanctions ``can be very important prods that bring North Korea back to the negotiating table," he said. ``It will be important for the U.S. to be there ready to negotiate."

Those talks could be conducted within the multilateral discussions involving North Korea's neighbors -- Russia, China, South Korea and Japan -- on which the Bush administration has insisted, Cirincione said.

John Tkacik, a former U.S. diplomat in China, said the UN resolution may force the North Koreans back into those talks. If it fails to do so, the crisis might ``persist indefinitely," he said.

``The North Koreans are finding themselves friendless in the world," said Tkacik, now a senior fellow at the Heritage Foundation, a Washington-based research organization. ``Their strategy of defiance is not really working, especially with China and Russia signing into this agreement. This is going to put the squeeze on North Korea even harder."

The latest diplomatic crisis on the Korean peninsula was touched off by North Korean claims that it had conducted an underground nuclear test in the country's mountainous northeastern region.

Radioactivity

The U.S. notified South Korea yesterday that it had detected evidence of radioactivity near the site where North Korea said it conducted the nuclear test. U.S. intelligence officials have said they haven't come to a definitive conclusion about whether a nuclear bomb was exploded.

Bush said the resolution sends a ``clear message" to North Korean leader Kim Jong-Il that he should cease developing nuclear weapons in exchange for help in reviving his country's destroyed economy.

``This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea peninsula is nuclear-weapon-free," Bush said at the White House.

Congressional Republicans praised the resolution's passage and highlighted the role of John Bolton, the U.S. ambassador to the UN. Bolton has been criticized by lawmakers such as Senator Christopher Dodd, a Connecticut Democrat, who say he's brusque and undiplomatic.

``I'm pleased the UN has demonstrated that there are consequences to North Korea's reckless actions," said Senate Majority Leader Bill Frist, a Tennessee Republican.

North Korean Response

North Korea, formally known as the Democratic People's Republic of Korea, ``totally rejects" the resolution, Ambassador Pak Gil Yon said yesterday. ``If the U.S. increases pressure on the DPRK, persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war."

Pak yesterday walked out of the Security Council chamber when South Korea's envoy began to speak, an action that Bolton compared with Soviet leader Nikita Khrushchev pounding his shoe on a desk in the General Assembly in 1960. Bolton suggested that the UN should consider expelling North Korea.

The diplomatic atmosphere is so charged that a mediator such as a high-ranking Chinese official or new UN Secretary-General Ban Ki Moon will be needed to persuade countries to resume negotiations, Cirincione said.

Different Interpretations

Some of the resolution's language is open to interpretation, showing the perils of using the UN to stop nuclear proliferation, said Lee Feinstein, a senior fellow for U.S. foreign policy and international law at the Council on Foreign Relations in Washington.

The final text says nations are only ``called upon" to inspect cargo coming from or bound for North Korea ``as necessary."

While Bolton said nations are legally bound to follow through on the provision, Chinese Ambassador Wang Guangya said his country doesn't approve of the inspections.

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``Even when you get unanimity, you have members like China instantly repudiating key provisions of the resolution they just approved," Feinstein said.

The resolution condemns North Korea's test, says that its nuclear program must be verifiably eliminated and demands that it not conduct any more tests and adhere to the Nuclear Non- Proliferation Treaty.

Freezing Assets

The measure also establishes a Security Council committee to identify people whose financial assets will be frozen because they contributed to North Korea's nuclear and ballistic missile programs. Foreign travel by the designated people would be banned.

Exceptions were made for delivery of humanitarian aid to North Korea.

Adoption of the text comes three months after the Security Council adopted a resolution barring North Korea from acquiring or selling missile technology. That measure was in response to North Korea's July 5 test of seven ballistic missiles.

Whatever the U.S. and its allies decide is their next move, they must act soon, Cirincione said. ``The more they test, the harder it is for them to stop," he said.

What Do We Do Now? (NSWK)

Newsweek

Newsweek, October 15, 2006

Four experts outline their visions for how the world should deal with North Korea and its nuclear threats. WEB EXCLUSIVE

North Korea is a geostrategic nut that—as diplomats from Beijing, Seoul and Washington have learned—is not easily cracked. What might be done to rein in North Korea's nuclear program? NEWSWEEK asked a handful of experts with first-hand knowledge of North Korea for their views on what the U.S. policy toward Pyongyang should be. Excerpts:

Kim Dae Jung

President of South Korea (1998-2003) and winner of the Nobel Peace Prize (2000)

The United Nations is contemplating actions against North Korea's nuclear test. The preconditions for any measure should be that we mustn't abide North Korea having nuclear weapons even though they tested one. [Their program] must be completely dismantled. The first option is the use of force, but the United States doesn't have the capability, and neighboring countries like Korea, China, Russia and even Japan are not considering this. The second option is economic sanctions, but there is no guarantee they will bring about the desired result. North Korea's economy could collapse. Another concern is that North Korea might try to sell its nuclear know-how to countries like Iran or Venezuela, two oil producers with a lot of money. The third option is dialogue. I cannot understand why the U.S. is still saying it won't [talk] because North Korea is evil. You can have dialogue even with the devil if necessary. In the past, President Nixon went to China and had dialogue with Mao Zedong. President Reagan called the Soviet Union an "evil empire" but still pursued dialogue. President Eisenhower pursued dialogue with Pyongyang during the Korean War, and because of that there was an armistice that [maintained] peace on the peninsula for the last 50 years. From a country that is very much responsible for world peace, the United States' refusal to talk is quite unacceptable. (Read NEWSWEEK's complete interview with Kim Dae Jung.)

Stephen W. Bosworth

Dean of the Fletcher School at Tufts University and the former U.S. Ambassador to South Korea (1997-2000)

The first thing we need to do is draw a collective deep breath and seek calm. Over time, I think there is going to be mounting pressure on us to engage more directly with the North Koreans. I am not at all confident that any conceivable combination of pressures on North Korea from us, South Korea or China are going to bring about a change of direction on the part of Pyongyang.

If we've learned anything about negotiating with the North Koreans over the last 25 years, it's that they do not react well to pressure. They believe that a crisis atmosphere benefits them; it creates openings [between] other countries that they can exploit, and they believe they're better than anyone else at managing this kind of crisis.

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It seems to me there are three possible outcomes: One, we could try to negotiate a package of security assurances and economic goodies for North Korea that would be sufficient to convince them to roll back their nuclear-weapons programs and do so in a verifiable fashion.

The second alternative is that we put increasing pressure on them, including the use of military force, to destroy or at least disrupt their nuclear programs. The problem is that once you cross that path, you have no assurance that you're going to be able to contain the ensuing situation. It is stupid to assume that we could strike North Korea without provoking a counter-strike from them in some fashion. And while we may be willing to contemplate that—our national territory is a long way away from them—we do however have troops and lots of American civilians in Korea and Japan. What may seem to be a tolerable price to pay for destroying [North Korea's] nuclear programs would probably not seem so tolerable to South Koreans and Japanese. Added to that is the complicating factor that I doubt we have any real idea where their remaining nuclear devices or materials might be located.

The third outcome is that we learn to live with a nuclear North Korea. To do that, we would obviously have to have very close and careful cooperation with the parties in the region. We would have to lay down some very explicit red lines as to what would be tolerable or intolerable, including selling or exporting materials to other countries or other organizations. Two or three years ago, I had a significant level of confidence that a negotiated outcome was feasible, but I am no longer quite that confident.

We've got to listen to the North Koreans as they tell us what they think they want—that is, direct contact with the United States, not simply through the six-party process, but they want direct contact of the sort that we had under Bush One and under Clinton. To say we've tried that and it failed, as the president did [Thursday]—I simply don't agree with that. What is the disadvantage? Rewarding their bad behavior? That's patent nonsense. We talk all the time to people who behave badly.

Hans Blix

Veteran Swedish diplomat who headed the U.N.'s Monitoring, Verification and Inspection Commission. From 1981 to 1997, he served as director general of the International Atomic Energy Agency, during which time he oversaw inspections of Iraq's nuclear program. Today he chairs the Stockholm-based Weapons of Mass Destruction Commission.

[For Washington,] I think the latest statement from [President] Bush is relatively conciliatory. The [administration's] anger is understandable, but you have to convince and reassure [the North Koreans], too. You have to understand that when most countries turn to nuclear weapons, whether it's Iran or Pakistan or China, it's because of their perceptions of their own security. In the case of North Korea, it is reasonable to guess that while once they felt supported by Russia or China, now they no longer feel that way. And for a long time they have felt under threat from the United States—and they have seen what has happened in Iraq. Whether you can now say that the [conciliatory] "Sunshine Policy" [adopted by South Korea] has now failed, I am doubtful. In fact, I think it's the continued waving of the stick that may be dangerous.

The North Koreans now have a choice: they have to decide what would protect them better—paper assurances or nuclear weapons. To persuade them to go down the paper assurance route, I think you have to put some more carrots on the table. There's the possibility of offering diplomatic relations, for example, or [that] they could get more [aid] from the World Bank. As others have said, too, they should get assistance and gradually abandon their disastrous economic structure—not for a free market economy but for something like Vietnam's or China's.

We have to decide on our priority too. Is it human rights or making the regime in North Korea step back from nuclear weapons? A lot of valuable time has been lost by our ambivalent attitude in the past. We are harvesting what we have sown. The constraint is domestic policies in the West. With the elections coming up in America, Bush wants to be seen as firm, to look macho. In [an earlier crisis] in 1994, when I was at the IAEA, [former President] Jimmy Carter went to Pyongyang and met Kim Il Sung. Maybe another such trick is needed today.

Gordon G. Chang

Author of "Nuclear Showdown: North Korea Takes on the World" (Random House 2006)

I think it's important to disarm Kim Jong Il, because if you do that it will go a long way to also stopping the Iranian weapons program, too. For years, the Iranians have been watching the North Koreans and, more important, they have been watching the international community's reaction to Kim Jong Il's increasingly provocative behavior.

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How do we stop both of those programs? I think there is a common tactic for North Korea and Iran. Both countries have two primary sponsors: North Korea has China and South Korea, and Iran has China and Russia. Historically, the Chinese have stood up to the U.S. when they've had [diplomatic support from other countries], and they have been accommodating when they've been isolated. So the real trick for American diplomacy is to isolate China, because that puts China in a position where it has no choice but to be responsible and to do the right thing.

Right now in Beijing there are many officials and analysts who believe it is in China's interest to be cooperative with the United States and to help disarm Kim Jong Il. And China can do that because it supplies 90 percent of North Korea's fuel oil, 80 percent of its consumer goods and somewhere between 40 and 45 percent of North Korea's food. If China wanted to, it could disarm Kim Jong Il next week: there would be no nuclear weapons program, no missiles program and indeed there would be no North Korea, and the North Koreans know this.

But there is no consensus in Beijing to change the focus of their foreign policy-supporting Kim Jong Il because there are many Chinese who maintain close ties with their North Korean counterparts, especially in the military. It's important for the United States to create the conditions under which the more progressive forces in Beijing are going to win out. The Chinese are ruthlessly pragmatic, and if we apply leverage, I believe that China will fall into line—especially so if we are able to solidify our military alliance with South Korea, because then that leaves China in a very difficult position. Ultimately, they value their relationship with us more than they value their relationship with North Korea.

The first issue is the U.N. Security Council deliberations right now. We have to make it clear to China that it's now or never. They're either stakeholders in the international system or they're adversaries of it. There is just no middle ground when the world is at such risk.

The Bush administration put sanctions in place about a year ago [to stop] North Korea's currency counterfeiting program. They've been surprisingly effective in constricting the flow of funds in and out of North Korea. They are really starting to hurt the regime. I don't think it's the time to loosen them; on the contrary, I believe the sanctions should be tightened. There is a concern about how sanctions would hurt the North Korean people, but by maintaining the regime, we maintain a repressive system, which is going to cause suffering for even more North Koreans in the future.

Hazel Smith

Professor in international relations at Warwick University in Britain. She spent two years in North Korea earlier this decade, helping to run the United Nations' food-relief program. Her latest book is "Hungry for Peace: International Security, Humanitarian Assistance and Social Change in North Korea."

The U.S. has to cut the rhetoric and get on with [diplomacy]. That means it has to have something to offer the North Koreans rather than just beating them about the head. All the other parties in the six-party talks now want America to start direct talks [with Pyongyang] and it could be done without loss of face in the context of multilateral negotiations. If America stops tightening the screws, the North Koreans will give. That's diplomacy.

What the North Koreans want is recognition—the buzzword is 'normalization.' And [in return] they might accept tight verification as part of some form of disarmament deal. They are utterly pragmatic. What they really want is money for economic redevelopment. The trouble is that America is paralyzed—with parts of the State Department wanting to negotiate while others refuse because they believe it's a moral issue.

Could sanctions succeed? It all depends on whether China and South Korea join in. The North Koreans' only substantial trade—including illicit trade—is with China. The complication is that so much of the trade is on a concessionary basis, and if sanctions covered fertilizers you would see starvation within months. North Korean agriculture isn't up to subsistence level. They are already on the brink.

China will probably go for a harsh form of words [denunciation of North Korea] at the United Nations. What they want to avoid is a resolution so wide open that it gives the United States cover for any form of military action. The real space to watch is the bilateral relationship between China and North Korea. What little development that's taking place in North Korea is all down to Chinese businesses. Just by cutting off oil, they could shut down the whole North Korean transport network.

The real danger is not the bomb. The North Koreans are not stupid enough to drop it on anyone. The real danger is that there will be a nuclear accident. They know the physics but they have no quality assurance systems and no engineering skills.

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Their culture is one of make-do-and-mend. Basically they have a homemade bomb and a homemade nuclear reactor of the same type as at Chernobyl. If there was an accident they have no capacity to deal with it, and are unlikely to call in help from outside until it is too late.

Worldview | Why Talks With N. Korea Eventually Must Resume (PHI)

By Trudy Rubin

The Philadelphia Inquirer, October 15, 2006

North Korea's apparent test of a nuclear weapon has provoked another debate over whether it's worth negotiating with rogue states.

I believe this is not the moment for a U.S. dialogue with Pyongyang. This dangerous regime, with its track record of illegal weapons sales, must be disabused of any idea that it can get a free pass to the nuclear club. Strong U.N. economic sanctions are crucial, backed by a united front of U.S. and Asian powers. Also crucial is President Bush's warning that North Korea will be held accountable if it passes nuclear materiel to other states or groups.

But then what? I've talked to no one - dove, hawk or owl - who believes sanctions alone will force Kim Jong Il to give up his arsenal. Nor does anyone believe military force is a viable option (provided Kim doesn't sell his plutonium to al-Qaeda or Iran).

Unless sanctions are crafted to prod North Korea back to the table, it's hard to see any chance of curbing Pyongyang's nuclear program. But can talks with North Korea work?

Republicans contend that the Clinton-era negotiations with North Korea were a failure and demonstrate why talks are pointless. But that assessment stands history on its head.

In 1994, North Korea was threatening to quit the Nuclear Non-Proliferation Treaty and turn spent reactor fuel into bomb-grade plutonium. The Clinton administration prepared for a possible military strike, but then turned to former President Jimmy Carter as negotiator in Pyongyang.

The result was the 1994 Agreed Framework, under which North Korea sealed its Yongbyon reactor and fuel rods and put them under U.N. inspection. Had that reactor not remained frozen until 2002, it could have produced enough fuel to make dozens of bombs.

On taking office, President Bush labeled North Korea part of the "axis of evil" and made clear he was more interested in "regime change" than talks. Then in 2002, U.S. officials found evidence that North Korea was cheating on the agreement, by pursuing a secret effort to enrich uranium. The United States drew back from the Agreed Framework, and North Korea expelled U.N. inspectors and started making nuclear weapons.

Yet a simple cost-benefit analysis shows that the Agreed Framework had still been a success. Clinton's negotiations stopped a program that was already capable of making bomb materiel. The secret uranium program, by contrast, is a long-term undertaking, and there are no signs that it has produced weapons materiel.

True, the Clinton administration's negotiations didn't end North Korea's nuclear program - but they did delay the production of weapons for eight years. Some on the Bush team now advocate bombing Iran's nuclear energy facilities - at terrible risk - just to delay the Iranian program perhaps three to five years.

Since the collapse of the Agreed Framework on the Bush watch, North Korea has produced about six to 12 nuclear weapons.

President Bush finally decided, during his second term, to try negotiations in concert with our Asian allies. He finally let U.S. negotiator Chris Hill meet directly with North Korea officials within those six-nation talks. This direct dialogue led to a promising joint statement in September 2005, in which Pyongyang pledged to dismantle its nuclear program in return for security guarantees and aid.

Those talks eventually fell apart, too. Many experts believe that a key cause was disagreement within the administration over whether the U.S. goal should be to change North Korea's regime or its behavior. Just as the joint statement was signed, U.S. officials were pursuing international bank sanctions against North Korea. These may have been justified in principle - the Pyongyang regime is a notorious counterfeiter and smuggler - but the timing seemed designed to kill any deal.

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Now, North Korea has tested a weapon and is poised to make more bombs. Once again, the White House must choose its approach to this recalcitrant regime.

Talks with North Korea are horribly frustrating, and it is unclear whether Kim will ever give up his weapons. He may have taken the lesson from the Iraq invasion (as Iran has) that nukes are his guarantee of keeping power. There is strong Bush resistance to talks - especially direct talks - or sending a U.S. emissary along the lines of a Carter. And the chances of success are much slimmer now than under Clinton.

But at some point, the White House will have to decide whether it wants to pursue the small chance of freezing Pyongyang's program, or at least limiting the number of weapons. As Gary Samore of the Council on Foreign Relations says: "If they only have enough materiel for six bombs, they are less likely to sell it than if they have enough for 24 bombs."

Perhaps Bush will listen to his father's key adviser, James Baker 3d, who is already tasked with reassessing America's Iraq strategy. Baker recently said, "I believe in talking to your enemies. It's got to be hard-nosed, it's got to be determined. You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Baker has already spoken with an Iranian representative.

Pyongyang next?

China Buys The Soft Sell (WP)

By Joshua Kurlantzick

The Washington Post, October 15, 2006

North Korea may have conducted a nuclear test last week, but it was China that went a little ballistic. Beijing condemned its longtime ally, denouncing North Korean leader Kim Jong Il's "flagrant and brazen" violation of global norms. Pyongyang, China declared, had "defied the universal opposition of international society."

Other nations joined the chorus of concern over North Korea's apparent entry into the nuclear club. But China remains the one country that can do more than fume and condemn. It now has the chance to wield the diplomatic influence it has carefully been amassing in recent years as it pursues a new strategy in Asia and elsewhere in the world. Call it Chinese power, 21st-century-style.

While Washington has focused on the fight against terrorism, China has quietly reoriented its foreign policy to emerge as a new advocate of "soft power" -- a combination of diplomatic outreach, cultural attractiveness and economic might that helps a nation persuade other countries to follow its lead.

North Korea is a case in point. China has lately become Pyongyang's major trading partner and source of aid. Chinese leaders have taken Kim on tours of their booming south to suggest how he might boost his backward economy, and they have trained North Korean officials in economic management. It was Beijing that helped persuade Pyongyang to come to the negotiating table for the six-party talks on North Korea's nuclear program.

It's all part of an international charm offensive that could threaten U.S. interests abroad, but could also -- if properly exploited by other nations -- transform the Asian giant into a more responsible member of the world community.

Beijing has embraced the concept of soft power with vigor. In recent years, it has dispatched more than 2,000 volunteer language instructors all over the world to teach Mandarin; upgraded its diplomatic corps (half of the country's 4,000 diplomats are reportedly younger than 35); boosted its foreign aid to match the United States as a donor in some countries; increased overseas investment; promoted the study of Chinese culture worldwide; and launched a frenzy of trade initiatives, developing more than 10 free-trade deals in the past five years.

China has even created its own version of the Peace Corps -- the China Association for Youth Volunteers. Like its U.S. counterpart, it sends young people to developing countries such as Burma, Ethiopia and Laos to work on long-term community-assistance projects -- and to polish China's global image in the process.

While it initially concentrated on the immediate neighborhood of Southeast Asia, China has lately expanded its soft power play into Latin America, Central Asia and Africa. Thousands of young professionals from sub-Saharan Africa now travel to China on scholarships provided by Beijing. Trade between the continent and China grew by more than 260 percent between 2001 and 2005. China offers Africa about $2.7 billion annually in loans and grants.

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Beijing has also been busy planning Confucius Institutes -- Chinese language and culture schools attached to universities -- in key African nations such as Kenya, as well as countries such as Uzbekistan and the Philippines. And Chinese officials shrewdly advertise these initiatives at new summits such as the China-Africa Cooperation Forum, which was established in 2000, and the upcoming China-Africa summit next month.

The Chinese leadership's decision to go soft was a conscious one, a reaction to Western shunning after the Tiananmen Square crackdown in 1989 and the failure of China's attempts in the 1990s to use its growing military force to intimidate its neighbors into choosing Beijing over Washington. And it has yielded some dazzling success.

A BBC poll last year of 22 nations found that nearly all believed that China played a more positive role in the world than the United States. Today, Southeast Asian officials compete for junkets and training in China. "We have no money, and this is the only training we can get," a top official in Laos's Foreign Ministry told me. Chinese aid funds roads and hospitals across Asia, and neighboring countries orient their commerce toward Beijing: Growing trade with China has transformed Chiang Saen, a formerly sleepy Thai village on the Mekong River. Today, container vessels arrive with crates of Chinese apples that are unloaded into trucks lined up at the town's port, while Chinese traders gather at flashy massage parlors to barter with importers.

China's newfound popularity could raise a host of problems internationally. Its emergence as a donor country may allow aid recipients to play Beijing off against organizations such as the World Bank. Just this summer, Chad moved toward evicting two oil companies, Chevron Corp. and Malaysia's Petronas, from a project backed by the bank, which had insisted that some of the oil profits be spent on improving social welfare. There's a chance that Chad may replace the oil firms with Chinese companies; at the same time that it was kicking out Chevron and Petronas, it was breaking relations with Taiwan and establishing ties with China. China's growing foreign investment could also contribute to environmental destruction, because Chinese firms have little experience with green policies at home.

Worse, as Beijing charms the world, it could persuade other developing nations to choose a Chinese growth model -- promoting gradual economic change but clamping down on any political opening. Many foreign leaders, even in democracies, undeniably want to emulate China's breakneck development. "There's great admiration for China," says Dewi Fortuna Anwar, former assistant minister for foreign affairs in Indonesia. Even the head of the African Development Bank told the World Economic Forum in January that Africa can learn from the Chinese.

But as Beijing's profile rises, its foreign policy will also come under greater scrutiny. Its leaders will have to do more to maintain the country's appeal -- and this could be the opportunity the West needs to bend China toward becoming a more responsible international power and moving away from some of its more roguish friends, such as North Korea, Iran and Venezuela.

On core issues such as regime survival or vital oil and gas fields, change is unlikely. But there has been some positive movement on other fronts. Though China once disdained treaties, it has lately proved increasingly willing to work with multilateral institutions. Its image improved significantly in Asia after it signed the Association of Southeast Asian Nations' Treaty of Amity and Cooperation, the landmark agreement in the region.

Burma is another example of how China might be prodded to look beyond its narrowest interests. Burmese activists are adopting a strategy of quietly emphasizing to China that reflexive support for the regime in Rangoon will only exacerbate instability on China's borders and stir up anti-China sentiment among ordinary Burmese. They have a point. In Chinese towns near Burma, heroin junkies sleep in alleys, waiting for drug shipments from across the border. Inside Burma, domestic instability has made it easy for armed Burmese thugs to kidnap Chinese business people in the country.

And the strategy shows some signs that it's working. Chinese officials have begun cultivating relations with exiled Burmese dissidents, a step unthinkable only five years ago. At the same time, Chinese Prime Minister Wen Jiabao has prodded Burma to engage with its democratic opposition, and China has allowed the U.N. Security Council to take up Burma's human rights and security crises, suggesting that Beijing might also be willing to accept tough U.N. action against North Korea.

Similarly, Chinese diplomats say that Beijing became serious about using its influence to fight disease only after the SARS and bird flu crises made the government recognize how cross-border disease could produce instability. In response, China held a donor conference on bird flu this year that raised $2 billion in pledges.

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In other cases, activists and foreign governments could try to convince Beijing that soft power exercised irresponsibly will hurt Chinese companies operating abroad. If local populations see China's soft power as undermining their freedom and social welfare, top Chinese corporations will never become competitive international players. Instead, Chinese businesses will suffer the kind of guilt by association that tars American companies such as McDonald's, which can at least draw upon massive advertising budgets to combat the United States's poor global image.

Beijing desperately wants to prevent Chinese firms from facing the kind of security threats that Western companies confront, but it's beginning to happen. Though China recently promised Nigeria $4 billion in new investment, armed militants have warned Beijing to stay away from the Niger Delta, where they think oil firms are destroying the waterways and Chinese companies could contribute to environmental damage.

In other countries, such as South Africa and Zambia, workers have protested Chinese firms' labor policies. Locals had celebrated several years ago when China revitalized Zambia's decrepit Chambishi copper mine. But when 49 miners died in an accident in April 2005, their families received no compensation; the resulting anger was so great that Chambishi's Chinese managers stayed away from the workers' funerals for fear of being attacked.

In the recent Zambian election, opposition candidate Michael Sata played on this anger, accusing Chinese companies of exploiting local workers and threatening to evict the Chinese firms if he won. When Sata lost, his supporters rioted in the Zambian capital, targeting Chinese businesses.

But China's growing soft power most needs checking as Beijing begins using its leverage to meddle in other countries' domestic politics. Before Sata lost, China's ambassador to Zambia had warned that Beijing might cut off diplomatic ties to the country depending upon whom Zambians chose for president. In interviews across Asia, Africa and Latin America, activists, politicians, writers and other opinion leaders expressed to me their fears that growing Chinese influence in their countries could stifle political change, though they simultaneously hope that Beijing can use its diplomatic influence to restrain Asia's most dangerous actors, such as North Korea.

China has amassed impressive soft power -- now it has to prove that it's willing to use it wisely.

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His book on China's soft power will be released in early 2007.

Restraints Fray As Nuclear Age Grows Globally (NYT)

By William J. Broad And David E. Sanger

The New York Times, October 15, 2006

The declaration last Monday by North Korea that it had conducted a successful atomic test brought to nine the number of nations believed to have nuclear arms. But atomic officials estimate that as many as 40 more countries have the technical skill, and in some cases the required material, to build a bomb.

That ability, coupled with new nuclear threats in Asia and the Middle East, risks a second nuclear age, officials and arms control specialists say, in which nations are more likely to abandon the old restraints against atomic weapons.

The spread of nuclear technology is expected to accelerate as nations redouble their reliance on atomic power. That will give more countries the ability to make reactor fuel, or, with the same equipment and a little more effort, bomb fuel — the hardest part of the arms equation.

Signs of activity abound. Hundreds of companies are now prospecting for uranium where dozens did a few years ago. Argentina, Australia and South Africa are drawing up plans to begin enriching uranium, and other countries are considering doing the same. Egypt is reviving its program to develop nuclear power.

Concern about the situation led the International Atomic Energy Agency to summon hundreds of government officials and experts from around the world to Vienna in September to discuss tightening restrictions on who is permitted to produce nuclear fuel.

“These dangers are urgent,” Sam Nunn, an expert on nuclear proliferation and a former Democratic senator, told the group. “We are in a race between cooperation and catastrophe and, at this moment, the outcome is unclear.”

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But even the atomic agency itself exemplifies some of the underlying tensions inherent in the development of nuclear energy.

For decades, the I.A.E.A., known as the world's nuclear policeman, has pursued its other mandate — to promote safe nuclear power — by running technical aid programs with roughly a hundred states. Some of that knowledge could be useful in a weapons program, though the aid is meant exclusively for civilian use.

The agency still helps Pakistan, which exploded a nuclear bomb in 1998. It also helped North Korea until a decade ago. Even today, it is assisting Iran, which many experts fear is close to mastering the basics of making a bomb. It has 14 programs under way with Iran, including a study on upgrading a nuclear research laboratory, as well as helping it start up its Bushehr reactor.

North Korea's reported test has shaken the nuclear status quo and raised anew the question of whether Asia will be the first to feel a nuclear "domino effect," in which states clandestinely hedge their bets by assembling the crucial technologies needed to make a bomb, or actually cross the line to become new weapons states. In the Middle East, the confrontation with Iran has focused new attention on countries like Saudi Arabia and Egypt, both of which fear that an Iranian bomb would make Tehran the greatest power in the region.

Mohamed ElBaradei, the director general of the I.A.E.A., has estimated that up to 49 nations now know how to make nuclear arms, and he has warned that global tensions could push some over the line.

"We are relying," he said, "primarily on the continued good intentions of these countries — intentions which are in turn based on their sense of security or insecurity, and could therefore be subject to rapid change."

Worry about proliferation is hardly new. In March 1963, President John F. Kennedy said, "I am haunted by the feeling that by 1970, unless we are successful, there may be 10 nuclear powers instead of 4, and by 1975, 15 or 20." That timetable proved to be inaccurate. But in recent years there has been a sense around the globe that President Kennedy's prediction is about to come true, three decades late.

Kofi Annan, the United Nations secretary general, said this year that "the international community seems almost to be sleepwalking" down a path where states, after long living without nuclear arms, now feel compelled to revisit their logic.

He warned of a new arms race — not one of superpowers, but of regional powers. "Perhaps most damaging of all," he concluded, "there is also a perception that the possession of nuclear and other weapons of mass destruction offers the best protection against being attacked."

A New Nuclear Vision

Democrats and Republicans spent the past week arguing over who lost control of North Korea, Bill Clinton or George W. Bush. But seeds of the problem were planted by President Dwight D. Eisenhower, just months after the armistice ended the fighting on the Korean Peninsula in 1953.

"It is not enough to take this weapon out of the hands of soldiers," President Eisenhower told the United Nations that year, just as his administration was completing a series of 11 nuclear tests. "It must be put in the hands of those who will know how to strip its military casing and adapt it to the arts of peace."

His program was called Atoms for Peace, and soon involved dozens of nations, all seeking to unlock the magic of nuclear power. The first generation of nuclear reactors sprang up around the globe, as did a huge supporting industry and an international overseer, the I.A.E.A.

But almost from the start, evidence accumulated that countries were using the civil alliances and reactor technologies to make bombs. By 1960, France had joined the United States, Britain and the Soviet Union as a nuclear weapons state. China conducted its first test in 1964. Israel had the bomb by 1967, India by 1974, South Africa by 1982 (it has since given up its weapons) and Pakistan by 1998.

All but the original three built their weapons by exploiting at least some technologies that were ostensibly civilian, nuclear analysts say. They enriched uranium beyond the low level needed for power reactors. Or they mined the spent fuel of civil reactors for plutonium — the path that North Korea started taking in the late 1980's or early 1990's, according to American intelligence officials.

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The international atomic agency, which still inscribes Atoms for Peace on its business cards, has worked hard to fight this kind of cheating while also helping with the basic technology. In the 1980's, it aided Iran's hunt for uranium.

Even today, Iranian technicians fly to Vienna and agency experts go to Iran to lend a hand. In August, two experts went to review progress at the Bushehr reactor, which is scheduled to go critical next year.

"It's helping establish that the plant is run in a safe and secure manner, which is in everybody's interest," said M. Peter Salema, an agency official. "Look at Chernobyl. That's the whole point."

Many of the agency's cooperative projects use nuclear science to humanitarian ends, like fighting disease and treating cancer. But others involve more basic atomic skills.

"We provide expert services," Dr. Salema said, "so they can learn to do things for themselves."

The Technology Boom

The Manhattan project scientists who built the first atom bomb predicted that the diffusion of their secret knowledge was inevitable. It was just a question of time. Now, after decades of scholarly digging, government declassification, open research in uranium and plutonium metallurgy and the rise of the Internet, much of that information is freely available.

"The general concepts are widely known," said Robert S. Norris, the author of "Racing for the Bomb." "Still, it's another thing to actually do it. That still requires certain skills of engineering and chemistry and physics."

The hardest part, experts agree, is not acquiring the weapons blueprints but obtaining the fuel. That is becoming easier because of developments both overt and covert.

Abdul Qadeer Khan, a chief architect of Pakistan's nuclear arms program who went on to establish the world's largest atomic black market, sold the secrets of how to make centrifuges for enriching uranium to Libya, Iran and North Korea. Tehran insists its intentions are entirely peaceful, though most analysts judge that all three countries bought from the black market because they wanted to make nuclear arms.

Dr. Khan sold plans and parts for Pakistan's first-generation centrifuge, the P-1, as well as the next generation, the P-2, which can spin faster to enrich uranium more rapidly.

Investigators are still trying to learn where else Dr. Khan may have planted his nuclear seeds. They discovered outposts of his network in Dubai, Malaysia and South Africa and found that before his downfall in 2004 he visited at least 18 countries, including Egypt, Niger, Nigeria, Sudan, Syria and Saudi Arabia.

The worrisome enrichment trends involve not just stealthy military advances but also soaring demands for nuclear power, driven by rising populations, dwindling oil supplies and fears that the combustion of fossil fuels is warming the planet.

"The nuclear renaissance is gaining momentum," said George B. Assie, vice president for business development at Cameco, the world's largest publicly traded uranium company, based in Canada.

In London, the World Nuclear Association says 28 new reactors are under construction, 62 planned, and 160 proposed, most in Asia. The required uranium, it estimates, could run to more than 65,000 tons.

While it is not clear if the expansion of the world's civilian atomic infrastructure will ultimately lead to a rise in the number of countries building nuclear arms, it could give more countries the means to do so.

There are two main ways to turn civilian technology to military use. The first is to enrich uranium fuel from its usual level of 5 percent for reactors to the 90 percent needed for a bomb, a modest step that requires longer processing in centrifuges. The second is to take spent reactor fuel and mine it for plutonium, the other main fuel for a bomb.

The Brazilian military, for example, worked hard for decades to develop centrifuges to enrich uranium fuel for a bomb, a secret program it renounced in the 1990's.

In May, Brazil, despite growing pressure to give up indigenous production, inaugurated its first uranium enrichment plant — an assembly of advanced centrifuges in Resende, in the state of Rio de Janeiro. While Iran has aroused global suspicions for erecting a similar plant, Brazil managed to reassure other nations, and the international atomic agency, that its aims are peaceful.

"We have an urgent need to expand the electric system," said Leonam dos Santos Guimarães, an official of Electronuclear, which operates nuclear power plants in Brazil.

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Forecasting the size of the revitalized global industry is difficult. Even so, the predictions can be staggering. Hans-Holger Rogner, an economist at the international atomic agency, said that many forecasts for the 21st century foresaw huge expansions beyond the 443 power reactors now operating globally.

"An increase to 5,000 reactors is well within the range of many of the longer-range studies," Dr. Rogner said, adding: "People are positioning themselves. There seems to be a race coming and nobody wants to be left out."

A Complex Game

A day after North Korea's nuclear test, Japan's new prime minister, Shinzo Abe, vowed not to abandon Japan's commitment to reject and never possess nuclear weapons, a cornerstone of Japanese foreign policy since Hiroshima and Nagasaki.

But, even so, Japan already has all the component parts. It has many tons of plutonium left over from the operation of its reactors, according to a 2004 government report to the I.A.E.A. A small nuclear warhead requires only 10 pounds.

Japan is the ultimate example of a "nuclear option" state, a country that the world knows could become an atomic power virtually overnight, if need be. "They could be very far down the road toward a virtual deterrent and not be in violation of any of the existing international treaties," said Robert L. Gallucci, the former chief American negotiator with North Korea, and now dean of Georgetown University's school of foreign service.

South Korea has also vowed not to pursue nuclear weapons. But it has an extensive network of nuclear power reactors and a few years ago, I.A.E.A. inspectors found evidence of undeclared experimentation to make highly enriched uranium. In the early 1990's, South Korea signed an agreement to keep the Korean Peninsula nuclear-free — but it signed the accord with North Korea.

Iran's nuclear rise has prompted concerns that the Middle East could experience similar pressures. In the region, only Israel is believed to possess nuclear arms, although it has never confirmed that. If Iran — a Shiite state — does indeed build nuclear weapons, there are fears that Sunni powers like Saudi Arabia or Egypt will be tempted to make their own bombs.

Egypt, which long ago sought to build nuclear arms, may be starting to rethink its earlier renunciation. The 1998 nuclear tests by India and Pakistan shook Cairo. "Egypt's leaders had placed their bet clearly in favor of the Middle East and the world moving away from nuclear weapons," said Robert J. Einhorn, a former senior State Department nonproliferation official. "But here was a disquieting indication that movement might be in the opposite direction."

Recently, the international atomic agency found that Egypt had kept some of its old and new efforts cloaked in secrecy, including a continuing project to acquire uranium ore in the Sinai desert. In September, Cairo announced plans to revive its stalled program to build reactors for generating nuclear power. It gave no sign of whether it, like Iran, planned to make reactor fuel on its own.

So the question now is whether North Korea's test, and Iran's challenge, will change the calculus. "When additional countries get the bomb, it does create new pressures," said Matthew Bunn of the Kennedy School of Government at Harvard, who tracks the spread of nuclear technology. "But each country is unique and there's little risk that the dominoes will fall quickly, especially if we take steps to prevent it."

New Ground Rules

When atomic specialists gathered in Vienna in September to discuss new ground rules for a second nuclear age, their proceedings were fueled by the fear that some of the old restraints — both technological and political — are fraying.

The central proposal debated at the I.A.E.A.'s headquarters sounded simple: No longer should nations be permitted to develop their own means of enriching uranium to make reactor fuel, which Iran and other developing states have claimed as their inalienable right under the Nuclear Nonproliferation Treaty. Nearly 40 years after the treaty was drafted, the dangers simply seem too great.

Instead, the argument went, nations should band together to make multinational fuel banks where they could watch one another, making sure no fuel is diverted for bomb production.

"A threat exists," said Sergei Kirienko, director of the Russian Federal Atomic Energy Agency. "We understand that only those solutions that are resolved together, that ensure access for all nations today, will be successful."

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Russia took the lead, proposing an international fuel bank that it would set up on its own soil by next year — and from which it could potentially extract billions of dollars in sales. But the big splash came when Warren E. Buffett, the billionaire philanthropist, pledged $50 million for a fuel bank to be run by the I.A.E.A., making the United Nations body a "supplier of last resort" for any country that forsakes making its own fuel. The Bush administration has backed similar plans.

But while there is agreement on the problem, solutions bogged down in bickering — from weapons states that want to maintain their capacity and from developing nations that sniff a conspiracy to deny them the same nuclear rights that large powers have long enjoyed.

"We should guard against the notion that sensitive technologies are safe in the hands of some, but pose a risk when others have access to them," said Buyelwa Sonjica, the energy minister of South Africa, which wants to restart its enrichment program and build up to six reactors.

Few parties involved in the debate are optimistic about reform, and some say the enterprise is doomed to failure.

"Nuclear power is inextricably linked with nuclear proliferation," the environmental group Greenpeace said in a recent statement. "None of the schemes being promoted will solve this problem. In fact, they will make it worse."

So far, though, the countries that the world most wants to stop from enriching say they have seen no reason to do so.

At a dinner in New York in September, President Mahmoud Ahmadinejad of Iran looked supremely confident as he batted away the idea that other countries could be relied upon to provide him with the nuclear fuel he said he needed.

"Before stopping enrichment by others, why don't you stop building the next generation of nuclear weapons?" he asked his American hosts. Then, smiling, he suggested that the United States just buy its nuclear fuel from Iran's new facilities. He would sell it to Washington, he said, "with a 50 percent discount."

A New Global Nuclear Order (LAT)

By Alissa J. Rubin

The Los Angeles Times, October 15, 2006

North Korea ... Iran ... and the list is growing. The treaty that once limited the spread of atomic weapons know-how is unraveling.

PARIS — When North Korea announced its nuclear test last week, it was just the latest sign that the effort to contain the spread of atomic weapons was breaking down: Several countries are on the verge of beginning uranium enrichment programs, and others have already started such efforts, policymakers and experts say.

Brazil recently inaugurated an industrial-scale uranium enrichment plant, and Argentina and South Africa are interested in similar projects. Australia, which has large supplies of natural uranium, is also considering an enrichment program. Iran has defied requests by the international community to suspend its program to enrich uranium, the first step toward making the fissile material suitable for a bomb.

North Korea's announcement of a test follows ones by India and Pakistan in 1998. The rise of a new generation of nuclear states has led to increasing concerns that others could follow, and fueled fears that the more countries with nuclear capability, the greater the risk that fissile material will fall into terrorist hands.

"We are, at present, at the unraveling of the nonproliferation regime and the global nuclear order that we've taken for granted," said Graham Allison, a former assistant secretary of Defense under President Clinton, who directs the Belfer Center for Science and International Affairs at Harvard University. "This is a huge event whose importance may only become evident in five years….

"In terms of global order, global nuclear order, this is a nuclear blast," he said.

On Saturday, the United Nations Security Council unanimously adopted a resolution imposing sanctions on North Korea for its declared nuclear test Monday.

But China's reluctance to take part in inspections of North Korean cargo to help stop the flow of weapons materials throws into doubt how effective the sanctions can be.

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Policymakers point to three levels of problems with the Nuclear Nonproliferation Treaty, which has been in force for 36 years: weaknesses in the treaty itself, at the political level in the Security Council, and at the technical level in the ability of nuclear inspectors to detect undisclosed nuclear programs.

Countries that had nuclear weapons when the treaty went into effect — the United States, Russia, Britain, France and China — were allowed to keep them, whereas others were asked to forswear them.

The "haves" made the commitment to reduce and eventually eliminate their arsenals, and the "have-nots" agreed not to seek atomic weapons as long as they could have the advantages of nuclear technology for peaceful purposes.

The International Atomic Energy Agency, the United Nations' nuclear watchdog, was put in charge of making sure countries refrained from taking steps toward making fissile material suitable for bombs. But the treaty, in effect, permitted any country that wanted nuclear weapons capability to go down that road.

Nuclear technology is such that once a country masters uranium enrichment, it is relatively easy to go from low-level enrichment, which produces fuel for nuclear power plants, to high-level enrichment, which produces material used for a bomb.

Although 187 countries have signed the treaty, some developing nations are skeptical of the intentions of the five original nuclear states and are reluctant to give up the option of enriching uranium, leaving the door cracked to nuclear weapons capability.

Immediately after the Cold War, the United States and Russia reduced their nuclear arsenals by thousands of weapons. Since then there has been a standstill.

There are now about 27,000 nuclear warheads worldwide — the vast majority in the U.S. and Russia. And most of the five original nuclear states have moved to modernize or, in China's case, expand their arsenals.

Countries that have pursued nuclear capability outside the treaty or by hiding their programs have, after an initial distancing by the international community, gone unpunished over the long term.

Three countries — India, Pakistan and Israel — refused to sign the treaty. Pakistan and India have developed nuclear weapons, and Israel is thought to have them.

All three enjoy the favor and respect of world leaders, setting an example of what countries can get when they acquire nuclear weapons.

India and Pakistan, initially sanctioned over their nuclear tests, have seen the bans diminish, and India has been offered a multibillion-dollar deal with the United States that includes nuclear technology. The agreement has not been approved by the U.S. Senate.

Two other countries have refused to abide by the treaty, although they signed it: Iran and North Korea. The latter withdrew from the treaty three years ago. Neither nation has suffered significant consequences for refusing to comply.

That is because until Saturday, the five veto-wielding members of the Security Council could not agree on a punishment. At least one of the five has had national interests that superseded its intention to bring the countries to heel.

The only early-warning system to detect countries that are going down the nuclear weapons road appears unable to do its job. The International Atomic Energy Agency has failed to detect cheating by countries at an early stage in part because it lacks the authority to do necessary investigations.

It also has no enforcement power to stop what it discovers and can only report to the Security Council, which has had trouble agreeing on appropriate punishments.

"This has been an accident waiting to happen for a long time. The stresses and strains in the nonproliferation architecture have been apparent for many years," said a senior Western official from a nonnuclear weapons nation who is involved in his country's nuclear policy. "You can point the finger pretty much at anybody and they have a part in the blame."

Western countries with nuclear arsenals want to work within the system, which allows them to keep their weapons. Their policymakers insist that, overall, the system is working pretty well. They note that, under the treaty, several countries have given up nuclear weapons, including Libya, South Africa and the former Soviet republic of Kazakhstan.

"I don't agree that the problem is that there hasn't been disarmament by the nuclear weapons countries. The [treaty] is about security, and countries signed up for it because they thought their security was served by giving up nuclear weapons as long as their neighbors gave them up too," said a senior diplomat from a country with nuclear weapons.

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A senior U.S. official involved in nuclear policy noted that "there are about three dozen countries that have the intellectual, technological capabilities to have and develop a nuclear weapons capability but have chosen not to. For those, such as Japan and Germany, it wouldn't take them long to make that transition, but they haven't, and the [treaty] is part of the reason."

Developing nations say they don't want to give up their rights to uranium enrichment and don't trust the United States or other nuclear countries to be consistent suppliers of the nuclear material they would need to run their power plants. Moreover, they say there is no guarantee that one of the nuclear counties won't attack them.

"There's a big credibility gap because of the double standard. You can't say, 'It's OK for you to have the weapon, but for everybody else it's wrong,' " said an ambassador to the International Atomic Energy Agency from one of the most influential of developing countries.

In the negotiations between the European Union and Iran over the Islamic Republic's uranium enrichment program, some people close to the negotiators say that unless the United States forswears efforts to change Iran's leadership, there will never be a deal.

Daniel Pinkston, a nuclear security expert at the Monterey Institute of International Studies, said the countries that had pursued nuclear weapons secretly or by refusing to sign the treaty were in tense neighborhoods — the Middle East or Asia — where they thought they could easily be attacked.

"Nuclear weapons can be attractive for the security benefits, and those might outweigh the benefits from participating in the nonproliferation regime," Pinkston said. "So unless you can resolve the security dilemma, you aren't going to resolve the problem."

The United States has helped to discourage some of its nonnuclear allies from going the weapons route by guaranteeing their security.

In Japan, where there is a political faction that would like the nation to develop atomic weapons, the majority of policymakers are willing to rely on the United States for protection. Taiwan and South Korea also fall into that category.

The problem is that once a country in a troubled area obtains nuclear weapons capability, others may get nervous, and the situation becomes hard to control.

Most worrisome to some nuclear countries and their allies is that the International Atomic Energy Agency has proved incapable of detecting transgressions by member states at an early stage.

Although Libya and South Africa gave up their nuclear weapons programs, the agency was not aware of the Libyan program until the day Moammar Kadafi announced the country was giving it up.

The Iranians had a program for 18 years that went undetected until it was disclosed by an anti-government group.

"Countries are big — they can hide some things; they learn how to hide from other countries," said the senior U.S. official involved in nuclear policy. "And there's one thing you can't easily erase, and that's knowledge."

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Times staff writers Douglas Frantz in Los Angeles and Bruce Wallace in Tokyo contributed to this report.

Who's Next To Go Nuclear? (WP)

By Andrew Grotto

The Washington Post, October 15, 2006

North Korea announced its first test of a nuclear device last week, setting off hand-wringing around the world that a newly armed Pyongyang might sell nuclear weapons to rogue states or terrorists.

But another threat, more likely and more dangerous, may emerge. Pyongyang's test could encourage "near-nuclear" proliferation -- a world in which states master key technologies that are ostensibly for harmless energy-related purposes but can be quickly adapted for deadly, offensive ends.

Indeed, governments aspiring to join the small but growing club of nuclear states don't need to consider testing nukes or withdrawing from the nuclear Non-Proliferation Treaty. Instead, their first step could involve learning how to enrich uranium or separate plutonium; that technology can produce fuel for nuclear energy reactors -- or bombs.

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Under common interpretations of the NPT, governments are allowed to acquire such technology for peaceful purposes. Once states perfect these techniques, though, they will have overcome the greatest obstacle to getting the bomb -- access to nuclear fuel.

These aren't hypotheticals: Iran has claimed that its fledgling uranium enrichment program is intended to diversify its energy supply by producing fuel for reactors. This year, Egypt and Turkey announced interest in nuclear energy as well.

A world in which countries have the capability to go nuclear on short notice is fraught with peril. Over the next decade, keep your eye on five nations in particular that may pursue that path:

JAPAN . Japan's stockpile of more than 40 tons of plutonium -- which it keeps for use in energy reactors -- is enough fuel for 3,000 to 5,000 nuclear weapons. It also has the technical capacity to produce a sophisticated nuclear arsenal on short notice that could rival the Chinese arsenal.

The Japanese public is traditionally anti-nukes, but politicians such as former prime minister Yasuhiro Nakasone have openly suggested that Japan may need to reconsider its nuclear options.

SOUTH KOREA. Since 1998, South Korea has followed a "sunshine policy" toward North Korea, emphasizing engagement over isolation. Nuclear weapons play no role in this approach. However, North Korea's test has prompted some anger in the south. Seoul's attitude toward Pyongyang may be shifting.

Seoul had a nuclear weapons program in the early 1970s, but joined the NPT in 1975. In 2004, however, South Korea admitted that it had conducted secret experiments with uranium enrichment and plutonium separation beginning in the late 1970s. Like Japan, South Korea could acquire a credible nuclear arsenal on relatively short notice.

IRAN . Flush with oil revenue, Iran has emerged as a newly assertive and ambitious player in the Middle East. If isolated and impoverished North Korea can get away with developing and testing nuclear weapons, better-positioned countries such as Iran may be emboldened to think they can, too.

EGYPT. Egypt once had a nuclear weapons program, but gave it up in the 1970s and joined the NPT. Since Iran's 1979 revolution, relations between the two countries have been strained. Iran bridles at Egypt's recognition of Israel, and is still sore about Egypt's siding with Saddam Hussein during the 1980-1988 Iran-Iraq war. Until 2004, a street in Tehran was named after the assassin of Egyptian president Anwar Sadat. Relations have improved in recent years, but suspicions still run deep.

Last month, Gamal Mubarak, son of Egyptian President Hosni Mubarak and widely viewed as next in line for the presidency, suggested in a speech that Egypt pursue nuclear energy. In a thinly veiled reference to Iran, he noted that Egypt "is not the only country that is thinking about this alternative to save on energy sources."

SAUDI ARABIA. Like Egypt, Saudi Arabia regards Iran's nuclear program and growing clout with suspicion, and is also nervous about the precipitous decline in U.S. influence in the Middle East. Saudi Arabia helped finance Pakistan's nuclear program, and its leaders are rumored to have met with A.Q. Khan, the father of Pakistan's nuclear bomb and the mastermind of a global black market in nuclear technology. The Saudis couldn't develop a nuclear arsenal now, but a shortcut is possible. They could obtain a weapon from Pakistan, or invite Pakistan to station some of its weapons at Saudi bases. This could be legal under the NPT, just as the United States stations nuclear weapons at European bases.

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More North Koreas? Get Used To It (LAT)

By William Langewiesche, William Langewiesche, International Correspondent For Vanity Fair, Is The Author Of "Atomic Bazaar:

The Los Angeles Times, October 15, 2006

Bad as a nuclear hermit kingdom is, the U.S. just can't control proliferation.

THERE IS NO DOUBT that the acquisition of atomic weapons by North Korea is the worst development yet in the ongoing story of nuclear proliferation by upstart states. The regime in Pyongyang is arguably the spookiest in the world today — bellicose, repressive, unstable and so mentally isolated that it sometimes appears to be outright insane. A nuclear North Korea is definitely

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a dangerous place; it increases the chances in Asia for all sorts of trouble and threatens to kick off a regional arms race. This needs to be acknowledged.

Nonetheless, what's done is done, and though we may protest and bluster, there is very little the U.S. can do to stop it from proceeding. Rather than making a show of our weakness, we would do well to calm down. After all, this was not unexpected; the fact is, the spread of nuclear weapons is, and always has been, inevitable.

A little perspective might help. In the months after World War II, a group of men responsible for producing the atomic bomb — including Albert Einstein, J. Robert Oppenheimer, Niels Bohr, Leo Szilard and others — created the Federation of American (Atomic) Scientists, or FAS, to educate the public about this new breed of weapon. Washington at the time harbored the illusion that it possessed a great secret and could keep the bomb for itself.

The founders of the FAS disagreed. They argued that with the destruction of Hiroshima and Nagasaki, any engineering doubts had been emphatically answered and, because the basic science of nuclear reactions was already widely known, other nations could invest in nuclear programs and be certain of the returns. There were any number of physicists and engineers worldwide capable of guiding them through the process. FAS members warned the American people in stark and simple terms. In essence, they said that the whole world would soon be nuclear-armed. There is no secret here, they said, and there is also no defense. The Nuclear Age is upon us, and it cannot be undone.

They got the timing wrong. Nuclear proliferation did proceed, but for 50 years it was slowed (and in some cases stopped) by diplomacy and, more fundamentally, by the Cold War itself, with the guarantees it offered to nonnuclear nations of surrogate nuclear strength under the U.S. and Soviet retaliatory "umbrellas."

Since then, however, the umbrellas have frayed, and the world has become a more fractured and complicated place, no longer bound by the old alliances, where independent nuclear arsenals have greater meaning than before. Paradoxically, the desire for nuclear weapons is spreading in inverse relation to the lowered risk of an all-out global nuclear war. This is a trend that began even before the fall of the Soviet Union, but it is accelerating in a world where countries must turn to themselves for protection and where the U.S., especially after the invasion of Iraq, is seen as an aggressor and a threat. For these reasons and others, new nuclear players are emerging to challenge the rules of the game.

What the new players have in common is that they are poor and undeveloped nations, with weak economies and precarious political systems. If this seems counterintuitive, consider the fact that nuclear weapons are not only simple but cheap.

Earlier this year in Moscow, a Russian nuclear official put it this way to me: "Nuclear weapons technology has become a useful tool, especially for the weak. It allows them to satisfy their ambitions without much expense. If they want to intimidate others, to be respected by others, this is now the easiest way to do it." Once a country decides to become a nuclear weapons power, he said, it will do so regardless of international sanctions or incentives.

Oppenheimer warned of this implicitly 60 years earlier. He wrote in 1945: "Atomic explosives vastly increase the power of destruction per dollar spent, per man-hour invested; they profoundly upset the precarious balance between the effort necessary to destroy, and the extent of the destruction…. None of the uncertainties can becloud the fact it will cost enormously less to destroy a square mile with atomic weapons than with any weapons hitherto known to warfare."

Oppenheimer talked about it in terms of the "evil that a dollar can do," but of course, one person's definition of evil may be another's definition of self-defense — or, more generally, a demand for equality among nations. The most succinct criticism of the Nuclear Nonproliferation Treaty came from the Argentines when they refused to sign it, that it amounted to "the disarmament of the disarmed."

In Islamabad, an official close to the nuclear-armed Musharraf regime said to me: "The best way to fight proliferation is to pursue global disarmament. Fine, great, sure — if you expect that to happen. But you cannot have a world order in which you have five or eight nuclear weapons states on the one hand, and the rest of the international community on the other. There are many places like Pakistan, poor countries which have legitimate security concerns — every bit as legitimate as yours. And yet you ask them to address those concerns without nuclear weapons, while you have nuclear weapons, and you have everything else? It is not a question of what is fair, or right or wrong. It is simply not going to work."

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The man was right. When focused on the U.S., his point becomes an argument not for standing down from the diplomacy of nonproliferation but for finding the courage to accept the dangers of a changing world in which new countries have acquired nuclear weapons, and some may actually use them.

Has North Korea joined the ranks of nuclear powers? If so, so be it. There will be other nuclear newcomers in the decades to come. Iran will be next, but it will not be the last. Turkey, Syria and Saudi Arabia are believed to be interested and could easily proceed, depending on regional events. So could Algeria. So could Brazil and Venezuela. The future is unknowable, but there is no limit to where these weapons could spread.

The good news, however perversely, is that no nuclear-armed regime (and certainly not Iran's) is likely to be as reckless as North Korea's. In that sense, the developments in North Korea can serve as an exercise not in stopping nuclear proliferation but in learning how to live with it after it occurs. The ideal, of course, would be to desist from policies of preemptive invasion and to engage the upstart powers respectfully through economic and diplomatic ties.

If that is not feasible, however, other options exist, based on the premise that nuclear weapons are defensive in nature and that regimes even as strange as Pyongyang's are generally fairly conventional players with infrastructures at risk and subject to restraint through the guarantee of retaliatory strikes.

There is one move we can make right now that would sharply reduce, if not eliminate, another risk: that a regime like North Korea's or Iran's might hand off a functional bomb to stateless terrorists who, with nothing to lose, would have every reason to use it. We can make it emphatically clear that if we or our most important friends are ever hit by terrorists with a ready-made nuclear device, we will immediately devastate whatever regime is to blame.

Ultimately, however, it is important to recognize that the spread of nuclear weapons is a condition over which we do not have control and for which there is no solution. It does no good to bemoan the folly of it all or to belabor the fact that we are the ones who ushered in the Nuclear Age. The world is an unsafe place, and we have no choice but to live in it. Pretending otherwise, or imagining that we can impose order when we lack the power to do so, is the surest recipe for self-destruction and disaster.

Bush Unleashes The Nuclear Beast (LAT)

By Joseph Cirincione, Joseph Cirincione Is A Senior Vice President At The Center For American Progress. His New Book, "Bom

The Los Angeles Times, October 15, 2006

If the administration won't abide by time-tested nuclear treaties, why should anyone else?

IN THEIR THIRD PRESIDENTIAL DEBATE, in October 1960, John F. Kennedy went after Vice President Richard Nixon, blasting him as weak on national security for not stopping the spread of nuclear weapons. France had just tested its first nuclear device, joining the United States, the Soviet Union and Britain as the world's first nuclear powers. Kennedy warned "that 10, 15 or 20 nations will have a nuclear capacity — including Red China — by the end of the presidential office in 1964."

As president, Kennedy sought to fight that dark vision, telling the United Nations: "The weapons of war must be abolished, before they abolish us." He restarted talks on a comprehensive nuclear test ban treaty, began pursuit of a global nonproliferation pact and signed a treaty with the Soviet Union to ban atmospheric nuclear tests. Although Kennedy did not live to finish the job, in 1968, Lyndon Johnson signed what became the diplomatic crown jewel of his presidency: the Nuclear Nonproliferation Treaty, or NPT. President Nixon secured its ratification.

The NPT is now considered one of the most successful security pacts in history. Every nation in the world is a member except Israel, India, Pakistan, and North Korea. Most of the 183 member states that do not have nuclear weapons believe what the treaty says: We should eliminate nuclear weapons.

The treaty became the hub around which liberals and conservatives built an interlocking network of agreements that deterred, though didn't altogether stop, the spread of nuclear weapons. As a result, by 2000, only three other countries — Israel, India and Pakistan — had joined the original five nuclear nations. With the success of these agreements, and the end of the Soviet-American nuclear standoff at the close of the Cold War, it seemed that the nuclear threat that had haunted the world for so many years might finally be receding.

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But now, suddenly, the threat is back. In the last six years, we seem awash in nuclear threats: First it was Saddam Hussein, then North Korea and Iran. How did it happen? Is nuclear restraint dead?

At the heart of the problem is the strategy George W. Bush chose, which rejects international treaties as the solution to proliferation. He and his advisors saw these agreements as limiting U.S. flexibility and viewed the United Nations and other global gatherings as arenas where the world's Lilliputians could tie down the American Gulliver.

Bush scuttled the Anti-Ballistic Missile Treaty, walked away from the nuclear test ban treaty secured by President Clinton, opposed efforts to enforce the treaty banning biological weapons, mocked the U.N. inspectors before the Iraq war and sent low-level officials to critical negotiations, including last year's NPT conference. The world now believes that the chief architect of the global nonproliferation system has abandoned its creation.

Instead, the administration preferred to rely on U.S. military might and technology, such as anti-missile systems, to protect the United States. Rather than negotiate treaties to eliminate weapons, it forged a strategy to eliminate the regimes that might use them against us. The Bush team felt they knew who the bad guys were, and they aimed to get them — one by one.

But the strategy has backfired. Both Iran and North Korea accelerated their programs, making more progress in the last five years than they had made in the previous 10. Now North Korea's test threatens to trigger an Asian nuclear-reaction chain that could prompt South Korea, Taiwan and even Japan to reconsider their nuclear options.

And it is not just the threats from small nations such as North Korea that could fuel a new atomic arms race. It is the continued existence of huge nuclear arsenals in the United States, Russia and other states. The importance of nuclear weapons as a cornerstone of U.S. defense had been declining since the Cold War ended. Though the U.S. never ruled out their use, Clinton and George H.W. Bush made it clear that they believed they were unusable, except perhaps in retaliation.

But the current president's policies have elevated the role of these weapons. The 2002 Nuclear Posture Review detailed plans to build new, more usable "low-yield" nuclear weapons and created missions for them. Bush decided to retain about 6,000 weapons and to research a new generation of nuclear missiles, bombers and submarines.

What's the relevance of this to proliferation? Simple. U.S. intelligence officials concluded as early as 1958 that other nations' nuclear appetites could not be curbed without limiting the superpowers' stockpiles. That judgment was confirmed by subsequent administrations.

As the superpowers cut their weapons from a Cold War high of 65,000 in 1986 to about 27,000 today, other countries took note. In the 1960s, 23 countries had nuclear programs, including Australia, Canada, Egypt, Japan, Norway, Sweden, Switzerland and West Germany. Most ended any weapons programs. Brazil and Argentina stopped research in the 1980s, and South Africa, Belarus, Kazakhstan and Ukraine gave up their bombs in the 1990s.

We now know that U.N. inspectors ended Iraq's nuclear program in 1991. In 2003, Libya abandoned its secret program. Until last week, no nation had tested a nuclear weapon for eight years — the longest period in the Atomic Age. The outrage that greeted the North Korean test shows how strong anti-nuclear sentiment has become.

Many political and military leaders recognize the limited military utility of weapons whose use would kill thousands of innocent civilians. Rep. David L. Hobson (R-Ohio), a solid Midwest conservative, led the effort last year to kill the administration's proposed "nuclear bunker buster," a new weapon designed to go after conventional targets. Former Secretary of Defense Robert McNamara advocates greatly reducing the U.S. and Russian arsenals and then working to eliminate them completely, just as countries have done with chemical and biological weapons. Even former Bush advisor Richard Perle has said the U.S. could cut to well below 1,000 warheads. "The truth is we are never going to use them," Perle said. "The Russians aren't going to use theirs either."

By clinging to our own nuclear arsenal, and touting the importance of these weapons to our own security, the Bush administration has sent the world a schizoid message: Nuclear weapons are very, very important and useful — but you cannot have them. This double standard is impossible to maintain.

Last year, International Atomic Energy Agency Director Mohamed ElBaradei said that until the world was committed to eradicating nuclear weapons, "we will continue to have this cynical environment that all the guys in the minor leagues will try to join the major leagues…. They will say, 'If the big boys continue to rely on nuclear weapons, why shouldn't I?' "

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Bush administration officials have proved expert at smashing the agreements their predecessors so painstakingly built, but in doing so they broke the bars that had caged the nuclear beast. Those who will have to repair the damage would do well to look back at the handiwork of the past. They might learn a thing or two.

Will Nukes March Across Asia? (NSL)

By Michael Moran

Newark Star-Ledger (NJ), October 15, 2006

Since the very early years of the Cold War, two of Asia's most important and progressive countries Japan and South Korea have predicated most of their defense and foreign policy decisions on the assumption they would be protected, in the final analysis, by America's nuclear umbrella.

To an even greater extent than Western Europe, where Britain and France insisted on their own small nuclear deterrent forces in spite of America's guarantee, these two sophisticated Asian economic powers agreed to forswear nuclear weapons altogether. For decades, that contributed not only to the stability of Asia, but also to America's relative leverage in the region. With the decision of North Korea to test a nuclear weapon, those days may now be numbered.

The early results of North Korea's Oct. 9 nuclear tests may, ironically, work against the Stalinist regime in Pyongyang, convincing South Korea and China, for instance, to drop the petty historical dispute that has prevented them from uniting against a mutually perceived threat to peace in their backyard. Japan's new prime minister, Shinzo Abe, in fact broke a five-year moratorium on meetings with the South Korean and Chinese leaders the very week the North chose to gatecrash the nuclear club. There is hope in Washington of finally convincing key players -- and especially China, which alone has real leverage on the North -- to slap the kind of political and economic sanctions on the regime that force it to heed world opinion.

In the longer term, however, the North Korean test could prove an important nail in the coffin of America's five-decade dominance of Asian security issues. The nuclear test shakes Japanese and South Korean faith, which has already eroded over the past several years, in the basic Cold War bargain and will transform their attitudes about their own security.

As a South Korean diplomat at the United Nations put it to me last year, "Much of our thinking for the past two decades, and in Japan, too, I would say, has been based on the idea that we are under the U.S. nuclear umbrella. If the U.S. cannot prevent North Korea from testing a nuclear weapon, how can it deter North Korea from using one? That's the basic question being asked today."

So far, the reaction of North Korea's Asian neighbors has been moderate: careful condemnations, calls for sanctions, pledges to work for a peaceful solution, etc. This certainly is a far cry from Pakistan's tit-for-tat, nuke-for-nuke response to India's 1998 nuclear test. But those who make a living tracking proliferation threats remain concerned. Both South Korea and Japan are signatories of the Nuclear Non-Proliferation Treaty, the treaty North Korea renounced in 2003 before its final push for nuclear weaponry began. Yet, of all the non-nuclear states that have pondered, secretly or openly, the wisdom of going nuclear, none is more capable of fielding an actual arsenal as quickly and completely as Japan and South Korea are.

As the only nation ever to suffer a nuclear attack, Japan has repeatedly vowed in the years since 1945 to never "develop, use, or allow the transportation of nuclear weapons through its territory." It later emerged Japan had, in fact, studied the idea during the 1960s. By and large, however, Japan has been true to its word. Yet Japan, more vulnerable than any other major industrial nation to oil crises, also developed a civilian nuclear power industry larger than any outside France and the United States. This expanding network of nuclear plants, which Japan hopes will produce over 40 percent of national electricity needs by 2010, also produced spent plutonium at levels which alarm nonproliferation experts. While this is not "bomb-grade" plutonium in the strictest sense, experts believe Japan could quickly field an arsenal if it so chose. Michael Levi, an expert in arms control and proliferation at the Council on Foreign Relations, says Japan could nuclearize its military "in a matter of months, if not sooner." This has led some to deem Japan a "paranuclear" state.

Such thoughts would have been quickly dismissed a decade ago given the lingering taboo and trauma caused by the Hiroshima and Nagasaki bombings. In recent years, however, particularly since North Korea test-fired a missile in 1998 that crossed Japanese territory before splashing into the Pacific Ocean, some politicians have called for a rethinking of the pacifism imposed on Japan by the United States after World War II. Yasuhiro Nakasone, a former prime minister, told a reporter last month

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Japan needed "to study the issue of nuclear weapons." Japan's new prime minister, before winning power, expressed the opinion that nothing in the country's constitution specifically forbids development of a nuclear deterrent. Abe has been careful since the North Korean test to say Japan is not planning to go nuclear. But he clearly is aligned with those who feel a nuclear arsenal to be on the table for study.

As with Japan, South Korea's sophisticated domestic nuclear power industry is poised to nuclearize if it so chooses. From the 1950s until the late 1980s, in South Korea's official accounts, Seoul pursued a nuclear weapons program as vigorously as its communist archrival to the north. In fact, International Atomic Energy Agency inspectors who visited South Korea in 2003 discovered research on enriching plutonium continued until at least 2000. While the IAEA found no evidence of any military motive, it was a reminder of how little we may actually know about such activity there and elsewhere.

Ever since Amy Carter raised the issue with her presidential daddy in the late 1970s, nuclear nonproliferation has loomed like Oz in the thoughts of diplomats and policymakers -- particularly those in the nations which made up the relatively stable Cold War- era "nuclear club," the U.S., Russia (then the Soviet Union), France, Britain, China, and, with a wink and a nod because they have nukes but won't publicly admit it, Israel. Like Oz, though, the concept of nonproliferation always looked better from afar.

The closer any nation came to completing the nuclear fuel cycle, the more clearly futile efforts to prevent the next step turned out. In the end, those which came close and decided against actually testing and fielding nuclear arms -- South Africa, Brazil, Argentina, for instance -- shied away for reasons of national interest, the strain on their scientific infrastructure, or the pure financial burden. Even Libya, which renounced its own nuclear designs in 2003, had little to show for its efforts and much to gain from dropping them.

Japan and South Korea certainly have the scientific prowess and financial ability to move in this direction, and no one, not even in Washington, contends they are wrong to feel threatened. Like China, India, Pakistan, and now North Korea, all of whom blasted their way into the nuclear club in past decades, these two economically minded powers may eventually find the benefits outweigh the slap on the hand such actions brought to previous gatecrashers. Until someone proves the consequences to be more serious than that, the temptation of going nuclear, and of having a permanent seat at the world's big table as a result, may prove too much to resist.

Michael Moran is executive editor of CFR.org, the Web site of the Council on Foreign Relations in New York.

Nukes And More Nukes (WP)

The Washington Post, October 15, 2006

Proliferation will continue as long as Russia and China treat it as a secondary priority.

THE MOST critical question following North Korea's reported nuclear test is whether anything can be done to stop other states or terrorist groups from acquiring such weapons in coming years. Can North Korea be prevented from exporting its nukes? Is the world entering an era in which nuclear war will be virtually inevitable? Based on the response to North Korea last week, the outlook isn't good.

Weaker countries, such as Libya, can still be bribed or bluffed into giving up a weapons program that hasn't advanced very far. A new international protocol on the production of nuclear materials is a possibility worth pursuing. But states such as North Korea and Iran can be stopped only if a powerful coalition of countries emerges against them, combining the United States and Europe with Russia, China and regional powers.

The five countries that have tried to bargain with North Korea over its nuclear program -- China, South Korea, Russia, Japan and the United States -- could have stopped the North Korean program and could reverse it still: Among them they have the capacity to force the collapse of the Kim Jong Il dictatorship. A similar coalition probably could stop Iran. But to do so, nuclear counterproliferation has to become those governments' highest priority. They have to be willing to make sacrifices and take risks.

As the diplomacy at the United Nations last week once again demonstrated, neither China nor Russia regard stopping the spread of nuclear weapons as essential. Both voted yesterday in support of a resolution imposing sanctions on North Korea, and talks will begin this week on a sanctions resolution aimed at Iran. But both Beijing and Moscow have worked to water down the measures, narrowing the list of sanctions and eliminating references to force. In doing so they have illuminated the priorities that for them matter more than limiting the spread of nuclear weapons.

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China, though angry at North Korea, still finds it more important to preserve Mr. Kim's regime than to disarm it. Chinese officials reasonably worry about a destabilizing flood of refugees in the event the Kim dictatorship collapses. More cynically, they continue to see the regime as a means of containing U.S. influence in Asia. Beijing's view of Iran is similarly instrumental: It is a valuable source of energy and a check on the United States.

Russia is even less responsible as a partner in counterproliferation. The government of Vladimir Putin seems to have returned to the Soviet view of international relations as a zero-sum game with the United States. Any gain for U.S. policy is to be resisted or balanced with a concession in return.

So Russia agreed Thursday to support the U.N. sanctions resolution on North Korea -- but only after extracting U.S. agreement to another Security Council resolution about its neighbor, Georgia. The resolution extended the mandate of U.N. observers -- and legitimized the continued presence of Russian troops -- in two breakaway regions of Georgia and referred to "militant rhetoric and provocative actions" by Georgia's pro-Western democratic government.

In fact, it is Mr. Putin who is engaged in a militant and provocative campaign against his tiny neighbor: He has banned trade, closed transportation links and cracked down on Georgian-owned businesses in Moscow. He's willing to make a gesture toward preventing a world that bristles with nuclear weapons, but only if he can get some help in his attempt to crush a government that resists Russia's neo-imperialism. If such politics continue to underlie counterproliferation, we can expect a much more dangerous world.

Tehran Revives Nuclear Proposal (WT)

The Washington Times, October 15, 2006

TEHRAN (Agence France-Presse) -- Iran said yesterday a year-old offer from President Mahmoud Ahmadinejad for foreign countries to handle its uranium enrichment activities still stands as a way to break the deadlock over its nuclear program.

Foreign ministry spokesman Mohammad Ali Hosseini also said a suggestion made by Iran earlier this month for a French-led consortium to enrich uranium for Iran on Iranian soil remained "appropriate."

The spokesman made his comments as the five U.N. Security Council permanent members plus Germany discuss imposing sanctions against Iran over its failure to halt enrichment, a process the West fears could be diverted to making a nuclear bomb.

"Mr. Ahmadinejad in his speech last year to the U.N. General Assembly proposed that other countries participate in the uranium enrichment and this proposal still stands," Mr. Hosseini said, according to the Web site of state broadcaster IRIB.

"We have received proposals from partners, but the final decision has not been made yet," he said later in an interview with state television. He did not specify who the partners were.

Mr. Ahmadinejad had proposed in his 2005 U.N. speech to "engage in serious partnership with private and public sectors of other countries in the implementation of the uranium enrichment program in Iran."

His proposal was revived earlier this month when a top Iranian nuclear official said France should form a consortium that would manufacture uranium on Iranian soil and thus break the deadlock. However, on both occasions his idea was met with a cool reception from Western powers, who object to enrichment done in Iran. Enriched uranium can be used to power nuclear reactors or atomic bombs.

"The Iranian nation is not scared of possible sanctions and is determined to go on its way to the peaceful use of nuclear energy," Mr. Hosseini said.

Germany: No Prospect Of Talks With Iran (AP-Y)

By Geir Moulson, Associated Press Writer

AP, October 15, 2006

Germany's foreign minister on Saturday said there is currently no prospect of successful nuclear talks with Iran but that pressure on the country would be applied gradually, leaving the door open to future negotiations.

Repeated attempts by the U.N. Security Council's five permanent members and Germany to entice Iran into negotiations on its nuclear program foundered earlier this month over Tehran's refusal to give up uranium enrichment.

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The six powers have agreed to start working on U.N. sanctions against Iran next week, diplomats and officials have said, but still have to bridge differences on how harsh the penalties should be.

Foreign Minister Frank-Walter Steinmeier gave no details of sanctions that might be taken against Tehran. However, he noted that a package of incentives aimed at persuading Iran to halt uranium enrichment is still being offered.

"We do not at the moment have a situation in which negotiations can be held with prospects of success, so the Security Council must take up its efforts" to work toward possible sanctions, Steinmeier said on Inforadio.

"But we have made equally clear that our offer for cooperation with Iran remains on the table," Steinmeier said. "That means we are ready to return to the negotiating table any time if Iran declares its readiness to recognize the conditions for negotiations," he said.

"Iran must understand that, if we negotiate, the building of further centrifuges must stop," he said.

Steinmeier said the six powers had talked about a "catalog of possible sanctions" in the summer but did not elaborate on what measures might be applied.

"We agreed that not all possibilities should be used immediately, but that we naturally seek a process in which, as far as it is necessary, pressure against Iran can be increased slowly," he added.

"The Security Council members will calculate sanctions with responsibility (in mind) for this route back to the negotiating table and the fact that it remains open, and I am relatively sure that we will reach an agreement," Steinmeier said.

Iran on Saturday called threats of sanctions "psychological warfare" and said it would not be intimidated.

Foreign Ministry spokesman Mohammad Ali Hosseini repeated his country's pledge to continue pursuing its nuclear program, according to a state-run television report on its English Web site.

While the United States favors a tough line on Iran, Russia and China have advocated less severe measures. Steinmeier argued, however, that both countries have reason to feel angered by Iran's brusque rejection in the past of proposed compromises.

"The Iranian leadership should not count on the economic interests that both states certainly have automatically determining the position of their governments toward the Iranian nuclear conflict," he said.

Uranium enriched to low levels is used to produce nuclear fuel. It can be used to develop nuclear weapons if enriched at higher levels.

Though Iran contends its nuclear program is for generating electricity, the U.S. and some of its allies allege it is trying to develop atomic weapons.

Israel Steps Up Attacks To Halt Palestinian Rockets (NYT)

By Greg Myre

The New York Times, October 15, 2006

JERUSALEM, Oct. 14 — The Israeli military killed seven Palestinian militants in fighting Saturday as tanks and other armored vehicles rolled into areas east of Gaza City in a stepped-up effort to halt Palestinian rocket fire.

Backed by helicopters and pilotless planes, Israeli troops have staged ground operations in eastern Gaza in the last three days, killing 20 Palestinians and wounding about 30. Most of the dead were Hamas militants who were targets of airstrikes, but several civilians also died.

The incursion appears to be yet another in a series of periodic escalations since an Israeli soldier was seized on June 25 and Israeli forces, which withdrew from the territory last year, moved back into Gaza.

The Israelis have concentrated their forces in open areas in the southeast corner of Gaza over the last several months. They have carried out frequent offensives, and since Thursday have been moving into more populated areas, looking for smuggling tunnels and trying to stop the rocket fire, the military says.

In recent weeks, Israeli political and security officials warned that they were prepared to respond more aggressively to the continuing Palestinian rocket fire out of Gaza. Israeli radio reported Saturday that Defense Minister Amir Peretz had given the go-ahead for broader operations, but provided no additional details.

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Palestinian militants have been firing rockets from Gaza into southern Israel for more than five years, and the attacks continued after the Israeli withdrawal last year. The rockets have caused damage and injuries in many instances, though deaths have been rare.

Ghazi Hamad, a spokesman for the Palestinian Authority government, accused Israel on Saturday of "going ahead with evil plans for a bloody military escalation and seeking the highest possible Palestinian losses."

The latest incursion started after Palestinian militants fired three rockets from northeastern Gaza Friday night and lightly wounded three Israelis in the town of Sderot, which is just beyond Gaza's perimeter fence.

Shortly afterward, more than a dozen Israeli armored vehicles charged into the areas where the rockets had been launched, and ground clashes erupted. The Israeli forces came under fire from automatic rifles and at least one antitank missile, the military said.

An Israeli airstrike killed four Hamas militants taking cover in a house, according to the military and Palestinian medical workers. Two more Hamas gunmen were killed in the clashes, and several Palestinians were wounded.

The Israeli Air Force also bombed a house in the southern Gaza town of Rafah that concealed a smuggling tunnel, the military said. The military called residents and told them to evacuate before the strike, and no casualties were reported.

On Saturday afternoon, an Israeli airstrike on a vehicle in Gaza City killed one militant from Al Aksa Martyrs Brigades and wounded three more from the group, according to the military and Palestinian medical workers.

On Thursday and Friday, Israeli troops searched for tunnels and battled Palestinian militants in and around the village of Abassan, in southeastern Gaza, but the forces pulled back overnight, the military said Saturday.

Since the Israeli soldier was seized nearly four months ago, the Israelis have kept the Gaza crossing points into Egypt and Israel closed most of the time. Food, medicine, fuel and other essential supplies are allowed into Gaza, but few Palestinians are allowed in or out of the coastal territory to sell goods or do other business and the already feeble economy has largely ground to a halt.

Israel is demanding the release of the soldier, Cpl. Gilad Shalit; the Palestinians are seeking an exchange that would include freedom for a large number of Palestinian prisoners held by Israel.

The two main Palestinian factions, Hamas and Fatah, are deadlocked in their efforts to form a national unity government. Ahmed Yousef, a top adviser to the Palestinian prime minister, Ismail Haniya of Hamas, called for neighboring Egypt to renew its mediation efforts.

Sudan's Government Signs Peace Accord With Rebel Group In East (NYT)

By Jeffrey Gettleman

The New York Times, October 15, 2006

KHARTOUM, Sudan, Oct. 14 — The Sudanese government signed a peace deal on Saturday with a small rebel movement in the eastern part of the country, an agreement intended to end fighting that has lasted 10 years though with nowhere near the intensity of the conflict in Darfur.

According to state-run news media, Mustafa Osman Ismail, a government negotiator, and Mussa Mohammed Ahmed, chief of the Eastern Front, signed the deal at the presidential palace in Asmara, Eritrea.

According to Agence France-Presse, Sudan's president, Omar Hassan al-Bashir, called it an example of "Africans solving an African problem without foreign help," a clear reference to his government's continuing refusal to allow United Nations peacekeepers into Darfur.

The rebels in eastern Sudan never posed the threat to the military dictatorship that Darfur's insurgents have, though they conducted hit-and-run guerrilla attacks on government forces for some of the same reasons. Eastern Sudan, like Darfur, is a poor, neglected area where many people feel disenfranchised.

Under the accord, the Eastern Front will get more representation in the national and regional administrations, including high-ranking posts in Khartoum, the capital.

The Darfur crisis, meanwhile, continues, with more fighting in El Fasher, one of Darfur's bigger towns, and reported clashes along Sudan's lawless border with Chad.

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President Bush's special envoy for Sudan, Andrew S. Natsios, arrived in Khartoum on Friday night to begin meetings with top Sudanese officials. Few here expect President Bashir to back down from his refusal to allow United Nations peacekeepers to patrol Darfur.

Darfur is patrolled by African Union peacekeepers who are underfinanced and have failed so far to stop the bloodshed. The African Union has agreed to keep its peacekeepers through the end of the year in the hope that a bigger and better-equipped United Nations force will replace them.

Sudan, Eastern Rebels Sign Peace Deal (AP)

By Mohamed Osman

AP, October 15, 2006

The Sudanese government signed a peace deal Saturday with a group of rebels from eastern Sudan, ending a deadly strife that has been overshadowed by the conflict in the country's western Darfur region.

The Eastern Rebel Front has fought an intermittent war with the Sudanese government for 10 years. The signing of the agreement is considered a relief to Khartoum, which has been struggling to put down rebellions on both sides of the country, as well as to keep a shaky peace after a civil war with the south.

The conflict in Sudan's east bore some similarities to the more publicized strife in Darfur. In 2005, the U.N. World Food Program said the malnutrition rate in the east had grown worse than in Darfur.

On Saturday, Sudanese President Omar al-Bashir reiterated his opposition to allowing U.N. peacekeepers in Darfur.

The U.N. wants to send 20,000 U.N. troops to Darfur to replace an ill-equipped and understaffed African Union force that has not been able to quell the violence. More than 200,000 people have died and 2.5 million have been displaced since rebel groups rose up against the Khartoum government in early 2003.

Sudan "will never be the first African country to allow re-colonization of the continent to begin on its soil," al-Bashir said in the capital of neighboring Eritrea, Asmara, where the peace deal was signed. "But we are for a United Nations role that would provide logistical and material assistance to the African Union to carry out its role."

Al-Bashir and First Vice President Salva Kiir had traveled Eritrea to sign the deal with leaders of the Eastern Rebel Front under supervision of Eritrea's government.

Al-Bashir promised Saturday that all the money that was being spent on war will be paid for development.

The final peace deal was set to call for a cease-fire, the lifting of a state of emergency in Sudan's east and the deployment of Sudanese forces to the region, according to the official Sudanese news agency, SUNA.

Some $600 million also would be allocated to health and water programs in the area over the next five years, SUNA reported.

The Eastern Rebel Front has claimed responsibility for a number of attacks on Sudan's infrastructure, including an oil pipeline, and has ambushed cargo convoys and passenger buses. It also has threatened a vital road linking Khartoum with the country's main seaport on the Red Sea in eastern Sudan.

Some Darfur rebels also have fought in the east, and Eritrea has a history of supporting both the eastern and western Darfurian rebels.

In Somalia, Islamic Law Is Far From Uniform (LAT)

By Edmund Sanders

The Los Angeles Times, October 15, 2006

'They don't all have the same vision,' an official says of the courts that control the south.

MOGADISHU, Somalia — The public execution was set for 9 a.m., and thousands of men, women and children raced toward a sandy dune where the previous regime killed its political enemies.

A man accused of fatally shooting a Mogadishu businessman in a dispute over a cellphone two weeks earlier knelt and prayed in front of an eight-man firing squad, as impatient spectators whistled, hooted, stood on cars and scrambled up trees for a better view. The death sentence had been imposed swiftly by a local Islamic court. No attorney. No appeal.

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The first blast of gunfire didn't do the job, so an officer stepped forward and shot the accused in the head. Then the crowd broke through security lines and rushed toward the body, many yelling, "Allahu akbar!" or "God is great!"

Four months after they seized control of Somalia's capital, Islamists have won widespread praise for reestablishing order and stability in Mogadishu and surrounding areas after 15 years of anarchy.

But the Islamists are by no means uniform in their application of justice. In Islamist-run southern Somalia, how you live, and sometimes whether you live, depends largely on where you live.

In one Mogadishu neighborhood, court officials banned cinemas and satellite television as immoral, and have punished criminals with public lashings and executions, such as the one last month.

Under a different court less than a mile away, residents can view pornographic films at night and are free to watch CNN and Hollywood movies. Islamic leaders there have no stomach for public punishment, instead sentencing criminals to prison.

"They don't all have the same vision," said Mogadishu Mayor Mohamed Hassan Ali, who was appointed by Somalia's U.N.-backed transitional government but has struggled for authority under the Islamists. "They don't even know each other that well. Now they're trying to set an agenda, and it's creating some culture shock."

After their surprising victory over U.S.-backed warlords in June, the Islamic Courts Union reopened the airport and seaport, dispatched uniformed security officers who won't take bribes, and reintroduced consumer protection laws, such as halting the import of spoiled food, which unscrupulous businessmen had been dumping in Somalia for years.

But a clash of ideologies has emerged between leaders of the Islamist union and nearly three dozen smaller, semiautonomous courts that function as local governments throughout southern Somalia. These clan-based courts, some of which have their own militias, sometimes pursue distinct and competing interpretations of Islamic law.

On big issues, such as opposition to bringing foreign peacekeepers to Somalia and strategies to reach a power-sharing agreement with the transitional government based in Baidoa, the Islamists show few signs of discord. Most also support, in theory, the installation of an Islamic-based government.

But as Somalis begin debating how to implement such a system, cracks are beginning to show.

In Jawhar, north of Mogadishu, the local court last month banned love songs and Western music on the radio, though such fare still plays in the capital.

After an Italian nun and her bodyguard were shot to death in Mogadishu on Sept. 17, moderate court leaders accused a group of young fundamentalist fighters, known as Shabbab, of shielding one of the killers. The court leaders threatened to break from the union if the suspect was not handed over, two court sources said.

In an interview at his modest home in Mogadishu, with laundry hanging across the courtyard and children playing, Islamic Courts Union leader Sheik Hassan Dahir Aweys insisted that differences within the movement were minor.

"There may be some division," he said. "But there is no challenge to the authority and administration of the court. Our ideology is one." He denied any internal friction over the case of the nun's slaying.

Aweys heads the 91-person shura, a de facto parliament that includes representatives of various factions and clans. He shares power with Sheik Sharif Sheik Ahmed, a former teacher who serves in a presidential role for the union. Ahmed is thought to represent the moderate side of the courts, though he has rarely differed from the more hard-line Aweys in public.

Both men said the disputes were being magnified by outsiders, including the Bush administration and Ethiopian government, who Aweys said were plotting to "divide and conquer" the fledgling alliance.

"The U.S. government accuses anyone who disagrees with it of being a terrorist, especially when they see a Muslim who wants to form an Islamic government," Aweys said.

Ibrahim Hassan Addou, who serves as foreign minister for the union, expressed disappointment that the more extreme actions by lower courts seemed to get the most attention in the news media.

"It seems that the extremists here are getting the focus and overshadowing us," said Addou, who worked as an administrator at American University in Washington before returning to Somalia in 1999. "We're wasting our time and resources closing movies and things like this. Minor things like this have to wait."

Islamic leaders said they planned to disband the local courts and replace them with one body that would provide consistency throughout Islamist-controlled regions.

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"There are mistakes being made by individuals who lack experience," Addou said. "These decisions should be made by scholars and the shura council."

In recent weeks the shura has attempted to reverse or rein in lower court actions, issuing edicts such as a ban on attacks against foreigners or civil society groups. The council chastised one lower court for seizing control of a former police station, and it apologized to the families of some World Cup fans who were killed by local militiamen.

But to avoid alienating either side, Islamist leaders have skirted thorny issues, such as cinema and radio closures, leaving lower courts free to continue issuing and enforcing religious rulings as long as they don't conflict with the council.

"As a court we are free to make our own decisions," said Sheik Hussein Omar Hussein, a former tea seller who is chairman of one of Mogadishu's new lower courts in Hamarweyne district.

His recent rulings included a ban on cinemas and satellite television in public places. For a young woman accused of selling marijuana, he ordered 40 lashes in a public square.

North of the city is a court leader with a far different view of justice. Mahad Mohammed, chairman of Wanlaweyn court, studied economics in Pakistan and returned several months ago to pursue a career in politics.

He said he supported an Islamic government for Somalia, but believed there was room for interpretation.

He said he enjoyed music and movies. When faced recently with a man accused of theft, he said, he couldn't bring himself to order the man's hand amputated, as prescribed by some Islamic law. Instead he tossed the thief in jail.

"We can be flexible," Mohammed said.

But Aweys believes there is no room for compromise under Islam.

When asked what sort of model he would use to govern Somalia, Aweys said he would turn back to the 7th century. "Our model is to go back to the government during the life of the prophet Muhammad," he said.

To him, that includes amputating limbs of robbers, executing killers in public and stoning adulterers to death — a far more conservative vision of Islam than has ever been practiced in Somalia.

Nevertheless, support for the courts union remains high on the streets of Mogadishu. Many residents say they are willing to tolerate some limits on their freedom of expression in exchange for peace and normality.

But there is growing anxiety over how far it will go.

"They've done so much for Mogadishu, no question," said businessman Said Abdi Elye, who returned three years ago from Fairfax, Va. "The real question now is: Where are they taking us?"

Looking For Islam's Luthers (NYT)

By Nicholas D. Kristof

The New York Times, October 15, 2006

Islam sometimes comes across the airwaves in the West as the faith of medieval fanatics wielding swords and wearing explosive vests. Western doubts are bolstered when the pope accuses Islam of violence and fundamentalists protest by killing a nun.

But the public images of Islam we sometimes see — the violence in the name of God, the intolerance, the obsession with the past — represent only some stones in a complex mosaic. And those images can't explain why Islam appears to be in percentage terms the fastest-growing major religion in the world today.

Islam is on the rise for many of the same reasons evangelical Christianity is surging: they provide a firm moral code, spiritual reassurance and orderliness to people vexed by chaos and immorality around them, and they offer dignity to the poor.

While the thread of fundamentalism is real in Islam, so is the thread of reform. The 21st century may become to Islam what the 16th was to Christianity, for even in hard-line states like Iran you meet Martin Luthers who are pushing for an Islamic Reformation. One of the most surprising elements of this push for reform has to do with the emergence of a school called "feminist Islam."

I've written often about the honor killings and other abuses suffered by women and girls in some Muslim countries, and many Westerners think Islam is inherently misogynistic. But Muslim women themselves naturally resent that kind of Western

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paternalism, for they want opportunities and equality — and yet they frequently don't want to discard their faith (or even their head scarves).

"Yes, sexism exists in our culture, but that is not due to Islam," says Rima Khoreibi, an author from Dubai who wrote a children's book about an Islamic superhero who is female — Iman, a teenage girl with a cape, head scarf and deep religious convictions. That book, "The Adventures of Iman" (www.theadventuresofiman.com), was so successful that she is publishing a sequel in December.

Ms. Khoreibi says that she wrote "The Adventures of Iman" because of her "passion to promote Islamic feminism." She cites Koranic verses that promote gender equality and call for treating sons and daughters equally.

A Koran-quoting female caped crusader is part of a broad ferment for more gender equality in the Muslim world. Islamic feminists often argue that the Koran generally raised the status of women compared to earlier Arabian society — banning female infanticide, for example, and limiting polygamy — and that what is needed today is that larger spirit of progress and enlightenment rather than precise seventh-century formulations that would freeze human society.

Often the battles are over Koranic verses. For example, some note that the Koran permitted up to four wives as a way to care for orphans after wars that had left many women widowed. So they turn the verse on its head and say that in today's world where that situation doesn't apply, the Koran actually bars polygamy.

Likewise, Saudi women sometimes argue that since the Prophet Muhammad's wife drove camels, they should be able to drive cars.

"Islam, like any religion, is subject to interpretation," Shirin Ebadi, the Nobel Peace Prize laureate from Iran, writes in her autobiography. "It can be interpreted to oppress women or to liberate them."

Female Muslim scholars like Fatima Mernissi of Morocco have also turned up evidence that Prophet Muhammad's youngest wife (and the person he said he loved most in the world), Aisha, vigorously contested the chauvinism of early clerics. Indeed, she sometimes comes across as the first Islamic feminist.

A well-known statement once attributed to Prophet Muhammad says that a man's prayers are ineffective if a woman, dog or donkey passes in front of the believer. Aisha denounced that as nonsense: "You compare us now to donkeys and dogs. In the name of God, I have seen the Prophet saying his prayers while I was there."

Likewise, Aisha denied various suggestions that her husband considered menstruating women to be unclean.

Aisha had prepared a series of corrections to early Islamic writings, but these have been largely ignored. Finally, these days, they are beginning to get a hearing.

All this underscores that Islam is much more complex than the headlines might suggest. The violence and fundamentalism gets the attention — and should be more loudly condemned by ordinary Muslims — but we would be close-minded ourselves if we ignored the more hopeful rumblings that are also taking place within the vast Islamic world ... including, perhaps, steps toward a Muslim Reformation.

Chavez Spreads Wealth To Aid U.N. Cause (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

MONTEVIDEO, Uruguay (AP) -- As Venezuela lobbies for a U.N. Security Council seat, President Hugo Chavez has bolstered its chances by spreading petrodollars across the Americas and beyond -- extending an airstrip on a Caribbean island, sending emergency food aid to Africa, fixing a rundown hospital in Uruguay.

Chavez's international support will be put to the test on Monday as Venezuela goes up against U.S.-backed Guatemala in a General Assembly vote. At the same time, Chavez is confronting accusations at home that his generosity has been excessive, and has argued it's a modest amount of aid for nations he sees as suffering from U.S. domination.

At Uruguay's Hospital de Clinicas, a state-of-the-art transplant unit is being built with Venezuelan money. The emergency ward's leaky roof and exposed cinderblocks have given way to freshly painted walls, windows in rust-corroded frames are being replaced, and new elevators are on order.

Hospital director Graciela Ubach put a hand over her heart to show her gratitude to Chavez.

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"I thank him with my soul," she said. "Honestly, it's been a dream for the country."

The public hospital struggled for funding for years until Venezuela came through with $20 million -- half in donations and the other half to be paid off in reciprocal training and other services.

Other Chavez pledges include: $260 million in financing to repave a Jamaican highway and $17 million in upgrades to airports on the Caribbean islands of Antigua and Dominica.

Chavez also came up with $5 million for an Uruguayan tire plant, glass business and leather factory as part of a $400 million flow of aid since March 2005, when Uruguay's leftist President Tabare Vazquez took office, according to the Venezuelan Embassy in Uruguay.

According to the U.S. State Department, which tracks the bulk of foreign aid, $3.3 billion was allocated in financial and development aid to Latin America and the Caribbean for all of 2005 and 2006, including military and anti-narcotics programs. Other estimates, which include aid not tallied by the State Department, put that figure closer to $4 billion.

A consolidated figure for Venezuelan aid is harder to come by, but a review of public pledges by its government suggest Venezuela, with an economy one-ninetieth the size of America's, has offered at least $1.1 billion since the beginning of 2005 in loans, donations and financial aid in the region.

U.S. aid to Jamaica for 2005-2006 is listed as $42 million; the Chavez-financed highway job is six times costlier. The Venezuelan figure of $400 million for Uruguay compares with U.S. aid of $49,000 through the State Department plus an estimated $800,000 in military education and counter-drug assistance. No U.S. money was specifically set aside for Dominica.

In the case of Bolivia, the State Department estimates about $117 million in aid for 2006 compared with $140 million in Venezuelan donations and loans for scholarships and other programs.

Some of the aid involves relatively small sums aimed at highly symbolic targets, such as the tire-making cooperative in Montevideo that was abandoned three years ago by a U.S. company which ran into economic troubles. The factory was restarted with money from Chavez.

"The Venezuela government has given us a big hand," said worker Wilson Tolotti, 57. "We will always be grateful."

Venezuelan bulldozers have already begun clearing land at Dominica's Melville Hall Airport for a longer runway to boost tourism. Under Petrocaribe, a deal bringing Venezuelan oil to needy Caribbean countries, the island has received asphalt, fuel storage tanks, university scholarships and $12 million for housing.

Dominica has supported Venezuela's U.N. bid despite lobbying by Guatemala, and its foreign minister, Charles Savarin, has acknowledged that Venezuela's aid "cannot go unnoticed" as a factor in the decision.

Both Venezuela and Guatemala say they have a majority in the 192-member General Assembly ahead of Monday's poll, but either would need two-thirds to win. If after repeated ballots neither side is able to muster that many votes, the 33-nation Latin American group might decide to put up another candidate.

It's a secret ballot, and countries aren't obliged to make known their preference, though much of the Caribbean and South America -- including Uruguay -- have voiced support for Venezuela.

U.S. officials, however, have spoken out against Venezuela and lobbied for Guatemala, which has the support of Colombia, apparently most of Central America, Europe and other countries.

The 53 countries in the African group are expected to tilt toward Venezuela, while Asia's 54 nations are said to be split.

Ten of the Security Council's 15 seats are filled by the regional groups for two-year stretches. The other five are occupied by its veto-wielding permanent members: Britain, China, France, Russia and the United States.

Chavez's aid pledges, meanwhile, have come under attack ahead of Venezuela's Dec. 3 presidential vote by opposition candidate Manuel Rosales, who says poor Venezuelans need the money.

Chavez points to government-funded improvements at Venezuela's universities, medical clinics, subsidized food markets and train lines, and insists his foreign aid is aimed at countering the effects of U.S.-inspired capitalism.

Ironically, this aid is bankrolled in large part by oil sales to the United States.

Venezuela also bought or pledged to buy more than $3.6 billion in bonds from Argentina, Ecuador and Bolivia to help them cover deficits. Most of that -- $3.5 billion -- went to Argentina, helping a leftist ally pay off its World Bank and International Monetary

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Fund debts. Venezuela then recycles the bonds though its own banks and ends up with a profit that between early last year and July 2006 totaled $200 million.

It's difficult to quantify the value of Chavez's many oil supply agreements under preferential terms to at least 17 countries across the region, including Cuba. Venezuela says it sells the fuel at market prices but offers low-cost financing and accepts partial payment in goods from cows to bananas.

The state oil company even offered an unspecified sum this year to a Brazilian samba group that won first prize in the Rio de Janeiro carnival parade. "It made us very happy and feeling like we are part of the triumph," Chavez said later.

The U.S. is the world's largest overall aid donor, though far less generous than Japan and European countries, given the size of its economy. Venezuela's largesse, meanwhile, goes far beyond the Western Hemisphere.

Last year it gave a total of $3 million in emergency food aid to Burkina Faso, Mauritania and Niger. It pledged to sell oil under preferential terms for London's trademark red buses in return for the leftist-run city's expertise in transport, housing and other areas. It is expanding its program in the United States to provide discounted heating oil to the poor.

Chavez says he's helping to build a "multipolar" world to counter U.S. dominance, lining up allies against what he calls a perpetual threat from Washington. A U.N. Security Council seat would give this ambition a sharp boost.

Associated Press correspondents Katie Burford in Mexico City, Ellsworth Carter in Roseau, Dominica, and Nick Wadhams at U.N. headquarters in New York contributed to this report.

Mexican Leftists Watching Tabasco Election (LAT)

By Sam Enriquez

The Los Angeles Times, October 15, 2006

Today's gubernatorial vote may determine the political fate of former presidential candidate Lopez Obrador and that of his movement.

TACOTALPA, Mexico — If you ask Cesar Ascencio, there isn't much to cheer about in this sun-baked southern town. Jobs are scarce and even shade is hard to come by after trees in the central plaza were chopped down for a renovation that's stalled halfway to nowhere.

"We live in one of the worst pueblos in Mexico," the 72-year-old retiree said. "This place is dead."

A couple of hours later, it came to life, if only for a little while, when hundreds of townspeople gathered at the plaza to hear leftist politician Andres Manuel Lopez Obrador promise to bring help to the nation's poor and vengeance on its rich. The crowd roared.

Lopez Obrador, who lost the July 2 presidential election to free-market candidate Felipe Calderon, isn't running for office. But his political future, and that of his fledgling leftist movement, may rest on today's gubernatorial election in Tabasco, Lopez Obrador's home state. He has spent the last several weeks campaigning for Cesar Raul Ojeda, a fellow member of the Democratic Revolution Party, or PRD, who's making an uphill third bid for governor.

A win by Ojeda, 54, would also be a triumph for Lopez Obrador, whose followers barricaded Mexico City's main boulevard for weeks this summer to protest the national election. Lopez Obrador, who says Calderon won by fraud, plans to install himself as the "legitimate" president in an unofficial inauguration next month. But his fight may be an uphill one too, against perceptions that he'll bring Mexico more trouble than hope.

Support for Lopez Obrador has dwindled since protesters closed down their Mexico City encampments a month ago after judges rejected demands for a national recount. So the former Mexico City mayor returned to Tabasco and has since filled plazas in his bid to secure a victory for Ojeda — and keep his message alive.

"Lopez Obrador is trying to use Tabasco as a catapult for his movement," said Andres Granier, the 58-year-old former mayor of Villahermosa, the state capital, and Ojeda's opponent. "But it's not going to work."

Granier, who holds a lead of 9 percentage points in polls, is a candidate of the Institutional Revolutionary Party, or PRI, which has run the state for seven decades. He has waged an aggressive campaign and was a well-liked mayor, but that doesn't fully explain his advantage.

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Lopez Obrador won 56% of the presidential vote in Tabasco and remains wildly popular here. The trouble is, his so-called campaign of civil resistance has scared people off, including admirers such as Gilberto Macias.

Macias was in no mood to talk politics as he waited for his overheated car to cool down off a road just outside town. But he quickly rattled off a wish list for the next governor: better salaries, more jobs, safer streets, more hospitals, new roads.

"The minimum wage here is 44 pesos a day [about $4], and food is expensive, electricity is expensive, toll roads are expensive," he said. "We all want help, but now people are afraid of the 'hard left.' We're not sure anymore if we're talking about Allende in Chile or some kind of totalitarian state."

The takeover of the capital of nearby Oaxaca state this summer by striking teachers has people rethinking their support of Mexico's emerging left, he said. "We don't want any kind of trouble like that here," the 53-year-old taxi driver said.

Another Tabascan, Ciro Perez Gomez, said Lopez Obrador was "a good man who's taken the wrong road."

Ojeda said a vote for him was a vote for Lopez Obrador and for the fight to steer Mexico toward a moderate left that uses government spending and private investment to make jobs, that pays subsidies to farmers to keep them from fleeing to the United States.

"It's a modern left," he said, "with government shouldering its responsibility to the people. How can the state have so much money and yet have so many poor?"

He disagreed that losing the election would hurt Lopez Obrador.

"This movement has its own life," Ojeda said. "A loss would give opponents the chance to say it's over, but I believe the roots are deep."

His PRI opponents, he said, were up to the same old political shenanigans that had kept them in power and soured voters on the party's presidential candidate, former Tabasco Gov. Roberto Madrazo, who finished a distant third in the national election.

Ojeda supporters posted a video on YouTube.com that shows a warehouse with hundreds of new bikes that they allege the PRI had planned to give to voters. The video, indexed under "mapacheo," slang for vote-buying, shows the warehouse being emptied within minutes by passersby after its discovery by Ojeda campaigners.

A PRI spokesman said voter giveaways — which included cooking pans and food — were humanitarian aid. He would not say whether the bicycles were the PRI's.

"They think they can buy the vote of the people," Ojeda said. "But we have more dignity than that."

The PRI warned last week that Lopez Obrador and the PRD had recruited more than 2,000 radicals to start trouble at the polls. On Friday, authorities announced the arrests of several out-of-state PRD supporters who acknowledged that they had planned to disrupt voting. One man was injured in a jailhouse fall before his confession, police said.

Granier has campaigned on a platform of unity and promises to bring potable water, as well as jobs, schools and clinics to outlying towns.

"There are two distinct roads: ours, which is one of accord; and theirs, of provocation," he said Wednesday in his closing campaign speech.

Later that night, Lopez Obrador boarded the last flight to Mexico City. An aide brought him a cup of coffee and Lopez Obrador begged off a last interview.

"It's over, and I'm tired," he said.

He answered one question: Does he really believe he and his movement will survive a loss in Tabasco?

"Yes, I do," he said. "I believe it in my heart."

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Carlos Martinez and Cecilia Sanchez in The Times' Mexico City Bureau contributed to this report.

China's New Leftist (NYT)

By Pankaj Mishra

The New York Times, October 15, 2006

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One day earlier this year I met Wang Hui at the Thinker's Cafe near Tsinghua University in Bejing, where he teaches. A small, compact man with streaks of gray in his short hair and a pleasant face that always seems ready to break into a smile, he arrived, as he would to all our subsequent meetings, on an old-fashioned bicycle, dressed in dark corduroys, a suede jacket and a black turtleneck that would not be amiss on an American campus.

Co-editor of China's leading intellectual journal, Dushu (Reading), and the author of a four-volume history of Chinese thought, Wang, still in his mid-40's, has emerged as a central figure among a group of writers and academics known collectively as the New Left. New Left intellectuals advocate a "Chinese alternative" to the neoliberal market economy, one that will guarantee the welfare of the country's 800 million peasants left behind by recent reforms. And unlike much of China's dissident class, which grew out of the protests in Tiananmen Square in 1989 and consists largely of human rights and pro-democracy activists, Wang and the New Left view the Communist leadership as a likely force for change. Recent events — the purge of party leaders on anticorruption charges late last month and continuing efforts to curb market excesses — suggest that this view is neither utopian nor paradoxical. Though New Leftists have never directed government policy, their concerns are increasingly amplified by the central leadership.

In the last few years, Wang has reflected eloquently and often on what outsiders see as the central paradox of contemporary China: an authoritarian state fostering a free-market economy while espousing socialism. On this first afternoon, he barely paused for small talk before embarking on an analysis of the country's problems. He described how the Communist Party, though officially dedicated to egalitarianism, had opened its membership to rich businessmen. Many of its local officials, he said, used their arbitrary power to become successful entrepreneurs at the expense of the rural populations they were meant to serve and joined up with real estate speculators to seize collectively owned land from peasants. (According to Chinese officials, 60 percent of land acquisitions are illegal.) The result has been an alliance of elite political and commercial interests, Wang said, that recalls similar alliances in the United States and many East Asian countries.

As he spoke about how market reforms have widened the gap between rich and poor, between rural and urban areas, smartly dressed students browsed through a highbrow collection (Leo Strauss, Jürgen Habermas), checked their e-mail and sipped their mochas. At the privately owned Thinker's Cafe and the adjoining All Sages bookshop, Wang seemed to be famous. Students greeted him reverentially; the staff was extra attentive. Yet Wang still belongs to a minority. Recoiling from the excesses of Maoism and the failures of the old planned economy, most Chinese intellectuals, even those with no connection to the state, see the market economy as indispensable to China's modernization and revival. Zhu Xueqin, a history professor at Shanghai University who is one of China's best-known liberal intellectuals, told me that he wants more, not fewer, market reforms. For him, China's present instability is caused not by economic forces but by a politically repressive regime that has prevented the emergence of a representative democracy and a constitutional government.

Wang readily acknowledges that China's efforts at economic reform have not been without great benefits. He applauds the first phase, which lasted from 1978 to 1985, for improving agricultural output and the rural standard of living. It is the central government's more recent obsession with creating wealth in urban areas — and its decision to hand over political authority to local party bosses, who often explicitly disregard central government directives — that has led, he said, to deep inequalities within China. The embrace of a neoliberal market economy has meant the dismantling of welfare systems, a widening income gap between rich and poor and deepening environmental crises not only in China but in the United States and other developed countries. For Wang, it is the task of intellectuals to remind the state of its old, unfulfilled obligations to peasants and workers.

Despite his invocation of socialist principles, Wang was quick to tell me that he dislikes the New Left label, even though he has used it himself. "Intellectuals reacted against 'leftism' in the 80's, blaming it for all of China's problems," he said, "and right-wing radicals use the words 'New Left' to discredit us, make us look like remnants from the Maoist days." Wang also doesn't care to be identified with the radical intellectuals of the 60's in America and Europe, to whom the term New Left was originally applied. Many of them, he said, had passion and slogans but very little practical politics, and not surprisingly, more than a few ended up with the neoconservatives, supporting "fantasy projects" like democracy in Iraq.

Wang prefers the term "critical intellectual" for himself and like-minded colleagues, some of whom are also part of China's nascent activist movement in the countryside, working to alleviate rural poverty and environmental damage. Though broadly left wing, Dushu publishes writing from across the ideological spectrum. Wang's own work draws on a broad range of Western

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thinkers, from the French historian Fernand Braudel to the globalization theorist Immanuel Wallerstein. "Intellectual quality is important to me," Wang said. "I don't want to run just any left-wing garbage." The magazine has carried abstract debates on postcolonial theory as well as, he claims, some of the most interesting analyses in China of how the government's urban-oriented reforms have damaged rural society. There are restrictions on what Dushu can publish, of course, and Wang is frank about them. As with all intellectual journals in mainland China, authors and editors at Dushu have to exercise a degree of self-censorship. Articles cannot directly criticize the leadership or deviate much from the official line on subjects that the Chinese government considers most sensitive — Taiwan or restive Muslim and Buddhist minorities in Xinjiang and Tibet.

"I get asked in Western countries, 'How do you define your position?'" Wang said. "'Are you a dissident?' I say no. What is a dissident? It is a cold-war category. And it has no meaning now. Many of the Chinese dissidents in America can return to China. But they don't want to. They are doing well in the U.S. To people who ask me if we are dissidents, I say, we are critical intellectuals. Some government policies we support. Others, we oppose. It really depends on the content of the policy."

Born in Yangzhou in the southeast province of Jiangsu, Wang was just 7 and entering primary school when the Cultural Revolution began in 1966. The decade-long chaos, which traumatized older generations, seems to have left benign memories for Wang. He remembers being taken by his school to work in the villages for a week or two during the school year. "My generation of urban intellectuals," he said, with a hint of pride, "is the last to have firsthand experience of conditions in the countryside."

He counts the 20 months he spent working in factories around Yangzhou after middle school as a valuable experience. In 1977, he took the first university entrance exams to be held after the Cultural Revolution, during which many universities were either shut or would admit only peasants, workers and soldiers. "Thousands of aspiring students," he reminisced, "were competing for a single place."

When he moved from Yangzhou to Beijing to begin his doctoral studies in the mid-80's, Wang found himself part of an even more privileged class. "Intellectuals," he said, "had been targeted during Mao's time; now, post-Mao, they were the elite again." And by then, Wang said, they all agreed on what needed to be done: China had to abandon its "feudal" and socialist traditions and catch up with the capitalist West. Scarred by the Cultural Revolution, intellectuals saw socialism in China as a failure. Consequently, they had, Wang argues, no real debate on whether a Western-style consumerist society could be successfully recreated or was environmentally sustainable in China. The West, especially the United States, was idealized.

Wang first began to develop his own views on contemporary China while working on a dissertation about one of the most admired of modern Chinese writers, Lu Xun (1881 1936). Lu Xun, Wang explained to me, was a writer of the left, but he was very critical of left-wing writers and activists. He criticized Chinese tradition, but was also an excellent classical scholar. He welcomed the Western idea of progress, but was also skeptical of it. The paradoxes in Lu Xun helped Wang to see that Chinese modernity could not be a simple matter of abandoning the old and embracing the new — as it had been for both Maoists and free-market capitalists.

For Wang, the problems associated with China's uneven development were first identified by the demonstrators in Tiananmen Square in 1989. Wang himself was one of the last protesters to leave the square on the morning of June 4, 1989, as the tanks of the People's Liberation Army closed in. Normally rather brisk and matter-of-fact, he grew animated as he described in fluent, if occasionally idiosyncratic, English how a "broad social movement" began to grow out of the distress caused by the shock therapy of market reforms. The students demanding freedom of speech and assembly were certainly the most visible. But there were, he said, many more Chinese in the cities — workers, government officials and small businessmen — demanding that the government control corruption and inflation, which had shot up to 30 percent after price controls on basic commodities were lifted.

In the spring of 1989, Wang was a fellow at the prestigious Chinese Academy of Social Sciences. Wang told me that he saw "democratic potential" in the protests and felt obliged to participate even though he had reservations about the students' lack of "theoretical or methodological coherence." For Wang, the student leaders recalled the Chinese intellectuals of the early 20th century, who were never more united than when they radically rejected everything in the past. Nevertheless, after the government sought to crush dissent by declaring martial law on May 20, 1989, Wang was drawn deeper into the movement. On the night of June 3, when the tanks and armored cars charged through Beijing, killing hundreds of unarmed resisters and injuring thousands

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more, Wang was among those assembled in the center of Tiananmen Square. He could hear the gunfire, but some of the more radical among the students still refused to leave.

Wang decided to stay and to try to persuade the students not to sacrifice their lives. "I knew," he said, "that if the result was violence, it would be disastrous for the whole country." Wang said that his fears were proved right: violence shrank the space for political debate, and the Chinese government used the period of intellectual silence that followed to begin dismantling more aspects of the welfare state, like the state-owned enterprises, that had long offered cradle-to-grave benefits to workers.

Eventually, the students advocating peaceful retreat prevailed and persuaded the People's Liberation Army to give them safe passage in the southeast corner of the square. Just before dawn, hundreds of students left the square through a narrow corridor, jostled and taunted by hostile soldiers. Within minutes, the students dispersed. Some of them were arrested and sentenced to long prison spells; others fled to Hong Kong and eventually to the West; many others, like Wang, disappeared for a few weeks.

When Wang returned to Beijing in late 1989, the authorities were waiting for him. "That was the most difficult time for me," he said. He was asked repeatedly: "What was your organization? Who were your associates?" After interrogations lasting for many months, he was sent to the northwestern province of Shaanxi, where dozens of other young scholars from Beijing were already undergoing — in the uniquely Chinese way — "re-education" by exposure to rural conditions.

In Wang's case, punishment by pedagogy seems to have been more successful than Chinese authorities could have anticipated. He dates his "real education" to the time he spent in Shaanxi, one of the poorest regions of China. He was shocked by the obvious disparity between the coastal cities, then enjoying the first fruits of economic reform, and the provinces. He was shocked, too, by his own ignorance and that of his colleagues in the 1989 social movement. "We had no idea that the old order in much of rural China was in deep crisis," he said.

The commune system in Shaanxi was dismantled as part of Deng Xiaoping's reforms, and land was redistributed. But the area produced nothing of much value, not even enough food. Deepening poverty led to a sharp increase in crime and social problems; violent conflicts broke out over land; men took to gambling, beating up, even selling, their wives and daughters. Wang lived in a low-lying village where his dormitory was frequently flooded while he slept. Much of his daily work consisted of writing didactic pamphlets warning peasants against gambling and crime; he also worked on the reconstruction of a primary school that had been destroyed by floodwaters. "It was during that year," Wang said, "that I realized how important a welfare system and cooperative network remained for many people in China. This is not a socialist idea. Even the imperial dynasties that ruled China kept a balance between rich and poor areas through taxes and almsgiving.

"People confine China's experience to the Communist dictatorship and failures of the planned economy and think that the market will now do everything. They don't see how many things in the past worked and were popular with ordinary people, like cooperative medical insurance in rural areas, where people organized themselves to help each other. That might be useful today, since the state doesn't invest in health care in rural areas anymore."

Many poor people Wang met during his year in Shaanxi saw him as the educated man from Beijing who would tell the mandarins of the central government to send them some help. "I felt burdened by this role," Wang said. "I couldn't tell them that I was in no position to do anything." Wang returned, he told me, from his 10-month exile with a keen sense of the gap between the worlds of intellectuals and ordinary people.

During his time in Shaanxi, the influential Journal of Literary Review denounced his research on Lu Xun as an example of "bourgeois liberalization." Nevertheless, Wang had no trouble returning to academic life.

Wang doesn't like to talk much about 1989. He complains about the "stereotype" of China in the Western media conjured by Tiananmen. Nonetheless, our conversation about Tiananmen was unusual. While traveling through Chinese cities, I had found it hard to get people to talk about it. When Deng Xiaoping sought to bury the ghosts of Tiananmen for good by calling for speedy market reforms in 1992, he may well have calculated that the prospect of personal wealth — and access to Western brand-name goods — would compensate many newly enriched people for the lack of political democracy. If so, he seems to have been proved right. The largest public disturbance in China since Tiananmen occurred in August 1992, when hundreds of thousands of Chinese tried to buy shares in the newly opened stock exchange of Shenzen.

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The effort to create wealth in urban areas through export-oriented industries — part of the "let some get rich first" policy announced by Deng Xiaoping and affirmed by his successors — has given the Chinese economy an average growth rate of 10 percent and made it the fourth largest in the world. Yet China remains one of the world's poorest countries. More than 150 million people survive on a dollar a day. About 200 million of the rural population are crowding the cities and towns in search of low-paying jobs. More than four million Chinese participated in the 87,000 protests recorded in 2005, and these statistics may not fully convey the rage and discontent of Chinese living with one of the world's highest income inequalities and deteriorating health and education systems, as well as the arbitrary fees and taxes imposed by local party officials. Much of this, Wang said, could be laid at the feet of the "right-wing radicals" or neoliberal economists who cite Milton Friedman and Friedrich Hayek (advocates of unregulated markets who inspired Ronald Reagan and

Margaret Thatcher in the 80's) and who argue for China's integration into the global economy without taking into account the social price of mass privatization. And it is they, Wang added, who have held favor with the ruling elite and have dominated the state-run media.

Only in the last decade, Wang said, have intellectuals of the New Left begun to challenge the notion that a market economy leads inevitably to democracy and prosperity. Wang, who helped found an academic journal called Xueren (The Scholar) after returning from exile in 1991, was well placed to observe those intellectuals. As they came into greater contact with Western academics and scholars, they became more aware of problems not just in European and American societies but also in post-Communist countries that were trying to bring their planned economies closer to neoliberal models. China's intention to join the World Trade Organization (which it did in 2001) provoked unexpectedly sharp debates among scholars. As Wang described it, the terms of the debate had changed: "Many people knew by then that globalization is not a neutral word describing a natural process. It is part of the growth of Western capitalism, from the days of colonialism and imperialism." Which is not to say that the New Left embraced an easy antiglobalist position; it has been critical of recent anti-Japanese and anti-American outbursts among urban, middle-class Chinese — of what Wang dubbed "consumer nationalism." That, Wang said, was the same kind of globalization that America advocates: "It is really a form of hypernationalism, which is why you hear talk of tariffs and penalties on China when American economic interests are hurt."

Wang paused and then added: "Many people also learned that the reason the Chinese economy did not collapse like the Asian tiger economies in 1997 was that the national state was able to protect it. Now, of course, China with its export-dominated economy is more dependent on the Western world order, especially the American economy, than India."

In January of this year, Wang published a long investigative article exposing the plight of workers in a factory in his hometown, Yangzhou, a city of about one million. According to Wang, in 2004 the local government sold the profitable state-owned textile factory to a real estate developer from the southern city of Shenzen. Worker-equity shares were bought for 30 percent of their actual value, and then more than a thousand workers were laid off after mismanagement of the factory led to losses. In July 2004, the workers went on strike. In what Wang calls an agitation without precedent in the history of Yangzhou, the workers obstructed a major highway, halted bus traffic and attacked the gates of local government buildings.

Wang told me that he was helping the workers to sue the local government. He had spent time working in a nearby factory before college and this, he said, made him feel a particular connection to them. He remembered that his pay had been low — less than $2 a month by current exchange rates — but, he said, what was crucial was that the workers he knew then felt secure in their jobs. "People claim," he said, "that the market will automatically force the state to become more democratic. But this is baseless. We only have to think about the alliance of elites formed in the process of privatization. The state will change only when it is under pressure from a large social force, like the workers and peasants."

Wang's story about Yangzhou is not unique. There are many accounts of how local government officials controlling public property have amassed fortunes by privatizing state assets. According to a recent report by the activist Liu Xiaobo, more than 90 percent of the 20,000 richest people in China are related to senior government or Communist Party officials.

For Wang, democracy is not just a simple matter of expanding political freedom for the middle class or creating legal and constitutional rights for a minority already substantially empowered by market reforms. Democracy in China, he said, has to be based upon the active consent and mobilization of the majority of its population, and be able to ensure social and economic justice for them.

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Yet for some New Left intellectuals, like Cui Zhiyuan, a close friend and collaborator of Wang's who teaches political science at Tsinghua University, there is opportunity in the collision of capitalism and socialism. "There is more space here for new ideas," Cui told me as he described why he had returned to China after many years in the United States. "The capitalist system is fixed in the West, but things are still in flux in places like China and India. We have a historic opportunity to build a better, more just society than the West." For Cui, it is important to clarify the concepts first. "It is not helpful," he said, "to see socialism and capitalism as opposed and separate. Both have traveled together in the 20th century. Not just European welfare states, even American capitalism has a socialist component, which was arrived at after compromise with the trade unions."

In recent years, Cui has found a receptive and powerful audience on an issue that lies at the very foundation of the Chinese socialist state: the collective ownership of property. Liberal Chinese economists argue that private property is sacred and inviolable in a market economy, a radical idea in the Chinese context. In an article he published in Dushu in 2004, Cui challenged this notion, emphasizing the essentially communal nature of property ownership. He cited Thomas Jefferson's decision to reword John Locke's principles of life, liberty and property with life, liberty and happiness in the Declaration of Independence.

"Jefferson recognized," he said, "that property rights emanate from society, not from nature. That's why there was no specific article on property rights in the U.S. Constitution and it had to be brought in later through the Fifth Amendment." Cui went on to relate with something close to glee that his article had circulated widely among legislators in the National People's Congress, China's Parliament, in 2004. It had helped, he said, to provoke a debate that led the Congress to adopt a compromise amendment to the constitution, similar in wording to the Fifth Amendment to the U.S. Constitution, which simply states that no person "be deprived of life, liberty or property without due process of law."

This spring it began to become clear that the New Left's advocacy of a welfare state is being echoed within the Communist leadership, which is fearful of social instability and is keen to consolidate its power and legitimacy. In March, a few weeks before I met with Wang, the National People's Congress convened in Beijing and unexpectedly became a forum for the first open ideological debate within the party for years. Legislators accused government officials of selling out China's interests to market forces. Such was the antimarket mood that a bill to defend private property and grant land titles to farmers — one that both foreign investors in China and Chinese businessmen had been lobbying for — was not even discussed. Describing major new investments in rural areas, the Chinese premier, Wen Jiabao, emphasized that "building a socialist countryside" was a "major historic task" before the Communist Party. He also outlined steps to balance economic growth with environmental protection.

A German journalist told me that it was the most left-wing speech he had heard from a senior Chinese leader during his eight years in Beijing: "Even American and European politicians don't talk about achieving a Green G.D.P." Wang agreed. He said that he was also pleased to see President Hu Jintao and Premier Wen Jiabao focusing on relations with Asian countries. "We were too obsessed with the United States during

Jiang Zemin's time," he said. "We really need to improve our relations with Japan and India. We belong to such old and distinguished civilizations, and we cannot just be simple followers and imitators of America.

"It is a huge achievement," he added, a smile on his face, "that the premier should openly admit that health care and education is a failure. It has never happened before." Wang said he thought that the government was sincere about eradicating rural poverty. But he was still cautious. "There has been so much decentralization in China," he said, "that it is not easy to translate central government policy into action." Last month, in the first purge of a high-ranking party member since 1995, the central leadership removed the Shanghai party chief on corruption charges, leading to speculation that there would be a reconfiguring of relations between the central government and provincial leaders and perhaps a shift in policy toward shoring up social-welfare systems and stemming pollution. Wang remained skeptical. "The Shanghai case is encouraging at least," Wang said in a recent e-mail message. "I think there will be some political results from it, but they are results rather than reasons."

The dangers of failing to improve conditions for the majority are clear to Wang: "If we don't improve the situation, there will be more authoritarianism. We have already seen in Russia how people prefer a strong ruler like Putin because they are fed up with corruption, political chaos and economic stagnation. When radical marketization makes people lose their sense of security, the demand for order and intervention from above is inevitable."

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In attacking corrupt local governments, the New Left often seems to want to institute big-brotherly government of the kind authoritarian politicians like. Certainly the growing accord between the central government's socialist rhetoric and New Left ideas makes many uneasy. Lung Yingtai, a well-known Taiwanese writer and democracy advocate, told me earlier this year that she was wary of the New Left intellectuals, who, she said, appear too close ideologically to the Communist regime. Taking this view one step further, Liu Junning, a popular liberal political theorist who left China in 1999 after being blacklisted by the Chinese government but has since returned, claimed that the New Left was another name for the nationalistic old guard of the Communist Party, which was inspired by hatred of the West.

While this seems an exaggeration, Wen Tiejun, a former government official who runs rural reconstruction projects and is identified as New Left, had attended what he called "brainstorming sessions" with Hu Jintao and Wen Jiabao. Typically, intellectuals in Communist countries (Vaclav Havel or Adam Michnik, for example) have gained moral authority by assuming a critical stance toward the all-powerful state. How do New Left thinkers in China calibrate their relationship with a state that has imprisoned many of their colleagues and generally shown little tolerance for criticism of the party?

When I posed this question to Cui, he momentarily lost his exuberant manner. "It is a very important question," he said. "How to deal with the government, both morally and intellectually. This is a big challenge for us."

Cui does not regard the Communist regime as a "totality." There were, he said, many different aspects of it, at both the local and central levels. "Almost every day," Cui said, "The New York Times carries reports of peasants agitating against the Communist government, but if you listen to what the peasants are saying, they are telling the central government that the local government has violated their rights. So even the peasants can see the different aspects of the state, who supports them and who doesn't."

Wang Xiaoming, professor of cultural studies at Shanghai University, positions himself to the right of Wang Hui but says that he sympathizes with the New Left's pragmatic attitude toward the Communist regime. "Civil society is very weak in China," he said, "and since the government is the most active agent of change, we have to push the government to do what it should do besides pushing the government to give up some of its powers."

When I met with Wang Hui for the last time, he dismissed any claims about increased New Left influence over the regime. "What we have tried to do is create an intellectual situation in which new policies can be explored," he said. "I know that many leaders read Wen Tiejun's article; they also read Cui's article on property rights. There have been other articles in Dushu that have been equally influential, and I am pleased about this. But we have no other connection with the regime."

Wang also seems to have no anxiety that ideological convergence with the regime will turn New Left intellectuals into pro-government policy wonks and hacks, part of an old Chinese tradition of intellectuals advising the state. "We look at things from a Chinese perspective naturally, but we also try to think beyond the framework of the nation-state," he said. "People ask in the West, How could China develop capitalism with an authoritarian state? But that's ignoring how modern capitalism grew in the West, without much democracy and with the help of imperialism and colonialism. You have to ask whether this unique economic model of the West can be globalized without great wars and destruction of the environment. This is not an abstract issue. China has stopped felling its forests, most of which have disappeared, but some country still has to produce wood for Chinese consumption."

At our last meeting, Wang also spoke more about a subject Cui had brought up with me: how the rise of China and India throws up new challenges and possibilities with profound implications for the world at large. "Western societies have been on top for the last two centuries and shaped the world with the decisions they made," he said. "China and India will now play equally crucial roles in the new century. But what will they be? I think it is very important for Chinese and Indian intellectuals not just to imitate the West. They have to explore alternatives to the Western model of modernity. Otherwise, the 'consumer nationalists' are already saying, 'America was on top; now we are on top.'"

Wang laughed, and added, "This is not interesting."

Cold Warrior (NYT)

By Henry A. Kissinger

The New York Times, October 15, 2006

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Dean Acheson was perhaps the most vilified secretary of state in modern American history. Robert L. Beisner, in "Dean Acheson: A Life in the Cold War," his sweeping and thoughtful account of Acheson's tenure, cites a scholar who, with meticulous pedantry, discovered that during the four years — 1949-53 — that Acheson served as secretary of state, Republicans made 1,268 antagonistic statements about him on the Senate floor and only seven favorable ones (one wonders for what).

History has treated Acheson more kindly. Accolades for him have become bipartisan. Secretaries of state appointed by the party of his erstwhile tormentors have described him as a role model; Condoleezza Rice is the most recent example. Thirty-five years after his death, Acheson has achieved iconic status. This is all the more remarkable in view of his out-of-scale personality, so at odds with the present period, in which eminence seems to be tolerable only in the garb of the commonplace.

The debonair conduct, the bristling mustache, the Bond Street tailoring, the biting wit, the extraordinary analytical skill coupled with a defiant refusal to turn the other cheek bespoke an affirmation of the idiosyncratic over the conventional. Acheson was a man of high principle, whose hero was Oliver Wendell Holmes Jr., an iconoclastic Boston Brahmin shaped by the 19th century, and whose best friend was Felix Frankfurter, the brilliant son of Jewish immigrants.

Though Acheson served during the transition when America emerged as a world power and enjoyed a nuclear monopoly, the scale of government was as yet relatively small, and Washington was still a comparatively provincial city. Its political conflicts were not shaped by public relations advisers or tested on focus groups; hence they were somewhat personal. That senior officials must remain blandly obliging while their veracity or honor is being systematically challenged was never part of the Acheson code. This explains the scene, unimaginable today, when Acheson, in the author's words, at a hearing before the Senate Appropriations Committee, admonished Senator Kenneth Wherry of Nebraska not to shake his dirty finger in his face. When Wherry persisted, Acheson rose and launched a roundhouse swing at the senatorial gadfly, which was stopped at the last moment because Adrian Fisher, the legal adviser of the State Department, wrapped his arms around Acheson and pulled him down into his seat.

When Acheson became secretary of state, America had only just started its journey toward global involvement. Africa was still colonial; Britain was predominant in much of the Middle East; Indian democracy was only two years old; Germany and Japan were still occupied countries. The debate was not over aspirations to hegemony but over whether the nation should engage itself internationally at all, never mind permanently. It was appropriate that Acheson entitled his memoirs "Present at the Creation."

The position of secretary of state is potentially the most fulfilling in the government short of the presidency. Its scope is global; ultimately it rests on almost philosophical assumptions as to the nature of world order and the relationship of order to progress and national interest. Lacking such a conceptual framework, incoherence looms in the face of the daily task of redefining America's relationship to the world via the thousands of messages from nearly 200 diplomatic posts and the constant flow of communication from the Executive Department — all this against the backdrop of Congressional liaison and press inquiry.

Acheson served as under secretary of state and then as secretary during the period when a people that had known no direct continuing threat to its security since the early days of the Republic had to be brought to recognize that its permanent participation in the world was indispensable for peace and security. Inevitably this realization was painful and slow in coming, if indeed it has been fully achieved to this day. This is why Acheson was assailed from both political sides, by those insisting on an end to involvement through total victory over the threat and, on the other side, by those who thought there was no threat to begin with, or at least none that required Acheson's militant response.

In this maelstrom, Acheson dealt with the five principal tasks of any secretary of state: the identification of the challenge; the development of a strategy to deal with it; organizing and motivating the bureaucracy in the State Department and in other agencies; persuading the American public; and conducting American diplomacy toward other countries. These tasks require the closest collaboration between the president and the secretary of state; secretaries of state who seek to base their influence on the prerogatives of the office invariably become marginalized. Presidents cannot be constrained by administrative flowcharts; for a secretary of state to be effective, he or she has to get into the president's head, so to speak. This is why Acheson made it a point to see Truman almost every day they were in town together and why their friendship was so crucial to the achievements of the Truman years.

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No secretary can fulfill all these tasks with equal skill — though Acheson came closer than any other of the modern period. His overriding challenge was to define a conceptual framework on which to base America's involvement in global affairs. Beisner, a former president of the Society for Historians of American Foreign Relations, describes this process in detail and with special emphasis on Acheson's growing debate with George Kennan. Acheson turned Kennan's seminal article, "The Sources of Soviet Conduct," into the operating principle of American foreign policy. He interpreted it to mean that the task of foreign policy was to create situations of strength around the Soviet periphery to deter any temptation for aggression. Negotiation with the Soviet Union was to be deferred until these situations of strength had come into being; any attempt to begin diplomacy prematurely would undermine the primary task.

Acheson's overriding priority, in the years immediately following World War II, was to restore Western Europe and create an Atlantic community to resist what then appeared as the Soviet colossus. He built the structure that sustained democracy during the cold war, with the Marshall Plan, the creation of NATO and the return of Germany and Japan to the community of nations. But Acheson was less precise about the role of diplomacy in this process once the architectural phase was completed.

Kennan represented the other strand of American thinking. He rejected what he considered the militarization of his own views, inaugurating a debate that has not ended to this day. Acheson implicitly believed that situations of strength would be self-enforcing, and he played down the importance of diplomatic engagement with the adversary. Kennan raised the question of how to gain Soviet acquiescence in the process and urged negotiation, even while the ultimate structure was being built. Acheson treated diplomacy as the more or less automatic consequence of a strategic deployment; Kennan saw it as an autonomous enterprise depending largely on diplomatic skill. The danger of the Acheson approach has been stagnation and gradual public disenchantment with stalemate. The danger of the Kennan approach has been that diplomacy might become a technical exercise in splitting differences and thus shade into appeasement. How to merge the two strands so that military force and diplomacy are mutually supportive and so that national strategy becomes a seamless web is the essence of a continuing national controversy.

Beisner shows how the failure to do so with respect to the Korean War was the cause of the single greatest error of Acheson's tenure: initially, the placing of Korea publicly outside the American defense perimeter (though this was conventional wisdom at the time) and, later, the inability, after the United States crossed the 38th parallel, to correlate military operations with some achievable diplomatic objectives.

For someone like myself, who knew Acheson, Beisner's portrait does not always capture the vividness of his personality, which emerges too much as a list of eccentricities. Acheson's relationship with the Nixon White House, and to President Nixon himself, is too cavalierly dismissed as the result of ego and an old man's vanity. As a participant in all these meetings, I considered that relationship an example of Acheson's generosity of spirit. Nixon had made essentially unforgivable attacks on Acheson during his 1952 campaign for vice president. But when he reached out to Acheson, it was received with the consideration Acheson felt he owed to the office, as a form of duty to the country. Acheson dealt with the issues Nixon put before him thoughtfully, precisely, without any attempt at flattery, in pursuit of his conception of national service and, unlike some other outside advisers, without offering advice that had not been solicited.

Acheson emerges from the Beisner book as the greatest secretary of state of the postwar period in the sweep of his design, his ability to implement it, the extraordinary associates with whom he surrounded himself and the nobility of his personal conduct. He was impatient with relativists who sought surcease from the complexity of decisions by postulating the moral equivalence of the United States and the Soviet Union. His values were absolute, but he knew also that statesmen are judged by history beyond contemporary debates, and this requires a willingness to achieve great goals in stages, each of which is probably imperfect by absolute standards.

This was the theme of an Acheson speech at the War College in August 1951: "There was not 'one more river to cross' but 'countless problems stretching into the future.' ... Americans must reconcile themselves to 'limited objectives' and work in congress with others, for an essential part of American power was the 'ability to evoke support from others — an ability quite as important as the capacity to compel.' "

The importance of that perception has not changed with the passage of time.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, OCTOBER 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

U.S. May Charge Alleged 9/11 Leader With The Death Of Daniel Pearl (MCT)

By Carol Rosenberg

McClatchy Newspapers, October 15, 2006

U.S. military officials intend to charge Guantanamo Bay captive Khalid Sheikh Mohammed with the murder of Wall Street Journal reporter Daniel Pearl, according to a Time magazine report.

U.S. officials have identified Mohammed as the al Qaida mastermind of the Sept. 11, 2001, terrorist attacks, and President Bush has said he's a likely candidate for a war-crimes trial.

But the Pentagon's chief war-crimes prosecutor told The Miami Herald on Friday that the Time report may be premature; prosecutors are still studying the case files of Mohammed and 13 other so-called high-value detainees who were turned over to the military by the CIA.

Captured in Pakistan in March 2003, Mohammed had been held in secret CIA detention until his Labor Day transfer to the Guantanamo detention center at the U.S. Navy base in southeast Cuba.

On Thursday, Time posted an item on its Web site reporting that administration officials want to charge Mohammed with Pearl's January 2002 murder, in which Pearl's throat was slit. The killing was captured on a grisly videotape.

"One former U.S. national security official tells Time there is no doubt that KSM personally wielded the knife that killed the Wall Street Journal reporter," the report said.

Military intelligence circles refer to Mohammed, a U.S.-educated, Kuwait-born Pakistani, as KSM, a nom de guerre of sorts that Bush himself adopted in revealing Mohammed's transfer to Guantanamo on Sept. 6.

If charged and tried before the administration's new, redesigned military commissions, Mohammed would be the most senior al Qaida figure to face trial.

Unclear is whether future prosecutions would include charges of conspiracy, which had been challenged as unconstitutional in the first effort to try 10 alleged al Qaida co-conspirators already at Guantanamo.

A Pearl murder charge would allege a specific act and identify a high-profile victim, a scenario the chief Pentagon prosecutor said hadn't yet been considered.

"I at this point in time certainly can't say that," said Air Force Col. Moe Davis, whose earlier prosecutions were upended in June by a Supreme Court decision that struck down the previous military commission format.

Pentagon attorneys are presently drawing up new rules by which new commissions would be staged, though probably not until next year.

Moreover, the latest arrivals at Guantanamo, including Ramzi Binalshibh and Abu Zubaydah, other alleged al Qaida plotters, have yet to go through basic military review panels to confirm that they're "enemy combatants."

Davis said he was surprised by the Time report on plans to try Mohammed for the Pearl murder and said was definitely not the source of it.

"Ultimately if he was to be prosecuted in a military commission, it would be up to this office to draft the charges," he said in a telephone interview. "But it is way too early to be making any decision on not just him, but any of the 14.

"We haven't scratched the surface deep enough to make any decisions on that."

Time doesn't name its source but attributed to "national security officials" the detail that Mohammed admitted under interrogation to having killed Pearl, "admitting without remorse that he personally severed Pearl's head and telling interrogators he had to switch knives after the first one `got dull.'"

The magazine also reported that it compared the hands seen on the videotape executing Pearl to Mohammed's hands and confirmed it was him. It did not elaborate.

Mohammed has been identified as a 1986 graduate of North Carolina Agricultural and Technical State University and is reportedly fluent in Arabic, English and Urdu.

Mohammed, who's about 40, has no lawyer and hasn't been seen publicly since his capture, although he and the other 13 detainees recently met with Red Cross delegates and have been registered as U.S.-held prisoners for the first time in up to four years of captivity at an undisclosed location.

Pearl, a Stanford University graduate who was 38 when he was killed, disappeared while on assignment in Pakistan in January 2002, pursuing an article about Islamic extremism.

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1 Man Still Locked Up From 9/11 Sweeps (AP)

By Martha Mendoza

AP, October 15, 2006

In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society.

But he has been in custody for five years.

His name is Ali Partovi. And according to the Department of Homeland Security, he is the last to be held of about 1,200 Arab and Muslim men swept up by authorities in the United States after the Sept. 11, 2001, terror attacks.

There has been no full accounting of all of these individuals. Nor has a promised federal policy to protect against unrestricted sweeps been produced.

Human rights groups tried to track the detainees; members of Congress denounced the arrests. They all believed that all of those who had been arrested had been deported, released or processed through the criminal justice system.

Just this summer, it was reported that an Algerian man, Benemar "Ben" Benatta, was the last detainee, and that his transfer to Canada had closed the book on the post-9/11 sweeps.

But now The Associated Press has learned that at least one person — Partovi — is still being held. The Department of Homeland Security insists he really is the last one in custody.

"Certainly it's not our goal as an agency to keep anyone detained indefinitely," said DHS spokesman Dean Boyd. Boyd said the department would like to remove Partovi from the United States but that he refuses to return to his homeland of Iran.

And so he remains, a curious remnant of a desperate time.

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Within hours of the Sept. 11 attacks — before it was even clear if they were over — the FBI was ordered to identify the terrorists who had managed to slip so smoothly into American society and to catch anyone who might have been working with them. The FBI operation was called PENTTBOM; it was swift and fierce, and the stakes couldn't have been higher.

When in doubt, the orders came, arrest now and ask questions later. To make this easier, law enforcement officials were authorized to use immigration charges as needed. The risk of allowing terrorists to slip away just because there wasn't ample evidence to hold them on terror charges could not be tolerated. And thus hundreds of individuals who were not terrorists, nor associated with terrorists, were temporarily taken into city, county and federal custody.

They were caught in their bedrooms while they slept, pulled from the restaurant kitchens where they worked, stopped at the border, even federal offices where they had gone to seek help. In the end, then-Attorney General John Ashcroft's call for "aggressive detentions" in the unprecedented sweeps netted more than 1,200 individuals in less than two months.

The initial reaction to the sweeps was confusion. Members of Congress, leading civil rights organizations, Arab and Muslim activists, even the Justice Department's internal watchdogs, didn't know how to react.

"After 9/11, everyone was caught off guard. There was so much secrecy surrounding the government's policies that it took a number of months before the public and civil-liberties groups began unraveling what the government was doing," said Lee Gelernt, an American Civil Liberties Union attorney.

Then came demands, from Congress, from the Justice Department's Inspector General, from the ACLU and Human Rights Watch and from Arab and Muslim activists, that these individuals must be accounted for.

To date that hasn't occurred.

"The fact is the United States has not come forward with information on what happened to these people, or released their names," said Rachel Meeropol, a staff attorney at the Center for Constitutional Rights, an advocacy organization that represents several detainees being held in Guantanamo. "Our understanding is that the majority of these people who were swept up on immigration violations were then held in detention until they were cleared of any connection to terrorism. We believe that accounts for the vast majority of people who were swept up."

Here's what is known: 762 of the 1,200 PENTTBOM arrestees were charged with immigration violations at the behest of the FBI because agents thought they might be associated with terrorism. Partovi was one of these 762. Much as Partovi used a false passport, nearly all of these detainees had violated immigration laws, either by overstaying their visas, entering the country illegally, or violating some other immigration law.

Unlike Partovi, almost everyone was either deported or released within a few months.

There were still at least 438 other individuals who were not accounted for. Most of those individuals, said Justice Department officials, were released within days. But at least 93 were charged with federal crimes and processed through the courts, and an unknown number were deemed material witnesses.

As the years passed, said the ACLU's Gelernt, public concern faded.

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"Initially there was a lot of attention on the 1,200 people, but we're still not sure exactly what happened to all of them," said the ACLU's Gelernt.

The repercussions are still being felt, say advocates.

"Those 1,200 were taken in on pseudo-immigration charges," said Jennifer Daskal of Human Rights Watch. "It really is a black mark on the U.S. and it undermines our intelligence gathering because it creates distrust between law enforcement officials and communities where those officials should be building rapport and trust."

"People lost years of their lives and families were ripped apart in the frenzy of fear," said Kerri Sherlock, director of policy and planning at the Rights Working Group, an advocacy organization in Washington D.C. "Do we really want to be a country that locks people up without guaranteeing their basic constitutional rights?"

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In June 2003, the Justice Department's inspector general, an in-house auditor, found widespread abuses in the way immigration laws were used to hold people suspected of terrorism in the months following 9/11. The inspector general made 21 recommendations aimed at protecting individuals' civil rights. Twenty of those recommendations have been adopted.

The last recommendation calls for the Justice Department and the Department of Homeland Security to formalize policies, responsibilities, and procedures for managing a national emergency that involves alien detainees. After the inspector general's report, the Justice and Homeland Security departments agreed with the recommendation and began negotiating over language. Officials at both departments say those negotiations are still going on.

"The Department of Homeland Security and the Department of Justice continue to work toward the development of formal joint policies and approaches for the handling of such national security cases during periods of national impact," said Homeland Security Department spokesman Dean Boyd.

However, Boyd stressed that guidelines were set up in 2004 to make sure detainees' rights are being protected on a case-by-case basis.

"We learned from the past," he said. "We evaluate each situation to make sure it's being handled fairly."

Tim Lynch, a lawyer with the libertarian think tank Cato Institute, said guidelines are not enough.

"I don't think the guidelines will mean very much in an emergency if they don't have the binding force of law," he said. "We shouldn't be surprised if those guidelines aren't followed if there's another massive attack."

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When the AP wrote Ali Partovi to ask for an interview, he called collect from the Florence Correctional Center, a privately run detention center in Arizona where he is held. Adamantly, he said he did not want to be interviewed and that he wanted to remain private, even though he said understood his case files, including litigation he files himself, are part of the public record.

He later reportedly told a public affairs officer at the facility that he is too busy for an interview — perhaps preparing his many legal appeals.

In his lawsuits — there have been seven so far — Partovi claims he is a victim of civil rights abuses and demands between $5 million and $10 million in restitution. The most recent was filed in July.

The staff at the jail where he was first held "poured hot coffee on my body, they also poured cold ice water on my body," he wrote in one, claiming that staffers also cuffed his hands and feet, which caused "my ankle and lower extremities to swell abnormally."

"It is my firm belief that I am constantly subjected to physical abuse (because) of my ethnicity, I am Iranian of Persian birth," he wrote in another, filed this summer. In that lawsuit he claimed that immigration officers forced him to kneel while handcuffed, and then kicked and punched his stomach and kidneys.

"As you can imagine, this is very, very painful when you are cuffed from behind," he wrote.

A spokesman for the U.S. Attorney said that office was aware of the lawsuits but could not comment on them. A detention center spokesman said he was not aware of any lawsuits and could not respond.

Partovi doesn't have a lawyer, and he told the AP he doesn't want one, choosing instead to represent himself, gleaning expertise from the prison library.

He did have a lawyer once, when he was arrested in Guam in the fall of 2001, trying to enter the country on a fraudulent Italian passport.

"Mr. Partovi came into Guam International Airport using a false passport. He explained about having been married to a Japanese women and the arrangement wasn't working out. He applied for political asylum, and I believe the federal government thought he might be a terror suspect," said Curtis Charles Van de Veld, who was hired by the federal government to represent him.

Partovi was sentenced to 175 days in custody, which he had already served by the time he pleaded guilty in 2002. Then he was turned over to the Department of Homeland Security.

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Until the AP contacted him, Van de Veld didn't realize his former client was still in custody.

"I'm surprised he hasn't contacted me," he said.

2 Ordered Not To Discuss Gitmo Claims (AP)

By Miranda Leitsinger

AP, October 15, 2006

A paralegal and a military lawyer who brought forward allegations about prisoner abuse at the Guantanamo Bay detention center have been ordered not to speak with the press, lawyers and a military spokeswoman said Saturday.

Marine Lt. Col. Colby Vokey, who represents a detainee at the U.S. naval base in eastern Cuba, filed a complaint with the Pentagon last week alleging that abuse was ongoing at the prison. He attached a sworn statement from his paralegal, Sgt. Heather Cerveny, in which she said several Guantanamo guards bragged in a bar about beating detainees, describing it as common practice.

Muneer Ahmad, a civilian defense lawyer for Omar Khadr, a Canadian detainee whose military counsel is Vokey, said that Vokey and Cerveny were ordered Friday by the U.S. Marines not to speak with the press.

A spokeswoman for the Marines confirmed the order, saying Vokey's supervisor — Col. Carol Joyce, the Marines' chief defense counsel — had directed him not to communicate with the media "pending her review of the facts."

"This is necessary to ensure all actions of counsel are in compliance with regulations establishing professional standards for military attorneys," the spokeswoman, 1st Lt. Blanca E. Binstock, said in a statement.

Reached by telephone, Vokey declined to comment, saying, "I can't even talk about it." When asked if he was going to abide by the order for the time being, he said, "Yes."

Telephone calls placed to Cerveny and a Pentagon spokesman were not immediately returned.

Ahmad said Vokey was also barred from talking to the media about anything related to the military commissions — tribunals set up to try detainees. He said he didn't know how the order was issued and that Vokey previously had the military's authorization to speak with the media.

"I think he is very concerned about his ability to perform his job as a lawyer," Ahmad said. "It's really quite troubling ... at this point I'm not sure what our next steps will be."

Cerveny, 23, visited Guantanamo last month and has said she spent an hour with the guards at the military club. She said the guards stopped discussing beating detainees after finding out that she works for a detainee's legal team.

"It was a general consensus that I (detected) that as a group this is something they did. That this was OK at Guantanamo, that this is how the detainees get treated," Cerveny said in a telephone interview Thursday.

Gen. John Craddock, commander of the U.S. Southern Command, said Friday that he had ordered an investigation headed by an Army colonel.

The military Joint Task Force that runs the detention camps in Guantanamo Bay pledged to work with investigators from the Southern Command, which oversees U.S. military operations in the Caribbean and Latin America.

There are now 454 detainees at Guantanamo Bay, according to Vincent Lusser, a spokesman for the Geneva-based International Committee of the Red Cross.

Guantanamo Bay began receiving prisoners, most of them captured in Afghanistan and Pakistan, in January 2002. Only 10 of the detainees have been charged with crimes.

Marine Corps Issues Gag Order In Detainee Abuse Case (LAT)

By Carol J. Williams

The Los Angeles Times, October 15, 2006

The action has lawyers worrying they could be punished for defending Guantanamo clients.

MIAMI — The U.S. Marine Corps has threatened to punish two members of the military legal team representing a terrorism suspect being held at Guantanamo Bay if they continue to speak publicly about reported prisoner abuse, a civilian lawyer from the defense team said Saturday.

The action directed at Lt. Col. Colby Vokey and Sgt. Heather Cerveny follows their report last week that Guantanamo guards bragged about beating detainees, said Muneer Ahmad, an American University law professor who assists in the defense of Canadian suspect Omar Khadr.

The order has heightened fears among the military defense lawyers for Guantanamo prisoners that their careers will suffer for exposing flaws and injustices in the system, Ahmad said.

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"In one fell swoop, the government is gagging a defense lawyer and threatening retaliation against a whistle-blower," Ahmad said. "It really points out what is wrong with the detainee legislation that Bush is scheduled to sign on Tuesday: It permits the abuse of detainees to continue, immunizes the wrongdoers and precludes the detainees from ever challenging it in court."

The Marine Corps said the gag order had been issued to ensure the legal team's actions were in compliance with professional standards. "The Chief Defense Counsel of the Marine Corps, as Lt. Col. Vokey's direct supervisor, has directed him not to communicate with the media on this case pending her review of the facts," said 1st Lt. Blanca E. Binstock of the Marine public affairs office.

Defense lawyers for Guantanamo prisoners say the personal stakes are high and point to the Navy's failure to promote Lt. Cmdr. Charles Swift after he successfully challenged the legitimacy of the Pentagon's war-crimes commissions. Two weeks after the Supreme Court ruled the commissions unconstitutional and lacking in due process, Swift was passed over for advancement and will be forced by the Navy's up-or-out policy to retire by summer.

At least three other military defense lawyers for the 10 charged terrorism suspects have also been passed over for promotion in what some consider a subtle reprimand of their vigorous defense of their clients.

"We've all known that representing folks in these kind of circumstances would have consequences, but to actually see Charlie passed over after he takes his case to the Supreme Court and wins — that certainly put it in the forefront for me," said Army Maj. Tom Fleener, who represents Ali Hamza Bahlul of Yemen.

As an Army reservist with a civilian law career in Wyoming to return to in a year or so, Fleener notes he is less susceptible to pressures being exerted on the military defense lawyers.

"If I was active duty, where my livelihood depended on what my military superiors said of me, I would feel tremendous pressure," he said.

Fleener says the mood in Guantanamo defense circles has deteriorated since the government's response to the high court ruling June 29 that President Bush overstepped his powers when he created the military war-crimes commissions. Those commissions would have allowed Pentagon prosecutors to use hearsay evidence and testimony obtained through torture, and barred defendants from seeing evidence against them that prosecutors deemed classified.

Congress last month passed legislation creating a new military commissions process almost identical to the one rejected by the Supreme Court, with the added restriction that Guantanamo detainees have no right to submit writs of habeas corpus to U.S. civil courts to challenge their detention.

It was such a writ filed on behalf of Salim Ahmed Hamdan, an alleged driver and bodyguard for Osama bin Laden, that brought the tribunal case to the Supreme Court.

Swift declined to comment on not having received a promotion.

"As a defense attorney, I don't like allegations without evidence," he says of the widespread view among his colleagues that he was punished for challenging the administration's tribunal process.

"What you sought in any career was an opportunity to make a difference. I got that opportunity, and for that I will be forever grateful," Swift said.

He said the new commissions legislation appears to preclude defendants' getting a fair trial.

"A zealous defense is essential to any process that works," Swift said. "What has given the commissions any integrity so far is the ability of defense council to raise the case and concerns in all federal forums and the commissions themselves, and when necessary, in the media."

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Expecting U.S. Help, Sent To Guantánamo (NYT)

By Tim Golden

The New York Times, October 15, 2006

Abdul Rahim Al Ginco thought he was saved when the United States invaded Afghanistan in 2001 and overthrew the Taliban regime.

Mr. Ginco, a college student living in the United Arab Emirates, had gone to Afghanistan in 2000 after running away from his strict Muslim father. He was soon imprisoned by the Taliban, and tortured by operatives of Al Qaeda until, he said, he falsely confessed to being a spy for Israel and the United States.

But rather than help Mr. Ginco return home, American soldiers detained him again. Nearly five years later, he remains in the United States military prison at Guantánamo Bay, Cuba — in part, it appears, on the strength of a propaganda videotape made by his torturers.

“This was a 22-year-old kid who was brutally tortured,” one of Mr. Ginco’s American lawyers, Stephen R. Sady, said. “And instead of being liberated, he has endured four and a half years of additional confinement.”

A bill signed into law by President Bush last December requires the Pentagon to determine if information being used to hold a detainee has been obtained by coercion and "the probative value (if any)" of such information. Another law passed by Congress last month would ban the use of statements made under torture from the military tribunals that are to be used to prosecute some Guantánamo detainees.

But that second law, which awaits the president's signature, would also sweep away most federal court challenges to the detention of Guantánamo prisoners, including perhaps the one filed by American lawyers for Mr. Ginco, who is now 28.

A spokesman for the Department of Defense, Cmdr. Jeffrey D. Gordon of the Navy, said he could not discuss the specifics of the evidence against any particular detainee. And because part of the military's case against Mr. Ginco remains classified, it is not possible to evaluate fully the grounds for his detention.

But partial transcripts from two review hearings for Mr. Ginco at Guantánamo and information filed by his lawyers last week in district court in Washington show that the military has repeatedly accused him of having volunteered his life as a Qaeda martyr — a claim that appears to be based on a videotape found in Afghanistan.

That tape was pulled from the rubble of a home used by Muhammad Atef, the reputed military chief of Al Qaeda, who was killed by an American air strike on his home near Kabul on Nov. 16, 2001. Mr. Ginco named Mr. Atef as one of the Qaeda and Taliban operatives who tortured him in early 2000, applying electric shocks to his ears and toes, nearly drowning him in a filthy water tank, depriving him of sleep and beating him on the soles of his feet.

In December 2001 and January 2002, several Western news reporters, including one for The New York Times, interviewed Mr. Ginco and four other foreign prisoners as the Northern Alliance took over the prison where they had been held in Kandahar. A reporter for The Times of London described Mr. Ginco and some of the others as "desperate to be interviewed by the F.B.I."

On Jan. 17, however, John Ashcroft, then the attorney general, held a news conference to announce that five videotapes had been recovered from the ruins of Mr. Atef's home showing several men who "may be trained and prepared to commit future suicide terrorist acts." The first man shown in an excerpt from one of those tapes was Mr. Ginco, whom Mr. Ashcroft identified as Abd Al-Rahim.

Lawyers for Mr. Ginco, who was born to a Kurdish family in Syria, still have not viewed the complete tape from which Mr. Ashcroft showed a brief excerpt or heard its audio. But they said they believed it showed part of one of the propaganda videos made by the torturers who extracted Mr. Ginco's confession. In a hearing at Guantánamo in November 2005, Mr. Ginco admitted to a military review panel that he appeared in the video but said, "It wasn't my choice."

The Taliban announced in May 2000 that Mr. Ginco had been arrested as a spy. Another videotape was then broadcast on an Arab television network, in which he looks pale, uneasy and underweight and confesses at length to having been a spy for the United States and Israel.

This interview with Mr. Ginco about his purported espionage was also published in a Taliban government magazine in July 2000. It quotes him as saying he was corrupted at college by an "evil acquaintance" who introduced him to a "computer game called PlayStation." Later, he added, he was shown a pornographic computer disc and introduced to an American embassy official, whom he identified as "Shamoyel Anty," an agent of "the Israeli intelligence agency."

After the collapse of the Taliban, Mr. Ginco and the four other foreigners were taken for questioning to the makeshift American detention center in Kandahar. Initially, one of the men said, they were treated more as guests than as prisoners, and were given chocolates and extra blankets by the American soldiers.

His treatment suddenly became much harsher, his lawyers said, after he was recognized as one of the men depicted in a brief Time magazine article based on Mr. Ashcroft's announcement about the videotapes.

Mr. Ginco and the four others were transferred to Guantánamo in May 2002. Two of the five, a Briton and a Russian, were released in 2004, and both have made sworn statements on Mr. Ginco's behalf, his lawyer, Mr. Sady, said.

In other statements filed in federal court, members of Mr. Ginco's family said he had run away from home after borrowing money for a camping trip from some of his college classmates. Mr. Ginco's elder brother, with whom he was living, said the family considered such borrowing shameful, and that he threatened to tell their strict father about the episode.

Mr. Ginco said he had tried to arrange to travel to Europe or Canada but could not because his father had kept his passport. He said a former friend from college who worked at the Afghan Embassy in Dubai told him that he could be deported to Afghanistan if he went to the police and told them he was an undocumented Afghan, which he then did.

In Afghanistan, he quickly drew the suspicion of the Taliban. He was told to go fight against Northern Alliance forces, he said, and sent briefly to a Qaeda training camp. When he tried to leave, he said, he was imprisoned and tortured. At Guantánamo, he has told military officials that the mistreatment badly damaged his right arm and that he had spent much of his time there in a psychiatric ward.

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Mr. Ginco's lawyers, who are federal public defenders in Oregon, are contesting his detention on the grounds that he could not have fought against the United States after it declared a war on terrorism because he was being held by the Taliban as an American spy.

The Right Charge For The Crime (LAT)

The Los Angeles Times, October 15, 2006

Adam Yahiye Gadahn's actions are treasonous, and the charge ensures he'll have the right to trial guaranteed him by the Constitution.

NEWS THAT A GRAND JURY had charged a Southern California native with treason last week begged the question: Can they still do that? The United States, after all, has not charged anyone with treason, a crime defined under English law as early as 1350, since World War II.

But if the facts are as the government alleges, Adam Yahiye Gadahn did indeed commit treason when, in his own words, he "joined a movement waging war on America and killing large numbers of Americans." Gadahn, a convert to Islam who remains a fugitive overseas, has appeared in five propaganda videos for Al Qaeda. Most recently, on the fifth anniversary of the 9/11 terror attacks, Gadahn appeared in a video featuring scenes of the attack, describing the United States as "enemy soil" and extolling the heroism of the terrorists. In a previous video released that same month, Ayman Zawahiri, Osama bin Laden's second in command, introduced Gadahn as "our brother, Azzam the American."

Treason is the only crime defined in the Constitution itself, which establishes a higher evidentiary burden — two eyewitnesses or a courtroom confession — for its prosecution. This higher burden, and the ability to rely on other criminal statutes in most such cases, is the reason the government so seldom resorts to the charge of treason. But in Gadahn's case, his own video messages may help the government prove its case, and prosecutors were within their rights to charge him with the most serious offense against the nation, a crime that can be punishable by death.

There may be no evidence that Gadahn picked up a gun or assembled bombs. But the U.S. criminal code, which tracks the constitutional language, states that "whoever, owing allegiance to the United States, levies war against them or adheres to their enemies, giving them aid and comfort within the United States or elsewhere, is guilty of treason." If the government can prove the facts it alleges, that is clearly what Gadahn did — he joined the enemy (there can be little doubt that a state of war exists between Al Qaeda and the U.S.) to further its cause.

The government's attempts to circumvent the Constitution in its war on terror — by establishing military tribunals lacking in due process and wiretapping Americans without a warrant — have been roundly and rightly criticized. But in this case, the Justice Department is relying on the U.S. court system and the most venerable of U.S. laws to bring a high-profile U.S. operative of Al Qaeda to justice.

Guilty Until Confirmed Guilty (NYT)

The New York Times, October 15, 2006

When President Bush rammed the bill on military commissions through Congress, the Republicans crowed about creating a process that would be tough on terrorists but preserve essential principles of justice. "America can be proud," said Senator Lindsey Graham, one of the bill's architects.

Unfortunately, Mr. Graham was wrong. One of the many problems with the new law is that it will only make it harder than it already is to separate the real terrorists from the far larger group of inmates at Guantánamo Bay who were bit players in the Taliban or innocent bystanders. Mr. Graham and other supporters of this dreadful legislation seem to have forgotten that American justice does not merely deliver swift punishment to the guilty. It also protects the innocent.

Mr. Bush ignored that fact after 9/11, when he tried to put the prisoners of the war on terror beyond the reach of American law and the Geneva Conventions. For starters, he dispensed with one of the vital provisions of the conventions: that prisoners must be screened by a "competent tribunal" if there is any doubt about who they are and what role they played in hostilities. As a result, hundreds of men captured in Afghanistan and other countries were sent to Guantánamo Bay and other prisons, including the network of illegal C.I.A. detention camps, without any attempt to determine whether they were any sort of combatant, legal or illegal.

The Bush administration showed not the slightest interest in fixing this problem until the Supreme Court said in Hamdi v. Rumsfeld that the president cannot simply lock up anyone — even a foreign citizen — without giving him a real chance to challenge his detention before a "neutral decision maker."

In response, Mr. Bush created Combatant Status Review Tribunals, which gave the most cursory possible reviews of the Gitmo detainees. These reviews took place years after the prisoners were captured. They permitted the use of hearsay evidence, evidence obtained through coercion and even torture, and evidence that was kept secret from the prisoner. The

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normal burden of proof was reversed: the tribunals presumed prisoners were justifiably detained and the prisoners had the burden of disproving government evidence — presuming they knew what it was in the first place.

The new law leaves this mockery of justice stronger. The Military Commissions Act of 2006 makes it virtually impossible to contest a status tribunal's decision. It prohibits claims of habeas corpus — the ancient right of prisoners in just societies to have their detentions reviewed — or any case based directly or indirectly on the Geneva Conventions. Even if an appeal got to the single appeals court now authorized to hear it, the administration would very likely argue that it cannot be heard without jeopardizing secrets, as it has done repeatedly.

The new law dangerously expands the definition of illegal enemy combatant and allows Mr. Bush — and the secretary of defense — to give to anyone they choose the authority to designate a prisoner as an illegal combatant. It also allows Mr. Bush to go on squirreling prisoners away at secret C.I.A. camps where none of the rules apply.

Mr. Bush wants Americans to trust him to apply these powers only to truly dangerous men. Even if our system were based on that sort of personal power and not the rule of law, it would be hard to trust the judgment of a president and an administration whose records are so bad. The United States has yet to acknowledge that it kidnapped an innocent Canadian citizen and sent him to be abused in a Syrian prison. In another case, a German citizen has accused the United States of grabbing him off the streets of Macedonia, drugging him and sending him to Afghanistan, where he was brutally treated. Then there is the Ethiopian living in London who said he was grabbed by American agents and brutalized by Moroccan torturers until he confessed to plotting with Jose Padilla to set off a "dirty bomb." Mr. Padilla was never charged with the crime. The Ethiopian remains at Guantánamo Bay.

Republicans who support the new law like to point out that it only covers foreigners. But Americans have never believed that human rights are just for Americans. Our nation is outraged when an authoritarian government jails an American, or one of its own citizens, on trumped-up charges and brings him or her before a phony court. Surely that is not the model we want to follow in our nation's prisons.

U.S. Policy Could Help 9/11 Suspect (MCT)

By Matthew Schofield

McClatchy Newspapers, October 15, 2006

HAMBURG, Germany | There is no dispute that Mounir el-Motassadeq was close to the men who carried out the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon.

He spent three months at an al-Qaida training camp in Afghanistan. He lived near lead hijacker Mohammed Atta in Hamburg and signed as the witness to Atta's will. He held power of attorney over the bank account of another hijacker, Marwan al-Shehhi. He transferred $2,500 to plotter Ramzi Binalshib. He even sent money to the United States that was used to help finance the hijackers' pilot training.

German authorities charged him with 3,066 counts of accessory to murder, and in February 2003 he was convicted — the first person to stand trial in the attacks.

But that conviction was overturned by a German appeals court in 2004. This year, he was ordered released pending resolution of appeals.

Now el-Motassadeq, who is free on bond, is about to learn whether U.S. security policy will help him walk away from criminal charges in the worst terrorist attack in American history.

A German court Thursday began a hearing into whether the accessory-to-murder charges should be restored. The German government is seeking a third trial in the matter.

Among the issues is whether the United States will allow German lawyers to question two key figures in the Sept. 11 plot: alleged ringleader Khalid Sheikh Mohammed and co-conspirator Binalshib.

At the time of el-Motassadeq's trials and appeals, Mohammed and Binalshib were being held in secret at an undisclosed location by the CIA. Despite two visits to America by the German prosecutor, U.S. officials declined to make the two men available for questioning.

In September, Mohammed and Binalshib were transferred to U.S. military custody and are now being held at Guantanamo Bay, Cuba.

U.S. military lawyers will soon be appointed to represent them under a law authorizing the Bush administration to try them and other terror suspects before military tribunals.

It is unclear, however, whether the military will make Mohammed and Binalshib available to assist in el-Motassadeq's case. The German prosecutor's office won't comment on whether it would renew efforts to question them — German law forbids prosecutors from commenting outside of court — and spokesmen for the U.S. Justice Department and the Pentagon said they had no information on the subject.

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German prosecutors, however, say they will ask the court to reinstate the accessory-to-murder charges.

They will argue that even though el-Motassedeq may not have known precisely when and what Atta and his companions were planning, he knew enough to be found guilty of helping them.

Whether testimony from Mohammed and Binalshib would help prosecutors convict el-Motassadeq is unclear. One of the issues in this case is that he says it would clear him.

Mohammed is thought to have first suggested the hijacking plan to Osama bin Laden. Binalshib, who roomed with Atta in Hamburg, is suspected of becoming the plot's principal logistician after America refused him a visa.

El-Motassadeq insists their testimony would show that he knew little of the plot. His first trial statements that the CIA delivered to the prosecutors appeared to confirm this.

Even so, the court refused to accept the statements after el-Motassadeq's attorney suggested they might have been the result of torture.

U.S. officials declined then to discuss the conditions under which the two men were questioned. Any future German questioning of Mohammed and Binalshib would be likely to focus on how they were treated during the years they were held by the CIA.

Arbitrator: Supermax Prison Understaffed (AP-Y)

By Catherine Tsai, Associated Press Writer

AP, October 15, 2006

Staffing at the Supermax prison has gotten so low that job hazards have increased for correctional officers watching over the nation's worst terrorists, an arbitrator has ruled.

The arbitrator stopped short of ordering the Bureau of Prisons to hire more staff, but union officials representing Supermax officers said the ruling would bolster their argument to Congress for more prison funding.

"If the most maximum security federal penitentiary is indeed understaffed, what is happening across the entire Bureau of Prisons as far as staffing levels?" asked state Rep. Buffie McFadyen, who testified for the union at an arbitration hearing in May. Her district includes Supermax and 11 other state and federal prisons.

The American Federation of Government Employees had said assaults and threats increased after staffing at the Supermax was reduced last year. Two inmates were killed in two separate incidents.

The slayings were the first since the prison 90 miles southwest of Denver opened in 1994. It houses the nation's most dangerous inmates, including al-Qaida member Zacarias Moussaoui, Unabomber Theodore Kaczynski and Oklahoma City bombing conspirator Terry Nichols.

Housing units at Supermax require three officers per shift, but entire units were sometimes left unstaffed, and cells were not being searched regularly, the arbitrator found.

Arbitrator Joseph Lazar ordered the bureau to reduce inherent hazards at Supermax to the lowest possible levels, as called for by a collective bargaining agreement.

"The agency in fact did not keep its bargain to lower hazards to the lowest possible level," Lazar wrote in a ruling made available Friday by union officials.

Supermax officials were not immediately available for comment.

Islamic Schools Test Ideal Of Integration In Britain (NYT)

By Alan Cowell

The New York Times, October 15, 2006

LEICESTER, England — The sports hall doubles as a prayer room and dining hall for male teenagers, at other times for young women, but never the two together. In the kindergarten, female teachers, warned of an impending visit by a man, draw full facial veils before receiving their guest. When the guest arrives, the children offer a chorus in Arabic: "As salaam aleikum" — peace be upon you.

"Here we can keep ourselves on the path of religion," said Nasir Nathalia, a 15-year-old student at the Leicester Islamic Academy. His friend Mohammed Seedat agrees. "There is less chance here of going off the track," he said.

This is the piety that Britain's expanding Islamic schools seek to project, casting themselves as typical of the thousands of faith schools, mainly Christian, that make up roughly one-third of all publicly financed British schools.

But the visible differences — the way female teenagers wear the full-length dress and head-covering and the boys wear black robes and skullcaps — play into a ferocious debate about the sense of separateness or readiness to integrate Britain's estimated 1.8 million Muslims, about 3 percent of the population.

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And the discussion touches on a much wider theme of ethnic segregation across the British state-financed educational system. “Segregation is now so extreme in some schools that there is not much further it can go,” Trevor Phillips, the chairman of the Commission for Racial Equality, told a parliamentary panel. “It doesn’t help to prepare children in these schools for the real world.”

Neither, some believe, does it bridge the gap between a largely secular society and a profound commitment to a single faith.

“If you are going to have Islamic schools, the question is whether they are going to embrace Western values,” said Patrick Sookhdeo, a Pakistan-born Anglican priest who converted from Islam and who runs a not-for-profit institute committed to maintaining Christian values. “I would argue that Islamic values are not compatible with Western values.”

Others disagree just as boldly. “If you think faith schools are divisive, it would help a great deal to know why: Is there empirical evidence?” said Mohamed Mukadam, the principal of the Leicester Islamic Academy.

Students from Islamic schools, Mr. Mukadam said in an interview, were not associated with either the religious and racial riots in northern England in the early 2000’s or in any of the recent terrorism conspiracies. “If you want to examine the northern riots, or the terrorism,” he said, “I have not come across a single person from faith schools or who went to faith schools.”

It is a debate shot through with fear and resentment after terrorist attacks by Muslims and alleged plots in London, leaving the British government to ponder how it can properly deny state financing to Islamic schools that teach the core subjects of the national curriculum when it provides money for much more numerous schools of Christian, Jewish or other faiths. Only 7 Islamic schools receive public financing, compared with 36 Jewish schools, and about 7,000 Christian schools.

The parents of just 3 percent of Muslim students enroll them in Islamic schools, where the education is generally rigorous and there is a code to nurture their Islamic identity, shield them from discrimination and provide moral guidance. The bulk of the 140 Islamic schools charge tuition. At Leicester, for instance, tuition is $2,700 a year.

“Muslim children in this country tend to live separate lives anyhow,” said Mark Halstead, a professor of education at the University of Huddersfield in northern England. “Whether they go to Muslim school does not make much difference to their segregation. They are concentrated in the inner cities. They could be attending a state school that is 90 percent Muslim anyway.”

A report by Simon Burgess, a professor of economics, discovered that, for instance, in the blue-collar Tower Hamlets district of East London, where ethnic minorities form 48 percent of the population, nearly half the schools were “exclusively nonwhite.”

The issue of Islamic separateness is magnified by a recent debate about a full-face veil that shows only the eyes and is known as the niqab. Some non-Muslims, most notably Foreign Secretary Jack Straw, have said the veil illustrates that Muslims are rejecting British norms; others say simply that Britons are discriminating against Muslims.

The debate cuts to the heart of Britain’s stated philosophy on multiculturalism, defined 40 years ago by the Labor politician Roy Jenkins when he was home secretary. In laying out a new immigration policy, he said immigration should not lead to a “flattening process of assimilation” but instead should provide “equal opportunity accompanied by cultural diversity.”

But now, as the country is struggling so publicly with Muslim assimilation, some analysts like Mr. Phillips of the Commission for Racial Equality fear that a premium on cultural separateness has Britain “sleepwalking into segregation.”

On another level, the debate over Islamic schools here also involves equity in the use of tax money.

According to the Department of Education in London, private schools must meet laborious and detailed criteria to gain access to state financing, and many Islamic schools have failed to do so.

Since 1997, according to government figures, only 25 “minority faith” schools have qualified for government financing — 15 of them Jewish and the rest Muslim, Sikh, Greek Orthodox and Seventh-day Adventist schools.

Islamic schools typically teach the same basic subjects as in other faith or state-run schools. All — private and public — are subject to inspections.

But there are differences.

While Christian schools say 25 percent of their seats are open to non-Christians, Mr. Mukadam said there were so few Islamic schools that it would be impractical to offer admission to non-Muslims.

In Leicester, many students attend Koranic recitation and memorization lessons at separate madrasas — schools run by mosques without regulation — outside normal school hours.

Still, a survey by the Islamic Human Rights Commission last year said that Muslims in several categories — people who are older, wealthier and more secular, and students in their late teens — placed academic success ahead of religious affiliation in choosing a school.

According to the most recent government inspection of the Leicester Islamic Academy educational standards in 2002, most of its teenage students achieved twice the national average grades in the examinations that high school students take around

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the age of 16. But that does not necessarily immunize students from the broader pressures of life as British Muslims, even in Leicester.

This city in the English midlands, once known as a center for manufacturing shoes and textiles, prides itself on diversity. More than one-third of the 300,000 residents are members of Britain's ethnic minorities, and Leicester is expected to become Britain's first city with a nonwhite majority in less than a decade. But it has not been protected from the threat of terrorism: in early 2002, the police rounded up what they called an Al Qaeda cell here.

The sight of Muslims under attack in Palestinian areas or Iraq, said Nasir, the student at the academy here, "makes us want to help, through giving or charity." Yusuf Parekh, a 15-year-old classmate, said some people felt the pain and anger particularly because "their people are being killed back home."

But is violence justified? "Only as a last resort," he said.

But Mr. Mukadam, who is also chairman of the Association of Muslim Schools, insisted that his school taught loyalty to Britain as a land that offered religious and other freedoms. If an Islamic school were found to be "fomenting radicalism," he said, "it is my first duty to say this school should not exist."

He acknowledged that some students might feel passionately about the plight of fellow Muslims elsewhere. "My job," he said, "is to understand their deep hurt but get them away from the radicals that promote violence."

Having Their Say, For A Moment Or All Day (WP)

By An Afternoon At Speakers' Corner

The Washington Post, October 15, 2006

LONDON

Just after noon last Sunday, seven people stood on stools and stepladders that they had lugged to this famous spot in central London. Soon, small crowds -- many among them regular listeners and hecklers -- filled the corner of Hyde Park that for more than a century has been known as the place to go to speak your mind.

"Those idiotic remarks!" said Heiko Khoo, emphatically disagreeing with the position of Jack Straw, leader of the House of Commons, that the veil worn by some Muslim women is a "visible statement of separation."

Khoo, 41, a tour guide who has been speaking here most Sundays for 20 years, contended that Straw knew Muslims would never vote for his Labor Party because of its support of the Iraq war, so he decided to court what Khoo called the "numbskull brigade: those who think, 'Those bleed'n Muslims, they don't belong here. Why don't they behave like us?' "

Several yards away, another regular on a ladder, a woman in a "Gone With the Wind" puffy red dress, asked people gathering around her to address her as "Madame Speaker." Farther away, a man attracted a group of German tourists with a huge placard around his neck that read, "IT'S GOING TO GET WORSE."

"What will get worse?" he was asked.

"Obesity!" he replied in a deeply serious tone. He gave the impression he had more answers at the ready.

There is a bit of everything at Speakers' Corner. Once a place where the condemned were hanged -- and perhaps, some say, because they were given one last chance to say a few words -- the northeast corner of Hyde Park has since the late 19th century been sacred ground for free speech.

There are other noteworthy patches in the 350-acre park -- the Nanny's Lawn, the Lovers' Walk -- but it is only here near Marble Arch where the unsung, along with legends from Winston Churchill to Karl Marx, have come to have their say.

The hot topics on this day were immigration in general and Muslim immigrants in particular.

"Anyone can say what they like," said Anne Martin, 46, a nurse from Kent, who was listening to Khoo defend Muslim women's right to dress as they wish.

Others may spend their Sundays having the family over for a roast or enjoying a museum or a ramble, as the British call a walk in the countryside. But Martin drives here, two hours each way, to revel in the chance to listen to people whose paths she would otherwise never cross.

"I have gone up to Muslim women here," she said, "and asked, 'Why do you wear the hijab ?' " She said she couldn't do that on just any old street corner, but here, it is encouraged. She said she heard answers ranging from "I am happy to wear it" to "It's the way of my husband."

"You can ask questions, and nobody is offended," she said, adding that she has only once seen a fistfight break out. She said the police who stand out of sight at a nearby corner moved quickly to end it.

At 1:15 p.m., 18-year-old Chris Brennan was risking a fight as he disparaged foreigners. But while angry words like "racist" were hurled at him, he persisted in saying he thought his country was better when it was, as he said, "white."

"I have a democratic right to come out and speak like the communists do over there," Brennan said pointing to another gaggle of people across the pavement.

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Emily Stapleton, 28, a marketing executive, shouted to Brennan that she is going out with an Asian man: "I don't see anything wrong with it, why should you?"

Gary Castle, a street sweeper, piped up that most of those cleaning up London's trash alongside him were from Eastern Europe. He said they were helping, not hurting, the country because "they are willing to do the jobs we aren't."

Brennan tried to stand his ground but was losing his audience. "He's completely mad," said Ali Mohamed, 21, a Somali-born Londoner, as he turned to find another speaker. "But it tells you something."

Khoo, who speaks four or five hours each Sunday, showed no sign of tiring at 2:30 p.m. and seemed to draw energy from the crowd.

As he was addressing the perception that immigrants receive cheap public housing while hardworking low-income British people must fend for themselves, a man shouted to him: "So if there are only 10 houses, who gets them?"

"We build more," he thundered back. "We don't blame the people who get houses for the shortage."

Behind him, tourists hopped on and off open-air red buses and thousands of runners dressed in bright green and orange T-shirts ran by, participating in a downtown road race.

Yards away, an elderly man in big glasses and a blue knit cap recited poetry: "She forgot the stars, the moon and sun . . . She forgot the dells where the water runs . . . ."

Lloyd James, 64, said he couldn't quite remember who wrote those lovely lines, but he comes here to share them out loud. "I used to speak on politics, but people like to shout and argue," he said.

Then he continued his delivery, a quiet beauty amid the boisterous clash of words and worldviews:

" . . . She had no knowledge when the day was done."

PATRIOT ACT:

For God And Country (NYT)

By Interview By Deborah Solomon

The New York Times, October 15, 2006

Q: Your new book about the aftermath of 9/11 is titled <object.title class="Movie" idsrc="nyt_ttl" value="141747;242031;138166;152893">"Never Again," but isn't that an inappropriate use of a phrase that has traditionally referred to the Holocaust? </object.title>

<object.title class="Movie" idsrc="nyt_ttl" value="141747;242031;138166;152893">I used it because President Bush turned and looked in my direction and said, "Don't ever let this happen again."</object.title>

Now that you have left your post as U.S. attorney general and are working as a lobbyist, would you still defend the president's willingness to disregard the Geneva Conventions in the treatment and torture of suspected terrorists?

I think there is a very sound argument for saying that those who violate the Geneva Conventions should not benefit from its provisions.

You're talking about the terrorists. But we can't stoop to their level. This is the United States of America. We have to guarantee the rights of everyone, including prisoners.

Well, we have guaranteed many rights to the prisoners.

What about the Patriot Act, which licensed the disregard of certain privacy laws designed to protect our own citizens?

After years of misrepresentation and pillorying by a variety of groups like the A.C.L.U. that ended up making a lot of money by opposing it and developed a lot of membership by opposing it, its renewal passed by 89 votes in the Senate.

They didn't oppose the Patriot Act in order to make money, or as some kind of marketing scheme.

If you think they don't care about membership, I think that's a naïve understanding of the way politics works in America.

As one of the best-known evangelical Christians in this country, what do you make of the current pope, Benedict XVI?

When the pope speaks, I take it very seriously. But I don't take it as ultimately authoritative, unless I find it to be consistent with what I believe is ultimately authoritative, and that's the Scripture.

What did you think when the pope gave that controversial speech last month, appearing to debunk Islam by referring to a medieval text that characterizes Muhammad as a prophet of violence?

If the pope thought the Muslim faith were better than the Catholic faith, he'd be a Muslim. To say that you have beliefs and that they are equal to everyone else's beliefs all the time is to devalue the concept of belief.

In that case, do you think your own religious tradition of evangelicalism is superior to Catholicism?

For me it is.

What about Islam?

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I don't think it's the faith for me. I find that I respond to the reconciliation, the healing and the forgiveness of Jesus.

Don't all the major monotheistic religions — Judaism, Christianity and Islam — teach compassion?

In some cases, they do. I can't really speak for them. I'm a Christian for a variety of reasons. Maybe because it's easy. What I have to do to please God is to confess that I am a sinner instead of trying to prove that I am good.

So you see yourself as a sinner?

Yes. I fail and do things that I wish I didn't do.

Such as?

I'm unkind on occasion, and I am selfish. For me, embracing the Christian faith is something that I do not because I am good but because I am not good, because I need help.

Why? Do you drink?

I drink probably a quart or two a day, but not of alcohol! I don't consume alcohol at all. I've never had a mixed drink.

Have you ever smoked a cigarette?

No. I puffed on a cigar one time, and it just made my mouth feel like someone had shot a cobweb all inside my mouth.

If you felt temptation for another woman, what would you do?

Call my wife.

In addition to songwriting, you dabble in the visual arts. What sort of work do you do?

I make barbed-wire sculpture.

Why barbed wire?

Because there was a surplus of it on my farm.

Well, thank you for making time for this interview.

I just hope that in meeting people, they'll understand that I am not as bad as they thought I was.

HOMELAND RESPONSE:

The Unsolved Case Of Anthrax (WP)

By Tom Daschle

The Washington Post, October 15, 2006

Oct. 15, 2001, is a day I'll never forget. On that day one of my staff members opened an anthrax-laced letter addressed to me, and my office became a part of the deadliest bioterrorism attack in U.S. history. Anthrax was also sent through the mail to a number of other people and organizations -- the National Enquirer, the New York Post, broadcaster Tom Brokaw and Sen. Pat Leahy of Vermont. These attacks killed five people, injured 17 others, disrupted operations all over Capitol Hill and alarmed an entire nation.

Twenty-eight people, including 20 on my staff, tested positive for anthrax exposure. Though relieved that they were spared the horror of the disease, I am reminded every day that the families and friends of five others were not so lucky. Robert Stevens in Florida, Kathy Nguyen in New York, Ottilie Lundgren in Connecticut, and Thomas Morris Jr. and Joseph Curseen in Washington were all victims of the attack.

Five years later, the alarm I and many others experienced on that dark day has been replaced by a deep discouragement and dismay.

The investigation's trail has gone cold. Physical evidence that might have been gathered in the first days and weeks after the attacks is long gone. Meanwhile, if a recent article in The Post is any guide, questions remain in the scientific community about the composition of the anthrax and the level of technological expertise required to manufacture it -- even though there is no question about its extreme lethality.

While the FBI has made gains in its scientific capabilities and understanding of anthrax, its slowness to move and its lack of direction in the early stages of the investigation led to missed opportunities. In this age when we face a new kind of enemy, we need to be able to adapt our counterterrorism and law enforcement strategies to meet the threat.

We ought to use this fifth anniversary of the attack to rededicate ourselves to solving the crime and ensuring that we are better prepared to confront similar attacks.

First, the FBI and the Justice Department must treat this investigation with urgency. Solving the crime would send an important message to the perpetrator(s), to those who are contemplating similar attacks and to the American people.

Second, the Sept. 11 commission called for the creation of an FBI national security workforce and for a recalibration of the FBI mission -- from sole concentration on its criminal justice mission and toward increased focus on national security. Late last year the commission gave the FBI a C on its progress. A recent examination of the bureau found that new agents get insufficient

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counterterrorism training and that the role of analysts is underappreciated. These reforms, like the investigation of the attack itself, need to be implemented with urgency.

Third, progress on the investigation and needed reforms are hindered by a lack of congressional oversight. Part of that is the FBI's fault: Even the targets of this attack have been denied updates on the investigation since mid-2004, the last time I was briefed on it. But Congress cannot and should not be given a free pass on the issue. There has been dramatically little oversight of FBI reorganization in the two years since the Sept. 11 commission's initial report was released and the year since the commission released its review of progress toward implementing its sensible recommendations.

Finally, there has been precious little reform of our public health infrastructure to ensure that we are prepared for future terrorist attacks and health emergencies. Every American deserves to know that he or she will receive the best care this country has to offer if and when the next disaster strikes.

Regrettably, we learned after Hurricane Katrina that emergency health services are both scarce and fragile in this country. Moreover, our funding for public health infrastructure has lagged, exacerbating the crisis in emergency capacity. And efforts to stockpile necessary drugs have been usurped by inefficient subsidies to drug companies and by bureaucratic indecision.

It's been five years since the anthrax attacks shook our country and took the lives of five Americans. We cannot permit another five to pass before we close this chapter and prepare for the next one.

The writer, a former Democratic senator from South Dakota who served as Senate majority leader, works with the Center for American Progress and for the law firm Alston & Bird.

WAR NEWS:

Bush Keeps Revising War Justification (AP)

By Tom Raum

AP, October 15, 2006

President Bush keeps revising his explanation for why the U.S. is in Iraq, moving from narrow military objectives at first to history-of-civilization stakes now.

Initially, the rationale was specific: to stop Saddam Hussein from using what Bush claimed were the Iraqi leader's weapons of mass destruction or from selling them to al-Qaida or other terrorist groups.

But 3 1/2 years later, with no weapons found, still no end in sight and the war a liability for nearly all Republicans on the ballot Nov. 7, the justification has become far broader and now includes the expansive "struggle between good and evil."

Republicans seized on North Korea's reported nuclear test last week as further evidence that the need for strong U.S. leadership extends beyond Iraq.

Bush's changing rhetoric reflects increasing administration efforts to tie the war, increasingly unpopular at home, with the global fight against terrorism, still the president's strongest suit politically.

"We can't tolerate a new terrorist state in the heart of the Middle East, with large oil reserves that could be used to fund its radical ambitions, or used to inflict economic damage on the West," Bush said in a news conference last week in the Rose Garden.

When no weapons of mass destruction were found in Iraq, Bush shifted his war justification to one of liberating Iraqis from a brutal ruler.

After Saddam's capture in December 2003, the rationale became helping to spread democracy through the Middle East. Then it was confronting terrorists in Iraq "so we do not have to face them here at home," and "making America safer," themes Bush pounds today.

"We're in the ideological struggle of the 21st century," he told a California audience this month. "It's a struggle between good and evil."

Vice President Dick Cheney takes it even further: "The hopes of the civilized world ride with us," Cheney tells audiences.

Except for the weapons of mass destruction argument, there is some validity in each of Bush's shifting rationales, said Michael O'Hanlon, a foreign policy scholar at the Brookings Institution who initially supported the war effort.

"And I don't have any big problems with any of them, analytically. The problem is they can't change the realities on the ground in Iraq, which is that we're in the process of beginning to lose," O'Hanlon said. "It is taking us a long time to realize that, but the war is not headed the way it should be."

Andrew Card, Bush's first chief of staff, said Bush's evolving rhetoric, including his insistence that Iraq is a crucial part of the fight against terrorism, is part of an attempt to put the war in better perspective for Americans.

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The administration recently has been "doing a much better job" in explaining the stakes, Card said in an interview. "We never said it was going to be easy. The president always told us it would be long and tough."

"I'm trying to do everything I can to remind people that the war on terror has the war in Iraq as a subset. It's critical we succeed in Iraq as part of the war on terror," said Card, who left the White House in March.

Bush at first sought to explain increasing insurgent and sectarian violence as a lead-up to Iraqi elections. But elections came and went, and a democratically elected government took over, and the sectarian violence increased.

Bush has insisted U.S. soldiers will stand down as Iraqis stand up. He has likened the war to the 20th century struggles against fascism, Nazism and communism. He has called Iraq the "central front" in a global fight against radical jihadists.

Having jettisoned most of the earlier, upbeat claims of progress, Bush these days emphasizes consequences of setting even a limited withdrawal timetable: abandonment of the Iraqi people, destabilizing the Middle East and emboldening terrorists around the world.

The more ominous and determined his words, the more skeptical the American public appears, polls show, both on the war itself and over whether it is part of the larger fight against terrorism, as the administration insists.

Bush's approval rating, reflected by AP-Ipsos polls, has slid from the mid 60s at the outset of the U.S.-led invasion in March 2003 to the high 30s now. There were light jumps upward after the December 2003 capture of Saddam, Bush's re-election in November 2004 and each of three series of aggressive speeches over the past year. Those gains tended to vanish quickly.

With the war intruding on the fall elections, both parties have stepped up their rhetoric.

Republicans, who are also reeling from the congressional page scandal, are casting Democrats as seeking to "cut and run" and appease terrorists.

Democrats accuse Bush of failed leadership with his "stay the course" strategy. They cite a government intelligence assessment suggesting the Iraq war has helped recruit more terrorists, and a book by journalist Bob Woodward that portrays Bush as intransigent in his defense of the Iraq war and his advisers as bitterly divided.

Democrats say Iraq has become a distraction from the war against terrorism — not a central front. But they are divided among themselves on what strategy to pursue.

Republicans, too, increasingly are growing divided as U.S. casualties rise.

"I struggle with the fact that President Bush said, `As the Iraqis stand up, we will stand down.' But the fact is, this has not happened," said Rep. Christopher Shays, R-Conn., a war supporter turned war skeptic.

The Republican chairman of the Senate Armed Services Committee, Sen. John Warner of Virginia, said after a recent visit to Iraq that Iraq was "drifting sideways." He urged consideration of a "change of course" if the Iraq government fails to restore order over the next two or three months.

More than 2,750 members of the U.S. military have died since the beginning of the war, most of them since Bush's May 2003 "mission accomplished" aircraft carrier speech. Tens of thousands of Iraqis have died.

Recent events have been dispiriting.

The United States now has about 141,000 troops in Iraq, up from about 127,000 in July. Some military experts have suggested at least one additional U.S. division, or around 20,000 troops, is needed in western Iraq alone.

Dan Benjamin, a former Middle East specialist with the National Security Council in the Clinton administration, said the administration is overemphasizing the nature of the threat in an effort to bolster support.

"I think the administration has oversold the case that Iraq could become a jihadist state," said Benjamin, now with the Center for Strategic and International Studies. "If the U.S. were to leave Iraq tomorrow, the result would be a bloodbath in which Sunnis and Shiites fight it out. But the jihadists would not be able to seek power."

Not all of Bush's rhetorical flourishes have had the intended consequences.

When the history of Iraq is finally written, the recent surge in sectarian violence is "going to be a comma," Bush said in several recent appearances.

Critics immediately complained that the remark appeared unsympathetic and dismissive of U.S. and Iraqi casualties, an assertion the White House disputed.

For a while last summer, Bush depicted the war as one against "Islamic fascism," borrowing a phrase from conservative commentators. The strategy backfired, further fanning anti-American sentiment across the Muslim world.

The "fascism" phrase abruptly disappeared from Bush's speeches, reportedly after he was talked out of it by Secretary of State Condoleezza Rice and Karen Hughes, a longtime Bush confidant now with the State Department.

Hughes said she would not disclose private conversations with the president. But, she told the AP, she did not use the "fascism" phrase herself. "I use `violent extremist,'" she said.

26 Killed In Revenge Attacks Outside Baghdad (NYT)

DOJ_NMG_0081667

By Michael Luo And Qais Mizher

The New York Times, October 15, 2006

BAGHDAD, Oct. 14 — A rural Shiite town northwest of here exploded in sectarian reprisals on Saturday as angry residents, many roving the streets in armed packs on the backs of pickup trucks, killed at least 26 people from a nearby Sunni village, provincial authorities said.

The killings in the town of Balad , about 50 miles from Baghdad, were in response to the slaughter of 14 Shiite construction workers whose beheaded bodies were found Friday in an orchard in Dhuluiya, a Sunni town, said Hamad al-Qaisi, governor of Salahuddin Province, which includes both towns.

The workers had gone to Dhuluiya on Thursday to help rebuild houses and were on their way back when they were kidnapped by Sunni militiamen, said another government official from Salahedin who spoke on condition of anonymity.

When their corpses were eventually brought back to Balad, angry mobs gathered in the streets clamoring for revenge, Mr. al-Qaisi said.

Armed residents set up a checkpoint inside Balad's central market area, where many people from Dhuluiya come to shop, he said, as well as one on the road between the two towns.

At least 26 bullet-riddled bodies, all believed to be Sunni residents of Dhuluiya, were found around Balad on Saturday, he said.

Mr. Qaisi went to Balad to meet with tribal sheiks to urge restraint. He said he exacted their promises to do what they could. Meanwhile, he imposed a curfew as of Saturday evening on Balad and Dujail, a neighboring Shiite town, where sectarian tensions are also high, he said.

"The situation is very bad in both Balad and Dujail," he said.

Gunmen in pickup trucks were still roaming Balad on Saturday afternoon, he said, adding that he has asked the American military to help him impose order.

The American military reported that an Iraqi detainee at Camp Bucca died Saturday morning from what appeared to be a heart attack. The detainee was checked into the camp's hospital on Oct. 5, the military said. At 1:40 a.m. Saturday he called for assistance, and doctors tried to help him. Shortly afterward, a cardiac monitor showed no pulse. Efforts to revive him failed, the statement said.

In central Baghdad, a pair of car bombs exploded about 1 p.m., wounding one person, an Interior Ministry official said.

At least 22 bullet-riddled bodies, many of them handcuffed and bearing signs of torture, were found by the police across the capital on Saturday, the official said.

Another car bomb blast just 15 minutes earlier aimed at an American convoy in Dora resulted in no casualties, he said.

In other violence in Iraq, a Shiite family of four was killed at dawn in Mahmudiya by gunmen dressed in military-style uniforms, The Associated Press said. At least seven people were reported killed in a mortar attack near Baquba.

Two more American servicemen were killed on Saturday, one from a roadside bomb in Baghdad and the other from "enemy action" in Anbar Province, the American military said.

Sunni Arabs Targeted In Revenge Killings (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin

The Washington Post, October 15, 2006

Violence Flares After Beheading Of Shiite Workers

BAGHDAD, Oct. 14 -- Seeking revenge for the killing of 17 Shiite farmworkers, Shiite militiamen surged into a town north of Baghdad on Saturday to launch attacks that by nightfall killed at least 27 Sunni Arabs, many of them brought to a hospital bearing the marks of electric drills and other signs of torture, according to medical workers, residents, police and militia leaders.

Sounds of shooting suggested the killing in the city of Balad continued into the night Saturday, as reinforcements from the Shiite-controlled Interior Ministry arrived and residents cowered in their homes. "You hear nothing but gunshots," Hasanein Ali, assistant director of Balad's hospital, said by telephone.

In addition to the dead counted at the hospital, one Balad resident who fled the city said he had seen more bodies burned in the streets.

The fierce outbreak of violence in the mostly Shiite city, surrounded by Sunni towns, was sparked in the mostly Sunni town of Duluiyah. The two communities are separated only by the Tigris River about 50 miles north of Baghdad.

On Friday, 17 Shiite laborers who had been hired to prune date palm trees in Duluiyah were kidnapped, police said. The workers' headless bodies were found outside the town later that day.

Shiite leaders in Balad said they responded to the farmworkers' killings by asking a Baghdad office of Moqtada al-Sadr, an influential Shiite cleric, to send militiamen and weapons.

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"It is necessary to take a strong stand, so that such killings will not be repeated, and so we can take our revenge," said Taysser Musawi, a Shiite cleric in Balad.

Scores of militia fighters went to Balad in answer to the call, and residents said they targeted the city's Sunni minority.

"The armed men, using loudspeakers, ordered Sunnis to leave the city of Balad within 24 hours or they will face death," said Ali, the hospital official. "The city now is in the hands of the armed men and the militias."

Ali added that some police officers appeared to be fighting alongside the militiamen.

Ali said 27 dead Sunnis had been brought to the hospital, and said he believed more bodies had yet to be collected because of darkness and the fighting. A local Sunni resident, Muhannad Khalaf, interviewed outside Balad, said he had seen three burned bodies on the road as he fled north to safety in the Sunni city of Tikrit.

The attacks allegedly sparked fighting between townspeople of Duluiyah and Balad. In Balad, police Capt. Abdul Aziz Khazrajy said the Interior Ministry in Baghdad sent security forces to the scene.

Khalaf asserted that the Interior Ministry commandos had set up checkpoints and were screening travelers, seeking out Sunnis. Both Shiite and Sunni fighters in Iraq's growing sectarian violence often are accused of using traffic checks to find and kill members of the opposite sect.

A police major in Duluiyah, Hussein Alwan, said by telephone that residents "are in a state of alert and top readiness. They are carrying arms, while mosques are calling on the people through loudspeakers to take up arms in defense of the town. They expect an imminent attack" by Interior Ministry commandos.

Tensions in the area have been high for weeks, "but yesterday's killing of the 17 farmworkers was the spark that will set off total war" there, Alwan said.

The fighting in the Tigris River towns served as a microcosm of the Shiite-Sunni killing that has increased dramatically this year and is claiming scores of lives in the capital and around Iraq every day, according to monthly counts from Iraqi authorities.

Baghdad police said they had found 23 bodies between midnight Friday and noon Saturday. All of the victims were shot and most of them bore signs of torture.

Three separate attacks involving bombs or mortars killed three civilians and a policeman in Baghdad, police said.

In the northern oil city of Kirkuk, gunmen attacked an Iraqi army checkpoint, triggering a clash that killed two gunmen, Lt. Col. Sadrudeen Aziz said.

The U.S. military reported that a bomb killed an American soldier southwest of Baghdad on Friday and, on Saturday, a U.S. airman was killed in action in Baghdad and a Marine died "due to enemy action" in the western province of Anbar. October is on track to be one of the deadliest months of the war for U.S. forces, with more than 40 killed so far.

Aldin reported from outside Balad. Other Washington Post staff in Iraq contributed to this report.

26 Sunnis Killed In Sectarian Violence (AP)

By Christopher Bodeen

AP, October 15, 2006

Suspected Shiite militiamen killed 26 Sunni Arabs in a city north of Baghdad that has been seized by a rash of sectarian bloodletting, an Interior Ministry official said Sunday.

The U.S. military, meanwhile, reported the deaths of a Marine and four soldiers.

The killings in Balad on Saturday were in apparent retaliation for the slayings of 17 Shiites whose decapitated bodies were found in an orchard on the town's outskirts Friday. An outbreak of sectarian violence has killed 43 people so far in Balad, 50 miles north of Baghdad.

Extra police flooded into the city and a curfew was imposed, Interior Ministry spokesman Brig. Abdul-Karim Khalaf said. Additional security measures were taken in other villages in the predominantly Sunni area, a hotbed of the insurgency battling U.S. and Iraqi forces.

The Marine was killed in combat Saturday in Anbar province, the Sunni heartland west of Baghdad, the military said.

Three soldiers died in a roadside bombing Saturday south of Baghdad, and another was killed in a roadside bombing Friday night southwest of the capital.

In eastern Baghdad Sunday, Interior Ministry Undersecretary Hala Shakir Salim survived a roadside bomb attack that killed three bystanders and two bodyguards, police Capt. Mohammed Abdul-Ghani said.

A married couple and two of their sons were killed Sunday morning when gunmen burst into their home in Mosul, Iraq's third-largest city 225 miles northwest of Baghdad. Two of their daughters-in-law were critically wounded. Police Col. Eid al-Jibouri said the identities of the attackers and their motive were unknown.

South of Baghdad, three women and four men were killed in drive-by shootings in the predominantly Shiite village of Wahda on Saturday afternoon, said provincial police spokesman Lt. Hadi Hassan.

DOJ_NMG_0081669

Iraqi Police Force Facing Shake-up (AP)

By David Rising

AP, October 15, 2006

Iraq's Shiite-dominated Interior Ministry, whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders, a spokesman said Saturday.

Thousands have died this year in the cycle of killings between Shiite and Sunni death squads. At least 22 were killed Saturday, mainly in sectarian attacks.

Authorities also said they discovered the headless bodies of 17 Shiite construction workers in an orchard outside Baghdad, kidnapped and decapitated in apparent retaliation for an attack on Sunni Arabs last week.

The decapitated corpses were found Friday outside the city of Duluiyah, 45 miles north of Baghdad, along with four other unknown victims, also beheaded.

The killings of the workers came after the kidnapping Wednesday of three Sunni Arabs in Duluiyah by a Shiite militia based in Balad, police said. The three were killed and their bodies burned. After the discovery of the bodies late Friday and early Saturday, Sunni families living near Balad were starting to flee their homes, fearing Shiite retaliation.

Amid the growing tensions between Sunni Arabs and Shiites, Saudi Arabia's King Abdullah met Saturday with prominent Iraqi clerics from both sects in the Islamic holy city of Mecca and urged them to seek an end to the violence to allow the two sides to reconcile.

"My brothers, we need now patience, calmness and quiet to get to know each other," the king told them.

Spokesman Abdul-Karim Khalaf said the Interior Ministry shake-up would ensure stronger action to stop the violence.

"We are working on reshuffling the ministry's vital posts like (the leaders of the) police commandos and public order forces, as well as some undersecretaries," he told The Associated Press, without elaborating.

He said most of the 3,000 employees who had been removed since May were suspected of corruption or human rights violations, but did not specify whether they were involved in militia activities. Up to 600 of them will face prosecution, he said.

The Shiite-led national police force, controlled by the Interior Ministry, is widely accused of being infiltrated by Shiite militias blamed in slayings of Sunni Arabs. Critics say Prime Minister Nouri al-Maliki has been reluctant to move against the militias since many are linked to parties in his coalition.

The U.S. embarked on an intensive neighborhood-by-neighborhood sweep of the capital in August in a crackdown on the killings.

But Sadr City, the sprawling Shiite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone, and U.S. commanders say they are waiting on the command from al-Maliki's government.

When al-Maliki's government was formed in May, Interior Minister Jawad Bolani was given the post as top security official in large part because he had no militia links. But his lack of militia connections also has given him less leverage to make change.

Earlier this month, an entire brigade of some 700 policemen was suspended from service and taken to barracks because of suspected militia sympathies. The commander of one of the brigade's battalions faces criminal prosecution and others are being investigated.

The troops were suspected of allowing Shiite militias to operate freely in their area, where there had been a mass kidnapping of some two dozen people from a frozen food factory, at least seven of whom have since been found dead.

Problems with the brigade emerged during a broad brigade-by-brigade assessment of police in Baghdad carried out by the U.S. military over the summer. At the time it was taken off line, the top U.S. military spokesman in Iraq, Maj. Gen. William B. Caldwell, suggested many of the policemen were involved in allowing death squads to operate and would not be brought back.

Still, Khalaf played down the role of the ministry's police forces in militia violence, blaming instead the Facilities Protection Service, rather than the police. The FPS, created to guard government buildings and infrastructure, has some 150,000 members but an unclear command structure.

He said the FPS is not working under the supervision of either the Interior or Defense ministries. U.S. commanders also have said FPS members may be carrying out a large portion of the killings.

The Interior Ministry also has said that many attacks are carried out by people impersonating either Iraqi soldiers or police, and this month introduced new uniforms for certain units and new markings for police vehicles.

Also Saturday, a U.S. airman operating with an Iraqi police unit was killed in combat in Baghdad, the military said, bringing to 46 the number of U.S. servicemembers who have died in Iraq this month.

Seven people were killed in an early morning mortar attack on a small Sunni village near Baqouba, 35 miles northeast of Baghdad. Residents blamed Shiite militias for the attack, in which four mortar rounds were fired into the village.

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In the evening, gunmen in a vehicle opened fire in the Shiite village of Wahda, killing three women and four men. Police pursued them and caught one of the attackers, a Sunni gunman, police said.

A Shiite family of four was killed around dawn in Mahmoudiya, about 20 miles south of Baghdad, army Capt. Oday Abdul-Ridha said. Abdul-Ridha said assailants dressed in military-style uniforms had stormed into the family's house.

In Baghdad, an employee of government-run TV was killed in a drive-by shooting Friday night, police said.

Raed Qais al-Shammari, a technician with the al-Iraqiya station, was standing near his home talking with a friend when he was shot by a gunman from a car in the violence-wracked Dora neighborhood, police said.

The attack follows Thursday's killings of 11 people at Baghdad's private Shaabiya television station. Shiite militiamen are suspected to have carried out that attack, possibly due to perceptions the newly formed station was backing their Sunni Arab rivals.

3,000 Ministry Staffers Fired Over Corruption (WT/AP)

By David Rising

The Washington Times/AP, October 15, 2006

BAGHDAD -- Iraq's Shi'ite-dominated Interior Ministry, whose police forces have been accused of complicity in sectarian attacks, has fired 3,000 employees accused of corruption or rights abuses and will change top commanders, a spokesman said yesterday.

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The U.S. embarked on an intensive neighborhood-by-neighborhood sweep of the capital in August in a crackdown on the killings, but Sadr City, the sprawling Shi'ite slum of about 2 million where radical cleric Muqtada al-Sadr's Mahdi Army militia draws much of its support, has been left alone. U.S. commanders said they are waiting on the command from Mr. al-Maliki's government.

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Earlier this month, an entire brigade of about 700 policemen was suspended from service and taken to barracks because of suspected militia sympathies. The commander of one of the brigade's battalions faces criminal prosecution, and others are being investigated.

Al-Qaida In Iraq: 'Insurgent Tape' Fake (AP)

AP, October 15, 2006

Al-Qaida in Iraq said Saturday that a recent video tape made by a man claiming to be an insurgent who called for the replacement of the head of the terrorist group was fabricated.

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The Mujahedeen Shura Council — an umbrella organization of insurgent groups, including al-Qaida in Iraq — said in a statement posted on its Web site that the video was "a lie and a media trick."

The statement could not be independently confirmed.

On Friday, a man who said he was an Iraqi Islamic insurgent released a video tape urging Osama bin Laden to replace al-Qaida in Iraq's leader with an Iraqi national. The man, who claimed to be Abu Osama al-Iraqi, said in the 17-minute video tape posted on a Web site commonly used by insurgents that there were "deviations" by al-Qaida in Iraq under its new leader Abu Ayyub al-Masri.

Al-Masri — whose pseudonym means "the Egyptian" — took over the leadership after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June. Other Sunni insurgents had criticized al-Zarqawi, a Jordanian, for turning Sunni Iraqis against the movement by killing civilians.

The Shura Council said the false video tape "shows the great dilemma that the Crusader's coalition is passing through in Iraq especially after the calls for withdrawal that were released by the British army."

The group was referring to Britain's top soldier, Gen. Richard Dannatt, who said Thursday that British troops should withdraw from Iraq. On Friday, he backpedaled from the comments, saying he meant troops should leave within years.

Attacks On Journalists Continue In Baghdad (LAT)

By Doug Smith And Saif Rasheed

The Los Angeles Times, October 15, 2006

A radio announcer was shot dead on his way to work, and a TV reporter was abducted. Some fear a militia campaign against the media.

BAGHDAD — Gunmen killed a radio journalist and kidnapped a television reporter, Iraqi police said Saturday, continuing a spate of attacks that has killed 14 media employees in recent weeks.

Hussam Ahmed, a correspondent for the independent TV station Nahrain, was forced from his car at gunpoint Saturday, police said. The gunmen took him away in another car. There has been no communication from the kidnappers.

Police also reported that another journalist, announcer Raid Qais of Voice of Iraq radio, was shot while driving to work in the Dora neighborhood of south Baghdad on Friday. Qais died instantly, police said.

Three other journalists recently have been kidnapped or killed in roadside attacks, and 11 employees of a television station were killed by gunmen Thursday. A convoy of armed men, some wearing police uniforms, invaded the Al Shaabiya satellite television station and opened fire at executives, technicians and guards. General manager Abdul Raheem Nasrallah was among those killed.

The attacks are raising concern that the groups responsible for Iraq's sectarian bloodletting are turning their attention to the news media.

"They're trying to hide the reality of the crimes they are committing in Iraq by killing the individuals who are transmitting that reality to the whole world," said Ziad Ajili, head of the Journalistic Freedoms Observatory, an Iraqi free-speech watchdog group.

The other journalists killed recently included reporter Azad Mohammed of the Dar al Salam radio station, whose body lay in the morgue Wednesday. Mohammed, 29, was kidnapped Oct. 3 as he left his house in the Shaab neighborhood of northeast Baghdad.

On Thursday, radio announcer Mohammed Abdul Rahman, 55, of Dijla Radio was found dead. He was kidnapped in mid-September in the western Baghdad neighborhood of Mansour, where he had moved after receiving threats.

Ali Kareem, editor of a weekly newspaper, was grabbed from his car Monday on the way to work in east Baghdad, the Voice of Iraq reported. Iraq's journalism syndicate received a $50,000 ransom demand for Kareem's release.

Although most of Iraq's media outlets have some political or tribal affiliation, most of the recent victims worked for organizations that are considered relatively independent.

Ajili said some attacks on journalists might involve political or tribal motives, but "the first thing is because they are journalists."

"I think there is a campaign against journalism," said Saif Qaissi, a reporter for a foreign news agency who was a friend of Qais, the slain announcer. "It has been escalating for four months."

Reporters covering public affairs in Iraq face a high-stakes dilemma, Qaissi said. If they praise the government, anti-government groups are likely to accuse them of being tied to a group in power. If they criticize, they can be accused of trying to destabilize the country.

"They don't realize that the journalist has to write both the failures and the successes," he said.

The Committee to Protect Journalists, based in New York, reported Friday that 85 journalists and 35 media support workers had been killed in Iraq since March 2003, making the war there the deadliest conflict for the media in the last 25 years.

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On Saturday, authorities reported finding 18 bodies in Baghdad and seven more in Duluiya, north of the capital, where 14 other bodies had been found Friday. Some of the victims showed signs of torture.

A bomb killed one person and injured two in east Baghdad.

An attack on an Iraqi army convoy outside the northern city of Kirkuk left one soldier dead and two wounded.

The Associated Press reported that gunmen killed six adults and two young girls in an attack Friday on a Shiite family picking vegetables in fields south of the capital. Interior Ministry officials could not immediately confirm the report.

U.S. officials reported the combat deaths of two American military personnel. A Marine died Saturday of injuries sustained in an enemy attack in Al Anbar province. A soldier died Friday of wounds received when his vehicle hit a roadside bomb in southwest Baghdad.

The Army also reported that a base in southwest Baghdad that was rocked by a spectacular series of explosions set off by a mortar round that hit an ammunition dump Wednesday had been restored to normal operations in 24 hours.

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Times special correspondents in Baghdad and Kirkuk contributed to this report.

Helping One Girl Face The Future With Hope (LAT)

By Kurt Streeter

The Los Angeles Times, October 15, 2006

Disfigured by war, a young Iraqi finds medical aid and caring strangers in L.A.

IT WAS shrapnel that brought her to Los Angeles. Hot and sharp, it pierced her legs, her stomach and her right hand. It mangled her face around her deep brown eyes, and it tore off her nose.

"I'm hurt," Marwa cried. "Mommy, I'm hurt in my face. I'm hurt, Mommy. My face."

A missile? Mortar? Whose? It was impossible to know. The Americans were invading Baghdad, and Marwa Naim blamed them. She would never forget the explosion. It had blown up her house, thrown her into the air and flung her on top of her mother. Marwa saw a hole the shrapnel carved into her mother's stomach.

Her mother lay still. Marwa saw blood. "Mommy, Mommy, get up…. "

Then Marwa's vision began to fade. She would recall thinking that she herself was dying. Or that maybe she was already dead. Before she lost consciousness, she heard her aunt screaming for her father.

"Mohammed!" her aunt cried. "Your wife is dead! Your wife is dead!"

Marwa was 9 years old.

She had been pretty, her skin soft and toffee-colored, her eyes, mouth and nose set together in perfect proportion, just like her mother's. It gave her the confidence to make herself known, even in a rough suburb like hers on the southern outskirts of Baghdad, a poor and religiously conservative neighborhood where girls settled into defined roles and rarely ventured out alone.

But now her face! Iraqi doctors removed the shrapnel from her stomach and hand and repaired the scars on her lip and around her eyes. But they could not replace her right thumb. And her nose? There was next to nothing. No nostrils, no tip. Just two holes and a small gutter covered by a zigzagging scar.

She saw her face in a mirror and cried. She was too embarrassed to go out. Everyone stared and gossiped. She stopped going to school. Other children called her "Mrs. No Nose." She hated those taunts, hated them more than anything. "Mrs. No Nose. Mrs. No Nose." She couldn't take it.

Her father got a small aid grant and opened a tiny store, where he sold chips and Pepsis to his battle-weary neighbors. That was how aid groups found out about Marwa. They offered to arrange for her to fly to Los Angeles. The Palestine Children's Relief Fund offered to buy her a ticket and find somewhere for her to stay.

The UCLA Medical Center and its chief of plastic surgery, Dr. Tim Miller, offered to restore her face — for free.

But if Americans had hurt her, could they be trusted to heal her?

She would have to go to the United States for months alone. How would she manage? She knew no English, and her perceptions came from bootlegged Jackie Chan movies and whispers on the street: America was an ugly, scary place, especially for Muslims.

When she returned, would she come back just to be killed in another explosion?

Go, her father said. If she didn't look normal, she would never finish school, and she might never marry. He blamed the Americans too. He would recall seeing their aircraft firing missiles just before the concussion. But her face meant so much.

"You're going to look better," he said. "Your nose will get better. Its beautiful shape will be back."

Fearful arrival

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MARWA Naim arrived at Los Angeles International Airport one foggy evening in January. By then, she was 11 but still too young to be alone. She carried all of her belongings in a small bag. She wore a pair of thin brown sandals, cream-colored pants and an old light-blue hijab, the head covering common among Muslim women. It was frayed and had small holes at its edges.

"You must be Marwa," a man said in Arabic. He hugged her and gave her a clutch of red and pink flowers. "Assalamu alaikum, habibi," he said. "May peace be upon you, little girl." He was holding a small photograph of her, taken before her injury. "My name is Mr. Saad. Welcome." He introduced her to his wife, Yabitha, who stood quietly by his side. "We'll be sticking together for a while."

Marwa was afraid. They drove to Saad Alazzawi's home in an old Mercedes. Through the fog, she peered out at a freeway and its maze of speeding cars; at billboards with women in bikinis and men with bare chests; at glowing, red and blue neon signs and thousands of white lights from homes and businesses stretched as far as she could see.

She would remember thinking of home. She wanted to cry.

Saad had emigrated from Iraq in the 1970s. Wiry, with bushy salt-and-pepper brows and piercing eyes, he had spent years running a small Muslim school in South Los Angeles. Then things changed. Now, in the same building, he rented a banquet hall for weddings and quinceañera parties. Still, he was an eager helping hand in the Muslim community.

Though they shared a homeland, Saad and Marwa were different. He was Sunni and she was Shiite. He was strict and she was headstrong. Saad had a program for her: He would teach her to read and write better Arabic, educate her generally and train her in the ways of the Koran. He would try to keep her happy, in spite of all the medical tribulations she faced.

Grueling process begins

THEY began four days later. At UCLA, Dr. Miller smiled at her. She let herself smile back at him — briefly. Then she looked down at the beige carpet.

"Marwa, hi," he said. "How are you doing today?"

She was in an examination room. Miller would let me accompany him as he tried to undo the damage the shrapnel had done. It was devastating to see a child so badly disfigured, but I loved her spine-straight courage. So did Miller. A lean, energetic man in his mid-60s, he had been in South Vietnam. He had been shot at, heard missiles explode, seen children die.

"This is personal," he said. "I have to help."

He brought his face close to Marwa's and studied the jagged contours. Where her nose had been, it seemed as if a small volcano had blown its top. Only the base remained, a clump of flesh. She could breathe normally, but she had holes for nostrils. And there was the zigzag scar.

Still, he thought, she was strikingly pretty. Her eyes were big and expressive, and she had a slight overbite that pushed her lips into a curl when she grinned, making her seem sheepish and vulnerable.

Miller had helped to restore thousands of faces. He knew about the psychology of self-image — how hard it must be for a striking girl to suffer such a deformity.

"She's not in great shape for this," he told me on the phone late one night. "This is going to be extremely difficult. What happens in the first procedure, that's going to set the course for the next operation and how this all will go."

He figured it could take five, maybe six surgeries — half a year, at least. He was concerned that everyone around Marwa might think this would be easy, as if it were some sort of a slam dunk. He said he had called two other surgeons to help him figure out which technique to use.

How do you build a nose from nothing? He compared it to what paratroopers had done in South Vietnam. "Working on her, it's going to be like jumping out of an airplane," he said, "and just hoping the chute opens."

Marwa's first leap came Feb. 10, after a sleepless night.

She had sat on her bed until dawn in a sparse room at Saad's duplex, looking at photos of her family, everyone except her mother. She had no pictures of her mother.

She would remember hearing wind rattle against the windows — and trembling.

At 6:30 a.m., she was at UCLA, surrounded by doctors and nurses. She eyed them warily, clutching a soft, brown teddy bear.

Miller walked in.

"Oh, my God," she said in English. She had heard people say that when they were frightened.

"I have something for you," Miller said. It was a flower: a tall, thin orchid with tender white petals. He asked an interpreter to translate.

"This is going to go well," he said. "There's nothing to worry about."

"Thank you," she said, again in English. And she smiled.

By 8 a.m. they were in surgery. She was anesthetized. Miller applied orange gel to her face. Then he marked off portions of skin with black ink.

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At 8:05, he laid a scalpel into the flesh in the middle of her forehead. Delicately, he cut a U-shaped flap of skin. He left the bottom end of the flap attached between her thick eyebrows. He lifted the top end and examined both sides. It was brown on the outside, bloody and fatty on the inside.

A nurse suctioned the blood.

"Double hook, please," Miller said, calmly. "Moist cloths, please."

Gently, he draped the flap of skin against her cheek. He closed the opening it had left on her forehead.

Then he made a second incision, this time around the ugly black scar in the pit where her nose used to be. He cut out the scar and peeled back the skin on both sides. From my vantage point at Marwa's feet, even I could see that there simply was not enough cartilage left to use as the foundation for a new nose.

Miller directed his fellow doctors to her right ear. Deftly, they cut inside. They took out small, white chunks of cartilage. With this cartilage, Miller and another doctor began to build a new nose. For a moment, they looked like artists. Delicately, they molded the chunks and then sewed the structure together.

Miller stepped back. The cartilage looked like a miniature flagpole, a few centimeters tall. Then he took the flap of skin, its bottom still attached between her eyebrows, and twisted it to turn the brown side out and the bloody side in. Finally, he stretched it down, over the top of the cartilage flagpole.

It was a nose.

But not a very beautiful nose. It looked like a swollen, twisted, bloodied clump.

To keep everything in place, Miller inserted a thin, 3-inch metal rod through the clump. It stuck out on both sides. In Marwa's nostrils, he placed small yellow tubes to keep the passages open. The tubes jutted out from her face.

"This is a hard one," he said, stepping back again. He wasn't sure that her nose would ever look normal. And he worried about the forehead hair growing from it. He knew, though, that he would revisit this nose.

"Time will tell," Miller said. "Time will tell."

Now Marwa lay in recovery. Her eyes opened slightly. Saad stood above her. He held her right hand, stroked her forearm and prayed in Arabic. "In the name of the merciful and compassionate God, say, 'He is God alone, God the eternal…. ' I seek refuge in the Lord of daybreak, in the Lord of men, the king of men, the God of men…. "

She moaned. I wondered how she felt. In Arabic, Saad asked her what was wrong. "She says, 'The pain, it is bad. Very bad.' "

Marwa looked at Saad and muttered softly in Arabic. "What did they do to me? Why did they do this?"

Saad looked up to heaven, then at me. She was more than just a kid he was trying to help. She was a symbol. "We have hurt this little girl," he said. "She didn't deserve this. The children of Iraq, my people, they don't deserve the pain they are taking. Now I have this little one to take care of …. She represents the tragedy of Iraq."

He tightened his lips and shook his head.

Marwa clutched his hand.

He looked at me again. "What would you do?" he asked. He was thinking of her future.

"Should I intervene, maybe even try to keep her here, so she wouldn't have to return? What should I do, as her guardian? Heal her and then let her go back to that war zone?"

There were no good answers. How moral would it be to heal a child and then send her directly back into the teeth of war? How moral would it be to keep her here, to separate her from her family?

Marwa tried to stifle her moans. Her eyebrows tensed.

She whimpered and opened her mouth slightly. A single tear formed at her right eye.

Slowly, it rolled down her cheek.

A land so new

MARWA turned 12. America was odd and amazing. Everywhere she went her eyes grew wide, sometimes with fear and disdain, sometimes with wonder. When she was not at UCLA, she flew kites, walked on the beach and ate Fosters Freeze treats. At an Islamic Chinese restaurant in Alhambra, Saad introduced her to egg rolls. She didn't like them.

From inside Saad's old Mercedes-Benz, she gaped at everything. "So many cars, so many cars," she would say in Arabic. Saad translated. "It's all so big, so rich, so clean." She said she wanted a sports car, a convertible.

She stared at tight, low-cut jeans, skin-hugging tops and shirts with sleeves above the elbows. She said she wanted some of those clothes too.

But somehow she understood the price, and not just in dollars. Things seemed lock-step in America, she said, even regimented. Saad translated her words. "It is true, they have more freedom here. But in other ways, the people here, all they do is work…. There is no fun, only work. People are like machines here. Is this freedom?"

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Still, she envied how easily American children could make their feelings known and how girls could act like boys: be tough, independent, aggressive.

She ran through Saad's banquet hall, kicking a soccer ball. He taught her how to ride his son's rickety black 10-speed bike, and she fell in love with it. She pedaled furiously around his neighborhood, her hijab flapping, the yellow tubes in her nostrils straining with each breath, blood trickling out.

"Please, little girl, slow down!" Saad shouted. What if she fell and did more damage to her face? He took the bike away.

It was futile. The next day, she sneaked it out — and flew off again.

She grew tired of his program: the English, the Koran, the home schooling. She wanted to sleep in, skateboard, ride the bike.

Saad finally sent her to spend a weekend with Theresa Moussa, an Egyptian who had come to America as a girl. She worked for UCLA, helping the medical center with its Arabic-speaking patients. She had been interpreting for Marwa.

A divorcee with a son in college, Theresa was traditional enough to revere her parents and try to please them, but she was also strong and independent. She had flowing, black hair and long legs, and she didn't try to hide them. She wore makeup and high heels, form-fitting skirts and blouses that showed her arms.

At Theresa's house, Marwa walked with a bounce. They laughed and shared secrets. Marwa could watch all the TV she wanted and help herself to anything in the refrigerator. She and Theresa went to a beauty shop together and had their nails done in pink.

Marwa asked Theresa if she believed in God.

Yes, Theresa said.

Marwa noticed her crucifixes and her painting of the Virgin Mary. She must be from a different strain of Islam, Marwa thought. "So, you are Sunni, right?" she asked.

"No, I am Christian," Theresa said. "Coptic Christian."

One night, the two of them sat on Theresa's black leather coach and watched a movie. Marwa draped her arms around Theresa and buried her head in Theresa's chest. They both fell asleep.

Near midnight, Theresa woke. She gently awakened Marwa.

Groggily, Marwa looked into Theresa's eyes. "Mommy…. "

On March 6, Miller operated again.

The flap of skin, twisting down between her eyes, seemed like a snout. In a restaurant one day, a boy had looked at her and fled back to his friends. "Elephant girl!"

Now Miller raised the flap. Underneath was the transplanted cartilage. With needles, scissors, forceps and thread, he chipped at the cartilage and molded it. Like a sculptor, he thinned it here, then thinned it there.

Slowly, he created a tip.

On April 10, he operated a third time. Using scissors and scalpels, he refashioned the flap of skin around the top of what was starting to look like a real nose.

There came a moment of truth.

He lifted the flap and snipped it from its moorings.

In a miraculous way, the flap would find new roots and new ways for blood to flow and keep it alive.

And there it was: Her face was beginning to look as it once had.

After each operation, Marwa moaned. "No, no," she cried. "Get away, get away."

"But little girl, you need water," Saad said.

"They did more than what you told me!" she cried out after one surgery. "There is a lot of pain! I want my father! I need to be with my father! Ohhhh! Why? Why? Why? Why is this happening to me, Allah? Where is my mother? Why did she have to die? Why?

Saad could do nothing. He stroked her arm. "It's OK, baby. It'll be all right, little girl."

"Mr. Saad, why is Allah punishing me? Why did Allah take my mother? I want to be with her. I don't want to live anymore. I wish I had died. I wish the Americans had just killed me."

The anesthetic worked like a truth serum, Saad thought, letting her spill out her true feelings. He stiffened when he heard them.

Marwa wanted to see her face.

A hand mirror lay on a table. Saad hesitated. Then he gave it to her.

Marwa stared. Despite improvements, her nose was still a puffy, reddened clump, oozing blood. Two yellow tubes still protruded from its nostrils.

"This is a nose?" she cried out. "Why didn't God let me die?"

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Concerns and clashes

BETWEEN surgeries, Saad spoke to Marwa's father and learned that he was patrolling the roof of his flat every night in fear that someone would hurt his family.

How could Saad, in good conscience, send Marwa home?

On the other hand, so long as she was in America, how could he shield her from temptations? Especially the temptation of the bicycle?

"Baby, baby, please, no," he pleaded with her. "Please, off the bike before you fall and hurt yourself."

She rode it anyway, in circles, just out of reach. She mimicked him, speaking in English. "Baby, baby, please. Baby, baby…. " Then she would switch to Arabic. "I know what you can do and what you cannot do. You are not my father. And I am a child. Here I have rights."

One day, without warning, the front wheel of the bicycle twisted on a patch of oil. The bike slid out from under her, and she plunged to the ground. With her thumbless hand, she broke her fall, but the yellow tubes jarred loose and spilled to the pavement.

Saad ran to her.

She dusted herself off, picked up the tubes and looked at her hand. Blood trickled from a gash. The tubes would have to be cleaned and reinserted. Her face trembled, as if she wanted to cry, but she held it in. She couldn't afford to show her tears, not now.

"That's it," Saad said. "I take the air out of the tires. No more biking."

Marwa brushed past him and walked away muttering. Saad translated. She was saying: "I don't want to stay here anymore."

Saad was growing weary and frustrated. He needed a break. He began letting her spend more weekends with other families in the network of Iraqi Americans around Los Angeles.

Sometimes she stayed with the family of Karim and Lily Karam in Palos Verdes Estates. The Karams took her to ride horses and let her try on lipstick. She watched an old Egyptian movie about a belly dancer named ZuZu, who fell into the arms of a blond leading man. "Hi, handsome," Marwa said, in English. "So handsome."

She borrowed the movie and took it back to Saad's, but he wouldn't let her watch it.

"Movies like this, they are totally undermining me," Saad said, burying his head in his hands. "And undermining society. It's taking liberalism into the extreme. As far as the clothes, anything goes. Freedom, freedom. We are free to do whatever we want. I can't have her watching this trash. Not in my house."

One Saturday, Theresa and her fiance took Marwa to Universal Studios. I went along. At Waterworld, a lavish production based on the movie, men in green uniforms strutted in front of us with rifles and grenades. They fired at each other. Water splashed. Explosions thundered. The men screamed.

Marwa held desperately to Theresa's arm. "Theresa, Theresa, is it real? What is happening?"

It was fake, Theresa said.

Marwa didn't believe it. She ducked and tucked her head against Theresa's shoulder. She opened her mouth and closed her eyes.

Pop-pop-pop…. Boom!

Men fell into the water.

One blast shook the ground. It must have sounded like the explosion in Iraq that changed her life. Could she take it?

Finally, she looked up. She saw that Theresa was smiling and laughing. Everyone was applauding.

By the end of the show, Marwa was applauding too.

The day was darkened by thoughts of my father. He had fallen gravely ill with heart disease, and I was worried. Marwa could tell. "He could die," I told her — really die, not like the men in Waterworld.

She said she would pray for him.

On another Saturday, she practiced putting makeup on Theresa, who woke to find her eyes caked with black liner and thick blue shadow, her lips painted bright red, her cheeks plastered with rouge. When Theresa drove her home to Saad's house, Marwa said: "I don't know why I love you, but I do."

Marwa looked at her nose in the rearview mirror. It did, indeed, seem like a nose. "I like the way I look now," she said. "You are so good to me, so nice. Do you love me too?"

"Yes, of course I do," Theresa would remember saying. "You are special to me. You are like the daughter I never had."

"I like that," Marwa said. She clutched Theresa's arm. "That makes me happy."

On May 10, Marwa had her fourth operation. By now, doctors were making progress with the hair that had been growing in little clumps on her nose. They used a laser to kill the follicles. Still, there was more to be done.

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Before her anesthetic, Miller walked into her room, smiling. Her nose had a few lumps. A thin scar stretched from her eyebrow to her hairline. But he thought he could diminish those things. And he had a surprise.

"This," he said, "is probably going to be our last time."

"OK," she shot back in English. "Be careful."

He laughed. She knew so much English now. Gone was the shy, scared girl he had met back in February. Earlier in the week, she had come to his office. She wore a new ensemble: a fashionable pair of white jeans, a pink top and a pink hijab.

She clasped his hand and held it tight for a full minute.

He teased her.

She giggled, then looked him in the eye and winked.

During the surgery, Miller opened her nose with a scalpel. He trimmed and shaped the cartilage at its tip, then cut bits of bone that had formed a little hump at the ridge and flattened it slightly.

He narrowed the scar on her forehead. It took two hours. Then Miller lifted the skin around her nose and examined it. He announced that he was going to sew the skin together. When he finished, he stepped back to see how she looked.

He turned to me and clenched his fist. "You know what?" he said. "We're done. It's just going to be a few more stitches, and then we're done. This is all I can do for her."

When Marwa healed, she would have a fine nose.

He would check her in a year, if he could, and make any necessary adjustments. Otherwise, her surgeries were over.

Time for farewells

AFTER the operation, Marwa spoke to Saad so rudely that he sent her to her room — more than once. She hugged her teddy bear, clutched a photograph of her father and wept.

Finally, Saad asked Salam and Sahar Ali, an Iraqi American couple in Mission Viejo, to keep her while she healed and until she could go home.

"I should not have brought her to stay with me," Saad told me one afternoon. "I would not do this again. She has brought it all to my face: the war, the suffering. I was trying to deal with the guilt I have for not being in Iraq, for not helping enough. But with her behavior and her pain, I have seen in front of me the tragedy of Iraq."

Tears pooled in his eyes.

The Alis took Marwa to a mosque, where she heard an imam speak about honoring mothers. She knelt and cried. "In heaven," she asked, "will I see my mother?"

Worried about her sadness, the Alis let her watch satellite TV. They took her to Disneyland, to Chuck E. Cheese's, to Starbucks and to an outdoor mall in Irvine, where she rode a carousel for the first time and spent an hour at a computer store.

She went to Al Ridah, an Islamic school, where Marwa helped students with their Arabic.

Now it was only a matter of weeks. On the phone, I spoke with her father in Iraq. Gunfire and explosions were a constant part of life. He had seen a man being kidnapped. An American tank patrolling his street had rolled over his car and destroyed it.

"I am very scared of what it is going to be like when she comes back," he said. He knew that Marwa had grown accustomed to America and liked it. He wondered if she could handle the hardship in Iraq, even if she had a nose. "I am afraid."

But he needed her. She had to help take care of the house and her older brother and two younger sisters — even if it meant that she could not go back to school. He needed her to wake the other children, make them breakfast, clean the house….

Marwa went to a department store one evening with Sahar. She jumped on the back of a shopping cart and pushed off, racing down the aisles. Sahar chased her. "Don't do that! Marwa, please."

"But Auntie," Marwa shouted. "Here I am free! Free, Auntie, free!"

Finally, the day came.

Marwa's nose was healing. It looked much like a normal nose, slightly upturned and gracefully proportioned. It had a small lump at the bridge, and its skin was a touch darker than her cheeks. A thin scar traced a straight line from between her eyebrows up to her scalp.

She had spent the night at the Karams' in Palos Verdes Estates so she could be nearer LAX. Now it was morning, and she was watching a video of Cinderella, who was defying all expectations and transforming into a princess.

"Time is up, Cinderella," Lily Karam said. "We are going to miss the plane if you keep watching."

Marwa wouldn't budge. "No, no, I don't want to go. I'll go tomorrow, OK?"

I had planned to fly with her as far as Amman, Jordan, where her father was to pick her up and take her home. But now I could not go. My father's heart had grown weaker, and he had died just days before.

In Lily's car, rushing to make up time, I told Marwa how her courage with far greater hardships had helped me while I sat at my father's side.

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On several occasions before, she had let me know exactly how tired she had grown of my notebook and questions. But now she paused.

"Thank you, Kurt," she said in English as she sat in a car that drove through thick traffic on Pacific Coast Highway. "This nice. Thank you."

She grew quiet. She rolled down the window and stared out. Her lips quivered. She turned to Lily and said that she knew she had to go home but that she wasn't sure if going home would be good for her.

It helped that at LAX she was surrounded by many of the people who had helped her. Saad was there, along with officials from the relief fund that had paid for her trip. One of them wondered aloud: "How does a 12-year-old girl injured in the war adapt to a foreign country like this one — and then go back to war?"

Marwa stood tall. She wore a chiffon top, high-heeled shoes and wraparound sunglasses. She carried a fancy handbag. Covering her hair was a new, cream-colored hijab, embroidered with tiny sparkles.

Her luggage was filled with new clothes, stuffed animals, jewelry, wristwatches, purses, a SpongeBob, Play-Doh, journals, a picture frame trimmed in pink fuzz — and photos of Saad, Miller, Theresa.

She reached up and hugged Theresa.

"I don't want…. "

Theresa cut her off. "Listen, you have to go. I want you to look back and remember your time here — and remember me. But you have to go. You go — and make something of yourself."

"But …. "

"Don't worry, no matter how far we are, we will always be friends."

Gently, Theresa placed into Marwa's small hand a letter.

"But I will miss you…."

"I will miss you too…."

A bittersweet journey

MY COLLEAGUES, photographer Anne Cusack and reporter Ashraf Khalil, accompanied Marwa on the plane. Marwa took out a photo of Theresa and kissed it, again and again. She read Theresa's letter. It said Theresa would never forget her.

Anne could see Marwa was sobbing.

At the baggage claim area in Amman, she spotted a man who looked like her. His back was turned, but she knew instantly that it was her father. She wrapped her arms around his legs, and he swept her up into his arms.

During two days in Amman, Marwa got a glimpse of her future. Mohammed Naim expected his daughter to address people formally, with honorifics: uncle, auntie or mister. But she called Ashraf by his first name. Her father upbraided her.

She pouted.

"She's getting stubborn," he said.

"No, I'm not," she said. "I'm not stubborn!"

"That's something that has to change," he said. Such disrespect could lead to danger at home. "We have to bring her back to our way."

He tried to prepare her for her neighborhood: His shop was faring poorly. Few people had enough money for Pepsis and chips. "Our neighbors? They were kidnapped, last month."

Everyone knew she had been in America, and people who had gotten help from Americans were not well thought of. "We come home every night and lock ourselves in."

She looked at him wearily. "Let's change the subject."

At 7 a.m. July 3, Marwa Naim and her father climbed aboard a propeller-driven, 13-seat Fokker to fly back to Baghdad. She wore designer jeans, high heels, a white blouse and a denim jacket, cut short above her waist.

She walked up a staircase to the door of the plane. She turned, gave a tiny wave and was gone.

A changed life

WHEN they reached Iraq, Marwa told me by phone, she learned that her father had remarried. His new wife was Faiza — one of her distant cousins. Faiza, her father said, was pregnant.

Her neighbors could not believe how her face had changed. No one called her "Mrs. No Nose" anymore. She said that she was happy to be home but that she was rarely allowed to go outside, because of the violence.

In America, she could ride a bike, swim, see Theresa. "I want to go back," she said. "I want so go back as soon as I can."

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About this story

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Writer Kurt Streeter and photographer Anne Cusack spent four months with Marwa Naim, her doctors and those who welcomed Marwa into their homes. Streeter interviewed them extensively. He and Cusack were present during each of her surgeries and many of her experiences of daily life in America. Conversations in Arabic were translated by her caretakers. Cusack and writer Ashraf Khalil accompanied Marwa back to the Middle East. The account of the bombing that injured her is drawn from interviews with Marwa, her father and Marine Col. Christopher Conlin, who led American troops through her neighborhood on their way into Baghdad.

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On latimes.com

An extensive photo gallery chronicling Marwa's months-long medical ordeal, the ups and downs of her strange new experience in Southern California and her journey back home can be viewed at latimes.com/newface.

Billboards, Posters Offer Baghdad Hope (AP)

By Hamza Hendawi

AP, October 15, 2006

Thousands of posters and billboards dot Baghdad with messages of hope for a city of gloom, where residents largely stay home, afraid of the streets, their pain and grief deepening every day amid unending violence.

"No matter how strong the storm, it will go away in the end," declares the message on one poster, with a picture of a worried young woman clasping a boy to her body, her hand protectively placed over his head, her hair fluttering in the wind.

Hundreds of copies of the poster — and at least one giant one on a billboard — can be seen throughout the city, pasted on concrete blast walls and outside buildings.

Even with the attempt to instill hope, the messages, sponsored by the government, are an unusually blunt acknowledgment of just how grave conditions have become.

"You have the power to pull Iraq out of this darkness," declares another billboard overlooking a square. The words are inscribed next to a burning map of Iraq painted in the red, black and white colors of the country's national flag.

The images are in stark contrast to the blitz of upbeat street ads that filled the Iraqi capital in the two years after Saddam Hussein's ouster in 2003. Those showed optimistic Iraqis casting ballots or engaged in rebuilding. They prescribed democracy as the key to a better life and free elections and a new constitution as the tonic for the ills of society.

During two general elections last year, there was hardly a wall in Baghdad not plastered with candidates' campaign posters.

U.S. and Iraqi authorities have long used billboards and posters to get their message out to a public confused by the rapid change that followed Saddam's overthrow. As far back as early 2004, authorities used posters and billboards to rally support for the country's nascent security forces in the midst of a growing Sunni insurgency. The U.S. military at times put up posters with congratulatory messages to Iraqis on religious occasions, trying to counter its image as a foreign occupier.

The use of images is a particularly important part of Iraq's public life.

Portraits of key religious figures, including some who died centuries ago, hang in homes and streets by Iraq's Shiite majority to display their religious identity and their post-Saddam political empowerment.

But the new crop of billboards and posters in Baghdad reflect the dark mood resulting from a marked worsening of conditions in the Tigris River metropolis, where contemporary reality has made a cruel joke of its former boast of being "the city of peace."

Iraqis had adjusted to suicide bombings and other attacks by Sunni insurgents. But for the past six months they've faced a new brand of violence, sectarian killings blamed on Shiite death squads and reprisal slayings by Sunni militants. The violence, in which neighbor is turned against neighbor, is deadly and deeply demoralizing.

"Two years ago, I thought it could not get any worse than this," said barber Qais al-Sharaa. "But it has every day since." In view of his shop was a giant billboard reading "Terrorism has no religion," with the word "terrorism" in red and dripping what looks like blood drops.

The sectarian violence has centered on Baghdad, and security operations by U.S. and Iraqi forces have brought little relief.

The city witnessed an average of 36 attacks a day in the past three weeks, an increase of nearly 30 percent over the preceding seven weeks and 60 percent higher than from mid-March to mid-June, according to U.S. military figures.

The sight of what in any other world capital would pass for a nightmare has become the daytime reality of Baghdadis. On any given day, citizens step from their homes to see police trucks loaded with dead, blood-drenched corpses, the beheaded bodies of men snatched from their homes or workplace by gunmen in police uniforms, body parts strewn across a street or dangling from a roof in the wake of a bombing.

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Many residents, therefore, are holed up, going out only when necessary. Traffic has thinned, and the once congested streets and sidewalks are nearly vacant by late afternoon, hours before a sunset curfew that has been in place for months.

Baghdad has an unemployment rate of a staggering 30 percent. Power outages are routine and last up to three days at a time. The price of gasoline has risen by as much as 12-fold since Saddam's ouster and fuel is often scarce.

A sign on Mansour street in central Baghdad — once a thriving commercial district that now is frequently hit by bomb blasts — speaks to two of the city's worst problems, security and uncollected garbage.

"Uncollected garbage attracts explosive devices as well as rats," the sign warns. Insurgents often conceal roadside bombs in garbage. Like much of the capital, Mansour street is now defined by ubiquitous concrete blast barriers, security checkpoints and barbed wire that has snagged windblown plastic bags.

The owners of one of Baghdad's best known pastry shops, also on Mansour street, have given up on replacing the glass on the store's front windows after several blasts shattered it. Al-Khaski's now has concrete wall instead.

"The sight of Baghdad streets remind me of the tragedy in which we live," said Ibrahim Haidar, a 41-year-old father of two who lives in the volatile New Baghdad district. "It makes me feel I could die any second."

Yet, against all odds, the street ads try to offer some hope to a city teetering above an abyss of failed statehood and civil war.

The billboard shows the dark silhouettes of arms stretched skyward as if from a grave in front of a melancholy, dusky sky. The message: "The will of honorable people will enable Iraq to rise."

Tense Baghdad Residents Find Oasis In 'Dr. Phil' (LAT)

By Borzou Daragahi

The Los Angeles Times, October 15, 2006

Seeing bedroom and workplace foibles solved on TV offers comfort to people confronted daily by mortar rounds and death squads.

BAGHDAD — The young men at the checkpoint couldn't have been older than his own lanky teenagers. Wielding Kalashnikovs, they brusquely ordered the gentlemanly, 50-year-old Shamil Hashem Suhaili and his 16-year-old son, Ahmad, out of their car. They demanded identification. They questioned him harshly.

Where are you going? Where are you coming from?

It was degrading, to be sure, for a man of his age and accomplishments. But the hydro-engineer could do little but submit.

"I answered them politely," he says. "If you make a mistake they could do anything to you. If they want, maybe they will get your mobile phone, your money, maybe they take my son. They are the judge. They do whatever they want."

Frightened and angry, Suhaili headed home with his son for lunch with their family. Afterward, Suhaili powered up his generator and wound down his nerves with one of the few things that give him comfort: "Dr. Phil."

In a world of armed gangs, random shootings, blackouts and trash heaps, salves are where you find them.

For Suhaili, they're a family lunch, a bit of gardening, and the balding American talk-show host from Texas, whose weekday television program airs with Arabic subtitles on a popular Lebanese-based satellite channel.

Syndicated and subtitled versions of "Dr. Phil" and "The Oprah Winfrey Show" are growing popular throughout the Middle East. For Iraqis, they offer a window to a world in which people are more concerned with bedroom and workplace foibles than mortar rounds and death squads.

From the moment Suhaili clambers out of bed, his travails are beyond the scope of a "Dr. Phil" episode. He struggles through the dark and muggy heat, hoping there's enough water for a shower, enough light to button his shirt by. "You can't even comb your hair," he says. "You can't select the proper clothes and shirt for your pants."

His work at Iraq's Ministry of Water Resources sometimes seems the perfect metaphor for his life: spending the day plugging the cracks in Iraq's dams.

After climbing into his beat-up Volkswagen, Suhaili girds himself for the hourlong ride past multiple checkpoints. If he's short on gas it means a dangerous wait at the fuel station, or paying steep black-market prices for fuel from a jerrycan.

"Sometimes these people are cheating," he says. "They mix it with water or diesel. It ruins your car."

Suhaili, a Sunni Arab, is a stocky man whose reddish brown hair and mustache show wisps of white. His smoky-brown eyes glisten as he recounts his family's near-brushes with disaster: A car bomb explosion near his home shattered every window and door frame. A mortar round struck his son Abdullah's school. Uniformed gunmen abducted a dozen young Sunni Arab men from his neighborhood — people who had played with his sons — before torturing and killing them.

But much of the frustration is more mundane: Hours of work are lost on his computer because the power goes out at the ministry. A checkpoint delay holds him up for an hour. Teachers demand bribes in excess of $100 to help his two sons, Abdullah, 19, and Ahmad, advance in school. Fear of suicide bombings at a crowded no-frills market forces him to shop at a pricier one.

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There are the half-melted spent bullets he finds on his roof, a warning that even minding your own business and staying at home may not protect you from the random gunfire that rains down on Baghdad.

And all day long he worries about the unspeakable. His daughter, Yasmine, a quiet but alert 22-year-old, travels along dangerous roads to medical school. His sons navigate the halls of a school riven by sectarian tensions. His wife, Hadel Hazem, insists on driving herself — sometimes alone — around the city. He thinks of them with every television and radio report of corpses, kidnappings and bombings.

"When my child is late coming home from school for just five minutes, 100 thoughts go through my mind," says Hazem, a retired electrical engineer who runs a small nonprofit organization for widows.

After work, school and errands, when all five family members gather for a midafternoon lunch, they share stories of terrible fates that have befallen others.

Abdullah and Ahmad discuss a new project they're working on: setting up a computer network among the neighborhood boys so they can compete at video games without leaving their homes.

But sometimes the anxiety explodes. An argument breaks out.

"We can't storm out of the house," Abdullah says. "We can only raise our voices." There are tears. But there are also hugs and apologies, quiet moments of reflection.

And Saturday to Wednesday, from 7 p.m. to 8 p.m., there is Dr. Phil C. McGraw, the author who exhorts viewers to "stop talking and do something."

One episode the family remembers fondly: A naughty daughter constantly fights with her mother, who tends to be harsh. The mother has no idea how to calm her daughter down, so she just keeps yelling at her.

Dr. Phil demonstrates to the mother that her daughter is merely emulating her own bad behavior. Both mother and daughter come to a realization. They calm down, and they begin to be nicer to each other.

"I feel that he has really great power to understand people's problems and how to solve them," Suhaili says.

He hopes "Dr. Phil" can serve as a substitute social world for his children, who aren't able to spend time with friends, date, or even leave their home after dusk. "I want to show them these are the ordinary problems people deal with," he says.

During rare idle moments, Suhaili composes imaginary letters to his favorite television host.

"Dear Dr. Phil," he begins. "How can I live this difficult life? I forgot what normal life is like. Sometimes I work in the garden to keep my mind off my troubles. I feel more comfortable working in a green place. But some days even the garden doesn't help when you hear that old friends have been murdered and people have fled the country."

Suhaili doubts Dr. Phil can help him or Iraq. Maybe he'd suggest a vacation or a hobby. "If you compare our problems now with the problems he is talking about, it is very big difference," he says, with a chuckle.

"He's addressing psychological problems, how to deal with people," he says. "Here you are dealing with big problems. You are dealing with insurgents and terrorists.

"How would Dr. Phil disarm a militia?"

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Lawyers Seek To Free U.S. Citizen Held In Iraq (NYT)

By Neil A. Lewis

The New York Times, October 15, 2006

WASHINGTON, Oct. 14 — An American citizen who was tried in an Iraqi court on charges that he had assisted in the kidnapping of three Romanian journalists last year has been sentenced to death, along with five Iraqi co-defendants, a spokesman for the United States Embassy in Baghdad said Saturday.

The spokesman, Lou Fintor, did not identify the American by name, but according to officials in Baghdad and his own legal team, he is Mohammed Munaf, 53.

Lawyers for Mr. Munaf filed papers in federal court in Washington on Friday to try to prevent his transfer to the Iraqi government, arguing that his death sentence undermined one of the United States government's principal arguments for transferring him, namely that he would be in no danger of physical abuse in Iraqi custody.

Mr. Munaf, an Iraqi native who became a citizen of the United States in 2000, traveled to Iraq in March 2005 to act as translator and guide for three Romanian journalists. The journalists were kidnapped by Iraqis and held for 55 days, as was Mr. Munaf.

The Romanians were freed by American forces on May 23, 2005, but Mr. Munaf was held on suspicion of having been an accomplice in the kidnapping.

According to the government, Mr. Munaf confessed to concocting the plot with friends and relatives and only acted as if he were a victim.

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But Jonathan Hafetz, a lawyer with the Brennan Center for Justice at the New York University School of Law, said Mr. Munaf's confession was made under torture.

Mr. Munaf is being held by the American military at Camp Cropper near the Baghdad International Airport.

Because Mr. Munaf is a United States citizen, Mr. Hafetz and his other lawyers have asked Judge Royce C. Lamberth of the United States District Court here to order the military to maintain custody and not give him to the Iraqi criminal court.

In papers filed with the court, Mr. Hafetz said that United States military officials had intervened with the Iraqi judge and insisted that Mr. Munaf be convicted and sentenced to death. Earlier, the Justice Department said that Judge Lamberth should not intervene in the case for several reasons. The department said that Mr. Munaf's claims that he could face torture and physical harm if transferred to Iraqi custody were only speculative and based on news reports of abuse in the government's prison system.

The Justice Department also argued that Mr. Munaf was not actually in United States custody but was being held by a multinational force that was helping the Iraqi government in detention operations.

A judge in another case rejected an argument by the department that an American was being held by a multinational force.

In a similar case involving another American citizen held by the multinational force, a different federal judge rejected the department's argument that the prisoner was not being held by the United States military as a legalistic fiction.

In that case, involving a native of Jordan, the judge issued a restraining order to stop the United States military from transferring the man to Iraqi custody. That case is on appeal, and Mr. Munaf's lawyers have asked Judge Lamberth to await a ruling from the appeals court.

Peacekeeper Commander Mired In Afghan Combat (NYT)

By Carlotta Gall

The New York Times, October 15, 2006

KABUL, Afghanistan, Oct. 14 — Leaning against the red webbing that passes for upholstery in a military aircraft, Lt. Gen. David Richards, the British commander of NATO troops in Afghanistan, scanned a press clip as he flew back to the capital from Kandahar, the center of combat operations in the south.

The article was by a well-known British columnist who had written in The Guardian that he was "baffled by Richards's naïveté about the Taliban." The author, Simon Jenkins, contended that NATO could not possibly win against an enemy that could "count on the tacit support of tens of thousands of fighters from tribal militias."

"I am not naïve; he's naïve," General Richards shouted over the roar of the plane engines. He dismissed as "nonsense" the idea that the surge by the Taliban across southern Afghanistan this year was driven by ideology or Pashtun tribal grievances.

"This is not a huge popular uprising," he added, bristling. "And to distort the truth is so unjust for the people here who want us. And it is unhelpful since it undermines the fabric of what we are doing."

"People do not want a return to the Taliban," he said, "but we need time to allow that aspiration to win."

Already half through his one-year command in Afghanistan, General Richards, 54, does not have much time.

He now commands the 31,000 troops of the International Security Assistance Force, including 12,000 American troops, spread across the whole country.

The British general, who has led NATO's most elite fighting force, the Allied Rapid Reaction Corps, since 2001, served three tours in Northern Ireland, and was commander of British peacekeeping forces three times — in East Timor in 1999 and twice in Sierra Leone in 2000.

When he arrived in Afghanistan in February, he talked like a peacekeeper, too, emphasizing the need to improve security so reconstruction and development projects could take root, to extend the government's reach, and to win hearts and minds.

He vowed to do things differently than the Americans. He said that NATO soldiers would treat detainees in a transparent way, respect Islam and Afghan culture, and raid houses only if necessary.

But the general was quickly forced to put many of those plans aside and engage in hard fighting, not least to show the insurgents, and the wavering local population, that his troops were a force to be reckoned with.

Even before he took command of the turbulent south, Taliban insurgents were swarming in numbers not seen since 2001. General Richards estimates that his troops now face 4,000 to 5,000 Taliban fighters.

The summer months were consumed by heavy fighting. The general's forces came under repeated attacks, both on patrol and at their bases, forcing NATO to call in air and artillery strikes that inevitably killed scores of the very civilians he was trying to win over. It was not exactly the hearts-and-minds strategy he had planned. Still, the general insists his forces were fully ready: they had spent nine months preparing for the mission, because the NATO deployment was delayed by several months.

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"We knew there was a lot of opposition," he said, this time in an interview in his headquarters in Kabul, set between the United States Embassy and the presidential palace. "We had been watching it, and the Americans were very forthcoming with their intelligence."

"There were doubts about NATO and our ability to conduct demanding security operations," he said. "There are no questions about our ability now."

The fighting was regrettable, but necessary, he added. "We've killed, sadly — because in many respects some of them are just unemployed young Afghan men who need employment and are paid cynically by the Taliban to do their dirty stuff for them.

"But we have killed many hundreds of Taliban in the last month, chiefly in Kandahar and Helmand, and it has put paid to any doubt in anyone's mind that NATO can do what we were sent here to do."

Recently, there have, indeed, been some successes. Not least, his forces regained control of Panjwai, a district just 15 miles west of Kandahar, the main southern city, where the Taliban had gathered in large numbers. The victory was vital for its strategic and psychological impact, the general said.

"The Taliban were very cocky about Panjwai," he said on his visit to Kandahar during the operation. "They think they can face us down. We will prove to them that they are defeatable. It's very important for people to see that happening, and the rather worried atmospherics will change overnight."

The general says that about 10 percent of the population in the south may support the Taliban, that 20 percent are opposed to them, and that the rest are stuck in the middle.

"They are straightforward, simple folk who above all want security for their family, and they will go with whichever side can convince them they are going to win," he said. "And that 70 percent must not be allowed to slip into the hands of the Taliban this autumn."

That will mean rolling out tangible benefits — in the form of assistance — as soon as security allows, he said.

"It's a very important psychological, physical, military and wider campaign that we are conducting, and I think this autumn is a critical period," he said. "And that's my main focus at the moment, getting those visible improvements, in security, governance and reconstruction and development to start happening in the south so that we can persuade that 70 percent that we will win."

Yet in his time in Afghanistan, General Richards has seen up close just how weak and ill equipped the Afghan government is to handle a crisis, like the riots that broke out in Kabul after an American military truck plowed into civilian cars, killing at least four people, in May.

He also found a startling lack of coordination among the government, the military and foreign donors, which he described as "anarchy" in his first weeks on the job.

He set to work to help President Hamid Karzai form a kind of privy council to convene crucial ministers and security officials, as well as United States and NATO commanders and ambassadors of leading donor countries, the United Nations and European Union. Called the Policy Action Group, it meets weekly and is designed to bring badly needed coordination to security and aid efforts.

"It's a pretty powerful structure," said one NATO official, who spoke on the condition of anonymity and who credited General Richards with the idea. "This is his war cabinet; this is the bit he never had."

There is still a long way to go. He talks of the need to combat corruption, replace bad government officials and persuade international donors to drop their lengthy procedures and tendering rules to help reconstruction aid flow.

"I am not giving the rosy picture," he said on the military flight. "I'll be honest. There's a lot to do."

2 NATO Soldiers Are Killed In Afghanistan (NYT)

The New York Times, October 15, 2006

KABUL, Afghanistan, Oct. 14 — NATO reported that two of its soldiers died in combat in Kandahar Province on Saturday, and a bomb struck a provincial governor's convoy east of Kabul, the capital, narrowly missing him, Afghan officials said.

One provincial official was killed in the ensuing gun battle with militants.

A news agency reported that Taliban rebels had claimed responsibility for the attack, aimed at Gov. Gulab Mangal of Laghman Province. It was the latest of a string of such attacks against the country's civilian administrators in recent weeks.

Separately, six men working for American forces on Afghanistan's eastern border were killed Friday by a roadside bomb on their return from delivering aid to a village.

On Saturday, NATO forces and the Afghan police killed one man and arrested nine others suspected of involvement in recent bomb attacks southeast of Kabul, a NATO press release said.

Friendly Fire And Fraud (BOS)

The Boston Globe, October 15, 2006

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OF THE thousands of deaths, military and civilian, in the Afghanistan and Iraq wars, none so captures the mix of patriotism, impulsiveness, and dishonesty in the US mission as the shooting death of Pat Tillman by members of his own platoon.

Tillman was the Arizona Cardinals' safety who gave up his football career to join the Army and died in a firefight in Afghanistan in 2004. Although the Army knew the facts of his death almost immediately, it did not reveal them to his parents or the public until almost a month after a televised memorial service for the soldier. His superiors at first exaggerated his role in the clash and never mentioned friendly fire. Since then, contradictory investigations have left his parents still uncertain about what happened.

Recently, California c ongressman Mike Honda asked the Defense Department's inspector general to speed up his criminal investigation into the killing and a possible cover up by the military. If the inspector general does not release his report or if it still leaves open questions, Congress should conduct its own inquiry into the events of April 22, 2004 -- and into the failure of military personnel of all ranks to insist on facts and accountability in a timely way.

Tillman's life and death have come undera new spotlight as a result of a revealing 12,749-word article by Gary Smith in Sports Illustrated. Accounts by Smith of Tillman's self-testing, daredevil adventures beforethe military help to explain why, after the Sept. 11, 2001, attacks, he gave up his $3.6 million football contract to enlist as a raw recruit.

But another side of Tillman also emerges: that of a voracious reader with a questioning and independent spirit. In 2003 in Iraq, Tillman's first overseas assignment, he told a fellow soldier that he thought the war was ``[expletive] illegal." According to Smith, Tillman was looking forward after his discharge to having a friend arrange a meeting with Noam Chomsky, the MIT professor and critic of US foreign policy. His father and mother have demonstrated the same searching intelligence as their son in seeking information from the military.

Friendly fire happens all too often, sadly, in the fog and noise of war. But the military will not draw lessons from deaths like that of Tillman and an allied Afghan soldier who was also killed by his platoon that April day if it does not demand unflinching accuracy in reports from those involved. The botched investigations of this high-profile incident also hurt the credibility of the military's inquiries into the killings of civilians in Iraq and Afghanistan. If the inspector general does not provide a persuasive and public accounting of what occurred, Congress should do the job itself.

A Conversation With John Kerry (WP)

Interview By Bob Woodward

The Washington Post, October 15, 2006

In the months before the 2004 presidential election, The Washington Post's Bob Woodward sought to interview Sen. John F. Kerry, the Democratic nominee, about how he might have conducted foreign policy in the 18 months between Sept. 11, 2001, and the invasion of Iraq in March 2003. For his book "Plan of Attack," Woodward had interviewed President Bush on how and why he made decisions during that same period. Woodward gave the Kerry campaign a list of 22 questions based on Bush's actions, asking how Kerry would have responded at each key decision point if he had been president. Kerry declined the interview at the time. More than a year later, on March 7, Kerry agreed to be interviewed by Woodward and answer the 22 questions. Below is an edited version of their two-hour conversation .

ON PLANNING FOR WAR

John Kerry: Let me start at the beginning, because if I were president and we had been attacked as we were attacked on 9/11, I would have, first of all, created a kind of war cabinet similar to what other presidents have done historically, going back to Roosevelt and others. . . .

Now, you may have an executive committee within that . . . like President Kennedy did. But your war cabinet itself needs to be especially plugged in . . . so the right questions are on the table and the right questions are asked and the right discussion takes place. I mean, if you go back and look at Eisenhower, Eisenhower is smart in that he played less than fully briefed, so to speak, and he would let the staff fight it out in front of him and not let on what he believed or where he wanted to go. I think it's particularly important presidentially not to indicate your policy right up front unless there's such a clarity to it. For instance, in response to 9/11, there's clarity. We've got to go kill al-Qaeda. . . . In fact, I would have thought about starting that war differently.

Bob Woodward: In what way?

I believe that during that particular period of time you knew that they [the Taliban and al-Qaeda] had bad habits. They didn't believe that we would necessarily invade. . . . That is an enormous advantage with which to begin any planning. So they are running around in caravans, which we can see from technical means. They're talking on cellphones, which we can follow with technical means. It gave us time to put assets on the ground.

There are all kinds of things that we could have done with respect to pinpointing their whereabouts.

This is after 9/11?

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Absolutely. And my instincts would have been much more inclined to have used feint as subterfuge to indicate you might be doing one thing when you're really doing another. . . . I would have been inclined to have used a greater covert effort to put the pressure on Osama bin Laden, at which point I would have been prepared to move major track divisions into position, whether it's the 101st, the 10th Mountain Division, 82nd Airborne, etc.

. . . Now, I know we had SEALs at Tora Bora. And they wanted to go. I mean, who wouldn't have wanted to go get Osama bin Laden?

[T]he bottom line is there wasn't even a sufficient strategy to do that. I would have guaranteed there was. Period.

What would you have said to your central commander, who's the guy on the ground, about planning for an Iraq war?

First of all, I would have had enough people around who understand and define to me adequately the nature of the threat that we now face. . . . And that requires a pretty extensive outreach effort which includes, in my judgment, not just the Joint Chiefs of Staff and your national security adviser and your intelligence director, but it really includes. . . . President George Herbert Walker Bush, President Jimmy Carter, President Bill Clinton, you know, President Ford, Brent Scowcroft, Zbig Brzezinski, Jim Baker, George Shultz. I mean, you start running the list. I would have had all of those people to some evening sessions, sat up there in the Yellow Room and sat around and said, "What are we facing here? What are the challenges? What's the most important thing we do? How do we win?" Once you define the war on terror, then you can really understand what you've got to do. I think these guys rushed to a definition of the war, saw it the way they wanted to see it, clouded by ideology, and then went out and made people do things accordingly. . . .

It's incomprehensible to me. I mean look -- go back to that period. On that November 21st date [Nov. 21, 2001, when Bush first asked Rumsfeld to look at the war plan for an attack on Iraq], we had not yet fought Tora Bora. . . . We were deep in Afghanistan with an enormous priority to kill al-Qaeda. And we also had a very tentative Pakistan that was fragile, which was a country with nuclear weapons, which we were just moving to the place of sort of participation with America. . . . So my instinct, absent evidence of intelligence, would not have been to ask the secretary of defense for war plans on Iraq. I would have said, "Do we have sufficient troops on the ground to trap Osama bin Laden?" . . . It would not have moved me to take the eye off of Osama bin Laden and the fundamental goal, which was destroying al-Qaeda. . . .

You would have gone to Bush's father, even?

Oh, absolutely. You kidding? I would have said, "Come down here and spend the evening at the White House. Let's talk. I want to talk to you. Tell me about your decision. Tell me all the things that went through your head when you were thinking about going into Iraq and you made the decision finally not to go."

In August '02, Powell asked for a two-hour dinner alone with Bush. Condi Rice is there and he says, "The consequences have not been fully examined and if you invade . . . 'you break it, you own it.'" What would you have done at that moment, if you were president?

If I were president and my secretary of state came to me and said, "Mr. President, you're on a bad track," I would slow the baby down and find out if I was on a bad track. Or I'd fire my secretary of state. . . . I mean, if a guy with Colin Powell's credentials who's been chairman of the Joint Chiefs of Staff, who'd risen up through service to other presidents, who's been to war, and who is your chosen secretary of state, came to me and said that, I'd say, "Okay. What do we need to do? Where are we? What are the downsides? What haven't we done?"

ON THE "AXIS OF EVIL"

Do you think that the idea of lumping North Korea, Iran and Iraq together is, from a policy point of view, possible or wise, as Bush did in his 2002 State of the Union?

No, it's neither wise nor possible because they are different challenges, different cultures, different historical backgrounds to those challenges. And in the case of the Middle East, we really had an opportunity post-9/11. This is what I think was so important. This is what I saw staring us in the face as I went through 2004 . . . a remarkable opportunity to reconnect to the post-9/11 goodwill of the world, which in my judgment this administration squandered. And that goodwill was perhaps one of our greatest assets. Had we taken that goodwill and built it into a larger strategic concept -- I mean, you can go back to Woodrow Wilson. . . . And then you go to Roosevelt. You go to Kennedy . . . and Eisenhower. They all had a larger strategic concept, which -- this is important -- had the ability to bring the world to our side.

Bush thought this was a strategic concept.

This was an ideological concept, not a strategic concept. . . .

I mean, this is what I would have wanted in first discussions. What are we up against? What is this all about? Did these guys just attack us because this is part of Osama bin Laden's strategy for a greater caliphate in the Middle East, or are they attacking us for other reasons? . . . And it seems to me that the transformational aspects of it require a much more massive kind of public diplomacy, global cooperation on religious issues as well as on economic issues and human rights and other issues, as it did the barrel of a gun. These guys could only see it in the context of the military piece.

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ON POSTWAR PLANNING

[I]t wasn't really until three months before the war starts that Bush got involved in aftermath planning. And the question is, when do you start, even if you're contemplating war, which clearly they are, when do you start the ball rolling on aftermath?

Day One. And that is not a Monday morning quarterback comment. That is such a fundamental prerequisite to the concept of contemplating going to war, particularly where you are going to occupy another country. One of the first questions, I'd sit there with a bunch of people at the table, I'd say, "Okay, assuming we go into Iraq, what happens after?" Nobody ever doubted this was going to be short and we were going to win. So we knew we were going to win, so once we're in Baghdad, what happens? Who's going to run the country? Will there be electricity? What are the war plans? Can we protect the pipelines on the oil? What's the ability to make sure people have food? Are you going to guard the ammo dump so you make sure there isn't looting?

Remember when Rumsfeld said, "Oh, looting happens."

"Stuff happens."

I was stunned by that. And I said they're going to rue the day that they allowed this stuff to get out of control because they sent a message, "No control." And our kids were being blown up by the very weapons that they didn't even think about securing on the way in. There should have been an elaborate -- in fact it was an elaborate plan and they chose to ignore it. Colin Powell and the State Department had a fairly elaborate plan and I've talked to people who are involved in the making of it.

ON DONALD RUMSFELD

In November-December '02, Rumsfeld's making major force deployments to the area but he says we can't do a big one because it will tell the world diplomacy is over. And he said, "We're sending these forces and they're going to be in top fighting shape for about two or three months but then it will start to degrade." Your reaction?

One of incredulity that a president would even allow that argument to be persuasive and that a secretary of defense would make it in the first place. And shame on all of them for that. That is insulting to Americans and to all of us, the notion that you have to send people to war simply because you put them there. This is just, you know, it was their rush to war.

And then when Rumsfeld in January started telling the president, "You're losing your options." And you know, you get to a point where we're asking our allies, particularly the Saudis, to make commitments and it's not feasible to back off.

Well, you could always back off it if you haven't committed the troops and there's a reason to back off. I mean, if you don't have intelligence to go to war and you go to war for weapons of mass destruction, you damn well can say, "I'm not giving the order to fire." What is the shame in going back and saying, "We have new intelligence that indicates something different and I intend as president to exercise my responsibility to the world and to our troops to make sure we've exhausted that."

Do you get in a bind, though, where to credibly threaten force you have to deploy all kinds of troops and then once you've deployed them you get into --

The purpose of the deployment of the troops is to get the weapons of mass destruction under control. If at the last moment something indicates to you either there aren't weapons of mass destruction or you have a way to get them under control, you don't use the troops and you don't have to. I mean, those are the tough judgments. Look, what are you going to do? "Oh, gee. We're locked in. We don't have sufficient evidence but I'm going to send this kid from Illinois to die anyway?"

ON DOUBTS

Can a president afford to have doubt in a time of war?

Well, you better have your doubts before the war. And you better explore every doubt before the war. But once you've committed, you better not have a doubt. You better know what you're doing and you better be committed to winning and do everything in your power to do that.

Do you think they had a process of doubt?

No. Clearly they didn't, and that's a reflection of the president.

But Bush says, when I asked him earlier, I said, "You never get everyone to agree on the use of force."

I'm not looking for everybody's agreement. You're never going to get everybody to agree.

What are you looking for?

What I'm looking for is the broadest possible vetting and examination. And let the debate take place in front of me and I'll make my judgment. But nobody will have any doubt that every question was asked. Nobody will have any doubt that the alternative theories were examined, that history was examined, that culture was examined, religion was understood, that the dynamics of the region were explored, that people who've lived there have been inquired of. When I get to that decision I can explain it and there's only one rationale, not a whole bunch of shifting rationales. That's the way you take a nation to war.

ON HISTORY'S VERDICT

I asked Bush in December '03, "How do you think history's going to judge your war?" And that's when he said, "We don't know. We won't know. We'll all be dead."

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I think history nowadays judges things much more rapidly, number one. And number two, certain things lend themselves to pretty rapid judgment. Vietnam is an example of that. . . . And history is going to judge this very, very, very rapidly, I think.

And severely?

I think history is going to be very, very tough on not just the way the war has been managed, but on the way in which the decision to go to war was carried out. It's going to be a low moment . . . in the presidency in history.

A Plan For Iraq (WP)

By Dennis Ross

The Washington Post, October 15, 2006

As a longtime negotiator in the Middle East, I learned that the most demanding requirement of peacemaking was just getting each side to adjust to reality. In Iraq today, 3 1/2 years after the United States went to war there, no one seems to be doing that.

The Shiites, who dominate the government, may have reason to distrust the Sunnis, but they also remain unready to recognize the Sunnis' need for formal assurance that they will have a piece of the pie. The Sunnis may understand, intellectually, that they will no longer hold all the positions of power and privilege, but emotionally they have yet to accept the idea of the Shiites -- an underclass in their eyes -- as the dominant political force. The Kurds, regardless of what they say, expect to be independent and simply want a political framework that legitimizes that status without exposing them to threats from Turkey or Iran.

And what about the Bush administration -- has it adjusted to reality? It claims progress, even while we sink into civil war. New security plans are tried and fail. Expectations that we will be able to draw down our forces rise and then fall as sectarian violence increases and becomes self-perpetuating.

Staying the course is a prescription for avoiding reality. But simply setting a deadline and withdrawing might also constitute a form of denial -- denial of what will happen in the region after a precipitous pullout. So what can be done?

The starting point is to recognize that Iraq is not going to be a democratic, unified country that serves as a model for the region. The violence and the Sunni-Shiite division have already ruled that out. Instead, Iraq could, in the best case, evolve into a country that has the following: a central government with limited powers; provincial governments with extensive autonomy; sharing of oil revenue; and, at the local level, some rough form of representation and tolerance for minorities. In those circumstances Iraq might eventually achieve stability.

Such an outcome won't materialize on its own. To be sure, it could emerge after a prolonged civil war, which is the path we are heading down. Three interconnected initiatives might create a more acceptable path for managing either this outcome or at least our own disengagement from Iraq.

First, it's time for the Bush administration to insist that a national reconciliation conference be held and not be disbanded until agreement is reached on amendments to the constitution. Prime Minister Nouri al-Maliki has presented his plan for national reconciliation, but it fails to address the constitution and the legal assurances Sunnis want.

The Sunnis supported the constitution and participated in the elections last December with the understanding that there would be amendments on sharing oil revenue, on a prohibition against provinces' seceding and on the role of Islam in the state. Those amendments were never adopted, and now, when a committee has finally been formed to discuss them, it appears to the Sunnis that they will have to negotiate with a gun at their heads: namely, with parallel discussions on developing plans for provinces to secede also taking place.

Above all, what the Sunnis don't want is a rump state without resources. If they think that's all they will be left with, they will continue to at least acquiesce in the insurgency. And for the Shiites, that will be justification for preserving their militias. No national compact, no formal structure giving the Sunnis a legal foothold, no end to their support for the insurgency and no readiness by the Shiites to disband their militias.

Second, a long-discussed regional conference with all of Iraq's neighbors should be held. None of them -- Iran, Saudi Arabia, Jordan, Syria, Turkey -- wants the Bush administration to succeed in Iraq (at least in the way the president defines success). And yet every one of them fears the consequences of an Iraq convulsed in the aftermath of a precipitous U.S. withdrawal. A full-scale civil war, with refugees streaming out of the country, with instability bound to leak across borders, and with other nations intervening to protect their own interests and their Iraqi allies is just as much a nightmare for Iran as it is for Saudi Arabia. While Iraq's neighbors may agree on little else, the common interest of wanting to avoid an all-out civil war in Iraq could create a basis for a general set of understandings on what they will and will not do to help foster stability there. The administration ought to work for such a conference now.

Third, President Bush should inform Maliki that we will not impose a deadline for withdrawal but we are going to negotiate with his government a timetable for our departure. The difference between a deadline and an agreed timetable is the difference between leaving the Iraqis in the lurch and informing them they have to assume responsibilities. The former guarantees

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preservation of the militias as they anticipate a deepening civil war; the latter puts all sectarian groups on notice that they can shape the future but the clock is ticking and if they don't begin to get serious about reconciliation and about fulfilling their own responsibilities they face the abyss.

No one in Iraq seems to want us there, but everyone is afraid to have us leave. In the meantime, everyone seems willing to sit back, to avoid tackling the tough problems and to let us carry the brunt of the fighting. That has to stop.

Clearly there should be a relationship between the effort to finally produce national reconciliation and our approach to working out an agreement on the timing of withdrawal. If the Iraqis create a real national compact, the United States can be more flexible on its timetable for withdrawal. If they fail to do so, the United States must be more demanding in negotiations on the timetable. Ultimately, if Iraqis are ready to resolve their internal political differences, to adjust to reality and to make the hard choices they face, our presence can help in the transition. But if they continue to avoid reality, our presence will simply prolong both their state of denial and ours. It is time for a change in course.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Waging War, One Police Precinct At A Time (NYT)

By Phillip Carter

The New York Times, October 15, 2006

Los Angeles

THE military's new counterinsurgency manual offers a great deal of wisdom for those who will wage the small wars of the future. Its prescriptions and paradoxes — like the maxim that the more force used, the less effective it is — make sense. However, having spent the last year advising a provincial police headquarters in Iraq, I know it's far easier to write about such wars than to fight them.

The war I knew was infinitely more complex, contradictory and elusive than the one described in the network news broadcasts or envisioned in the new field manual. When I finally left Baquba, the violent capital of Iraq's Diyala Province, I found myself questioning many aspects of our mission and our accomplishments, both in a personal search for meaning and a quest to gather lessons that might help those soldiers who will follow me.

The first question was how Iraq in September 2006 differed from that of October 2005. Our Iraqi interpreters told us things were better than last year, which in turn had been better than 2004, when American forces frequently fought pitched battles in Baquba. Yet, sometimes in the same breath, they would long for the days of stability and order under Saddam Hussein.

During my time there, the hundreds of thousands of residents of Baquba went to work or school, shopped in markets, spent time with their families and lived their lives. The vibrancy and vitality of Iraqi society was the norm, not the anarchic violence we see in the news.

And yet, the violence did exist; it was not a figment of reporters' imaginations. Gunfire frequently echoed through the streets of central Baquba, and homemade bombs often interrupted the bustling marketplace just north of our compound. This violence worsened during my time in Iraq: the Army's PowerPoint presentations depicting attack and death statistics from across the country showed the same, steadily increasing trend lines.

Despite the trend towards consolidation of American units onto huge bases in the desert, my team remained in downtown Baquba. We shared our compound with the provincial government; it adjoined the provincial courthouse and was just 800 yards down the street from the police headquarters. This proximity made us more effective, both because it made it easier for us to talk to the Iraqi leaders with whom we worked, and because it enhanced our credibility with our Iraqi counterparts, who saw us living and working by their side.

When the power grid failed or water supply stopped working — a daily experience during the summer — we knew and felt it firsthand. Likewise, when explosions or firefights erupted in the city, we could judge their severity with our own senses. We learned that counterinsurgency cannot be conducted from afar.

But did we make a difference? Diyala Province has 1.4 million citizens and stretches from the northern edge of Baghdad east to the Iranian border, north to Kurdistan, and west to the Sunni heartland. My brigade commander, a sage infantryman from Colorado, called Diyala "little Iraq," because its mix of people, geography and conditions represented a microcosm of the torn country. As goes Diyala, so goes Iraq, he and others said.

Our mission was deceptively simple: to build the provincial police so they could provide security and the rule of law. In these areas, we observed tangible progress. My team delivered hundreds of recruits to American-financed police academies, and oversaw a local academy that retrained hundreds of officers who had served under the old regime. Our civilian advisers, American police officers who came to Iraq as State Department contractors, trained hundreds of Iraqi patrolmen in street survival and investigative skills.

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We gave trucks, rifles, body armor, radios and countless other items to the police, and oversaw the construction or renovation of police stations throughout the province. With our help, the police chief, a corpulent former army officer, and his staff became better managers, and replaced many ineffective and corrupt officers. We also brought our expertise to the Iraqi jails, judges and lawyers, resulting in hundreds of innocent Iraqi detainees being released after languishing for months or years in jail.

Despite these successes, I still left Iraq feeling uncertain about what we had accomplished. In theory, security should have improved with the development of capable Iraqi Army and police units. That did not happen. This is the central paradox of the Iraq war in fall 2006: we are making progress in developing the Iraqi Army and police, yet the violence gripping the country continues to worsen.

This paradox raises fundamental questions about the wisdom and efficacy of our strategy, which is to "stand up" Iraqi security forces so we can "stand down" American forces. Put simply, this plan is a blueprint for withdrawal, not for victory. Improving the Iraqi Army and police is necessary to prevail in Iraq; it is not sufficient.

Counterinsurgency is more like an election than a military operation; the Iraqi government must convince the Iraqi people to choose it over the alternatives offered by Sunni, Shiite and Kurdish militants. To do so, the Iraqi government and the coalition must deliver public goods — security, public works, commerce, education and the rule of law, to name a few. The campaign must convince not just a majority or super-majority but virtually everyone, for as the noted insurgents T. E. Lawrence and Mao Zedong have noted, it takes the support of just 2 in 100 citizens to sustain an insurgency.

At this point, and with this strategy, it may not be possible to win in Iraq. America gained a spectacular victory in 2003, toppling the brutal Saddam Hussein regime. But there are limits to what military force can accomplish. You cannot plant democracy with a bayonet, nor can you force Iraqis to choose a particular path if their democracy is to mean anything at all.

Moreover, our choices in 2006 are not as good as our choices were in 2003; we cannot simply stay the course now and hope for victory. Given Iraq's historic antipathy to invaders and the strength of today's insurgency, I believe only a wholly unconventional approach will work. This means many more embedded advisers like myself, working in tandem with teams from the State Department and other agencies, supported by combat forces only when force is necessary.

We should strive in 2006 to build on our successes and to find a smarter way to shift the counterinsurgency effort to the Iraqis in order to secure an imperfect victory. For, as Lawrence wrote eight decades ago about helping the Arabs fight the Turks: "Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them."

Burden Of Proof (WP)

The Washington Post, October 15, 2006

Two reporters charge the Bush administration with using fraudulent intelligence to start a war.

HUBRIS
The Inside Story of Spin, Scandal,
and the Selling of the Iraq War
By Michael Isikoff and David Corn
Crown. 463 pp. $25.95

In October 2002, a file of documents from the U.S. embassy in Rome arrived on the desk of one of the State Department's senior nuclear proliferation analysts. The papers had been handed over by an Italian journalist, who had been given them by an informer who had, in turn, obtained them from a mysterious source in the embassy of Niger. The documents purported to show that Niger had signed a July 2000 deal to supply Iraq with 500 tons of yellowcake uranium -- about one-sixth of the African country's annual production and a key ingredient in a uranium-enrichment process that could provide Saddam Hussein's regime with a nuclear bomb.

As Simon Dodge of the State Department's intelligence bureau began to review the documents in Washington, he soon concluded that they were fakes. One of the papers described a secret meeting in Rome at which representatives of Iraq, Iran, Sudan, Libya and Pakistan formed a joint "plan of action" to defend themselves against the West in alliance with "Islamic patriots accused of belonging to criminal organizations." Dodge later told Senate investigators that he considered the claim "completely implausible," or, as Michael Isikoff and David Corn put it, "something out of James Bond -- or maybe Austin Powers." Niger embassy stamps, palpably fake, linked the "plan of action" document to those depicting the Iraq deal. The papers are a hoax, Dodge e-mailed colleagues.

This was not what most in the White House wanted to hear. By October 2002, when Dodge began examining the Niger documents, the Bush administration was already accelerating its drive for war against Iraq. An authoritative demolition of one of the most dramatic parts of that case -- that Baghdad was building a nuclear weapon -- was deeply unwelcome and, coming from the diplomats at the State Department, viewed with particular suspicion by Vice President Cheney's office. Partly by accident (the CIA merely put its copy of the "obviously forged" Rome papers in a vault and left them there) and partly because it simply did not

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want to know, the White House remained in denial about the unreliability of the whole Niger uranium story. Fatefully, the president would use the claim in his State of the Union address in January 2003. It was the principal basis for the administration's repeated rhetorical flourish that the Iraqi smoking gun might "come in the form of a mushroom cloud." And it was a phony.

The Niger claim provides the central thread in Hubris , Isikoff and Corn's exhaustive reconstruction of the formulation and selling of the Iraq War. For those who wish to understand how one of the most powerful officials in the land -- Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby -- came to be under indictment for obstruction of justice, perjury and making false statements arising out of the Niger story, this book is indispensable.

But Niger was not the only proffered justification for the attack on Iraq that eventually crumbled to dust in the light of day. So did the false claims of Iraqi defectors, such as the shadowy informant known as "Curveball," that Iraq possessed mobile biological laboratories, a claim that was a centerpiece of then-secretary of state Colin Powell's U.N. presentation in February 2003. So did the misguided conviction that Iraq's purchase of aluminum tubes was proof of a nuclear-arms program. So did the long-disproved claim that 9/11 hijacker Mohamed Atta met with Iraqi intelligence agents in Prague in April 2001, which became almost an article of faith for the administration's hawks.

There have been many books about the Iraq war, and there will be many others before we are through. This one, however, pulls together with unusually shocking clarity the multiple failures of process and statecraft that led so many people to persuade themselves that the evidence pointed to an active Iraqi program to develop weapons of mass destruction and that it was in the interests of the United States to overthrow Saddam Hussein.

This is seemingly an eternal theme. The deeper we are drawn into Isikoff and Corn's account, the more we enter March of Folly territory. When the late Barbara W. Tuchman published her masterly 1984 account of the ruinous policies that governments have pursued through the ages, she ranged across a canvas stretching from the Trojan war to Vietnam.

To qualify as folly, Tuchman wrote, a policy must meet three criteria: It must have been seen at the time as counterproductive; a feasible alternative course of action must have been available; and the policy must have been that of a group of people, not merely a single tyrant or ruler. If ever a policy qualifies on all counts, it was the U.S.-imposed regime change in Iraq. Isikoff and Corn are reporters (for Newsweek and the Nation, respectively), not historians, but they still compel the reader to confront a further, essential dimension of folly's march. In each case -- the Niger uranium papers, the mobile labs, the aluminum tubes, the Atta-Iraq link -- there were people up and down the policy chain, including some at the very top, who either knew at the time or should have known that the claims were false or unreliable.

Many critics of the Iraq War have highlighted the ideological drive behind the invasion. Fewer have grappled with the more complex question of why it was impossible for skeptics, doubters and more scrupulous analysts to stop it. Isikoff and Corn enable us to understand better how this devastating policy tragedy played out. But as Coleridge once observed, the light of experience is but a lantern on the stern, illuminating only the waters through which we have passed. Sadly, Isikoff and Corn can't tell the next generation how to avoid such tragedies. Â·

Martin Kettle is a commentator and a former U.S. bureau chief of the Guardian newspaper.

Loyal To A Fault (WP)

The Washington Post, October 15, 2006

Did a charismatic secretary of state serve the country and the president well on Iraq?

SOLDIER

The Life of Colin Powell

By Karen DeYoung

Knopf. 610 pp. $28.95

The subject of Karen DeYoung's new biography doesn't quite attain the stature that his many admirers might wish for him: that of a tragic hero. The Colin Powell portrayed in Soldier comes across as a disciplined and talented beneficiary of genuine equal opportunity, an inspiring leader of bureaucracies, "the world's best staff officer," a cool operator in Washington's political wars, an uncommonly decent man, a stellar product of great American institutions. But when those institutions failed -- when the Bush administration took the country to war in Iraq, rashly and under false pretexts -- Powell did not have the imagination to challenge or, finally, defy the system that had made him.

DeYoung, an associate editor at The Washington Post, had Powell's cooperation in the form of six extended interviews, but as she notes at the end of the book, they covered only the most recent ground -- the years since Powell told his own story in his 1995 memoir, My American Journey . For this reason, and because a man of Powell's supreme self-control is even more opaque than most public figures, her march through his early years and his rise through the ranks of the Army has a dutiful feel -- a blur of promotions and Powell family relocations without any strong sense of his inner life. In spite of DeYoung's reportorial talents and sympathetic understanding of her subject, the first half of Soldier should have been greatly compressed; Powell's career is

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simply not important or interesting enough for a full-dress biographical monument. (Would anyone want to read 500 pages about Brent Scowcroft?)

DeYoung might have done better to limit herself to Powell's years as secretary of state. She imbues this story with narrative tension and a steady accumulation of detail that shows exactly how he allowed himself to be used, mastered and then cast aside by his antagonists in the administration, above all by his longtime colleague Dick Cheney, now the vice president. It illustrates what critics, including Powell's former chief of staff Lawrence B. Wilkerson, have described as broken policymaking, with disagreements turning poisonously personal and key decisions, such as the jettisoning of the Kyoto accords or even the historic decision to invade Iraq, made without the knowledge of leading officials, usually Powell himself.

Powell had the devotion of those below him, and his instinct for the right word and gesture was never surer than on Sept. 11, 2001, when, marooned in Lima, Peru, at a meeting of the Organization of American States, he insisted on staying long enough to cast the American vote in favor of a document called the Democratic Charter. "He knew from the start that what we needed were friends," his spokesman Richard Boucher told DeYoung. "We didn't know who did it, we didn't know why. But we needed democratic friends -- that was the only way, whatever this was, that we were going to beat it."

It was the thinking of a moderate Republican member of the internationalist foreign policy establishment -- one of the last. It was not the thinking of the president and his most influential advisers, especially the vice president and Defense Secretary Donald Rumsfeld, who were more intellectually aggressive than Powell and far more ruthless in undermining their chief antagonist. In DeYoung's account, Powell believed for a long time that he was winning more than his share of interagency battles, partly because his meteoric rise through a system that operated in an essentially rational way had been almost untroubled. "But past experience was turning out to be a poor guide to the new reality," DeYoung writes, "and Powell was slow to grasp the extent of his -- and the State Department's -- isolation within Bush's national security team."

As the administration moved with blind self-confidence toward war in Iraq, Powell slowly became part of the machinery that he thought he was helping to brake. The process by which he began to accept the White House's terms of the argument makes for the best pages of Soldier , a fascinating study in bureaucratic maneuvering, groupthink and subtle self-deception. Powell's tactical successes obscured his larger strategic defeat: Once he persuaded the president to take his case against Iraq to the United Nations in September 2002, DeYoung writes, "Powell quickly moved to protect his right flank by establishing his bona fides inside the administration as a believer in the Iraqi threat and a firm supporter -- should diplomacy and international pressure fail -- of the use of force. Almost overnight, his carefully couched assessments of the state of Saddam's weapons programs were transformed into certainty." This change led directly to the moment for which Powell himself has said he will always be remembered: his dramatic speech to the U.N. Security Council on Feb. 5, 2003, vouching for the existence of weapons of mass destruction in Iraq, later shown to be almost completely wrong. After that, the war was inevitable, as was the historical verdict on Powell's tenure in office.

His entire career had prepared him to be a first-rate secretary of state in a functional administration, and if he had had the good luck to serve under a better president, he might be remembered in the company of one of his heroes, George C. Marshall, another former general who became secretary of state, for Harry S. Truman. But as George W. Bush's principal cabinet officer, Powell was condemned by his own limitations. He took comfort in Marshall's reply to critics who thought that he should have resigned over his disagreement with President Truman's decision to recognize the newly created state of Israel in 1948. "No, gentlemen," Marshall is said to have replied, "you don't take a post of this sort and then resign when the man who has the constitutional responsibility to make decisions makes one you don't like." To Powell, Marshall had "done his job. He had given the President his best advice. He had presented it strongly . . . [and] used every, every opportunity to press his case."

It is easy to understand why this story inspired Powell. But there is a crucial difference. Powell never told Bush not to invade Iraq; out of a lifelong sense of propriety and restraint, he kept his best advice to himself. In 2003, the country needed someone more than the world's best staff officer. Â·

George Packer, a staff writer for the New Yorker, is the author of "The Assassins' Gate: America in Iraq."

NEXT GREATEST GENERATION (NYPOST)

By Gordon Cucullu

The New York Post, October 15, 2006

October 15, 2006 -- WE WERE ONE: SHOULDER TO SHOULDER WITH THE MARINES WHO TOOK FALLUJAH

BY PATRICK K. O'DONNELL

DE CAPO PRESS, 288 PAGES, $25

WITH unprecedented initiative Patrick K. O'Donnell volunteered to live and fight alongside American soldiers and Marines in Iraq in order to construct a real-time, eyewitness history of the fighting. He spent months in battle with the troops, mostly with a platoon from the 3/1 Marines. After every combat action, he spent countless hours debriefing them.

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O'Donnell's book focuses on the Second Battle of Fallujah. In part as commemoration, "We Were One" is scheduled to be released in the days preceding the two-year anniversary of that battle (Nov. 9), the Marine Corps birthday and Veterans Day. But the author's most important accomplishment among many is to put a human face on the troops who are fighting against some of the fiercest enemies America has ever encountered.

We meet the Marines who will make this attack. They are all volunteers, of course, several coming back for multiple combat deployments. These are no "dumb grunts," though they bear the title with pride. Prior to deployment, they train constantly, study "a three-foot high" stack of books and manuals and even learn Arabic. Their loyalty is primarily to each other; to the friends they have come to rely on for their lives. The bonding experience of combat can be a tired cliché for readers, but O'Donnell captures it without cheapening it.

O'Donnell shows the strength of these personal relationships as men lie wounded and dead in filthy Grenade Alley, where the mujahedeen tossed so many hand grenades that most of a 12-man squad was wounded. In Fallujah, the platoon learned that survival depended entirely on the mutual loyalty and support they gave one another - and the whimsy of the gods of war.

Kicking in the doors of as many as 100 stone houses, the men found enemy fighters wired to the gills with a narcotic cocktail of adrenaline, cocaine and amphetamines and learned too well the lesson of the randomness of combat. A Marine moves slightly and the wall where he stood is raked with machine gun fire, while others are killed or wounded by similar twists of fate.

O'Donnell paints a picture of intense bravery. The dehydrated, exhausted platoon maintains focus on their objective of keeping each other alive and killing or capturing the enemy.

These Marines knowingly walked in the shoes of their grandfathers in the Pacific war, and their fathers in Vietnam. They proudly referred to the Battle of Hue City and the conquest of Iwo Jima as part of the long heritage that they would join when they won the Battle of Fallujah. And they won resoundingly, despite ferocious odds.

Most of those who survived and remained in the Marine Corps were "serving on the Iraqi-Syrian border" as the book was completed. By now they may have rotated home and then back yet again into the fray.

Read O'Donnell's excellent book and you will know that they are indeed, as were each preceding generation, "The Greatest."

Gordon Cucullu (colonelgordon.com) is a former Special Forces lieutenant colonel and author of "Separated at Birth: How North Korea became the Evil Twin."

WAR MACHINES (NYPOST)

By Ralph Peters

The New York Post, October 15, 2006

October 15, 2006 -- WAR MADE NEW: TECHNOLOGY, WARFARE AND THE COURSE OF HISTORY, 1500 TO TODAY

BY MAX BOOT

GOTHAM BOOKS, 624 PAGES, $35

A BOOK'S got to be pretty damned good to be worth $35. And "War Made New" is worth every penny. It's not only a terrific read; it's a cheap education on how, for half a millennium, machines made war and war made machines. The research is impressive, the judgments are sound - and Max Boot's a strong, clear writer.

Taking the "Blitzkrieg of 1494" as his line of departure, he explains why a nearly forgotten French invasion of the Italian peninsula arguably created modern war. He then takes the reader through a vivid account of the Spanish Armada's decomposition, the innovative tactics of Gustavus Adolphus - and one paradigm-shattering campaign after another, right down to Operation Iraqi Freedom. Boot concludes with an eye-opening discussion of future military technologies.

The author sets up great battles as suspense stories, and you'll want to know what happens next. This is grand history, moving from the collapse of the Marathas in India to Pearl Harbor and the Battle of Midway. I knew the outcomes, but I still read anxiously. Boot's purpose is serious - to educate readers about the fateful relationship between technological change and warfare - but he makes the lessons enjoyable.

It's not enough to possess the best gear. In 1940, the French had more and better equipment than the German army. But the Germans saw how to marry massed tanks and tactical radios to stun a slow-thinking opponent. In the War on Terror, our enemies brilliantly used our own technologies against us - cellphones, the Internet, airliners. It's not just what you've got, but how innovatively you use it.

You've still got to back the right weapons, though: Boot argues that the British lost their eastern empire because they failed to see that aircraft carriers had superceded battleships. You've got to choose the right stuff and use it more effectively than your enemy.

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For all the discussion of technology - ever clear, always sensible - Boot never loses sight of the supremacy of the human being. After a riveting discussion of robotics, nanotechnology and what the Soviets used to call "weapons based on new physical principles," he concludes that nothing will match the flesh-and-blood soldier's situational awareness for many years to come.

My quibbles are minor: An active journalist, Boot is reluctant to burn bridges to establishment figures. Despite his fateful errors in Iraq, Donald Rumsfeld slips from the author's hands like a cobra covered in K-Y Jelly, eluding criticism. And Boot falls for the armchair general's "tooth-to-tail ratio" complaint that our military includes too many support troops. Well, there are a lot more "support troops" in a civilian hospital today than 50 years ago. As organizational complexity increases, staff requirements grow. And you'd better have somebody trained and ready when the precision weapon needs to be programmed.

But these criticisms are trivial compared to the ambitious scope - and success - of "War Made New." This is a book for both the general reader and reading generals.

Ralph Peters' latest book is "Never Quit the Fight."

DOJ:

Interim U.S. Attorney Settles In To The Job (NCP)

By Jared Allen

Nashville City Paper, October 15, 2006

Just before he left office, Jim Vines, who recently stepped down as Nashville's U.S. Attorney, said one of his greatest accomplishments was building up the Nashville office to a point where it could handle another Tennessee Waltz-type investigation.

"Even though it centered around the legislature, it had to be handled out of the Memphis office," Vines said last month in an interview with The City Paper, explaining that when the investigation into corruption at the Capitol began, the Nashville office was simply not up to the task of leading it.

"But if we were to have another ethics scandal, we could do it here now," Vines said.

So it seems fitting that after Vines' exit, the man selected to replace him – at least in the interim – is credited with cleaning up what was formerly the single most corrupt city is the United States: Youngstown, Ohio.

Youngstown is the hometown of former U.S. Rep James Traficant, who was indicted on federal corruption charges in 2002 and sentenced to eight years in prison.

For decades, most of Youngstown's local leaders were controlled by mafia bosses, who routinely blew up one another with car bombs.

That was until a U.S. attorney named Craig S. Morford arrived in Cleveland.

Over a period of five years, Morford investigated, prosecuted and convicted 70 individuals, including mob bosses, the county sheriff, county prosecutor, a nearby police chief, four judges and 10 attorneys.

Two weeks ago, the U.S. Department of Justice named Morford to head up the Nashville U.S. Attorney's Office.

The appointment is temporary for now – Morford's family is staying in Cleveland for the time being – but the career prosecutor, armed with decades of experience in high-profile cases, is already diving into his job in Nashville.

And he is prepared to lead the office in whatever direction it needs to go.

"I've dedicated much of my career to fighting corruption," Morford said. "My belief is that the system is only as good as the people who run it, and when we give people a public servant position, we put our trust to those people. And they need to step up and live up to that trust. And if they don't, it's our job to come in and do something about it."

But Morford, who is also best known for investigating a Detroit U.S. attorney's terrorism investigation gone awry, and one that ultimately led to an admission by the Justice Department that it withheld sharing evidence with defense attorneys, does not see himself as a reformer.

"I don't come in here as a fixer," Morford said. "I'm here because I got a call. I was asked to serve in this way and I've always been one that's tried to answer the call. That's why I went to Detroit."

Morford also believes his main job is to hold down the well-built fort left by Vines.

"I've quickly assessed that there's a tremendous foundation that's been built by Jim, the people he brought in and the people who were already here," Morford said. "I view my job is maintaining that foundation, preserving that foundation and building upon that foundation."

In terms of building, Morford said his priorities include investigating and prosecuting cases of terrorism, health care fraud and violent crime.

He also stressed his work in Cleveland breaking up a entrenched but non-traditional culture of gangs and gang violence.

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"Cleveland is much like Nashville. We don't have the large presence of national gangs – the Bloods, Crips and those types of things – but we have street corner gangs, that are extremely violent and involved in heavy crack dealing, Morford said.

"And for the family who lost their 8-year-old son on the way to the neighborhood recreation center, they don't much care that the guy who shot him calls himself a 'Dirty 30' because he lives on 30th Street, as opposed to a Blood or a Crip."

Morford will likely receive a warm welcome from the Metro Police Department, which in May launched a major initiative to combat Nashville gangs, which are likewise largely unorganized but still violent.

"We are looking forward to a continuation of the strong working relationship with the U.S. Attorney's Office on gang, gun and other issues," said Don Aaron, Police Department spokesman.

Morford is scheduled to meet with Metro Police Chief Serpas this week, and assessing the current gang problem and the police response to it will be on the top of the agenda, the U.S. Attorney said.

"The biggest problem you have in solving gang crime is getting good, solid intelligence so you can really get your hands around what the problem is," Morford said, discussing his work in Cleveland. "And there is a significant role for our office to play."

CORPORATE SCANDALS:

Finance Jobs Tarnished By Options Cases Legacy Of Scandals Could Linger, Threatening Guilt By Association (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, October 15, 2006

Headhunter Larry Ormsby was seeking a new chief financial officer for a Silicon Valley company recently. Then news cropped up that one of his candidates had big black mark on his resume: The company where he had previously been CFO was implicated in the stock options backdating scandal now grabbing headlines.

"That was enough for us to say, 'Let's not pursue this person,' " said Ormsby, senior client partner at Korn/Ferry International in San Francisco specializing in CFO and other senior finance positions. "Clients aren't comfortable making a hire when there is some gray area of uncertainty about what happened" at a candidate's previous jobs.

People caught up in probes over improper backdating of stock options may have bigger worries than their next job. But recruitment experts and others say the scandal may tarnish the careers of those in decision-making positions at the companies being investigated, regardless of whether they are ever charged with a crime.

"Of course it will be an issue" for job seekers, said John Challenger, chief executive officer of Challenger Grey & Christmas, a global outplacing firm in Chicago. "At an executive level, the company or the search firm will look through each of the jobs a candidate has had to understand if there was something that happened that might be problematic for the new company."

About 125 companies, nearly a quarter of them in Silicon Valley, are facing probes over whether they improperly granted stock options that were retroactively linked to dates when their stock price was low, thus giving recipients a leg up on potential profits. Such backdating is illegal unless it is disclosed and accounted for properly -- something that many companies evidently failed to do.

Investigators from the Securities and Exchange Commission, Justice Department and the companies themselves are sifting through documents to try to figure out who did what when.

About 30 executives and board members have gotten the ax over their involvement in backdating, but experts expect the toll to rise as companies finalize investigations of themselves. Only two cases so far have resulted in criminal charges being filed.

"If companies want to get credit (with the SEC and Justice Department) for their cooperation by showing they found a problem and have done everything possible to eliminate it going forward, one thing they will want to say is that people associated with the problem are no longer here," said Jim Sanders, a Los Angeles attorney specializing in white-collar defense and a former SEC regional administrator and federal prosecutor. "I've been in situations where (SEC officials) say, 'How can you say you fully cooperated and cleaned house when Joe Blow is still working there?' "

But even people who don't get the heave-ho could be tarred by their association with the scandal -- assuming they were somewhere in the chain of command that oversaw finances.

"I think it will impact the candidacy of people looking for jobs if they themselves were part of the cabal of inner circle people who were likely to have been the manipulators," said Mark Jaffe, president of executive-search firm Wyatt and Jaffe in Minneapolis. "If you were the chief corporate counsel, the CFO, the treasurer, the chief operating officer or the CEO, you're likely to get some splatter on you, and with good reason. If you were the chief marketing officer or the (chief technology officer), it could be you were in the Bahamas that week."

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Rick Beal, managing consultant for the San Francisco office of search firm Watson Wyatt Worldwide, said he thinks people from affected companies could rise above their involvement if they can make a good case for themselves.

"If they came away with a lot of real positive learning experiences out of it, they understand and can articulate how things went wrong and why, and they hold themselves personally accountable for it, that speaks volumes about them," Beal said. "If someone says, 'I stepped down because I had to and it wasn't really my fault' and points the finger elsewhere, that tells you something, too."

In any case, he said, search firms themselves may help candidates clean up their reputations.

"Headhunters shopping these folks are going to spin it as strongly as they possibly can," Beal said. "They'll say, 'I've got a great candidate who got caught up in this stuff, but he's a really good guy.' "

Ormsby of Korn/Ferry said he feels obligated to do much more thorough background checks on job candidates in the post-Enron world.

"We used to check education, criminal, employment -- more basic checks," he said. "For the past five years, we've been much more aggressive on every CFO assignment to make sure we look for SEC investigations that have happened, look for civil as well as criminal background checks." In addition, he makes many more reference calls, Ormsby said.

Sanders, the former SEC administrator, said there is an added complication for people who left companies under investigation.

"The real issue for them is if the facts were significant enough that a corporation felt a resignation was appropriate, that is clearly in my view going to draw the attention of the SEC," he said. "The SEC has the power to bar someone from being an officer or director of a publicly held corporation. From the prospective new employer's standpoint, I can only guess that ... a candidate who might be the subject of an SEC enforcement action" would be undesirable.

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CRIMINAL LAW:

Displease A Lobbyist, Get Fired (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, October 15, 2006

E-mails show Jack Abramoff's ability to influence White House staffing decisions through his highly placed friends.

WASHINGTON — For five years, Allen Stayman wondered who ordered his removal from a State Department job negotiating agreements with tiny Pacific island nations — even when his own bosses wanted him to stay.

Now he knows.

Newly disclosed e-mails suggest that the ax fell after intervention by one of the highest officials at the White House: Ken Mehlman, on behalf of one of the most influential lobbyists in town, Jack Abramoff.

The e-mails show that Abramoff, whose client list included the Northern Mariana Islands, had long opposed Stayman's work advocating labor changes in that U.S. commonwealth, and considered what his lobbying team called the "Stayman project" a high priority.

"Mehlman said he would get him fired," an Abramoff associate wrote after meeting with Mehlman, who was then White House political director.

The exchange illustrates how, more than two years after the corruption scandal surrounding the now-disgraced Abramoff came to light, people are still learning the extent of the lobbyist's ability to pull the levers of power in Washington. The latest revelations provide more detail than the Bush administration has acknowledged about how Abramoff and his team reached into high levels of the White House, not just Capitol Hill, which has been the main focus of the influence-peddling investigation.

The e-mails, disclosed as part of a report by the House Government Reform Committee, show how Abramoff manipulated the system through officials such as Mehlman, now the chairman of the Republican National Committee. Doing so, Abramoff directed government appointments, influenced policy decisions and won White House endorsements for political candidates — all in the service of his clients.

The report found more than 400 lobbying contacts between Abramoff's team and the White House.

Besides the Stayman matter, the e-mails reveal Mehlman's role in helping an Abramoff client, the Mississippi Band of Choctaw Indians, secure $16.3 million for a new jail that government analysts concluded was not necessary. Mehlman also helped Abramoff obtain a White House endorsement in 2002 of the Republican gubernatorial ticket in the U.S. territory of Guam.

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Abramoff pleaded guilty in January to federal charges in a congressional bribery investigation that continues to loom over Capitol Hill and the GOP. A Senate subcommittee concluded that Abramoff fleeced Indian tribes out of millions of dollars in fees that he split with one of his associates.

The scandal has touched just one West Wing staffer, Susan Ralston, a onetime Abramoff aide who resigned this month as executive assistant to strategist Karl Rove after congressional investigators documented frequent contact with the lobbyist's team.

Mehlman said he did not recall the details of his contacts with the Abramoff team, including discussions about Stayman, the former State Department official. But he said such interactions were part of his job as White House political director.

"I was a gateway," Mehlman said in an interview. "It was my job to talk to political supporters, to hear their requests, and hand them on to policymakers."

Mehlman said he had known Abramoff since the mid-1990s and would listen to his requests along with those of other influential Republicans.

"I know Jack," Mehlman said. "I certainly recall that if he and others wanted to meet I would have met with them, as I would have met with lots of people."

Mehlman, a Baltimore native and graduate of Harvard Law School, has remained a GOP power player since stepping down as political director in 2003. He built the party's grass-roots get-out-the-vote strategy, managing President Bush's 2004 reelection campaign before taking over the RNC last year.

Democrats charge that Mehlman may have acted unethically during his time at the White House, lobbying for government actions at Abramoff's behest, even when policy experts disagreed with the decision.

The senior Democrat on the House Government Reform Committee, Rep. Henry A. Waxman of Los Angeles, points to e-mails suggesting that in June 2001, amid negotiations over whether to fire Stayman, Mehlman requested and might have been given two U2 concert tickets in Abramoff's suite at what was then the MCI Center (now the Verizon Center).

Ethics rules prohibit officials from accepting gifts worth more than $20 from a person doing business with the government, although there are exceptions. Ethics officials typically consider such suite tickets to be worth the same as the event's most expensive tickets, which in this case was $133 apiece, according to Waxman's office.

"Please tell me we can fit two more in for Friday," lobbyist and Kevin Ring wrote to Abramoff, his partner. "Ken Mehlman of the White House apparently wants to go." On the day before the concert, Ring wrote to Abramoff that a resume for a Stayman replacement had been "sent to our conduit."

Referring in the same e-mail to an unrelated Labor Department appointment, Ring said he "will talk to Mehlman at the concert tomorrow night."

A former Abramoff associate remembers Mehlman attending the concert. Mehlman said he did not recall it. "I've been to several U2 concerts, but I don't know whether I went to that one," he said. "But I can tell you that as political director I was always very careful to make sure everything I did was above board and consistent with the rules."

Waxman said the e-mails suggested Mehlman may have "violated fundamental ethics regulations and the law."

"There are serious questions that Mr. Mehlman needs to address with candor and that Congress should investigate thoroughly," Waxman said.

The e-mails disclosed in the House report showed that Mehlman was involved in a variety of matters of interest to Abramoff, one of which bore fruit for the lobbyist after he discussed delivering campaign contributions to GOP causes.

Tony Rudy, a onetime aide to former Rep. Tom DeLay (R-Texas), referred to Mehlman on Nov. 9, 2001, as a "rock star" after Mehlman agreed to "take care of" the Choctaws' jail, despite a Justice Department finding that the tribe's existing jail was adequate.

Several days after that meeting, on Nov. 13, Rudy recommended a $15,000 contribution to the Republican National Committee. "Let's give the check to Ken Mehlman at the White House," wrote Rudy, who later pleaded guilty to conspiracy charges in the broader investigation.

On Nov. 15, campaign finance records show, the tribe gave $10,000 to the RNC. Overall, the tribe gave $120,000 in the 2002 election cycle to Republican committees and $95,000 to Democratic committees, according to the Center for Responsive Politics.

Two weeks after the RNC received its check, Susan Butler, chief of staff to U.S. Rep. Charles W. "Chip" Pickering, a Mississippi Republican whose district includes the Choctaws, e-mailed Rudy to say that she had discussed the issue with Mehlman and others and that "they were very positive and promised to work with us on it."

When Justice Department officials relented and released the money for the jail, giddy Abramoff associates planned to host agency officials in a suite at a Dave Matthews concert.

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"I have the suite filling up with DOJ staffers who just got our client $16 million," one wrote. Another replied that the agency officials deserve any reward they want, "opening day tickets, Skins v. Giants, oriental massages, hookers, whatever."

Mehlman, meanwhile, also helped Abramoff with another client, Guam, the e-mails show.

On Oct. 9, 2002, Abramoff asked Mehlman to secure a White House endorsement for the island's GOP gubernatorial ticket.

Three weeks later, Abramoff received a note from Ralston, then Rove's assistant, saying that Mehlman had gotten a quote from the White House for "your Guam candidates." She also asked Abramoff to send his requests in the future to "Ken only."

For Stayman, learning more about how Abramoff used White House connections helped him understand why, five years ago, he found himself looking at a career change.

His job was up for renewal, but his State Department supervisors wanted to keep him on to finish a project that was expected to take more time.

"With only about a year left on my appointment, I didn't think it would trigger any interest from the White House," Stayman said. "I assumed that Abramoff was behind it, but I didn't know the details, who called whom and how much effort it took."

Unbeknownst to Stayman, though, within weeks of Bush taking office, the "Stayman project" was in full swing.

State Department officials resisted the dismissal, and negotiations dragged on for months. In May 2001, one of Mehlman's deputies assured Abramoff's team that, "Obviously, this guy cannot stay."

That July 9, Ralston e-mailed Abramoff with news of a deal on Stayman: "He'll be out in four months."

And he was.

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Weldon Faces Probe On Daughter's Deals (AP-Y)

By Kimberly Hefling And Lara Jakes Jordan, Associated Press Writer

AP, October 15, 2006

The FBI is investigating whether Rep. Curt Weldon, R-Pa., used his influence to secure lobbying and consulting contracts for his daughter, two people familiar with the inquiry said Saturday.

The inquiry focuses on lobbying contracts worth $1 million that Weldon's daughter, Karen Weldon, obtained from foreign clients and whether they were assisted by the congressman, they said. They spoke on condition of anonymity because of the confidentiality of the criminal investigation.

Weldon, a 10-term Republican from the Philadelphia suburbs, long has denied any wrongdoing, and his top aide said Saturday no one had notified him of an investigation.

"I think if there was an investigation, somebody would have contacted us," said Russ Caso, Weldon's chief of staff.

Caso said Weldon and his staff were "100 percent caught off guard" when they learned of the investigation, first reported late Friday by McClatchy Newspapers. This account cited two individuals with specific knowledge of the existence of the investigation; they declined to be identified because of the confidentiality of criminal investigations.

Caso, whose boss is in a tight race for re-election on Nov. 7 against Democrat Joe Sestak, tried to cast doubt on reports of the investigation. "Unidentified sources mean nothing," Caso said. "There's no substance in that story. It's a flimsy story."

Two people familiar with the investigation told the AP on Saturday that the inquiry was being handled by agents from the FBI's field offices in Washington and Philadelphia and was being coordinated by the Justice Department's Public Integrity Section. Spokesmen for the Justice Department and the FBI declined comment Saturday.

Those two people familiar with the investigation confirmed that federal agents were examining Weldon's work between 2002 and 2004 to help two Russian companies and two Serbian brothers connected to former Yugoslav President Slobodan Milosevic. They had hired Solutions North America Inc., a company operated by Karen Weldon and Charles Sexton, a Republican ally of the congressman.

Weldon, vice chairman of the House Armed Services committee, is a Russian speaker regarded by some as a foreign policy expert who has clashed at times with the Bush administration.

Over the last few days, the Democratic Congressional Campaign Committee has mailed fliers to voters in Weldon's district accusing Karen Weldon of getting help from her father on lobbying projects.

Michael Puppio, Weldon's campaign manager, questioned the timing of the mailing and published reports about the investigation. He accused Democrats of "attempting to smear the congressman and his entire family" in the final weeks of the campaign.

Jen Psaki, a spokeswoman for the DCCC, said it's "bizarre, paranoid and absurd" for the Weldon campaign to imply there's a link in the timing of the mailing and the published reports.

The Weldon investigation comes at a critical time for Republicans who are fighting to maintain a majority in the House of Representatives in a midst of scandals.

On Friday, Rep. Bob Ney, R-Ohio, pleaded guilty in the Jack Abramoff lobbying scandal, which has touched on federal lawmakers, former aides and members of the Bush administration.

At the same time, an inquiry is under way on Capitol Hill into whether Republican House leaders or their top aides covered up questionable behavior of former Rep. Mark Foley toward teenage males who worked as House pages.

Web Gambling Sites Keep Advertising, Despite Crackdown (AP)

By David B. Caruso, Associated Press Writer

AP, October 15, 2006

NEW YORK -- Despite repeated warnings from law enforcement officials, offshore Internet gambling companies have continued to advertise heavily in the United States.

Giant billboards in Manhattan, some several stories high, brazenly advertise Internet gambling sites like Sportsbook.com, now based in Antigua.

Promotions for BetUS, a Canadian and Costa Rican company that takes wagers on American sports, run regularly on the Howard Stern Show on Sirius Satellite Radio. Fantasy football magazines on sale at newsstands are packed with ads for online bookies and casinos.

The advertisements _ which the companies insist are legal _ have helped attract millions of customers to online gambling, and may have left the impression that both the ads and online wagering are legal.

They are not, said Paul Larrabee, a spokesman for New York Attorney General Eliot Spitzer.

"Gaming and bookmaking are not legal in New York, so anyone who markets to a New Yorker may be in violation of New York state law," Larrabee said. "We have done case after case after case involving instances where an act that is illegal in New York is marketed to New Yorkers."

Actual prosecutions of advertisers for promoting gambling are rare, however, and media companies accepting the ads insist they are breaking no law.

That position sometimes hangs on a looser interpretation of gambling laws.

ESPN, for example, runs ads for online poker sites during its broadcasts of the Word Series of Poker, but says it does so only for Web pages that don't actually process bets.

"We only accept advertising for educational, learn-to-play, for-free sites," said ESPN spokeswoman Keri Potts.

Many of these so-called "educational" sites, however, are simply companion pages to full-fledged gambling operations, easily reachable with a few mouse clicks or by changing the last few characters of a Web address from ".net" to ".com."

Potts said it wasn't up to ESPN to investigate those affiliations.

"Is it really for us to be regulating how they operate their businesses?" she said.

The Justice Department has taken a different view. In 2003 it warned that publishers and broadcasters who advertise gambling sites could be prosecuted for aiding and abetting a crime.

A year later, federal authorities pressured the parent company of the Discovery Channel into forfeiting $6 million in advertising money that had come from online poker sites.

A similar arrangement was reached in January with the Sporting News, which agreed to pay a $4.2 million fine and run $3 million worth of public service announcements to resolve claims that it ran ads promoting illegal Internet gambling.

Despite those settlements, Internet gambling lawyer Lawrence G. Walters said there is uncertainty over whether running advertisements for an offshore gambling concern is illegal.

"They scare these people to death and tell them they are going to prosecute them criminally if they don't cooperate ... but I'm looking forward to the day that someone decides to fight this," he said.

The situation was muddied further on Friday when President Bush signed legislation aimed at prohibiting the credit card and electronic fund transactions U.S. players often use to settle online wagers.

Some foreign online gambling outfits said immediately after the legislation was signed that they would stop doing business with American customers.

"The real question is, 'Are any of the online gambling Web sites going to bother advertising anymore?" given the change in U.S. law, Walters said.

Sportingbet PLC, a British Internet gambling company that had hung billboards throughout Manhattan bearing the image of actress Nikki Cox and the slogan "Everybody Bets," sold its site Sportsbook.com to a company in Antigua on Friday for $1.

The action came just weeks after the company's chairman was arrested at a New York airport after customs officials discovered he was wanted on online gambling charges in Louisiana.

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New York Gov. George Pataki ultimately decided that state law didn't allow the executive to be extradited and he was allowed to fly home to London.

Spokesmen for several online gambling services declined to be interviewed about their advertising campaigns, but maintained that their offshore services are either legal or beyond the reach of U.S. law.

That argument was rejected by Christopher P. Blank, executive assistant district attorney for the Brooklyn DA's rackets division.

"If you're sitting in Costa Rica with your staff, and you're accepting bets from New York, you're gambling in New York," he said.

Controls On Web Data Lacking (AP)

AP, October 15, 2006

NEW YORK — If you don't like what your favorite Internet search engine or e-commerce site does with information it collects about you, your options are limited to living with it or logging off.

Major search engines, for instance, all keep records of your searches for weeks, months or even years, often tied to your computer's Internet address or more. Retailers, meanwhile, generally presume the right to send marketing e-mails.

Although online companies have become better at disclosing data practices, privacy advocates say the services' stated policies generally don't give consumers real choice.

"None of them have gotten to the point of giving a lot of controls in users' hands," said Ari Schwartz, deputy director of the technology watchdog group Center for Democracy and Technology. Privacy policies "are about notice ... not about control."

Recent developments - from companies losing laptops containing sensitive data to Time Warner Inc.'s AOL releasing customers' search terms - have again turned the spotlight on Internet privacy.

But the push for stronger federal protections is countered by Attorney General Alberto Gonzales' desire to require Internet providers preserve customer records to help prosecutors fight child pornography. Officials have released few details, though they say any proposal would keep the data in company hands until the government seeks a subpoena or other lawful process.

Federal law already limits how personal financial and health care data may be used, but U.S. privacy laws are generally considered weak compared with Europe and Canada.

Industry groups have stepped in with guidelines that go beyond legal requirements.

One group, Truste, requires member companies such as AOL and Yahoo Inc. give consumers a way to decline sharing personally identifiable information with outside parties. Companies also must disclose any use of tracking technology and specify personal information collected and how it is used.

"The fact that we don't license every person on the Internet gives consumers (the ability) to shop around," said John Tomaszewski, Truste's vice president for legal, policy and compliance. "We've got folks out there engaging in a higher standard than what is normally required."

Some companies go even further.

E-Loan Inc. customers worried about safeguards when datas get outsourced to India can choose to have loan applications processed domestically, though loans in such cases would take two additional days to close.

Mark Lefanowicz, E-Loan's president, said about 80 percent of customers have agreed to outsourcing, and he said choice pre-empted any backlash.

"They have the right to deal with us under their terms," he said. "If we just disclosed we used an overseas provider, for a lot of customers it's irritating to them."

Comcast Corp., meanwhile, gives customers a range of options on how long its servers keep e-mail, while a small search engine called Ixquick promises to purge data within 48 hours.

In other cases, companies have responded to backlash from customers. When Facebook recently allowed easier tracking of changes their friends make to personal profile pages, users threatened boycotts and forced the company to apologize and offer more privacy controls.

But such cases are rare. Consumers generally haven't demanded better privacy options the way they shop around for better prices or ease of use, said Carl Malamud, senior fellow at Center for American Progress, a liberal think tank.

"As a consumer I don't choose based on practices for privacy," he said. "I choose based on functionality."

CIVIL RIGHTS:

S.F. Police-conduct Plan Behind Schedule (SFC)

By Susan Sward, Chronicle Staff Writer

San Francisco Chronicle, October 15, 2006

Eight months after Mayor Gavin Newsom vowed to ride "roughshod" over the Police Department to ensure adoption of a computerized system to track officers' use of force and other conduct, the plan has yet to be submitted to the Police Commission for a vote.

In a February interview, after The Chronicle reported on use of force by San Francisco officers, Newsom said he wanted such a system adopted by the end of the year and added the move was "in the best interest of the department in terms of public confidence and a kind of respect we are hoping to build again ..."

Since then, negotiations over the system's details have not led to a formal agreement by the participants, which include the department, the American Civil Liberties Union and the Police Officers Association.

The proposal, which involves complex technology, has yet to be put out to bid, and the department -- rather than talking about having the system in place by year's end as the mayor pledged -- is now saying it plans to have a pilot program operating before the year is over.

Deputy Police Chief Charles Keohane said the proposed tracking system will soon be presented to the department's command staff and then will be forwarded to the Police Officers Association, which has "meet and confer" rights on any such change.

"The Police Department has been saying it has been working tirelessly on this system for years, but so far it hasn't happened," said Commissioner Joe Veronese. "I'd like to see it materialize into an effective policy soon."

Deputy Chief Keohane said the department is moving "at light speed" -- far faster than some other departments attempting to build similar tracking systems -- and he added he hoped the complete system could be up and running by March.

He added the department is drafting the proposal to put the system out to bid and plans to present the proposed system to the Police Commission soon. In previous meetings, commissioners have voiced strong support for this sort of the system, which was first advocated three years ago by critics, including the city controller's office.

Newsom said in an interview he was "pleased with the progress that has been made and that we will have a pilot by the end of the year. We are within 90 days of an expectation of something that usually takes three to five years in other cities. While all of us would like to have seen it yesterday, one deals with the reality of process in San Francisco on anything that deals with technology."

Mark Schlosberg, police practices policy director for the ACLU's Northern California branch, said he has been meeting with the department on the tracking system's details and "we're very close."

The position of the officers' union on the new regulation that will define the tracking system is not known. Keohane said, "The negotiations with the POA are down to the nitty-gritty, and hopefully, all the differences will be ironed out."

A series of articles in The Chronicle in February reported that about 100 San Francisco officers were responsible for a quarter of the incidents of force logged by the 2,100-officer department from 1996-2004, and that in recent years San Francisco officers had more force allegations filed against them than those in San Jose, Oakland, San Diego and Seattle combined.

The series also found that the department did not have an effective, computerized system for tracking the performance of officers and often failed to intervene with officers who reported using force much more than their peers.

Implementation of the tracking system is one of two major reforms that national and local experts say San Francisco must undertake to improve local policing. The second involves strengthening the Police Commission, which oversees the department.

Tracking system crucial

Law enforcement experts view a computerized tracking system -- which can offer an up-to-date, comprehensive look at an officer's record with a few keystrokes -- as a crucial move that other cities already have embraced.

Police practices experts also say, however, that departments that want to improve officer performance and identify those who need counseling must go beyond that computerization step and change the way they manage officers on the streets.

Such deep, fundamental change is difficult for many departments to achieve, they say. Instead, change often comes because of a scandal or a lawsuit.

"I believe departments are generally incapable of reforming themselves," said Duke University law Professor Erwin Chemerinsky, who wrote a report on the Los Angeles Police Department after its Rampart scandal in the late 1990s, in which officers stole drugs and beat and framed citizens.

"Reform usually involves major change, including changing the culture of a department," Chemerinsky said, "and I think it is very difficult to do from within ... absent a major scandal or significant change in personnel."

Police Chief Heather Fong has repeatedly said the department is pressing forward on the tracking system. She also said earlier this year that its officers "are very restrained in when and how they use force" and use it only when "they must resist the force that is being used against them."

Early intervention

More than two decades ago, law enforcement agencies began building systems capable of identifying officers with problematic performance, especially excessive use of force.

Departments used a variety of methods to intervene, including counseling and retraining, with the goal of dealing with an officer's problems before discipline became necessary.

The trend toward tracking systems was fueled by a growing awareness that a relatively small group of officers in each agency is typically responsible for a disproportionate amount of the force used on citizens.

The thinking was that if those officers could be identified, counseled, retrained or removed from the street, departments could reduce the use of unnecessary force, citizen complaints and costly lawsuits.

In the mid-1980s, San Francisco began requiring officers to report when they used force on citizens. In the mid-'90s, it also started tracking citizen complaints against individual officers.

Neither system was computerized so that supervisors could perform speedy checks on an officer's record, seeing which officers were logging the most force or quickly comparing citizen complaints with use-of-force logs.

Tracking for promotions

While many departments use tracking systems to warn of problem behavior by officers, the Justice Department says more are expanding their systems to follow positive indicators of officers' behavior -- such as arrests made or commendations -- that may identify those worthy of promotions.

In Pittsburgh, for example, the police department uses its system as a broad management tool, not just to watch for misconduct by its 866 officers.

"Officers know people pay attention to what's in there," said Pittsburgh police Cmdr. Linda Barone, speaking of the tracking system. "If they want to be promoted or go to specialized units, if there is nothing in the system that says you have been working at all, it has been told to them: 'Don't bother.' "

In 1997, Pittsburgh entered into a consent decree with the Justice Department to improve its tracking of officer performance and to take other modernizing steps. Today, it has a comprehensive early intervention system: It requires sergeants to log onto the computer every day and monitor their officers' behavior.

Samuel Walker, one of the nation's top experts on police tracking systems, emphasized that management in a department has to be totally committed to making a system work. "Somebody has to make these things happen," Walker said. "If no one really takes the lead, these reforms won't happen, and unprofessional conduct will continue."

Good results reported

In some cities, Walker and others report, both use-of-force incidents and citizen complaints decreased following installation of an early intervention system.

San Francisco's department proposes monitoring a greatly expanded list of behavior in addition to citizen complaints, including use of force, officer-involved shootings and discharges, internal affairs and workplace discrimination complaints, civil suits and claims, on-duty accidents and vehicle pursuits.

Newsom's 2006-07 budget includes $575,000 for the intervention system's hardware, software and maintenance costs.

Fong told The Chronicle the new system "will afford essential feedback to those officers who may need guidance or additional training in their duties, provide timely and relevant information to supervisors, and raise the level of professionalism in our department."

Newsom said while there is some natural concern and resistance among police officers about the changes the system will require, he thinks ultimately everyone, including the rank and file, "benefits because it will allow us in an objective way to analyze data and treat everyone fairly. That builds public trust, and with public trust, comes a stronger department."

The Police Officers Association did not respond to a Chronicle request for comment on the system. In a recent newsletter to members, association President Gary Delagnes said: "An early intervention system that is fair to all parties and is not seen as much as a punitive tool as a monitoring tool should be implemented as soon as possible."

Police Commission

Another change that has been urged to improve oversight of San Francisco police officers involves the Police Commission.

For more than a decade, critics, including the San Francisco Bar Association, have said the commission should have its own staff to help it formulate policy.

By law, the commission has the power to fire officers or to impose any suspension longer than 10 days; it also sets the general orders that spell out department policy.

The seven-member commission -- composed of volunteers appointed by the mayor and Board of Supervisors -- now has only a sergeant and a clerk on staff. It relies on the department for reports on policy issues.

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After persistent lobbying by police Commissioner Theresa Sparks, the 2006-07 city budget includes $50,000 for a hearing officer and an $89,000 performance auditor who will do commission work but remain a department -- not a commission -- employee.

"We need to look at whether our policies on use of force are strong enough," Sparks said. "But until we have staffing resources, we are for all practical purposes ceremonial."

In Los Angeles, the commission has had a staff of analysts focused on policy issues for more than a decade.

"The benefit of having the independent review and oversight is that the department knows there will be such a review" of anything it proposes, said Richard Tefank, executive director of the city's Board of Police Commissioners.

At a recent seminar co-chaired by former Police Chief Anthony Ribera and former chief and Mayor Frank Jordan, Schlosberg of the ACLU said additional commission staffing is a critical need.

"The Police Commission is overwhelmed by the issues on its plate," Schlosberg said.

Some witnesses at the seminar said the commissioners would not be so overwhelmed if they didn't have to conduct lengthy hearings on every officer who might deserve more than a 10-day suspension, the maximum that can now be imposed by the police chief.

Fong said in an interview after the seminar: "The chief should have authority to impose suspensions of 45 to 90 days when appropriate."

Difficult prospect

Often, change in a department must be imposed from outside.

After the 1991 Los Angeles police beating of motorist Rodney King, Congress passed a law allowing the Justice Department to file "pattern or practice" suits for violations of citizens' civil rights.

Since 1997, Justice has used that law to file several lawsuits against police agencies and then hammer out consent decrees to force change.

In some instances, private citizens have sued departments to produce change, winning court-enforced agreements.

In Oakland, the Police Department entered into a settlement in 2003 with 119 citizens who alleged that four officers known as "the Riders" had beaten or framed them. The settlement paid $10.5 million to the plaintiffs and their lawyers and committed the department to reforms expected to cost $10 million more by 2008.

The reforms include establishing a comprehensive system to track officer behavior and performance, an expanded and more accessible internal affairs bureau to investigate citizen complaints, more sergeants to supervise officers on the streets and changes in the field training program to prevent the assigning of problem officers to train new recruits.

Oakland has found one of the most difficult reforms to comply with has been the tracking system, which the department says it hopes to finish installing late in 2007 -- more than a year after it had hoped. Oakland Police Capt. Paul Figueroa estimates the cost of the system "could easily be $2.5 million to $3 million."

San Francisco has faced no such outside impetus, and city leaders historically have not pushed hard for police reform.

Major reform would be difficult to achieve, said John Keker, a prominent defense attorney who served as Police Commission president under Mayors Art Agnos and Willie Brown.

"San Francisco hasn't had a scandal as grievous as Rampart in L.A. or the Riders in Oakland," said Keker, "and there hasn't been an allegation of organized brutality here -- it's been random."

Without a major scandal, Keker said, very little can change because no mayor or police chief wants to tangle with the Police Officers Association, which "to some extent runs the department. So nothing happens."

The Police Officers Association did not respond to requests for comment.

E-mail Susan Sward at ssward@sfchronicle.com.

Coushatta Residents Continue Dialogue After Controversial Bus Incident (SHREVET)

By Vickie Welborn

Shreveport (LA) Times, October 15, 2006

Second community forum draws smaller crowd

COUSHATTA "" A second community forum held Saturday in response to an August incident in which nine black children allege they were seated at the back of a school bus because of their race drew a much smaller but no less interested crowd.

About 50 people gathered in Springville Baptist Church, compared to the 200 or so that crowded inside Will of God Ministries in early September for the first public forum. Only a sprinkling of adults indicated Saturday they did not attend last month's session.

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Not in attendance were the parents or the children at the center of issue that has gained worldwide attention. But they were represented by Patricia Wilson-Sessoms and her mother, Coushatta councilwoman Rosetta Wilson, both of whom are related to three of the children.

Sessoms said she wished more had attended Saturday, but she realizes there were many events going on in Coushatta and other communities that likely drew people away. Still, she's pleased that the community dialogue is continuing and she looks forward to the next step in the process that is being led by Carmelita Pope Freeman, southwest regional director of the Justice Department's Community Relations Service.

Within the next few weeks, Sessoms and others will build teams that will act as negotiators in a meeting with the school system's negotiators. "That will happen once we establish what we want changed," Sessoms said.

More than bus seating is drawing comments from the public. Hiring practices, teacher certification, discipline, pupil-teacher ratios, testing and much more have been listed as concerns when it comes to the Red River Parish school system.

But it was the bus situation that has gained the most attention. The nine children complained at the beginning of school in mid August that their white bus driver, Deloris Davis, made them give up their seats to the white children. After the children's mothers filed racial discrimination complaints with the school system, Davis made new seating assignments but still put the children at the rear of the bus on two seats.

Davis has denied through her attorney that her actions were racially motivated, saying instead that the seating arrangement was the result of the prior year's chart. But Davis was removed from her bus and ultimately requested retirement, which was granted Oct. 4, her 25th anniversary date.

Randy Jackson did not mention the bus situation when he stood before the crowd Saturday. Instead, Jackson called for change. He said many of the people in the school system were there when he left the area in 1981.

"A lot of them are trained to act they way they do," Jackson said, adding that he is prepared to leave Coushatta again with his children if change does not take place.

Substitute teacher Robin Owens focused on the lack of fairness in the school system. She cited incidents in which children are not treated equally in discipline matters.

The Rev. DaVince Taylor motivated the audience and drew applause when he challenged them to rally together as a community. He drew their attention to a Red River High football game of two weeks ago when the visiting team from Ferriday "" a town not much larger than Coushatta "" brought about 170 students "" 120 in the band and flag line and 50 football players.

"That was done with community involvement," Taylor charged. "Our children need us "» we've got to get actively involved."

NAACP District Vice President James Pannell, of Shreveport assured the crowd that the NAACP is monitoring the situation, but has agreed to take a back seat as the Justice Department continues to help the community work out its problems from within.

And work is what Pope-Freeman led the forum attendees in doing. She divided them into groups and tasked them with categorizing the wide range of concerns detailed in nine pages of raw data gathered from last month's meeting. Their work would be used during the negotiation process with school officials.

Sessoms said no one from the school system has been in contact with the children's mothers since the one and only meeting with Superintendent Kay Easley. "It may be because we're working through this process and they don't think they can."

The only acknowledgement school leaders have offered was at a September board meeting in which Easley simply stated, "We're working through the process."

The children, ranging in age from preschoolers to teenagers, are still riding the bus to which they were assigned after taken off of Davis' bus, Sessoms said. At least one is undergoing professional counseling.

"This was more than a back of the bus incident. They children were called names and mistreated. They were not allowed to talk back to the other kids that were calling them names. "» They had been getting teased, but I'm not sure if that is happening any more. They're doing fine now, I believe."

ENVIRONMENT:

Aid Is A Bumper Crop For Farmers (WP)

By Gilbert M. Gaul, Dan Morgan And Sarah Cohen, Washington Post Staff Writers

The Washington Post, October 15, 2006

In the spring of 2000, Congress decided to do something about its costly and politically driven practice of giving farmers a disaster payment each time a storm damaged their crops.

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The lawmakers voted to use $8 billion in new taxpayer subsidies to help farmers buy crop insurance to protect them against losses. The insurance would replace the disaster payments and reduce government costs.

But shortly after passing the Agricultural Risk Protection Act, Congress lost its fiscal will. One week before the presidential election, it passed a new $1.8 billion disaster bill to assist farmers hurt by bad weather. Two others followed in subsequent years, totaling more than $6 billion. Today, after a searing drought in the Plains, farm-state legislators are pushing for billions more in aid.

The result is that farmers often get paid twice by the government for the same disaster, once in subsidized insurance and then again in disaster assistance, a legal but controversial form of double-dipping, a Washington Post investigation found. Together, the programs have cost taxpayers nearly $24 billion since 2000.

The government pays billions to help farmers buy cheap federal insurance, billions more to private insurance companies to help run the program and billions more to cover the riskiest claims. And on top of all that, it spends billions on disaster payments.

"It should be one or the other," said Mark Orebaugh, a flinty 52-year-old who has suffered several years of bad crops in southwestern Kansas. "There should be a permanent disaster program or crop insurance that is enough to cover my losses."

Instead, there are essentially both.

"Everybody says the money is free, but we're all paying," said Charles Fisher, a central California farmer who helped oversee government disaster payments in his area for a dozen years. "Washington unbundles the money, opens the window and turns on the fan."

The money is blown all over the country, from New York to Nebraska to California, usually at election time, fanned by farm-state legislators.

A major share of the money goes to parched and flood-prone areas where farming is tenuous at best and "disasters" seem to happen every year, a review of thousands of records and interviews with dozens of farmers, economists, insurers and government regulators have found.

Farmers in Gaines County, a parched stretch of West Texas, collected nearly $66 million in the past five disaster bills. Cavalier County farmers in North Dakota, soaked by rain and floods, got $67 million. The money was in addition to $116 million that farmers in those two counties got in crop insurance payments.

Just four states forming a narrow swath in the middle of the country -- Texas, Kansas, South Dakota and North Dakota -- collected nearly four of every 10 dollars of the disaster aid handed out in the past decade, $3.8 billion in all, records show. Farmers in those states also collected $5.6 billion from crop insurance.

Those farmers have come to depend on both crop insurance and disaster payments, which together allow for covering up to 95 percent of the value of their crops. "Taxpayers are funding something good, the rural life," said Terry Aronson, a farmer in the flood-prone Devil's Lake area of North Dakota, who has received nearly $300,000 in disaster aid the past decade.

"No one wants to appear they are being chintzy with farmers," said Bruce L. Gardner, an agricultural economist at the University of Maryland and a former top USDA official. "In spite of all of these increases in subsidies, crop insurance really hasn't made a dent in the disaster payments."A Continuous Cycle

In the past 25 years, Congress has passed three major "reforms" of the federal crop insurance program in an effort to sign up more farmers and reduce their dependence on disaster aid. Instead, the result has been a continuous cycle in which Congress expands crop insurance only to turn around and hand out more disaster payments.

In 2000, then-House Agriculture Committee Chairman Larry Combest, a Republican representing West Texas, was instrumental in getting the most recent reform bill passed, which included the $8 billion in new premium subsidies. He cited the "countless billions" in disaster payments that were undermining crop insurance. In the Senate, Pat Roberts (R-Kan.) argued that expanded insurance would result in "less need" for disaster aid.

The government would now pick up an average of 60 percent of the cost of farmers' premiums. Farmers jumped at the cheaper insurance. Today, about 80 percent of all eligible cropland -- 240 million acres -- is insured at some level.

Yet only four months after the bill was passed, Congress authorized $1.8 billion in disaster aid. That was followed by $3.1 billion for 2001 and 2002 crop losses, and $3.5 billion covering 2003 and 2004. Still another $250 million was set aside after the 2005 hurricanes.

"In farm states, legislators have to appear they are doing something," said Art Barnaby, an agricultural economist at Kansas State University and an expert on crop insurance. "It can hurt them politically if they don't."

Combest, now a lobbyist representing agricultural interests, including crop insurance agents, declined to be interviewed. "I think I'll take a pass," he said. Roberts did not respond to requests for comment.

Disaster payments to farmers are a public record but, by law, the USDA keeps the names of recipients of crop insurance confidential. Thus there is no way to count how many farmers have collected both and in what amount. However, interviews with farmers and government officials indicate that farmers who get insurance payments also get most of the disaster money.

The USDA calculates how much to pay farmers in disaster money by first looking at how much they have received in crop insurance for losses. Farmers must show that they have lost at least 35 percent of their crop to qualify for a disaster payment. The maximum is $80,000. The total of their insurance payments, disaster aid and sales revenue from remaining crops is capped at 95 percent of what they would have earned if they had harvested and sold a full crop.Bountiful Harvests and Aid, Too

Tulare County in California is an example of a farming region where the use of crop insurance is extensive but farmers still draw millions in disaster relief. The county is part of the lush San Joaquin Valley, one of the largest and most productive agricultural regions in the world. The largely irrigated fields produce a bountiful harvest of oranges, lemons, olives, cotton and 150 other crops.

For 12 years, Charles Fisher, 73, helped to police the distribution of disaster payments to Tulare's farmers.

It wasn't the easiest task for Fisher, who chaired the local farmers' committee that approves disaster payments on behalf of the Tulare County branch of the federal Farm Service Agency. In one case, a nectarine grower sought help for weather damage after he had pulled down his own trees. Other farmers claimed to have suffered disasters when the weather was normal.

Fisher said he doesn't begrudge growers who have collected disaster aid, despite the cost to taxpayers. His own farm has gotten some. "Whether it's right or wrong, if they are offering it, you're foolish to turn it down," he said.

Tulare farmers have received a total of nearly $77 million in disaster payments since 1998. They have also netted $51.1 million in crop insurance. Yet the county harvest has been bountiful in most years, with agricultural sales reaching an all-time high of $4 billion in 2005.

The county hasn't suffered a true weather disaster since Christmas 1998, when it was hit with a freeze and torrential rains, according to local weather consultants and some farmers.

"Katrina is a disaster," said Tom Gruber, a local orange grower. "A hurricane in Florida is a disaster."

But very few Tulare farmers are rejected when they apply for disaster aid, records show. Of the 732 applications by orange growers for assistance in the past two disaster bills, only 33 were ruled ineligible -- less than 5 percent.

Don Laux, 78, of Porterville, is one of dozens of citrus growers who have gotten help.

Some of the orange trees on his 500-plus acres were planted in 1911 and have survived Tulare County weather for nearly a century. As do most citrus growers, Laux and his son Gary use wind machines, automatic irrigation systems, computerized weather stations and a private weather consultant to minimize their risks. They also take out crop insurance, which has paid them for losses. Still, Laux Land Co. has received $215,000 in disaster payments since 1998, according to USDA records.

"I think anyone could get along without it, but it would be a lot harder," Don Laux said. "Any little bit helps."

Last year, the Lauxes received $73,000 in disaster payments for losses on a portion of their 2004 crop of navels and Valencias. They based their claim on a warm spell that "hit the blooms" and caused some oranges to fall prematurely.

Most of their orchards came through okay, but when Don Laux checked with the packaging house that handled their oranges, he learned that yields per acre had fallen by up to 40 percent in some of their orchards. Armed with the records, the Lauxes filed for aid.

"We're not farming for the government, we're farming for ourselves," Gary Laux said. "We truly would like to make money growing crops. But there are a lot of influences out there we have no control over. It's nice to have a safety net."

Minutes of monthly Farm Service Agency meetings, obtained under the Freedom of Information Act, show that some Tulare growers have pushed the disaster program to the limit. In March 2004, for example, a grower sought a payment on 27.6 acres of nectarines he said he had grown three years earlier. After a field inspection and aerial photographs, the committee concluded that "there was no evidence of nectarines. The slides distinctly show pulled trees in bunches on the 27.6 acres."

A catfish farmer who put in a claim for fish lost because of heat "was unable to substantiate the viability of the operation." A field inspection found "a lack of evidence of fish or fish bones in the dried up ponds."

Both applications were rejected.'Everything but the Kitchen Sink'

Congressional sponsors of disaster legislation offer a variety of reasons for their bills. They say federally subsidized insurance doesn't cover all of a farmer's losses, and disaster aid fills the gaps. It helps to stabilize rural economies, which don't have many other options. And it offsets rising fuel and production costs while securing cheap food for Americans.

"Any suggestion that things are good in ag country does not meet the reality test," Rep. Jerry Moran (R-Kan.), chairman of a key House Agriculture subcommittee, observed in a floor speech last year. His office recently helped to coordinate a day of lobbying by farmers and agriculture groups pressing for billions in aid for the 2005 and 2006 crop years.

To get those costly disaster packages passed, their sponsors spread the money around. Recent disaster bills include millions for cottonseed producers and pecan and sugar beet growers; set-asides for farmers in Virginia and North Carolina; and $7.2 million for a transportation project benefiting a sugar grower's co-op in Hawaii. Since 1990, legislators have muscled through eight major disaster packages and several smaller provisions covering every year except the past two, including money for clams, oysters, shellfish, hay, sod, shrimp and lobster.

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Many of the recent disaster packages have been shoehorned into large appropriations bills, including a military construction bill in 2004. That means legislators do not even get an opportunity to vote directly on the subsidies.

"The problem with ad hoc disaster programs is that in order to get them passed, they throw in everything but the kitchen sink," said Tom Buis, president of the National Farmers Union. The industry group favors overhauling the present system to make it more rigorous while still targeting farmers in need. "There's a lot of ways we can do this better. We need to start looking at the underlying cause of the problem, not just the symptoms."

Buis added that farmers don't expect to have all of their losses covered by disaster payments. "They're not being made whole now," he said. "What we have is a horrible public policy that needs to be fixed so we help farmers who truly have a need."

Among the ideas being considered by Buis and others is guaranteeing a portion of a farmer's income.

In recent months, lawmakers from the Plains states have pressed for billions more in disaster aid to cover the past two crop years, contending that farmers have been devastated by drought and rising costs. The Bush administration opposes the additional aid, noting that crops were at "record or near record" levels in 2005 and that millions would go to farmers who do not really need the money.

In a letter to Agriculture Secretary Mike Johanns, Sen. Kent Conrad (D-N.D.) wrote that not all farmers have "had the good fortune to produce above average crops," adding that the $4 billion wouldn't "come close to making farmers whole."A Perennial Safety Net

Conrad's home state highlights how disaster aid has become a kind of perennial safety net for risk-prone farmers. North Dakota ranks second, behind only Texas, in total disaster aid, with almost $1 billion in the past decade. Its farmers have suffered floods and droughts, with many getting payments over and over.

Federal agricultural disasters have been declared five out of the past six years in Cavalier County, where farmers grow wheat and barley on flat, wind-blown fields in the northeastern corner of the state. None of the farmers' applications for aid for their 2003-2004 crops was turned down, records show. "There was no reason to turn any down," said Michele Schommer, who heads the local office of the Farm Service Agency. "The whole county was bad."

Although accounting for 2 percent of all farms in North Dakota, Cavalier County has received more than 7 percent of the state's disaster payments in the past decade. The average total of $113,000 per farm was more than double the state average and nearly 20 times the national average.

At 6,300 acres, Dettler Farms is among the biggest in Cavalier County. It has collected disaster payments each time they were available in the past decade -- $450,000 all together. The farm has also received insurance payments nearly every year, said Steve Dettler.

Last year "was the worst year ever," Dettler said. Rains came during the planting season in June. "You couldn't get into the fields."

Dettler and other farmers are counting on more help. In late August, Conrad staged a rally of 400 farmers in Bismarck supporting a multibillion-dollar aid package to help farmers and ranchers in the western part of the state, which has been beset by drought. He was joined by Gov. John Hoeven (R).

The drought has actually helped Cavalier County by drying out fields that had been flooded; farmers there are harvesting one of their best crops in a decade. But Dettler said he hopes there is a disaster program to cover his 2005 losses.

"We depend on it being there every other year," he said. "It's an election year, and everyone's involved this time."

Conrad said that "it's a key and legitimate question" to ask how much aid farmers should get. But he added, "We're in something extraordinary. Go to the Gulf Coast, they have 100 years' experience with hurricanes. We don't say, 'Enough' to Florida, or to California and earthquakes, wildfires and mudslides. As a matter of national policy, we help out areas that have natural disasters."How Much Risk to Bear?

How much risk should taxpayers expect American farmers to bear on their own?

Mark Orebaugh struggles with that question while sitting at the kitchen table in his modest home northwest of Dodge City, Kan. He has received hundreds of thousands of dollars in federal crop insurance in the last four years. An additional $116,000 has arrived in disaster payments.

Finally, after a long pause, he answers that he could tolerate up to a "20 percent" crop loss. "I don't think 20 percent is a disaster," he said. "I could probably handle that if you average out the good and bad years."

But Orebaugh is uncertain and looks to his banker, Leon Flax, for help. Flax, tall and dressed in blue jeans, has worked with Orebaugh and other farmers for years. "I don't know," he says, shaking his head. "Not this year. I don't think you could handle anything this year."

A late freeze hit some of Orebaugh's crops. Then the temperature soared to 100 degrees in June and remained there for weeks, baking his wheat, corn and grain sorghum. The claims adjuster has already been by once, and Orebaugh expects him back soon. He hopes to collect about $200,000 in crop insurance.

Like most Kansas farmers, Orebaugh is heavily insured. With the help of government subsidies, he has covered up to 75 percent of the yields on the 6,000 acres he owns or leases.

Orebaugh said the insurance alone is not enough. To begin with, it does not cover all of a farmer's losses. In addition, if a farmer suffers poor harvests in back-to-back years, his insurance policy, which is based on his average yield over four years, covers less. This is a major sore point in areas such as Kansas, which has been hard hit by droughts.

"I'm not sure what more we can do," said Rebecca Davies, a regional director for the crop insurance program in Topeka, Kan. "We have coverage [plans] of up to 85 percent. What more could you ask for? They still pass disaster programs."

Kansas farmers have received $421 million in disaster payments since 2001, among the highest payouts nationally. That is in addition to $1.3 billion in insurance payments to farmers and $680 million in federal subsides to help farmers pay their premiums.

For Orebaugh and most Kansas farmers, the federal insurance is "a good deal." In the past four years, he has paid $81,730 in premiums but collected $295,796 in claims-- or $3.62 for every $1 he put in. That's higher than the state average, but Orebaugh farms on the western side of Kansas where water is scarce and much of the farmland isn't irrigated.

"There's just no water," he said. "We probably should never have developed those [fields] when we did 30 years ago because the water table was declining."

Orebaugh's grandfather immigrated from Germany in 1901. "He crossed two of the most fertile valleys in the country, the Missouri and the Mississippi, and settled in western Kansas," Orebaugh said. "Why he ever landed in this godforsaken valley I don't know."

A drought has plagued much of western Kansas, including Ford County, where Orebaugh farms, since 2000. Orebaugh has had two good crop years out of the last six. "This year is going to be a wipeout," he said.

The good years help to average out the bad. "I use the money to pay back my loans," Orebaugh said. But he quickly adds that he rarely gets ahead. "That's why we need disaster assistance. It's the only way we can pay back our loans."

This year, Orebaugh took on an additional 1,000 acres in his operation and has higher costs and a bigger bank loan, about $230,000. "Talk about a case of bad timing," he said. Now, he is "praying" for another disaster bill.

"We don't like it any more than the taxpayers do. With disaster assistance, we're at the whims of the politicians," he said. "But we need something. I don't care what you name it.

"It's feast or famine here. Economically, does it make sense? Probably not. Philosophically, I don't know. Americans want cheap food, and they want it when they want it."

Research editor Alice Crites contributed to this report.

Too Big For Disaster Aid, Farmer Chooses To Divide And Conquer (WP)

By Gilbert M. Gaul, Washington Post Staff Writer

The Washington Post, October 15, 2006

NASHVILLE, N.C. -- When Hurricane Floyd flooded his crops in 1999, causing millions in losses, Dale C. Bone didn't get a dime from the government.

Bone was too big. His farming and packing business easily exceeded the government's cutoff of $2.5 million in annual gross income for federal disaster payments. "We were a lot larger than that," he recalled.

So following the hurricane, Bone got creative. Instead of continuing as a corporation, he restructured as a partnership with 13 different owners. That way, each partner could apply individually and fall below the government's income limit.

"We were forced to go into these partnerships to qualify," Bone said. "It's ridiculous. We should be able to get the payments regardless. It's the same people involved."

Soon, disaster aid was flowing to Bone's operations in eastern North Carolina, and it was all perfectly legal. Between 2001-2005, the Dale Bone Farms Partnership collected more than $4.7 million in federal disaster payments, records show. That made Bone, 63, one of the largest recipients of disaster aid in the nation. Still, he said, his losses exceed what he got in disaster aid.

Bone said the area was hit by a series of tropical storms and excessive rain. "Two thousand and four hurt the worst. We lost about 1,000 acres of sweet potatoes. We lost cucumbers with disease. Mildew was terrible. We've just had terrible weather."

Most of the payments Bone and his partners received came from the Noninsured Crop Disaster Assistance Program, or NAP, a little known federal plan for farmers whose crops do not qualify for federally subsidized insurance. Eligible crops include mushrooms, Christmas trees, ginseng, turf grass, sea grass and tropical fish. Bone said he qualified for cucumbers and sweet potatoes.

To apply for a NAP payment, growers must pay a $100 fee and meet certain deadlines. They have to lose at least half of their crop to a natural disaster, or be prevented from planting 35 percent of their intended acres. Growers get 55 percent of the average market price for losses.

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Congress approved NAP in 1994 but expanded it in 2000. Since then, payments have grown sharply, topping $100 million each year and nearly $900 million since the program's inception. Unlike other disaster programs, NAP is fully funded and doesn't require annual legislation.

The Oak Ridge Fish Hatchery in Plant City, Fla., received $200,000 in NAP payments and $160,000 in regular disaster payments after two freezes killed tropical fish in some of its 400 open ponds a few years ago. "We have NAP because there's no crop insurance available for tropical fish," owner David Drawdy said. The firm, located halfway between Tampa and Orlando, sells to Wal-Mart and PETCO.

Steve Peterson, who oversees the NAP program, said fish hatcheries qualify as long as the fish are grown "in a controlled environment. We cover fingerlings, brood fish. We cover the food fish," he said.

For Dale Bone, who has retired from farming, the payments have ended. "I've sold my business," he said recently. "I'm down to zero. I'm out."

Most Farmers Skipping Subsidized Loans And Going For The Cash (WP)

By Gilbert M. Gaul And Sarah Cohen, Washington Post Staff Writers

The Washington Post, October 15, 2006

There is an alternative to giving struggling farmers emergency disaster aid after every drought, hurricane and storm. Only farmers who cannot qualify for a commercial loan are eligible.

They can take out federally subsidized low-interest loans up to $500,000 for each disaster they experience. But the farmers tend to pass up the emergency loans in favor of the emergency cash.

For example, Nebraska farmers took out just nine emergency loans totaling about $389,000 between 2004-2006, records show. During roughly the same period, they collected more than $100 million in disaster payments.

"They don't want a loan," said R. Coke Gray II, head of the Farm Service Agency in Columbus County, N.C., where farmers have also gotten millions in disaster aid. "They want a disaster program because those are going to be dollars they don't have to borrow. If I was in their boat, I'd do it too."

Others say the farmers are just being smart.

"Farmers are very careful about taking on additional debt," said Brian Wolford, the top U.S. Department Agriculture official in Nebraska. "At the same time, I don't think any farmer counts on disaster aid because there are no guarantees."

Nationwide, use of the loans has declined sharply as disaster aid has increased. Farmers took out just 381 emergency loans in 2005, down from nearly 2,500 in 2000, records show.

The loans began in the late 1940s when the Farmers Home Administration began looking for a way to help farmers recover from natural disasters.

To qualify, farmers must be located in a county that has been declared a disaster by the secretary of agriculture. The declaration process is complicated and involves surveys, paperwork and meetings. Dozens of local, state and federal officials are involved, including two USDA employees who review applications and make recommendations to the secretary.

Each year, thousands of applications arrive in Washington. And so long as they meet the government's threshold that at least one crop or one farmer in a county suffered a loss of 30 percent or greater, they usually are approved.

"It is not a very high bar to clear," USDA Deputy Administrator John Johnson acknowledged in an e-mail to The Post.

Recently, as many as two of every three counties in the country have received declarations, prompting some to question the government's standard. "To me, we're not living in the Sahara," said Hunt Shipman, a former top USDA official. "So if we're having multiple years of disaster declarations, we may not have the right ruler to measure disasters."

Local officials, governors and farm state legislators campaign aggressively for the declarations, writing letters and making phone calls. Nebraska Gov. Dave Heineman made three requests this year on behalf of counties hurt by drought. He was joined by Republican Sen. Chuck Hagel, who wrote three separate letters to the USDA, according to a July press release issued by Hagel's office applauding a declaration covering 49 counties.

"Today's announcement is an important step to help farmers and ranchers . . .survive a difficult market and recover from damages caused by poor conditions," Hagel wrote.

Despite the effort, few farmers in Nebraska or elsewhere appear to want the loans that the disaster declarations enable.

Why do legislators go to all the trouble then? Hagel did not respond to requests for comment. Some USDA officials believe it is so legislators can put out press releases showing they are helping their farm constituents.

"There is also a public relations benefit for those officials who like to write letters requesting or supporting the designation," Johnson told The Post.

Still another reason is that the letters and disaster declarations attract public attention and help set the stage for disaster legislation that puts cash in the hands of farmers, some times years later.

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"Probably the most important thing it does is it signals there is a greater need out there," Wolford said.

'Farming Your Insurance' (WP)

The Washington Post, October 15, 2006

WHITEVILLE, N.C. -- Crop insurance helps to protect farmers against the vagaries of weather. But it can also alter the landscape of farming in a region, resulting in higher losses for taxpayers.

Consider the lowly sweet potato.

For years, it was excluded from federal crop insurance. But in the late 1990s, growers and legislators in North Carolina successfully lobbied federal officials for coverage. Soon, the number of acres planted with sweet potatoes was doubling and tripling, as were the claims filed by farmers.

In Columbus County, a low-lying area tucked away in the southern corner of the state, the number of sweet potato acres quadrupled after federal crop insurance was introduced in 1998. Almost immediately, losses also began mounting: $1.4 million in 1999, $2 million in 2000, $3.3 million in 2001. Between 1999 and 2005, sweet potato farmers paid $954,264 in premiums but collected nearly $15 million in federal insurance payments -- a return of almost $16 on every $1 in premiums.

On one level, it was a case of bad luck, growers said. Starting in 1999 with Hurricane Floyd, the county was hit with a series of storms that roared in off the coast and dumped buckets of rain on their fields during the fall harvest. A root crop, sweet potatoes are vulnerable to standing water and rot easily.

"We just seem to have had one storm after another," said Phil Gore, a crop insurance agent who also grew sweet potatoes until a few years ago.

But other growers and government officials said the large losses couldn't be explained by bad weather alone. They said some of the farmers who started growing sweet potatoes had never grown them before. Others planted in areas known to be wet. Still others didn't take care of their crops, saving money on fertilizers and other production costs, only to turn around and file insurance claims when their yields were poor -- a practice known as "farming your insurance."

"I heard some farmers plant in dark, wet soil," said Michael Shaw, a county extension agent. "Others were planting their bushes far apart, so when the adjuster came it looked like they had a bad yield."

"There was definitely a problem with the insurance," said R. Coke Gray II, a local USDA official. "Someone could go out and put nitrogen on their plants. That makes them nice and bushy . . . but produces no potatoes."

Crop insurance officials became so alarmed about the sweet potato losses that they hired a consultant. In October 2003, the consultant reported that the high losses could not be explained by weather alone and that the losses for sweet potatoes "were remarkably higher than those of other crops."

Several members of the Federal Crop Insurance Corporation, which sets policy for the insurance program, wanted to eliminate sweet potato insurance in Columbus County. After lobbying by the North Carolina congressional delegation, a revised insurance plan was introduced with higher premiums and stiff restrictions on the number of acres that farmers were allowed to plant. Growers also had to hire a "scout" to inspect their crops before harvest.

Most of the changes went into effect in 2005, with dramatic results. The number of insured acres of sweet potatoes in Columbus County plummeted to 1,548, from a high of about 6,000. The lower figure was nearly identical to the number of acres planted in 1997, the year before insurance became available. Losses also took a nosedive, to $109,265.

"After they revised the program, it wasn't as easy to collect," said George Wooten III, whose family has grown sweet potatoes here for decades. "It's almost like the guys who were in it before insurance stayed in it, and ones who weren't left."

-- Gilbert M. Gaul

In Cities, Healthful Living Through Fresher Shopping (WP)

By Amy Goldstein, Washington Post Staff Writer

The Washington Post, October 15, 2006

PHILADELPHIA -- When Larry Lawrence drops into ShopRite, he steers his shopping cart to the towering mounds of produce. "It is like I am being drawn," he said, "by the peaches and the plums and the bananas."

Lawrence, 57, has been eating more fruits and vegetables, and fresh fish, too, since the sprawling store opened five blocks from his house in Eastwick, an industrial swath of southwest Philadelphia that was chosen in the 1950s as the nation's largest urban renewal project. Now, Eastwick is one of the first sites of a new strategy for social change: a government campaign to bring supermarkets stocked with healthful food into neglected inner-city neighborhoods to improve public health.

The Pennsylvania Fresh Food Financing Initiative, leveraging $30 million in state money with $90 million in private funds, is the most ambitious of a spate of state and local projects around the country. They represent a different model for public nutrition programs, which have relied since the 1960s on federal subsidies, such as food stamps and WIC.

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Healthful food is scarce in many inner-city neighborhoods, where much of the food comes from corner markets and greasy takeout places. Instead of subsidizing shoppers, the projects shift the emphasis to the private sector, offering coaching and financial inducements for grocers to go into areas they shunned for decades.

These initiatives grow out of new research exploring the relationship among proximity to fresh food, the nation's obesity epidemic and diseases such as diabetes that are affected by diet. "We tried to make the connection between grocery stores and public health," said R. Duane Perry, executive director of the Food Trust, a nonprofit group that, in a pioneering 2002 study, produced maps showing that low-income neighborhoods of Philadelphia with few or no supermarkets had high death rates from diet-related diseases.

A study in Chicago, released three months ago, measured the distance from every city block to the nearest grocery store and fast-food restaurant. It found that people in what it called Chicago's "food deserts" died early in greater numbers and had more diabetes, obesity and high blood pressure.

Such public health discoveries -- combined with an older view of supermarkets as tools of economic development -- have been spurring new policies around the country.

In the District, a mayor's commission on nutrition in July issued a study by a nonprofit group, D.C. Hunger Solutions, showing that obesity is highest in the city's two wards east of the Anacostia River, where poverty is greatest and access to grocery stores is worst. The D.C. government has worked to attract a Giant supermarket that opened last year in Columbia Heights and one being built in Congress Heights, but those efforts began years ago more out of a desire to revitalize the neighborhoods than to improve residents' eating habits.

Baltimore created a Supermarket Initiative in 2002 that has used city economic development funds to attract 19 stores so far. The California legislature passed a bill in August designed to give low-income residents discounts to buy fruits and vegetables -- and help mom-and-pop stores carry more fresh food.

Chicago's planning department held a "grocers' expo" in February for executives from supermarket chains across the Midwest, who were handed a book touting 50 spots in Chicago where stores are needed, plus financial incentives the city could offer. And the National Conference of State Legislators just brought lawmakers to Philadelphia from Louisiana, New Mexico and Michigan to learn how they might replicate the food-financing initiative.

Here in Philadelphia, the initiative's first two years have yielded a central lesson: Despite the fervor of politicians, civic groups, bankers and several grocers, creating successful supermarkets in poor city neighborhoods is hard. It is daunting to train workers, maintain security -- even to acquire enough land.

"The money, to be honest with you, was the easy part," said state Rep. Dwight Evans (D), the initiative's main political patron. "The toughest part is to make this work."

The Rev. Leon Sullivan, the renowned civil rights leader, developed Progress Plaza in North Philadelphia nearly 40 years ago as an example of black empowerment. For its first three decades, the shopping center was anchored by a series of grocery stores. The last one closed eight years ago, and now the only food available is Popeyes fried chicken. Nearby drugstores have added shelves of canned food and chips, but not produce.

Helen Love, 86, a widow and retired inspector for an electronics plant, is one of many original residents in the nearby townhouses of Yorktown, the model neighborhood for black residents that went up in the 1960s. Now, she and a friend, Marvella Lattimore, take turns every other week driving each other to a supermarket half an hour away. Love parks in a handicapped spot and is so tired when she gets home that, she said, "that's usually it for the day."

Across the street, Israel Edward, 74, who has stopped driving because of poor eyesight, takes the bus to Reading Terminal Market in Center City. "I only bring what my two arms can carry," he said. Next door, Doris Turner, 85, gets to a large grocery store about every two months, when a grandson in the National Guard can take her.

Evans, the legislator, lived near Yorktown as a young boy and remembers shopping at Best Market with his aunt Rosie. He remembers the race riots of 1964 along the street the supermarket was on, with nickels all over the ground from parking meters the looters had broken. And he remembers, in the few years after the violence, the disinvestment by white merchants.

So when the Food Trust's director brought him the maps of grocery stores and death rates, he understood their importance. As minority chairman of the Pennsylvania House Appropriations Committee, he has put $10 million in the state budget for the food initiative each of the past three years, requiring three times as much in private financing. The Food Trust helps with applications. The Reinvestment Fund, a nonprofit financing institution, has secured money from banks, screens applicants and awards the grants. The money can be used for marketing studies, land acquisition, environmental cleanup, city permits, construction, and help with worker training and store security.

So far, the fund has given grants for nine stores in Philadelphia and five elsewhere in the state. Most are for large, new supermarkets, but a few are helping corner stores expand or buy refrigeration equipment to carry more fresh food.

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Not all succeed. A Shop 'N Bag opened in West Philadelphia in late 2004 and closed a year later -- a casualty of an inexperienced owner and delays in housing redevelopment that was to have generated customers, according to Evans and the Food Trust's Perry. And there have been snags. Fresh Grocer, which is to return a supermarket, at last, to Progress Plaza, was to have its opening this fall, but that will be delayed at least until late in 2007 -- the result of complications with permits and with renovations of the rest of the shopping center.

In an industry with typical profit margins of 1 to 2 percent, inner-city neighborhoods are "a far more complicated place to build your business," with higher costs and less demand for profitable luxury foods, said Jeffrey Brown, president of Brown's Super Stores, which owns the ShopRite in Eastwick. The store, near the Philadelphia airport, opened two years ago with help from a $5 million tax refund for capital investment and a $250,000 grant to train workers.

Brown's strategy here has been to align the business more closely with the neighbors than he does at his suburban stores. Before opening, he invited civic and religious leaders to lunch to talk over what they expected from the store. Working from scratch, his employees make sweet-potato pies and cakes, down-home potato salad, seafood cakes, and 100 other recipes catering to local tastes that he could not buy wholesale.

Brown conferred with the imams at local mosques about what foods meet Muslim residents' halal requirements. He has brought in a Western Union outlet for the neighborhood's Caribbean immigrants to wire remittances.

A community job bank has funneled 90 percent of the store's workers, many from families where steady jobs are unfamiliar, Brown said. He invited Maggie Powell, longtime president of the Eastwick Project Area Committee, to help teach new hires how to comport themselves at work. And when Powell's 39-year-old son was fatally shot in June, store managers took food trays to her house at no charge for three days.

In turn, Powell and local politicians helped to lobby the local utility company, Peco, after Brown was told the power could not be turned on in time for the store's grand opening. It was. Other problems prove harder to solve. When a manager catches a shoplifter, Brown said, the police say they are too busy with violent crime to come.

The store lost money in its first year, Brown said, but had a profit of close to 1 percent in its second.

The effect ShopRite and the other stores are having on nutrition is less well understood. Recent research, for example, that included rural, suburban and urban areas of a few states showed that black residents -- but not white ones -- had somewhat more healthful diets if they could buy fresh food nearby. A few months ago, Stephen Matthews, a sociologist at Pennsylvania State University, began a rigorous study in Philadelphia on whether the arrival of a supermarket changes the amount of fruits and vegetables people eat.

On a recent afternoon, Larry Lawrence, stopping in on his way home from work as a counselor for troubled boys, said: "I'm glad they moved in. There are two or three guys, all day long, putting out fresh stuff. Bananas. Strawberries."

Not all shoppers are attracted by the produce. "It's the sweet-potato cake. They don't have that at any other store," said Toinette Alexander.

Still, Brown, said, "we are doing $40,000, $50,000, $60,000 a week in fruits and vegetables. That is more fruits and vegetables than was happening before."

Medicare Slammed For Not Improving Lab-quality Rules (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, October 15, 2006

Some scientists and consumer health groups are angry that the U.S. Centers for Medicare and Medicaid Services (CMS) has decided not to write new rules designed to improve the quality of laboratories that perform genetic testing, keeping in place current guidelines.

"We're very disappointed," said Rick Borchelt, spokesman for the Genetics and Public Policy Center. "After years of saying they were going to do this, they did a complete about-face ... with no justification. We're mystified."

Late last month, the Genetics and Public Policy Center -- along with the Genetic Alliance and the Public Citizen Health Research Group -- filed a petition with CMS demanding the agency create a "genetic testing specialty" under the provisions of the Clinical Laboratories Improvement Amendments (CLIA) of 1988, which CMS administers.

The groups argued that additional regulation was necessary to ensure high-quality genetic test results, which they say are now used to diagnose more than 900 diseases.

"Making sure that laboratories can accurately and reliably perform genetic tests is a fundamental requirement for the success of genetic medicine, and a fundamental obligation of CMS," said Kathy Hudson, director of the Genetics and Public Policy Center.

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"In 2000, CMS thought the creation of rulemaking with CLIA was a good idea," said Catherine D. O'Connell, a senior scientist with Tetracore Inc., a biotechnology research and development firm in Rockville. Until just a few months ago, she and others said, CMS said new rules to strengthen and ensure the quality of genetic labs should be under CLIA.

But now CMS says it "will focus on beefed-up oversight of genetic testing labs under current rules," Miss O'Connell said.

CMS recently informed an advisory panel that oversees CLIA that it has "scrapped the rulemaking effort," even though work to establish "specialty requirements for genetic testing" had been under way for years.

In an e-mail, CMS confirmed it has decided "there will not be a CLIA genetic testing standard" and offered a half-dozen explanations.

Key among them, CMS said, is that a "CLIA regulation would not resolve the problem that these tests are not currently FDA-approved, and, therefore, not clinically validated."

Besides, CMS said, it has no data indicating genetic testing labs "have any more problems than labs doing other kinds of testing."

Furthermore, the federal agency said, it is still not clear how such rules would address a host of sensitive moral issues, such as when doctors use tests that could show a patient is suffering from an incurable disease predict how long that patient will live.

CLIA standards "would not fix ethical, legal and social issues associated with genetic testing," CMS said.

What's more, CMS said, the genetic testing field is "so dynamic, it would be impossible to write prescriptive standards for these tests that would not go out of date before they are published."

Meanwhile, the Food and Drug Administration (FDA), which says it wants to take over the regulation of genetic testing, has been sending letters to clinical labs that do such testing. The letters warn the labs that they are violating federal law by providing these "unapproved medical devices (tests)" to clinicians, said Richard A. Samp, chief counsel of the Washington Legal Foundation. The labs were told they can "either submit voluntarily to FDA regulations" or stop providing the tests, he said.

The public interest law firm recently filed a citizen petition with the FDA, calling on the agency to cease its efforts to enforce its "medical device" regulations.

An FDA spokeswoman said the agency has fully explained why it thinks it should be regulating genetic tests in congressional hearings.

Citing Heavenly Injunctions To Fight Earthly Warming (NYT)

By Neela Banerjee

The New York Times, October 15, 2006

WYANDOTTE, Mich. — To find St. Elizabeth Roman Catholic Church in this working class suburb south of Detroit, look toward the roofline, for the windmill. Not a big windmill, it is a spare steel structure maybe nine feet high, perched atop the rectory of the church and facing northeast into the winds that come off Lake Erie.

Yet the windmill, two solar panels on the roof, another atop the front porch and a solar water heating system above the garage are the pride of the Rev. Charles Morris, St. Elizabeth's priest.

Over the last five years, Father Morris has sharply reduced his small parish's energy use and emissions of carbon dioxide, the compound most scientists believe has led to global warming, and he has organized other congregations across Michigan to do the same.

"We're all part of God's creation," Father Morris said. "If someone like me doesn't speak about its care, who will? The changes we've made here, that's a form of preaching."

Over the last year, religious activism on global warming has won much attention. Last February, 86 evangelical Christian leaders backed an initiative to combat global warming, a move that broke the evangelical movement's broad silence on the issue but exposed stark divisions.

In October, 4,000 congregations of various faiths will show films on global warming, including "An Inconvenient Truth." [On Oct. 8, Christian, Muslim, Jewish and Buddhist leaders met in Philadelphia to discuss global warming.]

At ground level, clergy members and lay people have been working to increase awareness of global warming and to reduce their own greenhouse gas emissions. Many, like Father Morris, were active for years before the issue attracted wider concern. Encounters in their own lives awakened them to global warming, they said. But their faith and the imperatives they see in their Scriptures compelled them to act, they said.

"If you do worship the Creator, you take care of his creation," said Greg Wickersham, a high school teacher and a member of the environmental ministry at Intown Community Church in Atlanta, which is affiliated with the theologically conservative Presbyterian Church in America.

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"If we are made in his image, we should mirror his image in our dominion over the Earth," Mr. Wickersham said. "He is creative and sustaining, not destructive."

Father Morris is the executive director of the 124-member Michigan Interfaith Power and Light, the state affiliate of Interfaith Power and Light, the religious association that organized the screenings of the global warming films.

The Michigan organization's representatives speak to local congregations about global warming and ways to counteract it. They arrange for "energy audits," so people can learn how to reduce consumption without sacrificing comfort. Changes include replacing regular light bulbs with long-life fluorescent ones and more ambitious projects like installing solar panels.

In 2005 and the first three quarters of 2006 combined, energy-saving efforts by the group's members have prevented the release into the atmosphere of 14,130 tons of carbon dioxide, according to Enerficiency, an energy consulting firm. Investments in new technology are projected to save the group's congregations nearly $2 million "over the life of the new products," Enerficiency said.

St. Elizabeth itself has reduced its peak energy demand by 60 percent over the last five years and has reduced its annual energy bills by $20,000, Father Morris said.

Father Morris's interest in the environment was nurtured as he roamed farmland next to his childhood home in southern Ohio, times, he said, when he had "an experience of the divine."

His readings and his degree in urban planning sharpened his awareness of global warming. And his faith buttresses his activism, he said. He notes that the United States Conference of Catholic Bishops has urged greater care of the environment. He cites Biblical passages, like Genesis 2:15, that call upon humans to care for God's creation.

Father Morris has found allies in poor urban churches and well-to-do mosques and synagogues in the suburbs. Rabbi Daniel Nevins of Adat Shalom Synagogue in Farmington Hills, a northwest suburb of Detroit, draws inspiration from many of the Bible passages Father Morris cites. Rabbi Nevins focuses much of his efforts on bringing environmental concerns into some of the worship at Adat Shalom.

At Yom Kippur, as part of a ritual when Jews admit their sins before God, Rabbi Nevins added a passage he wrote about the "sin of destroying God's creation." As Jews celebrate the Sukkot holiday and sleep in temporary structures meant to evoke those that Jews lived in during their 40 years in the desert, they are also meant to see the beauty of nature and the fragility of their own existence, Rabbi Nevins said.

Still, it is slow going, he said. The sprawling Conservative synagogue has replaced many of its windows and lights and instituted a large recycling program, but Rabbi Nevins wants to do more. "There's not an active resistance, but people give lip service to environmental ideas and don't change their lifestyle," he said.

Many clergy members run into resistance stemming from theology, economics or politics. The Rev. Gerald Durley of Providence Baptist Church in Atlanta, a largely African-American congregation, said that parishioners often thought of global warming as a distant issue, while problems like crime or the spread of AIDS must be tackled now.

Mr. Durley said he reminded them that in the early 1980's, many blacks dismissed AIDS as a remote issue, too, one that affected only gay white men.

Despite the February statement by prominent evangelicals about global warming, many in the pews remain unconvinced, often because they see it as an issue of the political left.

"When I give talks on environmental stewardship at Christian colleges, I have students look me in the eye and ask, 'Is global warming real?' " said Dave Mahan, associate director of the Au Sable Institute of Environmental Studies, a Christian environmental education organization headquartered in Grand Rapids, Mich. "I answer that God wants us to lead a stewardly life whether or not there is global warming."

The Sisters, Servants of the Immaculate Heart of Mary, a Catholic religious order for women, used an opportunity to renovate their 73-year-old mother house in Monroe, Mich., to create a model of sustainable energy and water use.

The 376,000-square-foot building is heated and cooled by geothermal power, provided by some 240 wells dug on the order's property. Water from sinks and showers, or "gray water," is fed into a natural filtration and treatment system in a series of ponds and then recycled for use in toilets. Some lawns have been given over to natural meadows to reduce watering and mowing. Insulation is made of recycled materials. The building now saves $200,000 annually in energy costs.

Some neighbors find the shaggy meadows unsightly. The city had to be persuaded to allow the gray water scheme. But the order, the average age of whose members at the mother house is 86, is also asked regularly to advise other groups, religious and secular, on building energy efficient facilities.

"We are recreating the monastery of old, where people come to learn how to live into the next century," said Sister Janet Ryan, a member of the order's leadership council. "Our dream is that the mother house serves as something of an ecological lab. For a bunch of elderly women, we have a huge agenda."

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FBI/DEA/ATF/USMS:

Cartel Figure Lashes Out (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, October 15, 2006

Ex-informant held by U.S. says drug corruption is rampant

A former informant whose participation in drug-related murders in Mexico caused turmoil in the U.S. agency that paid him says that there were more killings than reported and that drug corruption extends into the U.S. and Mexican governments.

In sworn testimony and in response to questions submitted through his attorney, Guillérmo Eduardo Ramírez Peyro, the man known as "Lalo," provided new details about his work as a drug cartel operative and as a U.S. government informant, and he claimed to have personal knowledge of extensive government corruption.

DallasNews.com/Extra

Juárez story archive: Drugs, death and scandal

Mr. Ramírez also lashed out at his former U.S. employers, saying they are turning their backs on him after he helped them apprehend dozens of drug traffickers.

"With the names I provided they were able to arrest more than 50 people, and they took millions of dollars from drug proceeds from U.S. streets," he said. "In spite of that, I'm jailed here without any protection and without any guarantee that I will stay in the United States."

Mr. Ramírez, 35, is being held by the U.S. government at an undisclosed location in the Midwest, fighting deportation to Mexico, where he insists he faces "certain death."

U.S. authorities characterize him as a renegade informant whose independent actions led, in part, to the August 2004 killing of an El Paso man, Abraham Guzmán, outside a hamburger restaurant in that border city.

Mr. Ramírez made his remarks in a written response to questions submitted through his attorney, Jodi Goodwin. He had agreed to speak with reporters from The Dallas Morning News, which first reported about his role in the cartel killings in March 2004; the Mexico city weekly magazine Proceso; the London Observer; and Narco News, an Internet blog, but prison officials transferred him hours before the scheduled interview.

He apparently was moved at the request of Immigration and Customs Enforcement, the agency he served as an informant for four years, Ms. Goodwin said.

Implicating officers

Mr. Ramírez, in confidential memos to ICE, had described how he infiltrated Mexico's powerful Juárez drug cartel and on two occasions witnessed cartel-ordered assassinations and supervised disposal of the victims, including a U.S. citizen. The bodies were found in January 2004 buried in the yard of a Juárez home.

In his latest comments, Mr. Ramírez said the killings usually were carried out by night-shift Mexican police officers working for the cartel and using the nickname "La Linea," or The Line.

"Not all the victims were assassinated at the same house," Mr. Ramírez said. "Some were left on the streets. They would kill people all the time, people who were not buried in [the same house], but in other homes too." He said there were "many more" killings but did not elaborate.

Mr. Ramírez insists he played no direct role in any killing, but critics of his role with ICE have said he was not just a spectator, as agency officials have said.

Reports in The News about his role in the cartel killings rocked the El Paso office of ICE, where four special agents were investigated and two supervisors were transferred. ICE is part of the Department of Homeland Security.

"The U.S. government is afraid of Lalo's mouth," said Ms. Goodwin, "afraid that Lalo will tell the whole story, which will say that every step he took, every move he made, was with the full knowledge of his ICE handlers."

Mr. Ramírez says he would like to be placed in a witness protection program or sent to Europe.

On Aug. 5, 2005, a U.S. immigration judge granted his petition to stay, agreeing that he would face danger in Mexico. The U.S. government, which initially concurred, appealed that decision and now wants him deported. An appeals court overturned the judge's ruling, and Ms. Goodwin is now appealing that decision.

"Am I angry at the U.S. government?" Mr. Ramírez wrote. "No. I'm sad, hurt that after everything I did for ICE they now want to deport me back to Mexico to face a certain death."

ICE officials had no comment. Spokeswoman Leticia Zamarripa said The News' request for comment "was going through the normal review process" and no immediate response was available.

The agency's relationship with Mr. Ramírez was part of an ambitious undercover investigation aimed at snaring Vicente Carrillo Fuentes, then reputedly Latin America's most powerful drug lord.

Misconduct allegations

Critics of the operation have asked whether ICE agents could have prevented some of the killings across the border, and exactly what and when the U.S. attorney's office knew about the killings.

Questions have been raised specifically about the roles of Johnny Sutton, the U.S. attorney in San Antonio, and Juanita Fielden, assistant U.S. attorney in El Paso.

Sandalio González, former Drug Enforcement Administration agent in charge in El Paso, says Mr. Sutton ignored allegations of misconduct by ICE and Ms. Fielden that Mr. González outlined in a lengthy memo to the U.S. attorney's office and the ICE chief in El Paso. He says Mr. Sutton instead used his office to retaliate against Mr. González, who later retired.

"They were not interested in investigating the allegations in my letter; they were more interested in jamming me for writing the letter," Mr. González said.

Mr. Gonzalez made his allegations against Mr. Sutton and Ms. Fielden through the Merit System Protection Board in 2004. The News obtained the document containing his allegation through a Freedom of Information Act request.

Calls to Mr. Sutton's office in San Antonio were not returned. Ms. Fielden's office referred questions to Mr. Sutton.

Two years ago, ICE ordered an internal investigation to restore confidence in the El Paso office. Its findings remain confidential, but top supervisors Patricia Kramer and Giovanni Gaudioso were transferred to Washington. Two other agents were temporarily suspended, and Mr. Ramírez's main handler, Raul Bencomo, remains on administrative leave.

According to court affidavits, the agents said they were not told of the killings beforehand.

"What's clear is, Lalo will haunt us for a long, long time," said an ICE official, who spoke on condition of anonymity.

Right-hand man

Guillérmo Eduardo Ramírez Peyro is a native of Mexico City and a former highway police officer in the southern state of Guerrero. In the late 1990s, he turned to the drug trade, developing schemes to help smuggle cocaine into the United States. In 2000, he started working as a U.S.-paid drug informant. He says that he earned $224,650 over a four-year period and that ICE still owes him $200,000 for various cases.

For an agency eager to bring down Mr. Carrillo Fuentes, Lalo was a major find. He was the right-hand man of Heriberto Santillán Tabares, considered a top operative in the Juárez cartel.

Among the scores of traffickers he helped bust was Mr. Santillán, who was sentenced to 25 years in prison in a plea bargain with U.S. prosecutors. In the deal, murder charges against Mr. Santillán were dropped.

Mr. Ramírez said he played the role of drug trafficker to help the U.S. government dismantle the cartel. He said he was in constant contact with his American overseers, talking to them three or four times a day. He said he occasionally briefed other U.S. agencies, including the FBI, the DEA and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

El Paso FBI spokeswoman Andrea Simmons said, "We don't confirm or deny whether we talk with certain people or whether we had any briefings with those people." ATF did not return calls seeking comment.

Mr. González said DEA agents met with the informant for briefings but were not told of his role in the killings.

Mr. Ramírez also alleged, in the responses through his lawyer, that some U.S. Customs inspectors and some members of the DEA had links to the drug cartel.

He said he turned over to his minders recordings of conversations in which Mr. Santillán talked about connections between the cartel and the "three letter" agency – which he took as a reference to the DEA – and the fact that "Vicente Carrillo Fuentes had absolutely no worries about the DEA."

David Monnette, DEA spokesman in El Paso, said: "We hold our workforce to the highest ethical standard, and we regard the ethical performance of duty as our first priority. We take very seriously any allegation of misconduct, abuse of position, or criminal action, and we continue to ensure the fair and impartial administration of justice and uphold the integrity and reputation of our outstanding workforce."

Mr. Sandalio, the former El Paso DEA chief, said: "That's entirely possible that the cartel had a hook in DEA. I'm not going to sit here and tell you there is no corruption in our government. Obviously there is."

'They knew everything'

Regarding the Abraham Guzmán case, Mr. Ramírez denied that he engaged in any freelancing that would have resulted in that slaying. He said that while he was in protective custody in San Antonio, his supervisor, Mr. Bencomo, implied that he should return to the border to help on a case involving a corrupt customs inspector. He said he was told the agency needed him to collect $25,000 owed to the inspector. Mr. Ramírez said he instead sent Mr. Guzmán, who was shot to death.

"They knew everything," he said. "For them to say I acted on my own is false."

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Mr. Bencomo's attorney, Mary Stillinger, rejected that version of events. "That is absolutely not true," she said. "Agent Bencomo had no idea he [Lalo] was coming to El Paso. He was specifically told not to do that."

In his written responses, Mr. Ramírez also rejected assertions Ms. Fielden made in an affidavit that it was only in late January 2004 that she knew the extent of the informant's role in slayings in Juárez. And he said that far from telling him to stop participating in such criminal activity, his ICE handlers had only one request: that he not tape any future killings. He said he had used hidden microphones to record cartel activities.

The former U.S. informant also impugned authorities in Mexico, saying he worked with corrupt local, state and federal officials, as well as members of the military.

"The Mexican government, the police, the military," he said. "They are the cartel."

In a sworn statement dated Aug. 11 and filed in federal court in Bloomington, Minn., Mr. Ramírez said he was told that the office of the Mexican president had an arrangement with a cartel. He said that Mr. Santillán "explained to me that President [Vicente] Fox took the position to arrange, consult with, the cartel from Juárez. ... He was going to attack the enemy cartels, being from Tijuana and from the Gulf, and then the cartel from Juárez would be operating ... without the government being ... on top of them."

Mr. Ramírez said he personally made arrangements with Colombian drug traffickers to transport drugs with the help of the Mexican navy and federal agents

The Mexican government flatly denied the allegations.

"Obviously there is no substance to what this man is saying," said Ricardo Cabrera, assistant to the government's top organized crime investigator, José Luis Santiago Vasconcelos. "We have been lauded by the U.S. government for our continuous fight against all drug cartels. This person is saying these things, making allegations of corruption, to save his case and fight deportation to Mexico."

IMMIGRATION:

Immigrant Convict Data Sought Information Should Be Public, Cox Says (AJC)

By Rebecca Carr, Cox Washington Bureau

The Atlanta Journal-Constitution, October 15, 2006

Washington — A federal court of appeals hears oral arguments Tuesday in a case that has broad implications in the debate over illegal immigration and the public's right to know about illegal immigrant convicts who have not been deported as required by law.

Cox Newspapers is asserting in its appeal that the Justice Department should release the names, birthdates and identity numbers of illegal immigrants who have served prison time for serious crimes, including child molestation, manslaughter, drug dealing and drunken driving.

Cox, which includes The Atlanta Journal-Constitution, revealed in a published report four years ago that hundreds of felons were never picked up in Georgia by immigration officials after serving their sentences.

The Justice Department says that it has turned over some of the information requested by Cox under the Freedom of Information Act, which requires federal agencies to disclose government records to the public. The department gave Cox information about the illegal immigrants, including convicts' native country, date taken into custody and date of release, according to legal briefs filed in federal court.

But divulging personally identifiable information such as their full name, date of birth, alien registration number and FBI number would invade the privacy of convicted illegal immigrants and serve no public interest, Justice Department lawyers wrote in legal briefs.

The case raises the question of whether illegal immigrants should be granted the same privacy protections that citizens and legal residents have in the Freedom of Information Act.

The U.S. Supreme Court has ruled that privacy protections extend to personally identifying information and they encompass criminal convictions that are a matter of public record, Justice Department lawyers wrote in a legal brief.

The release of additional information would permit the public to connect the records with individuals, the Justice Department argued, creating a clearly unwarranted invasion of their privacy. One of the department's main arguments against disclosure is the possibility of error — that a person would be wrongly identified as an illegal immigrant.

The lawsuit was filed by the Washington bureau of Cox Newspapers, one of the nation's largest publishing companies with 17 daily and 25 weekly newspapers.

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U.S. District Judge Richard J. Leon issued a summary judgment ruling on Sept. 27, 2005, in favor of the Justice Department's decision to turn down Cox's request for personal information about the illegal immigrant convicts.

In that decision, Leon wrote that the privacy interest of the convicted illegal immigrants "far outweighs the public interest that might be served from disclosing this information."

Cox is appealing that decision in the U.S. Court of Appeals for the District of Columbia Circuit, saying that the public has the right to know if the government has been derelict in its duty to deport convicts who are here illegally. The public also has the right to know if the convicts have repeated their crimes, according to Cox lawyers Jonathan D. Hart and Michael Kovaka.

The Cox lawyers argue that the lower court failed to identify the harm that would come from disclosing the names of the convicted felons who evaded deportation.

"Established notions of privacy confirm that criminals generally have no legitimate privacy interest in limiting public knowledge of their crimes," Hart and Kovaka wrote in a legal brief filed with the court.

Hart and Kovaka argue that criminal convictions are already a matter of public record.

Illegal immigrants do not have the same privacy rights as citizens and legal residents, Hart and Kovaka wrote. Indeed, the lawyers wrote, Congress specifically excluded undocumented aliens from the protections in the Privacy Act.

The case is important to the public because the information contained in the government database reveals that federal immigration officials are failing to properly execute the law, Kovaka said in an interview.

"At the very least this is an egregious inability of the government to fulfill its own obligations under the law and it is endangering the public," Kovaka said.

Cox's quest for information about illegal immigrants goes back four years.

On Dec. 15, 2002, the Cox Washington Bureau published an article in The Journal-Constitution that revealed that 20 percent of the illegal immigrants who had been incarcerated in Georgia's prison system were set free instead of being deported as required by federal law after serving their time.

At least eight of the criminals were convicted of molesting children, others for dealing drugs and robbery.

The Cox Washington Bureau filed a request for records under the Freedom of Information Act on Sept. 12, 2003, seeking records from the Justice Department about the State Criminal Alien Assistance Program.

The program keeps data on illegal immigrants in the prison system to reimburse states and localities for the costs related to the incarceration of illegal immigrants.

The Border Dividing Arizona (NYT)

By Joseph Lelyveld

The New York Times, October 15, 2006

When House Republicans calculated that their best bet for saving their majority was to run this fall as if illegal immigration and border security were the most urgent issues facing the country — bigger by far than that great unmentionable, Iraq — they were finally speaking the language of a Republican state legislator from Mesa, Ariz., named Russell Pearce. The Arizonan was there before Tom Tancredo, the Colorado congressman who talks of making a run for the White House on the issue; there before even Lou Dobbs and Rush Limbaugh if not Pat Buchanan. A fast-talking former cop, Pearce went into electoral politics only after it became clear that he wouldn't soon be able to realize his dream of becoming sheriff of Maricopa County, the area around Phoenix where more than half of Arizona lives. As a lawmaker, Pearce hasn't just embraced the issue of illegal immigration as a tactic; for him it's a passion — his opponents say an obsession — "the root cause" of almost any other problem Arizona and the nation face. Talk about terrorists and high crime rates, he'll say the border is undefended. Are schools failing? They're being overwhelmed by "a population that don't put a high value to education." Are there a million people in Arizona without health care? "Yeah, they broke into the country illegally. They came into the country poor, they're gonna stay poor. You've imported them!"

Russell Pearce's single-mindedness has proved to be a force in Arizona, setting the political agenda, helping to make illegal immigration the single most important and contested issue in the state. "He's in the catbird seat," a Democratic officeholder conceded last spring. Pearce can point to nine bills on illegal aliens that he has helped drive to passage in the State Legislature: to authorize major expenditures of state money on border enforcement, normally a federal responsibility; to deprive "undocumented" residents of social services; to ban Spanish as a language of communication by state agencies and officials; to define being in the state illegally as "trespass," a misdemeanor on the first offense and a felony on the second; to empower the local police to enforce immigration law. But nine times, the Democratic governor, Janet Napolitano, has turned him back with vetoes on crisply asserted fiscal and constitutional grounds, urging him and his Republican supporters to stop playing "political games."

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"Shame, shame, shame on those who continue to ignore the No. 1 issue facing America," Pearce fumed last month when I visited his office at the State Capitol in Phoenix, which displayed not one but two portraits of John Wayne. The anathema he pronounced was intended not just for his governor but also for the Republican president and the Republican sponsor of the immigration-reform bill the president had backed; in Pearce's terms, "the treacherous, treasonous bill" the Senate passed in March. It was known as the McCain-Kennedy bill, McCain being, of course, Arizona's senior senator and, it is presumed, a leading contender for the 2008 Republican presidential nomination. And it contained two provisions Russell Pearce could not abide: a path to citizenship for longtime residents who, after entering illegally, held steady employment, learned English and paid their taxes (plus fines to be levied for entering the country without a visa); and an opening for hundreds of thousands of temporary "guest workers" to come across legally for limited periods of work.

Was he saying that John McCain himself was "treacherous, treasonous?" I asked, interrupting Pearce's discourse in midflow.

"Yes, I am," he replied, not pausing for breath as he raced on.

In Arizona, it becomes evident, the battle over illegal immigration is, in one of its dimensions, a battle over the future of the Republican Party in the state and, because of McCain's ambitions, nationally as well. It also becomes evident that what anti-immigrant zealots call an "invasion" is taking place not in spite of federal policies but, at least in Arizona, partly because of them. For 12 years the Border Patrol has deliberately funneled the immigrant flow away from settled urban areas like El Paso and San Diego (and, later, small Arizona border communities like Douglas and Nogales) into the Arizona deserts, where intruders can be more easily spotted, tracked and apprehended by its officers, using everything at their disposal, from high-tech sensors and drones to helicopters, jeeps, floodlights and horses. The number of arrests in Arizona alone has been running at more than half a million a year (slightly more than California, Texas and New Mexico combined for three years running). The number of arrests is larger than the number of individuals who get caught, since many are stopped two or three times. By the same token, it is almost certainly smaller than the number who eventually make it past the patrols — by a factor of two, three or four, depending on who's doing the extrapolating in order to score what point. The average number of arrests on Arizona's 376-mile border works out to more than 1,400 a day over the last two years. An Arizona politician running on the border crisis can therefore safely assert, since no one really knows, that 5,000 or 6,000 illegal aliens cross into the state every night.

What cannot be disputed is that year after year, hundreds die in the desert, usually from hyperthermia (267 by the official count in fiscal year 2005, and 199 for almost the same period in 2006). Among the people who make themselves heard on radio talk shows and in Internet postings, there are some who argue that the intruders get what is coming to them. "Break the law, pay the price. And another one bites the dust!" said a posting by a reader reacting to another report of a death in the desert. After crosses were displayed at a small pro-immigrant rally in Phoenix on Labor Day to commemorate the dead, a talk-show host named Bruce Jacobs, who speaks about little besides the "invasion" on his drive-time program on the Phoenix station KFYI, objected furiously to the display, in an accent that betrayed his own distant origins, in Ronkonkoma, on Long Island. "Whites didn't kill these people, America didn't kill these people," he said, his voice rising. "They killed themselves!" He meant that they'd be alive if they had stayed where they belonged, instead of giving in to the siren call of gainful employment in the globalized economy promoted by the United States.

So there's enough raw feeling out there and enough raw reality — or so you'd think — to make a state that has become the main thoroughfare for illegal border traffic responsive to the electoral line of House Republicans. While there were probably enough votes in the House last spring to enact some version of McCain-Kennedy had it been brought to the floor, that would have taken an ad hoc bipartisan coalition of Democrats and moderate Republicans — something the current House leadership forbids, allowing bills to come to a vote only when "a majority of the majority" supports them. The majority of the majority, responding to what's called its "base," wants to seal the border and deny permanent residence — which they say would amount to "amnesty" — to the uncounted millions of "illegals" already in the country; estimates run from 8 million to 11 million to more than 20 million (roughly half of whom happen not to have crossed the border on foot but simply overstayed visas).

Surely a red state that has supported a Democrat only once in the last 14 presidential elections might rally to such a program. But then how come Governor Napolitano, who's up for re-election next month, was so obviously unfazed by a showy visit by the House Republican leadership, including Speaker Dennis Hastert, to the border last summer and two hearings that were staged in her state as a way of whipping up support for the caucus's position? "If they don't know about the border by now, they don't want to know," she told me dismissively, spreading out her hands with the palms up and mugging a humorous look that said something like, "Who do they think they're kidding?" Then, realizing that my recording device could not capture her look, she filled in the blank with a sound culminating in a loud laugh. "Pshaw," she said. "That's how I'd describe it. Pshaw!" What was needed from Congress was a workable reform, she said, not more posturing.

A former U.S. attorney and state attorney general — described by her opponents as well as her supporters as "smart" and "tough" — Napolitano has been dealing with immigration issues for a dozen years. Political photo ops by newcomers to the

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border don't impress her. For all the Republican efforts to nail her on immigration, it will be a huge upset if she's beaten. Does she know something the majority of the majority in Washington has yet to figure out?

And how come, if the issue of illegal immigration is the House majority's ticket to remaining in power, its own creature, the National Republican Campaign Committee, was spending money in the Republican primary held last month to defeat one of Russell Pearce's most conspicuous allies, a down-the-line, seal-the-border, anti-immigrant crusader named Randy Graf, in the one House race in Arizona in which a seat was clearly up for grabs? A self-proclaimed Minuteman, running in the Eighth Congressional District — a border district in the southeastern corner of the state, the very one that gave rise to the volunteer militia known as the Minuteman Project — Graf was leading in polls of likely primary voters. Yet the smart money in both parties seemed to be betting that a Graf victory would guarantee that the seat, Republican for the last 22 years, would swing Democratic. So while national parties normally steer clear of local primaries — and virtually never intervene in the other party's — out-of-state Republican money was flowing in the Eighth to a moderate with a "common sense" approach to immigration issues not unlike John McCain's, while national Democratic money, in a peculiar twist, was paying for ads portraying that same moderate as a wimp on illegals, in hopes of putting the supposedly beatable Randy Graf over the top in the other party's primary.

In talking tough on the border and on illegal immigration, Republican candidates can be said to be running against themselves. After all, they control the White House, along with both chambers of Congress, which so far this year have produced two irreconcilable pieces of legislation and therefore a stalemate. The cleavage in the party is between those who want to systematize the country's widening dependence on foreign labor (the Senate version) — to try to take the "illegal" out of illegal immigration — and those who want to slam the door (the House version). Every 10 years or so Washington is seized with the issue of immigration, and eventually a complicated, contradictory law is produced, making matters worse. After supposed reforms in 1986 and 1996, it became conspicuously harder for migrants to come and go on a seasonal basis; therefore they stayed and, at great hardship and cost, brought their families. The systematizers talk about the needs of a global economy while more and more alien workers, depending on forged Social Security cards and driver's licenses, get paid off the books by subcontractors. Taking a more populist stand, Republican door-slammers call for a crackdown on employers who have become addicted to cheap labor, just as union leaders once did before union jobs were shipped abroad.

In a border state like Arizona, this history is not unknown; the promise of reform and the promise of enforcement are each viewed with a certain amount of skepticism. Besides, red states are seldom red all over; often they have patches of blue, especially around large cities and universities. Arizona's Eighth is decidedly purple. It takes in much of Tucson, which is liberal by Phoenix standards, and runs to the edge of the University of Arizona campus. Republicans have a registration edge, but nearly one-third of its voters call themselves independent. Many in older generations can remember voting for Morris Udall, a venerated liberal Democrat. Also worth mentioning may be the fact that its 9,000 square miles all belonged to Mexico until the 1853 Gadsden Purchase established the border where it now stands.

Since 1984, the district has been represented by Jim Kolbe, a friend of John McCain and like McCain a U.S. Navy Vietnam vet. Kolbe has been considered a leader on Capitol Hill in fights for the North Atlantic Free Trade Agreement and programs to combat AIDS in Africa. Ever since a gay publication threatened to out him 10 years ago, the congressman has lived with a label: "the only openly gay Republican in Congress." (For an example of the spread of knowledge in the information age, type those words into Google; you're instantly informed you have 958,000 "results.") Arizona's Eighth faithfully re-elected Kolbe thereafter and, having come out, he was quietly forthright on issues touching on sex and sexual orientation, identifying himself as pro-choice and a supporter of same-sex marriage. Kolbe seemed invulnerable, but in the 2004 Republican primary he got a bad scare from Randy Graf, who, running to his right on immigration and border issues, pulled in nearly 43 percent of the vote.

Last year Kolbe announced he was stepping down. When I visited his office on Capitol Hill in June, he insisted that he could have beaten Randy Graf by a wider margin in a rematch. Graf and the immigration issue, Kolbe told me, hadn't driven him from politics. ("I want to get out while people are still urging me to stay," he said. "I want to get out while I can walk out and not be carried out of here.") Kolbe had already endorsed one of Graf's primary opponents, Steve Huffman. He would never support Graf, he vowed. If, despite his best efforts, his old opponent took the nomination, Congressman Kolbe said, it was "an absolute certainty, guaranteed" that the seat would go Democratic. The Eighth could never be won, he said, by a "know-nothing party person — anti-immigrant, anti-abortion, anti-stem-cell-research, anti-gay-rights, anti-everything, right down the line."

Randy Graf is anti all those things, but his disposition is sunny and easygoing in a Midwestern way. He informs you pleasantly that he was born in St. Vincent's Hospital in Green Bay, Wisc., two months before Vince Lombardi became head coach of the Packers. Obviously he does not view this as a non sequitur. (Only 30 percent of Arizonans were born in the state, so it's not unusual for a politician to have been born somewhere else. John McCain, son of a naval officer, was born in the Panama Canal Zone; the state's other senator, Jon Kyl, a Republican, in Nebraska; Janet Napolitano, in New York City, then raised in Albuquerque.) Graf, who is now 47, moved to Green Valley south of Tucson to take up a post as a golf pro when Jim Kolbe was in his first term in Congress. Green Valley has a median age of 72.2 and a population, though it is only 40 miles from

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the border, that is 96.6 percent "white non-Hispanic," according to a Web site for retirees looking for a place to settle. Eventually Green Valley sent Graf to the State Legislature. Though many of his supporters were also from the Midwest, they were not inclined to think of themselves as migrants.

Graf's political mantra was standard for a Reagan Republican when he was elected to the state House of Representatives in Phoenix in 2000. He talked about lowering taxes, downsizing government, lowering taxes, protecting the rights of gun owners and lowering taxes. The year 2000 actually set the high-tide mark for the flow of illegal aliens in what the Border Patrol calls its Tucson sector — already by then its busiest — encompassing an area of 90,000 square miles along 262 miles of border and including all of Graf's legislative district: the Border Patrol detained 616,346 aliens that year in the sector. As Graf tells it, it wasn't the numbers or the growing presence of the Border Patrol giving chase on highways between Green Valley and the border that drove him to seize on the issue. It was an epiphany one evening in a supermarket. He found himself, so he says, in line behind a grandmother, mother and daughter from a single Hispanic family — the daughter, eight months pregnant — all making their purchases with food stamps and uncomprehending when the sales clerk addressed them in English. He had no way of being sure they were here illegally, but for Graf it became a vision of a connection between taxes and illegal immigration that needed to be elevated to a cause.

Sept. 11, 2001, added a whole other layer to this parable. "We live in a different day and age in the post-9/11 world," Graf now says. "Ninety-nine percent of them may be coming to support their families, but 1 percent of four million is still an awful lot of people."

The argument that the border must be secured because of the threat of terrorism remains largely theoretical. The Border Patrol keeps a count on non-Mexicans it detains (O.T.M.'s, they're called, for "Other Than Mexican"). Mostly they're from Central America and farther south, but a trickle can be traced to what the Department of Homeland Security classes as "special interest" countries (a euphemism that refers mostly to countries in the Muslim crescent from North Africa to Pakistan). In the Tucson sector, just 15 such persons had been picked up by Sept. 10 in the fiscal year that was about to end — scarcely one a month, a total that could easily be exceeded in an afternoon at a busy airport receiving flights from those same places. (In all its sectors, on the northern as well as southern borders, the Border Patrol detained a total of 418 aliens from the "special interest" countries in a period of nearly a year. The argument that the influx includes gang members and other criminal elements stands up better. The more difficult crossing the border becomes, the more opportunities there are for the human traffickers known as coyotes, who promise to steer those heading north to safe houses or cars driven by accomplices or relatives, at prices ranging as high as $2,000 a head. The Border Patrol keeps tallies of those it catches who prove to have criminal records, once its computers recognize their fingerprints. In the Tucson sector, about 440 a month are picked up with records of burglary, assault or narcotics charges. Coyotes, when they are caught, face charges of "alien smuggling" under the U.S. Criminal Code.)

Randy Graf's second epiphany was also not driven by numbers. It came at the start of 2004, when he heard a Republican president speak feelingly of immigrant families from Mexico who "bring to America the values of faith in God, love of family, hard work and self-reliance." Citing his own experience as a border governor, George W. Bush said that the border needed to be secured but also that a broken immigration system had to be made "more compassionate and more humane." Congress should "increase the annual number of green cards that can lead to citizenship," the president said. This was not what Graf wanted to hear from the leader of his party. He had a snapshot of himself and the president hanging in his office at the State Capitol; he turned the picture upside down and left it hanging that way for a couple of days as a symbol of his protest. And he decided to run for Congress, in opposition to what the president was calling a comprehensive reform.

Graf isn't interested in reforming the system; he wants stricter enforcement of laws on the books — "zero tolerance" for illegal migrants, those trying to cross the border and those already here. If that takes putting the National Guard on the border in a military role and giving the local police the authority and resources to enforce immigration law, he's all for it. In 2004, Graf, Russell Pearce and Randy Pullen, a Republican national committeeman, were the prime shapers of Proposition 200, an Arizona state ballot initiative designed to limit the spending of government funds on services for anyone in the country illegally. Governor Napolitano and every single member of the Arizona Congressional delegation opposed it, yet it passed with 56 percent of the vote.

An "honest debate" is needed about "changing demographics," Graf argues. The mass border crossings are not just illegal; in their scale, they suggest that the cultural identity of his adopted state could change. "You can almost say that Los Angeles has been transformed already," he says, clinching his point with an example he seems to think will cause a shudder. A half million immigrants demonstrated there last spring. The mayor, a Latino himself, supported them. Graf saw that as a warning for Arizona.

One pillar of Graf's support has been in the retirement communities around Green Valley, where few residents seemed to wonder who built their houses or mowed their golf courses. Another was in frontier Cochise County, where the U.S. Army subdued the Apache chief Geronimo, where the shootout at the O.K. Corral occurred, where the Wobblies battled the copper bosses — and where, after all that history had been turned into lore for tourists, ranchers who graze their cattle on large tracts of

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scrub land leased from the state became infuriated by the constant incursions of illegal aliens in large numbers. In their desperate passage, the intruders cause regular livestock losses by snipping fences, by littering the desert with plastic bottles and other debris that can play havoc with the delicate insides of a ruminant and by now and then partaking of a calf, despite the risk that even a small roasting fire might betray their whereabouts. The Graf campaign got under way in the county in 2004 at about the same time as the Minuteman Project; inevitably, they formed an alliance — the candidate, having declared himself a Minuteman, receiving the endorsement of the movement's leader, Chris Simcox.

I'd encountered Minutemen at the Hispanic rally at the Capitol in Phoenix on Labor Day, which failed dismally to attract a respectable fraction of the estimated 150,000 who turned out on Phoenix's streets in May waving banners and signs that said, somos america or we are america. This time the signs of the counterdemonstrators were almost as conspicuous. you are central americans, we are north americans, you are trespassers, so — vacate — leave, a Minuteman placard demanded. what part of illegal don't you understand? asked another. I hadn't gotten far trying to chat with the people planted under those signs, so I asked Randy Graf to introduce me to a Minuteman. To my surprise, he managed to match me up with one from my part of the country, a former consultant on new product lines who once worked in Manhattan and last lived near Princeton, N.J., before retiring in Sonoita, where he now tended several head of longhorn cattle as a hobby.

No other houses or human activities are visible in the view through the picture windows of Gene Cafarelli's spacious high-ceilinged stucco home, exquisitely sited on a piece of what was once a 2,000-acre ranch, now divided into two dozen parcels for high-end dwellings like his, none of which are supposed to be visible from any other. What you see is not obviously different from what a Spanish conquistador passing this way in the 16th century might have seen — a long view across a rolling valley, usually dun-colored but now, in September, turned green by the heaviest rainy season in years, to the Whetstone Mountains shimmering at a distance. But when Cafarelli goes out at night, he packs a gun, something he never thought to do in New Jersey.

Although he has had no direct encounters with migrants, he senses their presence. Some of his neighbors have had their homes broken into while they were away; necessities like food and clothing were seized, tradable luxuries like TV's and laptops left behind. Elderly neighbors have heard Spanish outside their windows at night; the serene landscape is actually teeming. Cafarelli imagines that he was often at close quarters with illegal immigrants when he commuted to New York, but he didn't recognize the look. Now he thinks he would. If there's a problem of racism, it's the racism of the Mexican ruling classes, he thinks, cynically pleased as they are to export their poor in return for dollar remittances in the billions that the laborers then send home.

The Minuteman Project was in part symbolic, he acknowledged, a way of calling attention to the failure of government to secure the border. The volunteers have no power of detention; they can only call the Border Patrol when they spot intruders through their night-vision binoculars. (In fact, other citizen patrols have been known over the years to detain migrants at gunpoint.) Now, despite his 68 years, the semiretired consultant — tall, white-haired, bronzed — is in training with a new search-and-rescue team the Minutemen are forming. Humane Borders, a Tucson church group, trucks fresh water to stations it has planted in the desert along heavily traveled routes. The Border Patrol sends out its own rescue teams to treat dehydrated, footsore aliens. Even the Minutemen, known widely as vigilantes, have their kinder, gentler side, it seems. The day before, Cafarelli was on two four-hour training missions in the bush, returning just before midnight. Each man carried two gallons of water, one for himself, the other for anyone they might encounter. As it happened, they encountered no one.

"I've always admired people who combine intellectual activity with action," Cafarelli told me. In his mind, the Minutemen are patriots deserving of the description.

In the minds of other Arizonans, the Minutemen and the broader anti-immigration movement put at risk major sectors of the economy, which have long depended on a supply of migrants. Cochise growers, for instance, are often on the other side of the issue from its ranchers. I spoke to an onion farmer who said he expects to plant 100 acres next year instead of 200 because he didn't think he'd be able to hire enough harvesters. "They yak about securing the border, yak about 'no amnesty,"' the farmer said. "We need to secure the border, but we've got to have a guest-worker program." A builder I spoke to couldn't say enough about the work ethic of the migrants employed on his projects, primarily roofing or putting up drywall. "God, do I love my boys," he said. "Mind you, I don't know whether my boys are legals or not." He would not be surprised, the man admitted, to learn that 25 percent of them had given him bogus Social Security numbers.

Randy Graf, the former golf pro, wasn't the only self-described Minuteman running. Early in the year another offered himself as a Republican candidate against Governor Napolitano, running essentially a one-issue, tough-guy campaign on Arizona's responsibility — whatever the feds did or failed to do — to control its own southern border. Were it not for the fact that he bore Arizona's most potent political name, Don Goldwater — a real estate investor and nephew of the late senator — would have been described as a political nonentity: his campaign résumé mentioned that he'd been a delegate to one national convention, volunteered in some campaigns and served as a den leader for the Cub Scouts. Some active Republicans said they had never heard of him. But running basically on shoe leather, the illegals and the name — "A name you know, a name you can

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trust," his brochures said — the candidate, who proved to be a tireless campaigner, overcame a lack of funds and built a lead over the summer in polls on the Republican primary race.

Goldwater's most original promise was his pledge to empower the local police to detain illegal aliens and corral them in an encampment on the border — a "temporary tent city," he called it — where they could be put to work building fences and clearing the desert of the refuse they and those like them had scattered when they came across. When a Spanish news agency reported that Goldwater wanted to build a "concentration camp" for illegals, he demanded and got a retraction, but not before a statement had been put out in Washington by Senator McCain denouncing any plan for a concentration camp on the Arizona border.

I chatted with Goldwater in September outside a movie theater in the northernmost shopping mall on Scottsdale Road, where the desert and Scottsdale's newest housing tracts bump against one another. The theater was previewing a documentary called "The Border War," and a large audience of anti-immigrant stalwarts had turned out. I'd looked for evidence that his uncle had crusaded on the question of immigration, I told the candidate, and hadn't found any. Barry Goldwater, he said, always felt strongly about the rule of law. How was he feeling these days, I asked, about Senator McCain? "He knows he won't control the state party when Don Goldwater is elected governor," the candidate said with calm certitude. "He's facing a revolt by the grass roots."

Randy Graf endorsed Goldwater. So did Russell Pearce, one of several more prominent Republicans who'd flirted with the idea of taking on Janet Napolitano. ("I'd love to get in the ring with her," he said.) Another was Maricopa County's popular, showboating sheriff, Joe Arpaio, a former station chief in Mexico for the Drug Enforcement Administration who seems to enjoy the attention he gets when he hints he might run for higher office but then never does. (It was Arpaio who put up Arizona's first tent city in Phoenix, to house the county jail's overflow behind razor wire, making the point that there would be no limit to jail capacity in his jurisdiction. It has since become a photo op for presidential candidates, including George Bush in 2000 and Mitt Romney, the governor of Massachusetts, this year. Pearce, once Maricopa's chief deputy, says it was all his idea.) Most obvious as a potential candidate was Representative J.D. Hayworth, a late but fervent convert to the cause of sealing the border, who finally decided, he says, that in a time of national crisis it was more important that he hang on to his seniority in the House, for Arizona's sake.

Each said he thought Napolitano could be beaten. Each had a reason not to take her on. That left the little-known Goldwater facing off in the Republican primary against Len Munsil, a "movement conservative for 20 years," by his own description, whose dogged campaigning on pro-life, pro-abstinence, anti-pornography, anti-same-sex-marriage issues had won him a solid base among evangelicals. For Munsil — an able candidate but far to the right by Arizona standards — illegal immigration seemed at first to be an afterthought. But just after Labor Day, with less than two weeks to go to the primary, he proclaimed it his highest priority. As governor, he pledged, he would station the National Guard on the border, spend state money to put sensors and fences where the federal authorities had yet to put them and establish a new Arizona Border Patrol to back up the U.S. Border Patrol, which already has 3,300 officers in the state and stands to have more than 5,000 by 2008 under President Bush's promised expansion of the federal force.

Janet Napolitano watched the escalating arms race between the two far-right Republican gubernatorial candidates with wry humor and maybe a hint of disdain, from her office on top of a stubby tower that is built into the Arizona Capitol. She wondered where her opponents would find the cash to back up their costly promises. Would they raise taxes or cut programs and if so, which ones, she asked, offering a preview of her own campaign. Her way had been to proclaim, in August 2005, a state of emergency on the border and demand that Washington station Guard troops there and pay for them. She wrote to Defense Secretary Donald Rumsfeld and, after a month, heard from a deputy who said it was a matter for the Department of Homeland Security. Then she sent a legal brief in the form of a letter jointly addressed to Rumsfeld and the secretary of Homeland Security, Michael Chertoff. All she got back was an answering legal brief from deputies with more citations of laws and policies, bland assurances of how seriously they'd considered her plea, how earnestly they recognized the problem, how deeply they intended to deliberate on it and how little they could do. Then in May everything changed: the president announced in an Oval Office speech that he was sending the Guard to the border to take on some of the Border Patrol's auxiliary duties. The next day he flew to Yuma and posed for pictures on the border with Janet Napolitano. Arizona newspapers reported that he'd embraced her plan. Republicans who'd geared up to fight Napolitano on border issues were less than pleased. Their president had made it possible for this Democrat to claim that progress was being made. (In the same way, she's even likely to benefit from the recent announcement that the Department of Homeland Security will be paying Boeing $67 million over the next eight months to develop a system combining radar, ground sensors, cameras and unmanned aircraft that will first be tested in Arizona.)

In fact, the number of border intruders actually started to come down over the summer. This may have had more to do with the heavy monsoon rains than with the National Guard. Napolitano herself suspects that some Mexicans have yet to figure out that the Guard is on the border to build roads, repair fences and set up observation posts, not to shoot border crossers. "I know people need a sense that laws are being enforced," she told me. "They get nervous and frustrated when they think it's out of

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control. And Arizonans got to the point where they believed — I believed — it was out of control." Those, she figures, who want to seal the border and bar immigrants, period, rather than "manage the border" won't vote for her anyway. Those who want a system that's less cruel, less chaotic are ready, she says, to consider realistic approaches.

So when Republicans accuse her of talking a good game and doing little or nothing, she'll retort, she says, "When are you going to call on Washington, D.C., to do their part?" Her idea of a workable system is more expansive than the bill the Senate passed. Like President Bush, she would go beyond a temporary "guest worker" program to a system that would allow for more visas and green cards for Mexican workers seeking permanent residence. The numbers would have to be adjusted to changing economic circumstances. Most important, there would have to be real penalties for American employers who hired illegals. Many such employers contribute to political campaigns, which may be why, year after year, Congress has withheld financing from agencies charged with making the sanctions it long ago enacted stick.

Napolitano presents herself as a problem-solver, not an ideologue. ("I think that's just so anachronistic," she remarked when I noted the absence of liberal rhetoric in her pronouncements.) Her tone is brisk, managerial; the language she uses is markedly cooler than the appeals to tradition and compassion found in Bush's several addresses on the subject. But she is prepared to ask, in response to Russell Pearce's complaints about the high costs of educating the huge number of Spanish-language children in Arizona schools, "whether we want to take a failed national immigration policy out on a child in school."

"I'm the governor of this state," Napolitano continued, a suggestion of heat now in her voice. "I've got, let's assume, 160,000 kids in school who speak Spanish. They need to read and write and speak English if they're going to succeed in school. And they've got to succeed in school if they're going to succeed in life. To me, if you don't deal with these issues forthrightly, you're well on your way to creating a permanent underclass."

Arizonans, she says, are not easily sold on simplistic solutions to the border crisis involving little besides expenditure on law enforcement and technology. Earl de Berge, a Phoenix pollster, offered some survey results from May that seemed to show that a "comprehensive" reform had its own appeal in the state: 73 percent said it should be made possible for migrant workers to enter and leave the country without breaking the law.

It's often argued that work-seeking Mexicans drawn to the border should instead find the line at a consulate where they can apply for a visa, then wait their turn. What's missing from the discussion is the realization that there basically is no such line for the sort of semi-skilled border-crossers I repeatedly encountered on roadsides from Tucson on south, forlornly waiting to be processed and taken away by ICE (the unusually apposite acronym, for an agency called Immigration and Customs Enforcement, is pronounced as one word). On State Highway 86, a road heading west from Tucson, for instance, there were 15 who'd just been hauled from two old Chevy Cavaliers that had their backseats removed and blocks of wood jammed into the springs so that the back of the car would ride unnaturally high, not betraying the weight of the human cargo inside, covered by blankets. For the Border Patrol a high-riding old car, in which only two passengers are visible, can be as much of a tip-off as one that sags. These were young men who said they'd come all the way from Chiapas in southern Mexico to find work.

Here's the data on legal immigration from Mexico: In fiscal year 2005, according to U.S. Citizenship and Immigration Services, a division of the Department of Homeland Security, 157,992 Mexicans were admitted to the United States on immigration visas, less than half the number that were caught entering the Tucson sector illegally in that same period but still about 14 percent of all immigrants who legally entered the United States that year. Of the Mexican total, 45 percent were immediate family members of persons who had already qualified for legal residence; another 40 percent were more distant relatives of legal U.S. residents, most of whom had to wait 15 years or more to have their papers processed, paying regular fees to government agencies to keep them pending. The remaining 15 percent were people who either got in on special visas for highly qualified immigrants with technical training and skills deemed to be desirable, or were among the small number officially sponsored by a prospective employer.

The men from Chiapas lined up next to the ICE bus had no such connections. Typical of the thousands bused back across the border every day, they may have had relatives in the United States. But it's highly unlikely that these relatives would have been legal residents. Therefore, if the migrants were determined to take the jobs that were undoubtedly waiting for them in Phoenix and points north, east and west, on construction and landscaping crews or in hotels, slaughterhouses or poultry factories, then the trek across the desert, scary and expensive as it was bound to be, would have been their only obvious and realistic way in.

Russell Pearce sees them, these newcomers, when he drives through the district he represents, which happens also to be the district where he grew up. They shape up early each morning in the city of Mesa at the major intersections along Broadway, an area that was the heart of the original Mormon settlement here. Sometimes Minutemen demonstrators show up with their placards and noisily chase them into sidestreets, hoping to embarrass the crew bosses and ordinary householders who come by in their pickups to engage them for a day or a few hours. Many of the migrants, it is presumed, are in transition, hoping to put

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aside enough cash to finance the next stage of their journey, which will take them to California or Illinois, Nebraska or North Carolina.

But some settle in Mesa. This is evident from the latest figures published by the Census Bureau in its American Community Survey. In 2005, Mesa — now the nation's 40th biggest city — was found to be 24 percent Hispanic, up from 19.7 percent only five years earlier. Its overall growth was 10 percent, more than half that growth obviously Hispanic, enough to give the City Council district around the Mormon Temple a Hispanic majority. (This could be read as a fulfillment of a panel in the frieze that goes around the temple, a panel said to depict "the Hispanic people. . .leaving their old homes and coming to join the people of the Church of Jesus Christ of Latter-day Saints.")

But there are still no Latinos on the Mesa City Council and no discernible increase in the number of Latino voters. Kyle Jones, a Mormon in his second term representing the district, said he would have considered stepping aside for a highly capable Latina candidate who ran against him in the last election if he had thought she had a chance of winning. She came in third, finishing with only 18 percent of the vote, behind not only Jones but a Minuteman running to Jones's right and drawing votes from that portion of the community that is permanently riled by their newer neighbors' tendency to hold big parties in front yards instead of on more seemly rear patios, and to play loud, unfamiliar music in an unfamiliar language. Mesa is farther from the border than Cochise County. But since it's sometimes a destination, not a thoroughfare, resentments accumulate just as surely.

The gap between the demography of his district and its voter profile strongly suggests to Pearce that the new residents are virtually all illegal. In his lexicon, that makes them "felons." Overall, 7 or 8 percent of the state's population may fall into the category of those who crossed the border without going through any legal channel, accounting for at least one-fourth and possibly one-third of its Hispanic residents. Russell Pearce acknowledges that children born in this country to these migrants are entitled to citizenship under the 14th Amendment, but he thinks something should be done about that.

When Pearce puts the tax burden on Arizona citizens resulting from unauthorized immigrations at well over $2 billion, he's rolling together the citizen and noncitizen Spanish speakers in public schools. What's often missed in the public debate is the fact that individual immigrant families often are neither strictly "legal" or "illegal" but an ambiguous blend. The father may have a green card, the mother not; the older children may not be naturalized, while the younger are deemed citizens by birth. In such households, there's an abiding fear of doing anything that might call attention to the dubious status of some of its members. So a child who has been an outstanding student may be discouraged by her family from applying to college if her Social Security number, or even that of a sibling, won't stand up to scrutiny.

I met one evening in September with five young women and their mothers, residents of a remarkably rundown trailer park in western Mesa that looked as if it hadn't been refurbished since the Korean War. Meaning to encourage candor, I said I didn't need to know their last names. Lucy, a high-school senior whose English was easy and idiomatic, completely unaccented, did much of the talking. She already understood, she said, that the local community college would be beyond her reach. Her father had spent thousands on lawyers without seeming to bring the noncitizens in the family closer to legal residence. The obstacles seemed insurmountable.

"I don't want people to think we're, like, invading," Lucy said. "We're just trying to make, like, a better life."

The Republican races got a little crazy in the last days before the primary on Sept 12. Len Munsil, the movement conservative battling for the nomination for governor on the strength of his stand on family-values issues, found himself accused, in a "push poll" of uncertain origins, of having fathered an illegitimate child. This crusader for abstinence before marriage then had to confess that he and his wife had yielded to temptation and conceived the first of their eight children a month before their wedding. In the race for Jim Kolbe's seat, the congressman's designated successor, Steve Huffman, was "unendorsed" by The Tucson Weekly, which had backed him, for refusing to talk about a bungled undercover mission by a campaign aide caught snapping pictures through a window of a home occupied by an opponent's former wife.

Before the results were in, two Arizonas were put on display in events held in separate hotel ballrooms. The first was a dinner honoring Congressman Kolbe, which brought 600 persons connected to Tucson's business, political and cultural elites together in the ballroom of a resort in the foothills of the Catalina Mountains. These were people who prided themselves in their ability to work across party lines. The Democratic governor was there to lead the celebration, which included videotaped tributes by Condoleezza Rice, Bono and John McCain on big screens and a cycle of love songs rendered by a soprano, winding up with "Our Love Is Here to Stay," which she sang sitting knee to knee with the honoree. Kolbe seemed swept away but managed a response in which he bemoaned the rise of extreme partisanship in Congress and the decline of the art of compromise. He then thanked supporters, friends and relatives, ending with his partner, a Panamanian national, who half-rose from his seat next to Janet Napolitano to receive a round of applause that did not sound perfunctory.

The mood was decidedly more righteous and embattled in the smaller, second ballroom in a south Tucson hotel, where fewer than 200 of Randy Graf's supporters gathered on primary night for what they hoped would be a victory party. Testing the ability of the party to come together, I asked one of Graf's supporters whether he'd be able to back Huffman if his man lost. "I'd

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vote for any derelict off the street before I voted for him," the man said. An hour later the crowd was shouting: "Randy! Randy! Randy!" as their candidate claimed victory.

But there wasn't much evidence in the results of a groundswell of fresh anger over border issues strong enough to determine the outcome of the races in November. Don Goldwater, the one-issue candidate Graf and Russell Pearce had backed, was easily beaten by Len Munsil, who waited till the last days of the campaign to broaden his base by running a TV ad in which John McCain, the nemesis of anti-migrant diehards, called him "a man we can trust."

Even Graf's victory raised questions about his prospects, for his percentage of the vote was no greater than what he drew two years earlier. If the result was to be read as a referendum on immigration reform, it was hard to miss the fact that the combined vote for two runner-up candidates who supported a new guest-worker program — the Kolbe position all these years — amounted to slightly more than 50 percent among Eighth District Republicans. A portion of those voters were now likely to be tempted to defect to the Democratic nominee, Gabrielle Giffords, a vivacious former state senator, just 36 years old, who lines up with McCain and Napolitano to support a "viable guest-worker program that meets the needs of Arizona's economy." Of course she's also for "improved border security," more Border Patrol agents, more technology in the form of radar, sensors and drones. Arizona, she says, has paid a heavy price for Republican failures on the border. Like the governor, she aims to show that the immigration issue underscores the need for change in Washington; in other words, that the abiding anxiety about the border and illegal aliens can be made to work for Democrats. It may come as a surprise to tacticians in the Republican House caucus, but no candidate in red-state Arizona or anywhere else is calling for less border security.

Having battled his way to the nomination on the issue, Randy Graf's best shot now is to portray Gabrielle Giffords as a coddler of illegals, "an extreme liberal" (as she is described in a negative TV ad put up by the Minutemen) who yearns to hand out Social Security benefits to illegal aliens. (The ad even shows a check made out to "Illegal Alien.") Anything can happen in a campaign, but the first poll showed Giffords, the Democrat, with a commanding lead. Of course it's also possible that the Republicans will make little headway on the immigration issue in Arizona, or beyond, but still retain control of the House. In that case, the "majority of the majority" would be likely to continue to bar any vote on a version of the reform that passed the Senate. They'd do so out of an instinct not to cede power to moderates in their own ranks.

Randy Graf seemed to define the breach in the Republican Party when I asked him whether he'd seek Senator McCain's support. "I look forward to talking to John McCain," he said. "It will give me a good opportunity to talk about immigration with him." McCain had meant to withhold his endorsement from Graf but reversed himself for the sake of a Republican majority in the House and his own relations with his party in his home state. His endorsement was silent on Graf's anti-immigrant stand. And in fact, the senator had no plans to meet the candidate.

Straining The Stork With 300 Millionth (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, October 15, 2006

The U.S. Census Bureau says it expects the nation's population to reach 300 million on Tuesday, 39 years after the 200 million mark was reached and 91 years after the county's population hit 100 million.

The 300 millionth person will enter a country that's much different than it was in 1967, when Life magazine designated the birth of Robert "Bobby" Ken Woo Jr. as a population milestone, naming him the nation's 200-millionth resident.

"In 1970, immigrants constituted less than 5 percent of the U.S. population," said William Frey, a demographer at the University of Michigan and the Brookings Institution, adding that today, they are 12.1 percent.

When the population reached 200 million on Nov. 20, 1967, there was no accurate tally of Hispanics in the United States. The first effort to count them came in the 1970 census, which found a total U.S. population of 203 million and 9.6 million Hispanics. There are about 43 million Hispanics in the country today, according to the Census Bureau.

The United States "was not a melting pot" when the 200-millionth American arrived, Mr. Frey said. "But we're now becoming a new melting pot."

Carl Haub, a senior demographer with the Population Reference Bureau (PRB), agreed.

The American melting pot disappeared after the 1920s and did not return until well after the government "liberalized its immigration laws in 1965 and stopped discriminating against those from areas other than Europe."

The Hart-Celler Act of 1965 did away with national-origin quotas, in which 70 percent of all immigrant slots were given to natives of just three countries -- the United Kingdom, Ireland and Germany, according to the Center for Immigration Studies (CIS), an organization that opposes unbridled immigration.

In fact, sharp increases in immigration started in the mid-1980s and have continued since.

"The 1990s had the biggest increases in numbers of immigrants" of any of the previous six decades, Mr. Frey said.

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Although the Census Bureau says the newest population milestone will be reached at about 7:45 a.m. Tuesday, it is "not going to make an attempt to identify the 300-millionth person," spokesman Robert Bernstein said. The bureau also did not identify the 100- millionth American, who was born in 1915.

He said there is no way to know whether the 300-millionth person will be a baby born in this country, an immigrant who arrives here by plane or an illegal alien who surreptitiously crosses the border from Mexico.

The Census Bureau based its estimate of when the U.S. population will reach 300 million on the expectation that the nation will register one birth every seven seconds and one death every 13 seconds, while net international migration is expected to add one person every 31 seconds. The result is an increase in the total population of one person every 11 seconds.

The United States will join China and India as the third country to be home to at least 300 million people.

For weeks, Mr. Frey has predicted that the "300-millionth person will be a Hispanic male born to immigrant parents in Los Angeles County on October 17."

Mr. Frey bases his prediction on the fact that Hispanics are driving the population increase the nation is experiencing.

Why Los Angeles County?

"Half of the growth in the United States is Hispanic, and Hispanics have made their greatest gains in Los Angeles County, California," he said.

Both he and Mr. Haub predicted the child will be male because, worldwide, the proportion of male births to female births is 5 percent higher.

However, Mr. Haub said the PRB thinks the 300-millionth person is "most likely to be a white non-Hispanic male," since non-Hispanic whites still constitute nearly 70 percent of the total U.S. population. That proportion is down from 83 percent in 1967.

"The U.S. population is growing by 2.8 million yearly, and Hispanics account for 1.3 million of that growth. But there are 2.3 million births in the majority population annually, and only 900,000 births among Hispanics. So it's more likely the 300-millionth person will be a white non-Hispanic," he said.

But white non-Hispanic Americans will lose their majority by 2050, when they will make up one-half of the total population and minorities will account for the other half, Mr. Bernstein said. By that time, he said, Hispanics will account for about a quarter of the U.S. population.

Many were shocked in 1967 when Life magazine designated Mr. Woo, a fourth-generation Chinese-American, as the 200-millionth American.

The Census Bureau had predicted the 200-millionth American would arrive between 10:58 a.m. and 11:02 a.m. Nov. 20 of that year.

Life said it dispatched 23 teams of reporters and photographers to stake out hospitals in 22 cities to await the birth. Mr. Woo, now a Harvard-educated lawyer, was born at an Atlanta hospital at 11:03 a.m., so his birth came closest to the predicted time.

But Mr. Frey said he "never bought" Life's choice, arguing that it should have been a white suburban boy, given the demographics of the time. Census data indicate that whites constituted nearly 89 percent of the population in 1960, a total that included Hispanics. But supporters of Life's pick note that Mr. Woo did grow up in the suburbs.

As for the nation's new population landmark, Mr. Frey said, "More important than the numbers are how we got there, which was through immigration and increased fertility."

The United States is unusual among many developed countries in that it consistently has an excess of births over deaths. Immigration is also a contributing factor, because so many of the Hispanic women entering this country are of child-bearing age, and they tend to have more children than other women.

One-fifth of all children younger than 18 in this country are either foreign-born or in a family where at least one parent was foreign-born, according to a PRB report. Nearly half of all children younger than 5 are members of a racial or ethnic minority, and such children are much more likely to live in poverty. Black and Hispanic youngsters top the list, with a third of black children and 28 percent of Hispanics living below the poverty line, the report found.

Mr. Frey said he is grateful to see the increased immigration, because it is bringing both "younger and more diverse" populations to this country at a time when "our own population is growing older." By 2030, he said, "12 [percent] to 20 percent of the population will be seniors," 65 and older.

But not everyone thinks the 300 million population marker is a reason to celebrate.

"Americans are not pleased with the rate of population growth," said Roy Beck, executive director of NumbersUSA, a group that advocates lower immigration.

A national survey of 1,000 likely voters that his group conducted in September "reveals great discomfort about the rapid U.S. population growth being caused by federal immigration policies," according to a statement from NumbersUSA.

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The poll showed that about two-thirds think increased population will "negatively impact the quality of life in America, such as causing more congestion, overcrowding and pollution," the group said.

The survey also showed that America's largest population groups -- whites, blacks and Hispanics -- are worried about the Census Bureau's forecast that the nation's population will grow by another 100 million by 2043.

According to the survey, Hispanics, by a ratio of 6-to-1, said their quality of life would be negatively affected if that happens in the next 50 years. The ratio was 9-to-1 for blacks and whites. Fewer than 12 percent of respondents said they thought the projected population growth would have a positive effect on their lives.

CIS spokesman John Keeley said none of that surprises him.

"Things are already pretty dire," he said. "Look at circumstances right here in the D.C. area: the horrible rush hours, the high cost of housing, the crowded conditions in schools and the increased job competition.

"Immigration, legal and increasingly illegal, have detrimental roles in this exploding population," Mr. Keeley said.

"Rapid population growth is creating a host of societal concerns; yet it is not even being acknowledged [by policy-makers] beyond this 300 million figure," he said.

The result, Mr. Keeley said, is a "population density so stultifying you can't move."

In its report, "The United States at 300 Million," the PRB warns: "If current poverty rates for minority children continue unabated in the future, then the health and well-being of substantial numbers of children may be compromised."

Mr. Keeley said it's already time to worry about the nation's staggering growth. "We need agriculture, but unchecked growth is putting stress on natural resources. This means we will increasingly confront an inability to provide food."

· Reporter Eric Pfeiffer and researcher John Sopko contributed to this article.

CONGRESS-ADMINISTRATION:

Air Force Memorial Dedicated (WT)

By Gary Emerling

The Washington Times, October 15, 2006

The only branch of the U.S. military that had been lacking a memorial in the D.C. area now has one to call its own.

President Bush, Defense Secretary Donald H. Rumsfeld and other dignitaries yesterday presided over the dedication of the U.S. Air Force Memorial -- a towering set of stainless-steel spires that pierce the skyline from a perch overlooking the Pentagon.

"Under these magnificent spires, we pay tribute to the men and women of the Air Force who stand ready to give all for their country," Mr. Bush told an audience of 1,400, including many blue-clad Air Force personnel.

"And looking from this promontory to a place once filled with smoke and flames, we remember why we need them," said Mr. Bush, referring to the nearby Pentagon, which was hit by a hijacked airplane during the September 11 terrorist attacks.

The $30 million memorial sits on a prominent hilltop east of the Navy Annex and next to Arlington National Cemetery.

Initial plans called for a site near the Iwo Jima Memorial, which sparked a squabble between the Air Force and the Marines. The dispute ended when Congress, in the 2002 Defense Authorization bill, authorized the memorial to be built at its current site.

Designed by renowned architect James Ingo Freed, who died Dec. 15 at age 75, the memorial consists of three spires -- the tallest of which reaches 270 feet into the air -- that soar skyward to evoke the bomb-burst formation of the Air Force Thunderbirds precision-flying team.

An Air Force star is embedded in granite directly beneath the spires. The area surrounding the memorial includes two granite inscription walls, a bronze honor guard statue and a glass contemplation wall to honor fallen airmen.

"This memorial has been a labor of love," said H. Ross Perot Jr., chairman of the Air Force Memorial Foundation. "This memorial says to everybody who visits, ... 'This is the spirit that helped build our Air Force.' "

The ceremony also served as a lesson on the Air Force, complete with flights by planes that served throughout its history.

First came a Stearman PT-17 biplane, with a formation featuring an F-22A Raptor ending the procession.

Officials also recounted the names of heroic airmen since the inception of the Air Force, which began in 1907 as a division of the U.S. Army Signal Corps and achieved its status as a separate military branch in 1947.

From the heroic exploits of Lt. Col. Jimmy Doolittle's raiders in World War II to the missions of pilots in Operation Enduring Freedom, the efforts of airmen past, present and future were lauded.

"The Air Force Memorial is thus a magnificent tribute to each of the 54,000 men and women who preceded us into the heavens on wings of valor," said Gen. T. Michael Moseley, the Air Force's chief of staff.

The event also included a gravity-defying demonstration by the Thunderbirds, who soared above the memorial in a bomb-burst formation and left behind only tails of smoke.

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"To all who have climbed sunward and chased the shouting wind, America stops to say: 'Your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation,' " Mr. Bush said.

After the ceremony, event organizers said an estimated 30,000 people were expected to attend an open house in the Pentagon's south parking lot, which included a concert by country singer Lee Ann Womack.

The Air Force Memorial will open to the public on Tuesday.

At Long Last, A Va. Air Force Memorial (AP)

By Jennifer Loven

AP, October 15, 2006

President Bush helped the Air Force make a dream come true on Saturday, dedicating a hilltop monument for the service to the memory of airmen lost defending America and to those that fight for it still.

"A long blue line of heroes has defended freedom in the skies above," Bush said. "To all who have climbed sunward and chased the shouting wind, America stops to say your service and sacrifice will be remembered forever and honored in this place by the citizens of a free and grateful nation."

Bush spoke at the base of three soaring steel stalks, meant to evoke the famed Air Force Thunderbirds' "bomb-burst" maneuver, that glinted in the bright sun.

The dedication ceremony concluded with a dramatic demonstration of the real thing by members of the precision flying team. Their four jets flew straight upward in close formation and released silver contrails as they peeled away from each other. A fifth plane followed, flying through the middle of the vapors while spinning.

The $30 million United States Air Force Memorial, 15 years in the making, is set on a ridge next to Arlington National Cemetery and overlooking the Pentagon and the nation's capital beyond.

"Under these magnificent spires, we pay tribute to the men and women of the Air Force who stand ready to give all to their country," the president said. "And looking from this promontory to a place once filled with smoke and flames, we remember why we need them."

As the Air Force's history was recounted by a series of speakers, a succession of aircraft — from a replica of Orville Wright's historic biplane to an F-117A Nighthawk Stealth fighter — flew overhead.

The 17,000-ton metal spires that are the centerpiece of the memorial arc as high as 270 feet into the air.

"This memorial soars. It soars in space and in the imagination," Air Force Secretary Michael Wynne said. "These three spires echo our values: integrity, service and excellence. ... This memorial is a brilliant symbol of freedom and the spirit of flight."

Nearby are also two inscribed granite walls and an 8-foot bronze "honor guard" statue of four figures. A glass wall engraved with the "missing man" formation — a signature maneuver to honor those missing and fallen in the military — provides the only images of aircraft.

"This memorial says to everybody who visits, today and tomorrow, 'This is the spirit that helped build the Air Force. This is the sacrifice that helped defend our freedom. This is the courage that helped build our nation.' On behalf of a very grateful country, and a grateful people, it says, 'Thank you,'" said H. Ross Perot, Jr., chairman of the memorial's board of trustees and a former fighter pilot in the Air Force Reserve.

The memorial was the last major work of architect James Ingo Freed, who died in December. Among his other projects is the U.S. Holocaust Memorial Museum in Washington.

The Air Force was the only military branch without a monument around the capital. Efforts to change that, though, were stymied by controversy, lawsuits and congressional action until the current site and design went forward.

The memorial was first planned for a spot on the other side of Arlington National Cemetery, and Freed's design of a suspended five-pointed star won the competition in the mid-1990s. But the Marines disputed the location, saying it encroached on their cherished Iwo Jima Memorial nearby.

Lawsuits ensued and legislation was passed to prevent construction. Eventually, a new site was donated and the designing process had to start over. Freed won again with a design said to be inspired after the architect saw the Thunderbirds on television.

The design has been trumpeted for its modern appeal and its reflection of the Air Force's advanced technology.

A Heady Day For Fliers (WP)

By Ian Shapira

The Washington Post, October 15, 2006

Memorial Dedication Gives Air Force Vets Chance to Tell Their Side of the Action

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They all came yesterday, the avionics guys, the swaggering pilots, the military brats in shirts featuring a photograph of their dad in Guam, and those who flew everywhere from the Russian coastline to the Persian Gulf.

Frank Veale Jr., 73, who joined the Air Force in 1950, arrived with an uncle on his mind, a captain in the old Army Air Corps who died after being captured in the Philippines. Just a few feet away, Walt McGinnis, 79, from San Antonio, and his son, Kevin, 46, talked in jest about how the elder McGinnis could have easily lost it over Korea.

"He got shot at a few times," said Kevin McGinnis, a retired Air Force lieutenant colonel.

"You're never scared," the elder McGinnis said, reflecting on the moment and looking at his son. "You're just busy."

Under a blue sky pierced by a triumvirate of curved spires soaring more than 200 feet in the air, thousands of veterans and family members armed with well-traveled war stories came to an Arlington promontory and a Pentagon parking lot for the dedication and official unveiling of the U.S. Air Force Memorial. For the Air Force, which had been the only military branch not to have its own Washington memorial, the dedication completed nearly 15 years of effort to build a monument in the capital region to more than 54,000 airmen killed in action.

The dedication ceremony, which included speeches by President Bush and Defense Secretary Donald Rumsfeld, came nearly 60 years after the Air Force's creation as a separate service. Up by the memorial, hundreds of VIPs joined current and retired Air Force brass underneath the dizzying monument. They milled about its wide base, read inscriptions on adjacent granite walls, heard from dignitaries and watched the U.S. Air Force Band and Honor Guard perform.

Down by the Pentagon's parking lot, where the jutting spires could be seen in the distance, other former airmen and their relatives toured military aircraft and visited information booths. Mostly, they ambled around, sharing old stories filled with talk of B-29s or C-141s and reminiscing about the mundane tasks they just happened to perform on historic days.

Seaton Phelps, 84, from Edenton, N.C., sat in the parking lot in a back row seat, facing the distant memorial. He was part of the Air Force's predecessor, the Army Air Corps. He served in England during World War II.

"I helped prepare the planes for the paratroops on D-Day," he said. "We didn't know what was going to happen. We just helped get the planes ready -- C-4 gliders and C-47s."

When asked what he thought of the memorial, he smiled. "I don't know how to express it," he said. "It's just nice."

Nearby, Frank Veale Jr., an aircraft radar specialist during the Korean War, said he came to the dedication to remember his uncle, an Army Air Corps captain who died as a prisoner of war. "He lived through the Death March, but then he died on a POW ship that sank," he said as he walked by a booth hawking Air Force pins and hats. "He was my favorite uncle."

Then, Veale told some stories of his own, with a brash wit and carefree attitude common among airmen. There was one about how he withstood ceaseless monsoons in Okinawa while living in flimsy tents. "But we had a Quonset hut where we went for chow," he said. "That was the one good thing about the Air Force -- good chow."

Lest he forget any close calls -- many airmen have them, and it doesn't take much to get these guys going -- Veale recalled a perilous trip from a military base in Florida to England.

"We were going over the Atlantic, and I happen to look out the window, and I see that one of the propellers had stopped," he said. "This guy yelled at me and said, 'The propeller's out.' And I said, 'Don't worry, we got three more.' But right as we landed, a second propeller had feathered out, on the same side. We would have been in the Atlantic had we not been landing."

At the ceremony, Ross Perot Jr., son of the former presidential candidate and chairman of the Air Force Memorial Foundation, told the audience, "This has been a labor of love." Indeed, the memorial once was designed as a five-pointed star to be located near the famed Iwo Jima statue, but the Marines protested the encroachment on their memorial, and the plan was thrown out. Perot, an Air Force veteran, said 140,000 people helped donate money to the $30 million memorial.

The veterans were not the only ones feeling proud. Spouses and children were there, all bound by a life that they inherited and a military perspective that they cultivated as their own. Maryruth Ormsbee and Anneliese Hollis, who traveled from Fort Worth with their husbands, Clyde and Kenneth, showed pride merely by saying what their spouses did. "My husband was in explosives ordnance," Ormsbee said of Clyde. "He put bombs on airplanes. Took them off. Blew them up."

"My husband was in radar and then in simulators," Hollis said.

"We really wish that more wives would be with their husbands. Not many of them travel with them anymore," Ormsbee said.

"I second that," Hollis said.

By the ceremony's end, Air Force Capt. Erica Rabe, 32, was standing beneath the spires, anticipating the famous "bomb burst" maneuver by five F-16 jets known as the Thunderbirds. "We don't have as much history as the other branches, but we have the same amount of courage, professionalism, dedication and patriotism, so it's about time," said Rabe, who added that her father was an Air Force pilot who recently died. "He would have loved to have seen this."

Just then, directly above the spires, four F-16s screamed across the sky, zoomed upward and curved outward, before a fifth jet rocketed straight through the middle, twisting in endless corkscrews.

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The memorial officially opens to the public Tuesday.

One Proud Poppy ... But (NYDN)

By Thomas M. Defrank, Daily News Washington Bureau Chief

New York Daily News, October 15, 2006

WASHINGTON - At this month's christening of the nuclear aircraft carrier bearing his name, former President George H.W. Bush delivered a rousing endorsement of his son.

"I am very proud of our President," the elder Bush said in rain-swept ceremonies in Newport News, Va. "I support him in every single way with every fiber in my body."

Yet many of his closest former aides beg to differ.

Indeed, one of the worst-kept secrets in Bush World is the dismay, in some cases disdain, harbored by many senior aides of the former President toward the administration of his son - 41 and 43, as many call them, political shorthand that refers to their numerical places in American presidential history.

For five years, the 41s have bit their collective tongues as, they complain, the 43s ignored their counsel. But as the war in Iraq has worsened and public support for the current administration has tanked, loyalists of the elder Bush have found it impossible to suppress their disillusionment - particularly their belief that many of 43's policies are a stick in the eye of his father.

"Forty-three has now repudiated everything 41 stands for, and still he won't say a word," a key member of the elder Bush alumni said. "Personally, I think he's dying inside."

To 41 loyalists, the bill of indictment is voluminous. Some alleged 43 has betrayed his father's middle-of-the-road philosophy by governing as a divider, not the uniter he promised in the 2000 campaign. Others, like former 41 speechwriter Curt Smith, argue 43 isn't conservative enough.

"Conservatives want limited government, a balanced Middle East approach, a foreign policy that builds, not destroys, and general, not special, interest," Smith said. "Bush 41 endorsed all of the above. Bush 43 supports none."

A common refrain of the 41s is that 43's muscular approach to foreign affairs - what one derided as "cowboy diplomacy" - has estranged the U.S. from its allies and diminished its authority around the globe.

The ultimate sticking point for the old guard is Iraq. They cite the appointment of 41's close friend and former secretary of state, James Baker, to chart a new Iraq policy as belated vindication.

The 41s remain incensed, however, that Brent Scowcroft, 41's national security adviser and once a top outside adviser to this administration, has been demonized since he wrote a 2002 article opposing an Iraq invasion.

"What Brent said is now the accepted wisdom," a senior 41 hand said, "and everyone believes 41 agrees with him, though he'll never say it."

While the 41s do most of the finger-pointing, aides to the current President reject the criticism as nitpicking from out-of-touch malcontents.

They also bash the 41s for going public, charging much of the damaging material in Bob Woodward's new book, "State of Denial," was provided by 41 partisans.

"Nobody has a monopoly on wisdom," a 43 staffer said, "especially those whose information may not be as good as when they were in power."

The family-feud fault lines were on dramatic display at the carrier christening festivities, where both camps turned out in full force.

"We're all on our best behavior," a top 43 official joked.

A few moments later, however, one of 41's most prominent counselors couldn't resist.

Trading social gossip at a reception, the ex-aide noted that former Secretary of State Colin Powell was in attendance. "He should be here," the adviser noted. "We didn't fire him" - a barbed reference to Powell's departure as 43's top diplomat after four years of bureaucratic fisticuffs with Vice President Cheney and Secretary of Defense Donald Rumsfeld, two frequent targets of the 41s.

"Everyone knew how Rumsfeld acts," another key 41 assistant said. "Everyone knew 43 didn't have an attention span. Everyone knew Condi [Rice] wouldn't be able to stand up to Cheney and Rumsfeld. We told them all of this, and we were told we don't know what we're doing."

Another top former 41 loyalist confided that several ex-colleagues remarked on a perceived "stature gap" between father and son as they sat on the dais.

The 41s concede their broadsides are awkward for their ex-boss, but say they're motivated by a desire to protect his legacy.

In fact, the 41s suggest a singular irony: the unpopularity of the son's administration may be rehabilitating the father's.

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"By comparison, the old man looks better and better," a senior 41 hand said, with undisguised satisfaction.

States, Not Feds, Tending To Nation's Uninsured Children (LAT)

Ronald Brownstein Washington Outlook

The Los Angeles Times, October 15, 2006

It's inspiring, truly, that everyone in Washington is so concerned about the health and well-being of the 93 teenagers who serve as pages each year for the House and Senate.

But it would be nice if the nation's political leaders could spare a moment for another 8,310,000 young people who appear to have escaped their notice.

That, according to the Census Bureau, is the number of children younger than 18 in America who lack health insurance.

Until recently, children had been a bright spot in a dismal healthcare picture. Since President Bush took office, the total number of people in America without insurance has jumped from 39.8 million in 2000 to more than 46.5 million in 2005. The percentage of people receiving healthcare through their employer has dropped every year since 2000.

Children haven't been immune to that trend. The share of children receiving healthcare through their parents' employer has also been falling. But until last year, government had stepped in to offset those losses.

From 1998 through 2004, the number of children enrolled in Medicaid (a state-federal partnership for the poor) and the Children's Health Insurance Program (a state-federal partnership for children in working poor families) swelled by more than 5.6 million. That expanding public safety net steadily reduced the number of uninsured children, despite the continuing erosion of employment-based coverage.

In 2005, the latest year for which figures are available, that relatively benign picture darkened. Employment-based coverage for kids continued its decline. But with state budgets squeezed, the number of children receiving insurance from public programs also fell. These twin retrenchments produced a jump of nearly 400,000 in the number of uninsured children — the largest annual increase since 1995.

Most Americans would probably be surprised by the profile of the 8.3 million kids without insurance. Nearly nine in 10 live in families where at least one parent works, according to a recent study of census data by Families USA, a healthcare advocacy group. Nearly six in 10 live in two-parent families. Almost a third of uninsured kids live in families where both parents work.

Less surprising are the consequences of lacking insurance. Analyzing another government survey, the report found that children without insurance were much less likely than those who were covered to receive regular check-ups, and much more likely to have unmet medical needs. Children without coverage were three times more likely than insured kids to go an entire year without seeing a doctor.

These trends have provoked little discussion in Washington, where Bush and Congress have failed to agree on any serious steps to reverse the rise in healthcare costs and the decline in access. So the initiative is shifting to innovative states. "A lot of these efforts are born out of frustration with Washington," said Ron Pollack, executive director of Families USA. "It's like, we can't continue to wait for Godot."

Illinois, under Democratic Gov. Rod Blagojevich, has launched a program that allows all parents to buy subsidized insurance for their children, with premiums set at a sliding scale based on income. As part of the universal coverage plan that Massachusetts' Republican Gov. Mitt Romney signed this year, the state will insure through Medicaid all children in families earning up to three times the poverty level (about $60,000 annually for a family of four).

Bill Richardson, the Democratic governor of New Mexico, this year pushed through a plan ensuring access to insurance for kids 5 years of age and younger and said that if reelected, he would extend coverage to adults (partly by requiring employers doing state business to provide insurance).

In November's election, the crucial healthcare battles are being fought over ballot initiatives in California and Missouri.

In both states, broad coalitions of public health advocates are pushing for tobacco tax increases to finance expanded coverage. The Missouri plan, known as Amendment 3, would raise tobacco taxes 80 cents a pack, mostly to cover more low-income kids and adults. The California proposal, Proposition 86, is more ambitious: It would raise taxes $2.60 a pack to provide access to insurance for the estimated 800,000 children in the state without it.

These efforts dramatize both the possibilities and the perils of expanding coverage at a state level. If the initiatives succeed, they could send "a signal nationally" that encourages other states and eventually Washington to act, notes Wendy Lazarus, founder of the Children's Partnership, a leading sponsor of the California proposition.

The problem is that, compared with Washington, states have more limited revenue sources to finance expanded coverage for kids. That has led advocates in Missouri and California to focus on tobacco taxes (which carry the added public health benefit of discouraging smoking).

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But by targeting cigarettes, they have stirred a ferocious counterattack from the tobacco industry. The Missouri amendment is faring better in polls than its California counterpart, but neither is guaranteed to survive the barrage of advertising the tobacco industry is funding in each state.

From both a policy and a political perspective, it probably doesn't make long-term sense to rely so heavily on one industry — even one so culpable for compounding the burden of death and disease — to fund more healthcare coverage.

Guaranteeing insurance for all kids should be a national priority, with a national solution and a broad funding source. States are taking important steps, and could take more in November. But until Washington commits to the cause, America will continue to live with the shame of denying reliable healthcare to one in every nine of its children.

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'Stakes' Rise For Bush, Even In Speech (HC)

By Julie Mason

Houston Chronicle, October 15, 2006

Tougher-talking president uses word 11 times during his latest news conference

WASHINGTON — With the Republican political message galloping out of his control in the final weeks of the congressional campaign, President Bush tried corralling it last week with a news conference in the Rose Garden.

The news conference didn't produce much news, but it did produce other noteworthy things.

Bush has been using a different speaking style lately, with more angry-sounding, often highly partisan rhetoric and stronger body language.

He grips the podium, jabs a finger and raises his voice. He squares his shoulders, mocking Democrats and scoffing at critics of his policies.

Bush, who relishes political combat, is in full-throttle campaign mode.

Key issues for Bush are North Korea and the Middle East, where the stakes, Bush said, "are really high." And numerous: Bush alluded to the "stakes" 11 times in just more than an hour in his Rose Garden news conference.

In fact, "the stakes couldn't be any higher," Bush said. "I understand the stakes. I'm going to repeat them one more time."

He added, "As a matter of fact, I'm going to spend a lot of time repeating the stakes."

The stakes are high for Bush in November. If he can't lead his party to another majority in the House and Senate, his domestic agenda may wind up as scraps of forgotten rhetoric. He could also face stronger and more effective resistance to his Iraq policy.

So far, his efforts to campaign on tax cuts and the war on terrorism largely have been eclipsed by other events — the Mark Foley scandal, intelligence leaks, a spate of critical books and North Korea's purported nuclear test.

With Bush trying to restore his political footing at the press conference, he said again, "The stakes are really high."

Bono finds what he's looking for: face timeIt's hard enough sometimes for Bush's friends and allies to get aboard Air Force One. The chance to walk up the airplane steps, pause at the top and turn for a little wave is a closely guarded privilege.

Rock star philanthropist Bono, in Chicago last week for an AIDS prevention event, noticed the president's airplane on the tarmac and scrambled into a little last-minute meeting with Air Force One's chief passenger.

Bono and Bush, politically at odds, have forged a strange friendship over the years. Bono has met with the president several times, asking for more money for Africa and help with other issues.

For his part, Bush seems amused — even when the Irish rocker turns up in the Oval Office somewhat dishevelled and wearing sunglasses.

It often draws Bush's ire when others, especially journalists, show up in similar states of dress.

Anyway, reporters awaiting takeoff on the big plane back to Washington were surprised to see Bush, Bono and model Christy Turlington strolling across the tarmac toward Air Force One together.

At the pivotal moment on the top of the stairs, Bono flashed a peace sign.

White House deputy spokeswoman Dana Perino said the three spent about 12 minutes in Bush's private office on board.

Their meeting was mostly social. Bono thanked Bush for keeping the focus on AIDS and Bush thanked Bono for thanking him.

Snow can campaign for GOP on the jobWhite House spokesman Tony Snow initially said he would use vacation days to campaign for Republican candidates in the Nov. 7 election.

He is the first White House spokesman to add fundraising to his regular duties. But the White House clarified its policy last week, saying Snow is permitted to raise money for Republican candidates while working at his taxpayer-funded job.

"Mr. Snow, like other commissioned officers in the White House, is construed to be on duty 24 hours a day, seven days a week, and therefore is not required to track vacation or leave time," a note to reporters said.

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Snow's travel expenses for campaigns are paid by the Republican National Committee.

Short take·"One has a stronger hand when there's more people playing your same cards," Bush said last week, on multilateral diplomacy.

Man Allegedly Climbs White House Fence (AP-Y)

AP, October 15, 2006

The Secret Service on Saturday apprehended a man who climbed over the fence along the North Lawn of the White House.

Around 6:30 p.m. EDT, Alexis Janicki, 24, jumped the fence, said Secret Service spokeswoman Kim Bruce. He was immediately apprehended by the Secret Service uniformed division and taken into custody.

Janicki was charged with trespassing and possession of a controlled substance, which was cannabis, Bruce said. He was turned over to the District of Columbia's Metropolitan Police Department for processing.

President Bush was at the presidential retreat at Camp David in Maryland when the incident occurred.

OTHER NEWS:

OPEC To Meet To Discuss Cut In Oil Output (NYT)

By Bloomberg News

The New York Times, October 15, 2006

Oct. 14 — The Organization of Petroleum Exporting Countries, which produces 40 percent of the world's oil, will hold an emergency meeting in Doha, Qatar, on Oct. 19 to discuss a 1 million barrel-a-day output cut, an OPEC delegate said.

The group will convene in Qatar to discuss a voluntary supply cut aimed at reviving oil prices that have fallen by a quarter in the last three months. Members will debate whether to cut actual production or to lower the cartel's 28 million barrel-a-day output quota.

The 10 members with quotas pumped 27.6 million barrels a day last month, according to Bloomberg data. Iraq is currently exempt from the quota system.

Crude oil for November delivery rose 71 cents, or 1.2 percent, to close at $58.57 a barrel on the New York Mercantile Exchange on Friday. On Oct. 12, futures touched $57.22, the lowest since Dec. 19. The contract slipped 2 percent in the last week.

OPEC's next scheduled meeting was to be held on Dec. 14 in Abuja, Nigeria.

The 11 members of OPEC are Saudi Arabia, Iran, Venezuela, Iraq, the United Arab Emirates, Kuwait, Nigeria, Libya, Indonesia, Algeria and Qatar. More than half of the group's output is from the Persian Gulf.

Competitive Era Fails To Shrink Electric Bills (NYT)

By David Cay Johnston

The New York Times, October 15, 2006

A decade after competition was introduced in their industries, long-distance phone rates had fallen by half, air fares by more than a fourth and trucking rates by a fourth. But a decade after the federal government opened the business of generating electricity to competition, the market has produced no such decline.

Instead, more rate increase requests are pending now than ever before, said Jim Owen, a spokesman for the Edison Electric Institute, the association for the investor-owned utilities that provide about 60 percent of the nation's power. The investor-owned electric utility industry published a June report entitled "Why Are Electricity Prices Increasing?"

About 40 percent of all electricity customers — those in 23 states and the District of Columbia where new competition was approved — mostly paid modestly lower prices over the past decade. But those savings were primarily because states, which continue to have some rate-setting power, imposed cuts, freezes and caps at the behest of consumer groups that wanted to insulate customers from any initial price swings.

The last of those rate protections expire next year, and the Federal Energy Regulatory Commission and other federal agencies warn in a draft report to Congress that "customers may experience rate shock" as utilities seek to make up for revenue they did not collect during the period of artificially reduced prices and to cover higher costs of fuel. They warned that "this rate shock can create public pressure" to turn back from electricity prices set by the market to prices set by government regulators.

The disappointing results stem in good part from the fact that a genuinely competitive market for electricity production has not developed.

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Concerned about rising prices, California and five other states have suspended or delayed transition to the competitive system.

And voters around two California cities, Sacramento and Davis, will decide next month whether to replace investor-owned utilities with municipal power in hopes of lowering rates. Drives are under way to expand public power in Massachusetts. In Portland, Ore., the city council tried and failed to buy the local utility company.

Electric customers in other states are facing rude surprises.

In Baltimore, an expected 72 percent rate increase in electricity prices has aroused so much protest that the state legislature met in special session, where it arranged to phase in the higher costs over several years. In Illinois, rates are about to rise as much as 55 percent.

The three New York area states opened their electricity markets to competition, with different results.

In Connecticut, residential electric rates rose up to 27 percent last year to an average of $128 a month, and are expected to go up as much as 50 percent more in January.

In New Jersey, rates rose up to 13 percent this year, and are poised to go much higher.

New York residential customers, by contrast, paid an inflation-adjusted average of 16 percent less in 2004 than in 1996, a state report said. It is not known how much of that is attributable to government-ordered rate cuts, but the state benefited from huge increases in power generated by its nuclear plants and by buying power from New England plants that, starting next year, may have less electricity to sell to New York.

The Federal Energy Regulatory Commission and five other agencies, in the draft of the report to Congress, are unable to specify any overall savings. “It has been difficult,” the report states, “to determine whether retail prices” in the states that opened to competition “are higher or lower than they otherwise would have been” under the old system.

Joseph T. Kelliher, the commission chairman, said Friday that eventually “market discipline will deliver the best prices” and noted that every administration and Congress since 1978 had pushed the industry toward competition. He added that the commission recognized a need for “constant reform of the rules.”

Under the old system, regulated utilities generated electricity and distributed it to customers. Under the new system, many regulated utilities only deliver power, which they buy from competing producers whose prices are not regulated. For example, Consolidated Edison, which serves the New York City area, once produced almost all the power it delivered; now it must buy virtually all its electricity from companies that bought its power plants and from other independent generators.

The goal is for producers to compete to offer electricity at the lowest price, savings customers money.

Independent power producers, free-market economists and the Clinton Administration cheered in 1996 when the federal government allowed states to adopt the new system. The new rules “will benefit the industry and consumers to the tune of billions of dollars every year,” Elizabeth A. Moler, then chairwoman of FERC, said at the time. She said the new rules would “accelerate competition and bring lower prices and more choices to energy customers.”

But that has not happened. A truly competitive market has never developed, and, in most areas, the number of power producers is small. In New Jersey, for example, only six companies produce power, and not all of them sell to every utility.

Some utilities have decided to buy electricity not from the cheapest supplier but from one owned by a sister to the utility company, even if that electricity is more expensive. That has been the case in Ohio.

And if electricity is needed from more than one producer, utilities pay each one the highest price accepted in the bidding, not the lowest. This one-price system, adopted by the industry and approved by the federal government, is intended to encourage investment in new power plants, which are costlier than older ones.

But critics say that, as in California five years ago in a scandal that enveloped Enron, the auction system can be manipulated to drive up prices, with the increases passed on to customers. What is more, companies that produce electricity can withhold it or limit production even when demand is at its highest, lifting prices. This happened in California, and the federal commission has found that it occurred in a few more instances since then. Critics say that more subtle techniques to reduce the supply of power are common and that the commission shows little interest in investigating.

Bryan Lee, a FERC spokesman, said complaints of manipulation are investigated, but only last year did Congress give the commission the legal tools to punish manipulators.

Under the new system there have been some big winners — including Goldman Sachs and the Carlyle Group, the private equity firm — that figured out that there were huge profits to be made in one area of the new system.

Such investors have in some cases resold power plants they just bought, making a large profit. In other cases, investors have bought power plants from the utilities at what proved to be bargain prices, then sold the electricity back at much higher prices than it would have cost the utility to generate the electricity.

Richard Blumenthal, the Connecticut attorney general, said the supposedly competitive market has been “a complete failure and colossal waste of time and money.”

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He asked the federal commission to revoke competitive pricing in his state, but the commission dismissed the complaint last Wednesday, saying the state had not proved its case.

Advocates of moving to the new system say that, in time, the discipline of the competitive market will mean the best possible prices for customers. Alfred E. Kahn, the Cornell University economist who led the fight to deregulate airlines and who, as New York's chief utility regulator in the 1970's, nudged electric utilities toward the new system, said that he was not troubled by the uneven results so far.

"Change," Professor Kahn said, "is always messy."

But some advocates of introducing competition to the electric industry have soured on the idea. They include the Cato Institute, a leading promoter of libertarian thought that favors the least possible regulation and that concluded earlier this year that government and electric utilities have made such hash of the new system that the whole effort should be scrapped.

"We recommend total abandonment of restructuring," Cato said. If the public rejects a greater embrace of markets, Cato wrote, the next best choice would be a "return to an updated version of the old" system.

The conflicting results among the many studies of electric prices stand in contrast to the sharp, unambiguous drops in the prices of telephone calls, air travel and trucking.

One study by the utility economist Mark L. Fagan, a senior fellow at the Kennedy School of Government at Harvard and a consultant to various businesses who favors a competitive system, found that the new system often produces better results. He found that in 12 of 18 states that restructured, prices were lower for industrial customers than they would have been under the old system. But he also found that prices were somewhat lower than his model predicted in seven of 27 states that did not open to competition.

In Virginia, a state that did not move to the new system, a report last month by the agency that regulates utilities found "no discernible benefit" to customers in the 16 states that had gone the farthest and warned that electricity prices in those states "may actually be increasing faster than for customers in states that did not restructure."

And Professor Jay Apt, a former astronaut who runs the electricity study center at Carnegie-Mellon University, found that savings from introducing competition to sales of electricity to large industrial customers "are so small that they are not meaningful."

Regardless of the debate over the effectiveness of the new system, electricity prices are expected to rise in the next few years for several reasons apart from any rise in the price of coal, natural gas, oil, uranium and other fuels.

A study issued in June by the Edison Foundation, which represents investor-owned utilities concluded that utilities would have to raise rates to upgrade local distribution systems and to finance long-distance transmission lines, as well as for new power plants. The study found that utility profit margins had thinned and financial strength had weakened. It called for relief in the form of higher rates.

After Years Of Growth, What About Workers' Share? (NYT)

By Eduardo Porter

The New York Times, October 15, 2006

JOB growth is starting to slow, and wages are barely keeping up with inflation. Five years into a relatively robust economic expansion, it's understandable that many American workers feel that they are not getting their fair share of the pie.

In fact, the share of the economy devoted to workers' wages and benefits has eroded in the United States over the last five years. But if it's any consolation, the trend for workers in other rich industrial nations isn't much better.

The portion of the economy going to the workers in wages and benefits is perhaps the broadest measure of the workers' share of economic growth. The numbers are based on how many workers are employed and how much they are paid for their toil.

In the United States, this economic slice, including wages, health insurance and pension benefits, declined 2.5 percentage points from 2000 to 2005, to 56.5 percent of gross domestic product, according to the United States Bureau of Economic Analysis.

Workers in some countries have lost even more. According to data from the Organization for Economic Cooperation and Development, the forum of industrialized countries, the workers' share of gross domestic product in Germany fell 3.1 percentage points over the last half-decade. In Japan, the decline was 3 points.

Over all, the workers' share of the economy fell in 4 of the Group of 7 industrialized nations.

The recent declines are hardly atypical. While there have been some periods when the workers' share has risen, the overall trend since the 1970's has been downward in most industrialized countries.

Economists have identified some important forces causing this erosion, but they are mostly perplexed by the long decline. "It's a bit of a mystery why the labor share is falling so much," said Alan B. Krueger, a professor of economics at Princeton.

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Olivier Blanchard, a professor of economics at the Massachusetts Institute of Technology, added, "The complete, integrated story remains to be told."

For workers, perhaps the most important question is, how long will the slide continue?

Workers in the United States appeared to get a break for a few years in the second half of the 1990's, when robust growth bolstered employment and increased labor's bargaining power. Workers' share of the economy grew 2.3 percentage points from 1995 to 2000.

But that increase proved fleeting. While the uptick led some economists to expect a similar rebound in this decade, many are losing hope.

"The longer the recovery is delayed," Mr. Krueger said, "the less confident I am."

To begin with, consider changes in the composition of the American economy. In 1975, manufacturing accounted for 28 percent of output, while finance accounted for 18 percent, according to an analysis by the Organization for Economic Cooperation and Development. By 1995, the relative importance of these sectors had flipped — with finance accounting for 27 percent and manufacturing for 22 percent.

This shift took a chunk out of the workers' share because banks and other financial companies use fewer workers than manufacturers to do what they do, and they don't pay their workers proportionally more.

And well-known forces continue to whittle away at the workers' share. Cheap imports from China and cheap call centers in India have increased the competition for jobs. New technologies have also replaced many middle-income workers. And immigration is on the rise in much of the industrial world.

Though economists do not fully understand how these forces are affecting labor markets, most seem to agree that, one way or another, they are eating into the workers' share of the pie.

In the United States, where labor unions have lost much of their bargaining power and few workplace regulations limit employers' decisions, companies have had an easier time reducing real wages. In the last year, wages have risen only enough to keep pace with inflation. In real terms, the wages of nonmanagement employees in the United States are now 10 percent below their level in the early 1970's, according to Labor Department statistics.

In Western Europe, collective bargaining has been more successful in keeping wages up. These differences affect the distribution of the workers' share. America's low-wage labor market is virtually nonexistent in the European Union. There is no Western European equivalent of the American earning $5.15 an hour, the federal minimum wage, on the overnight shift as a convenience store cashier. A $7-an-hour baby-sitter is nearly impossible to find in London. Over all, the wage distribution in Europe is much less polarized than it is in the United States.

BUT the institutional differences have done little to halt the slide in the share of the economy that is devoted to workers' compensation.

Mr. Blanchard suggested that the decline in the labor share in Europe might have been prompted in the 1970's by strong unions pushing up employee wages — which led companies to shed workers, eliminating many occupations entirely — the late-night cashier, for example — and replacing others with machines.

"The decline in the wage share is bound to level off," said David Grubb, a labor economist at the O.E.C.D. But the question is, when will it stop falling, and how?

If historical experience in the United States serves as any guide, workers' compensation could still fall a long way. It was a different world then, but it is worth noting that in 1929, workers had less than half of the economic pie.

An Iffy Road To Lower Rates (NYT)

By Conrad De Aenlle

The New York Times, October 15, 2006

JUST when it looked as though a Federal Reserve interest-rate cut might be on the way, the Fed sent a message to Wall Street: not so fast.

That, at least, was the way many traders interpreted the record, released last week, of the last meeting of the central bank's policy makers. It revealed that the policy makers continue to be concerned about inflation. That concern had been largely lifted in the minds of traders, but the Fed's statement is likely to revive it, especially this week, when reports are due on September wholesale and retail prices.

After steep falls in energy prices, a Bloomberg News poll of economists forecasts rare price declines — negative inflation figures — for both reports. No such softness is anticipated, however, in the more widely followed core numbers, which exclude food and energy items.

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The Bloomberg poll predicts that core consumer prices, to be reported on Wednesday, will be up 0.2 percent, the same increase as in August. Producer prices, due on Tuesday, are expected to be up by the same figure, after a 0.4 percent decline in August.

Russ Koesterich, senior portfolio manager at Barclays Global Investors, warned that if the core numbers exceeded projections, the stock market might not take the news well.

"What the Fed has told us is they're data dependent," he said. "To the extent that we have outsized numbers, it's going to be significant. The market has written off the likelihood of further hikes. By talking about the possibility of cuts, they're putting the cart before the horse."

Investors' high hopes may have backed them into a corner, with the Dow Jones industrial average trading at record levels, he cautioned.

"The stock market is discounting a Goldilocks scenario: the economy will gently slow in '07 and the Fed can cut, but the slowdown will not be so severe that it will hurt earnings," Mr. Koesterich said. "It's possible, but it's very optimistic, and it's a priced-for-perfection environment."

Weighing the prospects for such a soft landing, he added, "you have to hope the market will get it, but it doesn't often turn out that way."

DATA WATCH On a busy economic calendar, readings on Tuesday for September industrial production and capacity utilization are expected to show little change.

The next day, data on September housing starts and building permits are forecast to show further declines in the housing market.

White House Upbeat About GOP Prospects (WP)

By Michael Abramowitz

The Washington Post, October 15, 2006

Self-Assurance of Bush, Rove and Others Is Not Shared by Many in the Party

Amid widespread panic in the Republican establishment about the coming midterm elections, there are two people whose confidence about GOP prospects strikes even their closest allies as almost inexplicably upbeat: President Bush and his top political adviser, Karl Rove.

Some Republicans on Capitol Hill are bracing for losses of 25 House seats or more. But party operatives say Rove is predicting that, at worst, Republicans will lose only 8 to 10 seats -- shy of the 15-seat threshold that would cede control to Democrats for the first time since the 1994 elections and probably hobble the balance of Bush's second term.

In the Senate, Rove and associates believe, a Democratic victory would require the opposition to "run the table," as one official put it, to pick up the necessary six seats -- a prospect the White House seems to regard as nearly inconceivable.

The Mark Foley page scandal and its fallout have many Republicans panicked, but Rove professes to be taking it in stride. "The data we are seeing from individual races and the national polls would tend to indicate that people can divorce Foley's personal action from the party," he said in a brief interview Thursday.

The official White House line of supreme self-assurance comes from the top down. Bush has publicly and privately banished any talk of losing the GOP majorities, in part to squelch any loss of nerve among his legions. Come January, he said last week, "We'll have a Republican speaker and a Republican leader of the Senate."

The question is whether this is a case of justified confidence -- based on Bush's and Rove's electoral record and knowledge of the money, technology and other assets at their command -- or of self-delusion. Even many Republicans suspect the latter. Three GOP strategists with close ties to the White House flatly predicted the loss of the House, though they would not do so on the record for fear of offending senior Bush aides.

At this point in the 2002 and 2004 election cycles, Bush was on the offensive, racing around the country and providing public lifts to many candidates. This year, by contrast, is mostly about defense. Bush lately has been stumping for vulnerable House Republicans who, only a few weeks ago, seemed safe for reelection. Meanwhile, Bush' s own unpopularity has made House and Senate campaigns think twice about using him.

"You have to be careful where you take him," said an adviser to a GOP candidate in a close Senate race. In the past, this source said, the White House usually dictated where the president went. "They are probably more cooperative. They will go into the places and formats we suggest," he added.

To Rove and the small cadre of operatives who have been at his side throughout the administration -- including Republican National Committee Chairman Ken Mehlman and White House political director Sara Taylor -- confidence flows from a conviction that a political operation that has produced three consecutive national victories is capable of one more, despite voter disaffection with Iraq and GOP scandals in Washington.

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Republican officials say the three closely coordinate strategy, with constant e-mails and a daily conference call. They see this familiarity -- in many respects it is the same team leading GOP strategy as in the past two elections -- as one advantage they have over Democrats, whose leaders on Capitol Hill and national party officials have been at odds on strategy.

So far, there have been few surprises in the Bush-Rove playbook, which seems little changed over the past four years. It includes tapping the powers of incumbency, mobilizing Christian conservatives and others in the GOP base, and seeking to polarize the electorate around national security and taxes. A huge effort to raise money by Bush, Vice President Cheney and first lady Laura Bush seems to be paying off: By Taylor's calculation, the various GOP campaigns and party committees will have a $55 million money advantage in the final three weeks of the campaign.

The RNC is also planning another big get-out-the-vote drive in the final three days before the elections. Rove believes that many of the polls in individual House and Senate races understate what he expects to be a GOP advantage in turnout, according to one party strategist who has heard him discuss the midterms.

Taylor, an Iowa native and protege of Mehlman's, said the administration recognized long ago that this would be a difficult campaign, coming in the sixth year of a presidency. "History suggests this will be a tough year for us," she said. "But at some point, the weight of our structural advantages makes up ground. And the message is really more important than all of that. When it comes to the war on terror, people have confidence in the policies that are keeping the country safe."

Polling suggests that may be changing -- the recent Washington Post-ABC News poll found that 53 percent of Americans disapprove of Bush's handling of terrorism, the lowest number he has ever received on what has been a signature strength. But in every campaign appearance, Bush continues to attack Democrats for being purportedly soft on national security.

The frustration for the White House is that, until two weeks ago, the Bush-Rove plan seemed to be having an impact. The White House used the anniversary of the Sept. 11, 2001, attacks as an opportunity to redefine the Nov. 7 elections around the terrorism issue. A modest uptick in Bush's approval ratings followed, and GOP lawmakers began to feel better about their prospects.

But recent events combined to change the campaign conversation. These include the leak of a classified intelligence document suggesting that the Iraq war was complicating the fight against terrorism, a Bob Woodward book alleging administration deceptions about the war, and -- perhaps most critically -- the Foley scandal, which raised questions about whether the GOP tolerated the abuse of minors to protect one of its own.

Nonetheless, White House officials say the president plans to use the final weeks of the campaign to try to reshape the national agenda and to help as many candidates as he can, starting this week with fundraisers for Sen. George Allen (Va.) and Rep. Don Sherwood (Pa.), who is in trouble after admitting an extramarital affair.

"The president is going to be articulating the big issues and do so in a way that grabs people's attention," Rove said, although he quickly added that he believes many of the races will turn on local issues.

Sen. Charles E. Schumer (N.Y.), who chairs the Democratic Senatorial Campaign Committee, predicted that it will not work: "The bottom line is that people are tired of the president and his policies, and he has been unable to escape it."

He voiced skepticism that Bush is helping Republicans much, despite what he concedes is the president's fundraising prowess. "Most candidates don't want to show up in public with him, and those that do are embarrassed," Schumer said. "If Bush were popular, these races would not be close."

A key focus is Tennessee, central to GOP hopes of holding the Senate, where Republican Bob Corker is locked in an expectedly tight race with Rep. Harold E. Ford Jr. (D). Bush has visited there twice, and Republicans anticipate another visit from Bush and the first lady. White House officials have also pushed Corker to go after Ford more aggressively.

Taylor, who with Rove helps determine Bush's political travel, said the president has helped raise money for some of the most endangered GOP House incumbents, such as Reps. Heather A. Wilson (N.M.) and E. Clay Shaw Jr. (Fla.). Some of Bush's focus more recently has been on helping GOP candidates who are in less intensely competitive districts, she said, citing recent presidential stops on behalf of California Reps. John T. Doolittle and Richard W. Pombo. "For Democrats to take back control of the House, they have to go to this outer ring," she said. "One of the things that's important now is to make sure this outer tier is solid and candidates have the resources they need."

Amy Walter, who tracks the House races for the Cook Political Report, views such stops differently. "It speaks to the fact that there are Republican districts that are now in serious jeopardy," she said.

Democrats Have Intensity, But G.O.P. Has Its Machine (NYT)

By Robin Toner

The New York Times, October 15, 2006

WASHINGTON, Oct. 14 — Clif Kelley, a retired economist from Columbus, Ohio, is the walking, talking, fuming embodiment of what pollsters say is a defining feature of this election: the intensity of Democrats.

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Mr. Kelley and a handful of fellow Democrats in Franklin County's 21st Ward began meeting about two years ago, calling themselves Grassroots 21. Today they have a newsletter, a blog and on one recent Sunday a sprawling audience crammed into Mr. Kelley's suburban backyard for a rally on a semi-rainy day.

Mr. Kelley reminded his friends that he vowed two years ago he would not die under a Bush administration. "You can see I've been holding on," he said as the audience roared.

Mr. Kelley is 89. And angry. He says he simply "can't wait" for Election Day.

Voter intensity is a critical element in politics, especially in midterm elections, when Americans' interest and turnout are typically much lower than in a presidential election year. Pollsters say enthusiasm among Democrats is particularly high this year — significantly higher, by several important measures, than the intensity of Republicans.

Republican strategists counter that they can compensate for any gap in enthusiasm with their legendary get-out-the-vote operation. The party has built its electoral success in the last two elections on identifying and producing nearly every obtainable Republican vote at the polls; this time may be more challenging, they say, but no different.

"I do think our base is coming together and will be coming together later, but four weeks is an eternity in this business," said Representative Tom Cole, an Oklahoma Republican and longtime party strategist. Republicans will ultimately be motivated to vote, Mr. Cole said, and they will turn out on Election Day even if "this is a race where professionalism has to make up for enthusiasm."

Even so, in the latest New York Times/CBS News poll, conducted Oct. 5-8, 46 percent of Democrats said they were more enthusiastic about voting this year than in previous Congressional elections, compared with 33 percent of Republicans.

A similar trend appears in recent polls by the Pew Research Center and Gallup, which show that Democrats' level of engagement is higher than in the midterm elections of 2002, 1998 and especially 1994, when a Republican landslide gave the party control of the House and Senate.

Democratic strategists consider this new intensity a critical advantage throughout the ups and downs of a campaign narrative driven at various times by war, national security scares, gas prices and, most recently, the scandal surrounding former Representative Mark Foley, Republican of Florida.

"There's been a consistent pattern for the better part of a year that Democrats are pretty focused on what they're voting for and what they're voting against," said Geoffrey Garin, a Democratic pollster, "while Republican voters are feeling ambivalent on both fronts."

Voter intensity can bubble up from the grass roots, but it can also be stoked (or dampened) by the candidates' campaigns and harnessed by a sophisticated turnout campaign.

Conservative voters have many reasons to be less enthusiastic this year, analysts say, including their party's deficit spending and the scandal over Mr. Foley's conduct toward Congressional pages, not to mention an array of local Republican scandals in Ohio. But if the Republican get-out-the-vote drive, known as the 72-Hour Project, lives up to its billing, said Andrew Kohut, head of the Pew center, "the turnout consequences for the G.O.P. might not be as dire as these poll numbers suggest."

The Republican machine was on full display last weekend in Ohio, where volunteers worked phone banks in all 88 counties on what the party called Super Saturday. They contacted 100,000 carefully selected potential Republican voters and knocked on the doors of 50,000. When the day was done, Jason Mauk, the political director for the state party, said, "I think that really discredits the notion that Republican voters and volunteers are not energized."

At one of those phone banks, in downtown Columbus, the energy level was high, fueled by endless trays of doughnuts, bagels and pizza. Shift after shift of volunteers rotated through, with a steady murmur of voices reading a script, urging a vote, offering to arrange an absentee ballot: "This is a very important election year, and your vote will help determine Ohio's future."

One of the volunteers, Laurie Sutton, said: "I hit the phone banks every night. I'm addicted to it."

At midday, several of the top Republican candidates came by to rally the troops. Betty Montgomery, who is running for state attorney general, acknowledged the challenges facing Republicans this year but summoned the memory of the Ohio State football coach Woody Hayes. "We know how to win," she said. "We know the fundamentals. He would say, 'Execute the fundamentals!' "

Ms. Montgomery recalled the 2004 election, when Ohio delivered the presidency to Mr. Bush, largely on the basis of the Republican turnout operation. "We blew their socks off," she said of the Democrats. "They didn't know what hit them."

But Ohio Democratic leaders say they do know what hit them two years ago and vow that it will not happen again. "The Republicans talk about that 72-hour operation as if it's the best thing since electricity," said Chris Redfern, chairman of the Ohio Democratic Party. "The fact is, I believe we will be competitive."

Underscoring the rivalry, Ohio Democrats said they also completed 100,000 calls that Saturday. Around the country, though, some Democrats wonder whether their party can match the well-financed 72-Hour Project, created by the Republican

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National Committee; some of the outside groups who worked on voter turnout for the Democrats in 2004 have curtailed their efforts, although party campaign committees insist that they have stepped forward to fill the gap.

Ohio is a state where the partisan war has raged, with little interruption, since 2004. But polls suggest that around the nation, voters understand what is at stake in these midterm elections.

Two major factors drive the Democratic intensity, analysts say: anger about the war in Iraq and other Bush administration policies, and optimism about their chances this year.

"I feel like there's some hope to get more Democrats elected this time," said Virginia Crossett, 53, a Democrat and veterinary technician in Louisville, Ky., who was interviewed in a follow-up to the recent Times/CBS poll. Half of the Democrats who were more enthusiastic about voting said they felt that way because victory was in reach.

"I think most of the Republicans are doing a horrible job, and I don't feel like my life is any better whatsoever in the last six years — and probably worse," Ms. Crossett said.

The flip side to the Democrats' optimism, of course, is that the prospect of Democratic control is a powerful motivator for many Republicans.

"A lot of issues are important to me, major issues like the war on terror, what's going on in Iraq, North Korea and Iran, immigration and the Mexican border," said Rick Nunley, 40, a Republican from North Canton, Ohio, who works in industrial sales. "Those issues will be affected drastically in the not-too-distant future if there are major policy changes or shifts in the government."

Republicans say they will keep working to harness their vote. Holly Pendell, a veteran Republican volunteer who works for the United States Chamber of Commerce, was canvassing a suburban Columbus subdivision last Sunday with her "walk book" that identified which houses to visit. The advertising campaign started so early and became so intense that people "can't even make sense of the ads," Ms. Pendell said. "That's why door-to-door is so important."

Democrats say they will be doing the same, while also counting on the intensity of the Clif Kelleys of the country. When the Democrats lost the presidential race in Ohio two years ago, it was a painful defeat to many on the local level. But Grassroots 21 has made real progress in its neighborhood, Mr. Kelley said, and "it gave us confidence that we could so something."

"What really pushes us now is the issues," Mr. Kelley said. "We're mad. I'm mad."

The group, in fact, recently adopted a new logo: the Fighting 21st.

Dems Facing Proven GOP Turnout Machine (AP-Y)

By Liz Sidoti, Associated Press Writer

AP, October 15, 2006

In the battle for control of Congress, Democrats hope enthusiasm trumps Republican efficiency.

Otherwise, they concede, they will have problems on Nov. 7 as a party still struggling to catch up with the GOP's ability to turn voters out of seeming thin air.

"Makes me green with envy," says Ellen Malcolm, the president of EMILY's List, which backs female candidates who support abortion rights. She was speaking of the Republican Party program that relies on reams of polling data, publicly available information and consumer choice records to identify likely GOP voters in even the most Democratic precincts.

Republicans most recently put their prowess on display in California, where they turned out enough conservatives in June to elect Brian Bilbray to the House, and a few months later in Rhode Island, where they motivated moderates and independents to vote for Sen. Lincoln Chafee in a primary.

Democrats hope technology is not the deciding factor in the upcoming election that will determine the majority party in the House and Senate. Democrats need to gain 15 seats in the House and six in the Senate to knock Republicans from power.

"They don't have some secret stash of voters," says Karin Johanson, executive director of the Democratic Congressional Campaign Committee.

"If the Republicans are less enthused, the independents are breaking our way, and the Democratic base is highly enthused, then we're in very good shape," she said.

For now, at least, polls indicate Democrats have momentum on their side.

Likely voters say they have a low opinion of Congress and favor Democrats over Republicans to control the House and Senate. These voters also say they trust Democrats more than Republicans to handle the economy and the situation in Iraq, although it is unclear whether that sentiment will carry over to Election Day.

An Associated Press-Ipsos survey found 47 percent of Democrats are angry at the GOP-controlled Congress, while only 15 percent of Republicans are enthusiastic about their congressional leadership. An AP-Pew poll found that anger is driving Democrats to vote.

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Getting people to vote is even more of a challenge in a midterm election year. Voting levels drop compared with presidential election years. In 2000, 59.5 percent of people in the U.S. age 18 or older voted. That fell to 46.1 percent in 2002, then climbed to 63.8 percent in 2004, a presidential election year.

As recently as the 1990s, the Democratic Party consistently won the turnout battle, relying on aggressive work by precinct captains and labor leaders in urban areas home to Democratic base voters.

Republicans started to retool their efforts after 2000 when Democratic presidential candidate Al Gore won the popular vote by 543,895 over George W. Bush. Bush won the electoral vote and the presidency, and his top strategist, Karl Rove, was determined to change how the party turned out voters.

"The Republican Party kind of stared death in the face and said if we don't figure out how to do better, we're going to lose," said Terry Nelson, the RNC's deputy chief of staff in 2002 and the Bush campaign's political director in 2004.

So, Republicans built a massive database of voters.

They compiled information about individuals that is available in public records and in consumer data that the GOP buys from vendors. Voter profiles contain everything from a person's age, address and voting frequency to their magazine subscriptions, preferred drinks and vehicles owned.

With an expansive voter file, Republicans then can use computer modeling to parse out individual voters in Democratic precincts whose consumer habits indicate they may lean toward the GOP. Republicans then can tailor messages to them based on their lifestyle habits and voting behaviors, and personally reach out to each of them to vote.

A final push comes just before an election, when volunteers with detailed voter lists make phone calls, knock on doors and send mail to encourage people to turn out — specifically those identified as most likely to side with Republicans but also most likely to stay home.

The system helped the GOP keep majorities in Congress and the White House in 2002 and 2004.

"The Republicans have about a four-year head start on where the Democrats are now," said Michael McDonald, a Brookings Institution expert on voter turnout. "The good news for the Democrats: You can catch up pretty quickly."

Democrats have been scrambling to do just that. But progress in setting up a party-centered operation like the RNC's has been slow, leading to disputes within the party and prompting allied groups to set in motion their own turnout efforts.

In 2004, Democratic presidential candidate John Kerry drew 16 percent more votes than Gore had in 2000. Republicans did even better — Bush's votes increased by 23 percent.

Karen Finney, spokeswoman for the Democratic National Committee, said chairman Howard Dean has invested $8 million in the party's voter file this year, committed $12 million to get-out-the-vote efforts and is using the same voter identification and turnout techniques as Republicans in six states.

"The Republicans were further ahead of us last cycle. They just had much better data and were able to do more sophisticated things with it," Finney said. But this year, she said, through the combined efforts of the DNC, the House and Senate committees and the party's allied groups "we will have the resources we need to get our voters out."

Absent a large-scale party-driven program, the House and Senate Democratic campaign committees set up their own voter identification and turnout initiatives using the same techniques Republicans rely upon.

Additionally, labor and progressive organizations started a turnout campaign similar to the GOP's. Coordinating the effort is America Votes, a nonprofit group that played a similar role in 2004.

This time, America Votes is supplying coalition members voter data compiled by a new firm founded by Harold Ickes, a former White House aide under President Clinton. The America Votes effort, estimated to cost $25 million, is targeting Michigan, Pennsylvania, Ohio, Minnesota, Colorado and Wisconsin.

Labor unions have pledged to spend $40 million on turnout operations, and MoveOn.org, the liberal group, says it has budgeted $12 million.

The RNC planned to spend $60 million this fall on both advertising and get-out-the-vote efforts to protect the GOP's narrow majorities.

Incumbency Is Clear Winner In House Midterms (WT)

By Donald Lambro, The Washington Times

The Washington Times, October 15, 2006

The overwhelming majority of House incumbents have little if any serious opposition in November's midterm elections, whose outcome likely will be decided by 30 to 40 tossup races out of a total of 435 contests.

That is the inherent contradiction in an election portrayed as a titanic battle of fed-up voters unhappy with members of Congress when, in fact, a majority approve of their representatives' performance in office and are expected to return most incumbents to Washington, many by large majorities.

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"This happens to be a year when more competitive House seats are in play, but it's still a small universe," said Norman Ornstein, a political analyst at the American Enterprise Institute. "The vast majority of members, no matter how strong the wind is blowing, no matter how much the public wants change, they are immune from it."

While voter approval of Congress has plunged to 32 percent in the wake of the lobbying and congressional-page scandals, a Washington Post-ABC News poll of voters last week found that at least 60 percent liked and supported their representatives.

"The old adage that voters hate Congress but love their congressman continues to ring true. Incumbents are hard to beat," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

The number of noncompetitive House elections range from 354 to nearly 400, according to various analysts who have surveyed the individual campaigns.

"There are probably around 380 out of 435 seats that are simply not competitive at all," Mr. Ornstein said. "You still have about 30 or so that are in the pure tossup category and close to another 30 that are leaning one way or the other."

A comprehensive survey of House seats by Congressional Quarterly's CQPolitics.com said there was a "total of 354 seats (or 81 percent of the House)" safe for the incumbent party.

CQ also found that 55 House members had no major-party opponent, though most had third-party, independent or write-in opposition who were not considered a threat to their re-election. Of these 55 lawmakers, 45 were Democrats and 10 were Republicans -- "an indication that the Democrats sought to field as many candidates as possible in an election year in which the national political environment favors them," said CQPolitics.com senior writer Gregory L. Girouix, who conducted the 50-state survey.

Elections analyst Stuart Rothenberg said 59 House seats are "in play," including 51 Republican seats and 8 Democratic seats. Twenty-six of these seats, all held by Republicans, are considered "tossups," while another nine Republican seats are either favored to go Democratic or leaning in that direction.

The Democrats need a net gain of 15 seats to take majority control of the House, which they lost in 1994. That was the year when Republicans, without losing any of their own races, won a net gain of 18 seats in open contests and defeated 34 Democratic incumbents for a total 52-seat gain.

The predominant reason most representatives remain safe is redistricting, the redrawing of congressional lines every 10 years to maintain proportional representation in each district. Redistricting has become a high-tech, computer-designed art, in which the majority party in the state legislatures, armed with the latest census tracts, can move enough voters into districts to protect their lawmakers from serious challenge.

"The dynamics of redistricting still works to create safe districts in most cases," Mr. Ornstein said.

Washington Drags At Lawmakers' Campaigns (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, October 15, 2006

Deficits, the Iraq war and the Foley scandal hurt House members seeking higher office.

LAS VEGAS — For 10 years, Jim Gibbons has represented a big chunk of Nevada in Congress, enjoying the advantages of incumbency as he coasted to one easy reelection after another.

But as he tries to move up to statewide office this fall, Gibbons isn't promoting all those years spent in Washington. Instead, the Republican lawmaker has focused on attacking his Democratic opponent as a tax-raising liberal and talking up his knowledge of Nevada "corner to corner."

Asked about Congress, Gibbons replied brusquely: "I'm running for governor." A few moments later, however, he acknowledged, "You'd have to be kidding yourself [to] think that some of these media stories about what's happening back there aren't being viewed and watched here."

Gibbons, a square-jawed former airline pilot, is one of 16 House members — nine of them Republican — who have tried to move on to either a governorship or the Senate in this year's midterm election. Most have struggled in a political climate that nonpartisan pollster Andrew Kohut described as "anti-incumbent, anti-Washington, anti-Republican."

In Minnesota, where GOP Rep. Mark Kennedy trails badly in his Senate bid, being linked to Congress is like being strapped "to one of those 15th century torture devices" that squeeze tighter and tighter, said University of Minnesota political scientist Lawrence Jacobs.

In Colorado, where Republican Rep. Bob Beauprez is trying to become governor, "the Washington burden" has all but killed his chances, said Floyd Ciruli, an independent polltaker in Denver.

Even here in Nevada, where Gibbons is ahead in polls, Republicans fret that the Mark Foley sex scandal and other frustrations with the GOP-run Congress could depress party turnout and cost them an open governor's seat in Carson City.

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"It's the 'X' factor of 2006," said Phil Musser, executive director of the Republican Governors Assn., which recently launched a TV ad assailing Gibbons' Democratic opponent, state Sen. Dina Titus, to help shore up his support. "It's no secret," Musser added, "that it's not the best year to be a member of Congress running."

Of the 16 House members who have sought higher office this year, two were eliminated in primaries, including Nebraska's legendary ex-football coach Tom Osborne, who lost to Republican Gov. Dave Heineman in a major upset. Most of the rest are locked in close contests, or else trail far behind their noncongressional opponents. (Two House Democrats running for Senate and governor in Ohio seem to be immune, thanks to the state's fiercely anti-Republican mood).

It is not just the controversies enveloping the GOP-run Congress that have burdened those seeking a political change of address, though they certainly haven't helped. Along with Foley, the Florida Republican who abruptly quit when his explicit messages to teenage House pages were made public, three other GOP members of Congress have been forced to resign during the current session, including former Rancho Santa Fe Rep. Randy "Duke" Cunningham, who is serving a federal prison term for bribery.

In Iowa, gubernatorial hopeful Jim Nussle, an eight-term Republican congressman, has had to explain the record deficits run up during his years as chairman of the House Budget Committee. Facing a tough challenge from Democratic Secretary of State Chet Culver, Nussle doesn't talk much about Washington. Instead, he stresses his years as a county prosecutor before being elected to Congress in 1990.

In Wisconsin, Democratic Gov. James Doyle has called attention to the unpopular war in Iraq — unduly politicizing it, critics say — by flying state flags at half-staff for every Wisconsin soldier killed. He has lately pulled ahead of Republican Rep. Mark Green, who voted to support the invasion.

Democrats, too, are facing guilt by political association with Congress, which is suffering its worst approval ratings in more than a decade.

In Maryland, 10-term Democratic Rep. Benjamin L. Cardin has been blistered by his Republican rival, Lt. Gov. Michael Steele, for the 20 years he has spent on Capitol Hill. "What you just watched was the problem of Washington," Steele said in a recent debate. "They run their mouths, but they do not listen."

But the larger weight of woes is being borne by Republicans. There are more of them aspiring to higher office, and — as the party in power — the GOP represents the status quo, which is not a helpful thing in this restive election season. "If you're unhappy, [elevating] a member of Congress is probably not the change you have in mind," said Jennifer Duffy, a nonpartisan analyst with the Cook Political Report.

Even under better circumstances, moving up from the House is rarely easy, said Thad Beyle, a University of North Carolina expert on the nation's governors, who puts the typical election odds at no better than 50-50. That is because most members of Congress represent only a fraction of their state, requiring them — however long they have served on Capitol Hill — to essentially start campaigning from scratch.

Such is the case with Gibbons in Nevada, even though his district — more than 105,000 square miles, stretching from Reno to the edge of this famously sybaritic city — is one of the largest congressional districts in the country.

Las Vegas and Clark County make up roughly 65% of the state electorate and have their own Democratic representative in Congress. For Gibbons, who favors cowboy boots along with his monogrammed French cuffs, that means introducing himself to hundreds of thousands of new voters — not to mention the more than 5,000 new residents arriving here each month. There simply aren't enough hours in the day, he laments, to shake all those hands.

To win statewide, a Republican needs to minimize losses in the Democratic south, perform well in Reno and Washoe County in the north, and run up the vote in "the rurals," as the rest of Nevada's 17 counties are known. To that end, Gibbons has played on long-standing regional resentments, portraying legislator Titus as a Las Vegas politician with little regard for the rest of the state.

Titus has responded by trying to wrap Congress around Gibbons' neck. Her TV ads have assailed "Washington waste," and she attacks Gibbons as a failed lawmaker who has not delivered for the state despite his party's majority status. "He's forgotten about Nevada," she said in an interview.

Titus, who has served 18 years in Carson City, contrasted her record on healthcare, environmental issues and balancing budgets — a requirement under state law — with the red ink and toxic atmosphere on Capitol Hill. "You don't see that kind of partisanship in the Legislature," she said in a Georgia twang that some Nevadans consider a liability.

Gibbons, who served in the Legislature before going to Congress, scoffed at the comparison. "Being in Carson City is like playing slow-pitch softball with your best friends," he said. Working in Washington is like "playing shortstop in a hardball, fast-pitch game in the third game of the World Series."

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Though serving in Congress may be nothing to brag about this election season, Gibbons said his ability to perform at both levels should count for something. "I think voters in the state of Nevada are quite smart and they will analyze their needs … and make a choice based on who they think is the best candidate for the job," Gibbons said.

Not, he suggested, on events 2,500 miles away.

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(INFOBOX BELOW)

Up or out

Sixteen House members have sought to move on to a governorship or the U.S. Senate in this year's midterm election.

Fourteen face voters in November:

· Rep. Bob Beauprez, R-Colo., running for governor
· Rep. Sherrod Brown, D-Ohio, running for U.S. Senate
· Rep. Benjamin L. Cardin, D-Md., running for U.S. Senate
· Rep. Jim Davis, D-Fla., running for governor
· Rep. Harold E. Ford Jr., D-Tenn., running for U.S. Senate
· Rep. Jim Gibbons, R-Nev., running for governor
· Rep. Mark Green, R-Wis., running for governor
· Rep. Katherine Harris, R-Fla., running for U.S. Senate
· Rep. Ernest Istook, R-Okla., running for governor
· Rep. Mark Kennedy, R-Minn., running for U.S. Senate
· Rep. Jim Nussle, R-Iowa, running for governor
· Rep. C.L. "Butch" Otter, R-Idaho, running for governor
· Rep. Bernard Sanders, I-Vt., running for U.S. Senate
· Rep. Ted Strickland, D-Ohio, running for governor

Two others were defeated in primaries:

· Rep. Ed Case, D-Hawaii, lost U.S. Senate primary
· Rep. Tom Osborne, R-Neb., lost gubernatorial primary

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Source: Times staff reports

Candidates Taking Aim At Lobbyists (WP)

By Jeffrey H. Birnbaum, Washington Post Staff Writer

The Washington Post, October 15, 2006

The dirtiest word on the campaign trail this year is "lobbyist."

In close contests from Connecticut to California, Republicans and Democrats are attacking each other for getting too close to "special interests" and lobbyists. The accusation, a longtime election staple, is carrying greater heft than usual, election experts agree, thanks to the guilty plea of disgraced lobbyist Jack Abramoff in January and the recent e-mail scandal of former representative Mark Foley (R-Fla.).

"The lobbyist has become the prime caricature for having too much power in Washington," said Evan Tracey of TNS Media Intelligence/CMAG, a nonpartisan research firm that monitors political commercials. "Lobbyists and special interests are the biggest bogeymen of this election."

Candidates and independent organizations have run more than 300 political ads suggesting that the incumbents, the challengers or both have been co-opted by narrow interests or, worse, have actually lobbied. Many more such ads are planned in the tightest House and Senate races.

In one congressional district in eastern Florida, each candidate has tried to lay the taint of lobbying on the other. Rep. E. Clay Shaw Jr. (R) upbraided his Democratic rival, state Sen. Ron Klein, a lawyer, for working as a lobbyist at the local level -- a suggestion that Klein dismissed as "a personal attack." In response, the Democratic Congressional Campaign Committee (DCCC) bought ads accusing Shaw of championing special aid to drug companies in Medicare legislation.

Maryland's Senate contenders, Lt. Gov. Michael S. Steele (R) and Rep. Benjamin L. Cardin (D), have also traded insinuations in TV ads that the other is too sympathetic to "special interests."

Lobbyists have never been popular, and Democratic leaders have signaled for months that "corruption" would be central to their assault on the GOP. But as ethical misdeeds on Capitol Hill have multiplied, politicians of both parties are betting big that voters will reject candidates who appear to be too involved with professional favor-seekers.

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"First there was Abramoff; now there's Foley," said Paul A. Miller, president of the American League of Lobbyists, a lobbyist trade group in the capital. "Corruption has risen to play a major role in this election, and lobbyists are a target."

Allegations of lobbying are as likely to come from Republicans as from Democrats. In the rematch of Rep. Michael E. Sodrel (R-Ind.) and former representative Baron P. Hill (D), Sodrel disparaged Hill for joining a D.C.-based lobbying firm last year rather than returning home after his defeat for reelection. "It speaks volumes about him," said Cam Savage, Sodrel's campaign manager.

Sen. Maria Cantwell (D-Wash.) has been attacked by her Republican opponent for sponsoring more than $11 million in earmarked appropriations for the clients of Ron Dotzauer, a former boyfriend, current campaign adviser and head of a lobbying firm.

"This is a year in which Congress has been rocked by scandal, much of it between members of Congress and lobbyists," said Elliott Bundy, spokesman for Mike McGavick, Cantwell's challenger. "We have discussed how her connections to this lobbyist have affected her official duties."

Democrats berate Republicans for their lobbyist connections with equal vigor. The DCCC put up ads in Arizona against Rep. J.D. Hayworth (R) that charged him with taking more than $4 million in contributions from "lobbyists and special interests." And in California, a group called Americans for Conservation went after Rep. Richard W. Pombo (R) for advocating the sale of public land "after mining lobbyists threw him a fundraiser."

The DCCC also paid for TV ads against Rep. Nancy L. Johnson (R-Conn.) that asked, "When Washington special interests wine and dine Nancy Johnson, what do you think they talk about?" The punch line: "It probably isn't you."

Tracey said dozens of similar ads are playing across the country. Portraying politicians as being in the thrall of unpopular interests, he said, "is an easy catch phrase that seems to work," especially in what is shaping up as a year in which many voters are dissatisfied with the federal government.

Millionaire candidates who are funding their own campaigns are particularly heavy users of the anti-lobbyist theme. Typical is Jim Pederson, the Democratic business executive running for Senate from Arizona. His slogan is "Nobody's Senator But Ours." In one of his commercials he proclaimed: "I'm even willing to finance much of my campaign with my own money to keep my independence from special interests."

Polls suggest that expressing such disdain could be a winning tactic. The latest USA Today-Gallup survey showed that no other issue topped "corruption in government" as Election Day nears: 86 percent of those asked said that corruption will be either important or very important to their decision at the ballot box -- the same percentage that named the Iraq war as important to them.

Democrats have a clear advantage on the issue, according to a Washington Post-ABC News poll this month. When respondents were asked which party they trusted to handle various issues, Democrats led Republicans on ethics by 19 points. The chief reason apparently is that most of the lobbyists and lawmakers caught misbehaving -- including Abramoff and Foley -- are Republicans.

But no one has welcomed an accusation of excessive coziness with lobbies and lobbyists; candidates invariably cry foul for fear of the political fallout. Cantwell's campaign has said the senator was helping her constituents with the controversial earmarks, not Dotzauer. Other lawmakers on the receiving end of such attacks also say the ads overlook the good intentions of their public service.

Lobbyists believe they have been wronged as well. The American League of Lobbyists sent letters and press statements to Republican and Democratic campaign committees complaining that the attacks against it are unfair, and also hypocritical because the parties are constantly leaning on the league for contributions. "If you think we're the biggest problem in the system, return our money," league president Miller said. He said no one has taken up his challenge.

Nonetheless, whenever lobbying becomes an issue in a race, both sides react quickly. In Missouri, Democratic Senate candidate Claire McCaskill aired an ad that inquired about Sen. James M. Talent (R): "What kind of a person takes $280,000 from oil companies, then gives them $14 billion" in legislated benefits? The National Republican Senatorial Committee shot back that the commercial distorted the senator's "record more than a fun-house mirror ever could."

In Minnesota, both candidates for a House seat have expressed queasiness about the lobbying that was done by a railroad to secure federal loans, including help it received from Sen. John Thune (R-S.D.). During the two years before his election to the Senate in 2004, Thune was paid $220,000 to lobby for the Dakota, Minnesota & Eastern Railroad. As a senator, he proudly championed the railroad's effort to expand a federal program so that it could be eligible for a record $2.3 billion loan to assist its expansion in Minnesota.

In the district that includes Rochester, Minn., Rep. Gil Gutknecht (R) said he is "troubled" by the process that led to the law's change and intends to negotiate the best deal he can for his constituents. His Democratic challenger, Tim Walz, said he wants the law rescinded and has made his opposition a focus of his campaign.

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"Lobbyists are writing the legislation that's going through," he charged. "This is a breakdown of government in general, and the people are appalled."

An Ad Takes The Democrats' Campaign Straight To Bush (NYT)

By John M. Broder

The New York Times, October 15, 2006

The September Fund, a new independent group founded by the Democratic operative Harold M. Ickes, produced this 30-second spot. It was first broadcast Thursday on CNN and will be shown in as many as a dozen competitive Congressional districts starting next week.

PRODUCER Jimmy Siegel

THE SCRIPT So what's our exit strategy from Iraq?

Why do our soldiers have to keep dying?

What about affordable health care?

Can't we support stem cell research?

Why did we let down Katrina victims?

Why won't Congress do anything?

Pass a decent minimum wage?

Why are we losing so many jobs to overseas?

(Narrator:)

O.K., it's kind of ridiculous to think you're ever going to get an answer from this (pause) bush.

But it's also kind of ridiculous to think you're going to get an answer (cue a picture of President Bush) from this one.

Text: Demand Answers. Vote for Change.

ON THE SCREEN A succession of Americans are standing in a park posing the questions to a shrub. The handheld camera moves in and out to show the people and the plant. The bush, of course, does not respond to their questions, and they walk away in disgust. The photograph of Mr. Bush makes him seem befuddled.

ACCURACY The advertisement makes no real challengeable claims of fact. It reflects the Democratic critique of the president's policies on Iraq and stem cell research and is critical of the administration's response to Hurricane Katrina. Congress has not acted on several major issues, including immigration and Social Security. The federal minimum wage has not risen in almost a decade.

SCORECARD This is the first advertisement from the group formed by Mr. Ickes, who has said he hopes to raise as much as $20 million to counteract the Republicans' significant financial edge in this election. Mr. Ickes has not said how much he has raised nor has he named his major donors. He has also not revealed what races he plans to single out. While Mr. Bush is not on the ballot anywhere, the September Group hopes to tie Republican candidates across the country to what Democrats claim are the failures of the Bush administration and the Republican-led Congress. The producer, Mr. Siegel, a well-regarded former Madison Avenue advertising executive, has also made commercials for Eliot Spitzer, the Democratic candidate for governor of New York.

JOHN M. BRODER

A Gender Insurgency In Politics (WP)

By David S. Broder

The Washington Post, October 15, 2006

Men have been making policy in Washington for as long as most of us can remember. But much of the political future rests in the hands of women.

In the narrowest terms, with Democrats needing 15 seats to capture a majority of the seats in the House of Representatives, there are 17 highly competitive districts with female candidates.

More broadly, much of the voter mobilization effort in both parties -- and their allied groups -- is aimed at women, especially those who normally vote in presidential years but skip the midterm elections.

That this election could result in placing a woman, Nancy Pelosi, in line to be speaker of the House for the first time in history only emphasizes the growing role of women in setting the political course.

Dennis Simon, a Southern Methodist University political scientist who has studied female candidates for Congress, has issued his statistics describing filings for 2006.

He reported last week that women made up 16 percent of the candidates running in this year's congressional primaries, an all-time high and the ninth consecutive election cycle in which that proportion has increased.

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The total of 136 women nominated for House seats this year is only one fewer than the record set in 2004. And odds are good, Simon says, that the number of women elected will be higher this year than the 67 in the last Congress.

Of the 65 women seeking reelection -- 42 Democrats and 23 Republicans -- only six are regarded as vulnerable, all from the GOP side. Three of them -- Reps. Marilyn Musgrave of Colorado, Deborah Pryce of Ohio and Heather Wilson of New Mexico -- have female opponents, so the maximum loss of seats held by women would be three.

That contrasts with the 53 races in which women are challenging incumbents and the 18 open seats with female candidates.

One of the most heavily contested open seats, Minnesota's 6th District, has opposing female nominees, Republican Michele Bachmann and Democrat Patty Wetterling.

Overall, more Democratic women are in competitive races than Republican women. There are 39 Democratic challengers to incumbents, compared with 14 Republicans. In the open seats, 12 Democratic women and six Republican women are running. Simon credits the disparity largely to the work of groups such as Emily's List, which recruits and trains pro-abortion-rights Democratic women to run and raises money to support them.

Comparable efforts on the GOP side have been far less extensive or successful, Simon said. Martha Rainville in Vermont may be the Republicans' best hope to capture a seat. She is running for a seat left open when independent Bernard Sanders, who caucuses with the Democrats, decided to seek an open Senate seat.

Democrats have several other challengers in addition to the races already mentioned. Among the potential winners are Lois Murphy, running again after a narrow loss in 2004 in Pennsylvania; Tammy Duckworth, a wounded Iraq war veteran running for an open seat in Illinois; Diane Farrell in Connecticut; Gabrielle Giffords in Arizona; Darcy Burner in Washington; Kirsten Gillibrand in New York and Christine Jennings in Florida. Add Wetterling in Minnesota, Patricia Madrid in New Mexico and Mary Jo Kilroy in Ohio, and it is a formidable lineup of talent, boosting the Democrats' chances of gaining control of the House.

Backing these candidates is a grass-roots effort to draw more women to the polls. A number of groups, both left and right, are engaged in the campaigns. I bumped into one unusual program, sponsored by the AFL-CIO last week, called "Stirring the Pot." Small groups of women, half a dozen to two dozen, met on Tuesday evening for living-room conversations about health care, education and job security and to encourage each other to vote.

I talked to Monique Schmittou, one of 20 women who met for a potluck supper in Canton, Mich. A single mother who has a teenage daughter and cares for an elderly mother, Schmittou recently was laid off from an auto-parts company for which she had worked 10 years.

Now facing the loss of her health insurance, she joined others in discussing what she calls "a crisis" for many in her community. Before they broke up, they addressed about 250 cards to other Canton women, urging them to vote next month.

It may be that women like these will give the men in power a needed kick in the pants -- to get them moving on the real issues.

davidbroder@washpost.com

Voters' Allegiances, Ripe For The Picking (NYT)

By David D. Kirkpatrick

The New York Times, October 15, 2006

IN May 1980, the pollster Richard Wirthlin huddled with his presidential candidate, Ronald Reagan, to plot a course through what looked like a daunting landscape for their party. Just over half the country told pollsters that they were Democrats or leaned that way, compared with just 30 percent that said they were Republicans — a gap that had held steady more or less since the New Deal.

The rest is political history. By winning over millions of white working-class Democrats, Mr. Reagan cut that gap in half and ushered in 26 years of Republican dominance at the voting booth.

Now, on the eve of the midterm elections, surveys show mounting impatience with both the war in Iraq and Republican rule. Some political analysts — including Mr. Wirthlin — say they see a chance for a potential Democratic comeback, an opportunity for another historic realignment of the political parties.

"I would not be surprised," Mr. Wirthlin said, noting a small slip in the number of voters who say they lean Republican combined with an unusual spike in the number who reject both major parties.

In recent Harris Interactive polls, the number of respondents who refuse to acknowledge a preference for either party has risen to about 25 percent of the electorate from about 12 percent for most of the last decade.

Much of this increase in independents, he said, is probably accounted for by former Republican voters not quite willing to say they lean Democratic, but also unlikely to turn out this year.

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"It is a red flag that Republican politicians need to watch," Mr. Wirthlin said. Although Republicans have long outperformed Democrats at turning out their voters, he added, "this year they may be raking water up a hill."

Dramatic shifts in political allegiance are clear only in retrospect and hard to foresee. The White House strategist Karl Rove long predicted that President George W. Bush would cement a Republican majority that could govern Washington for decades.

On the other side, Ruy Teixeira, a Democratic pollster, and John B. Judis, a liberal journalist, responded with their 2002 book, "The Emerging Democratic Majority," published just months before the Republicans defied history to enlarge their majorities in the midterm elections. There are reasons to consider a Democratic resurgence a long shot. No Democratic presidential candidate has won a clear majority of the national vote since Jimmy Carter in 1976, in the aftermath of Watergate. President Clinton won with pluralities, thanks in part to the third-party candidacy of H. Ross Perot in both elections. And in the first midterm of his presidency, in 1994, Democrats lost decisively in the battle for control of the House, which reflects national political trends more closely than the Senate.

Still, polls showing Democrats poised for big gains this fall in both chambers of Congress are reigniting the debate: Can Democrats crack apart the Reagan coalition of white blue-collar workers, evangelical Protestants, Southerners and chambers of commerce? Or will shifts in population toward the outer suburbs, the South and the West combine with the Democrats' secular, liberal Northeastern image to keep the party a minority in national elections for years to come?

At the heart of the debate is the war in Iraq, which pollsters on both sides agree is the biggest factor propelling Democratic hopes for the fall.

To many analysts, the backlash against the war is an inevitable and transient reaction that could fade when the Republicans pick a new standard-bearer in 2008. John Mark Hansen, a political scientist at the University of Chicago, said every conflict since the Mexican-American War has hurt the president's popularity and cost his party in midterm elections. Even in 1942, less than a year after Pearl Harbor, the Democrats lost 45 seats in the House and 9 in the Senate — during "the good war" and at the start of what turned out to be their party's ascendance.

Democrats, though, argue that Iraq may be singular. No other fight has been so closely associated with one party or its leader. None has been justified with arguments that crumbled as quickly as the suspicions of weapons of mass destruction or an Iraq-Qaeda tie. And the war's end, for now, remains far out of sight.

"Iraq has the potential to be to the Republican Party on national security what the Depression was to the Republican Party on economics," said Representative Rahm Emanuel, the Illinois Democrat who is chairman of the Democratic Congressional Campaign Committee.

The Democrats' hope is that the war changes the reputations of the two parties in a way that may ultimately lead to remaking their constituencies as well, just as Roosevelt's New Deal formed a lasting bond with union members and urban immigrants. President Johnson's Great Society programs, on the other hand, eventually delivered the South to the Republicans by linking the Democrats to civil rights and liberalism — a gradual shift that reached a sudden tipping point with Mr. Reagan's election. By tarnishing the Republican image of greater competence in foreign affairs, Democrats say, the war could open new inroads for their party among the white working-class voters who have voted Republican since the Reagan days.

White voters without a college degree make up about half the electorate, according to the census. And Democrats have long contended that those voters should be the natural constituency for their party's brand of economic populism.

But the white working class has voted overwhelmingly for Republicans since Reagan. President Bush widened the Republican advantage among such voters from a margin of 17 percentage points in 2000 to 23 percentage points in 2004, according to exit poll data compiled by Mr. Teixeira, a senior fellow at the Century Foundation.

One reason for the Republican edge with those voters, many pollsters say, has been the party's reputation as the one that shares their values, especially those of traditionally religious Christians. But another major factor has been national security. By two to one, voters in 2004 trusted Mr. Bush over his Democratic opponent, Senator John Kerry, to handle terrorist threats. Now, that security edge has all but disappeared. Among white voters with no college education, approval of the president's handling of the war on terrorism had plummeted from a margin of 22 percentage points the summer of 2004 to just 7 percentage points last week, according to a New York Times/CBS News poll.

And the Republican advantage as the party that shares voters' "moral values" declined from 12 percentage points to only 5 points — within the poll's margin of error. (Several polls show that voters also now favor the Democrats to manage the war and the economy.)

"Iraq is the squandering of the national security premium the Republicans have been living on," Mr. Teixeira said. The Republicans' failure at "standing up" to foreign threats, he argued, had diminished their credibility on a whole cluster of "values" issues like "standing up for what is right" as well.

That, he contended, is vindicating his argument for a Democratic ascendance: if the Democrats can cut their margin of defeat among white workers, they can build a durable national majority from their coalition of professionals, women, African-

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Americans and the fast-growing Hispanic population. Although Mr. Bush's popularity with Hispanics at one time threatened to dislodge them from the Democratic bloc, the Republican moves this year to build a wall along the Mexican border has effectively pushed them back.

"That is fatal," Mr. Teixeira said.

Turning momentary popularity into a more lasting majority, of course, takes more than a midterm election. For one thing, voters typically develop a party preference based on the political atmosphere at the time they come of age and grow more attached to that party over the course of their lives. The voters who came of age in the 1930's, for example, have remained the most solidly Democratic. Fifty-seven percent are Democrats and only 38 percent are Republican, according to the American National Election Study.

Recent surveys and exit polls suggest that the Democrats have regained the upper hand among the young voters who entered the electorate over the last 15 years, and political scientists say dismay at the Iraq war is likely to prolong that trend.

"The longer Bush's approval ratings stay in the mid-30's, the more lost young Republicans there will be in the next generation," said Donald P. Green, a political scientist at Yale. But by the same rule, voters who came of age in the Reagan era are reliably Republican. Voters around the age of 36 are the only age group in which Republicans outnumber Democrats, according to 2006 surveys by the Pew Research Center. And it will be decades before they pass through the populace, "like an elephant through a boa constrictor," Professor Hansen said.

The true political consequence of the Iraq war also remains to be seen. American voters may hate wars, but they also favor candidates who take a muscular approach to foreign affairs, Professor Green said. Since the Vietnam-era peace movement, Democrats have had a reputation as peaceniks. It has cost them votes, especially among white working-class men and especially since the Reagan era. Unless Iraq leads to a new caution about military force, the war may not do much to change that.

"The usual card the Democrats would play would be 'get out of war,' " Professor Green said. "That just reinforces it."

Others argue that the travails of the Bush administration will be less transformative than the Democrats hope. "In the Depression, birth rates plunged way down," said Michael Barone, a political analyst. "They stopped having sex. They put their kids to bed hungry. In my opinion, the Iraq war is not that kind of event."

"If the Republicans suffer losses, it is a negative verdict on competence rather than ideology," he continued. "If you look at domestic issues, what are the Democrats talking about? The minimum wage is the first thing they mention, and it is a 1938 law."

Mr. Barone, who is associated with the theory of a lasting Republican majority, argued that essential elements remained unchanged. The party is strongest in the regions with the highest growth rates — the South and West — and it dominates 97 of the 100 fastest growing counties in the country, mostly booming "exurbs" on the outskirts of cities.

And whatever happens in Iraq, little has changed to the Democrats' reputation as the party of secular, elite liberals.

"Next to race, church attendance is the strongest correlation with voting," said Michael Dimock, associate director of the Pew Research Center. "America remains very religious. A lot of people tell us that someone who does not believe in God is not an acceptable candidate for president. Anything but that."

What's more, Democrats will need solutions to capitalize on their opportunity, said Professor Jack Pitney Jr. of Claremont McKenna College.

"Franklin Roosevelt had a clear answer, a very specific program, the New Deal," he said. "Do the Democrats have the same kind of clear answer to Iraq? It is damaging to Republicans, but it is hard to see how it is constructive to Democrats."

Still, Mr. Wirthlin, puzzling at Republican troubles even in a relatively prosperous economy, pointed to Sept. 11.

"Foreign policy took on a different and darker edge with the destruction of the twin towers," Mr. Wirthlin said. "My assumption is that was a mega-event that refocused people politically from 'myself and my neighbor and getting a job' to 'how are we doing in the world?' "

And at the moment that has meant an even greater focus on the war in Iraq, he said, turning what was once the Republicans greatest strength into a major liability.

Allen And Webb In Virtual Tie, Post Poll Says (WP)

By Robert Barnes And Michael D. Shear, Washington Post Staff Writers

The Washington Post, October 15, 2006

Northern Virginia Voters' Views Differ From Rest of Commonwealth

Virginia Sen. George Allen (R) and Democratic challenger James Webb are virtually tied in a race that could shift the balance of power in Washington and which reinforces the differences between Northern Virginia and the rest of the commonwealth, according to a new Washington Post poll.

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Allen gets 49 percent, compared with 47 percent for Webb, within the 3 percentage point margin of error for the poll conducted over three days last week. With few respondents saying they are undecided and most seemingly locked in for their candidate, the poll indicates that the candidates' strategies for turning out supporters will be vital and that changes in the national political climate could tilt the outcome.

President Bush's approval rating among Virginians who say they are likely to vote is about the same as it is nationally. But fewer people in the state say their feelings about Bush will influence their Senate vote, compared with the number in a national poll. And in a sign that the greater Democratic enthusiasm seen nationally is also evident in Virginia, the poll finds that fewer of those who say they are certain to vote Nov. 7 identify themselves as Republicans than a year ago.

The three issues that poll respondents cite most frequently as extremely important -- the situation in Iraq, the war on terrorism and ethics in government -- are all volatile subjects heading into the campaigns' final weeks. The poll shows that Allen has a sizable advantage among those who cite terrorism and that Webb is not doing as well as Democrats nationally in turning the Iraq war and Republican congressional scandals into issues that work for his side.

Northern Virginians are increasingly Democratic -- more distrustful of the war in Iraq and the president and more supportive of Webb than the rest of the state, according to the poll. The region is the economic engine of the commonwealth and the source of much of its growth, and on many issues, its urbanizing and diverse population seems to agree more with the rest of the nation and less with those who live south of the Rappahannock River.

No matter who wins, a race filled with drama and controversy has won unprecedented attention from the electorate. Fifty-two percent of likely voters in the survey say they are following the race "very" closely; the previous high in Post polling goes back to 1989, when 39 percent of Virginians showed high interest in L. Douglas Wilder's bid to become the first black candidate to be elected governor in any state.

Independent Gail Parker receives 2 percent of the support in the poll.

For Webb, the 60-year-old Democratic Party newcomer who launched his campaign eight months ago, the poll provides new evidence that his underfunded, long-shot bid has created one of the country's most competitive races.

"We are extremely encouraged by these numbers," said Webb spokeswoman Kristian Denny Todd. "We've always maintained that the more people learned about the real George Allen, the more they would feel he's wrong for Virginia. We will build upon this momentum, and we know we will win."

But the poll contains plenty of concern for the former Navy secretary and author from Falls Church. Webb owns a solid lead only in Northern Virginia, and his supporters, as a group, are far less enthusiastic about his candidacy than are Allen's voters. One of the selling points for his candidacy was that his military background and service in the Reagan administration would appeal to Republicans, but he does no better among the GOP in the Post poll than Sen. John F. Kerry (D-Mass.) did in the state in the 2004 presidential race.

Allen, 54, can be content that after what might be the most tumultuous campaign any incumbent has seen this election cycle, he still has a bond with Virginians who elected him governor in 1993 and senator in 2000. A strong majority of those in the poll say they think of him as honest, trustworthy and a leader, and 57 percent approve of how he's doing in the Senate.

"We've always known the race was going to be close," said Allen consultant Chris LaCivita. "After being subjected to one of the meanest campaigns of attempted character assassination in the commonwealth's history, we are confident that the people are going to vote on issues. When they vote on issues, Allen wins."

But there are serious doubts about Allen in the poll. The percentage of voters who say they don't like Allen has increased dramatically from a year ago, and 43 percent now say they have an unfavorable opinion of him. By a large margin, independent voters sided with Allen six years ago when he ousted Democratic Sen. Charles S. Robb; this year, he's essentially tied with Webb among that group. And nearly one in five polled say they feel Allen was being intentionally racist when he called an Indian American supporter of Webb "macaca." An additional 44 percent view the comment as racist but say they don't think Allen intended it that way.Dueling Controversies

Allen's remarks might have as much as anything to do with why the race is so close.

His macaca comment caused a national controversy -- the film clips a staple on Youtube.com and his changing explanations a gift to late-night comedians. It was followed by articles charging that as a University of Virginia student in the 1970s, Allen regularly used a racial epithet to describe blacks. Allen denies that.

And he stumbled when answering questions about his previously unacknowledged Jewish ancestry.

Allen responded by putting Webb on the defensive about a 1979 article Webb wrote condemning the idea of women in combat and at the Naval Academy. Webb apologized for the inflammatory language he had used, such as calling the overwhelmingly male dormitory at the academy a "horny woman's dream," but Allen has spent more than $1 million on ads spotlighting the issue because he said it shows a disrespect for women.

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It is unclear from the poll how much those so-called character issues will affect the campaign -- 17 percent say Webb's comments are important to their vote, as opposed to 25 percent who say they feel the same way about Allen's remarks -- but they have given the race a nasty tone.

"I didn't like the way the race has sort of turned to all of these sort of negative things," said Vicki Merkel, 52, a teacher from Vienna who says she will vote for Allen. "Why do people say those things? And why are we digging way into the 1970s anyhow?"

She is among the 64 percent of those polled who say the campaign has been too negative, but voters are split almost evenly about who is to blame. Allen's supporters say the media have been tougher on their candidate, and overall, 36 percent of the respondents say the media have treated Allen unfairly, compared with 19 percent who say the same about Webb.A Plunge in Popularity

Allen was once one of the commonwealth's most popular politicians. But now Gov. Timothy M. Kaine (D) and the state's senior senator, John W. Warner (R), have much better favorability ratings, as does former governor Mark R. Warner (D).

Allen's favorable rating in Post polls of likely voters has plunged from 63 percent last fall to 53 percent today, and his unfavorable numbers have increased from 31 percent to 43 percent. Fifty-three percent of those polled have a favorable opinion of Webb; 37 percent have an unfavorable opinion And although Allen refuses to promise he would serve out his six-year term instead of trying for the presidency in 2008, the poll shows Virginians are opposed to the idea.

By a margin of 56 percent to 35 percent, poll respondents say they don't think Allen would make a good president, including 20 percent of those who say they will vote for his reelection.

But Allen's supporters appear loyal in other ways. Although Republicans nationally worry that their base might be turned off, 43 percent of Allen's voters say they are "very" enthusiastic about his Senate campaign, as opposed to 25 percent of Webb's.

"I just like the way he talks," said John Sullivan, 79, retired from the Navy and living in Loudoun County. "He's very forthright about things and conservative, which I am."

Apart from Northern Virginia, Allen is well thought of throughout the state, the poll shows, and voters say he's doing a good job. And on issues, he has several significant advantages.

Among those who say the U.S. campaign against terrorism is extremely important in their decision, two-thirds favor Allen. By contrast, voters who say the war in Iraq is extremely important split their votes evenly between Allen and Webb, who made his opposition to the war a cornerstone of his campaign. The same is true for those who cite "ethics in government" as a top concern.

Allen has a similar lead among those who consider taxes extremely important -- he has spent a considerable amount of money on advertisements saying that Webb would vote to roll back tax cuts -- and among those who say immigration is extremely important to their decision.

In addition, the poll shows that Allen does not suffer from the gender gap that has afflicted other Republican candidates in the past. In every Virginia election for the past decade, Democratic candidates for governor and Senate have held leads among women. But 49 percent of the women polled say they would vote for Allen, compared with 47 percent for Webb.

Webb is struggling with women more than previous Democrats have. In 2005, Kaine led among likely women voters by nine points in late polls, and former governor Warner had a double-digit lead among women going into Election Day.A Leap From Unknown

Perhaps the most positive news for Webb in the poll is the tightness of the race, considering that he was largely unknown even in late spring and that Allen spent about $9.5 million on his reelection, compared with Webb's $2 million.

On personal characteristics such as honesty, family values and leadership, Webb scores nearly as highly as Allen, who has been a fixture in Virginia politics for 25 years. More people say Webb would "stand up for issues important to African Americans" than would Allen, and more say Webb is "tolerant of the points of view of all Virginians."

Still, Webb supporters speak more of what he stands for than the man himself. Jeanette Wiltse, 64, a retired consultant from Arlington County, said she thinks Allen has done "all right" and she doesn't know very much about Webb. But she's voting for him.

"First thing is, he's a Democrat," Wiltse said. "I'm absolutely fed up with this administration. I think the war is a large part of it. I think Bush has basically trashed our foreign relations."

But according to the poll, Webb has not been able to persuade enough women like Wiltse to join his cause, even though only 39 percent of women say the war in Iraq was worth fighting.

On the plus side for Webb, he's also splitting the male vote, which traditionally has gone for Republican candidates. Webb has hoped his status as a decorated veteran would help with the large portion of the Virginia population that has served in the military. About 25 percent say Webb's background would make them more likely to vote for him.The Northern Va. Factor

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Webb would win handily if the election took place only in Northern Virginia, claiming 56 percent of the vote there to Allen's 42 percent, the poll shows. But Allen would win easily in the rest of the state, besting Webb by almost 10 points.

"I would prefer to tilt the balance to the Democrats in the Senate and get the war over," said Elizabeth Barclay, 55, a Fairfax County lawyer.

And the differences are particularly striking among men: Webb's 18-point lead among males in Northern Virginia turns into a 12-point deficit in the rest of the state.

The views of Northern Virginians are similar to those of the rest of the nation this political year, according to the poll.

When it comes to the war in Iraq, Northern Virginians say it was not worth fighting by almost a two to one margin -- just as strongly as the rest of the nation. Commonwealth residents outside Northern Virginia are evenly split on whether the war should have been fought.

Polling director Jon Cohen and database editor Dan Keating contributed to this report.

Klobuchar Still Leads Big Over Kennedy (MINNST)

By Kevin Diaz, Rob Hotakainen

Minneapolis Star Tribune, October 15, 2006

Patricia Lopez, Kevin Diaz and Rob Hotakainen DFL Senate candidate Amy Klobuchar continues to hold a substantial lead over her GOP rival Mark Kennedy, according to the latest Minnesota Poll, and there are signs that national Republican leaders are now turning their focus to other Senate campaigns.

The poll shows Klobuchar with 55 percent to Kennedy's 34 percent, a margin that is nearly the same as it was in September.

Kennedy's campaign challenged the poll results, as it has with every Minnesota Poll on the Senate race.

"No one believes these numbers," said Heidi Frederickson, a Kennedy campaign spokeswoman. "This is a single-digit race. We know it, the Democrats know it and Minnesotans know it."

Klobuchar campaign manager Ben Goldfarb said the race will "ultimately be very close, but it's clear that Minnesotans are tired of Congressman Kennedy's outrageous negative attacks and continue to respond to Amy Klobuchar's positive vision for change."

The two candidates will debate today on NBC's "Meet the Press."

The poll, conducted from Oct. 6 to Wednesday with 818 likely voters, has a margin of sampling error of plus or minus 3.4 percentage points. A Rasmussen poll conducted earlier this month also showed a double-digit lead for Klobuchar.

The latest Minnesota Poll suggests that voter choices in the Senate race are turning mostly on national issues such as the Iraq war and President Bush's 61 percent job disapproval rating in the state, the highest he has had.

Those results appear to be hurting Kennedy, a three-term congressman representing Minnesota's Sixth District who has been politically close to Bush and supports the war.

The poll shows that 50 percent of independents and 62 percent of moderates favor Klobuchar, compared with 29 percent and 24 percent respectively for Kennedy.

"We see this nationally," said Steven Smith, a political scientist and congressional expert at Washington University in St. Louis. "Independents and moderates in particular are looking for a change."

Divided over strategy

As part of its attempt to maintain control of the Senate, the Republican National Committee (RNC) and the National Republican Senatorial Campaign (NRSC) have begun focusing most of their television advertising on close contests for Republican-held seats in Ohio, Tennessee and Missouri, according to the latest federal campaign spending reports.

The strategy is angering some Minnesota Republicans, who say it's wrong for the party to abandon Kennedy, a candidate once regarded as the GOP's best bet to pick up a Senate seat.

"In reflects an incumbent- protection mentality," said Gary Miller, who runs a pro-Kennedy website called Kennedy vs. the Machine. "It's disappointing."

Others say they fear that a lack of interest in Minnesota by the national party could depress voter turnout and hurt Republican Gov. Tim Pawlenty and others involved in close races. But to many GOP leaders, it's a simply a matter of national strategy; resources are tied up in other states.

"What's going on is we've got a couple of pitched battles with incumbents that will decide whether the Senate changes hands," said Sen. Norm Coleman, R-Minn. "It's not a reflection of this race."

The NRSC has yet to make a TV ad buy for Kennedy.

By comparison, Coleman said, the national party pumped more than $5 million into his 2002 Senate bid, when he squared off first with the late Sen. Paul Wellstone, and then Democratic legend Walter Mondale.

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Kennedy campaign officials scoffed at any suggestion that the NRSC has abandoned their race.

"They're being very helpful," Frederickson said. "They're going to send in a bunch of people to do [last] 72-hour get-out-the vote efforts. We're in daily contact with them. ... The idea that they've abandoned us is utterly false."

State GOP leaders certainly have not given up on Kennedy. Coleman, for example, has given $100,000 from his own campaign fund to help get out the vote in Minnesota.

Party activists say that will be their focus in the remaining three weeks of the campaign. "My message to our folks is this is a winnable race, and to stay involved" Coleman said. "I'll continue to make that pitch to my colleagues in the NRSC."

On the attack

Kennedy's standing in polls has prompted him in recent weeks to go on the attack against Klobuchar with negative ads that, according to the Minnesota Poll, have hurt his standing with voters and made some of them more likely to vote for Klobuchar. Kennedy is now viewed negatively by 44 percent of voters, the poll shows, compared with Klobuchar's 25 percent negative rating.

Lifelong Republican Marvel Carstenbrock, 79, of Austin, Minn., said she plans to break ranks and vote for Klobuchar, although she also supports Pawlenty for governor. "I like that Amy Klobuchar," Carstenbrock said. "She's a good gal. She seems like she'll work hard." As for Kennedy, she said, "I am sick of that guy and his negative commercials. I wish he would just say what he wants to do."

The poll also shows that Klobuchar has a huge gender gap working in her favor -- 60 percent of women support here compared with 28 percent for Kennedy. She is running strongly in the metro area and outstate Minnesota. And on a list of a half-dozen indicators, Klobuchar is seen by more voters as a stronger leader and more independent thinker, with a well-defined agenda.

The poll numbers indicate that Kennedy is doing better than he had been in recent weeks locking up his conservative base, with strong support coming from voters such as Dwight Hicks, 53, a maintenance worker in Anoka County.

"I like the Republican Party's direction in general," Hicks said. "What's most important to me about Kennedy is that he's a Republican. I just agree with Republicans."

Still, that progress has been slow and Klobuchar is doing better among Democrats and liberals than Kennedy is doing with conservatives and Republicans. Klobuchar also is continuing to demonstrate significant crossover appeal, picking up a fifth of conservatives and nearly 1 in 10 Republicans.

Her support among high-wage earners also tops 50 percent even though she has pledged to roll back Bush tax cuts on those earning more than $300,000.

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Tacit Silence On Stem Cell Research In Missouri Race (NYT)

By Susan Saulny

The New York Times, October 15, 2006

KIRKSVILLE, Mo. — Over cocktails one recent Monday night at a Democratic fund-raiser in New York, Claire McCaskill, the Democratic Senate candidate in Missouri, played up her support for stem cell research.

But at a campaign appearance here in rural and largely conservative Kirksville, Ms. McCaskill never mentioned the subject.

Similarly, her Republican opponent, Senator Jim Talent, came out against a statewide ballot measure on stem cell research at the strong urging of conservative Christians. But when Mr. Talent recently addressed an electricians' trade group at a resort on the Lake of the Ozarks, he did not speak of his opposition.

Just a few months ago, the Missouri stem cell research initiative on the November ballot was a defining issue of the campaign, as both candidates tried to firm up support among the party faithful in one of the tightest Senate races in the country. But now, as Mr. Talent and Ms. McCaskill reach beyond their traditional bases, the emotionally charged ballot measure — which would allow the research and possibly provide state financing for it — is almost too hot to touch.

In a race that appears to be a dead heat, the result has been an odd sort of mutual quietness, where the opposing camps seem to agree that the less said on the stump about stem cell research, the better.

"I've urged everyone to make those decisions on their own," Mr. Talent said after the speech to the electricians, in Osage Beach, Mo., when asked about the ballot measure. "I've tried not to make it political."

Ms. McCaskill denied shying from the issue but acknowledged it was not part of her standard campaign speech.

"It's not that I'm ignoring it, but the stem cell issue usually comes up in the context of question and answer," she said after a debate in Clayton, Mo. "People are confused and want to talk about it."

The truth of the matter, campaign analysts say, is that Mr. Talent and Ms. McCaskill are battling over a tiny percentage of undecided voters and dare not risk offending them by drawing attention to such a polarizing issue.

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The race here is one of six nationwide in which Democrats see the possibility of picking up a Republican seat to win control of the Senate; as such, there is little margin for error for either party. Even in a recent national television appearance on MSNBC, when the two candidates were asked about stem cell research, Mr. Talent and Ms. McCaskill were measured in their responses, and careful to use language that would not offend.

Robert Hunt Sprinkle, the editor in chief of Politics and the Life Sciences, a journal edited at the University of Maryland, has tracked how the stem cell research issue has figured in elections nationwide. Mr. Sprinkle said it was "quite sensible" that the two candidates in Missouri had backed away from "defending a view on a topic of arcane technological content" in a close campaign.

"This is a debate that is entered at one's peril in the campaign context, when a sound bite is removed for analysis," he said. "These are very treacherous waters."

The dynamic is markedly different in several other states, where Democratic candidates have made stem cell research a bigger part of their campaigns, in part because of evidence of broad public support for the research in those states and because of the wedge it sometimes drives between far-right and moderate Republicans.

In Wisconsin, the incumbent Democratic governor, James E. Doyle, has made his steady support of all permissible forms of stem cell research almost a daily mantra in his race against Representative Mark Green, a Republican who favors setting stricter limits.

In the Maryland race for the Senate, Lt. Gov. Michael Steele, a Republican, is running against Representative Benjamin L. Cardin, a Democrat who has tailored his message to two main themes: the war in Iraq and his support for stem cell research.

"Ben Cardin is doing what I expected Claire McCaskill to do, which is bring it up," said Trevor Parry-Giles, an associate professor of political communication at the University of Maryland. "It might be one of those issues that plays better on the coasts for Democrats, but Republicans face a tougher road on this one because they need moderate independent voters."

In Missouri, Mr. Talent has found himself tripping over the Republican divide.

Some more moderate Republicans, including Gov. Matt Blunt and John C. Danforth, the former United States senator, are backing the stem cell research referendum, while more conservative legislators, including Representative Todd Akin, are speaking out against it, particularly to Christian congregations.

At first, Mr. Talent chose to steer clear of the issue, hesitating to take a position on the ballot measure before relenting under pressure from Christian conservatives. The senator had already angered many conservatives by removing his name from a Senate bill opposed to cloning, so there was some bridge-building to be done.

"This is a difficult issue," Mr. Talent said in an interview. "It comes up a fair amount, but I've been talking about my priorities and what they're going to be. Generally, I've focused on what I've done."

And as of late, Ms. McCaskill has made that task easier for Mr. Talent by also sidestepping the stem cell debate. Like many Democrats facing off against incumbent Republicans, Ms. McCaskill, the Missouri state auditor, has highlighted Mr. Talent's close association with an unpopular White House and pressed national issues like security, the war in Iraq, taxes and health care.

"He agrees with President Bush more than I agree with my husband," Ms. McCaskill said of Mr. Talent in an interview. "I think it's very hard for Missourians to accept that he's an agent of change. In contrast, I have very independent branding."

The largest group in the state promoting stem cell research, the Missouri Coalition for Lifesaving Cures, which is responsible for putting the initiative on the ballot, has steered clear of questions about the Senate race because of its nonpartisan stance.

The group's chairman, Donn Rubin, said it was trying to pitch a large tent.

"Our initiative is supported by many denominations, Christian and other, who believe in this research as a means to alleviate suffering," Mr. Rubin said. "Any one of us could be a patient tomorrow and we all have a stake in seeing this amendment pass."

If the measure were to pass — and polls indicate that a majority of Missourians support it — Missouri would join California as the only states to include the right to perform stem cell research in its state constitution. But unlike the California measure, which designated billions of dollars for the research, the Missouri amendment does not include a commitment to financing. (It does not bar the possibility of it, however.)

The ballot measure would guarantee that any stem cell research that is legal under federal law could be performed in Missouri. Mr. Rubin said the coalition sought to get the issue on the ballot in direct response to efforts for years by conservative lawmakers to ban the cloning procedure involved in some forms of the research.

In the most controversial form of stem cell research, embryos are cloned and their stem cells are removed. This practice has ignited the political debate about whether life is being destroyed.

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"This is the big one, this is the biggest pro-life issue voters have ever been confronted with," said Pam Fichter, the president of Missouri Right to Life. "This is the people deciding whether they want to enshrine in the constitution the right to clone and kill human embryos."

Given the void in the discourse at the candidates' level, many voters have been left to sort through a barrage of advertisements financed by independent groups. On billboards, on the radio and on television, the proposed amendment has been dubbed the "kill bill" by anti-abortion groups and conservative Christians. Advocates for the measure equate its passing with the guarantee of lifesaving cures.

Meanwhile, the Senate candidates continue to look for swing voters. Ms. McCaskill is working long hours to shore up her standing in the state's rural counties, where weak support from conservative voters contributed to her narrow defeat in the governor's race in 2004 and where opposition to the stem cell initiative tends to be strong. At the same time, Mr. Talent is trying to win the support of more liberal voters in urban areas, where his conservative views on stem cell research generally are not well received.

"They're raiding the traditional backyard of the other," said Professor Lana Stein, who heads the political science department at the University of Missouri, St. Louis.

Low-Key Democrat Leads High-Stakes Senate Race (WP)

By David Finkel, Washington Post Staff Writer

The Washington Post, October 15, 2006

Social Conservative Bob Casey Is an Unlikely Party Hero

READING, Pa. -- For Bob Casey Jr., it was one of the good days in his campaign to send Sen. Rick Santorum (R-Pa.) into political obscurity. Morning brought word of a new poll showing him with a 12-point lead over Santorum, who is the third most powerful Republican in the Senate, and evening brought an adoring audience to a fundraiser here in a private home, where Casey said with growing confidence, "I really believe this race is about America."

His voice, in contrast to the high-pitched, battle-ready aggressiveness that is in Santorum's, was polite as he criticized his opponent and President Bush, touched upon his Catholic upbringing and discussed his work as a Jesuit volunteer in inner-city Philadelphia. "In the life of a middle-class family, things are not going all that well," he said several weeks ago to the middle-class crowd, and as he went on, his quiet words blended with the cricket chirps coming through the open windows.

When Casey was done talking, the next sounds included scribbling pens and checks being torn out of checkbooks because of what Democrats say this race means: A Casey victory would not only topple one of America's best-known conservatives but would also enhance the Democrats' prospects of winning control of the Senate.

The Democrats need to pick up six seats to take control of the Senate, and Pennsylvania has become one of their best hopes. Emboldened by polls showing widespread discontent with the GOP-controlled Congress, Democrats vow a fundamental reordering of domestic and foreign policy if their party sweeps to victory in the Senate and House on Nov. 7.

In going after a high-ranking Senate Republican, Democrats picked someone well suited for the role: the state treasurer and a member of one of Pennsylvania's best-known political families, who has strong conservative views on social issues, a liberal economic philosophy and opposition to the war in Iraq. Casey is against abortion and gun control, and he agrees with the current federal policy that limits embryonic stem cell research -- all positions that have inoculated him against attacks from the right.

Sen. Charles E. Schumer (N.Y.), the chairman of the Democratic Senatorial Campaign Committee, was so eager to recruit Casey that he and Gov. Edward G. Rendell (D) forced former state treasurer Barbara Hafer out of the race. That move rankled many liberal Democrats because of Hafer's support of abortion rights, but Schumer viewed Casey as the only candidate who could beat Santorum.

Since formally announcing his candidacy in March 2005, Casey has held a steady lead over Santorum in the polls. Yet even as he appears on the verge of a victory with national implications, many in his state and throughout the country know little about his background. Casey, 46, gives new meaning to political humility, and he discourages attention to his personal life or comparisons to his father, the late Robert P. Casey, a former governor.

"When a good politician walks in the room, even if you don't see him, you know it. The oxygen is sucked out of the room," said David Paul, a financial adviser in the Philadelphia suburbs and a Casey supporter. "When Casey comes in, you really don't know he's there. Whatever people were talking about, they just keep talking."

G. Terry Madonna, a Pennsylvania pollster, said, "If you ask people 'Who is Bob Casey Jr.?' their answer would be 'Well, I think he's a public official whose father was governor.' " Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College, added, "They will not have a real specific sense about who he is."

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Casey, when asked to talk about himself during a recent interview, replied, "Yeah, gosh, let's talk about public policy for a while."

Casey's father was a dominant figure in Pennsylvania. As a youth, he was a gifted athlete who turned down a tryout with the Philadelphia Phillies to accept a college basketball scholarship. After college and law school, he won his first election, becoming the state's auditor general, and made three unsuccessful bids for governor before finally winning in 1986. His two terms were notable for advances in welfare reform and health care for women and children. He was also a staunch foe of abortion.

The governor was barred from speaking at the 1992 Democratic National Convention in part because of his un-Democrat-like opposition to abortion. He was also the defendant in a U.S. Supreme Court case that year called Planned Parenthood of Southeastern Pennsylvania v. Casey, which challenged Pennsylvania restrictions on abortion and, to the dismay of abortion proponents, led to a redefining of fetal viability.

Casey's eldest son, Bob, followed in his footsteps, graduating from the College of the Holy Cross and obtaining a law degree from Catholic University before entering politics and winning his first of two terms as state auditor general in 1996. Casey ran for governor in 2002 but lost to Rendell in the Democratic primary. In 2004, he ran against a little-known opponent and won the post of state treasurer with 3.3 million votes -- more votes than any other candidate for a statewide office in Pennsylvania history.

Being treasurer, Casey recalled recently, was the perfect reflection of why he got into politics -- not because of personal ambition, he said, but because of his notion of public service. Since his childhood in Scranton, he said, that's what his father and mother emphasized. "I don't remember my parents ever giving us a noblesse oblige speech," he said. Rather, he learned through everyday examples, especially from his father.

As a state official, Casey proved to be a traditional Democrat on most issues, but, like his father, he was an ardent foe of abortion.

So when the party that had kept his father from speaking in 1992 began courting him in late 2004 to run against Santorum, he had a conversation with one of his brothers.

"Isn't this interesting?" is the way that conversation went, Chris Casey said. "Isn't this ironic?"

Casey's sister Margi McGrath commented on why the national party sought out her brother: "It's not because they love him. He's not their tailor-made candidate."

Yet within days of his election as state treasurer, the Democrats were contacting him about running against Santorum.

Santorum, a former House member, first won election to the Senate in 1994 with 1.7 million votes, which was just under 50 percent of the popular vote. He was reelected in 2000 with 2.4 million votes, or 53 percent, and he became a prominent and polarizing conservative figure in the Senate.

Whatever the reason for the courtship, Casey didn't say yes immediately.

"He was agonizing about it," said McGrath.

Casey recounted a conversation with his wife: " 'You've got to think about this,' " he said she told him. "And I said, 'I'm going to think about it, very seriously.' And she said, 'But you've got to really think about this,' and these weren't her words, but basically she was saying, 'You can win this race, you can defeat him, and I'm not sure anyone else can.' And that weighed heavily on me because I knew, to be blunt about it, if I didn't run, he'd probably be reelected. And maybe easily."

For three months, Casey worked the angles, thinking about the implications of winning and of losing and his often-stated desire to become Pennsylvania's governor. He finally agreed, he said, because "you can make a tremendous contribution as a U.S. senator on issues I care about, like health care and like building an economy."

"But also I was influenced by the idea that sometimes you've got to stop what's going on, and you may be the only person that can do that," he said.

By midsummer of this year, Santorum had raised substantially more money than Casey -- $17.2 million to $10.8 million -- much of it going toward advertising that has portrayed Casey as a ladder climber, a candidate with only the vaguest positions, and, in an attempt to convey that he is not the same Casey as his father, "Bobby."

"What you heard from Mr. Casey is what you hear all the time. No specifics," Santorum said when the two debated on "Meet the Press" in early September. Casey, however, who was anything but docile in the debate -- sometimes interrupting Santorum, sometimes correcting him, sometimes mocking him -- was well ahead in the polls at that point.

He has been leading in the polls since spring. The only blip in a steady stream of successes came in a poll a few weeks ago, which showed that unfavorable reactions to him had risen from 13 percent in May to 22 percent in September as Santorum ramped up his attacks. "Santorum, at the moment, is defining Casey better than Casey is defining himself," said Madonna, the pollster.

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What the poll also showed, however, is that the race is far less about Casey than about Santorum. Nearly 30 percent of likely Casey voters said they support him mainly because he's not Santorum -- "a pretty high percentage," Madonna said. And as Santorum's unfavorable rating has climbed from 26 percent when Casey entered the race to 37 percent in September, the Casey campaign has seemed content to remain low key, letting Casey be defined less by who he is than by who he is not.

As McGrath said, when asked who her brother is: "He's not a polarizing figure."

Who is he, though?

At a second campaign stop in Reading, this one with union workers at a small hotel, Kathy Quimby watched Casey come in.

"Wasn't his father in politics?" she asked, trying to figure out where she had heard Casey's name.

Quimby, who works at the hotel, watched as the candidate went around the room, shaking hands and speaking in an even voice about what is wrong and right in the country.

Chalk up another vote against Santorum: "He seems like a nice guy," she said.

The New York Senate Race (NYT)

The New York Times, October 15, 2006

Hillary Clinton is running in a phantom race for the Senate, pitted against an unknown, unqualified opponent. In the unlikely event that New Yorkers ever learn what John Spencer's views are, most would find them far too conservative. It's a measure of the haplessness of Mr. Spencer's campaign that the Republican nominee has been dogged by rumors that his real aim is to prepare the ground for an attempt to regain his old job as mayor of Yonkers.

It would be easy to endorse Hillary Clinton for a second term even if she had a far more credible opponent. Mrs. Clinton has been an excellent senator — hard-working and in close touch with her state. We have been particularly impressed by her focus on the neglected "first suburbs" of aging housing and decaying infrastructure. As a Democrat, she has a limited ability to influence legislation, but she has taken a lead in forming the debate on a number of issues of substance. Her bill aimed at fixing the mechanics of voting set the standard for election reform legislation.

Watching Mrs. Clinton do her job, we have been impressed by her mastery of even the most obscure details of New York's problems. Her ability to work with Republicans has been a pleasant surprise. She has won the genuine respect of most of her colleagues in Washington, and she seems to have found a forum in which her lifelong wonkishness can be put to good use. It seems as if in the Senate, Mrs. Clinton has found her true calling.

The puzzle of this campaign is that she might not consider that a compliment.

Mrs. Clinton's intention to be a candidate for president in 2008, though unannounced, is hardly a secret. And the Republicans' failure to field a candidate of substance has allowed her to spend this fall running against George Bush. So far, the voters do not seem to mind. The idea that Hillary Clinton wants to desert New York two years into her next term has been the centerpiece of Mr. Spencer's campaign, to little avail.

We enthusiastically endorse Mrs. Clinton for re-election, while watching with interest to see if she can convince the country that she has as much aptitude for the presidency as she does for her current job. Her extraordinary discipline might help her to avoid mistakes during a presidential campaign, to run a race that will not center on some symbolic slip-up. But can she conjure up a vision of the future for a nation desperately in need of inspiration and real leadership? Can she speak to the great issues of the day directly, without carefully trimming every sentence to steer clear of controversy?

The real question is not whether she can turn in continued good performance in the Senate, or even whether she can run a smart campaign for president. It is whether she can put some great idea ahead of her own political upward mobility, whether there is a cause so important to her that she will risk her political security for it. We are waiting for a profile-in-courage moment, a sign that she is something more than a very competent politician. Meanwhile, we endorse Hillary Clinton for another six years in the Senate.

GOP All But Cedes The Race To Feinstein (LAT)

By Scott Martelle, Times Staff Writer

The Los Angeles Times, October 15, 2006

The Republican candidate for one of California's two seats in the Senate — potentially one of the most powerful legislative positions in the country — walked alone into a banquet room at the Pomona Valley Mining Co. restaurant on a recent morning and looked around.

The regular meeting of the California Federation of Republican Women, Southern Division, was underway, and the candidate, Dick Mountjoy, portly beneath a shock of white hair, stood mostly unnoticed. As a woman at the head table talked of

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plans for an upcoming convention, Mountjoy slipped small stacks of pamphlets and bumper stickers from the pockets of his cream-colored jacket and placed them on the registration table.

There was no entourage. No scheduler clicking away on a Blackberry or campaign handler whispering into a cellphone. Just Mountjoy, a former state senator from nearby Monrovia and self-described "biblical constitutionalist," here to talk to the Republican faithful about his campaign to unseat incumbent Democrat Dianne Feinstein.

David had it easier against Goliath.

During a national election cycle marked by a bitter fight for control of the Senate and the House of Representatives, the campaign for California's senior Senate seat has the feel of a foregone conclusion as Feinstein, one of the state's most popular vote-getters, holds a commanding lead among likely voters in the race.

"Mountjoy doesn't have the reach in the Republican Party or the name identification or the appeal to moderates that Feinstein has with Democrats," said Terry Christensen, a political analyst at San Jose State. The Republican Party "knows it, and they're not spending money on it. So it's partly Feinstein's strength and partly the California Republican Party's weakness," Christensen said.

And few people seem to know who Mountjoy is, despite his role as one of the architects of 1994's Proposition 187, which would have made it illegal for undocumented immigrants to receive many government benefits. Mountjoy's 29% support among all registered voters in the most recent Los Angeles Times poll is less than the 34% of state voters enrolled as Republicans. And in a July Field poll — one of the last to ask the question — 62% of voters said they did not know enough about Mountjoy to have an opinion about him.

Little has changed since then. Feinstein entered the late-summer push with more than $8 million in the bank to Mountjoy's $21,000, making it likely that this will be the second California race in a row for the Senate in which the Republican challenger was unable to air crucial television ads in the final weeks of the campaign.

The next financial reports aren't due until today, but even Republicans seem to have given up. The National Republican Senatorial Campaign Committee — a key funding and organizing tool for Republican Senate incumbents and hopefuls — doesn't even list Mountjoy as a candidate on its website. To add insult to injury, where his face and biography should be posted, the website lists Barbara Boxer, a red flag for Republican bulls.

Which is fitting, since this lopsided matchup has its roots in Boxer's 58%-38% reelection two years ago over former California Secretary of State Bill Jones.

"The conventional wisdom is that Boxer is not as strong politically as Feinstein, and if Boxer could win in a walk, then the Feinstein race would be that much easier," said Jack Pitney, a political analyst at Claremont McKenna College and a former Republican official.

"Feinstein's advantage fed on itself. She went into the election a heavy favorite, and that deterred more credible candidates from getting in the race. From the Republican perspective, it's a vicious cycle. People don't think he can win, so they don't give him support, which makes it less likely he will win."

So why would a politician willingly enter such a race?

"The biggest upside is low expectations — nobody expects him to do anything," Pitney said. "If he can crack 40%, he can claim a moral victory. But it's more about him doing his duty for the party. Major parties ought to nominate somebody to run against an incumbent, even if the outcome looks like a foregone conclusion. He's performing a service for textbook democracy."

Mountjoy insists that he is running to win and hopes that a strong Republican turnout and weak Democratic showing on election day will trump the early polls and overwhelming disparity in campaign budgets.

"We don't have a lot of money, but we have enough to get our message out, and that's all we need to do," Mountjoy said. "We don't try to match her money, just outdo her with the issues."

Mountjoy's platform embraces such boilerplate conservative issues as increased border security with Mexico, no amnesty for illegal immigrants, support for the war in Iraq, elimination of unspecified government waste, a stronger military and enhanced property rights. He also opposes abortion, even in cases of incest or rape, and gay marriage.

"America is at a crossroads," said Mountjoy, who lists the Bible and the U.S. Constitution as his two guiding texts. "We've got to turn America around. We are quickly slipping into a moral decay that is unprecedented, and I for one say it has got to stop."

Feinstein's positions are just as reliably moderate-liberal as Mountjoy's are conservative.

She advocates a "humane" approach to stemming illegal immigration; a "structured downsizing" of the U.S. military presence in Iraq and Donald H. Rumsfeld's ouster as Defense secretary; a more collegial approach to foreign policy; and a heightened fight against global warming. She supports abortion rights and civil unions for gays.

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As for campaigning, don't expect to see much of Feinstein on the stump beyond a few town hall-style meetings and what campaign manager Kam Kuwata referred to as "Washington report lunches" — part of her regimen for keeping in touch with constituents.

"Sen. Feinstein has focused her time on doing what she's been doing all along — doing her job well," Kuwata said. "Why tinker with something people appreciate?"

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Dianne Feinstein

Party: Democrat

Occupation: U.S. senator since 1992. Mayor of San Francisco from 1978 to 1988; member, San Francisco Board of Supervisors, 1970 to 1978.

Age: 73; born in San Francisco.

Residence: San Francisco

Personal: Married; one child, three stepchildren, five grandchildren.

Education: Bachelor's degree from Stanford University.

Career highlights: Former mayor of San Francisco, she first won election to the U.S. Senate in 1992 in the wake of the controversial appointment of Clarence Thomas to the U.S. Supreme Court, when she and Barbara Boxer made California the first state to have two women elected to the Senate at the same time. Feinstein has established a reputation as a liberal-moderate. Serves on the Judiciary, Appropriations, Energy and Natural Resources committees, and the Select Committee on Intelligence. Backed legislation protecting more than 7 million acres of California desert and dealing with other environmental issues; backed creation of a director of national intelligence; helped establish rights for victims of violent crime, and wrote the 1994 bill banning assault weapons.

Platform: Calls for a "change in direction in Iraq"; a more collegial relationship with allies on foreign policy; securing the border but also adopting a "humane approach" to undocumented immigrants already in the U.S.; aggressively working to reduce global warming; supports stem cell research; opposes further development of nuclear weapons by the U.S.; and calls for appointment of "mainstream judges" to the federal bench.

On the Issues

Iraq: Says Defense Secretary Donald H. Rumsfeld should be replaced. Supports development of a timeline and exit strategy that would significantly reduce the presence of U.S. troops by the end of 2007.

Immigration/border: Supports increasing the number of Border Patrol agents and Port of Entry inspectors. Says illegal immigrants should be put on a path to citizenship if they can prove they have been law-abiding, have worked and will continue to work, pay a fine and all back taxes and learn English.

Environment: Wants to raise average fuel economy on all vehicles by 10 miles per gallon by 2017, reduce greenhouse emissions by 10% or more by 2025.

Abortion: Supports abortion rights.

*

Richard Mountjoy

Party: Republican

Occupation: Owner of a construction company before entering politics in 1968. A former state legislator, now active in pushing an initiative to deny most government benefits to illegal immigrants.

Age: 74; born in Los Angeles. Residence: Monrovia

Personal: Married; three children, six grandchildren and two great-grandchildren.

Education: Monrovia-Arcadia- Duarte High School

Career highlights: One of the architects of Proposition 187, which denied most government benefits to illegal immigrants. The measure was overturned by the courts, and the administration of then-Gov. Gray Davis declined to appeal. Also was instrumental in legislation that banned the additive MTBE from gasoline.

Platform: Described on his campaign website as a "no-nonsense conservative who believes in God, country and family in that order," Mountjoy supports "improved barriers and beefed-up law enforcement" on the borders and opposes amnesty for undocumented immigrants; backs balancing the budget through unspecified spending cuts and enacting laws to blunt a Supreme Court decision that broadened eminent domain to seize private property; supports "President Bush's anti-terrorism plans"; opposes gay marriage and abortion, including in cases of incest and rape.

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On the Issues

Iraq: Says U.S. should stay the course. Favors continued training of Iraqi police and military. Would support withdrawal only after U.S. is victorious.

Immigration/border: Favors

fence along entire southern

border and increased law enforcement. Opposes government benefits for illegal immigrants, except emergency medical care. Opposes all amnesty programs.

Environment: Says the continuing influx of immigrants must be addressed first.

Abortion: Opposes abortion.

Ohio GOP's Financial Support Wavering (AP-Y)

By Julie Carr Smyth, Assocated Press Writer

AP, October 15, 2006

As the GOP scrambles nationwide to retain its majority, scandal-ridden Ohio appears to be falling off the financial radar screen.

Television time is being forsaken for House candidates. And national promotions of the state's gubernatorial candidate by the Republican Governors Association popped up, then disappeared.

Ohio Republicans are trying to regroup amid a guilty plea Friday by U.S. Rep. Bob Ney in a Washington influence-peddling case and the trial of GOP fundraiser Tom Noe — accused of stealing from a state investment in rare coins — set to begin next week. Their national counterparts are following suit, focusing every last penny on races they believe they can win.

Those include U.S. Sen. Mike DeWine's seat, which is being hotly contested by U.S. Rep. Sherrod Brown; U.S. Rep. Deborah Pryce's seat, which Democrat Mary Jo Kilroy is seeking; and the seat Ney is vacating, which the party hopes state Rep. Joy Padgett can win over Democrat Zach Space.

"As races change, dynamics change," said Ed Patru, spokesman for the National Republican Congressional Committee. "We're not going to continue spending money in races where we're significantly ahead and, conversely, in some races if it looks to be out of reach, you're not going to dump a bunch of money into it."

In recent days, the committee pulled advertising it had planned in the race between Republican Craig Foltin and Democrat Betty Sutton for Brown's open House seat, which the GOP initially thought it could wrest from Democrats. The committee also viewed the seat being vacated by Democratic U.S. Rep. Ted Strickland, who is running for governor, as a potential gain, but has backed away from that hope.

Strickland has held a double-digit lead in the polls in that race, which is drawing national attention because the winner's party will carry an edge into the 2008 presidential election. A narrow win in Ohio gave President Bush the electoral votes he needed for re-election in 2004.

Without mentioning specifics, Patru said open seats have been judged less important than those held by incumbents. He said the committee is still optimistic about 10 to 12 seats that are open or held by Democrats nationwide, and believes Democrats have also adjusted their early expectations.

Meanwhile, after an aggressive early advertising push, Republican gubernatorial nominee Ken Blackwell, Ohio's secretary of state, has disappeared from the airwaves — a surprising turn of events for the leading candidate on the party's ticket.

A one-time strategy called for the RGA to air its own ads in support of Blackwell, but the governor's group appears to have written off the state.

In a letter to supporters earlier this month, the group's chairman, Massachusetts Gov. Mitt Romney, listed Iowa, Maine, Oregon, Illinois, Arkansas and Michigan as the only states with targeted governor's races.

RGA executive director Phil Musser said the letter has been misinterpreted, and that specific states were listed where money was still able to be spent under campaign finance limits.

"If we could send volunteers under the law in Ohio, we sure would," Musser said. "And any assertion that this is about how we view the race is ludicrous."

The Ohio Republican Party does not appear to be coming forward to fill the advertising void, choosing instead to put its resources into the races for secretary of state and state auditor.

Blackwell said Friday he is not disappointed with the support he has received.

"The fact is the president came in and raised $1.6 million for me. They've had Cabinet officers in just this week," he said. "The RGA has made independent expenditures in the hundreds of thousands of dollars. I'm perfectly satisfied with the level of support."

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During a visit this week to stump for DeWine, Republican National Committee Chairman Ken Mehlman said the party is not letting up in Ohio despite the hurdles it faces.

"We have well over 50 people on the ground whose job it is to help Ken win, to help Mike DeWine win and to help the congressional candidates win," he said. "We sent out 1.5 million absentee mail pieces, that specifically feature Ken Blackwell and the others on the ticket. We believe Ken Blackwell is an asset to Ohio and the whole turnout effort we have in place benefits Ken Blackwell on Election Day."

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Associated Press Writer M.R. Kropko contributed to this report.

GOP, Democrats Rally For Ohio Hopefuls (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

Filed at 9:47 p.m. ET

HAMILTON, Ohio (AP) -- House Majority Leader John Boehner rallied supporters in a key southwest Ohio county Saturday amid a series of scandals involving Republicans and polls indicating tight or uphill battles.

"I'm here to tell you that elections are not won or lost on what the polls say. Elections are won or lost based on who shows up to vote," Boehner told more than 100 people at Butler County Republican Party headquarters before volunteers fanned out with yard signs, rolls of stickers and campaign door hangers.

Boehner faces questioning in the House ethics committee investigation of the page scandal unfolding since Florida Republican Rep. Mark Foley resigned over suggestive instant messages sent to a former page in 2003.

Boehner told reporters he didn't know earlier of the messages that prompted Foley's departure and suspects their release was timed politically.

"I had no knowledge. I don't think the speaker or anybody else in the leadership had any knowledge of these sexually explicit messages," Boehner said. "The question is who did know? Why did they show up when they did?"

In Ohio, the page scandal has affected the race of Republican Deborah Pryce, he said. Democrat Mary Jo Kilroy ran a radio ad highlighting Pryce's friendship with Foley.

Also Saturday, Democratic Rep. John Murtha campaigned in Ohio for fellow Democrat Victoria Wulsin, who is challenging first-term Republican Rep. Jean Schmidt in the state's 2nd District. Schmidt criticized Murtha's call to pull troops out of Iraq on the floor of the House last year.

The 16-term Pennsylvania congressman said there needs to be "a return to civility" in Washington and said the Iraq war is a costly failure that's only going to get worse if U.S. troops remain.

"The Iraqis have to figure this out themselves," he said.

During a debate last November, Schmidt spoke of a phone call she received from a Marine colonel saying he "asked me to send Congressman Murtha a message -- that cowards cut and run, Marines never do."

The remark prompted boos from Democrats and brought the House to a standstill. Schmidt subsequently apologized to Murtha and said she hadn't realized he was a decorated Marine veteran of the Vietnam War.

Schmidt wouldn't comment on Murtha's visit, but said her constituents agree with her support of the president's Iraq policy, not Murtha's call for withdrawal. She received campaign help Saturday from Rob Portman, the White House budget chief and the district's representative for 12 years before Schmidt.

During his visit, Murtha also helped raise funds for Wulsin, a medical doctor and former public health officer. He said little about Schmidt, saying his main campaign mission is to get a Democratic majority in the House.

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On the Net:

http://www.jeanschmidt.com

http://www.wulsinforcongress.com

Confessions Of A 'Defeatocrat' (WP)

By John P. Murtha

The Washington Post, October 15, 2006

The Republicans are running scared. In the White House, on Capitol Hill and on the campaign trail, they're worried about losing control of Congress. And so the administration and the GOP have launched a desperate assault on Democrats and our position on the war in Iraq. Defeatists, they call us, and appeasers and -- oh so cleverly -- "Defeatocrats."

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Vice President Cheney has accused Democrats of "self-defeating pessimism." Defense Secretary Donald H. Rumsfeld has faulted us for believing that "vicious extremists can be appeased." The White House calls Democrats the party of "cut and run."

It's all baseless name-calling, and it's all wrong. Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course -- and soon. This is not defeatism. This is realism.

Our troops who are putting their lives on the line deserve a plan that matches our military prowess with diplomatic and political skill. They deserve a clear and achievable mission and they deserve to know precisely what it will take to accomplish it. They deserve answers, not spin.

Our military has done all it can do in Iraq, and the Iraqis want their occupation to end. I support bringing our troops home at the earliest practicable date, at a rate that will keep those remaining there safe on the ground. It's time that the White House and the GOP start working with Democrats in Congress to come up with a reasonable timetable for withdrawal and for handing the Iraqi government over to the Iraqis.

The administration's use of Rovian catchphrases is nothing but propaganda designed to stifle the loyal opposition. We Democrats are determined to restore our nation's military strength, refocus on the real terrorist threat, bolster security safeguards at home and reestablish the credible standing we once had in the world. That is not defeatist. It is a call to formulate and execute a winning game plan for the War on Terror.

Most Democrats voted against the 2002 resolution authorizing the use of military force in Iraq. Regrettably, I was not one of them. Since entering Congress in 1974, I have always supported the president on issues of war. But in this case, I made a mistake -- and unlike certain members of the administration, I'm willing to say so. If I had known in October 2002 what I know now, I would never have voted for the resolution.

Some of my Democratic colleagues questioned whether Iraq posed an immediate threat to our national security; some were not convinced that Iraq was accelerating the development of nuclear weapons and had an active chemical and biological weapons program; and almost all believed that Iraq was not involved in the Sept. 11, 2001, attacks. They turned out to be right on all three counts. Nevertheless, since our forces deployed to Iraq, Democratic support for the troops has never wavered.

In the past nine months alone, $962 billion has been appropriated for the Defense Department, $190 billion for the war effort. A vast majority of Democrats voted for the funding. Democrats also identified shortfalls in body armor, armored vehicles and electronic jammers to defeat roadside bombs. Democrats uncovered problems with the military readiness of our ground forces in the United States and fought for measures to restore it. That's hardly defeatist.

When U.S. forces first entered Baghdad, the Iraqi people cheered as the statue of Saddam Hussein was torn from its pedestal. Forty-two months and $400 billion later, we are caught in a civil war in which 61 percent of Iraqis think killing Americans is justified and the Iraqi people butcher one another at an alarming rate. We are considered occupiers. The longer we stay, the harder it becomes for the Iraqis to find their own destiny.

The administration's "stay-the-course" strategy is not a plan for victory. It's not even a plan. All we have is a new military blueprint to keep 140,000 troops in Iraq through 2010.

We are seeing an astonishing and unprecedented parade of retired U.S. generals calling for a new direction in Iraq. These are voices of bravery, experience, conscience and loyalty. These are men who have been taught to look coldly and objectively at the facts of bloodshed. Can they all be wrong? How about the 15 intelligence agencies that recently offered the opinion that this war has not made us safer? Are they all defeatists? Are they to be ignored?

Was Gen. Eric K. Shinseki, former Army chief of staff, a defeatist when he said that it would take several hundred thousand troops to prevail in Iraq? His recommendation was ignored. Or what about Gen. Jay M. Garner, our first administrator in Iraq, who recommended that the Iraqi army be kept intact and used to stabilize the country? His recommendations were ignored. The Iraqi army was disbanded and the former military took their munitions and went off to form the core of the insurgency. Was former secretary of state Colin L. Powell defeatist when he warned: "If you break it, you own it"? Was Republican Dwight D. Eisenhower a defeatist when he ran for president in 1952 to change the course of Democrat Harry S. Truman's administration in Korea?

Will the White House toss the same tired insults at Sen. John W. Warner (Va.), the Republican chairman of the Senate Armed Services Committee, who has voiced concern over the situation in Iraq? Or at former secretary of state James A. Baker III when the commission he is co-chairing delivers its report on reassessing our options in Iraq?

This administration's insistence on a "go-it-alone, stay-the-course" policy in the face of objections from a majority of Americans and Iraqis and most world public opinion, and in the face of a deteriorating situation, defies logic.

The United States is about to begin its fifth year of occupation and fighting in Iraq. That makes this war longer than U.S. participation in World Wars I and II, and longer than the Korean War and our own Civil War. With every year of occupation, our

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efforts to fight global terrorism and our military's readiness to fight future wars have further deteriorated, along with our standing in the world. Meanwhile, the radical Islamic cause wins more and more recruits.

Despite the presence of more than 140,000 U.S. troops in Iraq, 23,000 Americans injured or killed, tens of thousands of Iraqi deaths and the expenditure of nearly a half a trillion dollars, here are the dismal results:

Â· In September, 776 U.S troops were wounded in Iraq, the highest monthly toll in more than two years.

Â· Over the past year, the number of attacks against U.S. personnel has doubled, rising from 400 to more than 800 per week.

Â· Zalmay Khalilzad, the U.S. ambassador to Iraq, recently acknowledged that sectarian violence has replaced the insurgency as the single biggest threat to Iraq.

Â· In the past two months, 6,000 Iraqis died, more than in the first year of the war.

Â· Last week, electricity output averaged 2.4 hours per day in Baghdad and 10.4 hours nationwide -- 7 percent less than in the same period in 2005.

Â· A Sept. 27 World Public Opinion poll indicated that 91 percent of Iraqi Sunnis and 74 percent of Iraqi Shiites want the Iraqi government to ask U.S.-led forces to withdraw within a year. Ninety-seven percent of Sunnis and 82 percent of Shiites said that the U.S. military presence is "provoking more conflict than it is preventing." And Iraqi support for attacks against U.S.-led forces has increased sharply over the past few months, from 47 percent to 61 percent.

Now, Karl Rove may call me a defeatist, but can anyone living in the real world deny that these statistics are heading in the wrong direction? Yet despite this bleak record of performance, the president continues to stand by his team of failed architects, preferring to prop them up instead of demanding accountability.

Democrats are fighting a war on two fronts: One is combating the spin and intimidation that defines this administration. The other is fighting to change course, to do things better, to substitute smart, disciplined strategy for dogma and denial in Iraq.

That's not defeatism. That's our duty.

Rep. John P. Murtha (D-Pa.) is the ranking member on the House Appropriations defense subcommittee.

He served 37 years in the Marine Corps.

Rep. Murtha Blasts GOP For Name - Calling (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

WASHINGTON (AP) -- Rep. John Murtha, a decorated Marine veteran who favors withdrawing U.S. troops from Iraq, wrote an essay for Sunday's Washington Post blasting Republicans for referring to him and other Iraq war opponents as "Defeatocrats."

In his opinion piece, first published on the Post's Web site Saturday night, Murtha, D-Pa., said Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and others in the White House have called Iraq war opponents appeasers and pessimists and labeled Democrats the "cut and run" party.

"It's all baseless name-calling, and it's all wrong," Murtha wrote. "Unless, of course, being a Defeatocrat means taking a good hard look at the administration's Iraq policy and determining that it's a failure.

"In that case, count me in. Because Democrats recognize that we're headed for a far greater disaster in Iraq if we don't change course -- and soon. This is not defeatism. This is realism."

Murtha, a military hawk and close confidant of top military officials, surprised Washington last year when he called for pulling all troops out of Iraq within months.

At a GOP fundraiser in Milwaukee last month, Cheney accused Murtha of advocating a policy of retreat in the war against terrorism.

In the Post essay, Murtha wrote: "Democrats are fighting a war on two fronts: One is combating the spin and intimidation that defines this administration. The other is fighting to change course, to do things better, to substitute smart, disciplined strategy for dogma and denial in Iraq.

"That's not defeatism. That's our duty," Murtha wrote.

Murtha's Opposition To Iraq War Makes Him A Big Target (PPG)

By Bill Toland, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, October 15, 2006

Rarely in the annals of American politics has the much-used David-Goliath analogy been so apropos. U.S. Rep. John Murtha is literally and figuratively daunting -- literally because he's 6 feet, 3 inches tall and broad-shouldered with a booming

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voice; figuratively because he's a giant in Congress, a 32-year veteran of the House of Representatives. And his challenger, Republican Diana Irey, is the opposite -- soft-spoken, slight, barely clearing 5 feet, a neophyte on the national stage.

We know how the Bible story ended. But can Mrs. Irey slay this towering Johnstown warrior?

Since earning a surprising victory in her first run for political office, when she defeated an incumbent to secure a seat on the Washington County Board of Commissioners in 1995, Mrs. Irey has been a favorite among Pennsylvania's GOP notables such as former Allegheny County Chief Executive Jim Roddey, and Sens. Arlen Specter and Rick Santorum. A West Virginia native, she married into a family with some clout. Her late father-in-law, Frank Irey, was GOP chairman in Washington County. For years, there had been speculation that she'd be recruited to run for higher office, but, until now, she's balked, citing her young family and her comfort with her role in Washington, Pa.

What changed? Last autumn, she said, Mr. Murtha's call for American withdrawal from Iraq lit a fire. At the same time, she had been marginalized on the commissioners board, the only Republican there, serving with two Democrats. Add a dash of ambition and the timing was right.

"Jack Murtha's been in office for 32 years, and that's too long," said Mrs. Irey, 44, the mother of three teens. "I believe he's lost touch with the beliefs of the people in the 12th District. ... He no longer is voting the conservative values of the 12th District. He's voting more like he's the congressman from liberal San Francisco than conservative southwestern Pennsylvania."

National exposure

With more than $2.5 million raised and $1.8 million on hand, Mr. Murtha is financially better off than his foe. Mrs. Irey had raised $305,000 and had $159,000 in cash on hand as of June 30, the most recent Federal Election Commission reporting deadline. And, despite her hopes of using Mr. Murtha's well-publicized Iraq comments to nationalize the race and her fund-raising base -- "We have contributions from all 50 states," she said -- $36,000, or 23 percent, of her campaign funds have come from out of state. And a recently published poll showed her trailing 57 percent to 30.

Still, those numbers tell just part of the story. Mrs. Irey has outpaced several of Pennsylvania's congressional challengers and has raised more money than at least one incumbent. Her invitations to "Fox News Live" and "Hannity & Colmes," and her stint on "Hardball with Chris Matthews" are as good as free advertising and are luxuries that aren't afforded to all congressional challengers. She's also been supported by a vociferous Internet-based anti-Murtha campaign, organized by a group known as Vets for the Truth, which has rallied opposition to certain Democratic candidates who have served in the U.S. military. Presidential candidate Sen. John F. Kerry was the group's most notable victim.

Mrs. Irey hopes that outside support will be joined by a regional electorate that registers Democratic but often votes conservatively. Over the course of a half-hour interview, Mrs. Irey tossed up a dozen conservative boilerplate issues: gay marriage, the Pledge of Allegiance, immigration and border security, lower taxes, drilling in Alaska's Arctic National Wildlife Refuge, and, of course, her support and Mr. Murtha's disapproval of the Iraq war.

The war looms as the largest issue in many congressional races across the country, but especially so in this race. Mr. Murtha, 74, a retired Marine reservist and the top-ranking Democrat on the House committee that disburses defense appropriations, crashed into the national consciousness in November, when he called for a military withdrawal from Iraq, to be carried out at the earliest practical date. He became a darling of the anti-war left and, just as quickly, a target for the right, which has branded him a traitor.

Both candidates say they speak for veterans. Mr. Murtha has done so historically, noting that he visits military hospitals once a week, and he suggests that he, and not Mrs. Irey, is in better position to gauge the military's mood. His opposition to the war "is a policy thing. This has nothing to do with supporting the military," he said.

But Mrs. Irey predicts she'll win close to half of the veteran voting bloc Nov. 7. The disaffection with Mr. Murtha is greater than his campaign realizes, she said. "Every time we withdraw before a mission is completed," Mrs. Irey said, "we send a message of surrender."

Mrs. Irey has seized on not only Mr. Murtha's November comments, but also his response to the deaths of two dozen unarmed Haditha, Iraq, residents who were killed by U.S. Marines reportedly outraged over the death of a comrade. Mr. Murtha said the Marine group killed in "cold blood," and suggested that the group's superiors tried to cover up the deaths. "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood," he said.

The remarks "were completely inappropriate," said Mrs. Irey. "That was a rush to judgment. What he did was wrong."

His sudden outspokenness is surprising to those who have known him over his three decades in Congress. Until last year, Mr. Murtha was generally viewed as a behind-the-scenes deal-maker who was able to navigate the congressional power structure while rarely airing dirty laundry. His Haditha comments seemed out of character, and politically ill-advised. So, too, did his remarks at a Sept. 30 political rally, during which he said that he knew of military wives who were abused by their soldier husbands.

"This war is [tearing] the families apart," he said. "I see women who have been abused when their husbands come home."

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If the Haditha comments don't hurt him, Mrs. Irey hopes that Mr. Murtha's ancillary role in the Abscam congressional bribery scandal will. Like some of Mr. Murtha's previous opponents, she hopes to make hay by pointing out that Mr. Murtha was an "unindicted co-conspirator" in the 1980s scandal. The FBI sting netted several congressmen, including two from Pennsylvania, by offering bribes in exchange for favors and asylum for a fictitious Arab sheik.

When an agent offered $50,000, Mr. Murtha memorably responded: "I'm not interested, at this point." In resurrecting Abscam, Mrs. Irey has been aided by talk radio, as well as by The American Spectator magazine, which unearthed the hour-long video of the attempted sting and released it last month. In the video, Mr. Murtha invites the agents to invest in his district, possibly in the coal mining industry, or in area banks, hoping to bring jobs to his district.

He also seems aware that he is toeing the legal line, and says he doesn't plan to throw away his legislative career for a few bucks.

"I'm going to be there 20 years in that Congress, and I don't want to screw it up by some little thing along the way. If I wanted to make a lot of money, I'd have been outside," in the private sector, he says. Mr. Murtha, then as now, reminds voters that "I was the one who didn't take the money."

How serious a threat?

How seriously does Mr. Murtha take the Irey campaign?

It's tough to say. Publicly, he says his campaign's internal polls show a generous lead, and he says he doesn't count Mrs. Irey among his toughest challengers. "Mascara was a threat. Bailey was a threat. They were sitting congressmen," he said, speaking of former Reps. Frank Mascara, a Democrat who lost his district to Mr. Murtha in a primary forced by reapportionment, and Don Bailey, who lost the same way.

But he's also hired a private detective to look into Mrs. Irey's past. The firm, Gentile-Meinert and Associates, didn't discover anything of note, Mr. Murtha said, although it reported that Mrs. Irey has a poor attendance record. She's been appointed to a lot of boards, but doesn't always attend the meetings, he said.

He said the hiring an investigator was not an indication that he views Mrs. Irey as a contender. His campaign hires a detective to investigate all of his political opponents, Mr. Murtha said.

Mrs. Irey sees it another way.

"People across the nation care about this race," she said. "Of course, it has very little to do with me, and everything to do with my opponent." For example, donations to her campaign spike each time she appears on cable TV to criticize Mr. Murtha.

Still, the spikes don't add up to much, relative to Mr. Murtha's campaign funds. Trailing in money, she'll have to hope that her many TV appearances will help build name recognition in the eastern part of the district, then rely on her popularity in parts west, where she's been in office longer than Mr. Murtha has. Though he's been in Congress for 16 terms, and is now seeking his 17th, much of Mr. Murtha's district -- including the Washington County side -- is new to him, a result of redistricting after the 2000 Census.

He said his district has a Democratic voting registration majority of 150,000. But in recent elections, some of those registered Democrats have been voting Republican. In the 2004 presidential election, Westmoreland and Cambria counties tilted to President Bush. Mr. Murtha's 12th District contains pieces of both counties, all of Greene County, jagged bits of Armstrong, Fayette, Indiana, Somerset and Washington counties, and a sliver of Allegheny.

Recent history, as far as Mr. Murtha is concerned, is ancient history. "Our polling says they're not going to vote Republican this time," he said. "The Democrats are going to be in the majority. There's going to be a hurricane throughout the country."

But Mrs. Irey hopes the country's anti-Republican mood will be trumped by more generic anti-incumbent sentiments. "I'm afraid that our nation is headed in the wrong direction," she said. "This is going to be the Diana and Goliath story."

In Pennsylvania, Questions About War Erode A Traditional Republican Advantage (NYT)

By Kate Zernike

The New York Times, October 15, 2006

EDGMONT, Pa., Oct. 12 — When Joe Sestak announced he was running for Congress, national Democrats and media consultants told him not to talk about pulling troops out of Iraq, arguing it would only encourage the image of Democrats as weak on national security.

Nine months later, having ignored their advice, Mr. Sestak has put a 20-year Republican incumbent on the run for the first time, turning a bid by a political novice into a real race. Polls show that Mr. Sestak is running even or better with his opponent, Representative Curt Weldon, and that the war more than any other issue is propelling voters toward him.

Facing pressure from Mr. Sestak and a stream of bad news from Iraq, Mr. Weldon, who prides himself on his foreign policy credentials, has adopted an unconventional proposal to allow the generals on the ground, rather than President Bush as commander in chief, to decide the pace of a phased withdrawal.

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"That's what I've asked the president to articulate," Mr. Weldon said in an interview, "but so far he's been unwilling to do so."

Mr. Sestak's persistence on the issue, and Mr. Weldon's efforts to recalibrate his position, highlight some of the ways Iraq may be altering the politics of national security after decades in which the advantage has gone to the Republicans.

Democrats are increasingly confident that they can win on national security by arguing, as Mr. Sestak does, that going to war with Iraq ignored the more potent threats of North Korea and Iran, and that staying has left the nation unprepared to deal with crises elsewhere.

Mr. Sestak's résumé provides the Democrats an especially good opportunity to be seen as strong when it comes to protecting the country: a former three-star admiral, he worked as a national security adviser in the Clinton White House.

In an election where every seat matters — Democrats need 15 to win a majority in the House — Mr. Sestak's credentials could prove crucial. The Seventh Congressional District race here in the wealthy Philadelphia suburbs has emerged as the most competitive in one of the most competitive states for House races.

"We wouldn't be talking about this race if it weren't for the Iraq war," said G. Terry Madonna, the director of the Keystone Poll at Franklin & Marshall College in Lancaster. "It's been a long time since I've seen a foreign policy issue like the war dominate a suburban Congressional race. No one can honestly believe that Sestak would be a serious challenger to Weldon if it weren't for the war. His experience has given him added credibility."

Mr. Weldon is not shy about foreign policy: he has made several trips to North Korea and pushed for a missile defense system. Bucking ridicule and the conclusions of the Bush administration, he has argued that the jury is still out on whether there were unconventional weapons when the United States went into Iraq, and that the 9/11 commission ignored evidence that a secret Pentagon program had identified several hijackers before the attacks.

But Mr. Weldon faces other issues on the foreign policy front. Law enforcement officials said Saturday, for instance, that they were investigating his role in securing lobbying contracts for his daughter's international public relations firm.

In this race, however, Mr. Weldon has tried to run on his local bona fides — his roots in a blue-collar town here, the money he has brought home — dismissing Mr. Sestak, who grew up in the district but lived elsewhere for 31 years in the military. But the war has been hard to avoid.

At an event for Republican women at the Edgmont Country Club, he talked about his successes in land preservation and economic development, and named local hospital and social service agency executives as close friends. "I'm running on what we've done," he told the audience.

A woman raised her hand: "You need to instruct us: what about bringing home the troops, which seems to be the most important issue, and the blame and so forth on all our Republican candidates?" she asked. "What should campaign workers say about Republicans bringing home the troops?"

Mr. Weldon replied, "It's a good question, it's a tough issue," then outlined again his plan to let the generals decide when the Iraqi army is ready, and to dismiss an American brigade as each Iraqi one is ready.

"I don't want Dick Cheney or Don Rumsfeld doing it," he said. "We don't need some armchair politician back in Washington, because they want to run for office, to pick a date out of the air. The generals on the ground decide it's time to bring our troops home in a phased withdrawal, which they are doing, then that's the system we have in place."

"Look, all of us want out of that war," he added. Then he changed the subject to North Korea, saying he was the first congressman to go there, and had just spent the weekend on the phone with the United Nations to try to resolve the nuclear crisis.

The most recent Keystone Poll showed about a quarter of registered Republicans saying they would cross lines to vote for Mr. Sestak. He has attracted a broad coalition; in one evening, he went from a fund-raiser with Howard Dean to a meeting of suburban Republican women.

"People don't see a clear strategy, they don't see why we went in, they don't see how we're going to get out," said Anne St. Clair, a Republican who has voted for Mr. Weldon but is now leading Republicans for Sestak and had invited the women to meet him at her home in Thornton, Pa.

Ms. St. Clair said she and her husband grew disenchanted with their party when they lived abroad in the last several years and watched the nation's reputation deteriorate. "The current administration feels they know what's best for this country and for the rest of the world," she said. "I came home and felt like I didn't recognize my party."

A drab conference room in East Goshen Township exploded into applause as Mr. Sestak said that he was a few points ahead in a recent poll. For an hour, the audience asked questions on North Korea, Saudi Arabia, Pakistan, and how to provide a powerful defense but avoid war.

"I'm not antiwar," he told them. "I am for a strong defense that helps to shape a global environment that moves towards peace and prosperity by having all elements of our power out there — from diplomacy to our economy to the power of our ideals,

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and our military backing them up. That does not mean going on reckless misadventures like Iraq, to impose ourselves, or to go against where there really wasn't a clear and present danger."

His answers pleased Lowell Young, a retiree who voted for John Kerry in 2004 but said he did not like to think of himself as a Democrat.

"The Democrats are too wishy-washy," Mr. Young said, giving as an example the debate over legislation governing treatment of terrorism suspects, where the Democrats sat back while Republicans negotiated with the White House. "They're afraid to take a stand, they're afraid they're going to be seen as weak on national security. They need a backbone. Joe seems to have it."

Still, national Republicans have reserved about $8 million in television time in Pennsylvania for the last month of the campaign, the bulk of it in this district. And Mr. Madonna, the pollster, said the result would probably be influenced by international events in the next several weeks.

"Democrats have begun to turn their image around, but it just takes something like the London bombings to gin up fears," he said. "There's just enough in the Republican arsenal — to argue that what Clinton did on North Korea was wrong, for instance — to keep voters not entirely comfortable with Democrats on the national security issue."

Endorsement In Louisiana (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

BATON ROUGE, La., Oct. 14 (AP) — The Louisiana Democratic Party on Saturday turned down Representative William J. Jefferson, an eight-term congressman, and endorsed State Representative Karen R. Carter, one of a dozen challengers who emerged after Mr. Jefferson became a target of a federal bribery investigation.

The State Central Committee voted 69 to 53 at a special meeting to decide whom to endorse in Louisiana's open primaries on Nov. 7. This is the first time in recent memory that an incumbent has failed to win the state party's endorsement. All seven of the state's Congressional seats are open.

Mr. Jefferson denies the bribery accusations and has not been charged.

A Kentucky businessman, Vernon L. Jackson, pleaded guilty to charges that he made payments to a consulting firm run by Mr. Jefferson's wife in return for the congressman's help on business deals in Africa.

Hefley Risks GOP Hold On Colorado Seat (WT)

By Valerie Richardson, The Washington Times

The Washington Times, October 15, 2006

COLORADO SPRINGS -- Republican state Sen. Doug Lamborn's fiercest opponent in the 5th District race isn't his Democratic foe. It's the Republican he's trying to succeed -- 10-term Rep. Joel Hefley.

Mr. Lamborn is running neck and neck with Democrat Jay Fawcett, a veteran and small-business owner, in the ultraconservative district, according to a Denver Post poll released last week.

One of the reasons: Mr. Hefley.

Shortly after Mr. Lamborn won a six-candidate primary on Aug. 8, Mr. Hefley, who is retiring, said he would refuse to endorse the Republican candidate, pointing to what he described as his "sleazy, dishonest campaign."

That stinging rebuke, coming from the highly regarded Mr. Hefley, delivered a devastating blow to Mr. Lamborn's candidacy. Several other prominent Republicans soon joined Mr. Hefley in refusing to endorse Mr. Lamborn, pointing to ads and mailings they say unfairly demonized his Republican foes.

One flier, sent out by the local Christian Coalition, accused fellow Republican Jeff Crank of supporting "the radical homosexual agenda." Radio and television ads produced by the Club for Growth accused Mr. Crank, who was Mr. Lamborn's chief rival for the nomination, of supporting tax increases.

Mr. Lamborn has insisted he had no control over the content of the disputed materials because they were put out by independent political committees, not his campaign.

"Unfortunately, Mr. Hefley is not revealing that the ads he disagreed with were run by third-party groups that I had nothing to do with," Mr. Lamborn said Friday.

Meanwhile, Mr. Fawcett has taken full advantage of the internecine squabble, running newspaper ads last week listing state Republican leaders under the headline, "None of These Republicans Will Endorse Doug Lamborn for Congress."

Mr. Hefley responded Friday with a statement stressing that he would not support Mr. Fawcett, either, but repeating his earlier remarks about Mr. Lamborn.

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"I do not endorse liberal Democrats, and I regard Jay Fawcett as a liberal Democrat," he said. "I also do not endorse people who I feel run sleazy, dishonest campaigns, regardless of their political affiliation."

During a debate here yesterday, a smiling Mr. Fawcett held up the front page of the Colorado Springs Gazette with the headline, "Hefley Supports 'None of the Above' in 5th."

Mr. Lamborn, meanwhile, said nothing about the Hefley comments, instead describing himself repeatedly as a "Ronald Reagan Republican" and stressing the theme, "I am a conservative Republican, and he is a liberal Democrat."

Still, Mr. Hefley's remarks have stuck.

"That one comment, 'sleazy campaign,' is what has defined the Lamborn campaign," Colorado College political science professor Robert Loevy said. "The issue is Lamborn, not the Democrat. If Lamborn is defeated, it will be because of Joel Hefley."

National Democrats have taken notice. Last week, the Democratic Congressional Campaign Committee raised the race's profile to an "emerging race." At the same time, other Republicans are speaking out in Mr. Lamborn's defense.

"I've known Doug Lamborn for years in the legislature, and I have not found anyone with higher integrity than Doug," said Republican state Sen. Dave Schultheis of Colorado Springs.

Working in Mr. Lamborn's favor is the district's overwhelmingly Republican makeup. The Republicans hold a 2-1 registration edge, and no Democrat has been elected to the seat since its creation in 1972.

But the district is also heavily populated by active and retired military, and Mr. Fawcett has the advantage of being a retired Air Force officer.

Dems Have Clear Shot At DeLay's Seat (AP-Y)

By Joe Stinebaker, Associated Press Writer

AP, October 14, 2006

Voting Republican in this conservative district was never difficult when Tom DeLay's name was on the ballot. With DeLay out of the race and the GOP unable by law to substitute a name on the ballot, voters must write in the Republican candidate, Houston City Councilwoman Shelley Sekula-Gibbs. That could prove to be such a chore that Democrats might walk away with a seat that has long been in the GOP's hands.

Cynthia Hart, a straight-ticket Republican and mother of three in suburban Houston, said she was unaware she would have to write in the Republican candidate.

"I guess I have to be more careful," Hart said. "But I'm not so sure I would take the time to go through all that."

That's welcome news to Democrats who see a real chance for capturing the former House majority leader's seat, a gain that could help them wrest control of the House from the GOP. Democrats need to gain 15 seats to seize the majority.

Beyond the math, winning in DeLay's district would be sweet revenge for an opposition party that has suffered the powerful Republican's wrath for nearly a decade. Democrats have a legitimate candidate in Nick Lampson, a former congressman who has outraised, outspent and campaigned longer than the Republicans.

Less than a month to the election, Lampson isn't gloating.

"Certainly, there's the satisfaction of being able to win, and to prove your point, but it was always about the issues," Lampson said. "I obviously felt he (DeLay) was vulnerable or I wouldn't have gotten into it. Some thought that I was nuts, but I guess when you believe strongly enough that something needs to change, you're willing to do extraordinary things to do it."

DeLay resigned from Congress in June amid a series of investigations of his fundraising activities. The courts refused to allow Republicans to replace him on the ballot, leading him to withdraw from the race and forcing Republicans to turn to Sekula-Gibbs as a write-in candidate.

National Republicans were supposed to invest $3 million to $4 million to help Sekula-Gibbs, according to state Republican chairwoman Tina Benkiser. So far, however, she's received just $134,000 from the National Republican Congressional Committee.

Lampson had $2.2 million to spend as of June 30.

Sekula-Gibbs, 53, insists the national attention surrounding the race and intense media coverage locally have helped her overcome any disadvantages. The dermatologist entered politics after her husband, local television anchorman Sylvan Rodriguez, died of cancer.

"It was essential to me that we maintain a conservative voice in Washington," she said in explaining her decision. "The people of this district are very conservative. They want a conservative voice. And the individual who the Democrats have offered is far from conservative."

Although Lampson gets low marks from conservative groups, he secured the endorsement of the National Rifle Association, a prize among Texas candidates.

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Sekula-Gibbs strongly supports the war in Iraq, opposes abortion and favors building a fence and stationing the National Guard at the Mexican border to stop illegal immigration.

Lampson, 61, describes the war in Iraq as "a mess," but he says he opposes withdrawing until the Iraqi army is capable of controlling the country. He favors sending more border agents south but not the military. He also advocates more rigorous prosecution of businesses that knowingly hire illegal immigrants.

Lampson plays down party affiliation in the Republican-leaning district, which President Bush won with 64 percent of the vote in 2004.

"I believe that people want something different from the partisanship that they have been experiencing," he said, noting that he received 60 percent of the vote in his old district, which was 53 percent Republican.

Much of Sekula-Gibbs' time and money has gone toward telling voters who she is and how to vote for her. Vice President Dick Cheney headlined a fundraiser for her earlier this month. The campaign also had been working to bring in House Speaker Dennis Hastert, but it quickly abandoned those plans in the wake of the congressional page scandal.

Advertising may help voters gain familiarity with Sekula-Gibbs' write-in campaign, but some experts predict it won't help enough.

The district uses electronic voting and voters will have to highlight and enter the "write-in" entry. They then turn a small wheel on the voting machine and spell out Sekula-Gibbs' name. Misspellings or other errors will be accepted as votes as long as the voter's intent is clear to members of "resolution committees" made up of Republicans and Democrats in each county.

Helen Square, an independent voter from Houston, said she would write in Sekula-Gibbs because she was familiar with her work on Houston City Council.

"I like to vote for the person," Square said, "and not for the party."

Alvin and Ruth Ziehr, a Pearland couple, said they try to keep up with local politics but acknowledged it's been difficult to stay atop changes in this race. The two knew that "Shelley someone" was mounting a GOP write-in effort and that no Republican would appear on the ballot.

"But that's all right with me," laughed Alvin Ziehr. "I've never voted Republican in my life."

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On the Net:

Shelley Sekula-Gibbs: http://sekulagibbsforcongress.com/

Nick Lampson: http://lampson.com/

Salazar True To His District (DENP)

Denver Post, October 14, 2006

John Salazar served in the U.S. Army during the Vietnam era, and is the only veteran in Colorado's congressional delegation. He's a farmer who isn't away from the land long enough to forget its many challenges. When he was elected to Congress two years ago, we wondered whether Salazar would bring this experience to bear.

In his first term representing the sprawling 3rd Congressional District, Salazar gained a seat on the House Veterans Affairs Committee and used the position to push for expanded veterans health care, fairer treatment of military widows and for cracking down on fraudulent claims for military medals.

Salazar also has been active on two other panels well-suited to serve a district that counts farming, ranching and tourism as key industries: Transportation and Infrastructure, and Agriculture. In those roles, he has fought for overdue highway improvements and sought to promote cleaner fossil fuel technologies, along with such renewable energy sources as ethanol.

Salazar's freshman performance and keen interest in 3rd District issues has earned him re-election.

By Democratic standards, Salazar is cut from conservative cloth, as evidenced by his vote to repeat the estate tax and the fact that he has the support of the National Rifle Association. That may account for the fact that the GOP has invested little in the 3rd though registered Republicans outnumber Democrats by about 20,000 voters.

Republican candidate Scott Tipton, owner of the Mesa Verde Trading Co., is an engaging rival and longtime GOP activist. Tipton's been crisscrossing the district in a high-mileage pickup, and we like his spunk and his willingness to provide an alternative.

Tipton sounds the standard-issue Republican calls to rein in a federal bureaucracy and free-spending Congress, but he has no answer to the fact that Congress has been entirely controlled by his own party for the past six years as the fiscal climate has turned ugly.

Third district voters are more likely to achieve real change by returning the free-thinking incumbent, Salazar, than by sending Tipton to Congress to reinforce the status quo.

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Of 53 Races, Only 3 Offer Ray Of Hope To Non-Incumbent Party's Candidates (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, October 15, 2006

SAN DIEGO — The congressional election isn't until Nov. 7, but the real decisions may have been made in 2001, the last time district lines were redrawn in California.

Of 53 districts in the state, only three have drawn much interest, two of those because of the ethical problems of the Republican incumbents.

And to call all three competitive could be a stretch.

"In California, we have 20 safe Republican seats and 33 safe Democratic seats" and not much in between, said Gary Jacobson, congressional scholar at UC San Diego.

Still, Democrats are hoping for electoral lighting to strike in the districts that are represented by longtime GOP incumbents John T. Doolittle and Richard W. Pombo and by recycled incumbent Brian Bilbray.

Doolittle (R-Roseville) was associated with disgraced lobbyist Jack Abramoff. Pombo (R-Tracy) is the bete noire of the environmental movement and took money from Abramoff. Bilbray (R-Carlsbad) took over, after a June special election, the seat once held by Randall "Duke" Cunningham, who is now imprisoned for bribery. He previously served three terms in Congress from another district.

But if lightning is to strike, it will have to defy some daunting numbers from the past.

In four decades, Jacobson said, no Democrat has beaten a Republican in a congressional district in which Republicans held a registration edge of four percentage points or greater.

In Doolittle's district, the pro-GOP margin is 18 percentage points, in Pombo's 6 and in Bilbray's 14.

With those numbers, and their belief that neither the Iraq war nor the Mark Foley page scandal will make Republicans dump their party's candidates, Republican strategists are talking with confidence.

"California is the quietest state in the nation when it comes to congressional races," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

Democrats, however, think that Pombo is vulnerable because of his position against the Endangered Species Act, among other things.

Busloads of environmental activists from the Bay Area are providing energy to dump the seven-time incumbent in favor of wind-turbine manufacturer Jerry McNerney, the Democrat.

"We see fertile opportunity in the ethical problems of Pombo and Doolittle, the national climate, and the proclivity of the House Republican leadership to look the other way" in the Foley-page scandal, said Kate Bedingfield, a spokeswoman for the Democratic Congressional Campaign Committee.

In the district in northern San Diego County once represented by Cunningham, the Democratic Party has listed Francine Busby's as an "emerging race" as she tries to oust Bilbray, who defeated her in a June special election.

Busby, a school board member and women's-studies lecturer, has called on House Speaker Dennis Hastert (R-Illinois) to resign because of a failure to investigate early signs of impropriety involving ex-Rep. Foley and the pages. She has challenged Bilbray to do the same, but he has refused.

Issues aside, politics is a game of numbers — registration and money — and in both regards incumbents enjoy the advantage.

"Gerrymandering has all but abolished competitiveness in November," said Allan Hoffenblum, a Republican consultant and editor of the nonpartisan Target Book.

So lopsided is the registration that, for example, Democratic incumbents Xavier Becerra, Diane Watson and Maxine Waters of Los Angeles, Lucille Roybal-Allard of East Los Angeles, Juanita Millender-McDonald of Carson and Hilda Solis of El Monte face opposition that is either nonexistent or considered token.

California voters like incumbents, even when they break promises not to become career politicians. Grace F. Napolitano (D-Norwalk) and Ken Calvert (R-Corona) were reelected in 2004 despite breaking term-limit pledges and are running again this year.

Roll Call, the Washingtoninsider newspaper, archly notes that the only chance Republican Peter Hankwitz, a television producer, has of beating Brad Sherman (D-Sherman Oaks) and serving in Congress is if "he stars in a sitcom that takes place on Capitol Hill."

In only one district has the incumbent opted for retirement. Bill Thomas (R-Bakersfield) is retiring; Assembly Minority leader Kevin McCarthy, a former Thomas aide, is favored to replace him. An intra-party fight was avoided in the primary when state Sen. Roy Ashburn of Bakersfield decided not to run.

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In many districts, the only real fight was in the primary.

In the 50th District, Bilbray barely nosed out a millionaire investor, Eric Roach, to win the GOP nomination in the April primary to succeed Cunningham.

Roach considered continuing his candidacy but decided against it after a meeting with party leaders. Bilbray beat Busby in the June runoff to win the remaining months of Cunningham's term.

In the 51st District, which covers part of the San Diego border with Mexico and most of the Imperial Valley, Rep. Bob Filner, a Democrat, won a bitter contest with Assemblyman Juan Vargas of San Diego. Filner is now a prohibitive favorite to beat teacher Mike Blake, a Republican, for his eighth term.

"You have to go with form," Jacobson said. "The world can change, of course, but not very often."

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The Contrarian State (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, October 15, 2006

Reliably Democratic California looks more GOP-friendly this year than much of the U.S. In a climate that favors the moderate, Schwarzenegger sets the tone.

By political tradition, California forges its own way. It has affirmed its place in the forefront of reliably Democratic states even as the nation has kept Republicans firmly in control of Congress and the White House.

So now that the national mood has shifted amid the troubles in Iraq, giving Democrats a shot at seizing Congress, it is oddly fitting that 2006 is shaping up as a strong year for Republicans in California.

The Republican governor, Arnold Schwarzenegger, is heavily favored for reelection Nov. 7 over his Democratic challenger, state Treasurer Phil Angelides. Several other Republicans seeking statewide office are mounting surprisingly competitive races against Democratic rivals, though the outcomes are far from sure. And billions of dollars in bonds and taxes on the ballot face tough prospects, thanks largely to Republican voters' aversion to government growth.

With its nearly 16 million voters spread across more than 163,000 square miles, California is so vast that it creates an election climate of its own. This year, its dominating force is Schwarzenegger, whose comeback from his political collapse last year is driving a potential Republican resurgence in California — or at least what would pass for one in a state so effectively Democratic.

Further isolating California from the national swing toward Democrats is the absence of serious competition in the state's 53 congressional races, but for two U.S. House districts where the reelection of Republicans is somewhat uncertain.

By drawing the state's congressional map to protect incumbents of both major parties, the Legislature has made California immune from "the great churning dissatisfaction with the Republicans on a national level," said Tony Quinn, co-editor of California Target Book, a nonpartisan election guide. "We might as well be out in the Pacific Ocean someplace."

Also marginalizing California's role in the nation's midterm vote is the all-but-guaranteed reelection of Democratic U.S. Sen. Dianne Feinstein. Her Republican opponent, former state Sen. Richard Mountjoy of Monrovia, has raised too little money — and is too conservative — to pose a credible threat.

As for Schwarzenegger, he has refashioned his political image in a way that separates him more than ever from the social conservatives who lead the national Republican Party. A supporter of gay rights, gun control and legal abortion, he has doggedly chased after support from Democrats and independents this year, as must any California Republican running statewide. (Republicans make up 34% of California voters, Democrats 43%. Another 23% have shunned the major parties but still tend to favor Democrats.)

For the most part, Schwarzenegger has done so by striking deals with Democrats who control the Legislature, signing bills he had long resisted. One of them cuts prescription drug costs. Another caps greenhouse gas emissions to put California in the vanguard of the fight to stop global warming.

Schwarzenegger has also neutralized some of the fervent opposition he faced last year from organized labor by signing a bill to raise the minimum wage and by restoring school money that he had diverted to balance the state budget. In a nod to labor's success in defeating his initiatives last November, Schwarzenegger has also dropped his bellicose rhetoric against "union bosses."

"I wouldn't say that California's going Republican so much as the Republican gubernatorial candidate has put on Democratic colors for the sake of the election," said Jeff Lustig, a political science professor at Cal State Sacramento.

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In his reelection ads, Schwarzenegger stresses such typically Democratic issues as schools, healthcare and the environment, along with the touchstone Republican topics of crime and taxes. At the same time, he has joined Democrats in pushing for $37 billion in bonds for vast public construction projects.

The overall mix has enabled Schwarzenegger to cast himself as a centrist in his battle against Angelides, who positioned himself as a liberal in the Democratic primary with a showcase proposal to raise taxes on corporations and the wealthy.

For Angelides, a former developer and state Democratic chairman, the campaign has been disjointed. In the spring primary, he emphasized character, portraying himself as the rare Democrat who had the guts to stand up to Schwarzenegger budget cuts at the peak of the governor's popularity.

Over the summer, he shifted to populist economics: He vowed to fight for middle-class Californians struggling with rising costs of gasoline, healthcare and higher education. To blunt Schwarzenegger's attacks on his history of supporting tax hikes, Angelides also pledged to cut taxes for Californians who make less than $100,000 a year.

Most recently, Angelides has turned to Iraq, saying he would demand the return of California's National Guard troops from the war. The move was part of his effort to depict Schwarzenegger, who has supported the war, as a partisan crony of President Bush, a highly unpopular Republican in California.

The jumble of Angelides approaches reflects his trouble in drawing sharp distinctions with a governor who spent the year racking up bipartisan deals with the Legislature. California may be a Democratic state, but recent history suggests its voters strongly favor moderates regardless of party label.

"Anybody who can dominate the center in this state is going to win," said Gary Jacobson, a UC San Diego political science professor.

Beyond ideology, Schwarzenegger's wide lead in voter surveys also illustrates the potency of a household name, which Angelides lacks. The three Democrats with the strongest statewide poll ratings are also three of the best known: Feinstein, Oakland Mayor and former Gov. Jerry Brown, running for attorney general, and Atty. Gen. Bill Lockyer, a candidate for treasurer.

For other races, some Democrats fear Angelides will fail to entice a strong turnout of his own party's voters, helping Republicans. Among the Republicans running close to their rivals were Thousand Oaks state Sen. Tom McClintock for lieutenant governor, Secretary of State Bruce McPherson, who is seeking reelection, Silicon Valley tycoon Steve Poizner for insurance commissioner and former Moorpark Assemblyman Tony Strickland for controller.

Normally, Democrats would hold the edge in all those races, but each Republican has unique advantages. McClintock, facing Insurance Commissioner John Garamendi, is well known from his previous runs for governor and controller. McPherson, named to his job by Schwarzenegger to replace a Democrat who resigned, has the perks of incumbency for his race against state Sen. Debra Bowen of Marina del Rey. And Poizner is dipping into his personal fortune for his contest against Lt. Gov. Cruz Bustamante, whose fundraising practices turned off many voters in his run for governor in the 2003 recall.

Also on the ballot are 13 propositions. Their common theme is money: They call for $46 billion in spending on highways, schools, levees and much more. The state would raise taxes, mainly on oil and tobacco, by more than $3 billion a year. The full package of ballot measures would add $84 billion in debt, including interest, to state budgets over the next 30 years.

Together, the proposals will test whether California's voters stick to the fiscal restraint they established when the state was more amenable to Republicans or embrace an expansive government agenda that buttresses its more recent standing as a Democratic stronghold.

"We could have a complete repudiation of taxes or the most massive public works spending projects we've ever seen in California," said Thad Kousser, an assistant professor of political science at UC San Diego.

"So the stakes are really quite high."

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How California Helps Protect GOP Power (LAT)

By Tony Quinn, Tony Quinn Is A Former Consultant To Legislative Republicans On Redistricting And Was An Expert Witn

The Los Angeles Times, October 15, 2006

Gerrymandered districts almost ensure no state Republicans will lose their seats even in the worst of times.

WITH THE Mark Foley sex scandal dropping on congressional Republicans like a brick on a teacup, bipartisan decisions made five years ago to gerrymander congressional district lines in California and other states may be all that's left to save the GOP from losing control of Congress.

When the California Legislature redrew the state's political lines in 2001, the priority of both Democrats and Republicans was to put a lock on their respective districts.

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Four GOP incumbent congressmen had lost in the 2000 election, and the party, fearful of losing even more in increasingly blue California, was desperate to hold on to its 20 seats in the House. Republicans offered Democrats a deal: Give us 20 safe seats in the redistricting plan, and you can do anything you want with the remaining 33.

Districts must be equally populated. But in a bipartisan gerrymander, other factors — protecting racial minorities, ensuring compact districts — can be easily ignored, as they were in the 2001 redistricting. Job security was uppermost in the minds of the Democratic and Republican mapmakers.

Rep. Howard L. Berman, for example, wanted to dilute the number of Latinos in his San Fernando Valley district to avoid a Latino primary challenger, and he got what he wanted. The whole deal was cemented in a meeting between Democrats and White House political guru Karl Rove.

Among the big losers was Rep. Nancy Pelosi of San Francisco, the House minority leader.

The gerrymandered lines in California amount to a Republican firewall against losses even in the worst of times, and for the GOP, these are the worst of times. The national political environment could hardly be more favorable for Democrats. Pelosi's party needs to win only 15 GOP-held districts and she would become the first Californian and first woman to be speaker of the House.

But the gerrymandering of congressional districts in California and other states is so extreme that Democrats are having trouble finding enough targets to win control of the chamber. Some analysts think that Democratic chances of winning the Senate are better because candidates run statewide.

The bible for House races is the Rothenberg Political Report, published by Stuart Rothenberg, which tracks the 435 House districts. The report lists only 41 "highly competitive" districts this fall throughout the country, 37 of which are held by Republicans. None of them are in California.

In general, the number of competitive House seats in the sixth year of an incumbent administration is much higher. President Bush is far less popular than in 2004, so one would expect him to be a drag on Republican incumbents. In 1994, the unpopular Clinton administration was the main reason that Democrats lost 52 House seats, including three in California.

But the 20-seat deal crafted by state Republicans in 2001 was part of a broader gerrymandering effort to ensure that their party would be the majority in the House even in a terrible political year. The icing on the cake was the 2003 Texas redistricting engineered by former House Majority Leader Tom DeLay. He turned a previous Democratic gerrymander into one that produced six additional GOP congressmen from Texas in 2004. That followed earlier GOP-directed gerrymandering in such states as Michigan and Pennsylvania.

Republicans, thinking strategically, combined these and other safe seats with the 20 in California to produce their majority. Congressional Democrats, by contrast, seemed more interested in protecting individual incumbents, which undercut their chances of winning nationally.

One of only two mildly competitive congressional districts in California is the 11th in the Stockton area, held by Rep. Richard W. Pombo, the controversial Republican chairman of the House Resources Committee, whom Democrats and environmentalists accuse of trying to dismantle the Endangered Species Act.

Before the 2001 redistricting, Pombo's district included heavily Democratic downtown Stockton. These voters were given to a neighboring Democrat, and Pombo's new district meandered all over the map in pursuit of Republican-voting suburbanites.

In 2003, Stockton residents sued, claiming that Pombo's district violated a California constitutional provision requiring that districts should respect city and county boundaries and be geographically compact. California's congressional Democrats and both parties in the Legislature spent a nice hunk of taxpayer dollars defending their handiwork, and Pombo's district survived.

In 2005, Democrats successfully fought to defeat Proposition 77, which would have provided for an immediate redrawing of legislative and congressional districts, despite the fact that their efforts were propping up a number of otherwise vulnerable GOP incumbents, among them Pombo.

Pelosi and other Democrats think they can defeat Pombo in November, and perhaps they will if a huge Democratic wave builds. But they certainly have made his reelection easier by giving him a highly gerrymandered district.

Without the gerrymandered districts, Democrats would certainly make some gains in the state.

So, if Pelosi comes up short of the 15 seats needed to make her the next House speaker, she'll know where to place the blame. She can just look in the mirror.

It's Back To Politics As Usual, More Or Less (LAT)

By Robert Salladay, Times Staff Writer

The Los Angeles Times, October 15, 2006

Compared to the recall and last year's special election, this choice is more traditional, except for Schwarzenegger's enduring celebrity.

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SACRAMENTO — If the historic recall election three years ago upended California politics, the race between Democrat Phil Angelides and Republican Arnold Schwarzenegger in 2006 has returned the political system to its regularly scheduled programming.

Between state Treasurer Angelides and the incumbent Gov. Schwarzenegger, there is little talk about sweeping away special interests or transforming the political system as we know it.

Instead, potential voters have been given a choice between established politicians from the two major parties, each with traditional corporate or union backers, each with slightly different but relatively mainstream views on public policy.

Still, an unusual and important factor hangs over the campaign, and brings a benefit to the incumbent: Schwarzenegger's status as a worldwide celebrity.

"That celebrity has consistently brought out more media coverage, more cameras, than anything I have seen at an Angelides event," said Sherry Bebitch Jeffe, a USC professor and expert on California politics. "It must be terribly frustrating for Angelides."

Few jobs in the United States are as powerful as California governor. Only the president and the Chicago mayor make more political appointments. The Legislature sends more than 1,000 bills to the governor every year. The vast state bureaucracy regulates nearly every aspect of California life. It provides healthcare and educates millions.

When voters choose the next person for that powerful job, their choice will look much like offerings from the past: a liberal Democrat against a centrist Republican. When Angelides and Schwarzenegger differ, there are few surprises.

That's the case on many issues — for example, on immigration, one of the most important to voters, according to recent polls.

Angelides and Schwarzenegger agree that illegal immigrants should be "put on a path to citizenship," but only after paying a fine and back taxes, learning English and getting in line behind people who are attempting to become citizens legally. Both have called for a more civil debate on the explosive issue.

The two men's biggest difference concerns the California National Guard. Angelides says he would not use federalized state troops to police the U.S.-Mexico border. Schwarzenegger sent more than 1,000 troops to the border on a limited deployment at the request of President Bush to back up federal border agents, but rejected a later Bush administration call for more.

Even the supposedly sharp contrast between Angelides and Schwarzenegger on the subject of raising taxes is fuzzier than both sides admit.

Yes, Angelides wants to raise taxes — on California's wealthiest couples, while offering tax cuts to the middle class. Schwarzenegger would have voters believe that Angelides is salivating over $18 billion in planned tax increases in the event that he gets into office, a figure that is clearly wrong.

Yes, Schwarzenegger is holding firm against tax increases, a politically popular position. But he's hardly a fiscal conservative. He has presided over a 26% increase in state government spending, and approved higher fees and tuition at California's public colleges — which some call a tax by another name.

He also proposed $68 billion in borrowing to shore up the state's faltering infrastructure system. The Legislature sliced that approximately in half, putting $37 billion in bonds on next month's ballot for voters to approve.

Angelides, with the help of his union supporters and a traditional Democratic message, survived the June primary by defeating state Controller Steve Westly.

But the bitter race left his campaign nearly broke, and battered by the impression that he had polluted Lake Tahoe or was beholden to developers.

Schwarzenegger, who had no Republican primary opponent, immediately fired up his campaign. The day after the primary, he launched ads against Angelides alleging that the treasurer would take California backward. And he hammered the tax issue so much that the treasurer had a hard time recovering. Since early summer, Angelides has lagged well behind Schwarzenegger in the polls.

"I can tell by the joy I see in your eyes that you love to raise taxes," the governor said to Angelides during their recent debate in Sacramento, the only one scheduled between the two. "Why don't you just say right now, 'I love increasing your taxes.' "

Incumbent governors come with considerable political advantages, not the least of which is the veto pen. Schwarzenegger has used his office, and the power of the veto threat, to negotiate big legislative deals with the Democrats who control the Legislature. One example was a bill to curb California's contribution to global warming, putting the state at the forefront of a global issue.

The bipartisan efforts have gone a long way for Schwarzenegger, according to the polls, to assure voters that he has abandoned the confrontational tone of his disastrous 2005 special election.

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Many of Angelides' strongest supporters have appeared on stages with the governor — political symbolism he dearly needed after the bruising special election.

But Schwarzenegger's political transformation also has provided a contrast for Angelides to exploit. He has been hammering the governor for supporting Bush during a critical time in the president's 2004 reelection campaign, suggesting that the Republican governor is far more conservative than he lets on.

"The fact is, when you speak like this you sound just like Newt Gingrich," Angelides told Schwarzenegger at the debate.

"You sound like Speaker Hastert. You sound like George Bush attacking me on taxes."

Angelides says voters will turn on the governor over the issue of trust, a word he used multiple times when the two candidates debated in Sacramento.

On the campaign trail, he notes repeatedly that the governor has had multiple political personas since being elected in 2003.

The challenger's central question has been: Which governor can we expect? The reformer of 2004, the conservative of 2005 or the centrist of 2006?

Whichever candidate you believe, the race has put California a long way from the turbulent recall days, and handed voters something familiar: politics as usual.

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Begin text of infobox

Arnold Schwarzenegger

Party: Republican

Occupation: Governor of California

Age: 59; born in Graz, Austria.

Residence: Los Angeles (Brentwood)

Personal: Married; four children.

Education: Bachelor's degree in business and international economics, University of Wisconsin-Superior, 1979.

Career highlights: As a bodybuilder, won 13 championship titles; was the subject of "Pumping Iron," a 1977 documentary about bodybuilding, and went on to star in many films; in 1990, was named chairman of the Presidential Council on Physical Fitness and Sports under President George H. W. Bush; sponsored Proposition 49, a ballot measure approved in 2002 to increase funding for after-school programs.

Platform: Job creation through economic development and promotion of the California economy; no tax increases; curbs on greenhouse gases through regulation on business; $37 billion in bonds to rebuild state infrastructure.

*

Party: Democratic

Occupation: State treasurer

Age: 53; born in Sacramento.

Residence: Sacramento

Personal: Married; three children.

Education: Bachelor's degree in government, Harvard University, 1974.

Career highlights: Employed in state government 1975 to 1983; private developer 1984 to 1998; chairman of the California Democratic Party 1991 to 1993; state treasurer 1999 to present.

Platform: Cut taxes for middle class and increase taxes on couples making more than $500,000 a year; lower tuition and fees at Cal State and University of California schools; regulate salaries of health maintenance organization executives; require large companies to provide health coverage for employees.

*

On the issues

This is where the governor and his challenger stand on some issues important to Californians:

Source: Times reporting

Los Angeles Times

*

Run for money

The contributions count this year has Gov. Arnold Schwarzenegger ahead of Democratic challenger Phil Angelides by nearly two to one:

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Schwarzenegger -- $32,741,662
Angelides -- $17,066,230
*
Source: California Secretary of State

Schwarzenegger For Governor (LAT)

The Los Angeles Times, October 15, 2006

The governor has learned how to work with the Legislature and chart a moderate course for California.

AFTER HIS HISTORIC ELECTION in the 2003 recall, followed by some early promise and a disappointing sophomore year, Arnold Schwarzenegger has been a solid, pragmatic governor who has steered a moderate course for California. He deserves a sequel.

In the last year, the Republican has formed relationships with legislative leaders that focused the usually fractious and often obstructive Democrats on a productive agenda. Together, they have given Californians a historic law to combat global warming, a prescription drug plan and a reasonable increase in the minimum wage. If he is reelected, the governor says, "we're going to continue in a bipartisan way."

That's encouraging — and there's reason to believe it's not simply a sound bite. The governor says he now realizes he made a mistake last year in trying to strong-arm the Legislature and browbeat the voters with his ill-advised and ill-fated special election. And a look at his track record suggests that Schwarzenegger is more comfortable the closer he is to California's center of political gravity.

In fact, he may embody it. On the environment, on stem cell research and on reproductive choice, he has distinguished himself from the Bush administration and other conservatives on the national scene. He respects the still-thriving spirit of the state's taxpayer revolt yet also understands California's heritage of building for the future.

His priorities for the next term, Schwarzenegger says, include reforming the state's dysfunctional prisons and another try at fixing California's jury-rigged redistricting system. His previous attempts to address both problems failed miserably. Paradoxically, however, he may be in a better position to address these issues — and others, such as the state's structural budget deficit — because he is a Republican. A little partisanship can be healthy in Sacramento, if it serves as a check on the excesses of the legislative or executive branch. And Schwarzenegger and the Democrats in the Legislature now better understand how they give each other political cover.

No such dynamic would exist if Schwarzenegger's opponent, Democratic state Treasurer Phil Angelides, were elected. Some of his criticisms of the governor are valid; Angelides is correct to note that Schwarzenegger is too hazy about how he plans to close the state's perpetual budget shortfall. To the extent that the challenger is more candid, however, his prescription of raising some personal income and corporate taxes is the wrong one.

Schwarzenegger correctly senses that a leader with good instincts and confidence is more effective — and more inspiring — than one with a good plan and a lot of details. Angelides may be more specific about many of California's problems. But Schwarzenegger is more likely to solve them. The Times endorses Arnold Schwarzenegger for governor.

Twins, Not Really. But Not Far Off. (NYT)

By Jennifer Steinhauer

The New York Times, October 15, 2006

LOS ANGELES

I FEEL utterly confident that Michael R. Bloomberg would never be caught dead in the alligator-skin loafers attached to the feet of Arnold Schwarzenegger, which the governor of California had just plopped atop a table in the presidential suite of a four-star hotel in Newport Beach.

Even so, over the next 20 minutes of that recent interview, I could not help feeling that I was covering the mayor of New York all over again, albeit a taller, tanner, somewhat less comprehensible rendering.

I was the City Hall bureau chief for this newspaper for most of Mr. Bloomberg's first term, and now, here in Los Angeles, I find myself with a sense of déjà vu covering Mr. Schwarzenegger, the other popular, blue-state Republican.

Sometimes, I feel amused. Other times, slightly cursed. (Do I really have to listen to another speech by the man who proclaims to embody the American dream?) But I often find myself amazed that the middle-aged Jewish guy with the Boston twang I covered two years ago is so similar to the Austrian-born muscle man 3,000 miles west.

Both men are moderate centrists, estranged from their party's mainstream, who first ran for office on what seemed like a lark. After making a slew of goofy comments and odd policy pronouncements, they both found themselves, shockingly, in their first political jobs.

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Both watched their popularity sink mid-term to embarrassing levels. Mr. Bloomberg came back to beat handily — and greatly outspend — a Democratic machine politician whose attempts to claw away at the mayor and paint him as the president's buddy flopped.

Mr. Schwarzenegger's re-election bid does not end until next month, but his campaign has uncannily mirrored Mr. Bloomberg's 2005 race. Like the mayor, he distanced himself from his party, cut deals with lawmakers, and outspent his opponent while also more or less ignoring him. The outcome, polls show, is likely to be the same.

Each had two careers that made him buckets of money before settling into a $1-a-year job as a high-profile public servant, their old lives informing how they govern.

Mr. Bloomberg — former Wall Street trader and entrepreneur — literally tore down the walls at City Hall and replaced them with glass, to emulate the financial information company he founded. Mr. Schwarzenegger — one-time body builder and movie star — explained his tax policy by walking me through the budget of "Terminator 3."

Each man is tolerant, though far from politically correct. The world has watched each squirm when off-the-record comments became public. Each can be snappish with his staff (random tip: don't ever serve the governor cold eggs, or come unprepared to meet with the mayor) but endlessly cheerful and optimistic in public.

Both remain fond of creature comforts.

The same week I met with the governor, I walked into the Beverly Wilshire Hotel, where Mr. Bloomberg was staying, and what seemed like half his senior staff had taken a breakfast table there. Preferred mode of transport for both? Private plane.

And they like each other. Mr. Bloomberg is hosting a fund-raiser for the governor in his home on Monday; the mayor's recent visit here to promote environmental legislation was like one big buddy movie. During one news conference, Mr. Schwarzenegger announced that the mayor was, "My soul mate. He's the man."

It is not terribly surprising that the re-election campaigns of Mr. Bloomberg and Mr. Schwarzenegger are so similar. The week after Mr. Bloomberg won reelection last year, Maria Shriver, Mr. Schwarzenegger's wife, called Kevin Sheekey, Mr. Bloomberg's campaign manager, and said that she wanted her husband's re-election campaign to be just like the mayor's.

Further, Mr. Bloomberg and Mr. Schwarzenegger are both products of the areas they represent. New York and California voters tolerate Republicans as long as they give them some tax relief and seem to keep jobs in the area, yet keep their social politics firmly rooted to the left and legislate effectively across party lines.

Mr. Bloomberg, who is sometimes mentioned as a 2008 presidential candidate, and Mr. Schwarzenegger, who by law cannot be, both see themselves as the answer to gridlock. "Perhaps fame and money sets them free to set their own course," said Bruce E. Cain, director of the Institute of Governmental Studies at the University of California, Berkeley. "Maybe plutocracy is the answer to our partisan problems."

Together, they promote causes (like environmental programs), raise cash (for the governor) and offer moral support in a political arena with few natural allies. "The Republican Party does not really meet either of their needs," said Louis DeSipio, a professor of political science at the University of California, Irvine. "They learn from each other's mistakes."

And while Mr. Schwarzenegger's vice is cigars (something I shall never partake in with him) and Mr. Bloomberg's is popcorn (something I appreciated when visiting his office, though it often needed more salt), they seem to simply like hanging out. "I can tell you," Mr. Sheekey said, "in California they had a riotous time together."

Ehrlich, O'Malley Swap Scorn In TV Debates (WP)

By John Wagner And Matthew Mosk, Washington Post Staff Writers

The Washington Post, October 15, 2006

Baltimore Crime and Schools Dominate in Back-to-Back Exchanges

Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley traded scathing assessments of each other's records yesterday during a pair of debates in which they did little to hide their mutual disdain.

Ehrlich (R) accused his Democratic rival of neglecting Baltimore's low-performing schools, of wrongfully arresting thousands of its citizens and of practicing a "leadership style of whining and blaming others for your failures."

O'Malley argued that there are "two Bob Ehrlichs," one who, during an election year, touts tax cuts, investments in education and a commitment to the environment, and another whose record of governing is starkly different.

"We can do better, but we need a governor who is on the side of working families," O'Malley said during the first of two debates, which was taped yesterday afternoon for broadcast tomorrow night on Maryland Public Television and WJZ (channel 13) in Baltimore.

In an unusual arrangement, the gubernatorial candidates engaged in a second debate that aired live last night on statewide public television and on WBAL (channel 11) -- the candidates described the two as though they were two halves of a sporting contest.

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The set of televised debates came amid a bruising contest between two of Maryland's best-known politicians that until yesterday had played out largely through television advertising, much of it negative and in the expansive Baltimore media market. For months now, the governor has succeeded in keeping the campaign focused largely on Baltimore crime and education, two topics he had identified as weaknesses for an opponent who has overseen one of the nation's largest cities for seven years. But it is unclear whether his message is working with statewide voters -- O'Malley has consistently led in independent polls.

Yesterday, those two themes resurfaced for long stretches as the two men sparred. But O'Malley managed to weave a third theme through both debates -- the notion of "two Bob Ehrlichs." That allowed him to address a range of claims Ehrlich has made during the campaign, such as his assertion that he supported state-funded stem cell research or backed large increases for higher education, moves he only made in the final year of his term.

After the debates had concluded, Ehrlich tried to head off the new line of attack, saying that there are two Bob Ehrlichs -- "the 60th governor of Maryland and the 61st."

Both men sought to spotlight their accomplishments, with Ehrlich, Maryland's first GOP governor in a generation, saying that his administration had "taken Annapolis by storm" after having been sent there to stop the "worst instincts" of the Democrat-led legislature.

"I believe by any measure, Maryland is better today than it was four years ago," Ehrlich said, citing higher statewide school test scores, new transportation projects and a thriving economy.

O'Malley cited improvements in test scores in Baltimore, particularly among younger students, as well as reductions in violent crime and homicides -- progress that, he said, Ehrlich has sought to belittle for political gain.

In both debates, the two men sat behind desks stacked with their notes and papers, and exchanged comments in loosely structured hour-long encounters.

As often occurs with his more casual style, the governor's answers were peppered with acronyms and references to programs, such as his "wraparound" social services approach that would probably have befuddled all but the most devoted state government junkies.

O'Malley tried for a loftier tone, at one point calling for a "new line" in Maryland, a reference to Maryland's nickname as the "Old Line State." Ehrlich presented a more common-man persona, twice telling the mayor after he finished an answer, "I don't know what all that means."

The most pointed exchange came in the afternoon debate over the way the two candidates view Baltimore and the significant aid that the state provides for social programs there.

"I pay for you," Ehrlich said, looking straight at O'Malley. "Without us, you are done."

Reading from a document, Ehrlich then ticked off annual state investments in Baltimore schools, transportation, social services and community colleges. "You get the drift here," Ehrlich said.

O'Malley shot back that Ehrlich was practicing "the politics of division and fear."

"I just wanted to remind you that the citizens of the City of Baltimore are also citizens of our state and that we're all in this together," O'Malley said. "Frankly, governor, the biggest philosophical difference between you and me is that I do believe that we're all in this together, and you believe this is a world of us and them."

The evening debate was calmer than the afternoon one and more focused on the issues, with the first 21 minutes devoted to education.

Ehrlich focused on the worst-performing of Baltimore's schools, saying the mayor "wants to claim success, wants to pretend that these schools are in good shape." O'Malley responded by putting emphasis on the city's highest-performing schools and accusing the governor of "promoting stereotypes" by concentrating on the failures in a small segment of inner-city classrooms.

The two also explored the issues of crime, the recent utility rate increases and the state's budget outlook, and, in the end, leadership styles. The governor repeated his assertion that O'Malley's style is to "blame everyone." The mayor said of Ehrlich: "Good at potshots; bad at taking responsibility."

At the outset of the first debate, O'Malley sought to inoculate himself against attacks on schools and crime that have dominated Ehrlich's television ads, warning the audience that they were coming.

O'Malley later tried to shift the focus of the debate by noting that about 40 percent of those arrested for murder in Baltimore this year were under the supervision of a state-run parole system overseen by the Ehrlich administration. He also spoke of problems in the state's juvenile justice system, which Ehrlich had pledged to fix during his 2002 campaign.

O'Malley's greatest wound on the issue of the city's homicide count, however, may have been self-inflicted. In a discussion about crime, he said mistakenly that the murder count in Baltimore had dropped below 200 for several years running. Last year, the count stood at 269.

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Aides said that O'Malley clearly meant to say the count had dropped below 300, a figure that was exceeded every year in the decade before O'Malley was elected in 1999.

An Ehrlich news release issued after the debate, however, said O'Malley had "deliberately misled the citizens of Maryland."

O'Malley adviser Steve Kearney said the mayor "misspoke," and Kearney pointed out that during the WJZ debate Ehrlich mistakenly claimed not to have raised taxes during his term. "If they want to play that game, we can."

While sales and income taxes have not increased during Ehrlich's term -- a distinction the governor often makes -- he did agree to raise property taxes, as well as raising fees on vehicle registration and sewer service -- increases O'Malley hammered him on during the debates.

More broadly, O'Malley sought to portray Ehrlich as more interested in promoting corporate interests than protecting working families. O'Malley said that Ehrlich-appointed utility regulators had "rubber-stamped" a major rate increase this year by the state's largest electricity provider. And he chided Ehrlich for allowing college tuition to rise by 40 percent at some campuses.

Ehrlich countered that O'Malley was engaging in "classic class warfare."

Ehrlich also was critical of the Baltimore police policy of stepped-up enforcement for offenses such as loitering. Police say the strategy helps deter violent crime, but critics have decried the large number of people who are arrested for such offenses but who are never charged with a crime.

Ehrlich said O'Malley's "mass arrests" have alienated citizens and demoralized the police force.

O'Malley seemed to grow increasingly impatient with Ehrlich's focus on Baltimore issues, reminding him at one point: "This is a race for governor, governor. This is not a race for Baltimore City Council."

Schools, Crime Are Debatable (WT)

By S.a. Miller, The Washington Times

The Washington Times, October 15, 2006

BALTIMORE -- Maryland Gov. Robert L. Ehrlich Jr. and Baltimore Mayor Martin O'Malley clashed yesterday in two debates that frequently dwelled on the city's crime problems and poorly performing schools, despite the mayor's attempts to shift the focus to the governor.

"We have made tremendous progress in our city in recent years," said Mr. O'Malley, the Democratic nominee for governor. "But we can all make more progress if we had a governor that practiced the politics of bringing people together instead of the politics of division."

He promised to practice "the politics of hope and the politics of dreams and the politics that say we are all in this together."

Mr. Ehrlich, a Republican seeking re-election, responded: "I don't know what all that means."

"That's the leadership style of whining and blaming others for your failures," continued Mr. Ehrlich, pointing to the mayor's past criticism of Baltimore State's Attorney Patricia C. Jessamy, the City Council and President Bush for impeding the city.

Mr. O'Malley has also blamed the city's crime problems on a "revolving door" at the state's prisons. "The problem that every jurisdiction in our state faces is not a lack of courage by our local police," he said. "Governor, if you want to do something about the dangerous position that our officers are put in, why don't you do something about your broken parole and probation system?"

The moderator at the debate, which was videotaped at WJZ-TV (Channel 13) in Baltimore, did not allow Mr. Ehrlich to respond. The debate will be aired Monday at 7 p.m. by the station and statewide by Maryland Public Television.

Mr. Ehrlich did get to respond during the next debate, which was aired live last night by Maryland Public Television and WBAL-TV (Channel 11) in Baltimore and in many ways duplicated the first encounter.

"Talk about revolving doors," Mr. Ehrlich said. The mayor has had "seven police commissioners in seven years. ... Not a whole lot of people are lining up to take criminal justice advice from you, Mr. Mayor."

The candidates' disdain for each other was evident at both debates, which likely were their last face-to-face confrontations before the Nov. 7 election.

Mr. Ehrlich has said he does not want to debate after mid-October so that he can concentrate on campaigning. Their two previous debates were not televised.

Within hours of the first debate's conclusion, both candidates claimed victory.

The Ehrlich campaign said the governor "convincingly demonstrated that Maryland is better off today than it was four years ago."

The O'Malley campaign said the mayor won by "showcasing new ideas for progress for Maryland's hardworking families."

In both debates, Mr. O'Malley frequently accused the governor of "selling out" working-class families to the profit of "powerful and wealthy special interests."

Mr. Ehrlich called the charges "classic class warfare" and repeatedly dismissed the mayor as a political opportunist who distorts the facts, shifts the blame and makes politically expedient decisions.

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"Get the facts right," he told Mr. O'Malley. "Nobody is buying your drive-by attacks."

Mr. Ehrlich touted his record in the debates, noting reforms to the state's troubled juvenile-justice and prison systems.

He also reminded voters that he inherited a $2 billion budget deficit and turned it into a $2 billion budget surplus, all the while spending more on public schools and blocking Democratic lawmakers' attempts to increase state income taxes or sales taxes.

"We were agents of change," Mr. Ehrlich said. "We were given a mandate by the people of Maryland to effectuate change in Annapolis. Maryland is in far better shape today than it was four years ago."

Baltimore's education and crime problems have put Mr. O'Malley's campaign on the defensive, but the mayor continues to lead Mr. Ehrlich in most polls.

Mr. O'Malley says there has been a 40 percent reduction in violent crime in Baltimore since he took office in 1999, but the crime statistics are questionable and the city's homicide rate remains among the highest in the country.

He also points to rising test scores in the public elementary schools. Mr. Ehrlich cites the high dropout rate and 11 middle and high schools that have recorded failing test scores for nine consecutive years.

The candidates also sparred over taxes, the environment, transportation and energy policies.

On nearly every issue, Mr. O'Malley said the governor sided with special interests, including insurance companies on health care and power companies on energy prices.

Mr. O'Malley faulted the governor for increasing taxes, including state property taxes, higher tuition at state universities and a "flush tax" for environmental improvements to wastewater treatment plants.

Mr. Ehrlich defended his tax record, saying he pulled the state out of a deficit without increasing taxes and targeted fees to pay for major road projects and to clean up the Chesapeake Bay.

He pointed out that Mr. O'Malley raised the city's income, property and energy taxes. "Your record is clear," he told the mayor.

"There is no reason for a general tax increase at any time in the immediate or intermediate future," Mr. Ehrlich said, repeating his pledge from four years ago.

Mr. O'Malley said he agreed that a tax increase was not needed, but also said the state's structural deficit persists while the city budget is truly balanced.

"The difference in our budgets is, I pay for you," Mr. Ehrlich said. "Without us, you are done."

He pointed out the state pays for the majority of the city's transportation, social services and education budgets.

Still, attention remains focused on Baltimore's troubles with schools and crime.

The public schools issue re-emerged last week with four days of violent incidents, including a 14-year-old boy being shot in the back Friday at a football game at Frederick Douglass High School.

The violence started Monday when about 100 students from Digital Harbor High School gathered near the school to watch a fistfight between two 15-year-old girls and some of the spectators smashed car windshields.

At Pimlico Middle School, a 14-year-old girl was hospitalized Wednesday after a 13-year-old student stabbed her in the arm with a kitchen knife. That same day, students were locked down at Holabird Elementary School for more than four hours after a shooting nearby.

An 8-year-old boy brought a .22-caliber handgun Thursday to Grove Park Elementary School, and police say another 8-year-old boy accidentally fired the weapon. No one was injured.

Party Games (WP)

The Washington Post, October 15, 2006

HOW COME, when Maryland Gov. Robert L. Ehrlich Jr. (R) expresses no confidence in state election officials and urges voters to use absentee ballots, Democrats squawk about a conspiracy to suppress the vote, but when Montgomery County Executive Douglas M. Duncan (D) says the same thing, there is silence? Given the importance of voting, playing politics in this way isn't forgivable.

Voting problems that Maryland experienced on primary day in September remain a real cause for concern. In Montgomery local election officials inexplicably forgot to deliver the computer cards needed to power the voting machines. Poorly trained workers and no-show judges caused problems in Baltimore City and Prince George's County. Glitches with the electronic poll books used to sign in voters cropped up across the state. Unfortunately, these legitimate issues have become blurred by assertions -- so far unfounded -- that there are problems with the reliability of the electronic voting machines. While we think that a paper trail for electronic voting is a prudent idea, the primary day voting breakdowns did not involve the voting machines, which worked without incident.

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It is important that the state's political leaders not add to the confusion with suggestions that paper is the only safe way to vote. Instead of sowing unease that could well give pause to prospective voters, Mr. Ehrlich and Mr. Duncan should be focusing on the constructive steps that they are taking to try to ensure a smooth election. Mr. Ehrlich, for instance, deserves praise for his efforts to recruit state employees to work the polls by offering them administrative leave. Similarly, Mr. Duncan has made it possible for county technical experts to help election officials. There have been other encouraging signs such as the Maryland State Bar Association leading a drive to get its members to volunteer.

No doubt, the attention paid to the voting problems has put state and local election officials on notice as to exactly what is at stake on Nov. 7. And their jobs are the least of it.

With Eye On 2008, Kerry Goes After Bush (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, October 15, 2006

MANCHESTER, N.H. -- Sen. John F. Kerry (D-Mass.) barely said hello to the New Hampshire Democrats who filled a banquet room here Friday night before unloading on President Bush.

"This war in Iraq is a disgrace," he said in the second sentence of his speech at a party fundraising dinner.

Thirty-two minutes and 14 standing ovations later, the man who lost the 2004 presidential campaign left little doubt that if he runs again in 2008, he intends to be the chief prosecutor of the record of the Bush presidency.

"A lie, a lie, a lie and a lie," he said after recounting Republican claims that Iraq is not in a civil war, that North Korea's nuclear advancement is former president Bill Clinton's fault and that Democrats were behind the release of salacious e-mails that Mark Foley sent to former House pages.

It was as if the Kerry of 2006 was channeling the Howard Dean of 2003. "What we have in Washington is a house of lies, and in November, we need to clean house," he said.

Kerry spoke to an audience that included many of the activists who helped propel him to the nomination two years ago. But after Bush's victory, many of them are decidedly cooler to a Kerry presidential campaign in 2008.

The University of New Hampshire released a survey Thursday of presidential preferences in the Granite State. Sen. Hillary Rodham Clinton (N.Y.) led the field of Democrats with 30 percent, followed by former senator John Edwards (N.C.) at 16 percent and former vice president Al Gore at 10 percent. Kerry ranked fourth with 9 percent.

None of this seems to discourage the Massachusetts senator. He said he has been getting a far different sense from conversations with Democrats during his travels this fall. "I'm very encouraged," he said in an interview a few hours before his speech. "I know what the conventional wisdom is, and it's had a good record of being wrong."

Kerry believes he was defeated in 2004 in large part because of what he calls two lies from his opponents: one about the way America went to war in 2003, the other far more personal -- the Swift Boat veterans' attacks that challenged his Vietnam War record, crippling his campaign in August 2004.

Democrats still fault Kerry for failing to fight back against those charges, and he says he regrets that he was not more aggressive. "We thought the truth was understood," he said. "We should have done more." But, Kerry added: "I don't think that should disqualify you from being president of the United States, necessarily."

What is disqualifying, he believes, is the Bush administration's Iraq strategy. "This war is utterly disastrous," he said. "It's without parallel in modern American foreign policy history in the incompetence and in the lack of effort to bring elders of both parties together and create an atmosphere of solving it. And I am incensed that young Americans are losing their lives because these guys are arrogant and incompetent."

Those kinds of comments have drawn instant rebukes from critics in the Republican Party, and even Democrats have been reluctant to follow Kerry's recommendations for changing policy by setting a timetable for withdrawing U.S. forces. He predicts that more of his colleagues in the Senate will move his way after the midterm elections.

Kerry said those who have encouraged him to run again believe he can be a viable candidate. "Are there enough people who believe that?" he asked. "Can we put that together? Have I learned the lessons of getting kicked on my butt and dusted up, and can I bring a better experience to the table? I think I've learned a lot of lessons. The question is, can you convey that to people? I don't know. Those are the imponderables."

Bill Clinton Rallies Activists In Iowa (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

Filed at 11:00 p.m. ET

DOJ_NMG_0081782

DES MOINES, Iowa (AP) -- Former President Bill Clinton said Saturday that voters "know something is wrong" in Washington and urged Democrats to create change in the November elections.

"I have never seen the American people so serious," said Clinton. "I think I know why. People know things are out of whack. The rhythm of our public life and our common life in America has been disturbed."

The former president was the keynote speaker at the Jefferson-Jackson Day dinner, the Iowa Democratic Party's biggest annual fundraising event. He drew more than 3,500 activists.

There is speculation that Clinton's wife, New York Sen. Hillary Rodham Clinton, may seek the Democratic presidential nomination in 2008. She has not been in Iowa during this election cycle, even though other candidates have already begun campaigning in the state that will open the presidential nominating season.

Bill Clinton joked about the speculation. "I am under no illusions as to why I'm here," he said. "You were so desperate for a Democrat with any name recognition at all who isn't running for president that you resorted to the chief caseworker to the junior senator from New York."

Clinton urged activists to focus on the midterm election.

"People are sick of partisanship, they are sick of gridlock and they are coming to us in droves," said Clinton. "People know something is wrong and they want to change."

Clinton called the Bush administration and the Republican-led Congress "unprecedentedly unaccountable" and said tax cuts for the rich have led to huge deficits.

"This is not class warfare," said Clinton. "I've been poor and I've been rich and I like rich better. I want to pay my share. I don't need another vacation home."

Both the White House and Congress are resistant to scrutiny from the outside, he said.

"In Iraq, which is famous for no-bid contracts, $9 billion has gone missing and there has been no serious congressional investigation," said Clinton. "There's never been a more secretive, unaccountable administration."

SOLON, Iowa (AP) -- Former North Carolina Sen. John Edwards on Saturday bashed the Bush administration for "proactive stupidity" by sticking with a failed policy in Iraq and being unable to admit its mistakes.

He predicted the Iraq war and a wave of scandals in the Republican-run Congress will prompt voters to demand change in November.

"There is an underlying current that Democrats are in a strong position, for a lot of reasons," Edwards told The Associated Press. "Some of it is the scandals and corruption that people all across the country are seeing in Washington."

Edwards was spending the weekend in eastern Iowa raising money for Democratic legislative candidates.

He finished a surprising second in Iowa's leadoff precinct caucuses in the 2004 presidential election, and that propelled him to a spot on the ticket with eventual nominee John Kerry. Edwards has left little doubt he's interested in again seeking the party's nomination, and he's been among the most active of the potential candidates campaigning in Iowa.

Danny Diaz, a spokesman with the Republican National Committee, said Saturday that Edwards is a "failed presidential candidate and a rejected vice presidential candidate whose political attacks will be no more successful today than they were two years ago."

Edwards diverted from his campaign schedule to speak at a University of Iowa conference on poverty issues. "We should be for the eradication of poverty in America," he said. "In our party, we need to seize the moral high ground."

Bid For President Called A Long Shot (MJS)

By Katherine M. Skiba

Milwaukee Journal Sentinel, October 15, 2006

Thompson launches PAC, considers run for White House

Washington - Political analysts say Tommy G. Thompson faces long odds if he tries for the Republican presidential nomination in 2008.

Aides to Thompson, 64, announced last week that he was launching a political action committee, Forward America, and mulling a run for the White House. That comes after discussions with key advisers and a pair of visits to Iowa, whose caucuses kick off the presidential nominating season.

Ahead, aides said, Thompson plans a trip to New Hampshire, which hosts the first primary of 2008.

Thompson was governor of Wisconsin from 1987 to 2001, longer than anyone in history. He was U.S. Health and Human Services chief from 2001 to 2005 during President Bush's first term.

Today he works for a Washington law firm and a major consulting practice and has a hand in a number of business ventures, many in health care.

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Why steep odds if he runs for the highest office in the land?

Although the race is wide open - with no vice president waiting in the wings - Thompson is not well-known nationally or among the top-tier of GOP candidates, generally thought to include Sen. John McCain, Senate Majority Leader Bill Frist, former New York Mayor Rudolph Giuliani and Massachusetts Gov. Mitt Romney.

He's also weighing a run rather late in the game. With the Iowa GOP caucuses planned at the start of 2008, Thompson would have to amass tens of millions of dollars in short order to compete there and in subsequent nominating contests in other states.

He flirted this year with a run against either Wisconsin Gov. Jim Doyle or U.S. Sen. Herb Kohl - then sat out both contests - just as he reiterated his presidential ambitions. He had weighed a campaign for president in 1996 and again in 2000 but didn't pull the trigger.

Aides said the leadership PAC would let him travel the country to back GOP candidates, spread his ideas and shape the party's agenda.

At the same time, the people on "Team Tommy" - as one adviser called key supporters - tout his work on the state, national and international levels and boast that he's got a track record on public policy issues, fire in the belly, a knack for campaigning and a solid reputation in Iowa, where the nominating season kicks off. Plus his family is now behind the effort, they said.

"The presidency would be the one thing that would interest him at this juncture," former Thompson aide Kevin Keane said. "He is as energized as I've seen him about this." Appealing to the public is key

Political scientist Charles O. Jones, emeritus professor at the University of Wisconsin-Madison and senior fellow at The Brookings Institution, said Thompson's fledgling steps make a potential candidacy difficult to assess.

"And since it's a hard thing to evaluate, you have to say it's among the longer of the long shots," Jones said. "There's a whole process to get people to think about you as a presidential candidate, and that's not really gone on."

David T. Canon, a UW political science professor, said Thompson's reputation as a centrist and his record on social policy and education were strengths. Thompson was a pioneer in welfare reform and private school vouchers.

Talking about McCain, Giuliani and Romney, Canon said: "On policy grounds, Thompson can go toe to toe with any of those guys. The question is, can he get his name out there and appeal to the national party people and other people who contribute to Republican Party campaigns?"

"The next couple of months," Canon said, "are critical."

Keane said Thompson is not daunted by the competition.

"He's a (former) Midwestern governor and cabinet secretary with a track record that, frankly, is going to be tough for any leader to match," he said. "What separates Governor Thompson from the field is turning ideas into workable solutions."

Keane now is senior vice president for communications for the American Beverage Association.

Thompson could not be reached for comment.

At the University of Virginia, political scientist Larry Sabato expects Thompson would have to raise $20 million to $30 million to be taken seriously as a candidate.

"He's a god in Wisconsin, but outside Wisconsin he's not that well-known," Sabato said. "It's tough to take a presidential bid seriously, but he may prove us all wrong."

A recent survey of likely Wisconsin voters by GOP pollster Strategic Vision found 55% of the respondents want Thompson to try for the presidency; others were split between not wanting him to run or being undecided.

When state Republicans in the poll were asked their choice for president in '08, Giuliani was named by 33%, Thompson by 24%, McCain by 17%; others were in single digits. Campaigning in Iowa

According to Tony Jewell, another former Thompson aide, Thompson has traveled twice to Iowa in recent weeks to stump for state legislative candidates. He'll return Oct. 24 for a fund-raiser for House Republican Jim Nussle, who is running for governor.

Iowans have seen no fewer than 11 GOP presidential hopefuls in recent months, said Cullen Sheehan, executive director of the Republican Party of Iowa. He's met Thompson several times - Sheehan was campaign manager for unsuccessful GOP Senate candidate Tim Michels of Wisconsin in 2004 - and thinks Thompson could have a "big impact in a state like Iowa, being a Midwesterner himself."

Talking about the PAC, Jewell said Thompson is using it as a vehicle to support candidates and "stay involved in the national debate on issues that are very important to the future of the country." He named health care, accountability in education, energy independence and foreign policy as top concerns.

Thompson made about 100 speeches in the year after he left the cabinet, often detailing his plan to cover the 45 million Americans without health insurance.

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So-called leadership PACs are not unusual. Half of the 10 federal lawmakers from Wisconsin have them, notably Democratic Sen. Russ Feingold, who has been traveling widely and considering a presidential run of his own. The others: House Democrats Tammy Baldwin and Ron Kind and Republicans Paul Ryan and Tom Petri.

Thompson's PAC, whose name borrows from the state's motto, "Forward," has not yet registered with the Federal Election Commission.

At the Washington-based Center for Responsive Politics, which tracks money in politics, Communications Director Massie Ritsch said that although the chief purpose of such a PAC is to support candidates, outlays often benefit the person who controls the PAC.

"They spend a lot of money on what you might call overhead: staff, fund-raising costs, travel, sometimes you see polling, that sort of thing. They can be a pre-presidential committee of sorts," he said.

Fund-Raising Obstacles Imperil N.Y. Bid For '08 Democratic Convention (NYT)

By Diane Cardwell

The New York Times, October 15, 2006

New York City's bid to land the 2008 Democratic National Convention is in jeopardy because Mayor Michael R. Bloomberg is spread so thin with fund-raising commitments that he may not be able to raise the money from private donors needed to pay for it, an official said on Thursday.

The fund-raising worries come as Democrats have been seriously considering bringing the convention to New York rather than to the other competing city, Denver, which offers a politically attractive location, but has logistical problems because of a scarcity of hotel rooms.

A Democratic convention in New York would be likely to give Senator Hillary Rodham Clinton a starring role, even if she is not chosen as the party's presidential nominee.

But now, administration officials are raising "grave concerns" about Mr. Bloomberg's ability to cover the expenses. For 2004, when the city was working to show how it had recovered from the Sept. 11 attack, city officials promised Republicans $73 million for their convention and raised $85 million in a fund-raising drive headed by Mayor Bloomberg. This time around, the budget goal is for nearly $85 million, a figure administration officials say could grow to $100 million.

Given the roughly $250 million Mr. Bloomberg has promised to raise for the World Trade Center Memorial Foundation and for programs recommended by his poverty commission, an administration official who would speak only anonymously said there were "serious concerns" about his ability to hit that target. If Mr. Bloomberg and other host committee officials could not bring in the promised amount, the city would have to make up the difference.

It was not immediately clear whether officials would pull back from the bid or devise a new fund-raising strategy, but the financial issue is dampening what had appeared to be encouraging developments as New York pushed aggressively to serve as host to the Democrats in 2008.

From the beginning, few political analysts greeted New York's attempt to snare the convention with much optimism, arguing that Democrats would be wiser to go to an area of the country where they stood to sway a few fence-sitting states to their side, instead of choosing a state that has long been in the Democratic camp.

But aides to Mr. Bloomberg put together an all-out pitch, promising to decorate the entire city, provide delegates with concierge services and offer the news media free spa treatments and haircuts at Barneys to help them "get excited about their environment," according to a host committee presentation. Mayor Bloomberg even traveled to Chicago to court Democrats, taking along the "Sopranos" star Lorraine Bracco as aides doled out Big Apple martinis and manhattans to party leaders.

Then, New York's effort got a surprise shot in the arm from an unlikely source: the Republicans, who snapped up Minneapolis and St. Paul, which, like New York, had bid for both conventions. That put the Twin Cities out of the running for the Democratic convention, since both events are scheduled just days apart.

Further strengthening New York's chances was the sense among Democrats that while New York, with its large police force, transit system and other logistical advantages, can pull off a successful convention, Denver may not have enough space even to house the delegates. Denver itself has just 19,000 hotel rooms, according the New York pitch, compared with New York's 63,200 hotel rooms.

But Denver offers political advantages that could trump New York, Bloomberg aides concede. The convention offers an opportunity for Democrats to court a region considered increasingly receptive to the party's message, said Seth Masket, an assistant professor of political science at the University of Denver.

"To that extent, geography does matter," he said. "The mountain states are becoming more purple, as they say, and in Colorado in particular the Democratic Party has been doing increasingly well in recent years, and it's looking good for this fall."

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That stems, he said, from the migration of voters from more liberal areas along the West Coast, but also from the tenor of the national Republican Party, whose cultural conservatism does not play well with the more individualistic, libertarian strains of the mountain region.

Indeed, senators from Nevada, Montana, New Mexico and Colorado recently sent a letter to Howard Dean, the Democratic Party chairman, urging him to select Denver as a way of increasing the party's chances of winning several Western states that have been increasingly up for grabs.

Conversely, this line of reasoning goes, holding the convention in the politically safe terrain of New York would represent a missed opportunity, especially if the party is nominating a New Yorker like Mrs. Clinton. Although the city is the country's media capital and a national megaphone, said Doug Muzzio, a professor at the Baruch School of Public Affairs, "It's like the Subway Series: it's great for New Yorkers but lousy for everybody else because they're not interested."

New York has a storied history of holding conventions, serving as host when Democrats nominated Jimmy Carter in 1976 and also when Democrats held the longest convention in American political history, when the party took more than 100 ballots to nominate John W. Davis, who went on to lose to Calvin Coolidge in 1924. After the 2004 Republican convention, George Bush went on to victory, and city officials said the event drew $245 million in business during a slow time of the year.

For the city, there is the question of whether New Yorkers would even be interested in a 2008 convention, given the disruptions and the potential for street protests. In 2004, those protests led to mass arrests and detentions, followed by lawsuits against the city that are still winding through the courts. And if the Iraq war remains unsettled and divisive, it could again prove a catalyst for thousands to take to the streets.

"We hope that the city will acknowledge and learn from the mistakes it made handling protests during the Republican National Convention," said Donna Lieberman, executive director of the New York Civil Liberties Union. "Political conventions are lightning rods for protest. That doesn't mean that we will see the breadth and intensity of activity that New York saw during the Republican convention, but the city has to be prepared to respect the right to protest, whatever the point of view."

Call Of The West: Rein In The Judges (LAT)

By Stephanie Simon, Times Staff Writer

The Los Angeles Times, October 15, 2006

Conservative ballot measures in many states would check judicial power. South Dakotans seek a right to sue jurists, Montanans to recall.

DENVER — Judges across several Western states could soon face new limits on their authority and threats to their independence, as conservatives campaign for ballot measures that aim to rein in what they describe as "runaway courts."

Frustration among the right has been building for years, especially since the high court in Massachusetts legalized same-sex marriage in 2003. Politicians and pastors have accused judges of ignoring the public will and legislating from the bench.

On Nov. 7, voters will be asked to do something about it.

South Dakota's ballot contains the most radical provision: It would empower citizens to sue judges over their rulings.

Other proposals would make Colorado the first state to impose term limits on top judges and give Montana residents the right to recall judges over any "dissatisfaction." In Oregon, an amendment would require Supreme and Appeals court judges to be elected by geographic district, so they reflect the values of conservative rural communities as well as the liberal legal establishment in Portland.

In three other states, ballot measures would also limit judicial authority, though that is not their primary intent. Proposition 90 in California aims to restrict government's right to condemn private property; it also takes elements of such cases out of judges' hands and entrusts them to juries instead. Nevada has a similar initiative. And a proposal in North Dakota would severely curtail the discretion judges have in settling custody disputes.

Supporters cast their efforts as populist and democratic, a way to make judges answer more directly to the citizens they serve. "This is a very measured and mild response to the perception that our courts are out of control," said John Andrews, a former legislator promoting the amendment to impose term limits in Colorado.

Opponents, however, warn that the initiatives would begin to dismantle the system of checks and balances set up under the U.S. Constitution.

"Judges are there to protect the minority from the tyranny of the majority. They are not there to do the popular will," said Doreen Dodson, a St. Louis attorney who chairs the American Bar Assn.'s committee on judicial independence. "They are accountable to the law and the Constitution."

States have always struggled to balance judicial independence and accountability, said Rorie Spill Solberg, a political scientist at Oregon State University. Lately, she said, that scale has tipped ever more toward accountability — and toward a notion that judges should respect, even represent, the will of the majority.

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All but eight states ban partisan elections for judges in an effort to keep politics — and corruption — off the bench. But Solberg and others worry that the latest wave of changes would make judges more vulnerable to pressure from interest groups and even individuals.

"What I see, pretty much across the country, are judges under siege," said former Colorado Supreme Court Justice Rebecca Love Kourlis.

South Dakota's Amendment E would have the most sweeping effect; it has drawn opposition from conservatives and liberals — including, in a rare show of unanimity, every member of the state Legislature.

Under the amendment judges in the state could lose their jobs or assets if citizens disliked how they sentenced a criminal, resolved a business dispute or settled a divorce. "We want to give power back to the people," said Jake Hanes, a spokesman for the measure.

A special grand jury would evaluate citizen complaints against judges — and judges would not be presumed innocent. Amendment E explicitly instructs jurors to "liberally" tilt in favor of any citizen with a grievance, and "not to be swayed by artful presentation by the judge."

This deep suspicion of judges is reflected not only on the fall ballot, but also in the rallying cries of the right, especially Christian conservatives. A summit for "values voters" last spring included a session called "The Judiciary: Overruling God." Mock ballots, circulated online, urge Christians to vote for the judge they'd most like to impeach.

The American Bar Assn. is so concerned about the trend that it recently produced a DVD called "Countering the Critics," to be screened at churches, Rotary Clubs and Chambers of Commerce nationwide. To encourage lawyers to speak up in defense of the judiciary, the ABA has drafted sample speeches, op-ed articles and letters to the editor comparing judges to referees, sworn to uphold the rules, however unpopular.

That analogy does not sit well with Andrews, the former state senator backing term limits in Colorado.

In his view, judges too often let their political views color their decisions. Or they arrogantly "ignore or overrule decisions of the people," he said.

Andrews' campaign has spent more than $300,000 reminding voters in Colorado of rulings that he considers outrageous, such as when judges struck down a school voucher program, canceled a ballot initiative to limit services for illegal immigrants, and voided the death penalty for a convicted murderer because jurors used the Bible to guide their deliberations.

One of his radio ads begins: "Remember that line, 'Here comes the judge?' Amendment 40 has a better idea: There goes the judge."

Andrews, a Republican, acknowledges that term limits won't guarantee rulings he approves. But he says it's better then letting justices sit on the bench for decades, "curdling like old milk."

Under current law, the governor appoints justices in consultation with a bipartisan commission; they can serve until age 72, facing retention elections just once a decade. Amendment 40 would limit the justices to 10 years, with more frequent retention elections.

Five of seven state Supreme Court justices would be forced off within two years if the measure passes. Andrews relishes that symbolism.

"Simply sending this message of profound discontent with a judiciary that used to be respected is very valuable," he said.

The amendment has drawn high-powered — and well-funded — opposition, with public statements coming from many district attorneys, three former governors and Republican Gov. Bill Owens.

"Reasonable people, present company included, will disagree with rulings from time to time, but that does not mean we dismantle an entire branch of government," said former Gov. Richard D. Lamm, a Democrat.

Still, analysts say the measure in Colorado — like those in other states — has a shot at passing because it taps into such widespread anger at the courts.

"How successful they'll be is really hard to know," said Elizabeth Theiss Smith, a political scientist at the University of South Dakota.

"Conservatives in particular have been so upset about judicial rulings, and this is an activist way to deal with activist judges."

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Gerry Studds Dies At 69; First Openly Gay Congressman (NYT)

By Damien Cave

The New York Times, October 15, 2006

Gerry E. Studds, the first openly gay member of Congress and a demanding advocate for New England fishermen and for gay rights, died early Saturday at Boston University Medical Center, his husband said.

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The cause was a vascular illness that led Mr. Studds to collapse while walking his dog on Oct. 3 in Boston. He was 69.

From 1973 to 1997, Mr. Studds (whose first name was pronounced GAIR-ee) represented the Massachusetts district where he grew up, covering Cape Cod and the barnacled old fishing towns near the coast. He was the first Democrat to win the district in 50 years, and over the course of 12 terms, he sponsored several laws that helped protect local fisheries and create national parks along the Massachusetts shore.

A former Foreign Service officer with degrees from Yale, he was also a leading critic of President Ronald Reagan's clandestine support of the Contra rebels in Nicaragua. He staunchly opposed "Star Wars," or the Strategic Defense Initiative, which Mr. Studds once described as "the Edsel of the 1980's" — overpriced and oversold.

His homosexuality was revealed through scandal. In 1983, he was censured by the House for having had an affair 10 years earlier with a 17-year-old Congressional page. For Mr. Studds, formal and dignified, a model of old New England reserve, the discovery sparked intense anguish, friends said.

He had long been unsure of the role his sexuality should play. At the nation's first major gay march on Washington in 1979, he told friends he could neither attend nor stay away.

"His act of courage was to jog within a block of it," said Representative Barney Frank, Democrat of Massachusetts, the congressman from Mr. Studds's adjoining district, who announced his own homosexuality four years later. "He felt that conflicted."

Once outed, however, Mr. Studds refused to buckle to conservative pressure to resign.

"All members of Congress are in need of humbling experiences from time to time," Mr. Studds said at the time. But he never apologized. He defended the relationship as consensual and condemned the investigation, saying it had invaded his privacy.

He went on to win re-election in 1984, surprising both supporters and opponents.

For some, it echoed an earlier, unexpected accomplishment: In 1968, as a 30-year-old teacher at St. Paul's School in Concord, N.H., Mr. Studds was one of two crucial figures who persuaded Senator Eugene McCarthy to bring his antiwar presidential campaign to the state's primary. Members of the campaign partly attributed Mr. McCarthy's surprisingly strong showing there — which helped force President Lyndon B. Johnson out of the race — to the 12-day tour Mr. Studds had scheduled.

"He was a major factor for us in the New Hampshire primary," said Seymour M. Hersh, who was the press secretary for Mr. McCarthy. "Gerry was just there; he was there with ideas, he was there to organize."

Mr. Studds's re-election in 1984 had reverberations of its own.

"In a sense, he became a role model," said Charles Kaiser, author of "1968 in America" and "The Gay Metropolis." "His experience convinced other people that it would now be possible to run as an openly gay person."

Mr. Studds also seemed emboldened by his re-election. He began to demand more money for AIDS research and treatment. He pressed for the right of gay people to serve openly in the military, releasing a previously suppressed Pentagon report in 1989, which concluded that sexuality "is unrelated to job performance in the same way as is being left- or right-handed."

In addition to speaking on the House floor on behalf of gay marriage, he set an example. In 2004, he and his longtime partner, Dean T. Hara, became one of the first couples to marry under a Massachusetts law allowing gay marriage.

"Gerry often said that it was the fight for gay and lesbian equality that was the last great civil rights chapter in modern American history," Mr. Hara said in a statement.

"He did not live to see its final sentences written," Mr. Hara added, "but all of us will forever be indebted to him for leading the way with compassion and wisdom."

Mr. Studds's past had recently resurfaced. In the final two weeks of his life, the two-decade-old controversy surrounding Mr. Studds became an issue in the 2006 midterm election campaign as a new Congressional page scandal unfolded.

Though his name had barely been mentioned in Washington since he retired, the resignation late last month of Representative Mark Foley, a Florida Republican, revived interest in Mr. Studds's own dalliance with a teenage page in 1983.

Across the country, several Republican candidates sought to deflect criticism aimed at their own party by reminding voters about Mr. Studds. The National Republican Congressional Committee chastised Democrats in this year's race for taking contributions from party leaders who had served with Mr. Studds.

In the Oct. 16 issue of The Weekly Standard, printed before Mr. Studds's death, the conservative commentator Charles Krauthammer also invoked the retired Massachusetts congressman as he drew a contrast between Republicans and Democrats. Mr. Krauthammer argued that Mr. Foley had resigned immediately and that Mr. Studds had left Congress only after Democrats had lost their majority, which he called "the political equivalent of dying in your sleep."

Mr. Hara, Mr. Studds's husband, declined to comment on the newest criticism.

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A memorial service will be held in November. In addition to Mr. Hara, Mr. Studds is survived by his brother, Colin Studds; his sister-in-law, Mary Lou Studds; his sister, Gaynor Stewart; four nephews; and his English springer spaniel, Bonnie.

Gerry Studds; Gay Pioneer In Congress (WP)

By Yvonne Shinhoster Lamb, Washington Post Staff Writer

The Washington Post, October 15, 2006

Gerry E. Studds, the first openly gay person elected to Congress and a longtime proponent of environmental protection, New England fishermen and human rights, died Oct. 14 at Boston Medical Center, several days after he collapsed while walking his dog. He was 69.

Mr. Studds lost consciousness because of a blood clot in his lung Oct. 3. He later regained consciousness and seemed to be improving, but his condition worsened Friday because of a second clot, according to Dean Hara, who married Mr. Studds in 2004 shortly after same-sex marriage was legalized in Massachusetts.

A 12-term congressman from Massachusetts, Mr. Studds was a ranking member of the House Democratic leadership and popular in his 10th Congressional District in 1983 when he was censured for sexual misconduct with a 17-year-old male page that had occurred 10 years earlier.

Mr. Studds told the House that his affair with the page was "a very serious error in judgment" but that it was "a mutually voluntary, private relationship between adults."

He chose not to fight the charges, saying his right to privacy was more important.

"It is not a simple task for any of us to meet adequately the obligations of either public office or private life, let alone both," Mr. Studds said on the House floor. "But these challenges are made substantially more complex when one is, as I am, both an elected public official and gay."

The scandal, which also involved Rep. Daniel B. Crane (R-Ill.), who was involved with a female page, highlighted problems in supervision of congressional pages.

Mr. Studds's revelation did not prevent his reelection in 1984, a race he won by a solid majority.

Long a champion of environmental and maritime concerns, Mr. Studds was advocate for the fishing industry and worked to establish a barrier to foreign fishing vessels 200 miles from the U.S. coast. He was chairman of the powerful Committee on Merchant Marine and Fisheries from 1990 to 1994, the Subcommittee on the Coast Guard and Navigation, and the Subcommittee on Fisheries, Oceans and Wildlife, and was a member of the Subcommittee on Health and the Environment. He was a leader in passing legislation that now protects the Atlantic striped bass, whales, dolphins and porpoises.

"His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea," Sen. Edward M. Kennedy (D-Mass.) said. "He was a steward of the oceans."

Mr. Studds, who was known for his acidic wit and his mastery of legislative details, also pushed for health-care reform and for increased funding for people with AIDS and for AIDS research. In 1987, he sent a copy of Surgeon General C. Everett Koop's 36-page "Report on AIDS" to every household in his district. He also opposed military intervention in Central America.

He was among the first members of Congress to endorse lifting the ban on gays and lesbians in the military, and in 1994 with Kennedy, he introduced legislation to end discrimination in the workplace based on sexual orientation.

Gerry Eastman Studds was born May 12, 1937, in Mineola, N.Y., the son of a Long Island architect. He grew up in Cohasset, Mass., in the district he would later represent. He graduated from Yale University and received his master's degree in teaching there in 1961.

Shortly after, he came to Washington and joined the State Department as a Foreign Service officer. By 1962, he was working as a congressional liaison for President John F. Kennedy's domestic Peace Corps task force, and two years later he was a legislative assistant to Sen. Harrison A. Williams Jr. (D-N.J.).

Leaving Washington in the mid-1960s, he became a history teacher at St. Paul's School in Concord, N.H., until his opposition to the Vietnam War propelled him back into politics. In 1968, the young teacher and peace activist joined the presidential primary campaign of Sen. Eugene McCarthy (D-Minn.) as a coordinator in New Hampshire, where his political acumen developed.

In the book "1968 in America" (1988), author Charles Kaiser recounted how Mr. Studds and David Hoeh, a political strategist, helped to orchestrate McCarthy's victory in New Hampshire.

"Studds had spent the Thanksgiving recess at home doing some basic statistical research on New Hampshire presidential primaries, and he came to Chicago armed with an analysis of the vote, its percentage in each town and each congressional district," Kaiser wrote. "He presented McCarthy with a twelve-day schedule of campaigning with which the candidate could hit 75 percent of the voters."

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The analysis, combined with Hoeh's experience, proved successful. "This would be the hallmark of the New Hampshire campaign: so-called amateurs who turned out to be much better informed about the local electorate than their most entrenched opponents," Kaiser wrote.

Fully engaged in the politics of the day, Mr. Studds went on to serve as a delegate to the tumultuous 1968 Democratic National Convention in Chicago. Two years later, at age 33 and while a student at the Harvard School of Education, he first ran for Congress but lost to the Republican incumbent in a close election.

He spent the next two years studying issues related to the fishing industry and Portuguese, the language of a community in his district of considerable size. In 1972, he won his second bid and became the first Democrat in 50 years to win what was considered a safe Republican seat.

Mr. Studds, who lived in Provincetown, Mass., retired from Congress in 1997 and became a lobbyist for the fishing industry and environmental causes.

In 1996, Congress named the 842-square-mile Stellwagen Bank National Marine Sanctuary for him.

In addition to Hara, his partner since 1991, survivors include a brother and a sister.

Studds, 1st Openly Gay Congressman, Dies (AP-Y)

By Jay Lindsay, Associated Press Writer

AP, October 15, 2006

Former Rep. Gerry Studds, who became the first openly gay member of Congress when his homosexuality was exposed during a teenage page sex scandal, died early Saturday. He was 69.

Studds died at Boston Medical Center several days after he collapsed while walking his dog, his husband said. Doctors determined his loss of consciousness was due to a blood clot in his lung, Dean Hara said.

Studds regained consciousness and seemed to be improving, but his condition deteriorated Friday because of a second blood clot. The origin of the second clot was not immediately determined, said Hara, who married Studds shortly after same-sex marriage was legalized in Massachusetts in 2004.

Hara said Studds gave courage to gay people by winning re-election after publicly acknowledging his homosexuality.

"He gave people of his generation, of my generation, of future generations, the courage to do whatever they wanted to do," said Hara, 49.

Studds was first elected in 1972 and represented Cape Cod and the Islands, New Bedford, and the South Shore for 12 Congressional terms. He retired from Congress in 1997.

In his early career, Studds was known for opposing the Vietnam War and military intervention in Central America. Studds later became an advocate for a stronger federal response to the AIDS crisis and was among the first members of Congress to endorse lifting the ban on gays serving in the military.

In 1983, Studds acknowledged his homosexuality after a 27-year-old man disclosed that he and Studds had had a sexual relationship a decade earlier when the man was a teenage congressional page.

The House of Representatives censured Studds, who then went home to face his constituents in a series of public meetings.

At the time, Studds called the relationship with the teenage page, which included a trip to Europe, "a very serious error in judgment." But he did not apologize and defended the relationship as a consensual relationship with a young adult. The former page later appeared publicly with Studds in support of him.

The scandal recently resurfaced when Rep. Mark Foley, R-Fla., resigned after exchanging sexually explicit instant messages with a page. Republicans accused Democrats of hypocrisy for savaging Foley while saying little about Studds at that time.

Hara said Studds was never ashamed of the relationship with the page.

"This young man knew what he was doing," Hara said. "He was at (Studds') side."

Studds told his colleagues in a speech on the floor of the House that everyone faces a daily challenge of balancing public and private lives.

"These challenges are made substantially more complex when one is, as am I, both an elected public official and gay," Studds said at the time.

In Congress, Studds was an outspoken advocate for the fishing industry and was hailed by his constituents for his work establishing a limit for foreign fishing vessels 200 miles from the coast. After leaving Congress, he became a lobbyist for the fishing industry and environmental causes.

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"His work on behalf of our fishing industry and the protection of our waters has guided the fishing industry into the future and ensured that generations to come will have the opportunity to love and learn from the sea," Sen. Edward Kennedy, D-Mass., said in a statement. "He was a steward of the oceans."

In 1996, Congress named the 842-square-mile Gerry E. Studds Stellwagen Bank National Marine Sanctuary after him in recognition of his work protecting the marine environment.

In addition to Hara, Studds is survived by a brother, a sister and four nephews.

A Moral Philosophy For Middle-Class America (NYT)

By David Brooks

The New York Times, October 15, 2006

Some people are religious conservatives, who believe that policies should align with the transcendent moral order of the universe. Other people are social libertarians, who believe government should be neutral on values issues, and individuals should be guaranteed their own private space to work out their own solutions to moral questions.

But others of us are social traditionalists. We differ from the religious conservatives in that we're not sure about a transcendent moral order. Furthermore, we think it's both too sectarian and too lofty to try to pattern government policies on God's law.

We also disagree with the social libertarians. We don't think government can be neutral on values issues. Nations are held together by shared beliefs. People flourish because they have been encouraged by society to adopt certain habits and behaviors. It's a chimera to believe individuals come up with solutions to moral questions alone; human beings are social creatures whose actions and views are profoundly shaped by the social fabric that binds them.

We traditionalists observe that when policies fail, it's usually because they are based on inaccurate assumptions about human nature. So we don't base our thinking on the abstract arguments of theology. Nor do we base it on economics, with its image of profit-maximizing individuals. We begin our thinking with a study of what human beings in particular places are actually like.

We know, for example, that human beings are wired to form attachments with each other. As Daniel Goleman writes in his new book, "Social Intelligence," the subconscious mind is able to detect nonverbal emotional messages that the conscious mind is not even aware of. Babies cry in sympathy with other infants. Young children use "mirror neurons" to imitate and learn. As adults, our brain and cardiovascular functions are influenced by the people around us, as we instinctively mimic their emotions.

We are engaged, Goleman writes, in endless "protoconversations," and you get these social contagions. A mood or change can sweep through a group or a nation as people subconsciously mold one another's behavior.

All of this was anticipated by Adam Smith nearly 250 years ago. In "The Theory of Moral Sentiments," Smith based his theory of morals on the intense sociability of human beings (rather than on divine law or the idea of maximum individual autonomy). His approach is a starting point for social traditionalists today.

Smith argued that more than just about everything else, people hunger for approval. We feel intense pleasure when we experience the sympathy of others. In a well-structured society, he continues, our desire for sympathy leads us to restrain our selfish or egotistical behaviors.

Furthermore, Smith continues, we not only want to feel praise, we want to feel praiseworthy. We want to act in ways that would deserve praise, if a wise, impartial spectator happened to be watching us. In our best moments, we want to live up to the ideals our society has gradually engraved upon us.

So for Smith, the crucial policy question was: How do you embed people in relationships that will discourage selfish behavior and emotionally reward virtue and self-control?

Today, while the religious conservatives and the social libertarians have their culture war flashpoints — how many crèches can you fit on the head of a publicly funded pin? — the traditionalists are interested in how to strengthen institutions that breed responsible people. How do you encourage marriage at a time when 70 percent of African-American babies are born out of wedlock? How can you embed young men in American cities, or in Iraq, in the constructive world of work, so they won't drift into the world of violence? How can you build preschool programs so children from chaotic homes will have at least one stable place to develop self-control? How can you assimilate immigrants so they will internalize the social norms of the United States? How can parents keep cultural garbage out of their homes?

In the 1980's, Smith was known as the apostle of free-market capitalism. But these days attention has shifted over to his social philosophy. The culture war has become self-parodic, so people are hungry for a morality that is neither absolutist nor nihilistic. As the economy has opened up opportunities, it's become clear many people lack the cultural capital to take advantage of them.

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A Republican Party in danger of dividing between religious conservatives on the one side and libertarians on the other might return to these traditionalist values after the coming deluge.

It's Official: To Be Married Means To Be Outnumbered (NYT)

By Sam Roberts

The New York Times, October 15, 2006

Married couples, whose numbers have been declining for decades as a proportion of American households, have finally slipped into a minority, according to an analysis of new census figures by The New York Times.

The American Community Survey, released this month by the Census Bureau, found that 49.7 percent, or 55.2 million, of the nation's 111.1 million households in 2005 were made up of married couples — with and without children — just shy of a majority and down from more than 52 percent five years earlier.

The numbers by no means suggests marriage is dead or necessarily that a tipping point has been reached. The total number of married couples is higher than ever, and most Americans eventually marry. But marriage has been facing more competition. A growing number of adults are spending more of their lives single or living unmarried with partners, and the potential social and economic implications are profound.

"It just changes the social weight of marriage in the economy, in the work force, in sales of homes and rentals, and who manufacturers advertise to," said Stephanie Coontz, director of public education for the Council on Contemporary Families, a nonprofit research group. "It certainly challenges the way we set up our work policies."

While the number of single young adults and elderly widows are both growing, Professor Coontz said, "we have an anachronistic view as to what extent you can use marriage to organize the distribution and redistribution of benefits."

Couples decide to live together for many reasons, but real estate can be as compelling as romance.

"Owning three toothbrushes and finding that they are always at the wrong house when you are getting ready to go to bed wears on you," said Amanda Hawn, a 28-year-old writer who set up housekeeping near San Francisco with her boyfriend, Nate Larsen, a real estate analyst, after shuttling between his apartment and one she shared with a friend. "Moving in together has simplified life," Ms. Hawn said.

The census survey estimated that 5.2 million couples, a little more than 5 percent of households, were unmarried opposite-sex partners. An additional 413,000 households were male couples, and 363,000 were female couples. In all, nearly one in 10 couples were unmarried. (One in 20 households consisted of people living alone).

And the numbers of unmarried couples are growing. Since 2000, those identifying themselves as unmarried opposite-sex couples rose by about 14 percent, male couples by 24 percent and female couples by 12 percent.

Matt Foreman, executive director of the National Gay and Lesbian Task Force, said gay couples were undercounted because many gay people were reluctant to disclose their sexual orientation. But he said that inhibition seemed to be fading.

"I would say the increase is due to people feeling more comfortable disclosing that they are gay or lesbian and living with a partner," he said.

The survey did not ask about sexual orientation, but its questionnaire was designed to distinguish partners from roommates. A partner was defined as "an adult who is unrelated to the householder, but shares living quarters and has a close personal relationship with the householder."

Some of the biggest gains in unmarried couples were recorded in unexpected places. In the rural Midwest, the number of households made up of male partners rose 77 percent since 2000.

The survey revealed wide disparities in household composition by place. The proportion of married couples ranged from more than 69 percent in Utah County, Utah, which includes Provo, to 26 percent in Manhattan, which has a smaller share of married couples than almost anyplace in the country. But Manhattan registered a 1.2 percent increase in married couples since 2000, in contrast to the rest of New York City and many other places.

Among counties, the highest proportion of unmarried opposite-sex partners was in Mendocino, Calif., where they made up nearly 11 percent of all households.

The highest share of male couples was in San Francisco, where, according to the census, they accounted for nearly 2 percent of all households. In Manhattan, they made up 1 percent of households. Hampshire County, Mass., home to Northampton, had the highest proportion of female couples, at 1.7 percent. Some of the highest numbers of unmarried couples were recorded in the South, which as defined by the census, has the largest population of any region.

David Blankenhorn, president of the marriage advocacy group the Institute for American Values, said married couples had become a minority largely because of the growing number of households made up of people who planned to marry or who used to be married.

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Steve Watters, the director of young adults for Focus on the Family, a conservative Christian group, said that the trend of fewer married couples was more a reflection of delaying marriage than rejection of it.

"It does show that a lot of people are experimenting with alternatives before they get there," Mr. Watters said. "The biggest concern is that those who still aspire to marriage are going to find fewer models. They're also finding they've gotten so good at being single it's hard to be at one with another person."

But Pamela J. Smock, a researcher at the University of Michigan Population Studies Center, said her research — unaffiliated with the Census Bureau — found that the desire for strong family bonds, and especially marriage, was constant.

"Even cohabiting young adults tell us that they are doing so because it would be unwise to marry without first living together in a society marked by high levels of divorce," Ms. Smock said.

A number of couples interviewed agreed that cohabiting was akin to taking a test drive and, given the scarcity of affordable apartments and homes, also a matter of convenience. Some said that pregnancy was the only thing that would prompt them to make a legal commitment soon. Others said they never intended to marry. A few of those couples said they were inspired by solidarity with gay and lesbian couples who cannot legally marry in most states.

Jennifer Lynch, a 28-year-old stage manager in New York, said she had lived on the Lower East Side with her boyfriend, who is 37 and divorced, for most of the five years they have been a couple.

"Cohabitating is our choice, and we have no intention to be married," Ms. Lynch said. "There is little difference between what we do and what married people do. We love each other, exist together, all of our decisions are based upon each other. Everyone we care about knows this."

If anything, she added, "not having the false security of wedding rings makes us work even a little harder."

With more competition from other ways of living, the proportion of married couples has been shrinking for decades. In 1930, they accounted for about 84 percent of households. By 1990 the proportion of married couples had declined to about 56 percent.

Married couples have not been a majority of households headed by adults younger than 25 since the 1970's, but among those aged 25 to 34 the proportion slipped below 50 percent for the first time within the past five years. (Among Americans aged 35 to 64, married couples still make up a majority of all households.)

"It's partially fueled by women in the work force; they don't necessarily have to marry to be economically secure," said Andrew A. Beveridge, a demographer at Queens College of the City University of New York, who conducted the census analysis for The New York Times. "You used to get married to have sex. Now one of the major reasons to get married is to have children, and the attractiveness of having children has declined for many people because of the cost."

William H. Frey, a demographer at the Brookings Institution, attributed the accelerated trend to the lifestyles of baby boomers.

"It's the legacy of the boomers that have finally caused this tipping point," Dr. Frey said. "Certainly later generations have followed in boomer footsteps, with high levels of living together before marriage, and more flexible lifestyles. But the boomers were the trailblazers, once again, rebelling against a norm their parents epitomized.

"This would seem to close the book on the Ozzie and Harriet era that characterized much of the last century," he said.

Security Council Backs Sanctions On North Korea (NYT)

By Warren Hoge

The New York Times, October 15, 2006

UNITED NATIONS, Oct. 14 — The Security Council voted unanimously on Saturday to impose strict sanctions on North Korea for its reported nuclear test, overcoming objections from Russia and China by explicitly excluding the threat of military force.

The resolution, drafted by the United States, clears the way for the toughest international action against North Korea since the end of the Korean War. Primarily, it bars the sale or transfer of material that could be used to make nuclear, biological and chemical weapons or ballistic missiles, and it bans international travel and freezes the overseas assets of people associated with the North's weapons programs.

In its most debated clause, the resolution authorizes all countries to inspect cargo going in and out of North Korea to detect illicit weapons.

That power was the sticking point in days of what the Russian ambassador called "tense negotiations" with China and Russia that continued up until just minutes before the final vote early Saturday afternoon. And less than an hour after joining in the Council vote to approve the resolution, the Chinese ambassador, Wang Guangya, said China would not participate in the inspection regime because it would create "conflict that could have serious implications for the region."

Mr. Wang said China supported the resolution as a necessary way to respond to Pyongyang's "flagrant" behavior.

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The 15-0 vote came days after North Korea's claim it had tested a nuclear device, reflecting the immediate global alarm that such a weapon could wind up in the hands of terrorists or other rogue states. Indeed, the wording of the resolution hit most of the tough points that the United States and Japan, in particular, had been seeking.

But China's refusal to take part in searches, and Russia's seeming annoyance at the end of the process, immediately raised questions about how effective the resolution's execution could be. And it raised the prospect, too, that similar action sought by the United States against Iran could face a much tougher battle.

After the vote, John R. Bolton, the American ambassador, insisted that China was bound by the resolution's terms and would have to find a way to comply with the inspection provision. "I can't believe that China won't adhere to obligations that the Security Council has imposed," he said.

Ambassador Pak Gil-yon of North Korea told the Council that his government "totally rejected" the resolution, and he accused the panel's members of "gangster-like" action and a "double standards" attitude that neglected the nuclear threat posed by the United States.

He said that if the United States continued to "increase pressure" on North Korea, his government would consider it a declaration of war and take "critical countermeasures."

Mr. Pak then rose from his guest seat at the end of the horseshoe-shaped table and left the chamber.

Mr. Bolton asked to be heard and pointed to the empty chair, saying Mr. Pak's impulsive departure was the equivalent of Khrushchev's pounding his desk in protest in the General Assembly. The Russian ambassador, Vitaly I. Churkin, complained that the reference, even at a moment that he described as Mr. Bolton's "emotional state," was "an inappropriate analogy."

Current and former Bush administration officials, and experts on North Korea, said Saturday that while the sanctions did not go as far as Washington wished, they probably provided the legal justification for the United States and Japan to squeeze the country. It will provide the basis for inspecting ships in ports around the world — though not necessarily on the high seas — and gives Washington a way to expand a program to force banks to halt dealings with the country.

Earlier this year, Stephen J. Hadley, the national security adviser, said that the huge pressure put on one small bank in Macao, Banco Delta Asia, "was the first thing we ever did that got their attention." Today one of his aides said, "Our plan is that Banco Delta is just a beginning."

What the administration did not get was authority to use military force to stop ships in international waters. In order to obtain Chinese agreement, it agreed this week to drop explicit reference to a chapter of the United Nations Charter that authorizes the possible use of military power to enforce sanctions.

"This isn't going to be like the Cuban missile crisis, where we put up a full blockade," said Michael Green, who headed Asia operations on the National Security Council staff until late last year, and is now at the Center for Strategic and International Studies.

The big loophole in the resolution concerns policing the North's border with China. The two countries had about $1.7 billion in trade last year. The Chinese declaration Saturday cast doubt on the likelihood that China would inspect, much less stop, much of the trade moving across that border.

Speaking outside the White House on Saturday, President Bush praised the resolution, saying it sent "a clear message to the leader of North Korea regarding his weapons programs. This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea Peninsula is nuclear-weapons-free."

In addition to the sanctions and search regime, the resolution demands that North Korea abandon its illicit weapons programs and rejoin the nonproliferation treaty, and it calls on the government to return to the so-called six-nation talks involving South Korea, Japan, China, Russia and the United States.

A ban on the shipment of luxury goods in the resolution was particularly championed by Mr. Bolton and J. D. Crouch, the deputy national security adviser, as a way to harm the North's leader, Kim Jong-il, administration officials said. Mr. Kim does not command the kind of loyalty that his father, Kim Il-sung, the country's father and "Great Leader," did until his death in 1994. So instead, according to North Korean defectors, he buys allegiance with Mercedes-Benz cars, bottles of cognac and plenty of walking-around money.

Mr. Bolton alluded to that this week when he said that one intent of the resolution was to put Mr. Kim, who presides over a starving country but travels on luxurious train cars, on a diet. He said that the resolution left Pyongyang "utterly and totally isolated" and that the government should see its only way back to international acceptance was "abandoning weapons of mass destruction and not continuing to go after them."

Mr. Bolton said the measure was aimed at illicit activities of Pyongyang like "money laundering, counterfeiting and selling of narcotics." Those words, however, were removed this week to gain Chinese and Russian approval.

The final draft also dropped a broad arms embargo in favor of one just on heavy equipment like battle tanks, artillery systems, missiles and warships.

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Despite the changes, Mr. Bolton said, “We think this represents essentially what the United States was asking for when it circulated its draft resolution on Monday.”

Asked about the effect of Saturday’s decision on the debate expected next week over sanctions on Iran for its refusal to suspend its nuclear program, he said, “I think this shows quite strongly that the Council is not going to tolerate proliferation of weapons of mass destruction and Iran should learn from this lesson.”

But Mr. Churkin, the Russian ambassador, signaled that an obstacle in the negotiations over North Korea would also arise in the Iran debate, where Russia and China have also been reluctant to approve direct punishments.

Noting that in the cases of both North Korea and Iran, the United States had imposed its own sanctions, he said, “It is unhealthy that when discussing collective measures and trying to be cooperative and forming a unified approach, one country comes out and adopts unilateral measures which also apply to other countries that are participating in the discussion.”

He said, “We very much hope that our American colleagues understand, in terms of the problems we have to solve and tackle in the next stage of our work in the Security Council.”

U.N. Votes To Impose Sanctions On N. Korea (WP)

By Colum Lynch And Glenn Kessler

The Washington Post, October 15, 2006

Council Demands End To Nuclear Program

UNITED NATIONS, Oct. 14 -- The U.N. Security Council voted unanimously Saturday to condemn North Korea and impose stiff sanctions on the communist government in response to its suspected nuclear test.

North Korea's ambassador immediately rejected the council's demand to dismantle its nuclear weapons program and threatened to respond to the escalating pressure on the reclusive government with unspecified "physical countermeasures."

The 15-nation council's action highlighted the outrage that followed North Korea's claim of having tested a nuclear bomb Oct. 9. It also marked a rare willingness by North's Korea council allies, China and Russia, to impose sanctions on Pyongyang.

But to secure their support, the United States was compelled to water down key measures designed to ensure that the sanctions could be enforced. And China -- which shares an 880-mile border with North Korea -- said after the vote that it would ignore a critical provision, which calls on governments to inspect goods entering or leaving North Korea.

Still, President Bush issued a statement welcoming the decision, saying that the United Nations has sent a clear message to North Korean leader Kim Jong Il that the world is "united in our opposition to his nuclear weapons plans."

"There's a better way forward for the people of North Korea," Bush said. "If the leader of North Korea were to verifiably end his weapons programs, the United States and other nations would be willing to help the nation recover economically."

John R. Bolton, the U.S. ambassador to the United Nations, meanwhile, warned that the United States would pursue additional penalties against North Korea if it fails to abide by the council's demand that it agree to destroy its weapons of mass destruction.

Resolution 1718 bans North Korean trade in materials linked to its weapons of mass destruction program, ballistic missiles, high-end conventional weapons -- including war planes and battle tanks -- and luxury goods.

It will create a U.N. committee to monitor the sanctions' effectiveness and to draw up a list of individuals and institutions linked to North Korea's weapons programs. They will be prohibited from traveling abroad, and most of their financial assets will be frozen.

But the resolution stops far short of imposing the kind of sweeping trade embargo initially proposed by Japan. It no longer contains a U.S.-proposed provision to give North Korea 30 days to suspend its nuclear program or face "further action."

The text also provides no additional authority to allow inspections of North Korean vessels suspected of transporting illicit weapons. The United States claims that it already possesses that power, but China maintains that such actions violate international law.

Addressing the council chamber in English, North Korean U.N. ambassador Pak Gil Yon told the council that his government "totally rejects" the council's "unjustifiable" resolution. He said it was "gangster like" for the council to impose such "coercive" measures. He walked out of the U.N. chamber before the session ended.

After Pak's speech, Bolton directed the council's attention to the North Korean diplomat's empty chair and suggested that his right to address the council be suspended.

"That is the second time in three months that the representative of the DPRK [The Democratic Republic of Korea], having asked to participate in our meetings, has rejected a unanimous resolution of the Security Council and walked out of this chamber," Bolton said. "It's the contemporary equivalent of Nikita Khrushchev's pounding his shoe on the desk of the General Assembly."

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Russia's U.N. ambassador, Vitaly Churkin, took offense at the reference to the former Soviet leader. He appealed to council president Kenzo Oshima of Japan "to use your influence" to discourage the use of such an "inappropriate analogy."

U.S. officials believe the resolution will give them the international tools to put the squeeze on North Korea. Secretary of State Condoleezza Rice will travel to Japan, South Korea and China later this week to discuss the implementation of the resolution as well as possible actions that could be taken by countries to punish Pyongyang, U.S. officials said.

The Japanese government, the closest ally of the United States on the North Korean issue, has already imposed sweeping economic sanctions on North Korea in response to the nuclear test. Rice will try to persuade South Korea and China -- which have deep economic ties with North Korea and have supported the country even during the nuclear impasse -- to also tighten the vise, officials said.

"There is such a political backlash against North Korea that people are more willing to consider unilateral actions," said a senior State Department official. "The net effect is that the North Koreans find themselves in a substantially different place," even with China.

China is critical to the success of Security Council provisions calling for restrictions on North Korea's trade in illicit items, because most of Pyongyang's trade crosses the Chinese border. China, however, may be resistant to suggestions that it cut off or reduce North Korea's economic lifeline because it has long valued the stability of having North Korea as a buffer state between China's border and South Korea, which has 25,000 U.S. troops.

For the moment, U.S. officials are focused on implementing this resolution and are not contemplating more resolutions, officials said. When President Bush travels to Hanoi next month for an Asian economic summit, there is the possibility that Bush and the leaders from China, South Korea, Japan, Russia and possibly other countries will meet on North Korea and "take stock" of the resolution's effectiveness.

U.S. officials are also exploring whether the six-nation negotiating group that has focused on North Korea can form the basis for a new security organization akin to NATO or other regional forums. Assistant Secretary of State Christopher R. Hill, the administration's point man on North Korea, noted that unlike Europe, Asia has no such institutions.

The administration believes "we can move beyond just the peace in the Korean peninsula," Hill said in a speech Friday, "but also toward creating some multilateral structures that will allow Northeast Asia not only to be the economic juggernaut that Southeast Asia is . . . but also Northeast Asia that can also be exporting peace and a sense of how to get along."

Kessler reported from Washington.

Security Council Vote Is Unanimous On Sanctions (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, October 15, 2006

The resolution aimed at depriving North Korea of access to nuclear materials leaves room for diplomacy. China opts out of cargo checks.

UNITED NATIONS — The U.N. Security Council voted unanimously Saturday to impose sanctions on North Korea that are meant to cut off the materials and funding for its nuclear program, although China ruled out participating in inspections of North Korean cargo.

As a result of what Russia's ambassador called "tense negotiations," the resolution does not allow military enforcement of the sanctions and makes it clear that the restrictions will be lifted once North Korea abandons its nuclear program and returns to talks. It also contains exemptions to the sanctions to minimize the effect on civilians.

The decision by all 15 members to punish North Korea while leaving the diplomatic door open was a hard-fought act of unity in the wake of the reclusive regime's defiant Oct. 9 announcement that it had conducted a nuclear test, days after the Security Council warned of "serious consequences."

"The Security Council has adopted one of the most important decisions in recent times on an issue of great concern to the international community, that of nonproliferation," Japanese Ambassador Kenzo Oshima said after the vote.

To prevent North Korea from acquiring or exporting nuclear materials, the resolution calls for a ban on goods related to the nation's weapons programs and a freeze on financial activities that support them, as well as a travel ban for senior North Korean officials. It also would put an embargo on heavy conventional weapons and luxury goods.

But China said Saturday that it would not participate in a key measure that would allow the inspection and seizure of suspected nuclear and missile materials going in and out of North Korea. At China's insistence, the final text was diluted to merely request, rather than require, that countries aggressively inspect North Korean cargo.

"China will implement this resolution, but it will not participate in those inspections," Chinese Ambassador Wang Guangya said. "We strongly urge those who think it is necessary to do it with caution, because it could easily lead by one side or the other to a provocation of conflict. That would have serious implications for the region."

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China's reluctance to take part in inspections of North Korean cargo throws into doubt how effective the sanctions will be. China is North Korea's neighbor and provides about 70% of its oil and 40% of its food. Beijing doesn't want the sanctions to cause the unstable regime in Pyongyang to collapse, sending refugees flooding across the border into China.

U.S. Secretary of State Condoleezza Rice is heading to Beijing, Seoul and Tokyo this week to talk about how to enforce the resolution, and additional measures that the countries can take to contain North Korea.

The inspection measure is based on the 2003 U.S.-led Proliferation Security Initiative, or PSI, involving a group of 16 core countries that have agreed to take steps to stop the flow of weapons of mass destruction, including boarding ships for inspections.

U.S. officials portrayed the unanimous vote as a political victory for the United States in bringing together countries that had been reluctant to take a hard line on North Korea — in particular, China and Russia.

U.S. Ambassador John R. Bolton had pushed hard for a swift and tough resolution after North Korea's missile tests in July and after the declared nuclear test last week, and even managed to get the PSI measure in the resolution.

President Bush described the Security Council resolution as a "clear message" to North Korean leader Kim Jong Il that "the world is united in our opposition to his nuclear weapons plans."

In brief remarks on the South Lawn of the White House, Bush also pledged to help North Korea with its economic recovery if it gave up its nuclear weapons program. "This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea Peninsula is nuclear-weapons-free," he said.

The North Korean ambassador, Pak Gil Yon, told the council that his country "totally rejects the unjustifiable resolution" and denounced the "gangster-like" behavior of the Security Council for sanctioning North Korea without addressing the threat that it felt the U.S. posed to his country.

North Korea would not "possess even a single nuke when it is no longer exposed to the U.S. threat," Pak said, but if sanctions are imposed it will "continue to take physical countermeasures, considering it as a declaration of war."

Pak then walked out of the chamber, leading Bolton to suggest to the council that North Korea should be expelled from the United Nations.

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Times staff writer Maura Reynolds in Washington contributed to this report.

Bush: U.N. Action Sends Clear Message (AP)

By Jennifer Loven

AP, October 15, 2006

President Bush said Saturday that the U.N. Security Council had sent a "swift and tough" message to North Korea that its claimed detonation of a nuclear bomb was unacceptable to the world.

Bush spoke shortly after the council unanimously approved a resolution penalizing the reclusive communist nation for its announcement of the test on Oct. 9.

"This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korean Peninsula is nuclear-weapons free," the president told reporters in brief remarks from the White House's South Lawn. He then left for the presidential retreat at Camp David in Maryland.

Bush said North Korea still had a chance for "a better way forward" and promised economic assistance to the impoverished country from the United States and others if it would verifiably end its nuclear weapons program.

"The message today, however, says to the leader of North Korea that the world is united in our opposition to his nuclear weapons plans," Bush said.

The president took no questions. He never referred by name to Kim Jong Il, whose country Bush had branded a member of an "axis of evil."

The resolution demands that North Korea eliminate all its nuclear weapons and come back to six-party talks, which include the U.S., that are aimed at ending its program.

"This is the strongest resolution, the strongest set of sanctions ever passed on North Korea," said Kristen Silverberg, assistant secretary of state for international organizations.

The U.S. and Japan made several concessions to win support from skeptical council members, particularly China and Russia.

The resolution expressly rules out military action against North Korea. Also, language was dropped from the U.S. proposal that would have imposed a complete ban on the sale of conventional weapons. Instead, the embargo is limited to major hardware such as tanks, warships, combat aircraft and missiles.

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The resolution calls on all countries to inspect cargo leaving and arriving in North Korea to prevent any illegal trafficking in weapons of mass destruction or ballistic missiles. The final draft was softened from language saying the council "decides" — which is a stronger authorization.

The measure also bans the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles. It orders all countries to freeze the assets and ban travel for anyone engaged in supporting North Korea's weapons programs.

Freezing financial assets of North Korean leaders and banning the import of luxury items are considered key pieces of the plan because they would squeeze the nation's elite but spare the ordinary citizen, Silverberg said.

"We hope to change the calculus for individual officials in North Korea," she said.

Despite the softer provisions and no threat of military action to enforce them, Bush pronounced the measure "a clear message" to North Korea.

North Korea immediately rejected the resolution, and its U.N. ambassador walked out of the council chamber. Ambassador Pak Gil Yon said North Korea wants talks but warned that it will consider increased U.S. pressure a declaration of war.

The U.S. has refused to talk one on one with North Korea except on the margins of six-nation disarmament talks that also include China, South Korea, Japan and Russia.

Bush is sending Secretary of State Condoleezza Rice to China, South Korea and Japan this coming week to try to ensure there are no fissures between North Korea's neighbors and the United States. Rice and the U.S. ambassador to the U.N., John Bolton, also were appearing on the Sunday morning television talk shows to bolster the U.S. case.

The North Korea crisis was the subject of the president's weekly radio address on Saturday. Democrats responded by saying that the apparent test is evidence Bush's approach to North Korea has failed.

"Under President Bush and this Republican Congress' watch, our country has become less safe — both domestically and abroad," said congressional candidate Patrick Murphy of Pennsylvania. "We have seen the number of terrorist attacks increase around the world. We have seen North Korea and Iran — two members of the president's axis of evil — enhance their nuclear weapons capabilities."

Bush Says UN Needs To Send North Korea Clear Message (Update2) (BLOOM)

By Brendan Murray And Bill Varner

Bloomberg, October 15, 2006

Oct. 14 (Bloomberg) -- President George W. Bush said a United Nations resolution that punishes North Korea for its nuclear activities will help prevent Kim Jong Il's isolated country from building and exporting atomic weapons.

``We will send a clear message to the North Korean regime that its actions will not be tolerated," Bush said in his weekly radio broadcast. The U.S. and other countries ``agree on the need for a strong United Nations Security Council resolution that will require North Korea to dismantle its nuclear programs," he said.

The Security Council today voted 15 to 0 to adopt the resolution, which Bush this afternoon told reporters was ``swift and tough." Agreement came after the U.S. introduced amendments that addressed objections by China and Russia.

China sought greater assurances that the resolution couldn't be used to justify armed seizure of North Korean ships traveling in international waters, while Russia was concerned about the scope of weapons-related items included in the embargo.

Cargo Inspection

The resolution bars the sale or transfer of missile, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government, and also calls for UN member nations to conduct inspection of cargo going to of from North Korea.

Bush said in his radio address that the resolution should ``specify measures to prevent North Korea from importing or exporting nuclear or missile technologies" and ``should prevent financial transactions or asset transfers that would help North Korea develop its nuclear or missile capabilities."

North Korea announced Oct. 9 that it had carried out its first nuclear test, drawing condemnation from around the world.

In a concession to China, the U.S. earlier dropped explicit reference to a part of the UN Charter that would make sanctions militarily enforceable, changing it to Article 41 of Chapter 7, which only authorizes diplomatic and economic sanctions. The Washington Post reported this morning that China wants greater assurances that the resolution couldn't be used to justify armed seizure of North Korean ships traveling in international waters.

Carrot and Stick

``We will give the nations with the closest ties to North Korea -- China and South Korea -- a framework to use their leverage to pressure Pyongyang and persuade its regime to change course," Bush said in his radio address. The president told reporters this afternoon that if North Korea verifiably ends its weapons program, the U.S. and other nations will provide economic help.

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Bush said the U.S. will keep consulting with allies in the region.

``In response to North Korea's provocation, we will seek to increase our defense cooperation with our allies, including cooperation on ballistic missile defense to protect against North Korean aggression, and cooperation to prevent North Korea from importing or exporting nuclear or missile technologies," Bush said in the address.

Secretary of State Condoleezza Rice will travel to Beijing, Seoul and Tokyo Oct. 17-22 to talk about the resolution and ``how to go about actually implementing that resolution," State Department spokesman Sean McCormack told reporters yesterday in Washington.

Radioactivity Detected

The U.S. notified South Korea today that it had detected evidence of radioactivity near the site where North Korea claims it conducted the nuclear test.

``The U.S. informed us of its findings," said Chun Ki Seok an official at the public affairs division of the Defense Ministry in Seoul. ``The detection of radioactivity means the North conducted a nuclear test. But we are still unaware of whether the test succeeded."

``With its actions this week, the North Korean regime has once again broken its word, provoked an international crisis, and denied its people the opportunity for a better life," Bush said.

U.N. Imposes Trade Embargo On N. Korea (WT/AP)

By Edith M. Lederer, Associated Press

The Washington Times, October 15, 2006

NEW YORK -- The U.N. Security Council voted unanimously yesterday to impose punishing sanctions on North Korea for reportedly carrying out a nuclear test, declaring that the test posed "a clear threat to international peace and security."

North Korea immediately rejected the resolution, and its U.N. ambassador walked out of the council chamber after accusing its members of a "gangsterlike" action that neglects the nuclear threat posed by the United States.

"The Democratic People's Republic of Korea is ready for talks, dialogue and confrontation," Ambassador Pak Gil-yon said, using the conventional long form of his country's name.

"If the United States increases pressure upon the Democratic People's Republic of Korea persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war."

The vote came after the United States, Britain and France overcame last-minute differences with Russia and China during what the Russian ambassador called "tense negotiations."

The resolution demands North Korea eliminate all its nuclear weapons, but expressly rules out military action against the country -- a point demanded by the Russians and Chinese.

U.S. Ambassador John R. Bolton warned Pyongyang, however, that if it continues pursuing nuclear weapons, the United States would seek further measures.

The Security Council condemned the nuclear test that North Korea said it conducted Monday. It demanded that North Korea immediately return to six-party talks aimed at persuading Pyongyang to dismantle its weapons program without precondition.

It imposed sanctions for the North's "flagrant disregard" of the council's appeal not to detonate a nuclear device and demanded that North Korea "not conduct any further nuclear test or launch of a ballistic missile."

The resolution bans the import or export of material and equipment that could be used to make nuclear weapons or ballistic missiles. It orders all countries to freeze the assets and ban travel for anyone engaged in supporting North Korea's weapons programs.

"This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korean Peninsula is nuclear-weapons free," President Bush said.

In a measure aimed at North Korean leader Kim Jong-il and the country's tiny elite, the resolution bans the sale of luxury goods to the country.

To meet Russian and Chinese concerns, the U.S. eliminated a complete ban on the sale of conventional weapons. Instead, the resolution limits the embargo to major hardware such as tanks, warships, combat aircraft and missiles.

The resolution calls on all countries to inspect cargo leaving for and arriving from North Korea to prevent any illegal trafficking in unconventional weapons or ballistic missiles.

China's U.N. ambassador, Wang Guangya, said after the vote that this provision allowing the boarding of ships to inspect cargo was still unacceptable to Beijing, and it would not carry out inspections.

Nonetheless, Mr. Wang hailed what he called a "watered-down" resolution.

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He told reporters that he did not consider the North Korean ambassador's response the official reply from Pyongyang, which he awaits.

"The important thing is not what they say here," Mr. Wang said. The overriding issue, he said, is "how we work together for peace and security in the region."

Russia's U.N. ambassador, Vitaly Churkin, said Moscow got what it wanted -- a strong resolution but one that is also aimed at "prevention of a further escalation of tension."

North Korea's Mr. Pak told the Security Council that the reported nuclear test was not inconsistent with the country's goal of a denuclearized Korean Peninsula.

"The DPRK clarified more than once that it would feel no need to possess even a single nuke when it is no longer exposed to the United States' threat, after it has dropped its hostile policy to the DPRK and confidence has been built between the two countries," he said.

Mr. Bolton said North Korea's reported test "unquestionably poses one of the gravest threats to international peace and security that this council has ever had to confront."

Following Mr. Pak's speech, Mr. Bolton took the floor again saying: "I'm not going to waste any of our time responding."

But he noted that North Korea had done yesterday exactly what it did in July after the council adopted limited sanctions for its ballistic-missile tests -- immediately reject the resolution and walk out.

"It is the contemporary equivalent of Nikita Khrushchev pounding his shoe on the desk," Mr. Bolton said, referring to the Soviet leader's legendary act of protest at the U.N. General Assembly in 1960.

Mr. Bolton told reporters afterward that the next step is to start work on implementing the resolution.

On Friday, U.S. officials said an air sampling after North Korea's claimed nuclear test detected radioactive debris consistent with an atomic explosion. However, the Bush administration and congressional officials said no final determination had been made about the nature of Monday's mystery-shrouded blast.

N. Korean Nuclear Conflict Has Deep Roots (WP)

By Walter Pincus

The Washington Post, October 15, 2006

50 Years of Threats and Broken Pacts Culminate in Apparent Atomic Test

Democrats and Republicans have been quick to use North Korea's apparent nuclear test to benefit their own party in these final weeks of the congressional campaign, but a review of history shows that both sides have contributed to the current situation.

There is more than 50 years of history to Pyongyang's attempt to gain a nuclear weapon, triggered in part by threats from Presidents Harry S. Truman and Dwight D. Eisenhower to end the Korean War.

In 1950, when a reporter asked Truman whether he would use atomic bombs at a time when the war was going badly, the president said, "That includes every weapon we have."

Three years later, Eisenhower made a veiled threat, saying he would "remove all restraints in our use of weapons" if the North Korean government did not negotiate in good faith an ending to that bloody war.

In 1957, the United States placed nuclear-tipped Matador missiles in South Korea, to be followed in later years, under both Republican and Democratic administrations, by nuclear artillery, most of which was placed within miles of the demilitarized zone.

It was not until President Jimmy Carter's administration, in the late 1970s, that the first steps were taken to remove some of the hundreds of nuclear weapons that the United States maintained in South Korea, a process that was not completed until 1991, under the first Bush administration.

It is against that background that the North Korean nuclear program developed.

North Korea has its own uranium mines and in 1965 obtained a small research reactor from the Soviet Union, which it located at Yongbyon. By the mid-1970s, North Korean technicians had increased the capability of that reactor and constructed a second one. Pyongyang agreed in 1977 to allow the International Atomic Energy Agency (IAEA) to inspect the first reactor.

It was in the 1980s that the North Korean weapons program began its clandestine growth with the building of a facility for reprocessing fuel into weapons-grade material and the testing of chemical high explosives. In 1985, around the time U.S. intelligence discovered a third, once-secret reactor, North Korea agreed to sign the Nuclear Non-Proliferation Treaty (NPT).

Five years later, U.S. intelligence discovered through satellite photos that a structure had been built that appeared to be capable of separating plutonium from nuclear fuel rods. Under pressure, North Korea signed a safeguards agreement with the IAEA in 1992, and inspections of facilities began. But in January 1993, IAEA inspectors were prevented from going to two previously unreported facilities. In the resulting crisis, North Korea attempted to withdraw from the NPT.

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The Clinton administration responded in 1994 that if North Korea reprocessed plutonium from fuel rods, it would be crossing a "red line" that could trigger military action. The North Koreans "suspended" their withdrawal from the NPT, and bilateral talks with the Clinton administration got underway. When negotiations deadlocked, North Korea removed fuel rods from one of its reactors, a step that brought Carter back into the picture as a negotiator.

The resulting talks led to the 1994 Agreed Framework, under which North Korea would freeze and eventually dismantle its nuclear weapons program. In return, it would be supplied with conventional fuel and ultimately with two light-water reactors that could not produce potential weapons-grade fuel.

However, a subsequent IAEA inspection determined that North Korea had clandestinely extracted about 24 kilograms of plutonium from its fuel rods, and U.S. intelligence reported that was enough material for two or three 20-kiloton plutonium bombs.

During the next six years of the Clinton administration and into the first years of the current Bush administration, the spent fuel from North Korea's reactors was kept in a storage pond under IAEA supervision. As late as July 5, 2002, in a letter to Rep. Edward J. Markey (D-Mass.), then-national security adviser Condoleezza Rice said the administration was continuing with the 1994 agreement but holding back some elements until the IAEA certified that the North Koreans had come into full compliance with the NPT's safeguards agreement.

In November 2001, when the Bush administration was absorbed in the aftermath of the Sept. 11 terrorist attacks, intelligence analysts at the Lawrence Livermore National Laboratory completed a highly classified report that concluded North Korea had begun construction of a plant to enrich uranium. A National Intelligence Estimate of the North Korean program confirmed the Livermore report, providing evidence that Pyongyang was violating the agreement.

Nonetheless, the Bush administration waited until October 2002 before confronting the North Koreans, who at one meeting confirmed they were following another path to a nuclear weapon using enriched uranium.

Soon thereafter, the United States ended its participation in the 1994 agreement. North Korea ordered IAEA inspectors out, announced it would reprocess the stored fuel rods and withdrew from the NPT. Earlier this year, Pyongyang declared it had nuclear weapons.

The Bush administration then embarked on a new approach, developing a six-nation strategy based on the idea that bilateral U.S.-North Korea negotiations did not work and that only bringing in China and South Korea, which had direct leverage over the Pyongyang government, would gain results.

In South, Most Call For New Policy, Own Nukes (WT)

By Andrew Salmon, The Washington Times

The Washington Times, October 15, 2006

SEOUL -- In less than a week since North Korea claimed to have tested a nuclear weapon, public opinion in the South has turned sharply against a South Korean policy of engaging the enemy in the belief it will eventually bring peace on the divided peninsula.

A JoongAng newspaper poll, several days after the reported nuclear test Monday, found 78 percent of respondents thought South Korea should revise its policy, and 65 percent said South Korea should develop nuclear weapons to protect itself.

Protesters have held nightly candlelight vigils, and some have burned North Korean flags.

"We worry about a war because the regime is so thoughtless," librarian Lee Young-sook said at one rally. "The South Korean people are being held hostage."

North Korea faces United Nations sanctions, approved yesterday in a unanimous vote of the 15-nation Security Council.

South Korean President Roh Moo-hyun has conceded the "sunshine" policy of engagement with North Korea is under threat because of the nuclear test.

A Korea Opinion Institute poll found approval for the opposition Grand National Party (GNP) at 40.1 percent, compared with an approval rating of 11.4 percent for Mr. Roh's ruling Uri Party.

The GNP has demanded that industrial and tourism projects with the North be shut down.

Even the left-wing newspaper Hankyoreh titled its editorial on the nuclear test "Shock and poor judgment."

The architect of South Korea's engagement with the North, former President Kim Dae-jung, remained unmoved by the test.

In a speech at a university Wednesday, he advised the United States to enter bilateral talks with North Korea, blamed American hard-liners for the crisis and said engagement must continue.

Andrei Lankov, a North Korean specialist at Seoul's Kookmin University, said a key weather vane of North-South ties points to North Korea's Mount Kumgang (Diamond Mountain), a resort for South Korean tourists inside the communist state.

"If the government stops the tours to Mount Kumgang, that will really send a message that they are serious," Mr. Lankov said.

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The resort, run by South Korean conglomerate Hyundai Asan, has welcomed more than 1 million tourists from the South since 1998, earning the impoverished North hundreds of millions of dollars in foreign currency.

Business has continued at the engagement policy's second flagship project, the joint North-South industrial complex at Kaesong, just inside North Korea.

Fifteen South Korean companies are established in the Seoul-funded project, but South Korea halted expansion after the North tested missiles on July 4 and, on Wednesday, it indefinitely halted further land sales at the site.

·This article is based in part on wire service reports.

U.N.'s Next Leader Urges North Korea (AP)

By Edith M. Lederer

AP, October 15, 2006

South Korea's foreign minister, who has promised to make peace with North Korea a top priority as the new U.N. secretary-general, said Saturday the global community must engage the reclusive country in talks over its nuclear program, not just punish it with sanctions.

Ban Ki-moon, who was appointed Friday to succeed Kofi Annan on Jan. 1, said in an interview with the Associated Press that he welcomed the U.N. Security Council's "very clear, strong and unified message to North Korea" in the resolution it adopted Saturday, declaring Pyongyang's claimed nuclear test unacceptable.

The resolution demanded that North Korea give up nuclear weapons, and banned the country from exporting or importing any material for its weapons or ballistic missile programs. It also called on all countries to inspect cargo to or from the North to interdict weapons smuggling, and ordered governments to freeze all assets and ban the travel of anyone involved in illegal trafficking.

"I hope that North Korea will comply with this resolution," Ban said. "I hope that all member states of the United Nations will fully implement this resolution."

The resolution expressly rules out military action against North Korea, and Ban stressed in the interview that "we need a two-pronged approach at this time," relying not only on sanctions but on dialogue and talks.

He urged the North Koreans to return to six-nation talks which Pyongyang has boycotted for 13 months to protest financial measures imposed by the United States for alleged counterfeiting and money-laundering. The boycott began just after an agreement in September 2005 in which the North agreed to give up its nuclear weapons in exchange for security guarantees and aid.

"North Korea should return to the six-party process immediately without any preconditions," Ban said. "We need to have the North Koreans get on board with the negotiations."

"We hope that the North Koreans will take a more reasonable and practical approach for the future. A much brighter future lies ahead if they implement the joint statement adopted last year," he said, referring to its September 2005 pledge to abandon its weapons program.

Ban said he was "very much disappointed" at Saturday's statement by North Korea's U.N. Ambassador Pak Gil Yon, who rejected the resolution and accused the council of a "gangster-like action."

Pak said Pyongyang conducted the nuclear test "to protect its sovereignty" in the face of escalating U.S. threats and sanctions. He added that North Korea would give up its nuclear weapons if it didn't face continued threats from the U.S., stressing the country is ready for dialogue but prepared for confrontation if U.S. pressure intensifies.

"I am very much frustrated at the path North Korea has taken of testing nuclear weapons in violation of all existing regulations and conventions and treaties to prevent the proliferation of weapons of mass destruction," Ban said.

The test was conducted "in total disrespect" of South Korea's humanitarian aid, exchanges and cooperation with the North, he said.

Ban said last month that if he became secretary-general, he would use his authority to further peace, inter-Korean reconciliation, and a peaceful resolution of the North Korean nuclear issue. He also said he wanted to go to North Korea, something Annan never did.

Asked when he would visit the North, Ban said, "First of all I have to see how the situation develops."

"As the Security Council has adopted a very strong resolution, we will see how the resolution is implemented," he added.

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Associated Press Writer Gerald Nadler contributed to this report.

Negotiations Must Follow UN's North Korea Action, Analysts Say (BLOOM)

By Jeff Bliss And William Varner

DOJ_NMG_0081802

Bloomberg, October 15, 2006

Oct. 15 (Bloomberg) -- The United Nations Security Council resolution punishing North Korea for a suspected nuclear test will only be effective if the Bush administration backs it with negotiations to end the weapons program, some national-security analysts said.

Stephen Bosworth, a former U.S. ambassador to South Korea under President Bill Clinton, said the administration should be congratulated for quickly unifying world opinion against the Oct. 9 test. Yet sanctions alone won't be enough to pressure a government that already is economically and diplomatically isolated, he said.

The resolution is ``an admirable demonstration of international sentiment against what the North Koreans have done," said Bosworth, now dean of the Fletcher School of Law and Diplomacy at Tufts University in Medford, Massachusetts. ``Will it change North Korea's behavior? Very unlikely."

The resolution, adopted 15-0 yesterday, bans the sale or transfer of missiles, warships, tanks, attack helicopters and combat aircraft, as well as missile- and nuclear-related goods to the North Korean government. It calls for UN member nations to conduct ``inspection of cargo" going to or from North Korea.

President George W. Bush must overrule those in the administration who are reluctant to talk directly with the North Koreans, said Joseph Cirincione, a senior vice president for national security at the Center for American Progress in Washington.

`Important Prods'

The sanctions ``can be very important prods that bring North Korea back to the negotiating table," he said. ``It will be important for the U.S. to be there ready to negotiate."

Those talks could be conducted within the multilateral discussions involving North Korea's neighbors -- Russia, China, South Korea and Japan -- on which the Bush administration has insisted, Cirincione said.

John Tkacik, a former U.S. diplomat in China, said the UN resolution may force the North Koreans back into those talks. If it fails to do so, the crisis might ``persist indefinitely," he said.

``The North Koreans are finding themselves friendless in the world," said Tkacik, now a senior fellow at the Heritage Foundation, a Washington-based research organization. ``Their strategy of defiance is not really working, especially with China and Russia signing into this agreement. This is going to put the squeeze on North Korea even harder."

The latest diplomatic crisis on the Korean peninsula was touched off by North Korean claims that it had conducted an underground nuclear test in the country's mountainous northeastern region.

Radioactivity

The U.S. notified South Korea yesterday that it had detected evidence of radioactivity near the site where North Korea said it conducted the nuclear test. U.S. intelligence officials have said they haven't come to a definitive conclusion about whether a nuclear bomb was exploded.

Bush said the resolution sends a ``clear message" to North Korean leader Kim Jong-Il that he should cease developing nuclear weapons in exchange for help in reviving his country's destroyed economy.

``This action by the United Nations, which was swift and tough, says that we are united in our determination to see to it that the Korea peninsula is nuclear-weapon-free," Bush said at the White House.

Congressional Republicans praised the resolution's passage and highlighted the role of John Bolton, the U.S. ambassador to the UN. Bolton has been criticized by lawmakers such as Senator Christopher Dodd, a Connecticut Democrat, who say he's brusque and undiplomatic.

``I'm pleased the UN has demonstrated that there are consequences to North Korea's reckless actions," said Senate Majority Leader Bill Frist, a Tennessee Republican.

North Korean Response

North Korea, formally known as the Democratic People's Republic of Korea, ``totally rejects" the resolution, Ambassador Pak Gil Yon said yesterday. ``If the U.S. increases pressure on the DPRK, persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war."

Pak yesterday walked out of the Security Council chamber when South Korea's envoy began to speak, an action that Bolton compared with Soviet leader Nikita Khrushchev pounding his shoe on a desk in the General Assembly in 1960. Bolton suggested that the UN should consider expelling North Korea.

The diplomatic atmosphere is so charged that a mediator such as a high-ranking Chinese official or new UN Secretary-General Ban Ki Moon will be needed to persuade countries to resume negotiations, Cirincione said.

Different Interpretations

Some of the resolution's language is open to interpretation, showing the perils of using the UN to stop nuclear proliferation, said Lee Feinstein, a senior fellow for U.S. foreign policy and international law at the Council on Foreign Relations in Washington.

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The final text says nations are only ``called upon'' to inspect cargo coming from or bound for North Korea ``as necessary.''

While Bolton said nations are legally bound to follow through on the provision, Chinese Ambassador Wang Guangya said his country doesn't approve of the inspections.

``Even when you get unanimity, you have members like China instantly repudiating key provisions of the resolution they just approved,'' Feinstein said.

The resolution condemns North Korea's test, says that its nuclear program must be verifiably eliminated and demands that it not conduct any more tests and adhere to the Nuclear Non- Proliferation Treaty.

Freezing Assets

The measure also establishes a Security Council committee to identify people whose financial assets will be frozen because they contributed to North Korea's nuclear and ballistic missile programs. Foreign travel by the designated people would be banned.

Exceptions were made for delivery of humanitarian aid to North Korea.

Adoption of the text comes three months after the Security Council adopted a resolution barring North Korea from acquiring or selling missile technology. That measure was in response to North Korea's July 5 test of seven ballistic missiles.

Whatever the U.S. and its allies decide is their next move, they must act soon, Cirincione said. ``The more they test, the harder it is for them to stop,'' he said.

What Do We Do Now? (NSWK)

Newsweek

Newsweek, October 15, 2006

Four experts outline their visions for how the world should deal with North Korea and its nuclear threats. WEB EXCLUSIVE

North Korea is a geostrategic nut that—as diplomats from Beijing, Seoul and Washington have learned—is not easily cracked. What might be done to rein in North Korea's nuclear program? NEWSWEEK asked a handful of experts with first-hand knowledge of North Korea for their views on what the U.S. policy toward Pyongyang should be. Excerpts:

Kim Dae Jung

President of South Korea (1998-2003) and winner of the Nobel Peace Prize (2000)

The United Nations is contemplating actions against North Korea's nuclear test. The preconditions for any measure should be that we mustn't abide North Korea having nuclear weapons even though they tested one. [Their program] must be completely dismantled. The first option is the use of force, but the United States doesn't have the capability, and neighboring countries like Korea, China, Russia and even Japan are not considering this. The second option is economic sanctions, but there is no guarantee they will bring about the desired result. North Korea's economy could collapse. Another concern is that North Korea might try to sell its nuclear know-how to countries like Iran or Venezuela, two oil producers with a lot of money. The third option is dialogue. I cannot understand why the U.S. is still saying it won't [talk] because North Korea is evil. You can have dialogue even with the devil if necessary. In the past, President Nixon went to China and had dialogue with Mao Zedong. President Reagan called the Soviet Union an "evil empire" but still pursued dialogue. President Eisenhower pursued dialogue with Pyongyang during the Korean War, and because of that there was an armistice that [maintained] peace on the peninsula for the last 50 years. From a country that is very much responsible for world peace, the United States' refusal to talk is quite unacceptable. (Read NEWSWEEK's complete interview with Kim Dae Jung.)

Stephen W. Bosworth

Dean of the Fletcher School at Tufts University and the former U.S. Ambassador to South Korea (1997-2000)

The first thing we need to do is draw a collective deep breath and seek calm. Over time, I think there is going to be mounting pressure on us to engage more directly with the North Koreans. I am not at all confident that any conceivable combination of pressures on North Korea from us, South Korea or China are going to bring about a change of direction on the part of Pyongyang.

If we've learned anything about negotiating with the North Koreans over the last 25 years, it's that they do not react well to pressure. They believe that a crisis atmosphere benefits them; it creates openings [between] other countries that they can exploit, and they believe they're better than anyone else at managing this kind of crisis.

It seems to me there are three possible outcomes: One, we could try to negotiate a package of security assurances and economic goodies for North Korea that would be sufficient to convince them to roll back their nuclear-weapons programs and do so in a verifiable fashion.

The second alternative is that we put increasing pressure on them, including the use of military force, to destroy or at least disrupt their nuclear programs. The problem is that once you cross that path, you have no assurance that you're going to be able to contain the ensuing situation. It is stupid to assume that we could strike North Korea without provoking a counter-strike from

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them in some fashion. And while we may be willing to contemplate that—our national territory is a long way away from them—we do however have troops and lots of American civilians in Korea and Japan. What may seem to be a tolerable price to pay for destroying [North Korea's] nuclear programs would probably not seem so tolerable to South Koreans and Japanese. Added to that is the complicating factor that I doubt we have any real idea where their remaining nuclear devices or materials might be located.

The third outcome is that we learn to live with a nuclear North Korea. To do that, we would obviously have to have very close and careful cooperation with the parties in the region. We would have to lay down some very explicit red lines as to what would be tolerable or intolerable, including selling or exporting materials to other countries or other organizations. Two or three years ago, I had a significant level of confidence that a negotiated outcome was feasible, but I am no longer quite that confident.

We've got to listen to the North Koreans as they tell us what they think they want—that is, direct contact with the United States, not simply through the six-party process, but they want direct contact of the sort that we had under Bush One and under Clinton. To say we've tried that and it failed, as the president did [Thursday]—I simply don't agree with that. What is the disadvantage? Rewarding their bad behavior? That's patent nonsense. We talk all the time to people who behave badly.

Hans Blix

Veteran Swedish diplomat who headed the U.N.'s Monitoring, Verification and Inspection Commission. From 1981 to 1997, he served as director general of the International Atomic Energy Agency, during which time he oversaw inspections of Iraq's nuclear program. Today he chairs the Stockholm-based Weapons of Mass Destruction Commission.

[For Washington,] I think the latest statement from [President] Bush is relatively conciliatory. The [administration's] anger is understandable, but you have to convince and reassure [the North Koreans], too. You have to understand that when most countries turn to nuclear weapons, whether it's Iran or Pakistan or China, it's because of their perceptions of their own security. In the case of North Korea, it is reasonable to guess that while once they felt supported by Russia or China, now they no longer feel that way. And for a long time they have felt under threat from the United States—and they have seen what has happened in Iraq. Whether you can now say that the [conciliatory] "Sunshine Policy" [adopted by South Korea] has now failed, I am doubtful. In fact, I think it's the continued waving of the stick that may be dangerous.

The North Koreans now have a choice: they have to decide what would protect them better—paper assurances or nuclear weapons. To persuade them to go down the paper assurance route, I think you have to put some more carrots on the table. There's the possibility of offering diplomatic relations, for example, or [that] they could get more [aid] from the World Bank. As others have said, too, they should get assistance and gradually abandon their disastrous economic structure—not for a free market economy but for something like Vietnam's or China's.

We have to decide on our priority too. Is it human rights or making the regime in North Korea step back from nuclear weapons? A lot of valuable time has been lost by our ambivalent attitude in the past. We are harvesting what we have sown. The constraint is domestic policies in the West. With the elections coming up in America, Bush wants to be seen as firm, to look macho. In [an earlier crisis] in 1994, when I was at the IAEA, [former President] Jimmy Carter went to Pyongyang and met Kim Il Sung. Maybe another such trick is needed today.

Gordon G. Chang

Author of "Nuclear Showdown: North Korea Takes on the World" (Random House 2006)

I think it's important to disarm Kim Jong Il, because if you do that it will go a long way to also stopping the Iranian weapons program, too. For years, the Iranians have been watching the North Koreans and, more important, they have been watching the international community's reaction to Kim Jong Il's increasingly provocative behavior.

How do we stop both of those programs? I think there is a common tactic for North Korea and Iran. Both countries have two primary sponsors: North Korea has China and South Korea, and Iran has China and Russia. Historically, the Chinese have stood up to the U.S. when they've had [diplomatic support from other countries], and they have been accommodating when they've been isolated. So the real trick for American diplomacy is to isolate China, because that puts China in a position where it has no choice but to be responsible and to do the right thing.

Right now in Beijing there are many officials and analysts who believe it is in China's interest to be cooperative with the United States and to help disarm Kim Jong Il. And China can do that because it supplies 90 percent of North Korea's fuel oil, 80 percent of its consumer goods and somewhere between 40 and 45 percent of North Korea's food. If China wanted to, it could disarm Kim Jong Il next week: there would be no nuclear weapons program, no missiles program and indeed there would be no North Korea, and the North Koreans know this.

But there is no consensus in Beijing to change the focus of their foreign policy-supporting Kim Jong Il because there are many Chinese who maintain close ties with their North Korean counterparts, especially in the military. It's important for the United States to create the conditions under which the more progressive forces in Beijing are going to win out. The Chinese are ruthlessly pragmatic, and if we apply leverage, I believe that China will fall into line—especially so if we are able to solidify our

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military alliance with South Korea, because then that leaves China in a very difficult position. Ultimately, they value their relationship with us more than they value their relationship with North Korea.

The first issue is the U.N. Security Council deliberations right now. We have to make it clear to China that it's now or never. They're either stakeholders in the international system or they're adversaries of it. There is just no middle ground when the world is at such risk.

The Bush administration put sanctions in place about a year ago [to stop] North Korea's currency counterfeiting program. They've been surprisingly effective in constricting the flow of funds in and out of North Korea. They are really starting to hurt the regime. I don't think it's the time to loosen them; on the contrary, I believe the sanctions should be tightened. There is a concern about how sanctions would hurt the North Korean people, but by maintaining the regime, we maintain a repressive system, which is going to cause suffering for even more North Koreans in the future.

Hazel Smith

Professor in international relations at Warwick University in Britain. She spent two years in North Korea earlier this decade, helping to run the United Nations' food-relief program. Her latest book is "Hungry for Peace: International Security, Humanitarian Assistance and Social Change in North Korea."

The U.S. has to cut the rhetoric and get on with [diplomacy]. That means it has to have something to offer the North Koreans rather than just beating them about the head. All the other parties in the six-party talks now want America to start direct talks [with Pyongyang] and it could be done without loss of face in the context of multilateral negotiations. If America stops tightening the screws, the North Koreans will give. That's diplomacy.

What the North Koreans want is recognition—the buzzword is 'normalization.' And [in return] they might accept tight verification as part of some form of disarmament deal. They are utterly pragmatic. What they really want is money for economic redevelopment. The trouble is that America is paralyzed—with parts of the State Department wanting to negotiate while others refuse because they believe it's a moral issue.

Could sanctions succeed? It all depends on whether China and South Korea join in. The North Koreans' only substantial trade—including illicit trade—is with China. The complication is that so much of the trade is on a concessionary basis, and if sanctions covered fertilizers you would see starvation within months. North Korean agriculture isn't up to subsistence level. They are already on the brink.

China will probably go for a harsh form of words [denunciation of North Korea] at the United Nations. What they want to avoid is a resolution so wide open that it gives the United States cover for any form of military action. The real space to watch is the bilateral relationship between China and North Korea. What little development that's taking place in North Korea is all down to Chinese businesses. Just by cutting off oil, they could shut down the whole North Korean transport network.

The real danger is not the bomb. The North Koreans are not stupid enough to drop it on anyone. The real danger is that there will be a nuclear accident. They know the physics but they have no quality assurance systems and no engineering skills. Their culture is one of make-do-and-mend. Basically they have a homemade bomb and a homemade nuclear reactor of the same type as at Chernobyl. If there was an accident they have no capacity to deal with it, and are unlikely to call in help from outside until it is too late.

Worldview | Why Talks With N. Korea Eventually Must Resume (PHI)

By Trudy Rubin

The Philadelphia Inquirer, October 15, 2006

North Korea's apparent test of a nuclear weapon has provoked another debate over whether it's worth negotiating with rogue states.

I believe this is not the moment for a U.S. dialogue with Pyongyang. This dangerous regime, with its track record of illegal weapons sales, must be disabused of any idea that it can get a free pass to the nuclear club. Strong U.N. economic sanctions are crucial, backed by a united front of U.S. and Asian powers. Also crucial is President Bush's warning that North Korea will be held accountable if it passes nuclear materiel to other states or groups.

But then what? I've talked to no one - dove, hawk or owl - who believes sanctions alone will force Kim Jong Il to give up his arsenal. Nor does anyone believe military force is a viable option (provided Kim doesn't sell his plutonium to al-Qaeda or Iran).

Unless sanctions are crafted to prod North Korea back to the table, it's hard to see any chance of curbing Pyongyang's nuclear program. But can talks with North Korea work?

Republicans contend that the Clinton-era negotiations with North Korea were a failure and demonstrate why talks are pointless. But that assessment stands history on its head.

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In 1994, North Korea was threatening to quit the Nuclear Non-Proliferation Treaty and turn spent reactor fuel into bomb-grade plutonium. The Clinton administration prepared for a possible military strike, but then turned to former President Jimmy Carter as negotiator in Pyongyang.

The result was the 1994 Agreed Framework, under which North Korea sealed its Yongbyon reactor and fuel rods and put them under U.N. inspection. Had that reactor not remained frozen until 2002, it could have produced enough fuel to make dozens of bombs.

On taking office, President Bush labeled North Korea part of the "axis of evil" and made clear he was more interested in "regime change" than talks. Then in 2002, U.S. officials found evidence that North Korea was cheating on the agreement, by pursuing a secret effort to enrich uranium. The United States drew back from the Agreed Framework, and North Korea expelled U.N. inspectors and started making nuclear weapons.

Yet a simple cost-benefit analysis shows that the Agreed Framework had still been a success. Clinton's negotiations stopped a program that was already capable of making bomb materiel. The secret uranium program, by contrast, is a long-term undertaking, and there are no signs that it has produced weapons materiel.

True, the Clinton administration's negotiations didn't end North Korea's nuclear program - but they did delay the production of weapons for eight years. Some on the Bush team now advocate bombing Iran's nuclear energy facilities - at terrible risk - just to delay the Iranian program perhaps three to five years.

Since the collapse of the Agreed Framework on the Bush watch, North Korea has produced about six to 12 nuclear weapons.

President Bush finally decided, during his second term, to try negotiations in concert with our Asian allies. He finally let U.S. negotiator Chris Hill meet directly with North Korea officials within those six-nation talks. This direct dialogue led to a promising joint statement in September 2005, in which Pyongyang pledged to dismantle its nuclear program in return for security guarantees and aid.

Those talks eventually fell apart, too. Many experts believe that a key cause was disagreement within the administration over whether the U.S. goal should be to change North Korea's regime or its behavior. Just as the joint statement was signed, U.S. officials were pursuing international bank sanctions against North Korea. These may have been justified in principle - the Pyongyang regime is a notorious counterfeiter and smuggler - but the timing seemed designed to kill any deal.

Now, North Korea has tested a weapon and is poised to make more bombs. Once again, the White House must choose its approach to this recalcitrant regime.

Talks with North Korea are horribly frustrating, and it is unclear whether Kim will ever give up his weapons. He may have taken the lesson from the Iraq invasion (as Iran has) that nukes are his guarantee of keeping power. There is strong Bush resistance to talks - especially direct talks - or sending a U.S. emissary along the lines of a Carter. And the chances of success are much slimmer now than under Clinton.

But at some point, the White House will have to decide whether it wants to pursue the small chance of freezing Pyongyang's program, or at least limiting the number of weapons. As Gary Samore of the Council on Foreign Relations says: "If they only have enough materiel for six bombs, they are less likely to sell it than if they have enough for 24 bombs."

Perhaps Bush will listen to his father's key adviser, James Baker 3d, who is already tasked with reassessing America's Iraq strategy. Baker recently said, "I believe in talking to your enemies. It's got to be hard-nosed, it's got to be determined. You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Baker has already spoken with an Iranian representative.

Pyongyang next?

China Buys The Soft Sell (WP)

By Joshua Kurlantzick

The Washington Post, October 15, 2006

North Korea may have conducted a nuclear test last week, but it was China that went a little ballistic. Beijing condemned its longtime ally, denouncing North Korean leader Kim Jong Il's "flagrant and brazen" violation of global norms. Pyongyang, China declared, had "defied the universal opposition of international society."

Other nations joined the chorus of concern over North Korea's apparent entry into the nuclear club. But China remains the one country that can do more than fume and condemn. It now has the chance to wield the diplomatic influence it has carefully been amassing in recent years as it pursues a new strategy in Asia and elsewhere in the world. Call it Chinese power, 21st-century-style.

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While Washington has focused on the fight against terrorism, China has quietly reoriented its foreign policy to emerge as a new advocate of "soft power" -- a combination of diplomatic outreach, cultural attractiveness and economic might that helps a nation persuade other countries to follow its lead.

North Korea is a case in point. China has lately become Pyongyang's major trading partner and source of aid. Chinese leaders have taken Kim on tours of their booming south to suggest how he might boost his backward economy, and they have trained North Korean officials in economic management. It was Beijing that helped persuade Pyongyang to come to the negotiating table for the six-party talks on North Korea's nuclear program.

It's all part of an international charm offensive that could threaten U.S. interests abroad, but could also -- if properly exploited by other nations -- transform the Asian giant into a more responsible member of the world community.

Beijing has embraced the concept of soft power with vigor. In recent years, it has dispatched more than 2,000 volunteer language instructors all over the world to teach Mandarin; upgraded its diplomatic corps (half of the country's 4,000 diplomats are reportedly younger than 35); boosted its foreign aid to match the United States as a donor in some countries; increased overseas investment; promoted the study of Chinese culture worldwide; and launched a frenzy of trade initiatives, developing more than 10 free-trade deals in the past five years.

China has even created its own version of the Peace Corps -- the China Association for Youth Volunteers. Like its U.S. counterpart, it sends young people to developing countries such as Burma, Ethiopia and Laos to work on long-term community-assistance projects -- and to polish China's global image in the process.

While it initially concentrated on the immediate neighborhood of Southeast Asia, China has lately expanded its soft power play into Latin America, Central Asia and Africa. Thousands of young professionals from sub-Saharan Africa now travel to China on scholarships provided by Beijing. Trade between the continent and China grew by more than 260 percent between 2001 and 2005. China offers Africa about $2.7 billion annually in loans and grants.

Beijing has also been busy planning Confucius Institutes -- Chinese language and culture schools attached to universities -- in key African nations such as Kenya, as well as countries such as Uzbekistan and the Philippines. And Chinese officials shrewdly advertise these initiatives at new summits such as the China-Africa Cooperation Forum, which was established in 2000, and the upcoming China-Africa summit next month.

The Chinese leadership's decision to go soft was a conscious one, a reaction to Western shunning after the Tiananmen Square crackdown in 1989 and the failure of China's attempts in the 1990s to use its growing military force to intimidate its neighbors into choosing Beijing over Washington. And it has yielded some dazzling success.

A BBC poll last year of 22 nations found that nearly all believed that China played a more positive role in the world than the United States. Today, Southeast Asian officials compete for junkets and training in China. "We have no money, and this is the only training we can get," a top official in Laos's Foreign Ministry told me. Chinese aid funds roads and hospitals across Asia, and neighboring countries orient their commerce toward Beijing: Growing trade with China has transformed Chiang Saen, a formerly sleepy Thai village on the Mekong River. Today, container vessels arrive with crates of Chinese apples that are unloaded into trucks lined up at the town's port, while Chinese traders gather at flashy massage parlors to barter with importers.

China's newfound popularity could raise a host of problems internationally. Its emergence as a donor country may allow aid recipients to play Beijing off against organizations such as the World Bank. Just this summer, Chad moved toward evicting two oil companies, Chevron Corp. and Malaysia's Petronas, from a project backed by the bank, which had insisted that some of the oil profits be spent on improving social welfare. There's a chance that Chad may replace the oil firms with Chinese companies; at the same time that it was kicking out Chevron and Petronas, it was breaking relations with Taiwan and establishing ties with China. China's growing foreign investment could also contribute to environmental destruction, because Chinese firms have little experience with green policies at home.

Worse, as Beijing charms the world, it could persuade other developing nations to choose a Chinese growth model -- promoting gradual economic change but clamping down on any political opening. Many foreign leaders, even in democracies, undeniably want to emulate China's breakneck development. "There's great admiration for China," says Dewi Fortuna Anwar, former assistant minister for foreign affairs in Indonesia. Even the head of the African Development Bank told the World Economic Forum in January that Africa can learn from the Chinese.

But as Beijing's profile rises, its foreign policy will also come under greater scrutiny. Its leaders will have to do more to maintain the country's appeal -- and this could be the opportunity the West needs to bend China toward becoming a more responsible international power and moving away from some of its more roguish friends, such as North Korea, Iran and Venezuela.

On core issues such as regime survival or vital oil and gas fields, change is unlikely. But there has been some positive movement on other fronts. Though China once disdained treaties, it has lately proved increasingly willing to work with multilateral

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institutions. Its image improved significantly in Asia after it signed the Association of Southeast Asian Nations' Treaty of Amity and Cooperation, the landmark agreement in the region.

Burma is another example of how China might be prodded to look beyond its narrowest interests. Burmese activists are adopting a strategy of quietly emphasizing to China that reflexive support for the regime in Rangoon will only exacerbate instability on China's borders and stir up anti-China sentiment among ordinary Burmese. They have a point. In Chinese towns near Burma, heroin junkies sleep in alleys, waiting for drug shipments from across the border. Inside Burma, domestic instability has made it easy for armed Burmese thugs to kidnap Chinese business people in the country.

And the strategy shows some signs that it's working. Chinese officials have begun cultivating relations with exiled Burmese dissidents, a step unthinkable only five years ago. At the same time, Chinese Prime Minister Wen Jiabao has prodded Burma to engage with its democratic opposition, and China has allowed the U.N. Security Council to take up Burma's human rights and security crises, suggesting that Beijing might also be willing to accept tough U.N. action against North Korea.

Similarly, Chinese diplomats say that Beijing became serious about using its influence to fight disease only after the SARS and bird flu crises made the government recognize how cross-border disease could produce instability. In response, China held a donor conference on bird flu this year that raised $2 billion in pledges.

In other cases, activists and foreign governments could try to convince Beijing that soft power exercised irresponsibly will hurt Chinese companies operating abroad. If local populations see China's soft power as undermining their freedom and social welfare, top Chinese corporations will never become competitive international players. Instead, Chinese businesses will suffer the kind of guilt by association that tars American companies such as McDonald's, which can at least draw upon massive advertising budgets to combat the United States's poor global image.

Beijing desperately wants to prevent Chinese firms from facing the kind of security threats that Western companies confront, but it's beginning to happen. Though China recently promised Nigeria $4 billion in new investment, armed militants have warned Beijing to stay away from the Niger Delta, where they think oil firms are destroying the waterways and Chinese companies could contribute to environmental damage.

In other countries, such as South Africa and Zambia, workers have protested Chinese firms' labor policies. Locals had celebrated several years ago when China revitalized Zambia's decrepit Chambishi copper mine. But when 49 miners died in an accident in April 2005, their families received no compensation; the resulting anger was so great that Chambishi's Chinese managers stayed away from the workers' funerals for fear of being attacked.

In the recent Zambian election, opposition candidate Michael Sata played on this anger, accusing Chinese companies of exploiting local workers and threatening to evict the Chinese firms if he won. When Sata lost, his supporters rioted in the Zambian capital, targeting Chinese businesses.

But China's growing soft power most needs checking as Beijing begins using its leverage to meddle in other countries' domestic politics. Before Sata lost, China's ambassador to Zambia had warned that Beijing might cut off diplomatic ties to the country depending upon whom Zambians chose for president. In interviews across Asia, Africa and Latin America, activists, politicians, writers and other opinion leaders expressed to me their fears that growing Chinese influence in their countries could stifle political change, though they simultaneously hope that Beijing can use its diplomatic influence to restrain Asia's most dangerous actors, such as North Korea.

China has amassed impressive soft power -- now it has to prove that it's willing to use it wisely.

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His book on China's soft power will be released in early 2007.

Restraints Fray As Nuclear Age Grows Globally (NYT)

By William J. Broad And David E. Sanger

The New York Times, October 15, 2006

The declaration last Monday by North Korea that it had conducted a successful atomic test brought to nine the number of nations believed to have nuclear arms. But atomic officials estimate that as many as 40 more countries have the technical skill, and in some cases the required material, to build a bomb.

That ability, coupled with new nuclear threats in Asia and the Middle East, risks a second nuclear age, officials and arms control specialists say, in which nations are more likely to abandon the old restraints against atomic weapons.

The spread of nuclear technology is expected to accelerate as nations redouble their reliance on atomic power. That will give more countries the ability to make reactor fuel, or, with the same equipment and a little more effort, bomb fuel — the hardest part of the arms equation.

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Signs of activity abound. Hundreds of companies are now prospecting for uranium where dozens did a few years ago. Argentina, Australia and South Africa are drawing up plans to begin enriching uranium, and other countries are considering doing the same. Egypt is reviving its program to develop nuclear power.

Concern about the situation led the International Atomic Energy Agency to summon hundreds of government officials and experts from around the world to Vienna in September to discuss tightening restrictions on who is permitted to produce nuclear fuel.

"These dangers are urgent," Sam Nunn, an expert on nuclear proliferation and a former Democratic senator, told the group. "We are in a race between cooperation and catastrophe and, at this moment, the outcome is unclear."

But even the atomic agency itself exemplifies some of the underlying tensions inherent in the development of nuclear energy.

For decades, the I.A.E.A., known as the world's nuclear policeman, has pursued its other mandate — to promote safe nuclear power — by running technical aid programs with roughly a hundred states. Some of that knowledge could be useful in a weapons program, though the aid is meant exclusively for civilian use.

The agency still helps Pakistan, which exploded a nuclear bomb in 1998. It also helped North Korea until a decade ago. Even today, it is assisting Iran, which many experts fear is close to mastering the basics of making a bomb. It has 14 programs under way with Iran, including a study on upgrading a nuclear research laboratory, as well as helping it start up its Bushehr reactor.

North Korea's reported test has shaken the nuclear status quo and raised anew the question of whether Asia will be the first to feel a nuclear "domino effect," in which states clandestinely hedge their bets by assembling the crucial technologies needed to make a bomb, or actually cross the line to become new weapons states. In the Middle East, the confrontation with Iran has focused new attention on countries like Saudi Arabia and Egypt, both of which fear that an Iranian bomb would make Tehran the greatest power in the region.

Mohamed ElBaradei, the director general of the I.A.E.A., has estimated that up to 49 nations now know how to make nuclear arms, and he has warned that global tensions could push some over the line.

"We are relying," he said, "primarily on the continued good intentions of these countries — intentions which are in turn based on their sense of security or insecurity, and could therefore be subject to rapid change."

Worry about proliferation is hardly new. In March 1963, President John F. Kennedy said, "I am haunted by the feeling that by 1970, unless we are successful, there may be 10 nuclear powers instead of 4, and by 1975, 15 or 20." That timetable proved to be inaccurate. But in recent years there has been a sense around the globe that President Kennedy's prediction is about to come true, three decades late.

Kofi Annan, the United Nations secretary general, said this year that "the international community seems almost to be sleepwalking" down a path where states, after long living without nuclear arms, now feel compelled to revisit their logic.

He warned of a new arms race — not one of superpowers, but of regional powers. "Perhaps most damaging of all," he concluded, "there is also a perception that the possession of nuclear and other weapons of mass destruction offers the best protection against being attacked."

A New Nuclear Vision

Democrats and Republicans spent the past week arguing over who lost control of North Korea, Bill Clinton or George W. Bush. But seeds of the problem were planted by President Dwight D. Eisenhower, just months after the armistice ended the fighting on the Korean Peninsula in 1953.

"It is not enough to take this weapon out of the hands of soldiers," President Eisenhower told the United Nations that year, just as his administration was completing a series of 11 nuclear tests. "It must be put in the hands of those who will know how to strip its military casing and adapt it to the arts of peace."

His program was called Atoms for Peace, and soon involved dozens of nations, all seeking to unlock the magic of nuclear power. The first generation of nuclear reactors sprang up around the globe, as did a huge supporting industry and an international overseer, the I.A.E.A.

But almost from the start, evidence accumulated that countries were using the civil alliances and reactor technologies to make bombs. By 1960, France had joined the United States, Britain and the Soviet Union as a nuclear weapons state. China conducted its first test in 1964. Israel had the bomb by 1967, India by 1974, South Africa by 1982 (it has since given up its weapons) and Pakistan by 1998.

All but the original three built their weapons by exploiting at least some technologies that were ostensibly civilian, nuclear analysts say. They enriched uranium beyond the low level needed for power reactors. Or they mined the spent fuel of civil reactors for plutonium — the path that North Korea started taking in the late 1980's or early 1990's, according to American intelligence officials.

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The international atomic agency, which still inscribes Atoms for Peace on its business cards, has worked hard to fight this kind of cheating while also helping with the basic technology. In the 1980's, it aided Iran's hunt for uranium.

Even today, Iranian technicians fly to Vienna and agency experts go to Iran to lend a hand. In August, two experts went to review progress at the Bushehr reactor, which is scheduled to go critical next year.

"It's helping establish that the plant is run in a safe and secure manner, which is in everybody's interest," said M. Peter Salema, an agency official. "Look at Chernobyl. That's the whole point."

Many of the agency's cooperative projects use nuclear science to humanitarian ends, like fighting disease and treating cancer. But others involve more basic atomic skills.

"We provide expert services," Dr. Salema said, "so they can learn to do things for themselves."

The Technology Boom

The Manhattan project scientists who built the first atom bomb predicted that the diffusion of their secret knowledge was inevitable. It was just a question of time. Now, after decades of scholarly digging, government declassification, open research in uranium and plutonium metallurgy and the rise of the Internet, much of that information is freely available.

"The general concepts are widely known," said Robert S. Norris, the author of "Racing for the Bomb." "Still, it's another thing to actually do it. That still requires certain skills of engineering and chemistry and physics."

The hardest part, experts agree, is not acquiring the weapons blueprints but obtaining the fuel. That is becoming easier because of developments both overt and covert.

Abdul Qadeer Khan, a chief architect of Pakistan's nuclear arms program who went on to establish the world's largest atomic black market, sold the secrets of how to make centrifuges for enriching uranium to Libya, Iran and North Korea. Tehran insists its intentions are entirely peaceful, though most analysts judge that all three countries bought from the black market because they wanted to make nuclear arms.

Dr. Khan sold plans and parts for Pakistan's first-generation centrifuge, the P-1, as well as the next generation, the P-2, which can spin faster to enrich uranium more rapidly.

Investigators are still trying to learn where else Dr. Khan may have planted his nuclear seeds. They discovered outposts of his network in Dubai, Malaysia and South Africa and found that before his downfall in 2004 he visited at least 18 countries, including Egypt, Niger, Nigeria, Sudan, Syria and Saudi Arabia.

The worrisome enrichment trends involve not just stealthy military advances but also soaring demands for nuclear power, driven by rising populations, dwindling oil supplies and fears that the combustion of fossil fuels is warming the planet.

"The nuclear renaissance is gaining momentum," said George B. Assie, vice president for business development at Cameco, the world's largest publicly traded uranium company, based in Canada.

In London, the World Nuclear Association says 28 new reactors are under construction, 62 planned, and 160 proposed, most in Asia. The required uranium, it estimates, could run to more than 65,000 tons.

While it is not clear if the expansion of the world's civilian atomic infrastructure will ultimately lead to a rise in the number of countries building nuclear arms, it could give more countries the means to do so.

There are two main ways to turn civilian technology to military use. The first is to enrich uranium fuel from its usual level of 5 percent for reactors to the 90 percent needed for a bomb, a modest step that requires longer processing in centrifuges. The second is to take spent reactor fuel and mine it for plutonium, the other main fuel for a bomb.

The Brazilian military, for example, worked hard for decades to develop centrifuges to enrich uranium fuel for a bomb, a secret program it renounced in the 1990's.

In May, Brazil, despite growing pressure to give up indigenous production, inaugurated its first uranium enrichment plant — an assembly of advanced centrifuges in Resende, in the state of Rio de Janeiro. While Iran has aroused global suspicions for erecting a similar plant, Brazil managed to reassure other nations, and the international atomic agency, that its aims are peaceful.

"We have an urgent need to expand the electric system," said Leonam dos Santos Guimarães, an official of Electronuclear, which operates nuclear power plants in Brazil.

Forecasting the size of the revitalized global industry is difficult. Even so, the predictions can be staggering. Hans-Holger Rogner, an economist at the international atomic agency, said that many forecasts for the 21st century foresaw huge expansions beyond the 443 power reactors now operating globally.

"An increase to 5,000 reactors is well within the range of many of the longer-range studies," Dr. Rogner said, adding: "People are positioning themselves. There seems to be a race coming and nobody wants to be left out."

A Complex Game

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A day after North Korea's nuclear test, Japan's new prime minister, Shinzo Abe, vowed not to abandon Japan's commitment to reject and never possess nuclear weapons, a cornerstone of Japanese foreign policy since Hiroshima and Nagasaki.

But, even so, Japan already has all the component parts. It has many tons of plutonium left over from the operation of its reactors, according to a 2004 government report to the I.A.E.A. A small nuclear warhead requires only 10 pounds.

Japan is the ultimate example of a "nuclear option" state, a country that the world knows could become an atomic power virtually overnight, if need be. "They could be very far down the road toward a virtual deterrent and not be in violation of any of the existing international treaties," said Robert L. Gallucci, the former chief American negotiator with North Korea, and now dean of Georgetown University's school of foreign service.

South Korea has also vowed not to pursue nuclear weapons. But it has an extensive network of nuclear power reactors and a few years ago, I.A.E.A. inspectors found evidence of undeclared experimentation to make highly enriched uranium. In the early 1990's, South Korea signed an agreement to keep the Korean Peninsula nuclear-free — but it signed the accord with North Korea.

Iran's nuclear rise has prompted concerns that the Middle East could experience similar pressures. In the region, only Israel is believed to possess nuclear arms, although it has never confirmed that. If Iran — a Shiite state — does indeed build nuclear weapons, there are fears that Sunni powers like Saudi Arabia or Egypt will be tempted to make their own bombs.

Egypt, which long ago sought to build nuclear arms, may be starting to rethink its earlier renunciation. The 1998 nuclear tests by India and Pakistan shook Cairo. "Egypt's leaders had placed their bet clearly in favor of the Middle East and the world moving away from nuclear weapons," said Robert J. Einhorn, a former senior State Department nonproliferation official. "But here was a disquieting indication that movement might be in the opposite direction."

Recently, the international atomic agency found that Egypt had kept some of its old and new efforts cloaked in secrecy, including a continuing project to acquire uranium ore in the Sinai desert. In September, Cairo announced plans to revive its stalled program to build reactors for generating nuclear power. It gave no sign of whether it, like Iran, planned to make reactor fuel on its own.

So the question now is whether North Korea's test, and Iran's challenge, will change the calculus. "When additional countries get the bomb, it does create new pressures," said Matthew Bunn of the Kennedy School of Government at Harvard, who tracks the spread of nuclear technology. "But each country is unique and there's little risk that the dominoes will fall quickly, especially if we take steps to prevent it."

New Ground Rules

When atomic specialists gathered in Vienna in September to discuss new ground rules for a second nuclear age, their proceedings were fueled by the fear that some of the old restraints — both technological and political — are fraying.

The central proposal debated at the I.A.E.A.'s headquarters sounded simple: No longer should nations be permitted to develop their own means of enriching uranium to make reactor fuel, which Iran and other developing states have claimed as their inalienable right under the Nuclear Nonproliferation Treaty. Nearly 40 years after the treaty was drafted, the dangers simply seem too great.

Instead, the argument went, nations should band together to make multinational fuel banks where they could watch one another, making sure no fuel is diverted for bomb production.

"A threat exists," said Sergei Kirienko, director of the Russian Federal Atomic Energy Agency. "We understand that only those solutions that are resolved together, that ensure access for all nations today, will be successful."

Russia took the lead, proposing an international fuel bank that it would set up on its own soil by next year — and from which it could potentially extract billions of dollars in sales. But the big splash came when Warren E. Buffett, the billionaire philanthropist, pledged $50 million for a fuel bank to be run by the I.A.E.A., making the United Nations body a "supplier of last resort" for any country that forsakes making its own fuel. The Bush administration has backed similar plans.

But while there is agreement on the problem, solutions bogged down in bickering — from weapons states that want to maintain their capacity and from developing nations that sniff a conspiracy to deny them the same nuclear rights that large powers have long enjoyed.

"We should guard against the notion that sensitive technologies are safe in the hands of some, but pose a risk when others have access to them," said Buyelwa Sonjica, the energy minister of South Africa, which wants to restart its enrichment program and build up to six reactors.

Few parties involved in the debate are optimistic about reform, and some say the enterprise is doomed to failure.

"Nuclear power is inextricably linked with nuclear proliferation," the environmental group Greenpeace said in a recent statement. "None of the schemes being promoted will solve this problem. In fact, they will make it worse."

So far, though, the countries that the world most wants to stop from enriching say they have seen no reason to do so.

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At a dinner in New York in September, President Mahmoud Ahmadinejad of Iran looked supremely confident as he batted away the idea that other countries could be relied upon to provide him with the nuclear fuel he said he needed.

"Before stopping enrichment by others, why don't you stop building the next generation of nuclear weapons?" he asked his American hosts. Then, smiling, he suggested that the United States just buy its nuclear fuel from Iran's new facilities. He would sell it to Washington, he said, "with a 50 percent discount."

A New Global Nuclear Order (LAT)

By Alissa J. Rubin

The Los Angeles Times, October 15, 2006

North Korea ... Iran ... and the list is growing. The treaty that once limited the spread of atomic weapons know-how is unraveling.

PARIS — When North Korea announced its nuclear test last week, it was just the latest sign that the effort to contain the spread of atomic weapons was breaking down: Several countries are on the verge of beginning uranium enrichment programs, and others have already started such efforts, policymakers and experts say.

Brazil recently inaugurated an industrial-scale uranium enrichment plant, and Argentina and South Africa are interested in similar projects. Australia, which has large supplies of natural uranium, is also considering an enrichment program. Iran has defied requests by the international community to suspend its program to enrich uranium, the first step toward making the fissile material suitable for a bomb.

North Korea's announcement of a test follows ones by India and Pakistan in 1998. The rise of a new generation of nuclear states has led to increasing concerns that others could follow, and fueled fears that the more countries with nuclear capability, the greater the risk that fissile material will fall into terrorist hands.

"We are, at present, at the unraveling of the nonproliferation regime and the global nuclear order that we've taken for granted," said Graham Allison, a former assistant secretary of Defense under President Clinton, who directs the Belfer Center for Science and International Affairs at Harvard University. "This is a huge event whose importance may only become evident in five years….

"In terms of global order, global nuclear order, this is a nuclear blast," he said.

On Saturday, the United Nations Security Council unanimously adopted a resolution imposing sanctions on North Korea for its declared nuclear test Monday.

But China's reluctance to take part in inspections of North Korean cargo to help stop the flow of weapons materials throws into doubt how effective the sanctions can be.

Policymakers point to three levels of problems with the Nuclear Nonproliferation Treaty, which has been in force for 36 years: weaknesses in the treaty itself, at the political level in the Security Council, and at the technical level in the ability of nuclear inspectors to detect undisclosed nuclear programs.

Countries that had nuclear weapons when the treaty went into effect — the United States, Russia, Britain, France and China — were allowed to keep them, whereas others were asked to forswear them.

The "haves" made the commitment to reduce and eventually eliminate their arsenals, and the "have-nots" agreed not to seek atomic weapons as long as they could have the advantages of nuclear technology for peaceful purposes.

The International Atomic Energy Agency, the United Nations' nuclear watchdog, was put in charge of making sure countries refrained from taking steps toward making fissile material suitable for bombs. But the treaty, in effect, permitted any country that wanted nuclear weapons capability to go down that road.

Nuclear technology is such that once a country masters uranium enrichment, it is relatively easy to go from low-level enrichment, which produces fuel for nuclear power plants, to high-level enrichment, which produces material used for a bomb.

Although 187 countries have signed the treaty, some developing nations are skeptical of the intentions of the five original nuclear states and are reluctant to give up the option of enriching uranium, leaving the door cracked to nuclear weapons capability.

Immediately after the Cold War, the United States and Russia reduced their nuclear arsenals by thousands of weapons. Since then there has been a standstill.

There are now about 27,000 nuclear warheads worldwide — the vast majority in the U.S. and Russia. And most of the five original nuclear states have moved to modernize or, in China's case, expand their arsenals.

Countries that have pursued nuclear capability outside the treaty or by hiding their programs have, after an initial distancing by the international community, gone unpunished over the long term.

Three countries — India, Pakistan and Israel — refused to sign the treaty. Pakistan and India have developed nuclear weapons, and Israel is thought to have them.

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All three enjoy the favor and respect of world leaders, setting an example of what countries can get when they acquire nuclear weapons.

India and Pakistan, initially sanctioned over their nuclear tests, have seen the bans diminish, and India has been offered a multibillion-dollar deal with the United States that includes nuclear technology. The agreement has not been approved by the U.S. Senate.

Two other countries have refused to abide by the treaty, although they signed it: Iran and North Korea. The latter withdrew from the treaty three years ago. Neither nation has suffered significant consequences for refusing to comply.

That is because until Saturday, the five veto-wielding members of the Security Council could not agree on a punishment. At least one of the five has had national interests that superseded its intention to bring the countries to heel.

The only early-warning system to detect countries that are going down the nuclear weapons road appears unable to do its job. The International Atomic Energy Agency has failed to detect cheating by countries at an early stage in part because it lacks the authority to do necessary investigations.

It also has no enforcement power to stop what it discovers and can only report to the Security Council, which has had trouble agreeing on appropriate punishments.

"This has been an accident waiting to happen for a long time. The stresses and strains in the nonproliferation architecture have been apparent for many years," said a senior Western official from a nonnuclear weapons nation who is involved in his country's nuclear policy. "You can point the finger pretty much at anybody and they have a part in the blame."

Western countries with nuclear arsenals want to work within the system, which allows them to keep their weapons. Their policymakers insist that, overall, the system is working pretty well. They note that, under the treaty, several countries have given up nuclear weapons, including Libya, South Africa and the former Soviet republic of Kazakhstan.

"I don't agree that the problem is that there hasn't been disarmament by the nuclear weapons countries. The [treaty] is about security, and countries signed up for it because they thought their security was served by giving up nuclear weapons as long as their neighbors gave them up too," said a senior diplomat from a country with nuclear weapons.

A senior U.S. official involved in nuclear policy noted that "there are about three dozen countries that have the intellectual, technological capabilities to have and develop a nuclear weapons capability but have chosen not to. For those, such as Japan and Germany, it wouldn't take them long to make that transition, but they haven't, and the [treaty] is part of the reason."

Developing nations say they don't want to give up their rights to uranium enrichment and don't trust the United States or other nuclear countries to be consistent suppliers of the nuclear material they would need to run their power plants. Moreover, they say there is no guarantee that one of the nuclear counties won't attack them.

"There's a big credibility gap because of the double standard. You can't say, 'It's OK for you to have the weapon, but for everybody else it's wrong,' " said an ambassador to the International Atomic Energy Agency from one of the most influential of developing countries.

In the negotiations between the European Union and Iran over the Islamic Republic's uranium enrichment program, some people close to the negotiators say that unless the United States forswears efforts to change Iran's leadership, there will never be a deal.

Daniel Pinkston, a nuclear security expert at the Monterey Institute of International Studies, said the countries that had pursued nuclear weapons secretly or by refusing to sign the treaty were in tense neighborhoods — the Middle East or Asia — where they thought they could easily be attacked.

"Nuclear weapons can be attractive for the security benefits, and those might outweigh the benefits from participating in the nonproliferation regime," Pinkston said. "So unless you can resolve the security dilemma, you aren't going to resolve the problem."

The United States has helped to discourage some of its nonnuclear allies from going the weapons route by guaranteeing their security.

In Japan, where there is a political faction that would like the nation to develop atomic weapons, the majority of policymakers are willing to rely on the United States for protection. Taiwan and South Korea also fall into that category.

The problem is that once a country in a troubled area obtains nuclear weapons capability, others may get nervous, and the situation becomes hard to control.

Most worrisome to some nuclear countries and their allies is that the International Atomic Energy Agency has proved incapable of detecting transgressions by member states at an early stage.

Although Libya and South Africa gave up their nuclear weapons programs, the agency was not aware of the Libyan program until the day Moammar Kadafi announced the country was giving it up.

The Iranians had a program for 18 years that went undetected until it was disclosed by an anti-government group.

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"Countries are big — they can hide some things; they learn how to hide from other countries," said the senior U.S. official involved in nuclear policy. "And there's one thing you can't easily erase, and that's knowledge."

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Times staff writers Douglas Frantz in Los Angeles and Bruce Wallace in Tokyo contributed to this report.

Who's Next To Go Nuclear? (WP)

By Andrew Grotto

The Washington Post, October 15, 2006

North Korea announced its first test of a nuclear device last week, setting off hand-wringing around the world that a newly armed Pyongyang might sell nuclear weapons to rogue states or terrorists.

But another threat, more likely and more dangerous, may emerge. Pyongyang's test could encourage "near-nuclear" proliferation -- a world in which states master key technologies that are ostensibly for harmless energy-related purposes but can be quickly adapted for deadly, offensive ends.

Indeed, governments aspiring to join the small but growing club of nuclear states don't need to consider testing nukes or withdrawing from the nuclear Non-Proliferation Treaty. Instead, their first step could involve learning how to enrich uranium or separate plutonium; that technology can produce fuel for nuclear energy reactors -- or bombs.

Under common interpretations of the NPT, governments are allowed to acquire such technology for peaceful purposes. Once states perfect these techniques, though, they will have overcome the greatest obstacle to getting the bomb -- access to nuclear fuel.

These aren't hypotheticals: Iran has claimed that its fledgling uranium enrichment program is intended to diversify its energy supply by producing fuel for reactors. This year, Egypt and Turkey announced interest in nuclear energy as well.

A world in which countries have the capability to go nuclear on short notice is fraught with peril. Over the next decade, keep your eye on five nations in particular that may pursue that path:

JAPAN . Japan's stockpile of more than 40 tons of plutonium -- which it keeps for use in energy reactors -- is enough fuel for 3,000 to 5,000 nuclear weapons. It also has the technical capacity to produce a sophisticated nuclear arsenal on short notice that could rival the Chinese arsenal.

The Japanese public is traditionally anti-nukes, but politicians such as former prime minister Yasuhiro Nakasone have openly suggested that Japan may need to reconsider its nuclear options.

SOUTH KOREA. Since 1998, South Korea has followed a "sunshine policy" toward North Korea, emphasizing engagement over isolation. Nuclear weapons play no role in this approach. However, North Korea's test has prompted some anger in the south. Seoul's attitude toward Pyongyang may be shifting.

Seoul had a nuclear weapons program in the early 1970s, but joined the NPT in 1975. In 2004, however, South Korea admitted that it had conducted secret experiments with uranium enrichment and plutonium separation beginning in the late 1970s. Like Japan, South Korea could acquire a credible nuclear arsenal on relatively short notice.

IRAN . Flush with oil revenue, Iran has emerged as a newly assertive and ambitious player in the Middle East. If isolated and impoverished North Korea can get away with developing and testing nuclear weapons, better-positioned countries such as Iran may be emboldened to think they can, too.

EGYPT. Egypt once had a nuclear weapons program, but gave it up in the 1970s and joined the NPT. Since Iran's 1979 revolution, relations between the two countries have been strained. Iran bridles at Egypt's recognition of Israel, and is still sore about Egypt's siding with Saddam Hussein during the 1980-1988 Iran-Iraq war. Until 2004, a street in Tehran was named after the assassin of Egyptian president Anwar Sadat. Relations have improved in recent years, but suspicions still run deep.

Last month, Gamal Mubarak, son of Egyptian President Hosni Mubarak and widely viewed as next in line for the presidency, suggested in a speech that Egypt pursue nuclear energy. In a thinly veiled reference to Iran, he noted that Egypt "is not the only country that is thinking about this alternative to save on energy sources."

SAUDI ARABIA. Like Egypt, Saudi Arabia regards Iran's nuclear program and growing clout with suspicion, and is also nervous about the precipitous decline in U.S. influence in the Middle East. Saudi Arabia helped finance Pakistan's nuclear program, and its leaders are rumored to have met with A.Q. Khan, the father of Pakistan's nuclear bomb and the mastermind of a global black market in nuclear technology. The Saudis couldn't develop a nuclear arsenal now, but a shortcut is possible. They could obtain a weapon from Pakistan, or invite Pakistan to station some of its weapons at Saudi bases. This could be legal under the NPT, just as the United States stations nuclear weapons at European bases.

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More North Koreas? Get Used To It (LAT)

By William Langewiesche, William Langewiesche, International Correspondent For Vanity Fair, Is The Author Of "Atomic Bazaar:

The Los Angeles Times, October 15, 2006

Bad as a nuclear hermit kingdom is, the U.S. just can't control proliferation.

THERE IS NO DOUBT that the acquisition of atomic weapons by North Korea is the worst development yet in the ongoing story of nuclear proliferation by upstart states. The regime in Pyongyang is arguably the spookiest in the world today — bellicose, repressive, unstable and so mentally isolated that it sometimes appears to be outright insane. A nuclear North Korea is definitely a dangerous place; it increases the chances in Asia for all sorts of trouble and threatens to kick off a regional arms race. This needs to be acknowledged.

Nonetheless, what's done is done, and though we may protest and bluster, there is very little the U.S. can do to stop it from proceeding. Rather than making a show of our weakness, we would do well to calm down. After all, this was not unexpected; the fact is, the spread of nuclear weapons is, and always has been, inevitable.

A little perspective might help. In the months after World War II, a group of men responsible for producing the atomic bomb — including Albert Einstein, J. Robert Oppenheimer, Niels Bohr, Leo Szilard and others — created the Federation of American (Atomic) Scientists, or FAS, to educate the public about this new breed of weapon. Washington at the time harbored the illusion that it possessed a great secret and could keep the bomb for itself.

The founders of the FAS disagreed. They argued that with the destruction of Hiroshima and Nagasaki, any engineering doubts had been emphatically answered and, because the basic science of nuclear reactions was already widely known, other nations could invest in nuclear programs and be certain of the returns. There were any number of physicists and engineers worldwide capable of guiding them through the process. FAS members warned the American people in stark and simple terms. In essence, they said that the whole world would soon be nuclear-armed. There is no secret here, they said, and there is also no defense. The Nuclear Age is upon us, and it cannot be undone.

They got the timing wrong. Nuclear proliferation did proceed, but for 50 years it was slowed (and in some cases stopped) by diplomacy and, more fundamentally, by the Cold War itself, with the guarantees it offered to nonnuclear nations of surrogate nuclear strength under the U.S. and Soviet retaliatory "umbrellas."

Since then, however, the umbrellas have frayed, and the world has become a more fractured and complicated place, no longer bound by the old alliances, where independent nuclear arsenals have greater meaning than before. Paradoxically, the desire for nuclear weapons is spreading in inverse relation to the lowered risk of an all-out global nuclear war. This is a trend that began even before the fall of the Soviet Union, but it is accelerating in a world where countries must turn to themselves for protection and where the U.S., especially after the invasion of Iraq, is seen as an aggressor and a threat. For these reasons and others, new nuclear players are emerging to challenge the rules of the game.

What the new players have in common is that they are poor and undeveloped nations, with weak economies and precarious political systems. If this seems counterintuitive, consider the fact that nuclear weapons are not only simple but cheap.

Earlier this year in Moscow, a Russian nuclear official put it this way to me: "Nuclear weapons technology has become a useful tool, especially for the weak. It allows them to satisfy their ambitions without much expense. If they want to intimidate others, to be respected by others, this is now the easiest way to do it." Once a country decides to become a nuclear weapons power, he said, it will do so regardless of international sanctions or incentives.

Oppenheimer warned of this implicitly 60 years earlier. He wrote in 1945: "Atomic explosives vastly increase the power of destruction per dollar spent, per man-hour invested; they profoundly upset the precarious balance between the effort necessary to destroy, and the extent of the destruction…. None of the uncertainties can becloud the fact it will cost enormously less to destroy a square mile with atomic weapons than with any weapons hitherto known to warfare."

Oppenheimer talked about it in terms of the "evil that a dollar can do," but of course, one person's definition of evil may be another's definition of self-defense — or, more generally, a demand for equality among nations. The most succinct criticism of the Nuclear Nonproliferation Treaty came from the Argentines when they refused to sign it, that it amounted to "the disarmament of the disarmed."

In Islamabad, an official close to the nuclear-armed Musharraf regime said to me: "The best way to fight proliferation is to pursue global disarmament. Fine, great, sure — if you expect that to happen. But you cannot have a world order in which you have five or eight nuclear weapons states on the one hand, and the rest of the international community on the other. There are many places like Pakistan, poor countries which have legitimate security concerns — every bit as legitimate as yours. And yet you ask them to address those concerns without nuclear weapons, while you have nuclear weapons, and you have everything else? It is not a question of what is fair, or right or wrong. It is simply not going to work."

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The man was right. When focused on the U.S., his point becomes an argument not for standing down from the diplomacy of nonproliferation but for finding the courage to accept the dangers of a changing world in which new countries have acquired nuclear weapons, and some may actually use them.

Has North Korea joined the ranks of nuclear powers? If so, so be it. There will be other nuclear newcomers in the decades to come. Iran will be next, but it will not be the last. Turkey, Syria and Saudi Arabia are believed to be interested and could easily proceed, depending on regional events. So could Algeria. So could Brazil and Venezuela. The future is unknowable, but there is no limit to where these weapons could spread.

The good news, however perversely, is that no nuclear-armed regime (and certainly not Iran's) is likely to be as reckless as North Korea's. In that sense, the developments in North Korea can serve as an exercise not in stopping nuclear proliferation but in learning how to live with it after it occurs. The ideal, of course, would be to desist from policies of preemptive invasion and to engage the upstart powers respectfully through economic and diplomatic ties.

If that is not feasible, however, other options exist, based on the premise that nuclear weapons are defensive in nature and that regimes even as strange as Pyongyang's are generally fairly conventional players with infrastructures at risk and subject to restraint through the guarantee of retaliatory strikes.

There is one move we can make right now that would sharply reduce, if not eliminate, another risk: that a regime like North Korea's or Iran's might hand off a functional bomb to stateless terrorists who, with nothing to lose, would have every reason to use it. We can make it emphatically clear that if we or our most important friends are ever hit by terrorists with a ready-made nuclear device, we will immediately devastate whatever regime is to blame.

Ultimately, however, it is important to recognize that the spread of nuclear weapons is a condition over which we do not have control and for which there is no solution. It does no good to bemoan the folly of it all or to belabor the fact that we are the ones who ushered in the Nuclear Age. The world is an unsafe place, and we have no choice but to live in it. Pretending otherwise, or imagining that we can impose order when we lack the power to do so, is the surest recipe for self-destruction and disaster.

Bush Unleashes The Nuclear Beast (LAT)

By Joseph Cirincione, Joseph Cirincione Is A Senior Vice President At The Center For American Progress. His New Book, "Bom

The Los Angeles Times, October 15, 2006

If the administration won't abide by time-tested nuclear treaties, why should anyone else?

IN THEIR THIRD PRESIDENTIAL DEBATE, in October 1960, John F. Kennedy went after Vice President Richard Nixon, blasting him as weak on national security for not stopping the spread of nuclear weapons. France had just tested its first nuclear device, joining the United States, the Soviet Union and Britain as the world's first nuclear powers. Kennedy warned "that 10, 15 or 20 nations will have a nuclear capacity — including Red China — by the end of the presidential office in 1964."

As president, Kennedy sought to fight that dark vision, telling the United Nations: "The weapons of war must be abolished, before they abolish us." He restarted talks on a comprehensive nuclear test ban treaty, began pursuit of a global nonproliferation pact and signed a treaty with the Soviet Union to ban atmospheric nuclear tests. Although Kennedy did not live to finish the job, in 1968, Lyndon Johnson signed what became the diplomatic crown jewel of his presidency: the Nuclear Nonproliferation Treaty, or NPT. President Nixon secured its ratification.

The NPT is now considered one of the most successful security pacts in history. Every nation in the world is a member except Israel, India, Pakistan, and North Korea. Most of the 183 member states that do not have nuclear weapons believe what the treaty says: We should eliminate nuclear weapons.

The treaty became the hub around which liberals and conservatives built an interlocking network of agreements that deterred, though didn't altogether stop, the spread of nuclear weapons. As a result, by 2000, only three other countries — Israel, India and Pakistan — had joined the original five nuclear nations. With the success of these agreements, and the end of the Soviet-American nuclear standoff at the close of the Cold War, it seemed that the nuclear threat that had haunted the world for so many years might finally be receding.

But now, suddenly, the threat is back. In the last six years, we seem awash in nuclear threats: First it was Saddam Hussein, then North Korea and Iran. How did it happen? Is nuclear restraint dead?

At the heart of the problem is the strategy George W. Bush chose, which rejects international treaties as the solution to proliferation. He and his advisors saw these agreements as limiting U.S. flexibility and viewed the United Nations and other global gatherings as arenas where the world's Lilliputians could tie down the American Gulliver.

Bush scuttled the Anti-Ballistic Missile Treaty, walked away from the nuclear test ban treaty secured by President Clinton, opposed efforts to enforce the treaty banning biological weapons, mocked the U.N. inspectors before the Iraq war and sent low-

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level officials to critical negotiations, including last year's NPT conference. The world now believes that the chief architect of the global nonproliferation system has abandoned its creation.

Instead, the administration preferred to rely on U.S. military might and technology, such as anti-missile systems, to protect the United States. Rather than negotiate treaties to eliminate weapons, it forged a strategy to eliminate the regimes that might use them against us. The Bush team felt they knew who the bad guys were, and they aimed to get them — one by one.

But the strategy has backfired. Both Iran and North Korea accelerated their programs, making more progress in the last five years than they had made in the previous 10. Now North Korea's test threatens to trigger an Asian nuclear-reaction chain that could prompt South Korea, Taiwan and even Japan to reconsider their nuclear options.

And it is not just the threats from small nations such as North Korea that could fuel a new atomic arms race. It is the continued existence of huge nuclear arsenals in the United States, Russia and other states. The importance of nuclear weapons as a cornerstone of U.S. defense had been declining since the Cold War ended. Though the U.S. never ruled out their use, Clinton and George H.W. Bush made it clear that they believed they were unusable, except perhaps in retaliation.

But the current president's policies have elevated the role of these weapons. The 2002 Nuclear Posture Review detailed plans to build new, more usable "low-yield" nuclear weapons and created missions for them. Bush decided to retain about 6,000 weapons and to research a new generation of nuclear missiles, bombers and submarines.

What's the relevance of this to proliferation? Simple. U.S. intelligence officials concluded as early as 1958 that other nations' nuclear appetites could not be curbed without limiting the superpowers' stockpiles. That judgment was confirmed by subsequent administrations.

As the superpowers cut their weapons from a Cold War high of 65,000 in 1986 to about 27,000 today, other countries took note. In the 1960s, 23 countries had nuclear programs, including Australia, Canada, Egypt, Japan, Norway, Sweden, Switzerland and West Germany. Most ended any weapons programs. Brazil and Argentina stopped research in the 1980s, and South Africa, Belarus, Kazakhstan and Ukraine gave up their bombs in the 1990s.

We now know that U.N. inspectors ended Iraq's nuclear program in 1991. In 2003, Libya abandoned its secret program. Until last week, no nation had tested a nuclear weapon for eight years — the longest period in the Atomic Age. The outrage that greeted the North Korean test shows how strong anti-nuclear sentiment has become.

Many political and military leaders recognize the limited military utility of weapons whose use would kill thousands of innocent civilians. Rep. David L. Hobson (R-Ohio), a solid Midwest conservative, led the effort last year to kill the administration's proposed "nuclear bunker buster," a new weapon designed to go after conventional targets. Former Secretary of Defense Robert McNamara advocates greatly reducing the U.S. and Russian arsenals and then working to eliminate them completely, just as countries have done with chemical and biological weapons. Even former Bush advisor Richard Perle has said the U.S. could cut to well below 1,000 warheads. "The truth is we are never going to use them," Perle said. "The Russians aren't going to use theirs either."

By clinging to our own nuclear arsenal, and touting the importance of these weapons to our own security, the Bush administration has sent the world a schizoid message: Nuclear weapons are very, very important and useful — but you cannot have them. This double standard is impossible to maintain.

Last year, International Atomic Energy Agency Director Mohamed ElBaradei said that until the world was committed to eradicating nuclear weapons, "we will continue to have this cynical environment that all the guys in the minor leagues will try to join the major leagues…. They will say, 'If the big boys continue to rely on nuclear weapons, why shouldn't I?' "

Bush administration officials have proved expert at smashing the agreements their predecessors so painstakingly built, but in doing so they broke the bars that had caged the nuclear beast. Those who will have to repair the damage would do well to look back at the handiwork of the past. They might learn a thing or two.

Will Nukes March Across Asia? (NSL)

By Michael Moran

Newark Star-Ledger (NJ), October 15, 2006

Since the very early years of the Cold War, two of Asia's most im portant and progressive countries Japan and South Korea have predicated most of their defense and foreign policy decisions on the assumption they would be protected, in the final analysis, by America's nuclear umbrella.

To an even greater extent than Western Europe, where Britain and France insisted on their own small nuclear deterrent forces in spite of America's guarantee, these two sophisticated Asian economic powers agreed to forswear nuclear weapons altogether. For decades, that contributed not only to the stability of Asia, but also to America's relative leverage in the region. With the decision of North Korea to test a nuclear weapon, those days may now be numbered.

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The early results of North Korea's Oct. 9 nuclear tests may, ironically, work against the Stalinist re gime in Pyongyang, convincing South Korea and China, for instance, to drop the petty historical dispute that has prevented them from uniting against a mutually perceived threat to peace in their backyard. Japan's new prime minister, Shinzo Abe, in fact broke a five-year moratorium on meetings with the South Korean and Chinese leaders the very week the North chose to gatecrash the nuclear club. There is hope in Washington of finally convincing key players -- and especially China, which alone has real leverage on the North -- to slap the kind of political and economic sanctions on the regime that force it to heed world opinion.

In the longer term, however, the North Korean test could prove an important nail in the coffin of America's five-decade dominance of Asian security issues. The nuclear test shakes Japanese and South Korean faith, which has already eroded over the past several years, in the basic Cold War bargain and will transform their atti tudes about their own security.

As a South Korean diplomat at the United Nations put it to me last year, "Much of our thinking for the past two decades, and in Japan, too, I would say, has been based on the idea that we are under the U.S. nuclear umbrella. If the U.S. cannot prevent North Korea from testing a nuclear weapon, how can it deter North Korea from using one? That's the basic question being asked today."

So far, the reaction of North Korea's Asian neighbors has been moderate: careful condemnations, calls for sanctions, pledges to work for a peaceful solution, etc. This certainly is a far cry from Pakistan's tit-for-tat, nuke-for-nuke response to India's 1998 nuclear test. But those who make a living tracking proliferation threats remain concerned. Both South Korea and Japan are signatories of the Nuclear Non-Proliferation Treaty, the treaty North Korea renounced in 2003 before its final push for nuclear weaponry began. Yet, of all the non-nuclear states that have pondered, secretly or openly, the wisdom of going nuclear, none is more capable of fielding an actual arsenal as quickly and completely as Japan and South Korea are.

As the only nation ever to suffer a nuclear attack, Japan has repeatedly vowed in the years since 1945 to never "develop, use, or allow the transportation of nuclear weapons through its territory." It later emerged Japan had, in fact, studied the idea during the 1960s. By and large, however, Japan has been true to its word. Yet Japan, more vulnerable than any other major industrial nation to oil crises, also developed a civilian nuclear power in dustry larger than any outside France and the United States. This expanding network of nuclear plants, which Japan hopes will produce over 40 percent of national electricity needs by 2010, also produced spent plutonium at levels which alarm nonproliferation ex perts. While this is not "bomb- grade" plutonium in the strictest sense, experts believe Japan could quickly field an arsenal if it so chose. Michael Levi, an expert in arms control and proliferation at the Council on Foreign Relations, says Japan could nuclearize its military "in a matter of months, if not sooner." This has led some to deem Japan a "paranuclear" state.

Such thoughts would have been quickly dismissed a decade ago given the lingering taboo and trauma caused by the Hiroshima and Nagasaki bombings. In recent years, however, particularly since North Korea test-fired a missile in 1998 that crossed Japanese territory before splashing into the Pacific Ocean, some politicians have called for a rethinking of the pacifism imposed on Japan by the United States after World War II. Yasuhiro Nakasone, a former prime minister, told a reporter last month Japan needed "to study the issue of nuclear weapons." Japan's new prime minister, before winning power, expressed the opinion that nothing in the country's constitution specifically forbids development of a nuclear deterrent. Abe has been careful since the North Korean test to say Japan is not planning to go nuclear. But he clearly is aligned with those who feel a nuclear arsenal to be on the table for study.

As with Japan, South Korea's sophisticated domestic nuclear power industry is poised to nuclearize if it so chooses. From the 1950s until the late 1980s, in South Korea's official accounts, Seoul pursued a nuclear weapons program as vigorously as its communist archrival to the north. In fact, International Atomic Energy Agency inspectors who visited South Korea in 2003 discovered research on enriching plutonium continued until at least 2000. While the IAEA found no evidence of any military motive, it was a reminder of how little we may actually know about such activity there and elsewhere.

Ever since Amy Carter raised the issue with her presidential daddy in the late 1970s, nuclear nonproliferation has loomed like Oz in the thoughts of diplomats and policymakers -- particularly those in the nations which made up the relatively stable Cold War- era "nuclear club," the U.S., Russia (then the Soviet Union), France, Britain, China, and, with a wink and a nod because they have nukes but won't publicly admit it, Israel. Like Oz, though, the concept of nonproliferation always looked bet ter from afar.

The closer any nation came to completing the nuclear fuel cycle, the more clearly futile efforts to prevent the next step turned out. In the end, those which came close and decided against actually test ing and fielding nuclear arms -- South Africa, Brazil, Argentina, for instance -- shied away for reasons of national interest, the strain on their scientific infrastructure, or the pure financial burden. Even Libya, which renounced its own nuclear designs in 2003, had little to show for its efforts and much to gain from dropping them.

Japan and South Korea cer tainly have the scientific prowess and financial ability to move in this direction, and no one, not even in Washington, contends they are wrong to feel threatened. Like China, India, Pakistan, and now North Korea, all of whom

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blasted their way into the nuclear club in past decades, these two economically minded powers may eventu ally find the benefits outweigh the slap on the hand such actions brought to previous gatecrashers. Until someone proves the consequences to be more serious than that, the temptation of going nuclear, and of having a permanent seat at the world's big table as a re sult, may prove too much to resist.

Michael Moran is executive editor of CFR.org, the Web site of the Council on Foreign Relations in New York.

Nukes And More Nukes (WP)

The Washington Post, October 15, 2006

Proliferation will continue as long as Russia and China treat it as a secondary priority.

THE MOST critical question following North Korea's reported nuclear test is whether anything can be done to stop other states or terrorist groups from acquiring such weapons in coming years. Can North Korea be prevented from exporting its nukes? Is the world entering an era in which nuclear war will be virtually inevitable? Based on the response to North Korea last week, the outlook isn't good.

Weaker countries, such as Libya, can still be bribed or bluffed into giving up a weapons program that hasn't advanced very far. A new international protocol on the production of nuclear materials is a possibility worth pursuing. But states such as North Korea and Iran can be stopped only if a powerful coalition of countries emerges against them, combining the United States and Europe with Russia, China and regional powers.

The five countries that have tried to bargain with North Korea over its nuclear program -- China, South Korea, Russia, Japan and the United States -- could have stopped the North Korean program and could reverse it still: Among them they have the capacity to force the collapse of the Kim Jong Il dictatorship. A similar coalition probably could stop Iran. But to do so, nuclear counterproliferation has to become those governments' highest priority. They have to be willing to make sacrifices and take risks.

As the diplomacy at the United Nations last week once again demonstrated, neither China nor Russia regard stopping the spread of nuclear weapons as essential. Both voted yesterday in support of a resolution imposing sanctions on North Korea, and talks will begin this week on a sanctions resolution aimed at Iran. But both Beijing and Moscow have worked to water down the measures, narrowing the list of sanctions and eliminating references to force. In doing so they have illuminated the priorities that for them matter more than limiting the spread of nuclear weapons.

China, though angry at North Korea, still finds it more important to preserve Mr. Kim's regime than to disarm it. Chinese officials reasonably worry about a destabilizing flood of refugees in the event the Kim dictatorship collapses. More cynically, they continue to see the regime as a means of containing U.S. influence in Asia. Beijing's view of Iran is similarly instrumental: It is a valuable source of energy and a check on the United States.

Russia is even less responsible as a partner in counterproliferation. The government of Vladimir Putin seems to have returned to the Soviet view of international relations as a zero-sum game with the United States. Any gain for U.S. policy is to be resisted or balanced with a concession in return.

So Russia agreed Thursday to support the U.N. sanctions resolution on North Korea -- but only after extracting U.S. agreement to another Security Council resolution about its neighbor, Georgia. The resolution extended the mandate of U.N. observers -- and legitimized the continued presence of Russian troops -- in two breakaway regions of Georgia and referred to "militant rhetoric and provocative actions" by Georgia's pro-Western democratic government.

In fact, it is Mr. Putin who is engaged in a militant and provocative campaign against his tiny neighbor: He has banned trade, closed transportation links and cracked down on Georgian-owned businesses in Moscow. He's willing to make a gesture toward preventing a world that bristles with nuclear weapons, but only if he can get some help in his attempt to crush a government that resists Russia's neo-imperialism. If such politics continue to underlie counterproliferation, we can expect a much more dangerous world.

Tehran Revives Nuclear Proposal (WT)

The Washington Times, October 15, 2006

TEHRAN (Agence France-Presse) -- Iran said yesterday a year-old offer from President Mahmoud Ahmadinejad for foreign countries to handle its uranium enrichment activities still stands as a way to break the deadlock over its nuclear program.

Foreign ministry spokesman Mohammad Ali Hosseini also said a suggestion made by Iran earlier this month for a French-led consortium to enrich uranium for Iran on Iranian soil remained "appropriate."

The spokesman made his comments as the five U.N. Security Council permanent members plus Germany discuss imposing sanctions against Iran over its failure to halt enrichment, a process the West fears could be diverted to making a nuclear bomb.

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"Mr. Ahmadinejad in his speech last year to the U.N. General Assembly proposed that other countries participate in the uranium enrichment and this proposal still stands," Mr. Hosseini said, according to the Web site of state broadcaster IRIB.

"We have received proposals from partners, but the final decision has not been made yet," he said later in an interview with state television. He did not specify who the partners were.

Mr. Ahmadinejad had proposed in his 2005 U.N. speech to "engage in serious partnership with private and public sectors of other countries in the implementation of the uranium enrichment program in Iran."

His proposal was revived earlier this month when a top Iranian nuclear official said France should form a consortium that would manufacture uranium on Iranian soil and thus break the deadlock. However, on both occasions his idea was met with a cool reception from Western powers, who object to enrichment done in Iran. Enriched uranium can be used to power nuclear reactors or atomic bombs.

"The Iranian nation is not scared of possible sanctions and is determined to go on its way to the peaceful use of nuclear energy," Mr. Hosseini said.

Germany: No Prospect Of Talks With Iran (AP-Y)

By Geir Moulson, Associated Press Writer

AP, October 15, 2006

Germany's foreign minister on Saturday said there is currently no prospect of successful nuclear talks with Iran but that pressure on the country would be applied gradually, leaving the door open to future negotiations.

Repeated attempts by the U.N. Security Council's five permanent members and Germany to entice Iran into negotiations on its nuclear program foundered earlier this month over Tehran's refusal to give up uranium enrichment.

The six powers have agreed to start working on U.N. sanctions against Iran next week, diplomats and officials have said, but still have to bridge differences on how harsh the penalties should be.

Foreign Minister Frank-Walter Steinmeier gave no details of sanctions that might be taken against Tehran. However, he noted that a package of incentives aimed at persuading Iran to halt uranium enrichment is still being offered.

"We do not at the moment have a situation in which negotiations can be held with prospects of success, so the Security Council must take up its efforts" to work toward possible sanctions, Steinmeier said on Inforadio.

"But we have made equally clear that our offer for cooperation with Iran remains on the table," Steinmeier said. "That means we are ready to return to the negotiating table any time if Iran declares its readiness to recognize the conditions for negotiations," he said.

"Iran must understand that, if we negotiate, the building of further centrifuges must stop," he said.

Steinmeier said the six powers had talked about a "catalog of possible sanctions" in the summer but did not elaborate on what measures might be applied.

"We agreed that not all possibilities should be used immediately, but that we naturally seek a process in which, as far as it is necessary, pressure against Iran can be increased slowly," he added.

"The Security Council members will calculate sanctions with responsibility (in mind) for this route back to the negotiating table and the fact that it remains open, and I am relatively sure that we will reach an agreement," Steinmeier said.

Iran on Saturday called threats of sanctions "psychological warfare" and said it would not be intimidated.

Foreign Ministry spokesman Mohammad Ali Hosseini repeated his country's pledge to continue pursuing its nuclear program, according to a state-run television report on its English Web site.

While the United States favors a tough line on Iran, Russia and China have advocated less severe measures. Steinmeier argued, however, that both countries have reason to feel angered by Iran's brusque rejection in the past of proposed compromises.

"The Iranian leadership should not count on the economic interests that both states certainly have automatically determining the position of their governments toward the Iranian nuclear conflict," he said.

Uranium enriched to low levels is used to produce nuclear fuel. It can be used to develop nuclear weapons if enriched at higher levels.

Though Iran contends its nuclear program is for generating electricity, the U.S. and some of its allies allege it is trying to develop atomic weapons.

Israel Steps Up Attacks To Halt Palestinian Rockets (NYT)

By Greg Myre

The New York Times, October 15, 2006

DOJ_NMG_0081821

JERUSALEM, Oct. 14 — The Israeli military killed seven Palestinian militants in fighting Saturday as tanks and other armored vehicles rolled into areas east of Gaza City in a stepped-up effort to halt Palestinian rocket fire.

Backed by helicopters and pilotless planes, Israeli troops have staged ground operations in eastern Gaza in the last three days, killing 20 Palestinians and wounding about 30. Most of the dead were Hamas militants who were targets of airstrikes, but several civilians also died.

The incursion appears to be yet another in a series of periodic escalations since an Israeli soldier was seized on June 25 and Israeli forces, which withdrew from the territory last year, moved back into Gaza.

The Israelis have concentrated their forces in open areas in the southeast corner of Gaza over the last several months. They have carried out frequent offensives, and since Thursday have been moving into more populated areas, looking for smuggling tunnels and trying to stop the rocket fire, the military says.

In recent weeks, Israeli political and security officials warned that they were prepared to respond more aggressively to the continuing Palestinian rocket fire out of Gaza. Israeli radio reported Saturday that Defense Minister Amir Peretz had given the go-ahead for broader operations, but provided no additional details.

Palestinian militants have been firing rockets from Gaza into southern Israel for more than five years, and the attacks continued after the Israeli withdrawal last year. The rockets have caused damage and injuries in many instances, though deaths have been rare.

Ghazi Hamad, a spokesman for the Palestinian Authority government, accused Israel on Saturday of "going ahead with evil plans for a bloody military escalation and seeking the highest possible Palestinian losses."

The latest incursion started after Palestinian militants fired three rockets from northeastern Gaza Friday night and lightly wounded three Israelis in the town of Sderot, which is just beyond Gaza's perimeter fence.

Shortly afterward, more than a dozen Israeli armored vehicles charged into the areas where the rockets had been launched, and ground clashes erupted. The Israeli forces came under fire from automatic rifles and at least one antitank missile, the military said.

An Israeli airstrike killed four Hamas militants taking cover in a house, according to the military and Palestinian medical workers. Two more Hamas gunmen were killed in the clashes, and several Palestinians were wounded.

The Israeli Air Force also bombed a house in the southern Gaza town of Rafah that concealed a smuggling tunnel, the military said. The military called residents and told them to evacuate before the strike, and no casualties were reported.

On Saturday afternoon, an Israeli airstrike on a vehicle in Gaza City killed one militant from Al Aksa Martyrs Brigades and wounded three more from the group, according to the military and Palestinian medical workers.

On Thursday and Friday, Israeli troops searched for tunnels and battled Palestinian militants in and around the village of Abassan, in southeastern Gaza, but the forces pulled back overnight, the military said Saturday.

Since the Israeli soldier was seized nearly four months ago, the Israelis have kept the Gaza crossing points into Egypt and Israel closed most of the time. Food, medicine, fuel and other essential supplies are allowed into Gaza, but few Palestinians are allowed in or out of the coastal territory to sell goods or do other business and the already feeble economy has largely ground to a halt.

Israel is demanding the release of the soldier, Cpl. Gilad Shalit; the Palestinians are seeking an exchange that would include freedom for a large number of Palestinian prisoners held by Israel.

The two main Palestinian factions, Hamas and Fatah, are deadlocked in their efforts to form a national unity government. Ahmed Yousef, a top adviser to the Palestinian prime minister, Ismail Haniya of Hamas, called for neighboring Egypt to renew its mediation efforts.

Sudan's Government Signs Peace Accord With Rebel Group In East (NYT)

By Jeffrey Gettleman

The New York Times, October 15, 2006

KHARTOUM, Sudan, Oct. 14 — The Sudanese government signed a peace deal on Saturday with a small rebel movement in the eastern part of the country, an agreement intended to end fighting that has lasted 10 years though with nowhere near the intensity of the conflict in Darfur.

According to state-run news media, Mustafa Osman Ismail, a government negotiator, and Mussa Mohammed Ahmed, chief of the Eastern Front, signed the deal at the presidential palace in Asmara, Eritrea.

According to Agence France-Presse, Sudan's president, Omar Hassan al-Bashir, called it an example of "Africans solving an African problem without foreign help," a clear reference to his government's continuing refusal to allow United Nations peacekeepers into Darfur.

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The rebels in eastern Sudan never posed the threat to the military dictatorship that Darfur's insurgents have, though they conducted hit-and-run guerrilla attacks on government forces for some of the same reasons. Eastern Sudan, like Darfur, is a poor, neglected area where many people feel disenfranchised.

Under the accord, the Eastern Front will get more representation in the national and regional administrations, including high-ranking posts in Khartoum, the capital.

The Darfur crisis, meanwhile, continues, with more fighting in El Fasher, one of Darfur's bigger towns, and reported clashes along Sudan's lawless border with Chad.

President Bush's special envoy for Sudan, Andrew S. Natsios, arrived in Khartoum on Friday night to begin meetings with top Sudanese officials. Few here expect President Bashir to back down from his refusal to allow United Nations peacekeepers to patrol Darfur.

Darfur is patrolled by African Union peacekeepers who are underfinanced and have failed so far to stop the bloodshed. The African Union has agreed to keep its peacekeepers through the end of the year in the hope that a bigger and better-equipped United Nations force will replace them.

Sudan, Eastern Rebels Sign Peace Deal (AP)

By Mohamed Osman

AP, October 15, 2006

The Sudanese government signed a peace deal Saturday with a group of rebels from eastern Sudan, ending a deadly strife that has been overshadowed by the conflict in the country's western Darfur region.

The Eastern Rebel Front has fought an intermittent war with the Sudanese government for 10 years. The signing of the agreement is considered a relief to Khartoum, which has been struggling to put down rebellions on both sides of the country, as well as to keep a shaky peace after a civil war with the south.

The conflict in Sudan's east bore some similarities to the more publicized strife in Darfur. In 2005, the U.N. World Food Program said the malnutrition rate in the east had grown worse than in Darfur.

On Saturday, Sudanese President Omar al-Bashir reiterated his opposition to allowing U.N. peacekeepers in Darfur.

The U.N. wants to send 20,000 U.N. troops to Darfur to replace an ill-equipped and understaffed African Union force that has not been able to quell the violence. More than 200,000 people have died and 2.5 million have been displaced since rebel groups rose up against the Khartoum government in early 2003.

Sudan "will never be the first African country to allow re-colonization of the continent to begin on its soil," al-Bashir said in the capital of neighboring Eritrea, Asmara, where the peace deal was signed. "But we are for a United Nations role that would provide logistical and material assistance to the African Union to carry out its role."

Al-Bashir and First Vice President Salva Kiir had traveled Eritrea to sign the deal with leaders of the Eastern Rebel Front under supervision of Eritrea's government.

Al-Bashir promised Saturday that all the money that was being spent on war will be paid for development.

The final peace deal was set to call for a cease-fire, the lifting of a state of emergency in Sudan's east and the deployment of Sudanese forces to the region, according to the official Sudanese news agency, SUNA.

Some $600 million also would be allocated to health and water programs in the area over the next five years, SUNA reported.

The Eastern Rebel Front has claimed responsibility for a number of attacks on Sudan's infrastructure, including an oil pipeline, and has ambushed cargo convoys and passenger buses. It also has threatened a vital road linking Khartoum with the country's main seaport on the Red Sea in eastern Sudan.

Some Darfur rebels also have fought in the east, and Eritrea has a history of supporting both the eastern and western Darfurian rebels.

In Somalia, Islamic Law Is Far From Uniform (LAT)

By Edmund Sanders

The Los Angeles Times, October 15, 2006

'They don't all have the same vision,' an official says of the courts that control the south.

MOGADISHU, Somalia — The public execution was set for 9 a.m., and thousands of men, women and children raced toward a sandy dune where the previous regime killed its political enemies.

A man accused of fatally shooting a Mogadishu businessman in a dispute over a cellphone two weeks earlier knelt and prayed in front of an eight-man firing squad, as impatient spectators whistled, hooted, stood on cars and scrambled up trees for a better view. The death sentence had been imposed swiftly by a local Islamic court. No attorney. No appeal.

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The first blast of gunfire didn't do the job, so an officer stepped forward and shot the accused in the head. Then the crowd broke through security lines and rushed toward the body, many yelling, "Allahu akbar!" or "God is great!"

Four months after they seized control of Somalia's capital, Islamists have won widespread praise for reestablishing order and stability in Mogadishu and surrounding areas after 15 years of anarchy.

But the Islamists are by no means uniform in their application of justice. In Islamist-run southern Somalia, how you live, and sometimes whether you live, depends largely on where you live.

In one Mogadishu neighborhood, court officials banned cinemas and satellite television as immoral, and have punished criminals with public lashings and executions, such as the one last month.

Under a different court less than a mile away, residents can view pornographic films at night and are free to watch CNN and Hollywood movies. Islamic leaders there have no stomach for public punishment, instead sentencing criminals to prison.

"They don't all have the same vision," said Mogadishu Mayor Mohamed Hassan Ali, who was appointed by Somalia's U.N.-backed transitional government but has struggled for authority under the Islamists. "They don't even know each other that well. Now they're trying to set an agenda, and it's creating some culture shock."

After their surprising victory over U.S.-backed warlords in June, the Islamic Courts Union reopened the airport and seaport, dispatched uniformed security officers who won't take bribes, and reintroduced consumer protection laws, such as halting the import of spoiled food, which unscrupulous businessmen had been dumping in Somalia for years.

But a clash of ideologies has emerged between leaders of the Islamist union and nearly three dozen smaller, semiautonomous courts that function as local governments throughout southern Somalia. These clan-based courts, some of which have their own militias, sometimes pursue distinct and competing interpretations of Islamic law.

On big issues, such as opposition to bringing foreign peacekeepers to Somalia and strategies to reach a power-sharing agreement with the transitional government based in Baidoa, the Islamists show few signs of discord. Most also support, in theory, the installation of an Islamic-based government.

But as Somalis begin debating how to implement such a system, cracks are beginning to show.

In Jawhar, north of Mogadishu, the local court last month banned love songs and Western music on the radio, though such fare still plays in the capital.

After an Italian nun and her bodyguard were shot to death in Mogadishu on Sept. 17, moderate court leaders accused a group of young fundamentalist fighters, known as Shabbab, of shielding one of the killers. The court leaders threatened to break from the union if the suspect was not handed over, two court sources said.

In an interview at his modest home in Mogadishu, with laundry hanging across the courtyard and children playing, Islamic Courts Union leader Sheik Hassan Dahir Aweys insisted that differences within the movement were minor.

"There may be some division," he said. "But there is no challenge to the authority and administration of the court. Our ideology is one." He denied any internal friction over the case of the nun's slaying.

Aweys heads the 91-person shura, a de facto parliament that includes representatives of various factions and clans. He shares power with Sheik Sharif Sheik Ahmed, a former teacher who serves in a presidential role for the union. Ahmed is thought to represent the moderate side of the courts, though he has rarely differed from the more hard-line Aweys in public.

Both men said the disputes were being magnified by outsiders, including the Bush administration and Ethiopian government, who Aweys said were plotting to "divide and conquer" the fledgling alliance.

"The U.S. government accuses anyone who disagrees with it of being a terrorist, especially when they see a Muslim who wants to form an Islamic government," Aweys said.

Ibrahim Hassan Addou, who serves as foreign minister for the union, expressed disappointment that the more extreme actions by lower courts seemed to get the most attention in the news media.

"It seems that the extremists here are getting the focus and overshadowing us," said Addou, who worked as an administrator at American University in Washington before returning to Somalia in 1999. "We're wasting our time and resources closing movies and things like this. Minor things like this have to wait."

Islamic leaders said they planned to disband the local courts and replace them with one body that would provide consistency throughout Islamist-controlled regions.

"There are mistakes being made by individuals who lack experience," Addou said. "These decisions should be made by scholars and the shura council."

In recent weeks the shura has attempted to reverse or rein in lower court actions, issuing edicts such as a ban on attacks against foreigners or civil society groups. The council chastised one lower court for seizing control of a former police station, and it apologized to the families of some World Cup fans who were killed by local militiamen.

But to avoid alienating either side, Islamist leaders have skirted thorny issues, such as cinema and radio closures, leaving lower courts free to continue issuing and enforcing religious rulings as long as they don't conflict with the council.

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"As a court we are free to make our own decisions," said Sheik Hussein Omar Hussein, a former tea seller who is chairman of one of Mogadishu's new lower courts in Hamarweyne district.

His recent rulings included a ban on cinemas and satellite television in public places. For a young woman accused of selling marijuana, he ordered 40 lashes in a public square.

North of the city is a court leader with a far different view of justice. Mahad Mohammed, chairman of Wanlaweyn court, studied economics in Pakistan and returned several months ago to pursue a career in politics.

He said he supported an Islamic government for Somalia, but believed there was room for interpretation.

He said he enjoyed music and movies. When faced recently with a man accused of theft, he said, he couldn't bring himself to order the man's hand amputated, as prescribed by some Islamic law. Instead he tossed the thief in jail.

"We can be flexible," Mohammed said.

But Aweys believes there is no room for compromise under Islam.

When asked what sort of model he would use to govern Somalia, Aweys said he would turn back to the 7th century. "Our model is to go back to the government during the life of the prophet Muhammad," he said.

To him, that includes amputating limbs of robbers, executing killers in public and stoning adulterers to death — a far more conservative vision of Islam than has ever been practiced in Somalia.

Nevertheless, support for the courts union remains high on the streets of Mogadishu. Many residents say they are willing to tolerate some limits on their freedom of expression in exchange for peace and normality.

But there is growing anxiety over how far it will go.

"They've done so much for Mogadishu, no question," said businessman Said Abdi Elye, who returned three years ago from Fairfax, Va. "The real question now is: Where are they taking us?"

Looking For Islam's Luthers (NYT)

By Nicholas D. Kristof

The New York Times, October 15, 2006

Islam sometimes comes across the airwaves in the West as the faith of medieval fanatics wielding swords and wearing explosive vests. Western doubts are bolstered when the pope accuses Islam of violence and fundamentalists protest by killing a nun.

But the public images of Islam we sometimes see — the violence in the name of God, the intolerance, the obsession with the past — represent only some stones in a complex mosaic. And those images can't explain why Islam appears to be in percentage terms the fastest-growing major religion in the world today.

Islam is on the rise for many of the same reasons evangelical Christianity is surging: they provide a firm moral code, spiritual reassurance and orderliness to people vexed by chaos and immorality around them, and they offer dignity to the poor.

While the thread of fundamentalism is real in Islam, so is the thread of reform. The 21st century may become to Islam what the 16th was to Christianity, for even in hard-line states like Iran you meet Martin Luthers who are pushing for an Islamic Reformation. One of the most surprising elements of this push for reform has to do with the emergence of a school called "feminist Islam."

I've written often about the honor killings and other abuses suffered by women and girls in some Muslim countries, and many Westerners think Islam is inherently misogynistic. But Muslim women themselves naturally resent that kind of Western paternalism, for they want opportunities and equality — and yet they frequently don't want to discard their faith (or even their head scarves).

"Yes, sexism exists in our culture, but that is not due to Islam," says Rima Khoreibi, an author from Dubai who wrote a children's book about an Islamic superhero who is female — Iman, a teenage girl with a cape, head scarf and deep religious convictions. That book, "The Adventures of Iman" (www.theadventuresofiman.com), was so successful that she is publishing a sequel in December.

Ms. Khoreibi says that she wrote "The Adventures of Iman" because of her "passion to promote Islamic feminism." She cites Koranic verses that promote gender equality and call for treating sons and daughters equally.

A Koran-quoting female caped crusader is part of a broad ferment for more gender equality in the Muslim world. Islamic feminists often argue that the Koran generally raised the status of women compared to earlier Arabian society — banning female infanticide, for example, and limiting polygamy — and that what is needed today is that larger spirit of progress and enlightenment rather than precise seventh-century formulations that would freeze human society.

Often the battles are over Koranic verses. For example, some note that the Koran permitted up to four wives as a way to care for orphans after wars that had left many women widowed. So they turn the verse on its head and say that in today's world where that situation doesn't apply, the Koran actually bars polygamy.

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Likewise, Saudi women sometimes argue that since the Prophet Muhammad's wife drove camels, they should be able to drive cars.

"Islam, like any religion, is subject to interpretation," Shirin Ebadi, the Nobel Peace Prize laureate from Iran, writes in her autobiography. "It can be interpreted to oppress women or to liberate them."

Female Muslim scholars like Fatima Mernissi of Morocco have also turned up evidence that Prophet Muhammad's youngest wife (and the person he said he loved most in the world), Aisha, vigorously contested the chauvinism of early clerics. Indeed, she sometimes comes across as the first Islamic feminist.

A well-known statement once attributed to Prophet Muhammad says that a man's prayers are ineffective if a woman, dog or donkey passes in front of the believer. Aisha denounced that as nonsense: "You compare us now to donkeys and dogs. In the name of God, I have seen the Prophet saying his prayers while I was there."

Likewise, Aisha denied various suggestions that her husband considered menstruating women to be unclean.

Aisha had prepared a series of corrections to early Islamic writings, but these have been largely ignored. Finally, these days, they are beginning to get a hearing.

All this underscores that Islam is much more complex than the headlines might suggest. The violence and fundamentalism gets the attention — and should be more loudly condemned by ordinary Muslims — but we would be close-minded ourselves if we ignored the more hopeful rumblings that are also taking place within the vast Islamic world ... including, perhaps, steps toward a Muslim Reformation.

Chavez Spreads Wealth To Aid U.N. Cause (NYT/AP)

By The Associated Press

The New York Times, October 15, 2006

MONTEVIDEO, Uruguay (AP) -- As Venezuela lobbies for a U.N. Security Council seat, President Hugo Chavez has bolstered its chances by spreading petrodollars across the Americas and beyond -- extending an airstrip on a Caribbean island, sending emergency food aid to Africa, fixing a rundown hospital in Uruguay.

Chavez's international support will be put to the test on Monday as Venezuela goes up against U.S.-backed Guatemala in a General Assembly vote. At the same time, Chavez is confronting accusations at home that his generosity has been excessive, and has argued it's a modest amount of aid for nations he sees as suffering from U.S. domination.

At Uruguay's Hospital de Clinicas, a state-of-the-art transplant unit is being built with Venezuelan money. The emergency ward's leaky roof and exposed cinderblocks have given way to freshly painted walls, windows in rust-corroded frames are being replaced, and new elevators are on order.

Hospital director Graciela Ubach put a hand over her heart to show her gratitude to Chavez.

"I thank him with my soul," she said. "Honestly, it's been a dream for the country."

The public hospital struggled for funding for years until Venezuela came through with $20 million -- half in donations and the other half to be paid off in reciprocal training and other services.

Other Chavez pledges include: $260 million in financing to repave a Jamaican highway and $17 million in upgrades to airports on the Caribbean islands of Antigua and Dominica.

Chavez also came up with $5 million for an Uruguayan tire plant, glass business and leather factory as part of a $400 million flow of aid since March 2005, when Uruguay's leftist President Tabare Vazquez took office, according to the Venezuelan Embassy in Uruguay.

According to the U.S. State Department, which tracks the bulk of foreign aid, $3.3 billion was allocated in financial and development aid to Latin America and the Caribbean for all of 2005 and 2006, including military and anti-narcotics programs. Other estimates, which include aid not tallied by the State Department, put that figure closer to $4 billion.

A consolidated figure for Venezuelan aid is harder to come by, but a review of public pledges by its government suggest Venezuela, with an economy one-ninetieth the size of America's, has offered at least $1.1 billion since the beginning of 2005 in loans, donations and financial aid in the region.

U.S. aid to Jamaica for 2005-2006 is listed as $42 million; the Chavez-financed highway job is six times costlier. The Venezuelan figure of $400 million for Uruguay compares with U.S. aid of $49,000 through the State Department plus an estimated $800,000 in military education and counter-drug assistance. No U.S. money was specifically set aside for Dominica.

In the case of Bolivia, the State Department estimates about $117 million in aid for 2006 compared with $140 million in Venezuelan donations and loans for scholarships and other programs.

Some of the aid involves relatively small sums aimed at highly symbolic targets, such as the tire-making cooperative in Montevideo that was abandoned three years ago by a U.S. company which ran into economic troubles. The factory was restarted with money from Chavez.

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"The Venezuela government has given us a big hand," said worker Wilson Tolotti, 57. "We will always be grateful."

Venezuelan bulldozers have already begun clearing land at Dominica's Melville Hall Airport for a longer runway to boost tourism. Under Petrocaribe, a deal bringing Venezuelan oil to needy Caribbean countries, the island has received asphalt, fuel storage tanks, university scholarships and $12 million for housing.

Dominica has supported Venezuela's U.N. bid despite lobbying by Guatemala, and its foreign minister, Charles Savarin, has acknowledged that Venezuela's aid "cannot go unnoticed" as a factor in the decision.

Both Venezuela and Guatemala say they have a majority in the 192-member General Assembly ahead of Monday's poll, but either would need two-thirds to win. If after repeated ballots neither side is able to muster that many votes, the 33-nation Latin American group might decide to put up another candidate.

It's a secret ballot, and countries aren't obliged to make known their preference, though much of the Caribbean and South America -- including Uruguay -- have voiced support for Venezuela.

U.S. officials, however, have spoken out against Venezuela and lobbied for Guatemala, which has the support of Colombia, apparently most of Central America, Europe and other countries.

The 53 countries in the African group are expected to tilt toward Venezuela, while Asia's 54 nations are said to be split.

Ten of the Security Council's 15 seats are filled by the regional groups for two-year stretches. The other five are occupied by its veto-wielding permanent members: Britain, China, France, Russia and the United States.

Chavez's aid pledges, meanwhile, have come under attack ahead of Venezuela's Dec. 3 presidential vote by opposition candidate Manuel Rosales, who says poor Venezuelans need the money.

Chavez points to government-funded improvements at Venezuela's universities, medical clinics, subsidized food markets and train lines, and insists his foreign aid is aimed at countering the effects of U.S.-inspired capitalism.

Ironically, this aid is bankrolled in large part by oil sales to the United States.

Venezuela also bought or pledged to buy more than $3.6 billion in bonds from Argentina, Ecuador and Bolivia to help them cover deficits. Most of that -- $3.5 billion -- went to Argentina, helping a leftist ally pay off its World Bank and International Monetary Fund debts. Venezuela then recycles the bonds though its own banks and ends up with a profit that between early last year and July 2006 totaled $200 million.

It's difficult to quantify the value of Chavez's many oil supply agreements under preferential terms to at least 17 countries across the region, including Cuba. Venezuela says it sells the fuel at market prices but offers low-cost financing and accepts partial payment in goods from cows to bananas.

The state oil company even offered an unspecified sum this year to a Brazilian samba group that won first prize in the Rio de Janeiro carnival parade. "It made us very happy and feeling like we are part of the triumph," Chavez said later.

The U.S. is the world's largest overall aid donor, though far less generous than Japan and European countries, given the size of its economy. Venezuela's largesse, meanwhile, goes far beyond the Western Hemisphere.

Last year it gave a total of $3 million in emergency food aid to Burkina Faso, Mauritania and Niger. It pledged to sell oil under preferential terms for London's trademark red buses in return for the leftist-run city's expertise in transport, housing and other areas. It is expanding its program in the United States to provide discounted heating oil to the poor.

Chavez says he's helping to build a "multipolar" world to counter U.S. dominance, lining up allies against what he calls a perpetual threat from Washington. A U.N. Security Council seat would give this ambition a sharp boost.

Associated Press correspondents Katie Burford in Mexico City, Ellsworth Carter in Roseau, Dominica, and Nick Wadhams at U.N. headquarters in New York contributed to this report.

Mexican Leftists Watching Tabasco Election (LAT)

By Sam Enriquez

The Los Angeles Times, October 15, 2006

Today's gubernatorial vote may determine the political fate of former presidential candidate Lopez Obrador and that of his movement.

TACOTALPA, Mexico — If you ask Cesar Ascencio, there isn't much to cheer about in this sun-baked southern town. Jobs are scarce and even shade is hard to come by after trees in the central plaza were chopped down for a renovation that's stalled halfway to nowhere.

"We live in one of the worst pueblos in Mexico," the 72-year-old retiree said. "This place is dead."

A couple of hours later, it came to life, if only for a little while, when hundreds of townspeople gathered at the plaza to hear leftist politician Andres Manuel Lopez Obrador promise to bring help to the nation's poor and vengeance on its rich. The crowd roared.

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Lopez Obrador, who lost the July 2 presidential election to free-market candidate Felipe Calderon, isn't running for office. But his political future, and that of his fledgling leftist movement, may rest on today's gubernatorial election in Tabasco, Lopez Obrador's home state. He has spent the last several weeks campaigning for Cesar Raul Ojeda, a fellow member of the Democratic Revolution Party, or PRD, who's making an uphill third bid for governor.

A win by Ojeda, 54, would also be a triumph for Lopez Obrador, whose followers barricaded Mexico City's main boulevard for weeks this summer to protest the national election. Lopez Obrador, who says Calderon won by fraud, plans to install himself as the "legitimate" president in an unofficial inauguration next month. But his fight may be an uphill one too, against perceptions that he'll bring Mexico more trouble than hope.

Support for Lopez Obrador has dwindled since protesters closed down their Mexico City encampments a month ago after judges rejected demands for a national recount. So the former Mexico City mayor returned to Tabasco and has since filled plazas in his bid to secure a victory for Ojeda — and keep his message alive.

"Lopez Obrador is trying to use Tabasco as a catapult for his movement," said Andres Granier, the 58-year-old former mayor of Villahermosa, the state capital, and Ojeda's opponent. "But it's not going to work."

Granier, who holds a lead of 9 percentage points in polls, is a candidate of the Institutional Revolutionary Party, or PRI, which has run the state for seven decades. He has waged an aggressive campaign and was a well-liked mayor, but that doesn't fully explain his advantage.

Lopez Obrador won 56% of the presidential vote in Tabasco and remains wildly popular here. The trouble is, his so-called campaign of civil resistance has scared people off, including admirers such as Gilberto Macias.

Macias was in no mood to talk politics as he waited for his overheated car to cool down off a road just outside town. But he quickly rattled off a wish list for the next governor: better salaries, more jobs, safer streets, more hospitals, new roads.

"The minimum wage here is 44 pesos a day [about $4], and food is expensive, electricity is expensive, toll roads are expensive," he said. "We all want help, but now people are afraid of the 'hard left.' We're not sure anymore if we're talking about Allende in Chile or some kind of totalitarian state."

The takeover of the capital of nearby Oaxaca state this summer by striking teachers has people rethinking their support of Mexico's emerging left, he said. "We don't want any kind of trouble like that here," the 53-year-old taxi driver said.

Another Tabascan, Ciro Perez Gomez, said Lopez Obrador was "a good man who's taken the wrong road."

Ojeda said a vote for him was a vote for Lopez Obrador and for the fight to steer Mexico toward a moderate left that uses government spending and private investment to make jobs, that pays subsidies to farmers to keep them from fleeing to the United States.

"It's a modern left," he said, "with government shouldering its responsibility to the people. How can the state have so much money and yet have so many poor?"

He disagreed that losing the election would hurt Lopez Obrador.

"This movement has its own life," Ojeda said. "A loss would give opponents the chance to say it's over, but I believe the roots are deep."

His PRI opponents, he said, were up to the same old political shenanigans that had kept them in power and soured voters on the party's presidential candidate, former Tabasco Gov. Roberto Madrazo, who finished a distant third in the national election.

Ojeda supporters posted a video on YouTube.com that shows a warehouse with hundreds of new bikes that they allege the PRI had planned to give to voters. The video, indexed under "mapacheo," slang for vote-buying, shows the warehouse being emptied within minutes by passersby after its discovery by Ojeda campaigners.

A PRI spokesman said voter giveaways — which included cooking pans and food — were humanitarian aid. He would not say whether the bicycles were the PRI's.

"They think they can buy the vote of the people," Ojeda said. "But we have more dignity than that."

The PRI warned last week that Lopez Obrador and the PRD had recruited more than 2,000 radicals to start trouble at the polls. On Friday, authorities announced the arrests of several out-of-state PRD supporters who acknowledged that they had planned to disrupt voting. One man was injured in a jailhouse fall before his confession, police said.

Granier has campaigned on a platform of unity and promises to bring potable water, as well as jobs, schools and clinics to outlying towns.

"There are two distinct roads: ours, which is one of accord; and theirs, of provocation," he said Wednesday in his closing campaign speech.

Later that night, Lopez Obrador boarded the last flight to Mexico City. An aide brought him a cup of coffee and Lopez Obrador begged off a last interview.

"It's over, and I'm tired," he said.

He answered one question: Does he really believe he and his movement will survive a loss in Tabasco?

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"Yes, I do," he said. "I believe it in my heart."
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Carlos Martinez and Cecilia Sanchez in The Times' Mexico City Bureau contributed to this report.

China's New Leftist (NYT)

By Pankaj Mishra
The New York Times, October 15, 2006

One day earlier this year I met Wang Hui at the Thinker's Cafe near Tsinghua University in Bejing, where he teaches. A small, compact man with streaks of gray in his short hair and a pleasant face that always seems ready to break into a smile, he arrived, as he would to all our subsequent meetings, on an old-fashioned bicycle, dressed in dark corduroys, a suede jacket and a black turtleneck that would not be amiss on an American campus.

Co-editor of China's leading intellectual journal, Dushu (Reading), and the author of a four-volume history of Chinese thought, Wang, still in his mid-40's, has emerged as a central figure among a group of writers and academics known collectively as the New Left. New Left intellectuals advocate a "Chinese alternative" to the neoliberal market economy, one that will guarantee the welfare of the country's 800 million peasants left behind by recent reforms. And unlike much of China's dissident class, which grew out of the protests in Tiananmen Square in 1989 and consists largely of human rights and pro-democracy activists, Wang and the New Left view the Communist leadership as a likely force for change. Recent events — the purge of party leaders on anticorruption charges late last month and continuing efforts to curb market excesses — suggest that this view is neither utopian nor paradoxical. Though New Leftists have never directed government policy, their concerns are increasingly amplified by the central leadership.

In the last few years, Wang has reflected eloquently and often on what outsiders see as the central paradox of contemporary China: an authoritarian state fostering a free-market economy while espousing socialism. On this first afternoon, he barely paused for small talk before embarking on an analysis of the country's problems. He described how the Communist Party, though officially dedicated to egalitarianism, had opened its membership to rich businessmen. Many of its local officials, he said, used their arbitrary power to become successful entrepreneurs at the expense of the rural populations they were meant to serve and joined up with real estate speculators to seize collectively owned land from peasants. (According to Chinese officials, 60 percent of land acquisitions are illegal.) The result has been an alliance of elite political and commercial interests, Wang said, that recalls similar alliances in the United States and many East Asian countries.

As he spoke about how market reforms have widened the gap between rich and poor, between rural and urban areas, smartly dressed students browsed through a highbrow collection (Leo Strauss, Jürgen Habermas), checked their e-mail and sipped their mochas. At the privately owned Thinker's Cafe and the adjoining All Sages bookshop, Wang seemed to be famous. Students greeted him reverentially; the staff was extra attentive. Yet Wang still belongs to a minority. Recoiling from the excesses of Maoism and the failures of the old planned economy, most Chinese intellectuals, even those with no connection to the state, see the market economy as indispensable to China's modernization and revival. Zhu Xueqin, a history professor at Shanghai University who is one of China's best-known liberal intellectuals, told me that he wants more, not fewer, market reforms. For him, China's present instability is caused not by economic forces but by a politically repressive regime that has prevented the emergence of a representative democracy and a constitutional government.

Wang readily acknowledges that China's efforts at economic reform have not been without great benefits. He applauds the first phase, which lasted from 1978 to 1985, for improving agricultural output and the rural standard of living. It is the central government's more recent obsession with creating wealth in urban areas — and its decision to hand over political authority to local party bosses, who often explicitly disregard central government directives — that has led, he said, to deep inequalities within China. The embrace of a neoliberal market economy has meant the dismantling of welfare systems, a widening income gap between rich and poor and deepening environmental crises not only in China but in the United States and other developed countries. For Wang, it is the task of intellectuals to remind the state of its old, unfulfilled obligations to peasants and workers.

Despite his invocation of socialist principles, Wang was quick to tell me that he dislikes the New Left label, even though he has used it himself. "Intellectuals reacted against 'leftism' in the 80's, blaming it for all of China's problems," he said, "and right-wing radicals use the words 'New Left' to discredit us, make us look like remnants from the Maoist days." Wang also doesn't care to be identified with the radical intellectuals of the 60's in America and Europe, to whom the term New Left was originally applied. Many of them, he said, had passion and slogans but very little practical politics, and not surprisingly, more than a few ended up with the neoconservatives, supporting "fantasy projects" like democracy in Iraq.

Wang prefers the term "critical intellectual" for himself and like-minded colleagues, some of whom are also part of China's nascent activist movement in the countryside, working to alleviate rural poverty and environmental damage. Though broadly left

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wing, Dushu publishes writing from across the ideological spectrum. Wang's own work draws on a broad range of Western thinkers, from the French historian Fernand Braudel to the globalization theorist Immanuel Wallerstein. "Intellectual quality is important to me," Wang said. "I don't want to run just any left-wing garbage." The magazine has carried abstract debates on postcolonial theory as well as, he claims, some of the most interesting analyses in China of how the government's urban-oriented reforms have damaged rural society. There are restrictions on what Dushu can publish, of course, and Wang is frank about them. As with all intellectual journals in mainland China, authors and editors at Dushu have to exercise a degree of self-censorship. Articles cannot directly criticize the leadership or deviate much from the official line on subjects that the Chinese government considers most sensitive — Taiwan or restive Muslim and Buddhist minorities in Xinjiang and Tibet.

"I get asked in Western countries, 'How do you define your position?'" Wang said. "'Are you a dissident?' I say no. What is a dissident? It is a cold-war category. And it has no meaning now. Many of the Chinese dissidents in America can return to China. But they don't want to. They are doing well in the U.S. To people who ask me if we are dissidents, I say, we are critical intellectuals. Some government policies we support. Others, we oppose. It really depends on the content of the policy."

Born in Yangzhou in the southeast province of Jiangsu, Wang was just 7 and entering primary school when the Cultural Revolution began in 1966. The decade-long chaos, which traumatized older generations, seems to have left benign memories for Wang. He remembers being taken by his school to work in the villages for a week or two during the school year. "My generation of urban intellectuals," he said, with a hint of pride, "is the last to have firsthand experience of conditions in the countryside."

He counts the 20 months he spent working in factories around Yangzhou after middle school as a valuable experience. In 1977, he took the first university entrance exams to be held after the Cultural Revolution, during which many universities were either shut or would admit only peasants, workers and soldiers. "Thousands of aspiring students," he reminisced, "were competing for a single place."

When he moved from Yangzhou to Beijing to begin his doctoral studies in the mid-80's, Wang found himself part of an even more privileged class. "Intellectuals," he said, "had been targeted during Mao's time; now, post-Mao, they were the elite again." And by then, Wang said, they all agreed on what needed to be done: China had to abandon its "feudal" and socialist traditions and catch up with the capitalist West. Scarred by the Cultural Revolution, intellectuals saw socialism in China as a failure. Consequently, they had, Wang argues, no real debate on whether a Western-style consumerist society could be successfully recreated or was environmentally sustainable in China. The West, especially the United States, was idealized.

Wang first began to develop his own views on contemporary China while working on a dissertation about one of the most admired of modern Chinese writers, Lu Xun (1881 1936). Lu Xun, Wang explained to me, was a writer of the left, but he was very critical of left-wing writers and activists. He criticized Chinese tradition, but was also an excellent classical scholar. He welcomed the Western idea of progress, but was also skeptical of it. The paradoxes in Lu Xun helped Wang to see that Chinese modernity could not be a simple matter of abandoning the old and embracing the new — as it had been for both Maoists and free-market capitalists.

For Wang, the problems associated with China's uneven development were first identified by the demonstrators in Tiananmen Square in 1989. Wang himself was one of the last protesters to leave the square on the morning of June 4, 1989, as the tanks of the People's Liberation Army closed in. Normally rather brisk and matter-of-fact, he grew animated as he described in fluent, if occasionally idiosyncratic, English how a "broad social movement" began to grow out of the distress caused by the shock therapy of market reforms. The students demanding freedom of speech and assembly were certainly the most visible. But there were, he said, many more Chinese in the cities — workers, government officials and small businessmen — demanding that the government control corruption and inflation, which had shot up to 30 percent after price controls on basic commodities were lifted.

In the spring of 1989, Wang was a fellow at the prestigious Chinese Academy of Social Sciences. Wang told me that he saw "democratic potential" in the protests and felt obliged to participate even though he had reservations about the students' lack of "theoretical or methodological coherence." For Wang, the student leaders recalled the Chinese intellectuals of the early 20th century, who were never more united than when they radically rejected everything in the past. Nevertheless, after the government sought to crush dissent by declaring martial law on May 20, 1989, Wang was drawn deeper into the movement. On the night of June 3, when the tanks and armored cars charged through Beijing, killing hundreds of unarmed resisters and injuring thousands more, Wang was among those assembled in the center of Tiananmen Square. He could hear the gunfire, but some of the more radical among the students still refused to leave.

Wang decided to stay and to try to persuade the students not to sacrifice their lives. "I knew," he said, "that if the result was violence, it would be disastrous for the whole country." Wang said that his fears were proved right: violence shrank the space for political debate, and the Chinese government used the period of intellectual silence that followed to begin dismantling more aspects of the welfare state, like the state-owned enterprises, that had long offered cradle-to-grave benefits to workers.

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Eventually, the students advocating peaceful retreat prevailed and persuaded the People's Liberation Army to give them safe passage in the southeast corner of the square. Just before dawn, hundreds of students left the square through a narrow corridor, jostled and taunted by hostile soldiers. Within minutes, the students dispersed. Some of them were arrested and sentenced to long prison spells; others fled to Hong Kong and eventually to the West; many others, like Wang, disappeared for a few weeks.

When Wang returned to Beijing in late 1989, the authorities were waiting for him. "That was the most difficult time for me," he said. He was asked repeatedly: "What was your organization? Who were your associates?" After interrogations lasting for many months, he was sent to the northwestern province of Shaanxi, where dozens of other young scholars from Beijing were already undergoing — in the uniquely Chinese way — "re-education" by exposure to rural conditions.

In Wang's case, punishment by pedagogy seems to have been more successful than Chinese authorities could have anticipated. He dates his "real education" to the time he spent in Shaanxi, one of the poorest regions of China. He was shocked by the obvious disparity between the coastal cities, then enjoying the first fruits of economic reform, and the provinces. He was shocked, too, by his own ignorance and that of his colleagues in the 1989 social movement. "We had no idea that the old order in much of rural China was in deep crisis," he said.

The commune system in Shaanxi was dismantled as part of Deng Xiaoping's reforms, and land was redistributed. But the area produced nothing of much value, not even enough food. Deepening poverty led to a sharp increase in crime and social problems; violent conflicts broke out over land; men took to gambling, beating up, even selling, their wives and daughters. Wang lived in a low-lying village where his dormitory was frequently flooded while he slept. Much of his daily work consisted of writing didactic pamphlets warning peasants against gambling and crime; he also worked on the reconstruction of a primary school that had been destroyed by floodwaters. "It was during that year," Wang said, "that I realized how important a welfare system and cooperative network remained for many people in China. This is not a socialist idea. Even the imperial dynasties that ruled China kept a balance between rich and poor areas through taxes and almsgiving.

"People confine China's experience to the Communist dictatorship and failures of the planned economy and think that the market will now do everything. They don't see how many things in the past worked and were popular with ordinary people, like cooperative medical insurance in rural areas, where people organized themselves to help each other. That might be useful today, since the state doesn't invest in health care in rural areas anymore."

Many poor people Wang met during his year in Shaanxi saw him as the educated man from Beijing who would tell the mandarins of the central government to send them some help. "I felt burdened by this role," Wang said. "I couldn't tell them that I was in no position to do anything." Wang returned, he told me, from his 10-month exile with a keen sense of the gap between the worlds of intellectuals and ordinary people.

During his time in Shaanxi, the influential Journal of Literary Review denounced his research on Lu Xun as an example of "bourgeois liberalization." Nevertheless, Wang had no trouble returning to academic life.

Wang doesn't like to talk much about 1989. He complains about the "stereotype" of China in the Western media conjured by Tiananmen. Nonetheless, our conversation about Tiananmen was unusual. While traveling through Chinese cities, I had found it hard to get people to talk about it. When Deng Xiaoping sought to bury the ghosts of Tiananmen for good by calling for speedy market reforms in 1992, he may well have calculated that the prospect of personal wealth — and access to Western brand-name goods — would compensate many newly enriched people for the lack of political democracy. If so, he seems to have been proved right. The largest public disturbance in China since Tiananmen occurred in August 1992, when hundreds of thousands of Chinese tried to buy shares in the newly opened stock exchange of Shenzen.

The effort to create wealth in urban areas through export-oriented industries — part of the "let some get rich first" policy announced by Deng Xiaoping and affirmed by his successors — has given the Chinese economy an average growth rate of 10 percent and made it the fourth largest in the world. Yet China remains one of the world's poorest countries. More than 150 million people survive on a dollar a day. About 200 million of the rural population are crowding the cities and towns in search of low-paying jobs. More than four million Chinese participated in the 87,000 protests recorded in 2005, and these statistics may not fully convey the rage and discontent of Chinese living with one of the world's highest income inequalities and deteriorating health and education systems, as well as the arbitrary fees and taxes imposed by local party officials. Much of this, Wang said, could be laid at the feet of the "right-wing radicals" or neoliberal economists who cite Milton Friedman and Friedrich Hayek (advocates of unregulated markets who inspired Ronald Reagan and

Margaret Thatcher in the 80's) and who argue for China's integration into the global economy without taking into account the social price of mass privatization. And it is they, Wang added, who have held favor with the ruling elite and have dominated the state-run media.

Only in the last decade, Wang said, have intellectuals of the New Left begun to challenge the notion that a market economy leads inevitably to democracy and prosperity. Wang, who helped found an academic journal called Xueren (The

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Scholar) after returning from exile in 1991, was well placed to observe those intellectuals. As they came into greater contact with Western academics and scholars, they became more aware of problems not just in European and American societies but also in post-Communist countries that were trying to bring their planned economies closer to neoliberal models. China's intention to join the World Trade Organization (which it did in 2001) provoked unexpectedly sharp debates among scholars. As Wang described it, the terms of the debate had changed: "Many people knew by then that globalization is not a neutral word describing a natural process. It is part of the growth of Western capitalism, from the days of colonialism and imperialism." Which is not to say that the New Left embraced an easy antiglobalist position; it has been critical of recent anti-Japanese and anti-American outbursts among urban, middle-class Chinese — of what Wang dubbed "consumer nationalism." That, Wang said, was the same kind of globalization that America advocates: "It is really a form of hypernationalism, which is why you hear talk of tariffs and penalties on China when American economic interests are hurt."

Wang paused and then added: "Many people also learned that the reason the Chinese economy did not collapse like the Asian tiger economies in 1997 was that the national state was able to protect it. Now, of course, China with its export-dominated economy is more dependent on the Western world order, especially the American economy, than India."

In January of this year, Wang published a long investigative article exposing the plight of workers in a factory in his hometown, Yangzhou, a city of about one million. According to Wang, in 2004 the local government sold the profitable state-owned textile factory to a real estate developer from the southern city of Shenzen. Worker-equity shares were bought for 30 percent of their actual value, and then more than a thousand workers were laid off after mismanagement of the factory led to losses. In July 2004, the workers went on strike. In what Wang calls an agitation without precedent in the history of Yangzhou, the workers obstructed a major highway, halted bus traffic and attacked the gates of local government buildings.

Wang told me that he was helping the workers to sue the local government. He had spent time working in a nearby factory before college and this, he said, made him feel a particular connection to them. He remembered that his pay had been low — less than $2 a month by current exchange rates — but, he said, what was crucial was that the workers he knew then felt secure in their jobs. "People claim," he said, "that the market will automatically force the state to become more democratic. But this is baseless. We only have to think about the alliance of elites formed in the process of privatization. The state will change only when it is under pressure from a large social force, like the workers and peasants."

Wang's story about Yangzhou is not unique. There are many accounts of how local government officials controlling public property have amassed fortunes by privatizing state assets. According to a recent report by the activist Liu Xiaobo, more than 90 percent of the 20,000 richest people in China are related to senior government or Communist Party officials.

For Wang, democracy is not just a simple matter of expanding political freedom for the middle class or creating legal and constitutional rights for a minority already substantially empowered by market reforms. Democracy in China, he said, has to be based upon the active consent and mobilization of the majority of its population, and be able to ensure social and economic justice for them.

Yet for some New Left intellectuals, like Cui Zhiyuan, a close friend and collaborator of Wang's who teaches political science at Tsinghua University, there is opportunity in the collision of capitalism and socialism. "There is more space here for new ideas," Cui told me as he described why he had returned to China after many years in the United States. "The capitalist system is fixed in the West, but things are still in flux in places like China and India. We have a historic opportunity to build a better, more just society than the West." For Cui, it is important to clarify the concepts first. "It is not helpful," he said, "to see socialism and capitalism as opposed and separate. Both have traveled together in the 20th century. Not just European welfare states, even American capitalism has a socialist component, which was arrived at after compromise with the trade unions."

In recent years, Cui has found a receptive and powerful audience on an issue that lies at the very foundation of the Chinese socialist state: the collective ownership of property. Liberal Chinese economists argue that private property is sacred and inviolable in a market economy, a radical idea in the Chinese context. In an article he published in Dushu in 2004, Cui challenged this notion, emphasizing the essentially communal nature of property ownership. He cited Thomas Jefferson's decision to reword John Locke's principles of life, liberty and property with life, liberty and happiness in the Declaration of Independence.

"Jefferson recognized," he said, "that property rights emanate from society, not from nature. That's why there was no specific article on property rights in the U.S. Constitution and it had to be brought in later through the Fifth Amendment." Cui went on to relate with something close to glee that his article had circulated widely among legislators in the National People's Congress, China's Parliament, in 2004. It had helped, he said, to provoke a debate that led the Congress to adopt a compromise amendment to the constitution, similar in wording to the Fifth Amendment to the U.S. Constitution, which simply states that no person "be deprived of life, liberty or property without due process of law."

This spring it began to become clear that the New Left's advocacy of a welfare state is being echoed within the Communist leadership, which is fearful of social instability and is keen to consolidate its power and legitimacy. In March, a few weeks before I

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met with Wang, the National People's Congress convened in Beijing and unexpectedly became a forum for the first open ideological debate within the party for years. Legislators accused government officials of selling out China's interests to market forces. Such was the antimarket mood that a bill to defend private property and grant land titles to farmers — one that both foreign investors in China and Chinese businessmen had been lobbying for — was not even discussed. Describing major new investments in rural areas, the Chinese premier, Wen Jiabao, emphasized that "building a socialist countryside" was a "major historic task" before the Communist Party. He also outlined steps to balance economic growth with environmental protection.

A German journalist told me that it was the most left-wing speech he had heard from a senior Chinese leader during his eight years in Beijing: "Even American and European politicians don't talk about achieving a Green G.D.P." Wang agreed. He said that he was also pleased to see President Hu Jintao and Premier Wen Jiabao focusing on relations with Asian countries. "We were too obsessed with the United States during

Jiang Zemin's time," he said. "We really need to improve our relations with Japan and India. We belong to such old and distinguished civilizations, and we cannot just be simple followers and imitators of America.

"It is a huge achievement," he added, a smile on his face, "that the premier should openly admit that health care and education is a failure. It has never happened before." Wang said he thought that the government was sincere about eradicating rural poverty. But he was still cautious. "There has been so much decentralization in China," he said, "that it is not easy to translate central government policy into action." Last month, in the first purge of a high-ranking party member since 1995, the central leadership removed the Shanghai party chief on corruption charges, leading to speculation that there would be a reconfiguring of relations between the central government and provincial leaders and perhaps a shift in policy toward shoring up social-welfare systems and stemming pollution. Wang remained skeptical. "The Shanghai case is encouraging at least," Wang said in a recent e-mail message. "I think there will be some political results from it, but they are results rather than reasons."

The dangers of failing to improve conditions for the majority are clear to Wang: "If we don't improve the situation, there will be more authoritarianism. We have already seen in Russia how people prefer a strong ruler like Putin because they are fed up with corruption, political chaos and economic stagnation. When radical marketization makes people lose their sense of security, the demand for order and intervention from above is inevitable."

In attacking corrupt local governments, the New Left often seems to want to institute big-brotherly government of the kind authoritarian politicians like. Certainly the growing accord between the central government's socialist rhetoric and New Left ideas makes many uneasy. Lung Yingtai, a well-known Taiwanese writer and democracy advocate, told me earlier this year that she was wary of the New Left intellectuals, who, she said, appear too close ideologically to the Communist regime. Taking this view one step further, Liu Junning, a popular liberal political theorist who left China in 1999 after being blacklisted by the Chinese government but has since returned, claimed that the New Left was another name for the nationalistic old guard of the Communist Party, which was inspired by hatred of the West.

While this seems an exaggeration, Wen Tiejun, a former government official who runs rural reconstruction projects and is identified as New Left, had attended what he called "brainstorming sessions" with Hu Jintao and Wen Jiabao. Typically, intellectuals in Communist countries (Vaclav Havel or Adam Michnik, for example) have gained moral authority by assuming a critical stance toward the all-powerful state. How do New Left thinkers in China calibrate their relationship with a state that has imprisoned many of their colleagues and generally shown little tolerance for criticism of the party?

When I posed this question to Cui, he momentarily lost his exuberant manner. "It is a very important question," he said. "How to deal with the government, both morally and intellectually. This is a big challenge for us."

Cui does not regard the Communist regime as a "totality." There were, he said, many different aspects of it, at both the local and central levels. "Almost every day," Cui said, "The New York Times carries reports of peasants agitating against the Communist government, but if you listen to what the peasants are saying, they are telling the central government that the local government has violated their rights. So even the peasants can see the different aspects of the state, who supports them and who doesn't."

Wang Xiaoming, professor of cultural studies at Shanghai University, positions himself to the right of Wang Hui but says that he sympathizes with the New Left's pragmatic attitude toward the Communist regime. "Civil society is very weak in China," he said, "and since the government is the most active agent of change, we have to push the government to do what it should do besides pushing the government to give up some of its powers."

When I met with Wang Hui for the last time, he dismissed any claims about increased New Left influence over the regime. "What we have tried to do is create an intellectual situation in which new policies can be explored," he said. "I know that many leaders read Wen Tiejun's article; they also read Cui's article on property rights. There have been other articles in Dushu that have been equally influential, and I am pleased about this. But we have no other connection with the regime."

Wang also seems to have no anxiety that ideological convergence with the regime will turn New Left intellectuals into pro-government policy wonks and hacks, part of an old Chinese tradition of intellectuals advising the state. "We look at things from a

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Chinese perspective naturally, but we also try to think beyond the framework of the nation-state," he said. "People ask in the West, How could China develop capitalism with an authoritarian state? But that's ignoring how modern capitalism grew in the West, without much democracy and with the help of imperialism and colonialism. You have to ask whether this unique economic model of the West can be globalized without great wars and destruction of the environment. This is not an abstract issue. China has stopped felling its forests, most of which have disappeared, but some country still has to produce wood for Chinese consumption."

At our last meeting, Wang also spoke more about a subject Cui had brought up with me: how the rise of China and India throws up new challenges and possibilities with profound implications for the world at large. "Western societies have been on top for the last two centuries and shaped the world with the decisions they made," he said. "China and India will now play equally crucial roles in the new century. But what will they be? I think it is very important for Chinese and Indian intellectuals not just to imitate the West. They have to explore alternatives to the Western model of modernity. Otherwise, the 'consumer nationalists' are already saying, 'America was on top; now we are on top.'"

Wang laughed, and added, "This is not interesting."

Cold Warrior (NYT)

By Henry A. Kissinger

The New York Times, October 15, 2006

Dean Acheson was perhaps the most vilified secretary of state in modern American history. Robert L. Beisner, in "Dean Acheson: A Life in the Cold War," his sweeping and thoughtful account of Acheson's tenure, cites a scholar who, with meticulous pedantry, discovered that during the four years — 1949-53 — that Acheson served as secretary of state, Republicans made 1,268 antagonistic statements about him on the Senate floor and only seven favorable ones (one wonders for what).

History has treated Acheson more kindly. Accolades for him have become bipartisan. Secretaries of state appointed by the party of his erstwhile tormentors have described him as a role model; Condoleezza Rice is the most recent example. Thirty-five years after his death, Acheson has achieved iconic status. This is all the more remarkable in view of his out-of-scale personality, so at odds with the present period, in which eminence seems to be tolerable only in the garb of the commonplace.

The debonair conduct, the bristling mustache, the Bond Street tailoring, the biting wit, the extraordinary analytical skill coupled with a defiant refusal to turn the other cheek bespoke an affirmation of the idiosyncratic over the conventional. Acheson was a man of high principle, whose hero was Oliver Wendell Holmes Jr., an iconoclastic Boston Brahmin shaped by the 19th century, and whose best friend was Felix Frankfurter, the brilliant son of Jewish immigrants.

Though Acheson served during the transition when America emerged as a world power and enjoyed a nuclear monopoly, the scale of government was as yet relatively small, and Washington was still a comparatively provincial city. Its political conflicts were not shaped by public relations advisers or tested on focus groups; hence they were somewhat personal. That senior officials must remain blandly obliging while their veracity or honor is being systematically challenged was never part of the Acheson code. This explains the scene, unimaginable today, when Acheson, in the author's words, at a hearing before the Senate Appropriations Committee, admonished Senator Kenneth Wherry of Nebraska not to shake his dirty finger in his face. When Wherry persisted, Acheson rose and launched a roundhouse swing at the senatorial gadfly, which was stopped at the last moment because Adrian Fisher, the legal adviser of the State Department, wrapped his arms around Acheson and pulled him down into his seat.

When Acheson became secretary of state, America had only just started its journey toward global involvement. Africa was still colonial; Britain was predominant in much of the Middle East; Indian democracy was only two years old; Germany and Japan were still occupied countries. The debate was not over aspirations to hegemony but over whether the nation should engage itself internationally at all, never mind permanently. It was appropriate that Acheson entitled his memoirs "Present at the Creation."

The position of secretary of state is potentially the most fulfilling in the government short of the presidency. Its scope is global; ultimately it rests on almost philosophical assumptions as to the nature of world order and the relationship of order to progress and national interest. Lacking such a conceptual framework, incoherence looms in the face of the daily task of redefining America's relationship to the world via the thousands of messages from nearly 200 diplomatic posts and the constant flow of communication from the Executive Department — all this against the backdrop of Congressional liaison and press inquiry.

Acheson served as under secretary of state and then as secretary during the period when a people that had known no direct continuing threat to its security since the early days of the Republic had to be brought to recognize that its permanent participation in the world was indispensable for peace and security. Inevitably this realization was painful and slow in coming, if indeed it has been fully achieved to this day. This is why Acheson was assailed from both political sides, by those insisting on an end to involvement through total victory over the threat and, on the other side, by those who thought there was no threat to begin with, or at least none that required Acheson's militant response.

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In this maelstrom, Acheson dealt with the five principal tasks of any secretary of state: the identification of the challenge; the development of a strategy to deal with it; organizing and motivating the bureaucracy in the State Department and in other agencies; persuading the American public; and conducting American diplomacy toward other countries. These tasks require the closest collaboration between the president and the secretary of state; secretaries of state who seek to base their influence on the prerogatives of the office invariably become marginalized. Presidents cannot be constrained by administrative flowcharts; for a secretary of state to be effective, he or she has to get into the president's head, so to speak. This is why Acheson made it a point to see Truman almost every day they were in town together and why their friendship was so crucial to the achievements of the Truman years.

No secretary can fulfill all these tasks with equal skill — though Acheson came closer than any other of the modern period. His overriding challenge was to define a conceptual framework on which to base America's involvement in global affairs. Beisner, a former president of the Society for Historians of American Foreign Relations, describes this process in detail and with special emphasis on Acheson's growing debate with George Kennan. Acheson turned Kennan's seminal article, "The Sources of Soviet Conduct," into the operating principle of American foreign policy. He interpreted it to mean that the task of foreign policy was to create situations of strength around the Soviet periphery to deter any temptation for aggression. Negotiation with the Soviet Union was to be deferred until these situations of strength had come into being; any attempt to begin diplomacy prematurely would undermine the primary task.

Acheson's overriding priority, in the years immediately following World War II, was to restore Western Europe and create an Atlantic community to resist what then appeared as the Soviet colossus. He built the structure that sustained democracy during the cold war, with the Marshall Plan, the creation of NATO and the return of Germany and Japan to the community of nations. But Acheson was less precise about the role of diplomacy in this process once the architectural phase was completed.

Kennan represented the other strand of American thinking. He rejected what he considered the militarization of his own views, inaugurating a debate that has not ended to this day. Acheson implicitly believed that situations of strength would be self-enforcing, and he played down the importance of diplomatic engagement with the adversary. Kennan raised the question of how to gain Soviet acquiescence in the process and urged negotiation, even while the ultimate structure was being built. Acheson treated diplomacy as the more or less automatic consequence of a strategic deployment; Kennan saw it as an autonomous enterprise depending largely on diplomatic skill. The danger of the Acheson approach has been stagnation and gradual public disenchantment with stalemate. The danger of the Kennan approach has been that diplomacy might become a technical exercise in splitting differences and thus shade into appeasement. How to merge the two strands so that military force and diplomacy are mutually supportive and so that national strategy becomes a seamless web is the essence of a continuing national controversy.

Beisner shows how the failure to do so with respect to the Korean War was the cause of the single greatest error of Acheson's tenure: initially, the placing of Korea publicly outside the American defense perimeter (though this was conventional wisdom at the time) and, later, the inability, after the United States crossed the 38th parallel, to correlate military operations with some achievable diplomatic objectives.

For someone like myself, who knew Acheson, Beisner's portrait does not always capture the vividness of his personality, which emerges too much as a list of eccentricities. Acheson's relationship with the Nixon White House, and to President Nixon himself, is too cavalierly dismissed as the result of ego and an old man's vanity. As a participant in all these meetings, I considered that relationship an example of Acheson's generosity of spirit. Nixon had made essentially unforgivable attacks on Acheson during his 1952 campaign for vice president. But when he reached out to Acheson, it was received with the consideration Acheson felt he owed to the office, as a form of duty to the country. Acheson dealt with the issues Nixon put before him thoughtfully, precisely, without any attempt at flattery, in pursuit of his conception of national service and, unlike some other outside advisers, without offering advice that had not been solicited.

Acheson emerges from the Beisner book as the greatest secretary of state of the postwar period in the sweep of his design, his ability to implement it, the extraordinary associates with whom he surrounded himself and the nobility of his personal conduct. He was impatient with relativists who sought surcease from the complexity of decisions by postulating the moral equivalence of the United States and the Soviet Union. His values were absolute, but he knew also that statesmen are judged by history beyond contemporary debates, and this requires a willingness to achieve great goals in stages, each of which is probably imperfect by absolute standards.

This was the theme of an Acheson speech at the War College in August 1951: "There was not 'one more river to cross' but 'countless problems stretching into the future.' ... Americans must reconcile themselves to 'limited objectives' and work in congress with others, for an essential part of American power was the 'ability to evoke support from others — an ability quite as important as the capacity to compel.' "

The importance of that perception has not changed with the passage of time.

DOJ_NMG_0081835

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Miller, Charles S

From: Miller, Charles S
Sent: Monday, October 16, 2006 11:03 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/16/06 Civil Division News

U.S. govt appeals court's NSA wiretapping decision

Bush administration argues to continue detention of Cuban militant wanted in Venezuela

Lawyers Seek to Free U.S. Citizen Held in Iraq

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Arar to miss award over fear of arrest

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FEMA helping handicapped in trailers

Cobell sees parallels in Aboriginal wage theft

Reuters

October 14, 2006

U.S. govt appeals court's NSA wiretapping decision

WASHINGTON – The Bush administration Friday appealed a federal judge's ruling this summer that a controversial post-Sept. 11, 2001, domestic spying program was illegal.

The U.S. Justice Department, in documents filed with a federal court in Cincinnati, argued that President Bush had acted within the law in authorizing the surveillance of domestic wiretaps of international telephone calls.

In its appeal, the government stated that the federal judge's ruling "dismantles a tool that already has helped detect and disrupt al Qaeda plots."

It stated that U.S. District Judge Anna Diggs Taylor's decision directly conflicts with the Supreme Court's direction to "proceed with great caution in resolving challenges in this extraordinarily sensitive context."

Nearly a year ago, media reports revealed the existence of the domestic spying by the National Security Agency.

Civil libertarians, including the ACLU, which brought the suit, have argued the government could gain the same type of intelligence information through warrants.

Judge Taylor ruled in August that NSA's five-year-old surveillance program, implemented as part of the government's war on terrorism, violates the civil rights of Americans because the government does not have to present justification for its monitoring in court and obtain a warrant.

In its appeal, the government argued the surveillance program was narrowly targeted and thus did not violate Americans' constitutional rights, while being an effective tool in stopping potential terrorist attacks.

The expedited appeal called for the government to submit its arguments to the appeals court by Friday, with a response due a month later.

The losing side is almost certain to appeal to the U.S. Supreme Court, which is likely to take up the case.

Earlier this month, an appeals court in Cincinnati ruled that the Bush administration's wiretap program can continue pending the government's appeal.

In late September, the House passed legislation authorizing President Bush's domestic spying program. But the measure stalled in the Senate and Congress is now on a long election-year recess.

END

AP

October 14, 2006

Bush administration argues to continue detention of Cuban militant wanted in Venezuela

WASHINGTON_The Bush administration is urging a federal judge to keep an anti-Castro Cuban militant locked up in the United States.

In court documents, the government argued Friday that Luis Posada Carilles should not be released until a country can be found that would take him and the Department of Homeland Security has determined whether his release would harm U.S. foreign policy interests.

The 78-year-old Cuba native and naturalized Venezuelan citizen is wanted in Venezuela on charges that he plotted the deadly 1976 bombing of a Cuban jetliner from Caracas.

Justice Department lawyers say Posada has failed to follow through on promises to seek asylum in El Salvador, Honduras or Panama, and should continue to be held in a federal immigration jail in El Paso, Texas, on the Mexican border.

Posada, a former CIA operative and longtime opponent of Cuban President Fidel Castro, has been in U.S. custody since his arrest in Florida in May 2005 on immigration charges.

When U.S. officials reported in September that a third country had not been found that was willing to take Posada, U.S. Magistrate Judge Norbert Garney concluded that he should be released.

The Justice Department filed its objection to the magistrate's ruling with a U.S. District Court that will decide whether Posada will be set free.

Posada's lawyer said his client wants to return to Miami, where his wife, son, daughter and three grandchildren live. In court papers, Posada says he has been offered a job as a salesman for scaffolding and building supplies if he is allowed to the remain in the United States.

Posada's history of violent Castro opposition dates to the CIA's ill-fated Bay of Pigs invasion in 1961 and includes links to a series of bombings in Cuba that killed an Italian tourist in 1997.

Cuban officials say he was involved in an assassination plot against Castro during a conference in Panama in 2000. Posada was wounded in a 1990 attack in Guatemala that he blames on Cuban agents. He also helped the United States supply the Nicaraguan Contras battling the Sandinista government during the 1980s.

END

October 15, 2006

Lawyers Seek to Free U.S. Citizen Held in Iraq

By NEIL A. LEWIS

WASHINGTON, Oct. 14 — An American citizen who was tried in an Iraqi court on charges that he had assisted in the kidnapping of three Romanian journalists last year has been sentenced to death, along with five Iraqi co-defendants, a spokesman for the United States Embassy in Baghdad said Saturday.

The spokesman, Lou Fintor, did not identify the American by name, but according to officials in Baghdad and his own legal team, he is Mohammed Munaf, 53.

Lawyers for Mr. Munaf filed papers in federal court in Washington on Friday to try to prevent his transfer to the Iraqi government, arguing that his death sentence undermined one of the United States government’s principal arguments for transferring him, namely that he would be in no danger of physical

abuse in Iraqi custody.

Mr. Munaf, an Iraqi native who became a citizen of the United States in 2000, traveled to Iraq in March 2005 to act as translator and guide for three Romanian journalists. The journalists were kidnapped by Iraqis and held for 55 days, as was Mr. Munaf.

The Romanians were freed by American forces on May 23, 2005, but Mr. Munaf was held on suspicion of having been an accomplice in the kidnapping.

According to the government, Mr. Munaf confessed to concocting the plot with friends and relatives and only acted as if he were a victim.

But Jonathan Hafetz, a lawyer with the Brennan Center for Justice at the New York University School of Law, said Mr. Munaf's confession was made under torture.

Mr. Munaf is being held by the American military at Camp Cropper near the Baghdad International Airport.

Because Mr. Munaf is a United States citizen, Mr. Hafetz and his other lawyers have asked Judge Royce C. Lamberth of the United States District Court here to order the military to maintain custody and not give him to the Iraqi criminal court.

In papers filed with the court, Mr. Hafetz said that United States military officials had intervened with the Iraqi judge and insisted that Mr. Munaf be convicted and sentenced to death. Earlier, the Justice Department said that Judge Lamberth should not intervene in the case for several reasons. The department said that Mr. Munaf's claims that he could face torture and physical harm if transferred to Iraqi custody were only speculative and based on news reports of abuse in the government's prison system.

The Justice Department also argued that Mr. Munaf was not actually in United States custody but was being held by a multinational force that was helping the Iraqi government in detention operations.

A judge in another case rejected an argument by the department that an American was being held by a multinational force.

In a similar case involving another American citizen held by the multinational force, a different federal judge rejected the department's argument that the prisoner was not being held by the United States military as a legalistic fiction.

In that case, involving a native of Jordan, the judge issued a restraining order to stop the United States military from transferring the man to Iraqi custody. That case is on appeal, and Mr. Munaf's lawyers have asked Judge Lamberth to await a ruling from the appeals court.

END

AP

October 15, 2006

Arizona man still locked up from Sept. 11 terror sweeps

By MARTHA MENDOZA

AP National Writer

In a jail cell at an immigration detention center in Arizona sits a man who is not charged with a crime, not suspected of a crime, not considered a danger to society.

But he has been in custody for five years.

His name is Ali Partovi. And according to the Department of Homeland Security, he is the last to be held of about 1,200 Arab and Muslim men swept up by authorities in the United States after the Sept. 11, 2001, terror attacks.

There has been no full accounting of all of these individuals. Nor has a promised federal policy to protect against unrestricted sweeps been produced.

Human rights groups tried to track the detainees; members of Congress denounced the arrests. They all believed that all of those who had been arrested had been deported, released or processed through the criminal justice system.

Just this summer, it was reported that an Algerian man, Benemar "Ben" Benatta, was the last detainee, and that his transfer to Canada had closed the book on the post-9/11 sweeps.

But now The Associated Press has learned that at least one person _ Partovi _ is still being held. The Department of Homeland Security, which enforces immigration law among its many duties, insists he really is the last one in custody.

"Certainly it's not our goal as an agency to keep anyone detained indefinitely," said DHS spokesman Dean Boyd. Boyd said the department would like to remove Partovi from the United States but that he refuses to return to his homeland of Iran.

And so he remains, a curious remnant of a desperate time.

END

Globe and Mail

October 14, 2006

Arar to miss award over fear of arrest

JEFF SALLOT

OTTAWA -- Maher Arar will be honoured with a human-rights award at a ceremony next week in Washington, but will be unable to attend because he fears he might be arrested again by U.S. authorities.

Mr. Arar, 36, a Canadian software engineer, was arrested and deported from New York to the Middle East as an alleged al-Qaeda terrorist. He was tortured while held in Syria for more than a year.

His struggle to clear his name and draw attention to American abuses of human rights in dealing with terrorist suspects will be honoured by an award from the private Institute for Policy Studies.

"I'm really sorry I can't travel to Washington to accept this award," Mr. Arar said in an interview yesterday.

At the time of his deportation four years ago, U.S. authorities said he was not allowed to come back to the United States for five years.

A Canadian commission of inquiry last month found there was never any evidence that Mr. Arar was

connected to terrorists. Prime Minister Stephen Harper told U.S. President George W. Bush by telephone last week that Canada is lodging a formal complaint against Washington for deporting Mr. Arar to the Middle East.

But there has been no indication from U.S. authorities they will purge Mr. Arar's name from security watch lists used to screen travellers at airports and border crossings.

Ottawa announced it was removing Mr. Arar and his family from a watch list after the release of the commission report.

Mr. Arar has recorded a video message to be used at Wednesday's ceremony. The award will be accepted on his behalf by the U.S.-based Center for Constitutional Rights, which is trying to get compensation for Mr. Arar from the American government.

Mr. Arar has flown domestically since his release from Syria. He has also flown to Brussels to testify before a European Union human-rights panel

END

New York Times

October 14, 2006

PG&E WINS JUDGMENT

The PG&E Corporation won a $42.8 million judgment against the federal government after delays in building the Yucca Mountain nuclear storage facility in Nevada forced the utility owner to store spent fuel itself. Judge Emily C. Hewitt of the United States Court of Federal Claims in Washington announced the award in a 179-page opinion. She ruled earlier that the federal government broke a promise to take waste from PG&E nuclear plants in California to the Yucca Mountain site, entitling the company to compensation.

Utilities across the country have filed billions of dollars of claims against the government, seeking to recover costs incurred by storing spent nuclear fuel and radioactive waste on site amid delays to the Yucca Mountain project. The court has awarded more than $220 million to plaintiffs so far.

Charles Miller , a Justice Department spokesman, said government lawyers would review the ruling before deciding whether to appeal.

END

Legal Times

October 9, 2006

INADMISSIBLE

Still Smoking.

A federal judge last week denied a government request to order a public interest group to return Justice

Department e-mails the agency says the group is improperly holding. The ruling is the latest in an ongoing Freedom of Information Act lawsuit, filed by Citizens for Responsibility and Ethics in Washington, over documents related to the DOJ's 2005 decision to lower the civil penalties it sought against tobacco companies to $10 billion from $130 billion.

The Oct. 5 decision by Judge Emmet Sullivan of the U.S. District Court for the District of Columbia allows CREW to keep two sets of correspondence printed from the computer of former DOJ official Sharon Eubanks, who now works at the organization. The Justice Department, Sullivan wrote, had not 'demonstrated that the emails in question were improperly misappropriated.'

In the same opinion, Sullivan also permitted CREW to make public the videotape of its deposition of former Associate Attorney General Robert McCallum, although he denied the group's request for additional discovery. -- Emma Schwartz

END

Pine Bluff Commerical

Oct. 15, 2006

Ark. doctor sued for performing unnecessary heart surgeries

FORT SMITH, Ark. - A federal lawsuit filed by a heart patient and a doctor accuses St. Edward Mercy Medical Center and a surgeon of performing unnecessary heart surgeries to defraud Medicare and other federal health programs.

The civil lawsuit, filed in federal court in Little Rock, names the Fort Smith hospital and Dr. David Mark McCoy. An amended complaint was filed Thursday; the original lawsuit was filed under seal last year.

Former patient Paul Montgomery of Fort Smith filed the complaint, along with cardiologist Lonnie Harrison. The federal government also is listed as a plaintiff; the suit accused the hospital and McCoy of violating the Federal False Claims Act.

The lawsuit says Montgomery underwent unnecessary heart surgery, and complications from that procedure led to the amputation of his leg.

"From April 1999, and earlier, McCoy knowingly, systematically, routinely and repeatedly submitted false claims to and received reimbursements from Medicare and other federal health care programs for medically unnecessary cardiac and vascular surgical procedures, including but not limited to coronary bypass grafting and lower extremity bypass grafting," the complaint said. "As a result of these false claims, McCoy fraudulently obtained payments from Medicare and other federal health programs to which he was not entitled."

The lawsuit claims that St. Edward knew McCoy was performing unnecessary surgeries.

"St. Edward's recognition in 1999 as a top heart hospital, however, was accomplished through improper practices and at the expense of patients' health and safety," the lawsuit said.

The hospital issued a statement Friday, saying it had done no wrong.

"St. Edward Mercy has high standards related to clinical quality and patient safety and once the facts of the claim are fully reviewed and understood, we believe that it will be shown that St. Edward Mercy has provided appropriate and necessary care," the statement read.

Harrison, a former cardiologist at St. Edward, often saw patients after McCoy performed surgery, the lawsuit said. In one instance, McCoy had bypassed five arteries on a patient; Harrison said three of the vessels were bypassed needlessly, the complaint said.

A separate lawsuit involving Montgomery and McCoy was decided in Sebastian County Circuit Court earlier this year. In March, a jury awarded Montgomery and his wife $3.3 million in a case that claimed McCoy was negligent in his treatment of Montgomery. That decision is under appeal.

END

Asian Jounral (Los Angeles)

October 14th, 2006

Healthcare Firm Owner Pays $33.8 M to Settle Charges

Momar G. Visaya/Asianjournal.com

LOS ANGELES - A registered nurse who owned two of the largest home health care facilities in the state of California has paid the federal government $33.8 million in one of the largest Medicare fraud cases in state history, according to a federal prosecutor.

Lourdes "Lulu" Perez, 53, a resident of San Diego has pleaded guilty to defrauding Medicare out of $40 million and to filing false tax returns that concealed her ill-gotten gains, according to U.S. Attorney Debra Wong Yang.

She entered the plea Tuesday in federal court as part of a settlement in which she, her husband and her two businesses repaid the amount to the government.

Perez was the owner of Los Angeles-based Provident Home Health Care and San Dimas-based Tri-Regional Home Health Care, which billed Medicare for work that was never performed.

Perez came under federal investigation after a payroll clerk at Provident filed a whistleblower lawsuit in 2003, under the qui tam provisions of the False Claims Act. The government intervened in the case and got one of her coconspirators to agree to plead guilty.

The companies were "the epicenter of home health care fraud in Southern California," U.S. Attorney Debra Wong Yang said Tuesday.

Perez is scheduled to be sentenced Oct. 16 by U.S. District Judge Stephen Wilson. Prosecutors have recommended that she be sentenced to 46 months in prison, but she could get up to 59 years in prison.

A second registered nurse involved in the scheme, Margaret Tan, 29, of Santa Monica, who for a time was the director of nursing at Provident, has agreed to plead guilty to health care fraud charges.

Tan is expected to appear in court on October 23. Both Perez and Tan are cooperating with law enforcement in an ongoing investigation into Provident, Tri-Regional and a number of other home health agencies.

The scheme being run out of Provident and Tri-Regional came to light in April 2003 when a payroll clerk at Provident, Marietta Diaz, filed a "whistleblower" lawsuit against Perez, her husband, and the two home

health agencies.

Specifically, the complaint alleged that from October 2001 through April 2003 Perez and her employees systematically billed the Medicare program for thousands of home health care visits that never occurred. Moreover, the lawsuit alleged, the scheme was executed by paying illegal kickbacks to patients, nurses, marketers and physicians, who were paid to participate in and disguise the fraudulent scheme.

The government, Diaz, and the defendants last year entered into a settlement agreement that led to $33,872,626.03 being repaid to the government. As a result of her whistleblower status, Diaz received 20.75 percent of that recovery. The case remained under seal during the ongoing investigation, and was unsealed last Tuesday.

United States Attorney Debra Wong Yang, who serves on the Attorney General's Advisory Committee Working Group on Health Care Fraud, added: "The cases against Perez and Tan represent a major step in this Office's home health fraud initiative. The cooperation we have obtained from key figures in this fraud has assisted us in recovering a particularly large amount of fraudulently obtained proceeds and should enable law enforcement to proceed against others involved in the scheme."

Earlier this year, three individuals were convicted and sentenced in a similar scheme at a smaller home health agency called Community Home and Health Care Services. Nida Campanilla, a 45-year-old Los Angeles resident, who owned Community was sentenced in May to two years in federal prison after making restitution of $608,000.

The investigation of Provident and Tri-Regional was conducted by the Federal Bureau of Investigation's Health Care Fraud Unit in Los Angeles; IRS Criminal Investigation Division; and the Department of Health and Human Services' Office of Inspector General, Office of Investigations. (AJ)

END

OpEdNews.com

Oct. 14, 2006

Opinion: Paxil Five-Year Litigation History

It would be difficult to find a better career than employment as a GlaxoSmithKline attorney, especially if job security is a top priority. Not a year goes by when the company is not doling out millions of dollars to defend against charges involving corporate misconduct of one kind or another.

A limited review of the company's involvement in the legal system over just the last five years reveals a clear pattern of habitual corruption. However, although Glaxo has paid billions of dollars in accumulated fines, penalties and awards to plaintiffs in civil cases, not one company official has been arrested and charged with a crime.

Glaxo's latest escapade was revealed on October 5, 2006, when Bloomberg News reported that Glaxo conducted a recall of Paxil CR, a selective serotonin reuptake inhibitor antidepressant, last month because some of the pills may lack an active ingredient, but that the company did not warn patients who may be taking the useless pills.

Doctors told Bloomberg that patients who either abruptly stop taking Paxil or get inactive pills, can face the risk of suicidal thoughts, shooting pains and flu like symptoms.

The Paxil CR pills are the highest dose sold, and can cause severe withdrawal symptoms, according to

Dr Stephen Ellen, a psychiatrist from the University of Massachusetts Medical School in Worcester. "If it is true that patients might have gotten dummy pills without knowing it, it is outrageous," he said.

According to Glaxo, the FDA knew about the problem and approved the limited recall plan, but FDA spokeswoman, Susan Cruzan, told Bloomberg that she did not know the details of the September Paxil CR recall.

This incident is even more outrageous because back on March 4, 2005, the government cited Glaxo for the exact same wrongdoing when the FDA and the Department of Justice initiated the seizure of Paxil CR tablets after Glaxo failed to meet the standards laid out by the FDA to ensure product safety, strength, quality and purity.

Among the violations noted then by the FDA, was the finding that the tablets could split apart and patients could receive a portion of the tablets that lacks any active ingredient, or alternatively a portion that contains active ingredient and does not have the intended controlled-release effect.

The seizures followed warrants issued by the U.S. District Courts for the District of Puerto Rico and the Eastern District of Tennessee and were executed by the U.S. Marshals Service at Glaxo's Cidra, Puerto Rico manufacturing facility, its Knoxville, Tennessee distribution facility, and a Puerto Rico distribution center.

The FDA said that Glaxo had voluntarily recalled some of the affected lots of Paxil CR but had failed to recall all of the affected lots and that failure resulted in the seizures by federal authorities.

"FDA and the Department of Justice will not allow drug manufacturers to ignore our high public health standards for drug manufacturing," said John Taylor, FDA Associate Commissioner for Regulatory Affairs in a statement released by the agency at the time.

"Once we discover a company is not following the standards, which were created to ensure safety and quality, we expect them to correct the deficiencies in an expedited manner," Mr Taylor stated.

"American consumers," he said, "deserve the best health care products on the market today, and companies that are not adhering to these standards cannot assure FDA and American consumers of the quality of their products."

A month and a half later, on April 28, 2005, the FDA announced that Glaxo had signed a consent decree to correct the manufacturing deficiencies at its Cidra, Puerto Rico facility.

However, the consent decree required Glaxo to post a penal bond of $650,000,000 contingent upon either successfully reconditioning the drugs seized in March 2005, or destroying them and paying the costs to the government.

To resolve the matter, Glaxo supposedly recalled all of the lots of Paxil CR made before November 2004, and agreed to an independent quality review of the manufacturing.

But now here we are in October 2005, with Glaxo still putting patients at risk due to the exact same wrongdoing.

When it comes to civil lawsuits against Glaxo, a steady stream of cases have been filed as a result of Glaxo's concealment of the known dangers associated with Paxil, including an increased risk of suicide, birth defects, violence and withdrawal syndrome.

But the company's most egregious conduct, many critics say, in light of all the serious adverse effects now linked to Paxil, was the concealment of the fact that with many patients, and especially children and adolescents, Paxil does not even work.

Glaxo has clearly put profits over patients when marketing Paxil. While concealing clinical trials that showed Paxil was ineffective and could cause children to commit suicide, according to New York state Attorney General, Elliott Spitzer, Glaxo raked in $55 million by selling Paxil to adolescents and children in 2002 alone, when more than two million prescriptions were written for pediatric patients.

The Los Angeles based Baum Hedlund law firm is handling lawsuits involving Paxil related child suicides. On March 23, 2006, the firm filed a national class action lawsuit against Glaxo on behalf of the mother of Trevor Blain, an 11-year old Kansas boy who committed suicide after being prescribed Paxil, and Tonya Brooks from Texas who attempted suicide while taking Paxil.

Trevor Blain was prescribed Paxil for "separation anxiety disorder" in October 2000 and he immediately began having angry outbursts and sleeping problems. However being the side effects of Paxil were not discussed with his parents, they did not realize that the troubling behavior could be linked to the drug.

Trevor continued to take Paxil until early November 2000, when he hanged himself in the family laundry room using his dog's leash. After the suicide attempt, Trevor remained in a coma until he died on December 7, 2000.

Plaintiff Tonya Brooks, age 17, was prescribed Paxil in 2004 after being diagnosed with social anxiety disorder. She too became agitated, aggressive and had sleep problems but was unaware that she might be experiencing the adverse effects from Paxil.

Tonya first attempted suicide by taking an overdose of Paxil and Ambien, a sleeping medication, and when that attempt was unsuccessful, she took a pair of scissors and gouged a hole in her leg two days later and was hospitalized for several days.

The two named plaintiffs in the case seek to represent all individuals under the age of 18 in the US who attempted suicide while taking Paxil, or the families of individuals who killed themselves while taking the drug.

The lawsuit's claims against Glaxo include fraud, negligence, strict liability and breach of warranty.

The Baum Hedlund firm has been handling SSRI lawsuits since 1990, and served on the Plaintiffs' Steering Committee in the first suicide related case involving Prozac, the first SSRI approved by the FDA.

Baum Hedlund partner, Karen Barth Menzies leads the firm's SSRI Department and was Lead Counsel for the Plaintiffs' Steering Committee in Paxil Products Liability Litigation.

Ms Menzies' advocacy efforts on behalf of SSRI suicide victims have not been limited to the legal arena. She has also testified on the matter before the California State Assembly and the FDA's psychopharmacologic Drugs Advisory Committee and has met with members of Congress from both the House of Representatives and the Senate regarding the risk of SSRI induced suicidality.

The firm is also now handling Paxil birth defect litigation. On July 28, 2006, Baum Hedlund filed a lawsuit on behalf of the parents of Adrian Vasquez, who was born with life-threatening birth defects on April 19, 2004, as a result of his mother unwittingly taking Paxil during pregnancy.

Adrian was born with congenital heart defects and since eight days old, he has undergone three open heart surgeries in an attempt to repair the heart defects. He will also likely have to undergo more surgeries in the future and possibly a heart transplant at some point.

The lawsuit alleges that Glaxo, "by directly and indirectly advertising, marketing, and promoting Paxil for the treatment of women during pregnancy and by placing this drug in the stream of commerce knowing that Paxil would be prescribed to pregnant women in reliance upon the representations … that Paxil was safe and effective for the treatment of women during pregnancy and without significant risk to the fetus."

The complaint also alleges that Glaxo "did not timely warn the medical community and consumers generally that taking Paxil during pregnancy is associated with a significant increased risk of birth defects and abnormal development of the unborn child."

In reviewing Glaxo's entanglements in the legal system over the last five years, the first guilty verdict in a Paxil-related suicide case was issued on July 7, 2001, when a jury in Cheyenne, Wyoming, ordered SmithKline Beecham (now GlaxoSmithKline) to pay $6.4 million to the relatives of Donald Schell, who after taking Paxil for only 2 days, shot and killed his wife, daughter, and granddaughter before killing himself.

At trial, the jury heard the expert testimony of British psychiatrist and SSRI researcher, Dr. David Healy, who told the panel that all SSRIs could trigger suicidal and violent behavior in some patients. On the stand, Dr Healy described his own studies that showed that SSRIs could even cause one in four "healthy volunteers" to become agitated, and in some cases suicidal.

"Healthy volunteers" means the subjects were not mentally ill to begin with.

Dr. Healy further revealed internal SmithKline documents from clinical trials conducted by the company to support his findings. He presented a summary of a study involving more than 2,000 healthy volunteers, taking either a placebo or Paxil, that found that hundreds of healthy volunteers on Paxil had experienced adverse reactions, ranging from insomnia or anxiety to attempted suicide, that doctors in the study coded as "possibly," "probably" or "definitely" caused by Paxil.

Glaxo's defense team told the jury that taking 2 Paxil pills could not have caused Mr. Schell's violent and suicidal behaviors. However, the summary of the company's own study showed that some healthy volunteers experienced anxiety, nightmares, hallucinations and other side effects coded as "definitely" caused by Paxil within two days.

In as early as four days, another volunteer experienced akathisia, a severe form of agitation that experts believe increases the risk of violence and suicide, and 2 other volunteers attempted suicide after taking Paxil for 11 and 18 days.

In the end, after considering all the evidence, the jury placed 80% of the blame for the tragedy on Glaxo.

Glaxo is notorious for concealing negative information from Paxil and legal experts say civil litigation has played a major role in exposing the dangers kept hidden for so long. According to Attorney Menzies, "Civil lawsuits uncover internal company documents to which not even the FDA has access."

"Through our Paxil litigation," she notes, "we've obtained documents that show a seriously troubling mentality of profit over safety and a callous disregard for the welfare of children."

"That's about as reprehensible as you can get," Ms Menzies says.

There is certainly enough available evidence to back up that assertion. For instance, on July 15, 2003, after meeting with the Canadian regulatory agency, Health Canada, Glaxo issued a public advisory in Canada alerting pediatric patients, their parents or guardians, and healthcare professionals that until further information was available that Paxil should not be given to pediatric patients, due to concerns of a possible increased risk of suicidal thinking, suicidal attempts or self-harm.

The advisory also said, "Paxil must not be used in pediatric patients with major depressive disorder due to the additional fact that studies have failed to show that Paxil was effective in this patient population."

In addition, Glaxo distributed letters to physicians in Canada and the UK, informing them that studies had failed to demonstrate the efficacy of Paxil in the pediatric population and that there was a doubling of the rate of adverse events, including emotional lability. However, Glaxo did not provide American physicians with this information.

Instead, it sent Medical Information Letters only to those physicians who specifically requested information concerning Paxil as a treatment for children and adolescents.

Glaxo also took steps to actively conceal the negative information about Paxil from the American public. In a June 10, 2003 press release in UK, Glaxo disclosed the suicidal thinking or attempts in children, and particularly in adolescents. But the company's American press release on June 19, 2003, stated that "there is no evidence that Paxil is associated with an increased risk of suicidal thinking or acts in adults" and that "not a single person committed suicide."

The American press release also provided no safety or efficacy information about Paxil regarding its use in the treatment of pediatric patients.

The five-year litigation history of Glaxo involves many different types of cases. For instance, in April 2003, Glaxo paid $88 million and signed one in a slew of corporate "integrity agreements," to settle charges that the company overcharged the Medicaid programs for Paxil and the nasal-allergy spray, Flonase, using a complex scheme that involved the re-labeling of products sold to an HMO at deeply discounted prices, to avoid the obligation to pay millions of dollars in rebates to the Medicaid program.

The Medicaid Rebate program requires Glaxo to give Medicaid the same discounts it gives to commercial customers like HMOs, hospitals and drug store chains. Drug companies have to report their lowest discount price for each Medicaid covered drug on a quarterly basis, and then pay a rebate based on that price.

To resolve another shady deal, in a February 6, 2004 press release, Glaxo announced that it had agreed to pay $175 million to settle an antitrust class action lawsuit involving the anti-inflammatory drug Relafen filed on behalf of direct purchasers, including pharmaceutical wholesalers.

This lawsuit alleged that Glaxo used "sham" patent litigation to block generic versions of Relafen from reaching the market. Glaxo filed the patent infringement lawsuits against two generic drug makers in 1997, which triggered an automatic 30-month stay of the FDA's authority to grant approval of the generic drug applications.

However, Glaxo lost the patent litigation when U.S. District Judge ruled after a trial that Glaxo had obtained the Relafen patent through fraudulent misrepresentations to the U.S. Patent and Trademark Office.

The two generic companies, Teva Pharmaceuticals USA and Eon Labs Manufacturing Inc., later filed antitrust suits alleging that Glaxo's patent lawsuits were "sham" litigation filed for the purpose of maintaining a monopoly.

In regard to these lawsuits, Glaxo's Februay 6, 2004 press release said, "Similar actions from other plaintiffs in the Relafen antitrust matter, including claims made by Teva, chain drug stores and Eon Labs have also been settled, resulting in further payments from GSK."

And of course the press release contained the standard claim that Glaxo "continues to believe that its actions were appropriate in obtaining and enforcing its patent for Relafen."

Five months after the announcement of the settlement in the patent case, on June 2, 2004, New York State Attorney General, Eliot Spitzer, issued a press release to report the filing of a lawsuit against Glaxo for concealing information about the safety and efficacy of Paxil in treating children and adolescents.

The complaint alleged that, starting in 1998, Glaxo engaged in a concerted effort to withhold negative information concerning Paxil and misrepresented data concerning the drug's safety and efficacy when prescribed for depression in children and adolescents and pointed out that Paxil "has not been approved for any condition or illness in children or adolescents."

Specifically, it said, Glaxo conducted at least five studies on the use of Paxil in children and only published and disseminated one, which showed mixed results on efficacy.

According to the lawsuit's complaint, because its studies failed to demonstrate efficacy and suggested a possible increased risk of suicidal thinking and acts for these youth:

"GSK sought to limit physicians' access to only the most favorable aspects of the data from these studies. To accomplish this, GSK embarked on a campaign both to suppress and, conceal negative information concerning the drug and to misrepresent the data it did reveal concerning the drug's efficacy and safety."

The complaint also alleges that Glaxo failed to disclose this information in "Medical Information Letters" that the company sent to physicians.

"By concealing critically important scientific studies on Paxil," Mr Spitzer said in the press release, "GSK impaired doctors' ability to make the appropriate prescribing decision for their patients and may have jeopardized their health and safety."

Mr Spitzer noted that an internal Glaxo document from 1998 showed that Glaxo intended to "manage the dissemination of data in order to minimize any potential negative commercial impact."

The lawsuit also alleges that Glaxo misrepresented the results of its research to sales representatives who promoted Paxil to doctors and portrayed the drug as having "remarkable efficacy and safety in the treatment of adolescent depression."

According to the lawsuit, Glaxo's studies did not demonstrate efficacy and in fact in one study, the children in the placebo group actually out performed the children in the Paxil group.

This impression was reinforced, the lawsuit said, by the mischaracterization of much of the information that Glaxo did disclose, and its Paxil-related targeting of psychiatrists who treated only pediatric patients.

In a statement responding to the allegations in the lawsuit, Barry Perlman, M.D., President of the New York State Psychiatric Association, said:

"The relationship between a doctor and a patient must be based on a sense of trust. In order to hold true to that principle, physicians must have access to all relevant medical information regarding treatment. Any obstacle placed in the way of full and complete communication with our patients undermines the trust upon which the doctor-patient relationship is based and prevents us from providing the best care we can to our patients."

Other members of the medical profession expressed similar views. Arthur Levin, Executive Director, for the Center for Medical Consumers, stated: "The ability of drug companies to pick and choose the research they provide doctors in support of their product is an outrageous conflict of interest and puts us all in harm's way."

Less than 3 months after the filing of the lawsuit, in an August 26, 2004, press release, Attorney General Spitzer reported that Glaxo would pay $2.5 million in disgorgement and costs to the State of New York as part of the agreement to resolve the charges that Glaxo concealed information about the safety and effectiveness of Paxil.

In addition, the press release said, Glaxo will establish an online "Clinical Trials Register" that will contain summaries of results for all GSK-sponsored clinical studies of drugs conducted after December 27, 2000 and any earlier studies that may be relevant.

"Each clinical study summary posted," Mr Spitzer advised, "will contain over 20 categories of information including information regarding the effectiveness of the drug tested, the type and severity of adverse side

effects the study participants experienced, whether the goals or other components of the study were changed mid-stream, and whether the study was terminated early before full completion and why."

"This settlement holds GSK to a new standard of disclosure about studies concerning its drugs," Mr Spitzer said, "a standard that helps to ensure that doctors and patients have access to all scientifically sound information so doctors can prescribe appropriate medication for their patients."

As part of the settlement, Glaxo also agreed to ensure that all Medical Information Letters provided to doctors concerning off-label use of Paxil and other drugs "will fairly and accurately reflect the safety and efficacy data from clinical studies concerning off-label use."

Shortly after the settlement was announced, Mr Spitzer said that he would continue to watch Glaxo despite the settlement, because the company and its CEO, J.P. Garnier, appeared "unrepentant" with regard to changing behavior related to the disclosure of adverse clinical trials.

He referred to the "arrogance" of the Glaxo official as "offensive and problematic" and said, "We are going to be watching them with a hawk's eye to see that they have abided by the terms of the settlement."

In addition to Paxil suicide related litigation, for the past few years, Baum Hedlund has also been engaged consumer fraud litigation against Glaxo. The firm filed a class action similar to that of Mr. Sptizer's, likewise alleging that Glaxo suppressed evidence of Paxil's failed efficacy and increased risk of suicidality in children and adolescents, on behalf of residents of California, Florida, Massachusetts, Nevada, New Jersey, Pennsylvania, Texas and Washington under the title, Smith v. GSK, Case No. 04CC00590, Superior Court of the State of California, County of Orange. According to Baum Hedlund, these particular states were selected because they have similar consumer protection laws.

The firm filed another similar class action in Minnesota on behalf of residents of Minnesota, Illinois, Missouri, North Dakota and Ohio, titled, Engh v. GSK, Court File No. PI 04-012879, State of Minnesota, County of Hennepin, District Court, Fourth Judicial District.

Although discovery is on-going in these cases, hundreds of thousands of documents have been amassed and reviewed, with key documents selected, organized and categorized to prove up the various causes of action in these cases. Depositions of key Glaxo employees have been taken and are continuing, as well as depositions from academic "thought leaders" hired by Glaxo to tout the benefits and safety of Paxil.

A little more than a month after Mr Spitzer charged the company with fraud in New York, on July 8 2004, Glaxo announced an agreement to settle anti-trust litigation involving the antibiotic drug, Augmentin, by paying $92 million to settle a class action brought on behalf of direct purchasers, including pharmaceutical wholesalers, and indirect purchasers such as consumers and third party payers.

The press release said the settlements were being submitted for review to the U.S. District Court for the Eastern District of Virginia, where the cases have been pending since 2002.

In an all too familiar refrain, Glaxo once again said that it continued to believe that its actions were appropriate in obtaining and enforcing its patents for Augmentin.

That said, on November 18, 2004, in a press release, the self-proclaimed not-guilty Glaxo said it had agreed to pay $29 million to settle a class action lawsuit brought by the New York State United Teachers Union and other plaintiffs on behalf of consumers forced to pay more for Augmentin.

NYSUT joined the class action in 2002 and other major plaintiffs included the Welfare Fund of the United Federation of Teachers, NYSUT's affiliate in New York City schools.

The suit alleged that Glaxo illegally maintained a monopoly over Augmentin, and without a generic equivalent, consumers were forced to pay more for the drug, according to a press release issued by the Teacher's Union.

"This should send a loud and clear message to the prescription drug industry," said the union's President Tom Hobart in hailing the settlement.

On November 18, 2004 Paxil was back in the spotlight when a press release announced a notification program ordered by the US District Court for the Eastern District of Pennsylvania, to alert consumers, insurers, and employee welfare benefit plans who paid for Paxil, or its generic equivalent, paroxetine, to a proposed $65 million settlement of the case against Glaxo.

This lawsuit claims that Glaxo broke antitrust and consumer protection laws by keeping lower cost generic versions of Paxil off the market and included a class of people who paid for Paxil or a generic paroxetine, from January 1, 1998 through September 30, 2004 and included consumers who paid any portion of the cost of Paxil or a generic paroxetine, as well as insurers and Employee Welfare Benefit Plans that paid on behalf of patients and insureds.

In a similar case, on December 1, 2004, the drug Relafen was back in the news again when Glaxo announced in a press release that the company would pay $75 million to settle a lawsuit with a class of consumers and third-part payors who purchased Relafen.

The Prescription Access Litigation (PAL) project had previously announced on May 24, 2004, that its attorneys had settled a suit against Glaxo alleging that it used illegal tactics to maintain its patent on Relafen, and to keep a generic, cheaper version off the market.

"This settlement agreement is a significant victory for consumers who struggle each day with the enormous cost of prescription drugs," PAL Project Director Alex Sugerman-Brozan said.

"Cases such as this," he stated, "put the drug industry on notice that consumers are fed up with the manipulation of drug prices: When drug companies use the courts to illegally extend their patents and keep drug prices artificially high, consumers will not hesitate to turn the tables and fight back through the courts."

The plaintiffs in this case also alleged that Glaxo fraudulently obtained a patent to cover Relafen when internal company documents showed that Glaxo knew that a patent should not be issued.

The settlement involved many Federal cases that had been consolidated in a US District Court in Massachusetts, that claimed that the monopoly had resulted in consumers and payors paying exorbitant prices for Relafen.

"Once approved by the court," PAL said in a statement, "the settlement will result in the creation of a $25 million consumer pool through which individuals may seek reimbursement for Relafen overcharges, and a $50 million pool for third party payors."

The court issued its final order approving the settlement on October 13, 2005.

In a completely different type of litigation, on January 21, 2005, the New York Daily Record reported that 1,300 Glaxo workers who were improperly classified as temporary employees were awarded a $5.2 million settlement.

With such classifications, the Record said, workers were not able to take advantage of the drug maker's employee benefit plans.

Six months later, in a September 20, 2005 press release, the US Department of Justice announced a $150 million settlement with Glaxo to resolve charges that the company engaged in a scheme "to set and maintain fraudulent and inflated prices" for two drugs, knowing that federal healthcare programs established reimbursement rates based on those prices.

According to the DOJ, the difference between the reimbursement rate and the actual price paid by healthcare providers is commonly known as the "spread," and the larger the spread the larger the profit or return on investment.

The drugs involved are typically administered in doctors' offices or hospitals to counter nausea brought on by chemotherapy and radiation. The DOJ said that Glaxo purposely overcharged government programs and then charged health care providers less than the reimbursement rate, to make it more profitable for those providers to sell Glaxo drugs.

The government also alleged that Glaxo engaged in a "double dipping" billing scheme by encouraging health care providers to pool leftover vials of one drug to create an extra dose, which then would be administered to a patient and rebilled to health care programs.

"Because reimbursement from federal programs was based on the fraudulent, inflated prices," the DOJ charged, "GlaxoSmithKline caused false and fraudulent claims to be submitted to federal healthcare programs."

The investigation in this case was massive and involved the Civil Division of the DOJ, the US Attorney's Offices for the Districts of Massachusetts and the Southern District of Florida, the Office of Inspector General for the Department of Health and Human Services, the Office of Program Integrity of TRICARE Management Activity, and the National Association of Medicaid Fraud Control Units.

The investigation began after the filing of a whistleblower lawsuit by a small, home-infusion company, Ven-A-Care of the Florida Keys under the False Claims Act which allows private persons to file whistleblower suits to provide the government with information about wrongdoing.

When persons submit false claims, under the FCA, the government is entitled to recover treble damages and $5,500 to $11,000 for each claim. In lawsuits in which the government is successful in litigating the case, the whistleblower can receive between 15-25% of the amount recovered. As part of the settlement in this particular case, the DOJ said the whistleblowers received approximately $26 million.

In addition, as a condition for doing future business with the Medicare and Medicaid programs, Glaxo signed an addendum to an existing Corporate Integrity Agreement requiring the company to report accurate average sales prices and average manufacturer's prices for its drugs covered by Medicare and other federal healthcare programs.

"This agreement marks another in a series of cases in which a pharmaceutical manufacturer has settled claims that its fraudulent drug pricing cost federal healthcare programs and taxpayers millions of dollars," said Assistant Attorney General Peter Keisler of the DOJ's Civil Division in the press release.

"The Justice Department will continue to pursue these types of fraud schemes vigorously," he said, "to make clear that we will not tolerate fraudulent pricing practices designed to reap profits for drug companies and doctors at the expense of healthcare programs for the poor and the elderly."

"Any pharmaceutical company that intentionally inflates the cost of prescription drugs with elaborate pricing schemes robs states and beneficiaries nationwide of millions of Medicare and Medicaid dollars," said Daniel Levinson, HHS Inspector General.

"We will not tolerate any company abusing programs intended to benefit our most vulnerable citizens," he stated

About six months later in March 2006, in a new case involving the same old behavior, Paxil was back in the news when Glaxo paid $14 million to settle another lawsuit brought by New York Attorney General Spitzer on behalf of 49 states, alleging the company fraudulently tried to delay competitors from marketing a generic version of Paxil by filing frivolous patent infringement lawsuits.

In a statement, another state Attorney General involved in the case, Jay Nixon from Missouri said: "GSK used the courts to hold onto a monopoly for a popular drug and the end result was that consumers - including Medicaid - paid more than they should have."

The settlement reportedly covered the cost of Paxil purchased by state and federally funded Medicaid programs but as usual Glaxo denied any guilt. "We made the decision that settling was appropriate," it said, "to avoid the expense and distraction of protracted litigation."

The next month, on April 17, 2006, the Sun Herald announced that a $3.5 million multistate antitrust settlement had been reached with Glaxo concerning the drug Augmentin, once again to settle charges that Glaxo fraudulently delayed generic competition.

In another case a few months later, in August 2006, Glaxo agreed to pay more than $70 million to settle a number of lawsuits alleging that the company over charged patients, health care plans and insurers for pharmaceuticals for more than a decade.

This litigation involved more lawsuits filed by New York Attorney General Spitzer and other state attorneys general claiming that Glaxo overcharged customers by hundreds of millions of dollars and accused the company of consumer fraud, commercial bribery, and false statements to government health plans.

Mary Anne Rhyne, spokeswoman for Glaxo, said the settlement would cover a class action filed by individual consumers, health-care plans, and insurers, according to Bloomberg News on August 11, 2006.

She said the company had also settled overpricing litigation or investigations by the attorneys general of New York, California, Connecticut, Montana, Nevada and Arizona and potential claims from 34 other states, including New Jersey, Delaware, and the District of Columbia, she said.

"Our lawsuit helped stop a long-standing practice that inflated the cost of drugs for people suffering from cancer and cheated the Medicaid system," Mr Spitzer said in the Bloomberg article. "Today's settlement provides significant restitution for consumers and the Medicaid program."

It is worth noting that this settlement with state governments came less than a year after Glaxo agreed to pay the $150 to settle the same charges in the lawsuit filed under the False Claims Act by Federal health care programs.

But last month, the government hit the jackpot with Glaxo. On September 12, 2006, the Huffington Post reported that Glaxo had agreed to pay more than $3 billion to settle charges by the IRS that the company under-reported profits to avoid paying US taxes.

However, here too, in true Glaxo form, the company denied any guilt and said it only paid the $3 billion to settle the case to avoid protracted litigation.

END

CHICAGO TRIBUNE

October 15, 2006

Comair sues U.S ., airport over crash

LEXINGTON, KENTUCKY Comair sued the federal government and the Lexington airport Friday over the deadly crash of a commuter plane that mistakenly took off from a too-short runway. Forty-nine people were killed in the accident Aug. 27.

In a statement, the airline said it intends to reach fair settlements with the victims' families but is suing to ensure other parties that bear responsibility pay their share.

Airport officials and their attorney had no immediate comment, saying they had not seen the lawsuit. A spokeswoman for the Federal Aviation Administration in Washington did not immediately return calls.

Comair also filed an administrative claim with the government, saying it has more than $17.3 million in losses related to the crash.

A week before the crash, a repaving project changed the taxi route to the 7,000-foot main runway that Flight 5191 should have used rather than the 3,500-foot-long runway at the Lexington-Fayette Urban County Airport.

END

AP

October 14, 2006

Grandmother Sues USPC Over Fruitcakes

WILMINGTON, Del._Lucille Greene takes baking and mailing about 30 fruitcakes as Christmas gifts seriously. Seriously enough that the 88-year-old grandmother sued the U.S. Postal Service for emotional distress after accusations of being a terrorist from a postal clerk, according to her federal lawsuit.

In December 2002, Greene showed up at the Magnolia post office to mail fruitcakes to relatives and friends when, her lawsuit says, a postal worker asked her, "What kind of explosives do you have in here?" before shaking the box.

In the lawsuit, Greene said others in the post office laughed at her, leaving her upset and in tears. She said she tripped over a concrete parking barrier outside and fell, breaking her glasses and chipping a tooth.

The judge dismissed her allegations two weeks ago, and her appeal for $250,000 compensation, because Greene had a prior eye condition and contradictory testimony.

But U.S. District Judge Sue Robinson wasn't entirely unsympathetic. She wrote the clerk "was likely being less than courteous" despite following standing procedures for suspicious packages.

Even though she has to go a post office farther from her home, Greene said she hasn't given up on fruitcakes as Christmas gifts.

"My lawyer got a couple this year," she said.

END

Sun (Yuma, AZ)

October 16, 2006

Local dairyman sues the federal government -- again

Joyce Lobeck

The Sun, Yuma, Ariz.

Oct. 16--Hein Hettinga, a Yuma-area dairyman, says all he's doing is keeping the price of milk down.

But he has to fight the federal government to do it.

Hettinga has filed a lawsuit against the federal government protesting a law passed last spring by Congress that requires him to conform to federal milk marketing regulations.

"I had to do it," he said of his lawsuit filed recently in the U.S. District Court for the District of Columbia. "I felt I was wronged. I'm crying foul."

Hettinga is one of only a handful of dairymen in the United States who also process the milk their cows produce -- a "producer-handler." Traditionally, such independent producer-handlers have been exempt from federal regulations.

However, because Hettinga's operation exceeds monthly sales of 3 million pounds of milk, dairy cooperatives in Arizona and other states have argued that he presents an unfair advantage. Dairy cooperatives process and market milk produced by member dairies under federal regulations.

"I'm a real problem," Hettinga said. "I keep the price down. If I wasn't here, they (the co-ops) could charge 20 cents a gallon more."

He said the major processing companies are pushing the small independent producer-handlers out of business around the country. "The big ones are eating the little ones and raising prices."

Hettinga is determined not to be eaten. It's a fight he's been fighting for years, both in Congress and in the courts.

The latest blow against him came March 28, when the U.S. House of Representatives voted for the Milk Regulatory Equity Act, which already had been approved by the Senate.

In testimony in the House filmed by C-SPAN, lawmakers made several references to a "dairyman in Yuma, Ariz.," and even mentioned Sarah Farms by name as the target for the legislation.

As a result of the law, Hettinga now is subject to the marketing regulations and having to pay into the Arizona dairy co-op even though he receives no benefit from it. "I am sending hundreds of thousands of dollars a month to the government that's given to my competitors," he said.

The House voted on the regulatory bill 12 hours before Hettinga's case was scheduled to appear in court. He was requesting an injunction against a U.S. Department of Agriculture ruling that subjected his operation to the federal regulations.

As a result of the last-minute vote, the judge ruled that Hettinga's court case was no longer valid.

But Hettinga is again turning to the courts.

According to his attorney, Al Ricciardi, the new law is a bill of attainder and is in violation of the U.S. Constitution, which prohibits the government from singling out one individual or group and imposes

punishment without a trial.

"We believe passage of the bill specifically is against Sarah Farms (Hettinga's milk-processing company in Yuma) and imposes economic punishment on him," Ricciardi said.

Hettinga said the federal milk marketing regulations have outlived their usefulness and today only serve to support the government bureaucracy created to administer them.

"The government has no business being in the milk pricing and structuring business," he said.

The next step in Hettinga's battle is waiting for the federal government to respond to his complaint, Ricciardi said, adding that he expects to receive that by late November. "We will reply to whatever they say."

Ricciardi said there are a number of cases that set a precedent for Hettinga's claim that the law is unconstitutional.

END

Sun Herald (Biloxi, MS)

October 16, 2006

FEMA helping handicapped in trailers

By TOM WILEMON

FEMA has set up a hot line for handicapped people to call for assistance who have had problems with trailers provided by the federal agency.

The number to call is 1-888-294-2820 between 8 a.m. and 6 p.m. Monday through Saturday.

The federal agency began providing the hot line last week under terms of a court-approved settlement after handicapped individuals filed a federal lawsuit.

About 25 percent of Katrina evacuees have disabilities, but at the time the suit was filed, only 1 to 2 percent were provided with accessible trailers, according to the National Center for Law and Economic Justice. It and other advocacy groups, including the Mississippi Justice Center, provided lawyers for the disabled individuals.

Depending upon their needs, people may be entitled to a trailer with a ramp, wider doorways, more turn space for wheelchairs, lower appliances, accessible showers, grab bars near toilets or other features.

Claire Brou of Ocean Springs, a disabled U.S. Air Force captain, was the first plaintiff listed in the class action lawsuit. Other disabled South Mississippi residents who sued the federal agency were Eugene Joseph Johnson of Bay St. Louis and Terry West of Kiln.

END

Indianz.com

October 16, 2006

Cobell sees parallels in Aboriginal wage theft

Elouise Cobell, the lead plaintiff in the Indian trust fund case, has been in Australia to support Aboriginals whose wages were stolen by the government.

Aboriginals, including children, were taken from their reserves and forced to work. Their wages were handled by "protectors," but in many cases, they never saw their money.

The system lasted from 1897 until 1972, when a government official offered a "full and final" settlement of $55.6 million to the workers. Half of the survivors have refused to take the payment and are preparing lawsuits. Of those who applied for the payout, one-third were rejected because the government couldn't find documents.

"I don't see how any Australian, after listening to the stories, can feel good. It's emotionally draining," Cobell said, The Australian reported.

END

Block, Jonathan

From: Block, Jonathan
Sent: Monday, October 16, 2006 11:40 AM
To: Block, Jonathan
Subject: Sunday Show Transcripts 10/15/06
Attachments: SUNDAY SHOW TRANSCRIPTS 10.15.doc
Importance: Low

Attached, please find the Sunday show transcripts from October 15, 2006.

SUNDAY SHOW TRANSCRIPTS
10/15/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: North Korea says it has tested a nuclear device. Three years ago the president made this firm pledge:

(Videotape, May 23, 2003):

PRES. GEORGE W. BUSH: We will not tolerate nuclear weapons in North Korea.

(End videotape)

MR. RUSSERT: What now? With us: the administration's point man on negotiating an international response, the U.S. ambassador to the United Nations, John Bolton.

Then, only 23 days until the midterm elections. The Democrats must gain six seats to take control of the U.S. Senate. This morning, our Senate Debate series continues with another one of the most closely watched races of the year: Minnesota, where Republican Representative Mark Kennedy faces off against Democratic Hennepin County attorney Amy Klobuchar for this open seat. A new poll out this morning shows Klobuchar with a significant lead.

TEXT:

MINNESOTA

U.S. SENATE RACE

[bar graph shown]

55% 34%

KLOBUCHAR KENNEDY

MR. RUSSERT: Republican Mark Kennedy vs. Democrat Amy Klobuchar.

But first, North Korea. The United Nations Security Council voted 15-to-nothing to impose sanctions on North Korea for developing a nuclear weapons program. With us now to talk about that, the U.S. ambassador to the United Nations, John Bolton.

Mr. Ambassador, good morning.

MR. JOHN BOLTON: Good morning.

MR. RUSSERT: Let me show you a press report describing what happened yesterday afternoon, and give you a chance to respond. "The United States was compelled to water down key measures designed to ensure that the sanctions could be enforced. And China - which shares an 880-mile border with North Korea - said after the vote that it would ignore a critical provision, which calls on governments to inspect goods entering or leaving North Korea...

"The resolution stops far short of imposing the kind of sweeping trade embargo initially proposed by Japan. It no longer contains a U.S.-proposed provision to give North Korea 30 days to suspend its nuclear program or face 'further action.'

"The text also provides no additional authority to allow inspections of North Korean vessels suspected of transporting illicit weapons. The United States claims that it already possesses that power, but China maintains that such actions violate international law."

If the Chinese are unwilling to protect the 880-mile border, or to board North Korean vessels for inspections, what good are these sanctions?

MR. BOLTON: I think, first off, you have to remember that China voted in favor of this resolution, which is under Chapter 7 of the U.N. charter, and therefore binding on them. So I don't think there's any reason to believe that they're not going to abide by the terms of the resolution. And the, the guts of the resolution are sweeping sanctions against North Korea's nuclear, chemical and biological weapons programs and their ballistic missile program. The council was unanimous in saying that North Korea has to completely, verifiably and irreversibly abandon all of those programs. This in response to the nuclear tests and, frankly, in response to the missile test earlier this summer.

We think that the inspection provision that the resolution contains is essentially identical to the inspection provision that we proposed on Monday, so we're quite satisfied with this outcome.

MR. RUSSERT: Will the U.S. board North Korean vessels, if necessary, to inspect them?

MR. BOLTON: The intention that we have and that many other governments have, particularly those that are part of President Bush's proliferation security initiative, will be to continue to carry out the inspections that we deem necessary in, in aid of this resolution. And, again, the inspection provision is quite broad. It talks about compliance with all of the provisions of the sanctions paragraph of the resolution.

MR. RUSSERT: After the vote was taken, the North Korean ambassador to the U.N. addressed the assembly. Let's watch.

(Videotape, Yesterday):

MR. PAK GIL YON: The Democrat People's Republic of Korea is ready for both dialogue and confrontation. If the United States increase pressure upon the Democrat People's Republic of

Korea persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war.

(End videotape)

MR. RUSSERT: In effect, considering the sanctions as a declaration of war. After the ambassador spoke, he left the assembly, and—prompting you to say this. Let's watch.

(Videotape, Yesterday):

MR. BOLTON: I'm not going to waste any of our time responding to what the representative of the DPRK has said, but I want to call your attention to that empty chair. It is the contemporary equivalent of Nikita Khrushchev pounding his shoe on the desk of the General Assembly.

(End videotape)

MR. RUSSERT: That's back in 1960, and here's Nikita Khrushchev pounding his fist on the desk in a very similar time period. Is it helpful to compare the North Koreans to Mr. Khrushchev?

MR. BOLTON: I think the North Koreans twice now in the space of three months rejecting unanimous Security Council resolutions and walking out on the meeting of the council while it's still in session, a meeting they requested to participate in, I think shows a very unfortunate pattern of behavior on their part. Now, hopefully there's somebody in Pyongyang who's going to appreciate somewhat better the force of a unanimous Security Council resolution under Chapter 7. North Korea has the opportunity here to change course; the ball's really in their court at this point.

MR. RUSSERT: Three and a half years ago, President Bush made this firm commitment to the people of the United States and the world. Let's watch.

(Videotape, May 23, 2003):

PRES. BUSH: We will not tolerate nuclear weapons in North Korea.

(End videotape)

MR. RUSSERT: Will the president hold to that pledge?

MR. BOLTON: I think President Bush has made it very clear that he wants to have a peaceful and diplomatic solution to the problem posed by North Korea's continuing pursuit of nuclear weapons and delivery systems. That's part of the reason why we've pushed for these very strong sanctions in the Security Council, to deprive North Korea of the ability to continue its nuclear weapons and other programs of weapons of mass destruction. At this point, the choice is really in North Korea's hands; if they would come back to the six-party talks, if they'd comply with the

declaration that they themselves joined in in September of 2005 to eliminate their nuclear weapons programs, they could have a much brighter future for the, for the impoverished people of North Korea. The choice is theirs at this point.

MR. RUSSERT: Then let's discuss nuclear accountability. Will this administration say to the North Koreans, "If we find that you are the originators of any nuclear materials that hit the U.S. or our allies, there will be full retaliation against North Korea"?

MR. BOLTON: Well, I think it's very clear to the North Koreans that, as the president said a couple of times in the past few days, we're going to meet all of our defense commitments to our allies—South Korea and Japan—in the region, we'll increase defense cooperation with them, and we will undoubtedly defend ourselves if we need to. But the point here is that by working multilaterally through the Security Council, twice now in three months, we've made it clear that we're trying to get North Korea to see reason and abandon these programs. Libya was also pursuing nuclear weapons until it came to the conclusion it was safer giving up nuclear weapons than continuing to pursue them. That's North Korea's choice to make now.

MR. RUSSERT: How concerned are you that North Korea would decide to flood South Korea or China with millions of refugees?

MR. BOLTON: Well, I think the, the possibility of refugee flows is very much on everyone's mind. And what we would like to see is the possibility of what our policy has been since 1945 when the peninsula was supposedly temporarily partitioned after World War II, and that's peaceful reunification under a democratic government. But the immediate concern is that North Korea not use the threat of refugee flows to intimidate its neighbors. That's their typical bargaining style, and it's a style we have to resist.

MR. RUSSERT: Has North Korea's nuclear capability increased during the Bush presidency?

MR. BOLTON: I, I think we have no way of being certain of that one way or the other, but that's why here, confronted with this attempted nuclear test by the North Koreans, we've sought and obtained these very sweeping sanctions. This is an example of multilateral diplomacy, it was a unanimous vote by the Security Council, and I think it's going to put enormous pressure on the North Korean regime.

MR. RUSSERT: Former Secretary of State Jim Baker said, "I believe in talking to your enemies. ... It's not appeasement to talk to your enemies." Why not sit down one-on-one with the North Koreans, look them in the eye and draw the line?

MR. BOLTON: Well, we have sat down one-on-one with the North Koreans in this administration on multiple occasions. The first was when we confronted them with their evidence—the evidence we had of their violation of the agreed framework. We've had discussions with them one-on-one in the context of the six-party talks. We could have more discussions with them one-on-one if the North Koreans would come back to the six-party talks. They were offered as recently as a couple of months ago in Kuala Lumpur the possibility of a foreign minister-level meeting with Secretary Rice in a six-party environment, they rejected that.

The difficulty here of conversations between North Korea and the United States doesn't lie with the United States, it lies with North Korea.

MR. RUSSERT: The North Koreans have said, and the Iranians have said, that "The lesson of Iraq is that the U.S. will invade you if you don't have nuclear weapons. And therefore, we're going to have a nuclear capability to help prevent a pre-emptive attack." What's your response?

MR. BOLTON: I think that both the North Koreans and the Iranians have been pursuing nuclear weapons for decades—the Iranians for close to 20 years, the North Koreans for at least 15 years and maybe more. This was a course of action that they had decided upon and were implementing long before the overthrow of Saddam Hussein. And again, you know, the president has said on any number of occasions, both with respect to Iran and with respect to North Korea, that he wants a peaceful and diplomatic solution.

MR. RUSSERT: Bottom line, will North Korea have a nuclear bomb when George Bush leaves office?

MR. BOLTON: I think the president's spending every effort he can make. He personally has engaged in extensive diplomacy this week. Secretary Rice will be going to the region. We're working with our friends and allies, we're working in the Security Council, we're working in the International Atomic Energy Agency. There's not much more multilateral or bilateral diplomacy we can imagine here. And we're putting pressure on North Korea. The real question now is what Pyongyang is going to do.

MR. RUSSERT: And if they do nothing, but continue to develop their program, what do we do?

MR. BOLTON: We're going to continue to ratchet up the pressure, make it clear that their international isolation is only going to increase, and we're going to make it, to the extent we can, impossible for them to continue the program through making sure they don't get the materials and technology and equipment they need to continue these programs.

MR. RUSSERT: May we have to use a military option eventually?

MR. BOLTON: The president never takes the military option off the table, but he has said more times than we can count, he wants a peaceful and diplomatic solution.

MR. RUSSERT: Ambassador John Bolton, we thank you very much for your views.

MR. BOLTON: Thank you.

MR. RUSSERT: Coming next, our Senate Debate series continues. This morning, all eyes on Minnesota where Republican Mark Kennedy faces off against Democrat Amy Klobuchar. They debate right here on MEET THE PRESS. Twenty-three days to go until the midterm elections.

(Announcements)

MR. RUSSERT: Our MEET THE PRESS Senate Debate series: Minnesota. The candidates square off after this station break.

(Announcements)

MR. RUSSERT: And we welcome Democrat Amy Klobuchar, Republican Mark Kennedy.

Welcome, both.

REP. MARK KENNEDY (R-MN): Good to be here, Tim.

MS. AMY KLOBUCHAR: Good to be here.

MR. RUSSERT: Let me pick up on North Korea, Mr. Kennedy. If the North Koreans simply ignore these sanctions, or the Chinese don't enforce the sanctions, what do we do? Do we use military action to stop their nuclear program?

REP. KENNEDY: I think we need to continue to ratchet up the diplomatic efforts. You know, we've had two U.N. resolutions unanimous. And we also need to continue to push China. China has the novel—nozzles that they can push on food, on energy. They have far more influence over North Korea. If they're going to be a world power, they have to act like a world power.

MR. RUSSERT: But President Bush said, "We will not tolerate nuclear weapons in North Korea." Do we hold him to his commitment?

REP. KENNEDY: Yes, but he also said that we want to have a peaceful and diplomatic solution. So we have to push every channel we can to achieve it in a peaceful and diplomatic way, not taking anything off the table. And we've seen a step towards that just yesterday. We need to continue, and we need to continue to push China.

MR. RUSSERT: But if George Bush leaves office with nuclear devices in North Korea, will it have been a failed policy?

REP. KENNEDY: We need to take every step we can to prevent that from happening.

MR. RUSSERT: Ms. Klobuchar?

MS. KLOBUCHAR: You know, as a prosecutor, I know that when people cross a line, Tim, there's got to be consequences. And in foreign affairs, it's the same thing. I believe these sanctions are incredibly important; we can't have North Korea begin to be some kind of weapons factory, and they can't be selling and bartering nuclear materials. And the rest of the world is

watching. We don't want to create an arms race here. And especially Iran is watching, and that's why I think these sanctions are incredibly important.

MR. RUSSERT: But if the North Koreans ignore them, what do we do?

MS. KLOBUCHAR: Again, we have to keep ratcheting things up. We have to keep working with our partners.

But one of the things that went wrong here is that these multilateral discussions broke down, North Korea walked away from the table, and I believe we have to keep talking. We have to—it's good that China's part of this, but if it's moving in the right direction and if we believe it's in our national security interests, we should be talking to them directly. I mean, even during the Cold War we kept talking to Russia. And so the discussions are important, and we need to keep the diplomatic pressure on.

MR. RUSSERT: Should President Bush sit down one-on-one with Kim Jong Il?

MS. KLOBUCHAR: Again, it's too early to say that, but I believe that we need to keep those discussions going, as well as keeping the sanctions ratcheting up, if necessary, and keeping the military option on the table.

MR. RUSSERT: Let me show you what Bill Clinton, when he was president 13 years ago, said about North Korea right here on "Meet the Press."

(Videotape, November 7, 1998):

PRES. BILL CLINTON: North Korea cannot be allowed to develop a nuclear bomb.

We have to be very firm about it.

(End videotape)

MR. RUSSERT: So we've had two presidents, one Democrat, one Republican. When President Clinton said that, the North Koreans probably had the potential to build two nuclear devices. It's now up to 13. And if nothing is done when George Bush leaves office, it could reach 17. It seems as though the United States talks tough with North Korea, but allows the program to go forward.

MS. KLOBUCHAR: Again, keeping the military option on the table is key, but these sanctions are the first step, and unlike how we handled Iraq or where it was "Go it alone," I believe we have to work with our allies in the area. That's starting to happen more, but we have to keep that up.

MR. RUSSERT: Let me turn to Iraq, because it's an issue that's been very important in your campaign and one that I think is affecting elections all across the country. Mark Kennedy, you've been there three times. Let me go back to comments you made after your first trip in '03.

"On the whole, the trend [in Iraq] is very positive. ... Our troops ... face ... a collection of terrorists and thugs, of whom there are fewer each day." That's just dead wrong.

REP. KENNEDY: If you looked at the time in 2003, months afterwards, were we potentially a bit optimistic? Possibly. And we've seen more challenges than we expected, no question. But if you look at what's happened, we have trained 300,000 Iraqi troops. We have a government that is a unity government.

This is the number one issue in this race, and there are stark differences between my opponent, Ms. Klobuchar, and myself. She says it's a distraction. I think that it is one of the central fronts in the war on terror. Osama bin Laden and Zarqawi says as well. She has set out a specific timetable for bringing our troops home that would tell the terrorists when they can take over an oil-rich country as a sanctuary for terrorists. And I believe we ought to be bringing our troops home as soon as we can after we're sure the terrorists can't win. And she's also come out against a bill funding body armor for our troops that a majority of Democrats join me in supporting. We have no higher priority than to support our troops in time of war, and we have to win this war on terror.

MR. RUSSERT: But 10 months ago you said "Progress was clear, we're making great strides." Why shouldn't voters in Minnesota say, "This is rosy-colored glasses. It's not reality. There were no weapons of mass destruction and the level of sectarian violence is at an all-time high and Congressman Kennedy is saying, 'Everything's fine. We're making progress.'"

REP. KENNEDY: I never said everything's fine, but we are making progress.

MR. RUSSERT: "Progress is clear. We're making great strides. It's very positive"?

REP. KENNEDY: Each and every year I go back to Iraq. I see a government that is further down the path of being independent and addressing serious issues. Each and every year I go back, their military is more closely—more fully developed and taking over more and more of the responsibilities for us. The path is to make sure that terrorists can't win. And by so doing, allow us to bring our troops home. But we also need to make sure we're taking care of ourselves here at home. Again, key differences in the war on terror. Ms. Klobuchar has come for weakening the Patriot Act that has allowed us to have five years without a terrorist attack on our country. She's come out against making sure that we were paying attention when al-Qaeda was talking to somebody in America to make sure that we knew what plots they were planning. And she came out against a bill to make sure that we can get the intelligence we need from those we hold in custody to prevent future attacks. We cannot let the same poor judgment that Ms. Klobuchar has shown, that has made Minneapolis more dangerous, to be in the U.S. Senate, making America less safe.

MR. RUSSERT: Knowing what you know today, if the CIA came to you and said, "Congressman Kennedy, Saddam Hussein does not have weapons of mass destruction," would you still vote to go into Iraq?

REP. KENNEDY: We acted on the information that we knew at the time.

MR. RUSSERT: No, but knowing what you know today, would you still vote?

REP. KENNEDY: We acted—you know, you can't really play TiVo and rewind in the real world, but let me just say this: First of all, I stand by my vote. And second of all, we just got done talking about Korea. We just got done talking about consequences for actions. Seventeen U.N. resolutions. If we had let one of the top sponsors of terrorists, that was paying thousands of dollars to those families that had suicide bombers, if we had let 17 U.N. resolutions go by, what chance would we have of North Korea or China paying any attention to the resolution just passed yesterday?

MR. RUSSERT: So you'd still go into Iraq?

REP. KENNEDY: I stand by my vote. We can't rewind. We acted on the information we knew at the time and acted correctly.

MR. RUSSERT: Ms. Klobuchar, you said on your Web site, "2006 ... should be a year of transition in which we bring a significant number of our troops home." This is October, now, of 2006. You told the Star Tribune in Minneapolis, "I am saying change the course. I believe that we need to bring a significant number of our troops home. ... One would hope that by 2007, we would have withdrawn the vast majority of our troops [from Iraq]." That's next—a matter of months from now. Is that still your position?

MS. KLOBUCHAR: Tim, you know, the congressman is talking about body armor, and of course I support body armor for our troops, I support winning this war on terror by being smart, I supported the Patriot Act. But I will say this: the best way that we can protect our troops is to get this policy right, and I believe that that means changing course in Iraq.

We need to transition to Iraqi governance, we need to send the clear message that they have to take control of their own government, and that means no permanent military bases. The congressman and I differ on this. This means not saying 2010 we're going to have the same number of troops. And we need to be more accountable for the help that we're giving Iraq.

You look at what's been happening here, you know, $10 billion in cost overruns with Halliburton, putting a 24-yer-old in charge of the stock exchange with no financial experience, building a military academy for $75 million for the police and then finding out the plumbing isn't right so they have to demolish part of it. I believe that we do need to start bringing our

troops home. Clearly, at this time, this late date in mid-October, we can't bring a significant number home. We have to be reasonable. I have never been one to say "Bring them all home tomorrow." I have never subscribed to one of those mandatory dates, because I understand that, despite my opposition to the war from the beginning, that we have to be responsible about how we bring our troops home.

MR. RUSSERT: But you did say, "Bring home a significant number this year," and you're saying now that's probably not doable. What about a "vast majority in 2007," which is what you said also?

MS. KLOBUCHAR: These predictions were built on the promises and the predictions of progress from this administration, and we simply haven't seen that. So you have to be reasonable in what you're going to do here. But let me tell you this, you cannot solve a problem that you don't admit exists, and that is what's going on here with the congressman. This war has basically devolved into a civil war. Eight times the number of deaths were caused by sectarian violence other than by bombs. You have Shiite militia roaming the neighborhoods and taking young men, putting them in cars, shooting them in the head and dumping them out on the streets. This is a civil war, and, yes, we need to be more accountable and do a better job of training the police, but we also have to realize that this solution isn't going to be more boots on the ground, it's going to be a diplomatic and political solution. It's—we have done this before with even more difficult situations. This war, as of Thanksgiving, will have lasted longer than World War II. So I believe that we need to bring people together and help this country to come up with a diplomatic and political solution in addition to giving them the tools that they need.

MR. RUSSERT: Speaking of predictions, Congressman Kennedy, this is what you said six months ago. "I fully expect that over the next year there will be a significant number of troops who will be returning home because of success in Iraq." Flat wrong.

REP. KENNEDY: I said in November that...

MR. RUSSERT: But this is February, six months ago.

REP. KENNEDY: ...in February that we expected troops. We have less troops, not as much as I would like, we've run into tougher patches...

MR. RUSSERT: A significant number. Why can't you say you were wrong?

REP. KENNEDY: I was wrong in the significant number, I was right in terms of the fact that there are less troops, but I'm also right in saying, whatever I said, I'm going to support what the commanders in the field say. And when we talk about accountability—let's talk about accountability.

Ms. Klobuchar refuses to be accountable for coming out against the bill funding body armor for our troops. She refuses to be accountable for statements that she says, and, and you didn't get the

June of this year NPR, where she said she wanted more than half the troops out this year and all of them out by next year. That is a clear timetable. That is irresponsible. And she's also—continues to try to mislead people, not just about her own record and where's she's taken positions, but about my record as well. I never voted for permanent bases. I voted for making sure that we could have an agreement as to keeping our troops in a sovereign country and making sure that we had the base protection that would keep our troops safe. We need to bring our troops home as soon as we can, after we're sure the terrorists can't win. But we don't need to let politicians' predictions or anything else drive this, it has to be the commanders in the field and what is going to achieve that end.

MR. RUSSERT: To that end, Ms. Klobuchar, there was a question asked of you back in March. "QUESTION: So your desire to withdraw troops does not depend on the commanders agreeing with it. They should be told to do it and just told to find the best way to do it. AMY KLOBUCHAR: Correct."

And then this: "If the president is unwilling to provide a plan [for the drawdown of American troops], Congress should call upon the Joint Chiefs of Staff to do so."

So you would overrule the military commanders and you think the Senate has the authority to direct order the Joint Chiefs of Staff to draw down troops?

MS. KLOBUCHAR: Tim, no, I don't believe that. What I was saying here is because the president refuses to bring us a plan and deal with this as it is, as a civil war, that we need to have the direction coming from Washington. Of course we should listen to the commanders on the ground. In fact, there's generals that have returned from there that say we need to change course. Senator Warner just came back from there and said "Give this a few months, and we need to change course." Jim Baker went over there and started talking about this.

What I'm hearing is a general consensus around what I'm talking about, that we cannot, as Congressman Kennedy and the president are talking about, just stay the course indefinitely with more troops dying, over $300 billion spent.

And the idea is to listen to the commanders on the ground, but to have the direction come from Washington that we need to change course. I was talking about bringing the Joint Chiefs in to discuss with Congress what the plan should be, because I just do not see it coming from this commander in chief.

MR. RUSSERT: If we withdrew from Iraq and a full-blown civil war erupted, what do we do?

MS. KLOBUCHAR: First of all, we aren't going to completely withdraw from Iraq at this moment. And I believe that we need to redeploy some of these troops to surrounding areas so that they would be ready to come in. And I'm not suggesting...

MR. RUSSERT: Where? Where would we put them?

MS. KLOBUCHAR: Well, in Afghanistan, where we've seen a complete, a deterioration of the situation there, in part because we have put singular focus on Iraq, and to surrounding areas, perhaps Kuwait, other places that we can keep these troops so that can come back in if necessary. Again, reaching out to regional powers to get their help. You cannot, you cannot talk about this unless you acknowledge that this is a civil war that's going on here. Yes, there's terrorists there. In fact, 16 agencies of this government who deal with national intelligence said that this war has fomented more terrorism.

So if we look at what we need to do about the war against terror, we need to get—to be smart about this, we need to focus on Afghanistan again and get that situation under control, we need to beef up our homeland security where the 9/11 Commission has given us D's and F's. You know, the president identified the "axis of evil" when he talked about North Korea and Iran. We have them both now talking about nuclear weapons.

MR. RUSSERT: Republicans have been talking about Iraq in a very different way. Jim Baker, the head of the Iraq study group, former secretary of state for former President Bush: "I happen to think ... that there are alternatives between ..." the course and cut and run and staying the course. Negotiate a settlement. Strong suggestion.

And this from John Warner, Republican, chairman of the Armed Services Committee: "I assure you, in two or three months, if this thing hasn't come to fruition and if this level of violence is not under control, ... I think it's a responsibility of our government ... to determine: is there a change of course we should take? And I wouldn't take off the table any option at this time."

So you talk about timetables. The chairman of the Armed Services Committee, Republican, has basically said to the Iraqis, "You have 90 days to stop the violence or we could very well change the course, and every option's on the table."

REP. KENNEDY: Senator Warner has also said and rejected a specific timetable for withdrawal. And I agree with Senator Warner. We ought to, not just in two or three months, but at every stage along the way, say, "Is there adjustments we need to be making?' We have been making adjustments. I've seen the adjustments in the three years I've been there. And we need to continue to make adjustments.

But when you say that the solution, as Miss Klobuchar says, is diplomatic and political, you can't negotiate with people that are ruthless and glory in killing innocent women and children. We need to make sure that terrorists can't win so that we can bring our troops home as quickly as possible.

MR. RUSSERT: No matter how long it takes?

REP. KENNEDY: We need to make sure that the terrorists can't win. We cannot let Iraq became a sanctuary for terrorists.

MR. RUSSERT: And you believe this war can be won militarily?

REP. KENNEDY: There's no question that we need to also prod the political forces within Iraq, as we have been. And make sure they address some of the key issues that are, that are causing some of the foment, making sure that we get this federalism issue solved. We understand federalism in America; we have states and federal government. We also need to make sure they get this "Who owns the oil?" I think they ought to take a path where the Iraqi people own the oil, just like they do in Alaska. We also need to make sure that they see the progress on the ground.

But, these are steps that need to be pushed politically, but they can't be done if we're saying, "We're going to pull our troops away and leave a young democracy without the kind of support necessary to make sure it has time to get a political solution."

MR. RUSSERT: You invoked Miss Klobuchar's name; I'll give her a chance to respond.

MS. KLOBUCHAR: Tim, this is just more of the same. More of the same of this administration, more of the same with Congressman Kennedy. And, you know, I just heard Trent Lott a few weeks ago, the press asked him, "What do, what do you think about Iraq?" and he said to the reporters, "You are the only ones obsessing about Iraq. Real people in the real world aren't obsessing about Iraq." Well, I guess he didn't talk to the mom up in Mahnomen, Minnesota, whose child is going on his second tour of Iraq and she can't sleep anymore. Or Claremont Anderson in western Minnesota, who's driven hundreds of miles to come to our events, and every time he cries when someone asks a question about Iraq because his child was killed over there.

These are real people in the real world who are looking for solutions. And the way to get this right for our troops is to give them equipment that they deserve, but also to get this policy right, and to admit that we need to change course—not do anything radical, not bring all the troops home right away—but to pursue a diplomatic and political solution. And I don't think that it's right for Congressman Kennedy to criticize me for that when members of his own party and experts in this area are saying the same thing.

MR. RUSSERT: Well, what question would you ask him?

MS. KLOBUCHAR: I would ask him how come he won't even admit that he was wrong about voting for this war when we are in the situation we're in, when we've spent over $300 billion, when many members of his own party have admitted that this war was not the right direction, that in fact it has fomented terrorism. That we now have 16 agencies of our own government, of President Bush's administration saying that this has added more terrorism in this world.

MR. RUSSERT: Let you answer that question, and ask her one.

REP. KENNEDY: Let's talk about what the 16 agencies said. They said that we are clearly activating terrorists in Iraq, having taken the challenge to them. But they also said we have to prevail. If we don't prevail, it will greatly mushroom this threat, let it grow in size, and come to face our future generations, where we wouldn't be able to ask—answer the question that our kids would say to us, "Why did you let this happen?" They said that if we, if we lose, that's what will happen; if we win, we will greatly degrade what's happening on the other side.

And what I would say—what would—what would I ask my opponent: How can you change your position from saying we ought to ignore commanders months ago, that we ought to have a specific timetable, and call that consistent? How can you say you're going to support our troops in the field during a time of war when you came out against a bill funding body armor for our troops that a majority of Democrats, including Nancy Pelosi, supported? How can you say that you're going to comply by the 9/11 Commission when you came out for weakening the Patriot Act, when you came out against making sure we were paying attention to what al-Qaeda was saying in this country about plotting future attacks, and you came out against a bill for making sure we could get information from those we hold in custody, and call this bill that John McCain, who still bears the marks of torture, call this bill that is critical for our security a torture bill? How can you be so disrespecting? It's, it's consistent with what her own employees said about her, that this is someone who only cares about her career advancement, and nothing else. How can you criticize not just McCain, but also our troops in the field? Last week, she criticized the way our troops were training Iraqi troops. We need to have somebody with a consistent view on bringing our troops home as soon as we're sure the terrorists can't win.

MR. RUSSERT: A lot of questions there.

MS. KLOBUCHAR: Tim, I would say this is why we're in the mess we're in in Iraq, because of this political gamemanship. Congressman Kennedy didn't even answer my question, and instead proceeded to ask many questions. And I will tell you a few of these answers.

I am committed to this war against terror. I am someone who puts people in jail for a living. I am tough on security. And I will tell you this: I believe that the people on the front line have to have the tools to wire-tap, they have to have the tools to do the surveillance that we need. I supported the Patriot Act, I did support some of the changes that were later made to the Patriot Act with library books, library records and things like that. I also believe that we should have gotten that detainee bill right, something like what was originally passed out at the Senate Armed Services Committee. The Supreme Court gave this Congress a duty, and the Supreme Court said to this Congress, "Get this right." Instead, they passed a very broad bill that I don't believe will meet constitutional muster. I didn't have to take this position, but I feel it's the best position because they were putting their short-term political gain in front of the bigger quest of winning the war against terror so that they could go on Sunday morning talk shows like this one and claim that their opponents were weak on security and weak on terror. I think Democrats should welcome this debate on security. And we're having it in our state, and the people are listening.

MR. RUSSERT: Let me turn to a domestic issue where there's a big difference. Mr. Kennedy, Ms. Klobuchar said that we should roll back the Bush tax cut on those making over $200,000 a year, because the federal debt is now $8 trillion, and we have to get our finances in order, and this is a way of raising revenue.

REP. KENNEDY: She's said a lot of things on taxes. Her own proposal says that she wanted to have a trillion and a half increase in taxes...

MR. RUSSERT: But, but specifically, what about rolling back the tax cut on those who make more than 200,000?

REP. KENNEDY: We have had six million new jobs. The economy was flat on its back after 9/11. We passed tax relief to reward, and people—to let them keep more of their hard-earned money. Families, small business, those that take risk and create jobs. Six million new jobs have been created. We cannot be raising taxes, putting this economy back on its back, and also not growing jobs. We have to keep the approach of keeping spending under control. I'm the author of the line-item veto. I don't understand why we want to build a bridge to nowhere in Alaska, a rain forest in Iowa.

MR. RUSSERT: But you voted for both those proposals.

REP. KENNEDY: I voted for every single Jeff Flake amendment to take out these crazy...(unintelligible)...

MR. RUSSERT: But in final passage, those proposals were legislation you voted for.

REP. KENNEDY: They were, because I support roads, because I support making sure that we're moving forward with key programs. But you ought not to hold a whole bill hostage because there's silly stuff in it. We ought to have a line-item veto for the president, whether Republican or Democrat, to cut that junk out of there, hold Congress accountable, keep spending under control.

MR. RUSSERT: But you have a Republican—you have a Republican president.

REP. KENNEDY: So you can keep taxes low and keep building jobs.

MR. RUSSERT: A Republican House, a Republican Senate, you have a $250 billion deficit, an $8 trillion debt.

REP. KENNEDY: There's no question that I would like the president to take a little bit more leadership on spending. There's no question that we have had obstruction in the U.S. Senate that has bogged down not only our ability to take further steps on fiscal responsibility, but many other things as well. We do need to push forward and make sure that we have strong fiscal measures to keep spending under control.

MR. RUSSERT: Ms. Klobuchar, 57,000 households in Minnesota make over $200,000 a year. A lot of small businesses, people who create the jobs. And you want to come along and pound them with a new tax increase by taking away their tax cut. Why?

MS. KLOBUCHAR: Let me talk about why this is important to me and important to the people of our state. Right now we're in a situation where our debt is approaching $9 trillion, where this administration and this Congress took a $200 billion surplus and turned it into $250 billion deficit. Why does this hurt the people in our state? It's not just some chart on a wall. One out of 12 of the federal tax dollars that they're paying goes to interest on this debt.

And this is my solution: I'm the only candidate in this race that has come out with a plan to balance the budget. First of all, let's look at those $70 billion that's being sheltered in the Cayman Islands and Bermuda for multi-millionaires. That report came out August 1. Get rid of those shelters. That takes in 70 billion. Next, look at capital gains. Not changing the rate, but having a third-party validator like brokerage houses post those because there's underpayment. That brings in $17 billion. Roll back the tax cuts to the Clinton levels, to the top 1 percent, the Clinton levels when we had record jobs produced in this country. That brings another $56 billion in.

Then you go to the discretionary spending. I don't agree with the congressman that this is silly stuff. Even if you reduce half of that discretionary spending, it's $15 billion. Get rid of the no-bid contracts so we have competitive bidding, $10 billion. Go back to the pay-as-you-go rules that we had during the Clinton administration and then reduce these oil subsidies and these drug subsidies they give away.

MR. RUSSERT: Discretionary spending, what programs do you cut?

MS. KLOBUCHAR: Well, first of all, we have had a 50 percent increase in discretionary spending. The Cato Institute identified that.

MR. RUSSERT: What, what specifically?

MS. KLOBUCHAR: And you—well, let's start with the one the congressman voted for, the bridges to nowhere, the rain forest in Iowa, the waterless urinals in Michigan.

MR. RUSSERT: But as you know, 60 percent of our federal revenues go...(network technical difficulties)...Medicare and pensions. Will you go after those?

MS. KLOBUCHAR: I believe that if we can shore up this deficit and balance the budget, that we can then start shoring up Social Security. This Congress has raided $925 billion from Social Security. And you go back to the Clinton administration.

MR. RUSSERT: Would you raise the retirement age?

MS. KLOBUCHAR: I don't believe that is the solution.

MR. RUSSERT: Cost of living increase?

MS. KLOBUCHAR: I don't believe that's the solution. Just think back to the Clinton administration, 1995 balanced the budget. By the year 2000, the plan was to put $200 billion, sock it away for Social Security. We had 15 years on what we have now. Social Security was saved for 15 additional years, now it's been moved back. If we can get that balanced budget in place and we can move on this, we're going to be able to secure Social Security for the future. I believe Social Security is the fundamental way that we can protect people in this country.

MR. RUSSERT: With no changes in the system?

MS. KLOBUCHAR: Look, we can have a bipartisan commission look at those changes. They should be options to be looked at, but it would be a hard sell on me because I believe our priority should be to balance the budget. When you talk to an iron ore mine worker up in northern Minnesota, where my grandpa worked and my dad grew up, it's easy for us to talk about adding age to the retirement. For them, it's a lot harder. So if there is a better way to do this by being fiscally responsible instead of giving, you know, billions of dollars in oil giveaways, I don't lose sleep at night about whether the CEO of Exxon, who's retiring and just made $400 million, whether or not he's doing OK. I'm thinking of those workers in Minnesota.

MR. RUSSERT: Congressman Kennedy, one of the issues in this campaign has been your relationship with George Bush. Here's the National Journal: "At his [Minnesota] GOP convention speech ... Kennedy never mentioned President Bush." And yet the Congressional Quarterly says that during your tenure in Congress, you supported the president 92 percent of the time. Here's a news clip which talks about "Kennedy has been considered a strong Bush ally since joining the House in 2000, according to Minnesota political analysts, who say they are surprised by his ads playing down a party affiliation and making no mention of the president. ...

"'This is a party guy,' said political scientist Lawrence R. Jacobs of the University of Minnesota. 'He ran in a district that leaned pretty heavily Republican, and the way to win in that district is to run as a loyal Republican. Now he's running in a statewide race where the president's approval ratings are poor. ... It's an attempt to reinvent himself.'"

Do you belive that George Bush is a great president?

REP. KENNEDY: I belive history is going to make that decision. This is a guy who's human, like all of us. Has made mistakes, we've all made mistakes. You know, there are things...

MR. RUSSERT: Are you running as a George Bush Republican?

REP. KENNEDY: I'm running as Mark Kennedy. I'm running at a guy who believes strongly in values that I was raised with in Minnesota, the vote's based on what's best for Minnesota families.

MR. RUSSERT: But 92 percent of the time, you voted for President Bush.

REP. KENNEDY: There—you know, I don't where they get those statistics, but I can tell you—you know, they, they only take one out of 10 votes. But I can tell you there are things I disagree with the president on, whether it be No Child Left Behind that I voted against my first year in Congress, or ANWR. There are things that I agree with him on, that you get prosperity for our kids not by raising taxes but by keeping it low, and that we keep our families safe by being on the offense in the war on terror.

But let me just address—we keep hearing Amy Klobuchar walking away from what she said before and trying to mislead people. She comes out against oil subsidies. At the state fair debate, she said that she was for the same energy bill that I voted for. She comes out and says in, in an ad that she's going to save $90 billion, $90 billion, by having government-run prescription drug program on a program that only costs 60 billion. How do you save 90 billion on a program that costs 60 billion? And let me tell you, on Social Security, it's going to be a lot more than a hard sell for me to be raising the retirement age. That is not the solution. I will oppose that. That is just one of many differences on Social Security where she wants to give Social Security to illegal immigrants, which would put billions of dollars at risk on a program that is already strained.

MR. RUSSERT: You can respond to that.

MS. KLOBUCHAR: Thank you. I really appreciate that. I will say that the people of Minnesota don't really care if it's 92 percent or 97 percent. What they care about is the effect that these policies have had on them and the effect that this kind of negative attacks and this kind of gamemanship have had on the people of Minnesota. Congressman Kennedy just started to talk about Social Security benefits for illegal immigrants. I suggest your readers go onto the Star Tribune Web site from yesterday and they can see that the newspaper in Minneapolis and St. Paul came out and said that his claims were completely false, and in fact the bill that he's talking about, which was supported by a Republican senator, Senator Coleman, did not contain that provision.

This is the kind of political gamemanship we have been hearing from the beginning. And the reason...

MR. RUSSERT: So you oppose Social Security for illegal immigrants?

MS. KLOBUCHAR: Yes, I do. And the reason, you know, that he has gone off on his attacks again is that he really didn't want to answer your question. He spent the last few campaigns bragging about how close he was with President Bush, and now he's spending this campaign bragging about how independent he is from President Bush.

You know what the people of Minnesota care about? They care about that their gas prices went up to 3 bucks a gallon this summer, and that is—when they got a long way to work, it's hard to do; that their health care premiums went up 60 percent since he's been in office.

MR. RUSSERT: But, but, but you also—let me just ask you—you, you said a couple things about President Bush to the Pulse of the Twin Cities publication I want to ask you about.

MS. KLOBUCHAR: Mm-hmm.

MR. RUSSERT: "QUESTION: Would you vote to support the Russ Feingold resolution to censure President Bush? AMY KLOBUCHAR: No, not now. QUESTION:

Do you favor the impeachment of President Bush? AMY KLOBUCHAR: No, not now," suggesting that you're open to both censure and impeachment.

MS. KLOBUCHAR: I don't think you should ever rule anything out, but I'm telling you, my focus is not impeachment, it's not censure. My focus is to go to Congress and get something done. The questions were "Would you support these?" And I said, no, I did not.

MR. RUSSERT: "Not now." Hillary Clinton is coming to Minneapolis this week to raise money for you. Do you think she'd make a good president?

MS. KLOBUCHAR: You know, I think there are a number of good Democratic presidential candidates. I'm not weighing in on that. I've got enough to do in Minnesota.

MR. RUSSERT: But you'd be proud to support Hillary Clinton if she was the nominee?

MS. KLOBUCHAR: I believe that any of these Democratic candidates would be better than our current president.

MR. RUSSERT: As you know, Mr. Kennedy, there's a lot of concern amongst Republicans about the war in Iraq, about the Mark Foley page scandal, and there is an article—sorry, comments from the Minnesota Public Radio, an interview with Norm Coleman. And it says here, "Documents filed at [Minnesota television stations] KARE-11, KSTP-TV and WCCO-TV show that the National Republican Senatorial Committee has not bought or scheduled any ad time on behalf of [Mark] Kennedy.

"Republican Senator Norm Coleman," a Republican senator from Minnesota, "acknowledges that Kennedy faces an uphill battle. Coleman said he's encouraging the campaign officials to invest in Minnesota but says they may be more concerned about other contests."

Are the national Republicans pulling out of your race?

REP. KENNEDY: They, they are not. We're getting a lot of good cooperation from the National Republican Senatorial Committee. We just had six senators in last week. I won my first race one-on-one, and I'm happy to win any race that way.

But if I may respond to some of the charges that Miss Klobuchar made, saying in the Star Tribune—a liberal reporter in a liberal paper—got it wrong. If you look at it, she voted for a bill, she said she would support a bill, the Senate immigration bill, that would give 12 million people that didn't have benefits benefits. The paper says, $5 billion cost to Social Security. That's—if, if you included Medicare and Medicaid, that'd be 50 billion. If there's 50 billion more costs, how do you have more costs if you're not supporting something? I would have not supported the bill because of that.

MR. RUSSERT: This is the McCain bill?

REP. KENNEDY: The, the bill...

MR. RUSSERT: The same McCain that you're praising on the torture...

REP. KENNEDY: The, the...

MR. RUSSERT: ...you're criticizing him on immigration.

REP. KENNEDY: I'm not criticizing him on torture, and I am saying that I would have voted against that bill.

MR. RUSSERT: You're praising him on the torture bill. The McCain...

REP. KENNEDY: I, I am criticizing...

MR. RUSSERT: ...bill, which is also supported by President Bush.

REP. KENNEDY: I, I also do not agree with Senator McCain on immigration in that case. But let's go back to what—she supported a bill that had—giving Social Security to illegal immigrants. And when you talk about Bush, people aren't going to be focused on Bush, they're going to be focused on issues. And I can tell you, Tim, I've been all over the state of Minnesota. People are finding a lot of support for my policies of keeping spending under control so we can keep taxes low, and making sure that health care's controlled by doctors and patients, not

lawyers and big government. And making sure that we bring our troops home as soon as we can, after we're sure the terrorists can't win.

I don't see the kind of support out there for Ms. Klobuchar's, you know, proposals to have a trillion and a half increase in taxes. The long list of taxes she's covered isn't going to cover a trillion and a half. It just tells you, when a liberal says they're going to soak the rich, the middle class gets drenched. They don't see a lot of support out there for giving Social Security to illegal immigrants, for rationing prescription drugs, and for bringing the same policies that has made, and the same bad judgment that's made Minneapolis having twice the murder rate of New York City under her tenure—talk about accountability—to the U.S. Senate.

MR. RUSSERT: I'll consider that a closing statement. I started with you.

I'll give you 30 seconds, and we're out of time.

MS. KLOBUCHAR: OK. I believe that I will be a good senator for the state of Minnesota if they give me that honor. I'm the granddaughter of a miner, I'm the daughter of a newspaper man and a teacher. I'm a mother, I'm a wife, I'm a prosecutor, and I'm an advocate. And I have the determination to make change in Washington. And if the people of Minnesota give me that opportunity, I will get things done for them.

MR. RUSSERT: Amy Klobuchar, Mark Kennedy, big differences on big issues. We thank you for sharing them with our viewers.

Our Senate Debate series continues in two weeks. Another closely watched Senate race, Maryland. Democratic Representative Ben Cardin vs. Republican Lieutenant Governor Michael Steele. Right here in two weeks.

And we'll be right back.

(Announcements)

MR. RUSSERT: That's all for today. We'll be back next week with an exclusive Sunday morning interview with Democratic Illinois Senator Barack Obama. That's next week, right here on MEET THE PRESS. If it's Sunday, it's MEET THE PRESS.

Hang in there, Buffalo, help's coming.

ABC – THIS WEEK

STEPHANOPOULOS: This Week -- October surprise. As North Korea goes nuclear, who will take the blame?

(BEGIN VIDEO CLIP)

U.S. SENATOR HILLARY CLINTON, (D-NY): Some of the reason we are facing this danger is because of the failed policies of the Bush administration.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN, (R-AZ): Now we are facing the consequences of the failed Clinton administration policies.

(END VIDEO CLIP)

STEPHANOPOULOS: And how will the world respond?

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The message today shows to the leader of North Korea: The world is united.

(END VIDEO CLIP)

STEPHANOPOULOS: Our headliner this morning, America's U.N. Ambassador, John Bolton.

Then, we're on the trail.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: So what's the message there? Elect me, I'll enforce the Ten Commandments?

FORD: No, elect me, I know the difference between right and wrong.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

CORKER: Congressman Ford continues to distort, continues to mislead, continues to run away from who he really is.

(END VIDEO CLIP)

STEPHANOPOULOS: The surprisingly tight race in Tennessee that could swing the Senate. George Will, Martha Raddatz and Fareed Zakaria debate the week's politics on our roundtable. Plus, Marg Helgenberger on her first time.

(BEGIN VIDEO CLIP) HELGENBERGER: If something with sexual connotations will get people to vote, why not?

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, the Sunday Funnies.

(BEGIN VIDEO CLIP)

JON STEWART, HOST, THE DAILY SHOW : Let's move on to the good news. As of last night, North Korea has one less nuclear bomb.

(LAUGHTER)

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone. The U.N. Security Council voted unanimously yesterday to punish North Korea for its nuclear test last week. And we're joined this morning from the security council chamber by the man who led this effort for the United States, America's ambassador to the United Nations John Bolton. Good morning, Mr. Bolton.

BOLTON: Good morning.

STEPHANOPOULOS: Not surprisingly, North Korea rejected this U.N. resolution. They called it gangster-like behavior by the United Nations. Is there any reason to believe that this resolution is going to cause North Korea to change course?

BOLTON: I think that the fact that the security council unanimously condemned the North Korean test and for the second time in three months unanimously said to North Korea, you're pursuing the wrong course in your efforts to obtain nuclear weapons and ballistic missile capabilities is going to have an impact, if not in Pyongyang, in other capitals, specifically Beijing and Moscow. And that the pressure that we hope they will apply on Pyongyang, together with these very significant sanctions that the security council imposed yesterday, could have an impact.

STEPHANOPOULOS: I did notice one potential opening in the North Korean response. In the past they have said that if the U.N. passed a resolution, they would consider that an act of war. They didn't quite go that far this time. Is that an opening, or am I reading too much into it?

BOLTON: It's very hard to say with North Korea. What we have said repeatedly is that if North Korea wants to resolve this peacefully and diplomatically as the United States does, they should come back to the six-party talks. The resolution emphasizes that possibility again, and really at this point, the ball is in Pyongyang's court.

STEPHANOPOULOS: You mentioned how important China is to making this work. Part of this resolution is an authorization for countries to inspect shipments going in and out of North Korea,

but China said they're not going to do that. And they have, what, an 880-mile border with North Korea. If they don't join in the inspections, doesn't that mean that North Korea's going to be able to get what they need?

BOLTON: Well, let's remember, the inspections are a tool to effectuate the sanctions themselves. China voted in favor of the resolution. It voted in favor of the sanctions. It made clear even during our negotiations they very strongly believe there should be sanctions on nuclear and missile transactions. They eventually agreed to even broader sanctions.

But this means China itself now has an obligation to make sure it complies with the resolution, and it has full national authority on its side of the border to conduct any inspections it wants. We'll see what actually comes out of Beijing, perhaps when Secretary Rice is there next week. But let's be clear, China voted in favor of that provision.

STEPHANOPOULOS: Well, they voted in favor of it, but they say they won't enforce it. And they also went even a little bit further and said they feared that these inspections would cause a conflict that would have serious implications for the region.
It sounds like they're not committed to it at all.

BOLTON: You know, that's the statement they made here yesterday. We'll see what they say in further conversations. The main point is that the sanctions themselves are in place, and I can't believe you're really predicting that China's not going to comply with the obligations that it voted for.

STEPHANOPOULOS: Well, I'm just reading you what they said. I'm not predicting anything, and so far the Chinese ambassador said they're not going to go along with those inspections. Tom Friedman of The New York Times this week wrote that basically unless China says to North Korea, we're cutting off your energy, we're cutting off your food, there's no way that Kim Jong Il is going to give up his nuclear program. Isn't Friedman right about that?

BOLTON: Well, I think if China were to take those kinds of steps, it would be powerfully persuasive in Pyongyang.

They have not yet been willing to do it.

I think that China has got a heavy responsibility here, and I must say, you know, this test by the North Koreans had to have been humiliating to China. After all of the efforts they have made over the years to protect North Korea from international approbation, for the North Koreans in the face of all that to test had to get quite a reaction in Beijing, and I think we're still seeing that play out.

STEPHANOPOULOS: Humiliating. It sounds like you're trying to goad China into enforcing this.

BOLTON: No, no, no, I think if you'll recall, the Chinese used to describe the relationships between the communist parties of China and North Korea as close as between lips and teeth. So

that's the way they saw it, and now contrary to what China very expressly told North Korea, they went ahead with that test.

STEPHANOPOULOS: So if China doesn't have control over North Korea and all of our expressions of saying that we're not going to tolerate a North Korean nuclear weapon won't work, what can North Korea respond to short of military action?

BOLTON: Well, I think we need to wait to see what North Korea's more definitive response to the resolution is. Secretary Rice will be traveling in just a few days to China, South Korea and Japan to continue to try and mobilize the other five countries in the six-party talks. We've had very extensive diplomatic activity this week.

I must say in the six days that we were working on this resolution, President Bush was on the phone repeatedly to presidents and other heads of state. Secretary Rice was on the phone. We were very active at all levels of our diplomacy, and that is going to continue even after the adoption of the resolution. So there's a lot in play.

STEPHANOPOULOS: The president was also very active publicly the day after we learned of the North Korean test. He went into -- went to the Roosevelt Room, I believe it was, and laid out a very stern warning. Here it is.

(BEGIN VIDEO CLIP)

BUSH: The transfer of nuclear weapons or material by North Korea to states or non-state entities would be considered a grave threat to the United States, and we would hold North Korea fully accountable, the consequences of such action.

(END VIDEO CLIP)

STEPHANOPOULOS: Crack the diplomatic code here. When a president calls something a grave threat, that means that action will be met by a military response, correct?

BOLTON: No, what the president has said repeatedly is that he seeks a peaceful and diplomatic solution to the problem posed by North Korea's pursuit, not only of nuclear weapons, but of chemical and biological weapons and ballistic missiles and other means of delivering them. And by rallying the international coalition that he has, leading to this 15 to nothing vote in the Security Council yesterday, he's made it clear that he's going to do what he can through economic and political pressure to isolate North Korea and to deprive them of the means and technology they need to pursue those programs. And as well, to work with China and others to get North Korea to do what Libya did, to see that they're really much safer giving up the pursuit of nuclear weapons than continuing to go after them.

STEPHANOPOULOS: But Mr. Ambassador, I went back and checked, and from what we've been able to tell, the president has used that formulation, grave threat to the United States, only once before in his presidency. It was in January of 2003, and he was referring to Iraq; two

months later, we invaded. Is it the policy of the United States, if North Korea transfers nuclear material, that that transfer will be met by a military response?

BOLTON: Well, I'm not going to speculate on what our response might be to something like that. I think higher authority will make whatever response is appropriate. But let me stress that what we've been trying to do here is exercise multilateral diplomacy, which the president's critics frequently suggest, to accomplish the strategic objective of getting North Korea to back away from its pursuit of these kinds of weapons.

STEPHANOPOULOS: One final question, sir. If North Korea does, indeed, hold on to its nuclear weapons, doesn't buckle to these sanctions, that's going to put tremendous pressure on its neighbors, Japan and South Korea in particular, to develop a nuclear program. How concerned are you about that?

BOLTON: Well, I think it's one reason why the president and Secretary Rice have worked so hard through the mechanism of the six- party talks and through other mechanisms that we've been proposing to resolve the North Korean problem before other countries in the region, out of concern for what this regime in Pyongyang might do, would have to take other steps. So that's our real objective. That's why it's important we succeed.

STEPHANOPOULOS: So it is a fear?

BOLTON: I think that the fear that we have is because of North Korea. There is a problem on the Korean peninsula. It has a name. The name is North Korea.

STEPHANOPOULOS: Mr. Ambassador, thank you very much.

BOLTON: Thank you.

STEPHANOPOULOS: Up next, will control of the Senate be determined in Tennessee? We're on the trail.

(BEGIN VIDEO CLIP)

FORD: I don't always live my life perfect, but I try my hardest to follow somebody that does.

CORKER: He's certainly running as somebody that he's not.

(COMMERCIAL BREAK)

STEPHANOPOULOS: We were back on the trail this week, this time in Tennessee for that spirited and surprising race to replace retiring Senate leader Bill Frist.

The Republican is Bob Corker, a former mayor of Chattanooga and wealthy real estate developer who says he'll bring the Senate the kind of private-sector experience it needs.

(BEGIN VIDEO CLIP)

CORKER: And what I want to do in this race is take what I've become and working with you all across the state of Tennessee, I want to take that to Washington.

(END VIDEO CLIP)

STEPHANOPOULOS: Corker should be coasting in this reliably red state, but right now, the Democrat, Congressman Harold Ford, is in the lead. From the powerful and notorious political family here, Ford would be the first black senator from the South since Reconstruction. And he's selling himself as a different kind of Democrat, guided by God.

(BEGIN VIDEO CLIP)

FORD: I started church the old-fashioned way. I was forced to. And I'm better for it. I'm Harold Ford, Jr., and here I learned the difference between right and wrong.

(END VIDEO CLIP)

STEPHANOPOULOS: When we met before a golf tournament in Memphis, I asked Ford about that ad.

(BEGIN VIDEOTAPE)

STEPHANOPOULOS: I don't think I've ever seen a politician film an ad in a church. What do you say to those who say that's crossing the line?

FORD: I say I grew up in that church. I was baptized in that church. And the kind of attacks that we're taking in this campaign have been so fierce and so unrelenting that I've relied on my faith a whole lot in this campaign. So it seemed pretty natural to me.

STEPHANOPOULOS: You also hand out these business cards that have your name on the front, candidate for the U.S. Senate, and the Ten Commandments on the back. So what's the message there, Elect me, I'll enforce the Ten Commandments?

FORD: No. Elect me, I know the difference between right and wrong. I don't always live my life perfectly, but I try my hardest to follow somebody that does. And I just don't believe that, from looking at this politically, that Democrats ought to cede any ground to any Republican when it comes to morality and faith.

STEPHANOPOULOS: Republicans put up an ad calling you a hypocrite.

(BEGIN VIDEO CLIP)

ANNOUNCER: Harold Ford says...

FORD: I won't let them make me someone I'm not.

ANNOUNCER: Fair enough. So what kind of man parties with Playboy playmates in lingerie, then films political ads from a church pew?

(END VIDEO CLIP)

STEPHANOPOULOS: Churchgoer by day, playboy at night.

FORD: I've never been to a Playboy mansion party. I'm just not going to take morality lessons from a party -- the National Republican Committee is running it -- from a party that took hush money from a child predator. I mean, I'm just not going to sit back and allow them to try to characterize or make me something I'm not.

STEPHANOPOULOS: You're talking about the Mark Foley case.

FORD: They need to deal with their issues as opposed to judging. The Bible makes clear about that: Be careful how you judge, because you'll be measured by that.

STEPHANOPOULOS: The issue of abortion, you describe yourself as pro-life. When do you think life begins?

FORD: Well, let me say this. Abortion, the goal here should be to reduce the number of abortions. We can debate day in and day out when it starts, when it doesn't start.

The reality is we want to reduce the number. And we've done nothing in this country for 50 years other than debate this.

George, the question is irrelevant.

STEPHANOPOULOS: The question is irrelevant?

FORD: Because the issue is abortions. If we agree that it starts three months in, at conception, once the baby is born, if the goal here is to reduce the number of abortions, then why aren't we talking about ways to do that?

If the Republicans believe so strongly against abortions, how come they haven't offered a piece of legislation to do that?

STEPHANOPOULOS: Well, they've put out bans to ban what they call partial birth abortion.

FORD: I voted against the ban -- or, I voted for the ban.

STEPHANOPOULOS: You voted against it four times.

FORD: I voted against it seven of the 10 years I've been in the Congress. I had a changed experience about my third year in the Congress.

A doctor here in Memphis called me and said, I want you to see something.

STEPHANOPOULOS: What was it?

FORD: We don't need to get into all of it, but he changed my mind on it. And it was a moment in my political career that I am proud to announce, that I grew or learned something that changed my mind on an issue.

STEPHANOPOULOS: Well, what is it that you learned?

What did you see?

What did you learn?

FORD: George, it was a personal decision on my part. It had nothing to do with anything other than seeing something that said, You know what? The other side has a point on this.

STEPHANOPOULOS: In the last debate, your opponent raised the issue of your family, of the Ford political machine.

(BEGIN VIDEO CLIP)

CORKER: We had a Ford running for Congress on the Democratic primary ticket and they lost. And so now there's a Ford on the independent ticket, just to ensure that a Ford is in this seat.

I think that's something that's unusual.

(END VIDEO CLIP)

STEPHANOPOULOS: Fair game?

FORD: When you have nothing else to campaign on, I guess it is. I'm sure he wouldn't call the Bush family a political machine, but he has a different standard when it comes to my family.

I make no apologies for the fact that my family's been involved in public service for more than 35 years. And I thank the voters of this city and this state for giving us that chance and I hope that voters will give me a chance to represent the entire state.

STEPHANOPOULOS: Your family has also had run-ins with the law. You've had two uncles who had to resign their legislative positions because of charges of bribery and fraud. Your father was indicted, then acquitted, on similar charges.

What do you say to voters who are concerned that that kind of behavior might run in the family?

FORD: Well, I love my family and nothing you or my opponent or anybody can say will bring any distance between my family and I. But I'm running for the Senate. And until someone comes up with a recipe for picking family, then they should let me run for the Senate.

My opponent has raised this issue, George. And in a lot of ways, it's a Hail Mary pass right here at the end of this race. He doesn't have anywhere else to go, doesn't have any record to defend or any vision to fight for.

STEPHANOPOULOS: Let's talk about Iraq. You told me in 2002 you were proud of your vote for the war.

FORD: Sure.

STEPHANOPOULOS: Still proud?

FORD: Naturally, if I knew then what I know now, I wouldn't have voted for it.

At one point, I didn't think that President Bush would have even brought the resolution, but after hearing Vice President Cheney and others over the last few weeks indicate that they would have gone forward with the war in Iraq even knowing what they know now, it raises serious questions about not only judgment but sanity.

STEPHANOPOULOS: Sanity?

FORD: Well, why would you go forward with an effort in Iraq knowing that they didn't have weapons of mass destruction, knowing that our focus should have remained on bin Laden?

We now have a much more difficult situation on our hands. How do you stabilize it?

The example we see in Bosnia, that Joe Biden and Dick Lugar and Les Gelb and others have promoted, decentralizing the country, three regions -- we're getting closer to that.

The Iraqis actually voted something similar 48 hour ago...

STEPHANOPOULOS: I was talking to James Baker about that last week. He said it's a recipe for an even worse civil war than we're seeing now.

FORD: Well, that's the first time they've admitted that there's at least a civil war going on. And if we all agree there's a civil war, I don't know of any army of any civilization that's been able to referee successfully a civil war. So a new strategy is needed.

If, indeed, the Bush administration -- and I applaud Secretary Baker.

If Secretary Baker is credible, if President Bush believes he is, he should allow the introduction of his plan to come sooner rather than later. And he should reconvene Congress as soon as Mr. Baker makes the recommendation for us to begin debating it before the election.

STEPHANOPOULOS: If you win, you'll be the first African-American in the Senate, from the South, since Reconstruction.

How much of a factor is your race in this campaign?

FORD: How much is race a factor in the race?

I don't know. I mean, I'm who I am. God made me like this and I think voters accept that. I'm proud of who I am. In this race, it hasn't been as much of an issue as some people from outside would view it.

STEPHANOPOULOS: Other African-American candidates from the South --we've seen Harvey Gant four points up a week out, loses by six. Doug Wilder, Virginia, 11 points up a week out, wins by one.

FORD: I like the Wilder model. Everyone always talks about how do you feel about the Doug Wilder model? Remember, he won.

So winning by a point or half a point or a tenth of a point will take it. And I may even ask Secretary Baker to come count these votes for me if things get too tight down here at the end.

You know, I serve a big God and I've said it all throughout this campaign, on paper, we shouldn't be where we are today. I recognize that. And there's some bigger powers at work in this race.

And I just believe, at the end of the day, voters are going to go in that booth and they're going to vote their future.

STEPHANOPOULOS: After ford's quick stump speech by the club house...

(BEGIN VIDEO CLIP)

FORD: I'm going to make you one promise: You will continue to have a friend in the United States Senate.

(END VIDEO CLIP)

STEPHANOPOULOS: ... we crossed the state to Nashville. There, Mayor Corker held a rally with RNC Chair Ken Mehlman, who just poured more money into this race. I asked Corker if this cash transfusion is a sign his campaign is ailing.

(BEGIN VIDEOTAPE)

CORKER: It's just a big race. I think the national environment is what it is, and I think people throughout the country have a lot of concerns that make the water a little choppy.

STEPHANOPOULOS: You talk about the national environment. Are you talking about the war in Iraq?

CORKER: No, I think it's more than that. I think just people have a lot of different kinds of concerns.

STEPHANOPOULOS: Is the president dragging you down?

CORKER: No, no, I don't know. He's been the state for us twice. Certainly, you know, we appreciate that. He's helped us raise money. Laura Bush was in the state just the last few days.

Again, I think it's more of a national climate of concern. And I think people on both sides of the aisle have those concerns.

STEPHANOPOULOS: Your opponent has put up a new ad this weekend about Iraq, quoting you saying we need to stay the course.

(BEGIN VIDEO CLIP)

CORKER: We are in Iraq. Our country is in Iraq. I think we should stay the course. We should stay the course.

(END VIDEO CLIP)

STEPHANOPOULOS: Is that what you think we should do right now?

CORKER: Well, again, it's out of context, as are so many things that happen in campaigns like this. But when asked about whether we should leave Iraq before the people of Iraq were able to secure themselves, maybe that statement was made.

STEPHANOPOULOS: So what would you do now?

CORKER: We need to train the people that are there to be able to secure themselves, both as policemen that are there in the neighborhoods, but also the army. And we need to do that with a tremendous sense of urgency.

I don't think there are many people in this state that believe we went to Iraq with enough troops on the ground in the first place, and I think, obviously, we are dealing...

STEPHANOPOULOS: Would you put more troops there now?

CORKER: If that's necessary. And I think that we need to do whatever's necessary for the country to be able to secure itself. And when that happens, I do hope that our men and women come quickly home.

STEPHANOPOULOS: Congressman Ford said he'd have to question the sanity of anybody who still believes that it was the right decision to go into Iraq knowing what we know now.

Do you still believe it was the right decision?

CORKER: Of course, the only person who voted to go was Congressman Ford, who's been there for 10 years. But I think I'd choose -- I know I'd choose to focus on the future. I don't think it does any good for us, as a country, to focus on what shoulda, woulda, coulda.

I think we ought to focus on...

STEPHANOPOULOS: Well, but a lot of people are focused on it right now, and they say the fact that there were no weapons of mass destruction, the way this war has been prosecuted, means it wasn't the right decision.

What do you think?

CORKER: Again, I'm going to focus on where we are going forward. I don't think it does us any good to focus on that.

STEPHANOPOULOS: Former Secretary of State James Baker, as you know, is focused on that issue right now. Congressman Ford says he ought to put out his recommendations before the elections, not after. Do you agree?

CORKER: I actually don't. I actually believe a more civil environment would be when everybody settled down, when people are not, like Congressman Ford, trying to make headlines over this really, really tough situation that all Americans face and deal with.
STEPHANOPOULOS: This race certainly has heated up here and one of the ads that the Congressman is running says that you enriched yourself as mayor.

(BEGIN VIDEO CLIP)

ANNOUNCER: Bob Corker lives in a 30-room mansion, is worth over $200 million and owns six SUVs. As mayor, he took three pay increases.

(END VIDEO CLIP)

CORKER: Well, that's another ridiculous distortion by the Congressman and, you know, just absolutely absurd and untrue. First of all, the mayor if Chattanooga doesn't vote on his own pay raise. You're tied to another public official by charter. Number two, that's absolutely ridiculous about enriching myself.

STEPHANOPOULOS: Well, your net worth did go up about 40 percent, according to the local papers.

CORKER: No, that's absolutely not true. Not based on fact, no. Somebody might have speculated, but that's just not true. Congressman Ford continues to distort, continues to mislead, continues to run away from who he really is, what his record has really been, and that's what's made this race as interesting as it has been.

STEPHANOPOULOS: Who is he?

CORKER: He is a person who's way of life is being in politics. He is a person who, upon graduating from Ivy League schools, inherited his father's congressional seat. This is, to him, not about a sense of mission, if you will, about solving our country's problems. His voting record is very, very, very different than the way he portrays himself.

He's running now to try to portray himself as someone who does, in fact, represent the values of Tennesseans, and that has not been the case over the last 10 years.

STEPHANOPOULOS: So he's a hypocrite?

CORKER: I don't use words like that, but he's certainly running as somebody that he's not.

STEPHANOPOULOS: Well, I'm still trying to figure out, then, when you talk about his voting record, what are you talking about specifically? How is his voting record out of step with the people of Tennessee?

CORKER: OK. I think everything from opposing the '01-'03 tax cuts to opposing simple tort reform, which most of our citizens would support, to lessening our focus on intelligence, cutting defense spending 16 percent in his votes.

I think I could list probably 20 ways that he is out of step with Tennesseans.

But I think the race really focuses on something more than just dissecting votes. I think it's really about somebody going to Washington that has been shaped by Tennessee values.

STEPHANOPOULOS: You mentioned way of life a few times now. As you know and we both know, Congressman Ford does come from a political family here in Tennessee. And he says when you raise the question of his family, you're throwing a Hail Mary desperation pass.

CORKER: No, you know, it's ridiculous. You know, first of all, there's never been a comment ever, never a personal comment ever made about the family.

STEPHANOPOULOS: You did criticize his father's actions as a lobbyist in the last few years.

CORKER: Actually, I was criticizing his actions, sitting on Fannie Mae, sitting on the Financial Services Committee, with his dad lobbying for Fannie Mae.

STEPHANOPOULOS: He says his dad didn't lobby him and he didn't take any lobbying from his father.

CORKER: I understand what he said. I think that over time, the records will show differently.

I think that's very relevant, especially with his dad having been a former congressman, to bring up to me -- that's not like -- it's not personal, it's not attacking somebody that hasn't been in the public arena.

Never, never has anything like that been said.

STEPHANOPOULOS: You've got about three weeks left to go here. It's a tight race. What's it going to take for you to win?

CORKER: I think doing what we're doing. I have faith in the voters of our state to see the true differences that exist between us and really to focus on our abilities to work with other people to solve the complex issues our country deals with.

(END VIDEOTAPE)

STEPHANOPOULOS: This one is going down to the wire. The roundtable is next with George Will, Martha Raddatz and Fareed Zakaria.

And later, the Sunday Funnies.

(BEGIN VIDEO CLIP)

JAY LENO, HOST, TONIGHT SHOW: The Republicans finally got some good news over the weekend. The North Koreans set off a nuclear bomb. Whew, thank God. It was so powerful, knocked the Mark Foley story right off the front page.

.(END VIDEO CLIP)

(COMMERCIAL BREAK)

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Marg Helgenberger.

(BEGIN VIDEOTAPE)

STEPHANOPOULOS (voice over): The CSI star has teamed up with other Hollywood leading ladies to get out the vote.

Women's Voices, Women Vote is a nonpartisan movement aimed at the 20 million single women who stayed home from the polls in 2004.

HELGENBERGER: I think the women's vote is very important. I think that the fact that there was 20 million single women in the last election that didn't vote -- when I heard that figure, I was, kind of -- I was saddened by it actually.

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE: 20 million women...

UNIDENTIFIED FEMALE: ... the largest group...

UNIDENTIFIED FEMALE: ... of nonvoters in America.

UNIDENTIFIED FEMALE: We can that.

HELGENBERGER: Voting together...

UNIDENTIFIED FEMALE: We have the power to decide.

(END VIDEO CLIP)

HELGENBERGER: I think that women do not use nearly as much of their power as they're capable of, and for all different kinds of reasons. I think women, especially if you have a career and children, I think so much of your time is just spent trying to find the balance between those two and prioritizing your life and that whatever your issues or your cause is, kind of, gets lost in the shuffle. The campaign -- it certainly will get people's attention. If something with sexual connotations will get people to vote, why not, you know?

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE: You want me to tell you about the first time I did it?

UNIDENTIFIED FEMALE: I think the best time is in the fall.

UNIDENTIFIED FEMALE: I like to do it in the morning.

UNIDENTIFIED FEMALE: I told everybody. I had such a big mouth about.

UNIDENTIFIED FEMALE: I made a good choice.

(END VIDEO CLIP)

HELGENBERGER: I certainly am not going out there speaking, telling women how to vote or who to vote for. I'm really just saying, just get out there and vote. And it's as simple as that.

(END VIDEOTAPE)

STEPHANOPOULOS: You can hear more from Marg and the rest of today's broadcast on our Web site. Just go to abcnews.com and click This Week.

And now, the Sunday funnies.

(SUNDAY FUNNIES SEGMENT)

STEPHANOPOULOS: That's our show for today. Starting tonight on World News, ABC takes an in-depth look past the problems in American health care, and presents solutions. The series is called Prescription for Change: Fixing American Health Care, and it continues all week long across all ABC platforms.

Take a look at the new Air Force memorial as we sign off today. And thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. The U.N. acts against North Korea's nuclear program, next on Fox News Sunday .

Nuclear saber rattling in North Korea, sectarian violence in Iraq, and then there's Iran. What does the U.S. do now? We'll ask the Democrats' once and possibly future presidential nominee Senator John Kerry and the secretary of state, Condoleezza Rice.

Plus, with three weeks till election day, can Republicans put controversy behind them and keep control of Congress? We'll poll our Sunday regulars, Brit Hume, Mara Liasson, Bill Kristol, and Juan Williams.

And our Power Player of the Week brings Hollywood to Washington, all right now on Fox News Sunday .

And good morning again from Fox News in Washington. Let's start with a quick check of the latest headlines. North Korean officials reacted angrily to the unanimous U.N. Security Council vote Saturday that imposed financial and weapons sanctions on their country.

North Korea's U.N. ambassador called the action gangster-like and warned any more pressure from the U.S. would be a declaration of war.

In Iraq, signs that sectarian violence is getting worse. In separate incidents over the weekend, more than 60 people were killed. And in Baghdad, the U.S. military reports five American

soldiers were killed Saturday. October is now on pace to be the deadliest month for American troops since January of 2005.

And joining us now is the secretary of state, Condoleezza Rice, who comes to us from the presidential retreat at Camp David.

Secretary Rice, welcome back to Fox News.

RICE: Good morning. Nice to be with you, Chris.

WALLACE: Let's start with those sanctions that the U.N. Security Council imposed yesterday on North Korea. The resolution bans trade in weapons and luxury goods, but it explicitly excludes the use of military force and it does not impose the kind of sweeping trade embargo that Japan wanted.

Question: Do you really believe that preventing Kim Jong Il from getting his cognac is going to stop his nuclear ambitions?

RICE: Well, this is a regime that very much likes luxury for itself while it starves its own people, and so I think it's probably gotten their attention. But there's really much more to this story, Chris.

China, which has never wanted to impose sanctions, particularly on a state with which it has close relations, Russia, the United States, Japan, and the entire international community have now imposed the toughest sanctions on North Korea that have ever been imposed, done it unanimously.

It will allow efforts to prevent proliferation in the weapons of mass destruction that Kim Jong Il is brandishing, and it sends a very strong signal to North Korea that it is now completely isolated.

It of course leaves open the possibility of returning to six- party talks and implementing the joint statement that was signed on September 19 of 2005, but this is (inaudible)...

(AUDIO GAP)

WALLACE: But, Secretary Rice, China -- and we're having some technical difficulties, but I'm going to press ahead while we continue to sort them out. I hope you can hear me.

China, which is North Korea's biggest trading partner and shares an 880-mile border with that country, has already said that it is not going to inspect cargo coming in or out of that country, which certainly leaves the possibility that the North Korean regime can still ship out nuclear material.

You're leaving Tuesday for a trip to the region where you're going to talk with North Korea's neighbors. Are you going to try to get them, especially China, to crack down?

RICE: I think you have to, again, Chris, go to where we are. This is remarkable unity of purpose and unity of message to North Korea. It is also the case that there are many details to be worked out, particularly about how this embargo and interdiction might work.

I understand that people are concerned about how it might work so that it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations, but China signed on to this resolution. It voted for this resolution.

It is a Chapter 7 mandatory resolution, and so I'm quite certain that China is going to live up to its responsibilities. But you cannot underestimate how big a blow it is to North Korea to have all of the neighbors now, including what has been its strongest supporter, China, fully united behind sanctions against its nuclear program.

WALLACE: But to press the point, if I may, what do you make of China already saying that it does not intend to inspect cargo going in or out of North Korea?

RICE: Well, China is signed on to a resolution that pledges cooperation in stopping the proliferation trade with North Korea. And I'm quite certain that China has no interest in seeing the proliferation of dangerous materials from North Korea. This is the toughest action that China has ever signed on to vis- a-vis North Korea, and I think when people say well, the United States should have done this bilaterally, you now see why it is important to have all states united.

There will be details to work out. There will be differences in emphases, but the North Koreans now face a united front that will not allow them to continue to pursue their nuclear programs without consequence, and that's an extremely important step.

WALLACE: Secretary rice, is the U.S. prepared to go outside the U.N. to form another coalition of the willing to act on its own to interdict all shipments in or out of North Korea?

RICE: We are very satisfied with this resolution, and we believe now that this resolution should be fully implemented. It will take some work to talk about the implementation of the resolution. That's part of what I will do when I go out to the region on Tuesday.

We believe that there may be other steps that will be necessary given North Korea's behavior. But we are very satisfied with where we are right now, to get a 15-0 resolution that sanctions North Korea under Chapter 7, and I want to just underscore, a mandatory resolution that brands North Korea now a threat to international peace and security, requires North Korea to do some things, requires member states to do things...

(AUDIO GAP)

RICE: For now, we are very pleased with where we are.

WALLACE: Listen, we're continuing to have some technical difficulties, Secretary Rice. We apologize. So why don't we take a break here? And when we come back, we'll continue our conversation with the secretary of state.

(COMMERCIAL BREAK)

WALLACE: And with the hope that our technical problems are now solved, we go back to Camp David and the secretary of state.

Secretary Rice, I want to take you back to the president's state of the union speech in 2002 where he announced -- listed the axis of evil and made this pledge. Take a look.

(BEGIN VIDEO CLIP)

BUSH: The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons.

(END VIDEO CLIP)

WALLACE: Secretary Rice, since then, the U.S. has invaded Iraq, which turned out not to have any weapons of mass destruction, and meanwhile both Iran and North Korea have continued full speed ahead on their nuclear programs.

Hasn't the Bush administration failed to keep the promises pledged that day?

RICE: Chris, let's be accurate with the history here. First of all, everyone thought Iraq had weapons of mass destruction. One thing is certain now. Saddam Hussein's regime will never pursue them again in the way that they did throughout the '90s to the point that they actually used weapons of mass destruction against their neighbors. So Iraq is not a WMD threat.

When you look at Iran, Iran is now under international pressure to give up the early stages of the development of its nuclear program, its enrichment and reprocessing capability. It is a multilateral effort, not just a U.S. effort, and that is extremely important because the United States doesn't need to do this alone and can't do it alone.

Countries have to be committed to sustaining the non- proliferation regime, and with Iran we have six countries, the five permanent members of the Security Council plus Germany, that are pursuing that.

And with North Korea, which has been pursuing nuclear weapons for decades -- this goes back probably to the late 1960s, certainly to the late 1970s and early '80s -- you finally really have a coalition of states that are determined to keep the North Koreans from keeping their nuclear weapons program and progressing.

WALLACE: But, Secretary...

RICE: So this administration has done more than at any other time to make sure that there is really an international coalition to deal with these cases.

WALLACE: But, Secretary Rice, for whatever reasons and whatever the diplomacy, the fact is that compared to 2002 when the president made that speech, Iran has a more developed nuclear program than it had in 2002. North Korea has tested a long-range missile when the president said that would be unacceptable. It has now had a nuclear test.

Aren't two-thirds of the axis of evil more dangerous now than they were in 2002?

RICE: There is no way to suggest that having China, Russia, the entire international community finally unified around a plan, around a program to deal with the nuclear threat from North Korea is somehow less successful than where we were in 2002 when the North Koreans were pursuing a new path to nuclear weapons, where they were breaking out of bilateral agreements with the United States -- where, by the way, just two years before that, they had, in fact, tested missiles.

No, it wasn't a good situation in 2002 -- 2000, and they have continued to pursue their programs, but we finally have the right coalition of states to put enormous pressure on North Korea to reverse its course. We did not have that in 2002 when the president made that speech.

WALLACE: Well, let's talk about how effective diplomacy has been. You appeared on Fox News Sunday back on June 4th and I asked you how long Iran had to respond to an offer to end its nuclear program. Here's what you said at that time.

(BEGIN VIDEO CLIP)

RICE: I think it's fair to say that we really do have to have this settled over a matter of weeks, not months.

(END VIDEO CLIP)

WALLACE: Secretary rice, it has now been 19 weeks, 3.5 full months, since those comments, and the fact is the United Nations has not imposed a single sanction on Iran.

So how effective is the diplomacy, and how much credibility does it give us when we threaten Iran and North Korea?

RICE: Chris, you skipped one step. In July, the United Nations made mandatory the Iranian suspension of its enrichment and reprocessing with a resolution, 1696, that was also 15-0.

We then decided to pursue an option to allow Javier Solana, the E.U. high commissioner for foreign policy, to see if he could find a way for Iran to agree to suspend its program so that we could begin diplomacy. We felt that that was worth it.

But it is now very clear that Iran is not going to take that course, and the work on sanctions has begun in capitals and will begin in the Security Council this week.

So we're moving right along here from February when the IAEA, the International Atomic Energy Agency, said it was not acceptable for Iran to enrich and reprocess, through a resolution in July, to a resolution now within, I think, a few weeks here that will begin to impose costs on Iran for its continued enriching and reprocessing.

And we've done all of that while having put forward a package of incentives that Iran could have taken up and could still take up...

(AUDIO GAP)

RICE: ... its nuclear program. So the international community has achieved a lot. These are not easy matters to handle. But the United States is much better off working with its allies than trying to do this bilaterally and being isolated itself.

WALLACE: Secretary Rice, we continue to have some technical differences there at the end. We want to thank you. Whoops, I think she's gone. Thank you so much for appearing this week and safe travels on your trip overseas starting on Tuesday.

RICE: Thank you.

WALLACE: Joining us now, not by cable line, fiber line, from Camp David, but here in the studio with us is the 2004 candidate for president, Senator John Kerry.

And, Senator, welcome back to Fox News Sunday .

KERRY: Glad to be with you.

WALLACE: Let's start with North Korea. What effect do you think that the U.N. resolution is going to have on North Korea and its effectiveness in trying to stop their nuclear program, and what would you do?

KERRY: Well, let me begin by saying that North Korea is a renegade nation and it's a nation we all understand does threaten.

That said, I think the administration -- and just listening to what I could hear -- I couldn't hear all of it -- of the secretary's comments, they're living in a world of make-believe, Chris. They're living in a complete fantasy with respect to the foreign policy they put in place.

It is a failure. It's a failure in Afghanistan where they have a sort of cut-and-run policy of not completing the job. We have seven times the troops in Iraq.

WALLACE: Well, forgive me.

KERRY: Well, I want to comment, because it's all tied together.

WALLACE: Let's talk about North Korea.

KERRY: Well, this is about North Korea, because the problem with Iraq is that it has diminished our hand and reduced our ability to be able to deal with Iran and North Korea. They are related.

One of the reasons that North Korea can misbehave the way it is today is because the United States has lost its leverage, lost its credibility and doesn't have the capacity to be able to bring countries together in the way that it used to. That's number one.

Number two, with respect to North Korea itself, you hit it on the head. This administration is tolerating. This administration is doing exactly what it said it wouldn't do, which is allowing North Korea to get away with what it's doing.

These sanctions are not the bold, tough sanctions that the secretary talked about. China walked out of there and said we voted for it, but we're not going to enforce the cross-border mechanism, it's too dangerous for our region.

So you have sanctions that are just, by statement of those involved, not going to do the job.

WALLACE: So what would you do differently to deal with this very erratic regime of North Korea?

KERRY: I would do precisely -- I would do precisely what I said for the last five years consistently, which is engage in bilateral, face-to-face negotiations with North Korea, make it absolutely clear to North Korea that we are not intending to invade and have a regime change, and work on the entire set of issues that are outstanding since the armistice with regard to the north.

WALLACE: But, Senator, let me ask you about that. Let's look at what you espoused as your basic foreign policy principle during the 2004 campaign. Here it is.

(BEGIN VIDEO CLIP)

KERRY: America is stronger. Our troops are safer. And our success is more certain when we build and lead strong alliances, not when we go it alone.

(END VIDEO CLIP)

WALLACE: Alliances, not going it alone. Multilateral, not bilateral. Doesn't it still make sense to engage North Korea in talks with all of its neighbors, including China and South Korea, who have a lot more leverage than we do, rather than just get into a conversation about nothing with them ourselves?

KERRY: But it's not a conversation about nothing, Chris. It's a negotiation. Just as Ronald Reagan was prepared to go negotiate with the evil empire and come to an agreement with Gorbachev, we have to be prepared to go negotiate with North Korea, just as Nixon...

WALLACE: But what leverage do we have?

KERRY: ... was prepared to send Kissinger to China -- the leverage of the stakes between the two nations.

Let me go back in time. Bill Clinton was in office for eight years. When he started out in office, there was enough fuel for bombs for about one to two bombs. They were members -- North Korea was a member of the non-proliferation treaty and North Korea had not tested.

At the end of Bill Clinton's term, they had enough fuel for one to two bombs, they were members of the non-proliferation treaty, and they had not tested. Now they have enough fuel for nine to 10 bombs. They say they're going to build -- get enough for five to six more. They've pulled out of the non-proliferation treaty. We no longer have cameras in the reactor. We no longer have inspectors in the reactor. We no longer know where the fuel rods are. We know that they have now tested.

The United States of America is less safe, and the six-party talks have been a cover to get away from the idea, because George Bush and Dick Cheney decided ideologically in 2002 they would break off the oil trade, they would not build the nuclear reactors, they would not keep the framework that had been agreed on, and from that moment on, it's been downhill with North Korea.

WALLACE: Senator, there are several points you've made that I'd like to ask you about.

KERRY: Absolutely.

WALLACE: But first of all, one, all independent experts say that by 1997, North Korea was cheating on the Clinton agreement.

KERRY: Absolutely. But cheating...

WALLACE: If I may ask my question -- and in fact, had already begun secret uranium enrichment. I think to get to the larger issue...

KERRY: Can I stop you there for a minute? Because it's very important, what you just said. Uranium enrichment -- their bombs are plutonium.

And the fact is with respect to the threat of the United States, while we knew they probably were cheating, we were on a road where we had them in the non-proliferation treaty. They didn't have additional bomb capacity, and they hadn't tested.

And if we had stayed on that road, then we could have perhaps had a better opportunity to be able to curb this.

One other very critical thing. Eisenhower taught us this. I mean, Richard Nixon taught us this. By working through the diplomatic process and doing it in a legitimate way that builds you credibility, you bring people to your side so that if and when it comes to the moment of crisis, they're prepared to be with you.

Nations are not prepared to be with us today because this administration has broken faith with all of that kind of effort.

WALLACE: I mean, some people would say you want to have it both ways. In the case of Iraq, you blister the United States for acting unilaterally, and here you're attacking them for acting multilaterally.

KERRY: No, Chris.

WALLACE: But if I may, let's go to a speech that you made in New Hampshire...

KERRY: No, no, no, you can't make a statement like that and just get away with it. I am not going to let you do that.

WALLACE: I'm going to ask you a question, and then you can answer the whole thing. You made a speech in New Hampshire on Friday night where you blistered the Bush approach to North Korea. Let's take a look at that.

(BEGIN VIDEO CLIP)

KERRY: When George W. Bush turned his back on diplomacy, Kim Jong Il turned back to making bombs, and the world is less safe today because a mad man has the Bush bomb.

(END VIDEO CLIP)

WALLACE: The Bush bomb?

KERRY: Yes.

WALLACE: I mean, don't you really think you should blame this on Kim Jong Il, not President Bush?

KERRY: It's a bomb that has been developed because of the unwillingness of this administration to engage in opportunities that every expert says have been there all the time.

President Carter went over there in 1994 and President Carter negotiated an agreement. Now, rather than continue that agreement in 2002, this administration just arbitrarily decided, out of ideological whatever -- anything but Clinton -- they proceed down a different road.

And things have gotten worse. Things have gotten worse in Afghanistan. Things have gotten worse in Iraq. They're not telling the truth to the American people about a civil war in Iraq.

They don't listen to the generals on the ground in Iraq. The generals have said it's a debacle. They've said Rumsfeld doesn't have credibility. They're not standing down while the Iraqis supposedly stand up.

In every aspect of our foreign policy, this administration has misled Americans and misled the world. And they don't have credibility. Chris, this is not political. This is not political.

WALLACE: Well, it's a little political.

KERRY: No, it's not political. No, it's not political. It used to be that foreign policy was something that was done on a bipartisan basis. It used to be that the politics ended at the water's edge.

And the fact is that they have so left people out of this process, so disregarded all the advice that they've been given, even their own advice in their administration, that they've now isolated themselves in the world.

And our troops are paying the price of an administration that has not leveled with the American people and has lost credibility in the world. And that's why Iran is emboldened, and that's why North Korea is emboldened.

WALLACE: Senator, back in 2004 -- and this is the summer of 2004 by which point we all knew that, in fact, there were no weapons of mass destruction in Iraq -- President Bush challenged you on whether you would still have voted for the authority to go to war. Here's what you said.

(BEGIN VIDEO CLIP)

KERRY: Yes, I would have voted for the authority. I believe it was the right authority for a president to have.

(END VIDEO CLIP)

WALLACE: But this week you wrote this, and let's put it up on the screen, There's nothing -- nothing -- in my life in public service I regret more, nothing even close. We should all be willing to say I was wrong. I should not have voted for the Iraq war resolution.

Senator, if it was right to vote for the Iraq war resolution in 2002 and it was right in August of 2004, why is it now your biggest policy mistake?

KERRY: Because this administration has made every mistake and abused every authority that it was given to such a degree beyond where we were at that point in time.

And also, we have learned since then, Chris, of the degree to which they misled us, the degree to which they have abused the authority that they were given. At the time...

WALLACE: But you didn't know that in August of 2004?

KERRY: No, we were about one year out from the start of the war then, Chris. A whole series of things that we thought could be done -- I was still saying that I thought we could, hopefully, if they made the following decisions, make it a success.

I went to Fulton, Missouri. I went to New York University. I went to Georgetown University. I gave three speeches in which I laid out what I thought the president needed to do to make a success of Iraq.

In each case, we offered the president the best advice that we could give. The president didn't follow that advice. On the last occasion, I said this may be the president's last chance to get this right. The president didn't do what's necessary. He still hasn't.

You have to resolve the differences, political differences, between Shia and Sunni. And there's nothing our troops can do to do that. General Casey has said this can't be resolved militarily. Condi Rice has said this can't be resolved militarily.

So I ask you, Chris, and I ask the president, where is the summitry? Where is the statesmanship? Where is the diplomatic effort similar to those we've seen in the past in American history to resolve those differences and end the civil war?

And if you don't engage in that, then our troops are going to continue to die with a strategy that is wrong.

WALLACE: But I want to ask you a question which goes to you...

KERRY: Sure.

WALLACE: ... not to President Bush, because this, quite frankly, is a rap against you. Isn't this -- and I'm talking about your vote now for the war resolution and now your recanting of this -- isn't this another case of I was for the $87 billion before I was against it?

KERRY: No. I was for the $87 billion if we paid for it and if we had a plan, and we voted on that in the Senate. And when the vote lost, then I voted against it because I thought it was a matter of conscience and principle. And I should have said that more clearly.

In the same way now, this vote -- look at what the president's done. He said he would go to war as a last resort. He didn't. He said he would exhaust the remedies of inspections. He didn't. He said he would build a legitimate coalition. He didn't.

He now has made every mistake possible so he has isolated our troops, isolated America. This is a civil war. He even continues to mislead Americans about Iraq being the center of the war on terror. It is not now and it hasn't been the center.

We were attacked by Osama bin Laden from Afghanistan. We have seven times the troops in Iraq that we have in Afghanistan, where they're still plotting against American airliners and against Americans. The center of the war on terror is Al Qaida, now distributed in some 65 countries around the world.

And this administration even cut and run and failed to do...

WALLACE: All right.

KERRY: ... what it could have done at Tora Bora to capture or kill Osama bin Laden.

WALLACE: We've got a little over a minute left, and I want to ask you a little about politics, because it's no secret that you are actively considering the possibility of running for president in 2008.

And you said in a recent article, Next time I would campaign in more states, next time I would respond more aggressively to the swift boats. But why shouldn't Democrats say look, here was John Kerry in 2004, he had a great chance, he was running against a president who had gotten us into war for reasons, for intelligence that turned out to be wrong, he had his chance and he blew it?

KERRY: Well, some will ask that question, and they have a right to. But there's an answer to that question. The fact is that in the course of a campaign, you make some judgments.

Our judgment was that the truth was out there, that enough newspapers, enough people had the truth about my record. That was a misjudgment, a miscalculation, but I don't think that a tactical miscalculation necessarily eliminates you from whatever basic policies, basic experience, basic life commitment and ability to be president.

And finally, most importantly, you know, I think the real test is that it was a very different time. We were at war, one year out from the war. Osama bin Laden appeared in the last hours of the campaign, changed the whole debate.

I'm not embarrassed by that campaign. We did a hell of a job. Our people were extraordinary. You know, I'm proud that I won 10 million more votes than Bill Clinton did winning reelection in '96.

We exceeded our vote goals in every precinct in America. We came within 59,000 votes of wining in one state against a president in time of war who lied about my record personally -- the campaigns did -- and who lied about the war.

WALLACE: We have only 30 seconds left. A lot of Democrats, I'm sure, are saying look, a lot of bad things happened over the course of these four years from 2004 to 2008, because you -- it may have been a good campaign, you got a lot of votes -- you lost.

KERRY: That's right.

WALLACE: Why shouldn't you be held responsible and why should you get another chance?

KERRY: Well, Some will, and I'll make the decision based on what happens over the next few weeks. And when I do, I'll make the argument for why I should get a chance.

But look, why should Ronald Reagan have won four times for the nomination and finally on the fourth he won the nomination? John McCain, their leading candidate -- didn't he get kicked around South Carolina by the same president because he wasn't patriotic enough as a prisoner of war? He's now their leading candidate for president.

Richard Nixon seemed to get kicked around pretty badly both running for president and governor, turned around and came back and got elected president.

I think in America, Americans give people a second chance. And if you learn something and prove you've learned something, maybe even more so. Now, I don't know what I'm going to do yet. We'll make that decision down the road.

WALLACE: And you always have a place here at Fox News Sunday to make that announcement, Senator.

KERRY: Oh, thank you.

WALLACE: Thank you so much for coming on and talking with us again. And please, don't be a stranger. Come on back.

KERRY: I'm happy to be here.

WALLACE: Thank you, sir.

KERRY: Thank you.

WALLACE: Coming up, our Sunday regulars on the nuclear standoff with North Korea. Is a diplomatic solution still possible? Stay tuned.

(BEGIN VIDEO CLIP)

BUSH: We are united in our determination to see to it that the Korean peninsula is nuclear weapons free.

(END VIDEO CLIP)

WALLACE: That was President Bush on Saturday talking about the new U.N. sanctions against North Korea. And it's panel time now for our Sunday gang, Brit Hume, Washington managing

editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of The Weekly Standard, and Juan Williams, also from National Public Radio.

So, Brit, what do you make of this U.N. Security Council resolution that they passed yesterday? Do you think it will have -- and it's pretty hard to predict when it comes to Kim Jong Il -- an effect on North Korea's nuclear ambitions?

HUME: It's better than nothing. It's not nearly as strong as it could be and perhaps needs to be. The most important provision is the one that calls for the inspection of cargo coming in and out of that country, mostly cargo, I think, comes in and out of that country by sea, which sets up -- it says that all nations can enforce such an inspection regime, which raises the possibility that if, you know, neighboring nations or the U.N. itself is not willing to do this, then the United States with willing allies could do it, or the United States could do it by itself, which I think is probably the best hope for having that be effective.

WALLACE: Although I will say I asked Secretary of State Rice that, and she is not willing to go that far.

HUME: Yet.

WALLACE: Yet, exactly.

HUME: Right.

LIASSON: I think the real question is who's going to execute this. I mean, China -- as soon as we finally got China and Russia on board, at least for this language, China was saying it's not going to do the inspections, it's not -- and a tremendous amount of stuff comes over the border to China, too. I don't know if that's the way they would export nuclear technology, but a lot of this is going to be about execution and how willing countries like China or Russia are to actually do these inspections.

I agree with Brit, better than nothing, got everybody on the same page at least on these sanctions, which on the face of it looked pretty tough, but they have to be enforced.

WALLACE: Bill, in the new issue of The Weekly Standard, you -- and you really know how to hurt a guy -- talk about the Bush foreign policy. You compare it to Clintonian huffing and puffing. Has your opinion changed now with the passage of this resolution?

KRISTOL: No, not really. I mean, North Korea has a nuclear weapon. They've launched a missile. They're going to probably test more nuclear weapons. What happens the next time they put a missile up on a launch pad, incidentally? Are we going to let them test again? I don't think so.

The sanctions are not serious enough to bring down the regime or to cripple their nuclear program. Therefore, we now have -- we are acceding to a nuclear North Korea, it seems to me, and we're going to accede to a nuclear Iran, it looks to me like.

WALLACE: So what should...

KRISTOL: What we should do is go back...

WALLACE: ... the Bush administration do?

KRISTOL: ... to the Bush policy, the Bush policy articulated...

WALLACE: Wait a minute, this is the Bush policy.

KRISTOL: No, it isn't. You played the clip of President Bush. What did he say in that wonderful -- in the state of the union...

WALLACE: 2002.

KRISTOL: ... in 2002? The United States of America will not permit the most dangerous regimes to threaten us with the most dangerous weapons.

What did Secretary of State Rice just say to you? We can't do it alone, we need the international community. That's not what President Bush said in 2002. He said on a matter of this fundamental importance, we will lead, we will not drag ourselves down to the lowest common denominator, of what China will accept in the U.N. resolution.

I'm afraid the president in the last year has -- he's put such -- maybe he feels he has to, but he's putting such great stock in the notion that we can't be separated from our European friends with Iran, we can't be separated from China and Russia with respect to North Korea, that we're acceding to what we once said we would not accept. WILLIAMS: Well, but the change, Bill, is that you've got, you know, 140,000 American troops in Iraq at the moment, and you've got a situation where even, you know, the British are talking now about pulling out, their army chief of staff this week saying, you know, they're going to pull out.

And you have the U.S. Army chief of staff, Peter Schoomaker, saying this week that U.S. public support even for the war in Iraq is tepid. That's his word.

And here you are suggesting well, in fact, what we need to do is be more aggressive, put more boots on the ground and go at the North Koreans in some way without our allies. And even the British, our best allies, are pulling out on -- you know, are suggesting they're ready to leave Iraq. I mean, how many fronts can we fight on?

KRISTOL: More than one. I mean, this is the fundamental question. Has Iraq so weakened us that we can't do anything about North Korea and Iran? Can we accept that? Iraq's more difficult than we thought. Does that mean we accede to a nuclear Iran or a nuclear North Korea? I don't think so.

WILLIAMS: No, but you're going to have to take steps and you have to build. I mean, the key point here is to engage in some kind of meaningful alliance with the Chinese, with the Russians, with other people, especially with the Japanese, I think, to try to hold and contain North Korea. But to suggest you go bomb them...

HUME: Well, Juan, it's pretty hard to argue, it seems to me, that the administration isn't doing exactly what Juan just described, which is to try to engage in a meaningful alliance.

What I think is happening now is that the limits of such alliances are being tested. To have an effective alliance against North Korea, you need China to be a willing and active participant. China is kind of a semi-willing and active participant. Similarly with Iran, you need other nations to be willing to be as tough as you are. We're partway there, but not very far.

At the end of the day, the question really is -- and it's being slowly answered -- is whether the United States is going to have to deal with these threats in whatever way it can ultimately and almost entirely by itself.

WALLACE: But, Brit, let me ask you about this. Let me ask you, in effect, the same question I asked Secretary of State Rice. I mean, when you look at the fact that it's 19 weeks after she said weeks, not months, for cracking down on Iran, and in fact, there hasn't been a single sanction imposed on Iran, and you see what they have come up with, and clearly it was weakened and watered down in the U.N. Security Council against North Korea, does that send a message of strength or weakness?

HUME: Well, it depends on how you look at it. I wouldn't spend too much time worrying about whether it's 19 weeks or 19 days. What matters in the end is -- how much progress they could have made on their nuclear weapon in that period of time, nobody knows.

But at the end of the day, this is likely to be judged by what is actually forthcoming, and then we see what effect that has. This process of doing this diplomatically is not going to be swift. It never has been, and it never will be. So I wouldn't worry too much about the time tables. I'd worry about the results.

WALLACE: Let me ask you, Mara, about the politics of this, because -- kind of an interesting debate this week as to whether the North Korean crisis in effect helps the Republicans because it puts national security and the war on terror back as the top issue, or in fact that it hurts Republicans and helps Democrats because it says look, they have not been able to deal -- to get under control Iran and North Korea while they've been bogged down in Iraq.

How do you think it cuts politically for November?

LIASSON: You know, right now I don't see it helping the Republicans. I don't see it necessarily helping the Democrats a lot. But it's not necessarily a great achievement for the Republicans to show that their policy has so far not been effective.

As Bill has said, you lay down some red lines. The North Koreans walked right up to them and crossed over. I don't think this makes people think the Democrats are going to keep us safer, but I don't think it's the slam-dunk that usually national security events are for Republicans.

WALLACE: Take a drink of water.

Bill, your thoughts on the political...

KRISTOL: Yeah. I mean, national security is supposed to be the advantage for Republicans, and now it's neutral. I mean, John Kerry's recommendations are even more ridiculous than Condi Rice's wishfulness. It reminded me why, at the end of the day, I still prefer the Republicans to the Democrats.

But you can't really -- you know, Bush isn't doing anything -- the advantage Bush had in 2002 and 2004 on national security, the advantage Republicans had, is gone. That's what's going to account for the different outcome this year. That is the big change.

For all the talk about how tough the first term was, unilateral, big problem, Bush won in 2002 -- Republicans won in 2002. Bush won in 2004. He's adopted this wonderful multilateral diplomacy, U.N.- focused policy in 2006, and he's frittered away the advantage he has over the Democrats...

WALLACE: And we've got about 30 seconds left in this segment. So did George W. Bush fall into the Democratic trap by going multilateral?

WILLIAMS: No. I think that it's the right thing to do. But you're in a situation here where, you know, in fact, they've tried to blame the Clinton people, tried to blame... HUME: Who in the administration did that?

WILLIAMS: John McCain.

HUME: Name one person -- McCain is not in the administration.

WILLIAMS: Well, I think McCain was carrying administration water here when he...

HUME: Oh, please.

WILLIAMS: ... tried to blame Clinton, saying it was Clinton policy. But look, the problem is that he's clearly now in a position where the things that were giving him a boost -- the president I'm talking about -- the things that were giving him a boost in September are not working in October.

So unless Karl Rove is going to bring out Osama bin Laden or something, the Republicans have not had a good month so far.

WALLACE: Let's take a quick break here. We can continue this conversation. And in fact, as the rhetoric gets tougher here at the table, it also is getting hotter on the political trail. We'll examine the battle lines for '06 and '08 right after this break.

(COMMERCIAL BREAK)

WALLACE: On this day in 1991, Clarence Thomas won Senate confirmation as a justice of the Supreme Court. He replaced Thurgood Marshall, becoming the second African-American to serve on the court.

Stay tuned for more from our panel and our Power Player of the Week.

(BEGIN VIDEO CLIP)

CLINTON: Some of the reason we are facing this danger is because of the failed policies of the Bush administration.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

MCCAIN: The framework agreement her husband's administration negotiated was a failure.

(END VIDEO CLIP)

WALLACE: Senators Clinton and McCain, the two leading presidential contenders for 2008, threw some punches this week over who's responsible for the mess in North Korea.

And we're back now with Brit, Mara, Bill and Juan.

Well, Brit, I detected more of an edge this week than we've seen generally from John McCain, especially when he went after, as he put it, Senator Kerry and Mrs. Clinton.

HUME: Well, he was responding, obviously, to something that she'd said. You showed it there. And that was an issue in which he was involved at the time, and it was critical, as I recall, at the time of what the Clinton administration did.

The idea that Juan suggested, that he was doing this to carry water for the Bush administration, borders on the ludicrous. McCain speaks for himself, and the Bush administration would love to get him to speak for them more often. It doesn't happen very often, and didn't happen this time.

But it is a symptom of '08 ambitions and possible rivalries as well as anything else. Privately, they're said to get along, Senator Clinton and Senator McCain, rather well, but not for that moment.

WALLACE: But, Mara, let me ask you about this, because Senator Clinton had to apologize to Senator McCain personally this week, I guess on the phone, but called him directly. Talk about that, if you will. LIASSON: Right, for something else. Apparently, somebody, a Clinton advisor -- we don't know who it is -- talked to Maureen Dowd on the telephone, the New York Times columnist...

WALLACE: Maureen Dowd, the columnist for the New York Times.

LIASSON: ... and said that when McCain said that, he looked like he was back as a prisoner of war in Hanoi spilling the names of his comrades.

WALLACE: Right.

LIASSON: Well, first of all, she apologized for that. That was way out of line. The McCain-Clinton rivalry, of course, is great fascination for everybody in the press corps. Also, it's at a fever pitch now, 2.5 years in advance. And I think the two of them are going to be going at this for the next 2.5 years like this.

I think more interesting is how the debate about which administration is more to blame for North Korea is going on right now in the context of the 2006 midterms, and it has become an issue.

WALLACE: Yes?

KRISTOL: Well, Senator Clinton was right to apologize for the alleged comment of her alleged advisor to Maureen Dowd. I mean, it was a ridiculous comment and she was right to apologize.

WALLACE: Let me turn and ask you about something else, Juan, and that was there was a big surprise this week in the presidential race, the 2008 presidential race. Former Virginia Governor Mark Warner, who had raised about $10 million and seemed to be doing pretty well in positioning in the south as the kind of moderate alternative in the Democratic race to Hillary Clinton, suddenly dropped out. Here's how he explained it.

(BEGIN VIDEO CLIP)

WARNER: For a while I want a piece of a real life. And as good as things look politically, I'm not going to take the next step.

(END VIDEO CLIP)

WALLACE: Are we all incurably cynical to immediately doubt anyone in American politics who says they want to spend more time with their family?

WILLIAMS: Yeah, we probably are. But he's got a lovely family. He really is a family guy.

WALLACE: But we do doubt it, don't we?

WILLIAMS: Well, of course we doubt it, because we've been around for a while. But he has a lovely family, as I said, and you know, now the competition is who is going to be the anti-Hillary, who's going to be the person who comes up and challenges.
And he was in good position, not only former governor of Virginia, but in keeping with the notion of former governors like Clinton and Carter, southern governors coming along.

WALLACE: And is the more effective threat to Hillary Clinton and the Democratic field from the right, as Warner wanted to be, or from the left?

WILLIAMS: Well, now I think there's nobody on the right. I don't know who you would put there, because I...

WALLACE: Evan Bayh, perhaps?

WILLIAMS: Maybe, but I don't see him as having, at the moment, the kind of support, the kind of fund raising prowess, that Warner had.

So what we come down to now is the possibility of Edwards, maybe John Edwards, a southerner, or then you go to the really outlandish possibility, I think, of Barak Obama, or, maybe not so outlandish, Al Gore. Does Al Gore get in? But Al Gore would be coming at her from the left again.

KRISTOL: Al Gore will be a powerful challenger to Hillary Clinton. I think he'll run, and there will be a moment in the debate, which I hope you two are moderating, in late 2007 when Al Gore will, on the stage in New Hampshire or Iowa, will say, With all due respect, Senator Clinton, Senator Edwards, Senator Kerry, Senator Biden, you were all in the Senate and you voted for the war, and I said it was a mistake. I was right.

And for a Democratic primary audience, that is a powerful message that Al Gore will bring, I think. So I think Gore will be competitive against Clinton.

LIASSON: You know, I don't know if Gore will actually run. He might be happier doing what he's doing now. But I agree with you, that's a moment that any politician would really hate to miss.

Look, for a long time, I've said that the debate inside the Democratic Party for the nomination was going to be Hillary vs. some red state governor. But now I'm not sure. I do think there's -- there was always going to be challengers from the left and the right to her.

But she has very effectively, I think, taken up some of the ideological terrain on the right, so that I think the challenge might come from the left. She's also worked very hard to tamp down all that left-wing dissatisfaction with her. She's been a lot tougher on Bush lately. So I don't know if there's actually going to be a credible red state alternative to her.

HUME: Let's talk about this possibility. It seems likely now in almost all cards that the Democrats will get control of the House, which will bring us two years of Speaker Nancy Pelosi,

who is not a popular figure or a respected figure nationally. Her behavior will be more visible than ever, more conspicuous than ever.

What effect does that have on the possibility of Hillary Clinton being nominated or elected in 2008? I think it's a very good question. I suspect the effect would not be terrifically positive.

WILLIAMS: Well, I think that if you look at Hillary Clinton, people are going to have enough problems with her as a polarizing figure without going into Pelosi. But I am interested to hear the great Brit Hume say that he now thinks the Democrats will win the House of Representatives, if that's what you're saying.

HUME: If the election were held today, they would.

WILLIAMS: And so you think that's what's going to happen when the election is actually held in November?

HUME: Well, don't ask me to predict.

WILLIAMS: Well, look. I think the Republicans have had a bad time. Bob Ney now is, you know, pleading guilty but he's not resigning. That just keeps this thing -- the Foley thing.

But I mean, it strikes me that what's really telling in this 2008 scenario is that McCain has all along been a key supporter -- this is not ludicrous, Brit, but a key supporter of the Bush administration on Iraq.

And given his military credentials and the fact that, as Bill Kristol, I'm sure, will tell you, Iraq will be the determinative factor in 2008, McCain has been a supporter.

HUME: He's also been a consistent critic of the way the war has been managed and handled. He has been one of the harshest critics of John McCain -- I mean of Donald Rumsfeld, so make no mistake about that. To say that he speaks for the administration is silly.

WALLACE: Let me just ask Bill Kristol, do you share Mr. Hume's pessimism about Republican chances in November?

KRISTOL: Yes. I mean, I've talked to a bunch of pollsters and campaign strategists who are working on real races late this week. Our colleague Fred Barnes did, too. Fred's even more cheerful, usually, than I am, and he thinks the House -- certainly, if the election were held today, the House would be lost.

And there has been real erosion over the last week in a bunch of House polls and even in some Senate polls.

WALLACE: In about 10 seconds, Mara, do you agree?

LIASSON: I think the situation looks worse for the Republicans than it did a couple of weeks ago, and they've only got about 3.5 weeks to turn it around.

WILLIAMS: I've been out on the campaign trail, and boy, I'll tell you, local issues are counting, and those do help Republicans. WALLACE: Help Republicans.

WILLIAMS: Yeah.

WALLACE: All right. Thank you, panel. That's it for today. See you next week. More to talk about.

Time now for some mail, and most of it was about the Mark Foley congressional page scandal. Lou Bauman from Utah writes, The Republicans' reaction to the Mark Foley scandal is yet another issue that illuminates the differences between Republicans and Democrats. The Republicans aren't perfect, but they at least strive to improve.

But Mark Strubhar from Illinois has little patience for the GOP response or charges that Democrats leaked the story. If the Republicans had taken care of the problem in the first place, there wouldn't have been anything to leak.

Be sure to let us know your thoughts by e-mailing us at fnsfoxnews.com.

Up next, our Power Player of the Week.

(COMMERCIAL BREAK)

WALLACE: Ever since the movie classic Mr. Smith Goes to Washington, Hollywood producers have brought their crews to the nation's capital to film their stories, but if you think it happens on its own, just ask our Power Player of the Week.

(BEGIN VIDEOTAPE)

PALMER: Last year we did $61 million, which is quite a big deal of money in terms of production.

WALLACE: For 20 years, Crystal Palmer has been head of the D.C. Office of Motion Picture and Television Development, her job to get everything from commercials to documentaries to feature films shot in the nation's capital.

Why is movie-making important to Washington, D.C.?

PALMER: Jobs and revenue. Those are the variables that make us go after this business.

WALLACE: It can mean big money. One movie, National Treasure, brought in $6 million and 1,200 jobs to the local economy. So Palmer is constantly pitching D.C.

PALMER: We read tons of scripts. We submit tons of proposals. Sometimes it works. Sometimes it doesn't. We go to trade shows. We run advertisements.

WALLACE: It doesn't stop there. We caught up with Palmer on the set of The Shooter, a movie starring Mark Wahlberg about an ex-CIA agent. (BEGIN VIDEO CLIP)

PALMER: How's the shoot been going?

(UNKNOWN): Oh, the shoot's been going great.

(END VIDEO CLIP)

WALLACE: Once the crew is here, Palmer's staff scouts locations and helps with logistics, the most common request to shut down Pennsylvania Avenue for a fake presidential motorcade.

PALMER: And they basically recreate exactly as it exists, and the same offices that are used in the actual one are used in the movies.

WALLACE: Then there are the tougher assignments, like closing down Key Bridge for a scene in the movie Deep Impact.

This is one of the central...

PALMER: Yes.

WALLACE: ... ways in and out of Washington. How long did you shut it down for?

PALMER: Oh, it was probably about 10 hours, 10, 12 hours.

WALLACE: And there are the requests even Palmer can't satisfy, such as when the producers of Legally Blonde 2 wanted to shoot inside the U.S. Capitol.

They literally say we'd like to -- can you shut down the Senate, we'd like to shoot a movie here?

PALMER: Yes.

WALLACE: Do they not take no for an answer?

PALMER: Oh, eventually they do.

WALLACE: Washington has also tried to market itself as the site for world premieres. They recently opened the movie The Guardian here.

And do you make money off a premiere?

PALMER: Yeah, we do. Actually, we made close to $1 million dollars off that event.

WALLACE: Who are more demanding, politicians or movie producers?

PALMER: Movie producers. They just have so much of themselves wrapped up in it.

WALLACE: And they don't always listen to reason? PALMER: Well, I guess the only reason is their reason, and so you just kind of try to help them create what they want.

(END VIDEOTAPE)

WALLACE: Crystal Palmer says it was a big blow when the long- running show The West Wing went off the air. Now she's rooting for another successful T.V. series based in Washington.

And that's it for today. Have a great week. And we'll see you next Fox News Sunday .

CBS – FACE THE NATION

BOB SCHIEFFER, host: Today on FACE THE NATION, the nuclear crisis in North Korea. Yesterday, the United Nations Security Council unanimously imposed sanctions on North Korea in response to a suspected nuclear test earlier in the week. North Korea says it will respond with, quote, "physical countermeasures." What if they do? What will the response of the United States be? Are we prepared to take military action to carry out those sanctions? We'll ask the secretary of state, Condoleezza Rice.

Then, we'll get perspective on this and where we go in Iraq from Senator John Warner, Republican chairman of the Senate Armed Services Committee, and the former chairman of that committee, Democrat Sam Nunn.
David Sanger of The New York Times joins in the questioning, and I'll have a final word on the reassurance of knowing that things don't always work out the way they are supposed to.
But first, the secretary of state on FACE THE NATION.
Announcer: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now, from CBS News in Washington, Bob Schieffer.
SCHIEFFER: And good morning again.

BOB SCHIEFFER, host:

The story today is North Korea, and we begin with Secretary of State Condoleezza Rice, who joins us from Camp David.

Madame Secretary, thank you. And let's get right to it.

The UN Security Council, of course, in a 15-to-nothing vote, China and Russia going along, impose tough sanctions on North Korea. It bars them from importing and exporting everything from luxury goods to anything having to do with weapons, especially nuclear weapons. I guess my question to you is, how will this be enforced?

Dr. CONDOLEEZZA RICE (Secretary of State): Well, it is a mandatory resolution under Chapter 7, and it is a 15-0 vote, and that is a remarkable evolution, particularly for China, which has had a very close relationship with North Korea. And I just think it shows how really angry the world is with North Korea for doing this, and how concerned.

It will be enforced because member states have an obligation to enforce it. I think there are some matters that will need to be worked out, Bob. This resolution came about more rapidly perhaps than any in recent memory of this--of this magnitude. So there will be some matters to be worked out. There will be a committee to work out some of the sanctions. There will probably have to be some discussions about how interdiction might take place. But this is a really resounding defeat for North Korea, and it's a resounding victory, really, for the international community in its efforts to deal with proliferation matters.

SCHIEFFER: Well, let me just ask you about this interdiction. Let's say, for instance, is the United States prepared to board North Korean ships, or other ships coming into North Korea, to make sure that they're not bringing in some of these materials that this resolution prohibits?

Dr. RICE: Well, it is likely that countries that are receiving these ships in their waters, or in their ports, can request, or can in fact under this resolution demand the right to board. I think that we don't want to get out ahead of ourselves. Obviously, this is a very important tool that the international community can, can use, but will want to use it in a way that does not enhance the possibility for, for open conflict. And we want to have a very serious discussion about how to use this interdiction position.

SCHIEFFER: But what about in international waters? Will US ships interdict ships that are going into North Korea?

Dr. RICE: This is a cooperative arrangement between member states. It is--it relates principally to suspicious cargo through intelligence matters and the like. But again, Bob, I think that we want to work out the details of how this will work. This is a powerful tool, but it's also a tool that needs to be used carefully. And I don't think I want to speculate about how it's going to be used.

SCHIEFFER: OK. Let me just ask you one more question about this. Let's say North Korean ships, are we prepared to stop them as they're leaving, to see what they've got in them?

Dr. RICE: Bob, we are prepared to do what we need to do to make certain that North Korea is not exporting dangerous proliferation materials. And this gives us a tool to do that.

SCHIEFFER: All right.

Dr. RICE: But again, I think it's very important that we take the time to work out the details, because it's a powerful tool, but it's one that needs to be fully understood.

SCHIEFFER: All right. Madame Secretary, I want to bring in David Sanger of The New York Times. He has spent time in North Korea, as you know, and a lot of time in that part of the world. David:

Mr. DAVID SANGER (White House Correspondent, The New York Times): Madame Secretary, as you know, much of what goes in and out of North Korea goes across the very long border with China, a land border. And the Chinese ambassador, leaving the UN yesterday, said that he would not see China enforcing any restrictions that, quote, "would create conflict that could have serious implications for the region." If that's his view, what makes you think they'll enforce the ban along the border?

Dr. RICE: Well, I don't think anybody wants to create conflict. But China is a party now to an international resolution, a Security Council resolution that demands very clear cooperation of member states to make certain that dangerous goods are not getting in and out of North Korea.

North Korea has a long border, as you say, with China. It also has very close relations with China. But China has come a very long way in being willing to sign onto a resolution that makes China now responsible to make certain that North Korea's not trading. So I think that you're going to find China carrying out its responsibility; undoubtedly carrying it out in a way that it believes will not enhance conflict. None of us want to enhance conflict with these measures. We just want to keep North Korea from trading in dangerous materials.

Mr. SANGER: Madame Secretary, when you think back about the period of time that you've had to handle this difficult problem, back in 2003, just as the United States was headed into Iraq, you had a brief moment when the North Koreans had thrown out the inspectors, and had declared that they were going to take their collection of fuel rods that the inspectors had locked down, and were going to turn them into weapons. That may have been your last chance to strike their, either their reprocessing facilities or that fuel, and prevent them from getting the stockpile of weapons. Why did you choose, at that time, not to issue a warning to them on that?

Dr. RICE: David, the view then and now is that this is an issue, this is a problem, that is best handled through diplomatic means. Obviously, the president doesn't take any options off the table. But when you have a situation in which the United States doesn't have either all of the carrots or all of the sticks in dealing with North Korea, you have to build a coalition of states that has the right combination of sticks and carrots. And that's this coalition. And in fact, the six-party talks really come out of that period. The six-party talks then put China at the table, South Korea at the table--states that have real leverage.

And I do not accept that North Korea has an irreversible nuclear program. In fact, I think that you will see that these parties that have real leverage will now put enormous pressure on North Korea to come back to the six-party talks, really willing now to implement the joint statement, which would both reverse the North Korean nuclear program and give North Korea entry into the international system. That's the best possible outcome.

SCHIEFFER: Madame Secretary, the North Koreans have said that they might declare a state of war against the United States if these sanctions were too tough or if one of their ships is interdicted. What do we do then?

Dr. RICE: Well, the North Koreans say a lot of things. The most important thing is that they're again trying to make this an issue between the United States and North Korea. Quite clearly, it's not. Fifteen countries are signed on to this resolution that brands North Korea as a Chapter 7 threat to international peace and security. They're going to have to get accustomed to the fact that this is not a problem with the United States; this is a problem with the world. That is why it is so important not to allow this to become a bilateral negotiation, because the North would like nothing better than to simply deal with the United States so that we are the ones that isolated. They are clearly now the ones that are isolated, and I think that you're--we're going to hear these statements for a while, but there will be enormous pressure on the North to come back to the six-party talks, to negotiate seriously, to implement the joint statement, and to begin to reverse this course that it has been on really for decades.

SCHIEFFER: All right. Well, Madame Secretary, we'll leave it there. Thank you for joining us.

Dr. RICE: Thank you.

BOB SCHIEFFER, host:

And, with us now from Macon, Georgia, the former Democratic Senator Sam Nunn, former chairman of the Senate Armed Services Committee, the now-chairman of the Nuclear Threat Initiative. Here in the studio, the current chairman of the Senate Armed Services Committee, John Warner, Republican from Virginia.

Of course, Senator Warner, it struck me that when Secretary Rice was explaining all of this, she kind of gave it kind of a soft start. She didn't say we're going to automatically board these ships, she said we'll work on that down the line. I thought she might've just laid down the law in the beginning and said, `Look, here's what we're going to allow, here's what we're not going to allow, and here's what we're going to do about it.' What was your reaction?

Senator JOHN WARNER (Republican, Virginia; Chairman, Armed Services Committee): My reaction is they've taken the right course. I think the president, President Bush, and his team of Rice and Bolton did a wonderful job here. First place, it's unanimous. All came together. That has enormous symbolism all through Asia that everybody came together on this and stood. Now, as to the provisions, she's going over to work them out.

But that question you asked about China and its reluctance on the border, and here's my reaction to it: China is seeking world recognition, trying to emerge as a power and a strong voice. This is their test. China supplies over 60 percent of the energy and food to North Korea, they have got tremendous leverage through that. South Korea itself is got a program called Open Sunshine and support their trading. Those two nations should be out in the lead, and I think the president and the secretary have struck the correct balance.

Mr. SANGER: Senator, the Chinese have this enormous leverage, but they've been very reluctant to use it. And they've been reluctant to use it because they're more concerned about North Korea imploding.

Sen. WARNER: That massive exodus into their country, people bearing arms and all types of things.

Mr. SANGER: Given that piece of leverage that the North Koreans have--basically, the threat of--of self-destruction--what can we do to convince the Chinese, at this point, that they really need to crack down using this set of sanctions?

Sen. WARNER: You know, I've got a suggestion, and I made it not long ago in the context of Iran. And by the way, how we deal with this situation impacts the serious question with regard to Iran and its desire for--to become a nuclear power. But I said then it's time for that part of the world in the Middle East and now in this part of the world to look at the framework of NATO and how NATO came into being primarily to contain the Soviet Union and its ability to utilize nuclear weapons. It worked. And I think we should transition now from the nonproliferation, trying its best to stop it, into an area of deterrents and containment and downright defense if it's necessary. And bring in all the nations to share. I like the idea that the president has that we're not going to be out there driving the equation, the neighbors themselves should be the principle ones responsible, China and South Korea.

SCHIEFFER: Well, let me go to Senator Nunn and get his take on all this.

Senator, you said this week, I think, that it was more important to get imperfect sanctions quickly than to wait and linger until we could get perfect sanctions. What's your reaction to what's happened and where do we go from here?

Former Senator SAM NUNN (Democrat, Georgia; Co-chairman, Nuclear Threat Initiative): I think the sanctions are timely and I believe they're substantive, and I believe the fact that it was unanimous agreement here is enormously important and, as Senator Warren has said, I think it sends very strong signals. I also think we ought to continue to have a goal of getting rid of all nuclear weapons on the Korean peninsula. I believe that China is the key, as has already been observed here.

I think it would be real breakthrough if the United States and China and South Korea all got on the same wavelength for a change. We have not been approaching this with any kind of unity for the last three or four years. And that has been, I think, a very detrimental aspect of trying to deal with North Korea.

This is a defeat for China in terms of their policy--the tests that North Korea conducted. It's certainly a defeat for the United States policy and also a defeat for the South Korean policy. So getting on the same sheet of music here with our allies is enormously important, and that certainly includes Japan and hopefully Russia and Europe.

Now what can be done? One thing is you don't get a country to give up its nuclear weapons while you're talking about regime change. And I think it's also important to recognize that you don't get China and South Korea on the same sheet of music if they think our policy is to cause a collapse of the North Korean regime, which is going to cause them tremendous economic and humanitarian problems. So we've got to be willing to talk. We've got to be willing to talk about security assurances for North Korea, and we've got to do that not only because North Korea is going to be important in terms of its decision-making, and its security is very important to North Korea, but also because it's important to our allies.

So I agree with strong sanctions. I think we have to reassure Japan and South Korea that they are part of American defense and an attack on them is an attack on us, and I think we have to be willing to talk. All are necessary as a parallel course.

SCHIEFFER: Senator Nunn, back at the beginning of all this, I remember that the North Koreans were saying they wanted a treaty of some sort with the United States guaranteeing that we would not attack them. I don't know anybody in the world who thinks the United States is going to attack North Korea unless they attack somebody else. Should we be willing to talk about something like that?

Sen. NUNN: Well, the one country that may believe we are going to attack is North Korea.

SCHIEFFER: Yes.

Sen. NUNN: Which is a pretty important exception. Most countries do not. And I don't think--I think, as Secretary Rice said this morning--I don't think we have any intention to attack, but when you're paranoid and when you're developing nuclear weapons and when you see the United States has invaded Iraq, and they didn't have nuclear weapons, then it's pretty natural that you are going to develop your own program. And if you're going to give up those weapons, you have to have some security assurances, not just from the United States. And that's the value of the six-party talks. Those assurances have got to be with Japan and China as well as the United States and probably even Russia. But we have to be willing to have those kind of direct discussions. And we also have to precede that by having firm understanding with South Korea who doesn't want a North Korean collapse. And China, who doesn't want a North Korean collapse.

SCHIEFFER: All right. We'll talk about this a little bit more. And we're also going to talk about Iraq. But right now, let's take a break.

(Announcements)

SCHIEFFER: We're back again with Senator John Warner and former Senator Sam Nunn. And before we go to Iraq, Senator Warner, I just want to ask you, is China going to have to enforce that border? Are they going to have to crack down there to make sure that the North Koreans don't import stuff that could--they could use to build nuclear weapons?

Sen. WARNER: Well, it's the old adage, "A chain is no stronger than its weakest link." If that's left as an open border, then all of the rest of the containment and security measures could easily fail.

But there's another extremely aspect about this that I'm worried about. The current group of nations that have nuclear weapons are ones with established governments, and we have confidence in how their military and their civilian officials review all decision-making. Not so with Iran. We have seen nothing by way of its president in trying to encourage the world that he has any real strength. Same with North Korea. So these weapons now moving into hands of countries quite different than the earlier framework. And that concerns me and why I'm pushing to open up the concept of establishing a NATO-type situation both in the Korean environment as well as Tehran.

SCHIEFFER: OK. All right, let's go quickly now to Iraq. You came back from Iraq, Senator Warner, and said `We're going sideways there.'

Sen. WARNER: Mm-hmm.

SCHIEFFER: `And if things don't improve we're going to have to rethink our policy.' What does that mean?

Sen. WARNER: It means just exactly what that statement is, and I stand by it. You cannot see--you can see some movement forward, but a lot of movement back. As we are sitting here today one week out of my trip there, the exponential increase in the killings and the savagery that's going on over there. But bear in mind the morale of our troops is good. They're performing their missions. But we're trying to take a conventional type of military thinking and curtailing an insurgency. And history have shown that's the toughest.

But the bottom line is we cannot--and I said this in my transcript of that press conference--we cannot allow that country to implode and the government fail and those oil wells become a source of revenue for worldwide terrorism.

SCHIEFFER: All right, but, David.

Mr. SANGER: Secretary Baker said--of course he's running the Iraq study group.

Sen. WARNER: Yes, I knew that.

Mr. SANGER: And shortly after you made your statement, Secretary Baker said that we need to find a middle course between "stay the course" and "cut and run." What would that middle course look like and how could you do that consistent with the mission that the president has laid out, which is a fully democratized Iraq?

Sen. WARNER: Well, we--as I said, we have to rethink all the options, except any option which says we precipitously pull out, which would let that country fall into a certain civil war at that time, and all of the neighboring countries would be destabilized. It would be wrong to do that

and unfair to the Iraqi people to let their oil become the cash cow for international terrorism. So we're forced, David, to look at what options exist between those two poles. And I think Baker, with whom I speak frequently, put it very clearly. What...

Mr. SANGER: Could that include some deadlines that make it clear...

Sen. WARNER: Well...

Mr. SANGER: ...to the Iraqis when it is that we may have to leave.

Sen. WARNER: I remember in my visits over there--many times I've been--an old Arab told me one time, `Look, the Western world has all the clocks, but we've got all the time.' They'll wait us out.

SCHIEFFER: All right. Well, let's see what Senator Nunn thinks about that.

Where do we go from here in Iraq, Senator Nunn?

Sen. NUNN: Well, I think the Baker-Hamilton report will be very important, and it'll come after the election. I believe that Senator Warner has given us a very sobering assessment in certainly the 60 to 90 day count of timeline he sees for the Iraqi government to get its house in order. I'm outside, and don't get briefed on these matters these days, but from the outside it appears to me that some type phase withdrawal that is negotiated with the Iraqi government, with some timelines for them to comply with what they've got to do to get a federation, and to give assurances to both the Sunnis and the Shiites and the Kurds, particularly on the revenue sharing from their oil money.

Also, I think we need to understand, this is a regional threat now. It was not to begin with, it is now. It is a regional threat with possible Shiite-Sunni conflict, not just in Iraq, but around the region.

SCHIEFFER: All right. All right.

Sen. NUNN: And I think we've got to negotiate and talk directly with the neighbors. That's very important.

SCHIEFFER: All right. Senator Nunn, we are out of time. Thank you, sir.

Sen. NUNN: OK.

SCHIEFFER: We'll be back with a final word in just a minute.

CNN – LATE EDITION

WOLF BLITZER, CNN ANCHOR: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

JOHN BOLTON, U.S. AMBASSADOR TO THE UNITED NATIONS: We think that the fact that North Korea has conducted a nuclear test does amount to a clear threat to international peace and security.

(END VIDEO CLIP)

BLITZER: Dealing with a nuclear North Korea. Will diplomacy work with defiant leader Kim Jong Il? We'll ask the U.S. ambassador to the United Nations, John Bolton.

Plus, perspective on North Korea, Iraq and Iran from two top U.S. senators, Democrat Carl Levin and Republican Chuck Hagel.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: We've been giving people the tools necessary to protect the homeland, and our Democrat colleagues back in Washington have taken a very different approach to the war on terror.

(END VIDEO CLIP)

BLITZER: President Bush campaigns to keep a Republican Congress in November. How will the president's foreign policy, the economy and the Foley scandal play at the polls? We'll talk to the chairmen of both U.S. political parties, Republican Ken Mehlman and Democrat Howard Dean.

With just 23 days until election day, Democrats are gaining ground with voters nationwide. Will it be enough to take control of the House and Senate? We'll get insight from our political panel: L.A. Times columnist Ron Brownstein, political analyst Stu Rothenberg, and CNN Senior Political Correspondent Candy Crowley.

"Late Edition's" lineup begins right now.

It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 4 p.m. in London and 6 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition."

We'll get to my interview with the U.S. ambassador to the United Nations, John Bolton, in just a moment. First, though, let's get a quick check of what's in the news right now. CNN's Fredricka Whitfield joining us from the CNN Center. Hi, Fred.

(NEWS BREAK)

BLITZER: Thanks very much, Fred. Now to the escalating crisis with North Korea. The man leading the charge at the United Nations this week to put the squeeze on North Korea after its declared nuclear test, the U.S. Ambassador John Bolton. I spoke with him just a short while ago.

(BEGIN VIDEOTAPE)

BLITZER: Mr. Ambassador, thanks very much for joining us. Welcome back to "Late Edition."

JOHN BOLTON, U.S. AMBASSADOR TO UNITED NATIONS: Glad to be here.

BLITZER: Let's get to this resolution, unanimously passed yesterday by the United Nations Security Council. Some loose ends that I just would love you to clarify, if you can.

Does this resolution eliminate the option, at least for now, of military action against North Korea?

BOLTON: Well, it doesn't preclude a later resolution of the Security Council. You know, when we introduced our text for the council to consider on Monday, it didn't include at that point authorization to use force.

So that was never part of our plan for this resolution, which was to impose sanctions largely against North Korea's programs of weapons of mass destruction. And those provisions were adopted essentially as we had proposed them on Monday.

BLITZER: Because the resolution does include this language. I will read it to you. It says: "All the parties should refrain from any actions that might aggravate tension and to facilitate the early resumption of the six-party talks."

Some have interpreted that as meaning that the United States now is making it clear it has no intention or does not plan on using military force.

BOLTON: Well, I think the president has made it clear on any number of occasions that we want to solve the problem posed by North Korea's aggressive pursuit of weapons of mass destruction through peaceful diplomatic means. And that phrase that you have just read is entirely consistent with the policy the president has been pursuing these past several years.

BLITZER: The other outstanding loose end there that -- is whether or not the inspections of cargo coming to and from North Korea, for that matter, the inspections cannot take place on the high seas. They can only take place on the ground or in port. Is that right? BOLTON: No. The resolution doesn't really change the existing authority to conduct inspections, whether it's in territorial waters, airspace, or through land routes, or where it's appropriate, through interdiction on the high seas.

Certainly, our concept is that the overwhelming predominance of the inspections would take place in ports or at land crossings or that sort of thing. But the resolution neither increases nor decreases existing authority to interdict on the high seas.

BLITZER: It doesn't go as far as calling for a blockade of North Korea, that's correct, though?

BOLTON: Right. And we had not proposed that. Japan had proposed stronger measures than we had. We did pick up, actually, one of the proposals that Japan made to bar travel by North Korean officials engaged in their programs of weapons of mass destruction.

Japan, on its own, imposed those sanctions unilaterally earlier in the week, bringing them actually comparable to a kind of comprehensive sanctions the U.S. already has against trade with North Korea.

BLITZER: The Chinese ambassador, after the resolution -- after voting for the resolution, said this, which was a little perplexing to me. I want you to listen to what the Chinese ambassador to the U.N. said, and we'll get your response.

(BEGIN VIDEO CLIP)

WANG GUANGYA, CHINESE AMBASSADOR TO UNITED NATIONS: For China, our political position is, we are not in favor of inspections because for a number of years we -- as a general principle, we feel that it will lead to negative consequences.

So I do hope that with the watered-down language in the draft -- in the resolution itself that this has to be exercised with great care.

(END VIDEO CLIP)

BLITZER: Now if the Chinese are not going to engage in inspections, it doesn't look like the resolution will have a lot of teeth, because, as you know, most of the trade between North Korea and the rest of the world goes through China.

BOLTON: Right. Well, the Chinese did vote in favor of the resolution. They did vote in favor of it as the Council acted under Chapter 7, which their own legal interpretations over the years have taken to mean that it's binding, binding on China as it's binding on the rest of the U.N.

And the guts of the resolution is to prohibit trade in weapons of mass destruction-related materials and high-end conventional military equipment. And I'm sure, sure that China is going to abide by the very resolution that it voted for. How it accomplishes that, I'm sure we'll have discussions about. But let's be clear, they voted in favor of the resolution that provides for an inspection regime.

BLITZER: But they're saying they are not going to engage in those inspections.

BOLTON: Well, the burden is on China to comply with the resolution. I'm sure there are a lot of different ways to do that. And I wouldn't want to think within just hours after the resolution that China was saying that it wasn't going to abide by what it had just voted for.

BLITZER: The resolution calls for an arms embargo of heavy equipment, but not necessarily light equipment, which, you wanted a total arms embargo. You didn't get it. Is that fair?

BOLTON: This was a compromise with China and Russia. What we cover here are warships, combat aircraft, battle tanks, high-end artillery equipment, many of the mechanisms by which nuclear or chemical or biological weapons could be delivered. So we were satisfied with this outcome.

BLITZER: Here is what the Russian defense minister, Sergey Ivanov, is quoted as saying this morning. He said: "Russian and China agree that means of political pressure on North Korea by the U.N. Security Council mustn't last indefinitely, that is, if the DPRK," the Democratic People's Republic of Korea, "returns to the six- party talks and progress is reached at those talks, sanctions must end automatically."

Is that the U.S. assessment as well?

BOLTON: Well, that's not what the resolution says. If you look at paragraph 15 of the operative section of the resolution, it says that in light of North Korean compliance with the terms of the resolution, the sanctions could be increased, modified, suspended or lifted, so that we've left open all of the possibilities depending on how North Korea itself behaves. That is why the ball is really in North Korea's court to see what direction we go in here.

BLITZER: So it sounds like there could be a split between the U.S. and Russia on this issue?

BOLTON: Well, again, Russia voted in favor of that paragraph, too. So I don't there is any split in terms of what they committed to.

BLITZER: The Russians were upset about a comparison that you made after the resolution was adopted, referring to that empty chair where the North Koreans had bolted right after the resolution -- after making the statement, the North Korean ambassador left, and you made a comparison between that empty chair and Khrushchev's appearance at the United Nations many years ago.

The Russian ambassador, Mr. Churkin, said, even in an emotional state, not to use an inappropriate -- not to use inappropriate analogies. He was critical of you for comparing, in effect, Russia to North Korea. Do you want to revise or amend that statement?

BOLTON: Well, I wasn't comparing Russia to North Korea. I was making a statement about the Soviet Union, which is gone now.

And I think -- I'm revealing myself as a child of the Cold War, I suppose, that I even remember that, but what it reflected, with Krushchev's shoe and North Korea, now, twice within three months, getting up and walking out of the Security Council is their attitude toward this body. And I think people can draw their own conclusions.

BLITZER: So you're not going to revise the statement?

You're standing by what you said?

BOLTON: Right.

BLITZER: And just ahead, the blame game: Who's more responsible for the current crisis with North Korea, the former president, Bill Clinton, or the current president, George W. Bush?

And what lessons should Iran learn from the current crisis with North Korea?

More of my interview with the U.S. ambassador to the U.N., John Bolton. That's coming up.

Also coming up, I'll speak live with two key U.S. senators about what used to be called the axis of evil, Iraq, North Korea, and Iran.

And later, how will all this play out on election day here in the United States, just some three weeks away?

I'll ask the party chairmen, Democrat Howard Dean and Republican Ken Mehlman.

Remember, for all the politics all the time, you can sign up for the CNN political ticker. Just go to CNN.com/ticker. Stay with "Late Edition." We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. Ambassador John Bolton is the face and the voice of U.S. policy at the United Nations on issues of global policy, from North Korea to Iran and beyond.

More now with my conversation this morning with the ambassador, John Bolton.

(BEGIN VIDEOTAPE)

BLITZER: All right, let's talk a little more about the reaction from North Korea. Listen to what the North Korean ambassador said after this resolution was unanimously passed. (BEGIN VIDEO CLIP)

PAK GIL YON, NORTH KOREAN AMBASSADOR TO UNITED NATIONS: It is gangster-like for the Security Council to have adopted, today, a coercive resolution, while neglecting the nuclear threat and moves for sanctions and pressure of the United States.

(END VIDEO CLIP)

BLITZER: All right. They are totally rejecting this resolution. What do you think?

What is going to happen, now, because it looks like the North Koreans are standing adamantly firm in going forward with their nuclear program?

BOLTON: Well, let's look for a moment at what he said again. He called the action of the Security Council "gangster-like." He said the United States had manipulated the rest of the council to vote for the resolution, which I can tell you, from my own experience, doesn't bear any resemblance to the reality we live in up here.

And most of his speech was a long attack on the United States, essentially saying that, if it weren't for the United States, they wouldn't be developing nuclear weapons, proving that North Korea is part of the "blame America first" crowd.

But I just -- I think that it's instructive -- people ought to watch the entire North Korean speech, and they would get, I think, a good indication of what their attitude is. Now it is possible that that speech will not reflect the considered judgment in Pyongyang after they consider the terms of the resolution.

We certainly hope that's right. We want them to come back to the six-party talks and pursue a diplomatic solution to the crisis. But we'll have to wait for a definitive response from Pyongyang.

BLITZER: I listened to the entire speech from the North Korean envoy -- North Korean ambassador, and you are right, most of it was directed at his anger, toward the United States, including this. Now let me play another clip for you, because he had -- this is a strong threat that he's making.

(BEGIN VIDEO CLIP)

PAK: If the United States increases pressure upon the Democratic People's Republic of Korea persistently, the DPRK will continue to take physical countermeasures, considering it as a declaration of war.

(END VIDEO CLIP)

BLITZER: Your response?

BOLTON: Well, I hope that's just rhetorical excess on their part, but it's not untypical of the way North Korea conducts its diplomacy, through threats and bullying and attempted intimidation, hoping that others will back down.

And the Council, I think, by sending a very swift, very strong, unanimous response to the nuclear test of last Sunday, demonstrates, I think, it's not going to succumb to that kind of rhetoric or intimidation.

BLITZER: Has the U.S. government definitively concluded that the North Koreans, this past week, did engage in a nuclear weapons test?

BOLTON: Well, I don't think all the evidence is in, or a conclusive judgment has been made. Others can address that. I think it is interesting that the North Koreans themselves

unambiguously claimed it was a nuclear test and that the Russian Federation has said publicly, through their own national technical means, that they believe it was a nuclear test as well.

BLITZER: The president has made some strong statements warning North Korea to slow down and not go forward with, first, a missile test back in July, and now a nuclear test. I want to play a few clips of what the president of the United States has said.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: A clear message to the North Korean leader that, first of all, launching the missile was unacceptable.

A clear message to the leader in North Korea: Your behavior is unacceptable.

The proclaimed actions take by North Korea are unacceptable.

(END VIDEO CLIP)

BLITZER: All right. He keeps saying everything is unacceptable. The North Koreans don't seem to be overly concerned about that.

BOLTON: Well, I think they need to be concerned, in light of the unanimous passage of this Resolution 1718, combined with the unanimous 1695 a few months ago, that their isolation is growing.

And their ability to finance their leadership's luxurious lifestyle and to finance their programs of weapons of mass destruction in ballistic missiles are now imperiled by the sanctions that we have imposed, not just in the trade of the materials and technology of weapons of mass destruction but going after their financial networks too, going after their illicit activities: counterfeiting American money; selling illegal narcotics through diplomatic pouches. If we can cut off their hard currency earnings, we can put a severe crimp in their lifestyle, and more importantly -- of the leadership -- more importantly do considerable damage to their financial ability to carry on the weapons of mass destruction programs.

That's what our objective is. And I think, if we can get these sanctions implemented effectively, it will make a big difference. BLITZER: The president and you and other top officials have said you will engage in direct talks with North Korea. And you have engaged in direct talks with North Korea through the six-party dialogue but not outside of that six-party framework.

And some are asking, in order to prevent this crisis from escalating, what would be wrong with going outside the six-party dialogue and just having the United States and North Korea do what the North Koreans want and have that direct exchange of ideas?

BOLTON: Fundamentally, because we have had that direct exchange of ideas. When we say within the context of the six-party talks, the way this has worked out is that there have been meetings between North Korean and American representatives, just those two countries, in a

room, alone, but at the same time that the six-party talks are also being held, which is entirely appropriate, so that the countries of the region -- South Korea, which shares a border with North Korea, Japan, which is within missile range, China and Russia, which also share borders, are fully aware of the conversations that we're having with the North Koreans.

We don't think that the neighbors should be excluded from these talks. We don't think that the talks should go on as if this were a problem between North Korea and the United States. It's obviously not. As this recent 15-0 vote by the Security Council shows, this is a problem between North Korea and the rest of the world.

BLITZER: I want your quick reaction to what Senator Hillary Clinton said earlier in the week on Monday. Listen to this.

(BEGIN VIDEO CLIP)

U.S. SENATOR HILLARY CLINTON, D, NEW YORK: Some of the reason we are facing this danger is because of the failed policies of the Bush administration. And I regret deeply their failure to deal with the threat posed by North Korea.

(END VIDEO CLIP)

BLITZER: All right. You want to respond to her?

BOLTON: Well, not directly. But I'll say that when President Bush came into office, he found increasing evidence that the North Koreans were violating an agreement that they had struck in 1994, in fact, had probably been violating it almost before the ink was dry.

And he took steps to confront the North Koreans with this evidence that they were pursuing nuclear weapons through a completely separate route than had been thought before. The situation had been changing even before President Bush took office. So he was confronted with the reality that he had to deal with and that he's been attempting to deal with since then.

BLITZER: The argument, though, that Clinton administration officials will make is that there was a framework -- there was a formula to deal with that kind of violation within that existing 1994 agreement that the Bush administration unilaterally abandoned. Your response?

BOLTON: Well, of course, there was not such a framework. Let's be clear who abandoned the Agreed Framework. North Korea formally renounced it. Of course, they had shredded the agreement already by their persistent violations.

And there are a variety of other issues that you could get into. But the real fact that we need to address is that North Korea, for some 15 to 20 years, has been pursuing a nuclear weapons capability. And ignoring what was happening as they pursued it through the uranium enrichment route in the late 1990s was something that President Bush had to try and turn around, that he did turn around by sending a delegation to Pyongyang and saying to the North Koreans, you have been violating your commitment.

And the North Koreans quite forthrightly said, you are right, we have been violating our commitment. So that was a new fact that the president had to consider, and he did consider.

BLITZER: One final question, Mr. Ambassador, before I let you go. No one is watching this whole crisis more closely than the leadership in Iran, which is pursuing its own nuclear program.

The Iranian president, Mahmoud Ahmadinejad, said on Tuesday, the Iranian nation will continue its path of dignity based on resistance, wisdom, and without fear. What message do you hope that the Iranians will learn, will accept from the North Korean crisis?

BOLTON: I hope the lesson they learn is that if they continue to pursue nuclear weapons, they will face the same kind of isolation and restrictions that we've just imposed on the North Koreans. The Iranians as well could have dialogue with the United States. They could enjoy a completely different relationship with the United States if they would suspend their uranium enrichment activities.

This is an unparalleled offer that President Bush's administration has made that the Iranians spurned because they seemed to be obsessed with the idea of getting nuclear weapons. And as long as they pursue that course, we'll have to respond accordingly.

BLITZER: Mr. Ambassador, thanks very much for joining us on "Late Edition."

BOLTON: Glad to be here.

(END VIDEOTAPE)

BLITZER: And up next, I'll ask two key U.S. senators, Republican Chuck Hagel and Democrat Carl Levin, about the current crisis with North Korea and the escalating violence in Iraq.

But up next, we'll have a quick check of what's in the news right now. And this vote for our North American viewers, only about 90 minutes away or so, "This Week at War." CNN's John Roberts checks in with our correspondents in Baghdad, Tokyo, the Pentagon and the White House. Stay with "Late Edition." We'll be right back.

BLITZER: Welcome back to "Late edition." I'm Wolf Blitzer in Washington. A North Korean nuke, new warnings about the risks in Iraq, scandal in the U.S. Congress, all in the spotlight this week.

Helping us sort it all out, two powerful U.S. senators: in New York, Democratic senator Carl Levin of Michigan; he's the ranking member of the Senate Armed Services Committee.

And with us here in Washington, Republican senator Chuck Hagel of Nebraska. He's a member of the Senate Foreign Relations and Intelligence Committee.

Senators, welcome back to "Late Edition."

And Senator Levin, let me start with you. Do you have a problem with anything you heard from the U.S. ambassador of the United Nations, John Bolton?

SEN. CARL LEVIN (D), MICHIGAN: Yes, I have a problem with just about everything that he said, frankly. He thinks the U.N. resolution is a strong resolution. I'm afraid it's not. I wish it were. But the Chinese already said that they're not going to enforce inspections against goods going into North Korea without total Chinese support. There's no way a sanction regime can work.

And then, near the end, he said that, well, we have no problem sitting down with the North Koreans, just one-on-one; well, we've done that. Wolf, I really have got to tell you, I am utterly amazed to hear our U.N. ambassador say that, when just a few months ago, the president repeated what he has said over and over again.

And here's the way the president the way put it. He said "One thing I'm not going to let us do is get caught in the trap of sitting at a table alone with the North Koreans."

Now, it's incredible to me that our ambassador would make the representation that he did on your show. It's also a mistake, in my judgment, not to sit down bilaterally with the North Koreans, providing our allies want us to do that, and they do.

They've been urging us -- the South Koreans have urged us, repeatedly, to sit down, one-on-one, with the North Koreans.

Instead, the president presents this false choice, that we're either going to go it alone or do this with allies. There's a third choice, which is to have bilateral talks with the North Koreans, providing our allies want us to do that, which they do.

BLITZER: Let me let Senator Hagel respond. Go ahead, Senator.

SEN. CHUCK HAGEL (R), NEBRASKA: Great powers engage, Wolf. We do need to engage the North Koreans, as we need to engage the Iranians and the Syrians. A U.N. sanctions resolution is fine. It is limited. As Carl said, it is weak. We heard on your program about 15 minutes ago what the Chinese ambassador said. Essentially he said we're not interested in enforcing that resolution. And China is the most important country in dealing with the North Koreans, with that sanction, because they share a 900-mile border.

But the United States must, now, find a resolution to this issue. We're not going to resolve the issue with North Korea through a sanction.

BLITZER: Let me get this straight, Senator Hagel. You think the United States should engage in direct discussions with the North Koreans outside the framework of what's called the six-party negotiations?

HAGEL: Well, obviously, you keep your allies and your friends together. That six-party talks format is important; there's no question about it.

But the fact is, we are the great power here. We are the adult power in the world. It is because of the United States, our action or inaction, that there will be a resolution here.

And it is rather clear to me, part of the process in getting to that resolution is a bilateral conversation. Now, I know what Ambassador Bolton said about we do talk; we have talked, but those are side talks. Those are part of the six-party talks.

We have got to get to the core of the issue. If we do not do that, we are going to find the world, daily, in a far more dangerous situation.

And it does include the Iranians, and it does include the Syrians. Yes, North Korea is separate in this case, but we have a wide scope here that we're dealing with.

And just as Jim Baker said last week, we always must engage our enemies, because that is the only sure way to drive toward the core of a resolution.

BLITZER: James Baker, the former secretary of state, during the first Bush presidency, Bush 41, as it's called.

Your colleague, John McCain, was very tough this week, Senator Levin, in saying, you know what, there were a lot of direct bilateral talks between the U.S. and North Korea during the Clinton administration, and look what it got the world. Listen to what McCain said.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R-AZ): Every single time the Clinton administration warned the Koreans not to do something, not to kick out the IAEA inspectors, not to remove the fuel rods from their reactor, they did it. And they were rewarded every single time, by the Clinton administration, with further talks. (END VIDEO CLIP)

BLITZER: He was speaking in your home state of Michigan. You want to respond to Senator McCain's charge?

LEVIN: Well, the Clinton administration succeeded at least partially. They succeeded in keeping the plutonium canned, under inspections, so it could not be used. And they succeed in doing that for eight years.

When the North Koreans broke out, they broke out in a way which is obviously unacceptable, but in a less dangerous way, which is trying to figure out how they could upgrade their uranium. So there was partial success.

And by the way, that's not just me saying that. Colin Powell, former secretary of state, gave the Clinton administration credit -- even after the uranium discovery was made, he gave the Clinton administration credit for at least partial success with North Korea.

Compare that to the total failure of the Bush administration relative to North Korean policy.

BLITZER: Well, let me read to you what Madeleine Albright, who was the secretary of state during the Clinton administration, said this week.

She said, "During the two terms of the Clinton administration, there were no nuclear weapons tests by North Korea, no new plutonium production and no new nuclear weapons development in Pyongyang. Through our policy of constructive engagement, the world was safer. President Bush chose a different path, and the results are evident for all to see."

Do you blame the president of the United States, Senator Hagel, for the current crisis with North Korea?

HAGEL: Well, I think we should put all this behind us. I know this is a political season. I know both parties, and candidates everywhere, are trying to score as many points as they can over the next three weeks.

But the fact is, this is far too important to be held captive to a political agenda. The Clinton framework of agreement they negotiated in 1994 did score some very successful and important points. Carl noted those. And the fact is, and we now know this, the North Koreans cheated on some of those. But we've got to move forward now. We are where we are, and it further divides our country and the world and our allies, and it makes us look a little silly, and we isolate ourselves, if we hold this captive to a political debate in this country.

We've got to find a resolution...

BLITZER: The blame game is in full force...

HAGEL: It is.

BLITZER: ... here in Washington.

HAGEL: Well, it is. And again, I understand that. I'm part of the political process, and I have a clear appreciation of that.

But the fact is, some consensus of purpose and focus has to be brought together with our allies. And we are the leaders of that. And we have got to take what's worked and understand what's not worked.

Both administrations have had failures on this. There is no question about that. But there have been some successes, too. Let's build on those. Let's bring some bipartisan focus together. I hope, after the voters speak on November 7, we'll be able to do that.

BLITZER: All right, and we're going to take a quick break, but we have a lot more to talk about, Senators. Please stay with us. We're going to talk about the upcoming election. Is it a referendum on President Bush?

The war in Iraq, scandal in Congress, much more coming up with these two United States senators.

And for our North American viewers, don't miss the "War of Words" segment with John Roberts coming up on "This Week at War." That airs at 1:00 p.m. Eastern.

And this additional programming note: Tomorrow night on Larry King live, he captured the world's attention with false claims about JonBenet Ramsey. You've heard all the theories. Now John Mark Karr tells his story. That's coming up tomorrow night, 9:00 p.m. Eastern on Larry King live.

We'll take a quick break. We'll be right back.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I want to thank you for what you have done, and I encourage you to continue to work to turn out the vote, come this November.

(END VIDEO CLIP)

BLITZER: President Bush this week rallying the party faithful to boost Republican turnout on election day, now only about three weeks away. Welcome back to "Late Edition." We're continuing our conversation with Democratic Senator Carl Levin and Republican Senator Chuck Hagel.

Senator Levin, you just got back from a visit to Iraq. And I wonder if you agree with what the new British Army commander, Sir General Richard Dannatt, said this week. Among other things, he said, it's time to "get ourselves out sometime soon because our presence exacerbates the security problems. Whatever consent we may have had in the first place has largely turned to intolerance."

Is that your bottom line as well?

LEVIN: It has been for a long time, and we have to find a way out of there sooner rather than later. He spoke up, and I think it's great that we have top professional officers like him, whether here or in Britain, that do speak out, because they know best.

They've been to war. They understand. And what our leaders in Iraq, our uniformed leaders in Iraq, tell us is basically the same thing. There is no military solution to this conflict. Now, either

the insurgency or the sectarian violence requires a political solution, and that we've got to put pressure on the Iraqis to take over their own country.

If they're going to have a civil war, they're going to have to do it without us, and what the leaders, our uniformed leaders in Iraq, really tell us is that we've got to find a way to put some pressure on the Iraqis to make these tough decisions. And what they're going to do by the end of the year, and I'm talking here about General Casey and others, is they're going to take a review of our whole situation and come up with some recommendations, relative to transferring authority to the Iraqis. This is long overdue. We've got to focus Iraqi leadership attention on this by telling them we need to begin a phased redeployment of American troops from Iraq within the next few months.

BLITZER: You know, Senator Levin was in Iraq, Senator Hagel, with John Warner, the chairman of the Senate Armed Services Committee, who came back also with a rather gloomy assessment of what he saw and heard from U.S. military commanders and others in Iraq. Listen to what Senator Warner, Republican of Virginia, said.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN WARNER, R-VIRGINIA: In two or three months, if this thing hasn't come to fruition and if this level of violence is not under control and this government able to function, I think it's a responsibility of our government internally to determine, is there a change of course that we should take?

(END VIDEO CLIP)

BLITZER: I don't know about you, but I was pretty surprised by Senator Warner's comments, given the fact that from day one he's been an ardent supporter of the Bush administration's strategy in Iraq.

HAGEL: Well, I agree with Chairman Warner's assessment. Carl essentially said the same thing. We are going to have to find a new strategy. Let's start with this very clear understanding, and Carl noted it. The future of Iraq is going to be determined by the Iraqi people. It will not be determined here in Washington.

Now, that is a fact of life as far as I'm concerned, and we are now in a situation where we have very few options. Our options are limited. The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war.

Let's also examine what the Iraqi parliament did about three days ago, when they voted to go ahead and allow the 18 provinces in Iraq to start thinking about breaking up into autonomous regions. Now, they can't activate that for 18 months, but these are the kind of political decisions that are going to have to be made by the Iraqis. We do need to change some kind of course here.

Jim Baker and Lee Hamilton's commission is going to come back in by the end of the year with some new recommendations. That's a hopeful sign, finally, that we're getting another point of

view. Also, this issue is going to be forced upon us by the U.N. because by the end of this year, coalition forces, the legal mandate to have U.N. forces in there, including the United States, is up.

So we need to find a new strategy, a way out of Iraq, because the entire Middle East, wolf, is more combustible than it's been probably since 1948, and more dangerous, and we're in the middle of it.

BLITZER: You know, Senator Levin, the president describes your policy for Iraq, other Democrats' policy, as simply one of cut and run. Listen to what he said this past week.

(BEGIN VIDEO CLIP)

BUSH: If we were to abandon that country before the Iraqis could defend their young democracy, the terrorists would take control of Iraq and establish a new safe haven from which to launch new attacks on America.

(END VIDEO CLIP)

BLITZER: Whether it was like this to begin with, it is now, he says, the central point, the central front in the war on terror, and the United States can simply not abandon Iraq. You want to respond to that?

LEVIN: Yeah, we're on a downward spiral in Iraq. And we're not succeeding in Iraq. And the way that, hopefully, that we can succeed is by pressuring the Iraqis to make the political compromises relative to resources and relative to power-sharing, which only they can make. Chuck Hagel's absolutely right, the Iraqis have got to make these decisions. They're political decisions.

The current course is a course which is not working. And when that is true, you try to change that course, change the direction, to try to get to something that will work. The only thing that will work here is pressing the Iraqis to make those difficult decisions and compromises that only they can make.

BLITZER: You're a Republican, Senator Hagel, and clearly, you're probably worried about going from the majority status to the minority status in the U.S. Senate. If you lose six seats, you're going to be a minority senator as opposed to a majority senator.

Here's some recent polls that we've had that could explain why Republicans are in deep trouble right now in the Senate and the House. How is President Bush handling Iraq? Thirty-two percent of the American public approve of the way he's doing it. Sixty-six percent disapprove. Has the war in Iraq made the U.S. safer from terrorism? Thirty-six percent say yes, 53 percent say no. Did the Bush administration deliberately mislead the public about how the Iraq war is going? Fifty-eight percent of the American people say yes, 41 percent say no.

You add up those polls, and a lot of other poll numbers, and you as a Republican have to be deeply concerned about what's going to happen on November 7th.

HAGEL: Democracies force events and actions in leadership. The Republican Party is the majority party. We have controlled government almost six years, in the Congress almost 12 years, so we're accountable. We're all accountable, each of us. And this business is about accountability.

I hope that the Republicans win enough seats that we stay in the majority on November 7th. It's up to the people. And that is the essence of a democracy and the strength of a democracy. If the people of this country think we need to change course in every way and change leadership, they'll make that determination.

We're accountable. And yes, I'm a Republican, and yes, I want to stay in the majority. But we have to earn the trust and the confidence of the American people.

And I don't think in a political way or in any substantive way, the Democrats have produced clear alternatives to some of these big problems. Are we going to have to take this responsibility for governing? Yes, we are.

But that's a democracy. And I would hope that after November 7th, Wolf, whatever happens, whether Carl becomes the new chairman of the Senate Armed Services Committee or not, that this country can come back together with some consensus over the next two years, and deal with these big problems that we face.

BLITZER: We're going to have to leave it on that note. Senator Hagel, thanks very much for coming in. Senator Levin, thanks to you as well.

And coming up on "Late Edition," I'll explore more of the political landscape with the two party chairmen. Howard Dean gives us the Democratic strategy to regain control of Congress. Ken Mehlman has the Republican plan to try to hold on to the majority in the House and the Senate.

And with just three weeks until the 2006 congressional elections, stay with CNN for the best political team on television for all your campaign coverage. You can also find the latest political news, including highlights from all the Sunday talk shows, on our CNN political ticker. Just go to cnn.com/ticker.

Stay with "Late Edition." We'll be right back.

(BEGIN VIDEOTAPE)

BLITZER: Ban Ki-moon, what's his story? The South Korean diplomat is set to become the United Nations' next secretary general, succeeding Kofi Annan. Ban is currently South Korea's foreign minister and has played a prominent role in the six-party talks to stop the standoff in North Korea. Fluent in English and French, the 62-year-old Ban holds a graduate degree from

Harvard University. As the head of the U.N., he'll oversee a $5 billion budget and over 90,000 peace-keepers.

People close to Ban say his goal in life is to be the world's best diplomat. He's scheduled to assume the U.N. secretary general duties on January 1st. Anna Politkovskaya, what's her story? Hundreds of mourners paid respects to the Russian journalist, who was buried this week after being gunned down in her Moscow apartment building. One of Russia's most outspoken writers, Politkovskaya was a fierce critic of the Russian President Vladimir Putin and Russia's war in Chechnya. Her work won her many accolades, including Amnesty International's global award for human rights journalism. Politkovskaya was shot four times at close range, and there are indications that her death was a contract killing.

(END VIDEOTAPE)

BLITZER: Let's take a look at what's on the cover of this week's major news magazines here in the United States. Newsweek has a look at how for 50 years, North Korea plotted to go nuclear. Time magazine features a story on why Barack Obama could be the next president of the United States. And U.S. News and World Report looks at science and the soul and how new research is challenging our cherished ideas of self and the human spirit.

Time now for your e-mail. Jeff from Las Vegas visited the CNN Election Express Yourself and writes this: "It seems that Bush is planning on an attack in the near future by gaining alliances with China and going on the news with a list of reasons why we should go into North Korea. When we go into North Korea, will our military be too thinly spread?"

The CNN Election Express Yourself gives people a close-up political experience as it visits more than 13 American cities. It is now on its way to Kansas City, Missouri and will arrive on Wednesday the 18th. As always, we welcome your comments. The e-mail address, lateedition@cnn.com.

There's much more ahead coming up on "Late Edition." Will the latest sex scandal on Capitol Hill topple the speaker, Dennis Hastert, and the Republican Party? We'll ask the party chairmen, Howard Dean and Ken Mehlman. They're standing by live.

And I'll follow up with Ron Brownstein, Candy Crowley, Stu Rothenberg. They've been keeping a close eye on the upcoming elections. And don't forget, for our North American viewers, right after "Late Edition" at 1 p.m. Eastern, John Roberts hosts "This Week at War." Stay with us. "Late Edition" will be right back.

BLITZER: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

BUSH: They're going to get in that booth, and they're going to be thinking about, you know, how best to secure the country from attack. And, you know, how best to keep the economy growing.

(END VIDEO CLIP)

BLITZER (voice over): With just 23 days to go until the U.S. midterm elections, the commander in chief is out trying to shape the issues for the American public.

(BEGIN VIDEO CLIP)

BUSH: This Foley issue bothered a lot of people, including me.

(END VIDEO CLIP)

BLITZER: But the GOP is struggling to regain footing after the Mark Foley scandal. Could it lead to a shift in the balance of power on Capitol Hill?

The party chairmen join me, Republican Ken Mehlman and Democrat Howard Dean.

How will it all play out at the polls?

Expert analysis from our panel, Ron Brownstein of the Los Angeles Times, Stuart Rothenberg of the Rothenberg Political Report and CNN's senior political correspondent, Candy Crowley.

Welcome back. We'll be speaking live to the two major political party chairmen here in the United States, Howard Dean and Ken Mehlman. That's coming up in just a few moments.

First, though, let's go to CNN's Fredricka Whitfield for a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: In Iraq, deadly attacks, as Fred just pointed out, continue against U.S. forces and Iraqi civilians, with apparently no end in sight.

One key insurgent group, though, has now broken its usual silence. Our correspondent Michael Ware is joining us with an exclusive report. He's joining us from Baghdad.

Michael, tell our viewers in the United States and around the world what you are picking up, now, for the first time. MICHAEL WARE, CNN CORRESPONDENT: Well, Wolf, what we have here is, amidst this wave of dreadful violence during the holy month of Ramadan offensive by the insurgents, we have one of Iraq's leading insurgent groups, part of one of the most powerful homegrown alliances of guerrilla organizations, reiterating its offer to negotiate with U.S. forces for what effectively would be a truce or a cease-fire.

What we have is the Islamic Army of Iraq, one of the backbones of the insurgency. In an interview conducted by what's purported to be its spokesman, Ibrahim al-Shimary (ph), with CNN.

CNN forwarded a number of questions through known Islamic Army channels to the leadership of the insurgent group. And their response to CNN came back in a professionally produced videotape with the spokesman answering CNN's questions. On the issue of negotiations, he says that the Islamic army is again prepared to negotiate with U.S. forces.

(BEGIN VIDEO CLIP)

UNKNOWN (THROUGH TRANSLATOR): We in the Islamic Army, as we have announced many times, do not reject the principle of negotiations with the Americans, but only if the Americans are serious.

(END VIDEO CLIP)

WARE: In this wide ranging interview, Wolf, he sets two condition conditions for those negotiations, a time-table approved by Congress for the withdrawal of U.S. forces and a formal recognition by the U.S. of the Iraqi insurgency.

It was a wide- ranging interview, where the Islamic army canvasses the role of Al Qaida, the civil war here in Iraq and, most pertinently, what it considers to be the driving force behind the Sunni insurgency, which is Iranian influence in Iraq.

The speaker talks directly to the American people, urging them to question President Bush's record on Iraq. Wolf?

BLITZER: I take it that the Iraqi insurgents blocked out this insurgent leader's face. That wasn't what we were doing. Is that right?

WARE: Absolutely, Wolf. We sent written questions. We have known channels of communication with this very powerful insurgent group, which has been on the guerrilla radar, here in the war in Iraq since 2003.

So it's one of the oldest, strongest and most active groups, representing a key faction within the insurgency.

And the video that came back, much like their propaganda videos that we've seen, is rather slick. It has a setting akin to a studio. It's professionally lit and it has the group's logo or watermark on the screen. So this is the form of the answers that they sent back to CNN's questions. Wolf?
BLITZER: All right, Michael Ware, doing some excellent reporting for us. Michael, we're going to check back with you, so stay tuned for that, Michael Ware, doing some exclusive reporting for us, as he so often does.

Let's move on, though, to some other important issues we're following here, only about three weeks to go before election day in the United States.

Is it a popularity contest for the president, a referendum on the war in Iraq?

Is it reaction to the congressional page scandal or is it just local to the core?

We're talking today to the chairmen of both political parties. First, let's speak with the Democratic party chairman, the former presidential candidate Howard Dean, also the former governor of his home state of Vermont.

Governor, thanks very much for coming in.

HOWARD DEAN, DNC CHAIRMAN: Thank you, Wolf.

BLITZER: Let me get your quick reaction to what Michael Ware was just reporting exclusively.

Should the U.S. be doing what this insurgent leader is demanding, offering a timeline, a withdrawal schedule to get out of the Iraq?

DEAN: Well, here's the problem. What are we doing in a country where terrorists think that, in order to end this civil war, they have to negotiate with the United States?

It kind of implies that we're really the problem there and that that's what most Iraqis believe, which, in fact, unfortunately, is true.

So you know, I do believe what Jim Baker says, that we ought to talk to our adversaries. But I think that we've seen these propaganda videos in the past. We don't know if this is real or not.

The real problem with the Iraq policy is not that we are not negotiating with the terrorists; it's that the Iraqi government, which we're propping up, is nonfunctional and that we're in the middle of a civil war.

BLITZER: But the bottom line -- forget about this propaganda video, if in fact, that is what it is -- should the U.S. have a hard and fast timeline for pulling out its troops from Iraq?

DEAN: The U.S. should establish some sort of a timeline. This is not what the president calls cut and run. This is what the president refuses to acknowledge, that we cannot stay there forever.

The president has said that we ought to stay there and leave this problem to the next president. I think that is not only irresponsible and doesn't show leadership; it also doesn't make any sense.

That was the approach, in Vietnam, under Nixon and Agnew, which this administration reminds me of a great deal. All it did was resulted in 10,000 more deaths of American soldiers, who were doing the best they can over there.

If we really want to support our soldiers, we'll do what the military wants to do, which was put in more troops when we went, and now, many military people believe that we can't sustain what we're doing over there. And I agree with the military.

BLITZER: It's only a little bit more than three weeks to go before the elections November 7. The Republicans are putting out their best lines right now.

I want you to listen to what the vice president, Dick Cheney said, to his conservative Republican base this year, warning of what would happen if you and the Democrats were to assume the majority in the Senate and House.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: If the Democrats take control, American families could face an immense tax increase and the economy would sustain a major hit. As the president has said, this nation needs more than a temporary economic expansion. So we need more than temporary tax relief.

(END VIDEO CLIP)

BLITZER: The bottom line is that, if Democrats are elected, the warning goes out to the American people: get ready to pay higher taxes.

DEAN: That's nonsense. We have no interest in doing that. In fact, 80 percent of Americans have seen their income go down. The reason the economy doesn't work for the president is only his friends have benefited from increased earnings and corporate earnings and so forth.

What we're interested in doing is building a health care system that works for everybody.

Initially, I think what we'll do is raise the minimum wage, which the president refused to do without giving tax breaks to his contributors.

We're not going to be the party of tax breaks to oil companies and insurance companies. We're going to be the part of middle class tax fairness. That does not include any increases of taxes on middle- class Americans of any kind.

You know, we always see the Republicans coming out -- your country's going to be blown up if the Democrats take over; your taxes are going to go up. They're desperate. The truth is we believe that we ought to increase the pay of average middle class Americans and working class Americans. We believe we ought to do something about their health care.

And we also believe there ought to be real ethics reform in Congress, which the Republicans refused to do.

BLITZER: Which tax cuts the Bush administration implemented do you want to see eliminated or just allowed to run its course and go away?

DEAN: You know, we may not need -- the principal tax cuts that we need to eliminate are the tax breaks that the president gave to ExxonMobil and the other oil companies, and the secret tax breaks they gave in the middle of the night to HMOs and insurance companies. That would save

us $36 billion a year. We plan to make sure that middle- class people pay less taxes, not more, and that they make more money.

BLITZER: What about the tax cuts for the upper-income brackets?

DEAN: Well, you know, I'm not interested in raising anybody's taxes. What I'm interested in is ethical reform and honesty in government. I'm interested in balancing the budget, which we haven't -- which the Republicans have made a mess of. I'm interested in restoring moral values to the Congress of the United States. Those are the things that I think you're going to see high on the Democrats' agenda, should we win three weeks from now.

BLITZER: Here's what the president's top political advisor Karl Rove said this week. Take a listen.

(BEGIN VIDEO CLIP)

KARL ROVE, PRESIDENTIAL ADVISER: The problem for them is that their views have consequences. And their policies would make America more, not less, vulnerable. In war, weakness emboldens your opponents, and it's an invitation for disaster. You cannot will the end without willing the means to an end.

(END VIDEO CLIP)

BLITZER: All right. That's another strategy that Republicans have, to go after Democrats on the issue of homeland security, national security. That they're better at fighting terrorists than Democrats are.

DEAN: I think the American people have been lied to by this group just one too many times. Here's the president's and the Republicans' record on defense. The president came in and identified three countries as a problem. Iraq, Iran and Korea.

Six years later, we're in the middle of a civil war in Iraq we can't get out of. We're in the middle of a testing program by North Korea for nuclear weapons. Not one additional nuclear weapon was added when Bill Clinton was president. But now George Bush comes along, and they're testing nuclear weapons, and Iran is about to get nuclear weapons. Osama bin Laden, who is responsible for the murder of 3,000 Americans, is at large.

I would argue that the Democrats are likely to be much stronger own defense than Republicans. I think they're weak on defense. They talk tough to scare the American people at election time, and in the meantime don't do anything.

Look at the U.N. resolution. Big thing I saw on all the talk shows this morning, Josh Bolten, oh what a great U.N. resolution. The Chinese have already, before the ink is dry, said they're not going to search any North Korean trucks going into North Korea.

This a toothless administration. They have not defended the United States of America, and we need a tough and smart defense policy, not just talk tough at election time.

BLITZER: John Bolton, the U.S. ambassador to the U.N., not Josh Bolten. Josh Bolten...

DEAN: Oh, pardon me.

BLITZER: ... is the White House chief of staff. They are not related...

DEAN: That's true.

BLITZER: ... although their last name is the same. I want you, though, to hear what the president said this week about the Democrats also harping on this issue of national security.

(BEGIN VIDEO CLIP)

BUSH: There's a difference of opinion in Washington, if you listen closely to some of the leaders of the Democrat Party, it sounds like, it sounds like they think the best way to protect the American people is wait until we're attacked again. That's not the way it's going to be under my administration.

(END VIDEO CLIP)

BLITZER: Is that the strategy of the Democratic party, wait to be attacked...

DEAN: Of course not. Of course not.

BLITZER: ... and then simply respond?

DEAN: That's George Bush having been basically incompetent in managing the budget, incompetent in managing natural disasters, incompetent in -- his party being incompetent in managing attacks on children -- or seductions of children in the Congress. And now incompetent in defending America.

They talk big at election time. They don't deliver. We want is the policy of Harry Truman, Franklin Roosevelt and Jack Kennedy: Be tough on defense, but be smart. Be able to tell the difference. And listen to -- between a situation where we can win and a situation we shouldn't get involved in, such as a civil war in Iraq.

Listen to our military, which nobody in the administration did other than Colin Powell, who was fired for his trouble. We can do better than this, and we will do better than what's been going on in the last six years, both in defending America, in having a real economy where 80 percent of the Americans benefit, not get hurt. And in responding to natural disasters the way Bill Clinton and James Lee Witt would have, had they been in power when Hurricane Katrina hit.

BLITZER: We're almost out of time, Governor. But I want you to respond to Senator John McCain, arguably the front-runner, at least one of the front-runners for the Republican presidential nomination in 2008. He really slammed the Democrats, the Clinton administration hard this past week on the issue of North Korea.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN, R-ARIZONA: We had a carrots and no sticks policy that only encouraged bad behavior. When one carrot didn't work, we offered another. Now we are facing the consequences of the failed Clinton administration policies.

(END VIDEO CLIP)

BLITZER: Is he the Republican you fear most in 2008?

DEAN: Not if he keeps talking like that. He's clearly pandering to the right-wing base in the Republican Party. The truth is, and Senator McCain knows this very well, is that not one nuclear weapon was added to the North Korea arsenal while Bill Clinton was president. Under this president, we believe the number of nuclear weapons have quadrupled, and they have now set off a test.

The truth is, you can't trust Republicans to defend America because of just exactly like statements of the kind Senator McCain just made. They're willing to say things for election purposes but not willing to stand up and do the hard work every single day of making the tough decisions where you have to defend America. The smart decisions, not getting involved in civil wars but standing up in places like Afghanistan and North Korea where it really matters.

BLITZER: Howard Dean is the chairman of the Democratic Party. Governor, thanks very much for coming in.

DEAN: Thanks so much for having me on, Wolf.

BLITZER: And up next, we'll cross the aisle to the Republican side and ask the chairman of the Republican Party, Ken Mehlman, whether his luck and hard work will pay off one more time.

And will a disgraced congressman in the congressional page scandal make a difference? I'll ask our political panel, Ron Brownstein, Candy Crowley and Stu Rothenberg. And at the end of the hour, our special "In Case You Missed It" segment takes a closer look at who said what on the other Sunday morning talk shows here in the United States.

For our North American viewers, coming up in the next hours, John Roberts takes a special "This Week at War" look at the election impact of the North Korean nuclear test. Much more "Late Edition" right after this.

BLITZER: Now, the final weeks of campaign 2006. Both national parties pushing hard to try to get control of the U.S. Congress. We just heard from the Democratic Party chairman, Howard

Dean. Let's get a different perspective now. The chairman of the Republican National Committee, Ken Mehlman, is joining us. Ken, welcome to "Late Edition."

KEN MEHLMAN, RNC CHAIRMAN: Thank you for having me. I appreciate the opportunity.

BLITZER: Let's talk a little bit about one reason why the Republicans are in deep trouble, as you well know, in the House and the Senate going into this election.

How have the GOP leaders handled the Mark Foley matter?

Seventeen percent of the American public, according to our CNN poll, say "appropriately." Seventy-five percent say "inappropriately."

The widespread assumption is that there is some sort of cover-up going on for Mark Foley.

How do you deal with that kind of issue, only a few weeks before the election?

MEHLMAN: Well, Wolf, I think you answer with the truth. The fact is the speaker and our leadership could not have been more aggressive. The moment they found out about this, they gave Mark Foley the political death penalty.

They said, get out of Congress or we're going to throw you out. They called in the FBI and the Department of Justice to investigate.

They tried to bring in Louis Freeh to make sure the program was appropriate in the future. I think when people find this out, they're going to appreciate it.

I traveled around the country this past week, to a number of competitive states. What people were talking about there was whether their tax cuts were going to stay in place or taxes were going to increase.

BLITZER: Let me interrupt for a second. Because there are Republican aides on the Hill who are now testifying, suggesting that it was at least years a ago and maybe even six years ago that Foley's behavior toward these young congressional pages was a problem.

MEHLMAN: Well, I think -- there's an investigation. I trust the Ethics Committee. I trust the Department of Justice. I trust the FBI to look into this. If people knew about it, they should be held accountable. Mr. Emmanuel was on another of the shows last week...

BLITZER: Congressman Rahm Emanuel.

MEHLMAN: Congressman Emanuel was asked about it. And he said, "I didn't see it." He didn't say whether he knew about it or not. Let's find out what everyone knew, what everyone saw. And let's make sure there is total accountability.

BLITZER: But if Republican leaders knew that there were inappropriate contacts, whether e-mail or whatever, between Mark Foley and these 16, 17-year-old boys, these individuals should go as well, I guess?

MEHLMAN: I think that we need to let the investigation go forward. I think anybody that knew, anybody that had information that that was going on, which is outrageous and unacceptable, needs to be held accountable.

BLITZER: Let me read this, from an editorial: "The Republicans were wrong. They really ought to have acted like Republicans from the first signs of questionable conduct. They should have pushed Foley out long ago. His district is so Republican, any Republican could win it. Instead, needlessly, the Republicans behaved too much like the other party, not the way their own base would have wanted them to act. They did not grasp the peril they were in."

That was not the New York Times. It was not The Washington Post. Do you know what publication wrote that?

MEHLMAN: The National Review.

BLITZER: The National Review, a very good conservative publication. They make a good point.

MEHLMAN: They make a very good point. I disagree with the premise, though, that Republicans knew about it. i can tell you, as the Republican chairman, this is a seat that we have unquestionably would have won.

I think we still have a chance to win it because it's a 54 percent Bush district.

But the fact is, it was in nobody's interest to, as soon as this information was out there, not to provide it. We need to get to the bottom of it. We need to let the investigation go forward.

And we need to remember that what this speaker did and what this Congress did was, the moment they found out about it, they gave the individual in question, who's responsible, the political death penalty. BLITZER: Maybe you can help explain this e-mail that, now, has surfaced, between Mark Foley, the former congressman, and the governor of Florida, Jeb Bush.

Before you became the party chairman, you worked for the Bush- Cheney campaign. You were, before that, the political director inside the White House, during the first term.

Let me read to you from this e-mail. "Have I done something to offend the White House... I am always getting the shaft... The came to Ft. Pierce a few weeks ago and said I was not allowed to attend, yet Joe Negron is there -- Joe Negron is the new Republican candidate for that district -- Tomorrow POTUS (President Bush) is in Martin County and I am told I am not allowed to be there, either. I can't quite figure out what I have done, but this is a continuing pattern of slights. I have constantly put the president in the best possible light on everything from Haiti to hurricanes. Sorry to trouble you and I wouldn't if this wasn't so frequent."

What was the problem?

Why was he getting a snub by the president and the White House before the election?

This is at the end of the September 2004.

MEHLMAN: I don't recall Mr. Foley getting the snub. I, at the time, was the campaign manager for the re-election campaign. I wasn't focused on those issues.

But I think it sounds like -- I don't know the specifics of it -- he was worried about it. My understanding is that Governor Bush replied back that there's nothing to worry about. So I'm not exactly sure. I can't explain it.

BLITZER: Was it, potentially, the fact that he was gay, even though he had never acknowledged it, that it was widely assumed by a lot of people that he was gay?

Was that a potential reason why he might have been snubbed?

MEHLMAN: Absolutely not. The fact is -- again, I don't know the specifics here -- a lot of congressmen sometimes think, because they're not at this event or if they are at this event, they might be snubbed.

I can assure he wasn't being snubbed, as far as I know. And I think the e-mail probably was inaccurate.

BLITZER: There's a story in the Los Angeles Times today that directly involves you. And I want to give you a chance to respond to it.

It suggests that an official at the State Department was fired, a man named Allen Stayman, who was involved in the tiny Pacific Island nations of the Northern Mariana Islands. He was fired because Jack Abramoff, the disgraced Republican lobbyist, now confessed felon, came to you and basically said, fire this guy; he's not allowing the policies in the Northern Mariana Islands that Abramoff and his clients wanted.

"Newly disclosed e-mails," the L.A. Times reports, "suggest that the ax feel after intervention by one of the highest officials at the White House: Ken Mehlman, on behalf of one of the most influential lobbyists in town, Jack Abramoff."

You were then the political director.

MEHLMAN: I was.

BLITZER: Is that true?

MEHLMAN: It is not true. And I'm not sure that those e-mails suggested that. First of all, I did not have the authority, as the political director, to fire anybody. It wasn't my decision.

As political director -- now second of all, I also don't recall the specifics of this matter involving Mr. Stayman. But as a matter of course, and certainly the first term, I had, frequently, people come to see me with political issues they wanted talked about.

BLITZER: Including Jack Abramoff?

MEHLMAN: Or personnel issues that they wanted talked about. And when they would come see me, what I would do...

BLITZER: Jack Abramoff, also?

MEHLMAN: Again, I don't recall that specific matter that he came to me for, but I had a way of dealing with all these matters, which is to let the policy-makers or the personnel deciders know exactly what people said. And they made the decisions.

What's interesting about this, though, Wolf, while I don't recall it specifically, I have seen some articles since then, since this came out. And what they suggest is that Mr. Stayman violated the Hatch Act, which is a federal law that prohibits employees of the government engaging in politics on their official clock.

And it also suggests he may have been working with the DNC on some things. So while I certainly didn't have the authority to fire anybody and I don't recall this specific matter, it does appear, from what other news reports indicate that there was apparently cause for Mr. Stayman to be removed.

BLITZER: Because, in the L.A. Times, it quotes an e-mail from one of Abramoff's associates, as saying, "Mehlman said he would get him fired.

MEHLMAN: Yes, Mehlman didn't have that authority. Mehlman wouldn't say he had that authority. And remember, you're dealing with individuals who, as we know, have pled guilty to defrauding their clients by saying they did things they weren't able to get done.

My job as a political director, and any job as a political director, is to hear from people, whether it's about personnel or about policy, and make sure that the policy-makers understand their concerns.

BLITZER: When you were the political director, did you work with, did you know David Kuo?

MEHLMAN: I did.

BLITZER: David Kuo has now written a book. He's going to be on CNN tomorrow, in our program, "The Situation Room." Among other things, it says this: "National Christian leaders received hugs and smiles in person and the were dismissed behind their backs and described as "ridiculous," "out of control," and just plain "goofy."

That's from his book, "Tempting Faith: An Inside Story of Political Seduction."

He was the deputy director of what was called the White House Office of Faith-Based and Community Initiatives."

He says that the president, Karl Rove said one thing in public to try to get that religious conservative base on board, but behind their backs they were ridiculing them.

MEHLMAN: That's ridiculous. Anyone who knows the president and Karl Rove and others at the White House know that's ridiculous. Someone said to me, don't you think that the president is a conservative Christian and someone who has a strong philosophy, based on his faith and based on, also, his politics?

I've seen some of the stuff that was alleged in Mr. Kuo's book is just not true. You know, Wolf, the first place this president started his campaign was at a faith-based event in Indianapolis, Indiana.

And one of the reasons people like myself so strongly supported this president was because we loved his vision that said, we as conservatives, as compassionate conservatives can help people in need. But the best way to help them may not be bureaucracy but may be a church or a synagogue or a mosque or the Salvation Army.

This was essential and is essential to this president's philosophy and his agenda. It's something he's very proud of. And I can tell you, being part of his team, I'm very proud that we've worked hard and pushed that issue very strongly.

BLITZER: Here are some poll numbers, getting back to the election, only a little bit more than three weeks away.

Who does a better job on the economy?

According to our CNN poll, Democrats get 54 percent. Republicans get 35 percent.

Who does a better job on Iraq?

Democrats 51 percent, Republicans 34 percent.

And this, perhaps most worrisome for you as a good Republican: Who does a better job on terrorism? -- which should be, at least has been a very strong issue for Republicans: 45 percent for the Democrats; 40 percent for Republicans.

What's going to happen November 7, given those poll numbers?

MEHLMAN: I'm confident we're going to maintain our majorities in the House and the Senate. And here's why. What the American people are going to vote on -- they want the economy;

wonder where the economy is. Democrat have said that they will raise taxes, across- the-board tax increases.

BLITZER: You've just heard the chairman of the Democratic party say "not on the middle class."

MEHLMAN: Well, that's what he says. But the guy that writes the tax laws, a guy named Charlie Rangel, the week they got out of town, said across-the-board tax increases.

Nancy Pelosi, who'd be speaker, has a record of being in favor of across-the-board tax increases.

The war on terror -- if American believe we're at war, think about what we saw this last week. North Korea tests a nuclear device, tests long-range missiles.

Republicans stand in favor of missile defense to protect us. Even after 9/11, most Democrats voted to cut missile defense, just like they voted against the Patriot Act, just like they voted against the interrogation effort, just like they voted against the surveillance program, and just like they want to set an artificial deadline, which people like James Baker and Senator Warner and others have acknowledged would surrender Iraq to terrorist enemies.

It's the wrong approach, and the American people aren't going to say in the face of war we need to be weaker, and in the face of economic challenge we need higher taxes and more regulations and more lawsuits. The Democrats have promised both.

BLITZER: All right. We're going to leave it right there because we're out of time.

MEHLMAN: Thanks a lot.

BLITZER: Ken Mehlman, you're going to be a busy guy...

MEHLMAN: I am.

BLITZER: ... the next three weeks. We'll talk early and often, as they say.

MEHLMAN: Looking forward to it. BLITZER: Thanks for coming in.

And when we come back, we're still on the political beat. I'll be speaking to Ron Brownstein, Candy Crowley, Stu Rothenberg for the inside story on these final weeks before the election here in the United States.

But up next, we'll get a quick check of what's in the news right now, including the latest on today's deadly violence in Iraq. And remember, another way to keep up with all the election news, sign up for the CNN political ticker. Go to cnn.com/ticker. Stay with "Late Edition." We'll be right back.

(NEWS BREAK)

BLITZER: Welcome back to "Late Edition." Joining us now to discuss what they think the voters will be thinking November 7th, three expert political observers. Stu Rothenberg of The Rothenberg Political Report, Candy Crowley, our senior political correspondent, and Ron Brownstein of the Los Angeles Times. Guys, thanks very much for coming in.

Ron, let me start with you and just ask you this question. We have our most recent CNN poll asked likely voters their choice for Congress. Democrats get 58 percent to Republicans' 37 percent. That's a huge spread, but how significant is that generic, general number?

RON BROWNSTEIN, LOS ANGELES TIMES: Well, that's larger than most of the other polls, but clearly consistently now in October, we're seeing double-digit advantages for the Democrats on that generic question in polls across the board. And what that means, Wolf, is the playing field is broadening as we speak. Races that were not expected to be competitive are becoming competitive. Incumbent Republicans...

BLITZER: In other words, what you're saying is Republican races...

BROWNSTEIN: Republican incumbents.

BLITZER: Republican incumbents...

BROWNSTEIN: Who did not think they were going to be having a nervous and difficult October, suddenly find themselves in races.

I was searching around the Internet this morning looking at papers in different states. Colorado, Ohio, the same story. Safe Republican district suddenly under siege. The president is under 40. Sixty percent of the country thinks we're on the wrong track. You have a double-digit generic advantage. And what happens? What happens is that Democrats are able to expand the battlefield, and the question is whether they can bring some of those races home in difficult terrain. BLITZER: Is this 1994, shaping up to be 1994 in reverse, 1994 when the Republicans all of sudden became the majority and a lot of Democrat incumbents didn't even think they had a problem? They wound up after that election losers.

STU ROTHENBERG, POLITICAL ANALYST: In a word, yes. The problem from the handicappers' point of view is we know the playing field is getting bigger. The Republican risk is bigger. The question is, how big?

So there is no doubt that this is going to be a terrific, Democratic year. They're going to make major gains in the House and the Senate. We still don't know exactly how high. But there are races that, six months ago, three months ago, I would have laughed off as not competitive, that could indeed bow down to the wire.

BROWNSTEIN: Can I just point out one difference -- two differences from '94? One difference is that Republicans, by and large, although there are some who are clearly being surprised now, by and large have been more aware of this problem than Democrats were and have gone out earlier to try to insulate themselves.

But the bigger difference is the terrain. And that's the real challenge for the Democrats. If you look back at '94, Republicans picked up 52 seats. About three-fifths of them were districts that had voted presidentially Republican only two years earlier. This year, both in the Senate and in the House, Democrats have to win districts that have been voting Republican. And that is still the challenge. In the end, can they bring those voters over the line?

CANDY CROWLEY, CNN CORRESPONDENT: Then there's redistricting between the Gingrich revolution and now, where Republican territory has been made more Republican and Democratic territory more Democratic. And also...

BLITZER: So there are less seats theoretically at play?

CROWLEY: Well, no, I don't want to argue against that there are a lot of seats in play.

BLITZER: No, since 1994.

CROWLEY: Yes. And I think you have to look at the candidates, because in '94 what we had was a number of freshmen candidates who weren't that well-known in their districts who got booted out. We're looking at old bulls here who have, you know, been to the rodeo a couple of times.

ROTHENBERG: All right. Well, let me just respond then. Two things, two other things in particular. First of all, this president's job approval, this president's numbers, they're worse than Bill Clinton's, much worse. President Clinton's...

BLITZER: In '94.

ROTHENBERG: ... ranged between 44 percent and 48 percent right before that disastrous midterm election. Second, this is a six-year election into the presidency. There have been two years of bad news. I think the environment is actually as bad -- I'll bet you it is, I think it's worse for the Republicans now than it was in '94.

BROWNSTEIN: You know, I agree. I agree the environment is worse. The structure is more stable than it was. And that really is the challenge.

BLITZER: Because of the gerrymandering.

BROWNSTEIN: Because of the gerrymandering, and also because we're seeing a growing parallel between the way people vote for president and the way they vote for the House and the Senate. Republicans under Bush have been winning Senate and House seats in the places where he's popular and losing them in the places where he's unpopular. And what Democrats have to do this year, especially in the Senate, is reverse that trend. To take back the Senate, Wolf, they have to win places like Missouri, Ohio, Montana, Virginia, Tennessee, that voted for Bush both times and where Democrats have had a hard time winning.

BLITZER: I want to get to the Senate in a moment, but let's talk about the House a little bit more. And just to remind other viewers what's going on, there are 231 Republican incumbents, 201 Democrats right now. One independent, three vacancies. The Republicans need 15 seats to become -- the Democrats, that is, need 15 seats to become the majority. We've estimated at least a week or so that there are about 25 seats at play, all of them Republican-held right now. You believe that there are more.

BROWNSTEIN: Probably today. I think there are more. I mean, I'll defer to Stu as the person who watches this more closely than almost anyone, but yes, I mean, as you go around the country, Republicans are worrying about and Democrats are seeing opportunity in place that were not on the map earlier in the year.

BLITZER: How many seats are in play right now? How many seats are Republicans really, really nervous about?

ROTHENBERG: Well, we're watching between 50 and 60 Republican- held seats right now. If you want to give me an exact number, we have it at 52 they're watching. There are a handful more that I think are, I've got to keep an eye on.

But, no, it's the second- and even third-tier districts, Wolf, that are coming into play now that we are seeing polls that show Republicans have reason for concern. Doesn't mean the Republicans are going to lose all those districts, but it means that those seats are certainly in play.

BLITZER: One moderate Republican, Chris Shays in Connecticut, he's fighting for his life right now against the Democratic challenger, Diane Farrell, Connecticut 4th District. Chris Shays said this this week, told the Hartford Courant, "I know the speaker didn't go over a bridge and leave a young person in the water, and then have a press conference the next day. Dennis Hastert didn't kill anybody." Those were strong words in reacting to the congressional page scandal, reviving the whole Ted Kennedy Chappaquiddick affair back in the '60s. This is not typical of Chris Shays, who's been a very moderate Republican.

CROWLEY: But you're seeing a guy up against the wall here. I mean, you know what happens when somebody is in a tough, tough fight. I mean, it's not first time he's said something, you think, whoa. I mean, he also talked about Abu Ghraib this week and said, well, it was really a sex ring. I mean...

BLITZER: It wasn't torture, it was sex.

CROWLEY: ... it wasn't torture, it was about a sex ring of National Guard. So there's a lot of things coming out of there that tell you this is a guy in real trouble.

BLITZER: But very quickly because I want to take a break, that's not going to help him with his constituents in Connecticut.

BROWNSTEIN: It's a Democratic-leaning district. His current ad on television starts, I'm not a partisan politician. He was way off message. He was a truck running right into his message.

BLITZER: Is he in trouble in Connecticut? Who's going to win that race?

ROTHENBERG: Oh, of course. I mean, we have this race as toss- up, tilting, actually, to Chris Shays. One thing that that comment showed is this is a much more combative, confrontational Chris Shays. In the past, he used to allow himself to be a punching bag. He'd be attacked and he wouldn't respond. He's running a pretty good campaign. This wasn't the best message of the entire cycle.

I think he's got a fighting chance, but look, he is in a competitive race, and he knows it.

BLITZER: And Connecticut is a blue state to begin with.

All right, guys, stand by. We're going to talk about the Senate. Our political panel is going to be with us. We'll get much more on the election countdown in just a moment. Stay with us. We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. As we tick off the days to election day, we're continuing our conversation with our special "Late Edition" political panel: Stu Rothenberg, Candy Crowley and Ron Brownstein.

Candy, the Mark Foley impact on these elections this year, I've heard various estimates. It's going to be huge, it's not going to be huge. The speaker, Dennis Hastert, clearly is concerned. I want you to listen to what he said this week. We don't have it, but he said, basically, in 20/20 hindsight, we would probably do everything better, but if there was a problem, if there was a coverup, then we should find that out through the investigation process. What is going on? The political impact from the congressional page scandal on these elections, especially in the House.

CROWLEY: Clearly, it puts something more toxic into the groundwater. So, yes, there is an effect. Certainly if we believe the polls, there's been an effect nationwide. It obviously affects some races more than others. Reynolds in New York. It obviously affects Foley's district.

So there are some specific districts that really are hurt by it, but I think it adds that whole -- this not a Foley issue, this a leadership issue. And it just fits right, dovetails so nicely with what the Democrats are out there saying.

BLITZER: All right. Let's talk about the Senate. Ron, let me pick your brain a little bit. A lot of people assume, maybe correctly, maybe incorrectly, that the Democrats are going to be the majority in the House of Representatives.

Let's see what the challenges are for the Democrats in the Senate. Fifty-five Republicans right now, 44 Democrats, one independent who almost always votes with the Democrats. That means the Democrats need to capture six seats in order to have a 51-49 majority. If its 50-50, the vice president of the United States, who's the president of the Senate, he breaks the ties, and then the Republican is the majority. Eight seats in great danger right now. Seven of them Republicans-held, one Democratic-held. What's your assessment right now?

BROWNSTEIN: Well, look, as I said, the basic trend under George Bush is Republicans have been winning Senate seats in the states that vote Republican for president, and then losing them in the states that vote Democratic for president. That's generally been a good trade for Republicans, because there are 29 states that voted Republicans in the last two elections for him, and only 18 that voted for Kerry and Gore.

Democrats have two targets in those 18 blue states: Lincoln Chafee in Rhode Island and Rick Santorum in Pennsylvania. Even if they beat both of them, Wolf, to win back a majority, they have to reverse the trend and win Senate seats in the red states. So what have you got? Montana, they've got a very strong chance. Ohio, they've got a very strong chance. And then it really comes down to them for three border states that are tough states for Democrats, especially in rural areas: Missouri, Virginia and Tennessee.

Assuming they can hold New Jersey, which is the one Democratic- held seat that's in play.

If they can win two out of three in Virginia, Tennessee and Missouri, hold New Jersey and win those other four, they get the majority. But the challenge is getting socially conservative voters, especially in rural areas, enough of them to vote Democratic. I saw today in that Washington Post poll that had Jim Webb crushing George Allen in the northern Virginia suburbs but losing in the rest of the state badly enough to give Allen a lead. That's what they have to get over the hump.

BLITZER: So it comes down to the Republicans have been exceedingly well in 2000, 2002, 2004. And we'll see what happens in 2006. Get the turnout, get that base excited and get them to the polls.

ROTHENBERG: Turnout is a huge unknown. It's a huge question mark. You ask political analysts, journalists, reporters about turnout. We go on and on about how important it. We have, actually, we really have no idea how to measure it, how to project it. All we can say, Wolf, is that you talk to Republican strategists and operatives, they see it as a hope but also a danger. They're very concerned about Republican enthusiasm or lack thereof, and a whole number of races could turn on turnout.

BLITZER: Who's more excited, the Democratic base or the Republican base?

CROWLEY: Well, the Democratic base is angry. And the Republican base is at best sort of noncommittal at this point. And if you had your choice between a superior turnout machine, which the Republicans have, and anger, which the Democrats have, I'd take anger any day.

BROWNSTEIN: The Republicans have a great turnout engine, but the engine needs fuel, and the fuel in '02 and '04 was passionate support for President Bush. Right now, the passion is on the other side. If you look at the national polling, twice as many Americans say they strongly disapprove of his performance as strongly approve.

There was a poll put out this week by veteran Democratic pollster Stan Greenberg and James Carville. And they found even in four dozen Republican-held districts that there was twice as much strong disapproval as approval. So the challenge for Republicans is, can they make this machine go without what has powered it in the past, which is a strong attachment and support for the president?

BLITZER: And I'll just put these numbers up to wrap this up, Stu. In terms of the president's job approval numbers in our so- called poll of poll, CNN had him at 39, USA Today/Gallup 37, ABC at 39, CBS/New York Times 34. The average 37 percent. Not a good number to go into this election.

ROTHENBERG: A disastrous number. Now this election still, in spite of the Mark Foley discussion and questions about weapons of mass destruction, it's about George W. Bush. His overall performance, particularly in Iraq, but overall.

BLITZER: We've got to leave it right there, guys. Thanks very much. A great discussion as usual.

Up next, in case you missed it, we'll bring you the best of the other Sunday morning talk show sounds. Stay with us.

BLITZER: Up next, in case you missed it, "Late Edition" Sunday morning talk show roundup. And coming up at the top of the hour, "This Week at War." Stay with us.

BLITZER: In case you missed it, let's check the highlights from the other Sunday morning talk shows.

The main topic on CBS and Fox was the United States response to North Korea's nuclear tests.

(BEGIN VIDEO CLIP)

CONDOLEEZZA RICE, U.S. SECRETARY OF STATE: They're going to have to get accustomed to the fact that this is not a problem with the United States. This is a problem with the world. That is why it is so important not to allow this to become a bilateral negotiation, because the north would like nothing better than to simply deal with the United States so that we are the ones that isolate it.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN KERRY, (D-MA) They've pulled out of the Non- Proliferation Treaty. We no longer have cameras in the reactor. We no longer have inspectors in the reactor. We no longer know where the fuel rods are. We know that they have now tested. The United States of America's less safe. And the six-party talks have been a cover.

(END VIDEO CLIP)

BLITZER: That's your "Late Edition" for this Sunday, October 15th. I'm Wolf Blitzer in Washington. For our North American viewers, "This Week at War" just ahead, right after a quick check of what's in the news right now.

Owens, Angela (ENRD)

From: Owens, Angela (ENRD)

Sent: Monday, October 16, 2006 11:51 AM

To: Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Ferguson, Russ (ENRD); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Irving, John S.. (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William (ENRD); Magnuson, Cynthia; Mahan, Ellen (ENRD); Maher, Robert (ENRD); Mariani, Tom (ENRD); McCallum, Robert (SMO); McKeown, Matt (ENRD); Mergen, Andy (ENRD); Milius, Pauline (ENRD); Miller, Charles S; Miranda, Gail (ENRD); Monson, Peter C (ENRD); Nelson, Ryan (ENRD); Newton, Cullen (ENRD); O'Connor, Eileen J. (AAG/TAX); Randall, Gary (ENRD); Ranger, Steven (ENRD); Rogers, Cherie (ENRD); Samuels, Stephen (ENRD); Saxe, Keith (ENRD); Schachter, Scott (ENRD); Schiffer, Stuart (CIV); Senger, Jeffrey M; Shaw, Aloma A; Shockey, Charles (ENRD); Sither, John (ENRD); Smith, Justin (ENRD-LPS Attorney); Smith, Marc (ENRD); Sobeck, Eileen (ENRD); Stoller, Stacy (ENRD); Turner, John (ENRD); Uhlmann, David (ENRD); Vaden, Christopher (ENRD); Wardzinski, Karen (ENRD); Webb, John T. (ENRD); Williams, Jean (ENRD); Wooldridge, Sue Ellen (ENRD); Young, Russell (ENRD); Zwick, Ken (CIV)

Subject: Attached is ENRD's Weekly Report to the AG...

Attachments: #104775-v1-AG_Weekly_Report_--_October_16.DOC

U.S. Department of Justice

Environment and Natural Resources Division

Assistant Attorney General
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Facsimile (202) 514-0557

October 16, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

NEXT WEEK

Nothing to report.

THIS WEEK

- ***Council on Environmental Quality Meeting on Northwest Forest Plan***

On Wednesday, October 18, 2006, the Division will participate in a meeting that the Council on Environmental Quality is hosting to discuss legal and policy options for improving the Northwest Forest Plan.

LAST WEEK

- ***Favorable Decision in Northern Alaska Environmental Ctr. v. Kempthorne (9th Cir.)***

On October 12, 2006, the Ninth Circuit denied a petition for rehearing of a favorable decision issued on July 26, 2006. This is an action by environmental groups against the Bureau of Land Management and the Fish and Wildlife Service, challenging a plan for oil and gas leasing in the northwest part of the National Petroleum Reserve-Alaska for alleged violation of the National Environmental Policy Act and the Endangered Species Act. This result contrasts with the decision last month in National Audubon Society v. Norton (D. Alaska), in which the district court issued a decision for plaintiff environmental groups, vacating an amendment to the oil and

gas leasing plan for the northeast part of the National Petroleum Reserve-Alaska under the National Environmental Policy Act and the Endangered Species Act.

- ***Adverse Decision in Ilioulaokalani Coalition v. Rumsfeld (9th Cir.)***

On October 5, 2006, the Ninth Circuit held that the Army's environmental analysis under the National Environmental Policy Act for its 2004 decision to upgrade the 2nd Brigade, 25th Infantry Division, to a "Stryker Brigade Combat Team" was inadequate. The Army's upgrade of the 2nd Brigade was part of a larger effort by the Army to transform its fighting units from a "Cold War" military to a more responsive, modern military. The upgrade would involve additional land acquisition, construction of additional training facilities, and upgrading the types of military equipment. Despite the fact that this brigade has long been stationed in Hawaii, the Ninth Circuit held that the Army's NEPA analysis was inadequate because it did not evaluate an alternative of moving the 2nd Brigade to a different location for its training. The court ordered a remand for the Army to complete the additional analysis, but did not address whether any activities should be halted in the interim. The 2nd Brigade is scheduled to be deployed to Iraq and Afghanistan in the near future.

DIVISION CONTACT

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DOJ_NMG_0081966

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Monday, October 16, 2006 7:21 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
October 16, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TUESDAY'S EXPECTED NEWS STORIES:

Attorney General Delivers Remarks before International Association of Chiefs of Police (OPA)
Today, the Attorney General announced the Initiative for Safer Communities, an effort to combat violent crime, before the annual conference of the International Association of Chiefs of Police in Boston.

Talking Points

- The Department of Justice is committed to making sure that every American city and town can share in the success of low violent crime rates.

- The Initiative for Safer Communities will help us find and use the tools that work most effectively to fight violent crime and keep our communities safe.

Media Reports FBI Search of Congressman Weldon's Daughter's Home (OPA)
Today, the media reported the FBI raided the homes of Congressman Curt Weldon's daughter and her business partner as it investigates whether Weldon improperly helped the pair win lobbying and consulting contracts. The Department is not commenting.

Department Of Justice Announces Funding To Public Safety Officers for Bulletproof Vests (Office of Justice Programs)
Today, the Department of Justice announced nearly $29 million in funding to over 4,500 law enforcement agencies across the nation for the purchase of bulletproof vests through the Department of Justice's Bulletproof Vest Partnership Program. The grant awards are expected to fund the purchase of over 213,000 vests for public safety officers nationwide.

Talking Points

- Law enforcement is a difficult and dangerous profession. The safety and well-being of our public safety officers is fundamental to effectively administering justice in the communities they serve.

- Providing this support to state and local agencies is essential to protecting those who are charged with confronting some of our country's most violent criminals.

Attorney General Issues Report to The President Regarding the Administration of the Freedom of Information Act (Office of Information and Privacy)
Today, Attorney General Alberto R. Gonzales submitted to President Bush the Department's report regarding the government-wide administration of the Freedom of Information Act (FOIA). Today's report is the result of the first of three Justice Department reviews required under Executive Order 13392 titled, "Improving Agency Disclosure of Information." The executive order, signed by the President on Dec.14, 2005, directs agencies to ensure citizen-centered and results-oriented agency FOIA operations. The order directed federal agencies to develop and implement plans in order to improve the performance of their FOIA programs. The order also established, for the first time ever, a Chief FOIA Officer for every agency, FOIA requester service centers and FOIA public liaisons.

Lynne Stewart Sentenced to 28 Months in Prison (USAO–Southern District of New York)
Today, Attorney Lynne Stewart was sentenced to 28 months in prison by U.S. District Judge John Koeltl for helping an extremist Egyptian cleric pass messages from prison urging his followers on the outside to launch terrorist attacks. Stewart was charged with aiding a terror organization, the Islamic Group, wage a murder and kidnapping conspiracy by smuggling messages from her former client, the blind sheik, Omar Abdel Rahman. Michael Garcia, U.S. Attorney for the Southern District of New York, announced he is exploring appellate options.

FBI Releases 2005 Hate Crimes Statistics (FBI)
Today, the FBI released Hate Crime Statistics for 2005. This report is available on the FBI website.

TUESDAY'S EXPECTED EVENTS/RELEASES:

9:35 A.M. EDT	Attorney General Alberto R. Gonzales will participate in the bill-signing ceremony of the Military Commissions Act of 2006. The Rose Garden The White House Washington, D.C. **OPEN PRESS**
5:30 P.M. EDT	Diane Stuart, Director of the Office of Violence Against Women, will participate in the opening of the Family Justice Center of Northwest Ohio. 118 1/2 Clinton Street Defiance, Ohio **OPEN PRESS**

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, October 17, 2006 8:43 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, October 17, 2006
Attachments:	agnb061017.pdf; agnb061017.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 17, 2006 7:45 AM EDT

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DOJ_NMG_0081972

TERRORISM NEWS:

Stewart Sentenced To 28 Months In Prison, Much Less Than Prosecutors Wanted. USA Today/AP (10/17, Neumeister) reports, "A firebrand civil rights lawyer who has defended Black Panthers and anti-war radicals was sentenced Monday to nearly 2 1/2 years in prison -- far less than the 30 years prosecutors wanted -- for helping an imprisoned terrorist sheik communicate with his followers on the outside." Lynne Stewart "smiled, cried and hugged supporters after US District Judge John G. Koeltl pronounced the sentence of 28 months." The judge "said Stewart was guilty of smuggling messages between her client and his followers that could have 'potentially lethal consequences.' He called the crimes 'extraordinarily severe criminal conduct.'" But "in departing from federal guidelines that called for 30 years behind bars, he cited Stewart's more than three decades of dedication to poor, disadvantaged and unpopular clients."

Newsday (10/17, DeStefano) notes that Koetl "cited her years of advocacy for the poor and down-trodden as a reason for a more lenient term behind bars. 'Ms. Stewart performed a public service, not only to her clients but to the nation,' said Koeltl, who refused a prosecution request to sentence Stewart, who is battling breast cancer, to a 30-year term." The New York Post (10/17, Cornell, 608K) adds, "A grinning, gloating Lynne Stewart declared 'victory' yesterday after" the sentencing.

The Washington Post (10/17, A3, Powell, 748K) reports, "Koeltl's decision to mete out a comparatively mild sentence amounted to a slap at federal prosecutors in a case that former attorney general John D. Ashcroft repeatedly had hailed as a nationwide model." US Attorney Michael Garcia "released a statement expressing disappointment and held out the possibility of appealing the sentence. It is not unusual for a federal appeals court to reverse a sentence handed out by a lower court." The Post adds, "More than a few legal observers divined a message in the judge's sentences. 'There's no doubt the government has tried to use this case to chill effective advocacy in terror cases,' said Neal R. Sonnett, a former federal prosecutor, past chair of the American Bar Association's criminal justice section and current chair of the association's task force on the treatment of enemy combatants. 'I'm delighted the judge was not swayed by the frenzy over terrorism.'"

The New York Times (10/17, Preston, 1.21M) reports, "Michael J. Garcia, the United States attorney in Manhattan, attended the sentencing yesterday. He and his prosecutors left the courtroom without comment. 'The government is disappointed in the sentences imposed today,' Mr. Garcia said in a statement later. 'We will be exploring our appellate options.'" The Los Angeles Times (10/17, Barry, 918K) runs a similar report.

AFP (10/17) reports, "Ever since she was charged, Stewart has insisted she was being unfairly targeted for her unorthodox choice of clients over a 30-year career that has seen her represent mobsters and political radicals. … US Attorney General Alberto Gonzales said at the time the verdict was an 'important step' in the Department of Justice's 'war on terror'."

The New York Law Journal (10/17, Hamblett) reports, "The sentences came 4 1/2 years after Attorney General John Ashcroft announced the indictment of Stewart, Sattar and interpreter Mohamed Yousry in a plot to pass messages to and from the Egyptian-based Islamic Group to imprisoned Sheik Omar Abdel-Rahman. Yousry was sentenced Monday to 20 months in prison. … Sheik Abdel-Rahman, considered the spiritual leader of Islamic Group, was serving a life sentence for a terror plot against the United States. He had been placed under Special Administrative Measures (SAMs) by the Bureau of Prisons to prevent him from communicating with his followers in the group." The Journal adds, "Stewart was convicted of defrauding the government by signing attorney affirmations promising to abide by the SAMs and of providing material support along with Yousry by helping the sheik send and receive messages in prison. … Her most 'potentially lethal' action, Judge Koeltl said, was in June 2000, when she read a press release to a reporter indicating that the sheik was withdrawing his support for a 'cease-fire' or cessation of attacks against the Egyptian government."

WSJournal Criticizes Stewart's Sentence. In an editorial on Stewart's sentencing, the Wall Street Journal (10/17, A14, 2.03M) says, "In an age when courts routinely impose five-year prison terms for drug offenders, and life sentences on former CEOs, 28 months may not seem an appropriate sentence for a terrorist accomplice." Stewart "certainly had the sympathy of" US District Judge John Koeltl.

DOJ_NMG_0081973

While "a case could be made for leniency" given Stewart's age and her breast cancer recovery, "remorse is also a prerequisite for mercy, and Ms. Stewart shows none, either for her crime or for the arc of a career which flows too naturally from championing the 'liberation' movements of the 1960s to the Islamists of the present day. What her clients have in common is that they loathe America." The Journal concludes, "Now she basks in the pity and praise of her fellow radical travelers, who haven't seemed to spare much thought for the victims of" Al-Gama'a al-Islamiyya's 1997 Luxor bombing. "It says everything about her, and about them."

The New York Daily News (10/17, 729K) also laments the sentence, under the headline "Judge Goes Soft On Terror Lawyer."

Jury Seated For Salah Trial. In a widely-distributed story, the AP (10/17) reports, "A jury was chosen Monday for the federal trial of two men accused of supplying money and recruits to the Palestinian terrorist organization Hamas. Opening statements were set for 9:30 a.m. Thursday at the trial of suburban Chicago grocer Muhammad Salah, 53, and former university professor Abdelhaleem Ashqar, 48, of Alexandria, Va. U.S." The AP notes, US District Judge Amy J. St. Eve "overruled objections from federal prosecutors that defense attorneys had acted to keep whites from serving on the jury." St. Eve "held that in each case there was a non-racial explanation."

Allies Blocking Return Of Gitmo Detainees. The Washington Post (10/17, A1, Whitlock, 748K) reports in a front page article that Britain and "other European governments, which have been equally vocal in assailing Guantanamo as a human rights liability, have ... balked at accepting prisoner transfers." The US faces a conundrum: "But those whom the Pentagon wants to free often have nowhere to go. In many cases, their native countries don't want them or have challenged their nationalities. Also slowing the process is a U.S. policy stipulating that prisoners cannot be transferred to nations with a record of human rights violations unless there are written assurances that they won't be mistreated."

Skelton, Hoyer Defend Democrats' Position On Detainee Bill. In a letter to the editor of the Wall Street Journal (10/17, 2.03M), Rep. Ike Skelton (D-MO) and Steny Hoyer (D-MD) write, "Your assertion ('Democrats on al Qaeda,' Review & Outlook, Oct. 2) that Democrats will not be tough on terrorism because many of us opposed the Republicans' Military Commissions Act is offensive and untrue. ... Our national security interests are best served when we interrogate and try terrorist suspects in a manner that comports with our American values; produces convictions that will withstand appeals; and honors our international commitments, thereby protecting our troops who fall into enemy hands."

Legal Challenges Expected. The Christian Science Monitor (10/17, Richey, 58K) reports, "The new law rejects at least five key holdings by the liberal wing of the court and sets the stage for what many analysts believe will be yet another historic showdown between the courts, the president, and Congress. ... The sharp divide at the Supreme Court is driven by a fundamental disagreement over the proper level of judicial oversight of the war on terror."

Military Commissions Act Comes Under Fire. Stephen Rickard, director of the Washington office of the Open Society Institute, writes in the Washington Post (10/17, A21, 748K) that President Bush today will sign the Military Commissions Act, "while claiming 'clear' authorization from Congress for 'enhanced' CIA interrogations. Many critics claim the bill authorizes torture. Fortunately, both sides are wrong. … The bill's language on torture is far from perfect, and it has many other objectionable provisions. It should have been rejected. But on its face it criminalizes cruel treatment. An interrogator can go to prison if a court finds that the techniques used caused 'serious' mental or physical 'suffering,' which need not be 'prolonged.'" Rickard adds, "The administration is trying to convince CIA officers that they won't be indicted -- or at least convicted. But the CIA demanded clarity, not more ambiguity and 'plausible deniability.' At the end of the day all the president can honestly tell CIA interrogators is this: 'The law has some loose language. We'll give you another memo. Don't worry.' Sure."

Rickard Says Military Commissions Act Should Have Been Rejected. Stephen Rickard writes in the Washington Post (10/17, A21) that President Bush today will sign the Military Commissions Act, "while claiming 'clear' authorization from Congress for 'enhanced' CIA interrogations. Many critics claim the bill authorizes torture. Fortunately, both sides are wrong. … The bill's language on torture is far from perfect, and it has many other objectionable provisions. It should have been rejected. But on its face it criminalizes cruel treatment. An interrogator can go

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to prison if a court finds that the techniques used caused 'serious' mental or physical 'suffering,' which need not be 'prolonged.'" Rickard adds, "The administration is trying to convince CIA officers that they won't be indicted -- or at least convicted. But the CIA demanded clarity, not more ambiguity and 'plausible deniability.' At the end of the day all the president can honestly tell CIA interrogators is this: 'The law has some loose language. We'll give you another memo. Don't worry.' Sure."

Kristof Denounces Detention Of Al Jazeera Cameraman. In his New York Times (10/17, 1.21M) column, Nicholas Kristof writes, "There is no public evidence that Sami al-Hajj committed any crime other than journalism for a television network the Bush administration doesn't like. But the U.S. has been holding Mr. Hajj, a cameraman for Al Jazeera, for nearly five years without trial, mostly at Guantánamo Bay. ... Mr. Hajj is the only journalist known to be there, and, of course, it's possible that he is guilty of terrorist-related crimes. If so, he should be tried, convicted and sentenced. But so far, the evidence turned up by his lawyers and by the Committee to Protect Journalists — which published an excellent report on Mr. Hajj's case this month — suggests that the U.S. military may be keeping him in hopes of forcing him to become a spy."

HOMELAND RESPONSE:

DOD To Require Anthrax Shots For Troops, Contractors. The Washington Post (10/17, Lee, 748K) reports, "The Defense Department will resume mandatory anthrax vaccinations for more than 200,000 troops and defense contractors within 60 days, a Pentagon official said yesterday, rejecting the concerns of some veterans and service members who say that the vaccine has not been proved safe or effective. The vaccinations will be required for most military units and civilian contractors assigned to homeland bioterrorism defense or deployed in Iraq, Afghanistan or South Korea, said William Winkenwerder Jr., a physician and the assistant secretary of defense for health affairs." After a lawsuit by service members, the FDA "granted the vaccine final approval last December, clearing a legal path for the Pentagon to resume the controversial program."

Luck Seen As Primary Factor In Low Death Toll From 2001 Anthrax Attack. Roll Call (10/17, Kane) reports that the "ex-staffers and health experts who dealt with the medical issues involved in the immediate aftermath of the anthrax attacks largely attribute the fact that those exposed to the deadly biological agent avoided long-term health problems to a single factor: luck." Roll Call adds that "a series of actions taken along the way — some well-thought-out, others largely accidental — combined to allow for a relatively happy ending rather than a deadly outcome. … 'The luckiest thing was we saw the powder, unlike the postal workers. That's the critical difference between our people living through it and those two postal workers not living through it,' said Laura Petrou," then chief of staff to former Majority Leader Tom Daschle.

TWIC Expected To Expose US Ports' Reliance On Undocumented Workers. The Wall Street Journal (10/17, A1, Jordan, 2.03M) reports in a front page article that the Transportation Worker Identification Credential program, which will require workers with unescorted access to secure US port areas to prove that they are legal residents and pass a background check, "is expected to leave thousands of undocumented drivers without jobs in ports across the country. That would undermine the flow of goods to US consumers, highlighting the crucial role immigrants…play in the nation's economy." Darrin Kayser, manager of strategic initiatives for the Transportation Security Administration says the agency is aware of the ID program's potential impact on port work forces and "will continue to work with industry, port authorities and workers to address" the issue. Meanwhile, "Immigrant advocates and port experts say truck drivers rank far down the list of potential security threats."

Critics Blast Ashcroft Over Criticism Of 9/11 Panel. The AP (10/17) reports, "Former U.S. Attorney General John Ashcroft has been blasted by fellow Republicans for his new book criticizing the 9/11 Commission's investigation of the 2001 terrorist attacks." The AP continues, "Republicans who served on the commission told the St. Louis Post-Dispatch that Ashcroft's behavior as a witness and as an author is 'underhanded' and 'outrageous.'" The AP adds, "In his book, 'Never Again,' Ashcroft accuses the commission of 'assessing blame and grandstanding' instead of finding the truth and protecting Americans. … He alleges that the hearings 'disintegrated into show trials' and that the Republican-chaired panel was 'dangerously out of control' and 'obsessed' with blaming President Bush for not

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preventing the terrorist attacks while 'absolving' President Clinton's administration. … Ashcroft's spokeswoman said he stands by the accounts in his book." The AP notes, "Former Sen. Slade Gorton, R-Wash., said Ashcroft was the least interested in helping the panel get at the facts of what had happened before Sept. 11, 2001, so another terrorist attack could be averted. … 'John was the least cooperative of all the witnesses we had,' Gorton said. 'He was the only one who refused to submit his written testimony in advance, he probably came with the largest entourage of any of the people we talked to, and he engaged in a disingenuous and partisan attack' on the committee. … Former Illinois Gov. James Thompson said Ashcroft's behavior as a witness was so bad that Bush privately apologized to commission members."

Louisiana Man Says FEMA Trailer "Did Its Job" Sheltering Him From Tornado. The New York Times (10/17, 1.21M) relates the story of Jack Melancon, who, after losing "his shrimp nets and his roof to Hurricane Katrina last year and the rest of his house to flooding from Hurricane Rita," faced "the groan of a tornado advancing on his government-issued trailer" in Leeville, Louisiana Monday. The tornado "hurled debris against Mr. Melancon's trailer, provided by the Federal Emergency Management Agency. Short-lived banshee winds strained to pull the trailer from the soggy earth, but metal straps held it firm. … 'It rocked and it rolled and it shook and it blew,' Mr. Melancon said. 'The trailer did its job. I would recommend one of these to anybody.'"

WAR NEWS:

Bush Assures Maliki He Has Full US Support. CNN's The Situation Room (10/16, McIntyre) reported, "The White House says President Bush called Iraq's prime minister, Nouri Al-Maliki, who was troubled by rumors the US might be losing patience with him and could impose a time line for bringing the violence under control. … The White House says President Bush reassured Nouri Al-Maliki that he enjoys the full support of the United States government and that there are no timeliness for the withdrawal of US troops. In return, Al-Maliki is said to have reassured President Bush that he is opposed to the idea of partition. Rumors about that, he said, were also undermining confidence in the government." Fox News' Special Report (10/16, Huntsman) reported, "White House officials say the President initiated the call after reports that Maliki was concerned about US support for him."

CBS Evening News (10/16, story 4, 0:25, Couric, 7.66M) mentioned Bush's call to Maliki, "to assure him there is no timetable for pulling out," as part of a short report on violence in Iraq, while NBC Nightly News (10/16, story 2, 3:10, Gregory, 9.87M) showed Tony Snow, the White House Press Secretary, saying about Iraq, "The violence level's absolutely unacceptable." NBC added, "But during his phone call with Maliki today, the President denied there was any deadline for the Iraqi government." Snow: "The President said, the rumors are not true, we support you." Despite "such assurances, even some top Republicans want change. Senator John Warner has said the Administration should wait no longer than two to three months to change direction. Today Nebraska Republican Senator Chuck Hagel insisted during an interview with Tom Brokaw, Americans will not continue to commit US troops to a civil war." Hagel: "I don't want the outcome of Iraq to be a repeat of the outcome of Vietnam and if we're not careful, that is exactly where this is going to go."

The Washington Times (10/17, Curl, 88K) quotes Snow saying that al-Maliki "said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror." The White House "did not know where Mr. al-Maliki picked up the rumors, but the prime minister may have been referring to comments by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican."

USA Today (10/17, 2.27M) reports Snow also "challenged a story published Monday by USA TODAY that said al-Maliki will not force militias to disarm immediately. 'There is no mention…that he's not going to force militias to disarm until later this year or early next year. As a matter of fact, he says he's in the process of doing it now.'" USA Today adds, "A transcript of the interview showed Al-Maliki had told USA TODAY, 'The initial date we've set for disbanding the militias is the end of this year or the beginning of next year.' He also said a government committee was formed Oct. 8 'to work on disbanding militias and give them a deadline by which they have to lay down their arms.'"

The AP (10/17, Flaherty) reports Bush "told Nouri al-Maliki that rumors of a withdrawal of troops in two months were untrue," while the New York Times (10/17, Stolberg, 1.21M) says the story "reflects the delicate line the White House is walking as it tries to shore up the Maliki government

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while reassuring an increasingly skittish American public that it remains flexible in its approach to the war."

Bush Rejects Dividing Iraq Into Three Autonomous Regions. Last night, Bush was asked on Fox News' The O'Reilly Factor (10/16) about the possibility of dividing Iraq into three regions; a Kurdish autonomous region, a Sunni autonomous region and a Shia autonomous region, and paying them oil revenues to stop killing each other. Bush said, "I don't think that's the right way to go. I think that will increase sectarian violence. I think that will make it more dangerous -- and so does Prime Minister Maliki with whom I spoke today. I had an interesting conversation with him. I said we expect you to make tough political decisions to move forward. And he assured me he would continue to make tough political decisions necessary to move forward. One of those tough decisions is what do you do with the oil revenues. I happen to believe the oil belongs to the people and to the extent that they understand that it will help unify the country. Prime Minister Maliki also debunked this notion that he's not going to go after the criminal elements and or militias that are killing innocent people. He knows he has got to provide the security necessary for this country to move forward."

Bush Concerned About Iranian Involvement In Iraq Insurgency. Also on Fox News' The O'Reilly Factor (10/16), the President was asked if US forces in Iraq are now fighting an insurgency fueled by Iran. Bush said, "I think the enemy is more complex than that. We are concerned about some Iranian involvement. Particularly in the delivery of certain kind of weapons. But the violence that the American people see on their screens is some sectarianism, some criminal activity and al Qaeda. And we're dealing with all three. And the strategy in Iraq - or the tactics in Iraq is changing constantly. So obviously, if we see more Iranian involvement, we'll adjust our tactics to meet that threat."

CNN Poll Finds 64% Of Americans Oppose Iraq War. CNN's The Situation Room (10/16, Blitzer) reported that the latest CNN poll "shows only a third of Americans now favor the US war in Iraq. Sixty-four percent oppose the war. That's the highest number of opposition in that CNN polling so far, since the war started three and-a-half years ago." The President was asked on Fox News' The O'Reilly Factor (10/16) about the polling data. Bush said the American people "want us to win. They believe -- they are wondering whether or not we have the plans in place to win. They want to know whether or not we have the flexibility on the ground to constantly meet the enemy. And I can understand why there's frustration, because the enemy knows that killing innocent people will create a sense of frustration and they know that they know America. They know we are a conscience-driven people that value life. And the more people they destroy and the more innocent lives that are destroyed, the more likely it is we will retreat in their way of thinking. This is what Osama bin Laden and Zawahiri had plainly stated, that it is just a matter of time that America loses her nerve and leaves."

Bush Says Extremists Could Gain Control Of Middle East Within Decades. Bush was asked on Fox News' The O'Reilly Factor (10/16) about the "anti-Bush press" which says he has no strategy in Iraq and he refuses to listen to dissent. Bush said, "I'm disappointed that people would propagandize to that effect because the stakes are too high for that kind of illogical behavior. We have got a plan - first of all a stated goal. And I have said to our commanders on the ground, you achieve that goal and we'll give you the tools necessary to do it." Bush added, "Here's the stakes, as far as I'm concerned. It is conceivable that within decades, the Middle East will be a place where moderate governments have been toppled, extremists and radicals will have gained control of oil resources and then will use to create a blackmail situation against the West and Iran will have a nuclear weapon, to complicate the mix. And 20 or 30 years from now if that is the case, people will say what happened to them, how come you couldn't see the threat as a generation of Americans are dealing with something much more violent than we are seeing today. And so to the critics who say we don't listen, of course we listen. I listen to the most important people of all, the people on the ground who are actually in Baghdad making the difficult decisions necessary to help this government succeed."

Sunni Insurgent Faction Offers To Negotiate With US Forces. CNN's The Situation Room (10/16, Ware) reported, "The Islamic Army of Iraq is…one of the largest and most powerful factions within the Sunni insurgency. These are the people who are responsible for the bulk of the day to day attacks against US forces, from roadside bombs to deadly sniper attacks to all manner of ambush and roadside bombings. These people offered us an opportunity to forward questions to their leadership, which we did in writing. They responded to those questions in videotaped answers, putting forward their official spokesman, Ibrahim al-Shimmari, to answer and respond to CNN. And

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what he outlines is fascinating. He renews the insurgency's long-running offer to negotiate with US forces."

US Officials Said To Show Ignorance Of Sunni-Shiite Differences. In an op-ed for the New York Times (10/17, 1.21M), CQ national security editor Jeff Stein writes, "For the past several months, I've been wrapping up lengthy interviews with Washington counterterrorism officials with a fundamental question: 'Do you know the difference between a Sunni and a Shiite?'" He concludes, "Most American officials I've interviewed don't have a clue. That includes not just intelligence and law enforcement officials, but also members of Congress who have important roles overseeing our spy agencies. How can they do their jobs without knowing the basics?"

Sectarian Violence Continues In Iraq. ABC World News (10/16, story 3, 2:15, Gibson, 8.78M) reported, "In recent weeks, there has been a horrific surge in religious violence, Iraqis killing Iraqis in unprecedented numbers. Today was no exception. And it is happening not just in one area of Baghdad but around the country."

The Los Angeles Times (10/17, Daragahi, 918K) reports, "Ministry of Interior spokesman Abdul-Kareem Khalaf blamed the latest outburst of violence on insurgents hitting random targets and 'seeking to incur as much damage and death as possible.'" But "the rhythms of the ongoing violence coincide with the country's political impasse. Once-dominant Sunni Arabs are waging an insurgency against the Shiite and Kurdish-dominated government as well as its US backer. Ascendant Shiites struggle to enforce their will politically as well as through violent death squads that kill dozens of innocent Sunnis every night."

The Washington Post (10/17, A1, Knickmeyer, Aldin, 748K) reports "the escalating violence in the Tigris River towns in many ways serves as a microcosm of the daily violence roiling Iraq. Sectarian attacks have increased more than tenfold since the start of the year and now claim more than 100 victims a day, according to the Iraqi government." The violence in Balad "was unusual because of the sustained deployment of the militias on the streets, and the killing seemed particularly vicious."

Iraqis Ask Why US Did Not Stop Balad Massacres. The New York Times (10/17, Luo, 1.21M) reports, "In the aftermath of the reprisals, some residents of Balad asked why American troops had not intervened when the killings began in earnest on Saturday. One of the largest American military bases in Iraq, Camp Anaconda, which includes a sprawling air base that serves as the logistical hub of the war, is nearby." American commanders "concluded that the situation in Balad was best dealt with by the Iraqi armed forces, a senior American military official said." The bloodshed in Balad illustrates "the dilemma for American military commanders at a time when they are hastening the transfer of wide areas of the country to Iraqi forces. ... It also highlighted yet again the powerlessness of the Iraqi forces to stand in the way of such sectarian violence."

Christians Fleeing Iraq. The New York Times (10/17, Luo, 1.21M) reports, "Muslim fury over Pope Benedict XVI's public reflections on Islam in Germany a month ago — when he quoted a 14th-century Byzantine emperor as calling Islam 'evil and inhuman' — has subsided elsewhere, but repercussions continue to reverberate in Iraq, bringing a new level of threat to an already shrinking Christian population. ... Over the past three and a half years, Christians have been subjected to a steady stream of church bombings, assassinations, kidnappings and threatening letters slipped under their doors. Estimates of the resulting Christian exodus vary from the tens of thousands to more than 100,000, with most heading for Syria, Jordan and Turkey."

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Los Angeles US Attorney To Leave For Gibson Dunn. The Wall Street Journal (10/17, B11, Lattman) reports, "In the latest example of a government prosecutor jumping to a high-paying law firm, Debra Wong Yang, the U.S. Attorney in Los Angeles, has resigned her post and will join Gibson, Dunn & Crutcher as a partner at the beginning of the year." The Journal continues, "During Ms. Yang's tenure, her office has spearheaded several high-profile corporate-crime cases, including the indictment earlier this year of law firm Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. Milberg Weiss has denied the allegations and vowed to fight the charges. … Ms. Yang, 47 years old, serves on the Justice Department's Corporate Fraud Task Force, an interagency group created in July 2002 amid white-collar scandals."

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CORPORATE SCANDALS:

Senior KLA-Tencor Employees Lose Jobs In Options Backdating Scandal. The Wall Street Journal (10/17, A2, Tomsho, Bandler) reports, "Two senior employees at a Silicon Valley company lost their jobs yesterday, and another technology company said that former top executives misled its board as the stock-options scandal continued to gain traction. In the latest personnel shakeups, Stuart J. Nichols, general counsel of KLA-Tencor Corp., and Kenneth L. Schroeder, a former chief executive who had remained with the company in an advisory role, left following an internal probe that found backdating of options at the company." The company "also said it was canceling all outstanding backdated stock options held by Mr. Schroeder and repricing all backdated options held by Mr. Nichols."

Bloomberg (10/17, King) reports, "KLA-Tencor is among more than 140 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The U.S. Securities and Exchange Commission, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low."

The AP (10/17, Liedtke) reports, "With Monday's announcement, San Jose-based KLA joins a lengthening list of companies facing up to the consequences of stock option chicanery that went undetected for years. … The repercussions are erasing a substantial chunk of past profits and spurring efforts to clean out executive suites and boardrooms as federal regulators and prosecutors explore possible civil penalties and criminal charges." The AP adds, "In the past week alone, more than a dozen executives and directors at six companies nationwide have either resigned or been fired. Four of those companies are based in Silicon Valley, which has become the focal point of the latest scandal to rock corporate America."

Altera To Restate Earnings After Options Probe. The San Jose Mercury News (10/17, Harris, Blitstein) reports that Altera, "a leading maker of programmable semiconductor chips … would restate its earnings by $47.6 million after an investigation by board members found grants to former executives of back-dated stock options." The News continues, "A special committee of independent board members of Altera found seven instances between 1996 and 2001 where recorded grant dates for stock options were different from the actual grant dates, the company said. … In a separate statement, Altera said Chief Financial Officer Nathan Sarkisian has retired. Previously, the company had said he planned to retire by the end of 2006."

USA Today (10/17, Krantz, Farrell) reports, "Computer-chip maker Altera said Monday that chief financial officer Nathan Sarkisian left the company prematurely after a review of its options-granting practice pinpointed problems. The company said it will need to restate earnings to reflect $47.6 million in costs pertaining to options grants." USA adds, "As of Monday, the number of companies losing an executive or director in the scandal hit 23."

UnitedHealth Shares Suffer With CEO's Departure. The AP (10/17, Freed) reports, "UnitedHealth Group Inc. will lose the CEO that built it into a health insurance powerhouse, but on Monday, Wall Street yawned. UnitedHealth shares traded in a narrow range and analysts said that they had expected the departure of Chairman and CEO William McGuire because of apparent stock options backdating." The AP continues, "With McGuire gone from the boardroom immediately, and set to retire as CEO by Dec. 1, the company's board promoted President Stephen Hemsley to CEO. … UnitedHealth shares slipped $1.21, or about 2.5 percent, to close at $47.54 on the New York Stock Exchange. They're off from a high of $64.61 in December, with much of that loss since questions about the company's stock options timing arose in March." The AP adds, "By making Hemsley CEO, UnitedHealth's directors signaled they would keep the company headed in the same direction, which has boosted UnitedHealth's stock price exponentially over the past 15 years and transformed it into the nation's second-largest health insurer. Hemsley has been at the company since 1997 and has run its day-to-day operations since 1999. … UnitedHealth said on Sunday that McGuire would step down after a company-commissioned report found widespread, systematic backdating was probably the explanation for his extraordinary good fortune in receiving stock options priced at the lowest possible point in eight different quarters."

UnitedHealth Options Episode Raises Questions About Hemsley. The New York Times (10/17, Dash) reports, "When Stephen J. Hemsley joined UnitedHealth Group after 23 years with the accounting firm Arthur Andersen, he was greeted with a grant of 400,000 stock

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options dated shortly after he started in June 1997. There was just one thing: the options carried a stock price based on the market price five months earlier, when he did not yet work for UnitedHealth, one of the largest health insurers in the country. The difference in dates effectively created a built-in gain of $7.26 for every share. Mr. Hemsley, who was chief financial officer at Andersen, said that he 'didn't recall focusing at the time' that his options carried a discounted price and that there was not enough evidence to determine if the grant was actually backdated. But the episode, recounted in a 14-page report into UnitedHealth's option practices, does raise some questions about Mr. Hemsley, who has taken the reins at UnitedHealth from Dr. William W. McGuire, who was forced to resign Sunday amid criticisms of how stock options were awarded."

WSJournal Says McGuire's Downfall Could Add Fuel To Options Scandals. The Wall Street Journal (10/17, 2.03M) editorializes, "William McGuire, with his $1 billion-plus portfolio of unexercised stock-options, was a poster-child for the backdating scandal even before his ouster as CEO of UnitedHealth over the weekend. And if history is any guide, the claiming of a scalp this large will only add fuel to a pyre that is already licking at the heels of several even better-known CEOs, notably Apple's Steve Jobs." The Journal adds, "Accounting rules and SEC regulations are not things to be flouted lightly, even when they appear arbitrary or even harmful. In the end, though, it may have been Dr. McGuire's lack of honesty with the board that proved his undoing. … Just as top executives at public companies shouldn't set their own pay, they should not engage in side financial dealings with those who do. More so than the backdating allegations, this undisclosed conflict of interest seems to have been Dr. McGuire's hanging offense. On the other hand, UnitedHealth's stock was down 2.5% yesterday after the story broke, suggesting that Mr. McGuire's ouster was not the benediction shareholders were looking for."

More Fallout From Options Scandal Expected. The AP (10/17, Freed) reports, "The shake-up at UnitedHealth Group Inc. – whose top executive will step down no later than Dec. 1 – adds to the list of corner-office victims of stock option backdating." The AP continues, "Faced with an independent report that found widespread problems with the way UnitedHealth issued stock options, the nation's second-largest health insurer said Sunday that chairman and CEO William McGuire will leave the board immediately and leave the company no later than Dec. 1. .. .In addition, board member William G. Spears will resign, and General Counsel David J. Lubben will retire." The AP adds, "So far, at least 30 senior executives or directors at 16 companies with stock option problems have resigned or been fired. .. .There may be many more to come: At least 135 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations according to an Associated Press review."

Comverse CEO Faces Additional Charges. The New York Law Journal (10/17, Bar) reports, "Eastern District of New York prosecutors last week filed a superseding indictment against Jacob 'Kobi' Alexander, accusing the former Comverse Technology chief executive of new charges that include obstructing justice." The Journal continues, "Alexander, who had been accused of creating a secret slush fund for backdated options and evading the requirements of the company's stock option plans, is now charged with offering 'another person' millions of dollars as a bribe to falsely take sole responsibility for the scheme." The Journal adds, "The government said Alexander first offered the unnamed individual $2 million, then $5 million, and then stated, in substance, 'name your price.' … Alexander was a fugitive for more than a month before being discovered in Namibia. He faces extradition back to the United States." The Journal notes, "The additional charges against him came the same week the government filed papers saying it was engaged in plea negotiations with two other former Comverse executives facing criminal charges in connection with the backdating scheme. The Eastern District U.S. Attorney has until Nov. 8 to decide whether to indict David Kreinberg, Comverse's chief financial officer, and William Sorin, its former general counsel."

Labor Department Sues Agway's Retirement Savings Plan. The Wall Street Journal (10/17, D3, Matthews) reports, "The Labor Department has filed suit against trustees of bankrupt agricultural cooperative Agway Inc.'s employee retirement-savings plan, charging the plan's fiduciaries improperly invested $50 million of the assets. According to the lawsuit, 47 members of Agway's investment committee, administration and the company's board allegedly valued the company's stock at prices higher than market value and gave plan participants false information about the investment. The Labor Department said the suit, filed in the U.S. District Court for the Northern District of New York, seeks

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a court order to require the defendants to restore the $50 million in losses along with interest and to forfeit any benefits if all losses suffered by the plan aren't restored."

Hedge Fund Market Has Expanded In Recent Years. The New York Times (10/17, Anderson) reports, "The hedge fund business has exploded in recent years, with more than 9,000 funds now managing more than $1.2 trillion for pension funds, endowments and wealthy individuals. Part of the appeal to these sophisticated investors is the funds' greater freedom to bet on different markets, including exotic and risky investments. Many institutional investors use them to diversify their portfolios. These funds are paid enormous fees — typically, 2 percent of the assets they manage and 20 percent of the profits — for the bets they make that pay off." Hedge funds "have come to dominate certain riskier segments of corporate lending, including the second-lien loan market. In this market, if a borrower defaults, the primary lender gets repaid before the secondary lender; in exchange for shouldering this risk, that second-lien lender earns a higher interest rate from the borrower. The Times notes that "in the first half of this year, companies borrowed $12.4 billion in second-lien loans, an increase of 195 percent over the same period in 2003."

Schnitzer Settles Overseas Corruption Charges With SEC. Dow Jones (10/17, Hughes) reports, "Schnitzer Steel Industries Inc. (SCHN), a provider of scrap metal, will pay $7.7 million to settle allegations that it made improper cash payments or gave gifts to managers of government-owned steel mills in China in order to win business, federal regulators said on Monday." Dow Jones continues, "The Securities and Exchange Commission said that the Portland, Ore., company settled without admitting or denying wrongdoing. Schnitzer will give up $6.3 million in alleged profits and pay interest of $1.4 million to resolve the allegations." Dow Jones adds, "Schnitzer was accused of making the payments from at least 1999 through 2004, on its own behalf and on behalf of Japanese steel companies for whom it acted as a broker. The SEC said that Schnitzer's South Korean subsidiary made the payments in violation of the Foreign Corrupt Practices Act, an antibribery law that has been in place for decades. … The SEC also said that Schnitzer paid bribes to managers of privately owned steel mills in both China and South Korea during the same period. … The SEC said its investigation is continuing, raising the possibility that executives will face SEC civil charges. The SEC also disclosed that it is working with the Justice Department in the case."

Freddie Mac Hires New Finance Chief. The Washington Post (10/17, D1, Hilzenrath, 748K) reports that mortgage finance giant Freddie Mac yesterday announced that it has hired Anthony S. Piszel, chief financial officer of Health Net Inc., as its new finance chief. Piszel will lead Freddie Mac's efforts to fix its financial systems in the wake if disclosures of billions of dollars of accounting errors. Piszel "will replace Martin F. Baumann, who left Freddie Mac in March. Freddie's president and chief operating officer, Eugene M. McQuade, has been doing the finance job since Baumann resigned."

CRIMINAL LAW:

Gonzales Pledges To Study Increase In Urban Crime. In a widely distributed story, the AP (10/17) reports, "Attorney General Alberto Gonzales offered no new crime-fighting initiatives Monday, promising only to study local crime rates in selected cities to see why homicides and other violent criminal activity is on the rise nationally." The AP continues, "In a speech to the International Association of Chiefs of Police, Gonzales said the Justice Departments' role for now is to look for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. … Nationally, violent crime rose 2.2 percent last year, the first increase since 2001. … 'We need to figure out the whys behind the numbers -- whether the story is good or bad,' Gonzales said in a 16-minutes speech. He did not specify which cities would be studied." The AP adds, "He acknowledged that local law enforcement agencies have had more crime-fighting problems to juggle since the Sept. 11, 2001 terror attacks. 'It wasn't like we didn't have a full plate already,' he said. … Gonzales' speech was greeted by a standing ovation from the estimated 3,000 local and state police at the Boston convention."

The Boston Globe (10/17, Cramer) reports, "US Attorney General Alberto R. Gonzales told law enforcement officials Monday that his office will study selected cities across the country where violent crime has surged." The Globe continues, "Gonzales Monday addressed the International Association of Chiefs of Police conference at the convention center in South Boston. The gathering, which

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thousands were expected to attend, ends tomorrow. Gonzales said he wanted to know why violent crime had increased slightly in 2005 compared with 2004. … Nationally, violent crime such as murder, rape, robbery, and aggravated assault rose 2.3 percent in 2005 from 2004, according to the FBI's Uniform Crime Report. … 'In addition, we have recent anecdotal reports that even in this year there may be a rise in violent crime in some areas,' Gonzales said, according to a copy of his speech. … The cities will be selected in the next few weeks and will include communities of differing sizes and regions of the country. … 'They will also include cities that have experienced significant increases in crime and significant decreases in crime,'said Tasia Scolinos, spokeswoman for the Justice Department. The purpose of picking such cities is to understand why some have managed to keep violent crime down, she said."

McClatchy Newspapers (10/17, Taylor) reports, "While Gonzales said the review was important to determine the causes of what he described as a 'small uptick' in violent crime, he emphasized that the overall crime rate is the lowest in more than 30 years." McClatchy adds, "Some police organizations expressed disappointment that the initiative didn't include immediate financial help for local police departments struggling to make up for years of reductions in federal funding. … President George W. Bush's administration has cut grants for state and local crime-fighting programs on the grounds that they have outlived their usefulness or have underperformed."

Officer.com (10/17, Slepicka) reports, "The First General Assembly of the International Association of Chiefs of Police at their 113th Annual Conference in Boston featured United States Attorney General Alberto Gonzales and Department of Homeland Security Secretary Michael Chertoff as keynote speakers." Officer.com continues, "Both had a strong message on what local law enforcement and their respective federal offices could do and should do together to combat terrorism. … 'Our shared responsibilities are vast. None of us can do it alone,' Gonzales said." Officer.com adds, "Both men spoke of improving the federal and local relationship. Since September 11, there is no more us versus them according to the Attorney General. He said it is clear that local law enforcement has many more officers on the street. 'There can be no question that we learn from you, that we support you and that we are a team.' … The terrorist front is fought every day by local state and federal law enforcement. Gonzales said we never know when a gas station holdup is in fact a funding operation for a terrorist group and it will more the likely be the local law enforcement that discovers the initial evidence to prove that. … Gonzales emphasized that massive responsibility to find the terrorists among us was added to the responsibilities to crack down own drugs, gangs, violent crime, and crimes against children. 'We have not had a terrorist attack on American soil in five years and that is a testament to you and the police forces that you lead.'"

CBS Evening News (10/16, story 7, 3:10, Couric) reported, "Violent crime in this country on the rise again, and today Attorney General Alberto Gonzalez says he's sending out investigators to find out why. According to the FBI, violent crime was up 2.3% in 2005. That's the first increase in four years. But by far, the biggest increase came in mid-sized cities with violent crime up four times the national average."

Local Television. At least nine local television newscasts reported that attorney general Alberto Gonzales told a convention of police chiefs in Boston that his department plans to study local crime rates in selected cities. In general, violent and murder crimes were characterized as rapidly growing. KELO-TV Sioux Falls, (10/16, 12:08 p.m.) broadcasted, "At a convention in Boston today, attorney general Alberto Gonzales talked about the commitment to fighting homicides and other violent crimes across the U.S. Nationally, violent crime rose more than two percent last year. This is the first increase in four years. The Justice Department plans to study local crime rates in selected cities to find out why violent crime is on the rise."

WFMZ-TV Philadelphia, (10/16, 6:07 p.m.) broadcasted, "The Justice Department plans to study local crime rates, by looking for trends in selected cities. Attorney general Alberto Gonzales says the survey will look at a number of factors from trafficking to former prisoners returning to society."

WWLP-TV Springfield, MA, (10/16, 11:00 p.m.) broadcasted, "Attorney general Alberto Gonzalez addressed a convention of police chiefs in Boston today. He said the justice department will study at least five U.S. cities to determine what's behind the recent spike in murder and other violent crime."

WBBH-TV Ft. Myers, (10/16, 5:27 p.m.) broadcasted, "They'll look at a number of factors including gang violence, drug trafficking, and former prisoners returning to society."

WJZ-TV Baltimore, (10/16, 6:43 p.m.) broadcasted, "Violent crime in this country on the rise again, and today attorney general Alberto Gonzalez says he's sending out

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investigators to find out why. According to the FBI, violent crime was up 2.3% in 2005."

WTVD-TV Raleigh, (10/16, 5:33 p.m.) broadcasted, "Attorney general Alberto Gonzales made no promises to the nation's police chiefs who are looking for help to combat a spike in crime. The nation's top cop spoke to the International Association of Chiefs of Police in Boston this morning."

KTBC-TV Austin, (10/16, 9:01 p.m.) broadcasted, "Attorney general Alberto Gonzales said the Department of Justice will study rising crime rates nationally, but will not increase funding for cities to hire more police officers."

FBI Agents Search Homes Of Weldon's Daughter, Friend. In the ongoing investigation of Rep. Curt Weldon, FBI agents yesterday searched four locations in Philadelphia and two in Jacksonville, Fla., including the homes of Weldon's daughter, Karen, and Charles Sexton, who is his longtime friend and her business partner. The searches are being portrayed as a severe blow to GOP chances to retain control of Congress. NBC Nightly News (10/16, story 5, 2:00, Williams, 9.87M) reported, "Three weeks to go now to the mid-term elections, and tonight the FBI has raided the homes of a Pennsylvania Congressman's daughter and those of a close friend, in the midst of a close fight for re-election." NBC (Reid) added, "FBI and federal law enforcement sources say that they're looking into whether…Weldon used his position as a congressman to help obtain lucrative lobbying contracts for an old friend and for his daughter. … He denies any wrongdoing, but this could not possibly have come at a worse time for him because he is in the toughest fight for re-election he has ever had."

USA Today (10/17, 8A, Johnson, 2.27M) reports that a "federal law enforcement official said the probe focused on whether the congressman used improper influence to steer business to his daughter and…Sexton. … The congressman's properties were not among the locations searched, the official said." USA notes, "In 2004, a liberal watchdog group, Citizens for Responsibility and Ethics in Washington, called on the Justice Department to examine whether Weldon violated federal law by assisting companies that hired his daughter as a lobbyist." The AP (10/17, Dale) reports, "Earlier Monday, Weldon called the investigation politically motivated and the timing suspect. … 'What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election,' Weldon said at an appearance in Media. … Weldon said his daughter received no special consideration because of him." The AP notes, "Weldon, regarded by some as a foreign policy expert, has clashed at times with the Bush administration. In the last year, he has repeatedly said a secret military unit called 'Able Danger' used data mining to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. A Pentagon report rejected the idea."

CNN's The Situation Room (10/16, Blitzer, 7:07 p.m.) called the FBI searches "a new October surprise in the battle for Congress" and noted that Weldon is "blaming Democrats for the probe, three weeks before the American public votes." CNN (Bash) noted, "For all of his lashing at Democrats," Weldon acknowledged "that the Justice Department is run by a Republican administration. Weldon said, 'I'm not stupid. I may have offended people – I have been known to do that.'" The Los Angeles Times (10/17, Schmitt, Neubauer, 918K) also notes, "The raids are another political setback for the Republican Party as it struggles to maintain control of Congress." Under the headline "FBI Raid Deals New Blow To Republicans," the Financial Times (10/17, Sevastopulo) reports, "Republican control of Congress was further endangered on Monday after the Federal Bureau of Investigation raided" Karen Weldon's home. "Already reeling from increasing voter concerns about the Iraq war – which has claimed the lives of 2,749 soldiers and seen almost 21,000 US military casualties – Republicans have more recently been dogged by the revelation that Mark Foley…sent overly friendly e-mails to page boys in the House."

The Philadelphia Inquirer (10/17, Shiffman, Lipka, Kerkstra, 399K) reports, "In Center City, agents searched the law office of John Gallagher, a Weldon friend who has conducted extensive business in Russia and former Soviet Republics. … Sexton and Karen Weldon formed Solutions North America in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic. FBI agents in Jacksonville, Fla., raided the office of one of the Russian energy firms, Itera, and a private residence whose connection to the investigation was not disclosed."

In a front-page story, the Washington Post (10/17, Leonnig, Smith, 748K) reports "sources familiar with the investigation" said that "a grand jury, impaneled in Washington in May, has obtained evidence gathered over at least four months through wiretaps of Washington area cellphone numbers and has scrutinized whether Weldon

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received anything of value." The Post notes, "Prosecutors are usually loath to conduct raids against a public official so close to an election. But some involved in the investigation debated whether holding off could also appear to have been influenced by the election, sources said."

The New York Times (10/17, Johnston, 1.21M) reports, "Law enforcement officials said the investigation into Mr. Weldon had been under way for several months. They said the government had not confirmed the existence of the investigation or conducted the searches until after news organizations learned of them. McClatchy Newspapers first reported the inquiry on Saturday, and it is not known how it got the information."

Under the headline "FBI Ups Ante On Weldon," Roll Call (10/17, Bresnahan) reports, "Karen Weldon's firm, Solutions North America, received a $500,000 public relations contract to represent Itera in September 2002, including $170,000 in up-front money. The contract was inked just days before the elder Weldon rounded up 30 Members to attend a dinner at the Library of Congress" to honor Itera CEO Igor Makarov. "And despite the fact that the U.S. Trade and Development Agency had withdrawn an $868,000 grant to Itera several months earlier, Weldon praised Makarov and Itera in a…speech on the House floor." The Washington Times (10/17, Seper, 88K) also reports the story, under the headline "FBI Targets Weldon In Influence-Peddling Probe."

The Norristown (PA) Times-Herald (10/17, Bender) reports, "The congressman's staff had insisted Friday evening that 'there is no investigation' because they had not been contacted by the Justice Department or the FBI. Weldon spokesman Michael Puppio said Saturday that their attorneys were considering filing a defamation lawsuit against McClatchy Newspapers, which broke the story Friday night." The Times-Herald adds, "Weldon said Monday he believed the FBI raids were linked to the Democratic Congressional Campaign Committee (DCCC) and the left-leaning watchdog group Citizens for Responsibility and Ethics in Washington (CREW). … Days before the story broke, a DCCC-funded mailer began circulating the district, accusing Weldon, vice chairman of the House Armed Services Committee, of using his position to 'help his lobbyist daughter win defense contracts potentially worth millions for her clients.'"

Local Television. At least five local television networks reported that the FBI raided the house of Congressman Curt Weldon's daughter, Karen, and a business partner as it is probes whether the Pennsylvania lawmaker used influence to help his daughter's company win lobbying contracts.

KYW-TV Philadelphia, (10/16, 6:02 p.m.) broadcasted, "Authorities are trying to determine if Weldon improperly use his position to help his daughter and friend profit from lobbying and consulting contracts. Congressmen Curt Weldon says he does not know why the FBI searched the Queen Village home of his daughter, Karen, and Springfield home of her business partner Charles Sexton, a prominent republican leader. He only knows no one did anything wrong. 'My daughter has never done anything wrong and never would. She's an honest person.' FBI is trying to determine if Weldon pressured government officials to sign contracts with a Russian natural gas company that had hired Weldon's daughter as its lobbyist and consultant."

WCAU-TV Philadelphia, (10/16, 5:28 p.m.) broadcasted, "The FBI raids the homes and company office of Congressman Curt Weldon's daughter and her business partner. They are investigating whether Weldon used influence to help his daughter and her partner get lucrative contracts for their business."

.WBRE-TV Wilkes Barre, (10/16, 11:20 p.m.) broadcasted, "There is political trouble for Pennsylvania Congressman Curt Weldon. Federal agents raided the homes of Weldon's daughter and a close friend. Sources say investigators are looking into whether Weldon used his influence to help his daughter's company win lobbying contracts."

WPVI-TV Philadelphia, (10/16, 5:34 p.m.) broadcasted, "A powerful local Congressman is under fire tonight. The FBI is investigating how Republican Curt Weldon used his influence."

WFMZ-TV Philadelphia, (10/16, 6:15 p.m.) broadcasted, "Another Republican Congressman is under investigation with only three weeks left until Election Day. The FBI is looking into whether Pennsylvania congressman Curt Weldon improperly helped his daughter and a close friend win lobbying and consulting contracts. Today the bureau raided the homes of Weldon's daughter and friend. Six locations in all were searched. Weldon describes the investigation as politically motivated and he questions the timing."

WCAU-TV Philadelphia, (10/16, 6:01 p.m.) broadcasted, "Congressman Weldon calls the investigation politically motivated. He says he was totally shocked by the probe and the Justice Department has yet to contact him."

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More Commentary. The Delaware County (PA) Daily News (10/17) editorializes, "Is U.S. Rep. Curt Weldon a crook? That was the question on everyone's lips Monday as word spread that the FBI had raided the homes of his daughter, Karen; a key political confidante, Springfield GOP leader Charles Sexton; a Philadelphia attorney and a Florida business. … The feds are investigating the role of the 10-term incumbent 7th District Republican from Thornbury in the creation of an international consulting firm run by Karen Weldon and Sexton - and how it quickly won some $1 million in contracts from foreign entities tied to the congressman." The Daily News continues, "The story was embraced by a left-leaning government watchdog group called Citizens for Responsibility and Ethics in Washington (CREW), which called Weldon's actions 'possibly criminal' and asked the U.S. Justice Department two years ago to investigate. Until this weekend, there was no indication that the feds were complying with that request. … That hasn't stopped Weldon from claiming that politics is behind the investigation - and the fact that it became public three weeks before the toughest election day in his career. Still, there is no indication that his Democrat opponent, retired Navy Adm. Joe Sestak, or his allies have anything to do with the probe, or the leak about its existence." The Daily News concludes, "In all likelihood, Monday's search warrants were executed because word of the probe had leaked over the weekend. Agents usually act in cases like this to preserve evidence that could potentially be destroyed. Cartons of documents were removed from the target sites Monday, and no one who knows what the FBI has is talking. … In all, the situation is eerily reminiscent of developments during the 2003 re-election campaign of Philadelphia Mayor John Street. An FBI bug was found in the ceiling of his office weeks before the mayor faced a strong challenge from Republican Sam Katz. Street and his allies - citing the Republicans in charge of the Justice Department - cried politics and won re-election handily. It probably helped that Street was a Democrat. … So, the question remains: Is Curt Weldon a crook? The bottom line is, nobody knows. And, unfortunately, voters will have to make their decision on Nov. 7 before any firm determination can be made."

Attorney For Doolittle In Talks With Justice Department. The Sacramento Bee (10/17, Whitney) reports, "Rep. John Doolittle acknowledged Monday that his lawyer, whom he has paid more than $38,000 in the last two months, is talking with the Justice Department about the congressman's relationship with disgraced lobbyist Jack Abramoff." The Bee continues, "The Washington Post and other papers, citing unnamed sources, have said the Roseville Republican and Sen. Conrad Burns, R-Mont., are under investigation in the Abramoff matter." The Bee adds, "Doolittle's office in a statement late Monday, again insisted that the congressman is not under investigation. … Instead, it characterized the meetings as an effort to clear the congressman's name. … 'The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name,' said Laura Blackann. … 'The congressman's attorney has committed to the Justice Department that in order to preserve the integrity of the ongoing investigation, details of their interactions will remain private,' she said. 'To date, the congressman has not been contacted or questioned by the Justice Department and has no reason to believe that he is the target of an investigation.' … Blackann said Doolittle 'instructed his attorney to establish contact with the Justice Department to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong.'"

The AP (10/17, Werner) reports, "Doolittle, a conservative eight-term incumbent and member of the House GOP leadership, has numerous ties to Abramoff, whom he has described as a good friend. Doolittle accepted campaign cash from Abramoff, helped his tribal clients in dealings with the Interior Department, and helped the lobbyist win a contract from the Northern Mariana Islands by endorsing a sympathetic island politician. … Doolittle's wife, Julie Doolittle, was paid a retainer by Abramoff for event planning work from 2002 to 2004. … The ties between Doolittle and Abramoff have caught the interest of government prosecutors, The Associated Press has reported. More than two years ago Julie Doolittle was subpoenaed for documents in connection with the probe."

FBI Seeks Public's Help In Wales Murder Investigation. Under the headline "Five Years After Killing Of Prosecutor, A Stumped FBI Asks The Public for Help," the Washington Post (10/17, A3, Harden, 748K) reports, "Alone in the basement of his house and sitting in front his computer monitor, Thomas C. Wales was shot to death…five years ago. … But after interviewing more than 4,000 people in all 50 states and half a dozen countries, after chasing down

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about 1,800 silver gun barrels of a kind that ballistics experts say was affixed to the shooter's pistol and after abruptly transferring control of the investigation out of the Seattle office of the FBI, law enforcement officials still cannot say for certain whether Wales was killed because he was a prosecutor. Instead…an FBI task force leader insisted last week that the case has not gone cold, and authorities released for the first time a composite sketch of a 'person of some interest' who was seen wandering around Wales's neighborhood…before the killing." Portland SAC Robert Jordan "stressed, using the same words twice, that the Wales case 'remains a very significant investigation.' That emphasis comes on the heels of what appears to have been a manpower dispute in the inquiry. In May, an FBI supervisor in Seattle reduced by two the number of agents assigned to the case. In June, after reports of squabbling inside the bureau, the case was shifted to the FBI's Portland office and beefed up with more investigators."

Betonsports Strikes Tentative Deal With Federal Prosecutors. Bloomberg (10/17, Harris, Israel) reports, "Betonsports Plc., the British Internet bookmaker indicted in the U.S. for illegal gambling, has reached a preliminary deal with prosecutors to end a civil suit seeking to ban the company from doing business in the U.S." Bloomberg continues, "U.S. District Judge Carol Jackson in St. Louis granted the parties one week to complete what Assistant U.S. Attorney Michael Fagan said was a 21-page accord resolving a civil suit filed against the company in July by the Justice Department. … 'My impression is there are no substantive disagreements,' Fagan told Jackson today. A temporary order barring Betonsports from doing business in the U.S. has been in place since July 17. Neither side disclosed terms of the preliminary agreement in court." Bloomberg adds, "On July 17, prosecutors also unsealed a 22-count indictment charging Betonsports founder Gary Kaplan, former Chief Executive Officer David Carruthers and nine others with racketeering and violating federal interstate gambling laws. In 2003, the company's Web site, Betonsports.com, had 100,000 active players who placed 33 million wagers worth more than $1.6 billion, the U.S. has said. … Carruthers, 48, was arrested in July as he changed planes at a Texas airport. He pleaded not guilty and is currently under house arrest in St. Louis. Kaplan is still at large. Six other defendants have pleaded innocent."

Former FDA Chief To Plead Guilty To Conflict Of Interest Charge. CBS Evening News (10/16, story 5, 0:20, Couric, 7.66M) reported, "An old lie is back to haunt the former head of the Food and Drug Administration. His lawyer says Lester Crawford will plead guilty tomorrow to failing to disclose that he continued to hold stock in companies that are regulated by the FDA. He could face a year in prison on each of the two counts." The Wall Street Journal (10/17, A3, Mathews, 2.03M) says Crawford "will plead guilty to two misdemeanors for failing to properly disclose stock ownership and violating conflict-of-interest rules while he was at the agency." The Journal adds, "The companies named in the charges -- shares of which were owned by Dr. Crawford and/or his wife during years when he served at a high level in the FDA -- include soft-drink and snacks company PepsiCo Inc.; Kimberly-Clark Corp., which sells some medical devices; Wal-Mart Stores Inc. and food distributor Sysco Corp. Dr. Crawford also held stock options in Embrex Inc., an agricultural biotechnology company on whose board he once served." He "exercised some of the options while at the FDA, the Justice Department said."

The New York Times (10/17, Saul, 1.21M) reports Crawford, "now a senior staff member at the Washington lobbying and communications firm Policy Directions, could not be reached for comment." But "his lawyer, Ms. Van Gelder, said the fact that the charges were misdemeanors reflected Dr. Crawford's having amended his financial forms after his departure, making a full disclosure."

The Washington Post (10/17, A19, Kaufman, 748K) reports, "Crawford's short tenure as commissioner was best known for his August 2005 decision to postpone action on the "morning after" contraceptive Plan B. He had earlier told the Senate that the agency would act on the application, and Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) allowed a vote on his nomination as a result." Democratic Rep. Maurice D. Hinchey, "who helped initiate an investigation into Crawford's departure by the inspector general of the Department of Health and Human Services, said that further digging into Crawford's finances should and will continue. 'By blatantly ignoring the law on financial holdings and conflicts of interest, Lester Crawford used his position as the head of the FDA to send all the wrong signals to other FDA employees and the American public,' Hinchey said in a statement."

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NYC Assemblyman Expected To Face Corruption Charges Today. WNBC-TV New York (10/16, Dienst) reported on its Web site from a story broadcast yesterday, "Queens assemblyman Brian McLaughlin is expected in federal court on Tuesday. The expected corruption charges relate to McLaughlin's work as one of the city's power brokers -- his years as an elected leader and also as one of the city's top union leaders. The charges could cap a multi-year corruption investigation by the city's Department of Investigation, the FBI and Manhattan U.S. Attorney's Office. Sources said McLaughlin is expected to surrender in the morning, and federal prosecutors are expected to announce corruption charges against him." WNBC noted, "Investigators had been focusing as to whether McLaughlin was helping certain street lighting companies in a possible bid-rigging scheme."

The New York Times (10/17, Newman, Rashbaum, 1.21M) notes that McLaughlin is "the head of the country's largest municipal labor council and a powerful force in New York City politics for more than a decade," and reports, "Details of the charges were unavailable last night, but an official, who spoke only on condition of anonymity because the investigation is continuing, said that they would be announced at a news conference today. … The official said that Mr. McLaughlin would probably be the only person charged today but that the investigation, by the F.B.I., the federal Labor Department, the city's Department of Investigation and the United States attorney's office in Manhattan, was continuing."

Protesters Urge FBI To Investigate Botched Kentucky Murder Probe. The Louisville Courier-Journal (10/17, Adams) reports, "The father of Jessica Melissa Currin, an 18-year-old Mayfield woman murdered in the Western Kentucky town in 2000, rallied with about 15 supporters at noon Monday in downtown Louisville to call for the FBI to investigate her unsolved killing. The group, joined by the Rev. Louis Coleman, stood in a cold rain for more than an hour…carrying signs demanding 'Justice for Jessica.'" The Courier-Journal notes, "The investigation for its first three years was headed by the Mayfield Police Department, but the Mayfield department's mishandling of evidence caused the dismissal of criminal charges against three people in 2003."

Pellicano Continues To Oppose Trial Delay. The Los Angeles Times (10/17, Philips, Krikorian, 918K) reports, "The long-awaited racketeering and wiretapping trial of indicted Hollywood private eye Anthony Pellicano and six others is likely to be postponed again for months if federal prosecutors and defense attorneys can scale one significant hurdle: Pellicano. Though attorneys for the government and five of Pellicano's co-defendants have agreed to delay the trial date until September 2007, Pellicano has so far resisted." The Times adds, "If U.S. District Judge Dale S. Fischer agrees with Pellicano…the trial would continue as scheduled in February or perhaps on a date far short of the one-year delay now agreed to by the government and all but one other defendant. The proposed delay was outlined in a stipulation jointly filed by prosecutors and defense attorneys Monday." The Times notes, "Pellicano has been particularly dismissive of the government's allegations, repeatedly denying that the FBI and U.S. attorney's office have any real evidence that he broke the law."

Ohio Fundraiser Goes On Trial. The AP (10/17, Seewer) reports from Toledo, OH, "Less than a month before Election Day, a politically connected coin dealer accused of embezzling from a state investment in rare coins went on trial Monday in a scandal that has rocked Ohio's Republican Party." The AP continues, "Tom Noe, 52, is accused of stealing more than $2 million from a fund for injured workers and spending it on his business and renovating his home in the Florida Keys. … 'He needed money. He needed it desperately,' prosecutor John Weglian said in opening statements." The AP adds, "Noe, once a member of state boards that oversee the Ohio Turnpike and Ohio's public universities, was a top GOP fundraiser who gave more than $105,000 to Republicans, including President Bush and Gov. Bob Taft during the 2004 campaign. … He is charged with corrupt activity, theft, money laundering and forgery. If convicted, he could get up to 10 years in prison on the corrupt activity charge alone. … Defense attorney William Wilkinson said Noe's contract with the Ohio Bureau of Workers' Compensation allowed him to borrow money from the investment fund or loan it to others." The AP notes, "Federal prosecutors have not said whether any of the coin money was used for political contributions. If the state money had been funneled to campaigns, authorities could have sought a stiffer penalty."

Ralph's Grocery Chain Enters Guilty Plea. The Los Angeles Times (10/17, Zimmerman) reports, "A federal judge today approved the Ralphs grocery chain's

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guilty plea to criminal charges that it illegally rehired locked-out workers during the Southern California supermarket labor dispute almost three years ago. Under the agreement, Ralphs will pay $20 million in fines and $50 million into a fund to reimburse workers and their union. Ralphs also agreed to cooperate with the government in its ongoing investigation of the role corporate executives played in the scheme, which involved using fake names and Social Security numbers to hide the identities of workers illegally rehired during the dispute."

War Against Child Porn Intensifies. USA Today (10/17) reports that "an unprecedented war against child pornography is intensifying. Internet service providers such as AOL are using sophisticated technology to identify porn sites. Credit card companies are tracking purchases. More police detectives are posing as minors online."

Industry Anti-Piracy Coalition Presses For Robust Federal Crackdown. CongressDaily (10/16, Swindell) reported, "A business coalition is aiming to secure during the lame-duck session more federal funding to crack down on piracy of U.S. products and counterfeit goods. The Coalition Against Counterfeiting and Piracy, which represents moviemakers, auto parts manufacturers and pharmaceutical companies, has waged a campaign to lobby for more funding to stem the flow of fake goods into the United States." CongressDaily noted, "Appropriators this year have responded to such pleas. The House fiscal 2007 Science-State-Justice Appropriations bill would provide for at least $13 million for intellectual property rights enforcement, with directions that the FBI increase the number of prosecutors and agents working such cases. The Senate version of the bill would provide $6 million for such efforts. The Senate bill also would create a unit at FBI headquarters that would house at least five full-time agents to work those cases and two additional agents for each of the agency's 18 computer hacking and intellectual property units scattered across the country."

Families Win Right To Attend Murder Trial. The Los Angeles Times (10/17, Mozingo) reports, "Day after day, the aging Ukrainian couple has stepped into a federal courtroom in downtown Los Angeles to endure a severe test of wills: listening to the details of their son Alexander's killing while containing their emotions. … The couple and five other relatives of the victims had to fight to win the right to attend the trial of the two men accused of kidnapping and murdering their son and four other Los Angeles business people. Iouri Mikhel and Jurijus Kadamovas are accused of luring the five victims to their upscale San Fernando Valley homes in 2001 and 2002, holding them for ransom, killing them and dumping their bodies in a reservoir in the Sierra foothills. Prosecutors say the conspiracy was, in part, directed by organized crime figures in Russia. The defendants face the death penalty."

Completely Expunging Criminal Records Becoming Increasingly Harder. The New York Times (10/17, Liptak) reports, "In 41 states, people accused or convicted of crimes" can have "their criminal records expunged, and in theory that means that all traces of their encounters with the justice system will disappear. But enormous commercial databases are fast undoing the societal bargain of expungement, one that used to give people who had committed minor crimes a clean slate and a fresh start. … But real expungement is becoming significantly harder to accomplish in the electronic age. Records once held only in paper form by law enforcement agencies, courts and corrections departments are now routinely digitized and sold in bulk to the private sector. Some commercial databases now contain more than 100 million criminal records. They are updated only fitfully, and expunged records now often turn up in criminal background checks ordered by employers and landlords."

Maryland Prosecutors Investigate Spending By Suspended Mayor. The Washington Post (10/17, B5, Rich) reports, "Investigators from the Maryland State Prosecutor's office searched the home of the suspended mayor of Forest Heights yesterday, adding a criminal probe to the catalogue of palace intrigues that have roiled the tiny Prince George's County town for more than a year. The investigation centers on spending by Mayor Myles Spires Jr., town officials familiar with the investigation said. Among the specific areas of interest, they said, are two disbursements of about $3,333 in public funds -- one to Spires and one to the nondenominational Internet church Abundant Life Ministries, of which he is bishop."

Hit And Run Deaths Up 20% Since 2000. USA Today (10/17, Heath) reports, "The number of pedestrians killed by hit-and-run drivers has jumped 20% since 2000 and is at its highest level in a decade, a USA TODAY analysis

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shows. The increase compounds the problems of investigating hit-and-run cases, which investigators say are among the most difficult crimes to solve because they often happen at night with no witnesses." USA adds, "Of the 4,881 pedestrians killed last year, 974 died in hit-and-runs, National Highway Traffic Safety Administration records show. The total number of pedestrians killed nationwide increased by about 2% since 2000, but hit-and-run deaths increased at almost 10 times that pace, the USA TODAY analysis found."

CIVIL LAW:

Bankruptcy Filings Down Under New Law. The Miami Herald (10/17, Danner) reports, "A year after sweeping reforms to U.S. bankruptcy law took effect, the number of people seeking protection from their creditors is down. Way down." The Herald continues, "Fewer than 5,200 South Floridians filed for bankruptcy in the past year -- less than half the number who filed in just the two weeks before the law took effect Oct. 17. The question is why." The Herald adds, "Banks and credit card companies say the law has succeeded in making it harder for people to seek bankruptcy protection. But bankruptcy lawyers and trustees say the numbers are down now because some people rushed to court before the reforms, and because others believe -- wrongly -- that they can no longer file for bankruptcy. … The laws were changed after an eight-year campaign by financial-service companies to cut down on credit card users who piled up debt and then wiggled out of repaying by filing for bankruptcy."

The Washington Post (10/17, D1, Day) reports, "Lawmakers, consumer advocates and industry executives say that much of the sudden drop in filings after Oct. 17, 2005, can be explained by the fact that 600,000 people filed in the two weeks before the law took effect, a scramble that was 10 times the normal level of filing over 10 business days in recent years. … But the filing rate for the first half of 2006, about 10,000 a week, is well below what could be attributed to last year's mad dash, surprising the lawmakers who wrote the legislation and the industry executives who lobbied for it." The Post adds, "The legislation, the most significant change to the nation's bankruptcy laws since 1978, was the culmination of a decade-long push by the credit card and auto-financing industries to make it harder for consumers to wipe out debts through bankruptcy. The new law toughened the rules with the intent of steering more debtors into a form of bankruptcy that requires people to repay more of their debts. … Industry executives had argued that about 10 percent of debtors filing each year for Chapter 7 under the old law, or about 100,000 people, abused the system because they could repay a large portion of their obligations and therefore should be required to do so under Chapter 13. Consumer groups and several lawmakers, mostly Democrats, argued that the number of Chapter 7 filers who misused the system is closer to 3 percent but that, in any case, the new legislation does little to weed them out. … The new law requires people seeking bankruptcy protection to pay higher filing fees and attend mandatory credit-counseling sessions with an accredited firm before and after they file. The goal is to discourage people from filing if they don't have to, and if they do, to pay off as much of their debt as possible."

Katrina Victims Forced To File Under Chapter 13. USA Today (10/17, Chu, Hansen, 2.27M) reports, "A year after a stricter federal bankruptcy law took effect, a growing number of filers in states hit by Hurricane Katrina are having to repay their debts rather than being able to eliminate them. A big reason is that lenders are increasingly cracking down on past-due mortgage payments in the storm-ravaged Gulf region, consumer bankruptcy attorneys say. The tougher bankruptcy law, which took effect a year ago today, made it harder for people to file for Chapter 7, which erases most debts. Instead, some debtors have been forced to file under Chapter 13, which usually requires a debt-repayment plan."

Six States Require Pension Funds To Divest From Darfur. USA Today (10/17, Lynch) reports, "A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide. Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956." USA adds, "Other human rights activists want to use divestment to discourage corporate activity in Sudan and ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur."

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CIVIL RIGHTS:

Monitor's Report Finds Detroit Still Lagging In Consent Decree Compliance. The Detroit News (10/17, Egan) reports, "More than three years after the Justice Department and the city of Detroit signed consent decrees to improve the Detroit Police Department, only 15 percent of the patrol cars inspected have working video cameras required by the court orders, a federal monitor reported Monday." The News continues, "The Police Department continued to get poor marks in the monitor's latest quarterly report. The monitor examined 89 paragraphs and subparagraphs in the two consent decrees related to use of force and conditions of confinement and reported the department was in compliance with only four of them. … By signing the consent decrees in 2003, the city settled two federal lawsuits that accused the police of repeatedly violating the rights of suspects, prisoners and witnesses." The News adds, "The longer it takes the department to comply, the longer it will be under the scrutiny and multimillion-dollar expense of a federal monitor. The Justice Department could also ask a federal judge to find the department in contempt and impose sanctions, though that is considered unlikely at this point. … The report also said supervisors are not randomly reviewing the videos recorded by the patrol car cameras as required. The report is by Kroll Inc., a New York City-based risk consulting company that was hired to monitor the Police Department's compliance with the court orders. … The report, filed Monday in U.S. District Court in Detroit, also hammers the department for failing to fill out required reports or filling them out incorrectly."

DOJ Sues Philadelphia Over Voting Rights Of Spanish-Speakers. The Philadelphia Daily News (10/17, Davies) reports, "The U.S. Justice Department has accused Philadelphia of violating the voting rights of Spanish-speaking citizens, and is asking for federal election observers in the city through the end of 2009." The Daily News continues, "A federal lawsuit filed Friday charges that the city has failed to provide enough bilingual poll workers in Hispanic areas and adequately translate election materials into Spanish. … As a result, the suit alleges, 'limited English-proficient Hispanic voters have had difficulty understanding the election process and have been prevented from voting.'" The Daily News adds, "Mayor Street's spokesman, Joe Grace, said the city already provides translators and voting materials in Spanish, and will 'vigorously contest' the suit. … 'The timing of this is a little questionable, coming three weeks before an election,' Grace said. Asked if he thought the Republican White House was seeking to suppress Democratic votes in a key U.S. Senate race, Grace said, 'The timing is suspect, and we'll leave it at that.'" The Daily News notes, "Justice Department spokeswoman Cynthia Magnuson said she couldn't be more specific, but officials of the watchdog group Committee of Seventy said they'd provided some of the information that led to the suit."

FBI Says Hate Crimes Dropped By 6 Percent Last Year. The AP (10/17, Jordan) reports, "Hate crimes in the United States dropped last year by 6 percent, the FBI reported Monday, although violence against people based on their race accounted more than half of the reported incidents. Police nationwide reported 7,163 hate crime incidents in 2005, targeting victims based on their race, ethnicity, religion, sexual orientation and disabilities. That was down from 2004, when the FBI reported 7,649 incidents."

The Washington Times (10/17, Seper) reports, "The report, by the FBI's Uniform Crime Reporting Program, said that 55 percent of the 7,163 reported single-bias incidents last year were motivated by racial bias -- an increase of one percentage point. The overall number represents a 6 percent drop from 7,649 in 2004. Religious bias triggered 17 percent of incidents cited in the report, followed by 14 percent for sexual-orientation bias and 13.2 percent by an ethnicity or national-origin bias. Less than 1 percent involved bias against a disability. The report also noted that of 5,190 hate-crime offenses classified as crimes against people in 2005, intimidation accounted for 48.9 percent of them, followed by simple assaults at 30.2 percent and aggravated assaults at 20.5 percent."

NAACP To Monitor Elections In 10 States. The AP (10/17, Dominguez) reports, "The NAACP will monitor voting in Ohio and nine other states next month, sending observers to polling places, taking citizen complaints and notifying the Justice Department of any serious problems, the civil rights organization announced Monday." The AP continues, "The National Association for the Advancement of Colored People planned to have hundreds of volunteers monitoring the election in Ohio, Maryland, Alabama, Georgia, Florida, Louisiana, Michigan, Mississippi, Pennsylvania and

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Texas, said Bruce Gordon, president of the Baltimore-based organization. .. The NAACP said the states were chosen because of pivotal elections, concentrations of black voters, or a history of polling problems." The AP adds, "Gordon said the organization intends to be proactive 'to ensure that Nov. 7 comes and goes smoothly and that every citizen across this country, and particularly in the state of Maryland, who has an interest in voting, in fact is able to vote.' .. .Maryland's primary election last month was riddled with problems that caused precincts to open late or other delays, prompting court action in some areas to extend voting hours."

The Detroit News (10/17, Martino) reports, "The NAACP announced Monday that Michigan is among 10 states that will have observers at polling places during next month's election to take citizen complaints and let the Justice Department know about any serious problems." The News continues, "The effort comes after numerous reports of problems with the Maryland voting system during the primary last month. … Participating states were chosen using three factors: a high concentration of black voters, a history of polling problems or pivotal elections. … 'While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort,' NAACP President Bruce Gordon said in a statement Monday." The News adds, "Locally, in past election years the National Association for the Advancement of Colored People filed injunctions in federal court against individuals harassing people at the polls and challenging their right to vote by questioning their identification, criminal record or whether they paid child support. … 'We're very pleased that NAACP national will be monitoring the elections. We in Detroit have been monitoring elections for the last several years,' the Rev. Wendell Anthony, president of the Detroit branch of the NAACP, said Monday."

The Baltimore Sun (10/17, Brewington) reports, "With problems from Maryland's chaotic primary elections still being sorted out, NAACP President and CEO Bruce S. Gordon said yesterday that the civil rights organization will monitor polls in Maryland and nine other states on Election Day and report any voting irregularities to the U.S. Justice Department. … But Gordon also called on Maryland Gov. Robert L. Ehrlich Jr. to take steps before Nov. 7 to ensure a smooth and fair election by fixing the shortage of poll workers and the malfunctioning electronic voter check-in system. … 'With all the concerns that were raised, we intend to be proactive and put necessary safeguards in place so that every citizen who wishes to vote has that right,' Gordon said at the headquarters of the National Association for the Advancement of Colored People in Baltimore." The Sun adds, "The plan announced yesterday would continue recent election-monitoring efforts by the NAACP, in which volunteers have looked for irregularities. … During the 2004 presidential elections, the civil rights organization and its partners enlisted 25,000 volunteers to monitor precincts nationwide and to answer a toll-free voter assistance hot line. Nearly 5,000 of those volunteers were attorneys, prepared to challenge voting irregularities with lawsuits. … Last month, the NAACP's national office and some local branches received complaints from frustrated voters in Maryland's primary, prompting the group and the Lawyers Committee for Civil Rights to seek a court order extending poll hours in some jurisdictions by an hour."

The Washington Times (10/17, DeBose) reports, "In the letter, Mr. Gordon commended Mr. Ehrlich for ordering that backup paper ballots be used to avoid any problems with the touch-screen voting machines. … He also requested the governor order the Board of Elections to hold statewide demonstrations of the new machines, ensure that the electronic registration rolls are updated, and make certain there are adequate numbers of trained election judges at the polls on time and for the entire day. … In addition, he asked that each precinct have a sufficient number of provisional ballots -- many ran out during the primaries -- and maintain privacy for voters, whether they vote using touch-screen or paper ballots." The Times adds, "The NAACP will run an Election Day voter command center at the Baltimore headquarters. Volunteers will observe targeted precincts in the Baltimore area and Prince Georges and Montgomery counties, where the majority of the irregularities occurred. … The voter command center will also be staffed with lawyers from the group's partnering organizations, including the liberal Lawyers' Committee for Civil Rights Under Law and People for the American Way, to monitor complaints of voter irregularities and to advise voters experiencing problems at the polls."

The Washington Post (10/17, Helderman) reports, "The group said that poll watchers will observe precincts in Prince George's and Montgomery counties and in Baltimore and that lawyers will be available to document complaints from voters and, if necessary, forward reports of irregularities to the U.S. Justice Department. Maryland is one of 10 states the civil rights organization plans to monitor that day. … During

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September's primary, some polls in Maryland opened late because election judges or technicians did not show up. Also, an electronic registration system regularly crashed, and many poll workers had trouble submitting results electronically at the end of the day."

Former Georgia Governor Sues Successor Over Voter ID Letter. The Atlanta Journal-Constitution (10/17, Suggs) reports, "Former Gov. Roy Barnes has filed a lawsuit against his successor, Gov. Sonny Perdue, and the State Election Board for the mailing of 200,000 letters to registered Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election." The AJC continues, "The problem? The letters were sent out days after a judge ruled the law requiring a photo ID to be unconstitutional." The AJC adds, "Barnes filed the civil suit Monday in Fulton Superior Court on behalf of a 60-year old disabled Atlanta woman, Rosalind Lake, who does not have a state-issued photo ID. … In the complaint, the governor and election board are charged with contempt for violating a court order that struck down the photo ID law. Barnes is asking the court to force the state to send out another letter informing registered voters that they do not need a photo ID to vote. … 'The delivery of approximately 200,000 "Dear Georgia Voter" letters was a blatant action in which seriously incorrect information on voting was disseminated to a substantial number of Georgia voters,' Barnes wrote in the motion filed Monday. 'The events after this Court's order make clear that the violation was deliberate.'"

Missouri High Court Strikes Voter ID Law. The AP (10/17, Wiese) reports, "The Missouri Supreme Court on Monday struck down a new law requiring voters to show a photo identification at the polls, upholding a lower judge's decision." The AP continues, "Supporters of the ID requirement, mostly Republicans, said it was necessary to prevent voter fraud and increase confidence in the election process. … Opponents, primarily Democrats, argued people impersonating others when voting is rare, and that the ID requirement would especially harm the poor, elderly and disabled who may be less likely to have a driver's license." The AP adds, "A lower judge ruled last month that the ID requirement was an unconstitutional infringement on the fundamental right to vote. The Supreme Court agreed in a 6-1 unsigned opinion. … The law required voters to present a photo identification card issued by Missouri or the federal government to cast a ballot starting with the November election."

Federal Agents Remove Records From Mississippi Jail. The Biloxi (MS) Sun Herald (10/17, Fitzgerald) reports, "The federal government removed boxes of jail records last week from the Harrison County Sheriff's Office for its investigation of an inmate's death and related allegations, U.S. Attorney Dunn Lampton said on Monday." The Herald continues, "Lampton told the Sun Herald that the FBI and prosecutors from the Justice Department's civil rights criminal division took records last week from the sheriff's Gulfport offices at the Harrison County Courthouse and the Harrison County Adult Detention Center. … Lampton said there was no need to use search warrants because Sheriff George H. Payne Jr. and his new warden, Don Cabana, have been '100 percent cooperative.' But, he said, 'they can't be a part of the investigation.' … 'When we get to the bottom of everything, people can be secure or satisfied to know everything at that jail has been looked at, and anything that might have been done improperly has been corrected.'" The Herald adds, "Removal of the records is the latest in a series of new developments in criminal matters surrounding the death of Jessie Lee Williams Jr. Williams, 40, died after a beating on Feb. 4 in the jail booking room. He was taken off life-support at a hospital within two days, and his death was later ruled a homicide. … Former corrections officer Regina Rhodes, 29, was to be sentenced Monday on guilty pleas to criminal accusations that she assaulted Williams and lied to cover it up. She accepted a plea agreement and became a government witness."

Supreme Court Deals Setback To Boy Scouts. In what the Los Angeles Times (10/17, Savage, 918K) calls a "setback" for the Boy Scouts, the Supreme Court has rejected "a free-speech challenge to a Berkeley policy that denies city-subsidized dock space to a Scouting group because it excludes gays and atheists. The court's action lets stand rulings in California and elsewhere that have said cities, schools and colleges may deny public benefits to groups that refuse to comply with broad nondiscrimination rules involving religion and sex orientation. Some conservative groups had joined the challenge to the Berkeley policy, saying that advocates of 'traditional moral values' are being subjected to discrimination across the country by 'politically correct' government officials." The Times notes

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that High Court's action "no legal precedent," and "the justices could well take up the issue in the future."

53 Percent Of Likely Virginia Voters Back Gay Marriage Ban Amendment. The Washington Post (10/17, A1, Jenkins, 748K) reports a majority of Virginians "support a proposed constitutional amendment that would ban same-sex marriage and civil unions, although voters split on the measure when presented with interpretations of its potential impact, according to a new Washington Post poll." Fifty-three percent of likely voters "said they would vote for the amendment, and 43 percent would oppose it, the poll found, indicating that three weeks before Election Day opponents still have a long way to go to make Virginia the first state in the country to defeat a same-sex marriage amendment." But when respondents "were read the arguments on both sides of the question, enough voters showed a willingness to reconsider that the gap narrowed to a virtual tie -- 48 percent said they supported the measure and 47 percent opposed it, within the poll's margin of error of three percentage points."

ANTITRUST:

DOJ Expands SRAM Antitrust Probe To Samsung. IDG News Service (10/17, Ben Ames) reports, "Antitrust investigators with the U.S. Department of Justice (DOJ) have issued a subpoena to Samsung Semiconductor Inc., just hours after asking its competitors Mitsubishi Electric Corp. and Cypress Semiconductor Corp. for information about their sales practices in the SRAM (static RAM) chip market." IDG continues, "Toshiba, another major SRAM chip producer, declined to comment on whether it had also been subpoenaed. A spokeswoman referred questions to the company's Tokyo headquarters." IDG adds, 'Samsung plans to comply with the request for information about sales and marketing practices throughout the industry, spokeswoman Chris Goodhart said in a statement. … 'Samsung will cooperate fully with the Department of Justice on this matter,' she said. 'Samsung is committed to fair competition and ethical practices and forbids anticompetitive behavior.' … Samsung has already been charged with antitrust violations in a DOJ investigation of the DRAM (dynamic RAM) market. Justice Department lawyers found evidence that several DRAM chip makers manipulated prices while bidding for business with the U.S. computer makers Dell Inc., Apple Computer Inc., Hewlett-Packard Co. and IBM Corp. Several DRAM makers have been ordered to pay fines as high as US$300 million and three Samsung executives were sentenced to time in prison."

Microsoft Shares Security Data With Software Makers. The Seattle Post-Intelligencer (10/17, Richman) reports, "Striving to satisfy European antitrust officials, Microsoft Corp. said Monday that it has given security-software makers some of the data they want to make their products work with Microsoft's forthcoming operating system, Windows Vista. … But one of those companies, Cupertino, Calif.-based Symantec Corp., on Monday reacted to the release by repeating complaints it made at the end of last week: that it's not getting enough information fast enough. … 'The operative question remains "When?"' Symantec spokesman Cris Payden said. 'When are we going to get what we need?'" The P-I continues, "Microsoft Director Adrien Robinson said the means of connecting outside software to Vista's Windows Security Center were uploaded Monday morning to a Web site accessible only by security-software developers. … The Security Center is a set of on-screen controls -- nicknamed the 'digital dashboard' -- that customers will use to adjust and monitor their computer's security features." The P-I adds, "Symantec's Paden said the company is inspecting the new Web site 'to be sure it has everything we need to let our customers see our digital dashboard instead of Microsoft's.' … Microsoft also said Monday that it plans to discuss with Symantec and McAfee Inc. changes they want made to Patch Guard, part of the 64-bit version of Vista that restricts who can alter the operating system's core, or kernel. … But Paden said Microsoft has yet to explain how Symantec's technology can access 64-bit Vista's kernel, or even to say when it will provide that explanation. The 64-bit version of Vista is expected to be popular among businesses, he said."

HP Again Extends Tender Offer For Mercury. The Financial Times (10/17, Allison) reports, "Hewlett-Packard, the world's second-biggest computer maker, on Monday announced a further extension of its tender offer for Mercury Interactive, a business software group that was forced to de-list its shares earlier this year because of stock options backdating." The Times continues, "The move marked the third time HP has extended its tender offer, which values the software maker at $4.5bn. It came in spite of news that HP had locked up more than 90 per cent of Mercury's

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oustanding shares - far more than the amount needed to complete the company's biggest acquisition since its $19bn takeover of Compaq, a rival computer maker, in 2002." The Times adds, 'One person familiar with the matter said Mercury's de-lisitng had complicated efforts to receive anti-trust approvals from regulators. The person said the delays were procedural and nature and were not expected to infuence the outcome of the tender offer. … HP's tender offer values Mercury at $4.5bn, or $52 a share - a 33 per cent premium over the comapny's share price the day before the deal was announced in July."

E.On Sues Saying Acciona Misled SEC. The Wall Street Journal (10/17, B10) reports, "E.On AG said it filed a lawsuit in New York to clarify a situation about Endesa SA shares held by Spanish energy-and-construction company Acciona SA." E.On "has accused Acciona of making misleading statements to the Securities and Exchange Commission about its strategic targets in buying a 10% stake in Endesa. Acciona denied the charges. … E.On's lawsuit says information Acciona filed to the SEC was 'false, inexact and incomplete' among other things, because 'Acciona has contracts with third parties who intend to block E.On's bid.' An E.On spokeswoman said it is unclear how many Endesa shares Acciona controls and whether Acciona has agreements with third parties on further share purchases."

Silverman Testifies In Forbes Trial. USA Today (10/17, Farrell) reports, "The retrial of former Cendant chairman Walter Forbes took a new twist Monday when Henry Silverman, the hard-driving founder of HFS, testified about his decision to merge HFS in 1997 with Forbes' firm, CUC International, to form Cendant. Following the merger, in April 1998, Cendant disclosed that CUC executives had overstated their company's revenue by hundreds of millions of dollars. The disclosure shocked investors, who went on a selling spree, wiping out $14 billion, or half the company's market capitalization, in one day."

Oshkosh Truck To Buy JLG Industries. The New York Times/AP (10/17) reports, "Military and commercial vehicle maker Oshkosh Truck Corp. on Monday said it is buying JLG Industries Inc., a maker of aerial work platforms and booms, for about $3 billion in cash. … The deal, which has been approved by the boards of both companies and still requires the approval from JLG shareholders and antitrust regulators, is expected to close in early December. The company agreed to pay $28 per share for JLG, which represents a 35 percent premium over the stock's Friday closing price of $20.75. According to the New York Stock Exchange, JLG has 106.7 million shares outstanding. Oshkosh will also assume more than $200 million in JLG debt as part of the deal."

Macquarie Wins Auction For Thames Water. The Financial Times (10/17, Saigol, Bream) reports, "Macquarie, the Australian bank, on Monday night won the hotly contested auction for Thames Water, the UK's biggest water company, which is being sold by RWE, the German utility group, in a deal valued at £8bn. … It beat three other serious bidders in the auction, including Qatar Investment Authority, which had teamed up with UBS's global infrastructure fund. The Thames deal, which includes £3.2bn of debt, is subject to approval by RWE's supervisory board at a weekend meeting. If approved, the sale is due to close by early December. The deal marks the biggest buy-out in the UK this year."

WSJournal Says 1993 Steel Anti-Dumping Duties No Longer Justified. The Wall Street Journal (10/17, A14, 2.03M) says in an editorial that "on the table before" the International Trade Commission today is "whether the anti-dumping duties imposed in 1993 on 'corrosion-resistant steel' should be lifted. This steel is crucial to making cars. Pushing back against the automakers, steelmakers are expected to argue, as they did 13 years ago, that they need the duties to repel unfair foreign competition and avoid harm. Well, times change, and it's time to lift these duties on steel. This isn't 1993." From "corporate America to Mom and Pop operations, the U.S. needs this steel to stay in business. The automakers will testify on the side of the foreign companies accused of dumping, but in fact they're testifying for the U.S. economy." Pricing power "and profitability are a direct consequence of the supply restraints caused by anti-dumping duties. Those duties, which can range from 2% to 40%, are also assigned retroactively; so foreign sellers of steel to the U.S. -- which have to collect the duty as part of their price -- never know what their final financial exposure will be."

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ENVIRONMENT/INDIAN AFFAIRS:

Judge Considers Setting Deadline For Everglades Restoration. The AP (10/17, Anderson) reports, "Lawyers for the (Florida) state Department of Environmental Protection and South Florida water managers urged a federal judge Monday not to issue an order imposing deadlines for Everglades restoration work, contending it is both illegal and unnecessary." The AP continues, 'Charles Demonaco, attorney for the state agency, told U.S. District Judge Federico Moreno that a federal court has no business imposing its will on how a state follows its own laws. Demonaco said a cleanup plan meeting court approval for the Everglades is already enshrined in state law, making a court order unneeded. … 'There is a long-term plan that is in effect,' Demonaco said at a hearing. 'A federal court would be intruding in the daily activities of a state. That would be an unlawful order.'" The AP adds, "But Dexter Lehtinen, attorney for the Miccosukee Tribe of Indians of Florida, said court orders are the only way to ensure that Florida agencies continue to meet the terms of a settlement reached over a decade ago to restore the Everglades and reduce phosphorus-laden runoff from continuing to damage the ecosystem. … Lehtinen, a former U.S. attorney, said without such court supervision Florida officials could modify their restoration plan unilaterally. The Miscosukees consider the Everglades their ancestral home and have joined the case to ensure enforcement of water quality goals."

ConocoPhillips To Pay More Than $2.3 Million For Puget Sound Spill. The Seattle Post-Intelligencer (10/17) reports, "In a settlement reached Monday with the U.S. Justice Department, ConocoPhillips will pay more than $2.3 million in costs and penalties for a 2004 incident that spilled more than 1,000 gallons of crude oil in Puget Sound's Dalco Passage." The P-I continues, "The agreement with the company, and its wholly owned subsidiary, Polar Tankers, was reached following an extensive investigation by the U.S Coast Guard and the state Ecology Department following the Oct. 13, 2004 spill. The investigation found that the tanker Polar Texas released the oil as it took on ballast while departing Commencement Bay." The P-I adds, "The spill went unnoticed until the following morning when the captain of a tug boat reported oil in the water south of Vashon and Maury islands. Although state law requires the offending vessel to report and participate in the cleanup, the Polar Texas did neither, the Coast Guard said yesterday in a press release. … The $2,233,293.94 in pollution removal costs under the federal Oil Pollution Act of 1990 represents 100 percent of all costs the federal government incurred during cleanup operations in Dalco Passage. The federal and state government's claims against ConocoPhillips for injuries to natural resources, however, have not been resolved and are not included in the total. … ConocoPhillips, however, also will pay an $80,000 civil penalty under the federal Clean Water Act. Last Friday, the state Ecology Department settled a $540,000 claim against the oil corporation under state law."

FBI/DEA/ATF/USMS:

Washington State Lawyer Pleads Guilty In Money-Laundering Case. The Seattle Post-Intelligencer (10/16) reports the purchase of a Laundromat "didn't wash with federal drug investigators. Medina lawyer Stephen Plowman, who represented a cocaine trafficker, pleaded guilty Monday in U.S. District Court to a financial reporting crime after helping his client buy the Queen Anne Maytag Laundry." Prosecutors said Plowman "admitted he received more than $100,000 in cash from his client to buy the Laundromat for him in June 2005 and failed to file a currency transaction report." Prosecutors accused his client, Carlos Ford, of wanting the Laundromat to launder drug proceeds. "The guilty plea by the lawyer 'sends a strong message that no one is above the law,' said Rodney Benson, special agent in charge of the Drug Enforcement Administration in Seattle."

In Connecticut, Federal Anti-Meth Law May Be Slowing Cold-Medicine Sales. The Hartford (CT) Courant (10/16, Waldman) reports that in the two weeks since a federal law "put more than a dozen popular cold and sinus pills behind the drugstore counter, the Arrow Pharmacy in Hartford has not sold a single box of Sudafed. It may be that it's not really cold season yet, pharmacist Eddie Martucci speculated. Or it may be that customers are put off by a new law that requires them to show a photo ID and sign a logbook before purchasing products that contain pseudoephedrine. It's a 'pain,' said Angelo DeFazio," the pharmacy owner. "On the upside, DeFazio said, the law allows pharmacists to monitor pseudoephedrine sales and to warn people with

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problems such as heart conditions that they probably should not be taking the drug." The Courant notes that the logbooks must be made available to DEA agents.

Walters Praises Montana's Meth Project. The AP (10/16) reports the Montana Meth Project, "a campaign with graphic messages about the perils of methamphetamine use, received White House recognition Monday. John Walters…appeared in Great Falls and cited the project as one of the nation's most powerful anti-drug efforts. … The project is Montana's largest advertiser, and its messages reach 70-90 percent of the state's teens at least three times a week, according to the White House. … 'The Montana Meth Project is a key component of a balanced strategy against meth and is an extraordinary example of the results we can achieve when we combine the power of advertising with the dedication and expertise of the leaders of this community,' Walters said." The AP story was used by Montana's Great Falls Tribune and Billings Gazette.

ONDCP Says Government Partnerships Are Needed To Combat Meth. The Fort Collins Coloradoan (10/16) reports that about 100 community leaders "looking for solutions to the growing use of methamphetamine in Larimer and Weld counties gathered [yesterday] for a day-long summit. … About 80 percent of the meth found in the United States comes from Mexico or large 'super labs,' said John Horton, associate deputy director of the White House Office of National Drug Control Policy. The number of small labs in the country is down 29 percent in recent years, he said." Horton "said partnerships between governments at home and abroad are needed to curtail the production and use of the drug."

The Greeley (CO) Tribune (10/17) reports Horton "spoke early in the meeting about the national [meth] problem. He said local governments need to lead the way in tackling the problem and he applauded Colorado's laws that make it more difficult to purchase ingredients used for the drug."

Horton Speaks Out Against Amendment 44. The Denver Post (10/17) reports Horton said a proposal on the state ballot to "loosen marijuana laws in Colorado would make it harder to fight the war on methamphetamine abuse." Horton "said Amendment 44 - which would allow people 21 and older to legally possess an ounce or less of pot - would make marijuana accessible to more people and allow them to fall victim to the highly-addictive and destructive properties of methamphetamines." Horton noted that there "have been strides in cutting meth traffic, including reducing the number of small labs in the country by 29 percent. He said efforts like Amendment 44 would only hurt the fight, however, because marijuana is a 'gateway drug.'" Mason Tvert, campaign director for Amendment 44, "said Horton and other officials are using scare tactics to sink the proposal." Tvert said studies "have shown marijuana's status as a gateway drug is overblown."

In Florida, Colombian Gets 15-Year Sentence Following Cocaine Bust. The Naples Daily News (10/16) reports a Colombian man "caught with nearly two tons of cocaine in international waters was sentenced…in Fort Myers to 15 years in prison. Leopoldo Caiceda Caiceda…pleaded guilty in June to possession of cocaine and conspiracy to possess with the intent to distribute cocaine. He was found last December along with three other men in a fishing boat off the coast of Costa Rica. In their wooden fishing boat U.S. Coast Guard officials found 3,500 pounds of cocaine," according to Chief Assistant U.S. Attorney Doug Molloy.

Report: Border Patrol, Others "Outgunned" By Drug Cartels. The Houston Chronicle (10/17, Mittelstadt) reports the U.S. Border Patrol and other law enforcement agencies at the U.S.-Mexico border "are outgunned by increasingly ruthless and well-armed Mexican drug cartels," according to a new congressional report. The House Homeland Security oversight subcommittee report "said drug cartels are able to break the encryptions on Border Patrol and sheriffs' deputies' radios. Lookouts for the cartels, using military grade equipment, are positioned at strategic points on the U.S. side of the border to monitor movements of U.S. law enforcement,' it continued." The Chronicle notes that while federal law enforcement "seized 1.1 million pounds of cocaine and 6.8 million pounds of marijuana, [it's] estimated the total cocaine flow may have topped 11 million pounds."

Cable TV Coverage. Fox Special Report (10/16, story 6, 3:15, Hume) reported, "It appears tonight that a forthcoming government report will describe a dire situation along the southern US border with enforcement authorities catching only a small percentage of illegal immigrants and the wars on drugs and terrorism being fought on the nation's doorstep. …

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The U.S. already provides Mexico-with tens of millions to help secure its side of the border. But that's a drop in the bucket to the cartels, who continue to smuggle drugs and people with little interference from the Mexican authorities. … The authors call this report a 30-page wake up call. It was compiled with extensive cooperation from the FBI, DEA, Immigration and Customs Enforcement and counter-terrorism officials. Now it is up to Congress, they say, to provide the political will and resources to answer this growing threat."

US Claims Head Of Rebel Group Plotted To Keep Hostages. The AP (10/17, Yen) reports, "The government said Monday that a top Latin American rebel leader plotted to keep three Americans hostage and use them as political bargaining chips after their plane crashed in Colombia. … But the defense portrayed Ricardo Palmera as a tangential sympathizer of the leftist FARC group who unfairly got caught in the middle after trying to negotiate a deal between guerrilla fighters and the U.S.-backed Colombian government. … 'This man had nothing to do with the capture of the three Americans,' said Palmera attorney Robert Tucker. 'He became the pawn in the power play.'" The AP continues, "Justice Department attorney John Crabb opened his case by arguing that Palmera — better known by his nom de guerre Simon Trinidad — was guilty on charges of hostage-taking, conspiracy and providing material support to terrorists. … 'We'll trade you hostages — including three Americans — for all FARC prisoners in jail. That was Simon Trinidad's offer,' Crabb said. … 'He admitted he was a member of FARC, he admitted FARC takes hostages,' he said. 'That man, Simon Trinidad, tried to use them as get out of jail cards for FARC.' .. Tucker countered that there was little evidence tying Palmera directly to the hostage-taking after the plane carrying the U.S. military contractors encountered engine trouble and crashed in February 2003."

US General Backs Reducing Aid To Colombia. The AP (10/16) reports the U.S. military's commander for Latin America "says Washington should gradually reduce its roughly $600 million in annual military and anti-drug aid to Colombia, support that has been crucial to putting the region's most potent rebel force on the defensive. 'I'm not concerned there's going to be a loss of funding,' Gen. John Craddock said Monday when asked about reports that the State Department wants to phase out Plan Colombia, which has provided the country with some $4 billion in total aid since 2000. 'First of all, there should be (decreased funding), over time. It makes sense. The Colombians are winning,' said Craddock." The AP adds, "And though it is questionable whether Plan Colombia has put a serious dent in drug trafficking from the world's leading cocaine producing nation…the Colombian military's gains are measurable."

McClatchy Newspapers (10/16) also reports Craddock is not concerned about the U.S. possibly reducing funding for Plan Colombia and notes, "There is no certainty that the United States will have to abandon its down-range air operations at Manta, Ecuador, used by U.S. surveillance aircraft and other forces for anti-drug operations" due to presidential elections in Ecuador. A runoff election is scheduled for Nov. 26.

Moonshiners Seen As Vanishing Breed In West Virginia. The Charleston Daily Mail (10/17, Anderson) reports, "The West Virginia moonshiner is a vanishing breed made all but extinct by economics and modern law enforcement techniques, experts say." The Daily Mail continues, "Moonshine is not profitable to make for widespread sale anymore. … And in the modern era of ATVs and helicopter aerial searches, it's harder for a moonshiner to hide. … But moonshine hasn't gone away entirely." The Daily Mail adds, "An elderly Roane County man was recently arrested for allegedly shooting his nephew after a night of drinking moonshine. When police found Wayne Howard Mallory passed out in his trailer, they roused him and asked him about the shooting. Mallory couldn't remember anything about it. … In August, authorities seized $1 million worth of marijuana and a moonshine still at a Greenbrier County couple's 29-acre property. … 'There's probably a bit of it going on, but I don't think it's a problem,' said Paul Cross, agent in charge of the Charleston office of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. … Cross said his agency hasn't come across a real case of moonshine-making in about seven years. 'People get into that stuff to make money,' he said. 'It doesn't seem to be economically viable to do it at this time.'"

IMMIGRATION:

Chicago Child Abuse Suit Creates Immigration Concerns. CBS 2 Chicago (10/17,

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Johnson) reports, "A child abuse lawsuit aimed at helping illegal immigrants stay in the country is creating some waves. … Some people believe the lawsuit in support a Chicago mother and her son misses a critical point, and CBS 2's Rob Johnson reports that others believe it's right on target." CBS2 continues, "The immigration debate has become one of America's most pressing issues. The latest salvo fired came last week with the filing of a class action lawsuit on behalf of children like 7-year-old Saul Arellano, whose mother Elvira is hunkered down in a Humboldt Park church fighting deportation. … The suit names President Bush and Attorney General Alberto Gonzales, among others, and claims that such deportations are a form of child abuse. … 'They should be able to live in this country with their parents and that is not happening,' said Emma Lozano with the Center Without Borders." CBS2 adds, "That strategy, says CBS 2 legal analyst Irv Miller, is a long shot. … 'It's probably not going to be a class action, which is what the mom and the child want it to be to gain the notoriety,' Miller said."

Some Democrats Taking Harder Line Than Party On Immigration. The New York Times (10/17, Swarns, 1.21M) reports Democratic congressional leaders have "maintained a united front on immigration, demanding legislation that would legalize illegal immigrants and create a guest worker program to ensure a reliable legal flow of foreign workers." But in Tennessee, "and in at least a dozen other fiercely contested Congressional races, Democratic candidates are publicly breaking with that message." In North Carolina, House candidate Heath Shuler "ran a television advertisement declaring he would never 'give amnesty' to illegal immigrants." Georgia Rep. John Barrow "has played up his vote to build a fence on the southwest border," while in Ohio, Democratic challenger John Cranley "has accused" Republican Rep. Steve Chabot of "voting to legalize hundreds of thousands of illegal immigrants." In Tennessee, Rep. Harold Ford "reminds voters repeatedly that federal agents raided his Republican opponent's business and found four illegal immigrants working there. Mr. Ford also proudly describes his vote for the border security legislation passed by the House last year, a measure condemned as anti-immigrant by many Democrats in Congress." The Times adds, "The appearance of some candidates vying to be tougher than Republicans on border security, particularly in tight races in conservative states, shows how divisive the immigration issue remains. The tough border security message is carried mostly by Democrats in the South and the Midwest, where a surge of Hispanic immigration is transforming small towns and cities."

Mail Order Bride Law Seeks To Reduce Incidents Of Domestic Violence. The New York Times (10/17, Porter, 1.21M) reports on the impact of a "Congressional effort intended to protect women from potential abuse by American men who seek brides from other countries on the Internet. In June, the federal immigration service froze 10,000 visa applications for foreign fiancées because they did not conform with a law that went into effect in March." The International Marriage Broker Regulation Act, "or Imbra, is intended to give foreign women and the American government more information about the men who seek so-called mail-order brides." Sen. Sam Brownback, "a leading sponsor of the law," said, "This is an unequal partnership where you have somebody dependent on somebody else in a profound way. It puts women at a significant disadvantage, in a potentially violent situation." The Times adds, "Reports of violence in international marriages, some of them Internet matches, have increased in recent years." But the "new law has angered many men, who argue that there is no definitive evidence that violence is more likely to take place in an international marriage arranged over the Internet than in a domestic one."

CONGRESS-ADMINISTRATION:

Kuo Says Faith-Based Initiative Grant Review Was "A Farce." The Washington Post (10/17, A19, Cooperman, 748K) reports White House officials "realized they had a problem, former staffer David Kuo writes in his new book, 'Tempting Faith,' when they saw how a panel rated the first applications for grants under the 'faith-based initiative,' President Bush's vaunted effort to help religious charities." On a scale "of 1 to 100, respected national organizations such as Big Brothers Big Sisters of America scored in the mid-70s to mid-80s, 'while something called Jesus and Friends Ministry from California, a group with little more than a post office box,' scored 89 and Pat Robertson's overseas aid organization, Operation Blessing, scored 95, according to Kuo." Kuo wrote, "It was obvious that the ratings were a farce." He and "other White House aides feared that if the list became public, 'it would show once and for all that the initiative was purely about paying off political friends for their support.'" The Post adds the excerpts from

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Kuo's "explosive book" brought "heated denials from White House press secretary Tony Snow and other current and former Bush administration officials." In addition to "being a memoir of his three years in the White House, where Kuo was deputy director of the Office of Faith-Based and Community Initiatives until December 2003, the book is a saga of falling in, and out of, love with conservative Christian politics."

In his Washington Post column (10/17, A21), E.J. Dionne says, "The headlines that have come Kuo's way have focused on the author's claims that White House staffers ridiculed some of their evangelical supporters as 'nuts' and 'goofy' and that public events surrounding Bush's faith-based initiative were geared toward Republican electoral fortunes. As a former deputy director of the White House Office of Faith-Based and Community Initiatives, Kuo has a fair claim to knowing what he's talking about." But the "most useful thing that could flow from Kuo's revelations would not be a splashy exchange of charges and countercharges but rather a quiet reappraisal by rank-and-file evangelicals of their approach to politics. I hope Kuo's book promotes serious discussions in religious study groups around the country about whether the evangelicals' alliance with political conservatism has actually made the world, well, more godly from their own point of view."

2001 Concert Organizers Say Kuo Left Them On Hook For $25,000. The Washington Post (10/17, C3, Argetsinger, Roberts, 748K) reports Kuo "has plenty of GOP loyalists furious with him right now. They can line up behind organizers of the October 2001 'United We Stand' concert, who say Kuo stiffed them to the tune of $25,000." Kuo was "the administration's point man for the star-studded concert at RFK Stadium (featuring Michael Jackson, Aerosmith, James Brown, Janet Jackson, Mariah Carey, P. Diddy, Rod Stewart, Destiny's Child), which was thrown together in the weeks following the 9/11 attacks to benefit the American Red Cross and other relief funds." Republican fundraiser Rob Jennings "told us Kuo seized on an idea to hand out 50,000 American flags to the audience and repeatedly assured organizers he could find an underwriter for the $25K cost -- and so the flags were ordered and paid for by the promoter." But the "money never arrived, despite Kuo's continued promises. Kuo eventually stopped returning calls, and organizers were quietly asked by the White House to back off, said Jennings."

Internal Report Found Specter Aide Broke No Rules On Earmarks. Roll Call (10/17, Stanton) reports, "An internal investigation of a senior aide to Sen. Arlen Specter…and spousal connections to Congressional earmarks found that no illegal or unethical activity occurred, according to a copy of the report reviewed by Roll Call. However, the report found that Senate ethics rules do not adequately address the large number of spouses, children and other immediate family members who also work as lobbyists, prompting Specter to institute a series of changes to his internal rules of conduct. The investigation was conducted following news reports that questioned the role that Specter aide Vicki Siegel may have played in securing earmarks sought by clients of a lobbying firm founded by her husband."

Hastings Says Foley Probe Will Go "Wherever The Evidence Leads." House ethics committee chairman Rep. Doc Hastings finds himself in the spotlight as his panel looks into sexually explicit messages sent by former Rep. Mark Foley to teenage male House pages. The AP (10/16, Daly) reported that Hastings "pledges that the Foley investigation will go wherever the evidence leads. 'I take that responsibility that I have as the chairman of the ethics committee very seriously,' he told The Associated Press. 'Life gives you all sorts of responsibilities, and sometimes you just have to deal with them. I feel very confident in the direction we are moving.'" The AP added, "Asked whether he personally supports [House Speaker Dennis] Hastert, who named Hastings to lead the ethics committee, Hastings said, 'I think the speaker has done an excellent job.' Hastings later clarified that his remarks were 'not related to the matter at hand here.'"

Kildee Says Page Board Discussed Allegations Of Improper Conduct Toward Pages. Rep. Dale Kildee, the only Democratic member of the House Page board, said the board on Monday discussed allegations of improper conduct toward House pages which do not involve former Rep. Mark Foley. The AP (10/16, Margasak) reported that Kildee "would not elaborate on whether the discussion involved lawmakers. He said, however, that none of the allegations discussed have been proven." Kildee "commented after he testified before the House ethics committee on the Foley matter. … Kildee has said previously, and repeated again after his testimony, that he was not informed about Foley's e-mails and instant messages to former male pages until the scandal became public in late September."

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Foley Scandal Said To Show GOP Hypocrisy. In his Washington Post column (10/17, A21), Richard Cohen) says the Mark Foley congressional page scandal is "so far…the ultimate Washington sex scandal: There is no sex. Maybe there will be sex. Maybe some underage page or former page will be discovered to have had sex with Foley, but so far this has not happened. This lack of a physical victim -- with the arguable exception of Foley and the entire Republican Party, that is -- may explain why certain GOP congressional bulls, from committee chairmen to the speaker of the House himself, did not bolt from the joint, pulling every alarm on the way out." Cohen concludes, "A sex scandal-turned-political panic involving just one person lacks a certain something. That it has attained such critical mass, that it threatens the speaker of the House and the GOP majority, says little about the repellent Foley but a lot about how the GOP has been hoisted by its own petard."

Reid To Amend Ethics Report To Account For Land Deal. NBC Nightly News (10/16, story 5, 2:00, Williams, 9.87M) reported on "Harry Reid of Nevada, the top Democrat" in the Senate, and "a story that continues to follow him." NBC (Reid) added "Harry Reid had this real estate deal. Eight years ago he bought land for $400,000 and sold it six years later. Made a $700,000 profit. His critics say he violated Senate rules because he did not report it on his Senate financial forms. He said he'll fix the forms if he has to. Today he decided to jump ahead and to amend those forms and give the full story. He still insists that the deal itself is perfectly legal."

CNN's The Situation Room (10/16, Blitzer) reported Reid is "amending his report to the ethics committee on a controversial land deal that earned him more than a million dollars. Reid did initially report it, but he's now facing new questions. He says he wants to account for the deal more fully. He also now says he failed to report two smaller land deals because of what he calls clerical errors."

The Washington Post (10/17, A4, Weisman, 748K) reports Reid "will amend four years of ethics reports to Congress to more fully explain a real estate transaction that allowed him to collect $1.1 million in 2004. At the same time, he said he will personally reimburse his political campaign $3,300 that his campaign fund contributed for the Christmas bonuses of support staff at the Ritz-Carlton in Washington, where he lives." The "actions, prompted by reports by the Associated Press, are proving to be a headache for Democrats as they press their case that Republicans have succumbed to a 'culture of corruption.' The land deal, in particular, has brought comparisons to a real estate transaction last year that netted House Speaker J. Dennis Hastert (R-Ill.) $2 million."

Roll Call (10/17, Billings, Ackley) reports while "admitting no wrongdoing, the top Senate Democrat said he has directed his staff to revise his ethics reports to make clear that he didn't sell the property in question in 2001, but merely transferred the title to the land to a limited liability corporation. Reid also said he would address 'two minor matters' left off his original disclosure forms relating to two smaller land transactions."

Reid Used Campaign Donations To Pay Condominium Tips. The New York Times/AP (10/17) reports Senate Minority Leader Harry Reid "has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton hotel here, where he lives in a condominium. Federal election law bars candidates from converting political donations for personal use." When "questioned about the campaign expenditures, Mr. Reid's office said Monday that his lawyers had approved them but that he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence." The bonuses — "$600 in 2002, $1,200 in 2004 and $1,500 in 2005 — went from Mr. Reid's re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign 'salary' for two years, which Mr. Reid said was a clerical error, and as a 'contribution' one year."

The AP (10/17, Solomon) reports, "Back in 2000, Congress rebuked powerful House Transportation Committee Chairman Bud Shuster, R-Pa., for among other things creating the appearance, through poor record-keeping, that campaign committee expenditures were for personal rather than bona fide campaign uses." The Washington Times (10/17, 88K) also runs the AP story.

Many Relatives Of Members, Aides Lobbied Successfully For Clients. USA Today (10/17, Kelley, Eisler, 2.27M) reports, "No laws prevent family members from trying to influence lawmakers or top congressional staffers. Many have succeeded in getting millions for their clients, a USA TODAY investigation shows." While members of Congress "and their staffs are barred from using their

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positions for personal profit," their "spouses and other relatives can — and often do — cash in when lawmakers spend taxpayer dollars." USA found lobbying groups "employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write." They "connections are so pervasive that, in 2005 alone, appropriations bills contained about $750 million for projects championed by lobbyists whose relatives were involved in writing the spending bills." USA "found 53 cases in which relatives of lawmakers or their top aides worked at lobbying firms last year. In 30 instances, those relatives, or firms in which they are principals, sought money in the appropriations bills their family members or their family members' bosses helped write. Of those 30 relatives, 22 succeeded in getting specific language inserted in the bills that guaranteed money for their clients, USA TODAY found."

USA Today (10/17, Kelley, Eisler, 2.27M) also reports, "Family ties give lobbyists insight into how legislation is written — and access to those who are in positions to secure millions for specific projects" through earmarks.

Abramoff Scandal Said To Highlight Need For Charity Reform. In a New York Times op-ed (10/17), Frances R. Hill, a professor of law at the University of Miami and director of the tax program at the Campaign Legal Center, says, "A report issued last week by the minority staff of the Senate Finance Committee details how the fallen lobbyist Jack Abramoff exploited tax-exempt organizations — both sham nonprofits and otherwise legitimate charities — to move money from clients he disdained to congressmen he hoped to influence." The "primary attraction" of the groups to Abramoff "was their opacity: Their ability to raise money in any amount, without limit, from any individual or entity anywhere in the world without disclosing the contributors to anyone." This "grim report from the Senate Finance Committee's Democratic investigators should remind Congress and tax-exempt organizations that reform is overdue." The "guiding principle should be simple and direct: a politician's only relationship with a charity should be as a contributor. Elected officials should not accept travel or meals or golf course fees, even if they claim that participating in charity events will induce others to write checks for a good cause." Congress should "begin by eliminating exceptions in ethics rules, campaign finance laws or lobbyist registration laws for benefits channeled to politicians through nonprofit, tax-exempt entities."

Bush To Visit North Carolina School To Tout Success Of NCLB. In its broadcast last night, News 14 Carolina (10/16, 9:01 PM, Mathis) reported, "One Greensboro elementary school will be welcoming a very exciting visitor this week. President Bush is scheduled to visit Falkener Elementary School on Wednesday, and that means Greensboro has plenty of preparing to do in time for the president's big visit." Principal Amy Holcombe said, "I thought it was one of my brothers playing a joke on me at first." The school was selected as "a successful example of the No Child Left Behind legislation." Students "made a sign to welcome the president" and "the first dog, Barney." The school "will put all of its effort into making the school look great for President Bush's visit."

WGHP-TV High Point, North Carolina (10/16, 4:40 PM) reported, "The national recognition will spotlight the success Falkener has made in raising test scores. The majority of the school's students come from economically depressed backgrounds." Principal Holcombe said the school's success "comes after hard work and good student-teacher relationships."

Chairman Says TSP Could Grow To $200 Billion By Year's End. The Washington Post (10/17, D4, Barr, 748K) reports in its "Federal Diary" column, "Account balances in the Thrift Savings Plan could grow to $200 billion by year's end, the chairman of the board that oversees the 401(k)-type plan for government employees said yesterday. Hitting $200 billion would make the TSP twice as large as four years ago, Andrew M. Saul , the head of the Federal Retirement Thrift Investment Board, said at the board's monthly meeting."

USA Today Supports Spellings' Proposal For College Student Database. USA Today (10/17, 2.27M) writes in an editorial favoring a recent proposal by U.S. Secretary of Education Margaret Spellings to establish "a privacy-protected database that would collect information on all students attending college." The database "would open the way to comparative data and greater accountability." Claims by "private schools" that it would "compromise student privacy" are described as "dubious" and "hypothetical" while, "the need for a new system is real" because it would offer parents the answers to "many pressing questions" such as "what students actually pay, after financial aid," "why students drop out and where they go" and "what

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impact college has on their future success." American taxpayers and parents and students "deserve a more accurate picture of what they're getting for all that money."

Meanwhile, David Shi, president of Furman University and chairman of the National Association of Independent Colleges and Universities, replies to the editorial in USA Today (10/17, 2.27M) arguing that, "the proposed database would put at risk fundamental privacy rights, especially the right of students to control their academic records -- a federally protected right since 1972." Supporters of the plan are said to "ignore the wealth of data already available online" including "graduation and retention rates, financial aid data, estimated student expenses, degrees awarded and much more." Instead of a database, Shi favors a plan for the USED to "make this data user-friendly."

WPost Decries Brownback's Hold On Neff Nomination. The Washington Post (10/17, A20, 748K) editorializes, "If you thought that fights over judicial nominations couldn't get any worse, consider the case of Janet T. Neff, whom President Bush has nominated to a federal district judgeship in Michigan." Neff "once attended a commitment ceremony for a lesbian couple -- and that has Kansas Sen. Sam Brownback (R) reaching for the smelling salts and blocking the nomination. Mr. Brownback has said he wants to satisfy himself that the judge was not presiding over an 'illegal marriage ceremony' in Pittsfield, Mass., in 2002 -- before the state legalized same-sex marriage. He has written to Judge Neff asking for an explanation, his spokesman says, and will hold up her nomination until he learns the nature of the ceremony and its legality." Bush "has finally reached a compromise with Michigan senators to ease one of the more intractable irritants in the wars over lower court nominations. Judge Neff is a piece of that deal, all of which could get derailed if Mr. Brownback does not back off."

OTHER NEWS:

Economists Say Bush Taking Credit On Economy Where Little Is Due. The Washington Post (10/17, D1, Montgomery, 748K) reports that President Bush last week took credit for figures showing the federal budget deficit shrinking by 40 percent over the past two years, which he hopes will strengthen his push for additional tax cuts. Bush "hailed the dwindling deficit as a direct result of 'pro-growth economic policies,' particularly huge tax cuts enacted during his first term. … Economists said Bush was claiming credit where little is due. The economy has grown and tax receipts have risen at historic rates over the past two years, but the Bush tax cuts played a small role in that process, they said, and cost the Treasury more in lost taxes than it gained from the resulting economic stimulus." The Post adds, "Democrats criticized the president for celebrating a deficit that still ranks among 'the largest in our nation's history,' as House Minority Leader Nancy Pelosi of California put it. And they pointed to CBO projections that the deficit will rise again next year and balloon in coming decades as 78 million retiring baby boomers make claims on Social Security and Medicare."

Economist Says US Economy Doing Well. Brian S. Wesbury, chief economist at First Trust Advisors L.P., writes in the Wall Street Journal (10/17, 2.03M) that "it is getting harder for cynics and pessimists to argue that the US economy is doing poorly. But this does not stop them from trying. Lately, the old class-warrior standby, that 'Wall Street may be doing fine, but Main Street suffers,' is echoing down the alleyways. Fortunately, no matter how many times this theory bounces off the walls, there is little in the way of facts to back it up." Wesbury adds, "Massive positive revisions to employment and incomes, rising stock prices and a flood of new tax revenues paint a much different picture than conventional wisdom had expected. But history is clear. As long as government policies do not hinder entrepreneurship, the US economy can overcome even the most daunting of challenges. Have faith."

Dow Jones Edges Closer To 12,000 Mark. NBC Nightly News (10/16, story 6, 0:15, Williams, 9.87M) reported, "On Wall Street here in New York today, so close but still no 12,000-mark for the Dow -- though the numbers were up. The Dow was up 20 points [to close at 11,980.60]. NASDAQ also up for the day about 6 and a half points [to close at 2,363.84]." The Wall Street Journal (10/17, C1, McKay, 2.03M) says "the broad Standard & Poor's 500-stock Index rose 0.3%, or 3.43 points, to 1369.05, up 9.7% on the year and at a new 5½-year high."

USA Today (10/17, Block, 2.27M), in a story about the stock market, says that if it "sustains its strong performance through the rest of the year, investors won't be the only winners. Charities will likely benefit, too. Historically, stock market performance has been closely correlated with charitable giving, research by the Center on Philanthropy at Indiana University shows."

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As Drop In Gas Prices Continues, Analysts Dismiss Talk Of Price Manipulation. CBS Evening News (10/16, story 6, 2:35, Couric, 7.66M) reported, "The way things are going at the gas pump, there's no point in topping off your tank today. Chances are, the price will be even lower tomorrow. As of tonight, gas is the lowest it's been all year. A nationwide average of $2.23 a gallon. It hasn't been that low since last Christmas. But is this an election year present from President Bush to fellow Republicans?" CBS (Mason) reported, "Gas started going down just as the fall campaign started heating up. Coincidence? Some drivers don't think so." Unidentified male: "I think it's basically a ploy to sort of get the American people to think, well, the economy is going good, let's vote Republican." Mason: "Call the conspiracy theory crazy, but it's spreading through Internet blogs. And over the airwaves. A recent poll found 42% of people believe the Bush Administration has deliberately manipulated the price of gas to affect the election." Mason: "But analysts say there's no conspiracy." Andy Lapemiere, analyst, ISI Group: "It's preposterous." Mason: "Supply and demand determine gas prices, he says, and apart from controlling the relatively small Strategic Petroleum Reserve," Lapemiere: "There's virtually nothing the President can do to impact oil prices and gas prices." Mason: "In any case, Iraq is now weighing down President Bush's poll numbers. Lower gas prices have made Americans feel better about the economy, but they're not making them feel better about the President."

NBC Nightly News (10/16, story 8, 2:55, Williams, 9.87M) reported, "As you no doubt recall, it was something of a crisis when [gas] prices hit their high at the peak of the summer driving season. Average price for a regular gallon back then hit $3.04. Now it's fallen to $2.23. We sent Kerry Sanders to a colorful part of the country this time of year, New England, to see if the lower prices are having an impact." NBC (Sanders) reported, "Everybody is affected by the price of gas." Sanders said, "The Pulaski family also thankful for lower prices but suspicious." Unidentified female: "I think it's pretty convenient given the elections are coming up." Sanders reported that lower gas prices "encouraged people to hit the back roads of new England this autumn."

Columnist Says Low Gas Prices Will Test Commitment To Alternative Fuels. In his "Eyes on the Road" column, the Wall Street Journal's (10/17, D7) Joseph B. White says October is "turning into a big month for alternatives to century old gasoline car technology" as various automakers have announced plans to increase production of gas-electric hybrids, so-called "plug-in" hybrids, and vehicles capable of running on ultra-low sulfur diesels. "To top it off," White notes that President Bush on Thursday "used the podium of a Renewable Energy Conference in St. Louis to express his enthusiasm for a wide range of oil-conserving technologies, including corn and cellulosic ethanol, fuel cells, and plug-in hybrids, as well as nuclear power, natural gas and coal." However, White says, "There's just one problem: Gasoline is once again getting cheap, or at least, cheapish." Bush said Thursday that the low gasoline prices are "not going to dim my enthusiasm for making sure we diversify away from oil," but White says the next several months "will be a test" of how committed Americans are to reducing their gas consumption. Toyota has "publicly defined success as selling 60,000 Camry hybrids a year," and White warns, "If the Camry misses that target, it could be a sign that President Bush is right to be worried about the resolve of Americans to end oil addiction, just because they should."

NYTimes Criticizes Bush's DOE On Appliance Standards. The New York Times (10/17, 1.21M) says in an editorial, "President Bush touched a lot of the right bases in a speech in St. Louis that focused on the urgent need for increased efficiency and alternative fuels to address the country's energy problems, including its dependence on imported oil. It would be helpful, though, if he could get his Department of Energy on the same page." Under Bush, the Department "has been more passive than ever, failing to issue a single strengthened efficiency standard" for appliances "since he took office."

White House Seeking To Solidify Support Among Talk Radio Hosts. The New York Times (10/17, Rutenberg, 1.21M) reports that last month, White House aides "ushered an influential group of conservative radio hosts into the Oval Office for a private audience with the president. For an hour and a half, Mr. Bush discussed his case for the war in Iraq, his immigration proposals and even the personality of his Scottish terrier Barney, who scratched on the door during the session until the president relented and let him into the office, according to several hosts who attended." The meeting, "which was not announced on the president's public schedule, was part of an intensive Republican Party campaign to reclaim and re-energize a crucial army of supporters that is not as likely to walk in

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lockstep with the White House as it has in the past." Conservative radio hosts "are breaking with the Republican leadership in ways not seen in at least a decade, and certainly not since Rush Limbaugh's forceful advocacy of the party in 1994 spawned a new generation of stars, said Michael Harrison, publisher of the industry's lead trade publication, Talkers." The "disgruntlement can now be found not only among the more flamboyant radio voices, like Michael Savage, who raged against Mr. Bush's proposals on immigration and other issues, but also among more mainstream hosts, like Laura Ingraham," who criticized the Republican leadership after the Foley page scandal. The "challenge now falls to party strategists to persuade the hosts to overcome the frustrations of many hard-core listeners over issues like spending and border security without alienating them." The effort will peak on Oct. 24, when the administration will hold something of a talk-radio summit meeting, inviting dozens of hosts to set up booths on the White House grounds, where top cabinet officials are expected to sit for interviews." Republican National Committee Chairman Ken Mehlman "has already been working overtime on the talk radio circuit. From Wednesday to Friday of last week, he was interviewed a total of 20 times in Missouri, Tennessee and Ohio, promoting party stances on tax cuts and terrorism."

Taxes, Terrorism Are Key Bush Campaign Themes. USA Today (10/17, Jackson, 2.27M) reports President Bush's "political pitch boils down to two words and one argument. The words are taxes and terrorism. The argument: Democrats are wrong on both." The themes "dominate the half-hour stump speech Bush gives on behalf of Republican candidates across the country. Seeking to preserve precarious GOP majorities in Congress, he has delivered nine campaign speeches in October and could give as many as 20 more before the elections Nov. 7." This week, Bush "will speak at a Republican National Committee dinner in Greensboro, N.C., and on behalf of two embattled GOP incumbents, Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia." Like an "old song with new verses, Bush's basic text is constantly updated. White House communications director Kevin Sullivan said most of Bush's speech comes from the president's handwritten notes, from an outline he developed." White House spokesman Tony Snow "said the president's stump speech also carries a 'subtext. He's got a plan, and it's not clear the other guys do.'" USA Today (10/17, 2.27M) also includes a chart outlining the standard Bush stump speech.

Cheney Remains A Big Draw For GOP Faithful In The Heartland. The New York Times (10/17, A1, Liebovich, 1.21M) reports "the heart of Cheney Country" consists of "hotel ballrooms, military bases and private homes deep in the reddest of red states like Kansas (where President Bush and Mr. Cheney won by 25 percentage points in 2004). As a rule, people still love Mr. Bush in Cheney Country, at least relative to some locales. But the president cannot be everywhere, so Mr. Cheney comes instead, exposing as he goes the durability and devotion of his party's base." Cheney is "dispatched around the country — to Topeka last week, to Casper, Wyo., the week before, and to Wyoming, Mich., the week before that — to preside over events largely ignored by the national news media but covered big-time by the local press." He "raises a lot of cash for the Republican Party and its candidates — more than $40 million at 114 events since January 2005, many of them in off-Broadway political settings like Topeka. And he reaps a full helping of love."

The Christian Science Monitor (10/17, Feldmann, 58K) reports on a trip as the pool reporter covering Vice President Cheney's visit to Topeka, Kansas, and New Orleans. On the flight, Lea Anne McBride, "Cheney's communications director, came back to talk to the reporters about the speech the vice president would be delivering in Topeka at a fundraiser for Rep. Jim Ryun (R). Cheney was still putting finishing touches on his remarks, but he would focus on the economy and security, with an emphasis on 'consequence,' she said. The meaning of that last part soon became clear when we received an advance copy of the text: what to expect if the Democrats take control of Congress." The speech was "classic Cheney - red meat for core Republican voters at a time when anxiety is high over the GOP-led Congress's poor public image, the Iraq war, and scandals. Congressman Ryun appears in no danger of losing his seat, but no one's taking any chances." It was Cheney's "113th campaign appearance in the current two-year election cycle. The event raised $215,000 for Ryun, boosting Cheney's total fundraising for Republican candidates and committees since March 2005 to $40 million."

GOP Maintains Cash Edge, Despite Democratic Fundraising Surge. USA Today

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(10/17, Lawrence, 2.27M) reports Democratic candidates "out-raised their Republican opponents in nearly half of 27 tossup races for the House from July through September, new campaign finance reports show." Most of "the GOP candidates — 19 — had more cash on hand as of Sept. 30. And as of last week, the Republican Party and its allies were spending more heavily in the 27 districts." But independent analysts "called the Democratic surge unusual and said it suggests momentum for Democrats going into the final weeks of the campaign." Stuart Rothenberg said, "Most of the time the late money follows the winner, and the winner is mostly the incumbent." He added that this year, "the smell of Democratic victory is in the air." USA adds that six Democrats 'seeking open seats now held by Republicans in Colorado, Florida, Illinois, Iowa, Minnesota and New York raised more money in the third quarter than their opponents. Another six challengers -- four in Pennsylvania and one each in North Carolina and Indiana — also pulled in more than their opponents."

The Washington Post (10/17, A5, Birnbaum, Goldfarb, 748K) reports that nonetheless, "Republican incumbents in highly competitive races in the House have a substantial cash advantage going into the final weeks before the midterm elections." Democrats "spent more heavily over the summer and early autumn than their Republican rivals in pivotal House districts, leaving themselves at a disadvantage of more than 2 to 1 in money on hand, according to a Washington Post analysis of the latest campaign disclosures." At the same time, Democrats "are on a better financial footing in open seats -- those in which an incumbent is not running. Of the 12 open House races considered tight, Republicans have more cash on hand in seven of them and Democrats are ahead in five, the Post analysis shows."

Roll Call (10/17, Whittington) reports House Republicans "are largely continuing to spend resources to boost the more than two dozen incumbents who appear more vulnerable by the day instead of diverting funds to second- and third-tier races that now look more promising for Democrats." The National Republican Congressional Committee "spent $9 million in independent expenditures on Friday — the largest one-day total for the committee this cycle — bringing the total number of races where the committee has invested at least $1 million for the general election to 18." The NRCC has "spent close to $1 million in at least two other contests, and all but one of these 20 seats are currently held by the GOP." House Democrats, "meanwhile, had spent more than $1 million in just three races as of Friday." House Republicans' "biggest investment so far — not counting the special election earlier this year in California's 50th district — has been in Ohio's open 18th district seat, where the NRCC had spent $2.35 million as of Friday to defend the district being vacated by Rep. Bob Ney (R-Ohio), an admitted felon. The Democratic Congressional Campaign Committee had spent almost $900,000 on the race by that same point." The NRCC "had spent $2.24 million on the effort to re-elect Rep. Jim Gerlach (R-Pa.) as of Friday, making his 6th district race the second-most expensive for the committee."

Consensus Three Weeks Out Has Republicans Losing Only The House. The White House Bulletin/US News (10/16) reported, "Republicans are heading to defeat in the House and a close victory in the Senate, according to several political operatives and pollsters interviewed this morning." There is general agreement that Democrats "will pick up the needed 15 seats to claim the majority and will probably add another 10. But in the Senate, it appears that the Republicans will hang on to a one or two seat majority, according to the political insiders from both sides of the aisle." A GOP strategist said, "I have heard no political operative from our side saying we keep the House. In the Senate, though, the Democrats will pick up some but only gain to 49." The Bulletin adds a Republican pollster "speaking on background said the seat to watch in the Senate race is in Missouri, where Sen. Jim Talent is battling state auditor Claire McCaskill. 'Where Missouri goes, so goes the Senate,' he said." The pollster "also said that Pombo and Doolittle race in California are the ones to watch, suggesting if Republican Reps. Richard Pombo and John Doolittle lose, it's a signal the Democrats could pick up 25 or more seats." Pollster John Zogby in an email seemed to agree, saying, "Barring an October surprise or that vaunted Republican turnout machine versus ho-hum Democratic turnout, Democrats win the House and probably big."

White House "Insiders" Ponder Rove's Fate If Democrats Take The House. The White House Bulletin/US News (10/16) reported, "A big topic among White House insiders as the mid-term elections approach is the fate of Karl Rove if the Republicans lose control of the House or Senate. The consensus is that Rove's image will suffer, big time." "He will be taken a lot less seriously," a senior Republican strategist and informal White House adviser says. The Bulletin adds Rove's "luster has been diminishing in the GOP as the party's prospects for the mid-term elections look more

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and more bleak and as many Republicans blame the Bush administration for being too arrogant, inflexible, and isolated from its GOP allies on Capitol Hill and around the country." Rove's plan, "worked out in concert with Republican National Committee Chairman Ken Mehlman and White House political director Sara Taylor, is to make the November election a choice between individual Democratic candidates and individual Republicans, rather than a nationalized election based on Bush's record and the Iraq war. But, says the senior GOP strategist, 'it's increasingly clear that this is not a 'choice' election -- it's a referendum on Bush.' And whether or not this is fair to Rove, he will be blamed if the GOP suffers big reverses on November 7, GOP insiders say."

Gerrymandering Seen As Limiting Voters' Influence. In a USA Today op-ed (10/17), Ross K. Baker of Rutgers University says, "House incumbents have always held an advantage when Election Day arrived. But the system is now virtually rigged to keep lawmakers entrenched in Washington. The danger: Power has shifted to lawmakers and away from the people." The practice of gerrymandering House districts "will bolster incumbents of both parties and probably limit Democratic gains in the upcoming midterm elections that have historically favored the party out of power. Worse, it places in the hands of a tiny minority of voters in a handful of congressional districts the responsibility for indicating, with their ballots, the direction of the nation over the next two years." Scientific gerrymandering, "and the astute use of other advantages that accrue to incumbents, have resulted in an electoral sea wall around the House of Representatives that can withstand all but the most powerful political tsunamis. This year, it appears that only the gentlest tides will be lapping against this redoubt, and even though Democrats need only a 15-seat gain to recapture the House, such a narrow majority would carry no mandate."

Rothenberg Not Ready To Add Democratic Long Shots To House Watch List. In his Roll Call column (10/17), political analyst Stuart Rothenberg says he is "tempted to add anyone who could possibly ride a wave to victory" in House races, because it is "the easy way out, and I've always taken that route in the past. But I've decided that I won't do it this year — at least not yet. I won't add Reps. Scott Garrett (R) in New Jersey's 5th district, Mark Souder (R) in Indiana's 3rd, Jim Ryun (R) in Kansas' 2nd, Cathy McMorris (R) in Washington's 5th or other potentially threatened Republicans just because their Democratic opponents have an allegedly encouraging poll or are up with TV ads. While I can't completely rule out the possibility that some or all of them could drown in a Democratic tsunami, I believe the chances are so small that I can't bring myself to put them on a list of endangered incumbents. As I said, at least not yet." In Garrett's district, Democrat Paul Aronsohn "distributed a polling memo, based on an initial March survey and a late-September poll, that alleged his race against Garrett was 'tightening up' and that a Democratic victory was 'very possible.'" But "even though the Republican 'generic' number has slipped, and even though the 'wrong track' number and President Bush's job approval rating have eroded, Garrett's trial heat number has remained the same, just a whisker under the 50 percent mark." The situation "is a bit different, but only a bit, in Colorado's 5th district, where a media poll shows a dead heat between Democrat Jay Fawcett and Republican Doug Lamborn for the open seat of retiring GOP Rep. Joel Hefley." But the "fundamentals of Colorado's 5th are so terrible for Democrats that it's hard to believe Fawcett will win." For Democrats, "the more interesting long shots may include Rep. Melissa Hart (R-Pa.), whose 4th district gave Bush 54 percent of the vote in 2004 and 52 percent four years earlier. Or Rep. Gil Gutknecht (R), who represents a competitive district in southeastern Minnesota. A true national wave could hit hard in districts like those, creating opportunities that Democrats ought not have in a normal year. That's why both of these races now are on my list of Democratic challenges to watch."

Democrats Outraise Opponents In Key Senate Races. The Wall Street Journal/AP (10/17, A6) reports Senate Republicans "were outraised by Democratic opponents in key races in third-quarter fund-raising, setting the stage for a competitive campaign stretch." In Virginia, Sen. George Allen "reported raising $1.94 million in the quarter ended Sept. 30 compared with $3.3 million raised by his Democratic challenger Jim Webb." In Missouri, Democrat Claire McCaskill "outraised Republican Sen. Jim Talent by about $1 million. Mr. Talent reported $4.2 million still in the bank, while Ms. McCaskill reported $246,000 in cash on hand after a major final television ad buy." Democrat Bob Casey "reported raising $3.94 million in his campaign to unseat Pennsylvania Republican Sen. Rick Santorum. The Santorum camp reported having $3.6 million in the bank at the end of September; Mr. Casey reported $3.7 million."

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Lieberman Endorses Bolton For Confirmation As UN Ambassador. Sen. Joe Lieberman yesterday endorsed John Bolton for a permanent slot as UN Ambassador. The New York Daily News (10/17, Kennedy, 729K) reports that Lieberman's statement put him "at odds once again with Democrats, including his Senate colleague Chris Dodd. … 'I see no reason not to be for Bolton,' Lieberman told a meeting of the Daily News Editorial Board. 'Based on his capabilities -- and now based on his performance -- I believe Bolton is well-qualified,' he said."

Chafee, Whitehouse Revisit Familiar Themes In Second Debate. The Boston Globe/AP (10/17, Smith) reports Republican Sen. Lincoln Chafee and Democratic challenger Sheldon Whitehouse "tangled over corruption, independence and the Republican Senate on Monday in their second radio debate." Whitehouse said, "The Bush administration has been a disaster for America and a disaster for Rhode Island." Chafee said Whitehouse's "record as a former state attorney general and U.S. attorney was one of 'incompetence and willful blindness.'" The Globe adds the "conversation continued the themes the candidates have focused on in recent days, with Chafee assailing Whitehouse's record as a prosecutor and saying he ignored corruption by friends of powerful Democrats, and Whitehouse tying Chafee to President Bush and the 'Republican agenda.'"

The Providence Journal (10/17, Peoples, 168K) reports the debate "was largely civil -- and largely repetitive." Chafee did "his best to turn the debate to local issues and Whitehouse's actions as a former U.S. attorney in Rhode Island, compared to Whitehouse's repeated efforts to focus on the direction of the country and other national issues such as health care and Iraq."

Allen Says His Conservative Position On Key Issues Will Win Race. The Washington Times (10/17, Bellantoni, McLaughlin, 88K) reports Sen. Allen "said that he will be re-elected by sticking to conservative issues, even as national liberals are funneling cash to his Democratic opponent and linking the senator to an unpopular president.." On Thursday, Allen will "appear with President Bush to refuel his campaign coffers in an effort to counter Democrat James H. Webb Jr.'s robust fundraising and to rally his anti-tax and socially conservative base." Allen said, "If it's based on issues, stands on issues, solutions, ideas and a proven record of performance, I think we're going to win. The people of Virginia know me as a senator and as a governor."

Mark Warner Campaigns With Webb. The Washington Times/AP (10/17, Barakat) reports, "Virginia's two most popular politicians jumped full-bore into the state's Senate campaign yesterday, with former Gov. Mark Warner promising to do all he can to get Democrat James H. Webb Jr. elected and U.S. Sen. John W. Warner making a joint televised appearance with Republican Sen. George Allen." Mark Warner, who "surprised political observers Friday by forgoing an anticipated run for the presidency, campaigned yesterday with Mr. Webb at a Fairfax County retirement community and said many more joint appearances are forthcoming." Meanwhile, Allen "for the second time in his campaign purchased a two-minute block at 7:58 p.m. yesterday in all of Virginia's broadcast markets -- this time for a taped joint appearance with Sen. Warner."

Don King Campaigns With Steele In Maryland. The Washington Times (10/17, Ward, 88K) reports, "Boxing promoter Don King yesterday campaigned with Maryland Lt. Gov. Michael S. Steele in Prince George's County and Baltimore, telling black voters to support Mr. Steele's U.S. Senate candidacy even though he is a Republican." King said, "For black people, there can't be a fealty to party. That's not fidelity to truth." The Times adds, "With his trademark hair standing straight up, Mr. King appeared with Mr. Steele at a cafe in Largo Town Center and then on a street corner in West Baltimore. The two then visited a youth boxing center." King "criticized the state Democratic Party for not promoting black leaders."

Corruption Seen As Key Issue In New Jersey Senate Race. The Washington Times (10/17, Fagan, 88K) reports profiles the New Jersey Senate race, noting the same "Democratic leaders who have long hoped to regain control of Congress by blasting a Republican 'culture of corruption' are in danger of losing their shot at the Senate because of accusations of corruption against Sen. Robert Menendez." Menendez "has been plagued by news reports that he's under federal investigation for a long-standing rental deal with a nonprofit group that received millions in federal funding while he was a House member." Republican Tom Kean Jr. has "hammered the Democratic incumbent in negative ads. And the criticism increased last month after the Philadelphia Inquirer reported a taped conversation in which

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a Menendez ally told a government contractor that he would have 'protection' if he hired a doctor with ties to Mr. Menendez." Democrats say "they're not surprised by the Republican focus on accusations of corruption but say Mr. Menendez will win anyway by linking Mr. Kean to President Bush."

Brown's Pulitzer Prize-Winning Columnist Wife Aiding His Bid To Unseat DeWine. The Washington Post (10/17, C1, Slevin, 748K) runs a lengthy profile of OH13 Rep. Sherrod Brown's (D) wife, Connie Schultz, a Pulitzer Prize-winning columnist for the Cleveland Plain Dealer, who left the newspaper in February after her husband decided to run against Ohio Sen. Mike DeWine (R). The Post reports, "The campaign role is new to her. So, for practical purposes, is the marriage. Schultz and Brown met in 2003 when each was long divorced. … Brown, 53, is a doctor's son schooled at Yale. Schultz, 49, is a maintenance man's daughter who became her family's first college graduate. Yet with their progressive philosophy, their passion for the underdog and their gregarious flesh-pressing, there is no mistaking that they are a matched set." The Post adds, "Their collective decision to challenge DeWine, a family values conservative with an agreeable public persona in a state long dominated by Republicans, is the biggest political risk of their professional lives."

Candidates Build Presence On Popular Social Networking Websites. USA Today (10/17, Keen, 2.27M) reports candidates are "using popular websites Facebook, MySpace and YouTube for the first time to give their campaigns free publicity, reach young voters and bypass traditional media. Once they're online, though, they risk being mocked and losing control of their messages." Facebook.com "created 1,400 candidate profiles that listed names, states, parties and offices. Of those, about 300 are updated by candidates or their staffs, marketing director Melanie Deitch says." But what's "online can be embarrassing: •Sen. Hillary Rodham Clinton's Facebook profile has many posts from her Green Party rival, Howie Hawkins, who lists reasons he thinks the New York Democrat should be defeated." A Facebook search "for 'Mike DeWine' turns up the Ohio Republican senator's profile as well as links to several self-organized political groups of Facebook members. One group calls itself 'Mike Dewine and (Ohio Rep.) Deborah Pryce are tools,' a derisive slang for dupes."

Hillary Clinton's Avoidance Of Iowa Could Aid Rivals In 2008. The New York Times (10/17, Kornblut, 1.21M) reports Sen. Hillary Rodham Clinton "has zigzagged through much of the country" over the last three years, "bouncing among Ohio and California, New Jersey and Colorado, Pennsylvania and Michigan, raising tens of millions of dollars and meeting with legions of Democrats. But she has conspicuously bypassed Iowa, whose caucuses will be the first presidential nominating contest, and New Hampshire, the state with the earliest primary, where her last visit was even longer ago." Clinton's strategy is "a tacit recognition that crossing the border into a state that will matter early in 2008 would set off a cascade of attention and be tantamount to an official announcement that she is running for president." But "depending on how long she waits, her absence from Iowa also risks giving her Democratic rivals an opening to curry favor with voters here. Other candidates are already in a nearly constant march through the state, hiring operatives and seeking commitments from grass-roots organizers." Former Democratic National Committee Chairman Terry McAuliffe "acknowledges that 'the other candidates are there rounding up donors.'" McAuliffe added, "But beyond that, it doesn't matter at this point. She's in a unique position." The Times adds McAuliffe was quick to add Clinton "was engaged 'in a deliberative process,' deciding whether to run. 'Anybody who tells you she's running today is crazy,' he said." The Times adds, "Other strategists agree that if Mrs. Clinton does run, then the moment she begins to devote her attention to a presidential campaign her financial and name-recognition advantages will wash away any memory of the years she declined to visit Iowa and New Hampshire."

States Consider Privatizing Major Highways. USA Today (10/17, Kim, 2.27M) reports, "A number of states have looked at privatizing major highways to fill budget holes and cover the expense of fixing other crumbling roads. Gov. Jon Corzine of New Jersey is considering leasing the New Jersey Turnpike and other toll roads, while road privatization has emerged as an election topic in Illinois and Ohio. … Northern Virginia lawmakers have resisted toll hikes on the Dulles Greenway, which is privately run. Leaders in Harris County, Texas, defeated a proposal this year to privatize toll roads in the Houston area, deciding to run the road themselves." Indiana's East-West Toll Road "is in its fourth month of private operation. In July, a private Australian-Spanish consortium took over the 157-mile highway, which

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runs east from Chicago to the Ohio border. The consortium will operate, maintain and collect tolls on the road for 75 years. In return, it gave Indiana a one-time, lump-sum payment of $3.8 billion. … State Treasurer Tim Berry said Indiana has reaped more than $55 million in interest from the consortium's payment."

US Population To Top 300 Million Today. NBC Nightly News (10/16, story 7, 3:15, Williams, 9.87M) reported, "It will take place across this country tomorrow morning and if you didn't know it was coming, there's no way you would know." Today, "at 7:46 AM Eastern time and don't ask us how they estimate it, the US population will click over to 300 million. That's a lot more people in the same amount of space. Americans are on the move and they are heading in one basic direction it appears to be Southwest. That makes Nevada the fastest-growing state in the United States."

Missouri Amendment Said To Be Cloning Trojan Horse. In his syndicated column, running in the Pittsburgh Tribune-Review (10/17) among other papers, Robert Novak says a new video "available on YouTube marks a late attempt by pro-life forces to avert serious defeat in Missouri Nov. 7, with national implications. Cathy Ruse, speaking for Missourians Against Human Cloning, declares: 'Amendment 2 is a fraud. It is an attempt to trick Missourians into approving -- in their Constitution -- human cloning, the right of biotech firms to do human cloning in Missouri -- something Missourians oppose by an overwhelming majority.'" Novak adds, "But Amendment 2 is identified for many Missouri voters by the language at the beginning of the five-page ballot initiative: 'No person may clone or attempt to clone a human being.' That explains why polls have shown a substantial margin of support for the constitutional amendment, which is also backed by key Republican politicians and business interests. It seems to offer the best of all worlds: government support of stem cell research without fear of cloning." But the initiative "so narrowly defines cloning as to open the door to any cloning procedure that takes place outside the womb. If this is approved by a state that historically is a barometer of national trends and is considered a pro-life stronghold, it will be a national model for breaking popular resistance to what the scientists and biotech companies want."

WPost Says Maryland Gubernatorial Candidates Didn't Keep Promises On Crime. An editorial in the Washington Post (10/17, A20, 748K) says, "As the Democratic candidate for mayor of Baltimore in 1999, Martin O'Malley set a goal of cutting the city's annual number of murders to 175; they were then running at more than 300 a year. He failed. … As the Republican candidate for governor of Maryland in 2002, Robert L. Ehrlich Jr. also set a goal: to reform the state's decrepit, Dickensian system of juvenile jails. He also appears to have fallen short, though that record is not as easily quantified. … Messrs. O'Malley and Ehrlich, in the heat of the campaign homestretch, are busy bashing each other over issues of crime and punishment. They are key questions for voters throughout the state, particularly in the high-crime areas of Baltimore and Prince George's County, and they played a prominent role in the candidates' back-to-back debates this past weekend. … The hard problems of drugs and gangs are impediments to denting the problems that both men inherited. But the disappointing results in Maryland's juvenile jails and on Baltimore's rough streets raise questions about the managerial abilities of both candidates."

NYTimes Critical Of Legal Move By Blackwell Supporters. The New York Times (10/17, 1.21M) says in an editorial that Ohio Republican gubernatorial nominee Kenneth Blackwell, "who is also the Ohio secretary of state, could rule that his opponent is ineligible to run because of a technicality. We'd like to think that his office would not ultimately do that, or that if it did, such a ruling would not be allowed to stand. But the mere fact that an elected official and political candidate has the authority to toss his opponent out of a race is further evidence of a serious flaw in our democracy." Democrat Ted Strickland is leading Blackwell in the polls, and one Blackwell supporter has filed a residency challenge to Strickland's candidacy. The Times adds, "The complaint itself is without merit. No one disputes that Mr. Strickland lives in Ohio, or that he is registered." The case shows "election administration should be removed from partisan politics, in Ohio and everywhere else."

NYTimes Praises Bloomberg For Family Anti-Poverty Program. The New York Times (10/17, 1.21M) says in an editorial that New York is "searching for new ways to fight persistent poverty, and Mayor Michael Bloomberg's Commission for Economic Opportunity has recommended useful reforms. To encourage families to participate in these programs, the mayor hopes to recruit

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private donors to provide parents with a cash incentive to make the right choices for their children — like taking them in for regular checkups and making sure they stay in school." The idea is "based on a highly successful Mexican antipoverty program, known as Oportunidades, that is now being tried by at least 25 other countries." To "get payments for food, mothers must bring their children in for regular health checkups and attend informative talks at health centers."

North Korea May Be Preparing For Second Nuclear Test. NBC Nightly News (10/16, lead story, 3:20, Williams, 9.87M) reported North Korea is now "a full-scale crisis." US intelligence "has picked up fresh evidence they might be planning yet another test on the very same day when we were able to confirm the first test was indeed the real thing." ABC World News (10/16, lead story, 2:20, Gibson, 8.78M) noted that "confirmation that the North Korean's did indeed set off a nuclear device last week, a small one. Air samples prove it, showing radioactive particles in air above the site of the blast and anticipation that North Korea may be on the brink of set off a second device." The New York Times (10/17, Shanker, Sanger, 1.21M) says that "confirmation of a plutonium-based weapon "strongly suggested that [Pyongyang's] second path to a nuclear bomb — one using uranium — was not yet ready."

An AP (10/17, Chang) report this morning focuses on a possible second test, saying Seoul and Tokyo "warily monitored unconfirmed reports Tuesday of possible preparations by North Korea for a second nuclear test. Japanese Foreign Minister Taro Aso said his government has 'information' concerning media reports that North Korea could be laying the groundwork for another blast," while Seoul said it "also was aware of signs related to possible preparations." The CBS Evening News (10/16, lead story, 2:40, Couric, 7.66M) showed Secretary Rice saying of the unconfirmed reports, "We're watching it, obviously, and discussing it with other parties as well. I think it goes to say that that would further deepen the isolation of North Korea and I hope they would not take such a provocative act."

CNN's The Situation Room (10/16, Malveaux) reported, "With confirmation that North Korea did, indeed, conduct a nuclear test and is possibly ready to carry out another, a measured warning from Secretary of State Condoleezza Rice." Rice: "It goes to say that that would further deepen the isolation of North Korea and I hope they would not take such a provocative act." The AP (10/17, Raum) reports Rice's tone yesterday "at times was conciliatory." She said, "Let's give some time to these sanctions to work. Let's give some time to the diplomacy to work. Let's see if North Korea can be pushed in a different direction. But we've got a much stronger set of tools with which to do that."

ABC World News (10/16, lead story, 2:20, Karl, 8.78M) said that in South Korea, "they were preparing for war. Wailing sirens sent people scurrying to underground bomb shelters. Just a drill, but considering the latest developments, a drill with added urgency."

Bush Says One-On-One Talks Would Not Work. President George W. Bush was asked on Fox News' The O'Reilly Factor (10/16) why the US will not talk to North Korea one on one. Bush said, "We tried that and didn't work," adding, "What I'm saying is there was kind of a good faith effort made to engage North Korea and try to convince them in a bilateral way to give up their weapons programs. There was an agreement made and they didn't honor the agreement. And so I decided since that didn't work, we ought to try another way forward in order to solve this problem peacefully and this is to have China at the table and South Korea at the table and Japan at the table and Russia at the table. My attitude is real simple on this. More voices saying the same thing to North Korea makes it more likely that we will be able to solve this issue peacefully."

In Asia, Rice Will Seek To Lock-Up Support For UN Resolution. Under the headline, "Rice Trip To Push Full Sanctions For North Korea," the Washington Post (10/17, A12, Kessler, Linzer, 748K) reports Secretary Rice "said yesterday that she will push for full implementation of U.N. sanctions against North Korea as punishment for its recent nuclear test when she makes a critical visit to Asia and Russia this week." She is quoted saying, "Every country in the region must share the burdens as well as the benefits of our common security." She "called on nations to 'collectively isolate' North Korea, adding that it 'cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce.' Rice also warned Iran…that the Security Council will begin work on a resolution condemning Tehran for not suspending" its uranium enrichment program. At a press conference, Rice "told reporters that on her trip she will reassure Japan and South Korea that 'the United States has both the will and capability to meet the full range of our security and deterrent commitments.' That is a diplomatic way of saying that the U.S. nuclear umbrella will make it

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unnecessary for those nations to consider developing their own nuclear weapons."

The AP (10/17, Shrader) reports Rice "declared that UN sanctions prove the world is united in opposing Pyongyang's nuclear ambitions. Such strong opposition should be a warning to Iran, too, said Rice, who is leaving Tuesday morning for an Asian trip that is expected to be dominated by the nuclear issue." She "acknowledged international concerns of escalating the crisis and said she would address that on her trip." The AP adds that Pyongyang's "unpredictable behavior and its history of trading weapons and components makes its nuclear advancements particularly worrisome to its neighbors and the international community."

AFP (10/17) reports Rice "announced she would visit Russia later this week as part of a foreign tour focused on enacting tough UN sanctions against North Korea over its nuclear test. Rice said she would travel to Moscow following visits to Japan, South Korea and China in the wake of" the approval of UNSCR 1718. "'The purpose of my trip is to rally the support of our friends and allies in Northeast Asia for a comprehensive strategy,' she said."

The Financial Times (10/17, Dinmore, Sevastopulo) reports Washington "insisted on Monday on the right to intercept suspicious North Korean cargo under the authority of [UNSCR 1718], setting the stage for a difficult trip to Asia for" Secretary Rice. "Describing resolution 1718 passed unanimously as 'a very powerful tool,' Ms. Rice said it made possible the 'interdiction of dangerous and suspicious cargo. We expect every member of the international community to fully implement all aspects of this resolution and we expect the Security Council to aggressively monitor the process,' she said." The Times says, however, that Chinese PermRep Wang Guangya "disagreed, telling reporters: 'Inspections yes, but inspections are different from interception and interdiction.' He said the resolution did not make it mandatory for all nations to inspect cargo going to and from North Korea. States could carry out such an operation as necessary 'in accordance with their national legal authorities,' he said."

The AP (10/17, Guan, Ang) focuses its reporting on active Chinese enforcement of UNSCR 1718 along its 880-mile land border with North Korea. "At a border-crossing post in the Chinese city of Dandong, about 30 Chinese trucks were seen being checked on Monday morning while 50 empty North Korean trucks waited in line to enter China to pick up cargo. Customs officers opened the back of each truck and looked at its cargo as it rolled up, though they didn't open individual boxes or bags. By contrast, reporters who visited the border post last week didn't see inspectors open any trucks." Furthermore, "in a sign of Beijing's wariness about refugees, construction of a massive concrete and barbed wire fence along parts of [the border] has picked up in recent days. Scores of soldiers have arrived in communities along the banks of the Yalu River, up from Dandong, over the past week to erect the barrier, farmers and visitors to the area said."

USA Today (10/17, Nichols, Slavin, 2.27M) reports that China, "which had expressed concerns about inspecting cargo bound for North Korea, on Monday checked trucks going to North Korea from the city of Dandong." China's UN ambassador "said Beijing would not stop and board ships, however."

The AP (10/17, Klug) quotes R. Nicholas Burns, undersecretary of state for political affairs, saying, "We have indications this morning the Chinese are beginning to apply this to their very long land border" with North Korea, and "we also have announcements from Japan and Australia. I spoke to both governments this morning. They are both implementing this." He added "there will be 'enormous pressure on China to live up to their responsibility' in enforcing United Nations punishment of its ally, North Korea. 'We are all banking on that.'" White House press secretary Tony Snow "said President Bush had not personally been making any calls Monday on the matter. Snow urged patience before judging China's commitment to the inspections."

The CBS Evening News (10/16, story 2, 2:30, Pizzey, 7.66M) reported, "To be effective, the new UN sanctions must isolate North Korea even more than it already is and the China/North Korea border crossing may be the most crucial. Controls along that 880-mile long frontier appear to be more stringent today, even after China said it was lukewarm to the idea of inspecting North Korean cargo." Christopher Hill, Assistant Secretary of State: "I think this nuclear test has really brought us all much closer to China and brought China closer to us."

ABC World News (10/16, story 2, 2:30, Litke, 8.78M) said "the Chinese government opposes tougher sanctions that could lead to the sudden collapse of North Korea and a flood of desperate Korean refugees. So, while China is still furious with the North for carrying out its nuclear test, it was clear from the traffic jam across the Yalu River today, the

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Chinese are not ready to abandon their troublesome neighbor -- not yet."

Abe Said To Seek More "Active Role" For Japan. An analysis piece in the Wall Street Journal (10/17, A6, Hayashi, 2.03M) reports UNSCR 1718 "provides a new test for Japanese Prime Minister Shinzo Abe: how to play an assertive role without straying from the nation's nonmilitaristic constitution." Tokyo "is trying to figure out how to participate in a provision of the resolution…that allows nations to board North Korean ships suspected of carrying banned items and inspect their cargo." The Journal adds, "Japan's pacifist constitution would make it difficult for it to inspect any ships," however, "officials are considering invoking for the first time a clause in a 1999 law that allows its self-defense forces to provide support functions to the U.S. military under a special situation: if Japan faces an emergency situation in the Asian region in which a direct military attack on the country seems imminent." Tokyo's "attempt to play an active role in condemning North Korea reflects an attempt by [Abe] to give Japan greater influence in East Asia. … It also is the latest example of Japan's effort to have its military, known as Self-Defense Forces, take on greater responsibility outside its borders."

Bush Says Putin Agrees Iran Cannot Have A Nuclear Weapon. President George W. Bush said on Fox News' The O'Reilly Factor (10/16), "I had a good talk with Vladimir Putin the other day about the Iranian issue and he knows full well that Iran cannot have a nuclear weapon. Those weapons can fly west or they can fly north." Asked why Russia is selling Iran all kinds of weaponry, Bush said, "I don't think he is arming Iran to the point where they are using a lot of Russian weapons in the theater. There were a lot of Russian weapons in Iraq before we even got there. And of course that would concern me if there is a lot of evidence that he's doing that. I'm concerned -- I do believe, however, that he understands the strategic importance of making sure Iran doesn't have a nuclear weapon. Let me say this. To the extent that we find anybody helping the enemy inside of Iraq we bring our concerns forward."

Moscow May Link Iran UN Vote To Russian Firms' Sanctions. The AP (10/17, Lederer) reports Moscow "demanded Monday that the United States lift sanctions against two Russian companies accused of making deals with Iran involving sensitive technology and hinted that a U.S. refusal could affect negotiations on a U.N. sanctions resolution against Tehran." PermRep Vitaly Churkin "said the sanctions against state arms exporter Rosoboronexport and top aircraft maker Sukhoi for allegedly violating a U.S. law known as the Iran Nonproliferation Act of 2000, create a 'predicament' for Moscow." He "said Russia wants the sanctions lifted off the two companies, whether or not U.N. sanctions are leveled against Iran." Washington "alleges the Russian companies have made deals with Iran involving sensitive technology. Russia has objected to the U.S. law, and both Russian companies deny any violation."

Administration Said To Have Eased Push For Egyptian Democratization. Under the headline, "US Eases Push For Egypt Reforms," USA Today (10/17, Slavin, 2.27M) reports, "Last year, [Secretary Rice] canceled a visit to Cairo to protest the arrest of an Egyptian opposition leader, Ayman Nour. … When Rice visited here earlier this month during a tour of the Middle East, not much had changed: Nour was back in jail, along with thousands of other political prisoners; and political reforms seemed to be on hold." The Administration, "like its predecessors — Republican and Democratic — has supported Egypt with an annual $2 billion in aid since Egypt's 1979 peace treaty with Israel. In the aftermath of 9/11, however, President Bush began calling for democratic reforms in Egypt and the wider Middle East," and now "Rice says that there has been no change in policy." USA Today adds that "recent events in the Middle East have complicated U.S. efforts to push democracy" in Egypt, and Rice "said the Bush administration has not given up on democratic reforms but that each country has to move at its own pace."

Olmert Says He's Willing To Meet With Lebanese And PA Leaders. The New York Times (10/17, Myre, 1.21M) reports, "Prime Minister Ehud Olmert told the Israeli Parliament on Monday that he was willing to meet the leaders of Lebanon and the Palestinian Authority in an effort to ease regional tensions, though no such meetings appear imminent." It was "the first day of Parliament's winter session." Olmert said, "I want to take this opportunity to call on Lebanese Prime Minister Fouad Siniora to meet with me face to face." In Beirut, "Siniora's office issued a statement saying that he had 'announced more than once that Lebanon will be the last Arab country to sign a peace deal with Israel.'"

Meanwhile, McClatchy (10/17, Nissenbaum) reports, "In the wake of this summer's war in Lebanon, the Golan

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Heights have re-emerged at the center of the latest land-for-peace proposal that some see as a chance to reshape regional dynamics. In an unexpected move, Syrian President Bashar Assad has offered to end his conflict with Israel if it gives back the disputed territory it's held for nearly 40 years." Olmert "and influential US diplomats have rejected the proposal as a meaningless feint from a weak authoritarian ruler." But "others, including a growing number of influential Israelis, see the offer as an opportunity to jump-start dormant negotiations at a time when the Middle East is drifting towards further instability."

Six States Require Pension Funds To Divest From Darfur. USA Today (10/17, Lynch, 2.27M) reports, "A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide. Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956." USA adds, "Other human rights activists want to use divestment to discourage corporate activity in Sudan and ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur."

Sri Lankan Suicide Bomber Kills 94 Sailors And Civilians. The New York Times (10/17, Senanayake, 1.21M) reports, "A suicide bomber rammed a truck packed with explosives into a military convoy on Monday, killing at least 94 people and wounding 150. The explosion, about 100 miles northeast of the capital, was one of the deadliest attacks since a 2002 cease-fire between the government and separatist Tamils." Sri Lankan officials "blamed" the Tamil Tigers "for the attack, a charge the group neither acknowledged nor denied. The vast majority of those killed and wounded were sailors, but a military spokesman said some civilians were caught in the explosion." However, Colombo said it "still planned to attend peace talks with the rebels, which are being brokered by Norway and are to resume Oct. 28 in Geneva after an eight-month hiatus. The separatists have said they may back out of the talks." The Times calls the bombing "yet another sign that the four-year-old cease-fire was no longer being observed, even though neither the government nor the rebels have publicly disavowed it." The Washington Post/AP (10/17, A16, Francis) also reports the story.

Venezuela, Guatemala Deadlocked In Bid For Security Council Seat. The Washington Post (10/17, A13, Lynch, Forero, 748K) reports Caracas "was stymied Monday in its bid to win a seat on the UN Security Council, a result that shocked diplomats who had expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage. Guatemala finished ahead of Venezuela in nine of the first 10 rounds of secret" UNGA balloting, "but neither secured the required two-thirds vote to succeed Argentina" in the rotating Latin American seat. Caracas "never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly." The Post says the outcome "came as a relief to the United States, which had lobbied actively on behalf of Guatemala," and is "a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East." Also, "South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions."

In more positive tones, the New York Times (10/17, Hoge, 1.21M) reports Caracas' "campaign…suffered a setback on Monday when Guatemala, backed by the United States, established a wide lead and maintained it after 10 ballots." Guatemala City "ended the day with a lead of 110 to 77," and the voting continues today "and could last days, until one prevails or the Latin American group decides to bring forth a compromise candidate." The Times calls the vote "a distinct blow to the ambitions of Hugo Chávez," who seeks "a global platform to vent his grievances against Washington." Ambassador Bolton is quoted saying, "In the year 2000, I was in Florida for 31 days. This has just begun."

The AP (10/17, Wadhams) adds, "Neither Venezuela nor Guatemala appeared willing to drop out of the election." Yesterday's voting "reflected the ambivalence toward Guatemala, the preferred American candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public American campaign against Venezuela and in support of Guatemala."

Ecuadorian Leftist May Have Been Hurt By Link To Chavez. The New York Times (10/17,

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Romero, 1.21M) reports, "Rafael Correa, the charismatic economist who garnered a surprisingly weak showing Sunday in the first round of voting for president, finds himself in a situation that has plagued leftists in other Latin American elections this year: defending his ties to President Hugo Chávez of Venezuela." Álvaro Noboa, "a conservative banking and banana magnate, surged ahead by attacking Mr. Correa's admiration for Mr. Chávez and his advocacy of nationalistic economic proposals that seemed inspired by Mr. Chávez's policies. The two candidates are expected to compete in a runoff election on Nov. 26. Noboa "called Mr. Correa a 'friend of terrorists, a friend of Chávez, a friend of Cuba.'"

Mexico's PRD Loses Key State Election. The New York Times (10/17, McKinley, 1.21M) reports, "The leader of the Mexican left, who has refused to accept his defeat in the summer's presidential race, saw his party take a beating over the weekend in a governor's race widely viewed as a referendum on his charisma and power as a populist. Though aides to the leftist leader, Andrés Manuel López Obrador, dismissed the loss as a minor setback, his detractors noted that it was the latest in a string of signs that he is losing public support, even in his home state, Tabasco." Sunday's election for governor in Tabasco, "in the south, suggested that Mr. López Obrador's ability to sway voters has waned since the presidential race. Returning to his home state, Mr. López Obrador, the former mayor of Mexico City, campaigned hard for weeks on behalf of his party's candidate, César Raúl Ojeda. He often upstaged the candidate during the final days of the campaign."

The Christian Science Monitor (10/17, Llana, 58K) notes Tabasco "voted heavily for Mr. Obrador" in the presidential race. Sunday's defeat of the Democratic Revolution Party (PRD) candidate, "is being viewed as a referendum on the future of Obrador's national protest movement." The Los Angeles Times (10/17, Enriquez, 918K), among other newspapers, also reports the story.

Victims Of Colombian Paramilitaries Criticize Decommissioning Process. The Washington Post (10/17, A14, Forero, 748K) reports, "In the midst of a relentless conflict, Colombia's government and its ally, the Bush administration, are hailing the demobilization of 32,000 fighters from right-wing paramilitary groups -- a disarmament that authorities here say is larger than any of those that closed out Central America's civil wars in the 1990s." However, the Post says, a "far more critical picture of the disarmament has emerged" from reports that "paramilitary commanders have killed hundreds of people in violation of a cease-fire, trafficked cocaine and stolen millions of dollars from state institutions they had infiltrated." Sen. Patrick Leahy is one of the "lawmakers on Capitol Hill have also voiced concerns about the disarmament," and he is quoted saying, "The demobilization process has been as much about avoiding justice and consolidating ill-gotten gains as it has been about disarming the paramilitaries. The government needs to stop appeasing the leaders of these outlaw militias and listen more to their victims." Even "critics acknowledge that the disarmament has yielded benefits," and "Colombian officials are pledging to conduct exhaustive investigations of paramilitary atrocities and launch trials of the militias' most bloodthirsty commanders." However, "in communities hit hard by paramilitary violence, …victims are incredulous about the government's lofty claims. Once fearful that speaking out could get them killed, they are increasingly organized and assertive. And they are sharply criticizing a process that they say is tilted more toward whitewashing crimes than punishing perpetrators."

China's Extensive Foreign Exchange Reserves Give It Unprecedented Clout. On its front page today, the Wall Street Journal (10/17, A1, Browne, 2.03M) reports China's approach of the $1 trillion mark in foreign-exchange reserves "has made Beijing a colossus in the financial world, cushioned against shocks at home, but potentially able to trigger them abroad." Chinese actions have "major repercussions for the global economy," and, "for the U.S., how China deploys its reserves is a question of some consequence." Some US experts "fear that China might one day dump its holdings of dollar-based assets, setting off a tidal wave of sales that might swamp the U.S. economy. Despite such fears, there's no sign that China is making a major move out of dollars and into euros or other foreign currencies, even though Chinese economists have occasionally warned that the weak dollar holds down the value of China's holdings." It's "enormous nest egg adds to its ability to project its influence around the world." The Journal says this wealth is "a direct result of China's effort to manage the exchange rate of its currency," however, "Chinese central bankers also worry that the plentiful supply of yuan is overheating China's economy and causing unwelcome inflation."

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Wal-Mart Close To Purchasing Chinese Retailer For $1 Billion. The New York Times (10/17, A1, Barboza, Barbaro, 1.21M) reports that Wal-Mart is "laying the groundwork to become the biggest foreign chain in China with the $1 billion purchase of" Taiwanese-owned Trust-Mart, a major retailer in China. This "represents a large step for Wal-Mart's strategy in China, allowing the American retailer to more than double its presence in a country that, despite its size and growing middle class, remains largely untapped by foreign retailers." The Times adds, "Wal-Mart expects to close the deal for Trust-Mart by the end of the year, but it still needs approval by Chinese authorities, according to a person briefed on the transaction. … The deal puts Wal-Mart neck-and-neck in China with Carrefour, the giant French retailer, which also bid for Trust-Mart. Wal-Mart, which has only 66 stores in China compared with Carrefour's more than 200, outbid not only Carrefour, but also Tesco of Britain and one of China's large retailers, Lianhua."

The Financial Times (10/17, Politi, Foster) reports, "People close to the talks said Wal-Mart had edged out France's Carrefour and local competitors but warned that details remained to be finalised and the deal could collapse.. A purchase of Trust-Mart, which is privately owned by Taiwanese entrepreneurs, would represent one of Wal-Mart's largest recent acquisitions. It highlights how China has become an important battleground for international supermarket chains as its rapid urbanisation and rising living standards create a new consumer class."

NYTimes Pans French Attempt To Outlaw Denial Of Armenian Genocide. The New York Times (10/17, 1.21M) editorializes, "We've argued many times that Turkey must come to grips with the crimes of its past and stop prosecuting writers who mention the Armenian genocide of the early 20th century. But we found it as absurd and as cynical when the French National Assembly voted overwhelmingly last week to make it illegal — on pain of a fine and imprisonment — to deny that there was an Armenian genocide." Turkish efforts to accept their history do "not excuse the way French politicians are trying to exploit anti-Turkish feelings while playing up to the large Armenian-French constituency." The legislation "could further fan anti-Muslim feelings in France," and is "a blow to freedom of expression." While European bans on Holocaust denial may also "violate freedom of expression," the "Armenian question poses no dangers in France. Playing politics with it trivializes not only the Holocaust, but also the Armenian genocide."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Teens' Dancing Is Freaking Out The Adults."
"Final Answer: Vietnam."
"The Post-Burning Question: Log It Or Leave It?"
"Victims' Families Sentenced To Silence."
"Gov. Keeps The Spotlight On."

USA Today:

"Relatives Have 'Inside Track' In Lobbying For Tax Dollars."
"Hit-Run Deaths See 20% Increase."
"U.S. Confirms N. Korea Blast Was Nuclear."
"Politicians' Campaigns Invade MySpace."

New York Times:

"Wal-Mart Said To Be Acquiring Chain In China."
"Iraq's Christians Flee As Extremist Threat Worsens."
"Skills Gap Hurts Technology Boom in India."
"Lawyer, Facing 30 Years, Gets 28 Months, To Dismay of U.S."
"Criminal Records Erased By Courts Live To Tell Tales."
"Cheney Hits Heartland, And He Can Feel The Love."

Washington Post:

"Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare."
"53% Of Voters Say They Back Va. Gay Marriage Ban."
"U.S. Faces Guantanamo Obstacles."
"Homes Raided In Rep. Weldon Influence Probe."
"In-Flight Fires An Unresolved Safety Threat."
"FDA Is Set To Approve Milk, Meat From Clones."

Washington Times:

"U.S. Verifies Korea Test Was Nuclear."
"Allen Touts Conservative record, Ideas."
"haven Fillings Move Up After Fall."
"Reid Used Campaign Funds Too Pay Bonuses To Staff."
"Afghans Need Shovels, Not Guns."
"Senate Hopes To Hinge On Corruption Charges In N.J."

Atlanta Journal-Constitution:

"N. Korea Bomb Used Plutonium."
"Living High In Atlanta."

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"GOP Lawmakers Team Up To Fill Party Checkbook."
"Get Skinny Minnie: Disney To Serve, Endorse Healthier Food."

Houston Chronicle:
"Unrelenting Deluge Turns Deadly For 4."
"'Texas Of Today' Is a Mirror For The U.S. Of Tomorrow."
"Debrillators Ordered Into High Schools After 4 Deaths."
"Builder's $8 Million Tops GOP Donor List."

Story Lineup From Last Night's Network News:
ABC: : North Korea; China & North Korea-Sanctions; Iraq Sectarian Violence; A Fallen Soldier's Dream; Houston Flooding; Hawaii Earthquake; More American Commuters; Uninsured In America; Madonna's Baby Adoption.
CBS: North Korea; China & North Korea-Sanctions; Hawaii Earthquake; Iraq Sectarian Violence; Crawford Guilty Plea; Gas Prices-Election 2006; Violent Crime; Football Fight; More Time For Commuters; George Washington's Real Face; Bob Dylan Musical.
NBC: North Korea; Iraq-Sectarian Violence; Hawaii Earthquake; Houston Flooded; Legislators Under Fire; Stock Market; Population Growth-Nevada; Gas Prices; Lawyer In The Family; School Bands Of New Orleans.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-Nuclear Test; Santorum-Casey Debate.
CBS: North Korea-Nuclear Test; Rice-Asia Trip; Iraq-US Troop Levels; Lidle Memorial Service; New Orleans-Ships Collide.
NPR: Rice-Asia Trip; Weldon-DOJ Investigation; Report-US Power Grid; HI-Earthquake; Wall Street; Stewart Sentenced; SCOTUS-Boy Scout Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Signs S.3930 - Military Commissions Act of 2006. Rose Garden; participates in ceremonial swearing in for the Secretary of Transportation, FAA offices, 800 Independence Ave. SW.; meets with the Prime Minister of Croatia. Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Attends the Teddy Roosevelt and the Treasure of URSA Major, Kennedy Center.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRESIDENT ELLEN JOHNSON SIRLEAF OF LIBERIA _ Highlights: 2:30 p.m. Makes a ``major'' foreign policy address. Gaston Hall, 3rd floor, Healy Hall, Georgetown University. Event contact: Andrea Sarubbi, 202-687-4328. Note: Media RSVP requirfed. Preset at 10:30 a.m.

PRIME MINISTER IVO SANADER OF CROATIA _ Highlights: 2:30 p.m. Meets with President Bush. White House.

ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Highlights: 8:30 a.m. - 11:30 a.m. Hill visits -- ACLU delegations lobby Congress. 1 p.m. Lunch Plenary: ``Abuse of Power: Law, American Values and National Interest'' featuring: Alberto Mora, former Navy General Counsel; John Dean, former Nixon White House Counsel, Katrina vanden Heuvel, Publisher/Editor of The Nation; ACLU Legal Director Steve Shapiro, and moderated by Jackie Northam. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW.

NONPROFITS _ The National Council of Nonprofit Associations holds its Non-Profit Summit. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

US-CHINA _ Meeting of the U.S.-China Economic and Security Review Commission. Location: Hall of the States, 444 N. Capitol St.

NUCLEAR FUELS _ The National Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Highlights: 9 a.m. Session on DOE efforts in new nuclear energy and international fuel cycles. 10 a.m. Session on technology for advanced nuclear fuel cycles, with Phillip finck of Argonne National Lab. 4:15 p.m. Session on nonproliferation and institutional considerations, with National Nuclear Security Administration Deputy Administrator Will Tobey. Location: 2100 C St. NW.

US-EUROPE _ 8:30 a.m. The School of Advanced International Studies holds a day-long conference on challenges for the 21st century in fence mending between the U.S. and its European allies. Highlights: 8:45 a.m. Session on security and defense, with Adam Kobieracki of NATO, others. Kenney Auditorium, 1740 Massachusetts Ave. NW. 10:30 a.m. Keynote address - Leszek Balcderowicz, President, National Bank of Poland. Kenney Auditorium, 1740 Massachusetts Ave. NW. 1 p.m. Address by Francis Fukuyama, director of the SAIS International Development Program. Washington Club, 15 Dupont Circle.

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COMPUTERS-TELECOM _ 9 a.m. - 6 p.m. The Computer Science and Telecommunications Board of the National Research Council celebrates its 20th anniversary with a symposium that looks at the future of computer science and telecommunications. Speakers include: William A. Wulf, president, National Academy of Engineering, Washington, D.C.; Eric Schmidt, CEO, Google, Mountain View, Calif.; Jon M. Kleinberg, professor of computer science, Cornell University, Ithaca, N.Y.; .Rick Rashid, senior vice president for research, Microsoft Corp., Redmond, Wash.; and Prabhakar Raghavan, Yahoo! Research, Berkeley, Calif. Location: Lecture Room, National Academy of Sciences building, 2100 C St. NW.

300 MILLIONTH AMERICAN _ 7:46 a.m. The US Census Bureau's Population Clock ticks off the birth of the 300 millionth American. Location: Census Bureau headquarters, 4700 Silver Hill Road, Suitland, Md.

PAKISTANI MILITARY-POLITICS _ 8 a.m. - 10 a.m. The Carnegie Endowment for International Peace sponsors a discussion," Disengaging Military from Politics," with Pakistani Lt. Gen. Asad Durrani. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

RELIGIOUS-ANTIWAR PROTEST _ 9 a.m. Religious groups protest a White House signing ceremony that they say legalizes torture. Location: Front of White House, Lafayette Park.

LUJAN AWARD _ 10 a.m. Interior Department presents the 2006 Manuel Lujan, Jr. Champions Awards to department employees for their work in carrying out the agency's mission. Location: Yates Auditorium, main Interior.

CONTRIBUTIONS-CONGRESS _ 10:30 a.m. Public Citizen holds a telephone briefing to release a report on how much money members of Congress have received from special interest sources. Contacts: Robert Yule, 202-588-7703. Notes: Callin number: 800-377-8846; passcode: 36707396.

CHINA-SECURITY _ 11 a.m. The Heritage Foundation sponsors a forum, ``Shaping China's Security Environment The Role of the People's Liberation Army." Speakers: Larry M. Wortzel, chairman, U.S.-China Economic and Security Review Commission; and Andrew Scobell, research professor of National Security Affairs, Strategic Studies Institute, U.S. Army War College. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NW.

MILITARY COMMISSIONS _ 12 p.m. The Open Society Institute holds a telephone briefing with former CIA Inspector General Fred Hitz, criminal trial lawyer Neal Sonnett, others, on the new provisions of the Military Commissions Act of 2006. Notes: Callin number: 800-210-9006; passcoce: 7848100.

PENTAGON-AFGHANISTAN _ 12 p.m. UK Army Gen. David Richards, commander of NATO's International Security Assistance Force, will brief live from Afghanistan with an update on stability and security operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

INDIA _ 12:30 p.m. Arun Shourie, member of India's upper house of parliament, discusses choices facing his nation in the 21st century, sponsored by the School of Advanced International Studies. Location: Room 500, 1717 Massachusetts Ave. NW.

CHERTOFF _ 1 p.m. Homeland Security Secretary Chertoff speaks to the US Chamber of Commerce and American Chambers of Commerce in Latin America. Location: Hall of Flags, U.S. Chamber of Commerce, 1615 H St. NW.

DEMOCRATS-SENATE RACES _ 2:30 p.m. Democratic Senatorial Campaign Committee (DSCC) Chair Chuck Schumer will hold a pen and pad briefing to discuss the latest developments in the Senate races. Location: Mott House, 122 Maryland Ave. NE.

JACOBY-IMMIGRATION _ 3 p.m. - 4 p.m. Tamar Jacoby, senior fellow at the Manhattan Institute and the editor of ``Reinventing the Melting Pot: The New Immigrants and What It Means to Be American," participates in a media conversation on immigration issues. Jacoby says that immigrants have a minimal affect on American wages, and argues that the full impact of immigration on the U.S. economy may be immeasurable and, therefore, is greater than often recognized. Notes: Open to media only. Please RSVP by 5 p.m. Monday, Oct. 16, to NYpressRSVPcfr.org.

BANGLADESH ELECTIONS _ 3 p.m. - 5 p.m. The US Commission on International Religious Freedom holds a public, on-the-record forum on ``The Bangladesh Elections: Promoting Democracy and Protecting Rights in a Muslim-majority Country." The forum will coincide with the release of the Commission's latest publication, ``Policy Focus on Bangladesh," which includes recommendations for US policy to advance respect for human rights in the world's third largest Muslim-majority country. Location: Room 2168, Rayburn House Office Building.

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TRADE DEBATE _ 4 p.m. - 5 p.m. The National Press Club hosts a debate, ``The Choice between Free Trade and Fair Trade, between Sen. Byron Dorgan, D-N.D., author of Take This Job and Ship It: How Corporate Greed and Brain-Dead Politics Are Selling Out America;" and C. Fred Bergsten, director of the Institute for International Economics, and former assistant secretary of the Treasury for international affairs. Location: National Press Club, Lisagor Room.

SCHWAB _ 6:30 p.m. USTR Susan Schwab attends the Financial Services Forum dinner. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

Stewart Sentenced To 28 Months In Prison, Much Less Than Prosecutors Wanted. USA Today/AP (10/17, Neumeister) reports, "A firebrand civil rights lawyer who has defended Black Panthers and anti-war radicals was sentenced Monday to nearly 2 1/2 years in prison -- far less than the 30 years prosecutors wanted -- for helping an imprisoned terrorist sheik communicate with his followers on the outside." Lynne Stewart "smiled, cried and hugged supporters after US District Judge John G. Koeltl pronounced the sentence of 28 months." The judge "said Stewart was guilty of smuggling messages between her client and his followers that could have 'potentially lethal consequences.' He called the crimes 'extraordinarily severe criminal conduct.'" But "in departing from federal guidelines that called for 30 years behind bars, he cited Stewart's more than three decades of dedication to poor, disadvantaged and unpopular clients."

Newsday (10/17, DeStefano) notes that Koetl "cited her years of advocacy for the poor and down-trodden as a reason for a more lenient term behind bars. 'Ms. Stewart performed a public service, not only to her clients but to the nation,' said Koeltl, who refused a prosecution request to sentence Stewart, who is battling breast cancer, to a 30-year term." The New York Post (10/17, Cornell, 608K) adds, "A grinning, gloating Lynne Stewart declared 'victory' yesterday after" the sentencing.

The Washington Post (10/17, A3, Powell, 748K) reports, "Koeltl's decision to mete out a comparatively mild sentence amounted to a slap at federal prosecutors in a case that former attorney general John D. Ashcroft repeatedly had hailed as a nationwide model." US Attorney Michael Garcia "released a statement expressing disappointment and held out the possibility of appealing the sentence. It is not unusual for a federal appeals court to reverse a sentence handed out by a lower court." The Post adds, "More than a few legal observers divined a message in the judge's sentences. 'There's no doubt the government has tried to use this case to chill effective advocacy in terror cases,' said Neal R. Sonnett, a former federal prosecutor, past chair of the American Bar Association's criminal justice section and current chair of the association's task force on the treatment of enemy combatants. 'I'm delighted the judge was not swayed by the frenzy over terrorism.'"

The New York Times (10/17, Preston, 1.21M) reports, "Michael J. Garcia, the United States attorney in Manhattan, attended the sentencing yesterday. He and his prosecutors left the courtroom without comment. 'The government is disappointed in the sentences imposed today,' Mr. Garcia said in a statement later. 'We will be exploring our appellate options.'" The Los Angeles Times (10/17, Barry, 918K) runs a similar report.

AFP (10/17) reports, "Ever since she was charged, Stewart has insisted she was being unfairly targeted for her unorthodox choice of clients over a 30-year career that has seen her represent mobsters and political radicals. … US Attorney General Alberto Gonzales said at the time the verdict was an 'important step' in the Department of Justice's 'war on terror'."

The New York Law Journal (10/17, Hamblett) reports, "The sentences came 4 1/2 years after Attorney General John Ashcroft announced the indictment of Stewart, Sattar and interpreter Mohamed Yousry in a plot to pass messages to and from the Egyptian-based Islamic Group to imprisoned Sheik Omar Abdel-Rahman. Yousry was sentenced Monday to 20 months in prison. … Sheik Abdel-Rahman, considered the spiritual leader of Islamic Group, was serving a life sentence for a terror plot against the United States. He had been placed under Special Administrative Measures (SAMs) by the Bureau of Prisons to prevent him from communicating with his followers in the group." The Journal adds, "Stewart was convicted of defrauding the government by signing attorney affirmations promising to abide by the SAMs and of providing material support along with Yousry by helping the sheik send and receive messages in prison. … Her most 'potentially lethal' action, Judge Koeltl said, was in June 2000, when she read a press release to a reporter indicating that the sheik was withdrawing his support for a 'cease-fire' or cessation of attacks against the Egyptian government."

WSJournal Criticizes Stewart's Sentence. In an editorial on Stewart's sentencing, the Wall Street Journal (10/17, A14, 2.03M) says, "In an age when courts routinely impose five-year prison terms for drug offenders, and life sentences on former CEOs, 28 months may not seem an appropriate sentence for a terrorist accomplice." Stewart "certainly had the sympathy of" US District Judge John Koeltl. While "a case could be made for leniency" given Stewart's age and her breast cancer recovery, "remorse is also a prerequisite for mercy, and Ms. Stewart shows none, either for her crime or for the arc of a career which flows too naturally from championing the 'liberation' movements of the 1960s to the Islamists of the present day. What her clients have in common is that they loathe America." The Journal concludes, "Now she basks in the pity and praise of her fellow radical travelers, who haven't seemed to spare much thought for the victims of" Al-Gama'a al-Islamiyya's 1997 Luxor bombing. "It says everything about her, and about them."

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The New York Daily News (10/17, 729K) also laments the sentence, under the headline "Judge Goes Soft On Terror Lawyer."

Jury Seated For Salah Trial. In a widely-distributed story, the AP (10/17) reports, "A jury was chosen Monday for the federal trial of two men accused of supplying money and recruits to the Palestinian terrorist organization Hamas. Opening statements were set for 9:30 a.m. Thursday at the trial of suburban Chicago grocer Muhammad Salah, 53, and former university professor Abdelhaleem Ashqar, 48, of Alexandria, Va. U.S." The AP notes, US District Judge Amy J. St. Eve "overruled objections from federal prosecutors that defense attorneys had acted to keep whites from serving on the jury." St. Eve "held that in each case there was a non-racial explanation."

Allies Blocking Return Of Gitmo Detainees. The Washington Post (10/17, A1, Whitlock, 748K) reports in a front page article that Britain and "other European governments, which have been equally vocal in assailing Guantanamo as a human rights liability, have ... balked at accepting prisoner transfers." The US faces a conundrum: "But those whom the Pentagon wants to free often have nowhere to go. In many cases, their native countries don't want them or have challenged their nationalities. Also slowing the process is a U.S. policy stipulating that prisoners cannot be transferred to nations with a record of human rights violations unless there are written assurances that they won't be mistreated."

Skelton, Hoyer Defend Democrats' Position On Detainee Bill. In a letter to the editor of the Wall Street Journal (10/17, 2.03M), Rep. Ike Skelton (D-MO) and Steny Hoyer (D-MD) write, "Your assertion ('Democrats on al Qaeda,' Review & Outlook, Oct. 2) that Democrats will not be tough on terrorism because many of us opposed the Republicans' Military Commissions Act is offensive and untrue. ... Our national security interests are best served when we interrogate and try terrorist suspects in a manner that comports with our American values; produces convictions that will withstand appeals; and honors our international commitments, thereby protecting our troops who fall into enemy hands."

Legal Challenges Expected. The Christian Science Monitor (10/17, Richey, 58K) reports, "The new law rejects at least five key holdings by the liberal wing of the court and sets the stage for what many analysts believe will be yet another historic showdown between the courts, the president, and Congress. ... The sharp divide at the Supreme Court is driven by a fundamental disagreement over the proper level of judicial oversight of the war on terror."

Military Commissions Act Comes Under Fire. Stephen Rickard, director of the Washington office of the Open Society Institute, writes in the Washington Post (10/17, A21, 748K) that President Bush today will sign the Military Commissions Act, "while claiming 'clear' authorization from Congress for 'enhanced' CIA interrogations. Many critics claim the bill authorizes torture. Fortunately, both sides are wrong. … The bill's language on torture is far from perfect, and it has many other objectionable provisions. It should have been rejected. But on its face it criminalizes cruel treatment. An interrogator can go to prison if a court finds that the techniques used caused 'serious' mental or physical 'suffering,' which need not be 'prolonged.'" Rickard adds, "The administration is trying to convince CIA officers that they won't be indicted -- or at least convicted. But the CIA demanded clarity, not more ambiguity and 'plausible deniability.' At the end of the day all the president can honestly tell CIA interrogators is this: 'The law has some loose language. We'll give you another memo. Don't worry.' Sure."

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Kristof Denounces Detention Of Al Jazeera Cameraman. In his New York Times (10/17, 1.21M) column, Nicholas Kristof writes, "There is no public evidence that Sami al-Hajj committed any crime other than journalism for a television network the Bush administration doesn't like. But the U.S. has been holding Mr. Hajj, a cameraman for Al Jazeera, for nearly five years without trial, mostly at Guantánamo Bay. ... Mr. Hajj is the only journalist known to be there, and, of course, it's possible that he is guilty of terrorist-related crimes. If so, he should be tried, convicted and sentenced. But so far, the evidence turned up by his

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lawyers and by the Committee to Protect Journalists — which published an excellent report on Mr. Hajj's case this month — suggests that the U.S. military may be keeping him in hopes of forcing him to become a spy."

HOMELAND RESPONSE:

DOD To Require Anthrax Shots For Troops, Contractors. The Washington Post (10/17, Lee, 748K) reports, "The Defense Department will resume mandatory anthrax vaccinations for more than 200,000 troops and defense contractors within 60 days, a Pentagon official said yesterday, rejecting the concerns of some veterans and service members who say that the vaccine has not been proved safe or effective. The vaccinations will be required for most military units and civilian contractors assigned to homeland bioterrorism defense or deployed in Iraq, Afghanistan or South Korea, said William Winkenwerder Jr., a physician and the assistant secretary of defense for health affairs." After a lawsuit by service members, the FDA "granted the vaccine final approval last December, clearing a legal path for the Pentagon to resume the controversial program."

Luck Seen As Primary Factor In Low Death Toll From 2001 Anthrax Attack. Roll Call (10/17, Kane) reports that the "ex-staffers and health experts who dealt with the medical issues involved in the immediate aftermath of the anthrax attacks largely attribute the fact that those exposed to the deadly biological agent avoided long-term health problems to a single factor: luck." Roll Call adds that "a series of actions taken along the way — some well-thought-out, others largely accidental — combined to allow for a relatively happy ending rather than a deadly outcome. … 'The luckiest thing was we saw the powder, unlike the postal workers. That's the critical difference between our people living through it and those two postal workers not living through it,' said Laura Petrou," then chief of staff to former Majority Leader Tom Daschle.

TWIC Expected To Expose US Ports' Reliance On Undocumented Workers. The Wall Street Journal (10/17, A1, Jordan, 2.03M) reports in a front page article that the Transportation Worker Identification Credential program, which will require workers with unescorted access to secure US port areas to prove that they are legal residents and pass a background check, "is expected to leave thousands of undocumented drivers without jobs in ports across the country. That would undermine the flow of goods to US consumers, highlighting the crucial role immigrants…play in the nation's economy." Darrin Kayser, manager of strategic initiatives for the Transportation Security Administration says the agency is aware of the ID program's potential impact on port work forces and "will continue to work with industry, port authorities and workers to address" the issue. Meanwhile, "Immigrant advocates and port experts say truck drivers rank far down the list of potential security threats."

Critics Blast Ashcroft Over Criticism Of 9/11 Panel. The AP (10/17) reports, "Former U.S. Attorney General John Ashcroft has been blasted by fellow Republicans for his new book criticizing the 9/11 Commission's investigation of the 2001 terrorist attacks." The AP continues, "Republicans who served on the commission told the St. Louis Post-Dispatch that Ashcroft's behavior as a witness and as an author is 'underhanded' and 'outrageous.'" The AP adds, "In his book, 'Never Again,' Ashcroft accuses the commission of 'assessing blame and grandstanding' instead of finding the truth and protecting Americans. … He alleges that the hearings 'disintegrated into show trials' and that the Republican-chaired panel was 'dangerously out of control' and 'obsessed' with blaming President Bush for not preventing the terrorist attacks while 'absolving' President Clinton's administration. … Ashcroft's spokeswoman said he stands by the accounts in his book." The AP notes, "Former Sen. Slade Gorton, R-Wash., said Ashcroft was the least interested in helping the panel get at the facts of what had happened before Sept. 11, 2001, so another terrorist attack could be averted. … 'John was the least cooperative of all the witnesses we had,' Gorton said. 'He was the only one who refused to submit his written testimony in advance, he probably came with the largest entourage of any of the people we talked to, and he engaged in a disingenuous and partisan attack' on the committee. … Former Illinois Gov. James Thompson said Ashcroft's behavior as a witness was so bad that Bush privately apologized to commission members."

Louisiana Man Says FEMA Trailer "Did Its Job" Sheltering Him From Tornado. The New York Times (10/17, 1.21M) relates the story of Jack Melancon, who, after losing "his shrimp nets and his roof to Hurricane Katrina last year and the rest of his house to flooding from Hurricane Rita," faced "the groan of a tornado advancing on his government-issued trailer" in Leeville, Louisiana Monday. The tornado "hurled debris against Mr. Melancon's trailer, provided by the Federal Emergency Management Agency. Short-lived banshee winds strained to pull the trailer from the soggy earth, but metal straps held it firm. … 'It rocked and it rolled and it shook and it blew,' Mr. Melancon said. 'The trailer did its job. I would recommend one of these to anybody.'"

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WAR NEWS:

Bush Assures Maliki He Has Full US Support.

CNN's The Situation Room (10/16, McIntyre) reported, "The White House says President Bush called Iraq's prime minister, Nouri Al-Maliki, who was troubled by rumors the US might be losing patience with him and could impose a time line for bringing the violence under control. … The White House says President Bush reassured Nouri Al-Maliki that he enjoys the full support of the United States government and that there are no timeliness for the withdrawal of US troops. In return, Al-Maliki is said to have reassured President Bush that he is opposed to the idea of partition. Rumors about that, he said, were also undermining confidence in the government." Fox News' Special Report (10/16, Huntsman) reported, "White House officials say the President initiated the call after reports that Maliki was concerned about US support for him."

CBS Evening News (10/16, story 4, 0:25, Couric, 7.66M) mentioned Bush's call to Maliki, "to assure him there is no timetable for pulling out," as part of a short report on violence in Iraq, while NBC Nightly News (10/16, story 2, 3:10, Gregory, 9.87M) showed Tony Snow, the White House Press Secretary, saying about Iraq, "The violence level's absolutely unacceptable." NBC added, "But during his phone call with Maliki today, the President denied there was any deadline for the Iraqi government." Snow: "The President said, the rumors are not true, we support you." Despite "such assurances, even some top Republicans want change. Senator John Warner has said the Administration should wait no longer than two to three months to change direction. Today Nebraska Republican Senator Chuck Hagel insisted during an interview with Tom Brokaw, Americans will not continue to commit US troops to a civil war." Hagel: "I don't want the outcome of Iraq to be a repeat of the outcome of Vietnam and if we're not careful, that is exactly where this is going to go."

The Washington Times (10/17, Curl, 88K) quotes Snow saying that al-Maliki "said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror." The White House "did not know where Mr. al-Maliki picked up the rumors, but the prime minister may have been referring to comments by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican."

USA Today (10/17, 2.27M) reports Snow also "challenged a story published Monday by USA TODAY that said al-Maliki will not force militias to disarm immediately. 'There is no mention…that he's not going to force militias to disarm until later this year or early next year. As a matter of fact, he says he's in the process of doing it now.'" USA Today adds, "A transcript of the interview showed Al-Maliki had told USA TODAY, 'The initial date we've set for disbanding the militias is the end of this year or the beginning of next year.' He also said a government committee was formed Oct. 8 'to work on disbanding militias and give them a deadline by which they have to lay down their arms.'"

The AP (10/17, Flaherty) reports Bush "told Nouri al-Maliki that rumors of a withdrawal of troops in two months were untrue," while the New York Times (10/17, Stolberg, 1.21M) says the story "reflects the delicate line the White House is walking as it tries to shore up the Maliki government while reassuring an increasingly skittish American public that it remains flexible in its approach to the war."

Bush Rejects Dividing Iraq Into Three Autonomous Regions. Last night, Bush was asked on Fox News' The O'Reilly Factor (10/16) about the possibility of dividing Iraq into three regions; a Kurdish autonomous region, a Sunni autonomous region and a Shia autonomous region, and paying them oil revenues to stop killing each other. Bush said, "I don't think that's the right way to go. I think that will increase sectarian violence. I think that will make it more dangerous -- and so does Prime Minister Maliki with whom I spoke today. I had an interesting conversation with him. I said we expect you to make tough political decisions to move forward. And he assured me he would continue to make tough political decisions necessary to move forward. One of those tough decisions is what do you do with the oil revenues. I happen to believe the oil belongs to the people and to the extent that they understand that it will help unify the country. Prime Minister Maliki also debunked this notion that he's not going to go after the criminal elements and or militias that are killing innocent people. He knows he has got to provide the security necessary for this country to move forward."

Bush Concerned About Iranian Involvement In Iraq Insurgency. Also on Fox News' The O'Reilly Factor (10/16), the President was asked if US forces in Iraq are now fighting an insurgency fueled by Iran. Bush said, "I think the enemy is more complex than that. We are concerned about some Iranian involvement. Particularly in the delivery of certain kind of weapons. But the violence that the American people see on their screens is some sectarianism, some criminal activity and al Qaeda. And we're dealing with all three. And the strategy in Iraq - or the tactics in Iraq is changing constantly. So obviously, if we see more Iranian involvement, we'll adjust our tactics to meet that threat."

CNN Poll Finds 64% Of Americans Oppose Iraq War. CNN's The Situation Room (10/16, Blitzer) reported that the latest CNN poll "shows only a third of Americans now favor the US war in Iraq. Sixty-four percent oppose the war. That's the highest number of opposition in that CNN polling so far, since the war started three and-a-half years ago." The President was asked on Fox News' The O'Reilly Factor

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(10/16) about the polling data. Bush said the American people "want us to win. They believe -- they are wondering whether or not we have the plans in place to win. They want to know whether or not we have the flexibility on the ground to constantly meet the enemy. And I can understand why there's frustration, because the enemy knows that killing innocent people will create a sense of frustration and they know that they know America. They know we are a conscience-driven people that value life. And the more people they destroy and the more innocent lives that are destroyed, the more likely it is we will retreat in their way of thinking. This is what Osama bin Laden and Zawahiri had plainly stated, that it is just a matter of time that America loses her nerve and leaves."

Bush Says Extremists Could Gain Control Of Middle East Within Decades. Bush was asked on Fox News' The O'Reilly Factor (10/16) about the "anti-Bush press" which says he has no strategy in Iraq and he refuses to listen to dissent. Bush said, "I'm disappointed that people would propagandize to that effect because the stakes are too high for that kind of illogical behavior. We have got a plan - first of all a stated goal. And I have said to our commanders on the ground, you achieve that goal and we'll give you the tools necessary to do it." Bush added, "Here's the stakes, as far as I'm concerned. It is conceivable that within decades, the Middle East will be a place where moderate governments have been toppled, extremists and radicals will have gained control of oil resources and then will use to create a blackmail situation against the West and Iran will have a nuclear weapon, to complicate the mix. And 20 or 30 years from now if that is the case, people will say what happened to them, how come you couldn't see the threat as a generation of Americans are dealing with something much more violent than we are seeing today. And so to the critics who say we don't listen, of course we listen. I listen to the most important people of all, the people on the ground who are actually in Baghdad making the difficult decisions necessary to help this government succeed."

Sunni Insurgent Faction Offers To Negotiate With US Forces. CNN's The Situation Room (10/16, Ware) reported, "The Islamic Army of Iraq is…one of the largest and most powerful factions within the Sunni insurgency. These are the people who are responsible for the bulk of the day to day attacks against US forces, from roadside bombs to deadly sniper attacks to all manner of ambush and roadside bombings. These people offered us an opportunity to forward questions to their leadership, which we did in writing. They responded to those questions in videotaped answers, putting forward their official spokesman, Ibrahim al-Shimmari, to answer and respond to CNN. And what he outlines is fascinating. He renews the insurgency's long-running offer to negotiate with US forces."

US Officials Said To Show Ignorance Of Sunni-Shiite Differences. In an op-ed for the New York Times (10/17, 1.21M), CQ national security editor Jeff Stein writes, "For the past several months, I've been wrapping up lengthy interviews with Washington counterterrorism officials with a fundamental question: 'Do you know the difference between a Sunni and a Shiite?'" He concludes, "Most American officials I've interviewed don't have a clue. That includes not just intelligence and law enforcement officials, but also members of Congress who have important roles overseeing our spy agencies. How can they do their jobs without knowing the basics?"

Sectarian Violence Continues In Iraq. ABC World News (10/16, story 3, 2:15, Gibson, 8.78M) reported, "In recent weeks, there has been a horrific surge in religious violence, Iraqis killing Iraqis in unprecedented numbers. Today was no exception. And it is happening not just in one area of Baghdad but around the country."

The Los Angeles Times (10/17, Daragahi, 918K) reports, "Ministry of Interior spokesman Abdul-Kareem Khalaf blamed the latest outburst of violence on insurgents hitting random targets and 'seeking to incur as much damage and death as possible.'" But "the rhythms of the ongoing violence coincide with the country's political impasse. Once-dominant Sunni Arabs are waging an insurgency against the Shiite and Kurdish-dominated government as well as its US backer. Ascendant Shiites struggle to enforce their will politically as well as through violent death squads that kill dozens of innocent Sunnis every night."

The Washington Post (10/17, A1, Knickmeyer, Aldin, 748K) reports "the escalating violence in the Tigris River towns in many ways serves as a microcosm of the daily violence roiling Iraq. Sectarian attacks have increased more than tenfold since the start of the year and now claim more than 100 victims a day, according to the Iraqi government." The violence in Balad "was unusual because of the sustained deployment of the militias on the streets, and the killing seemed particularly vicious."

Iraqis Ask Why US Did Not Stop Balad Massacres. The New York Times (10/17, Luo, 1.21M) reports, "In the aftermath of the reprisals, some residents of Balad asked why American troops had not intervened when the killings began in earnest on Saturday. One of the largest American military bases in Iraq, Camp Anaconda, which includes a sprawling air base that serves as the logistical hub of the war, is nearby." American commanders "concluded that the situation in Balad was best dealt with by the Iraqi armed forces, a senior American military official said." The bloodshed in Balad illustrates "the dilemma for American military commanders at a time when they are hastening the transfer

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of wide areas of the country to Iraqi forces. ... It also highlighted yet again the powerlessness of the Iraqi forces to stand in the way of such sectarian violence."

Christians Fleeing Iraq. The New York Times (10/17, Luo, 1.21M) reports, "Muslim fury over Pope Benedict XVI's public reflections on Islam in Germany a month ago — when he quoted a 14th-century Byzantine emperor as calling Islam 'evil and inhuman' — has subsided elsewhere, but repercussions continue to reverberate in Iraq, bringing a new level of threat to an already shrinking Christian population. ... Over the past three and a half years, Christians have been subjected to a steady stream of church bombings, assassinations, kidnappings and threatening letters slipped under their doors. Estimates of the resulting Christian exodus vary from the tens of thousands to more than 100,000, with most heading for Syria, Jordan and Turkey."

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Los Angeles US Attorney To Leave For Gibson Dunn. The Wall Street Journal (10/17, B11, Lattman) reports, "In the latest example of a government prosecutor jumping to a high-paying law firm, Debra Wong Yang, the U.S. Attorney in Los Angeles, has resigned her post and will join Gibson, Dunn & Crutcher as a partner at the beginning of the year." The Journal continues, "During Ms. Yang's tenure, her office has spearheaded several high-profile corporate-crime cases, including the indictment earlier this year of law firm Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. Milberg Weiss has denied the allegations and vowed to fight the charges. … Ms. Yang, 47 years old, serves on the Justice Department's Corporate Fraud Task Force, an interagency group created in July 2002 amid white-collar scandals."

CORPORATE SCANDALS:

Senior KLA-Tencor Employees Lose Jobs In Options Backdating Scandal. The Wall Street Journal (10/17, A2, Tomsho, Bandler) reports, "Two senior employees at a Silicon Valley company lost their jobs yesterday, and another technology company said that former top executives misled its board as the stock-options scandal continued to gain traction. In the latest personnel shakeups, Stuart J. Nichols, general counsel of KLA-Tencor Corp., and Kenneth L. Schroeder, a former chief executive who had remained with the company in an advisory role, left following an internal probe that found backdating of options at the company." The company "also said it was canceling all outstanding backdated stock options held by Mr. Schroeder and repricing all backdated options held by Mr. Nichols."

Bloomberg (10/17, King) reports, "KLA-Tencor is among more than 140 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The U.S. Securities and Exchange Commission, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low."

The AP (10/17, Liedtke) reports, "With Monday's announcement, San Jose-based KLA joins a lengthening list of companies facing up to the consequences of stock option chicanery that went undetected for years. … The repercussions are erasing a substantial chunk of past profits and spurring efforts to clean out executive suites and boardrooms as federal regulators and prosecutors explore possible civil penalties and criminal charges." The AP adds, "In the past week alone, more than a dozen executives and directors at six companies nationwide have either resigned or been fired. Four of those companies are based in Silicon Valley, which has become the focal point of the latest scandal to rock corporate America."

Altera To Restate Earnings After Options Probe. The San Jose Mercury News (10/17, Harris, Blitstein) reports that Altera, "a leading maker of programmable semiconductor chips … would restate its earnings by $47.6 million after an investigation by board members found grants to former executives of back-dated stock options." The News continues, "A special committee of independent board members of Altera found seven instances between 1996 and 2001 where recorded grant dates for stock options were different from the actual grant dates, the company said. … In a separate statement, Altera said Chief Financial Officer Nathan Sarkisian has retired. Previously, the company had said he planned to retire by the end of 2006."

USA Today (10/17, Krantz, Farrell) reports, "Computer-chip maker Altera said Monday that chief financial officer Nathan Sarkisian left the company prematurely after a review of its options-granting practice pinpointed problems. The company said it will need to restate earnings to reflect $47.6 million in costs pertaining to options grants." USA adds, "As of Monday, the number of companies losing an executive or director in the scandal hit 23."

UnitedHealth Shares Suffer With CEO's Departure. The AP (10/17, Freed) reports, "UnitedHealth Group Inc. will lose the CEO that built it into a health insurance powerhouse, but on Monday, Wall Street yawned. UnitedHealth shares traded in a narrow range and analysts said that they had expected the departure of Chairman and CEO William McGuire because of apparent stock options backdating." The AP continues, "With McGuire gone from the

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boardroom immediately, and set to retire as CEO by Dec. 1, the company's board promoted President Stephen Hemsley to CEO. … UnitedHealth shares slipped $1.21, or about 2.5 percent, to close at $47.54 on the New York Stock Exchange. They're off from a high of $64.61 in December, with much of that loss since questions about the company's stock options timing arose in March." The AP adds, "By making Hemsley CEO, UnitedHealth's directors signaled they would keep the company headed in the same direction, which has boosted UnitedHealth's stock price exponentially over the past 15 years and transformed it into the nation's second-largest health insurer. Hemsley has been at the company since 1997 and has run its day-to-day operations since 1999. … UnitedHealth said on Sunday that McGuire would step down after a company-commissioned report found widespread, systematic backdating was probably the explanation for his extraordinary good fortune in receiving stock options priced at the lowest possible point in eight different quarters."

UnitedHealth Options Episode Raises Questions About Hemsley. The New York Times (10/17, Dash) reports, "When Stephen J. Hemsley joined UnitedHealth Group after 23 years with the accounting firm Arthur Andersen, he was greeted with a grant of 400,000 stock options dated shortly after he started in June 1997. There was just one thing: the options carried a stock price based on the market price five months earlier, when he did not yet work for UnitedHealth, one of the largest health insurers in the country. The difference in dates effectively created a built-in gain of $7.26 for every share. Mr. Hemsley, who was chief financial officer at Andersen, said that he 'didn't recall focusing at the time' that his options carried a discounted price and that there was not enough evidence to determine if the grant was actually backdated. But the episode, recounted in a 14-page report into UnitedHealth's option practices, does raise some questions about Mr. Hemsley, who has taken the reins at UnitedHealth from Dr. William W. McGuire, who was forced to resign Sunday amid criticisms of how stock options were awarded."

WSJournal Says McGuire's Downfall Could Add Fuel To Options Scandals. The Wall Street Journal (10/17, 2.03M) editorializes, "William McGuire, with his $1 billion-plus portfolio of unexercised stock-options, was a poster-child for the backdating scandal even before his ouster as CEO of UnitedHealth over the weekend. And if history is any guide, the claiming of a scalp this large will only add fuel to a pyre that is already licking at the heels of several even better-known CEOs, notably Apple's Steve Jobs." The Journal adds, "Accounting rules and SEC regulations are not things to be flouted lightly, even when they appear arbitrary or even harmful. In the end, though, it may have been Dr. McGuire's lack of honesty with the board that proved his undoing. … Just as top executives at public companies shouldn't set their own pay, they should not engage in side financial dealings with those who do. More so than the backdating allegations, this undisclosed conflict of interest seems to have been Dr. McGuire's hanging offense. On the other hand, UnitedHealth's stock was down 2.5% yesterday after the story broke, suggesting that Mr. McGuire's ouster was not the benediction shareholders were looking for."

More Fallout From Options Scandal Expected. The AP (10/17, Freed) reports, "The shake-up at UnitedHealth Group Inc. – whose top executive will step down no later than Dec. 1 – adds to the list of corner-office victims of stock option backdating." The AP continues, "Faced with an independent report that found widespread problems with the way UnitedHealth issued stock options, the nation's second-largest health insurer said Sunday that chairman and CEO William McGuire will leave the board immediately and leave the company no later than Dec. 1. .. .In addition, board member William G. Spears will resign, and General Counsel David J. Lubben will retire." The AP adds, "So far, at least 30 senior executives or directors at 16 companies with stock option problems have resigned or been fired. .. .There may be many more to come: At least 135 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations according to an Associated Press review."

Comverse CEO Faces Additional Charges. The New York Law Journal (10/17, Bar) reports, "Eastern District of New York prosecutors last week filed a superseding indictment against Jacob 'Kobi' Alexander, accusing the former Comverse Technology chief executive of new charges that include obstructing justice." The Journal continues, "Alexander, who had been accused of creating a secret slush fund for backdated options and evading the requirements of the company's stock option plans, is now charged with offering 'another person' millions of dollars as a bribe to falsely take sole responsibility for the scheme." The Journal adds, "The government said Alexander first offered the unnamed individual $2 million, then $5 million, and then stated, in substance, 'name your price.' … Alexander was a fugitive for more than a month before being discovered in Namibia. He faces extradition back to the United States." The Journal notes, "The additional charges against him came the same week the government filed papers saying it was engaged in plea negotiations with two other former Comverse executives facing criminal charges in connection with the backdating scheme. The Eastern District U.S. Attorney has until Nov. 8 to decide whether to indict David Kreinberg, Comverse's chief financial officer, and William Sorin, its former general counsel."

Labor Department Sues Agway's Retirement Savings Plan. The Wall Street Journal (10/17, D3, Matthews) reports, "The Labor Department has filed suit

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against trustees of bankrupt agricultural cooperative Agway Inc.'s employee retirement-savings plan, charging the plan's fiduciaries improperly invested $50 million of the assets. According to the lawsuit, 47 members of Agway's investment committee, administration and the company's board allegedly valued the company's stock at prices higher than market value and gave plan participants false information about the investment. The Labor Department said the suit, filed in the U.S. District Court for the Northern District of New York, seeks a court order to require the defendants to restore the $50 million in losses along with interest and to forfeit any benefits if all losses suffered by the plan aren't restored."

Hedge Fund Market Has Expanded In Recent Years. The New York Times (10/17, Anderson) reports, "The hedge fund business has exploded in recent years, with more than 9,000 funds now managing more than $1.2 trillion for pension funds, endowments and wealthy individuals. Part of the appeal to these sophisticated investors is the funds' greater freedom to bet on different markets, including exotic and risky investments. Many institutional investors use them to diversify their portfolios. These funds are paid enormous fees — typically, 2 percent of the assets they manage and 20 percent of the profits — for the bets they make that pay off." Hedge funds "have come to dominate certain riskier segments of corporate lending, including the second-lien loan market. In this market, if a borrower defaults, the primary lender gets repaid before the secondary lender; in exchange for shouldering this risk, that second-lien lender earns a higher interest rate from the borrower. In the first half of this year, companies borrowed $12.4 billion in second-lien loans, an increase of 195 percent over the same period in 2003, according to Reuters L.P.C."

Schnitzer Settles Overseas Corruption Charges With SEC. Dow Jones (10/17, Hughes) reports, "Schnitzer Steel Industries Inc. (SCHN), a provider of scrap metal, will pay $7.7 million to settle allegations that it made improper cash payments or gave gifts to managers of government-owned steel mills in China in order to win business, federal regulators said on Monday." Dow Jones continues, "The Securities and Exchange Commission said that the Portland, Ore., company settled without admitting or denying wrongdoing. Schnitzer will give up $6.3 million in alleged profits and pay interest of $1.4 million to resolve the allegations." Dow Jones adds, "Schnitzer was accused of making the payments from at least 1999 through 2004, on its own behalf and on behalf of Japanese steel companies for whom it acted as a broker. The SEC said that Schnitzer's South Korean subsidiary made the payments in violation of the Foreign Corrupt Practices Act, an antibribery law that has been in place for decades. … The SEC also said that Schnitzer paid bribes to managers of privately owned steel mills in both China and South Korea during the same period. … The SEC said its investigation is continuing, raising the possibility that executives will face SEC civil charges. The SEC also disclosed that it is working with the Justice Department in the case."

Freddie Mac Hires New Finance Chief. The Washington Post (10/17, D1, Hilzenrath, 748K) reports that mortgage finance giant Freddie Mac yesterday announced that it has hired Anthony S. Piszel, chief financial officer of Health Net Inc., as its new finance chief. Piszel will lead Freddie Mac's efforts to fix its financial systems in the wake if disclosures of billions of dollars of accounting errors. Piszel "will replace Martin F. Baumann, who left Freddie Mac in March. Freddie's president and chief operating officer, Eugene M. McQuade, has been doing the finance job since Baumann resigned."

CRIMINAL LAW:

Gonzales Pledges To Study Increase In Urban Crime. In a widely distributed story, the AP (10/17) reports, "Attorney General Alberto Gonzales offered no new crime-fighting initiatives Monday, promising only to study local crime rates in selected cities to see why homicides and other violent criminal activity is on the rise nationally." The AP continues, "In a speech to the International Association of Chiefs of Police, Gonzales said the Justice Departments' role for now is to look for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. … Nationally, violent crime rose 2.2 percent last year, the first increase since 2001. … 'We need to figure out the whys behind the numbers -- whether the story is good or bad,' Gonzales said in a 16-minutes speech. He did not specify which cities would be studied." The AP adds, "He acknowledged that local law enforcement agencies have had more crime-fighting problems to juggle since the Sept. 11, 2001 terror attacks. 'It wasn't like we didn't have a full plate already,' he said. … Gonzales' speech was greeted by a standing ovation from the estimated 3,000 local and state police at the Boston convention."

The Boston Globe (10/17, Cramer) reports, "US Attorney General Alberto R. Gonzales told law enforcement officials Monday that his office will study selected cities across the country where violent crime has surged." The Globe continues, "Gonzales Monday addressed the International Association of Chiefs of Police conference at the convention center in South Boston. The gathering, which thousands were expected to attend, ends tomorrow. Gonzales said he wanted to know why violent crime had increased slightly in 2005 compared with 2004. … Nationally,

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violent crime such as murder, rape, robbery, and aggravated assault rose 2.3 percent in 2005 from 2004, according to the FBI's Uniform Crime Report. … 'In addition, we have recent anecdotal reports that even in this year there may be a rise in violent crime in some areas,' Gonzales said, according to a copy of his speech. … The cities will be selected in the next few weeks and will include communities of differing sizes and regions of the country. … 'They will also include cities that have experienced significant increases in crime and significant decreases in crime,'said Tasia Scolinos, spokeswoman for the Justice Department. The purpose of picking such cities is to understand why some have managed to keep violent crime down, she said."

McClatchy Newspapers (10/17, Taylor) reports, "While Gonzales said the review was important to determine the causes of what he described as a 'small uptick' in violent crime, he emphasized that the overall crime rate is the lowest in more than 30 years." McClatchy adds, "Some police organizations expressed disappointment that the initiative didn't include immediate financial help for local police departments struggling to make up for years of reductions in federal funding. … President George W. Bush's administration has cut grants for state and local crime-fighting programs on the grounds that they have outlived their usefulness or have underperformed."

Officer.com (10/17, Slepicka) reports, "The First General Assembly of the International Association of Chiefs of Police at their 113th Annual Conference in Boston featured United States Attorney General Alberto Gonzales and Department of Homeland Security Secretary Michael Chertoff as keynote speakers." Officer.com continues, "Both had a strong message on what local law enforcement and their respective federal offices could do and should do together to combat terrorism. … 'Our shared responsibilities are vast. None of us can do it alone,' Gonzales said." Officer.com adds, "Both men spoke of improving the federal and local relationship. Since September 11, there is no more us versus them according to the Attorney General. He said it is clear that local law enforcement has many more officers on the street. 'There can be no question that we learn from you, that we support you and that we are a team.' … The terrorist front is fought every day by local state and federal law enforcement. Gonzales said we never know when a gas station holdup is in fact a funding operation for a terrorist group and it will more the likely be the local law enforcement that discovers the initial evidence to prove that. … Gonzales emphasized that massive responsibility to find the terrorists among us was added to the responsibilities to crack down own drugs, gangs, violent crime, and crimes against children. 'We have not had a terrorist attack on American soil in five years and that is a testament to you and the police forces that you lead.'"

CBS Evening News (10/16, story 7, 3:10, Couric) reported, "Violent crime in this country on the rise again, and today Attorney General Alberto Gonzalez says he's sending out investigators to find out why. According to the FBI, violent crime was up 2.3% in 2005. That's the first increase in four years. But by far, the biggest increase came in mid-sized cities with violent crime up four times the national average."

Local Television. At least nine local television newscasts reported that attorney general Alberto Gonzales told a convention of police chiefs in Boston that his department plans to study local crime rates in selected cities. In general, violent and murder crimes were characterized as rapidly growing. KELO-TV Sioux Falls, (10/16, 12:08 p.m.) broadcasted, "At a convention in Boston today, attorney general Alberto Gonzales talked about the commitment to fighting homicides and other violent crimes across the U.S. Nationally, violent crime rose more than two percent last year. This is the first increase in four years. The Justice Department plans to study local crime rates in selected cities to find out why violent crime is on the rise."

WFMZ-TV Philadelphia, (10/16, 6:07 p.m.) broadcasted, "The Justice Department plans to study local crime rates, by looking for trends in selected cities. Attorney general Alberto Gonzales says the survey will look at a number of factors from trafficking to former prisoners returning to society."

WWLP-TV Springfield, MA, (10/16, 11:00 p.m.) broadcasted, "Attorney general Alberto Gonzalez addressed a convention of police chiefs in Boston today. He said the justice department will study at least five U.S. cities to determine what's behind the recent spike in murder and other violent crime."

WBBH-TV Ft. Myers, (10/16, 5:27 p.m.) broadcasted, "They'll look at a number of factors including gang violence, drug trafficking, and former prisoners returning to society."

WJZ-TV Baltimore, (10/16, 6:43 p.m.) broadcasted, "Violent crime in this country on the rise again, and today attorney general Alberto Gonzalez says he's sending out investigators to find out why. According to the FBI, violent crime was up 2.3% in 2005."

WTVD-TV Raleigh, (10/16, 5:33 p.m.) broadcasted, "Attorney general Alberto Gonzales made no promises to the nation's police chiefs who are looking for help to combat a spike in crime. The nation's top cop spoke to the International Association of Chiefs of Police in Boston this morning."

KTBC-TV Austin, (10/16, 9:01 p.m.) broadcasted, "Attorney general Alberto Gonzales said the Department of Justice will study rising crime rates nationally, but will not increase funding for cities to hire more police officers."

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FBI Agents Search Homes Of Weldon's Daughter, Friend. In the ongoing investigation of Rep. Curt Weldon, FBI agents yesterday searched four locations in Philadelphia and two in Jacksonville, Fla., including the homes of Weldon's daughter, Karen, and Charles Sexton, who is his longtime friend and her business partner. The searches are being portrayed as a severe blow to GOP chances to retain control of Congress. NBC Nightly News (10/16, story 5, 2:00, Williams, 9.87M) reported, "Three weeks to go now to the mid-term elections, and tonight the FBI has raided the homes of a Pennsylvania Congressman's daughter and those of a close friend, in the midst of a close fight for re-election." NBC (Reid) added, "FBI and federal law enforcement sources say that they're looking into whether…Weldon used his position as a congressman to help obtain lucrative lobbying contracts for an old friend and for his daughter. … He denies any wrongdoing, but this could not possibly have come at a worse time for him because he is in the toughest fight for re-election he has ever had."

USA Today (10/17, 8A, Johnson, 2.27M) reports that a "federal law enforcement official said the probe focused on whether the congressman used improper influence to steer business to his daughter and…Sexton. … The congressman's properties were not among the locations searched, the official said." USA notes, "In 2004, a liberal watchdog group, Citizens for Responsibility and Ethics in Washington, called on the Justice Department to examine whether Weldon violated federal law by assisting companies that hired his daughter as a lobbyist." The AP (10/17, Dale) reports, "Earlier Monday, Weldon called the investigation politically motivated and the timing suspect. … 'What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election,' Weldon said at an appearance in Media. … Weldon said his daughter received no special consideration because of him." The AP notes, "Weldon, regarded by some as a foreign policy expert, has clashed at times with the Bush administration. In the last year, he has repeatedly said a secret military unit called 'Able Danger' used data mining to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. A Pentagon report rejected the idea."

CNN's The Situation Room (10/16, Blitzer, 7:07 p.m.) called the FBI searches "a new October surprise in the battle for Congress" and noted that Weldon is "blaming Democrats for the probe, three weeks before the American public votes." CNN (Bash) noted, "For all of his lashing at Democrats," Weldon acknowledged "that the Justice Department is run by a Republican administration. Weldon said, 'I'm not stupid. I may have offended people – I have been known to do that.'" The Los Angeles Times (10/17, Schmitt, Neubauer, 918K) also notes, "The raids are another political setback for the Republican Party as it struggles to maintain control of Congress." Under the headline "FBI Raid Deals New Blow To Republicans," the Financial Times (10/17, Sevastopulo) reports, "Republican control of Congress was further endangered on Monday after the Federal Bureau of Investigation raided" Karen Weldon's home. "Already reeling from increasing voter concerns about the Iraq war – which has claimed the lives of 2,749 soldiers and seen almost 21,000 US military casualties – Republicans have more recently been dogged by the revelation that Mark Foley…sent overly friendly e-mails to page boys in the House."

The Philadelphia Inquirer (10/17, Shiffman, Lipka, Kerkstra, 399K) reports, "In Center City, agents searched the law office of John Gallagher, a Weldon friend who has conducted extensive business in Russia and former Soviet Republics. … Sexton and Karen Weldon formed Solutions North America in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic. FBI agents in Jacksonville, Fla., raided the office of one of the Russian energy firms, Itera, and a private residence whose connection to the investigation was not disclosed."

In a front-page story, the Washington Post (10/17, Leonnig, Smith, 748K) reports "sources familiar with the investigation" said that "a grand jury, impaneled in Washington in May, has obtained evidence gathered over at least four months through wiretaps of Washington area cellphone numbers and has scrutinized whether Weldon received anything of value." The Post notes, "Prosecutors are usually loath to conduct raids against a public official so close to an election. But some involved in the investigation debated whether holding off could also appear to have been influenced by the election, sources said."

The New York Times (10/17, Johnston, 1.21M) reports, "Law enforcement officials said the investigation into Mr. Weldon had been under way for several months. They said the government had not confirmed the existence of the investigation or conducted the searches until after news organizations learned of them. McClatchy Newspapers first reported the inquiry on Saturday, and it is not known how it got the information."

Under the headline "FBI Ups Ante On Weldon," Roll Call (10/17, Bresnahan) reports, "Karen Weldon's firm, Solutions North America, received a $500,000 public relations contract to represent Itera in September 2002, including $170,000 in up-front money. The contract was inked just days before the elder Weldon rounded up 30 Members to attend a dinner at the Library of Congress" to honor Itera CEO Igor Makarov. "And despite the fact that the U.S. Trade and Development Agency had withdrawn an $868,000 grant to Itera several months earlier, Weldon praised Makarov and Itera in a…speech on the House floor." The Washington

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Times (10/17, Seper, 88K) also reports the story, under the headline "FBI Targets Weldon In Influence-Peddling Probe."

The Norristown (PA) Times-Herald (10/17, Bender) reports, "The congressman's staff had insisted Friday evening that 'there is no investigation' because they had not been contacted by the Justice Department or the FBI. Weldon spokesman Michael Puppio said Saturday that their attorneys were considering filing a defamation lawsuit against McClatchy Newspapers, which broke the story Friday night." The Times-Herald adds, "Weldon said Monday he believed the FBI raids were linked to the Democratic Congressional Campaign Committee (DCCC) and the left-leaning watchdog group Citizens for Responsibility and Ethics in Washington (CREW). … Days before the story broke, a DCCC-funded mailer began circulating the district, accusing Weldon, vice chairman of the House Armed Services Committee, of using his position to 'help his lobbyist daughter win defense contracts potentially worth millions for her clients.'"

Local Television. At least five local television networks reported that the FBI raided the house of Congressman Curt Weldon's daughter, Karen, and a business partner as it is probes whether the Pennsylvania lawmaker used influence to help his daughter's company win lobbying contracts.

KYW-TV Philadelphia, (10/16, 6:02 p.m.) broadcasted, "Authorities are trying to determine if Weldon improperly use his position to help his daughter and friend profit from lobbying and consulting contracts. Congressmen Curt Weldon says he does not know why the FBI searched the Queen Village home of his daughter, Karen, and Springfield home of her business partner Charles Sexton, a prominent republican leader. He only knows no one did anything wrong. 'My daughter has never done anything wrong and never would. She's an honest person.' FBI is trying to determine if Weldon pressured government officials to sign contracts with a Russian natural gas company that had hired Weldon's daughter as its lobbyist and consultant."

WCAU-TV Philadelphia, (10/16, 5:28 p.m.) broadcasted, "The FBI raids the homes and company office of Congressman Curt Weldon's daughter and her business partner. They are investigating whether Weldon used influence to help his daughter and her partner get lucrative contracts for their business."

.WBRE-TV Wilkes Barre, (10/16, 11:20 p.m.) broadcasted, "There is political trouble for Pennsylvania Congressman Curt Weldon. Federal agents raided the homes of Weldon's daughter and a close friend. Sources say investigators are looking into whether Weldon used his influence to help his daughter's company win lobbying contracts."

WPVI-TV Philadelphia, (10/16, 5:34 p.m.) broadcasted, "A powerful local Congressman is under fire tonight. The FBI is investigating how Republican Curt Weldon used his influence."

WFMZ-TV Philadelphia, (10/16, 6:15 p.m.) broadcasted, "Another Republican Congressman is under investigation with only three weeks left until Election Day. The FBI is looking into whether Pennsylvania congressman Curt Weldon improperly helped his daughter and a close friend win lobbying and consulting contracts. Today the bureau raided the homes of Weldon's daughter and friend. Six locations in all were searched. Weldon describes the investigation as politically motivated and he questions the timing."

WCAU-TV Philadelphia, (10/16, 6:01 p.m.) broadcasted, "Congressman Weldon calls the investigation politically motivated. He says he was totally shocked by the probe and the Justice Department has yet to contact him."

More Commentary. The Delaware County (PA) Daily News (10/17) editorializes, "Is U.S. Rep. Curt Weldon a crook? That was the question on everyone's lips Monday as word spread that the FBI had raided the homes of his daughter, Karen; a key political confidante, Springfield GOP leader Charles Sexton; a Philadelphia attorney and a Florida business. … The feds are investigating the role of the 10-term incumbent 7th District Republican from Thornbury in the creation of an international consulting firm run by Karen Weldon and Sexton - and how it quickly won some $1 million in contracts from foreign entities tied to the congressman." The Daily News continues, "The story was embraced by a left-leaning government watchdog group called Citizens for Responsibility and Ethics in Washington (CREW), which called Weldon's actions 'possibly criminal' and asked the U.S. Justice Department two years ago to investigate. Until this weekend, there was no indication that the feds were complying with that request. … That hasn't stopped Weldon from claiming that politics is behind the investigation - and the fact that it became public three weeks before the toughest election day in his career. Still, there is no indication that his Democrat opponent, retired Navy Adm. Joe Sestak, or his allies have anything to do with the probe, or the leak about its existence." The Daily News concludes, "In all likelihood, Monday's search warrants were executed because word of the probe had leaked over the weekend. Agents usually act in cases like this to preserve evidence that could potentially be destroyed. Cartons of documents were removed from the target sites Monday, and no one who knows what the FBI has is talking. … In all, the situation is eerily reminiscent of developments during the 2003 re-election campaign of Philadelphia Mayor John Street. An FBI bug was found in the ceiling of his office weeks before the mayor faced a strong challenge from Republican Sam Katz. Street and his allies - citing the Republicans in charge of the Justice Department - cried politics and won re-election handily. It probably helped that Street was a Democrat. … So, the question remains: Is

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Curt Weldon a crook? The bottom line is, nobody knows. And, unfortunately, voters will have to make their decision on Nov. 7 before any firm determination can be made."

Attorney For Doolittle In Talks With Justice Department. The Sacramento Bee (10/17, Whitney) reports, "Rep. John Doolittle acknowledged Monday that his lawyer, whom he has paid more than $38,000 in the last two months, is talking with the Justice Department about the congressman's relationship with disgraced lobbyist Jack Abramoff." The Bee continues, "The Washington Post and other papers, citing unnamed sources, have said the Roseville Republican and Sen. Conrad Burns, R-Mont., are under investigation in the Abramoff matter." The Bee adds, "Doolittle's office in a statement late Monday, again insisted that the congressman is not under investigation. … Instead, it characterized the meetings as an effort to clear the congressman's name. … 'The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name,' said Laura Blackann. … 'The congressman's attorney has committed to the Justice Department that in order to preserve the integrity of the ongoing investigation, details of their interactions will remain private,' she said. 'To date, the congressman has not been contacted or questioned by the Justice Department and has no reason to believe that he is the target of an investigation.' … Blackann said Doolittle 'instructed his attorney to establish contact with the Justice Department to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong.'"

The AP (10/17, Werner) reports, "Doolittle, a conservative eight-term incumbent and member of the House GOP leadership, has numerous ties to Abramoff, whom he has described as a good friend. Doolittle accepted campaign cash from Abramoff, helped his tribal clients in dealings with the Interior Department, and helped the lobbyist win a contract from the Northern Mariana Islands by endorsing a sympathetic island politician. … Doolittle's wife, Julie Doolittle, was paid a retainer by Abramoff for event planning work from 2002 to 2004. … The ties between Doolittle and Abramoff have caught the interest of government prosecutors, The Associated Press has reported. More than two years ago Julie Doolittle was subpoenaed for documents in connection with the probe."

FBI Seeks Public's Help In Wales Murder Investigation. Under the headline "Five Years After Killing Of Prosecutor, A Stumped FBI Asks The Public for Help," the Washington Post (10/17, A3, Harden, 748K) reports, "Alone in the basement of his house and sitting in front his computer monitor, Thomas C. Wales was shot to death…five years ago. … But after interviewing more than 4,000 people in all 50 states and half a dozen countries, after chasing down about 1,800 silver gun barrels of a kind that ballistics experts say was affixed to the shooter's pistol and after abruptly transferring control of the investigation out of the Seattle office of the FBI, law enforcement officials still cannot say for certain whether Wales was killed because he was a prosecutor. Instead…an FBI task force leader insisted last week that the case has not gone cold, and authorities released for the first time a composite sketch of a 'person of some interest' who was seen wandering around Wales's neighborhood…before the killing." Portland SAC Robert Jordan "stressed, using the same words twice, that the Wales case 'remains a very significant investigation.' That emphasis comes on the heels of what appears to have been a manpower dispute in the inquiry. In May, an FBI supervisor in Seattle reduced by two the number of agents assigned to the case. In June, after reports of squabbling inside the bureau, the case was shifted to the FBI's Portland office and beefed up with more investigators."

Betonsports Strikes Tentative Deal With Federal Prosecutors. Bloomberg (10/17, Harris, Israel) reports, "Betonsports Plc., the British Internet bookmaker indicted in the U.S. for illegal gambling, has reached a preliminary deal with prosecutors to end a civil suit seeking to ban the company from doing business in the U.S." Bloomberg continues, "U.S. District Judge Carol Jackson in St. Louis granted the parties one week to complete what Assistant U.S. Attorney Michael Fagan said was a 21-page accord resolving a civil suit filed against the company in July by the Justice Department. … 'My impression is there are no substantive disagreements,' Fagan told Jackson today. A temporary order barring Betonsports from doing business in the U.S. has been in place since July 17. Neither side disclosed terms of the preliminary agreement in court." Bloomberg adds, "On July 17, prosecutors also unsealed a 22-count indictment charging Betonsports founder Gary Kaplan, former Chief Executive Officer David Carruthers and nine others with racketeering and violating federal interstate gambling laws. In 2003, the company's Web site, Betonsports.com, had 100,000 active players who placed 33 million wagers worth more than $1.6 billion, the U.S. has said. … Carruthers, 48, was arrested in July as he changed planes at a Texas airport. He pleaded not guilty and is currently under house arrest in St. Louis. Kaplan is still at large. Six other defendants have pleaded innocent."

Former FDA Chief To Plead Guilty To Conflict Of Interest Charge. CBS Evening News (10/16, story 5, 0:20, Couric, 7.66M) reported, "An old lie is back to haunt the

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former head of the Food and Drug Administration. His lawyer says Lester Crawford will plead guilty tomorrow to failing to disclose that he continued to hold stock in companies that are regulated by the FDA. He could face a year in prison on each of the two counts." The Wall Street Journal (10/17, A3, Mathews, 2.03M) says Crawford "will plead guilty to two misdemeanors for failing to properly disclose stock ownership and violating conflict-of-interest rules while he was at the agency." The Journal adds, "The companies named in the charges -- shares of which were owned by Dr. Crawford and/or his wife during years when he served at a high level in the FDA -- include soft-drink and snacks company PepsiCo Inc.; Kimberly-Clark Corp., which sells some medical devices; Wal-Mart Stores Inc. and food distributor Sysco Corp. Dr. Crawford also held stock options in Embrex Inc., an agricultural biotechnology company on whose board he once served." He "exercised some of the options while at the FDA, the Justice Department said."

The New York Times (10/17, Saul, 1.21M) reports Crawford, "now a senior staff member at the Washington lobbying and communications firm Policy Directions, could not be reached for comment." But "his lawyer, Ms. Van Gelder, said the fact that the charges were misdemeanors reflected Dr. Crawford's having amended his financial forms after his departure, making a full disclosure."

The Washington Post (10/17, A19, Kaufman, 748K) reports, "Crawford's short tenure as commissioner was best known for his August 2005 decision to postpone action on the "morning after" contraceptive Plan B. He had earlier told the Senate that the agency would act on the application, and Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) allowed a vote on his nomination as a result." Democratic Rep. Maurice D. Hinchey, "who helped initiate an investigation into Crawford's departure by the inspector general of the Department of Health and Human Services, said that further digging into Crawford's finances should and will continue. 'By blatantly ignoring the law on financial holdings and conflicts of interest, Lester Crawford used his position as the head of the FDA to send all the wrong signals to other FDA employees and the American public,' Hinchey said in a statement."

NYC Assemblyman Expected To Face Corruption Charges Today. WNBC-TV New York (10/16, Dienst) reported on its Web site from a story broadcast yesterday, "Queens assemblyman Brian McLaughlin is expected in federal court on Tuesday. The expected corruption charges relate to McLaughlin's work as one of the city's power brokers -- his years as an elected leader and also as one of the city's top union leaders. The charges could cap a multi-year corruption investigation by the city's Department of Investigation, the FBI and Manhattan U.S. Attorney's Office. Sources said McLaughlin is expected to surrender in the morning, and federal prosecutors are expected to announce corruption charges against him." WNBC noted, "Investigators had been focusing as to whether McLaughlin was helping certain street lighting companies in a possible bid-rigging scheme."

The New York Times (10/17, Newman, Rashbaum, 1.21M) notes that McLaughlin is "the head of the country's largest municipal labor council and a powerful force in New York City politics for more than a decade," and reports, "Details of the charges were unavailable last night, but an official, who spoke only on condition of anonymity because the investigation is continuing, said that they would be announced at a news conference today. … The official said that Mr. McLaughlin would probably be the only person charged today but that the investigation, by the F.B.I., the federal Labor Department, the city's Department of Investigation and the United States attorney's office in Manhattan, was continuing."

Protesters Urge FBI To Investigate Botched Kentucky Murder Probe. The Louisville Courier-Journal (10/17, Adams) reports, "The father of Jessica Melissa Currin, an 18-year-old Mayfield woman murdered in the Western Kentucky town in 2000, rallied with about 15 supporters at noon Monday in downtown Louisville to call for the FBI to investigate her unsolved killing. The group, joined by the Rev. Louis Coleman, stood in a cold rain for more than an hour…carrying signs demanding 'Justice for Jessica.'" The Courier-Journal notes, "The investigation for its first three years was headed by the Mayfield Police Department, but the Mayfield department's mishandling of evidence caused the dismissal of criminal charges against three people in 2003."

Pellicano Continues To Oppose Trial Delay. The Los Angeles Times (10/17, Philips, Krikorian, 918K) reports, "The long-awaited racketeering and wiretapping trial of indicted Hollywood private eye Anthony Pellicano and six others is likely to be postponed again for months if federal prosecutors and defense attorneys can scale one significant hurdle: Pellicano. Though attorneys for the government and five of Pellicano's co-defendants have agreed to delay the trial date until September 2007, Pellicano has so far resisted." The Times adds, "If U.S. District Judge Dale S. Fischer agrees with Pellicano…the trial would continue as scheduled in February or perhaps on a date far short of the one-year delay now agreed to by the government and all but one other defendant. The proposed delay was outlined in a stipulation jointly filed by prosecutors and defense attorneys Monday." The Times notes, "Pellicano has been particularly dismissive of the government's allegations, repeatedly denying that the FBI and U.S. attorney's office have any real evidence that he broke the law."

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Ohio Fundraiser Goes On Trial. The AP (10/17, Seewer) reports from Toledo, OH, "Less than a month before Election Day, a politically connected coin dealer accused of embezzling from a state investment in rare coins went on trial Monday in a scandal that has rocked Ohio's Republican Party." The AP continues, "Tom Noe, 52, is accused of stealing more than $2 million from a fund for injured workers and spending it on his business and renovating his home in the Florida Keys. … 'He needed money. He needed it desperately,' prosecutor John Weglian said in opening statements." The AP adds, "Noe, once a member of state boards that oversee the Ohio Turnpike and Ohio's public universities, was a top GOP fundraiser who gave more than $105,000 to Republicans, including President Bush and Gov. Bob Taft during the 2004 campaign. … He is charged with corrupt activity, theft, money laundering and forgery. If convicted, he could get up to 10 years in prison on the corrupt activity charge alone. … Defense attorney William Wilkinson said Noe's contract with the Ohio Bureau of Workers' Compensation allowed him to borrow money from the investment fund or loan it to others." The AP notes, "Federal prosecutors have not said whether any of the coin money was used for political contributions. If the state money had been funneled to campaigns, authorities could have sought a stiffer penalty."

Ralph's Grocery Chain Enters Guilty Plea. The Los Angeles Times (10/17, Zimmerman) reports, "A federal judge today approved the Ralphs grocery chain's guilty plea to criminal charges that it illegally rehired locked-out workers during the Southern California supermarket labor dispute almost three years ago. Under the agreement, Ralphs will pay $20 million in fines and $50 million into a fund to reimburse workers and their union. Ralphs also agreed to cooperate with the government in its ongoing investigation of the role corporate executives played in the scheme, which involved using fake names and Social Security numbers to hide the identities of workers illegally rehired during the dispute."

War Against Child Porn Intensifies. USA Today (10/17) reports that "an unprecedented war against child pornography is intensifying. Internet service providers such as AOL are using sophisticated technology to identify porn sites. Credit card companies are tracking purchases. More police detectives are posing as minors online."

Industry Anti-Piracy Coalition Presses For Robust Federal Crackdown. CongressDaily (10/16, Swindell) reported, "A business coalition is aiming to secure during the lame-duck session more federal funding to crack down on piracy of U.S. products and counterfeit goods. The Coalition Against Counterfeiting and Piracy, which represents moviemakers, auto parts manufacturers and pharmaceutical companies, has waged a campaign to lobby for more funding to stem the flow of fake goods into the United States." CongressDaily noted, "Appropriators this year have responded to such pleas. The House fiscal 2007 Science-State-Justice Appropriations bill would provide for at least $13 million for intellectual property rights enforcement, with directions that the FBI increase the number of prosecutors and agents working such cases. The Senate version of the bill would provide $6 million for such efforts. The Senate bill also would create a unit at FBI headquarters that would house at least five full-time agents to work those cases and two additional agents for each of the agency's 18 computer hacking and intellectual property units scattered across the country."

Families Win Right To Attend Murder Trial. The Los Angeles Times (10/17, Mozingo) reports, "Day after day, the aging Ukrainian couple has stepped into a federal courtroom in downtown Los Angeles to endure a severe test of wills: listening to the details of their son Alexander's killing while containing their emotions. … The couple and five other relatives of the victims had to fight to win the right to attend the trial of the two men accused of kidnapping and murdering their son and four other Los Angeles business people. Iouri Mikhel and Jurijus Kadamovas are accused of luring the five victims to their upscale San Fernando Valley homes in 2001 and 2002, holding them for ransom, killing them and dumping their bodies in a reservoir in the Sierra foothills. Prosecutors say the conspiracy was, in part, directed by organized crime figures in Russia. The defendants face the death penalty."

Completely Expunging Criminal Records Becoming Increasingly Harder. The New York Times (10/17, Liptak) reports, "In 41 states, people accused or convicted of crimes" can have "their criminal records expunged, and in theory that means that all traces of their encounters with the justice system will disappear. But enormous commercial databases are fast undoing the societal bargain of expungement, one that used to give people who had committed minor crimes a clean slate and a fresh start. … But real expungement is becoming significantly harder to accomplish in the electronic age. Records once held only in paper form by law enforcement agencies, courts and corrections departments are now routinely digitized and sold in bulk to the private sector. Some commercial databases now contain more than 100 million criminal records. They are updated only fitfully, and expunged records now often turn up in criminal background checks ordered by employers and landlords."

Maryland Prosecutors Investigate Spending By Suspended Mayor. The Washington Post (10/17, B5,

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Rich) reports, "Investigators from the Maryland State Prosecutor's office searched the home of the suspended mayor of Forest Heights yesterday, adding a criminal probe to the catalogue of palace intrigues that have roiled the tiny Prince George's County town for more than a year. The investigation centers on spending by Mayor Myles Spires Jr., town officials familiar with the investigation said. Among the specific areas of interest, they said, are two disbursements of about $3,333 in public funds -- one to Spires and one to the nondenominational Internet church Abundant Life Ministries, of which he is bishop."

Hit And Run Deaths Up 20% Since 2000. USA Today (10/17, Heath) reports, "The number of pedestrians killed by hit-and-run drivers has jumped 20% since 2000 and is at its highest level in a decade, a USA TODAY analysis shows. The increase compounds the problems of investigating hit-and-run cases, which investigators say are among the most difficult crimes to solve because they often happen at night with no witnesses." USA adds, "Of the 4,881 pedestrians killed last year, 974 died in hit-and-runs, National Highway Traffic Safety Administration records show. The total number of pedestrians killed nationwide increased by about 2% since 2000, but hit-and-run deaths increased at almost 10 times that pace, the USA TODAY analysis found."

CIVIL LAW:

Bankruptcy Filings Down Under New Law. The Miami Herald (10/17, Danner) reports, "A year after sweeping reforms to U.S. bankruptcy law took effect, the number of people seeking protection from their creditors is down. Way down." The Herald continues, "Fewer than 5,200 South Floridians filed for bankruptcy in the past year -- less than half the number who filed in just the two weeks before the law took effect Oct. 17. The question is why." The Herald adds, "Banks and credit card companies say the law has succeeded in making it harder for people to seek bankruptcy protection. But bankruptcy lawyers and trustees say the numbers are down now because some people rushed to court before the reforms, and because others believe -- wrongly -- that they can no longer file for bankruptcy. … The laws were changed after an eight-year campaign by financial-service companies to cut down on credit card users who piled up debt and then wiggled out of repaying by filing for bankruptcy."

The Washington Post (10/17, D1, Day) reports, "Lawmakers, consumer advocates and industry executives say that much of the sudden drop in filings after Oct. 17, 2005, can be explained by the fact that 600,000 people filed in the two weeks before the law took effect, a scramble that was 10 times the normal level of filing over 10 business days in recent years. … But the filing rate for the first half of 2006, about 10,000 a week, is well below what could be attributed to last year's mad dash, surprising the lawmakers who wrote the legislation and the industry executives who lobbied for it." The Post adds, "The legislation, the most significant change to the nation's bankruptcy laws since 1978, was the culmination of a decade-long push by the credit card and auto-financing industries to make it harder for consumers to wipe out debts through bankruptcy. The new law toughened the rules with the intent of steering more debtors into a form of bankruptcy that requires people to repay more of their debts. … Industry executives had argued that about 10 percent of debtors filing each year for Chapter 7 under the old law, or about 100,000 people, abused the system because they could repay a large portion of their obligations and therefore should be required to do so under Chapter 13. Consumer groups and several lawmakers, mostly Democrats, argued that the number of Chapter 7 filers who misused the system is closer to 3 percent but that, in any case, the new legislation does little to weed them out. … The new law requires people seeking bankruptcy protection to pay higher filing fees and attend mandatory credit-counseling sessions with an accredited firm before and after they file. The goal is to discourage people from filing if they don't have to, and if they do, to pay off as much of their debt as possible."

Katrina Victims Forced To File Under Chapter 13. USA Today (10/17, Chu, Hansen, 2.27M) reports, "A year after a stricter federal bankruptcy law took effect, a growing number of filers in states hit by Hurricane Katrina are having to repay their debts rather than being able to eliminate them. A big reason is that lenders are increasingly cracking down on past-due mortgage payments in the storm-ravaged Gulf region, consumer bankruptcy attorneys say. The tougher bankruptcy law, which took effect a year ago today, made it harder for people to file for Chapter 7, which erases most debts. Instead, some debtors have been forced to file under Chapter 13, which usually requires a debt-repayment plan."

Six States Require Pension Funds To Divest From Darfur. USA Today (10/17, Lynch) reports, "A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide. Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956." USA adds, "Other human rights activists want to use divestment to discourage corporate activity in Sudan and

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ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur."

CIVIL RIGHTS:

Monitor's Report Finds Detroit Still Lagging In Consent Decree Compliance. The Detroit News (10/17, Egan) reports, "More than three years after the Justice Department and the city of Detroit signed consent decrees to improve the Detroit Police Department, only 15 percent of the patrol cars inspected have working video cameras required by the court orders, a federal monitor reported Monday." The News continues, "The Police Department continued to get poor marks in the monitor's latest quarterly report. The monitor examined 89 paragraphs and subparagraphs in the two consent decrees related to use of force and conditions of confinement and reported the department was in compliance with only four of them. … By signing the consent decrees in 2003, the city settled two federal lawsuits that accused the police of repeatedly violating the rights of suspects, prisoners and witnesses." The News adds, "The longer it takes the department to comply, the longer it will be under the scrutiny and multimillion-dollar expense of a federal monitor. The Justice Department could also ask a federal judge to find the department in contempt and impose sanctions, though that is considered unlikely at this point. … The report also said supervisors are not randomly reviewing the videos recorded by the patrol car cameras as required. The report is by Kroll Inc., a New York City-based risk consulting company that was hired to monitor the Police Department's compliance with the court orders. … The report, filed Monday in U.S. District Court in Detroit, also hammers the department for failing to fill out required reports or filling them out incorrectly."

DOJ Sues Philadelphia Over Voting Rights Of Spanish-Speakers. The Philadelphia Daily News (10/17, Davies) reports, "The U.S. Justice Department has accused Philadelphia of violating the voting rights of Spanish-speaking citizens, and is asking for federal election observers in the city through the end of 2009." The Daily News continues, "A federal lawsuit filed Friday charges that the city has failed to provide enough bilingual poll workers in Hispanic areas and adequately translate election materials into Spanish. … As a result, the suit alleges, 'limited English-proficient Hispanic voters have had difficulty understanding the election process and have been prevented from voting.'" The Daily News adds, "Mayor Street's spokesman, Joe Grace, said the city already provides translators and voting materials in Spanish, and will 'vigorously contest' the suit. … 'The timing of this is a little questionable, coming three weeks before an election,' Grace said. Asked if he thought the Republican White House was seeking to suppress Democratic votes in a key U.S. Senate race, Grace said, 'The timing is suspect, and we'll leave it at that.'" The Daily News notes, "Justice Department spokeswoman Cynthia Magnuson said she couldn't be more specific, but officials of the watchdog group Committee of Seventy said they'd provided some of the information that led to the suit."

FBI Says Hate Crimes Dropped By 6 Percent Last Year. The AP (10/17, Jordan) reports, "Hate crimes in the United States dropped last year by 6 percent, the FBI reported Monday, although violence against people based on their race accounted more than half of the reported incidents. Police nationwide reported 7,163 hate crime incidents in 2005, targeting victims based on their race, ethnicity, religion, sexual orientation and disabilities. That was down from 2004, when the FBI reported 7,649 incidents."

The Washington Times (10/17, Seper) reports, "The report, by the FBI's Uniform Crime Reporting Program, said that 55 percent of the 7,163 reported single-bias incidents last year were motivated by racial bias -- an increase of one percentage point. The overall number represents a 6 percent drop from 7,649 in 2004. Religious bias triggered 17 percent of incidents cited in the report, followed by 14 percent for sexual-orientation bias and 13.2 percent by an ethnicity or national-origin bias. Less than 1 percent involved bias against a disability. The report also noted that of 5,190 hate-crime offenses classified as crimes against people in 2005, intimidation accounted for 48.9 percent of them, followed by simple assaults at 30.2 percent and aggravated assaults at 20.5 percent."

NAACP To Monitor Elections In 10 States. The AP (10/17, Dominguez) reports, "The NAACP will monitor voting in Ohio and nine other states next month, sending observers to polling places, taking citizen complaints and notifying the Justice Department of any serious problems, the civil rights organization announced Monday." The AP continues, "The National Association for the Advancement of Colored People planned to have hundreds of volunteers monitoring the election in Ohio, Maryland, Alabama, Georgia, Florida, Louisiana, Michigan, Mississippi, Pennsylvania and Texas, said Bruce Gordon, president of the Baltimore-based organization. .. The NAACP said the states were chosen because of pivotal elections, concentrations of black voters, or a history of polling problems." The AP adds, "Gordon said the organization intends to be proactive 'to ensure that Nov. 7 comes and goes smoothly and that every citizen across this country, and particularly in the state of Maryland, who has an interest in voting, in fact is able to vote.' .. .Maryland's primary election last month was riddled with problems that caused precincts to open late or other delays, prompting court action in some areas to extend voting hours."

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The Detroit News (10/17, Martino) reports, "The NAACP announced Monday that Michigan is among 10 states that will have observers at polling places during next month's election to take citizen complaints and let the Justice Department know about any serious problems." The News continues, "The effort comes after numerous reports of problems with the Maryland voting system during the primary last month. … Participating states were chosen using three factors: a high concentration of black voters, a history of polling problems or pivotal elections. … 'While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort,' NAACP President Bruce Gordon said in a statement Monday." The News adds, "Locally, in past election years the National Association for the Advancement of Colored People filed injunctions in federal court against individuals harassing people at the polls and challenging their right to vote by questioning their identification, criminal record or whether they paid child support. … 'We're very pleased that NAACP national will be monitoring the elections. We in Detroit have been monitoring elections for the last several years,' the Rev. Wendell Anthony, president of the Detroit branch of the NAACP, said Monday."

The Baltimore Sun (10/17, Brewington) reports, "With problems from Maryland's chaotic primary elections still being sorted out, NAACP President and CEO Bruce S. Gordon said yesterday that the civil rights organization will monitor polls in Maryland and nine other states on Election Day and report any voting irregularities to the U.S. Justice Department. … But Gordon also called on Maryland Gov. Robert L. Ehrlich Jr. to take steps before Nov. 7 to ensure a smooth and fair election by fixing the shortage of poll workers and the malfunctioning electronic voter check-in system. … 'With all the concerns that were raised, we intend to be proactive and put necessary safeguards in place so that every citizen who wishes to vote has that right,' Gordon said at the headquarters of the National Association for the Advancement of Colored People in Baltimore." The Sun adds, "The plan announced yesterday would continue recent election-monitoring efforts by the NAACP, in which volunteers have looked for irregularities. … During the 2004 presidential elections, the civil rights organization and its partners enlisted 25,000 volunteers to monitor precincts nationwide and to answer a toll-free voter assistance hot line. Nearly 5,000 of those volunteers were attorneys, prepared to challenge voting irregularities with lawsuits. … Last month, the NAACP's national office and some local branches received complaints from frustrated voters in Maryland's primary, prompting the group and the Lawyers Committee for Civil Rights to seek a court order extending poll hours in some jurisdictions by an hour."

The Washington Times (10/17, DeBose) reports, "In the letter, Mr. Gordon commended Mr. Ehrlich for ordering that backup paper ballots be used to avoid any problems with the touch-screen voting machines. … He also requested the governor order the Board of Elections to hold statewide demonstrations of the new machines, ensure that the electronic registration rolls are updated, and make certain there are adequate numbers of trained election judges at the polls on time and for the entire day. … In addition, he asked that each precinct have a sufficient number of provisional ballots -- many ran out during the primaries -- and maintain privacy for voters, whether they vote using touch-screen or paper ballots." The Times adds, "The NAACP will run an Election Day voter command center at the Baltimore headquarters. Volunteers will observe targeted precincts in the Baltimore area and Prince Georges and Montgomery counties, where the majority of the irregularities occurred. … The voter command center will also be staffed with lawyers from the group's partnering organizations, including the liberal Lawyers' Committee for Civil Rights Under Law and People for the American Way, to monitor complaints of voter irregularities and to advise voters experiencing problems at the polls."

The Washington Post (10/17, Helderman) reports, "The group said that poll watchers will observe precincts in Prince George's and Montgomery counties and in Baltimore and that lawyers will be available to document complaints from voters and, if necessary, forward reports of irregularities to the U.S. Justice Department. Maryland is one of 10 states the civil rights organization plans to monitor that day. … During September's primary, some polls in Maryland opened late because election judges or technicians did not show up. Also, an electronic registration system regularly crashed, and many poll workers had trouble submitting results electronically at the end of the day."

Former Georgia Governor Sues Successor Over Voter ID Letter. The Atlanta Journal-Constitution (10/17, Suggs) reports, "Former Gov. Roy Barnes has filed a lawsuit against his successor, Gov. Sonny Perdue, and the State Election Board for the mailing of 200,000 letters to registered Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election." The AJC continues, "The problem? The letters were sent out days after a judge ruled the law requiring a photo ID to be unconstitutional." The AJC adds, "Barnes filed the civil suit Monday in Fulton Superior Court on behalf of a 60-year old disabled Atlanta woman, Rosalind Lake, who does not have a state-issued photo ID. … In the complaint, the governor and election board are charged with contempt for violating a court order that struck down the photo ID law. Barnes is asking the court to force the state to send out another letter informing registered voters that they do not need a photo ID to vote. … 'The delivery of approximately 200,000 "Dear Georgia Voter"

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letters was a blatant action in which seriously incorrect information on voting was disseminated to a substantial number of Georgia voters,' Barnes wrote in the motion filed Monday. 'The events after this Court's order make clear that the violation was deliberate.'"

Missouri High Court Strikes Voter ID Law. The AP (10/17, Wiese) reports, "The Missouri Supreme Court on Monday struck down a new law requiring voters to show a photo identification at the polls, upholding a lower judge's decision." The AP continues, "Supporters of the ID requirement, mostly Republicans, said it was necessary to prevent voter fraud and increase confidence in the election process. … Opponents, primarily Democrats, argued people impersonating others when voting is rare, and that the ID requirement would especially harm the poor, elderly and disabled who may be less likely to have a driver's license." The AP adds, "A lower judge ruled last month that the ID requirement was an unconstitutional infringement on the fundamental right to vote. The Supreme Court agreed in a 6-1 unsigned opinion. … The law required voters to present a photo identification card issued by Missouri or the federal government to cast a ballot starting with the November election."

Federal Agents Remove Records From Mississippi Jail. The Biloxi (MS) Sun Herald (10/17, Fitzgerald) reports, "The federal government removed boxes of jail records last week from the Harrison County Sheriff's Office for its investigation of an inmate's death and related allegations, U.S. Attorney Dunn Lampton said on Monday." The Herald continues, "Lampton told the Sun Herald that the FBI and prosecutors from the Justice Department's civil rights criminal division took records last week from the sheriff's Gulfport offices at the Harrison County Courthouse and the Harrison County Adult Detention Center. … Lampton said there was no need to use search warrants because Sheriff George H. Payne Jr. and his new warden, Don Cabana, have been '100 percent cooperative.' But, he said, 'they can't be a part of the investigation.' … 'When we get to the bottom of everything, people can be secure or satisfied to know everything at that jail has been looked at, and anything that might have been done improperly has been corrected.'" The Herald adds, "Removal of the records is the latest in a series of new developments in criminal matters surrounding the death of Jessie Lee Williams Jr. Williams, 40, died after a beating on Feb. 4 in the jail booking room. He was taken off life-support at a hospital within two days, and his death was later ruled a homicide. … Former corrections officer Regina Rhodes, 29, was to be sentenced Monday on guilty pleas to criminal accusations that she assaulted Williams and lied to cover it up. She accepted a plea agreement and became a government witness."

Supreme Court Deals Setback To Boy Scouts. In what the Los Angeles Times (10/17, Savage, 918K) calls a "setback" for the Boy Scouts, the Supreme Court has rejected "a free-speech challenge to a Berkeley policy that denies city-subsidized dock space to a Scouting group because it excludes gays and atheists. The court's action lets stand rulings in California and elsewhere that have said cities, schools and colleges may deny public benefits to groups that refuse to comply with broad nondiscrimination rules involving religion and sex orientation. Some conservative groups had joined the challenge to the Berkeley policy, saying that advocates of 'traditional moral values' are being subjected to discrimination across the country by 'politically correct' government officials." The Times notes that High Court's action "no legal precedent," and "the justices could well take up the issue in the future."

53 Percent Of Likely Virginia Voters Back Gay Marriage Ban Amendment. The Washington Post (10/17, A1, Jenkins, 748K) reports a majority of Virginians "support a proposed constitutional amendment that would ban same-sex marriage and civil unions, although voters split on the measure when presented with interpretations of its potential impact, according to a new Washington Post poll." Fifty-three percent of likely voters "said they would vote for the amendment, and 43 percent would oppose it, the poll found, indicating that three weeks before Election Day opponents still have a long way to go to make Virginia the first state in the country to defeat a same-sex marriage amendment." But when respondents "were read the arguments on both sides of the question, enough voters showed a willingness to reconsider that the gap narrowed to a virtual tie -- 48 percent said they supported the measure and 47 percent opposed it, within the poll's margin of error of three percentage points."

ANTITRUST:

DOJ Expands SRAM Antitrust Probe To Samsung. IDG News Service (10/17, Ben Ames) reports, "Antitrust investigators with the U.S. Department of Justice (DOJ) have issued a subpoena to Samsung Semiconductor Inc., just hours after asking its competitors Mitsubishi Electric Corp. and Cypress Semiconductor Corp. for information about their sales practices in the SRAM (static RAM) chip market." IDG continues, "Toshiba, another major SRAM chip producer, declined to comment on whether it had also been subpoenaed. A spokeswoman referred questions to the company's Tokyo headquarters." IDG adds, 'Samsung plans to comply with the request for information about sales and marketing practices throughout the industry, spokeswoman

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Chris Goodhart said in a statement. … 'Samsung will cooperate fully with the Department of Justice on this matter,' she said. 'Samsung is committed to fair competition and ethical practices and forbids anticompetitive behavior.' … Samsung has already been charged with antitrust violations in a DOJ investigation of the DRAM (dynamic RAM) market. Justice Department lawyers found evidence that several DRAM chip makers manipulated prices while bidding for business with the U.S. computer makers Dell Inc., Apple Computer Inc., Hewlett-Packard Co. and IBM Corp. Several DRAM makers have been ordered to pay fines as high as US$300 million and three Samsung executives were sentenced to time in prison."

Microsoft Shares Security Data With Software Makers. The Seattle Post-Intelligencer (10/17, Richman) reports, "Striving to satisfy European antitrust officials, Microsoft Corp. said Monday that it has given security-software makers some of the data they want to make their products work with Microsoft's forthcoming operating system, Windows Vista. … But one of those companies, Cupertino, Calif.-based Symantec Corp., on Monday reacted to the release by repeating complaints it made at the end of last week: that it's not getting enough information fast enough. … 'The operative question remains "When?"' Symantec spokesman Cris Payden said. 'When are we going to get what we need?'" The P-I continues, "Microsoft Director Adrien Robinson said the means of connecting outside software to Vista's Windows Security Center were uploaded Monday morning to a Web site accessible only by security-software developers. … The Security Center is a set of on-screen controls -- nicknamed the 'digital dashboard' -- that customers will use to adjust and monitor their computer's security features." The P-I adds, "Symantec's Paden said the company is inspecting the new Web site 'to be sure it has everything we need to let our customers see our digital dashboard instead of Microsoft's.' … Microsoft also said Monday that it plans to discuss with Symantec and McAfee Inc. changes they want made to Patch Guard, part of the 64-bit version of Vista that restricts who can alter the operating system's core, or kernel. … But Paden said Microsoft has yet to explain how Symantec's technology can access 64-bit Vista's kernel, or even to say when it will provide that explanation. The 64-bit version of Vista is expected to be popular among businesses, he said."

HP Again Extends Tender Offer For Mercury. The Financial Times (10/17, Allison) reports, "Hewlett-Packard, the world's second-biggest computer maker, on Monday announced a further extension of its tender offer for Mercury Interactive, a business software group that was forced to de-list its shares earlier this year because of stock options backdating." The Times continues, "The move marked the third time HP has extended its tender offer, which values the software maker at $4.5bn. It came in spite of news that HP had locked up more than 90 per cent of Mercury's oustanding shares - far more than the amount needed to complete the company's biggest acquisition since its $19bn takeover of Compaq, a rival computer maker, in 2002." The Times adds, 'One person familiar with the matter said Mercury's de-lisitng had complicated efforts to receive anti-trust approvals from regulators. The person said the delays were procedural and nature and were not expected to infuence the outcome of the tender offer. … HP's tender offer values Mercury at $4.5bn, or $52 a share - a 33 per cent premium over the comapny's share price the day before the deal was announced in July."

E.On Sues Saying Acciona Misled SEC. The Wall Street Journal (10/17, B10) reports, "E.On AG said it filed a lawsuit in New York to clarify a situation about Endesa SA shares held by Spanish energy-and-construction company Acciona SA." E.On "has accused Acciona of making misleading statements to the Securities and Exchange Commission about its strategic targets in buying a 10% stake in Endesa. Acciona denied the charges. … E.On's lawsuit says information Acciona filed to the SEC was 'false, inexact and incomplete' among other things, because 'Acciona has contracts with third parties who intend to block E.On's bid.' An E.On spokeswoman said it is unclear how many Endesa shares Acciona controls and whether Acciona has agreements with third parties on further share purchases."

Silverman Testifies In Forbes Trial. USA Today (10/17, Farrell) reports, "The retrial of former Cendant chairman Walter Forbes took a new twist Monday when Henry Silverman, the hard-driving founder of HFS, testified about his decision to merge HFS in 1997 with Forbes' firm, CUC International, to form Cendant. Following the merger, in April 1998, Cendant disclosed that CUC executives had overstated their company's revenue by hundreds of millions of dollars. The disclosure shocked investors, who went on a selling spree, wiping out $14 billion, or half the company's market capitalization, in one day."

Oshkosh Truck To Buy JLG Industries. The New York Times/AP (10/17) reports, "Military and commercial vehicle maker Oshkosh Truck Corp. on Monday said it is buying JLG Industries Inc., a maker of aerial work platforms and booms, for about $3 billion in cash. … The deal, which has been approved by the boards of both companies and still requires the approval from JLG shareholders and antitrust regulators, is expected to close in early December. The company agreed to pay $28 per share for JLG, which represents a 35 percent premium over the stock's Friday closing price of $20.75. According to the New York Stock

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Exchange, JLG has 106.7 million shares outstanding. Oshkosh will also assume more than $200 million in JLG debt as part of the deal."

Macquarie Wins Auction For Thames Water. The Financial Times (10/17, Saigol, Bream) reports, "Macquarie, the Australian bank, on Monday night won the hotly contested auction for Thames Water, the UK's biggest water company, which is being sold by RWE, the German utility group, in a deal valued at £8bn. … It beat three other serious bidders in the auction, including Qatar Investment Authority, which had teamed up with UBS's global infrastructure fund. The Thames deal, which includes £3.2bn of debt, is subject to approval by RWE's supervisory board at a weekend meeting. If approved, the sale is due to close by early December. The deal marks the biggest buy-out in the UK this year."

WSJournal Says 1993 Steel Anti-Dumping Duties No Longer Justified. The Wall Street Journal (10/17, A14, 2.03M) says in an editorial that "on the table before" the International Trade Commission today is "whether the anti-dumping duties imposed in 1993 on 'corrosion-resistant steel' should be lifted. This steel is crucial to making cars. Pushing back against the automakers, steelmakers are expected to argue, as they did 13 years ago, that they need the duties to repel unfair foreign competition and avoid harm. Well, times change, and it's time to lift these duties on steel. This isn't 1993." From "corporate America to Mom and Pop operations, the U.S. needs this steel to stay in business. The automakers will testify on the side of the foreign companies accused of dumping, but in fact they're testifying for the U.S. economy." Pricing power "and profitability are a direct consequence of the supply restraints caused by anti-dumping duties. Those duties, which can range from 2% to 40%, are also assigned retroactively; so foreign sellers of steel to the U.S. -- which have to collect the duty as part of their price -- never know what their final financial exposure will be."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Considers Setting Deadline For Everglades Restoration. The AP (10/17, Anderson) reports, "Lawyers for the (Florida) state Department of Environmental Protection and South Florida water managers urged a federal judge Monday not to issue an order imposing deadlines for Everglades restoration work, contending it is both illegal and unnecessary." The AP continues, 'Charles Demonaco, attorney for the state agency, told U.S. District Judge Federico Moreno that a federal court has no business imposing its will on how a state follows its own laws. Demonaco said a cleanup plan meeting court approval for the Everglades is already enshrined in state law, making a court order unneeded. … 'There is a long-term plan that is in effect,' Demonaco said at a hearing. 'A federal court would be intruding in the daily activities of a state. That would be an unlawful order.'" The AP adds, "But Dexter Lehtinen, attorney for the Miccosukee Tribe of Indians of Florida, said court orders are the only way to ensure that Florida agencies continue to meet the terms of a settlement reached over a decade ago to restore the Everglades and reduce phosphorus-laden runoff from continuing to damage the ecosystem. … Lehtinen, a former U.S. attorney, said without such court supervision Florida officials could modify their restoration plan unilaterally. The Miscosukees consider the Everglades their ancestral home and have joined the case to ensure enforcement of water quality goals."

ConocoPhillips To Pay More Than $2.3 Million For Puget Sound Spill. The Seattle Post-Intelligencer (10/17) reports, "In a settlement reached Monday with the U.S. Justice Department, ConocoPhillips will pay more than $2.3 million in costs and penalties for a 2004 incident that spilled more than 1,000 gallons of crude oil in Puget Sound's Dalco Passage." The P-I continues, "The agreement with the company, and its wholly owned subsidiary, Polar Tankers, was reached following an extensive investigation by the U.S Coast Guard and the state Ecology Department following the Oct. 13, 2004 spill. The investigation found that the tanker Polar Texas released the oil as it took on ballast while departing Commencement Bay." The P-I adds, "The spill went unnoticed until the following morning when the captain of a tug boat reported oil in the water south of Vashon and Maury islands. Although state law requires the offending vessel to report and participate in the cleanup, the Polar Texas did neither, the Coast Guard said yesterday in a press release. … The $2,233,293.94 in pollution removal costs under the federal Oil Pollution Act of 1990 represents 100 percent of all costs the federal government incurred during cleanup operations in Dalco Passage. The federal and state government's claims against ConocoPhillips for injuries to natural resources, however, have not been resolved and are not included in the total. … ConocoPhillips, however, also will pay an $80,000 civil penalty under the federal Clean Water Act. Last Friday, the state Ecology Department settled a $540,000 claim against the oil corporation under state law."

FBI/DEA/ATF/USMS:

Washington State Lawyer Pleads Guilty In Money-Laundering Case. The Seattle Post-Intelligencer (10/16) reports the purchase of a Laundromat "didn't wash with federal drug investigators. Medina lawyer Stephen Plowman, who represented a cocaine trafficker,

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pleaded guilty Monday in U.S. District Court to a financial reporting crime after helping his client buy the Queen Anne Maytag Laundry." Prosecutors said Plowman "admitted he received more than $100,000 in cash from his client to buy the Laundromat for him in June 2005 and failed to file a currency transaction report." Prosecutors accused his client, Carlos Ford, of wanting the Laundromat to launder drug proceeds. "The guilty plea by the lawyer 'sends a strong message that no one is above the law,' said Rodney Benson, special agent in charge of the Drug Enforcement Administration in Seattle."

In Connecticut, Federal Anti-Meth Law May Be Slowing Cold-Medicine Sales. The Hartford (CT) Courant (10/16, Waldman) reports that in the two weeks since a federal law "put more than a dozen popular cold and sinus pills behind the drugstore counter, the Arrow Pharmacy in Hartford has not sold a single box of Sudafed. It may be that it's not really cold season yet, pharmacist Eddie Martucci speculated. Or it may be that customers are put off by a new law that requires them to show a photo ID and sign a logbook before purchasing products that contain pseudoephedrine. It's a 'pain,' said Angelo DeFazio," the pharmacy owner. "On the upside, DeFazio said, the law allows pharmacists to monitor pseudoephedrine sales and to warn people with problems such as heart conditions that they probably should not be taking the drug." The Courant notes that the logbooks must be made available to DEA agents.

Walters Praises Montana's Meth Project. The AP (10/16) reports the Montana Meth Project, "a campaign with graphic messages about the perils of methamphetamine use, received White House recognition Monday. John Walters…appeared in Great Falls and cited the project as one of the nation's most powerful anti-drug efforts. … The project is Montana's largest advertiser, and its messages reach 70-90 percent of the state's teens at least three times a week, according to the White House. … 'The Montana Meth Project is a key component of a balanced strategy against meth and is an extraordinary example of the results we can achieve when we combine the power of advertising with the dedication and expertise of the leaders of this community,' Walters said." The AP story was used by Montana's Great Falls Tribune and Billings Gazette.

ONDCP Says Government Partnerships Are Needed To Combat Meth. The Fort Collins Coloradoan (10/16) reports that about 100 community leaders "looking for solutions to the growing use of methamphetamine in Larimer and Weld counties gathered [yesterday] for a day-long summit. … About 80 percent of the meth found in the United States comes from Mexico or large 'super labs,' said John Horton, associate deputy director of the White House Office of National Drug Control Policy. The number of small labs in the country is down 29 percent in recent years, he said." Horton "said partnerships between governments at home and abroad are needed to curtail the production and use of the drug."

The Greeley (CO) Tribune (10/17) reports Horton "spoke early in the meeting about the national [meth] problem. He said local governments need to lead the way in tackling the problem and he applauded Colorado's laws that make it more difficult to purchase ingredients used for the drug."

Horton Speaks Out Against Amendment 44. The Denver Post (10/17) reports Horton said a proposal on the state ballot to "loosen marijuana laws in Colorado would make it harder to fight the war on methamphetamine abuse." Horton "said Amendment 44 - which would allow people 21 and older to legally possess an ounce or less of pot - would make marijuana accessible to more people and allow them to fall victim to the highly-addictive and destructive properties of methamphetamines." Horton noted that there "have been strides in cutting meth traffic, including reducing the number of small labs in the country by 29 percent. He said efforts like Amendment 44 would only hurt the fight, however, because marijuana is a 'gateway drug.'" Mason Tvert, campaign director for Amendment 44, "said Horton and other officials are using scare tactics to sink the proposal." Tvert said studies "have shown marijuana's status as a gateway drug is overblown."

In Florida, Colombian Gets 15-Year Sentence Following Cocaine Bust. The Naples Daily News (10/16) reports a Colombian man "caught with nearly two tons of cocaine in international waters was sentenced…in Fort Myers to 15 years in prison. Leopoldo Caiceda Caiceda…pleaded guilty in June to possession of cocaine and conspiracy to possess with the intent to distribute cocaine. He was found last December along with three other men in a fishing boat off the coast of Costa Rica. In their wooden fishing boat U.S. Coast Guard officials found 3,500 pounds of cocaine," according to Chief Assistant U.S. Attorney Doug Molloy.

Report: Border Patrol, Others "Outgunned" By Drug Cartels. The Houston Chronicle (10/17, Mittelstadt) reports the U.S. Border Patrol and other law enforcement agencies at the U.S.-Mexico border "are outgunned by increasingly ruthless and well-armed Mexican drug cartels," according to a new congressional report. The House Homeland Security oversight subcommittee report "said drug cartels are able to break the encryptions on Border Patrol and sheriffs' deputies' radios. Lookouts for the cartels, using military grade equipment, are positioned at strategic points on

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the U.S. side of the border to monitor movements of U.S. law enforcement,' it continued." The Chronicle notes that while federal law enforcement "seized 1.1 million pounds of cocaine and 6.8 million pounds of marijuana, [it's] estimated the total cocaine flow may have topped 11 million pounds."

Cable TV Coverage. Fox Special Report (10/16, story 6, 3:15, Hume) reported, "It appears tonight that a forthcoming government report will describe a dire situation along the southern US border with enforcement authorities catching only a small percentage of illegal immigrants and the wars on drugs and terrorism being fought on the nation's doorstep. … The U.S. already provides Mexico-with tens of millions to help secure its side of the border. But that's a drop in the bucket to the cartels, who continue to smuggle drugs and people with little interference from the Mexican authorities. … The authors call this report a 30-page wake up call. It was compiled with extensive cooperation from the FBI, DEA, Immigration and Customs Enforcement and counter-terrorism officials. Now it is up to Congress, they say, to provide the political will and resources to answer this growing threat."

US Claims Head Of Rebel Group Plotted To Keep Hostages. The AP (10/17, Yen) reports, "The government said Monday that a top Latin American rebel leader plotted to keep three Americans hostage and use them as political bargaining chips after their plane crashed in Colombia. … But the defense portrayed Ricardo Palmera as a tangential sympathizer of the leftist FARC group who unfairly got caught in the middle after trying to negotiate a deal between guerrilla fighters and the U.S.-backed Colombian government. … 'This man had nothing to do with the capture of the three Americans,' said Palmera attorney Robert Tucker. 'He became the pawn in the power play.'" The AP continues, "Justice Department attorney John Crabb opened his case by arguing that Palmera — better known by his nom de guerre Simon Trinidad — was guilty on charges of hostage-taking, conspiracy and providing material support to terrorists. … 'We'll trade you hostages — including three Americans — for all FARC prisoners in jail. That was Simon Trinidad's offer,' Crabb said. … 'He admitted he was a member of FARC, he admitted FARC takes hostages,' he said. 'That man, Simon Trinidad, tried to use them as get out of jail cards for FARC.' .. Tucker countered that there was little evidence tying Palmera directly to the hostage-taking after the plane carrying the U.S. military contractors encountered engine trouble and crashed in February 2003."

US General Backs Reducing Aid To Colombia. The AP (10/16) reports the U.S. military's commander for Latin America "says Washington should gradually reduce its roughly $600 million in annual military and anti-drug aid to Colombia, support that has been crucial to putting the region's most potent rebel force on the defensive. 'I'm not concerned there's going to be a loss of funding,' Gen. John Craddock said Monday when asked about reports that the State Department wants to phase out Plan Colombia, which has provided the country with some $4 billion in total aid since 2000. 'First of all, there should be (decreased funding), over time. It makes sense. The Colombians are winning,' said Craddock." The AP adds, "And though it is questionable whether Plan Colombia has put a serious dent in drug trafficking from the world's leading cocaine producing nation…the Colombian military's gains are measurable."

McClatchy Newspapers (10/16) also reports Craddock is not concerned about the U.S. possibly reducing funding for Plan Colombia and notes, "There is no certainty that the United States will have to abandon its down-range air operations at Manta, Ecuador, used by U.S. surveillance aircraft and other forces for anti-drug operations" due to presidential elections in Ecuador. A runoff election is scheduled for Nov. 26.

Moonshiners Seen As Vanishing Breed In West Virginia. The Charleston Daily Mail (10/17, Anderson) reports, "The West Virginia moonshiner is a vanishing breed made all but extinct by economics and modern law enforcement techniques, experts say." The Daily Mail continues, "Moonshine is not profitable to make for widespread sale anymore. … And in the modern era of ATVs and helicopter aerial searches, it's harder for a moonshiner to hide. … But moonshine hasn't gone away entirely." The Daily Mail adds, "An elderly Roane County man was recently arrested for allegedly shooting his nephew after a night of drinking moonshine. When police found Wayne Howard Mallory passed out in his trailer, they roused him and asked him about the shooting. Mallory couldn't remember anything about it. … In August, authorities seized $1 million worth of marijuana and a moonshine still at a Greenbrier County couple's 29-acre property. … 'There's probably a bit of it going on, but I don't think it's a problem,' said Paul Cross, agent in charge of the Charleston office of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. … Cross said his agency hasn't come across a real case of moonshine-making in about seven years. 'People get into that stuff to make money,' he said. 'It doesn't seem to be economically viable to do it at this time.'"

IMMIGRATION:

Chicago Child Abuse Suit Creates Immigration Concerns. CBS 2 Chicago (10/17, Johnson) reports, "A child abuse lawsuit aimed at helping illegal immigrants stay in the country is creating some waves. … Some people believe the lawsuit in support a Chicago mother and her son misses

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a critical point, and CBS 2's Rob Johnson reports that others believe it's right on target." CBS2 continues, "The immigration debate has become one of America's most pressing issues. The latest salvo fired came last week with the filing of a class action lawsuit on behalf of children like 7-year-old Saul Arellano, whose mother Elvira is hunkered down in a Humboldt Park church fighting deportation. … The suit names President Bush and Attorney General Alberto Gonzales, among others, and claims that such deportations are a form of child abuse. … 'They should be able to live in this country with their parents and that is not happening,' said Emma Lozano with the Center Without Borders." CBS2 adds, "That strategy, says CBS 2 legal analyst Irv Miller, is a long shot. … 'It's probably not going to be a class action, which is what the mom and the child want it to be to gain the notoriety,' Miller said."

Some Democrats Taking Harder Line Than Party On Immigration. The New York Times (10/17, Swarns, 1.21M) reports Democratic congressional leaders have "maintained a united front on immigration, demanding legislation that would legalize illegal immigrants and create a guest worker program to ensure a reliable legal flow of foreign workers." But in Tennessee, "and in at least a dozen other fiercely contested Congressional races, Democratic candidates are publicly breaking with that message." In North Carolina, House candidate Heath Shuler "ran a television advertisement declaring he would never 'give amnesty' to illegal immigrants." Georgia Rep. John Barrow "has played up his vote to build a fence on the southwest border," while in Ohio, Democratic challenger John Cranley "has accused" Republican Rep. Steve Chabot of "voting to legalize hundreds of thousands of illegal immigrants." In Tennessee, Rep. Harold Ford "reminds voters repeatedly that federal agents raided his Republican opponent's business and found four illegal immigrants working there. Mr. Ford also proudly describes his vote for the border security legislation passed by the House last year, a measure condemned as anti-immigrant by many Democrats in Congress." The Times adds, "The appearance of some candidates vying to be tougher than Republicans on border security, particularly in tight races in conservative states, shows how divisive the immigration issue remains. The tough border security message is carried mostly by Democrats in the South and the Midwest, where a surge of Hispanic immigration is transforming small towns and cities."

Mail Order Bride Law Seeks To Reduce Incidents Of Domestic Violence. The New York Times (10/17, Porter, 1.21M) reports on the impact of a "Congressional effort intended to protect women from potential abuse by American men who seek brides from other countries on the Internet. In June, the federal immigration service froze 10,000 visa applications for foreign fiancées because they did not conform with a law that went into effect in March." The International Marriage Broker Regulation Act, "or Imbra, is intended to give foreign women and the American government more information about the men who seek so-called mail-order brides." Sen. Sam Brownback, "a leading sponsor of the law," said, "This is an unequal partnership where you have somebody dependent on somebody else in a profound way. It puts women at a significant disadvantage, in a potentially violent situation." The Times adds, "Reports of violence in international marriages, some of them Internet matches, have increased in recent years." But the "new law has angered many men, who argue that there is no definitive evidence that violence is more likely to take place in an international marriage arranged over the Internet than in a domestic one."

CONGRESS-ADMINISTRATION:

Kuo Says Faith-Based Initiative Grant Review Was "A Farce." The Washington Post (10/17, A19, Cooperman, 748K) reports White House officials "realized they had a problem, former staffer David Kuo writes in his new book, 'Tempting Faith,' when they saw how a panel rated the first applications for grants under the 'faith-based initiative,' President Bush's vaunted effort to help religious charities." On a scale "of 1 to 100, respected national organizations such as Big Brothers Big Sisters of America scored in the mid-70s to mid-80s, 'while something called Jesus and Friends Ministry from California, a group with little more than a post office box,' scored 89 and Pat Robertson's overseas aid organization, Operation Blessing, scored 95, according to Kuo." Kuo wrote, "It was obvious that the ratings were a farce." He and "other White House aides feared that if the list became public, 'it would show once and for all that the initiative was purely about paying off political friends for their support.'" The Post adds the excerpts from Kuo's "explosive book" brought "heated denials from White House press secretary Tony Snow and other current and former Bush administration officials." In addition to "being a memoir of his three years in the White House, where Kuo was deputy director of the Office of Faith-Based and Community Initiatives until December 2003, the book is a saga of falling in, and out of, love with conservative Christian politics."

In his Washington Post column (10/17, A21), E.J. Dionne says, "The headlines that have come Kuo's way have focused on the author's claims that White House staffers ridiculed some of their evangelical supporters as 'nuts' and 'goofy' and that public events surrounding Bush's faith-based initiative were geared toward Republican electoral fortunes. As a former deputy director of the White House Office of Faith-Based and Community Initiatives, Kuo has a fair claim

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to knowing what he's talking about." But the "most useful thing that could flow from Kuo's revelations would not be a splashy exchange of charges and countercharges but rather a quiet reappraisal by rank-and-file evangelicals of their approach to politics. I hope Kuo's book promotes serious discussions in religious study groups around the country about whether the evangelicals' alliance with political conservatism has actually made the world, well, more godly from their own point of view."

2001 Concert Organizers Say Kuo Left Them On Hook For $25,000. The Washington Post (10/17, C3, Argetsinger, Roberts, 748K) reports Kuo "has plenty of GOP loyalists furious with him right now. They can line up behind organizers of the October 2001 'United We Stand' concert, who say Kuo stiffed them to the tune of $25,000." Kuo was "the administration's point man for the star-studded concert at RFK Stadium (featuring Michael Jackson, Aerosmith, James Brown, Janet Jackson, Mariah Carey, P. Diddy, Rod Stewart, Destiny's Child), which was thrown together in the weeks following the 9/11 attacks to benefit the American Red Cross and other relief funds." Republican fundraiser Rob Jennings "told us Kuo seized on an idea to hand out 50,000 American flags to the audience and repeatedly assured organizers he could find an underwriter for the $25K cost -- and so the flags were ordered and paid for by the promoter." But the "money never arrived, despite Kuo's continued promises. Kuo eventually stopped returning calls, and organizers were quietly asked by the White House to back off, said Jennings."

Internal Report Found Specter Aide Broke No Rules On Earmarks. Roll Call (10/17, Stanton) reports, "An internal investigation of a senior aide to Sen. Arlen Specter…and spousal connections to Congressional earmarks found that no illegal or unethical activity occurred, according to a copy of the report reviewed by Roll Call. However, the report found that Senate ethics rules do not adequately address the large number of spouses, children and other immediate family members who also work as lobbyists, prompting Specter to institute a series of changes to his internal rules of conduct. The investigation was conducted following news reports that questioned the role that Specter aide Vicki Siegel may have played in securing earmarks sought by clients of a lobbying firm founded by her husband."

Hastings Says Foley Probe Will Go "Wherever The Evidence Leads." House ethics committee chairman Rep. Doc Hastings finds himself in the spotlight as his panel looks into sexually explicit messages sent by former Rep. Mark Foley to teenage male House pages. The AP (10/16, Daly) reported that Hastings "pledges that the Foley investigation will go wherever the evidence leads. 'I take that responsibility that I have as the chairman of the ethics committee very seriously,' he told The Associated Press. 'Life gives you all sorts of responsibilities, and sometimes you just have to deal with them. I feel very confident in the direction we are moving.'" The AP added, "Asked whether he personally supports [House Speaker Dennis] Hastert, who named Hastings to lead the ethics committee, Hastings said, 'I think the speaker has done an excellent job.' Hastings later clarified that his remarks were 'not related to the matter at hand here.'"

Kildee Says Page Board Discussed Allegations Of Improper Conduct Toward Pages. Rep. Dale Kildee, the only Democratic member of the House Page board, said the board on Monday discussed allegations of improper conduct toward House pages which do not involve former Rep. Mark Foley. The AP (10/16, Margasak) reported that Kildee "would not elaborate on whether the discussion involved lawmakers. He said, however, that none of the allegations discussed have been proven." Kildee "commented after he testified before the House ethics committee on the Foley matter. … Kildee has said previously, and repeated again after his testimony, that he was not informed about Foley's e-mails and instant messages to former male pages until the scandal became public in late September."

Foley Scandal Said To Show GOP Hypocrisy. In his Washington Post column (10/17, A21), Richard Cohen) says the Mark Foley congressional page scandal is "so far…the ultimate Washington sex scandal: There is no sex. Maybe there will be sex. Maybe some underage page or former page will be discovered to have had sex with Foley, but so far this has not happened. This lack of a physical victim -- with the arguable exception of Foley and the entire Republican Party, that is -- may explain why certain GOP congressional bulls, from committee chairmen to the speaker of the House himself, did not bolt from the joint, pulling every alarm on the way out." Cohen concludes, "A sex scandal-turned-political panic involving just one person lacks a certain something. That it has attained such critical mass, that it threatens the speaker of the House and the GOP majority, says little about the repellent Foley but a lot about how the GOP has been hoisted by its own petard."

Reid To Amend Ethics Report To Account For Land Deal. NBC Nightly News (10/16, story 5, 2:00, Williams, 9.87M) reported on "Harry Reid of Nevada, the top Democrat" in the Senate, and "a story that continues to follow him." NBC (Reid) added "Harry Reid had this real estate deal. Eight years ago he bought land for $400,000 and sold it six years later. Made a $700,000 profit. His critics say he violated Senate rules because he did not report it on his Senate financial forms. He said he'll fix the forms if he has to. Today he decided to jump ahead and to amend those forms

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and give the full story. He still insists that the deal itself is perfectly legal."

CNN's The Situation Room (10/16, Blitzer) reported Reid is "amending his report to the ethics committee on a controversial land deal that earned him more than a million dollars. Reid did initially report it, but he's now facing new questions. He says he wants to account for the deal more fully. He also now says he failed to report two smaller land deals because of what he calls clerical errors."

The Washington Post (10/17, A4, Weisman, 748K) reports Reid "will amend four years of ethics reports to Congress to more fully explain a real estate transaction that allowed him to collect $1.1 million in 2004. At the same time, he said he will personally reimburse his political campaign $3,300 that his campaign fund contributed for the Christmas bonuses of support staff at the Ritz-Carlton in Washington, where he lives." The "actions, prompted by reports by the Associated Press, are proving to be a headache for Democrats as they press their case that Republicans have succumbed to a 'culture of corruption.' The land deal, in particular, has brought comparisons to a real estate transaction last year that netted House Speaker J. Dennis Hastert (R-Ill.) $2 million."

Roll Call (10/17, Billings, Ackley) reports while "admitting no wrongdoing, the top Senate Democrat said he has directed his staff to revise his ethics reports to make clear that he didn't sell the property in question in 2001, but merely transferred the title to the land to a limited liability corporation. Reid also said he would address 'two minor matters' left off his original disclosure forms relating to two smaller land transactions."

Reid Used Campaign Donations To Pay Condominium Tips. The New York Times/AP (10/17) reports Senate Minority Leader Harry Reid "has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton hotel here, where he lives in a condominium. Federal election law bars candidates from converting political donations for personal use." When "questioned about the campaign expenditures, Mr. Reid's office said Monday that his lawyers had approved them but that he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence." The bonuses — "$600 in 2002, $1,200 in 2004 and $1,500 in 2005 — went from Mr. Reid's re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign 'salary' for two years, which Mr. Reid said was a clerical error, and as a 'contribution' one year."

The AP (10/17, Solomon) reports, "Back in 2000, Congress rebuked powerful House Transportation Committee Chairman Bud Shuster, R-Pa., for among other things creating the appearance, through poor record-keeping, that campaign committee expenditures were for personal rather than bona fide campaign uses." The Washington Times (10/17, 88K) also runs the AP story.

Many Relatives Of Members, Aides Lobbied Successfully For Clients. USA Today (10/17, Kelley, Eisler, 2.27M) reports, "No laws prevent family members from trying to influence lawmakers or top congressional staffers. Many have succeeded in getting millions for their clients, a USA TODAY investigation shows." While members of Congress "and their staffs are barred from using their positions for personal profit," their "spouses and other relatives can — and often do — cash in when lawmakers spend taxpayer dollars." USA found lobbying groups "employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write." They "connections are so pervasive that, in 2005 alone, appropriations bills contained about $750 million for projects championed by lobbyists whose relatives were involved in writing the spending bills." USA "found 53 cases in which relatives of lawmakers or their top aides worked at lobbying firms last year. In 30 instances, those relatives, or firms in which they are principals, sought money in the appropriations bills their family members or their family members' bosses helped write. Of those 30 relatives, 22 succeeded in getting specific language inserted in the bills that guaranteed money for their clients, USA TODAY found."

USA Today (10/17, Kelley, Eisler, 2.27M) also reports, "Family ties give lobbyists insight into how legislation is written — and access to those who are in positions to secure millions for specific projects" through earmarks.

Abramoff Scandal Said To Highlight Need For Charity Reform. In a New York Times op-ed (10/17), Frances R. Hill, a professor of law at the University of Miami and director of the tax program at the Campaign Legal Center, says, "A report issued last week by the minority staff of the Senate Finance Committee details how the fallen lobbyist Jack Abramoff exploited tax-exempt organizations — both sham nonprofits and otherwise legitimate charities — to move money from clients he disdained to congressmen he hoped to influence." The "primary attraction" of the groups to Abramoff "was their opacity: Their ability to raise money in any amount, without limit, from any individual or entity anywhere in the world without disclosing the contributors to anyone." This "grim report from the Senate Finance Committee's Democratic investigators should remind Congress and tax-exempt organizations that reform is overdue." The "guiding principle should be simple and direct: a politician's only relationship with a charity should be as a contributor. Elected officials should not accept travel or meals or golf course fees, even if they claim that participating

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in charity events will induce others to write checks for a good cause." Congress should "begin by eliminating exceptions in ethics rules, campaign finance laws or lobbyist registration laws for benefits channeled to politicians through nonprofit, tax-exempt entities."

Bush To Visit North Carolina School To Tout Success Of NCLB. In its broadcast last night, News 14 Carolina (10/16, 9:01 PM, Mathis) reported, "One Greensboro elementary school will be welcoming a very exciting visitor this week. President Bush is scheduled to visit Falkener Elementary School on Wednesday, and that means Greensboro has plenty of preparing to do in time for the president's big visit." Principal Amy Holcombe said, "I thought it was one of my brothers playing a joke on me at first." The school was selected as "a successful example of the No Child Left Behind legislation." Students "made a sign to welcome the president" and "the first dog, Barney." The school "will put all of its effort into making the school look great for President Bush's visit."

WGHP-TV High Point, North Carolina (10/16, 4:40 PM) reported, "The national recognition will spotlight the success Falkener has made in raising test scores. The majority of the school's students come from economically depressed backgrounds." Principal Holcombe said the school's success "comes after hard work and good student-teacher relationships."

Chairman Says TSP Could Grow To $200 Billion By Year's End. The Washington Post (10/17, D4, Barr, 748K) reports in its "Federal Diary" column, "Account balances in the Thrift Savings Plan could grow to $200 billion by year's end, the chairman of the board that oversees the 401(k)-type plan for government employees said yesterday. Hitting $200 billion would make the TSP twice as large as four years ago, Andrew M. Saul , the head of the Federal Retirement Thrift Investment Board, said at the board's monthly meeting."

USA Today Supports Spellings' Proposal For College Student Database. USA Today (10/17, 2.27M) writes in an editorial favoring a recent proposal by U.S. Secretary of Education Margaret Spellings to establish "a privacy-protected database that would collect information on all students attending college." The database "would open the way to comparative data and greater accountability." Claims by "private schools" that it would "compromise student privacy" are described as "dubious" and "hypothetical" while, "the need for a new system is real" because it would offer parents the answers to "many pressing questions" such as "what students actually pay, after financial aid," "why students drop out and where they go" and "what impact college has on their future success." American taxpayers and parents and students "deserve a more accurate picture of what they're getting for all that money."

Meanwhile, David Shi, president of Furman University and chairman of the National Association of Independent Colleges and Universities, replies to the editorial in USA Today (10/17, 2.27M) arguing that, "the proposed database would put at risk fundamental privacy rights, especially the right of students to control their academic records -- a federally protected right since 1972." Supporters of the plan are said to "ignore the wealth of data already available online" including "graduation and retention rates, financial aid data, estimated student expenses, degrees awarded and much more." Instead of a database, Shi favors a plan for the USED to "make this data user-friendly."

WPost Decries Brownback's Hold On Neff Nomination. The Washington Post (10/17, A20, 748K) editorializes, "If you thought that fights over judicial nominations couldn't get any worse, consider the case of Janet T. Neff, whom President Bush has nominated to a federal district judgeship in Michigan." Neff "once attended a commitment ceremony for a lesbian couple -- and that has Kansas Sen. Sam Brownback (R) reaching for the smelling salts and blocking the nomination. Mr. Brownback has said he wants to satisfy himself that the judge was not presiding over an 'illegal marriage ceremony' in Pittsfield, Mass., in 2002 -- before the state legalized same-sex marriage. He has written to Judge Neff asking for an explanation, his spokesman says, and will hold up her nomination until he learns the nature of the ceremony and its legality." Bush "has finally reached a compromise with Michigan senators to ease one of the more intractable irritants in the wars over lower court nominations. Judge Neff is a piece of that deal, all of which could get derailed if Mr. Brownback does not back off."

OTHER NEWS:

Economists Say Bush Taking Credit On Economy Where Little Is Due. The Washington Post (10/17, D1, Montgomery, 748K) reports that President Bush last week took credit for figures showing the federal budget deficit shrinking by 40 percent over the past two years, which he hopes will strengthen his push for additional tax cuts. Bush "hailed the dwindling deficit as a direct result of 'pro-growth economic policies,' particularly huge tax cuts enacted during his first term. … Economists said Bush was claiming credit where little is due. The economy has grown and tax receipts have risen at historic rates over the past two years, but the Bush tax cuts played a small role in that process, they said, and cost the Treasury more in lost taxes than it gained from the resulting economic stimulus." The Post adds,

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"Democrats criticized the president for celebrating a deficit that still ranks among 'the largest in our nation's history,' as House Minority Leader Nancy Pelosi of California put it. And they pointed to CBO projections that the deficit will rise again next year and balloon in coming decades as 78 million retiring baby boomers make claims on Social Security and Medicare."

Economist Says US Economy Doing Well. Brian S. Wesbury, chief economist at First Trust Advisors L.P., writes in the Wall Street Journal (10/17, 2.03M) that "it is getting harder for cynics and pessimists to argue that the US economy is doing poorly. But this does not stop them from trying. Lately, the old class-warrior standby, that 'Wall Street may be doing fine, but Main Street suffers,' is echoing down the alleyways. Fortunately, no matter how many times this theory bounces off the walls, there is little in the way of facts to back it up." Wesbury adds, "Massive positive revisions to employment and incomes, rising stock prices and a flood of new tax revenues paint a much different picture than conventional wisdom had expected. But history is clear. As long as government policies do not hinder entrepreneurship, the US economy can overcome even the most daunting of challenges. Have faith."

Dow Jones Edges Closer To 12,000 Mark. NBC Nightly News (10/16, story 6, 0:15, Williams, 9.87M) reported, "On Wall Street here in New York today, so close but still no 12,000-mark for the Dow -- though the numbers were up. The Dow was up 20 points [to close at 11,980.60]. NASDAQ also up for the day about 6 and a half points [to close at 2,363.84]." The Wall Street Journal (10/17, C1, McKay, 2.03M) says "the broad Standard & Poor's 500-stock Index rose 0.3%, or 3.43 points, to 1369.05, up 9.7% on the year and at a new 5½-year high."

USA Today (10/17, Block, 2.27M), in a story about the stock market, says that if it "sustains its strong performance through the rest of the year, investors won't be the only winners. Charities will likely benefit, too. Historically, stock market performance has been closely correlated with charitable giving, research by the Center on Philanthropy at Indiana University shows."

As Drop In Gas Prices Continues, Analysts Dismiss Talk Of Price Manipulation. CBS Evening News (10/16, story 6, 2:35, Couric, 7.66M) reported, "The way things are going at the gas pump, there's no point in topping off your tank today. Chances are, the price will be even lower tomorrow. As of tonight, gas is the lowest it's been all year. A nationwide average of $2.23 a gallon. It hasn't been that low since last Christmas. But is this an election year present from President Bush to fellow Republicans?" CBS (Mason) reported, "Gas started going down just as the fall campaign started heating up. Coincidence? Some drivers don't think so." Unidentified male: "I think it's basically a ploy to sort of get the American people to think, well, the economy is going good, let's vote Republican." Mason: "Call the conspiracy theory crazy, but it's spreading through Internet blogs. And over the airwaves. A recent poll found 42% of people believe the Bush Administration has deliberately manipulated the price of gas to affect the election." Mason: "But analysts say there's no conspiracy." Andy Lapemiere, analyst, ISI Group: "It's preposterous." Mason: "Supply and demand determine gas prices, he says, and apart from controlling the relatively small Strategic Petroleum Reserve," Lapemiere: "There's virtually nothing the President can do to impact oil prices and gas prices." Mason: "In any case, Iraq is now weighing down President Bush's poll numbers. Lower gas prices have made Americans feel better about the economy, but they're not making them feel better about the President."

NBC Nightly News (10/16, story 8, 2:55, Williams, 9.87M) reported, "As you no doubt recall, it was something of a crisis when [gas] prices hit their high at the peak of the summer driving season. Average price for a regular gallon back then hit $3.04. Now it's fallen to $2.23. We sent Kerry Sanders to a colorful part of the country this time of year, New England, to see if the lower prices are having an impact." NBC (Sanders) reported, "Everybody is affected by the price of gas." Sanders said, "The Pulaski family also thankful for lower prices but suspicious." Unidentified female: "I think it's pretty convenient given the elections are coming up." Sanders reported that lower gas prices "encouraged people to hit the back roads of new England this autumn."

Columnist Says Low Gas Prices Will Test Commitment To Alternative Fuels. In his "Eyes on the Road" column, the Wall Street Journal's (10/17, D7) Joseph B. White says October is "turning into a big month for alternatives to century old gasoline car technology" as various automakers have announced plans to increase production of gas-electric hybrids, so-called "plug-in" hybrids, and vehicles capable of running on ultra-low sulfur diesels. "To top it off," White notes that President Bush on Thursday "used the podium of a Renewable Energy Conference in St. Louis to express his enthusiasm for a wide range of oil-conserving technologies, including corn and cellulosic ethanol, fuel cells, and plug-in hybrids, as well as nuclear power, natural gas and coal." However, White says, "There's just one problem: Gasoline is once again getting cheap, or at least, cheapish." Bush said Thursday that the low gasoline prices are "not going to dim my enthusiasm for making sure we diversify away from oil," but White says the next several months "will be a test" of how committed Americans are to reducing their gas consumption. Toyota has "publicly defined success as selling 60,000 Camry hybrids a year," and White warns, "If the Camry misses that target, it could be a sign that President

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Bush is right to be worried about the resolve of Americans to end oil addiction, just because they should."

NYTimes Criticizes Bush's DOE On Appliance Standards. The New York Times (10/17, 1.21M) says in an editorial, "President Bush touched a lot of the right bases in a speech in St. Louis that focused on the urgent need for increased efficiency and alternative fuels to address the country's energy problems, including its dependence on imported oil. It would be helpful, though, if he could get his Department of Energy on the same page." Under Bush, the Department "has been more passive than ever, failing to issue a single strengthened efficiency standard" for appliances "since he took office."

White House Seeking To Solidify Support Among Talk Radio Hosts. The New York Times (10/17, Rutenberg, 1.21M) reports that last month, White House aides "ushered an influential group of conservative radio hosts into the Oval Office for a private audience with the president. For an hour and a half, Mr. Bush discussed his case for the war in Iraq, his immigration proposals and even the personality of his Scottish terrier Barney, who scratched on the door during the session until the president relented and let him into the office, according to several hosts who attended." The meeting, "which was not announced on the president's public schedule, was part of an intensive Republican Party campaign to reclaim and re-energize a crucial army of supporters that is not as likely to walk in lockstep with the White House as it has in the past." Conservative radio hosts "are breaking with the Republican leadership in ways not seen in at least a decade, and certainly not since Rush Limbaugh's forceful advocacy of the party in 1994 spawned a new generation of stars, said Michael Harrison, publisher of the industry's lead trade publication, Talkers." The "disgruntlement can now be found not only among the more flamboyant radio voices, like Michael Savage, who raged against Mr. Bush's proposals on immigration and other issues, but also among more mainstream hosts, like Laura Ingraham," who criticized the Republican leadership after the Foley page scandal. The "challenge now falls to party strategists to persuade the hosts to overcome the frustrations of many hard-core listeners over issues like spending and border security without alienating them." The effort will peak on Oct. 24, when the administration will hold something of a talk-radio summit meeting, inviting dozens of hosts to set up booths on the White House grounds, where top cabinet officials are expected to sit for interviews." Republican National Committee Chairman Ken Mehlman "has already been working overtime on the talk radio circuit. From Wednesday to Friday of last week, he was interviewed a total of 20 times in Missouri, Tennessee and Ohio, promoting party stances on tax cuts and terrorism."

Taxes, Terrorism Are Key Bush Campaign Themes. USA Today (10/17, Jackson, 2.27M) reports President Bush's "political pitch boils down to two words and one argument. The words are taxes and terrorism. The argument: Democrats are wrong on both." The themes "dominate the half-hour stump speech Bush gives on behalf of Republican candidates across the country. Seeking to preserve precarious GOP majorities in Congress, he has delivered nine campaign speeches in October and could give as many as 20 more before the elections Nov. 7." This week, Bush "will speak at a Republican National Committee dinner in Greensboro, N.C., and on behalf of two embattled GOP incumbents, Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia." Like an "old song with new verses, Bush's basic text is constantly updated. White House communications director Kevin Sullivan said most of Bush's speech comes from the president's handwritten notes, from an outline he developed." White House spokesman Tony Snow "said the president's stump speech also carries a 'subtext. He's got a plan, and it's not clear the other guys do.'" USA Today (10/17, 2.27M) also includes a chart outlining the standard Bush stump speech.

Cheney Remains A Big Draw For GOP Faithful In The Heartland. The New York Times (10/17, A1, Liebovich, 1.21M) reports "the heart of Cheney Country" consists of "hotel ballrooms, military bases and private homes deep in the reddest of red states like Kansas (where President Bush and Mr. Cheney won by 25 percentage points in 2004). As a rule, people still love Mr. Bush in Cheney Country, at least relative to some locales. But the president cannot be everywhere, so Mr. Cheney comes instead, exposing as he goes the durability and devotion of his party's base." Cheney is "dispatched around the country — to Topeka last week, to Casper, Wyo., the week before, and to Wyoming, Mich., the week before that — to preside over events largely ignored by the national news media but covered big-time by the local press." He "raises a lot of cash for the Republican Party and its candidates — more than $40 million at 114 events since January 2005, many of them in off-Broadway political settings like Topeka. And he reaps a full helping of love."

The Christian Science Monitor (10/17, Feldmann, 58K) reports on a trip as the pool reporter covering Vice President Cheney's visit to Topeka, Kansas, and New Orleans. On the flight, Lea Anne McBride, "Cheney's communications director, came back to talk to the reporters about the speech the vice president would be delivering in Topeka at a fundraiser for Rep. Jim Ryun (R). Cheney was still putting finishing touches

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on his remarks, but he would focus on the economy and security, with an emphasis on 'consequence,' she said. The meaning of that last part soon became clear when we received an advance copy of the text: what to expect if the Democrats take control of Congress." The speech was "classic Cheney - red meat for core Republican voters at a time when anxiety is high over the GOP-led Congress's poor public image, the Iraq war, and scandals. Congressman Ryun appears in no danger of losing his seat, but no one's taking any chances." It was Cheney's "113th campaign appearance in the current two-year election cycle. The event raised $215,000 for Ryun, boosting Cheney's total fundraising for Republican candidates and committees since March 2005 to $40 million."

GOP Maintains Cash Edge, Despite Democratic Fundraising Surge. USA Today (10/17, Lawrence, 2.27M) reports Democratic candidates "out-raised their Republican opponents in nearly half of 27 tossup races for the House from July through September, new campaign finance reports show." Most of "the GOP candidates — 19 — had more cash on hand as of Sept. 30. And as of last week, the Republican Party and its allies were spending more heavily in the 27 districts." But independent analysts "called the Democratic surge unusual and said it suggests momentum for Democrats going into the final weeks of the campaign." Stuart Rothenberg said, "Most of the time the late money follows the winner, and the winner is mostly the incumbent." He added that this year, "the smell of Democratic victory is in the air." USA adds that six Democrats 'seeking open seats now held by Republicans in Colorado, Florida, Illinois, Iowa, Minnesota and New York raised more money in the third quarter than their opponents. Another six challengers -- four in Pennsylvania and one each in North Carolina and Indiana — also pulled in more than their opponents."

The Washington Post (10/17, A5, Birnbaum, Goldfarb, 748K) reports that nonetheless, "Republican incumbents in highly competitive races in the House have a substantial cash advantage going into the final weeks before the midterm elections." Democrats "spent more heavily over the summer and early autumn than their Republican rivals in pivotal House districts, leaving themselves at a disadvantage of more than 2 to 1 in money on hand, according to a Washington Post analysis of the latest campaign disclosures." At the same time, Democrats "are on a better financial footing in open seats -- those in which an incumbent is not running. Of the 12 open House races considered tight, Republicans have more cash on hand in seven of them and Democrats are ahead in five, the Post analysis shows."

Roll Call (10/17, Whittington) reports House Republicans "are largely continuing to spend resources to boost the more than two dozen incumbents who appear more vulnerable by the day instead of diverting funds to second- and third-tier races that now look more promising for Democrats." The National Republican Congressional Committee "spent $9 million in independent expenditures on Friday — the largest one-day total for the committee this cycle — bringing the total number of races where the committee has invested at least $1 million for the general election to 18." The NRCC has "spent close to $1 million in at least two other contests, and all but one of these 20 seats are currently held by the GOP." House Democrats, "meanwhile, had spent more than $1 million in just three races as of Friday." House Republicans' "biggest investment so far — not counting the special election earlier this year in California's 50th district — has been in Ohio's open 18th district seat, where the NRCC had spent $2.35 million as of Friday to defend the district being vacated by Rep. Bob Ney (R-Ohio), an admitted felon. The Democratic Congressional Campaign Committee had spent almost $900,000 on the race by that same point." The NRCC "had spent $2.24 million on the effort to re-elect Rep. Jim Gerlach (R-Pa.) as of Friday, making his 6th district race the second-most expensive for the committee."

Consensus Three Weeks Out Has Republicans Losing Only The House. The White House Bulletin/US News (10/16) reported, "Republicans are heading to defeat in the House and a close victory in the Senate, according to several political operatives and pollsters interviewed this morning." There is general agreement that Democrats "will pick up the needed 15 seats to claim the majority and will probably add another 10. But in the Senate, it appears that the Republicans will hang on to a one or two seat majority, according to the political insiders from both sides of the aisle." A GOP strategist said, "I have heard no political operative from our side saying we keep the House. In the Senate, though, the Democrats will pick up some but only gain to 49." The Bulletin adds a Republican pollster "speaking on background said the seat to watch in the Senate race is in Missouri, where Sen. Jim Talent is battling state auditor Claire McCaskill. 'Where Missouri goes, so goes the Senate,' he said." The pollster "also said that Pombo and Doolittle race in California are the ones to watch, suggesting if Republican Reps. Richard Pombo and John Doolittle lose, it's a signal the Democrats could pick up 25 or more seats." Pollster John Zogby in an email seemed to agree, saying, "Barring an October surprise or that vaunted Republican turnout machine versus ho-hum Democratic turnout, Democrats win the House and probably big."

White House "Insiders" Ponder Rove's Fate If Democrats Take The House. The White House Bulletin/US News (10/16) reported, "A big topic among White House insiders as the mid-term elections approach is the fate of Karl Rove if the Republicans lose control of the House or Senate.

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The consensus is that Rove's image will suffer, big time." "He will be taken a lot less seriously," a senior Republican strategist and informal White House adviser says. The Bulletin adds Rove's "luster has been diminishing in the GOP as the party's prospects for the mid-term elections look more and more bleak and as many Republicans blame the Bush administration for being too arrogant, inflexible, and isolated from its GOP allies on Capitol Hill and around the country." Rove's plan, "worked out in concert with Republican National Committee Chairman Ken Mehlman and White House political director Sara Taylor, is to make the November election a choice between individual Democratic candidates and individual Republicans, rather than a nationalized election based on Bush's record and the Iraq war. But, says the senior GOP strategist, 'it's increasingly clear that this is not a 'choice' election -- it's a referendum on Bush.' And whether or not this is fair to Rove, he will be blamed if the GOP suffers big reverses on November 7, GOP insiders say."

Gerrymandering Seen As Limiting Voters' Influence. In a USA Today op-ed (10/17), Ross K. Baker of Rutgers University says, "House incumbents have always held an advantage when Election Day arrived. But the system is now virtually rigged to keep lawmakers entrenched in Washington. The danger: Power has shifted to lawmakers and away from the people." The practice of gerrymandering House districts "will bolster incumbents of both parties and probably limit Democratic gains in the upcoming midterm elections that have historically favored the party out of power. Worse, it places in the hands of a tiny minority of voters in a handful of congressional districts the responsibility for indicating, with their ballots, the direction of the nation over the next two years." Scientific gerrymandering, "and the astute use of other advantages that accrue to incumbents, have resulted in an electoral sea wall around the House of Representatives that can withstand all but the most powerful political tsunamis. This year, it appears that only the gentlest tides will be lapping against this redoubt, and even though Democrats need only a 15-seat gain to recapture the House, such a narrow majority would carry no mandate."

Rothenberg Not Ready To Add Democratic Long Shots To House Watch List. In his Roll Call column (10/17), political analyst Stuart Rothenberg says he is "tempted to add anyone who could possibly ride a wave to victory" in House races, because it is "the easy way out, and I've always taken that route in the past. But I've decided that I won't do it this year — at least not yet. I won't add Reps. Scott Garrett (R) in New Jersey's 5th district, Mark Souder (R) in Indiana's 3rd, Jim Ryun (R) in Kansas' 2nd, Cathy McMorris (R) in Washington's 5th or other potentially threatened Republicans just because their Democratic opponents have an allegedly encouraging poll or are up with TV ads. While I can't completely rule out the possibility that some or all of them could drown in a Democratic tsunami, I believe the chances are so small that I can't bring myself to put them on a list of endangered incumbents. As I said, at least not yet." In Garrett's district, Democrat Paul Aronsohn "distributed a polling memo, based on an initial March survey and a late-September poll, that alleged his race against Garrett was 'tightening up' and that a Democratic victory was 'very possible.'" But "even though the Republican 'generic' number has slipped, and even though the 'wrong track' number and President Bush's job approval rating have eroded, Garrett's trial heat number has remained the same, just a whisker under the 50 percent mark." The situation "is a bit different, but only a bit, in Colorado's 5th district, where a media poll shows a dead heat between Democrat Jay Fawcett and Republican Doug Lamborn for the open seat of retiring GOP Rep. Joel Hefley." But the "fundamentals of Colorado's 5th are so terrible for Democrats that it's hard to believe Fawcett will win." For Democrats, "the more interesting long shots may include Rep. Melissa Hart (R-Pa.), whose 4th district gave Bush 54 percent of the vote in 2004 and 52 percent four years earlier. Or Rep. Gil Gutknecht (R), who represents a competitive district in southeastern Minnesota. A true national wave could hit hard in districts like those, creating opportunities that Democrats ought not have in a normal year. That's why both of these races now are on my list of Democratic challenges to watch."

Democrats Outraise Opponents In Key Senate Races. The Wall Street Journal/AP (10/17, A6) reports Senate Republicans "were outraised by Democratic opponents in key races in third-quarter fund-raising, setting the stage for a competitive campaign stretch." In Virginia, Sen. George Allen "reported raising $1.94 million in the quarter ended Sept. 30 compared with $3.3 million raised by his Democratic challenger Jim Webb." In Missouri, Democrat Claire McCaskill "outraised Republican Sen. Jim Talent by about $1 million. Mr. Talent reported $4.2 million still in the bank, while Ms. McCaskill reported $246,000 in cash on hand after a major final television ad buy." Democrat Bob Casey "reported raising $3.94 million in his campaign to unseat Pennsylvania Republican Sen. Rick Santorum. The Santorum camp reported having $3.6 million in the bank at the end of September; Mr. Casey reported $3.7 million."

Lieberman Endorses Bolton For Confirmation As UN Ambassador. Sen. Joe Lieberman yesterday endorsed John Bolton for a permanent slot as UN Ambassador. The New York Daily News (10/17, Kennedy, 729K) reports that Lieberman's statement put him "at odds once again with Democrats, including his Senate colleague Chris Dodd. … 'I see no reason not to be for Bolton,' Lieberman told a meeting of the Daily News Editorial Board.

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'Based on his capabilities -- and now based on his performance -- I believe Bolton is well-qualified,' he said."

Chafee, Whitehouse Revisit Familiar Themes In Second Debate. The Boston Globe/AP (10/17, Smith) reports Republican Sen. Lincoln Chafee and Democratic challenger Sheldon Whitehouse "tangled over corruption, independence and the Republican Senate on Monday in their second radio debate." Whitehouse said, "The Bush administration has been a disaster for America and a disaster for Rhode Island." Chafee said Whitehouse's "record as a former state attorney general and U.S. attorney was one of 'incompetence and willful blindness.'" The Globe adds the "conversation continued the themes the candidates have focused on in recent days, with Chafee assailing Whitehouse's record as a prosecutor and saying he ignored corruption by friends of powerful Democrats, and Whitehouse tying Chafee to President Bush and the 'Republican agenda.'"

The Providence Journal (10/17, Peoples, 168K) reports the debate "was largely civil -- and largely repetitive." Chafee did "his best to turn the debate to local issues and Whitehouse's actions as a former U.S. attorney in Rhode Island, compared to Whitehouse's repeated efforts to focus on the direction of the country and other national issues such as health care and Iraq."

Allen Says His Conservative Position On Key Issues Will Win Race. The Washington Times (10/17, Bellantoni, McLaughlin, 88K) reports Sen. Allen "said that he will be re-elected by sticking to conservative issues, even as national liberals are funneling cash to his Democratic opponent and linking the senator to an unpopular president.." On Thursday, Allen will "appear with President Bush to refuel his campaign coffers in an effort to counter Democrat James H. Webb Jr.'s robust fundraising and to rally his anti-tax and socially conservative base." Allen said, "If it's based on issues, stands on issues, solutions, ideas and a proven record of performance, I think we're going to win. The people of Virginia know me as a senator and as a governor."

Mark Warner Campaigns With Webb. The Washington Times/AP (10/17, Barakat) reports, "Virginia's two most popular politicians jumped full-bore into the state's Senate campaign yesterday, with former Gov. Mark Warner promising to do all he can to get Democrat James H. Webb Jr. elected and U.S. Sen. John W. Warner making a joint televised appearance with Republican Sen. George Allen." Mark Warner, who "surprised political observers Friday by forgoing an anticipated run for the presidency, campaigned yesterday with Mr. Webb at a Fairfax County retirement community and said many more joint appearances are forthcoming." Meanwhile, Allen "for the second time in his campaign purchased a two-minute block at 7:58 p.m. yesterday in all of Virginia's broadcast markets -- this time for a taped joint appearance with Sen. Warner."

Don King Campaigns With Steele In Maryland. The Washington Times (10/17, Ward, 88K) reports, "Boxing promoter Don King yesterday campaigned with Maryland Lt. Gov. Michael S. Steele in Prince George's County and Baltimore, telling black voters to support Mr. Steele's U.S. Senate candidacy even though he is a Republican." King said, "For black people, there can't be a fealty to party. That's not fidelity to truth." The Times adds, "With his trademark hair standing straight up, Mr. King appeared with Mr. Steele at a cafe in Largo Town Center and then on a street corner in West Baltimore. The two then visited a youth boxing center." King "criticized the state Democratic Party for not promoting black leaders."

Corruption Seen As Key Issue In New Jersey Senate Race. The Washington Times (10/17, Fagan, 88K) reports profiles the New Jersey Senate race, noting the same "Democratic leaders who have long hoped to regain control of Congress by blasting a Republican 'culture of corruption' are in danger of losing their shot at the Senate because of accusations of corruption against Sen. Robert Menendez." Menendez "has been plagued by news reports that he's under federal investigation for a long-standing rental deal with a nonprofit group that received millions in federal funding while he was a House member." Republican Tom Kean Jr. has "hammered the Democratic incumbent in negative ads. And the criticism increased last month after the Philadelphia Inquirer reported a taped conversation in which a Menendez ally told a government contractor that he would have 'protection' if he hired a doctor with ties to Mr. Menendez." Democrats say "they're not surprised by the Republican focus on accusations of corruption but say Mr. Menendez will win anyway by linking Mr. Kean to President Bush."

Brown's Pulitzer Prize-Winning Columnist Wife Aiding His Bid To Unseat DeWine. The Washington Post (10/17, C1, Slevin, 748K) runs a lengthy profile of OH13 Rep. Sherrod Brown's (D) wife, Connie Schultz, a Pulitzer Prize-winning columnist for the Cleveland Plain Dealer, who left the newspaper in February after her husband decided to run against Ohio Sen. Mike DeWine (R). The Post reports, "The campaign role is new to her. So, for practical purposes, is the marriage. Schultz and Brown met in 2003 when each was long divorced. … Brown, 53, is a doctor's son schooled at Yale. Schultz, 49, is a maintenance man's daughter who became her family's first college graduate. Yet with their progressive philosophy, their passion for the underdog and their gregarious flesh-pressing, there is no mistaking that they

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are a matched set." The Post adds, "Their collective decision to challenge DeWine, a family values conservative with an agreeable public persona in a state long dominated by Republicans, is the biggest political risk of their professional lives."

Candidates Build Presence On Popular Social Networking Websites. USA Today (10/17, Keen, 2.27M) reports candidates are "using popular websites Facebook, MySpace and YouTube for the first time to give their campaigns free publicity, reach young voters and bypass traditional media. Once they're online, though, they risk being mocked and losing control of their messages." Facebook.com "created 1,400 candidate profiles that listed names, states, parties and offices. Of those, about 300 are updated by candidates or their staffs, marketing director Melanie Deitch says." But what's "online can be embarrassing: ·Sen. Hillary Rodham Clinton's Facebook profile has many posts from her Green Party rival, Howie Hawkins, who lists reasons he thinks the New York Democrat should be defeated." A Facebook search "for 'Mike DeWine' turns up the Ohio Republican senator's profile as well as links to several self-organized political groups of Facebook members. One group calls itself 'Mike Dewine and (Ohio Rep.) Deborah Pryce are tools,' a derisive slang for dupes."

Hillary Clinton's Avoidance Of Iowa Could Aid Rivals In 2008. The New York Times (10/17, Kornblut, 1.21M) reports Sen. Hillary Rodham Clinton "has zigzagged through much of the country" over the last three years, "bouncing among Ohio and California, New Jersey and Colorado, Pennsylvania and Michigan, raising tens of millions of dollars and meeting with legions of Democrats. But she has conspicuously bypassed Iowa, whose caucuses will be the first presidential nominating contest, and New Hampshire, the state with the earliest primary, where her last visit was even longer ago." Clinton's strategy is "a tacit recognition that crossing the border into a state that will matter early in 2008 would set off a cascade of attention and be tantamount to an official announcement that she is running for president." But "depending on how long she waits, her absence from Iowa also risks giving her Democratic rivals an opening to curry favor with voters here. Other candidates are already in a nearly constant march through the state, hiring operatives and seeking commitments from grass-roots organizers." Former Democratic National Committee Chairman Terry McAuliffe "acknowledges that 'the other candidates are there rounding up donors.'" McAuliffe added, "But beyond that, it doesn't matter at this point. She's in a unique position." The Times adds McAuliffe was quick to add Clinton "was engaged 'in a deliberative process,' deciding whether to run. 'Anybody who tells you she's running today is crazy,' he said." The Times adds, "Other strategists agree that if Mrs. Clinton does run, then the moment she begins to devote her attention to a presidential campaign her financial and name-recognition advantages will wash away any memory of the years she declined to visit Iowa and New Hampshire."

States Consider Privatizing Major Highways. USA Today (10/17, Kim, 2.27M) reports, "A number of states have looked at privatizing major highways to fill budget holes and cover the expense of fixing other crumbling roads. Gov. Jon Corzine of New Jersey is considering leasing the New Jersey Turnpike and other toll roads, while road privatization has emerged as an election topic in Illinois and Ohio. … Northern Virginia lawmakers have resisted toll hikes on the Dulles Greenway, which is privately run. Leaders in Harris County, Texas, defeated a proposal this year to privatize toll roads in the Houston area, deciding to run the road themselves." Indiana's East-West Toll Road "is in its fourth month of private operation. In July, a private Australian-Spanish consortium took over the 157-mile highway, which runs east from Chicago to the Ohio border. The consortium will operate, maintain and collect tolls on the road for 75 years. In return, it gave Indiana a one-time, lump-sum payment of $3.8 billion. … State Treasurer Tim Berry said Indiana has reaped more than $55 million in interest from the consortium's payment."

US Population To Top 300 Million Today. NBC Nightly News (10/16, story 7, 3:15, Williams, 9.87M) reported, "It will take place across this country tomorrow morning and if you didn't know it was coming, there's no way you would know." Today, "at 7:46 AM Eastern time and don't ask us how they estimate it, the US population will click over to 300 million. That's a lot more people in the same amount of space. Americans are on the move and they are heading in one basic direction it appears to be Southwest. That makes Nevada the fastest-growing state in the United States."

Missouri Amendment Said To Be Cloning Trojan Horse. In his syndicated column, running in the Pittsburgh Tribune-Review (10/17) among other papers, Robert Novak says a new video "available on YouTube marks a late attempt by pro-life forces to avert serious defeat in Missouri Nov. 7, with national implications. Cathy Ruse, speaking for Missourians Against Human Cloning, declares: 'Amendment 2 is a fraud. It is an attempt to trick Missourians into approving -- in their Constitution -- human cloning, the right of biotech firms to do human cloning in Missouri -- something Missourians oppose by an overwhelming majority.'" Novak adds, "But Amendment 2 is identified for many Missouri voters by the language at the beginning of the five-page ballot initiative: 'No person may clone or attempt to clone a human being.' That explains why polls have shown a

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substantial margin of support for the constitutional amendment, which is also backed by key Republican politicians and business interests. It seems to offer the best of all worlds: government support of stem cell research without fear of cloning." But the initiative "so narrowly defines cloning as to open the door to any cloning procedure that takes place outside the womb. If this is approved by a state that historically is a barometer of national trends and is considered a pro-life stronghold, it will be a national model for breaking popular resistance to what the scientists and biotech companies want."

WPost Says Maryland Gubernatorial Candidates Didn't Keep Promises On Crime. An editorial in the Washington Post (10/17, A20, 748K) says, "As the Democratic candidate for mayor of Baltimore in 1999, Martin O'Malley set a goal of cutting the city's annual number of murders to 175; they were then running at more than 300 a year. He failed. … As the Republican candidate for governor of Maryland in 2002, Robert L. Ehrlich Jr. also set a goal: to reform the state's decrepit, Dickensian system of juvenile jails. He also appears to have fallen short, though that record is not as easily quantified. … Messrs. O'Malley and Ehrlich, in the heat of the campaign homestretch, are busy bashing each other over issues of crime and punishment. They are key questions for voters throughout the state, particularly in the high-crime areas of Baltimore and Prince George's County, and they played a prominent role in the candidates' back-to-back debates this past weekend. … The hard problems of drugs and gangs are impediments to denting the problems that both men inherited. But the disappointing results in Maryland's juvenile jails and on Baltimore's rough streets raise questions about the managerial abilities of both candidates."

NYTimes Critical Of Legal Move By Blackwell Supporters. The New York Times (10/17, 1.21M) says in an editorial that Ohio Republican gubernatorial nominee Kenneth Blackwell, "who is also the Ohio secretary of state, could rule that his opponent is ineligible to run because of a technicality. We'd like to think that his office would not ultimately do that, or that if it did, such a ruling would not be allowed to stand. But the mere fact that an elected official and political candidate has the authority to toss his opponent out of a race is further evidence of a serious flaw in our democracy." Democrat Ted Strickland is leading Blackwell in the polls, and one Blackwell supporter has filed a residency challenge to Strickland's candidacy. The Times adds, "The complaint itself is without merit. No one disputes that Mr. Strickland lives in Ohio, or that he is registered." The case shows "election administration should be removed from partisan politics, in Ohio and everywhere else."

NYTimes Praises Bloomberg For Family Anti-Poverty Program. The New York Times (10/17, 1.21M) says in an editorial that New York is "searching for new ways to fight persistent poverty, and Mayor Michael Bloomberg's Commission for Economic Opportunity has recommended useful reforms. To encourage families to participate in these programs, the mayor hopes to recruit private donors to provide parents with a cash incentive to make the right choices for their children — like taking them in for regular checkups and making sure they stay in school." The idea is "based on a highly successful Mexican antipoverty program, known as Oportunidades, that is now being tried by at least 25 other countries." To "get payments for food, mothers must bring their children in for regular health checkups and attend informative talks at health centers."

North Korea May Be Preparing For Second Nuclear Test. NBC Nightly News (10/16, lead story, 3:20, Williams, 9.87M) reported North Korea is now "a full-scale crisis." US intelligence "has picked up fresh evidence they might be planning yet another test on the very same day when we were able to confirm the first test was indeed the real thing." ABC World News (10/16, lead story, 2:20, Gibson, 8.78M) noted that "confirmation that the North Korean's did indeed set off a nuclear device last week, a small one. Air samples prove it, showing radioactive particles in air above the site of the blast and anticipation that North Korea may be on the brink of set off a second device." The New York Times (10/17, Shanker, Sanger, 1.21M) says that "confirmation of a plutonium-based weapon "strongly suggested that [Pyongyang's] second path to a nuclear bomb — one using uranium — was not yet ready."

An AP (10/17, Chang) report this morning focuses on a possible second test, saying Seoul and Tokyo "warily monitored unconfirmed reports Tuesday of possible preparations by North Korea for a second nuclear test. Japanese Foreign Minister Taro Aso said his government has 'information' concerning media reports that North Korea could be laying the groundwork for another blast," while Seoul said it "also was aware of signs related to possible preparations." The CBS Evening News (10/16, lead story, 2:40, Couric, 7.66M) showed Secretary Rice saying of the unconfirmed reports, "We're watching it, obviously, and discussing it with other parties as well. I think it goes to say that that would further deepen the isolation of North Korea and I hope they would not take such a provocative act."

CNN's The Situation Room (10/16, Malveaux) reported, "With confirmation that North Korea did, indeed, conduct a nuclear test and is possibly ready to carry out another, a measured warning from Secretary of State Condoleezza Rice." Rice: "It goes to say that that would further deepen the isolation of North Korea and I hope they would not take

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such a provocative act." The AP (10/17, Raum) reports Rice's tone yesterday "at times was conciliatory." She said, "Let's give some time to these sanctions to work. Let's give some time to the diplomacy to work. Let's see if North Korea can be pushed in a different direction. But we've got a much stronger set of tools with which to do that."

ABC World News (10/16, lead story, 2:20, Karl, 8.78M) said that in South Korea, "they were preparing for war. Wailing sirens sent people scurrying to underground bomb shelters. Just a drill, but considering the latest developments, a drill with added urgency."

Bush Says One-On-One Talks Would Not Work. President George W. Bush was asked on Fox News' The O'Reilly Factor (10/16) why the US will not talk to North Korea one on one. Bush said, "We tried that and didn't work," adding, "What I'm saying is there was kind of a good faith effort made to engage North Korea and try to convince them in a bilateral way to give up their weapons programs. There was an agreement made and they didn't honor the agreement. And so I decided since that didn't work, we ought to try another way forward in order to solve this problem peacefully and this is to have China at the table and South Korea at the table and Japan at the table and Russia at the table. My attitude is real simple on this. More voices saying the same thing to North Korea makes it more likely that we will be able to solve this issue peacefully."

In Asia, Rice Will Seek To Lock-Up Support For UN Resolution. Under the headline, "Rice Trip To Push Full Sanctions For North Korea," the Washington Post (10/17, A12, Kessler, Linzer, 748K) reports Secretary Rice "said yesterday that she will push for full implementation of U.N. sanctions against North Korea as punishment for its recent nuclear test when she makes a critical visit to Asia and Russia this week." She is quoted saying, "Every country in the region must share the burdens as well as the benefits of our common security." She "called on nations to 'collectively isolate' North Korea, adding that it 'cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce.' Rice also warned Iran…that the Security Council will begin work on a resolution condemning Tehran for not suspending" its uranium enrichment program. At a press conference, Rice "told reporters that on her trip she will reassure Japan and South Korea that 'the United States has both the will and capability to meet the full range of our security and deterrent commitments.' That is a diplomatic way of saying that the U.S. nuclear umbrella will make it unnecessary for those nations to consider developing their own nuclear weapons."

The AP (10/17, Shrader) reports Rice "declared that UN sanctions prove the world is united in opposing Pyongyang's nuclear ambitions. Such strong opposition should be a warning to Iran, too, said Rice, who is leaving Tuesday morning for an Asian trip that is expected to be dominated by the nuclear issue." She "acknowledged international concerns of escalating the crisis and said she would address that on her trip." The AP adds that Pyongyang's "unpredictable behavior and its history of trading weapons and components makes its nuclear advancements particularly worrisome to its neighbors and the international community."

AFP (10/17) reports Rice "announced she would visit Russia later this week as part of a foreign tour focused on enacting tough UN sanctions against North Korea over its nuclear test. Rice said she would travel to Moscow following visits to Japan, South Korea and China in the wake of" the approval of UNSCR 1718. "'The purpose of my trip is to rally the support of our friends and allies in Northeast Asia for a comprehensive strategy,' she said."

The Financial Times (10/17, Dinmore, Sevastopulo) reports Washington "insisted on Monday on the right to intercept suspicious North Korean cargo under the authority of [UNSCR 1718], setting the stage for a difficult trip to Asia for" Secretary Rice. "Describing resolution 1718 passed unanimously as 'a very powerful tool,' Ms. Rice said it made possible the 'interdiction of dangerous and suspicious cargo. We expect every member of the international community to fully implement all aspects of this resolution and we expect the Security Council to aggressively monitor the process,' she said." The Times says, however, that Chinese PermRep Wang Guangya "disagreed, telling reporters: 'Inspections yes, but inspections are different from interception and interdiction.' He said the resolution did not make it mandatory for all nations to inspect cargo going to and from North Korea. States could carry out such an operation as necessary 'in accordance with their national legal authorities,' he said."

The AP (10/17, Guan, Ang) focuses its reporting on active Chinese enforcement of UNSCR 1718 along its 880-mile land border with North Korea. "At a border-crossing post in the Chinese city of Dandong, about 30 Chinese trucks were seen being checked on Monday morning while 50 empty North Korean trucks waited in line to enter China to pick up cargo. Customs officers opened the back of each truck and looked at its cargo as it rolled up, though they didn't open individual boxes or bags. By contrast, reporters who visited the border post last week didn't see inspectors open any trucks." Furthermore, "in a sign of Beijing's wariness about refugees, construction of a massive concrete and barbed wire fence along parts of [the border] has picked up in recent days. Scores of soldiers have arrived in communities along the banks of the Yalu River, up from Dandong, over the past week to erect the barrier, farmers and visitors to the area said."

USA Today (10/17, Nichols, Slavin, 2.27M) reports that China, "which had expressed concerns about inspecting cargo bound for North Korea, on Monday checked trucks going to North Korea from the city of Dandong." China's UN

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ambassador "said Beijing would not stop and board ships, however."

The AP (10/17, Klug) quotes R. Nicholas Burns, undersecretary of state for political affairs, saying, "We have indications this morning the Chinese are beginning to apply this to their very long land border" with North Korea, and "we also have announcements from Japan and Australia. I spoke to both governments this morning. They are both implementing this." He added "there will be 'enormous pressure on China to live up to their responsibility' in enforcing United Nations punishment of its ally, North Korea. 'We are all banking on that.'" White House press secretary Tony Snow "said President Bush had not personally been making any calls Monday on the matter. Snow urged patience before judging China's commitment to the inspections."

The CBS Evening News (10/16, story 2, 2:30, Pizzey, 7.66M) reported, "To be effective, the new UN sanctions must isolate North Korea even more than it already is and the China/North Korea border crossing may be the most crucial. Controls along that 880-mile long frontier appear to be more stringent today, even after China said it was lukewarm to the idea of inspecting North Korean cargo." Christopher Hill, Assistant Secretary of State: "I think this nuclear test has really brought us all much closer to China and brought China closer to us."

ABC World News (10/16, story 2, 2:30, Litke, 8.78M) said "the Chinese government opposes tougher sanctions that could lead to the sudden collapse of North Korea and a flood of desperate Korean refugees. So, while China is still furious with the North for carrying out its nuclear test, it was clear from the traffic jam across the Yalu River today, the Chinese are not ready to abandon their troublesome neighbor -- not yet."

Abe Said To Seek More "Active Role" For Japan. An analysis piece in the Wall Street Journal (10/17, A6, Hayashi, 2.03M) reports UNSCR 1718 "provides a new test for Japanese Prime Minister Shinzo Abe: how to play an assertive role without straying from the nation's nonmilitaristic constitution." Tokyo "is trying to figure out how to participate in a provision of the resolution…that allows nations to board North Korean ships suspected of carrying banned items and inspect their cargo." The Journal adds, "Japan's pacifist constitution would make it difficult for it to inspect any ships," however, "officials are considering invoking for the first time a clause in a 1999 law that allows its self-defense forces to provide support functions to the U.S. military under a special situation: if Japan faces an emergency situation in the Asian region in which a direct military attack on the country seems imminent." Tokyo's "attempt to play an active role in condemning North Korea reflects an attempt by [Abe] to give Japan greater influence in East Asia. … It also is the latest example of Japan's effort to have its military, known as Self-Defense Forces, take on greater responsibility outside its borders."

Bush Says Putin Agrees Iran Cannot Have A Nuclear Weapon. President George W. Bush said on Fox News' The O'Reilly Factor (10/16), "I had a good talk with Vladimir Putin the other day about the Iranian issue and he knows full well that Iran cannot have a nuclear weapon. Those weapons can fly west or they can fly north." Asked why Russia is selling Iran all kinds of weaponry, Bush said, "I don't think he is arming Iran to the point where they are using a lot of Russian weapons in the theater. There were a lot of Russian weapons in Iraq before we even got there. And of course that would concern me if there is a lot of evidence that he's doing that. I'm concerned -- I do believe, however, that he understands the strategic importance of making sure Iran doesn't have a nuclear weapon. Let me say this. To the extent that we find anybody helping the enemy inside of Iraq we bring our concerns forward."

Moscow May Link Iran UN Vote To Russian Firms' Sanctions. The AP (10/17, Lederer) reports Moscow "demanded Monday that the United States lift sanctions against two Russian companies accused of making deals with Iran involving sensitive technology and hinted that a U.S. refusal could affect negotiations on a U.N. sanctions resolution against Tehran." PermRep Vitaly Churkin "said the sanctions against state arms exporter Rosoboronexport and top aircraft maker Sukhoi for allegedly violating a U.S. law known as the Iran Nonproliferation Act of 2000, create a 'predicament' for Moscow." He "said Russia wants the sanctions lifted off the two companies, whether or not U.N. sanctions are leveled against Iran." Washington "alleges the Russian companies have made deals with Iran involving sensitive technology. Russia has objected to the U.S. law, and both Russian companies deny any violation."

Administration Said To Have Eased Push For Egyptian Democratization. Under the headline, "US Eases Push For Egypt Reforms," USA Today (10/17, Slavin, 2.27M) reports, "Last year, [Secretary Rice] canceled a visit to Cairo to protest the arrest of an Egyptian opposition leader, Ayman Nour. … When Rice visited here earlier this month during a tour of the Middle East, not much had changed: Nour was back in jail, along with thousands of other political prisoners; and political reforms seemed to be on hold." The Administration, "like its predecessors — Republican and Democratic — has supported Egypt with an annual $2 billion in aid since Egypt's 1979 peace treaty with Israel. In the aftermath of 9/11, however, President Bush began calling for democratic reforms in Egypt and the wider Middle East," and now "Rice says that there has been no change in policy."

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USA Today adds that "recent events in the Middle East have complicated U.S. efforts to push democracy" in Egypt, and Rice "said the Bush administration has not given up on democratic reforms but that each country has to move at its own pace."

Olmert Says He's Willing To Meet With Lebanese And PA Leaders. The New York Times (10/17, Myre, 1.21M) reports, "Prime Minister Ehud Olmert told the Israeli Parliament on Monday that he was willing to meet the leaders of Lebanon and the Palestinian Authority in an effort to ease regional tensions, though no such meetings appear imminent." It was "the first day of Parliament's winter session." Olmert said, "I want to take this opportunity to call on Lebanese Prime Minister Fouad Siniora to meet with me face to face." In Beirut, "Siniora's office issued a statement saying that he had 'announced more than once that Lebanon will be the last Arab country to sign a peace deal with Israel.'"

Meanwhile, McClatchy (10/17, Nissenbaum) reports, "In the wake of this summer's war in Lebanon, the Golan Heights have re-emerged at the center of the latest land-for-peace proposal that some see as a chance to reshape regional dynamics. In an unexpected move, Syrian President Bashar Assad has offered to end his conflict with Israel if it gives back the disputed territory it's held for nearly 40 years." Olmert "and influential US diplomats have rejected the proposal as a meaningless feint from a weak authoritarian ruler." But "others, including a growing number of influential Israelis, see the offer as an opportunity to jump-start dormant negotiations at a time when the Middle East is drifting towards further instability."

Six States Require Pension Funds To Divest From Darfur. USA Today (10/17, Lynch, 2.27M) reports, "A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide. Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956." USA adds, "Other human rights activists want to use divestment to discourage corporate activity in Sudan and ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur."

Sri Lankan Suicide Bomber Kills 94 Sailors And Civilians. The New York Times (10/17, Senanayake, 1.21M) reports, "A suicide bomber rammed a truck packed with explosives into a military convoy on Monday, killing at least 94 people and wounding 150. The explosion, about 100 miles northeast of the capital, was one of the deadliest attacks since a 2002 cease-fire between the government and separatist Tamils." Sri Lankan officials "blamed" the Tamil Tigers "for the attack, a charge the group neither acknowledged nor denied. The vast majority of those killed and wounded were sailors, but a military spokesman said some civilians were caught in the explosion." However, Colombo said it "still planned to attend peace talks with the rebels, which are being brokered by Norway and are to resume Oct. 28 in Geneva after an eight-month hiatus. The separatists have said they may back out of the talks." The Times calls the bombing "yet another sign that the four-year-old cease-fire was no longer being observed, even though neither the government nor the rebels have publicly disavowed it." The Washington Post/AP (10/17, A16, Francis) also reports the story.

Venezuela, Guatemala Deadlocked In Bid For Security Council Seat. The Washington Post (10/17, A13, Lynch, Forero, 748K) reports Caracas "was stymied Monday in its bid to win a seat on the UN Security Council, a result that shocked diplomats who had expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage. Guatemala finished ahead of Venezuela in nine of the first 10 rounds of secret" UNGA balloting, "but neither secured the required two-thirds vote to succeed Argentina" in the rotating Latin American seat. Caracas "never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly." The Post says the outcome "came as a relief to the United States, which had lobbied actively on behalf of Guatemala," and is "a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East." Also, "South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions."

In more positive tones, the New York Times (10/17, Hoge, 1.21M) reports Caracas' "campaign…suffered a setback on Monday when Guatemala, backed by the United States, established a wide lead and maintained it after 10 ballots." Guatemala City "ended the day with a lead of 110 to 77," and the voting continues today "and could last days, until one prevails or the Latin American group decides to bring forth a compromise candidate." The Times calls the vote "a distinct blow to the ambitions of Hugo Chávez," who seeks "a global platform to vent his grievances against Washington." Ambassador Bolton is quoted saying, "In the year 2000, I was in Florida for 31 days. This has just begun."

The AP (10/17, Wadhams) adds, "Neither Venezuela nor Guatemala appeared willing to drop out of the election."

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Yesterday's voting "reflected the ambivalence toward Guatemala, the preferred American candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public American campaign against Venezuela and in support of Guatemala."

Ecuadorian Leftist May Have Been Hurt By Link To Chavez. The New York Times (10/17, Romero, 1.21M) reports, "Rafael Correa, the charismatic economist who garnered a surprisingly weak showing Sunday in the first round of voting for president, finds himself in a situation that has plagued leftists in other Latin American elections this year: defending his ties to President Hugo Chávez of Venezuela." Álvaro Noboa, "a conservative banking and banana magnate, surged ahead by attacking Mr. Correa's admiration for Mr. Chávez and his advocacy of nationalistic economic proposals that seemed inspired by Mr. Chávez's policies. The two candidates are expected to compete in a runoff election on Nov. 26. Noboa "called Mr. Correa a 'friend of terrorists, a friend of Chávez, a friend of Cuba.'"

Mexico's PRD Loses Key State Election. The New York Times (10/17, McKinley, 1.21M) reports, "The leader of the Mexican left, who has refused to accept his defeat in the summer's presidential race, saw his party take a beating over the weekend in a governor's race widely viewed as a referendum on his charisma and power as a populist. Though aides to the leftist leader, Andrés Manuel López Obrador, dismissed the loss as a minor setback, his detractors noted that it was the latest in a string of signs that he is losing public support, even in his home state, Tabasco." Sunday's election for governor in Tabasco, "in the south, suggested that Mr. López Obrador's ability to sway voters has waned since the presidential race. Returning to his home state, Mr. López Obrador, the former mayor of Mexico City, campaigned hard for weeks on behalf of his party's candidate, César Raúl Ojeda. He often upstaged the candidate during the final days of the campaign."

The Christian Science Monitor (10/17, Llana, 58K) notes Tabasco "voted heavily for Mr. Obrador" in the presidential race. Sunday's defeat of the Democratic Revolution Party (PRD) candidate, "is being viewed as a referendum on the future of Obrador's national protest movement." The Los Angeles Times (10/17, Enriquez, 918K), among other newspapers, also reports the story.

Victims Of Colombian Paramilitaries Criticize Decommissioning Process. The Washington Post (10/17, A14, Forero, 748K) reports, "In the midst of a relentless conflict, Colombia's government and its ally, the Bush administration, are hailing the demobilization of 32,000 fighters from right-wing paramilitary groups -- a disarmament that authorities here say is larger than any of those that closed out Central America's civil wars in the 1990s." However, the Post says, a "far more critical picture of the disarmament has emerged" from reports that "paramilitary commanders have killed hundreds of people in violation of a cease-fire, trafficked cocaine and stolen millions of dollars from state institutions they had infiltrated." Sen. Patrick Leahy is one of the "lawmakers on Capitol Hill have also voiced concerns about the disarmament," and he is quoted saying, "The demobilization process has been as much about avoiding justice and consolidating ill-gotten gains as it has been about disarming the paramilitaries. The government needs to stop appeasing the leaders of these outlaw militias and listen more to their victims." Even "critics acknowledge that the disarmament has yielded benefits," and "Colombian officials are pledging to conduct exhaustive investigations of paramilitary atrocities and launch trials of the militias' most bloodthirsty commanders." However, "in communities hit hard by paramilitary violence, …victims are incredulous about the government's lofty claims. Once fearful that speaking out could get them killed, they are increasingly organized and assertive. And they are sharply criticizing a process that they say is tilted more toward whitewashing crimes than punishing perpetrators."

China's Extensive Foreign Exchange Reserves Give It Unprecedented Clout. On its front page today, the Wall Street Journal (10/17, A1, Browne, 2.03M) reports China's approach of the $1 trillion mark in foreign-exchange reserves "has made Beijing a colossus in the financial world, cushioned against shocks at home, but potentially able to trigger them abroad." Chinese actions have "major repercussions for the global economy," and, "for the U.S., how China deploys its reserves is a question of some consequence." Some US experts "fear that China might one day dump its holdings of dollar-based assets, setting off a tidal wave of sales that might swamp the U.S. economy. Despite such fears, there's no sign that China is making a major move out of dollars and into euros or other foreign currencies, even though Chinese economists have occasionally warned that the weak dollar holds down the value of China's holdings." It's "enormous nest egg adds to its ability to project its influence around the world." The Journal says this wealth is "a direct result of China's effort to manage the exchange rate of its currency," however, "Chinese central bankers also worry that the plentiful supply of yuan is overheating China's economy and causing unwelcome inflation."

Wal-Mart Close To Purchasing Chinese Retailer For $1 Billion. The New York Times (10/17, A1, Barboza, Barbaro, 1.21M) reports that Wal-Mart is "laying the groundwork to become the biggest foreign chain in China with the $1 billion purchase of" Taiwanese-owned Trust-Mart,

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a major retailer in China. This "represents a large step for Wal-Mart's strategy in China, allowing the American retailer to more than double its presence in a country that, despite its size and growing middle class, remains largely untapped by foreign retailers." The Times adds, "Wal-Mart expects to close the deal for Trust-Mart by the end of the year, but it still needs approval by Chinese authorities, according to a person briefed on the transaction. … The deal puts Wal-Mart neck-and-neck in China with Carrefour, the giant French retailer, which also bid for Trust-Mart. Wal-Mart, which has only 66 stores in China compared with Carrefour's more than 200, outbid not only Carrefour, but also Tesco of Britain and one of China's large retailers, Lianhua."

The Financial Times (10/17, Politi, Foster) reports, "People close to the talks said Wal-Mart had edged out France's Carrefour and local competitors but warned that details remained to be finalised and the deal could collapse.. A purchase of Trust-Mart, which is privately owned by Taiwanese entrepreneurs, would represent one of Wal-Mart's largest recent acquisitions. It highlights how China has become an important battleground for international supermarket chains as its rapid urbanisation and rising living standards create a new consumer class."

NYTimes Pans French Attempt To Outlaw Denial Of Armenian Genocide. The New York Times (10/17, 1.21M) editorializes, "We've argued many times that Turkey must come to grips with the crimes of its past and stop prosecuting writers who mention the Armenian genocide of the early 20th century. But we found it as absurd and as cynical when the French National Assembly voted overwhelmingly last week to make it illegal — on pain of a fine and imprisonment — to deny that there was an Armenian genocide." Turkish efforts to accept their history do "not excuse the way French politicians are trying to exploit anti-Turkish feelings while playing up to the large Armenian-French constituency." The legislation "could further fan anti-Muslim feelings in France," and is "a blow to freedom of expression." While European bans on Holocaust denial may also "violate freedom of expression," the "Armenian question poses no dangers in France. Playing politics with it trivializes not only the Holocaust, but also the Armenian genocide."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Teens' Dancing Is Freaking Out The Adults."
"Final Answer: Vietnam."
"The Post-Burning Question: Log It Or Leave It?"
"Victims' Families Sentenced To Silence."
"Gov. Keeps The Spotlight On."

USA Today:
"Relatives Have 'Inside Track' In Lobbying For Tax Dollars."
"Hit-Run Deaths See 20% Increase."
"U.S. Confirms N. Korea Blast Was Nuclear."
"Politicians' Campaigns Invade MySpace."

New York Times:
"Wal-Mart Said To Be Acquiring Chain In China."
"Iraq's Christians Flee As Extremist Threat Worsens."
"Skills Gap Hurts Technology Boom in India."
"Lawyer, Facing 30 Years, Gets 28 Months, To Dismay of U.S."
"Criminal Records Erased By Courts Live To Tell Tales."
"Cheney Hits Heartland, And He Can Feel The Love."

Washington Post:
"Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare."
"53% Of Voters Say They Back Va. Gay Marriage Ban."
"U.S. Faces Guantanamo Obstacles."
"Homes Raided In Rep. Weldon Influence Probe."
"In-Flight Fires An Unresolved Safety Threat."
"FDA Is Set To Approve Milk, Meat From Clones."

Washington Times:
"U.S. Verifies Korea Test Was Nuclear."
"Allen Touts Conservative record, Ideas."
"haven Fillings Move Up After Fall."
"Reid Used Campaign Funds Too Pay Bonuses To Staff."
"Afghans Need Shovels, Not Guns."
"Senate Hopes To Hinge On Corruption Charges In N.J."

Atlanta Journal-Constitution:
"N. Korea Bomb Used Plutonium."
"Living High In Atlanta."
"GOP Lawmakers Team Up To Fill Party Checkbook."
"Get Skinny Minnie: Disney To Serve, Endorse Healthier Food."

Houston Chronicle:
"Unrelenting Deluge Turns Deadly For 4."
"'Texas Of Today' Is a Mirror For The U.S. Of Tomorrow."
"Debrillators Ordered Into High Schools After 4 Deaths."
"Builder's $8 Million Tops GOP Donor List."

Story Lineup From Last Night's Network News:
ABC: : North Korea; China & North Korea-Sanctions; Iraq Sectarian Violence; A Fallen Soldier's Dream; Houston Flooding; Hawaii Earthquake; More American Commuters; Uninsured In America; Madonna's Baby Adoption.
CBS: North Korea; China & North Korea-Sanctions; Hawaii Earthquake; Iraq Sectarian Violence; Crawford Guilty Plea; Gas Prices-Election 2006; Violent Crime; Football Fight; More

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Time For Commuters; George Washington's Real Face; Bob Dylan Musical.
NBC: North Korea; Iraq-Sectarian Violence; Hawaii Earthquake; Houston Flooded; Legislators Under Fire; Stock Market; Population Growth-Nevada; Gas Prices; Lawyer In The Family; School Bands Of New Orleans.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-Nuclear Test; Santorum-Casey Debate.
CBS: North Korea-Nuclear Test; Rice-Asia Trip; Iraq-US Troop Levels; Lidle Memorial Service; New Orleans-Ships Collide.
NPR: Rice-Asia Trip; Weldon-DOJ Investigation; Report-US Power Grid; HI-Earthquake; Wall Street; Stewart Sentenced; SCOTUS-Boy Scout Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs S.3930 - Military Commissions Act of 2006. Rose Garden; participates in ceremonial swearing in for the Secretary of Transportation, FAA offices, 800 Independence Ave. SW.; meets with the Prime Minister of Croatia. Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Attends the Teddy Roosevelt and the Treasure of URSA Major, Kennedy Center.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRESIDENT ELLEN JOHNSON SIRLEAF OF LIBERIA _ Highlights: 2:30 p.m. Makes a ``major'' foreign policy address. Gaston Hall, 3rd floor, Healy Hall, Georgetown University. Event contact: Andrea Sarubbi, 202-687-4328. Note: Media RSVP requirfed. Preset at 10:30 a.m.

PRIME MINISTER IVO SANADER OF CROATIA _ Highlights: 2:30 p.m. Meets with President Bush. White House.

ACLU MEMBERSHIP CONFERENCE _ The ACLU holds its 2006 Membership Conference. Highlights: 8:30 a.m. - 11:30 a.m. Hill visits -- ACLU delegations lobby Congress. 1 p.m. Lunch Plenary: ``Abuse of Power: Law, American Values and National Interest'' featuring: Alberto Mora, former Navy General Counsel; John Dean, former Nixon White House Counsel, Katrina vanden Heuvel, Publisher/Editor of The Nation; ACLU Legal Director Steve Shapiro, and moderated by Jackie Northam. Location: Marriott Wardrman Park Hotel, 2660 Woodley Road NW.

NONPROFITS _ The National Council of Nonprofit Associations holds its Non-Profit Summit. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

US-CHINA _ Meeting of the U.S.-China Economic and Security Review Commission. Location: Hall of the States, 444 N. Capitol St.

NUCLEAR FUELS _ The National Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Highlights: 9 a.m. Session on DOE efforts in new nuclear energy and international fuel cycles. 10 a.m. Session on technology for advanced nuclear fuel cycles, with Phillip finck of Argonne National Lab. 4:15 p.m. Session on nonproliferation and institutional considerations, with National Nuclear Security Administration Deputy Administrator Will Tobey. Location: 2100 C St. NW.

US-EUROPE _ 8:30 a.m. The School of Advanced International Studies holds a day-long conference on challenges for the 21st century in fence mending between the U.S. and its European allies. Highlights: 8:45 a.m. Session on security and defense, with Adam Kobieracki of NATO, others. Kenney Auditorium, 1740 Massachusetts Ave. NW. 10:30 a.m. Keynote address - Leszek Balcderowicz, President, National Bank of Poland. Kenney Auditorium, 1740 Massachusetts Ave. NW. 1 p.m. Address by Francis Fukuyama, director of the SAIS International Development Program. Washington Club, 15 Dupont Circle.

COMPUTERS-TELECOM _ 9 a.m. - 6 p.m. The Computer Science and Telecommunications Board of the National Research Council celebrates its 20th anniversary with a symposium that looks at the future of computer science and telecommunications. Speakers include: William A. Wulf, president, National Academy of Engineering, Washington, D.C.; Eric Schmidt, CEO, Google, Mountain View, Calif.; Jon M. Kleinberg, professor of computer science, Cornell University, Ithaca, N.Y.; .Rick Rashid, senior vice president for research, Microsoft Corp., Redmond, Wash.; and Prabhakar Raghavan, Yahoo! Research, Berkeley, Calif. Location: Lecture Room, National Academy of Sciences building, 2100 C St. NW.

300 MILLIONTH AMERICAN _ 7:46 a.m. The US Census Bureau's Population Clock ticks off the birth of the 300 millionth American. Location: Census Bureau headquarters, 4700 Silver Hill Road, Suitland, Md.

PAKISTANI MILITARY-POLITICS _ 8 a.m. - 10 a.m. The Carnegie Endowment for International Peace sponsors a discussion," Disengaging Military from Politics," with Pakistani Lt. Gen. Asad Durrani. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

RELIGIOUS-ANTIWAR PROTEST _ 9 a.m. Religious groups protest a White House signing ceremony that they say legalizes torture. Location: Front of White House, Lafayette Park.

LUJAN AWARD _ 10 a.m. Interior Department presents the 2006 Manuel Lujan, Jr. Champions Awards to department employees for their work in carrying out the agency's mission. Location: Yates Auditorium, main Interior.

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CONTRIBUTIONS-CONGRESS _ 10:30 a.m. Public Citizen holds a telephone briefing to release a report on how much money members of Congress have received from special interest sources. Contacts: Robert Yule, 202-588-7703. Notes: Callin number: 800-377-8846; passcode: 36707396.

CHINA-SECURITY _ 11 a.m. The Heritage Foundation sponsors a forum, ``Shaping China's Security Environment The Role of the People's Liberation Army." Speakers: Larry M. Wortzel, chairman, U.S.-China Economic and Security Review Commission; and Andrew Scobell, research professor of National Security Affairs, Strategic Studies Institute, U.S. Army War College. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NW.

MILITARY COMMISSIONS _ 12 p.m. The Open Society Institute holds a telephone briefing with former CIA Inspector General Fred Hitz, criminal trial lawyer Neal Sonnett, others, on the new provisions of the Military Commissions Act of 2006. Notes: Callin number: 800-210-9006; passcoce: 7848100.

PENTAGON-AFGHANISTAN _ 12 p.m. UK Army Gen. David Richards, commander of NATO's International Security Assistance Force, will brief live from Afghanistan with an update on stability and security operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

INDIA _ 12:30 p.m. Arun Shourie, member of India's upper house of parliament, discusses choices facing his nation in the 21st century, sponsored by the School of Advanced International Studies. Location: Room 500, 1717 Massachusetts Ave. NW.

CHERTOFF _ 1 p.m. Homeland Security Secretary Chertoff speaks to the US Chamber of Commerce and American Chambers of Commerce in Latin America. Location: Hall of Flags, U.S. Chamber of Commerce, 1615 H St. NW.

DEMOCRATS-SENATE RACES _ 2:30 p.m. Democratic Senatorial Campaign Committee (DSCC) Chair Chuck Schumer will hold a pen and pad briefing to discuss the latest developments in the Senate races. Location: Mott House, 122 Maryland Ave. NE.

JACOBY-IMMIGRATION _ 3 p.m. - 4 p.m. Tamar Jacoby, senior fellow at the Manhattan Institute and the editor of ``Reinventing the Melting Pot: The New Immigrants and What It Means to Be American," participates in a media conversation on immigration issues. Jacoby says that immigrants have a minimal affect on American wages, and argues that the full impact of immigration on the U.S. economy may be immeasurable and, therefore, is greater than often recognized. Notes: Open to media only. Please RSVP by 5 p.m. Monday, Oct. 16, to NYpressRSVPcfr.org.

BANGLADESH ELECTIONS _ 3 p.m. - 5 p.m. The US Commission on International Religious Freedom holds a public, on-the-record forum on ``The Bangladesh Elections: Promoting Democracy and Protecting Rights in a Muslim-majority Country." The forum will coincide with the release of the Commission's latest publication, ``Policy Focus on Bangladesh," which includes recommendations for US policy to advance respect for human rights in the world's third largest Muslim-majority country. Location: Room 2168, Rayburn House Office Building.

TRADE DEBATE _ 4 p.m. - 5 p.m. The National Press Club hosts a debate, ``The Choice between Free Trade and Fair Trade, between Sen. Byron Dorgan, D-N.D., author of Take This Job and Ship It: How Corporate Greed and Brain-Dead Politics Are Selling Out America;" and C. Fred Bergsten, director of the Institute for International Economics, and former assistant secretary of the Treasury for international affairs. Location: National Press Club, Lisagor Room.

SCHWAB _ 6:30 p.m. USTR Susan Schwab attends the Financial Services Forum dinner. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, OCTOBER 17, 2006 7:45 AM EDT

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TERRORISM NEWS:

N.Y. Civil Rights Lawyer Sentenced To Prison (USAT/AP)

By Larry Neumeister

USA Today, October 17, 2006

NEW YORK — A firebrand civil rights lawyer who has defended Black Panthers and anti-war radicals was sentenced Monday to nearly 2½ years in prison — far less than the 30 years prosecutors wanted — for helping an imprisoned terrorist sheik communicate with his followers on the outside.

Lynne Stewart, 67, smiled, cried and hugged supporters after U.S. District Judge John Koeltl pronounced the sentence of 28 months.

The judge said Stewart was guilty of smuggling messages between the sheik and his followers that could have "potentially lethal consequences."

However, in departing from federal guidelines that called for 30 years behind bars, Koeltl cited Stewart's more than three decades of dedication to poor, disadvantaged and unpopular clients.

"Ms. Stewart performed a public service, not only to her clients, but to the nation," Koeltl said. The judge said Stewart could remain free while she appeals, a process that could take more than a year.

Stewart was diagnosed with breast cancer last year. Her lawyer Elizabeth Fink warned Koeltl: "If you send her to prison, she's going to die. It's as simple as that."

Outside court, Stewart said she thought the sentence was "a victory for doing good work all one's life."

U.S. Attorney Michael Garcia had no comment.

Stewart was convicted in 2005 of providing material support to terrorists. She had released a statement issued by one of her clients, Omar Abdel-Rahman, a blind sheik sentenced to life in prison for plotting to blow up five New York landmarks and assassinate Egypt's president.

Stewart said she did not intentionally enter into any conspiracy to help a terrorist organization.

Earlier, about 150 Stewart supporters stood outside the courthouse, chanting, "Free Lynne!"

Stewart Gets 28 Months On Terror Charge (NSDY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Long Island Newsday, October 17, 2006

Lynne Stewart, the feisty 67-year-old civil rights lawyer who spent a lifetime helping unpopular defendants and political causes, was sentenced Monday to 28 months in prison for helping a blind, imprisoned Egyptian sheik unlawfully communicate with followers.

Stewart, who lost her law license after her 2005 conviction in the case, was facing up to 30 years in prison but caught a break from U.S. District Judge John G. Koeltl. He cited her years of advocacy for the poor and down-trodden as a reason for a more lenient term behind bars.

"Ms. Stewart performed a public service, not only to her clients but to the nation," said Koeltl, who refused a prosecution request to sentence Stewart, who is battling breast cancer, to a 30-year term.

Stewart, a Manhattan grandmother, herself made an impassioned plea for leniency and said she had suffered greatly after losing the privilege of practicing law.

"At the end of my career, this is truly like a sword in my side," said Stewart. "Permit me to live out the rest of my life productively, lovingly, righteously."

Outside the federal courthouse in lower Manhattan, cheers and applause rippled through a crowd of 200 Stewart supporters as word spread of her sentence.

Around 3:30 p.m., Stewart exited the courthouse, free on bail, and told the crowd she saw the sentence as vindication of her work as an attorney for the unpopular.

"You get time off for good behavior usually at the end of your prison term," Stewart quipped. "I got it at the beginning."

"I am thrilled she is coming home," said Stewart's sister, Laurel Freedman, 47, of Huntington.

If there was any chill for Stewart it was in a statement by Manhattan U.S. attorney Michael Garcia, who said the government was disappointed in the sentence and was considering an appeal.

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Stewart was convicted largely for her involvement in releasing a statement by Omar Abdel-Rahman, the Muslim cleric sentenced to life in prison after his 1995 conviction for plotting to blow up New York City landmarks and assassinate the president of Egypt. Koeltl noted that the smuggled messages could have "potential lethal consequences."

Also convicted in the 2005 trial with Stewart were paralegal Ahmed Abdel Sattar and Mohammed Yousry, an Arabic interpreter. The three were indicted in 2002 during the tenure of former U.S. Attorney General John Ashcroft.

The 24-year prison term for Sattar, who was convicted of negotiating with militants overseas, was less than the life term called for under federal sentencing guidelines. In handing down the sentence Monday, Koetl noted that the defendant lacked a criminal record and no one was killed or injured because of his crimes.

"I am not a terrorist, your honor," Sattar said. "I am not a violent person. I am a human being. I am an American. I am a Muslim who practices and believes strongly in his religion."

Yousry, who was convicted of helping Stewart smuggle the sheik's messages out of prison, received a sentence of 20 months.

While the allegations against Stewart had nothing to do with the terrorist attacks of Sept. 11, 2001, she has said she was charged because of what she called a climate of hysteria. However, assistant U.S. attorney Andrew Dember said the case had nothing to do with the attacks.

"What she was doing was smuggling terrorism messages and smuggling out Abdel-Rahman's responses," Dember said."

WRIST SLAP FOR SMIRK JERK TERROR ATTORNEY (NYPOST)

By Kati Cornell

The New York Post, October 17, 2006

October 17, 2006 -- A grinning, gloating Lynne Stewart declared "victory" yesterday after a federal judge sentenced the civil-rights lawyer to just 28 months behind bars for helping a U.S.-hating terror mastermind communicate with his jihadi warriors.

The sentence was a sliver of the 30 years sought by prosecutors.

"I can do that standing on my head!" Stewart boasted of the light prison term.

Judge John Koeltl's extraordinary leniency was a blow to the federal prosecutors who had won a conviction against the 67-year-old Stewart.

She had been found guilty of providing material support to terrorists by helping her jailed client - blind Sheik Omar Abdel-Rahman, the suspected mastermind of the 1993 World Trade Center bombing - communicate with his followers.

Koeltl said Stewart was guilty of "extraordinarily severe criminal conduct" with "potentially lethal consequences" by smuggling messages for Abdel-Rahman and issuing inflammatory public statements.

Yet he ruled that a light sentence was justified, given Stewart's treatment for breast cancer and her 30-year career representing poor and unpopular clients.

"Ms. Stewart performed a public service not only to her clients, but to the nation," he said. "It is clear that prison will be particularly difficult for this defendant."

In addition to imposing the light term, Koeltl also ruled that Stewart could remain free on bail while she appeals her conviction.

"Thank you, Judge," said a teary-eyed Stewart, who briefly rested her head on the table in relief.

Outside court, a beaming Stewart said, "I hope the government realizes their error because I am back out - and I'm staying out pending an appeal that I hope will vindicate me and make me back into the lawyer I was.

"I feel that it's a victory for doing good works all one's life. You get time off for good behavior usually at the end of your prison term. I got it at the beginning."

U.S. Attorney Michael Garcia issued a statement saying he was "disappointed" in the sentence. "We will be exploring our appellate options."

But Stewart crowed to more than 100 cheering supporters outside Manhattan federal court: "This is a great victory against an overreaching government."

Stewart was arrested six months after the 9/11 terrorist attacks and accused of violating strict prison rules by helping the Egyptian-born Abdel-Rahman spread the word to kill those who did not buy into his extremist interpretation of Islamic law.

The sheik was serving a life sentence for plotting to blow up five New York landmarks, including the Holland Tunnel and George Washington Bridge, and to assassinate Egypt's president when Stewart helped him communicate with his followers and leaders of an Egyptian-based terrorist organization.

Former Attorney General John Ashcroft brought the indictment against Stewart, as well as against Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a postal worker.

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With the possibility of life behind bars still looming large yesterday morning, an emotional Stewart appeared to tremble as she entered the packed courtroom.

Prepared for the worst, her husband, Ralph Poynter, brought along a bag containing medication for his wife, who has undergone radiation and surgery for her cancer.

He also had with him a Robert Goddard book, "Play to the End," and a pair of sweatpants for her because, she said, "I wasn't going to jail in a dress."

Meanwhile, a throng of Stewart's supporters who could not get seats filled the courthouse hallway, chanting, "Set Lynne free!"

"The end of my career truly is like a sword in my side," Stewart told the judge before the sentence was imposed. "I don't want to be in prison. I don't believe I need to be in prison. I believe I still have contributions to make to society."

Defense lawyer Josh Dratel said: "This situation is already tragic."

Stewart has admitted to knowingly violating prison rules, but denies condoning violence and claims she was just trying to do her job as a lawyer by looking after Abdel-Rahman's interests.

Defense lawyer Elizabeth Fink argued that Stewart made "foolish" mistakes by violating prison rules and begged the judge, "Please don't send her to prison, because if you send her to prison, she's going to die."

But Assistant U.S. Attorney Andrew Dember refuted Stewart's defense that she was wrongly targeted by the feds in the wake of 9/11.

"This case had nothing to do with Sept. 11, Your Honor," Dember said. "She knew full well what she was doing was a criminal act, and she didn't want to be caught."

Also yesterday, Koeltl sentenced Sattar to 24 years behind bars for conspiring to kill and kidnap people in a foreign country.

Sattar, 47, was convicted of conspiring to kill people overseas by helping to compose a chilling "fatwa" that prosecutors said called for "the killing of Jews everywhere."

"I am not a terrorist, Your Honor," said Sattar, who faced a maximum sentence of life behind bars.

The third defendant, Yousry, 51, an Arabic interpreter, received a 20-month prison term.

"He is kind of a footnote in this case," said defense lawyer David Stern, whose client could have faced up to 20 years behind bars.

When it came to Stewart, Koeltl found that prison time was necessary as punishment, but praised the longtime civil-rights lawyer for her dedication to her clients over the past three decades - and noted that no one was hurt as the result of the crimes in the case.

In a letter Stewart sent to Koeltl last month, she wrote: "If I have a tragic flaw, it is that I care too much for my clients. I am soft-hearted to the point of self-abnegation," according to the New York Times.

As supporters showered Stewart with bouquets of red roses outside court, she said, "I don't think anybody would say going to jail for 28 months is anything anyone would look forward to, but as my clients have told me, 'I can do that standing on my head.' "

Members of the law-enforcement community expressed outrage at the light sentence.

Gus Danese, president of the Port Authority's Police Benevolent Association, said, "She deserved the maximum penalty. As far as I'm concerned, in light of the 1993 bombing and the 9/11 attack, she's a terrorist herself."

"Anyone who believes in helping terrorists and their cause should be willing to serve the maximum penalty. With a 28-month sentence, she'll soon be out doing it again."

An investigator who worked on the case said, "It's a shame she's getting off so lightly. If a cop or some other law-enforcement person did the same thing, they'd throw the book at him. Isn't a lawyer supposed to know what she's doing?"

Additional reporting by Marsha Kranes and Murray Weiss

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Lawyer Sentenced For Aiding Terrorist Client (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 17, 2006

28 Months Is Far Less Than Prosecutors Sought

NEW YORK, Oct. 16 -- Lawyer Lynne Stewart was sentenced Monday to 28 months in prison for helping a terrorist client communicate with his followers, a far less severe sentence than the 30 years sought by federal prosecutors.

As U.S. District Judge John G. Koeltl delivered his sentence in a packed federal courtroom in Manhattan, Stewart lifted her glasses and dabbed at tears while her husband gave a tight hug to their daughter. An hour later, the 67-year-old lawyer emerged

from the federal courthouse holding hands with her granddaughter and grandson and, to loud cheers and applause from hundreds of supporters, declared a victory of sorts over the Bush administration.

"The judge did a fair and right thing," she told a thicket of reporters and television cameras, as a supporter placed a bouquet of roses in her arms. "This is a great victory against an overreaching government."

And of her sentence, she sounded almost jaunty: "As my clients say to me, 'I could do that standing on my head.' "

In fact, Koeltl made it clear that Stewart had committed a serious offense by smuggling messages between her client, Sheik Omar Abdel Rahman, and his followers in the Middle East, including a statement withdrawing the sheik's support for a cease-fire with the Egyptian government. Stewart's actions, Koeltl said, constituted "extraordinarily severe criminal conduct" and material support for terrorism, and could have had "lethal consequences."

Koeltl noted, however, that neither Stewart's actions nor those of her co-defendants, translator Mohammed Yousry and Rahman aide Ahmed Abdel Sattar, resulted in violence in the United States or overseas. Having lashed Stewart for her criminal conduct, the judge executed a pivot, commending her for leading an otherwise exemplary life as a legal advocate for the poor, despised and dispossessed. Many of her clients have been known for their radical views.

"Ms. Stewart performed a public service, not only to her clients but to the nation," Koeltl said. "She's made an extraordinary contribution."

Taken as a whole, the judge argued, her accomplishments amounted to a strong argument for departing from nonbinding federal guidelines that otherwise might have led him to impose a 30-year sentence.

Koeltl's decision to mete out a comparatively mild sentence amounted to a slap at federal prosecutors in a case that former attorney general John D. Ashcroft repeatedly had hailed as a nationwide model. U.S. Attorney Michael Garcia released a statement expressing disappointment and held out the possibility of appealing the sentence. It is not unusual for a federal appeals court to reverse a sentence handed out by a lower court.

More than a few legal observers divined a message in the judge's sentences.

"There's no doubt the government has tried to use this case to chill effective advocacy in terror cases," said Neal R. Sonnett, a former federal prosecutor, past chair of the American Bar Association's criminal justice section and current chair of the association's task force on the treatment of enemy combatants. "I'm delighted the judge was not swayed by the frenzy over terrorism."

More conservative legal commentators -- including Andrew McCarthy, who prosecuted Rahman -- had urged the court to impose a stiff sentence on Stewart.

When the government convicted Rahman in 1995 of plotting to blow up New York landmarks, prosecutors and prison officials imposed stringent restrictions on his contact with the outside world. By smuggling out the sheik's messages, they said, Stewart strayed far across the invisible boundary between zealous advocacy and criminal conspiracy.

Stewart acknowledged as much in a letter to Koeltl before her sentencing. "I inadvertently allowed those with other agendas to corrupt the most precious and inviolate basis of our profession -- the attorney-client relationship," she wrote.

Koeltl also rejected the government's request for a 20-year sentence for Yousry, the translator, meting out a far shorter sentence of 20 months. Yousry, prosecutors acknowledged during the trial, was not a practicing Muslim, disliked fundamentalism and did not believe in violence; nonetheless they successfully argued that he -- at Stewart's direction -- had helped Rahman take his messages to the outside world.

Koeltl gave a far more substantial 24-year sentence to Sattar, a postal worker and legal aide who was found to have spoken by phone with known terrorists in the Middle East. This sentence, however, still fell short of the sentence requested by prosecutors.

The judge allowed Stewart and Yousry to remain free while they appeal their convictions, a process that could stretch for more than a year. This will enable Stewart, who was recently diagnosed with breast cancer, to continue to receive treatment.

"Am I surprised? I'm happy," Stewart's attorney, Elizabeth Fink, said afterward as she walked north from the courthouse toward a celebration in Chinatown. "It could have been much, much worse."

Lawyer, Facing 30 Years, Gets 28 Months, To Dismay Of U.S. (NYT)

By Julia Preston

The New York Times, October 17, 2006

Lynne F. Stewart, the radical defense lawyer, was sentenced yesterday to two years and four months in prison on charges that she smuggled messages from an imprisoned terrorist client to his violent followers in Egypt.

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The sentence, handed down by Judge John G. Koeltl in Federal District Court in Manhattan, was significantly lower than the 30 years sought by prosecutors. He cited the service Ms. Stewart, who is 67, had provided in her three-decade career as a government-appointed lawyer for unsavory criminals and penniless outcasts.

The judge allowed her to remain free on bail while a higher court hears her appeal, saying there was a possibility that her conviction might be overturned.

The sentence was an unexpected setback for the Justice Department in a case the Bush administration has frequently highlighted to show the effectiveness of its tough policy on terror prosecutions. Former Attorney General John Ashcroft devoted a chapter to it in his recent memoir. Defense lawyers and other supporters of Ms. Stewart had warned that a severe sentence would have a chilling effect, dissuading others from representing clients accused of terrorism.

In a brief statement to the judge before the sentence, Ms. Stewart, shaking and barely suppressing tears, refrained from political comment or discussion of her case, but noted that she would never be permitted to practice law again.

"The end of my career is truly like a sword in my side," she said. "I don't want to be in prison," she pleaded. "Permit me to live in the world and live out my life, productively, lovingly, righteously."

Ms. Stewart's lawyers, citing her recent bout of breast cancer, had asked the judge not to give her any prison time.

But Judge Koeltl said there had been "an irreducible core of extraordinarily severe criminal conduct" in her actions on behalf of the client, Sheik Omar Abdel Rahman, a blind fundamentalist Islamic cleric who is serving a life sentence for plotting to bomb New York City landmarks. Ms. Stewart was convicted on Feb. 10, 2005, of conspiring to provide material aid to terrorism by smuggling the sheik's messages encouraging violence by his militant followers in Egypt.

While agreeing that Ms. Stewart had flouted the law and deceived the government by breaking prison rules to publicize the sheik's messages, Judge Koeltl broadly rejected the prosecutors' portrayal of her as a serial liar and terrorist conspirator who would be a danger to society if she remained free.

Instead, he focused on her past service as a lawyer. "She has represented the poor, the disadvantaged and the unpopular," Judge Koeltl said, adding that Ms. Stewart had demonstrated "enormous skill and dedication" in her legal work and earned little money from it.

"It is no exaggeration to say that Ms. Stewart performed a public service not only to her clients but to the nation," Judge Koeltl told a crowded but hushed courtroom.

The judge acknowledged that Ms. Stewart's crimes were "serious, involved dishonesty and breach of trust," and led to "potentially lethal consequences." But he appears to have been impressed by about 1,100 letters of support she received from law professors, former prosecutors, retired judges and former clients. Among the clients was Matias Reyes, a federal inmate who told how she helped him confess that he was the true attacker in the infamous Central Park jogger case, after others had been wrongfully convicted.

The judge pointed out that Ms. Stewart would lose her license to practice law as a result of her conviction and sentence, which he said was a form of punishment, and that she is barred from having any contact with Mr. Abdel Rahman. He said the chance that her crimes would recur was "nil," and noted there had been no evidence that anyone was harmed as a result of her actions.

He also mentioned that there was a "statistically significant" chance that Ms. Stewart's breast cancer would recur.

As the judge read the sentence, Ms. Stewart's face brightened with a grin of surprised relief. She flashed a quick clenched fist of victory to her relatives in the gallery.

Judge Koeltl imposed a relatively tough sentence on one of Ms. Stewart's co-defendants, though it also fell short of what the government had sought. A former Staten Island postal worker, Ahmed Abdel Sattar, 46, was sentenced to 24 years in prison for negotiating by telephone with a follower of the sheik's who was an associate of Osama bin Laden's to try to bring an end to a cease-fire by Mr. Abdel Rahman's group in Egypt. Mr. Sattar also wrote and released a statement he called a fatwa, or religious edict, calling for the killing of Jews. Prosecutors had asked for a life sentence.

The third co-defendant, Mohamed Yousry, 51, Ms. Stewart's Arabic translator in her discussions with the sheik, was sentenced to one year and eight months in prison.

Judge Koeltl said that Mr. Yousry was "the necessary link" in a conspiracy with Ms. Stewart to smuggle prohibited letters into prison for the sheik and convey his replies to his followers. Prosecutors wanted Mr. Yousry to serve 20 years in prison.

Michael J. Garcia, the United States attorney in Manhattan, attended the sentencing yesterday. He and his prosecutors left the courtroom without comment. "The government is disappointed in the sentences imposed today," Mr. Garcia said in a statement later. "We will be exploring our appellate options."

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One of his assistants, Andrew Dember, had said before the sentencing that Ms. Stewart knew that she was smuggling terrorist messages. “She stepped over the line from being a lawyer to being a clear-cut criminal,” he said, who had “endangered the lives of innocents.”

Mr. Dember dismissed the notion that Ms. Stewart’s sentence could have a chilling effect, saying that none of her actions “had anything to do with legitimate lawyering or legal representation of her client.”

One of Ms. Stewart’s lawyers, Joshua L. Dratel, said the judge did not need to impose a severe sentence because “the message has been sent loud and clear” that Ms. Stewart committed serious mistakes and lapses of judgment in representing the sheik, as she acknowledged in recent weeks.

When Ms. Stewart emerged from the courthouse, a few blocks from the World Trade Center site in Lower Manhattan, she was greeted with bouquets of roses from a crowded of elated, cheering supporters who had waited outside for hours after being blocked by federal marshals from attending the proceedings.

“This is a great victory against an overreaching government,” Ms. Stewart said, returning to her familiar feisty rhetoric, as she was embraced by her husband, Ralph Poynter, and her three grandchildren. “I hope the government realizes their error, because I am back out,” she said. “And I am staying out until after an appeal that I hope will vindicate me, that I hope will make me back into the lawyer that I was.”

Ms. Stewart said she was grateful to the judge for giving her “time off for good behavior.” She had been ready to go straight to jail when she came to court, she said, carrying a pair of sweat pants in a plastic bag. She said if she eventually has to serve the 28-month sentence, “I could do it standing on my head.”

Radical US Lawyer Gets Jail Term For Terrorism Conviction (AFP-Y)

AFP, October 17, 2006

A radical US rights lawyer convicted of conspiring with terrorists by acting as a go-between for a jailed Egyptian cleric and his militant followers was sentenced to 28 months in jail.

Lynne Stewart, 67, was convicted in February 2005 of lying to the government and conspiring with her client, Sheikh Omar Abdel Rahman, to convey messages to his militant disciples in Egypt and inciting them to violence.

The sentence was far below prosecutors' requests for a 30-year term.

Her sentencing had been delayed while the veteran attorney and grandmother underwent treatment for breast cancer.

In a letter to Judge John Koeltl before her sentencing Monday, Stewart pleaded for a lenient sentence, insisting she was a well-intentioned lawyer who had made a lapse in judgement.

"I am not a traitor. The government's characterisation of me and what occurred is inaccurate and untrue. It takes unfair advantage of the climate of urgency and hysteria that followed 9/11," she wrote, referring to the September 11, 2001 attacks on New York and Washington.

Neither Stewart's supporters nor prosecutors offered any immediate reaction to the sentence.

Abdel Rahman was jailed for life after being convicted in 1995 of conspiring to blow up New York landmarks and assassinate Egyptian President Hosni Mubarak.

Stewart's two co-defendants, US postal worker Ahmed Sattar and Arabic translator Mohammed Yousry were also up for sentencing Monday.

Ever since she was charged, Stewart has insisted she was being unfairly targeted for her unorthodox choice of clients over a 30-year career that has seen her represent mobsters and political radicals.

US Attorney General Alberto Gonzales said at the time the verdict was an "important step" in the Department of Justice's "war on terror".

Giving testimony during the trial, Stewart had insisted that she neither abetted nor endorsed the concept of Islamic holy war held by Abdel Rahman.

Prosecutors held that between 1997 and 2002, Stewart and her co-defendants helped Abdel Rahman pass messages to his followers in violation of government restrictions on his right to communicate with the outside world.

In particular, the prosecutors said, Abdel Rahman used the three defendants to exhort his militant Islamic group to break a ceasefire with the Egyptian government.

Defense Attorney Stewart Gets 26-Month Sentence (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 17, 2006

DOJ_NMG_0082070

Veteran defense attorney Lynne Stewart cried tears of relief Monday as a federal judge ordered her to serve a dramatically lower sentence than prosecutors had requested for her conviction on providing material support to a terrorist conspiracy.

Southern District Judge John Koeltl gave Stewart a sentence of only 28 months. The government had asked for 30 years behind bars.

Weighing in Stewart's favor, the judge said, were her years of service to the poor, the disadvantaged and the unpopular; her battle with cancer and the fact that her actions, though reprehensible, did not result in violence.

Stewart was also allowed to remain free on bail pending her appeal for convictions for providing and concealing material support, conspiring to do so, making false statements and defrauding the government.

The result produced the bizarre spectacle of a victory celebration following a criminal sentencing, with Stewart holding flowers and chanting "yes" with supporters outside the Daniel Patrick Moynihan Courthouse. The rulings came after emotional pleas by defense lawyers Elizabeth Fink, Joshua Dratel and Jill Shellow-Levine, who argued that the federal sentencing guidelines' call for a lengthy prison term did not fit the circumstances of the crimes Stewart actually committed.

Indeed, Judge Koeltl, before he announced he was giving Stewart a "non-guidelines" sentence, pronounced a guidelines enhancement for a crime of terrorism, one that would have increased her prison term significantly, "dramatically unreasonable in the case of Ms. Stewart."

The judge made the same finding for co-defendant Ahmed Abdel Sattar, who was convicted of the more serious crime of conspiracy to kill or kidnap people in another country, as he gave him a 24-year prison term. The government had sought life behind bars for Sattar.

Monday, U.S. Attorney Michael Garcia released a statement saying he was "disappointed" in the sentences and was weighing an appeal.

The sentences came 4 1/2 years after Attorney General John Ashcroft announced the indictment of Stewart, Sattar and interpreter Mohamed Yousry in a plot to pass messages to and from the Egyptian-based Islamic Group to imprisoned Sheik Omar Abdel-Rahman. Yousry was sentenced Monday to 20 months in prison.

Sheik Abdel-Rahman, considered the spiritual leader of Islamic Group, was serving a life sentence for a terror plot against the United States. He had been placed under Special Administrative Measures (SAMs) by the Bureau of Prisons to prevent him from communicating with his followers in the group.

Stewart was convicted of defrauding the government by signing attorney affirmations promising to abide by the SAMs and of providing material support along with Yousry by helping the sheik send and receive messages in prison.

'POTENTIALLY LETHAL'

Her most "potentially lethal" action, Judge Koeltl said, was in June 2000, when she read a press release to a reporter indicating that the sheik was withdrawing his support for a "cease-fire" or cessation of attacks against the Egyptian government.

Sattar served as a paralegal for Stewart and other defense lawyers at the sheik's 1995 trial for seditious conspiracy against the United States in connection with a plot to bomb New York City landmarks. At this trial, Sattar was accused by the government of being the "communications hub" for Islamic Group and the spearhead of efforts to have the sheik freed from prison.

Sattar was recorded on government surveillance tapes as plotting with a high-ranking militant in Islamic Group named Taha to resume the group's campaign against the Egyptian government -- a campaign that, before the cease-fire became widely accepted by the membership, included the 1997 massacre of 62 people at an archeological site in Luxor, Egypt.

He also admitted that he drafted a religious edict, or fatwa, in Sheik Abdel-Rahman's name calling for the murder of Jews around the world.

Stewart and Yousry were convicted of assisting this effort by acting as a conduit to the sheik, transporting messages from Taha to him. Stewart was caught on tape making, and bragging about making, covering noises to distract corrections officers while Yousry and the sheik communicated. Prosecutors Andrew Dember and Robin Baker objected to the judge's decision to give the trio non-guidelines sentences.

'DOWNWARD VARIANCE'

Instead of giving a guidelines sentence to Stewart and her co-defendants and downwardly departing within the framework of the guidelines, Judge Koeltl adopted what he called a "downward variance."

The judge seemed to vindicate the contention of Stewart's attorneys that the indictment against her, and the possibility of the rest of her life in prison, was wholly disproportionate to her actions.

But Judge Koeltl, while commending Stewart for a life of public service, also had some harsh words for the 67-year-old grandmother, saying she "abused her position as a lawyer to gain access to Sheik Abdel-Rahman and used that access" to smuggle messages to terrorists.

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In the end, the judge said the impending loss of her license to practice law, and the fact that she would therefore no longer be in a position to repeat her crime, was a factor in his decision.

So too was Stewart's treatment for breast cancer.

Fink seemed to test the judge's patience by arguing that Stewart would receive poor medical treatment in prison and by claiming her client would be "tortured" behind bars because she was convicted of a terrorist offense.

The lower-than-expected sentence given to Sattar set the stage for Stewart's lawyers to confidently argue she should receive no prison time at all.

It also gave Dember warning that he was fighting an uphill battle in arguing for a longer sentence. Dember reminded the court that Stewart "repeatedly lied to and deceived the government" -- first when she smuggled in a message from Taha urging the sheik to withdraw his support for the cease-fire on terror attacks in 1999, then again when she signed an affirmation in 2000 promising to comply with the SAMs, and then still again after she issued the press release and "was confronted, and required to sign a new affirmation."

Dember aggressively rejected Stewart's claim that she was merely advocating for her client, saying that "smuggling terrorist messages" into and out of prison "has nothing to do with legitimate legal representation."

'SERIOUS CRIMINAL CONDUCT'

This was not merely "a violation of some administrative rule" but "serious criminal conduct," he said, and Stewart knew it because she spoke on the phone to Yousry after the press release was issued, and before a "clarifying" press release on the sheik's position was to be issued and said "she didn't do this lightly" and was "risking her whole career."

"She didn't step over a line that was fine, or thin, or blurry," Dember said. "She stepped over a line that was clear."

Dratel answered by arguing that the government "robs this case of context."

Dember ridiculed the defense claim that the prosecution of Stewart was meant to send a message to lawyers willing to defend the rights of those accused of, or convicted of, terrorist plots.

The prosecution, he said, was brought "not because she represents unpopular clients nor to deter defense counsel from involvement in terrorist-related cases ... or to chill them," he said. "And this had nothing whatsoever to do with 9/11."

He reminded the judge that terrorism prosecutor Patrick Fitzgerald had wanted to launch a criminal investigation into Stewart's actions, but was told to "stand down" because there was an ongoing "intelligence investigation under way."

But Dratel insisted that the government wanted to "chill" aggressive defense tactics in terror cases and make an example of Stewart.

'UNWARRANTED OVERKILL'

Among the some 400 letters sent to the judge in support of Stewart was one that came from Jo Ann Harris, former assistant attorney general in charge of the Justice Department's Criminal Division and now in private practice. Harris' letter accused the government of "unwarranted overkill" in charging Stewart. It is not every day that a criminal defendant celebrates a prison sentence, but Stewart walked out of the courthouse acting like a champ.

She had entered 500 Pearl St. somber and appearing shaken -- even after she was serenaded by dozens of supporters who had been denied admission to the overcrowded 12th floor courtroom. Some in the crowd sang the "Glory Hallelujah" refrain from "The Battle Hymn of the Republic" while others chanted, "Set Lynne free."

But as Judge Koeltl began to hint at a low sentence, Stewart and members of her legal team began to perk up. When he finally announced his decision, there were broad smiles and, once a break was announced, Stewart was enveloped in hugs from her family, friends and attorneys.

Later, outside the courthouse, addressing a crowd of about 150 supporters chanted, "The people, united, will never be defeated." Stewart was handed a bouquet of red roses and told the gathering, "I love you." Stewart quoted one of her former clients on the old saw of receiving a light sentence, saying she could serve the 28 months "standing" on her "head."

She then checked herself and said she did not want to be seen as being "in the face" of the government and was humbled by the experience.

Her relief was shared by lawyers David Stern and David Ruhnke for Yousry.

Attorneys Kenneth Paul and Barry Fallick, representing Sattar, were more subdued, but nonetheless gratified the judge did not embrace the recommendations of the government and the U.S. Probation Department. "We were expecting life," Paul said.

The Associated Press contributed to this report.

The Sheik's Apprentice (WSJ)

The Wall Street Journal, October 17, 2006

DOJ_NMG_0082072

It was a case of radical chic and the radical sheik. Yesterday in New York, Lynne Stewart, a self-styled "civil rights" attorney whose past clients include the Black Panthers and Weather Underground, was sentenced to 28 months in prison for illegally passing messages between her imprisoned client, Sheik Omar Abdel-Rahman, and his followers in Egypt's Al-Gama'a al-Islamiyya, the terrorist group responsible for killing 62 mostly European and Japanese tourists in Luxor in 1997. Some of those tourists were beheaded; others were disemboweled. The Sheik was also involved in planning terror attacks in New York, for which he is serving a life sentence.

In an age when courts routinely impose five-year prison terms for drug offenders, and life sentences on former CEOs, 28 months may not seem an appropriate sentence for a terrorist accomplice, especially when the government sought 30 years. Ms. Stewart certainly had the sympathy of the judge, John Koeltl, who praised her as a champion of "the poor, the disadvantaged and the unpopular." She herself seems to have had few misgivings about her actions: "The government's characterization of me and what occurred is inaccurate and untrue," she told the judge. "It takes unfair advantage of the climate of urgency and hysteria that followed 9/11."

In similar circumstances -- albeit with a different defendant -- a case could be made for leniency. Ms. Stewart is 67 and recovering from breast cancer. But remorse is also a prerequisite for mercy, and Ms. Stewart shows none, either for her crime or for the arc of a career which flows too naturally from championing the "liberation" movements of the 1960s to the Islamists of the present day. What her clients have in common is that they loathe America.

Now she basks in the pity and praise of her fellow radical travelers, who haven't seemed to spare much thought for the victims of Luxor. It says everything about her, and about them.

Judge Goes Soft On Terror Lawyer (NYDN)

New York Daily News, October 17, 2006

<USnew_edit>Ah, mercy has a human heart, pity a human face. No hangin' judge is John Koeltl of the federal bench, who yesterday outrageously handed radical lawyer Lynne Stewart just 28 months in prison, rather less than the 30 years prosecutors wanted her to serve for helping a terrorist bomber transmit messages to fanatic followers.

Perhaps kindly Judge Koeltl was touched by the sight of Stewart, all her revolutionary bravado fled, blubbering that the end of her legal career "is like a sword in my side." Perhaps he was moved by the defense argument that Stewart, who is 67 and ailing, would die behind bars if a sentence of any reasonable length were imposed.

Or perhaps he just felt that two-something years is enough for the very grave crime she committed. He seemed to say so, on the one hand finding Stewart guilty of "extraordinarily severe criminal conduct" while on the other hand portraying her as a sainted provider of lawyering to "poor, disadvantaged and unpopular clients." Stewart had provided "a public service, not only to her clients but to the nation," Koeltl concluded. Sort of like Mother Teresa with a law degree.

Let us disagree. It will never be known what secret codes might have been in those communications she enabled Sheik Omar Abdel-Rahman to dispatch from his cell or how many jihadist plots they resulted in. The sheik was only the man who had plotted to blow up city landmarks and assassinate the president of Egypt. And Lynne Stewart, consciously and knowingly, gave him material assistance. It is jaw-dropping that she ended up standing before a soft touch like Koeltl. From somewhere across the sea, we believe we hear a few terrorists chuckling in delighted satisfaction.

"I am not a traitor," she wailed, and presumably by her own lights, she sincerely believes that. But even some underworld mouthpiece caught carrying some imprisoned mob czar's instructions to his torpedoes outside gets more than 28 months.

Lynne Stewart has never been one to appreciate the many blessings of this system she has for so long ranted and railed against. We do not expect her to be more than fleetingly grateful at this time for the absurd pass this system has just given her.

<USnew_edit>Calling all bravest

The Fire Department has extended the application deadline for one of the best and most respected jobs, that being a city firefighter. If you are interested in good-paying public service and believe you have what it takes to do the heroic, the deadline for submitting papers is now Nov. 3. And if you are minority or female, all the better.

The FDNY is conducting one of the most aggressive recruitment drives in its history, searching for the most qualified candidates and hoping in the process that the force becomes more reflective of the city's population. The early signs offer some grounds for optimism.

More than 42,000 people have inquired about taking the hiring exam, two-thirds of whom were minorities or women. Of those, more than 12,000 have paid the $30 application fee, and 30% were minorities or women. That's double the minority representation when the fire exam was last given. And the number suggests that the FDNY's community outreach has paid off, at least preliminarily.

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But there is a long way to go. Jobs will go only to those who ace the written and physical exams. The FDNY is planning test prep courses. These must be as thorough as the department's recruitment has been so all candidates have the chance to do their best. The word is out, New Yorkers: The FDNY wants you.

<USnew_edit>Hevesi, original recipe

Democrat Andrew Cuomo and Republican Jeanine Pirro debated Sunday and they will discuss the issues in the race for attorney general again today. Sen. Hillary Clinton and GOP challenger John Spencer are scheduled to have back-and-forths Friday and Sunday. Gubernatorial contenders Eliot Spitzer and John Faso have gone two rounds, and Spitzer said yesterday that fellow Democrat Alan Hevesi (left) should step forth to debate the GOP's Chris Callaghan. That would mean braving an appearance with a rival who flat-out calls Hevesi a thief for assigning a state worker to chauffeur Hevesi's wife at a cost of at least $82,688. And so Hevesi is staying cooped up. "Cluck, cluck," said his spokesman.

You can e-mail the Daily News editors at voicers@edit.nydailynews.com. Please include your full name, address and phone number. The Daily News reserves the right to edit letters. The shorter the letter, the better the chance it will be used.

Jury Chosen For Chicago Terrorism Trial (BVND)

The Belleville News Democrat, October 17, 2006

CHICAGO - A jury was chosen Monday for the federal trial of two men accused of supplying money and recruits to the Palestinian terrorist organization Hamas.

Opening statements were set for 9:30 a.m. Thursday at the trial of suburban Chicago grocer Muhammad Salah, 53, and former university professor Abdelhaleem Ashqar, 48, of Alexandria, Va.

U.S. District Judge Amy J. St. Eve overruled objections from federal prosecutors that defense attorneys had acted to keep whites from serving on the jury.

The defense was allowed to strike 10 prospective jurors from the list without showing cause as to why they should not serve. Such strikes cannot be for reasons such as race or ethnicity.

Prosecutors noted that nine of the 10 struck by the defense were white and asked St. Eve to restore four of them to the list. But the judge held that in each case there was a non-racial explanation.

Salah and Ashqar are accused of taking part in a 15-year conspiracy in which money was funneled into U.S. bank accounts and delivered to Hamas military cells.

Recruits also are suspected of being mustered in the United States and sent to join Hamas forces trying to topple the Israeli government.

Both men deny they are members of Hamas and say they are innocent of the federal racketeering conspiracy charges.

U.S. Faces Obstacles To Freeing Detainees (WP)

By Craig Whitlock, Washington Post Foreign Service

The Washington Post, October 17, 2006

Allies Block Returns From Guantanamo

BERLIN -- British Foreign Secretary Margaret Beckett last week issued the latest European demand to close down the U.S. military prison at Guantanamo Bay, Cuba. The existence of the prison is "unacceptable" and fuels Islamic radicalism around the world, she said, echoing a recent chorus of complaints from Europe about U.S. counterterrorism policy.

Behind the scenes, however, the British government has repeatedly blocked efforts to let some prisoners leave Guantanamo and return home.

According to documents made public this month in London, officials there recently rejected a U.S. offer to transfer 10 former British residents from Guantanamo to the United Kingdom, arguing that it would be too expensive to keep them under surveillance. Britain has also staved off a legal challenge by the relatives of some prisoners who sued to require the British government to seek their release.

Other European governments, which have been equally vocal in assailing Guantanamo as a human rights liability, have also balked at accepting prisoner transfers. A Turkish citizen who was born and raised in Germany was finally permitted to return from Guantanamo in August, four years after the German government turned down a U.S. proposal to release him.

In addition, virtually every country in Europe refused to grant asylum to several Guantanamo prisoners from China who were not being sent home because of fears they could face political harassment there. The Balkan nation of Albania agreed to take in five of the Chinese in May, but only after more than 100 other nations rebuffed U.S. pleas to accept them on humanitarian grounds, State Department officials said.

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"In practical terms, it's not enough to say, 'Guantanamo should be closed,' without suggesting the next sentence: What do you do with the people who are there?" John B. Bellinger III, the State Department's chief legal adviser, said during a visit to Berlin last week to meet with German counterterrorism officials.

There are about 435 prisoners from about 40 countries at Guantanamo, according to the Pentagon. Military tribunals have concluded that about one-quarter of the prisoners are not a security risk, or are otherwise eligible for release or transfer.

Ultimately, Bellinger said, U.S. officials expect 60 to 80 prisoners to face trial by military commission. The rest will be released, though many of them might face charges or other restrictions in their home countries.

But those whom the Pentagon wants to free often have nowhere to go. In many cases, their native countries don't want them or have challenged their nationalities. Also slowing the process is a U.S. policy stipulating that prisoners cannot be transferred to nations with a record of human rights violations unless there are written assurances that they won't be mistreated.

The Pentagon has already freed all but a few European citizens from Guantanamo. But U.S. officials have struggled to persuade Britain, Germany and other allies in Europe to accept prisoners who once had legal residency there, or who are effectively stateless.

"We think countries whose nationals are in Guantanamo ought to take responsibility for them," Bellinger said. "We have also, in certain cases, encouraged European governments to see if they would be eager to take detainees of other nationalities."

So far, there have been few takers.

Although Albania agreed to accept the five Chinese prisoners -- all ethnic Uighur Muslims -- the United States is still looking for a home for 17 Uighurs who remain at Guantanamo. Several European countries with small Uighur immigrant populations declined to give the prisoners asylum after receiving pressure from the Chinese government, which wants to extradite the Uighurs and try them on terrorism charges, according to U.S. and European officials.

Among those countries is Germany, which also balked for years at allowing a German native, Murat Kurnaz, to return even though U.S. military intelligence and German law enforcement officials had largely concluded there was no information tying him to al-Qaeda or terrorist activities, U.S. and German documents show.

In 2002, U.S. officials indicated they were willing to release Kurnaz, who was born and raised in Germany but holds Turkish citizenship. But the German government barred him from returning.

The official explanation: Kurnaz had failed to renew his German residency permit while he was locked up at Guantanamo. But German diplomats acknowledged that they saw no reason to take Kurnaz back and that they considered him an American problem.

"It was a shame what happened," said one of his attorneys, Bernhard Docke. "It was a kind of excuse for being passive and just watching what was going on. If Germany had done something then, it would have kept him from having to spend another four years in Guantanamo."

European officials say the United States deserves the bulk of the blame for delaying the release of inmates who have been found not to be a threat.

In January, new German Chancellor Angela Merkel raised Kurnaz's case in visits to the White House and said her country had changed its mind. But it took until August to secure his release, largely because U.S. officials insisted he be indicted or placed under 24-hour surveillance. The Bush administration ultimately relented after Germany refused, according to German officials and Kurnaz's lawyers.

Some of the strongest resistance to helping Guantanamo inmates has come from Britain, America's closest ally on counterterrorism matters.

Despite the presence of British troops in Afghanistan and Iraq, as well as a longtime special relationship between U.S. and British intelligence agencies, British officials have become increasingly blunt in their calls for the closure of Guantanamo on moral and legal grounds.

Beckett, the foreign secretary, said Thursday that Guantanamo was "unacceptable in terms of human rights" and added that it was "ineffective in terms of counterterrorism."

In an interview last month with The Washington Post, Charles Falconer, one of the highest-ranking justice officials in Britain, accused the United States of a willingness "to do things beyond the law." He has also called Guantanamo "an affront to the principles of democracy."

While all British citizens in Guantanamo were freed starting in 2004, Britain has balked at allowing former legal residents of the country to return. British officials say they are under no legal obligation to intercede on their behalf because they lack citizenship.

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It's unclear exactly how many British residents remain in prison at the U.S. military base in Cuba. British officials said there are nine who were residents of the United Kingdom at one time, four of them illegally. U.S. officials say there are 10, court papers show.

According to an affidavit filed in a London court case by David F. Richmond, director general of defense and intelligence for the British Foreign Office, U.S. officials informally floated a proposal in June to see whether Britain would be willing to accept the transfer of all 10 prisoners. Court papers show that Britain nixed the idea, saying it would be too costly and difficult to meet U.S. conditions to keep the men under constant surveillance.

George Brent Mickum IV, a Washington lawyer, represents two of the British residents, Jamil el-Banna, a Palestinian with Jordanian citizenship who legally moved to Britain in 1994, and Bisher al-Rawi, an Iraqi citizen who immigrated to Britain as a teenager in 1984. He said his clients would much rather return to London, even if it meant restrictions on their liberty there. But he said Britain was clearly opposed to the idea, under any circumstances.

"As far as I'm concerned, they can put them under whatever surveillance they want -- they're infinitely better off in Britain," Mickum said. "But the British have indicated to me that they are adamant. They do not want these guys back."

The British security service known as MI5 played an instrumental role in sending Banna and Rawi to Guantanamo in the first place.

The men were seized in 2002 during a business trip to West Africa, taken to a secret CIA prison in Afghanistan and later shipped to Cuba. Documents show that British agents tipped off the CIA to the men's whereabouts after they had refused to work as informants for MI5 in London.

Researcher Julie Tate in Washington contributed to this report.

Why Democrats Oppose Military Commissions Act (WSJ)

By Steny Hoyer and Ike Skelton

Wall Street Journal, October 17, 2006

Your assertion ("Democrats on al Qaeda," Review & Outlook, Oct. 2) that Democrats will not be tough on terrorism because many of us opposed the Republicans' Military Commissions Act is offensive and untrue. The party of Wilson, Roosevelt, Truman, Kennedy and Clinton takes a back seat to no one in protecting our nation and our people. We have always fought for freedom and confronted tyranny -- and do so today.

Our national security interests are best served when we interrogate and try terrorist suspects in a manner that comports with our American values; produces convictions that will withstand appeals; and honors our international commitments, thereby protecting our troops who fall into enemy hands. We believe the Republican bill failed on each point.

If anything, the Military Commissions Act is not tough enough on terrorists because there is no certainty the act will withstand the scrutiny of the Supreme Court. If the act is tied up in litigation and eventually struck down, convicted terrorists could have a "get-out-of-jail-free" card. During the debate on the legislation, we pointed to numerous constitutional challenges that will likely be brought against the act, such as that it unlawfully strips federal courts of jurisdiction over habeas corpus claims; creates ex post facto laws in violation of Article I; purports to make the president the final arbiter of the Geneva Conventions, in violation of Article 3; and because of the way it is written, may apply to U.S. citizens -- as well as non-citizens -- and allow coerced testimony in violation of the 5th, 8th and 14th Amendments.

Will The Supreme Court Shackle New Tribunal Law? (CSM)

By Warren Richey

The Christian Science Monitor, October 17, 2006

The terror legislation set to be signed into law Tuesday by President Bush sits atop an ideological fault line that sharply divides the US Supreme Court and highlights the emerging power of Justice Anthony Kennedy.

The new law rejects at least five key holdings by the liberal wing of the court and sets the stage for what many analysts believe will be yet another historic showdown between the courts, the president, and Congress.

Mr. Bush's authorization of the Military Commissions Act of 2006 will trigger a barrage of challenges asking judges to strike down the law as illegal, unconstitutional, or both. And it has sparked a heated debate among legal scholars and lawmakers.

Senate Judiciary Committee Chairman Arlen Specter (R) of Pennsylvania, who voted for the law, nonetheless told his colleagues just prior to its passage that he doubted the Military Commissions Act would survive judicial scrutiny. Others disagreed. "I bet you dollars to doughnuts when the Supreme Court gets hold of our work product, they are going to approve it," Sen. Lindsey Graham (R) of South Carolina said in a speech on the Senate floor.

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The Military Commissions Act of 2006 establishes rules for trying Al Qaeda suspects for war crimes before special military tribunals. It somewhat narrows the protections of the Geneva Conventions available to detainees in the war on terror. And it tosses several hundred detainee lawsuits out of the federal courts, replacing rigorous habeas corpus review with a more constrained and streamlined appeals process.

The sharp divide at the Supreme Court is driven by a fundamental disagreement over the proper level of judicial oversight of the war on terror. Liberal justices seek more aggressive oversight to protect individual liberties. Conservatives favor granting more deference and flexibility to the president/ commander in chief during times of war. Kennedy's key role

Although the votes of specific justices have sometimes been difficult to predict, there are signs that a familiar pattern is emerging in cases dealing with the war on terror. Just as in hot-button social issues like affirmative action and so-called partial-birth abortion, the balance of power in potential landmark national-security cases appears increasingly to rest in the hands of Justice Kennedy.

Of the three major high-court precedents dealing with the war on terror - the Hamdi and Rasul decisions announced in 2004 and the Hamdan decision in June 2006 - Kennedy voted in the majority in all three. Most important, his was the least restrictive opinion of the five-justice liberal majority that struck down Bush's military commission process in June. That is, Kennedy was reluctant to go as far as Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg, and Stephen Breyer in limiting Bush's options in the war on terror.

However, he was even more reluctant to grant the president the broad discretion that analysts say would have resulted in the approach favored by Chief Justice John Roberts and Justices Antonin Scalia, Clarence Thomas, and Samuel Alito.

Instead, Kennedy joined the liberal wing in the Hamdan decision, but once there, he adopted a more centrist stance. He invited Congress to strike the proper balance between protecting national security while also upholding international human rights treaties. "Congress, not the court, is the branch in the better position to undertake the sensitive task of establishing a principle not inconsistent with the national interest or international justice," Kennedy wrote in his concurrence to the Hamdan decision.

The Republican-controlled Congress eagerly accepted the invitation. But if Justice Stevens's Hamdan decision was a rebuke of Bush's terror policies, as many analysts have opined, the Military Commissions Act is a counterrebuke of the liberal wing of the high court - including Kennedy.

The new law rejects much of the liberal wing's approach in the Rasul and Hamdan decisions.

• It rejects the high court's view (in the Rasul decision) that suspected Al Qaeda members detained at Guantánamo Bay, Cuba, must be afforded the right to file habeas corpus challenges in US courts.

• It rejects Stevens's majority opinion (in the Hamdan decision) that the Detainee Treatment Act of 2005 did not retroactively strip the Supreme Court (and other federal courts) of jurisdiction to hear habeas corpus challenges filed by Guantánamo detainees.

• It rejects the conclusion of four justices in the liberal wing (in Hamdan) that Al Qaeda defendants on trial before military commissions must be allowed to attend their entire trial and confront all evidence being used against them - even when the evidence is classified.

• It rejects the conclusion of the Stevens plurality in the Hamdan decision that conspiracy is not a war crime and thus cannot be the basis of a trial before a military commission operating under the Law of War.

• And it rejects the liberal wing's more expansive view (in Hamdan) of the applicability of Common Article 3 of the Geneva Conventions to Al Qaeda suspects. That provision gives a base line of human rights protections for detainees.

Although Congress and the Bush administration acknowledge that Common Article 3 applies in the war on terror, the Military Commissions Act interprets the treaty in a way that narrows its protections and retroactively provides a defense for US officials who engaged in harsh interrogation tactics such as simulated drowning and induced hypothermia.

Human rights workers say such harsh tactics violate the treaty. Administration officials deny that US personnel have engaged in torture or unlawfully cruel conduct during interrogations. What a new case could revolve around

Ultimately, if the Military Commissions Act winds up before the high court, the outcome may turn on how Kennedy interprets a single paragraph in the 2004 Hamdi decision. At issue in that case was whether a US citizen could be held indefinitely as an enemy combatant. Justice Sandra Day O'Connor (who has since retired) wrote a plurality opinion joined by Kennedy. It said that a citizen-detainee accused of being an enemy combatant must be able to examine the factual basis for his detention and be given a fair opportunity to rebut the government's allegations before a neutral decisionmaker.

Allowing a detainee to file a habeas corpus petition to a federal judge would satisfy this standard, the court said. But the Hamdi opinion continues: "There remains the possibility that the standards we have articulated could be met by an appropriately authorized and properly constituted military tribunal." The opinion cites Army Regulation 190-8 as an appropriate substitute.

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In the aftermath of both the Hamdi and Rasul decisions, the Defense Department was searching for a way to avoid a flood of habeas corpus petitions filed on behalf of Guantánamo detainees to federal judges in Washington. Defense officials relied on that key paragraph in the Hamdi decision and created the Combat Status Review Tribunal system, modeled on Army Regulation 190-8. It involves three officers who review evidence supporting a detainee's designation as an enemy combatant.

The thinking was that if the Supreme Court endorsed such a system as a constitutional alternative to habeas corpus review for US citizens in the Hamdi case, the same system should provide more than enough due process to noncitizen enemy combatants being held at Guantánamo.

If Kennedy agrees with this position, the Military Commissions Act would probably survive its most serious legal challenge. But Kennedy's stance on this issue is unclear.

Lawyers for Guantánamo detainees say that Combat Status Review Tribunals (CSRT) fall far short of the fair procedures required in the Hamdi case. "They are a sham," says Thomas Wilner, one of the lead Guantánamo defense lawyers who won the Rasul case and is continuing to litigate related issues at the federal appeals court in Washington. "They did not give what Hamdi said you have to give - the minimal basic due process requirement."

The requirement includes that a detainee receive prior notice of all accusations being made against him and a fair opportunity to confront those charges before a neutral decisionmaker.

When the evidence is classified, a declassified summary doesn't always provide enough information to enable a detainee to defend himself, defense lawyers say.

In one CSRT hearing, the detainee was accused of associating with a known Al Qaeda operative in Bosnia.

"Give me his name," the detainee said.

The tribunal president said he didn't know the name.

"How can I respond to this?" the detainee asked.

"Did you know of anybody who was a member of Al Qaeda?" the tribunal president asked.

"No, no."

The detainee added, "This is something the interrogators told me a long while ago. I asked the interrogators to tell me who this person was.... If you tell me the name, then I can respond and defend myself against this accusation."

Defense lawyers say that unlike previous wars, most of the US detainees at Guantánamo Bay weren't captured by US soldiers on a battlefield. Many were "sold" to the Americans by Pakistanis and Afghans seeking payment of US bounties for Al Qaeda members even when their Al Qaeda involvement was less than clear. Defense lawyers say this is why there may be a significant number of innocent detainees among those being held at Guantánamo.

This is complicated by the widely held assumption that most bona fide Al Qaeda members will falsely insist during hearings that they are innocent goatherders or hapless students rather than holy warriors. Key parts of the Military Commissions Act

• Establishes special rules for military-commission trials for Al Qaeda suspects accused of committing war crimes. The rules permit the exclusion of a defendant from his trial if classified evidence is being presented, and the admission of hearsay and coerced statements as evidence.

• Authorizes a three-officer military panel to determine a detainee's status as an enemy combatant eligible for indefinite detention in US custody. This is in lieu of the ability to file a habeas corpus petition challenging the legality of the detention in federal court.

• Creates a retroactive legal defense for US personnel who engaged in harsh interrogation tactics from September 2001 to December 2005. Also narrows the range of activities that might constitute a violation of Common Article 3 of the Geneva Conventions outlawing torture and cruel treatment.

• Expands the definition of an unlawful enemy combatant to provide that anyone who offers "material support" to someone engaged in hostilities against the US can be held indefinitely in military detention, regardless of whether he or she actually engaged in hostilities. Also provides that only noncitizens held as unlawful enemy combatants may be tried by a military commission.

Interrogators Beware (WP)

By Stephen Rickard

The Washington Post, October 17, 2006

On rare occasions, President Bush and his toughest critics agree on something. That will happen today when Bush signs the Military Commissions Act, while claiming "clear" authorization from Congress for "enhanced" CIA interrogations. Many critics claim the bill authorizes torture. Fortunately, both sides are wrong.

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You can't blame the CIA for demanding clear authorization. It reportedly was using waterboarding (a terrifying mock execution in which a prisoner is strapped to a board and convinced he is being drowned), dousing naked prisoners with water in 50-degree cold and forcing shackled prisoners to stand for 40 straight hours.

Should the CIA be worried? Yes. The United States has prosecuted every one of these techniques as a war crime. So when Congress passed the McCain amendment last fall banning cruel treatment, CIA interrogators reportedly stopped working. Vice President Cheney had sought an exemption for the CIA -- but didn't get one. The administration apparently pushed the interrogators hard to resume their tactics, saying these techniques were still legal, but the CIA refused.

It seems the agency had learned an important lesson from the infamous Justice Department "torture memo," which claimed that to be deemed "torture" a procedure had to be capable of causing major organ failure or death. The administration repudiated the memo when it became public. The lesson? Secret, contorted legal opinions don't provide any real protection to CIA officers.

So the CIA demanded "clarity" -- from Congress. No wonder President Bush practically sprinted to the cameras to begin spinning his "compromise" with Sen. John McCain (R-Ariz.) on the Military Commissions Act. He needs to convince CIA interrogators that they now have congressional carte blanche.

They don't. In fact, if they yield to White House pressure to renew brutal interrogations, they will be at greater risk than they were last fall.

The bill's language on torture is far from perfect, and it has many other objectionable provisions. It should have been rejected. But on its face it criminalizes cruel treatment. An interrogator can go to prison if a court finds that the techniques used caused "serious" mental or physical "suffering," which need not be "prolonged." According to Sen. Lindsey Graham (R-S.C.), the administration agrees that this rules out waterboarding.

As for hypothermia, prolonged sleep deprivation and stress positions, does the CIA really want to put that question to a jury? Legions of highly qualified experts would line up to testify that these techniques cause severe, prolonged suffering. The CIA knows this. It funded some of the seminal studies on the subject.

As for Congress, administration supporters made general claims about the importance of continuing "the program" and its legality. But Graham said specifically that the bill "reined in the [CIA] program." McCain said it can be interpreted to mean that "extreme deprivation -- sleep deprivation, hypothermia and others -- would be not allowed." Sen. John Warner (R-Va.) said that such abusive techniques are "clearly prohibited by the bill."

"Reined in," "not allowed," "clearly prohibited" -- that's from the bill's Republican sponsors in the Senate. The House was no more supportive. The chairman of the Armed Services Committee, Rep. Duncan Hunter (R-Calif.), said it is "absolutely false" to claim that the bill authorizes the "enhanced" techniques. Another senior House Republican, Rep. Christopher Shays of Connecticut, said that "any reasonable person" would conclude that the CIA's techniques "clearly cause 'serious mental and physical suffering.' " That's congressional approval?

Another inconvenient fact for the White House: The bill emphatically reaffirmed the McCain amendment -- the law that led the CIA to demand clear authorization in the first place.

The Bush administration has been pushing the idea that the McCain amendment is infinitely elastic, banning only what "shocks the conscience" -- that no technique is prohibited if interrogators need the information badly enough. Under this preposterous theory, Japanese Americans could have been tortured after Pearl Harbor if authorities thought it would reveal an imminent attack on the West Coast. It's really "in the eye of the beholder," said Cheney.

But if a CIA interrogator is indicted after this administration leaves office, it will not matter whether keeping a naked prisoner standing for 40 straight hours shocks Dick Cheney. It will matter whether it shocks the court.

U.S. courts know cruelty when they see it, even if the Bush Justice Department doesn't. The Supreme Court agreed decades ago that sleep deprivation "is the most effective torture" and said that "the blood of the accused is not the only hallmark of an unconstitutional inquisition . . . the efficiency of the rack and the thumbscrew can be matched . . . by more sophisticated modes of 'persuasion.' "

The administration is trying to convince CIA officers that they won't be indicted -- or at least convicted. But the CIA demanded clarity, not more ambiguity and "plausible deniability."

At the end of the day all the president can honestly tell CIA interrogators is this: "The law has some loose language. We'll give you another memo. Don't worry."

Sure.

The writer is director of the Washington office of the Open Society Institute.

Sami's Shame, And Ours (NYT)

By Nicholas D. Kristof

DOJ_NMG_0082079

The New York Times, October 17, 2006

There is no public evidence that Sami al-Hajj committed any crime other than journalism for a television network the Bush administration doesn't like.

But the U.S. has been holding Mr. Hajj, a cameraman for Al Jazeera, for nearly five years without trial, mostly at Guantánamo Bay. With the jailing of Mr. Hajj and of four journalists in Iraq, the U.S. ranked No. 6 in the world in the number of journalists it imprisoned last year, just behind Uzbekistan and tied with Burma, according to the Committee to Protect Journalists.

This week, President Bush is expected to sign the Military Commissions Act concerning prisoners at Guantánamo, and he has hailed the law as "a strong signal to the terrorists." But the closer you look at Guantánamo the more you feel that it will be remembered mostly as a national disgrace.

Mr. Hajj is the only journalist known to be there, and, of course, it's possible that he is guilty of terrorist-related crimes. If so, he should be tried, convicted and sentenced.

But so far, the evidence turned up by his lawyers and by the Committee to Protect Journalists — which published an excellent report on Mr. Hajj's case this month — suggests that the U.S. military may be keeping him in hopes of forcing him to become a spy.

Mr. Hajj, 37, who attended university and speaks English, joined Al Jazeera as a cameraman in April 2000 and covered the war in Afghanistan. He was detained on Dec. 15, 2001, and taken to the American military prison in Bagram, Afghanistan.

"They were the longest days of my life," Mr. Hajj's lawyers quoted him as saying. He told them he was repeatedly beaten, kicked, starved, left out in the freezing cold and subjected to anal cavity searches in public "just to humiliate me."

In June 2002, Mr. Hajj was flown to Guantánamo, where he says the beatings initially were brutal but have since subsided somewhat.

At first, interrogators said Mr. Hajj had shot video of Osama bin Laden during an Al Jazeera interview, but it turned out that they may have mixed him up with another cameraman of a similar name. When that assertion fell apart, the authorities offered accusations that he had ferried a large sum of money to a suspicious Islamic charity, that he had supported Chechen rebels, and that he had once given a car ride and other assistance to an official of Al Qaeda.

One indication that even our government may not take those accusations so seriously is that the interrogations barely touched on them, Mr. Hajj's lawyers say.

"About 95 percent of the interrogations he went through were about Al Jazeera," said one of the lawyers, Zachary Katznelson of London. "Sami would say, 'What about me? Will you ask about me?' "

He added, "It really does seem that the focus of the inquiry is about his employer, Al Jazeera, and not about him or any actions he may have taken."

Mr. Katznelson also says that interrogators told Mr. Hajj they would free him immediately if he would agree to go back to Al Jazeera and spy on it. He once asked what would happen if he backed out of the deal after he was free.

"You would not do that," Mr. Hajj quoted his interrogator as saying, "because it would endanger your child."

The Defense Department declined to comment on Mr. Hajj's case, saying that in general, it does not comment on specific detainees at Guantánamo.

While Mr. Hajj is unknown in the U.S., his case has received wide attention in the Arab world. The Bush administration is thus doing long-term damage to American interests.

Mr. Hajj's lawyers say he has two torn ligaments in his knee from abuse in his first weeks in custody, making it exceptionally painful for him to use the squat toilet in his cell. The lawyers say he has been offered treatment for his knee and a sitting toilet that would be less painful to use — but only if he spills dirt on Al Jazeera. And he says he has none to spill.

And while Defense Department documents indicate that he has been a model inmate at Guantánamo, he protests that he has been called racial epithets (he is black) and that he has seen guards desecrate the Koran.

When Sudan detained an American journalist, Paul Salopek, in August in Darfur, journalists and human rights groups reacted with outrage until he was freed a month later. We should be just as offended when it is our own government that is sinking to Sudanese standards of justice.

This doesn't look like a war on terrorism, but a war on our own values.

HOMELAND RESPONSE:

Mandatory Anthrax Shots To Return (WP)

By Christopher Lee

DOJ_NMG_0082080

The Washington Post, October 17, 2006

The Defense Department will resume mandatory anthrax vaccinations for more than 200,000 troops and defense contractors within 60 days, a Pentagon official said yesterday, rejecting the concerns of some veterans and service members who say that the vaccine has not been proved safe or effective.

The vaccinations will be required for most military units and civilian contractors assigned to homeland bioterrorism defense or deployed in Iraq, Afghanistan or South Korea, said William Winkenwerder Jr., a physician and the assistant secretary of defense for health affairs. As troops rotate in and out of those regions, the number receiving vaccinations will grow considerably, he said.

A lawsuit filed by six former or current service members had blocked the mandatory vaccinations since October 2004, when U.S. District Judge Emmet G. Sullivan ruled that the Food and Drug Administration had erred in approving the vaccine in 2003 without seeking public comment and conducting a full review.

But the FDA then held a 90-day comment period to overcome that hurdle and granted the vaccine final approval last December, clearing a legal path for the Pentagon to resume the controversial program.

"The FDA went out again . . . and came to the very unambiguous and clear conclusion that the vaccine was safe and it was effective against all forms of exposure," Winkenwerder said. "In our view, that has definitively settled the question."

But Mark Zaid, an attorney for the six plaintiffs, said yesterday that Sullivan's ruling and the Pentagon's remedy both turned on procedural technicalities. The plaintiffs plan to file a new lawsuit challenging the government's contention that human studies from the 1950s and more recent studies in animals demonstrated the safety and efficacy of the vaccine.

"It is an unnecessary, unproven and potentially unsafe vaccine," Zaid said. "Everyone is concerned as to their health, and the fact is that there is no scientific evidence that the vaccine works in humans. . . . I think this program is nothing more than a glorified public relations campaign to demonstrate that they are doing something."

Anthrax is a deadly infectious disease caused by the spore-forming bacterium Bacillus anthracis . A month after the Sept. 11, 2001, attacks, letters tainted with anthrax infected people in Connecticut, Florida, New Jersey, New York and the District. The unsolved attacks killed five people, sickened 17 and caused about 10,000 to be put on antibiotics.

Although the previous anthrax attacks occurred on U.S. soil, Winkenwerder said troops overseas are believed to be a higher risk, and military personnel in the United States do not have to receive the six shots.

"I have not been vaccinated because I'm not in any of the targeted groups," Winkenwerder said. "If I was, I would receive the vaccine without hesitation."

The Clinton administration began the mandatory vaccinations in 1997. Over the next few years, hundreds of active-duty service members refused to take the vaccine, and more than 100 were court-martialed as a result. Winkenwerder said that 27 people refused the vaccine and left the military in 2003, and that 10 did so in 2004. A voluntary vaccination program that Sullivan allowed last year saw participation rates of 50 percent, Winkenwerder said. In all, more than 1.2 million military and civilian personnel have received the vaccine.

Some who received vaccinations for anthrax and smallpox around the time of the 2003 invasion of Iraq have complained of fatigue, migraines, pain and diseases such as multiple sclerosis.

Winkenwerder said that, as with any vaccine, some who receive the shots develop adverse reactions, but that there is no evidence to indicate a particular problem with the anthrax vaccine.

But as recently as this spring, the Government Accountability Office, the investigative arm of Congress, said questions remain about the vaccine. "The long term safety of the licensed vaccine has not been studied," the agency said in a May 9 report. ". . . Also, there is some evidence that the current anthrax vaccine may have diminished efficacy against certain virulent strains of anthrax."

Barbara Loe Fisher, president of the National Vaccine Information Center, said her nonprofit advocacy group is adding more information to its Web site about the research and development of biological defense vaccines.

"The DOD has a moral duty to fully disclose anthrax vaccine risks, as well as benefits, to soldiers and allow them to make an informed, voluntary decision," she said in a statement.

Luck May Have Spared Aides In Anthrax Attack (RC)

By Paul Kane

Roll Call, October 17, 2006

The letter from the fourth-grade class of the “Greendale School” in Franklin Park, N.J., arrived on a Friday afternoon at Room 509 of the Hart Senate Office Building. It quickly was shipped up to the sixth-floor mailroom — its last stop on a four-day,

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roughly 160-mile journey that would leave several people dead, more than a dozen injured and the Congressional community in shock.

But no one opened the letter that Friday, as the interns and staff who dealt with mail in then-Sen. Tom Daschle's (D-S.D.) office were instead getting lectured about the threat of biochemical attacks through the postal service. By Monday morning, Grant Leslie, an intern, had found the seemingly innocent letter, postmarked Oct. 9, 2001, at the top of a pile and made the slightest cut in the envelope, causing a small amount of powder to spill on her skirt, shoes, the intern standing next to her and the office floor.

Five years later, those ex-staffers and health experts who dealt with the medical issues involved in the immediate aftermath of the anthrax attacks largely attribute the fact that those exposed to the deadly biological agent avoided long-term health problems to a single factor: luck.

"We are very lucky that no one died," said Greg Martin, who at the time was head of the infectious disease center at the National Naval Medical Center in Bethesda.

Interviews with Daschle, some of his former staffers, other Congressional aides and experts involved with the short-term fallout from the anthrax attacks on Capitol Hill revealed that a series of actions taken along the way — some well-thought-out, others largely accidental — combined to allow for a relatively happy ending rather than a deadly outcome.

Mistakes were made at the outset, and internal fights between agencies continued for months afterward, but each of those setbacks was gradually overcome, some because of hard work and some a result of preparation for just such an attack.

Several of the actions taken at the time were not revealed to the public for months or even years, and in the process created the potential for far greater carnage from the attacks, such as:

• The Daschle intern, Grant Leslie, only partially opened the letter, which was then fully opened minutes later by Capitol Police on the scene, an act that may have further spread the anthrax spores into the air and a ventilation system that didn't stop running for 45 minutes after the first emergency call was placed;

• The initial recommendation to the aides from the Office of the Attending Physician, after several hours of being essentially quarantined in an anthrax-laden office, was that only the staffers on the sixth floor in and around the mail room needed to be tested for exposure, while other staffers in Hart were allowed to go home without monitoring;

• Even after staffers demanded they all be tested — a process which revealed a total of 20 aides were exposed — the experts on the scene allowed the staff to go home without any decontamination, potentially spreading the agent throughout the Washington, D.C., metropolitan region.

In the end, five people died along the East Coast from anthrax-laced letters sent to Daschle, Sen. Patrick Leahy (D-Vt.), NBC News and the New York Post. Just a few blocks from the Capitol, two employees at the U.S. Postal Service's Brentwood facility, which processed the letter to Daschle and another anthrax-tainted letter to Leahy, discovered a month later, died from anthrax inhalation.

"The luckiest thing was we saw the powder, unlike the postal workers. That's the critical difference between our people living through it and those two postal workers not living through it," said Laura Petrou, Daschle's chief of staff in his Hart office at the time.

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While federal investigators have failed to apprehend the source of the anthrax attacks, each of the letters was sent from suburban New Jersey, routed through Trenton, and then delivered to Washington. By the time they hit the Capitol, the potential anthrax threat had already become a central topic in discussions of terrorist threats, as the NBC and New York Post letters had already been discovered. Roll Call's lead headline on Oct. 15, 2001, was "Hill Braces for Anthrax."

That morning, according to numerous sources inside the Daschle office at the time, Leslie had only barely opened the letter from the "Greendale School." (It would later be revealed that there is there is no such school in the Garden State.) She sat frozen, refusing to further open the letter and potentially have more powder come out — a fact that runs contrary to the public perception at the time that the intern had ripped open the letter and accidentally sprayed anthrax spores throughout the office.

The first Capitol Police officers on the scene weren't even equipped with hazardous materials suits to handle the letter, according to Daschle and ex-staffers who was in the Hart office that day. According to a book he wrote about the 107th Congress, Daschle said the call to the Capitol Police from his office about the suspicious envelope was the third they'd received that morning.

The officers opened the letter and read aloud: "You cannot stop us. We have this anthrax. You die now. Are you afraid? Death to America. Death to Israel. Allah is great." Within minutes, other officers arrived on the scene in hazardous materials suits, calls to the FBI and Centers for Disease Control went out, and the on-scene officers conducted field tests which immediately came back with the news that would rock the Capitol for months to come: a positive result for anthrax.

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In the Capitol, where he was serving as Senate Majority Leader, Daschle received the news from a top aide and began calling family members of the aides exposed to the powder. Even as he was absorbing the news, he took a call from President Bush about other anti-terror matters, during which he informed Bush that the field tests for anthrax were positive. Minutes later, in a press conference, Bush told the world about the letters testing positive, sending a wave of dread throughout the Hart building.

"There was really no knowledge about what should be done. The book had not been written," said Martin, who was brought in as an adviser to the situation by Attending Physician John Eisold.

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Martin said the officers opening the letter and reading it aloud probably did expose the area around the Daschle mail room to a greater level of contamination, but he added that the two grams of the deadly agent were so potent that everyone on that floor likely had been exposed already. He compared the incident to opening a canister of gasoline in a small room, which would fill the room with its odor in a matter of seconds.

Just as big a problem was the fact that it took 45 minutes to shut down the HVAC system in Hart. Likewise, much of the scientific history regarding anthrax and its interaction with humans came from military testing conducted in the 1950s.

Eisold's office, consulting with other medical experts from the CDC and Bethesda Naval, believed that the aides on the fifth-floor Daschle office would be fine, and dispatched the mail room staff to a ninth-floor office for testing. The remaining 25 or so staffers quarantined in the fifth floor were kept there for the next five hours — long enough that a pizza delivery man was eventually summoned to deliver lunch and accidentally went too far into the office, potentially exposing himself to the agent.

At one point that afternoon, the staff were told they could go home without getting tested for anthrax exposure, a process which involved using a nasal swab to test for any anthrax spores. A legislative assistant to Daschle, Peter Hanson, dissented, and soon a group of staffers were circulating a petition demanding to be swabbed, according to aides in the room.

Eventually, the clamor led to any concerned staffer being allowed to be tested, and all were eventually tested. But many left their offices that day believing that they were condescended to by police and health officials.

Looking back, Martin said this — letting the staff leave without going through some sort of decontamination process, letting them go to the Capitol and then home wearing the same clothes that they had been wearing — was the most critical mistake made in the entire anthrax ordeal.

Daschle recalled an emotional scene that Monday afternoon when his Capitol-based staff finally got to see their friends from Hart. "We all hugged them, not thinking that their clothes were probably totally saturated with these anthrax spores," he said in a recent interview.

That night, tests came back revealing that more than 20 staffers had tested positive for anthrax exposure (that number would settle at 20 after all the proper tests were done). Additional tests came back showing that the grade of anthrax involved was a more dangerous, more purified form and had spread farther than anyone initially suspected.

Pete Rouse, Daschle's leadership chief of staff, and Petrou began calling aides and telling them to assemble in the Capitol the next morning for the most serious meeting they were ever likely to have. "That was pretty devastating. I was terrified that some of them were going to die," Petrou recalled recently.

They showed up at the Capitol that Tuesday morning with trash bags filled with their clothes from the day before, which were then turned over to the FBI for testing.

Daschle's staff made an immediate decision that they would tackle the issue together, regardless of who among them had tested positive and who hadn't. No one would identify to the media which staffers tested positive, and they went to great lengths to initially conceal Leslie's identity as the person who initially opened the letter.

Daschle identified Leslie, who returned to Capitol Hill to work full time for Daschle, in his book. The then-intern, who now works for Sen. Ken Salazar (D-Colo.), has declined all media interviews on the topic.

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The ensuing days were a back-and-forth of confusion and fear, as thousands in the Capitol complex lined up for nasal swabs and to receive their supply of the powerful antibiotic Cipro.

Briefings were given to chiefs of staff to relay information to anxious aides throughout the Capitol, but many staffers left those meetings confused. "It's easy to Monday-morning quarterb

ack, but I think it would have been better if they told us, 'This is our best estimate, we've never done this before.' We didn't get that," said Luke Albee, Leahy's chief of staff at the time.

Several staffers in the offices of Sen. Russ Feingold (D-Wis.), next door to 509 Hart, also tested positive for anthrax exposure. Martin, who is now in charge of the infectious disease program at the Naval Medical Research Center in Lima, Peru, said the health-care community had never encountered anything like the level of anthrax exposure displayed in some of the staffers, which he described as "hundreds" of times above the amount that could kill them.

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If those immediately exposed had not been placed on Cipro within 24 hours, Martin said he believes fatalities would have occurred on the Hill. In addition, had Leslie not seen the powdery substance, Martin said, “I think we would have had scores if not hundreds of deaths.”

Martin acknowledged that several things would be done differently in the event of a similar biochemical attack, notably not leaving those exposed in the same room for hours on end, and not sending them home before going through decontamination.

“What saved those people was knowing or suspecting it was anthrax [in the letter], and getting them on antibiotics,” he added.

By the end of the year, the staffers and Capitol Police who tested positive for exposure had received an anthrax vaccine as an extra precaution, the final seal of approval for medical experts. And throughout the ordeal, staffers for Daschle and Feingold continued performing the everyday tasks that came with their profession.

“They all carried out their jobs really well, under extraordinary pressure, and wondering whether they were going to die,” Petrou said.

Heavy Load Port-Security Plan, A Bid To Foil Terror, May Slow Deliveries (WSJ)

By Miriam Jordan

The Wall Street Journal, October 17, 2006

LONG BEACH, Calif. -- Rafael Rivera spends more than a dozen hours a day in the cab of his old blue truck. In a typical day spent hauling shipping containers from the Port of Long Beach to distribution centers for companies such as Ikea, Pier 1 Imports or Toyota, the El Salvadoran immigrant clears about $8 an hour.

Mr. Rivera's humble but critical job is about to come under scrutiny. A federal antiterrorism program set to go into practice later this year will require port workers -- including more than 100,000 drivers like Mr. Rivera who pass through the nation's terminals -- to prove they are legal U.S. residents. While Mr. Rivera says he's here on a work permit, many drivers in this predominantly Hispanic work force are believed to be illegal immigrants. For the harbor trucking industry, which already faces a shortage of drivers, the new regulations promise to make the crunch acute.

Washington's bid to ratchet up port security is expected to leave thousands of undocumented drivers without jobs in ports across the country. That would undermine the flow of goods to U.S. consumers, highlighting the crucial role immigrants such as Mr. Rivera play in the nation's economy.

At issue is the Transportation Worker Identification Credential program, or TWIC, a component of the Maritime Transportation Security Act of 2002. Under this federal program's guidelines, workers with unescorted access to secure U.S. port areas must be legal residents and pass a background check. Disqualifying felonies are likely to include robbery and drug dealing. Those who pass will be issued biometric identification cards, which include a photo and fingerprints. Workers will gain access to a secure port area by swiping the cards at the entrance.

The worker-credential plan wasn't crafted with illegal immigrant workers in mind. It was an outgrowth of the Sept. 11, 2001, terrorist attacks, which alerted authorities to the vulnerability of U.S. infrastructure and raised concerns that radioactive materials could be smuggled into one of the country's 180 commercial ports. After languishing for years, TWIC -- which will be implemented by two Homeland Security divisions, the U.S. Coast Guard and the Transportation Security Administration -- is expected to launch late this year, says a TSA spokesman.

The program will require identification cards for about 750,000 port workers nationwide, which include about 110,000 truck drivers, the TSA says. A large proportion of the truckers are Hispanic -- as much as 90% at the sprawling, adjacent harbors of Los Angeles and Long Beach, the nation's busiest ports. No one knows for sure how many are illegal immigrants, though estimates range from 20% to 50% nationally. With these truckers out of the work force, major ports such as Houston, Miami and New York-New Jersey would also be heavily affected.

"We need TWIC for security," says Bill Madden, general manager for terminal services at Long Beach Container Terminal Inc. "But it will cause a big dislocation. The truckers are the guys who make this place work."

Critical Link

The drivers form a critical link between global suppliers to retailers throughout the U.S. Nationwide, they haul everything from spare auto parts and life-saving medical devices to toys and T-shirts from harbors to distribution points 50 or 100 miles away. Working as independent contractors, they are paid a flat per-trip fee -- typically $40 to $100, depending on the distance between port and warehouse, and averaging about $55. Most drive aged trucks -- known as bobtails -- to which they attach trailer rigs. They normally take out loans to buy the trucks, paying them off in monthly installments. The drivers are paid by trucking firms retained by freight forwarders, steamship lines and importers.

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Mr. Rivera's experience illustrates why U.S. citizens aren't clamoring for these jobs. On a recent day at noon, the 51-year-old trucker parked his rig in a transportation company's staging yard to wait for an assignment. At 3 p.m., a dispatcher gave him a ticket for the day's first container pickup. Mr. Rivera drove to the Long Beach port so he could be among the first to get his load when the harbor opened for its 6 p.m. night shift.

His first load was a container heading to Kmart, which he dropped at a consolidation yard near the port. By 3 a.m. the next morning, Mr. Rivera had made two additional round trips to retailer warehouses and railway depots in Southern California.

Mr. Rivera bought his truck, which has nearly 900,000 miles on the engine, for $15,000, plus about $3,000 more he paid to service a loan. After accounting for fuel, insurance and truck maintenance, he figures he clears about $2,400 a month. He shares a $600-a-month, one-room apartment with his wife, Carlota, as well as the youngest of their five children and a 28-year-old niece.

The worst part of the job, Mr. Rivera says, is sitting in line for a container -- downtime he's only rarely paid for. "Sometimes I wait four or five hours just to collect one little box," he said, speaking in Spanish. He clears his throat often when he talks. Asked about the cause, he mentions the pollution from the hundreds of trucks idling at one time at the port.

Few Americans want these jobs, says Bob Curry, president of California Cartage Co., a privately held Southern California port-logistics company. The per-trip pay structure of port trucking isn't as attractive as the hourly wages more typical of the local trucking business. Already, Mr. Curry estimates, turnover among the 12,000 drivers who work the Long Beach-Los Angeles port complex is about 60% each year. "They can haul dirt for more money than cargo," he says.

A cut in the work force could be devastating, as a nationwide work-stoppage earlier this year demonstrated. As few as 10% of all truckers at Los Angeles-Long Beach picked up containers on May 1, when pro-immigration groups called a "Day Without Immigrants." Freeways normally jammed with immigrant-driven rigs were virtually free of trucks.

More than half of all imported apparel and shoes bound for U.S. stores move through Los Angeles or Long Beach ports, says Bruce Berton, officer/director of international business consulting at Stonefield Josephson Inc., a textile and apparel accounting firm. Other ports wouldn't be able to pick up the slack on short notice, he says. Consumers would feel shortages within 30 days. "It would seriously disrupt the economy," says Mr. Berton, who is also on the board of the Export Textile Advisor Commission of the U.S. Department of Trade.

The Transportation Security Administration says it is aware of the ID program's potential impact on port work forces. "We will continue to work with industry, port authorities and workers to address it as we roll out this vital security measure," says Darrin Kayser, manager of strategic initiatives for the TSA.

Demand for port truckers has soared in recent years, as maritime transportation has been revolutionized by containers -- large, stackable steel boxes that are easily transferred between ships, trucks and rail cars. More than 14 million twenty-foot-equivalent containers moved through Los Angeles-Long Beach in 2005, compared with 9.5 million in 2000. The ports began operating a night shift last year and expect container traffic to increase again this year. Overall, the value of international trade in and out of the U.S. climbed to $949 billion in 2004, up 29% from 2000.

At the Los Angeles-Long Beach ports, truckers have enormous freedom to roam the terminals. On a recent day, after presenting his driver's license and container number at the gate, Guatemalan immigrant Carlos Ruiz rumbled into a Long Beach terminal, which looks like a massive parking lot on the water's edge. He weaved through row after row of containers stacked four high, driving with relief past a line of truckers waiting for their containers to be plucked from a pile. "If I'd been assigned to a container in that other row I'd be stuck here another three hours," Mr. Ruiz said.

His container sat halfway down a stack at Row D. There, Mr. Ruiz waited a few minutes for a crane operator -- whom he called a "flip-iadora," Spanglish for a woman who "flips" containers -- to lower a 40-foot orange container onto his truck. His rig trembled at the 20-ton impact.

The drivers have no idea what the sealed containers hold. Mr. Ruiz, en route to a Target distribution center in nearby Carson, could have been hauling plastic toys or millions of dollars worth of plasma TVs. "I know what's sold at Target, but I have no idea what's in this container," he said.

As Mr. Ruiz headed toward the gate, the number on his container was read by an optical camera and checked against his delivery ticket. A taped message informed him, in English and Spanish, that he was free to exit the terminal. After delivering his load to Target he began the cycle again, picking up an empty container from the retailer's yard and returning it to the port.

The unescorted terminal access of Mr. Ruiz and other drivers is what worries some security officials. They're concerned that truckers, whose vehicles aren't inspected when they enter a terminal, could be persuaded to carry explosives inside, or facilitate passage of lethal cargo. "If a port is a target, these extremely low-income truck drivers are susceptible to bribery," says Jon Haveman, a research fellow at the Public Policy Institute of California, a nonpartisan institute that studies state social, political and economic issues.

Lapses Abound

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Experts in security say that lapses abound at the seaports. Port truckers aren't allowed to bring unauthorized guests into a marine terminal, for example. But recently one trucker entered Los Angeles port with his adult son sitting beside him. Both father and son, who asked not to be identified, said that the son frequently rides along.

Immigrant advocates and port experts say truck drivers rank far down the list of potential security threats. The big concern is that nuclear devices or other weapons could be smuggled from abroad and detonated on U.S. shores. U.S. Customs and Border Protection, a Homeland Security division, is addressing smuggling: The agency has struck accords with foreign governments to station U.S. inspectors abroad to examine some U.S.-bound containers. The program is operating at 50 ports so far. On Friday, President Bush signed a law that would place radiation-detection equipment at 22 U.S. ports by the end of next year.

Unauthorized workers often carry false Social Security numbers or work under the names of others. But bosses at the area's dozens of trucking companies say they're not in the position to verify whether documents provided by employment-seeking immigrants are authentic. Such undocumented drivers account for as many as half of the port-trucking work force nationwide, estimates Michael H. Belzer, professor of industrial relations at Wayne State University. By comparison, more than 50% of crop workers are undocumented, according to the U.S. Labor Department.

Port trucking hasn't always been so unappealing to American workers. Decades ago, when the jobs fell under Teamsters union protection, they offered middle-class wages and benefits. But in the 1970s, major industrial shippers lobbied for an open market to reduce the cost of transporting goods.

When the government deregulated trucking in 1980, nonunion, mom-and-pop trucking firms rushed in. Many union shops folded and most unionized truckers left the ports. Pay and work conditions soon deteriorated, according to Wayne State's Mr. Belzer, who wrote a book on the transformation, "Sweatshops on Wheels." Many of the jobs were taken by Hispanic immigrants.

To protest poor conditions, about 6,000 Latino port truckers in Los Angeles and Long Beach stopped driving in the spring of 1996. Shipping companies and trucking firms were unresponsive and ultimately the campaign failed. "I ruined my credit, lost my car and the trucking company didn't want me back," says Enrique Aguilar, a veteran trucker who stayed away for four months.

A survey conducted in 2004 by Kristin Monaco, a professor at California State University, Long Beach, found that port truckers in Los Angeles-Long Beach earned a median $25,000 a year after expenses. By comparison, unionized longshoremen, who unload containers from incoming vessels, make about $110,000.

Trucking companies say they have little power to raise wages to attract new drivers, because new firms are constantly cropping up and offering lower transport rates to importers. Margins are razor-thin. Averting a longer-term driver shortage would require trucking companies to raise pay enough to make driving jobs more attractive. But that would mean charging higher fees, which the trucking companies say importers and freight forwarders are reluctant to accept.

It's not clear whether consumers would feel the impact of a price hike. Currently, for a typical pair of shoes, freight, duty and brokerage charges come to about $1.15, says Mr. Berton of Stonefield Josephson. Of that, he says, the cost of transporting the shoes from port to distribution center is minimal -- about one cent per pair.

Ashcroft Criticized For Book On 9/11 Panel (AP)

AP, October 17, 2006

ST. LOUIS - Former U.S. Attorney General John Ashcroft has been blasted by fellow Republicans for his new book criticizing the 9/11 Commission's investigation of the 2001 terrorist attacks.

Republicans who served on the commission told the St. Louis Post-Dispatch that Ashcroft's behavior as a witness and as an author is "underhanded" and "outrageous."

In his book, "Never Again," Ashcroft accuses the commission of "assessing blame and grandstanding" instead of finding the truth and protecting Americans.

He alleges that the hearings "disintegrated into show trials" and that the Republican-chaired panel was "dangerously out of control" and "obsessed" with blaming President Bush for not preventing the terrorist attacks while "absolving" President Clinton's administration.

Ashcroft's spokeswoman said he stands by the accounts in his book.

Former Sen. Slade Gorton, R-Wash., said Ashcroft was the least interested in helping the panel get at the facts of what had happened before Sept. 11, 2001, so another terrorist attack could be averted.

"John was the least cooperative of all the witnesses we had," Gorton said. "He was the only one who refused to submit his written testimony in advance, he probably came with the largest entourage of any of the people we talked to, and he engaged in a disingenuous and partisan attack" on the committee.

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Former Illinois Gov. James Thompson said Ashcroft's behavior as a witness was so bad that Bush privately apologized to commission members.

"Ashcroft tried to put us on trial and it backfired. The president of the United States apologized to us in the Oval Office for his conduct, which is kind of embarrassing," Thompson said.

"The president has thanked us for our report, and he gave us a four-hour interview," Thompson said. "As far as I can tell, the American people overwhelmingly support the commission and our report. The Congress supports the commission and our work. We were not partisan - we were evenhanded, and we made recommendations based on the history of what happened. So I don't know where John is coming from."

Thompson said the only motive he could guess at is that Ashcroft is "selling a book."

In his testimony before the commission in April 2004, Ashcroft indicated that commission member Jamie Gorelick, a Justice Department official in the Clinton administration, had put up barriers between intelligence and law enforcement that contributed to the terrorist attacks.

But Gorton said that weeks before Ashcroft testified, his own Justice Department had reaffirmed that the barriers should continue. So while Ashcroft tried to divide panel members along partisan lines, his only impact was to antagonize and further unify them, Gorton said.

The former Missouri governor and senator writes about the "Democratic vitriol" he faced during his confirmation hearing to be attorney general.

He lists a number of personal accomplishments after Sept. 11 that he says helped protect the nation, including arrests, surveillance and deportations, while still respecting civil liberties.

He now runs the Ashcroft Group, a Washington-based consulting and lobbying business that assists firms seeking contracts in the field of homeland security and helps with corporate management.

In his book, Ashcroft blames the loss of his Senate seat in 2000 to Democrat Mel Carnahan partly on newspapers that venerated the former governor.

Ashcroft also contends that the Carnahan campaign, continued by his widow, Jean Carnahan, pre-empted Ashcroft's own message by focusing on the late governor's "family values."

In 3rd Storm, FEMA Trailer Is A Charm (NYT)

The New York Times, October 17, 2006

LEEVILLE, La., Oct. 16 — Jack Melancon lost his shrimp nets and his roof to Hurricane Katrina last year and the rest of his house to flooding from Hurricane Rita.

So when he awoke Monday morning to the groan of a tornado advancing on his government-issued trailer home here about 60 miles south of New Orleans, Mr. Melancon, a commercial fisherman, was certain he was about to take a third strike.

Skipping across the wind-driven waters of Bayou Lafourche, the tornado toppled trailers and cut shrimp boats free, driving one into a natural gas pipeline that was quickly turned off. Two people suffered minor injuries.

The tornado snatched the roof from the house of Mr. Melancon's father and the siding from the house of his brother. Then it hurled debris against Mr. Melancon's trailer, provided by the Federal Emergency Management Agency. Short-lived banshee winds strained to pull the trailer from the soggy earth, but metal straps held it firm. The storm then veered north and disappeared.

"It rocked and it rolled and it shook and it blew," Mr. Melancon said. "The trailer did its job. I would recommend one of these to anybody."

WAR NEWS:

Bush Reassures Iraqi U.S. Troops Are Staying (WT)

By Joseph Curl, The Washington Times

The Washington Times, October 17, 2006

President Bush yesterday assured Iraqi Prime Minister Nouri al-Maliki that he has no plans to withdraw troops from Iraq and told him there is no truth to rumors that the United States has set a two-month deadline for his government to control sectarian violence.

In a 15-minute phone call initiated by the president, Mr. al-Maliki raised concerns about the rumored timeline, saying such reports undermine confidence in the Iraqi government and inspire terrorists.

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"The president underscored his commitment to a democratically elected government of Iraq, encouraging the prime minister to ignore rumors that the United States government was seeking to impose a timeline on the [al-Maliki] government," White House press secretary Tony Snow said.

Mr. al-Maliki "said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror," Mr. Snow said. "And the president said, 'Don't worry. You still have our full support.' "

The White House did not know where Mr. al-Maliki picked up the rumors, but the prime minister may have been referring to comments by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, who said earlier this month that the United States might have to consider a change of course if the Iraqi government fails to restore order within two or three months.

During the phone call, Mr. Bush and Mr. al-Maliki also discussed suggestions that Iraq be broken into three regions -- one each for Kurds, Sunnis and Shi'ites -- as a way to end sectarian violence. But the two leaders rejected such a division.

"I don't think that's the right way to go. I think that will increase sectarian violence. I think that will make it more dangerous -- and so does [Mr. al-Maliki]," Mr. Bush said yesterday in an interview with Bill O'Reilly on the Fox News Channel.

"On the point you brought up about dividing the country in three, he rejected that strongly. He thought that was a bad idea. And I agree with him. ... Federalism is one thing, in other words, giving a balance between regional government and central government, but dividing is basically saying there will be three autonomous regions, will create, Bill, a situation where Sunnis and Sunni nations and Sunni radicals will be competing against Shia radicals.

"The Kurds will then create problems for Turkey and Syria. And you've got a bigger mess than we have at this point in time, which I believe is going to be solved," he said.

Mr. Bush also used the phone call to press the prime minister, telling him "we expect you to make tough political decisions to move forward. And he assured me he would continue to make tough political decisions necessary to move forward."

The president also told Mr. al-Maliki that he supports efforts to go after militias and terrorists through political, economic and military means, Mr. Snow said. In turn, Mr. al-Maliki "debunked this notion that he's not going to go after these criminal elements and/or militias that are killing innocent people," Mr. Bush said on Fox. "He knows he's got to provide the security necessary for this country to move forward."

Sectarian Fighting Kills 91 In Balad; Sunnis Flee City (USAT)

USA Today, October 17, 2006

BAGHDAD — Four days of violence in Balad, an hour's drive north of the capital, left at least 91 people dead by Monday. All but 17 were Sunni Muslims.

Also Monday, the U.S. military said five soldiers and two Marines were killed Sunday. The latest deaths put the American military toll so far in October to 58; the month is on course to be the deadliest since 107 U.S. servicemembers died in January 2005.

The violence in Balad began Friday when the headless bodies of 17 Shiite Muslims were found in an orchard. Over the next three days, Shiite death squads killed 74 Sunnis and forced many more to flee east across the Tigris River to the Sunni-dominated city of Duluiyah, police said. Mohamed Ali Hamid, 35, a Sunni taxi driver, said Shiite militiamen gave his family just two hours to leave town Sunday.

American forces helped quell the violence in Balad, where a major U.S. logistical airbase is located.

“Coalition force units are partnering with Iraqi police and Iraqi army units involved in operations around Balad. We are also providing quick reaction assets to the Iraqi police and army,” Lt. Col. Christopher Garver said.

President Bush, meanwhile, telephoned Iraqi Prime Minister Nouri al-Maliki on Monday to reassure him of U.S. support, apparently in response to rumors that the United States had lost patience with the Shiite leader.

Bush spokesman Tony Snow said the president told al-Maliki there was no American deadline for the Iraqi government to be able to stand on its own.

“He (al-Maliki) said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror,” Snow said.

Snow also challenged a story published Monday by USA TODAY that said al-Maliki will not force militias to disarm immediately. “There is no mention … that he's not going to force militias to disarm until later this year or early next year. As a matter of fact, he says he's in the process of doing it now.”

A transcript of the interview showed Al-Maliki had told USA TODAY, “The initial date we've set for disbanding the militias is the end of this year or the beginning of next year.” He also said a government committee was formed Oct. 8 “to work on disbanding militias and give them a deadline by which they have to lay down their arms.”

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In addition to the deaths in Balad, 60 other people were killed in Iraq on Monday. According to an Associated Press count, 708 Iraqis have been reported killed this month. Among the victims Monday: Imad al-Faroon, the brother of the chief prosecutor in the second trial of former dictator Saddam Hussein. Saddam is accused of genocide in connection with a government crackdown in the 1980s against Iraqi Kurds. Al-Faroon was shot by gunmen who burst into his home, government official Ali al-Lami said.

The most deadly attack — 20 dead and 27 wounded — occurred when a suicide bomber slammed an explosives-packed car into a Shiite funeral tent in eastern Baghdad's Ur neighborhood. A second car bomb ripped through a crowd of rescuers and onlookers, police Lt. Ahmed Mohammed Ali said.

Also Monday, Saddam issued an open letter saying Iraq's "liberation is at hand" and calling for an end to Sunni-Shiite killings. Saddam said he was addressing Iraqis in a letter because "my chances to express my opinion are limited" while in detention. The judges in Saddam's two trials have repeatedly censured him and turned off his court microphone.

Court officials said a verdict and sentence would be handed down Nov. 5 in Saddam's first trial for the killings of 148 Shiites from the town of Dujail after an assassination attempt against him in 1982.

Bush Pledges To Keep U.S. Troops In Iraq (AP-Y)

By Anne Plummer Flaherty

AP-Yahoo, October 17, 2006

President Bush told Iraq's prime minister on Monday he has no plans to pull U.S. forces out of the war-torn country, in a conversation that underscored Iraqi worries that the president is being pressured to curtail America's role in the widely unpopular war.

In a 15-minute morning phone call, Bush told Nouri al-Maliki that rumors of a withdrawal of troops in two months were untrue and that the United States would stand strong with its new ally. But even as Bush reassured al-Maliki, he is having to confront growing doubts among Republicans in Congress about his war policies.

A small but growing group of GOP lawmakers, including Senate Armed Services Committee Chairman John Warner, R-Va., have suggested a change in course may be necessary. Warner could provide political cover for other GOP members to challenge Bush on Iraq because he is normally a Bush loyalist and a respected leader on national security issues.

Also providing ammunition for lawmakers unhappy over Iraq — and potential political cover — _ should be recommendations expected by an independent commission after next month's congressional elections. Former GOP Secretary of State James A. Baker III, a leader of that panel, has said the group will recommend options for changing in course in Iraq.

Leon Panetta, a member of the panel and President Clinton's former chief of staff, said the panel hopes to present Congress its findings by January. Among the options being considered are whether to set a timetable for withdrawal and whether to solicit help from Iran and Syria to stop the fighting, but "the study group has made no decisions," he said.

By then, there could be enough Republican defections to produce the biggest challenge yet by Congress to Bush's policy in Iraq — even if the GOP retains control of the House and Senate.

"The war is a 100-pound albatross hanging on the necks of Republicans," said Norman Ornstein, a political scholar with the American Enterprise Institute in Washington.

A spike in American casualties in Iraq in recent weeks, as ethnic violence there spirals ever more out of control, has only served to increase the likelihood that Republicans will increasingly question Bush's policies in the war. At least 58 Americans have died there in the first two weeks of October, a pace that, if continued, would make the month the worst for coalition forces since 107 U.S. soldiers died in January 2005.

According to polls, Bush's support on Iraq among Republicans is soft. While three-fourths of Republicans say they approve of his handling of the war, fewer than half say they strongly approve and three in 10 either have mixed feelings or disapprove.

In contrast, three out of four Democrats disapprove strongly, according to AP-Ipsos polling.

Political experts see next month's elections as a turning point in Congress' oversight of the war, because it may be read as a litmus test for voters' support of Bush. GOP lawmakers will be more likely to challenge the president's policies on the war if they win by a slim margin or are forced to hand control to Democrats, especially as Bush slips further into lame-duck status during his final two years in office.

Concerned U.S. support was faltering, Al-Maliki told the president "that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror," said Bush spokesman Tony Snow. "And the president said, `Don't worry, you still have our full support,'" Snow added.

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Warner recently returned from a trip to the region and immediately told reporters that the war was "drifting sideways," with little progress being made. Warner said he would wait two to three months — until after the elections — to see if the situation could be turned around before suggesting a change in course.

Warner has found support from other Republicans — including Sen. Chuck Hagel of Nebraska, a possible 2008 presidential contender and frequent maverick, as well as Sens. Susan Collins and Olympia Snowe of Maine and several House Republicans.

Taking a different tack, Republican Sens. Lindsey Graham of South Carolina and John McCain of Arizona have challenged Bush's assertion that the size of the Army is adequate. The two senators say they support boosting the number of troops to reduce the strain on units repeatedly sent into combat.

"The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war," Hagel said Sunday on CNN's "Late Edition."

Despite recent noise from Hagel and others, Bush counselor Dan Bartlett said the White House has not detected a loss of Republican support for Bush's Iraq policy. "The vast majority of Republicans understand the stakes in Iraq ... and want to win," he said.

Political experts say Republicans do not want to alienate their major support base — staunch GOP voters loyal to Bush. But at the same time, more GOP members could call for changes to the nation's war policies after the Baker panel releases its results.

Democrats long have urged a change in Iraq policy. Sen. Carl Levin of Michigan, the leading Democrat on the Senate Armed Services Committee, said there is "no military solution to this conflict" and the United States must pressure Iraqis to take over their country.

Bush Reassures Iraqi That There Is No Timetable For Withdrawal (NYT)

By Sheryl Gay Stolberg

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — President Bush reassured Prime Minister Nuri Kamal al-Maliki of Iraq on Monday that he would not set a timetable for withdrawal of American troops and would continue to support the prime minister, despite recent reports that military officials and some Republican lawmakers were dissatisfied with the Iraqi government's performance.

The White House also suggested that it would not necessarily accept the recommendations of an independent commission reviewing Iraq policy. "We're not going to outsource the business of handling the war in Iraq," said Mr. Bush's press secretary, Tony Snow.

The president's remarks to Mr. Maliki came during a 15-minute telephone conversation, Mr. Snow said. During the call, initiated by Mr. Bush, Mr. Maliki expressed concern about news reports that there would be an attempt to replace him if he was unable to assert control over Iraq within two months, Mr. Snow said.

"There was a rumor that there were going to be attempts to replace him if certain things don't happen in two months," Mr. Snow said. "And the president said, the rumors are not true; we support you."

Mr. Maliki, he said, "assured the president that he is and will continue making tough decisions" to get rid of the militias that are responsible for sectarian violence in Iraq.

The exchange reflects the delicate line the White House is walking as it tries to shore up the Maliki government while reassuring an increasingly skittish American public that it remains flexible in its approach to the war.

Senior American military officials have been warning that time is growing short for Iraq to root out militias inside and outside the government. Leading Republicans on Capitol Hill, including Senator John W. Warner of Virginia, the chairman of the Armed Services Committee, and Chuck Hagel of Nebraska, have also been expressing concern.

Mr. Warner said recently that he thought Iraq was "drifting sideways," and Mr. Hagel said Sunday that he agreed. Mr. Snow, asked Monday if the president was confident that the Maliki government was doing everything in its power to get rid of the militias, was equivocal.

"There is more to be done," Mr. Snow said. "There has to be more to be done. The violence is absolutely unacceptable."

A commission led by former Secretary of State James A. Baker III is reviewing the president's Iraq policy, and Mr. Baker has indicated that he will recommend a change in course. The panel's findings are due after the election, and Mr. Bush has said he looks forward to them, although Mr. Snow seemed to push back against the idea that the White House would adopt the recommendations.

"We'll have to see what they say," he said. "We will read it with interest."

The panel has not yet reached any conclusions, its co-chairman, Lee Hamilton, said in an interview on Monday.

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Recent news reports have suggested the panel is weighing two options. One would emphasize stability in Iraq, while abandoning the goal of establishing democracy there; the other emphasizes a phased withdrawal of soldiers.

"We have literally scores of recommendations in front of us, and those are only two," Mr. Hamilton said. Asked about Mr. Snow's remarks, he said, "If he said that they're going to take a close look at it, we're pleased with that."

Can You Tell A Sunni From A Shiite? (NYT)

By Jeff Stein

The New York Times, October 17, 2006

Washington

FOR the past several months, I've been wrapping up lengthy interviews with Washington counterterrorism officials with a fundamental question: "Do you know the difference between a Sunni and a Shiite?"

A "gotcha" question? Perhaps. But if knowing your enemy is the most basic rule of war, I don't think it's out of bounds. And as I quickly explain to my subjects, I'm not looking for theological explanations, just the basics: Who's on what side today, and what does each want?

After all, wouldn't British counterterrorism officials responsible for Northern Ireland know the difference between Catholics and Protestants? In a remotely similar but far more lethal vein, the 1,400-year Sunni-Shiite rivalry is playing out in the streets of Baghdad, raising the specter of a breakup of Iraq into antagonistic states, one backed by Shiite Iran and the other by Saudi Arabia and other Sunni states.

A complete collapse in Iraq could provide a haven for Al Qaeda operatives within striking distance of Israel, even Europe. And the nature of the threat from Iran, a potential nuclear power with protégés in the Gulf states, northern Saudi Arabia, Lebanon and the Palestinian territories, is entirely different from that of Al Qaeda. It seems silly to have to argue that officials responsible for counterterrorism should be able to recognize opportunities for pitting these rivals against each other.

But so far, most American officials I've interviewed don't have a clue. That includes not just intelligence and law enforcement officials, but also members of Congress who have important roles overseeing our spy agencies. How can they do their jobs without knowing the basics?

My curiosity about our policymakers' grasp of Islam's two major branches was piqued in 2005, when Jon Stewart and other TV comedians made hash out of depositions, taken in a whistleblower case, in which top F.B.I. officials drew blanks when asked basic questions about Islam. One of the bemused officials was Gary Bald, then the bureau's counterterrorism chief. Such expertise, Mr. Bald maintained, wasn't as important as being a good manager.

A few months later, I asked the F.B.I.'s spokesman, John Miller, about Mr. Bald's comments. "A leader needs to drive the organization forward," Mr. Miller told me. "If he is the executive in a counterterrorism operation in the post-9/11 world, he does not need to memorize the collected statements of Osama bin Laden, or be able to read Urdu to be effective. ... Playing 'Islamic Trivial Pursuit' was a cheap shot for the lawyers and a cheaper shot for the journalist. It's just a gimmick."

Of course, I hadn't asked about reading Urdu or Mr. bin Laden's writings.

A few weeks ago, I took the F.B.I.'s temperature again. At the end of a long interview, I asked Willie Hulon, chief of the bureau's new national security branch, whether he thought that it was important for a man in his position to know the difference between Sunnis and Shiites. "Yes, sure, it's right to know the difference," he said. "It's important to know who your targets are."

That was a big advance over 2005. So next I asked him if he could tell me the difference. He was flummoxed. "The basics goes back to their beliefs and who they were following," he said. "And the conflicts between the Sunnis and the Shia and the difference between who they were following."

O.K., I asked, trying to help, what about today? Which one is Iran — Sunni or Shiite? He thought for a second. "Iran and Hezbollah," I prompted. "Which are they?"

He took a stab: "Sunni."

Wrong.

Al Qaeda? "Sunni."

Right.

AND to his credit, Mr. Hulon, a distinguished agent who is up nights worrying about Al Qaeda while we safely sleep, did at least know that the vicious struggle between Islam's Abel and Cain was driving Iraq into civil war. But then we pay him to know things like that, the same as some members of Congress.

Take Representative Terry Everett, a seven-term Alabama Republican who is vice chairman of the House intelligence subcommittee on technical and tactical intelligence.

"Do you know the difference between a Sunni and a Shiite?" I asked him a few weeks ago.

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Mr. Everett responded with a low chuckle. He thought for a moment: "One's in one location, another's in another location. No, to be honest with you, I don't know. I thought it was differences in their religion, different families or something."

To his credit, he asked me to explain the differences. I told him briefly about the schism that developed after the death of the Prophet Muhammad, and how Iraq and Iran are majority Shiite nations while the rest of the Muslim world is mostly Sunni. "Now that you've explained it to me," he replied, "what occurs to me is that it makes what we're doing over there extremely difficult, not only in Iraq but that whole area."

Representative Jo Ann Davis, a Virginia Republican who heads a House intelligence subcommittee charged with overseeing the C.I.A.'s performance in recruiting Islamic spies and analyzing information, was similarly dumbfounded when I asked her if she knew the difference between Sunnis and Shiites.

"Do I?" she asked me. A look of concentration came over her face. "You know, I should." She took a stab at it: "It's a difference in their fundamental religious beliefs. The Sunni are more radical than the Shia. Or vice versa. But I think it's the Sunnis who're more radical than the Shia."

Did she know which branch Al Qaeda's leaders follow?

"Al Qaeda is the one that's most radical, so I think they're Sunni," she replied. "I may be wrong, but I think that's right."

Did she think that it was important, I asked, for members of Congress charged with oversight of the intelligence agencies, to know the answer to such questions, so they can cut through officials' puffery when they came up to the Hill?

"Oh, I think it's very important," said Ms. Davis, "because Al Qaeda's whole reason for being is based on their beliefs. And you've got to understand, and to know your enemy."

It's not all so grimly humorous. Some agency officials and members of Congress have easily handled my "gotcha" question. But as I keep asking it around Capitol Hill and the agencies, I get more and more blank stares. Too many officials in charge of the war on terrorism just don't care to learn much, if anything, about the enemy we're fighting. And that's enough to keep anybody up at night.

Ongoing Iraqi Violence Claims New Lives (LAT)

By Borzou Daragahi

The Los Angeles Times, October 17, 2006

BAGHDAD — Fresh waves of killing continued to engulf the Iraqi capital and surrounding areas today, with at least 26 mutilated bodies discovered, a car bomb explosion near a bank killing eight people and wounding 47 and violence that left at least six others dead.

At least five U.S. military personnel died in combat Sunday, raising to at least 56 the number of American soldiers, Marines and airmen killed during the first 15 days of the month.

Also today, the court trying Saddam Hussein for an alleged campaign of vengeance against a Shiite Muslim village in the 1980s will hold a Nov. 5 session at which a verdict will be delivered for the former Iraqi president and seven other defendants.

"Most likely they will reach a verdict after finishing checking some minor things," said Jaafar Mousawi, the lead prosecutor in the case.

Gunfire and explosions shook much of the capital throughout the day as a whirling sandstorm added to the gloom.

Three bystanders were killed when a gun battle erupted between Iraqi soldiers and suspected insurgents in central Baghdad. Five civilians and two soldiers were also injured in the fighting, quelled when U.S., forces moved into the area.

One Iraqi soldier was killed in a ferocious 30-minute gun battle that erupted when U.S. and Iraqi troops confronted suspected insurgents in northwestern Baghdad.

Insurgents opened fire on security guards driving through agricultural fields back from an electricity substation on capital's southern outskirts, killing one and injuring four.

Five roadside bombs targeting Iraqi police and soldiers in and around Baghdad today killed one and injured 18.

One U.S. soldier was killed in Baghdad on Sunday night when his vehicle struck a roadside bomb. Earlier, two U.S. soldiers attached to the 3rd Brigade of the 25th Infantry Division were killed and two wounded in fighting near the northern city of Kirkuk. Two Marines were also killed in combat earlier in western Iraq.

At least 12 U.S. military personnel were killed in hostile incidents over the weekend.

U.S. and Iraqi forces continued efforts to restore order in and around Balad, a mostly Shiite agricultural hub surrounded by Sunni tribesmen. Scores of Iraqis were killed this weekend in an outburst of sectarian violence in the town 50 miles north of Baghdad.

On Saturday, Shiite gunmen with alleged ties to militia groups hunted down and shot dead Sunni Arab men in the city, avenging a group of Shiite farmers killed and beheaded earlier.

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Ministry of Interior spokesman Abdul-Kareem Khalaf blamed the latest outburst of violence on insurgents hitting random targets and "seeking to incur as much damage and death as possible." But the rhythms of the ongoing violence coincide with the country's political impasse.

Once-dominant Sunni Arabs are waging an insurgency against the Shiite and Kurdish-dominated government as well as its U.S. backer. Ascendant Shiites struggle to enforce their will politically as well as through violent death squads that kill dozens of innocent Sunnis every night.

A highly publicized Oct. 21 conference on national reconciliation, aimed at reducing tensions between the country's communities, was abruptly delayed until further notice Sunday. Saad Muttalibi, an advisor to the Ministry of State for Dialogue and Reconciliation, cited "technicalities" for the delay but acknowledged that the country's factions appear to be moving in the direction opposite to discussion and compromise.

"It doesn't mean we have to give up," he said in an interview. "The cost of reconciliation is very high. Some corners are afraid of it. The road ahead is very long."

Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin, Washington Post Foreign Service

The Washington Post, October 17, 2006

BAGHDAD, Oct. 16 -- Families fled in search of safety Monday as open warfare raged for a fourth day between Shiite militias and armed Sunni men in Tigris River towns north of Baghdad. Militias allied with Iraq's Shiite-led government held sway in Balad city, forcing out Sunni families and leaving the bodies of slain Sunni men to rot in the streets, according to police, residents and hospital officials.

The Iraqi government deployed still more reinforcements to try to calm the embattled towns and hold open the main roads, Interior Ministry spokesman Abdul Kareem al-Kinani said in the capital. But local police officers accused Shiite-dominated government police forces of working alongside Shiite militias in executing Sunnis and appealed for more help.

The escalating violence in the Tigris River towns in many ways serves as a microcosm of the daily violence roiling Iraq. Sectarian attacks have increased more than tenfold since the start of the year and now claim more than 100 victims a day, according to the Iraqi government.

The violence in Balad was unusual because of the sustained deployment of the militias on the streets, and the killing seemed particularly vicious. Balad was "under siege from all sides," police 1st Lt. Bassim Hamdi said by telephone from the city. "We demand that leaders from both sides intervene to stop the bloodshed. Because if this goes on, it will explode sectarian violence all over Iraq."

As the carnage mounted, President Bush called Prime Minister Nouri al-Maliki to reassure the Iraqi leader of his support and assure him he was under no time pressure from the United States to curb sectarian violence.

Bush told Maliki he had no plans to pull out U.S. troops and advised him to ignore rumors that Washington intended to impose a two-month deadline for Iraq to rein in the violence, White House spokesman Tony Snow said in Washington.

Bush assured the Iraqi leader, " 'Don't worry, you still have our full support,' " Snow said.

American officials and Iraqis have expressed increasing frustration with inaction by Maliki, who this week indefinitely postponed measures both to disband militias and convene a reconciliation conference meant to close the widening rift between Iraq's Shiite majority and Sunni minority.

Maliki has bridled at growing U.S. pressure to act against the illegal private armies, which include armed wings of the two biggest parties in his governing alliance of Shiite religious parties. The prime minister issued a statement late Monday stressing that government forces have already confronted militias in some provinces. His administration "is determined to confront the armed groups with all political and military means," he said.

Although Baghdad has been the nexus of the Shiite-Sunni struggle for months, sectarian killing exploded in river towns about 50 miles to the north of the capital Friday after suspected Sunni insurgents kidnapped and beheaded 17 Shiite laborers from date palm groves in the predominantly Sunni hamlet of Duluiyah, across the river from Balad.

Shiite elders of Balad said they called in the Baghdad militias of Shiite cleric Moqtada al-Sadr -- whose bloc is the largest in Iraq's Shiite-led government -- to take revenge.

Most of the victims since then have been Sunni men in Duluiyah and neighboring Sunni towns. Hasanein al-Badawi, a physician at Balad's hospital, said almost all had been shot and some had been tortured with electric drills.

The total number of victims received by Balad's hospital morgue held steady at 80 on Monday, Badawi said. Members of Sadr's Mahdi Army militia were blocking Sunni families from picking up more of their dead from the streets, he said.

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The American military had recorded 57 killings in Balad, Lt. Col. Christopher C. Garver, a military spokesman, said in Baghdad.

On Monday, Sunni families fleeing Balad described Shiite militias going door-to-door, giving people two hours to clear out.

A police officer in Duluiyah, Capt. Qaid al-Azawi, accused American forces of standing by in Balad while militiamen in police cars and police uniforms slaughtered Sunnis. Americans did act, however, in Duluiyah, arresting three local police officers whom they suspected of fighting with insurgents against the militias, Azawi said.

Garver, the spokesman in Baghdad, said he had no information on these specific reports. "We're providing assistance where we see criminal behavior, such as violence and killing," he said.

Police officials said Balad had calmed by nightfall with the deployment of large numbers of Iraqi army troops, who are seen as more neutral than forces of the Shiite-dominated police.

Meanwhile, clashes between Iraqi and foreign members of al-Qaeda in Iraq signaled a possible split in the foreign-led Sunni insurgent group over its leaders' declaration Sunday of a separate, Sunni-led Islamic emirate in nine provinces of Iraq.

The hospital in Ramadi, a western city badly battered by years of fighting between American forces and Sunni insurgents, by late Monday had received the bodies of 13 insurgents killed in the internal clashes, including a top local leader of al-Qaeda in Iraq, according to Saad Naji, a physician.

A mid-ranking Iraqi official of al-Qaeda in Iraq, Ma'an al-Ani, said scores of Iraqi members of Iraq's most feared Sunni insurgent group had broken away, spurred by unhappiness at Sunday's declaration. Creation of a separate Sunni state would only "tear the country apart . . . and divert from the main goal, which is getting Americans out," Ani said.

In other violence Monday, 11 people were killed when assailants used car bombs to attack the funeral of a Shiite policeman in Baghdad, the Interior Ministry said.

Two American soldiers were killed in fighting north of Baghdad, the U.S. military said, bringing to 12 the number of U.S. troops killed in Iraq since Friday, an unusually high toll. Attacks have killed more than 50 American troops in October, putting the month on track to be one of the bloodiest of the war for U.S. forces.

Execution-style shootings claim the great majority of victims in Baghdad, where scores of bodies are dumped each day. Monday's victims included the brother of the chief prosecutor in Saddam Hussein's genocide trial, who was shot to death in front of his wife at his home.

Aldin reported from Tikrit. Special correspondents Saad al-Izzi and Naseer Nouri in Baghdad, Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Iraqis Ask Why U.S. Forces Didn't Intervene In Balad (NYT)

By Michael Luo

The New York Times, October 17, 2006

BAGHDAD, Oct. 16 — American military units joined with Iraqi forces on Monday in maintaining a fragile peace between Sunni and Shiite communities in Balad, a rural town north of the capital where an explosion of sectarian violence over the weekend left dozens dead.

In the aftermath of the reprisals, some residents of Balad asked why American troops had not intervened when the killings began in earnest on Saturday. One of the largest American military bases in Iraq, Camp Anaconda, which includes a sprawling air base that serves as the logistical hub of the war, is nearby.

"People are bewildered because of the weak response by the Americans," said one Balad resident who asked not to be identified for fear of reprisals. "They used to patrol the city every day, but when the violence started, we didn't see any sign of them."

The situation in Balad, about 50 miles north of Baghdad, appears, in stark form, to show the dilemma for American military commanders at a time when they are hastening the transfer of wide areas of the country to Iraqi forces. They are also insisting that those troops take the lead in quelling violence, leaving American forces to step in only when asked.

It also highlighted yet again the powerlessness of the Iraqi forces to stand in the way of such sectarian violence.

Killings also continued to besiege the capital on Monday with the discovery of at least 64 bodies across the city, and two car bomb attacks that appeared to kill 22 people. The American military, meanwhile, said Monday that five American service members were killed Sunday, bringing the toll this month to 58. One soldier was killed by a roadside bomb in Baghdad; two died in Kirkuk Province and two in Salahuddin Province.

Sectarian violence and retribution killings of the kind that unfolded in Balad over the weekend are the purview of the Interior Ministry, in charge of Iraq's police forces, and the Iraqi government in general, said Lt. Col. Michael Donnelly, a spokesman for

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the Army's Fourth Infantry Division, adding that responsibility for the Balad area was transferred from American military units to the Fourth Iraqi Army about a month ago.

The job of the United States military, he said, is to work "by, through and with" its Iraqi counterparts "to build further capacity to reduce the violence, and bring about stability."

American military commanders reviewing what happened over the weekend concluded that the situation in Balad was best dealt with by the Iraqi armed forces, a senior American military official said.

The senior officer, who requested anonymity because he was not authorized to speak publicly on the subject, said that American commanders viewed the upheaval in Balad as a new test for the Shiite-dominated government of Prime Minister Nuri Kamal al-Maliki, who has come under American pressure to crack down on militias that have been responsible for much of the killing in the country.

The American military eventually provided what Lt. Col. Christopher Garver, a military spokesman, described as "quick reaction force assistance" to the Iraqi Army and the police in the area.

"We were waiting for a request from the Iraqi government," he said.

It was unclear, however, when that request came. The sectarian killings began on Friday in the neighboring town of Dhuluiya, where the decapitated bodies of 14 Shiite workers from Balad were found. While the center of Balad is mostly Shiite, its outskirts and the neighboring area, including Dhuluiya, are overwhelmingly Sunni.

By the following day, groups of Shiite gunmen from Balad were setting up checkpoints and hunting down and killing dozens of Sunni Arab residents, the authorities said.

Overall, the bodies of some 31 Sunni Arab residents of the area were found during the weekend, said Qasim al-Qaisi, the director of Balad Hospital. Most of the killings took place on Saturday, the authorities said.

American troops did not arrive until late Sunday afternoon, taking up positions in the town center and on its outskirts, said Hamad al-Qaisi, governor of Salahuddin Province. By then, a curfew had been imposed on the town and the situation had mostly stabilized.

On Monday mortar rounds landed on Balad, injuring five civilians, a police official said. Otherwise, the town was mostly quiet. Shiite clerics broadcast appeals over loudspeakers for calm on Monday, urging residents not to attack their Sunni neighbors, residents said. The leader of one mosque even urged any Sunnis harmed in any attacks to visit the mosque and register a complaint, said a resident who asked not to be identified.

A meeting between the provincial governor, security officials, American commanders and tribal sheiks in Balad and Dhuluiya will be held Wednesday to discuss ways to defuse tensions in the area, a provincial government official said.

At least 60 Sunni families have fled Balad for neighboring Dhuluiya, said Adel al-Smaidaei, a representative of the Iraqi Islamic Party, the country's leading Sunni political party.

The burst of violence in Balad, which had previously only dealt with relatively low levels of sectarian tension, came as American troops were continuing the largest series of sweeps in the nation's capital since the invasion, in an attempt to stop sectarian bloodshed. Over the past year, American forces had gradually withdrawn from large areas of the capital, leaving security in the hands of the Iraqi Army and the police.

That policy, however, was followed by unhindered sectarian bloodletting, particularly after a bombing of a sacred Shiite shrine in Samarra in February, which prompted the American military command to move troops back to the capital.

The police in Baghdad reported the discovery of the 64 bodies, all of which appeared to have been shot at close range and showed signs of torture. In the largely Shiite neighborhood of Ur, two car bombs, one of which was aimed at a large Shiite funeral gathering, exploded almost simultaneously Monday evening, an Interior Ministry official said. The other bomb went off nearby, about 200 meters from a busy market.

At least 22 people were killed and 31 people wounded in the blasts, said Qasim al-Sweidi, an official at Imam Ali Hospital in nearby Sadr City, where the victims were taken.

Earlier in the day, a car bomb exploded in Suwayra, a neighborhood located southeast of Baghdad, killing 10 people and wounding 15 others, the official said.

The day's toll in Baghdad included another killing, at least the 12th of its kind, of a victim linked to the court trying Saddam Hussein and his associates. Court officials said that the older brother of Munkith al-Faroun, chief prosecutor in the so-called Anfal trial that began in Baghdad in August, was shot dead by unknown assailants at his home in the western Baghdad suburb of Jamaa.

The officials said the brother, Emad al-Faroun, who is a legal adviser to Ahmad Chalabi, one of the most prominent Iraqi politicians in the period since the overthrow of Mr. Hussein, was killed by men who attacked him in the carport of his home. His wife and son, also shot in the attack, survived, the officials said.

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On Monday, Mr. Hussein's lawyers made public a letter they said they had been given by Mr. Hussein during a weekend consultation at Camp Cropper, the American-run detention center near the Baghdad airport, where he has been held during the trials.

Mr. Hussein used the letter to call on Iraqis to end the current wave of sectarian bloodletting and to focus attacks instead on "occupiers from far away who crossed the Atlantic Ocean under the inspiration of Zionism." He added, "You should remember that your goal is to liberate your country from the invader's forces and their followers, and that there should be no other issues to distract you from this goal."

Iraq's Christians Flee As Extremist Threat Worsens (NYT)

By Michael Luo

The New York Times, October 17, 2006

BAGHDAD, Oct. 16 — The blackened shells of five cars still sit in front of the Church of the Virgin Mary here, stark reminders of a bomb blast that killed two people after a recent Sunday Mass.

In the northern city of Mosul, a priest from the Syriac Orthodox Church was kidnapped last week. His church complied with his captors' demands and put up posters denouncing recent comments made by the pope about Islam, but he was killed anyway. The police found his beheaded body on Wednesday.

Muslim fury over Pope Benedict XVI's public reflections on Islam in Germany a month ago — when he quoted a 14th-century Byzantine emperor as calling Islam "evil and inhuman" — has subsided elsewhere, but repercussions continue to reverberate in Iraq, bringing a new level of threat to an already shrinking Christian population.

Several extremist groups threatened to kill all Christians unless the pope apologized. Sunni and Shiite clerics united in the condemnation, calling the comments an insult to Islam and the Prophet Muhammad. In Baghdad, many churches canceled services after receiving threats. Some have not met since.

"After the pope's statement, people began to fear much more than before," said the Rev. Zayya Edward Khossaba, the pastor of the Church of the Virgin Mary. "The actions by fanatics have increased against Christians."

Christianity took root here near the dawn of the faith 2,000 years ago, making Iraq home to one of the world's oldest Christian communities. The country is rich in biblical significance: scholars believe the Garden of Eden described in Genesis was in Iraq; Abraham came from Ur of the Chaldees, a city in Iraq; the city of Nineveh that the prophet Jonah visited after being spit out by a giant fish was in Iraq.

Both Chaldean Catholics and Assyrian Christians, the country's largest Christian sects, still pray in Aramaic, the language of Jesus.

They have long been a tiny minority amid a sea of Islamic faith. But under Saddam Hussein, Iraq's million or so Christians for the most part coexisted peacefully with Muslims, both the dominant Sunnis and the majority Shiites.

But since Mr. Hussein's ouster, their status here has become increasingly uncertain, first because many Muslim Iraqis framed the American-led invasion as a modern crusade against Islam, and second because Christians traditionally run the country's liquor stories, anathema to many religious Muslims.

Over the past three and a half years, Christians have been subjected to a steady stream of church bombings, assassinations, kidnappings and threatening letters slipped under their doors.

Estimates of the resulting Christian exodus vary from the tens of thousands to more than 100,000, with most heading for Syria, Jordan and Turkey.

The number of Christians who remain is also uncertain. The last Iraqi census, in 1987, counted 1.4 million Christians, but many left during the 1990's when sanctions squeezed the country. Yonadam Kanna, the lone Christian member of the Iraqi Parliament, estimated the current Christian population at roughly 800,000, or about 3 percent of the population. A Chaldean Catholic auxiliary bishop, Andreos Abouna, told a British charity over the summer that there were just 600,000 Christians left, according to the Catholic News Service.

At the Church of the Virgin Mary, Father Khossaba showed a visitor the baptism forms for parishioners leaving the country who need proof of their religious affiliation for visas. Some weeks he has filled out 50 of the forms, he said, and some weeks more.

Attendance on Sundays has dwindled to four dozen or so, he said; it used to be more than 500 on average, and on Easter Sundays, before the collapse of the Hussein government, more than 1,500. Not all the missing members have left, of course; some simply stay at home on Sundays because of fears for their safety.

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Many Christians have relocated, changing neighborhoods or even cities. About a thousand Christian families, from Mosul, Baghdad, Basra and elsewhere, have taken refuge in Ain Kawa, a small town outside the Kurdish city of Erbil, which has become an oasis for Christians, said the Rev. Yusuf Sabri, a priest at St. Joseph's Chaldean Catholic Church there.

A Christian man with Baghdad license plates on his car who asked not to be identified said he had just arrived in Ain Kawa to inquire about moving there. A leaflet had been left at his home demanding he leave in three days. It bore the signature of Muhammad's Army, a Sunni insurgent group.

"They regarded me as an agent for the crusaders," he said.

Asaad Aziz, a 42-year-old Chaldean Catholic, is one of those trying to leave the country. After the ouster of Mr. Hussein, he bought a liquor store in a mostly Shiite neighborhood. Nine days after he opened, the store was bombed. Mr. Aziz was hospitalized for a month.

The employees rebuilt the store. But several months later, a note slipped under the door gave Mr. Aziz 48 hours to close.

"Otherwise, you will blame yourself," it said.

Mr. Aziz closed. But after an unsuccessful stint at a friend's printing company, he returned to the business he knew best, opening a liquor store in a mostly Christian neighborhood. Last month, a gunman riddled the new storefront with bullets as Mr. Aziz cowered in a back room.

He told another story: the teenage daughter of another Christian family he knows was kidnapped recently. The captors initially demanded a ransom, but later sarcastically said the pope was the only one who could release her. She was eventually killed.

"When the pope gave his statement, it destroyed any last hope that we had here," said Mr. Aziz, who has forbidden his daughters, one in high school and the other in college, to return to school.

He recently went to the Turkish Embassy to inquire about a visa but was rebuffed. At this point, he said, he will go anywhere.

"We cannot practice our rituals and we cannot bring food home to our families," he said. "That's why I want to leave the country."

Mosul, near the historic heart of Christianity in Iraq, has also become increasingly dangerous. The recently murdered priest, the Rev. Boulos Iskander Behnam, is just the latest member of the Christian community to be kidnapped or killed there.

Conditions have been especially bleak for Christians in Basra, the southern city that is dominated by radical Shiite militias. Christian women there often wear Muslim head scarves to avoid harassment from religious zealots trying to impose a strict Islamic dress code. After the pope's statement, an angry crowd burned an effigy of him.

In Baghdad, Juliet Yusef attends St. George's, the country's lone Anglican church. She, too, now wears a head scarf anytime she ventures outside her neighborhood. "I am afraid of being attacked," she said.

Dora, a neighborhood in southern Baghdad that was once heavily populated by Christians and has been plagued by sectarian violence, has now been mostly emptied of them. Christians were singled out there by insurgents who accused them of being friendly with the occupying Americans.

"They are Christian, we are Christian," said one holdout, who asked to be identified only by her first name, Suzan. "They think most likely we know each other well."

Two priests were kidnapped over the summer in Dora, although both were released, one after nearly a month.

Oddly, before the pope's comments, as sectarian violence has escalated in Baghdad in the past year, some said the situation might have actually improved for Christians as Muslim militants turned their attention on one another.

Canon Andrew White, the Anglican vicar of Baghdad, who lives in Britain but visits Iraq frequently, said his driver was kidnapped recently but was promptly released after his Sunni Arab captors discovered he was a Christian. He said his captors apologized by saying, "We thought he was Shiite."

"It must be the only occasion when being a Christian actually helped in this country," he said.

DOJ:

U.S. Attorney To Join Gibson Dunn (WSJ)

By Peter Lattman

The Wall Street Journal, October 17, 2006

In the latest example of a government prosecutor jumping to a high-paying law firm, Debra Wong Yang, the U.S. Attorney in Los Angeles, has resigned her post and will join Gibson, Dunn & Crutcher as a partner at the beginning of the year.

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During Ms. Yang's tenure, her office has spearheaded several high-profile corporate-crime cases, including the indictment earlier this year of law firm Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. Milberg Weiss has denied the allegations and vowed to fight the charges.

Ms. Yang, 47 years old, serves on the Justice Department's Corporate Fraud Task Force, an interagency group created in July 2002 amid white-collar scandals.

Prior to her appointment by President Bush in 2002, Ms. Yang was a California state judge. Before that she was an assistant U.S. attorney. A 1985 graduate of Boston College Law School, she also worked in private practice.

At Gibson Dunn, which has more than 800 lawyers, she will be based in the firm's Los Angeles office and co-chair its "crisis-management" group along with Theodore Olson, the former solicitor general, and Randy Mastro, a former federal prosecutor and deputy to former New York mayor Rudolph Giuliani. Members of that group are currently handling internal investigations for companies ensnared by the stock-options backdating scandal.

Write to Peter Lattman at peter.lattman@wsj.com1

CORPORATE SCANDALS:

KLA-Tencor Officials Depart Over Options Dating (WSJ)

By Robert Tomsho And James Bandler

The Wall Street Journal, October 17, 2006

Two senior employees at a Silicon Valley company lost their jobs yesterday, and another technology company said that former top executives misled its board as the stock-options scandal continued to gain traction.

In the latest personnel shakeups, Stuart J. Nichols, general counsel of KLA-Tencor Corp., and Kenneth L. Schroeder, a former chief executive who had remained with the company in an advisory role, left following an internal probe that found backdating of options at the company.

KLA-Tencor, of San Jose, Calif., a big semiconductor-equipment maker, said yesterday it "terminated" all aspects of its employment relationship with Mr. Schroeder, who was chief executive from 1999 to 2005. Mr. Nichols resigned.

The company also said it was canceling all outstanding backdated stock options held by Mr. Schroeder and repricing all backdated options held by Mr. Nichols. Shirli Fabbri Weiss, a lawyer for Mr. Schroeder, said she didn't believe the company had a basis to take such action and that her client hadn't been allowed to respond to evidence against him. Mr. Nichols couldn't be reached for comment.

The company said it expects restatements because of the backdating to result in charges of less than $400 million.

Separately, another San Jose company, Altera Corp., said an internal investigation found its former CEO and its former general counsel repeatedly misled its board's compensation committee about backdating stock options for themselves and other executives.

As a result of faulty accounting, the chip maker said it will restate its earnings downward by $35.2 million from 1996 to 2005.

More than 100 companies are under investigation for options backdating, and many of them are still conducting internal probes. So far, more than 30 executives and directors have lost their jobs. Sunday, UnitedHealth Group Inc. said its chief executive, William McGuire, would leave the giant health insurer by Dec. 1.

Backdating amounts to pretending that an option was granted earlier than it actually was, at a beneficial time when the share was trading at a low price. As options entitle their recipients to profit from a rise in price, claiming the grant occurred at a time of low prices could give the recipient a running start on an extra profit.

Altera said that between 1996 and 2000 it granted stock options every December to senior managers, including Rodney Smith, its former chief executive, and C. Wendell Bergere, its former general counsel. The company said that while Mr. Smith had the authority to set the grant date, the compensation committee intended for it to coincide with the completion of an annual, end-of-year performance-review process.

Instead, Altera said, Mr. Smith and Mr. Bergere repeatedly falsely claimed as the options' grant date the particular day on which the stock hit its lowest closing price of December. The company said that at some point after the review process, Mr. Bergere prepared minutes that "did not reflect the grant date intended by the compensation committee but rather falsely indicated that the actual grant date" was the beneficial day that he and Mr. Smith selected.

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An Altera spokeswoman declined to comment beyond the company's written statement. Mr. Smith's attorney, William Kimball, declined to comment. Mr. Bergere's attorney, Henry Asbill, called the company's accusations "unfair," given that Altera hasn't let him review related documents and that his client has dementia.

Mr. Smith retired as Altera's chief executive in 2000 and as its chairman in 2003. Mr. Bergere retired from the company in 2001.

Altera also said yesterday that Chief Financial Officer Nathan Sarkisian retired, effective immediately. The company had previously said Mr. Sarkisian planned to retire by the end of the year, and it wasn't clear whether the departure was connected to the options troubles. A company spokeswoman declined to address the matter.

Mr. Sarkisian didn't return a call seeking comment.

KLA-Tencor's probe was touched off by a Wall Street Journal article in May that reported on a pattern of extraordinarily well-timed stock-option grants to several companies' top officials, including KLA-Tencor Chairman Ken Levy. In all, Mr. Levy received 10 grants from KLA-Tencor and its predecessor company from 1994 to 2001 -- all preceding quick runups in the share price; an analysis by The Wall Street Journal found the probability that that pattern occurred merely by chance was around one in 20 million.

Mr. Levy couldn't be reached for comment.

The company said yesterday the board has concluded that current members of management weren't involved in any improper options practices. A KLA-Tencor spokeswoman declined to comment beyond the press release.

KLA-Tencor Finds More Option Costs; Counsel Resigns (Update2) (BLOOM)

By Ian King

Bloomberg, October 17, 2006

Oct. 16 (Bloomberg) -- KLA-Tencor Corp., a maker of semiconductor-testing equipment, said it found $400 million in costs related to backdated company stock options and canceled grants to former Chief Executive Officer Kenneth Schroeder.

General Counsel Stuart J. Nichols resigned and KLA-Tencor will reprice options given to him and Chief Operating Officer John Kispert, the San Jose, California-based company said today in a statement. Current management, including Kispert, had no involvement in the options practices, the company said.

``This clears up whether there has to be a departure of the top management," said Mark Bachman, a Portland-based analyst for Pacific Crest Securities, who rates the stock ``market perform" and doesn't own it. ``It's going to be a positive for the stock."

KLA-Tencor is among more than 140 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The U.S. Securities and Exchange Commission, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low.

They're also examining grants that were made in advance of news that drove up company stock prices, a practice known as spring-loading.

Shares of KLA-Tencor rose 41 cents to $49.95 in extending trading after the announcement. They gained 73 cents to $49.54 at 4 p.m. New York time in Nasdaq Stock Market composite trading and are little changed this year.

Eight CEOs

KLA-Tencor said it terminated ``all aspects of its employment relationship" with Schroeder, who ran the company from 1999 to 2005.

The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options.

All told, more than 30 executives, including eight CEOs, have lost their jobs as companies have come under scrutiny for manipulating stock options to enrich employees. Former executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges.

UnitedHealth Group Inc., the biggest U.S. health insurer, said yesterday CEO William McGuire will step down after an independent inquiry found evidence that company options were backdated over the past 12 years.

On Oct. 11, McAfee Inc. forced Chief Executive Officer George Samenuk to retire and fired President Kevin Weiss. Cnet Networks Inc., also said CEO Shelby Bonnie and two other executives stepped down after an internal probe found some backdated stock-option grants.

KLA Tencor Braces For $400 Million Blow For Mishandled Options (AP)

By Michael Liedtke

AP, October 17, 2006

SAN FRANCISCO - KLA Tencor Corp.'s mishandling of stock options will cost the company up to $400 million - a blow that provoked the supplier of chip.m.aking equipment to cancel the options of its former chief executive.

With Monday's announcement, San Jose-based KLA joins a lengthening list of companies facing up to the consequences of stock option chicanery that went undetected for years.

The repercussions are erasing a substantial chunk of past profits and spurring efforts to clean out executive suites and boardrooms as federal regulators and prosecutors explore possible civil penalties and criminal charges.

In the past week alone, more than a dozen executives and directors at six companies nationwide have either resigned or been fired. Four of those companies are based in Silicon Valley, which has become the focal point of the latest scandal to rock corporate America.

In its reckoning, KLA acknowledged company insiders improperly booked employee stock options from July 1997 through June 2002. KLA will absorb charges of up to $400 million to correct the bogus accounting caused by the shenanigans.

The company had previously reported profits totaling $710 million during that five-year period.

Although KLA didn't directly blame anyone for the misconduct, its actions pointed at its former CEO, Kenneth Schroeder, and top lawyer, Stuart Nichols. The company fired Schroeder, who had been a special adviser since his January retirement as CEO, and accepted the resignation of Nichols, who had been general counsel since 2000.

Schroeder, 60, was KLA's president and chief operating officer from 1991 to 1999 when he was promoted to CEO.

To penalize the former executives, KLA said it will cancel all of Schroeder's outstanding stock options and re-price Nichols' awards so he won't benefit unfairly. The company said it will also re-price the options of its chief operating officer, John Kispert, because he was chief financial officer during part of the time tainted by the mishandled stock options.

KLA absolved Kispert of any wrongdoing, as well as its current CEO, Richard Wallace, and current chief financial officer, Jeffrey Hall.

Both the Securities and Exchange Commission and the U.S. Justice Department are still investigating KLA's past stock option practices. The federal government task force looking for evidence of stock option malfeasance is based in San Francisco.

Like most other companies entangled in the scandal, KLA's troubles revolve around a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween.

All told, at least 135 companies nationwide have disclosed internal inquiries or government investigations into the accounting of past stock options.

Two More Companies Probing Stock-option Dates Announce Management Changes (MERCN)

By Scott D. Harris And Ryan Blitstein

The San Jose Mercury News, October 17, 2006

Two more prominent Silicon Valley companies that undertook internal investigations of stock-option back-dating announced management changes Monday.

KLA-Tencor, a San Jose builder of semiconductor manufacturing test instruments, and Altera, a leading maker of programmable semiconductor chips, announced the departure of key executives.

KLA-Tencor announced the immediate resignation of General Counsel Stuart J. Nichols and also said it was terminating ``all aspects of its employment relationship'' with former chief executive Kenneth L. Schroeder, who had become a consultant to the company.

Schroeder had been KLA-Tencor's CEO and a member of the board of directors from 1999 through 2005, and previously had been president and chief operating officer from 1991 to 1999. Nichols had been vice president and general counsel since 2000.

Altera said Monday the San Jose company would restate its earnings by $47.6 million after an investigation by board members found grants to former executives of back-dated stock options.

A special committee of independent board members of Altera found seven instances between 1996 and 2001 where recorded grant dates for stock options were different from the actual grant dates, the company said.

In a separate statement, Altera said Chief Financial Officer Nathan Sarkisian has retired. Previously, the company had said he planned to retire by the end of 2006.

More than 120 U.S. companies, about one-fourth of them in Silicon Valley, face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews about options back-dating.

Back-dating involves changing the paperwork dates on stock option grants to a day when stock prices were lower, giving recipients a better chance for quick paper profits.

KLA-Tencor had previously announced a special committee of its board had found incorrect dates on stock options from July 1997 through June 2002 and that the company would re-state its financial statements to correct the accounting for back-dated options. KLA-Tencor declined to answer questions on Monday.

Stock Options Scandal Spreads (USAT)

By Matt Krantz And Greg Farrell

USA Today, October 17, 2006

The widening scandal over the alleged manipulation, or "backdating," of executive stock options has claimed another two heads at the top ranks of Corporate America.

Computer-chip maker Altera said Monday that chief financial officer Nathan Sarkisian left the company prematurely after a review of its options-granting practice pinpointed problems. The company said it will need to restate earnings to reflect $47.6 million in costs pertaining to options grants.

Separately, UnitedHealth said Sunday that CEO William McGuire would quit by Dec. 1 after the health insurer's examination of stock option backdating found potential wrongdoing. The study found McGuire received several option grants at yearly lows in the stock, which would be essentially impossible without manipulation.

Backdating is when firms don't disclose they gave executives the right to buy shares at a price lower than the market value when the options are issued. Stock options are designed to reward executives for smart moves after they get the grant. Options typically give executives the right to buy stock in the future at the price it was trading at when the options were issued.

But a growing scandal is finding some companies may have abused the rules. Rather than giving executives the right to buy stock at the current stock price, some companies may have given executives the right to buy stock based on a lower price on a previous date.

This practice, while not necessarily illegal, has the potential of inappropriately rewarding executives in a way not disclosed to shareholders. It understates how much a company paid its executives and affects taxes paid by the companies and the executives as well as what the company reports as earnings.

According to research compiled by Glass Lewis, 150 companies have said they're looking into the issue of whether some of their stock option grants were "backdated." Of those, 142 have opened internal investigations, 91 are being probed by the Securities and Exchange Commission and 55 by the Department of Justice.

As of Monday, the number of companies losing an executive or director in the scandal hit 23. Last week, McAfee CEO George Samenuk and CNet CEO Shelby Bonnie stepped down amid revelations of stock option problems.

Still, only two cases have resulted in criminal charges. Executives at Brocade Communications Systems, including former CEO Gregory Reyes, and Comverse Technology, including former CEO Jacob Alexander, are charged with improperly backdating.

But lawyers who have been following the issue predict that many more investigations will end up in criminal court. "We are only at an early stage of the public airing of this issue," says Mark Zauderer of Flemming Zulack Williamson Zauderer. "We are going to see a wave of cases involving backdating."

Zauderer says prosecutors will jump at the opportunity to bring criminal cases against corporate executives because these cases can be simple. "The issues involved, including changes of documents and misrepresentation of documents, are ones that juries can get their arms around easily. This is far easier to prosecute than Enron-type cases of accounting fraud."

But others say there won't be many criminal prosecutions. "A lot of these cases have terrific statute-of-limitations problems," says David Gourevitch, a Manhattan attorney and former state prosecutor. The statute of limitations for securities fraud, he notes, is five years. Most of the known instances of options "backdating," he points out, occurred in the late 1990s, during the tech bubble. Since 2001, tech stock prices have been low enough that there hasn't been a compelling reason to engage in backdating.

Meanwhile, investors aren't waiting for regulators to act. Currently, 65 companies face class-action shareholder lawsuits in the scandal, Glass Lewis says.

Backdating revelations aren't necessarily harmful to a company's stock. Take UnitedHealth, which is facing a lawsuit.

Monday, the stock fell $1.21 to $47.54, not a brutal loss given that the CEO is quitting. It is down 16% from March when The Wall Street Journal reported the company might be involved in backdating. But before that, the stock had already fallen 11% from its high in late 2005.

Such difficulty in isolating how much backdating issues have hurt stock prices has limited securities class-action lawsuits, Stanford Law School professor Joseph Grundfest said in a midyear assessment of shareholder litigation.

UnitedHealth Shares Down As CEO Departs (AP-Y)

By Joshua Freed, Ap Business Writer

AP, October 17, 2006

UnitedHealth Group Inc. will lose the CEO that built it into a health insurance powerhouse, but on Monday, Wall Street yawned. UnitedHealth shares traded in a narrow range and analysts said that they had expected the departure of Chairman and CEO William McGuire because of apparent stock options backdating.

With McGuire gone from the boardroom immediately, and set to retire as CEO by Dec. 1, the company's board promoted President Stephen Hemsley to CEO.

UnitedHealth shares slipped $1.21, or about 2.5 percent, to close at $47.54 on the New York Stock Exchange. They're off from a high of $64.61 in December, with much of that loss since questions about the company's stock options timing arose in March.

By making Hemsley CEO, UnitedHealth's directors signaled they would keep the company headed in the same direction, which has boosted UnitedHealth's stock price exponentially over the past 15 years and transformed it into the nation's second-largest health insurer. Hemsley has been at the company since 1997 and has run its day-to-day operations since 1999.

"The management uncertainty is largely resolved, and the worst case scenario (which would have been losing both Dr. McGuire and Mr. Hemsley) has been seemingly averted," Morgan Stanley analyst Christine Arnold wrote in a note to clients on Monday.

UnitedHealth said on Sunday that McGuire would step down after a company-commissioned report found widespread, systematic backdating was probably the explanation for his extraordinary good fortune in receiving stock options priced at the lowest possible point in eight different quarters.

Nothing in the report suggests that Hemsley was involved in any backdating, although the report concludes that he received stock options that were "likely backdated."

"I don't see how Hemsley can be separated from McGuire's actions over the last eight years," said Elizabeth Senko, an analyst at Williams Capital Group.

Referring to comic strip buddies known for getting into trouble together, she said: "They're really Mutt and Jeff. I can't believe that he was unaware of what was going on. Now where that falls under his legal responsibilities is another matter."

She said Hemsley has been the architect of many of UnitedHealth's successes since he joined the company — but he has never been the public face of a company the way he will be as CEO.

"Hemsley has for years been viewed as the individual most likely to ultimately succeed McGuire and is very highly respected," Bear Stearns analyst John Rex wrote in a note to clients. He added, "Some of the uncertainty surrounding the stock over the past months related to whether he would be tainted also, a factor that now appears resolved."

McGuire issued a statement saying he has worked closely with Hemsley for eight years.

"He has been a full partner in creating the vision of (UnitedHealth) and helping to achieve it," McGuire said.

UnitedHealth said it had turned over the report by the law firm of Wilmer Cutler Pickering Hale and Dorr LLP to the Securities and Exchange Commission and the Justice Department. UnitedHealth disclosed in May that the SEC and the U.S. Attorney's office in Manhattan were investigating its stock option grants.

SEC spokesman John Nester in Washington declined comment on the report or any other aspect of the matter.

At least 34 senior executives or directors, including nine CEOs, seven finance chiefs and seven general counsels have been fired or have stepped down at 17 companies as of Monday.

By now, investors seem to be somewhat inured to fallout from the options scandal, wrote Thomas Carroll, an analyst at Stifel Nicolaus & Co. He noted that about 100 companies are under SEC investigation and a recent study showing 2,000 may have backdated options.

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On the Net:

UnitedHealth report: http://www.unitedhealthgroup.com/news/index_news.htm

DOJ_NMG_0082102

Old Options Still Haunt An Insurer (NYT)

By Eric Dash

The New York Times, October 17, 2006

When Stephen J. Hemsley joined UnitedHealth Group after 23 years with the accounting firm Arthur Andersen, he was greeted with a grant of 400,000 stock options dated shortly after he started in June 1997.

There was just one thing: the options carried a stock price based on the market price five months earlier, when he did not yet work for UnitedHealth, one of the largest health insurers in the country. The difference in dates effectively created a built-in gain of $7.26 for every share.

Mr. Hemsley, who was chief financial officer at Andersen, said that he "didn't recall focusing at the time" that his options carried a discounted price and that there was not enough evidence to determine if the grant was actually backdated.

But the episode, recounted in a 14-page report into UnitedHealth's option practices, does raise some questions about Mr. Hemsley, who has taken the reins at UnitedHealth from Dr. William W. McGuire, who was forced to resign Sunday amid criticisms of how stock options were awarded.

"That obviously raises credibility issues," said Patrick McGurn, a corporate governance expert at Institutional Shareholder Services, a proxy advisory firm. "We are seeing a lot of modified Sergeant Schultz defenses here," he said, referring to a character in the 1960's television series "Hogan's Heroes." "They are not claiming to know nothing, but only part of what went on."

Mr. Hemsley has not been accused of any wrongdoing.

And the investigation by an outside law firm, Wilmer Cutler Pickering Hale & Dorr, that was commissioned by UnitedHealth largely exonerates Mr. Hemsley, accepting his word that he never focused on his stock option grants and that had "he had little or no role" in the negotiation and authorization of a subsequent stock option megagrant.

UnitedHealth declined to make Mr. Hemsley available for comment. His lawyer did not return calls seeking comment.

In shaking up management, the board of UnitedHealth appeared to opt for a middle way between a clean sweep and retaining top executives who could continue the strong track record of Dr. McGuire. Mr. Hemsley is a skilled operations executive who helped execute Dr. McGuire's strategies. Working together, the two helped take UnitedHealth's stock price up more than 500 percent since mid-1997. And with lavish pay packages, both got very rich. Dr. McGuire banked more than $500 million during his 15 years as UnitedHealth's chief executive and currently holds more than $1.1 billion worth of stock options. Mr. Hemsley has taken home more than $135 million and likely holds more than $500 million worth of stock options.

As a result of the recent options problems, both voluntarily agreed to re-price all the options they were awarded from 1994 through 2002 to the annual high share price, eliminating any extra financial benefits from the improper grants. That move would take back only a tiny portion of the value of their outstanding options, but not affect the hundreds of millions of options each has already cashed out.

Dr. McGuire's option holdings will be reduced by about $100 million to a little over $1 billion, according to Brian Foley, an independent compensation consultant. Mr. Hemsley's options will likely be reduced by an even smaller amount. Shares of UnitedHealth fell 2.5 percent yesterday, to $47.54. UnitedHealth is among the biggest of the more than 100 companies that have acknowledged possible problems with their options practices. And despite the ouster of Dr. McGuire, United Health's troubles are far from over. The Justice Department, the office of the Minnesota attorney general, the Securities and Exchange Commission and the Internal Revenue Service all have investigations into the company's stock option practices. The company will also have to restate earnings, lowering past results by potentially hundreds of millions of dollars.

The investigation by Wilmer Cutler focused on 29 option grants that accounted for nearly 450 million stock options that the company granted between 1994 and 2002. Most of those grants, their report concluded, "were likely backdated" after investigators found that nearly 80 percent of the total number of options were granted at the second, third, or lowest price of the quarter. The odds of such a finding appear to defy the possibility of pure chance.

The report absolves most of the directors from legal responsibility, but is critical of Dr. McGuire. It contends he "authorized or sought the approval of the compensation committee" for "option grants at opportune times when the company's share price was depressed," including several times to directly benefit himself.

The report indicates that investigators had little evidence to suggest that Mr. Hemsley, who had served as UnitedHealth's president and chief operating officer, had direct knowledge of stock option problems or other improprieties. But the report does raise flags on whether he should have known more.

Of the nine grants Mr. Hemsley was awarded between 1997 and 2002, for example, nearly half were issued when the stock was at or near a trough, according to an analysis of his stock option grants.

Moreover, the report questions the circumstances of a written employment contract that Mr. Hemsley signed when he became UnitedHealth's president. According to the report, UnitedHealth put out a press release stating that "both Hemsley and McGuire had entered into long-term employment agreements" with the company in mid-September 1999 in an effort to ease concerns about Dr. McGuire's plans to remain at the company. In fact, the report said, it was likely that the contracts were not approved by a board committee until an early November meeting and were not signed until a month later in December. The report does not account for Mr. Hemsley's explanation of the discrepancy.

The report also raises questions about his judgment in managing potential conflicts. Investigators detail that Dr. McGuire had extensive financial dealings with William Spears, a longtime director and chairman of UnitedHealth's compensation committee when Dr. McGuire's contract was being negotiated. Mr. Spears managed millions of dollars for Dr. McGuire's family and was a trustee for two family trusts.

Mr. Hemsley did not engage Mr. Spears in 1999, when his contract was being negotiated. But he did hire him to manage his money in 2001. And his former employer, Arthur Andersen, which was hired by UnitedHealth's management as its auditor, also served as the compensation consultant advising the board committee negotiating his contract.

In addition, the report found that UnitedHealth had "inadequate internal controls" to prevent option grant manipulation. Investigators suggested poor communication and sloppy paperwork among its accounting, legal and human resources departments led to many of the problems. The report said that new hires and promoted employees were routinely awarded stock options at the lowest closing price between the start and finish of the quarter when an employee began work, and those "practices were followed openly" in the human resources department.

Investigators found that Mr. Hemsley played a "more limited role in the option-granting process." He told investigators "he was unaware of how the grant dates were selected" or other precise terms.

Who did the human resources department ultimately report to? Mr. Hemsley, according to analysts.

McGuire's Options (WSJ)

The Wall Street Journal, October 17, 2006

William McGuire, with his $1 billion-plus portfolio of unexercised stock-options, was a poster-child for the backdating scandal even before his ouster as CEO of UnitedHealth over the weekend. And if history is any guide, the claiming of a scalp this large will only add fuel to a pyre that is already licking at the heels of several even better-known CEOs, notably Apple's Steve Jobs. So it's worth taking a closer look at what exactly Dr. McGuire is accused of doing, and what it tells us about the morality tale that the backdating story is supposed to represent.

After this newspaper published a story in March about the improbability of UnitedHealth's options grants being dated randomly, both the SEC and the company launched investigations. The SEC's is still proceeding, but the company released its internal report over the weekend, and it is that report that precipitated Dr. McGuire's departure.

The investigation, conducted at the company's behest by Wilmer Cutler Pickering Hale & Dorr, concluded that a number of options grants were "incorrectly" dated -- that is, that the effective date of the grants was different from the date on which decisions were actually made about how many to grant and to whom. But Wilmer's report also sheds light on why and how this came to happen, and this side of the story is not being widely reported.

"Stock options were a critical component of UnitedHealth's compensation philosophy," the report explains. "Management viewed options as a vital tool for recruiting, motivating and retaining employees." This should be no surprise, but the report goes on: "Management believed that options were the best means of offsetting what it saw as the Company's below-market cash compensation" (our emphasis).

This is important because the picture the Wilmer report paints is not of a greedy executive manipulating a company he controlled for self-enrichment. Dr. McGuire's 10-digit options portfolio makes great headlines, but facts suggest the CEO was chiefly interested in controlling options dates to ensure he was adequately compensating people he wanted to retain.

The Wilmer report notes that "[f]or grants to new hires and employees promoted during the period 2000 to 2002, HR chose grant dates by finding the lowest closing price of UnitedHealth stock between the date of an event in the recruitment of the new hire . . . or promotion of the employee and the end of the quarter. . . ." Further, "[t]hese practices were followed openly in the Company, at least within the HR organization." In other words, backdating was just another hiring and retention tool, one whose use was not limited to Dr. McGuire or his immediate circle.

It is true that backdating was carried out for the purposes of avoiding the accounting and tax difficulties attendant on openly awarding "in the money" options. The October 13, 1999, supplemental option grant was made, in fact, specifically for the purpose of lowering the strike price of several million options held by people including Dr. McGuire. But it seems unlikely, to say the least, that if the scheme had some nefarious intent it would have been departmental policy at HR for several years.

Accounting rules and SEC regulations are not things to be flouted lightly, even when they appear arbitrary or even harmful. In the end, though, it may have been Dr. McGuire's lack of honesty with the board that proved his undoing. In particular, the Wilmer investigation found that Dr. McGuire may have failed to disclose his personal financial relationship with Compensation Committee Chairman William Spears, who managed assets for McGuire family trusts throughout the 1990s. Just as top executives at public companies shouldn't set their own pay, they should not engage in side financial dealings with those who do. More so than the backdating allegations, this undisclosed conflict of interest seems to have been Dr. McGuire's hanging offense.

On the other hand, UnitedHealth's stock was down 2.5% yesterday after the story broke, suggesting that Mr. McGuire's ouster was not the benediction shareholders were looking for.

More Exits Likely Over Stock Option Backdating (AP)

By Joshua Freed

AP, October 17, 2006

MINNEAPOLIS – The shake-up at UnitedHealth Group Inc. – whose top executive will step down no later than Dec. 1 – adds to the list of corner-office victims of stock option backdating.

Faced with an independent report that found widespread problems with the way UnitedHealth issued stock options, the nation's second-largest health insurer said Sunday that chairman and CEO William McGuire will leave the board immediately and leave the company no later than Dec. 1.

In addition, board member William G. Spears will resign, and General Counsel David J. Lubben will retire.

UnitedHealth shares fell $1.21, or 2.48 percent, to close at $47.54 on the New York Stock Exchange.

So far, at least 30 senior executives or directors at 16 companies with stock option problems have resigned or been fired.

There may be many more to come: At least 135 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations according to an Associated Press review.

This past week, McAfee Inc. and CNet Networks Inc. both announced their CEOs would resign, and McAfee also fired its president.

UnitedHealth named Stephen Hemsley, the company's president and chief operating officer, as new CEO. Richard Burke, the founding CEO of UnitedHealth's predecessor company, also was named chairman.

But while UnitedHealth's board shake-up moved a lot of people into new positions, none of them are new faces. Hemsley has been McGuire's heir apparent for several years.

Burke founded the company and has been on its board since 1977.

That shows that UnitedHealth's board is trying to appease prosecutors while avoiding scaring Wall Street by signaling a change in the company's successful business model, said Peter Henning, a former lawyer in the enforcement division of the SEC who is now a law professor at Wayne State University in Michigan.

"They have to make sure that it looks to the regulators that they have done a thorough job and gotten all the miscreants out, but they have to maintain their credibility with Wall Street," he said.

In one example after another, the report by a firm hired by the company's board said McGuire's huge awards of stock options got a boost in value because they were issued on one day but priced as if they'd been issued earlier, when the stock price was lower. The report said his option grants "were likely backdated."

UnitedHealth said it had turned over the report by the law firm of Wilmer Cutler Pickering Hale and Dorr LLP to the Securities and Exchange Commission and the Justice Department.

Comverse CEO Faces Additional Charges (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 17, 2006

Eastern District of New York prosecutors last week filed a superseding indictment against Jacob "Kobi" Alexander, accusing the former Comverse Technology chief executive of new charges that include obstructing justice.

Alexander, who had been accused of creating a secret slush fund for backdated options and evading the requirements of the company's stock option plans, is now charged with offering "another person" millions of dollars as a bribe to falsely take sole responsibility for the scheme.

The government said Alexander first offered the unnamed individual $2 million, then $5 million, and then stated, in substance, "name your price."

Alexander was a fugitive for more than a month before being discovered in Namibia. He faces extradition back to the United States.

The additional charges against him came the same week the government filed papers saying it was engaged in plea negotiations with two other former Comverse executives facing criminal charges in connection with the backdating scheme. The Eastern District U.S. Attorney has until Nov. 8 to decide whether to indict David Kreinberg, Comverse's chief financial officer, and William Sorin, its former general counsel.

U.S. Suit Claims Agway Trustees Mishandled Assets (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 17, 2006

WASHINGTON -- The Labor Department has filed suit against trustees of bankrupt agricultural cooperative Agway Inc.'s employee retirement-savings plan, charging the plan's fiduciaries improperly invested $50 million of the assets.

According to the lawsuit, 47 members of Agway's investment committee, administration and the company's board allegedly valued the company's stock at prices higher than market value and gave plan participants false information about the investment.

The Labor Department said the suit, filed in the U.S. District Court for the Northern District of New York, seeks a court order to require the defendants to restore the $50 million in losses along with interest and to forfeit any benefits if all losses suffered by the plan aren't restored.

Agway filed for Chapter 11 bankruptcy-court protection in October 2002 and began liquidation in April 2004.

The Labor Department files suits against trustees who don't manage retiree assets according to government rules. Generally, retiree complaints of mishandled funds will spark the Labor Department to launch an investigation.

The Agway case is noteworthy because of the large amount of allegedly mishandled money involved, Labor Department officials say.

Some money from the liquidation has been paid to some of the 401(k) plan participants, the Labor Department said. But they may not see the rest of their money returned anytime soon because the trial isn't likely to happen before 2008.

Agway itself isn't part of the suit. The fiduciaries are personally liable for losses to the plan caused by fiduciary impropriety, according to the Employee Retirement Income Security Act.

The Labor Department alleges the defendants caused the plan to incur substantial losses. Before Agway filed for bankruptcy protection, the plan held about $48 million in Agway securities and $2 million in cash reserves.

Schnitzer Settles With SEC Over Corruption Overseas (DOW)

By Siobhan Hughes

Dow Jones, October 17, 2006

WASHINGTON -(Dow Jones)- Schnitzer Steel Industries Inc. (SCHN), a provider of scrap metal, will pay $7.7 million to settle allegations that it made improper cash payments or gave gifts to managers of government-owned steel mills in China in order to win business, federal regulators said on Monday.

The Securities and Exchange Commission said that the Portland, Ore., company settled without admitting or denying wrongdoing. Schnitzer will give up $6.3 million in alleged profits and pay interest of $1.4 million to resolve the allegations.

Schnitzer was accused of making the payments from at least 1999 through 2004, on its own behalf and on behalf of Japanese steel companies for whom it acted as a broker. The SEC said that Schnitzer's South Korean subsidiary made the payments in violation of the Foreign Corrupt Practices Act, an antibribery law that has been in place for decades.

The SEC also said that Schnitzer paid bribes to managers of privately owned steel mills in both China and South Korea during the same period.

"This case demonstrates that the commission will aggressively pursue companies that make illicit payments to foreign officials in order to obtain business," said Helane Morrison, district administrator of the SEC's San Francisco office, said in a statement.

The SEC said its investigation is continuing, raising the possibility that executives will face SEC civil charges. The SEC also disclosed that it is working with the Justice Department in the case.

The SEC said that a senior Schnitzer official authorized wire transfers for the improper payments to secret bank accounts in South Korea opened by the head of the South Korean subsidiary. It didn't name the senior official, and a spokesperson at Schnitzer didn't return a phone call.

The SEC said that Schnitzer's compliance department uncovered the improper payments in May 2004 and began an investigation. Although a senior executive prohibited further payments, the person authorized the payment of at least two more bribes and authorized employees to increase entertainment expenses in lieu of cash payments to its customers. The SEC said

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that employees at the South Korean unit destroyed internal documents related to the investigation before they were specifically told to preserve documents.

The SEC said that it considered the cooperation that Schnitzer provided to investigators in accepting the company's settlement offer. A spokesperson for Schnitzer didn't return a phone call.

Freddie Mac Names New Finance Chief (WP)

By David S. Hilzenrath

The Washington Post, October 17, 2006

Mortgage finance giant Freddie Mac, which is still trying to fix its financial systems more than three years after disclosing billions of dollars of accounting errors, yesterday announced that it hired a finance executive from a health-care company to help lead the effort.

Anthony S. "Buddy" Piszel, 51, chief financial officer of Health Net Inc., will assume that role at Freddie Mac next month. He will replace Martin F. Baumann, who left Freddie Mac in March. Freddie's president and chief operating officer, Eugene M. McQuade, has been doing the finance job since Baumann resigned.

"We were looking for a broadly experienced senior executive with the right blend of accounting controls and financial technology experience," Freddie Mac spokeswoman Sharon McHale said. "Buddy brought that expertise."

Before joining the California managed-care company in 2004, Piszel spent more than a decade at Prudential Financial Inc. Earlier in his career, he was an auditor with the accounting firm Deloitte & Touche and a fellow at the Financial Accounting Standards Board, which makes accounting rules.

Freddie Mac remains unable to perform one of the basic functions of a public company: reporting quarterly financial results on a timely basis. It plans to get back on track next year, spokesman Michael Cosgrove said. The McLean company has said its internal controls have significant weaknesses.

Once it resumes issuing quarterly financial reports on schedule, Freddie Mac plans to begin a long-delayed process of registering with the Securities and Exchange Commission. Piszel has traveled that road before, having helped convert Prudential from a mutual insurance company owned by policyholders to a public company registered with the SEC.

Because Freddie Mac was chartered by the government, it was not required to comply with many of the SEC regulations that govern other publicly traded companies. However, before the accounting scandal derailed its efforts, the company had pledged to submit to those requirements.

"While there's a lot of work to do, it's the kind of work I've done before," Piszel said in an interview yesterday.

At Health Net, Piszel helped manage the resolution of extensive billing disputes with hospitals, for which the company set aside $169 million.

"He's widely credited with putting in place a lot of the systems and processes that helped Health Net turn the company around and put it back on the path to profitability," said Carl McDonald, a managed-care industry analyst for CIBC World Markets.

Piszel received $900,000 in salary and bonus last year and ended the year with Health Net stock options, which were not yet exercisable, worth $12.9 million, according to a Health Net regulatory filing. Freddie Mac plans to disclose Piszel's compensation arrangements on Thursday, McHale said.

Baumann, who joined Freddie Mac in 2003 and was soon promoted to chief financial officer, was an expert in accounting policies, Cosgrove said. Having corrected past financial results, Freddie Mac needed a chief financial officer with extensive experience dealing with controls and technology, Cosgrove said.

CRIMINAL LAW:

Attorney General Wants Study Of U.S. Cities' Rising Crime Rates (AP)

AP, October 17, 2006

BOSTON — Attorney General Alberto Gonzales offered no new crime-fighting initiatives Monday, promising only to study local crime rates in selected cities to see why homicides and other violent criminal activity is on the rise nationally.

In a speech to the International Association of Chiefs of Police, Gonzales said the Justice Departments' role for now is to look for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase.

Nationally, violent crime rose 2.2 percent last year, the first increase since 2001.

"We need to figure out the whys behind the numbers — whether the story is good or bad," Gonzales said in a 16-minutes speech. He did not specify which cities would be studied.

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He acknowledged that local law enforcement agencies have had more crime-fighting problems to juggle since the Sept. 11, 2001 terror attacks. "It wasn't like we didn't have a full plate already," he said.

Gonzales' speech was greeted by a standing ovation from the estimated 3,000 local and state police at the Boston convention. The group also was to hear from Homeland Security Secretary Michael Chertoff.

Mayors and police chiefs recently reported seeing spikes in violent crime for 2006, calling for greater support from federal law enforcement. Last month, Gonzales said cities will need to work harder to combat a spike in crime but shouldn't count on more federal funding, citing growing demands in the war on terrorism.

Officials said the study mentioned by Gonzales will be rolled out in three phases: looking at crime increases in cities, analyzing those results for any trends, and identifying federal programs that can help.

It was not clear whether more federal funding will be available for cities, but officials said that "new initiatives" could be created, if necessary.

The government will analyze at least five cities, and potentially dozens more, to get a broad enough picture of crime trends, officials said.

Last month, the FBI found there were 1.39 million violent crimes — including rape, murder, robbery and aggravated assault — reported in the United States in 2005, up from 1.36 million the previous year.

However, Justice officials said Monday that even with the recent surge, the overall national violent crime rate remains lower than any year ever measured except for 2004.

US Attorney To Study Cities With Violent Crime Issues (BOS)

By Maria Cramer, GLOBE STAFF

The Boston Globe, October 17, 2006

US Attorney General Alberto R. Gonzales told law enforcement officials Monday that his office will study selected cities across the country where violent crime has surged.

Acting Boston Police Commissioner Albert Goslin said he hopes the city, which is ahead of last year's pace for murders, makes the list.

Gonzales Monday addressed the International Association of Chiefs of Police conference at the convention center in South Boston. The gathering, which thousands were expected to attend, ends tomorrow. Gonzales said he wanted to know why violent crime had increased slightly in 2005 compared with 2004.

Nationally, violent crime such as murder, rape, robbery, and aggravated assault rose 2.3 percent in 2005 from 2004, according to the FBI's Uniform Crime Report.

"In addition, we have recent anecdotal reports that even in this year there may be a rise in violent crime in some areas," Gonzales said, according to a copy of his speech.

The cities will be selected in the next few weeks and will include communities of differing sizes and regions of the country.

"They will also include cities that have experienced significant increases in crime and significant decreases in crime," said Tasia Scolinos, spokeswoman for the Justice Department. The purpose of picking such cities is to understand why some have managed to keep violent crime down, she said.

Goslin, who said he sat next to Gonzales during his speech, said he believes decreased funding for police departments has contributed to the increase in violence, particularly in Boston, where the city has had 58 homicides in 2006, two more than at this time last year. (Mayor Thomas M. Menino said last year that the elimination of federal funds for hiring officers resulted in nearly 300 fewer police in Boston in 2005 than in 2000.)

"We do not have the federal funds that we used to have, and it has a direct correlation to the spike in crime and our ability to fight it," Goslin said Monday.

But he said he hopes Boston is among the cities picked for the study, to help him better understand other possible reasons for the spike in violent crime. "The fact of the matter is that it's a city that has had success [fighting crime] in the past, and has had an uptick," he said. "We want to get ahead of that uptick."

Justice Dept. Will Gauge Need For Additional Funding To Fight Rise In Violent Crime (MCT)

By Marisa Taylor, MCCLATCHY NEWSPAPERS

McClatchy Newspapers, October 17, 2006

WASHINGTON -- Justice Department investigators will visit police departments across the country to determine whether more federal dollars are needed to stem the nation's rising violent crime, Attorney General Alberto Gonzales announced Monday.

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In September, the FBI reported that violent crime rose 2.3 percent in 2005, the largest increase since 1991 and a trend that some police officials have blamed on cuts in federal crime-fighting grants. In some cities, such as Minneapolis, violent crime has spiked 15 percent.

"We need to find out why this is happening, what we can do to reverse that trend," Gonzales said. "And we need to do it together."

While Gonzales said the review was important to determine the causes of what he described as a "small uptick" in violent crime, he emphasized that the overall crime rate is the lowest in more than 30 years.

Some police organizations expressed disappointment that the initiative didn't include immediate financial help for local police departments struggling to make up for years of reductions in federal funding.

President George W. Bush's administration has cut grants for state and local crime-fighting programs on the grounds that they have outlived their usefulness or have underperformed.

Legislation pending before Congress largely would restore the administration cuts proposed this year.

Andrea Mournighan, the legislative director of the National Association of Police Organizations, said, "My hope would be the Justice Department will look at certain cities and . . . understand that more funding is needed."

Thomas Frazier, the executive director of the Major Cities Chiefs Association, said police departments already knew the reason for rising violent-crime rates: gangs, drug use and poverty.

Chertoff, Gonzales Tell IACP Cooperation Is Imperative DHS Will Create (OFFICER)

By Lon Slepicka, Officer.com News

Officer.com, October 17, 2006

The First General Assembly of the International Association of Chiefs of Police at their 113th Annual Conference in Boston featured United States Attorney General Alberto Gonzales and Department of Homeland Security Secretary Michael Chertoff as keynote speakers.

Both had a strong message on what local law enforcement and their respective federal offices could do and should do together to combat terrorism.

"Our shared responsibilities are vast. None of us can do it alone," Gonzales said.

Both men spoke of improving the federal and local relationship. Since September 11, there is no more us versus them according to the Attorney General. He said it is clear that local law enforcement has many more officers on the street. "There can be no question that we learn from you, that we support you and that we are a team."

Chertoff said the greatest challenge of Homeland Security is terrorism, "and our principal partner in dealing with terror is state and local law enforcement."

He was particularly proud of the way federal and local agencies worked together when the small plane hit the apartment building in New York City. He described the immediate contact between the city and the DHS offices in Washington, D.C. and the real-time information that pass between the two.

Chertoff announced the steps he was taking with major city chiefs to start to move information sharing to the next level, one being the creation of a national network intelligence "fusion centers" to support state and local decision makers, chiefs of police and state and local intelligence officials. They will build new information centers to further facilitate the sharing of classified and unclassified information and move that information over secure facilities. He is going to expedite the classified secret level clearance process to get clearance out to the field more quickly. They are going to act quicker in granting top secret to those who require that level of classified access.

DHS will be assigning people to these "fusion centers" and will be asking local departments to also send their intelligence analyists and major operators looking for all to become more deeply embedded in each others operational activities.

Chertoff said there are already five of the "fusion centers" established including one in Las Angeles called the Joint Regional Intelligence Center, a regionally focused intelligence sharing center. He wants 20 new centers by the end of this fiscal year and up to 35 centers by the end of next fiscal year.

The terrorist front is fought every day by local state and federal law enforcement. Gonzales said we never know when a gas station holdup is in fact a funding operation for a terrorist group and it will more the likely be the local law enforcement that discovers the initial evidence to prove that.

Gonzales emphasized that massive responsibility to find the terrorists among us was added to the responsibilities to crack down own drugs, gangs, violent crime, and crimes against children. "We have not had a terrorist attack on American soil in five years and that is a testament to you and the police forces that you lead."

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FBI Raids Home Of Rep. Weldon's Daughter (USAT)

By Kevin Johnson, Usa Today

USA Today, October 17, 2006

WASHINGTON — FBI agents raided the homes of a Pennsylvania congressman's daughter and her business partner Monday as part of an investigation into whether Rep. Curt Weldon, R-Pa., helped them secure lucrative lobbying contracts.

Federal investigators targeted four locations near Philadelphia, including the home of Karen Weldon, and two properties in Jacksonville, FBI spokesman Debbie Weierman said.

Weierman declined to elaborate. But another federal law enforcement official said the probe focused on whether the congressman used improper influence to steer business to his daughter and her partner, Charles Sexton.

The official, who has been briefed on aspects of the investigation, was not authorized to comment publicly on the inquiry. The congressman's properties were not among the locations searched, the official said.

At a campaign stop near Philadelphia where Weldon is in a tight re-election race against Democrat Joe Sestak, the congressman denied any wrongdoing and questioned the timing of the investigation.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election. This incident was 2½ years ago," he told the Associated Press. "I've never helped my daughter get anything. My kids are qualified on their own."

In 2004, a liberal watchdog group, Citizens for Responsibility and Ethics in Washington, called on the Justice Department to examine whether Weldon violated federal law by assisting companies that hired his daughter as a lobbyist.

FBI Raids Home Of Weldon's Daughter (AP)

By Maryclaire Dale

AP, October 17, 2006

MEDIA, Pa. -- Three weeks before Election Day, an FBI corruption probe involving Republican Rep. Curt Weldon intensified as agents raided the homes of his daughter and a close friend.

The FBI swept in Monday and searched six sites in the Philadelphia area and Jacksonville, Fla., including Karen Weldon's lobbying firm and one of its clients, a Russian energy company, FBI spokeswoman Debbie Weierman said. The congressman's home and offices were not searched, she said.

"I have not done anything wrong and my daughter hasn't either," Weldon said at a news conference late Monday afternoon. "I would absolutely never use my position to help anyone in an unusual way."

Federal investigators are looking into whether Weldon used his influence to help Solutions North America secure lobbying contracts worth $1 million from foreign clients, two people familiar with the inquiry have told The Associated Press.

The company is run by Karen Weldon and Charles P. Sexton Jr., whose home was searched by the FBI. Sexton is a close friend and adviser to the lawmaker.

Weldon called the timing of the raids suspect.

The 10-term congressman from the Philadelphia suburbs, who is vice chairman of the House Armed Services committee, is locked in a tight race with Democrat Joe Sestak, a retired Navy vice admiral.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Weldon said. "This incident was 2 1/2 years ago."

Karen Weldon, 32, previously worked for Boeing Co., which has a helicopter plant just outside Weldon's district. Her attorney, Joseph Fioravanti, did not return a telephone message on Monday.

Sexton did not return a message left Monday at his home.

The FBI also searched two Jacksonville-area properties of Itera International Energy Corp., including its headquarters, Weierman said.

The Russian natural gas firm was paying Solutions $500,000 a year for public-relations help, according to a 2004 Los Angeles Times article. Around the same time, Weldon gathered 30 colleagues for a dinner in Washington honoring Itera's chairman, the newspaper reported.

FBI Raids Lobbyists' Homes, Office (LAT)

By Richard B. Schmitt And Chuck Neubauer

The Los Angeles Times, October 17, 2006

WASHINGTON — FBI agents conducted raids in two states Monday as part of an investigation into whether Rep. Curt Weldon used his influence to steer business to a lobbying firm owned by his daughter and a one-time campaign aide, Justice Department officials and others familiar with the investigation said.

Federal investigators are trying to determine whether the Pennsylvania Republican helped secure almost $1 million in contracts for a firm known as Solutions North America, run by his daughter, Karen, and a prominent Philadelphia-area Republican, Charles P. Sexton Jr. Sexton once served as the 10-term congressman's campaign finance chief.

The raids are another political setback for the Republican Party as it struggles to maintain control of Congress. Weldon, who represents a suburban Philadelphia district, is locked in a closely contested campaign with a retired Navy vice admiral.

The news of the probe comes as the FBI is looking into salacious messages sent to House pages by Florida Rep. Mark Foley, who resigned his seat.

The FBI on Monday searched four locations in Pennsylvania, including the homes and office of Karen Weldon and Sexton. Also searched was the Jacksonville, Fla., headquarters of Itera International Energy Corp., the U.S. arm of a diversified Russian-based oil and gas firm.

The FBI also searched the law office of Philadelphia attorney John Gallagher, a longtime Weldon friend and supporter who did legal work for the consulting firm, said people familiar with the probe who requested anonymity because of the ongoing investigation. The FBI did not raid Weldon's home or office.

Speaking to reporters in Pennsylvania Monday, Weldon called the investigation politically motivated. "I've never helped my daughter get anything," he said. "My kids are qualified on their own."

An attorney for Weldon questioned the timing of the disclosure of the probe, which appears to stem from an investigation on Weldon that ran in the Los Angeles Times. "I think it is very suspicious that 2 1/2 years after the Los Angeles Times broke the story, that the FBI is now getting around to looking at it three weeks before the election," said William B. Canfield.

Canfield said the House Ethics Committee reviewed the case and the matter was resolved "in a way that was satisfactory to everyone."

In 2004, The Times disclosed that Solutions North America won contracts from companies or individuals that Weldon tried to help. The beneficiaries included two struggling Russian firms and a Serbian family linked to accused war criminal Slobodan Milosevic.

An FBI spokeswoman, Debra Weierman, confirmed Monday that agents had conducted six searches as part of an investigation but declined further comment.

Legal experts said that an agreement between a member of Congress to take official action in exchange for cash or other benefits — even if the gifts are not received by the lawmaker — could constitute bribery. But such allegations are difficult to prove and require evidence of a quid pro quo.

Weldon is a leading voice in Washington on the affairs of former Eastern bloc nations. He is also vice chairman of the powerful House Armed Services Committee and has been able to spread federal contracts over his district and region.

But his hold on his seat is precarious. The district voted Democratic in the last two presidential elections.

He is facing a stiff challenge from Navy veteran Joe Sestak, who has tried to tie his opponent to what he calls the failures of the Bush administration, including the war in Iraq.

The latest independent poll showed the race in a statistical dead heat.

Sexton, reached by phone Monday, declined comment. In an interview with The Times on Saturday, Sexton said he had not heard of any investigation. "The allegations are preposterous that there was any wrongdoing on the part of Mr. Weldon and his daughter or me," he said.

Karen Weldon, now 32, was inexperienced in international consulting when she and Sexton set up their business. She had previously spent six years working for Boeing Co., in what she described as "learning and training programs."

Their first client was Itera International. At the time, the congressman was trying to help improve the company's image with U.S. officials after questions had been raised about how the firm acquired gas fields in post-Soviet Russia. Weldon went to bat for Itera with federal agencies.

Itera agreed to pay his daughter's firm $500,000 a year around the same time that Weldon was extolling the company and helping to round up 30 congressional colleagues for a dinner honoring the firm's chairman.

Gallagher, Weldon's friend, introduced Solutions to its second client, a fledgling Russian aerospace manufacturer named Saratov Aviation Plant that wanted to sell its products in the United States. Weldon and his daughter journeyed to Saratov to look at the company's flying-saucer technology. Weldon pushed the Navy to look at the saucer. His daughter's firm ended up with a $20,000-a-month contract with Saratov. Karen Weldon's firm has since parted ways with Saratov.

Weldon introduced his daughter to her third client, two wealthy Serbian brothers, Dragomir and Bogoljub Karic who had been linked to Milosevic. Weldon sought to win U.S. visas for the men both before and after their family foundation hired his daughter's firm for $240,000 a year.

FBI Raid Deals New Blow To Republicans (FT)

By Demetri Sevastopulo In Washington

Financial Times, October 17, 2006

Republican control of Congress was further endangered on Monday after the Federal Bureau of Investigation raided the home of the daughter of a long-term Republican congressman facing a tough re-election fight.

The FBI operation took place at the home of Karen Weldon, the daughter of congressman Curt Weldon, a 10-term Pennsylvania Republican lawmaker who serves as vice-chairman of the House homeland security committee.

Several US media reported that the agency was investigating whether Mr Weldon had illegally steered contracts to his daughter and Charles Sexton, her business partner and friend of the congressman. Debra Weierman, an FBI spokeswoman, declined to comment on the investigation, but confirmed the FBI had executed search warrants at six locations in Pennsylvania and Florida.

Mr Weldon, who faces a fierce electoral challenge from retired navy admiral Joe Sestak, is one of many Republican incumbents in previously safe constituencies who face tough re-election bids because of voter dissatisfaction with Republicans over the war in Iraq and scandals in Congress.

Already reeling from increasing voter concerns about the Iraq war – which has claimed the lives of 2,749 soldiers and seen almost 21,000 US military casualties – Republicans have more recently been dogged by the revelation that Mark Foley, a Republican congressman, sent overly friendly e-mails to page boys in the House.

The Republican leadership has also come under fire following allegations they allowed Mr Foley to remain in Congress in spite of warnings about his activities.

A recent poll by the Center for Opinion Research at Franklin & Marshall College in Pennsylvania found that Mr Sestak, a previously unknown political opponent, had a slight lead over Mr Weldon ahead of the November 7 elections.

The poll also found 49 per cent of voters in his district believed it was time for a change, compared with only 37 per cent who favoured his re-election.

Mr Weldon on Monday denied any wrongdoing. “I’ve never helped my daughter get anything,” he was quoted as saying by the Associated Press. “My kids are qualified on their own.”

Russell Caso, Mr Weldon’s spokesman, said the FBI had not told the congressman he was the subject of any investigation.

FBI Raids Four Homes, Two Offices In Weldon Probe (PHI)

By John Shiffman, Mitch Lipka And Patrick Kerkstra

The Philadelphia Inquirer, October 17, 2006

FBI agents investigating U.S. Rep. Curt Weldon (R., Pa.) conducted six raids this morning - including at the homes of his daughter and a longtime friend.

In all, agents executed four search warrants in the Philadelphia area and two in Jacksonville, Fla., officials said.

In Center City, agents searched the law office of John Gallagher, a Weldon friend who has conducted extensive business in Russia and former Soviet Republics.

In Media, agents searched the offices of the public relations firm formed by Weldon's longtime friend Charles P. Sexton Jr., and the congressman's daughter, Karen.

Sexton and Karen Weldon formed Solutions North America in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic.

FBI agents in Jacksonville, Fla., raided the office of one of the Russian energy firms, Itera, and a private residence whose connection to the investigation was not disclosed.

The Philadelphia raids began early this morning. Shortly before noon, FBI agents left Karen Weldon's three-story brick house on Queen Street in Philadelphia carrying armfuls of boxes.

A government car pulled into the alley to the back door of the house and loaded boxes into it. Three agents standing in an alley - members of the FBI's public corruption squad - declined to identify themselves.

"I can confirm that we conducted a number of searches regarding an ongoing investigation," said FBI agent Jerri Williams, a spokeswoman in Philadelphia. "Details regarding those investigations cannot be provided because the accompanying affidavit is sealed."

In Delaware County, FBI agents had blocked off Kelli Lane leading to Sexton's Springfield home, and were removing at least one box and a bag of material from his home late this morning. Sexton is a longtime ally of Weldon's and has been a power in Delaware County GOP politics for more than three decades.

The raids came three days after news broke that the FBI was investigating whether the Delaware County congressman used his influence to help his daughter, a registered lobbyist, win consulting contracts.

At an event earlier today at Philadelphia International Airport to discuss airport noise, Weldon said the investigation was politically motivated - blaming a complaint filed by Melanie Sloan, director of Citizens for Responsibility and Ethics in Washington.

"She is the only one I know of who went to the Justice Department and asked for an investigation," Weldon said. "I know that because I have her letter."

He added, "I haven't helped get my daughter anything."

Weldon, who is involved in a tight race for reelection, has said that he has done nothing wrong.

The $1 million contract under investigation was first reported in 2004 by the Los Angeles Times. Sources said the FBI and Justice Department investigation was based on the Times story.

The Inquirer reported in 2004 that Weldon had lobbied federal officials on behalf of Itera, the huge and controversial Russian natural gas company. Weldon also complained to Karl Rove, President Bush's top political adviser, about Itera's treatment by the U.S. Trade and Development Agency.

Itera paid $500,000 to Karen Weldon and Sexton's firm. The contract was signed Sept. 30, 2002, six days after the congressman helped arrange a dinner at the Library of Congress to honor Itera and Igor Makarov, the firm's chief executive officer.

About noon today, a group of 17 protesters arrived outside Weldon's district office in Upper Darby, carrying signs and the kind of foam hands usually seen at sporting events to proclaim "Number One." But these rose-colored hands said "Caught Red-Handed."

"This is the first time I've come out and done something like this," said Judy Voet of Rose Valley. "This Congress is just so corrupt."

Most of the protesters were Democrats, but they said they were not involved in the campaign of Weldon's opponent, Joe Sestak, and they included at least one Republican, Chuck Ries of Havertown.

"I don't know what to believe anymore, they lie so much," said Ries, holding a sign linking Weldon to current and former Republican colleagues Tom DeLay, Mark Foley and Bob Ney - all of whom have been embroiled in career-ending scandals.

Homes Raided In Rep. Weldon Influence Probe (WP)

By Carol D. Leonnig And R. Jeffrey Smith, Washington Post Staff Writers

The Washington Post, October 17, 2006

FBI Looks at Business Run By Daughter, Political Ally

Federal agents raided the homes of Rep. Curt Weldon's daughter and one of his closest political supporters yesterday as part of an investigation into whether the veteran Republican congressman used his influence to benefit himself and his daughter's lobbying firm, according to sources familiar with the investigation.

The investigation focuses on actions the Pennsylvania congressman took that may have aided clients of the business created by his daughter, Karen Weldon, and longtime Pennsylvania political ally Charles Sexton, according to three of the sources.

A grand jury, impaneled in Washington in May, has obtained evidence gathered over at least four months through wiretaps of Washington area cellphone numbers and has scrutinized whether Weldon received anything of value, according to the sources. They spoke on the condition of anonymity because of the sensitive nature of the investigation.

The investigation focuses on Weldon's support of the Russian-managed Itera International Energy Corp., one of the world's largest oil and gas firms, while that company paid fees to Solutions North America, the company that Karen Weldon and Sexton operate.

The congressman, for example, intervened on Itera's behalf when U.S. officials canceled a federal grant to the company. He also encouraged U.S. companies to do business with Itera at a time when its reputation had been sullied by accusations of Russian corruption.

Weldon said in a prepared statement that he had done nothing wrong and would cooperate in the investigation "100 percent." Michael Puppio, a campaign spokesman, said Weldon hoped that "reliance on leaks would cease and the media would rely on facts that are verifiable."

Weldon said that the House ethics committee looked into the allegations in 2004 "and found that I had engaged in no wrongdoing." He said he was "extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress."

Yesterday's raids of six locations in Pennsylvania and Florida were moved up in part because of leaks about the investigation late last week, according to two of the sources. Top federal prosecutors supervising the inquiry concluded early this month that they were progressing significantly on another front in the investigation and did not want to make their work public too soon by conducting searches, especially so close to the Nov. 7 elections.

McClatchy Newspapers reported Saturday that the FBI had recommended that Justice Department officials investigate Rep. Weldon's actions, leading to yesterday's searches.

Debra Weierman, a spokeswoman for the FBI's Washington field office, confirmed that the locations included the homes of Karen Weldon and Sexton; the suburban Philadelphia offices of Solutions North America; and the downtown Philadelphia offices of John Gallagher, a lawyer who represented Russian companies linked to Itera.

Two other sites searched were the U.S. headquarters of Itera International in Jacksonville, Fla., and a Jacksonville home, the sources said.

Prosecutors are usually loath to conduct raids against a public official so close to an election. But some involved in the investigation debated whether holding off could also appear to have been influenced by the election, sources said.

Weldon faces a difficult reelection campaign against a retired vice admiral, Democrat Joseph A. Sestak Jr., and has fallen behind in some polls. With 10 terms under his belt, Weldon is a House veteran but has not faced a real challenge in years.

His district gave Democratic presidential candidate John F. Kerry 53 percent of the vote in 2004. Sestak has painted him as out of touch with his district.

Karen Weldon and Sexton registered to lobby for Itera on Sept. 13, 2002, stating that they wanted to help the firm sell gas and oil products to the United States. The registration was terminated two years later. But Senate records do not list any lobbying payments to the pair from Itera.

Rep. Weldon said that he never knew who his daughter's clients were. "I've never helped my daughter get anything. My kids are qualified on their own," he said.

Weldon assailed the news reports as politically motivated. He blamed a 2004 complaint filed by the liberal-leaning Citizens for Responsibility and Ethics in Washington, which is led by Melanie Sloan, a former prosecutor who also has been a Democratic staff member on the House Judiciary Committee.

That complaint was based on a lengthy 2004 report by the Los Angeles Times that described the meteoric rise of Solutions North America and its relationship to Itera, which has long been dogged by international controversy over its obscured ownership.

The company, formed in 1992, made huge profits as an intermediary in natural gas sales between the state-controlled Russian company Gazprom and former Soviet republics. It eventually purchased some of Gazprom's gas fields and other assets for nominal sums, estimated by critics to be billions of dollars below their real value, and became a rival.

Oil and gas traders and Russian experts have long suggested that Itera's real owners are former senior Gazprom executives and that the company was established in the United States as a vehicle to transfer money out of Russia and into their pockets. The company could not be reached to comment yesterday, but it has previously denied that claim.

Itera drew attention for cutting off natural gas to Georgia shortly before the winter of 2002, when it tried to collect a $90 million debt from the Georgian government during a flare-up of tensions with the Moscow government. Weldon helped mediate the dispute, persuading the company to supply the gas.

The Philadelphia Inquirer and the Los Angeles Times reported that Itera's representatives signed a $500,000 contract in 2002 with Solutions North America. That year, Rep. Weldon complained to the U.S. Trade and Development Agency about its cancellation of a grant to Itera to explore a gas field in Siberia.

"Itera is a great source for American companies to be involved in joint projects," he said during a visit to the company's offices in 2002.

At a January 2003 opening of Itera's U.S. headquarters, Weldon said: "I can think of no other company that represents what Russia is today and offers for the future."

Four people listed in corporate records as Itera officers or directors wrote checks totaling $8,000 to Weldon's campaign on April 20, according to PoliticalMoneyLine, a Web site that tracks campaign contributions.

Research director Lucy Shackelford and staff researcher Madonna Lebling contributed to this report.

Searches Carried Out In Influence Inquiry (NYT)

By David Johnston

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — Federal agents executed search warrants on Monday at the homes of Representative Curt Weldon's daughter and a longtime political associate in an investigation into whether Mr. Weldon, a Pennsylvania Republican, improperly aided their efforts to obtain lobbying and public relations contracts, law enforcement officials said.

F.B.I. agents searched four homes and other places in the vicinity of Philadelphia and two sites near Jacksonville, Fla. Debbie Weierman, a spokeswoman for the bureau's Washington office, confirmed the searches but would not say why they were conducted. Affidavits citing reasons for the searches were sealed.

Mr. Weldon's residence and his Congressional office were not searched, but other law enforcement officials said the lawmaker was the subject of an intensifying corruption inquiry.

Mr. Weldon was first elected to his district, the Seventh, on the outskirts of Philadelphia in 1984 and is vice chairman of the House Armed Services Committee. He is in a close re-election race against Joe Sestak, a former three-star admiral and national security aide in the Clinton White House.

Mr. Weldon was quoted by The Associated Press at a campaign appearance on Monday as saying that the investigation was politically motivated and that the disclosure of the inquiry, in news accounts in recent days, was suspect.

"What I find ironic, if there is an investigation," Mr. Weldon was quoted as saying, "is that no one would tell me until three weeks before the election."

Law enforcement officials said the investigation into Mr. Weldon had been under way for several months. They said the government had not confirmed the existence of the investigation or conducted the searches until after news organizations learned of them. McClatchy Newspapers first reported the inquiry on Saturday, and it is not known how it got the information.

On Monday, a spokesman for Mr. Weldon's campaign, Pete Peterson, said he had no comment on the matter and referred calls to Mr. Weldon's office in Washington. Mr. Weldon's campaign manager, Michael Puppio Jr., and his chief of staff in Washington, Russ Caso, did not return calls seeking comment.

Mr. Weldon has at times disagreed with the Bush administration. He maintained that a secret military unit known as Able Danger had used sophisticated data mining to tie several of the September 2001 hijackers to Al Qaeda more than a year before the attacks, but a report by the Pentagon disputed that contention.

The searches for financial records, internal documents and computer messages took place at the home of Mr. Weldon's daughter, Karen, and at the home of Charles P. Sexton Jr., Ms. Weldon's business partner and a friend of her father.

A search was also conducted at the office of Solutions North America Inc., a firm run by Ms. Weldon and Mr. Sexton, in Media, Pa.

One of the searches in Florida was at the office of a Russian natural gas company, the Itera International Energy Corporation, which has hired Solutions North America for public relations assistance in the United States.

The precise accusations of wrongdoing that led to the inquiry involving Mr. Weldon are not known. In general, officials said, investigators are trying to determine whether Mr. Weldon misused his official position to help his daughter's company obtain lobbying contracts from foreign clients and helped steer contracts to favored firms.

Mr. Weldon said Monday that he had not given his daughter any special assistance and that the House ethics committee had looked into her contracts after they were the subject of an article in The Los Angeles Times in February 2004. He said he had cooperated with the inquiry and had turned over 150 pages of documents and answered the panel's questions.

FBI Ups Ante On Weldon (RC)

By John Bresnahan

Roll Call, October 17, 2006

FBI agents raided the home of Karen Weldon, the daughter of Rep. Curt Weldon (R-Pa.), as well as five other locations Monday, signaling an intensifying federal probe into the veteran GOP lawmaker's dealings with her lobbying firm and a Russian business tycoon.

Of the locations in Pennsylvania and Jacksonville, Fla., searched by the FBI, one was the Jacksonville office of Itera International Energy Corp., the U.S. arm of a Russian company run by Igor Makarov.

Karen Weldon's firm, Solutions North America, received a $500,000 public relations contract to represent Itera in September 2002, including $170,000 in up-front money.

The contract was inked just days before the elder Weldon rounded up 30 Members to attend attend a dinner at the Library of Congress in honor of Makarov. Members of the Russian Duma attended the Sept. 24, 2002, event as well.

And despite the fact that the U.S. Trade and Development Agency had withdrawn an $868,000 grant to Itera several months earlier, Weldon praised Makarov and Itera in a Sept. 26, 2002, speech on the House floor. Weldon said Makarov had

offered to open up his company — which had been criticized for a series of financial transactions with Russian natural gas giant Gazprom — to foreign scrutiny. Weldon called Makarov's announcement "absolutely refreshing" and said he had to "applaud" the move.

The 44-year-old Makarov was a member of the former Soviet Union's national bicycling team, according to the Itera Web site. Makarov "started his business in the late 1980's and received excellent managing experience from a small production and trading company to a large international corporation," the Web site stated.

Neither Karen Weldon, her attorney nor Itera returned calls seeking comment for this article.

Investigators also searched the Springfield, Pa., home of Charles Sexton, Karen Weldon's business partner in Solutions North America and a former finance chairman for Weldon's Congressional campaigns. Sexton, chairman of the Delaware County Republican Party — the party operation that has long been a backbone of Weldon's support — did not return calls seeking comment.

Weldon told reporters Monday that Sexton would take a leave from serving as an adviser to his re-election committee. Weldon is in the fight of his political life, facing a strong and well-funded challenge by Democrat Joe Sestak.

The Pennsylvania office of Solutions North America also was targeted in the search, as was a law office in Pennsylvania, a law-enforcement official said.

The Justice Department is looking into whether $1 million in payments to Karen Weldon's company were linked to official actions taken by the elder Weldon. Justice Department prosecutors filed sealed affidavits in Florida and Pennsylvania federal courts to support the FBI searches, law enforcement sources said.

FBI officials in Washington declined to comment on Monday's raids, saying they were part of an ongoing investigation.

Weldon, who has denied allegations of wrongdoing in relation to his daughter's firm since they were first raised in a February 2004 Los Angeles Times article, suggested on Monday that Democrats and the liberal watchdog group Citizens for Ethics and Responsibility in Washington were behind the Justice Department probe.

Weldon offered no proof to substantiate those claims, although he said CREW had written to Justice earlier this year seeking a probe and claimed he had a copy of that letter.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Weldon said at an appearance in Media, Pa., according to The Associated Press. "This incident was two and a half years ago."

Following the initial news reports in February 2004 about the Weldons' activities, the House ethics committee began an "informal investigation" into Weldon's ties to his daughter's company. That inquiry was first reported by Roll Call.

But the committee got bogged down in a partisan battle over ethics rules and committee staffing for the first half of the 109th Congress, and any results of its probe were never released publicly.

McClatchy Newspapers reported last week about the existence of the FBI investigation, and federal agents acted quickly to obtain search warrants once the initial news report was published, in order to protect potential evidence needed in the investigation, according to several law-enforcement sources.

According to McClatchy, "the FBI only over the last few months obtained evidence suggesting that the [C]ongressman may have broken the law."

Karen Weldon, 31, and Sexton, 69, also had other clients beyond Itera with ties to the Congressman.

The Los Angeles Times reported that Solutions North America had been paid $240,000 to represent a Serbian family that has ties to Serbian President Slobodan Milosevic, who was on trial for war crimes when he died earlier this year.

In January 2003, Weldon and his daughter visited Russia together, including the Saratov Aviation factory. After they returned to the United States, Saratov retained Solutions North America, paying the firm $20,000 per month to represent it.

At around the same time, Weldon — who chairs the tactical air and land forces subcommittee of the House Armed Services Committee — began pushing an unmanned airborne drone made by Saratov to U.S. Navy officials. Karen Weldon also met with at least one Navy official regarding the Saratov drone program without disclosing her relationship with the firm, according to The Philadelphia Inquirer.

According to media reports, SNA also had fee arrangements with both Itera and Saratov that included reward payments for federal contracts, which are illegal under federal law.

FBI Targets Weldon In Influence-peddling Probe (WT)

By Jerry Seper

The Washington Times, October 17, 2006

FBI agents raided the homes of Rep. Curt Weldon's daughter and a longtime political friend yesterday as part of an investigation into whether the Pennsylvania Republican used his influence to steer $1 million in foreign business to his lobbyist daughter.

Armed with search warrants, agents from the FBI's offices in Washington and Philadelphia descended on four locations in the Philadelphia area, including Karen Weldon's home in the Queen Village section, and two locations in Jacksonville, Fla.

Among the houses raided was the Springfield, Pa., residence of Charles P. Sexton Jr., Miss Weldon's business partner and the congressman's close friend. The agents also searched the offices of Solutions North America Inc. (SNA) in Media, Pa., the lobbying and consulting business operated by Miss Weldon, 31, and Mr. Sexton, 69.

Mr. Weldon's home and offices were not targeted in the raids.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Mr. Weldon told reporters yesterday during a campaign appearance in Media.

Denying any wrongdoing by himself or his daughter, Mr. Weldon called the investigation politically motivated and challenged the timing of the raids.

"I've never helped my daughter get anything," he said. "My kids are qualified on their own."

Federal law-enforcement authorities said the FBI is investigating whether Mr. Weldon used his political influence as a 10-term congressman and senior member of the House Armed Services and Homeland Security committees to help his daughter's firm secure at least three lobbying and consulting contracts.

Last week, the Democratic Congressional Campaign Committee mailed fliers to voters in the 7th District, where Mr. Weldon is in a tight race with Democratic challenger Joe Sestak, accusing Miss Weldon of getting help from her father on lobbying projects.

Records show that Miss Weldon and Mr. Sexton, former chairman of the Springfield Republican Party, started SNA in September 2002. Three of the company's clients -- Itera International Energy Corp. and Saratov Aviation, both in Russia, and Dragomir and Bogoljub Karic, residents of Serbia -- reportedly have ties to Mr. Weldon.

The authorities said Mr. Weldon led a congressional delegation to Russia in 2002, where he visited with Itera International officials just before the firm signed with SNA. Two days after a $500,000 contract with the firm was signed, the authorities said, Mr. Weldon co-hosted an event at the Library of Congress honoring Itera International's chairman.

In January 2003, Itera International opened U.S. offices in Jacksonville, paying for Mr. Weldon to attend the opening.

The authorities also said Mr. Weldon and his daughter visited Saratov Aviation in January 2003, after which the firm signed a $20,000-a-month contract with SNA.

Yesterday, Mr. Weldon also questioned the need for an FBI investigation, saying the House ethics committee looked into the contracts awarded to his daughter's company soon after the Los Angeles Times reported on them in February 2004.

FBI: Weldon Under Investigation (NORRISTH)

By By: WILLIAM BENDER

Norristown (PA) Times-Herald, October 17, 2006

As U.S. Rep. Curt Weldon was proclaiming his innocence Monday morning in Media, FBI agents were raiding the home of his daughter and the leader of the Springfield Republican Party as part of an investigation into whether Weldon used his influence to help the pair obtain nearly $1 million worth of overseas lobbying and consulting contracts.

Starting about 9 a.m., agents began descending on a total of six locations, including Karen Weldon's home in the Queen Village section of Philadelphia, Charles Sexton's Springfield rancher on Kelli Lane and the office of their company, Solutions North America, in Media.

"I don't know anything about an investigation. I have no idea, no clue," Weldon, apparently unaware of the raids, told reporters at a 10:15 a.m. press conference about an airspace redesign plan at Philadelphia International Airport. "I have not done anything wrong."

Federal agents searched two locations in Jacksonville, Fla., one of them the headquarters of Itera energy group, FBI spokeswoman Debbie Weierman confirmed.

The Russian-based Itera International Energy Corp. signed a $500,000 contract with Solutions North America on Sept. 30, 2002, six days after Weldon introduced a House resolution to encourage U.S. "cooperation with the Russian Federation on energy development issues" and hosted a Library of Congress dinner to honor the company's chairman. The contract included a $170,000 up-front payment and a 10 percent "finder's fee" for any sales Solutions generated, according to published reports.

The FBI also searched the Philadelphia office of attorney John Gallagher, according to a law enforcement official.

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Gallagher introduced Sexton to another Solutions client, Saratov Aviation Plant. Weldon visited the Russian company in 2003, reportedly with his daughter, and later brought its experimental aircraft to the Navy's attention.

News of the investigation throws Weldon's re-election campaign into disarray as he tries to stave off hard-charging Democrat Joseph Sestak, a retired Navy admiral who is running evenly with the 10-term incumbent in the 7th District according to a Keystone Poll conducted late last month. Sexton, a longtime political ally of Weldon's, who was handling the bulk of his fund-raising, immediately stepped down Monday as a senior adviser to the campaign.

The congressman's staff had insisted Friday evening that "there is no investigation" because they had not been contacted by the Justice Department or the FBI. Weldon spokesman Michael Puppio said Saturday that their attorneys were considering filing a defamation lawsuit against McClatchy Newspapers, which broke the story Friday night.

Weldon said Monday he believed the FBI raids were linked to the Democratic Congressional Campaign Committee (DCCC) and the left-leaning watchdog group Citizens for Responsibility and Ethics in Washington (CREW).

Days before the story broke, a DCCC-funded mailer began circulating the district, accusing Weldon, vice chairman of the House Armed Services Committee, of using his position to "help his lobbyist daughter win defense contracts potentially worth millions for her clients."

"In Washington, politics is a family affair, and Curt Weldon sure knew how to steer our tax dollars into his family's pockets," the flier reads. DCCC spokeswoman Jen Psaki denied any connection between the mailing and reports of the investigation, calling Weldon "paranoid."

At a hastily arranged press conference late Monday afternoon outside his campaign headquarters on Baltimore Pike, Weldon repeatedly denied that he had helped his daughter attain any contracts.

"What bothers me as a father is to see somebody say she's inexperienced," Weldon said of Karen Weldon, now 32 years old. "I'll put my daughter up against anyone, anyplace in terms of her capability. She's a very competent young lady and I stand behind her 100 percent."

Weldon, of Thornbury, said he would "fully cooperate" with the investigation while he asked voters to see through what his campaign said was the work of "left wing liberal activists" - specifically CREW's executive director, Melanie Sloan.

"I'm not here to point fingers, but that article, that mass mailing was done on Wednesday, went to every house in my district. Maybe it was a coincidence," he said. "But I'm also aware that the person who filed the one complaint against me with the Justice Department, Melanie Sloan, was a key staffer for (U.S. Rep.) John Conyers, who stands to become the chairman of the House Judiciary Committee, assuming the Democrats will win control of the Congress.

"I think it doesn't take a rocket scientist to figure out that this district could swing control of the Congress," he continued. "Melanie Sloan filed the complaint; I have a copy of it, and on her board she has one of my opponent's biggest single contributor(s) - a fellow by the name of Dan Berger."

In April 2004, CREW asked the Justice Department to investigate Weldon's role in how Solutions landed contracts with Itera, Saratov and the Serbian Karic Foundation.

Sloan said Saturday her group has heard nothing from the department since. Sestak did not declare his candidacy in the 7th District race until February.

Berger, a Philadelphia attorney and prominent Democratic fund-raiser, is a CREW board member whose law firm, Berger and Montague, is one of Sestak's largest campaign contributors. CREW spokeswoman Naomi Seligman Steiner said her group did not influence the timing of the FBI investigation.

"We knew when everyone else knew," Steiner said, referring to the McClatchy report that was posted online Friday night. "If he's looking to blame anyone," she said of Weldon, "he should blame himself."

Asked Monday morning why a Justice Department under a Republican administration would play a role in a Democratic scheme to undermine his campaign, Weldon said: "The bureaucracy, it's not Democrat or Republican."

Three weeks before Election Day, the investigation plays into the Democrats' theme that 12 years of Republican control has created a "culture of corruption" in Washington. It follows the recent resignation of U.S. Rep. Mark Foley, R-Fla., for sending sexually explicit messages to former congressional pages and a guilty plea from U.S. Rep. Robert Ney, R-Ohio, on corruption charges related to the Jack Abramoff scandal.

Sestak spokesman Ryan Rudominer called the developments "very troubling" but otherwise declined to comment.

After the Los Angeles Times first reported in 2004 on Weldon's ties to Solutions clients, the congressman voluntarily provided the House Ethics Committee with the relevant documentation. He has refused to share that documentation with the Daily Times.

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Weldon said Monday that the committee asked some follow-questions and eventually gave him a "written letter closing the case." Asked if the letter cleared him of the current allegations, he responded: "I didn't say clearing, I said closing the case. I'll use their exact terminology."

Weldon said he spoke to committee Chairman Doc Hastings on Sunday and Hastings said he "was not aware of any contact between the ethics committee and the Justice Department."

The congressman refused to comment on the "substance of what the investigation might be about," other than to say he has not received a target letter or been contacted by the FBI or Justice Department. He has retained attorney William Winning, and his campaign said it would provide no further comment due to the ongoing investigation.

Karen Weldon could not be reached for comment Monday.

Sexton and Solutions attorney Joseph Fioravanti did not return phone calls. Gallagher, the Philadelphia attorney whose office was raided, said Saturday that federal investigators hadn't contacted him. "It sounds pretty outrageous," Gallagher said, when told about reports of an investigation.

"We look forward to getting back to the issues of this campaign, although this obviously makes it very difficult," Weldon said. "And to the constituents out there who've supported me for 30 years, all I can say is I hope you'll bear with me through this process.

"It is a difficult one, I would not have wished this on anyone, and three weeks before the election, that makes the campaign that much more difficult. But, you know, life goes on and we will survive."

Editorial: FBI Raid Spurs More Questions Than Answers (DCDN)

Delaware County (PA) Daily News, October 17, 2006

Is U.S. Rep. Curt Weldon a crook? That was the question on everyone's lips Monday as word spread that the FBI had raided the homes of his daughter, Karen; a key political confidante, Springfield GOP leader Charles Sexton; a Philadelphia attorney and a Florida business.

The feds are investigating the role of the 10-term incumbent 7th District Republican from Thornbury in the creation of an international consulting firm run by Karen Weldon and Sexton - and how it quickly won some $1 million in contracts from foreign entities tied to the congressman.

Weldon and all those involved (who could be reached for, or were willing to, comment) deny any wrongdoing. And they have since the matter first became public in 2004.

Word of the probe first surfaced Friday with a story by McClatchy Newspapers. Weldon's staff immediately denied that there was any investigation at all.

"There is no investigation," said Weldon spokesman John Tomaszewski. "There is no formal investigation and there is no inquiry. There's nothing. This is nonsense, ludicrous."

Weldon himself was repeating that line at an unrelated press conference Monday morning, even as the FBI was executing its search warrants and carting away documents.

As of this morning, there are many questions and few answers. But this much is known:

- In 2002 Karen Weldon was a 29-year-old with an undergraduate degree in education and a graduate degree in information systems who was previously employed at Boeing Helicopters, one of her dad's biggest benefactors. She and Sexton, a wealthy businessman and one of the biggest power brokers in the Delaware County Republican machine, formed Solutions North America Inc. in Media.

- The very same month, the firm won a $500,000 a year contract with a Russian natural gas company boosted by the congressman. Six days before, Curt Weldon had hosted a soiree in the Library of Congress to introduce it to his colleagues.

- Solutions North America was awarded $240,000 to promote the good works of a pair of rich Serbian brothers who were barred from entering the United States because of their relationship with accused mass murderer Slobodan Milosevic. Curt Weldon was one of their leading proponents in Congress.

- After Solutions North America won a $20,000 a month contract with a Russian aerospace manufacturer (plus 10 percent of any new business it generated), the congressman began trying to drum up interest in the technology with the U.S. Navy. The finder's fee provision of the contract was later declared illegal.

Rep. Weldon insists that he turned over the entire matter to the House Ethics Committee, which found no cause of action. But the notoriously weak-kneed committee has declined to publicly confirm that account, and Weldon has declined to release any records supporting his claim.

The story was embraced by a left-leaning government watchdog group called Citizens for Responsibility and Ethics in Washington (CREW), which called Weldon's actions "possibly criminal" and asked the U.S. Justice Department two years ago to investigate. Until this weekend, there was no indication that the feds were complying with that request.

That hasn't stopped Weldon from claiming that politics is behind the investigation - and the fact that it became public three weeks before the toughest election day in his career. Still, there is no indication that his Democrat opponent, retired Navy Adm. Joe Sestak, or his allies have anything to do with the probe, or the leak about its existence.

One might point at the fact that the Justice Department has been controlled by the Republican Party for the last six years to refute Weldon's protestations of partisanship. But in reality, investigations of sitting members of Congress are kept out of the hands of political appointees in Washington and are handled by by-the-book public corruption professionals. Those folks don't play around.

In all likelihood, Monday's search warrants were executed because word of the probe had leaked over the weekend. Agents usually act in cases like this to preserve evidence that could potentially be destroyed. Cartons of documents were removed from the target sites Monday, and no one who knows what the FBI has is talking.

In all, the situation is eerily reminiscent of developments during the 2003 re-election campaign of Philadelphia Mayor John Street. An FBI bug was found in the ceiling of his office weeks before the mayor faced a strong challenge from Republican Sam Katz. Street and his allies - citing the Republicans in charge of the Justice Department - cried politics and won re-election handily. It probably helped that Street was a Democrat.

So, the question remains: Is Curt Weldon a crook? The bottom line is, nobody knows. And, unfortunately, voters will have to make their decision on Nov. 7 before any firm determination can be made.

Doolittle's Lawyers Talking To Justice Department (SACBEE)

By David Whitney, Bee Washington Bureau

The Sacramento Bee, October 17, 2006

WASHINGTON - Rep. John Doolittle acknowledged Monday that his lawyer, whom he has paid more than $38,000 in the last two months, is talking with the Justice Department about the congressman's relationship with disgraced lobbyist Jack Abramoff.

The Washington Post and other papers, citing unnamed sources, have said the Roseville Republican and Sen. Conrad Burns, R-Mont., are under investigation in the Abramoff matter.

Doolittle's office in a statement late Monday, again insisted that the congressman is not under investigation.

Instead, it characterized the meetings as an effort to clear the congressman's name.

"The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name," said Laura Blackann.

"The congressman's attorney has committed to the Justice Department that in order to preserve the integrity of the ongoing investigation, details of their interactions will remain private," she said. "To date, the congressman has not been contacted or questioned by the Justice Department and has no reason to believe that he is the target of an investigation."

Blackann said Doolittle "instructed his attorney to establish contact with the Justice Department to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong."

The new disclosures have added fuel to the campaign of Democratic challenger Charlie Brown, who has tried to tie Doolittle to the "culture of corruption" in Washington, D.C., arising from the Abramoff scandal and the bribery conviction of Rep. Randy "Duke" Cunningham, R-San Diego.

For a complete story, see Tuesday's Bee. About the writer:

The Bee's David Whitney can be reached at (202) 383-0004 or dwhitney@mcclatchydc.com.

Doolittle Paid Lawyer To Talk To Agency (AP-Y)

By Erica Werner, Associated Press Writer

AP, October 17, 2006

Republican Rep. John Doolittle of California paid an attorney more than $38,000 in recent months to talk to the Justice Department in connection with the Jack Abramoff lobbying investigation, new campaign finance reports show.

A spokeswoman said the money was spent after Doolittle asked his attorney, David Barger, to contact the Justice Department "to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong."

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In a statement, spokeswoman Laura Blackann said Doolittle has not been contacted by prosecutors in the ongoing congressional corruption probe stemming from the conviction of GOP lobbyist Abramoff. Doolittle "has no reason to believe that he is the target of an investigation," she said.

The payments to Barger's Virginia law firm, Williams Mullen, show up in Doolittle's third-quarter Federal Election Commission fundraising report, filed Sunday.

Doolittle, a conservative eight-term incumbent and member of the House GOP leadership, has numerous ties to Abramoff, whom he has described as a good friend. Doolittle accepted campaign cash from Abramoff, helped his tribal clients in dealings with the Interior Department, and helped the lobbyist win a contract from the Northern Mariana Islands by endorsing a sympathetic island politician.

Doolittle's wife, Julie Doolittle, was paid a retainer by Abramoff for event planning work from 2002 to 2004.

The ties between Doolittle and Abramoff have caught the interest of government prosecutors, The Associated Press has reported. More than two years ago Julie Doolittle was subpoenaed for documents in connection with the probe.

Doolittle has denied any wrongdoing and refused to get rid of the $14,000 in campaign donations he got from Abramoff, who is cooperating with the government.

Nonetheless in January, shortly after Abramoff pleaded guilty to wire fraud and tax evasion, Doolittle hired Barger to advise him in the matter. At the time Barger was paid a $10,000 retainer, and earlier this year Doolittle reported paying his firm an additional $1,274.

The new campaign finance report, covering July 1-Sept. 30, shows four separate payments to Williams Mullen totaling $38,378.48. They are labeled only "legal fees."

In her statement Blackann noted that Doolittle wrote to Attorney General Alberto Gonzales earlier this year offering his cooperation. Subsequently he asked Barger to contact the department.

"The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name," Blackann's statement said. She said the parties have agreed to keep the talks confidential.

The campaign finance report also shows Doolittle paying $13,000 in legal fees to a second law firm, Wiley Rein & Fielding LLP, that he has used regularly for years.

Doolittle is favored to win re-election in his heavily Republican northern California district, but is facing a spirited challenge from Democrat Charlie Brown, a retired Air Force lieutenant colonel who has sought to make an issue of Doolittle's ties to Abramoff.

Doolittle has also generated controversy by paying his wife for fundraising. He pays her a 15 percent commission on each sum she raises, rather than the flat fee recommended by some industry professionals. He reported paying her $6,200 in the most recent quarter.

Five Years After Killing Of Prosecutor, A Stumped FBI Asks The Public For Help (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, October 17, 2006

SEATTLE -- Alone in the basement of his house and sitting in front his computer monitor, Thomas C. Wales was shot to death here five years ago. An assistant U.S. attorney, he specialized in prosecuting white-collar crime and was an ardent advocate of gun control.

The shooter stood in Wales's back yard at 10:40 p.m., fired several times through a window and disappeared. It may have been the first time in U.S. history that a federal prosecutor was killed in the line of duty.

Thomas C. Wales was an assistant U.S. attorney. (Courtesy Of The Thomas C. Wales Foundation - Courtesy Of The Thomas C. Wales Foundation)

But after interviewing more than 4,000 people in all 50 states and half a dozen countries, after chasing down about 1,800 silver gun barrels of a kind that ballistics experts say was affixed to the shooter's pistol and after abruptly transferring control of the investigation out of the Seattle office of the FBI, law enforcement officials still cannot say for certain whether Wales was killed because he was a prosecutor.

Instead, to mark the fifth anniversary of the crime, an FBI task force leader insisted last week that the case has not gone cold, and authorities released for the first time a composite sketch of a "person of some interest" who was seen wandering around Wales's neighborhood on Seattle's Queen Anne Hill before the killing.

For reasons not explained, the existence of the wandering stranger -- whose presence had been reported to police weeks before the Oct. 11, 2001, killing -- did not find its way to the FBI task force until about three years after Wales was shot.

Having failed over the past few years to find that man while keeping the hunt quiet, the FBI recently handed out a two-year-old sketch and asked for the public's help in finding a slim white man in his early 40s with black hair, tobacco-stained teeth and perhaps a ponytail.

The bureau also asked for help in finding a person who mailed a curiously literate letter this January from Las Vegas. Using crisp, crime-novel prose that echoes the smart-guy style of Elmore Leonard, the writer confessed to killing Wales in a murder-for-hire deal.

"OK, so I was broke and between jobs," the letter begins. "I got an anonymous call offering [dollar figure redacted by the FBI] to shoot the guy, so I drove to Seattle to do the job."

An FBI behavioral analyst said that while the murder scenario described in the letter was "made up," the writer is "relatively well-educated and well-read" and could be the killer or could know him.

Finally, the FBI asked for help in tracking down about 1,800 more silver pistol barrels of the kind that was screwed into the Makarov pistol used to shoot Wales. The bureau says that about 3,600 of the barrels are known to have been sold in the United States, but it has found only about half of them.

"We will not give up," Robert Jordan, special agent in charge of the FBI office in Portland, Ore., said at a news conference in the federal courthouse in downtown Seattle.

Jordan stressed, using the same words twice, that the Wales case "remains a very significant investigation."

That emphasis comes on the heels of what appears to have been a manpower dispute in the inquiry. In May, an FBI supervisor in Seattle reduced by two the number of agents assigned to the case. In June, after reports of squabbling inside the bureau, the case was shifted to the FBI's Portland office and beefed up with more investigators.

An important thread -- one that investigators declined to talk about last week -- is the nearly five-year-old inquiry into the activities of a Seattle-based commercial airline pilot who has been described in local newspapers as the prime suspect.

Thomas C. Wales was an assistant U.S. attorney. (Courtesy Of The Thomas C. Wales Foundation - Courtesy Of The Thomas C. Wales Foundation)

In an apparently preemptive media offensive that was published in the Seattle Post-Intelligencer on the morning of the FBI news conference, the pilot -- whose name has not been made public because he has not been charged -- complained through his attorney about the aggressive behavior of law enforcement authorities.

"This is Richard Jewell all over again," Larry Setchell, the lawyer, told the newspaper, alluding to the man who was falsely accused of the bombing at the 1996 Olympics in Atlanta.

Setchell declined to comment, except to confirm the accuracy of the details concerning his client that were published in the Seattle newspaper.

The most curious of those details is the presence of the pilot in Las Vegas in January when the murder-for-hire letter was mailed.

Setchell said that the pilot was there by coincidence, on a layover, and that he plans to turn over handwriting samples to the FBI in the coming week to show that he did not write the letter.

Since the killing, the pilot's home reportedly has been searched three times, and federal agents have seized his cars and many of his belongings. US Airways reportedly grounded the pilot for several weeks after it was notified that he was a subject of interest in the inquiry.

Early in 2001, before the killing, the pilot was one of several people Wales investigated in connection with illegally modifying a surplus military helicopter for civilian use. The charges were dropped, but only after the pilot spent more than $100,000 in legal fees, Setchell told the Post-Intelligencer.

Setchell said that the pilot felt "profound frustration" over the investigation but that he did not blame Wales.

Asked at the news conference about the status of the investigation against the pilot, the FBI's Jordan said only: "When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment."

Betonsports, Prosecutors Strike Tentative Deal, Lawyers Say (BLOOM)

By Andrew Harris And Benjamin Israel

Bloomberg, October 17, 2006

Oct. 16 (Bloomberg) -- Betonsports Plc., the British Internet bookmaker indicted in the U.S. for illegal gambling, has reached a preliminary deal with prosecutors to end a civil suit seeking to ban the company from doing business in the U.S.

U.S. District Judge Carol Jackson in St. Louis granted the parties one week to complete what Assistant U.S. Attorney Michael Fagan said was a 21-page accord resolving a civil suit filed against the company in July by the Justice Department.

``My impression is there are no substantive disagreements," Fagan told Jackson today. A temporary order barring Betonsports from doing business in the U.S. has been in place since July 17. Neither side disclosed terms of the preliminary agreement in court.

On July 17, prosecutors also unsealed a 22-count indictment charging Betonsports founder Gary Kaplan, former Chief Executive Officer David Carruthers and nine others with racketeering and violating federal interstate gambling laws. In 2003, the company's Web site, Betonsports.com, had 100,000 active players who placed 33 million wagers worth more than $1.6 billion, the U.S. has said.

Carruthers, 48, was arrested in July as he changed planes at a Texas airport. He pleaded not guilty and is currently under house arrest in St. Louis. Kaplan is still at large. Six other defendants have pleaded innocent.

Banning Payments

President George W. Bush on Friday signed legislation making it illegal for credit card companies to collect payments for transactions with online gambling sites. Gambling on the Internet has become a $12 billion-a-year business that's growing rapidly offshore.

Betonsports attorney Jeffrey Demerath told Jackson today that difficulty in assembling the company's board of directors for a review of the proposal was the primary obstacle to completing the accord.

``We received it Thursday afternoon," Demerath told the judge. ``We just haven't had the time to get everyone together."

Outside the courtroom, Demerath declined to comment on the status of the criminal case against Betonsports. He doesn't represent the individual defendants.

The civil case is U.S. v. Betonsports Plc., 06cv1064, in the Eastern District of Missouri (St. Louis).

Former FDA Head Is Charged Over Stock Holdings (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, October 17, 2006

The former head of the Food and Drug Administration will plead guilty to two misdemeanors for failing to properly disclose stock ownership and violating conflict-of-interest rules while he was at the agency.

Lester Crawford, who resigned in September 2005, two months after the Senate confirmed him as commissioner, was charged by the Justice Department with failing to fully reveal in government disclosure forms holdings in companies regulated by the FDA. The U.S. attorney for the District of Columbia filed the charges yesterday.

While Dr. Crawford no longer works in government, the situation may spark broader questions about procedures for vetting stock options and shares held by high-ranking officials. The matter also arises at a time when the FDA faces heightened scrutiny from Congress.

The companies named in the charges -- shares of which were owned by Dr. Crawford and/or his wife during years when he served at a high level in the FDA -- include soft-drink and snacks company PepsiCo Inc.; Kimberly-Clark Corp., which sells some medical devices; Wal-Mart Stores Inc. and food distributor Sysco Corp. Dr. Crawford also held stock options in Embrex Inc., an agricultural biotechnology company on whose board he once served. He exercised some of the options while at the FDA, the Justice Department said.

The Justice Department also charged Dr. Crawford with conflict of interest, because he chaired an FDA working group on obesity issues while he owned shares in PepsiCo and Sysco, companies which had business that could be affected by the panel's findings.

While Dr. Crawford served on the working group, he and his wife owned 1,400 shares of PepsiCo, with a value of at least $62,000, and 2,500 shares of Sysco, with a value of at least $78,000, according to the Justice Department. The panel's work included recommending that manufacturers change food labels to more accurately reflect actual serving sizes.

Barbara Van Gelder, Dr. Crawford's attorney, said he plans to plead guilty to two misdemeanors. One stems from the omissions in his financial-disclosure forms, the other from the conflict-of-interest charge.

The penalty will be decided by a judge, but Ms. Van Gelder said fines and probation are typical in such situations. The issues stemmed from confusion and mistakes and weren't deliberate, she said. "At certain times of his career at the FDA, there were omissions that were inadvertent," she said. "He will take responsibility for the omissions." She said Dr. Crawford cooperated with the Justice Department.

A spokeswoman for the inspector general of the Department of Health and Human Services, which is also investigating the circumstances of Dr. Crawford's resignation, declined to comment on its status. Spokeswomen for the FDA and HHS also declined to comment. Dr. Crawford didn't return a call.

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Lawmakers will debate the FDA's handling of drug safety and other issues next year, when agency-funding legislation goes before Congress. Democrats may use the Crawford incident to gain political traction for arguments that Republicans have been too sympathetic to the industry. New York Democratic Rep. Maurice Hinchey said the Crawford matter underscores that the FDA is "in need of a serious overhaul." The agency has said it is reviewing a recent report that criticized its handling of drug safety and has already made some changes.

Write to Anna Wilde Mathews at anna.mathews@wsj.com1

Former F.D.A. Chief Is Charged With Conflict (NYT)

By Stephanie Saul

The New York Times, October 17, 2006

Lester M. Crawford, former chief of the Food and Drug Administration, was charged yesterday with conflict of interest and lying about stock he and his wife owned in companies the agency regulates.

Dr. Crawford, who resigned abruptly in September 2005, just two months after his nomination had been approved by the Senate, is expected to plead guilty in federal court in Washington today, said his lawyer, Barbara Van Gelder.

Each of the two charges filed against Dr. Crawford, 68, is a misdemeanor punishable by up to a year in jail, but Ms. Van Gelder said she expected him to be fined and placed on probation.

"It's his responsibility," she said, "and he accepts it."

Senior employees of the food and drug agency are prohibited from owning shares in companies the agency regulates, and when Dr. Crawford became a deputy commissioner in 2002, the government's charging document says, ethics officials at the Department of Health and Human Services told him that he and his wife would have to sell stock in a dozen regulated companies. Those companies included several large pharmaceutical and medical device concerns, among them Johnson & Johnson, Merck, Pfizer, Medtronic and Boston Scientific.

Dr. Crawford and his wife, Catherine, sold their holdings in nine companies, the government says, but retained shares in three others: the food giants Sysco and Pepsico, and Kimberly-Clark, a maker of consumer health care and other products.

In addition, it says, Mrs. Crawford held shares in another regulated company, Wal-Mart, but her husband did not list those holdings in his 2002 financial disclosure.

Prosecutors also say that Dr. Crawford, a veterinarian and pharmacologist, owned options to buy 41,500 shares in Embrex, an F.D.A.-regulated poultry biotechnology company where he formerly served as a director. He exercised some of those options in 2003 and 2004, earning $8,150 in one transaction and $20,627 in another. He correctly reported those transaction on his federal tax returns but did not list them in disclosure filings at the time or disclose the remaining, unexecuted options he held in the company, the charges say.

The government noted that during a period when the Crawfords held shares in Pepsico, a soft drink and snack food company, he was chairman of an F.D.A. Obesity Working Group that among other tasks was reviewing calorie content labeling for soft drinks. At the time, prosecutors said, the couple held 1,400 shares of Pepsico worth at least $62,000, as well as 2,500 shares of Sysco, which specializes in supplying food to restaurants and institutions, worth at least $78,000.

When Dr. Crawford became acting commissioner of the agency in 2004, reviewers at the Department of Health and Human Services, the F.D.A.'s parent, again raised questions about his ownership of Sysco and Kimberly-Clark shares. Responding to that query, he wrote in an e-mail message to an ethics official at the department that "Sysco and Kimberly-Clark have in fact been sold."

"In truth and in fact, as Crawford then knew, Crawford and/or his wife held shares" in both Sysco and Kimberly-Clark "throughout 2003 and 2004," according to the charging document.

Dr. Crawford, now a senior staff member at the Washington lobbying and communications firm Policy Directions, could not be reached for comment. But his lawyer, Ms. Van Gelder, said the fact that the charges were misdemeanors reflected Dr. Crawford's having amended his financial forms after his departure, making a full disclosure.

"One of the things I hope comes out is that he sold the Mercks and the pharmaceuticals," Ms. Van Gelder said. "The Syscos and Kimberly-Clark, one wouldn't ordinarily think, 'I've got to divest myself.' You wouldn't think Wal-Mart is in the same boat as Merck."

Dr. Crawford's rocky 18-month tenure as acting commissioner and then commissioner was marked by a series of controversies, including the withdrawal of the painkiller Vioxx from the market and an internal battle over whether the agency would approve the emergency contraceptive Plan B for over-the-counter sale.

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Though his sudden resignation last fall so soon after his confirmation appeared unusual, he offered no detailed explanation. The office of Daniel R. Levinson, inspector general of Health and Human Services, told Congress, however, that it was investigating the circumstances of the commissioner's departure.

Records obtained through the Freedom of Information Act several weeks later revealed that the department's ethics office had questioned Dr. Crawford's broker in August 2005, the month before he quit.

A spokesman for Sysco said yesterday that the company had not been aware that Dr. Crawford was a shareholder.

"We were totally unaware of it, and we really didn't have any real regulatory matters before the agency beyond routine matters," said the spokesman, John M. Palizza.

A spokesman for Pepsico said compliance with government regulations concerning conflict of interest was clearly an individual responsibility. He referred additional questions to Dr. Crawford.

Former FDA Chief Illegally Held Stocks (WP)

By Marc Kaufman, Washington Post Staff Writer

The Washington Post, October 17, 2006

Lester M. Crawford, who resigned mysteriously last fall just two months after being confirmed as commissioner of the Food and Drug Administration, will plead guilty today to charges that he hid his ownership of stock in food and drug companies that his agency regulated, his lawyer said.

The Justice Department charged Crawford yesterday with two misdemeanors for withholding the financial information, which included his ownership of shares in food and drink manufacturers Pepsico Inc. and Sysco Corp. and the drug company Embrex Inc.

The complaint, called a criminal "information," accused Crawford, who held numerous senior FDA and Agriculture Department jobs in his many years in government, of conflict of interest and filing false financial disclosure reports.

Barbara Van Gelder, Crawford's lawyer, said he "is going to plead guilty to two misdemeanors tomorrow afternoon, and he is going to admit his financial disclosures had errors and omissions, mostly with his wife's continued ownership of stocks," the Associated Press reported. "At the end of the day, he owned these stocks, and he will admit he owned them while he was at the FDA, and he will take responsibility for that."

Crawford failed to disclose $28,000 he gained from stock options in Embrex, an agriculture biotechnology company, the complaint said. Crawford was a member of Embrex's board of directors from 1992 to 2002.

The Justice Department document said a government ethics official told Crawford in 2002 that he had to sell shares the couple owned in 12 companies considered to be "significantly regulated organizations" -- companies that regularly had business before the FDA.

The prosecutors wrote that the Crawfords sold many of their shares but kept ownership in three companies. When asked in 2004 about two of them, Crawford replied in a December e-mail that "Sysco and Kimberly-Clark have in fact been sold." Actually, the court papers state, Crawford knew that he or his wife still held shares in both companies.

Crawford chaired the FDA's Obesity Working Group, which made recommendations affecting food and soft drink makers, at a time when he and his wife owned stock in Pepsico and Sysco, the court papers said.

The complaint said Crawford made some of his false statements on yearly financial disclosure forms and others on his financial disclosure statement to the Senate Health, Education, Labor and Pensions Committee -- which was considering his nomination to become permanent FDA commissioner.

Crawford's short tenure as commissioner was best known for his August 2005 decision to postpone action on the "morning after" contraceptive Plan B. He had earlier told the Senate that the agency would act on the application, and Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) allowed a vote on his nomination as a result.

Rep. Maurice D. Hinchey (D-N.Y.), who helped initiate an investigation into Crawford's departure by the inspector general of the Department of Health and Human Services, said that further digging into Crawford's finances should and will continue.

"By blatantly ignoring the law on financial holdings and conflicts of interest, Lester Crawford used his position as the head of the FDA to send all the wrong signals to other FDA employees and the American public," Hinchey said in a statement.

Crawford, trained as a veterinarian and pharmacologist, had previously served as deputy FDA commissioner and acting commissioner. The agency, which regulates almost one-quarter of the U.S. economy, has had a confirmed commissioner for less than two years since the Bush administration came into office.

McLaughlin To Face Corruption Charges (WNBC)

WNBC-TV, October 17, 2006

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Assemblyman Expected To Surrender Tuesday

NEW YORK -- Corruption charges were expected to be filed against a top Queens political leader.

NewsChannel 4's Jonathan Dienst reported that Queens assemblyman Brian McLaughlin is expected in federal court on Tuesday. The expected corruption charges relate to McLaughlin's work as one of the city's power brokers -- his years as an elected leader and also as one of the city's top union leaders.

The charges could cap a multi-year corruption investigation by the city's Department of Investigation, the FBI and Manhattan U.S. Attorney's Office. Sources said McLaughlin is expected to surrender in the morning, and federal prosecutors are expected to announce corruption charges against him.

McLaughlin has denied any wrongdoing, NewsChannel 4 reported. McLaughlin, a longtime Democratic assemblyman, has announced that he would not be seeking another term.

In March, Department of Investigation detectives and FBI agents raided McLaughlin's district office in Queens, and they also seized documents from the West 16th Street offices of the Central Labor Council. Soon after the raids, McLaughlin resigned as the head of the umbrella union organization.

Investigators had been focusing as to whether McLaughlin was helping certain street lighting companies in a possible bid-rigging scheme. Investigators wanted to know whether he asked for cash and/or gifts from individuals or companies. There were also questions raised about expenses he submitted as an assemblyman, and how he was able to pay for a vacation home on Long Island's north shore.

Labor Leader Is Expected To Face U.S. Corruption Charges (NYT)

By Andy Newman And William K. Rashbaum

The New York Times, October 17, 2006

The union leader Brian M. McLaughlin, the head of the country's largest municipal labor council and a powerful force in New York City politics for more than a decade, is expected to surrender on federal corruption charges today, two law enforcement officials said last night.

Mr. McLaughlin, 54, the president of the New York City Central Labor Council and a seven-term Democratic state assemblyman from Queens, has been under investigation in a possible scheme to rig bids on multimillion-dollar city contracts for streetlights, officials have said.

Investigators were also looking at whether he received improper payments from electrical contractors.

Details of the charges were unavailable last night, but an official, who spoke only on condition of anonymity because the investigation is continuing, said that they would be announced at a news conference today.

Neither Mr. McLaughlin nor his lawyer could be reached by phone last night. Mr. McLaughlin has consistently denied wrongdoing.

The official said that Mr. McLaughlin would probably be the only person charged today but that the investigation, by the F.B.I., the federal Labor Department, the city's Department of Investigation and the United States attorney's office in Manhattan, was continuing.

A spokesman for the F.B.I. and a spokeswoman for the United States attorney in Manhattan declined to comment last night.

Mr. McLaughlin's group, which represents a million workers in 400 union locals, has been a prominent supporter of Mayor Michael R. Bloomberg, lending its weight both to Mr. Bloomberg's re-election bid last year and to the mayor's ill-fated plan for a football stadium on the West Side of Manhattan.

The F.B.I. raided Mr. McLaughlin's union office in March, as well as his Assembly district office in Flushing. In August, Mr. McLaughlin went on paid leave from his union post, which he has held for 10 years. Although he had publicly entertained the notion of running for mayor himself not long ago, he announced in January that he would not run for re-election to the Assembly this year, in order to devote more time to the labor movement. Mr. McLaughlin, a former electrician, was also the longtime director of the street lamps division of the city's main union of electrical workers.

In March, law enforcement officials said they were looking into whether Mr. McLaughlin played a role in a scheme in which contractors were thought to have divvied up the work of putting up traffic and street lights in the city. They also said that contractors may have given Mr. McLaughlin use of an American Express card.

The city's streetlight contracts were bid on every three years, and each year the same companies won the contracts, law enforcement officials have said.

One firm alone, Petrocelli Electric Company, has been awarded more than $90 million of the $150 million the city has paid for new lights since 1999. Investigators have also raided Petrocelli's headquarters.

A spokesman for Petrocelli Electric said in March that the company's lawyers had been told by officials at the United States attorney's office that neither the company or any of its officers or employees were under criminal investigation.

A telephone message seeking comment left with the company's answering service late last night was not returned.

The inquiry into the streetlight contracts goes back to at least 2001, law enforcement officials have said.

After Mr. McLaughlin's offices were raided in March, city officials acknowledged that Mr. Bloomberg knew Mr. McLaughlin was a target of an investigation even before the mayor accepted the labor council's support, but said that he did not know the details of the investigation.

Mr. McLaughlin worked intensely with officials from more than a dozen unions to line up the council's endorsement of Mr. Bloomberg.

A spokesman for Mr. Bloomberg declined to comment last night on Mr. McLaughlin.

For years, Mr. McLaughlin led the annual Labor Day Parade and led the union campaign — successful so far — to keep Wal-Mart out of New York City.

He has been courted by business leaders, bishops and real estate developers and was a major figure in last year's transit strike. Labor leaders said he restored the Central Labor Council's influence and prestige after years of decline.

Murdered Teen's Family Wants FBI Probe (LCJ)

By Jim Adams

Louisville Courier-Journal, October 17, 2006

The father of Jessica Melissa Currin, an 18-year-old Mayfield woman murdered in the Western Kentucky town in 2000, rallied with about 15 supporters at noon Monday in downtown Louisville to call for the FBI to investigate her unsolved killing.

The group, joined by the Rev. Louis Coleman, stood in a cold rain for more than an hour — first outside the Gene Snyder U.S. Courthouse at Sixth Street and Broadway, and then the nearby Romano Mazzoli Federal Building, 600 Martin Luther King Jr. Place – carrying signs demanding "Justice for Jessica."

Joe Currin, the father of the young woman, also was joined by Alton McDonald, of Tacoma, Wash., a representative of the Rev. Al Sharpton's National Action Network.

The murder was the subject of a story in Sunday's Courier-Journal, which catalogued mistakes police have made in the investigation.

Jessica Currin had been dead for about 48 hours when her body — strangled, beaten, stabbed and burned — was found on Aug. 1, 2000, on the back lawn of Mayfield Middle School.

The investigation for its first three years was headed by the Mayfield Police Department, but the Mayfield department's mishandling of evidence caused the dismissal of criminal charges against three people in 2003. The Mayfield department then turned the case over to Kentucky State Police.

The office of the Kentucky attorney general has recently taken over the role of prosecutor in the case, and is assisting state police in investigating the murder.

McDonald Monday delivered a letter to the FBI offices in Louisville yesterday which alleged that Mayfield police "intentionally and deliberately mishandled Jessica's murder, tampered with evidence and conspired to cover up her murder." McDonald also said at the rally that he believes the murder was a hate crime.

A spokesman for the FBI office in Louisville was not immediately available to respond to McDonald's letter.

Joe Currin said at the rally, "As long as I am alive and as long as I'm healthy enough, I will continue until we get justice."

Pellicano Resists Effort To Delay Trial (LAT)

By Chuck Philips And Greg Krikorian, Times Staff Writers

The Los Angeles Times, October 17, 2006

The private eye, accused of racketeering and wiretapping, refuses to join prosecutors and five co-defendants in waiting until next September.

The long-awaited racketeering and wiretapping trial of indicted Hollywood private eye Anthony Pellicano and six others is likely to be postponed again for months if federal prosecutors and defense attorneys can scale one significant hurdle: Pellicano.

Though attorneys for the government and five of Pellicano's co-defendants have agreed to delay the trial date until September 2007, Pellicano has so far resisted, eager to move forward with the case after spending years behind bars.

"Either take me to trial or let me out," Pellicano said in a telephone interview Saturday from the Metropolitan Detention Center in downtown Los Angeles.

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If U.S. District Judge Dale S. Fischer agrees with Pellicano, the central figure in the case, the trial would continue as scheduled in February or perhaps on a date far short of the one-year delay now agreed to by the government and all but one other defendant.

The proposed delay was outlined in a stipulation jointly filed by prosecutors and defense attorneys Monday, the deadline for filing substantive pretrial motions in the case. The deadline was set in anticipation of a trial beginning Feb. 13.

According to the stipulation, the delay was necessary for defense attorneys to review the voluminous evidence, including 150,000 pages of documents and 443 recorded conversations, already turned over in the case.

"Counsel for defendants and for the government have … determined that the length of the requested continuance is necessary to accommodate for conflicts in counsel's schedules and to permit defense counsel to complete their necessary trial preparation," the stipulation reads.

The agreement was signed by attorneys for all of the defendants except Pellicano and Daniel Nicherie, who is representing himself, and, like Pellicano, remains in custody. Neither Nicherie nor anyone assisting in his defense could be reached for comment.

In response to Monday's stipulation, Pellicano's attorney, Steven Gruel, filed court papers asking that his client's case move forward without the other defendants because Pellicano was "ready for trial" and was entitled to a speedy resolution of the charges against him.

"Here, a one-year delay from the stipulation date to the proposed trial date renders it unreasonable," Gruel wrote.

He said the delay was particularly unreasonable because the government has opposed releasing Pellicano on bail pending trial.

Pellicano, 61, has been locked up without bail since his indictment in February. His incarceration came as he was about to complete a 30-month sentence at a federal prison in Bakersfield after pleading guilty to charges of storing hand grenades and plastic explosives in his Sunset Strip offices.

Fischer has repeatedly made it clear that she wants the high-profile case to move forward as quickly as possible. But she has acknowledged that the case's complexity will dictate how fast the trial can proceed and whether delays are warranted in the interest of justice.

Under federal law, defendants have a right to trial within 70 days of their arraignment, though exceptions can be made in cases that are particularly complex with multiple defendants, complicated evidence or other factors. Pellicano and all six co-defendants have previously waived their rights to speedy trial.

Since their indictment early this year, Pellicano and his co-defendants have maintained that they are innocent of the grand jury charges that they used wiretaps and confidential police records to give the private eye's clients the upper hand in lawsuits and business disputes.

Pellicano has been particularly dismissive of the government's allegations, repeatedly denying that the FBI and U.S. attorney's office have any real evidence that he broke the law.

"These prosecutors have been working on this investigation for four years now and have come up with nothing," Pellicano said in a recent interview.

Pellicano said authorities approached him again during the summer to discuss a possible plea bargain. But, he said, he rejected their offer as he has numerous times before.

"Why do they keep coming to me and asking me to settle?" he asked, rhetorically. "I'll tell you why: Because I'm innocent. And I'm ready for my day in court."

Assistant U.S. Atty. Daniel Saunders declined to comment about Pellicano's remarks, as did Gruel, Pellicano's attorney.

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Coin Dealer Trial Begins In Ohio Scandal (FINDLAW/AP)

By John Seewer, Associated Press Writer

AP, October 17, 2006

(AP) - TOLEDO, Ohio-Less than a month before Election Day, a politically connected coin dealer accused of embezzling from a state investment in rare coins went on trial Monday in a scandal that has rocked Ohio's Republican Party.

Tom Noe, 52, is accused of stealing more than $2 million from a fund for injured workers and spending it on his business and renovating his home in the Florida Keys.

"He needed money. He needed it desperately," prosecutor John Weglian said in opening statements.

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Noe, once a member of state boards that oversee the Ohio Turnpike and Ohio's public universities, was a top GOP fundraiser who gave more than $105,000 to Republicans, including President Bush and Gov. Bob Taft during the 2004 campaign.

He is charged with corrupt activity, theft, money laundering and forgery. If convicted, he could get up to 10 years in prison on the corrupt activity charge alone.

Defense attorney William Wilkinson said Noe's contract with the Ohio Bureau of Workers' Compensation allowed him to borrow money from the investment fund or loan it to others.

"You can't steal something from the owner of property if they give you permission to use it," Wilkinson said.

Federal prosecutors have not said whether any of the coin money was used for political contributions. If the state money had been funneled to campaigns, authorities could have sought a stiffer penalty.

The scandal has raised Democrats' hopes of retaking the governor's office from the GOP, which has dominated the state since 1990. Democratic Rep. Ted Strickland has held a double-digit lead in the polls over Republican nominee Ken Blackwell, Ohio's secretary of state.

The state invested $50 million with Noe from 1998 to 2001, but Weglian said he spent only a fraction of that figure on coins.

Prosecutors said Noe kept two sets of financial records - one for the workers' comp agency and one for his own business. When state officials wanted to check on the status of the coins Noe told them he had bought, he created false documents and borrowed coins from other dealers to trick investigators, Weglian said.

"If Tom Noe wasn't a thief, he wouldn't have had two sets of books," Weglian said.

Wilkinson said the workers' comp agency gave Noe wide authority to manage the investment and that he spent millions buying other collectibles such as historical documents and rare paintings. He also said the workers' comp fund will end up showing a profit because of Noe's investments in collectibles.

In a different case, Noe pleaded guilty earlier this year to funneling $45,000 to Bush's re-election campaign and was sentenced last month to more than two years in federal prison. He will not begin that sentence until after the state charges are resolved.

Investigations into the coin investments led to separate ethics charges against Gov. Bob Taft, who pleaded no contest last year to failing to report golf outings and other gifts.

The trial is expected to last at least six weeks, through the Nov. 7 election.

Ralphs To Pay $70 Million, In Strike Settlement (LAT)

By Martin Zimmerman

The Los Angeles Times, October 17, 2006

A federal judge today approved the Ralphs grocery chain's guilty plea to criminal charges that it illegally rehired locked-out workers during the Southern California supermarket labor dispute almost three years ago.

Under the agreement, Ralphs will pay $20 million in fines and $50 million into a fund to reimburse workers and their union.

Ralphs also agreed to cooperate with the government in its ongoing investigation of the role corporate executives played in the scheme, which involved using fake names and Social Security numbers to hide the identities of workers illegally rehired during the dispute.

U.S. District Judge Percy Anderson said the company's pledge to cooperate was a key factor in his decision to approve the agreement. The government is investigating the actions of "a number of Ralphs employees," the judge said, and the plea deal doesn't restrict the government's probe.

Ralphs has agreed to waive attorney client privilege, giving investigators access to interviews and memos from the company's internal investigation of the scheme, Assistant U.S. Atty. Adam Braun said.

Braun declined to comment on how high up the company's chain of command the probe could lead.

According to the plea agreement, "Ralphs' vice president of human resources, at least one group vice president and a number of zone managers encouraged, condoned, permitted or directed the rehiring of locked-out employees under false names and Social Security numbers during the lockout."

A Ralphs spokesman declined to comment on the investigation.

The government has said that it won't prosecute rank-and-file workers who were illegally hired as long as they cooperate with investigators.

Anderson signed off on the plea bargain over the objections of a handful of Ralphs workers who appeared in court to protest that their employer was getting off too lightly.

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"This plea agreement is neither fair nor equitable," said Michael Ward, a 20-year veteran of Ralphs and Alpha Beta. "They are being allowed to settle for dimes on the dollar."

Other employees spoke in favor of the agreement.

"Would I like more? Of course I would. Nothing's perfect," said Faye Gibson, a 30-year Ralphs employee. "It's a been a long time. We really need a sense of closure."

Anderson approved the appointment of a so-called special master to oversee the $50 million restitution fund. Most of the money from the fund will be paid to Ralphs employees who were locked out during the strike and applied for restitution.

Union officials estimated that some workers could receive as much as $3,000 from the settlement.

Money from the fund will also be used to reimburse the grocery workers union, the United Food and Commercial Workers, for benefits paid to workers during the 4½-month dispute.

Although he approved the plea agreement, Anderson postponed formal sentencing until Nov. 1 while loose ends are tied up.

In addition to paying the fine and restitution, the deal calls for Ralphs to be placed on three years' probation and establish court-supervised training programs for its workers.

Ralphs agreed June 30 to plead guilty to five felony charges included in a 53-count grand jury indictment returned against the company in December.

Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked out workers during the dispute, which lasted from October 2003 until February 2004 and involved Ralphs and rival Southern California supermarket chains Vons and Albertsons.

Ralphs' parent company, Cincinnati-based Kroger Co., was not charged in the case.

In Shadows Of Net, War On Child Porn Rages (USAT)

By Wendy Koch

USA Today, October 17, 2006

As pedophiles swarm the Internet, an unprecedented war against child pornography is intensifying.

Internet service providers such as AOL are using sophisticated technology to identify porn sites. Credit card companies are tracking purchases. More police detectives are posing as minors online.

“We have hit the tipping point,” says Michelle Collins, director of the child exploitation unit at the National Center for Missing & Exploited Children. She says high-profile cases such as that of John Mark Karr, the former suspect in the JonBenét Ramsey slaying, have made the public realize that pornographic pictures of children are crime-scene photos. Karr was freed from a California jail this month after 5-year-old charges of possessing child porn were thrown out when police said that evidence had disappeared.

“There is a lot of unprecedented activity. It's just meeting the escalating problem,” says Drew Oosterbaan, chief of the Justice Department's child exploitation section. In the past four months:

•President Bush signed a bill to increase the number of prosecutors, computer forensic examiners and federal-state task forces assigned to child porn. It tripled to $150,000 the maximum penalty for downloading child porn and allows adults photographed when they were kids to sue those who buy, sell or distribute the photos.

•The National Center for Missing & Exploited Children launched a victim identification lab to share pornographic photos — with graphic details obscured — with police agencies nationwide. The goal: Find victims by identifying background elements in a picture that will lead to the location of abuse.

•Five Internet service providers, criticized by such lawmakers as Democratic Rep. Bart Stupak of Michigan for not doing enough, announced they will build a database. The companies — AOL, Yahoo, Microsoft, Earthlink and United Online — will give each picture a signature and then scan their sites for matches.

•The national center has begun giving daily notices of every reported porn site to Internet service providers registered with its CyberTipline. If police are not investigating the site, a company can close it or block subscriber access.

•Credit card firms representing 87% of the U.S. market have formed a coalition to let police and the national center know about porn sites their customers use. The aim: End the profit by 2008 by making arrests and closing pornographers' accounts.

•Public service ads that teach kids and parents how to recognize a pedophile's online lures are being funded by, among others, the Justice Department and MySpace.com, a website popular with teens.

A study by the University of New Hampshire found that 34% of kids 10-17 saw unwanted sexual material online in the past year, up from 25% five years ago.

Despite all the activity, those on the front lines say they are losing the war against child pornography.

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“The images are propagating faster than we can police. It's far worse than people realize,” says Wyoming police investigator Flint Waters. He co-chairs the technology committee of the Internet Crimes Against Children program, a network of 46 regional task forces.

In the past 24 months, Waters says, the task forces have identified 6.5 million pornographic pictures of children online, up from 3,600 three years ago. Forty percent originated in the USA.

“We're constantly playing catch-up,” says Waters, who has developed software that identifies the location of porn distributors. “The funding hasn't kept up with the problem. If you quadruple my funding, I still couldn't keep up.”

A key reason is that much child porn isn't about money but pedophilia, the sexual attraction to kids. Many images are traded free like baseball cards.

“It's an extension of child molestation — another sick feature,” says inspector Jane Wilcox of the Toronto Sex Crimes Unit, which worked with the U.S. Justice Department to bust a porn ring in March that included a Sunday school teacher, a soccer referee, a mailman and a computer software engineer. In a chat room they used, a man broadcast a live video of himself molesting an 11-month-old baby.

Few victims report the abuse. Of more than 800 online child-porn victims identified by the national center, Collins says only about 30 blew the whistle. She says some are too young to describe what happened. Others are afraid. More than a third, 36%, were abused by a parent, 10% to 15% by another relative and 30% by other people they know. About 10% are enticed by strangers to post photos; 5% do it unasked.

Pedophiles can be treated but not cured, says Fred Berlin of the Johns Hopkins Sexual Disorders Clinic. He says many want treatment, but few get it in prison or after their release. Berlin says some child porn users don't realize they may be committing a federal offense that could send them to prison and require them to register as a sex offender. “The Internet blurs the distinction between reality and fantasy,” he says.

The Internet's seeming anonymity lures otherwise law-abiding men to child porn, says Patrick Carnes, author of In the Shadows of the Net: Breaking Free of Compulsive Online Sexual Behavior. He calls the Internet the “crack cocaine” of sex addiction: “It moves people into areas they would not otherwise go.”

Carnes says users may be emotionally immature. “At heart, they're still 14,” he says. Online, he says, they find others who share their interests and, feeling validated, soon become heavy viewers.

More than 99% of those arrested for possessing child porn are men, according to a 2005 study funded by the Justice Department. Most, 83%, had images of prepubescent kids; 80% had pictures of sexual penetration.

Another reason online child porn is difficult to stop is that predators are adept at avoiding detection.

Police are “right to feel outgunned. It's not only a matter of resources but of skill,” says Philip Jenkins, author of Beyond Tolerance: Child Pornography on the Internet. He says child pornographers started using the Internet in the early 1980s, a 20-year head start on police, and they know how to cover their cybertracks.

Some pedophiles use private Internet radio stations and chat groups to trade ideas on evading detection. If credit card companies close their accounts, some move to alternate online payment services.

They set up “modeling” sites featuring scantily clad young girls in seductive poses and contend that such sites are legal because they do not show genitalia, but people operating such sites have been prosecuted. Sheila Sellinger of Indiana pleaded guilty this year to selling pornographic images of a 10-year-old girl. She got an 11-year prison sentence.

Predators entice kids with gifts and compliments to post provocative pictures of themselves online.

“The seduction was slow. Each request only went a bit further than the last,” Justin Berry, 19, told a congressional panel in April. When he was 13, he testified, men he met online asked him to film himself with his shirt off. He did so with his webcam, and they sent him money and gifts in the mail.

For five years, he ran a porn site viewed by more than a thousand men who paid him to strip naked, masturbate and have sex with female prostitutes on camera. At least two men have been charged, including Gregory Mitchell, who was sentenced in July to 150 years in prison.

Prosecution can be challenging. Sometimes evidence is lacking, because few Internet companies keep information on users' e-mail and website visits for long. Attorney General Alberto Gonzales has asked companies to retain such data, but some have balked over questions of cost and customers' privacy.

Some pornographers use web-hosting or domain registry companies to set up sites. Unlike Internet service providers, they are not required to report porn to police. Some pornographers are based overseas. Most countries don't consider possessing child porn a crime, and 122 have no laws against distributing it online, according to the International Centre for Missing & Exploited Children in Alexandria, Va.

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Organized crime is involved in some of those global operations, says Carlos Ortiz, a former assistant U.S. attorney in Newark who tracked down a Florida company called Connections USA that was processing $1 million a month in credit card purchases of child porn and sending the money to a company in Belarus. The investigation led to more than 1,200 arrests.

"I'm really worried. It's tough to find a technical fix," says investigator Waters, who is trying to refine his software so it can track an image's distribution.

Hours spent looking at disturbing images are "brutal," he says. To cheer him, his wife hung a photo in his office of a man dressed as Santa Claus holding their two kids. Shortly after the picture was taken, Waters discovered the man trying to lure teen girls online.

"We're always faced with problems that are bigger than we can address," says Justice Department's Drew Oosterbaan. He says the department is trying to use existing resources more effectively. "Is it enough? Probably not."

Still, a growth in arrests provides hope, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. "As more people get caught, others may get very nervous, and we may see a slowdown in traffic."

Business Group Wants More Money To Fight Intellectual Piracy (CONGDAILY)

By Bill Swindell, CongressDaily

CongressDaily, October 17, 2006

A business coalition is aiming to secure during the lame-duck session more federal funding to crack down on piracy of U.S. products and counterfeit goods.

The Coalition Against Counterfeiting and Piracy, which represents moviemakers, auto parts manufacturers and pharmaceutical companies, has waged a campaign to lobby for more funding to stem the flow of fake goods into the United States. However, in the aftermath of the attacks of Sept. 11, 2001, lawmakers have focused primarily on beefing up security against acts of terrorism.

"Obviously, we are competing against terrorism, and that is most important. I always say priorities one through 10 are always terrorism and homeland security. But I hope to think that intellectual property rights is a distant eleventh. It's extremely important," said Michael Zaneis, executive director for the technology and e-commerce department at the U.S. Chamber of Commerce.

Zaneis noted that counterfeiting and piracy has a huge economic impact on business, resulting in $250 billion in sales losses each year.

Appropriators this year have responded to such pleas. The House fiscal 2007 Science-State-Justice Appropriations bill would provide for at least $13 million for intellectual property rights enforcement, with directions that the FBI increase the number of prosecutors and agents working such cases. The Senate version of the bill would provide $6 million for such efforts.

The Senate bill also would create a unit at FBI headquarters that would house at least five full-time agents to work those cases and two additional agents for each of the agency's 18 computer hacking and intellectual property units scattered across the country.

"We like the House language, but want to get the specificity of the Senate language to make sure the money is used for these exact purposes," Zaneis said.

The coalition also is advocating passage of legislation sponsored by Senate Finance Chairman Charles Grassley, R-Iowa, and ranking member Max Baucus, D-Mont., that would overhaul the Bureau of Customs and Border Protection. The measure would create a new intellectual property rights division within the Homeland Security Department that would coordinate anti-piracy efforts throughout the country, for example, providing staff to help confirm whether seizures at such high-traffic areas as the ports of Newark and Long Beach, Calif., are indeed counterfeit items.

Lobbyists were unsuccessful in advocating inclusion of the provisions in the recently passed port security bill. "They are spread out to some extent. We need to get them where they need to be," Zaneis said.

Victims' Families Sentenced To Silence (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, October 17, 2006

Judge allows relatives of five who were killed to attend the trial only if they remain composed.

Day after day, the aging Ukrainian couple has stepped into a federal courtroom in downtown Los Angeles to endure a severe test of wills: listening to the details of their son Alexander's killing while containing their emotions.

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They sit stoically in the front, Elisabeth Umansky with her jaw set and hands clasped, her husband Ruven with his head back, peering through his bifocals. When a key witness tells of pulling a rope tight around Alexander's neck and of a plastic bag being sucked into his nostrils, Elisabeth lets out a deep sigh, closes her eyes and folds forward. Ruven squeezes her shoulder.

But they stay put, taking in every detail as if to recover lost moments with their son.

The couple and five other relatives of the victims had to fight to win the right to attend the trial of the two men accused of kidnapping and murdering their son and four other Los Angeles business people.

Iouri Mikhel and Jurijus Kadamovas are accused of luring the five victims to their upscale San Fernando Valley homes in 2001 and 2002, holding them for ransom, killing them and dumping their bodies in a reservoir in the Sierra foothills. Prosecutors say the conspiracy was, in part, directed by organized crime figures in Russia. The defendants face the death penalty.

Before the trial began Sept. 6, U.S. District Judge Dickran Tevrizian banned the victims' relatives from court, both because they might be called as witnesses later and because the presence of tearful and emotional relatives could prejudice the jury against the defendant.

The Umanskys and other relatives begged Tevrizian to reconsider. "We have been patient and cooperative, and the possibility of not attending this trial brings us inexplicable pain," they wrote in a letter. "Please allow us to ease a bit of suffering and have questions looming over us answered."

Prosecutors appealed the ruling and won, arguing that a 2004 congressional act gave victims and family members explicit rights to attend trials.

The issue is particularly relevant because last week, the U.S. Supreme Court took up a case that also involves courtroom expressions by a victim's relatives. The case stems from a 1995 murder conviction in San Jose, which was overturned by an appeals court because three relatives of the victim wore buttons with small photos of him in court.

In the Los Angeles case, Tevrizian has admonished family members to remain composed.

That became a particularly wrenching test in recent days as Ainar Altmanis took the stand and laid out a step-by-step account of the abductions and deaths. His testimony is expected to continue today.

Altmanis is the U.S. attorney's key witness in the trial, having admitted to taking part in the murder conspiracy. He entered into a plea agreement in 2002 to avoid the death sentence in exchange for life in prison. The defense is expected to attack his credibility and attempt to pin the murders on him alone.

As he spoke last week, the victims' families took in every word they could endure. They convulsed and squinted hard to hold back the tears. When it was too much to bear, they left the room and shuffled back in later. And they watched the man accused of masterminding all of this, Mikhel, 41, gaze around, sometimes at them, with arched eyebrows and an unreadable expression.

The Umanskys sat stone-faced through most of the testimony. Their son Alexander, 35, owned a car electronics business and, according to prosecutors, was lured to Kadamovas' home in Sherman Oaks in December 2001 with the prospect of installing high-end electronic equipment in Mikhel's Range Rover.

Holding a pistol with a silencer and a stun gun, they seized him the moment he came through the door, handcuffed him and tied his legs to a chair with flex ties, Altmanis testified. Eventually he was told to contact his family to get a ransom of $234,000. Over four days, Ruven and Elisabeth and their other son, Michael, collected money from relatives and managed to transfer it to an account in the United Arab Emirates. Then the calls just stopped.

They called the FBI, which eventually traced the money to the defendants, prosecutors alleged. But the Umanskys did not learn of Alexander's fate until his body was dredged from the frigid depths of the New Melones Reservoir three months later.

Now in court, they heard Altmanis' account of what happened: How terrified and pale Alexander was, and how he was killed even as the defendants promised to keep him alive to get the last payments.

"There was this voice of Mikhel so sharp and so fast like a thundercloud, telling Umansky to open his mouth," Altmanis said.

The Umanskys' faces tightened in agony, and Ruven put his arm around his wife. Mikhel's jaw muscles flexed as he stared at his onetime friend. Altmanis continued: Mikhel shoved plastic bags in his mouth and pulled another bag tight over his head, as Kadamovas held his nostrils shut. When that didn't work, he said, Mikhel and Altmanis wrapped a rope around his neck and pulled with all their might.

Even after all that, it looked as though Alexander was still breathing, Altmanis testified.

"Mikhel said, 'No, it happens sometimes. He still has air in his body.' So he kicked him and the air went out and the motion stopped."

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Nancy Muscatel's husband met a similar fate in October 2001. Meyer Muscatel, a Sherman Oaks real estate developer, didn't come home from work one night, and for five months his wife had no idea what happened. Now, she said, she needed to hear the details of his final days.

"It's like needing to go through it with him," she said. "And be there in a way … so he wouldn't be alone."

According to prosecutors, he had been lured into captivity by the prospect of a real estate deal and spent two days tied to a chair at Mikhel's Encino home.

Altmanis said he often guarded Muscatel and at one point made himself a ham sandwich and offered one to his captive.

"He smelled it and asked what it was," Altmanis testified. "He said he didn't eat it because he ate only kosher."

In the second row, Nancy Muscatel's eyes welled up — with mingled pride and longing, she would say later — and she squeezed them closed.

Altmanis testified that Mikhel realized Muscatel didn't have much money, and they couldn't get to the money he did have. He was of no use anymore.

When Altmanis went back to the house the next morning, he testified, the defendants were strangling Muscatel.

As he described the killing, Nancy Muscatel began to shake. Her two adult daughters bent over and wept in silence.

"Mikhel was pressing with knees on Muscatel's shoulders," Altmanis continued. "The bag was over Muscatel's head. He was clogging the ends of the bag so the air would not get inside."

Nancy Muscatel stood quietly, walked out of the courtroom and returned several minutes later to hear of her husband's body being thrown off the Parrotts Ferry Bridge.

But at the end of the day, Nancy Muscatel clung to the image of her husband refusing to eat the ham sandwich. "He wasn't going to give in," she said. "He wasn't going to compromise his values. That was Meyer."

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Criminal Records Erased By Courts Live To Tell Tales (NYT)

By Adam Liptak

The New York Times, October 17, 2006

In 41 states, people accused or convicted of crimes have the legal right to rewrite history. They can have their criminal records expunged, and in theory that means that all traces of their encounters with the justice system will disappear.

But enormous commercial databases are fast undoing the societal bargain of expungement, one that used to give people who had committed minor crimes a clean slate and a fresh start.

Most states seal at least some records of juvenile offenses. Many states also allow adults arrested for or convicted of minor crimes like possessing marijuana, shoplifting or disorderly conduct to ask a judge, sometimes after a certain amount of time has passed without further trouble, to expunge their records. If the judge agrees, the records are destroyed or sealed.

But real expungement is becoming significantly harder to accomplish in the electronic age. Records once held only in paper form by law enforcement agencies, courts and corrections departments are now routinely digitized and sold in bulk to the private sector. Some commercial databases now contain more than 100 million criminal records. They are updated only fitfully, and expunged records now often turn up in criminal background checks ordered by employers and landlords.

Thomas A. Wilder, the district clerk for Tarrant County in Fort Worth, said he had received harsh criticism for refusing, on principle, to sell criminal history records in bulk.

“How the hell do I expunge anything,” Mr. Wilder asked, “if I sell tapes and disks all over the country?”

Private database companies say they are diligent in updating their records to reflect the later expungement of criminal records. But lawyers, judges and experts in criminal justice say it is common for people to lose jobs and housing over information in databases that courts have ordered expunged.

These critics say that even the biggest vendors do not always update their records promptly and thoroughly and that many smaller ones use outdated, incomplete and sometimes inaccurate data.

Lida Rodriguez-Taseff, a lawyer in Miami, tells her clients that expungement is a waste of time. “To tell someone their record is gone is essentially to lie to them,” Ms. Rodriguez-Taseff said. “In an electronic age, people should understand that once they have been convicted or arrested that will never go away.”

Judge Stanford Blake, whose court often enters expungement orders, said his inability to make them effective had left him feeling frustrated and helpless.

“It’s a horrible situation,” said Judge Blake, the administrative judge of the criminal division of the Eleventh Circuit Court in Miami. “It’s the ultimate Big Brother, always watching you.”

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The rise in the availability of criminal histories has been accompanied by a surge in demand for them. Since the attacks of Sept. 11, 2001, criminal background checks have become routine in many employment applications.

"Something like 80 percent of large- or medium-sized employers now do background checks," said Debbie A. Mukamal, the director of the Prisoner Reentry Institute at John Jay College of Criminal Justice in New York. "Employers need to know about job-related convictions to make a nuanced, responsible decision so that they can protect themselves and the public and give people a fair shot at employment."

But the current system, Ms. Mukamal added, is not working. "It's unfettered," she said. "It's not regulated. There's misinformation."

ChoicePoint, one of the larger database companies, performed nine million background checks last year, said Matt Furman, a spokesman. The company's error rate is very small, Mr. Furman said. "One out of every thousand background checks has led to a consumer contact" disputing or complaining about the information provided, he said, "and one of a thousand contacts results in a change."

There have been only a few lawsuits taking issue with the information provided to employers in background checks.

In one, filed in June in federal court in Brooklyn, Victor Guevares sued a company that had offered him a job and a database company that he says caused the offer to be withdrawn.

Mr. Guevares, now 33, was convicted of disorderly conduct more than a decade ago. New York considers that a violation like a traffic infraction rather than a crime and bars database companies from reporting such offenses to employers.

But Acxiom, a database company, reported the disorderly conduct charges to the Tyco Healthcare Group, which had offered Mr. Guevares a job in 2004. Tyco promptly withdrew the offer, one that would have doubled Mr. Guevares's salary, to $46,000. It based its decision, his lawsuit says, on its mistaken understanding that he had committed a misdemeanor and had lied on his application about whether he had ever been "convicted of any crime which was not expunged or sealed by a court."

Mr. Guevares, a gregarious man with a shaved head and big brown eyes, said that losing the job, which would have propelled his family into the middle class, devastated him. "I've never been arrested," he said. "I've never been locked up. I've never done jail time."

In court papers, both companies denied wrongdoing, and Tyco has sued Acxiom for breach of contract.

Catherine H. O'Neill, a lawyer with the Legal Action Center, which represents Mr. Guevares, said Acxiom deserved much of the blame.

"They should not have been vacuuming up this information in the first place," Ms. O'Neill said.

A lawyer for Acxiom and a spokesman for Tyco declined to comment.

There is often plenty of fault to go around. Even within the government, various agencies often fail to coordinate their records.

"The problem often arises," said Ms. Rodriguez-Taseff, the Miami lawyer, "because so many agencies have access to criminal records — the department of corrections, the police, the Florida Department of Law Enforcement and the courts. Even though you have an expunged record, oftentimes a policing agency or a corrections facility allows private entities to gain access to it."

Some state laws place the burden on employers, on the apparent theory that the problem is not the availability of information but the use to which it is put. Illinois, for instance, prohibits prospective employers from asking about or making decisions based on expunged or sealed criminal histories.

A Minnesota man who agreed to talk about his experiences in exchange for anonymity said an expunged 1992 felony conviction — he declined to say for what — and erroneous information about a crime he did not commit have kept him from obtaining work for six months.

He said the database companies he contacted had been responsive if not especially fast in clearing up the problem. Some told him they updated their records annually. "I don't think the consumer reporting agencies mean to be" reporting inaccurate or sealed information, he said. "They just need to get new CD's."

In November 2005, a Florida woman obtained a court order expunging records concerning her arrest in a domestic dispute the previous spring. The judge ordered the state and local police, the county sheriff and the court clerk to "expunge all information concerning indicia of arrest or criminal history."

But when the woman tried to buy a condominium this summer, the arrest nonetheless popped up in a routine background check. The deal fell through.

"It's going to haunt her for the rest of her life," said a relative of the woman, who shared court and Internet search records in exchange for a promise not to identify her or her family. "They're using public records at a given point in time and they're not updating them, and they're ruining people's lives."

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Margaret Colgate Love, the nation's pardon attorney for most of the 1990's and the author of a new book called "Relief from the Collateral Consequences of a Criminal Conviction," said problems like these were rooted in the nature of expungement.

"It does reveal," Ms. Love said, "how perilous it is to build a public policy on a lie."

State Investigates Spending By Suspended Mayor (WP)

By Eric Rich

The Washington Post, October 17, 2006

Investigators from the Maryland State Prosecutor's office searched the home of the suspended mayor of Forest Heights yesterday, adding a criminal probe to the catalogue of palace intrigues that have roiled the tiny Prince George's County town for more than a year.

The investigation centers on spending by Mayor Myles Spires Jr., town officials familiar with the investigation said. Among the specific areas of interest, they said, are two disbursements of about $3,333 in public funds -- one to Spires and one to the nondenominational Internet church Abundant Life Ministries, of which he is bishop.

Until a few years ago in Forest Heights, a town of fewer than 1,000 homes tucked between Indian Head Highway and the District border, a single mayor governed for more than two decades. Spires was in office fewer than eight months when the Town Council suspended him Sept. 7.

The rapid collapse of his administration is particularly unsettling, officials and residents said, because he was appointed to restore integrity after Joyce Beck was driven from office by the council in January amid allegations that she knocked a former council member to the ground and slammed a door on a police officer's arm. Assault charges against Beck were dismissed.

"It's quite embarrassing," said Larry Stoner, the acting mayor.

Spires referred questions to his attorney, Timothy F. Maloney, who denied any misconduct and declined to address the specific allegations. "Mr. Spires is cooperating with the office of the state prosecutors," Maloney said. "He's confident that he's acted appropriately as mayor."

The state prosecutor, Robert A. Rohrbaugh, declined to comment on the search, saying he is prevented from discussing any aspect of any pending investigation. His office has the power to investigate ethics and election law violations, bribery and misconduct by public officials.

Though brief, Spires's tenure was turbulent: A residents group hired a private detective to dig into his background, and angry residents hurled accusations at packed town meetings. The relationship between him and the council has become so bitter and suspicious that after he was suspended, the locks were changed on the door to the mayor's office.

Several days later, when Spires returned to town hall to retrieve his computer, he tried to remove the door from its hinges, said Stoner and Town Council President Andrea McCutcheon, both of whom were present. McCutcheon said she took Spires for coffee, and Stoner removed the computer while they were out. The town later turned the computer over to the prosecutor's office.

Spires has filed a legal challenge to his suspension, McCutcheon said, alleging in part that the council improperly voted on it during a closed session. The council plans to meet tomorrow night to reaffirm the suspension in public session.

In a Sept. 7 letter to Stoner, McCutcheon detailed several instances in which she said Spires had spent town money improperly -- without, for example, seeking competitive bids or without required approvals.

The two disbursements for $3,333 were drawn from a line item in the budget, "Funding Administration," that McCutcheon said Spires created. According to budget documents, the line item is to pay "costs associated with grants acquisition and grants administration, public relations and other miscellaneous costs."

In the letter to Stoner, McCutcheon, a former police dispatcher, wrote that Spires sought the payments as an advance for mileage, meals and lodging. She said in an interview that he did not later provide any receipts. In town hall, it has been widely noted that the amount of each payment, issued in July and August, is equal to one month's portion of the total line item -- a sum that considerably exceeded the annual $2,600 stipend Spires received as mayor. The budget covered the fiscal year starting July 1.

"He got in here and really threw everyone for a loop," McCutcheon said.

Hit-run Deaths See 20% Increase (USAT)

By Brad Heath

USA Today, October 17, 2006

The number of pedestrians killed by hit-and-run drivers has jumped 20% since 2000 and is at its highest level in a decade, a USA TODAY analysis shows.

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The increase compounds the problems of investigating hit-and-run cases, which investigators say are among the most difficult crimes to solve because they often happen at night with no witnesses.

"Even if you're lucky enough to get the car, you can't always get the driver," says Richard Ashton of the International Association of Chiefs of Police.

Of the 4,881 pedestrians killed last year, 974 died in hit-and-runs, National Highway Traffic Safety Administration records show. The total number of pedestrians killed nationwide increased by about 2% since 2000, but hit-and-run deaths increased at almost 10 times that pace, the USA TODAY analysis found.

"It's an outrageous statistic," says Peter Kissinger, CEO of the AAA Foundation for Traffic Safety. He says that although the increase is difficult to explain, likely factors include more cars sharing the road with more pedestrians, and increasingly distracted and aggressive drivers.

"I think it's a sad commentary on our society," Kissinger says.

No national tally exists showing how many hit-and-run cases are solved. In many investigations in which drivers are later found, they tell police that they fled out of fear or because they had been drinking and wanted to avoid legal trouble, says Lt. Doug Dodson, a spokesman for the Florida Highway Patrol.

"By the time we find them, a lot of them are really eaten up with guilt," Dodson says.

The last time the USA had so many hit-and-run deaths was in 1996, when there were 982, records show. More than 5,400 pedestrians were killed that year.

Some of the crashes are deliberate attempts to hurt or kill. But in many others, drivers have done nothing wrong until they flee, says Michael Payne, a Fort Myers, Fla., investigator.

"Quite often, it's simply an accident," he says. "But people get scared."

Recent victims include Mary Kelley, 77, killed as she crossed the street March 2 in Fort Myers Beach, Fla., on her way home from dinner. The driver, Jeanne Rose Dunn, didn't stop and didn't report the crash until the next day, prosecutors allege.

Dunn would not comment because she is charged with a felony for leaving the scene of the crash. She told investigators that she thought a rock had hit her windshield, according to a police report, and that she did not realize what happened until she heard about Kelley's death on the radio.

The crash haunts Kelley's children. "I wonder what's in somebody's mind that they could just hit someone and drive away," says her son Kevin Kelley.

CIVIL LAW:

Bankruptcy Cases Down In Wake Of New Law (MH)

By Patrick Danner

The Miami Herald, October 17, 2006

A year after sweeping reforms to U.S. bankruptcy law took effect, the number of people seeking protection from their creditors is down. Way down.

Fewer than 5,200 South Floridians filed for bankruptcy in the past year -- less than half the number who filed in just the two weeks before the law took effect Oct. 17. The question is why.

Banks and credit card companies say the law has succeeded in making it harder for people to seek bankruptcy protection. But bankruptcy lawyers and trustees say the numbers are down now because some people rushed to court before the reforms, and because others believe -- wrongly -- that they can no longer file for bankruptcy.

"My biggest impression of what the new law has done is, it has baselessly scared people from filing for bankruptcy," said Timothy Kingcade, a Miami bankruptcy lawyer who says his business has been cut in half.

The laws were changed after an eight-year campaign by financial-service companies to cut down on credit card users who piled up debt and then wiggled out of repaying by filing for bankruptcy.

Under the Bankruptcy Abuse Prevention and Consumer Protection Act, a 500-page piece of legislation signed by President Bush in April 2005, debtors who can repay part of their debt are no longer allowed to simply wipe the slate clean.

They must complete a detailed "means test" to see if they are eligible for Chapter 7. They also must receive credit counseling before entering bankruptcy and take a financial-management course before exiting.

That reduces the opportunity for people to "game the system," said Wayne Abernathy, an executive director with the American Bankers Association. Instead, he said, more people go to a bank to work out problems instead of straight to bankruptcy court.

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But critics argue the new law translates into steeper legal fees, reams of paperwork and a more time-consuming process for debtors, such as Camiellia Smith.

Smith lost her hospital job, got sick and was hit with a foreclosure action on her Miami home, she said. Out-of-pocket costs to repair damage to her home from two hurricanes left her filing for Chapter 13 this month.

Smith wasn't pleased that she had to spend $50 to take a credit counseling course.

"Waste of time and waste of money," she said, adding she had to borrow cash to pay for the course. ``They didn't help me with anything. All they told me was my expenses were more than I make. A blind man could [see] that."

Critics also say the reforms have so far failed in the goal of directing more debtors from Chapter 7 liquidation into Chapter 13 reorganization, where they would repay some or all of their debts. The percentage of Chapter 13 cases in the U.S. Bankruptcy Court for the Southern District of Florida this year is relatively unchanged from most past years.

Under the new law, a single person in Florida earning more than $35,833 who files for Chapter 7 is means-tested to see if the case should be dismissed or converted to Chapter 13. For a family of four in Florida, the figure is just under $60,000.

But virtually all Chapter 7 filers fall below those income thresholds, according to trustees Alan Goldberg and Joel Tabas.

"It's been almost meaningless," Tabas said of the means testing.

Bankruptcy professionals say the vast majority of bankruptcy filers do so because of some catastrophic event, such as job loss, divorce, home foreclosure or major illness.

Bankruptcy attorneys say they now have to do background checks on the assets and liabilities of clients because the law requires them to attest to the information.

"It's a lot more work, no doubt about it," said attorney Richard Birkenwald from North Miami Beach. 'We can't just take our clients' word."

A survey of 714 bankruptcy attorneys this month found more than three-fourths said the time they spend on preparing a filing has increased by at least half. Less than 1 percent said the law has "mostly improved the results." The survey was done by the National Association of Consumer Bankruptcy Attorneys.

Not everyone is complaining, however.

"If someone threatens me with bankruptcy and I know they have to go into Chapter 13, I say, go ahead," said Mike Goldberg, a Fort Lauderdale bankruptcy lawyer who represents creditors. ``It's a much more arduous process for them. It gives me a little bit more negotiating leverage."

Pembroke Pines lawyer Gerard Kouri Jr., who represents carmakers' finance units, said before the reforms, Chapter 13 debtors with an outstanding car loan could return the vehicle or negotiate a reduced amount to pay back. Now, for the most part, they either have to give back the car or continue payments in full.

"They have given my clients some of benefits that I used to have to fight for in the past," Kouri said.

One resulting drawback for him: He's now getting less work.

Overall, the U.S. Bankruptcy Court for the Southern District of Florida is on pace to handle fewer than 6,500 consumer bankruptcy petitions this year, down from 35,332 in 2005 and 25,914 in 2004. But the number of cases has ticked up slightly during the year.

"The present is a time of great uncertainty," noted a congressional report on the new law this summer. ``The picture should become clearer in 2007."

Bankruptcy's New Era (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, October 17, 2006

Filings Down Since Law Passed

Sharon Moore says life "felt like a whirlwind" after her seven-month-old restaurant in Portland, Maine, failed in February.

The 38-year-old single mother said she struggled to find work and keep up payments on a small-business loan and other debts that totaled more than $18,000. Late fees and other penalties sent her finances spiraling out of control.

In July, after working two jobs still didn't make ends meet, she filed for Chapter 13 bankruptcy protection. Under a court-sanctioned plan, her escalating penalty charges are halted, but she must make a fixed payment on her debt each month for the next five years. She can keep her house and car and, by the end, she says, will just about have repaid her obligations. Best of all, she says, "the creditor calls have stopped, and I can breathe again."

Moore is one of an estimated 450,000 people who have sought court protection from creditors since a new law took effect one year ago today that made filing for personal bankruptcy harder and more expensive. While that number may seem high, it is down by about 1 million from the average in the preceding four years.

Lawmakers, consumer advocates and industry executives say that much of the sudden drop in filings after Oct. 17, 2005, can be explained by the fact that 600,000 people filed in the two weeks before the law took effect, a scramble that was 10 times the normal level of filing over 10 business days in recent years.

But the filing rate for the first half of 2006, about 10,000 a week, is well below what could be attributed to last year's mad dash, surprising the lawmakers who wrote the legislation and the industry executives who lobbied for it. "So far, I think it is too soon to make firm judgments," said Sen. Charles E. Grassley (R-Iowa), one of the bill's chief architects.

The legislation, the most significant change to the nation's bankruptcy laws since 1978, was the culmination of a decade-long push by the credit card and auto-financing industries to make it harder for consumers to wipe out debts through bankruptcy. The new law toughened the rules with the intent of steering more debtors into a form of bankruptcy that requires people to repay more of their debts.

Typically, people file for one of two types of bankruptcy: Chapter 7 or Chapter 13. Under Chapter 7 bankruptcy, people can seek cancellation of most of their debts after some of their assets are sold to help creditors. Under Chapter 13, debtors must repay debts under a court-supervised repayment plan, as Moore is doing.

Industry executives had argued that about 10 percent of debtors filing each year for Chapter 7 under the old law, or about 100,000 people, abused the system because they could repay a large portion of their obligations and therefore should be required to do so under Chapter 13. Consumer groups and several lawmakers, mostly Democrats, argued that the number of Chapter 7 filers who misused the system is closer to 3 percent but that, in any case, the new legislation does little to weed them out.

The new law requires people seeking bankruptcy protection to pay higher filing fees and attend mandatory credit-counseling sessions with an accredited firm before and after they file. The goal is to discourage people from filing if they don't have to, and if they do, to pay off as much of their debt as possible.

Ed Yingling, president of the American Bankers Association, which fought hard for the bill, agrees that it's too soon to know the bill's impact but says the first year seems promising. "It seems to be wringing out people who abused the system, and those who really needed to file can do so," he said.

But projections about the long-term trend for bankruptcy filings vary widely. One major credit industry company privately estimates that consumer bankruptcy filings will top 1 million in 2007. The estimate was provided to The Washington Post on the condition that the company not be named because the projection is not public information. That estimate is still far below the 1.5 million in annual filings in the years before the law, though the company also predicts a "slow rate of return to historic levels."

Total filings have started to creep up. Two weeks ago, they hit a weekly rate of 15,000 -- halfway to the 30,000 level that was typical before the new law.

Filings such as Moore's under Chapter 13 may indicate a shift. While the number of total filings is down, the portion that are under Chapter 13 has risen significantly in the last year, accounting for about 40 percent of personal filings, up from 30 percent before the new law took effect.

"It's just too early to draw any grand conclusions," said Samuel J. Gerdano, executive director of the American Bankruptcy Institute, a nonprofit, nonpartisan research group. He said one reason that lower-than-expected filings have persisted is that people might be afraid or misinformed. He has heard of anecdotal evidence that some debt collectors are incorrectly telling consumers that the new bill bars bankruptcies or makes it nearly impossible to file, though no one has studied the matter.

"It's very possible there's consumer misunderstanding about the extent bankruptcy protection's available and at what cost and at what hassle," Gerdano said.

The National Association of Consumer Bankruptcy Attorneys, which has opposed the law from its inception, said a survey of its members shows the new law is "failing on an across-the-board basis," adding little except paperwork and expense.

One part of the law that is being closely watched is a requirement that people seek credit counseling from a nonprofit agency approved by the Justice Department. The Internal Revenue Service earlier this year said it would seek to revoke the tax-exempt status of at least 41 of the nation's largest credit counseling agencies, which account for 40 percent of the industry's revenue, saying the firms appear to be primarily interested in making a profit rather than helping debt-burdened consumers.

The section of the Justice Department that oversees the nation's bankruptcy system is the U.S. Trustee Program. Its budget comes from the fees people and businesses pay to file for bankruptcy, and so far, it's approved 150 credit agencies to provide counseling.

Privately, program officials have expressed dual concerns that if bankruptcies return to former levels, there will be a critical shortage of approved counseling agencies. At the same time, if bankruptcies stay unexpectedly rare, the program may find itself short of operating funds.

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Trustee Program spokeswoman Jane Limprecht would only say the program has adequate funding and that there will be sufficient counseling if filings increase.

The National Foundation for Consumer Counseling, which represents many nonprofit firms, yesterday released a survey of its members that found that the industry has been able to handle the volume so far. But the survey also found that a firm's average cost of counseling a person is $50 but that on average it can collect only $40 to pay those costs.

Chapter 13 Filings Grow In Gulf Region (USAT)

By Kathy Chu And Barbara Hansen

USA Today, October 17, 2006

A year after a stricter federal bankruptcy law took effect, a growing number of filers in states hit by Hurricane Katrina are having to repay their debts rather than being able to eliminate them.

A big reason is that lenders are increasingly cracking down on past-due mortgage payments in the storm-ravaged Gulf region, consumer bankruptcy attorneys say. The tougher bankruptcy law, which took effect a year ago today, made it harder for people to file for Chapter 7, which erases most debts. Instead, some debtors have been forced to file under Chapter 13, which usually requires a debt-repayment plan.

After Katrina, most mortgage lenders agreed to postpone collecting overdue payments and foreclosing on homes in the Gulf region, at the urging of state regulators. But many lenders resumed collections this summer.

Homeowners in the Katrina region “are behind on their mortgage payments, the insurance companies aren't paying up and they're trying to keep their homes,” says Brad Botes, a lawyer whose firm has offices in the Gulf.

Botes adds that foreclosures are moving forward in the region, leading homeowners to file under Chapter 13.

Throughout the USA, bankruptcy filings are gradually rising again, after soaring before the law took effect and plunging afterward. But they're still nowhere near the levels of prior years.

Compared with the rest of the USA, Chapter 13 filings have grown especially fast in the Gulf region in recent months. In Louisiana, Mississippi and Alabama, Chapter 13 filings surpassed Chapter 7 filings in the first nine months of 2006, according to LexisNexis CourtLink data.

Botes and other consumer bankruptcy lawyers say that in the states hit by Katrina, many homeowners are filing Chapter 13 to ward off foreclosures on their homes. Chapter 13 usually lets homeowners pay their past-due mortgage debt over three to five years.

The high rate of Chapter 13 filings is likely “minimizing” the number of foreclosures in the Gulf as consumers try to save their properties, says Rick Sharga of RealtyTrac, which tracks foreclosures.

Nationally, one reason Chapter 13 bankruptcies are rising could be that consumers who wanted to file Chapter 7 did so before the tougher rules took effect last October, says Sam Gerdano of the American Bankruptcy Institute, a non-partisan research group.

Laura Fisher of the American Bankers Association says she thinks some people may be opting for Chapter 13 because the law now discourages them from “using the system as a financial planning tool” to avoid repaying their debts.

6 States Stand Up To Divest From Sudan (USAT)

By David J. Lynch

USA Today, October 17, 2006

A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide.

Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956.

Under U.S. sanctions in place since 1997, U.S. companies are largely barred from doing business in Sudan because of the government's complicity in the ongoing slaughter in its western Darfur region. The Illinois law requires more than 600 pension funds, most covering retired police and firefighters, to sell any holdings with links to Sudan.

“It's a moral imperative. … Our public monies should not support genocide. The impact of it? I don't know the impact. I'm taking a moral stand,” says state Sen. Jacqueline Collins, the Chicago Democrat who wrote the legislation.

Other human rights activists want to use divestment to discourage corporate activity in Sudan and ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur.

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"Our end goal is to end the genocide. Divestment is just a means to that end," says Adam Sterling of the Sudan Divestment Task Force, which favors a "targeted" approach aimed at companies that provide revenue to the Sudanese government, fail to benefit the poor or lack a corporate policy on Sudan.

Among them: Chinese oil companies Sinopec and PetroChina, Swiss power giant ABB and German engineering firm Siemens.

The Illinois law takes a broader approach than that used by states such as California, one that even some human rights activists worry won't survive a court challenge. The business group that is suing Illinois over the law says it will hurt retirees' investment returns by narrowing the pension funds' options, without doing anything to stop the killing in Darfur.

The National Foreign Trade Council, a Washington-based pro-trade group whose membership includes the American subsidiaries of a few multinationals that are active in Sudan, argues that the U.S. Constitution prohibits states from making foreign policy in areas where the federal government already has acted.

In 1998, the group won a similar case involving state efforts to punish businesses with links to Myanmar's military junta. "Everyone knows this act is unconstitutional. It's not even a close call," says Bill Reinsch, NFTC president. "The Constitution says the president gets to make foreign policy, not the governor of Illinois."

Collins says the earlier case was "completely different." If the divestment law seriously crimps pension funds' investment options, the state's pension code should be amended to remove other limitations on the funds, she says.

The parties are expected to resume skirmishing in U.S. District Court in Chicago before the end of the month.

There is no argument, however, over the horrors of Darfur. More than 200,000 civilians have been killed and 2.5 million turned into refugees by three years of savage fighting between the Sudanese government and rebels in the dirt-poor western province.

President Bush last year agreed that the relentless government-sanctioned murders in Darfur constituted genocide. The U.S. in 2005 provided $510 million in humanitarian aid to Sudan.

An already horrifying environment of widespread rape, killing and mutilations has deteriorated since the May signing of a peace deal between the Sudanese government and one of the Darfur rebel groups. Fighting has continued between the government-backed Janjaweed militia and two other rebel armies. Government forces now are "indiscriminately bombing" civilian villages, according to Human Rights Watch.

Reinsch, who insists his group isn't indifferent to the civilian suffering, says well-intentioned gestures will hopelessly complicate global commerce. Global companies, with supply chains and customer rosters spread across multiple continents, also fear the state-by-state divestment campaign will spread. "It was Burma six years ago. It's Sudan today," says Reinsch. "Next year, it'll be Zimbabwe and the year after that Russia and then China."

Divestment campaigners say the genocide in Sudan represents more than a garden-variety human rights abuse. Supporters and opponents alike agree the divestment campaign is gathering steam, with legislative proposals expected in at least 15 states next year.

To John Prendergast of the Brussels-based International Crisis Group, a non-partisan group that monitors global hot spots, such grass-roots activism represents "American democracy at its best." The Sudanese government, deep in debt and desperate to avoid international isolation, is vulnerable to citizen protest.

"The Sudanese government doesn't want a scarlet letter on their shirt. They're not the Taliban," he says. "They want to be a fully integrated member of the global community. … (Divestment) immediately sets them apart. It says, 'There's something wrong with this country.' They don't want that."

CIVIL RIGHTS:

Monitor Faults Detroit Police (DEN)

By Paul Egan

Detroit News, October 17, 2006

Report says department is still not complying with federal consent decree.

More than three years after the Justice Department and the city of Detroit signed consent decrees to improve the Detroit Police Department, only 15 percent of the patrol cars inspected have working video cameras required by the court orders, a federal monitor reported Monday.

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The Police Department continued to get poor marks in the monitor's latest quarterly report. The monitor examined 89 paragraphs and subparagraphs in the two consent decrees related to use of force and conditions of confinement and reported the department was in compliance with only four of them.

By signing the consent decrees in 2003, the city settled two federal lawsuits that accused the police of repeatedly violating the rights of suspects, prisoners and witnesses.

The longer it takes the department to comply, the longer it will be under the scrutiny and multimillion-dollar expense of a federal monitor. The Justice Department could also ask a federal judge to find the department in contempt and impose sanctions, though that is considered unlikely at this point.

The report also said supervisors are not randomly reviewing the videos recorded by the patrol car cameras as required. The report is by Kroll Inc., a New York City-based risk consulting company that was hired to monitor the Police Department's compliance with the court orders.

The report, filed Monday in U.S. District Court in Detroit, also hammers the department for failing to fill out required reports or filling them out incorrectly.

Commander Jamie Fields, the officer in charge of implementing the consent decrees for the department, said Monday the nature of the monitor's report makes the compliance look worse than it is.

The department is waiting for the monitor to approve lesson plans that will be used to train officers on new policies developed to comply with the consent decrees, Fields said. In many cases, the department has successfully developed and disseminated new policies but does not get credit for satisfying the relevant paragraphs of the decrees until it has also completed training and implementation, he said.

Soon, "it will be like downhill skiing," he said.

The report did say the force achieved a "significant milestone" by providing all officers with newly developed policies related to police lockups, but said the department will have to spend money improving the buildings holding the cells before full compliance is achieved.

On video cameras, the monitor said the department reported that 290 of its 543 scout cars are equipped with cameras but that an Aug. 3 inspection found only 15 percent of those inspected had working cameras.

Fields said the cameras are important because they protect the public and also protect officers from false accusations of brutality. Supervisors view the videos the cameras record but are not yet trained on a random screening process required by the decrees, he said.

The department recently received new cars and has not yet moved cameras to them from older squad cars, he said.

"No car is supposed to go out without a working camera," Fields said.

"Undoubtedly, some probably do on occasion."

Feds Sue City Over Voting Rights Of Spanish-speakers (PHDN)

By Dave Davies

Philadelphia Daily News, October 17, 2006

The U.S. Justice Department has accused Philadelphia of violating the voting rights of Spanish-speaking citizens, and is asking for federal election observers in the city through the end of 2009.

A federal lawsuit filed Friday charges that the city has failed to provide enough bilingual poll workers in Hispanic areas and adequately translate election materials into Spanish.

As a result, the suit alleges, "limited English-proficient Hispanic voters have had difficulty understanding the election process and have been prevented from voting."

Mayor Street's spokesman, Joe Grace, said the city already provides translators and voting materials in Spanish, and will "vigorously contest" the suit.

"The timing of this is a little questionable, coming three weeks before an election," Grace said. Asked if he thought the Republican White House was seeking to suppress Democratic votes in a key U.S. Senate race, Grace said, "The timing is suspect, and we'll leave it at that."

Grace noted that the suit didn't list any specific complaints about Philadelphia election materials or polling-place activity.

Justice Department spokeswoman Cynthia Magnuson said she couldn't be more specific, but officials of the watchdog group Committee of Seventy said they'd provided some of the information that led to the suit.

"We think the city could be doing a much better job with non-English-speaking voters," said Seventy President Zack Stalberg. "It's a shame it had to come to a lawsuit, but if it yields better service, then we're happy with that."

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Committee of Seventy volunteers surveyed voters at 60 polling places in the city's Latino community in May, and found complaints about the adequacy and training of interpreters and related issues.

Chris Sheridan, Committee of Seventy policy director, said Justice Department officials were already looking at the issue in Philadelphia, prompted in part by the historically low turnout among Hispanic voters.

Asked if he was concerned that the timing might have partisan motivations, Stalberg said, "I haven't seen any evidence of that at all. The people we've talked to seemed like they were just trying to do their jobs."

The two sides are expected to appear at a court hearing this week.

FBI Reports Slide In Hate Crimes In U.S. (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 17, 2006

Hate crimes in the United States dropped last year by 6 percent, the FBI reported Monday, although violence against people based on their race accounted more than half of the reported incidents.

Police nationwide reported 7,163 hate crime incidents in 2005, targeting victims based on their race, ethnicity, religion, sexual orientation and disabilities. That was down from 2004, when the FBI reported 7,649 incidents.

The vast majority of hate crimes in both years were motivated by race, according the reports, which detailed the data based on so-called "single-bias" incidents. That means the crime was motivated by only one kind of bias against the victim, according to the FBI.

Race-based criminal activity accounted for 54.7 percent of hate crimes last year, up slightly from 52.9 percent in 2004, the FBI found. Another 17 percent of hate crimes in 2005 targeted victims for their religious beliefs, and 14.2 percent for their sexual orientation.

Victims were assaulted in more than half — 50.7 percent — of the hate crime cases against people. Six people were murdered and another three were raped in reported hate crimes last year. The rest of the victims, or 48.9 percent, were intimidated, the report shows. The FBI also looked at hate crime incidents that targeted property, with 81.3 percent of cases resulting in damage, destruction or vandalism.

Sixty percent of the known offenders in 2005 were white, and 20 percent were black, the report showed.

The data was collected from police agencies across the country, representing city, county, state, tribal and federal law enforcement agencies.

Most Hate Crimes Spurred By Racial Bias, FBI Says (WT)

By Jerry Seper

The Washington Times, October 17, 2006

More than half of the hate crimes reported last year by police agencies nationwide were motivated by racial bias and many involved intimidation, according to a report released yesterday by the FBI.

The report, by the FBI's Uniform Crime Reporting Program, said that 55 percent of the 7,163 reported single-bias incidents last year were motivated by racial bias -- an increase of one percentage point. The overall number represents a 6 percent drop from 7,649 in 2004.

Religious bias triggered 17 percent of incidents cited in the report, followed by 14 percent for sexual-orientation bias and 13.2 percent by an ethnicity or national-origin bias. Less than 1 percent involved bias against a disability.

The report also noted that of 5,190 hate-crime offenses classified as crimes against people in 2005, intimidation accounted for 48.9 percent of them, followed by simple assaults at 30.2 percent and aggravated assaults at 20.5 percent.

The Anti-Defamation League (ADL) yesterday called the 2005 report "clearly incomplete," saying it did not include hate-crime data from two of the largest cities in America: New York and Phoenix. It called the report "a setback to the progress the bureau has made in the program over the past 15 years."

"New York City, which has been a model for police agencies on response to hate violence over the years, and Phoenix should provide their hate-crime data to the FBI as quickly as possible and take steps to ensure timely, full participation in the future," said Deborah M. Lauter, ADL director of civil rights.

"It is also disappointing that thousands of smaller police departments across the country also did not participate in this data-collection effort."

The FBI did not comment on the report.

During 2005, the FBI said the 7,163 criminal incidents involved 8,380 offenses and were reported by city, county, state, federal and tribal law-enforcement agencies nationwide.

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A hate crime, also known as a bias crime, is a criminal offense committed against a person, property or society that is motivated, in whole or in part, by the offender's bias against a race, religion, disability, sexual orientation or ethnicity/national origin.

Virginia reported 295 hate crime incidents last year, down from 307 in 2004; followed by Maryland with 195, down from 245 in 2004; and the District with 48, down from 49 in 2004.

The 2005 report also said:

•Of the 3,109 hate-crime offenses classified as crimes against property, 53.6 percent were directed at persons, 9.8 percent were against businesses or financial institutions, 8.9 percent were against government and 6.8 percent were against religious organizations.

•A total of 20.9 percent of the reported hate crimes were directed at other, multiple or unknown victim types. Damage/destruction/vandalism was the most frequently reported crime against property, accounting for 81.3 percent of the total.

According to the report, of the 6,804 known offenders reported in 2005, 60.5 percent were white and 19.9 percent were black. The race was unknown for 12.3 percent and other races accounted for the remaining known offenders.

It also said that the majority -- about 30 percent -- of hate-crime incidents in 2005 occurred in or near residences or homes.

NAACP To Monitor Elections Following Primary Problems (AP)

By Alex Dominguez, The Associated Press

AP, October 17, 2006

BALTIMORE (AP) — The NAACP will monitor voting in Ohio and nine other states next month, sending observers to polling places, taking citizen complaints and notifying the Justice Department of any serious problems, the civil rights organization announced Monday.

The National Association for the Advancement of Colored People planned to have hundreds of volunteers monitoring the election in Ohio, Maryland, Alabama, Georgia, Florida, Louisiana, Michigan, Mississippi, Pennsylvania and Texas, said Bruce Gordon, president of the Baltimore-based organization.

The NAACP said the states were chosen because of pivotal elections, concentrations of black voters, or a history of polling problems.

Gordon said the organization intends to be proactive "to ensure that Nov. 7 comes and goes smoothly and that every citizen across this country, and particularly in the state of Maryland, who has an interest in voting, in fact is able to vote."

Maryland's primary election last month was riddled with problems that caused precincts to open late or other delays, prompting court action in some areas to extend voting hours.

Results of an Associated Press-Pew poll released last week found only 30 percent of black voters surveyed nationwide were confident their votes would be counted.

The NAACP will run an election day voter command center at its headquarters and take calls from concerned citizens at (866) OUR-VOTE. The Lawyers Committee for Civil Rights and People for the American Way will work with the civil rights organization to monitor complaints of voting irregularities and advise voters, the NAACP said.

Gordon said the NAACP believes the best way for its members to vote is "to go to their polling places and cast their votes using whatever machines are on site" and that absentee balloting has normally not served the African-American community well.

While the civil rights group will monitor the election process, Gordon urged voters to head to the polls, "even if it requires extra effort."

"Civil rights activists went to extraordinary lengths to earn the right for black Americans to vote," Gordon said in a statement. "Some lost their lives. We owe it to them and ourselves to honor their sacrifice by voting, no matter what challenges we face."

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On the Net:

NAACP: http://www.naacp.org

NAACP To Monitor Mich. Polls (DEN)

By Lisa Martino

Detroit News, October 17, 2006

10 states will have observers at next month's elections; Republicans also plan oversight.

The NAACP announced Monday that Michigan is among 10 states that will have observers at polling places during next month's election to take citizen complaints and let the Justice Department know about any serious problems.

The effort comes after numerous reports of problems with the Maryland voting system during the primary last month.

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Participating states were chosen using three factors: a high concentration of black voters, a history of polling problems or pivotal elections.

"While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort," NAACP President Bruce Gordon said in a statement Monday.

Locally, in past election years the National Association for the Advancement of Colored People filed injunctions in federal court against individuals harassing people at the polls and challenging their right to vote by questioning their identification, criminal record or whether they paid child support.

"We're very pleased that NAACP national will be monitoring the elections. We in Detroit have been monitoring elections for the last several years," the Rev. Wendell Anthony, president of the Detroit branch of the NAACP, said Monday.

"Certainly, we in Detroit will be out. This is a very important election. People want to use it by any means necessary to suppress a result that may be against their interest, so, yes, we support (the monitoring effort) very strongly."

The Michigan Republican Party announced last week that it will monitor polling sites Nov. 7. Through RSVP, (Republicans Safeguarding Voter Rights Program), the Republican Party will use volunteers to serve as observers at polling places.

"Other states experience outright fraud, and Michigan is not immune to voting problems and irregularities," Saulius "Saul" Anuzis, party chairman, said in a statement last week.

"In 2004, there were hundreds of reported incidents of voter intimidation and illegal election practices by groups such as MoveOn.org, ACORN and PIRGM. Last year in the Detroit city elections, there were so many problems the FBI ended up involved."

The NAACP will also monitor polling locations in Maryland, Alabama, Georgia, Florida, Louisiana, Mississippi, Ohio, Pennsylvania and Texas.

"We're going to make certain everyone is going to get an opportunity to vote without any interference," said Dr. Eugene Rogers, president of the Northern Oakland County Branch of the NAACP.

NAACP To Watch Polling Places (BSUN)

By Kelly Brewington, Sun Reporter

The Baltimore Sun, October 17, 2006

Group will look for voting problems on Election Day in Md., 9 other states

With problems from Maryland's chaotic primary elections still being sorted out, NAACP President and CEO Bruce S. Gordon said yesterday that the civil rights organization will monitor polls in Maryland and nine other states on Election Day and report any voting irregularities to the U.S. Justice Department.

But Gordon also called on Maryland Gov. Robert L. Ehrlich Jr. to take steps before Nov. 7 to ensure a smooth and fair election by fixing the shortage of poll workers and the malfunctioning electronic voter check-in system.

"With all the concerns that were raised, we intend to be proactive and put necessary safeguards in place so that every citizen who wishes to vote has that right," Gordon said at the headquarters of the National Association for the Advancement of Colored People in Baltimore.

The plan announced yesterday would continue recent election-monitoring efforts by the NAACP, in which volunteers have looked for irregularities.

During the 2004 presidential elections, the civil rights organization and its partners enlisted 25,000 volunteers to monitor precincts nationwide and to answer a toll-free voter assistance hot line. Nearly 5,000 of those volunteers were attorneys, prepared to challenge voting irregularities with lawsuits.

Last month, the NAACP's national office and some local branches received complaints from frustrated voters in Maryland's primary, prompting the group and the Lawyers Committee for Civil Rights to seek a court order extending poll hours in some jurisdictions by an hour.

In a letter sent to Ehrlich, Gordon peppered the governor with numerous requests: verify that precincts have sufficient provisional ballots; update the check-in system; devise a contingency plan in case machines malfunction; hold additional demonstrations of new voting machines; ensure adequate numbers of election judges; maintain privacy for voters and educate voters on absentee ballots.

But Gordon questioned Ehrlich's recent recommendation that voters worried about the state's voting system vote by absentee ballot.

"Absentee voting normally has not served the African-American community very well," he said during yesterday's news conference.

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Gordon and Ehrlich discussed the matter by phone yesterday morning. By the afternoon, Ehrlich followed up with a letter saying he shares Gordon's concerns and that he has asked the State Board of Elections and the state elections administrator to develop a contingency plan and to upgrade the electronic check-in system.

Ehrlich said he would forward Gordon's letter to the chairman of the elections board, asking that the board respond within the week.

In his letter, the Republican governor blamed the Democratic-controlled General Assembly for "virtually eliminating accountability at the top level of the state's elections system," with legislation that prevents the governor from firing the elections administrator, a Democrat with whom Ehrlich has had bitter clashes.

Ehrlich also accused legislative leaders of failing to heed warnings from a voting commission he named this year.

"In their rush to gain every political advantage, the leadership of the General Assembly ignored these warnings and created the unstable elections system that we saw in the primary and still face in the General Election," Ehrlich wrote in his letter to Gordon.

With the fiercely contested campaign for governor in the final stretch, each major political party has blamed the other for the state's voting problems.

Ross Goldstein, deputy state elections administrator, would not comment on Ehrlich's letter, but defended the voting system. He said it makes voting more accessible and eliminates errors, though he added he would look forward to a discussion with the NAACP.

"We'd be happy to sit down and work with the NAACP and address their concerns," Goldstein said. "I think all of the concerns they have raised are things that we have taken a look at. We want people to feel comfortable coming to the polls and voting."

In an interview yesterday, however, Gordon expressed little confidence in the state's electronic voting system.

"We know the Diebold machines are unreliable," he said, referring to the manufacturer of the state's touch-screen voting equipment. "You have high-ranking officials in Maryland questioning the voting system. If they are concerned, well, we are certainly concerned."

The NAACP's monitoring effort, dubbed "election protection," is a partnership with the Lawyers' Committee for Civil Rights Under Law and People for the American Way. Attorneys and volunteers from the groups will answer a toll-free election hot line (1-866-OUR-VOTE) set up at the NAACP's Baltimore headquarters.

In addition, volunteers will monitor the polls at targeted precincts in Baltimore City and Baltimore, Howard, Anne Arundel, Prince George's and Montgomery counties.

Beyond Maryland, the NAACP plans to post volunteers in Michigan, Louisiana, Mississippi, Alabama, Florida, Texas, Ohio, Georgia and Pennsylvania.

Gordon said the NAACP chose those states because the group has either received complaints about voting there in the past, or because voters are set to act on significant civil rights issues.

Michigan voters, for example, will vote on a proposed constitutional amendment to ban the use of race and gender in university admissions and government hiring. The NAACP has spoken out against the proposal.

Given the issues at hand, voter turnout is critical, Gordon said.

"Civil rights activists went to extraordinary lengths to earn the right for black Americans to vote," he said. "We owe it to them and ourselves to honor their sacrifice by voting, no matter what challenges we face."

Marvin L. "Doc" Cheatham, president of the NAACP's Baltimore branch, said he's most concerned about the ability of the city's board of elections, where he once served as president, to obtain an adequate number of election judges.

"No election board wants what happened during the primary to happen again," he said. "I think they are working hard. Nevertheless, we'll be here this Election Day from 6 in the morning until 11 at night."

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NAACP To Monitor Polls For Problems In 10 States (WT)

By Brian Debose, The Washington Times

The Washington Times, October 17, 2006

The NAACP yesterday said it will send monitors to polls in 10 states, including Maryland, where voting problems have been reported in recent years.

The National Association for the Advancement of Colored People conducts monitoring at the polls every midterm and presidential election year.

Bruce S. Gordon, the NAACP president and chief executive officer, said he was prompted to announce the group's program this year because of reputed wide-ranging voter irregularities in several Maryland counties, including Baltimore, where the organization is headquartered.

"In light of the problems in the state during last month's primary elections caused by malfunctioning computer equipment and human error, I am pleased to see that you have ordered backup paper ballots to avoid some of the problems with the touch-screen voting machines," Mr. Gordon wrote in a letter to Maryland Gov. Robert L. Ehrlich Jr., a Republican.

In the letter, Mr. Gordon commended Mr. Ehrlich for ordering that backup paper ballots be used to avoid any problems with the touch-screen voting machines.

He also requested the governor order the Board of Elections to hold statewide demonstrations of the new machines, ensure that the electronic registration rolls are updated, and make certain there are adequate numbers of trained election judges at the polls on time and for the entire day.

In addition, he asked that each precinct have a sufficient number of provisional ballots -- many ran out during the primaries -- and maintain privacy for voters, whether they vote using touch-screen or paper ballots.

The NAACP will run an Election Day voter command center at the Baltimore headquarters. Volunteers will observe targeted precincts in the Baltimore area and Prince Georges and Montgomery counties, where the majority of the irregularities occurred.

The voter command center will also be staffed with lawyers from the group's partnering organizations, including the liberal Lawyers' Committee for Civil Rights Under Law and People for the American Way, to monitor complaints of voter irregularities and to advise voters experiencing problems at the polls.

The groups will forward any major problems to the Justice Department for further investigation.

The other nine states were chosen because they have pivotal elections, high concentrations of black voters or a history of polling problems, including Gulf Coast states Louisiana, Mississippi, Alabama, Florida and Texas.

The dispersal of residents from those states after Hurricanes Katrina and Rita hit last year prompted the NAACP to start a registration campaign to help evacuees register to vote in their new location or maintain their home-state registration.

The NAACP will also be monitoring elections in Michigan and Ohio, which had rampant complaints of insufficient voting machines, fewer polling places and polls opening late during the 2004 presidential election.

Georgia and Pennsylvania were selected randomly, said officials of the NAACP, which has established a toll-free number (1-866-OUR-VOTE) to report Election Day voting problems.

NAACP Will Monitor Polls For Voting Irregularities (WP)

By Rosalind S. Helderman, Washington Post Staff Writer

The Washington Post, October 17, 2006

Volunteers for the NAACP will fan out at select polling stations across Maryland on Election Day to monitor balloting for problems similar to those that plagued the September primary.

The group said that poll watchers will observe precincts in Prince George's and Montgomery counties and in Baltimore and that lawyers will be available to document complaints from voters and, if necessary, forward reports of irregularities to the U.S. Justice Department. Maryland is one of 10 states the civil rights organization plans to monitor that day.

During September's primary, some polls in Maryland opened late because election judges or technicians did not show up. Also, an electronic registration system regularly crashed, and many poll workers had trouble submitting results electronically at the end of the day.

The NAACP called on Gov. Robert L. Ehrlich Jr. (R) to take all necessary steps to protect voters from technical glitches with machines and mistakes made by inexperienced or poorly trained poll workers.

"While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort," said Bruce S. Gordon, NAACP president and chief executive.

In turn, Ehrlich called on the state's Board of Elections to make certain the group's concerns are addressed.

"To ensure that every Marylander has access to a fair and accurate election system, the state Board of Elections must act expeditiously to address my concerns and those of the NAACP," he said.

In Prince George's, where election officials are still looking for hundreds of new poll workers for the election, Interim Elections Administrator Robert J. Antonetti Sr. urged the NAACP to send volunteers for training.

"Everyone loves to come and observe," he said. "Let them participate."

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John White, NAACP communications director, said the group is encouraging members to volunteer as judges even as it establishes its national monitoring program. Other states the group will monitor on Election Day are Louisiana, Mississippi, Alabama, Florida, Texas, Michigan, Ohio, Georgia and Pennsylvania.

Barnes Sues Perdue Over Voter Letter Photo ID Information May Have Misinformed (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 17, 2006

Former Gov. Roy Barnes has filed a lawsuit against his successor, Gov. Sonny Perdue, and the State Election Board for the mailing of 200,000 letters to registered Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election.

The problem? The letters were sent out days after a judge ruled the law requiring a photo ID to be unconstitutional.

Barnes filed the civil suit Monday in Fulton Superior Court on behalf of a 60-year old disabled Atlanta woman, Rosalind Lake, who does not have a state-issued photo ID.

In the complaint, the governor and election board are charged with contempt for violating a court order that struck down the photo ID law. Barnes is asking the court to force the state to send out another letter informing registered voters that they do not need a photo ID to vote.

"The delivery of approximately 200,000 'Dear Georgia Voter' letters was a blatant action in which seriously incorrect information on voting was disseminated to a substantial number of Georgia voters," Barnes wrote in the motion filed Monday. "The events after this Court's order make clear that the violation was deliberate."

A hearing has been scheduled for 2 p.m. Friday in the chambers of Fulton Superior Court Judge T. Jackson Bedford.

"I hope this means there will be a full public airing of the Republican attempt to suppress voter participation," said David Worley, a Democrat-appointed member of the election board who had threatened to file a complaint with the U.S. Justice Department about the mailing of the letters.

On Sept. 19, Bedford ruled Georgia's voter ID law violated the state Constitution. At the time of the ruling, the election board was in the process of sending out 300,000 letters to registered voters who did not have a driver's license or photo ID.

The so-called "Dear Georgia Voter" letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. But Barnes and others are contending that after Bedford's ruling, the mailing of letters should have been stopped.

Tex McIver, the Republican-appointed vice chairman of the election board, initially told the election board that all but 20,000 letters had been sent out before the Sept. 19 ruling. But, the secretary of state's election division later confirmed that nearly 200,000 letters were mailed after Sept. 19.

"We would suggest, because they couldn't have the law upheld, they were going to do indirectly what they couldn't do directly," said Jennifer Jordan, an attorney with Barnes' firm. "Which is basically to suppress the vote of the certain portion of the electorate. And using tax-payer money."

The board spent $55,000 to mail the 300,000 letters.

The election board has scheduled a special called meeting at 3 p.m. today. McIver said that at the meeting he will propose developing a public service announcement and a postcard mailer to send to voters to clear up any confusion that voters might have.

"Let's get rid of the issue," said McIver, who headed up the letter program. "I don't think the letter was confusing. But if people are confused, let's fix it."

Perdue did not comment on the motion.

"This situation obviously will not be decided by the courts until after the election," said Dan McLagan, a spokesman for Perdue. "In the meantime, the governor wants to encourage everyone who is registered to get out and vote."

Missouri State Supreme Court Strikes Down Voter ID Law (FINDLAW/AP)

By Kelly Wiese, Associated Press Writer

AP, October 17, 2006

(AP) - JEFFERSON CITY, Missouri-The Missouri Supreme Court on Monday struck down a new law requiring voters to show a photo identification at the polls, upholding a lower judge's decision.

Supporters of the ID requirement, mostly Republicans, said it was necessary to prevent voter fraud and increase confidence in the election process.

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Opponents, primarily Democrats, argued people impersonating others when voting is rare, and that the ID requirement would especially harm the poor, elderly and disabled who may be less likely to have a driver's license.

A lower judge ruled last month that the ID requirement was an unconstitutional infringement on the fundamental right to vote. The Supreme Court agreed in a 6-1 unsigned opinion.

The law required voters to present a photo identification card issued by Missouri or the federal government to cast a ballot starting with the November election.

The court found the requirement violated several provisions in the state constitution. The court said requiring otherwise legitimate voters to obtain an appropriate ID imposed too big a burden on their voting rights.

The law would have allowed those lacking such an ID this fall to cast a provisional ballot upon meeting certain conditions. In future elections, only the elderly, disabled and those with religious objections to carrying a photo ID could vote without one, and only by provisional ballot.

Provisional ballots are set apart from regular ballots, and election authorities later determine whether they should count by, among other things, checking whether their signatures match those on file and if they're in the right polling place.

Meanwhile, lawyers opposing the state of Georgia's photo ID law asked a judge to hold the state in contempt for misinforming more than 200,000 voters in a mass mailing that they had to provide some form of photo ID.

The mailing was sent after a court order blocked the law's enforcement for the November general election.

Attorneys are also asking the judge to force the state to send new letters to those voters.

In all, the State Board of Elections mailed more than 300,000 letters to registered voters, telling them they may need to show either a free Georgia voter identification card or one of six forms of photo ID to vote in person. The letter also reminded voters they could vote absentee without a photo ID.

Attorney Jennifer Auer Jordan, who is working with former Georgia Gov. Roy Barnes to oppose the photo ID law, said Monday the mailings were a direct and deliberate violation of the court's order.

Although time is short, she said, "We've got to do whatever we can do to make sure that everybody knows they have the right to vote and if they want to show up at the general election, they can," she said.

The board of elections has called a special meeting Tuesday to discuss the photo ID law.

Agents Take Jail Records (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, October 17, 2006

GULFPORT - The federal government removed boxes of jail records last week from the Harrison County Sheriff's Office for its investigation of an inmate's death and related allegations, U.S. Attorney Dunn Lampton said on Monday.

Lampton told the Sun Herald that the FBI and prosecutors from the Justice Department's civil rights criminal division took records last week from the sheriff's Gulfport offices at the Harrison County Courthouse and the Harrison County Adult Detention Center.

Lampton said there was no need to use search warrants because Sheriff George H. Payne Jr. and his new warden, Don Cabana, have been "100 percent cooperative." But, he said, "they can't be a part of the investigation."

"When we get to the bottom of everything, people can be secure or satisfied to know everything at that jail has been looked at, and anything that might have been done improperly has been corrected."

Removal of the recordsis the latest in a series of new developments in criminal matters surrounding the death of Jessie Lee Williams Jr. Williams, 40, died after a beating on Feb. 4 in the jail booking room. He was taken off life-support at a hospital within two days, and his death was later ruled a homicide.

Former corrections officer Regina Rhodes, 29, was to be sentenced Monday on guilty pleas to criminal accusations that she assaulted Williams and lied to cover it up. She accepted a plea agreement and became a government witness.

Court records show sentencing was delayed "in the interests of justice" until after the trial of former corrections officer Ryan Teel, 29. Prosecutors' motion to request a delay in Rhodes' sentencing suggests that Teel's trial, set for the Nov. 6 federal document, also may be continued.

Rhodes, who remains free on bond, faces up to 13 years, but she likely will receive a reduced sentence for cooperating with the federal investigation. She is bound by a plea agreement to testify at any future trial regarding any related case at state or federal levels.

Teel, accused of inflicting injuries resulting in death and lying about it, is charged with two counts: deprivation of rights under color of law and destruction, alteration or falsification of records in federal investigations. Deprivation of rights is punishable by any number of years to life in prison. The other count is punishable by up to 20 years.

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Prosecutors have not sought the death penalty, but Teel's attorney has referenced that possibility in a flurry of motions that request a change of venue, suppression of evidence including Williams' death certificate and subpoenas of media reports.

Teel remains in custody without bond.

An edited version of Rhodes' plea agreement, recently unsealed, identifies Teel as her occasional supervisor and claims Teel was the principal officer who assaulted Williams with unjustified use of force.

The edited version, first published in court records, had portions of the text blacked out and alleged that Rhodes' occasional supervisor and other corrections officers routinely used unnecessary force against inmates and presented "false, incomplete and misleading" reports to cover it up.

The unsealed version shows Teel's name in portions that previously were blacked out.

Teel and Rhodes are being prosecuted under federal statutes that apply to civil rights violations under color of law.

Payne would neither confirm nor deny that federal agents took jail records last week, but he did say he and his department are cooperating with the investigation.

Sources to the Sun Herald claim federal agents went in with search warrants and bolt cutters and loaded boxes of files and computers into the back of a truck.

Lampton said search warrants weren't necessary.

"You've heard the old saying, 'don't make a federal case out of it.' That is the truth," Lampton said. "The federal government doesn't take on every case, but when we do take on a case, you'd better watch out. The federal government may be slow, but we are thorough."

Supreme Court Turns Away Scouts Appeal (LAT)

By David G. Savage

The Los Angeles Times, October 17, 2006

WASHINGTON — In a setback for the Boy Scouts, the Supreme Court turned away a free-speech challenge to a Berkeley policy that denies city-subsidized dock space to a Scouting group because it excludes gays and atheists.

The court's action lets stand rulings in California and elsewhere that have said cities, schools and colleges may deny public benefits to groups that refuse to comply with broad nondiscrimination rules involving religion and sex orientation.

Some conservative groups had joined the challenge to the Berkeley policy, saying that advocates of "traditional moral values" are being subjected to discrimination across the country by "politically correct" government officials.

The court's action sets no legal precedent, however, and the justices could well take up the issue in the future.

Six years ago, the high court came to the aid of the Boy Scouts of America when it ruled that a state cannot force a private group, such as the Scouts, to include openly gay men if doing so would violate its professed code of conduct. In that case, James Dale, a former scoutmaster, had sued the group after he was excluded upon acknowledging he was gay.

The New Jersey courts said the Scouts must abide by the state's anti-discrimination law.

The Supreme Court disagreed in a 5-4 decision in the case of Boys Scouts vs. Dale.

But in the wake of the Scouts' victory, some cities and school districts refused to permit Scouting groups to use their facilities on the same basis as they allowed other nonprofit organizations.

Lawyers for the Scouts then went back to court to challenge this exclusion as unconstitutional discrimination. So far, however, they have been rebuffed.

Harold Johnson, an attorney for the Pacific Legal Foundation, which presented the appeal, said he was disappointed the court refused to hear the case.

"We are confident that, eventually, the court will take a case addressing the underlying issues, because there are too many examples of government discrimination against Scouting and other belief-based organizations to ignore," he said in a statement.

For many years, Berkeley had given a rent-free berth in its marina to nonprofit community service organizations, including the Sea Scouts. An affiliate of the Boy Scouts, the group teaches sailing and seamanship to teenagers.

But the Berkeley City Council adopted a new policy that required groups that wanted a free berth to agree in writing that they would not discriminate against persons based on, among other factors, their race, religion, ethnicity or sexual orientation. The Scouts did not sign the agreement because Boy Scouts policy excludes gays and atheists.

Eugene Evans, an adult leader of the Sea Scouts, agreed to pay $500 a month to maintain the berth in the Berkeley marina, but he also led a lawsuit that challenged the policy as violating the group's rights to freedom of speech and the equal protection of the laws. He argued the Scouts were being treated as "second-class citizens" because their views on religion and homosexuality were disfavored by the government.

He lost decisively in the California courts.

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In March, the California Supreme Court upheld Berkeley's policy in a unanimous ruling. "Berkeley had not attempted to muzzle anyone's speech," said the state high court. "A government entity may constitutionally require a recipient of funding or subsidy to provide written, unambiguous assurances of compliance with a generally applicable nondiscrimination policy."

The Scouts hoped for a more sympathetic hearing from the Supreme Court. The Pacific Legal Foundation, which is based in Sacramento, said the California ruling "sets an ominous precedent" for Scouting groups. Former Atty. Gen. Edwin M. Meese III, U.S. Rep. Dan Lungren (R-Gold River) and other conservative lawyers backed the appeal and noted that some Christian groups have been denied recognition or funding on college campuses because they too exclude gays and atheists.

"Millions of Americans who believe in traditional moral and religious values are looking to this court to uphold the constitutional rights and equal treatment under the law," they said in a friend-of-the-court brief.

But in a one-line order, the court refused to hear the case of Evans vs. City of Berkeley.

Lawyers for Berkeley had argued that since Evans had appealed on his own, he did not truly speak for the Sea Scouts. Although the justices gave no explanation for refusing to hear the case, this could have figured in the decision.

Evans and the scouting group declined to comment on Monday.

53% Of Voters Say They Back Va. Same-Sex Marriage Ban (WP)

By Chris L. Jenkins

The Washington Post, October 17, 2006

A majority of Virginians support a proposed constitutional amendment that would ban same-sex marriage and civil unions, although voters split on the measure when presented with interpretations of its potential impact, according to a new Washington Post poll.

Fifty-three percent of likely voters said they would vote for the amendment, and 43 percent would oppose it, the poll found, indicating that three weeks before Election Day opponents still have a long way to go to make Virginia the first state in the country to defeat a same-sex marriage amendment.

The only part of the state to oppose the measure was Northern Virginia, where voters rejected it 55 percent to 42 percent, further evidence that the Washington suburbs have become a political and social world apart from the rest of Virginia. Respondents in the rest of the state backed the measure 58 percent to 38 percent, according to the survey, conducted over three days last week.

Despite the overall results, the poll provided some hope for opponents of the measure. Their chief argument is that the language of the amendment is too broad and would endanger contracts between unwed heterosexual couples. Supporters contend that the measure is limited to declaring that same-sex marriages would never be approved or recognized in Virginia.

When respondents were read the arguments on both sides of the question, enough voters showed a willingness to reconsider that the gap narrowed to a virtual tie -- 48 percent said they supported the measure and 47 percent opposed it, within the poll's margin of error of three percentage points.

"I really do think that we need an amendment like this that defines marriage," said Ross Williams, 50, a salesman from Annandale, who considers himself a Republican and a likely voter for Sen. George Allen (R) in his reelection bid Nov. 7. "But we don't need to pass something that we don't know what it's going to do. I wouldn't call myself an undecided voter yet . . . but I am going to read the wording and make up my mind about what it's going to do before I vote."

The poll also found that Virginians are virtually split over whether gay couples should be able to form civil unions, which would give them health insurance, inheritance benefits and other legal rights of married couples. The poll found that 48 percent believe gay couples should be allowed to engage in civil unions and 47 percent do not. The amendment would constitutionally ban civil unions between gay couples, although they are already illegal in Virginia.

"We've been seeing this for a long time now: When people read the entire question and think about what it means, they vote no," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, the group organizing opposition to the amendment.

Victoria Cobb, executive director of the Family Foundation, said that she believed the amendment would pass and that voters understood that the ballot question was simply about defining marriage. She said an internal poll conducted by the group found strong support for the measure.

"We are very confident that Virginia is going to join the other 20 states that have passed constitutional amendments," she said. "Virginians know this is about marriage between one man and one woman, and we have complete confidence that when they step into the voting booth, they will vote for traditional marriage."

Several political scientists who have studied state ballot measures said the polling data from Virginia appeared to defy expectations, given the commonwealth's reputation as a conservative state.

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"This is quite a surprise," said Daniel A. Smith, an associate professor of political science at the University of Florida. "In an ostensibly conservative state like Virginia, you'd expect to see the numbers up around 60 or 70 percent."

The lower numbers in Virginia reflect a national trend of weakening support for state efforts to ban same-sex marriage, several experts said. Twenty states have passed similar measures since 1998, many with about 75 percent support. The lowest level of support an amendment received was 57 percent in Oregon in 2004.

But this year, poll results in several states with similar ballot measures show weaker support than in 2004, when 11 states passed constitutional amendments. Polls in Colorado and Wisconsin show results similar to Virginia's; poll results in South Dakota are mixed.

John C. Green, a senior fellow at the Pew Forum for Religion and Public Life, said the momentum for such amendments at the ballot box has been hurt by recent court cases that have upheld bans on same-sex marriages.

"Two things seem to be going on," Green said. "Opponents [of same sex marriage amendments] are much more organized than they were two years ago. And if you look at what judges have been doing over the past year . . . they've been supporting the definitions of traditional marriage. So some of the edge is off."

The constitutional amendment received its strongest support from Republicans, blacks and those who say they go to church more than once a month, reflecting national trends.

"My religion teaches that marriage is between a man and a woman, and quite frankly, that's all I need to help me understand how I need to vote," said Sandy Ledford, 57, a housewife from Botetourt County, in the state's rural southwest. "It's pretty simple for me."

"I'm not a homophobe," said Charles Wortham, 60, a dentist from Hanover County, outside Richmond. "My view is simply that marriage is there to establish a legal process for the procreation of children. It's Mother Nature. Same-sex couples can't naturally reproduce, so it doesn't seem like they should be able to marry like a traditional family."

Wortham said that he had heard the arguments raised by opponents regarding the measure's unintended consequences but that he didn't believe the claims. "I don't think any of that stuff is going to happen," he said.

The Washington Post poll is based on telephone interviews with 1,004 randomly selected Virginia likely voters and was conducted Oct. 10-12.

The poll results generally hewed to party lines: Seventy-five percent of Republicans back the amendment, and 59 percent of Democrats oppose it. Independents were nearly split, with 49 percent against it and 45 percent for it.

Seventy-three percent of people who also said they would vote to reelect Allen backed the amendment, and 23 percent said they'll vote against it. Two-thirds of those who support Allen but oppose the amendment are women.

Among those who said they would vote for Democrat James Webb for U.S. Senate, 67 percent opposed the measure and 31 percent supported it. Allen favors the amendment, and Webb is opposed because he thinks the language goes beyond prohibiting same-sex marriage. Webb believes marriage is between one man and one woman.

The only group to significantly cross party lines was blacks. In the poll, blacks supported Webb by 81 percent to 11 percent, but they favored the amendment 61 percent to 34 percent. "I don't believe in gay relationships; I just don't believe that they are right," said Aaron Moore, 26, from Chesapeake, who added that he follows the Pentecostal faith and will vote for Webb. "Even though I'm a Democrat, it's just something that I disagree with most Democrats on."

Whites supported the measure 51 percent to 45 percent, the poll found.

Opponents of the measure include Democrats, those who said they do not attend church often and political independents. "These kinds of rights, being able to get married, they should be open to everybody," said Beverly Gordon, 51, a teacher from Hampton. "Voting, access to schools, marriage -- these are all things that people should have equal ability to have."

Others said they were concerned about unintended consequences. The amendment "doesn't specify anywhere that it's talking only about homosexual couples," said Faye Talhame, 49, a real estate agent from Loudoun County. "This goes way too far. Who knows what it would do? Why do we want to pass such a thing?"

ANTITRUST:

U.S. Extends SRAM Antitrust Probe To Samsung (IDG)

By Ben Ames, IDG News Service, Boston Bureau

IDG News Service, October 17, 2006

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Antitrust investigators with the U.S. Department of Justice (DOJ) have issued a subpoena to Samsung Semiconductor Inc., just hours after asking its competitors Mitsubishi Electric Corp. and Cypress Semiconductor Corp. for information about their sales practices in the SRAM (static RAM) chip market.

Toshiba, another major SRAM chip producer, declined to comment on whether it had also been subpoenaed. A spokeswoman referred questions to the company's Tokyo headquarters.

Samsung plans to comply with the request for information about sales and marketing practices throughout the industry, spokeswoman Chris Goodhart said in a statement.

"Samsung will cooperate fully with the Department of Justice on this matter," she said. "Samsung is committed to fair competition and ethical practices and forbids anticompetitive behavior."

Samsung has already been charged with antitrust violations in a DOJ investigation of the DRAM (dynamic RAM) market. Justice Department lawyers found evidence that several DRAM chip makers manipulated prices while bidding for business with the U.S. computer makers Dell Inc., Apple Computer Inc., Hewlett-Packard Co. and IBM Corp. Several DRAM makers have been ordered to pay fines as high as US$300 million and three Samsung executives were sentenced to time in prison.

SRAM chips can retain data as long as they have power, and are typically used as a memory buffer in devices such as computers and hard-disk drives, or to handle data in low-power devices like mobile phones.

Microsoft Sharing Security Data (SEAPI)

By Dan Richman, P-I REPORTER

Seattle Post-Intelligencer, October 17, 2006

But software makers say it's still too little, too late

Striving to satisfy European antitrust officials, Microsoft Corp. said Monday that it has given security-software makers some of the data they want to make their products work with Microsoft's forthcoming operating system, Windows Vista.

But one of those companies, Cupertino, Calif.-based Symantec Corp., on Monday reacted to the release by repeating complaints it made at the end of last week: that it's not getting enough information fast enough.

"The operative question remains 'When?' " Symantec spokesman Cris Payden said. "When are we going to get what we need?"

Microsoft Director Adrien Robinson said the means of connecting outside software to Vista's Windows Security Center were uploaded Monday morning to a Web site accessible only by security-software developers.

The Security Center is a set of on-screen controls -- nicknamed the "digital dashboard" -- that customers will use to adjust and monitor their computer's security features.

Symantec's Paden said the company is inspecting the new Web site "to be sure it has everything we need to let our customers see our digital dashboard instead of Microsoft's."

Microsoft also said Monday that it plans to discuss with Symantec and McAfee Inc. changes they want made to Patch Guard, part of the 64-bit version of Vista that restricts who can alter the operating system's core, or kernel.

But Paden said Microsoft has yet to explain how Symantec's technology can access 64-bit Vista's kernel, or even to say when it will provide that explanation. The 64-bit version of Vista is expected to be popular among businesses, he said.

Microsoft's Robinson responded that the company plans to release more information within 30 to 45 days on the nature and extent of access it will allow to the kernel. She said it will provide that access after Vista for business ships and plans to continually update that package.

As to the developers' impatience, she said: "It requires efforts on both sides. The more they can engage with us, the faster we can get functionality out."

Microsoft's information sharing is an attempt to address the European Union's competitive concerns so it can release Vista on schedule in Europe.

Microsoft said Friday that the guidance it had received from the EU, and the changes it's making in response, have persuaded it to proceed with the product's worldwide release schedule.

"We tried to digest their feedback and take action, and then understand whether we thought that that would really put us in that position where we were in compliance with EU law, which we think we are," Microsoft Chief Executive Steve Ballmer said on the sidelines of a news conference Monday in Rome.

Vista is due out to business customers next month and to consumers in January. But the EU antitrust office has refused to back Microsoft's optimism that European concerns had been resolved.

"The jury is out," EU spokesman Jonathan Todd said Friday.

The EU and Microsoft have fought for years, and the 25-nation bloc levied a fine of $613 million on Microsoft in 2004.

McAfee didn't respond to repeated requests for comment Monday.

This report includes information from Bloomberg News and The Associated Press. P-I reporter Dan Richman can be reached at 206-448-8032 or danrichman@seattlepi.com.

HP Extends Tender Offer For Mercury (FT)

By Kevin Allison In San Francisco

Financial Times, October 17, 2006

Hewlett-Packard, the world's second-biggest computer maker, on Monday announced a further extension of its tender offer for Mercury Interactive, a business software group that was forced to de-list its shares earlier this year because of stock options backdating.

The move marked the third time HP has extended its tender offer, which values the software maker at $4.5bn. It came in spite of news that HP had locked up more than 90 per cent of Mercury's oustanding shares - far more than the amount needed to complete the company's biggest acquisition since its $19bn takeover of Compaq, a rival computer maker, in 2002.

One person familiar with the matter said Mercury's de-lisitng had complicated efforts to receive anti-trust approvals from regulators. The person said the delays were procedural and nature and were not expected to infuence the outcome of the tender offer.

HP declined to comment.

Katherine Egbert, an analyst at Jeffries & Co, said she was confident the deal was still on track. "I don't think anyone thinks it's at risk," she said. "HP want to compete more with IBM, and what they're missing is a substantial software business."

HP's tender offer values Mercury at $4.5bn, or $52 a share - a 33 per cent premium over the comapny's share price the day before the deal was announced in July.

Mercury's shares have traded on the over-the-counter market since January, when they were delisted from the Nasdaq stock market for non-compliance with filing requirements. Mercury has offered to pay $35m to settle backdating claims with the US Securities and Exchange Commission.

More than 100 companies are under investigation in the widening scandal over stock options backdating, which has recently claimed the jobs of several top executives, including William McGuire, the chief executive of UnitedHealth, one of the biggest US health insurers. Amnon Landan, Mercury's former chief executive, and two other top managers were forced out in November 2005 because of the scandal.

E.On Lawsuit Claims Acciona Misled SEC On Interest In Endesa (WSJ)

The Wall Street Journal, October 17, 2006

E.On AG said it filed a lawsuit in New York to clarify a situation about Endesa SA shares held by Spanish energy-and-construction company Acciona SA.

E.On, a German energy company, has accused Acciona of making misleading statements to the Securities and Exchange Commission about its strategic targets in buying a 10% stake in Endesa. Acciona denied the charges.

E.On has offered €37 billion, or about $46 billion, to take over Endesa, or €35 a share. It had bid €25.40 a share but increased its offer after Acciona bought a 10% stake in the Spanish utility to become its biggest shareholder.

E.On's lawsuit says information Acciona filed to the SEC was "false, inexact and incomplete" among other things, because "Acciona has contracts with third parties who intend to block E.On's bid." An E.On spokeswoman said it is unclear how many Endesa shares Acciona controls and whether Acciona has agreements with third parties on further share purchases.

Acciona said the New York court decided to request more information about the case but declined to grant the injunction by which E.On had sought to block any further stake buildup in Endesa by Acciona.

Silverman Testifies On Walter Forbes' Role In Cendant Merger (USAT)

By Greg Farrell

USA Today, October 17, 2006

BRIDGEPORT, Conn. — The retrial of former Cendant chairman Walter Forbes took a new twist Monday when Henry Silverman, the hard-driving founder of HFS, testified about his decision to merge HFS in 1997 with Forbes' firm, CUC International, to form Cendant.

Following the merger, in April 1998, Cendant disclosed that CUC executives had overstated their company's revenue by hundreds of millions of dollars.

The disclosure shocked investors, who went on a selling spree, wiping out $14 billion, or half the company's market capitalization, in one day.

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Nine years have passed since the revelation of the fraud. Several former CUC executives pleaded guilty to manipulating the company's earnings and have cooperated with prosecutors. E. Kirk Shelton, the former chief operating officer, was convicted by a jury in 2005 and sentenced to 10 years in jail.

But Forbes, 63, has fought the government to a draw. His previous two trials have ended in hung juries.

This third trial, which began last week in federal court here, promised to be a replay of the last two until Silverman took the witness stand Monday.

Before the CUC blow-up, Silverman, 66, was known as a take-no-prisoners CEO who always delivered earnings to Wall Street. He told jurors that after he and Forbes agreed to merge their companies in 1997, they went on a "road show" to convince investors that the match-up would increase shareholder value.

Forbes, he said, did most of the talking about the merged company's strategic vision.

"I was blown away," Silverman said. "I thought it was incredibly compelling. It was a complex subject, one in which Walter Forbes displayed quite a lot of knowledge. It was a very impressive performance."

A few months after agreeing to merge the companies, Silverman testified, Forbes told him he was "depressed and unhappy" about the direction the merger was taking. Silverman drove from Manhattan up to Connecticut, where Forbes' business was based, to find out what the problem was. At the coffee shop of a nearby hotel, Forbes complained that Silverman's team was acting as though HFS was buying CUC.

In a previous trial, Forbes testified about the same meeting. But on Monday, Silverman disclosed for the first time that the defendant was particularly concerned about the fate of one employee in CUC's accounting department, Anne Pember. Forbes allegedly told Silverman that Pember was "kind of the glue that keeps the company together" and that if she left, lots of other people would follow.

Pember, who pleaded guilty and testified against Shelton two years ago, said last week that she had very little direct contact with Forbes. It wasn't until the merger with HFS took place that Forbes insisted she stay on to help with certain accounting issues, she testified.

Later this week, the government is expected to call CUC's former CFO, Cosmo Corigliano, to testify. Corigliano has pleaded guilty and is the only CUC executive to allege that Forbes was directly involved in the fraud.

Oshkosh Truck To Buy JLG Industries For $3 Billion (NYT/AP)

The New York Times-AP, October 17, 2006

MILWAUKEE (AP) -- Military and commercial vehicle maker Oshkosh Truck Corp. on Monday said it is buying JLG Industries Inc., a maker of aerial work platforms and booms, for about $3 billion in cash.

Oshkosh chairman, president and CEO Robert G. Bohn said the deal continues Oshkosh's transformation into a global specialty vehicle maker.

"We will have the size and the scale to be more competitive in the market, and we will be generating a significant amount of cash, cash that we will use to rapidly pay down our debt," Bohn said in a conference call Monday.

The deal, which has been approved by the boards of both companies and still requires the approval from JLG shareholders and antitrust regulators, is expected to close in early December.

The company agreed to pay $28 per share for JLG, which represents a 35 percent premium over the stock's Friday closing price of $20.75. According to the New York Stock Exchange, JLG has 106.7 million shares outstanding.

Oshkosh will also assume more than $200 million in JLG debt as part of the deal.

JLG shares climbed $6.78, or nearly 33 percent, to $27.53 in afternoon trading on the New York Stock Exchange while Oshkosh shares sank $3.02, or 5.4 percent, to $52.52.

Oshkosh, which plans to finance the purchase with a $3.5 billion line of credit from Bank of America, expects the deal to add "modestly" to per-share earnings in fiscal 2007.

JLG, based in McConnellsburg, Pa., had $2.3 billion in revenues this fiscal year, with sales estimated to grow between 20 and 25 percent next year, Oshkosh said. The company is the top provider of aerial platforms in North America and Europe.

Oshkosh already has 9,400 employees and will be adding JLG's 4,000, it said. JLG, which makes the Manlift and Toucan brands of aerial work platforms and Caterpillar-branded telehandlers, has manufacturing plants in the U.S., Belgium and France. Aerial work platforms lift workers so they can perform tasks at heights they could not otherwise reach while telehandlers are similar to cranes that lift building materials.

There will be no cuts to factory jobs, said Charles L. Szews, Oshkosh executive vice president and chief financial officer. Oshkosh also expects key officers of JLG to remain, he said.

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Bohn said the company estimates annual growth between 3 percent and 6 percent through 2010, with JLG eventually making up 40 percent of sales and income. The integration of JLG should take between 18 and 24 months, Oshkosh said.

Bohn said he was excited about "the opportunity to grow this business on a global basis and to share the best practices between the two companies."

JLG chairman, president and CEO William M. Lasky said the company expects an easy transition into Oshkosh. JLG was not for sale when Oshkosh approached them, he said.

"To be honest, I was hoping to find a reason why I didn't think it would be a good fit for JLG. Unfortunately, that didn't last very long when I looked at the success and track record of Oshkosh," Lasky said.

Also this year, Oshkosh announced cash deals to buy AK Specialty Vehicles from medical device maker HealthTronics Inc. for $140 million and Iowa Mold Tooling Co., a maker of general mechanics, for $131 million.

Macquarie Wins Battle For Thames Water (FT)

By Lina Saigol And Rebecca Bream

Financial Times, October 17, 2006

Macquarie, the Australian bank, on Monday night won the hotly contested auction for Thames Water, the UK's biggest water company, which is being sold by RWE, the German utility group, in a deal valued at £8bn.

Macquarie's European infrastructure fund is leading a consortium called Kemble Water, which bid the highest price for Thames.

It beat three other serious bidders in the auction, including Qatar Investment Authority, which had teamed up with UBS's global infrastructure fund.

The Thames deal, which includes £3.2bn of debt, is subject to approval by RWE's supervisory board at a weekend meeting. If approved, the sale is due to close by early December.

The deal marks the biggest buy-out in the UK this year.

Terra Firma, the private equity group headed by Guy Hands, had also bid for the asset, as had Alinta, the Australian energy group. Alinta was planning to launch a A$5bn (£2bn) share issue to fund the deal if it won.

Final fully financed bids were submitted for Thames on Saturday. The deal comes days after Macquarie sold its stake in South East Water to funds linked to Westpac, a rival Australian banking group, to remove a potential regulatory barrier to its bid for Thames.

RWE had been running a dual-track process on Thames to assess whether it should sell the company or float it.

Goldman Sachs had been appointed to carry out the sale, while Deutsche Bank had been handling a potential initial public offering.

RWE bought Thames, which has more than 13m customers across London and the south-east of England, for £4.3bn in 2000. The German utility is understood to have booked a profit of about €500m on the sale of the business. RWE, headed by Harry Roels, admitted its foray into water had not been a success.

The German utility said this year that it was selling Thames to concentrate on the higher-growth energy business. The company has repeatedly failed to meet targets set by Ofwat, the water regulator, on leakage.

In July Ofwat ordered Thames to pay an extra £150m to replace old water mains.

RWE is also selling American Water, its US business, through an IPO scheduled for next year.

UK water assets have been attracting high valuations from infrastructure bidders, including pension funds, because they offer stable returns that can match the funds' liabilities.

Stocks in these companies have risen sharply on the back of takeover speculation.

AWG, which owns Anglian Water, is also in play, having received a £2.2bn bid from Osprey, a consortium comprising Australian and Canadian infrastructure and pension funds.

The losing bidders for Thames may turn their sights on AWG. However, Osprey has already increased its offer for the water group in an attempt to see off any possible counterbid.

Steeling Jobs (WSJ)

The Wall Street Journal, October 17, 2006

"For decades, U.S. auto companies did not intervene in steel trade cases. We do so now because further relief is unjustified -- and it is undermining American manufacturing competitiveness."

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For the sake of the American economy, we hope that statement gets someone's attention at the International Trade Commission (ITC) today. It's from the six largest automobile manufacturers in the U.S. -- General Motors, Toyota, DaimlerChrysler, Ford, Honda and Nissan.

On the table before the ITC today is whether the anti-dumping duties imposed in 1993 on "corrosion-resistant steel" should be lifted. This steel is crucial to making cars. Pushing back against the automakers, steelmakers are expected to argue, as they did 13 years ago, that they need the duties to repel unfair foreign competition and avoid harm.

Well, times change, and it's time to lift these duties on steel. This isn't 1993.

It's hard to overstate the importance of access to corrosion-resistant steel for American manufacturing. Auto makers need it for exterior body panels, doors, hoods, roofs and fenders -- in other words, to produce a car. It is used in making auto parts, construction materials, appliances and consumer hardware. Metal fabricators, many of them small family-owned operations scattered across the American heartland, depend on it. From corporate America to Mom and Pop operations, the U.S. needs this steel to stay in business. The automakers will testify on the side of the foreign companies accused of dumping, but in fact they're testifying for the U.S. economy.

Under U.S. trade law, the duties can't be lifted unless it can be shown that the petitioning industry -- steel -- is no longer exposed to harm from competition. The protectionists at the U.S. Commerce Department haven't helped matters by releasing a report claiming that without the duties "dumping" would resume. But as the nation's steel users are arguing, that report drew its conclusions from market circumstances in 1993. There's little doubt that the dynamics of the global steel market are entirely different than they were 13 years ago.

For starters, since 1993 the U.S. government has absorbed two-thirds of Big Steel's pension "legacy" costs ($9 billion), which was one of the biggest barriers to the industry's consolidation. Data showing a 70% increase in prices for corrosion-resistant steel in 2004-2006, compared with the 2000-2003 period, suggest that the reorganized U.S. industry has strong pricing power. Big Steel is also turning in impressive profitability numbers, easily outstripping the 5.5% profit-on-sales average reported by the Census Bureau for durable-goods manufacturers as a whole in the first half of 2006.

Pricing power and profitability are a direct consequence of the supply restraints caused by anti-dumping duties. Those duties, which can range from 2% to 40%, are also assigned retroactively; so foreign sellers of steel to the U.S. -- which have to collect the duty as part of their price -- never know what their final financial exposure will be. This discourages many foreign companies from even thinking about shipping steel to the U.S. And with global demand for steel strong, why bother? Meanwhile, U.S. users of steel find reliable supplies at globally competitive prices hard to come by. U.S. mills have been known to refuse quotes and limit order size.

Big Steel, which employs 130,000, might want to consider the consequences of squeezing its own customers. U.S. car makers and the auto-parts industry support 2.4 million jobs, and the auto sector buys about half of all U.S. shipments of corrosion-resistant steel. If these businesses move off-shore, U.S. steel will have to compete without the protection of the ITC.

The auto industry says it already buys "the overwhelming majority of [its] steel from U.S. steel mills and will continue to do so irrespective of the outcome of this dispute." But that may not be the case if companies that need steel move their manufacturing businesses off-shore. As Josephine Cooper, Toyota group vice president says, "There is no longer an economic basis for keeping these duties. The steel industry benefits from unnecessary protection while the duties hurt a much wider sector of the U.S. economy."

ENVIRONMENT/INDIAN AFFAIRS:

Judge To Decide On Setting Deadlines For Everglades Restoration (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, October 17, 2006

Lawyers for the state Department of Environmental Protection and South Florida water managers urged a federal judge Monday not to issue an order imposing deadlines for Everglades restoration work, contending it is both illegal and unnecessary.

Charles Demonaco, attorney for the state agency, told U.S. District Judge Federico Moreno that a federal court has no business imposing its will on how a state follows its own laws. Demonaco said a cleanup plan meeting court approval for the Everglades is already enshrined in state law, making a court order unneeded.

"There is a long-term plan that is in effect," Demonaco said at a hearing. "A federal court would be intruding in the daily activities of a state. That would be an unlawful order."

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But Dexter Lehtinen, attorney for the Miccosukee Tribe of Indians of Florida, said court orders are the only way to ensure that Florida agencies continue to meet the terms of a settlement reached over a decade ago to restore the Everglades and reduce phosphorus-laden runoff from continuing to damage the ecosystem.

Lehtinen, a former U.S. attorney, said without such court supervision Florida officials could modify their restoration plan unilaterally. The Miscosukees consider the Everglades their ancestral home and have joined the case to ensure enforcement of water quality goals.

"It's a question of ordering them to do what they have promised you they would do," Lehtinen told Moreno. "The long-term plan means nothing without your court order."

Moreno appeared skeptical of claims by the state and South Florida Water Management District that he should do nothing but "monitor" compliance, noting that the state's power to act alone was "a big hole" in dealing with any future violations of the original cleanup settlement.

"They just don't want an order. I'm not understanding quite why they don't," Moreno said.

Edward Geldermann, a U.S. Justice Department attorney representing the federal side of the agreement, said because the state is doing a great deal of work as promised a new court order from Moreno would be "unnecessary." But Geldermann stopped short of saying Moreno had no authority to do so.

The hearing marked the latest skirmish in the implementation of a multbillion-dollar plan by the state and federal governments to restore the Everglades. Moreno must decide what to do in response to a 108-page report by a special master he appointed, who found in July that there have been water quality violations of the court agreement.

The state's position is essentially that everything that can be done is being done and that Moreno need only keep a close watch on how work proceeds. The cornerstone of the project is construction of huge filtering marshes intended to keep phosphorus-laden runoff from farms, towns and other sources from getting into the Everglades.

Moreno did not indicate when he would rule.

ConocoPhillips Will Pay More Than $2.3 Million For Dalco Spill (SEAPI)

Seattle Post-Intelligencer, October 17, 2006

In a settlement reached Monday with the U.S. Justice Department, ConocoPhillips will pay more than $2.3 million in costs and penalties for a 2004 incident that spilled more than 1,000 gallons of crude oil in Puget Sound's Dalco Passage.

The agreement with the company, and its wholly owned subsidiary, Polar Tankers, was reached following an extensive investigation by the U.S Coast Guard and the state Ecology Department following the Oct. 13, 2004 spill. The investigation found that the tanker Polar Texas released the oil as it took on ballast while departing Commencement Bay.

The spill went unnoticed until the following morning when the captain of a tug boat reported oil in the water south of Vashon and Maury islands. Although state law requires the offending vessel to report and participate in the cleanup, the Polar Texas did neither, the Coast Guard said yesterday in a press release.

The $2,233,293.94 in pollution removal costs under the federal Oil Pollution Act of 1990 represents 100 percent of all costs the federal government incurred during cleanup operations in Dalco Passage. The federal and state government's claims against ConocoPhillips for injuries to natural resources, however, have not been resolved and are not included in the total.

ConocoPhillips, however, also will pay an $80,000 civil penalty under the federal Clean Water Act. Last Friday, the state Ecology Department settled a $540,000 claim against the oil corporation under state law.

"Today's settlement with ConocoPhillips sends a strong signal to the tank vessel industry that those who spill oil and pollute the pristine waters of Puget Sound will be held fully financially accountable," said Coast Guard Capt. Steve Metruck, Captain of the Port for Puget Sound.

The spill spread patches of oily sheen as far south as the Tacoma Narrows and as far north as Eagle Harbor. The sheen touched more than 15 miles of shore along Colvos Passage, the Narrows and Quartermaster Harbor and left a filmy coating along six miles of southern Vashon and Maury islands.

At its height, the response and cleanup involved nearly 300 people, 10 oil-skimming vessels, 24,000 feet of boom, three helicopters and other boats and equipment, the Coast Guard said.

An estimated 59 tons of oily debris were recovered from shoreline cleanup, as well as nearly 7,000 gallons of oily water from skimming operations.

FBI/DEA/ATF/USMS:

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Money-laundering Scheme Puts Lawyer Through The Ringer (SEAPI)

Seattle Post-Intelligencer, October 16, 2006

Apparently meant to be a money-laundering scheme, the purchase of this Laundromat didn't wash with federal drug investigators.

Medina lawyer Stephen Plowman, who represented a cocaine trafficker, pleaded guilty Monday in U.S. District Court to a financial reporting crime after helping his client buy the Queen Anne Maytag Laundry.

Plowman, 51, admitted he received more than $100,000 in cash from his client to buy the Laundromat for him in June 2005 and failed to file a currency transaction report, federal prosecutors said.

The Internal Revenue Service requires reporting of cash payments of more than $10,000 received in a trade or business. Willful failure to do so is a felony.

Federal prosecutors said Plowman's client, Carlos Ford, wanted the Laundromat to launder drug proceeds. After buying the business, Ford has been convicted of conspiracy to distribute cocaine and was sentenced last month to 10 years in prison.

Under a plea agreement, Plowman admitted that he had failed to file the required currency transaction report on more than one occasion.

Prosecutors said Plowman received close to $120,000 in cash from Ford's cocaine trafficking, using $100,000 for part of the purchase price of the Laundromat and using the rest for Laundromat expenses and for his fee.

Plowman also received two cashier's checks totaling about $56,000 from Ford for the purchase. He paid $160,000 in cash and check for the Laundromat but wrote a purchase agreement that listed a sales price of $60,000 in an attempt to hide the drug money.

The guilty plea by the lawyer "sends a strong message that no one is above the law," said Rodney Benson, special agent in charge of the Drug Enforcement Administration in Seattle.

Plowman will be sentenced Jan. 27. The prospective sentencing guideline for his crime is 18 to 24 months imprisonment, with a maximum sentence of 10 years.

More headlines and info from Queen Anne.

Clogged Sinuses? Sign In, Please (HARTC)

By Hilary Waldman, Courant Staff Writer

The Hartford Courant, October 16, 2006

Cold Medicine Goes Behind The Counter

In the two weeks since a federal law put more than a dozen popular cold and sinus pills behind the drugstore counter, the Arrow Pharmacy in Hartford has not sold a single box of Sudafed.

It may be that it's not really cold season yet, pharmacist Eddie Martucci speculated.

Or it may be that customers are put off by a new law that requires them to show a photo ID and sign a logbook before purchasing products that contain pseudoephedrine, the key ingredient in many popular nasal decongestants.

It's a "pain," said Angelo DeFazio, owner of the Arrow Pharmacy on Farmington Avenue.

The behind-the-counter rule, which started Oct. 1, is designed to make it harder for criminals to buy large quantities of legal pseudoephedrine and to use it to produce the illegal drug methamphetamine. The logbook must be made available to agents of the U.S. Drug Enforcement Administration, who are authorized to inspect pharmacies to enforce all U.S. drug laws.

The law, part of the federal Combat Methamphetamine Epidemic Act and included in the anti-terrorist Patriot Act, is designed to keep popular nasal decongestants available without a prescription, while curbing their use to make illegal drugs.

Using large quantities of cold medicine, household drain cleaner, ordinary batteries, and recipes available on the Internet, it has been easy for drug abusers to produce large quantities of crystal meth in home laboratories.

On the upside, DeFazio said, the law allows pharmacists to monitor pseudoephedrine sales and to warn people with problems such as heart conditions that they probably should not be taking the drug. He said, despite the hassles, that he supports the law.

"It's well worth it," DeFazio said. "We've had some of these illegal meth labs in some very obscure little towns."

Beyond the hassle factor, some pharmacists suspect consumers may be buying the wrong cold medicine. Some pharmacists say sales of Sudafed and its generic equivalents are down because customers are confused by a look-alike product called "Sudafed PE" - which does not have pseudoephedrine and is still available on open drugstore shelves.

With only look-alikes on the shelves, some people are accidentally settling for cold products that don't work as well as those behind the counter, said Alan Rosenthal, a pharmacist at Suburban Pharmacy on North Main Street in West Hartford.

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In a pharmaceutical journal article published last summer, two University of Florida pharmacists said the alternative product, Sudafed PE, or its generic equivalent, is not effective. The "PE" stands for phenylephrine, a compound that is not sufficiently absorbed into the blood stream to make it effective as an oral nasal decongestant, pharmacists Leslie Hendeles and Rancy C. Hatton said in the journal article.

Pfizer, the maker of Sudafed and Sudafed PE has said that the alternative drug does work and that customers who prefer the original are free to ask for it at the pharmacy counter.

Rosenthal said some of his customers have brought the PE products to the counter and asked for his advice.

"I tell them that pseudoephedrine is a better product," Rosenthal said.

He said few customers have balked at producing identification or signing the logbook once he explained the law. To purchase a pseudoephedrine product, customers must record their name, address and date of birth in a log book that pharmacies must keep behind the counter. They also must show a photo ID.

At some pharmacies, asking for pseudoephedrine products at the pharmacy is nothing new. Last year, several large chain stores including Walgreens, CVS and Wal-Mart voluntarily placed products containing pseudoephedrine behind the counter.

The signature requirement also is not unprecedented, said Martucci of Arrow Pharmacy. He recalled that in the late 1970s a customer signature was required for the purchase of paregoric, an opium-based medicine that was used to treat diarrhea in children and teething pain in babies. Paregoric has since been pulled from the market.

White House Commends Montana Meth Project (AP)

AP, October 17, 2006

The Montana Meth Project, a campaign with graphic messages about the perils of methamphetamine use, received White House recognition Monday.

John Walters, director of the White House Office of National Drug Control Policy, appeared in Great Falls and cited the project as one of the nation's most powerful anti-drug efforts. Walters presented a certificate of recognition, which business tycoon and part-time Montana resident Tom Siebel accepted on behalf of the project.

It is funded by the Thomas and Stacey Siebel Foundation. The project begun in 2005 aims to discourage first-time use of meth by teenagers. The campaign includes gritty television, newspaper and billboard portrayals of meth users.

The project is Montana's largest advertiser, and its messages reach 70-90 percent of the state's teens at least three times a week, according to the White House. Besides the advertising, the project includes work to mobilize community groups against meth.

"The Montana Meth Project is a key component of a balanced strategy against meth and is an extraordinary example of the results we can achieve when we combine the power of advertising with the dedication and expertise of the leaders of this community," Walters said.

Larimer/Weld Summit Takes On Meth Issue (COL)

The Coloradoan, October 16, 2006

About 100 community leaders looking for solutions to the growing use of methamphetamine in Larimer and Weld counties gathered today for a day-long summit at The Ranch, Larimer County's fairgrounds and special events complex.

Participants were told meth, a powerful stimulant that is highly addictive, takes a toll not only on users but on the community as well, through higher human services costs and a clogged criminal justice system.

About 80 percent of the meth found in the United States comes from Mexico or large "super labs," said John Horton, associate deputy director of the White House Office of National Drug Control Policy.

The number of small labs in the country is down 29 percent in recent years, he said.

Partnerships between governments at home and abroad are needed to curtail the production and use of the drug, Horton said.

"We know we can make a difference when state, national and local communities come together," he said. "That's why drug use is down in this country."

Officials Discuss Growing Problem Of Meth Use At Regional Summit (GT)

Greeley (CO) Tribune, October 17, 2006

Multiple, easily-accessible chemicals melded into one substance has created a drug of choice that has led to many social problems.

The problem of methamphetamine use has become so large in the region that its abuse prompted leaders from Weld and Larimer counties to gather Monday at The Ranch in Loveland to discuss the problem of the drug's abuse in northern Colorado.

About 70 people participated in the day-long brainstorming session. State, county and city government officials, law enforcement representatives and people from local treatment centers in both counties joined the discussions.

John Horton, associate deputy director for state and local affairs in the White House Office of National Drug Control Policy, spoke early in the meeting about the national problem. He said local governments need to lead the way in tackling the problem and he applauded Colorado's laws that make it more difficult to purchase ingredients used for the drug.

Experts talked about the drug problem that is correlated with child abuse and neglect. More information about the addictive drug set a solemn tone at the meeting.

Deb Hill, a drug and alcohol counselor at Island Grove Regional Treatment Center in Greeley, spoke about the day she discovered meth. The day before she graduated high school, one of her cousins shared the drug with her.

"As soon as I used that first line I knew that things were going to change," Hill said.

But things didn't change immediately. Hill said she found a substance that gave her a surge of energy and empowered her when she was uncomfortable.

"Methamphetamine worked for me," Hill said. "I used it for the weekend and stopped in time to go to work."

Eventually she used the drug during the week and couldn't hold a steady job. Hill said she ended up in a homeless shelter with a 6-month-old child and eventually gave birth to her third child who was born affected by the drug.

But all was not lost.

"We do recover," Hill said. "We become responsible, productive, loving parents."

That message hit Scoot Crandall, executive director of TEAM Fort Collins.

"I came here with the idea that there's no such thing as a recovering meth addict, but that's not true," Crandall said.

Area leaders shared ideas about how to prevent, intervene and treat addictions. Possible partnerships could develop in the future.

"There was good dialogue," said Weld County Commissioner Dave Long. "That's always the beginning step. Everybody had open minds. Now we just have to draw on what the positive ideas are."

Plan Called A Meth Gateway (DENP)

Denver Post, October 17, 2006

Loveland - A proposal on the state ballot to loosen marijuana laws in Colorado would make it harder to fight the war on methamphetamine abuse, a federal drug official said Monday.

John Horton, a former Oregon prosecutor, said Amendment 44 - which would allow people 21 and older to legally possess an ounce or less of pot - would make marijuana accessible to more people and allow them to fall victim to the highly-addictive and destructive properties of methamphetamines.

"Many meth addicts say they started with marijuana," said Horton. "So I don't think we want Colorado to be a testing ground for new marijuana laws."

Horton, associate deputy director for state and local affairs in the White House Office of National Drug Control Policy, spoke at a summit sponsored by officials in Larimer and Weld counties.

The meeting was called to compare notes and arrive at strategies to deal with the spread of methamphetamine use and meth labs in northern Colorado.

Both counties report big increases in meth use in just the past few years. In Weld County, for instance, the Island Grove Treatment Center in 2005 saw a 62 percent increase in women who were pregnant and admitted using meth and a 20 percent increase in the total number of those admitted - 860 - who reported meth use.

Meth is highly addictive and often leads to job loss, homelessness, health problems and deadly violence, say officials and past users.

Deb Hill, a counselor at Island Grove, said she was seduced by meth just before her high school graduation. The drug made her feel confident and outgoing, two qualities she lacked.

"When I used that first line, I knew things were going to change for me," Hill said.

But slowly meth began to chip away at her life and she lost her family and became homeless. "I had track marks up and down my arms, and I went 12 days without sleep or food," Hill said. "I knew my life didn't work."

Social service workers helped her recover, and she implored the 100 or so gathered at Monday's summit to work together to solve the meth problem.

"You are the decision-makers; you are the movers and shakers. You can make a difference," Hill said.

Horton said there have been strides in cutting meth traffic, including reducing the number of small labs in the country by 29 percent. He said efforts like Amendment 44 would only hurt the fight, however, because marijuana is a "gateway drug."

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Mason Tvert, campaign director for Amendment 44, said Horton and other officials are using scare tactics to sink the proposal. Recent studies have shown marijuana's status as a gateway drug is overblown and most illicit drug users start with alcohol and tobacco, Tvert said.

He added: "They need to point out to people that there are other drugs out there we need to talk about besides marijuana."

Colombian Man Gets 15 Years In Cocaine Bust (NDN)

Naples Daily News, October 16, 2006

A Colombian man caught with nearly two tons of cocaine in international waters was sentenced today in Fort Myers to 15 years in prison.

Leopoldo Caiceda Caiceda, 57, of Buenaventura, Colombia, pleaded guilty in June to possession of cocaine and conspiracy to possess with the intent to distribute cocaine.

He was found last December along with three other men in a fishing boat off the coast of Costa Rica. In their wooden fishing boat U.S. Coast Guard officials found 3,500 pounds of cocaine, said Chief Assistant U.S. Attorney Doug Molloy.

"The retail value of this is almost unimaginable," Molloy said.

The drugs are suspected of being en route to Florida, which is why Caiceda was being prosecuted here. Caiceda's 190-month sentence was the harshest among the men found in his boat. He was considered the captain of the boat, which is why he received the harshest punishment from U.S. Magistrate Sheri Polster Chappel, Molloy said.

Fellow Colombians Victor Manuel Lemos Vasquez, 37, of Calle-Primera; Mauro Luis Badillo Lozano, 41, of Bahia Solano; and Jaime Beltran, 53, of Cali; each received 135-month sentences.

This is the second time Caiceda was caught transporting drugs. In the mid-1990s he was picked up with 27,000 pounds of marijuana, Molloy said. For that offense he served five years in prison and was deported to Colombia.

Border Patrol, Lawmen Outgunned By Cartels (HC)

By Michelle Mittelstadt

Houston Chronicle, October 17, 2006

Homeland Security panel also says traffickers are forming ties with U.S.-based gangs

The U.S. Border Patrol and other law enforcement agencies at the U.S.-Mexico border are outgunned by increasingly ruthless and well-armed Mexican drug cartels, a new congressional report concludes.

"The cartels use automatic assault weapons, bazookas, grenade launchers and improvised explosive devices," the House Homeland Security oversight subcommittee report said. "In contrast, U.S. Border Patrol agents are issued 40-caliber Beretta semiautomatic pistols."

The report, scheduled to be released today by U.S. Rep. Michael McCaul, R-Austin, said drug cartels are able to break the encryptions on Border Patrol and sheriffs' deputies' radios.

"Lookouts for the cartels, using military grade equipment, are positioned at strategic points on the U.S. side of the border to monitor movements of U.S. law enforcement," it continued.

Fear of terrorismEven as the traffickers expand their drugrunning routes to smuggle immigrants into the United States, they are forming dangerous alliances with U.S.-based criminal gangs such as MS-13 and the Latin Kings, according to the congressional panel.

McCaul, whose district stretches into western Harris County, chairs the subcommittee.

The former federal prosecutor expressed concern that trafficking networks could use their delivery routes to smuggle terrorists or weapons of mass destruction into the U.S.

"The thing that keeps me up at night when I think 'What can we do to prevent another 9/11?' is that they own these delivery routes," he said in an interview Monday.

Hezbollah members already have entered the U.S. from Mexico, the report confirmed.

"As if narco-terrorist violence were not enough, extensions of Middle East terrorism have crept into the United States," the report stated. "Islamic radical groups that support Hamas, Hezbollah and Islamiya Al Gamat are all active in Latin America."

McCaul said he commissioned the report to bring focus to the national security threat and rising violence at the border, which has witnessed a spree of murders and kidnappings linked to warring drug cartels, particularly in Nuevo Laredo.

The federal government has added Border Patrol agents, detention beds and high-tech surveillance systems to deter illegal crossings, he said, with less attention to the border's other problems.

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"We put billions of dollars in trying to stop the flow coming in, in a more reactive way, and what I'm suggesting is we also need to take a look at the other piece of this problem and identify what is the root cause and attack the root cause head on," he said. "In my view, the head of the snake is the cartels."

McCaul urged better intelligence gathering in Mexico and Latin America. And he called for greater cooperation with the Mexican government to crack down on the cartels.

Still, he acknowledged that expanding the partnership is difficult in light of persistent corruption in Mexican law enforcement ranks and the deadly attacks the cartels have launched on Mexican authorities.

Growing populationCiting federal estimates that the Border Patrol apprehends only 10 percent to 30 percent of illegal crossers, the report said as many as 10 million illegal immigrants may have entered the U.S. last year.

Estimates by the Pew Hispanic Center and other experts peg the illegal immigrant population in the U.S. at 11 million to 12 million.

And while federal law enforcement seized 1.1 million pounds of cocaine and 6.8 million pounds of marijuana, McCaul's staff estimated the total cocaine flow may have topped 11 million pounds.

"While the United States has taken positive steps to secure its borders, much more is needed to combat an increasingly powerful, sophisticated, organized and violent criminal network which seeks to move illegal contraband ... into our country for profit," the report concludes.

Rebel Head Said Plotted To Keep Hostages (AP)

By Hope Yen, Associated Press Writer

AP, October 17, 2006

WASHINGTON, (AP) -- The government said Monday that a top Latin American rebel leader plotted to keep three Americans hostage and use them as political bargaining chips after their plane crashed in Colombia.

But the defense portrayed Ricardo Palmera as a tangential sympathizer of the leftist FARC group who unfairly got caught in the middle after trying to negotiate a deal between guerrilla fighters and the U.S.-backed Colombian government.

"This man had nothing to do with the capture of the three Americans," said Palmera attorney Robert Tucker. "He became the pawn in the power play."

Justice Department attorney John Crabb opened his case by arguing that Palmera — better known by his nom de guerre Simon Trinidad — was guilty on charges of hostage-taking, conspiracy and providing material support to terrorists.

"We'll trade you hostages — including three Americans — for all FARC prisoners in jail. That was Simon Trinidad's offer," Crabb said.

"He admitted he was a member of FARC, he admitted FARC takes hostages," he said. "That man, Simon Trinidad, tried to use them as get out of jail cards for FARC."

Tucker countered that there was little evidence tying Palmera directly to the hostage-taking after the plane carrying the U.S. military contractors encountered engine trouble and crashed in February 2003.

"There's no evidence he's ever seen them," Tucker said. "There's no evidence he ever made any demand or talked to anybody."

A panel of 15 jurors and alternates listened intently. In the courtroom audience sat family members of the three American hostages.

"Despicable," muttered Jo Rosano, mother of Marc Gonsalves, as prosecutors laid out their case against Palmera.

A relaxed Palmera, dressed neatly in a dark suit and green tie, flashed a smile to the packed courtroom audience when he entered the courtroom. Once arguments began, he sat quietly, using headphones to listen to a Spanish translator.

The jury will decide the fate of Palmera in the 3-year-old kidnapping case, in which three Americans are believed to be held by guerrillas in the thick jungles of southeastern Colombia. The trial is expected to last five to six weeks.

Palmera, 56, was extradited in late 2004 after his capture in Ecuador.

FARC is demanding that the Colombian government release all of the group's imprisoned members, including Palmera, in exchange for the release of 62 hostages. The hostages include the three Americans on the plane — Gonsalves, Thomas Howes and Keith Stansell — who authorities say were defense contractors involved in a counternarcotics mission.

Palmera is also charged in the killings of two others on the plane, U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site, apparently shot to death. The prosecution has argued that the plane was shot down, although that is in dispute.

The trial is the latest evidence of a toughened U.S. stance against FARC. Since 2000, the U.S. has given more than $4 billion to Colombia to fight the insurgency and the world's largest cocaine industry.

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If convicted, Palmera could face 30 years in prison, the maximum allowed under the extradition treaty between Colombia and the United States.

A former banker from a wealthy family, the Harvard-educated Palmera says he took up arms to fight social injustice. FARC, along with a smaller leftist rebel group, has battled to topple the Colombian government for 42 years in a conflict that has claimed more than 3,000 lives every year.

He told The Associated Press in 1999 that he had chosen to "be alongside the progressive people fighting the 10 percent of landowners who are monopolizing 90 percent of Colombia's land."

The group funds itself through drug trafficking, extortion and kidnapping.

US General: Military Aid To Colombia Should Be Reduced (AP)

AP, October 16, 2006

The U.S. military's commander for Latin America says Washington should gradually reduce its roughly $600 million in annual military and anti-drug aid to Colombia, support that has been crucial to putting the region's most potent rebel force on the defensive.

"I'm not concerned there's going to be a loss of funding," Gen. John Craddock said Monday when asked about reports that the State Department wants to phase out Plan Colombia, which has provided the country with some $4 billion in total aid since 2000.

"First of all, there should be (decreased funding), over time. It makes sense. The Colombians are winning," said Craddock, a four-star general and former tank commander who this week ends a two-year stint as chief of the U.S. Southern Command.

"(The Colombians) are taking every year more and more responsibility for the conduct and the resources. That's the way it ought to be," said Craddock, who will be assuming command of U.S. forces in Europe and Africa and of NATO.

In an interview with several news organizations at his headquarters, Craddock said Colombia's defense minister, Juan Manuel Santos, is in agreement with reductions in U.S. military funding.

The U.S. aid has helped President Alvaro Uribe, elected in May to a second four-year term, make Colombia's highways and cities safer and cut the world's highest kidnapping rate roughly in half by putting the leftist Revolutionary Armed Forces of Colombia, or FARC, on the defensive.

And though it is questionable whether Plan Colombia has put a serious dent in drug trafficking from the world's leading cocaine producing nation, from which the FARC and other illegal armed groups benefit, the Colombian military's gains are measurable.

U.S. analysts say the FARC has been reduced by some 5,000 fighters to 12,000 since 2002 as Uribe boosted the number of police and soldiers by 30 percent, created elite anti-insurgency units and benefited from training by U.S. Special Forces and closer intelligence-sharing.

Colombia's military has also gained air mobility with the acquisition of a fleet of UH-60 Blackhawk helicopters.

But Uribe's armed forces have recently been beset by a series of scandals, including accusations of dozens of civilians killed by soldiers who claimed they were rebels and allegations that military intelligence officers have staged bombings and FARC surrenders to make it appear as if they have been weakening the rebels.

The most egregious scandal involved the May massacre of 10 anti-drug police by a military unit - a hit allegedly ordered up by cocaine mafiosos.

On other topics, Craddock said he believes there is greater democracy in the region than when he assumed command two years ago of Southcom's 1,200 soldiers and civilians in the Caribbean and Latin America south of Mexico.

"I think that if you take it on balance and look at the entire region there's cause for optimism," he said, adding that the results of Sunday's elections in Ecuador indicate democracy is working even in that chronically unstable country.

Leftist economist Rafael Correa, who vowed not to renew the U.S. base at Manta when its lease runs out in 2009, scored far fewer votes Sunday that pre-election polls indicated, forcing a November runoff with Alvaro Noboa, Ecuador's wealthiest man. Noboa is far more acceptable to Washington.

Craddock said the rise of populists in Latin America - he was careful not to name names - highlight his greatest concern about the region: that even with economic growth, little has been done to bridge the wide gap between rich and poor.

"I think that what we're seeing is a recognition that governments have an obligation in the region to eliminate poverty, reduce corruption and reduce the inequality," he said.

Craddock has in the past accused President Hugo Chavez of Venezuela of playing a "destabilizing" role by trying to export his "extreme populist movement" elsewhere.

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Asked for evidence of that Monday in the case of Bolivia, Craddock would not comment. But he denied that U.S. military ties with Bolivia have suffered, even as populist President Evo Morales strengthens military cooperation with Venezuela. He said U.S. soldiers are currently planning a humanitarian assistance mission in Bolivia under the "New Horizons" program, in which U.S. soldiers engage in construction projects and provide free medical care.

Craddock's replacement as Southcom chief, Adm. James G. Stavridis, takes over on Thursday. Like Craddock before him, Stravridis wears four stars and comes to the job after serving as a top military aide to Defense Secretary Donald Rumsfeld.

U.S. Taking Wait-and-see Approach On Ecuador, General Says (MCT)

By Carol Rosenberg

McClatchy Newspapers, October 16, 2006

MIAMI - Hailing democratic gains in Latin America, the departing head of the U.S. Southern Command said Monday that the Pentagon is taking a wait-and-see approach to whether Ecuador's elections will lead to the loss of a U.S. military base there.

In a wide-ranging interview with several reporters, Army Gen. Bantz "John" Craddock offered an upbeat assessment of the region where he has overseen U.S. military operations for the past two years. He next moves to Europe as NATO commander.

"I know there's been a lot of rhetoric from presidential candidates in Ecuador," he said - casting vows by the leftist candidate to end the U.S. military presence there as an "if, then" hypothesis.

"We'll have to see how it all sorts out," Craddock said. "And then we'll talk to the new government and see what kind of accommodations and agreements we can reach."

There is no certainty that the United States will have to abandon its down-range air operations at Manta, Ecuador, used by U.S. surveillance aircraft and other forces for anti-drug operations. A runoff election Nov. 26 will pit billionaire banana magnate Alvaro Noboa, who favors close ties with the United States, against Rafael Correa, a leftist who has vowed to close the base. Correa placed second in first-round elections over the weekend.

Craddock came to the Southcom post after serving as senior military assistant to Secretary of Defense Donald Rumsfeld.

His replacement, Adm. James Stavridis, takes command at Southcom Thursday, in a ceremony at the Doral, Fla., headquarters - a nine-mile commute from the Coral Gables residence that comes with the job.

"I won't miss the traffic. But I really like the area," said Craddock, who described South Florida as "eclectic," "international in flavor" and populated with academics and others who have keen interest in the region.

Coral Gables Mayor Don Slesnick, who has been among the staunchest backers of basing Southcom in South Florida, said Craddock led the headquarters at a tumultuous time in the region.

"I'll give credit to General Craddock for giving a steady course of action during his tenure and certainly helping calm the waves of a troubled sea," said Slesnick, who added that Craddock also found time to serve on the Orange Bowl Committee and speak to the Greater Miami Chamber of Commerce.

In the interview, Craddock said he was not concerned by predictions that the United States would cut funds to Plan Colombia, the roughly $600 million a year multi-agency U.S. program that has over the years spent billions of dollars to disrupt the drug trade and insurgencies that profit from it.

"First of all, there should be reductions over time. It makes sense," he said.

"The Colombians are winning, they are taking every year more and more responsibility for the conduct and for the resources. That's the way it ought to be."

In two years on the job, he said he has seen enhanced democracy across the region - and pointed to a dozen elections in the past year as the proof of it.

"I do think there is freedom of expression; look around at the elections this year. Think about it. Twelve or 13 that's happened already. It's been significant. The second round in Brazil, the second round in Ecuador - the process is working!" he said. "It's not like our process. But that's OK; it's fine. Every place is a little different. Some of the countries have 20 and 30 political parties."

Craddock spoke expansively for nearly an hour in a conference room outside his office, beneath a poster of Uncle Sam pointing and the slogan: "We're at war. Are you doing all you can?"

Craddock said the left-right struggles in the region don't threaten democracy - so long as the people can "hire and fire their government" through elections.

Democracy is endangered, he said, when people take their political grievances to the streets or resort to "extreme viewpoints on the left and right," and, ultimately, violence.

"I know there are many with pessimistic views of Latin America and the Caribbean basin in terms of fragile democracies, populist movements," he said.

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"But I think if you take it on balance and look at the entire region I think there's cause for optimism. ... As these democracies, however strong or fragile as they may be, continue to exist and grow, mature, I think that over time, the trends will be positive."

Moonshiners Nearly Extinct In W.Va. (CDM)

By Justin D. Anderson, Daily Mail Staff

Charleston Daily Mail, October 17, 2006

The West Virginia moonshiner is a vanishing breed made all but extinct by economics and modern law enforcement techniques, experts say.

Moonshine is not profitable to make for widespread sale anymore.

And in the modern era of ATVs and helicopter aerial searches, it's harder for a moonshiner to hide.

But moonshine hasn't gone away entirely.

An elderly Roane County man was recently arrested for allegedly shooting his nephew after a night of drinking moonshine. When police found Wayne Howard Mallory passed out in his trailer, they roused him and asked him about the shooting. Mallory couldn't remember anything about it.

In August, authorities seized $1 million worth of marijuana and a moonshine still at a Greenbrier County couple's 29-acre property.

"There's probably a bit of it going on, but I don't think it's a problem," said Paul Cross, agent in charge of the Charleston office of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Cross said his agency hasn't come across a real case of moonshine-making in about seven years. "People get into that stuff to make money," he said. "It doesn't seem to be economically viable to do it at this time."

Paul Rakes, a history professor at WVU Tech in Montgomery, knows a little something about moonshine. His grandfather made it in the basement and ran the exhaust from the still out the chimney.

The classic, romantic image of the moonshiner came from journalists writing after the Civil War, he said.

"The moonshiner, he's this person that's lived this agrarian life and the only thing that made him a criminal was the interference of the government," Rakes said.

Most were farmers who didn't have the means of transportation to get all their corn to market. It was easier to get corn whiskey to market.

People who made moonshine back then had to fight off taxmen -- or revenuers -- who trudged into the mountains to collect on the product. Moonshiners developed an attitude of "negative liberty," Rakes said, which means "If people leave me alone, I'll leave them alone."

Modernization mostly did away with that kind of attitude, Rakes said, but it still exists in some remote pockets of West Virginia. And these usually are the places where there's still some moonshine going around.

However, Rakes said: "The tools to locate and defeat moonshining are so advanced now. They've simply advanced beyond the ability to produce moonshine. It's just too risky.

"And the culture of the people is changing. You have skills and intelligence of the mountain that are passing away with these old practices of rebellion."

As late as 1988, Rakes said he went to a Christmas party where some state troopers showed up and brought some "excellent" hooch. He didn't ask them where they got it.

Kevin Barksdale, who teaches Appalachian history at Marshall, said the moonshine that's still around today is mostly made and kept within the small circle of family and friends. "It's always been a very familial thing passing around the jar," he said.

There's still pride in being able to make a good batch, he said. The social stigma of breaking out a jar seems to have passed, too. Barksdale said he was just at a bluegrass concert when, in the middle of the show, someone pulled out a big jar of moonshine.

Col. David Lemmon, superintendent of the West Virginia State Police and a longtime law enforcement officer can remember busting stills back in the 1950s and 1960s while he was stationed at the Chelyan detachment.

Even back then, he said it was a declining problem. Lemmon said they'd occasionally find a still in an out-building or an abandoned mineshaft.

Lemmon said he remembers patrolling the area around Campbell's Creek back in the early 1960s when he dropped in behind a Beckley man driving a Buick on U.S. 60.

The guy took off and Lemmon gave chase. The suspect went around a curve a little too fast and ended upside down in the creek. Jars of moonshine busted everywhere.

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"He was bringing it in," Lemmon said. "He wasn't drunk, he was just driving too fast. He didn't get hurt seriously."
Those days are mostly gone, though, Lemmon said. It's unusual for troopers to make this kind of discovery.
And that's all right for Lemmon, who never did see the big attraction in moonshine, anyway.
"I never did taste any of it that tasted good," he said. "I always thought it smelled like kerosene."
Contact writer Justin D. Anderson at justin@dailymail.com or 348-4843.

IMMIGRATION:

Child Abuse Lawsuit Creates Immigration Waves (CBS2CHI)

By Rob Johnson
CBS 2 Chicago, October 17, 2006
(CBS) CHICAGO A child abuse lawsuit aimed at helping illegal immigrants stay in the country is creating some waves.
Some people believe the lawsuit in support a Chicago mother and her son misses a critical point, and CBS 2's Rob Johnson reports that others believe it's right on target.
The immigration debate has become one of America's most pressing issues. The latest salvo fired came last week with the filing of a class action lawsuit on behalf of children like 7-year-old Saul Arellano, whose mother Elvira is hunkered down in a Humboldt Park church fighting deportation.
The suit names President Bush and Attorney General Alberto Gonzales, among others, and claims that such deportations are a form of child abuse.
"They should be able to live in this country with their parents and that is not happening," said Emma Lozano with the Center Without Borders.
That strategy, says CBS 2 legal analyst Irv Miller, is a long shot.
"It's probably not going to be a class action, which is what the mom and the child want it to be to gain the notoriety," Miller said.
But UIC child psychiatry professor Dr. Bennett Leventhal believes that a child in that type of situation faces real emotional damage.
"I think it would be an abusive thing to forcibly separate children from their parents under circumstances like that where it is clearly avoidable," Leventhal said.
But there are others, like Michelle Jacobsen with the Chicago Minuteman Project, who contend that Elvira Arellano is confusing the entire issue.
"Why did a mother put her child in this situation? Because the government didn't do that to her. The government didn't force her to come over the border," Jacobsen said. "The government didn't force her to fraudulently use a Social Security number or to have a child over here when she was illegal. She made all of those choices herself."
Supporters of undocumented immigrants are planning to have many of these children at a huge rally in Washington on Nov. 3, hoping the president will hear their pleas.
Their opponents vow to continue talking about how they believe illegal immigration is hurting this country.

Some Democrats Send A More Conservative Immigration Message (NYT)

By Rachel L. Swarns
The New York Times, October 17, 2006
CHATTANOOGA, Tenn., Oct. 11 — In Washington, the Democratic leadership in Congress has maintained a united front on immigration, demanding legislation that would legalize illegal immigrants and create a guest worker program to ensure a reliable legal flow of foreign workers.
But here in Tennessee, and in at least a dozen other fiercely contested Congressional races, Democratic candidates are publicly breaking with that message.
In North Carolina, Heath Shuler, a former Washington Redskins quarterback who is running for Congress, ran a television advertisement declaring he would never “give amnesty” to illegal immigrants. In Georgia, Representative John Barrow has played up his vote to build a fence on the southwest border. In Ohio, John Cranley, the challenger to the Republican incumbent, Representative Steve Chabot, has accused Mr. Chabot of voting to legalize hundreds of thousands of illegal immigrants.
In this state, Representative Harold E. Ford Jr., the Democrat running for Senate, reminds voters repeatedly that federal agents raided his Republican opponent’s business and found four illegal immigrants working there. Mr. Ford also proudly

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describes his vote for the border security legislation passed by the House last year, a measure condemned as anti-immigrant by many Democrats in Congress.

"I'm the only person on this stage who has ever voted for an anti-illegal-immigration bill, matter of fact the strongest in the country," Mr. Ford said this week in a debate with his Republican opponent, Bob Corker. The congressman emphasized that his position put him at odds with his party and with President Bush, who pushed for legislation to grant legal status to illegal immigrants.

The vast majority of Democrats in Congress support their leadership's call for legislation that would grant legal status to illegal immigrants and toughen border security. And politicians of all stripes go against their party leaders, on occasion, to address regional concerns. But the appearance of some candidates vying to be tougher than Republicans on border security, particularly in tight races in conservative states, shows how divisive the immigration issue remains.

The tough border security message is carried mostly by Democrats in the South and the Midwest, where a surge of Hispanic immigration is transforming small towns and cities. In such communities, some candidates are deriding legalization as amnesty, proclaiming border security as their priority or criticizing Republican challengers as failing to stem the tide of illegal immigration.

This stance has fueled an outcry from immigrant advocacy groups, including the National Council of La Raza and the Tennessee Immigrant and Refugee Rights Coalition, which have accused some Democrats of abandoning their principles. They warn that Democrats and Republicans who demonize immigrants risk alienating Hispanic voters, who are expected to constitute a powerful bloc in coming years.

Democratic leaders have been treading carefully. This summer, the Democratic Senatorial Campaign Committee withdrew an advertisement from its Web site displaying images of people scaling a border fence along with images of Osama bin Laden and President Kim Jong Il of North Korea. Several Hispanic groups had complained that it unfairly likened immigrants to terrorists.

"There is a disconnect between what the national party sees as rational policies and what Congressman Ford and other Democrats have determined they need to do to win," said David Lubell, the director of the Tennessee immigrant rights coalition. "These Democrats are trying to out-right the right."

Representative Jeff Flake, Republican of Arizona, who supports the legalization of illegal immigrants, also lamented the emergence of the trend in his state. "It's who can claim 'I'm not for amnesty' and who can say that the loudest," Mr. Flake said.

Republican campaign officials dismiss the phenomenon as insignificant, arguing that most Democrats still remain vulnerable on immigration, particularly among conservative voters.

"Democrats may try to talk a good game," said Carl Forti, a spokesman for the National Republican Congressional Committee, "but most of the incumbents have voting records opposite to what they're now trying to claim."

Some Democrats praise the shift in tone, saying internal polling shows that the traditional message of support for legalization for illegal immigrants lacks the backing of many middle-class voters, regardless of party affiliation.

"They think that Democrats are on the side of illegal immigrants even at the expense of citizens," said Jim Kessler, vice president for policy at the Third Way, a centrist Democratic research group that has conducted polling on immigration. Mr. Kessler, who in recent months has briefed senior Democratic campaign officials and the staffs of dozens of Democratic candidates, has been advising them to take the offense on border security by charging that immigration enforcement has faltered under Republican leadership.

Representative Rahm Emanuel of Illinois, who is leading the Democrats' campaign to win Congress, and Senator Charles E. Schumer of New York, Mr. Emanuel's Senate counterpart, publicly praised Mr. Kessler's research this year.

All three men emphasized that they supported the legalization of illegal immigrants but said that it was important to note the Republicans' weaknesses on enforcement.

Mr. Kessler acknowledged that his message was hard for some Democrats "to swallow." But adopting a tougher message, he said, would make Democratic candidates less vulnerable in the November elections.

"Immigration is an incredible source of strength for Americans," he said. "But it's also a source of angst for Americans. I don't think we should just shrug that off."

The mounting Democratic ambivalence over immigration was apparent in September in the last frenetic weeks of lawmaking before the Congressional recess.

With the November elections looming, 62 House Democrats voted to support a strict border security measure championed by the Republican leadership, up from the 36 who supported tough legislation last December. In the Senate, 26 Democrats voted in favor of building 700 miles of fencing along the Mexican border, outnumbering the 17 Democrats who opposed it.

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Since then, on the campaign trail, Senator Ben Nelson, Democrat of Nebraska, who is up for re-election and often breaks with his party, has accused his Republican challenger of supporting the legalization approach favored by two Democratic senators, Edward M. Kennedy and John Kerry, both of Massachusetts.

"I support border security first; my opponent supports amnesty," Mr. Nelson said in a television advertisement this month.

Tessa Hafen, who hopes to unseat Representative Jon Porter, Republican of Nevada, said this month that Mr. Porter favored Mr. Bush's approach to immigration, "a plan Porter called amnesty." But she acknowledged in an interview that she personally favored legalization, too, along with tougher border security.

In Tennessee, Mr. Corker and his allies in the Republican Party have been trying to raise doubts about Mr. Ford's commitment to border security. In television advertisements, they say he voted against sending the military to the border and against hiring more border agents. They often note that he has voted with his party more than 80 percent of the time.

And in this week's debate, Mr. Corker, who did not return a call for comment, said that the illegal immigrants found at his work site had been hired by a subcontractor.

Mr. Ford, who is known as something of an ambitious maverick in his party, countered that he had made those votes before the terrorist attacks of Sept. 11, 2001, and that he had been tough on illegal immigration since then.

"They think they can come in here and just malign me as this Democrat that is out of touch, whose views don't comport with mainstream conservative values," Mr. Ford said. "But we've been able to withstand that."

Law On Overseas Brides Is Keeping Couples Apart (NYT)

By Eduardo Porter

The New York Times, October 17, 2006

PALM COAST, Fla. — Adam Weaver thought everything was set to bring his Colombian fiancée, Yesenia Meza, to the United States.

But Mr. Weaver did not count on being hindered by a Congressional effort intended to protect women from potential abuse by American men who seek brides from other countries on the Internet. In June, the federal immigration service froze 10,000 visa applications for foreign fiancées because they did not conform with a law that went into effect in March.

Mr. Weaver and Ms. Meza, who were expecting to be together here by now, were caught in the net.

"Smuggling a ton of cocaine into this country," Mr. Weaver fumed, "is probably easier than bringing your fiancée."

The law, known as the International Marriage Broker Regulation Act, or Imbra, is intended to give foreign women and the American government more information about the men who seek so-called mail-order brides.

"This is an unequal partnership where you have somebody dependent on somebody else in a profound way," said Senator Sam Brownback, Republican of Kansas, who was a leading sponsor of the law. "It puts women at a significant disadvantage, in a potentially violent situation."

Reports of violence in international marriages, some of them Internet matches, have increased in recent years. In 1998, fewer than 2,500 foreign women applied to become permanent residents under the Violence Against Women Act, which allows abused wives to apply for residence without the support of their husbands. In the fiscal year that ended in September, 9,500 applied.

The new law has angered many men, who argue that there is no definitive evidence that violence is more likely to take place in an international marriage arranged over the Internet than in a domestic one. Unwilling or unable to find a spouse in the United States, some worry that the law could make it more difficult to find a wife abroad.

"We should have the right to correspond with, date and marry the person of our choosing," said David Root, who has been involved with many women from the former Soviet Union in the past decade but has not married any of them. "The government shouldn't interfere in this."

Helped by the Internet, international matchmaking has mushroomed. In 1999, a report by the immigration service found some 200 international dating agencies in the United States. A study in 2004 found 500.

The immigration service said 37,500 women entered the country last year on fiancée visas or temporary visas for spouses of American citizens. That was a 50 percent increase from 2002, when the temporary spouse visa came into existence, and a fourfold increase over the 9,500 women who entered on fiancée visas in 1998. Estimates based on the 1999 government report suggested that one-third to one-half of these visas were for women who had met their American partners through matchmaking brokers.

Under Imbra, dating agencies that specialize in matching American men with women overseas must first obtain information about a man's criminal record and marital history, relay it to the woman and then get her consent before disclosing her contact

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information. Men must also provide this information to the government when applying for a fiancée visa. Generally, applicants have a lifetime visa limit of two foreign fiancées.

Web sites offer men in affluent countries contacts with women from just about everywhere in the developing world; Brazil, Colombia, the Philippines, Russia, Ukraine and Vietnam are among the most popular countries.

The businesses vary in their approaches. Russianladies.com, owned by European Connections, based in Georgia, charges men for membership and requires a fee for sending and receiving e-mail messages. Two others, A Foreign Affair and Filipina Ladies, organize trips to places like Bangkok, where a dozen men may meet several hundred women.

"It all started with women's lib," said Sam Smith, a former salesman of insurance and mutual funds, who founded I Love Latins in Houston six years ago. "Guys are sick and tired of the North American me, me, me attitude.' "

Mr. Smith and others in the industry said most clients were middle-aged and middle-class, and able to spend several thousand dollars courting a woman overseas. Seventy percent of Mr. Smith's clients are divorced, he said.

Mr. Weaver, a 40-year-old construction manager, had almost given up on dating after a two-year marriage and a strained six-year relationship with a mother of three, which ended when she left him "for a younger man who liked to dance."

At his age, Mr. Weaver figured, the only American women who would be interested in him would be divorced, with a former husband and children in the background. "Been there, done that, not going back again," he said.

Moreover, he said, American women are self-centered, competitive and too critical. "I would prefer a more old-fashioned girl," he said.

Last year, he found Ms. Meza, a Colombian 17 years his junior, on the I Love Latins Web site. "Her profile," he wrote in an e-mail message, "was one of the only ones that said, 'I want to know a man who knows about God.' "

Mr. Weaver bought Ms. Meza a computer, a digital camera and a high-speed connection so they could talk every day by Internet phone. He sends her money on occasion, paying for her English and driving lessons. In September, he visited Ms. Meza in Colombia for the third time.

"My relationship with Yesenia," he said, "is real and more valid than anything I ever had in my life."

Ms. Meza also says she is eager to start her life with Mr. Weaver. "In Colombia most men are womanizers and want to dominate women," she said in a telephone interview. "I want a loving man who will treat me like a queen."

So far, however, they have not cleared immigration. A spokesman for the immigration service said that most of the backlogged visa applications frozen in June had been processed.

"Innocent people are being punished by a law aimed at the misdeeds of a few," Mr. Weaver said. The only time he was ever involved in a violent episode, he said, was a barroom brawl some 20 years ago.

Supporters of the law insist they are not trying to stop marriages between American men and foreign women but say the women should be informed about what they are getting into.

Seeking a woman on some matchmaking sites is not unlike shopping at Amazon.com. The sites often allow men to search for women by age, weight, height, religion and command of English, among other characteristics. And they frequently market the women as untouched by modern American culture.

Russianladies.com states, "Russian ladies are traditional, unpretentious, down-to-earth, and their views of relationships have not been ruined by unreasonable expectations." BarranquillasBest.com offers tips on how to prevent foreign brides from becoming "Americanized."

Randall Miller, a lawyer in Washington who has represented abused women, said such depictions were an invitation to violence.

"The guy doesn't have to be a predator," Mr. Miller said. "He wants to be the king of the house and buys into the promotional claim that he can get a more traditional woman in Russia — she will cook dinner and have sex and otherwise shut up. And he is taken aback when the woman is outspoken and has opinions and wants to get a job."

Two matchmaking companies have sought to block the law in court.

Mr. Weaver, for all his exasperation over the wait, acknowledges that providing the extra information required by the law may be warranted. So does Ms. Meza. But they do not see why they should have to suffer in the meantime.

"If men are investigated it will be good for all women," Ms. Meza said. "But when you are in love and want to go there, you get desperate."

CONGRESS-ADMINISTRATION:

Losing Faith In The President (WP)

DOJ_NMG_0082170

By Alan Cooperman

The Washington Post, October 17, 2006

White House officials realized they had a problem, former staffer David Kuo writes in his new book, "Tempting Faith," when they saw how a panel rated the first applications for grants under the "faith-based initiative," President Bush's vaunted effort to help religious charities.

On a scale of 1 to 100, respected national organizations such as Big Brothers Big Sisters of America scored in the mid-70s to mid-80s, "while something called Jesus and Friends Ministry from California, a group with little more than a post office box," scored 89 and Pat Robertson's overseas aid organization, Operation Blessing, scored 95, according to Kuo.

"It was obvious that the ratings were a farce," he writes, adding that he and other White House aides feared that if the list became public, "it would show once and for all that the initiative was purely about paying off political friends for their support."

Portions of Kuo's explosive book, which formally went on sale yesterday, were leaked last week by MSNBC. They brought heated denials from White House press secretary Tony Snow and other current and former Bush administration officials.

The book is full of insider anecdotes and details, many of which were not reported by MSNBC, and some of which can be read as defending rather than attacking the Bush White House.

In the case of the grant applications, for example, Kuo says that the ratings obviously favored conservative Christian groups but that the White House "really did have nothing to do with" it. The problem, he asserts, is that the "peer review" panel chosen by the Department of Health and Human Services came from the "faith-based policy world."

"There are, at most, 100 people in think tanks, foundations, major nonprofits and the like who really work on these issues and who support the president. Virtually all of them are very compassionate and dedicated evangelical Christians who tend to be politically conservative," Kuo writes. "They were supposed to review the application in a religiously neutral fashion. . . . But their biases were transparent."

Kuo tells a story about meeting a member of the review panel at a party. He says she giggled as she recalled, "when I saw one of those non-Christian groups in the set I was reviewing, I just stopped looking at them and gave them a zero." Kuo says he laughed but, at the same time, was aghast.

"Some in the press would later 'expose' that we in the White House had doled out grants to friends. They were technically wrong," he writes. "We didn't do it. We didn't have to. The White House influence was so great that its will was carried out by other appointees in other departments without thinking."

In addition to being a memoir of his three years in the White House, where Kuo was deputy director of the Office of Faith-Based and Community Initiatives until December 2003, the book is a saga of falling in, and out of, love with conservative Christian politics.

Kuo, 38, recounts that in college, he was a liberal who interned for Sen. Edward M. Kennedy (D-Mass.). But he got a girlfriend pregnant, and they went together to an abortion clinic. "We regretted it. We were relieved. I knew what we'd done. I had no idea what we'd done," he writes.

Haunted, Kuo became an antiabortion activist. When he moved to Washington to work for the National Right to Life Committee and, later, for the CIA, he began attending First Baptist Church in Alexandria. It was there, he said in an interview yesterday, "that I learned that being a good Christian means being a conservative Republican."

Before the age of 27, Kuo took William J. Bennett as a mentor, wrote speeches for Ralph Reed and Robertson, and was domestic policy adviser to then-Sen. John D. Ashcroft (R-Mo.). In 1998, he joined George W. Bush's campaign for president.

Kuo said he was "dazzled" by Bush's talk of compassion. But in his telling, the administration's actions never matched its rhetoric. During the scramble to win tax cuts, for example, the promise of $8 billion per year for charities was scrapped.

To try to climb up the White House's list of priorities, Kuo said, he and others working in the faith-based office offered to politicize their efforts. The White House political affairs office gave them a map of battleground states in 2002, and they used it to plan conferences to win support for GOP candidates. "Smart politics, bad morals," he said in retrospect.

In 2003, Kuo was diagnosed with a malignant brain tumor. It is still growing slowly, he said, giving him perhaps five or 10 years to live.

"I feel a pressing spiritual need to say what I think is important," he said. "And I really think that what is important is to be able to warn Christians about politics, that they should not throw so much at politics, because they're being used, and it will not answer the problems, and it corrupts the name of the God we're trying to serve."

A Faith-Based Battle For Voters (WP)

By E. J. Dionne Jr.

The Washington Post, October 17, 2006

DOJ_NMG_0082171

The very fact that it took David Kuo's book, "Tempting Faith: An Inside Story of Political Seduction," to put President Bush's faith-based initiative back into the news proves that the author's thesis is right.

His argument -- Kuo went on the record with it long before this book appeared -- is that the White House never put much money or muscle behind Bush's "compassionate conservatism." It used the faith-based agenda for political purposes and always made tax cuts for the wealthy a much higher priority than any assistance to those "armies of compassion" that Bush evoked so eloquently.

As a result, the faith-based initiative has largely been off the public radar for years. And after Sept. 11, 2001, the president made the war on terrorism his central cause, both for substantive reasons and because (until now, at least) it proved to be a great vehicle for winning crossover votes. Compassionate conservatism gave way to martial conservatism.

The headlines that have come Kuo's way have focused on the author's claims that White House staffers ridiculed some of their evangelical supporters as "nuts" and "goofy" and that public events surrounding Bush's faith-based initiative were geared toward Republican electoral fortunes. As a former deputy director of the White House Office of Faith-Based and Community Initiatives, Kuo has a fair claim to knowing what he's talking about.

ExposÃ©s of hypocrisy are the mother's milk of Washington journalism. Yet the most useful thing that could flow from Kuo's revelations would not be a splashy exchange of charges and countercharges but rather a quiet reappraisal by rank-and-file evangelicals of their approach to politics.

I hope Kuo's book promotes serious discussions in religious study groups around the country about whether the evangelicals' alliance with political conservatism has actually made the world, well, more godly from their own point of view. What are evangelicals actually getting out of this partnership? Are they mostly being used by a coalition that, when the deals are cut, cares far more about protecting the interests of its wealthy and corporate supporters than its churchgoing foot soldiers?

Kuo is being cut up by some administration loyalists. That's not surprising, but it's painful for me. I met Kuo in the 1990s through a conservative friend and was impressed by the power of his religious faith and his passion for developing a conservative approach to helping the poor that would be as serious as liberal efforts but, in his view, more effective.

The faith-based initiative was one of the few Bush policies I defended against liberal attacks during the administration's early months -- before I concluded that it was not really an administration priority. Kuo and I are both friends of John DiIulio, who briefly headed the faith-based office and brought Kuo in. DiIulio and I collaborated on research into religiously inspired social service work in the 1990s.

All of which is to say that I once hoped -- and, for the future, still hope -- that left and right might meet in some compassionate center to offer support for expanded government help to the needy while also fostering the indispensable work of religious and community groups.

Kuo has always thought that nongovernmental groups could carry a larger share of the load in fighting poverty than I do. Kuo, you see, really is a conservative, although he does acknowledge that not all past efforts by government to help the poor are failures.

Despite our disagreements, I have always shared Kuo's view that liberals who care about the poor should be less squeamish about building stronger alliances between government and religiously based social action work. Government can do things the religious and community groups can't, but the religious and community groups can do things government can't.

Kuo's book comes on the eve of an election in which the odds suggest that voters will administer a strong rebuke to Republicans and the administration. It will thus be read as another argument for why such a reproach is merited.

But the power of his case should be felt after the election. Kuo suggested on "60 Minutes" that evangelical Christians take "a fast from politics." Personally, I don't favor "fasts" from political participation, even if the one Kuo proposes might help the sort of candidates I support. Instead, I hope Kuo's reflections will encourage a less rigidly partisan approach to the role of religious faith in our public life.

When Kuo says there's something wrong with "taking Jesus and reducing him to some precinct captain, to some get-out-the-vote guy," he sounds a trumpet that makes you want to follow him into the battle.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 17, 2006

He's Got Folks Waving Flags -- Red Ones

David Kuo , the former White House staffer who claims the Bush administration cynically manipulated evangelical Christians, has plenty of GOP loyalists furious with him right now. They can line up behind organizers of the October 2001 "United We Stand" concert, who say Kuo stiffed them to the tune of $25,000.

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Kuo was the administration's point man for the star-studded concert at RFK Stadium (featuring Michael Jackson , Aerosmith, James Brown, Janet Jackson, Mariah Carey, P. Diddy, Rod Stewart, Destiny's Child), which was thrown together in the weeks following the 9/11 attacks to benefit the American Red Cross and other relief funds.

Since the principal promoter, Clear Channel Entertainment, was based in Philly, it asked D.C. Republican fundraiser Rob Jennings to help with corporate fundraising. Jennings told us Kuo seized on an idea to hand out 50,000 American flags to the audience and repeatedly assured organizers he could find an underwriter for the $25K cost -- and so the flags were ordered and paid for by the promoter. "It was such a hurried effort that everyone was just trying to do what they could," said Jennings.

The concert came and went -- with all those little flags waving for the cameras -- but the money never arrived, despite Kuo's continued promises. Kuo eventually stopped returning calls, and organizers were quietly asked by the White House to back off, said Jennings. He added that he didn't see Kuo again until he popped up on "60 Minutes" Sunday promoting his new book, "Tempting Faith: An Inside Story of Political Seduction."

"If I did something wrong, I'm sorry," said Kuo yesterday. "That's all I'm going to say, just to save time and apologize to people. I don't want to have hurt anybody."

Kuo said that he doesn't remember much about the concert discussions, but that he regrets if he didn't produce the promised money. He also notes that plenty of Republicans are determined to portray him in the worst possible light right now: "Of course the long knives are out for me. I've had lots of calls from friends about people who are going to 'take me down' or destroy me. I'm not going to back down. I'll confess to whatever it is, so I can keep on talking about what I want to talk about."

Jennings told us he would like Kuo to take the first $25,000 he earns from the book and write a check to the Red Cross. "That would be the right thing to do."

Kuo called us back to ask us for Jennings's phone number so he can apologize.HEY, ISN'T THAT . . . ?

Â· Former representative Connie Morella and husband Tony at the KenCen's Family Theater on Saturday night, back in town from her diplomatic posting in Paris to see her actor son, Paul , in the title role of " Teddy Roosevelt and the Treasure of Ursa Major."

Â· Former Wizards center Gheorghe Muresan holding court at the annual Meridian Ball Friday night, a dozen black-tie-clad fans craning their necks to chat with the 7-foot-7 star.THIS JUST IN . . .

Â· Vince Vaughn , who never officially acknowledged dating Jennifer Aniston during their widely reported relationship of one year, is now threatening to sue tabloids that claimed he cheated on her with a mystery blonde. A statement from his lawyers, reported by People, added that the stars "had not ended their relationship either at the material time or since."

Internal Specter Review Found No Wrongdoing (RC)

By John Stanton

Roll Call, October 17, 2006

An internal investigation of a senior aide to Sen. Arlen Specter (R-Pa.) and spousal connections to Congressional earmarks found that no illegal or unethical activity occurred, according to a copy of the report reviewed by Roll Call.

However, the report found that Senate ethics rules do not adequately address the large number of spouses, children and other immediate family members who also work as lobbyists, prompting Specter to institute a series of changes to his internal rules of conduct.

The investigation was conducted following news reports that questioned the role that Specter aide Vicki Siegel may have played in securing earmarks sought by clients of a lobbying firm founded by her husband.

The report, completed last spring, looked at six earmarks given to clients of American Defense International, a lobbying firm founded by Siegel's husband, Michael Herson.

In all six cases, internal office records showed that for the earmarks Specter helped secure, aides to Specter were lobbied either by company officials directly or by other lobbyists not associated with Herson. The report also concluded that Herson worked on behalf of these clients on unrelated matters and limited his lobbying in the Senate to the delegations of other states.

Nevertheless, the report acknowledged that a lack of controls on the access of Herson and other lobbyists with familial ties to Specter aides led to the appearance of a conflict of interest, and it recommended a series of firewalls to limit access to the office. These included a ban on family members of aides lobbying Specter or his staff; barring aides from dealings with firms that employ their family members; and full disclosure of any such relationships throughout the earmark consideration process.

Specter put those changes in place this spring, an aide said, noting that staff members were also required to attend a briefing by a Senate Ethics Committee aide.

FBI agents in April reviewed financial disclosure forms for Specter on the same day that USA Today published an article about lobbyists, relatives and earmarks.

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However, Specter's decision to order an internal investigate his own staff and change his rules is contrasts with the more defensive posture taken by some other lawmakers who have come under scrutiny for their earmarking efforts.

Hastings Leads Way In Page Investigation (AP-Y)

By Matthew Daly

AP-Yahoo, October 17, 2006

He would rather talk about the latest apple crop, but these days Rep. Doc Hastings is spending more time scrutinizing salacious allegations against a former colleague.

Hastings, a 65-year-old Republican from Washington state, is chairman of the House ethics committee, which is investigating sexually explicit electronic messages sent by ex-Rep. Mark Foley to teenage male pages.

A former small-town paper supplier who represents a rural district best known for its apples and pears, the taciturn Hastings has long sought to blend into the scenery on Capitol Hill. Before taking over the committee last year, he had never held a Washington news conference.

That changed when the committee got the politically uncomfortable job of investigating former House Majority Leader Tom DeLay, R-Texas. The panel had hardly begun meeting before DeLay resigned from Congress.

Now Hastings finds himself in the spotlight again as he leads the Foley inquiry. Foley, R-Fla., resigned last month after he was confronted with instant messages sent to former male pages.

While clearly uneasy about his renewed visibility, Hastings pledges that the Foley investigation will go wherever the evidence leads.

"I take that responsibility that I have as the chairman of the ethics committee very seriously," he told The Associated Press. "Life gives you all sorts of responsibilities, and sometimes you just have to deal with them. I feel very confident in the direction we are moving."

While still in its early stages, the inquiry already has had some missteps.

After an Oct. 5 news conference announcing the investigation, critics accused Hastings of being too close to House Speaker Dennis Hastert, R-Ill., a key focus of the Foley investigation. Some Democrats and others contend Hastert and other House leaders did not do enough to stop Foley after they became aware of some of the electronic messages he had sent.

Asked whether he personally supports Hastert, who named Hastings to lead the ethics committee, Hastings said, "I think the speaker has done an excellent job."

Hastings later clarified that his remarks were "not related to the matter at hand here."

"They should have brought in an outside counsel," said Fred Wertheimer, president of Democracy 21, a group that monitors congressional ethics. The ethics panel rejected that idea in favor of a four-member subcommittee of two Republicans and two Democrats from the full committee.

The lack of an outside counsel "gravely undermines the public credibility of the House investigation and calls into serious question whether we will ever get to the bottom of what happened here," Wertheimer said.

Hastings and Rep. Judy Biggert, R-Ill., also were criticized for old political contributions from Hastert's political action committee. The Keep Our Majority committee gave $2,500 to Hastings in 2000, and $6,000 to Biggert in 2002.

In an interview with the AP, Hastings declined to say whether he expects to have the investigation completed by the Nov. 7 election, as some Democrats and outside groups have advocated.

"We are moving to have this done in weeks," he said. "Obviously there are logistics we have to deal with. We are moving as quickly as we can."

But some critics say Hastings has already shown his hand.

"The doctor was out when the patient was very sick," said James Thurber, a political scientist at American University who has studied Congress. Since Hastings took over the ethics panel in early 2005, the committee has met just a few times.

It was only after West Virginia Rep. Alan Mollohan — the former top Democrat on the ethics committee — stepped down under his own ethics cloud that the partisan squabbles ended. Rep. Howard Berman, D-Calif., replaced Mollohan in April and established a good working relationship with Hastings.

Berman, who has pledged that he "wanted no part of an incumbent protection agency," said he has been impressed by Hastings.

While the two men disagree politically, "on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside — as I have seen and witnessed from the chairman during the past five-and-a-half months," Berman said.

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In a burst of activity last May, the ethics panel announced a flurry of investigations, focusing on Rep. Bob Ney, R-Ohio, with links to convicted lobbyist Jack Abramoff, and on Rep. William Jefferson, D-La., who was at the center of a separate bribery probe. Ney pleaded guilty on Friday in the Abramoff scandal and he faces up to 10 years in prison.

But Thurber said those probes were too little too late.

"I think it's hurt his reputation," he said of Hastings' service on the ethics panel, "and I think he likely will move to get off the ethics committee if the Republicans lose" the majority in November.

Page Board Said Discussed Other Charges (AP-Y)

By Larry Margasak

AP-Yahoo, October 17, 2006

Allegations of improper conduct toward House pages, which do not involve ex-Rep. Mark Foley, were discussed Monday by the board overseeing the program, a Democratic lawmaker said.

Rep. Dale Kildee, D-Mich., the only Democrat on the House Page Board, would not elaborate on whether the discussion involved lawmakers. He said, however, that none of the allegations discussed have been proven.

Kildee commented after he testified before the House ethics committee on the Foley matter. He said the House Page Board held the discussions in a conference call.

"It was about other allegations and I'd like to leave it at that," he said. "Let me just say, not about Mr. Foley. It's only been allegations."

The page board consists of three House members and two House officers, the clerk and sergeant at arms.

Kildee has said previously, and repeated again after his testimony, that he was not informed about Foley's e-mails and instant messages to former male pages until the scandal became public in late September.

Kildee has been on the House Page Board for 21 years.

The GOP: Slugged On The Nose (WP)

By Richard Cohen

The Washington Post, October 17, 2006

"On the nose" is a Hollywood expression. It refers to an idea or a scene or even a piece of dialogue that is too obvious or too good to be true. Hollywood would have said the whole Mark Foley sex scandal is on the nose. Let's just start with the fact that this confessed gay stalker of teenage congressional pages was co-chairman of the Congressional Missing and Exploited Children's Caucus. All over Hollywood, fingers would go to the tip of the nose: Can't we make it Armed Services?

No, we cannot. To change anything at all about the Foley matter would be to trifle with its essential vacuity, its reliance on bigotry and ignorance, its resplendent Beaver Cleaver qualities (congressional pages, for crying out loud!) and, not least, the fact that so far this is the ultimate Washington sex scandal: There is no sex.

Maybe there will be sex. Maybe some underage page or former page will be discovered to have had sex with Foley, but so far this has not happened. This lack of a physical victim -- with the arguable exception of Foley and the entire Republican Party, that is -- may explain why certain GOP congressional bulls, from committee chairmen to the speaker of the House himself, did not bolt from the joint, pulling every alarm on the way out. Foley was creepy and appallingly inappropriate, but so far that seems to be it.

The lack of a victim hardly gets noticed as politicians coil their ropes, measuring Foley or some other poor chap for a proper lynching. Dennis Hastert should have known. George Bush should have known. Karl Rove should have known. (Why not? He knows everything else.) How come this did not come up on one of those unconstitutional wiretaps? Did anyone in the House leadership think of waterboarding Foley? The man was gay after all. What has happened to the Republican Party we used to loathe?

That, too, is on the nose. That this happened to the GOP is too, too much. It is no longer the party of Lincoln but the party of gay-bashing. Its base, its vaunted base, is among those who embrace ignorance of homosexuality and, while they are at it, ignorance of sexual matters in general. It is deeply blue Massachusetts, after all, that has gay marriage -- Did you notice that the late Gerry Studds's "husband" was quoted in some of his obits? -- and the state was once represented by not one but two gay members of Congress (the other being Barney Frank).

Put the finger back on the nose. It was the GOP that stood for family values. It was the GOP that cozied up to churches and preachers who likened homosexuals to the vilest people of all time and called on them to cease their wicked ways, go from homosexual to heterosexual, which everyone knows they can do but will not because, apparently, it is easier to be gay and reviled than it is to be straight and comfy about it.

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With regard to this sort of haranguing demagoguery, the leaders of the GOP have not just looked away, they have encouraged it. They have set themselves up as the little Dutch boys of American politics, their fingers in the dike, holding back such unspeakable X-rated evil that it is a miracle any child in this great country can grow up to be heterosexual or devout or an accountant.

So it is not possible now to call the whole thing off, to say it was overblown and -- look, folks -- nothing happened with Foley and those kids. It is not possible even to suggest that all those kids are not 8-year-olds but American teenagers, some of them undoubtedly sexually active, probably none of them sexually naive. In all likelihood, nothing Foley messaged them was entirely new to them, and it's even possible to argue that, no matter what was said, psychological trauma is not likely to follow.

The abuse of trust is no laughing matter, and the corruption of children is in a class by itself. But a sex scandal-turned-political panic involving just one person lacks a certain something. That it has attained such critical mass, that it threatens the speaker of the House and the GOP majority, says little about the repellent Foley but a lot about how the GOP has been hoisted by its own petard. It's on the nose all right, but sometimes so is life itself.

Reid To Amend Ethics Reports To Fully Account For Land Deal (WP)

By Jonathan Weisman

The Washington Post, October 17, 2006

Senate Minority Leader Harry M. Reid (D-Nev.) announced yesterday that he will amend four years of ethics reports to Congress to more fully explain a real estate transaction that allowed him to collect $1.1 million in 2004.

At the same time, he said he will personally reimburse his political campaign $3,300 that his campaign fund contributed for the Christmas bonuses of support staff at the Ritz-Carlton in Washington, where he lives.

The actions, prompted by reports by the Associated Press, are proving to be a headache for Democrats as they press their case that Republicans have succumbed to a "culture of corruption." The land deal, in particular, has brought comparisons to a real estate transaction last year that netted House Speaker J. Dennis Hastert (R-Ill.) $2 million. In both cases, congressional leaders reaped significant windfalls from land that was purchased in rapidly growing regions and then sold as part of ventures that appear to have obscured the lawmakers' involvement.

Reid spokesman Jim Manley dismissed any comparison, saying Reid noted ownership of the land on his financial disclosure forms. But in his amended ethics statements, he will also note that he transferred ownership to a limited liability corporation in 2001. Subsequent disclosure statements will list ownership under the company's name, Patrick Lane LLC.

"The fact is that this case is simple," Manley said. "He bought the land. He sold the land, and he fully reported that he owned it. Now he's going to go above and beyond all the requirements to ensure the facts are clear for all to see."

Manley said the profit on the deal was about $700,000, after Reid's initial $400,000 investment is subtracted from the amount of the sale.

The Associated Press reported last week that Reid gained the 2004 windfall even though he had not owned the property for the previous three years. Reid had not divulged the 2001 transfer of the land to Patrick Lane LLC, which he co-owned with Jay Brown, a friend and former casino owner.

On the Ritz-Carlton Christmas fund, Reid aides denied any wrongdoing. They said the staff of the hotel, where Reid lives in a condominium, frequently has the burden of additional work because of Reid's political activities. Doormen, valets and other staff members are called on to deal with a stream of visitors and political events.

On advice of counsel, Reid said, he gave the Ritz-Carlton Christmas fund $600 in 2002, $1,200 in 2004 and $1,500 in 2005 from his reelection campaign. Federal election law bars candidates from using political donations for personal use. Reid said he did no such thing but will reimburse his campaign "to prevent this issue from being used in the current campaign season to deflect attention from Republican failures."

Reid Rewrite (RC)

By Erin P. Billings And Kate Ackley

Roll Call, October 17, 2006

Under fire from Republicans for alleged ethical lapses, Senate Minority Leader Harry Reid (D-Nev.) announced Monday that he would amend his financial disclosure reports to more fully reflect a 2001 Las Vegas land deal.

While admitting no wrongdoing, the top Senate Democrat said he has directed his staff to revise his ethics reports to make clear that he didn't sell the property in question in 2001, but merely transferred the title to the land to a limited liability corporation.

Reid also said he would address "two minor matters" left off his original disclosure forms relating to two smaller land transactions.

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Reid called the land transaction a "routine legal move" that allowed him to keep ownership of the land through the LLC until 2004, when he sold it for a profit of $700,000.

"Republicans may believe in cover-ups," Reid said. "I believe in ensuring all the facts come to light."

Reid spokesman Jim Manley said by making the changes to his disclosure forms, "the Senator is aggressively getting ahead of the story."

Crawford Charged. The U.S. attorney's office filed charges Monday against former Food and Drug Administration Commissioner Lester Crawford. He was charged with conflict of interest and making a false statement after an investigation into statements he made about his financial holdings during confirmation hearings before the Senate Health, Education, Labor and Pensions Committee.

Court papers allege that Crawford said he no longer owned stock in the companies Sysco and Kimberly-Clark, even though he "and/or his wife held shares in both" and that he held stock in PepsiCo while looking at recommendations for food labels that would affect the company.

Crawford's attorney was quoted in news reports saying he planned to plead guilty as early as today to charges related to the case.

Senator Reid Used Donations For Condo Tips (NYT/AP)

By The Associated Press

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 (AP) — The Senate Democratic leader, Harry Reid of Nevada, has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton hotel here, where he lives in a condominium.

Federal election law bars candidates from converting political donations for personal use.

Questioned about the campaign expenditures, Mr. Reid's office said Monday that his lawyers had approved them but that he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence.

The bonuses — $600 in 2002, $1,200 in 2004 and $1,500 in 2005 — went from Mr. Reid's re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign "salary" for two years, which Mr. Reid said was a clerical error, and as a "contribution" one year.

Mr. Reid also announced he was amending his ethics reports to Congress to account more fully for a Las Vegas land deal, highlighted in an Associated Press article last week, that allowed him to collect $1.1 million in 2004 for property he had not personally owned in three years.

In that matter, the senator had not disclosed to Congress that he first sold land to a friend's limited liability company back in 2001 and took an ownership stake in the company. He collected the seven-figure payout when the company sold the land again in 2004 to others.

Mr. Reid portrayed the 2004 sale as a personal sale of land, not mentioning the company's ownership or its role in the sale.

Reid To Reimburse Campaign For Donations (AP-Y)

By John Solomon

AP-Yahoo, October 17, 2006

Senate Democratic leader Harry Reid has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton where he lives in an upscale condominium. Federal election law bars candidates from converting political donations for personal use.

Questioned about the campaign expenditures by The Associated Press, Reid's office said Monday his lawyers had approved them but he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence.

Reid also announced he was amending his ethics reports to Congress to more fully account for a Las Vegas land deal, highlighted in an AP story last week, that allowed him to collect $1.1 million in 2004 for property he hadn't personally owned in three years.

In that matter, the senator hadn't disclosed to Congress that he first sold land to a friend's limited liability company back in 2001 and took an ownership stake in the company. He collected the seven-figure payout when the company sold the land again in 2004 to others.

Reid portrayed the 2004 sale as a personal sale of land, not mentioning the company's ownership or its role in the sale.

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Reid said his amended ethics reports would list the 2001 sale and the company, called Patrick Lane LLC. He said the amended reports also would divulge two other smaller land deals he had failed to report to Congress.

"I directed my staff to file amended financial disclosure forms noting that in 2001, I transferred title to the land to a Limited Liability Corporation," Reid said in a statement issued by his office.

He said he believed the 2001 sale did not alter his ownership of the land but that he agreed to file the amended reports because "I believe in ensuring all facts come to light."

Reid labeled the AP story as the "latest attempt" by Republicans to affect the election. AP reported last week that it learned of the land deal from a former Reid adviser who had concerns about the way the deal was reported to Congress.

On the Ritz-Carlton holiday donations, Reid gave $600 in 2002, then $1,200 in 2004 and $1,500 in 2005 from his re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign "salary" for two of the years and as a "contribution" one year.

Reid's office said the listing as salary was a "clerical error" and that the use of campaign money for the residential fund was approved by his lawyers. "I am reimbursing the campaign from my own pocket to prevent this issue from being used in the current campaign season to deflect attention from Republican failures," he said.

Residents and workers at the Ritz said the fund's full name is the Residents Executive Committee Holiday Fund and that it collects money each year from the condominium residents to help provide Christmas gifts, bonuses and a party for the support staff.

Federal election law permits campaigns to provide "gifts of nominal value" but prohibits candidates from using political donations for personal expenses, such as mortgage, rent or utilities for "any part of any personal residence."

The law specifically defines prohibited personal use expenses as any "obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a federal officeholder."

Land deeds show Reid and his wife, Landra, purchased a condominium for their Washington residence at the hotel for $750,000 in March 2001. The holiday fund has existed for years at the condo, workers said.

Reid said Monday he believed the expenses were permissible but he nonetheless was reimbursing the campaign.

"These donations were made to thank the men and women who work in the building for the extra work they do as a result of my political activities, and for helping the security officers assigned to me because of my Senate position," Reid said.

Larry Noble, the Federal Election Commission's former chief enforcement lawyer, said Reid's explanation is aimed at a "gray area" in the law by suggesting the donations were tied to his official Senate and political work.

"What makes this harder for the senator is that this is his personal residence and this looks like an event that everybody else at the residence is taking out of their personal money as they're living there," Noble said.

Back in 2000, Congress rebuked powerful House Transportation Committee Chairman Bud Shuster, R-Pa., for among other things creating the appearance, through poor record-keeping, that campaign committee expenditures were for personal rather than bona fide campaign uses.

On the land dealings, Reid announced Monday he had failed to disclose two other transactions on his prior ethics reports and would account for those on his amended reports along with the 2001 sale.

The first, he said, involved the sale in 2004 of about one-third acre of land in 2004 he owned in his hometown of Searchlight, Nev. And he said he had not reported his ownership since 1985 of a quarter acre of land his brother gave him in 1985.

Reid said the failure to disclose those transactions previously was due to "clerical errors" and they amounted to "two minor matters that were inadvertently left off my original disclosure forms."

He had asked the Senate Ethics Committee last Wednesday for an opinion on the 2001 land sale but decided to amend his forms prior to the committee acting.

Reid's announcement came after numerous newspapers nationwide published editorials criticizing both his initial failure to disclose the full details of his Las Vegas land deal and his response to AP's story.

The $1.1 million land deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. Brown has never been charged with wrongdoing, except for a 1981 federal securities complaint that was settled out of court.

Ethics experts told AP that Reid's inaccurate accounting of the deal to Congress appeared to violate Senate ethics rules and raised other issues concerning taxes and potential gifts.

Reid Used Campaign Funds To Pay Bonuses To Staff (WT/AP)

By John Solomon

DOJ_NMG_0082178

The Washington Times-AP, October 17, 2006

Senate Minority Leader Harry Reid has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton, where he lives in an upscale condominium.

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In that matter, the senator hadn't disclosed to Congress that he first sold land to a friend's limited liability company back in 2001 and took an ownership stake in the company. He collected the seven-figure payout when the company sold the land again in 2004 to others.

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Relatives Have 'inside Track' In Lobbying For Tax Dollars (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 17, 2006

Members of Congress and their staffs are barred from using their positions for personal profit. But their spouses and other relatives can — and often do — cash in when lawmakers spend taxpayer dollars.

Lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write, a USA TODAY investigation found. Combined, they generated millions of dollars in fees for themselves or their firms.

The connections are so pervasive that, in 2005 alone, appropriations bills contained about $750 million for projects championed by lobbyists whose relatives were involved in writing the spending bills.

"It smells bad; it is bad," Mickey Edwards, a Princeton University lecturer, said when told of the newspaper's findings. "If it is not already completely outlawed, it should be." Edwards served on the House Appropriations Committee during his 16 years as a Republican congressman from Oklahoma.

USA TODAY examined the family ties between lobbyists and the 94 members of the House and Senate appropriations committees, as well as 250 top staffers who serve those members. Those committees control the federal government's purse strings, allocating hundreds of billions of taxpayer dollars each year.

The family connections between lobbying and lawmaking are prompting complaints that Congress is not doing enough to police itself. No rules or laws prevent lawmakers or their staffs from being lobbied by relatives, and proposals to address the practice have stalled on Capitol Hill.

Neither lawmakers nor lobbyists must report if they are related to each other, so USA TODAY reviewed thousands of pages of financial disclosures and lobbyist registrations, property records, marriage announcements and other public documents to identify which lawmakers and staffers had relatives in the lobbying business.

The newspaper found 53 cases in which relatives of lawmakers or their top aides worked at lobbying firms last year. In 30 instances, those relatives, or firms in which they are principals, sought money in the appropriations bills their family members or their family members' bosses helped write. Of those 30 relatives, 22 succeeded in getting specific language inserted in the bills that guaranteed money for their clients, USA TODAY found. Among them:

•Lobbyist Juliet Pacquing collected $60,000 last year from Rhode Island manufacturer TPI Composites, lobbying disclosure forms show. Her husband, Kevin Cook, is the top staffer for the House Appropriations subcommittee on energy and water, chaired by Rep. Dave Hobson, R-Ohio. In news releases, Hobson took credit for securing money for TPI to develop an Army vehicle similar to the Humvee but with lighter materials. The total: $4.5 million. Hobson said Pacquing's relationship did not influence him.

•Lobbyist William Clyburn Jr., received $60,000 last year from two consulting firms to seek federal funding for the Augusta, Ga., airport, disclosure forms show. His cousin is Rep. Jim Clyburn, D-S.C. In an interview with USA TODAY in July, lobbyist Clyburn said he secured $2.5 million for the airport after speaking with lawmaker Clyburn about having the money put into an appropriations bill. In September, a spokeswoman for Rep. Clyburn disputed that characterization. A day later, lobbyist Clyburn reversed his earlier statement and said he did not speak with his relative about getting funding.

•Lobbyist Holly Piper's firm took in $220,000 last year from e-Cavern, a company seeking federal funding to build an underground facility to protect financial information in a Kentucky cavern. Piper's husband is Billy Piper, chief of staff to Sen. Mitch McConnell, R-Ky., a senior member of the Appropriations Committee and the second-ranking Senate Republican. McConnell added $1.5 million to an appropriations bill for the project. McConnell's spokesman said Holly Piper's relationship had nothing to do with the senator's decision.

•A start-up lobbying firm co-founded by Cindy Young took in $40,000 last year for helping Dynamic Defense Materials win federal funding to develop new body armor for the military. Young's father-in-law, Rep. C.W. "Bill" Young, R-Fla., chairs the House Appropriations defense subcommittee. Rep. Young acknowledged that his daughter-in-law had set up meetings between him and her clients, including the defense contractor. Rep. Young included $1 million in his bill to fund the company's body armor project. He denied there was any special treatment.

Lawmakers who wrote or approved such spending language sometimes received campaign contributions from the clients and the lobbyists that represented them, the newspaper found. For instance, federal records show Rep. Hobson received a total of $8,000 in campaign contributions from 2005 through 2006 from Pacquing and executives at TPI, the company that hired Pacquing to lobby him.

"It pays to be related to a member of the appropriations committee," said James Thurber, director of the Center for Congressional and Presidential Studies at American University in Washington. "It shows a serious conflict of interest between those appropriators who are supposed to be appropriating for the public interest and their relatives, who obviously have special access to these individuals.

"In the balance of the public interest vs. private interest," Thurber said, "it seems the public interest loses again."

The lobbyists, lawmakers and staffers who spoke to USA TODAY insist that no special treatment was sought or given. Many lobbyists say they have no contact with their family members on appropriations business, though they admit lobbying others who work with or for their relative.

Lawmakers say they are not swayed by their family ties. That's the position of Florida Rep. Young, whose daughter-in-law Cindy Young is a partner in a small Pennsylvania lobbying firm that primarily serves defense contractors. Rep. Young said his daughter-in-law handles legal and business issues for the firm, but she has not registered to lobby Congress.

"Cindy has said, on occasion, 'Hey, would you see this client?' and I've done that," Young said. "But they don't get any special treatment." He said all of the projects had to have another congressional sponsor before he would meet with company officials or consider funding them — a rule he said he enforces for all lobbyists seeking money from his panel.

Young said he accepts no campaign contributions from any clients of his daughter-in-law's firm. And he points out that he rejected requests from two of those clients because he wanted to give the military more of an opportunity to review the projects. "Bottom line," he said, is that those companies "don't get any special treatment, no different from the clients of any other lobbyists who bring people in to see me."

Young said his daughter-in-law is within her rights to run a lobbying firm, even if it represents companies seeking federal funding from his panel. He said his office consulted with the House ethics committee to ensure that her status with the firm, and his interactions with her and her clients, all were within the scope of House rules.

"My daughter-in-law has a right to make a living," the congressman said. "I don't know that I can see one lobbyist or one attorney and not see another just because she has a relationship to my son."

Last year, clients of Cindy Young's firm won $2 million in funding in the defense spending bill that her father-in-law oversaw. In one case, $1 million was directed to one of Cindy Young's clients, Dynamic Defense Materials, to develop body armor for the military. The money came in the form of an "earmark," a provision that lawmakers add to spending bills for an item or program that wasn't requested by the agency getting the money, or authorized by previous legislation.

Cindy Young did not respond to requests for an interview.

Juliet Pacquing's husband, Kevin Cook, is the top staffer for the House Appropriations subcommittee for energy and water programs. The chairman of that subcommittee — the lawmaker who relies most heavily on Cook as a staffer — is Rep. Hobson.

During the past two years, one of Pacquing's main clients, TPI Composites, has received more than $500,000 in federal contracting work under programs funded by Hobson's energy and water appropriations bill.

Hobson also sits on the Appropriations defense subcommittee. In a defense appropriations bill, TPI got $4.5 million to help the Army develop a composite vehicle similar to the Humvee. In a news release, Hobson took credit for getting the money, noting that some work on the vehicle would be done at a TPI facility in his district.

Pacquing acknowledged that she has lobbied Hobson for defense earmarks on behalf of TPI. But she said she never seeks money under the energy and water bill that Cook helps the congressman write. She said she was unaware that her client benefited from the bill. "I don't lobby my husband," she said. "There's a conflict there."

Pacquing said her lobbying work relies on contacts she made in her previous job as a staffer on the Appropriations defense panel. Those clients, she said, are almost exclusively defense contractors. "I'm just a small fish," she said. "I don't know why you're talking to me."

Hobson said he was also unaware that TPI has a financial stake in programs funded by his energy and water bill. That legislation controls spending for a variety of programs, including research into wind energy technology. TPI manufactures blades for experimental wind turbines being developed by Sandia National Laboratory.

"I didn't even know that the contracts were there or that (TPI) even dealt with Sandia," Hobson said. "There's no problem there, because (the Sandia contracts) were competitively bid. … (But) we have to make sure that we continue to have this firewall" between Pacquing and Cook.

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As for the earmark for the Army vehicle, Hobson said Pacquing's relationship to Cook "had absolutely nothing to do with it." He said he has been pushing the Pentagon for years to develop lighter, better-armored tactical vehicles, and TPI has been at the forefront of that effort.

TPI declined to comment. Executives with the company donated a total of $6,000 to Hobson's campaign in 2005 and 2006, federal records show. Pacquing gave $2,000 to Hobson in the same span.

"I don't know whether you can say I encouraged" the contributions from TPI, Pacquing said. "It's just common sense to donate. They've been working with Congressman Hobson, and they'd like for him to be re-elected."

Lobbyist William Clyburn Jr. said he sees no benefit to having family on the Appropriations Committee. The lobbyist is the son of Rep. Clyburn's first cousin, and Clyburn said he grew up calling the lawmaker "uncle." Rep. Clyburn is the third-highest-ranking House Democrat and a member of the Appropriations panel handling transportation projects.

Cedric Johnson, chairman of the Augusta (Ga.) Airport Commission, said that the board knew of the lobbyist's family ties to Rep. Clyburn but that he wasn't hired for his family connections. He said the board sought William Clyburn's help because they knew him from his days as a staffer for then-senator Zell Miller, D-Ga.

Regardless, Johnson said the board could not have won the $2.5 million for terminal improvements without the lobbyist. "He helped us quite a bit with showing us the ropes and what we needed to do to get funding," Johnson said.

In an interview in July — before the newspaper contacted Rep. Clyburn's office — lobbyist William Clyburn acknowledged that he discussed funding for the Augusta airport with his congressman cousin. He didn't credit that relationship for his success. Instead, he talked of the contacts he made during more than a decade in Washington as a congressional staffer and member of the Surface Transportation Board.

"There hasn't been anything that, 'Because Jim is your relative, you're going to get this or that,' " William Clyburn said. "It was really dependent on the network I had developed over the years."

Kristie Greco, a spokeswoman for Rep. Clyburn, told USA TODAY in September that the congressman and his cousin had not discussed the Augusta airport funding or any other business. "He doesn't lobby before the congressman," Greco said of William Clyburn. She suggested that the newspaper contact the lobbyist again.

The next day, in a second interview, William Clyburn reversed what he had told the newspaper in July. He said he discussed other matters with his cousin but had not discussed the Augusta airport funding with him. "Going to a relative, that doesn't make it happen for that project," he said. "You have to have both House and Senate, both Democrats and Republicans."

Just months after Holly Piper left her job as an aide for Sen. McConnell to join the lobbying business in 2004, she married his chief of staff.

Piper went to work for Bates Capitol Group, a Louisville lobbying firm with a client list heavy on Kentucky businesses. One company for which Piper sought money, is e-Cavern, lobbying records show. The company has teamed with local universities to turn a 3-million-square-foot cavern near the city into an underground "technology business park." There, companies or government agencies can build secure facilities to store critical infrastructure and financial records.

As a senior member of the Senate Appropriations Committee, McConnell secured $1 million in federal funding for the facility in 2004, Piper's first year as a lobbyist for e-Cavern. In 2005, McConnell secured another $1.5 million for the project. In those two years, e-Cavern's annual lobbying payments to Bates Capitol climbed from $80,000 to $220,000. Last year, two of e-Cavern's top executives contributed $1,000 each to McConnell's campaign account.

McConnell spokesman Don Stewart said Piper's relationship to the senator's top staffer had nothing to do with McConnell's steering federal funds to the project. "The senator's priorities have been (focused) on making the commonwealth's universities world class, making them competitive," Stewart said, "so that (funding) flows right into his objective."

Stewart said McConnell barred any lobbying contacts between Holly Piper and her husband after they were married. And a year later, in spring 2005, he expanded that policy to forbid anyone on his staff from having any contact with lobbyists who have a relative in the senator's office. Holly Piper has since left the lobbying business and declined to comment.

McConnell's no-contact policy for Piper "was just him trying to go above and beyond what was required," Stewart said. All of his funding decisions are made on their own merits and "are completely justified," Stewart said of McConnell. "He's willing to defend any of them."

In the case of e-Cavern, Stewart said, any lobbying of McConnell or his staff would have been done by the company's other lobbyist at Bates Capitol: company president Hunter Bates — the man who served as McConnell's chief of staff before Billy Piper got the job.

Unlike Congress, the judicial and executive branches have strict guidelines on nepotism and contacts with lobbyists and business interests, said Ronald Utt, a budget expert at the conservative Heritage Foundation think tank.

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For example, laws bar executive branch employees from taking action affecting the financial interests of their spouses or minor children. Federal judges are required to remove themselves from cases affecting the financial interests of their spouses or minor children, or when lawyers or parties to the case are related to the judge. "It's particularly troublesome, because (Congress is) in an environment that has very limited, formal ethical standards to begin with," Utt said.

"The ethics of it are terrible," he said of the newspaper's findings. "It's getting to the point where no one bothers to hide what appear to be raging conflicts of interest."

Utt said it's "both impossible and preposterous" to believe that relatives who are lobbyists don't influence their family members.

Congress appears unlikely to act this year to address how lawmakers and their staff should deal with family members in the lobbying business. As the congressional session enters its final weeks, lobbying bills passed in the spring by the House and Senate have stalled. Congressional leaders have yet to set up a committee of House and Senate members to reconcile differences between the two pieces of legislation. Those differences must be resolved before a final bill can be voted on, let alone passed.

The Senate bill would bar all "official contact" with a lawmaker's office by a registered lobbyist who is an "immediate family member" of that lawmaker — a definition that includes spouses, children and certain in-laws. That bill does not address situations in which a lobbyist is related to a staff member.

The House bill is silent on the issue of lobbying relatives.

Currently, the only official pronouncement on the issue of family ties is an opinion by the Senate Ethics Committee. The committee recommended that a lobbyist related to a senator's chief of staff should not be allowed to lobby anyone in that senator's office. The opinion was never adopted as a rule. And it has no bearing in the House.

"There has to be a serious review of congressional rules in terms of the lobbying done by spouses of members and other relatives," said Fred Wertheimer, a longtime advocate of tighter lobbying restrictions who heads the reform group Democracy 21. "In effect, Congress as an institution has said with regard to all the congressional corruption scandals, 'It's none of your business,' " Wertheimer said. "That's just dead wrong. … It's the public's interest that Congress is responsible for protecting."

Little Accountability In Earmarks (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 17, 2006

Family ties give lobbyists insight into how legislation is written — and access to those who are in positions to secure millions for specific projects.

"These are the insiders' insiders," said Ellen Miller, executive director of the Sunlight Foundation, a budget watchdog group. "Lobbyists rule the legislative process. But lobbyists who are family members really have the inside track."

One of the most popular ways to ensure a project gets funded is by adding a provision called an "earmark" to an appropriations bill.

An earmark commits the government to spend a specific amount on a specific program. Earmarks that benefit companies usually direct money to a project that the companies are hired to handle, not to the companies themselves.

Members of the appropriations committees can add earmarks. Often, their staff members, who write much of the legislation, are in position to encourage their bosses to do so.

John Scofield, a spokesman for the House Appropriations Committee, says earmarks are an appropriate way for Congress to put its stamp on federal policy. "That's the way (the legislative branch) is supposed to work," he said.

There is little accountability in the earmark process, however. Lawmakers can add the language anonymously. Until recently, no rules required Congress to disclose an earmark's sponsor, and the information is not subject to the Freedom of Information Act or other public-records requirements.

The House changed its rules Sept. 14 to require that spending and tax bills include the name of the lawmaker sponsoring an earmark. However, that rule expires Dec. 31.

In the past decade, the number of earmarks in appropriations bills has more than tripled, to almost 16,000 in 2005, according to the Congressional Research Service. Taxpayer groups and fiscal conservatives in Congress point to earmarks as a major source of waste.

"There's no question that unaccountable earmarking leads to wasteful spending and special favors for campaign contributors or family members who are lobbying for stuff," Miller said.

Occasionally, a company will announce that it has received funding via an earmark. Lawmakers sometimes take credit for them, too, to show that they are fighting for a local project.

In February, USA TODAY reported that Sen. Arlen Specter, R-Pa., added 13 earmarks over four years that set aside almost $50 million for clients of a lobbyist married to a top aide.

Specter said he did not know the beneficiaries were clients of his aide's husband. The FBI is now investigating whether the aide, Vicki Siegel Herson, broke the law by helping her husband Michael Herson. Specter has said he did nothing wrong.

Congress's Charity Cases (NYT)

By Frances R. Hill

The New York Times, October 17, 2006

Coral Gables, Fla.

A REPORT issued last week by the minority staff of the Senate Finance Committee details how the fallen lobbyist Jack Abramoff exploited tax-exempt organizations — both sham nonprofits and otherwise legitimate charities — to move money from clients he disdained to congressmen he hoped to influence.

Why were charities Mr. Abramoff's go-to vehicles as he sought to transfer funds covertly through Washington's corridors of power? The primary attraction was their opacity: their ability to raise money in any amount, without limit, from any individual or entity anywhere in the world without disclosing the contributors to anyone.

This makes good sense for honest charities helping people in need. But Mr. Abramoff took advantage of this situation to circumvent campaign finance laws and Congressional ethics rules and provide illicit benefits to powerful politicians.

Though members of Congress are subject to strict rules regarding gifts, travel and entertainment, there have long been exceptions for "value received from charity" — ostensibly to permit officials to help charities raise money for worthy causes.

So the tax-exempt treasuries of willing nonprofits like Americans for Tax Reform, run by the Republican strategist Grover Norquist, became conduits through which funds from lobbyists like Mr. Abramoff and other special interests were transferred to elected officials, their families and their aides in the form of lavish travel, expensive meals, golf outings and tickets to sports and entertainment events.

The rules that govern charitable giving obscured the true source of these gifts, while at the same time affording lobbyists private access to the congressmen they were trying to influence.

In its 2003 decision upholding the campaign finance law, the Supreme Court repeatedly expressed its concern that tax-exempt organizations could be abused in just this way.

And now this grim report from the Senate Finance Committee's Democratic investigators should remind Congress and tax-exempt organizations that reform is overdue.

The guiding principle should be simple and direct: a politician's only relationship with a charity should be as a contributor. Elected officials should not accept travel or meals or golf course fees, even if they claim that participating in charity events will induce others to write checks for a good cause.

In order to put this principle into effect, Congress should begin by eliminating exceptions in ethics rules, campaign finance laws or lobbyist registration laws for benefits channeled to politicians through nonprofit, tax-exempt entities.

Any funds or benefits that a charity gives to a politician or a political committee should be traced back to the original contributor on regularly-filed disclosure reports. Just as important, politicians should be prohibited from raising money from third parties for charities they control, directly or indirectly.

If politicians help other charities raise money, they should accept absolutely nothing in return from those organizations or any organizations related to them. The same rules should apply to politicians' spouses, children and children's spouses, as well as to current and former staff members and their immediate families.

Finally, Congress should establish an electronic database where members list all their contributions to charities, benefits they receive from charities and their leadership positions in such groups.

As I.R.S. commissioner Mark Everson noted back in January, when the government announced Mr. Abramoff's plea agreement, "The mixing of politics, money and charities is, simply stated, a bad cocktail."

Indeed, it's distressing to see that in exchange for a taste of the high life, members of Congress were apparently selling what cannot be for sale in a representative democracy — access to the public policy process and possibly even their votes. Charities serve many indispensable purposes, but financing the livings of the powerful and privileged is not one of them.

President Bush To Visit Greensboro Elementary (News14NC)

By Kira Mathis

News 14 Carolina, October 16, 2006

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GREENSBORO -- One Greensboro elementary school will be welcoming a very exciting visitor this week. President Bush is scheduled to visit Falkener Elementary School on Wednesday, and that means Greensboro has plenty of preparing to do in time for the president's big visit.

"I didn't believe it," said Principal Amy Holcombe, "I thought it was one of my brothers playing a joke on me at first."

But the news that Holcombe heard was no joke at all. President George W. Bush will in fact be visiting her school on Wednesday

The White House picked Falkener Elementary because it is a successful example of the No Child Left Behind legislation.

President Bush is scheduled to visit Falkener Elementary School on Wednesday. The White House says Falkener is a successful example of the No Child Left Behind legislation.

"We're very honored to have him come and visit Falkener. We're sure he picked the best school he could have," Holcombe said.

Students at the school have already made a sign to welcome the president. It also has a special message for the first dog, Barney.

"They're thrilled. The students are so excited about the visit. It's all they're talking about around the school today," Holcombe said.

The school is also taking extra steps in the classroom, so the students realize the meaning of the visit.

These school children will spend time this week learning about the significance of the visit.

"We're putting an additional focus on this particular area of the curriculum. Our students normally study local, state and federal government but we're shifting that to this week, so they have a heightened awareness of who is coming to visit and the significance of the visit," Holcombe said.

That means until Wednesday, Falkener Elementary will put all of its effort into making the school look great for President Bush's visit.

Falkener Elementary School has only been open for five years, but it has continually met adequate yearly progress and they have been named a School of Distinction in North Carolina.

President To Visit Greensboro Students (WGHP)

WGHP-TV High Point, North Carolina, October 16, 2006

Greensboro -- President George W. Bush returns to the Piedmont Wednesday. Among his stops will be Greensboro's Falkener Elementary.

The national recognition will spotlight the success Falkener has made in raising test scores. The majority of the school's students come from economically depressed backgrounds.

The success, according to Principal Amy Holcombe comes after hard work and good student-teacher relationships. The school uses money from the federal No Child Left Behind program.

Holcombe said the President plans to visit a few classes and plans to speak to all students via closed-circuit television.

As TSP Grows, Participants Get Chance To Chart Future (WP)

By Stephen Barr

The Washington Post, October 17, 2006

Account balances in the Thrift Savings Plan could grow to $200 billion by year's end, the chairman of the board that oversees the 401(k)-type plan for government employees said yesterday.

Hitting $200 billion would make the TSP twice as large as four years ago, Andrew M. Saul , the head of the Federal Retirement Thrift Investment Board, said at the board's monthly meeting. "That's really a milestone," he said.

TSP participants, like many other investors, are benefiting from the recent run-up in the stock market. Since the start of the year, the TSP's international stock index fund has gained 14.55 percent, and the large, common stock index fund has returned 8.49 percent, according to data presented to the board.

Trading costs also have jumped for the TSP, according to data released yesterday. For the first six months of this year, the plan's investment expenses totaled $9.85 million, slightly more than the trading costs incurred by the plan for all of 2005. TSP officials said most of this year's trading costs were driven by increased transactions in the international index fund, which is more expensive to buy and sell in than other TSP funds.

Despite the interest in the international fund, it is not the most popular investment choice for government workers. At the end of September, 37 percent of TSP assets were in the government securities fund and 35 percent in the large, common stock

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index fund. Only 9 percent of TSP assets, about $16.7 billion, were in the international fund. The rest of the account balances were spread across the bond index, small-company and life-cycle funds.

The life-cycle funds, which were launched a year ago, are showing steady growth. Last month, officials noted, TSP investors pulled out about $689 million from the government securities fund and transferred most of it into life-cycle funds, bringing the balance in those accounts to $14 billion.

The L Funds, as they are known, allow participants to diversify their savings by selecting an investment mix that most closely meshes with the time that they expect to draw down their retirement savings.

The TSP was created by Congress about 20 years ago and has 3.66 million participants. About 86 percent of workers covered by the Federal Employees Retirement System contribute to the TSP and receive matching contributions from their agencies. FERS-covered employees also qualify for Social Security and a pension.

Other government workers who typically qualify for a traditional pension or military retirement pay do not receive matching contributions from their agencies. About 67.5 percent of employees in the old Civil Service Retirement System participate in the TSP, and 23.6 percent of the armed forces and other uniformed services make contributions.

TSP officials plan to put a questionnaire in the mail at the end of the month to gather feedback on what participants think of their retirement plan and what changes they might support. About 20,000 participants will receive the survey.

Officials hope to use the feedback and a consultant's study to make decisions late this year or next year on whether to recommend new investment options for the TSP, such as real estate, commodities and emerging markets.

Other issues likely to come before the board next year include:

· Whether to ask Congress to require automatic enrollment in the TSP for new hires. Government employees now must sign up for a payroll deduction.

· Whether to ask Congress to designate a new default fund for FERS employees who do not enroll but receive a mandatory agency contribution of 1 percent of salary. That money now goes into the government securities fund, but TSP officials think the L Funds would be a more appropriate, long-term investment.

· Whether to add a Roth 401(k)-like feature, similar to private-sector Roth individual savings accounts, to the TSP. With a Roth option, participants would make contributions with money that had been taxed, but the contributions would grow tax-free and account balances would be withdrawn tax-free. Employees now contribute pre-tax dollars to the TSP and pay taxes when they withdraw their savings.

Our View On Higher Education: Time To Grade Colleges (USAT)

USA Today, October 17, 2006

Fears of proposed database are hypothetical, but need for it is real.

Shoppers looking for a vacuum cleaner or a plasma TV can check Consumer Reports to compare ratings and value. For a car, dozens of websites assess prices, safety and gas mileage.

But for parents and students mulling one of the biggest investments of their lives, a college education, comparison shopping is nearly impossible. The most popular college guides tell more about the test scores of incoming students than about how many came out four years later with a degree. While the federal government calculates graduation rates, nearly 50% of students are missing from the data.

Education Secretary Margaret Spellings wants to change that. Last month, she proposed a privacy-protected database that would collect information on all students attending college. It would open the way to comparative data and greater accountability. But given the controversy the proposal has kicked up, Spellings will likely need a go-ahead from Congress to spend money on it.

While most of the nation's public universities and community colleges favor the plan, private schools are vehemently opposed, arguing that its very existence would compromise student privacy.

That's dubious. The proposed system would not identify individual students by name or give other identifying information, and experience shows privacy can be protected. Forty states have systems that track individual student information for public universities and colleges; 17 of those also gather data from private colleges, according to the National Center for Higher Education Management Systems.

Peter Ewell, the center's vice president, could recall no breaches of individual records. Nor could the National Association of Independent Colleges and Universities, which opposes a federal tracking system.

While fears of compromised privacy are hypothetical, the need for a new system is real. The current state systems are incompatible, so comparison among schools in different states is impossible. Federal statistics miss students who start part-time, enter later or transfer from other institutions.

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Better data, through either a comprehensive database or scientifically valid sampling, could answer many pressing questions. Consumers who now see only a school's sticker price might learn what students actually pay, after financial aid is calculated. Researchers might learn why students drop out and where they go. Or what impact college has on their future success.

American taxpayers spend $30 billion a year on financial aid for college students, so they have a right to information about the return on their investment. For parents and students, the average cost of four years of college is $49,000 at a public college and $116,000 at a private school. They certainly deserve a more accurate picture of what they're getting for all that money.

Don't Invade Student Privacy (USAT)

By David Shi

USA Today, October 17, 2006

College transparency is needed, but tracking individuals would go too far.

The most difficult choices in public policy mimic the most difficult choices in life. Choosing between good and evil is easy; choosing one good over another is not.

This is the real issue behind the intense debate over the Education Department's proposal to require colleges to report individual student record data rather than aggregated totals, as is now done.

Opponents, including most private colleges and universities, agree that greater transparency is a good thing. However, the proposed database would put at risk fundamental privacy rights, especially the right of students to control their academic records — a federally protected right since 1972.

Most of the nation agrees with us: 62% in a recent national survey opposed requiring colleges to report individual student data to the government. Last spring, the House voted to prohibit the Education Department from creating such a database because of privacy concerns. That vote occurred before startling revelations that several federal databases had been compromised, including the department's own student loan system.

Advocates of a new database ignore the wealth of data already available online from colleges, such as Furman University, and from the government. Prospective students have access to graduation and retention rates, financial aid data, estimated student expenses, degrees awarded and much more. Yet the department has done little to make this data user-friendly. In 2004, the National Association of Independent Colleges and Universities proposed a better way to do that, but the plan was met with silence.

We oppose a new individual tracking system because we fear a larger, more intrusive government bureaucracy. Greater transparency and accountability in higher education can be achieved without threatening privacy. To their credit, some proponents of a student unit-record system are willing to try to address our concerns. Yet more needs to be done. My colleagues and I are eager to work with the department to find ways for colleges to provide more useful and accessible data for applicants while protecting parents' and students' fundamental privacy rights.

David Shi is president of Furman University and chairman of the National Association of Independent Colleges and Universities.

Sen. Brownback's Litmus Test (WP)

The Washington Post, October 17, 2006

IF YOU THOUGHT that fights over judicial nominations couldn't get any worse, consider the case of Janet T. Neff, whom President Bush has nominated to a federal district judgeship in Michigan. Judge Neff, who serves on the Michigan Court of Appeals, is part of a multi-judge deal between the White House and Michigan's two Democratic senators resolving a long-standing fight over federal court nominees from that state. Yet in reaching an accommodation with the home-state senators, Mr. Bush finds himself with another problem. For Judge Neff, it turns out, once attended a commitment ceremony for a lesbian couple -- and that has Kansas Sen. Sam Brownback (R) reaching for the smelling salts and blocking the nomination.

Mr. Brownback has said he wants to satisfy himself that the judge was not presiding over an "illegal marriage ceremony" in Pittsfield, Mass., in 2002 -- before the state legalized same-sex marriage. He has written to Judge Neff asking for an explanation, his spokesman says, and will hold up her nomination until he learns the nature of the ceremony and its legality. "It seems to speak about her view of judicial activism," the senator told the Associated Press.

In fact it does nothing of the kind. A commitment ceremony is not a marriage; it has no legal force whatsoever but is a private expression of the love and devotion of two people. The idea that such a ceremony could be "illegal" is deeply offensive; Americans are entitled to gather, speak, celebrate and worship as they see fit. An administration official says Judge Neff has told Mr. Brownback that she didn't preside. But even if she did, that would say nothing about her jurisprudential views -- merely that

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she wished to help a couple recognize their relationship informally in the absence of state sanction for it. Keeping Judge Neff off the federal bench over such a matter is perilously close to declaring her unfit to serve because she has lesbian friends.

It also does a disservice to Mr. Bush. We have criticized Democrats for obstructing qualified judicial nominees; it is no more acceptable when Republicans do it. In this case, Mr. Bush has finally reached a compromise with Michigan senators to ease one of the more intractable irritants in the wars over lower court nominations. Judge Neff is a piece of that deal, all of which could get derailed if Mr. Brownback does not back off.

OTHER NEWS:

Lower Deficit Sparks Debate Over Tax Cuts' Role (WP)

By Lori Montgomery

The Washington Post, October 17, 2006

With great fanfare, President Bush last week claimed credit for a striking reversal of fortune: New figures show the federal budget deficit shrinking by 40 percent over the past two years, a turnaround the president hopes will strengthen his push for further tax cuts.

Bush hailed the dwindling deficit as a direct result of "pro-growth economic policies," particularly huge tax cuts enacted during his first term. "Tax relief fuels economic growth. And growth -- when the economy grows, more tax revenues come to Washington. And that's what's happened," Bush said.

Economists said Bush was claiming credit where little is due. The economy has grown and tax receipts have risen at historic rates over the past two years, but the Bush tax cuts played a small role in that process, they said, and cost the Treasury more in lost taxes than it gained from the resulting economic stimulus.

"Federal revenue is lower today than it would have been without the tax cuts. There's really no dispute among economists about that," said Alan D. Viard, a former Bush White House economist now at the nonpartisan American Enterprise Institute. "It's logically possible" that a tax cut could spur sufficient economic growth to pay for itself, Viard said. "But there's no evidence that these tax cuts would come anywhere close to that."

Economists at the nonpartisan Congressional Budget Office and in the Treasury Department have reached the same conclusion. An analysis of Treasury data prepared last month by the Congressional Research Service estimates that economic growth fueled by the cuts is likely to generate revenue worth about 7 percent of the total cost of the cuts, a broad package of rate reductions and tax credits that has returned an estimated $1.1 trillion to taxpayers since 2001.

Robert Carroll, deputy assistant Treasury secretary for tax analysis, said neither the president nor anyone else in the administration is claiming that tax cuts alone produced the unexpected surge in revenue. "As a matter of principle, we do not think tax cuts pay for themselves," Carroll said.

But, he said, "we do think good tax policy can lead to important economic benefits. . . . The size of the tax base is larger than it would have been without the tax relief."

The subtleties of that argument have been lost on the campaign trail. With less than three weeks to go until the Nov. 7 election, Republicans are promoting the good fiscal news, eager to talk about something other than the House page scandal and mounting casualties in Iraq.

House Speaker J. Dennis Hastert (R-Ill.) claimed credit for "driving down the deficit" and accused Democrats of plotting to roll back the tax cuts if they win a majority in the House, a move Hastert said "would destroy jobs and hurt the economy." Bush, meanwhile, called on Congress to permanently extend the cuts, which are scheduled to expire by 2010, at an additional cost to the Treasury of $2.2 trillion by 2016, according to CBO estimates.

Democrats criticized the president for celebrating a deficit that still ranks among "the largest in our nation's history," as House Minority Leader Nancy Pelosi of California put it. And they pointed to CBO projections that the deficit will rise again next year and balloon in coming decades as 78 million retiring baby boomers make claims on Social Security and Medicare.

"The truth is that the administration's fiscal policies have failed," said Sen. Kent Conrad (N.D.), the senior Democrat on the Senate Budget Committee. "They have not benefited most Americans. They have dramatically worsened our long-term budget outlook. And they are putting our fundamental economic security at risk."

Without question, the deficit is receding. Despite spending swollen by storm cleanup on the Gulf Coast and the war in Iraq, the deficit fell to $248 billion in the fiscal year that ended Sept. 30, down from a record $413 billion in 2004, as higher tax receipts poured into the government's coffers.

If growth induced by Bush's cuts doesn't explain the surge, where did all those extra tax dollars come from?

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The short answer is spectacularly high corporate profits and the advancing fortunes of wealthy Americans, economists said.

Skyrocketing profits caused corporate tax receipts to jump 27 percent, to $354 billion, in 2006, the largest increase in any tax category. "After three years of strong profits, corporate tax receipts as a share of [the economy] are at levels not seen since the late 1970s," the CBO said in its August budget report.

Meanwhile, individual income tax receipts rose 12 percent, to more than $1 trillion, largely on the strength of higher salaries, bonuses and non-wage income from stock market gains, a subcategory that climbed by 20 percent, according to CBO estimates.

Why those earnings are increasing so rapidly is, at the moment, a bit of a mystery, economists said, noting that details of individual tax returns will not be available for analysis until 2008. A robust economy and a strong stock market deserve the bulk of the credit, the economists said, but tax collections are growing far faster than the economy as a whole, so those factors cannot completely explain the Treasury's good fortune or suggest how long it might last.

As recently as March, the CBO was projecting a 2006 deficit of $371 billion, despite a strong economic outlook. And administration officials in February predicted that Hurricane Katrina and its aftermath would help push the 2006 deficit to $423 billion, the largest ever in nominal dollar terms. The record is held by the 2004 deficit, though that budget gap was smaller than some deficits of the 1980s when measured against the size of the economy.

"The money flowed in in a way that no one expected," said Douglas Holtz-Eakin, a former Bush White House economist who retired last year as CBO director. "Good economic growth is not the surprise. The surprise is that profits as a whole are so much higher."

Over the past decade, the budget deficit has tracked the economy with seeming indifference to federal tax policy, shrinking during good times and swelling during downturns. The Treasury last saw a huge influx of unexpected revenue in the 1990s, after the Clinton administration and a Democratic Congress raised taxes.

In 2000, the economy was booming and the budget was in surplus when Bush campaigned for president on a promise to cut taxes. The nation then slid into a recession soon after he took office, a downturn exacerbated by the Sept. 11, 2001, terrorist attacks, the cost of the wars in Afghanistan and Iraq, and big job losses. Tax revenue plunged, spending rose, and the budget swung into deficit.

The White House successfully pushed tax cuts in 2001 and 2003, partly as remedies for an ailing economy. At the same time, the Federal Reserve slashed interest rates to four-decade lows to spur consumer spending. The economy gradually gained steam, growing at a faster-than-average pace of more than 3 percent in 2004 and 2005. The housing market took off, corporate profits surged, the stock market rebounded and many upper-income Americans pocketed big gains.

Holtz-Eakin and other economists said they can only speculate about why that economic growth generated a disproportionate jump in revenue. There have been changes in the tax code, such as the 2004 expiration of a tax that allowed businesses to immediately deduct half the value of new assets. Economists said corporations chastened by recent accounting scandals may also be paying more taxes on more of their income. And with large and growing incomes going to chief executives, athletes, entertainers, and even star lawyers and academics, those people are paying more taxes.

"The simplest way to think about it, I think, is we know we have growing income inequality, especially at the top," said Isabel V. Sawhill, a Brookings Institution economist who worked for the Clinton administration. "The very rich are pulling away from the ordinary rich and the middle class. Those very rich people pay higher tax rates. When the distribution of income shifts upward, as it has in recent years, you get a revenue kicker from that."

It's A Faith Thing (WSJ)

By Brian S. Wesbury

The Wall Street Journal, October 17, 2006

With equity markets steadily gaining ground and the Dow Jones Industrial Average reaching record highs, it is getting harder for cynics and pessimists to argue that the U.S. economy is doing poorly. But this does not stop them from trying. Lately, the old class-warrior standby, that "Wall Street may be doing fine, but Main Street suffers," is echoing down the alleyways.

Fortunately, no matter how many times this theory bounces off the walls, there is little in the way of facts to back it up. The so-called "jobless recovery" was dealt a severe blow when the Bureau of Labor Statistics (BLS) reported that its annual recalibration of employment statistics will add 810,000 jobs to its previously calculated total. This is one of the largest revisions in history, exceeding the combined payrolls of GM, Ford, United and American Airlines.

In an additional blow to those who find things to worry about everywhere, the Treasury released its latest estimate of the budget deficit -- now expected to be $248 billion in FY 2006. Just eight months ago, the CBO guesstimated a $337 billion shortfall and the White House forecast a $423 billion deficit.

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While cynicism and pessimism are part of human nature, handwringing based on out-of-date models and inaccurate data is unnecessary. Bad data and bad models are a dangerous combination that can bias political views and impact policy decisions. Recent revisions reflect the problem; the very data that caused so much indigestion previously now reveals a strong and resilient economy.

The driving force behind the good news is productivity growth fueled by innovation. If the 1980s and 1990s saw the invention and proliferation of new technology, the early 21st century is witnessing its implementation. The impact is immense, and it changes everything. The 2003 tax cuts have also played a major role. Before those tax cuts, the economy, job growth and the stock market were sluggish and stagnant. After them -- because they increased the incentives for risk-taking -- the economy and markets improved dramatically.

Business investment has boomed and nonfinancial corporate sector productivity has grown an annualized 4.3% over the past three years -- its most rapid growth in 45 years. Pre-tax corporate profits have doubled in just five years. Still, fears about growth and geopolitics have kept stocks cheap. A simple capitalized profits model (corporate profits divided by interest rates) suggests that even after recent strength, the broad U.S. equity market is 35% undervalued.

Part of this undervaluation reflects a view that the U.S. economy is fundamentally fragile, especially the consumer sector. But as long as tax rates are low, the economy will do just fine. It's a faith thing. Those who lack faith in free markets fret constantly about weak job growth, problems at old-line manufacturing firms and some signs of weakness in incomes. But this pessimistic view is heavily reliant on the BLS Establishment Survey, which was designed in a paternalistic age of large businesses and time-clock punching. It has difficulty capturing small business employment, the self-employed, independent contractors and many limited liability corporations. As a result, I have argued for at least a decade that it misses a great deal of our New Era Economy.

It is easier than ever to start and manage a new business and harder for the government to track those new businesses. Software programmers can work anywhere, any time. So can those who buy and sell on eBay. Masseuses, manicurists, landscapers, realtors, painters, dry-wallers and many other professions are naturals for small partnerships that avoid paying unemployment insurance, which means they escape the BLS establishment survey.

They do show up in a second BLS jobs survey -- the household survey, which is done in person or over the phone, and asks people, not employers, if they are working. A perfect example of these forces at work surfaced two weeks ago when the assets of Tower Records were sold off, including the flagship store on Hollywood's Sunset Boulevard, putting 3,000 employees out of work. Technology -- in this case, digital music downloading -- is boosting productivity rapidly. This type of creative destruction is both real and widespread. If former Tower Records employees use their intimate knowledge of the music business to make a living on eBay or consult to online music providers, they would disappear from the establishment survey, but remain in the household survey.

During the 12 months ending in September 2006, the household survey reported 2.54 million new jobs. Going back 24 months shows 5.5 million new jobs, an annual average of 2.75 million. This exceeds the booming 1995-2000 average of 2.34 million new jobs per year. The household survey, in contrast with the establishment survey, has consistently signaled a resilient economy. And it continues. In the past two months, the household survey has expanded by 261,000 per month, while the establishment survey rose by an average of just 120,000.

But that's not all. Because the payroll survey is the major source for both average hourly earnings and wage and salary estimates, these measures of income have also underestimated potential consumer strength. But like job growth, recent revisions found $160 billion of personal income that was previously uncounted.

This helps to explain the awesome tidal wave of tax revenues flowing into federal government coffers. Tax revenues grew 12% in 2005 and are up by 11.8% this year. Despite lower tax rates, total federal revenues are $410 billion higher this year than they were at their previous high water mark in 2000.

The problem is on the spending side. Federal government spending this past fiscal year was $907 billion higher than it was in 2000 -- the equivalent of adding both the Australia and Ireland GDPs to annual spending. If ranked, total annual U.S. government outlays of $2.7 trillion in 2006 would be the world's fourth largest GDP: Just below Germany, but 10% larger than China's entire economy. These spending increases make it even more amazing that the U.S. economy has been able to grow at a 3.7% annual average rate in the past three years. While pessimists fret about global competition, they rarely think about the fact that U.S. entrepreneurs must compete while carrying a government larger than China on their backs.

My estimates suggest that every percentage point increase in government spending as a share of GDP subtracts roughly 0.2% from real GDP growth. Between 2000 and 2006, spending jumped from 18.4% of GDP to a 20.3% share, a 1.9% increase. Whether this spending is financed by borrowing or taxation, it still crowds out the private sector and reduces potential real GDP growth by roughly 0.4%.

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Nonetheless, tax cuts and productivity growth have overcome the negative impact of this spending splurge. Looking back, despite a dozen Fed rate cuts, the stock market did not bottom until the early months of 2003, when the pro-investment tax cut was finally on its way to passage. Since then, the Dow industrials is up 51%, the S&P 500 63%, and the Nasdaq 80%.

The lesson of all this is that when tax cuts and technology work together to encourage productivity growth, the economy and markets perform well. Massive positive revisions to employment and incomes, rising stock prices and a flood of new tax revenues paint a much different picture than conventional wisdom had expected. But history is clear. As long as government policies do not hinder entrepreneurship, the U.S. economy can overcome even the most daunting of challenges. Have faith.

Dow Industrials Inch Closer ... Ever Closer (WSJ)

By Peter A. Mckay

The Wall Street Journal, October 17, 2006

The Dow Jones Industrial Average rallied to another record despite a third straight rise in crude-oil prices and analyst downgrades of two of its component companies.

The blue-chip indicator is less than 20 points shy of its first close above 12000, after pulling within four points of that milestone during yesterday's session. The Dow rose 20.09 points, or 0.2%, to 11980.60, up 11.8% on the year. It was the seventh record close in 10 trading sessions,

Market watchers said, as they have several times recently, that investors seem increasingly confident that third-quarter earnings reports trickling out from companies will show strong profit growth. Two Dow components -- International Business Machines and Intel -- rose ahead of their reports due out today.

Although IBM trades on the New York Stock Exchange, these technology-companies' market gains helped to boost the tech-heavy Nasdaq Composite Index, which gained 0.3%, or 6.55 points, to end at 2363.84. It is up 7.2% on the year and just slightly more than seven points below a 5½-year high.

The broad Standard & Poor's 500-stock Index rose 0.3%, or 3.43 points, to 1369.05, up 9.7% on the year and at a new 5½-year high.

Crude-oil futures for November delivery leapt $1.37, up 2.3%, to $59.94 a barrel, the biggest rise in more than two weeks on the New York Mercantile Exchange. The Organization of Petroleum Exporting Countries called an emergency meeting Thursday to discuss an output cut. The cartel's members have disagreed in recent days over whether to reduce production by a million barrels a day and, if so, who should shoulder that burden.

On the year, crude prices are off 1.8%.

"A lot of companies have been able to offset energy costs by raising prices," said Chris Meeker, analyst and portfolio manager at asset-management firm Farr, Miller & Washington. "It's certainly a concern that those energy costs could get out of control again. But it's not enough for us to change our thesis," that large companies like those in the Dow and S&P 500 are poised to do well in the months ahead.

Keeping yesterday's stock-market gains in check, shares in Home Depot and General Electric, both Dow components, fell more than 1%. Analysts at Goldman Sachs downgraded Home Depot to a neutral rating from buy, citing concerns over recent management departures. Merrill Lynch analysts made a similar ratings change for General Electric, citing risks to its long-term earnings.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.76%, or 1.70 points, to 224.56.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.3 billion shares, as 2,305 stocks advanced and 1,014 fell.

Bond prices rose. The 10-year note gained 6/32 point, or $1.875 for each $1,000 invested, pushing the yield down to 4.784%. The 30-year bond rose 10/32 to yield 4.915%.

The dollar weakened. Against the Japanese currency, the dollar fell to 119.12 yen, compared with 119.67. The euro rose to $1.2532, compared with $1.2510.

Stock Market Surge May Boost Charities (USAT)

By Sandra Block

USA Today, October 17, 2006

If the stock market sustains its strong performance through the rest of the year, investors won't be the only winners. Charities will likely benefit, too.

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Historically, stock market performance has been closely correlated with charitable giving, research by the Center on Philanthropy at Indiana University shows. Charitable giving rose sharply in the '90s, then dropped off as the market sank.

"I'm very optimistic for charities this holiday season," says Trent Stamp, president of Charity Navigator, which rates charities. "I think it could be the biggest year in five to 10 years."

Most charitable donations are made near the end of the year. "For the stock market to be going up in advance of people making those year-end decisions — that's a good thing for philanthropy," says Patrick Rooney, director of research for the Center on Philanthropy.

Even before the most recent run-up in stock prices, charities were bullish about prospects for year-end giving. A survey the center conducted this summer found that most charities expect donations to increase during the second half of the year compared with the same period in 2005.

Nearly 60% of charitable groups reported an increase in giving in 2005, according to the Center on Philanthropy. Contrary to what some had feared, donations to relief groups that helped victims of Hurricane Katrina and the Indonesia tsunami did not lead to a drop-off in contributions to other types of charities last year, Rooney says.

Along with the stock market's performance, Rooney says, continued growth in the economy and stable interest rates are likely to encourage charitable giving. Though housing prices have declined, the center's research shows that home values tend to have a lesser effect on charitable giving, he says.

Other factors contributing to a cheery outlook for charity:

•A rise in contributions of securities. Contributions to the Fidelity Charitable Gift fund, which typically receives about 70% of its donations in the form of appreciated securities, are up 29% year to date compared with the same period in 2005, says David Guinta, president of the fund. When stocks do well, contributions of securities typically rise. Donors can deduct the market value of the shares at the time of the contribution and avoid paying tax on capital gains.

•Online giving. Charities expect online giving to rise significantly during the holiday season, particularly among young donors. Though it still represents just 2% to 3% of overall giving by individuals, online giving is tracking the trend in online shopping and banking, according to Network for Good, an Internet site that lets donors contribute to thousands of charities. While the majority of "offline" donors are in their 60s, the median age of donors who contribute through Network for Good is 38, says Katya Andresen of Network for Good.

The Internet is "bringing in a new group of people who haven't been philanthropic in the past," Stamp says.

Consumers Face Test As Gas Prices Fall (WSJ)

By Joseph B. White

The Wall Street Journal, October 17, 2006

October is turning into a big month for alternatives to century old gasoline car technology.

Just last week, Toyota Motor Corp. officially launched production of its gas-electric hybrid Toyota Camry sedan at its big factory in Kentucky. Toyota's betting that 60,000 Americans a year will want a $26,200 family car that averages 39 mpg.

The small but vigorous lobby that wants auto makers to put more muscle behind so-called "plug-in" hybrid technology got a symbolic boost when AutoNation Inc., owner of the largest chain of car dealerships in the U.S., issued a call for car companies to build such vehicles, and said it will take orders from customers who want them.

A plug-in hybrid takes the technology of a car like the Toyota Prius to the next level by allowing the driver to operate the car solely on battery power for up to 60 miles. The owner recharges the batteries by plugging the car into a wall socket. A plug-in hybrid can still rely on its gasoline engine for longer trips or if the battery runs out. Advocates say that a hybrid car that allows for a significant amount of all-electric operation can save far more petroleum than a conventional hybrid car which needs to run its gasoline engine often.

But that's not all. Fans of European diesel technology, which enables family cars to average around 40 miles per gallon or more, are cheering because after years of wrangling, regulations requiring refiners in the U.S. to remove 97% of the sulfur previously allowed in on-road diesel fuels finally take effect. Ultra-low sulfur diesel is a prerequisite to various car makers' plans to try to re-launch diesel engines as a mass-market alternative for cars and sport utility vehicles. Several car makers have recently announced plans to add or expand diesel models in the U.S. market over the next three years.

To top it off, President Bush on Thursday used the podium of a Renewable Energy Conference in St. Louis to express his enthusiasm for a wide range of oil-conserving technologies, including corn and cellulosic ethanol, fuel cells, and plug-in hybrids, as well as nuclear power, natural gas and coal. The president explicitly linked reducing oil consumption to protecting national security and economic security.

With all of these developments, you'd think the Green Revolution is right around the corner.

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There's just one problem: Gasoline is once again getting cheap, or at least, cheapish. That's great if you drive a long way to work. But if you really want to end what the president has called America's "addiction to oil," it's a problem, as the president himself acknowledged.

"Look, let me just put it bluntly: We're too dependent on oil," Mr. Bush said, according to a transcript posted on the White House Web site. "…And see, low gasoline prices may mask that concern. So, first, I want to tell you that I welcome the low gasoline prices, however it's not going to dim my enthusiasm for making sure we diversify away from oil. "

Mr. Bush's quandary reflects a much longer term dilemma. The U.S. has been having an argument with itself about automobile fuel efficiency for more than 30 years. Over those decades, the momentum of the argument has shifted from one pole to another. In the 1970s, oil prices spiked and Washington for the first time demanded that auto makers meet certain Corporate Average Fuel Economy standards, commonly known as CAFE. The societal urge to escape the squeeze of Middle Eastern oil producers also brought on the 55 mile-per-hour speed limit, a surge in demand for small Japanese cars and Jimmy Carter's cardigan.

In the later 1980s and 1990s, gasoline prices plunged, and American culture lurched back the other way. Cardigans, Drive 55, and econoboxes were out. Hummers and Explorers were in.

The constant in all of this: An unwavering commitment by the government to cheap gasoline.

So instead of clear signals, there is static. The political rhetoric says, "Keep America Strong! Buy a plug-in hybrid that burns E85 ethanol." But the everyday message sent by prices at the gas pump is, "Aren't you glad that $3 a gallon business is over? Fill 'er up."

Moreover, there is no serious talk right now of substantially raising car and truck fuel economy targets -- the better to force fuel-saving technology into production. And there is no serious discussion of reordering national priorities by say, diverting some of the billions spent on highways to construct high-speed intercity rail links.

The big question is, what signals will consumers heed, and what signals will they send?

The next several months will be a test. Auto industry executives say they believe that a greater number of American consumers now rank fuel economy high on their list of priorities, despite the recent gas price drop.

In September, as gasoline prices eased under $2.50 a gallon in many parts of the country, interest in fuel economy oriented gas-electric hybrid vehicles such as the Honda Civic and Ford Escape and the Toyota Prius remained relatively strong, according to data from the Power Information Network. An Escape hybrid, for example, took 24 days, on average, to move off a dealer's lot in August and September, according to PIN data. That compares to 63 days to sell in March. The Escape had an average $1,305 rebate in August and $568 rebate in September. During the past two months, the Civic and Prius moved after just 10 days and 5 days, respectively, with no rebates.

The few diesel cars on the U.S. market aren't quite as hot as the Civic and Prius hybrids. But the diesel Volkswagen Jetta in September sold in an average of just 18 days, compared to 67 days for the gasoline version, according to PIN data.

Meanwhile, data from Edmunds.com, the big shopping site, indicates that many of the best selling large SUVs are still struggling. The average discount offered on a Dodge Durango in September was over $11,000, or about 30% of sticker price. And the vehicles still are sitting unsold for an average of 182 days.

One car to watch is the Camry hybrid. The hybrid Camry is rated at 39 miles per gallon in combined city/highway driving, compared to an EPA rating of 27 miles per gallon in city/highway driving for a four cylinder Camry with a five speed automatic transmission. The Hybrid Camry has features similar to the four cylinder Camry with the most expensive XLE trim level, which starts at $24,700. That puts the hybrid premium at about $1,500. But if you wanted to be rigorous about it, the cheapest Camry sedan starts at $18,270, and the average Camry sells for about $22,700, according to Power Information Network data. On those terms, the hybrid premium is more like $3,500. Toyota says Camry hybrids purchased after Oct. 1 will qualify for a $1,300 tax credit.

Toyota has publicly defined success as selling 60,000 Camry hybrids a year, or 5,000 a month, which is roughly equivalent to 15% of total U.S. Camry sales. If the Camry misses that target, it could be a sign that President Bush is right to be worried about the resolve of Americans to end oil addiction, just because they should.

Energy Shortage (NYT)

The New York Times, October 17, 2006

President Bush touched a lot of the right bases in a speech in St. Louis that focused on the urgent need for increased efficiency and alternative fuels to address the country's energy problems, including its dependence on imported oil. It would be helpful, though, if he could get his Department of Energy on the same page.

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One of the department's most important tasks is to periodically review and improve efficiency standards for appliances and other equipment. The department has always been sluggish in issuing these standards. But under Mr. Bush it has been more passive than ever, failing to issue a single strengthened efficiency standard since he took office. It also tried to roll back strong Clinton-era standards for central air-conditioners. Only a lawsuit filed by New York's Eliot Spitzer, nine other state attorneys general and the Natural Resources Defense Council prevented it from doing so.

Mr. Spitzer and others also sued the department for violating Congressionally mandated deadlines for revising standards for 22 products. In the wake of that lawsuit, and under new management — Secretary Samuel Bodman took the helm at the end of 2004 — the department has at least begun proposing new standards, most recently for home furnaces and for distribution transformers, the gray cans that hang on electric wires and change the voltage on the grid to household levels.

The bad news is that the proposed standards are not nearly strong enough. The standard for distribution transformers, issued for public comment in August, was so low as to antagonize the industry itself — a rare event. Top executives from 10 major utilities, led by Exelon and New Mexico-based PNM, argued that more efficient transformers would not only save energy and cut pollution from power plants but would save the companies money.

For home furnaces and boilers — big users of oil and natural gas — the department proposes only trivial efficiency increases that would leave consumers with heating bills almost as high as their current ones. The department's reasoning seems to be that the more efficient (but more costly) equipment needed for colder climates could impose an unnecessary financial burden on consumers in warmer climates.

At the same time, however, the department said that it did not have the authority to establish regional standards, and instead invited individual states to set their own standards — an uncertain process at best. From where we sit, it appears that a department that has long retreated from its statutory obligations has done so again.

As Talk Radio Wavers, Bush Moves To Firm Up Support (NYT)

By Jim Rutenberg

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — On an overcast Friday morning last month, White House aides ushered an influential group of conservative radio hosts into the Oval Office for a private audience with the president.

For an hour and a half, Mr. Bush discussed his case for the war in Iraq, his immigration proposals and even the personality of his Scottish terrier Barney, who scratched on the door during the session until the president relented and let him into the office, according to several hosts who attended.

The meeting, which was not announced on the president's public schedule, was part of an intensive Republican Party campaign to reclaim and re-energize a crucial army of supporters that is not as likely to walk in lockstep with the White House as it has in the past.

Conservative radio hosts are breaking with the Republican leadership in ways not seen in at least a decade, and certainly not since Rush Limbaugh's forceful advocacy of the party in 1994 spawned a new generation of stars, said Michael Harrison, publisher of the industry's lead trade publication, Talkers.

Disgruntlement can now be found not only among the more flamboyant radio voices, like Michael Savage, who raged against Mr. Bush's proposals on immigration and other issues, but also among more mainstream hosts, like Laura Ingraham, who told her listeners in the wake of the scandal involving former Representative Mark Foley and under-age Congressional pages, "You have to ask yourself, the people who are in positions of power now in the Republican Party, are they able to credibly articulate the conservative agenda to the American people — to rally the base, to rally the country?"

Such questions, coming from such quarters, have created yet another challenge for the White House and the central party leadership as they work to steer Republicans to victory next month in the face of low approval ratings and dissatisfaction among the party faithful.

Strategists on both sides agree that the party's greatest hope for holding control of Congress now rests with its ability to get core Republicans to vote, and that talk radio, which reaches millions of them, is crucial to the task.

Democratic strategists say talk radio remains a fearsome Republican advocacy force for which they have little direct answer. (Air America, which features liberal hosts, including Al Franken, filed for Chapter 11 bankruptcy last week.) The top two rated conservative hosts, Mr. Limbaugh and Sean Hannity, have done more than their part to rally their listeners this year, especially during the Foley scandal, to the great relief of Republican Party officials. And even those critical of Mr. Bush or the party on specific issues still consider themselves major supporters in general, with perhaps the exception of Mr. Savage.

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But Mr. Savage is the third most popular host in the nation, with at least eight million listeners weekly, according to Talkers. And the Democrats have watched happily as he and others have at times sent reverberations of conservative frustration into what they often call the "Republican echo chamber."

The challenge now falls to party strategists to persuade the hosts to overcome the frustrations of many hard-core listeners over issues like spending and border security without alienating them.

"When conservatives are agitated at the president, radio hosts feel pressured to stand with the conservatives against the president to prove their independence," said Tim Graham, an analyst at the Media Research Center, a conservative news monitoring group. But, Mr. Graham said, "realizing what life would be like if we lost the House is concentrating people's minds."

The White House and the Republican National Committee are hammering home that point in interviews, talking-point bulletins and a healthy dollop of pomp that only a White House can provide.

The effort will peak on Oct. 24, when the administration will hold something of a talk-radio summit meeting, inviting dozens of hosts to set up booths on the White House grounds, where top cabinet officials are expected to sit for interviews.

The party chairman, Ken Mehlman, has already been working overtime on the talk radio circuit. From Wednesday to Friday of last week, he was interviewed a total of 20 times in Missouri, Tennessee and Ohio, promoting party stances on tax cuts and terrorism.

But, several hosts said, the most telling development so far this year was the White House decision to invite some of the most popular hosts to the Oval Office for off-the-record time with the president.

Kevin Sullivan, the White House communications director, said the meeting was among the latest examples of the administration's effort to put Mr. Bush in front of more news media as his own best spokesman. The president also gave interviews recently to several television anchors and held an Oval Office chat with a group of conservative writers.

And Mr. Bush granted an on-camera interview to Bill O'Reilly of the Fox News Channel. The first of three parts ran Monday night.

Still, officials said, the meeting with the radio hosts gave Mr. Bush a chance to speak intimately with a group that reaches an overwhelmingly Republican audience of 30 million people per week.

"You want to make sure that your friends are friendly," said Tony Snow, the White House press secretary, who has been crucial to the effort and who was a conservative radio host who turned harshly critical of Mr. Bush just months before he went to work for him last spring.

Mr. Snow said that while "any party has its disagreements," there was little division among Republicans on the top two issues Mr. Bush has tried to push this year: terrorism and taxes.

And the fight against terrorism dominated the discussion at the meeting.

"This was clearly, clearly an effort to kind of rally the troops when the troops need rallying," said Mike Gallagher, who attended the meeting and whose daily program reaches at least 3.75 million people each week. "They know that we've got an audience of people who may or may not be on the political fence right now."

Mr. Gallagher said that he and the other hosts — Mr. Hannity, Ms. Ingraham, Neal Boortz and Michael Medved — talked about the experience on their programs "for days and days and days."

(Mr. Limbaugh said that he met with Mr. Bush and Karl Rove, the president's chief strategist, in the Oval Office in June, but generally tried to keep his distance to maintain independence.)

On his Web site, Mr. Medved wrote how Mr. Bush spoke about his commitment to his immigration plan in terms of the fight against terrorism. He said the president made a case that if he were to give in to conservative complaints, "the nation's enemies (and the rest of the world) would take away the belief that the president could be bullied, prodded, overwhelmed and intimidated."

Mr. Hannity said of the meeting, "I think he'd have an 80 percent approval rating if he could bring people into the Oval Office six people at a time and explain it all to them."

But Ms. Ingraham, who recently went bike riding with the president, has continued to complain about federal spending, progress in Iraq and, lately, the Republican leadership's handling of the Foley scandal. Ms. Ingraham likened herself to a sports fan who nonetheless has occasional criticism of the coach. But, she said pointedly on her show: "I am not an advocate for the G.O.P. I'm an advocate for conservative ideas."

Bush's Appearances Revolve Around Core Themes (USAT)

By David Jackson

USA Today, October 17, 2006

WASHINGTON — President Bush's political pitch boils down to two words and one argument.

The words are taxes and terrorism. The argument: Democrats are wrong on both.

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Those themes dominate the half-hour stump speech Bush gives on behalf of Republican candidates across the country. Seeking to preserve precarious GOP majorities in Congress, he has delivered nine campaign speeches in October and could give as many as 20 more before the elections Nov. 7.

This week, he will speak at a Republican National Committee dinner in Greensboro, N.C., and on behalf of two embattled GOP incumbents, Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia. Sherwood admitted an extramarital affair last year after his mistress sued him. Allen is in a tight race for a second term with Democrat Jim Webb.

"I like campaigns," Bush said at a fundraiser Oct. 4 for Rep. Rick Renzi, R-Ariz. "It's a good chance to explain the philosophy of the two different parties."

Like an old song with new verses, Bush's basic text is constantly updated. White House communications director Kevin Sullivan said most of Bush's speech comes from the president's handwritten notes, from an outline he developed.

Before each event, speechwriters provide a list of local dignitaries to be acknowledged, Sullivan said. They also provide an insert on the message of the day that is either tied to the candidate's own history or news events. That could mean talking about a candidate's role in energy or environment legislation, in addition to standard hits on taxes and the war on terrorism.

White House spokesman Tony Snow said the president's stump speech also carries a "subtext. He's got a plan, and it's not clear the other guys do."

Democratic Congressional Campaign Committee spokeswoman Sarah Feinberg said she hears a different message: "They are desperate to scare voters in any way they can." She said the middle class does not feel safe or financially secure because of Bush's policies.

Wayne Fields, author of Union of Words: A History of Presidential Eloquence, noted that Bush is "not a very good speechmaker" who sometimes mangles his syntax. For example: In saluting Colorado secretary of State candidate Mike Coffman, an Iraq war veteran, Bush said, "Proud to have been able to call you commander in chief."

This kind of thing doesn't necessarily hurt Bush, Fields said, because many voters regard him as "an ordinary guy in the way he talks."

What's Behind Bush's Stump Speech (USAT)

By David Jackson

USA Today, October 17, 2006

Topic

Bush quote

What he's doing

Notable

The introduction

"I'm proud to be here with … (fill in name)" or "It's good to be in (fill in city or state) ..."

— A typical opening line Bush salutes local officeholders and dignitaries, and the cities he visits. If he's going to make a quip to relax the audience, this is where he'll slip it in. At a Sept. 28 event in Alabama, Bush referred to the 6'9" lieutenant governor candidate, Luther Strange, as "a man who will stand tall" for the state.

This is standard political fare. Bush, like most politicians, adjusts to the situation. For example: At an Oct. 12 campaign event in Chicago hosted by House Speaker Dennis Hastert, Bush defended the Illinois Republican who is under fire for his handling of lurid communications between former representative Mark Foley and teenage male pages. Hastert is "not one of these Washington politicians who spews a lot of hot air."

The first lady

"Now, I wasn't Dean's first choice. He wisely had put in a request for Laura."

— Oct. 2, for Nevada congressional candidate Dean Heller Most Bush campaign speeches contain a homage to the first lady, including an oft-told line about how he married well. If Laura Bush is not in attendance, he says she sends her regards. This is where he'll thank a candidate's spouse.

Bush isn't entirely joking. Laura Bush's popularity has consistently rated above 60% in polls since 2001, and she is considered one of the president's top political assets. The first lady also stumps on her own for Republican candidates.

The economy

"The issue is (if) the Democrats get control of the Congress, they're going to have their hands on your wallet."

— Oct. 4 for Rep. Bob Beauprez, the GOP candidate for Colorado governor The meat of Bush's stump speeches starts with the economy and a call for more tax cuts. He credits them for the rising stock market and falling unemployment rates. Bush

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accuses Democrats of wanting to increase taxes, such as this Oct. 10 reference to House Minority Leader Nancy Pelosi, D-Calif.: "She said, 'We love tax cuts.' Given her record, she must be a secret admirer."

Pelosi and other Democrats said they support tax cuts that help the middle class. Pelosi says her party's stance is a "stark contrast" from Bush's "tax breaks for the super-rich that have led to a budget that is grossly out of balance and a national debt that is morally indefensible."

The Iraq war and terrorism

"They talk tough on terror, but when the votes are counted, their softer side comes out."

— Oct. 3, about Democrats during an event for Rep. Richard Pombo, R-Calif. Bush spotlights Democratic opposition to a variety of anti-terrorism efforts: the Iraq war, expanded law enforcement powers, a warrantless wiretapping program and techniques used by the CIA to interrogate "high-value" terror suspects.

Democrats such as Sen. Patrick Leahy of Vermont said the war in Iraq has spawned terrorism. Leahy also said expanded law enforcement authority and warrantless wiretaps spark concerns about civil rights and privacy. Leahy said the bill to be signed today by Bush that establishes rules for CIA interrogation of terror suspects omits "checks against mistreatment of prisoners" that will make it harder to boost the image of the United States around the world.

The last pitch

"If you want people in Washington who are not going to sit back and wait to be attacked again, you make sure you send people like John Doolittle back to the United States Congress."

— Oct. 3, endorsing Doolittle at a California fundraiser As he winds up the terrorism section of his speech, Bush says it's the GOP — and the candidate on stage next to him — that can best keep the nation safe.

Until recently, most polls showed Americans believed the GOP was the party that could best handle issues of national security and terrorism. A new USA TODAY/Gallup Poll finds respondents believe Democrats are now best suited to deal with terrorism, 46%-41%.

Sources: White House and USA TODAY research. Reported by David Jackson. Graphic by Mark Pearson, USA TODAY

Cheney Hits Heartland, And He Can Feel The Love (NYT)

By Mark Leibovich

The New York Times, October 17, 2006

TOPEKA, Kan., Oct. 12 — Grace Mosier lives with her mom and dad, goes to birthday parties, takes ballet classes and is just like a lot of other 6-year-old girls. Except that she happens to be obsessed with Dick Cheney.

"I really, really like him," says Grace, who can tell you what state the vice president was born in (Nebraska), where he went to grade school (College View, in Lincoln) and the names of his dogs (Dave and Jackson). She gets her fix of Cheney fun-facts by visiting the White House Web site for children. It says there that his favorite teacher was Miss Duffield and that he used to run a company called Halliburton.

So when Mr. Cheney came to town Thursday, Grace was at Forbes Field, holding a little American flag and a sign that said, "Welcome, Mr. Vice President, pet Dave and Jackson for me." She watched him get off Air Force Two, step into a car and speed off to a fund-raiser.

"Like a rock star coming to town," says Dene Mosier, Grace's mother. And while Mr. Cheney might be an unusual object for a 6-year-old's fixation, it is probably less unusual here, in the heart of Cheney Country.

The terrain consists of hotel ballrooms, military bases and private homes deep in the reddest of red states like Kansas (where President Bush and Mr. Cheney won by 25 percentage points in 2004). As a rule, people still love Mr. Bush in Cheney Country, at least relative to some locales. But the president cannot be everywhere, so Mr. Cheney comes instead, exposing as he goes the durability and devotion of his party's base.

He is dispatched around the country — to Topeka last week, to Casper, Wyo., the week before, and to Wyoming, Mich., the week before that — to preside over events largely ignored by the national news media but covered big-time by the local press. He raises a lot of cash for the Republican Party and its candidates — more than $40 million at 114 events since January 2005, many of them in off-Broadway political settings like Topeka.

And he reaps a full helping of love.

"How about a big Kansas welcome for Vice President Dick Cheney?" Representative Jim Ryun, a five-term Republican, says at a lunchtime fund-raiser on Thursday.

And a big Kansas welcome he gets: cheers, sustained applause, even some war whoops — yes, war whoops. Loving ones.

"Well, that warm welcome is almost enough to make me want to run for office again," the vice president responds. "Almost."

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Mr. Cheney's favorability ratings might be in an underground bunker, somewhere beneath the president's (at 20 percent in the most recent New York Times poll). Critics deride him as a Prince of Darkness whose occasional odd episodes — swearing at a United States senator, shooting a friend in a hunting accident and then barely acknowledging it publicly — suggest a striking indifference to how he is perceived. Even admirers who laud his intellect and steadiness rarely mention anything about his electrifying rooms or people.

But then there are people like these, at the Capitol Plaza Hotel Manor Conference Center in Topeka.

"It's just such a big thrill to see and hear this man," says Marvin Smith, a farmer and former teacher.

Mr. Smith says most people he knows feel the same way, "except for a few of those peacemakers." He means protesters, a smattering of whom are picketing down the street.

"We love him here," Susan Wagle, a state senator, says of Mr. Cheney.

After a sustained and rollicking ovation that inspires a rare smile with both sides of his mouth, Mr. Cheney starts into a variant of the same talk he has delivered literally hundreds of times. He tells how the first vice president, John Adams, enjoyed Senate floor privileges until they were revoked. (Mr. Cheney has told this story at least 48 times in official remarks since 2001, according to the White House's Web site.)

He skips the bit about how he had been the lone congressman from Wyoming — "It was a small delegation, but it was quality," which he has told at least 67 times as vice president.

He offers his standard homage to tax cuts, a warning about how terrorists are still trying desperately "to cause mass death here in the United States" and a derisive cataloging of the various "Dean Democrats," congressmen including Charles B. Rangel of New York, Henry A. Waxman of California and Barney Frank of Massachusetts, whose influence would grow if the apocalypse came and Democrats took over Congress.

The crowd boos.

"Don't hold back," Mr. Cheney urges.

The crowd laughs.

The lights over Mr. Cheney's head keep getting dimmer and then brighter, the kind of inexplicable distraction that can get an advance person fired but that also adds sizzle to the floor show. (There were no audible requests for Mr. Cheney to crowd-surf, shed his tie or perform "Free Bird.")

None of the Cheneyphiles here are mentioning Mark Foley, the former Republican congressman at the center of the House page scandal, or the precarious hold Republicans might have on Congress or, for the most part, the problems in Iraq. Nor is anyone mentioning Mr. Cheney's unpopularity in the polls, except in terms of all the unfair attacks from Democrats and the "liberal media."

"They throw so much trash at him, it's just unbelievable," says Morris Thomason, a rancher who lives in Belvidere, Kan., but who grew up in Casper, Wyo., Cheney's boyhood home. He spent his formative years with Dick Cheney himself.

Young Dick even came to his 13th birthday party, Mr. Thomason recalls, and gave him a bunch of stamps and a book. They water-skied together in an irrigation canal near Casper.

He has not spoken to Mr. Cheney since the latter was secretary of defense in the first Bush administration, or, Mr. Thomason says, maybe it was when he was chief of staff under President Gerald R. Ford. He will not be seeing him today, either, at least up close, because that would require a $1,000 contribution for the photo op, and Mr. Thomason's $100 ticket is only for the speech.

Mr. Cheney starts his 20-minute talk early and then is off to tour a barge factory in New Orleans and to speak at another fund-raiser.

"There was a peacefulness and a truthfulness to this man that really caught my heart," says the congressman's wife, Anne Ryun, who is clutching a Bush-Cheney placard from the 2000 campaign that the vice president has just autographed.

Ms. Ryun had spoken briefly to Mr. Cheney and says she had told him she was praying for him. She adds that his wife, Lynne, "is the most gracious, intelligent woman I've ever known of," and that she wants to model her life after her. Recounting this, Ms. Ryun's voice goes soft, and her eyes become a little glassy.

While Mr. Cheney spoke, 6-year-old Grace stayed behind at the airport and scored a private tour of Air Force Two. The Secret Service agents were impressed with her Cheney knowledge and admitted that it exceeded their own. She got her picture in the paper, made the local newscasts and became quite a sensation in her own right on the day Dick Cheney came to town, and it was a big deal.

Backstory: 14 Hours, Really, With Dick Cheney (CSM)

By Linda Feldmann

DOJ_NMG_0082198

The Christian Science Monitor, October 17, 2006

ABOARD AIR FORCE TWO

The running joke among White House correspondents is that the most glamorous part of our job is ... telling people you cover the White House.

In fact, as much as reporters like to complain about life in the much-maligned White House press corps, it has its moments - careening around in motorcades with no regard for red lights, quips from President Bush about one's wardrobe, the tiny lamb chops at the White House Christmas party.

But what about covering the No. 2 man, Dick Cheney, widely seen as the most powerful vice president in history? After all, he is better known for being sequestered in undisclosed locations than for chatting up journalists.

Then the invitation came: Would I like to spend a day flying around the country - well, actually, from Washington to Topeka to New Orleans, then back to Washington - as the "pool" reporter with Vice President Cheney? My job would be to go where I was told and file to my fellow reporters summaries of the vice president's actions and any color I felt like throwing in. I accepted.

On the appointed day, last Thursday, I arrived at Andrews Air Force Base, just outside D.C. in Maryland, at 7:30 a.m., whereupon I was asked to open all the doors, hood, and trunk of my car for an inspection by a military dog. I passed. Then it was on to the terminal, where I was met by Jamie, a friendly young press aide in the vice president's office. Two other reporters, Mike Allen of Time magazine and Brendan Murray of Bloomberg, joined us.

Soon we were boarding Air Force Two, a Boeing 757 modified for vice presidential needs, such as secure communication and a private section at the front with a large vice presidential seal on the door. Most of us flying that day - press, flight attendants, Secret Service, military, other aides - boarded via a stairway into the back of the plane. After we journalists had been shown our seats (coach size, while most of the other seats are business-class size), we were invited to go back outside and watch Mr. Cheney exit his helicopter, Marine Two, and board Air Force Two via a separate staircase into the front of the plane. Cheney and several additional aides boarded; we were airborne in minutes.

"Wheels up 9:25," I wrote in the pool report. "TVs set to Fox. Flight time to Topeka 2-1/2 hours."

Then they fed us: western omelets with salsa, hash browns, bacon, plain bagels with cream cheese, yogurt and granola parfaits with blueberries and strawberries. And that was after a fruit basket had been passed around. White House travel is known for its plentiful meals and snacks, and I had wisely skipped breakfast at home. (The Monitor will get a considerable bill for the flights and meals later.)

Next up, getting down to business. Lea Anne McBride, Cheney's communications director, came back to talk to the reporters about the speech the vice president would be delivering in Topeka at a fundraiser for Rep. Jim Ryun (R). Cheney was still putting finishing touches on his remarks, but he would focus on the economy and security, with an emphasis on "consequence," she said. The meaning of that last part soon became clear when we received an advance copy of the text: what to expect if the Democrats take control of Congress.

The speech was classic Cheney - red meat for core Republican voters at a time when anxiety is high over the GOP-led Congress's poor public image, the Iraq war, and scandals. Congressman Ryun appears in no danger of losing his seat, but no one's taking any chances.

"If the Democrats take control, American families would face an immense tax increase, and the economy would sustain a major hit," Cheney told the crowd.

If the Democrats were already in control, he warned, the USA Patriot Act, warrantless wiretapping - a program the White House calls the Terrorist Surveillance Program - and the program of detention and military trials would be in jeopardy.

Cheney named names - not just the top Democrats who would lead both houses if their party wins majorities, Nancy Pelosi in the House and Harry Reid in the Senate - but also probable committee chairs.

"I don't need to tell you what kind of legislation would come to us by way of committee chairmen like Joe Biden, Ted Kennedy, John Conyers, Henry Waxman, Barney Frank, or Jay Rockefeller," he said, eliciting boos and then laughter.

It was his 113th campaign appearance in the current two-year election cycle. The event raised $215,000 for Ryun, boosting Cheney's total fundraising for Republican candidates and committees since March 2005 to $40 million.

Speech over, time to sprint to the motorcade, as Cheney was whisked out of the room. Wheels up at 1:15 p.m. central time. On to New Orleans for Cheney's first visit since September 2005, right after hurricane Katrina.

En route, we were fed garden salads with spicy chicken strips and the world's densest brownies. (I wondered if Cheney was eating the same thing, but such detail is not observable. He never emerged from his private cabin during all our time on AF2.) Before long, we landed in New Orleans, where a blast of hot air hit us as we deplaned. We weren't in Kansas anymore.

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On the agenda was a visit to the port and a tour of a tugboat owned by the Canal Barge Company, an example of a New Orleans business that is fully back in operation post-Katrina. Reporters were allowed to jam into the wheelhouse and watch the veep get a tour from the captain - but "don't crowd the vice president," a press aide warned.

Cheney then received a private briefing from the Army Corps of Engineers, after which reporters were treated to what the schedule called a "pool spray" - remarks by Cheney to the press, but no questions. Then it was time for more fundraising. While Cheney went off to a reception for the Republican National Committee (total take $180,000) the press was briefed by Don Powell, federal coordinator of Gulf Coast rebuilding. Briefing over, I had about 10 minutes of "filing time" to submit my second pool report, about enough time to get the computer set up, then packed up to leave. Then it was back to the motorcade, back to the airport, and back to Washington. Jambalaya, corn bread, and cupcakes were on the menu, soon followed by Dove bars (but who could possibly have room?) Wheels down at 9:30 p.m. Eastern time, a half-hour early.

Fabulous, I thought. I can get home in time to tell my kids to go to bed. I start out from Andrews in my '92 Toyota Camry, along with Mike Allen, who is hitching a ride with me back to D.C. After several miles, I sense trouble. The battery light comes on, and I know what's happening: My car is losing power. It dies in a tunnel on Route 295. Long story short, the tow truck arrives at midnight, and Mike, my guardian angel, flags us a cab.

It was a surreal ending to a day of adventure. I'm still not sure if I would describe flying around the country with the vice president as glamorous, but compared with breaking down in a tunnel underneath the Capitol and having to wait two hours for a tow truck, the answer is, absolutely!

Report Indicates Democrats Out-raising In Key House Races (USAT)

By Jill Lawrence

USA Today, October 17, 2006

WASHINGTON — Democratic candidates out-raised their Republican opponents in nearly half of 27 tossup races for the House from July through September, new campaign finance reports show.

Most of the GOP candidates — 19 — had more cash on hand as of Sept. 30. And as of last week, the Republican Party and its allies were spending more heavily in the 27 districts.

Still, independent analysts called the Democratic surge unusual and said it suggests momentum for Democrats going into the final weeks of the campaign.

“Most of the time the late money follows the winner, and the winner is mostly the incumbent,” said Stuart Rothenberg, who ranked the 27 races in his Rothenberg Political Report. This year, “the smell of Democratic victory is in the air.”

Six Democrats seeking open seats now held by Republicans in Colorado, Florida, Illinois, Iowa, Minnesota and New York raised more money in the third quarter than their opponents. Another six challengers — four in Pennsylvania and one each in North Carolina and Indiana — also pulled in more than their opponents.

Democrats need to add 15 new seats to win a majority and control of the chamber. Republicans are pouring money into dozens of races to keep that from happening.

The National Republican Congressional Committee (NRCC) has spent $28 million helping candidates in Rothenberg's 27 tossup districts, according to Federal Election Commission reports. The Democratic Congressional Campaign Committee (DCCC) by contrast has spent $13.8 million.

Data from the non-partisan Campaign Media Analysis Group show a similar imbalance. As of last week, Republican Party committees and their allies had spent at least $16.5 million on TV in the 27 districts. Their Democratic counterparts had spent $10.6 million.

TV spending by the GOP committees and groups had totaled more than $1 million in three tossup districts. The aim was to defend Reps. Jim Gerlach of Pennsylvania and Mike Sodrel of Indiana and help Ohio's Joy Padgett succeed Rep. Bob Ney, who pleaded guilty last week in connection with the Jack Abramoff lobbying scandal.

Anthony Corrado, a campaign-finance expert at Colby College, said the large GOP TV buys indicate “they see their candidates as behind.” He said it's unclear whether the heavy spending will do any good: “If the message isn't getting through and moving the poll numbers, the fact that you're spending more money doesn't matter.”

NRCC spokesman Carl Forti said the GOP ad campaigns have been effective and cash on hand is the best predictor of success. “It's what you have available to spend in October that's key,” he said.

DCCC spokesman Bill Burton said there would be spending parity up to Election Day and said no amount of money could save some GOP seats. “Some people are so tied to the status quo in Washington that they will not be able to spend their way to victory,” he said.

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In Close House Races, GOP Incumbents Hold Advantage In Funds (WP)

By Jeffrey H. Birnbaum And Zachary A. Goldfarb

The Washington Post, October 17, 2006

Despite a rush of campaign donations to Democrats earlier this year, Republican incumbents in highly competitive races in the House have a substantial cash advantage going into the final weeks before the midterm elections.

Democrats spent more heavily over the summer and early autumn than their Republican rivals in pivotal House districts, leaving themselves at a disadvantage of more than 2 to 1 in money on hand, according to a Washington Post analysis of the latest campaign disclosures.

"What this means is that Republicans have the wherewithal to slow down the tide that's been running against them this year," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute, which tracks election funding.

To capture control of the House on Nov. 7, Democrats need to gain 15 seats. Analysts in both parties acknowledge that Republicans are virtually certain to lose at least a handful of seats. But whether that number falls short or surpasses the 15-seat threshold, they agree, could hinge on campaign fundamentals such as the amount of money available to candidates.

At the same time, Democrats are on a better financial footing in open seats -- those in which an incumbent is not running. Of the 12 open House races considered tight, Republicans have more cash on hand in seven of them and Democrats are ahead in five, the Post analysis shows.

Election experts noted that funds raised by candidates are only part of the overall picture. This year, in particular, outside groups and the parties have been spending heavily in districts considered up for grabs.

But the cash in candidates' coffers is a significant factor in congressional contests, said Kent Cooper, co-founder of PoliticalMoneyLine.com, a campaign finance Web site. "It's also the best sign we have now" about which candidates hold an edge as the elections near, he said.

The Cook Political Report, a nonpartisan newsletter about elections, identifies 31 House Republicans in closely contested campaigns. According to their financial reports filed over the weekend, they had a total of $32.7 million in cash on hand as of Sept. 30, compared with $14.5 million for their Democratic challengers.

The National Republican Congressional Committee circulated an internal memo yesterday -- which a Republican gave to The Post -- noting that GOP candidates hold an average cash advantage of $450,000 in 25 of the most competitive districts.

In most years, this is not unusual. "Incumbents almost always outraise the challengers," said Anthony J. Corrado, a campaign finance expert at Colby College. But in recent congressional elections, incumbents generally outpaced challengers by more than 2 to 1.

What is notable this year, Corrado said, is that Democratic challengers have enough money to stage full-fledged efforts, and that is one reason the election appears to be so close. "Although they haven't matched the incumbents," he said, "challengers are raising the amounts of money that they need to be competitive."

In Kentucky's 3rd Congressional District, Democrat John Yarmuth has a third of the cash available to five-term incumbent Anne Northup (R), who reported $1.5 million in her latest filing.

"We knew that we were never going to have as much money as a 10-year incumbent," said Jason Burke, Yarmuth's campaign manager. Still, he said, the Yarmuth campaign has enough to advertise intensively through Election Day.

Northup's campaign said her cash advantage amounts to a powerful wall against Yarmuth's candidacy.

"Especially in a media market like Louisville, it's quite expensive to get your message out," said Patrick Neely, Northup's campaign manager. "Having a 3 to 1 financial advantage clearly better enables you to drive your message out, to get your voters to the polls, and to do all the things you need to do to win on Election Day."

The NRCC memo also noted that Republican Peter Roskam has an almost 7 to 1 cash advantage over Iraq war veteran Tammy Duckworth (D) in Illinois's 6th District, and that Republican Reps. Geoff Davis (Ky.) and E. Clay Shaw Jr. (Fla.) enjoy advantages of about 4 to 1 over their challengers.

The memo played down the cash disadvantages of two Republicans -- Mike Whalen in Iowa and Rep. Charles H. Taylor in North Carolina -- because they are millionaires who can fund their campaigns.

What's more, in Ohio's 18th District, where Rep. Robert W. Ney (R) is stepping down after his guilty plea in the Jack Abramoff lobbying scandal, Republican Joy Padgett has more cash on hand than Democrat Zack Space -- $258,000 to $146,000.

Still, some Democrats in tough contests are financially outrunning GOP incumbents who are not self-funding. As of Sept. 30, Brad Ellsworth had about 50 percent more money at the ready than Rep. John N. Hostettler (R-Ind.), and Joseph A. Sestak Jr. had about 38 percent more cash than Rep. Curt Weldon (R-Pa.).

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In the 12 open-seat races that the Cook Political Report labels as close, Democrats had $5.7 million on hand and Republicans had $4.4 million.

The parties are scheduled to release their financial reports at the end of the week. At summer's end, the Republican and Democratic House campaign committees had similar amounts in the bank -- $36 million for the GOP committee and $34.9 million for the Democrats'. The Republican National Committee held an edge of nearly 4 to 1 over the Democratic National Committee in cash on hand -- $39.3 million to $10.9 million, as of Aug. 30.

That disparity at the national committee level -- if it remains about the same -- would give the GOP an additional benefit in the closing days of the campaign.

But Democrats are hoping that the national political environment, which has been hostile to the GOP lately, will mean that they will not need to raise comparable sums to be in the running this fall.

"It's not about total dollars," said Stu Rothenberg, author of a respected political newsletter, the Rothenberg Political Report. "In a wave election like this one, money isn't as important as mood and momentum -- as long as the challenger has enough money to be relevant."

Democrats are hoping such intangibles will hold sway.

"Everyone knew the GOP would be well funded," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee. "The question is how big does the Republican cash advantage have to be in order to convince voters that they somehow, all of a sudden, actually want to hold on to the status quo in Washington?"

Committee TV Spending Rises (RC)

By Lauren W. Whittington

Roll Call, October 17, 2006

Faced with a national political headwind that could produce devastating losses, House Republicans are largely continuing to spend resources to boost the more than two dozen incumbents who appear more vulnerable by the day instead of diverting funds to second- and third-tier races that now look more promising for Democrats.

Committee spending patterns likely will change in the next few days as the final House playing field settles and the two parties continue to play a game of chicken over which races they're prioritizing.

The National Republican Congressional Committee spent $9 million in independent expenditures on Friday — the largest one-day total for the committee this cycle — bringing the total number of races where the committee has invested at least $1 million for the general election to 18.

The NRCC has spent close to $1 million in at least two other contests, and all but one of these 20 seats are currently held by the GOP.

House Democrats, meanwhile, had spent more than $1 million in just three races as of Friday.

While the political committees continue to chart their spending strategy for the final three weeks of the election, newly released Federal Election Commission reports suggest that House Republican candidates in two dozen competitive races find themselves in generally better shape financially than their Democratic opponents.

But the opposite appears to be true in most of the closely watched Senate races of the cycle — where endangered GOP incumbents are lagging behind their challengers on the fundraising front.

House Republicans' biggest investment so far — not counting the special election earlier this year in California's 50th district — has been in Ohio's open 18th district seat, where the NRCC had spent $2.35 million as of Friday to defend the district being vacated by Rep. Bob Ney (R-Ohio), an admitted felon. The Democratic Congressional Campaign Committee had spent almost $900,000 on the race by that same point.

The NRCC had spent $2.24 million on the effort to re-elect Rep. Jim Gerlach (R-Pa.) as of Friday, making his 6th district race the second-most expensive for the committee.

As of the end of last week, the NRCC had spent more than $7.2 million on four races involving GOP incumbents in Pennsylvania. The committee has spent close to $3 million on three GOP-held seats in Connecticut and $3.4 million defending three Indiana seats.

The NRCC's outlay Friday included more than $5.58 million for ad buys in 12 districts.

While most of the NRCC's ad dollars went to top races in Pennsylvania, Connecticut and Indiana, the committee also spent $350,000 on continuing a media buy to boost the re-election efforts of Rep. J.D. Hayworth (Ariz.), a six-term incumbent whom GOP strategists have portrayed as on solid ground when it comes to his re-election prospects.

The NRCC also spent $571,000 and $311,000 on behalf of Reps. Michael Fitzpatrick (Pa.) and Nancy Johnson (Conn.), respectively, two Members who have looked less vulnerable than their home-state colleagues for months. Fitzpatrick was

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outraised by his opponent, Iraq War veteran Patrick Murphy (D), in the third quarter and had less cash in the bank than the Democrat did on Sept. 30.

NRCC Communications Director Carl Forti said the committee has not deviated much from the ad time it reserved earlier this year.

"We're basically just implementing the plan that we reserved back in August," he said.

In recent weeks the NRCC has added money to Iowa's 1st district open seat race, while the party is not spending money to save GOP-held open seats in Arizona's 8th district or Colorado's 7th district.

The NRCC has pulled back reserved ad time in Democratic-held districts in Texas, West Virginia, South Carolina and Ohio, all of which have been viewed as longer-shot opportunities for the GOP.

Meanwhile, Democrats have pulled reserved ad time in Colorado, where a competitive challenge to Rep. John Salazar (D) never materialized and Rep. Marilyn Musgrave (R) is facing a much more difficult re-election than once expected.

The NRCC has spent close to $1 million to defend Musgrave thus far, while the DCCC has spent just $92,000. But an outside group recently announced an effort to pour at least $720,000 into defeating the sophomore lawmaker and will spend at least $600,000 on TV ads alone.

President Bush won 58 percent in Musgrave's 4th district in 2004.

But the latest example of GOP worries about holding onto traditionally staunchly Republican seats was manifested in a new ad buy this week in Idaho's 1st district, where according to a Democratic source, the NRCC just bought three weeks' worth of TV time to defend an open seat that seemed safely in Republican hands.

Democrats have yet to tip their hand about which second- and third-tier races they might be willing to redirect money to in an effort to force Republicans to spend on them, too.

"We haven't really seen them pop up in anywhere new," Forti said.

But some Republicans concede that Democrats may not have to invest heavily in other districts.

One GOP consultant familiar with fresh polling conducted last week said it showed Republicans in districts across the country in the worst shape yet this cycle.

"If it doesn't get any better than it was last week, it's going to be a bloodbath," the consultant said. "We'll see if it gets worse, or stays the same or gets better."

The DCCC has outspent Republicans in IEs in a handful of competitive contests. The largest disparity has been in Connecticut's 4th district, where Rep. Christopher Shays (R) is battling for re-election against Westport Selectwoman Diane Farrell (D). The NRCC had spent $777,000 while the DCCC had spent a little more than $1 million through Friday.

Republicans have outspent Democrats, however, in the 2nd district of Rep. Rob Simmons (R-Conn.), and both parties have spent comparable amounts in Johnson's contest against state Sen. Chris Murphy (D).

Democrats have also spent more in Indiana's 2nd district, where they are working to defeat Rep. Chris Chocola, and in Kentucky's 4th district, where Rep. Geoff Davis (R) faces a challenge from former Rep. Ken Lucas (D).

National Republicans are no longer spending money on behalf of Chocola, who is personally wealthy.

Meanwhile, both parties are continuing to spend in Indiana's 8th district — which has turned into a marathon spending fight even as Rep. John Hostettler (R-Ind.) continues to appear headed for defeat based on public polling.

The two committees have spent almost $3 million combined on the 8th district race, and one party isn't likely to stop unless the other one does.

In several contests other than Colorado's 4th district, there has been great disparity in party committee spending to this point.

Republicans have spent heavily on the open seat race in Minnesota's 6th district. The NRCC had spent close to $1.5 million on the race as of Friday, while the DCCC had yet to report spending a dime. Democrats, however, are expected to go up on TV airwaves today on behalf of child safety advocate Patty Wetterling (D).

Also, the GOP has spent more than $1.2 million defending the open 6th district seat in Illinois, while the DCCC has spent less than $200,000, but a new ad buy is scheduled to begin this week.

In Georgia, the two committees appear to be spending inversely.

Republicans view the 8th district of Rep. Jim Marshall (D) as the better pickup opportunity, as evidenced by the NRCC's $454,000 investment as of Friday. The DCCC, meanwhile, has spent just $40,000 on the contest.

In Georgia's 12th district, the DCCC has spent $291,000 while the NRCC has spent less than $25,000.

The DCCC is not spending IE money in North Carolina's 11th district because Rep. Charles Taylor (R-N.C.) has donated $1.6 million in personal funds to his campaign. Thus, the "Millionaires' Amendment" allows the committee to spend unlimited

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coordinated expenditures on behalf of former NFL quarterback Heath Shuler (D). The NRCC spent $876,000 there through Friday.

While local and national dynamics continue to play out in myriad ways in the two dozen House races currently rated tossups by Roll Call, the Republicans have a distinct financial advantage in many of them.

In the race to replace Rep. Henry Hyde (R-Ill.) in a suburban Chicago district, state Sen. Peter Roskam (R) had an almost 8-1 cash on hand advantage over Iraq War veteran Tammy Duckworth (D) as of Sept. 30. But Duckworth outraised Roskam by almost $400,000 from July 1 to Sept. 30, and seems to have bought the bulk of her TV time for the remainder of her campaign by the end of the quarter.

Several vulnerable House Republicans had cash-on-hand advantages of at least 4-1 over their Democratic challengers, including Reps. Steve Chabot (Ohio), Thelma Drake (Va.), Rob Simmons (Conn.), Geoff Davis (Ky.) and Clay Shaw (Fla.).

But Democrats were more enthusiastic about their financial standing in Pennsylvania's 7th district, where retired Navy Adm. Joe Sestak continues to outperform Rep. Curt Weldon (R), and in Minnesota's 6th district, where child safety advocate Patty Wetterling raised an impressive $1.3 million in three months and banked just shy of $1 million.

And in Senate races, several Democratic challengers were doing better than the Republican incumbents.

In Missouri, state Auditor Claire McCaskill (D) raised $3 million in the previous quarter, while Sen. Jim Talent (R) took in $1.9 million. In Virginia, former Navy Secretary Jim Webb (D) outraised Sen. George Allen (R) by almost $1 million. In Pennsylvania, state Treasurer Bob Casey Jr. (D) outraised Sen. Rick Santorum (R) and passed the incumbent in cash on hand.

Democratic challengers also outraised incumbents in Rhode Island, Ohio and Montana.

Why Your Vote Doesn't Matter As Much (USAT)

By Ross Baker

USA Today, October 17, 2006

In 1811, Elbridge Gerry, one of the signers of the Declaration of Independence, was serving as governor of Massachusetts as a member of the Democratic-Republican (later the Democratic) Party, which also held the majority in his state's Legislature. Determined to limit the influence of the rival Federalist Party, the Democratic-Republicans in the assembly adopted a new map of Massachusetts' congressional districts after the 1810 Census, a bill that Gerry duly signed.

One district was so bizarrely configured that Gilbert Stuart, the renowned American portraitist, added a few strokes to the outlines of the district on the map so that it resembled a huge clawed amphibian. He showed his changes to the editor of a Boston newspaper and told him, "That will do for a salamander."

The editor retorted, "Call it a gerrymander."

The name stuck, and so did the practice of drawing the boundaries of House districts for the political advantage of one party or the other. It is this venerable bit of political chicanery that will bolster incumbents of both parties and probably limit Democratic gains in the upcoming midterm elections that have historically favored the party out of power. Worse, it places in the hands of a tiny minority of voters in a handful of congressional districts the responsibility for indicating, with their ballots, the direction of the nation over the next two years.

In the past, midterm elections have meant trouble for the president's party, especially for those that took place during inconclusive or stalemated wars such as the present conflict in Iraq. Back in 1918 and up until 1950, wartime presidents who could not hold out to voters the key to military victory have seen their party's numbers in Congress plummet. Even in the absence of conflict, these elections have served as a kind of referendum on presidential performance between presidential elections.

In the most recent midterm elections, however, the political auguries have been tougher to read. In 1998, Bill Clinton's Democrats actually gained a few seats, as did George W. Bush's GOP in 2002. The once-powerful referendum effect of midterm elections in which the president's party pays dearly for its shortcomings has given way to minuscule losses and trifling gains that can be interpreted many ways.

One cause of this deflation in turnover in House seats is the ancient art of gerrymandering and the enormous advantage it confers, mostly on incumbent members. So even if a majority of voters in the Pennsylvania district of Rep. John Murtha, an outspoken anti-war Democrat, were to oppose his plan for withdrawal from Iraq, it is doubtful that he would suffer defeat.

If gerrymandering has been around for such a long time, why are its most extreme effects being felt only now? Three reasons:

•Mapping. The art of cramming friendly voters into the district of a member of Congress and producing for him or her a guaranteed safe margin of victory through the use of ingenious computer-mapping programs has become the new political alchemy.

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•Connecting. The mapping of districts, by itself, would probably be enough to hold down the loss rate among sitting House members. But these incumbents have also become so skillful at connecting to their constituents that even though voters hold in contempt Congress as an institution, they rarely reject their own representatives.

•Cultivating. The incumbents are also helped by the fact that House members do a good job of cultivating the state legislators who draw the boundaries and are supreme in their fundraising abilities.

A few months ago, Democrats were beguiled by the iridescent dream that the elections of 2006 would be a rerun of the 1994 GOP landslide, except this time, the result would favor them. But 1994 was an exceptional year because of the large number of open seats. Almost one-quarter of all House seats were up for grabs, including several vacated by House members who decided to retire. A large number of these were conservative Democrats whose districts easily fell into Republican hands, thus accounting for the 54-seat Democratic loss to the GOP.

This year, there is no mass departure, and many experts put the number of competitive seats (those that either party has an equal chance of winning) at no more than 40 of the 435 seats in the House.

Scientific gerrymandering, and the astute use of other advantages that accrue to incumbents, have resulted in an electoral sea wall around the House of Representatives that can withstand all but the most powerful political tsunamis.

This year, it appears that only the gentlest tides will be lapping against this redoubt, and even though Democrats need only a 15-seat gain to recapture the House, such a narrow majority would carry no mandate.

These contests, moreover, have evolved into meaningless ratification of incumbents in the vast majority of districts.

With further refinements in computer mapping, there is every reason to believe that the battleground will shrink still further and that control of the House and the indicative value of House elections will be the privilege of a minuscule percentage of the American electorate.

Handicapping Long Shots And Late Shots (RC)

By Stuart Rothenberg

Roll Call, October 17, 2006

If you make your living as a political analyst and handicapper (and the odds are very good that you don't), you're facing an interesting dilemma right about now. Do you add every possible House upset race that you can think of to your list of competitive races, or do you keep your list as small as possible, listing only those races that you truly believe might flip in November?

If you add longer-shot races to your list, you minimize the chance that you "miss" a race that changes party control. That's good, since it's always better to look brilliant than appear even a little clueless. But if you do that, you also give credence to long-shot candidates who probably won't flip a seat. And worse, you flirt with intellectual dishonesty.

In the past, I invariably added races about which I was skeptical, preferring to have too many races on my list rather than not enough.

This year, with a Democratic wave brewing, the handicapping problem is particularly acute. Given that waves are inherently unpredictable and likely to sweep in at least one or two candidates who should have no chance of winning — look no further than Republican Steve Stockman, who toppled House Judiciary Chairman Jack Brooks (D-Texas) in 1994 — I'm tempted to add anyone who could possibly ride a wave to victory. It's the easy way out, and I've always taken that route in the past.

But I've decided that I won't do it this year — at least not yet. I won't add Reps. Scott Garrett (R) in New Jersey's 5th district, Mark Souder (R) in Indiana's 3rd, Jim Ryun (R) in Kansas' 2nd, Cathy McMorris (R) in Washington's 5th or other potentially threatened Republicans just because their Democratic opponents have an allegedly encouraging poll or are up with TV ads. While I can't completely rule out the possibility that some or all of them could drown in a Democratic tsunami, I believe the chances are so small that I can't bring myself to put them on a list of endangered incumbents. As I said, at least not yet.

Take Garrett. His opponent, Paul Aronsohn, distributed a polling memo, based on an initial March survey and a late-September poll, that alleged his race against Garrett was "tightening up" and that a Democratic victory was "very possible."

But New Jersey's 5th district, represented by Garrett, is a Republican-leaning district that gave President Bush 57 percent of the vote in 2004. In 2002, Garrett drew almost 60 percent in an open-seat victory against a credible Democrat who outspent him, and two years later he won re-election with almost 59 percent.

Aronsohn's own polling shows the Republican generic vote advantage has been cut in half, but it still stands at 7 points — a significant edge. Then there is the trial heat, which shows Garrett's 25-point advantage in March having closed to 16 points in late September. But those surveys also show that Garrett's share of the ballot test has remained unchanged at 49 percent of the vote.

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Even though the Republican "generic" number has slipped, and even though the "wrong track" number and President Bush's job approval rating have eroded, Garrett's trial heat number has remained the same, just a whisker under the 50 percent mark.

Sure, the ballot test in the poll has tightened, but only because some of the undecided voters went over to Aronsohn, whose share of the vote went from an anemic 24 percent in March to an only somewhat less anemic 33 percent at the end of September.

I can't say with absolute certainty that Aronsohn can't, or won't, beat Garrett next month, only that the chances seem so small that rating the race as competitive seems misleading. If, barring other evidence of an Aronsohn surge before Election Day, the Democrat does win, it will be a jaw-dropping upset, and I won't mind missing it.

The situation is a bit different, but only a bit, in Colorado's 5th district, where a media poll shows a dead heat between Democrat Jay Fawcett and Republican Doug Lamborn for the open seat of retiring GOP Rep. Joel Hefley.

This is a solid Republican district in which Bush drew 66 percent in 2004 and 63 percent in 2000. Recent party registration figures show an advantage for the GOP of 100,000 registered voters — 189,942 Republicans (46 percent), 89,182 Democrats (22 percent) and 132,606 independents (32 percent).

Like New Jersey's 5th district, one public poll alleges that the race is competitive, but here it's an independent Mason-Dixon survey. Moreover, Republicans had a bitter primary and have not united since. All of those circumstances argue for including the race on a list of competitive contests, at least for the moment.

But if you are a Democratic partisan looking for a way for Democrats to net 40 or 50 seats, don't kid yourself. The fundamentals of Colorado's 5th are so terrible for Democrats that it's hard to believe Fawcett will win. Lamborn certainly created enemies within his own party, but he can afford to lose a bunch of them, given his edge in party registration.

For Democrats, the more interesting long shots may include Rep. Melissa Hart (R-Pa.), whose 4th district gave Bush 54 percent of the vote in 2004 and 52 percent four years earlier. Or Rep. Gil Gutknecht (R), who represents a competitive district in southeastern Minnesota. A true national wave could hit hard in districts like those, creating opportunities that Democrats ought not have in a normal year. That's why both of these races now are on my list of Democratic challenges to watch.

I expect a major surprise or two on election night, with an unheralded Democrat or two pulling off an upset, possibly in a rock-ribbed Republican district. I'll try not to miss that race, but I won't be embarrassed if I do.

In Senate Fund Drive, Democrats Are Ahead (WSJ)

The Wall Street Journal, October 17, 2006

WASHINGTON -- Senate Republicans were outraised by Democratic opponents in key races in third-quarter fund-raising, setting the stage for a competitive campaign stretch.

In Virginia, a string of incidents raising questions about the ethnic sensitivity of incumbent Republican Sen. George Allen appeared to take a toll. Mr. Allen reported raising $1.94 million in the quarter ended Sept. 30 compared with $3.3 million raised by his Democratic challenger Jim Webb.

In Missouri, Democrat Claire McCaskill outraised Republican Sen. Jim Talent by about $1 million. Mr. Talent reported $4.2 million still in the bank, while Ms. McCaskill reported $246,000 in cash on hand after a major final television ad buy.

Democrat Bob Casey reported raising $3.94 million in his campaign to unseat Pennsylvania Republican Sen. Rick Santorum. The Santorum camp reported having $3.6 million in the bank at the end of September; Mr. Casey reported $3.7 million.

Not all incumbents showed weakness, however. Republican Ohio Sen. Mike DeWine collected $2.9 million compared with $2.7 million raised by his challenger, Rep. Sherrod Brown.

Lieberman Likes Bolton For UN Job (NYDN)

By Helen Kennedy

New York Daily News, October 17, 2006

Connecticut Sen. Joseph Lieberman yesterday endorsed controversial Bush appointee John Bolton for a permanent slot at the United Nations - putting him at odds once again with Democrats, including his Senate colleague Chris Dodd.

Dodd (D-Conn.) is the leading critic of Bolton, the controversial envoy President Bush sent to the UN on a temporary ambassadorship after Democrats and some key Republicans balked at nominating him.

"I see no reason not to be for Bolton," Lieberman told a meeting of the Daily News Editorial Board.

"Based on his capabilities - and now based on his performance - I believe Bolton is well-qualified," he said.

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"I think he's been a good negotiator and a good spokesman. He deserves to have a vote. I think he deserves to be confirmed."

Bolton's recess appointment expires at the end of the year, and he will need Senate approval to remain as UN ambassador.

Lieberman had not publicly taken a position on Bolton before.

Lieberman's support for Bush's foreign policies lost him the Democratic primary in Connecticut. He is now running for reelection as an independent and has a comfortable lead in polls.

Dodd, who is campaigning for the Democratic candidate, Ned Lamont, had led the fight against nominating Bolton and remains his fiercest critic, saying his performance at the UN so far merits "a failing grade."

In a blistering Senate speech last month listing what he called Bolton's failures, Dodd said, "My objection isn't that he is a bully, but that he's been a very ineffective bully - he can't win the day when it really counts."

In 2nd Debate, Whitehouse, Chafee Return To Familiar Themes (BOS/AP)

By Michelle R. Smith

The Boston Globe, October 17, 2006

PROVIDENCE, R.I. --Republican Sen. Lincoln Chafee and his Democratic challenger Sheldon Whitehouse tangled over corruption, independence and the Republican Senate on Monday in their second radio debate.

"The Bush administration has been a disaster for America and a disaster for Rhode Island," Whitehouse said.

Chafee said Whitehouse's record as a former state attorney general and U.S. attorney was one of "incompetence and willful blindness."

The conversation continued the themes the candidates have focused on in recent days, with Chafee assailing Whitehouse's record as a prosecutor and saying he ignored corruption by friends of powerful Democrats, and Whitehouse tying Chafee to President Bush and the "Republican agenda."

The latest polls have showed Whitehouse apparently leading Chafee, who is still recovering from an expensive primary against Cranston Mayor Stephen Laffey. National Democrats hope winning the seat will help them take back control of the Senate, and they've been running TV ads since last month's primary.

The hour-long debate was broadcast on WHJJ-AM from in front of a live audience at Rhode Island College. Their first TV debate was scheduled for Thursday evening on WPRI-TV.

Whitehouse on Monday continued to press his central campaign theme: that a vote for Chafee amounts to a vote for Republicans and Bush, both unpopular in Rhode Island.

"We have a chance to put a Democratic Senate in place, and a Democratic Senate can stop the nonsense," Whitehouse said, adding "We need a change in leadership."

Chafee, one of the most liberal Republicans in the Senate, has run on his record of clashing with fellow Republicans, including Bush, and has emphasized his credentials as an independent thinker, saying Monday that he "has the guts to make the tough decisions."

In recent days, including in the candidates' first debate Friday, Chafee has tried to shift the focus to Whitehouse's record as the state's top prosecutor, saying Whitehouse had not done enough to go after public corruption when it involved Democrats.

"He did not want to step on the toes of his friends," Chafee said Monday, adding, "It's a record of continued incompetence as attorney general and U.S. attorney."

Whitehouse responded by saying that when he departed his job as U.S. attorney, he was thanked by the staff for "solid gold leadership" with a plaque presented to him by Chafee's brother, Zechariah, who also worked in the U.S. attorney's office.

Darrell West, a political science professor at Brown University, said Chafee's focus may not gain traction with voters.

"I think when you're running for the Senate, voters are going to be much more attuned to national rather than local issues," West said. "This is an era when there are big things on the agenda, like the war and the economy."

Both Chafee and Whitehouse oppose the war in Iraq. Chafee was the lone Republican senator to vote against authorizing the war, and pointed out again Monday that Democrats controlled the majority in the Senate when it voted to authorize war.

However, they disagree on what to do now, with Whitehouse calling for a timetable to withdraw troops and Chafee saying he supports a plan to eventually pull out -- but not a specific timetable.

"It's a quagmire. We have tremendous challenges, there's no doubt about that," Chafee said. "Our best formula is to work with the countries around Iraq."

They also both support legalizing gay marriage and abortion rights and oppose Bush's tax cuts.

"We're going to be years digging out from George Bush's deficits," Whitehouse said.

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Among those who attended the debate were Joseph Robert Fontes Jr., 52, a Whitehouse volunteer who worked and voted for Chafee when he first ran for election in 2000. Chafee was appointed to the seat in 1999 upon the death of his father, John Chafee, who served more than 20 years in the Senate.

Fontes, an unemployed inventor of golf clubs and a registered Democrat, described both candidates as good men, but said the country needs a change.

"Republicans have mismanaged the budget, they've mismanaged the war," he said. "A year from today, I hope the country's in better shape."

Chafee, Whitehouse Debate Along Familiar Lines (PROJO)

By Steve Peoples

The Providence Journal, October 17, 2006

A live radio debate this afternoon between the two candidates for U.S. Senate in Rhode Island was largely civil -- and largely repetitive.

As he has done for months, Democratic challenger Sheldon Whitehouse did his best to connect his opponent to the Republican Party and President Bush. "We need a new direction in Washington...To change America, we have to change the Senate," Whitehouse said.

And as he has done since winning the Republican primary, Sen. Lincoln Chafee downplayed his ties to the GOP, highlighting his character and his ability to work with people from both parties. "Senator Chafee has the guts to make tough decisions," he said.

Chafee added that it would work to Rhode Island's advantage to have at least one member of its Congressional delegation be in the party in power. Rhode Island's three other delegates to Congress are Democrats.

"Not only have I voted my conscience time and time again, but I've also delivered for Rhode Island," Chafee said.

The race is being watched nationally as Democrats look to regain the majority in Congress.

Chafee did his best to turn the debate to local issues and Whitehouse's actions as a former U.S. attorney in Rhode Island, compared to Whitehouse's repeated efforts to focus on the direction of the country and other national issues such as health care and Iraq.

Chafee sharply criticized Whitehouse's record as U.S. attorney, alleging he failed to pursue charges related to political corruption while in office. "Mr. Whitehouse is guilty of willful blindness" in not pursuing an investigation, Chafee said. "He did not want to step on the toes of his friends."

Again and again, Whitehouse focused on the national implications of the election.

"The Bush administration has been a disaster for America and a disaster for Rhode Island," Whitehouse said. "We have a chance to put a Democratic Senate in place, and a Democratic Senate can stop the nonsense."

Today's debate was held at WHJJ, 920 AM. Radio host Arlene Violet moderated.

Whitehouse and Chafee will meet this Thursday night for their first televised debate. The Providence Journal and WPRI-TV, Channel 12, are co-sponsoring the hour-long debate, which will air live from Warwick's Toll Gate High School at 7 p.m. on WPRI.

The general election is Nov. 7, about three weeks away.

Allen Touts Conservative Record, Ideas (WT)

By Christina Bellantoni And Seth McLaughlin

The Washington Times, October 17, 2006

Virginia Sen. George Allen yesterday said that he will be re-elected by sticking to conservative issues, even as national liberals are funneling cash to his Democratic opponent and linking the senator to an unpopular president.

On Thursday, Mr. Allen will appear with President Bush to refuel his campaign coffers in an effort to counter Democrat James H. Webb Jr.'s robust fundraising and to rally his anti-tax and socially conservative base.

"If it's based on issues, stands on issues, solutions, ideas and a proven record of performance, I think we're going to win," Mr. Allen, a Republican, told editors and reporters at The Washington Times. "The people of Virginia know me as a senator and as a governor."

The first-term senator said that he wants to make the president's tax cuts permanent and expressed support for privately managed health savings accounts and opposition to activist judges. Mr. Allen was scheduled to appear last night in a two-minute statewide campaign commercial with Senate Armed Services Committee Chairman John W. Warner.

Mr. Webb's call for "more revenue" because of the billions of dollars being spent on the war in Iraq is a "code word for raising taxes," said Mr. Allen, adding that holding the line on taxes is "one of the most salient issues in our campaign."

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Mr. Webb supports rolling back some of Mr. Bush's tax credits for the wealthy, giving a 5 percent tax break for military veterans who serve honorably and extending tax cuts for Virginia's families, such as the college-tuition tax credit. "Any tax breaks that benefit a large section of the American people, I am for," the Democratic challenger said last week.

A former Navy secretary under President Reagan, Mr. Webb has not yet accepted an invitation to be interviewed at The Times.

Mr. Allen once held a commanding lead in his re-election bid and seemed poised for a 2008 White House bid.

However, polls show that Mr. Allen and Mr. Webb are nearly tied in a race that could determine the control of the Senate come Nov. 7. Stars of both parties are crossing the Potomac River and bringing national money to both men.

Mr. Webb has benefited from the Democratic Senatorial Campaign Committee's $1 million ad attacking Mr. Allen and from fundraisers hosted by prominent senators such as Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Barack Obama of Illinois.

Former President Bill Clinton will headline a high-dollar fundraiser in McLean for Mr. Webb on the same night that Mr. Bush is scheduled to appear at the Science Museum of Virginia in Richmond for Mr. Allen.

Mr. Bush's approval rating in Virginia is in the low 40s, and Mr. Webb reminds voters at every stop that Mr. Allen has supported the president 97 percent of the time in general and 100 percent of the time on foreign policy.

"The president is welcome in Virginia," Mr. Allen said yesterday. "We hope it's a good fundraiser for us. We need the funds to battle the national liberal Democrats."

When asked, Mr. Allen said that he has disagreed with Mr. Bush on immigration reform, education and the nomination of Harriet Miers as a U.S. Supreme Court justice.

The president's No Child Left Behind Act forces Virginia to "dumb down" its Standards of Learning, which were created when Mr. Allen was governor, the senator said.

Mr. Allen also said that he learned too late about the real cost of Mr. Bush's Medicare prescription-drug program, which he supported with the intent of helping the frail afford prescriptions.

"Clearly, the facts were not accurate," he said.

Mr. Allen said that he and Mr. Warner, a fellow Republican and Virginia's senior senator, agree on the fundamentals when it comes to the war in Iraq. Most notably, the two senators say that the country cannot become a haven for terrorists.

"It hasn't gone as well as I wish it had gone," Mr. Allen said yesterday.

Like Mr. Webb, Mr. Allen yesterday said that he is comfortable with women's roles in the military.

The issue has lingered, in part, because of an Allen television ad that criticizes Mr. Webb for writing a 1979 magazine article questioning a woman's place in the military. Mr. Webb apologized for the article's tone and stressed that he opened more operational jobs to women than any other Navy secretary.

As of Oct. 1, Mr. Allen had $5.5 million in cash on hand and Mr. Webb $2.7 million, according to campaign finance disclosures.

Ex-Gov. Warner Puts Weight Behind Webb (WT/AP)

By Matthew Barakat

The Washington Times-AP, October 17, 2006

Virginia's two most popular politicians jumped full-bore into the state's Senate campaign yesterday, with former Gov. Mark Warner promising to do all he can to get Democrat James H. Webb Jr. elected and U.S. Sen. John W. Warner making a joint televised appearance with Republican Sen. George Allen.

The two Warners are not related.

Mark Warner, who surprised political observers Friday by forgoing an anticipated run for the presidency, campaigned yesterday with Mr. Webb at a Fairfax County retirement community and said many more joint appearances are forthcoming.

"I'll have a little more time now to campaign with him,"Mr. Warner said, referring to his aborted presidential bid. "I'm going to put all my energy behind this effort."

In particular, the former governor said he would campaign with fellow Democrat Mr. Webb in Southside and Southwest Virginia -- two parts of the state where Mr. Warner has worked for years to build up credibility with conservative voters there.

Mr. Warner left office in January with approval ratings above 70 percent. Perhaps the only Virginia politician who rivals Mr. Warner's popularity is Sen. Warner, a Republican who won re-election in 2002 with 83 percent of the vote.

Mr. Allen for the second time in his campaign purchased a two-minute block at 7:58 p.m. yesterday in all of Virginia's broadcast markets -- this time for a taped joint appearance with Sen. Warner.

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Still, Mr. Webb yesterday called Sen. Warner a friend and said he thinks his positions hold more in common with Sen. Warner than Mr. Allen's.

Mr. Webb noted that Sen. Warner recently offered a sober assessment of the situation in Iraq and said the Bush administration might need to consider a "change of course" if the Iraqi government cannot stabilize the situation in the next few months. Mr. Webb has consistently criticized Mr. Bush's move to invade Iraq and his handling of the war and subsequent occupation.

Mr. Webb also cited Sen. Warner's support for embryonic stem-cell research, which Mr. Allen has opposed.

"It seems like Senator Warner's positions are actually closer to Jim Webb than to George Allen," Mr. Warner told reporters.

Mr. Allen's campaign did not immediately return calls yesterday afternoon seeking comment.

Mr. Webb and Mr. Warner fielded questions yesterday at a town-hall forum in Greenspring Village, a well-heeled retirement community of nearly 2,000 that is its own voting precinct and routinely has among the highest voter turnouts in the state. Last year, Democrat Timothy M. Kaine carried the precinct by about 20 points, similar to his margin of victory in the rest of Fairfax County.

Most of the questions from the audience of nearly 300 were about Iraq.

When one resident asked if Mr. Webb would impeach Mr. Bush, Mr. Webb responded that he would do "everything in my power to bring accountability to what has happened on a variety of fronts in this administration." When the resident pointed out that Mr. Webb did not answer the question, Mr. Webb simply smiled in response.

Most but not all in attendance were supportive of Mr. Webb.

Suri Khanna, 70, a native of India, said before the event that he supports Mr. Allen in part because of his support of the Indian-American community on issues like visas for high-tech workers. He described as overblown the "macaca" incident, in which Mr. Allen used what is sometimes regarded as an ethnic slur against a Webb campaign staffer of Indian descent.

After yesterday's forum, Mr. Khanna said he heard nothing from Mr. Webb to change his mind.

"On Iraq, Webb wants to do exactly what Bush is doing," Mr. Khanna said, referring to Mr. Webb's reluctance to immediately pull troops out of Iraq.

Recent polls show the contest between Mr. Allen ahead by between two and 4.7 percentage points.

Boxing's King Throws Jabs For Steele, GOP (WT)

By Jon Ward

The Washington Times, October 17, 2006

Boxing promoter Don King yesterday campaigned with Maryland Lt. Gov. Michael S. Steele in Prince George's County and Baltimore, telling black voters to support Mr. Steele's U.S. Senate candidacy even though he is a Republican.

"For black people, there can't be a fealty to party. That's not fidelity to truth," said Mr. King, a Republican.

With his trademark hair standing straight up, Mr. King appeared with Mr. Steele at a cafe in Largo Town Center and then on a street corner in West Baltimore. The two then visited a youth boxing center.

Mr. King criticized the state Democratic Party for not promoting black leaders.

"You don't have any black faces on the Democratic ticket," Mr. King said. "John Kennedy said sometimes party loyalty asks too much."

The Democratic nominees for the top four statewide races -- governor, Senate, attorney general and comptroller -- are all white men. Delegate Anthony G. Brown, the Democratic nominee for lieutenant governor, is black.

Mr. Steele is the first black to win a statewide election in Maryland, where Democrats outnumber Republicans 2-to-1.

Black political, business and religious leaders have noted growing discontent among black voters, who compose about 40 percent of registered Democrats and have been the party's most loyal voting bloc.

Mr. Steele seized on that sentiment yesterday at the cafe in Largo. He displayed a recent photograph of his Democratic opponent, Rep. Benjamin L. Cardin, campaigning with Sen. John Kerry of Massachusetts and House Minority Whip Steny H. Hoyer of Maryland. All three are white men.

"I see the leadership that's sitting down at the table to talk about the future. I don't see us represented," Mr. Steele said to the predominantly black audience of about 40 people. "You are at my table, friends."

A Cardin spokesman did not respond to a request for comment.

Mr. Cardin's primary criticism of Mr. Steele has been that the lieutenant governor was recruited by President Bush and supports the president's policies.

Mr. King, who campaigned for Mr. Bush in 2004, yesterday said that he "loves" the president for promoting blacks to top spots within his administration.

"I love George Walker Bush for what he did symbolically," Mr. King said.

Mr. King rose to fame and fortune by promoting boxers such as Muhammad Ali and Mike Tyson, but also has had legal troubles that include a manslaughter conviction, for which he served four years in prison. He referred to his checkered past yesterday.

"I must have an indictments list longer than his awards list," Mr. King said, comparing himself with Mr. Steele.

Racial politics in Maryland has focused on the Democratic efforts to secure support among blacks and Mr. Steele's ability to thwart those efforts.

For instance, hip-hop mogul Russell Simmons, who has supported Democratic candidates and causes, endorsed Mr. Steele in August and has appeared with him in campaign ads.

Republican lawmakers in rural parts of Maryland yesterday said that Mr. King's endorsement of Mr. Steele will not turn off white voters.

"[Mr. King] is a successful guy in a very iffy sport," said Delegate Richard A. Sossi, Eastern Shore Republican. "I don't think that's going to be a big issue one way or the other."

Delegate Anthony J. O'Donnell, Southern Maryland Republican, said Mr. Steele "appeals to a broad spectrum of people."

"I represent a very conservative district, and my district loves Michael Steele," Mr. O'Donnell said. "It's a good thing. It may help us get over some of this trash that's been out there for decades."

Senate Hopes To Hinge On Corruption Charges In N.J. (WT)

By Amy Fagan

The Washington Times, October 17, 2006

One of an occasional series

The same Democratic leaders who have long hoped to regain control of Congress by blasting a Republican "culture of corruption" are in danger of losing their shot at the Senate because of accusations of corruption against Sen. Robert Menendez.

What was expected to be an easy win for Democrats has become one of the nation's most hotly contested Senate races.

Mr. Menendez, New Jersey Democrat, has been plagued by news reports that he's under federal investigation for a long-standing rental deal with a nonprofit group that received millions in federal funding while he was a House member.

His Republican opponent, Tom Kean Jr., has hammered the Democratic incumbent in negative ads. And the criticism increased last month after the Philadelphia Inquirer reported a taped conversation in which a Menendez ally told a government contractor that he would have "protection" if he hired a doctor with ties to Mr. Menendez.

Democrats say they're not surprised by the Republican focus on accusations of corruption but say Mr. Menendez will win anyway by linking Mr. Kean to President Bush. Polls show that Mr. Bush is unpopular in this liberal state, where registered Democrats outnumber Republicans.

"We are confident Bob Menendez is going to be elected," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. "Tom Kean is a George Bush clone."

The lesser evil

Political observers say the outcome depends on whether voters here get angrier about Mr. Bush and the Iraq war or about state corruption.

"Is this going to be a national referendum or is it going to be a statewide referendum on state corruption?" said New Jersey Republican political consultant Mark Campbell. "If this is national, Menendez wins; if this is a statewide election on the need for reform ... Tom Kean Jr. wins."

"People deserve to know if their senator is the only senator under federal criminal investigation," Mr. Kean said as he took a break Oct. 8 from shaking hands with the tailgating crowd at Giants Stadium in East Rutherford, N.J.

A Quinnipiac University poll taken Oct. 4 to 10 found 49 percent of likely voters support Mr. Menendez and 45 percent back Mr. Kean. It also found that 57 percent of voters feel the ethics questions about Mr. Menendez are serious.

One of Mr. Kean's latest ads plays part of the 1999 taped conversation in which Menendez adviser Donald Scarinci asks a contractor -- acting as an FBI informant -- to rehire a doctor as a "favor" to Mr. Menendez. The ad says kickback schemes and federal probes are "what you get with Bob Menendez."

In another ad, Mr. Kean promises to free New Jersey from the "clutch of corruption." And yesterday, the 38-year-old state senator cited a press report that Mr. Menendez tried to help a convicted felon transfer to a prison closer to his family.

Mr. Menendez, 52, was appointed in January to fill the Senate seat vacated when Democratic Sen. Jon Corzine was elected governor.

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The Democrat said he's being attacked "viciously and falsely" and has repeatedly said he's not under federal investigation, although Republicans note that he told ABC last month that "we welcome" such a probe.

Mr. Menendez has hit back at Mr. Kean with ethics charges of his own. He ran an ad blasting Mr. Kean's campaign for contacting a jailed felon to dig up dirt for the race.

And he charged yesterday that Mr. Kean should be investigated for having a fundraiser with executives from UnitedHealth, which is burdened by a stock-option scandal. Mr. Kean's father sits on the company's board, but the Republican's camp said there was no impropriety and accused Mr. Menendez of making "a baseless attack."

Guilt by geography

Mr. Menendez is a former mayor of Union City with political roots in Hudson County, which has a statewide reputation for corruption. He recently complained to the Associated Press that he's tired of being labeled "guilty by geography."

But in a state where Democrat Sen. John Kerry got 53 percent of the vote in the 2004 presidential election, the Senate race is too close to call, and New Jersey Republican lobbyist Michael Torpey said, "The issue of corruption is clearly resonating with people."

That resonance surprises some observers.

"It's hard for me to see how the race turns on ethics," said Rutgers political science professor Cliff Zukin.

Some N.J. voters seem indifferent to the ethics issue, while others are clearly turned off. New Jersey Democratic lobbyist Rick Thigpen said Republicans may be running a negative campaign in order to turn off voters and keep turnout low, which would benefit Mr. Kean in this Democrat-heavy state.

"Everybody's disgusted with all of them," said Pat Resciniti, 51, a Bloomfield resident who watched Mr. Menendez and other politicians march by in the Nutley Columbus Day Parade and insisted that she won't vote.

What's in a name?

Democrats contend that the race has been close not because of ethics concerns but because Mr. Menendez was widely unknown outside of his congressional district while Mr. Kean began with the most popular name in New Jersey politics.

That's shifting though, they say, citing recent polls giving Mr. Menendez a slight edge as proof voters are responding to the message that he's the one who will truly fight Mr. Bush -- especially on Iraq.

"Obviously, our message is piercing through," Mr. Menendez said after shaking hands Oct. 8 at a Fort Lee community picnic for senior citizens.

Mr. Kean began this race with five years' experience in the state House and state Senate and a family name that evokes memories of the most popular New Jersey governor in recent history.

Tom Kean Sr. is known for his bipartisanship during his governorship and in his more recent role as chairman of the September 11 commission.

"There's a huge allegiance, despite everything, to his dad," said Maria Ramos, 36, a Belleville resident who favors Mr. Menendez.

In speeches, Mr. Kean repeatedly cites both his father and grandfather, a former New Jersey congressman. The Republican has billed himself as a reformer and tried to distance himself from Mr. Bush -- saying he disagrees with the president on stem-cell research, spending and the environment, but agrees with him on permanent tax cuts and anti-terrorism efforts.

Patrick Buldo, 61, of Belleville said he likes what he hears from Mr. Kean and will probably vote for him.

"We need some new blood out there, and his father was good," he said.

Mr. Kean, however, has had to walk a fine line since top Republican stars such as first lady Laura Bush have come to the state to campaign for him.

On the war, Mr. Kean has called for Defense Secretary Donald H. Rumsfeld to resign but doesn't support a strict timeline for withdrawing U.S. troops from Iraq -- which Mr. Menendez voted for.

Mr. Menendez, who says he is "proud" that he voted against authorizing the use of force in Iraq, repeatedly emphasizes his opposition to Mr. Bush and the war.

The Democrat has tried to steer the debate back to issues where he arguably has the advantage in New Jersey, recently distributing an e-mail video clip of Mr. Kean being confronted by the angry mother of a soldier.

"Tom Kean Jr. fails the test of character when it comes to his support of President Bush's failed war in Iraq," the e-mail said. His newest ad also charges that a vote for the Republican is "just another vote for Bush's agenda."

"George Bush is one of the biggest assets Menendez has," said Mr. Thigpen, who predicts Mr. Menendez will win.

"When he gets to the Senate, he'll just be a rubber stamp," Becky Redington, a 62-year-old Menendez supporter from Montclair said of Mr. Kean.

The security issue

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The Quinnipiac poll found that 63 percent of New Jersey voters disapprove of Mr. Bush's handling of Iraq and 57 percent disapprove of Mr. Bush as president.

Yet, New Jersey voters are also concerned about anti-terrorism efforts because residents had front-row seats to the September 11 attacks and lost many of their own. Some Republicans say the security issue is why Mr. Bush did better in New Jersey in 2004, improving from 2000, when he got just 40 percent of the vote against Democratic candidate Al Gore.

Both Senate candidates strongly advocated enactment of all the September 11 commission's recommendations, and Mr. Menendez has cited his efforts to prevent a Dubai-based firm from taking over some operations at the port of Newark.

Yet New Jersey voters clearly separate September 11 from the Iraq war effort, Mr. Campbell said. The Republican consultant said a "schism" emerges because top Republicans consistently link the two issues.

The New Jersey race has drawn national attention because a loss by Mr. Menendez would all but doom Democratic efforts to capture the U.S. Senate. That factor has attracted star Democrats like former President Bill Clinton and Illinois Sen. Barack Obama to campaign for Mr. Menendez, focusing on opposition to Mr. Bush.

As Mr. Menendez worked the crowd at the Fort Lee seniors' picnic, Sen. Frank R. Lautenberg stood on stage criticizing Mr. Bush's Social Security plan, the war in Iraq, tax cuts, and prescription-drug plan.

"To give [Mr. Bush] a majority in the House and Senate would be a big mistake," the New Jersey Democrat told the seniors, some of whom yelled out their agreement. "I'm here to plead with you -- think of what happens if Bob Menendez doesn't win."

That message clearly got through to some.

"The reason I'm set on Menendez is because he's a Democrat," Lila Breslow, 75, said after the picnic, holding the crockpot she won in a raffle. "I prefer the Democrats to Bush."

The Columnist Who Shut Up To Speak Out (WP)

By Peter Slevin

The Washington Post, October 17, 2006

CLEVELAND At a lively Democratic gathering in a nearby suburb, Senate candidate Sherrod Brown is talking up his wife to the party faithful. He says, as he always does in this part of Ohio, that the crowd probably already knows Connie Schultz as a prizewinning newspaper columnist.

As the seven-term congressman praises her "terrific sacrifice" in giving up the column in the Plain Dealer during the campaign, a spirited voice calls out from the back, "Just win, honey!"

That would be Schultz, who less than a year after winning a Pulitzer Prize tucked away her pen and pad to support her husband in the toughest race of his career -- and one of the most important, most intense, most eyeballed matches of the 2006 campaign season.

The campaign role is new to her. So, for practical purposes, is the marriage. Schultz and Brown met in 2003 when each was long divorced. Now, barely on opposite sides of 50, they are learning to be political partners amid the friction and heat of a grueling race. As friend Jackie Cassara put it, "Why don't you just put them in a centrifuge and spin vigorously?"

Brown is surrendering a safe seat in Congress after seven terms to challenge Sen. Mike DeWine, a two-term Republican incumbent with a campaign treasury that stretches from Cincinnati to Toledo. Schultz is giving up the comfort and satisfaction of her freewheeling newspaper voice.

Some days, the blessing is decidedly mixed. As she arrived to speak to a crowd of 430 retirees at United Auto Workers Local 1250, the union president made a pitch for Brown's candidacy. He then turned to her and said, "I believe he's sent his lovely wife. Connie, is it?"

"The hardest thing," she says, "is I'm always talking for my husband."

Brown, 53, is a doctor's son schooled at Yale. Schultz, 49, is a maintenance man's daughter who became her family's first college graduate. Yet with their progressive philosophy, their passion for the underdog and their gregarious flesh-pressing, there is no mistaking that they are a matched set.

There are plenty of similarities in their rhetoric, too. Schultz, for instance, has publicly accused DeWine of lying about her husband's record and "betraying the working families he was supposed to serve."

Their collective decision to challenge DeWine, a family values conservative with an agreeable public persona in a state long dominated by Republicans, is the biggest political risk of their professional lives. Brown initially said he would not run, because of family concerns.

"I was really the holdout," Schultz says. "We were in a very new marriage. I was not a political spouse. I knew how you could blow a marriage."

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As they talked, and talked, she came to see that Brown needed to enter the race or forever regret it. As she puts it, "The stars had aligned, and I was going to be the big, fat moon in the way."

Once Brown entered the race, it was only a question of time before Schultz would quit her column. For reasons of newspaper ethics and spousal devotion -- who would make sure there were mango slices and carrots in Brown's campaign car? -- Schultz realized in February that the time had come.

This would be an adventure, right? Aren't the best adventures a bit scary?

Well, she was scared.

After she told her editors, she opened her journal and wrote in big block letters, "WHAT IS TO BECOME OF ME?"At Home in Avon

It is a Sunday night in a largely Republican housing development in Avon, west of Cleveland, an unlikely choice for arch-liberals Schultz and Brown after their wedding. Schultz is home after two appearances for her book, a collection of columns called "Life Happens, and Other Unavoidable Truths."

Waiting for Brown, she boils a pot of water in the combination kitchen and family room where they installed a floor-to-cathedral-ceiling wall of bookshelves to accommodate their library. Apologizing for the impromptu meal, she grabs a jar of prepared tomato sauce from the cupboard and a bottle of red wine from the attached garage.

Down the hall, across from the desk where she writes, a ping-pong table is set up on the thick carpet of the living room. It was Schultz's second-anniversary present for her husband. Until he suffered a campaign trail double hernia, they played most nights when he was in Ohio.

"We're pretty wound up when we get home," Schultz explains. "We come home, we play ping-pong and we talk. Just to take his mind off it a little bit."

"It's hard. It's really hard," Brown says of running in a state that last elected a Democratic senator in 1992. He mentions the scope, the pressure. Friends say Brown, divorced for 16 years before he married Schultz, believes he has found a true campaign partner.

He told Schultz the previous night that he would not have campaigned as well or as successfully without her.

"When you said that, I was stunned," she tells him.

"You know that," he answers. "I've told you that a hundred times in a lot of different ways."

Schultz smilingly reports that a woman had advised her to keep an eye on her man, what with the availability in Washington of so many alluring women-not-his-wife. Brown sees many good reasons not to stray, not least Schultz's megaphone -- and her proven willingness to use it.

"I have already said to people," Brown says, "if I ever did anything, she wouldn't just cut my [testicles] off. She'd write about it."Smitten by Her Words

The citation with Schultz's Pulitzer for commentary praised "her pungent columns that provided a voice for the underdog and underprivileged."

Two weeks after she began writing her column in October 2002, she received an e-mail from one "Sherrod Brown, Lorain, Ohio." It read: "Where did the Plain Dealer find you? You are a breath of fresh air; your writing reminds me of that of Barbara Kingsolver, one of my favorite living writers."

Brown read Schultz's first column aloud at the Thanksgiving dinner table. It was about her father, for 36 years an electric company worker. It began, "I want Dad's lunch pail."

"To Dad, it's a daily reminder of the job he hated," wrote Schultz. "To me, it is an enduring symbol of the promise he made to his four young children. 'You kids are never going to carry one of these to work,' he'd tell us, over and over. 'You kids are going to college.' "

Schultz is a mother of two who graduated from Kent State and quit law school after two years. She writes about coat-check attendants whose tips are siphoned by management. She urges respect for valet parkers and better health care for the uninsured. She quotes her mother's admonition: "Don't marry him till you see how he treats the waitress."

She wrote in one column that on the Sunday after Ohio voters banned same-sex marriage, straight members of her congregation wept as more than 50 gay worshipers stood to show they had been affected by the legislation.

"They didn't look angry or defiant," she wrote. "They looked abandoned."

Brown is a self-described battler for the little guy. First elected to the Ohio House at 21, he has been a politician ever since. He fought fiercely against NAFTA and voted against the Iraq war resolution and the Patriot Act. He spotted the makings of a soul mate in Schultz's politics and her tolerant Christian faith -- she belongs to the United Church of Christ; he is Lutheran.

Daughters Emily and Liz saw it right away.

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"He would read us her columns over the phone," says Emily, 25, a union organizer on leave to work in the campaign. "Liz and I were, 'Clearly, you should just ask this woman out, Dad.' "

He did and they met for dinner on New Year's Day 2003.

"Within two seconds," says Emily, "they were in love."

Precisely 10 months 26 days later, Schultz told her readers, they married.'Mrs. Brown' She's Not

Plain Dealer readers know much about the contours of Schultz's heart. She wrote of her nervousness, at age 45, about their first date. She told about Brown becoming friends with her cat, and her inaugural trip to buy manure for his tomato vines. Also, their pedometer competition, their "all day long" e-mail exchanges and the night he proposed.

"Falling in love when you're knee-deep in middle age takes some getting used to," Schultz wrote. "For one thing, you feel mighty silly giggling all the time, especially in front of your grown kids."

The character and the cadence of her columns infuse her performance on the hustings. She tells of campaign encounters and describes her working-class roots in Ashtabula, Ohio, where, as she puts it, a couple of nobodies wore themselves out so their children could become somebodies.

But her talk turns tough when she shifts to Republican criticism of her husband.

"We're going to fight back," she told the UAW crowd. "You respond, you pivot, and you deck 'em."

"Connie has never known the luxury of an unexpressed thought. It's into her head and out of her mouth very quickly," says Cassara, a Cleveland Realtor and the close friend described by Schultz as "my sanity in this race."

Total strangers suddenly have expectations, from how she should wear her hair to how she should gaze upon her husband as he speaks. People regularly ask when she will change her name to Mrs. Brown. Answer: She won't.

"You know what the difference is now?" Schultz asks one morning over coffee. "I'm having to rein myself in. I'm less myself."

This is Brown's race, after all, and he must remain the focus.

"When somebody asks a question, I feel I can't immediately answer. I have to say, 'Sherrod's particularly outspoken about this,' " Schultz says. "Thank God we agree on almost everything. If we didn't, I don't know how I'd do this."

Twice, people have pasted DeWine stickers over the bumper sticker on her car, the one that reads, "Well-behaved women rarely make history."

"A little hostility out there?" she asks in mock innocence.

Then there was her parking lot encounter with the man who pointed to the "Brown for Senate" sticker on her car and said, "I wouldn't be caught dead with that guy's bumper sticker." He told her it was not too late to repent, she remembers.

"It really is too late," Schultz replied.

"Why?"

"I married the guy."The Opponent's Wife

Fran DeWine married her guy, too, 39 years ago. The wedding was two weeks after her 20th birthday, because she believed teenage marriages were doomed. Even then, she had already dated Mike DeWine for longer than Schultz and Brown have known each other.

She takes a softer approach than Schultz when promoting her husband's candidacy. Through 30 years of political life since DeWine won his first race for Green County prosecutor, Fran DeWine says she has overcome an initial shyness. She hands out her trademark 24-page cookbook, paid for by the Ohio GOP, and frequently mentions her eight children and nine grandchildren.

"First of all, I talk about Mike and I, knowing him since we started first grade together," DeWine says by telephone from Northern Virginia as she bakes banana bread for her youngest daughter's cross-country meet.

"I don't go into the details he goes into, but I like to tell what he spends his time doing," says DeWine. She talks of her husband's work on the Senate Intelligence Committee, his role on children's issues and his ability to deliver money to Ohio. "He's my best friend and I help him and we work together, but there is no role, 'Political Spouse.' I think everyone has to decide for themselves."

DeWine would not discuss Schultz's approach or her campaign trail commentary.

"I try not to know," DeWine says. "I want to go ahead and lead my life and I don't want to worry about that."

Schultz, meanwhile, is saying of Mike DeWine at a fundraiser, "Forget that he's lying about Sherrod's record; he's trafficking in a national tragedy for political gain." She is referring to an advertisement, later pulled, that included a doctored photograph: The producers had added more smoke to the burning World Trade Center.

The DeWine campaign stands by its effort to portray Brown as too liberal for Ohio, unable to work with Republicans and unwilling to take essential steps against terrorism.

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At the fundraiser, put together by supporters calling themselves Brown-Nosers, Schultz is billed as the star. The first 20 people donating at least $300 are promised a signed copy of her book.

When Schultz begins to speak, she announces a surprise guest, one Sherrod Brown, who has flown in from Washington. As she steps back and he steps up, someone calls out, "We want Connie!"

Brown, who cried when he learned Schultz had won the Pulitzer and sometimes refers to her in e-mails as PPWCS, says a November win would bring a January trifecta: Ohio Democrats in the Senate and the governor's mansion, and Schultz's column back in the Plain Dealer.

"So many people, especially women, are really moved by what she writes about," said supporter Brittany O'Connor, who brought her mother to hear Schultz speak. "I wonder if the Plain Dealer will let her."Hoping to Return

"It does make me uneasy," says Plain Dealer Editor Douglas Clifton. "I'm kind of old-school when it comes to drawing the line between what a reporter can and can't say or do in political campaigns."

After meeting and marrying Brown, Schultz avoided writing about issues he pushed in Congress. But she and Clifton saw that a statewide race would be trickier to navigate.

"I still want to write about what's on my mind, but that is becoming increasingly difficult," Schultz wrote in her final column. "Each passing week brings more limitations on my choice of topics because there is a concern that some will accuse me of using my column to stump for my husband."

As a woman and a feminist, she found the idea that she was "merely parroting" her husband both amusing and offensive, she wrote in that last column. But she was mindful of the appearance of a conflict of interest, as well as problems her presence might cause for colleagues covering the race.

Schultz expects to return. Clifton recently assured her that he wants her back, aware that some readers will view her work through the prism of her campaign efforts.

"In the end," Clifton says, "I have every confidence in her integrity."

Three former journalists who now spend time considering ethical quandaries say the potential conflict is made manageable by the fact that Schultz is campaigning for her husband -- turning down requests from other candidates -- and that she is an opinion writer, not a beat reporter.

"I would be more tolerant of a spouse campaigning for a wife or husband," says former ABC News reporter Bob Zelnick, who teaches journalism ethics at Boston University. He adds, however, that Schultz would be "better advised to be a little bit less sharp and pointed in her attacks on her husband's opponents."

* * *

There are 21 days to go in the campaign. As the pace quickens and the pitch of television commercials grows sharper, most polls show Brown ahead of DeWine in a race professionals expect to remain close.

Schultz crisscrosses the state, keeping in touch with Brown via BlackBerry and cellphone, grabbing catnaps on long drives to Avon. Every day, she laments columns unwritten. But Schultz is taking notes for a campaign memoir. She will call it "And His Lovely Wife."

Politicians' Campaigns Invade MySpace (USAT)

By Judy Keen

USA Today, October 17, 2006

Candidates are using popular websites Facebook, MySpace and YouTube for the first time to give their campaigns free publicity, reach young voters and bypass traditional media. Once they're online, though, they risk being mocked and losing control of their messages.

Facebook.com created 1,400 candidate profiles that listed names, states, parties and offices. Of those, about 300 are updated by candidates or their staffs, marketing director Melanie Deitch says.

What's online can be embarrassing:

•Sen. Hillary Rodham Clinton's Facebook profile has many posts from her Green Party rival, Howie Hawkins, who lists reasons he thinks the New York Democrat should be defeated.

•A Facebook search for “Mike DeWine” turns up the Ohio Republican senator's profile as well as links to several self-organized political groups of Facebook members. One group calls itself “Mike Dewine and (Ohio Rep.) Deborah Pryce are tools,” a derisive slang for dupes.

•In an ad only on YouTube and Republican congressional candidate Paul Nelson's campaign website, Nelson says Rep. Ron Kind, D-Wis., voted to fund studies of “the sex lives of Vietnamese prostitutes.” Matt Sweeney, Kind's campaign manager, says voters will “see through these kinds of sleaze ads.”

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The power of the sites was highlighted this summer when video of Sen. George Allen, R-Va., calling a rival's volunteer "macaca" showed up on YouTube. It has been seen more than 250,000 times. YouTube has more than 30 million visitors a month.

Campaigns are still finding ways to tap the sites' potential, says Democratic strategist Chris Lehane, who predicts they "will ultimately revolutionize politics."

About 1 million of Facebook's 10 million regular users read politics features, Deitch says. That's an opportunity to reach young voters. In the 2004 election, 17% of voters were 18-29.

MySpace, with 56 million visitors a month, had "a huge uptick" this year in political activity, says spokesman Jeff Berman. "When you can reach people that quickly, that effectively and at no cost, it's just a no-brainer," he says.

With Tactical Itinerary, Mrs. Clinton Skirts Iowa (NYT)

By Anne E. Kornblut

The New York Times, October 17, 2006

DES MOINES, Oct. 15 — Three years have passed since Senator Hillary Rodham Clinton last set foot in Iowa.

Mrs. Clinton has zigzagged through much of the country in that time, bouncing among Ohio and California, New Jersey and Colorado, Pennsylvania and Michigan, raising tens of millions of dollars and meeting with legions of Democrats. But she has conspicuously bypassed Iowa, whose caucuses will be the first presidential nominating contest, and New Hampshire, the state with the earliest primary, where her last visit was even longer ago.

Mrs. Clinton's strategy is a tacit recognition that crossing the border into a state that will matter early in 2008 would set off a cascade of attention and be tantamount to an official announcement that she is running for president. At every opportunity, her advisers say she is doing nothing more than focusing on being re-elected in New York next month. For now, at least, she can point to her itinerary as evidence that she has not made up her mind about 2008.

Yet depending on how long she waits, her absence from Iowa also risks giving her Democratic rivals an opening to curry favor with voters here. Other candidates are already in a nearly constant march through the state, hiring operatives and seeking commitments from grass-roots organizers. Even Terry McAuliffe, former Democratic national chairman and a close Clinton adviser, acknowledges that "the other candidates are there rounding up donors."

"But beyond that, it doesn't matter at this point," Mr. McAuliffe said. "She's in a unique position."

Then, as all Clinton advisers must, he quickly added that the senator was engaged "in a deliberative process," deciding whether to run. "Anybody who tells you she's running today is crazy," he said.

Other strategists agree that if Mrs. Clinton does run, then the moment she begins to devote her attention to a presidential campaign her financial and name-recognition advantages will wash away any memory of the years she declined to visit Iowa and New Hampshire.

Still, at two recent gatherings — the annual Jefferson-Jackson Day dinner sponsored by the Iowa Democratic Party here Saturday and the annual steak fry picnic last month sponsored by Senator Tom Harkin, Democrat of Iowa — there was little evidence of an organic pro-Hillary movement.

Even at the Jefferson-Jackson Day dinner, where former President Bill Clinton made what was widely viewed as a proxy appearance for his wife, the most visible show of support for Mrs. Clinton came from Peter Feddo, a 23-year-old who runs a Hillary Rodham Clinton for President Committee from Richmond, Va. Mr. Feddo had flown into Des Moines with thousands of "Hillary for President" stickers and signs that he passed out at the door; the best news, he said, was that some guests asked for two. "So that's a sign of momentum for Hillary," he said. "People not only want to support her, they want to tell their friends."

Numerous Democratic voters interviewed at the two events said that although they admired Mrs. Clinton, they feared she could not win the general election. Several said they had been impressed with Senator Evan Bayh of Indiana, who is making a strong push here, and another handful said they were leaning toward former Senator John Edwards of North Carolina, who has spent significant time in the state.

"I like Hillary, but I have my doubts about her," said Judy Risvold, a retired accountant from Des Moines who attended the Harkin steak fry last month.

Asked whether Mrs. Clinton should already be courting Iowans if she was going to win here, Ms. Risvold said it was not too late. "She'll come if she's serious," she said.

Michele Barker, a high school teacher, said she considered herself a supporter of Mrs. Clinton but worried about her chances in a general election. "I'm fearful of the response she'd get from the voters," Ms. Barker said, because of a past as a polarizing figure.

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Although there are plenty of Clinton supporters here left over from Bill Clinton's campaigns, he did not build the same network here as in New Hampshire, meaning that his wife would still have to hire advisers and line up supporters, work that others like Mr. Edwards, Mr. Bayh and Senator John Kerry of Massachusetts have already begun.

Even former Gov. Mark Warner of Virginia, who announced last week that he had decided not to run, had invested time and money in Iowa, and Senator Barack Obama of Illinois, who is considered less likely to run, has two trips here on the calendar this campaign season.

And then there is Tom Vilsack, Iowa's governor, who is laying the groundwork for a possible race and would have a natural advantage in his home state.

The consensus is that Mrs. Clinton, unlike anyone else, can wait as long as she wants before beginning to court Iowans.

"She is the only candidate where it won't hurt her," said Gordon R. Fischer, former chairman of the Iowa Democratic Party, "because her name recognition is already sky-high; she already has a lot of money. She's the one person, frankly, the one candidate, who could get away with it."

Still, a recent Des Moines Register poll showed Mrs. Clinton in second place, behind Mr. Edwards (with Mr. Kerry and Mr. Vilsack third and fourth).

"Nationally, she is indeed the front-runner, should she choose to compete," Mr. Fischer said.

But he also said: "I think in Iowa you have to fight for it. There aren't any coronations in Iowa. Rightly or wrongly, we demand the candidates come in early and often, and especially often. We expect them to shake our hands and look us in the eye. We expect to be able to ask questions and have them answered. She's going to have to work for it like anybody else."

States Considering Privatizing Highways Can Study Indiana Toll Road Experience (USAT)

By Theodore Kim

USA Today, October 17, 2006

INDIANAPOLIS — Indiana's experience with privatizing its East-West Toll Road shows that states considering the same move might expect quick financial benefits along with higher tolls and other policies that could rankle some drivers.

A number of states have looked at privatizing major highways to fill budget holes and cover the expense of fixing other crumbling roads.

Gov. Jon Corzine of New Jersey is considering leasing the New Jersey Turnpike and other toll roads, while road privatization has emerged as an election topic in Illinois and Ohio.

Privatization has spurred debate over the impact of such deals on toll rates and operations.

Northern Virginia lawmakers have resisted toll hikes on the Dulles Greenway, which is privately run. Leaders in Harris County, Texas, defeated a proposal this year to privatize toll roads in the Houston area, deciding to run the road themselves.

The 50-year-old Indiana East-West Toll Road is in its fourth month of private operation.

In July, a private Australian-Spanish consortium took over the 157-mile highway, which runs east from Chicago to the Ohio border.

The consortium will operate, maintain and collect tolls on the road for 75 years. In return, it gave Indiana a one-time, lump-sum payment of $3.8 billion.

Since the hand-over, the private operator, the Indiana Toll Road Concession, has readied the installation of pay-without-stopping tolling technology and announced a $250 million expansion of the road's western end.

State Treasurer Tim Berry said Indiana has reaped more than $55 million in interest from the consortium's payment.

The company has drawn criticism from police and members of other emergency agencies, who said the operator's practice of installing barriers at turnarounds has hindered their ability to respond to traffic accidents.

"We're trying to respond to emergencies here," said Betty Schroeder, director of Steuben County Emergency Medical Service. "I'm like: You've got to be kidding me here."

Matt Pierce, a spokesman for the toll road operator, says the barriers stop illegal U-turns.

As an alternative, the road operator plans to install flexible posts that will deter drivers from using the turnabouts. Emergency vehicles, Pierce says, can drive over the posts.

Schroeder said she remains skeptical.

The consortium plans to install electronic tolling on the road's western end by June. The entire road will have the technology by September.

Motorists without the transponder needed for electronic tolling will have to pay higher tolls. The consortium has not announced the cost of the transponder.

By September, tolls for passenger vehicles without transponders traveling the entire road will rise to $8 from $4.65.

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Eventually, even motorists with electronic tolling will pay the higher rates. Rates for commercial trucks have gone up to $18 from $14.55. More increases are scheduled.

Gov. Mitch Daniels, who pushed for the deal despite staunch opposition in some parts of Indiana, said the consortium is off to a good start.

"Everything's running flawlessly as far as I know, and they've announced the first quarter-of-a-billion dollars of improvements," the Republican governor said.

Indiana House Minority Leader B. Patrick Bauer of South Bend, Ind., a Democrat who is critical of the deal, said the early setbacks foreshadow what's to come.

"Ultimately, they are a private company that's going to do what's best for them," he said.

Cloning Double Talk (PTR)

By Robert Novak

Pittsburgh-Tribune Review, October 17, 2006

A new video available on YouTube marks a late attempt by pro-life forces to avert serious defeat in Missouri Nov. 7, with national implications. Cathy Ruse, speaking for Missourians Against Human Cloning, declares: "Amendment 2 is a fraud. It is an attempt to trick Missourians into approving -- in their Constitution -- human cloning, the right of biotech firms to do human cloning in Missouri -- something Missourians oppose by an overwhelming majority."

But Amendment 2 is identified for many Missouri voters by the language at the beginning of the five-page ballot initiative: "No person may clone or attempt to clone a human being." That explains why polls have shown a substantial margin of support for the constitutional amendment, which is also backed by key Republican politicians and business interests. It seems to offer the best of all worlds: government support of stem cell research without fear of cloning.

The problem is that the proposal so narrowly defines cloning as to open the door to any cloning procedure that takes place outside the womb. If this is approved by a state that historically is a barometer of national trends and is considered a pro-life stronghold, it will be a national model for breaking popular resistance to what the scientists and biotech companies want.

A campaign costing an estimated $20 million has helped build a substantial lead for the amendment's advocates. A September statewide poll by the Republican firm McLaughlin & Associates shows a 59 percent to 31 percent advantage. Democrats appear to have no doubt, favoring it 75-22, with 3 percent undecided. But Republicans are split, 40 percent in support and 45 against, with 15 percent undecided.

Big Republican names -- former Sen. John Danforth, Gov. Matt Blunt and party contributor Sam Fox -- all support the amendment. The $2-billion-endowed Stowers Institute in Kansas City, funded by major Republican benefactors, is spearheading the campaign.

That establishment Republican support for Amendment 2, including threats to remove the institute from the state if the proposal does not pass, has created a difficult situation for first-term GOP Sen. Jim Talent, engaged in a re-election campaign. I reported Talent's "defection from the anti-cloning ranks" in February when he took his name off a Senate bill to ban human cloning on grounds it might hamper acceptable scientific research.

Talent at that time was taking no position on Amendment 2, but he has since come out against it. In a recent debate with the Democrat Senate candidate, state Auditor Claire McCaskill, on NBC's "Meet the Press," Talent said the proposal "would create ... an unqualified constitutional right to clone the earliest stages of human life. " But he hastened to add he is not against stem cell research.

McCaskill then sought to cast the debate in terms of whether the candidates are for or against the medical miracles that can be achieved through stem cell research. "My faith directs me to heal the sick," she proclaimed, adding that "I come down on the side of hope, hope of cures and supporting science." But she put this in the framework of the constitutional amendment, which, she said, "strictly prohibits human cloning."

But Amendment 2 bans only cloning that involves planting an embryo within the womb. It prohibits government from interfering with somatic cell nuclear transfer, which involves replacing the nucleus of a human egg outside the womb -- the cloning procedure used to produce Dolly the sheep.

This language, contends the YouTube video, "provides biotech firms a blank check for taxpayer dollars to support unethical and unproven research that Missourians oppose." If government-approved cloning can be sold to the pro-life state of Missouri, it will show up next in other states with major research facilities.

Crime And Punishment (WP)

The Washington Post, October 17, 2006

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AS THE DEMOCRATIC candidate for mayor of Baltimore in 1999, Martin O'Malley set a goal of cutting the city's annual number of murders to 175; they were then running at more than 300 a year. He failed. Baltimore's homicide tally looks likely to reach or surpass 270 this year, maintaining the city's standing as one of the nation's deadliest.

As the Republican candidate for governor of Maryland in 2002, Robert L. Ehrlich Jr. also set a goal: to reform the state's decrepit, Dickensian system of juvenile jails. He also appears to have fallen short, though that record is not as easily quantified.

One may give both men, who face each other as gubernatorial candidates in the Nov. 7 elections, credit for setting ambitious agendas. One may fairly conclude that each made efforts and some progress in the face of daunting obstacles -- Mr. O'Malley cut Baltimore's murder rate and Mr. Ehrlich closed one of Maryland's worst juvenile jails. Still, the bottom line is that neither made good on his campaign promise to solve a painful, long-standing problem.

Messrs. O'Malley and Ehrlich, in the heat of the campaign homestretch, are busy bashing each other over issues of crime and punishment. They are key questions for voters throughout the state, particularly in the high-crime areas of Baltimore and Prince George's County, and they played a prominent role in the candidates' back-to-back debates this past weekend.

Mr. O'Malley, in particular, has been put on the defensive because of Baltimore's stubbornly high murder rate. It's a good bet that he rues the day he promised to cut homicides to 175 annually, calling it a "realistic goal"; during his term as mayor, which began with this decade, they have never dipped below 253. The murder rate did decline sharply in the mayor's first couple of years in office, as he pushed police to take a more focused, aggressive stance in the city's most crime-ridden precincts -- including the routine arrest of loiterers, which has drawn fire from civil libertarians. But progress on homicides stalled after 2002 even as other categories of violent crime fell sharply. And it speaks poorly of Mr. O'Malley's managerial abilities that he has overseen a revolving door of four police chiefs during his nearly seven years in office -- not counting three others who served on an interim basis.

In the case of Maryland's juvenile justice system, state officials insist that they have made progress in addressing staffing problems, including poor pay and qualifications for many of those who work with young detainees. They closed what was the state's most notoriously violent juvenile treatment facility, the Charles H. Hickey Jr. reform school in Baltimore County -- but without a coherent plan for housing its 144 youthful residents.

Signs persist that the problem is far from fixed. Less than two months ago the state's independent monitor of juvenile facilities, Katherine A. Perez, wrote that she remained concerned about inadequate staffing and "the threat to life, health and safety" of youths at Baltimore City's Juvenile Justice Center. In May, Ms. Perez reported that youths were sleeping on the floor at one overcrowded jail and that monitors had seen a male staff member throw punches at a rowdy girl in another.

The hard problems of drugs and gangs are impediments to denting the problems that both men inherited. But the disappointing results in Maryland's juvenile jails and on Baltimore's rough streets raise questions about the managerial abilities of both candidates.

And The Winner Is ... Me (NYT)

The New York Times, October 17, 2006

Voters in Ohio can be forgiven if they feel they have been beamed out of the Midwest and dropped into a third-world autocracy. The latest news from the state's governor's race is that the Republican nominee, Kenneth Blackwell, who is also the Ohio secretary of state, could rule that his opponent is ineligible to run because of a technicality. We'd like to think that his office would not ultimately do that, or that if it did, such a ruling would not be allowed to stand. But the mere fact that an elected official and political candidate has the authority to toss his opponent out of a race is further evidence of a serious flaw in our democracy.

Ted Strickland, the Democratic nominee, is leading Mr. Blackwell by as much as 28 points, according to one recent poll. In their panic, some Blackwell supporters have hit on the idea of trying to prevent the election from occurring. One of them filed a complaint alleging that Mr. Strickland, who is a member of Congress, does not live in the apartment where he is registered to vote. Mr. Strickland owns a condominium in another part of Ohio, and the complaint alleges that he actually lives there. If Mr. Strickland was not a qualified voter, he would be prohibited from running for governor.

The complaint itself is without merit. No one disputes that Mr. Strickland lives in Ohio, or that he is registered. The only issue is which of his two homes he chose to register from, and the law gives voters with multiple homes broad discretion in choosing among them.

What is more interesting, and troubling, is the way the complaint is proceeding. The county board that heard it broke down 2 to 2, on party lines, about whether to hold a hearing. In the case of a tie vote at the county level, complaints like these get forwarded to the secretary of state's office to be resolved. Mr. Blackwell says he has designated his assistant secretary to handle duties that could conflict with his candidacy. But passing these matters on to a subordinate who is a political ally and owes his job to the candidate hardly removes the conflict.

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Election administration should be removed from partisan politics, in Ohio and everywhere else. Decisions like these should be made by nonpartisan bodies or, failing that, by people who do their utmost to insulate themselves from partisan politics. In 2004, Mr. Blackwell chose to become co-chairman of President Bush's Ohio campaign, and then issued rulings that helped the campaign. Now we have the even more bizarre prospect of Mr. Blackwell, or his deputy, potentially participating in the baseless disqualification of his opponent.

We are confident it will not come to that. But however this particular case is resolved, it underscores the need for Ohio, and other states, to find a way to administer elections that is insulated from partisan politics.

Paying For Better Parenting (NYT)

The New York Times, October 17, 2006

New York is searching for new ways to fight persistent poverty, and Mayor Michael Bloomberg's Commission for Economic Opportunity has recommended useful reforms. To encourage families to participate in these programs, the mayor hopes to recruit private donors to provide parents with a cash incentive to make the right choices for their children — like taking them in for regular checkups and making sure they stay in school.

The idea is based on a highly successful Mexican antipoverty program, known as Oportunidades, that is now being tried by at least 25 other countries. Mexico began Oportunidades in 1997. Today it covers one in four Mexican families, helping virtually all the country's poor. The average family gets $35 a month, about a quarter of the rural household income. Families with many children in school can get up to $153 a month, a ceiling imposed to remove the incentive to have more children.

To get payments for food, mothers must bring their children in for regular health checkups and attend informative talks at health centers. Mothers also get cash if their children attend school at least 85 percent of the time. The payments start after third grade and go through high school, rising each year as dropout rates get higher and a child's forgone earning potential is higher. Because checks go directly from the central government to mothers whose families meet the requirements, administrative costs and the chance of corruption are reduced.

From the beginning, Oportunidades built in rigorous evaluation. Those studies have shown that it does focus its help on Mexico's poorest people, and they are benefiting. Children are bigger and healthier. Oportunidades has also cut child labor and led to more schooling. In rural areas, the number of children starting high school increased by 85 percent.

Even a rich city like New York can envy such success. Mayor Bloomberg is smart to explore a brilliantly simple idea that is fighting poverty now and poverty later around the world. We hope that donors will rally to the effort.

North Korean Fuel Identified As Plutonium (NYT)

By Thom Shanker And David E. Sanger

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — American intelligence agencies have concluded that North Korea's test explosion last week was powered by plutonium that North Korea harvested from its small nuclear reactor, according to officials who have reviewed the results of atmospheric sampling since the blast.

The officials, who would not speak for attribution because it was an intelligence matter, were responding to specific questions about what had been learned about the nature of the weapon.

As administration and intelligence officials watched for indications that the North might be preparing a second test, Secretary of State Condoleezza Rice warned North Korea on Monday that it risked even further isolation if it took such a provocative action.

American officials have reported recent activity at the test site, leading some to believe that another test might be carried out soon.

The intelligence agencies' finding that the weapon was based on plutonium strongly suggested that the country's second path to a nuclear bomb — one using uranium — was not yet ready. The uranium program is based on enrichment equipment and know-how purchased from Pakistan's former nuclear chief.

Nuclear experts said that the use of plutonium to make the bomb was important because it suggested that North Korea probably had only one nuclear program mature enough to produce weapons.

"This is good news because we have a reasonably good idea of how much plutonium they have made," said Siegfried S. Hecker, the former chief of the Los Alamos National Laboratory and now a visiting professor at Stanford University. Mr. Hecker, who has visited North Korea and is one of the few foreigners to have seen parts of its nuclear infrastructure, said that it was his guess that "they tried to test a reasonably sophisticated device, and they had trouble imploding it properly."

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The supply of plutonium materials is known from the days when international inspectors kept tabs on the fuel rods in the North's reactor, and intelligence analysts estimate that North Korea has enough material to make 6 to 10 plutonium bombs.

Politically, the results of the test may revive last week's finger-pointing about who is more responsible for the Korean test: Bill Clinton or President Bush.

As president, Mr. Clinton negotiated a deal that froze the production and weaponization of North Korea's plutonium, but intelligence agencies later determined that North Korea began its secret uranium program under his watch. The plutonium that North Korea exploded was produced, according to intelligence estimates, either during the administration of the first President Bush or after 2003, when the North Koreans threw out international inspectors and began reprocessing spent nuclear fuel the inspectors had kept under seal.

Unlike the Clinton administration in 1994, the current Bush administration chose not to threaten to destroy North Korea's fuel and nuclear reprocessing facilities if they tried to make weapons.

That threat in 1994 — which was ultimately resolved with an agreement to freeze the weapons program — was made by William J. Perry, who was the defense secretary then. In an interview on Monday, Mr. Perry said: "There was a brief window to catch this plutonium before it was made into bomb fuel. It's gone. It's out of the barn now."

After a week of some lingering doubt about whether the test had indeed been a nuclear detonation, the office of John D. Negroponte, director of national intelligence, confirmed that much in a statement issued Monday.

"Analysis of air samples collected on Oct. 11, 2006, detected radioactive debris which confirms that North Korea conducted an underground nuclear explosion in the vicinity of Punggye on Oct. 9, 2006," said the statement, putting on the record a conclusion that officials first disclosed Friday, the night before the United Nations Security Council voted on sanctions. "The explosion yield was less than a kiloton," the statement added.

It gave no further details, and the officials who described the early findings did not disclose more beyond the conclusion that plutonium, not uranium, was the device's core.

The determination that the blast was nuclear was announced a day before Secretary Rice was to depart for a trip to Japan, South Korea, China and Russia. She will go to the capitals of the nations that have been engaged in the six-party talks over North Korea's nuclear program except, of course, North Korea.

The unanimous resolution adopted by the Security Council last week imposing sanctions on military material and luxury goods was proof of "a strong and firm hand and strong and firm response," Ms. Rice said Monday during a State Department news conference. She said the international community wanted "to leave open a door for North Korea to take a different course if it wishes to do so."

Pressed to respond to analysts' assessment that desires by China and South Korea for continued economic and business exchanges with North Korea might trump demands for a stiff sanctions and inspections regime, Ms. Rice said her goal was to work out the details of putting the Council resolution into effect.

The Associated Press reported Monday from Dandong, China, that customs officials were examining trucks at the North Korean border as China complied with the United Nations sanctions.

However, China's ambassador to the United Nations, Wang Guangya, indicated that his nation would not conduct similar searches at sea.

Mr. Wang made clear that China would not halt ships and board them to search for ballistic missiles or for bomb-making equipment or material that can be used to manufacture nuclear, chemical and biological arms.

"This is a resolution we have to implement," he told reporters at the United Nations. "The question was raised whether China will do inspections. Inspections yes, but inspection is different than interdiction and interception. I think different countries will do it different ways."

During the news conference on Monday, Ms. Rice said she was "not concerned that the Chinese are going to turn their backs on their obligations. I don't think they would have voted for a resolution if they did not intend to carry through on it."

Nations Discuss Second Nuke Test Reports (AP)

By Jae-soon Chang, Associated Press Writer

AP, October 17, 2006

South Korea and Japan warily monitored unconfirmed reports Tuesday of possible preparations by North Korea for a second nuclear test.

Japanese Foreign Minister Taro Aso said his government has "information" concerning media reports that North Korea could be laying the groundwork for another blast.

"We have information but I cannot speak about its contents," Aso told reporters, without elaborating.

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Chief Cabinet Secretary Yasuhisa Shiozaki said Tokyo was working with other unidentified governments on trying to figure out what the North Koreans were up to.

"We are aware that there are various reports. We are closely exchanging information on a constant basis," Shiozaki said. "We should not disclose the content of such exchanges."

A South Korean government official in Seoul said his government also was aware of signs related to possible preparations for an additional North Korea nuclear test. The official said various intelligence reports were coming in about preparations for a possible test, but that it was unclear how reliable they were.

Seoul already has taken measures to be more vigilant for a possible second nuclear test by North Korea, and was bolstering exchanges of intelligence with the United States, the official said, speaking on condition of anonymity because of the sensitivity of the information.

U.S. government officials have said that they would not be surprised if North Korea were to attempt a second nuclear test sometime soon, following the first one on Oct. 9.

Washington officially recognized Monday that last week's explosion was an underground nuclear test. The test triggered an international outcry, leading the U.N. Security Council to adopt a sanctions resolution on Saturday.

Rice: N.Korea Sanctions Serve As Warning (AP-Y)

By Tom Raum

AP-Yahoo, October 17, 2006

Secretary of State Condoleezza Rice said Monday that U.N. sanctions are a clear warning the international community is united in opposing North Korea's nuclear ambitions and Iran should take heed that it could face a similar rebuke.

Previewing her upcoming trip to the region, Rice called Security Council sanctions adopted on Saturday "a very strong resolution" that would punish and further isolate the North Korean government.

Rice briefed reporters at the State Department on her upcoming trip to Japan, South Korea, China and Russia, which begins on Tuesday. "The purpose of my trip is to rally the support of our friends and allies" in the region, she said.

"The world has responded calmly and firmly" to last week's North Korean nuclear test, Rice added.

The U.S.-sponsored U.N. resolution demands that North Korea eliminate nuclear weapons but rules out military action against the country, as the Russians and Chinese demanded.

It calls on countries to block North Korea from receiving equipment or materials to build weapons of mass destruction and other advanced weaponry. It also clamps down on travel for North Koreans involved in the weapons program, and orders countries to freeze many of the international assets of people or businesses connected to that program.

While China has been inspecting cargo trucks headed for its communist ally, there have been questions about how strictly it and South Korea will enforce the U.N. resolution. Both countries have significant trade relations with North Korea, whose economy is perpetually on the verge of collapse.

Rice's tone at times was conciliatory.

"Let's give some time to these sanctions to work," she said. "Let's give some time to the diplomacy to work. Let's see if North Korea can be pushed in a different direction. But we've got a much stronger set of tools with which to do that."

She acknowledged international concerns of escalating the crisis. Countries in the region openly worry that the collapse of North Korea's government could send millions of refugees streaming toward their borders. South Koreans also worry about a conventional attack by their unpredictable neighbor.

"I do hear states saying that they want to be certain that it won't ratchet up conflict. We have no desire to ratchet up conflict either. But we'll have some discussions on precisely how this will be carried out," Rice said.

She said her trip was designed to "rally the support of our friends and allies" to pressure North Korea to drop its nuclear effort.

She also said the U.S. will seek to increase international cooperation for efforts like the proliferation security initiative, in which the United States and other countries try preventing weapons of mass destruction from reaching rogue nations. Efforts under that program have so far been limited.

Rice also tried prodding China and other countries, saying, "We expect every member of the international community to fully implement all aspects" of the U.N. resolution.

She said she did not consider North Korea's pursuit of nuclear weapons irreversible, noting that a handful of other nations like South Africa and Libya had abandoned their nuclear programs.

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"If North Korea reverses course and embraces the path of cooperation, if it makes the strategic choice to dismantle its nuclear weapons completely, verifiably and irreversibly, an entirely new and better future would be open to it and to its people," she said.

Rice said the United States was prepared to return to the bargaining table with North Korea and other countries "without precondition," repeating a position the Bush administration has taken frequently. But such talks, she said, "have to lead someplace" and not dwell on tangential issues.

Six-nation talks on North Korea's nuclear program have been in limbo since last November.

"The nonproliferation regime is under strain but it is not broken," Rice asserted.

Rice denied that U.S. involvement in Iraq was keeping the administration from giving its full attention to the North Korean nuclear problem. "We can certainly do more than one thing at a time," she said.

Rice pointedly challenged Iran to learn a lesson from the international reaction to the North Korean atomic test.

"The greatest challenge to the nonproliferation regime comes from countries that violate their pledges to respect the Non-Proliferation Treaty. The North Korean regime is one such case, but also so is Iran," she said. "The Iranian government is watching and it can now see that the international community will respond to threats from nuclear proliferation."

Rice said she expected the Security Council to begin work this week on an Iran sanctions resolution.

Rice also said her trip was aimed at winning support from U.S. allies in northeast Asia for "a comprehensive strategy" to handle the confrontation with North Korea.

"As President Bush has made clear, the United States has both the will and capability to meet the full range of our security and deterrent commitments to allies like South Korea and Japan," she said. "This trip is an opportunity to reaffirm our reciprocal obligations."

Rice Trip To Push Full Sanctions For N. Korea (WP)

By Glenn Kessler And Dafna Linzer

The Washington Post, October 17, 2006

Secretary of State Condoleezza Rice said yesterday that she will push for full implementation of U.N. sanctions against North Korea as punishment for its recent nuclear test when she makes a critical visit to Asia and Russia this week.

The sanctions prohibit trade with North Korea in illicit materials, weapons and luxury items.

"Every country in the region must share the burdens as well as the benefits of our common security," Rice said in comments aimed at China and South Korea, Pyongyang's two largest trading partners. She called on nations to "collectively isolate" North Korea, adding that it "cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce."

Rice also warned Iran -- which faces possible U.N. sanctions over its nascent nuclear enrichment program -- that the Security Council will begin work on a resolution condemning Tehran for not suspending that effort. Iran "can now see that the international community will respond to threats from nuclear proliferation," Rice said, adding that Iran's current course "could lead simply to further isolation."

Rice, who departs today, held a news conference on her trip to Japan, South Korea, China and Russia a few hours after the head of U.S. intelligence agencies announced that analysts had confirmed North Korea's nuclear test through radiation samples detected in the air two days after the blast.

A two-sentence statement released by Director of National Intelligence John D. Negroponte said an analysis of radioactive debris "confirms that North Korea conducted an underground nuclear explosion in the vicinity of P'unggye on October 9, 2006. The explosion yield was less than a kiloton."

The extremely small yield surprised U.S. nuclear scientists and intelligence analysts, who had expected a large explosion typical of a first test. The U.S. military dropped a bomb of 20 to 23 kilotons on Nagasaki, Japan, more than 60 years ago.

Although the radiation samples confirm the nuclear test, officials at the CIA, the Department of Energy and national nuclear laboratories are still trying to determine the cause of the low yield. The prevailing theory is that North Korea managed to implode only a fraction of the plutonium during the test.

If the test was less successful than the North Koreans hoped, U.S. analysts believe they will conduct another one to determine what went wrong. Officials said they are on the lookout with satellite imagery and communications intercepts for any signs of a new test.

But some scientists and weapons designers are beginning to wonder whether North Korea tested a sophisticated, miniaturized device.

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North Korea's nuclear arsenal is believed by U.S. intelligence to have grown significantly during President Bush's tenure, but little is known about the exact design of the device that Pyongyang may have built. U.S. intelligence has judged, however, that North Korea could be as long as 10 years away from being able to marry a nuclear warhead to a missile delivery system.

Rice told reporters that on her trip she will reassure Japan and South Korea that "the United States has both the will and capability to meet the full range of our security and deterrent commitments." That is a diplomatic way of saying that the U.S. nuclear umbrella will make it unnecessary for those nations to consider developing their own nuclear weapons.

Although Japanese Prime Minister Shinzo Abe has flatly rejected building a nuclear arsenal, the country's ruling party policy chief said Sunday that it is necessary to have a debate over whether Japan should obtain the bomb.

U.S. officials are privately concerned that if North Korea is not restrained, Japan in particular might rethink its position on nuclear weapons. During a speech in Shanghai in 2004, Vice President Cheney made an unusually stark public warning that, if faced with a reality that North Korea has a stockpile of nuclear and ballistic weapons, other nations in the region "may conclude their only option is to develop their own capabilities, and then we have a nuclear arms race unleashed in Asia."

Despite Rice's public warning to Iran yesterday, several U.S. and European diplomats concluded privately that any Security Council resolution on Iran would need to be toned down as a result of the action on North Korea over the weekend.

"The DPRK resolution set a standard that the Iranian resolution will be set against, and since Iran hasn't set off a nuclear device, it'll be quite hard to get away with a tougher one than we got on North Korea," said one official, speaking on the condition of anonymity because of diplomatic sensitivities. "In any case, Iran just isn't North Korea. Nothing about these issues are the same."

"Iran has really been on the backburner for the last two weeks," said another U.S. government official whose work focuses on Iranian nuclear issues. "Although the secretary said we can walk and chew gum at the same time, in reality we are only taking baby steps and chewing half a piece of gum."

Rice: World United Against North Korea (AP)

By Katherine Shrader, Associated Press Writer

AP, October 17, 2006

U.S. spy agencies confirmed North Korea's nuclear test on Monday, even as Secretary of State Condoleezza Rice declared that U.N. sanctions prove the world is united in opposing Pyongyang's nuclear ambitions.

Such strong opposition should be a warning to Iran, too, said Rice, who is leaving Tuesday morning for an Asian trip that is expected to be dominated by the nuclear issue. She will visit Japan, South Korea, China and Russia.

Providing the government's first definitive confirmation that North Korea detonated a nuclear device one week ago, National Intelligence Director John Negroponte's office said in a statement that air samples collected on Wednesday showed evidence of radioactivity. That verified North Korea's claims.

"The explosion yield was less than a kiloton," the statement said, smaller than many experts had expected.

Each kiloton is equal to the force produced by 1,000 tons of TNT. An intelligence official said the North Korean device was believed to be roughly the equivalent of 200 tons of TNT, suggesting to analysts that it was probably a partial failure. Experts in and out of government had anticipated a detonation of at least several thousand tons.

The official spoke on condition of anonymity because of the sensitive situation with Pyongyang.

At the State Department, Rice said the world "has responded calmly and firmly" to the test.

"North Korea cannot endanger the world and then expect other nations to conduct business as usual in arms or missile parts," Rice said, previewing her message for the Asia trip. "It cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce."

She said Iran — another government accused of running an illicit nuclear program — should pay attention to the global reaction. That would include the U.N. Security Council's sanctions adopted on Saturday, aimed at making life difficult for the North Korean government and its weapons proliferation business.

"The Iranian government is watching, and it can now see that the international community will respond to threats from nuclear proliferation," said Rice, who added that she believes the Security Council will begin working on a sanctions resolution against Iran this week. "The Iranian government should consider the course that it is on."

The United States, North Korea and seven other nations are now believed to have nuclear arms. Yet North Korea's unpredictable behavior and its history of trading weapons and components makes its nuclear advancements particularly worrisome to its neighbors and the international community.

The U.S.-sponsored United Nations resolution on North Korea demands that Pyongyang eliminate nuclear weapons. But it also rules out military action against the country, as the Russians and Chinese demanded.

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It calls on countries to block North Korea from receiving equipment or materials to build weapons of mass destruction and other advanced weaponry. It also would clamp down on travel for North Koreans involved in the weapons program and freeze many of the international assets of people or businesses connected to that program.

After the resolution was unanimously passed, North Korea's U.N. ambassador accused council members of a "gangster-like" action that neglects the nuclear threat posed by the United States.

Rice acknowledged international concerns of escalating the crisis and said she would address that on her trip. Countries in the region worry that the collapse of North Korea's government could send millions of refugees streaming toward their borders. South Koreans also worry about a conventional attack by their neighbor.

"We have no desire to ratchet up conflict," Rice said. "But we'll have some discussions on precisely how this will be carried out."

While China has been inspecting cargo trucks headed for its communist ally, its U.N. ambassador indicated its inspectors will not board ships to search for suspicious equipment or material, raising questions about how strictly it and South Korea will enforce the U.N. resolution. Both countries have significant trade relations with North Korea, whose economy is perpetually on the verge of collapse.

"Actions are more powerful than words, and we expect the actions will be powerful," White House spokesman Tony Snow said.

Many in the U.S. government would not be surprised if North Korea were to attempt a second nuclear test sometime soon. The decision to test is considered a political one, and officials say North Korea will be monitoring action at the United Nations and elsewhere.

Rice said a new test "would further deepen the isolation of North Korea."

A key clue on the nature of North Korea's nuclear detonation — its first — came from air samples collected by the Air Force's WC-135 Constant Phoenix, a jet designed to collect particles and gases after a nuclear test. Samples are rushed back to labs in the United States for study before they lose their radioactive properties.

The first reading last Tuesday was negative, but a test on a second sample collected Wednesday was positive, according to the intelligence official.

When scientists evaluate air samples, they are looking for the presence of certain materials and gasses such as xenon, which is released after the fission of uranium or plutonium.

While xenon is one indicator, "you'd like to get a leakage where you have many more fission products — mixed in with plutonium or highly enriched uranium," said David Albright, president of the Washington-based Institute for Science and International Security and a former U.N. weapons inspector.

U.S. intelligence has concluded that the North Korean device likely used plutonium.

Albright, who has followed North Korea's program for two decades, believes its scientists are trying to miniaturize a nuclear device to put it atop a missile. While the test was likely a partial fizzle, those scientists may not have been after a large nuclear blast, he said.

"It doesn't mean that it failed by any means," Albright said. "If it failed, you would see no yield at all."

Rice Adds Moscow Stop To Asia Tour On NKorea Crisis (AFP)

AFP, October 17, 2006

US Secretary of State Condoleezza Rice announced she would visit Russia later this week as part of a foreign tour focussed on enacting tough UN sanctions against North Korea over its nuclear test.

Rice said she would travel to Moscow following visits to Japan, South Korea and China in the wake of a UN Security Council vote this weekend imposing wide-ranging punitive sanctions against North Korea.

"The purpose of my trip is to rally the support of our friends and allies in Northeast Asia for a comprehensive strategy," she said.

Russia, alongside China, Japan, South Korea and the United States, launched six-party talks with North Korea last year aimed at convincing the reclusive communist state to give up its nuclear weapons program in return for economic and diplomatic rewards.

The six-party talks appeared to have won Pyongyang's agreement last year to give up its nuclear ambitions.

But the talks fell apart when the North withdrew after Washington imposed sanctions on a Macau bank it accused of laundering money and passing counterfeit US dollars for the regime of Kim Jong-Il.

Russia and China were the most reluctant members of the group to support sanctions against North Korea, but both ultimately voted for the US resolution that followed Pyongyang's first test explosion of a nuclear device on October 9.

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US And China At Odds Over N Korea Cargo (FT)

By Guy Dinmore And Demetri Sevastopulo

Financial Times, October 17, 2006

The US insisted on Monday on the right to intercept suspicious North Korean cargo under the authority of the UN Security Council resolution passed on Saturday, setting the stage for a difficult trip to Asia for Condoleezza Rice this week.

As the US secretary of state prepared to leave for talks in Japan, China, South Korea and Russia, US intelligence said air samples it had collected confirmed North Korea's claim to have carried out an underground nuclear test last Monday.

Describing resolution 1718 passed unanimously as "a very powerful tool", Ms Rice said it made possible the "interdiction of dangerous and suspicious cargo".

"We expect every member of the international community to fully implement all aspects of this resolution and we expect the Security Council to aggressively monitor the process," she said.

However, Wang Guangya, China's ambassador to the UN, disagreed, telling reporters: "Inspections yes, but inspections are different from interception and interdiction."

He said the resolution did not make it mandatory for all nations to inspect cargo going to and from North Korea. States could carry out such an operation as necessary "in accordance with their national legal authorities", he said.

Kim Holmes, a former senior US official who dealt with North Korea and the UN and is now vice-president of the conservative Heritage Foundation in Washington, appeared to concur with the Chinese interpretation, saying the resolution did not approve the use of force needed for interdiction. The resolution speaks of inspection, not interdiction.

China had succeeded in watering down the resolution in a week of debate, by insisting that inspections also required the "co-operation" of North Korea, Mr Holmes said.

Ms Rice said she would discuss how to design "a practical architecture for detecting and screening" dangerous materials.

Dismissing the notion of differences with China, she said: "I am not concerned that the Chinese are going to turn their backs on their obligations. I don't think they would have voted for a resolution that they did not intend to carry through on."

China had already started checking North Korean trucks crossing its border, Nicholas Burns, under-secretary of state, commented.

Ms Rice repeated that the US was ready to hold talks with North Korea if it returned to the six-party forum mediated by China.

"My goal on this trip is, certainly, to reiterate that we're prepared to return to the talks. But North Korea also needs to understand . . . that they will pay a price here," she said.

North Korea becomes the ninth state believed to possess a nuclear weapon, although it is not widely thought to have perfected the process needed to deliver one by missile.

Iran as a potential customer of nuclear materials is the Bush administration's greatest concern. Senior US officials are visiting Gulf allies this week to prepare for naval exercises testing their joint ability to intercept North Korean ships bound for Iran.

"The Iranian government is watching and it can now see that the international community will respond to threats from nuclear proliferation," Ms Rice told reporters.

Later this week the US is expected to table a draft Security Council resolution that seeks to impose sanctions on Iran for rejecting a UN demand that it suspend its nuclear fuel cycle programme. US officials said they expect tough negotiations with China and Russia.

Yasuhisa Shiozaki, chief cabinet secretary, said Monday Japan had no plans to change its ban on nuclear weapons. Thomas Schieffer, US ambassador to Japan, said that, as long as Japan believed the US remained prepared to "trade New York for Tokyo", an independent nuclear deterrent would not make it any safer. "This is not a new situation for Japan. We have been here for 50 years."

Australia – one of the few western countries to have diplomatic relations with Pyongyang as well as being Washington's most important defence ally in the Asia-Pacific region – said it would go beyond the UN resolution by banning North Korean ships from entering its ports.

Additional reporting by David Pilling in Tokyo and Virginia Marsh in Sydney

China Boosts N. Korea Border Inspections (AP)

By Ng Han Guan And Audra Ang, Associated Press Writers

AP, October 17, 2006

DOJ_NMG_0082227

Customs officials examined trucks at the North Korean border Monday as China complied with new U.N. sanctions on Pyongyang for its nuclear test. But China's U.N. ambassador indicated its inspectors will not board ships to search for suspicious equipment or material.

The United States began a new round of diplomacy in Asia to address divisions over how to impose the sanctions, with Secretary of State Condoleezza Rice to arrive in Japan on Wednesday before traveling to South Korea and China. The U.S. announced that air samples gathered last week contain radioactive materials confirming that North Korea conducted an underground nuclear explosion, as it claimed.

China's support is key to whether the measures will have any impact on neighboring North Korea. Beijing's mixed response on implementing the sanctions, approved Saturday by a unanimous U.N. Security Council including China, demonstrates the difficulties U.S. diplomats will encounter as they tour the region.

China and Russia contend that interdicting ships might needlessly provoke the North and at the very least discourage it from returning to talks on its nuclear program — though the U.S. and Britain say most inspections of ships would be done at ports rather than on the high seas. Australia announced it was banning the North's ships from entering its ports, except in dire emergencies.

While China is angry over its communist ally's behavior and is loath to appear out of step with other powers, it has been reluctant to support or implement tough measures. The leadership is concerned that tightening the squeeze on Pyongyang might trigger a collapse of the North Korean regime, sending refugees streaming across the border.

In a sign of Beijing's wariness about refugees, construction of a massive concrete and barbed wire fence along parts of its 880-mile border with the North has picked up in recent days. Scores of soldiers have arrived in communities along the banks of the Yalu River, up from Dandong, over the past week to erect the barrier, farmers and visitors to the area said.

"The move is mainly aimed at North Korean defectors," said Professor Kim Woo-jun at the Institute of East and West Studies in Seoul, South Korea. "As the U.N. sanctions are enforced ... the number of defectors are likely to increase as the regime can't take care of its people."

The sanctions ban trade with the North in major weapons and materials that could be used in its ballistic missile and weapons of mass destruction programs. They call for all countries to inspect cargo to and from North Korea to enforce the prohibition, "as necessary," and consistent with each nation's laws.

In some areas of the border, the Chinese seem to have stepped up inspections, though elsewhere a police officer said nothing had changed and inspections were continuing as usual.

At a border-crossing post in the Chinese city of Dandong, about 30 Chinese trucks were seen being checked on Monday morning while 50 empty North Korean trucks waited in line to enter China to pick up cargo.

Customs officers opened the back of each truck and looked at its cargo as it rolled up, though they didn't open individual boxes or bags. By contrast, reporters who visited the border post last week didn't see inspectors open any trucks.

In the afternoon, the officers repeated the process as loaded North Korean trucks returned home. They climbed into the back of the vehicles, but observers couldn't see whether they opened any containers.

Trading companies in Dandong, at the western end of the border, and in Tumen, near the eastern end, said the sanctions were not affecting shipments.

"Today, we just sent a batch of agricultural tools to North Korea by truck," said Huang Kelin, manager of Wanshida Trading Co., a Dandong-based firm that has an office in Pyongyang.

At the Nanping crossing, in an eastern valley surrounded by mountains, inspectors were going through a standard regimen, looking at both cargo and passengers, a police officer said. "The inspections are routine and conducted by quarantine officials," said the officer, Li Canhao.

Chinese goods reach the North by road and rail, while oil is delivered mainly via pipeline. It wasn't immediately clear what China was doing to inspect rail shipments. A lone locomotive headed into North Korea on Monday afternoon, apparently to pull a cargo train back to China. The North also has a rail link to Russia in the east, though it wasn't clear how that was being policed.

China's U.N. ambassador, Wang Guangya, said his country would implement the Security Council resolution and inspect cargo from North Korea for illegal weapons and missiles, but he indicated Chinese inspectors would not board ships. He noted that inspections are not mandatory under the resolution, intended to punish the North for its Oct. 9 nuclear test.

"This is a resolution we have to implement," Wang told reporters at the U.N. "The question was raised whether China will do inspections. Inspections yes, but inspection is different then interdiction and interception. I think different countries will do it different ways."

Wang's remarks represented a change from those he made Saturday after joining the council in voting to impose tough sanctions on North Korea for its Oct. 9 nuclear test. He initially objected to China's conducting inspections because of concerns

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that cargo checks would raise tensions with the North rather than persuade Pyongyang to return to six-party talks on its nuclear program.

Russia's U.N. Ambassador Vitaly Churkin, when asked about interdicting ships, said Monday that "one has to be very careful about it."

"When you go into inspection and things like that, cargo, one has to be very careful to avoid any kind of semblance of provocation," Churkin said.

North Korea's total foreign trade was less than $4 billion last year, though it is growing quickly, according to Chinese and South Korean figures. China accounted for a major portion of that trade, with $1.7 billion in exports and $500 million in imports, according to the Commerce Ministry in Beijing. China also provides up to 90 percent of the North's oil.

There are also questions about how strictly South Korea will enforce the U.N. resolution. The South has significant trade relations with North Korea and its citizens worry about a conventional attack by their unpredictable neighbor.

North Korea's No. 2 ranking leader, Kim Yong Nam, defiantly said the regime would strengthen its military and "achieve a final victory in the historic standoff with the U.S."

The North found a sympathetic ear in Iran, which has also been condemned for its nuclear program. Iranian President Mahmoud Ahmadinejad on Monday rejected the American-initiated measures and accused the U.S. of using the U.N. Security Council as a "weapon to impose its hegemony."

In Washington, Rice warned that U.N. sanctions on North Korea should also be seen by Iran as a strong signal to abandon its nuclear ambitions or face a rebuke from a united international community.

"The Iranian government is watching," she said. "It can now see that the international community will respond" to efforts to acquire nuclear weapons.

Ng Han Guan reported from Dandong and Audra Ang reported from Beijing. AP writer Edith M. Lederer contributed from the United Nations.

U.S. Confirms N. Korea Blast Was Nuclear (USAT)

By Bill Nichols And Barbara Slavin

USA Today, October 17, 2006

WASHINGTON — The Bush administration confirmed on Monday for the first time that North Korea conducted an underground nuclear test last week. The office of National Intelligence Director John Negroponte said radioactive materials found in air samples confirmed the test.

Secretary of State Condoleezza Rice expressed concern that North Korea might be planning a second test. “We're watching it,” she told reporters. “I hope they would not take such a provocative act.”

In a statement, Negroponte's office said the blast was small by standards of nuclear tests; less than 1 kiloton. Each kiloton is equal to the force produced by 1,000 tons of TNT. The bomb the United States dropped on Hiroshima was 15 kilotons.

The confirmation came as Rice prepared to visit Japan, South Korea and China this week to try to shore up efforts by Asian allies to punish North Korea.

A United Nations Security Council resolution passed Saturday calls for nations to prevent North Korea from buying or selling specified weapons and technology. The measure also bans some luxury goods from North Korea and freezes funds outside the country that are associated with weapons programs.

North Korea's neighbors pledged to abide by the resolution. Even China, which had expressed concerns about inspecting cargo bound for North Korea, on Monday checked trucks going to North Korea from the city of Dandong.

China's U.N. ambassador said Beijing would not stop and board ships, however. “The question was raised whether China will do inspections,” Ambassador Wang Guangya told reporters. “Inspections yes, but inspection is different then interdiction and interception.”

China historically has opposed actions that might destabilize the North Korean regime and send thousands of refugees across the 880-mile border the nations share.

Rice, who is to arrive in Japan on Wednesday, said she was “not concerned that the Chinese are going to turn their backs on their obligations.”

Japanese Prime Minister Shinzo Abe said Monday that his country was considering more sanctions. Australia said it would also ban North Korea's ships from entering its ports, except in emergencies.

North Korea remained defiant. The No. 2 ranking leader, Kim Yong Nam, said the country would strengthen its military and “achieve a final victory in the historic standoff with the U.S.”

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U.S. Expects China's Backing On N. Korea (AP-Y)

By Foster Klug

AP, October 17, 2006

The Bush administration, citing new inspections by the Chinese of trucks bound for North Korea, said Monday it expected China would do its part in enforcing a U.N. resolution punishing its reclusive ally for its nuclear program.

The United States is pressing China for tough action against North Korea ahead of Secretary of State Condoleezza Rice's trip this week to Asia.

R. Nicholas Burns, undersecretary of state for political affairs, pointed to the fact that Chinese customs inspectors had begun inspecting cargo trucks bound for North Korea in the border city of Dandong. Japan and Australia, meanwhile, announced Monday that they might take measures beyond the new U.N. sanctions against North Korea for that country's reported nuclear test.

"We have indications this morning the Chinese are beginning to apply this to their very long land border" with North Korea, Burns said on CBS' "The Early Show." "We also have announcements from Japan and Australia. I spoke to both governments this morning. They are both implementing this."

He said there will be "enormous pressure on China to live up to their responsibility" in enforcing United Nations punishment of its ally, North Korea. "We are all banking on that."

White House press secretary Tony Snow said President Bush had not personally been making any calls Monday on the matter. Snow urged patience before judging China's commitment to the inspections.

"The parties have committed to fulfilling its conditions," Snow said. "Let's see what happens, all right?"

Rice travels to the region Tuesday for a series of talks aimed at easing tensions among countries already on edge from the North's claimed nuclear test.

China, which voted Saturday for the U.N. penalties, has balked at cargo inspections to prevent trafficking of certain banned weapons and technology.

"I'm quite certain that China is going to live up to its responsibilities," Rice said Sunday, adding she was willing to have "conversations" during her trip on how best to enforce the resolution.

The United States' U.N. ambassador portrayed North Korea's detonation last week as a public humiliation for China, which shares a long border with North Korea and is the North's chief ally and supplier of crucial shipments of food and energy aid.

If China were to cut its support, John Bolton said, it "would be powerfully persuasive in Pyongyang," the North's capital. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

Rice, who joined Bolton in making the rounds of the Sunday talk shows, plans to visit Asian partners this week to consult about the resolution. "I understand that people are concerned about how it might work so it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations," Rice said.

Bolton said the United States' concept of the resolution "is that the overwhelming predominance of the inspections would take place in ports or at land crossings or that sort of thing. But the resolution neither increases nor decreases existing authority to interdict on the high seas."

The U.S.-sponsored resolution demands North Korea eliminate nuclear weapons but rules out military action against the country, as the Russians and Chinese demanded.

After the resolution unanimously passed, North Korea's U.N. ambassador accused council members of a "gangster-like" action that neglects the nuclear threat posed by the United States.

China's U.N. ambassador, Wang Guangya, said his country "strongly urges the countries concerned to adopt a prudent and responsible attitude in this regard and refrain from taking any provocative steps that may intensify the tensions."

Meanwhile, a leading Senate Republican urged direct talks with North Korea, as the reclusive nation has sought. "We do need to engage the North Koreans" because the U.N. resolution is weak and limited, said Sen. Chuck Hagel of Nebraska, the second-ranking Republican on the Senate Foreign Relations Committee.

But Rice brushed aside such calls, reaffirming the U.S. commitment to six-nation disarmament talks, which have stalled.

Critics said the U.N. penalties will not curb North Korea's nuclear ambitions and stemmed from what they saw as President Bush's failed foreign policy.

Democratic Sen. John Kerry said the Bush administration is "living in a complete fantasy with respect to the foreign policy they put in place. It is a failure." He said U.S. involvement in Iraq has undermined America's credibility to deal with nuclear threats in North Korea and Iran.

Japan's Pacifism Is Tested Anew By U.N. Sanctions (WSJ)

DOJ_NMG_0082230

By Yuka Hayashi

The Wall Street Journal, October 17, 2006

Efforts to Take Active Role In Steps Against North Korea Pose Constitutional Dilemma

TOKYO -- A United Nations resolution to impose sanctions on North Korea for its apparent testing of a nuclear weapon provides a new test for Japanese Prime Minister Shinzo Abe: how to play an assertive role without straying from the nation's nonmilitaristic constitution.

Saturday, the U.N. Security Council voted to ban trade of most weapons and all luxury goods with North Korea. Yesterday, the U.S. said air samples gathered last week contain radioactive materials that confirm North Korea conducted an underground nuclear explosion in Kilu County, North Hamkyung province.

Amid concern about the lengths to which China would go to enforce the resolution, China's U.N. ambassador said yesterday that Beijing would inspect cargo from North Korea for illegal weapons and missiles. He also indicated China wouldn't stop and board ships to conduct searches.

China already has begun inspecting cargo trucks bound for North Korea, the Associated Press reported, evidence that U.S. Undersecretary of State R. Nicholas Burns cited as an encouraging sign.

Meanwhile, Japan is trying to figure out how to participate in a provision of the resolution -- pushed for by Washington and Tokyo despite opposition from China and South Korea -- that allows nations to board North Korean ships suspected of carrying banned items and inspect their cargo.

Preparing to depart for Japan today on an Asian trip focused almost completely on addressing the North Korea situation, Secretary of State Condoleezza Rice said she plans to confirm U.S. commitments to help defend both Japan and South Korea in the face of any threats. While in Seoul and Beijing, Ms. Rice also plans to urge China and South Korea to participate in sharing intelligence and interdicting suspect shipments of arms or nuclear material to or from North Korea, as sketched out in the U.N. resolution.

Japan's pacifist constitution would make it difficult for it to inspect any ships. Japan limits its military forces to self-defense only and is allowed to dispatch troops overseas only for peacekeeping or disaster relief or when Japan encounters serious threat of attack. If Japan sent soldiers aboard a North Korean ship and they were attacked, the current rules provide no clear guidelines on how they should respond.

Officials are considering invoking for the first time a clause in a 1999 law that allows its self-defense forces to provide support functions to the U.S. military under a special situation: if Japan faces an emergency situation in the Asian region in which a direct military attack on the country seems imminent.

Foreign Minister Taro Aso says the current situation is indeed an emergency, since Japan could be the first target of any potential North Korean attack. "We are being asked to take cooperative action" by the U.N., Mr. Aso said in a talk show televised on Sunday. "Naturally, we will respond by doing everything we can." For example, Japan may be able to use its surveillance system to alert the U.S. of the approach of suspicious North Korean ships, he said.

Japan's attempt to play an active role in condemning North Korea reflects an attempt by the 52-year-old Mr. Abe, who became prime minister last month, to give Japan greater influence in East Asia. Mr. Abe has visited China and South Korea in an effort to improve its relations with neighboring countries.

It also is the latest example of Japan's effort to have its military, known as Self-Defense Forces, take on greater responsibility outside its borders. In the aftermath of the 2001 terrorist attacks in the U.S., Japan passed a special law that allowed its forces to assist U.S. ships patrolling the Indian Ocean by providing fuel and transporting supplies. In the most dangerous and largest overseas deployment of its forces since World War II, Japan in 2004 sent 550 troops to southern Iraq to rebuild infrastructure.

J. Thomas Schieffer, the U.S. ambassador to Japan, reiterated yesterday that he expects Japan to make a substantial contribution in the sanctions against North Korea. Japan's pacifist constitution means that "it's not as easy for them to participate in a sanction regime," he told reporters. "But I'm confident that the Japanese will be able to figure out a way to participate in a meaningful way."

In addition to the U.N.-approved measures, Japan has imposed sanctions of its own, including closing its ports to all North Korean ships.

--Neil King Jr. in Washington contributed to this article.

Russia Demands U.S. Lift Sanctions (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 17, 2006

DOJ_NMG_0082231

Russia demanded Monday that the United States lift sanctions against two Russian companies accused of making deals with Iran involving sensitive technology and hinted that a U.S. refusal could affect negotiations on a U.N. sanctions resolution against Tehran.

Russia's U.N. Ambassador Vitaly Churkin said the sanctions against state arms exporter Rosoboronexport and top aircraft maker Sukhoi for allegedly violating a U.S. law known as the Iran Nonproliferation Act of 2000, create a "predicament" for Moscow.

If Russia is asked to vote on a Security Council resolution imposing sanctions on Iran for refusing to suspend uranium enrichment at the same time that Russian companies are subject to U.S. sanctions, it would be voting on a measure "which at least by implication supports sanctions which have already been imposed on us," he said.

"So it is a somewhat ridiculous, bizarre political predicament," Churkin said. "The other side of it is that we don't know why those sanctions were imposed on the two organizations back in Russia."

Churkin said Russia wants the sanctions lifted off the two companies, whether or not U.N. sanctions are leveled against Iran. He made his comments as France, Britain and Germany were consulting on elements for a U.N. sanctions resolution against Iran.

The U.S. alleges the Russian companies have made deals with Iran involving sensitive technology.

Russia has objected to the U.S. law, and both Russian companies deny any violation.

Iran insists its uranium enrichment program is purely for peaceful means — to provide nuclear energy — but Washington and its European allies suspect Tehran's real goal is nuclear weapons.

Under the sanctions imposed against the Russian companies in early August, the U.S. government is prohibited from dealing with them. The sanctions also suspend any export licenses to the companies for certain products considered sensitive, and prohibit issuance of new licenses.

In late August, U.S. Defense Secretary Donald Rumsfeld said Moscow and Washington disagreed over the facts in the case and that he agreed to have the matter reconsidered.

U.S. Ambassador John Bolton said Churkin had not spoken to him about lifting U.S. sanctions against the two Russian companies. "We are going to be moving this week on the Iran sanctions question and I suppose I'll hear it at that point," he said.

China's U.N. Ambassador Wang Guangya said he was told that the French might share their ideas of possible elements for a Security Council resolution against Iran by the end of the week. Diplomats said the elements would likely be presented by both France and Britain.

German Foreign Minister Frank-Walter Steinmeier said Monday the European Union would back imposing sanctions against Iran while keeping the door open to future negotiations to resolve the nuclear standoff.

Churkin softened his stance somewhat when asked if Russia would block an Iran sanctions resolution if U.S. sanctions against the two companies weren't lifted.

"I don't want to make any strong statements to that effect," he said.

Churkin also signaled that Moscow is in no hurry to adopt a resolution against Iran.

Unlike North Korea, which conducted a nuclear test, he said, "the current state of things" with Iran doesn't require a vote within days.

U.S. Eases Push For Egypt Reforms (USAT)

By Barbara Slavin

USA Today, October 17, 2006

CAIRO — Last year, Secretary of State Condoleezza Rice canceled a visit to Cairo to protest the arrest of an Egyptian opposition leader, Ayman Nour.

A few months later, she gave a speech at the American University of Cairo in which she called on Egypt to “put its faith in its own people” and enact democratic reforms.

When Rice visited here earlier this month during a tour of the Middle East, not much had changed: Nour was back in jail, along with thousands of other political prisoners; and political reforms seemed to be on hold.

Critics, including two Egyptian political analysts, say Egypt has retreated on the democracy front since it permitted several candidates to run for president last year. Last week, the government accused Talaat Sadat, a member of parliament and nephew of slain Egyptian leader Anwar Sadat, of defaming the Egyptian military by alleging that officers were involved in his uncle's 1981 assassination. Gonzalo Gallegos, a State Department spokesman, said the Bush administration “is keeping an eye on the case and will see how things progress.”

“The mood here is very despondent,” said Hani Shukrallah of the Center for Political and Strategic Studies in Cairo.

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The most populous nation in the Arab world, with a history that goes back thousands of years, Egypt has been a political and cultural trendsetter in the region. In the 1950s, a military coup led by army Col. Gamal Abdel Nasser overthrew a British-backed monarchy and established an authoritarian government. Similar coups followed in Iraq and Syria. When Nasser died, he was succeeded by his vice president, Anwar Sadat.

The current president, Hosni Mubarak, was Sadat's vice president and took power in 1981 when Sadat was assassinated by Muslim extremists opposed to Egypt's 1979 peace treaty with Israel.

Shukrallah said many Egyptians believe Mubarak, 78, elected to a fifth six-year term last year, will orchestrate his succession within the next few years. His preferred replacement: his son, Gamal, 42.

Asked about the succession, Rice said it was "not something that the U.S. should, can or will have an opinion" about.

Shukrallah said U.S. reluctance to challenge the younger Mubarak reflects the U.S. need for Egyptian cooperation to try to restart the Palestinian-Israeli peace process and deal with the rising challenge from Iran.

"There is a sense that the inheritance of power will happen, and nothing is happening in terms of political reform," he said.

Amr Hamzawy, an Egyptian scholar at the Carnegie Endowment for International Peace in Washington, said Gamal Mubarak took a leading role in a recent convention of Egypt's ruling National Democratic Party.

The younger Mubarak gave a major speech in which he said Egypt would develop nuclear power. Hamzawy said this was an attempt to attract popular support. "There is lots of speculation that President Mubarak will resign in 2008," he said.

The Bush administration, like its predecessors — Republican and Democratic — has supported Egypt with an annual $2 billion in aid since Egypt's 1979 peace treaty with Israel. In the aftermath of 9/11, however, President Bush began calling for democratic reforms in Egypt and the wider Middle East, arguing that U.S. support for authoritarian governments helped foster the rage and frustration that produced al-Qaeda and other terrorist groups.

Rice says that there has been no change in policy. She spoke in Cairo about "the non-negotiable demands of human dignity, which means the right to choose those who will govern you, the right to worship as you please, the right to educate your girls and your boys, the right to be free from the arbitrary power of the state."

Recent events in the Middle East, however, have complicated U.S. efforts to push democracy here. The United States does not want to annoy allied governments at a time when the region is increasingly unstable, says Rashid Khalidi, director of Middle East studies at Columbia University.

Iraq is increasingly chaotic and violent despite having several successful elections. Iran is growing in influence, partly because of its support for Shiite militias in Iraq and its backing of Hezbollah, which battled Israel last summer in Lebanon. Elections have strengthened the militant Hamas movement in the Palestinian territories and the Muslim Brotherhood, a veteran fundamentalist group, in Egypt. The United States refuses to deal with either group, branding them as terrorists.

Khalidi says the U.S. government has quietly "shelved its democracy-promotion efforts" because it now understands that "democracy would put in power policies and groups opposed to almost everything the administration stands for."

The Muslim Brotherhood, although outlawed, won 88 of 444 seats in parliamentary elections earlier this year by running independent candidates — the strongest showing ever by an Egyptian opposition group. Abdel Moneim Abul Fottouh, a member of the brotherhood's 15-member leadership council, said the party would have done even better had the government allowed truly free elections. More than 90 members of the organization remain in jail of thousands arrested during the elections, he said, even though the group renounced violence more than a decade ago.

Secular parties in Egypt are weaker. Nour was one of a handful of opposition candidates allowed to run against Mubarak last year. He was jailed after the elections. Founder of a party called "Tomorrow," Nour was sentenced to five years in prison on charges he forged petition signatures to register the party.

Rice said the Bush administration has not given up on democratic reforms but that each country has to move at its own pace. "The process of democracy has its ups and its downs," she said. "It remains a part of our agenda. Ultimately we believe that a democratic Middle East is going to be a more peaceful Middle East."

Israeli Premier Says He Would Talk To Lebanese And Palestinians (NYT)

By Greg Myre

The New York Times, October 17, 2006

JERUSALEM, Oct. 16 — Prime Minister Ehud Olmert told the Israeli Parliament on Monday that he was willing to meet the leaders of Lebanon and the Palestinian Authority in an effort to ease regional tensions, though no such meetings appear imminent.

It was the first day of Parliament's winter session, and was marked by the absence of the president, Moshe Katsav, who would normally address legislators.

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The Israeli police recommended Sunday that Mr. Katsav face charges of rape and sexual assault committed against women who worked for him. With the attorney general now reviewing the case to determine whether to file charges, Mr. Katsav canceled plans to attend Monday's session at the Knesset, or Parliament, in Jerusalem.

Israeli prime ministers often use the opening of Parliament's winter session to set out a diplomatic agenda, and Mr. Olmert raised the possibility of talks with Lebanon's prime minister, Fouad Siniora, and the Palestinian Authority president, Mahmoud Abbas.

"I want to take this opportunity to call on Lebanese Prime Minister Fouad Siniora to meet with me face to face," Mr. Olmert said.

Mr. Olmert has broached the possibility on several occasions, and Mr. Siniora has shot it down each time, and did so again on Monday.

In Beirut, Mr. Siniora's office issued a statement saying that he had "announced more than once that Lebanon will be the last Arab country to sign a peace deal with Israel."

"I pledge to work tirelessly to take advantage of any opportunity, any crack, any possibility of holding negotiations that will lead to real dialogue with responsible representatives of the Palestinian people," Mr. Olmert said.

But he reiterated that no real progress was possible until Cpl. Gilad Shalit, an Israeli soldier was released. He was captured by Palestinian militants on June 25. The Palestinians, in turn, are seeking freedom for a large number of Palestinian prisoners held by Israel.

In a wide-ranging speech, Mr. Olmert made no mention of his plan to withdraw from some Jewish settlements in the West Bank. That was the dominant theme of his election campaign in the spring.

But since then, Mr. Olmert's popularity has fallen sharply, with many Israelis critical of his handling of the war in Lebanon. His failure to mention the West Bank withdrawal plan appeared to confirm the widespread belief that it was on hold indefinitely.

On other issues, Mr. Olmert said he believed that moderate Arab countries were building closer ties to guard against what he called threats from Iran and Islamic militants.

He also repeated his call for the international community to act against Iran's nuclear program. Israel says that Iran is aggressively seeking nuclear weapons, which Iran denies.

Mr. Olmert will travel to Russia on Tuesday and is expected to raise the issue with President Vladimir V. Putin. Russia has helped Iran develop its nuclear program and has opposed sanctions.

Meanwhile, Mr. Katsav, who has served in the mostly ceremonial position of president since 2000, is facing increasing pressure to step down.

"There is a sense that corruption has reached the highest level of Israeli society, and that this must be cleaned up," said Shlomo Aronson, a political science professor at Hebrew University.

Nahum Barnea, a leading newspaper columnist, wrote in Yediot Aharonot: "The man Moshe Katsav is innocent as long as it has not been proven otherwise. But the man is one thing and the president another. President Moshe Katsav cannot continue in his position much longer."

Israel Rejects Syrian Offer On The Golan Heights (MCT)

By Dion Nissenbaum

McClatchy Newspapers, October 17, 2006

DAMASCUS, Syria - The first and last thing that Syrian Foreign Minister Walid Moallem looks at each day at work is a large map of the Middle East with the Israeli-occupied Golan Heights shaded in distinctive brown.

"This is my territory," Moallem said as he pointed to the land at the heart of chilly relations between Syria and Israel. "This is my life."

In the wake of this summer's war in Lebanon, the Golan Heights have re-emerged at the center of the latest land-for-peace proposal that some see as a chance to reshape regional dynamics. In an unexpected move, Syrian President Bashar Assad has offered to end his conflict with Israel if it gives back the disputed territory it's held for nearly 40 years.

Israeli Prime Minister Ehud Olmert and influential U.S. diplomats have rejected the proposal as a meaningless feint from a weak authoritarian ruler. But others, including a growing number of influential Israelis, see the offer as an opportunity to jump-start dormant negotiations at a time when the Middle East is drifting towards further instability.

Israel's defense minister, internal security minister and some of its veteran peace negotiators have urged Olmert to use the opening to lure Syria away from its alliance with hard-line groups that they think pose a greater threat to regional stability.

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"I believe it is imperative for Israel to penetrate and shatter the vicious triangle comprised of Iran, Syria and Hamas by creating an impenetrable channel of communication," Uri Savir, Israel's chief negotiator of the Oslo peace accords with the Palestinians, wrote in The Jerusalem Post.

Assad surprised Israel with the offer. Only weeks earlier, as Israeli soldiers began withdrawing from Lebanon after a stalemated fight with the militant group Hezbollah, Assad delivered a derisive speech in which he hailed Hezbollah and said it had "shattered the myth of an invincible army."

Now the 40-year-old Syrian president is offering to sit down with Israel and talk.

In an interview with McClatchy Newspapers, Moallem said Syria was willing to normalize relations with Israel for the first time in history if Israel returned the Golan Heights, a vast swath of mountains that it captured during the 1967 Six Day War.

"Between Syria and Israel, the issue that stands between us is the Golan Heights," Moallem said. "After each war there is a narrow window of opportunity for peace, and it depends on what effort and message you do to enlarge it."

Moallem said the Syrian offer was likely to stand for only a few months, and Assad has warned that he may consider attacking Israel if his entreaties are rebuffed.

"My hope for peace could change one day," Assad told the German magazine Der Spiegel late last month. "And when hope disappears, then maybe war really is the only answer."

That threat has kept Israel's military on alert along the Syrian border, although few expect Syria to attack anytime soon, if at all.

Assad's offer has been rejected by Olmert, who wants to see Syria sever its links to Hezbollah and the militant group Hamas before they agree to peace talks.

On Monday, Olmert repeated his rejection in a speech before the Israeli parliament.

U.S. officials also have rejected Assad's gesture.

"We ask him to step outside his office and do something about the situation in his capital city, where there are enemies of peace who operate freely from Damascus and conduct terror activities in the Palestinian territories and in Israel," U.S. Assistant Secretary of State David C. Welch told the U.S.-backed Alhurra Television network last week. "If his desire and vision for peace are accurate and real, he would do something about those things."

Moallem dismissed such demands as the unrealistic rhetoric of an American administration that's done nothing but destabilize the Middle East with its uncompromising policies.

"When the Americans are moderate, Syria will be moderate," he said.

Even if Israel were to launch talks with Syria, the initiative could be derailed quickly by the probe into last year's assassination of former Lebanese Prime Minister Rafik Hariri. A preliminary investigation suggested that high-level Syrian officials were behind the attack, which forced Assad to pull his troops out of Lebanon.

Still, coming at a time when there are few peaceful options in the simmering Middle East, a growing number of Israeli officials, Western diplomats in the region and intellectuals see a chance to isolate Iran further and undermine militant groups.

"A peace accord with Syria would deal a mortal blow to the current regime in Tehran and would bring its end closer," Israeli commentator Sever Plocker wrote. "A Syrian-Israeli peace will pull the rug out from beneath the feet of the terrorist organizations that are based in Damascus, will help the Palestinians regain their sanity and will serve as leverage for a comprehensive Israeli-Arab peace."

Assad's offer is Syria's latest attempt to settle the long-standing dispute over the Golan Heights. The president made a similar offer three years ago, which was greeted with the same skepticism. Perhaps the best chance to settle the issue came in 2000, when U.S.-brokered negotiations broke down over whether Israel would give Syria access to the Sea of Galilee.

Suicide Bomber Kills 94 In Northern Sri Lanka (NYT)

By Shimali Senanayake

The New York Times, October 17, 2006

COLOMBO, Sri Lanka, Oct. 16 — A suicide bomber rammed a truck packed with explosives into a military convoy on Monday, killing at least 94 people and wounding 150. The explosion, about 100 miles northeast of the capital, was one of the deadliest attacks since a 2002 cease-fire between the government and separatist Tamils.

The government blamed the rebels, the Liberation Tigers of Tamil Eelam, for the attack, a charge the group neither acknowledged nor denied. The vast majority of those killed and wounded were sailors, but a military spokesman said some civilians were caught in the explosion.

“This is a barbaric terrorist act,” said Keheliya Rambukwella, the government’s military spokesman. “It clearly shows that peace is not on the agenda of the L.T.T.E. and they don’t care about international opinion.”

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But he said the government still planned to attend peace talks with the rebels, which are being brokered by Norway and are to resume Oct. 28 in Geneva after an eight-month hiatus. The separatists have said they may back out of the talks.

Monday's attack was yet another sign that the four-year-old cease-fire was no longer being observed, even though neither the government nor the rebels have publicly disavowed it. It was also part of an increase in violence over the last year: more than 2,000 people, half of them civilians, have been killed in fighting since April, according to the Sri Lanka Monitoring Mission.

The explosion occurred on the day that Japan's special envoy to Sri Lanka, Yasushi Akashi, met with President Mahinda Rajapaksa to shore up support for the peace talks. Norway's envoy, Jon Hanssen-Bauer, and an American assistant secretary of state, Richard A. Boucher, are to arrive later in the week to try to ensure that the talks go ahead.

Mr. Hanssen-Bauer is to meet with separatist leaders on Thursday to encourage them to attend; the rebels said they would give their final answer then.

The truck bomber on Monday crashed into a convoy of 24 buses carrying unarmed navy personnel going on leave or returning to duty. The convoy was stopped at a transit center outside Habarana. About 340 navy personnel were at the center.

Brig. Prasad Samarasinghe, a military spokesman, said he believed that the attack was an act of revenge against the navy, which he said had succeeded in many recent attempts to stop the rebels from smuggling arms and explosives. On Sunday, the navy sank a suspected Tiger vessel that it said was transporting weapons off the northwestern coast.

Hours after the attack, Kfir fighter jets attacked a northern rebel stronghold, said Air Chief Marshal Donald Perera, head of Sri Lanka's armed forces.

Tamil rebels say they need their own state because the Sinhalese majority discriminates against Tamils.

Attack Kills 93 Sailors In Sri Lanka (WP/AP)

By Krishan Francis

The Washington Post, October 17, 2006

COLOMBO, Sri Lanka, Oct. 16 -- Suspected Tamil rebels rammed a truck packed with explosives into a convoy of military buses Monday, killing at least 93 sailors in one of the deadliest insurgent attacks since a 2002 cease-fire.

The military said more than 150 were wounded in the attack near the town of Dambulla, about 90 miles northeast of the capital, Colombo.

President Mahinda Rajapakse's office said in a statement that the attack "was further proof" that the Liberation Tigers of Tamil Eelam had an "unmitigated commitment to violence to achieve its ends."

The rebel group, the president's office said, is "in total disregard of international demands for it to abandon violence and seek peaceful means to achieve its goals."

The attack came as a Japanese envoy met with the president Monday amid intensified diplomatic efforts to strengthen the peace process between the government and rebels ahead of scheduled talks between the two sides this month in Switzerland.

It was not clear what effect the attack would have on those talks. There was no immediate comment on the attack from the rebels, although they routinely deny involvement.

The Japanese envoy, Yasushi Akashi, was also scheduled to travel to the rebels' stronghold in the north to talk with the Tiger leadership. A Japanese Embassy spokesman said he had no information yet on whether those plans would change following the attack.

Thorfinnur Omarsson, a spokesman for the Sri Lanka Monitoring Mission, urged the government and rebels to keep their commitment to the peace talks.

"Obviously, this is a brutal attack and a serious threat to the peace process," Omarsson said. "But the people of Sri Lanka deserve that the talks will take place as planned."

Norwegian peace envoy Jon Hanssen-Bauer was scheduled to return to the island this week. U.S. envoy Richard Boucher will make a two-day visit to Sri Lanka starting Thursday.

Sri Lanka recently has seen some of the bloodiest fighting since a Norwegian-brokered cease-fire was signed in 2002, temporarily ending nearly two decades of civil war. Heavy battles last Wednesday on the northern Jaffna Peninsula left hundreds of combatants dead, despite commitments by both the government and rebels to return to the negotiating table.

The rebel Tamil Tigers have been fighting since 1983 for a separate homeland for the Tamil minority in the north and east, citing decades of discrimination by the majority Sinhalese. About 65,000 people were killed before the 2002 cease-fire.

Venezuela Is Denied Security Council Seat (WP)

By Colum Lynch And Juan Forero, Washington Post Staff Writers

The Washington Post, October 17, 2006

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New Vote Scheduled Today as Intensive Campaign Fails to Win Two-Thirds of Ballots

UNITED NATIONS, Oct. 16 -- Venezuela was stymied Monday in its bid to win a seat on the U.N. Security Council, a result that shocked diplomats who had expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage.

Guatemala finished ahead of Venezuela in nine of the first 10 rounds of secret voting held by the U.N. General Assembly. But neither secured the required two-thirds vote to succeed Argentina on Jan. 1 in the open Latin American seat on the 15-nation council.

Voting will resume Tuesday.

Delegates at the United Nations had predicted that Venezuela would easily receive enough support for the seat, but the opening ballot showed Guatemala ahead 114 to 74. Venezuela gained votes through the day but never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly.

The result came as a relief to the United States, which had lobbied actively on behalf of Guatemala. Chavez's government, U.S. officials warned, would play a destructive role on the council, lending its support to those countries, including Iran, Sudan and North Korea, that have defied the United Nations.

It also represented a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East.

Chavez may have undercut his country's chances with a provocative speech last month before the General Assembly, in which he described President Bush as "the devil." And once-solid support for Venezuela in South America, from countries including Chile and Paraguay, wavered after Chavez's government entered into a military pact with Bolivia, which has lost territory to both those countries.

The United States, Britain, China, Russia and France enjoy permanent membership on the 15-member Security Council. The other 10 seats are distributed regionally for two-year terms; a vote by the General Assembly fills five seats each year. South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions.

But the deadlock over the Latin American seat raised the prospect of a long election and that a compromise candidate -- possibly Costa Rica, the Dominican Republic, Uruguay or Chile -- might enter the race. Mexico and Cuba received single votes on some ballots Monday.

Chavez has been hostile to Washington for years, but he has been particularly antagonistic since the White House offered tacit support for a 2002 coup that briefly removed him from power. Venezuela's U.N. ambassador, Francisco Javier Arias Cardenas, characterized the race as a challenge between a fearless champion of the developing world and the world's lone superpower.

"We are not competing with a brother country. We are competing with the biggest power on the planet," he said.

Some delegates said Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol.

For those who view the General Assembly chamber as "a very sacrosanct place," Chavez's performance exhibited "bad taste," said Tanzania's ambassador, Augustine P. Mahiga. "It can be a platform for the battle of ideas but not for the vilification of one country."

Mahiga said, however, that Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and "swayed" others to vote against it.

"It's a double-edged sword," he said. The race was "perceived as a contest between the United States and Venezuela."

Alberto Garrido, an author and analyst in Caracas who has written several books on Chavez, said the vote is a serious setback for Chavez's campaign to project Venezuelan influence beyond Latin America.

Venezuela has bought foreign debt from Argentina, sold crude oil at cut-rate prices to smaller Caribbean islands and provided aid to Africa -- all efforts designed, in part, to counter U.S. influence.

"This is a big setback in Chavez's strategy," said Garrido, whose latest book, "Chavez's Wars," deals with the president's conflicts with the Bush administration and other foes. "He had a plan to become the institutionalized voice of the south, if he had gotten that seat. This is a blow, perhaps the biggest blow in his geopolitical strategy."

In Venezuela, the government's failure to secure a seat was called "an embarrassing defeat" by Manuel Rosales, who is running against Chavez in December's presidential election. The president retains the support of a majority of Venezuelans, recent polls have shown, but opponents accuse him of ignoring spiraling crime, chronic unemployment and poverty while he focuses on making a name for himself abroad.

Chavez has spent much of his presidency outside Venezuela. But since July, as the Security Council campaign has built, his travel schedule has become feverish, with trips to Russia, China, Vietnam, Iran and Belarus.

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The Venezuelan government's argument that it would be a voice for those countries suffering at the hands of U.S. imperialism did not strike a chord with enough nations, said Milos Alcalay, a former Venezuelan ambassador to the United Nations.

"To argue that Venezuela would go to the Security Council to be the counterweight against imperialism didn't mesh with the philosophy that this is a body that aims to find things in common," said Alcalay, who resigned his post because of opposition to Chavez's policies.

"This was firstly a rejection of combative language, but it was also a rejection of Venezuela's claim to be the voice of those who do not have a voice, of Africa, the nonaligned," he said. "And really, they do have a voice. Africa elected South Africa as its spokesman."

Forero reported from Quito, Ecuador.

Venezuela Slips In Voting For U.N. Seat (NYT)

By Warren Hoge

The New York Times, October 17, 2006

UNITED NATIONS, Oct. 16 — Venezuela's campaign to gain Latin America's open seat on the Security Council next year suffered a setback on Monday when Guatemala, backed by the United States, established a wide lead and maintained it after 10 ballots.

Neither country obtained the necessary 125 votes — two-thirds of those voting — to win the seat outright, but Guatemala ended the day with a lead of 110 to 77.

The balloting, which at one point had the countries tied with 93 votes each, resumes Tuesday and could last days, until one prevails or the Latin American group decides to bring forth a compromise candidate.

The initial outcome was a distinct blow to the ambitions of Hugo Chávez, the fiery populist leader of Venezuela, who has turned the contest into a focus of his campaign against Washington, and traveled widely and spent his country's oil largess liberally to promote its candidacy.

Francisco Arias Cárdenas, Venezuela's ambassador, said his country was not battling Guatemala, which he called "a brother country," but "fighting against the owners of the universe."

A Venezuelan victory, he said, would give small and impoverished nations "an independent voice needed on the Security Council to fight against the power of money."

A Security Council seat would also give Mr. Chávez a global platform to vent his grievances against Washington, a reason why the United States has conducted its own vigorous lobbying against the idea.

Mr. Chávez gave a histrionic preview of what could be expected when he addressed the opening of the General Assembly last month and called President Bush "the devil," adding that he could still smell sulfur on the podium where Mr. Bush had spoken the day before.

While the real power on the 15-nation Security Council is exercised by the five permanent members with vetoes — Britain, China, France, Russia and the United States — Venezuela could be a spoiler in the Council's efforts at consensus and its ability to draft its frequent policy statements, a process that requires unanimity.

While potentially disruptive, Venezuela's presence would have little real effect on resolutions, which need only nine votes (and no vetoes) to pass.

Monday's vote was held to fill the seat being vacated by Argentina, one of the five elected members of the panel finishing their two-year terms at the end of the year.

In uncontested races on Monday, South Africa was named to replace Tanzania, and Belgium and Italy were endorsed to replace Denmark and Greece. Indonesia defeated Nepal for the seat held by Japan.

United Nations rules permit marathon ballots, and a battle between Cuba and Colombia in 1979 continued for two months and 155 rounds until the election of a third candidate, Mexico.

"In the year 2000, I was in Florida for 31 days," said John R. Bolton, the American ambassador, recalling the post-election fight of President Bush to win the presidency that year. "This has just begun."

Guatemala, Venezuela Even For U.N. Seat (AP)

By Nick Wadhams, Associated Press Writer

AP, October 17, 2006

Venezuela and Guatemala hit a deadlock Monday in their battle for a seat on the powerful U.N. Security Council, after 10 rounds of voting failed to anoint a winner to fill the spot reserved for Latin America.

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Guatemala led in nine of the 10 ballots, but could not get the two-thirds majority necessary to win. Nonetheless, the results were a defeat for Venezuelan President Hugo Chavez, who had campaigned by railing against the United States and promised to use his nation's voice on the 15-member council to counter Washington's influence.

The other four seats that will come open on the council were filled easily. South Africa, Indonesia, Italy and Belgium will start their terms on the council on Jan. 1, replacing Tanzania, Japan, Denmark and Greece.

Neither Venezuela nor Guatemala appeared willing to drop out of the election, which resumes on Tuesday with another round of balloting. Venezuela's U.N. Ambassador Francisco Arias Cardenas complained the United States has pressured countries worldwide to prevent Venezuela from winning the two-year rotating seat.

"Venezuela will not withdraw — we're fighting until the end," Cardenas said. "We are fighting against the first power of the world, the owners of the universe. We're happy, we're strong and we will continue."

The voting pattern fluctuated through the day. In the early rounds, Guatemala got 116 votes and Venezuela just 70. Then, in the sixth round of voting, they tied at 93 each. On the last vote, Guatemala led again, with 110 to Venezuela's 77. That was still short of the 125 needed to win.

Diplomats said Chavez may have hurt his nation's chances with a bombastic speech at the General Assembly debate in September, when he railed against the United States and called President George W. Bush "the devil" — a speech criticized even by U.S. politicians who had reached out to Chavez.

Yet the vote also reflected the ambivalence toward Guatemala, the preferred American candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public American campaign against Venezuela and in support of Guatemala.

After the voting ended Monday, Rosenthal said his nation was an "independent voice" that would vote according to its own policies.

"We are an independent country and frankly we resent it a bit being told we are going to toe the line of not only the United States but any other power," Rosenthal said. "We make our own decisions."

Diplomats said it was far too early to think of a compromise candidate to come forward to fill the seat that Argentina will vacate at the end of the year. Peru holds the other seat reserved for Latin America until Dec. 31, 2007.

The record number of ballots for a Security Council seat occurred in 1979, when the General Assembly held 154 unsuccessful votes to choose between Cuba and Colombia. Mexico was then put forward and won in the 155th round.

"Experience here in New York has been that in some cases they've done over 100 ballots," U.S. Ambassador John Bolton said. "We've done 10 today, that's just really beginning to get your adrenaline going a little bit, we'll just see how it goes."

After that, Latin American states could agree to put forward a new candidate — but only if the other two agree to step down. Rosenthal acknowledged that the deadlock could not last forever.

"If this goes on for several days and we can see that there's no movement in either of the candidates being able to get two-thirds of the vote, we probably would have to think of a third consensus candidate for the region," Rosenthal said. "But we think the time hasn't come for that yet."

Possible other candidates include Uruguay, Costa Rica, Mexico or Chile, though Chilean Foreign Minister Alejandro Foxley has said his nation is not seeking a spot on the council. That does not rule out Chile being put forward by someone else.

Venezuela has served four times on the Security Council. Guatemala, emerging from years of a brutal U.S.-backed dictatorship, has never had a seat but is a leading contributor of troops to U.N. peacekeeping missions.

In recent months, Chavez has collected pledges of support as he visited about a dozen countries from eastern Europe to Africa. Venezuela's opposition leaders have accused Chavez of squandering millions of dollars on his Security Council campaign while neglecting domestic problems such as rampant crime and acute poverty.

The 10 non-permanent seats on the council are filled by the regional groups for two-year stretches. The other five are occupied by the veto-wielding permanent members: Britain, China, France, Russia and the United States.

Associated Press Writer Christopher Toothaker in Caracas, Venezuela, contributed to this report.

Link To Chávez May Have Hurt Ecuadorean Candidate (NYT)

By Simon Romero

The New York Times, October 17, 2006

QUITO, Ecuador, Oct. 16 — Rafael Correa, the charismatic economist who garnered a surprisingly weak showing Sunday in the first round of voting for president, finds himself in a situation that has plagued leftists in other Latin American elections this year: defending his ties to President Hugo Chávez of Venezuela.

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Álvaro Noboa, a conservative banking and banana magnate, surged ahead by attacking Mr. Correa's admiration for Mr. Chávez and his advocacy of nationalistic economic proposals that seemed inspired by Mr. Chávez's policies. The two candidates are expected to compete in a runoff election on Nov. 26.

"Noboa saw the advantage of running against Correa but also against Chávez," said Simón Cueva, an economist and political analyst at the Corporation for Development Studies, an Ecuadorean research institute.

Mr. Noboa won about 27 percent of the vote and Mr. Correa 22 percent, with about 70 percent of the votes counted on Monday. Mr. Correa challenged the results and said fraud might have marred the count, which suffered from delays. Election officials suspended a contract with the Brazilian company overseeing electronic tabulations.

Mr. Noboa called Mr. Correa a "friend of terrorists, a friend of Chávez, a friend of Cuba." Mr. Correa said Mr. Noboa would rule Ecuador like a "banana plantation."

It has been a challenging week for Mr. Chávez. Venezuela failed to win enough votes on Monday for a seat on the United Nations Security Council, possibly depriving its president of an international platform he desires.

The unexpected results in the election here, meanwhile, point to growing unease in some parts of Latin America with political projects whose ambitions coincide too closely with those of Mr. Chávez.

"Daniel Ortega must be a little nervous," said Michael Shifter, an analyst at Inter-American Dialogue, a policy institute in Washington. Mr. Ortega, who is considered the front-runner in Nicaragua's presidential election next month, has been endorsed by Mr. Chávez, who has been relatively quiet about Mr. Correa's campaign in Ecuador.

The perception of support from Mr. Chávez has been a mixed blessing in other recent elections. Alan García, whose first term as Peru's president ended in hyperinflation, mounted a comeback this year to defeat Ollanta Humala, an ultranationalist former army officer who had been endorsed by Mr. Chávez.

Venezuela's relations with Mexico remain tense after Felipe Calderón, a conservative, defeated Andrés Manuel López Obrador, a leftist, for the presidency this year. Mr. Calderón used images of Mr. Chávez in television ads during the campaign to criticize Mr. López Obrador.

Now Mr. Noboa, a billionaire who controls more than 100 companies in Ecuador and other countries, signaled that he would end diplomatic relations with Venezuela and Cuba if elected. "I'm not a hypocrite," he said in televised comments. "I don't like the double standard."

Issues other than Venezuela have also dominated Ecuador's presidential race. Mr. Noboa wants to negotiate a trade agreement with Washington and favors extending an agreement that would allow American soldiers to remain in Manta, an air base used by the United States military for drug surveillance flights.

Mr. Correa, like most of the other Ecuadorean presidential candidates, disagreed with Mr. Noboa on those issues. Drawing inspiration from Argentina, Mr. Correa also said he wanted to renegotiate Ecuador's foreign debt, a move that worried foreign banks about dealing with another messy default.

Mr. Noboa and Mr. Correa both campaigned as populists, as did Gilmar Gutiérrez, the brother of a deposed former president, who finished third. Mr. Noboa campaigned from the right as a God-fearing businessman, promising cheap housing and handing out free wheelchairs to handicapped supporters.

Mr. Correa promises a "citizen's revolution" by rewriting Ecuador's Constitution. He also evoked an affinity with Mr. Chávez by professing admiration for the Venezuelan's "Bolivarian" ideals.

Mr. Correa said during the campaign that Mr. Chávez was a friend and acknowledged meeting with him in Venezuela as recently as August. He repeatedly denied receiving campaign financing from Venezuela's government.

Almost until the voting on Sunday, the election seemed Mr. Correa's to lose. One opinion poll by Cedatos/Gallup put his support at 37 percent at the start of October, within grasp of winning the 40 percent necessary for a first-round victory. He would also have needed a 10 percentage point lead to win.

Mexican Leftist Suffers Setback In Local Race (NYT)

By James C. McKinley Jr.

The New York Times, October 17, 2006

MEXICO CITY, Oct. 16 — The leader of the Mexican left, who has refused to accept his defeat in the summer's presidential race, saw his party take a beating over the weekend in a governor's race widely viewed as a referendum on his charisma and power as a populist.

Though aides to the leftist leader, Andrés Manuel López Obrador, dismissed the loss as a minor setback, his detractors noted that it was the latest in a string of signs that he is losing public support, even in his home state, Tabasco.

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Mr. López Obrador has charged that the July 2 presidential election was fraudulent and declared himself "the legitimate president," after a show-of-hands vote among his supporters at a mass rally last month. The gathering came after Mr. López Obrador's supporters had blockaded major avenues in the capital for six weeks to demand a recount.

The courts, however, awarded a narrow victory to Felipe Calderón, a conservative from President Vicente Fox's party. Leftists loyal to Mr. López Obrador have vowed to keep Mr. Calderón from taking office on Dec. 1, while the leftist leader has promised to set up a parallel government.

But Sunday's election for governor in Tabasco, in the south, suggested that Mr. López Obrador's ability to sway voters has waned since the presidential race. Returning to his home state, Mr. López Obrador, the former mayor of Mexico City, campaigned hard for weeks on behalf of his party's candidate, César Raúl Ojeda. He often upstaged the candidate during the final days of the campaign.

Many Mexicans saw the race as a test of Mr. López Obrador's strength. But with 96 percent of the precincts counted on Monday, the candidate of the centrist Institutional Revolutionary Party, Andrés Rafael Granier, was winning by 10 points.

The election was ugly, however, and leaders of Mr. López Obrador's Democratic Revolution Party said they would challenge the results. Supporters of the rival candidates engaged in street battles and fired guns at the houses of influential politicians as a scare tactic. The voting was also plagued by allegations of vote buying.

Some political analysts said the results showed that the public was fed up with Mr. López Obrador's stubborn reluctance to concede defeat and his reliance on street protests.

"It seems to me to be a catastrophe for him," said Raymundo Riva Palacio, a political columnist for the newspaper El Universal .

Óscar Luis Rodríguez, a longtime member of Mr. López Obrador's party in Tabasco, put it more bluntly. "Andrés Manuel has lost credibility," he told the daily newspaper El Sol. "He has lost respect. Here Andrés Manuel was born, and here he has been buried."

César Yáñez, a spokesman for Mr. López Obrador, said such political obituaries were premature. Mr. López Obrador still plans to hold a faux inauguration on Nov. 21 and then tour the country as an alternative president, he said.

Daniel Lund, a pollster and political analyst, said the loss owed more to Mr. Ojeda's weakness as a candidate and to the low turnout than to Mr. López Obrador's fall from favor.

There have been other signs of cracks in the support for Mr. López Obrador. The party's founder, Cuauhtémoc Cárdenas, has repudiated him, and its four governors have refused his request not to recognize Mr. Calderón as president.

Most politicians and strategists here still expect some kind of mass protest from Mr. López Obrador's supporters in December, and a steady drumbeat of criticism in the future. But few now predict that Mr. Calderón will be unable to take office or govern.

"From my point of view, the protests that the deputies and senators of the P.R.D. carry out will be more symbolic than real," said Jaime Sánchez Susarrey, a conservative columnist.

State Race Signals Big Defeat For Mexican Leftist (CSM)

By Sara Miller Llana

The Christian Science Monitor, October 17, 2006

MEXICO CITY

Andrés Manuel López Obrador jolted Mexico City when he moved protesters to close down main streets in the wake of the nation's disputed July 2 presidential election. The dissent reached its peak when supporters named the defeated leftist president of a "parallel government" at a mass demonstration this fall.

But a month later, his supporters have packed up their tents, traffic is flowing, and many are wondering if his protest movement - which emerged amid allegations of massive electoral fraud - is now losing steam.

This weekend, a gubernatorial race in Tabasco - which voted heavily for Mr. Obrador, a native of the southern state - ended in defeat for the Democratic Revolution Party (PRD) candidate, despite Obrador having campaigned hard for his fellow party member. The loss is being viewed as a referendum on the future of Obrador's national protest movement.

"This is a reflection of his losing track with voters," says Rafael Fernandez de Castro, dean of international affairs at the Autonomous Technological Institute of Mexico. "The consequences are not going to be very good for [Obrador] or his movement."

The July 2006 presidential election was the closest in the nation's history, with the two main candidates split by half a percentage point. In September, after a lengthy and tense court review and partial recount, electoral officials finally certified

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Felipe Calderón, of President Vicente Fox's conservative National Action Party (PAN), as the official president-elect. Parallel government?

Leading up to the certification, Obrador and his supporters, who halted downtown traffic for seven weeks, pledged never to accept Calderón as president. Calling him a "usurper," they voted last month to establish their own government, causing columnists to question the stability of the country.

But these days even Obrador's supporters doubt that his parallel movement will amount to much. Although Mario Gutierrez, a valet in Mexico City, says he believes in Obrador's ideals and voted for him in the election, he also believes the movement is petering out. "It's a lost cause," he says. "They aren't going to gain anything."

Asked whether he believes a parallel government will be effective in helping the nation's poor, he says matter-of-factly: "I don't think there will be a parallel government."

Indeed, the defeat in Tabasco state could hinder efforts to forge a national movement. Obrador won 56 percent of the presidential vote in Tabasco, and spent recent weeks with PRD candidate César Raúl Ojeda. When the Monitor went to press, 94 percent of the votes had been counted and Andrés Granier, of the long-ruling Institutional Revolutionary Party (PRI) had 53 percent of the vote compared with 42.8 percent for Ojeda, making it statistically impossible for Ojeda to win. Ojeda alleges fraud and is threatening to challenge the results.

Obrador himself seemed to anticipate a loss ahead of the elections by telling reporters: "If the PRI wins Tabasco, then our adversaries will laugh at us and say that we even lose in our own land."

Obrador spokesperson César Yañez disputes the fact that a defeat in Tabasco spells trouble for the movement. "Its success does not depend on a state election," he says, "no matter what state it is."

But some say Obrador's protests after the presidential vote this summer may have hurt Ojeda's chances, and could deter others from linking themselves to his movement. "It will make some of the PRD leaders start distancing themselves from [Obrador]," says Mr. Fernandez de Castro.

Mr. Gutierrez says he believes Obrador's barricades in Mexico City backfired. This sentiment is backed by polls, such as one in the newspaper Reforma this summer that showed that if the election had occurred in the midst of Obrador's mass sit-ins, Calderón would have won the race easily.

According to the Associated Press, Oscar Luis Rodriguez, a founding member of the PRD in Villahermosa, the capital of Tabasco, told the local daily El Sol de Tabasco: "[Obrador] has lost credibility. He has lost respect. Here [he] was born, and here he has been buried."

There will be a second tally of the vote Wednesday, standard procedure in Mexico, which could change results, but for most here, the writing is on the wall.

"The PRD's loss in Lopez Obrador's home state clearly undermines his public image and will make some in the party more likely to challenge him on specific issues, says Andrew Selee, director of the Mexico Institute at the Woodrow Wilson Center in Washington, D.C., "but it is far too early to discount [Obrador] as a significant political force in Mexico." Some supporters remain hopeful

Indeed many PRD members say the movement will survive. "The movement can't be over because of an election loss; it will prevail because of the reality of inequality in the country," says Juan Vazquez Patilla, the sub-secretary for social movements within the PRD at his family taco stand in Mexico City over the weekend. "Those who say it's now dead are the same people who don't want change."

But specific plans of what Obrador hopes to accomplish as a parallel president remain uncertain, and Mexico City residents out on a Sunday afternoon, say they have no idea what to expect.

Mr. Yañez says Obrador will begin a national tour next month, not "to show muscle," but to inform the country of his plans ahead of November 20, when he is to be inaugurated as the "legitimate" president-elect of the country. That will be his movement's next big test.

Then comes the official inauguration of Calderón on Dec. 1, which PRD members, like Vazquez Patilla, have promised to protest.

Tabasco Defeat Deals Setback To Lopez Obrador (LAT)

By Sam Enriquez

The Los Angeles Times, October 17, 2006

MEXICO CITY — The defeat of the gubernatorial candidate handpicked by leftist politician Andres Manuel Lopez Obrador to run in his home state of Tabasco has dealt a serious blow to Lopez Obrador's emerging opposition movement.

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After spending a month stumping for candidates, Lopez Obrador, who lost the recent Mexican presidential election by less than a percentage point, saw his Democratic Revolution Party, or PRD, trounced in Sunday's election.

Gubernatorial candidate Cesar Raul Ojeda was beaten by 10 percentage points, according to preliminary results, and the PRD gave up five of its 11 mayoral offices.

Just as with the presidential election, Ojeda and the PRD are expected to file legal challenges to Sunday's results.

Lopez Obrador had campaigned with Ojeda, promising that an Ojeda victory would also be a victory for Lopez Obrador and his campaign to raise up Mexico's poor.

Lopez Obrador supporters warned against putting too much stock in the Tabasco results because Ojeda had lost two previous races for governor.

Ojeda won about 43% of Sunday's vote against Andres Granier of the Institutional Revolutionary Party, or PRI. Granier, a biochemist by training and a popular former mayor of the state capital, said voters could expect only trouble from Lopez Obrador and his movement.

Lopez Obrador broke into national politics after losing a controversial 1994 Tabasco governor's race, and Sunday's election appears to be another turning point. But rather than a career springboard, this one appeared closer to a bookend.

After gaining notoriety for his protests against cheating in the 1994 race, Lopez Obrador made his greatest political advances during the late 1990s with a string of election victories while serving as the PRD's national president. In 2000, he was elected mayor of Mexico City before stepping down last year to run for president of Mexico.

Mexico City Mayor Alejandro Encinas, a close ally of Lopez Obrador, said Monday that the party needed to reexamine its electoral strategy.

The idea that Tabasco's gubernatorial election would be a referendum on Lopez Obrador took root early among political analysts and newspaper columnists. For one thing, it came only weeks after the electoral court dismissed PRD allegations that President-elect Felipe Calderon won by fraud.

Lopez Obrador himself took the message center stage.

"They robbed us of our victory, but your support will not be in vain," he said during a campaign appearance last week. "The movement continues … if it fractures, there will be no more hope for millions of Mexicans."

Ojeda had joined Lopez Obrador's postelection protests this summer, and he had also denounced Calderon's victory. Granier, on the other hand, said he could work with Calderon of the National Action Party.

Lopez Obrador and Ojeda had hoped to boost voter turnout in Tabasco with their joint appearances. Instead, turnout fell 8 percentage points from the July 2 presidential election, in which 56% of Tabasco voters cast ballots for Lopez Obrador.

Ojeda alleges that Granier received illegal state government help and tried to buy votes with money and giveaways. Ojeda won a similar challenge in the 2000 election, and an elections tribunal ordered a new election in 2001, which he also lost.

Ojeda had worked on the Lopez Obrador presidential campaign, which was built on the idea that Mexico's decade-long embrace of the free market had paid off for the wealthy and well-educated, but left half the country in poverty and lousy jobs.

While still polling strongly among the poor and working-class, Lopez Obrador began to bleed support from left-leaning middle- and upper-class voters when his postelection protests closed capital streets and disrupted thousands of businesses over the summer.

Lingering civil unrest in Oaxaca by striking teachers and their leftist supporters may also have frightened some people who generally agree with Lopez Obrador, according to interviews with voters last week in Tabasco.

Ojeda's victory would have avenged Lopez Obrador's 1994 gubernatorial loss to Roberto Madrazo, whose PRI campaign illegally overspent millions of dollars, according to evidence later delivered to Lopez Obrador and federal authorities.

Instead, Sunday's election was an embarrassing defeat that could not come at a worse time for Lopez Obrador. He's planning an event in the capital next month to install himself as the country's "legitimate" president. Rather than a crowning moment for his movement, the ceremony now risks ridicule.

"He can still fill a plaza, but with increasingly desperate companions," said Benito Nacif, a political analyst at Mexico's Center for Economic Research.

In Colombia, A Dubious Disarmament (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, October 17, 2006

Demobilized Paramilitaries Are Sidestepping Justice, Critics and Victims Say

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BARRANCABERMEJA, Colombia -- In the midst of a relentless conflict, Colombia's government and its ally, the Bush administration, are hailing the demobilization of 32,000 fighters from right-wing paramilitary groups -- a disarmament that authorities here say is larger than any of those that closed out Central America's civil wars in the 1990s.

But another, far more critical picture of the disarmament has emerged in recent months, drawn from the accounts of rights groups, victims of Colombia's murky, drug-fueled conflict, and even a report from the Attorney General's Office. Paramilitary commanders, according to these accounts, have killed hundreds of people in violation of a cease-fire, trafficked cocaine and stolen millions of dollars from state institutions they had infiltrated.

A handful of lawmakers on Capitol Hill have also voiced concerns about the disarmament, which is partly funded by the United States.

"The demobilization process has been as much about avoiding justice and consolidating ill-gotten gains as it has been about disarming the paramilitaries," said Sen. Patrick J. Leahy (D-Vt.), the ranking member of the subcommittee on foreign operations. "The government needs to stop appeasing the leaders of these outlaw militias and listen more to their victims."

Critics acknowledge that the disarmament has yielded benefits. It has removed a loose confederation of paramilitary militias from a 42-year-old war, leaving the state facing one powerful Marxist rebel organization and a second, much weaker guerrilla group. It has also lowered Colombia's homicide rate, officials here say, and given President Alvaro Uribe's government leverage in its efforts to prod the guerrillas to the negotiating table.

Now, two months after the last paramilitary fighter laid down his weapon in a carefully choreographed ceremony, Colombian officials are pledging to conduct exhaustive investigations of paramilitary atrocities and launch trials of the militias' most bloodthirsty commanders. They say the proceedings will bring justice and recompense for thousands of families who lost relatives or land to the United Self-Defense Forces of Colombia, known by its Spanish initials, AUC.

But in communities hit hard by paramilitary violence, including this grimy, oil-refining city in northern Colombia, victims are incredulous about the government's lofty claims. Once fearful that speaking out could get them killed, they are increasingly organized and assertive. And they are sharply criticizing a process that they say is tilted more toward whitewashing crimes than punishing perpetrators.

"The victims haven't had a voice," said Jaime PeÃ±a, whose son, Jaime Yesid, 16, was killed by paramilitaries during a 1998 massacre here. "How can there be reparations and reconciliation if we don't know the truth and if there isn't any justice?"

Across Colombia, victims and rights groups have been shaken by revelations in the press about paramilitary-related outrages, from wealthy commanders patronizing elegant stores in shopping malls to disclosures of paramilitary ties to Colombia's Congress.

In the latest scandal, one of the more powerful paramilitary commanders, Rodrigo Tovar, recruited peasants to play the part of paramilitary fighters in demobilization ceremonies, according to a 29-page internal investigative report by the Attorney General's Office. The report, based on records that were kept in Tovar's computer and that detailed crimes committed by his paramilitary unit, was first disclosed in El Tiempo, the country's leading newspaper.

According to its findings, a special bank account was set up to disburse money to unemployed peasants so they could "pass themselves off as militiamen, the more the better."

Tovar, the report continues, "gives instructions so that they are ready for demobilization day, that they know how to march, sing the hymn [of the AUC] and respond to prosecutors' questions." At the same time, Tovar ordered underlings to make sure some bands of fighters remain armed to guard "vulnerable zones."

Tovar's hit men killed 558 people in one coastal province, Atlantico, at the same time he was participating in disarmament negotiations, according to the report. The victims included shopkeepers who failed to deliver extortion payments, leftist activists, common criminals and even a university professor. The report says that "men, women, children and passersby from all social and professional levels have become victimized."

Tovar kept detailed records of cocaine shipments to the United States and Europe, the Attorney General's Office said. The office's report also recounted how rogue police units took payoffs to permit cocaine deliveries and how Tovar helped senators and congressmen close to him win reelection.

In this city in a key region of the mighty Magdalena River, paramilitary fighters entered with fury in 2000, rooting out guerrillas and killing their supporters. Caught in the crossfire were villagers and the residents of Barrancabermeja, where lush neighborhoods filled with fruit trees and tropical birds sprawl over the hillsides.

In a massacre here in 1998, paramilitaries kidnapped 32 people at gunpoint. Twenty-five disappeared, and seven were later found dead. PeÃ±a still chokes up as he recalls how he looked out his window to see two gunmen abducting his son.

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A neighbor, Luz Almanza, tears up as she recounts how her husband, Ricky Nelson GarcÃ-a, was also led away for good that night. Luz Marina LÃ³pez, a shop owner, can barely keep her composure when she tells how her 20-year-old twins, a son and a daughter, were killed in the same incident.

All that the victims' relatives ever learned was that the paramilitaries suspected the neighborhood of close ties to the guerrillas.

"What I want from the state is to know what happened to these people," Almanza said. "What we want is for them to tell us the truth."

Under the government's Justice and Peace Law, approved by Congress last year, generous benefits were granted to commanders accused of atrocities in exchange for disarming units of fighters. The government also announced that those who participated in the process would not be extradited to the United States on drug-trafficking charges -- the paramilitary commanders' greatest fear.

In the face of international outrage, Colombia's highest court struck down some provisions in May and made the terms more stringent. Most of the commanders, including Tovar, also turned themselves in and are now housed in a spacious facility in Antioquia province.

Under the revised law, commanders must pay reparations to victims out of both their legal and ill-gotten gains. And they must confess to their crimes -- losing benefits if prosecutors later determine that they lied or omitted information.

"What we want is that there be a recognition of the victims' right to truth, to justice and reparation," said Eduardo Pizarro, who heads the government's reparations commission. "And to guarantee that it won't happen again."

Still, the law shields the commanders from serving time in prison, and they remain protected from extradition.

Though officials in Uribe's government pledge to come down hard on commanders, the state appears ill-prepared to follow through, said Sergio Jaramillo, director of the Ideas for Peace analysis group in Bogota. There are only 20 prosecutors to investigate 2,695 paramilitary commanders who are believed to have committed atrocities.

Asked about the capacity of his office to investigate, Mario IguarÃ¡n, the attorney general, said in an interview: "You'd have to say it's not sufficient. The Justice and Peace Law did not create positions for prosecutors."

The sheer complexity of the cases helps paramilitary commanders not only to sidestep criminal investigators but to shield their properties. The commanders have already claimed that they own far less than authorities believe they do. Determining the truth is a formidable task, since the properties they own are registered under third parties' names.

Though there are no exact figures, government officials have calculated that Colombian paramilitaries and drug traffickers control a swath of territory three times the size of New Jersey.

"The government has no clue about what these guys own, how they've operated for all these years, who's supported them, where their assets are, and it hasn't really set up an effective system to figure that out," said Maria McFarland, who tracks Colombia for New York-based Human Rights Watch.

In Barrancabermeja, groups such as the Popular Women's Organization, which runs soup kitchens and works on human rights issues, have no illusions about what the process with the paramilitaries will deliver.

Paramilitaries have slain three members of the group, including one this year, and its president, Yolanda Becerra, said that threats continue. Becerra, a slight woman who races around town meeting with members, said her group is still poised to lead protests and lobby for a tough approach to the paramilitaries.

"We're doing what we've always done -- maintain a hope for a new country," she said. "A people can save themselves when they're united."

Wal-Mart Said To Be Acquiring Chain In China (NYT)

By David Barboza And Michael Barbaro

The New York Times, October 17, 2006

SHANGHAI, Tuesday, Oct. 17 — Wal-Mart Stores, the largest retailer in the United States, is laying the groundwork to become the biggest foreign chain in China with the $1 billion purchase of a major retailer here, according to people briefed on the deal.

The move represents a large step for Wal-Mart's strategy in China, allowing the American retailer to more than double its presence in a country that, despite its size and growing middle class, remains largely untapped by foreign retailers.

Though the size of the acquisition — of a Taiwanese-owned supermarket chain called Trust-Mart — may be modest for Wal-Mart, it is a critical one because the Chinese market is becoming much more pivotal in the retailer's overall international strategy. For Wal-Mart, China represents an opportunity to tap a vast and fast-growing market abroad at a time when the company's sales are lagging elsewhere and it has run into obstacles to expansion at home.

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"China is the only country in the world that offers Wal-Mart the chance to replicate what they have accomplished in the U.S.," said Bill Dreher, an analyst at Deutsche Bank Securities.

Wal-Mart expects to close the deal for Trust-Mart by the end of the year, but it still needs approval by Chinese authorities, according to a person briefed on the transaction.

The acquisition is likely to trigger an intense battle among foreign and domestic retailers to gain a strong foothold in the world's fastest-growing economy.

The deal puts Wal-Mart neck-and-neck in China with Carrefour, the giant French retailer, which also bid for Trust-Mart. Wal-Mart, which has only 66 stores in China compared with Carrefour's more than 200, outbid not only Carrefour, but also Tesco of Britain and one of China's large retailers, Lianhua.

The purchase also highlights the staggering reach of the $300 billion Wal-Mart empire. The company started in rural Arkansas 45 years ago and has become the largest foreign retailer in Mexico and Canada. In numerous other foreign markets, however, Wal-Mart has been stymied, pulling out of Germany and South Korea, or has met strong challenges, as in Japan, where it has struggled to gain a share of the market.

By acquiring Trust-Mart, Wal-Mart will not only be able to match Carrefour, but also to compete with much bigger Chinese retailers, like China Resources and the Shanghai Brilliance Group, which are the country's largest retailers with more than $3 billion in sales and more than 8,000 stores combined.

Trust-Mart has more than 100 stores with 30,000 employees in more than 20 Chinese provinces, but it operates mainly at the low end of the supermarket chains. One challenge for Wal-Mart will to determine where it will position itself in the retailing market.

China's economy is expanding at a rate of 10 percent to 11 percent a year, making it by far the world's fastest-growing major economy. Retail sales are even more robust, jumping by about 15 percent a year for the last several years.

Big retailers are fairly new in China, which for decades has been dominated by small regional chains. Indeed, China has no dominant national players in the retail market, which is why Wal-Mart and other international retailers are battling aggressively to expand there.

"China's a very fragmented market and very diverse," says George Svinos, head of Asia Pacific retail at KPMG's office in Australia. "So in order to get any penetration into that market you'd need to make a big move."

China, however, is a tricky market for American retailers. Chinese consumers spend less than Americans when they go into stores, but they shop more frequently.

The average Chinese shopper spends about $4 at Wal-Mart, compared with $20 for the average American, according to Wal-Mart.

But Wal-Mart and other retailers hope to lure the middle-class Chinese, one of the fastest-growing segments of the population. Already, middle-class shoppers crowd into Carrefour, Wal-Mart and Ikea.

Other retailers, like Toys "R" Us, Home Depot and Best Buy, have just announced plans to open outlets in China.

The government has opened its retail market to foreigners, but at the same time, it has also encouraged Chinese companies to merge. In one example, the Shanghai Bailian Group struck a deal with Dashang, which operates the second-largest chain store group, to create new stores.

Moreover, China's biggest state-owned retailers and a handful of aggressive entrepreneurs are pushing to create national chains, like Beijing-based WuMart and Gome, the country's largest consumer electronics store, which is owned by one of the country's wealthiest men.

Carrefour, which is the largest foreign retailer in China by sales, with more than $2 billion, has been expanding much more aggressively than Wal-Mart. Carrefour plans to open 100 new superstores this year, which will raise its total to more than 300.

Analysts say that Wal-Mart's expansion has stepped up only in recent years. Up until now, they say, the retailer has not had great advantages over its bigger competitors. It has had high costs in China because systems for purchasing, transportation and distribution are clogged and complicated in a country that is still largely inefficient and without a strong national highway grid.

Wal-Mart appeared to smooth the way for expansion in China in July when, for the first time, it allowed employees to form a trade union, the company's first in China. The retailer has long battled unions in the United States, arguing they will make the company less efficient.

In the United States, where Wal-Mart has more than 4,000 mostly suburban stores, its performance has begun to trail that of major competitors, like Target, particularly in sales at stores open at least a year. And Wal-Mart has encountered growing resistance to locating new stores in urban areas.

A Wal-Mart spokeswoman, Beth Keck, declined to comment on the Trust-Mart transaction.

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Wal-Mart entered China in 1996 with a supercenter under its own name and a Sam's Club in Shenzhen, near Hong Kong. In a departure from its practice of buying domestic chains with strong local name recognition, Wal-Mart started by building its business in China on its own.

But the pace of Wal-Mart's growth in China has been slow. A decade after arriving, it has just 66 stores, failing to crack the list of the country's top 20 retailers; hence, the move to acquire Trust-Mart.

Wal-Mart operates stores in 13 countries, including Brazil, Japan, and England, but foreign sales represent just $64 billion, or 20 percent, of its more than $300 billion in annual sales.

In several countries, it has discovered its American formula for success — rock-bottom prices, zealous control of inventory and a wide array of products — simply does not translate.

In Germany, for example, Wal-Mart never established comfortable relations with the powerful unions, which dominate retail in the country. In South Korea, it failed to satisfy the tastes of finicky local consumers.

Thus, in a stinging admission of defeat, Wal-Mart pulled out of Germany and South Korea this year after failing to turn around poor sales.

Wal-Mart, however, remains committed to Japan, where it operates stores under the name Seiyu, despite lackluster performance.

A major obstacle overseas for Wal-Mart has been building a big enough network of stores to compete with local chains and to secure low prices from suppliers. That may explain, in part, why Wal-Mart is eager to grow in China.

Mr. Dreher, of Deutsche Bank, expects Wal-Mart to expand aggressively there. By the year 2010, he predicts the company will have as many as 400 stores in China.

Wal-Mart Closing In On $1bn Deal For China's Trust-Mart (FT)

By James Politi And Lauren Foster

Financial Times, October 17, 2006

Wal-Mart appeared close to sealing a $1bn (£539m) acquisition in China last night.

The world's largest retailer emerged as the leading bidder in a year-long auction for Trust-Mart, China's second-largest hypermarket chain. People close to the talks said Wal-Mart had edged out France's Carrefour and local competitors but warned that details remained to be finalised and the deal could collapse..

A purchase of Trust-Mart, which is privately owned byTaiwanese entrepreneurs, would represent one of Wal-Mart's largest recent acquisitions. It highlights how China has become an important battleground for international supermarket chains as its rapid urbanisation and rising living standards create a new consumer class.

Although Wal-Mart recently exited Germany and South Korea, it considers China a priority for its international expansion. It owns 66 stores in China.

Amy Wyatt, a Wal-Mart spokeswoman, called the deal "speculation" and declined to comment. Regulatory approval by China's Ministry of Commerce could delay the acquisition.

Many international retailers have been looking to expand in China to take advantage of the country's rapid economic growth.

Office Depot, the US office products retailer, said last month that it planned to take a controlling stake in AsiaEC, one of China's largest dealers of office supplies and services. This year Best Buy, the US consumer electronics retailer, took a controlling stake in Jiangsu Five Star, a Shanghai-based store chain. Home Depot, the second-largest US retailer, has also been looking for partners in China.

Meanwhile, it was disclosed that Wal-Mart was in talks to buy Koc Holding AS's supermarket chain, Turkey's biggest retailer.

France In Denial (NYT)

The New York Times, October 17, 2006

We've argued many times that Turkey must come to grips with the crimes of its past and stop prosecuting writers who mention the Armenian genocide of the early 20th century. But we found it as absurd and as cynical when the French National Assembly voted overwhelmingly last week to make it illegal — on pain of a fine and imprisonment — to deny that there was an Armenian genocide.

France's Senate still has a chance to throw out this outrageous bill, and we hope it does. We hope, too, that the Turks do not retaliate with something similarly nutty, like making it a crime to deny French colonial atrocities in Algeria, as some legislators have suggested. Enough damage has already been done.

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There is no doubt that the sooner Turks confront their past the better. They are beginning to, in large part because of the lure of membership in the European Union. That does not excuse the way French politicians are trying to exploit anti-Turkish feelings while playing up to the large Armenian-French constituency.

There are a lot of reasons why this is wrong. It could further fan anti-Muslim feelings in France, and we've already seen the potential for a violent backlash. It is also a blow to freedom of expression — not exactly the standard that E.U. members want to set while they lecture the Turks about being more respectful of human rights and democratic norms.

Yes, France is one of a dozen European countries that have laws against denying the Holocaust. There is an argument that they, too, violate freedom of expression. But those laws at least are based on the threat posed by die-hard anti-Semites who still subscribe to Hitler's racist theories. The Armenian question poses no dangers in France. Playing politics with it trivializes not only the Holocaust, but also the Armenian genocide.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

N.Y. Civil Rights Lawyer Sentenced To Prison (USAT/AP)

By Larry Neumeister

USA Today, October 17, 2006

NEW YORK — A firebrand civil rights lawyer who has defended Black Panthers and anti-war radicals was sentenced Monday to nearly 2½ years in prison — far less than the 30 years prosecutors wanted — for helping an imprisoned terrorist sheik communicate with his followers on the outside.

Lynne Stewart, 67, smiled, cried and hugged supporters after U.S. District Judge John Koeltl pronounced the sentence of 28 months.

The judge said Stewart was guilty of smuggling messages between the sheik and his followers that could have "potentially lethal consequences."

However, in departing from federal guidelines that called for 30 years behind bars, Koeltl cited Stewart's more than three decades of dedication to poor, disadvantaged and unpopular clients.

"Ms. Stewart performed a public service, not only to her clients, but to the nation," Koeltl said. The judge said Stewart could remain free while she appeals, a process that could take more than a year.

Stewart was diagnosed with breast cancer last year. Her lawyer Elizabeth Fink warned Koeltl: "If you send her to prison, she's going to die. It's as simple as that."

Outside court, Stewart said she thought the sentence was "a victory for doing good work all one's life."

U.S. Attorney Michael Garcia had no comment.

Stewart was convicted in 2005 of providing material support to terrorists. She had released a statement issued by one of her clients, Omar Abdel-Rahman, a blind sheik sentenced to life in prison for plotting to blow up five New York landmarks and assassinate Egypt's president.

Stewart said she did not intentionally enter into any conspiracy to help a terrorist organization.

Earlier, about 150 Stewart supporters stood outside the courthouse, chanting, "Free Lynne!"

Stewart Gets 28 Months On Terror Charge (NSDY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Long Island Newsday, October 17, 2006

Lynne Stewart, the feisty 67-year-old civil rights lawyer who spent a lifetime helping unpopular defendants and political causes, was sentenced Monday to 28 months in prison for helping a blind, imprisoned Egyptian sheik unlawfully communicate with followers.

Stewart, who lost her law license after her 2005 conviction in the case, was facing up to 30 years in prison but caught a break from U.S. District Judge John G. Koeltl. He cited her years of advocacy for the poor and down-trodden as a reason for a more lenient term behind bars.

"Ms. Stewart performed a public service, not only to her clients but to the nation," said Koeltl, who refused a prosecution request to sentence Stewart, who is battling breast cancer, to a 30-year term.

Stewart, a Manhattan grandmother, herself made an impassioned plea for leniency and said she had suffered greatly after losing the privilege of practicing law.

"At the end of my career, this is truly like a sword in my side," said Stewart. "Permit me to live out the rest of my life productively, lovingly, righteously."

Outside the federal courthouse in lower Manhattan, cheers and applause rippled through a crowd of 200 Stewart supporters as word spread of her sentence.

Around 3:30 p.m., Stewart exited the courthouse, free on bail, and told the crowd she saw the sentence as vindication of her work as an attorney for the unpopular.

"You get time off for good behavior usually at the end of your prison term," Stewart quipped. "I got it at the beginning."

"I am thrilled she is coming home," said Stewart's sister, Laurel Freedman, 47, of Huntington.

If there was any chill for Stewart it was in a statement by Manhattan U.S. attorney Michael Garcia, who said the government was disappointed in the sentence and was considering an appeal.

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Stewart was convicted largely for her involvement in releasing a statement by Omar Abdel-Rahman, the Muslim cleric sentenced to life in prison after his 1995 conviction for plotting to blow up New York City landmarks and assassinate the president of Egypt. Koeltl noted that the smuggled messages could have "potential lethal consequences."

Also convicted in the 2005 trial with Stewart were paralegal Ahmed Abdel Sattar and Mohammed Yousry, an Arabic interpreter. The three were indicted in 2002 during the tenure of former U.S. Attorney General John Ashcroft.

The 24-year prison term for Sattar, who was convicted of negotiating with militants overseas, was less than the life term called for under federal sentencing guidelines. In handing down the sentence Monday, Koetl noted that the defendant lacked a criminal record and no one was killed or injured because of his crimes.

"I am not a terrorist, your honor," Sattar said. "I am not a violent person. I am a human being. I am an American. I am a Muslim who practices and believes strongly in his religion."

Yousry, who was convicted of helping Stewart smuggle the sheik's messages out of prison, received a sentence of 20 months.

While the allegations against Stewart had nothing to do with the terrorist attacks of Sept. 11, 2001, she has said she was charged because of what she called a climate of hysteria. However, assistant U.S. attorney Andrew Dember said the case had nothing to do with the attacks.

"What she was doing was smuggling terrorism messages and smuggling out Abdel-Rahman's responses," Dember said."

WRIST SLAP FOR SMIRK JERK TERROR ATTORNEY (NYPOST)

By Kati Cornell

The New York Post, October 17, 2006

October 17, 2006 -- A grinning, gloating Lynne Stewart declared "victory" yesterday after a federal judge sentenced the civil-rights lawyer to just 28 months behind bars for helping a U.S.-hating terror mastermind communicate with his jihadi warriors.

The sentence was a sliver of the 30 years sought by prosecutors.

"I can do that standing on my head!" Stewart boasted of the light prison term.

Judge John Koeltl's extraordinary leniency was a blow to the federal prosecutors who had won a conviction against the 67-year-old Stewart.

She had been found guilty of providing material support to terrorists by helping her jailed client - blind Sheik Omar Abdel-Rahman, the suspected mastermind of the 1993 World Trade Center bombing - communicate with his followers.

Koeltl said Stewart was guilty of "extraordinarily severe criminal conduct" with "potentially lethal consequences" by smuggling messages for Abdel-Rahman and issuing inflammatory public statements.

Yet he ruled that a light sentence was justified, given Stewart's treatment for breast cancer and her 30-year career representing poor and unpopular clients.

"Ms. Stewart performed a public service not only to her clients, but to the nation," he said. "It is clear that prison will be particularly difficult for this defendant."

In addition to imposing the light term, Koeltl also ruled that Stewart could remain free on bail while she appeals her conviction.

"Thank you, Judge," said a teary-eyed Stewart, who briefly rested her head on the table in relief.

Outside court, a beaming Stewart said, "I hope the government realizes their error because I am back out - and I'm staying out pending an appeal that I hope will vindicate me and make me back into the lawyer I was.

"I feel that it's a victory for doing good works all one's life. You get time off for good behavior usually at the end of your prison term. I got it at the beginning."

U.S. Attorney Michael Garcia issued a statement saying he was "disappointed" in the sentence. "We will be exploring our appellate options."

But Stewart crowed to more than 100 cheering supporters outside Manhattan federal court: "This is a great victory against an overreaching government."

Stewart was arrested six months after the 9/11 terrorist attacks and accused of violating strict prison rules by helping the Egyptian-born Abdel-Rahman spread the word to kill those who did not buy into his extremist interpretation of Islamic law.

The sheik was serving a life sentence for plotting to blow up five New York landmarks, including the Holland Tunnel and George Washington Bridge, and to assassinate Egypt's president when Stewart helped him communicate with his followers and leaders of an Egyptian-based terrorist organization.

Former Attorney General John Ashcroft brought the indictment against Stewart, as well as against Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a postal worker.

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With the possibility of life behind bars still looming large yesterday morning, an emotional Stewart appeared to tremble as she entered the packed courtroom.

Prepared for the worst, her husband, Ralph Poynter, brought along a bag containing medication for his wife, who has undergone radiation and surgery for her cancer.

He also had with him a Robert Goddard book, "Play to the End," and a pair of sweatpants for her because, she said, "I wasn't going to jail in a dress."

Meanwhile, a throng of Stewart's supporters who could not get seats filled the courthouse hallway, chanting, "Set Lynne free!"

"The end of my career truly is like a sword in my side," Stewart told the judge before the sentence was imposed. "I don't want to be in prison. I don't believe I need to be in prison. I believe I still have contributions to make to society."

Defense lawyer Josh Dratel said: "This situation is already tragic."

Stewart has admitted to knowingly violating prison rules, but denies condoning violence and claims she was just trying to do her job as a lawyer by looking after Abdel-Rahman's interests.

Defense lawyer Elizabeth Fink argued that Stewart made "foolish" mistakes by violating prison rules and begged the judge, "Please don't send her to prison, because if you send her to prison, she's going to die."

But Assistant U.S. Attorney Andrew Dember refuted Stewart's defense that she was wrongly targeted by the feds in the wake of 9/11.

"This case had nothing to do with Sept. 11, Your Honor," Dember said. "She knew full well what she was doing was a criminal act, and she didn't want to be caught."

Also yesterday, Koeltl sentenced Sattar to 24 years behind bars for conspiring to kill and kidnap people in a foreign country.

Sattar, 47, was convicted of conspiring to kill people overseas by helping to compose a chilling "fatwa" that prosecutors said called for "the killing of Jews everywhere."

"I am not a terrorist, Your Honor," said Sattar, who faced a maximum sentence of life behind bars.

The third defendant, Yousry, 51, an Arabic interpreter, received a 20-month prison term.

"He is kind of a footnote in this case," said defense lawyer David Stern, whose client could have faced up to 20 years behind bars.

When it came to Stewart, Koeltl found that prison time was necessary as punishment, but praised the longtime civil-rights lawyer for her dedication to her clients over the past three decades - and noted that no one was hurt as the result of the crimes in the case.

In a letter Stewart sent to Koeltl last month, she wrote: "If I have a tragic flaw, it is that I care too much for my clients. I am soft-hearted to the point of self-abnegation," according to the New York Times.

As supporters showered Stewart with bouquets of red roses outside court, she said, "I don't think anybody would say going to jail for 28 months is anything anyone would look forward to, but as my clients have told me, 'I can do that standing on my head.' "

Members of the law-enforcement community expressed outrage at the light sentence.

Gus Danese, president of the Port Authority's Police Benevolent Association, said, "She deserved the maximum penalty. As far as I'm concerned, in light of the 1993 bombing and the 9/11 attack, she's a terrorist herself."

"Anyone who believes in helping terrorists and their cause should be willing to serve the maximum penalty. With a 28-month sentence, she'll soon be out doing it again."

An investigator who worked on the case said, "It's a shame she's getting off so lightly. If a cop or some other law-enforcement person did the same thing, they'd throw the book at him. Isn't a lawyer supposed to know what she's doing?"

Additional reporting by Marsha Kranes and Murray Weiss

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Lawyer Sentenced For Aiding Terrorist Client (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, October 17, 2006

28 Months Is Far Less Than Prosecutors Sought

NEW YORK, Oct. 16 -- Lawyer Lynne Stewart was sentenced Monday to 28 months in prison for helping a terrorist client communicate with his followers, a far less severe sentence than the 30 years sought by federal prosecutors.

As U.S. District Judge John G. Koeltl delivered his sentence in a packed federal courtroom in Manhattan, Stewart lifted her glasses and dabbed at tears while her husband gave a tight hug to their daughter. An hour later, the 67-year-old lawyer emerged

from the federal courthouse holding hands with her granddaughter and grandson and, to loud cheers and applause from hundreds of supporters, declared a victory of sorts over the Bush administration.

"The judge did a fair and right thing," she told a thicket of reporters and television cameras, as a supporter placed a bouquet of roses in her arms. "This is a great victory against an overreaching government."

And of her sentence, she sounded almost jaunty: "As my clients say to me, 'I could do that standing on my head.' "

In fact, Koeltl made it clear that Stewart had committed a serious offense by smuggling messages between her client, Sheik Omar Abdel Rahman, and his followers in the Middle East, including a statement withdrawing the sheik's support for a cease-fire with the Egyptian government. Stewart's actions, Koeltl said, constituted "extraordinarily severe criminal conduct" and material support for terrorism, and could have had "lethal consequences."

Koeltl noted, however, that neither Stewart's actions nor those of her co-defendants, translator Mohammed Yousry and Rahman aide Ahmed Abdel Sattar, resulted in violence in the United States or overseas. Having lashed Stewart for her criminal conduct, the judge executed a pivot, commending her for leading an otherwise exemplary life as a legal advocate for the poor, despised and dispossessed. Many of her clients have been known for their radical views.

"Ms. Stewart performed a public service, not only to her clients but to the nation," Koeltl said. "She's made an extraordinary contribution."

Taken as a whole, the judge argued, her accomplishments amounted to a strong argument for departing from nonbinding federal guidelines that otherwise might have led him to impose a 30-year sentence.

Koeltl's decision to mete out a comparatively mild sentence amounted to a slap at federal prosecutors in a case that former attorney general John D. Ashcroft repeatedly had hailed as a nationwide model. U.S. Attorney Michael Garcia released a statement expressing disappointment and held out the possibility of appealing the sentence. It is not unusual for a federal appeals court to reverse a sentence handed out by a lower court.

More than a few legal observers divined a message in the judge's sentences.

"There's no doubt the government has tried to use this case to chill effective advocacy in terror cases," said Neal R. Sonnett, a former federal prosecutor, past chair of the American Bar Association's criminal justice section and current chair of the association's task force on the treatment of enemy combatants. "I'm delighted the judge was not swayed by the frenzy over terrorism."

More conservative legal commentators -- including Andrew McCarthy, who prosecuted Rahman -- had urged the court to impose a stiff sentence on Stewart.

When the government convicted Rahman in 1995 of plotting to blow up New York landmarks, prosecutors and prison officials imposed stringent restrictions on his contact with the outside world. By smuggling out the sheik's messages, they said, Stewart strayed far across the invisible boundary between zealous advocacy and criminal conspiracy.

Stewart acknowledged as much in a letter to Koeltl before her sentencing. "I inadvertently allowed those with other agendas to corrupt the most precious and inviolate basis of our profession -- the attorney-client relationship," she wrote.

Koeltl also rejected the government's request for a 20-year sentence for Yousry, the translator, meting out a far shorter sentence of 20 months. Yousry, prosecutors acknowledged during the trial, was not a practicing Muslim, disliked fundamentalism and did not believe in violence; nonetheless they successfully argued that he -- at Stewart's direction -- had helped Rahman take his messages to the outside world.

Koeltl gave a far more substantial 24-year sentence to Sattar, a postal worker and legal aide who was found to have spoken by phone with known terrorists in the Middle East. This sentence, however, still fell short of the sentence requested by prosecutors.

The judge allowed Stewart and Yousry to remain free while they appeal their convictions, a process that could stretch for more than a year. This will enable Stewart, who was recently diagnosed with breast cancer, to continue to receive treatment.

"Am I surprised? I'm happy," Stewart's attorney, Elizabeth Fink, said afterward as she walked north from the courthouse toward a celebration in Chinatown. "It could have been much, much worse."

Lawyer, Facing 30 Years, Gets 28 Months, To Dismay Of U.S. (NYT)

By Julia Preston

The New York Times, October 17, 2006

Lynne F. Stewart, the radical defense lawyer, was sentenced yesterday to two years and four months in prison on charges that she smuggled messages from an imprisoned terrorist client to his violent followers in Egypt.

The sentence, handed down by Judge John G. Koeltl in Federal District Court in Manhattan, was significantly lower than the 30 years sought by prosecutors. He cited the service Ms. Stewart, who is 67, had provided in her three-decade career as a government-appointed lawyer for unsavory criminals and penniless outcasts.

The judge allowed her to remain free on bail while a higher court hears her appeal, saying there was a possibility that her conviction might be overturned.

The sentence was an unexpected setback for the Justice Department in a case the Bush administration has frequently highlighted to show the effectiveness of its tough policy on terror prosecutions. Former Attorney General John Ashcroft devoted a chapter to it in his recent memoir. Defense lawyers and other supporters of Ms. Stewart had warned that a severe sentence would have a chilling effect, dissuading others from representing clients accused of terrorism.

In a brief statement to the judge before the sentence, Ms. Stewart, shaking and barely suppressing tears, refrained from political comment or discussion of her case, but noted that she would never be permitted to practice law again.

"The end of my career is truly like a sword in my side," she said. "I don't want to be in prison," she pleaded. "Permit me to live in the world and live out my life, productively, lovingly, righteously."

Ms. Stewart's lawyers, citing her recent bout of breast cancer, had asked the judge not to give her any prison time.

But Judge Koeltl said there had been "an irreducible core of extraordinarily severe criminal conduct" in her actions on behalf of the client, Sheik Omar Abdel Rahman, a blind fundamentalist Islamic cleric who is serving a life sentence for plotting to bomb New York City landmarks. Ms. Stewart was convicted on Feb. 10, 2005, of conspiring to provide material aid to terrorism by smuggling the sheik's messages encouraging violence by his militant followers in Egypt.

While agreeing that Ms. Stewart had flouted the law and deceived the government by breaking prison rules to publicize the sheik's messages, Judge Koeltl broadly rejected the prosecutors' portrayal of her as a serial liar and terrorist conspirator who would be a danger to society if she remained free.

Instead, he focused on her past service as a lawyer. "She has represented the poor, the disadvantaged and the unpopular," Judge Koeltl said, adding that Ms. Stewart had demonstrated "enormous skill and dedication" in her legal work and earned little money from it.

"It is no exaggeration to say that Ms. Stewart performed a public service not only to her clients but to the nation," Judge Koeltl told a crowded but hushed courtroom.

The judge acknowledged that Ms. Stewart's crimes were "serious, involved dishonesty and breach of trust," and led to "potentially lethal consequences." But he appears to have been impressed by about 1,100 letters of support she received from law professors, former prosecutors, retired judges and former clients. Among the clients was Matias Reyes, a federal inmate who told how she helped him confess that he was the true attacker in the infamous Central Park jogger case, after others had been wrongfully convicted.

The judge pointed out that Ms. Stewart would lose her license to practice law as a result of her conviction and sentence, which he said was a form of punishment, and that she is barred from having any contact with Mr. Abdel Rahman. He said the chance that her crimes would recur was "nil," and noted there had been no evidence that anyone was harmed as a result of her actions.

He also mentioned that there was a "statistically significant" chance that Ms. Stewart's breast cancer would recur.

As the judge read the sentence, Ms. Stewart's face brightened with a grin of surprised relief. She flashed a quick clenched fist of victory to her relatives in the gallery.

Judge Koeltl imposed a relatively tough sentence on one of Ms. Stewart's co-defendants, though it also fell short of what the government had sought. A former Staten Island postal worker, Ahmed Abdel Sattar, 46, was sentenced to 24 years in prison for negotiating by telephone with a follower of the sheik's who was an associate of Osama bin Laden's to try to bring an end to a cease-fire by Mr. Abdel Rahman's group in Egypt. Mr. Sattar also wrote and released a statement he called a fatwa, or religious edict, calling for the killing of Jews. Prosecutors had asked for a life sentence.

The third co-defendant, Mohamed Yousry, 51, Ms. Stewart's Arabic translator in her discussions with the sheik, was sentenced to one year and eight months in prison.

Judge Koeltl said that Mr. Yousry was "the necessary link" in a conspiracy with Ms. Stewart to smuggle prohibited letters into prison for the sheik and convey his replies to his followers. Prosecutors wanted Mr. Yousry to serve 20 years in prison.

Michael J. Garcia, the United States attorney in Manhattan, attended the sentencing yesterday. He and his prosecutors left the courtroom without comment. "The government is disappointed in the sentences imposed today," Mr. Garcia said in a statement later. "We will be exploring our appellate options."

One of his assistants, Andrew Dember, had said before the sentencing that Ms. Stewart knew that she was smuggling terrorist messages. "She stepped over the line from being a lawyer to being a clear-cut criminal," he said, who had "endangered the lives of innocents."

Mr. Dember dismissed the notion that Ms. Stewart's sentence could have a chilling effect, saying that none of her actions "had anything to do with legitimate lawyering or legal representation of her client."

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One of Ms. Stewart's lawyers, Joshua L. Dratel, said the judge did not need to impose a severe sentence because "the message has been sent loud and clear" that Ms. Stewart committed serious mistakes and lapses of judgment in representing the sheik, as she acknowledged in recent weeks.

When Ms. Stewart emerged from the courthouse, a few blocks from the World Trade Center site in Lower Manhattan, she was greeted with bouquets of roses from a crowded of elated, cheering supporters who had waited outside for hours after being blocked by federal marshals from attending the proceedings.

"This is a great victory against an overreaching government," Ms. Stewart said, returning to her familiar feisty rhetoric, as she was embraced by her husband, Ralph Poynter, and her three grandchildren. "I hope the government realizes their error, because I am back out," she said. "And I am staying out until after an appeal that I hope will vindicate me, that I hope will make me back into the lawyer that I was."

Ms. Stewart said she was grateful to the judge for giving her "time off for good behavior." She had been ready to go straight to jail when she came to court, she said, carrying a pair of sweat pants in a plastic bag. She said if she eventually has to serve the 28-month sentence, "I could do it standing on my head."

Radical US Lawyer Gets Jail Term For Terrorism Conviction (AFP-Y)

AFP, October 17, 2006

A radical US rights lawyer convicted of conspiring with terrorists by acting as a go-between for a jailed Egyptian cleric and his militant followers was sentenced to 28 months in jail.

Lynne Stewart, 67, was convicted in February 2005 of lying to the government and conspiring with her client, Sheikh Omar Abdel Rahman, to convey messages to his militant disciples in Egypt and inciting them to violence.

The sentence was far below prosecutors' requests for a 30-year term.

Her sentencing had been delayed while the veteran attorney and grandmother underwent treatment for breast cancer.

In a letter to Judge John Koeltl before her sentencing Monday, Stewart pleaded for a lenient sentence, insisting she was a well-intentioned lawyer who had made a lapse in judgement.

"I am not a traitor. The government's characterisation of me and what occurred is inaccurate and untrue. It takes unfair advantage of the climate of urgency and hysteria that followed 9/11," she wrote, referring to the September 11, 2001 attacks on New York and Washington.

Neither Stewart's supporters nor prosecutors offered any immediate reaction to the sentence.

Abdel Rahman was jailed for life after being convicted in 1995 of conspiring to blow up New York landmarks and assassinate Egyptian President Hosni Mubarak.

Stewart's two co-defendants, US postal worker Ahmed Sattar and Arabic translator Mohammed Yousry were also up for sentencing Monday.

Ever since she was charged, Stewart has insisted she was being unfairly targeted for her unorthodox choice of clients over a 30-year career that has seen her represent mobsters and political radicals.

US Attorney General Alberto Gonzales said at the time the verdict was an "important step" in the Department of Justice's "war on terror".

Giving testimony during the trial, Stewart had insisted that she neither abetted nor endorsed the concept of Islamic holy war held by Abdel Rahman.

Prosecutors held that between 1997 and 2002, Stewart and her co-defendants helped Abdel Rahman pass messages to his followers in violation of government restrictions on his right to communicate with the outside world.

In particular, the prosecutors said, Abdel Rahman used the three defendants to exhort his militant Islamic group to break a ceasefire with the Egyptian government.

Defense Attorney Stewart Gets 26-Month Sentence (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 17, 2006

Veteran defense attorney Lynne Stewart cried tears of relief Monday as a federal judge ordered her to serve a dramatically lower sentence than prosecutors had requested for her conviction on providing material support to a terrorist conspiracy.

Southern District Judge John Koeltl gave Stewart a sentence of only 28 months. The government had asked for 30 years behind bars.

Weighing in Stewart's favor, the judge said, were her years of service to the poor, the disadvantaged and the unpopular; her battle with cancer and the fact that her actions, though reprehensible, did not result in violence.

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Stewart was also allowed to remain free on bail pending her appeal for convictions for providing and concealing material support, conspiring to do so, making false statements and defrauding the government.

The result produced the bizarre spectacle of a victory celebration following a criminal sentencing, with Stewart holding flowers and chanting "yes" with supporters outside the Daniel Patrick Moynihan Courthouse. The rulings came after emotional pleas by defense lawyers Elizabeth Fink, Joshua Dratel and Jill Shellow-Levine, who argued that the federal sentencing guidelines' call for a lengthy prison term did not fit the circumstances of the crimes Stewart actually committed.

Indeed, Judge Koeltl, before he announced he was giving Stewart a "non-guidelines" sentence, pronounced a guidelines enhancement for a crime of terrorism, one that would have increased her prison term significantly, "dramatically unreasonable in the case of Ms. Stewart."

The judge made the same finding for co-defendant Ahmed Abdel Sattar, who was convicted of the more serious crime of conspiracy to kill or kidnap people in another country, as he gave him a 24-year prison term. The government had sought life behind bars for Sattar.

Monday, U.S. Attorney Michael Garcia released a statement saying he was "disappointed" in the sentences and was weighing an appeal.

The sentences came 4 1/2 years after Attorney General John Ashcroft announced the indictment of Stewart, Sattar and interpreter Mohamed Yousry in a plot to pass messages to and from the Egyptian-based Islamic Group to imprisoned Sheik Omar Abdel-Rahman. Yousry was sentenced Monday to 20 months in prison.

Sheik Abdel-Rahman, considered the spiritual leader of Islamic Group, was serving a life sentence for a terror plot against the United States. He had been placed under Special Administrative Measures (SAMs) by the Bureau of Prisons to prevent him from communicating with his followers in the group.

Stewart was convicted of defrauding the government by signing attorney affirmations promising to abide by the SAMs and of providing material support along with Yousry by helping the sheik send and receive messages in prison.

'POTENTIALLY LETHAL'

Her most "potentially lethal" action, Judge Koeltl said, was in June 2000, when she read a press release to a reporter indicating that the sheik was withdrawing his support for a "cease-fire" or cessation of attacks against the Egyptian government.

Sattar served as a paralegal for Stewart and other defense lawyers at the sheik's 1995 trial for seditious conspiracy against the United States in connection with a plot to bomb New York City landmarks. At this trial, Sattar was accused by the government of being the "communications hub" for Islamic Group and the spearhead of efforts to have the sheik freed from prison.

Sattar was recorded on government surveillance tapes as plotting with a high-ranking militant in Islamic Group named Taha to resume the group's campaign against the Egyptian government -- a campaign that, before the cease-fire became widely accepted by the membership, included the 1997 massacre of 62 people at an archeological site in Luxor, Egypt.

He also admitted that he drafted a religious edict, or fatwa, in Sheik Abdel-Rahman's name calling for the murder of Jews around the world.

Stewart and Yousry were convicted of assisting this effort by acting as a conduit to the sheik, transporting messages from Taha to him. Stewart was caught on tape making, and bragging about making, covering noises to distract corrections officers while Yousry and the sheik communicated. Prosecutors Andrew Dember and Robin Baker objected to the judge's decision to give the trio non-guidelines sentences.

'DOWNWARD VARIANCE'

Instead of giving a guidelines sentence to Stewart and her co-defendants and downwardly departing within the framework of the guidelines, Judge Koeltl adopted what he called a "downward variance."

The judge seemed to vindicate the contention of Stewart's attorneys that the indictment against her, and the possibility of the rest of her life in prison, was wholly disproportionate to her actions.

But Judge Koeltl, while commending Stewart for a life of public service, also had some harsh words for the 67-year-old grandmother, saying she "abused her position as a lawyer to gain access to Sheik Abdel-Rahman and used that access" to smuggle messages to terrorists.

In the end, the judge said the impending loss of her license to practice law, and the fact that she would therefore no longer be in a position to repeat her crime, was a factor in his decision.

So too was Stewart's treatment for breast cancer.

Fink seemed to test the judge's patience by arguing that Stewart would receive poor medical treatment in prison and by claiming her client would be "tortured" behind bars because she was convicted of a terrorist offense.

The lower-than-expected sentence given to Sattar set the stage for Stewart's lawyers to confidently argue she should receive no prison time at all.

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It also gave Dember warning that he was fighting an uphill battle in arguing for a longer sentence. Dember reminded the court that Stewart "repeatedly lied to and deceived the government" -- first when she smuggled in a message from Taha urging the sheik to withdraw his support for the cease-fire on terror attacks in 1999, then again when she signed an affirmation in 2000 promising to comply with the SAMs, and then still again after she issued the press release and "was confronted, and required to sign a new affirmation."

Dember aggressively rejected Stewart's claim that she was merely advocating for her client, saying that "smuggling terrorist messages" into and out of prison "has nothing to do with legitimate legal representation."

'SERIOUS CRIMINAL CONDUCT'

This was not merely "a violation of some administrative rule" but "serious criminal conduct," he said, and Stewart knew it because she spoke on the phone to Yousry after the press release was issued, and before a "clarifying" press release on the sheik's position was to be issued and said "she didn't do this lightly" and was "risking her whole career."

"She didn't step over a line that was fine, or thin, or blurry," Dember said. "She stepped over a line that was clear."

Dratel answered by arguing that the government "robs this case of context."

Dember ridiculed the defense claim that the prosecution of Stewart was meant to send a message to lawyers willing to defend the rights of those accused of, or convicted of, terrorist plots.

The prosecution, he said, was brought "not because she represents unpopular clients nor to deter defense counsel from involvement in terrorist-related cases ... or to chill them," he said. "And this had nothing whatsoever to do with 9/11."

He reminded the judge that terrorism prosecutor Patrick Fitzgerald had wanted to launch a criminal investigation into Stewart's actions, but was told to "stand down" because there was an ongoing "intelligence investigation under way."

But Dratel insisted that the government wanted to "chill" aggressive defense tactics in terror cases and make an example of Stewart.

'UNWARRANTED OVERKILL'

Among the some 400 letters sent to the judge in support of Stewart was one that came from Jo Ann Harris, former assistant attorney general in charge of the Justice Department's Criminal Division and now in private practice. Harris' letter accused the government of "unwarranted overkill" in charging Stewart. It is not every day that a criminal defendant celebrates a prison sentence, but Stewart walked out of the courthouse acting like a champ.

She had entered 500 Pearl St. somber and appearing shaken -- even after she was serenaded by dozens of supporters who had been denied admission to the overcrowded 12th floor courtroom. Some in the crowd sang the "Glory Hallelujah" refrain from "The Battle Hymn of the Republic" while others chanted, "Set Lynne free."

But as Judge Koeltl began to hint at a low sentence, Stewart and members of her legal team began to perk up. When he finally announced his decision, there were broad smiles and, once a break was announced, Stewart was enveloped in hugs from her family, friends and attorneys.

Later, outside the courthouse, addressing a crowd of about 150 supporters chanted, "The people, united, will never be defeated." Stewart was handed a bouquet of red roses and told the gathering, "I love you." Stewart quoted one of her former clients on the old saw of receiving a light sentence, saying she could serve the 28 months "standing" on her "head."

She then checked herself and said she did not want to be seen as being "in the face" of the government and was humbled by the experience.

Her relief was shared by lawyers David Stern and David Ruhnke for Yousry.

Attorneys Kenneth Paul and Barry Fallick, representing Sattar, were more subdued, but nonetheless gratified the judge did not embrace the recommendations of the government and the U.S. Probation Department. "We were expecting life," Paul said.

The Associated Press contributed to this report.

The Sheik's Apprentice (WSJ)

The Wall Street Journal, October 17, 2006

It was a case of radical chic and the radical sheik. Yesterday in New York, Lynne Stewart, a self-styled "civil rights" attorney whose past clients include the Black Panthers and Weather Underground, was sentenced to 28 months in prison for illegally passing messages between her imprisoned client, Sheik Omar Abdel-Rahman, and his followers in Egypt's Al-Gama'a al-Islamiyya, the terrorist group responsible for killing 62 mostly European and Japanese tourists in Luxor in 1997. Some of those tourists were beheaded; others were disemboweled. The Sheik was also involved in planning terror attacks in New York, for which he is serving a life sentence.

In an age when courts routinely impose five-year prison terms for drug offenders, and life sentences on former CEOs, 28 months may not seem an appropriate sentence for a terrorist accomplice, especially when the government sought 30 years. Ms. Stewart certainly had the sympathy of the judge, John Koeltl, who praised her as a champion of "the poor, the disadvantaged

and the unpopular." She herself seems to have had few misgivings about her actions: "The government's characterization of me and what occurred is inaccurate and untrue," she told the judge. "It takes unfair advantage of the climate of urgency and hysteria that followed 9/11."

In similar circumstances -- albeit with a different defendant -- a case could be made for leniency. Ms. Stewart is 67 and recovering from breast cancer. But remorse is also a prerequisite for mercy, and Ms. Stewart shows none, either for her crime or for the arc of a career which flows too naturally from championing the "liberation" movements of the 1960s to the Islamists of the present day. What her clients have in common is that they loathe America.

Now she basks in the pity and praise of her fellow radical travelers, who haven't seemed to spare much thought for the victims of Luxor. It says everything about her, and about them.

Judge Goes Soft On Terror Lawyer (NYDN)

New York Daily News, October 17, 2006

<USnew_edit>Ah, mercy has a human heart, pity a human face. No hangin' judge is John Koeltl of the federal bench, who yesterday outrageously handed radical lawyer Lynne Stewart just 28 months in prison, rather less than the 30 years prosecutors wanted her to serve for helping a terrorist bomber transmit messages to fanatic followers.

Perhaps kindly Judge Koeltl was touched by the sight of Stewart, all her revolutionary bravado fled, blubbering that the end of her legal career "is like a sword in my side." Perhaps he was moved by the defense argument that Stewart, who is 67 and ailing, would die behind bars if a sentence of any reasonable length were imposed.

Or perhaps he just felt that two-something years is enough for the very grave crime she committed. He seemed to say so, on the one hand finding Stewart guilty of "extraordinarily severe criminal conduct" while on the other hand portraying her as a sainted provider of lawyering to "poor, disadvantaged and unpopular clients." Stewart had provided "a public service, not only to her clients but to the nation," Koeltl concluded. Sort of like Mother Teresa with a law degree.

Let us disagree. It will never be known what secret codes might have been in those communications she enabled Sheik Omar Abdel-Rahman to dispatch from his cell or how many jihadist plots they resulted in. The sheik was only the man who had plotted to blow up city landmarks and assassinate the president of Egypt. And Lynne Stewart, consciously and knowingly, gave him material assistance. It is jaw-dropping that she ended up standing before a soft touch like Koeltl. From somewhere across the sea, we believe we hear a few terrorists chuckling in delighted satisfaction.

"I am not a traitor," she wailed, and presumably by her own lights, she sincerely believes that. But even some underworld mouthpiece caught carrying some imprisoned mob czar's instructions to his torpedoes outside gets more than 28 months.

Lynne Stewart has never been one to appreciate the many blessings of this system she has for so long ranted and railed against. We do not expect her to be more than fleetingly grateful at this time for the absurd pass this system has just given her.

<USnew_edit>Calling all bravest

The Fire Department has extended the application deadline for one of the best and most respected jobs, that being a city firefighter. If you are interested in good-paying public service and believe you have what it takes to do the heroic, the deadline for submitting papers is now Nov. 3. And if you are minority or female, all the better.

The FDNY is conducting one of the most aggressive recruitment drives in its history, searching for the most qualified candidates and hoping in the process that the force becomes more reflective of the city's population. The early signs offer some grounds for optimism.

More than 42,000 people have inquired about taking the hiring exam, two-thirds of whom were minorities or women. Of those, more than 12,000 have paid the $30 application fee, and 30% were minorities or women. That's double the minority representation when the fire exam was last given. And the number suggests that the FDNY's community outreach has paid off, at least preliminarily.

But there is a long way to go. Jobs will go only to those who ace the written and physical exams. The FDNY is planning test prep courses. These must be as thorough as the department's recruitment has been so all candidates have the chance to do their best. The word is out, New Yorkers: The FDNY wants you.

<USnew_edit>Hevesi, original recipe

Democrat Andrew Cuomo and Republican Jeanine Pirro debated Sunday and they will discuss the issues in the race for attorney general again today. Sen. Hillary Clinton and GOP challenger John Spencer are scheduled to have back-and-forths Friday and Sunday. Gubernatorial contenders Eliot Spitzer and John Faso have gone two rounds, and Spitzer said yesterday that fellow Democrat Alan Hevesi (left) should step forth to debate the GOP's Chris Callaghan. That would mean braving an appearance with a rival who flat-out calls Hevesi a thief for assigning a state worker to chauffeur Hevesi's wife at a cost of at least $82,688. And so Hevesi is staying cooped up. "Cluck, cluck," said his spokesman.

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Jury Chosen For Chicago Terrorism Trial (BVND)

The Belleville News Democrat, October 17, 2006

CHICAGO - A jury was chosen Monday for the federal trial of two men accused of supplying money and recruits to the Palestinian terrorist organization Hamas.

Opening statements were set for 9:30 a.m. Thursday at the trial of suburban Chicago grocer Muhammad Salah, 53, and former university professor Abdelhaleem Ashqar, 48, of Alexandria, Va.

U.S. District Judge Amy J. St. Eve overruled objections from federal prosecutors that defense attorneys had acted to keep whites from serving on the jury.

The defense was allowed to strike 10 prospective jurors from the list without showing cause as to why they should not serve. Such strikes cannot be for reasons such as race or ethnicity.

Prosecutors noted that nine of the 10 struck by the defense were white and asked St. Eve to restore four of them to the list. But the judge held that in each case there was a non-racial explanation.

Salah and Ashqar are accused of taking part in a 15-year conspiracy in which money was funneled into U.S. bank accounts and delivered to Hamas military cells.

Recruits also are suspected of being mustered in the United States and sent to join Hamas forces trying to topple the Israeli government.

Both men deny they are members of Hamas and say they are innocent of the federal racketeering conspiracy charges.

U.S. Faces Obstacles To Freeing Detainees (WP)

By Craig Whitlock, Washington Post Foreign Service

The Washington Post, October 17, 2006

Allies Block Returns From Guantanamo

BERLIN -- British Foreign Secretary Margaret Beckett last week issued the latest European demand to close down the U.S. military prison at Guantanamo Bay, Cuba. The existence of the prison is "unacceptable" and fuels Islamic radicalism around the world, she said, echoing a recent chorus of complaints from Europe about U.S. counterterrorism policy.

Behind the scenes, however, the British government has repeatedly blocked efforts to let some prisoners leave Guantanamo and return home.

According to documents made public this month in London, officials there recently rejected a U.S. offer to transfer 10 former British residents from Guantanamo to the United Kingdom, arguing that it would be too expensive to keep them under surveillance. Britain has also staved off a legal challenge by the relatives of some prisoners who sued to require the British government to seek their release.

Other European governments, which have been equally vocal in assailing Guantanamo as a human rights liability, have also balked at accepting prisoner transfers. A Turkish citizen who was born and raised in Germany was finally permitted to return from Guantanamo in August, four years after the German government turned down a U.S. proposal to release him.

In addition, virtually every country in Europe refused to grant asylum to several Guantanamo prisoners from China who were not being sent home because of fears they could face political harassment there. The Balkan nation of Albania agreed to take in five of the Chinese in May, but only after more than 100 other nations rebuffed U.S. pleas to accept them on humanitarian grounds, State Department officials said.

"In practical terms, it's not enough to say, 'Guantanamo should be closed,' without suggesting the next sentence: What do you do with the people who are there?" John B. Bellinger III, the State Department's chief legal adviser, said during a visit to Berlin last week to meet with German counterterrorism officials.

There are about 435 prisoners from about 40 countries at Guantanamo, according to the Pentagon. Military tribunals have concluded that about one-quarter of the prisoners are not a security risk, or are otherwise eligible for release or transfer.

Ultimately, Bellinger said, U.S. officials expect 60 to 80 prisoners to face trial by military commission. The rest will be released, though many of them might face charges or other restrictions in their home countries.

But those whom the Pentagon wants to free often have nowhere to go. In many cases, their native countries don't want them or have challenged their nationalities. Also slowing the process is a U.S. policy stipulating that prisoners cannot be transferred to nations with a record of human rights violations unless there are written assurances that they won't be mistreated.

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The Pentagon has already freed all but a few European citizens from Guantanamo. But U.S. officials have struggled to persuade Britain, Germany and other allies in Europe to accept prisoners who once had legal residency there, or who are effectively stateless.

"We think countries whose nationals are in Guantanamo ought to take responsibility for them," Bellinger said. "We have also, in certain cases, encouraged European governments to see if they would be eager to take detainees of other nationalities."

So far, there have been few takers.

Although Albania agreed to accept the five Chinese prisoners -- all ethnic Uighur Muslims -- the United States is still looking for a home for 17 Uighurs who remain at Guantanamo. Several European countries with small Uighur immigrant populations declined to give the prisoners asylum after receiving pressure from the Chinese government, which wants to extradite the Uighurs and try them on terrorism charges, according to U.S. and European officials.

Among those countries is Germany, which also balked for years at allowing a German native, Murat Kurnaz, to return even though U.S. military intelligence and German law enforcement officials had largely concluded there was no information tying him to al-Qaeda or terrorist activities, U.S. and German documents show.

In 2002, U.S. officials indicated they were willing to release Kurnaz, who was born and raised in Germany but holds Turkish citizenship. But the German government barred him from returning.

The official explanation: Kurnaz had failed to renew his German residency permit while he was locked up at Guantanamo. But German diplomats acknowledged that they saw no reason to take Kurnaz back and that they considered him an American problem.

"It was a shame what happened," said one of his attorneys, Bernhard Docke. "It was a kind of excuse for being passive and just watching what was going on. If Germany had done something then, it would have kept him from having to spend another four years in Guantanamo."

European officials say the United States deserves the bulk of the blame for delaying the release of inmates who have been found not to be a threat.

In January, new German Chancellor Angela Merkel raised Kurnaz's case in visits to the White House and said her country had changed its mind. But it took until August to secure his release, largely because U.S. officials insisted he be indicted or placed under 24-hour surveillance. The Bush administration ultimately relented after Germany refused, according to German officials and Kurnaz's lawyers.

Some of the strongest resistance to helping Guantanamo inmates has come from Britain, America's closest ally on counterterrorism matters.

Despite the presence of British troops in Afghanistan and Iraq, as well as a longtime special relationship between U.S. and British intelligence agencies, British officials have become increasingly blunt in their calls for the closure of Guantanamo on moral and legal grounds.

Beckett, the foreign secretary, said Thursday that Guantanamo was "unacceptable in terms of human rights" and added that it was "ineffective in terms of counterterrorism."

In an interview last month with The Washington Post, Charles Falconer, one of the highest-ranking justice officials in Britain, accused the United States of a willingness "to do things beyond the law." He has also called Guantanamo "an affront to the principles of democracy."

While all British citizens in Guantanamo were freed starting in 2004, Britain has balked at allowing former legal residents of the country to return. British officials say they are under no legal obligation to intercede on their behalf because they lack citizenship.

It's unclear exactly how many British residents remain in prison at the U.S. military base in Cuba. British officials said there are nine who were residents of the United Kingdom at one time, four of them illegally. U.S. officials say there are 10, court papers show.

According to an affidavit filed in a London court case by David F. Richmond, director general of defense and intelligence for the British Foreign Office, U.S. officials informally floated a proposal in June to see whether Britain would be willing to accept the transfer of all 10 prisoners. Court papers show that Britain nixed the idea, saying it would be too costly and difficult to meet U.S. conditions to keep the men under constant surveillance.

George Brent Mickum IV, a Washington lawyer, represents two of the British residents, Jamil el-Banna, a Palestinian with Jordanian citizenship who legally moved to Britain in 1994, and Bisher al-Rawi, an Iraqi citizen who immigrated to Britain as a teenager in 1984. He said his clients would much rather return to London, even if it meant restrictions on their liberty there. But he said Britain was clearly opposed to the idea, under any circumstances.

"As far as I'm concerned, they can put them under whatever surveillance they want -- they're infinitely better off in Britain," Mickum said. "But the British have indicated to me that they are adamant. They do not want these guys back."

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The British security service known as MI5 played an instrumental role in sending Banna and Rawi to Guantanamo in the first place.

The men were seized in 2002 during a business trip to West Africa, taken to a secret CIA prison in Afghanistan and later shipped to Cuba. Documents show that British agents tipped off the CIA to the men's whereabouts after they had refused to work as informants for MI5 in London.

Researcher Julie Tate in Washington contributed to this report.

Why Democrats Oppose Military Commissions Act (WSJ)

By Steny Hoyer and Ike Skelton

Wall Street Journal, October 17, 2006

Your assertion ("Democrats on al Qaeda," Review & Outlook, Oct. 2) that Democrats will not be tough on terrorism because many of us opposed the Republicans' Military Commissions Act is offensive and untrue. The party of Wilson, Roosevelt, Truman, Kennedy and Clinton takes a back seat to no one in protecting our nation and our people. We have always fought for freedom and confronted tyranny -- and do so today.

Our national security interests are best served when we interrogate and try terrorist suspects in a manner that comports with our American values; produces convictions that will withstand appeals; and honors our international commitments, thereby protecting our troops who fall into enemy hands. We believe the Republican bill failed on each point.

If anything, the Military Commissions Act is not tough enough on terrorists because there is no certainty the act will withstand the scrutiny of the Supreme Court. If the act is tied up in litigation and eventually struck down, convicted terrorists could have a "get-out-of-jail-free" card. During the debate on the legislation, we pointed to numerous constitutional challenges that will likely be brought against the act, such as that it unlawfully strips federal courts of jurisdiction over habeas corpus claims; creates ex post facto laws in violation of Article I; purports to make the president the final arbiter of the Geneva Conventions, in violation of Article 3; and because of the way it is written, may apply to U.S. citizens -- as well as non-citizens -- and allow coerced testimony in violation of the 5th, 8th and 14th Amendments.

Will The Supreme Court Shackle New Tribunal Law? (CSM)

By Warren Richey

The Christian Science Monitor, October 17, 2006

The terror legislation set to be signed into law Tuesday by President Bush sits atop an ideological fault line that sharply divides the US Supreme Court and highlights the emerging power of Justice Anthony Kennedy.

The new law rejects at least five key holdings by the liberal wing of the court and sets the stage for what many analysts believe will be yet another historic showdown between the courts, the president, and Congress.

Mr. Bush's authorization of the Military Commissions Act of 2006 will trigger a barrage of challenges asking judges to strike down the law as illegal, unconstitutional, or both. And it has sparked a heated debate among legal scholars and lawmakers.

Senate Judiciary Committee Chairman Arlen Specter (R) of Pennsylvania, who voted for the law, nonetheless told his colleagues just prior to its passage that he doubted the Military Commissions Act would survive judicial scrutiny. Others disagreed. "I bet you dollars to doughnuts when the Supreme Court gets hold of our work product, they are going to approve it," Sen. Lindsey Graham (R) of South Carolina said in a speech on the Senate floor.

The Military Commissions Act of 2006 establishes rules for trying Al Qaeda suspects for war crimes before special military tribunals. It somewhat narrows the protections of the Geneva Conventions available to detainees in the war on terror. And it tosses several hundred detainee lawsuits out of the federal courts, replacing rigorous habeas corpus review with a more constrained and streamlined appeals process.

The sharp divide at the Supreme Court is driven by a fundamental disagreement over the proper level of judicial oversight of the war on terror. Liberal justices seek more aggressive oversight to protect individual liberties. Conservatives favor granting more deference and flexibility to the president/ commander in chief during times of war. Kennedy's key role

Although the votes of specific justices have sometimes been difficult to predict, there are signs that a familiar pattern is emerging in cases dealing with the war on terror. Just as in hot-button social issues like affirmative action and so-called partial-birth abortion, the balance of power in potential landmark national-security cases appears increasingly to rest in the hands of Justice Kennedy.

Of the three major high-court precedents dealing with the war on terror - the Hamdi and Rasul decisions announced in 2004 and the Hamdan decision in June 2006 - Kennedy voted in the majority in all three. Most important, his was the least restrictive opinion of the five-justice liberal majority that struck down Bush's military commission process in June. That is,

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Kennedy was reluctant to go as far as Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg, and Stephen Breyer in limiting Bush's options in the war on terror.

However, he was even more reluctant to grant the president the broad discretion that analysts say would have resulted in the approach favored by Chief Justice John Roberts and Justices Antonin Scalia, Clarence Thomas, and Samuel Alito.

Instead, Kennedy joined the liberal wing in the Hamdan decision, but once there, he adopted a more centrist stance. He invited Congress to strike the proper balance between protecting national security while also upholding international human rights treaties. "Congress, not the court, is the branch in the better position to undertake the sensitive task of establishing a principle not inconsistent with the national interest or international justice," Kennedy wrote in his concurrence to the Hamdan decision.

The Republican-controlled Congress eagerly accepted the invitation. But if Justice Stevens's Hamdan decision was a rebuke of Bush's terror policies, as many analysts have opined, the Military Commissions Act is a counterrebuke of the liberal wing of the high court - including Kennedy.

The new law rejects much of the liberal wing's approach in the Rasul and Hamdan decisions.

· It rejects the high court's view (in the Rasul decision) that suspected Al Qaeda members detained at Guantánamo Bay, Cuba, must be afforded the right to file habeas corpus challenges in US courts.

· It rejects Stevens's majority opinion (in the Hamdan decision) that the Detainee Treatment Act of 2005 did not retroactively strip the Supreme Court (and other federal courts) of jurisdiction to hear habeas corpus challenges filed by Guantánamo detainees.

· It rejects the conclusion of four justices in the liberal wing (in Hamdan) that Al Qaeda defendants on trial before military commissions must be allowed to attend their entire trial and confront all evidence being used against them - even when the evidence is classified.

· It rejects the conclusion of the Stevens plurality in the Hamdan decision that conspiracy is not a war crime and thus cannot be the basis of a trial before a military commission operating under the Law of War.

· And it rejects the liberal wing's more expansive view (in Hamdan) of the applicability of Common Article 3 of the Geneva Conventions to Al Qaeda suspects. That provision gives a base line of human rights protections for detainees.

Although Congress and the Bush administration acknowledge that Common Article 3 applies in the war on terror, the Military Commissions Act interprets the treaty in a way that narrows its protections and retroactively provides a defense for US officials who engaged in harsh interrogation tactics such as simulated drowning and induced hypothermia.

Human rights workers say such harsh tactics violate the treaty. Administration officials deny that US personnel have engaged in torture or unlawfully cruel conduct during interrogations. What a new case could revolve around

Ultimately, if the Military Commissions Act winds up before the high court, the outcome may turn on how Kennedy interprets a single paragraph in the 2004 Hamdi decision. At issue in that case was whether a US citizen could be held indefinitely as an enemy combatant. Justice Sandra Day O'Connor (who has since retired) wrote a plurality opinion joined by Kennedy. It said that a citizen-detainee accused of being an enemy combatant must be able to examine the factual basis for his detention and be given a fair opportunity to rebut the government's allegations before a neutral decisionmaker.

Allowing a detainee to file a habeas corpus petition to a federal judge would satisfy this standard, the court said. But the Hamdi opinion continues: "There remains the possibility that the standards we have articulated could be met by an appropriately authorized and properly constituted military tribunal." The opinion cites Army Regulation 190-8 as an appropriate substitute.

In the aftermath of both the Hamdi and Rasul decisions, the Defense Department was searching for a way to avoid a flood of habeas corpus petitions filed on behalf of Guantánamo detainees to federal judges in Washington. Defense officials relied on that key paragraph in the Hamdi decision and created the Combat Status Review Tribunal system, modeled on Army Regulation 190-8. It involves three officers who review evidence supporting a detainee's designation as an enemy combatant.

The thinking was that if the Supreme Court endorsed such a system as a constitutional alternative to habeas corpus review for US citizens in the Hamdi case, the same system should provide more than enough due process to noncitizen enemy combatants being held at Guantánamo.

If Kennedy agrees with this position, the Military Commissions Act would probably survive its most serious legal challenge. But Kennedy's stance on this issue is unclear.

Lawyers for Guantánamo detainees say that Combat Status Review Tribunals (CSRT) fall far short of the fair procedures required in the Hamdi case. "They are a sham," says Thomas Wilner, one of the lead Guantánamo defense lawyers who won the Rasul case and is continuing to litigate related issues at the federal appeals court in Washington. "They did not give what Hamdi said you have to give - the minimal basic due process requirement."

The requirement includes that a detainee receive prior notice of all accusations being made against him and a fair opportunity to confront those charges before a neutral decisionmaker.

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When the evidence is classified, a declassified summary doesn't always provide enough information to enable a detainee to defend himself, defense lawyers say.

In one CSRT hearing, the detainee was accused of associating with a known Al Qaeda operative in Bosnia.

"Give me his name," the detainee said.

The tribunal president said he didn't know the name.

"How can I respond to this?" the detainee asked.

"Did you know of anybody who was a member of Al Qaeda?" the tribunal president asked.

"No, no."

The detainee added, "This is something the interrogators told me a long while ago. I asked the interrogators to tell me who this person was.... If you tell me the name, then I can respond and defend myself against this accusation."

Defense lawyers say that unlike previous wars, most of the US detainees at Guantánamo Bay weren't captured by US soldiers on a battlefield. Many were "sold" to the Americans by Pakistanis and Afghans seeking payment of US bounties for Al Qaeda members even when their Al Qaeda involvement was less than clear. Defense lawyers say this is why there may be a significant number of innocent detainees among those being held at Guantánamo.

This is complicated by the widely held assumption that most bona fide Al Qaeda members will falsely insist during hearings that they are innocent goatherders or hapless students rather than holy warriors. Key parts of the Military Commissions Act

· Establishes special rules for military-commission trials for Al Qaeda suspects accused of committing war crimes. The rules permit the exclusion of a defendant from his trial if classified evidence is being presented, and the admission of hearsay and coerced statements as evidence.

· Authorizes a three-officer military panel to determine a detainee's status as an enemy combatant eligible for indefinite detention in US custody. This is in lieu of the ability to file a habeas corpus petition challenging the legality of the detention in federal court.

· Creates a retroactive legal defense for US personnel who engaged in harsh interrogation tactics from September 2001 to December 2005. Also narrows the range of activities that might constitute a violation of Common Article 3 of the Geneva Conventions outlawing torture and cruel treatment.

· Expands the definition of an unlawful enemy combatant to provide that anyone who offers "material support" to someone engaged in hostilities against the US can be held indefinitely in military detention, regardless of whether he or she actually engaged in hostilities. Also provides that only noncitizens held as unlawful enemy combatants may be tried by a military commission.

Interrogators Beware (WP)

By Stephen Rickard

The Washington Post, October 17, 2006

On rare occasions, President Bush and his toughest critics agree on something. That will happen today when Bush signs the Military Commissions Act, while claiming "clear" authorization from Congress for "enhanced" CIA interrogations. Many critics claim the bill authorizes torture. Fortunately, both sides are wrong.

You can't blame the CIA for demanding clear authorization. It reportedly was using waterboarding (a terrifying mock execution in which a prisoner is strapped to a board and convinced he is being drowned), dousing naked prisoners with water in 50-degree cold and forcing shackled prisoners to stand for 40 straight hours.

Should the CIA be worried? Yes. The United States has prosecuted every one of these techniques as a war crime. So when Congress passed the McCain amendment last fall banning cruel treatment, CIA interrogators reportedly stopped working. Vice President Cheney had sought an exemption for the CIA -- but didn't get one. The administration apparently pushed the interrogators hard to resume their tactics, saying these techniques were still legal, but the CIA refused.

It seems the agency had learned an important lesson from the infamous Justice Department "torture memo," which claimed that to be deemed "torture" a procedure had to be capable of causing major organ failure or death. The administration repudiated the memo when it became public. The lesson? Secret, contorted legal opinions don't provide any real protection to CIA officers.

So the CIA demanded "clarity" -- from Congress. No wonder President Bush practically sprinted to the cameras to begin spinning his "compromise" with Sen. John McCain (R-Ariz.) on the Military Commissions Act. He needs to convince CIA interrogators that they now have congressional carte blanche.

They don't. In fact, if they yield to White House pressure to renew brutal interrogations, they will be at greater risk than they were last fall.

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The bill's language on torture is far from perfect, and it has many other objectionable provisions. It should have been rejected. But on its face it criminalizes cruel treatment. An interrogator can go to prison if a court finds that the techniques used caused "serious" mental or physical "suffering," which need not be "prolonged." According to Sen. Lindsey Graham (R-S.C.), the administration agrees that this rules out waterboarding.

As for hypothermia, prolonged sleep deprivation and stress positions, does the CIA really want to put that question to a jury? Legions of highly qualified experts would line up to testify that these techniques cause severe, prolonged suffering. The CIA knows this. It funded some of the seminal studies on the subject.

As for Congress, administration supporters made general claims about the importance of continuing "the program" and its legality. But Graham said specifically that the bill "reined in the [CIA] program." McCain said it can be interpreted to mean that "extreme deprivation -- sleep deprivation, hypothermia and others -- would be not allowed." Sen. John Warner (R-Va.) said that such abusive techniques are "clearly prohibited by the bill."

"Reined in," "not allowed," "clearly prohibited" -- that's from the bill's Republican sponsors in the Senate. The House was no more supportive. The chairman of the Armed Services Committee, Rep. Duncan Hunter (R-Calif.), said it is "absolutely false" to claim that the bill authorizes the "enhanced" techniques. Another senior House Republican, Rep. Christopher Shays of Connecticut, said that "any reasonable person" would conclude that the CIA's techniques "clearly cause 'serious mental and physical suffering.' " That's congressional approval?

Another inconvenient fact for the White House: The bill emphatically reaffirmed the McCain amendment -- the law that led the CIA to demand clear authorization in the first place.

The Bush administration has been pushing the idea that the McCain amendment is infinitely elastic, banning only what "shocks the conscience" -- that no technique is prohibited if interrogators need the information badly enough. Under this preposterous theory, Japanese Americans could have been tortured after Pearl Harbor if authorities thought it would reveal an imminent attack on the West Coast. It's really "in the eye of the beholder," said Cheney.

But if a CIA interrogator is indicted after this administration leaves office, it will not matter whether keeping a naked prisoner standing for 40 straight hours shocks Dick Cheney. It will matter whether it shocks the court.

U.S. courts know cruelty when they see it, even if the Bush Justice Department doesn't. The Supreme Court agreed decades ago that sleep deprivation "is the most effective torture" and said that "the blood of the accused is not the only hallmark of an unconstitutional inquisition . . . the efficiency of the rack and the thumbscrew can be matched . . . by more sophisticated modes of 'persuasion.' "

The administration is trying to convince CIA officers that they won't be indicted -- or at least convicted. But the CIA demanded clarity, not more ambiguity and "plausible deniability."

At the end of the day all the president can honestly tell CIA interrogators is this: "The law has some loose language. We'll give you another memo. Don't worry."

Sure.

The writer is director of the Washington office of the Open Society Institute.

Sami's Shame, And Ours (NYT)

By Nicholas D. Kristof

The New York Times, October 17, 2006

There is no public evidence that Sami al-Hajj committed any crime other than journalism for a television network the Bush administration doesn't like.

But the U.S. has been holding Mr. Hajj, a cameraman for Al Jazeera, for nearly five years without trial, mostly at Guantánamo Bay. With the jailing of Mr. Hajj and of four journalists in Iraq, the U.S. ranked No. 6 in the world in the number of journalists it imprisoned last year, just behind Uzbekistan and tied with Burma, according to the Committee to Protect Journalists.

This week, President Bush is expected to sign the Military Commissions Act concerning prisoners at Guantánamo, and he has hailed the law as "a strong signal to the terrorists." But the closer you look at Guantánamo the more you feel that it will be remembered mostly as a national disgrace.

Mr. Hajj is the only journalist known to be there, and, of course, it's possible that he is guilty of terrorist-related crimes. If so, he should be tried, convicted and sentenced.

But so far, the evidence turned up by his lawyers and by the Committee to Protect Journalists — which published an excellent report on Mr. Hajj's case this month — suggests that the U.S. military may be keeping him in hopes of forcing him to become a spy.

Mr. Hajj, 37, who attended university and speaks English, joined Al Jazeera as a cameraman in April 2000 and covered the war in Afghanistan. He was detained on Dec. 15, 2001, and taken to the American military prison in Bagram, Afghanistan.

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"They were the longest days of my life," Mr. Hajj's lawyers quoted him as saying. He told them he was repeatedly beaten, kicked, starved, left out in the freezing cold and subjected to anal cavity searches in public "just to humiliate me."

In June 2002, Mr. Hajj was flown to Guantánamo, where he says the beatings initially were brutal but have since subsided somewhat.

At first, interrogators said Mr. Hajj had shot video of Osama bin Laden during an Al Jazeera interview, but it turned out that they may have mixed him up with another cameraman of a similar name. When that assertion fell apart, the authorities offered accusations that he had ferried a large sum of money to a suspicious Islamic charity, that he had supported Chechen rebels, and that he had once given a car ride and other assistance to an official of Al Qaeda.

One indication that even our government may not take those accusations so seriously is that the interrogations barely touched on them, Mr. Hajj's lawyers say.

"About 95 percent of the interrogations he went through were about Al Jazeera," said one of the lawyers, Zachary Katznelson of London. "Sami would say, 'What about me? Will you ask about me?' "

He added, "It really does seem that the focus of the inquiry is about his employer, Al Jazeera, and not about him or any actions he may have taken."

Mr. Katznelson also says that interrogators told Mr. Hajj they would free him immediately if he would agree to go back to Al Jazeera and spy on it. He once asked what would happen if he backed out of the deal after he was free.

"You would not do that," Mr. Hajj quoted his interrogator as saying, "because it would endanger your child."

The Defense Department declined to comment on Mr. Hajj's case, saying that in general, it does not comment on specific detainees at Guantánamo.

While Mr. Hajj is unknown in the U.S., his case has received wide attention in the Arab world. The Bush administration is thus doing long-term damage to American interests.

Mr. Hajj's lawyers say he has two torn ligaments in his knee from abuse in his first weeks in custody, making it exceptionally painful for him to use the squat toilet in his cell. The lawyers say he has been offered treatment for his knee and a sitting toilet that would be less painful to use — but only if he spills dirt on Al Jazeera. And he says he has none to spill.

And while Defense Department documents indicate that he has been a model inmate at Guantánamo, he protests that he has been called racial epithets (he is black) and that he has seen guards desecrate the Koran.

When Sudan detained an American journalist, Paul Salopek, in August in Darfur, journalists and human rights groups reacted with outrage until he was freed a month later. We should be just as offended when it is our own government that is sinking to Sudanese standards of justice.

This doesn't look like a war on terrorism, but a war on our own values.

HOMELAND RESPONSE:

Mandatory Anthrax Shots To Return (WP)

By Christopher Lee

The Washington Post, October 17, 2006

The Defense Department will resume mandatory anthrax vaccinations for more than 200,000 troops and defense contractors within 60 days, a Pentagon official said yesterday, rejecting the concerns of some veterans and service members who say that the vaccine has not been proved safe or effective.

The vaccinations will be required for most military units and civilian contractors assigned to homeland bioterrorism defense or deployed in Iraq, Afghanistan or South Korea, said William Winkenwerder Jr., a physician and the assistant secretary of defense for health affairs. As troops rotate in and out of those regions, the number receiving vaccinations will grow considerably, he said.

A lawsuit filed by six former or current service members had blocked the mandatory vaccinations since October 2004, when U.S. District Judge Emmet G. Sullivan ruled that the Food and Drug Administration had erred in approving the vaccine in 2003 without seeking public comment and conducting a full review.

But the FDA then held a 90-day comment period to overcome that hurdle and granted the vaccine final approval last December, clearing a legal path for the Pentagon to resume the controversial program.

"The FDA went out again . . . and came to the very unambiguous and clear conclusion that the vaccine was safe and it was effective against all forms of exposure," Winkenwerder said. "In our view, that has definitively settled the question."

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But Mark Zaid, an attorney for the six plaintiffs, said yesterday that Sullivan's ruling and the Pentagon's remedy both turned on procedural technicalities. The plaintiffs plan to file a new lawsuit challenging the government's contention that human studies from the 1950s and more recent studies in animals demonstrated the safety and efficacy of the vaccine.

"It is an unnecessary, unproven and potentially unsafe vaccine," Zaid said. "Everyone is concerned as to their health, and the fact is that there is no scientific evidence that the vaccine works in humans. . . . I think this program is nothing more than a glorified public relations campaign to demonstrate that they are doing something."

Anthrax is a deadly infectious disease caused by the spore-forming bacterium Bacillus anthracis . A month after the Sept. 11, 2001, attacks, letters tainted with anthrax infected people in Connecticut, Florida, New Jersey, New York and the District. The unsolved attacks killed five people, sickened 17 and caused about 10,000 to be put on antibiotics.

Although the previous anthrax attacks occurred on U.S. soil, Winkenwerder said troops overseas are believed to be a higher risk, and military personnel in the United States do not have to receive the six shots.

"I have not been vaccinated because I'm not in any of the targeted groups," Winkenwerder said. "If I was, I would receive the vaccine without hesitation."

The Clinton administration began the mandatory vaccinations in 1997. Over the next few years, hundreds of active-duty service members refused to take the vaccine, and more than 100 were court-martialed as a result. Winkenwerder said that 27 people refused the vaccine and left the military in 2003, and that 10 did so in 2004. A voluntary vaccination program that Sullivan allowed last year saw participation rates of 50 percent, Winkenwerder said. In all, more than 1.2 million military and civilian personnel have received the vaccine.

Some who received vaccinations for anthrax and smallpox around the time of the 2003 invasion of Iraq have complained of fatigue, migraines, pain and diseases such as multiple sclerosis.

Winkenwerder said that, as with any vaccine, some who receive the shots develop adverse reactions, but that there is no evidence to indicate a particular problem with the anthrax vaccine.

But as recently as this spring, the Government Accountability Office, the investigative arm of Congress, said questions remain about the vaccine. "The long term safety of the licensed vaccine has not been studied," the agency said in a May 9 report. ". . . Also, there is some evidence that the current anthrax vaccine may have diminished efficacy against certain virulent strains of anthrax."

Barbara Loe Fisher, president of the National Vaccine Information Center, said her nonprofit advocacy group is adding more information to its Web site about the research and development of biological defense vaccines.

"The DOD has a moral duty to fully disclose anthrax vaccine risks, as well as benefits, to soldiers and allow them to make an informed, voluntary decision," she said in a statement.

Luck May Have Spared Aides In Anthrax Attack (RC)

By Paul Kane

Roll Call, October 17, 2006

The letter from the fourth-grade class of the “Greendale School” in Franklin Park, N.J., arrived on a Friday afternoon at Room 509 of the Hart Senate Office Building. It quickly was shipped up to the sixth-floor mailroom — its last stop on a four-day, roughly 160-mile journey that would leave several people dead, more than a dozen injured and the Congressional community in shock.

But no one opened the letter that Friday, as the interns and staff who dealt with mail in then-Sen. Tom Daschle’s (D-S.D.) office were instead getting lectured about the threat of biochemical attacks through the postal service. By Monday morning, Grant Leslie, an intern, had found the seemingly innocent letter, postmarked Oct. 9, 2001, at the top of a pile and made the slightest cut in the envelope, causing a small amount of powder to spill on her skirt, shoes, the intern standing next to her and the office floor.

Five years later, those ex-staffers and health experts who dealt with the medical issues involved in the immediate aftermath of the anthrax attacks largely attribute the fact that those exposed to the deadly biological agent avoided long-term health problems to a single factor: luck.

“We are very lucky that no one died,” said Greg Martin, who at the time was head of the infectious disease center at the National Naval Medical Center in Bethesda.

Interviews with Daschle, some of his former staffers, other Congressional aides and experts involved with the short-term fallout from the anthrax attacks on Capitol Hill revealed that a series of actions taken along the way — some well-thought-out, others largely accidental — combined to allow for a relatively happy ending rather than a deadly outcome.

Mistakes were made at the outset, and internal fights between agencies continued for months afterward, but each of those setbacks was gradually overcome, some because of hard work and some a result of preparation for just such an attack.

Several of the actions taken at the time were not revealed to the public for months or even years, and in the process created the potential for far greater carnage from the attacks, such as:

· The Daschle intern, Grant Leslie, only partially opened the letter, which was then fully opened minutes later by Capitol Police on the scene, an act that may have further spread the anthrax spores into the air and a ventilation system that didn't stop running for 45 minutes after the first emergency call was placed;

· The initial recommendation to the aides from the Office of the Attending Physician, after several hours of being essentially quarantined in an anthrax-laden office, was that only the staffers on the sixth floor in and around the mail room needed to be tested for exposure, while other staffers in Hart were allowed to go home without monitoring;

· Even after staffers demanded they all be tested — a process which revealed a total of 20 aides were exposed — the experts on the scene allowed the staff to go home without any decontamination, potentially spreading the agent throughout the Washington, D.C., metropolitan region.

In the end, five people died along the East Coast from anthrax-laced letters sent to Daschle, Sen. Patrick Leahy (D-Vt.), NBC News and the New York Post. Just a few blocks from the Capitol, two employees at the U.S. Postal Service's Brentwood facility, which processed the letter to Daschle and another anthrax-tainted letter to Leahy, discovered a month later, died from anthrax inhalation.

"The luckiest thing was we saw the powder, unlike the postal workers. That's the critical difference between our people living through it and those two postal workers not living through it," said Laura Petrou, Daschle's chief of staff in his Hart office at the time.

…

While federal investigators have failed to apprehend the source of the anthrax attacks, each of the letters was sent from suburban New Jersey, routed through Trenton, and then delivered to Washington. By the time they hit the Capitol, the potential anthrax threat had already become a central topic in discussions of terrorist threats, as the NBC and New York Post letters had already been discovered. Roll Call's lead headline on Oct. 15, 2001, was "Hill Braces for Anthrax."

That morning, according to numerous sources inside the Daschle office at the time, Leslie had only barely opened the letter from the "Greendale School." (It would later be revealed that there is there is no such school in the Garden State.) She sat frozen, refusing to further open the letter and potentially have more powder come out — a fact that runs contrary to the public perception at the time that the intern had ripped open the letter and accidentally sprayed anthrax spores throughout the office.

The first Capitol Police officers on the scene weren't even equipped with hazardous materials suits to handle the letter, according to Daschle and ex-staffers who was in the Hart office that day. According to a book he wrote about the 107th Congress, Daschle said the call to the Capitol Police from his office about the suspicious envelope was the third they'd received that morning.

The officers opened the letter and read aloud: "You cannot stop us. We have this anthrax. You die now. Are you afraid? Death to America. Death to Israel. Allah is great." Within minutes, other officers arrived on the scene in hazardous materials suits, calls to the FBI and Centers for Disease Control went out, and the on-scene officers conducted field tests which immediately came back with the news that would rock the Capitol for months to come: a positive result for anthrax.

In the Capitol, where he was serving as Senate Majority Leader, Daschle received the news from a top aide and began calling family members of the aides exposed to the powder. Even as he was absorbing the news, he took a call from President Bush about other anti-terror matters, during which he informed Bush that the field tests for anthrax were positive. Minutes later, in a press conference, Bush told the world about the letters testing positive, sending a wave of dread throughout the Hart building.

"There was really no knowledge about what should be done. The book had not been written," said Martin, who was brought in as an adviser to the situation by Attending Physician John Eisold.

…

Martin said the officers opening the letter and reading it aloud probably did expose the area around the Daschle mail room to a greater level of contamination, but he added that the two grams of the deadly agent were so potent that everyone on that floor likely had been exposed already. He compared the incident to opening a canister of gasoline in a small room, which would fill the room with its odor in a matter of seconds.

Just as big a problem was the fact that it took 45 minutes to shut down the HVAC system in Hart. Likewise, much of the scientific history regarding anthrax and its interaction with humans came from military testing conducted in the 1950s.

Eisold's office, consulting with other medical experts from the CDC and Bethesda Naval, believed that the aides on the fifth-floor Daschle office would be fine, and dispatched the mail room staff to a ninth-floor office for testing. The remaining 25 or so staffers quarantined in the fifth floor were kept there for the next five hours — long enough that a pizza delivery man was eventually summoned to deliver lunch and accidentally went too far into the office, potentially exposing himself to the agent.

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At one point that afternoon, the staff were told they could go home without getting tested for anthrax exposure, a process which involved using a nasal swab to test for any anthrax spores. A legislative assistant to Daschle, Peter Hanson, dissented, and soon a group of staffers were circulating a petition demanding to be swabbed, according to aides in the room.

Eventually, the clamor led to any concerned staffer being allowed to be tested, and all were eventually tested. But many left their offices that day believing that they were condescended to by police and health officials.

Looking back, Martin said this — letting the staff leave without going through some sort of decontamination process, letting them go to the Capitol and then home wearing the same clothes that they had been wearing — was the most critical mistake made in the entire anthrax ordeal.

Daschle recalled an emotional scene that Monday afternoon when his Capitol-based staff finally got to see their friends from Hart. "We all hugged them, not thinking that their clothes were probably totally saturated with these anthrax spores," he said in a recent interview.

That night, tests came back revealing that more than 20 staffers had tested positive for anthrax exposure (that number would settle at 20 after all the proper tests were done). Additional tests came back showing that the grade of anthrax involved was a more dangerous, more purified form and had spread farther than anyone initially suspected.

Pete Rouse, Daschle's leadership chief of staff, and Petrou began calling aides and telling them to assemble in the Capitol the next morning for the most serious meeting they were ever likely to have. "That was pretty devastating. I was terrified that some of them were going to die," Petrou recalled recently.

They showed up at the Capitol that Tuesday morning with trash bags filled with their clothes from the day before, which were then turned over to the FBI for testing.

Daschle's staff made an immediate decision that they would tackle the issue together, regardless of who among them had tested positive and who hadn't. No one would identify to the media which staffers tested positive, and they went to great lengths to initially conceal Leslie's identity as the person who initially opened the letter.

Daschle identified Leslie, who returned to Capitol Hill to work full time for Daschle, in his book. The then-intern, who now works for Sen. Ken Salazar (D-Colo.), has declined all media interviews on the topic.

…

The ensuing days were a back-and-forth of confusion and fear, as thousands in the Capitol complex lined up for nasal swabs and to receive their supply of the powerful antibiotic Cipro.

Briefings were given to chiefs of staff to relay information to anxious aides throughout the Capitol, but many staffers left those meetings confused. "It's easy to Monday-morning quarterb

ack, but I think it would have been better if they told us, 'This is our best estimate, we've never done this before.' We didn't get that," said Luke Albee, Leahy's chief of staff at the time.

Several staffers in the offices of Sen. Russ Feingold (D-Wis.), next door to 509 Hart, also tested positive for anthrax exposure. Martin, who is now in charge of the infectious disease program at the Naval Medical Research Center in Lima, Peru, said the health-care community had never encountered anything like the level of anthrax exposure displayed in some of the staffers, which he described as "hundreds" of times above the amount that could kill them.

If those immediately exposed had not been placed on Cipro within 24 hours, Martin said he believes fatalities would have occurred on the Hill. In addition, had Leslie not seen the powdery substance, Martin said, "I think we would have had scores if not hundreds of deaths."

Martin acknowledged that several things would be done differently in the event of a similar biochemical attack, notably not leaving those exposed in the same room for hours on end, and not sending them home before going through decontamination.

"What saved those people was knowing or suspecting it was anthrax [in the letter], and getting them on antibiotics," he added.

By the end of the year, the staffers and Capitol Police who tested positive for exposure had received an anthrax vaccine as an extra precaution, the final seal of approval for medical experts. And throughout the ordeal, staffers for Daschle and Feingold continued performing the everyday tasks that came with their profession.

"They all carried out their jobs really well, under extraordinary pressure, and wondering whether they were going to die," Petrou said.

Heavy Load Port-Security Plan, A Bid To Foil Terror, May Slow Deliveries (WSJ)

By Miriam Jordan

The Wall Street Journal, October 17, 2006

LONG BEACH, Calif. -- Rafael Rivera spends more than a dozen hours a day in the cab of his old blue truck. In a typical day spent hauling shipping containers from the Port of Long Beach to distribution centers for companies such as Ikea, Pier 1 Imports or Toyota, the El Salvadoran immigrant clears about $8 an hour.

Mr. Rivera's humble but critical job is about to come under scrutiny. A federal antiterrorism program set to go into practice later this year will require port workers -- including more than 100,000 drivers like Mr. Rivera who pass through the nation's terminals -- to prove they are legal U.S. residents. While Mr. Rivera says he's here on a work permit, many drivers in this predominantly Hispanic work force are believed to be illegal immigrants. For the harbor trucking industry, which already faces a shortage of drivers, the new regulations promise to make the crunch acute.

Washington's bid to ratchet up port security is expected to leave thousands of undocumented drivers without jobs in ports across the country. That would undermine the flow of goods to U.S. consumers, highlighting the crucial role immigrants such as Mr. Rivera play in the nation's economy.

At issue is the Transportation Worker Identification Credential program, or TWIC, a component of the Maritime Transportation Security Act of 2002. Under this federal program's guidelines, workers with unescorted access to secure U.S. port areas must be legal residents and pass a background check. Disqualifying felonies are likely to include robbery and drug dealing. Those who pass will be issued biometric identification cards, which include a photo and fingerprints. Workers will gain access to a secure port area by swiping the cards at the entrance.

The worker-credential plan wasn't crafted with illegal immigrant workers in mind. It was an outgrowth of the Sept. 11, 2001, terrorist attacks, which alerted authorities to the vulnerability of U.S. infrastructure and raised concerns that radioactive materials could be smuggled into one of the country's 180 commercial ports. After languishing for years, TWIC -- which will be implemented by two Homeland Security divisions, the U.S. Coast Guard and the Transportation Security Administration -- is expected to launch late this year, says a TSA spokesman.

The program will require identification cards for about 750,000 port workers nationwide, which include about 110,000 truck drivers, the TSA says. A large proportion of the truckers are Hispanic -- as much as 90% at the sprawling, adjacent harbors of Los Angeles and Long Beach, the nation's busiest ports. No one knows for sure how many are illegal immigrants, though estimates range from 20% to 50% nationally. With these truckers out of the work force, major ports such as Houston, Miami and New York-New Jersey would also be heavily affected.

"We need TWIC for security," says Bill Madden, general manager for terminal services at Long Beach Container Terminal Inc. "But it will cause a big dislocation. The truckers are the guys who make this place work."

Critical Link

The drivers form a critical link between global suppliers to retailers throughout the U.S. Nationwide, they haul everything from spare auto parts and life-saving medical devices to toys and T-shirts from harbors to distribution points 50 or 100 miles away. Working as independent contractors, they are paid a flat per-trip fee -- typically $40 to $100, depending on the distance between port and warehouse, and averaging about $55. Most drive aged trucks -- known as bobtails -- to which they attach trailer rigs. They normally take out loans to buy the trucks, paying them off in monthly installments. The drivers are paid by trucking firms retained by freight forwarders, steamship lines and importers.

Mr. Rivera's experience illustrates why U.S. citizens aren't clamoring for these jobs. On a recent day at noon, the 51-year-old trucker parked his rig in a transportation company's staging yard to wait for an assignment. At 3 p.m., a dispatcher gave him a ticket for the day's first container pickup. Mr. Rivera drove to the Long Beach port so he could be among the first to get his load when the harbor opened for its 6 p.m. night shift.

His first load was a container heading to Kmart, which he dropped at a consolidation yard near the port. By 3 a.m. the next morning, Mr. Rivera had made two additional round trips to retailer warehouses and railway depots in Southern California.

Mr. Rivera bought his truck, which has nearly 900,000 miles on the engine, for $15,000, plus about $3,000 more he paid to service a loan. After accounting for fuel, insurance and truck maintenance, he figures he clears about $2,400 a month. He shares a $600-a-month, one-room apartment with his wife, Carlota, as well as the youngest of their five children and a 28-year-old niece.

The worst part of the job, Mr. Rivera says, is sitting in line for a container -- downtime he's only rarely paid for. "Sometimes I wait four or five hours just to collect one little box," he said, speaking in Spanish. He clears his throat often when he talks. Asked about the cause, he mentions the pollution from the hundreds of trucks idling at one time at the port.

Few Americans want these jobs, says Bob Curry, president of California Cartage Co., a privately held Southern California port-logistics company. The per-trip pay structure of port trucking isn't as attractive as the hourly wages more typical of the local trucking business. Already, Mr. Curry estimates, turnover among the 12,000 drivers who work the Long Beach-Los Angeles port complex is about 60% each year. "They can haul dirt for more money than cargo," he says.

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A cut in the work force could be devastating, as a nationwide work-stoppage earlier this year demonstrated. As few as 10% of all truckers at Los Angeles-Long Beach picked up containers on May 1, when pro-immigration groups called a "Day Without Immigrants." Freeways normally jammed with immigrant-driven rigs were virtually free of trucks.

More than half of all imported apparel and shoes bound for U.S. stores move through Los Angeles or Long Beach ports, says Bruce Berton, officer/director of international business consulting at Stonefield Josephson Inc., a textile and apparel accounting firm. Other ports wouldn't be able to pick up the slack on short notice, he says. Consumers would feel shortages within 30 days. "It would seriously disrupt the economy," says Mr. Berton, who is also on the board of the Export Textile Advisor Commission of the U.S. Department of Trade.

The Transportation Security Administration says it is aware of the ID program's potential impact on port work forces. "We will continue to work with industry, port authorities and workers to address it as we roll out this vital security measure," says Darrin Kayser, manager of strategic initiatives for the TSA.

Demand for port truckers has soared in recent years, as maritime transportation has been revolutionized by containers -- large, stackable steel boxes that are easily transferred between ships, trucks and rail cars. More than 14 million twenty-foot-equivalent containers moved through Los Angeles-Long Beach in 2005, compared with 9.5 million in 2000. The ports began operating a night shift last year and expect container traffic to increase again this year. Overall, the value of international trade in and out of the U.S. climbed to $949 billion in 2004, up 29% from 2000.

At the Los Angeles-Long Beach ports, truckers have enormous freedom to roam the terminals. On a recent day, after presenting his driver's license and container number at the gate, Guatemalan immigrant Carlos Ruiz rumbled into a Long Beach terminal, which looks like a massive parking lot on the water's edge. He weaved through row after row of containers stacked four high, driving with relief past a line of truckers waiting for their containers to be plucked from a pile. "If I'd been assigned to a container in that other row I'd be stuck here another three hours," Mr. Ruiz said.

His container sat halfway down a stack at Row D. There, Mr. Ruiz waited a few minutes for a crane operator -- whom he called a "flip-iadora," Spanglish for a woman who "flips" containers -- to lower a 40-foot orange container onto his truck. His rig trembled at the 20-ton impact.

The drivers have no idea what the sealed containers hold. Mr. Ruiz, en route to a Target distribution center in nearby Carson, could have been hauling plastic toys or millions of dollars worth of plasma TVs. "I know what's sold at Target, but I have no idea what's in this container," he said.

As Mr. Ruiz headed toward the gate, the number on his container was read by an optical camera and checked against his delivery ticket. A taped message informed him, in English and Spanish, that he was free to exit the terminal. After delivering his load to Target he began the cycle again, picking up an empty container from the retailer's yard and returning it to the port.

The unescorted terminal access of Mr. Ruiz and other drivers is what worries some security officials. They're concerned that truckers, whose vehicles aren't inspected when they enter a terminal, could be persuaded to carry explosives inside, or facilitate passage of lethal cargo. "If a port is a target, these extremely low-income truck drivers are susceptible to bribery," says Jon Haveman, a research fellow at the Public Policy Institute of California, a nonpartisan institute that studies state social, political and economic issues.

Lapses Abound

Experts in security say that lapses abound at the seaports. Port truckers aren't allowed to bring unauthorized guests into a marine terminal, for example. But recently one trucker entered Los Angeles port with his adult son sitting beside him. Both father and son, who asked not to be identified, said that the son frequently rides along.

Immigrant advocates and port experts say truck drivers rank far down the list of potential security threats. The big concern is that nuclear devices or other weapons could be smuggled from abroad and detonated on U.S. shores. U.S. Customs and Border Protection, a Homeland Security division, is addressing smuggling: The agency has struck accords with foreign governments to station U.S. inspectors abroad to examine some U.S.-bound containers. The program is operating at 50 ports so far. On Friday, President Bush signed a law that would place radiation-detection equipment at 22 U.S. ports by the end of next year.

Unauthorized workers often carry false Social Security numbers or work under the names of others. But bosses at the area's dozens of trucking companies say they're not in the position to verify whether documents provided by employment-seeking immigrants are authentic. Such undocumented drivers account for as many as half of the port-trucking work force nationwide, estimates Michael H. Belzer, professor of industrial relations at Wayne State University. By comparison, more than 50% of crop workers are undocumented, according to the U.S. Labor Department.

Port trucking hasn't always been so unappealing to American workers. Decades ago, when the jobs fell under Teamsters union protection, they offered middle-class wages and benefits. But in the 1970s, major industrial shippers lobbied for an open market to reduce the cost of transporting goods.

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When the government deregulated trucking in 1980, nonunion, mom-and-pop trucking firms rushed in. Many union shops folded and most unionized truckers left the ports. Pay and work conditions soon deteriorated, according to Wayne State's Mr. Belzer, who wrote a book on the transformation, "Sweatshops on Wheels." Many of the jobs were taken by Hispanic immigrants.

To protest poor conditions, about 6,000 Latino port truckers in Los Angeles and Long Beach stopped driving in the spring of 1996. Shipping companies and trucking firms were unresponsive and ultimately the campaign failed. "I ruined my credit, lost my car and the trucking company didn't want me back," says Enrique Aguilar, a veteran trucker who stayed away for four months.

A survey conducted in 2004 by Kristin Monaco, a professor at California State University, Long Beach, found that port truckers in Los Angeles-Long Beach earned a median $25,000 a year after expenses. By comparison, unionized longshoremen, who unload containers from incoming vessels, make about $110,000.

Trucking companies say they have little power to raise wages to attract new drivers, because new firms are constantly cropping up and offering lower transport rates to importers. Margins are razor-thin. Averting a longer-term driver shortage would require trucking companies to raise pay enough to make driving jobs more attractive. But that would mean charging higher fees, which the trucking companies say importers and freight forwarders are reluctant to accept.

It's not clear whether consumers would feel the impact of a price hike. Currently, for a typical pair of shoes, freight, duty and brokerage charges come to about $1.15, says Mr. Berton of Stonefield Josephson. Of that, he says, the cost of transporting the shoes from port to distribution center is minimal -- about one cent per pair.

Ashcroft Criticized For Book On 9/11 Panel (AP)

AP, October 17, 2006

ST. LOUIS - Former U.S. Attorney General John Ashcroft has been blasted by fellow Republicans for his new book criticizing the 9/11 Commission's investigation of the 2001 terrorist attacks.

Republicans who served on the commission told the St. Louis Post-Dispatch that Ashcroft's behavior as a witness and as an author is "underhanded" and "outrageous."

In his book, "Never Again," Ashcroft accuses the commission of "assessing blame and grandstanding" instead of finding the truth and protecting Americans.

He alleges that the hearings "disintegrated into show trials" and that the Republican-chaired panel was "dangerously out of control" and "obsessed" with blaming President Bush for not preventing the terrorist attacks while "absolving" President Clinton's administration.

Ashcroft's spokeswoman said he stands by the accounts in his book.

Former Sen. Slade Gorton, R-Wash., said Ashcroft was the least interested in helping the panel get at the facts of what had happened before Sept. 11, 2001, so another terrorist attack could be averted.

"John was the least cooperative of all the witnesses we had," Gorton said. "He was the only one who refused to submit his written testimony in advance, he probably came with the largest entourage of any of the people we talked to, and he engaged in a disingenuous and partisan attack" on the committee.

Former Illinois Gov. James Thompson said Ashcroft's behavior as a witness was so bad that Bush privately apologized to commission members.

"Ashcroft tried to put us on trial and it backfired. The president of the United States apologized to us in the Oval Office for his conduct, which is kind of embarrassing," Thompson said.

"The president has thanked us for our report, and he gave us a four-hour interview," Thompson said. "As far as I can tell, the American people overwhelmingly support the commission and our report. The Congress supports the commission and our work. We were not partisan - we were evenhanded, and we made recommendations based on the history of what happened. So I don't know where John is coming from."

Thompson said the only motive he could guess at is that Ashcroft is "selling a book."

In his testimony before the commission in April 2004, Ashcroft indicated that commission member Jamie Gorelick, a Justice Department official in the Clinton administration, had put up barriers between intelligence and law enforcement that contributed to the terrorist attacks.

But Gorton said that weeks before Ashcroft testified, his own Justice Department had reaffirmed that the barriers should continue. So while Ashcroft tried to divide panel members along partisan lines, his only impact was to antagonize and further unify them, Gorton said.

The former Missouri governor and senator writes about the "Democratic vitriol" he faced during his confirmation hearing to be attorney general.

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He lists a number of personal accomplishments after Sept. 11 that he says helped protect the nation, including arrests, surveillance and deportations, while still respecting civil liberties.

He now runs the Ashcroft Group, a Washington-based consulting and lobbying business that assists firms seeking contracts in the field of homeland security and helps with corporate management.

In his book, Ashcroft blames the loss of his Senate seat in 2000 to Democrat Mel Carnahan partly on newspapers that venerated the former governor.

Ashcroft also contends that the Carnahan campaign, continued by his widow, Jean Carnahan, pre-empted Ashcroft's own message by focusing on the late governor's "family values."

In 3rd Storm, FEMA Trailer Is A Charm (NYT)

The New York Times, October 17, 2006

LEEVILLE, La., Oct. 16 — Jack Melancon lost his shrimp nets and his roof to Hurricane Katrina last year and the rest of his house to flooding from Hurricane Rita.

So when he awoke Monday morning to the groan of a tornado advancing on his government-issued trailer home here about 60 miles south of New Orleans, Mr. Melancon, a commercial fisherman, was certain he was about to take a third strike.

Skipping across the wind-driven waters of Bayou Lafourche, the tornado toppled trailers and cut shrimp boats free, driving one into a natural gas pipeline that was quickly turned off. Two people suffered minor injuries.

The tornado snatched the roof from the house of Mr. Melancon's father and the siding from the house of his brother. Then it hurled debris against Mr. Melancon's trailer, provided by the Federal Emergency Management Agency. Short-lived banshee winds strained to pull the trailer from the soggy earth, but metal straps held it firm. The storm then veered north and disappeared.

"It rocked and it rolled and it shook and it blew," Mr. Melancon said. "The trailer did its job. I would recommend one of these to anybody."

WAR NEWS:

Bush Reassures Iraqi U.S. Troops Are Staying (WT)

By Joseph Curl, The Washington Times

The Washington Times, October 17, 2006

President Bush yesterday assured Iraqi Prime Minister Nouri al-Maliki that he has no plans to withdraw troops from Iraq and told him there is no truth to rumors that the United States has set a two-month deadline for his government to control sectarian violence.

In a 15-minute phone call initiated by the president, Mr. al-Maliki raised concerns about the rumored timeline, saying such reports undermine confidence in the Iraqi government and inspire terrorists.

"The president underscored his commitment to a democratically elected government of Iraq, encouraging the prime minister to ignore rumors that the United States government was seeking to impose a timeline on the [al-Maliki] government," White House press secretary Tony Snow said.

Mr. al-Maliki "said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror," Mr. Snow said. "And the president said, 'Don't worry. You still have our full support.' "

The White House did not know where Mr. al-Maliki picked up the rumors, but the prime minister may have been referring to comments by Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, who said earlier this month that the United States might have to consider a change of course if the Iraqi government fails to restore order within two or three months.

During the phone call, Mr. Bush and Mr. al-Maliki also discussed suggestions that Iraq be broken into three regions -- one each for Kurds, Sunnis and Shi'ites -- as a way to end sectarian violence. But the two leaders rejected such a division.

"I don't think that's the right way to go. I think that will increase sectarian violence. I think that will make it more dangerous -- and so does [Mr. al-Maliki]," Mr. Bush said yesterday in an interview with Bill O'Reilly on the Fox News Channel.

"On the point you brought up about dividing the country in three, he rejected that strongly. He thought that was a bad idea. And I agree with him. ... Federalism is one thing, in other words, giving a balance between regional government and central government, but dividing is basically saying there will be three autonomous regions, will create, Bill, a situation where Sunnis and Sunni nations and Sunni radicals will be competing against Shia radicals.

"The Kurds will then create problems for Turkey and Syria. And you've got a bigger mess than we have at this point in time, which I believe is going to be solved," he said.

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Mr. Bush also used the phone call to press the prime minister, telling him "we expect you to make tough political decisions to move forward. And he assured me he would continue to make tough political decisions necessary to move forward."

The president also told Mr. al-Maliki that he supports efforts to go after militias and terrorists through political, economic and military means, Mr. Snow said. In turn, Mr. al-Maliki "debunked this notion that he's not going to go after these criminal elements and/or militias that are killing innocent people," Mr. Bush said on Fox. "He knows he's got to provide the security necessary for this country to move forward."

Sectarian Fighting Kills 91 In Balad; Sunnis Flee City (USAT)

USA Today, October 17, 2006

BAGHDAD — Four days of violence in Balad, an hour's drive north of the capital, left at least 91 people dead by Monday. All but 17 were Sunni Muslims.

Also Monday, the U.S. military said five soldiers and two Marines were killed Sunday. The latest deaths put the American military toll so far in October to 58; the month is on course to be the deadliest since 107 U.S. servicemembers died in January 2005.

The violence in Balad began Friday when the headless bodies of 17 Shiite Muslims were found in an orchard. Over the next three days, Shiite death squads killed 74 Sunnis and forced many more to flee east across the Tigris River to the Sunni-dominated city of Duluiyah, police said. Mohamed Ali Hamid, 35, a Sunni taxi driver, said Shiite militiamen gave his family just two hours to leave town Sunday.

American forces helped quell the violence in Balad, where a major U.S. logistical airbase is located.

“Coalition force units are partnering with Iraqi police and Iraqi army units involved in operations around Balad. We are also providing quick reaction assets to the Iraqi police and army,” Lt. Col. Christopher Garver said.

President Bush, meanwhile, telephoned Iraqi Prime Minister Nouri al-Maliki on Monday to reassure him of U.S. support, apparently in response to rumors that the United States had lost patience with the Shiite leader.

Bush spokesman Tony Snow said the president told al-Maliki there was no American deadline for the Iraqi government to be able to stand on its own.

“He (al-Maliki) said that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror,” Snow said.

Snow also challenged a story published Monday by USA TODAY that said al-Maliki will not force militias to disarm immediately. “There is no mention … that he's not going to force militias to disarm until later this year or early next year. As a matter of fact, he says he's in the process of doing it now.”

A transcript of the interview showed Al-Maliki had told USA TODAY, “The initial date we've set for disbanding the militias is the end of this year or the beginning of next year.” He also said a government committee was formed Oct. 8 “to work on disbanding militias and give them a deadline by which they have to lay down their arms.”

In addition to the deaths in Balad, 60 other people were killed in Iraq on Monday. According to an Associated Press count, 708 Iraqis have been reported killed this month. Among the victims Monday: Imad al-Faroon, the brother of the chief prosecutor in the second trial of former dictator Saddam Hussein. Saddam is accused of genocide in connection with a government crackdown in the 1980s against Iraqi Kurds. Al-Faroon was shot by gunmen who burst into his home, government official Ali al-Lami said.

The most deadly attack — 20 dead and 27 wounded — occurred when a suicide bomber slammed an explosives-packed car into a Shiite funeral tent in eastern Baghdad's Ur neighborhood. A second car bomb ripped through a crowd of rescuers and onlookers, police Lt. Ahmed Mohammed Ali said.

Also Monday, Saddam issued an open letter saying Iraq's “liberation is at hand” and calling for an end to Sunni-Shiite killings. Saddam said he was addressing Iraqis in a letter because “my chances to express my opinion are limited” while in detention. The judges in Saddam's two trials have repeatedly censured him and turned off his court microphone.

Court officials said a verdict and sentence would be handed down Nov. 5 in Saddam's first trial for the killings of 148 Shiites from the town of Dujail after an assassination attempt against him in 1982.

Bush Pledges To Keep U.S. Troops In Iraq (AP-Y)

By Anne Plummer Flaherty

AP-Yahoo, October 17, 2006

President Bush told Iraq's prime minister on Monday he has no plans to pull U.S. forces out of the war-torn country, in a conversation that underscored Iraqi worries that the president is being pressured to curtail America's role in the widely unpopular war.

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In a 15-minute morning phone call, Bush told Nouri al-Maliki that rumors of a withdrawal of troops in two months were untrue and that the United States would stand strong with its new ally. But even as Bush reassured al-Maliki, he is having to confront growing doubts among Republicans in Congress about his war policies.

A small but growing group of GOP lawmakers, including Senate Armed Services Committee Chairman John Warner, R-Va., have suggested a change in course may be necessary. Warner could provide political cover for other GOP members to challenge Bush on Iraq because he is normally a Bush loyalist and a respected leader on national security issues.

Also providing ammunition for lawmakers unhappy over Iraq — and potential political cover — _ should be recommendations expected by an independent commission after next month's congressional elections. Former GOP Secretary of State James A. Baker III, a leader of that panel, has said the group will recommend options for changing in course in Iraq.

Leon Panetta, a member of the panel and President Clinton's former chief of staff, said the panel hopes to present Congress its findings by January. Among the options being considered are whether to set a timetable for withdrawal and whether to solicit help from Iran and Syria to stop the fighting, but "the study group has made no decisions," he said.

By then, there could be enough Republican defections to produce the biggest challenge yet by Congress to Bush's policy in Iraq — even if the GOP retains control of the House and Senate.

"The war is a 100-pound albatross hanging on the necks of Republicans," said Norman Ornstein, a political scholar with the American Enterprise Institute in Washington.

A spike in American casualties in Iraq in recent weeks, as ethnic violence there spirals ever more out of control, has only served to increase the likelihood that Republicans will increasingly question Bush's policies in the war. At least 58 Americans have died there in the first two weeks of October, a pace that, if continued, would make the month the worst for coalition forces since 107 U.S. soldiers died in January 2005.

According to polls, Bush's support on Iraq among Republicans is soft. While three-fourths of Republicans say they approve of his handling of the war, fewer than half say they strongly approve and three in 10 either have mixed feelings or disapprove.

In contrast, three out of four Democrats disapprove strongly, according to AP-Ipsos polling.

Political experts see next month's elections as a turning point in Congress' oversight of the war, because it may be read as a litmus test for voters' support of Bush. GOP lawmakers will be more likely to challenge the president's policies on the war if they win by a slim margin or are forced to hand control to Democrats, especially as Bush slips further into lame-duck status during his final two years in office.

Concerned U.S. support was faltering, Al-Maliki told the president "that rumors sometimes can undercut confidence in the government and also its ability to work effectively in fighting terror," said Bush spokesman Tony Snow. "And the president said, `Don't worry, you still have our full support,'" Snow added.

Warner recently returned from a trip to the region and immediately told reporters that the war was "drifting sideways," with little progress being made. Warner said he would wait two to three months — until after the elections — to see if the situation could be turned around before suggesting a change in course.

Warner has found support from other Republicans — including Sen. Chuck Hagel of Nebraska, a possible 2008 presidential contender and frequent maverick, as well as Sens. Susan Collins and Olympia Snowe of Maine and several House Republicans.

Taking a different tack, Republican Sens. Lindsey Graham of South Carolina and John McCain of Arizona have challenged Bush's assertion that the size of the Army is adequate. The two senators say they support boosting the number of troops to reduce the strain on units repeatedly sent into combat.

"The American people are not going to continue to support, sustain a policy that puts American troops in the middle of a civil war," Hagel said Sunday on CNN's "Late Edition."

Despite recent noise from Hagel and others, Bush counselor Dan Bartlett said the White House has not detected a loss of Republican support for Bush's Iraq policy. "The vast majority of Republicans understand the stakes in Iraq ... and want to win," he said.

Political experts say Republicans do not want to alienate their major support base — staunch GOP voters loyal to Bush. But at the same time, more GOP members could call for changes to the nation's war policies after the Baker panel releases its results.

Democrats long have urged a change in Iraq policy. Sen. Carl Levin of Michigan, the leading Democrat on the Senate Armed Services Committee, said there is "no military solution to this conflict" and the United States must pressure Iraqis to take over their country.

Bush Reassures Iraqi That There Is No Timetable For Withdrawal (NYT)

By Sheryl Gay Stolberg

DOJ_NMG_0082276

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — President Bush reassured Prime Minister Nuri Kamal al-Maliki of Iraq on Monday that he would not set a timetable for withdrawal of American troops and would continue to support the prime minister, despite recent reports that military officials and some Republican lawmakers were dissatisfied with the Iraqi government's performance.

The White House also suggested that it would not necessarily accept the recommendations of an independent commission reviewing Iraq policy. "We're not going to outsource the business of handling the war in Iraq," said Mr. Bush's press secretary, Tony Snow.

The president's remarks to Mr. Maliki came during a 15-minute telephone conversation, Mr. Snow said. During the call, initiated by Mr. Bush, Mr. Maliki expressed concern about news reports that there would be an attempt to replace him if he was unable to assert control over Iraq within two months, Mr. Snow said.

"There was a rumor that there were going to be attempts to replace him if certain things don't happen in two months," Mr. Snow said. "And the president said, the rumors are not true; we support you."

Mr. Maliki, he said, "assured the president that he is and will continue making tough decisions" to get rid of the militias that are responsible for sectarian violence in Iraq.

The exchange reflects the delicate line the White House is walking as it tries to shore up the Maliki government while reassuring an increasingly skittish American public that it remains flexible in its approach to the war.

Senior American military officials have been warning that time is growing short for Iraq to root out militias inside and outside the government. Leading Republicans on Capitol Hill, including Senator John W. Warner of Virginia, the chairman of the Armed Services Committee, and Chuck Hagel of Nebraska, have also been expressing concern.

Mr. Warner said recently that he thought Iraq was "drifting sideways," and Mr. Hagel said Sunday that he agreed. Mr. Snow, asked Monday if the president was confident that the Maliki government was doing everything in its power to get rid of the militias, was equivocal.

"There is more to be done," Mr. Snow said. "There has to be more to be done. The violence is absolutely unacceptable."

A commission led by former Secretary of State James A. Baker III is reviewing the president's Iraq policy, and Mr. Baker has indicated that he will recommend a change in course. The panel's findings are due after the election, and Mr. Bush has said he looks forward to them, although Mr. Snow seemed to push back against the idea that the White House would adopt the recommendations.

"We'll have to see what they say," he said. "We will read it with interest."

The panel has not yet reached any conclusions, its co-chairman, Lee Hamilton, said in an interview on Monday.

Recent news reports have suggested the panel is weighing two options. One would emphasize stability in Iraq, while abandoning the goal of establishing democracy there; the other emphasizes a phased withdrawal of soldiers.

"We have literally scores of recommendations in front of us, and those are only two," Mr. Hamilton said. Asked about Mr. Snow's remarks, he said, "If he said that they're going to take a close look at it, we're pleased with that."

Can You Tell A Sunni From A Shiite? (NYT)

By Jeff Stein

The New York Times, October 17, 2006

Washington

FOR the past several months, I've been wrapping up lengthy interviews with Washington counterterrorism officials with a fundamental question: "Do you know the difference between a Sunni and a Shiite?"

A "gotcha" question? Perhaps. But if knowing your enemy is the most basic rule of war, I don't think it's out of bounds. And as I quickly explain to my subjects, I'm not looking for theological explanations, just the basics: Who's on what side today, and what does each want?

After all, wouldn't British counterterrorism officials responsible for Northern Ireland know the difference between Catholics and Protestants? In a remotely similar but far more lethal vein, the 1,400-year Sunni-Shiite rivalry is playing out in the streets of Baghdad, raising the specter of a breakup of Iraq into antagonistic states, one backed by Shiite Iran and the other by Saudi Arabia and other Sunni states.

A complete collapse in Iraq could provide a haven for Al Qaeda operatives within striking distance of Israel, even Europe. And the nature of the threat from Iran, a potential nuclear power with protégés in the Gulf states, northern Saudi Arabia, Lebanon and the Palestinian territories, is entirely different from that of Al Qaeda. It seems silly to have to argue that officials responsible for counterterrorism should be able to recognize opportunities for pitting these rivals against each other.

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But so far, most American officials I've interviewed don't have a clue. That includes not just intelligence and law enforcement officials, but also members of Congress who have important roles overseeing our spy agencies. How can they do their jobs without knowing the basics?

My curiosity about our policymakers' grasp of Islam's two major branches was piqued in 2005, when Jon Stewart and other TV comedians made hash out of depositions, taken in a whistleblower case, in which top F.B.I. officials drew blanks when asked basic questions about Islam. One of the bemused officials was Gary Bald, then the bureau's counterterrorism chief. Such expertise, Mr. Bald maintained, wasn't as important as being a good manager.

A few months later, I asked the F.B.I.'s spokesman, John Miller, about Mr. Bald's comments. "A leader needs to drive the organization forward," Mr. Miller told me. "If he is the executive in a counterterrorism operation in the post-9/11 world, he does not need to memorize the collected statements of Osama bin Laden, or be able to read Urdu to be effective. ... Playing 'Islamic Trivial Pursuit' was a cheap shot for the lawyers and a cheaper shot for the journalist. It's just a gimmick."

Of course, I hadn't asked about reading Urdu or Mr. bin Laden's writings.

A few weeks ago, I took the F.B.I.'s temperature again. At the end of a long interview, I asked Willie Hulon, chief of the bureau's new national security branch, whether he thought that it was important for a man in his position to know the difference between Sunnis and Shiites. "Yes, sure, it's right to know the difference," he said. "It's important to know who your targets are."

That was a big advance over 2005. So next I asked him if he could tell me the difference. He was flummoxed. "The basics goes back to their beliefs and who they were following," he said. "And the conflicts between the Sunnis and the Shia and the difference between who they were following."

O.K., I asked, trying to help, what about today? Which one is Iran — Sunni or Shiite? He thought for a second. "Iran and Hezbollah," I prompted. "Which are they?"

He took a stab: "Sunni."

Wrong.

Al Qaeda? "Sunni."

Right.

AND to his credit, Mr. Hulon, a distinguished agent who is up nights worrying about Al Qaeda while we safely sleep, did at least know that the vicious struggle between Islam's Abel and Cain was driving Iraq into civil war. But then we pay him to know things like that, the same as some members of Congress.

Take Representative Terry Everett, a seven-term Alabama Republican who is vice chairman of the House intelligence subcommittee on technical and tactical intelligence.

"Do you know the difference between a Sunni and a Shiite?" I asked him a few weeks ago.

Mr. Everett responded with a low chuckle. He thought for a moment: "One's in one location, another's in another location. No, to be honest with you, I don't know. I thought it was differences in their religion, different families or something."

To his credit, he asked me to explain the differences. I told him briefly about the schism that developed after the death of the Prophet Muhammad, and how Iraq and Iran are majority Shiite nations while the rest of the Muslim world is mostly Sunni. "Now that you've explained it to me," he replied, "what occurs to me is that it makes what we're doing over there extremely difficult, not only in Iraq but that whole area."

Representative Jo Ann Davis, a Virginia Republican who heads a House intelligence subcommittee charged with overseeing the C.I.A.'s performance in recruiting Islamic spies and analyzing information, was similarly dumbfounded when I asked her if she knew the difference between Sunnis and Shiites.

"Do I?" she asked me. A look of concentration came over her face. "You know, I should." She took a stab at it: "It's a difference in their fundamental religious beliefs. The Sunni are more radical than the Shia. Or vice versa. But I think it's the Sunnis who're more radical than the Shia."

Did she know which branch Al Qaeda's leaders follow?

"Al Qaeda is the one that's most radical, so I think they're Sunni," she replied. "I may be wrong, but I think that's right."

Did she think that it was important, I asked, for members of Congress charged with oversight of the intelligence agencies, to know the answer to such questions, so they can cut through officials' puffery when they came up to the Hill?

"Oh, I think it's very important," said Ms. Davis, "because Al Qaeda's whole reason for being is based on their beliefs. And you've got to understand, and to know your enemy."

It's not all so grimly humorous. Some agency officials and members of Congress have easily handled my "gotcha" question. But as I keep asking it around Capitol Hill and the agencies, I get more and more blank stares. Too many officials in charge of the war on terrorism just don't care to learn much, if anything, about the enemy we're fighting. And that's enough to keep anybody up at night.

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Ongoing Iraqi Violence Claims New Lives (LAT)

By Borzou Daragahi

The Los Angeles Times, October 17, 2006

BAGHDAD — Fresh waves of killing continued to engulf the Iraqi capital and surrounding areas today, with at least 26 mutilated bodies discovered, a car bomb explosion near a bank killing eight people and wounding 47 and violence that left at least six others dead.

At least five U.S. military personnel died in combat Sunday, raising to at least 56 the number of American soldiers, Marines and airmen killed during the first 15 days of the month.

Also today, the court trying Saddam Hussein for an alleged campaign of vengeance against a Shiite Muslim village in the 1980s will hold a Nov. 5 session at which a verdict will be delivered for the former Iraqi president and seven other defendants.

"Most likely they will reach a verdict after finishing checking some minor things," said Jaafar Mousawi, the lead prosecutor in the case.

Gunfire and explosions shook much of the capital throughout the day as a whirling sandstorm added to the gloom.

Three bystanders were killed when a gun battle erupted between Iraqi soldiers and suspected insurgents in central Baghdad. Five civilians and two soldiers were also injured in the fighting, quelled when U.S., forces moved into the area.

One Iraqi soldier was killed in a ferocious 30-minute gun battle that erupted when U.S. and Iraqi troops confronted suspected insurgents in northwestern Baghdad.

Insurgents opened fire on security guards driving through agricultural fields back from an electricity substation on capital's southern outskirts, killing one and injuring four.

Five roadside bombs targeting Iraqi police and soldiers in and around Baghdad today killed one and injured 18.

One U.S. soldier was killed in Baghdad on Sunday night when his vehicle struck a roadside bomb. Earlier, two U.S. soldiers attached to the 3rd Brigade of the 25th Infantry Division were killed and two wounded in fighting near the northern city of Kirkuk. Two Marines were also killed in combat earlier in western Iraq.

At least 12 U.S. military personnel were killed in hostile incidents over the weekend.

U.S. and Iraqi forces continued efforts to restore order in and around Balad, a mostly Shiite agricultural hub surrounded by Sunni tribesmen. Scores of Iraqis were killed this weekend in an outburst of sectarian violence in the town 50 miles north of Baghdad.

On Saturday, Shiite gunmen with alleged ties to militia groups hunted down and shot dead Sunni Arab men in the city, avenging a group of Shiite farmers killed and beheaded earlier.

Ministry of Interior spokesman Abdul-Kareem Khalaf blamed the latest outburst of violence on insurgents hitting random targets and "seeking to incur as much damage and death as possible." But the rhythms of the ongoing violence coincide with the country's political impasse.

Once-dominant Sunni Arabs are waging an insurgency against the Shiite and Kurdish-dominated government as well as its U.S. backer. Ascendant Shiites struggle to enforce their will politically as well as through violent death squads that kill dozens of innocent Sunnis every night.

A highly publicized Oct. 21 conference on national reconciliation, aimed at reducing tensions between the country's communities, was abruptly delayed until further notice Sunday. Saad Muttalibi, an advisor to the Ministry of State for Dialogue and Reconciliation, cited "technicalities" for the delay but acknowledged that the country's factions appear to be moving in the direction opposite to discussion and compromise.

"It doesn't mean we have to give up," he said in an interview. "The cost of reconciliation is very high. Some corners are afraid of it. The road ahead is very long."

Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin, Washington Post Foreign Service

The Washington Post, October 17, 2006

BAGHDAD, Oct. 16 -- Families fled in search of safety Monday as open warfare raged for a fourth day between Shiite militias and armed Sunni men in Tigris River towns north of Baghdad. Militias allied with Iraq's Shiite-led government held sway in Balad city, forcing out Sunni families and leaving the bodies of slain Sunni men to rot in the streets, according to police, residents and hospital officials.

The Iraqi government deployed still more reinforcements to try to calm the embattled towns and hold open the main roads, Interior Ministry spokesman Abdul Kareem al-Kinani said in the capital. But local police officers accused Shiite-dominated government police forces of working alongside Shiite militias in executing Sunnis and appealed for more help.

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The escalating violence in the Tigris River towns in many ways serves as a microcosm of the daily violence roiling Iraq. Sectarian attacks have increased more than tenfold since the start of the year and now claim more than 100 victims a day, according to the Iraqi government.

The violence in Balad was unusual because of the sustained deployment of the militias on the streets, and the killing seemed particularly vicious. Balad was "under siege from all sides," police 1st Lt. Bassim Hamdi said by telephone from the city. "We demand that leaders from both sides intervene to stop the bloodshed. Because if this goes on, it will explode sectarian violence all over Iraq."

As the carnage mounted, President Bush called Prime Minister Nouri al-Maliki to reassure the Iraqi leader of his support and assure him he was under no time pressure from the United States to curb sectarian violence.

Bush told Maliki he had no plans to pull out U.S. troops and advised him to ignore rumors that Washington intended to impose a two-month deadline for Iraq to rein in the violence, White House spokesman Tony Snow said in Washington.

Bush assured the Iraqi leader, " 'Don't worry, you still have our full support,' " Snow said.

American officials and Iraqis have expressed increasing frustration with inaction by Maliki, who this week indefinitely postponed measures both to disband militias and convene a reconciliation conference meant to close the widening rift between Iraq's Shiite majority and Sunni minority.

Maliki has bridled at growing U.S. pressure to act against the illegal private armies, which include armed wings of the two biggest parties in his governing alliance of Shiite religious parties. The prime minister issued a statement late Monday stressing that government forces have already confronted militias in some provinces. His administration "is determined to confront the armed groups with all political and military means," he said.

Although Baghdad has been the nexus of the Shiite-Sunni struggle for months, sectarian killing exploded in river towns about 50 miles to the north of the capital Friday after suspected Sunni insurgents kidnapped and beheaded 17 Shiite laborers from date palm groves in the predominantly Sunni hamlet of Duluiyah, across the river from Balad.

Shiite elders of Balad said they called in the Baghdad militias of Shiite cleric Moqtada al-Sadr -- whose bloc is the largest in Iraq's Shiite-led government -- to take revenge.

Most of the victims since then have been Sunni men in Duluiyah and neighboring Sunni towns. Hasanein al-Badawi, a physician at Balad's hospital, said almost all had been shot and some had been tortured with electric drills.

The total number of victims received by Balad's hospital morgue held steady at 80 on Monday, Badawi said. Members of Sadr's Mahdi Army militia were blocking Sunni families from picking up more of their dead from the streets, he said.

The American military had recorded 57 killings in Balad, Lt. Col. Christopher C. Garver, a military spokesman, said in Baghdad.

On Monday, Sunni families fleeing Balad described Shiite militias going door-to-door, giving people two hours to clear out.

A police officer in Duluiyah, Capt. Qaid al-Azawi, accused American forces of standing by in Balad while militiamen in police cars and police uniforms slaughtered Sunnis. Americans did act, however, in Duluiyah, arresting three local police officers whom they suspected of fighting with insurgents against the militias, Azawi said.

Garver, the spokesman in Baghdad, said he had no information on these specific reports. "We're providing assistance where we see criminal behavior, such as violence and killing," he said.

Police officials said Balad had calmed by nightfall with the deployment of large numbers of Iraqi army troops, who are seen as more neutral than forces of the Shiite-dominated police.

Meanwhile, clashes between Iraqi and foreign members of al-Qaeda in Iraq signaled a possible split in the foreign-led Sunni insurgent group over its leaders' declaration Sunday of a separate, Sunni-led Islamic emirate in nine provinces of Iraq.

The hospital in Ramadi, a western city badly battered by years of fighting between American forces and Sunni insurgents, by late Monday had received the bodies of 13 insurgents killed in the internal clashes, including a top local leader of al-Qaeda in Iraq, according to Saad Naji, a physician.

A mid-ranking Iraqi official of al-Qaeda in Iraq, Ma'an al-Ani, said scores of Iraqi members of Iraq's most feared Sunni insurgent group had broken away, spurred by unhappiness at Sunday's declaration. Creation of a separate Sunni state would only "tear the country apart . . . and divert from the main goal, which is getting Americans out," Ani said.

In other violence Monday, 11 people were killed when assailants used car bombs to attack the funeral of a Shiite policeman in Baghdad, the Interior Ministry said.

Two American soldiers were killed in fighting north of Baghdad, the U.S. military said, bringing to 12 the number of U.S. troops killed in Iraq since Friday, an unusually high toll. Attacks have killed more than 50 American troops in October, putting the month on track to be one of the bloodiest of the war for U.S. forces.

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Execution-style shootings claim the great majority of victims in Baghdad, where scores of bodies are dumped each day. Monday's victims included the brother of the chief prosecutor in Saddam Hussein's genocide trial, who was shot to death in front of his wife at his home.

Aldin reported from Tikrit. Special correspondents Saad al-Izzi and Naseer Nouri in Baghdad, Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Iraqis Ask Why U.S. Forces Didn't Intervene In Balad (NYT)

By Michael Luo

The New York Times, October 17, 2006

BAGHDAD, Oct. 16 — American military units joined with Iraqi forces on Monday in maintaining a fragile peace between Sunni and Shiite communities in Balad, a rural town north of the capital where an explosion of sectarian violence over the weekend left dozens dead.

In the aftermath of the reprisals, some residents of Balad asked why American troops had not intervened when the killings began in earnest on Saturday. One of the largest American military bases in Iraq, Camp Anaconda, which includes a sprawling air base that serves as the logistical hub of the war, is nearby.

"People are bewildered because of the weak response by the Americans," said one Balad resident who asked not to be identified for fear of reprisals. "They used to patrol the city every day, but when the violence started, we didn't see any sign of them."

The situation in Balad, about 50 miles north of Baghdad, appears, in stark form, to show the dilemma for American military commanders at a time when they are hastening the transfer of wide areas of the country to Iraqi forces. They are also insisting that those troops take the lead in quelling violence, leaving American forces to step in only when asked.

It also highlighted yet again the powerlessness of the Iraqi forces to stand in the way of such sectarian violence.

Killings also continued to besiege the capital on Monday with the discovery of at least 64 bodies across the city, and two car bomb attacks that appeared to kill 22 people. The American military, meanwhile, said Monday that five American service members were killed Sunday, bringing the toll this month to 58. One soldier was killed by a roadside bomb in Baghdad; two died in Kirkuk Province and two in Salahuddin Province.

Sectarian violence and retribution killings of the kind that unfolded in Balad over the weekend are the purview of the Interior Ministry, in charge of Iraq's police forces, and the Iraqi government in general, said Lt. Col. Michael Donnelly, a spokesman for the Army's Fourth Infantry Division, adding that responsibility for the Balad area was transferred from American military units to the Fourth Iraqi Army about a month ago.

The job of the United States military, he said, is to work "by, through and with" its Iraqi counterparts "to build further capacity to reduce the violence, and bring about stability."

American military commanders reviewing what happened over the weekend concluded that the situation in Balad was best dealt with by the Iraqi armed forces, a senior American military official said.

The senior officer, who requested anonymity because he was not authorized to speak publicly on the subject, said that American commanders viewed the upheaval in Balad as a new test for the Shiite-dominated government of Prime Minister Nuri Kamal al-Maliki, who has come under American pressure to crack down on militias that have been responsible for much of the killing in the country.

The American military eventually provided what Lt. Col. Christopher Garver, a military spokesman, described as "quick reaction force assistance" to the Iraqi Army and the police in the area.

"We were waiting for a request from the Iraqi government," he said.

It was unclear, however, when that request came. The sectarian killings began on Friday in the neighboring town of Dhuluiya, where the decapitated bodies of 14 Shiite workers from Balad were found. While the center of Balad is mostly Shiite, its outskirts and the neighboring area, including Dhuluiya, are overwhelmingly Sunni.

By the following day, groups of Shiite gunmen from Balad were setting up checkpoints and hunting down and killing dozens of Sunni Arab residents, the authorities said.

Overall, the bodies of some 31 Sunni Arab residents of the area were found during the weekend, said Qasim al-Qaisi, the director of Balad Hospital. Most of the killings took place on Saturday, the authorities said.

American troops did not arrive until late Sunday afternoon, taking up positions in the town center and on its outskirts, said Hamad al-Qaisi, governor of Salahuddin Province. By then, a curfew had been imposed on the town and the situation had mostly stabilized.

On Monday mortar rounds landed on Balad, injuring five civilians, a police official said. Otherwise, the town was mostly quiet. Shiite clerics broadcast appeals over loudspeakers for calm on Monday, urging residents not to attack their Sunni

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neighbors, residents said. The leader of one mosque even urged any Sunnis harmed in any attacks to visit the mosque and register a complaint, said a resident who asked not to be identified.

A meeting between the provincial governor, security officials, American commanders and tribal sheiks in Balad and Dhuluiya will be held Wednesday to discuss ways to defuse tensions in the area, a provincial government official said.

At least 60 Sunni families have fled Balad for neighboring Dhuluiya, said Adel al-Smaidaei, a representative of the Iraqi Islamic Party, the country's leading Sunni political party.

The burst of violence in Balad, which had previously only dealt with relatively low levels of sectarian tension, came as American troops were continuing the largest series of sweeps in the nation's capital since the invasion, in an attempt to stop sectarian bloodshed. Over the past year, American forces had gradually withdrawn from large areas of the capital, leaving security in the hands of the Iraqi Army and the police.

That policy, however, was followed by unhindered sectarian bloodletting, particularly after a bombing of a sacred Shiite shrine in Samarra in February, which prompted the American military command to move troops back to the capital.

The police in Baghdad reported the discovery of the 64 bodies, all of which appeared to have been shot at close range and showed signs of torture. In the largely Shiite neighborhood of Ur, two car bombs, one of which was aimed at a large Shiite funeral gathering, exploded almost simultaneously Monday evening, an Interior Ministry official said. The other bomb went off nearby, about 200 meters from a busy market.

At least 22 people were killed and 31 people wounded in the blasts, said Qasim al-Sweidi, an official at Imam Ali Hospital in nearby Sadr City, where the victims were taken.

Earlier in the day, a car bomb exploded in Suwayra, a neighborhood located southeast of Baghdad, killing 10 people and wounding 15 others, the official said.

The day's toll in Baghdad included another killing, at least the 12th of its kind, of a victim linked to the court trying Saddam Hussein and his associates. Court officials said that the older brother of Munkith al-Faroun, chief prosecutor in the so-called Anfal trial that began in Baghdad in August, was shot dead by unknown assailants at his home in the western Baghdad suburb of Jamaa.

The officials said the brother, Emad al-Faroun, who is a legal adviser to Ahmad Chalabi, one of the most prominent Iraqi politicians in the period since the overthrow of Mr. Hussein, was killed by men who attacked him in the carport of his home. His wife and son, also shot in the attack, survived, the officials said.

On Monday, Mr. Hussein's lawyers made public a letter they said they had been given by Mr. Hussein during a weekend consultation at Camp Cropper, the American-run detention center near the Baghdad airport, where he has been held during the trials.

Mr. Hussein used the letter to call on Iraqis to end the current wave of sectarian bloodletting and to focus attacks instead on "occupiers from far away who crossed the Atlantic Ocean under the inspiration of Zionism." He added, "You should remember that your goal is to liberate your country from the invader's forces and their followers, and that there should be no other issues to distract you from this goal."

Iraq's Christians Flee As Extremist Threat Worsens (NYT)

By Michael Luo

The New York Times, October 17, 2006

BAGHDAD, Oct. 16 — The blackened shells of five cars still sit in front of the Church of the Virgin Mary here, stark reminders of a bomb blast that killed two people after a recent Sunday Mass.

In the northern city of Mosul, a priest from the Syriac Orthodox Church was kidnapped last week. His church complied with his captors' demands and put up posters denouncing recent comments made by the pope about Islam, but he was killed anyway. The police found his beheaded body on Wednesday.

Muslim fury over Pope Benedict XVI's public reflections on Islam in Germany a month ago — when he quoted a 14th-century Byzantine emperor as calling Islam "evil and inhuman" — has subsided elsewhere, but repercussions continue to reverberate in Iraq, bringing a new level of threat to an already shrinking Christian population.

Several extremist groups threatened to kill all Christians unless the pope apologized. Sunni and Shiite clerics united in the condemnation, calling the comments an insult to Islam and the Prophet Muhammad. In Baghdad, many churches canceled services after receiving threats. Some have not met since.

"After the pope's statement, people began to fear much more than before," said the Rev. Zayya Edward Khossaba, the pastor of the Church of the Virgin Mary. "The actions by fanatics have increased against Christians."

Christianity took root here near the dawn of the faith 2,000 years ago, making Iraq home to one of the world's oldest Christian communities. The country is rich in biblical significance: scholars believe the Garden of Eden described in Genesis was

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in Iraq; Abraham came from Ur of the Chaldees, a city in Iraq; the city of Nineveh that the prophet Jonah visited after being spit out by a giant fish was in Iraq.

Both Chaldean Catholics and Assyrian Christians, the country's largest Christian sects, still pray in Aramaic, the language of Jesus.

They have long been a tiny minority amid a sea of Islamic faith. But under Saddam Hussein, Iraq's million or so Christians for the most part coexisted peacefully with Muslims, both the dominant Sunnis and the majority Shiites.

But since Mr. Hussein's ouster, their status here has become increasingly uncertain, first because many Muslim Iraqis framed the American-led invasion as a modern crusade against Islam, and second because Christians traditionally run the country's liquor stories, anathema to many religious Muslims.

Over the past three and a half years, Christians have been subjected to a steady stream of church bombings, assassinations, kidnappings and threatening letters slipped under their doors.

Estimates of the resulting Christian exodus vary from the tens of thousands to more than 100,000, with most heading for Syria, Jordan and Turkey.

The number of Christians who remain is also uncertain. The last Iraqi census, in 1987, counted 1.4 million Christians, but many left during the 1990's when sanctions squeezed the country. Yonadam Kanna, the lone Christian member of the Iraqi Parliament, estimated the current Christian population at roughly 800,000, or about 3 percent of the population. A Chaldean Catholic auxiliary bishop, Andreos Abouna, told a British charity over the summer that there were just 600,000 Christians left, according to the Catholic News Service.

At the Church of the Virgin Mary, Father Khossaba showed a visitor the baptism forms for parishioners leaving the country who need proof of their religious affiliation for visas. Some weeks he has filled out 50 of the forms, he said, and some weeks more.

Attendance on Sundays has dwindled to four dozen or so, he said; it used to be more than 500 on average, and on Easter Sundays, before the collapse of the Hussein government, more than 1,500. Not all the missing members have left, of course; some simply stay at home on Sundays because of fears for their safety.

Many Christians have relocated, changing neighborhoods or even cities. About a thousand Christian families, from Mosul, Baghdad, Basra and elsewhere, have taken refuge in Ain Kawa, a small town outside the Kurdish city of Erbil, which has become an oasis for Christians, said the Rev. Yusuf Sabri, a priest at St. Joseph's Chaldean Catholic Church there.

A Christian man with Baghdad license plates on his car who asked not to be identified said he had just arrived in Ain Kawa to inquire about moving there. A leaflet had been left at his home demanding he leave in three days. It bore the signature of Muhammad's Army, a Sunni insurgent group.

"They regarded me as an agent for the crusaders," he said.

Asaad Aziz, a 42-year-old Chaldean Catholic, is one of those trying to leave the country. After the ouster of Mr. Hussein, he bought a liquor store in a mostly Shiite neighborhood. Nine days after he opened, the store was bombed. Mr. Aziz was hospitalized for a month.

The employees rebuilt the store. But several months later, a note slipped under the door gave Mr. Aziz 48 hours to close.

"Otherwise, you will blame yourself," it said.

Mr. Aziz closed. But after an unsuccessful stint at a friend's printing company, he returned to the business he knew best, opening a liquor store in a mostly Christian neighborhood. Last month, a gunman riddled the new storefront with bullets as Mr. Aziz cowered in a back room.

He told another story: the teenage daughter of another Christian family he knows was kidnapped recently. The captors initially demanded a ransom, but later sarcastically said the pope was the only one who could release her. She was eventually killed.

"When the pope gave his statement, it destroyed any last hope that we had here," said Mr. Aziz, who has forbidden his daughters, one in high school and the other in college, to return to school.

He recently went to the Turkish Embassy to inquire about a visa but was rebuffed. At this point, he said, he will go anywhere.

"We cannot practice our rituals and we cannot bring food home to our families," he said. "That's why I want to leave the country."

Mosul, near the historic heart of Christianity in Iraq, has also become increasingly dangerous. The recently murdered priest, the Rev. Boulos Iskander Behnam, is just the latest member of the Christian community to be kidnapped or killed there.

Conditions have been especially bleak for Christians in Basra, the southern city that is dominated by radical Shiite militias. Christian women there often wear Muslim head scarves to avoid harassment from religious zealots trying to impose a strict Islamic dress code. After the pope's statement, an angry crowd burned an effigy of him.

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In Baghdad, Juliet Yusef attends St. George's, the country's lone Anglican church. She, too, now wears a head scarf anytime she ventures outside her neighborhood. "I am afraid of being attacked," she said.

Dora, a neighborhood in southern Baghdad that was once heavily populated by Christians and has been plagued by sectarian violence, has now been mostly emptied of them. Christians were singled out there by insurgents who accused them of being friendly with the occupying Americans.

"They are Christian, we are Christian," said one holdout, who asked to be identified only by her first name, Suzan. "They think most likely we know each other well."

Two priests were kidnapped over the summer in Dora, although both were released, one after nearly a month.

Oddly, before the pope's comments, as sectarian violence has escalated in Baghdad in the past year, some said the situation might have actually improved for Christians as Muslim militants turned their attention on one another.

Canon Andrew White, the Anglican vicar of Baghdad, who lives in Britain but visits Iraq frequently, said his driver was kidnapped recently but was promptly released after his Sunni Arab captors discovered he was a Christian. He said his captors apologized by saying, "We thought he was Shiite."

"It must be the only occasion when being a Christian actually helped in this country," he said.

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U.S. Attorney To Join Gibson Dunn (WSJ)

By Peter Lattman

The Wall Street Journal, October 17, 2006

In the latest example of a government prosecutor jumping to a high-paying law firm, Debra Wong Yang, the U.S. Attorney in Los Angeles, has resigned her post and will join Gibson, Dunn & Crutcher as a partner at the beginning of the year.

During Ms. Yang's tenure, her office has spearheaded several high-profile corporate-crime cases, including the indictment earlier this year of law firm Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. Milberg Weiss has denied the allegations and vowed to fight the charges.

Ms. Yang, 47 years old, serves on the Justice Department's Corporate Fraud Task Force, an interagency group created in July 2002 amid white-collar scandals.

Prior to her appointment by President Bush in 2002, Ms. Yang was a California state judge. Before that she was an assistant U.S. attorney. A 1985 graduate of Boston College Law School, she also worked in private practice.

At Gibson Dunn, which has more than 800 lawyers, she will be based in the firm's Los Angeles office and co-chair its "crisis-management" group along with Theodore Olson, the former solicitor general, and Randy Mastro, a former federal prosecutor and deputy to former New York mayor Rudolph Giuliani. Members of that group are currently handling internal investigations for companies ensnared by the stock-options backdating scandal.

Write to Peter Lattman at peter.lattman@wsj.com1

CORPORATE SCANDALS:

KLA-Tencor Officials Depart Over Options Dating (WSJ)

By Robert Tomsho And James Bandler

The Wall Street Journal, October 17, 2006

Two senior employees at a Silicon Valley company lost their jobs yesterday, and another technology company said that former top executives misled its board as the stock-options scandal continued to gain traction.

In the latest personnel shakeups, Stuart J. Nichols, general counsel of KLA-Tencor Corp., and Kenneth L. Schroeder, a former chief executive who had remained with the company in an advisory role, left following an internal probe that found backdating of options at the company.

KLA-Tencor, of San Jose, Calif., a big semiconductor-equipment maker, said yesterday it "terminated" all aspects of its employment relationship with Mr. Schroeder, who was chief executive from 1999 to 2005. Mr. Nichols resigned.

The company also said it was canceling all outstanding backdated stock options held by Mr. Schroeder and repricing all backdated options held by Mr. Nichols. Shirli Fabbri Weiss, a lawyer for Mr. Schroeder, said she didn't believe the company had a basis to take such action and that her client hadn't been allowed to respond to evidence against him. Mr. Nichols couldn't be reached for comment.

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The company said it expects restatements because of the backdating to result in charges of less than $400 million.

Separately, another San Jose company, Altera Corp., said an internal investigation found its former CEO and its former general counsel repeatedly misled its board's compensation committee about backdating stock options for themselves and other executives.

As a result of faulty accounting, the chip maker said it will restate its earnings downward by $35.2 million from 1996 to 2005.

More than 100 companies are under investigation for options backdating, and many of them are still conducting internal probes. So far, more than 30 executives and directors have lost their jobs. Sunday, UnitedHealth Group Inc. said its chief executive, William McGuire, would leave the giant health insurer by Dec. 1.

Backdating amounts to pretending that an option was granted earlier than it actually was, at a beneficial time when the share was trading at a low price. As options entitle their recipients to profit from a rise in price, claiming the grant occurred at a time of low prices could give the recipient a running start on an extra profit.

Altera said that between 1996 and 2000 it granted stock options every December to senior managers, including Rodney Smith, its former chief executive, and C. Wendell Bergere, its former general counsel. The company said that while Mr. Smith had the authority to set the grant date, the compensation committee intended for it to coincide with the completion of an annual, end-of-year performance-review process.

Instead, Altera said, Mr. Smith and Mr. Bergere repeatedly falsely claimed as the options' grant date the particular day on which the stock hit its lowest closing price of December. The company said that at some point after the review process, Mr. Bergere prepared minutes that "did not reflect the grant date intended by the compensation committee but rather falsely indicated that the actual grant date" was the beneficial day that he and Mr. Smith selected.

An Altera spokeswoman declined to comment beyond the company's written statement. Mr. Smith's attorney, William Kimball, declined to comment. Mr. Bergere's attorney, Henry Asbill, called the company's accusations "unfair," given that Altera hasn't let him review related documents and that his client has dementia.

Mr. Smith retired as Altera's chief executive in 2000 and as its chairman in 2003. Mr. Bergere retired from the company in 2001.

Altera also said yesterday that Chief Financial Officer Nathan Sarkisian retired, effective immediately. The company had previously said Mr. Sarkisian planned to retire by the end of the year, and it wasn't clear whether the departure was connected to the options troubles. A company spokeswoman declined to address the matter.

Mr. Sarkisian didn't return a call seeking comment.

KLA-Tencor's probe was touched off by a Wall Street Journal article in May that reported on a pattern of extraordinarily well-timed stock-option grants to several companies' top officials, including KLA-Tencor Chairman Ken Levy. In all, Mr. Levy received 10 grants from KLA-Tencor and its predecessor company from 1994 to 2001 -- all preceding quick runups in the share price; an analysis by The Wall Street Journal found the probability that that pattern occurred merely by chance was around one in 20 million.

Mr. Levy couldn't be reached for comment.

The company said yesterday the board has concluded that current members of management weren't involved in any improper options practices. A KLA-Tencor spokeswoman declined to comment beyond the press release.

KLA-Tencor Finds More Option Costs; Counsel Resigns (Update2) (BLOOM)

By Ian King

Bloomberg, October 17, 2006

Oct. 16 (Bloomberg) -- KLA-Tencor Corp., a maker of semiconductor-testing equipment, said it found $400 million in costs related to backdated company stock options and canceled grants to former Chief Executive Officer Kenneth Schroeder.

General Counsel Stuart J. Nichols resigned and KLA-Tencor will reprice options given to him and Chief Operating Officer John Kispert, the San Jose, California-based company said today in a statement. Current management, including Kispert, had no involvement in the options practices, the company said.

``This clears up whether there has to be a departure of the top management," said Mark Bachman, a Portland-based analyst for Pacific Crest Securities, who rates the stock ``market perform" and doesn't own it. ``It's going to be a positive for the stock."

KLA-Tencor is among more than 140 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The U.S. Securities and Exchange Commission, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low.

They're also examining grants that were made in advance of news that drove up company stock prices, a practice known as spring-loading.

Shares of KLA-Tencor rose 41 cents to $49.95 in extending trading after the announcement. They gained 73 cents to $49.54 at 4 p.m. New York time in Nasdaq Stock Market composite trading and are little changed this year.

Eight CEOs

KLA-Tencor said it terminated ``all aspects of its employment relationship'' with Schroeder, who ran the company from 1999 to 2005.

The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options.

All told, more than 30 executives, including eight CEOs, have lost their jobs as companies have come under scrutiny for manipulating stock options to enrich employees. Former executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc., face criminal charges.

UnitedHealth Group Inc., the biggest U.S. health insurer, said yesterday CEO William McGuire will step down after an independent inquiry found evidence that company options were backdated over the past 12 years.

On Oct. 11, McAfee Inc. forced Chief Executive Officer George Samenuk to retire and fired President Kevin Weiss. Cnet Networks Inc., also said CEO Shelby Bonnie and two other executives stepped down after an internal probe found some backdated stock-option grants.

KLA Tencor Braces For $400 Million Blow For Mishandled Options (AP)

By Michael Liedtke

AP, October 17, 2006

SAN FRANCISCO - KLA Tencor Corp.'s mishandling of stock options will cost the company up to $400 million - a blow that provoked the supplier of chip.m.aking equipment to cancel the options of its former chief executive.

With Monday's announcement, San Jose-based KLA joins a lengthening list of companies facing up to the consequences of stock option chicanery that went undetected for years.

The repercussions are erasing a substantial chunk of past profits and spurring efforts to clean out executive suites and boardrooms as federal regulators and prosecutors explore possible civil penalties and criminal charges.

In the past week alone, more than a dozen executives and directors at six companies nationwide have either resigned or been fired. Four of those companies are based in Silicon Valley, which has become the focal point of the latest scandal to rock corporate America.

In its reckoning, KLA acknowledged company insiders improperly booked employee stock options from July 1997 through June 2002. KLA will absorb charges of up to $400 million to correct the bogus accounting caused by the shenanigans.

The company had previously reported profits totaling $710 million during that five-year period.

Although KLA didn't directly blame anyone for the misconduct, its actions pointed at its former CEO, Kenneth Schroeder, and top lawyer, Stuart Nichols. The company fired Schroeder, who had been a special adviser since his January retirement as CEO, and accepted the resignation of Nichols, who had been general counsel since 2000.

Schroeder, 60, was KLA's president and chief operating officer from 1991 to 1999 when he was promoted to CEO.

To penalize the former executives, KLA said it will cancel all of Schroeder's outstanding stock options and re-price Nichols' awards so he won't benefit unfairly. The company said it will also re-price the options of its chief operating officer, John Kispert, because he was chief financial officer during part of the time tainted by the mishandled stock options.

KLA absolved Kispert of any wrongdoing, as well as its current CEO, Richard Wallace, and current chief financial officer, Jeffrey Hall.

Both the Securities and Exchange Commission and the U.S. Justice Department are still investigating KLA's past stock option practices. The federal government task force looking for evidence of stock option malfeasance is based in San Francisco.

Like most other companies entangled in the scandal, KLA's troubles revolve around a technique known as "backdating," which occurs when insiders look back in time for a low point in their company's stock price so the exercise, or "strike," price of the options could be set at that ebb.

If they aren't properly disclosed, backdated options can inflate corporate profits and result in an underpayment of taxes.

Silicon Valley has been caught in the eye of the stock option storm because of an entrepreneurial culture that embraced the rewards during the 1990s as the best way to get rich fast. That mind-set encouraged high-tech companies to pass out stock options like candy on Halloween.

All told, at least 135 companies nationwide have disclosed internal inquiries or government investigations into the accounting of past stock options.

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Two More Companies Probing Stock-option Dates Announce Management Changes (MERCN)

By Scott D. Harris And Ryan Blitstein

The San Jose Mercury News, October 17, 2006

Two more prominent Silicon Valley companies that undertook internal investigations of stock-option back-dating announced management changes Monday.

KLA-Tencor, a San Jose builder of semiconductor manufacturing test instruments, and Altera, a leading maker of programmable semiconductor chips, announced the departure of key executives.

KLA-Tencor announced the immediate resignation of General Counsel Stuart J. Nichols and also said it was terminating ``all aspects of its employment relationship'' with former chief executive Kenneth L. Schroeder, who had become a consultant to the company.

Schroeder had been KLA-Tencor's CEO and a member of the board of directors from 1999 through 2005, and previously had been president and chief operating officer from 1991 to 1999. Nichols had been vice president and general counsel since 2000.

Altera said Monday the San Jose company would restate its earnings by $47.6 million after an investigation by board members found grants to former executives of back-dated stock options.

A special committee of independent board members of Altera found seven instances between 1996 and 2001 where recorded grant dates for stock options were different from the actual grant dates, the company said.

In a separate statement, Altera said Chief Financial Officer Nathan Sarkisian has retired. Previously, the company had said he planned to retire by the end of 2006.

More than 120 U.S. companies, about one-fourth of them in Silicon Valley, face investigations by the Securities and Exchange Commission or Justice Department or are conducting internal reviews about options back-dating.

Back-dating involves changing the paperwork dates on stock option grants to a day when stock prices were lower, giving recipients a better chance for quick paper profits.

KLA-Tencor had previously announced a special committee of its board had found incorrect dates on stock options from July 1997 through June 2002 and that the company would re-state its financial statements to correct the accounting for back-dated options. KLA-Tencor declined to answer questions on Monday.

Stock Options Scandal Spreads (USAT)

By Matt Krantz And Greg Farrell

USA Today, October 17, 2006

The widening scandal over the alleged manipulation, or “backdating,” of executive stock options has claimed another two heads at the top ranks of Corporate America.

Computer-chip maker Altera said Monday that chief financial officer Nathan Sarkisian left the company prematurely after a review of its options-granting practice pinpointed problems. The company said it will need to restate earnings to reflect $47.6 million in costs pertaining to options grants.

Separately, UnitedHealth said Sunday that CEO William McGuire would quit by Dec. 1 after the health insurer's examination of stock option backdating found potential wrongdoing. The study found McGuire received several option grants at yearly lows in the stock, which would be essentially impossible without manipulation.

Backdating is when firms don't disclose they gave executives the right to buy shares at a price lower than the market value when the options are issued. Stock options are designed to reward executives for smart moves after they get the grant. Options typically give executives the right to buy stock in the future at the price it was trading at when the options were issued.

But a growing scandal is finding some companies may have abused the rules. Rather than giving executives the right to buy stock at the current stock price, some companies may have given executives the right to buy stock based on a lower price on a previous date.

This practice, while not necessarily illegal, has the potential of inappropriately rewarding executives in a way not disclosed to shareholders. It understates how much a company paid its executives and affects taxes paid by the companies and the executives as well as what the company reports as earnings.

According to research compiled by Glass Lewis, 150 companies have said they're looking into the issue of whether some of their stock option grants were “backdated.” Of those, 142 have opened internal investigations, 91 are being probed by the Securities and Exchange Commission and 55 by the Department of Justice.

As of Monday, the number of companies losing an executive or director in the scandal hit 23. Last week, McAfee CEO George Samenuk and CNet CEO Shelby Bonnie stepped down amid revelations of stock option problems.

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Still, only two cases have resulted in criminal charges. Executives at Brocade Communications Systems, including former CEO Gregory Reyes, and Comverse Technology, including former CEO Jacob Alexander, are charged with improperly backdating.

But lawyers who have been following the issue predict that many more investigations will end up in criminal court. “We are only at an early stage of the public airing of this issue,” says Mark Zauderer of Flemming Zulack Williamson Zauderer. “We are going to see a wave of cases involving backdating.”

Zauderer says prosecutors will jump at the opportunity to bring criminal cases against corporate executives because these cases can be simple. “The issues involved, including changes of documents and misrepresentation of documents, are ones that juries can get their arms around easily. This is far easier to prosecute than Enron-type cases of accounting fraud.”

But others say there won't be many criminal prosecutions. “A lot of these cases have terrific statute-of-limitations problems,” says David Gourevitch, a Manhattan attorney and former state prosecutor. The statute of limitations for securities fraud, he notes, is five years. Most of the known instances of options “backdating,” he points out, occurred in the late 1990s, during the tech bubble. Since 2001, tech stock prices have been low enough that there hasn't been a compelling reason to engage in backdating.

Meanwhile, investors aren't waiting for regulators to act. Currently, 65 companies face class-action shareholder lawsuits in the scandal, Glass Lewis says.

Backdating revelations aren't necessarily harmful to a company's stock. Take UnitedHealth, which is facing a lawsuit.

Monday, the stock fell $1.21 to $47.54, not a brutal loss given that the CEO is quitting. It is down 16% from March when The Wall Street Journal reported the company might be involved in backdating. But before that, the stock had already fallen 11% from its high in late 2005.

Such difficulty in isolating how much backdating issues have hurt stock prices has limited securities class-action lawsuits, Stanford Law School professor Joseph Grundfest said in a midyear assessment of shareholder litigation.

UnitedHealth Shares Down As CEO Departs (AP-Y)

By Joshua Freed, Ap Business Writer

AP, October 17, 2006

UnitedHealth Group Inc. will lose the CEO that built it into a health insurance powerhouse, but on Monday, Wall Street yawned. UnitedHealth shares traded in a narrow range and analysts said that they had expected the departure of Chairman and CEO William McGuire because of apparent stock options backdating.

With McGuire gone from the boardroom immediately, and set to retire as CEO by Dec. 1, the company's board promoted President Stephen Hemsley to CEO.

UnitedHealth shares slipped $1.21, or about 2.5 percent, to close at $47.54 on the New York Stock Exchange. They're off from a high of $64.61 in December, with much of that loss since questions about the company's stock options timing arose in March.

By making Hemsley CEO, UnitedHealth's directors signaled they would keep the company headed in the same direction, which has boosted UnitedHealth's stock price exponentially over the past 15 years and transformed it into the nation's second-largest health insurer. Hemsley has been at the company since 1997 and has run its day-to-day operations since 1999.

"The management uncertainty is largely resolved, and the worst case scenario (which would have been losing both Dr. McGuire and Mr. Hemsley) has been seemingly averted," Morgan Stanley analyst Christine Arnold wrote in a note to clients on Monday.

UnitedHealth said on Sunday that McGuire would step down after a company-commissioned report found widespread, systematic backdating was probably the explanation for his extraordinary good fortune in receiving stock options priced at the lowest possible point in eight different quarters.

Nothing in the report suggests that Hemsley was involved in any backdating, although the report concludes that he received stock options that were "likely backdated."

"I don't see how Hemsley can be separated from McGuire's actions over the last eight years," said Elizabeth Senko, an analyst at Williams Capital Group.

Referring to comic strip buddies known for getting into trouble together, she said: "They're really Mutt and Jeff. I can't believe that he was unaware of what was going on. Now where that falls under his legal responsibilities is another matter."

She said Hemsley has been the architect of many of UnitedHealth's successes since he joined the company — but he has never been the public face of a company the way he will be as CEO.

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"Hemsley has for years been viewed as the individual most likely to ultimately succeed McGuire and is very highly respected," Bear Stearns analyst John Rex wrote in a note to clients. He added, "Some of the uncertainty surrounding the stock over the past months related to whether he would be tainted also, a factor that now appears resolved."

McGuire issued a statement saying he has worked closely with Hemsley for eight years.

"He has been a full partner in creating the vision of (UnitedHealth) and helping to achieve it," McGuire said.

UnitedHealth said it had turned over the report by the law firm of Wilmer Cutler Pickering Hale and Dorr LLP to the Securities and Exchange Commission and the Justice Department. UnitedHealth disclosed in May that the SEC and the U.S. Attorney's office in Manhattan were investigating its stock option grants.

SEC spokesman John Nester in Washington declined comment on the report or any other aspect of the matter.

At least 34 senior executives or directors, including nine CEOs, seven finance chiefs and seven general counsels have been fired or have stepped down at 17 companies as of Monday.

By now, investors seem to be somewhat inured to fallout from the options scandal, wrote Thomas Carroll, an analyst at Stifel Nicolaus & Co. He noted that about 100 companies are under SEC investigation and a recent study showing 2,000 may have backdated options.

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On the Net:

UnitedHealth report: http://www.unitedhealthgroup.com/news/index_news.htm

Old Options Still Haunt An Insurer (NYT)

By Eric Dash

The New York Times, October 17, 2006

When Stephen J. Hemsley joined UnitedHealth Group after 23 years with the accounting firm Arthur Andersen, he was greeted with a grant of 400,000 stock options dated shortly after he started in June 1997.

There was just one thing: the options carried a stock price based on the market price five months earlier, when he did not yet work for UnitedHealth, one of the largest health insurers in the country. The difference in dates effectively created a built-in gain of $7.26 for every share.

Mr. Hemsley, who was chief financial officer at Andersen, said that he “didn’t recall focusing at the time” that his options carried a discounted price and that there was not enough evidence to determine if the grant was actually backdated.

But the episode, recounted in a 14-page report into UnitedHealth’s option practices, does raise some questions about Mr. Hemsley, who has taken the reins at UnitedHealth from Dr. William W. McGuire, who was forced to resign Sunday amid criticisms of how stock options were awarded.

“That obviously raises credibility issues,” said Patrick McGurn, a corporate governance expert at Institutional Shareholder Services, a proxy advisory firm. “We are seeing a lot of modified Sergeant Schultz defenses here,” he said, referring to a character in the 1960’s television series “Hogan’s Heroes.” “They are not claiming to know nothing, but only part of what went on.”

Mr. Hemsley has not been accused of any wrongdoing.

And the investigation by an outside law firm, Wilmer Cutler Pickering Hale & Dorr, that was commissioned by UnitedHealth largely exonerates Mr. Hemsley, accepting his word that he never focused on his stock option grants and that had “he had little or no role” in the negotiation and authorization of a subsequent stock option megagrant.

UnitedHealth declined to make Mr. Hemsley available for comment. His lawyer did not return calls seeking comment.

In shaking up management, the board of UnitedHealth appeared to opt for a middle way between a clean sweep and retaining top executives who could continue the strong track record of Dr. McGuire. Mr. Hemsley is a skilled operations executive who helped execute Dr. McGuire’s strategies. Working together, the two helped take UnitedHealth’s stock price up more than 500 percent since mid-1997. And with lavish pay packages, both got very rich. Dr. McGuire banked more than $500 million during his 15 years as UnitedHealth’s chief executive and currently holds more than $1.1 billion worth of stock options. Mr. Hemsley has taken home more than $135 million and likely holds more than $500 million worth of stock options.

As a result of the recent options problems, both voluntarily agreed to re-price all the options they were awarded from 1994 through 2002 to the annual high share price, eliminating any extra financial benefits from the improper grants. That move would take back only a tiny portion of the value of their outstanding options, but not affect the hundreds of millions of options each has already cashed out.

Dr. McGuire’s option holdings will be reduced by about $100 million to a little over $1 billion, according to Brian Foley, an independent compensation consultant. Mr. Hemsley’s options will likely be reduced by an even smaller amount. Shares of UnitedHealth fell 2.5 percent yesterday, to $47.54. UnitedHealth is among the biggest of the more than 100 companies that have

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acknowledged possible problems with their options practices. And despite the ouster of Dr. McGuire, United Health's troubles are far from over. The Justice Department, the office of the Minnesota attorney general, the Securities and Exchange Commission and the Internal Revenue Service all have investigations into the company's stock option practices. The company will also have to restate earnings, lowering past results by potentially hundreds of millions of dollars.

The investigation by Wilmer Cutler focused on 29 option grants that accounted for nearly 450 million stock options that the company granted between 1994 and 2002. Most of those grants, their report concluded, "were likely backdated" after investigators found that nearly 80 percent of the total number of options were granted at the second, third, or lowest price of the quarter. The odds of such a finding appear to defy the possibility of pure chance.

The report absolves most of the directors from legal responsibility, but is critical of Dr. McGuire. It contends he "authorized or sought the approval of the compensation committee" for "option grants at opportune times when the company's share price was depressed," including several times to directly benefit himself.

The report indicates that investigators had little evidence to suggest that Mr. Hemsley, who had served as UnitedHealth's president and chief operating officer, had direct knowledge of stock option problems or other improprieties. But the report does raise flags on whether he should have known more.

Of the nine grants Mr. Hemsley was awarded between 1997 and 2002, for example, nearly half were issued when the stock was at or near a trough, according to an analysis of his stock option grants.

Moreover, the report questions the circumstances of a written employment contract that Mr. Hemsley signed when he became UnitedHealth's president. According to the report, UnitedHealth put out a press release stating that "both Hemsley and McGuire had entered into long-term employment agreements" with the company in mid-September 1999 in an effort to ease concerns about Dr. McGuire's plans to remain at the company. In fact, the report said, it was likely that the contracts were not approved by a board committee until an early November meeting and were not signed until a month later in December. The report does not account for Mr. Hemsley's explanation of the discrepancy.

The report also raises questions about his judgment in managing potential conflicts. Investigators detail that Dr. McGuire had extensive financial dealings with William Spears, a longtime director and chairman of UnitedHealth's compensation committee when Dr. McGuire's contract was being negotiated. Mr. Spears managed millions of dollars for Dr. McGuire's family and was a trustee for two family trusts.

Mr. Hemsley did not engage Mr. Spears in 1999, when his contract was being negotiated. But he did hire him to manage his money in 2001. And his former employer, Arthur Andersen, which was hired by UnitedHealth's management as its auditor, also served as the compensation consultant advising the board committee negotiating his contract.

In addition, the report found that UnitedHealth had "inadequate internal controls" to prevent option grant manipulation. Investigators suggested poor communication and sloppy paperwork among its accounting, legal and human resources departments led to many of the problems. The report said that new hires and promoted employees were routinely awarded stock options at the lowest closing price between the start and finish of the quarter when an employee began work, and those "practices were followed openly" in the human resources department.

Investigators found that Mr. Hemsley played a "more limited role in the option-granting process." He told investigators "he was unaware of how the grant dates were selected" or other precise terms.

Who did the human resources department ultimately report to? Mr. Hemsley, according to analysts.

McGuire's Options (WSJ)

The Wall Street Journal, October 17, 2006

William McGuire, with his $1 billion-plus portfolio of unexercised stock-options, was a poster-child for the backdating scandal even before his ouster as CEO of UnitedHealth over the weekend. And if history is any guide, the claiming of a scalp this large will only add fuel to a pyre that is already licking at the heels of several even better-known CEOs, notably Apple's Steve Jobs. So it's worth taking a closer look at what exactly Dr. McGuire is accused of doing, and what it tells us about the morality tale that the backdating story is supposed to represent.

After this newspaper published a story in March about the improbability of UnitedHealth's options grants being dated randomly, both the SEC and the company launched investigations. The SEC's is still proceeding, but the company released its internal report over the weekend, and it is that report that precipitated Dr. McGuire's departure.

The investigation, conducted at the company's behest by Wilmer Cutler Pickering Hale & Dorr, concluded that a number of options grants were "incorrectly" dated -- that is, that the effective date of the grants was different from the date on which decisions were actually made about how many to grant and to whom. But Wilmer's report also sheds light on why and how this came to happen, and this side of the story is not being widely reported.

"Stock options were a critical component of UnitedHealth's compensation philosophy," the report explains. "Management viewed options as a vital tool for recruiting, motivating and retaining employees." This should be no surprise, but the report goes on: "Management believed that options were the best means of offsetting what it saw as the Company's below-market cash compensation" (our emphasis).

This is important because the picture the Wilmer report paints is not of a greedy executive manipulating a company he controlled for self-enrichment. Dr. McGuire's 10-digit options portfolio makes great headlines, but facts suggest the CEO was chiefly interested in controlling options dates to ensure he was adequately compensating people he wanted to retain.

The Wilmer report notes that "[f]or grants to new hires and employees promoted during the period 2000 to 2002, HR chose grant dates by finding the lowest closing price of UnitedHealth stock between the date of an event in the recruitment of the new hire . . . or promotion of the employee and the end of the quarter. . . ." Further, "[t]hese practices were followed openly in the Company, at least within the HR organization." In other words, backdating was just another hiring and retention tool, one whose use was not limited to Dr. McGuire or his immediate circle.

It is true that backdating was carried out for the purposes of avoiding the accounting and tax difficulties attendant on openly awarding "in the money" options. The October 13, 1999, supplemental option grant was made, in fact, specifically for the purpose of lowering the strike price of several million options held by people including Dr. McGuire. But it seems unlikely, to say the least, that if the scheme had some nefarious intent it would have been departmental policy at HR for several years.

Accounting rules and SEC regulations are not things to be flouted lightly, even when they appear arbitrary or even harmful. In the end, though, it may have been Dr. McGuire's lack of honesty with the board that proved his undoing. In particular, the Wilmer investigation found that Dr. McGuire may have failed to disclose his personal financial relationship with Compensation Committee Chairman William Spears, who managed assets for McGuire family trusts throughout the 1990s. Just as top executives at public companies shouldn't set their own pay, they should not engage in side financial dealings with those who do. More so than the backdating allegations, this undisclosed conflict of interest seems to have been Dr. McGuire's hanging offense.

On the other hand, UnitedHealth's stock was down 2.5% yesterday after the story broke, suggesting that Mr. McGuire's ouster was not the benediction shareholders were looking for.

More Exits Likely Over Stock Option Backdating (AP)

By Joshua Freed

AP, October 17, 2006

MINNEAPOLIS – The shake-up at UnitedHealth Group Inc. – whose top executive will step down no later than Dec. 1 – adds to the list of corner-office victims of stock option backdating.

Faced with an independent report that found widespread problems with the way UnitedHealth issued stock options, the nation's second-largest health insurer said Sunday that chairman and CEO William McGuire will leave the board immediately and leave the company no later than Dec. 1.

In addition, board member William G. Spears will resign, and General Counsel David J. Lubben will retire.

UnitedHealth shares fell $1.21, or 2.48 percent, to close at $47.54 on the New York Stock Exchange.

So far, at least 30 senior executives or directors at 16 companies with stock option problems have resigned or been fired.

There may be many more to come: At least 135 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations according to an Associated Press review.

This past week, McAfee Inc. and CNet Networks Inc. both announced their CEOs would resign, and McAfee also fired its president.

UnitedHealth named Stephen Hemsley, the company's president and chief operating officer, as new CEO. Richard Burke, the founding CEO of UnitedHealth's predecessor company, also was named chairman.

But while UnitedHealth's board shake-up moved a lot of people into new positions, none of them are new faces. Hemsley has been McGuire's heir apparent for several years.

Burke founded the company and has been on its board since 1977.

That shows that UnitedHealth's board is trying to appease prosecutors while avoiding scaring Wall Street by signaling a change in the company's successful business model, said Peter Henning, a former lawyer in the enforcement division of the SEC who is now a law professor at Wayne State University in Michigan.

"They have to make sure that it looks to the regulators that they have done a thorough job and gotten all the miscreants out, but they have to maintain their credibility with Wall Street," he said.

In one example after another, the report by a firm hired by the company's board said McGuire's huge awards of stock options got a boost in value because they were issued on one day but priced as if they'd been issued earlier, when the stock price was lower. The report said his option grants "were likely backdated."

UnitedHealth said it had turned over the report by the law firm of Wilmer Cutler Pickering Hale and Dorr LLP to the Securities and Exchange Commission and the Justice Department.

Comverse CEO Faces Additional Charges (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, October 17, 2006

Eastern District of New York prosecutors last week filed a superseding indictment against Jacob "Kobi" Alexander, accusing the former Comverse Technology chief executive of new charges that include obstructing justice.

Alexander, who had been accused of creating a secret slush fund for backdated options and evading the requirements of the company's stock option plans, is now charged with offering "another person" millions of dollars as a bribe to falsely take sole responsibility for the scheme.

The government said Alexander first offered the unnamed individual $2 million, then $5 million, and then stated, in substance, "name your price."

Alexander was a fugitive for more than a month before being discovered in Namibia. He faces extradition back to the United States.

The additional charges against him came the same week the government filed papers saying it was engaged in plea negotiations with two other former Comverse executives facing criminal charges in connection with the backdating scheme. The Eastern District U.S. Attorney has until Nov. 8 to decide whether to indict David Kreinberg, Comverse's chief financial officer, and William Sorin, its former general counsel.

U.S. Suit Claims Agway Trustees Mishandled Assets (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 17, 2006

WASHINGTON -- The Labor Department has filed suit against trustees of bankrupt agricultural cooperative Agway Inc.'s employee retirement-savings plan, charging the plan's fiduciaries improperly invested $50 million of the assets.

According to the lawsuit, 47 members of Agway's investment committee, administration and the company's board allegedly valued the company's stock at prices higher than market value and gave plan participants false information about the investment.

The Labor Department said the suit, filed in the U.S. District Court for the Northern District of New York, seeks a court order to require the defendants to restore the $50 million in losses along with interest and to forfeit any benefits if all losses suffered by the plan aren't restored.

Agway filed for Chapter 11 bankruptcy-court protection in October 2002 and began liquidation in April 2004.

The Labor Department files suits against trustees who don't manage retiree assets according to government rules. Generally, retiree complaints of mishandled funds will spark the Labor Department to launch an investigation.

The Agway case is noteworthy because of the large amount of allegedly mishandled money involved, Labor Department officials say.

Some money from the liquidation has been paid to some of the 401(k) plan participants, the Labor Department said. But they may not see the rest of their money returned anytime soon because the trial isn't likely to happen before 2008.

Agway itself isn't part of the suit. The fiduciaries are personally liable for losses to the plan caused by fiduciary impropriety, according to the Employee Retirement Income Security Act.

The Labor Department alleges the defendants caused the plan to incur substantial losses. Before Agway filed for bankruptcy protection, the plan held about $48 million in Agway securities and $2 million in cash reserves.

Schnitzer Settles With SEC Over Corruption Overseas (DOW)

By Siobhan Hughes

Dow Jones, October 17, 2006

WASHINGTON -(Dow Jones)- Schnitzer Steel Industries Inc. (SCHN), a provider of scrap metal, will pay $7.7 million to settle allegations that it made improper cash payments or gave gifts to managers of government-owned steel mills in China in order to win business, federal regulators said on Monday.

The Securities and Exchange Commission said that the Portland, Ore., company settled without admitting or denying wrongdoing. Schnitzer will give up $6.3 million in alleged profits and pay interest of $1.4 million to resolve the allegations.

Schnitzer was accused of making the payments from at least 1999 through 2004, on its own behalf and on behalf of Japanese steel companies for whom it acted as a broker. The SEC said that Schnitzer's South Korean subsidiary made the payments in violation of the Foreign Corrupt Practices Act, an antibribery law that has been in place for decades.

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The SEC also said that Schnitzer paid bribes to managers of privately owned steel mills in both China and South Korea during the same period.

"This case demonstrates that the commission will aggressively pursue companies that make illicit payments to foreign officials in order to obtain business," said Helane Morrison, district administrator of the SEC's San Francisco office, said in a statement.

The SEC said its investigation is continuing, raising the possibility that executives will face SEC civil charges. The SEC also disclosed that it is working with the Justice Department in the case.

The SEC said that a senior Schnitzer official authorized wire transfers for the improper payments to secret bank accounts in South Korea opened by the head of the South Korean subsidiary. It didn't name the senior official, and a spokesperson at Schnitzer didn't return a phone call.

The SEC said that Schnitzer's compliance department uncovered the improper payments in May 2004 and began an investigation. Although a senior executive prohibited further payments, the person authorized the payment of at least two more bribes and authorized employees to increase entertainment expenses in lieu of cash payments to its customers. The SEC said that employees at the South Korean unit destroyed internal documents related to the investigation before they were specifically told to preserve documents.

The SEC said that it considered the cooperation that Schnitzer provided to investigators in accepting the company's settlement offer. A spokesperson for Schnitzer didn't return a phone call.

Freddie Mac Names New Finance Chief (WP)

By David S. Hilzenrath

The Washington Post, October 17, 2006

Mortgage finance giant Freddie Mac, which is still trying to fix its financial systems more than three years after disclosing billions of dollars of accounting errors, yesterday announced that it hired a finance executive from a health-care company to help lead the effort.

Anthony S. "Buddy" Piszel, 51, chief financial officer of Health Net Inc., will assume that role at Freddie Mac next month. He will replace Martin F. Baumann, who left Freddie Mac in March. Freddie's president and chief operating officer, Eugene M. McQuade, has been doing the finance job since Baumann resigned.

"We were looking for a broadly experienced senior executive with the right blend of accounting controls and financial technology experience," Freddie Mac spokeswoman Sharon McHale said. "Buddy brought that expertise."

Before joining the California managed-care company in 2004, Piszel spent more than a decade at Prudential Financial Inc. Earlier in his career, he was an auditor with the accounting firm Deloitte & Touche and a fellow at the Financial Accounting Standards Board, which makes accounting rules.

Freddie Mac remains unable to perform one of the basic functions of a public company: reporting quarterly financial results on a timely basis. It plans to get back on track next year, spokesman Michael Cosgrove said. The McLean company has said its internal controls have significant weaknesses.

Once it resumes issuing quarterly financial reports on schedule, Freddie Mac plans to begin a long-delayed process of registering with the Securities and Exchange Commission. Piszel has traveled that road before, having helped convert Prudential from a mutual insurance company owned by policyholders to a public company registered with the SEC.

Because Freddie Mac was chartered by the government, it was not required to comply with many of the SEC regulations that govern other publicly traded companies. However, before the accounting scandal derailed its efforts, the company had pledged to submit to those requirements.

"While there's a lot of work to do, it's the kind of work I've done before," Piszel said in an interview yesterday.

At Health Net, Piszel helped manage the resolution of extensive billing disputes with hospitals, for which the company set aside $169 million.

"He's widely credited with putting in place a lot of the systems and processes that helped Health Net turn the company around and put it back on the path to profitability," said Carl McDonald, a managed-care industry analyst for CIBC World Markets.

Piszel received $900,000 in salary and bonus last year and ended the year with Health Net stock options, which were not yet exercisable, worth $12.9 million, according to a Health Net regulatory filing. Freddie Mac plans to disclose Piszel's compensation arrangements on Thursday, McHale said.

Baumann, who joined Freddie Mac in 2003 and was soon promoted to chief financial officer, was an expert in accounting policies, Cosgrove said. Having corrected past financial results, Freddie Mac needed a chief financial officer with extensive experience dealing with controls and technology, Cosgrove said.

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CRIMINAL LAW:

Attorney General Wants Study Of U.S. Cities' Rising Crime Rates (AP)

AP, October 17, 2006

BOSTON — Attorney General Alberto Gonzales offered no new crime-fighting initiatives Monday, promising only to study local crime rates in selected cities to see why homicides and other violent criminal activity is on the rise nationally.

In a speech to the International Association of Chiefs of Police, Gonzales said the Justice Departments' role for now is to look for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase.

Nationally, violent crime rose 2.2 percent last year, the first increase since 2001.

"We need to figure out the whys behind the numbers — whether the story is good or bad," Gonzales said in a 16-minutes speech. He did not specify which cities would be studied.

He acknowledged that local law enforcement agencies have had more crime-fighting problems to juggle since the Sept. 11, 2001 terror attacks. "It wasn't like we didn't have a full plate already," he said.

Gonzales' speech was greeted by a standing ovation from the estimated 3,000 local and state police at the Boston convention. The group also was to hear from Homeland Security Secretary Michael Chertoff.

Mayors and police chiefs recently reported seeing spikes in violent crime for 2006, calling for greater support from federal law enforcement. Last month, Gonzales said cities will need to work harder to combat a spike in crime but shouldn't count on more federal funding, citing growing demands in the war on terrorism.

Officials said the study mentioned by Gonzales will be rolled out in three phases: looking at crime increases in cities, analyzing those results for any trends, and identifying federal programs that can help.

It was not clear whether more federal funding will be available for cities, but officials said that "new initiatives" could be created, if necessary.

The government will analyze at least five cities, and potentially dozens more, to get a broad enough picture of crime trends, officials said.

Last month, the FBI found there were 1.39 million violent crimes — including rape, murder, robbery and aggravated assault — reported in the United States in 2005, up from 1.36 million the previous year.

However, Justice officials said Monday that even with the recent surge, the overall national violent crime rate remains lower than any year ever measured except for 2004.

US Attorney To Study Cities With Violent Crime Issues (BOS)

By Maria Cramer, GLOBE STAFF

The Boston Globe, October 17, 2006

US Attorney General Alberto R. Gonzales told law enforcement officials Monday that his office will study selected cities across the country where violent crime has surged.

Acting Boston Police Commissioner Albert Goslin said he hopes the city, which is ahead of last year's pace for murders, makes the list.

Gonzales Monday addressed the International Association of Chiefs of Police conference at the convention center in South Boston. The gathering, which thousands were expected to attend, ends tomorrow. Gonzales said he wanted to know why violent crime had increased slightly in 2005 compared with 2004.

Nationally, violent crime such as murder, rape, robbery, and aggravated assault rose 2.3 percent in 2005 from 2004, according to the FBI's Uniform Crime Report.

"In addition, we have recent anecdotal reports that even in this year there may be a rise in violent crime in some areas," Gonzales said, according to a copy of his speech.

The cities will be selected in the next few weeks and will include communities of differing sizes and regions of the country.

"They will also include cities that have experienced significant increases in crime and significant decreases in crime," said Tasia Scolinos, spokeswoman for the Justice Department. The purpose of picking such cities is to understand why some have managed to keep violent crime down, she said.

Goslin, who said he sat next to Gonzales during his speech, said he believes decreased funding for police departments has contributed to the increase in violence, particularly in Boston, where the city has had 58 homicides in 2006, two more than at this time last year. (Mayor Thomas M. Menino said last year that the elimination of federal funds for hiring officers resulted in nearly 300 fewer police in Boston in 2005 than in 2000.)

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"We do not have the federal funds that we used to have, and it has a direct correlation to the spike in crime and our ability to fight it," Goslin said Monday.

But he said he hopes Boston is among the cities picked for the study, to help him better understand other possible reasons for the spike in violent crime. "The fact of the matter is that it's a city that has had success [fighting crime] in the past, and has had an uptick," he said. "We want to get ahead of that uptick."

Justice Dept. Will Gauge Need For Additional Funding To Fight Rise In Violent Crime (MCT)

By Marisa Taylor, MCCLATCHY NEWSPAPERS

McClatchy Newspapers, October 17, 2006

WASHINGTON -- Justice Department investigators will visit police departments across the country to determine whether more federal dollars are needed to stem the nation's rising violent crime, Attorney General Alberto Gonzales announced Monday.

In September, the FBI reported that violent crime rose 2.3 percent in 2005, the largest increase since 1991 and a trend that some police officials have blamed on cuts in federal crime-fighting grants. In some cities, such as Minneapolis, violent crime has spiked 15 percent.

"We need to find out why this is happening, what we can do to reverse that trend," Gonzales said. "And we need to do it together."

While Gonzales said the review was important to determine the causes of what he described as a "small uptick" in violent crime, he emphasized that the overall crime rate is the lowest in more than 30 years.

Some police organizations expressed disappointment that the initiative didn't include immediate financial help for local police departments struggling to make up for years of reductions in federal funding.

President George W. Bush's administration has cut grants for state and local crime-fighting programs on the grounds that they have outlived their usefulness or have underperformed.

Legislation pending before Congress largely would restore the administration cuts proposed this year.

Andrea Mournighan, the legislative director of the National Association of Police Organizations, said, "My hope would be the Justice Department will look at certain cities and . . . understand that more funding is needed."

Thomas Frazier, the executive director of the Major Cities Chiefs Association, said police departments already knew the reason for rising violent-crime rates: gangs, drug use and poverty.

Chertoff, Gonzales Tell IACP Cooperation Is Imperative DHS Will Create (OFFICER)

By Lon Slepicka, Officer.com News

Officer.com, October 17, 2006

The First General Assembly of the International Association of Chiefs of Police at their 113th Annual Conference in Boston featured United States Attorney General Alberto Gonzales and Department of Homeland Security Secretary Michael Chertoff as keynote speakers.

Both had a strong message on what local law enforcement and their respective federal offices could do and should do together to combat terrorism.

"Our shared responsibilities are vast. None of us can do it alone," Gonzales said.

Both men spoke of improving the federal and local relationship. Since September 11, there is no more us versus them according to the Attorney General. He said it is clear that local law enforcement has many more officers on the street. "There can be no question that we learn from you, that we support you and that we are a team."

Chertoff said the greatest challenge of Homeland Security is terrorism, "and our principal partner in dealing with terror is state and local law enforcement."

He was particularly proud of the way federal and local agencies worked together when the small plane hit the apartment building in New York City. He described the immediate contact between the city and the DHS offices in Washington, D.C. and the real-time information that pass between the two.

Chertoff announced the steps he was taking with major city chiefs to start to move information sharing to the next level, one being the creation of a national network intelligence "fusion centers" to support state and local decision makers, chiefs of police and state and local intelligence officials. They will build new information centers to further facilitate the sharing of classified and unclassified information and move that information over secure facilities. He is going to expedite the classified secret level clearance process to get clearance out to the field more quickly. They are going to act quicker in granting top secret to those who require that level of classified access.

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DHS will be assigning people to these "fusion centers" and will be asking local departments to also send their intelligence analyists and major operators looking for all to become more deeply embedded in each others operational activities.

Chertoff said there are already five of the "fusion centers" established including one in Las Angeles called the Joint Regional Intelligence Center, a regionally focused intelligence sharing center. He wants 20 new centers by the end of this fiscal year and up to 35 centers by the end of next fiscal year.

The terrorist front is fought every day by local state and federal law enforcement. Gonzales said we never know when a gas station holdup is in fact a funding operation for a terrorist group and it will more the likely be the local law enforcement that discovers the initial evidence to prove that.

Gonzales emphasized that massive responsibility to find the terrorists among us was added to the responsibilities to crack down own drugs, gangs, violent crime, and crimes against children. "We have not had a terrorist attack on American soil in five years and that is a testament to you and the police forces that you lead."

FBI Raids Home Of Rep. Weldon's Daughter (USAT)

By Kevin Johnson, Usa Today

USA Today, October 17, 2006

WASHINGTON — FBI agents raided the homes of a Pennsylvania congressman's daughter and her business partner Monday as part of an investigation into whether Rep. Curt Weldon, R-Pa., helped them secure lucrative lobbying contracts.

Federal investigators targeted four locations near Philadelphia, including the home of Karen Weldon, and two properties in Jacksonville, FBI spokesman Debbie Weierman said.

Weierman declined to elaborate. But another federal law enforcement official said the probe focused on whether the congressman used improper influence to steer business to his daughter and her partner, Charles Sexton.

The official, who has been briefed on aspects of the investigation, was not authorized to comment publicly on the inquiry. The congressman's properties were not among the locations searched, the official said.

At a campaign stop near Philadelphia where Weldon is in a tight re-election race against Democrat Joe Sestak, the congressman denied any wrongdoing and questioned the timing of the investigation.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election. This incident was 2½ years ago," he told the Associated Press. "I've never helped my daughter get anything. My kids are qualified on their own."

In 2004, a liberal watchdog group, Citizens for Responsibility and Ethics in Washington, called on the Justice Department to examine whether Weldon violated federal law by assisting companies that hired his daughter as a lobbyist.

FBI Raids Home Of Weldon's Daughter (AP)

By Maryclaire Dale

AP, October 17, 2006

MEDIA, Pa. -- Three weeks before Election Day, an FBI corruption probe involving Republican Rep. Curt Weldon intensified as agents raided the homes of his daughter and a close friend.

The FBI swept in Monday and searched six sites in the Philadelphia area and Jacksonville, Fla., including Karen Weldon's lobbying firm and one of its clients, a Russian energy company, FBI spokeswoman Debbie Weierman said. The congressman's home and offices were not searched, she said.

"I have not done anything wrong and my daughter hasn't either," Weldon said at a news conference late Monday afternoon. "I would absolutely never use my position to help anyone in an unusual way."

Federal investigators are looking into whether Weldon used his influence to help Solutions North America secure lobbying contracts worth $1 million from foreign clients, two people familiar with the inquiry have told The Associated Press.

The company is run by Karen Weldon and Charles P. Sexton Jr., whose home was searched by the FBI. Sexton is a close friend and adviser to the lawmaker.

Weldon called the timing of the raids suspect.

The 10-term congressman from the Philadelphia suburbs, who is vice chairman of the House Armed Services committee, is locked in a tight race with Democrat Joe Sestak, a retired Navy vice admiral.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Weldon said. "This incident was 2 1/2 years ago."

Karen Weldon, 32, previously worked for Boeing Co., which has a helicopter plant just outside Weldon's district. Her attorney, Joseph Fioravanti, did not return a telephone message on Monday.

Sexton did not return a message left Monday at his home.

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The FBI also searched two Jacksonville-area properties of Itera International Energy Corp., including its headquarters, Weierman said.

The Russian natural gas firm was paying Solutions $500,000 a year for public-relations help, according to a 2004 Los Angeles Times article. Around the same time, Weldon gathered 30 colleagues for a dinner in Washington honoring Itera's chairman, the newspaper reported.

FBI Raids Lobbyists' Homes, Office (LAT)

By Richard B. Schmitt And Chuck Neubauer

The Los Angeles Times, October 17, 2006

WASHINGTON — FBI agents conducted raids in two states Monday as part of an investigation into whether Rep. Curt Weldon used his influence to steer business to a lobbying firm owned by his daughter and a one-time campaign aide, Justice Department officials and others familiar with the investigation said.

Federal investigators are trying to determine whether the Pennsylvania Republican helped secure almost $1 million in contracts for a firm known as Solutions North America, run by his daughter, Karen, and a prominent Philadelphia-area Republican, Charles P. Sexton Jr. Sexton once served as the 10-term congressman's campaign finance chief.

The raids are another political setback for the Republican Party as it struggles to maintain control of Congress. Weldon, who represents a suburban Philadelphia district, is locked in a closely contested campaign with a retired Navy vice admiral.

The news of the probe comes as the FBI is looking into salacious messages sent to House pages by Florida Rep. Mark Foley, who resigned his seat.

The FBI on Monday searched four locations in Pennsylvania, including the homes and office of Karen Weldon and Sexton. Also searched was the Jacksonville, Fla., headquarters of Itera International Energy Corp., the U.S. arm of a diversified Russian-based oil and gas firm.

The FBI also searched the law office of Philadelphia attorney John Gallagher, a longtime Weldon friend and supporter who did legal work for the consulting firm, said people familiar with the probe who requested anonymity because of the ongoing investigation. The FBI did not raid Weldon's home or office.

Speaking to reporters in Pennsylvania Monday, Weldon called the investigation politically motivated. "I've never helped my daughter get anything," he said. "My kids are qualified on their own."

An attorney for Weldon questioned the timing of the disclosure of the probe, which appears to stem from an investigation on Weldon that ran in the Los Angeles Times. "I think it is very suspicious that 2 1/2 years after the Los Angeles Times broke the story, that the FBI is now getting around to looking at it three weeks before the election," said William B. Canfield.

Canfield said the House Ethics Committee reviewed the case and the matter was resolved "in a way that was satisfactory to everyone."

In 2004, The Times disclosed that Solutions North America won contracts from companies or individuals that Weldon tried to help. The beneficiaries included two struggling Russian firms and a Serbian family linked to accused war criminal Slobodan Milosevic.

An FBI spokeswoman, Debra Weierman, confirmed Monday that agents had conducted six searches as part of an investigation but declined further comment.

Legal experts said that an agreement between a member of Congress to take official action in exchange for cash or other benefits — even if the gifts are not received by the lawmaker — could constitute bribery. But such allegations are difficult to prove and require evidence of a quid pro quo.

Weldon is a leading voice in Washington on the affairs of former Eastern bloc nations. He is also vice chairman of the powerful House Armed Services Committee and has been able to spread federal contracts over his district and region.

But his hold on his seat is precarious. The district voted Democratic in the last two presidential elections.

He is facing a stiff challenge from Navy veteran Joe Sestak, who has tried to tie his opponent to what he calls the failures of the Bush administration, including the war in Iraq.

The latest independent poll showed the race in a statistical dead heat.

Sexton, reached by phone Monday, declined comment. In an interview with The Times on Saturday, Sexton said he had not heard of any investigation. "The allegations are preposterous that there was any wrongdoing on the part of Mr. Weldon and his daughter or me," he said.

Karen Weldon, now 32, was inexperienced in international consulting when she and Sexton set up their business. She had previously spent six years working for Boeing Co., in what she described as "learning and training programs."

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Their first client was Itera International. At the time, the congressman was trying to help improve the company's image with U.S. officials after questions had been raised about how the firm acquired gas fields in post-Soviet Russia. Weldon went to bat for Itera with federal agencies.

Itera agreed to pay his daughter's firm $500,000 a year around the same time that Weldon was extolling the company and helping to round up 30 congressional colleagues for a dinner honoring the firm's chairman.

Gallagher, Weldon's friend, introduced Solutions to its second client, a fledgling Russian aerospace manufacturer named Saratov Aviation Plant that wanted to sell its products in the United States. Weldon and his daughter journeyed to Saratov to look at the company's flying-saucer technology. Weldon pushed the Navy to look at the saucer. His daughter's firm ended up with a $20,000-a-month contract with Saratov. Karen Weldon's firm has since parted ways with Saratov.

Weldon introduced his daughter to her third client, two wealthy Serbian brothers, Dragomir and Bogoljub Karic who had been linked to Milosevic. Weldon sought to win U.S. visas for the men both before and after their family foundation hired his daughter's firm for $240,000 a year.

FBI Raid Deals New Blow To Republicans (FT)

By Demetri Sevastopulo In Washington

Financial Times, October 17, 2006

Republican control of Congress was further endangered on Monday after the Federal Bureau of Investigation raided the home of the daughter of a long-term Republican congressman facing a tough re-election fight.

The FBI operation took place at the home of Karen Weldon, the daughter of congressman Curt Weldon, a 10-term Pennsylvania Republican lawmaker who serves as vice-chairman of the House homeland security committee.

Several US media reported that the agency was investigating whether Mr Weldon had illegally steered contracts to his daughter and Charles Sexton, her business partner and friend of the congressman. Debra Weierman, an FBI spokeswoman, declined to comment on the investigation, but confirmed the FBI had executed search warrants at six locations in Pennsylvania and Florida.

Mr Weldon, who faces a fierce electoral challenge from retired navy admiral Joe Sestak, is one of many Republican incumbents in previously safe constituencies who face tough re-election bids because of voter dissatisfaction with Republicans over the war in Iraq and scandals in Congress.

Already reeling from increasing voter concerns about the Iraq war – which has claimed the lives of 2,749 soldiers and seen almost 21,000 US military casualties – Republicans have more recently been dogged by the revelation that Mark Foley, a Republican congressman, sent overly friendly e-mails to page boys in the House.

The Republican leadership has also come under fire following allegations they allowed Mr Foley to remain in Congress in spite of warnings about his activities.

A recent poll by the Center for Opinion Research at Franklin & Marshall College in Pennsylvania found that Mr Sestak, a previously unknown political opponent, had a slight lead over Mr Weldon ahead of the November 7 elections.

The poll also found 49 per cent of voters in his district believed it was time for a change, compared with only 37 per cent who favoured his re-election.

Mr Weldon on Monday denied any wrongdoing. “I’ve never helped my daughter get anything,” he was quoted as saying by the Associated Press. “My kids are qualified on their own.”

Russell Caso, Mr Weldon’s spokesman, said the FBI had not told the congressman he was the subject of any investigation.

FBI Raids Four Homes, Two Offices In Weldon Probe (PHI)

By John Shiffman, Mitch Lipka And Patrick Kerkstra

The Philadelphia Inquirer, October 17, 2006

FBI agents investigating U.S. Rep. Curt Weldon (R., Pa.) conducted six raids this morning - including at the homes of his daughter and a longtime friend.

In all, agents executed four search warrants in the Philadelphia area and two in Jacksonville, Fla., officials said.

In Center City, agents searched the law office of John Gallagher, a Weldon friend who has conducted extensive business in Russia and former Soviet Republics.

In Media, agents searched the offices of the public relations firm formed by Weldon's longtime friend Charles P. Sexton Jr., and the congressman's daughter, Karen.

Sexton and Karen Weldon formed Solutions North America in 2002, and won $1 million in contracts from two Russian energy firms and a Serbian family with ties to Slobodan Milosevic.

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FBI agents in Jacksonville, Fla., raided the office of one of the Russian energy firms, Itera, and a private residence whose connection to the investigation was not disclosed.

The Philadelphia raids began early this morning. Shortly before noon, FBI agents left Karen Weldon's three-story brick house on Queen Street in Philadelphia carrying armfuls of boxes.

A government car pulled into the alley to the back door of the house and loaded boxes into it. Three agents standing in an alley - members of the FBI's public corruption squad - declined to identify themselves.

"I can confirm that we conducted a number of searches regarding an ongoing investigation," said FBI agent Jerri Williams, a spokeswoman in Philadelphia. "Details regarding those investigations cannot be provided because the accompanying affidavit is sealed."

In Delaware County, FBI agents had blocked off Kelli Lane leading to Sexton's Springfield home, and were removing at least one box and a bag of material from his home late this morning. Sexton is a longtime ally of Weldon's and has been a power in Delaware County GOP politics for more than three decades.

The raids came three days after news broke that the FBI was investigating whether the Delaware County congressman used his influence to help his daughter, a registered lobbyist, win consulting contracts.

At an event earlier today at Philadelphia International Airport to discuss airport noise, Weldon said the investigation was politically motivated - blaming a complaint filed by Melanie Sloan, director of Citizens for Responsibility and Ethics in Washington.

"She is the only one I know of who went to the Justice Department and asked for an investigation," Weldon said. "I know that because I have her letter."

He added, "I haven't helped get my daughter anything."

Weldon, who is involved in a tight race for reelection, has said that he has done nothing wrong.

The $1 million contract under investigation was first reported in 2004 by the Los Angeles Times. Sources said the FBI and Justice Department investigation was based on the Times story.

The Inquirer reported in 2004 that Weldon had lobbied federal officials on behalf of Itera, the huge and controversial Russian natural gas company. Weldon also complained to Karl Rove, President Bush's top political adviser, about Itera's treatment by the U.S. Trade and Development Agency.

Itera paid $500,000 to Karen Weldon and Sexton's firm. The contract was signed Sept. 30, 2002, six days after the congressman helped arrange a dinner at the Library of Congress to honor Itera and Igor Makarov, the firm's chief executive officer.

About noon today, a group of 17 protesters arrived outside Weldon's district office in Upper Darby, carrying signs and the kind of foam hands usually seen at sporting events to proclaim "Number One." But these rose-colored hands said "Caught Red-Handed."

"This is the first time I've come out and done something like this," said Judy Voet of Rose Valley. "This Congress is just so corrupt."

Most of the protesters were Democrats, but they said they were not involved in the campaign of Weldon's opponent, Joe Sestak, and they included at least one Republican, Chuck Ries of Havertown.

"I don't know what to believe anymore, they lie so much," said Ries, holding a sign linking Weldon to current and former Republican colleagues Tom DeLay, Mark Foley and Bob Ney - all of whom have been embroiled in career-ending scandals.

Homes Raided In Rep. Weldon Influence Probe (WP)

By Carol D. Leonnig And R. Jeffrey Smith, Washington Post Staff Writers

The Washington Post, October 17, 2006

FBI Looks at Business Run By Daughter, Political Ally

Federal agents raided the homes of Rep. Curt Weldon's daughter and one of his closest political supporters yesterday as part of an investigation into whether the veteran Republican congressman used his influence to benefit himself and his daughter's lobbying firm, according to sources familiar with the investigation.

The investigation focuses on actions the Pennsylvania congressman took that may have aided clients of the business created by his daughter, Karen Weldon, and longtime Pennsylvania political ally Charles Sexton, according to three of the sources.

A grand jury, impaneled in Washington in May, has obtained evidence gathered over at least four months through wiretaps of Washington area cellphone numbers and has scrutinized whether Weldon received anything of value, according to the sources. They spoke on the condition of anonymity because of the sensitive nature of the investigation.

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The investigation focuses on Weldon's support of the Russian-managed Itera International Energy Corp., one of the world's largest oil and gas firms, while that company paid fees to Solutions North America, the company that Karen Weldon and Sexton operate.

The congressman, for example, intervened on Itera's behalf when U.S. officials canceled a federal grant to the company. He also encouraged U.S. companies to do business with Itera at a time when its reputation had been sullied by accusations of Russian corruption.

Weldon said in a prepared statement that he had done nothing wrong and would cooperate in the investigation "100 percent." Michael Puppio, a campaign spokesman, said Weldon hoped that "reliance on leaks would cease and the media would rely on facts that are verifiable."

Weldon said that the House ethics committee looked into the allegations in 2004 "and found that I had engaged in no wrongdoing." He said he was "extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress."

Yesterday's raids of six locations in Pennsylvania and Florida were moved up in part because of leaks about the investigation late last week, according to two of the sources. Top federal prosecutors supervising the inquiry concluded early this month that they were progressing significantly on another front in the investigation and did not want to make their work public too soon by conducting searches, especially so close to the Nov. 7 elections.

McClatchy Newspapers reported Saturday that the FBI had recommended that Justice Department officials investigate Rep. Weldon's actions, leading to yesterday's searches.

Debra Weierman, a spokeswoman for the FBI's Washington field office, confirmed that the locations included the homes of Karen Weldon and Sexton; the suburban Philadelphia offices of Solutions North America; and the downtown Philadelphia offices of John Gallagher, a lawyer who represented Russian companies linked to Itera.

Two other sites searched were the U.S. headquarters of Itera International in Jacksonville, Fla., and a Jacksonville home, the sources said.

Prosecutors are usually loath to conduct raids against a public official so close to an election. But some involved in the investigation debated whether holding off could also appear to have been influenced by the election, sources said.

Weldon faces a difficult reelection campaign against a retired vice admiral, Democrat Joseph A. Sestak Jr., and has fallen behind in some polls. With 10 terms under his belt, Weldon is a House veteran but has not faced a real challenge in years.

His district gave Democratic presidential candidate John F. Kerry 53 percent of the vote in 2004. Sestak has painted him as out of touch with his district.

Karen Weldon and Sexton registered to lobby for Itera on Sept. 13, 2002, stating that they wanted to help the firm sell gas and oil products to the United States. The registration was terminated two years later. But Senate records do not list any lobbying payments to the pair from Itera.

Rep. Weldon said that he never knew who his daughter's clients were. "I've never helped my daughter get anything. My kids are qualified on their own," he said.

Weldon assailed the news reports as politically motivated. He blamed a 2004 complaint filed by the liberal-leaning Citizens for Responsibility and Ethics in Washington, which is led by Melanie Sloan, a former prosecutor who also has been a Democratic staff member on the House Judiciary Committee.

That complaint was based on a lengthy 2004 report by the Los Angeles Times that described the meteoric rise of Solutions North America and its relationship to Itera, which has long been dogged by international controversy over its obscured ownership.

The company, formed in 1992, made huge profits as an intermediary in natural gas sales between the state-controlled Russian company Gazprom and former Soviet republics. It eventually purchased some of Gazprom's gas fields and other assets for nominal sums, estimated by critics to be billions of dollars below their real value, and became a rival.

Oil and gas traders and Russian experts have long suggested that Itera's real owners are former senior Gazprom executives and that the company was established in the United States as a vehicle to transfer money out of Russia and into their pockets. The company could not be reached to comment yesterday, but it has previously denied that claim.

Itera drew attention for cutting off natural gas to Georgia shortly before the winter of 2002, when it tried to collect a $90 million debt from the Georgian government during a flare-up of tensions with the Moscow government. Weldon helped mediate the dispute, persuading the company to supply the gas.

The Philadelphia Inquirer and the Los Angeles Times reported that Itera's representatives signed a $500,000 contract in 2002 with Solutions North America. That year, Rep. Weldon complained to the U.S. Trade and Development Agency about its cancellation of a grant to Itera to explore a gas field in Siberia.

"Itera is a great source for American companies to be involved in joint projects," he said during a visit to the company's offices in 2002.

At a January 2003 opening of Itera's U.S. headquarters, Weldon said: "I can think of no other company that represents what Russia is today and offers for the future."

Four people listed in corporate records as Itera officers or directors wrote checks totaling $8,000 to Weldon's campaign on April 20, according to PoliticalMoneyLine, a Web site that tracks campaign contributions.

Research director Lucy Shackelford and staff researcher Madonna Lebling contributed to this report.

Searches Carried Out In Influence Inquiry (NYT)

By David Johnston

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — Federal agents executed search warrants on Monday at the homes of Representative Curt Weldon's daughter and a longtime political associate in an investigation into whether Mr. Weldon, a Pennsylvania Republican, improperly aided their efforts to obtain lobbying and public relations contracts, law enforcement officials said.

F.B.I. agents searched four homes and other places in the vicinity of Philadelphia and two sites near Jacksonville, Fla. Debbie Weierman, a spokeswoman for the bureau's Washington office, confirmed the searches but would not say why they were conducted. Affidavits citing reasons for the searches were sealed.

Mr. Weldon's residence and his Congressional office were not searched, but other law enforcement officials said the lawmaker was the subject of an intensifying corruption inquiry.

Mr. Weldon was first elected to his district, the Seventh, on the outskirts of Philadelphia in 1984 and is vice chairman of the House Armed Services Committee. He is in a close re-election race against Joe Sestak, a former three-star admiral and national security aide in the Clinton White House.

Mr. Weldon was quoted by The Associated Press at a campaign appearance on Monday as saying that the investigation was politically motivated and that the disclosure of the inquiry, in news accounts in recent days, was suspect.

"What I find ironic, if there is an investigation," Mr. Weldon was quoted as saying, "is that no one would tell me until three weeks before the election."

Law enforcement officials said the investigation into Mr. Weldon had been under way for several months. They said the government had not confirmed the existence of the investigation or conducted the searches until after news organizations learned of them. McClatchy Newspapers first reported the inquiry on Saturday, and it is not known how it got the information.

On Monday, a spokesman for Mr. Weldon's campaign, Pete Peterson, said he had no comment on the matter and referred calls to Mr. Weldon's office in Washington. Mr. Weldon's campaign manager, Michael Puppio Jr., and his chief of staff in Washington, Russ Caso, did not return calls seeking comment.

Mr. Weldon has at times disagreed with the Bush administration. He maintained that a secret military unit known as Able Danger had used sophisticated data mining to tie several of the September 2001 hijackers to Al Qaeda more than a year before the attacks, but a report by the Pentagon disputed that contention.

The searches for financial records, internal documents and computer messages took place at the home of Mr. Weldon's daughter, Karen, and at the home of Charles P. Sexton Jr., Ms. Weldon's business partner and a friend of her father.

A search was also conducted at the office of Solutions North America Inc., a firm run by Ms. Weldon and Mr. Sexton, in Media, Pa.

One of the searches in Florida was at the office of a Russian natural gas company, the Itera International Energy Corporation, which has hired Solutions North America for public relations assistance in the United States.

The precise accusations of wrongdoing that led to the inquiry involving Mr. Weldon are not known. In general, officials said, investigators are trying to determine whether Mr. Weldon misused his official position to help his daughter's company obtain lobbying contracts from foreign clients and helped steer contracts to favored firms.

Mr. Weldon said Monday that he had not given his daughter any special assistance and that the House ethics committee had looked into her contracts after they were the subject of an article in The Los Angeles Times in February 2004. He said he had cooperated with the inquiry and had turned over 150 pages of documents and answered the panel's questions.

FBI Ups Ante On Weldon (RC)

By John Bresnahan

Roll Call, October 17, 2006

DOJ_NMG_0082301

FBI agents raided the home of Karen Weldon, the daughter of Rep. Curt Weldon (R-Pa.), as well as five other locations Monday, signaling an intensifying federal probe into the veteran GOP lawmaker's dealings with her lobbying firm and a Russian business tycoon.

Of the locations in Pennsylvania and Jacksonville, Fla., searched by the FBI, one was the Jacksonville office of Itera International Energy Corp., the U.S. arm of a Russian company run by Igor Makarov.

Karen Weldon's firm, Solutions North America, received a $500,000 public relations contract to represent Itera in September 2002, including $170,000 in up-front money.

The contract was inked just days before the elder Weldon rounded up 30 Members to attend attend a dinner at the Library of Congress in honor of Makarov. Members of the Russian Duma attended the Sept. 24, 2002, event as well.

And despite the fact that the U.S. Trade and Development Agency had withdrawn an $868,000 grant to Itera several months earlier, Weldon praised Makarov and Itera in a Sept. 26, 2002, speech on the House floor. Weldon said Makarov had offered to open up his company — which had been criticized for a series of financial transactions with Russian natural gas giant Gazprom — to foreign scrutiny. Weldon called Makarov's announcement "absolutely refreshing" and said he had to "applaud" the move.

The 44-year-old Makarov was a member of the former Soviet Union's national bicycling team, according to the Itera Web site. Makarov "started his business in the late 1980's and received excellent managing experience from a small production and trading company to a large international corporation," the Web site stated.

Neither Karen Weldon, her attorney nor Itera returned calls seeking comment for this article.

Investigators also searched the Springfield, Pa., home of Charles Sexton, Karen Weldon's business partner in Solutions North America and a former finance chairman for Weldon's Congressional campaigns. Sexton, chairman of the Delaware County Republican Party — the party operation that has long been a backbone of Weldon's support — did not return calls seeking comment.

Weldon told reporters Monday that Sexton would take a leave from serving as an adviser to his re-election committee. Weldon is in the fight of his political life, facing a strong and well-funded challenge by Democrat Joe Sestak.

The Pennsylvania office of Solutions North America also was targeted in the search, as was a law office in Pennsylvania, a law-enforcement official said.

The Justice Department is looking into whether $1 million in payments to Karen Weldon's company were linked to official actions taken by the elder Weldon. Justice Department prosecutors filed sealed affidavits in Florida and Pennsylvania federal courts to support the FBI searches, law enforcement sources said.

FBI officials in Washington declined to comment on Monday's raids, saying they were part of an ongoing investigation.

Weldon, who has denied allegations of wrongdoing in relation to his daughter's firm since they were first raised in a February 2004 Los Angeles Times article, suggested on Monday that Democrats and the liberal watchdog group Citizens for Ethics and Responsibility in Washington were behind the Justice Department probe.

Weldon offered no proof to substantiate those claims, although he said CREW had written to Justice earlier this year seeking a probe and claimed he had a copy of that letter.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Weldon said at an appearance in Media, Pa., according to The Associated Press. "This incident was two and a half years ago."

Following the initial news reports in February 2004 about the Weldons' activities, the House ethics committee began an "informal investigation" into Weldon's ties to his daughter's company. That inquiry was first reported by Roll Call.

But the committee got bogged down in a partisan battle over ethics rules and committee staffing for the first half of the 109th Congress, and any results of its probe were never released publicly.

McClatchy Newspapers reported last week about the existence of the FBI investigation, and federal agents acted quickly to obtain search warrants once the initial news report was published, in order to protect potential evidence needed in the investigation, according to several law-enforcement sources.

According to McClatchy, "the FBI only over the last few months obtained evidence suggesting that the [C]ongressman may have broken the law."

Karen Weldon, 31, and Sexton, 69, also had other clients beyond Itera with ties to the Congressman.

The Los Angeles Times reported that Solutions North America had been paid $240,000 to represent a Serbian family that has ties to Serbian President Slobodan Milosevic, who was on trial for war crimes when he died earlier this year.

In January 2003, Weldon and his daughter visited Russia together, including the Saratov Aviation factory. After they returned to the United States, Saratov retained Solutions North America, paying the firm $20,000 per month to represent it.

At around the same time, Weldon — who chairs the tactical air and land forces subcommittee of the House Armed Services Committee — began pushing an unmanned airborne drone made by Saratov to U.S. Navy officials. Karen Weldon also

met with at least one Navy official regarding the Saratov drone program without disclosing her relationship with the firm, according to The Philadelphia Inquirer.

According to media reports, SNA also had fee arrangements with both Itera and Saratov that included reward payments for federal contracts, which are illegal under federal law.

FBI Targets Weldon In Influence-peddling Probe (WT)

By Jerry Seper

The Washington Times, October 17, 2006

FBI agents raided the homes of Rep. Curt Weldon's daughter and a longtime political friend yesterday as part of an investigation into whether the Pennsylvania Republican used his influence to steer $1 million in foreign business to his lobbyist daughter.

Armed with search warrants, agents from the FBI's offices in Washington and Philadelphia descended on four locations in the Philadelphia area, including Karen Weldon's home in the Queen Village section, and two locations in Jacksonville, Fla.

Among the houses raided was the Springfield, Pa., residence of Charles P. Sexton Jr., Miss Weldon's business partner and the congressman's close friend. The agents also searched the offices of Solutions North America Inc. (SNA) in Media, Pa., the lobbying and consulting business operated by Miss Weldon, 31, and Mr. Sexton, 69.

Mr. Weldon's home and offices were not targeted in the raids.

"What I find ironic, if there is an investigation, is that no one would tell me until three weeks before the election," Mr. Weldon told reporters yesterday during a campaign appearance in Media.

Denying any wrongdoing by himself or his daughter, Mr. Weldon called the investigation politically motivated and challenged the timing of the raids.

"I've never helped my daughter get anything," he said. "My kids are qualified on their own."

Federal law-enforcement authorities said the FBI is investigating whether Mr. Weldon used his political influence as a 10-term congressman and senior member of the House Armed Services and Homeland Security committees to help his daughter's firm secure at least three lobbying and consulting contracts.

Last week, the Democratic Congressional Campaign Committee mailed fliers to voters in the 7th District, where Mr. Weldon is in a tight race with Democratic challenger Joe Sestak, accusing Miss Weldon of getting help from her father on lobbying projects.

Records show that Miss Weldon and Mr. Sexton, former chairman of the Springfield Republican Party, started SNA in September 2002. Three of the company's clients -- Itera International Energy Corp. and Saratov Aviation, both in Russia, and Dragomir and Bogoljub Karic, residents of Serbia -- reportedly have ties to Mr. Weldon.

The authorities said Mr. Weldon led a congressional delegation to Russia in 2002, where he visited with Itera International officials just before the firm signed with SNA. Two days after a $500,000 contract with the firm was signed, the authorities said, Mr. Weldon co-hosted an event at the Library of Congress honoring Itera International's chairman.

In January 2003, Itera International opened U.S. offices in Jacksonville, paying for Mr. Weldon to attend the opening.

The authorities also said Mr. Weldon and his daughter visited Saratov Aviation in January 2003, after which the firm signed a $20,000-a-month contract with SNA.

Yesterday, Mr. Weldon also questioned the need for an FBI investigation, saying the House ethics committee looked into the contracts awarded to his daughter's company soon after the Los Angeles Times reported on them in February 2004.

FBI: Weldon Under Investigation (NORRISTH)

By By: WILLIAM BENDER

Norristown (PA) Times-Herald, October 17, 2006

As U.S. Rep. Curt Weldon was proclaiming his innocence Monday morning in Media, FBI agents were raiding the home of his daughter and the leader of the Springfield Republican Party as part of an investigation into whether Weldon used his influence to help the pair obtain nearly $1 million worth of overseas lobbying and consulting contracts.

Starting about 9 a.m., agents began descending on a total of six locations, including Karen Weldon's home in the Queen Village section of Philadelphia, Charles Sexton's Springfield rancher on Kelli Lane and the office of their company, Solutions North America, in Media.

"I don't know anything about an investigation. I have no idea, no clue," Weldon, apparently unaware of the raids, told reporters at a 10:15 a.m. press conference about an airspace redesign plan at Philadelphia International Airport. "I have not done anything wrong."

DOJ_NMG_0082303

Federal agents searched two locations in Jacksonville, Fla., one of them the headquarters of Itera energy group, FBI spokeswoman Debbie Weierman confirmed.

The Russian-based Itera International Energy Corp. signed a $500,000 contract with Solutions North America on Sept. 30, 2002, six days after Weldon introduced a House resolution to encourage U.S. "cooperation with the Russian Federation on energy development issues" and hosted a Library of Congress dinner to honor the company's chairman. The contract included a $170,000 up-front payment and a 10 percent "finder's fee" for any sales Solutions generated, according to published reports.

The FBI also searched the Philadelphia office of attorney John Gallagher, according to a law enforcement official.

Gallagher introduced Sexton to another Solutions client, Saratov Aviation Plant. Weldon visited the Russian company in 2003, reportedly with his daughter, and later brought its experimental aircraft to the Navy's attention.

News of the investigation throws Weldon's re-election campaign into disarray as he tries to stave off hard-charging Democrat Joseph Sestak, a retired Navy admiral who is running evenly with the 10-term incumbent in the 7th District according to a Keystone Poll conducted late last month. Sexton, a longtime political ally of Weldon's, who was handling the bulk of his fund-raising, immediately stepped down Monday as a senior adviser to the campaign.

The congressman's staff had insisted Friday evening that "there is no investigation" because they had not been contacted by the Justice Department or the FBI. Weldon spokesman Michael Puppio said Saturday that their attorneys were considering filing a defamation lawsuit against McClatchy Newspapers, which broke the story Friday night.

Weldon said Monday he believed the FBI raids were linked to the Democratic Congressional Campaign Committee (DCCC) and the left-leaning watchdog group Citizens for Responsibility and Ethics in Washington (CREW).

Days before the story broke, a DCCC-funded mailer began circulating the district, accusing Weldon, vice chairman of the House Armed Services Committee, of using his position to "help his lobbyist daughter win defense contracts potentially worth millions for her clients."

"In Washington, politics is a family affair, and Curt Weldon sure knew how to steer our tax dollars into his family's pockets," the flier reads. DCCC spokeswoman Jen Psaki denied any connection between the mailing and reports of the investigation, calling Weldon "paranoid."

At a hastily arranged press conference late Monday afternoon outside his campaign headquarters on Baltimore Pike, Weldon repeatedly denied that he had helped his daughter attain any contracts.

"What bothers me as a father is to see somebody say she's inexperienced," Weldon said of Karen Weldon, now 32 years old. "I'll put my daughter up against anyone, anyplace in terms of her capability. She's a very competent young lady and I stand behind her 100 percent."

Weldon, of Thornbury, said he would "fully cooperate" with the investigation while he asked voters to see through what his campaign said was the work of "left wing liberal activists" - specifically CREW's executive director, Melanie Sloan.

"I'm not here to point fingers, but that article, that mass mailing was done on Wednesday, went to every house in my district. Maybe it was a coincidence," he said. "But I'm also aware that the person who filed the one complaint against me with the Justice Department, Melanie Sloan, was a key staffer for (U.S. Rep.) John Conyers, who stands to become the chairman of the House Judiciary Committee, assuming the Democrats will win control of the Congress.

"I think it doesn't take a rocket scientist to figure out that this district could swing control of the Congress," he continued. "Melanie Sloan filed the complaint; I have a copy of it, and on her board she has one of my opponent's biggest single contributor(s) - a fellow by the name of Dan Berger."

In April 2004, CREW asked the Justice Department to investigate Weldon's role in how Solutions landed contracts with Itera, Saratov and the Serbian Karic Foundation.

Sloan said Saturday her group has heard nothing from the department since. Sestak did not declare his candidacy in the 7th District race until February.

Berger, a Philadelphia attorney and prominent Democratic fund-raiser, is a CREW board member whose law firm, Berger and Montague, is one of Sestak's largest campaign contributors. CREW spokeswoman Naomi Seligman Steiner said her group did not influence the timing of the FBI investigation.

"We knew when everyone else knew," Steiner said, referring to the McClatchy report that was posted online Friday night. "If he's looking to blame anyone," she said of Weldon, "he should blame himself."

Asked Monday morning why a Justice Department under a Republican administration would play a role in a Democratic scheme to undermine his campaign, Weldon said: "The bureaucracy, it's not Democrat or Republican."

Three weeks before Election Day, the investigation plays into the Democrats' theme that 12 years of Republican control has created a "culture of corruption" in Washington. It follows the recent resignation of U.S. Rep. Mark Foley, R-Fla., for sending sexually explicit messages to former congressional pages and a guilty plea from U.S. Rep. Robert Ney, R-Ohio, on corruption charges related to the Jack Abramoff scandal.

Sestak spokesman Ryan Rudominer called the developments "very troubling" but otherwise declined to comment.

After the Los Angeles Times first reported in 2004 on Weldon's ties to Solutions clients, the congressman voluntarily provided the House Ethics Committee with the relevant documentation. He has refused to share that documentation with the Daily Times.

Weldon said Monday that the committee asked some follow-questions and eventually gave him a "written letter closing the case." Asked if the letter cleared him of the current allegations, he responded: "I didn't say clearing, I said closing the case. I'll use their exact terminology."

Weldon said he spoke to committee Chairman Doc Hastings on Sunday and Hastings said he "was not aware of any contact between the ethics committee and the Justice Department."

The congressman refused to comment on the "substance of what the investigation might be about," other than to say he has not received a target letter or been contacted by the FBI or Justice Department. He has retained attorney William Winning, and his campaign said it would provide no further comment due to the ongoing investigation.

Karen Weldon could not be reached for comment Monday.

Sexton and Solutions attorney Joseph Fioravanti did not return phone calls. Gallagher, the Philadelphia attorney whose office was raided, said Saturday that federal investigators hadn't contacted him. "It sounds pretty outrageous," Gallagher said, when told about reports of an investigation.

"We look forward to getting back to the issues of this campaign, although this obviously makes it very difficult," Weldon said. "And to the constituents out there who've supported me for 30 years, all I can say is I hope you'll bear with me through this process.

"It is a difficult one, I would not have wished this on anyone, and three weeks before the election, that makes the campaign that much more difficult. But, you know, life goes on and we will survive."

Editorial: FBI Raid Spurs More Questions Than Answers (DCDN)

Delaware County (PA) Daily News, October 17, 2006

Is U.S. Rep. Curt Weldon a crook? That was the question on everyone's lips Monday as word spread that the FBI had raided the homes of his daughter, Karen; a key political confidante, Springfield GOP leader Charles Sexton; a Philadelphia attorney and a Florida business.

The feds are investigating the role of the 10-term incumbent 7th District Republican from Thornbury in the creation of an international consulting firm run by Karen Weldon and Sexton - and how it quickly won some $1 million in contracts from foreign entities tied to the congressman.

Weldon and all those involved (who could be reached for, or were willing to, comment) deny any wrongdoing. And they have since the matter first became public in 2004.

Word of the probe first surfaced Friday with a story by McClatchy Newspapers. Weldon's staff immediately denied that there was any investigation at all.

"There is no investigation," said Weldon spokesman John Tomaszewski. "There is no formal investigation and there is no inquiry. There's nothing. This is nonsense, ludicrous."

Weldon himself was repeating that line at an unrelated press conference Monday morning, even as the FBI was executing its search warrants and carting away documents.

As of this morning, there are many questions and few answers. But this much is known:

- In 2002 Karen Weldon was a 29-year-old with an undergraduate degree in education and a graduate degree in information systems who was previously employed at Boeing Helicopters, one of her dad's biggest benefactors. She and Sexton, a wealthy businessman and one of the biggest power brokers in the Delaware County Republican machine, formed Solutions North America Inc. in Media.

- The very same month, the firm won a $500,000 a year contract with a Russian natural gas company boosted by the congressman. Six days before, Curt Weldon had hosted a soiree in the Library of Congress to introduce it to his colleagues.

- Solutions North America was awarded $240,000 to promote the good works of a pair of rich Serbian brothers who were barred from entering the United States because of their relationship with accused mass murderer Slobodan Milosevic. Curt Weldon was one of their leading proponents in Congress.

- After Solutions North America won a $20,000 a month contract with a Russian aerospace manufacturer (plus 10 percent of any new business it generated), the congressman began trying to drum up interest in the technology with the U.S. Navy. The finder's fee provision of the contract was later declared illegal.

Rep. Weldon insists that he turned over the entire matter to the House Ethics Committee, which found no cause of action. But the notoriously weak-kneed committee has declined to publicly confirm that account, and Weldon has declined to release any records supporting his claim.

The story was embraced by a left-leaning government watchdog group called Citizens for Responsibility and Ethics in Washington (CREW), which called Weldon's actions "possibly criminal" and asked the U.S. Justice Department two years ago to investigate. Until this weekend, there was no indication that the feds were complying with that request.

That hasn't stopped Weldon from claiming that politics is behind the investigation - and the fact that it became public three weeks before the toughest election day in his career. Still, there is no indication that his Democrat opponent, retired Navy Adm. Joe Sestak, or his allies have anything to do with the probe, or the leak about its existence.

One might point at the fact that the Justice Department has been controlled by the Republican Party for the last six years to refute Weldon's protestations of partisanship. But in reality, investigations of sitting members of Congress are kept out of the hands of political appointees in Washington and are handled by by-the-book public corruption professionals. Those folks don't play around.

In all likelihood, Monday's search warrants were executed because word of the probe had leaked over the weekend. Agents usually act in cases like this to preserve evidence that could potentially be destroyed. Cartons of documents were removed from the target sites Monday, and no one who knows what the FBI has is talking.

In all, the situation is eerily reminiscent of developments during the 2003 re-election campaign of Philadelphia Mayor John Street. An FBI bug was found in the ceiling of his office weeks before the mayor faced a strong challenge from Republican Sam Katz. Street and his allies - citing the Republicans in charge of the Justice Department - cried politics and won re-election handily. It probably helped that Street was a Democrat.

So, the question remains: Is Curt Weldon a crook? The bottom line is, nobody knows. And, unfortunately, voters will have to make their decision on Nov. 7 before any firm determination can be made.

Doolittle's Lawyers Talking To Justice Department (SACBEE)

By David Whitney, Bee Washington Bureau

The Sacramento Bee, October 17, 2006

WASHINGTON - Rep. John Doolittle acknowledged Monday that his lawyer, whom he has paid more than $38,000 in the last two months, is talking with the Justice Department about the congressman's relationship with disgraced lobbyist Jack Abramoff.

The Washington Post and other papers, citing unnamed sources, have said the Roseville Republican and Sen. Conrad Burns, R-Mont., are under investigation in the Abramoff matter.

Doolittle's office in a statement late Monday, again insisted that the congressman is not under investigation.

Instead, it characterized the meetings as an effort to clear the congressman's name.

"The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name," said Laura Blackann.

"The congressman's attorney has committed to the Justice Department that in order to preserve the integrity of the ongoing investigation, details of their interactions will remain private," she said. "To date, the congressman has not been contacted or questioned by the Justice Department and has no reason to believe that he is the target of an investigation."

Blackann said Doolittle "instructed his attorney to establish contact with the Justice Department to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong."

The new disclosures have added fuel to the campaign of Democratic challenger Charlie Brown, who has tried to tie Doolittle to the "culture of corruption" in Washington, D.C., arising from the Abramoff scandal and the bribery conviction of Rep. Randy "Duke" Cunningham, R-San Diego.

For a complete story, see Tuesday's Bee. About the writer:

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Doolittle Paid Lawyer To Talk To Agency (AP-Y)

By Erica Werner, Associated Press Writer

AP, October 17, 2006

Republican Rep. John Doolittle of California paid an attorney more than $38,000 in recent months to talk to the Justice Department in connection with the Jack Abramoff lobbying investigation, new campaign finance reports show.

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A spokeswoman said the money was spent after Doolittle asked his attorney, David Barger, to contact the Justice Department "to further express the congressman's willingness to be helpful and satisfy the Justice Department that the congressman has done nothing wrong."

In a statement, spokeswoman Laura Blackann said Doolittle has not been contacted by prosecutors in the ongoing congressional corruption probe stemming from the conviction of GOP lobbyist Abramoff. Doolittle "has no reason to believe that he is the target of an investigation," she said.

The payments to Barger's Virginia law firm, Williams Mullen, show up in Doolittle's third-quarter Federal Election Commission fundraising report, filed Sunday.

Doolittle, a conservative eight-term incumbent and member of the House GOP leadership, has numerous ties to Abramoff, whom he has described as a good friend. Doolittle accepted campaign cash from Abramoff, helped his tribal clients in dealings with the Interior Department, and helped the lobbyist win a contract from the Northern Mariana Islands by endorsing a sympathetic island politician.

Doolittle's wife, Julie Doolittle, was paid a retainer by Abramoff for event planning work from 2002 to 2004.

The ties between Doolittle and Abramoff have caught the interest of government prosecutors, The Associated Press has reported. More than two years ago Julie Doolittle was subpoenaed for documents in connection with the probe.

Doolittle has denied any wrongdoing and refused to get rid of the $14,000 in campaign donations he got from Abramoff, who is cooperating with the government.

Nonetheless in January, shortly after Abramoff pleaded guilty to wire fraud and tax evasion, Doolittle hired Barger to advise him in the matter. At the time Barger was paid a $10,000 retainer, and earlier this year Doolittle reported paying his firm an additional $1,274.

The new campaign finance report, covering July 1-Sept. 30, shows four separate payments to Williams Mullen totaling $38,378.48. They are labeled only "legal fees."

In her statement Blackann noted that Doolittle wrote to Attorney General Alberto Gonzales earlier this year offering his cooperation. Subsequently he asked Barger to contact the department.

"The congressman's attorney has had several conversations with the Justice Department which we believe have been helpful toward clearing the congressman's name," Blackann's statement said. She said the parties have agreed to keep the talks confidential.

The campaign finance report also shows Doolittle paying $13,000 in legal fees to a second law firm, Wiley Rein & Fielding LLP, that he has used regularly for years.

Doolittle is favored to win re-election in his heavily Republican northern California district, but is facing a spirited challenge from Democrat Charlie Brown, a retired Air Force lieutenant colonel who has sought to make an issue of Doolittle's ties to Abramoff.

Doolittle has also generated controversy by paying his wife for fundraising. He pays her a 15 percent commission on each sum she raises, rather than the flat fee recommended by some industry professionals. He reported paying her $6,200 in the most recent quarter.

Five Years After Killing Of Prosecutor, A Stumped FBI Asks The Public For Help (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, October 17, 2006

SEATTLE -- Alone in the basement of his house and sitting in front his computer monitor, Thomas C. Wales was shot to death here five years ago. An assistant U.S. attorney, he specialized in prosecuting white-collar crime and was an ardent advocate of gun control.

The shooter stood in Wales's back yard at 10:40 p.m., fired several times through a window and disappeared. It may have been the first time in U.S. history that a federal prosecutor was killed in the line of duty.

Thomas C. Wales was an assistant U.S. attorney. (Courtesy Of The Thomas C. Wales Foundation - Courtesy Of The Thomas C. Wales Foundation)

But after interviewing more than 4,000 people in all 50 states and half a dozen countries, after chasing down about 1,800 silver gun barrels of a kind that ballistics experts say was affixed to the shooter's pistol and after abruptly transferring control of the investigation out of the Seattle office of the FBI, law enforcement officials still cannot say for certain whether Wales was killed because he was a prosecutor.

Instead, to mark the fifth anniversary of the crime, an FBI task force leader insisted last week that the case has not gone cold, and authorities released for the first time a composite sketch of a "person of some interest" who was seen wandering around Wales's neighborhood on Seattle's Queen Anne Hill before the killing.

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For reasons not explained, the existence of the wandering stranger -- whose presence had been reported to police weeks before the Oct. 11, 2001, killing -- did not find its way to the FBI task force until about three years after Wales was shot.

Having failed over the past few years to find that man while keeping the hunt quiet, the FBI recently handed out a two-year-old sketch and asked for the public's help in finding a slim white man in his early 40s with black hair, tobacco-stained teeth and perhaps a ponytail.

The bureau also asked for help in finding a person who mailed a curiously literate letter this January from Las Vegas. Using crisp, crime-novel prose that echoes the smart-guy style of Elmore Leonard, the writer confessed to killing Wales in a murder-for-hire deal.

"OK, so I was broke and between jobs," the letter begins. "I got an anonymous call offering [dollar figure redacted by the FBI] to shoot the guy, so I drove to Seattle to do the job."

An FBI behavioral analyst said that while the murder scenario described in the letter was "made up," the writer is "relatively well-educated and well-read" and could be the killer or could know him.

Finally, the FBI asked for help in tracking down about 1,800 more silver pistol barrels of the kind that was screwed into the Makarov pistol used to shoot Wales. The bureau says that about 3,600 of the barrels are known to have been sold in the United States, but it has found only about half of them.

"We will not give up," Robert Jordan, special agent in charge of the FBI office in Portland, Ore., said at a news conference in the federal courthouse in downtown Seattle.

Jordan stressed, using the same words twice, that the Wales case "remains a very significant investigation."

That emphasis comes on the heels of what appears to have been a manpower dispute in the inquiry. In May, an FBI supervisor in Seattle reduced by two the number of agents assigned to the case. In June, after reports of squabbling inside the bureau, the case was shifted to the FBI's Portland office and beefed up with more investigators.

An important thread -- one that investigators declined to talk about last week -- is the nearly five-year-old inquiry into the activities of a Seattle-based commercial airline pilot who has been described in local newspapers as the prime suspect.

Thomas C. Wales was an assistant U.S. attorney. (Courtesy Of The Thomas C. Wales Foundation - Courtesy Of The Thomas C. Wales Foundation)

In an apparently preemptive media offensive that was published in the Seattle Post-Intelligencer on the morning of the FBI news conference, the pilot -- whose name has not been made public because he has not been charged -- complained through his attorney about the aggressive behavior of law enforcement authorities.

"This is Richard Jewell all over again," Larry Setchell, the lawyer, told the newspaper, alluding to the man who was falsely accused of the bombing at the 1996 Olympics in Atlanta.

Setchell declined to comment, except to confirm the accuracy of the details concerning his client that were published in the Seattle newspaper.

The most curious of those details is the presence of the pilot in Las Vegas in January when the murder-for-hire letter was mailed.

Setchell said that the pilot was there by coincidence, on a layover, and that he plans to turn over handwriting samples to the FBI in the coming week to show that he did not write the letter.

Since the killing, the pilot's home reportedly has been searched three times, and federal agents have seized his cars and many of his belongings. US Airways reportedly grounded the pilot for several weeks after it was notified that he was a subject of interest in the inquiry.

Early in 2001, before the killing, the pilot was one of several people Wales investigated in connection with illegally modifying a surplus military helicopter for civilian use. The charges were dropped, but only after the pilot spent more than $100,000 in legal fees, Setchell told the Post-Intelligencer.

Setchell said that the pilot felt "profound frustration" over the investigation but that he did not blame Wales.

Asked at the news conference about the status of the investigation against the pilot, the FBI's Jordan said only: "When the investigation reaches the point where we have probable cause to arrest someone, we speak with an indictment."

Betonsports, Prosecutors Strike Tentative Deal, Lawyers Say (BLOOM)

By Andrew Harris And Benjamin Israel

Bloomberg, October 17, 2006

Oct. 16 (Bloomberg) -- Betonsports Plc., the British Internet bookmaker indicted in the U.S. for illegal gambling, has reached a preliminary deal with prosecutors to end a civil suit seeking to ban the company from doing business in the U.S.

U.S. District Judge Carol Jackson in St. Louis granted the parties one week to complete what Assistant U.S. Attorney Michael Fagan said was a 21-page accord resolving a civil suit filed against the company in July by the Justice Department.

``My impression is there are no substantive disagreements," Fagan told Jackson today. A temporary order barring Betonsports from doing business in the U.S. has been in place since July 17. Neither side disclosed terms of the preliminary agreement in court.

On July 17, prosecutors also unsealed a 22-count indictment charging Betonsports founder Gary Kaplan, former Chief Executive Officer David Carruthers and nine others with racketeering and violating federal interstate gambling laws. In 2003, the company's Web site, Betonsports.com, had 100,000 active players who placed 33 million wagers worth more than $1.6 billion, the U.S. has said.

Carruthers, 48, was arrested in July as he changed planes at a Texas airport. He pleaded not guilty and is currently under house arrest in St. Louis. Kaplan is still at large. Six other defendants have pleaded innocent.

Banning Payments

President George W. Bush on Friday signed legislation making it illegal for credit card companies to collect payments for transactions with online gambling sites. Gambling on the Internet has become a $12 billion-a-year business that's growing rapidly offshore.

Betonsports attorney Jeffrey Demerath told Jackson today that difficulty in assembling the company's board of directors for a review of the proposal was the primary obstacle to completing the accord.

``We received it Thursday afternoon," Demerath told the judge. ``We just haven't had the time to get everyone together."

Outside the courtroom, Demerath declined to comment on the status of the criminal case against Betonsports. He doesn't represent the individual defendants.

The civil case is U.S. v. Betonsports Plc., 06cv1064, in the Eastern District of Missouri (St. Louis).

Former FDA Head Is Charged Over Stock Holdings (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, October 17, 2006

The former head of the Food and Drug Administration will plead guilty to two misdemeanors for failing to properly disclose stock ownership and violating conflict-of-interest rules while he was at the agency.

Lester Crawford, who resigned in September 2005, two months after the Senate confirmed him as commissioner, was charged by the Justice Department with failing to fully reveal in government disclosure forms holdings in companies regulated by the FDA. The U.S. attorney for the District of Columbia filed the charges yesterday.

While Dr. Crawford no longer works in government, the situation may spark broader questions about procedures for vetting stock options and shares held by high-ranking officials. The matter also arises at a time when the FDA faces heightened scrutiny from Congress.

The companies named in the charges -- shares of which were owned by Dr. Crawford and/or his wife during years when he served at a high level in the FDA -- include soft-drink and snacks company PepsiCo Inc.; Kimberly-Clark Corp., which sells some medical devices; Wal-Mart Stores Inc. and food distributor Sysco Corp. Dr. Crawford also held stock options in Embrex Inc., an agricultural biotechnology company on whose board he once served. He exercised some of the options while at the FDA, the Justice Department said.

The Justice Department also charged Dr. Crawford with conflict of interest, because he chaired an FDA working group on obesity issues while he owned shares in PepsiCo and Sysco, companies which had business that could be affected by the panel's findings.

While Dr. Crawford served on the working group, he and his wife owned 1,400 shares of PepsiCo, with a value of at least $62,000, and 2,500 shares of Sysco, with a value of at least $78,000, according to the Justice Department. The panel's work included recommending that manufacturers change food labels to more accurately reflect actual serving sizes.

Barbara Van Gelder, Dr. Crawford's attorney, said he plans to plead guilty to two misdemeanors. One stems from the omissions in his financial-disclosure forms, the other from the conflict-of-interest charge.

The penalty will be decided by a judge, but Ms. Van Gelder said fines and probation are typical in such situations. The issues stemmed from confusion and mistakes and weren't deliberate, she said. "At certain times of his career at the FDA, there were omissions that were inadvertent," she said. "He will take responsibility for the omissions." She said Dr. Crawford cooperated with the Justice Department.

A spokeswoman for the inspector general of the Department of Health and Human Services, which is also investigating the circumstances of Dr. Crawford's resignation, declined to comment on its status. Spokeswomen for the FDA and HHS also declined to comment. Dr. Crawford didn't return a call.

Lawmakers will debate the FDA's handling of drug safety and other issues next year, when agency-funding legislation goes before Congress. Democrats may use the Crawford incident to gain political traction for arguments that Republicans have been

too sympathetic to the industry. New York Democratic Rep. Maurice Hinchey said the Crawford matter underscores that the FDA is "in need of a serious overhaul." The agency has said it is reviewing a recent report that criticized its handling of drug safety and has already made some changes.

Write to Anna Wilde Mathews at anna.mathews@wsj.com1

Former F.D.A. Chief Is Charged With Conflict (NYT)

By Stephanie Saul

The New York Times, October 17, 2006

Lester M. Crawford, former chief of the Food and Drug Administration, was charged yesterday with conflict of interest and lying about stock he and his wife owned in companies the agency regulates.

Dr. Crawford, who resigned abruptly in September 2005, just two months after his nomination had been approved by the Senate, is expected to plead guilty in federal court in Washington today, said his lawyer, Barbara Van Gelder.

Each of the two charges filed against Dr. Crawford, 68, is a misdemeanor punishable by up to a year in jail, but Ms. Van Gelder said she expected him to be fined and placed on probation.

"It's his responsibility," she said, "and he accepts it."

Senior employees of the food and drug agency are prohibited from owning shares in companies the agency regulates, and when Dr. Crawford became a deputy commissioner in 2002, the government's charging document says, ethics officials at the Department of Health and Human Services told him that he and his wife would have to sell stock in a dozen regulated companies. Those companies included several large pharmaceutical and medical device concerns, among them Johnson & Johnson, Merck, Pfizer, Medtronic and Boston Scientific.

Dr. Crawford and his wife, Catherine, sold their holdings in nine companies, the government says, but retained shares in three others: the food giants Sysco and Pepsico, and Kimberly-Clark, a maker of consumer health care and other products.

In addition, it says, Mrs. Crawford held shares in another regulated company, Wal-Mart, but her husband did not list those holdings in his 2002 financial disclosure.

Prosecutors also say that Dr. Crawford, a veterinarian and pharmacologist, owned options to buy 41,500 shares in Embrex, an F.D.A.-regulated poultry biotechnology company where he formerly served as a director. He exercised some of those options in 2003 and 2004, earning $8,150 in one transaction and $20,627 in another. He correctly reported those transaction on his federal tax returns but did not list them in disclosure filings at the time or disclose the remaining, unexecuted options he held in the company, the charges say.

The government noted that during a period when the Crawfords held shares in Pepsico, a soft drink and snack food company, he was chairman of an F.D.A. Obesity Working Group that among other tasks was reviewing calorie content labeling for soft drinks. At the time, prosecutors said, the couple held 1,400 shares of Pepsico worth at least $62,000, as well as 2,500 shares of Sysco, which specializes in supplying food to restaurants and institutions, worth at least $78,000.

When Dr. Crawford became acting commissioner of the agency in 2004, reviewers at the Department of Health and Human Services, the F.D.A.'s parent, again raised questions about his ownership of Sysco and Kimberly-Clark shares. Responding to that query, he wrote in an e-mail message to an ethics official at the department that "Sysco and Kimberly-Clark have in fact been sold."

"In truth and in fact, as Crawford then knew, Crawford and/or his wife held shares" in both Sysco and Kimberly-Clark "throughout 2003 and 2004," according to the charging document.

Dr. Crawford, now a senior staff member at the Washington lobbying and communications firm Policy Directions, could not be reached for comment. But his lawyer, Ms. Van Gelder, said the fact that the charges were misdemeanors reflected Dr. Crawford's having amended his financial forms after his departure, making a full disclosure.

"One of the things I hope comes out is that he sold the Mercks and the pharmaceuticals," Ms. Van Gelder said. "The Syscos and Kimberly-Clark, one wouldn't ordinarily think, 'I've got to divest myself.' You wouldn't think Wal-Mart is in the same boat as Merck."

Dr. Crawford's rocky 18-month tenure as acting commissioner and then commissioner was marked by a series of controversies, including the withdrawal of the painkiller Vioxx from the market and an internal battle over whether the agency would approve the emergency contraceptive Plan B for over-the-counter sale.

Though his sudden resignation last fall so soon after his confirmation appeared unusual, he offered no detailed explanation. The office of Daniel R. Levinson, inspector general of Health and Human Services, told Congress, however, that it was investigating the circumstances of the commissioner's departure.

Records obtained through the Freedom of Information Act several weeks later revealed that the department's ethics office had questioned Dr. Crawford's broker in August 2005, the month before he quit.

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A spokesman for Sysco said yesterday that the company had not been aware that Dr. Crawford was a shareholder.

"We were totally unaware of it, and we really didn't have any real regulatory matters before the agency beyond routine matters," said the spokesman, John M. Palizza.

A spokesman for Pepsico said compliance with government regulations concerning conflict of interest was clearly an individual responsibility. He referred additional questions to Dr. Crawford.

Former FDA Chief Illegally Held Stocks (WP)

By Marc Kaufman, Washington Post Staff Writer

The Washington Post, October 17, 2006

Lester M. Crawford, who resigned mysteriously last fall just two months after being confirmed as commissioner of the Food and Drug Administration, will plead guilty today to charges that he hid his ownership of stock in food and drug companies that his agency regulated, his lawyer said.

The Justice Department charged Crawford yesterday with two misdemeanors for withholding the financial information, which included his ownership of shares in food and drink manufacturers Pepsico Inc. and Sysco Corp. and the drug company Embrex Inc.

The complaint, called a criminal "information," accused Crawford, who held numerous senior FDA and Agriculture Department jobs in his many years in government, of conflict of interest and filing false financial disclosure reports.

Barbara Van Gelder, Crawford's lawyer, said he "is going to plead guilty to two misdemeanors tomorrow afternoon, and he is going to admit his financial disclosures had errors and omissions, mostly with his wife's continued ownership of stocks," the Associated Press reported. "At the end of the day, he owned these stocks, and he will admit he owned them while he was at the FDA, and he will take responsibility for that."

Crawford failed to disclose $28,000 he gained from stock options in Embrex, an agriculture biotechnology company, the complaint said. Crawford was a member of Embrex's board of directors from 1992 to 2002.

The Justice Department document said a government ethics official told Crawford in 2002 that he had to sell shares the couple owned in 12 companies considered to be "significantly regulated organizations" -- companies that regularly had business before the FDA.

The prosecutors wrote that the Crawfords sold many of their shares but kept ownership in three companies. When asked in 2004 about two of them, Crawford replied in a December e-mail that "Sysco and Kimberly-Clark have in fact been sold." Actually, the court papers state, Crawford knew that he or his wife still held shares in both companies.

Crawford chaired the FDA's Obesity Working Group, which made recommendations affecting food and soft drink makers, at a time when he and his wife owned stock in Pepsico and Sysco, the court papers said.

The complaint said Crawford made some of his false statements on yearly financial disclosure forms and others on his financial disclosure statement to the Senate Health, Education, Labor and Pensions Committee -- which was considering his nomination to become permanent FDA commissioner.

Crawford's short tenure as commissioner was best known for his August 2005 decision to postpone action on the "morning after" contraceptive Plan B. He had earlier told the Senate that the agency would act on the application, and Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) allowed a vote on his nomination as a result.

Rep. Maurice D. Hinchey (D-N.Y.), who helped initiate an investigation into Crawford's departure by the inspector general of the Department of Health and Human Services, said that further digging into Crawford's finances should and will continue.

"By blatantly ignoring the law on financial holdings and conflicts of interest, Lester Crawford used his position as the head of the FDA to send all the wrong signals to other FDA employees and the American public," Hinchey said in a statement.

Crawford, trained as a veterinarian and pharmacologist, had previously served as deputy FDA commissioner and acting commissioner. The agency, which regulates almost one-quarter of the U.S. economy, has had a confirmed commissioner for less than two years since the Bush administration came into office.

McLaughlin To Face Corruption Charges (WNBC)

WNBC-TV, October 17, 2006

Assemblyman Expected To Surrender Tuesday

NEW YORK -- Corruption charges were expected to be filed against a top Queens political leader.

NewsChannel 4's Jonathan Dienst reported that Queens assemblyman Brian McLaughlin is expected in federal court on Tuesday. The expected corruption charges relate to McLaughlin's work as one of the city's power brokers -- his years as an elected leader and also as one of the city's top union leaders.

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The charges could cap a multi-year corruption investigation by the city's Department of Investigation, the FBI and Manhattan U.S. Attorney's Office. Sources said McLaughlin is expected to surrender in the morning, and federal prosecutors are expected to announce corruption charges against him.

McLaughlin has denied any wrongdoing, NewsChannel 4 reported. McLaughlin, a longtime Democratic assemblyman, has announced that he would not be seeking another term.

In March, Department of Investigation detectives and FBI agents raided McLaughlin's district office in Queens, and they also seized documents from the West 16th Street offices of the Central Labor Council. Soon after the raids, McLaughlin resigned as the head of the umbrella union organization.

Investigators had been focusing as to whether McLaughlin was helping certain street lighting companies in a possible bid-rigging scheme. Investigators wanted to know whether he asked for cash and/or gifts from individuals or companies. There were also questions raised about expenses he submitted as an assemblyman, and how he was able to pay for a vacation home on Long Island's north shore.

Labor Leader Is Expected To Face U.S. Corruption Charges (NYT)

By Andy Newman And William K. Rashbaum

The New York Times, October 17, 2006

The union leader Brian M. McLaughlin, the head of the country's largest municipal labor council and a powerful force in New York City politics for more than a decade, is expected to surrender on federal corruption charges today, two law enforcement officials said last night.

Mr. McLaughlin, 54, the president of the New York City Central Labor Council and a seven-term Democratic state assemblyman from Queens, has been under investigation in a possible scheme to rig bids on multimillion-dollar city contracts for streetlights, officials have said.

Investigators were also looking at whether he received improper payments from electrical contractors.

Details of the charges were unavailable last night, but an official, who spoke only on condition of anonymity because the investigation is continuing, said that they would be announced at a news conference today.

Neither Mr. McLaughlin nor his lawyer could be reached by phone last night. Mr. McLaughlin has consistently denied wrongdoing.

The official said that Mr. McLaughlin would probably be the only person charged today but that the investigation, by the F.B.I., the federal Labor Department, the city's Department of Investigation and the United States attorney's office in Manhattan, was continuing.

A spokesman for the F.B.I. and a spokeswoman for the United States attorney in Manhattan declined to comment last night.

Mr. McLaughlin's group, which represents a million workers in 400 union locals, has been a prominent supporter of Mayor Michael R. Bloomberg, lending its weight both to Mr. Bloomberg's re-election bid last year and to the mayor's ill-fated plan for a football stadium on the West Side of Manhattan.

The F.B.I. raided Mr. McLaughlin's union office in March, as well as his Assembly district office in Flushing. In August, Mr. McLaughlin went on paid leave from his union post, which he has held for 10 years. Although he had publicly entertained the notion of running for mayor himself not long ago, he announced in January that he would not run for re-election to the Assembly this year, in order to devote more time to the labor movement. Mr. McLaughlin, a former electrician, was also the longtime director of the street lamps division of the city's main union of electrical workers.

In March, law enforcement officials said they were looking into whether Mr. McLaughlin played a role in a scheme in which contractors were thought to have divvied up the work of putting up traffic and street lights in the city. They also said that contractors may have given Mr. McLaughlin use of an American Express card.

The city's streetlight contracts were bid on every three years, and each year the same companies won the contracts, law enforcement officials have said.

One firm alone, Petrocelli Electric Company, has been awarded more than $90 million of the $150 million the city has paid for new lights since 1999. Investigators have also raided Petrocelli's headquarters.

A spokesman for Petrocelli Electric said in March that the company's lawyers had been told by officials at the United States attorney's office that neither the company or any of its officers or employees were under criminal investigation.

A telephone message seeking comment left with the company's answering service late last night was not returned.

The inquiry into the streetlight contracts goes back to at least 2001, law enforcement officials have said.

After Mr. McLaughlin's offices were raided in March, city officials acknowledged that Mr. Bloomberg knew Mr. McLaughlin was a target of an investigation even before the mayor accepted the labor council's support, but said that he did not know the details of the investigation.

Mr. McLaughlin worked intensely with officials from more than a dozen unions to line up the council's endorsement of Mr. Bloomberg.

A spokesman for Mr. Bloomberg declined to comment last night on Mr. McLaughlin.

For years, Mr. McLaughlin led the annual Labor Day Parade and led the union campaign — successful so far — to keep Wal-Mart out of New York City.

He has been courted by business leaders, bishops and real estate developers and was a major figure in last year's transit strike. Labor leaders said he restored the Central Labor Council's influence and prestige after years of decline.

Murdered Teen's Family Wants FBI Probe (LCJ)

By Jim Adams

Louisville Courier-Journal, October 17, 2006

The father of Jessica Melissa Currin, an 18-year-old Mayfield woman murdered in the Western Kentucky town in 2000, rallied with about 15 supporters at noon Monday in downtown Louisville to call for the FBI to investigate her unsolved killing.

The group, joined by the Rev. Louis Coleman, stood in a cold rain for more than an hour — first outside the Gene Snyder U.S. Courthouse at Sixth Street and Broadway, and then the nearby Romano Mazzoli Federal Building, 600 Martin Luther King Jr. Place – carrying signs demanding "Justice for Jessica."

Joe Currin, the father of the young woman, also was joined by Alton McDonald, of Tacoma, Wash., a representative of the Rev. Al Sharpton's National Action Network.

The murder was the subject of a story in Sunday's Courier-Journal, which catalogued mistakes police have made in the investigation.

Jessica Currin had been dead for about 48 hours when her body — strangled, beaten, stabbed and burned — was found on Aug. 1, 2000, on the back lawn of Mayfield Middle School.

The investigation for its first three years was headed by the Mayfield Police Department, but the Mayfield department's mishandling of evidence caused the dismissal of criminal charges against three people in 2003. The Mayfield department then turned the case over to Kentucky State Police.

The office of the Kentucky attorney general has recently taken over the role of prosecutor in the case, and is assisting state police in investigating the murder.

McDonald Monday delivered a letter to the FBI offices in Louisville yesterday which alleged that Mayfield police "intentionally and deliberately mishandled Jessica's murder, tampered with evidence and conspired to cover up her murder." McDonald also said at the rally that he believes the murder was a hate crime.

A spokesman for the FBI office in Louisville was not immediately available to respond to McDonald's letter.

Joe Currin said at the rally, "As long as I am alive and as long as I'm healthy enough, I will continue until we get justice."

Pellicano Resists Effort To Delay Trial (LAT)

By Chuck Philips And Greg Krikorian, Times Staff Writers

The Los Angeles Times, October 17, 2006

The private eye, accused of racketeering and wiretapping, refuses to join prosecutors and five co-defendants in waiting until next September.

The long-awaited racketeering and wiretapping trial of indicted Hollywood private eye Anthony Pellicano and six others is likely to be postponed again for months if federal prosecutors and defense attorneys can scale one significant hurdle: Pellicano.

Though attorneys for the government and five of Pellicano's co-defendants have agreed to delay the trial date until September 2007, Pellicano has so far resisted, eager to move forward with the case after spending years behind bars.

"Either take me to trial or let me out," Pellicano said in a telephone interview Saturday from the Metropolitan Detention Center in downtown Los Angeles.

If U.S. District Judge Dale S. Fischer agrees with Pellicano, the central figure in the case, the trial would continue as scheduled in February or perhaps on a date far short of the one-year delay now agreed to by the government and all but one other defendant.

The proposed delay was outlined in a stipulation jointly filed by prosecutors and defense attorneys Monday, the deadline for filing substantive pretrial motions in the case. The deadline was set in anticipation of a trial beginning Feb. 13.

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According to the stipulation, the delay was necessary for defense attorneys to review the voluminous evidence, including 150,000 pages of documents and 443 recorded conversations, already turned over in the case.

"Counsel for defendants and for the government have … determined that the length of the requested continuance is necessary to accommodate for conflicts in counsel's schedules and to permit defense counsel to complete their necessary trial preparation," the stipulation reads.

The agreement was signed by attorneys for all of the defendants except Pellicano and Daniel Nicherie, who is representing himself, and, like Pellicano, remains in custody. Neither Nicherie nor anyone assisting in his defense could be reached for comment.

In response to Monday's stipulation, Pellicano's attorney, Steven Gruel, filed court papers asking that his client's case move forward without the other defendants because Pellicano was "ready for trial" and was entitled to a speedy resolution of the charges against him.

"Here, a one-year delay from the stipulation date to the proposed trial date renders it unreasonable," Gruel wrote.

He said the delay was particularly unreasonable because the government has opposed releasing Pellicano on bail pending trial.

Pellicano, 61, has been locked up without bail since his indictment in February. His incarceration came as he was about to complete a 30-month sentence at a federal prison in Bakersfield after pleading guilty to charges of storing hand grenades and plastic explosives in his Sunset Strip offices.

Fischer has repeatedly made it clear that she wants the high-profile case to move forward as quickly as possible. But she has acknowledged that the case's complexity will dictate how fast the trial can proceed and whether delays are warranted in the interest of justice.

Under federal law, defendants have a right to trial within 70 days of their arraignment, though exceptions can be made in cases that are particularly complex with multiple defendants, complicated evidence or other factors. Pellicano and all six co-defendants have previously waived their rights to speedy trial.

Since their indictment early this year, Pellicano and his co-defendants have maintained that they are innocent of the grand jury charges that they used wiretaps and confidential police records to give the private eye's clients the upper hand in lawsuits and business disputes.

Pellicano has been particularly dismissive of the government's allegations, repeatedly denying that the FBI and U.S. attorney's office have any real evidence that he broke the law.

"These prosecutors have been working on this investigation for four years now and have come up with nothing," Pellicano said in a recent interview.

Pellicano said authorities approached him again during the summer to discuss a possible plea bargain. But, he said, he rejected their offer as he has numerous times before.

"Why do they keep coming to me and asking me to settle?" he asked, rhetorically. "I'll tell you why: Because I'm innocent. And I'm ready for my day in court."

Assistant U.S. Atty. Daniel Saunders declined to comment about Pellicano's remarks, as did Gruel, Pellicano's attorney.

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Coin Dealer Trial Begins In Ohio Scandal (FINDLAW/AP)

By John Seewer, Associated Press Writer

AP, October 17, 2006

(AP) - TOLEDO, Ohio-Less than a month before Election Day, a politically connected coin dealer accused of embezzling from a state investment in rare coins went on trial Monday in a scandal that has rocked Ohio's Republican Party.

Tom Noe, 52, is accused of stealing more than $2 million from a fund for injured workers and spending it on his business and renovating his home in the Florida Keys.

"He needed money. He needed it desperately," prosecutor John Weglian said in opening statements.

Noe, once a member of state boards that oversee the Ohio Turnpike and Ohio's public universities, was a top GOP fundraiser who gave more than $105,000 to Republicans, including President Bush and Gov. Bob Taft during the 2004 campaign.

He is charged with corrupt activity, theft, money laundering and forgery. If convicted, he could get up to 10 years in prison on the corrupt activity charge alone.

Defense attorney William Wilkinson said Noe's contract with the Ohio Bureau of Workers' Compensation allowed him to borrow money from the investment fund or loan it to others.

"You can't steal something from the owner of property if they give you permission to use it," Wilkinson said.

Federal prosecutors have not said whether any of the coin money was used for political contributions. If the state money had been funneled to campaigns, authorities could have sought a stiffer penalty.

The scandal has raised Democrats' hopes of retaking the governor's office from the GOP, which has dominated the state since 1990. Democratic Rep. Ted Strickland has held a double-digit lead in the polls over Republican nominee Ken Blackwell, Ohio's secretary of state.

The state invested $50 million with Noe from 1998 to 2001, but Weglian said he spent only a fraction of that figure on coins.

Prosecutors said Noe kept two sets of financial records - one for the workers' comp agency and one for his own business. When state officials wanted to check on the status of the coins Noe told them he had bought, he created false documents and borrowed coins from other dealers to trick investigators, Weglian said.

"If Tom Noe wasn't a thief, he wouldn't have had two sets of books," Weglian said.

Wilkinson said the workers' comp agency gave Noe wide authority to manage the investment and that he spent millions buying other collectibles such as historical documents and rare paintings. He also said the workers' comp fund will end up showing a profit because of Noe's investments in collectibles.

In a different case, Noe pleaded guilty earlier this year to funneling $45,000 to Bush's re-election campaign and was sentenced last month to more than two years in federal prison. He will not begin that sentence until after the state charges are resolved.

Investigations into the coin investments led to separate ethics charges against Gov. Bob Taft, who pleaded no contest last year to failing to report golf outings and other gifts.

The trial is expected to last at least six weeks, through the Nov. 7 election.

Ralphs To Pay $70 Million, In Strike Settlement (LAT)

By Martin Zimmerman

The Los Angeles Times, October 17, 2006

A federal judge today approved the Ralphs grocery chain's guilty plea to criminal charges that it illegally rehired locked-out workers during the Southern California supermarket labor dispute almost three years ago.

Under the agreement, Ralphs will pay $20 million in fines and $50 million into a fund to reimburse workers and their union.

Ralphs also agreed to cooperate with the government in its ongoing investigation of the role corporate executives played in the scheme, which involved using fake names and Social Security numbers to hide the identities of workers illegally rehired during the dispute.

U.S. District Judge Percy Anderson said the company's pledge to cooperate was a key factor in his decision to approve the agreement. The government is investigating the actions of "a number of Ralphs employees," the judge said, and the plea deal doesn't restrict the government's probe.

Ralphs has agreed to waive attorney client privilege, giving investigators access to interviews and memos from the company's internal investigation of the scheme, Assistant U.S. Atty. Adam Braun said.

Braun declined to comment on how high up the company's chain of command the probe could lead.

According to the plea agreement, "Ralphs' vice president of human resources, at least one group vice president and a number of zone managers encouraged, condoned, permitted or directed the rehiring of locked-out employees under false names and Social Security numbers during the lockout."

A Ralphs spokesman declined to comment on the investigation.

The government has said that it won't prosecute rank-and-file workers who were illegally hired as long as they cooperate with investigators.

Anderson signed off on the plea bargain over the objections of a handful of Ralphs workers who appeared in court to protest that their employer was getting off too lightly.

"This plea agreement is neither fair nor equitable," said Michael Ward, a 20-year veteran of Ralphs and Alpha Beta. "They are being allowed to settle for dimes on the dollar."

Other employees spoke in favor of the agreement.

"Would I like more? Of course I would. Nothing's perfect," said Faye Gibson, a 30-year Ralphs employee. "It's a been a long time. We really need a sense of closure."

Anderson approved the appointment of a so-called special master to oversee the $50 million restitution fund. Most of the money from the fund will be paid to Ralphs employees who were locked out during the strike and applied for restitution.

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Union officials estimated that some workers could receive as much as $3,000 from the settlement.

Money from the fund will also be used to reimburse the grocery workers union, the United Food and Commercial Workers, for benefits paid to workers during the 4½-month dispute.

Although he approved the plea agreement, Anderson postponed formal sentencing until Nov. 1 while loose ends are tied up.

In addition to paying the fine and restitution, the deal calls for Ralphs to be placed on three years' probation and establish court-supervised training programs for its workers.

Ralphs agreed June 30 to plead guilty to five felony charges included in a 53-count grand jury indictment returned against the company in December.

Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked out workers during the dispute, which lasted from October 2003 until February 2004 and involved Ralphs and rival Southern California supermarket chains Vons and Albertsons.

Ralphs' parent company, Cincinnati-based Kroger Co., was not charged in the case.

In Shadows Of Net, War On Child Porn Rages (USAT)

By Wendy Koch

USA Today, October 17, 2006

As pedophiles swarm the Internet, an unprecedented war against child pornography is intensifying.

Internet service providers such as AOL are using sophisticated technology to identify porn sites. Credit card companies are tracking purchases. More police detectives are posing as minors online.

"We have hit the tipping point," says Michelle Collins, director of the child exploitation unit at the National Center for Missing & Exploited Children. She says high-profile cases such as that of John Mark Karr, the former suspect in the JonBenét Ramsey slaying, have made the public realize that pornographic pictures of children are crime-scene photos. Karr was freed from a California jail this month after 5-year-old charges of possessing child porn were thrown out when police said that evidence had disappeared.

"There is a lot of unprecedented activity. It's just meeting the escalating problem," says Drew Oosterbaan, chief of the Justice Department's child exploitation section. In the past four months:

·President Bush signed a bill to increase the number of prosecutors, computer forensic examiners and federal-state task forces assigned to child porn. It tripled to $150,000 the maximum penalty for downloading child porn and allows adults photographed when they were kids to sue those who buy, sell or distribute the photos.

·The National Center for Missing & Exploited Children launched a victim identification lab to share pornographic photos — with graphic details obscured — with police agencies nationwide. The goal: Find victims by identifying background elements in a picture that will lead to the location of abuse.

·Five Internet service providers, criticized by such lawmakers as Democratic Rep. Bart Stupak of Michigan for not doing enough, announced they will build a database. The companies — AOL, Yahoo, Microsoft, Earthlink and United Online — will give each picture a signature and then scan their sites for matches.

·The national center has begun giving daily notices of every reported porn site to Internet service providers registered with its CyberTipline. If police are not investigating the site, a company can close it or block subscriber access.

·Credit card firms representing 87% of the U.S. market have formed a coalition to let police and the national center know about porn sites their customers use. The aim: End the profit by 2008 by making arrests and closing pornographers' accounts.

·Public service ads that teach kids and parents how to recognize a pedophile's online lures are being funded by, among others, the Justice Department and MySpace.com, a website popular with teens.

A study by the University of New Hampshire found that 34% of kids 10-17 saw unwanted sexual material online in the past year, up from 25% five years ago.

Despite all the activity, those on the front lines say they are losing the war against child pornography.

"The images are propagating faster than we can police. It's far worse than people realize," says Wyoming police investigator Flint Waters. He co-chairs the technology committee of the Internet Crimes Against Children program, a network of 46 regional task forces.

In the past 24 months, Waters says, the task forces have identified 6.5 million pornographic pictures of children online, up from 3,600 three years ago. Forty percent originated in the USA.

"We're constantly playing catch-up," says Waters, who has developed software that identifies the location of porn distributors. "The funding hasn't kept up with the problem. If you quadruple my funding, I still couldn't keep up."

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A key reason is that much child porn isn't about money but pedophilia, the sexual attraction to kids. Many images are traded free like baseball cards.

"It's an extension of child molestation — another sick feature," says inspector Jane Wilcox of the Toronto Sex Crimes Unit, which worked with the U.S. Justice Department to bust a porn ring in March that included a Sunday school teacher, a soccer referee, a mailman and a computer software engineer. In a chat room they used, a man broadcast a live video of himself molesting an 11-month-old baby.

Few victims report the abuse. Of more than 800 online child-porn victims identified by the national center, Collins says only about 30 blew the whistle. She says some are too young to describe what happened. Others are afraid. More than a third, 36%, were abused by a parent, 10% to 15% by another relative and 30% by other people they know. About 10% are enticed by strangers to post photos; 5% do it unasked.

Pedophiles can be treated but not cured, says Fred Berlin of the Johns Hopkins Sexual Disorders Clinic. He says many want treatment, but few get it in prison or after their release. Berlin says some child porn users don't realize they may be committing a federal offense that could send them to prison and require them to register as a sex offender. "The Internet blurs the distinction between reality and fantasy," he says.

The Internet's seeming anonymity lures otherwise law-abiding men to child porn, says Patrick Carnes, author of In the Shadows of the Net: Breaking Free of Compulsive Online Sexual Behavior. He calls the Internet the "crack cocaine" of sex addiction: "It moves people into areas they would not otherwise go."

Carnes says users may be emotionally immature. "At heart, they're still 14," he says. Online, he says, they find others who share their interests and, feeling validated, soon become heavy viewers.

More than 99% of those arrested for possessing child porn are men, according to a 2005 study funded by the Justice Department. Most, 83%, had images of prepubescent kids; 80% had pictures of sexual penetration.

Another reason online child porn is difficult to stop is that predators are adept at avoiding detection.

Police are "right to feel outgunned. It's not only a matter of resources but of skill," says Philip Jenkins, author of Beyond Tolerance: Child Pornography on the Internet. He says child pornographers started using the Internet in the early 1980s, a 20-year head start on police, and they know how to cover their cybertracks.

Some pedophiles use private Internet radio stations and chat groups to trade ideas on evading detection. If credit card companies close their accounts, some move to alternate online payment services.

They set up "modeling" sites featuring scantily clad young girls in seductive poses and contend that such sites are legal because they do not show genitalia, but people operating such sites have been prosecuted. Sheila Sellinger of Indiana pleaded guilty this year to selling pornographic images of a 10-year-old girl. She got an 11-year prison sentence.

Predators entice kids with gifts and compliments to post provocative pictures of themselves online.

"The seduction was slow. Each request only went a bit further than the last," Justin Berry, 19, told a congressional panel in April. When he was 13, he testified, men he met online asked him to film himself with his shirt off. He did so with his webcam, and they sent him money and gifts in the mail.

For five years, he ran a porn site viewed by more than a thousand men who paid him to strip naked, masturbate and have sex with female prostitutes on camera. At least two men have been charged, including Gregory Mitchell, who was sentenced in July to 150 years in prison.

Prosecution can be challenging. Sometimes evidence is lacking, because few Internet companies keep information on users' e-mail and website visits for long. Attorney General Alberto Gonzales has asked companies to retain such data, but some have balked over questions of cost and customers' privacy.

Some pornographers use web-hosting or domain registry companies to set up sites. Unlike Internet service providers, they are not required to report porn to police. Some pornographers are based overseas. Most countries don't consider possessing child porn a crime, and 122 have no laws against distributing it online, according to the International Centre for Missing & Exploited Children in Alexandria, Va.

Organized crime is involved in some of those global operations, says Carlos Ortiz, a former assistant U.S. attorney in Newark who tracked down a Florida company called Connections USA that was processing $1 million a month in credit card purchases of child porn and sending the money to a company in Belarus. The investigation led to more than 1,200 arrests.

"I'm really worried. It's tough to find a technical fix," says investigator Waters, who is trying to refine his software so it can track an image's distribution.

Hours spent looking at disturbing images are "brutal," he says. To cheer him, his wife hung a photo in his office of a man dressed as Santa Claus holding their two kids. Shortly after the picture was taken, Waters discovered the man trying to lure teen girls online.

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"We're always faced with problems that are bigger than we can address," says Justice Department's Drew Oosterbaan. He says the department is trying to use existing resources more effectively. "Is it enough? Probably not."

Still, a growth in arrests provides hope, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. "As more people get caught, others may get very nervous, and we may see a slowdown in traffic."

Business Group Wants More Money To Fight Intellectual Piracy (CONGDAILY)

By Bill Swindell, CongressDaily

CongressDaily, October 17, 2006

A business coalition is aiming to secure during the lame-duck session more federal funding to crack down on piracy of U.S. products and counterfeit goods.

The Coalition Against Counterfeiting and Piracy, which represents moviemakers, auto parts manufacturers and pharmaceutical companies, has waged a campaign to lobby for more funding to stem the flow of fake goods into the United States. However, in the aftermath of the attacks of Sept. 11, 2001, lawmakers have focused primarily on beefing up security against acts of terrorism.

"Obviously, we are competing against terrorism, and that is most important. I always say priorities one through 10 are always terrorism and homeland security. But I hope to think that intellectual property rights is a distant eleventh. It's extremely important," said Michael Zaneis, executive director for the technology and e-commerce department at the U.S. Chamber of Commerce.

Zaneis noted that counterfeiting and piracy has a huge economic impact on business, resulting in $250 billion in sales losses each year.

Appropriators this year have responded to such pleas. The House fiscal 2007 Science-State-Justice Appropriations bill would provide for at least $13 million for intellectual property rights enforcement, with directions that the FBI increase the number of prosecutors and agents working such cases. The Senate version of the bill would provide $6 million for such efforts.

The Senate bill also would create a unit at FBI headquarters that would house at least five full-time agents to work those cases and two additional agents for each of the agency's 18 computer hacking and intellectual property units scattered across the country.

"We like the House language, but want to get the specificity of the Senate language to make sure the money is used for these exact purposes," Zaneis said.

The coalition also is advocating passage of legislation sponsored by Senate Finance Chairman Charles Grassley, R-Iowa, and ranking member Max Baucus, D-Mont., that would overhaul the Bureau of Customs and Border Protection. The measure would create a new intellectual property rights division within the Homeland Security Department that would coordinate anti-piracy efforts throughout the country, for example, providing staff to help confirm whether seizures at such high-traffic areas as the ports of Newark and Long Beach, Calif., are indeed counterfeit items.

Lobbyists were unsuccessful in advocating inclusion of the provisions in the recently passed port security bill. "They are spread out to some extent. We need to get them where they need to be," Zaneis said.

Victims' Families Sentenced To Silence (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, October 17, 2006

Judge allows relatives of five who were killed to attend the trial only if they remain composed.

Day after day, the aging Ukrainian couple has stepped into a federal courtroom in downtown Los Angeles to endure a severe test of wills: listening to the details of their son Alexander's killing while containing their emotions.

They sit stoically in the front, Elisabeth Umansky with her jaw set and hands clasped, her husband Ruven with his head back, peering through his bifocals. When a key witness tells of pulling a rope tight around Alexander's neck and of a plastic bag being sucked into his nostrils, Elisabeth lets out a deep sigh, closes her eyes and folds forward. Ruven squeezes her shoulder.

But they stay put, taking in every detail as if to recover lost moments with their son.

The couple and five other relatives of the victims had to fight to win the right to attend the trial of the two men accused of kidnapping and murdering their son and four other Los Angeles business people.

Iouri Mikhel and Jurijus Kadamovas are accused of luring the five victims to their upscale San Fernando Valley homes in 2001 and 2002, holding them for ransom, killing them and dumping their bodies in a reservoir in the Sierra foothills. Prosecutors say the conspiracy was, in part, directed by organized crime figures in Russia. The defendants face the death penalty.

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Before the trial began Sept. 6, U.S. District Judge Dickran Tevrizian banned the victims' relatives from court, both because they might be called as witnesses later and because the presence of tearful and emotional relatives could prejudice the jury against the defendant.

The Umanskys and other relatives begged Tevrizian to reconsider. "We have been patient and cooperative, and the possibility of not attending this trial brings us inexplicable pain," they wrote in a letter. "Please allow us to ease a bit of suffering and have questions looming over us answered."

Prosecutors appealed the ruling and won, arguing that a 2004 congressional act gave victims and family members explicit rights to attend trials.

The issue is particularly relevant because last week, the U.S. Supreme Court took up a case that also involves courtroom expressions by a victim's relatives. The case stems from a 1995 murder conviction in San Jose, which was overturned by an appeals court because three relatives of the victim wore buttons with small photos of him in court.

In the Los Angeles case, Tevrizian has admonished family members to remain composed.

That became a particularly wrenching test in recent days as Ainar Altmanis took the stand and laid out a step-by-step account of the abductions and deaths. His testimony is expected to continue today.

Altmanis is the U.S. attorney's key witness in the trial, having admitted to taking part in the murder conspiracy. He entered into a plea agreement in 2002 to avoid the death sentence in exchange for life in prison. The defense is expected to attack his credibility and attempt to pin the murders on him alone.

As he spoke last week, the victims' families took in every word they could endure. They convulsed and squinted hard to hold back the tears. When it was too much to bear, they left the room and shuffled back in later. And they watched the man accused of masterminding all of this, Mikhel, 41, gaze around, sometimes at them, with arched eyebrows and an unreadable expression.

The Umanskys sat stone-faced through most of the testimony. Their son Alexander, 35, owned a car electronics business and, according to prosecutors, was lured to Kadamovas' home in Sherman Oaks in December 2001 with the prospect of installing high-end electronic equipment in Mikhel's Range Rover.

Holding a pistol with a silencer and a stun gun, they seized him the moment he came through the door, handcuffed him and tied his legs to a chair with flex ties, Altmanis testified. Eventually he was told to contact his family to get a ransom of $234,000. Over four days, Ruven and Elisabeth and their other son, Michael, collected money from relatives and managed to transfer it to an account in the United Arab Emirates. Then the calls just stopped.

They called the FBI, which eventually traced the money to the defendants, prosecutors alleged. But the Umanskys did not learn of Alexander's fate until his body was dredged from the frigid depths of the New Melones Reservoir three months later.

Now in court, they heard Altmanis' account of what happened: How terrified and pale Alexander was, and how he was killed even as the defendants promised to keep him alive to get the last payments.

"There was this voice of Mikhel so sharp and so fast like a thundercloud, telling Umansky to open his mouth," Altmanis said.

The Umanskys' faces tightened in agony, and Ruven put his arm around his wife. Mikhel's jaw muscles flexed as he stared at his onetime friend. Altmanis continued: Mikhel shoved plastic bags in his mouth and pulled another bag tight over his head, as Kadamovas held his nostrils shut. When that didn't work, he said, Mikhel and Altmanis wrapped a rope around his neck and pulled with all their might.

Even after all that, it looked as though Alexander was still breathing, Altmanis testified.

"Mikhel said, 'No, it happens sometimes. He still has air in his body.' So he kicked him and the air went out and the motion stopped."

Nancy Muscatel's husband met a similar fate in October 2001. Meyer Muscatel, a Sherman Oaks real estate developer, didn't come home from work one night, and for five months his wife had no idea what happened. Now, she said, she needed to hear the details of his final days.

"It's like needing to go through it with him," she said. "And be there in a way … so he wouldn't be alone."

According to prosecutors, he had been lured into captivity by the prospect of a real estate deal and spent two days tied to a chair at Mikhel's Encino home.

Altmanis said he often guarded Muscatel and at one point made himself a ham sandwich and offered one to his captive.

"He smelled it and asked what it was," Altmanis testified. "He said he didn't eat it because he ate only kosher."

In the second row, Nancy Muscatel's eyes welled up — with mingled pride and longing, she would say later — and she squeezed them closed.

Altmanis testified that Mikhel realized Muscatel didn't have much money, and they couldn't get to the money he did have. He was of no use anymore.

When Altmanis went back to the house the next morning, he testified, the defendants were strangling Muscatel.

As he described the killing, Nancy Muscatel began to shake. Her two adult daughters bent over and wept in silence.

"Mikhel was pressing with knees on Muscatel's shoulders," Altmanis continued. "The bag was over Muscatel's head. He was clogging the ends of the bag so the air would not get inside."

Nancy Muscatel stood quietly, walked out of the courtroom and returned several minutes later to hear of her husband's body being thrown off the Parrotts Ferry Bridge.

But at the end of the day, Nancy Muscatel clung to the image of her husband refusing to eat the ham sandwich. "He wasn't going to give in," she said. "He wasn't going to compromise his values. That was Meyer."

*

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Criminal Records Erased By Courts Live To Tell Tales (NYT)

By Adam Liptak

The New York Times, October 17, 2006

In 41 states, people accused or convicted of crimes have the legal right to rewrite history. They can have their criminal records expunged, and in theory that means that all traces of their encounters with the justice system will disappear.

But enormous commercial databases are fast undoing the societal bargain of expungement, one that used to give people who had committed minor crimes a clean slate and a fresh start.

Most states seal at least some records of juvenile offenses. Many states also allow adults arrested for or convicted of minor crimes like possessing marijuana, shoplifting or disorderly conduct to ask a judge, sometimes after a certain amount of time has passed without further trouble, to expunge their records. If the judge agrees, the records are destroyed or sealed.

But real expungement is becoming significantly harder to accomplish in the electronic age. Records once held only in paper form by law enforcement agencies, courts and corrections departments are now routinely digitized and sold in bulk to the private sector. Some commercial databases now contain more than 100 million criminal records. They are updated only fitfully, and expunged records now often turn up in criminal background checks ordered by employers and landlords.

Thomas A. Wilder, the district clerk for Tarrant County in Fort Worth, said he had received harsh criticism for refusing, on principle, to sell criminal history records in bulk.

“How the hell do I expunge anything,” Mr. Wilder asked, “if I sell tapes and disks all over the country?”

Private database companies say they are diligent in updating their records to reflect the later expungement of criminal records. But lawyers, judges and experts in criminal justice say it is common for people to lose jobs and housing over information in databases that courts have ordered expunged.

These critics say that even the biggest vendors do not always update their records promptly and thoroughly and that many smaller ones use outdated, incomplete and sometimes inaccurate data.

Lida Rodriguez-Taseff, a lawyer in Miami, tells her clients that expungement is a waste of time. “To tell someone their record is gone is essentially to lie to them,” Ms. Rodriguez-Taseff said. “In an electronic age, people should understand that once they have been convicted or arrested that will never go away.”

Judge Stanford Blake, whose court often enters expungement orders, said his inability to make them effective had left him feeling frustrated and helpless.

“It’s a horrible situation,” said Judge Blake, the administrative judge of the criminal division of the Eleventh Circuit Court in Miami. “It’s the ultimate Big Brother, always watching you.”

The rise in the availability of criminal histories has been accompanied by a surge in demand for them. Since the attacks of Sept. 11, 2001, criminal background checks have become routine in many employment applications.

“Something like 80 percent of large- or medium-sized employers now do background checks,” said Debbie A. Mukamal, the director of the Prisoner Reentry Institute at John Jay College of Criminal Justice in New York. “Employers need to know about job-related convictions to make a nuanced, responsible decision so that they can protect themselves and the public and give people a fair shot at employment.”

But the current system, Ms. Mukamal added, is not working. “It’s unfettered,” she said. “It’s not regulated. There’s misinformation.”

ChoicePoint, one of the larger database companies, performed nine million background checks last year, said Matt Furman, a spokesman. The company’s error rate is very small, Mr. Furman said. “One out of every thousand background checks has led to a consumer contact” disputing or complaining about the information provided, he said, “and one of a thousand contacts results in a change.”

There have been only a few lawsuits taking issue with the information provided to employers in background checks.

In one, filed in June in federal court in Brooklyn, Victor Guevares sued a company that had offered him a job and a database company that he says caused the offer to be withdrawn.

Mr. Guevares, now 33, was convicted of disorderly conduct more than a decade ago. New York considers that a violation like a traffic infraction rather than a crime and bars database companies from reporting such offenses to employers.

But Acxiom, a database company, reported the disorderly conduct charges to the Tyco Healthcare Group, which had offered Mr. Guevares a job in 2004. Tyco promptly withdrew the offer, one that would have doubled Mr. Guevares's salary, to $46,000. It based its decision, his lawsuit says, on its mistaken understanding that he had committed a misdemeanor and had lied on his application about whether he had ever been "convicted of any crime which was not expunged or sealed by a court."

Mr. Guevares, a gregarious man with a shaved head and big brown eyes, said that losing the job, which would have propelled his family into the middle class, devastated him. "I've never been arrested," he said. "I've never been locked up. I've never done jail time."

In court papers, both companies denied wrongdoing, and Tyco has sued Acxiom for breach of contract.

Catherine H. O'Neill, a lawyer with the Legal Action Center, which represents Mr. Guevares, said Acxiom deserved much of the blame.

"They should not have been vacuuming up this information in the first place," Ms. O'Neill said.

A lawyer for Acxiom and a spokesman for Tyco declined to comment.

There is often plenty of fault to go around. Even within the government, various agencies often fail to coordinate their records.

"The problem often arises," said Ms. Rodriguez-Taseff, the Miami lawyer, "because so many agencies have access to criminal records — the department of corrections, the police, the Florida Department of Law Enforcement and the courts. Even though you have an expunged record, oftentimes a policing agency or a corrections facility allows private entities to gain access to it."

Some state laws place the burden on employers, on the apparent theory that the problem is not the availability of information but the use to which it is put. Illinois, for instance, prohibits prospective employers from asking about or making decisions based on expunged or sealed criminal histories.

A Minnesota man who agreed to talk about his experiences in exchange for anonymity said an expunged 1992 felony conviction — he declined to say for what — and erroneous information about a crime he did not commit have kept him from obtaining work for six months.

He said the database companies he contacted had been responsive if not especially fast in clearing up the problem. Some told him they updated their records annually. "I don't think the consumer reporting agencies mean to be" reporting inaccurate or sealed information, he said. "They just need to get new CD's."

In November 2005, a Florida woman obtained a court order expunging records concerning her arrest in a domestic dispute the previous spring. The judge ordered the state and local police, the county sheriff and the court clerk to "expunge all information concerning indicia of arrest or criminal history."

But when the woman tried to buy a condominium this summer, the arrest nonetheless popped up in a routine background check. The deal fell through.

"It's going to haunt her for the rest of her life," said a relative of the woman, who shared court and Internet search records in exchange for a promise not to identify her or her family. "They're using public records at a given point in time and they're not updating them, and they're ruining people's lives."

Margaret Colgate Love, the nation's pardon attorney for most of the 1990's and the author of a new book called "Relief from the Collateral Consequences of a Criminal Conviction," said problems like these were rooted in the nature of expungement.

"It does reveal," Ms. Love said, "how perilous it is to build a public policy on a lie."

State Investigates Spending By Suspended Mayor (WP)

By Eric Rich

The Washington Post, October 17, 2006

Investigators from the Maryland State Prosecutor's office searched the home of the suspended mayor of Forest Heights yesterday, adding a criminal probe to the catalogue of palace intrigues that have roiled the tiny Prince George's County town for more than a year.

The investigation centers on spending by Mayor Myles Spires Jr., town officials familiar with the investigation said. Among the specific areas of interest, they said, are two disbursements of about $3,333 in public funds -- one to Spires and one to the nondenominational Internet church Abundant Life Ministries, of which he is bishop.

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Until a few years ago in Forest Heights, a town of fewer than 1,000 homes tucked between Indian Head Highway and the District border, a single mayor governed for more than two decades. Spires was in office fewer than eight months when the Town Council suspended him Sept. 7.

The rapid collapse of his administration is particularly unsettling, officials and residents said, because he was appointed to restore integrity after Joyce Beck was driven from office by the council in January amid allegations that she knocked a former council member to the ground and slammed a door on a police officer's arm. Assault charges against Beck were dismissed.

"It's quite embarrassing," said Larry Stoner, the acting mayor.

Spires referred questions to his attorney, Timothy F. Maloney, who denied any misconduct and declined to address the specific allegations. "Mr. Spires is cooperating with the office of the state prosecutors," Maloney said. "He's confident that he's acted appropriately as mayor."

The state prosecutor, Robert A. Rohrbaugh, declined to comment on the search, saying he is prevented from discussing any aspect of any pending investigation. His office has the power to investigate ethics and election law violations, bribery and misconduct by public officials.

Though brief, Spires's tenure was turbulent: A residents group hired a private detective to dig into his background, and angry residents hurled accusations at packed town meetings. The relationship between him and the council has become so bitter and suspicious that after he was suspended, the locks were changed on the door to the mayor's office.

Several days later, when Spires returned to town hall to retrieve his computer, he tried to remove the door from its hinges, said Stoner and Town Council President Andrea McCutcheon, both of whom were present. McCutcheon said she took Spires for coffee, and Stoner removed the computer while they were out. The town later turned the computer over to the prosecutor's office.

Spires has filed a legal challenge to his suspension, McCutcheon said, alleging in part that the council improperly voted on it during a closed session. The council plans to meet tomorrow night to reaffirm the suspension in public session.

In a Sept. 7 letter to Stoner, McCutcheon detailed several instances in which she said Spires had spent town money improperly -- without, for example, seeking competitive bids or without required approvals.

The two disbursements for $3,333 were drawn from a line item in the budget, "Funding Administration," that McCutcheon said Spires created. According to budget documents, the line item is to pay "costs associated with grants acquisition and grants administration, public relations and other miscellaneous costs."

In the letter to Stoner, McCutcheon, a former police dispatcher, wrote that Spires sought the payments as an advance for mileage, meals and lodging. She said in an interview that he did not later provide any receipts. In town hall, it has been widely noted that the amount of each payment, issued in July and August, is equal to one month's portion of the total line item -- a sum that considerably exceeded the annual $2,600 stipend Spires received as mayor. The budget covered the fiscal year starting July 1.

"He got in here and really threw everyone for a loop," McCutcheon said.

Hit-run Deaths See 20% Increase (USAT)

By Brad Heath

USA Today, October 17, 2006

The number of pedestrians killed by hit-and-run drivers has jumped 20% since 2000 and is at its highest level in a decade, a USA TODAY analysis shows.

The increase compounds the problems of investigating hit-and-run cases, which investigators say are among the most difficult crimes to solve because they often happen at night with no witnesses.

“Even if you're lucky enough to get the car, you can't always get the driver,” says Richard Ashton of the International Association of Chiefs of Police.

Of the 4,881 pedestrians killed last year, 974 died in hit-and-runs, National Highway Traffic Safety Administration records show. The total number of pedestrians killed nationwide increased by about 2% since 2000, but hit-and-run deaths increased at almost 10 times that pace, the USA TODAY analysis found.

“It's an outrageous statistic,” says Peter Kissinger, CEO of the AAA Foundation for Traffic Safety. He says that although the increase is difficult to explain, likely factors include more cars sharing the road with more pedestrians, and increasingly distracted and aggressive drivers.

“I think it's a sad commentary on our society,” Kissinger says.

No national tally exists showing how many hit-and-run cases are solved. In many investigations in which drivers are later found, they tell police that they fled out of fear or because they had been drinking and wanted to avoid legal trouble, says Lt. Doug Dodson, a spokesman for the Florida Highway Patrol.

“By the time we find them, a lot of them are really eaten up with guilt,” Dodson says.

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The last time the USA had so many hit-and-run deaths was in 1996, when there were 982, records show. More than 5,400 pedestrians were killed that year.

Some of the crashes are deliberate attempts to hurt or kill. But in many others, drivers have done nothing wrong until they flee, says Michael Payne, a Fort Myers, Fla., investigator.

“Quite often, it's simply an accident,” he says. “But people get scared.”

Recent victims include Mary Kelley, 77, killed as she crossed the street March 2 in Fort Myers Beach, Fla., on her way home from dinner. The driver, Jeanne Rose Dunn, didn't stop and didn't report the crash until the next day, prosecutors allege.

Dunn would not comment because she is charged with a felony for leaving the scene of the crash. She told investigators that she thought a rock had hit her windshield, according to a police report, and that she did not realize what happened until she heard about Kelley's death on the radio.

The crash haunts Kelley's children. “I wonder what's in somebody's mind that they could just hit someone and drive away,” says her son Kevin Kelley.

CIVIL LAW:

Bankruptcy Cases Down In Wake Of New Law (MH)

By Patrick Danner

The Miami Herald, October 17, 2006

A year after sweeping reforms to U.S. bankruptcy law took effect, the number of people seeking protection from their creditors is down. Way down.

Fewer than 5,200 South Floridians filed for bankruptcy in the past year -- less than half the number who filed in just the two weeks before the law took effect Oct. 17. The question is why.

Banks and credit card companies say the law has succeeded in making it harder for people to seek bankruptcy protection. But bankruptcy lawyers and trustees say the numbers are down now because some people rushed to court before the reforms, and because others believe -- wrongly -- that they can no longer file for bankruptcy.

"My biggest impression of what the new law has done is, it has baselessly scared people from filing for bankruptcy," said Timothy Kingcade, a Miami bankruptcy lawyer who says his business has been cut in half.

The laws were changed after an eight-year campaign by financial-service companies to cut down on credit card users who piled up debt and then wiggled out of repaying by filing for bankruptcy.

Under the Bankruptcy Abuse Prevention and Consumer Protection Act, a 500-page piece of legislation signed by President Bush in April 2005, debtors who can repay part of their debt are no longer allowed to simply wipe the slate clean.

They must complete a detailed "means test" to see if they are eligible for Chapter 7. They also must receive credit counseling before entering bankruptcy and take a financial-management course before exiting.

That reduces the opportunity for people to "game the system," said Wayne Abernathy, an executive director with the American Bankers Association. Instead, he said, more people go to a bank to work out problems instead of straight to bankruptcy court.

But critics argue the new law translates into steeper legal fees, reams of paperwork and a more time-consuming process for debtors, such as Camiellia Smith.

Smith lost her hospital job, got sick and was hit with a foreclosure action on her Miami home, she said. Out-of-pocket costs to repair damage to her home from two hurricanes left her filing for Chapter 13 this month.

Smith wasn't pleased that she had to spend $50 to take a credit counseling course.

"Waste of time and waste of money," she said, adding she had to borrow cash to pay for the course. ``They didn't help me with anything. All they told me was my expenses were more than I make. A blind man could [see] that."

Critics also say the reforms have so far failed in the goal of directing more debtors from Chapter 7 liquidation into Chapter 13 reorganization, where they would repay some or all of their debts. The percentage of Chapter 13 cases in the U.S. Bankruptcy Court for the Southern District of Florida this year is relatively unchanged from most past years.

Under the new law, a single person in Florida earning more than $35,833 who files for Chapter 7 is means-tested to see if the case should be dismissed or converted to Chapter 13. For a family of four in Florida, the figure is just under $60,000.

But virtually all Chapter 7 filers fall below those income thresholds, according to trustees Alan Goldberg and Joel Tabas.

"It's been almost meaningless," Tabas said of the means testing.

Bankruptcy professionals say the vast majority of bankruptcy filers do so because of some catastrophic event, such as job loss, divorce, home foreclosure or major illness.

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Bankruptcy attorneys say they now have to do background checks on the assets and liabilities of clients because the law requires them to attest to the information.

"It's a lot more work, no doubt about it," said attorney Richard Birkenwald from North Miami Beach. 'We can't just take our clients' word."

A survey of 714 bankruptcy attorneys this month found more than three-fourths said the time they spend on preparing a filing has increased by at least half. Less than 1 percent said the law has "mostly improved the results." The survey was done by the National Association of Consumer Bankruptcy Attorneys.

Not everyone is complaining, however.

"If someone threatens me with bankruptcy and I know they have to go into Chapter 13, I say, go ahead," said Mike Goldberg, a Fort Lauderdale bankruptcy lawyer who represents creditors. ``It's a much more arduous process for them. It gives me a little bit more negotiating leverage."

Pembroke Pines lawyer Gerard Kouri Jr., who represents carmakers' finance units, said before the reforms, Chapter 13 debtors with an outstanding car loan could return the vehicle or negotiate a reduced amount to pay back. Now, for the most part, they either have to give back the car or continue payments in full.

"They have given my clients some of benefits that I used to have to fight for in the past," Kouri said.

One resulting drawback for him: He's now getting less work.

Overall, the U.S. Bankruptcy Court for the Southern District of Florida is on pace to handle fewer than 6,500 consumer bankruptcy petitions this year, down from 35,332 in 2005 and 25,914 in 2004. But the number of cases has ticked up slightly during the year.

"The present is a time of great uncertainty," noted a congressional report on the new law this summer. ``The picture should become clearer in 2007."

Bankruptcy's New Era (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, October 17, 2006

Filings Down Since Law Passed

Sharon Moore says life "felt like a whirlwind" after her seven-month-old restaurant in Portland, Maine, failed in February.

The 38-year-old single mother said she struggled to find work and keep up payments on a small-business loan and other debts that totaled more than $18,000. Late fees and other penalties sent her finances spiraling out of control.

In July, after working two jobs still didn't make ends meet, she filed for Chapter 13 bankruptcy protection. Under a court-sanctioned plan, her escalating penalty charges are halted, but she must make a fixed payment on her debt each month for the next five years. She can keep her house and car and, by the end, she says, will just about have repaid her obligations. Best of all, she says, "the creditor calls have stopped, and I can breathe again."

Moore is one of an estimated 450,000 people who have sought court protection from creditors since a new law took effect one year ago today that made filing for personal bankruptcy harder and more expensive. While that number may seem high, it is down by about 1 million from the average in the preceding four years.

Lawmakers, consumer advocates and industry executives say that much of the sudden drop in filings after Oct. 17, 2005, can be explained by the fact that 600,000 people filed in the two weeks before the law took effect, a scramble that was 10 times the normal level of filing over 10 business days in recent years.

But the filing rate for the first half of 2006, about 10,000 a week, is well below what could be attributed to last year's mad dash, surprising the lawmakers who wrote the legislation and the industry executives who lobbied for it. "So far, I think it is too soon to make firm judgments," said Sen. Charles E. Grassley (R-Iowa), one of the bill's chief architects.

The legislation, the most significant change to the nation's bankruptcy laws since 1978, was the culmination of a decade-long push by the credit card and auto-financing industries to make it harder for consumers to wipe out debts through bankruptcy. The new law toughened the rules with the intent of steering more debtors into a form of bankruptcy that requires people to repay more of their debts.

Typically, people file for one of two types of bankruptcy: Chapter 7 or Chapter 13. Under Chapter 7 bankruptcy, people can seek cancellation of most of their debts after some of their assets are sold to help creditors. Under Chapter 13, debtors must repay debts under a court-supervised repayment plan, as Moore is doing.

Industry executives had argued that about 10 percent of debtors filing each year for Chapter 7 under the old law, or about 100,000 people, abused the system because they could repay a large portion of their obligations and therefore should be required to do so under Chapter 13. Consumer groups and several lawmakers, mostly Democrats, argued that the number of

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Chapter 7 filers who misused the system is closer to 3 percent but that, in any case, the new legislation does little to weed them out.

The new law requires people seeking bankruptcy protection to pay higher filing fees and attend mandatory credit-counseling sessions with an accredited firm before and after they file. The goal is to discourage people from filing if they don't have to, and if they do, to pay off as much of their debt as possible.

Ed Yingling, president of the American Bankers Association, which fought hard for the bill, agrees that it's too soon to know the bill's impact but says the first year seems promising. "It seems to be wringing out people who abused the system, and those who really needed to file can do so," he said.

But projections about the long-term trend for bankruptcy filings vary widely. One major credit industry company privately estimates that consumer bankruptcy filings will top 1 million in 2007. The estimate was provided to The Washington Post on the condition that the company not be named because the projection is not public information. That estimate is still far below the 1.5 million in annual filings in the years before the law, though the company also predicts a "slow rate of return to historic levels."

Total filings have started to creep up. Two weeks ago, they hit a weekly rate of 15,000 -- halfway to the 30,000 level that was typical before the new law.

Filings such as Moore's under Chapter 13 may indicate a shift. While the number of total filings is down, the portion that are under Chapter 13 has risen significantly in the last year, accounting for about 40 percent of personal filings, up from 30 percent before the new law took effect.

"It's just too early to draw any grand conclusions," said Samuel J. Gerdano, executive director of the American Bankruptcy Institute, a nonprofit, nonpartisan research group. He said one reason that lower-than-expected filings have persisted is that people might be afraid or misinformed. He has heard of anecdotal evidence that some debt collectors are incorrectly telling consumers that the new bill bars bankruptcies or makes it nearly impossible to file, though no one has studied the matter.

"It's very possible there's consumer misunderstanding about the extent bankruptcy protection's available and at what cost and at what hassle," Gerdano said.

The National Association of Consumer Bankruptcy Attorneys, which has opposed the law from its inception, said a survey of its members shows the new law is "failing on an across-the-board basis," adding little except paperwork and expense.

One part of the law that is being closely watched is a requirement that people seek credit counseling from a nonprofit agency approved by the Justice Department. The Internal Revenue Service earlier this year said it would seek to revoke the tax-exempt status of at least 41 of the nation's largest credit counseling agencies, which account for 40 percent of the industry's revenue, saying the firms appear to be primarily interested in making a profit rather than helping debt-burdened consumers.

The section of the Justice Department that oversees the nation's bankruptcy system is the U.S. Trustee Program. Its budget comes from the fees people and businesses pay to file for bankruptcy, and so far, it's approved 150 credit agencies to provide counseling.

Privately, program officials have expressed dual concerns that if bankruptcies return to former levels, there will be a critical shortage of approved counseling agencies. At the same time, if bankruptcies stay unexpectedly rare, the program may find itself short of operating funds.

Trustee Program spokeswoman Jane Limprecht would only say the program has adequate funding and that there will be sufficient counseling if filings increase.

The National Foundation for Consumer Counseling, which represents many nonprofit firms, yesterday released a survey of its members that found that the industry has been able to handle the volume so far. But the survey also found that a firm's average cost of counseling a person is $50 but that on average it can collect only $40 to pay those costs.

Chapter 13 Filings Grow In Gulf Region (USAT)

By Kathy Chu And Barbara Hansen

USA Today, October 17, 2006

A year after a stricter federal bankruptcy law took effect, a growing number of filers in states hit by Hurricane Katrina are having to repay their debts rather than being able to eliminate them.

A big reason is that lenders are increasingly cracking down on past-due mortgage payments in the storm-ravaged Gulf region, consumer bankruptcy attorneys say. The tougher bankruptcy law, which took effect a year ago today, made it harder for people to file for Chapter 7, which erases most debts. Instead, some debtors have been forced to file under Chapter 13, which usually requires a debt-repayment plan.

After Katrina, most mortgage lenders agreed to postpone collecting overdue payments and foreclosing on homes in the Gulf region, at the urging of state regulators. But many lenders resumed collections this summer.

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Homeowners in the Katrina region "are behind on their mortgage payments, the insurance companies aren't paying up and they're trying to keep their homes," says Brad Botes, a lawyer whose firm has offices in the Gulf.

Botes adds that foreclosures are moving forward in the region, leading homeowners to file under Chapter 13.

Throughout the USA, bankruptcy filings are gradually rising again, after soaring before the law took effect and plunging afterward. But they're still nowhere near the levels of prior years.

Compared with the rest of the USA, Chapter 13 filings have grown especially fast in the Gulf region in recent months. In Louisiana, Mississippi and Alabama, Chapter 13 filings surpassed Chapter 7 filings in the first nine months of 2006, according to LexisNexis CourtLink data.

Botes and other consumer bankruptcy lawyers say that in the states hit by Katrina, many homeowners are filing Chapter 13 to ward off foreclosures on their homes. Chapter 13 usually lets homeowners pay their past-due mortgage debt over three to five years.

The high rate of Chapter 13 filings is likely "minimizing" the number of foreclosures in the Gulf as consumers try to save their properties, says Rick Sharga of RealtyTrac, which tracks foreclosures.

Nationally, one reason Chapter 13 bankruptcies are rising could be that consumers who wanted to file Chapter 7 did so before the tougher rules took effect last October, says Sam Gerdano of the American Bankruptcy Institute, a non-partisan research group.

Laura Fisher of the American Bankers Association says she thinks some people may be opting for Chapter 13 because the law now discourages them from "using the system as a financial planning tool" to avoid repaying their debts.

6 States Stand Up To Divest From Sudan (USAT)

By David J. Lynch

USA Today, October 17, 2006

A courtroom battle over an Illinois law requiring state pension funds to sell any investments linked to Sudan is shaping up later this month as a critical test for a grass-roots movement seeking to pressure the regime behind the Darfur genocide.

Illinois is one of six states that over the past year have passed laws requiring their pension funds to divest themselves of stakes in companies that do business in Sudan, a central African nation that has been consumed by warfare almost continuously since it became independent in 1956.

Under U.S. sanctions in place since 1997, U.S. companies are largely barred from doing business in Sudan because of the government's complicity in the ongoing slaughter in its western Darfur region. The Illinois law requires more than 600 pension funds, most covering retired police and firefighters, to sell any holdings with links to Sudan.

"It's a moral imperative. … Our public monies should not support genocide. The impact of it? I don't know the impact. I'm taking a moral stand," says state Sen. Jacqueline Collins, the Chicago Democrat who wrote the legislation.

Other human rights activists want to use divestment to discourage corporate activity in Sudan and ultimately cause Sudanese leaders to halt their support for the militias that are killing and raping in Darfur.

"Our end goal is to end the genocide. Divestment is just a means to that end," says Adam Sterling of the Sudan Divestment Task Force, which favors a "targeted" approach aimed at companies that provide revenue to the Sudanese government, fail to benefit the poor or lack a corporate policy on Sudan.

Among them: Chinese oil companies Sinopec and PetroChina, Swiss power giant ABB and German engineering firm Siemens.

The Illinois law takes a broader approach than that used by states such as California, one that even some human rights activists worry won't survive a court challenge. The business group that is suing Illinois over the law says it will hurt retirees' investment returns by narrowing the pension funds' options, without doing anything to stop the killing in Darfur.

The National Foreign Trade Council, a Washington-based pro-trade group whose membership includes the American subsidiaries of a few multinationals that are active in Sudan, argues that the U.S. Constitution prohibits states from making foreign policy in areas where the federal government already has acted.

In 1998, the group won a similar case involving state efforts to punish businesses with links to Myanmar's military junta. "Everyone knows this act is unconstitutional. It's not even a close call," says Bill Reinsch, NFTC president. "The Constitution says the president gets to make foreign policy, not the governor of Illinois."

Collins says the earlier case was "completely different." If the divestment law seriously crimps pension funds' investment options, the state's pension code should be amended to remove other limitations on the funds, she says.

The parties are expected to resume skirmishing in U.S. District Court in Chicago before the end of the month.

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There is no argument, however, over the horrors of Darfur. More than 200,000 civilians have been killed and 2.5 million turned into refugees by three years of savage fighting between the Sudanese government and rebels in the dirt-poor western province.

President Bush last year agreed that the relentless government-sanctioned murders in Darfur constituted genocide. The U.S. in 2005 provided $510 million in humanitarian aid to Sudan.

An already horrifying environment of widespread rape, killing and mutilations has deteriorated since the May signing of a peace deal between the Sudanese government and one of the Darfur rebel groups. Fighting has continued between the government-backed Janjaweed militia and two other rebel armies. Government forces now are "indiscriminately bombing" civilian villages, according to Human Rights Watch.

Reinsch, who insists his group isn't indifferent to the civilian suffering, says well-intentioned gestures will hopelessly complicate global commerce. Global companies, with supply chains and customer rosters spread across multiple continents, also fear the state-by-state divestment campaign will spread. "It was Burma six years ago. It's Sudan today," says Reinsch. "Next year, it'll be Zimbabwe and the year after that Russia and then China."

Divestment campaigners say the genocide in Sudan represents more than a garden-variety human rights abuse. Supporters and opponents alike agree the divestment campaign is gathering steam, with legislative proposals expected in at least 15 states next year.

To John Prendergast of the Brussels-based International Crisis Group, a non-partisan group that monitors global hot spots, such grass-roots activism represents "American democracy at its best." The Sudanese government, deep in debt and desperate to avoid international isolation, is vulnerable to citizen protest.

"The Sudanese government doesn't want a scarlet letter on their shirt. They're not the Taliban," he says. "They want to be a fully integrated member of the global community. … (Divestment) immediately sets them apart. It says, 'There's something wrong with this country.' They don't want that."

CIVIL RIGHTS:

Monitor Faults Detroit Police (DEN)

By Paul Egan

Detroit News, October 17, 2006

Report says department is still not complying with federal consent decree.

More than three years after the Justice Department and the city of Detroit signed consent decrees to improve the Detroit Police Department, only 15 percent of the patrol cars inspected have working video cameras required by the court orders, a federal monitor reported Monday.

The Police Department continued to get poor marks in the monitor's latest quarterly report. The monitor examined 89 paragraphs and subparagraphs in the two consent decrees related to use of force and conditions of confinement and reported the department was in compliance with only four of them.

By signing the consent decrees in 2003, the city settled two federal lawsuits that accused the police of repeatedly violating the rights of suspects, prisoners and witnesses.

The longer it takes the department to comply, the longer it will be under the scrutiny and multimillion-dollar expense of a federal monitor. The Justice Department could also ask a federal judge to find the department in contempt and impose sanctions, though that is considered unlikely at this point.

The report also said supervisors are not randomly reviewing the videos recorded by the patrol car cameras as required. The report is by Kroll Inc., a New York City-based risk consulting company that was hired to monitor the Police Department's compliance with the court orders.

The report, filed Monday in U.S. District Court in Detroit, also hammers the department for failing to fill out required reports or filling them out incorrectly.

Commander Jamie Fields, the officer in charge of implementing the consent decrees for the department, said Monday the nature of the monitor's report makes the compliance look worse than it is.

The department is waiting for the monitor to approve lesson plans that will be used to train officers on new policies developed to comply with the consent decrees, Fields said. In many cases, the department has successfully developed and disseminated new policies but does not get credit for satisfying the relevant paragraphs of the decrees until it has also completed training and implementation, he said.

Soon, "it will be like downhill skiing," he said.

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The report did say the force achieved a "significant milestone" by providing all officers with newly developed policies related to police lockups, but said the department will have to spend money improving the buildings holding the cells before full compliance is achieved.

On video cameras, the monitor said the department reported that 290 of its 543 scout cars are equipped with cameras but that an Aug. 3 inspection found only 15 percent of those inspected had working cameras.

Fields said the cameras are important because they protect the public and also protect officers from false accusations of brutality. Supervisors view the videos the cameras record but are not yet trained on a random screening process required by the decrees, he said.

The department recently received new cars and has not yet moved cameras to them from older squad cars, he said.

"No car is supposed to go out without a working camera," Fields said.

"Undoubtedly, some probably do on occasion."

Feds Sue City Over Voting Rights Of Spanish-speakers (PHDN)

By Dave Davies

Philadelphia Daily News, October 17, 2006

The U.S. Justice Department has accused Philadelphia of violating the voting rights of Spanish-speaking citizens, and is asking for federal election observers in the city through the end of 2009.

A federal lawsuit filed Friday charges that the city has failed to provide enough bilingual poll workers in Hispanic areas and adequately translate election materials into Spanish.

As a result, the suit alleges, "limited English-proficient Hispanic voters have had difficulty understanding the election process and have been prevented from voting."

Mayor Street's spokesman, Joe Grace, said the city already provides translators and voting materials in Spanish, and will "vigorously contest" the suit.

"The timing of this is a little questionable, coming three weeks before an election," Grace said. Asked if he thought the Republican White House was seeking to suppress Democratic votes in a key U.S. Senate race, Grace said, "The timing is suspect, and we'll leave it at that."

Grace noted that the suit didn't list any specific complaints about Philadelphia election materials or polling-place activity.

Justice Department spokeswoman Cynthia Magnuson said she couldn't be more specific, but officials of the watchdog group Committee of Seventy said they'd provided some of the information that led to the suit.

"We think the city could be doing a much better job with non-English-speaking voters," said Seventy President Zack Stalberg. "It's a shame it had to come to a lawsuit, but if it yields better service, then we're happy with that."

Committee of Seventy volunteers surveyed voters at 60 polling places in the city's Latino community in May, and found complaints about the adequacy and training of interpreters and related issues.

Chris Sheridan, Committee of Seventy policy director, said Justice Department officials were already looking at the issue in Philadelphia, prompted in part by the historically low turnout among Hispanic voters.

Asked if he was concerned that the timing might have partisan motivations, Stalberg said, "I haven't seen any evidence of that at all. The people we've talked to seemed like they were just trying to do their jobs."

The two sides are expected to appear at a court hearing this week.

FBI Reports Slide In Hate Crimes In U.S. (AP-Y)

By Lara Jakes Jordan

AP-Yahoo, October 17, 2006

Hate crimes in the United States dropped last year by 6 percent, the FBI reported Monday, although violence against people based on their race accounted more than half of the reported incidents.

Police nationwide reported 7,163 hate crime incidents in 2005, targeting victims based on their race, ethnicity, religion, sexual orientation and disabilities. That was down from 2004, when the FBI reported 7,649 incidents.

The vast majority of hate crimes in both years were motivated by race, according the reports, which detailed the data based on so-called "single-bias" incidents. That means the crime was motivated by only one kind of bias against the victim, according to the FBI.

Race-based criminal activity accounted for 54.7 percent of hate crimes last year, up slightly from 52.9 percent in 2004, the FBI found. Another 17 percent of hate crimes in 2005 targeted victims for their religious beliefs, and 14.2 percent for their sexual orientation.

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Victims were assaulted in more than half — 50.7 percent — of the hate crime cases against people. Six people were murdered and another three were raped in reported hate crimes last year. The rest of the victims, or 48.9 percent, were intimidated, the report shows. The FBI also looked at hate crime incidents that targeted property, with 81.3 percent of cases resulting in damage, destruction or vandalism.

Sixty percent of the known offenders in 2005 were white, and 20 percent were black, the report showed.

The data was collected from police agencies across the country, representing city, county, state, tribal and federal law enforcement agencies.

Most Hate Crimes Spurred By Racial Bias, FBI Says (WT)

By Jerry Seper

The Washington Times, October 17, 2006

More than half of the hate crimes reported last year by police agencies nationwide were motivated by racial bias and many involved intimidation, according to a report released yesterday by the FBI.

The report, by the FBI's Uniform Crime Reporting Program, said that 55 percent of the 7,163 reported single-bias incidents last year were motivated by racial bias -- an increase of one percentage point. The overall number represents a 6 percent drop from 7,649 in 2004.

Religious bias triggered 17 percent of incidents cited in the report, followed by 14 percent for sexual-orientation bias and 13.2 percent by an ethnicity or national-origin bias. Less than 1 percent involved bias against a disability.

The report also noted that of 5,190 hate-crime offenses classified as crimes against people in 2005, intimidation accounted for 48.9 percent of them, followed by simple assaults at 30.2 percent and aggravated assaults at 20.5 percent.

The Anti-Defamation League (ADL) yesterday called the 2005 report "clearly incomplete," saying it did not include hate-crime data from two of the largest cities in America: New York and Phoenix. It called the report "a setback to the progress the bureau has made in the program over the past 15 years."

"New York City, which has been a model for police agencies on response to hate violence over the years, and Phoenix should provide their hate-crime data to the FBI as quickly as possible and take steps to ensure timely, full participation in the future," said Deborah M. Lauter, ADL director of civil rights.

"It is also disappointing that thousands of smaller police departments across the country also did not participate in this data-collection effort."

The FBI did not comment on the report.

During 2005, the FBI said the 7,163 criminal incidents involved 8,380 offenses and were reported by city, county, state, federal and tribal law-enforcement agencies nationwide.

A hate crime, also known as a bias crime, is a criminal offense committed against a person, property or society that is motivated, in whole or in part, by the offender's bias against a race, religion, disability, sexual orientation or ethnicity/national origin.

Virginia reported 295 hate crime incidents last year, down from 307 in 2004; followed by Maryland with 195, down from 245 in 2004; and the District with 48, down from 49 in 2004.

The 2005 report also said:

·Of the 3,109 hate-crime offenses classified as crimes against property, 53.6 percent were directed at persons, 9.8 percent were against businesses or financial institutions, 8.9 percent were against government and 6.8 percent were against religious organizations.

·A total of 20.9 percent of the reported hate crimes were directed at other, multiple or unknown victim types. Damage/destruction/vandalism was the most frequently reported crime against property, accounting for 81.3 percent of the total.

According to the report, of the 6,804 known offenders reported in 2005, 60.5 percent were white and 19.9 percent were black. The race was unknown for 12.3 percent and other races accounted for the remaining known offenders.

It also said that the majority -- about 30 percent -- of hate-crime incidents in 2005 occurred in or near residences or homes.

NAACP To Monitor Elections Following Primary Problems (AP)

By Alex Dominguez, The Associated Press

AP, October 17, 2006

BALTIMORE (AP) — The NAACP will monitor voting in Ohio and nine other states next month, sending observers to polling places, taking citizen complaints and notifying the Justice Department of any serious problems, the civil rights organization announced Monday.

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The National Association for the Advancement of Colored People planned to have hundreds of volunteers monitoring the election in Ohio, Maryland, Alabama, Georgia, Florida, Louisiana, Michigan, Mississippi, Pennsylvania and Texas, said Bruce Gordon, president of the Baltimore-based organization.

The NAACP said the states were chosen because of pivotal elections, concentrations of black voters, or a history of polling problems.

Gordon said the organization intends to be proactive "to ensure that Nov. 7 comes and goes smoothly and that every citizen across this country, and particularly in the state of Maryland, who has an interest in voting, in fact is able to vote."

Maryland's primary election last month was riddled with problems that caused precincts to open late or other delays, prompting court action in some areas to extend voting hours.

Results of an Associated Press-Pew poll released last week found only 30 percent of black voters surveyed nationwide were confident their votes would be counted.

The NAACP will run an election day voter command center at its headquarters and take calls from concerned citizens at (866) OUR-VOTE. The Lawyers Committee for Civil Rights and People for the American Way will work with the civil rights organization to monitor complaints of voting irregularities and advise voters, the NAACP said.

Gordon said the NAACP believes the best way for its members to vote is "to go to their polling places and cast their votes using whatever machines are on site" and that absentee balloting has normally not served the African-American community well.

While the civil rights group will monitor the election process, Gordon urged voters to head to the polls, "even if it requires extra effort."

"Civil rights activists went to extraordinary lengths to earn the right for black Americans to vote," Gordon said in a statement. "Some lost their lives. We owe it to them and ourselves to honor their sacrifice by voting, no matter what challenges we face."

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On the Net:

NAACP: http://www.naacp.org

NAACP To Monitor Mich. Polls (DEN)

By Lisa Martino

Detroit News, October 17, 2006

10 states will have observers at next month's elections; Republicans also plan oversight.

The NAACP announced Monday that Michigan is among 10 states that will have observers at polling places during next month's election to take citizen complaints and let the Justice Department know about any serious problems.

The effort comes after numerous reports of problems with the Maryland voting system during the primary last month.

Participating states were chosen using three factors: a high concentration of black voters, a history of polling problems or pivotal elections.

"While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort," NAACP President Bruce Gordon said in a statement Monday.

Locally, in past election years the National Association for the Advancement of Colored People filed injunctions in federal court against individuals harassing people at the polls and challenging their right to vote by questioning their identification, criminal record or whether they paid child support.

"We're very pleased that NAACP national will be monitoring the elections. We in Detroit have been monitoring elections for the last several years," the Rev. Wendell Anthony, president of the Detroit branch of the NAACP, said Monday.

"Certainly, we in Detroit will be out. This is a very important election. People want to use it by any means necessary to suppress a result that may be against their interest, so, yes, we support (the monitoring effort) very strongly."

The Michigan Republican Party announced last week that it will monitor polling sites Nov. 7. Through RSVP, (Republicans Safeguarding Voter Rights Program), the Republican Party will use volunteers to serve as observers at polling places.

"Other states experience outright fraud, and Michigan is not immune to voting problems and irregularities," Saulius "Saul" Anuzis, party chairman, said in a statement last week.

"In 2004, there were hundreds of reported incidents of voter intimidation and illegal election practices by groups such as MoveOn.org, ACORN and PIRGM. Last year in the Detroit city elections, there were so many problems the FBI ended up involved."

The NAACP will also monitor polling locations in Maryland, Alabama, Georgia, Florida, Louisiana, Mississippi, Ohio, Pennsylvania and Texas.

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"We're going to make certain everyone is going to get an opportunity to vote without any interference," said Dr. Eugene Rogers, president of the Northern Oakland County Branch of the NAACP.

NAACP To Watch Polling Places (BSUN)

By Kelly Brewington, Sun Reporter

The Baltimore Sun, October 17, 2006

Group will look for voting problems on Election Day in Md., 9 other states

With problems from Maryland's chaotic primary elections still being sorted out, NAACP President and CEO Bruce S. Gordon said yesterday that the civil rights organization will monitor polls in Maryland and nine other states on Election Day and report any voting irregularities to the U.S. Justice Department.

But Gordon also called on Maryland Gov. Robert L. Ehrlich Jr. to take steps before Nov. 7 to ensure a smooth and fair election by fixing the shortage of poll workers and the malfunctioning electronic voter check-in system.

"With all the concerns that were raised, we intend to be proactive and put necessary safeguards in place so that every citizen who wishes to vote has that right," Gordon said at the headquarters of the National Association for the Advancement of Colored People in Baltimore.

The plan announced yesterday would continue recent election-monitoring efforts by the NAACP, in which volunteers have looked for irregularities.

During the 2004 presidential elections, the civil rights organization and its partners enlisted 25,000 volunteers to monitor precincts nationwide and to answer a toll-free voter assistance hot line. Nearly 5,000 of those volunteers were attorneys, prepared to challenge voting irregularities with lawsuits.

Last month, the NAACP's national office and some local branches received complaints from frustrated voters in Maryland's primary, prompting the group and the Lawyers Committee for Civil Rights to seek a court order extending poll hours in some jurisdictions by an hour.

In a letter sent to Ehrlich, Gordon peppered the governor with numerous requests: verify that precincts have sufficient provisional ballots; update the check-in system; devise a contingency plan in case machines malfunction; hold additional demonstrations of new voting machines; ensure adequate numbers of election judges; maintain privacy for voters and educate voters on absentee ballots.

But Gordon questioned Ehrlich's recent recommendation that voters worried about the state's voting system vote by absentee ballot.

"Absentee voting normally has not served the African-American community very well," he said during yesterday's news conference.

Gordon and Ehrlich discussed the matter by phone yesterday morning. By the afternoon, Ehrlich followed up with a letter saying he shares Gordon's concerns and that he has asked the State Board of Elections and the state elections administrator to develop a contingency plan and to upgrade the electronic check-in system.

Ehrlich said he would forward Gordon's letter to the chairman of the elections board, asking that the board respond within the week.

In his letter, the Republican governor blamed the Democratic-controlled General Assembly for "virtually eliminating accountability at the top level of the state's elections system," with legislation that prevents the governor from firing the elections administrator, a Democrat with whom Ehrlich has had bitter clashes.

Ehrlich also accused legislative leaders of failing to heed warnings from a voting commission he named this year.

"In their rush to gain every political advantage, the leadership of the General Assembly ignored these warnings and created the unstable elections system that we saw in the primary and still face in the General Election," Ehrlich wrote in his letter to Gordon.

With the fiercely contested campaign for governor in the final stretch, each major political party has blamed the other for the state's voting problems.

Ross Goldstein, deputy state elections administrator, would not comment on Ehrlich's letter, but defended the voting system. He said it makes voting more accessible and eliminates errors, though he added he would look forward to a discussion with the NAACP.

"We'd be happy to sit down and work with the NAACP and address their concerns," Goldstein said. "I think all of the concerns they have raised are things that we have taken a look at. We want people to feel comfortable coming to the polls and voting."

In an interview yesterday, however, Gordon expressed little confidence in the state's electronic voting system.

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"We know the Diebold machines are unreliable," he said, referring to the manufacturer of the state's touch-screen voting equipment. "You have high-ranking officials in Maryland questioning the voting system. If they are concerned, well, we are certainly concerned."

The NAACP's monitoring effort, dubbed "election protection," is a partnership with the Lawyers' Committee for Civil Rights Under Law and People for the American Way. Attorneys and volunteers from the groups will answer a toll-free election hot line (1-866-OUR-VOTE) set up at the NAACP's Baltimore headquarters.

In addition, volunteers will monitor the polls at targeted precincts in Baltimore City and Baltimore, Howard, Anne Arundel, Prince George's and Montgomery counties.

Beyond Maryland, the NAACP plans to post volunteers in Michigan, Louisiana, Mississippi, Alabama, Florida, Texas, Ohio, Georgia and Pennsylvania.

Gordon said the NAACP chose those states because the group has either received complaints about voting there in the past, or because voters are set to act on significant civil rights issues.

Michigan voters, for example, will vote on a proposed constitutional amendment to ban the use of race and gender in university admissions and government hiring. The NAACP has spoken out against the proposal.

Given the issues at hand, voter turnout is critical, Gordon said.

"Civil rights activists went to extraordinary lengths to earn the right for black Americans to vote," he said. "We owe it to them and ourselves to honor their sacrifice by voting, no matter what challenges we face."

Marvin L. "Doc" Cheatham, president of the NAACP's Baltimore branch, said he's most concerned about the ability of the city's board of elections, where he once served as president, to obtain an adequate number of election judges.

"No election board wants what happened during the primary to happen again," he said. "I think they are working hard. Nevertheless, we'll be here this Election Day from 6 in the morning until 11 at night."

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NAACP To Monitor Polls For Problems In 10 States (WT)

By Brian Debose, The Washington Times

The Washington Times, October 17, 2006

The NAACP yesterday said it will send monitors to polls in 10 states, including Maryland, where voting problems have been reported in recent years.

The National Association for the Advancement of Colored People conducts monitoring at the polls every midterm and presidential election year.

Bruce S. Gordon, the NAACP president and chief executive officer, said he was prompted to announce the group's program this year because of reputed wide-ranging voter irregularities in several Maryland counties, including Baltimore, where the organization is headquartered.

"In light of the problems in the state during last month's primary elections caused by malfunctioning computer equipment and human error, I am pleased to see that you have ordered backup paper ballots to avoid some of the problems with the touch-screen voting machines," Mr. Gordon wrote in a letter to Maryland Gov. Robert L. Ehrlich Jr., a Republican.

In the letter, Mr. Gordon commended Mr. Ehrlich for ordering that backup paper ballots be used to avoid any problems with the touch-screen voting machines.

He also requested the governor order the Board of Elections to hold statewide demonstrations of the new machines, ensure that the electronic registration rolls are updated, and make certain there are adequate numbers of trained election judges at the polls on time and for the entire day.

In addition, he asked that each precinct have a sufficient number of provisional ballots -- many ran out during the primaries -- and maintain privacy for voters, whether they vote using touch-screen or paper ballots.

The NAACP will run an Election Day voter command center at the Baltimore headquarters. Volunteers will observe targeted precincts in the Baltimore area and Prince Georges and Montgomery counties, where the majority of the irregularities occurred.

The voter command center will also be staffed with lawyers from the group's partnering organizations, including the liberal Lawyers' Committee for Civil Rights Under Law and People for the American Way, to monitor complaints of voter irregularities and to advise voters experiencing problems at the polls.

The groups will forward any major problems to the Justice Department for further investigation.

The other nine states were chosen because they have pivotal elections, high concentrations of black voters or a history of polling problems, including Gulf Coast states Louisiana, Mississippi, Alabama, Florida and Texas.

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The dispersal of residents from those states after Hurricanes Katrina and Rita hit last year prompted the NAACP to start a registration campaign to help evacuees register to vote in their new location or maintain their home-state registration.

The NAACP will also be monitoring elections in Michigan and Ohio, which had rampant complaints of insufficient voting machines, fewer polling places and polls opening late during the 2004 presidential election.

Georgia and Pennsylvania were selected randomly, said officials of the NAACP, which has established a toll-free number (1-866-OUR-VOTE) to report Election Day voting problems.

NAACP Will Monitor Polls For Voting Irregularities (WP)

By Rosalind S. Helderman, Washington Post Staff Writer

The Washington Post, October 17, 2006

Volunteers for the NAACP will fan out at select polling stations across Maryland on Election Day to monitor balloting for problems similar to those that plagued the September primary.

The group said that poll watchers will observe precincts in Prince George's and Montgomery counties and in Baltimore and that lawyers will be available to document complaints from voters and, if necessary, forward reports of irregularities to the U.S. Justice Department. Maryland is one of 10 states the civil rights organization plans to monitor that day.

During September's primary, some polls in Maryland opened late because election judges or technicians did not show up. Also, an electronic registration system regularly crashed, and many poll workers had trouble submitting results electronically at the end of the day.

The NAACP called on Gov. Robert L. Ehrlich Jr. (R) to take all necessary steps to protect voters from technical glitches with machines and mistakes made by inexperienced or poorly trained poll workers.

"While the NAACP will take steps to counter obstacles to voter participation, we are encouraging our communities to cast their votes, even if it requires extra effort," said Bruce S. Gordon, NAACP president and chief executive.

In turn, Ehrlich called on the state's Board of Elections to make certain the group's concerns are addressed.

"To ensure that every Marylander has access to a fair and accurate election system, the state Board of Elections must act expeditiously to address my concerns and those of the NAACP," he said.

In Prince George's, where election officials are still looking for hundreds of new poll workers for the election, Interim Elections Administrator Robert J. Antonetti Sr. urged the NAACP to send volunteers for training.

"Everyone loves to come and observe," he said. "Let them participate."

John White, NAACP communications director, said the group is encouraging members to volunteer as judges even as it establishes its national monitoring program. Other states the group will monitor on Election Day are Louisiana, Mississippi, Alabama, Florida, Texas, Michigan, Ohio, Georgia and Pennsylvania.

Barnes Sues Perdue Over Voter Letter Photo ID Information May Have Misinformed (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 17, 2006

Former Gov. Roy Barnes has filed a lawsuit against his successor, Gov. Sonny Perdue, and the State Election Board for the mailing of 200,000 letters to registered Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election.

The problem? The letters were sent out days after a judge ruled the law requiring a photo ID to be unconstitutional.

Barnes filed the civil suit Monday in Fulton Superior Court on behalf of a 60-year old disabled Atlanta woman, Rosalind Lake, who does not have a state-issued photo ID.

In the complaint, the governor and election board are charged with contempt for violating a court order that struck down the photo ID law. Barnes is asking the court to force the state to send out another letter informing registered voters that they do not need a photo ID to vote.

"The delivery of approximately 200,000 'Dear Georgia Voter' letters was a blatant action in which seriously incorrect information on voting was disseminated to a substantial number of Georgia voters," Barnes wrote in the motion filed Monday. "The events after this Court's order make clear that the violation was deliberate."

A hearing has been scheduled for 2 p.m. Friday in the chambers of Fulton Superior Court Judge T. Jackson Bedford.

"I hope this means there will be a full public airing of the Republican attempt to suppress voter participation," said David Worley, a Democrat-appointed member of the election board who had threatened to file a complaint with the U.S. Justice Department about the mailing of the letters.

On Sept. 19, Bedford ruled Georgia's voter ID law violated the state Constitution. At the time of the ruling, the election board was in the process of sending out 300,000 letters to registered voters who did not have a driver's license or photo ID.

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The so-called "Dear Georgia Voter" letter was part of a voter education campaign designed to remind voters about the January legislation that required voters to show one of six forms of government-issued photo identification at the polls. But Barnes and others are contending that after Bedford's ruling, the mailing of letters should have been stopped.

Tex McIver, the Republican-appointed vice chairman of the election board, initially told the election board that all but 20,000 letters had been sent out before the Sept. 19 ruling. But, the secretary of state's election division later confirmed that nearly 200,000 letters were mailed after Sept. 19.

"We would suggest, because they couldn't have the law upheld, they were going to do indirectly what they couldn't do directly," said Jennifer Jordan, an attorney with Barnes' firm. "Which is basically to suppress the vote of the certain portion of the electorate. And using tax-payer money."

The board spent $55,000 to mail the 300,000 letters.

The election board has scheduled a special called meeting at 3 p.m. today. McIver said that at the meeting he will propose developing a public service announcement and a postcard mailer to send to voters to clear up any confusion that voters might have.

"Let's get rid of the issue," said McIver, who headed up the letter program. "I don't think the letter was confusing. But if people are confused, let's fix it."

Perdue did not comment on the motion.

"This situation obviously will not be decided by the courts until after the election," said Dan McLagan, a spokesman for Perdue. "In the meantime, the governor wants to encourage everyone who is registered to get out and vote."

Missouri State Supreme Court Strikes Down Voter ID Law (FINDLAW/AP)

By Kelly Wiese, Associated Press Writer

AP, October 17, 2006

(AP) - JEFFERSON CITY, Missouri-The Missouri Supreme Court on Monday struck down a new law requiring voters to show a photo identification at the polls, upholding a lower judge's decision.

Supporters of the ID requirement, mostly Republicans, said it was necessary to prevent voter fraud and increase confidence in the election process.

Opponents, primarily Democrats, argued people impersonating others when voting is rare, and that the ID requirement would especially harm the poor, elderly and disabled who may be less likely to have a driver's license.

A lower judge ruled last month that the ID requirement was an unconstitutional infringement on the fundamental right to vote. The Supreme Court agreed in a 6-1 unsigned opinion.

The law required voters to present a photo identification card issued by Missouri or the federal government to cast a ballot starting with the November election.

The court found the requirement violated several provisions in the state constitution. The court said requiring otherwise legitimate voters to obtain an appropriate ID imposed too big a burden on their voting rights.

The law would have allowed those lacking such an ID this fall to cast a provisional ballot upon meeting certain conditions. In future elections, only the elderly, disabled and those with religious objections to carrying a photo ID could vote without one, and only by provisional ballot.

Provisional ballots are set apart from regular ballots, and election authorities later determine whether they should count by, among other things, checking whether their signatures match those on file and if they're in the right polling place.

Meanwhile, lawyers opposing the state of Georgia's photo ID law asked a judge to hold the state in contempt for misinforming more than 200,000 voters in a mass mailing that they had to provide some form of photo ID.

The mailing was sent after a court order blocked the law's enforcement for the November general election.

Attorneys are also asking the judge to force the state to send new letters to those voters.

In all, the State Board of Elections mailed more than 300,000 letters to registered voters, telling them they may need to show either a free Georgia voter identification card or one of six forms of photo ID to vote in person. The letter also reminded voters they could vote absentee without a photo ID.

Attorney Jennifer Auer Jordan, who is working with former Georgia Gov. Roy Barnes to oppose the photo ID law, said Monday the mailings were a direct and deliberate violation of the court's order.

Although time is short, she said, "We've got to do whatever we can do to make sure that everybody knows they have the right to vote and if they want to show up at the general election, they can," she said.

The board of elections has called a special meeting Tuesday to discuss the photo ID law.

Agents Take Jail Records (BSH)

DOJ_NMG_0082334

By Robin Fitzgerald

Biloxi Sun Herald, October 17, 2006

GULFPORT - The federal government removed boxes of jail records last week from the Harrison County Sheriff's Office for its investigation of an inmate's death and related allegations, U.S. Attorney Dunn Lampton said on Monday.

Lampton told the Sun Herald that the FBI and prosecutors from the Justice Department's civil rights criminal division took records last week from the sheriff's Gulfport offices at the Harrison County Courthouse and the Harrison County Adult Detention Center.

Lampton said there was no need to use search warrants because Sheriff George H. Payne Jr. and his new warden, Don Cabana, have been "100 percent cooperative." But, he said, "they can't be a part of the investigation."

"When we get to the bottom of everything, people can be secure or satisfied to know everything at that jail has been looked at, and anything that might have been done improperly has been corrected."

Removal of the recordsis the latest in a series of new developments in criminal matters surrounding the death of Jessie Lee Williams Jr. Williams, 40, died after a beating on Feb. 4 in the jail booking room. He was taken off life-support at a hospital within two days, and his death was later ruled a homicide.

Former corrections officer Regina Rhodes, 29, was to be sentenced Monday on guilty pleas to criminal accusations that she assaulted Williams and lied to cover it up. She accepted a plea agreement and became a government witness.

Court records show sentencing was delayed "in the interests of justice" until after the trial of former corrections officer Ryan Teel, 29. Prosecutors' motion to request a delay in Rhodes' sentencing suggests that Teel's trial, set for the Nov. 6 federal document, also may be continued.

Rhodes, who remains free on bond, faces up to 13 years, but she likely will receive a reduced sentence for cooperating with the federal investigation. She is bound by a plea agreement to testify at any future trial regarding any related case at state or federal levels.

Teel, accused of inflicting injuries resulting in death and lying about it, is charged with two counts: deprivation of rights under color of law and destruction, alteration or falsification of records in federal investigations. Deprivation of rights is punishable by any number of years to life in prison. The other count is punishable by up to 20 years.

Prosecutors have not sought the death penalty, but Teel's attorney has referenced that possibility in a flurry of motions that request a change of venue, suppression of evidence including Williams' death certificate and subpoenas of media reports.

Teel remains in custody without bond.

An edited version of Rhodes' plea agreement, recently unsealed, identifies Teel as her occasional supervisor and claims Teel was the principal officer who assaulted Williams with unjustified use of force.

The edited version, first published in court records, had portions of the text blacked out and alleged that Rhodes' occasional supervisor and other corrections officers routinely used unnecessary force against inmates and presented "false, incomplete and misleading" reports to cover it up.

The unsealed version shows Teel's name in portions that previously were blacked out.

Teel and Rhodes are being prosecuted under federal statutes that apply to civil rights violations under color of law.

Payne would neither confirm nor deny that federal agents took jail records last week, but he did say he and his department are cooperating with the investigation.

Sources to the Sun Herald claim federal agents went in with search warrants and bolt cutters and loaded boxes of files and computers into the back of a truck.

Lampton said search warrants weren't necessary.

"You've heard the old saying, 'don't make a federal case out of it.' That is the truth," Lampton said. "The federal government doesn't take on every case, but when we do take on a case, you'd better watch out. The federal government may be slow, but we are thorough."

Supreme Court Turns Away Scouts Appeal (LAT)

By David G. Savage

The Los Angeles Times, October 17, 2006

WASHINGTON — In a setback for the Boy Scouts, the Supreme Court turned away a free-speech challenge to a Berkeley policy that denies city-subsidized dock space to a Scouting group because it excludes gays and atheists.

The court's action lets stand rulings in California and elsewhere that have said cities, schools and colleges may deny public benefits to groups that refuse to comply with broad nondiscrimination rules involving religion and sex orientation.

Some conservative groups had joined the challenge to the Berkeley policy, saying that advocates of "traditional moral values" are being subjected to discrimination across the country by "politically correct" government officials.

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The court's action sets no legal precedent, however, and the justices could well take up the issue in the future.

Six years ago, the high court came to the aid of the Boy Scouts of America when it ruled that a state cannot force a private group, such as the Scouts, to include openly gay men if doing so would violate its professed code of conduct. In that case, James Dale, a former scoutmaster, had sued the group after he was excluded upon acknowledging he was gay.

The New Jersey courts said the Scouts must abide by the state's anti-discrimination law.

The Supreme Court disagreed in a 5-4 decision in the case of Boys Scouts vs. Dale.

But in the wake of the Scouts' victory, some cities and school districts refused to permit Scouting groups to use their facilities on the same basis as they allowed other nonprofit organizations.

Lawyers for the Scouts then went back to court to challenge this exclusion as unconstitutional discrimination. So far, however, they have been rebuffed.

Harold Johnson, an attorney for the Pacific Legal Foundation, which presented the appeal, said he was disappointed the court refused to hear the case.

"We are confident that, eventually, the court will take a case addressing the underlying issues, because there are too many examples of government discrimination against Scouting and other belief-based organizations to ignore," he said in a statement.

For many years, Berkeley had given a rent-free berth in its marina to nonprofit community service organizations, including the Sea Scouts. An affiliate of the Boy Scouts, the group teaches sailing and seamanship to teenagers.

But the Berkeley City Council adopted a new policy that required groups that wanted a free berth to agree in writing that they would not discriminate against persons based on, among other factors, their race, religion, ethnicity or sexual orientation. The Scouts did not sign the agreement because Boy Scouts policy excludes gays and atheists.

Eugene Evans, an adult leader of the Sea Scouts, agreed to pay $500 a month to maintain the berth in the Berkeley marina, but he also led a lawsuit that challenged the policy as violating the group's rights to freedom of speech and the equal protection of the laws. He argued the Scouts were being treated as "second-class citizens" because their views on religion and homosexuality were disfavored by the government.

He lost decisively in the California courts.

In March, the California Supreme Court upheld Berkeley's policy in a unanimous ruling. "Berkeley had not attempted to muzzle anyone's speech," said the state high court. "A government entity may constitutionally require a recipient of funding or subsidy to provide written, unambiguous assurances of compliance with a generally applicable nondiscrimination policy."

The Scouts hoped for a more sympathetic hearing from the Supreme Court. The Pacific Legal Foundation, which is based in Sacramento, said the California ruling "sets an ominous precedent" for Scouting groups. Former Atty. Gen. Edwin M. Meese III, U.S. Rep. Dan Lungren (R-Gold River) and other conservative lawyers backed the appeal and noted that some Christian groups have been denied recognition or funding on college campuses because they too exclude gays and atheists.

"Millions of Americans who believe in traditional moral and religious values are looking to this court to uphold the constitutional rights and equal treatment under the law," they said in a friend-of-the-court brief.

But in a one-line order, the court refused to hear the case of Evans vs. City of Berkeley.

Lawyers for Berkeley had argued that since Evans had appealed on his own, he did not truly speak for the Sea Scouts. Although the justices gave no explanation for refusing to hear the case, this could have figured in the decision.

Evans and the scouting group declined to comment on Monday.

53% Of Voters Say They Back Va. Same-Sex Marriage Ban (WP)

By Chris L. Jenkins

The Washington Post, October 17, 2006

A majority of Virginians support a proposed constitutional amendment that would ban same-sex marriage and civil unions, although voters split on the measure when presented with interpretations of its potential impact, according to a new Washington Post poll.

Fifty-three percent of likely voters said they would vote for the amendment, and 43 percent would oppose it, the poll found, indicating that three weeks before Election Day opponents still have a long way to go to make Virginia the first state in the country to defeat a same-sex marriage amendment.

The only part of the state to oppose the measure was Northern Virginia, where voters rejected it 55 percent to 42 percent, further evidence that the Washington suburbs have become a political and social world apart from the rest of Virginia. Respondents in the rest of the state backed the measure 58 percent to 38 percent, according to the survey, conducted over three days last week.

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Despite the overall results, the poll provided some hope for opponents of the measure. Their chief argument is that the language of the amendment is too broad and would endanger contracts between unwed heterosexual couples. Supporters contend that the measure is limited to declaring that same-sex marriages would never be approved or recognized in Virginia.

When respondents were read the arguments on both sides of the question, enough voters showed a willingness to reconsider that the gap narrowed to a virtual tie -- 48 percent said they supported the measure and 47 percent opposed it, within the poll's margin of error of three percentage points.

"I really do think that we need an amendment like this that defines marriage," said Ross Williams, 50, a salesman from Annandale, who considers himself a Republican and a likely voter for Sen. George Allen (R) in his reelection bid Nov. 7. "But we don't need to pass something that we don't know what it's going to do. I wouldn't call myself an undecided voter yet . . . but I am going to read the wording and make up my mind about what it's going to do before I vote."

The poll also found that Virginians are virtually split over whether gay couples should be able to form civil unions, which would give them health insurance, inheritance benefits and other legal rights of married couples. The poll found that 48 percent believe gay couples should be allowed to engage in civil unions and 47 percent do not. The amendment would constitutionally ban civil unions between gay couples, although they are already illegal in Virginia.

"We've been seeing this for a long time now: When people read the entire question and think about what it means, they vote no," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, the group organizing opposition to the amendment.

Victoria Cobb, executive director of the Family Foundation, said that she believed the amendment would pass and that voters understood that the ballot question was simply about defining marriage. She said an internal poll conducted by the group found strong support for the measure.

"We are very confident that Virginia is going to join the other 20 states that have passed constitutional amendments," she said. "Virginians know this is about marriage between one man and one woman, and we have complete confidence that when they step into the voting booth, they will vote for traditional marriage."

Several political scientists who have studied state ballot measures said the polling data from Virginia appeared to defy expectations, given the commonwealth's reputation as a conservative state.

"This is quite a surprise," said Daniel A. Smith, an associate professor of political science at the University of Florida. "In an ostensibly conservative state like Virginia, you'd expect to see the numbers up around 60 or 70 percent."

The lower numbers in Virginia reflect a national trend of weakening support for state efforts to ban same-sex marriage, several experts said. Twenty states have passed similar measures since 1998, many with about 75 percent support. The lowest level of support an amendment received was 57 percent in Oregon in 2004.

But this year, poll results in several states with similar ballot measures show weaker support than in 2004, when 11 states passed constitutional amendments. Polls in Colorado and Wisconsin show results similar to Virginia's; poll results in South Dakota are mixed.

John C. Green, a senior fellow at the Pew Forum for Religion and Public Life, said the momentum for such amendments at the ballot box has been hurt by recent court cases that have upheld bans on same-sex marriages.

"Two things seem to be going on," Green said. "Opponents [of same sex marriage amendments] are much more organized than they were two years ago. And if you look at what judges have been doing over the past year . . . they've been supporting the definitions of traditional marriage. So some of the edge is off."

The constitutional amendment received its strongest support from Republicans, blacks and those who say they go to church more than once a month, reflecting national trends.

"My religion teaches that marriage is between a man and a woman, and quite frankly, that's all I need to help me understand how I need to vote," said Sandy Ledford, 57, a housewife from Botetourt County, in the state's rural southwest. "It's pretty simple for me."

"I'm not a homophobe," said Charles Wortham, 60, a dentist from Hanover County, outside Richmond. "My view is simply that marriage is there to establish a legal process for the procreation of children. It's Mother Nature. Same-sex couples can't naturally reproduce, so it doesn't seem like they should be able to marry like a traditional family."

Wortham said that he had heard the arguments raised by opponents regarding the measure's unintended consequences but that he didn't believe the claims. "I don't think any of that stuff is going to happen," he said.

The Washington Post poll is based on telephone interviews with 1,004 randomly selected Virginia likely voters and was conducted Oct. 10-12.

The poll results generally hewed to party lines: Seventy-five percent of Republicans back the amendment, and 59 percent of Democrats oppose it. Independents were nearly split, with 49 percent against it and 45 percent for it.

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Seventy-three percent of people who also said they would vote to reelect Allen backed the amendment, and 23 percent said they'll vote against it. Two-thirds of those who support Allen but oppose the amendment are women.

Among those who said they would vote for Democrat James Webb for U.S. Senate, 67 percent opposed the measure and 31 percent supported it. Allen favors the amendment, and Webb is opposed because he thinks the language goes beyond prohibiting same-sex marriage. Webb believes marriage is between one man and one woman.

The only group to significantly cross party lines was blacks. In the poll, blacks supported Webb by 81 percent to 11 percent, but they favored the amendment 61 percent to 34 percent. "I don't believe in gay relationships; I just don't believe that they are right," said Aaron Moore, 26, from Chesapeake, who added that he follows the Pentecostal faith and will vote for Webb. "Even though I'm a Democrat, it's just something that I disagree with most Democrats on."

Whites supported the measure 51 percent to 45 percent, the poll found.

Opponents of the measure include Democrats, those who said they do not attend church often and political independents. "These kinds of rights, being able to get married, they should be open to everybody," said Beverly Gordon, 51, a teacher from Hampton. "Voting, access to schools, marriage -- these are all things that people should have equal ability to have."

Others said they were concerned about unintended consequences. The amendment "doesn't specify anywhere that it's talking only about homosexual couples," said Faye Talhame, 49, a real estate agent from Loudoun County. "This goes way too far. Who knows what it would do? Why do we want to pass such a thing?"

ANTITRUST:

U.S. Extends SRAM Antitrust Probe To Samsung (IDG)

By Ben Ames, IDG News Service, Boston Bureau

IDG News Service, October 17, 2006

Antitrust investigators with the U.S. Department of Justice (DOJ) have issued a subpoena to Samsung Semiconductor Inc., just hours after asking its competitors Mitsubishi Electric Corp. and Cypress Semiconductor Corp. for information about their sales practices in the SRAM (static RAM) chip market.

Toshiba, another major SRAM chip producer, declined to comment on whether it had also been subpoenaed. A spokeswoman referred questions to the company's Tokyo headquarters.

Samsung plans to comply with the request for information about sales and marketing practices throughout the industry, spokeswoman Chris Goodhart said in a statement.

"Samsung will cooperate fully with the Department of Justice on this matter," she said. "Samsung is committed to fair competition and ethical practices and forbids anticompetitive behavior."

Samsung has already been charged with antitrust violations in a DOJ investigation of the DRAM (dynamic RAM) market. Justice Department lawyers found evidence that several DRAM chip makers manipulated prices while bidding for business with the U.S. computer makers Dell Inc., Apple Computer Inc., Hewlett-Packard Co. and IBM Corp. Several DRAM makers have been ordered to pay fines as high as US$300 million and three Samsung executives were sentenced to time in prison.

SRAM chips can retain data as long as they have power, and are typically used as a memory buffer in devices such as computers and hard-disk drives, or to handle data in low-power devices like mobile phones.

Microsoft Sharing Security Data (SEAPI)

By Dan Richman, P-I REPORTER

Seattle Post-Intelligencer, October 17, 2006

But software makers say it's still too little, too late

Striving to satisfy European antitrust officials, Microsoft Corp. said Monday that it has given security-software makers some of the data they want to make their products work with Microsoft's forthcoming operating system, Windows Vista.

But one of those companies, Cupertino, Calif.-based Symantec Corp., on Monday reacted to the release by repeating complaints it made at the end of last week: that it's not getting enough information fast enough.

"The operative question remains 'When?' " Symantec spokesman Cris Payden said. "When are we going to get what we need?"

Microsoft Director Adrien Robinson said the means of connecting outside software to Vista's Windows Security Center were uploaded Monday morning to a Web site accessible only by security-software developers.

The Security Center is a set of on-screen controls -- nicknamed the "digital dashboard" -- that customers will use to adjust and monitor their computer's security features.

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Symantec's Paden said the company is inspecting the new Web site "to be sure it has everything we need to let our customers see our digital dashboard instead of Microsoft's."

Microsoft also said Monday that it plans to discuss with Symantec and McAfee Inc. changes they want made to Patch Guard, part of the 64-bit version of Vista that restricts who can alter the operating system's core, or kernel.

But Paden said Microsoft has yet to explain how Symantec's technology can access 64-bit Vista's kernel, or even to say when it will provide that explanation. The 64-bit version of Vista is expected to be popular among businesses, he said.

Microsoft's Robinson responded that the company plans to release more information within 30 to 45 days on the nature and extent of access it will allow to the kernel. She said it will provide that access after Vista for business ships and plans to continually update that package.

As to the developers' impatience, she said: "It requires efforts on both sides. The more they can engage with us, the faster we can get functionality out."

Microsoft's information sharing is an attempt to address the European Union's competitive concerns so it can release Vista on schedule in Europe.

Microsoft said Friday that the guidance it had received from the EU, and the changes it's making in response, have persuaded it to proceed with the product's worldwide release schedule.

"We tried to digest their feedback and take action, and then understand whether we thought that that would really put us in that position where we were in compliance with EU law, which we think we are," Microsoft Chief Executive Steve Ballmer said on the sidelines of a news conference Monday in Rome.

Vista is due out to business customers next month and to consumers in January. But the EU antitrust office has refused to back Microsoft's optimism that European concerns had been resolved.

"The jury is out," EU spokesman Jonathan Todd said Friday.

The EU and Microsoft have fought for years, and the 25-nation bloc levied a fine of $613 million on Microsoft in 2004.

McAfee didn't respond to repeated requests for comment Monday.

This report includes information from Bloomberg News and The Associated Press. P-I reporter Dan Richman can be reached at 206-448-8032 or danrichman@seattlepi.com.

HP Extends Tender Offer For Mercury (FT)

By Kevin Allison In San Francisco

Financial Times, October 17, 2006

Hewlett-Packard, the world's second-biggest computer maker, on Monday announced a further extension of its tender offer for Mercury Interactive, a business software group that was forced to de-list its shares earlier this year because of stock options backdating.

The move marked the third time HP has extended its tender offer, which values the software maker at $4.5bn. It came in spite of news that HP had locked up more than 90 per cent of Mercury's oustanding shares - far more than the amount needed to complete the company's biggest acquisition since its $19bn takeover of Compaq, a rival computer maker, in 2002.

One person familiar with the matter said Mercury's de-lisitng had complicated efforts to receive anti-trust approvals from regulators. The person said the delays were procedural and nature and were not expected to infuence the outcome of the tender offer.

HP declined to comment.

Katherine Egbert, an analyst at Jeffries & Co, said she was confident the deal was still on track. "I don't think anyone thinks it's at risk," she said. "HP want to compete more with IBM, and what they're missing is a substantial software business."

HP's tender offer values Mercury at $4.5bn, or $52 a share - a 33 per cent premium over the comapny's share price the day before the deal was announced in July.

Mercury's shares have traded on the over-the-counter market since January, when they were delisted from the Nasdaq stock market for non-compliance with filing requirements. Mercury has offered to pay $35m to settle backdating claims with the US Securities and Exchange Commission.

More than 100 companies are under investigation in the widening scandal over stock options backdating, which has recently claimed the jobs of several top executives, including William McGuire, the chief executive of UnitedHealth, one of the biggest US health insurers. Amnon Landan, Mercury's former chief executive, and two other top managers were forced out in November 2005 because of the scandal.

E.On Lawsuit Claims Acciona Misled SEC On Interest In Endesa (WSJ)

The Wall Street Journal, October 17, 2006

DOJ_NMG_0082339

E.On AG said it filed a lawsuit in New York to clarify a situation about Endesa SA shares held by Spanish energy-and-construction company Acciona SA.

E.On, a German energy company, has accused Acciona of making misleading statements to the Securities and Exchange Commission about its strategic targets in buying a 10% stake in Endesa. Acciona denied the charges.

E.On has offered €37 billion, or about $46 billion, to take over Endesa, or €35 a share. It had bid €25.40 a share but increased its offer after Acciona bought a 10% stake in the Spanish utility to become its biggest shareholder.

E.On's lawsuit says information Acciona filed to the SEC was "false, inexact and incomplete" among other things, because "Acciona has contracts with third parties who intend to block E.On's bid." An E.On spokeswoman said it is unclear how many Endesa shares Acciona controls and whether Acciona has agreements with third parties on further share purchases.

Acciona said the New York court decided to request more information about the case but declined to grant the injunction by which E.On had sought to block any further stake buildup in Endesa by Acciona.

Silverman Testifies On Walter Forbes' Role In Cendant Merger (USAT)

By Greg Farrell

USA Today, October 17, 2006

BRIDGEPORT, Conn. — The retrial of former Cendant chairman Walter Forbes took a new twist Monday when Henry Silverman, the hard-driving founder of HFS, testified about his decision to merge HFS in 1997 with Forbes' firm, CUC International, to form Cendant.

Following the merger, in April 1998, Cendant disclosed that CUC executives had overstated their company's revenue by hundreds of millions of dollars.

The disclosure shocked investors, who went on a selling spree, wiping out $14 billion, or half the company's market capitalization, in one day.

Nine years have passed since the revelation of the fraud. Several former CUC executives pleaded guilty to manipulating the company's earnings and have cooperated with prosecutors. E. Kirk Shelton, the former chief operating officer, was convicted by a jury in 2005 and sentenced to 10 years in jail.

But Forbes, 63, has fought the government to a draw. His previous two trials have ended in hung juries.

This third trial, which began last week in federal court here, promised to be a replay of the last two until Silverman took the witness stand Monday.

Before the CUC blow-up, Silverman, 66, was known as a take-no-prisoners CEO who always delivered earnings to Wall Street. He told jurors that after he and Forbes agreed to merge their companies in 1997, they went on a “road show” to convince investors that the match-up would increase shareholder value.

Forbes, he said, did most of the talking about the merged company's strategic vision.

“I was blown away,” Silverman said. “I thought it was incredibly compelling. It was a complex subject, one in which Walter Forbes displayed quite a lot of knowledge. It was a very impressive performance.”

A few months after agreeing to merge the companies, Silverman testified, Forbes told him he was “depressed and unhappy” about the direction the merger was taking. Silverman drove from Manhattan up to Connecticut, where Forbes' business was based, to find out what the problem was. At the coffee shop of a nearby hotel, Forbes complained that Silverman's team was acting as though HFS was buying CUC.

In a previous trial, Forbes testified about the same meeting. But on Monday, Silverman disclosed for the first time that the defendant was particularly concerned about the fate of one employee in CUC's accounting department, Anne Pember. Forbes allegedly told Silverman that Pember was “kind of the glue that keeps the company together” and that if she left, lots of other people would follow.

Pember, who pleaded guilty and testified against Shelton two years ago, said last week that she had very little direct contact with Forbes. It wasn't until the merger with HFS took place that Forbes insisted she stay on to help with certain accounting issues, she testified.

Later this week, the government is expected to call CUC's former CFO, Cosmo Corigliano, to testify. Corigliano has pleaded guilty and is the only CUC executive to allege that Forbes was directly involved in the fraud.

Oshkosh Truck To Buy JLG Industries For $3 Billion (NYT/AP)

The New York Times-AP, October 17, 2006

MILWAUKEE (AP) -- Military and commercial vehicle maker Oshkosh Truck Corp. on Monday said it is buying JLG Industries Inc., a maker of aerial work platforms and booms, for about $3 billion in cash.

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Oshkosh chairman, president and CEO Robert G. Bohn said the deal continues Oshkosh's transformation into a global specialty vehicle maker.

"We will have the size and the scale to be more competitive in the market, and we will be generating a significant amount of cash, cash that we will use to rapidly pay down our debt," Bohn said in a conference call Monday.

The deal, which has been approved by the boards of both companies and still requires the approval from JLG shareholders and antitrust regulators, is expected to close in early December.

The company agreed to pay $28 per share for JLG, which represents a 35 percent premium over the stock's Friday closing price of $20.75. According to the New York Stock Exchange, JLG has 106.7 million shares outstanding.

Oshkosh will also assume more than $200 million in JLG debt as part of the deal.

JLG shares climbed $6.78, or nearly 33 percent, to $27.53 in afternoon trading on the New York Stock Exchange while Oshkosh shares sank $3.02, or 5.4 percent, to $52.52.

Oshkosh, which plans to finance the purchase with a $3.5 billion line of credit from Bank of America, expects the deal to add "modestly" to per-share earnings in fiscal 2007.

JLG, based in McConnellsburg, Pa., had $2.3 billion in revenues this fiscal year, with sales estimated to grow between 20 and 25 percent next year, Oshkosh said. The company is the top provider of aerial platforms in North America and Europe.

Oshkosh already has 9,400 employees and will be adding JLG's 4,000, it said. JLG, which makes the Manlift and Toucan brands of aerial work platforms and Caterpillar-branded telehandlers, has manufacturing plants in the U.S., Belgium and France. Aerial work platforms lift workers so they can perform tasks at heights they could not otherwise reach while telehandlers are similar to cranes that lift building materials.

There will be no cuts to factory jobs, said Charles L. Szews, Oshkosh executive vice president and chief financial officer. Oshkosh also expects key officers of JLG to remain, he said.

Bohn said the company estimates annual growth between 3 percent and 6 percent through 2010, with JLG eventually making up 40 percent of sales and income. The integration of JLG should take between 18 and 24 months, Oshkosh said.

Bohn said he was excited about "the opportunity to grow this business on a global basis and to share the best practices between the two companies."

JLG chairman, president and CEO William M. Lasky said the company expects an easy transition into Oshkosh. JLG was not for sale when Oshkosh approached them, he said.

"To be honest, I was hoping to find a reason why I didn't think it would be a good fit for JLG. Unfortunately, that didn't last very long when I looked at the success and track record of Oshkosh," Lasky said.

Also this year, Oshkosh announced cash deals to buy AK Specialty Vehicles from medical device maker HealthTronics Inc. for $140 million and Iowa Mold Tooling Co., a maker of general mechanics, for $131 million.

Macquarie Wins Battle For Thames Water (FT)

By Lina Saigol And Rebecca Bream

Financial Times, October 17, 2006

Macquarie, the Australian bank, on Monday night won the hotly contested auction for Thames Water, the UK's biggest water company, which is being sold by RWE, the German utility group, in a deal valued at £8bn.

Macquarie's European infrastructure fund is leading a consortium called Kemble Water, which bid the highest price for Thames.

It beat three other serious bidders in the auction, including Qatar Investment Authority, which had teamed up with UBS's global infrastructure fund.

The Thames deal, which includes £3.2bn of debt, is subject to approval by RWE's supervisory board at a weekend meeting. If approved, the sale is due to close by early December.

The deal marks the biggest buy-out in the UK this year.

Terra Firma, the private equity group headed by Guy Hands, had also bid for the asset, as had Alinta, the Australian energy group. Alinta was planning to launch a A$5bn (£2bn) share issue to fund the deal if it won.

Final fully financed bids were submitted for Thames on Saturday. The deal comes days after Macquarie sold its stake in South East Water to funds linked to Westpac, a rival Australian banking group, to remove a potential regulatory barrier to its bid for Thames.

RWE had been running a dual-track process on Thames to assess whether it should sell the company or float it.

Goldman Sachs had been appointed to carry out the sale, while Deutsche Bank had been handling a potential initial public offering.

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RWE bought Thames, which has more than 13m customers across London and the south-east of England, for £4.3bn in 2000. The German utility is understood to have booked a profit of about €500m on the sale of the business. RWE, headed by Harry Roels, admitted its foray into water had not been a success.

The German utility said this year that it was selling Thames to concentrate on the higher-growth energy business. The company has repeatedly failed to meet targets set by Ofwat, the water regulator, on leakage.

In July Ofwat ordered Thames to pay an extra £150m to replace old water mains.

RWE is also selling American Water, its US business, through an IPO scheduled for next year.

UK water assets have been attracting high valuations from infrastructure bidders, including pension funds, because they offer stable returns that can match the funds' liabilities.

Stocks in these companies have risen sharply on the back of takeover speculation.

AWG, which owns Anglian Water, is also in play, having received a £2.2bn bid from Osprey, a consortium comprising Australian and Canadian infrastructure and pension funds.

The losing bidders for Thames may turn their sights on AWG. However, Osprey has already increased its offer for the water group in an attempt to see off any possible counterbid.

Steeling Jobs (WSJ)

The Wall Street Journal, October 17, 2006

"For decades, U.S. auto companies did not intervene in steel trade cases. We do so now because further relief is unjustified -- and it is undermining American manufacturing competitiveness."

For the sake of the American economy, we hope that statement gets someone's attention at the International Trade Commission (ITC) today. It's from the six largest automobile manufacturers in the U.S. -- General Motors, Toyota, DaimlerChrysler, Ford, Honda and Nissan.

On the table before the ITC today is whether the anti-dumping duties imposed in 1993 on "corrosion-resistant steel" should be lifted. This steel is crucial to making cars. Pushing back against the automakers, steelmakers are expected to argue, as they did 13 years ago, that they need the duties to repel unfair foreign competition and avoid harm.

Well, times change, and it's time to lift these duties on steel. This isn't 1993.

It's hard to overstate the importance of access to corrosion-resistant steel for American manufacturing. Auto makers need it for exterior body panels, doors, hoods, roofs and fenders -- in other words, to produce a car. It is used in making auto parts, construction materials, appliances and consumer hardware. Metal fabricators, many of them small family-owned operations scattered across the American heartland, depend on it. From corporate America to Mom and Pop operations, the U.S. needs this steel to stay in business. The automakers will testify on the side of the foreign companies accused of dumping, but in fact they're testifying for the U.S. economy.

Under U.S. trade law, the duties can't be lifted unless it can be shown that the petitioning industry -- steel -- is no longer exposed to harm from competition. The protectionists at the U.S. Commerce Department haven't helped matters by releasing a report claiming that without the duties "dumping" would resume. But as the nation's steel users are arguing, that report drew its conclusions from market circumstances in 1993. There's little doubt that the dynamics of the global steel market are entirely different than they were 13 years ago.

For starters, since 1993 the U.S. government has absorbed two-thirds of Big Steel's pension "legacy" costs ($9 billion), which was one of the biggest barriers to the industry's consolidation. Data showing a 70% increase in prices for corrosion-resistant steel in 2004-2006, compared with the 2000-2003 period, suggest that the reorganized U.S. industry has strong pricing power. Big Steel is also turning in impressive profitability numbers, easily outstripping the 5.5% profit-on-sales average reported by the Census Bureau for durable-goods manufacturers as a whole in the first half of 2006.

Pricing power and profitability are a direct consequence of the supply restraints caused by anti-dumping duties. Those duties, which can range from 2% to 40%, are also assigned retroactively; so foreign sellers of steel to the U.S. -- which have to collect the duty as part of their price -- never know what their final financial exposure will be. This discourages many foreign companies from even thinking about shipping steel to the U.S. And with global demand for steel strong, why bother? Meanwhile, U.S. users of steel find reliable supplies at globally competitive prices hard to come by. U.S. mills have been known to refuse quotes and limit order size.

Big Steel, which employs 130,000, might want to consider the consequences of squeezing its own customers. U.S. car makers and the auto-parts industry support 2.4 million jobs, and the auto sector buys about half of all U.S. shipments of corrosion-resistant steel. If these businesses move off-shore, U.S. steel will have to compete without the protection of the ITC.

The auto industry says it already buys "the overwhelming majority of [its] steel from U.S. steel mills and will continue to do so irrespective of the outcome of this dispute." But that may not be the case if companies that need steel move their

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manufacturing businesses off-shore. As Josephine Cooper, Toyota group vice president says, "There is no longer an economic basis for keeping these duties. The steel industry benefits from unnecessary protection while the duties hurt a much wider sector of the U.S. economy."

ENVIRONMENT/INDIAN AFFAIRS:

Judge To Decide On Setting Deadlines For Everglades Restoration (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, October 17, 2006

Lawyers for the state Department of Environmental Protection and South Florida water managers urged a federal judge Monday not to issue an order imposing deadlines for Everglades restoration work, contending it is both illegal and unnecessary.

Charles Demonaco, attorney for the state agency, told U.S. District Judge Federico Moreno that a federal court has no business imposing its will on how a state follows its own laws. Demonaco said a cleanup plan meeting court approval for the Everglades is already enshrined in state law, making a court order unneeded.

"There is a long-term plan that is in effect," Demonaco said at a hearing. "A federal court would be intruding in the daily activities of a state. That would be an unlawful order."

But Dexter Lehtinen, attorney for the Miccosukee Tribe of Indians of Florida, said court orders are the only way to ensure that Florida agencies continue to meet the terms of a settlement reached over a decade ago to restore the Everglades and reduce phosphorus-laden runoff from continuing to damage the ecosystem.

Lehtinen, a former U.S. attorney, said without such court supervision Florida officials could modify their restoration plan unilaterally. The Miscosukees consider the Everglades their ancestral home and have joined the case to ensure enforcement of water quality goals.

"It's a question of ordering them to do what they have promised you they would do," Lehtinen told Moreno. "The long-term plan means nothing without your court order."

Moreno appeared skeptical of claims by the state and South Florida Water Management District that he should do nothing but "monitor" compliance, noting that the state's power to act alone was "a big hole" in dealing with any future violations of the original cleanup settlement.

"They just don't want an order. I'm not understanding quite why they don't," Moreno said.

Edward Geldermann, a U.S. Justice Department attorney representing the federal side of the agreement, said because the state is doing a great deal of work as promised a new court order from Moreno would be "unnecessary." But Geldermann stopped short of saying Moreno had no authority to do so.

The hearing marked the latest skirmish in the implementation of a multbillion-dollar plan by the state and federal governments to restore the Everglades. Moreno must decide what to do in response to a 108-page report by a special master he appointed, who found in July that there have been water quality violations of the court agreement.

The state's position is essentially that everything that can be done is being done and that Moreno need only keep a close watch on how work proceeds. The cornerstone of the project is construction of huge filtering marshes intended to keep phosphorus-laden runoff from farms, towns and other sources from getting into the Everglades.

Moreno did not indicate when he would rule.

ConocoPhillips Will Pay More Than $2.3 Million For Dalco Spill (SEAPI)

Seattle Post-Intelligencer, October 17, 2006

In a settlement reached Monday with the U.S. Justice Department, ConocoPhillips will pay more than $2.3 million in costs and penalties for a 2004 incident that spilled more than 1,000 gallons of crude oil in Puget Sound's Dalco Passage.

The agreement with the company, and its wholly owned subsidiary, Polar Tankers, was reached following an extensive investigation by the U.S Coast Guard and the state Ecology Department following the Oct. 13, 2004 spill. The investigation found that the tanker Polar Texas released the oil as it took on ballast while departing Commencement Bay.

The spill went unnoticed until the following morning when the captain of a tug boat reported oil in the water south of Vashon and Maury islands. Although state law requires the offending vessel to report and participate in the cleanup, the Polar Texas did neither, the Coast Guard said yesterday in a press release.

The $2,233,293.94 in pollution removal costs under the federal Oil Pollution Act of 1990 represents 100 percent of all costs the federal government incurred during cleanup operations in Dalco Passage. The federal and state government's claims against ConocoPhillips for injuries to natural resources, however, have not been resolved and are not included in the total.

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ConocoPhillips, however, also will pay an $80,000 civil penalty under the federal Clean Water Act. Last Friday, the state Ecology Department settled a $540,000 claim against the oil corporation under state law.

"Today's settlement with ConocoPhillips sends a strong signal to the tank vessel industry that those who spill oil and pollute the pristine waters of Puget Sound will be held fully financially accountable," said Coast Guard Capt. Steve Metruck, Captain of the Port for Puget Sound.

The spill spread patches of oily sheen as far south as the Tacoma Narrows and as far north as Eagle Harbor. The sheen touched more than 15 miles of shore along Colvos Passage, the Narrows and Quartermaster Harbor and left a filmy coating along six miles of southern Vashon and Maury islands.

At its height, the response and cleanup involved nearly 300 people, 10 oil-skimming vessels, 24,000 feet of boom, three helicopters and other boats and equipment, the Coast Guard said.

An estimated 59 tons of oily debris were recovered from shoreline cleanup, as well as nearly 7,000 gallons of oily water from skimming operations.

FBI/DEA/ATF/USMS:

Money-laundering Scheme Puts Lawyer Through The Ringer (SEAPI)

Seattle Post-Intelligencer, October 16, 2006

Apparently meant to be a money-laundering scheme, the purchase of this Laundromat didn't wash with federal drug investigators.

Medina lawyer Stephen Plowman, who represented a cocaine trafficker, pleaded guilty Monday in U.S. District Court to a financial reporting crime after helping his client buy the Queen Anne Maytag Laundry.

Plowman, 51, admitted he received more than $100,000 in cash from his client to buy the Laundromat for him in June 2005 and failed to file a currency transaction report, federal prosecutors said.

The Internal Revenue Service requires reporting of cash payments of more than $10,000 received in a trade or business. Willful failure to do so is a felony.

Federal prosecutors said Plowman's client, Carlos Ford, wanted the Laundromat to launder drug proceeds. After buying the business, Ford has been convicted of conspiracy to distribute cocaine and was sentenced last month to 10 years in prison.

Under a plea agreement, Plowman admitted that he had failed to file the required currency transaction report on more than one occasion.

Prosecutors said Plowman received close to $120,000 in cash from Ford's cocaine trafficking, using $100,000 for part of the purchase price of the Laundromat and using the rest for Laundromat expenses and for his fee.

Plowman also received two cashier's checks totaling about $56,000 from Ford for the purchase. He paid $160,000 in cash and check for the Laundromat but wrote a purchase agreement that listed a sales price of $60,000 in an attempt to hide the drug money.

The guilty plea by the lawyer "sends a strong message that no one is above the law," said Rodney Benson, special agent in charge of the Drug Enforcement Administration in Seattle.

Plowman will be sentenced Jan. 27. The prospective sentencing guideline for his crime is 18 to 24 months imprisonment, with a maximum sentence of 10 years.

More headlines and info from Queen Anne.

Clogged Sinuses? Sign In, Please (HARTC)

By Hilary Waldman, Courant Staff Writer

The Hartford Courant, October 16, 2006

Cold Medicine Goes Behind The Counter

In the two weeks since a federal law put more than a dozen popular cold and sinus pills behind the drugstore counter, the Arrow Pharmacy in Hartford has not sold a single box of Sudafed.

It may be that it's not really cold season yet, pharmacist Eddie Martucci speculated.

Or it may be that customers are put off by a new law that requires them to show a photo ID and sign a logbook before purchasing products that contain pseudoephedrine, the key ingredient in many popular nasal decongestants.

It's a "pain," said Angelo DeFazio, owner of the Arrow Pharmacy on Farmington Avenue.

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The behind-the-counter rule, which started Oct. 1, is designed to make it harder for criminals to buy large quantities of legal pseudoephedrine and to use it to produce the illegal drug methamphetamine. The logbook must be made available to agents of the U.S. Drug Enforcement Administration, who are authorized to inspect pharmacies to enforce all U.S. drug laws.

The law, part of the federal Combat Methamphetamine Epidemic Act and included in the anti-terrorist Patriot Act, is designed to keep popular nasal decongestants available without a prescription, while curbing their use to make illegal drugs.

Using large quantities of cold medicine, household drain cleaner, ordinary batteries, and recipes available on the Internet, it has been easy for drug abusers to produce large quantities of crystal meth in home laboratories.

On the upside, DeFazio said, the law allows pharmacists to monitor pseudoephedrine sales and to warn people with problems such as heart conditions that they probably should not be taking the drug. He said, despite the hassles, that he supports the law.

"It's well worth it," DeFazio said. "We've had some of these illegal meth labs in some very obscure little towns."

Beyond the hassle factor, some pharmacists suspect consumers may be buying the wrong cold medicine. Some pharmacists say sales of Sudafed and its generic equivalents are down because customers are confused by a look-alike product called "Sudafed PE" - which does not have pseudoephedrine and is still available on open drugstore shelves.

With only look-alikes on the shelves, some people are accidentally settling for cold products that don't work as well as those behind the counter, said Alan Rosenthal, a pharmacist at Suburban Pharmacy on North Main Street in West Hartford.

In a pharmaceutical journal article published last summer, two University of Florida pharmacists said the alternative product, Sudafed PE, or its generic equivalent, is not effective. The "PE" stands for phenylephrine, a compound that is not sufficiently absorbed into the blood stream to make it effective as an oral nasal decongestant, pharmacists Leslie Hendeles and Rancy C. Hatton said in the journal article.

Pfizer, the maker of Sudafed and Sudafed PE has said that the alternative drug does work and that customers who prefer the original are free to ask for it at the pharmacy counter.

Rosenthal said some of his customers have brought the PE products to the counter and asked for his advice.

"I tell them that pseudoephedrine is a better product," Rosenthal said.

He said few customers have balked at producing identification or signing the logbook once he explained the law. To purchase a pseudoephedrine product, customers must record their name, address and date of birth in a log book that pharmacies must keep behind the counter. They also must show a photo ID.

At some pharmacies, asking for pseudoephedrine products at the pharmacy is nothing new. Last year, several large chain stores including Walgreens, CVS and Wal-Mart voluntarily placed products containing pseudoephedrine behind the counter.

The signature requirement also is not unprecedented, said Martucci of Arrow Pharmacy. He recalled that in the late 1970s a customer signature was required for the purchase of paregoric, an opium-based medicine that was used to treat diarrhea in children and teething pain in babies. Paregoric has since been pulled from the market.

White House Commends Montana Meth Project (AP)

AP, October 17, 2006

The Montana Meth Project, a campaign with graphic messages about the perils of methamphetamine use, received White House recognition Monday.

John Walters, director of the White House Office of National Drug Control Policy, appeared in Great Falls and cited the project as one of the nation's most powerful anti-drug efforts. Walters presented a certificate of recognition, which business tycoon and part-time Montana resident Tom Siebel accepted on behalf of the project.

It is funded by the Thomas and Stacey Siebel Foundation. The project begun in 2005 aims to discourage first-time use of meth by teenagers. The campaign includes gritty television, newspaper and billboard portrayals of meth users.

The project is Montana's largest advertiser, and its messages reach 70-90 percent of the state's teens at least three times a week, according to the White House. Besides the advertising, the project includes work to mobilize community groups against meth.

"The Montana Meth Project is a key component of a balanced strategy against meth and is an extraordinary example of the results we can achieve when we combine the power of advertising with the dedication and expertise of the leaders of this community," Walters said.

Larimer/Weld Summit Takes On Meth Issue (COL)

The Coloradoan, October 16, 2006

About 100 community leaders looking for solutions to the growing use of methamphetamine in Larimer and Weld counties gathered today for a day-long summit at The Ranch, Larimer County's fairgrounds and special events complex.

Participants were told meth, a powerful stimulant that is highly addictive, takes a toll not only on users but on the community as well, through higher human services costs and a clogged criminal justice system.

About 80 percent of the meth found in the United States comes from Mexico or large “super labs,” said John Horton, associate deputy director of the White House Office of National Drug Control Policy.

The number of small labs in the country is down 29 percent in recent years, he said.

Partnerships between governments at home and abroad are needed to curtail the production and use of the drug, Horton said.

“We know we can make a difference when state, national and local communities come together,” he said. “That’s why drug use is down in this country.”

Officials Discuss Growing Problem Of Meth Use At Regional Summit (GT)

Greeley (CO) Tribune, October 17, 2006

Multiple, easily-accessible chemicals melded into one substance has created a drug of choice that has led to many social problems.

The problem of methamphetamine use has become so large in the region that its abuse prompted leaders from Weld and Larimer counties to gather Monday at The Ranch in Loveland to discuss the problem of the drug's abuse in northern Colorado.

About 70 people participated in the day-long brainstorming session. State, county and city government officials, law enforcement representatives and people from local treatment centers in both counties joined the discussions.

John Horton, associate deputy director for state and local affairs in the White House Office of National Drug Control Policy, spoke early in the meeting about the national problem. He said local governments need to lead the way in tackling the problem and he applauded Colorado's laws that make it more difficult to purchase ingredients used for the drug.

Experts talked about the drug problem that is correlated with child abuse and neglect. More information about the addictive drug set a solemn tone at the meeting.

Deb Hill, a drug and alcohol counselor at Island Grove Regional Treatment Center in Greeley, spoke about the day she discovered meth. The day before she graduated high school, one of her cousins shared the drug with her.

"As soon as I used that first line I knew that things were going to change," Hill said.

But things didn't change immediately. Hill said she found a substance that gave her a surge of energy and empowered her when she was uncomfortable.

"Methamphetamine worked for me," Hill said. "I used it for the weekend and stopped in time to go to work."

Eventually she used the drug during the week and couldn't hold a steady job. Hill said she ended up in a homeless shelter with a 6-month-old child and eventually gave birth to her third child who was born affected by the drug.

But all was not lost.

"We do recover," Hill said. "We become responsible, productive, loving parents."

That message hit Scoot Crandall, executive director of TEAM Fort Collins.

"I came here with the idea that there's no such thing as a recovering meth addict, but that's not true," Crandall said.

Area leaders shared ideas about how to prevent, intervene and treat addictions. Possible partnerships could develop in the future.

"There was good dialogue," said Weld County Commissioner Dave Long. "That's always the beginning step. Everybody had open minds. Now we just have to draw on what the positive ideas are."

Plan Called A Meth Gateway (DENP)

Denver Post, October 17, 2006

Loveland - A proposal on the state ballot to loosen marijuana laws in Colorado would make it harder to fight the war on methamphetamine abuse, a federal drug official said Monday.

John Horton, a former Oregon prosecutor, said Amendment 44 - which would allow people 21 and older to legally possess an ounce or less of pot - would make marijuana accessible to more people and allow them to fall victim to the highly-addictive and destructive properties of methamphetamines.

"Many meth addicts say they started with marijuana," said Horton. "So I don't think we want Colorado to be a testing ground for new marijuana laws."

Horton, associate deputy director for state and local affairs in the White House Office of National Drug Control Policy, spoke at a summit sponsored by officials in Larimer and Weld counties.

The meeting was called to compare notes and arrive at strategies to deal with the spread of methamphetamine use and meth labs in northern Colorado.

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Both counties report big increases in meth use in just the past few years. In Weld County, for instance, the Island Grove Treatment Center in 2005 saw a 62 percent increase in women who were pregnant and admitted using meth and a 20 percent increase in the total number of those admitted - 860 - who reported meth use.

Meth is highly addictive and often leads to job loss, homelessness, health problems and deadly violence, say officials and past users.

Deb Hill, a counselor at Island Grove, said she was seduced by meth just before her high school graduation. The drug made her feel confident and outgoing, two qualities she lacked.

"When I used that first line, I knew things were going to change for me," Hill said.

But slowly meth began to chip away at her life and she lost her family and became homeless. "I had track marks up and down my arms, and I went 12 days without sleep or food," Hill said. "I knew my life didn't work."

Social service workers helped her recover, and she implored the 100 or so gathered at Monday's summit to work together to solve the meth problem.

"You are the decision-makers; you are the movers and shakers. You can make a difference," Hill said.

Horton said there have been strides in cutting meth traffic, including reducing the number of small labs in the country by 29 percent. He said efforts like Amendment 44 would only hurt the fight, however, because marijuana is a "gateway drug."

Mason Tvert, campaign director for Amendment 44, said Horton and other officials are using scare tactics to sink the proposal. Recent studies have shown marijuana's status as a gateway drug is overblown and most illicit drug users start with alcohol and tobacco, Tvert said.

He added: "They need to point out to people that there are other drugs out there we need to talk about besides marijuana."

Colombian Man Gets 15 Years In Cocaine Bust (NDN)

Naples Daily News, October 16, 2006

A Colombian man caught with nearly two tons of cocaine in international waters was sentenced today in Fort Myers to 15 years in prison.

Leopoldo Caiceda Caiceda, 57, of Buenaventura, Colombia, pleaded guilty in June to possession of cocaine and conspiracy to possess with the intent to distribute cocaine.

He was found last December along with three other men in a fishing boat off the coast of Costa Rica. In their wooden fishing boat U.S. Coast Guard officials found 3,500 pounds of cocaine, said Chief Assistant U.S. Attorney Doug Molloy.

"The retail value of this is almost unimaginable," Molloy said.

The drugs are suspected of being en route to Florida, which is why Caiceda was being prosecuted here. Caiceda's 190-month sentence was the harshest among the men found in his boat. He was considered the captain of the boat, which is why he received the harshest punishment from U.S. Magistrate Sheri Polster Chappel, Molloy said.

Fellow Colombians Victor Manuel Lemos Vasquez, 37, of Calle-Primera; Mauro Luis Badillo Lozano, 41, of Bahia Solano; and Jaime Beltran, 53, of Cali; each received 135-month sentences.

This is the second time Caiceda was caught transporting drugs. In the mid-1990s he was picked up with 27,000 pounds of marijuana, Molloy said. For that offense he served five years in prison and was deported to Colombia.

Border Patrol, Lawmen Outgunned By Cartels (HC)

By Michelle Mittelstadt

Houston Chronicle, October 17, 2006

Homeland Security panel also says traffickers are forming ties with U.S.-based gangs

The U.S. Border Patrol and other law enforcement agencies at the U.S.-Mexico border are outgunned by increasingly ruthless and well-armed Mexican drug cartels, a new congressional report concludes.

"The cartels use automatic assault weapons, bazookas, grenade launchers and improvised explosive devices," the House Homeland Security oversight subcommittee report said. "In contrast, U.S. Border Patrol agents are issued 40-caliber Beretta semiautomatic pistols."

The report, scheduled to be released today by U.S. Rep. Michael McCaul, R-Austin, said drug cartels are able to break the encryptions on Border Patrol and sheriffs' deputies' radios.

"Lookouts for the cartels, using military grade equipment, are positioned at strategic points on the U.S. side of the border to monitor movements of U.S. law enforcement," it continued.

Fear of terrorismEven as the traffickers expand their drugrunning routes to smuggle immigrants into the United States, they are forming dangerous alliances with U.S.-based criminal gangs such as MS-13 and the Latin Kings, according to the congressional panel.

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McCaul, whose district stretches into western Harris County, chairs the subcommittee.

The former federal prosecutor expressed concern that trafficking networks could use their delivery routes to smuggle terrorists or weapons of mass destruction into the U.S.

"The thing that keeps me up at night when I think 'What can we do to prevent another 9/11?' is that they own these delivery routes," he said in an interview Monday.

Hezbollah members already have entered the U.S. from Mexico, the report confirmed.

"As if narco-terrorist violence were not enough, extensions of Middle East terrorism have crept into the United States," the report stated. "Islamic radical groups that support Hamas, Hezbollah and Islamiya Al Gamat are all active in Latin America."

McCaul said he commissioned the report to bring focus to the national security threat and rising violence at the border, which has witnessed a spree of murders and kidnappings linked to warring drug cartels, particularly in Nuevo Laredo.

The federal government has added Border Patrol agents, detention beds and high-tech surveillance systems to deter illegal crossings, he said, with less attention to the border's other problems.

"We put billions of dollars in trying to stop the flow coming in, in a more reactive way, and what I'm suggesting is we also need to take a look at the other piece of this problem and identify what is the root cause and attack the root cause head on," he said. "In my view, the head of the snake is the cartels."

McCaul urged better intelligence gathering in Mexico and Latin America. And he called for greater cooperation with the Mexican government to crack down on the cartels.

Still, he acknowledged that expanding the partnership is difficult in light of persistent corruption in Mexican law enforcement ranks and the deadly attacks the cartels have launched on Mexican authorities.

Growing populationCiting federal estimates that the Border Patrol apprehends only 10 percent to 30 percent of illegal crossers, the report said as many as 10 million illegal immigrants may have entered the U.S. last year.

Estimates by the Pew Hispanic Center and other experts peg the illegal immigrant population in the U.S. at 11 million to 12 million.

And while federal law enforcement seized 1.1 million pounds of cocaine and 6.8 million pounds of marijuana, McCaul's staff estimated the total cocaine flow may have topped 11 million pounds.

"While the United States has taken positive steps to secure its borders, much more is needed to combat an increasingly powerful, sophisticated, organized and violent criminal network which seeks to move illegal contraband ... into our country for profit," the report concludes.

Rebel Head Said Plotted To Keep Hostages (AP)

By Hope Yen, Associated Press Writer

AP, October 17, 2006

WASHINGTON, (AP) -- The government said Monday that a top Latin American rebel leader plotted to keep three Americans hostage and use them as political bargaining chips after their plane crashed in Colombia.

But the defense portrayed Ricardo Palmera as a tangential sympathizer of the leftist FARC group who unfairly got caught in the middle after trying to negotiate a deal between guerrilla fighters and the U.S.-backed Colombian government.

"This man had nothing to do with the capture of the three Americans," said Palmera attorney Robert Tucker. "He became the pawn in the power play."

Justice Department attorney John Crabb opened his case by arguing that Palmera — better known by his nom de guerre Simon Trinidad — was guilty on charges of hostage-taking, conspiracy and providing material support to terrorists.

"We'll trade you hostages — including three Americans — for all FARC prisoners in jail. That was Simon Trinidad's offer," Crabb said.

"He admitted he was a member of FARC, he admitted FARC takes hostages," he said. "That man, Simon Trinidad, tried to use them as get out of jail cards for FARC."

Tucker countered that there was little evidence tying Palmera directly to the hostage-taking after the plane carrying the U.S. military contractors encountered engine trouble and crashed in February 2003.

"There's no evidence he's ever seen them," Tucker said. "There's no evidence he ever made any demand or talked to anybody."

A panel of 15 jurors and alternates listened intently. In the courtroom audience sat family members of the three American hostages.

"Despicable," muttered Jo Rosano, mother of Marc Gonsalves, as prosecutors laid out their case against Palmera.

A relaxed Palmera, dressed neatly in a dark suit and green tie, flashed a smile to the packed courtroom audience when he entered the courtroom. Once arguments began, he sat quietly, using headphones to listen to a Spanish translator.

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The jury will decide the fate of Palmera in the 3-year-old kidnapping case, in which three Americans are believed to be held by guerrillas in the thick jungles of southeastern Colombia. The trial is expected to last five to six weeks.

Palmera, 56, was extradited in late 2004 after his capture in Ecuador.

FARC is demanding that the Colombian government release all of the group's imprisoned members, including Palmera, in exchange for the release of 62 hostages. The hostages include the three Americans on the plane — Gonsalves, Thomas Howes and Keith Stansell — who authorities say were defense contractors involved in a counternarcotics mission.

Palmera is also charged in the killings of two others on the plane, U.S. pilot Thomas Janis and Sgt. Luis Alcides Cruz, a Colombian soldier, who were found near the crash site, apparently shot to death. The prosecution has argued that the plane was shot down, although that is in dispute.

The trial is the latest evidence of a toughened U.S. stance against FARC. Since 2000, the U.S. has given more than $4 billion to Colombia to fight the insurgency and the world's largest cocaine industry.

If convicted, Palmera could face 30 years in prison, the maximum allowed under the extradition treaty between Colombia and the United States.

A former banker from a wealthy family, the Harvard-educated Palmera says he took up arms to fight social injustice. FARC, along with a smaller leftist rebel group, has battled to topple the Colombian government for 42 years in a conflict that has claimed more than 3,000 lives every year.

He told The Associated Press in 1999 that he had chosen to "be alongside the progressive people fighting the 10 percent of landowners who are monopolizing 90 percent of Colombia's land."

The group funds itself through drug trafficking, extortion and kidnapping.

US General: Military Aid To Colombia Should Be Reduced (AP)

AP, October 16, 2006

The U.S. military's commander for Latin America says Washington should gradually reduce its roughly $600 million in annual military and anti-drug aid to Colombia, support that has been crucial to putting the region's most potent rebel force on the defensive.

"I'm not concerned there's going to be a loss of funding," Gen. John Craddock said Monday when asked about reports that the State Department wants to phase out Plan Colombia, which has provided the country with some $4 billion in total aid since 2000.

"First of all, there should be (decreased funding), over time. It makes sense. The Colombians are winning," said Craddock, a four-star general and former tank commander who this week ends a two-year stint as chief of the U.S. Southern Command.

"(The Colombians) are taking every year more and more responsibility for the conduct and the resources. That's the way it ought to be," said Craddock, who will be assuming command of U.S. forces in Europe and Africa and of NATO.

In an interview with several news organizations at his headquarters, Craddock said Colombia's defense minister, Juan Manuel Santos, is in agreement with reductions in U.S. military funding.

The U.S. aid has helped President Alvaro Uribe, elected in May to a second four-year term, make Colombia's highways and cities safer and cut the world's highest kidnapping rate roughly in half by putting the leftist Revolutionary Armed Forces of Colombia, or FARC, on the defensive.

And though it is questionable whether Plan Colombia has put a serious dent in drug trafficking from the world's leading cocaine producing nation, from which the FARC and other illegal armed groups benefit, the Colombian military's gains are measurable.

U.S. analysts say the FARC has been reduced by some 5,000 fighters to 12,000 since 2002 as Uribe boosted the number of police and soldiers by 30 percent, created elite anti-insurgency units and benefited from training by U.S. Special Forces and closer intelligence-sharing.

Colombia's military has also gained air mobility with the acquisition of a fleet of UH-60 Blackhawk helicopters.

But Uribe's armed forces have recently been beset by a series of scandals, including accusations of dozens of civilians killed by soldiers who claimed they were rebels and allegations that military intelligence officers have staged bombings and FARC surrenders to make it appear as if they have been weakening the rebels.

The most egregious scandal involved the May massacre of 10 anti-drug police by a military unit - a hit allegedly ordered up by cocaine mafiosos.

On other topics, Craddock said he believes there is greater democracy in the region than when he assumed command two years ago of Southcom's 1,200 soldiers and civilians in the Caribbean and Latin America south of Mexico.

"I think that if you take it on balance and look at the entire region there's cause for optimism," he said, adding that the results of Sunday's elections in Ecuador indicate democracy is working even in that chronically unstable country.

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Leftist economist Rafael Correa, who vowed not to renew the U.S. base at Manta when its lease runs out in 2009, scored far fewer votes Sunday that pre-election polls indicated, forcing a November runoff with Alvaro Noboa, Ecuador's wealthiest man. Noboa is far more acceptable to Washington.

Craddock said the rise of populists in Latin America - he was careful not to name names - highlight his greatest concern about the region: that even with economic growth, little has been done to bridge the wide gap between rich and poor.

"I think that what we're seeing is a recognition that governments have an obligation in the region to eliminate poverty, reduce corruption and reduce the inequality," he said.

Craddock has in the past accused President Hugo Chavez of Venezuela of playing a "destabilizing" role by trying to export his "extreme populist movement" elsewhere.

Asked for evidence of that Monday in the case of Bolivia, Craddock would not comment. But he denied that U.S. military ties with Bolivia have suffered, even as populist President Evo Morales strengthens military cooperation with Venezuela. He said U.S. soldiers are currently planning a humanitarian assistance mission in Bolivia under the "New Horizons" program, in which U.S. soldiers engage in construction projects and provide free medical care.

Craddock's replacement as Southcom chief, Adm. James G. Stavridis, takes over on Thursday. Like Craddock before him, Stravridis wears four stars and comes to the job after serving as a top military aide to Defense Secretary Donald Rumsfeld.

U.S. Taking Wait-and-see Approach On Ecuador, General Says (MCT)

By Carol Rosenberg

McClatchy Newspapers, October 16, 2006

MIAMI - Hailing democratic gains in Latin America, the departing head of the U.S. Southern Command said Monday that the Pentagon is taking a wait-and-see approach to whether Ecuador's elections will lead to the loss of a U.S. military base there.

In a wide-ranging interview with several reporters, Army Gen. Bantz "John" Craddock offered an upbeat assessment of the region where he has overseen U.S. military operations for the past two years. He next moves to Europe as NATO commander.

"I know there's been a lot of rhetoric from presidential candidates in Ecuador," he said - casting vows by the leftist candidate to end the U.S. military presence there as an "if, then" hypothesis.

"We'll have to see how it all sorts out," Craddock said. "And then we'll talk to the new government and see what kind of accommodations and agreements we can reach."

There is no certainty that the United States will have to abandon its down-range air operations at Manta, Ecuador, used by U.S. surveillance aircraft and other forces for anti-drug operations. A runoff election Nov. 26 will pit billionaire banana magnate Alvaro Noboa, who favors close ties with the United States, against Rafael Correa, a leftist who has vowed to close the base. Correa placed second in first-round elections over the weekend.

Craddock came to the Southcom post after serving as senior military assistant to Secretary of Defense Donald Rumsfeld.

His replacement, Adm. James Stavridis, takes command at Southcom Thursday, in a ceremony at the Doral, Fla., headquarters - a nine-mile commute from the Coral Gables residence that comes with the job.

"I won't miss the traffic. But I really like the area," said Craddock, who described South Florida as "eclectic," "international in flavor" and populated with academics and others who have keen interest in the region.

Coral Gables Mayor Don Slesnick, who has been among the staunchest backers of basing Southcom in South Florida, said Craddock led the headquarters at a tumultuous time in the region.

"I'll give credit to General Craddock for giving a steady course of action during his tenure and certainly helping calm the waves of a troubled sea," said Slesnick, who added that Craddock also found time to serve on the Orange Bowl Committee and speak to the Greater Miami Chamber of Commerce.

In the interview, Craddock said he was not concerned by predictions that the United States would cut funds to Plan Colombia, the roughly $600 million a year multi-agency U.S. program that has over the years spent billions of dollars to disrupt the drug trade and insurgencies that profit from it.

"First of all, there should be reductions over time. It makes sense," he said.

"The Colombians are winning, they are taking every year more and more responsibility for the conduct and for the resources. That's the way it ought to be."

In two years on the job, he said he has seen enhanced democracy across the region - and pointed to a dozen elections in the past year as the proof of it.

"I do think there is freedom of expression; look around at the elections this year. Think about it. Twelve or 13 that's happened already. It's been significant. The second round in Brazil, the second round in Ecuador - the process is working!" he said. "It's not like our process. But that's OK; it's fine. Every place is a little different. Some of the countries have 20 and 30 political parties."

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Craddock spoke expansively for nearly an hour in a conference room outside his office, beneath a poster of Uncle Sam pointing and the slogan: "We're at war. Are you doing all you can?"

Craddock said the left-right struggles in the region don't threaten democracy - so long as the people can "hire and fire their government" through elections.

Democracy is endangered, he said, when people take their political grievances to the streets or resort to "extreme viewpoints on the left and right," and, ultimately, violence.

"I know there are many with pessimistic views of Latin America and the Caribbean basin in terms of fragile democracies, populist movements," he said.

"But I think if you take it on balance and look at the entire region I think there's cause for optimism. ... As these democracies, however strong or fragile as they may be, continue to exist and grow, mature, I think that over time, the trends will be positive."

Moonshiners Nearly Extinct In W.Va. (CDM)

By Justin D. Anderson, Daily Mail Staff

Charleston Daily Mail, October 17, 2006

The West Virginia moonshiner is a vanishing breed made all but extinct by economics and modern law enforcement techniques, experts say.

Moonshine is not profitable to make for widespread sale anymore.

And in the modern era of ATVs and helicopter aerial searches, it's harder for a moonshiner to hide.

But moonshine hasn't gone away entirely.

An elderly Roane County man was recently arrested for allegedly shooting his nephew after a night of drinking moonshine. When police found Wayne Howard Mallory passed out in his trailer, they roused him and asked him about the shooting. Mallory couldn't remember anything about it.

In August, authorities seized $1 million worth of marijuana and a moonshine still at a Greenbrier County couple's 29-acre property.

"There's probably a bit of it going on, but I don't think it's a problem," said Paul Cross, agent in charge of the Charleston office of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Cross said his agency hasn't come across a real case of moonshine-making in about seven years. "People get into that stuff to make money," he said. "It doesn't seem to be economically viable to do it at this time."

Paul Rakes, a history professor at WVU Tech in Montgomery, knows a little something about moonshine. His grandfather made it in the basement and ran the exhaust from the still out the chimney.

The classic, romantic image of the moonshiner came from journalists writing after the Civil War, he said.

"The moonshiner, he's this person that's lived this agrarian life and the only thing that made him a criminal was the interference of the government," Rakes said.

Most were farmers who didn't have the means of transportation to get all their corn to market. It was easier to get corn whiskey to market.

People who made moonshine back then had to fight off taxmen -- or revenuers -- who trudged into the mountains to collect on the product. Moonshiners developed an attitude of "negative liberty," Rakes said, which means "If people leave me alone, I'll leave them alone."

Modernization mostly did away with that kind of attitude, Rakes said, but it still exists in some remote pockets of West Virginia. And these usually are the places where there's still some moonshine going around.

However, Rakes said: "The tools to locate and defeat moonshining are so advanced now. They've simply advanced beyond the ability to produce moonshine. It's just too risky.

"And the culture of the people is changing. You have skills and intelligence of the mountain that are passing away with these old practices of rebellion."

As late as 1988, Rakes said he went to a Christmas party where some state troopers showed up and brought some "excellent" hooch. He didn't ask them where they got it.

Kevin Barksdale, who teaches Appalachian history at Marshall, said the moonshine that's still around today is mostly made and kept within the small circle of family and friends. "It's always been a very familial thing passing around the jar," he said.

There's still pride in being able to make a good batch, he said. The social stigma of breaking out a jar seems to have passed, too. Barksdale said he was just at a bluegrass concert when, in the middle of the show, someone pulled out a big jar of moonshine.

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Col. David Lemmon, superintendent of the West Virginia State Police and a longtime law enforcement officer can remember busting stills back in the 1950s and 1960s while he was stationed at the Chelyan detachment.

Even back then, he said it was a declining problem. Lemmon said they'd occasionally find a still in an out-building or an abandoned mineshaft.

Lemmon said he remembers patrolling the area around Campbell's Creek back in the early 1960s when he dropped in behind a Beckley man driving a Buick on U.S. 60.

The guy took off and Lemmon gave chase. The suspect went around a curve a little too fast and ended upside down in the creek. Jars of moonshine busted everywhere.

"He was bringing it in," Lemmon said. "He wasn't drunk, he was just driving too fast. He didn't get hurt seriously."

Those days are mostly gone, though, Lemmon said. It's unusual for troopers to make this kind of discovery.

And that's all right for Lemmon, who never did see the big attraction in moonshine, anyway.

"I never did taste any of it that tasted good," he said. "I always thought it smelled like kerosene."

Contact writer Justin D. Anderson at justin@dailymail.com or 348-4843.

IMMIGRATION:

Child Abuse Lawsuit Creates Immigration Waves (CBS2CHI)

By Rob Johnson

CBS 2 Chicago, October 17, 2006

(CBS) CHICAGO A child abuse lawsuit aimed at helping illegal immigrants stay in the country is creating some waves.

Some people believe the lawsuit in support a Chicago mother and her son misses a critical point, and CBS 2's Rob Johnson reports that others believe it's right on target.

The immigration debate has become one of America's most pressing issues. The latest salvo fired came last week with the filing of a class action lawsuit on behalf of children like 7-year-old Saul Arellano, whose mother Elvira is hunkered down in a Humboldt Park church fighting deportation.

The suit names President Bush and Attorney General Alberto Gonzales, among others, and claims that such deportations are a form of child abuse.

"They should be able to live in this country with their parents and that is not happening," said Emma Lozano with the Center Without Borders.

That strategy, says CBS 2 legal analyst Irv Miller, is a long shot.

"It's probably not going to be a class action, which is what the mom and the child want it to be to gain the notoriety," Miller said.

But UIC child psychiatry professor Dr. Bennett Leventhal believes that a child in that type of situation faces real emotional damage.

"I think it would be an abusive thing to forcibly separate children from their parents under circumstances like that where it is clearly avoidable," Leventhal said.

But there are others, like Michelle Jacobsen with the Chicago Minuteman Project, who contend that Elvira Arellano is confusing the entire issue.

"Why did a mother put her child in this situation? Because the government didn't do that to her. The government didn't force her to come over the border," Jacobsen said. "The government didn't force her to fraudulently use a Social Security number or to have a child over here when she was illegal. She made all of those choices herself."

Supporters of undocumented immigrants are planning to have many of these children at a huge rally in Washington on Nov. 3, hoping the president will hear their pleas.

Their opponents vow to continue talking about how they believe illegal immigration is hurting this country.

Some Democrats Send A More Conservative Immigration Message (NYT)

By Rachel L. Swarns

The New York Times, October 17, 2006

CHATTANOOGA, Tenn., Oct. 11 — In Washington, the Democratic leadership in Congress has maintained a united front on immigration, demanding legislation that would legalize illegal immigrants and create a guest worker program to ensure a reliable legal flow of foreign workers.

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But here in Tennessee, and in at least a dozen other fiercely contested Congressional races, Democratic candidates are publicly breaking with that message.

In North Carolina, Heath Shuler, a former Washington Redskins quarterback who is running for Congress, ran a television advertisement declaring he would never "give amnesty" to illegal immigrants. In Georgia, Representative John Barrow has played up his vote to build a fence on the southwest border. In Ohio, John Cranley, the challenger to the Republican incumbent, Representative Steve Chabot, has accused Mr. Chabot of voting to legalize hundreds of thousands of illegal immigrants.

In this state, Representative Harold E. Ford Jr., the Democrat running for Senate, reminds voters repeatedly that federal agents raided his Republican opponent's business and found four illegal immigrants working there. Mr. Ford also proudly describes his vote for the border security legislation passed by the House last year, a measure condemned as anti-immigrant by many Democrats in Congress.

"I'm the only person on this stage who has ever voted for an anti-illegal-immigration bill, matter of fact the strongest in the country," Mr. Ford said this week in a debate with his Republican opponent, Bob Corker. The congressman emphasized that his position put him at odds with his party and with President Bush, who pushed for legislation to grant legal status to illegal immigrants.

The vast majority of Democrats in Congress support their leadership's call for legislation that would grant legal status to illegal immigrants and toughen border security. And politicians of all stripes go against their party leaders, on occasion, to address regional concerns. But the appearance of some candidates vying to be tougher than Republicans on border security, particularly in tight races in conservative states, shows how divisive the immigration issue remains.

The tough border security message is carried mostly by Democrats in the South and the Midwest, where a surge of Hispanic immigration is transforming small towns and cities. In such communities, some candidates are deriding legalization as amnesty, proclaiming border security as their priority or criticizing Republican challengers as failing to stem the tide of illegal immigration.

This stance has fueled an outcry from immigrant advocacy groups, including the National Council of La Raza and the Tennessee Immigrant and Refugee Rights Coalition, which have accused some Democrats of abandoning their principles. They warn that Democrats and Republicans who demonize immigrants risk alienating Hispanic voters, who are expected to constitute a powerful bloc in coming years.

Democratic leaders have been treading carefully. This summer, the Democratic Senatorial Campaign Committee withdrew an advertisement from its Web site displaying images of people scaling a border fence along with images of Osama bin Laden and President Kim Jong Il of North Korea. Several Hispanic groups had complained that it unfairly likened immigrants to terrorists.

"There is a disconnect between what the national party sees as rational policies and what Congressman Ford and other Democrats have determined they need to do to win," said David Lubell, the director of the Tennessee immigrant rights coalition. "These Democrats are trying to out-right the right."

Representative Jeff Flake, Republican of Arizona, who supports the legalization of illegal immigrants, also lamented the emergence of the trend in his state. "It's who can claim 'I'm not for amnesty' and who can say that the loudest," Mr. Flake said.

Republican campaign officials dismiss the phenomenon as insignificant, arguing that most Democrats still remain vulnerable on immigration, particularly among conservative voters.

"Democrats may try to talk a good game," said Carl Forti, a spokesman for the National Republican Congressional Committee, "but most of the incumbents have voting records opposite to what they're now trying to claim."

Some Democrats praise the shift in tone, saying internal polling shows that the traditional message of support for legalization for illegal immigrants lacks the backing of many middle-class voters, regardless of party affiliation.

"They think that Democrats are on the side of illegal immigrants even at the expense of citizens," said Jim Kessler, vice president for policy at the Third Way, a centrist Democratic research group that has conducted polling on immigration. Mr. Kessler, who in recent months has briefed senior Democratic campaign officials and the staffs of dozens of Democratic candidates, has been advising them to take the offense on border security by charging that immigration enforcement has faltered under Republican leadership.

Representative Rahm Emanuel of Illinois, who is leading the Democrats' campaign to win Congress, and Senator Charles E. Schumer of New York, Mr. Emanuel's Senate counterpart, publicly praised Mr. Kessler's research this year.

All three men emphasized that they supported the legalization of illegal immigrants but said that it was important to note the Republicans' weaknesses on enforcement.

Mr. Kessler acknowledged that his message was hard for some Democrats "to swallow." But adopting a tougher message, he said, would make Democratic candidates less vulnerable in the November elections.

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"Immigration is an incredible source of strength for Americans," he said. "But it's also a source of angst for Americans. I don't think we should just shrug that off."

The mounting Democratic ambivalence over immigration was apparent in September in the last frenetic weeks of lawmaking before the Congressional recess.

With the November elections looming, 62 House Democrats voted to support a strict border security measure championed by the Republican leadership, up from the 36 who supported tough legislation last December. In the Senate, 26 Democrats voted in favor of building 700 miles of fencing along the Mexican border, outnumbering the 17 Democrats who opposed it.

Since then, on the campaign trail, Senator Ben Nelson, Democrat of Nebraska, who is up for re-election and often breaks with his party, has accused his Republican challenger of supporting the legalization approach favored by two Democratic senators, Edward M. Kennedy and John Kerry, both of Massachusetts.

"I support border security first; my opponent supports amnesty," Mr. Nelson said in a television advertisement this month.

Tessa Hafen, who hopes to unseat Representative Jon Porter, Republican of Nevada, said this month that Mr. Porter favored Mr. Bush's approach to immigration, "a plan Porter called amnesty." But she acknowledged in an interview that she personally favored legalization, too, along with tougher border security.

In Tennessee, Mr. Corker and his allies in the Republican Party have been trying to raise doubts about Mr. Ford's commitment to border security. In television advertisements, they say he voted against sending the military to the border and against hiring more border agents. They often note that he has voted with his party more than 80 percent of the time.

And in this week's debate, Mr. Corker, who did not return a call for comment, said that the illegal immigrants found at his work site had been hired by a subcontractor.

Mr. Ford, who is known as something of an ambitious maverick in his party, countered that he had made those votes before the terrorist attacks of Sept. 11, 2001, and that he had been tough on illegal immigration since then.

"They think they can come in here and just malign me as this Democrat that is out of touch, whose views don't comport with mainstream conservative values," Mr. Ford said. "But we've been able to withstand that."

Law On Overseas Brides Is Keeping Couples Apart (NYT)

By Eduardo Porter

The New York Times, October 17, 2006

PALM COAST, Fla. — Adam Weaver thought everything was set to bring his Colombian fiancée, Yesenia Meza, to the United States.

But Mr. Weaver did not count on being hindered by a Congressional effort intended to protect women from potential abuse by American men who seek brides from other countries on the Internet. In June, the federal immigration service froze 10,000 visa applications for foreign fiancées because they did not conform with a law that went into effect in March.

Mr. Weaver and Ms. Meza, who were expecting to be together here by now, were caught in the net.

"Smuggling a ton of cocaine into this country," Mr. Weaver fumed, "is probably easier than bringing your fiancée."

The law, known as the International Marriage Broker Regulation Act, or Imbra, is intended to give foreign women and the American government more information about the men who seek so-called mail-order brides.

"This is an unequal partnership where you have somebody dependent on somebody else in a profound way," said Senator Sam Brownback, Republican of Kansas, who was a leading sponsor of the law. "It puts women at a significant disadvantage, in a potentially violent situation."

Reports of violence in international marriages, some of them Internet matches, have increased in recent years. In 1998, fewer than 2,500 foreign women applied to become permanent residents under the Violence Against Women Act, which allows abused wives to apply for residence without the support of their husbands. In the fiscal year that ended in September, 9,500 applied.

The new law has angered many men, who argue that there is no definitive evidence that violence is more likely to take place in an international marriage arranged over the Internet than in a domestic one. Unwilling or unable to find a spouse in the United States, some worry that the law could make it more difficult to find a wife abroad.

"We should have the right to correspond with, date and marry the person of our choosing," said David Root, who has been involved with many women from the former Soviet Union in the past decade but has not married any of them. "The government shouldn't interfere in this."

Helped by the Internet, international matchmaking has mushroomed. In 1999, a report by the immigration service found some 200 international dating agencies in the United States. A study in 2004 found 500.

The immigration service said 37,500 women entered the country last year on fiancée visas or temporary visas for spouses of American citizens. That was a 50 percent increase from 2002, when the temporary spouse visa came into existence, and a

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fourfold increase over the 9,500 women who entered on fiancée visas in 1998. Estimates based on the 1999 government report suggested that one-third to one-half of these visas were for women who had met their American partners through matchmaking brokers.

Under Imbra, dating agencies that specialize in matching American men with women overseas must first obtain information about a man's criminal record and marital history, relay it to the woman and then get her consent before disclosing her contact information. Men must also provide this information to the government when applying for a fiancée visa. Generally, applicants have a lifetime visa limit of two foreign fiancées.

Web sites offer men in affluent countries contacts with women from just about everywhere in the developing world; Brazil, Colombia, the Philippines, Russia, Ukraine and Vietnam are among the most popular countries.

The businesses vary in their approaches. Russianladies.com, owned by European Connections, based in Georgia, charges men for membership and requires a fee for sending and receiving e-mail messages. Two others, A Foreign Affair and Filipina Ladies, organize trips to places like Bangkok, where a dozen men may meet several hundred women.

"It all started with women's lib," said Sam Smith, a former salesman of insurance and mutual funds, who founded I Love Latins in Houston six years ago. "Guys are sick and tired of the North American me, me, me attitude.' "

Mr. Smith and others in the industry said most clients were middle-aged and middle-class, and able to spend several thousand dollars courting a woman overseas. Seventy percent of Mr. Smith's clients are divorced, he said.

Mr. Weaver, a 40-year-old construction manager, had almost given up on dating after a two-year marriage and a strained six-year relationship with a mother of three, which ended when she left him "for a younger man who liked to dance."

At his age, Mr. Weaver figured, the only American women who would be interested in him would be divorced, with a former husband and children in the background. "Been there, done that, not going back again," he said.

Moreover, he said, American women are self-centered, competitive and too critical. "I would prefer a more old-fashioned girl," he said.

Last year, he found Ms. Meza, a Colombian 17 years his junior, on the I Love Latins Web site. "Her profile," he wrote in an e-mail message, "was one of the only ones that said, 'I want to know a man who knows about God.' "

Mr. Weaver bought Ms. Meza a computer, a digital camera and a high-speed connection so they could talk every day by Internet phone. He sends her money on occasion, paying for her English and driving lessons. In September, he visited Ms. Meza in Colombia for the third time.

"My relationship with Yesenia," he said, "is real and more valid than anything I ever had in my life."

Ms. Meza also says she is eager to start her life with Mr. Weaver. "In Colombia most men are womanizers and want to dominate women," she said in a telephone interview. "I want a loving man who will treat me like a queen."

So far, however, they have not cleared immigration. A spokesman for the immigration service said that most of the backlogged visa applications frozen in June had been processed.

"Innocent people are being punished by a law aimed at the misdeeds of a few," Mr. Weaver said. The only time he was ever involved in a violent episode, he said, was a barroom brawl some 20 years ago.

Supporters of the law insist they are not trying to stop marriages between American men and foreign women but say the women should be informed about what they are getting into.

Seeking a woman on some matchmaking sites is not unlike shopping at Amazon.com. The sites often allow men to search for women by age, weight, height, religion and command of English, among other characteristics. And they frequently market the women as untouched by modern American culture.

Russianladies.com states, "Russian ladies are traditional, unpretentious, down-to-earth, and their views of relationships have not been ruined by unreasonable expectations." BarranquillasBest.com offers tips on how to prevent foreign brides from becoming "Americanized."

Randall Miller, a lawyer in Washington who has represented abused women, said such depictions were an invitation to violence.

"The guy doesn't have to be a predator," Mr. Miller said. "He wants to be the king of the house and buys into the promotional claim that he can get a more traditional woman in Russia — she will cook dinner and have sex and otherwise shut up. And he is taken aback when the woman is outspoken and has opinions and wants to get a job."

Two matchmaking companies have sought to block the law in court.

Mr. Weaver, for all his exasperation over the wait, acknowledges that providing the extra information required by the law may be warranted. So does Ms. Meza. But they do not see why they should have to suffer in the meantime.

"If men are investigated it will be good for all women," Ms. Meza said. "But when you are in love and want to go there, you get desperate."

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CONGRESS-ADMINISTRATION:

Losing Faith In The President (WP)

By Alan Cooperman

The Washington Post, October 17, 2006

White House officials realized they had a problem, former staffer David Kuo writes in his new book, "Tempting Faith," when they saw how a panel rated the first applications for grants under the "faith-based initiative," President Bush's vaunted effort to help religious charities.

On a scale of 1 to 100, respected national organizations such as Big Brothers Big Sisters of America scored in the mid-70s to mid-80s, "while something called Jesus and Friends Ministry from California, a group with little more than a post office box," scored 89 and Pat Robertson's overseas aid organization, Operation Blessing, scored 95, according to Kuo.

"It was obvious that the ratings were a farce," he writes, adding that he and other White House aides feared that if the list became public, "it would show once and for all that the initiative was purely about paying off political friends for their support."

Portions of Kuo's explosive book, which formally went on sale yesterday, were leaked last week by MSNBC. They brought heated denials from White House press secretary Tony Snow and other current and former Bush administration officials.

The book is full of insider anecdotes and details, many of which were not reported by MSNBC, and some of which can be read as defending rather than attacking the Bush White House.

In the case of the grant applications, for example, Kuo says that the ratings obviously favored conservative Christian groups but that the White House "really did have nothing to do with" it. The problem, he asserts, is that the "peer review" panel chosen by the Department of Health and Human Services came from the "faith-based policy world."

"There are, at most, 100 people in think tanks, foundations, major nonprofits and the like who really work on these issues and who support the president. Virtually all of them are very compassionate and dedicated evangelical Christians who tend to be politically conservative," Kuo writes. "They were supposed to review the application in a religiously neutral fashion. . . . But their biases were transparent."

Kuo tells a story about meeting a member of the review panel at a party. He says she giggled as she recalled, "when I saw one of those non-Christian groups in the set I was reviewing, I just stopped looking at them and gave them a zero." Kuo says he laughed but, at the same time, was aghast.

"Some in the press would later 'expose' that we in the White House had doled out grants to friends. They were technically wrong," he writes. "We didn't do it. We didn't have to. The White House influence was so great that its will was carried out by other appointees in other departments without thinking."

In addition to being a memoir of his three years in the White House, where Kuo was deputy director of the Office of Faith-Based and Community Initiatives until December 2003, the book is a saga of falling in, and out of, love with conservative Christian politics.

Kuo, 38, recounts that in college, he was a liberal who interned for Sen. Edward M. Kennedy (D-Mass.). But he got a girlfriend pregnant, and they went together to an abortion clinic. "We regretted it. We were relieved. I knew what we'd done. I had no idea what we'd done," he writes.

Haunted, Kuo became an antiabortion activist. When he moved to Washington to work for the National Right to Life Committee and, later, for the CIA, he began attending First Baptist Church in Alexandria. It was there, he said in an interview yesterday, "that I learned that being a good Christian means being a conservative Republican."

Before the age of 27, Kuo took William J. Bennett as a mentor, wrote speeches for Ralph Reed and Robertson, and was domestic policy adviser to then-Sen. John D. Ashcroft (R-Mo.). In 1998, he joined George W. Bush's campaign for president.

Kuo said he was "dazzled" by Bush's talk of compassion. But in his telling, the administration's actions never matched its rhetoric. During the scramble to win tax cuts, for example, the promise of $8 billion per year for charities was scrapped.

To try to climb up the White House's list of priorities, Kuo said, he and others working in the faith-based office offered to politicize their efforts. The White House political affairs office gave them a map of battleground states in 2002, and they used it to plan conferences to win support for GOP candidates. "Smart politics, bad morals," he said in retrospect.

In 2003, Kuo was diagnosed with a malignant brain tumor. It is still growing slowly, he said, giving him perhaps five or 10 years to live.

"I feel a pressing spiritual need to say what I think is important," he said. "And I really think that what is important is to be able to warn Christians about politics, that they should not throw so much at politics, because they're being used, and it will not answer the problems, and it corrupts the name of the God we're trying to serve."

DOJ_NMG_0082356

A Faith-Based Battle For Voters (WP)

By E. J. Dionne Jr.

The Washington Post, October 17, 2006

The very fact that it took David Kuo's book, "Tempting Faith: An Inside Story of Political Seduction," to put President Bush's faith-based initiative back into the news proves that the author's thesis is right.

His argument -- Kuo went on the record with it long before this book appeared -- is that the White House never put much money or muscle behind Bush's "compassionate conservatism." It used the faith-based agenda for political purposes and always made tax cuts for the wealthy a much higher priority than any assistance to those "armies of compassion" that Bush evoked so eloquently.

As a result, the faith-based initiative has largely been off the public radar for years. And after Sept. 11, 2001, the president made the war on terrorism his central cause, both for substantive reasons and because (until now, at least) it proved to be a great vehicle for winning crossover votes. Compassionate conservatism gave way to martial conservatism.

The headlines that have come Kuo's way have focused on the author's claims that White House staffers ridiculed some of their evangelical supporters as "nuts" and "goofy" and that public events surrounding Bush's faith-based initiative were geared toward Republican electoral fortunes. As a former deputy director of the White House Office of Faith-Based and Community Initiatives, Kuo has a fair claim to knowing what he's talking about.

ExposÃ©s of hypocrisy are the mother's milk of Washington journalism. Yet the most useful thing that could flow from Kuo's revelations would not be a splashy exchange of charges and countercharges but rather a quiet reappraisal by rank-and-file evangelicals of their approach to politics.

I hope Kuo's book promotes serious discussions in religious study groups around the country about whether the evangelicals' alliance with political conservatism has actually made the world, well, more godly from their own point of view. What are evangelicals actually getting out of this partnership? Are they mostly being used by a coalition that, when the deals are cut, cares far more about protecting the interests of its wealthy and corporate supporters than its churchgoing foot soldiers?

Kuo is being cut up by some administration loyalists. That's not surprising, but it's painful for me. I met Kuo in the 1990s through a conservative friend and was impressed by the power of his religious faith and his passion for developing a conservative approach to helping the poor that would be as serious as liberal efforts but, in his view, more effective.

The faith-based initiative was one of the few Bush policies I defended against liberal attacks during the administration's early months -- before I concluded that it was not really an administration priority. Kuo and I are both friends of John DiIulio, who briefly headed the faith-based office and brought Kuo in. DiIulio and I collaborated on research into religiously inspired social service work in the 1990s.

All of which is to say that I once hoped -- and, for the future, still hope -- that left and right might meet in some compassionate center to offer support for expanded government help to the needy while also fostering the indispensable work of religious and community groups.

Kuo has always thought that nongovernmental groups could carry a larger share of the load in fighting poverty than I do. Kuo, you see, really is a conservative, although he does acknowledge that not all past efforts by government to help the poor are failures.

Despite our disagreements, I have always shared Kuo's view that liberals who care about the poor should be less squeamish about building stronger alliances between government and religiously based social action work. Government can do things the religious and community groups can't, but the religious and community groups can do things government can't.

Kuo's book comes on the eve of an election in which the odds suggest that voters will administer a strong rebuke to Republicans and the administration. It will thus be read as another argument for why such a reproach is merited.

But the power of his case should be felt after the election. Kuo suggested on "60 Minutes" that evangelical Christians take "a fast from politics." Personally, I don't favor "fasts" from political participation, even if the one Kuo proposes might help the sort of candidates I support. Instead, I hope Kuo's reflections will encourage a less rigidly partisan approach to the role of religious faith in our public life.

When Kuo says there's something wrong with "taking Jesus and reducing him to some precinct captain, to some get-out-the-vote guy," he sounds a trumpet that makes you want to follow him into the battle.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 17, 2006

He's Got Folks Waving Flags -- Red Ones

DOJ_NMG_0082357

David Kuo , the former White House staffer who claims the Bush administration cynically manipulated evangelical Christians, has plenty of GOP loyalists furious with him right now. They can line up behind organizers of the October 2001 "United We Stand" concert, who say Kuo stiffed them to the tune of $25,000.

Kuo was the administration's point man for the star-studded concert at RFK Stadium (featuring Michael Jackson , Aerosmith, James Brown, Janet Jackson, Mariah Carey, P. Diddy, Rod Stewart, Destiny's Child), which was thrown together in the weeks following the 9/11 attacks to benefit the American Red Cross and other relief funds.

Since the principal promoter, Clear Channel Entertainment, was based in Philly, it asked D.C. Republican fundraiser Rob Jennings to help with corporate fundraising. Jennings told us Kuo seized on an idea to hand out 50,000 American flags to the audience and repeatedly assured organizers he could find an underwriter for the $25K cost -- and so the flags were ordered and paid for by the promoter. "It was such a hurried effort that everyone was just trying to do what they could," said Jennings.

The concert came and went -- with all those little flags waving for the cameras -- but the money never arrived, despite Kuo's continued promises. Kuo eventually stopped returning calls, and organizers were quietly asked by the White House to back off, said Jennings. He added that he didn't see Kuo again until he popped up on "60 Minutes" Sunday promoting his new book, "Tempting Faith: An Inside Story of Political Seduction."

"If I did something wrong, I'm sorry," said Kuo yesterday. "That's all I'm going to say, just to save time and apologize to people. I don't want to have hurt anybody."

Kuo said that he doesn't remember much about the concert discussions, but that he regrets if he didn't produce the promised money. He also notes that plenty of Republicans are determined to portray him in the worst possible light right now: "Of course the long knives are out for me. I've had lots of calls from friends about people who are going to 'take me down' or destroy me. I'm not going to back down. I'll confess to whatever it is, so I can keep on talking about what I want to talk about."

Jennings told us he would like Kuo to take the first $25,000 he earns from the book and write a check to the Red Cross. "That would be the right thing to do."

Kuo called us back to ask us for Jennings's phone number so he can apologize.HEY, ISN'T THAT . . . ?

Â· Former representative Connie Morella and husband Tony at the KenCen's Family Theater on Saturday night, back in town from her diplomatic posting in Paris to see her actor son, Paul , in the title role of " Teddy Roosevelt and the Treasure of Ursa Major."

Â· Former Wizards center Gheorghe Muresan holding court at the annual Meridian Ball Friday night, a dozen black-tie-clad fans craning their necks to chat with the 7-foot-7 star.THIS JUST IN . . .

Â· Vince Vaughn , who never officially acknowledged dating Jennifer Aniston during their widely reported relationship of one year, is now threatening to sue tabloids that claimed he cheated on her with a mystery blonde. A statement from his lawyers, reported by People, added that the stars "had not ended their relationship either at the material time or since."

Internal Specter Review Found No Wrongdoing (RC)

By John Stanton

Roll Call, October 17, 2006

An internal investigation of a senior aide to Sen. Arlen Specter (R-Pa.) and spousal connections to Congressional earmarks found that no illegal or unethical activity occurred, according to a copy of the report reviewed by Roll Call.

However, the report found that Senate ethics rules do not adequately address the large number of spouses, children and other immediate family members who also work as lobbyists, prompting Specter to institute a series of changes to his internal rules of conduct.

The investigation was conducted following news reports that questioned the role that Specter aide Vicki Siegel may have played in securing earmarks sought by clients of a lobbying firm founded by her husband.

The report, completed last spring, looked at six earmarks given to clients of American Defense International, a lobbying firm founded by Siegel's husband, Michael Herson.

In all six cases, internal office records showed that for the earmarks Specter helped secure, aides to Specter were lobbied either by company officials directly or by other lobbyists not associated with Herson. The report also concluded that Herson worked on behalf of these clients on unrelated matters and limited his lobbying in the Senate to the delegations of other states.

Nevertheless, the report acknowledged that a lack of controls on the access of Herson and other lobbyists with familial ties to Specter aides led to the appearance of a conflict of interest, and it recommended a series of firewalls to limit access to the office. These included a ban on family members of aides lobbying Specter or his staff; barring aides from dealings with firms that employ their family members; and full disclosure of any such relationships throughout the earmark consideration process.

Specter put those changes in place this spring, an aide said, noting that staff members were also required to attend a briefing by a Senate Ethics Committee aide.

FBI agents in April reviewed financial disclosure forms for Specter on the same day that USA Today published an article about lobbyists, relatives and earmarks.

However, Specter's decision to order an internal investigate his own staff and change his rules is contrasts with the more defensive posture taken by some other lawmakers who have come under scrutiny for their earmarking efforts.

Hastings Leads Way In Page Investigation (AP-Y)

By Matthew Daly

AP-Yahoo, October 17, 2006

He would rather talk about the latest apple crop, but these days Rep. Doc Hastings is spending more time scrutinizing salacious allegations against a former colleague.

Hastings, a 65-year-old Republican from Washington state, is chairman of the House ethics committee, which is investigating sexually explicit electronic messages sent by ex-Rep. Mark Foley to teenage male pages.

A former small-town paper supplier who represents a rural district best known for its apples and pears, the taciturn Hastings has long sought to blend into the scenery on Capitol Hill. Before taking over the committee last year, he had never held a Washington news conference.

That changed when the committee got the politically uncomfortable job of investigating former House Majority Leader Tom DeLay, R-Texas. The panel had hardly begun meeting before DeLay resigned from Congress.

Now Hastings finds himself in the spotlight again as he leads the Foley inquiry. Foley, R-Fla., resigned last month after he was confronted with instant messages sent to former male pages.

While clearly uneasy about his renewed visibility, Hastings pledges that the Foley investigation will go wherever the evidence leads.

"I take that responsibility that I have as the chairman of the ethics committee very seriously," he told The Associated Press. "Life gives you all sorts of responsibilities, and sometimes you just have to deal with them. I feel very confident in the direction we are moving."

While still in its early stages, the inquiry already has had some missteps.

After an Oct. 5 news conference announcing the investigation, critics accused Hastings of being too close to House Speaker Dennis Hastert, R-Ill., a key focus of the Foley investigation. Some Democrats and others contend Hastert and other House leaders did not do enough to stop Foley after they became aware of some of the electronic messages he had sent.

Asked whether he personally supports Hastert, who named Hastings to lead the ethics committee, Hastings said, "I think the speaker has done an excellent job."

Hastings later clarified that his remarks were "not related to the matter at hand here."

"They should have brought in an outside counsel," said Fred Wertheimer, president of Democracy 21, a group that monitors congressional ethics. The ethics panel rejected that idea in favor of a four-member subcommittee of two Republicans and two Democrats from the full committee.

The lack of an outside counsel "gravely undermines the public credibility of the House investigation and calls into serious question whether we will ever get to the bottom of what happened here," Wertheimer said.

Hastings and Rep. Judy Biggert, R-Ill., also were criticized for old political contributions from Hastert's political action committee. The Keep Our Majority committee gave $2,500 to Hastings in 2000, and $6,000 to Biggert in 2002.

In an interview with the AP, Hastings declined to say whether he expects to have the investigation completed by the Nov. 7 election, as some Democrats and outside groups have advocated.

"We are moving to have this done in weeks," he said. "Obviously there are logistics we have to deal with. We are moving as quickly as we can."

But some critics say Hastings has already shown his hand.

"The doctor was out when the patient was very sick," said James Thurber, a political scientist at American University who has studied Congress. Since Hastings took over the ethics panel in early 2005, the committee has met just a few times.

It was only after West Virginia Rep. Alan Mollohan — the former top Democrat on the ethics committee — stepped down under his own ethics cloud that the partisan squabbles ended. Rep. Howard Berman, D-Calif., replaced Mollohan in April and established a good working relationship with Hastings.

Berman, who has pledged that he "wanted no part of an incumbent protection agency," said he has been impressed by Hastings.

While the two men disagree politically, "on this committee and for purposes of this investigation, we are going to put those partisan considerations totally aside — as I have seen and witnessed from the chairman during the past five-and-a-half months," Berman said.

In a burst of activity last May, the ethics panel announced a flurry of investigations, focusing on Rep. Bob Ney, R-Ohio, with links to convicted lobbyist Jack Abramoff, and on Rep. William Jefferson, D-La., who was at the center of a separate bribery probe. Ney pleaded guilty on Friday in the Abramoff scandal and he faces up to 10 years in prison.

But Thurber said those probes were too little too late.

"I think it's hurt his reputation," he said of Hastings' service on the ethics panel, "and I think he likely will move to get off the ethics committee if the Republicans lose" the majority in November.

Page Board Said Discussed Other Charges (AP-Y)

By Larry Margasak

AP-Yahoo, October 17, 2006

Allegations of improper conduct toward House pages, which do not involve ex-Rep. Mark Foley, were discussed Monday by the board overseeing the program, a Democratic lawmaker said.

Rep. Dale Kildee, D-Mich., the only Democrat on the House Page Board, would not elaborate on whether the discussion involved lawmakers. He said, however, that none of the allegations discussed have been proven.

Kildee commented after he testified before the House ethics committee on the Foley matter. He said the House Page Board held the discussions in a conference call.

"It was about other allegations and I'd like to leave it at that," he said. "Let me just say, not about Mr. Foley. It's only been allegations."

The page board consists of three House members and two House officers, the clerk and sergeant at arms.

Kildee has said previously, and repeated again after his testimony, that he was not informed about Foley's e-mails and instant messages to former male pages until the scandal became public in late September.

Kildee has been on the House Page Board for 21 years.

The GOP: Slugged On The Nose (WP)

By Richard Cohen

The Washington Post, October 17, 2006

"On the nose" is a Hollywood expression. It refers to an idea or a scene or even a piece of dialogue that is too obvious or too good to be true. Hollywood would have said the whole Mark Foley sex scandal is on the nose. Let's just start with the fact that this confessed gay stalker of teenage congressional pages was co-chairman of the Congressional Missing and Exploited Children's Caucus. All over Hollywood, fingers would go to the tip of the nose: Can't we make it Armed Services?

No, we cannot. To change anything at all about the Foley matter would be to trifle with its essential vacuity, its reliance on bigotry and ignorance, its resplendent Beaver Cleaver qualities (congressional pages, for crying out loud!) and, not least, the fact that so far this is the ultimate Washington sex scandal: There is no sex.

Maybe there will be sex. Maybe some underage page or former page will be discovered to have had sex with Foley, but so far this has not happened. This lack of a physical victim -- with the arguable exception of Foley and the entire Republican Party, that is -- may explain why certain GOP congressional bulls, from committee chairmen to the speaker of the House himself, did not bolt from the joint, pulling every alarm on the way out. Foley was creepy and appallingly inappropriate, but so far that seems to be it.

The lack of a victim hardly gets noticed as politicians coil their ropes, measuring Foley or some other poor chap for a proper lynching. Dennis Hastert should have known. George Bush should have known. Karl Rove should have known. (Why not? He knows everything else.) How come this did not come up on one of those unconstitutional wiretaps? Did anyone in the House leadership think of waterboarding Foley? The man was gay after all. What has happened to the Republican Party we used to loathe?

That, too, is on the nose. That this happened to the GOP is too, too much. It is no longer the party of Lincoln but the party of gay-bashing. Its base, its vaunted base, is among those who embrace ignorance of homosexuality and, while they are at it, ignorance of sexual matters in general. It is deeply blue Massachusetts, after all, that has gay marriage -- Did you notice that the late Gerry Studds's "husband" was quoted in some of his obits? -- and the state was once represented by not one but two gay members of Congress (the other being Barney Frank).

Put the finger back on the nose. It was the GOP that stood for family values. It was the GOP that cozied up to churches and preachers who likened homosexuals to the vilest people of all time and called on them to cease their wicked ways, go from homosexual to heterosexual, which everyone knows they can do but will not because, apparently, it is easier to be gay and reviled than it is to be straight and comfy about it.

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With regard to this sort of haranguing demagoguery, the leaders of the GOP have not just looked away, they have encouraged it. They have set themselves up as the little Dutch boys of American politics, their fingers in the dike, holding back such unspeakable X-rated evil that it is a miracle any child in this great country can grow up to be heterosexual or devout or an accountant.

So it is not possible now to call the whole thing off, to say it was overblown and -- look, folks -- nothing happened with Foley and those kids. It is not possible even to suggest that all those kids are not 8-year-olds but American teenagers, some of them undoubtedly sexually active, probably none of them sexually naive. In all likelihood, nothing Foley messaged them was entirely new to them, and it's even possible to argue that, no matter what was said, psychological trauma is not likely to follow.

The abuse of trust is no laughing matter, and the corruption of children is in a class by itself. But a sex scandal-turned-political panic involving just one person lacks a certain something. That it has attained such critical mass, that it threatens the speaker of the House and the GOP majority, says little about the repellent Foley but a lot about how the GOP has been hoisted by its own petard. It's on the nose all right, but sometimes so is life itself.

Reid To Amend Ethics Reports To Fully Account For Land Deal (WP)

By Jonathan Weisman

The Washington Post, October 17, 2006

Senate Minority Leader Harry M. Reid (D-Nev.) announced yesterday that he will amend four years of ethics reports to Congress to more fully explain a real estate transaction that allowed him to collect $1.1 million in 2004.

At the same time, he said he will personally reimburse his political campaign $3,300 that his campaign fund contributed for the Christmas bonuses of support staff at the Ritz-Carlton in Washington, where he lives.

The actions, prompted by reports by the Associated Press, are proving to be a headache for Democrats as they press their case that Republicans have succumbed to a "culture of corruption." The land deal, in particular, has brought comparisons to a real estate transaction last year that netted House Speaker J. Dennis Hastert (R-Ill.) $2 million. In both cases, congressional leaders reaped significant windfalls from land that was purchased in rapidly growing regions and then sold as part of ventures that appear to have obscured the lawmakers' involvement.

Reid spokesman Jim Manley dismissed any comparison, saying Reid noted ownership of the land on his financial disclosure forms. But in his amended ethics statements, he will also note that he transferred ownership to a limited liability corporation in 2001. Subsequent disclosure statements will list ownership under the company's name, Patrick Lane LLC.

"The fact is that this case is simple," Manley said. "He bought the land. He sold the land, and he fully reported that he owned it. Now he's going to go above and beyond all the requirements to ensure the facts are clear for all to see."

Manley said the profit on the deal was about $700,000, after Reid's initial $400,000 investment is subtracted from the amount of the sale.

The Associated Press reported last week that Reid gained the 2004 windfall even though he had not owned the property for the previous three years. Reid had not divulged the 2001 transfer of the land to Patrick Lane LLC, which he co-owned with Jay Brown, a friend and former casino owner.

On the Ritz-Carlton Christmas fund, Reid aides denied any wrongdoing. They said the staff of the hotel, where Reid lives in a condominium, frequently has the burden of additional work because of Reid's political activities. Doormen, valets and other staff members are called on to deal with a stream of visitors and political events.

On advice of counsel, Reid said, he gave the Ritz-Carlton Christmas fund $600 in 2002, $1,200 in 2004 and $1,500 in 2005 from his reelection campaign. Federal election law bars candidates from using political donations for personal use. Reid said he did no such thing but will reimburse his campaign "to prevent this issue from being used in the current campaign season to deflect attention from Republican failures."

Reid Rewrite (RC)

By Erin P. Billings And Kate Ackley

Roll Call, October 17, 2006

Under fire from Republicans for alleged ethical lapses, Senate Minority Leader Harry Reid (D-Nev.) announced Monday that he would amend his financial disclosure reports to more fully reflect a 2001 Las Vegas land deal.

While admitting no wrongdoing, the top Senate Democrat said he has directed his staff to revise his ethics reports to make clear that he didn't sell the property in question in 2001, but merely transferred the title to the land to a limited liability corporation.

Reid also said he would address "two minor matters" left off his original disclosure forms relating to two smaller land transactions.

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Reid called the land transaction a "routine legal move" that allowed him to keep ownership of the land through the LLC until 2004, when he sold it for a profit of $700,000.

"Republicans may believe in cover-ups," Reid said. "I believe in ensuring all the facts come to light."

Reid spokesman Jim Manley said by making the changes to his disclosure forms, "the Senator is aggressively getting ahead of the story."

Crawford Charged. The U.S. attorney's office filed charges Monday against former Food and Drug Administration Commissioner Lester Crawford. He was charged with conflict of interest and making a false statement after an investigation into statements he made about his financial holdings during confirmation hearings before the Senate Health, Education, Labor and Pensions Committee.

Court papers allege that Crawford said he no longer owned stock in the companies Sysco and Kimberly-Clark, even though he "and/or his wife held shares in both" and that he held stock in PepsiCo while looking at recommendations for food labels that would affect the company.

Crawford's attorney was quoted in news reports saying he planned to plead guilty as early as today to charges related to the case.

Senator Reid Used Donations For Condo Tips (NYT/AP)

By The Associated Press

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 (AP) — The Senate Democratic leader, Harry Reid of Nevada, has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton hotel here, where he lives in a condominium.

Federal election law bars candidates from converting political donations for personal use.

Questioned about the campaign expenditures, Mr. Reid's office said Monday that his lawyers had approved them but that he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence.

The bonuses — $600 in 2002, $1,200 in 2004 and $1,500 in 2005 — went from Mr. Reid's re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign "salary" for two years, which Mr. Reid said was a clerical error, and as a "contribution" one year.

Mr. Reid also announced he was amending his ethics reports to Congress to account more fully for a Las Vegas land deal, highlighted in an Associated Press article last week, that allowed him to collect $1.1 million in 2004 for property he had not personally owned in three years.

In that matter, the senator had not disclosed to Congress that he first sold land to a friend's limited liability company back in 2001 and took an ownership stake in the company. He collected the seven-figure payout when the company sold the land again in 2004 to others.

Mr. Reid portrayed the 2004 sale as a personal sale of land, not mentioning the company's ownership or its role in the sale.

Reid To Reimburse Campaign For Donations (AP-Y)

By John Solomon

AP-Yahoo, October 17, 2006

Senate Democratic leader Harry Reid has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton where he lives in an upscale condominium. Federal election law bars candidates from converting political donations for personal use.

Questioned about the campaign expenditures by The Associated Press, Reid's office said Monday his lawyers had approved them but he nonetheless was personally reimbursing his campaign for the $3,300 he had directed to the staff holiday fund at his residence.

Reid also announced he was amending his ethics reports to Congress to more fully account for a Las Vegas land deal, highlighted in an AP story last week, that allowed him to collect $1.1 million in 2004 for property he hadn't personally owned in three years.

In that matter, the senator hadn't disclosed to Congress that he first sold land to a friend's limited liability company back in 2001 and took an ownership stake in the company. He collected the seven-figure payout when the company sold the land again in 2004 to others.

Reid portrayed the 2004 sale as a personal sale of land, not mentioning the company's ownership or its role in the sale.

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Reid said his amended ethics reports would list the 2001 sale and the company, called Patrick Lane LLC. He said the amended reports also would divulge two other smaller land deals he had failed to report to Congress.

"I directed my staff to file amended financial disclosure forms noting that in 2001, I transferred title to the land to a Limited Liability Corporation," Reid said in a statement issued by his office.

He said he believed the 2001 sale did not alter his ownership of the land but that he agreed to file the amended reports because "I believe in ensuring all facts come to light."

Reid labeled the AP story as the "latest attempt" by Republicans to affect the election. AP reported last week that it learned of the land deal from a former Reid adviser who had concerns about the way the deal was reported to Congress.

On the Ritz-Carlton holiday donations, Reid gave $600 in 2002, then $1,200 in 2004 and $1,500 in 2005 from his re-election campaign to an entity listed as the REC Employee Holiday Fund. His campaign listed the expenses as campaign "salary" for two of the years and as a "contribution" one year.

Reid's office said the listing as salary was a "clerical error" and that the use of campaign money for the residential fund was approved by his lawyers. "I am reimbursing the campaign from my own pocket to prevent this issue from being used in the current campaign season to deflect attention from Republican failures," he said.

Residents and workers at the Ritz said the fund's full name is the Residents Executive Committee Holiday Fund and that it collects money each year from the condominium residents to help provide Christmas gifts, bonuses and a party for the support staff.

Federal election law permits campaigns to provide "gifts of nominal value" but prohibits candidates from using political donations for personal expenses, such as mortgage, rent or utilities for "any part of any personal residence."

The law specifically defines prohibited personal use expenses as any "obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a federal officeholder."

Land deeds show Reid and his wife, Landra, purchased a condominium for their Washington residence at the hotel for $750,000 in March 2001. The holiday fund has existed for years at the condo, workers said.

Reid said Monday he believed the expenses were permissible but he nonetheless was reimbursing the campaign.

"These donations were made to thank the men and women who work in the building for the extra work they do as a result of my political activities, and for helping the security officers assigned to me because of my Senate position," Reid said.

Larry Noble, the Federal Election Commission's former chief enforcement lawyer, said Reid's explanation is aimed at a "gray area" in the law by suggesting the donations were tied to his official Senate and political work.

"What makes this harder for the senator is that this is his personal residence and this looks like an event that everybody else at the residence is taking out of their personal money as they're living there," Noble said.

Back in 2000, Congress rebuked powerful House Transportation Committee Chairman Bud Shuster, R-Pa., for among other things creating the appearance, through poor record-keeping, that campaign committee expenditures were for personal rather than bona fide campaign uses.

On the land dealings, Reid announced Monday he had failed to disclose two other transactions on his prior ethics reports and would account for those on his amended reports along with the 2001 sale.

The first, he said, involved the sale in 2004 of about one-third acre of land in 2004 he owned in his hometown of Searchlight, Nev. And he said he had not reported his ownership since 1985 of a quarter acre of land his brother gave him in 1985.

Reid said the failure to disclose those transactions previously was due to "clerical errors" and they amounted to "two minor matters that were inadvertently left off my original disclosure forms."

He had asked the Senate Ethics Committee last Wednesday for an opinion on the 2001 land sale but decided to amend his forms prior to the committee acting.

Reid's announcement came after numerous newspapers nationwide published editorials criticizing both his initial failure to disclose the full details of his Las Vegas land deal and his response to AP's story.

The $1.1 million land deal was engineered by Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial this summer and in other prior organized crime investigations. Brown has never been charged with wrongdoing, except for a 1981 federal securities complaint that was settled out of court.

Ethics experts told AP that Reid's inaccurate accounting of the deal to Congress appeared to violate Senate ethics rules and raised other issues concerning taxes and potential gifts.

Reid Used Campaign Funds To Pay Bonuses To Staff (WT/AP)

By John Solomon

The Washington Times-AP, October 17, 2006

DOJ_NMG_0082363

Senate Minority Leader Harry Reid has been using campaign donations instead of his personal money to pay Christmas bonuses for the support staff at the Ritz-Carlton, where he lives in an upscale condominium.

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Relatives Have 'inside Track' In Lobbying For Tax Dollars (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 17, 2006

Members of Congress and their staffs are barred from using their positions for personal profit. But their spouses and other relatives can — and often do — cash in when lawmakers spend taxpayer dollars.

Lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write, a USA TODAY investigation found. Combined, they generated millions of dollars in fees for themselves or their firms.

The connections are so pervasive that, in 2005 alone, appropriations bills contained about $750 million for projects championed by lobbyists whose relatives were involved in writing the spending bills.

"It smells bad; it is bad," Mickey Edwards, a Princeton University lecturer, said when told of the newspaper's findings. "If it is not already completely outlawed, it should be." Edwards served on the House Appropriations Committee during his 16 years as a Republican congressman from Oklahoma.

USA TODAY examined the family ties between lobbyists and the 94 members of the House and Senate appropriations committees, as well as 250 top staffers who serve those members. Those committees control the federal government's purse strings, allocating hundreds of billions of taxpayer dollars each year.

The family connections between lobbying and lawmaking are prompting complaints that Congress is not doing enough to police itself. No rules or laws prevent lawmakers or their staffs from being lobbied by relatives, and proposals to address the practice have stalled on Capitol Hill.

Neither lawmakers nor lobbyists must report if they are related to each other, so USA TODAY reviewed thousands of pages of financial disclosures and lobbyist registrations, property records, marriage announcements and other public documents to identify which lawmakers and staffers had relatives in the lobbying business.

The newspaper found 53 cases in which relatives of lawmakers or their top aides worked at lobbying firms last year. In 30 instances, those relatives, or firms in which they are principals, sought money in the appropriations bills their family members or their family members' bosses helped write. Of those 30 relatives, 22 succeeded in getting specific language inserted in the bills that guaranteed money for their clients, USA TODAY found. Among them:

·Lobbyist Juliet Pacquing collected $60,000 last year from Rhode Island manufacturer TPI Composites, lobbying disclosure forms show. Her husband, Kevin Cook, is the top staffer for the House Appropriations subcommittee on energy and water, chaired by Rep. Dave Hobson, R-Ohio. In news releases, Hobson took credit for securing money for TPI to develop an Army vehicle similar to the Humvee but with lighter materials. The total: $4.5 million. Hobson said Pacquing's relationship did not influence him.

·Lobbyist William Clyburn Jr., received $60,000 last year from two consulting firms to seek federal funding for the Augusta, Ga., airport, disclosure forms show. His cousin is Rep. Jim Clyburn, D-S.C. In an interview with USA TODAY in July, lobbyist Clyburn said he secured $2.5 million for the airport after speaking with lawmaker Clyburn about having the money put into an appropriations bill. In September, a spokeswoman for Rep. Clyburn disputed that characterization. A day later, lobbyist Clyburn reversed his earlier statement and said he did not speak with his relative about getting funding.

·Lobbyist Holly Piper's firm took in $220,000 last year from e-Cavern, a company seeking federal funding to build an underground facility to protect financial information in a Kentucky cavern. Piper's husband is Billy Piper, chief of staff to Sen. Mitch McConnell, R-Ky., a senior member of the Appropriations Committee and the second-ranking Senate Republican. McConnell added $1.5 million to an appropriations bill for the project. McConnell's spokesman said Holly Piper's relationship had nothing to do with the senator's decision.

·A start-up lobbying firm co-founded by Cindy Young took in $40,000 last year for helping Dynamic Defense Materials win federal funding to develop new body armor for the military. Young's father-in-law, Rep. C.W. "Bill" Young, R-Fla., chairs the House Appropriations defense subcommittee. Rep. Young acknowledged that his daughter-in-law had set up meetings between him and her clients, including the defense contractor. Rep. Young included $1 million in his bill to fund the company's body armor project. He denied there was any special treatment.

Lawmakers who wrote or approved such spending language sometimes received campaign contributions from the clients and the lobbyists that represented them, the newspaper found. For instance, federal records show Rep. Hobson received a total

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of $8,000 in campaign contributions from 2005 through 2006 from Pacquing and executives at TPI, the company that hired Pacquing to lobby him.

"It pays to be related to a member of the appropriations committee," said James Thurber, director of the Center for Congressional and Presidential Studies at American University in Washington. "It shows a serious conflict of interest between those appropriators who are supposed to be appropriating for the public interest and their relatives, who obviously have special access to these individuals.

"In the balance of the public interest vs. private interest," Thurber said, "it seems the public interest loses again."

The lobbyists, lawmakers and staffers who spoke to USA TODAY insist that no special treatment was sought or given. Many lobbyists say they have no contact with their family members on appropriations business, though they admit lobbying others who work with or for their relative.

Lawmakers say they are not swayed by their family ties. That's the position of Florida Rep. Young, whose daughter-in-law Cindy Young is a partner in a small Pennsylvania lobbying firm that primarily serves defense contractors. Rep. Young said his daughter-in-law handles legal and business issues for the firm, but she has not registered to lobby Congress.

"Cindy has said, on occasion, 'Hey, would you see this client?' and I've done that," Young said. "But they don't get any special treatment." He said all of the projects had to have another congressional sponsor before he would meet with company officials or consider funding them — a rule he said he enforces for all lobbyists seeking money from his panel.

Young said he accepts no campaign contributions from any clients of his daughter-in-law's firm. And he points out that he rejected requests from two of those clients because he wanted to give the military more of an opportunity to review the projects. "Bottom line," he said, is that those companies "don't get any special treatment, no different from the clients of any other lobbyists who bring people in to see me."

Young said his daughter-in-law is within her rights to run a lobbying firm, even if it represents companies seeking federal funding from his panel. He said his office consulted with the House ethics committee to ensure that her status with the firm, and his interactions with her and her clients, all were within the scope of House rules.

"My daughter-in-law has a right to make a living," the congressman said. "I don't know that I can see one lobbyist or one attorney and not see another just because she has a relationship to my son."

Last year, clients of Cindy Young's firm won $2 million in funding in the defense spending bill that her father-in-law oversaw. In one case, $1 million was directed to one of Cindy Young's clients, Dynamic Defense Materials, to develop body armor for the military. The money came in the form of an "earmark," a provision that lawmakers add to spending bills for an item or program that wasn't requested by the agency getting the money, or authorized by previous legislation.

Cindy Young did not respond to requests for an interview.

Juliet Pacquing's husband, Kevin Cook, is the top staffer for the House Appropriations subcommittee for energy and water programs. The chairman of that subcommittee — the lawmaker who relies most heavily on Cook as a staffer — is Rep. Hobson.

During the past two years, one of Pacquing's main clients, TPI Composites, has received more than $500,000 in federal contracting work under programs funded by Hobson's energy and water appropriations bill.

Hobson also sits on the Appropriations defense subcommittee. In a defense appropriations bill, TPI got $4.5 million to help the Army develop a composite vehicle similar to the Humvee. In a news release, Hobson took credit for getting the money, noting that some work on the vehicle would be done at a TPI facility in his district.

Pacquing acknowledged that she has lobbied Hobson for defense earmarks on behalf of TPI. But she said she never seeks money under the energy and water bill that Cook helps the congressman write. She said she was unaware that her client benefited from the bill. "I don't lobby my husband," she said. "There's a conflict there."

Pacquing said her lobbying work relies on contacts she made in her previous job as a staffer on the Appropriations defense panel. Those clients, she said, are almost exclusively defense contractors. "I'm just a small fish," she said. "I don't know why you're talking to me."

Hobson said he was also unaware that TPI has a financial stake in programs funded by his energy and water bill. That legislation controls spending for a variety of programs, including research into wind energy technology. TPI manufactures blades for experimental wind turbines being developed by Sandia National Laboratory.

"I didn't even know that the contracts were there or that (TPI) even dealt with Sandia," Hobson said. "There's no problem there, because (the Sandia contracts) were competitively bid. … (But) we have to make sure that we continue to have this firewall" between Pacquing and Cook.

As for the earmark for the Army vehicle, Hobson said Pacquing's relationship to Cook "had absolutely nothing to do with it." He said he has been pushing the Pentagon for years to develop lighter, better-armored tactical vehicles, and TPI has been at the forefront of that effort.

TPI declined to comment. Executives with the company donated a total of $6,000 to Hobson's campaign in 2005 and 2006, federal records show. Pacquing gave $2,000 to Hobson in the same span.

"I don't know whether you can say I encouraged" the contributions from TPI, Pacquing said. "It's just common sense to donate. They've been working with Congressman Hobson, and they'd like for him to be re-elected."

Lobbyist William Clyburn Jr. said he sees no benefit to having family on the Appropriations Committee. The lobbyist is the son of Rep. Clyburn's first cousin, and Clyburn said he grew up calling the lawmaker "uncle." Rep. Clyburn is the third-highest-ranking House Democrat and a member of the Appropriations panel handling transportation projects.

Cedric Johnson, chairman of the Augusta (Ga.) Airport Commission, said that the board knew of the lobbyist's family ties to Rep. Clyburn but that he wasn't hired for his family connections. He said the board sought William Clyburn's help because they knew him from his days as a staffer for then-senator Zell Miller, D-Ga.

Regardless, Johnson said the board could not have won the $2.5 million for terminal improvements without the lobbyist. "He helped us quite a bit with showing us the ropes and what we needed to do to get funding," Johnson said.

In an interview in July — before the newspaper contacted Rep. Clyburn's office — lobbyist William Clyburn acknowledged that he discussed funding for the Augusta airport with his congressman cousin. He didn't credit that relationship for his success. Instead, he talked of the contacts he made during more than a decade in Washington as a congressional staffer and member of the Surface Transportation Board.

"There hasn't been anything that, 'Because Jim is your relative, you're going to get this or that,' " William Clyburn said. "It was really dependent on the network I had developed over the years."

Kristie Greco, a spokeswoman for Rep. Clyburn, told USA TODAY in September that the congressman and his cousin had not discussed the Augusta airport funding or any other business. "He doesn't lobby before the congressman," Greco said of William Clyburn. She suggested that the newspaper contact the lobbyist again.

The next day, in a second interview, William Clyburn reversed what he had told the newspaper in July. He said he discussed other matters with his cousin but had not discussed the Augusta airport funding with him. "Going to a relative, that doesn't make it happen for that project," he said. "You have to have both House and Senate, both Democrats and Republicans."

Just months after Holly Piper left her job as an aide for Sen. McConnell to join the lobbying business in 2004, she married his chief of staff.

Piper went to work for Bates Capitol Group, a Louisville lobbying firm with a client list heavy on Kentucky businesses. One company for which Piper sought money, is e-Cavern, lobbying records show. The company has teamed with local universities to turn a 3-million-square-foot cavern near the city into an underground "technology business park." There, companies or government agencies can build secure facilities to store critical infrastructure and financial records.

As a senior member of the Senate Appropriations Committee, McConnell secured $1 million in federal funding for the facility in 2004, Piper's first year as a lobbyist for e-Cavern. In 2005, McConnell secured another $1.5 million for the project. In those two years, e-Cavern's annual lobbying payments to Bates Capitol climbed from $80,000 to $220,000. Last year, two of e-Cavern's top executives contributed $1,000 each to McConnell's campaign account.

McConnell spokesman Don Stewart said Piper's relationship to the senator's top staffer had nothing to do with McConnell's steering federal funds to the project. "The senator's priorities have been (focused) on making the commonwealth's universities world class, making them competitive," Stewart said, "so that (funding) flows right into his objective."

Stewart said McConnell barred any lobbying contacts between Holly Piper and her husband after they were married. And a year later, in spring 2005, he expanded that policy to forbid anyone on his staff from having any contact with lobbyists who have a relative in the senator's office. Holly Piper has since left the lobbying business and declined to comment.

McConnell's no-contact policy for Piper "was just him trying to go above and beyond what was required," Stewart said. All of his funding decisions are made on their own merits and "are completely justified," Stewart said of McConnell. "He's willing to defend any of them."

In the case of e-Cavern, Stewart said, any lobbying of McConnell or his staff would have been done by the company's other lobbyist at Bates Capitol: company president Hunter Bates — the man who served as McConnell's chief of staff before Billy Piper got the job.

Unlike Congress, the judicial and executive branches have strict guidelines on nepotism and contacts with lobbyists and business interests, said Ronald Utt, a budget expert at the conservative Heritage Foundation think tank.

For example, laws bar executive branch employees from taking action affecting the financial interests of their spouses or minor children. Federal judges are required to remove themselves from cases affecting the financial interests of their spouses or minor children, or when lawyers or parties to the case are related to the judge. "It's particularly troublesome, because (Congress is) in an environment that has very limited, formal ethical standards to begin with," Utt said.

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"The ethics of it are terrible," he said of the newspaper's findings. "It's getting to the point where no one bothers to hide what appear to be raging conflicts of interest."

Utt said it's "both impossible and preposterous" to believe that relatives who are lobbyists don't influence their family members.

Congress appears unlikely to act this year to address how lawmakers and their staff should deal with family members in the lobbying business. As the congressional session enters its final weeks, lobbying bills passed in the spring by the House and Senate have stalled. Congressional leaders have yet to set up a committee of House and Senate members to reconcile differences between the two pieces of legislation. Those differences must be resolved before a final bill can be voted on, let alone passed.

The Senate bill would bar all "official contact" with a lawmaker's office by a registered lobbyist who is an "immediate family member" of that lawmaker — a definition that includes spouses, children and certain in-laws. That bill does not address situations in which a lobbyist is related to a staff member.

The House bill is silent on the issue of lobbying relatives.

Currently, the only official pronouncement on the issue of family ties is an opinion by the Senate Ethics Committee. The committee recommended that a lobbyist related to a senator's chief of staff should not be allowed to lobby anyone in that senator's office. The opinion was never adopted as a rule. And it has no bearing in the House.

"There has to be a serious review of congressional rules in terms of the lobbying done by spouses of members and other relatives," said Fred Wertheimer, a longtime advocate of tighter lobbying restrictions who heads the reform group Democracy 21. "In effect, Congress as an institution has said with regard to all the congressional corruption scandals, 'It's none of your business,' " Wertheimer said. "That's just dead wrong. … It's the public's interest that Congress is responsible for protecting."

Little Accountability In Earmarks (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 17, 2006

Family ties give lobbyists insight into how legislation is written — and access to those who are in positions to secure millions for specific projects.

"These are the insiders' insiders," said Ellen Miller, executive director of the Sunlight Foundation, a budget watchdog group. "Lobbyists rule the legislative process. But lobbyists who are family members really have the inside track."

One of the most popular ways to ensure a project gets funded is by adding a provision called an "earmark" to an appropriations bill.

An earmark commits the government to spend a specific amount on a specific program. Earmarks that benefit companies usually direct money to a project that the companies are hired to handle, not to the companies themselves.

Members of the appropriations committees can add earmarks. Often, their staff members, who write much of the legislation, are in position to encourage their bosses to do so.

John Scofield, a spokesman for the House Appropriations Committee, says earmarks are an appropriate way for Congress to put its stamp on federal policy. "That's the way (the legislative branch) is supposed to work," he said.

There is little accountability in the earmark process, however. Lawmakers can add the language anonymously. Until recently, no rules required Congress to disclose an earmark's sponsor, and the information is not subject to the Freedom of Information Act or other public-records requirements.

The House changed its rules Sept. 14 to require that spending and tax bills include the name of the lawmaker sponsoring an earmark. However, that rule expires Dec. 31.

In the past decade, the number of earmarks in appropriations bills has more than tripled, to almost 16,000 in 2005, according to the Congressional Research Service. Taxpayer groups and fiscal conservatives in Congress point to earmarks as a major source of waste.

"There's no question that unaccountable earmarking leads to wasteful spending and special favors for campaign contributors or family members who are lobbying for stuff," Miller said.

Occasionally, a company will announce that it has received funding via an earmark. Lawmakers sometimes take credit for them, too, to show that they are fighting for a local project.

In February, USA TODAY reported that Sen. Arlen Specter, R-Pa., added 13 earmarks over four years that set aside almost $50 million for clients of a lobbyist married to a top aide.

Specter said he did not know the beneficiaries were clients of his aide's husband. The FBI is now investigating whether the aide, Vicki Siegel Herson, broke the law by helping her husband Michael Herson. Specter has said he did nothing wrong.

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Congress's Charity Cases (NYT)

By Frances R. Hill

The New York Times, October 17, 2006

Coral Gables, Fla.

A REPORT issued last week by the minority staff of the Senate Finance Committee details how the fallen lobbyist Jack Abramoff exploited tax-exempt organizations — both sham nonprofits and otherwise legitimate charities — to move money from clients he disdained to congressmen he hoped to influence.

Why were charities Mr. Abramoff's go-to vehicles as he sought to transfer funds covertly through Washington's corridors of power? The primary attraction was their opacity: their ability to raise money in any amount, without limit, from any individual or entity anywhere in the world without disclosing the contributors to anyone.

This makes good sense for honest charities helping people in need. But Mr. Abramoff took advantage of this situation to circumvent campaign finance laws and Congressional ethics rules and provide illicit benefits to powerful politicians.

Though members of Congress are subject to strict rules regarding gifts, travel and entertainment, there have long been exceptions for "value received from charity" — ostensibly to permit officials to help charities raise money for worthy causes.

So the tax-exempt treasuries of willing nonprofits like Americans for Tax Reform, run by the Republican strategist Grover Norquist, became conduits through which funds from lobbyists like Mr. Abramoff and other special interests were transferred to elected officials, their families and their aides in the form of lavish travel, expensive meals, golf outings and tickets to sports and entertainment events.

The rules that govern charitable giving obscured the true source of these gifts, while at the same time affording lobbyists private access to the congressmen they were trying to influence.

In its 2003 decision upholding the campaign finance law, the Supreme Court repeatedly expressed its concern that tax-exempt organizations could be abused in just this way.

And now this grim report from the Senate Finance Committee's Democratic investigators should remind Congress and tax-exempt organizations that reform is overdue.

The guiding principle should be simple and direct: a politician's only relationship with a charity should be as a contributor. Elected officials should not accept travel or meals or golf course fees, even if they claim that participating in charity events will induce others to write checks for a good cause.

In order to put this principle into effect, Congress should begin by eliminating exceptions in ethics rules, campaign finance laws or lobbyist registration laws for benefits channeled to politicians through nonprofit, tax-exempt entities.

Any funds or benefits that a charity gives to a politician or a political committee should be traced back to the original contributor on regularly-filed disclosure reports. Just as important, politicians should be prohibited from raising money from third parties for charities they control, directly or indirectly.

If politicians help other charities raise money, they should accept absolutely nothing in return from those organizations or any organizations related to them. The same rules should apply to politicians' spouses, children and children's spouses, as well as to current and former staff members and their immediate families.

Finally, Congress should establish an electronic database where members list all their contributions to charities, benefits they receive from charities and their leadership positions in such groups.

As I.R.S. commissioner Mark Everson noted back in January, when the government announced Mr. Abramoff's plea agreement, "The mixing of politics, money and charities is, simply stated, a bad cocktail."

Indeed, it's distressing to see that in exchange for a taste of the high life, members of Congress were apparently selling what cannot be for sale in a representative democracy — access to the public policy process and possibly even their votes. Charities serve many indispensable purposes, but financing the livings of the powerful and privileged is not one of them.

President Bush To Visit Greensboro Elementary (News14NC)

By Kira Mathis

News 14 Carolina, October 16, 2006

GREENSBORO -- One Greensboro elementary school will be welcoming a very exciting visitor this week. President Bush is scheduled to visit Falkener Elementary School on Wednesday, and that means Greensboro has plenty of preparing to do in time for the president's big visit.

"I didn't believe it," said Principal Amy Holcombe, "I thought it was one of my brothers playing a joke on me at first."

But the news that Holcombe heard was no joke at all. President George W. Bush will in fact be visiting her school on Wednesday

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The White House picked Falkener Elementary because it is a successful example of the No Child Left Behind legislation.

President Bush is scheduled to visit Falkener Elementary School on Wednesday. The White House says Falkener is a successful example of the No Child Left Behind legislation.

"We're very honored to have him come and visit Falkener. We're sure he picked the best school he could have," Holcombe said.

Students at the school have already made a sign to welcome the president. It also has a special message for the first dog, Barney.

"They're thrilled. The students are so excited about the visit. It's all they're talking about around the school today," Holcombe said.

The school is also taking extra steps in the classroom, so the students realize the meaning of the visit.

These school children will spend time this week learning about the significance of the visit.

"We're putting an additional focus on this particular area of the curriculum. Our students normally study local, state and federal government but we're shifting that to this week, so they have a heightened awareness of who is coming to visit and the significance of the visit," Holcombe said.

That means until Wednesday, Falkener Elementary will put all of its effort into making the school look great for President Bush's visit.

Falkener Elementary School has only been open for five years, but it has continually met adequate yearly progress and they have been named a School of Distinction in North Carolina.

President To Visit Greensboro Students (WGHP)

WGHP-TV High Point, North Carolina, October 16, 2006

Greensboro -- President George W. Bush returns to the Piedmont Wednesday. Among his stops will be Greensboro's Falkener Elementary.

The national recognition will spotlight the success Falkener has made in raising test scores. The majority of the school's students come from economically depressed backgrounds.

The success, according to Principal Amy Holcombe comes after hard work and good student-teacher relationships. The school uses money from the federal No Child Left Behind program.

Holcombe said the President plans to visit a few classes and plans to speak to all students via closed-circuit television.

As TSP Grows, Participants Get Chance To Chart Future (WP)

By Stephen Barr

The Washington Post, October 17, 2006

Account balances in the Thrift Savings Plan could grow to $200 billion by year's end, the chairman of the board that oversees the 401(k)-type plan for government employees said yesterday.

Hitting $200 billion would make the TSP twice as large as four years ago, Andrew M. Saul , the head of the Federal Retirement Thrift Investment Board, said at the board's monthly meeting. "That's really a milestone," he said.

TSP participants, like many other investors, are benefiting from the recent run-up in the stock market. Since the start of the year, the TSP's international stock index fund has gained 14.55 percent, and the large, common stock index fund has returned 8.49 percent, according to data presented to the board.

Trading costs also have jumped for the TSP, according to data released yesterday. For the first six months of this year, the plan's investment expenses totaled $9.85 million, slightly more than the trading costs incurred by the plan for all of 2005. TSP officials said most of this year's trading costs were driven by increased transactions in the international index fund, which is more expensive to buy and sell in than other TSP funds.

Despite the interest in the international fund, it is not the most popular investment choice for government workers. At the end of September, 37 percent of TSP assets were in the government securities fund and 35 percent in the large, common stock index fund. Only 9 percent of TSP assets, about $16.7 billion, were in the international fund. The rest of the account balances were spread across the bond index, small-company and life-cycle funds.

The life-cycle funds, which were launched a year ago, are showing steady growth. Last month, officials noted, TSP investors pulled out about $689 million from the government securities fund and transferred most of it into life-cycle funds, bringing the balance in those accounts to $14 billion.

The L Funds, as they are known, allow participants to diversify their savings by selecting an investment mix that most closely meshes with the time that they expect to draw down their retirement savings.

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The TSP was created by Congress about 20 years ago and has 3.66 million participants. About 86 percent of workers covered by the Federal Employees Retirement System contribute to the TSP and receive matching contributions from their agencies. FERS-covered employees also qualify for Social Security and a pension.

Other government workers who typically qualify for a traditional pension or military retirement pay do not receive matching contributions from their agencies. About 67.5 percent of employees in the old Civil Service Retirement System participate in the TSP, and 23.6 percent of the armed forces and other uniformed services make contributions.

TSP officials plan to put a questionnaire in the mail at the end of the month to gather feedback on what participants think of their retirement plan and what changes they might support. About 20,000 participants will receive the survey.

Officials hope to use the feedback and a consultant's study to make decisions late this year or next year on whether to recommend new investment options for the TSP, such as real estate, commodities and emerging markets.

Other issues likely to come before the board next year include:

· Whether to ask Congress to require automatic enrollment in the TSP for new hires. Government employees now must sign up for a payroll deduction.

· Whether to ask Congress to designate a new default fund for FERS employees who do not enroll but receive a mandatory agency contribution of 1 percent of salary. That money now goes into the government securities fund, but TSP officials think the L Funds would be a more appropriate, long-term investment.

· Whether to add a Roth 401(k)-like feature, similar to private-sector Roth individual savings accounts, to the TSP. With a Roth option, participants would make contributions with money that had been taxed, but the contributions would grow tax-free and account balances would be withdrawn tax-free. Employees now contribute pre-tax dollars to the TSP and pay taxes when they withdraw their savings.

Our View On Higher Education: Time To Grade Colleges (USAT)

USA Today, October 17, 2006

Fears of proposed database are hypothetical, but need for it is real.

Shoppers looking for a vacuum cleaner or a plasma TV can check Consumer Reports to compare ratings and value. For a car, dozens of websites assess prices, safety and gas mileage.

But for parents and students mulling one of the biggest investments of their lives, a college education, comparison shopping is nearly impossible. The most popular college guides tell more about the test scores of incoming students than about how many came out four years later with a degree. While the federal government calculates graduation rates, nearly 50% of students are missing from the data.

Education Secretary Margaret Spellings wants to change that. Last month, she proposed a privacy-protected database that would collect information on all students attending college. It would open the way to comparative data and greater accountability. But given the controversy the proposal has kicked up, Spellings will likely need a go-ahead from Congress to spend money on it.

While most of the nation's public universities and community colleges favor the plan, private schools are vehemently opposed, arguing that its very existence would compromise student privacy.

That's dubious. The proposed system would not identify individual students by name or give other identifying information, and experience shows privacy can be protected. Forty states have systems that track individual student information for public universities and colleges; 17 of those also gather data from private colleges, according to the National Center for Higher Education Management Systems.

Peter Ewell, the center's vice president, could recall no breaches of individual records. Nor could the National Association of Independent Colleges and Universities, which opposes a federal tracking system.

While fears of compromised privacy are hypothetical, the need for a new system is real. The current state systems are incompatible, so comparison among schools in different states is impossible. Federal statistics miss students who start part-time, enter later or transfer from other institutions.

Better data, through either a comprehensive database or scientifically valid sampling, could answer many pressing questions. Consumers who now see only a school's sticker price might learn what students actually pay, after financial aid is calculated. Researchers might learn why students drop out and where they go. Or what impact college has on their future success.

American taxpayers spend $30 billion a year on financial aid for college students, so they have a right to information about the return on their investment. For parents and students, the average cost of four years of college is $49,000 at a public college and $116,000 at a private school. They certainly deserve a more accurate picture of what they're getting for all that money.

Don't Invade Student Privacy (USAT)

DOJ_NMG_0082371

By David Shi

USA Today, October 17, 2006

College transparency is needed, but tracking individuals would go too far.

The most difficult choices in public policy mimic the most difficult choices in life. Choosing between good and evil is easy; choosing one good over another is not.

This is the real issue behind the intense debate over the Education Department's proposal to require colleges to report individual student record data rather than aggregated totals, as is now done.

Opponents, including most private colleges and universities, agree that greater transparency is a good thing. However, the proposed database would put at risk fundamental privacy rights, especially the right of students to control their academic records — a federally protected right since 1972.

Most of the nation agrees with us: 62% in a recent national survey opposed requiring colleges to report individual student data to the government. Last spring, the House voted to prohibit the Education Department from creating such a database because of privacy concerns. That vote occurred before startling revelations that several federal databases had been compromised, including the department's own student loan system.

Advocates of a new database ignore the wealth of data already available online from colleges, such as Furman University, and from the government. Prospective students have access to graduation and retention rates, financial aid data, estimated student expenses, degrees awarded and much more. Yet the department has done little to make this data user-friendly. In 2004, the National Association of Independent Colleges and Universities proposed a better way to do that, but the plan was met with silence.

We oppose a new individual tracking system because we fear a larger, more intrusive government bureaucracy. Greater transparency and accountability in higher education can be achieved without threatening privacy. To their credit, some proponents of a student unit-record system are willing to try to address our concerns. Yet more needs to be done. My colleagues and I are eager to work with the department to find ways for colleges to provide more useful and accessible data for applicants while protecting parents' and students' fundamental privacy rights.

David Shi is president of Furman University and chairman of the National Association of Independent Colleges and Universities.

Sen. Brownback's Litmus Test (WP)

The Washington Post, October 17, 2006

IF YOU THOUGHT that fights over judicial nominations couldn't get any worse, consider the case of Janet T. Neff, whom President Bush has nominated to a federal district judgeship in Michigan. Judge Neff, who serves on the Michigan Court of Appeals, is part of a multi-judge deal between the White House and Michigan's two Democratic senators resolving a long-standing fight over federal court nominees from that state. Yet in reaching an accommodation with the home-state senators, Mr. Bush finds himself with another problem. For Judge Neff, it turns out, once attended a commitment ceremony for a lesbian couple -- and that has Kansas Sen. Sam Brownback (R) reaching for the smelling salts and blocking the nomination.

Mr. Brownback has said he wants to satisfy himself that the judge was not presiding over an "illegal marriage ceremony" in Pittsfield, Mass., in 2002 -- before the state legalized same-sex marriage. He has written to Judge Neff asking for an explanation, his spokesman says, and will hold up her nomination until he learns the nature of the ceremony and its legality. "It seems to speak about her view of judicial activism," the senator told the Associated Press.

In fact it does nothing of the kind. A commitment ceremony is not a marriage; it has no legal force whatsoever but is a private expression of the love and devotion of two people. The idea that such a ceremony could be "illegal" is deeply offensive; Americans are entitled to gather, speak, celebrate and worship as they see fit. An administration official says Judge Neff has told Mr. Brownback that she didn't preside. But even if she did, that would say nothing about her jurisprudential views -- merely that she wished to help a couple recognize their relationship informally in the absence of state sanction for it. Keeping Judge Neff off the federal bench over such a matter is perilously close to declaring her unfit to serve because she has lesbian friends.

It also does a disservice to Mr. Bush. We have criticized Democrats for obstructing qualified judicial nominees; it is no more acceptable when Republicans do it. In this case, Mr. Bush has finally reached a compromise with Michigan senators to ease one of the more intractable irritants in the wars over lower court nominations. Judge Neff is a piece of that deal, all of which could get derailed if Mr. Brownback does not back off.

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OTHER NEWS:

Lower Deficit Sparks Debate Over Tax Cuts' Role (WP)

By Lori Montgomery

The Washington Post, October 17, 2006

With great fanfare, President Bush last week claimed credit for a striking reversal of fortune: New figures show the federal budget deficit shrinking by 40 percent over the past two years, a turnaround the president hopes will strengthen his push for further tax cuts.

Bush hailed the dwindling deficit as a direct result of "pro-growth economic policies," particularly huge tax cuts enacted during his first term. "Tax relief fuels economic growth. And growth -- when the economy grows, more tax revenues come to Washington. And that's what's happened," Bush said.

Economists said Bush was claiming credit where little is due. The economy has grown and tax receipts have risen at historic rates over the past two years, but the Bush tax cuts played a small role in that process, they said, and cost the Treasury more in lost taxes than it gained from the resulting economic stimulus.

"Federal revenue is lower today than it would have been without the tax cuts. There's really no dispute among economists about that," said Alan D. Viard, a former Bush White House economist now at the nonpartisan American Enterprise Institute. "It's logically possible" that a tax cut could spur sufficient economic growth to pay for itself, Viard said. "But there's no evidence that these tax cuts would come anywhere close to that."

Economists at the nonpartisan Congressional Budget Office and in the Treasury Department have reached the same conclusion. An analysis of Treasury data prepared last month by the Congressional Research Service estimates that economic growth fueled by the cuts is likely to generate revenue worth about 7 percent of the total cost of the cuts, a broad package of rate reductions and tax credits that has returned an estimated $1.1 trillion to taxpayers since 2001.

Robert Carroll, deputy assistant Treasury secretary for tax analysis, said neither the president nor anyone else in the administration is claiming that tax cuts alone produced the unexpected surge in revenue. "As a matter of principle, we do not think tax cuts pay for themselves," Carroll said.

But, he said, "we do think good tax policy can lead to important economic benefits. . . . The size of the tax base is larger than it would have been without the tax relief."

The subtleties of that argument have been lost on the campaign trail. With less than three weeks to go until the Nov. 7 election, Republicans are promoting the good fiscal news, eager to talk about something other than the House page scandal and mounting casualties in Iraq.

House Speaker J. Dennis Hastert (R-Ill.) claimed credit for "driving down the deficit" and accused Democrats of plotting to roll back the tax cuts if they win a majority in the House, a move Hastert said "would destroy jobs and hurt the economy." Bush, meanwhile, called on Congress to permanently extend the cuts, which are scheduled to expire by 2010, at an additional cost to the Treasury of $2.2 trillion by 2016, according to CBO estimates.

Democrats criticized the president for celebrating a deficit that still ranks among "the largest in our nation's history," as House Minority Leader Nancy Pelosi of California put it. And they pointed to CBO projections that the deficit will rise again next year and balloon in coming decades as 78 million retiring baby boomers make claims on Social Security and Medicare.

"The truth is that the administration's fiscal policies have failed," said Sen. Kent Conrad (N.D.), the senior Democrat on the Senate Budget Committee. "They have not benefited most Americans. They have dramatically worsened our long-term budget outlook. And they are putting our fundamental economic security at risk."

Without question, the deficit is receding. Despite spending swollen by storm cleanup on the Gulf Coast and the war in Iraq, the deficit fell to $248 billion in the fiscal year that ended Sept. 30, down from a record $413 billion in 2004, as higher tax receipts poured into the government's coffers.

If growth induced by Bush's cuts doesn't explain the surge, where did all those extra tax dollars come from?

The short answer is spectacularly high corporate profits and the advancing fortunes of wealthy Americans, economists said.

Skyrocketing profits caused corporate tax receipts to jump 27 percent, to $354 billion, in 2006, the largest increase in any tax category. "After three years of strong profits, corporate tax receipts as a share of [the economy] are at levels not seen since the late 1970s," the CBO said in its August budget report.

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Meanwhile, individual income tax receipts rose 12 percent, to more than $1 trillion, largely on the strength of higher salaries, bonuses and non-wage income from stock market gains, a subcategory that climbed by 20 percent, according to CBO estimates.

Why those earnings are increasing so rapidly is, at the moment, a bit of a mystery, economists said, noting that details of individual tax returns will not be available for analysis until 2008. A robust economy and a strong stock market deserve the bulk of the credit, the economists said, but tax collections are growing far faster than the economy as a whole, so those factors cannot completely explain the Treasury's good fortune or suggest how long it might last.

As recently as March, the CBO was projecting a 2006 deficit of $371 billion, despite a strong economic outlook. And administration officials in February predicted that Hurricane Katrina and its aftermath would help push the 2006 deficit to $423 billion, the largest ever in nominal dollar terms. The record is held by the 2004 deficit, though that budget gap was smaller than some deficits of the 1980s when measured against the size of the economy.

"The money flowed in in a way that no one expected," said Douglas Holtz-Eakin, a former Bush White House economist who retired last year as CBO director. "Good economic growth is not the surprise. The surprise is that profits as a whole are so much higher."

Over the past decade, the budget deficit has tracked the economy with seeming indifference to federal tax policy, shrinking during good times and swelling during downturns. The Treasury last saw a huge influx of unexpected revenue in the 1990s, after the Clinton administration and a Democratic Congress raised taxes.

In 2000, the economy was booming and the budget was in surplus when Bush campaigned for president on a promise to cut taxes. The nation then slid into a recession soon after he took office, a downturn exacerbated by the Sept. 11, 2001, terrorist attacks, the cost of the wars in Afghanistan and Iraq, and big job losses. Tax revenue plunged, spending rose, and the budget swung into deficit.

The White House successfully pushed tax cuts in 2001 and 2003, partly as remedies for an ailing economy. At the same time, the Federal Reserve slashed interest rates to four-decade lows to spur consumer spending. The economy gradually gained steam, growing at a faster-than-average pace of more than 3 percent in 2004 and 2005. The housing market took off, corporate profits surged, the stock market rebounded and many upper-income Americans pocketed big gains.

Holtz-Eakin and other economists said they can only speculate about why that economic growth generated a disproportionate jump in revenue. There have been changes in the tax code, such as the 2004 expiration of a tax that allowed businesses to immediately deduct half the value of new assets. Economists said corporations chastened by recent accounting scandals may also be paying more taxes on more of their income. And with large and growing incomes going to chief executives, athletes, entertainers, and even star lawyers and academics, those people are paying more taxes.

"The simplest way to think about it, I think, is we know we have growing income inequality, especially at the top," said Isabel V. Sawhill, a Brookings Institution economist who worked for the Clinton administration. "The very rich are pulling away from the ordinary rich and the middle class. Those very rich people pay higher tax rates. When the distribution of income shifts upward, as it has in recent years, you get a revenue kicker from that."

It's A Faith Thing (WSJ)

By Brian S. Wesbury

The Wall Street Journal, October 17, 2006

With equity markets steadily gaining ground and the Dow Jones Industrial Average reaching record highs, it is getting harder for cynics and pessimists to argue that the U.S. economy is doing poorly. But this does not stop them from trying. Lately, the old class-warrior standby, that "Wall Street may be doing fine, but Main Street suffers," is echoing down the alleyways.

Fortunately, no matter how many times this theory bounces off the walls, there is little in the way of facts to back it up. The so-called "jobless recovery" was dealt a severe blow when the Bureau of Labor Statistics (BLS) reported that its annual recalibration of employment statistics will add 810,000 jobs to its previously calculated total. This is one of the largest revisions in history, exceeding the combined payrolls of GM, Ford, United and American Airlines.

In an additional blow to those who find things to worry about everywhere, the Treasury released its latest estimate of the budget deficit -- now expected to be $248 billion in FY 2006. Just eight months ago, the CBO guesstimated a $337 billion shortfall and the White House forecast a $423 billion deficit.

While cynicism and pessimism are part of human nature, handwringing based on out-of-date models and inaccurate data is unnecessary. Bad data and bad models are a dangerous combination that can bias political views and impact policy decisions. Recent revisions reflect the problem; the very data that caused so much indigestion previously now reveals a strong and resilient economy.

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The driving force behind the good news is productivity growth fueled by innovation. If the 1980s and 1990s saw the invention and proliferation of new technology, the early 21st century is witnessing its implementation. The impact is immense, and it changes everything. The 2003 tax cuts have also played a major role. Before those tax cuts, the economy, job growth and the stock market were sluggish and stagnant. After them -- because they increased the incentives for risk-taking -- the economy and markets improved dramatically.

Business investment has boomed and nonfinancial corporate sector productivity has grown an annualized 4.3% over the past three years -- its most rapid growth in 45 years. Pre-tax corporate profits have doubled in just five years. Still, fears about growth and geopolitics have kept stocks cheap. A simple capitalized profits model (corporate profits divided by interest rates) suggests that even after recent strength, the broad U.S. equity market is 35% undervalued.

Part of this undervaluation reflects a view that the U.S. economy is fundamentally fragile, especially the consumer sector. But as long as tax rates are low, the economy will do just fine. It's a faith thing. Those who lack faith in free markets fret constantly about weak job growth, problems at old-line manufacturing firms and some signs of weakness in incomes. But this pessimistic view is heavily reliant on the BLS Establishment Survey, which was designed in a paternalistic age of large businesses and time-clock punching. It has difficulty capturing small business employment, the self-employed, independent contractors and many limited liability corporations. As a result, I have argued for at least a decade that it misses a great deal of our New Era Economy.

It is easier than ever to start and manage a new business and harder for the government to track those new businesses. Software programmers can work anywhere, any time. So can those who buy and sell on eBay. Masseuses, manicurists, landscapers, realtors, painters, dry-wallers and many other professions are naturals for small partnerships that avoid paying unemployment insurance, which means they escape the BLS establishment survey.

They do show up in a second BLS jobs survey -- the household survey, which is done in person or over the phone, and asks people, not employers, if they are working. A perfect example of these forces at work surfaced two weeks ago when the assets of Tower Records were sold off, including the flagship store on Hollywood's Sunset Boulevard, putting 3,000 employees out of work. Technology -- in this case, digital music downloading -- is boosting productivity rapidly. This type of creative destruction is both real and widespread. If former Tower Records employees use their intimate knowledge of the music business to make a living on eBay or consult to online music providers, they would disappear from the establishment survey, but remain in the household survey.

During the 12 months ending in September 2006, the household survey reported 2.54 million new jobs. Going back 24 months shows 5.5 million new jobs, an annual average of 2.75 million. This exceeds the booming 1995-2000 average of 2.34 million new jobs per year. The household survey, in contrast with the establishment survey, has consistently signaled a resilient economy. And it continues. In the past two months, the household survey has expanded by 261,000 per month, while the establishment survey rose by an average of just 120,000.

But that's not all. Because the payroll survey is the major source for both average hourly earnings and wage and salary estimates, these measures of income have also underestimated potential consumer strength. But like job growth, recent revisions found $160 billion of personal income that was previously uncounted.

This helps to explain the awesome tidal wave of tax revenues flowing into federal government coffers. Tax revenues grew 12% in 2005 and are up by 11.8% this year. Despite lower tax rates, total federal revenues are $410 billion higher this year than they were at their previous high water mark in 2000.

The problem is on the spending side. Federal government spending this past fiscal year was $907 billion higher than it was in 2000 -- the equivalent of adding both the Australia and Ireland GDPs to annual spending. If ranked, total annual U.S. government outlays of $2.7 trillion in 2006 would be the world's fourth largest GDP: Just below Germany, but 10% larger than China's entire economy. These spending increases make it even more amazing that the U.S. economy has been able to grow at a 3.7% annual average rate in the past three years. While pessimists fret about global competition, they rarely think about the fact that U.S. entrepreneurs must compete while carrying a government larger than China on their backs.

My estimates suggest that every percentage point increase in government spending as a share of GDP subtracts roughly 0.2% from real GDP growth. Between 2000 and 2006, spending jumped from 18.4% of GDP to a 20.3% share, a 1.9% increase. Whether this spending is financed by borrowing or taxation, it still crowds out the private sector and reduces potential real GDP growth by roughly 0.4%.

Nonetheless, tax cuts and productivity growth have overcome the negative impact of this spending splurge. Looking back, despite a dozen Fed rate cuts, the stock market did not bottom until the early months of 2003, when the pro-investment tax cut was finally on its way to passage. Since then, the Dow industrials is up 51%, the S&P 500 63%, and the Nasdaq 80%.

The lesson of all this is that when tax cuts and technology work together to encourage productivity growth, the economy and markets perform well. Massive positive revisions to employment and incomes, rising stock prices and a flood of new tax

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revenues paint a much different picture than conventional wisdom had expected. But history is clear. As long as government policies do not hinder entrepreneurship, the U.S. economy can overcome even the most daunting of challenges. Have faith.

Dow Industrials Inch Closer ... Ever Closer (WSJ)

By Peter A. Mckay

The Wall Street Journal, October 17, 2006

The Dow Jones Industrial Average rallied to another record despite a third straight rise in crude-oil prices and analyst downgrades of two of its component companies.

The blue-chip indicator is less than 20 points shy of its first close above 12000, after pulling within four points of that milestone during yesterday's session. The Dow rose 20.09 points, or 0.2%, to 11980.60, up 11.8% on the year. It was the seventh record close in 10 trading sessions,

Market watchers said, as they have several times recently, that investors seem increasingly confident that third-quarter earnings reports trickling out from companies will show strong profit growth. Two Dow components -- International Business Machines and Intel -- rose ahead of their reports due out today.

Although IBM trades on the New York Stock Exchange, these technology-companies' market gains helped to boost the tech-heavy Nasdaq Composite Index, which gained 0.3%, or 6.55 points, to end at 2363.84. It is up 7.2% on the year and just slightly more than seven points below a 5½-year high.

The broad Standard & Poor's 500-stock Index rose 0.3%, or 3.43 points, to 1369.05, up 9.7% on the year and at a new 5½-year high.

Crude-oil futures for November delivery leapt $1.37, up 2.3%, to $59.94 a barrel, the biggest rise in more than two weeks on the New York Mercantile Exchange. The Organization of Petroleum Exporting Countries called an emergency meeting Thursday to discuss an output cut. The cartel's members have disagreed in recent days over whether to reduce production by a million barrels a day and, if so, who should shoulder that burden.

On the year, crude prices are off 1.8%.

"A lot of companies have been able to offset energy costs by raising prices," said Chris Meeker, analyst and portfolio manager at asset-management firm Farr, Miller & Washington. "It's certainly a concern that those energy costs could get out of control again. But it's not enough for us to change our thesis," that large companies like those in the Dow and S&P 500 are poised to do well in the months ahead.

Keeping yesterday's stock-market gains in check, shares in Home Depot and General Electric, both Dow components, fell more than 1%. Analysts at Goldman Sachs downgraded Home Depot to a neutral rating from buy, citing concerns over recent management departures. Merrill Lynch analysts made a similar ratings change for General Electric, citing risks to its long-term earnings.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.76%, or 1.70 points, to 224.56.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.3 billion shares, as 2,305 stocks advanced and 1,014 fell.

Bond prices rose. The 10-year note gained 6/32 point, or $1.875 for each $1,000 invested, pushing the yield down to 4.784%. The 30-year bond rose 10/32 to yield 4.915%.

The dollar weakened. Against the Japanese currency, the dollar fell to 119.12 yen, compared with 119.67. The euro rose to $1.2532, compared with $1.2510.

Stock Market Surge May Boost Charities (USAT)

By Sandra Block

USA Today, October 17, 2006

If the stock market sustains its strong performance through the rest of the year, investors won't be the only winners. Charities will likely benefit, too.

Historically, stock market performance has been closely correlated with charitable giving, research by the Center on Philanthropy at Indiana University shows. Charitable giving rose sharply in the '90s, then dropped off as the market sank.

“I'm very optimistic for charities this holiday season,” says Trent Stamp, president of Charity Navigator, which rates charities. “I think it could be the biggest year in five to 10 years.”

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Most charitable donations are made near the end of the year. “For the stock market to be going up in advance of people making those year-end decisions — that's a good thing for philanthropy,” says Patrick Rooney, director of research for the Center on Philanthropy.

Even before the most recent run-up in stock prices, charities were bullish about prospects for year-end giving. A survey the center conducted this summer found that most charities expect donations to increase during the second half of the year compared with the same period in 2005.

Nearly 60% of charitable groups reported an increase in giving in 2005, according to the Center on Philanthropy. Contrary to what some had feared, donations to relief groups that helped victims of Hurricane Katrina and the Indonesia tsunami did not lead to a drop-off in contributions to other types of charities last year, Rooney says.

Along with the stock market's performance, Rooney says, continued growth in the economy and stable interest rates are likely to encourage charitable giving. Though housing prices have declined, the center's research shows that home values tend to have a lesser effect on charitable giving, he says.

Other factors contributing to a cheery outlook for charity:

·A rise in contributions of securities. Contributions to the Fidelity Charitable Gift fund, which typically receives about 70% of its donations in the form of appreciated securities, are up 29% year to date compared with the same period in 2005, says David Guinta, president of the fund. When stocks do well, contributions of securities typically rise. Donors can deduct the market value of the shares at the time of the contribution and avoid paying tax on capital gains.

·Online giving. Charities expect online giving to rise significantly during the holiday season, particularly among young donors. Though it still represents just 2% to 3% of overall giving by individuals, online giving is tracking the trend in online shopping and banking, according to Network for Good, an Internet site that lets donors contribute to thousands of charities. While the majority of “offline” donors are in their 60s, the median age of donors who contribute through Network for Good is 38, says Katya Andresen of Network for Good.

The Internet is “bringing in a new group of people who haven't been philanthropic in the past,” Stamp says.

Consumers Face Test As Gas Prices Fall (WSJ)

By Joseph B. White

The Wall Street Journal, October 17, 2006

October is turning into a big month for alternatives to century old gasoline car technology.

Just last week, Toyota Motor Corp. officially launched production of its gas-electric hybrid Toyota Camry sedan at its big factory in Kentucky. Toyota's betting that 60,000 Americans a year will want a $26,200 family car that averages 39 mpg.

The small but vigorous lobby that wants auto makers to put more muscle behind so-called "plug-in" hybrid technology got a symbolic boost when AutoNation Inc., owner of the largest chain of car dealerships in the U.S., issued a call for car companies to build such vehicles, and said it will take orders from customers who want them.

A plug-in hybrid takes the technology of a car like the Toyota Prius to the next level by allowing the driver to operate the car solely on battery power for up to 60 miles. The owner recharges the batteries by plugging the car into a wall socket. A plug-in hybrid can still rely on its gasoline engine for longer trips or if the battery runs out. Advocates say that a hybrid car that allows for a significant amount of all-electric operation can save far more petroleum than a conventional hybrid car which needs to run its gasoline engine often.

But that's not all. Fans of European diesel technology, which enables family cars to average around 40 miles per gallon or more, are cheering because after years of wrangling, regulations requiring refiners in the U.S. to remove 97% of the sulfur previously allowed in on-road diesel fuels finally take effect. Ultra-low sulfur diesel is a prerequisite to various car makers' plans to try to re-launch diesel engines as a mass-market alternative for cars and sport utility vehicles. Several car makers have recently announced plans to add or expand diesel models in the U.S. market over the next three years.

To top it off, President Bush on Thursday used the podium of a Renewable Energy Conference in St. Louis to express his enthusiasm for a wide range of oil-conserving technologies, including corn and cellulosic ethanol, fuel cells, and plug-in hybrids, as well as nuclear power, natural gas and coal. The president explicitly linked reducing oil consumption to protecting national security and economic security.

With all of these developments, you'd think the Green Revolution is right around the corner.

There's just one problem: Gasoline is once again getting cheap, or at least, cheapish. That's great if you drive a long way to work. But if you really want to end what the president has called America's "addiction to oil," it's a problem, as the president himself acknowledged.

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"Look, let me just put it bluntly: We're too dependent on oil," Mr. Bush said, according to a transcript posted on the White House Web site. "…And see, low gasoline prices may mask that concern. So, first, I want to tell you that I welcome the low gasoline prices, however it's not going to dim my enthusiasm for making sure we diversify away from oil. "

Mr. Bush's quandary reflects a much longer term dilemma. The U.S. has been having an argument with itself about automobile fuel efficiency for more than 30 years. Over those decades, the momentum of the argument has shifted from one pole to another. In the 1970s, oil prices spiked and Washington for the first time demanded that auto makers meet certain Corporate Average Fuel Economy standards, commonly known as CAFE. The societal urge to escape the squeeze of Middle Eastern oil producers also brought on the 55 mile-per-hour speed limit, a surge in demand for small Japanese cars and Jimmy Carter's cardigan.

In the later 1980s and 1990s, gasoline prices plunged, and American culture lurched back the other way. Cardigans, Drive 55, and econoboxes were out. Hummers and Explorers were in.

The constant in all of this: An unwavering commitment by the government to cheap gasoline.

So instead of clear signals, there is static. The political rhetoric says, "Keep America Strong! Buy a plug-in hybrid that burns E85 ethanol." But the everyday message sent by prices at the gas pump is, "Aren't you glad that $3 a gallon business is over? Fill 'er up."

Moreover, there is no serious talk right now of substantially raising car and truck fuel economy targets -- the better to force fuel-saving technology into production. And there is no serious discussion of reordering national priorities by say, diverting some of the billions spent on highways to construct high-speed intercity rail links.

The big question is, what signals will consumers heed, and what signals will they send?

The next several months will be a test. Auto industry executives say they believe that a greater number of American consumers now rank fuel economy high on their list of priorities, despite the recent gas price drop.

In September, as gasoline prices eased under $2.50 a gallon in many parts of the country, interest in fuel economy oriented gas-electric hybrid vehicles such as the Honda Civic and Ford Escape and the Toyota Prius remained relatively strong, according to data from the Power Information Network. An Escape hybrid, for example, took 24 days, on average, to move off a dealer's lot in August and September, according to PIN data. That compares to 63 days to sell in March. The Escape had an average $1,305 rebate in August and $568 rebate in September. During the past two months, the Civic and Prius moved after just 10 days and 5 days, respectively, with no rebates.

The few diesel cars on the U.S. market aren't quite as hot as the Civic and Prius hybrids. But the diesel Volkswagen Jetta in September sold in an average of just 18 days, compared to 67 days for the gasoline version, according to PIN data.

Meanwhile, data from Edmunds.com, the big shopping site, indicates that many of the best selling large SUVs are still struggling. The average discount offered on a Dodge Durango in September was over $11,000, or about 30% of sticker price. And the vehicles still are sitting unsold for an average of 182 days.

One car to watch is the Camry hybrid. The hybrid Camry is rated at 39 miles per gallon in combined city/highway driving, compared to an EPA rating of 27 miles per gallon in city/highway driving for a four cylinder Camry with a five speed automatic transmission. The Hybrid Camry has features similar to the four cylinder Camry with the most expensive XLE trim level, which starts at $24,700. That puts the hybrid premium at about $1,500. But if you wanted to be rigorous about it, the cheapest Camry sedan starts at $18,270, and the average Camry sells for about $22,700, according to Power Information Network data. On those terms, the hybrid premium is more like $3,500. Toyota says Camry hybrids purchased after Oct. 1 will qualify for a $1,300 tax credit.

Toyota has publicly defined success as selling 60,000 Camry hybrids a year, or 5,000 a month, which is roughly equivalent to 15% of total U.S. Camry sales. If the Camry misses that target, it could be a sign that President Bush is right to be worried about the resolve of Americans to end oil addiction, just because they should.

Energy Shortage (NYT)

The New York Times, October 17, 2006

President Bush touched a lot of the right bases in a speech in St. Louis that focused on the urgent need for increased efficiency and alternative fuels to address the country's energy problems, including its dependence on imported oil. It would be helpful, though, if he could get his Department of Energy on the same page.

One of the department's most important tasks is to periodically review and improve efficiency standards for appliances and other equipment. The department has always been sluggish in issuing these standards. But under Mr. Bush it has been more passive than ever, failing to issue a single strengthened efficiency standard since he took office. It also tried to roll back strong Clinton-era standards for central air-conditioners. Only a lawsuit filed by New York's Eliot Spitzer, nine other state attorneys general and the Natural Resources Defense Council prevented it from doing so.

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Mr. Spitzer and others also sued the department for violating Congressionally mandated deadlines for revising standards for 22 products. In the wake of that lawsuit, and under new management — Secretary Samuel Bodman took the helm at the end of 2004 — the department has at least begun proposing new standards, most recently for home furnaces and for distribution transformers, the gray cans that hang on electric wires and change the voltage on the grid to household levels.

The bad news is that the proposed standards are not nearly strong enough. The standard for distribution transformers, issued for public comment in August, was so low as to antagonize the industry itself — a rare event. Top executives from 10 major utilities, led by Exelon and New Mexico-based PNM, argued that more efficient transformers would not only save energy and cut pollution from power plants but would save the companies money.

For home furnaces and boilers — big users of oil and natural gas — the department proposes only trivial efficiency increases that would leave consumers with heating bills almost as high as their current ones. The department's reasoning seems to be that the more efficient (but more costly) equipment needed for colder climates could impose an unnecessary financial burden on consumers in warmer climates.

At the same time, however, the department said that it did not have the authority to establish regional standards, and instead invited individual states to set their own standards — an uncertain process at best. From where we sit, it appears that a department that has long retreated from its statutory obligations has done so again.

As Talk Radio Wavers, Bush Moves To Firm Up Support (NYT)

By Jim Rutenberg

The New York Times, October 17, 2006

WASHINGTON, Oct. 16 — On an overcast Friday morning last month, White House aides ushered an influential group of conservative radio hosts into the Oval Office for a private audience with the president.

For an hour and a half, Mr. Bush discussed his case for the war in Iraq, his immigration proposals and even the personality of his Scottish terrier Barney, who scratched on the door during the session until the president relented and let him into the office, according to several hosts who attended.

The meeting, which was not announced on the president's public schedule, was part of an intensive Republican Party campaign to reclaim and re-energize a crucial army of supporters that is not as likely to walk in lockstep with the White House as it has in the past.

Conservative radio hosts are breaking with the Republican leadership in ways not seen in at least a decade, and certainly not since Rush Limbaugh's forceful advocacy of the party in 1994 spawned a new generation of stars, said Michael Harrison, publisher of the industry's lead trade publication, Talkers.

Disgruntlement can now be found not only among the more flamboyant radio voices, like Michael Savage, who raged against Mr. Bush's proposals on immigration and other issues, but also among more mainstream hosts, like Laura Ingraham, who told her listeners in the wake of the scandal involving former Representative Mark Foley and under-age Congressional pages, "You have to ask yourself, the people who are in positions of power now in the Republican Party, are they able to credibly articulate the conservative agenda to the American people — to rally the base, to rally the country?"

Such questions, coming from such quarters, have created yet another challenge for the White House and the central party leadership as they work to steer Republicans to victory next month in the face of low approval ratings and dissatisfaction among the party faithful.

Strategists on both sides agree that the party's greatest hope for holding control of Congress now rests with its ability to get core Republicans to vote, and that talk radio, which reaches millions of them, is crucial to the task.

Democratic strategists say talk radio remains a fearsome Republican advocacy force for which they have little direct answer. (Air America, which features liberal hosts, including Al Franken, filed for Chapter 11 bankruptcy last week.) The top two rated conservative hosts, Mr. Limbaugh and Sean Hannity, have done more than their part to rally their listeners this year, especially during the Foley scandal, to the great relief of Republican Party officials. And even those critical of Mr. Bush or the party on specific issues still consider themselves major supporters in general, with perhaps the exception of Mr. Savage.

But Mr. Savage is the third most popular host in the nation, with at least eight million listeners weekly, according to Talkers. And the Democrats have watched happily as he and others have at times sent reverberations of conservative frustration into what they often call the "Republican echo chamber."

The challenge now falls to party strategists to persuade the hosts to overcome the frustrations of many hard-core listeners over issues like spending and border security without alienating them.

"When conservatives are agitated at the president, radio hosts feel pressured to stand with the conservatives against the president to prove their independence," said Tim Graham, an analyst at the Media Research Center, a conservative news monitoring group. But, Mr. Graham said, "realizing what life would be like if we lost the House is concentrating people's minds."

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The White House and the Republican National Committee are hammering home that point in interviews, talking-point bulletins and a healthy dollop of pomp that only a White House can provide.

The effort will peak on Oct. 24, when the administration will hold something of a talk-radio summit meeting, inviting dozens of hosts to set up booths on the White House grounds, where top cabinet officials are expected to sit for interviews.

The party chairman, Ken Mehlman, has already been working overtime on the talk radio circuit. From Wednesday to Friday of last week, he was interviewed a total of 20 times in Missouri, Tennessee and Ohio, promoting party stances on tax cuts and terrorism.

But, several hosts said, the most telling development so far this year was the White House decision to invite some of the most popular hosts to the Oval Office for off-the-record time with the president.

Kevin Sullivan, the White House communications director, said the meeting was among the latest examples of the administration's effort to put Mr. Bush in front of more news media as his own best spokesman. The president also gave interviews recently to several television anchors and held an Oval Office chat with a group of conservative writers.

And Mr. Bush granted an on-camera interview to Bill O'Reilly of the Fox News Channel. The first of three parts ran Monday night.

Still, officials said, the meeting with the radio hosts gave Mr. Bush a chance to speak intimately with a group that reaches an overwhelmingly Republican audience of 30 million people per week.

"You want to make sure that your friends are friendly," said Tony Snow, the White House press secretary, who has been crucial to the effort and who was a conservative radio host who turned harshly critical of Mr. Bush just months before he went to work for him last spring.

Mr. Snow said that while "any party has its disagreements," there was little division among Republicans on the top two issues Mr. Bush has tried to push this year: terrorism and taxes.

And the fight against terrorism dominated the discussion at the meeting.

"This was clearly, clearly an effort to kind of rally the troops when the troops need rallying," said Mike Gallagher, who attended the meeting and whose daily program reaches at least 3.75 million people each week. "They know that we've got an audience of people who may or may not be on the political fence right now."

Mr. Gallagher said that he and the other hosts — Mr. Hannity, Ms. Ingraham, Neal Boortz and Michael Medved — talked about the experience on their programs "for days and days and days."

(Mr. Limbaugh said that he met with Mr. Bush and Karl Rove, the president's chief strategist, in the Oval Office in June, but generally tried to keep his distance to maintain independence.)

On his Web site, Mr. Medved wrote how Mr. Bush spoke about his commitment to his immigration plan in terms of the fight against terrorism. He said the president made a case that if he were to give in to conservative complaints, "the nation's enemies (and the rest of the world) would take away the belief that the president could be bullied, prodded, overwhelmed and intimidated."

Mr. Hannity said of the meeting, "I think he'd have an 80 percent approval rating if he could bring people into the Oval Office six people at a time and explain it all to them."

But Ms. Ingraham, who recently went bike riding with the president, has continued to complain about federal spending, progress in Iraq and, lately, the Republican leadership's handling of the Foley scandal. Ms. Ingraham likened herself to a sports fan who nonetheless has occasional criticism of the coach. But, she said pointedly on her show: "I am not an advocate for the G.O.P. I'm an advocate for conservative ideas."

Bush's Appearances Revolve Around Core Themes (USAT)

By David Jackson

USA Today, October 17, 2006

WASHINGTON — President Bush's political pitch boils down to two words and one argument.

The words are taxes and terrorism. The argument: Democrats are wrong on both.

Those themes dominate the half-hour stump speech Bush gives on behalf of Republican candidates across the country. Seeking to preserve precarious GOP majorities in Congress, he has delivered nine campaign speeches in October and could give as many as 20 more before the elections Nov. 7.

This week, he will speak at a Republican National Committee dinner in Greensboro, N.C., and on behalf of two embattled GOP incumbents, Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia. Sherwood admitted an extramarital affair last year after his mistress sued him. Allen is in a tight race for a second term with Democrat Jim Webb.

"I like campaigns," Bush said at a fundraiser Oct. 4 for Rep. Rick Renzi, R-Ariz. "It's a good chance to explain the philosophy of the two different parties."

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Like an old song with new verses, Bush's basic text is constantly updated. White House communications director Kevin Sullivan said most of Bush's speech comes from the president's handwritten notes, from an outline he developed.

Before each event, speechwriters provide a list of local dignitaries to be acknowledged, Sullivan said. They also provide an insert on the message of the day that is either tied to the candidate's own history or news events. That could mean talking about a candidate's role in energy or environment legislation, in addition to standard hits on taxes and the war on terrorism.

White House spokesman Tony Snow said the president's stump speech also carries a "subtext. He's got a plan, and it's not clear the other guys do."

Democratic Congressional Campaign Committee spokeswoman Sarah Feinberg said she hears a different message: "They are desperate to scare voters in any way they can." She said the middle class does not feel safe or financially secure because of Bush's policies.

Wayne Fields, author of Union of Words: A History of Presidential Eloquence, noted that Bush is "not a very good speechmaker" who sometimes mangles his syntax. For example: In saluting Colorado secretary of State candidate Mike Coffman, an Iraq war veteran, Bush said, "Proud to have been able to call you commander in chief."

This kind of thing doesn't necessarily hurt Bush, Fields said, because many voters regard him as "an ordinary guy in the way he talks."

What's Behind Bush's Stump Speech (USAT)

By David Jackson

USA Today, October 17, 2006

Topic

Bush quote

What he's doing

Notable

The introduction

"I'm proud to be here with … (fill in name)" or "It's good to be in (fill in city or state) ..."

— A typical opening line Bush salutes local officeholders and dignitaries, and the cities he visits. If he's going to make a quip to relax the audience, this is where he'll slip it in. At a Sept. 28 event in Alabama, Bush referred to the 6'9" lieutenant governor candidate, Luther Strange, as "a man who will stand tall" for the state.

This is standard political fare. Bush, like most politicians, adjusts to the situation. For example: At an Oct. 12 campaign event in Chicago hosted by House Speaker Dennis Hastert, Bush defended the Illinois Republican who is under fire for his handling of lurid communications between former representative Mark Foley and teenage male pages. Hastert is "not one of these Washington politicians who spews a lot of hot air."

The first lady

"Now, I wasn't Dean's first choice. He wisely had put in a request for Laura."

— Oct. 2, for Nevada congressional candidate Dean Heller Most Bush campaign speeches contain a homage to the first lady, including an oft-told line about how he married well. If Laura Bush is not in attendance, he says she sends her regards. This is where he'll thank a candidate's spouse.

Bush isn't entirely joking. Laura Bush's popularity has consistently rated above 60% in polls since 2001, and she is considered one of the president's top political assets. The first lady also stumps on her own for Republican candidates.

The economy

"The issue is (if) the Democrats get control of the Congress, they're going to have their hands on your wallet."

— Oct. 4 for Rep. Bob Beauprez, the GOP candidate for Colorado governor The meat of Bush's stump speeches starts with the economy and a call for more tax cuts. He credits them for the rising stock market and falling unemployment rates. Bush accuses Democrats of wanting to increase taxes, such as this Oct. 10 reference to House Minority Leader Nancy Pelosi, D-Calif.: "She said, 'We love tax cuts.' Given her record, she must be a secret admirer."

Pelosi and other Democrats said they support tax cuts that help the middle class. Pelosi says her party's stance is a "stark contrast" from Bush's "tax breaks for the super-rich that have led to a budget that is grossly out of balance and a national debt that is morally indefensible."

The Iraq war and terrorism

"They talk tough on terror, but when the votes are counted, their softer side comes out."

— Oct. 3, about Democrats during an event for Rep. Richard Pombo, R-Calif. Bush spotlights Democratic opposition to a variety of anti-terrorism efforts: the Iraq war, expanded law enforcement powers, a warrantless wiretapping program and techniques used by the CIA to interrogate "high-value" terror suspects.

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Democrats such as Sen. Patrick Leahy of Vermont said the war in Iraq has spawned terrorism. Leahy also said expanded law enforcement authority and warrantless wiretaps spark concerns about civil rights and privacy. Leahy said the bill to be signed today by Bush that establishes rules for CIA interrogation of terror suspects omits "checks against mistreatment of prisoners" that will make it harder to boost the image of the United States around the world.

The last pitch

"If you want people in Washington who are not going to sit back and wait to be attacked again, you make sure you send people like John Doolittle back to the United States Congress."

— Oct. 3, endorsing Doolittle at a California fundraiser As he winds up the terrorism section of his speech, Bush says it's the GOP — and the candidate on stage next to him — that can best keep the nation safe.

Until recently, most polls showed Americans believed the GOP was the party that could best handle issues of national security and terrorism. A new USA TODAY/Gallup Poll finds respondents believe Democrats are now best suited to deal with terrorism, 46%-41%.

Sources: White House and USA TODAY research. Reported by David Jackson. Graphic by Mark Pearson, USA TODAY

Cheney Hits Heartland, And He Can Feel The Love (NYT)

By Mark Leibovich

The New York Times, October 17, 2006

TOPEKA, Kan., Oct. 12 — Grace Mosier lives with her mom and dad, goes to birthday parties, takes ballet classes and is just like a lot of other 6-year-old girls. Except that she happens to be obsessed with Dick Cheney.

"I really, really like him," says Grace, who can tell you what state the vice president was born in (Nebraska), where he went to grade school (College View, in Lincoln) and the names of his dogs (Dave and Jackson). She gets her fix of Cheney fun-facts by visiting the White House Web site for children. It says there that his favorite teacher was Miss Duffield and that he used to run a company called Halliburton.

So when Mr. Cheney came to town Thursday, Grace was at Forbes Field, holding a little American flag and a sign that said, "Welcome, Mr. Vice President, pet Dave and Jackson for me." She watched him get off Air Force Two, step into a car and speed off to a fund-raiser.

"Like a rock star coming to town," says Dene Mosier, Grace's mother. And while Mr. Cheney might be an unusual object for a 6-year-old's fixation, it is probably less unusual here, in the heart of Cheney Country.

The terrain consists of hotel ballrooms, military bases and private homes deep in the reddest of red states like Kansas (where President Bush and Mr. Cheney won by 25 percentage points in 2004). As a rule, people still love Mr. Bush in Cheney Country, at least relative to some locales. But the president cannot be everywhere, so Mr. Cheney comes instead, exposing as he goes the durability and devotion of his party's base.

He is dispatched around the country — to Topeka last week, to Casper, Wyo., the week before, and to Wyoming, Mich., the week before that — to preside over events largely ignored by the national news media but covered big-time by the local press. He raises a lot of cash for the Republican Party and its candidates — more than $40 million at 114 events since January 2005, many of them in off-Broadway political settings like Topeka.

And he reaps a full helping of love.

"How about a big Kansas welcome for Vice President Dick Cheney?" Representative Jim Ryun, a five-term Republican, says at a lunchtime fund-raiser on Thursday.

And a big Kansas welcome he gets: cheers, sustained applause, even some war whoops — yes, war whoops. Loving ones.

"Well, that warm welcome is almost enough to make me want to run for office again," the vice president responds. "Almost."

Mr. Cheney's favorability ratings might be in an underground bunker, somewhere beneath the president's (at 20 percent in the most recent New York Times poll). Critics deride him as a Prince of Darkness whose occasional odd episodes — swearing at a United States senator, shooting a friend in a hunting accident and then barely acknowledging it publicly — suggest a striking indifference to how he is perceived. Even admirers who laud his intellect and steadiness rarely mention anything about his electrifying rooms or people.

But then there are people like these, at the Capitol Plaza Hotel Manor Conference Center in Topeka.

"It's just such a big thrill to see and hear this man," says Marvin Smith, a farmer and former teacher.

Mr. Smith says most people he knows feel the same way, "except for a few of those peacemakers." He means protesters, a smattering of whom are picketing down the street.

"We love him here," Susan Wagle, a state senator, says of Mr. Cheney.

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After a sustained and rollicking ovation that inspires a rare smile with both sides of his mouth, Mr. Cheney starts into a variant of the same talk he has delivered literally hundreds of times. He tells how the first vice president, John Adams, enjoyed Senate floor privileges until they were revoked. (Mr. Cheney has told this story at least 48 times in official remarks since 2001, according to the White House's Web site.)

He skips the bit about how he had been the lone congressman from Wyoming — "It was a small delegation, but it was quality," which he has told at least 67 times as vice president.

He offers his standard homage to tax cuts, a warning about how terrorists are still trying desperately "to cause mass death here in the United States" and a derisive cataloging of the various "Dean Democrats," congressmen including Charles B. Rangel of New York, Henry A. Waxman of California and Barney Frank of Massachusetts, whose influence would grow if the apocalypse came and Democrats took over Congress.

The crowd boos.

"Don't hold back," Mr. Cheney urges.

The crowd laughs.

The lights over Mr. Cheney's head keep getting dimmer and then brighter, the kind of inexplicable distraction that can get an advance person fired but that also adds sizzle to the floor show. (There were no audible requests for Mr. Cheney to crowd-surf, shed his tie or perform "Free Bird.")

None of the Cheneyphiles here are mentioning Mark Foley, the former Republican congressman at the center of the House page scandal, or the precarious hold Republicans might have on Congress or, for the most part, the problems in Iraq. Nor is anyone mentioning Mr. Cheney's unpopularity in the polls, except in terms of all the unfair attacks from Democrats and the "liberal media."

"They throw so much trash at him, it's just unbelievable," says Morris Thomason, a rancher who lives in Belvidere, Kan., but who grew up in Casper, Wyo., Cheney's boyhood home. He spent his formative years with Dick Cheney himself.

Young Dick even came to his 13th birthday party, Mr. Thomason recalls, and gave him a bunch of stamps and a book. They water-skied together in an irrigation canal near Casper.

He has not spoken to Mr. Cheney since the latter was secretary of defense in the first Bush administration, or, Mr. Thomason says, maybe it was when he was chief of staff under President Gerald R. Ford. He will not be seeing him today, either, at least up close, because that would require a $1,000 contribution for the photo op, and Mr. Thomason's $100 ticket is only for the speech.

Mr. Cheney starts his 20-minute talk early and then is off to tour a barge factory in New Orleans and to speak at another fund-raiser.

"There was a peacefulness and a truthfulness to this man that really caught my heart," says the congressman's wife, Anne Ryun, who is clutching a Bush-Cheney placard from the 2000 campaign that the vice president has just autographed.

Ms. Ryun had spoken briefly to Mr. Cheney and says she had told him she was praying for him. She adds that his wife, Lynne, "is the most gracious, intelligent woman I've ever known of," and that she wants to model her life after her. Recounting this, Ms. Ryun's voice goes soft, and her eyes become a little glassy.

While Mr. Cheney spoke, 6-year-old Grace stayed behind at the airport and scored a private tour of Air Force Two. The Secret Service agents were impressed with her Cheney knowledge and admitted that it exceeded their own. She got her picture in the paper, made the local newscasts and became quite a sensation in her own right on the day Dick Cheney came to town, and it was a big deal.

Backstory: 14 Hours, Really, With Dick Cheney (CSM)

By Linda Feldmann

The Christian Science Monitor, October 17, 2006

ABOARD AIR FORCE TWO

The running joke among White House correspondents is that the most glamorous part of our job is ... telling people you cover the White House.

In fact, as much as reporters like to complain about life in the much-maligned White House press corps, it has its moments - careening around in motorcades with no regard for red lights, quips from President Bush about one's wardrobe, the tiny lamb chops at the White House Christmas party.

But what about covering the No. 2 man, Dick Cheney, widely seen as the most powerful vice president in history? After all, he is better known for being sequestered in undisclosed locations than for chatting up journalists.

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Then the invitation came: Would I like to spend a day flying around the country - well, actually, from Washington to Topeka to New Orleans, then back to Washington - as the "pool" reporter with Vice President Cheney? My job would be to go where I was told and file to my fellow reporters summaries of the vice president's actions and any color I felt like throwing in. I accepted.

On the appointed day, last Thursday, I arrived at Andrews Air Force Base, just outside D.C. in Maryland, at 7:30 a.m., whereupon I was asked to open all the doors, hood, and trunk of my car for an inspection by a military dog. I passed. Then it was on to the terminal, where I was met by Jamie, a friendly young press aide in the vice president's office. Two other reporters, Mike Allen of Time magazine and Brendan Murray of Bloomberg, joined us.

Soon we were boarding Air Force Two, a Boeing 757 modified for vice presidential needs, such as secure communication and a private section at the front with a large vice presidential seal on the door. Most of us flying that day - press, flight attendants, Secret Service, military, other aides - boarded via a stairway into the back of the plane. After we journalists had been shown our seats (coach size, while most of the other seats are business-class size), we were invited to go back outside and watch Mr. Cheney exit his helicopter, Marine Two, and board Air Force Two via a separate staircase into the front of the plane. Cheney and several additional aides boarded; we were airborne in minutes.

"Wheels up 9:25," I wrote in the pool report. "TVs set to Fox. Flight time to Topeka 2-1/2 hours."

Then they fed us: western omelets with salsa, hash browns, bacon, plain bagels with cream cheese, yogurt and granola parfaits with blueberries and strawberries. And that was after a fruit basket had been passed around. White House travel is known for its plentiful meals and snacks, and I had wisely skipped breakfast at home. (The Monitor will get a considerable bill for the flights and meals later.)

Next up, getting down to business. Lea Anne McBride, Cheney's communications director, came back to talk to the reporters about the speech the vice president would be delivering in Topeka at a fundraiser for Rep. Jim Ryun (R). Cheney was still putting finishing touches on his remarks, but he would focus on the economy and security, with an emphasis on "consequence," she said. The meaning of that last part soon became clear when we received an advance copy of the text: what to expect if the Democrats take control of Congress.

The speech was classic Cheney - red meat for core Republican voters at a time when anxiety is high over the GOP-led Congress's poor public image, the Iraq war, and scandals. Congressman Ryun appears in no danger of losing his seat, but no one's taking any chances.

"If the Democrats take control, American families would face an immense tax increase, and the economy would sustain a major hit," Cheney told the crowd.

If the Democrats were already in control, he warned, the USA Patriot Act, warrantless wiretapping - a program the White House calls the Terrorist Surveillance Program - and the program of detention and military trials would be in jeopardy.

Cheney named names - not just the top Democrats who would lead both houses if their party wins majorities, Nancy Pelosi in the House and Harry Reid in the Senate - but also probable committee chairs.

"I don't need to tell you what kind of legislation would come to us by way of committee chairmen like Joe Biden, Ted Kennedy, John Conyers, Henry Waxman, Barney Frank, or Jay Rockefeller," he said, eliciting boos and then laughter.

It was his 113th campaign appearance in the current two-year election cycle. The event raised $215,000 for Ryun, boosting Cheney's total fundraising for Republican candidates and committees since March 2005 to $40 million.

Speech over, time to sprint to the motorcade, as Cheney was whisked out of the room. Wheels up at 1:15 p.m. central time. On to New Orleans for Cheney's first visit since September 2005, right after hurricane Katrina.

En route, we were fed garden salads with spicy chicken strips and the world's densest brownies. (I wondered if Cheney was eating the same thing, but such detail is not observable. He never emerged from his private cabin during all our time on AF2.) Before long, we landed in New Orleans, where a blast of hot air hit us as we deplaned. We weren't in Kansas anymore.

On the agenda was a visit to the port and a tour of a tugboat owned by the Canal Barge Company, an example of a New Orleans business that is fully back in operation post-Katrina. Reporters were allowed to jam into the wheelhouse and watch the veep get a tour from the captain - but "don't crowd the vice president," a press aide warned.

Cheney then received a private briefing from the Army Corps of Engineers, after which reporters were treated to what the schedule called a "pool spray" - remarks by Cheney to the press, but no questions. Then it was time for more fundraising. While Cheney went off to a reception for the Republican National Committee (total take $180,000) the press was briefed by Don Powell, federal coordinator of Gulf Coast rebuilding. Briefing over, I had about 10 minutes of "filing time" to submit my second pool report, about enough time to get the computer set up, then packed up to leave. Then it was back to the motorcade, back to the airport, and back to Washington. Jambalaya, corn bread, and cupcakes were on the menu, soon followed by Dove bars (but who could possibly have room?) Wheels down at 9:30 p.m. Eastern time, a half-hour early.

Fabulous, I thought. I can get home in time to tell my kids to go to bed. I start out from Andrews in my '92 Toyota Camry, along with Mike Allen, who is hitching a ride with me back to D.C. After several miles, I sense trouble. The battery light comes on,

and I know what's happening: My car is losing power. It dies in a tunnel on Route 295. Long story short, the tow truck arrives at midnight, and Mike, my guardian angel, flags us a cab.

It was a surreal ending to a day of adventure. I'm still not sure if I would describe flying around the country with the vice president as glamorous, but compared with breaking down in a tunnel underneath the Capitol and having to wait two hours for a tow truck, the answer is, absolutely!

Report Indicates Democrats Out-raising In Key House Races (USAT)

By Jill Lawrence

USA Today, October 17, 2006

WASHINGTON — Democratic candidates out-raised their Republican opponents in nearly half of 27 tossup races for the House from July through September, new campaign finance reports show.

Most of the GOP candidates — 19 — had more cash on hand as of Sept. 30. And as of last week, the Republican Party and its allies were spending more heavily in the 27 districts.

Still, independent analysts called the Democratic surge unusual and said it suggests momentum for Democrats going into the final weeks of the campaign.

"Most of the time the late money follows the winner, and the winner is mostly the incumbent," said Stuart Rothenberg, who ranked the 27 races in his Rothenberg Political Report. This year, "the smell of Democratic victory is in the air."

Six Democrats seeking open seats now held by Republicans in Colorado, Florida, Illinois, Iowa, Minnesota and New York raised more money in the third quarter than their opponents. Another six challengers — four in Pennsylvania and one each in North Carolina and Indiana — also pulled in more than their opponents.

Democrats need to add 15 new seats to win a majority and control of the chamber. Republicans are pouring money into dozens of races to keep that from happening.

The National Republican Congressional Committee (NRCC) has spent $28 million helping candidates in Rothenberg's 27 tossup districts, according to Federal Election Commission reports. The Democratic Congressional Campaign Committee (DCCC) by contrast has spent $13.8 million.

Data from the non-partisan Campaign Media Analysis Group show a similar imbalance. As of last week, Republican Party committees and their allies had spent at least $16.5 million on TV in the 27 districts. Their Democratic counterparts had spent $10.6 million.

TV spending by the GOP committees and groups had totaled more than $1 million in three tossup districts. The aim was to defend Reps. Jim Gerlach of Pennsylvania and Mike Sodrel of Indiana and help Ohio's Joy Padgett succeed Rep. Bob Ney, who pleaded guilty last week in connection with the Jack Abramoff lobbying scandal.

Anthony Corrado, a campaign-finance expert at Colby College, said the large GOP TV buys indicate "they see their candidates as behind." He said it's unclear whether the heavy spending will do any good: "If the message isn't getting through and moving the poll numbers, the fact that you're spending more money doesn't matter."

NRCC spokesman Carl Forti said the GOP ad campaigns have been effective and cash on hand is the best predictor of success. "It's what you have available to spend in October that's key," he said.

DCCC spokesman Bill Burton said there would be spending parity up to Election Day and said no amount of money could save some GOP seats. "Some people are so tied to the status quo in Washington that they will not be able to spend their way to victory," he said.

In Close House Races, GOP Incumbents Hold Advantage In Funds (WP)

By Jeffrey H. Birnbaum And Zachary A. Goldfarb

The Washington Post, October 17, 2006

Despite a rush of campaign donations to Democrats earlier this year, Republican incumbents in highly competitive races in the House have a substantial cash advantage going into the final weeks before the midterm elections.

Democrats spent more heavily over the summer and early autumn than their Republican rivals in pivotal House districts, leaving themselves at a disadvantage of more than 2 to 1 in money on hand, according to a Washington Post analysis of the latest campaign disclosures.

"What this means is that Republicans have the wherewithal to slow down the tide that's been running against them this year," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute, which tracks election funding.

To capture control of the House on Nov. 7, Democrats need to gain 15 seats. Analysts in both parties acknowledge that Republicans are virtually certain to lose at least a handful of seats. But whether that number falls short or surpasses the 15-seat threshold, they agree, could hinge on campaign fundamentals such as the amount of money available to candidates.

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At the same time, Democrats are on a better financial footing in open seats -- those in which an incumbent is not running. Of the 12 open House races considered tight, Republicans have more cash on hand in seven of them and Democrats are ahead in five, the Post analysis shows.

Election experts noted that funds raised by candidates are only part of the overall picture. This year, in particular, outside groups and the parties have been spending heavily in districts considered up for grabs.

But the cash in candidates' coffers is a significant factor in congressional contests, said Kent Cooper, co-founder of PoliticalMoneyLine.com, a campaign finance Web site. "It's also the best sign we have now" about which candidates hold an edge as the elections near, he said.

The Cook Political Report, a nonpartisan newsletter about elections, identifies 31 House Republicans in closely contested campaigns. According to their financial reports filed over the weekend, they had a total of $32.7 million in cash on hand as of Sept. 30, compared with $14.5 million for their Democratic challengers.

The National Republican Congressional Committee circulated an internal memo yesterday -- which a Republican gave to The Post -- noting that GOP candidates hold an average cash advantage of $450,000 in 25 of the most competitive districts.

In most years, this is not unusual. "Incumbents almost always outraise the challengers," said Anthony J. Corrado, a campaign finance expert at Colby College. But in recent congressional elections, incumbents generally outpaced challengers by more than 2 to 1.

What is notable this year, Corrado said, is that Democratic challengers have enough money to stage full-fledged efforts, and that is one reason the election appears to be so close. "Although they haven't matched the incumbents," he said, "challengers are raising the amounts of money that they need to be competitive."

In Kentucky's 3rd Congressional District, Democrat John Yarmuth has a third of the cash available to five-term incumbent Anne Northup (R), who reported $1.5 million in her latest filing.

"We knew that we were never going to have as much money as a 10-year incumbent," said Jason Burke, Yarmuth's campaign manager. Still, he said, the Yarmuth campaign has enough to advertise intensively through Election Day.

Northup's campaign said her cash advantage amounts to a powerful wall against Yarmuth's candidacy.

"Especially in a media market like Louisville, it's quite expensive to get your message out," said Patrick Neely, Northup's campaign manager. "Having a 3 to 1 financial advantage clearly better enables you to drive your message out, to get your voters to the polls, and to do all the things you need to do to win on Election Day."

The NRCC memo also noted that Republican Peter Roskam has an almost 7 to 1 cash advantage over Iraq war veteran Tammy Duckworth (D) in Illinois's 6th District, and that Republican Reps. Geoff Davis (Ky.) and E. Clay Shaw Jr. (Fla.) enjoy advantages of about 4 to 1 over their challengers.

The memo played down the cash disadvantages of two Republicans -- Mike Whalen in Iowa and Rep. Charles H. Taylor in North Carolina -- because they are millionaires who can fund their campaigns.

What's more, in Ohio's 18th District, where Rep. Robert W. Ney (R) is stepping down after his guilty plea in the Jack Abramoff lobbying scandal, Republican Joy Padgett has more cash on hand than Democrat Zack Space -- $258,000 to $146,000.

Still, some Democrats in tough contests are financially outrunning GOP incumbents who are not self-funding. As of Sept. 30, Brad Ellsworth had about 50 percent more money at the ready than Rep. John N. Hostettler (R-Ind.), and Joseph A. Sestak Jr. had about 38 percent more cash than Rep. Curt Weldon (R-Pa.).

In the 12 open-seat races that the Cook Political Report labels as close, Democrats had $5.7 million on hand and Republicans had $4.4 million.

The parties are scheduled to release their financial reports at the end of the week. At summer's end, the Republican and Democratic House campaign committees had similar amounts in the bank -- $36 million for the GOP committee and $34.9 million for the Democrats'. The Republican National Committee held an edge of nearly 4 to 1 over the Democratic National Committee in cash on hand -- $39.3 million to $10.9 million, as of Aug. 30.

That disparity at the national committee level -- if it remains about the same -- would give the GOP an additional benefit in the closing days of the campaign.

But Democrats are hoping that the national political environment, which has been hostile to the GOP lately, will mean that they will not need to raise comparable sums to be in the running this fall.

"It's not about total dollars," said Stu Rothenberg, author of a respected political newsletter, the Rothenberg Political Report. "In a wave election like this one, money isn't as important as mood and momentum -- as long as the challenger has enough money to be relevant."

Democrats are hoping such intangibles will hold sway.

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"Everyone knew the GOP would be well funded," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee. "The question is how big does the Republican cash advantage have to be in order to convince voters that they somehow, all of a sudden, actually want to hold on to the status quo in Washington?"

Committee TV Spending Rises (RC)

By Lauren W. Whittington

Roll Call, October 17, 2006

Faced with a national political headwind that could produce devastating losses, House Republicans are largely continuing to spend resources to boost the more than two dozen incumbents who appear more vulnerable by the day instead of diverting funds to second- and third-tier races that now look more promising for Democrats.

Committee spending patterns likely will change in the next few days as the final House playing field settles and the two parties continue to play a game of chicken over which races they're prioritizing.

The National Republican Congressional Committee spent $9 million in independent expenditures on Friday — the largest one-day total for the committee this cycle — bringing the total number of races where the committee has invested at least $1 million for the general election to 18.

The NRCC has spent close to $1 million in at least two other contests, and all but one of these 20 seats are currently held by the GOP.

House Democrats, meanwhile, had spent more than $1 million in just three races as of Friday.

While the political committees continue to chart their spending strategy for the final three weeks of the election, newly released Federal Election Commission reports suggest that House Republican candidates in two dozen competitive races find themselves in generally better shape financially than their Democratic opponents.

But the opposite appears to be true in most of the closely watched Senate races of the cycle — where endangered GOP incumbents are lagging behind their challengers on the fundraising front.

House Republicans' biggest investment so far — not counting the special election earlier this year in California's 50th district — has been in Ohio's open 18th district seat, where the NRCC had spent $2.35 million as of Friday to defend the district being vacated by Rep. Bob Ney (R-Ohio), an admitted felon. The Democratic Congressional Campaign Committee had spent almost $900,000 on the race by that same point.

The NRCC had spent $2.24 million on the effort to re-elect Rep. Jim Gerlach (R-Pa.) as of Friday, making his 6th district race the second-most expensive for the committee.

As of the end of last week, the NRCC had spent more than $7.2 million on four races involving GOP incumbents in Pennsylvania. The committee has spent close to $3 million on three GOP-held seats in Connecticut and $3.4 million defending three Indiana seats.

The NRCC's outlay Friday included more than $5.58 million for ad buys in 12 districts.

While most of the NRCC's ad dollars went to top races in Pennsylvania, Connecticut and Indiana, the committee also spent $350,000 on continuing a media buy to boost the re-election efforts of Rep. J.D. Hayworth (Ariz.), a six-term incumbent whom GOP strategists have portrayed as on solid ground when it comes to his re-election prospects.

The NRCC also spent $571,000 and $311,000 on behalf of Reps. Michael Fitzpatrick (Pa.) and Nancy Johnson (Conn.), respectively, two Members who have looked less vulnerable than their home-state colleagues for months. Fitzpatrick was outraised by his opponent, Iraq War veteran Patrick Murphy (D), in the third quarter and had less cash in the bank than the Democrat did on Sept. 30.

NRCC Communications Director Carl Forti said the committee has not deviated much from the ad time it reserved earlier this year.

"We're basically just implementing the plan that we reserved back in August," he said.

In recent weeks the NRCC has added money to Iowa's 1st district open seat race, while the party is not spending money to save GOP-held open seats in Arizona's 8th district or Colorado's 7th district.

The NRCC has pulled back reserved ad time in Democratic-held districts in Texas, West Virginia, South Carolina and Ohio, all of which have been viewed as longer-shot opportunities for the GOP.

Meanwhile, Democrats have pulled reserved ad time in Colorado, where a competitive challenge to Rep. John Salazar (D) never materialized and Rep. Marilyn Musgrave (R) is facing a much more difficult re-election than once expected.

The NRCC has spent close to $1 million to defend Musgrave thus far, while the DCCC has spent just $92,000. But an outside group recently announced an effort to pour at least $720,000 into defeating the sophomore lawmaker and will spend at least $600,000 on TV ads alone.

President Bush won 58 percent in Musgrave's 4th district in 2004.

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But the latest example of GOP worries about holding onto traditionally staunchly Republican seats was manifested in a new ad buy this week in Idaho's 1st district, where according to a Democratic source, the NRCC just bought three weeks' worth of TV time to defend an open seat that seemed safely in Republican hands.

Democrats have yet to tip their hand about which second- and third-tier races they might be willing to redirect money to in an effort to force Republicans to spend on them, too.

"We haven't really seen them pop up in anywhere new," Forti said.

But some Republicans concede that Democrats may not have to invest heavily in other districts.

One GOP consultant familiar with fresh polling conducted last week said it showed Republicans in districts across the country in the worst shape yet this cycle.

"If it doesn't get any better than it was last week, it's going to be a bloodbath," the consultant said. "We'll see if it gets worse, or stays the same or gets better."

The DCCC has outspent Republicans in IEs in a handful of competitive contests. The largest disparity has been in Connecticut's 4th district, where Rep. Christopher Shays (R) is battling for re-election against Westport Selectwoman Diane Farrell (D). The NRCC had spent $777,000 while the DCCC had spent a little more than $1 million through Friday.

Republicans have outspent Democrats, however, in the 2nd district of Rep. Rob Simmons (R-Conn.), and both parties have spent comparable amounts in Johnson's contest against state Sen. Chris Murphy (D).

Democrats have also spent more in Indiana's 2nd district, where they are working to defeat Rep. Chris Chocola, and in Kentucky's 4th district, where Rep. Geoff Davis (R) faces a challenge from former Rep. Ken Lucas (D).

National Republicans are no longer spending money on behalf of Chocola, who is personally wealthy.

Meanwhile, both parties are continuing to spend in Indiana's 8th district — which has turned into a marathon spending fight even as Rep. John Hostettler (R-Ind.) continues to appear headed for defeat based on public polling.

The two committees have spent almost $3 million combined on the 8th district race, and one party isn't likely to stop unless the other one does.

In several contests other than Colorado's 4th district, there has been great disparity in party committee spending to this point.

Republicans have spent heavily on the open seat race in Minnesota's 6th district. The NRCC had spent close to $1.5 million on the race as of Friday, while the DCCC had yet to report spending a dime. Democrats, however, are expected to go up on TV airwaves today on behalf of child safety advocate Patty Wetterling (D).

Also, the GOP has spent more than $1.2 million defending the open 6th district seat in Illinois, while the DCCC has spent less than $200,000, but a new ad buy is scheduled to begin this week.

In Georgia, the two committees appear to be spending inversely.

Republicans view the 8th district of Rep. Jim Marshall (D) as the better pickup opportunity, as evidenced by the NRCC's $454,000 investment as of Friday. The DCCC, meanwhile, has spent just $40,000 on the contest.

In Georgia's 12th district, the DCCC has spent $291,000 while the NRCC has spent less than $25,000.

The DCCC is not spending IE money in North Carolina's 11th district because Rep. Charles Taylor (R-N.C.) has donated $1.6 million in personal funds to his campaign. Thus, the "Millionaires' Amendment" allows the committee to spend unlimited coordinated expenditures on behalf of former NFL quarterback Heath Shuler (D). The NRCC spent $876,000 there through Friday.

While local and national dynamics continue to play out in myriad ways in the two dozen House races currently rated tossups by Roll Call, the Republicans have a distinct financial advantage in many of them.

In the race to replace Rep. Henry Hyde (R-Ill.) in a suburban Chicago district, state Sen. Peter Roskam (R) had an almost 8-1 cash on hand advantage over Iraq War veteran Tammy Duckworth (D) as of Sept. 30. But Duckworth outraised Roskam by almost $400,000 from July 1 to Sept. 30, and seems to have bought the bulk of her TV time for the remainder of her campaign by the end of the quarter.

Several vulnerable House Republicans had cash-on-hand advantages of at least 4-1 over their Democratic challengers, including Reps. Steve Chabot (Ohio), Thelma Drake (Va.), Rob Simmons (Conn.), Geoff Davis (Ky.) and Clay Shaw (Fla.).

But Democrats were more enthusiastic about their financial standing in Pennsylvania's 7th district, where retired Navy Adm. Joe Sestak continues to outperform Rep. Curt Weldon (R), and in Minnesota's 6th district, where child safety advocate Patty Wetterling raised an impressive $1.3 million in three months and banked just shy of $1 million.

And in Senate races, several Democratic challengers were doing better than the Republican incumbents.

In Missouri, state Auditor Claire McCaskill (D) raised $3 million in the previous quarter, while Sen. Jim Talent (R) took in $1.9 million. In Virginia, former Navy Secretary Jim Webb (D) outraised Sen. George Allen (R) by almost $1 million. In Pennsylvania, state Treasurer Bob Casey Jr. (D) outraised Sen. Rick Santorum (R) and passed the incumbent in cash on hand.

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Democratic challengers also outraised incumbents in Rhode Island, Ohio and Montana.

Why Your Vote Doesn't Matter As Much (USAT)

By Ross Baker

USA Today, October 17, 2006

In 1811, Elbridge Gerry, one of the signers of the Declaration of Independence, was serving as governor of Massachusetts as a member of the Democratic-Republican (later the Democratic) Party, which also held the majority in his state's Legislature. Determined to limit the influence of the rival Federalist Party, the Democratic-Republicans in the assembly adopted a new map of Massachusetts' congressional districts after the 1810 Census, a bill that Gerry duly signed.

One district was so bizarrely configured that Gilbert Stuart, the renowned American portraitist, added a few strokes to the outlines of the district on the map so that it resembled a huge clawed amphibian. He showed his changes to the editor of a Boston newspaper and told him, "That will do for a salamander."

The editor retorted, "Call it a gerrymander."

The name stuck, and so did the practice of drawing the boundaries of House districts for the political advantage of one party or the other. It is this venerable bit of political chicanery that will bolster incumbents of both parties and probably limit Democratic gains in the upcoming midterm elections that have historically favored the party out of power. Worse, it places in the hands of a tiny minority of voters in a handful of congressional districts the responsibility for indicating, with their ballots, the direction of the nation over the next two years.

In the past, midterm elections have meant trouble for the president's party, especially for those that took place during inconclusive or stalemated wars such as the present conflict in Iraq. Back in 1918 and up until 1950, wartime presidents who could not hold out to voters the key to military victory have seen their party's numbers in Congress plummet. Even in the absence of conflict, these elections have served as a kind of referendum on presidential performance between presidential elections.

In the most recent midterm elections, however, the political auguries have been tougher to read. In 1998, Bill Clinton's Democrats actually gained a few seats, as did George W. Bush's GOP in 2002. The once-powerful referendum effect of midterm elections in which the president's party pays dearly for its shortcomings has given way to minuscule losses and trifling gains that can be interpreted many ways.

One cause of this deflation in turnover in House seats is the ancient art of gerrymandering and the enormous advantage it confers, mostly on incumbent members. So even if a majority of voters in the Pennsylvania district of Rep. John Murtha, an outspoken anti-war Democrat, were to oppose his plan for withdrawal from Iraq, it is doubtful that he would suffer defeat.

If gerrymandering has been around for such a long time, why are its most extreme effects being felt only now? Three reasons:

·Mapping. The art of cramming friendly voters into the district of a member of Congress and producing for him or her a guaranteed safe margin of victory through the use of ingenious computer-mapping programs has become the new political alchemy.

·Connecting. The mapping of districts, by itself, would probably be enough to hold down the loss rate among sitting House members. But these incumbents have also become so skillful at connecting to their constituents that even though voters hold in contempt Congress as an institution, they rarely reject their own representatives.

·Cultivating. The incumbents are also helped by the fact that House members do a good job of cultivating the state legislators who draw the boundaries and are supreme in their fundraising abilities.

A few months ago, Democrats were beguiled by the iridescent dream that the elections of 2006 would be a rerun of the 1994 GOP landslide, except this time, the result would favor them. But 1994 was an exceptional year because of the large number of open seats. Almost one-quarter of all House seats were up for grabs, including several vacated by House members who decided to retire. A large number of these were conservative Democrats whose districts easily fell into Republican hands, thus accounting for the 54-seat Democratic loss to the GOP.

This year, there is no mass departure, and many experts put the number of competitive seats (those that either party has an equal chance of winning) at no more than 40 of the 435 seats in the House.

Scientific gerrymandering, and the astute use of other advantages that accrue to incumbents, have resulted in an electoral sea wall around the House of Representatives that can withstand all but the most powerful political tsunamis.

This year, it appears that only the gentlest tides will be lapping against this redoubt, and even though Democrats need only a 15-seat gain to recapture the House, such a narrow majority would carry no mandate.

These contests, moreover, have evolved into meaningless ratification of incumbents in the vast majority of districts.

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With further refinements in computer mapping, there is every reason to believe that the battleground will shrink still further and that control of the House and the indicative value of House elections will be the privilege of a minuscule percentage of the American electorate.

Handicapping Long Shots And Late Shots (RC)

By Stuart Rothenberg

Roll Call, October 17, 2006

If you make your living as a political analyst and handicapper (and the odds are very good that you don't), you're facing an interesting dilemma right about now. Do you add every possible House upset race that you can think of to your list of competitive races, or do you keep your list as small as possible, listing only those races that you truly believe might flip in November?

If you add longer-shot races to your list, you minimize the chance that you "miss" a race that changes party control. That's good, since it's always better to look brilliant than appear even a little clueless. But if you do that, you also give credence to long-shot candidates who probably won't flip a seat. And worse, you flirt with intellectual dishonesty.

In the past, I invariably added races about which I was skeptical, preferring to have too many races on my list rather than not enough.

This year, with a Democratic wave brewing, the handicapping problem is particularly acute. Given that waves are inherently unpredictable and likely to sweep in at least one or two candidates who should have no chance of winning — look no further than Republican Steve Stockman, who toppled House Judiciary Chairman Jack Brooks (D-Texas) in 1994 — I'm tempted to add anyone who could possibly ride a wave to victory. It's the easy way out, and I've always taken that route in the past.

But I've decided that I won't do it this year — at least not yet. I won't add Reps. Scott Garrett (R) in New Jersey's 5th district, Mark Souder (R) in Indiana's 3rd, Jim Ryun (R) in Kansas' 2nd, Cathy McMorris (R) in Washington's 5th or other potentially threatened Republicans just because their Democratic opponents have an allegedly encouraging poll or are up with TV ads. While I can't completely rule out the possibility that some or all of them could drown in a Democratic tsunami, I believe the chances are so small that I can't bring myself to put them on a list of endangered incumbents. As I said, at least not yet.

Take Garrett. His opponent, Paul Aronsohn, distributed a polling memo, based on an initial March survey and a late-September poll, that alleged his race against Garrett was "tightening up" and that a Democratic victory was "very possible."

But New Jersey's 5th district, represented by Garrett, is a Republican-leaning district that gave President Bush 57 percent of the vote in 2004. In 2002, Garrett drew almost 60 percent in an open-seat victory against a credible Democrat who outspent him, and two years later he won re-election with almost 59 percent.

Aronsohn's own polling shows the Republican generic vote advantage has been cut in half, but it still stands at 7 points — a significant edge. Then there is the trial heat, which shows Garrett's 25-point advantage in March having closed to 16 points in late September. But those surveys also show that Garrett's share of the ballot test has remained unchanged at 49 percent of the vote.

Even though the Republican "generic" number has slipped, and even though the "wrong track" number and President Bush's job approval rating have eroded, Garrett's trial heat number has remained the same, just a whisker under the 50 percent mark.

Sure, the ballot test in the poll has tightened, but only because some of the undecided voters went over to Aronsohn, whose share of the vote went from an anemic 24 percent in March to an only somewhat less anemic 33 percent at the end of September.

I can't say with absolute certainty that Aronsohn can't, or won't, beat Garrett next month, only that the chances seem so small that rating the race as competitive seems misleading. If, barring other evidence of an Aronsohn surge before Election Day, the Democrat does win, it will be a jaw-dropping upset, and I won't mind missing it.

The situation is a bit different, but only a bit, in Colorado's 5th district, where a media poll shows a dead heat between Democrat Jay Fawcett and Republican Doug Lamborn for the open seat of retiring GOP Rep. Joel Hefley.

This is a solid Republican district in which Bush drew 66 percent in 2004 and 63 percent in 2000. Recent party registration figures show an advantage for the GOP of 100,000 registered voters — 189,942 Republicans (46 percent), 89,182 Democrats (22 percent) and 132,606 independents (32 percent).

Like New Jersey's 5th district, one public poll alleges that the race is competitive, but here it's an independent Mason-Dixon survey. Moreover, Republicans had a bitter primary and have not united since. All of those circumstances argue for including the race on a list of competitive contests, at least for the moment.

But if you are a Democratic partisan looking for a way for Democrats to net 40 or 50 seats, don't kid yourself. The fundamentals of Colorado's 5th are so terrible for Democrats that it's hard to believe Fawcett will win. Lamborn certainly created enemies within his own party, but he can afford to lose a bunch of them, given his edge in party registration.

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For Democrats, the more interesting long shots may include Rep. Melissa Hart (R-Pa.), whose 4th district gave Bush 54 percent of the vote in 2004 and 52 percent four years earlier. Or Rep. Gil Gutknecht (R), who represents a competitive district in southeastern Minnesota. A true national wave could hit hard in districts like those, creating opportunities that Democrats ought not have in a normal year. That's why both of these races now are on my list of Democratic challenges to watch.

I expect a major surprise or two on election night, with an unheralded Democrat or two pulling off an upset, possibly in a rock-ribbed Republican district. I'll try not to miss that race, but I won't be embarrassed if I do.

In Senate Fund Drive, Democrats Are Ahead (WSJ)

The Wall Street Journal, October 17, 2006

WASHINGTON -- Senate Republicans were outraised by Democratic opponents in key races in third-quarter fund-raising, setting the stage for a competitive campaign stretch.

In Virginia, a string of incidents raising questions about the ethnic sensitivity of incumbent Republican Sen. George Allen appeared to take a toll. Mr. Allen reported raising $1.94 million in the quarter ended Sept. 30 compared with $3.3 million raised by his Democratic challenger Jim Webb.

In Missouri, Democrat Claire McCaskill outraised Republican Sen. Jim Talent by about $1 million. Mr. Talent reported $4.2 million still in the bank, while Ms. McCaskill reported $246,000 in cash on hand after a major final television ad buy.

Democrat Bob Casey reported raising $3.94 million in his campaign to unseat Pennsylvania Republican Sen. Rick Santorum. The Santorum camp reported having $3.6 million in the bank at the end of September; Mr. Casey reported $3.7 million.

Not all incumbents showed weakness, however. Republican Ohio Sen. Mike DeWine collected $2.9 million compared with $2.7 million raised by his challenger, Rep. Sherrod Brown.

Lieberman Likes Bolton For UN Job (NYDN)

By Helen Kennedy

New York Daily News, October 17, 2006

Connecticut Sen. Joseph Lieberman yesterday endorsed controversial Bush appointee John Bolton for a permanent slot at the United Nations - putting him at odds once again with Democrats, including his Senate colleague Chris Dodd.

Dodd (D-Conn.) is the leading critic of Bolton, the controversial envoy President Bush sent to the UN on a temporary ambassadorship after Democrats and some key Republicans balked at nominating him.

"I see no reason not to be for Bolton," Lieberman told a meeting of the Daily News Editorial Board.

"Based on his capabilities - and now based on his performance - I believe Bolton is well-qualified," he said.

"I think he's been a good negotiator and a good spokesman. He deserves to have a vote. I think he deserves to be confirmed."

Bolton's recess appointment expires at the end of the year, and he will need Senate approval to remain as UN ambassador.

Lieberman had not publicly taken a position on Bolton before.

Lieberman's support for Bush's foreign policies lost him the Democratic primary in Connecticut. He is now running for reelection as an independent and has a comfortable lead in polls.

Dodd, who is campaigning for the Democratic candidate, Ned Lamont, had led the fight against nominating Bolton and remains his fiercest critic, saying his performance at the UN so far merits "a failing grade."

In a blistering Senate speech last month listing what he called Bolton's failures, Dodd said, "My objection isn't that he is a bully, but that he's been a very ineffective bully - he can't win the day when it really counts."

In 2nd Debate, Whitehouse, Chafee Return To Familiar Themes (BOS/AP)

By Michelle R. Smith

The Boston Globe, October 17, 2006

PROVIDENCE, R.I. --Republican Sen. Lincoln Chafee and his Democratic challenger Sheldon Whitehouse tangled over corruption, independence and the Republican Senate on Monday in their second radio debate.

"The Bush administration has been a disaster for America and a disaster for Rhode Island," Whitehouse said.

Chafee said Whitehouse's record as a former state attorney general and U.S. attorney was one of "incompetence and willful blindness."

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The conversation continued the themes the candidates have focused on in recent days, with Chafee assailing Whitehouse's record as a prosecutor and saying he ignored corruption by friends of powerful Democrats, and Whitehouse tying Chafee to President Bush and the "Republican agenda."

The latest polls have showed Whitehouse apparently leading Chafee, who is still recovering from an expensive primary against Cranston Mayor Stephen Laffey. National Democrats hope winning the seat will help them take back control of the Senate, and they've been running TV ads since last month's primary.

The hour-long debate was broadcast on WHJJ-AM from in front of a live audience at Rhode Island College. Their first TV debate was scheduled for Thursday evening on WPRI-TV.

Whitehouse on Monday continued to press his central campaign theme: that a vote for Chafee amounts to a vote for Republicans and Bush, both unpopular in Rhode Island.

"We have a chance to put a Democratic Senate in place, and a Democratic Senate can stop the nonsense," Whitehouse said, adding "We need a change in leadership."

Chafee, one of the most liberal Republicans in the Senate, has run on his record of clashing with fellow Republicans, including Bush, and has emphasized his credentials as an independent thinker, saying Monday that he "has the guts to make the tough decisions."

In recent days, including in the candidates' first debate Friday, Chafee has tried to shift the focus to Whitehouse's record as the state's top prosecutor, saying Whitehouse had not done enough to go after public corruption when it involved Democrats.

"He did not want to step on the toes of his friends," Chafee said Monday, adding, "It's a record of continued incompetence as attorney general and U.S. attorney."

Whitehouse responded by saying that when he departed his job as U.S. attorney, he was thanked by the staff for "solid gold leadership" with a plaque presented to him by Chafee's brother, Zechariah, who also worked in the U.S. attorney's office.

Darrell West, a political science professor at Brown University, said Chafee's focus may not gain traction with voters.

"I think when you're running for the Senate, voters are going to be much more attuned to national rather than local issues," West said. "This is an era when there are big things on the agenda, like the war and the economy."

Both Chafee and Whitehouse oppose the war in Iraq. Chafee was the lone Republican senator to vote against authorizing the war, and pointed out again Monday that Democrats controlled the majority in the Senate when it voted to authorize war.

However, they disagree on what to do now, with Whitehouse calling for a timetable to withdraw troops and Chafee saying he supports a plan to eventually pull out -- but not a specific timetable.

"It's a quagmire. We have tremendous challenges, there's no doubt about that," Chafee said. "Our best formula is to work with the countries around Iraq."

They also both support legalizing gay marriage and abortion rights and oppose Bush's tax cuts.

"We're going to be years digging out from George Bush's deficits," Whitehouse said.

Among those who attended the debate were Joseph Robert Fontes Jr., 52, a Whitehouse volunteer who worked and voted for Chafee when he first ran for election in 2000. Chafee was appointed to the seat in 1999 upon the death of his father, John Chafee, who served more than 20 years in the Senate.

Fontes, an unemployed inventor of golf clubs and a registered Democrat, described both candidates as good men, but said the country needs a change.

"Republicans have mismanaged the budget, they've mismanaged the war," he said. "A year from today, I hope the country's in better shape."

Chafee, Whitehouse Debate Along Familiar Lines (PROJO)

By Steve Peoples

The Providence Journal, October 17, 2006

A live radio debate this afternoon between the two candidates for U.S. Senate in Rhode Island was largely civil -- and largely repetitive.

As he has done for months, Democratic challenger Sheldon Whitehouse did his best to connect his opponent to the Republican Party and President Bush. "We need a new direction in Washington...To change America, we have to change the Senate," Whitehouse said.

And as he has done since winning the Republican primary, Sen. Lincoln Chafee downplayed his ties to the GOP, highlighting his character and his ability to work with people from both parties. "Senator Chafee has the guts to make tough decisions," he said.

Chafee added that it would work to Rhode Island's advantage to have at least one member of its Congressional delegation be in the party in power. Rhode Island's three other delegates to Congress are Democrats.

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"Not only have I voted my conscience time and time again, but I've also delivered for Rhode Island," Chafee said.

The race is being watched nationally as Democrats look to regain the majority in Congress.

Chafee did his best to turn the debate to local issues and Whitehouse's actions as a former U.S. attorney in Rhode Island, compared to Whitehouse's repeated efforts to focus on the direction of the country and other national issues such as health care and Iraq.

Chafee sharply criticized Whitehouse's record as U.S. attorney, alleging he failed to pursue charges related to political corruption while in office. "Mr. Whitehouse is guilty of willful blindness" in not pursuing an investigation, Chafee said. "He did not want to step on the toes of his friends."

Again and again, Whitehouse focused on the national implications of the election.

"The Bush administration has been a disaster for America and a disaster for Rhode Island," Whitehouse said. "We have a chance to put a Democratic Senate in place, and a Democratic Senate can stop the nonsense."

Today's debate was held at WHJJ, 920 AM. Radio host Arlene Violet moderated.

Whitehouse and Chafee will meet this Thursday night for their first televised debate. The Providence Journal and WPRI-TV, Channel 12, are co-sponsoring the hour-long debate, which will air live from Warwick's Toll Gate High School at 7 p.m. on WPRI.

The general election is Nov. 7, about three weeks away.

Allen Touts Conservative Record, Ideas (WT)

By Christina Bellantoni And Seth McLaughlin

The Washington Times, October 17, 2006

Virginia Sen. George Allen yesterday said that he will be re-elected by sticking to conservative issues, even as national liberals are funneling cash to his Democratic opponent and linking the senator to an unpopular president.

On Thursday, Mr. Allen will appear with President Bush to refuel his campaign coffers in an effort to counter Democrat James H. Webb Jr.'s robust fundraising and to rally his anti-tax and socially conservative base.

"If it's based on issues, stands on issues, solutions, ideas and a proven record of performance, I think we're going to win," Mr. Allen, a Republican, told editors and reporters at The Washington Times. "The people of Virginia know me as a senator and as a governor."

The first-term senator said that he wants to make the president's tax cuts permanent and expressed support for privately managed health savings accounts and opposition to activist judges. Mr. Allen was scheduled to appear last night in a two-minute statewide campaign commercial with Senate Armed Services Committee Chairman John W. Warner.

Mr. Webb's call for "more revenue" because of the billions of dollars being spent on the war in Iraq is a "code word for raising taxes," said Mr. Allen, adding that holding the line on taxes is "one of the most salient issues in our campaign."

Mr. Webb supports rolling back some of Mr. Bush's tax credits for the wealthy, giving a 5 percent tax break for military veterans who serve honorably and extending tax cuts for Virginia's families, such as the college-tuition tax credit. "Any tax breaks that benefit a large section of the American people, I am for," the Democratic challenger said last week.

A former Navy secretary under President Reagan, Mr. Webb has not yet accepted an invitation to be interviewed at The Times.

Mr. Allen once held a commanding lead in his re-election bid and seemed poised for a 2008 White House bid.

However, polls show that Mr. Allen and Mr. Webb are nearly tied in a race that could determine the control of the Senate come Nov. 7. Stars of both parties are crossing the Potomac River and bringing national money to both men.

Mr. Webb has benefited from the Democratic Senatorial Campaign Committee's $1 million ad attacking Mr. Allen and from fundraisers hosted by prominent senators such as Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Barack Obama of Illinois.

Former President Bill Clinton will headline a high-dollar fundraiser in McLean for Mr. Webb on the same night that Mr. Bush is scheduled to appear at the Science Museum of Virginia in Richmond for Mr. Allen.

Mr. Bush's approval rating in Virginia is in the low 40s, and Mr. Webb reminds voters at every stop that Mr. Allen has supported the president 97 percent of the time in general and 100 percent of the time on foreign policy.

"The president is welcome in Virginia," Mr. Allen said yesterday. "We hope it's a good fundraiser for us. We need the funds to battle the national liberal Democrats."

When asked, Mr. Allen said that he has disagreed with Mr. Bush on immigration reform, education and the nomination of Harriet Miers as a U.S. Supreme Court justice.

The president's No Child Left Behind Act forces Virginia to "dumb down" its Standards of Learning, which were created when Mr. Allen was governor, the senator said.

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Mr. Allen also said that he learned too late about the real cost of Mr. Bush's Medicare prescription-drug program, which he supported with the intent of helping the frail afford prescriptions.

"Clearly, the facts were not accurate," he said.

Mr. Allen said that he and Mr. Warner, a fellow Republican and Virginia's senior senator, agree on the fundamentals when it comes to the war in Iraq. Most notably, the two senators say that the country cannot become a haven for terrorists.

"It hasn't gone as well as I wish it had gone," Mr. Allen said yesterday.

Like Mr. Webb, Mr. Allen yesterday said that he is comfortable with women's roles in the military.

The issue has lingered, in part, because of an Allen television ad that criticizes Mr. Webb for writing a 1979 magazine article questioning a woman's place in the military. Mr. Webb apologized for the article's tone and stressed that he opened more operational jobs to women than any other Navy secretary.

As of Oct. 1, Mr. Allen had $5.5 million in cash on hand and Mr. Webb $2.7 million, according to campaign finance disclosures.

Ex-Gov. Warner Puts Weight Behind Webb (WT/AP)

By Matthew Barakat

The Washington Times-AP, October 17, 2006

Virginia's two most popular politicians jumped full-bore into the state's Senate campaign yesterday, with former Gov. Mark Warner promising to do all he can to get Democrat James H. Webb Jr. elected and U.S. Sen. John W. Warner making a joint televised appearance with Republican Sen. George Allen.

The two Warners are not related.

Mark Warner, who surprised political observers Friday by forgoing an anticipated run for the presidency, campaigned yesterday with Mr. Webb at a Fairfax County retirement community and said many more joint appearances are forthcoming.

"I'll have a little more time now to campaign with him,"Mr. Warner said, referring to his aborted presidential bid. "I'm going to put all my energy behind this effort."

In particular, the former governor said he would campaign with fellow Democrat Mr. Webb in Southside and Southwest Virginia -- two parts of the state where Mr. Warner has worked for years to build up credibility with conservative voters there.

Mr. Warner left office in January with approval ratings above 70 percent. Perhaps the only Virginia politician who rivals Mr. Warner's popularity is Sen. Warner, a Republican who won re-election in 2002 with 83 percent of the vote.

Mr. Allen for the second time in his campaign purchased a two-minute block at 7:58 p.m. yesterday in all of Virginia's broadcast markets -- this time for a taped joint appearance with Sen. Warner.

Still, Mr. Webb yesterday called Sen. Warner a friend and said he thinks his positions hold more in common with Sen. Warner than Mr. Allen's.

Mr. Webb noted that Sen. Warner recently offered a sober assessment of the situation in Iraq and said the Bush administration might need to consider a "change of course" if the Iraqi government cannot stabilize the situation in the next few months. Mr. Webb has consistently criticized Mr. Bush's move to invade Iraq and his handling of the war and subsequent occupation.

Mr. Webb also cited Sen. Warner's support for embryonic stem-cell research, which Mr. Allen has opposed.

"It seems like Senator Warner's positions are actually closer to Jim Webb than to George Allen," Mr. Warner told reporters.

Mr. Allen's campaign did not immediately return calls yesterday afternoon seeking comment.

Mr. Webb and Mr. Warner fielded questions yesterday at a town-hall forum in Greenspring Village, a well-heeled retirement community of nearly 2,000 that is its own voting precinct and routinely has among the highest voter turnouts in the state. Last year, Democrat Timothy M. Kaine carried the precinct by about 20 points, similar to his margin of victory in the rest of Fairfax County.

Most of the questions from the audience of nearly 300 were about Iraq.

When one resident asked if Mr. Webb would impeach Mr. Bush, Mr. Webb responded that he would do "everything in my power to bring accountability to what has happened on a variety of fronts in this administration." When the resident pointed out that Mr. Webb did not answer the question, Mr. Webb simply smiled in response.

Most but not all in attendance were supportive of Mr. Webb.

Suri Khanna, 70, a native of India, said before the event that he supports Mr. Allen in part because of his support of the Indian-American community on issues like visas for high-tech workers. He described as overblown the "macaca" incident, in which Mr. Allen used what is sometimes regarded as an ethnic slur against a Webb campaign staffer of Indian descent.

After yesterday's forum, Mr. Khanna said he heard nothing from Mr. Webb to change his mind.

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"On Iraq, Webb wants to do exactly what Bush is doing," Mr. Khanna said, referring to Mr. Webb's reluctance to immediately pull troops out of Iraq.

Recent polls show the contest between Mr. Allen ahead by between two and 4.7 percentage points.

Boxing's King Throws Jabs For Steele, GOP (WT)

By Jon Ward

The Washington Times, October 17, 2006

Boxing promoter Don King yesterday campaigned with Maryland Lt. Gov. Michael S. Steele in Prince George's County and Baltimore, telling black voters to support Mr. Steele's U.S. Senate candidacy even though he is a Republican.

"For black people, there can't be a fealty to party. That's not fidelity to truth," said Mr. King, a Republican.

With his trademark hair standing straight up, Mr. King appeared with Mr. Steele at a cafe in Largo Town Center and then on a street corner in West Baltimore. The two then visited a youth boxing center.

Mr. King criticized the state Democratic Party for not promoting black leaders.

"You don't have any black faces on the Democratic ticket," Mr. King said. "John Kennedy said sometimes party loyalty asks too much."

The Democratic nominees for the top four statewide races -- governor, Senate, attorney general and comptroller -- are all white men. Delegate Anthony G. Brown, the Democratic nominee for lieutenant governor, is black.

Mr. Steele is the first black to win a statewide election in Maryland, where Democrats outnumber Republicans 2-to-1.

Black political, business and religious leaders have noted growing discontent among black voters, who compose about 40 percent of registered Democrats and have been the party's most loyal voting bloc.

Mr. Steele seized on that sentiment yesterday at the cafe in Largo. He displayed a recent photograph of his Democratic opponent, Rep. Benjamin L. Cardin, campaigning with Sen. John Kerry of Massachusetts and House Minority Whip Steny H. Hoyer of Maryland. All three are white men.

"I see the leadership that's sitting down at the table to talk about the future. I don't see us represented," Mr. Steele said to the predominantly black audience of about 40 people. "You are at my table, friends."

A Cardin spokesman did not respond to a request for comment.

Mr. Cardin's primary criticism of Mr. Steele has been that the lieutenant governor was recruited by President Bush and supports the president's policies.

Mr. King, who campaigned for Mr. Bush in 2004, yesterday said that he "loves" the president for promoting blacks to top spots within his administration.

"I love George Walker Bush for what he did symbolically," Mr. King said.

Mr. King rose to fame and fortune by promoting boxers such as Muhammad Ali and Mike Tyson, but also has had legal troubles that include a manslaughter conviction, for which he served four years in prison. He referred to his checkered past yesterday.

"I must have an indictments list longer than his awards list," Mr. King said, comparing himself with Mr. Steele.

Racial politics in Maryland has focused on the Democratic efforts to secure support among blacks and Mr. Steele's ability to thwart those efforts.

For instance, hip-hop mogul Russell Simmons, who has supported Democratic candidates and causes, endorsed Mr. Steele in August and has appeared with him in campaign ads.

Republican lawmakers in rural parts of Maryland yesterday said that Mr. King's endorsement of Mr. Steele will not turn off white voters.

"[Mr. King] is a successful guy in a very iffy sport," said Delegate Richard A. Sossi, Eastern Shore Republican. "I don't think that's going to be a big issue one way or the other."

Delegate Anthony J. O'Donnell, Southern Maryland Republican, said Mr. Steele "appeals to a broad spectrum of people."

"I represent a very conservative district, and my district loves Michael Steele," Mr. O'Donnell said. "It's a good thing. It may help us get over some of this trash that's been out there for decades."

Senate Hopes To Hinge On Corruption Charges In N.J. (WT)

By Amy Fagan

The Washington Times, October 17, 2006

One of an occasional series

The same Democratic leaders who have long hoped to regain control of Congress by blasting a Republican "culture of corruption" are in danger of losing their shot at the Senate because of accusations of corruption against Sen. Robert Menendez.

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What was expected to be an easy win for Democrats has become one of the nation's most hotly contested Senate races.

Mr. Menendez, New Jersey Democrat, has been plagued by news reports that he's under federal investigation for a long-standing rental deal with a nonprofit group that received millions in federal funding while he was a House member.

His Republican opponent, Tom Kean Jr., has hammered the Democratic incumbent in negative ads. And the criticism increased last month after the Philadelphia Inquirer reported a taped conversation in which a Menendez ally told a government contractor that he would have "protection" if he hired a doctor with ties to Mr. Menendez.

Democrats say they're not surprised by the Republican focus on accusations of corruption but say Mr. Menendez will win anyway by linking Mr. Kean to President Bush. Polls show that Mr. Bush is unpopular in this liberal state, where registered Democrats outnumber Republicans.

"We are confident Bob Menendez is going to be elected," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. "Tom Kean is a George Bush clone."

The lesser evil

Political observers say the outcome depends on whether voters here get angrier about Mr. Bush and the Iraq war or about state corruption.

"Is this going to be a national referendum or is it going to be a statewide referendum on state corruption?" said New Jersey Republican political consultant Mark Campbell. "If this is national, Menendez wins; if this is a statewide election on the need for reform ... Tom Kean Jr. wins."

"People deserve to know if their senator is the only senator under federal criminal investigation," Mr. Kean said as he took a break Oct. 8 from shaking hands with the tailgating crowd at Giants Stadium in East Rutherford, N.J.

A Quinnipiac University poll taken Oct. 4 to 10 found 49 percent of likely voters support Mr. Menendez and 45 percent back Mr. Kean. It also found that 57 percent of voters feel the ethics questions about Mr. Menendez are serious.

One of Mr. Kean's latest ads plays part of the 1999 taped conversation in which Menendez adviser Donald Scarinci asks a contractor -- acting as an FBI informant -- to rehire a doctor as a "favor" to Mr. Menendez. The ad says kickback schemes and federal probes are "what you get with Bob Menendez."

In another ad, Mr. Kean promises to free New Jersey from the "clutch of corruption." And yesterday, the 38-year-old state senator cited a press report that Mr. Menendez tried to help a convicted felon transfer to a prison closer to his family.

Mr. Menendez, 52, was appointed in January to fill the Senate seat vacated when Democratic Sen. Jon Corzine was elected governor.

The Democrat said he's being attacked "viciously and falsely" and has repeatedly said he's not under federal investigation, although Republicans note that he told ABC last month that "we welcome" such a probe.

Mr. Menendez has hit back at Mr. Kean with ethics charges of his own. He ran an ad blasting Mr. Kean's campaign for contacting a jailed felon to dig up dirt for the race.

And he charged yesterday that Mr. Kean should be investigated for having a fundraiser with executives from UnitedHealth, which is burdened by a stock-option scandal. Mr. Kean's father sits on the company's board, but the Republican's camp said there was no impropriety and accused Mr. Menendez of making "a baseless attack."

Guilt by geography

Mr. Menendez is a former mayor of Union City with political roots in Hudson County, which has a statewide reputation for corruption. He recently complained to the Associated Press that he's tired of being labeled "guilty by geography."

But in a state where Democrat Sen. John Kerry got 53 percent of the vote in the 2004 presidential election, the Senate race is too close to call, and New Jersey Republican lobbyist Michael Torpey said, "The issue of corruption is clearly resonating with people."

That resonance surprises some observers.

"It's hard for me to see how the race turns on ethics," said Rutgers political science professor Cliff Zukin.

Some N.J. voters seem indifferent to the ethics issue, while others are clearly turned off. New Jersey Democratic lobbyist Rick Thigpen said Republicans may be running a negative campaign in order to turn off voters and keep turnout low, which would benefit Mr. Kean in this Democrat-heavy state.

"Everybody's disgusted with all of them," said Pat Resciniti, 51, a Bloomfield resident who watched Mr. Menendez and other politicians march by in the Nutley Columbus Day Parade and insisted that she won't vote.

What's in a name?

Democrats contend that the race has been close not because of ethics concerns but because Mr. Menendez was widely unknown outside of his congressional district while Mr. Kean began with the most popular name in New Jersey politics.

That's shifting though, they say, citing recent polls giving Mr. Menendez a slight edge as proof voters are responding to the message that he's the one who will truly fight Mr. Bush -- especially on Iraq.

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"Obviously, our message is piercing through," Mr. Menendez said after shaking hands Oct. 8 at a Fort Lee community picnic for senior citizens.

Mr. Kean began this race with five years' experience in the state House and state Senate and a family name that evokes memories of the most popular New Jersey governor in recent history.

Tom Kean Sr. is known for his bipartisanship during his governorship and in his more recent role as chairman of the September 11 commission.

"There's a huge allegiance, despite everything, to his dad," said Maria Ramos, 36, a Belleville resident who favors Mr. Menendez.

In speeches, Mr. Kean repeatedly cites both his father and grandfather, a former New Jersey congressman. The Republican has billed himself as a reformer and tried to distance himself from Mr. Bush -- saying he disagrees with the president on stem-cell research, spending and the environment, but agrees with him on permanent tax cuts and anti-terrorism efforts.

Patrick Buldo, 61, of Belleville said he likes what he hears from Mr. Kean and will probably vote for him.

"We need some new blood out there, and his father was good," he said.

Mr. Kean, however, has had to walk a fine line since top Republican stars such as first lady Laura Bush have come to the state to campaign for him.

On the war, Mr. Kean has called for Defense Secretary Donald H. Rumsfeld to resign but doesn't support a strict timeline for withdrawing U.S. troops from Iraq -- which Mr. Menendez voted for.

Mr. Menendez, who says he is "proud" that he voted against authorizing the use of force in Iraq, repeatedly emphasizes his opposition to Mr. Bush and the war.

The Democrat has tried to steer the debate back to issues where he arguably has the advantage in New Jersey, recently distributing an e-mail video clip of Mr. Kean being confronted by the angry mother of a soldier.

"Tom Kean Jr. fails the test of character when it comes to his support of President Bush's failed war in Iraq," the e-mail said. His newest ad also charges that a vote for the Republican is "just another vote for Bush's agenda."

"George Bush is one of the biggest assets Menendez has," said Mr. Thigpen, who predicts Mr. Menendez will win.

"When he gets to the Senate, he'll just be a rubber stamp," Becky Redington, a 62-year-old Menendez supporter from Montclair said of Mr. Kean.

The security issue

The Quinnipiac poll found that 63 percent of New Jersey voters disapprove of Mr. Bush's handling of Iraq and 57 percent disapprove of Mr. Bush as president.

Yet, New Jersey voters are also concerned about anti-terrorism efforts because residents had front-row seats to the September 11 attacks and lost many of their own. Some Republicans say the security issue is why Mr. Bush did better in New Jersey in 2004, improving from 2000, when he got just 40 percent of the vote against Democratic candidate Al Gore.

Both Senate candidates strongly advocated enactment of all the September 11 commission's recommendations, and Mr. Menendez has cited his efforts to prevent a Dubai-based firm from taking over some operations at the port of Newark.

Yet New Jersey voters clearly separate September 11 from the Iraq war effort, Mr. Campbell said. The Republican consultant said a "schism" emerges because top Republicans consistently link the two issues.

The New Jersey race has drawn national attention because a loss by Mr. Menendez would all but doom Democratic efforts to capture the U.S. Senate. That factor has attracted star Democrats like former President Bill Clinton and Illinois Sen. Barack Obama to campaign for Mr. Menendez, focusing on opposition to Mr. Bush.

As Mr. Menendez worked the crowd at the Fort Lee seniors' picnic, Sen. Frank R. Lautenberg stood on stage criticizing Mr. Bush's Social Security plan, the war in Iraq, tax cuts, and prescription-drug plan.

"To give [Mr. Bush] a majority in the House and Senate would be a big mistake," the New Jersey Democrat told the seniors, some of whom yelled out their agreement. "I'm here to plead with you -- think of what happens if Bob Menendez doesn't win."

That message clearly got through to some.

"The reason I'm set on Menendez is because he's a Democrat," Lila Breslow, 75, said after the picnic, holding the crockpot she won in a raffle. "I prefer the Democrats to Bush."

The Columnist Who Shut Up To Speak Out (WP)

By Peter Slevin

The Washington Post, October 17, 2006

DOJ_NMG_0082397

CLEVELAND At a lively Democratic gathering in a nearby suburb, Senate candidate Sherrod Brown is talking up his wife to the party faithful. He says, as he always does in this part of Ohio, that the crowd probably already knows Connie Schultz as a prizewinning newspaper columnist.

As the seven-term congressman praises her "terrific sacrifice" in giving up the column in the Plain Dealer during the campaign, a spirited voice calls out from the back, "Just win, honey!"

That would be Schultz, who less than a year after winning a Pulitzer Prize tucked away her pen and pad to support her husband in the toughest race of his career -- and one of the most important, most intense, most eyeballed matches of the 2006 campaign season.

The campaign role is new to her. So, for practical purposes, is the marriage. Schultz and Brown met in 2003 when each was long divorced. Now, barely on opposite sides of 50, they are learning to be political partners amid the friction and heat of a grueling race. As friend Jackie Cassara put it, "Why don't you just put them in a centrifuge and spin vigorously?"

Brown is surrendering a safe seat in Congress after seven terms to challenge Sen. Mike DeWine, a two-term Republican incumbent with a campaign treasury that stretches from Cincinnati to Toledo. Schultz is giving up the comfort and satisfaction of her freewheeling newspaper voice.

Some days, the blessing is decidedly mixed. As she arrived to speak to a crowd of 430 retirees at United Auto Workers Local 1250, the union president made a pitch for Brown's candidacy. He then turned to her and said, "I believe he's sent his lovely wife. Connie, is it?"

"The hardest thing," she says, "is I'm always talking for my husband."

Brown, 53, is a doctor's son schooled at Yale. Schultz, 49, is a maintenance man's daughter who became her family's first college graduate. Yet with their progressive philosophy, their passion for the underdog and their gregarious flesh-pressing, there is no mistaking that they are a matched set.

There are plenty of similarities in their rhetoric, too. Schultz, for instance, has publicly accused DeWine of lying about her husband's record and "betraying the working families he was supposed to serve."

Their collective decision to challenge DeWine, a family values conservative with an agreeable public persona in a state long dominated by Republicans, is the biggest political risk of their professional lives. Brown initially said he would not run, because of family concerns.

"I was really the holdout," Schultz says. "We were in a very new marriage. I was not a political spouse. I knew how you could blow a marriage."

As they talked, and talked, she came to see that Brown needed to enter the race or forever regret it. As she puts it, "The stars had aligned, and I was going to be the big, fat moon in the way."

Once Brown entered the race, it was only a question of time before Schultz would quit her column. For reasons of newspaper ethics and spousal devotion -- who would make sure there were mango slices and carrots in Brown's campaign car? -- Schultz realized in February that the time had come.

This would be an adventure, right? Aren't the best adventures a bit scary?

Well, she was scared.

After she told her editors, she opened her journal and wrote in big block letters, "WHAT IS TO BECOME OF ME?"At Home in Avon

It is a Sunday night in a largely Republican housing development in Avon, west of Cleveland, an unlikely choice for arch-liberals Schultz and Brown after their wedding. Schultz is home after two appearances for her book, a collection of columns called "Life Happens, and Other Unavoidable Truths."

Waiting for Brown, she boils a pot of water in the combination kitchen and family room where they installed a floor-to-cathedral-ceiling wall of bookshelves to accommodate their library. Apologizing for the impromptu meal, she grabs a jar of prepared tomato sauce from the cupboard and a bottle of red wine from the attached garage.

Down the hall, across from the desk where she writes, a ping-pong table is set up on the thick carpet of the living room. It was Schultz's second-anniversary present for her husband. Until he suffered a campaign trail double hernia, they played most nights when he was in Ohio.

"We're pretty wound up when we get home," Schultz explains. "We come home, we play ping-pong and we talk. Just to take his mind off it a little bit."

"It's hard. It's really hard," Brown says of running in a state that last elected a Democratic senator in 1992. He mentions the scope, the pressure. Friends say Brown, divorced for 16 years before he married Schultz, believes he has found a true campaign partner.

He told Schultz the previous night that he would not have campaigned as well or as successfully without her.

"When you said that, I was stunned," she tells him.

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"You know that," he answers. "I've told you that a hundred times in a lot of different ways."

Schultz smilingly reports that a woman had advised her to keep an eye on her man, what with the availability in Washington of so many alluring women-not-his-wife. Brown sees many good reasons not to stray, not least Schultz's megaphone -- and her proven willingness to use it.

"I have already said to people," Brown says, "if I ever did anything, she wouldn't just cut my [testicles] off. She'd write about it."Smitten by Her Words

The citation with Schultz's Pulitzer for commentary praised "her pungent columns that provided a voice for the underdog and underprivileged."

Two weeks after she began writing her column in October 2002, she received an e-mail from one "Sherrod Brown, Lorain, Ohio." It read: "Where did the Plain Dealer find you? You are a breath of fresh air; your writing reminds me of that of Barbara Kingsolver, one of my favorite living writers."

Brown read Schultz's first column aloud at the Thanksgiving dinner table. It was about her father, for 36 years an electric company worker. It began, "I want Dad's lunch pail."

"To Dad, it's a daily reminder of the job he hated," wrote Schultz. "To me, it is an enduring symbol of the promise he made to his four young children. 'You kids are never going to carry one of these to work,' he'd tell us, over and over. 'You kids are going to college.' "

Schultz is a mother of two who graduated from Kent State and quit law school after two years. She writes about coat-check attendants whose tips are siphoned by management. She urges respect for valet parkers and better health care for the uninsured. She quotes her mother's admonition: "Don't marry him till you see how he treats the waitress."

She wrote in one column that on the Sunday after Ohio voters banned same-sex marriage, straight members of her congregation wept as more than 50 gay worshipers stood to show they had been affected by the legislation.

"They didn't look angry or defiant," she wrote. "They looked abandoned."

Brown is a self-described battler for the little guy. First elected to the Ohio House at 21, he has been a politician ever since. He fought fiercely against NAFTA and voted against the Iraq war resolution and the Patriot Act. He spotted the makings of a soul mate in Schultz's politics and her tolerant Christian faith -- she belongs to the United Church of Christ; he is Lutheran.

Daughters Emily and Liz saw it right away.

"He would read us her columns over the phone," says Emily, 25, a union organizer on leave to work in the campaign. "Liz and I were, 'Clearly, you should just ask this woman out, Dad.' "

He did and they met for dinner on New Year's Day 2003.

"Within two seconds," says Emily, "they were in love."

Precisely 10 months 26 days later, Schultz told her readers, they married.'Mrs. Brown' She's Not

Plain Dealer readers know much about the contours of Schultz's heart. She wrote of her nervousness, at age 45, about their first date. She told about Brown becoming friends with her cat, and her inaugural trip to buy manure for his tomato vines. Also, their pedometer competition, their "all day long" e-mail exchanges and the night he proposed.

"Falling in love when you're knee-deep in middle age takes some getting used to," Schultz wrote. "For one thing, you feel mighty silly giggling all the time, especially in front of your grown kids."

The character and the cadence of her columns infuse her performance on the hustings. She tells of campaign encounters and describes her working-class roots in Ashtabula, Ohio, where, as she puts it, a couple of nobodies wore themselves out so their children could become somebodies.

But her talk turns tough when she shifts to Republican criticism of her husband.

"We're going to fight back," she told the UAW crowd. "You respond, you pivot, and you deck 'em."

"Connie has never known the luxury of an unexpressed thought. It's into her head and out of her mouth very quickly," says Cassara, a Cleveland Realtor and the close friend described by Schultz as "my sanity in this race."

Total strangers suddenly have expectations, from how she should wear her hair to how she should gaze upon her husband as he speaks. People regularly ask when she will change her name to Mrs. Brown. Answer: She won't.

"You know what the difference is now?" Schultz asks one morning over coffee. "I'm having to rein myself in. I'm less myself."

This is Brown's race, after all, and he must remain the focus.

"When somebody asks a question, I feel I can't immediately answer. I have to say, 'Sherrod's particularly outspoken about this,' " Schultz says. "Thank God we agree on almost everything. If we didn't, I don't know how I'd do this."

Twice, people have pasted DeWine stickers over the bumper sticker on her car, the one that reads, "Well-behaved women rarely make history."

"A little hostility out there?" she asks in mock innocence.

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Then there was her parking lot encounter with the man who pointed to the "Brown for Senate" sticker on her car and said, "I wouldn't be caught dead with that guy's bumper sticker." He told her it was not too late to repent, she remembers.

"It really is too late," Schultz replied.

"Why?"

"I married the guy."The Opponent's Wife

Fran DeWine married her guy, too, 39 years ago. The wedding was two weeks after her 20th birthday, because she believed teenage marriages were doomed. Even then, she had already dated Mike DeWine for longer than Schultz and Brown have known each other.

She takes a softer approach than Schultz when promoting her husband's candidacy. Through 30 years of political life since DeWine won his first race for Green County prosecutor, Fran DeWine says she has overcome an initial shyness. She hands out her trademark 24-page cookbook, paid for by the Ohio GOP, and frequently mentions her eight children and nine grandchildren.

"First of all, I talk about Mike and I, knowing him since we started first grade together," DeWine says by telephone from Northern Virginia as she bakes banana bread for her youngest daughter's cross-country meet.

"I don't go into the details he goes into, but I like to tell what he spends his time doing," says DeWine. She talks of her husband's work on the Senate Intelligence Committee, his role on children's issues and his ability to deliver money to Ohio. "He's my best friend and I help him and we work together, but there is no role, 'Political Spouse.' I think everyone has to decide for themselves."

DeWine would not discuss Schultz's approach or her campaign trail commentary.

"I try not to know," DeWine says. "I want to go ahead and lead my life and I don't want to worry about that."

Schultz, meanwhile, is saying of Mike DeWine at a fundraiser, "Forget that he's lying about Sherrod's record; he's trafficking in a national tragedy for political gain." She is referring to an advertisement, later pulled, that included a doctored photograph: The producers had added more smoke to the burning World Trade Center.

The DeWine campaign stands by its effort to portray Brown as too liberal for Ohio, unable to work with Republicans and unwilling to take essential steps against terrorism.

At the fundraiser, put together by supporters calling themselves Brown-Nosers, Schultz is billed as the star. The first 20 people donating at least $300 are promised a signed copy of her book.

When Schultz begins to speak, she announces a surprise guest, one Sherrod Brown, who has flown in from Washington. As she steps back and he steps up, someone calls out, "We want Connie!"

Brown, who cried when he learned Schultz had won the Pulitzer and sometimes refers to her in e-mails as PPWCS, says a November win would bring a January trifecta: Ohio Democrats in the Senate and the governor's mansion, and Schultz's column back in the Plain Dealer.

"So many people, especially women, are really moved by what she writes about," said supporter Brittany O'Connor, who brought her mother to hear Schultz speak. "I wonder if the Plain Dealer will let her."Hoping to Return

"It does make me uneasy," says Plain Dealer Editor Douglas Clifton. "I'm kind of old-school when it comes to drawing the line between what a reporter can and can't say or do in political campaigns."

After meeting and marrying Brown, Schultz avoided writing about issues he pushed in Congress. But she and Clifton saw that a statewide race would be trickier to navigate.

"I still want to write about what's on my mind, but that is becoming increasingly difficult," Schultz wrote in her final column. "Each passing week brings more limitations on my choice of topics because there is a concern that some will accuse me of using my column to stump for my husband."

As a woman and a feminist, she found the idea that she was "merely parroting" her husband both amusing and offensive, she wrote in that last column. But she was mindful of the appearance of a conflict of interest, as well as problems her presence might cause for colleagues covering the race.

Schultz expects to return. Clifton recently assured her that he wants her back, aware that some readers will view her work through the prism of her campaign efforts.

"In the end," Clifton says, "I have every confidence in her integrity."

Three former journalists who now spend time considering ethical quandaries say the potential conflict is made manageable by the fact that Schultz is campaigning for her husband -- turning down requests from other candidates -- and that she is an opinion writer, not a beat reporter.

"I would be more tolerant of a spouse campaigning for a wife or husband," says former ABC News reporter Bob Zelnick, who teaches journalism ethics at Boston University. He adds, however, that Schultz would be "better advised to be a little bit less sharp and pointed in her attacks on her husband's opponents."

* * *

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There are 21 days to go in the campaign. As the pace quickens and the pitch of television commercials grows sharper, most polls show Brown ahead of DeWine in a race professionals expect to remain close.

Schultz crisscrosses the state, keeping in touch with Brown via BlackBerry and cellphone, grabbing catnaps on long drives to Avon. Every day, she laments columns unwritten. But Schultz is taking notes for a campaign memoir. She will call it "And His Lovely Wife."

Politicians' Campaigns Invade MySpace (USAT)

By Judy Keen

USA Today, October 17, 2006

Candidates are using popular websites Facebook, MySpace and YouTube for the first time to give their campaigns free publicity, reach young voters and bypass traditional media. Once they're online, though, they risk being mocked and losing control of their messages.

Facebook.com created 1,400 candidate profiles that listed names, states, parties and offices. Of those, about 300 are updated by candidates or their staffs, marketing director Melanie Deitch says.

What's online can be embarrassing:

·Sen. Hillary Rodham Clinton's Facebook profile has many posts from her Green Party rival, Howie Hawkins, who lists reasons he thinks the New York Democrat should be defeated.

·A Facebook search for "Mike DeWine" turns up the Ohio Republican senator's profile as well as links to several self-organized political groups of Facebook members. One group calls itself "Mike Dewine and (Ohio Rep.) Deborah Pryce are tools," a derisive slang for dupes.

·In an ad only on YouTube and Republican congressional candidate Paul Nelson's campaign website, Nelson says Rep. Ron Kind, D-Wis., voted to fund studies of "the sex lives of Vietnamese prostitutes." Matt Sweeney, Kind's campaign manager, says voters will "see through these kinds of sleaze ads."

The power of the sites was highlighted this summer when video of Sen. George Allen, R-Va., calling a rival's volunteer "macaca" showed up on YouTube. It has been seen more than 250,000 times. YouTube has more than 30 million visitors a month.

Campaigns are still finding ways to tap the sites' potential, says Democratic strategist Chris Lehane, who predicts they "will ultimately revolutionize politics."

About 1 million of Facebook's 10 million regular users read politics features, Deitch says. That's an opportunity to reach young voters. In the 2004 election, 17% of voters were 18-29.

MySpace, with 56 million visitors a month, had "a huge uptick" this year in political activity, says spokesman Jeff Berman. "When you can reach people that quickly, that effectively and at no cost, it's just a no-brainer," he says.

With Tactical Itinerary, Mrs. Clinton Skirts Iowa (NYT)

By Anne E. Kornblut

The New York Times, October 17, 2006

DES MOINES, Oct. 15 — Three years have passed since Senator Hillary Rodham Clinton last set foot in Iowa.

Mrs. Clinton has zigzagged through much of the country in that time, bouncing among Ohio and California, New Jersey and Colorado, Pennsylvania and Michigan, raising tens of millions of dollars and meeting with legions of Democrats. But she has conspicuously bypassed Iowa, whose caucuses will be the first presidential nominating contest, and New Hampshire, the state with the earliest primary, where her last visit was even longer ago.

Mrs. Clinton's strategy is a tacit recognition that crossing the border into a state that will matter early in 2008 would set off a cascade of attention and be tantamount to an official announcement that she is running for president. At every opportunity, her advisers say she is doing nothing more than focusing on being re-elected in New York next month. For now, at least, she can point to her itinerary as evidence that she has not made up her mind about 2008.

Yet depending on how long she waits, her absence from Iowa also risks giving her Democratic rivals an opening to curry favor with voters here. Other candidates are already in a nearly constant march through the state, hiring operatives and seeking commitments from grass-roots organizers. Even Terry McAuliffe, former Democratic national chairman and a close Clinton adviser, acknowledges that "the other candidates are there rounding up donors."

"But beyond that, it doesn't matter at this point," Mr. McAuliffe said. "She's in a unique position."

Then, as all Clinton advisers must, he quickly added that the senator was engaged "in a deliberative process," deciding whether to run. "Anybody who tells you she's running today is crazy," he said.

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Other strategists agree that if Mrs. Clinton does run, then the moment she begins to devote her attention to a presidential campaign her financial and name-recognition advantages will wash away any memory of the years she declined to visit Iowa and New Hampshire.

Still, at two recent gatherings — the annual Jefferson-Jackson Day dinner sponsored by the Iowa Democratic Party here Saturday and the annual steak fry picnic last month sponsored by Senator Tom Harkin, Democrat of Iowa — there was little evidence of an organic pro-Hillary movement.

Even at the Jefferson-Jackson Day dinner, where former President Bill Clinton made what was widely viewed as a proxy appearance for his wife, the most visible show of support for Mrs. Clinton came from Peter Feddo, a 23-year-old who runs a Hillary Rodham Clinton for President Committee from Richmond, Va. Mr. Feddo had flown into Des Moines with thousands of "Hillary for President" stickers and signs that he passed out at the door; the best news, he said, was that some guests asked for two. "So that's a sign of momentum for Hillary," he said. "People not only want to support her, they want to tell their friends."

Numerous Democratic voters interviewed at the two events said that although they admired Mrs. Clinton, they feared she could not win the general election. Several said they had been impressed with Senator Evan Bayh of Indiana, who is making a strong push here, and another handful said they were leaning toward former Senator John Edwards of North Carolina, who has spent significant time in the state.

"I like Hillary, but I have my doubts about her," said Judy Risvold, a retired accountant from Des Moines who attended the Harkin steak fry last month.

Asked whether Mrs. Clinton should already be courting Iowans if she was going to win here, Ms. Risvold said it was not too late. "She'll come if she's serious," she said.

Michele Barker, a high school teacher, said she considered herself a supporter of Mrs. Clinton but worried about her chances in a general election. "I'm fearful of the response she'd get from the voters," Ms. Barker said, because of a past as a polarizing figure.

Although there are plenty of Clinton supporters here left over from Bill Clinton's campaigns, he did not build the same network here as in New Hampshire, meaning that his wife would still have to hire advisers and line up supporters, work that others like Mr. Edwards, Mr. Bayh and Senator John Kerry of Massachusetts have already begun.

Even former Gov. Mark Warner of Virginia, who announced last week that he had decided not to run, had invested time and money in Iowa, and Senator Barack Obama of Illinois, who is considered less likely to run, has two trips here on the calendar this campaign season.

And then there is Tom Vilsack, Iowa's governor, who is laying the groundwork for a possible race and would have a natural advantage in his home state.

The consensus is that Mrs. Clinton, unlike anyone else, can wait as long as she wants before beginning to court Iowans.

"She is the only candidate where it won't hurt her," said Gordon R. Fischer, former chairman of the Iowa Democratic Party, "because her name recognition is already sky-high; she already has a lot of money. She's the one person, frankly, the one candidate, who could get away with it."

Still, a recent Des Moines Register poll showed Mrs. Clinton in second place, behind Mr. Edwards (with Mr. Kerry and Mr. Vilsack third and fourth).

"Nationally, she is indeed the front-runner, should she choose to compete," Mr. Fischer said.

But he also said: "I think in Iowa you have to fight for it. There aren't any coronations in Iowa. Rightly or wrongly, we demand the candidates come in early and often, and especially often. We expect them to shake our hands and look us in the eye. We expect to be able to ask questions and have them answered. She's going to have to work for it like anybody else."

States Considering Privatizing Highways Can Study Indiana Toll Road Experience (USAT)

By Theodore Kim

USA Today, October 17, 2006

INDIANAPOLIS — Indiana's experience with privatizing its East-West Toll Road shows that states considering the same move might expect quick financial benefits along with higher tolls and other policies that could rankle some drivers.

A number of states have looked at privatizing major highways to fill budget holes and cover the expense of fixing other crumbling roads.

Gov. Jon Corzine of New Jersey is considering leasing the New Jersey Turnpike and other toll roads, while road privatization has emerged as an election topic in Illinois and Ohio.

Privatization has spurred debate over the impact of such deals on toll rates and operations.

Northern Virginia lawmakers have resisted toll hikes on the Dulles Greenway, which is privately run. Leaders in Harris County, Texas, defeated a proposal this year to privatize toll roads in the Houston area, deciding to run the road themselves.

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The 50-year-old Indiana East-West Toll Road is in its fourth month of private operation.

In July, a private Australian-Spanish consortium took over the 157-mile highway, which runs east from Chicago to the Ohio border.

The consortium will operate, maintain and collect tolls on the road for 75 years. In return, it gave Indiana a one-time, lump-sum payment of $3.8 billion.

Since the hand-over, the private operator, the Indiana Toll Road Concession, has readied the installation of pay-without-stopping tolling technology and announced a $250 million expansion of the road's western end.

State Treasurer Tim Berry said Indiana has reaped more than $55 million in interest from the consortium's payment.

The company has drawn criticism from police and members of other emergency agencies, who said the operator's practice of installing barriers at turnarounds has hindered their ability to respond to traffic accidents.

"We're trying to respond to emergencies here," said Betty Schroeder, director of Steuben County Emergency Medical Service. "I'm like: You've got to be kidding me here."

Matt Pierce, a spokesman for the toll road operator, says the barriers stop illegal U-turns.

As an alternative, the road operator plans to install flexible posts that will deter drivers from using the turnabouts. Emergency vehicles, Pierce says, can drive over the posts.

Schroeder said she remains skeptical.

The consortium plans to install electronic tolling on the road's western end by June. The entire road will have the technology by September.

Motorists without the transponder needed for electronic tolling will have to pay higher tolls. The consortium has not announced the cost of the transponder.

By September, tolls for passenger vehicles without transponders traveling the entire road will rise to $8 from $4.65.

Eventually, even motorists with electronic tolling will pay the higher rates. Rates for commercial trucks have gone up to $18 from $14.55. More increases are scheduled.

Gov. Mitch Daniels, who pushed for the deal despite staunch opposition in some parts of Indiana, said the consortium is off to a good start.

"Everything's running flawlessly as far as I know, and they've announced the first quarter-of-a-billion dollars of improvements," the Republican governor said.

Indiana House Minority Leader B. Patrick Bauer of South Bend, Ind., a Democrat who is critical of the deal, said the early setbacks foreshadow what's to come.

"Ultimately, they are a private company that's going to do what's best for them," he said.

Cloning Double Talk (PTR)

By Robert Novak

Pittsburgh-Tribune Review, October 17, 2006

A new video available on YouTube marks a late attempt by pro-life forces to avert serious defeat in Missouri Nov. 7, with national implications. Cathy Ruse, speaking for Missourians Against Human Cloning, declares: "Amendment 2 is a fraud. It is an attempt to trick Missourians into approving -- in their Constitution -- human cloning, the right of biotech firms to do human cloning in Missouri -- something Missourians oppose by an overwhelming majority."

But Amendment 2 is identified for many Missouri voters by the language at the beginning of the five-page ballot initiative: "No person may clone or attempt to clone a human being." That explains why polls have shown a substantial margin of support for the constitutional amendment, which is also backed by key Republican politicians and business interests. It seems to offer the best of all worlds: government support of stem cell research without fear of cloning.

The problem is that the proposal so narrowly defines cloning as to open the door to any cloning procedure that takes place outside the womb. If this is approved by a state that historically is a barometer of national trends and is considered a pro-life stronghold, it will be a national model for breaking popular resistance to what the scientists and biotech companies want.

A campaign costing an estimated $20 million has helped build a substantial lead for the amendment's advocates. A September statewide poll by the Republican firm McLaughlin & Associates shows a 59 percent to 31 percent advantage. Democrats appear to have no doubt, favoring it 75-22, with 3 percent undecided. But Republicans are split, 40 percent in support and 45 against, with 15 percent undecided.

Big Republican names -- former Sen. John Danforth, Gov. Matt Blunt and party contributor Sam Fox -- all support the amendment. The $2-billion-endowed Stowers Institute in Kansas City, funded by major Republican benefactors, is spearheading the campaign.

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That establishment Republican support for Amendment 2, including threats to remove the institute from the state if the proposal does not pass, has created a difficult situation for first-term GOP Sen. Jim Talent, engaged in a re-election campaign. I reported Talent's "defection from the anti-cloning ranks" in February when he took his name off a Senate bill to ban human cloning on grounds it might hamper acceptable scientific research.

Talent at that time was taking no position on Amendment 2, but he has since come out against it. In a recent debate with the Democrat Senate candidate, state Auditor Claire McCaskill, on NBC's "Meet the Press," Talent said the proposal "would create ... an unqualified constitutional right to clone the earliest stages of human life. " But he hastened to add he is not against stem cell research.

McCaskill then sought to cast the debate in terms of whether the candidates are for or against the medical miracles that can be achieved through stem cell research. "My faith directs me to heal the sick," she proclaimed, adding that "I come down on the side of hope, hope of cures and supporting science." But she put this in the framework of the constitutional amendment, which, she said, "strictly prohibits human cloning."

But Amendment 2 bans only cloning that involves planting an embryo within the womb. It prohibits government from interfering with somatic cell nuclear transfer, which involves replacing the nucleus of a human egg outside the womb -- the cloning procedure used to produce Dolly the sheep.

This language, contends the YouTube video, "provides biotech firms a blank check for taxpayer dollars to support unethical and unproven research that Missourians oppose." If government-approved cloning can be sold to the pro-life state of Missouri, it will show up next in other states with major research facilities.

Crime And Punishment (WP)

The Washington Post, October 17, 2006

AS THE DEMOCRATIC candidate for mayor of Baltimore in 1999, Martin O'Malley set a goal of cutting the city's annual number of murders to 175; they were then running at more than 300 a year. He failed. Baltimore's homicide tally looks likely to reach or surpass 270 this year, maintaining the city's standing as one of the nation's deadliest.

As the Republican candidate for governor of Maryland in 2002, Robert L. Ehrlich Jr. also set a goal: to reform the state's decrepit, Dickensian system of juvenile jails. He also appears to have fallen short, though that record is not as easily quantified.

One may give both men, who face each other as gubernatorial candidates in the Nov. 7 elections, credit for setting ambitious agendas. One may fairly conclude that each made efforts and some progress in the face of daunting obstacles -- Mr. O'Malley cut Baltimore's murder rate and Mr. Ehrlich closed one of Maryland's worst juvenile jails. Still, the bottom line is that neither made good on his campaign promise to solve a painful, long-standing problem.

Messrs. O'Malley and Ehrlich, in the heat of the campaign homestretch, are busy bashing each other over issues of crime and punishment. They are key questions for voters throughout the state, particularly in the high-crime areas of Baltimore and Prince George's County, and they played a prominent role in the candidates' back-to-back debates this past weekend.

Mr. O'Malley, in particular, has been put on the defensive because of Baltimore's stubbornly high murder rate. It's a good bet that he rues the day he promised to cut homicides to 175 annually, calling it a "realistic goal"; during his term as mayor, which began with this decade, they have never dipped below 253. The murder rate did decline sharply in the mayor's first couple of years in office, as he pushed police to take a more focused, aggressive stance in the city's most crime-ridden precincts -- including the routine arrest of loiterers, which has drawn fire from civil libertarians. But progress on homicides stalled after 2002 even as other categories of violent crime fell sharply. And it speaks poorly of Mr. O'Malley's managerial abilities that he has overseen a revolving door of four police chiefs during his nearly seven years in office -- not counting three others who served on an interim basis.

In the case of Maryland's juvenile justice system, state officials insist that they have made progress in addressing staffing problems, including poor pay and qualifications for many of those who work with young detainees. They closed what was the state's most notoriously violent juvenile treatment facility, the Charles H. Hickey Jr. reform school in Baltimore County -- but without a coherent plan for housing its 144 youthful residents.

Signs persist that the problem is far from fixed. Less than two months ago the state's independent monitor of juvenile facilities, Katherine A. Perez, wrote that she remained concerned about inadequate staffing and "the threat to life, health and safety" of youths at Baltimore City's Juvenile Justice Center. In May, Ms. Perez reported that youths were sleeping on the floor at one overcrowded jail and that monitors had seen a male staff member throw punches at a rowdy girl in another.

The hard problems of drugs and gangs are impediments to denting the problems that both men inherited. But the disappointing results in Maryland's juvenile jails and on Baltimore's rough streets raise questions about the managerial abilities of both candidates.

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And The Winner Is ... Me (NYT)

The New York Times, October 17, 2006

Voters in Ohio can be forgiven if they feel they have been beamed out of the Midwest and dropped into a third-world autocracy. The latest news from the state's governor's race is that the Republican nominee, Kenneth Blackwell, who is also the Ohio secretary of state, could rule that his opponent is ineligible to run because of a technicality. We'd like to think that his office would not ultimately do that, or that if it did, such a ruling would not be allowed to stand. But the mere fact that an elected official and political candidate has the authority to toss his opponent out of a race is further evidence of a serious flaw in our democracy.

Ted Strickland, the Democratic nominee, is leading Mr. Blackwell by as much as 28 points, according to one recent poll. In their panic, some Blackwell supporters have hit on the idea of trying to prevent the election from occurring. One of them filed a complaint alleging that Mr. Strickland, who is a member of Congress, does not live in the apartment where he is registered to vote. Mr. Strickland owns a condominium in another part of Ohio, and the complaint alleges that he actually lives there. If Mr. Strickland was not a qualified voter, he would be prohibited from running for governor.

The complaint itself is without merit. No one disputes that Mr. Strickland lives in Ohio, or that he is registered. The only issue is which of his two homes he chose to register from, and the law gives voters with multiple homes broad discretion in choosing among them.

What is more interesting, and troubling, is the way the complaint is proceeding. The county board that heard it broke down 2 to 2, on party lines, about whether to hold a hearing. In the case of a tie vote at the county level, complaints like these get forwarded to the secretary of state's office to be resolved. Mr. Blackwell says he has designated his assistant secretary to handle duties that could conflict with his candidacy. But passing these matters on to a subordinate who is a political ally and owes his job to the candidate hardly removes the conflict.

Election administration should be removed from partisan politics, in Ohio and everywhere else. Decisions like these should be made by nonpartisan bodies or, failing that, by people who do their utmost to insulate themselves from partisan politics. In 2004, Mr. Blackwell chose to become co-chairman of President Bush's Ohio campaign, and then issued rulings that helped the campaign. Now we have the even more bizarre prospect of Mr. Blackwell, or his deputy, potentially participating in the baseless disqualification of his opponent.

We are confident it will not come to that. But however this particular case is resolved, it underscores the need for Ohio, and other states, to find a way to administer elections that is insulated from partisan politics.

Paying For Better Parenting (NYT)

The New York Times, October 17, 2006

New York is searching for new ways to fight persistent poverty, and Mayor Michael Bloomberg's Commission for Economic Opportunity has recommended useful reforms. To encourage families to participate in these programs, the mayor hopes to recruit private donors to provide parents with a cash incentive to make the right choices for their children — like taking them in for regular checkups and making sure they stay in school.

The idea is based on a highly successful Mexican antipoverty program, known as Oportunidades, that is now being tried by at least 25 other countries. Mexico began Oportunidades in 1997. Today it covers one in four Mexican families, helping virtually all the country's poor. The average family gets $35 a month, about a quarter of the rural household income. Families with many children in school can get up to $153 a month, a ceiling imposed to remove the incentive to have more children.

To get payments for food, mothers must bring their children in for regular health checkups and attend informative talks at health centers. Mothers also get cash if their children attend school at least 85 percent of the time. The payments start after third grade and go through high school, rising each year as dropout rates get higher and a child's forgone earning potential is higher. Because checks go directly from the central government to mothers whose families meet the requirements, administrative costs and the chance of corruption are reduced.

From the beginning, Oportunidades built in rigorous evaluation. Those studies have shown that it does focus its help on Mexico's poorest people, and they are benefiting. Children are bigger and healthier. Oportunidades has also cut child labor and led to more schooling. In rural areas, the number of children starting high school increased by 85 percent.

Even a rich city like New York can envy such success. Mayor Bloomberg is smart to explore a brilliantly simple idea that is fighting poverty now and poverty later around the world. We hope that donors will rally to the effort.

North Korean Fuel Identified As Plutonium (NYT)

By Thom Shanker And David E. Sanger

The New York Times, October 17, 2006

DOJ_NMG_0082405

WASHINGTON, Oct. 16 — American intelligence agencies have concluded that North Korea's test explosion last week was powered by plutonium that North Korea harvested from its small nuclear reactor, according to officials who have reviewed the results of atmospheric sampling since the blast.

The officials, who would not speak for attribution because it was an intelligence matter, were responding to specific questions about what had been learned about the nature of the weapon.

As administration and intelligence officials watched for indications that the North might be preparing a second test, Secretary of State Condoleezza Rice warned North Korea on Monday that it risked even further isolation if it took such a provocative action.

American officials have reported recent activity at the test site, leading some to believe that another test might be carried out soon.

The intelligence agencies' finding that the weapon was based on plutonium strongly suggested that the country's second path to a nuclear bomb — one using uranium — was not yet ready. The uranium program is based on enrichment equipment and know-how purchased from Pakistan's former nuclear chief.

Nuclear experts said that the use of plutonium to make the bomb was important because it suggested that North Korea probably had only one nuclear program mature enough to produce weapons.

"This is good news because we have a reasonably good idea of how much plutonium they have made," said Siegfried S. Hecker, the former chief of the Los Alamos National Laboratory and now a visiting professor at Stanford University. Mr. Hecker, who has visited North Korea and is one of the few foreigners to have seen parts of its nuclear infrastructure, said that it was his guess that "they tried to test a reasonably sophisticated device, and they had trouble imploding it properly."

The supply of plutonium materials is known from the days when international inspectors kept tabs on the fuel rods in the North's reactor, and intelligence analysts estimate that North Korea has enough material to make 6 to 10 plutonium bombs.

Politically, the results of the test may revive last week's finger-pointing about who is more responsible for the Korean test: Bill Clinton or President Bush.

As president, Mr. Clinton negotiated a deal that froze the production and weaponization of North Korea's plutonium, but intelligence agencies later determined that North Korea began its secret uranium program under his watch. The plutonium that North Korea exploded was produced, according to intelligence estimates, either during the administration of the first President Bush or after 2003, when the North Koreans threw out international inspectors and began reprocessing spent nuclear fuel the inspectors had kept under seal.

Unlike the Clinton administration in 1994, the current Bush administration chose not to threaten to destroy North Korea's fuel and nuclear reprocessing facilities if they tried to make weapons.

That threat in 1994 — which was ultimately resolved with an agreement to freeze the weapons program — was made by William J. Perry, who was the defense secretary then. In an interview on Monday, Mr. Perry said: "There was a brief window to catch this plutonium before it was made into bomb fuel. It's gone. It's out of the barn now."

After a week of some lingering doubt about whether the test had indeed been a nuclear detonation, the office of John D. Negroponte, director of national intelligence, confirmed that much in a statement issued Monday.

"Analysis of air samples collected on Oct. 11, 2006, detected radioactive debris which confirms that North Korea conducted an underground nuclear explosion in the vicinity of Punggye on Oct. 9, 2006," said the statement, putting on the record a conclusion that officials first disclosed Friday, the night before the United Nations Security Council voted on sanctions. "The explosion yield was less than a kiloton," the statement added.

It gave no further details, and the officials who described the early findings did not disclose more beyond the conclusion that plutonium, not uranium, was the device's core.

The determination that the blast was nuclear was announced a day before Secretary Rice was to depart for a trip to Japan, South Korea, China and Russia. She will go to the capitals of the nations that have been engaged in the six-party talks over North Korea's nuclear program except, of course, North Korea.

The unanimous resolution adopted by the Security Council last week imposing sanctions on military material and luxury goods was proof of "a strong and firm hand and strong and firm response," Ms. Rice said Monday during a State Department news conference. She said the international community wanted "to leave open a door for North Korea to take a different course if it wishes to do so."

Pressed to respond to analysts' assessment that desires by China and South Korea for continued economic and business exchanges with North Korea might trump demands for a stiff sanctions and inspections regime, Ms. Rice said her goal was to work out the details of putting the Council resolution into effect.

The Associated Press reported Monday from Dandong, China, that customs officials were examining trucks at the North Korean border as China complied with the United Nations sanctions.

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However, China's ambassador to the United Nations, Wang Guangya, indicated that his nation would not conduct similar searches at sea.

Mr. Wang made clear that China would not halt ships and board them to search for ballistic missiles or for bomb-making equipment or material that can be used to manufacture nuclear, chemical and biological arms.

"This is a resolution we have to implement," he told reporters at the United Nations. "The question was raised whether China will do inspections. Inspections yes, but inspection is different than interdiction and interception. I think different countries will do it different ways."

During the news conference on Monday, Ms. Rice said she was "not concerned that the Chinese are going to turn their backs on their obligations. I don't think they would have voted for a resolution if they did not intend to carry through on it."

Nations Discuss Second Nuke Test Reports (AP)

By Jae-soon Chang, Associated Press Writer

AP, October 17, 2006

South Korea and Japan warily monitored unconfirmed reports Tuesday of possible preparations by North Korea for a second nuclear test.

Japanese Foreign Minister Taro Aso said his government has "information" concerning media reports that North Korea could be laying the groundwork for another blast.

"We have information but I cannot speak about its contents," Aso told reporters, without elaborating.

Chief Cabinet Secretary Yasuhisa Shiozaki said Tokyo was working with other unidentified governments on trying to figure out what the North Koreans were up to.

"We are aware that there are various reports. We are closely exchanging information on a constant basis," Shiozaki said. "We should not disclose the content of such exchanges."

A South Korean government official in Seoul said his government also was aware of signs related to possible preparations for an additional North Korea nuclear test. The official said various intelligence reports were coming in about preparations for a possible test, but that it was unclear how reliable they were.

Seoul already has taken measures to be more vigilant for a possible second nuclear test by North Korea, and was bolstering exchanges of intelligence with the United States, the official said, speaking on condition of anonymity because of the sensitivity of the information.

U.S. government officials have said that they would not be surprised if North Korea were to attempt a second nuclear test sometime soon, following the first one on Oct. 9.

Washington officially recognized Monday that last week's explosion was an underground nuclear test. The test triggered an international outcry, leading the U.N. Security Council to adopt a sanctions resolution on Saturday.

Rice: N.Korea Sanctions Serve As Warning (AP-Y)

By Tom Raum

AP-Yahoo, October 17, 2006

Secretary of State Condoleezza Rice said Monday that U.N. sanctions are a clear warning the international community is united in opposing North Korea's nuclear ambitions and Iran should take heed that it could face a similar rebuke.

Previewing her upcoming trip to the region, Rice called Security Council sanctions adopted on Saturday "a very strong resolution" that would punish and further isolate the North Korean government.

Rice briefed reporters at the State Department on her upcoming trip to Japan, South Korea, China and Russia, which begins on Tuesday. "The purpose of my trip is to rally the support of our friends and allies" in the region, she said.

"The world has responded calmly and firmly" to last week's North Korean nuclear test, Rice added.

The U.S.-sponsored U.N. resolution demands that North Korea eliminate nuclear weapons but rules out military action against the country, as the Russians and Chinese demanded.

It calls on countries to block North Korea from receiving equipment or materials to build weapons of mass destruction and other advanced weaponry. It also clamps down on travel for North Koreans involved in the weapons program, and orders countries to freeze many of the international assets of people or businesses connected to that program.

While China has been inspecting cargo trucks headed for its communist ally, there have been questions about how strictly it and South Korea will enforce the U.N. resolution. Both countries have significant trade relations with North Korea, whose economy is perpetually on the verge of collapse.

Rice's tone at times was conciliatory.

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"Let's give some time to these sanctions to work," she said. "Let's give some time to the diplomacy to work. Let's see if North Korea can be pushed in a different direction. But we've got a much stronger set of tools with which to do that."

She acknowledged international concerns of escalating the crisis. Countries in the region openly worry that the collapse of North Korea's government could send millions of refugees streaming toward their borders. South Koreans also worry about a conventional attack by their unpredictable neighbor.

"I do hear states saying that they want to be certain that it won't ratchet up conflict. We have no desire to ratchet up conflict either. But we'll have some discussions on precisely how this will be carried out," Rice said.

She said her trip was designed to "rally the support of our friends and allies" to pressure North Korea to drop its nuclear effort.

She also said the U.S. will seek to increase international cooperation for efforts like the proliferation security initiative, in which the United States and other countries try preventing weapons of mass destruction from reaching rogue nations. Efforts under that program have so far been limited.

Rice also tried prodding China and other countries, saying, "We expect every member of the international community to fully implement all aspects" of the U.N. resolution.

She said she did not consider North Korea's pursuit of nuclear weapons irreversible, noting that a handful of other nations like South Africa and Libya had abandoned their nuclear programs.

"If North Korea reverses course and embraces the path of cooperation, if it makes the strategic choice to dismantle its nuclear weapons completely, verifiably and irreversibly, an entirely new and better future would be open to it and to its people," she said.

Rice said the United States was prepared to return to the bargaining table with North Korea and other countries "without precondition," repeating a position the Bush administration has taken frequently. But such talks, she said, "have to lead someplace" and not dwell on tangential issues.

Six-nation talks on North Korea's nuclear program have been in limbo since last November.

"The nonproliferation regime is under strain but it is not broken," Rice asserted.

Rice denied that U.S. involvement in Iraq was keeping the administration from giving its full attention to the North Korean nuclear problem. "We can certainly do more than one thing at a time," she said.

Rice pointedly challenged Iran to learn a lesson from the international reaction to the North Korean atomic test.

"The greatest challenge to the nonproliferation regime comes from countries that violate their pledges to respect the Non-Proliferation Treaty. The North Korean regime is one such case, but also so is Iran," she said. "The Iranian government is watching and it can now see that the international community will respond to threats from nuclear proliferation."

Rice said she expected the Security Council to begin work this week on an Iran sanctions resolution.

Rice also said her trip was aimed at winning support from U.S. allies in northeast Asia for "a comprehensive strategy" to handle the confrontation with North Korea.

"As President Bush has made clear, the United States has both the will and capability to meet the full range of our security and deterrent commitments to allies like South Korea and Japan," she said. "This trip is an opportunity to reaffirm our reciprocal obligations."

Rice Trip To Push Full Sanctions For N. Korea (WP)

By Glenn Kessler And Dafna Linzer

The Washington Post, October 17, 2006

Secretary of State Condoleezza Rice said yesterday that she will push for full implementation of U.N. sanctions against North Korea as punishment for its recent nuclear test when she makes a critical visit to Asia and Russia this week.

The sanctions prohibit trade with North Korea in illicit materials, weapons and luxury items.

"Every country in the region must share the burdens as well as the benefits of our common security," Rice said in comments aimed at China and South Korea, Pyongyang's two largest trading partners. She called on nations to "collectively isolate" North Korea, adding that it "cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce."

Rice also warned Iran -- which faces possible U.N. sanctions over its nascent nuclear enrichment program -- that the Security Council will begin work on a resolution condemning Tehran for not suspending that effort. Iran "can now see that the international community will respond to threats from nuclear proliferation," Rice said, adding that Iran's current course "could lead simply to further isolation."

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Rice, who departs today, held a news conference on her trip to Japan, South Korea, China and Russia a few hours after the head of U.S. intelligence agencies announced that analysts had confirmed North Korea's nuclear test through radiation samples detected in the air two days after the blast.

A two-sentence statement released by Director of National Intelligence John D. Negroponte said an analysis of radioactive debris "confirms that North Korea conducted an underground nuclear explosion in the vicinity of P'unggye on October 9, 2006. The explosion yield was less than a kiloton."

The extremely small yield surprised U.S. nuclear scientists and intelligence analysts, who had expected a large explosion typical of a first test. The U.S. military dropped a bomb of 20 to 23 kilotons on Nagasaki, Japan, more than 60 years ago.

Although the radiation samples confirm the nuclear test, officials at the CIA, the Department of Energy and national nuclear laboratories are still trying to determine the cause of the low yield. The prevailing theory is that North Korea managed to implode only a fraction of the plutonium during the test.

If the test was less successful than the North Koreans hoped, U.S. analysts believe they will conduct another one to determine what went wrong. Officials said they are on the lookout with satellite imagery and communications intercepts for any signs of a new test.

But some scientists and weapons designers are beginning to wonder whether North Korea tested a sophisticated, miniaturized device.

North Korea's nuclear arsenal is believed by U.S. intelligence to have grown significantly during President Bush's tenure, but little is known about the exact design of the device that Pyongyang may have built. U.S. intelligence has judged, however, that North Korea could be as long as 10 years away from being able to marry a nuclear warhead to a missile delivery system.

Rice told reporters that on her trip she will reassure Japan and South Korea that "the United States has both the will and capability to meet the full range of our security and deterrent commitments." That is a diplomatic way of saying that the U.S. nuclear umbrella will make it unnecessary for those nations to consider developing their own nuclear weapons.

Although Japanese Prime Minister Shinzo Abe has flatly rejected building a nuclear arsenal, the country's ruling party policy chief said Sunday that it is necessary to have a debate over whether Japan should obtain the bomb.

U.S. officials are privately concerned that if North Korea is not restrained, Japan in particular might rethink its position on nuclear weapons. During a speech in Shanghai in 2004, Vice President Cheney made an unusually stark public warning that, if faced with a reality that North Korea has a stockpile of nuclear and ballistic weapons, other nations in the region "may conclude their only option is to develop their own capabilities, and then we have a nuclear arms race unleashed in Asia."

Despite Rice's public warning to Iran yesterday, several U.S. and European diplomats concluded privately that any Security Council resolution on Iran would need to be toned down as a result of the action on North Korea over the weekend.

"The DPRK resolution set a standard that the Iranian resolution will be set against, and since Iran hasn't set off a nuclear device, it'll be quite hard to get away with a tougher one than we got on North Korea," said one official, speaking on the condition of anonymity because of diplomatic sensitivities. "In any case, Iran just isn't North Korea. Nothing about these issues are the same."

"Iran has really been on the backburner for the last two weeks," said another U.S. government official whose work focuses on Iranian nuclear issues. "Although the secretary said we can walk and chew gum at the same time, in reality we are only taking baby steps and chewing half a piece of gum."

Rice: World United Against North Korea (AP)

By Katherine Shrader, Associated Press Writer

AP, October 17, 2006

U.S. spy agencies confirmed North Korea's nuclear test on Monday, even as Secretary of State Condoleezza Rice declared that U.N. sanctions prove the world is united in opposing Pyongyang's nuclear ambitions.

Such strong opposition should be a warning to Iran, too, said Rice, who is leaving Tuesday morning for an Asian trip that is expected to be dominated by the nuclear issue. She will visit Japan, South Korea, China and Russia.

Providing the government's first definitive confirmation that North Korea detonated a nuclear device one week ago, National Intelligence Director John Negroponte's office said in a statement that air samples collected on Wednesday showed evidence of radioactivity. That verified North Korea's claims.

"The explosion yield was less than a kiloton," the statement said, smaller than many experts had expected.

Each kiloton is equal to the force produced by 1,000 tons of TNT. An intelligence official said the North Korean device was believed to be roughly the equivalent of 200 tons of TNT, suggesting to analysts that it was probably a partial failure. Experts in and out of government had anticipated a detonation of at least several thousand tons.

The official spoke on condition of anonymity because of the sensitive situation with Pyongyang.

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At the State Department, Rice said the world "has responded calmly and firmly" to the test.

"North Korea cannot endanger the world and then expect other nations to conduct business as usual in arms or missile parts," Rice said, previewing her message for the Asia trip. "It cannot destabilize the international system and then expect to exploit elaborate financial networks built for peaceful commerce."

She said Iran — another government accused of running an illicit nuclear program — should pay attention to the global reaction. That would include the U.N. Security Council's sanctions adopted on Saturday, aimed at making life difficult for the North Korean government and its weapons proliferation business.

"The Iranian government is watching, and it can now see that the international community will respond to threats from nuclear proliferation," said Rice, who added that she believes the Security Council will begin working on a sanctions resolution against Iran this week. "The Iranian government should consider the course that it is on."

The United States, North Korea and seven other nations are now believed to have nuclear arms. Yet North Korea's unpredictable behavior and its history of trading weapons and components makes its nuclear advancements particularly worrisome to its neighbors and the international community.

The U.S.-sponsored United Nations resolution on North Korea demands that Pyongyang eliminate nuclear weapons. But it also rules out military action against the country, as the Russians and Chinese demanded.

It calls on countries to block North Korea from receiving equipment or materials to build weapons of mass destruction and other advanced weaponry. It also would clamp down on travel for North Koreans involved in the weapons program and freeze many of the international assets of people or businesses connected to that program.

After the resolution was unanimously passed, North Korea's U.N. ambassador accused council members of a "gangster-like" action that neglects the nuclear threat posed by the United States.

Rice acknowledged international concerns of escalating the crisis and said she would address that on her trip. Countries in the region worry that the collapse of North Korea's government could send millions of refugees streaming toward their borders. South Koreans also worry about a conventional attack by their neighbor.

"We have no desire to ratchet up conflict," Rice said. "But we'll have some discussions on precisely how this will be carried out."

While China has been inspecting cargo trucks headed for its communist ally, its U.N. ambassador indicated its inspectors will not board ships to search for suspicious equipment or material, raising questions about how strictly it and South Korea will enforce the U.N. resolution. Both countries have significant trade relations with North Korea, whose economy is perpetually on the verge of collapse.

"Actions are more powerful than words, and we expect the actions will be powerful," White House spokesman Tony Snow said.

Many in the U.S. government would not be surprised if North Korea were to attempt a second nuclear test sometime soon. The decision to test is considered a political one, and officials say North Korea will be monitoring action at the United Nations and elsewhere.

Rice said a new test "would further deepen the isolation of North Korea."

A key clue on the nature of North Korea's nuclear detonation — its first — came from air samples collected by the Air Force's WC-135 Constant Phoenix, a jet designed to collect particles and gases after a nuclear test. Samples are rushed back to labs in the United States for study before they lose their radioactive properties.

The first reading last Tuesday was negative, but a test on a second sample collected Wednesday was positive, according to the intelligence official.

When scientists evaluate air samples, they are looking for the presence of certain materials and gasses such as xenon, which is released after the fission of uranium or plutonium.

While xenon is one indicator, "you'd like to get a leakage where you have many more fission products — mixed in with plutonium or highly enriched uranium," said David Albright, president of the Washington-based Institute for Science and International Security and a former U.N. weapons inspector.

U.S. intelligence has concluded that the North Korean device likely used plutonium.

Albright, who has followed North Korea's program for two decades, believes its scientists are trying to miniaturize a nuclear device to put it atop a missile. While the test was likely a partial fizzle, those scientists may not have been after a large nuclear blast, he said.

"It doesn't mean that it failed by any means," Albright said. "If it failed, you would see no yield at all."

Rice Adds Moscow Stop To Asia Tour On NKorea Crisis (AFP)

AFP, October 17, 2006

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US Secretary of State Condoleezza Rice announced she would visit Russia later this week as part of a foreign tour focussed on enacting tough UN sanctions against North Korea over its nuclear test.

Rice said she would travel to Moscow following visits to Japan, South Korea and China in the wake of a UN Security Council vote this weekend imposing wide-ranging punitive sanctions against North Korea.

"The purpose of my trip is to rally the support of our friends and allies in Northeast Asia for a comprehensive strategy," she said.

Russia, alongside China, Japan, South Korea and the United States, launched six-party talks with North Korea last year aimed at convincing the reclusive communist state to give up its nuclear weapons program in return for economic and diplomatic rewards.

The six-party talks appeared to have won Pyongyang's agreement last year to give up its nuclear ambitions.

But the talks fell apart when the North withdrew after Washington imposed sanctions on a Macau bank it accused of laundering money and passing counterfeit US dollars for the regime of Kim Jong-Il.

Russia and China were the most reluctant members of the group to support sanctions against North Korea, but both ultimately voted for the US resolution that followed Pyongyang's first test explosion of a nuclear device on October 9.

US And China At Odds Over N Korea Cargo (FT)

By Guy Dinmore And Demetri Sevastopulo

Financial Times, October 17, 2006

The US insisted on Monday on the right to intercept suspicious North Korean cargo under the authority of the UN Security Council resolution passed on Saturday, setting the stage for a difficult trip to Asia for Condoleezza Rice this week.

As the US secretary of state prepared to leave for talks in Japan, China, South Korea and Russia, US intelligence said air samples it had collected confirmed North Korea's claim to have carried out an underground nuclear test last Monday.

Describing resolution 1718 passed unanimously as "a very powerful tool", Ms Rice said it made possible the "interdiction of dangerous and suspicious cargo".

"We expect every member of the international community to fully implement all aspects of this resolution and we expect the Security Council to aggressively monitor the process," she said.

However, Wang Guangya, China's ambassador to the UN, disagreed, telling reporters: "Inspections yes, but inspections are different from interception and interdiction."

He said the resolution did not make it mandatory for all nations to inspect cargo going to and from North Korea. States could carry out such an operation as necessary "in accordance with their national legal authorities", he said.

Kim Holmes, a former senior US official who dealt with North Korea and the UN and is now vice-president of the conservative Heritage Foundation in Washington, appeared to concur with the Chinese interpretation, saying the resolution did not approve the use of force needed for interdiction. The resolution speaks of inspection, not interdiction.

China had succeeded in watering down the resolution in a week of debate, by insisting that inspections also required the "co-operation" of North Korea, Mr Holmes said.

Ms Rice said she would discuss how to design "a practical architecture for detecting and screening" dangerous materials.

Dismissing the notion of differences with China, she said: "I am not concerned that the Chinese are going to turn their backs on their obligations. I don't think they would have voted for a resolution that they did not intend to carry through on."

China had already started checking North Korean trucks crossing its border, Nicholas Burns, under-secretary of state, commented.

Ms Rice repeated that the US was ready to hold talks with North Korea if it returned to the six-party forum mediated by China.

"My goal on this trip is, certainly, to reiterate that we're prepared to return to the talks. But North Korea also needs to understand . . . that they will pay a price here," she said.

North Korea becomes the ninth state believed to possess a nuclear weapon, although it is not widely thought to have perfected the process needed to deliver one by missile.

Iran as a potential customer of nuclear materials is the Bush administration's greatest concern. Senior US officials are visiting Gulf allies this week to prepare for naval exercises testing their joint ability to intercept North Korean ships bound for Iran.

"The Iranian government is watching and it can now see that the international community will respond to threats from nuclear proliferation," Ms Rice told reporters.

Later this week the US is expected to table a draft Security Council resolution that seeks to impose sanctions on Iran for rejecting a UN demand that it suspend its nuclear fuel cycle programme. US officials said they expect tough negotiations with China and Russia.

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Yasuhisa Shiozaki, chief cabinet secretary, said Monday Japan had no plans to change its ban on nuclear weapons. Thomas Schieffer, US ambassador to Japan, said that, as long as Japan believed the US remained prepared to "trade New York for Tokyo", an independent nuclear deterrent would not make it any safer. "This is not a new situation for Japan. We have been here for 50 years."

Australia – one of the few western countries to have diplomatic relations with Pyongyang as well as being Washington's most important defence ally in the Asia-Pacific region – said it would go beyond the UN resolution by banning North Korean ships from entering its ports.

Additional reporting by David Pilling in Tokyo and Virginia Marsh in Sydney

China Boosts N. Korea Border Inspections (AP)

By Ng Han Guan And Audra Ang, Associated Press Writers

AP, October 17, 2006

Customs officials examined trucks at the North Korean border Monday as China complied with new U.N. sanctions on Pyongyang for its nuclear test. But China's U.N. ambassador indicated its inspectors will not board ships to search for suspicious equipment or material.

The United States began a new round of diplomacy in Asia to address divisions over how to impose the sanctions, with Secretary of State Condoleezza Rice to arrive in Japan on Wednesday before traveling to South Korea and China. The U.S. announced that air samples gathered last week contain radioactive materials confirming that North Korea conducted an underground nuclear explosion, as it claimed.

China's support is key to whether the measures will have any impact on neighboring North Korea. Beijing's mixed response on implementing the sanctions, approved Saturday by a unanimous U.N. Security Council including China, demonstrates the difficulties U.S. diplomats will encounter as they tour the region.

China and Russia contend that interdicting ships might needlessly provoke the North and at the very least discourage it from returning to talks on its nuclear program — though the U.S. and Britain say most inspections of ships would be done at ports rather than on the high seas. Australia announced it was banning the North's ships from entering its ports, except in dire emergencies.

While China is angry over its communist ally's behavior and is loath to appear out of step with other powers, it has been reluctant to support or implement tough measures. The leadership is concerned that tightening the squeeze on Pyongyang might trigger a collapse of the North Korean regime, sending refugees streaming across the border.

In a sign of Beijing's wariness about refugees, construction of a massive concrete and barbed wire fence along parts of its 880-mile border with the North has picked up in recent days. Scores of soldiers have arrived in communities along the banks of the Yalu River, up from Dandong, over the past week to erect the barrier, farmers and visitors to the area said.

"The move is mainly aimed at North Korean defectors," said Professor Kim Woo-jun at the Institute of East and West Studies in Seoul, South Korea. "As the U.N. sanctions are enforced ... the number of defectors are likely to increase as the regime can't take care of its people."

The sanctions ban trade with the North in major weapons and materials that could be used in its ballistic missile and weapons of mass destruction programs. They call for all countries to inspect cargo to and from North Korea to enforce the prohibition, "as necessary," and consistent with each nation's laws.

In some areas of the border, the Chinese seem to have stepped up inspections, though elsewhere a police officer said nothing had changed and inspections were continuing as usual.

At a border-crossing post in the Chinese city of Dandong, about 30 Chinese trucks were seen being checked on Monday morning while 50 empty North Korean trucks waited in line to enter China to pick up cargo.

Customs officers opened the back of each truck and looked at its cargo as it rolled up, though they didn't open individual boxes or bags. By contrast, reporters who visited the border post last week didn't see inspectors open any trucks.

In the afternoon, the officers repeated the process as loaded North Korean trucks returned home. They climbed into the back of the vehicles, but observers couldn't see whether they opened any containers.

Trading companies in Dandong, at the western end of the border, and in Tumen, near the eastern end, said the sanctions were not affecting shipments.

"Today, we just sent a batch of agricultural tools to North Korea by truck," said Huang Kelin, manager of Wanshida Trading Co., a Dandong-based firm that has an office in Pyongyang.

At the Nanping crossing, in an eastern valley surrounded by mountains, inspectors were going through a standard regimen, looking at both cargo and passengers, a police officer said. "The inspections are routine and conducted by quarantine officials," said the officer, Li Canhao.

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Chinese goods reach the North by road and rail, while oil is delivered mainly via pipeline. It wasn't immediately clear what China was doing to inspect rail shipments. A lone locomotive headed into North Korea on Monday afternoon, apparently to pull a cargo train back to China. The North also has a rail link to Russia in the east, though it wasn't clear how that was being policed.

China's U.N. ambassador, Wang Guangya, said his country would implement the Security Council resolution and inspect cargo from North Korea for illegal weapons and missiles, but he indicated Chinese inspectors would not board ships. He noted that inspections are not mandatory under the resolution, intended to punish the North for its Oct. 9 nuclear test.

"This is a resolution we have to implement," Wang told reporters at the U.N. "The question was raised whether China will do inspections. Inspections yes, but inspection is different then interdiction and interception. I think different countries will do it different ways."

Wang's remarks represented a change from those he made Saturday after joining the council in voting to impose tough sanctions on North Korea for its Oct. 9 nuclear test. He initially objected to China's conducting inspections because of concerns that cargo checks would raise tensions with the North rather than persuade Pyongyang to return to six-party talks on its nuclear program.

Russia's U.N. Ambassador Vitaly Churkin, when asked about interdicting ships, said Monday that "one has to be very careful about it."

"When you go into inspection and things like that, cargo, one has to be very careful to avoid any kind of semblance of provocation," Churkin said.

North Korea's total foreign trade was less than $4 billion last year, though it is growing quickly, according to Chinese and South Korean figures. China accounted for a major portion of that trade, with $1.7 billion in exports and $500 million in imports, according to the Commerce Ministry in Beijing. China also provides up to 90 percent of the North's oil.

There are also questions about how strictly South Korea will enforce the U.N. resolution. The South has significant trade relations with North Korea and its citizens worry about a conventional attack by their unpredictable neighbor.

North Korea's No. 2 ranking leader, Kim Yong Nam, defiantly said the regime would strengthen its military and "achieve a final victory in the historic standoff with the U.S."

The North found a sympathetic ear in Iran, which has also been condemned for its nuclear program. Iranian President Mahmoud Ahmadinejad on Monday rejected the American-initiated measures and accused the U.S. of using the U.N. Security Council as a "weapon to impose its hegemony."

In Washington, Rice warned that U.N. sanctions on North Korea should also be seen by Iran as a strong signal to abandon its nuclear ambitions or face a rebuke from a united international community.

"The Iranian government is watching," she said. "It can now see that the international community will respond" to efforts to acquire nuclear weapons.

Ng Han Guan reported from Dandong and Audra Ang reported from Beijing. AP writer Edith M. Lederer contributed from the United Nations.

U.S. Confirms N. Korea Blast Was Nuclear (USAT)

By Bill Nichols And Barbara Slavin

USA Today, October 17, 2006

WASHINGTON — The Bush administration confirmed on Monday for the first time that North Korea conducted an underground nuclear test last week. The office of National Intelligence Director John Negroponte said radioactive materials found in air samples confirmed the test.

Secretary of State Condoleezza Rice expressed concern that North Korea might be planning a second test. “We're watching it,” she told reporters. “I hope they would not take such a provocative act.”

In a statement, Negroponte's office said the blast was small by standards of nuclear tests; less than 1 kiloton. Each kiloton is equal to the force produced by 1,000 tons of TNT. The bomb the United States dropped on Hiroshima was 15 kilotons.

The confirmation came as Rice prepared to visit Japan, South Korea and China this week to try to shore up efforts by Asian allies to punish North Korea.

A United Nations Security Council resolution passed Saturday calls for nations to prevent North Korea from buying or selling specified weapons and technology. The measure also bans some luxury goods from North Korea and freezes funds outside the country that are associated with weapons programs.

North Korea's neighbors pledged to abide by the resolution. Even China, which had expressed concerns about inspecting cargo bound for North Korea, on Monday checked trucks going to North Korea from the city of Dandong.

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China's U.N. ambassador said Beijing would not stop and board ships, however. “The question was raised whether China will do inspections,” Ambassador Wang Guangya told reporters. “Inspections yes, but inspection is different then interdiction and interception.”

China historically has opposed actions that might destabilize the North Korean regime and send thousands of refugees across the 880-mile border the nations share.

Rice, who is to arrive in Japan on Wednesday, said she was “not concerned that the Chinese are going to turn their backs on their obligations.”

Japanese Prime Minister Shinzo Abe said Monday that his country was considering more sanctions. Australia said it would also ban North Korea's ships from entering its ports, except in emergencies.

North Korea remained defiant. The No. 2 ranking leader, Kim Yong Nam, said the country would strengthen its military and “achieve a final victory in the historic standoff with the U.S.”

U.S. Expects China's Backing On N. Korea (AP-Y)

By Foster Klug

AP, October 17, 2006

The Bush administration, citing new inspections by the Chinese of trucks bound for North Korea, said Monday it expected China would do its part in enforcing a U.N. resolution punishing its reclusive ally for its nuclear program.

The United States is pressing China for tough action against North Korea ahead of Secretary of State Condoleezza Rice's trip this week to Asia.

R. Nicholas Burns, undersecretary of state for political affairs, pointed to the fact that Chinese customs inspectors had begun inspecting cargo trucks bound for North Korea in the border city of Dandong. Japan and Australia, meanwhile, announced Monday that they might take measures beyond the new U.N. sanctions against North Korea for that country's reported nuclear test.

"We have indications this morning the Chinese are beginning to apply this to their very long land border" with North Korea, Burns said on CBS' "The Early Show." "We also have announcements from Japan and Australia. I spoke to both governments this morning. They are both implementing this."

He said there will be "enormous pressure on China to live up to their responsibility" in enforcing United Nations punishment of its ally, North Korea. "We are all banking on that."

White House press secretary Tony Snow said President Bush had not personally been making any calls Monday on the matter. Snow urged patience before judging China's commitment to the inspections.

"The parties have committed to fulfilling its conditions," Snow said. "Let's see what happens, all right?"

Rice travels to the region Tuesday for a series of talks aimed at easing tensions among countries already on edge from the North's claimed nuclear test.

China, which voted Saturday for the U.N. penalties, has balked at cargo inspections to prevent trafficking of certain banned weapons and technology.

"I'm quite certain that China is going to live up to its responsibilities," Rice said Sunday, adding she was willing to have "conversations" during her trip on how best to enforce the resolution.

The United States' U.N. ambassador portrayed North Korea's detonation last week as a public humiliation for China, which shares a long border with North Korea and is the North's chief ally and supplier of crucial shipments of food and energy aid.

If China were to cut its support, John Bolton said, it "would be powerfully persuasive in Pyongyang," the North's capital. "They've not yet been willing to do it. I think that China has a heavy responsibility here."

Rice, who joined Bolton in making the rounds of the Sunday talk shows, plans to visit Asian partners this week to consult about the resolution. "I understand that people are concerned about how it might work so it doesn't enhance tensions in the region, and we're perfectly willing to have those conversations," Rice said.

Bolton said the United States' concept of the resolution "is that the overwhelming predominance of the inspections would take place in ports or at land crossings or that sort of thing. But the resolution neither increases nor decreases existing authority to interdict on the high seas."

The U.S.-sponsored resolution demands North Korea eliminate nuclear weapons but rules out military action against the country, as the Russians and Chinese demanded.

After the resolution unanimously passed, North Korea's U.N. ambassador accused council members of a "gangster-like" action that neglects the nuclear threat posed by the United States.

China's U.N. ambassador, Wang Guangya, said his country "strongly urges the countries concerned to adopt a prudent and responsible attitude in this regard and refrain from taking any provocative steps that may intensify the tensions."

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Meanwhile, a leading Senate Republican urged direct talks with North Korea, as the reclusive nation has sought. "We do need to engage the North Koreans" because the U.N. resolution is weak and limited, said Sen. Chuck Hagel of Nebraska, the second-ranking Republican on the Senate Foreign Relations Committee.

But Rice brushed aside such calls, reaffirming the U.S. commitment to six-nation disarmament talks, which have stalled.

Critics said the U.N. penalties will not curb North Korea's nuclear ambitions and stemmed from what they saw as President Bush's failed foreign policy.

Democratic Sen. John Kerry said the Bush administration is "living in a complete fantasy with respect to the foreign policy they put in place. It is a failure." He said U.S. involvement in Iraq has undermined America's credibility to deal with nuclear threats in North Korea and Iran.

Japan's Pacifism Is Tested Anew By U.N. Sanctions (WSJ)

By Yuka Hayashi

The Wall Street Journal, October 17, 2006

Efforts to Take Active Role In Steps Against North Korea Pose Constitutional Dilemma

TOKYO -- A United Nations resolution to impose sanctions on North Korea for its apparent testing of a nuclear weapon provides a new test for Japanese Prime Minister Shinzo Abe: how to play an assertive role without straying from the nation's nonmilitaristic constitution.

Saturday, the U.N. Security Council voted to ban trade of most weapons and all luxury goods with North Korea. Yesterday, the U.S. said air samples gathered last week contain radioactive materials that confirm North Korea conducted an underground nuclear explosion in Kilu County, North Hamkyung province.

Amid concern about the lengths to which China would go to enforce the resolution, China's U.N. ambassador said yesterday that Beijing would inspect cargo from North Korea for illegal weapons and missiles. He also indicated China wouldn't stop and board ships to conduct searches.

China already has begun inspecting cargo trucks bound for North Korea, the Associated Press reported, evidence that U.S. Undersecretary of State R. Nicholas Burns cited as an encouraging sign.

Meanwhile, Japan is trying to figure out how to participate in a provision of the resolution -- pushed for by Washington and Tokyo despite opposition from China and South Korea -- that allows nations to board North Korean ships suspected of carrying banned items and inspect their cargo.

Preparing to depart for Japan today on an Asian trip focused almost completely on addressing the North Korea situation, Secretary of State Condoleezza Rice said she plans to confirm U.S. commitments to help defend both Japan and South Korea in the face of any threats. While in Seoul and Beijing, Ms. Rice also plans to urge China and South Korea to participate in sharing intelligence and interdicting suspect shipments of arms or nuclear material to or from North Korea, as sketched out in the U.N. resolution.

Japan's pacifist constitution would make it difficult for it to inspect any ships. Japan limits its military forces to self-defense only and is allowed to dispatch troops overseas only for peacekeeping or disaster relief or when Japan encounters serious threat of attack. If Japan sent soldiers aboard a North Korean ship and they were attacked, the current rules provide no clear guidelines on how they should respond.

Officials are considering invoking for the first time a clause in a 1999 law that allows its self-defense forces to provide support functions to the U.S. military under a special situation: if Japan faces an emergency situation in the Asian region in which a direct military attack on the country seems imminent.

Foreign Minister Taro Aso says the current situation is indeed an emergency, since Japan could be the first target of any potential North Korean attack. "We are being asked to take cooperative action" by the U.N., Mr. Aso said in a talk show televised on Sunday. "Naturally, we will respond by doing everything we can." For example, Japan may be able to use its surveillance system to alert the U.S. of the approach of suspicious North Korean ships, he said.

Japan's attempt to play an active role in condemning North Korea reflects an attempt by the 52-year-old Mr. Abe, who became prime minister last month, to give Japan greater influence in East Asia. Mr. Abe has visited China and South Korea in an effort to improve its relations with neighboring countries.

It also is the latest example of Japan's effort to have its military, known as Self-Defense Forces, take on greater responsibility outside its borders. In the aftermath of the 2001 terrorist attacks in the U.S., Japan passed a special law that allowed its forces to assist U.S. ships patrolling the Indian Ocean by providing fuel and transporting supplies. In the most dangerous and largest overseas deployment of its forces since World War II, Japan in 2004 sent 550 troops to southern Iraq to rebuild infrastructure.

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J. Thomas Schieffer, the U.S. ambassador to Japan, reiterated yesterday that he expects Japan to make a substantial contribution in the sanctions against North Korea. Japan's pacifist constitution means that "it's not as easy for them to participate in a sanction regime," he told reporters. "But I'm confident that the Japanese will be able to figure out a way to participate in a meaningful way."

In addition to the U.N.-approved measures, Japan has imposed sanctions of its own, including closing its ports to all North Korean ships.

--Neil King Jr. in Washington contributed to this article.

Russia Demands U.S. Lift Sanctions (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 17, 2006

Russia demanded Monday that the United States lift sanctions against two Russian companies accused of making deals with Iran involving sensitive technology and hinted that a U.S. refusal could affect negotiations on a U.N. sanctions resolution against Tehran.

Russia's U.N. Ambassador Vitaly Churkin said the sanctions against state arms exporter Rosoboronexport and top aircraft maker Sukhoi for allegedly violating a U.S. law known as the Iran Nonproliferation Act of 2000, create a "predicament" for Moscow.

If Russia is asked to vote on a Security Council resolution imposing sanctions on Iran for refusing to suspend uranium enrichment at the same time that Russian companies are subject to U.S. sanctions, it would be voting on a measure "which at least by implication supports sanctions which have already been imposed on us," he said.

"So it is a somewhat ridiculous, bizarre political predicament," Churkin said. "The other side of it is that we don't know why those sanctions were imposed on the two organizations back in Russia."

Churkin said Russia wants the sanctions lifted off the two companies, whether or not U.N. sanctions are leveled against Iran. He made his comments as France, Britain and Germany were consulting on elements for a U.N. sanctions resolution against Iran.

The U.S. alleges the Russian companies have made deals with Iran involving sensitive technology.

Russia has objected to the U.S. law, and both Russian companies deny any violation.

Iran insists its uranium enrichment program is purely for peaceful means — to provide nuclear energy — but Washington and its European allies suspect Tehran's real goal is nuclear weapons.

Under the sanctions imposed against the Russian companies in early August, the U.S. government is prohibited from dealing with them. The sanctions also suspend any export licenses to the companies for certain products considered sensitive, and prohibit issuance of new licenses.

In late August, U.S. Defense Secretary Donald Rumsfeld said Moscow and Washington disagreed over the facts in the case and that he agreed to have the matter reconsidered.

U.S. Ambassador John Bolton said Churkin had not spoken to him about lifting U.S. sanctions against the two Russian companies. "We are going to be moving this week on the Iran sanctions question and I suppose I'll hear it at that point," he said.

China's U.N. Ambassador Wang Guangya said he was told that the French might share their ideas of possible elements for a Security Council resolution against Iran by the end of the week. Diplomats said the elements would likely be presented by both France and Britain.

German Foreign Minister Frank-Walter Steinmeier said Monday the European Union would back imposing sanctions against Iran while keeping the door open to future negotiations to resolve the nuclear standoff.

Churkin softened his stance somewhat when asked if Russia would block an Iran sanctions resolution if U.S. sanctions against the two companies weren't lifted.

"I don't want to make any strong statements to that effect," he said.

Churkin also signaled that Moscow is in no hurry to adopt a resolution against Iran.

Unlike North Korea, which conducted a nuclear test, he said, "the current state of things" with Iran doesn't require a vote within days.

U.S. Eases Push For Egypt Reforms (USAT)

By Barbara Slavin

USA Today, October 17, 2006

CAIRO — Last year, Secretary of State Condoleezza Rice canceled a visit to Cairo to protest the arrest of an Egyptian opposition leader, Ayman Nour.

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A few months later, she gave a speech at the American University of Cairo in which she called on Egypt to "put its faith in its own people" and enact democratic reforms.

When Rice visited here earlier this month during a tour of the Middle East, not much had changed: Nour was back in jail, along with thousands of other political prisoners; and political reforms seemed to be on hold.

Critics, including two Egyptian political analysts, say Egypt has retreated on the democracy front since it permitted several candidates to run for president last year. Last week, the government accused Talaat Sadat, a member of parliament and nephew of slain Egyptian leader Anwar Sadat, of defaming the Egyptian military by alleging that officers were involved in his uncle's 1981 assassination. Gonzalo Gallegos, a State Department spokesman, said the Bush administration "is keeping an eye on the case and will see how things progress."

"The mood here is very despondent," said Hani Shukrallah of the Center for Political and Strategic Studies in Cairo.

The most populous nation in the Arab world, with a history that goes back thousands of years, Egypt has been a political and cultural trendsetter in the region. In the 1950s, a military coup led by army Col. Gamal Abdel Nasser overthrew a British-backed monarchy and established an authoritarian government. Similar coups followed in Iraq and Syria. When Nasser died, he was succeeded by his vice president, Anwar Sadat.

The current president, Hosni Mubarak, was Sadat's vice president and took power in 1981 when Sadat was assassinated by Muslim extremists opposed to Egypt's 1979 peace treaty with Israel.

Shukrallah said many Egyptians believe Mubarak, 78, elected to a fifth six-year term last year, will orchestrate his succession within the next few years. His preferred replacement: his son, Gamal, 42.

Asked about the succession, Rice said it was "not something that the U.S. should, can or will have an opinion" about.

Shukrallah said U.S. reluctance to challenge the younger Mubarak reflects the U.S. need for Egyptian cooperation to try to restart the Palestinian-Israeli peace process and deal with the rising challenge from Iran.

"There is a sense that the inheritance of power will happen, and nothing is happening in terms of political reform," he said.

Amr Hamzawy, an Egyptian scholar at the Carnegie Endowment for International Peace in Washington, said Gamal Mubarak took a leading role in a recent convention of Egypt's ruling National Democratic Party.

The younger Mubarak gave a major speech in which he said Egypt would develop nuclear power. Hamzawy said this was an attempt to attract popular support. "There is lots of speculation that President Mubarak will resign in 2008," he said.

The Bush administration, like its predecessors — Republican and Democratic — has supported Egypt with an annual $2 billion in aid since Egypt's 1979 peace treaty with Israel. In the aftermath of 9/11, however, President Bush began calling for democratic reforms in Egypt and the wider Middle East, arguing that U.S. support for authoritarian governments helped foster the rage and frustration that produced al-Qaeda and other terrorist groups.

Rice says that there has been no change in policy. She spoke in Cairo about "the non-negotiable demands of human dignity, which means the right to choose those who will govern you, the right to worship as you please, the right to educate your girls and your boys, the right to be free from the arbitrary power of the state."

Recent events in the Middle East, however, have complicated U.S. efforts to push democracy here. The United States does not want to annoy allied governments at a time when the region is increasingly unstable, says Rashid Khalidi, director of Middle East studies at Columbia University.

Iraq is increasingly chaotic and violent despite having several successful elections. Iran is growing in influence, partly because of its support for Shiite militias in Iraq and its backing of Hezbollah, which battled Israel last summer in Lebanon. Elections have strengthened the militant Hamas movement in the Palestinian territories and the Muslim Brotherhood, a veteran fundamentalist group, in Egypt. The United States refuses to deal with either group, branding them as terrorists.

Khalidi says the U.S. government has quietly "shelved its democracy-promotion efforts" because it now understands that "democracy would put in power policies and groups opposed to almost everything the administration stands for."

The Muslim Brotherhood, although outlawed, won 88 of 444 seats in parliamentary elections earlier this year by running independent candidates — the strongest showing ever by an Egyptian opposition group. Abdel Moneim Abul Fottouh, a member of the brotherhood's 15-member leadership council, said the party would have done even better had the government allowed truly free elections. More than 90 members of the organization remain in jail of thousands arrested during the elections, he said, even though the group renounced violence more than a decade ago.

Secular parties in Egypt are weaker. Nour was one of a handful of opposition candidates allowed to run against Mubarak last year. He was jailed after the elections. Founder of a party called "Tomorrow," Nour was sentenced to five years in prison on charges he forged petition signatures to register the party.

Rice said the Bush administration has not given up on democratic reforms but that each country has to move at its own pace. "The process of democracy has its ups and its downs," she said. "It remains a part of our agenda. Ultimately we believe that a democratic Middle East is going to be a more peaceful Middle East."

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Israeli Premier Says He Would Talk To Lebanese And Palestinians (NYT)

By Greg Myre

The New York Times, October 17, 2006

JERUSALEM, Oct. 16 — Prime Minister Ehud Olmert told the Israeli Parliament on Monday that he was willing to meet the leaders of Lebanon and the Palestinian Authority in an effort to ease regional tensions, though no such meetings appear imminent.

It was the first day of Parliament's winter session, and was marked by the absence of the president, Moshe Katsav, who would normally address legislators.

The Israeli police recommended Sunday that Mr. Katsav face charges of rape and sexual assault committed against women who worked for him. With the attorney general now reviewing the case to determine whether to file charges, Mr. Katsav canceled plans to attend Monday's session at the Knesset, or Parliament, in Jerusalem.

Israeli prime ministers often use the opening of Parliament's winter session to set out a diplomatic agenda, and Mr. Olmert raised the possibility of talks with Lebanon's prime minister, Fouad Siniora, and the Palestinian Authority president, Mahmoud Abbas.

"I want to take this opportunity to call on Lebanese Prime Minister Fouad Siniora to meet with me face to face," Mr. Olmert said.

Mr. Olmert has broached the possibility on several occasions, and Mr. Siniora has shot it down each time, and did so again on Monday.

In Beirut, Mr. Siniora's office issued a statement saying that he had "announced more than once that Lebanon will be the last Arab country to sign a peace deal with Israel."

"I pledge to work tirelessly to take advantage of any opportunity, any crack, any possibility of holding negotiations that will lead to real dialogue with responsible representatives of the Palestinian people," Mr. Olmert said.

But he reiterated that no real progress was possible until Cpl. Gilad Shalit, an Israeli soldier was released. He was captured by Palestinian militants on June 25. The Palestinians, in turn, are seeking freedom for a large number of Palestinian prisoners held by Israel.

In a wide-ranging speech, Mr. Olmert made no mention of his plan to withdraw from some Jewish settlements in the West Bank. That was the dominant theme of his election campaign in the spring.

But since then, Mr. Olmert's popularity has fallen sharply, with many Israelis critical of his handling of the war in Lebanon. His failure to mention the West Bank withdrawal plan appeared to confirm the widespread belief that it was on hold indefinitely.

On other issues, Mr. Olmert said he believed that moderate Arab countries were building closer ties to guard against what he called threats from Iran and Islamic militants.

He also repeated his call for the international community to act against Iran's nuclear program. Israel says that Iran is aggressively seeking nuclear weapons, which Iran denies.

Mr. Olmert will travel to Russia on Tuesday and is expected to raise the issue with President Vladimir V. Putin. Russia has helped Iran develop its nuclear program and has opposed sanctions.

Meanwhile, Mr. Katsav, who has served in the mostly ceremonial position of president since 2000, is facing increasing pressure to step down.

"There is a sense that corruption has reached the highest level of Israeli society, and that this must be cleaned up," said Shlomo Aronson, a political science professor at Hebrew University.

Nahum Barnea, a leading newspaper columnist, wrote in Yediot Aharonot: "The man Moshe Katsav is innocent as long as it has not been proven otherwise. But the man is one thing and the president another. President Moshe Katsav cannot continue in his position much longer."

Israel Rejects Syrian Offer On The Golan Heights (MCT)

By Dion Nissenbaum

McClatchy Newspapers, October 17, 2006

DAMASCUS, Syria - The first and last thing that Syrian Foreign Minister Walid Moallem looks at each day at work is a large map of the Middle East with the Israeli-occupied Golan Heights shaded in distinctive brown.

"This is my territory," Moallem said as he pointed to the land at the heart of chilly relations between Syria and Israel. "This is my life."

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In the wake of this summer's war in Lebanon, the Golan Heights have re-emerged at the center of the latest land-for-peace proposal that some see as a chance to reshape regional dynamics. In an unexpected move, Syrian President Bashar Assad has offered to end his conflict with Israel if it gives back the disputed territory it's held for nearly 40 years.

Israeli Prime Minister Ehud Olmert and influential U.S. diplomats have rejected the proposal as a meaningless feint from a weak authoritarian ruler. But others, including a growing number of influential Israelis, see the offer as an opportunity to jump-start dormant negotiations at a time when the Middle East is drifting towards further instability.

Israel's defense minister, internal security minister and some of its veteran peace negotiators have urged Olmert to use the opening to lure Syria away from its alliance with hard-line groups that they think pose a greater threat to regional stability.

"I believe it is imperative for Israel to penetrate and shatter the vicious triangle comprised of Iran, Syria and Hamas by creating an impenetrable channel of communication," Uri Savir, Israel's chief negotiator of the Oslo peace accords with the Palestinians, wrote in The Jerusalem Post.

Assad surprised Israel with the offer. Only weeks earlier, as Israeli soldiers began withdrawing from Lebanon after a stalemated fight with the militant group Hezbollah, Assad delivered a derisive speech in which he hailed Hezbollah and said it had "shattered the myth of an invincible army."

Now the 40-year-old Syrian president is offering to sit down with Israel and talk.

In an interview with McClatchy Newspapers, Moallem said Syria was willing to normalize relations with Israel for the first time in history if Israel returned the Golan Heights, a vast swath of mountains that it captured during the 1967 Six Day War.

"Between Syria and Israel, the issue that stands between us is the Golan Heights," Moallem said. "After each war there is a narrow window of opportunity for peace, and it depends on what effort and message you do to enlarge it."

Moallem said the Syrian offer was likely to stand for only a few months, and Assad has warned that he may consider attacking Israel if his entreaties are rebuffed.

"My hope for peace could change one day," Assad told the German magazine Der Spiegel late last month. "And when hope disappears, then maybe war really is the only answer."

That threat has kept Israel's military on alert along the Syrian border, although few expect Syria to attack anytime soon, if at all.

Assad's offer has been rejected by Olmert, who wants to see Syria sever its links to Hezbollah and the militant group Hamas before they agree to peace talks.

On Monday, Olmert repeated his rejection in a speech before the Israeli parliament.

U.S. officials also have rejected Assad's gesture.

"We ask him to step outside his office and do something about the situation in his capital city, where there are enemies of peace who operate freely from Damascus and conduct terror activities in the Palestinian territories and in Israel," U.S. Assistant Secretary of State David C. Welch told the U.S.-backed Alhurra Television network last week. "If his desire and vision for peace are accurate and real, he would do something about those things."

Moallem dismissed such demands as the unrealistic rhetoric of an American administration that's done nothing but destabilize the Middle East with its uncompromising policies.

"When the Americans are moderate, Syria will be moderate," he said.

Even if Israel were to launch talks with Syria, the initiative could be derailed quickly by the probe into last year's assassination of former Lebanese Prime Minister Rafik Hariri. A preliminary investigation suggested that high-level Syrian officials were behind the attack, which forced Assad to pull his troops out of Lebanon.

Still, coming at a time when there are few peaceful options in the simmering Middle East, a growing number of Israeli officials, Western diplomats in the region and intellectuals see a chance to isolate Iran further and undermine militant groups.

"A peace accord with Syria would deal a mortal blow to the current regime in Tehran and would bring its end closer," Israeli commentator Sever Plocker wrote. "A Syrian-Israeli peace will pull the rug out from beneath the feet of the terrorist organizations that are based in Damascus, will help the Palestinians regain their sanity and will serve as leverage for a comprehensive Israeli-Arab peace."

Assad's offer is Syria's latest attempt to settle the long-standing dispute over the Golan Heights. The president made a similar offer three years ago, which was greeted with the same skepticism. Perhaps the best chance to settle the issue came in 2000, when U.S.-brokered negotiations broke down over whether Israel would give Syria access to the Sea of Galilee.

Suicide Bomber Kills 94 In Northern Sri Lanka (NYT)

By Shimali Senanayake

The New York Times, October 17, 2006

DOJ_NMG_0082419

COLOMBO, Sri Lanka, Oct. 16 — A suicide bomber rammed a truck packed with explosives into a military convoy on Monday, killing at least 94 people and wounding 150. The explosion, about 100 miles northeast of the capital, was one of the deadliest attacks since a 2002 cease-fire between the government and separatist Tamils.

The government blamed the rebels, the Liberation Tigers of Tamil Eelam, for the attack, a charge the group neither acknowledged nor denied. The vast majority of those killed and wounded were sailors, but a military spokesman said some civilians were caught in the explosion.

"This is a barbaric terrorist act," said Keheliya Rambukwella, the government's military spokesman. "It clearly shows that peace is not on the agenda of the L.T.T.E. and they don't care about international opinion."

But he said the government still planned to attend peace talks with the rebels, which are being brokered by Norway and are to resume Oct. 28 in Geneva after an eight-month hiatus. The separatists have said they may back out of the talks.

Monday's attack was yet another sign that the four-year-old cease-fire was no longer being observed, even though neither the government nor the rebels have publicly disavowed it. It was also part of an increase in violence over the last year: more than 2,000 people, half of them civilians, have been killed in fighting since April, according to the Sri Lanka Monitoring Mission.

The explosion occurred on the day that Japan's special envoy to Sri Lanka, Yasushi Akashi, met with President Mahinda Rajapaksa to shore up support for the peace talks. Norway's envoy, Jon Hanssen-Bauer, and an American assistant secretary of state, Richard A. Boucher, are to arrive later in the week to try to ensure that the talks go ahead.

Mr. Hanssen-Bauer is to meet with separatist leaders on Thursday to encourage them to attend; the rebels said they would give their final answer then.

The truck bomber on Monday crashed into a convoy of 24 buses carrying unarmed navy personnel going on leave or returning to duty. The convoy was stopped at a transit center outside Habarana. About 340 navy personnel were at the center.

Brig. Prasad Samarasinghe, a military spokesman, said he believed that the attack was an act of revenge against the navy, which he said had succeeded in many recent attempts to stop the rebels from smuggling arms and explosives. On Sunday, the navy sank a suspected Tiger vessel that it said was transporting weapons off the northwestern coast.

Hours after the attack, Kfir fighter jets attacked a northern rebel stronghold, said Air Chief Marshal Donald Perera, head of Sri Lanka's armed forces.

Tamil rebels say they need their own state because the Sinhalese majority discriminates against Tamils.

Attack Kills 93 Sailors In Sri Lanka (WP/AP)

By Krishan Francis

The Washington Post, October 17, 2006

COLOMBO, Sri Lanka, Oct. 16 -- Suspected Tamil rebels rammed a truck packed with explosives into a convoy of military buses Monday, killing at least 93 sailors in one of the deadliest insurgent attacks since a 2002 cease-fire.

The military said more than 150 were wounded in the attack near the town of Dambulla, about 90 miles northeast of the capital, Colombo.

President Mahinda Rajapakse's office said in a statement that the attack "was further proof" that the Liberation Tigers of Tamil Eelam had an "unmitigated commitment to violence to achieve its ends."

The rebel group, the president's office said, is "in total disregard of international demands for it to abandon violence and seek peaceful means to achieve its goals."

The attack came as a Japanese envoy met with the president Monday amid intensified diplomatic efforts to strengthen the peace process between the government and rebels ahead of scheduled talks between the two sides this month in Switzerland.

It was not clear what effect the attack would have on those talks. There was no immediate comment on the attack from the rebels, although they routinely deny involvement.

The Japanese envoy, Yasushi Akashi, was also scheduled to travel to the rebels' stronghold in the north to talk with the Tiger leadership. A Japanese Embassy spokesman said he had no information yet on whether those plans would change following the attack.

Thorfinnur Omarsson, a spokesman for the Sri Lanka Monitoring Mission, urged the government and rebels to keep their commitment to the peace talks.

"Obviously, this is a brutal attack and a serious threat to the peace process," Omarsson said. "But the people of Sri Lanka deserve that the talks will take place as planned."

Norwegian peace envoy Jon Hanssen-Bauer was scheduled to return to the island this week. U.S. envoy Richard Boucher will make a two-day visit to Sri Lanka starting Thursday.

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Sri Lanka recently has seen some of the bloodiest fighting since a Norwegian-brokered cease-fire was signed in 2002, temporarily ending nearly two decades of civil war. Heavy battles last Wednesday on the northern Jaffna Peninsula left hundreds of combatants dead, despite commitments by both the government and rebels to return to the negotiating table.

The rebel Tamil Tigers have been fighting since 1983 for a separate homeland for the Tamil minority in the north and east, citing decades of discrimination by the majority Sinhalese. About 65,000 people were killed before the 2002 cease-fire.

Venezuela Is Denied Security Council Seat (WP)

By Colum Lynch And Juan Forero, Washington Post Staff Writers

The Washington Post, October 17, 2006

New Vote Scheduled Today as Intensive Campaign Fails to Win Two-Thirds of Ballots

UNITED NATIONS, Oct. 16 -- Venezuela was stymied Monday in its bid to win a seat on the U.N. Security Council, a result that shocked diplomats who had expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage.

Guatemala finished ahead of Venezuela in nine of the first 10 rounds of secret voting held by the U.N. General Assembly. But neither secured the required two-thirds vote to succeed Argentina on Jan. 1 in the open Latin American seat on the 15-nation council.

Voting will resume Tuesday.

Delegates at the United Nations had predicted that Venezuela would easily receive enough support for the seat, but the opening ballot showed Guatemala ahead 114 to 74. Venezuela gained votes through the day but never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly.

The result came as a relief to the United States, which had lobbied actively on behalf of Guatemala. Chavez's government, U.S. officials warned, would play a destructive role on the council, lending its support to those countries, including Iran, Sudan and North Korea, that have defied the United Nations.

It also represented a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East.

Chavez may have undercut his country's chances with a provocative speech last month before the General Assembly, in which he described President Bush as "the devil." And once-solid support for Venezuela in South America, from countries including Chile and Paraguay, wavered after Chavez's government entered into a military pact with Bolivia, which has lost territory to both those countries.

The United States, Britain, China, Russia and France enjoy permanent membership on the 15-member Security Council. The other 10 seats are distributed regionally for two-year terms; a vote by the General Assembly fills five seats each year. South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions.

But the deadlock over the Latin American seat raised the prospect of a long election and that a compromise candidate -- possibly Costa Rica, the Dominican Republic, Uruguay or Chile -- might enter the race. Mexico and Cuba received single votes on some ballots Monday.

Chavez has been hostile to Washington for years, but he has been particularly antagonistic since the White House offered tacit support for a 2002 coup that briefly removed him from power. Venezuela's U.N. ambassador, Francisco Javier Arias Cardenas, characterized the race as a challenge between a fearless champion of the developing world and the world's lone superpower.

"We are not competing with a brother country. We are competing with the biggest power on the planet," he said.

Some delegates said Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol.

For those who view the General Assembly chamber as "a very sacrosanct place," Chavez's performance exhibited "bad taste," said Tanzania's ambassador, Augustine P. Mahiga. "It can be a platform for the battle of ideas but not for the vilification of one country."

Mahiga said, however, that Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and "swayed" others to vote against it.

"It's a double-edged sword," he said. The race was "perceived as a contest between the United States and Venezuela."

Alberto Garrido, an author and analyst in Caracas who has written several books on Chavez, said the vote is a serious setback for Chavez's campaign to project Venezuelan influence beyond Latin America.

Venezuela has bought foreign debt from Argentina, sold crude oil at cut-rate prices to smaller Caribbean islands and provided aid to Africa -- all efforts designed, in part, to counter U.S. influence.

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"This is a big setback in Chavez's strategy," said Garrido, whose latest book, "Chavez's Wars," deals with the president's conflicts with the Bush administration and other foes. "He had a plan to become the institutionalized voice of the south, if he had gotten that seat. This is a blow, perhaps the biggest blow in his geopolitical strategy."

In Venezuela, the government's failure to secure a seat was called "an embarrassing defeat" by Manuel Rosales, who is running against Chavez in December's presidential election. The president retains the support of a majority of Venezuelans, recent polls have shown, but opponents accuse him of ignoring spiraling crime, chronic unemployment and poverty while he focuses on making a name for himself abroad.

Chavez has spent much of his presidency outside Venezuela. But since July, as the Security Council campaign has built, his travel schedule has become feverish, with trips to Russia, China, Vietnam, Iran and Belarus.

The Venezuelan government's argument that it would be a voice for those countries suffering at the hands of U.S. imperialism did not strike a chord with enough nations, said Milos Alcalay, a former Venezuelan ambassador to the United Nations.

"To argue that Venezuela would go to the Security Council to be the counterweight against imperialism didn't mesh with the philosophy that this is a body that aims to find things in common," said Alcalay, who resigned his post because of opposition to Chavez's policies.

"This was firstly a rejection of combative language, but it was also a rejection of Venezuela's claim to be the voice of those who do not have a voice, of Africa, the nonaligned," he said. "And really, they do have a voice. Africa elected South Africa as its spokesman."

Forero reported from Quito, Ecuador.

Venezuela Slips In Voting For U.N. Seat (NYT)

By Warren Hoge

The New York Times, October 17, 2006

UNITED NATIONS, Oct. 16 — Venezuela's campaign to gain Latin America's open seat on the Security Council next year suffered a setback on Monday when Guatemala, backed by the United States, established a wide lead and maintained it after 10 ballots.

Neither country obtained the necessary 125 votes — two-thirds of those voting — to win the seat outright, but Guatemala ended the day with a lead of 110 to 77.

The balloting, which at one point had the countries tied with 93 votes each, resumes Tuesday and could last days, until one prevails or the Latin American group decides to bring forth a compromise candidate.

The initial outcome was a distinct blow to the ambitions of Hugo Chávez, the fiery populist leader of Venezuela, who has turned the contest into a focus of his campaign against Washington, and traveled widely and spent his country's oil largess liberally to promote its candidacy.

Francisco Arias Cárdenas, Venezuela's ambassador, said his country was not battling Guatemala, which he called "a brother country," but "fighting against the owners of the universe."

A Venezuelan victory, he said, would give small and impoverished nations "an independent voice needed on the Security Council to fight against the power of money."

A Security Council seat would also give Mr. Chávez a global platform to vent his grievances against Washington, a reason why the United States has conducted its own vigorous lobbying against the idea.

Mr. Chávez gave a histrionic preview of what could be expected when he addressed the opening of the General Assembly last month and called President Bush "the devil," adding that he could still smell sulfur on the podium where Mr. Bush had spoken the day before.

While the real power on the 15-nation Security Council is exercised by the five permanent members with vetoes — Britain, China, France, Russia and the United States — Venezuela could be a spoiler in the Council's efforts at consensus and its ability to draft its frequent policy statements, a process that requires unanimity.

While potentially disruptive, Venezuela's presence would have little real effect on resolutions, which need only nine votes (and no vetoes) to pass.

Monday's vote was held to fill the seat being vacated by Argentina, one of the five elected members of the panel finishing their two-year terms at the end of the year.

In uncontested races on Monday, South Africa was named to replace Tanzania, and Belgium and Italy were endorsed to replace Denmark and Greece. Indonesia defeated Nepal for the seat held by Japan.

United Nations rules permit marathon ballots, and a battle between Cuba and Colombia in 1979 continued for two months and 155 rounds until the election of a third candidate, Mexico.

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"In the year 2000, I was in Florida for 31 days," said John R. Bolton, the American ambassador, recalling the post-election fight of President Bush to win the presidency that year. "This has just begun."

Guatemala, Venezuela Even For U.N. Seat (AP)

By Nick Wadhams, Associated Press Writer

AP, October 17, 2006

Venezuela and Guatemala hit a deadlock Monday in their battle for a seat on the powerful U.N. Security Council, after 10 rounds of voting failed to anoint a winner to fill the spot reserved for Latin America.

Guatemala led in nine of the 10 ballots, but could not get the two-thirds majority necessary to win. Nonetheless, the results were a defeat for Venezuelan President Hugo Chavez, who had campaigned by railing against the United States and promised to use his nation's voice on the 15-member council to counter Washington's influence.

The other four seats that will come open on the council were filled easily. South Africa, Indonesia, Italy and Belgium will start their terms on the council on Jan. 1, replacing Tanzania, Japan, Denmark and Greece.

Neither Venezuela nor Guatemala appeared willing to drop out of the election, which resumes on Tuesday with another round of balloting. Venezuela's U.N. Ambassador Francisco Arias Cardenas complained the United States has pressured countries worldwide to prevent Venezuela from winning the two-year rotating seat.

"Venezuela will not withdraw — we're fighting until the end," Cardenas said. "We are fighting against the first power of the world, the owners of the universe. We're happy, we're strong and we will continue."

The voting pattern fluctuated through the day. In the early rounds, Guatemala got 116 votes and Venezuela just 70. Then, in the sixth round of voting, they tied at 93 each. On the last vote, Guatemala led again, with 110 to Venezuela's 77. That was still short of the 125 needed to win.

Diplomats said Chavez may have hurt his nation's chances with a bombastic speech at the General Assembly debate in September, when he railed against the United States and called President George W. Bush "the devil" — a speech criticized even by U.S. politicians who had reached out to Chavez.

Yet the vote also reflected the ambivalence toward Guatemala, the preferred American candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public American campaign against Venezuela and in support of Guatemala.

After the voting ended Monday, Rosenthal said his nation was an "independent voice" that would vote according to its own policies.

"We are an independent country and frankly we resent it a bit being told we are going to toe the line of not only the United States but any other power," Rosenthal said. "We make our own decisions."

Diplomats said it was far too early to think of a compromise candidate to come forward to fill the seat that Argentina will vacate at the end of the year. Peru holds the other seat reserved for Latin America until Dec. 31, 2007.

The record number of ballots for a Security Council seat occurred in 1979, when the General Assembly held 154 unsuccessful votes to choose between Cuba and Colombia. Mexico was then put forward and won in the 155th round.

"Experience here in New York has been that in some cases they've done over 100 ballots," U.S. Ambassador John Bolton said. "We've done 10 today, that's just really beginning to get your adrenaline going a little bit, we'll just see how it goes."

After that, Latin American states could agree to put forward a new candidate — but only if the other two agree to step down. Rosenthal acknowledged that the deadlock could not last forever.

"If this goes on for several days and we can see that there's no movement in either of the candidates being able to get two-thirds of the vote, we probably would have to think of a third consensus candidate for the region," Rosenthal said. "But we think the time hasn't come for that yet."

Possible other candidates include Uruguay, Costa Rica, Mexico or Chile, though Chilean Foreign Minister Alejandro Foxley has said his nation is not seeking a spot on the council. That does not rule out Chile being put forward by someone else.

Venezuela has served four times on the Security Council. Guatemala, emerging from years of a brutal U.S.-backed dictatorship, has never had a seat but is a leading contributor of troops to U.N. peacekeeping missions.

In recent months, Chavez has collected pledges of support as he visited about a dozen countries from eastern Europe to Africa. Venezuela's opposition leaders have accused Chavez of squandering millions of dollars on his Security Council campaign while neglecting domestic problems such as rampant crime and acute poverty.

The 10 non-permanent seats on the council are filled by the regional groups for two-year stretches. The other five are occupied by the veto-wielding permanent members: Britain, China, France, Russia and the United States.

Associated Press Writer Christopher Toothaker in Caracas, Venezuela, contributed to this report.

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Link To Chávez May Have Hurt Ecuadorean Candidate (NYT)

By Simon Romero

The New York Times, October 17, 2006

QUITO, Ecuador, Oct. 16 — Rafael Correa, the charismatic economist who garnered a surprisingly weak showing Sunday in the first round of voting for president, finds himself in a situation that has plagued leftists in other Latin American elections this year: defending his ties to President Hugo Chávez of Venezuela.

Álvaro Noboa, a conservative banking and banana magnate, surged ahead by attacking Mr. Correa's admiration for Mr. Chávez and his advocacy of nationalistic economic proposals that seemed inspired by Mr. Chávez's policies. The two candidates are expected to compete in a runoff election on Nov. 26.

"Noboa saw the advantage of running against Correa but also against Chávez," said Simón Cueva, an economist and political analyst at the Corporation for Development Studies, an Ecuadorean research institute.

Mr. Noboa won about 27 percent of the vote and Mr. Correa 22 percent, with about 70 percent of the votes counted on Monday. Mr. Correa challenged the results and said fraud might have marred the count, which suffered from delays. Election officials suspended a contract with the Brazilian company overseeing electronic tabulations.

Mr. Noboa called Mr. Correa a "friend of terrorists, a friend of Chávez, a friend of Cuba." Mr. Correa said Mr. Noboa would rule Ecuador like a "banana plantation."

It has been a challenging week for Mr. Chávez. Venezuela failed to win enough votes on Monday for a seat on the United Nations Security Council, possibly depriving its president of an international platform he desires.

The unexpected results in the election here, meanwhile, point to growing unease in some parts of Latin America with political projects whose ambitions coincide too closely with those of Mr. Chávez.

"Daniel Ortega must be a little nervous," said Michael Shifter, an analyst at Inter-American Dialogue, a policy institute in Washington. Mr. Ortega, who is considered the front-runner in Nicaragua's presidential election next month, has been endorsed by Mr. Chávez, who has been relatively quiet about Mr. Correa's campaign in Ecuador.

The perception of support from Mr. Chávez has been a mixed blessing in other recent elections. Alan García, whose first term as Peru's president ended in hyperinflation, mounted a comeback this year to defeat Ollanta Humala, an ultranationalist former army officer who had been endorsed by Mr. Chávez.

Venezuela's relations with Mexico remain tense after Felipe Calderón, a conservative, defeated Andrés Manuel López Obrador, a leftist, for the presidency this year. Mr. Calderón used images of Mr. Chávez in television ads during the campaign to criticize Mr. López Obrador.

Now Mr. Noboa, a billionaire who controls more than 100 companies in Ecuador and other countries, signaled that he would end diplomatic relations with Venezuela and Cuba if elected. "I'm not a hypocrite," he said in televised comments. "I don't like the double standard."

Issues other than Venezuela have also dominated Ecuador's presidential race. Mr. Noboa wants to negotiate a trade agreement with Washington and favors extending an agreement that would allow American soldiers to remain in Manta, an air base used by the United States military for drug surveillance flights.

Mr. Correa, like most of the other Ecuadorean presidential candidates, disagreed with Mr. Noboa on those issues. Drawing inspiration from Argentina, Mr. Correa also said he wanted to renegotiate Ecuador's foreign debt, a move that worried foreign banks about dealing with another messy default.

Mr. Noboa and Mr. Correa both campaigned as populists, as did Gilmar Gutiérrez, the brother of a deposed former president, who finished third. Mr. Noboa campaigned from the right as a God-fearing businessman, promising cheap housing and handing out free wheelchairs to handicapped supporters.

Mr. Correa promises a "citizen's revolution" by rewriting Ecuador's Constitution. He also evoked an affinity with Mr. Chávez by professing admiration for the Venezuelan's "Bolivarian" ideals.

Mr. Correa said during the campaign that Mr. Chávez was a friend and acknowledged meeting with him in Venezuela as recently as August. He repeatedly denied receiving campaign financing from Venezuela's government.

Almost until the voting on Sunday, the election seemed Mr. Correa's to lose. One opinion poll by Cedatos/Gallup put his support at 37 percent at the start of October, within grasp of winning the 40 percent necessary for a first-round victory. He would also have needed a 10 percentage point lead to win.

Mexican Leftist Suffers Setback In Local Race (NYT)

By James C. McKinley Jr.

The New York Times, October 17, 2006

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MEXICO CITY, Oct. 16 — The leader of the Mexican left, who has refused to accept his defeat in the summer's presidential race, saw his party take a beating over the weekend in a governor's race widely viewed as a referendum on his charisma and power as a populist.

Though aides to the leftist leader, Andrés Manuel López Obrador, dismissed the loss as a minor setback, his detractors noted that it was the latest in a string of signs that he is losing public support, even in his home state, Tabasco.

Mr. López Obrador has charged that the July 2 presidential election was fraudulent and declared himself "the legitimate president," after a show-of-hands vote among his supporters at a mass rally last month. The gathering came after Mr. López Obrador's supporters had blockaded major avenues in the capital for six weeks to demand a recount.

The courts, however, awarded a narrow victory to Felipe Calderón, a conservative from President Vicente Fox's party. Leftists loyal to Mr. López Obrador have vowed to keep Mr. Calderón from taking office on Dec. 1, while the leftist leader has promised to set up a parallel government.

But Sunday's election for governor in Tabasco, in the south, suggested that Mr. López Obrador's ability to sway voters has waned since the presidential race. Returning to his home state, Mr. López Obrador, the former mayor of Mexico City, campaigned hard for weeks on behalf of his party's candidate, César Raúl Ojeda. He often upstaged the candidate during the final days of the campaign.

Many Mexicans saw the race as a test of Mr. López Obrador's strength. But with 96 percent of the precincts counted on Monday, the candidate of the centrist Institutional Revolutionary Party, Andrés Rafael Granier, was winning by 10 points.

The election was ugly, however, and leaders of Mr. López Obrador's Democratic Revolution Party said they would challenge the results. Supporters of the rival candidates engaged in street battles and fired guns at the houses of influential politicians as a scare tactic. The voting was also plagued by allegations of vote buying.

Some political analysts said the results showed that the public was fed up with Mr. López Obrador's stubborn reluctance to concede defeat and his reliance on street protests.

"It seems to me to be a catastrophe for him," said Raymundo Riva Palacio, a political columnist for the newspaper El Universal .

Óscar Luis Rodríguez, a longtime member of Mr. López Obrador's party in Tabasco, put it more bluntly. "Andrés Manuel has lost credibility," he told the daily newspaper El Sol. "He has lost respect. Here Andrés Manuel was born, and here he has been buried."

César Yáñez, a spokesman for Mr. López Obrador, said such political obituaries were premature. Mr. López Obrador still plans to hold a faux inauguration on Nov. 21 and then tour the country as an alternative president, he said.

Daniel Lund, a pollster and political analyst, said the loss owed more to Mr. Ojeda's weakness as a candidate and to the low turnout than to Mr. López Obrador's fall from favor.

There have been other signs of cracks in the support for Mr. López Obrador. The party's founder, Cuauhtémoc Cárdenas, has repudiated him, and its four governors have refused his request not to recognize Mr. Calderón as president.

Most politicians and strategists here still expect some kind of mass protest from Mr. López Obrador's supporters in December, and a steady drumbeat of criticism in the future. But few now predict that Mr. Calderón will be unable to take office or govern.

"From my point of view, the protests that the deputies and senators of the P.R.D. carry out will be more symbolic than real," said Jaime Sánchez Susarrey, a conservative columnist.

State Race Signals Big Defeat For Mexican Leftist (CSM)

By Sara Miller Llana

The Christian Science Monitor, October 17, 2006

MEXICO CITY

Andrés Manuel López Obrador jolted Mexico City when he moved protesters to close down main streets in the wake of the nation's disputed July 2 presidential election. The dissent reached its peak when supporters named the defeated leftist president of a "parallel government" at a mass demonstration this fall.

But a month later, his supporters have packed up their tents, traffic is flowing, and many are wondering if his protest movement - which emerged amid allegations of massive electoral fraud - is now losing steam.

This weekend, a gubernatorial race in Tabasco - which voted heavily for Mr. Obrador, a native of the southern state - ended in defeat for the Democratic Revolution Party (PRD) candidate, despite Obrador having campaigned hard for his fellow party member. The loss is being viewed as a referendum on the future of Obrador's national protest movement.

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"This is a reflection of his losing track with voters," says Rafael Fernandez de Castro, dean of international affairs at the Autonomous Technological Institute of Mexico. "The consequences are not going to be very good for [Obrador] or his movement."

The July 2006 presidential election was the closest in the nation's history, with the two main candidates split by half a percentage point. In September, after a lengthy and tense court review and partial recount, electoral officials finally certified Felipe Calderón, of President Vicente Fox's conservative National Action Party (PAN), as the official president-elect. Parallel government?

Leading up to the certification, Obrador and his supporters, who halted downtown traffic for seven weeks, pledged never to accept Calderón as president. Calling him a "usurper," they voted last month to establish their own government, causing columnists to question the stability of the country.

But these days even Obrador's supporters doubt that his parallel movement will amount to much. Although Mario Gutierrez, a valet in Mexico City, says he believes in Obrador's ideals and voted for him in the election, he also believes the movement is petering out. "It's a lost cause," he says. "They aren't going to gain anything."

Asked whether he believes a parallel government will be effective in helping the nation's poor, he says matter-of-factly: "I don't think there will be a parallel government."

Indeed, the defeat in Tabasco state could hinder efforts to forge a national movement. Obrador won 56 percent of the presidential vote in Tabasco, and spent recent weeks with PRD candidate César Raúl Ojeda. When the Monitor went to press, 94 percent of the votes had been counted and Andrés Granier, of the long-ruling Institutional Revolutionary Party (PRI) had 53 percent of the vote compared with 42.8 percent for Ojeda, making it statistically impossible for Ojeda to win. Ojeda alleges fraud and is threatening to challenge the results.

Obrador himself seemed to anticipate a loss ahead of the elections by telling reporters: "If the PRI wins Tabasco, then our adversaries will laugh at us and say that we even lose in our own land."

Obrador spokesperson César Yañez disputes the fact that a defeat in Tabasco spells trouble for the movement. "Its success does not depend on a state election," he says, "no matter what state it is."

But some say Obrador's protests after the presidential vote this summer may have hurt Ojeda's chances, and could deter others from linking themselves to his movement. "It will make some of the PRD leaders start distancing themselves from [Obrador]," says Mr. Fernandez de Castro.

Mr. Gutierrez says he believes Obrador's barricades in Mexico City backfired. This sentiment is backed by polls, such as one in the newspaper Reforma this summer that showed that if the election had occurred in the midst of Obrador's mass sit-ins, Calderón would have won the race easily.

According to the Associated Press, Oscar Luis Rodriguez, a founding member of the PRD in Villahermosa, the capital of Tabasco, told the local daily El Sol de Tabasco: "[Obrador] has lost credibility. He has lost respect. Here [he] was born, and here he has been buried."

There will be a second tally of the vote Wednesday, standard procedure in Mexico, which could change results, but for most here, the writing is on the wall.

"The PRD's loss in Lopez Obrador's home state clearly undermines his public image and will make some in the party more likely to challenge him on specific issues, says Andrew Selee, director of the Mexico Institute at the Woodrow Wilson Center in Washington, D.C., "but it is far too early to discount [Obrador] as a significant political force in Mexico." Some supporters remain hopeful

Indeed many PRD members say the movement will survive. "The movement can't be over because of an election loss; it will prevail because of the reality of inequality in the country," says Juan Vazquez Patilla, the sub-secretary for social movements within the PRD at his family taco stand in Mexico City over the weekend. "Those who say it's now dead are the same people who don't want change."

But specific plans of what Obrador hopes to accomplish as a parallel president remain uncertain, and Mexico City residents out on a Sunday afternoon, say they have no idea what to expect.

Mr. Yañez says Obrador will begin a national tour next month, not "to show muscle," but to inform the country of his plans ahead of November 20, when he is to be inaugurated as the "legitimate" president-elect of the country. That will be his movement's next big test.

Then comes the official inauguration of Calderón on Dec. 1, which PRD members, like Vazquez Patilla, have promised to protest.

Tabasco Defeat Deals Setback To Lopez Obrador (LAT)

By Sam Enriquez

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The Los Angeles Times, October 17, 2006

MEXICO CITY — The defeat of the gubernatorial candidate handpicked by leftist politician Andres Manuel Lopez Obrador to run in his home state of Tabasco has dealt a serious blow to Lopez Obrador's emerging opposition movement.

After spending a month stumping for candidates, Lopez Obrador, who lost the recent Mexican presidential election by less than a percentage point, saw his Democratic Revolution Party, or PRD, trounced in Sunday's election.

Gubernatorial candidate Cesar Raul Ojeda was beaten by 10 percentage points, according to preliminary results, and the PRD gave up five of its 11 mayoral offices.

Just as with the presidential election, Ojeda and the PRD are expected to file legal challenges to Sunday's results.

Lopez Obrador had campaigned with Ojeda, promising that an Ojeda victory would also be a victory for Lopez Obrador and his campaign to raise up Mexico's poor.

Lopez Obrador supporters warned against putting too much stock in the Tabasco results because Ojeda had lost two previous races for governor.

Ojeda won about 43% of Sunday's vote against Andres Granier of the Institutional Revolutionary Party, or PRI. Granier, a biochemist by training and a popular former mayor of the state capital, said voters could expect only trouble from Lopez Obrador and his movement.

Lopez Obrador broke into national politics after losing a controversial 1994 Tabasco governor's race, and Sunday's election appears to be another turning point. But rather than a career springboard, this one appeared closer to a bookend.

After gaining notoriety for his protests against cheating in the 1994 race, Lopez Obrador made his greatest political advances during the late 1990s with a string of election victories while serving as the PRD's national president. In 2000, he was elected mayor of Mexico City before stepping down last year to run for president of Mexico.

Mexico City Mayor Alejandro Encinas, a close ally of Lopez Obrador, said Monday that the party needed to reexamine its electoral strategy.

The idea that Tabasco's gubernatorial election would be a referendum on Lopez Obrador took root early among political analysts and newspaper columnists. For one thing, it came only weeks after the electoral court dismissed PRD allegations that President-elect Felipe Calderon won by fraud.

Lopez Obrador himself took the message center stage.

"They robbed us of our victory, but your support will not be in vain," he said during a campaign appearance last week. "The movement continues … if it fractures, there will be no more hope for millions of Mexicans."

Ojeda had joined Lopez Obrador's postelection protests this summer, and he had also denounced Calderon's victory. Granier, on the other hand, said he could work with Calderon of the National Action Party.

Lopez Obrador and Ojeda had hoped to boost voter turnout in Tabasco with their joint appearances. Instead, turnout fell 8 percentage points from the July 2 presidential election, in which 56% of Tabasco voters cast ballots for Lopez Obrador.

Ojeda alleges that Granier received illegal state government help and tried to buy votes with money and giveaways. Ojeda won a similar challenge in the 2000 election, and an elections tribunal ordered a new election in 2001, which he also lost.

Ojeda had worked on the Lopez Obrador presidential campaign, which was built on the idea that Mexico's decade-long embrace of the free market had paid off for the wealthy and well-educated, but left half the country in poverty and lousy jobs.

While still polling strongly among the poor and working-class, Lopez Obrador began to bleed support from left-leaning middle- and upper-class voters when his postelection protests closed capital streets and disrupted thousands of businesses over the summer.

Lingering civil unrest in Oaxaca by striking teachers and their leftist supporters may also have frightened some people who generally agree with Lopez Obrador, according to interviews with voters last week in Tabasco.

Ojeda's victory would have avenged Lopez Obrador's 1994 gubernatorial loss to Roberto Madrazo, whose PRI campaign illegally overspent millions of dollars, according to evidence later delivered to Lopez Obrador and federal authorities.

Instead, Sunday's election was an embarrassing defeat that could not come at a worse time for Lopez Obrador. He's planning an event in the capital next month to install himself as the country's "legitimate" president. Rather than a crowning moment for his movement, the ceremony now risks ridicule.

"He can still fill a plaza, but with increasingly desperate companions," said Benito Nacif, a political analyst at Mexico's Center for Economic Research.

In Colombia, A Dubious Disarmament (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, October 17, 2006

Demobilized Paramilitaries Are Sidestepping Justice, Critics and Victims Say

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BARRANCABERMEJA, Colombia -- In the midst of a relentless conflict, Colombia's government and its ally, the Bush administration, are hailing the demobilization of 32,000 fighters from right-wing paramilitary groups -- a disarmament that authorities here say is larger than any of those that closed out Central America's civil wars in the 1990s.

But another, far more critical picture of the disarmament has emerged in recent months, drawn from the accounts of rights groups, victims of Colombia's murky, drug-fueled conflict, and even a report from the Attorney General's Office. Paramilitary commanders, according to these accounts, have killed hundreds of people in violation of a cease-fire, trafficked cocaine and stolen millions of dollars from state institutions they had infiltrated.

A handful of lawmakers on Capitol Hill have also voiced concerns about the disarmament, which is partly funded by the United States.

"The demobilization process has been as much about avoiding justice and consolidating ill-gotten gains as it has been about disarming the paramilitaries," said Sen. Patrick J. Leahy (D-Vt.), the ranking member of the subcommittee on foreign operations. "The government needs to stop appeasing the leaders of these outlaw militias and listen more to their victims."

Critics acknowledge that the disarmament has yielded benefits. It has removed a loose confederation of paramilitary militias from a 42-year-old war, leaving the state facing one powerful Marxist rebel organization and a second, much weaker guerrilla group. It has also lowered Colombia's homicide rate, officials here say, and given President Alvaro Uribe's government leverage in its efforts to prod the guerrillas to the negotiating table.

Now, two months after the last paramilitary fighter laid down his weapon in a carefully choreographed ceremony, Colombian officials are pledging to conduct exhaustive investigations of paramilitary atrocities and launch trials of the militias' most bloodthirsty commanders. They say the proceedings will bring justice and recompense for thousands of families who lost relatives or land to the United Self-Defense Forces of Colombia, known by its Spanish initials, AUC.

But in communities hit hard by paramilitary violence, including this grimy, oil-refining city in northern Colombia, victims are incredulous about the government's lofty claims. Once fearful that speaking out could get them killed, they are increasingly organized and assertive. And they are sharply criticizing a process that they say is tilted more toward whitewashing crimes than punishing perpetrators.

"The victims haven't had a voice," said Jaime PeÃ±a, whose son, Jaime Yesid, 16, was killed by paramilitaries during a 1998 massacre here. "How can there be reparations and reconciliation if we don't know the truth and if there isn't any justice?"

Across Colombia, victims and rights groups have been shaken by revelations in the press about paramilitary-related outrages, from wealthy commanders patronizing elegant stores in shopping malls to disclosures of paramilitary ties to Colombia's Congress.

In the latest scandal, one of the more powerful paramilitary commanders, Rodrigo Tovar, recruited peasants to play the part of paramilitary fighters in demobilization ceremonies, according to a 29-page internal investigative report by the Attorney General's Office. The report, based on records that were kept in Tovar's computer and that detailed crimes committed by his paramilitary unit, was first disclosed in El Tiempo, the country's leading newspaper.

According to its findings, a special bank account was set up to disburse money to unemployed peasants so they could "pass themselves off as militiamen, the more the better."

Tovar, the report continues, "gives instructions so that they are ready for demobilization day, that they know how to march, sing the hymn [of the AUC] and respond to prosecutors' questions." At the same time, Tovar ordered underlings to make sure some bands of fighters remain armed to guard "vulnerable zones."

Tovar's hit men killed 558 people in one coastal province, Atlantico, at the same time he was participating in disarmament negotiations, according to the report. The victims included shopkeepers who failed to deliver extortion payments, leftist activists, common criminals and even a university professor. The report says that "men, women, children and passersby from all social and professional levels have become victimized."

Tovar kept detailed records of cocaine shipments to the United States and Europe, the Attorney General's Office said. The office's report also recounted how rogue police units took payoffs to permit cocaine deliveries and how Tovar helped senators and congressmen close to him win reelection.

In this city in a key region of the mighty Magdalena River, paramilitary fighters entered with fury in 2000, rooting out guerrillas and killing their supporters. Caught in the crossfire were villagers and the residents of Barrancabermeja, where lush neighborhoods filled with fruit trees and tropical birds sprawl over the hillsides.

In a massacre here in 1998, paramilitaries kidnapped 32 people at gunpoint. Twenty-five disappeared, and seven were later found dead. PeÃ±a still chokes up as he recalls how he looked out his window to see two gunmen abducting his son.

A neighbor, Luz Almanza, tears up as she recounts how her husband, Ricky Nelson GarcÃ-a, was also led away for good that night. Luz Marina LÃ³pez, a shop owner, can barely keep her composure when she tells how her 20-year-old twins, a son and a daughter, were killed in the same incident.

All that the victims' relatives ever learned was that the paramilitaries suspected the neighborhood of close ties to the guerrillas.

"What I want from the state is to know what happened to these people," Almanza said. "What we want is for them to tell us the truth."

Under the government's Justice and Peace Law, approved by Congress last year, generous benefits were granted to commanders accused of atrocities in exchange for disarming units of fighters. The government also announced that those who participated in the process would not be extradited to the United States on drug-trafficking charges -- the paramilitary commanders' greatest fear.

In the face of international outrage, Colombia's highest court struck down some provisions in May and made the terms more stringent. Most of the commanders, including Tovar, also turned themselves in and are now housed in a spacious facility in Antioquia province.

Under the revised law, commanders must pay reparations to victims out of both their legal and ill-gotten gains. And they must confess to their crimes -- losing benefits if prosecutors later determine that they lied or omitted information.

"What we want is that there be a recognition of the victims' right to truth, to justice and reparation," said Eduardo Pizarro, who heads the government's reparations commission. "And to guarantee that it won't happen again."

Still, the law shields the commanders from serving time in prison, and they remain protected from extradition.

Though officials in Uribe's government pledge to come down hard on commanders, the state appears ill-prepared to follow through, said Sergio Jaramillo, director of the Ideas for Peace analysis group in Bogota. There are only 20 prosecutors to investigate 2,695 paramilitary commanders who are believed to have committed atrocities.

Asked about the capacity of his office to investigate, Mario IguarÃ¡n, the attorney general, said in an interview: "You'd have to say it's not sufficient. The Justice and Peace Law did not create positions for prosecutors."

The sheer complexity of the cases helps paramilitary commanders not only to sidestep criminal investigators but to shield their properties. The commanders have already claimed that they own far less than authorities believe they do. Determining the truth is a formidable task, since the properties they own are registered under third parties' names.

Though there are no exact figures, government officials have calculated that Colombian paramilitaries and drug traffickers control a swath of territory three times the size of New Jersey.

"The government has no clue about what these guys own, how they've operated for all these years, who's supported them, where their assets are, and it hasn't really set up an effective system to figure that out," said Maria McFarland, who tracks Colombia for New York-based Human Rights Watch.

In Barrancabermeja, groups such as the Popular Women's Organization, which runs soup kitchens and works on human rights issues, have no illusions about what the process with the paramilitaries will deliver.

Paramilitaries have slain three members of the group, including one this year, and its president, Yolanda Becerra, said that threats continue. Becerra, a slight woman who races around town meeting with members, said her group is still poised to lead protests and lobby for a tough approach to the paramilitaries.

"We're doing what we've always done -- maintain a hope for a new country," she said. "A people can save themselves when they're united."

Wal-Mart Said To Be Acquiring Chain In China (NYT)

By David Barboza And Michael Barbaro

The New York Times, October 17, 2006

SHANGHAI, Tuesday, Oct. 17 — Wal-Mart Stores, the largest retailer in the United States, is laying the groundwork to become the biggest foreign chain in China with the $1 billion purchase of a major retailer here, according to people briefed on the deal.

The move represents a large step for Wal-Mart's strategy in China, allowing the American retailer to more than double its presence in a country that, despite its size and growing middle class, remains largely untapped by foreign retailers.

Though the size of the acquisition — of a Taiwanese-owned supermarket chain called Trust-Mart — may be modest for Wal-Mart, it is a critical one because the Chinese market is becoming much more pivotal in the retailer's overall international strategy. For Wal-Mart, China represents an opportunity to tap a vast and fast-growing market abroad at a time when the company's sales are lagging elsewhere and it has run into obstacles to expansion at home.

"China is the only country in the world that offers Wal-Mart the chance to replicate what they have accomplished in the U.S.," said Bill Dreher, an analyst at Deutsche Bank Securities.

Wal-Mart expects to close the deal for Trust-Mart by the end of the year, but it still needs approval by Chinese authorities, according to a person briefed on the transaction.

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The acquisition is likely to trigger an intense battle among foreign and domestic retailers to gain a strong foothold in the world's fastest-growing economy.

The deal puts Wal-Mart neck-and-neck in China with Carrefour, the giant French retailer, which also bid for Trust-Mart. Wal-Mart, which has only 66 stores in China compared with Carrefour's more than 200, outbid not only Carrefour, but also Tesco of Britain and one of China's large retailers, Lianhua.

The purchase also highlights the staggering reach of the $300 billion Wal-Mart empire. The company started in rural Arkansas 45 years ago and has become the largest foreign retailer in Mexico and Canada. In numerous other foreign markets, however, Wal-Mart has been stymied, pulling out of Germany and South Korea, or has met strong challenges, as in Japan, where it has struggled to gain a share of the market.

By acquiring Trust-Mart, Wal-Mart will not only be able to match Carrefour, but also to compete with much bigger Chinese retailers, like China Resources and the Shanghai Brilliance Group, which are the country's largest retailers with more than $3 billion in sales and more than 8,000 stores combined.

Trust-Mart has more than 100 stores with 30,000 employees in more than 20 Chinese provinces, but it operates mainly at the low end of the supermarket chains. One challenge for Wal-Mart will to determine where it will position itself in the retailing market.

China's economy is expanding at a rate of 10 percent to 11 percent a year, making it by far the world's fastest-growing major economy. Retail sales are even more robust, jumping by about 15 percent a year for the last several years.

Big retailers are fairly new in China, which for decades has been dominated by small regional chains. Indeed, China has no dominant national players in the retail market, which is why Wal-Mart and other international retailers are battling aggressively to expand there.

"China's a very fragmented market and very diverse," says George Svinos, head of Asia Pacific retail at KPMG's office in Australia. "So in order to get any penetration into that market you'd need to make a big move."

China, however, is a tricky market for American retailers. Chinese consumers spend less than Americans when they go into stores, but they shop more frequently.

The average Chinese shopper spends about $4 at Wal-Mart, compared with $20 for the average American, according to Wal-Mart.

But Wal-Mart and other retailers hope to lure the middle-class Chinese, one of the fastest-growing segments of the population. Already, middle-class shoppers crowd into Carrefour, Wal-Mart and Ikea.

Other retailers, like Toys "R" Us, Home Depot and Best Buy, have just announced plans to open outlets in China.

The government has opened its retail market to foreigners, but at the same time, it has also encouraged Chinese companies to merge. In one example, the Shanghai Bailian Group struck a deal with Dashang, which operates the second-largest chain store group, to create new stores.

Moreover, China's biggest state-owned retailers and a handful of aggressive entrepreneurs are pushing to create national chains, like Beijing-based WuMart and Gome, the country's largest consumer electronics store, which is owned by one of the country's wealthiest men.

Carrefour, which is the largest foreign retailer in China by sales, with more than $2 billion, has been expanding much more aggressively than Wal-Mart. Carrefour plans to open 100 new superstores this year, which will raise its total to more than 300.

Analysts say that Wal-Mart's expansion has stepped up only in recent years. Up until now, they say, the retailer has not had great advantages over its bigger competitors. It has had high costs in China because systems for purchasing, transportation and distribution are clogged and complicated in a country that is still largely inefficient and without a strong national highway grid.

Wal-Mart appeared to smooth the way for expansion in China in July when, for the first time, it allowed employees to form a trade union, the company's first in China. The retailer has long battled unions in the United States, arguing they will make the company less efficient.

In the United States, where Wal-Mart has more than 4,000 mostly suburban stores, its performance has begun to trail that of major competitors, like Target, particularly in sales at stores open at least a year. And Wal-Mart has encountered growing resistance to locating new stores in urban areas.

A Wal-Mart spokeswoman, Beth Keck, declined to comment on the Trust-Mart transaction.

Wal-Mart entered China in 1996 with a supercenter under its own name and a Sam's Club in Shenzhen, near Hong Kong. In a departure from its practice of buying domestic chains with strong local name recognition, Wal-Mart started by building its business in China on its own.

But the pace of Wal-Mart's growth in China has been slow. A decade after arriving, it has just 66 stores, failing to crack the list of the country's top 20 retailers; hence, the move to acquire Trust-Mart.

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Wal-Mart operates stores in 13 countries, including Brazil, Japan, and England, but foreign sales represent just $64 billion, or 20 percent, of its more than $300 billion in annual sales.

In several countries, it has discovered its American formula for success — rock-bottom prices, zealous control of inventory and a wide array of products — simply does not translate.

In Germany, for example, Wal-Mart never established comfortable relations with the powerful unions, which dominate retail in the country. In South Korea, it failed to satisfy the tastes of finicky local consumers.

Thus, in a stinging admission of defeat, Wal-Mart pulled out of Germany and South Korea this year after failing to turn around poor sales.

Wal-Mart, however, remains committed to Japan, where it operates stores under the name Seiyu, despite lackluster performance.

A major obstacle overseas for Wal-Mart has been building a big enough network of stores to compete with local chains and to secure low prices from suppliers. That may explain, in part, why Wal-Mart is eager to grow in China.

Mr. Dreher, of Deutsche Bank, expects Wal-Mart to expand aggressively there. By the year 2010, he predicts the company will have as many as 400 stores in China.

Wal-Mart Closing In On $1bn Deal For China's Trust-Mart (FT)

By James Politi And Lauren Foster

Financial Times, October 17, 2006

Wal-Mart appeared close to sealing a $1bn (£539m) acquisition in China last night.

The world's largest retailer emerged as the leading bidder in a year-long auction for Trust-Mart, China's second-largest hypermarket chain. People close to the talks said Wal-Mart had edged out France's Carrefour and local competitors but warned that details remained to be finalised and the deal could collapse..

A purchase of Trust-Mart, which is privately owned byTaiwanese entrepreneurs, would represent one of Wal-Mart's largest recent acquisitions. It highlights how China has become an important battleground for international supermarket chains as its rapid urbanisation and rising living standards create a new consumer class.

Although Wal-Mart recently exited Germany and South Korea, it considers China a priority for its international expansion. It owns 66 stores in China.

Amy Wyatt, a Wal-Mart spokeswoman, called the deal "speculation" and declined to comment. Regulatory approval by China's Ministry of Commerce could delay the acquisition.

Many international retailers have been looking to expand in China to take advantage of the country's rapid economic growth.

Office Depot, the US office products retailer, said last month that it planned to take a controlling stake in AsiaEC, one of China's largest dealers of office supplies and services. This year Best Buy, the US consumer electronics retailer, took a controlling stake in Jiangsu Five Star, a Shanghai-based store chain. Home Depot, the second-largest US retailer, has also been looking for partners in China.

Meanwhile, it was disclosed that Wal-Mart was in talks to buy Koc Holding AS's supermarket chain, Turkey's biggest retailer.

France In Denial (NYT)

The New York Times, October 17, 2006

We've argued many times that Turkey must come to grips with the crimes of its past and stop prosecuting writers who mention the Armenian genocide of the early 20th century. But we found it as absurd and as cynical when the French National Assembly voted overwhelmingly last week to make it illegal — on pain of a fine and imprisonment — to deny that there was an Armenian genocide.

France's Senate still has a chance to throw out this outrageous bill, and we hope it does. We hope, too, that the Turks do not retaliate with something similarly nutty, like making it a crime to deny French colonial atrocities in Algeria, as some legislators have suggested. Enough damage has already been done.

There is no doubt that the sooner Turks confront their past the better. They are beginning to, in large part because of the lure of membership in the European Union. That does not excuse the way French politicians are trying to exploit anti-Turkish feelings while playing up to the large Armenian-French constituency.

There are a lot of reasons why this is wrong. It could further fan anti-Muslim feelings in France, and we've already seen the potential for a violent backlash. It is also a blow to freedom of expression — not exactly the standard that E.U. members want to set while they lecture the Turks about being more respectful of human rights and democratic norms.

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Yes, France is one of a dozen European countries that have laws against denying the Holocaust. There is an argument that they, too, violate freedom of expression. But those laws at least are based on the threat posed by die-hard anti-Semites who still subscribe to Hitler's racist theories. The Armenian question poses no dangers in France. Playing politics with it trivializes not only the Holocaust, but also the Armenian genocide.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Signs Terror Detainee Bill Into Law. The CBS Evening News (10/17, story 3, Couric, 7.66M) reported, "President Bush today got one of the weapons he wanted for the war on terror. He signed that detainee bill. The new law sets the rules for interrogating and trying foreign terror suspects, and it could pave the way for Kahlid Sheikh Mohammed and other accused 9/11 plotters to be tried by military tribunals." NBC Nightly News (10/17, story 2, 1:50, Williams, 9.87M) said that "while the new law was being signed, about a dozen or so protesters were being arrested, some of them wearing prison-style suits to look like terror detainees."

ABC World News (10/17, story 5, 2:50, Raddatz, 8.78M) reported, "At today's signing, the President…described the legislation as one of the most important tools in fighting the war on terror." Bush was shown saying, "It allows for the clarity our intelligence professionals need to continue questioning terrorists and saving lives." USA Today (10/18, 2.27M), meanwhile, reports Bush also said "interrogations have yielded valuable information that has helped prevent terror attacks." Said the President, "It is a rare occasion when a president can sign a bill he knows will save American lives." The American Civil Liberties Union, however, called the bill "one of the worst civil liberties measures ever enacted in American history."

Some media reports portray the signing ceremony as part of a Republican PR effort geared toward the upcoming elections. The Los Angeles Times (10/18, A1, Schmitt, Barnes, 918K), for example, says "the new law…became both part of the administration's final campaign push to preserve its congressional majority in the midterm election." The enactment of the law "was good news for Bush as casualties have mounted in Iraq and his handling of the war on terror has come under intensifying criticism." The signing ceremony "was part political rally for a GOP that is struggling to retain control of Congress three weeks before a pivotal midterm election."

The New York Times (10/18, Stolberg, 1.21M) reports, "With the midterm elections three weeks away, Mr. Bush hoped to use the bill signing to turn the political debate back

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to the war on terrorism, a winning issue for Republicans, and away from scandals like the Mark Foley case, which have dominated the news in recent weeks." The President "said he was signing the measure 'in memory of the victims of September the 11th.'"

The AP (10/18, Pickler) reports, "Bush has been criticizing Democrats who voted against the law, called the Military Commissions Act of 2006, during campaign appearances around the country. He has suggested that votes against the law show that Democrats would not protect the country from another terrorist attack." Republican House leaders, "in a tough battle to maintain their majority, echoed those criticisms Tuesday in an attempt to get some political points out of the legislation they supported. 'The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives,' House Speaker Dennis Hastert said."

In an interview that aired on Fox News' The O'Reilly Factor last night (10, 17, O'Reilly), Bush said, "The intelligence community believes strongly that the information we got from the detainee questioning program yielded information that made America safer, that we stopped attacks. Secondly the courts -- I believe it is necessary to have military tribunals because I ultimately want these people to be tried. And it took a while to get these tribunals in place. The Supreme Court ruled that the president didn't have the authority to set up these courts on his own, that he needed to work with congress to do so and we did. What is interesting about these votes that took place in the Congress is the number of Democrats that opposed questioning people we picked up on the battlefield. And I think that is an issue that they are going to have to explain to the American people." Bush was also asked why he thinks the criticism of his stance regarding the handling detainees has been "so fierce," Bush responded, "I don't know. … As you know we picked up a fellow named Khalid Sheikh Mohammed. Intelligence folks believe, or suspect, that he was the person that masterminded the 9/11 attacks. I want to know what he knew in order to prevent another attack. Now maybe there are some in this country that say they are not coming again and therefore all this is unnecessary. I believe they are coming again and I believe it is the responsibility of the federal government to protect our people."

Later in his interview on Fox News' The O'Reilly Factor (10/17, O'Reilly), Bush said that although he would "never…question anyone's patriotism" he thinks "the American people got a choice to make this November. And I believe that the choice is stark and clear. I believe that my party and our candidates…will be better positioned to put policies in place that will enable us to protect the American people from attack."

The Washington Times (10/18, Dinan, 88K) notes the bill "passed the House by a 250-170 vote and the Senate by a vote of 65-34. In both chambers, most Republicans voted in favor and most Democrats against." However, said ABC World News (10/17, story 5, 2:50, Gibson, 8.78M), "there were only a few Democrats that released statements critical of the bill. One of them, Senator Russell Feingold saying, 'We will look back on this day as a stain on our nation's history.'" Another Democrat who spoke up against the bill was Rep. Charles Rangel. Asked on Fox News' The O'Reilly Factor (10/17, O'Reilly) why he voted against the bill, Rangel answered, "There's no question in my mind not only is it unconstitutional, but it was brought up on the eve of the election to give some type of feeling that Republicans were tough on terrorism. … It may sound corny, but I swear that I love it country so much it would just seem to me that we should have those principles that involve habeas corpus. Whether you call them combatants or prosecutors of war, the standard should be not set by the president but the standard should be set either by the Geneva Convention" or the "the Military Code of Justice."

The Washington Post (10/18, A4, Fletcher, 748K) quotes Democratic Sen. Pat Leahy saying, "It is a sad day when the rubber-stamp Congress undercuts our freedoms, assaults our Constitution and lets the terrorists achieve something they could never win on the battlefield." Congressional Republicans, meanwhile, "immediately seized on the new law, which was opposed by most Democratic lawmakers, as evidence of their commitment to protect the country against terrorist attacks." House Majority Leader John Boehner said, "Capitol Hill Democrats have yet to offer any solutions or formulate any serious national security policy on how to keep America safe in a post-9/11 world."

A number of stories also suggest portions of the bill will not survive the legal challenges ahead. The Los Angeles Times (10/18, Savage, 918K) reports that while debate on the military tribunals bill signed by…Bush focused on trials at Guantanamo Bay, "the new law also takes away from noncitizens in the U.S. — including more than 12 million permanent residents — the right to go to court if they are declared 'unlawful enemy combatants.' No one has

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suggested that the Bush administration plans to use its newly won power to round up large numbers of immigrants. But before Tuesday, the principle of habeas corpus meant that anyone thrown into jail in the US had a right to ask a judge for a hearing. They also had a right to go free if the government could not show a legal basis for holding them. … Many legal scholars predict the law's partial repeal of habeas corpus will be struck down as unconstitutional."

ABC World News (10/17, story 5, 2:50, Gibson, 8.78M) said "legal experts say huge questions about the law still remain. Central to it all, interrogations." Eugene Fidell, National Institute of Military Justice: "This legislation doesn't say what you can do. What it says is you can't torture. But the Administration may have a different view of what torture is that you or I might have." Raddatz: "And it is, indeed, up to the President to interpret what constitutes torture." Tony Snow, White House Press Secretary: "The government will not give you precise techniques." Raddtaz: "The language is so vague, say some lawyers, you could drive a truck through it. Others say, it's just wrong."

McClatchy (10/18, Hutcheson) reports, "The Center for Constitutional Rights, which has filed two challenges to the law on behalf of detainees, said it would fight the changes 'at every turn, using every tool at our disposal, until we reverse this affront to the rule of law.'" Legal experts" said the anticipated court battles make it unlikely that any of the roughly 435 detainees at the US naval base at Guantanamo Bay, Cuba, would face trial before a military commission anytime soon."

Bloomberg (10/18, Runningen) reports, "Shortly after Bush signed the measure, the Justice Department sent a letter to a U.S. appeals court in Washington saying the new law strips hundreds of other Guantanamo detainees of their right to a court hearing to challenge their confinement. The U.S. Court of Appeals for the D.C. Circuit is considering whether to dismiss the suits by detainees who haven't been charged with war crimes. … In addition to setting up military commissions to try suspected terrorists, the law gives the president wide latitude to interpret the Geneva Conventions in deciding what interrogation techniques would be permissible."

Federal Investigators Want To Interview Richard Reid. Federal investigators told a judge yesterday that they want to interview attempted show bomber Richard Reid because he likely has important information about terrorist activities. The AP (10/18) reports, "Prosecutors said in US District Court they don't believe Reid is entitled to a public defender now that his criminal case is over. … Assistant U.S. Attorney James Farmer said investigators want to talk to Reid without an attorney present to develop a 'personal rapport,' which would be difficult to do with an attorney or any third party in the room." The AP adds, "US District Judge William Young said he would keep in place the orders continuing Reid's representation by public defenders, noting that under those orders, the government can contact Reid only after giving notice to his lawyers and having them present for any interviews with him."

HOMELAND RESPONSE:

GAO Says DHS Plan To Deploy Nuclear Detection Equipment Can't Be Justified. The Washington Post (10/18, A12, Hsu, 748K) reports, "The Department of Homeland Security's plan to spend $1.2 billion deploying next-generation nuclear-detection equipment at US ports and border crossings cannot be justified, given test results that showed the devices are unreliable, congressional investigators warned yesterday." According to the GAO, DHS "ignored its own tests showing the new monitors could not meet a standard of detecting enriched uranium 95 percent of the time." DHS "also understated the project's costs by up to $181 million, GAO officials wrote to the leaders of the House and Senate Appropriations Committees. The department's cost-benefit 'analysis does not justify its recent decision to spend $1.2 billion to purchase and deploy" the new radiation portal monitors, the GAO reported. Homeland Security "relied on potential future performance to justify the purchase,' the agency said."

Group Sues For Information On Profiling Of Arabs. The New York Times (10/18, MacFarquhar, 1.21M) reports that a civil rights group filed a suit yesterday against the Homeland Security Department and Immigrations and Customs Enforcement in an effort "to establish whether the government is using prohibited profiling methods against Arab-Americans and Muslims." The suit, by the American-Arab Anti-Discrimination Committee, "asked the Federal District Court in the District of Columbia to compel the immigration agency under the Freedom of Information Act to release the nationalities of 237 people arrested for immigration violations in October 2004." The Times adds,

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"Arab-Americans and American Muslims have widespread suspicions that the spotlight is focused on them regarding accusations of terrorism, particularly around any election season, to spread concern among other voters and to intimidate them from speaking out."

The AP (10/18, Takruri) reports, "The Washington-based group believes the operation improperly used the National Security Entry-Exit Registration System - a government database created after the Sept. 11, 2001, terrorists attacks to track visitors, students and immigrants from 25 countries - to profile Arab and Muslim visitors to the United States. The domestic registration system required males from 24 Arab and predominantly Muslim countries and North Korea to register with immigration authorities. The registration requirement has since been phased out, but the database of information still exists. …. The 2004 operation became known as the 'October plan' after the FBI sent an e-mail advising its field offices and Homeland Security agencies of 'extraordinary measures' from the first week of October 2004 through the presidential inauguration."

TSA Considering Machines To Screen For Liquid Explosives. USA Today (10/18, 1A, Frank, 2.27M) reports that "in a potential strategy shift," Transportation Security Administration chief Kip Hawley says the agency "may screen carry-on bags with new three-dimensional X-ray machines that are better at spotting liquid explosives, guns and other weapons." Hawley said the machines are "a step beyond where we are today." The technology "would improve security and could ease the liquid restrictions" that have been in place since August, according to aviation consultant Richard Roth. At issue is whether the TSA will "buy upgraded X-ray machines for $75,000 to $200,000 each or…wait possibly two years for better machines costing about $400,000. The TSA had planned to wait for the more expensive machines, which have the highest level of explosives detection. But, Hawley said, 'if it's going to be two years, maybe it makes sense economically and security-wise to put an intermediate step in between.'"

LAPD's Bratton Opposes Calls For MI5-Style US Agency. In a Washington Post (10/18, 748K) op-ed titled "We Don't Need Our Own MI5," LAPD Chief William J. Bratton recounts the 2005 arrests of suspected terrorists in Torrance, Calif., and notes, "my efforts were linked seamlessly with the Los Angeles office of the FBI and its Joint Terrorism Task Force and Field Intelligence Group. This is the new normal." Bratton adds that supporters of creating a new US counter-terrorism agency argue "that the 'FBI culture' is that of a criminal investigative agency driven to make arrests and bring prosecutions and that the bureau does not have the instinct to draw back and look at the wider picture as a purely intelligence-driven agency might. I disagree. … America's police departments have achieved a higher level of synergy with the FBI on intelligence and investigations than at any other time in history. If it's not broken, let's not try to fix it."

Judge Rejects NYC Effort To Dismiss Ground Zero Lawsuits. The New York Times (10/18, DePalma, 1.21M) reports that a federal judge has rejected New York City's claim "that it is protected by law from being sued over the way it handled rescue and recovery operations at ground zero. The ruling opens the way for lawsuits by thousands of workers who say they were made sick by exposure to toxic substances during the 10-month cleanup. Judge Alvin K. Hellerstein of United States District Court in Manhattan rejected the city's motion to dismiss the lawsuits. In a 99-page decision released yesterday afternoon, he stated that state and federal statutes do provide some immunity for the city, its private contractors and the Port Authority of New York and New Jersey for actions undertaken in response to an enemy attack. However, the judge said that protection is not universal and varies by time and place, making it necessary to hear the details of individual cases."

WAR NEWS:

Bush Makes Case For "Promoting Liberty" To Fight Terrorism. After discussing the persistence of the Taliban insurgency in Afghanistan on Fox News' The O'Reilly Factor (10/17, O'Reilly), President Bush described, at length, his view of the "big ideological debate of the 21st century," which he said is "extremists, Islamo-fascists…radicals aiming to topple modern people. It is a massive challenge for the free world and for Muslims who…want to leave in peace. By far the vast majority of people want to have a peaceful existence." Bush added, "The biggest issue that we face is how do you protect yourself and our strategy is twofold. One is get on the offense and stay on the offense and bring them to justice. Secondly, defeat their ideology by helping moderate people, particularly in the middle-east, to come up with competing systems that speak

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to people's hopes and aspirations. And I have been widely criticized for promoting liberty but I believe it works as an antidote to the dark visions of these radicals. And I know this, that [if] the United States becomes isolationist and pulls out, a generation of those people will say 'they lost their way. They forgot what caused America to be created in the first place. They lost their faith in liberty.'"

Bush Defends Musharraf. During his interview with Bill O'Reilly on Fox News' The O'Reilly Factor (10/17), Bush was asked why Pakistan's President Musharraf can't "wipe out" the Taliban in Pakistan. President Bush replied that he had "a very good discussion with President Musharraf and President Karzai at the same dinner table and…we discussed how we deal with Taliban leaders who may be hiding in Pakistan and the answer is good intelligence sharing and President Musharraf made the commitment that on good actionable intelligence that he will take care of the leaders of the Taliban." Bush added that Musharraf "has already done a lot" and "has been very effective on al Qaeda. … He understands it doesn't do his country any good to have extremists and radicals fomenting violence, whether it be inside Pakistan or outside Pakistan."

Gingrich Praises Bush's Performance In O'Reilly Interview. On Fox News' The O'Reilly Factor (10/17), Bill O'Reilly asked Former House Speaker Newt Gingrich to critique Bush's appearance. Gingrich responded, "I don't remember very often seeing the President as comfortable and as engaged as he was. I think he got stronger the more he talked with you. And I'm looking forward to tomorrow night's segment because it seems you managed to get him not with talking points and kinds of speeches but talking from the heart."

NATO Commander In Afghanistan Admits 2001-02 Strategic Mistakes. The AP (10/18, Jelinek) reports, "The U.S.-led coalition in Afghanistan failed to follow through as it should have after ousting the Taliban government in 2001, setting the stage for this year's deadly resurgence, the NATO commander in the country said Tuesday. The mistake consisted of adopting 'a peacetime approach' too early, British Gen. David Richards told Pentagon reporters. He said the international community has six months to correct the problem before losing Afghan support, reiterating a warning he issued last week. 'The Taliban were defeated. ... And it looked all pretty hunky-dory,' Richard said of the environment at the end of 2001. 'We thought it was all done ... and didn't treat it as aggressively as ... with the benefit of hindsight, we should have done.'"

The Washington Times (10/18, Scarborough, 88K), in an article titled, "British general faults U.S. for Taliban resurgence," reports Richards "told reporters at the Pentagon that the Taliban was able to regroup because American forces remained somewhat isolated. The Afghan army was not established to the point that it could fill security roles in Kandahar, the Taliban's birthplace, and other southern towns. … He said there also was a 'disconnect' in what the U.S.-led humanitarian and reconstruction effort could provide and what the Afghan people expected. 'The Taliban exploited it,' Gen. Richards said. 'They exploited this sense of frustration amongst the people who just didn't see all the good things that have been talked about.'"

UK Troops Exit Pacified Province; 44 Taliban Killed Across Afghanistan. The New York Times/AP (10/18, Press) reports, "British troops pulled out of a once restive district [Musa Qala] in southern Afghanistan on Tuesday after reaching an agreement with tribal elders for Afghan forces to take over security. NATO also announced a new countrywide military operation with Afghan troops intended to maintain pressure on Taliban fighters during the fall and winter and pave the way for long-promised development after the most bitter fighting in five years. Officials said on Tuesday that fighting across Afghanistan had killed 44 suspected Taliban militants." Mark Laity, a NATO spokesman, "said the soldiers were leaving because there had not been a major clash in the district in 35 days."

State-DOD Turf Battles May Have Hindered Initial US Response To Iraq Insurgency. PBS' Frontline (10/17), in a harshly critical examination of the Bush Administration's pre-war planning, reports, "The Pentagon had spent more than a year preparing for the war. But it was only eight weeks before the war began that Secretary of Defense Rumsfeld hired a retired Army General to handle postwar Iraq." Ret. Lt. Gen. Jay Garner said, "Everybody was focused on the war. They were focused on regime change. And that took all of their energy. And so, I wasn't a central focus of them at that time, because the spotlight wasn't on me yet." After "Garner arrived at the Pentagon, there was no plan and no staff. And when he began to hire one, he walked into a political buzzsaw." Ambassador Barbara Bodine from the Office of Humanitarian Assistance: "I was very surprised at how bitter and nasty the relations were between State and

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DoD. It was not one of differing views to serve the President; it was a full-scale war."

Bush Administration Reportedly Pressuring Maliki To Issue Broad Amnesty. The Financial Times (10/18, Khalaf, Dinmore) reports the Bush administration "is pressing the Iraqi government of Nouri al-Maliki to issue a 'broad' and 'painful' amnesty for insurgents in spite of intense opposition to the proposal from politicians both in Iraq and the US, according to a senior administration official. … The US is advocating more determined moves towards a national reconciliation with the Sunni community that dominates Iraq's insurgency. It also wants a tougher line on the Shia militias. 'You need the government to move forward with a programme – it should include an amnesty in a broad fashion, a comprehensive amnesty proposal,' the senior US official, who asked not to be named, told the Financial Times. The official was not explicit about the terms of the proposed amnesty, but he said: 'No successful amnesty is not painful or sweeping.'"

Senior Sadr Aide Arrested. The New York Times (10/18, Tavernise, 1.21M) reports, "Iraqi and American troops arrested a senior aide to Moktada al-Sadr, an anti-American Shiite cleric. The aide, whom the military did not name but who was identified by a spokesman for Mr. Sadr, was arrested on suspicion of having directed kidnappings, killings and torture of Sunnis and Shiites, and of attacking Americans. … The arrest of Mr. Sadr's aide, which took place in the early hours of Tuesday, enraged Mr. Sadr's followers, who called for citywide demonstrations on Wednesday. A spokesman for Mr. Sadr identified the man as Sheik Mazin al-Saedi, the head of Mr. Sadr's office in the poor Shiite neighborhood of Shuala."

McCain Claims US Still Has "Capacity To Win" In Iraq. The Milwaukee Journal Sentinel (10/18, Schultze, 259K) reports Sen. John McCain "said Tuesday the United States should 'accelerate as much as possible' the Iraqi government's assuming a lead role in the Iraq war and taking over many of the responsibilities handled by American soldiers. … 'The consequences of failure in Iraq are catastrophic,' McCain said during a campaign appearance for state Assembly Speaker John Gard of Peshtigo, the Republican candidate for the 8th Congressional District seat. 'We cannot lose it, and I believe we still have the capacity to win,' said McCain."

Kerry Alleges Bush Made "Gigantic Blunder" Committing US Troops Indefinitely. The AP (10/18, Glover) reports Sen. John Kerry said President Bush "committed 'a gigantic blunder' by giving top Iraqi officials assurances that U.S. forces would remain indefinitely in the war-torn country. Kerry argued that" Bush "should have pressured Iraqi leaders to set aside their differences and focus on making progress in assuming responsibility for security, a move that could lead to a reduction in U.S. troop levels. 'The absence of pressure I find is an enormous blunder that gives the Iraqi politicians a free pass to continue the status quo that most Americans understand is a failure, that's not working,' Kerry said. 'I'm amazed by it.'"

Thirty-Six Deaths Reported On "Relatively Calm" Day In Iraq. ABC World News (10/17, story 4, 0:20, Gibson, 8.78M) reported, "In Iraq, a sign of just how difficult things have become. Bombings and shootings killed 36 Iraqis, mostly in Baghdad today. And that made it a relatively calm day, compared to the recent violence."

Four US Soldiers Killed By IED Yesterday. The Los Angeles Times (10/18, Daragahi, 918K) reports, "four U.S. soldiers were killed Tuesday morning when their vehicle struck an improvised explosive device west of Baghdad, the U.S. military said, disclosing no further details."

US Troops Assist Iraqi Forces In Balad. ABC World News (10/17, story 4, 0:20, Gibson, 8.78M) reported, "North of Baghdad, US forces patrolled the streets of Balad, trying to restore order, after dozens of people were killed in the last few days of sectarian violence." CBS Evening News (10/17, story 2, 1:35, Logan, 7.66M) reported, "In Balad it was all-out civil war between the country's two main ethnic groups, sparked by the beheading of 19 Shiite laborers in a neighboring Sunni town Friday night. With no US troops present because they turned the town over to Iraqi forces last month, Shiite militiamen were free to hunt down Sunnis to kill. Five days of bloodletting left close to 100 people dead, bodies piled on top of each other filled the local morgue. The incident highlights once again how powerless Iraq security forces are to stop the sectarian violence. … But residents also blamed American forces at this base located right next door to Balad for failing to intervene. US officials said they couldn't act until asked to do so by Iraqi leaders." USA Today/AP (10/18, 7A, Hurst) reports, "Iraq's 4th Army, which

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took command of the region north of Baghdad a month ago, had been unable to stem recent bloodshed in Balad."

McClatchy (10/18, Youssef) report, "American forces began returning to the city Saturday and are patrolling there, though it was unclear Tuesday whether Balad and the surrounding area have been pacified." Balad residents reported the city "and the nearby town of al Dulyiyah remained under the control of armed groups that had targeted the residents and may have killed as many as 100 in four days of violence." The Washington Post (10/18, A16, Knickmeyer, Aldin, 748K) reports, "Police and black-clad Shiite militiamen toting machine guns sealed off the predominantly Shiite city of Balad on Tuesday, guarding against attacks by Sunni insurgents. … Calm largely returned to Balad by Tuesday." US troops "patrolled the city and guarded one end of a Tigris River bridge that links Balad with Duluiyah. … On the Duluiyah end of the bridge, angry Sunni insurgents gathered in force, clutching their PKC machine guns and rocket launchers, standing their tense watch."

The AP (10/18, Hurst) reports, "As the violence in the Balad region was reaching full pitch on Saturday, the AP asked the U.S. military in Baghdad if American forces were involved in trying to quell the killing. 'As of this time, the (U.S.-led force in Iraq) has not been asked to provide any assistance,' the military said in a return e-mail. … In response to the same question on Monday, the military responded that U.S.-led forces were 'partnering with Iraqi police and Iraqi army units involved in operations around Balad.'" The AP adds, "By late Tuesday, the military had not responded to questions about when the U.S. military first was asked to intervene and how many American forces were involved."

McClatchy (10/18, Youssef) report that "the decision to send American troops into Balad…was another setback for U.S. hopes that Iraqi forces will be able to take control of security for the country. Violence has increased steadily throughout Iraq despite an increase of tens of thousands of American-trained Iraqi soldiers and police, and U.S. officials concede that their strategy of training Iraqi troops to replace Americans hasn't worked."

CBS Evening News (10/17, story 2, 1:35, Logan, 7.66M) reported, "When asked if this was a setback for Iraqi security forces, Secretary of Defense Donald Rumsfeld admitted for the first time that areas turned over to Iraqi control may have to be taken back by US forces who thought their job there was done."

Army Program To Train Iraqis Runs Into Hitches. The Wall Street Journal (10/18, A1, Jaffe, 2.03M) reports in a front page 2,771-word article on the problems afflicting US "advisers to the Iraqi army." President Bush "has touted such advisory teams as key to the U.S. strategy for stabilizing Iraq and bringing American troops home," but the program has drawn "scathing" and "biting reviews" from the soldiers who went through it. Army records and "interviews with dozens of advisers show that, thus far, the Army hasn't treated the advisory program as a priority. The job has often fallen to the military's less seasoned second team: reservists, guardsmen and retirees called back to active duty. ... The teams have had to scrounge for equipment that is routinely allocated to big combat units." The Army is striving for improvements, which might require "sweeping institutional change": "One option under consideration is to double the number of advisers to about 7,000, from about 3,500, by tearing apart some traditional combat brigades and assigning officers and senior soldiers to advisory teams."

Iraqi Interior Ministry Denies Two Officers' Transfer Is Due To Militia Purge. USA Today/AP (10/18, 7A, Hurst) reports Iraqi Prime Minister Nouri al-Maliki is "under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and for violence elsewhere. The Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week." Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih "were transferred from their posts, but denied their removal had anything to do with militia activity. … The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence."

The New York Times (10/18, Tavernise, 1.21M) reports, "Senior American officials, including Secretary of State Condoleezza Rice on a visit to Baghdad earlier this month, have issued stark warnings to the Maliki government of growing American impatience, especially at the government's failure to stop the scourge of death squads operating with the knowledge or support of the Interior Ministry, which oversees the police."

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Methodology Of Survey Claiming 655,000 Iraqi Deaths Disputed. In an op-ed for the Wall Street Journal (10/18, 2.03M), Steven E. Moore, who trained Iraqi researchers for the International Republican Institute from 2003 to 2004 and conducted survey research for the Coalition Forces from 2005 to 2006, writes, "After doing survey research in Iraq for nearly two years, I was surprised to read that a study by a group from Johns Hopkins University claims that 655,000 Iraqis have died as a result of the war. … The Johns Hopkins tally is wildly at odds with any numbers I have seen in that country. Survey results frequently have a margin of error of plus or minus 3% or 5% -- not 1200%." Moore continues, "In their 2006 report…the Johns Hopkins team says it used 47 cluster points for their sample of 1,849 interviews. This is astonishing: I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points."

Friedman Likens Current Iraq Fighting To Tet Offensive. In his column for the New York Times (10/18, 1.21M), Thomas Friedman writes, "What we're seeing there seems like the jihadist equivalent of the Tet offensive. ... The jihadists want to sow so much havoc that Bush supporters will be defeated in the midterms and the president will face a revolt from his own party, as well as from Democrats, if he does not begin a pullout from Iraq. The jihadists follow our politics much more closely than people realize. ... It would be depressing to see the jihadists influence our politics with a Tet-like media/war frenzy. But there are only two reasons now for the U.S. to remain in Iraq: because it thinks that staying will make things better or that leaving will make things drastically worse. Alas, it is increasingly hard to see how our presence is making things better. ... While leaving would no doubt exacerbate the civil war, staying in Iraq indefinitely to prevent even more Shiites and Sunnis from killing one another is not going to fly with the U.S. public much longer."

Military Honors Seen As Evolving To Reflect Changing Front. The Washington Post (10/18, White, 748K) reports, "The wars in Iraq and Afghanistan not only have changed the methods U.S. troops use to fight an urban insurgency, they also have caused the U.S. military services to change the way they look at honoring troops who are fighting on the difficult battlefields." For example, the USMC "changed the rules that determine which Marines are eligible for the Combat Action Ribbon, an honor that previously required troops to both receive and return fire against an enemy," so that "anyone who has been exposed to the detonation of" IEDs is now eligible. The Army in turn "introduced its Combat Action Badge, which recognizes soldiers who are exposed to enemy action but are not officially in combat roles. That badge was designed to honor soldiers such as military police, truck drivers and fuel specialists who daily face the dangers of war -- such as roadside bombs -- in Iraq's urban battlefield."

Comrades Say Goodbye To DC Native Killed In Iraq. The Washington Post (10/18, A1, Paley, 748K) reports on the death of Airman 1st Class LeeBernard E. Chavis, who "was killed by a sniper as he tried to keep civilians away from a suspected roadside bomb." The highly emotional article describes the grief of his comrades at a "patriot detail," which "is rarely observed by anyone outside the military -- not by the president, not by members of Congress, not by the children or spouse of the fallen service member."

WPost Likens Somalia To Afghanistan In 1990s. The Washington Post (10/18, 748K) editorializes, "Four months ago an Islamic fundamentalist movement gained control of Mogadishu, the capital of Somalia, after defeating an alliance of local warlords backed by the United States. Since then the Islamic Courts Union, as the alliance is called, has expanded its control over much of southern Somalia, including the port city of Kismaayo. It has alternatively negotiated and skirmished with a rival, internationally backed government that clings to a base in the western town of Baidoa. It has come to the brink of war with neighboring Ethiopia, which reportedly has sent troops into Somalia, and has won the support of Ethiopia's hostile neighbor, Eritrea. … What is the United States doing about this dangerous combination of an emerging terrorist base and possible regional war in East Africa? The sad and alarming answer is next to nothing." Somalia, adds the Post, "is looking more and more like Afghanistan in the late 1990s -- dominated by an Islamic fundamentalist movement that shelters al-Qaeda; prone to the meddling of neighbors; virtually ignored by the United States."

DOJ:

Writer Expresses Concern About Taylor As DC US Attorney. In a column for the Washington

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Examiner (10/18), Harry Jaffe writes, "Meet Jeffrey Taylor, who is suddenly and without much fanfare the most powerful law enforcement official in D.C. Taylor is a 41-year-old lawyer. He was born and raised in small towns in Northern California. He played high school football and got A's. He went to Stanford University and got a law degree from Harvard. He served as a prosecutor in San Diego, worked for Sen. Orrin Hatch, R-Utah — where he helped write the U.S. Patriot Act — and did a stint with then-Attorney General John Ashcroft. Most recently, he was counsel to Attorney General Alberto Gonzalez. … Now he's our top lawman." Jaffe continues, "What, among his stellar credentials, qualifies Taylor to become the United States Attorney for the District of Columbia? He has experience in fighting terrorists, but can he battle the terrorists who shoot up corners in Anacostia and shake down D.C. residents in Georgetown? … These are some of the questions Delegate Eleanor Holmes Norton will have on her mind today when Taylor is scheduled to have his first meeting with our representative in Congress. … 'He will be essentially a district attorney,' says Norton, who was not consulted on Taylor's appointment. 'The great majority of his cases will be criminal cases from the District of Columbia.'" Jaffe adds, "I have not met Taylor, who lives with his wife on Capital Hill. I am not passing judgment on him. But it worries me when the top prosecutor in town has never worked our streets. … Taylor succeeds Ken Wainstein, who moves up to run the Justice Department's new National Security Division. Wainstein was terrific for D.C. Like Taylor, he was a favorite at Main Justice, and he also held a top job at FBI headquarters; but Wainstein also worked as a line prosecutor here in D.C. for years. He locked up murderers. He knew our turf, he put his prosecutors in the community, he sent them after gang-bangers and local hoodlums. Jeff Taylor made his mark as an elite terrorist hunter. He helped create the Patriot Act. A few weeks ago he was Alberto Gonzales' top counselor on terrorism and national security. … My fear is that he will favor national security prosecutions over keeping D.C. residents secure. When Bill Clinton was president, Eleanor Holmes Norton helped select federal judges and the U.S. Attorney. George W. Bush appoints with little regard for D.C.'s needs."

DOJ Among Department Missing Senator's Deadline For IT Projects List. The Federal Times (10/18, Friedman) reports, "Seven departments have missed a deadline to detail their most expensive information technology projects for a Senate subcommittee." The Times continues, "Sen. Tom Coburn, R-Okla., last month directed all agencies to submit lists by Oct. 13 of IT projects worth more than $250,000 to the Senate Homeland Security and Governmental Affairs subcommittee on financial management, which he chairs. … 'A non-response raises the level of concern . . . that there may be inefficiencies,' said John Hart, a spokesman for Coburn. 'The only way those questions can be answered is a complete response.'" The Times adds, "For each project, Coburn requested that agencies note the project's vendor, when work began, the project's original estimated cost and how much money has been spent so far. The letter also asked whether cost overruns have occurred, if a new cost estimate has been made and what that estimate is. .. As of Oct. 16, the Agriculture, Energy, Homeland Security, Housing and Urban Development, Justice, State and Veterans Affairs departments had not responded, according to Hart. All other departments had either submitted the information or requested an extension, he said. Coburn has not yet reviewed the lists that were received, Hart added. … Justice Department spokeswoman Kathleen Blomquist said the department contacted the senator's office on Oct. 16 and is creating a list."

DOJ Task Force Will Examine Privacy Issues. Federal Computer Week (10/18, Moore) reports, "A task force has issued a series of recommendations regarding privacy in justice information systems." FCW continues, "The Privacy Technology Focus Group was chartered to examine the exchange of personally identifiable information, focusing on justice and public safety data. Last November, the Justice Department brought together a group of public- and private-sector specialists to look into privacy technology. The group's working teams covered areas such as access and authentication, data aggregation and dissemination, and identity theft." FCW adds, "A report issued earlier this month that stemmed from the focus group's activities offers suggestions. Some relate to the Global Justice Extensible Markup Language Data Model (JXDM). For example, the report recommends reviewing and creating privacy metadata in Global JXDM. That metadata would describe sensitivity, use limitations and other characteristics of data."

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CORPORATE SCANDALS:

Judge Vacates Lay Conviction. CNN's The Situation Room (10/17, Velshi) reports that Ken Lay's "conviction has been erased. Judge Sim Lake, who supervised the case, has today, just a little while ago, erased Ken Lay's 10-count conviction. He cited a 2004 precedent that said that because Ken Lay was convicted but died before he had a chance to appeal, the government could not go forward and punish him or his estate. … Ken Lay's family moved immediately after he died to get the conviction erased. They've actually made a move to get the bond money back. This, of course, means that the $44 million that the Department of Justice was trying to claim from his estate will not be claimed. The convictions, the 10 fraud and conspiracy convictions against Ken Lay, have been erased from the record entirely."

USA Today (10/18, Farrell, 2.27M) reports that Lake's ruling has been widely expected since Lay's death. As a matter of law, "a conviction against a criminal defendant is not final until the defendant has had the chance to appeal the verdict. Therefore, Lay's death short-circuited the full legal process to which he was entitled."

The Wall Street Journal (10/18, Jones, 2.03M) reports, "According to Judge Lake's opinion, the government had argued that Mr. Lay's estate shouldn't get to keep the proceeds of fraud that would otherwise be subject to forfeiture and distribution to victims of the crimes. Judge Lake rejected this argument, citing precedent stating that an individual who suffered a loss may pursue reimbursement in civil court. Although the government had asked Judge Lake to defer his ruling so it could seek retroactive legislation in Congress to let the conviction stand, he said 'the court is bound to follow Fifth Circuit precedent.'"

The New York Times (10/18, Murphy, 1.21M) reports that the decision "prevents the government from trying to seize more than $43.5 million from Mr. Lay's estate that prosecutors claimed he stole from Enron before it collapsed in 2001."

The Washington Post (10/18, D1, Johnson, 748K) reports, "With the judge's order, Lay's conviction on 10 criminal charges will be erased from the record. … But governance experts said Lay's name forever will be linked with the era's most complex and far-reaching corporate fraud."

The Houston Chronicle (10/18, Fowler) reports, "The Department of Justice had argued against vacating the conviction, saying it would unjustly enrich Lay's estate by preventing criminal forfeiture proceedings to recover restitution for victims of Enron's downfall. … The government even proposed a law that would prevent courts from vacating criminal convictions in such circumstances. That effort didn't succeed." The Chronicle adds, "The Securities and Exchange Commission has a civil proceeding against Lay that it brought in 2004, but prosecutors could also file their own case. … The Justice Department hasn't said if it will go after Lay's assets via a civil proceeding. A statement from Justice Department spokesman Bryan Sierra on Tuesday, however, seems to indicate that's a possibility. … 'We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron,' Sierra said. 'Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial.'"

The AP (10/18, Lozano) reports, "Prosecutors offered no counter legal argument in the case, but asked Lake to hold off on a ruling until next week so Congress could consider legislation from the Justice Department that changes federal law regarding the abatement of criminal convictions. Congress recessed for the elections without considering the legislation. … In their motion to Lake last month, prosecutors Sean Berkowitz and John Hueston wrote that certain provisions of the proposed legislation would apply to Lay's case, including 'that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment.' … 'Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow Fifth Circuit precedent,' Lake wrote." United Press International (10/18) also reports on the ruling.

UnitedHealth Options Practices May Lead To Federal Charges. The Minneapolis Star Tribune (10/18, Phelps) reports, "The sheer size and persistence of stock-option backdating at UnitedHealth Group Inc. could be the basis of a criminal investigation, former federal prosecutors said Tuesday." The Tribune continues, "Particularly vulnerable is Chief Executive William McGuire, the prime beneficiary of the backdating that allowed top executives to reap additional millions of dollars in profits by

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granting their options at times when UnitedHealth's stock was at low points. … 'Because of the scale of the options granting, this has to be put in the egregious category, and that makes criminal prosecution more likely,' said Christopher Bebel, a Houston securities attorney who once prosecuted white-collar cases for the U.S. attorney's office in Minnesota." The Tribune adds, "McGuire's unexercised options totaled more than $1.6 billion at the end of last year. … He resigned as chairman Sunday and will depart as CEO by Dec. 1 as the result of an independent investigation into the company's backdating practices. … UnitedHealth spokesman Mark Lindsay said the company has seen no indication from authorities of any criminal investigation." The Tribune notes, "The company previously has acknowledged that it is under investigation by the Securities and Exchange Commission, the Internal Revenue Service and the Justice Department through the office of the U.S. attorney for the Southern District of New York, best known for prosecuting Wall Street and securities matters. … Minneapolis attorney Doug Kelley, a former assistant U.S. attorney, said the involvement of the Southern District is a signal that criminal issues are being pursued. The SEC also can make recommendations to the Justice Department if it thinks criminal prosecution is appropriate, Kelley said."

Departing CEO To Be Paid $5.1 Million A Year For Life. The AP (10/18, Freed) reports, "After being forced to step down over the company's compensation practices, UnitedHealth chief executive William McGuire will retire on $5.1 million a year, according to the calculations of a watchdog group." The AP continues, "McGuire has agreed to retire by Dec. 1, and he stepped down from his post as chairman on Sunday. The move came after a company-sponsored investigation determined that many of the company's stock options were backdated to make them more favorable for the recipients, including McGuire, other executives, and thousands of UnitedHealth employees. … McGuire's retirement benefits include a $6.5 million lump sum, according to Portland, Maine-based group The Corporate Library, which has criticized McGuire's pay before. … McGuire has stock options that were worth $1.78 billion as of the end of 2005. Their current value is not known. Investors have sold off UnitedHealth shares since questions about options backdating arose in March. Then, on Sunday, UnitedHealth said McGuire would re-price his options to the highest point in the year they were granted to remove any possibility that he got a favorable price."

Murray Says Compensation Committees Should Have Truly Independent Directors. Alan Murray writes in the Wall Street Journal (10/18, A2), "A shocker in Sunday's report on the options heist at UnitedHealth Group Inc. is that Chief Executive William McGuire had an inside man on the company's board: William G. Spears, graduate of Choate and Princeton, a Harvard M.B.A., and the founder of a New York investment-management firm that bears his name. … In theory, Mr. Spears was an 'independent' director. But the investigation, led by former SEC enforcement chief William McLucas, discovered he had close financial ties to Dr. McGuire. He served as trustee for two trusts benefiting the CEO's children and managed between $15 million and $55 million of the McGuire family fortune. … Lawyers for Mr. Spears argue all this was duly disclosed. … Trouble is, no one on the board remembers being told of the relationship." Murray adds that "the UnitedHealth mess suggests there is more to be done. Sarbanes-Oxley put strict requirements on audit committees, but not on compensation committees. They should consist of truly independent directors and should work with truly independent compensation consultants."

Pearlstein Faults UnitedHealth Over Options Scandal. Steven Pearlstein writes in the Washington Post (10/18, D1), "Anyone with health insurance from UnitedHealth Group knows what happens if you fail to fill in every box on the form, or attach the requisite back-up material, to get reimbursed for a $40 prescription. You're not going to see a dime until you've been put on hold for 30 minutes, faxed the paperwork twice to somebody in Minnetonka, Minn., and demanded to talk to a supervisor. … Isn't it odd that a company could be so persnickety when it comes to pinching pennies from doctors and patients, and so cavalier when it comes to lavishing executives with hundreds of millions of dollars of shareholders' money? … In response to these revelations, you'd think UnitedHealth directors would at least have had the manners to apologize to shareholders, if not to resign. Instead, they've followed the well-worn path of insisting they did nothing wrong while taking steps to ensure it won't happen again."

Board Issues Guidance On Auditing Value Of Stock Options. The Wall Street Journal (10/18, A10, Hughes) reports that the Public Company Accounting Oversight Board has issued "long-awaited guidance for auditing the value of employee stock options. … In its guidance, the PCAOB reminds auditors that because

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companies typically must estimate the value of employee stock options because the prices generally aren't set in a market, there is a risk of producing misleading figures. As a result, the board said that auditors should be aware of possible pitfalls, such as how changes in assumptions can affect the fair value of the options." The audit oversight board "also offered guidance on when to use the Black-Scholes model, and when to use what is known as a lattice model. The Black-Scholes model for valuing employee stock options is more standardized, but a lattice model 'might more fully reflect the substantive characteristics' of the employee stock option, the board said. In a lattice model, there are more variables, which means companies could more specifically tailor the value of stock options to factors that are specific to their companies."

NYTimes Supports Justice Department Review Of Buyouts. The New York Times (10/18, 1.21M) editorializes, "Buyout firms are engaged in an unprecedented feeding frenzy, gobbling up publicly traded companies like never before. While buyouts can set lagging businesses back on the right track, regulators and shareholders must be watchful to ensure that managers demand fair value for the companies." The Times adds, "The Justice Department reportedly is looking into whether the old-boy network of private-equity firms has gotten a little too chummy, examining whether firms are colluding to keep prices low. It is a move we support. Too often public stockholders end up getting the raw end of these deals."

CRIMINAL LAW:

Page Board Examining Trip Kolbe Took In 1996 With Two Pages. The AP (10/18, Margasak) reports, "House page program overseers this week discussed a camping trip that Rep. Jim Kolbe, R-Ariz., took with two former pages and others in 1996, a congressional official said Tuesday. The trip is under review by the Justice Department. The five-member House Page Board, three lawmakers and two House officials, took no action and did not have any information beyond recent news accounts of the trip, the official said." The AP notes Kolbe is "the only openly gay Republican in Congress." The AP adds "the discussion about the Kolbe trip "indicates that the board is moving beyond the overly friendly e-mails and sexually explicit instant messages that ex-Rep. Mark Foley, R-Fla., sent to former male pages."

The Washington Post (10/18, A9, Weisman, Grimaldi, 748K) reports, "Members of the Page Board sought the review after news reports last week that the Justice Department had opened a preliminary inquiry into a camping trip that Rep. Jim Kolbe (R-Ariz.) took with male former pages in 1996. That report sparked a conference call Monday among board members." But because "the Page Board, which consists of three House members and two senior House officials, does not have the authority to investigate members of Congress, the matter was turned over to the House ethics committee, formally known as the Committee on Standards of Official Conduct." The Post adds it is "not clear what allegations the board was concerned about."

Kolbe Allegedly Had "Inappropriate" Contact With Page. The Washington Post (10/18, A9, Weisman, Grimaldi, 748K) reports, "The Washington Post has learned of a potentially inappropriate incident involving Kolbe and a male page. The man recently told the House clerk's office and the FBI about an encounter with the Arizona Republican that occurred about five years ago when he was 16, according to someone familiar with the man's account. The page told authorities that he was 'uncomfortable with a particular social encounter' that involved physical contact when he and Kolbe were alone, the source said yesterday."

GOP Debating "Big Tent" Inclusion Of Gays. The Los Angeles Times (10/18, Neuman, 918K) reports the Republican Party has "broadened its appeal with a 'big tent' strategy of reaching out to voters who might typically be Democrats. But a debate is now growing within the GOP about whether the tent has become too big -- by including gays whose political views may conflict with the goals of the party's powerful evangelical wing." Some conservative Christians, "who are pivotal to the GOP's get-out-the-vote effort, are charging that gay Republican staffers in Congress may have thwarted their legislative agenda. There are even calls for what some have dubbed a 'pink purge' of high-ranking gay Republicans on Capitol Hill -- and in the administration." The "long simmering tension between gays and the religious right within the GOP has erupted into open conflict at a sensitive time, just weeks before a midterm election that may cost Republicans control of Congress."

Trandahl Seen As Key Figure On Foley Scandal. The New York Times (10/18, Zeleny, 1.21M)

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reports former House clerk Jeff Trandahl "has emerged as a central figure in the case of how the House Republican leadership dealt with the conduct" of former Rep. Mark Foley. As the House ethics committee "pursues its investigation, few accounts are more crucial than Mr. Trandahl's in determining whether Republican leaders acted with enough urgency. He is scheduled to testify to the committee on Thursday, when he could corroborate — or contradict — accusations that Speaker J. Dennis Hastert's office knew about Mr. Foley's behavior at least three years ago." The House clerk, "a vestige of the patronage system, serves at the pleasure of the speaker and, in recent years, Mr. Hastert's influential chief counsel, Ted Van Der Meid. House investigators are trying to deduce whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, had a role in the handling of the complaints about Mr. Foley." Over the years, "people who worked with him on the Hill said, Mr. Trandahl received periodic complaints that Mr. Foley was acting too friendly to the pages or interns." The House ethics committee is "trying to determine whether Mr. Trandahl simply passed along the information to Kirk Fordham, a longtime aide to Mr. Foley, or whether he alerted the speaker's office that Mr. Foley's overfriendly behavior had grown beyond idle gossip."

Contributors Want Foley Campaign To Return Funds. The Hill (10/18, Young) reports former Rep. Mark Foley's campaign held a fundraiser on September 26, three days before his resignation attended by a small number of lobbyists who "had no idea that some of them would soon be scrambling to get those checks returned." The lobbyists "are not the only contributors looking to distance themselves from the Foley scandal and recoup the thousands of dollars they gave to help the incumbent, who did not face a competitive challenger, return to the House for his seventh term." A "number of corporate and trade association PACs also have sent word to Foley's campaign that they want refunds." By Friday, Sept. 29, "some of them were placing calls to Foley's campaign office in Florida or to the Washington, D.C.-based Catalyst Group, which administered his fundraising: they wanted their money back." The Hill "contacted more than a dozen PACs that ranked among the biggest contributors to Foley's campaign and to his leadership PAC this election cycle." Most "did not return calls," and some "declined to comment." But others "disclosed that they have or plan to deliver letters to Foley's campaign treasurer Donna Winterson, also his sister, asking that their money be returned."

Foley To Name Alleged Abuser. CBS Evening News (10/17, story 6,0:25, Couric, 7.66M) reported, "Former Congressman Mark Foley plans to tell the Archdiocese of Miami the name of the Catholic clergyman who he says abused him as a teenager. The Foley lawyer says the clergyman is still alive but can't be prosecuted because the statute of limitations ran out a long time ago."

The New York Times/AP (10/18) reports Foley attorney Gerald Richman "said the clergyman was still alive. An archdiocese spokeswoman said the church had urged Mr. Foley to identify his abuser. Mr. Richman said the statute of limitations on sexual assault had expired long ago."

House GOP Aides Coordinating Message To Deflect Foley Scandal. The Hill (10/18, O'Connor) reports, "Desperate to talk about something other than scandal, House Republican leadership staffs are coordinating a messaging blitz in an attempt to shift some emphasis back to national security and the economy before the Nov. 7 election." With less than "three weeks for the GOP to salvage its majority, the new media campaign is the first formal coordination between leaders' offices since they were fractured by the scandal surrounding former Rep. Mark Foley." Aides "to House Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Conference Chairwoman Deborah Pryce (R-Ohio) met yesterday in the Lincoln Room of the Speaker's Capitol suite to plan ways to help embattled Republicans sidestep national media and target local press."

Foley Scandal Prompts Parents To Monitor Kids' Internet Use. The Wall Street Journal (10/18, D1, Vascellaro, Athavaley, 2.03M) reports the "fallout from the Foley scandal has sent shockwaves through Congress and rattled employees across the country who are increasingly on edge about whether their boss is tracking their every online move. And, as new evidence about the vulnerability of kids online emerges in spurts, it is also jolting parents into better monitoring what their children say and do at their computers." In "recent weeks, more parents are turning to pricey software programs that record not only what Web sites their kids visit, but also the content of their emails and instant messages."

Report Says Cunningham Used Intelligence Panel To Aid Contractors. The AP (10/18, Shrader) reports former Rep. Randy "Duke" Cunningham "parlayed his

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seat on the Intelligence Committee into at least $70 million in business for two contractors who in turn paid him millions in bribes, an investigator hired by the panel has concluded." The report, released by ranking Democrat Jane Harman, "found that Cunningham had exploited weaknesses in the system for monitoring secret federal spending." It said that Cunningham "and at least one associate secured the cooperation — or at least the acquiescence — of many people. They included members of Congress and their aides who handled bills that directed money to certain programs, Pentagon officials who awarded the contracts and officials at agencies where the contract work was done." In a "sign of partisan divisions on the committee," Harman "unilaterally released the five-page document after months of disagreement with the committee's chairman, Rep. Peter Hoekstra, R-Mich. Together, the two had initiated the investigation, led by special counsel Michael Stern, and had hoped to release the findings jointly."

The Washington Times/UPI (10/18, Waterman) reports Cunningham "inserted up to $80 million worth of earmarks for the contractors who bribed him into classified intelligence authorization bills between 2000 and 2006, bullying staff who became concerned, according to an interim report from a special House investigation." The report "says that over six years, Cunningham and co-conspirators Mitchell Wade and Brent Wilkes 'repeatedly sought to use [the committee] to facilitate the objectives of the conspiracy, particularly through requests for congressional funding ... that benefited Wilkes, Wade and other companies,' which it does not identify."

The New York Times (10/18, Mazzetti, 1.21M) reports Cunningham "pressured and intimidated staff members of the House Intelligence Committee to help steer more than $70 million in classified federal business to favored military contractors." The investigation found that Cunningham "repeatedly abused his position on the committee to authorize money for military projects, often over the objections of staff members who criticized some of the spending as wasteful. The inquiry also found that despite numerous 'red flags' about the propriety of a particular contract for work on a controversial Pentagon counterintelligence program, committee staff members for three years 'continued to accept and support Mr. Cunningham's growing requests for this project.'"

The Hill (10/18, Tiron) reports Intelligence Committee staff were "fully aware that the funds were intended for a specific recipient and 'either actively cooperated with or did not resist Cunningham's efforts to steer the funds toward that recipient,' according to the report." Panel Chairman Pete Hoekstra "took immediate offense to ranking member Rep. Jane Harman's (D-Calif.) decision to release the summary, saying that the move shows 'blatant disregard' for a bipartisan agreement they had made to fully review the Cunningham matter and charging her with politicizing the inquiry."

The Washington Post (10/18, A19, Pincus, 748K) reports Cunningham "channeled more than $70 million in Pentagon and intelligence agency contracts to two companies that paid him bribes, and required the 'cooperation or at least the non-interference of many people' to pull that off, a congressional investigation has found." Since Cunningham "had no authority to award contracts, he needed the acquiescence of some members of Congress, congressional staff members and Defense Department officials, according to the executive summary." The summary "discloses for the first time that the government is investigating the CIA's award of 'several large contracts' that involved Kyle Dustin 'Dusty' Foggo when he was No. 3 at the agency under then-Director Porter J. Goss. Foggo was a longtime friend of contractor Brent R. Wilkes, who federal investigators say was one of Cunningham's co-conspirators along with contractor Mitchell J. Wade."

Weldon Campaign Suggests Democrats At DOJ Leaked Probe. The AP (10/18, Dale) reports, "A day after the FBI raided the offices of a lobbying firm run by Rep. Curt Weldon's daughter and his close friend, the Republican's campaign blamed publicity about the Justice Department investigation on 'the left-wing, liberal attack machine.' … Weldon's campaign spokesman said there are Clinton-era holdovers among the civil-service employees in the Justice Department. 'I don't mean to impugn the motive of the Justice Department, but there may be partisan motives for leaking word of this inquiry three weeks before the election,' the spokesman, Pete Peterson, said." The AP adds, "Weldon has clashed with the Bush administration and others in Washington," most recently over the Pentagon's "Able Danger" program.

On Fox News' Special Report With Brit Hume (10/16), correspondent Major Garrett reported, "Weldon told Fox he's done nothing wrong and neither has his daughter." Weldon: "They go to my daughter's house and treat her like she's a common thug. I mean, my daughter has done nothing wrong." Garrett: "Weldon also casts doubt on the timing of

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the investigation and intense media scrutiny it sparked," and "Fox asked Weldon if he was accusing the FBI of being a pawn." Weldon: "And there's no conspiratorial thing here or paranoia – it is what it is. And we will cooperate fully with the Justice Department and we already have said that."

The New York Times (10/18, Johnston, 1.21M) says that "Weldon is describing a federal investigation…as an election-season ploy that will find that 'I engaged in no wrongdoing.' 'I am extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress,' Mr. Weldon…said in a statement issued Monday evening. 'The timing of this situation is deeply concerning.'"

Weldon's Ties To Serbian Businessman Under Probe. The Washington Post (10/18, A8, Smith, Leonnig) reports, "Officials at the U.S. Embassy in Belgrade were surprised three years ago to be invited to a luncheon in honor of visiting Rep. Curt Weldon (R-Pa.), hosted by Bogoljub Karic, a wealthy Serbian businessman who had been barred from visiting or trading with the United States because of his close ties to former Yugoslav leader Slobodan Milosevic." The Post continues, "Weldon 'was visiting solely because of Karic,' whom he was trying to get off the U.S. blacklist, a former senior embassy official familiar with the visit concluded. 'It seemed odd' at the time, because Karic had no obvious tie to Weldon's district outside Philadelphia, and Weldon should have known the embassy was shunning contacts with him, the official said. … What the embassy apparently did not know is that the Karic family that year signed a contract with Weldon's daughter, Karen, and a business partner that called for monthly payments of $20,000 for 'management, government and public relations,' according to a copy of the March 2003 contract. In all, the family paid Karen Weldon's firm $133,858 that year for efforts she undertook to set up a foundation for it." The Post adds, "Curt Weldon's visit and that deal are under investigation by the FBI, according to a law enforcement source familiar with the probe. His efforts to assist clients of his daughter's consulting firm in their dealings with the federal government are the focus of that probe, according to sources familiar with it . … FBI raids of six locations in Pennsylvania and Florida on Monday, including one of Karen Weldon's home and another of her consulting and lobbying firm, were part of the bureau's search for evidence of whether the lawmaker used his influence to benefit himself or his daughter's firm, according to the sources. … A grand jury has been impaneled as part of the investigation, and it has obtained evidence gathered via wiretaps of Washington area cellphone numbers, the sources said."

Meanwhile, The Hill (10/18, Schor) reports, "As President Bush prepared to announce a new energy cooperation pact with Russia in May 2002, Rep. Curt Weldon…and 10 fellow lawmakers sat down in Moscow with executives of oil and gas trader Itera Group, praising the company as a prime prospect for U.S. partnerships. Itera had fallen under scrutiny at the time for its ties to Gazprom," and "Itera is facing new questions this week after federal agents raided the company's Florida office as well as the homes of Karen Weldon and Charles Sexton." The Hill notes, "Despite Weldon's hints of a politically motivated probe, nonpartisan ethics groups point out that the Justice Department has conducted itself under a Republican administration."

NYTimes Says GOP Leadership To Blame For Lack Of Ethics Reform. In an editorial, the New York Times (10/18, 1.21M) notes the Kurt Weldon, Mark Foley, Bob Ney and Randy Cunningham scandals – with a brief aside about William Jefferson and Harry Reid – and says, "The G.O.P. leaders have themselves to blame for their multiple millstones. If they had passed actual ethics reform, instead of deep-sixing it in bromides, there could have been a believable independent corruption office to take some of the heat off their current plight as compromised self-investigators." The Times adds, "Congressmen caught in wrongdoing at this time of year like to complain that they're the victims of election-eve politics. If the looming elections inspire whistleblowers, we say bravo. The prospect of voting day fills the vacuum created by the absence of an actual set of enforceable ethics rules in Congress."

US Charges New York Labor Leader With Racketeering. The New York Times (10/18, Hartocollis, Greenhouse) reports, "Brian M. McLaughlin, a Queens assemblyman who as head of the nation's biggest municipal labor council personified New York City's politically powerful labor movement, was arrested yesterday on federal racketeering charges involving embezzlement, receiving bribes, fraud and money laundering. Conviction on all 43 charges could send him to prison for decades." The Times continues, "A 186-page indictment charges Mr. McLaughlin, 54, with illegally obtaining $2.2 million from taxpayers, labor unions and contractors over the last decade since he became president of the New York City Central Labor

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Council, a federation of 400 union locals with one million members." The Times adds, "The accusations range from the Dickensian (stealing $95,000 from Little League baseball teams to pay his rent) to the brazen (creating two no-show jobs on his legislative payroll and keeping part of one salary), according to the painstakingly detailed racketeering indictment unsealed yesterday. … Mr. McLaughlin surrendered early yesterday. He pleaded not guilty at his arraignment in Federal District Court in Manhattan before Magistrate Judge James C. Francis IV, and was released on $250,000 bail."

The AP (10/18, Milton) reports, "In a 186-page indictment unsealed Tuesday, McLaughlin and others are accused of engaging in racketeering from 1995 through 2006 by using money collected for union activities to instead pay personal expenses, including credit card bills, rent and home improvements. … The indictment alleges McLaughlin committed mail fraud, embezzlement, money laundering and labor bribery by diverting money from various funds he controlled. … Among the funds identified were McLaughlin's political campaign committee, union accounts meant to provide benefits for union members and even contributions meant to support a Little League baseball program." The AP adds, "The indictment also alleges McLaughlin and others misappropriated funds from the state by creating fictitious jobs on his legislative staff and submitting false expense forms. … Among the expenses named in the indictment were more than $4,100 to maintain a boat in Tuckerton, N.J., and $4,200 for Long Island country club membership dues."

The New York Sun (10/18, Berman) reports, "The U.S. Attorney for the Southern District, Michael Garcia, said Mr. McLaughlin's alleged crimes 'add new meaning to the term "hand-in-the-till."' … A 186-page indictment alleges a complex scheme that Mr. Garcia called 'stunning in its breadth and its scope.' Prosecutors charge that Mr. McLaughlin, 54, accepted hundreds of thousands of dollars in kickbacks from city street lighting contractors, installed his cronies in fictitious positions with the state Assembly and the labor council to funnel cash to himself, and laundered money to hide his crimes and evade law enforcement." The Sun adds, "No one else was named in the indictment, but Mr. Garcia said the investigation was ongoing and did not rule out further charges. … Mr. McLaughlin did not comment in response to the accusations. 'The case is now in the court of law, so we're going to save our comments for the courtroom,' his lawyer, Jonathan Bach, said after Mr. McLaughlin was arraigned before federal Magistrate Judge James Francis IV yesterday. Two of the 44 counts are filed under the Racketeer Influenced and Corrupt Organizations Act, which some have criticized when it is used in cases that don't involve traditional organized crime families."

Newsday (10/18, DeStefano) reports, "The alleged theft was done so McLaughlin 'could support his own version of lifestyle of the rich and famous,' said Rose Gill Hearn, head of the city's Department of Investigation. McLaughlin is accused of using union members while they worked on regular shifts for their bosses to do chores for him that included shoveling snow, changing light bulbs, cleaning out a barn and capturing rodents in the basement of his house, investigators said. According to the indictment, women who had a 'personal relationship' with McLaughlin also reaped some financial benefits from his actions. McLaughlin is married and has five children." The New York Daily News (10/18, Zambito, 729K) notes, "No one was immune from his greed, not union members -- not even Little Leaguers."

Missouri Mayor Expected To Plead Guilty To Bribery Charges. The St. Louis Post-Dispatch (10/18, Hahn, 300K) reports, "St. Peters Mayor Shawn Brown is expected to plead guilty Friday in his bribery case, authorities said Tuesday." Assistant US Attorney Tom Albus "would not confirm whether a plea agreement had been reached but said it was customary to have one under these circumstances." The Post-Distatch notes, "Brown was indicted in August on a charge of soliciting and accepting a $2,750 bribe from Redflex Traffic Systems Inc., which in June got the contract to install red-light cameras in St. Peters. Brown is accused of telling a Redflex employee he would veto the measure approving the system's installation unless the company paid him off. Redflex told the FBI and cooperated with the agency in giving Brown a check, authorities said."

Former GBI Agent Sentenced To Year In Prison For Taking Kickbacks. The AP (10/18) reports, "A former special agent with the Georgia Bureau of Investigation was sentenced Tuesday to one year and a day in federal prison for receiving illegal kickback payments and failing to maintain firearms records." James R. Garmon "brokered the sale of more than $5,000 worth of firearms that had been seized by Bartow County deputies to a local pawnshop, the U.S. attorney's office said. GBI Director

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Vernon Keenan said his agency cooperated with the FBI's investigation." The AP notes Garmon "received at least $1,600 from the pawnshop for brokering the deal, prosecutors said."

Alleged Pennsylvania Mobster Accused Of Soliciting Murder Of Witness. The AP (10/18) reports, "An alleged mobster facing drug charges planned to kill a witness against him while out on bail, federal prosecutors said Tuesday. A new indictment against William D'Elia, 60, of Hughestown, who reputedly heads the Bufalino crime family, charges him with solicitation of murder, witness tampering, obstruction of justice, violating bail conditions, money laundering and other offenses. D'Elia told an informant in August that he would give him photographs of a witness who cooperated with prosecutors and told him to wait for a signal to kill the man, according to the 18-count indictment issued Tuesday." The AP notes, "D'Elia has been linked to organized crime by the FBI, the now-defunct Pennsylvania Crime Commission, and former Philadelphia and South Jersey mob boss Ralph Natale."

FBI Arrests Florida Man For Making Child Porn With 15-Month-Old Daughter. The AP (10/18) reports, "An Orange County man was arrested by federal agents after he sent sexual pictures of himself and his 15-month-old daughter over the Internet, authorities said. The man was ordered to be held without bail at a court appearance in federal court Monday. He faces child-pornography charges, and has been assigned an assistant federal public defender." The AP notes, "An Internet sting conducted by the Central Florida Innocent Images Task Force, which includes a Seminole County sheriff's detective, led to his arrest. The man 'admitted to producing three videos of himself and his daughter engaged in sexual activity,' FBI agent Keith Scott wrote in a charging affidavit. … He also chatted online with a Tennessee-based FBI agent posing as a 13-year-old."

Grand Jury Hands Up Eight Count Indictment To Capitol Intruder. The Hill (10/17, Kucinich) reports that Carlos Greene was indicted yesterday by a grand jury for breaching "Capitol Police security last month and" leading "officers on a three floor chase inside the U.S. Capitol before he was apprehended on the basement floor." The charges against Greene are "fleeing a law enforcement officer, two counts of destruction of government property, assaulting, resisting or impeding certain officers or employees and unlawful possession of five grams or more of cocaine." In addition, Greene charges of "firearms violations such as possession of a gun on Capitol grounds and carrying and possessing a firearm during drug trafficking offense."

Ohio Fundraiser Called Coin Funds An ATM, Former Aide Testifies. The Columbus Dispatch (10/18, Niquette) reports, "Coin dealer Thomas W. Noe once described the $50 million state investment he managed "as having access to an ATM," Noe's former administrative assistant said yesterday in testimony against her former boss. … 'What he went on to say was, when he needed it, he would tap the coin funds,' Sue Bahn told the jury during the second day of testimony in the trial of Noe and his handling of the Ohio Bureau of Workers' Compensation coin investment." The Dispatch continues, "Bahn, who worked for Noe for about two years at his Maumee coin shop and was trusted to pay his bills and balance his personal checkbook, said Noe made the comments in June 2005 after she questioned him about the controversy swirling around the investment at the time. … Prosecutors say Noe stole millions from the coin funds to pay debts and 'to support the lifestyle that he felt he deserved.' … Noe denies all charges, including theft, saying his contract gave him broad authority over the state funds."

The AP (10/18, Seewer) reports, "Metzger said she met with her boss in the summer of 2005 after allegations of wrongdoing surfaced and asked Noe whether he took the money, she testified. … 'He described it as having access to an ATM,' she said." The AP continues, "The investment scandal has battered Republicans who control the state, raising Democrats' hopes of retaking the governor's office for the first time since 1990. Democratic U.S. Rep. Ted Strickland has a wide lead over Republican Ken Blackwell, Ohio's secretary of state, in gubernatorial race polls. … Prosecutors say Noe was deep in debt when he got the money, and he quickly used it to pay off his creditors."

The Toledo Blade (OH) (10/18, Wilkinson, Eder) reports, "Tom Wersell, the director of investigations for the Ohio Bureau of Workers' Compensation, testified that the bureau's chief legal officer asked him to show another executive how to delete e-mails in the weeks after the Tom Noe coin scandal erupted. … Mr. Wersell said he did not know why John Annarino made the request but that he showed former chief investment officer Jim McLean how to

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'double delete' e-mails. … Mr. Wersell, in his second day of testimony, acknowledged that the bureau has a information technology department. … The revelation came during cross examination of Mr. Wersell by Mr. Mitchell. Mr. Wersell had testified that many of the documents relating to the Noe coin funds were retrieved from Mr. McLean's office. He was fired last year by the bureau."

Mueller Calls For ISP User Tracking. CNET News (10/18, McCullagh) reports, "FBI Director Robert Mueller on Tuesday called on Internet service providers to record their customers' online activities, a move that anticipates a fierce debate over privacy and law enforcement in Washington next year. … 'Terrorists coordinate their plans cloaked in the anonymity of the Internet, as do violent sexual predators prowling chat rooms,' Mueller said in a speech at the International Association of Chiefs of Police conference in Boston. … 'All too often, we find that before we can catch these offenders, Internet service providers have unwittingly deleted the very records that would help us identify these offenders and protect future victims,' Mueller said. 'We must find a balance between the legitimate need for privacy and law enforcement's clear need for access.'" CNET continues, "The speech to the law enforcement group, which approved a resolution on the topic earlier in the day, echoes other calls from Bush administration officials to force private firms to record information about customers. Attorney General Alberto Gonzales, for instance, told Congress last month that 'this is a national problem that requires federal legislation.'" CNET adds, "Justice Department officials admit privately that data retention legislation is controversial enough that there wasn't time to ease it through the U.S. Congress before politicians left to campaign for re-election. Instead, the idea is expected to surface in early 2007, and one Democratic politician has already promised legislation. … Law enforcement groups claim that by the time they contact Internet service providers, customers' records may have been deleted in the routine course of business. Industry representatives, however, say that if police respond to tips promptly instead of dawdling, it would be difficult to imagine any investigation that would be imperiled."

Boston Globe.com (10/17, Simpson, 2:15 p.m.) reported Mueller "told the nation's police chiefs today that law enforcement must strike a careful balance between fighting crime and protecting the homeland. Mueller said while violent crime more directly affects most Americans, the Sept. 11, 2001 attacks made anti-terrorism activities the FBI's top priority. 'I wish I could assure you that there will be never be another terrorist attack in America, but I cannot. The world remains a perilous place,' said Mueller, who received a standing ovation before and after his speech."

Crawford Pleads Guilty To Charges In Stock Case. The New York Times (10/18, Stout, 1.21M) reports, "Lester M. Crawford, the former commissioner of food and drugs, pleaded guilty Tuesday to lying and conflict-of-interest charges in connection with stock he and his wife owned in companies regulated by the F.D.A. Magistrate Judge Deborah A. Robinson, who accepted Dr. Crawford's plea to two misdemeanor charges, scheduled sentencing for Jan. 22 in Federal District Court." Crawford "could face up to a year in prison and a fine of up to $100,000 on each of the two counts, but his lawyer has said she expects him to be placed on probation."

Dow Jones (10/18) reports, "Crawford, who served as head of the FDA for two months in 2005, was charged by the Justice Department with filing misleading financial-disclosure reports about his holdings in Sysco Corp., Kimberly-Clark Corp. and Embrex Inc. … Crawford was confirmed as FDA chief in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B."

Market Watch (10/18, Schroeder) reports, "The charges against Crawford alleged he or his wife owned shares in Sysco Corp., which were regulated by the FDA, according to a Tuesday statement from the Department of Justice. … 'One of the most important principles of our ethics laws is that public officials cannot have a financial interest in any decision that they make,' U.S. Attorney Jeffrey Taylor stated. 'Lester Crawford, who held one of the most important jobs in government, blatantly violated these principles. Today, he is being held accountable for his actions.'"

The AP (10/18, Bridges) reports, "As head of the U.S. Food and Drug Administration, Lester Crawford oversaw a federal agency that regulates products that account for an estimated 25 cents of every dollar spent each year by U.S. consumers. … At the same time, Crawford, through his broker, oversaw an investment portfolio that included tens of thousands of dollars in shares in food, beverage and medical device companies regulated by the very federal agency he ran." The AP continues, "Crawford knew what he and his wife

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owned, but still failed to fully disclose that information as required by federal law, the Justice Department said in court papers charging him with filing false financial disclosure forms and conflict of interest. In some cases, Crawford even assured federal ethics officers that he and his wife had sold stock in FDA-regulated companies that the couple in fact continued to hold, according to the papers. … Because of that, the former FDA commissioner was set to plead guilty Tuesday to the two misdemeanor counts, said his attorney, Barbara Van Gelder. She said Crawford would not dispute the federal government's claims under the plea agreement. … A fine is likely, though the two counts each carry a maximum penalty of one year in prison."

Trial Over Bogus Degrees Delayed. Government Executive (10/18, Rutzick) reports, "Names of 135 federal employees who allegedly bought fake diplomas from an outfit in the western United States will not be revealed for at least one year, if ever, according to a U.S attorney's office." GE continues, "Last week in Spokane, Wash., during a pretrial hearing for eight people accused of selling counterfeit degrees from nonexistent universities, a defense attorney told the judge that employees from the National Security Agency and the Health and Human Services, Justice and State departments were among 6,000 people who bought the diplomas, according to the Associated Press." GE adds, "The AP also reported that Peter Schweda, attorney for alleged diploma mill operator Steven Randock, said the names of 135 government employees who supposedly purchased the degrees for promotions or pay raises would be released during the course of the trial. … The trial will not start for another year, though. Judge Lonny Suko of the District Court of the Eastern District of Washington delayed it until Oct. 1, 2007, to give attorneys more time to prepare. Suko said more than 150,000 pages of e-mails, 40 CDs of documents and up to 50 witnesses will be used. … Tom Rice, a spokesman for the U.S attorney's office in Spokane, Wash., which is prosecuting the case, said Schweda's assertions that government purchasers would be revealed 'were not necessarily accurate.' … Rice also said he cannot confirm or deny that there is a separate Justice Department investigation into federal purchasers of the fake degrees. The case was built around a sting operation by a handful of Secret Service agents."

Man Pleads Guilty To Three Idaho Slayings. The AP (10/18, Geranios) reports from Coeur D'Alene, ID, "The man accused of kidnapping two children from their Idaho home and killing their family pleaded guilty Monday to murder and kidnapping in a deal that leaves him still eligible for the death penalty." The AP continues, "Joseph E. Duncan III, 43, was charged with bludgeoning two adults and a teenager to death at the home near Coeur d'Alene so he could kidnap the family's two youngest children for sex." The AP adds, "Duncan pleaded guilty shortly before his trial was to begin Monday. Under his plea agreement, he is to be sentenced to three consecutive life terms without parole in an Idaho prison. But authorities said that sentencing would be postponed pending federal prosecution that could result in the death penalty. … Kootenai County Prosecutor Bill Douglas said the sole survivor, young Shasta Groene, had agreed to testify against the man accused of holding her captive in the woods for seven weeks. … 'This agreement is possible because of a brave little 9-year-old girl who was willing to confront Duncan face-to-face in the courtroom,' Douglas said." The AP notes, "Federal prosecutors have said they intend to charge Duncan with kidnapping Shasta Groene and her brother Dylan and taking them to a primitive campsite in Montana and that they expect to seek the death penalty. Court documents allege he repeatedly molested the pair, then killed Dylan, whose body was found later at the campsite."

Florida Man Pleads Guilty To New Jersey Stock Scam. The Atlantic City (NJ) Press (10/18, Haught) reports, "A former Ocean County (NJ) man pleaded guilty Monday in federal court to involvement in a stock fraud case that cost investors millions of dollars and involved partners from Canada, New York, Florida and New Jersey, including a man from Upper Township." The Press continues, "Joseph F. Morgan, formerly of Stafford Township and now of St. Pete Beach, Fla., admitted to U.S. District Court Judge Jerome B. Simandle that he helped swindle investors of about $10 million in a scheme that netted more than $20 million through stock price manipulations." The Press adds, "As part of the scheme, involving several co-defendants and other unindicted partners, Morgan and others used a system of illegal stock compensations, fraudulent companies and shady brokerage deals to take control of nearly 100 million shares of TeleServices Internet Group Inc. and then sold those stocks to unsuspecting investors. … The scam, which ran from December 1996 through October 2005, involved at least 16 publicly traded companies, all trading on the Over the Counter Electronic Bulletin Board

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System. The shares -- called penny stocks -- generally traded for less than $1, often as little as 5 cents. … An official with the U.S. Department of Justice said the scam operated like a pump-and-dump or boiler-room scheme, in which brokers drum up investors by suggesting the stock is ready for a major price lift. In this case, Morgan and others used their connections to move the stock around, giving investors the appearance of true market activity."

Florida Crime Rate Drops, Except For Murder. The AP (10/18, Royse) reports, "Crime continued to drop in Florida during the first half of this year, but the rate of violent crimes, particularly murders, went up, according to state figures released Tuesday." The AP continues, "Crimes tracked by federal officials dropped from 412,743 in the first six months of 2005 to 411,608 in the first half of 2006, statistics compiled by the Florida Department of Law Enforcement showed. … That represented a decrease of 0.3 percent, continuing a downward trend that has put the state's crime rate at its lowest in more than three decades. .. But there was a striking anomaly in this year's figures: an increase in the number of murders. Local police agencies reported 518 killings in Florida through the end of June, up 27 percent from the 408 murders the state saw in the first six months of 2005." The AP adds, "Violent crime in general is bucking the overall trend in Florida, increasing 3.2 percent in the first half of 2006 over the same period last year. … The increase mirrors a mysterious uptick in violent crimes and murders in cities nationwide. … Officials don't have a clear explanation for what may be making the murder rate jump, following small but steady declines through recent years that were attributed in part to tougher sentencing laws. … In a speech to police chiefs on Monday, U.S. Attorney General Alberto Gonzales said federal officials are looking for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. Gonzales also acknowledged that some law enforcement agencies have been stretched a little by new duties in anti-terrorism efforts."

Federal Judge Again Strikes Missouri's Lethal Injection Procedure. The AP (10/18) reports, "A federal judge has ruled for a second time that Missouri's use of a three-drug lethal injection for executions is unconstitutional, confirming his ruling last month that the procedure could cause 'torturous' pain." The AP continues, "The ruling issued Monday by U.S. District Judge Fernando Gaitan Jr. follows his September ruling that said the death penalty protocol could subject inmates to an unreasonable risk of cruel and unusual punishment and halted all executions in the state." The AP adds, "Gaitan had first ordered in June that the Missouri Department of Corrections make sweeping changes to its execution protocol. At issue is how painful lethal injection can be if the three drugs used are not given correctly. If the injection is given improperly, an inmate could be in pain but would be paralyzed and unable to show it, Gaitan said in his September ruling. .. .In that order, Gaitan gave the state until Oct. 27 to provide a revised protocol. But the state resubmitted the same proposal Oct. 6, arguing that it was constitutional and asking the judge to reconsider his decision. … The state's attorneys had asked Gaitan to rule quickly, so they could file an appeal if he ruled against them."

Federal Prosecutors Won't Charge Berkshire Unit In Virginia Insurer Case. The Wall Street Journal (10/18, Richardson) reports that federal prosecutors will not charge General Reinsurance, a unit of Berkshire Hathaway Inc., the holding company headed by Warren Buffett "in their continuing criminal investigation into the collapse of a professional-liability insurer in Virginia, according to a statement by Berkshire." Berkshire "said General Re received a letter yesterday from the office of the U.S. attorney for the Eastern District of Virginia in Richmond stating that the federal prosecutor 'does not currently view General Reinsurance as a target or subject in connection with the EDVA U.S. attorney's pending investigation of Reciprocal of America.'"

Man Convicted Of Murder In New York Drunk Driving Case. The New York Times (10/18, Vitello) reports that Martin Heidgen, "who crashed into a wedding limousine last year, killing the driver and a 7-year-old girl while driving drunk in the wrong direction on a Long Island parkway, was convicted on Tuesday of two counts of murder." The verdict is the first murder conviction won in fatal drunken driving case in Nassau County, "where the high incidence of drunken driving has become a public policy issue that figured heavily in the 2005 election campaign for the office of district attorney." The "murder charge brought against Mr. Heidgen, murder in the second degree by depraved indifference, carries the same penalties as intentional murder -- a minimum of 15 years and a maximum of 25 years to life --

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and has been the subject of several appellate court decisions in the last two years."

DC Mayor Seeks $11 Million To Continue Anti-Crime Measures. Washington, DC Mayor Anthony Williams asked the city council for $11 million to continue a package of emergency crime measures. The Washington Times (10/18, Cella, Doolittle) reports, "The legislation includes a request for $5 million for youth-violence prevention programs, $4.2 million for additional police overtime and $1.7 million for the city's burgeoning network of neighborhood surveillance cameras. It also would renew four key provisions of the mayor's emergency package, which is set to expire at midnight tomorrow. Those provisions authorized the use of neighborhood surveillance cameras, allowed some offenders to be held until trial, gave police access to juvenile criminal records and granted the mayor power to set the time of the juvenile curfew."

CIVIL LAW:

DOJ Review Finds Agencies' FOIA Administration Improving. Government Executive (10/18, Pulliam) reports, "Agencies subject to the Freedom of Information Act are for the most part complying with an executive order outlining a two-year process for improving the implementation of the 40-year-old law, according to a new Justice Department report." GE continues, "All 91 federal agencies subject to FOIA have prepared plans for improving the process of releasing federal documents to the public, refined the plans where necessary and posted them on their Web sites for public review, the report stated. Most agencies also fulfilled the order's first requirement successfully by appointing chief FOIA officers by Jan. 13, 2006." GE adds, "In fiscal 2005, agencies handled more than 2.6 million FOIA requests at a cost of $300 million. This represents a 35 percent increase in activity over fiscal 2001, the report stated. … The executive order, signed by President Bush on Dec.14, 2005, directed agencies to ensure citizen-centered and results-oriented FOIA operations. … A number of improvement plans failed to properly address how the agencies would address backlogs of requests for information, the report stated. A few agencies have modified plans to comply with the order, including the Education Department, the Federal Energy Regulatory Commission, NASA, the National Archives and Records Administration and the Securities and Exchange Commission. … But a number of other agencies have yet to complete the modifications. These were the Agriculture, Commerce, Defense, Homeland Security, Labor and Veterans Affairs departments; the Equal Employment Opportunity Commission, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the General Services Administration, the Merit Systems Protection Board, the National Science Foundation, the National Transportation Safety Board and the Social Security Administration."

Federal Government Won't Pay Death Benefit To Studds' Same-Sex Spouse. The federal government has refused to pay death benefits to the spouse of former Rep. Gerry Studds, the first openly gay member of Congress. The Washington Post (10/18, A19, 748K) reports, "Studds married Dean Hara in 2004 after same-sex marriage was legalized in Massachusetts. But Hara will not be eligible to receive any portion of Studds's estimated $114,337 annual pension because the 1996 Defense of Marriage Act bars the federal government from recognizing Studds's marriage. Peter Graves, a spokesman for the Office of Personnel Management, which administers the congressional pension program, said same-sex partners are not recognized as spouses for any marriage benefits. He said Studds's case is the first of its kind known to the agency."

CIVIL RIGHTS:

DOJ Probing California Letter On Immigrant Voting. The New York Times (10/18, McKinley) reports, "Federal and state authorities are trying to determine who sent a letter to some Latinos in Southern California that falsely suggested that it would be a crime for immigrants to vote in the coming election." The Times continues, "The letter, written in formal, sometimes clumsy Spanish and signed 'Sergio Ramirez,' was mailed last week to an undetermined number of people with Spanish surnames in Orange County, the authorities said. It advised recipients that 'if you're an immigrant, voting in a federal election is a crime that can result in incarceration,' or deportation. … While illegal immigrants are barred from voting, legal immigrants who have become citizens are permitted to do so." The Times adds, "The letter also stated that the federal government had installed a computer system to verify the names of new registered voters who vote in October and November and that

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anti-immigration groups would be able to access that information. Election Day is Nov. 7, but early voting is allowed Oct. 20-29 in Orange County. … Cynthia Magnuson, a spokeswoman for the Justice Department, which along with the California attorney general's office is investigating the letter's source, said there was no such database. … 'The letter contains false information,' Ms. Magnuson said."

Georgia Election Board Approves New Letter To Misinformed Voters. The AP (10/18) reports, "The (Georgia) State Election Board on Tuesday approved a letter that will inform more than 300,000 Georgia voters who were told they needed a photo ID to vote that they can still use 17 forms of identification to cast a ballot on Nov. 7." The AP continues, "The board also approved radio and television public service announcements to be broadcast statewide. The Secretary of State's Office will be responsible for distributing the letter and ads, and will partially fund the efforts." The AP adds, "The mailing is expected to cost $127,000, and the ads will be taped and aired using $16,000 from the election board budget previously reserved for voter education. … Both measures were approved at a special meeting called by election board member David Worley after he discovered nearly 200,000 voters - not the 20,000 initially reported by Vice Chair Claud 'Tex' McIver - were told they would need to get a photo ID at the polls. … In all, the board of elections contacted by mail 305,000 registered voters believed to lack state-issued photo identification. Most received letters after a Sept. 19 ruling by Fulton County Superior Court Judge T. Jackson Bedford declaring the photo ID law violated the Georgia Constitution as an undue burden on voters."

FBI Forwards Results Of Arkansas Police Beating Probe To DOJ. The Arkansas Democrat-Gazette (10/18, Hale-Shelton) reports, "The FBI has forwarded information from its investigation into Russellville police officers' fatal encounter with Bobby Joe Rylee last summer to the Civil Rights Division of the U. S. Department of Justice." The Democrat-Gazette continues, "The Washington-based office will determine whether a federal civil-rights violation occurred in the forcible arrest of Rylee on July 15 in a parking lot along Arkansas 7 in Russellville, said Steven Frazier, a spokesman for the FBI office in Little Rock. … Rylee, 61, quit breathing several hours after police took him to the Pope County jail. He died five days later in a Little Rock hospital." The Democrat-Gazette adds, "Russellville Police Chief James Bacon has said he understood the FBI was investigating at the request of Rylee's family. Frazier previously declined to comment on an ongoing investigation, which is FBI policy. .. .In August, Prosecuting Attorney David Gibbons of Clarksville declined to charge four Russellville police officers, saying they were justified in the force they used to subdue and arrest Rylee. Police said Rylee had fought with them and stabbed one officer in the arm with a ballpoint pen, which Gibbons concluded was a deadly weapon. … Rylee's family filed a federal lawsuit in Little Rock last month, contending that Russellville police officers beat Rylee before taking him to jail, where, the lawsuit said, he was refused medical attention despite life-threatening injuries. Police have said Rylee declined medical treatment."

Study Finds Racial Disparities In Breast Cancer Death Rates. The Chicago Tribune (10/18, Peres, Kotulak, Gorner) reports, "A study showing an alarming gap in breast cancer death rates for black and white women in Chicago has mobilized health experts to find the root causes and recommend within a year ways to reduce the unusually high mortality among African-Americans. Why black women are more likely to die of breast cancer is unclear, but medical leaders said genetics, lack of awareness about breast self-examination, inability to afford routine mammograms and limited access to medical facilities may play crucial roles." The study," which has not yet been published or undergone the scrutiny of peers, found that the odds that a woman will die of breast cancer has been declining steadily for close to two decades, yet African-American women have been seeing the reverse."

Comedian's Mother Claims She Was Discriminated Against At Restaurant. The AP (10/17, Smith) reported, "Rose Rock, the mother of comedian Chris Rock, claims she was racially discriminated against when she was seated but ignored for more than a half hour at a Cracker Barrel restaurant along the South Carolina coast. Rock said Tuesday she planned to sue the Lebanon, Tenn.-based company." Rock "said she and her 21-year-old daughter were the only blacks at the chain's Murrells Inlet restaurant in April. She said when she asked the manager about the delay she was told they could have a free meal." The AP adds, "The Rev. Al Sharpton will join Rock on

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Wednesday in South Carolina to announce that Sharpton's Action Network will finance the planned lawsuit."

ANTITRUST:

DOJ Gives Antitrust Nod To Pilgrim's Pride Takeover Of Gold Kist. The AP (10/18) reports, "Chicken producer Pilgrim's Pride Corp. on Tuesday said federal regulators have cleared its proposed acquisition of Atlanta-based poultry company Gold Kist Inc., which opposes the bid." The AP continues, "Pilgrim's Pride launched its hostile $20-a-share takeover bid last month, after Gold Kist declined to make a deal in August, the company has said. The offer represents a premium of 55 percent over Gold Kist's closing stock price on Aug. 18. .. .Gold Kist has said the offer is not in the best interest of its shareholders." The AP adds, "On Tuesday, Pilgrim's Pride said the antitrust division of the Justice Department granted an early expiration to the waiting period mandated by antitrust laws. … Pilgrim's Pride President and Chief Executive O.B. Goolsby Jr. called the move 'a positive step forward in our efforts to acquire Gold Kist.'"

Kucinich Wants DOJ Antitrust Probe Of Giant Eagle Ohio Store Purchase. The Pittsburgh Post-Gazette (10/18, Lindeman) reports, "Ohio congressman Dennis J. Kucinich, concerned about losing jobs in his region, is asking federal officials to look at potential antitrust issues when considering O'Hara-based grocer Giant Eagle's plans to buy 18 stores in the Cleveland area." The Post-Gazette continues, "Rep. Kucinich, the former Cleveland mayor, presidential candidate and a fifth-term Democrat who is up for re-election, this week sent a letter to the Department of Justice and the Federal Trade Commission asking that they investigate the potential for the sale to impact the price of food in the Cleveland area. .. .Giant Eagle, already a major player in the northeast Ohio market, said last week it would buy 18 Tops Market stores for an undisclosed amount from Dutch owner Ahold. The parent company put 46 Tops stores up for sale earlier this year and hopes to have buyers for the remaining 28 stores by the end of the year. .. .The O'Hara company supplied about 45 percent of the Cleveland-Elyria-Mentor grocery market as of June, according to TradeDimensions International in Wilton, Conn. Tops claimed a little more than 20 percent while Wal-Mart had about 6 percent." The Post-Gazette adds, "An antitrust review would try to determine if, after the sale, Giant Eagle could control the market to the point it could significantly raise prices, said Robert Fleishman, an antitrust lawyer with Washington, D.C., law firm Steptoe & Johnson. That might be hard to do in an era when supermarkets face increasing competition from retailers such as Target as well as dollar stores and convenience stores. .. .Even if the overall deal is not a problem, there might be particular Tops locations that officials would be concerned about. When the owner of Macy's bought Kaufmann's, the retailer agreed to sell certain overlapping locations to department store competitors, if possible. .. .However, Giant Eagle officials do not believe there's a problem. 'Our attorneys researched the issue carefully and have advised that there are no antitrust problems with this acquisition,' spokesman Dan Donovan said in an e-mailed response."

SCOTUS To Weigh DOJ's Ability To Renege On Immunity Deals. The New Jersey Law Journal (10/18, Brennan) reports, "A 3rd Circuit case at the door of the U.S. Supreme Court will test the federal government's power to revoke immunity from prosecution granted to antitrust violators who agree to rat on their rivals." The Journal continues, "During an Oct. 27 conference, the Court will decide whether to hear Stolt-Nielsen, S.A. v. U.S., 06-97, which would test whether a court can enjoin the Justice Department's Antitrust Division from withdrawing immunity promised under its Corporate Leniency Program. .. .The case piques the interest of not only antitrust lawyers but also white-collar criminal defense attorneys, because the lifting of immunity means that all items of evidence a cooperating company has willingly handed over can become weapons in the government's arsenal. … 'Stolt could have broad implications in every instance in which the government promises a benefit to a defendant in exchange for cooperation,' says Alison Smith, a former Antitrust Division lawyer now at Haynes & Boone in Houston. 'A corporation considering applying for immunity must now question whether the evidence it provides to the government will simply be used against it.'" The Journal notes, "Smith says an eventual ruling by the Court 'could clarify the nature and extent of the defendants' constitutional rights in these agreements' and 'could determine the limits of the government's ability to revoke agreements unilaterally and the power of the courts to restrain the government's decision to prosecute.' … Demonstrating the gravity of the case, no fewer

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than nine amici curiae have filed briefs supporting the petition for certiorari. One of them is the Association of Corporate Counsel, led by senior vice president and general counsel Susan Hackett. 'The impact on my members is their concern that they can no longer make rational decisions that would suggest predictable results,' she says."

Chicago Mercantile Exchange To Buy Chicago Board Of Trade. The Chicago Tribune (10/18, Burns) reports that Chicago's two major futures exchanges yesterday "announced an $8 billion merger, as the stock market's hunger for their shares overcame long-standing differences." The Chicago Mercantile Exchange "said it has agreed to buy its longtime rival" the Chicago Board of Trade "in a deal that would put its leadership in control of the combined business. … The Merc's deal for the Board of Trade is expected to be completed by the middle of 2007."

The Financial Times (10/18, Cameron) reports, "A combination of the Chicago Mercantile Exchange and the smaller Chicago Board of Trade would create the world's largest futures exchange. The merged group would have an estimated annual $125m in synergies to fund expansion into Europe and Asia, as well as fast-growing areas such as credit derivatives and foreign exchange, which remain dominated by over-the-counter trading." The Times adds, "The announcement follows a year of talks and flirtations with rival exchanges."

A front page story in the Wall Street Journal (10/18, Lucchetti, MacDonald, Taylor) reports, "As the biggest deal yet in a global consolidation of the financial-exchange industry, the plan sets aside more than a century of crosstown rivalry." The Journal adds, "The Chicago deal illustrates the increasingly rapid pace at which financial exchanges world-wide are consolidating to lift profits by cutting costs. Exchanges have morphed from member-owned clubs into profit-hungry publicly traded companies. This gives them an incentive to make acquisitions and also a currency, their stock, with which to do so."

An analysis piece in the Wall Street Journal (10/18, Carey, Hallinan) says the deal secures Chicago's place "as derivatives market to the world. … Though the two exchanges employ just 2,200, they have helped to keep the city a financial center even as its home-grown banking industry has steadily been bought out by larger rivals. The exchanges have also spawned numbers of trading firms."

The New York Times (10/18, Barrionuevo) reports, "By combining, the Chicago exchanges, to be named the CME Group, will have average daily trading volume of close to nine million contracts a day, representing $4.2 trillion in notional value, or the amount of the underlying assets, not the value of the contracts themselves. By a comparison of sorts, some 1.8 billion shares, or $87.2 billion, are traded on average on the New York Stock Exchange, the world's biggest stock market, every day, although those shares, unlike derivatives, represent direct ownership stakes."

Crain's Chicago Business (10/18) reports, "Exchange officials are assuming that antitrust concerns won't stop creation of the world's largest futures market, even though the proposed acquisition of the Chicago Board of Trade would give the Chicago Mercantile Exchange a near monopoly on U.S. futures trading. … 'We've been very well advised by the Department of Justice on antitrust issues, and we're not expecting any regulatory issues,' Merc CEO Craig Donohue told investors Tuesday in a conference call." Crain's continues, "A Justice Department spokeswoman declined to comment on the regulatory outlook, nor would she confirm whether any informal meetings already have taken place on the Chicago Mercantile Exchange Holdings Inc.'s proposed acquisition of CBOT Holdings Inc. … The merger must also be approved by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission, and exchange officials said it faces 'modest' regulatory reviews overseas. A CFTC spokesman says the exchanges mainly have to certify that their bylaws and surveillance systems meet the agency's requirements. … That means the biggest hurdle is likely to be any antitrust questions the deal raises with either the Federal Trade Commission or the Justice Department, the latter of which is considered more likely to be the agency that reviews exchange mergers such as this."

Tata Steel Seeks To Buy Corus For $8 Billion. The Wall Street Journal (10/18, Bellman, Singer) reports that Tata Steel Ltd. Has proposed to buy British steelmaker Corus Group PLC "for about £4.4 billion ($8 billion)," in what would "represent the biggest foreign acquisition by an Indian company and underscore the loosening of India's regulatory environment. Tata's proposal, which would create a major global steel company, is expected to receive a recommendation from Corus's board later this week. Tata is likely to quickly clear India's foreign-exchange hurdles, where in some cases a committee must

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give permission for an Indian company to raise money for overseas activities."

Eli Lilly Agrees To By Icos Corp. The Wall Street Journal (10/18, Carreyrou) reports, "Eli Lilly & Co. agreed to acquire biotechnology company Icos Corp. for $2.1 billion in a move to gain full ownership of the erectile-dysfunction drug Cialis. As the sole owner of Cialis, Eli Lilly is expected to muster a stronger challenge to Pfizer Inc.'s Viagra, the first drug approved for erectile dysfunction and the market leader in the U.S., with more than 50% of the market. Cialis -- made by the two companies' joint venture, Lilly Icos LLC -- has a 25% market share." The Journal adds, "Under the terms of the deal, Icos shareholders will receive $32 for each share of Icos common stock. The bid represents an 18% premium to Icos's closing price Monday of $27.12."

Vivendi Sues Two Internet Companies Over Video File Sharing. The Wall Street Journal (10/18, B3, Smith, Delaney) reports, "Vivendi SA's Universal Music Group filed copyright-infringement lawsuits against two Internet companies, including one acquired by Sony Corp., over the ability they give users to upload and download video content with their Web sites. … The suits, against Sony Pictures Entertainment's Grouper Networks Inc. and Bolt Inc., mark the first time a major media company has tried to use the courts to narrowly interpret 'safe harbor' protections provided by the Digital Millennium Copyright Act of 1998 so it would exclude video-sharing sites." The Journal adds, "Filed Monday in US District Court for California's Central District, the suits follow recent deals reached by Universal and two other big music companies to license their video and music content to video-sharing giant YouTube Inc. A person familiar with the Grouper and Bolt matters said Universal had discussed licensing agreements with those companies, but said the talks never progressed."

Record Labels See Marketing Opportunity In Music Piracy. The Wall Street Journal (10/18, B1, Angwin, McBride, Smith) reports that "there's a growing recognition among some record executives and performers that the people who are downloading illegally are frequently huge music fans and that marketing to them may be more desirable in the long run than suing or otherwise harassing them." By planting so-called decoy files, "and then planting those files prominently on file-sharing sites, record labels and other marketers can turn what is now an antipiracy tool into an advertising medium." The Journal adds, "Audioslave, Ice Cube, Yellowcard and other music groups have used decoy files for their own version of viral marketing. With help from niche companies like Sparkart LLC and NFA Group's BuyDRM, they put snippets of a song into the files with the promise that a stream of the entire song will be 'unlocked' for everyone once the promotion is forwarded to enough people. The hope is that this will motivate people to send the file to lots of friends."

Record Industry Files 8,000 File Sharing Suits. Meanwhile, the AP (10/18, Wardell) reports, "The international record industry filed thousands more lawsuits around the world Tuesday against people it accuses of illegally sharing digital music. The International Federation of the Phonographic Industry filed 8,000 cases in 17 countries, including its first in South America and Eastern Europe. The lawsuits, which are aimed at 'uploaders,' include criminal and civil cases. Uploaders have put hundreds or thousands of copyrighted songs onto Internet file-sharing networks and offered them to millions of people worldwide without permission from the copyright owners. The industry contends that such file-sharing has cost it billions of dollars in lost revenue."

GM's Wagoner Called Corporate America's "Comeback Kid." Paul Ingrassia, a former Detroit bureau chief at The Wall Street Journal, writes in the Wall Street Journal (10/18, A20), "Rick Wagoner, the CEO of General Motors, has to be corporate America's Comeback Kid. But after a dramatic week in the battle to reshape GM and the global auto industry, Las Vegas billionaire Kirk Kerkorian -- GM's largest individual shareholder and Mr. Wagoner's nemesis -- might still hold a winning hand. Just six months ago, Mr. Wagoner seemed on the verge of being fired. … But Mr. Wagoner gamely fought back." Ingrassia adds, "Scenario No. 1 at GM, clearly the best for all concerned, is that Mr. Wagoner succeeds in producing a durable turnaround. Mr. Kerkorian would be proven wrong about Mr. Wagoner, but one suspects that doubling his $1.6 billion investment in General Motors would be ample balm for the billionaire's public wounds. … This is a high-stakes poker game among rich and powerful men to control and shape one of the world's largest and most visible industries -- and one that tugs at emotions ranging from national pride to consumers' desires. Mr. Wagoner has just won a big hand. But the best bet is that the game will continue."

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ENVIRONMENT:

Nuclear Plant Security Union Criticizes New DOE Policy. Under the headline, "Union Takes Issue With Fitness Rules for Nuclear Plant Guards," the Washington Post's (10/18, D4, Barr) "Federal Diary" column reports, "Two years ago, the Energy Department announced plans for creating 'a special elite federal force' to protect high-priority nuclear plants," but the Post notes that these "elite combat units" are made up not of government workers but "contractors that provide guards and security officers." According "to union officials, the contract officers are increasingly concerned about their employment status and would like the option to shift to the federal workforce," especially since DOE "plants and facilities that use nuclear weapons material," are "expanding the number of security jobs covered by rigorous physical fitness standards, and many officers are concerned they will lose their jobs." The Post adds that the "National Council of Security Police, a union group representing officers at nuclear facilities, thinks the department's plans will undercut the goal of enhanced security in the post-Sept. 11 world."

Studies Find Benefits Of Eating Fish Exceed Risks. The Washington Post (10/18, A14, Squires) reports, "The health benefits of eating fish regularly outweigh the danger from mercury and other contaminants even for pregnant women and children, two major reports concluded yesterday as scientists tried to resolve a slippery question that has long vexed consumers." The Post continues, "The findings, which were reached by independent teams of scientists, pointed to significant benefits for both young and old. In adults, the death rate from heart disease was 36 percent lower among those who ate fish twice a week compared with those who ate little or no seafood, according to a study being published today in the Journal of the American Medical Association. Overall mortality was 17 percent lower, the study by Harvard School of Public Health researchers found. … A second, federally funded report released by the Institute of Medicine (IOM) echoed the conclusion that the heart benefits of eating seafood outweigh the risks and said infants also benefit from the healthy fats found in seafood." The Post adds, "Omega-3 fatty acids found in fish promote healthy vision and brain development in infants whose mothers consume fish or seafood during pregnancy or while nursing, the report said. These healthy fats also appear to decrease the risk of delivering a preterm, low-birth-weight baby. … Even so, because of methyl mercury concerns, the IOM report stuck with the current federal guidelines that advise women who are nursing, pregnant or plan to become pregnant, as well as children age 12 and younger, to refrain from eating swordfish, shark, tilefish and king mackerel. These two groups can safely consume up to 12 ounces of other fish per week, the report said, but they should also limit white (albacore) tuna to six ounces a week because of its high levels of methyl mercury, which can be toxic to the brain and hearing."

FBI/DEA/ATF/USMS:

GAO Criticizes FBI Sentinel Staffing Priorities. Federal Computer Week (10/17, Hubler) reported on its Web site, "The FBI is moving quickly to staff its six-year, $425 million Sentinel program, which will replace the agency's failed Virtual Case File project and antiquated intelligence analysis and investigative case management systems, according to a new Government Accountability Office report prepared for the House Judiciary Committee. But the report states that the Sentinel staffing process is focusing only on the program office's immediate staffing needs," and "GAO warned that 'unless the FBI adopts a more strategic approach to managing human capital for the Sentinel program and treats human capital as a program risk, the chances of delivering required intelligence and investigative support capabilities in a timely and cost-effective manner are reduced.'" FCW noted, "According to the report, the FBI has agreed with the recommendations and is taking steps to correct the program."

San Francisco Marijuana Dispensary Director Released On $1 Million Bond. The Bay City News Wire (10/17) reports a medical marijuana dispensary director who "is accused of marijuana cultivation and money laundering was granted release on $1 million bond by a federal magistrate in San Francisco Tuesday. Sparky Rose, 36, director of the New Remedies Cooperative in San Francisco, is one of 15 people arrested in a sweep by federal agents on Oct. 3. … U.S. Drug Enforcement Administration regional chief Frederico Pena said after the Oct. 3 arrests that anyone who breaks the federal laws to run an allegedly lucrative drug trade 'is not compassionate,

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they're criminal.' An affidavit filed in the case by a DEA agent alleges that cash deposits to a New Remedies Cooperative bank account in Hercules amounted to more than $2.3 million between December 2005 and July 2006."

The San Francisco Chronicle (10/17, Egelko) reports DEA agents "seized nearly 13,000 marijuana plants, $125,000 and four vehicles, including Rose's leased Porsche, at a dispensary in San Francisco's Mission District and other sites in San Francisco and Oakland. The raid was one of a recent series of enforcement actions by federal authorities against medical marijuana clubs and suppliers in California, where voters passed an initiative in 1996 allowing patients to use the drug with a doctor's recommendation." Attorney Nanci Clarence "disputed an Oct. 3 assertion by Javier Pena, regional director of the DEA, that Rose and his fellow defendants were 'using the pot clubs as facades to make millions of dollars' under the guise of serving medical patients."

Illinois Drug Investigation Nets Eighth Guilty Plea. The Springfield (IL) State Journal Register (10/17) reports a man federal prosecutors "say was at the center of a high-profile drug investigation last fall pleaded guilty Monday to drug charges and agreed to forfeit his interest in seven properties in Springfield and Taylorville." The Journal Register says Danny J. Sidener Jr. "pleaded guilty before U.S. District Judge Jeanne Scott to conspiracy to distribute five kilograms or more of cocaine," as well as other charges. Sidener "is the eighth person to plead guilty in connection with the case, which began with indictments last fall. … The charges are the result of an Organized Crime Drug Enforcement Task Force investigation by the Drug Enforcement Administration, Springfield Police Department, Illinois State Police and the Central Illinois Enforcement Group."

Nevada To Vote On Legalizing Marijuana. The AP (10/18, Chereb) reports, "Gambling, prostitution, and now pot? Organizers of a Nevada ballot measure hope voters in a state where almost everything goes will go one better and legalize marijuana." The AP continues, "If it passes Nov. 7, Nevada will be the first state to allow adults to possess up to an ounce of pot that they could buy at government-regulated marijuana shops." The AP adds, "The Committee to Regulate and Control Marijuana, which has pushed medical marijuana and decriminalization laws around the country, thinks Nevada - with its embrace of certain vices and its streak of Western independence - is a perfect venue. … In an editorial last spring, the rural Lahontan Valley News argued that gambling, Nevada's most powerful industry, caters to 'visceral pleasures,' and that it would hypocritical to oppose the legalization of marijuana on moral grounds. … Proponents of the measure also argue that the legal system wastes time and money on low-level marijuana offenses, and that taxing and regulating pot would put drug dealers out of business while freeing law enforcement to focus on violent crime and more dangerous drugs such as methamphetamine." The AP notes, "Opponents, including law enforcement, the nation's drug czar, and civic and business groups, argue the measure would encourage the use of other drugs, and they question whether it will even prove to be a good source of tax revenue."

US Anti-Narcotics Official Notes Increasingly Pure Heroin, Warns Of Price Drop. The AP (10/17) reports a senior U.S. anti-narcotics official said Tuesday that "Skyrocketing opium production in Afghanistan has led to increasingly pure heroin being sold in Europe and prices could fall if the trend continues. Thomas Schweich, principal U.S. deputy assistant secretary of state for international narcotics, issued the warning after the United Nations reported last month that Afghanistan's opium production for 2006 increased 49 percent from last year, exceeding the demands of the world's heroin users by a third. … Despite the strong increase in Afghanistan's opium production for 2006, the Afghan and U.S. governments have no plans to change counter-narcotics strategy in the region, Schweich said. 'When the U.N. came out with those statistics, that's for planting that occurred the previous fall,' said Schweich. 'They really reflect the relatively ineffective delivery of the program in its very first year.'"

UN Calls On NATO, Afghan Troops To Attack Heroin Labs. The AP (10/17) reports Afghanistan's opium production "has soared 'out of control,' the U.N. drugs and crime agency warned Tuesday, adding that proceeds from the opium harvest were being used to fund the resurgent Taliban. The United Nations Office on Drugs and Crime is calling on NATO and Afghan troops to attack heroin labs, opium bazaars and convoys transporting the narcotic, said Preeta Bannerjee, a spokeswoman for the agency. Opium production in Afghanistan rose 59 percent in 2006 to a record 165,000 hectares (408,000 acres) — representing 92 percent of the world's opium, according to U.N. figures."

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UN: Opium Poppy Cultivation Drops In Golden Triangle. UPI (10/17) reports Opium poppy cultivation in Laos, Myanmar and Thailand, the Golden Triangle, "dropped 29 percent last year, the U.N. drug agency reported Monday. The region is the world's second-largest source of opium, although it is now dwarfed by Afghanistan, the Office on Drugs and Crime report said. Executive Director Antonio Maria Costa said Afghanistan will soon be the only source if the trend continues."

On its Web site, Voice of America (10/16) reports, "Burma, the main poppy growing country of the region, reported a more than 30-percent decline in areas under cultivation from the previous year. … The decrease in Burmese production means that a plan to eradicate opium in the Golden Triangle by 2014 remains on target."

Report: Aghan Government Orders Closing Of Senlis Council Offices. BBC News (10/17) reports the Afghan government "has ordered the closure of all offices of a group that wants to promote new ways of dealing with the global drugs problem. The Interior Ministry said the Senlis Council, had been 'confusing farmers' and had been a factor in the increase in poppy cultivation. Senlis has suggested the legal use of Afghan opium for medical purposes." However, a spokesman for Senlis "said it had not received any formal notification that its offices were to be closed."

IG Report Finds Prisoner Flights Expensive. The AP (10/18, Jordan) reports, "Pricey contracts and empty seats plague government flights that move U.S. prisoners to new jails and deport illegal immigrants, a Justice Department review concluded Tuesday." The AP continues, "Additionally, the Justice Prisoner and Alien Transport System does not always have large enough crews to subdue onboard security threats, Justice Department Inspector General Glen A. Fine found. … 'Given the variety of transportation needs and the nature of the individuals being transported, inherent risks exist in managing a transportation system like JPATS,' Fine concluded, using the acronym for the air transit system." The AP adds, "The U.S. Marshals Service, the Bureau of Prisons, and Immigration and Customs Enforcement use and pay for the flights. More than 305,000 prisoners and illegal aliens flew on them last year, costing an estimated $87 million. … The program makes sure prisoners and illegal immigrants make their court appointments, are transferred efficiently and are deported quickly. … But the review found several flaws, including that: … The government pays far more to lease large jets under multiple-year contracts than it would by buying the aircraft outright. … Poor planning led to empty seats on the flights, some of which were only half-full during an audit between 2004 and the last three months of 2005. … Only 13 percent of 1,028 flights audited had a larger security crew aboard than required."

The Washington Times (10/18, Seper) reports, "A government-operated service that transports prisoners and aliens in federal custody throughout the United States, Central America and the Caribbean does not have the means to ensure that safety procedures are being followed and lacks the ability to predict long-term capacity needs, according to a report released yesterday. The Justice Department's Office of the Inspector General said the Justice Prisoner and Alien Transportation System (JPATS), run by the U.S. Marshals Service and known to many as 'Con Air,' also needs to reduce costs by maximizing the number of passengers scheduled for each flight."

Washington Women Crossed Line From Environmental Activism To Arson. The Seattle Post-Intelligencer (10/18, Phuong, 129K) reports, "Jennifer Kolar and Lacey Phillabaum seem unlikely criminals. Well-educated young women passionate about environmental causes, they share a love of the outdoors and similar backgrounds. Both grew up in Spokane and attended the same public high school. … The women were concerned about what was going on around them -- the logging of old-growth forests, the slaughter of animals for sport. Like many Northwest activists, they pushed for change. But their activism morphed into something more dangerous -- and now both are headed to prison" for their roles in the 2001 ELF firebombing at the University of Wisconsin. The P-I notes, "Both women are cooperating with authorities and have admitted to belonging to ELF and participating in the UW firebombing. The FBI has branded ELF an underground radical group and a top domestic terrorism threat."

IMMIGRATION:

White House Wants Congress To Send Border Fence Bill For Bush Signing. The Washington Times (10/18, Dinan, 88K) reports the White House is "pleading with Congress to send over the bill authorizing 700 miles of fence on the U.S.-Mexico border so the president can sign it immediately, but Republican leaders

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on Capitol Hill want to wait until closer to the election and to have a public signing ceremony." A senior Administration official said, "Send us the damn bill. We'd like to autograph it." The Times adds congressional Republicans "are convinced the issue is a political winner and want to hold onto the bill so it will be signed closer to next month's congressional elections. Once the bill is sent to the president, he has a limited amount of time to sign it before it dies as a pocket veto."

House Report Says US Border Officials Outgunned By Drug Smugglers. The Washington Times (10/18, Seper, 88K) reports a House Homeland Security subcommittee report says "law-enforcement authorities along the U.S.-Mexico border are outgunned and outmanned by drug smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices and state-of-the-art communications and tracking systems." The 39-page report "said drug-trafficking organizations and alien-smuggling networks are 'proliferating and strengthening their control' of key corridors along the nation's Southwest; that Mexican drug cartels wield 'substantial control' over the U.S.-Mexico border; and that criminal organizations and networks are 'highly sophisticated and organized.'" It also 'found that drug-trafficking cartels, alien-smuggling networks and U.S.-based street gangs, including MS-13, are increasingly coordinating with one another to achieve their objectives, and that federal, state and local law-enforcement report 'new and ever-increasing levels of ruthlessness and violence' associated with the gangs."

Mayor Touts Hazleton's Ordinances Aimed At Illegal Immigrants. On the CBS Evening News (10/17, story 11, 2:15, Couric, 7.66M), Hazleton, Pennsylvania Mayor Lou Barletta discussed his effort to limit illegal immigrants: "There are up to 20 million illegal aliens in this country right now. They have imposed a tremendous burden on many of America's cities. That's why I took action. I saw my city gripped by fear. Because of violent acts committed by illegal aliens, my residents were afraid to shop or even drive on certain streets. Illegal immigration was draining Hazleton's limited resources. Our small police department, our schools and health care system were beginning to feel the strain. Legal residents were on the verge of being denied the services their tax dollars paid for." In Hazleton, "we created ordinances designed to deter landlords and businesses from representing to and hiring illegals. Those who knowingly break our laws will face financial penalties. These laws will make Hazleton one of the toughest cities in the nation for illegals."

TAX:

Snipes Indicted For Conspiracy, Tax Fraud.

Federal officials announced Tuesday that actor Wesley Snipes has been indicted on charges of conspiracy and tax fraud. The Los Angeles Times (10/17, Munoz, Muskal) reported on its web site, "Snipes, 44, was also charged with six counts of failing to file income tax returns. If convicted of all of the charges, he could be sentenced to as much as 16 years in prison." Tuesday's indictment "accuses Snipes, formerly of Windermere, Fla., Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., with conspiracy to defraud the Internal Revenue Service and presenting a fraudulent claim for payment to the IRS."

USA Today (10/18, Farrell) reports, "According to the indictment, Snipes allegedly not only avoided paying millions in income taxes from 1999 through 2004, but he fraudulently tried to get an $11 million refund for taxes paid in the 1990s."

The Wall Street Journal (10/18, Matthews) reports, "The charges stem from a well-known but illegal scheme that asserts that US citizens only have to pay taxes on income earned from foreign sources. The scheme purports that wages and other income earned in the US aren't taxable. The Internal Revenue Service and various courts have ruled that the argument is a misreading of the tax code." The Journal adds, "If convicted on all eight counts handed up against him, Mr. Snipes could be sentenced to a maximum of 16 years in prison."

The AP (10/18, Davis) reports, "The indictment said Snipes conspired with American Rights Litigators' founder Eddie Ray Kahn and tax preparer Douglas P. Rosile Sr. to file false refund claims based on a bogus argument that only income from foreign sources was subject to taxation. … That included a claim for a $7.3 million refund for 1997, in which an amended tax return reported Snipes' adjusted income as zero. … The Justice Department sued Rosile in 2002 for allegedly filing bogus tax refund claims totaling more than $36 million on behalf of clients in 32 states. The suit is still pending."

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CONGRESS-ADMINISTRATION:

Bush Signs Defense Spending Bill, Details Reservations About Specific Provisions. The AP (10/18) reports, "With a long list of caveats, President Bush signed a bill Tuesday authorizing $532.8 billion in defense spending, including a 2.2 percent pay raise for members of the military. The measure, for the 2007 fiscal year that began Oct. 1, authorizes $70 billion in supplemental funding to support the war on terror's operation costs, personnel expenses, equipment needs and other costs." The White House "released two pages of administration disagreements and reservations about provisions that lawmakers put in the bill." Bush "took issue with a provision that would require the Navy to keep its current number of 12 aircraft carriers. The administration is seeking permission to retire the USS John F. Kennedy." The statement "singled out about a dozen provisions that would require the White House to provide Congress with information on various subjects. … Among other disputed areas, the statement said sections of the bill purported to make consultations with certain lawmakers a precondition to carrying out the law. The statement said it would regard that requirement 'as calling for but not mandating such consultation.'"

Bill Limits Interest Rates On Consumer Loans To Servicemen. USA Today (10/18, Welch, 2.27M) reports, "Consumer loans to servicemembers will be limited to 36% annual interest next year under a law…Bush signed Tuesday that is aimed at store-front lenders clustered around military bases." The law "is a response to 'payday advance' stores that market short-term loans, typically charging $15 or $20 per $100 loan for periods of up to two weeks or a borrowers' next payday. Borrowers generally renew loans several times before paying them off, and the fees result in effective annual interest rates of 400% or more, a Defense Department study concluded." Military officers "pushed for the law, saying the loans saddled low-paid enlisted men and women with debts that ruined their finances, jeopardized security clearances and left them unable to deploy to Iraq or other assignments."

Bush Signs Updated National Space Policy. The Washington Post (10/18, Kaufman, 748K) reports on its front page that President Bush "has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone 'hostile to U.S. interests.'" The document, "the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy largely in terms of persuading other nations to support U.S. policy." In written comments, NSC spokesman Frederick Jones said an update "was needed to 'reflect the fact that space has become an even more important component of U.S. economic, national and homeland security.'" The Los Angeles Times (10/18, 918K) publishes a brief report based on the Washington Post story, while UPI (10/18) notes, "Steven Aftergood, the government transparency campaigner at the Federation of American Scientists, says the new policy, released recently by the White House, 'creates overlapping and possibly conflicting responsibilities' for Director of National Intelligence John Negroponte and Secretary of Defense Donald Rumsfeld."

Bush Officials Say Faith-Based Initiative Critic Kuo Got It Wrong. The White House Bulletin/US News (10/17) reported, "An even-tempered White House is disputing former faith-based staffer David Kuo's claim in his new book that the President only gave lip-service and chump change to social conservatives. While his sharply critical 'Tempting Faith: An Insider Story of Political Seduction' has generated a lot of anger in some White House circles, officials who've worked on the faith-based initiative and interacted with social conservatives are gently rapping Kuo for missing the whole point of President Bush's efforts on behalf of the target group. Two told the Bulletin and US News that conservatives, while certainly eager for the millions of dollars promised but not fully delivered by the faith-based initiative, are more interested in the policy and long-lasting appointments made by the President." One official said, "The narrative of the book is that social conservatives get spin and trinkets but no policy." But he added "the President has delivered 'in spades' on issues the conservatives, especially evangelicals, care about. The officials listed four key issues: abortion, marriage, judges, and character." MSNBC's Hardball (10/17, Matthews) said "the Bush administration is up in arms" over the book.

Towey Takes Issue With Book's Assertions. Jim Towey, former Director of the White House Office of Faith Based Initiatives, said on MSNBC's Hardball (10/17), "The problem is that he's allowing the impression that the faith-based initiative was political, that the President's a hypocrite, that the people on the staff were manipulating evangelicals.

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And all of that's just not true. So yes, it's a problem for me because it goes to the heart of the integrity of the work we do at the White House. I was very proud as a Democrat on senior staff to do a very even-handed job with the initiative. We helped with the poor. We expanded some compassion programs, did it in a constitutional way. And the President had given me marching orders to keep it focused there and we did. So a book comes out like this, it's a shock to us."

SCOTUS Sees Increase In Sealed Filings. The Legal Times (10/18, Mauro) reports, "When the Supreme Court debates the constitutionality of the federal 'partial birth abortion' law next month, it will have some sensitive information in its hands that no member of the public can see." The Times continues, "Specifically, the justices will have the full transcript of a 2004 deposition by an Oregon doctor who apparently mentioned the names of colleagues in the American College of Obstetricians and Gynecologists who may have performed abortions. … It was part of the file in the case of Gonzales v. Planned Parenthood, but when it made its way to the Supreme Court this summer, the organization and Planned Parenthood requested that the parts of the doctor's deposition that name doctors be filed with the Court under seal." The Times adds, "Solicitor General Paul Clement concurred and filed a motion, and on Oct. 2, the Court said yes -- one of six cases that day in which the Court granted motions to file petitions under seal. It was, according to a database search, the largest number of unrelated cases in which the Court granted such motions in a single day. .. .In the Planned Parenthood case, the Court's action means an extra measure of privacy for a handful of physicians. As Daniel Edelman, a lawyer for the physician who was deposed, put it, 'The last thing we'd need is for some lunatic to get names from the deposition and go and attack one of the doctors.'" The Times notes, "But in some of the other cases, the justification for secrecy is less obvious. And to some, the day's actions symbolize a little-noticed trend over the past decade toward allowing secret filings at the Supreme Court. Whereas decades ago such motions were discouraged and often denied at the Supreme Court, now they are routinely granted. No motion to file under seal has been denied since 2003. The Court itself votes on the motions without any hearing at which opposition can be heard. Typically, when the Court grants a motion to seal, a redacted version is made part of the public record. … The number of filings under seal is still tiny -- only 12 in this calendar year out of more than 7,000 petitions filed. And Court insiders assert that the spike in motions granted is a fluke, not a reflection of any change in policy."

Bush To Tout NCLB At North Carolina School. WXII-TV Winston-Salem, North Carolina (10/17, 11:39 am EDT) reported, "President George W. Bush is visiting North Carolina for the third time in 2006 and appearing in the Piedmont-Triad for the first time in more than 10 months. Bush on Wednesday will visit Waldo C. Falkener Elementary School in Guilford County" where he will "speak about the No Child Left Behind Act." NC13 Rep. Brad Miller (D) "called the No Child Left Behind Act one of Bush's 'most well-known policy failures.' Miller claimed the Bush administration has underfunded the initiative by $40 billion over the last four years."

The Reidsville Review (NC) (10/18, Williams) reports, "Rockingham County Schools Superintendent Rodney Shotwell has plans to attend the presidential address Wednesday at Falkener Elementary in neighboring Guilford County." Shotwell said that "there are positives and negatives to the NCLB legislation." The positive is that NCLB "forces us to look at all of a school's subgroups." But Shotwell "would like to see a change in the funding formula under NCLB so that schools would not suffer."

Math Study Says Other Countries Expect More From Their Students. The AP (10/18, Ben Feller) reports, "Kids who are turned off by math often say they don't enjoy it, they aren't good at it and they see little point in it. Who knew that could be a formula for success? The nations with the best scores have the least happy, least confident math students, says a study by the Brookings Institution's Brown Center on Education Policy." Author Tom Loveless said, "We might want to focus on the math that kids are learning and just be a little less obsessed with the fact that they have to enjoy every minute of it." He added that "other countries do better than the United States because they seem to expect more from students."

USA Today (10/18, Toppo, 2.27M) reports the study found that "the 10 'happiest' nations all performed below the international average. The 10 'unhappiest' all scored above average." And "U.S. eighth-graders fell somewhere in the middle and followed the same pattern." The study is based on the 2003 Trends in International Mathematics and Science Study.

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The Washington Post (10/18, A2, Mathews, 748K) reports the report "is likely to stoke a debate over teaching math and other subjects that has divided the United States for at least a century." The study also found that "in most countries, including Korea and the United States, students who like math and think they are good at it have higher math scores than those who don't."

Reid To Repay Campaign For Condo Staff Tips. ABC World News (10/17, story 6, 0:15, Gibson, 8.78M) reported, "The Senate Democratic leader, Harry Reid, is dealing with a new ethics controversy. He says he's going to repay his campaign for $3,300 in campaign funds that he used to give his apartment building staff Christmas bonuses. Federal law bars campaign funds for personal expenses. Yesterday, Reid said he will file a new disclosure statement on a controversial land deal that earned him $700,000 in profit."

CNN's The Situation Room (10/17, Blitzer) reported Reid is "facing some new legal and ethical questions today." Reid "already was on the defensive over a land deal. Now he is dealing with a flap over tips and how he paid for them and it's definitely not helping Democrats make their culture of corruption argument against Republicans." CNN (Bash) added, "It's not a leading issue in this midterm campaign, but Democrats do, as you say, like to talk about what they call a Republican culture of corruption, both here in the capital and out on the campaign trail. Now, three weeks before election day, Republicans say Democrats have a problem of their own. Democratic leader Harry Reid lives in this Ritz Carlton in Washington. At Christmas time the Senator gave doormen and other employees $3300 in tips over three years, a generous gesture, but the money came from Reid's campaign coffers, a possible violation of election law." Reid "said his lawyers had assured him it was OK, but to be safe, he is, quote, reimbursing the campaign from my own pocket."

The Hill (10/18, Schor) reports, "Conservative group Citizens United yesterday announced plans to file a complaint with the Federal Election Commission (FEC) about Senate Minority Leader Harry Reid's (D-Nev.) use of campaign funds to contribute to the Christmas fund in his condominium." Citizens United President David Bossie said, "Senator Reid knows better than to use political contributions for personal services."

Lewis Spent $750,000 On Legal Fees. The Los Angeles Times (10/18, Simon, 918K) reports Rep. Jerry Lewis (R-Redlands), "the House Appropriations Committee chairman whose ties to lobbyists have come under scrutiny, has spent more than $750,000 from his campaign fund for defense lawyers, according to his latest spending report." Lewis has "denied any wrongdoing. But the investigation is taking a toll on his campaign treasury." Legal fees "were his single biggest expense for the most recent period: More than $550,000 was paid to the law firm Gibson, Dunn & Crutcher between July 1 and Sept. 30. And he paid the firm a $200,000 retainer in June."

Election Angst Boosted Textile Industry Priorities In Congress. The Wall Street Journal (10/18, A4, Hitt, 2.03M) reports that as lawmakers "hit the home stretch of tight races, textile makers are leveraging voters' economic anxieties to win industry protections and derail free-trade initiatives." Before the congressional recess, "anxious lawmakers shelved several items that the Bush administration had pushed as part of its trade agenda, but which the textile industry opposed. Now the question for the White House is how to get those efforts back on track -- especially if Democrats, who are traditionally less friendly to free trade, take control of one or both houses of Congress in November's voting." The textile industry's "maneuvering shows how Republican vulnerabilities in midterm elections have created opportunities for some special-interest groups." When Rep. Bill Thomas, "chairman of the House Ways and Means Committee, introduced a bill Sept. 21 that would give trade preferences to Africa and Haiti, lobbyists for Amtac and the National Council of Textile Organizations, another textile group, swung into action. They were especially worried about provisions in the bill that would allow Haiti to use more foreign-made fabric, such as cheap cloth from China, to make clothes, while still qualifying for duty-free access to the U.S. market." The groups "appealed to Rep. Robin Hayes, a North Carolina Republican, for help." Hayes "agreed to lead the opposition against the Haiti bill," and he "spoke to party leaders, then wrote a letter to Speaker Dennis Hastert arguing that the legislation could expose U.S. workers to 'devastating' new competition."

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OTHER NEWS:

Economic Data Suggest Cooling Economy. USA Today (10/18, Hagenbaugh, 2.27M) reports, "Wholesale prices fell in September at the fastest pace in more than three years as energy costs plunged, the government said Tuesday in a report that offered some assurances that inflation is easing. The producer price index, which measures prices paid to factories, farmers and other producers, fell 1.3% in September." That was "the first drop since February and the biggest decline since April 2003, the Labor Department said." The falloff in September "was led by a dramatic drop in energy costs. Gasoline prices fell a record 22.2% last month, while costs for heating oil and natural gas also declined."

NBC Nightly News (10/17, story 4, 2:10, Williams, 9.87M) reported, "Inflation at the wholesale level last month dropped sharply because of those lower oil and gas prices we've been talking about. But the so-called core inflation rate, that's what happens had you strip away all the changeable food and energy prices, jumped sharply." The New York Times (10/18, Peters, 1.21M) titles its report "Wholesale Prices Fall, But Some Signs Of Inflation Persist."

The Financial Times (10/18, Chisholm) reports, "Fears that the US economy may yet experience a hard landing were revived on Tuesday after a report showed industrial production in September fell by much more than expected. … Manufacturing output fell 0.3 per cent, while mining expanded by 0.7 per cent." The Wall Street Journal (10/18, A8, Conkey, 2.03M) says the data "suggest a cooling US economy in which inflationary pressures are easing, a combination that could keep the Federal Reserve from changing interest rates anytime soon. … Output at the nation's factories, mines and utilities fell 0.6% in September after a flat performance in August, the Federal Reserve reported." The decline "was particularly sharp at utilities, which produced less power than usual because of mild weather. Many manufacturing industries also ramped down production because of weaker demand for cars and houses." The Labor Department, meanwhile, "said a big drop in oil prices pushed wholesale prices down 1.3% in September, the first time producers of food, energy and materials have seen prices fall since February."

Stocks Down. NBC Nightly News (10/17, story 3, 0:15, Williams, 9.87M) reported, "The Dow was down today about 30 and a half points [to close at 11,950.02]. NASDAQ was also down just under 19 points [to close at 2,344.95]." The Wall Street Journal (10/18, C1, Ng, 2.03M) says "the broad Standard & Poor's 500-stock index slipped 0.37%, or five points, to 1364.05 and is up 9.3% this year."

Ex-President Bush Says Although Economy Is Good, Consumers May Not See It That Way. The Dallas Morning News (10/18, Robinson-Jacobs, 500K) reports, "Former President George Bush said Tuesday that although he believes the US economy is strong, he's worried that the average citizen might not be getting that message. … 'The unmistakable picture that those statistics mean to me is that the economy is strong,' the 41st president told attendees of the Multi-Unit Foodservice Operators conference, who gave him a standing ovation when he entered the room. 'There is a concerted effort to make it appear that the economy is bad,' said Mr. Bush, the father of President George W. Bush."

Gasoline Tax Hike Considered Unlikely Despite Economists' Support. In an analysis, the Washington Post (10/18, D1, Mufson, 748K) says raising taxes on gasoline or crude oil "might be a simple way to trim U.S. oil imports, reduce greenhouse-gas emissions, encourage alternatives to petroleum and ease world energy shortages. ... Economists and policy experts across the political spectrum think it's a good idea. And with gasoline prices falling, now might be the perfect time to do it without eliciting cries of pain from U.S. drivers... ." However, "Because of the thorny politics of raising taxes, the 18.4-cent-per-gallon federal gas levy hasn't changed since Oct. 1, 1993. And few policy experts expect a higher tax soon." The Post says, "Many economists support oil taxes because otherwise the prices paid by consumers do not include costs -- such as pollution -- that society pays separately." An "illustration of political gridlock on the issue is a new Council on Foreign Relations task force report on how U.S. dependence on oil imports undermines U.S. foreign policy. The group agreed that there is a big problem but couldn't agree on how to curb gasoline consumption."

LATimes Calls Alternative Energy Development A National Security Priority. In an editorial, the Los Angeles Times (10/18, 918K) writes, "For China, India, Japan and every other industrial nation, a steady supply of oil is essential to economic growth. And as competition for oil increases, so does the temptation to make it the focus of foreign policy. Bush has warned against the hazards of this approach, and US history -- especially in the Middle East -- is a catalog of its

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dangers." But "he'd be more convincing...if his policy more closely matched his rhetoric." Asian powers' "pursuit of policies designed to secure a steady supply of oil...is a geopolitical watershed... . Even if the US were to reduce its oil dependency, its ability to act multilaterally could be constrained by the energy arrangements of other nations. For these and other reasons, the development of alternative energy technologies that can reduce demand at home and be exported abroad is both an economic necessity and a national security priority. It's far too important to be left to the environmentalists -- or the states, the lobbyists (for nuclear power or ethanol) or even to philanthropists such as Richard Branson. In our globalized economies, lasting peace is unlikely without energy security."

Samuelson Says Politicians' Proposals To Curb Oil Dependence Are Deceptions. In a Washington Post (10/18, 748K) op-ed, columnist Robert J. Samuelson writes that, for years, some remedies to US dependence on imported oil "have been obvious: Tax oil heavily to spur Americans to buy more fuel-efficient vehicles and to drive a bit less, raise sharply the government's fuel economy standards so those vehicles are available, and allow more oil and gas drilling. In recent years, we've done none of these things." He writes, "Unfortunately, the steps we should take involve immediate political costs -- they'd be unpopular -- while the benefits would emerge slowly and seem modest. ... Any realistic proposal would ignite a firestorm of protest. Environmentalists would denounce more drilling. Auto companies would protest new fuel economy standards. Most important, the public would denounce a steep energy tax... ." Samuelson concludes, "Because Americans want painless salvation, our politicians proffer visions that promise just that: a shift to hydrogen fuel or a surge in ethanol. The first may be futuristic wishful thinking; the second is mainly a costly giveaway to farmers. Both are deceptions, new excuses not to do the 'right thing.'"

Chicago Sued Over Red Light Cameras. USA Today (10/18, Parker) reports, "Cameras that snap photos of motorists running red lights have been upheld as constitutional by courts in five states and Washington, D.C., but some car owners refuse to concede defeat and are continuing to challenge them. … Three Chicago-area car owners are suing the city, which the trio claims ticketed each of them for running red lights even though none of them was at the wheel. In a class-action lawsuit, Parveen Idris of Bloomingdale and two other plaintiffs say the city's ticketing program is unconstitutional because it cranks out $90 tickets to vehicle owners no matter who is driving the car. … Jennifer Hoyle, a spokeswoman for the city's Law Department, says the city expects to prevail in court because other city ordinances that are similarly enforced have survived court challenges."

LATimes Endorses Judges For Reelection. The Los Angeles Times (10/18) editorializes, "Two of California's seven Supreme Court justices are up for retention this year. Carol A. Corrigan was appointed by Gov. Arnold Schwarzenegger in January and is facing voters for the first time. Joyce L. Kennard was appointed by former Gov. George Deukmejian in 1989 and has weathered previous elections. Both of these excellent jurists should be retained." The Times adds, "California's Court of Appeal is an intermediate court divided into six geographic districts. … The following justices are on the ballot, have served with distinction and deserve a 'yes' vote: Robert M. Mallano, Frances Rothschild, Roger W. Boren, Victoria M. Chavez, Patti S. Kitching, Richard D. Aldrich, Norman L. Epstein, Thomas L. Willhite, Nora M. Manella, Steve Suzukawa, Richard M. Mosk, Sandy R. Kriegler, Arthur Gilbert, Dennis M. Perluss, Fred Woods, Laurie D. Zelon, Candace D. Cooper and Madeleine Flier." The Times also notes, "For Los Angeles Superior Court, four offices offer voters a choice. For Office No. 8, Bob Henry, a California deputy attorney general, has broad experience in criminal and civil law. For Office No. 18, Daviann Mitchell is a former police officer who now prosecutes gang crimes as a Los Angeles deputy district attorney. Two other current deputy district attorneys also deserve to be elected: Hayden Zacky for Office No. 102 and David W. Stuart for Office No. 144."

Study Finds Widespread Risk Of Reactions To Some Medicines. CBS Evening News 10/17, story 9, 2:45, Couric) broadcasted, "In other health news tonight, did you know 82% of Americans take at least one medication, but sometimes drugs meant to make us better actually do us harm. Dr. Jon Lapook now reports on an important study out today." CBS (Lapook) added, "In a report today, the 'Journal of the American Medical Association' estimates that 700,000 people a year, especially the elderly, experience adverse drug events that lead to emergency room visits."

The AP (10/18, Tanner) reports, "Accidental overdoses and allergic reactions to prescription drugs were the most

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frequent cause of serious illnesses, according to the study, the first to reveal the nationwide scope of the problem. People older than 65 faced the greatest risks." Patient-safety specialist Bruce Lambert, a professor at the University of Illinois at Chicago's college of pharmacy, said, "This is an important study because it reinforces the really substantial risks that there are in everyday use of drugs." Even so, "the study authors and other experts agreed that the 700,000 estimate was conservative because severe drug reactions can often be misdiagnosed."

Blue Cross Of California To Settle Lawsuits Over Illegal Cancellations. The Los Angeles Times (10/18, Girion) reports, "Facing the threat of punishment from regulators, Blue Cross of California has agreed to settle more than 70 lawsuits and claims filed by patients who accused the state's largest health insurer of illegally canceling their coverage after they got sick. The settlements, according to lawyers involved in the cases, include undisclosed monetary awards that would allow former holders of policies sold to individuals to pay off hefty medical bills they were stuck with after losing their insurance. In exchange, the former policyholders agreed to drop allegations that Blue Cross was canceling policies to avoid paying for treatment."

Pirro, Cuomo Clash In Final Debate. The New York Times (10/18, Hicks) reports that New York attorney General candidates Jeanine F. Pirro (R) and Andrew M. Cuomo (D) squared off in their final debate on Tuesday. Pirro attacked Cuomo as an "inexperienced prosecutor devoid of ethics or integrity." She repeatedly targeted Cuomo's "ethics, charging that while housing secretary, he pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials in an agreement signed by Mr. Cuomo's counsel. Years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign." Cuomo "cast Ms. Pirro as a career politician with little experience outside criminal prosecution. He also offered a new attack against his Republican rival. He cited an article in The New York Sun on Tuesday detailing a letter written by" U.S. Senate candidate John Spencer (R), "when Mr. Spencer was mayor of Yonkers. The article stated that Mr. Spencer wrote a 15-page letter to Attorney General Eliot Spitzer accusing Ms. Pirro of using her position as district attorney to protect public officials from scandal and to punish political opponents. 'The office she's seeking is investigating her,' Mr. Cuomo said. Immediately after the debate, Cuomo campaign aides supplied copies of the article to reporters in the television studio, and Mr. Spitzer's office said it had an 'open investigation' into the matter."

Both Parties Mulling Impact Of Potential GOP Congressional Loss. The Washington Post (10/18, A1, Baker, Fletcher, 748K) reports that if Democrats "win one or both houses of Congress on Nov. 7, the result will transform the remainder of" President Bush's "time in office and dramatically shift the balance of power in Washington. Ending a dozen years basically passed in exile, congressional Democrats would have a chance to help steer the nation again -- following a campaign spent mostly assailing Bush's vision rather than detailing their own." The White House "says it is not making contingency plans for a Democratic win, but Bush advisers are bracing for what they privately recognize is the increasing likelihood. And Democratic leaders have been conferring about what they would do should voters return them to power." Democrats "could use their ascendance to block Bush's agenda, force him to respond to theirs and begin a new era of aggressive oversight and investigation. A Democratic victory, analysts in both parties said, could mean that some of Bush's tax cuts would not be renewed, attempts to revive his Social Security investment plan would be doomed and efforts to further broaden national security powers in the face of civil liberties concerns would be thwarted." What is "most worrisome to the White House is the subpoena power that Democrats would gain with a majority in the House or Senate." But some Republicans "think that Bush could play off overreaching Democrats as Clinton did with Gingrich. Or he could pivot to the more bipartisan mode he promised to bring from Texas and seize opportunities for progress in areas such as immigration, where his proposed guest-worker program has been blocked by his own party."

Bartlett Says Conservatives Should Not Fear A Democratic Victory In November. Bruce Bartlett, an official under Presidents Ronald Reagan and George H. W. Bush, writes in the New York Times (10/18, 1.21M), "Even before the Mark Foley scandal broke, Democrats' chances of getting control of the House of Representatives were pretty good. Now, with the incompetence of the Republican leadership's handling of that affair, the odds of Democratic control are

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looking very good indeed." Bartlett adds, "My Democratic friends no doubt feel the way we Republicans did in those heady days of 1994 before political reality came knocking. … To all this I say: Ain't gonna happen. For starters, President Bush will still occupy the White House for the next two years. And although his veto pen may have been misplaced for most of the last six years, he found it again this summer." Bartlett concludes, "In short, there is really no reason for conservatives, businessmen or investors to worry particularly about a Democratic victory in November. Congress will be on automatic pilot for the next two years regardless of which party is in control."

Centrist Politics Seen As Making Comeback. In his Washington Post column (10/18, A21), David Ignatius examines the "overarching battle this year between two visions of America: testing whether it's a country defined by its political center or one defined by its political extremes. This assessment of America's meta-politics is distilled in 'The Way to Win' by Mark Halperin of ABC News and John F. Harris of The Post. They see "two basic strategic ideas at work in today's politics: the 'synthesizer' approach of former president Bill Clinton, and the 'clarifier' tactics of President Bush and his political guru, Karl Rove." Halperin and Harris say "Clinton Politics" is "the politics of the center. It holds that Americans for the most part, with the exception of irate groups at the edges, are less interested in ideology than in practical solutions to basic problems. People would prefer politics to be polite, civil, and compromise-minded." On the other hand, they say, "Bush Politics is the politics of the base. A successful leader will stand forthrightly on one side of a grand argument. Then he or she will win that argument by sharpening the differences and rallying his most intense supporters to his side." Ignatius adds, "So what's working this campaign season? As I read this year's races, the centrist approach seems to be making something of a comeback."

Democrats Said To Have "First Tier" Of Legislation. In his Washington Post column (10/18, A21), Harold Meyerson says if Democrats win the House, they have "made clear that there's a first tier of legislation they mean to bring to a vote almost immediately after the new Congress convenes. It includes raising the minimum wage, repealing the Medicare legislation that forbids the government from negotiating with drug companies for lower prices, replenishing student loan programs, funding stem cell research and implementing those recommendations of the Sept. 11 commission that have thus far languished." And "cognizant that they will owe their victory in part to the public's revulsion at the way Congress does (or avoids) business, the Democrats also plan to revise House rules to enable the opposition party to introduce amendments and to sit on conference committees, from which Republicans have routinely excluded them since Tom DeLay became majority leader. They also will ban members from accepting gifts and paid trips from lobbyists."

Rove "Confident" GOP Will Hold Onto Both House, Senate. The Washington Times (10/18, Curl, 88K) reports Karl Rove "confidently predicted that the Republican Party would hold the House and the Senate in next month's elections, dismissing fallout from the sex scandal involving former Rep. Mark Foley." At a "luncheon with editors and reporters at The Washington Times, Mr. Rove -- who is widely credited as the architect of the party's historic 2002 midterm election gains -- said Republicans are beginning to make significant headway in defining their party's differences from congressional Democrats, especially on national security." Rove said, "I'm confident we're going to keep the Senate; I'm confident we're going to keep the House. The Foley matter has impact in some limited districts, but the research we have shows that people are differentiating between a vote for their congressman and a member from Florida." Rove added President Bush has "begun to paint this year's election as a choice between strength and weakness on national security -- and the stark differences will show Americans the true nature of Democrats."

Cheney Said To Sound Unsure GOP Will Keep Majorities. The AP (10/18) reports that while President Bush "says flatly that Republicans will keep control of the House and Senate," Vice President Dick Cheney "doesn't sound quite so certain." In an interview with radio talk show host Rush Limbaugh, Cheney said, "I think we'll hold the Senate and I also think we got a good shot at holding the House."

Democrats Said To Have Shot At Winning Both Houses. CBS Evening News (10/17, story 4, Borger, 7.66M) reported, "There's a growing sense up here on Capitol Hill that the Democrats now really have a shot at regaining control of both Houses of Congress. Conventional wisdom has been that it's the Republican control of the House that's really in danger." Democrats "need to take away six Republican seats to win the Senate back. And that has looked unlikely until now. That's because with scandals, the war, and the

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President with low approval ratings, this is a very difficult environment for Republicans to run, so, Katie, they're just trying to turn out their voters." The GOP advantage on turnout will be "very important to them, particularly in House districts where there may be a one- or two-point margin between the candidates. It's also going to help them get out their conservative base voters." But if "you're running about eight to 10 points behind, forget it. No great voter turnout operation is going to save your seat."

Morris, McGann Say GOP Base Has Deserted. In their column in The Hill (10/18), Dick Morris and Eileen McGann say, "The Republican base, that vaunted entity whose every mood swing has controlled the zigs and zags of the Bush Administration policy, has moved out, according to the latest Gallup polling. Karl Rove's heroic efforts to preserve its fealty have failed to move Republican base voters. Karl cannot compensate for Bush's failure to project his issues as the midterm disaster for the Republican Party nears." The Gallup poll "of Oct. 6-8 shows that, in the wake of the Foley scandal, the number of 'white frequent churchgoers' who are planning to vote Republican has dropped from 58 percent to 47 percent since last month. The margin of their support for Republicans over Democrats, 26 percentage points in September, has entirely disappeared and the parties are tied among this core element of the Republican base." The Foley scandal "has wrought extraordinary damage to the Republican Party and appears to have had a particularly negative impact on the base."

GOP Incumbents Running Short On Campaign Funds. The Wall Street Journal (10/18, A4, Cummings, 2.03M) reports most "embattled Republican House incumbents have less campaign cash than they expected, despite raising more money than their Democratic challengers. Republicans had to spend heavily in recent weeks to buck an unfavorable national climate for the party." The Journal cites the example of Connecticut Republican Rep. Nancy Johnson "spent $3.5 million on her re-election bid through Sept. 30 compared with Democratic challenger Christopher Murphy, who spent just $1.5 million, according to filings with the Federal Election Commission." Johnson "ended the third quarter with $1 million in the bank compared with about $368,000 in Mr. Murphy's account," but "her race is still considered a 'toss up'" by the Cook Political Report. Colby College analyst Anthony Corrado said, "In some ways, the major Republican opponent hasn't been the Democratic challenger as much as it's been the daily news cycle." The Journal adds most Democrats "running for open House seats held by retiring Republicans have raised more cash than their opponents, giving their party a chance to make net gains in the race for control of that chamber."

The Hill (10/18, Kaplan, Blake) reports House Republican incumbents have "socked away more money than their Democratic challengers in 34 of 52 competitive districts and in some cases Republicans lead Democratic challengers by a ratio of seven to one, said NRCC spokesman Carl Forti in a statement." But "some of those figures are misleading because some candidates, such as Democrats Tammy Duckworth (Ill.) and Joe Courtney (Conn.), have spent exorbitant sums on television advertising buys." In "seven competitive Senate races, state Treasurer Bob Casey (D-Pa.) and Sheldon Whitehouse (D-R.I.) lead incumbent GOP Sens. Rick Santorum (R-Pa.) and Lincoln Chafee (R-R.I.)." In Tennessee's "open seat race, Rep. Harold Ford (D-Tenn.) holds a narrow lead over former Chattanooga Mayor Bob Corker (R). In Maryland and Minnesota, the candidates are within $500,000 of each other in cash on hand." Sen. George Allen (R-Va.) "holds a commanding lead over Democrat Jim Webb, but Webb raked in $3.4 million in the third quarter. And in Missouri, Sen. Jim Talent (R-Mo.) has a $4 million lead over challenger Claire McCaskill (D) largely because she has made a large media buy for the final weeks leading up to Election Day."

The Washington Times (10/18, Hurt, 88K) reports National Republicans are "dumping more than $1 million into Senate races in the Democratic strongholds of Maryland and New Jersey but are facing a bleak field elsewhere, strategists from both parties say." While Republican strategists "privately acknowledge that the races look tough for the GOP, they remain confident that they will keep Democrats from gaining the six seats they need to win control of the chamber."

Lack Of Money Hindering Democratic Efforts To Expand Field. The Washington Post (10/18, A12, VandeHei, 748K) reports top Democrats said "they are planning to significantly expand the number of GOP House seats they will target during the final 20 days of the campaign but that financial disputes and fundraising problems are hindering the effort." Democrats said "private polls have convinced top party officials that they could pick up 40 or more seats -- nearly double their internal projections from a week ago -- if they spend enough money on television advertising for long-shot races. Strategists James Carville and Stan Greenberg

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are among those pleading with party leaders to go deep into debt to run ads in as many as 50 GOP-held districts." Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) "has privately signed off on targeting a new group of GOP incumbents who were once considered safe for reelection, starting with Rep. Gil Gutknecht in rural Minnesota, officials said." Emanuel said he "believes as many as 58 seats are now in play." The Post adds, "Still, several Democrats complained that the party is on the verge of blowing a once-in-a-decade political opportunity because of financial troubles." Harold Ickes – "a Democratic operative who recently created an independent political group called the September Fund with a goal of raising $10 million to $20 million for House and Senate campaigns -- said his group cannot afford to target races beyond those that Democrats have already identified as must-wins to capture control of the House for the first time since 1994." Ickes said his group "has raised between $5 million and $10 million, half its original goal." Ickes said, "It has been more difficult raising money than I expected."

Flake Says GOP Reliance On Earmarks Leave Majority At Risk. USA Today (10/18, Kelley, Eisler, 2.27M) reports Rep. Jeff Flake, a "leading Republican critic of special-interest spending earmarks," said the GOP "risks its congressional majority by defending the practice." Flake "said a report Tuesday in USA TODAY was the latest in a series of revelations casting an ethical cloud on earmarks." Flake's opposition to earmarks "helped prompt a temporary House rule change requiring the disclosure of some sponsors of earmarks. He said he hoped that rule could be made permanent but faced opposition from Republican supporters of earmarks." Flake said, "Until we change that mindset, I don't know that we're going to curb the practice (of earmarking). Maybe it'll take two years in the wilderness of being in the political minority. I hope that's not what it takes." USA adds it found "that lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write."

Majority Think Lobbying By Lawmaker's Relatives Wrong. USA Today (10/18, Eisler, Kelley, 2.27M) reports an "overwhelming majority of Americans believe it's wrong for lawmakers and their staffs to have contact with relatives who are lobbyists regarding government matters. But a survey of lawmakers suggests they don't see a problem." A USA TODAY/Gallup Poll "shows that 80% of respondents believe such actions are inappropriate. By contrast, few members of the House and Senate appropriations committees say they have policies that prevent lobbying by relatives." Four committee members "who responded to a USA TODAY survey have policies that prevent relatives from lobbying them or their staffs. All are senators: Dick Durbin, D-Ill., Tom Harkin, D-Iowa, Mitch McConnell, R-Ky., and Arlen Specter, R-Pa." None of the House members "who responded reported having such a policy. The newspaper surveyed all 94 members of the appropriations committees; 37 answered the survey."

Democratic Ads Link Minimum Wage, Congressional Pay Raises. USA Today (10/18, Stone, 2.27M) reports Democratic challengers "in more than two dozen House and Senate races are attacking Republicans in Congress for taking pay raises while voting against a minimum wage increase." The attacks are "contained in television and radio ads running from Washington state to Virginia. In some races, such as House contests in Indiana and Connecticut, Democrats also link pay raises to Republican votes against combat bonuses for U.S. troops fighting in Iraq and Afghanistan." While some of the ads "may fudge the facts, political analysts say the message appeals to the pocketbook concerns of voters."

Taxes Seen As GOP Fallback Issue For Midterm Elections. The Christian Science Monitor (10/18, Feldmann, 58K) reports that in an "election season where the Republicans can't seem to buy a break, the party's highest-profile campaigners," President Bush and Vice President Cheney, "have gone back to a bedrock GOP issue: taxes." While the President "tends to keep his remarks general, Mr. Cheney and Republican National Committee chair Ken Mehlman get personal. They target in particular Rep. Charles Rangel (D) of New York, who would become chairman of the tax-writing House Ways and Means Committee if the Democrats win control of the House." The GOP leaders "assert as fact that Mr. Rangel favors 'across-the-board tax increases,' which Rangel and the Democrats vigorously deny. But the debate has been framed, and it is one that has resonated for decades in the back and forth of partisan politics." University of Virginia political analyst Larry Sabato said, "It plays to the basic party stereotypes, and of course most people, if you give them an unalloyed choice of

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paying more taxes or less taxes, they'll pick less taxes every time."

Forty State Ballot Measures Deal With Taxes, Spending Levels. The Wall Street Journal (10/18, Wells, 2.03M) reports in its "Tax Report" column, "Nationwide, there are some 40 measures to increase or decrease taxes or to restrict spending, according to a University of Southern California survey. But many are gaining little publicity in an election year dominated by the possible change of control in Congress. Unlike many state tax measures in past years, this year's measures have sparked little taxpayer outcry."

NYTimes/CBS Ohio Poll Shows Brown, Strickland Ahead By Double Digits. The New York Times (10/18, Broder, Thee, 1.21M) reports a New York Times/CBS News poll of Ohio voters shows "the Democratic candidates for governor and Senate hold commanding double-digit leads over their Republican opponents in the poll, and respondents said they intended to vote for the Democratic candidate for the House in their district by 50 percent to 32 percent." The poll found "a striking slippage in the president's standing among white evangelical Christians, a constituency that has provided a strong vote cushion for Republican candidates in recent elections. In November 2004, 76 percent of white evangelical Christians in Ohio voted for Mr. Bush." In the current survey, "49 percent approved while 45 percent disapproved" of Bush's job performance. Republican Sen. Mike DeWine trails Democrat Sherrod Brown "by 34 percent to 48 percent," while Democratic gubernatorial candidate Ted Strickland, "is leading the Republican nominee, J. Kenneth Blackwell, the Ohio secretary of state, by 53 percent to 29 percent."

CBS Evening News (10/17, story 5, 3:15, Cowan, 7.66M) reported, "According to a new CBS News/'New York Times' poll, 31% of likely voters here see this race as a chance to vote against the President. The Republican Senator is now 14 points behind his Democratic challenger Congressman Sherrod Brown." Just "how their campaigns are viewed here in Ohio could determine how the rest of the nation votes in November." Still, DeWine is "far from out. He's been a fundraising machine, and even Brown worries the Republicans may have enough money to make a comeback."

GOP Scales Back Ad Buy In Ohio For DeWine. The AP (10/18, Kuhnhenn) reports the "Republican Party placed $700,000 in television ads in Ohio Tuesday, a scaled-back ad campaign amid growing doubts by party officials that GOP Sen. Mike DeWine can win re-election in the battleground state." The ads "are smaller than recent million-dollar ad buys by" the National Republican Senatorial Committee, "but party officials touted the ads as evidence that they were not abandoning the state or giving up on DeWine." The AP adds GOP officials "are turning their sights to Virginia to offer needed help to Sen. George Allen, who has been unable to stop a rapidly tightening race with Democrat Jim Webb. Virginia already is part of the party's aggressive voter turnout operation and party officials are said to be weighing a substantial ad campaign in the state as well. The Democratic Senatorial Campaign Committee already is spending about $1.1 million on ads in Virginia against Allen." Republicans also "spent $500,000 to air ads in New Jersey against Democratic Sen. Robert Menendez, who is being closely challenged by Republican Tom Kean Jr." Meanwhile, the National Republican Congressional Committee is "paying for polling in the Kentucky congressional district of Rep. Anne Northup and the Pennsylvania district of Rep. Melissa Hart." Both parties also "signaled that they will begin airing television ads in GOP Rep. Gil Gutknecht's re-election race in Minnesota, a campaign not previously considered competitive."

Pro-GOP Ads Said To Distort Truth On Iraq. McClatchy (10/18, Thomma) reports when "a shadowy group pouring untraceable millions into this fall's campaign makes" the claim to be "a 'political truth squad,'" that "bears a little truth-checking itself." Television ads "from the group, Progress for America, manage to grab the heart, but also stretch or twist the truth as they work to boost support for the Iraq war." They "feature David Beamer, whose son led a counterattack against the terrorists who hijacked United Flight 93 on Sept. 11, 2001." In the ad, David Beamer says, "Al-Qaida killed 3,000 Americans on 9/11 and will do anything to destroy us and our way of life. Todd and United 93 fought back. We continue this fight in Iraq today. This enemy must be destroyed in Iraq and wherever we find them." McClatchy adds that "makes it sound as though the war in Iraq is retaliation against al-Qaida. It's not. Iraq had nothing to do with al-Qaida's attack on us." Asked to "back up its ad, the group pointed to news articles about al-Qaida in Iraq now. But we didn't 'find' al-Qaida in Iraq. They came in to fight us after we invaded." Misleading assertions "like those made by Progress for America feed a lingering misunderstanding of the Iraq war."

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Investigators Probe Whether Beauprez Camp Used Federal Database. The AP (10/18, Paulson) reports Colorado authorities "have opened a criminal investigation into whether an attack ad run by GOP Rep. Bob Beauprez against his opponent for governor illegally used confidential information from a federal law enforcement database." Democrat Bill Ritter's campaign "has suggested the information was taken from the computerized crime records." Beauprez spokesman John Marshall "said Tuesday that the details came from an informant he refused to identify. He said the campaign is cooperating with investigators." The TV ad "in question refers to Carlos Estrada Medina, a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says Ritter chose to seek a plea bargain in the case, Medina avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor." The New York Times (10/18, 1.21M) runs a short version of the story.

WPost Endorses Webb In Virginia Senate Race. The Washington Post (10/18, A20, 748K) endorses Democrat James Webb, saying Republican Sen. George Allen is "a mediocre senator whose six years of undistinguished service do not justify rehiring." Webb is "admirably independent-minded," while Allen "has spent his time in the Senate in lock step with the Bush administration, embracing tax cuts that have imperiled the nation's fiscal health; subsidies for oil and gas companies that hardly needed the help; prisoner detention policies that have undercut America's image abroad; and restrictions on embryonic stem cell research despite its medical potential."

Webb Writings Said To Show Dignity Of "Redneck" Culture. The Washington Post (10/18, C1, Copeland, 748K) reports over "the course of his career, in books and more recently in screenplays, Webb, 60, has been writing about the dignity of his people" from Southwest Virginia, "the gun-loving, country-music-singing, working-class whites of Scotch-Irish descent who fight in wars, staff the nation's factories and shop its Wal-Marts." He "knows that some folks might call his people rednecks. We pity those folks if Jim Webb is around when they say that."

Menendez, Kean Touch On Familiar Themes Of Iraq, Corruption. The AP (10/18, Santi) reports that Democratic Sen. Robert Menendez and Republican Thomas Kean Jr. "were at it again Tuesday, in a 90-minute radio encounter that opened with a lengthy exchange on the war in Iraq." Kean "repeatedly refused to say whether he would vote to authorize sending U.S. troops into Iraq, even if he had intelligence information that was not available when the war began." Menendez "voted against the resolution authorizing the start of the war and has called for a timely withdrawal of U.S. troops." After the debate, "which aired live on Millennium Radio Network stations, Kean was asked again and again to articulate his position on authorizing the war and each time refused to answer the question directly." Kean "has made ethics a centerpiece of his candidacy and has tried to paint his opponent, who rose through the ranks of rough-and-tumble Hudson County politics, with a broad brush of political corruption. That familiar line of attack was evident again Tuesday night."

NBC Nightly News 10/17, story 7, 3:05, Reid) reported Kean, "who rarely mentions he's a Republican, has used his family name his father's the popular former Governor of New Jersey and a relentless attack on Menendez's ethics to turn this race into a toss-up." Tom Kean Jr.: "Clearly Bob Menendez's financial records are under investigation by the US attorney. That's clear." Reid: "Mincing no words, Menendez calls Kean a liar, insisting there's no evidence he's under investigation, though it's not entirely clear who's right."

Kean Taps $400,000 Of Own Money For Campaign. The Hill (10/18, Bolton) reports that twice in the past week, Kean "took a day out of his campaign schedule to attend to the seemingly mundane tasks of committee work, while his opponent, with whom he is locked in a neck-and-neck race, stumped for votes." While appearances "this week suggest Kean is not as committed to the race as Menendez is, Kean has made it clear that he's in this battle to win." Kean this week "decided to spend at least $400,000 of his own money to defeat Menendez in a race that represents the GOP's best chance of capturing a Democratic Senate seat next month. The personal contribution will appear on fundraising reports to be made public today." One GOP official "estimated the $400,000 could help Kean's campaign increase his television presence by about 25 to 30 percent. It will also narrow Menendez's financial advantage. Newly filed finance reports show that Menendez had $5.5 million and Kean $3.2 million in their campaign accounts at the end of September."

Steele Accuses Hoyer Of Racial Insensitivity. The Washington Post (10/18, B2, Marimow, 748K) reports Maryland Lt. Gov. Michael S. Steele "accused a leading

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Democratic congressman yesterday of racial insensitivity for saying the Republican candidate has 'slavishly' followed the GOP." Steele "was reacting to remarks by House Minority Whip Steny H. Hoyer, who characterized Steele this week as having had 'a career of slavishly supporting the Republican Party.'" After "speaking to members of the Maryland Chamber of Commerce gathered in Ocean City, Steele called the description 'the height of arrogance.'" Steele said, "It goes to just the sheer craziness of some in the Democratic Party who think they can use racist terms and infer things about me just because I'm an African American Republican."

Former Boxing Champ Tyson Heartily Endorses Steele. The Washington Post (10/18, B2, Mosk, 748K) reports former heavyweight boxing champ Mike Tyson "says he is so bullish on Republican Michael S. Steele's campaign for the U.S. Senate, he would return to the ring if Steele thought it might help him." Tyson said, "I would do anything to help Michael. I would box an exhibition for him. I would even fight again to help Mike. I would do anything." The Post adds, "Iron Mike's little-known but long-standing devotion to Steele dates to the boxer's former marriage to Steele's half-sister, Monica Turner."

Lieberman Says Democrats Must "Change The Tone" In Washington. The AP (10/18, Christoffersen) reports Sen. Joe Lieberman "said Tuesday he hoped Democrats seize control of Congress — with one caveat: a Democratic-led Congress, he said, must change its ways." Lieberman said, "It won't represent progress that's real. It's not going to be much of a step forward if there's a new Democratic leadership that doesn't change the tone in Washington." The AP adds that as "recently as Friday, Lieberman, a lifelong Democrat who was his party's nominee for vice president in 2000, would not say whether he thinks the nation would be better off with the Democrats in control of Congress."

Obama Reportedly Mulling Presidential Run In 2008. The Chicago Tribune (10/18, Zuckman, 623K) reports while Sen. Barack Obama "launches the most public of book tours, with appearances on 'Oprah Winfrey,' the 'Today' show, 'Larry King Live' and 'Meet the Press,' he also is more intensively examining whether to run for president in 2008, reaching out to Democratic operatives and trying to reconcile the demands of a national campaign on his family." Obama (D-Ill.) has been "having quiet conversations with colleagues and friends about a prospective White House run, but a key concern is whether his wife, Michelle, would support it and whether he could manage the time away from their two young daughters." Donna Brazile said, "He has gotten the presidential bug bite. Barack is constantly calling, he's constantly talking to people. He's not calling me to check on the weather. I'm not saying he's in, but he's checking the water. He's having lots of conversations."

Laura Bush To Stump For GOP Texas State Senate Candidate. In its "The Reliable Source" column, the Washington Post (10/18, C3, Argetsinger, Roberts, 748K) reports, "GOP first-time candidate Dee Margo is running an uphill race against a longtime incumbent to represent heavily Democratic El Paso in the Texas Senate. So how'd he get the most popular Republican campaigner in the nation to stump for him? Easy: Laura Bush is good pals with his wife. Gallery owner Adair Wakefield Margo and the first lady first clicked years ago when Adair wrote a book about El Paso painter Tom Lea, whose 'Rio Grande' now hangs in the Oval Office. Laura and Adair traveled to Mexico to scope out artists' studios. The Margos raised big bucks for Dubya 's campaigns, and Adair now serves as chair of the President's Committee on the Arts and Humanities. Tomorrow, the first lady visits El Paso to speak at a private campaign luncheon for Dee."

Dowd Accuses McCain Of "Dissembling" About Drinking Incident With Clinton. Maureen Dowd writes in the New York Times (10/18, 1.21M) that Sen. Hillary Clinton "always struck me as the sort of buttoned-up and driven woman who would be really fun if you could get her out for a night of dulces de leche in Cuba, as Marlon Brando did Jean Simmons in 'Guys and Dolls.'" Dowd adds, "Anne Kornblut wrote that two summers ago, on a Congressional trip to Estonia with Lindsey Graham and Susan Collins, Senator Clinton astonished her traveling companions by suggesting that the group do what one does in the Baltics: hold a vodka-drinking contest. … But a few days after the anecdote appeared, Mr. McCain flatly denied it on Fox News as 'Not true.'" … Joshua Green, reporting the cover profile of Hillary for the latest issue of The Atlantic Monthly, was rebuffed when he asked for an interview with Mr. McCain about the night Hillary poured shots for fellow lawmakers. But Mr. Green ran into Mr. McCain walking through the Capitol and asked him about the Baltics

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escapade. 'McCain lit up at the recollection,' he wrote. 'It's been 50 years since I'd been in a drinking game,' said McCain. ... He added, admiringly, 'She can really hold her liquor.'" Dowd adds, "The once candid senator is starting to sound downright Clintonian with all this silly parsing and dissembling. I did not have drinks with that woman!"

WSJournal Says Organized Labor Is Behind Anti-Wal-Mart Campaign. An editorial in the Wall Street Journal (10/18, A20, 2.03M) says Wal-Mart "has become the Democratic Party's favorite pinata. The media like to portray this as a populist uprising against heartless big business. But what they don't bother to disclose is that this entire get-Wal-Mart campaign is a political operation led and funded by organized labor." The Journal adds, "If Wal-Mart were suddenly unionized, Big Labor's membership would double overnight and union leaders would collect an estimated $300 million in additional dues each year to sway more politicians. Short of that, their goal is to keep Wal-Mart out of cities so their union shops have less competition. That's what the war against Wal-Mart is truly about."

NYTimes Praises Disney Effort To Promote Healthy Food Choices To Kids. The New York Times (10/18, 1.21M) editorializes, "With obesity rates soaring among the young, the Walt Disney Company has announced promising new guidelines for the way it promotes food to its impressionable clientele. Over the next two years, the company that brought you Buzz Lightyear and Goofy and the Lion King plans to make sure that its animated characters endorse healthier children's foods with less fat and sugar and fewer calories." The Times adds that "the Bush administration and Congress seem content to keep studying the problem. … It's heartening that a few [corporations], mainly Kraft and now Disney, recognize that we can't wait forever for Congress to act, and are actually doing something now."

Rice Heads To Asia Amid Talk Of Possible Second North Korean Test. CNN's The Situation Room (10/17, Malveaux) reported, "Bush Administration officials and US spy satellites keeping a very close eye on North Korea's nuclear testing site where there has been some activity." The thinking "at the White House, is if they were to conduct a second test…this would actually embolden the Bush Administration's argument that North Korea's neighbors have to get tough." The AP (10/17, Lim) reports satellite images confirm North Korea "appears to be getting ready for a second nuclear test," even as China, "the North's longtime ally and biggest trading partner, warned Pyongyang not to aggravate tensions." The Financial Times (10/18, Fifield, McGregor, Sevastopulo) reports South Korea said it had "detected activity" suggesting a second test may be in the works.

The Los Angeles Times (10/18, Miller, 918K) reports the White House "did not rule out the possibility of a second test. 'Let me put it this way: The North Koreans have made no secret of their desire to be provocative,' White House Press Secretary Tony Snow said." The Washington Times (10/18, Gertz, 88K) quotes Secretary Rumsfeld, who "told reporters that there is 'speculation,' but no specific information," about an impending test. Rumsfeld said, "There's speculation that they may want to do something additional. There's also speculation they may not. So, only time will tell."

The North Korean nuclear standoff continues to receive heavy coverage, leading two network newscasts and receiving just over eight minutes of coverage between the three. CBS Evening News (10/17, lead story, 2:05, Couric, 7.66M) said Secretary Rice "is heading to Asia tonight to put some new pressure on North Korea's neighbors to enforce those UN sanctions, and…she's getting there none too soon." CBS (Martin) added, "As North Korea staged a spectacular torch light show of defiance with what it called a 'Down With Imperialism' rally, its officials publicly denounced economic sanctions passed by the UN as a declaration of war. Privately, they put out the word that they intend to conduct three more underground nuclear tests and nothing can stop them. But they could be saying that just to make anything less than three look like a concession."

NBC Nightly News (10/17, lead story, 3:30, Williams, 9.87M) focused on US diplomacy with China, saying the US "finds itself yet again in a strange and uneasy partnership half way around the world." The North "is threatening to do it again, blow off another nuclear weapon if not several more. China and the United States find themselves on the same side in this. They both have limited options and they know it." NBC (Mitchell) added, "China today threatened to stop providing critical fuel and food to the north, if it didn't stop testing."

ABC World News (10/17, story 3, 2:35, Gibson, 8.78M) did not lead with the story, even though correspondent Diane Sawyer was "the only Western reporter now allowed inside"

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North Korea. Reporting from Pyongyang, Sawyer said, "Tonight, there is a 100,000-person rally taking place. … It's something that's been planned for months and months and months. It is the anniversary of the socialist revolution. At the same time, it is an opportunity and not lost on anyone, to denounce the United States, once again."

The Chicago Tribune (10/18, Dorning, 623K) reports Secretary Rice will seek commitments from North Korea's neighbors for a "sweeping inspections program to monitor almost all cargo shipped to or from" the North. USA Today (10/18, Slavin, 2.27M) says the Bush Administration plan to "argue for a strict interpretation" of the UN sanctions "could further raise tensions in the region."

The New York Times (10/18, Shanker, 1.21M) says that while Rice will urge northeast Asian states "to create a strict system of radiation monitoring and inspection," in what "appears to be an effort to cajole China to enforce" the new UN sanctions, the US "will ask the countries to focus their efforts on conducting inspections in their own territories, including ports, and on suspicious ships, trucks and aircraft rather than every piece of cargo." The Wall Street Journal (10/18, A8, King, 2.03M) reports Rice "sought to allay concerns that the U.S. envisioned a sort of blockade, saying that ship interdictions would largely come about as the result of tips. 'We are not looking at inspecting every ship,' she said." McClatchy (10/18, Strobel, Johnson) also reports on Rice's goals.

The AP (10/17, Gearan), meanwhile, reports Secretary Rice said en route to Asia that the North's test "could set off an atomic arms race in Asia." Rice said, "Obviously an event of this kind does carry with it the potential for instability in the relationships that now exist in the region. That's why it's extremely important to go out and to affirm, and affirm strongly, U.S. defense commitments to Japan and to South Korea."

Kerry Calls Bush North Korea Policy "A Disgrace." The Des Moines Register (10/18, 163K) reports Sen. John Kerry, in Iowa, said the North Korean "crisis is of the Bush administration's own making." In an interview, Kerry said, "The Bush policy is a disgrace. If Ronald Reagan could talk to the evil empire and negotiate with the Soviets, surely George Bush could do the same with North Korea. But he's a prisoner of rigid ideology."

High-Level Defector Says Only Kim's Ouster Would End Nuclear Aims. The AP (10/17, Kim) reports Hwang Jang Yop, the "highest-ranking North Korean government official ever to defect" to the South and "the man once considered the mentor" of Kim Jong Il, said Pyongyang's nuclear weapons program cannot be stopped unless Kim is removed from power. But he said Kim's "total grip on the communist society makes that only a remote possibility." Hwang "is also skeptical" that UN sanctions will hurt Kim.

American "Unrepentant" About Defecting To North Korea. The Washington Times (10/18, Salmon, 88K) runs a feature on James "Comrade Joe" Dresnok, the "last living American defector in North Korea," who tells his story in the film "Crossing the Line." Dresnok, "unrepentant and professing support for communism," says, "I have never regretted coming to [North Korea]. I feel at home."

Envoy Rejects Linkage Of Iran's Nuclear Program With North Korea's. In a letter to the editor of the Washington Times (10/18, 88K), responding to the October 11 editorial "North Korea and Iran," M.A. Mohammadi, press secretary for the Iranian mission to the UN, writes that Iran "strongly rejects any comparison of Iran's nuclear program with other countries'. Iran's nuclear program is legal, fully within the framework of the Non-Proliferation Treaty, peaceful and transparent."

Bush Boosts Croatia Bid For NATO Membership. The AP (10/18) reports, "President Bush gave a boost Tuesday to Croatia's aspirations to join NATO, saying it should be admitted to the Western alliance within two years." Bush "said he would recommend the 2008 timetable when he attends a NATO summit next month in Riga, Latvia. He also said he supports Croatia's membership in the European Union." The President "expressed his views during an Oval Office meeting with Croatian Prime Minister Ivo Sanader."

Abbas Threatens To Dissolve Hamas Government. The New York Times (10/18, Myre, 1.21M) reports that in "the clearest signal yet that he was prepared to act against the Hamas government," Palestinian president Mahmoud Abbas "warned Tuesday that the current Palestinian political crisis was intolerable, and suggested he would dismiss the Hamas-led government if the rival factions could not agree soon on a national unity government." While "Abbas said he still sought a national unity government" between Hamas and Fatah, he added "that if no agreement

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was reached soon he might dismiss the government and replace it, at least temporarily, with technocrats," which he called, "the simplest and most practical solution." Abbas "set no deadlines for a decision. But there has been speculation that he may be prepared to act soon after the Muslim holy month of Ramadan." However, "Hamas could resist such a move, and the Palestinian Basic Law, which effectively serves as a constitution, is somewhat vague on how to resolve political disputes."

Hamas Official Critiques Palestinian Violence. In an article focusing on clashes between the Israeli military and Palestinians, the Washington Post (10/18, A16, Wilson, 748K) reports, "Ghazi Hamad, a senior Hamas official, published his second critique of Palestinian society in two months. In a column for the daily newspaper al-Ayyam. Hamad, a senior adviser to Prime Minister Ismail Haniyeh, asked if violence had become 'a Palestinian disease,'" and "whether violence had become 'a culture implanted in our bodies and our flesh,' adding that it 'has taken away the language of brotherhood and replaced it with arms.'"

Blair Calls Veils A "Mark Of Separation." The New York Times (10/18, Cowell, 1.21M) reports, "Prime Minister Tony Blair joined a passionate and increasingly contentious debate on Tuesday over the full-face veils worn by some British Muslim women, calling it a 'mark of separation,'" marking "the first time Mr. Blair had so explicitly backed Jack Straw" for his comments about veils. Blair's "remarks reflected a sense that British society is heading toward ever deeper fissures between Muslims and non-Muslims, evoking questions about the nation's readiness to embrace Muslims, and Muslims' willingness to adapt." Meanwhile, "there are signs that the dispute had spread farther across Europe. In an interview in Italy, Prime Minister Romano Prodi was quoted Tuesday as saying that women should not be hidden behind veils."

Stalemate Continues Between Venezuela And Guatemala In Bid For Security Council Seat. The New York Times (10/18, Hoge, 1.21M) reports, "Venezuela's campaign to gain Latin America's open seat on the Security Council next year lagged Tuesday for a second straight day, but Guatemala, the persistent leader after 22 ballots, was unable to win enough votes to secure the position." This "setback was particularly stinging for Venezuela," as its president, Hugo Chávez, "has made the contest a centerpiece of his continuing campaign against Washington, financing it liberally with oil proceeds, promoting it with personal appearances around the world and frequently predicting that Venezuela would prevail." Diplomats suggested "that it might be time for the Latin American group to switch to a compromise candidate. But neither country was prepared to step aside." Gert Rosenthal, the foreign minister of Guatemala, said, "under normal circumstances our competitor would stand down graciously… but for reasons well known, he's not willing to do that." Francisco Arias Cárdenas, Venezuela's ambassador, said, "Why doesn't Bolton come to this microphone and declare that the United States will remove the pressure, will withdraw the money, and then countries will have the liberty to vote their conscience." Ambassador Bolton responded, "Look, we have made our position clear in a very low key way. It is motivated by our concern for Venezuela's behavior, and that's another example of it." He added, "You can draw one conclusion from the results…Venezuela is not going to win."

The Washington Post (10/18, Lynch, Forero, Brubaker, 748K) says, "Venezuela was stymied for a second straight day," which a "shocked" the delegates at the United Nations who "once predicted that Venezuela would easily receive enough support for the seat." The votes "represented a personal blow to Chavez," and "has come as a relief to the United States." Tanzania's ambassador, Augustine P. Mahiga, said "the race was 'perceived as a contest between the United States and Venezuela.'" According to some delegates, Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol." However, "Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and 'swayed' others to vote against it." Meanwhile, Manuel Rosales, who is running against Chavez in December's presidential election, said "the government's failure to secure a seat was called 'an embarrassing defeat.'"

The Financial Times (10/18) reports, "The impasse has prompted other Latin American countries to suggest regional talks on a way to avoid a recurrence of divisions that afflicted the region at the height of the cold war."

The Christian Science Monitor (10/18, LaFranchi, 58K) reports, "In the war of Hugo Chávez versus George W. Bush, Venezuela versus the United States, and anti- Americanism versus American leadership, the latest battle is...a draw." The AP (10/18, Wadhams) and McClatchy (10/18, Bachelet), among other sources, also reports the story.

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Increasing French Fertility Rates Linked To Government Spending. The Washington Post (10/18, A1, Moore, 748K) reports, "While falling birthrates threaten to undermine economies and social stability across much of an aging Europe, French fertility rates are increasing." France "now has the second-highest fertility rate in Europe -- 1.94 children born per woman, exceeded slightly by Ireland's rate of 1.99. The US fertility rate is 2.01 children." The Post adds that "the propensity of women here to have more babies has little to do with notions of French romance or the population's formerly strong religious ties to the Roman Catholic Church. France heavily subsidizes children and families from pregnancy to young adulthood with liberal maternity leaves and part-time work laws for women. The government also covers some child-care costs of toddlers up to 3 years old and offers free child-care centers from age 3 to kindergarten, in addition to tax breaks and discounts on transportation, cultural events and shopping."

NYTimes Urges UN Rights Monitors For Sri Lanka. The New York Times (10/18, 1.21M) editorializes, "On Monday, 94 people died and 150 were injured when a truck loaded with explosives rammed into a military convoy in Sri Lanka. The government blames the Tamil Tiger guerrillas -- the pioneers of the suicide bombing -- for the attack. The rebels have not said anything." The Times adds, "Colombo is eager for international aid and support in its fight against the Tamil Tigers. With UN rights monitors bearing witness, the government may feel pressure to rein in army and police abuses. Monitors could also bolster the country's weak judicial system, which barely investigates crimes against Tamil civilians. The guerrillas, who count the forced recruitment of child soldiers among their crimes, are less vulnerable to international shame. But shining a spotlight might help persuade overseas Tamils to choke off funding."

WSJournal Warns Investors China Bank IPO May Not Be As Safe As Expected. The Wall Street Journal (10/18, 2.03M) editorializes, "Fannie Mae and Freddie Mac, meet" Industrial Commercial Bank of China. China's largest bank "joins the ranks of publicly listed companies next week when it unveils what may be the world's largest-ever IPO in Hong Kong and Shanghai. But as with America's mortgage behemoths, investors are betting as much on implicit government support as on ICBC itself." That's because "the comparison with the two U.S. 'government-sponsored' mortgage giants is startling. Investors comforted by implicit American taxpayer support have had to endure several years of uncertainty and lower returns as fraud and false accounting have been uncovered at Fannie and Freddie. Perhaps that's a warning for ICBC investors."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush Signs Tough Rules On Detainees."
"The Road From Ruin."
"In Car No. 9, She's 16 Trying To Go 70."
"Some Seek 'Pink Purge' In The GOP."
"Blue Cross Settling Patients' Lawsuits."
"No Counting On The Identity Of 300 Millionth Resident."

USA Today:

"More Benefits Than Risks In Higher Fish Consumption."
"New Rx Help People To Avoid Getting Sick."
"Scanners For Liquid Bombs In Works."
"Screening."
"Public Wary Of Links With Lobbyists."

New York Times:

"Iraq Removes Leaders Of Special Police."
"$5.4 Billion Bid Wins Complexes In New York Deal."
"Ex-House Clerk May Be A Key In Foley's Case."
"Labor Leader Accused Of Taking $2.2 Million."
"Not Coming Soon To A Lot Near You: Chinese Cars."
"A Republican With Unfortunate Timing Believes His Time Is Now."
"Geriatrics Lags In Age Of High-Tech Medicine."
"Glorious Food? English Schoolchildren Think Not."

Washington Post:

"Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare."
"53% of Voters Say They Back Va. Gay Marriage Ban."
"U.S. Faces Guantanamo Obstacles."
"Homes Raided In Rep. Weldon Influence Probe."
"In-Flight Fires An Unresolved Safety Threat."
"FDA Is Set To Approve Milk, Meat From Clones."

Washington Times:

"Border-Fence Bill Awaits Signing."

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"Rove Foresees GOP Victory."
"U.S., Allie Fear 2nd Nuke Test By Pyongyang."
"U.S. Rules May Hit Caribbean."
"Bad Drug Reactions Send 700,000 To ER Each Year."

Detroit Free Press:
"Civil Rights Proposal Has Voters Conflicted."
"Behind The Scenes At Comerica Park."
"Inventory Glut Could Raise Chrysler's Losses."

Atlanta Journal-Constitution:
"State Backtracks On Voter ID Alert."
"DeKalb Housing Chief Is Removed."
"What's Next For U.S. Population?"
"Ex-UGA Coach Wanted Athlete To Dump Major."
"Judge Erases Conviction Of Enron Founder."

Houston Chronicle:
"Judge Voids Convictions Against Lay."
"Romance Novel Fuels Passionate Debate."
"Houston's WNBA Dynasty Up For Sale."
"Melee Could Put The Hurt On Houston's Music Scene."
"CSI: Baghdad – No TV, This Is Gruesomely Real."

Story Lineup From Last Night's Network News:
ABC: 300 Million Population Mark; Americans Having Babies; Inside North Korea; Iraq-Sectarian violence; Detainee Bill Signed; Reid Under Fire; Improved Care; Subway train Accident-Rome; Safe To Eat Fish; Cars Parking Themselves.
CBS: North Korean-Sanctions; Iraq-Sectarian Violence; Detainee Bill Signed; Midterm Elections; Ohio Senate Race; Foley Investigation; New Diabetes Drug Approved; Eating Fish; Dangerous Medicines; 300 Million Population Mark; Mayor Lou Bartletta Opinion-Immigration; Christopher Glenn Obit; Mentors For Kids.
NBC: North Korea Sanctions; Detainee Bill Signed; Stock Market; Inflation; Eating Fish; 300 Million Population Mark; New Jersey Senate Race; Madonna's Baby Adoption; Christopher Glenn Obit; Green Roofs.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Military Commissions Legislation; Rice-Asia Trip; CA-Hispanic Voter Suppression Effort.
CBS: Glen Obit.; Iraq-US KIA; North Korea-Nuclear Test; Rice-Asia Trip; MLB Playoffs.
NPR: Bush-Military Commissions Legislation; NY-Snowstorm Cleanup; Top Ten Fuel Efficient Cars List; Oil Prices; UN-Eritrea, Ethiopia Negotiations; US-Burundi Civil War Refugees; Lay Conviction Voided.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a luncheon with community leaders, Greensboro, NC; participates in Visit to Waldo C. Falkener Elementary School, Greensboro, North Carolina; makes remarks on No Child Left Behind, Waldo C. Falkener Elementary School, Greensboro, North Carolina; visits Victory Junction Gang Camp, Inc. Randleman, NC; attends a Republican National Committee Dinner, Private Residence, Greensboro, North Carolina.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Visits the Jenna Welch and Laura Bush Community Library, El Paso; speaks at a Dee Margo for Texas Senate luncheon, Private residence, El Paso; visits the Ben Franklin: In Search of a Better World exhibition, Houston Museum of Natural Science.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER IVO SANADER OF CROATIA _ Highlights: 8:45 a.m. Speaks at the Nitze School of Advanced International Studies. Kenney Auditorium, 1740 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626. Note: Preset by 7:45 a.m. Media RSVP required.

NUCLEAR FUELS _ The National Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Location: 2100 C St. NW.

GENERIC DRUGS _ The Generic Pharmaceutical Association holds its Fall Technical Conference. Highlights: 8:45 a.m. Steven Galson, Director, FDA Center for Drug Evaluation and Research. Location: Bethesda North Hotel and Conference Center, 5701 Marinelli Rd., North Bethesda.

HEALTHCARE TECHNOLOGY _ The National Institute of Standards and Technlology holds a summit to focus on healthcare technology. Highlights: 9 a.m. Keynote addresses - HHS Secretary Leavitt and Intel Board Chairman Craig Barrett. Location: Red Auditorium, NIST, Gaithersburg.

COMMON GOOD _ 8:15 a.m. - 12 p.m. the Center for American Progress will hold a half-day conference on the common good, with an opening address by Queen Noor of Jordan. A keynote address will be given by former President William J. Clinton. Location: Georgetown University, Gaston Hall, 37th and O Streets NW.

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INTELLECTUAL PROPERTY PROTECTION _ 9 a.m. - 10:30 a.m. The Washington Embassy Network meets to discuss consideration of recent events at the World Intellectual Property Organization General Assembly, held from Sept. 20 through Oct. 5 in Geneva, Switzerland. Location: Commerce Department, 1401 Constitution Ave. NW.

BROWN REPORT-EDUCATION _ 10 a.m. Tom Loveless, director of the Brookings Brown Center on Education Policy and author of the 2006 Brown Center Report on American Education, holds a news briefing to release the report, which evaluates the role that student happiness and confidence play in achievement, and examines whether states are artificially inflating the number of students meeting proficiency standards mandated by the No Child Left Behind (NCLB) Act of 2001. Location: The Brookings Institution, Saul and Zilkha Rooms-First Floor, 1775 Massachusetts Ave. NW.

CLIMATE CHANGE _ 10 a.m. The Pew Center on Global Climate Change holds a news briefing to release a detailed ``how to guide" to help corporate decision makers navigate global markets that are rapidly changing in response to climate change. Location: National Press Club.

EUROPE-HEALTH CARE _ 10 a.m. Four health policy experts who live under various European health systems discuss the various systems. Participants include Alphonse Crespo, M.D., Institut Constant de Rebecque; Helen Disney, Stockholm Network; Johan Hjertqvist, Health Consumer Powerhouse; and Stephen Pollard, Centre for the New Europe. Location: Room 216, Hart.

GULF SECURITY _ 10 a.m. The International Institute for Strategic Studies holds a briefing by senior fellow Mamoun Fady on ``The Shia Question and Gulf Security." Location: Suite 300, 1850 K St. NW.

IRAQ-CHRISTIANS _ 10 a.m. The Iraq Sustainable Democracy Project holds a news conference with former Iraqi Minister Pascale Warde about developments in her nation regarding Assyrian Christians. Location: National Press Club.

PENTAGON-AFGHANISTAN _ 10 a.m. US Army Lt. Gen. Carl Strock, commander of the U.S. Army Corps of Engineers, will brief live from Afghanistan with an update on U.S. reconstruction operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

CONTRIBUTIONS-CONGRESS _ 10:30 a.m. Public Citizen holds a telephone briefing to release a report on how much money members of Congress have received from special interest sources. Notes: This event originally was scheduled for Tuesday, Oct. 17. Callin number: 800-377-8846; passcode: 36707396.

DARFUR _ 11 a.m. Progressive and Conservative evangelical leaders hold a telephone briefing on the situation in Darfur. Participants include Jim Wallis of Sojourners/Call to Renewal, Richard Land of the Southern Baptist Convention, Ted Haggard of the National Association of Evangelicals, others. Contacts: Jack Pannell, 202-745-4614. Notes: Callin number: 800-903-0258; passcode: Darfur.

VETERANS DAY _ 11:30 a.m. The Veterans Affairs Department, veterans organization, hold a news conference to announce a new initiative to honor veterans, with VA Secretary Nicholson, veterans group leaders. Location: Room 230, 810 Vermont Ave. NW.

TRADE-DOHA ROUND _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a Washington Roundtable on ``Trade on Human Terms: Revisiting the Development Agenda of the Doha Round." The luncheon will be co-sponsored by UNDPs Washington Office and the Trade, Equity and Development Project of the Carnegie Endowment for International Peace. Panelists will be Hafiz Pasha, Assistant Secretary-General of the UN and Director of UNDPs Bureau for Asia and the Pacific; Sandra Polaski, Director of the Carnegie Endowments Trade, Equity and Development Project; and David Walters, Assistant U.S. Trade Representative for Economic Affairs. David Yang, Senior Advisor in UNDPs Washington Office, will moderate the panel. Location: Root Room of the Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

MIDTERM ELECTIONS _ 12:30 p.m. The National Press Club hosts a luncheon with Reps. Thomas Reynolds, R-N.Y., National Republican Congressional Committee chairman; and Rahm Emmanuel, Democratic Congressional Campaign Committee, who will discuss the midterm elections. Location: National Press Club.

GUANTANAMO-TORTURE _ 1 p.m. The Institute for Policy Studies holds a discussion and press briefing on the implications of torture at Guantanamo Bay, with activist Vanessa Redgrave, torture survivor Maher Arar (via phone) and Michael Ratner of the Center for Constitutional Rights. Location: Suite 600, 1112 16th St. NW.

ELECTION-EXPECTATIONS _ 1:30 p.m. A bipartisan group of former secretaries of state and elections experts hold a conference call briefing on what voters can expect at the polls this November. Participants include Miles Rapoport,

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former Secretary of State, D-Conn.; Rev. DeForest Soaries, former Secretary of State, R-N.J. and former Chair, U.S. Election Assistance Commission; Ray Martinez, Pew Center on the States; Tova Wang, The Century Foundation. Notes: Callin number: 888-858-4723; passcode: 7996462.

EGIL KROGH _ 2 p.m. Egil Krogh, former deputy counsel for President Richard Nixon and former White House ``plumber," will discuss ``The Importance of Ethics and Integritry" at a National Press Club newsmaker event. Location: National Press Club.

IMMIGRANT REMITTANCES-LATAM _ 2:45 p.m. The Inter-American Development Bank holds a news conference to release new state-by-state estimates of the volumes of money sent by immigrants in the United States to their countries of origin in Latin America. Location: IDB's Enrique V. Iglesias Conference Center, 1330 New York Ave. NW.

TRADE-FAST TRACK _ 3 p.m. - 5 p.m. The Carnegie Endowment for International Peace hosts a discussion, ``Congress Takes on Fast Track: Congressional Leaders Discuss Fast Track Authority," on the renewal of fast track trade negotiating authority. Panelists include current and former Congressional members and staff who will give an insiders perspective on the circumstances that led to the renewal of ``fast track negotiations in 1991 and 1993, and whether those circumstances hold lessons for today. Highlights: Panel 2: Tim Reif, Minority Trade Counsel on the Ways and Means Trade Subcommittee; Mike Castellano, Counsel and Senior Policy Adviser in the Office of Minority Leader Harry Reid and former Trade Counsel on the Trade Subcommittee; Grant Aldonas, former Chief Trade Counsels of the Senate Finance Committee; and Marcia Miller, former Chief Trade Counsels of the Senate Finance Committee. Panel 1: Bill Frenzel, former Member of the House Ways and Means Committee; Tom Downey, former Member of the House Ways and Means Committee; Bob Packwood, former Chairman of the Senate Finance Committee. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LAW ENFORCEMENT-CLINTON _ 5 p.m. The National Law Enforcement Officers Memorial Fund presents an award to former President Clinton for his contributions to the law enforcement profession and community. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, OCTOBER 18, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Signs Terror Detainee Bill Into Law. The CBS Evening News (10/17, story 3, Couric, 7.66M) reported, "President Bush today got one of the weapons he wanted for the war on terror. He signed that detainee bill. The new law sets the rules for interrogating and trying foreign terror suspects, and it could pave the way for Kahlid Sheikh Mohammed and other accused 9/11 plotters to be tried by military tribunals." NBC Nightly News (10/17, story 2, 1:50, Williams, 9.87M) said that "while the new law was being signed, about a dozen or so protesters were being arrested, some of them wearing prison-style suits to look like terror detainees."

ABC World News (10/17, story 5, 2:50, Raddatz, 8.78M) reported, "At today's signing, the President…described the legislation as one of the most important tools in fighting the war on terror." Bush was shown saying, "It allows for the clarity our intelligence professionals need to continue questioning terrorists and saving lives." USA Today (10/18, 2.27M), meanwhile, reports Bush also said "interrogations have yielded valuable information that has helped prevent terror attacks." Said the President, "It is a rare occasion when a president can sign a bill he knows will save American lives." The American Civil Liberties Union, however, called the bill "one of the worst civil liberties measures ever enacted in American history."

Some media reports portray the signing ceremony as part of a Republican PR effort geared toward the upcoming elections. The Los Angeles Times (10/18, A1, Schmitt, Barnes, 918K), for example, says "the new law…became both part of the administration's final campaign push to preserve its congressional majority in the midterm election." The enactment of the law "was good news for Bush as casualties have mounted in Iraq and his handling of the war on terror has come under intensifying criticism." The signing ceremony "was part political rally for a GOP that is struggling to retain control of Congress three weeks before a pivotal midterm election."

The New York Times (10/18, Stolberg, 1.21M) reports, "With the midterm elections three weeks away, Mr. Bush hoped to use the bill signing to turn the political debate back to the war on terrorism, a winning issue for Republicans, and away from scandals like the Mark Foley case, which have dominated the news in recent weeks." The President "said he was signing the measure 'in memory of the victims of September the 11th.'"

The AP (10/18, Pickler) reports, "Bush has been criticizing Democrats who voted against the law, called the Military Commissions Act of 2006, during campaign appearances around the country. He has suggested that votes against the law show that Democrats would not protect the country from another terrorist attack." Republican House leaders, "in a tough battle to maintain their majority, echoed those criticisms Tuesday in an attempt to get some political points out of the legislation they supported. 'The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives,' House Speaker Dennis Hastert said."

In an interview that aired on Fox News' The O'Reilly Factor last night (10, 17, O'Reilly), Bush said, "The intelligence community believes strongly that the information we got from the detainee questioning program yielded information that made America safer, that we stopped attacks. Secondly the courts -- I believe it is necessary to have military tribunals because I ultimately want these people to be tried. And it took a while to get these tribunals in place. The Supreme Court ruled that the president didn't have the authority to set up these courts on his own, that he needed to work with congress to do so and we did. What is interesting about these votes that took place in the Congress is the number of Democrats that opposed questioning people we picked up on the battlefield. And I think that is an issue that they are going to have to explain to the American people." Bush was also asked why he thinks the criticism of his stance regarding the handling detainees has been "so fierce," Bush responded, "I don't know. … As you know we picked up a fellow named Khalid Sheikh Mohammed. Intelligence folks believe, or suspect, that he was the person that masterminded the 9/11 attacks. I want to know what he knew in order to prevent another attack. Now maybe there are some in this country that say they are not coming again and therefore all this is unnecessary. I believe they are coming again and I believe it is the responsibility of the federal government to protect our people."

Later in his interview on Fox News' The O'Reilly Factor (10/17, O'Reilly), Bush said that although he would "never…question anyone's patriotism" he thinks "the American people got a choice to make this November. And I believe that the choice is stark and clear. I believe that my party and our candidates…will be better positioned to put policies in place that will enable us to protect the American people from attack."

The Washington Times (10/18, Dinan, 88K) notes the bill "passed the House by a 250-170 vote and the Senate by a vote of 65-34. In both chambers, most Republicans voted in favor and most Democrats against." However, said ABC World News (10/17, story 5, 2:50, Gibson, 8.78M), "there were only a few Democrats that released statements critical of the bill. One of them, Senator Russell Feingold saying, 'We will look back on this day as a stain on our nation's

history.'" Another Democrat who spoke up against the bill was Rep. Charles Rangel. Asked on Fox News' The O'Reilly Factor (10/17, O'Reilly) why he voted against the bill, Rangel answered, "There's no question in my mind not only is it unconstitutional, but it was brought up on the eve of the election to give some type of feeling that Republicans were tough on terrorism. … It may sound corny, but I swear that I love it country so much it would just seem to me that we should have those principles that involve habeas corpus. Whether you call them combatants or prosecutors of war, the standard should be not set by the president but the standard should be set either by the Geneva Convention" or the "the Military Code of Justice."

The Washington Post (10/18, A4, Fletcher, 748K) quotes Democratic Sen. Pat Leahy saying, "It is a sad day when the rubber-stamp Congress undercuts our freedoms, assaults our Constitution and lets the terrorists achieve something they could never win on the battlefield." Congressional Republicans, meanwhile, "immediately seized on the new law, which was opposed by most Democratic lawmakers, as evidence of their commitment to protect the country against terrorist attacks." House Majority Leader John Boehner said, "Capitol Hill Democrats have yet to offer any solutions or formulate any serious national security policy on how to keep America safe in a post-9/11 world."

A number of stories also suggest portions of the bill will not survive the legal challenges ahead. The Los Angeles Times (10/18, Savage, 918K) reports that while debate on the military tribunals bill signed by…Bush focused on trials at Guantanamo Bay, "the new law also takes away from noncitizens in the U.S. — including more than 12 million permanent residents — the right to go to court if they are declared 'unlawful enemy combatants.' No one has suggested that the Bush administration plans to use its newly won power to round up large numbers of immigrants. But before Tuesday, the principle of habeas corpus meant that anyone thrown into jail in the US had a right to ask a judge for a hearing. They also had a right to go free if the government could not show a legal basis for holding them. … Many legal scholars predict the law's partial repeal of habeas corpus will be struck down as unconstitutional."

ABC World News (10/17, story 5, 2:50, Gibson, 8.78M) said "legal experts say huge questions about the law still remain. Central to it all, interrogations." Eugene Fidell, National Institute of Military Justice: "This legislation doesn't say what you can do. What it says is you can't torture. But the Administration may have a different view of what torture is that you or I might have." Raddatz: "And it is, indeed, up to the President to interpret what constitutes torture." Tony Snow, White House Press Secretary: "The government will not give you precise techniques." Raddtaz: "The language is so vague, say some lawyers, you could drive a truck through it. Others say, it's just wrong."

McClatchy (10/18, Hutcheson) reports, "The Center for Constitutional Rights, which has filed two challenges to the law on behalf of detainees, said it would fight the changes 'at every turn, using every tool at our disposal, until we reverse this affront to the rule of law.'" Legal experts" said the anticipated court battles make it unlikely that any of the roughly 435 detainees at the US naval base at Guantanamo Bay, Cuba, would face trial before a military commission anytime soon."

Bloomberg (10/18, Runningen) reports, "Shortly after Bush signed the measure, the Justice Department sent a letter to a U.S. appeals court in Washington saying the new law strips hundreds of other Guantanamo detainees of their right to a court hearing to challenge their confinement. The U.S. Court of Appeals for the D.C. Circuit is considering whether to dismiss the suits by detainees who haven't been charged with war crimes. … In addition to setting up military commissions to try suspected terrorists, the law gives the president wide latitude to interpret the Geneva Conventions in deciding what interrogation techniques would be permissible."

Federal Investigators Want To Interview Richard Reid. Federal investigators told a judge yesterday that they want to interview attempted show bomber Richard Reid because he likely has important information about terrorist activities. The AP (10/18) reports, "Prosecutors said in US District Court they don't believe Reid is entitled to a public defender now that his criminal case is over. … Assistant U.S. Attorney James Farmer said investigators want to talk to Reid without an attorney present to develop a 'personal rapport,' which would be difficult to do with an attorney or any third party in the room." The AP adds, "US District Judge William Young said he would keep in place the orders continuing Reid's representation by public defenders, noting that under those orders, the government can contact Reid only after giving notice to his lawyers and having them present for any interviews with him."

HOMELAND RESPONSE:

GAO Says DHS Plan To Deploy Nuclear Detection Equipment Can't Be Justified. The Washington Post (10/18, A12, Hsu, 748K) reports, "The Department of Homeland Security's plan to spend $1.2 billion deploying next-generation nuclear-detection equipment at US ports and border crossings cannot be justified, given test results that showed the devices are unreliable, congressional investigators warned yesterday." According to the GAO, DHS "ignored its own tests showing the new monitors could not meet a standard of detecting enriched uranium 95 percent of the time." DHS "also understated the project's costs by up to $181 million, GAO officials wrote to the leaders

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of the House and Senate Appropriations Committees. The department's cost-benefit 'analysis does not justify its recent decision to spend $1.2 billion to purchase and deploy" the new radiation portal monitors, the GAO reported. Homeland Security "relied on potential future performance to justify the purchase,' the agency said."

Group Sues For Information On Profiling Of Arabs. The New York Times (10/18, MacFarquhar, 1.21M) reports that a civil rights group filed a suit yesterday against the Homeland Security Department and Immigrations and Customs Enforcement in an effort "to establish whether the government is using prohibited profiling methods against Arab-Americans and Muslims." The suit, by the American-Arab Anti-Discrimination Committee, "asked the Federal District Court in the District of Columbia to compel the immigration agency under the Freedom of Information Act to release the nationalities of 237 people arrested for immigration violations in October 2004." The Times adds, "Arab-Americans and American Muslims have widespread suspicions that the spotlight is focused on them regarding accusations of terrorism, particularly around any election season, to spread concern among other voters and to intimidate them from speaking out."

The AP (10/18, Takruri) reports, "The Washington-based group believes the operation improperly used the National Security Entry-Exit Registration System - a government database created after the Sept. 11, 2001, terrorists attacks to track visitors, students and immigrants from 25 countries - to profile Arab and Muslim visitors to the United States. The domestic registration system required males from 24 Arab and predominantly Muslim countries and North Korea to register with immigration authorities. The registration requirement has since been phased out, but the database of information still exists. …. The 2004 operation became known as the 'October plan' after the FBI sent an e-mail advising its field offices and Homeland Security agencies of 'extraordinary measures' from the first week of October 2004 through the presidential inauguration."

TSA Considering Machines To Screen For Liquid Explosives. USA Today (10/18, 1A, Frank, 2.27M) reports that "in a potential strategy shift," Transportation Security Administration chief Kip Hawley says the agency "may screen carry-on bags with new three-dimensional X-ray machines that are better at spotting liquid explosives, guns and other weapons." Hawley said the machines are "a step beyond where we are today." The technology "would improve security and could ease the liquid restrictions" that have been in place since August, according to aviation consultant Richard Roth. At issue is whether the TSA will "buy upgraded X-ray machines for $75,000 to $200,000 each or…wait possibly two years for better machines costing about $400,000. The TSA had planned to wait for the more expensive machines, which have the highest level of explosives detection. But, Hawley said, 'if it's going to be two years, maybe it makes sense economically and security-wise to put an intermediate step in between.'"

LAPD's Bratton Opposes Calls For MI5-Style US Agency. In a Washington Post (10/18, 748K) op-ed titled "We Don't Need Our Own MI5," LAPD Chief William J. Bratton recounts the 2005 arrests of suspected terrorists in Torrance, Calif., and notes, "my efforts were linked seamlessly with the Los Angeles office of the FBI and its Joint Terrorism Task Force and Field Intelligence Group. This is the new normal." Bratton adds that supporters of creating a new US counter-terrorism agency argue "that the 'FBI culture' is that of a criminal investigative agency driven to make arrests and bring prosecutions and that the bureau does not have the instinct to draw back and look at the wider picture as a purely intelligence-driven agency might. I disagree. … America's police departments have achieved a higher level of synergy with the FBI on intelligence and investigations than at any other time in history. If it's not broken, let's not try to fix it."

Judge Rejects NYC Effort To Dismiss Ground Zero Lawsuits. The New York Times (10/18, DePalma, 1.21M) reports that a federal judge has rejected New York City's claim "that it is protected by law from being sued over the way it handled rescue and recovery operations at ground zero. The ruling opens the way for lawsuits by thousands of workers who say they were made sick by exposure to toxic substances during the 10-month cleanup. Judge Alvin K. Hellerstein of United States District Court in Manhattan rejected the city's motion to dismiss the lawsuits. In a 99-page decision released yesterday afternoon, he stated that state and federal statutes do provide some immunity for the city, its private contractors and the Port Authority of New York and New Jersey for actions undertaken in response to an enemy attack. However, the judge said that protection is not universal and varies by time and place, making it necessary to hear the details of individual cases."

WAR NEWS:

Bush Makes Case For "Promoting Liberty" To Fight Terrorism. After discussing the persistence of the Taliban insurgency in Afghanistan on Fox News' The O'Reilly Factor (10/17, O'Reilly), President Bush described, at length, his view of the "big ideological debate of the 21st century," which he said is "extremists, Islamo-fascists…radicals aiming

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to topple modern people. It is a massive challenge for the free world and for Muslims who…want to leave in peace. By far the vast majority of people want to have a peaceful existence." Bush added, "The biggest issue that we face is how do you protect yourself and our strategy is twofold. One is get on the offense and stay on the offense and bring them to justice. Secondly, defeat their ideology by helping moderate people, particularly in the middle-east, to come up with competing systems that speak to people's hopes and aspirations. And I have been widely criticized for promoting liberty but I believe it works as an antidote to the dark visions of these radicals. And I know this, that [if] the United States becomes isolationist and pulls out, a generation of those people will say 'they lost their way. They forgot what caused America to be created in the first place. They lost their faith in liberty.'"

Bush Defends Musharraf. During his interview with Bill O'Reilly on Fox News' The O'Reilly Factor (10/17), Bush was asked why Pakistan's President Musharraf can't "wipe out" the Taliban in Pakistan. President Bush replied that he had "a very good discussion with President Musharraf and President Karzai at the same dinner table and…we discussed how we deal with Taliban leaders who may be hiding in Pakistan and the answer is good intelligence sharing and President Musharraf made the commitment that on good actionable intelligence that he will take care of the leaders of the Taliban." Bush added that Musharraf "has already done a lot" and "has been very effective on al Qaeda. … He understands it doesn't do his country any good to have extremists and radicals fomenting violence, whether it be inside Pakistan or outside Pakistan."

Gingrich Praises Bush's Performance In O'Reilly Interview. On Fox News' The O'Reilly Factor (10/17), Bill O'Reilly asked Former House Speaker Newt Gingrich to critique Bush's appearance. Gingrich responded, "I don't remember very often seeing the President as comfortable and as engaged as he was. I think he got stronger the more he talked with you. And I'm looking forward to tomorrow night's segment because it seems you managed to get him not with talking points and kinds of speeches but talking from the heart."

NATO Commander In Afghanistan Admits 2001-02 Strategic Mistakes. The AP (10/18, Jelinek) reports, "The U.S.-led coalition in Afghanistan failed to follow through as it should have after ousting the Taliban government in 2001, setting the stage for this year's deadly resurgence, the NATO commander in the country said Tuesday. The mistake consisted of adopting 'a peacetime approach' too early, British Gen. David Richards told Pentagon reporters. He said the international community has six months to correct the problem before losing Afghan support, reiterating a warning he issued last week. 'The Taliban were defeated. ... And it looked all pretty hunky-dory,' Richard said of the environment at the end of 2001. 'We thought it was all done ... and didn't treat it as aggressively as ... with the benefit of hindsight, we should have done.'"

The Washington Times (10/18, Scarborough, 88K), in an article titled, "British general faults U.S. for Taliban resurgence," reports Richards "told reporters at the Pentagon that the Taliban was able to regroup because American forces remained somewhat isolated. The Afghan army was not established to the point that it could fill security roles in Kandahar, the Taliban's birthplace, and other southern towns. … He said there also was a 'disconnect' in what the U.S.-led humanitarian and reconstruction effort could provide and what the Afghan people expected. 'The Taliban exploited it,' Gen. Richards said. 'They exploited this sense of frustration amongst the people who just didn't see all the good things that have been talked about.'"

UK Troops Exit Pacified Province; 44 Taliban Killed Across Afghanistan. The New York Times/AP (10/18, Press) reports, "British troops pulled out of a once restive district [Musa Qala] in southern Afghanistan on Tuesday after reaching an agreement with tribal elders for Afghan forces to take over security. NATO also announced a new countrywide military operation with Afghan troops intended to maintain pressure on Taliban fighters during the fall and winter and pave the way for long-promised development after the most bitter fighting in five years. Officials said on Tuesday that fighting across Afghanistan had killed 44 suspected Taliban militants." Mark Laity, a NATO spokesman, "said the soldiers were leaving because there had not been a major clash in the district in 35 days."

State-DOD Turf Battles May Have Hindered Initial US Response To Iraq Insurgency. PBS' Frontline (10/17), in a harshly critical examination of the Bush Administration's pre-war planning, reports, "The Pentagon had spent more than a year preparing for the war. But it was only eight weeks before the war began that Secretary of Defense Rumsfeld hired a retired Army General to handle postwar Iraq." Ret. Lt. Gen. Jay Garner said, "Everybody was focused on the war. They were focused on regime change. And that took all of their energy. And so, I wasn't a central focus of them at that time, because the spotlight wasn't on me yet." After "Garner arrived at the Pentagon, there was no plan and no staff. And when he began to hire one, he walked into a political buzzsaw." Ambassador Barbara Bodine from the Office of Humanitarian Assistance: "I was very surprised at how bitter and nasty the relations were between State and DoD. It was not one of differing views to serve the President; it was a full-scale war."

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Bush Administration Reportedly Pressuring Maliki To Issue Broad Amnesty. The Financial Times (10/18, Khalaf, Dinmore) reports the Bush administration "is pressing the Iraqi government of Nouri al-Maliki to issue a 'broad' and 'painful' amnesty for insurgents in spite of intense opposition to the proposal from politicians both in Iraq and the US, according to a senior administration official. … The US is advocating more determined moves towards a national reconciliation with the Sunni community that dominates Iraq's insurgency. It also wants a tougher line on the Shia militias. 'You need the government to move forward with a programme – it should include an amnesty in a broad fashion, a comprehensive amnesty proposal,' the senior US official, who asked not to be named, told the Financial Times. The official was not explicit about the terms of the proposed amnesty, but he said: 'No successful amnesty is not painful or sweeping.'"

Senior Sadr Aide Arrested. The New York Times (10/18, Tavernise, 1.21M) reports, "Iraqi and American troops arrested a senior aide to Moktada al-Sadr, an anti-American Shiite cleric. The aide, whom the military did not name but who was identified by a spokesman for Mr. Sadr, was arrested on suspicion of having directed kidnappings, killings and torture of Sunnis and Shiites, and of attacking Americans. … The arrest of Mr. Sadr's aide, which took place in the early hours of Tuesday, enraged Mr. Sadr's followers, who called for citywide demonstrations on Wednesday. A spokesman for Mr. Sadr identified the man as Sheik Mazin al-Saedi, the head of Mr. Sadr's office in the poor Shiite neighborhood of Shuala."

McCain Claims US Still Has "Capacity To Win" In Iraq. The Milwaukee Journal Sentinel (10/18, Schultze, 259K) reports Sen. John McCain "said Tuesday the United States should 'accelerate as much as possible' the Iraqi government's assuming a lead role in the Iraq war and taking over many of the responsibilities handled by American soldiers. … 'The consequences of failure in Iraq are catastrophic,' McCain said during a campaign appearance for state Assembly Speaker John Gard of Peshtigo, the Republican candidate for the 8th Congressional District seat. 'We cannot lose it, and I believe we still have the capacity to win,' said McCain."

Kerry Alleges Bush Made "Gigantic Blunder" Committing US Troops Indefinitely. The AP (10/18, Glover) reports Sen. John Kerry said President Bush "committed 'a gigantic blunder' by giving top Iraqi officials assurances that U.S. forces would remain indefinitely in the war-torn country. Kerry argued that" Bush "should have pressured Iraqi leaders to set aside their differences and focus on making progress in assuming responsibility for security, a move that could lead to a reduction in U.S. troop levels. 'The absence of pressure I find is an enormous blunder that gives the Iraqi politicians a free pass to continue the status quo that most Americans understand is a failure, that's not working,' Kerry said. 'I'm amazed by it.'"

Thirty-Six Deaths Reported On "Relatively Calm" Day In Iraq. ABC World News (10/17, story 4, 0:20, Gibson, 8.78M) reported, "In Iraq, a sign of just how difficult things have become. Bombings and shootings killed 36 Iraqis, mostly in Baghdad today. And that made it a relatively calm day, compared to the recent violence.""

Four US Soldiers Killed By IED Yesterday. The Los Angeles Times (10/18, Daragahi, 918K) reports, "four U.S. soldiers were killed Tuesday morning when their vehicle struck an improvised explosive device west of Baghdad, the U.S. military said, disclosing no further details."

US Troops Assist Iraqi Forces In Balad. ABC World News (10/17, story 4, 0:20, Gibson, 8.78M) reported, "North of Baghdad, US forces patrolled the streets of Balad, trying to restore order, after dozens of people were killed in the last few days of sectarian violence." CBS Evening News (10/17, story 2, 1:35, Logan, 7.66M) reported, "In Balad it was all-out civil war between the country's two main ethnic groups, sparked by the beheading of 19 Shiite laborers in a neighboring Sunni town Friday night. With no US troops present because they turned the town over to Iraqi forces last month, Shiite militiamen were free to hunt down Sunnis to kill. Five days of bloodletting left close to 100 people dead, bodies piled on top of each other filled the local morgue. The incident highlights once again how powerless Iraq security forces are to stop the sectarian violence. … But residents also blamed American forces at this base located right next door to Balad for failing to intervene. US officials said they couldn't act until asked to do so by Iraqi leaders." USA Today/AP (10/18, 7A, Hurst) reports, "Iraq's 4th Army, which took command of the region north of Baghdad a month ago, had been unable to stem recent bloodshed in Balad."

McClatchy (10/18, Youssef) report, "American forces began returning to the city Saturday and are patrolling there, though it was unclear Tuesday whether Balad and the surrounding area have been pacified." Balad residents reported the city "and the nearby town of al Dulyiyah remained under the control of armed groups that had targeted the residents and may have killed as many as 100 in four days of violence." The Washington Post (10/18, A16, Knickmeyer, Aldin, 748K) reports, "Police and black-clad Shiite militiamen toting machine guns sealed off the predominantly Shiite city of Balad on Tuesday, guarding against attacks by Sunni insurgents. … Calm largely returned to Balad by Tuesday." US troops "patrolled the city and guarded one end of a Tigris River bridge that links Balad

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with Duluiyah. … On the Duluiyah end of the bridge, angry Sunni insurgents gathered in force, clutching their PKC machine guns and rocket launchers, standing their tense watch."

The AP (10/18, Hurst) reports, "As the violence in the Balad region was reaching full pitch on Saturday, the AP asked the U.S. military in Baghdad if American forces were involved in trying to quell the killing. 'As of this time, the (U.S.-led force in Iraq) has not been asked to provide any assistance,' the military said in a return e-mail. … In response to the same question on Monday, the military responded that U.S.-led forces were 'partnering with Iraqi police and Iraqi army units involved in operations around Balad.'" The AP adds, "By late Tuesday, the military had not responded to questions about when the U.S. military first was asked to intervene and how many American forces were involved."

McClatchy (10/18, Youssef) report that "the decision to send American troops into Balad…was another setback for U.S. hopes that Iraqi forces will be able to take control of security for the country. Violence has increased steadily throughout Iraq despite an increase of tens of thousands of American-trained Iraqi soldiers and police, and U.S. officials concede that their strategy of training Iraqi troops to replace Americans hasn't worked."

CBS Evening News (10/17, story 2, 1:35, Logan, 7.66M) reported, "When asked if this was a setback for Iraqi security forces, Secretary of Defense Donald Rumsfeld admitted for the first time that areas turned over to Iraqi control may have to be taken back by US forces who thought their job there was done."

Army Program To Train Iraqis Runs Into Hitches. The Wall Street Journal (10/18, A1, Jaffe, 2.03M) reports in a front page 2,771-word article on the problems afflicting US "advisers to the Iraqi army." President Bush "has touted such advisory teams as key to the U.S. strategy for stabilizing Iraq and bringing American troops home," but the program has drawn "scathing" and "biting reviews" from the soldiers who went through it. Army records and "interviews with dozens of advisers show that, thus far, the Army hasn't treated the advisory program as a priority. The job has often fallen to the military's less seasoned second team: reservists, guardsmen and retirees called back to active duty. ... The teams have had to scrounge for equipment that is routinely allocated to big combat units." The Army is striving for improvements, which might require "sweeping institutional change": "One option under consideration is to double the number of advisers to about 7,000, from about 3,500, by tearing apart some traditional combat brigades and assigning officers and senior soldiers to advisory teams."

Iraqi Interior Ministry Denies Two Officers' Transfer Is Due To Militia Purge. USA Today/AP (10/18, 7A, Hurst) reports Iraqi Prime Minister Nouri al-Maliki is "under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and for violence elsewhere. The Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week." Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih "were transferred from their posts, but denied their removal had anything to do with militia activity. … The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence."

The New York Times (10/18, Tavernise, 1.21M) reports, "Senior American officials, including Secretary of State Condoleezza Rice on a visit to Baghdad earlier this month, have issued stark warnings to the Maliki government of growing American impatience, especially at the government's failure to stop the scourge of death squads operating with the knowledge or support of the Interior Ministry, which oversees the police."

Methodology Of Survey Claiming 655,000 Iraqi Deaths Disputed. In an op-ed for the Wall Street Journal (10/18, 2.03M), Steven E. Moore, who trained Iraqi researchers for the International Republican Institute from 2003 to 2004 and conducted survey research for the Coalition Forces from 2005 to 2006, writes, "After doing survey research in Iraq for nearly two years, I was surprised to read that a study by a group from Johns Hopkins University claims that 655,000 Iraqis have died as a result of the war. … The Johns Hopkins tally is wildly at odds with any numbers I have seen in that country. Survey results frequently have a margin of error of plus or minus 3% or 5% -- not 1200%." Moore continues, "In their 2006 report…the Johns Hopkins team says it used 47 cluster points for their sample of 1,849 interviews. This is astonishing: I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points."

Friedman Likens Current Iraq Fighting To Tet Offensive. In his column for the New York Times (10/18, 1.21M), Thomas Friedman writes, "What we're seeing there seems like the jihadist equivalent of the Tet offensive. ... The jihadists want to sow so much havoc that Bush supporters will be defeated in the midterms and the president will face a revolt from his own party, as well as from Democrats, if he does not begin a pullout from Iraq. The jihadists follow our politics much more closely than people realize. ... It would be

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depressing to see the jihadists influence our politics with a Tet-like media/war frenzy. But there are only two reasons now for the U.S. to remain in Iraq: because it thinks that staying will make things better or that leaving will make things drastically worse. Alas, it is increasingly hard to see how our presence is making things better. ... While leaving would no doubt exacerbate the civil war, staying in Iraq indefinitely to prevent even more Shiites and Sunnis from killing one another is not going to fly with the U.S. public much longer."

Military Honors Seen As Evolving To Reflect Changing Front. The Washington Post (10/18, White, 748K) reports, "The wars in Iraq and Afghanistan not only have changed the methods U.S. troops use to fight an urban insurgency, they also have caused the U.S. military services to change the way they look at honoring troops who are fighting on the difficult battlefields." For example, the USMC "changed the rules that determine which Marines are eligible for the Combat Action Ribbon, an honor that previously required troops to both receive and return fire against an enemy," so that "anyone who has been exposed to the detonation of" IEDs is now eligible. The Army in turn "introduced its Combat Action Badge, which recognizes soldiers who are exposed to enemy action but are not officially in combat roles. That badge was designed to honor soldiers such as military police, truck drivers and fuel specialists who daily face the dangers of war -- such as roadside bombs -- in Iraq's urban battlefield."

Comrades Say Goodbye To DC Native Killed In Iraq. The Washington Post (10/18, A1, Paley, 748K) reports on the death of Airman 1st Class LeeBernard E. Chavis, who "was killed by a sniper as he tried to keep civilians away from a suspected roadside bomb." The highly emotional article describes the grief of his comrades at a "patriot detail," which "is rarely observed by anyone outside the military -- not by the president, not by members of Congress, not by the children or spouse of the fallen service member."

WPost Likens Somalia To Afghanistan In 1990s. The Washington Post (10/18, 748K) editorializes, "Four months ago an Islamic fundamentalist movement gained control of Mogadishu, the capital of Somalia, after defeating an alliance of local warlords backed by the United States. Since then the Islamic Courts Union, as the alliance is called, has expanded its control over much of southern Somalia, including the port city of Kismaayo. It has alternatively negotiated and skirmished with a rival, internationally backed government that clings to a base in the western town of Baidoa. It has come to the brink of war with neighboring Ethiopia, which reportedly has sent troops into Somalia, and has won the support of Ethiopia's hostile neighbor, Eritrea. … What is the United States doing about this dangerous combination of an emerging terrorist base and possible regional war in East Africa? The sad and alarming answer is next to nothing." Somalia, adds the Post, "is looking more and more like Afghanistan in the late 1990s -- dominated by an Islamic fundamentalist movement that shelters al-Qaeda; prone to the meddling of neighbors; virtually ignored by the United States."

DOJ:

Writer Expresses Concern About Taylor As DC US Attorney. In a column for the Washington Examiner (10/18), Harry Jaffe writes, "Meet Jeffrey Taylor, who is suddenly and without much fanfare the most powerful law enforcement official in D.C. Taylor is a 41-year-old lawyer. He was born and raised in small towns in Northern California. He played high school football and got A's. He went to Stanford University and got a law degree from Harvard. He served as a prosecutor in San Diego, worked for Sen. Orrin Hatch, R-Utah — where he helped write the U.S. Patriot Act — and did a stint with then-Attorney General John Ashcroft. Most recently, he was counsel to Attorney General Alberto Gonzalez. … Now he's our top lawman." Jaffe continues, "What, among his stellar credentials, qualifies Taylor to become the United States Attorney for the District of Columbia? He has experience in fighting terrorists, but can he battle the terrorists who shoot up corners in Anacostia and shake down D.C. residents in Georgetown? … These are some of the questions Delegate Eleanor Holmes Norton will have on her mind today when Taylor is scheduled to have his first meeting with our representative in Congress. … 'He will be essentially a district attorney,' says Norton, who was not consulted on Taylor's appointment. 'The great majority of his cases will be criminal cases from the District of Columbia.'" Jaffe adds, "I have not met Taylor, who lives with his wife on Capital Hill. I am not passing judgment on him. But it worries me when the top prosecutor in town has never worked our streets. … Taylor succeeds Ken Wainstein, who moves up to run the Justice Department's new National Security Division. Wainstein was terrific for D.C. Like Taylor, he was a favorite at Main Justice, and he also held a top job at FBI headquarters; but Wainstein also worked as a line prosecutor here in D.C. for years. He locked up murderers. He knew our turf, he put his prosecutors in the community, he sent them after gang-bangers and local hoodlums. Jeff Taylor made his mark as an elite terrorist hunter. He helped create the Patriot Act. A few weeks ago he was Alberto Gonzales' top counselor on terrorism and national security. … My fear is that he will favor national security prosecutions over keeping D.C. residents secure. When Bill Clinton was president, Eleanor Holmes Norton helped select federal judges and the

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U.S. Attorney. George W. Bush appoints with little regard for D.C.'s needs."

DOJ Among Department Missing Senator's Deadline For IT Projects List. The Federal Times (10/18, Friedman) reports, "Seven departments have missed a deadline to detail their most expensive information technology projects for a Senate subcommittee." The Times continues, "Sen. Tom Coburn, R-Okla., last month directed all agencies to submit lists by Oct. 13 of IT projects worth more than $250,000 to the Senate Homeland Security and Governmental Affairs subcommittee on financial management, which he chairs. … 'A non-response raises the level of concern . . . that there may be inefficiencies,' said John Hart, a spokesman for Coburn. 'The only way those questions can be answered is a complete response.'" The Times adds, "For each project, Coburn requested that agencies note the project's vendor, when work began, the project's original estimated cost and how much money has been spent so far. The letter also asked whether cost overruns have occurred, if a new cost estimate has been made and what that estimate is. .. As of Oct. 16, the Agriculture, Energy, Homeland Security, Housing and Urban Development, Justice, State and Veterans Affairs departments had not responded, according to Hart. All other departments had either submitted the information or requested an extension, he said. Coburn has not yet reviewed the lists that were received, Hart added. … Justice Department spokeswoman Kathleen Blomquist said the department contacted the senator's office on Oct. 16 and is creating a list."

DOJ Task Force Will Examine Privacy Issues. Federal Computer Week (10/18, Moore) reports, "A task force has issued a series of recommendations regarding privacy in justice information systems." FCW continues, "The Privacy Technology Focus Group was chartered to examine the exchange of personally identifiable information, focusing on justice and public safety data. Last November, the Justice Department brought together a group of public- and private-sector specialists to look into privacy technology. The group's working teams covered areas such as access and authentication, data aggregation and dissemination, and identity theft." FCW adds, "A report issued earlier this month that stemmed from the focus group's activities offers suggestions. Some relate to the Global Justice Extensible Markup Language Data Model (JXDM). For example, the report recommends reviewing and creating privacy metadata in Global JXDM. That metadata would describe sensitivity, use limitations and other characteristics of data."

CORPORATE SCANDALS:

Judge Vacates Lay Conviction. CNN's The Situation Room (10/17, Velshi) reports that Ken Lay's "conviction has been erased. Judge Sim Lake, who supervised the case, has today, just a little while ago, erased Ken Lay's 10-count conviction. He cited a 2004 precedent that said that because Ken Lay was convicted but died before he had a chance to appeal, the government could not go forward and punish him or his estate. … Ken Lay's family moved immediately after he died to get the conviction erased. They've actually made a move to get the bond money back. This, of course, means that the $44 million that the Department of Justice was trying to claim from his estate will not be claimed. The convictions, the 10 fraud and conspiracy convictions against Ken Lay, have been erased from the record entirely."

USA Today (10/18, Farrell, 2.27M) reports that Lake's ruling has been widely expected since Lay's death. As a matter of law, "a conviction against a criminal defendant is not final until the defendant has had the chance to appeal the verdict. Therefore, Lay's death short-circuited the full legal process to which he was entitled."

The Wall Street Journal (10/18, Jones, 2.03M) reports, "According to Judge Lake's opinion, the government had argued that Mr. Lay's estate shouldn't get to keep the proceeds of fraud that would otherwise be subject to forfeiture and distribution to victims of the crimes. Judge Lake rejected this argument, citing precedent stating that an individual who suffered a loss may pursue reimbursement in civil court. Although the government had asked Judge Lake to defer his ruling so it could seek retroactive legislation in Congress to let the conviction stand, he said 'the court is bound to follow Fifth Circuit precedent.'"

The New York Times (10/18, Murphy, 1.21M) reports that the decision "prevents the government from trying to seize more than $43.5 million from Mr. Lay's estate that prosecutors claimed he stole from Enron before it collapsed in 2001."

The Washington Post (10/18, D1, Johnson, 748K) reports, "With the judge's order, Lay's conviction on 10 criminal charges will be erased from the record. … But governance experts said Lay's name forever will be linked with the era's most complex and far-reaching corporate fraud."

The Houston Chronicle (10/18, Fowler) reports, "The Department of Justice had argued against vacating the conviction, saying it would unjustly enrich Lay's estate by preventing criminal forfeiture proceedings to recover restitution for victims of Enron's downfall. … The government even proposed a law that would prevent courts from vacating

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criminal convictions in such circumstances. That effort didn't succeed." The Chronicle adds, "The Securities and Exchange Commission has a civil proceeding against Lay that it brought in 2004, but prosecutors could also file their own case. … The Justice Department hasn't said if it will go after Lay's assets via a civil proceeding. A statement from Justice Department spokesman Bryan Sierra on Tuesday, however, seems to indicate that's a possibility. … 'We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron,' Sierra said. 'Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial.'"

The AP (10/18, Lozano) reports, "Prosecutors offered no counter legal argument in the case, but asked Lake to hold off on a ruling until next week so Congress could consider legislation from the Justice Department that changes federal law regarding the abatement of criminal convictions. Congress recessed for the elections without considering the legislation. … In their motion to Lake last month, prosecutors Sean Berkowitz and John Hueston wrote that certain provisions of the proposed legislation would apply to Lay's case, including 'that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment.' … 'Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow Fifth Circuit precedent,' Lake wrote." United Press International (10/18) also reports on the ruling.

UnitedHealth Options Practices May Lead To Federal Charges. The Minneapolis Star Tribune (10/18, Phelps) reports, "The sheer size and persistence of stock-option backdating at UnitedHealth Group Inc. could be the basis of a criminal investigation, former federal prosecutors said Tuesday." The Tribune continues, "Particularly vulnerable is Chief Executive William McGuire, the prime beneficiary of the backdating that allowed top executives to reap additional millions of dollars in profits by granting their options at times when UnitedHealth's stock was at low points. … 'Because of the scale of the options granting, this has to be put in the egregious category, and that makes criminal prosecution more likely,' said Christopher Bebel, a Houston securities attorney who once prosecuted white-collar cases for the U.S. attorney's office in Minnesota." The Tribune adds, "McGuire's unexercised options totaled more than $1.6 billion at the end of last year. … He resigned as chairman Sunday and will depart as CEO by Dec. 1 as the result of an independent investigation into the company's backdating practices. … UnitedHealth spokesman Mark Lindsay said the company has seen no indication from authorities of any criminal investigation." The Tribune notes, "The company previously has acknowledged that it is under investigation by the Securities and Exchange Commission, the Internal Revenue Service and the Justice Department through the office of the U.S. attorney for the Southern District of New York, best known for prosecuting Wall Street and securities matters. … Minneapolis attorney Doug Kelley, a former assistant U.S. attorney, said the involvement of the Southern District is a signal that criminal issues are being pursued. The SEC also can make recommendations to the Justice Department if it thinks criminal prosecution is appropriate, Kelley said."

Departing CEO To Be Paid $5.1 Million A Year For Life. The AP (10/18, Freed) reports, "After being forced to step down over the company's compensation practices, UnitedHealth chief executive William McGuire will retire on $5.1 million a year, according to the calculations of a watchdog group." The AP continues, "McGuire has agreed to retire by Dec. 1, and he stepped down from his post as chairman on Sunday. The move came after a company-sponsored investigation determined that many of the company's stock options were backdated to make them more favorable for the recipients, including McGuire, other executives, and thousands of UnitedHealth employees. … McGuire's retirement benefits include a $6.5 million lump sum, according to Portland, Maine-based group The Corporate Library, which has criticized McGuire's pay before. … McGuire has stock options that were worth $1.78 billion as of the end of 2005. Their current value is not known. Investors have sold off UnitedHealth shares since questions about options backdating arose in March. Then, on Sunday, UnitedHealth said McGuire would re-price his options to the highest point in the year they were granted to remove any possibility that he got a favorable price."

Murray Says Compensation Committees Should Have Truly Independent Directors. Alan Murray writes in the Wall Street Journal (10/18, A2), "A shocker in Sunday's report on the options heist at UnitedHealth Group Inc. is that Chief Executive William McGuire had an inside man on the company's board: William G. Spears, graduate of Choate and Princeton, a Harvard M.B.A., and the founder of a New York investment-management firm that bears his name. … In theory, Mr. Spears was an 'independent' director. But the investigation, led by former SEC enforcement chief William McLucas, discovered he had close financial ties to Dr. McGuire. He served as trustee for two trusts benefiting the CEO's children and managed between $15 million and $55 million of the McGuire family fortune. … Lawyers for Mr. Spears argue all this was duly disclosed. … Trouble is, no one on the board remembers being told of the relationship." Murray adds that "the UnitedHealth mess suggests there is more to be done. Sarbanes-Oxley put strict requirements on audit committees, but not on compensation committees. They

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should consist of truly independent directors and should work with truly independent compensation consultants."

Pearlstein Faults UnitedHealth Over Options Scandal. Steven Pearlstein writes in the Washington Post (10/18, D1), "Anyone with health insurance from UnitedHealth Group knows what happens if you fail to fill in every box on the form, or attach the requisite back-up material, to get reimbursed for a $40 prescription. You're not going to see a dime until you've been put on hold for 30 minutes, faxed the paperwork twice to somebody in Minnetonka, Minn., and demanded to talk to a supervisor. … Isn't it odd that a company could be so persnickety when it comes to pinching pennies from doctors and patients, and so cavalier when it comes to lavishing executives with hundreds of millions of dollars of shareholders' money? … In response to these revelations, you'd think UnitedHealth directors would at least have had the manners to apologize to shareholders, if not to resign. Instead, they've followed the well-worn path of insisting they did nothing wrong while taking steps to ensure it won't happen again."

Board Issues Guidance On Auditing Value Of Stock Options. The Wall Street Journal (10/18, A10, Hughes) reports that the Public Company Accounting Oversight Board has issued "long-awaited guidance for auditing the value of employee stock options. … In its guidance, the PCAOB reminds auditors that because companies typically must estimate the value of employee stock options because the prices generally aren't set in a market, there is a risk of producing misleading figures. As a result, the board said that auditors should be aware of possible pitfalls, such as how changes in assumptions can affect the fair value of the options." The audit oversight board "also offered guidance on when to use the Black-Scholes model, and when to use what is known as a lattice model. The Black-Scholes model for valuing employee stock options is more standardized, but a lattice model 'might more fully reflect the substantive characteristics' of the employee stock option, the board said. In a lattice model, there are more variables, which means companies could more specifically tailor the value of stock options to factors that are specific to their companies."

NYTimes Supports Justice Department Review Of Buyouts. The New York Times (10/18, 1.21M) editorializes, "Buyout firms are engaged in an unprecedented feeding frenzy, gobbling up publicly traded companies like never before. While buyouts can set lagging businesses back on the right track, regulators and shareholders must be watchful to ensure that managers demand fair value for the companies." The Times adds, "The Justice Department reportedly is looking into whether the old-boy network of private-equity firms has gotten a little too chummy, examining whether firms are colluding to keep prices low. It is a move we support. Too often public stockholders end up getting the raw end of these deals."

CRIMINAL LAW:

Page Board Examining Trip Kolbe Took In 1996 With Two Pages. The AP (10/18, Margasak) reports, "House page program overseers this week discussed a camping trip that Rep. Jim Kolbe, R-Ariz., took with two former pages and others in 1996, a congressional official said Tuesday. The trip is under review by the Justice Department. The five-member House Page Board, three lawmakers and two House officials, took no action and did not have any information beyond recent news accounts of the trip, the official said." The AP notes Kolbe is "the only openly gay Republican in Congress." The AP adds "the discussion about the Kolbe trip "indicates that the board is moving beyond the overly friendly e-mails and sexually explicit instant messages that ex-Rep. Mark Foley, R-Fla., sent to former male pages."

The Washington Post (10/18, A9, Weisman, Grimaldi, 748K) reports, "Members of the Page Board sought the review after news reports last week that the Justice Department had opened a preliminary inquiry into a camping trip that Rep. Jim Kolbe (R-Ariz.) took with male former pages in 1996. That report sparked a conference call Monday among board members." But because "the Page Board, which consists of three House members and two senior House officials, does not have the authority to investigate members of Congress, the matter was turned over to the House ethics committee, formally known as the Committee on Standards of Official Conduct." The Post adds it is "not clear what allegations the board was concerned about."

Kolbe Allegedly Had "Inappropriate" Contact With Page. The Washington Post (10/18, A9, Weisman, Grimaldi, 748K) reports, "The Washington Post has learned of a potentially inappropriate incident involving Kolbe and a male page. The man recently told the House clerk's office and the FBI about an encounter with the Arizona Republican that occurred about five years ago when he was 16, according to someone familiar with the man's account. The page told authorities that he was 'uncomfortable with a particular social encounter' that involved physical contact when he and Kolbe were alone, the source said yesterday."

GOP Debating "Big Tent" Inclusion Of Gays. The Los Angeles Times (10/18, Neuman, 918K) reports the Republican Party has "broadened its appeal with a 'big tent' strategy of reaching out to voters who might typically be Democrats. But a debate is now growing within the GOP about whether the tent has become too big -- by including gays whose political views may conflict with the goals of the

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party's powerful evangelical wing." Some conservative Christians, "who are pivotal to the GOP's get-out-the-vote effort, are charging that gay Republican staffers in Congress may have thwarted their legislative agenda. There are even calls for what some have dubbed a 'pink purge' of high-ranking gay Republicans on Capitol Hill -- and in the administration." The "long simmering tension between gays and the religious right within the GOP has erupted into open conflict at a sensitive time, just weeks before a midterm election that may cost Republicans control of Congress."

Trandahl Seen As Key Figure On Foley Scandal. The New York Times (10/18, Zeleny, 1.21M) reports former House clerk Jeff Trandahl "has emerged as a central figure in the case of how the House Republican leadership dealt with the conduct" of former Rep. Mark Foley. As the House ethics committee "pursues its investigation, few accounts are more crucial than Mr. Trandahl's in determining whether Republican leaders acted with enough urgency. He is scheduled to testify to the committee on Thursday, when he could corroborate — or contradict — accusations that Speaker J. Dennis Hastert's office knew about Mr. Foley's behavior at least three years ago." The House clerk, "a vestige of the patronage system, serves at the pleasure of the speaker and, in recent years, Mr. Hastert's influential chief counsel, Ted Van Der Meid. House investigators are trying to deduce whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, had a role in the handling of the complaints about Mr. Foley." Over the years, "people who worked with him on the Hill said, Mr. Trandahl received periodic complaints that Mr. Foley was acting too friendly to the pages or interns." The House ethics committee is "trying to determine whether Mr. Trandahl simply passed along the information to Kirk Fordham, a longtime aide to Mr. Foley, or whether he alerted the speaker's office that Mr. Foley's overfriendly behavior had grown beyond idle gossip."

Contributors Want Foley Campaign To Return Funds. The Hill (10/18, Young) reports former Rep. Mark Foley's campaign held a fundraiser on September 26, three days before his resignation attended by a small number of lobbyists who "had no idea that some of them would soon be scrambling to get those checks returned." The lobbyists "are not the only contributors looking to distance themselves from the Foley scandal and recoup the thousands of dollars they gave to help the incumbent, who did not face a competitive challenger, return to the House for his seventh term." A "number of corporate and trade association PACs also have sent word to Foley's campaign that they want refunds." By Friday, Sept. 29, "some of them were placing calls to Foley's campaign office in Florida or to the Washington, D.C.-based Catalyst Group, which administered his fundraising: they wanted their money back." The Hill "contacted more than a dozen PACs that ranked among the biggest contributors to Foley's campaign and to his leadership PAC this election cycle." Most "did not return calls," and some "declined to comment." But others "disclosed that they have or plan to deliver letters to Foley's campaign treasurer Donna Winterson, also his sister, asking that their money be returned."

Foley To Name Alleged Abuser. CBS Evening News (10/17, story 6,0:25, Couric, 7.66M) reported, "Former Congressman Mark Foley plans to tell the Archdiocese of Miami the name of the Catholic clergyman who he says abused him as a teenager. The Foley lawyer says the clergyman is still alive but can't be prosecuted because the statute of limitations ran out a long time ago."

The New York Times/AP (10/18) reports Foley attorney Gerald Richman "said the clergyman was still alive. An archdiocese spokeswoman said the church had urged Mr. Foley to identify his abuser. Mr. Richman said the statute of limitations on sexual assault had expired long ago."

House GOP Aides Coordinating Message To Deflect Foley Scandal. The Hill (10/18, O'Connor) reports, "Desperate to talk about something other than scandal, House Republican leadership staffs are coordinating a messaging blitz in an attempt to shift some emphasis back to national security and the economy before the Nov. 7 election." With less than "three weeks for the GOP to salvage its majority, the new media campaign is the first formal coordination between leaders' offices since they were fractured by the scandal surrounding former Rep. Mark Foley." Aides "to House Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Conference Chairwoman Deborah Pryce (R-Ohio) met yesterday in the Lincoln Room of the Speaker's Capitol suite to plan ways to help embattled Republicans sidestep national media and target local press."

Foley Scandal Prompts Parents To Monitor Kids' Internet Use. The Wall Street Journal (10/18, D1, Vascellaro, Athavaley, 2.03M) reports the "fallout from the Foley scandal has sent shockwaves through Congress and rattled employees across the country who are increasingly on edge about whether their boss is tracking their every online move. And, as new evidence about the vulnerability of kids online emerges in spurts, it is also jolting parents into better monitoring what their children say and do at their computers." In "recent weeks, more parents are turning to pricey software programs that record not only what Web sites their kids visit, but also the content of their emails and instant messages."

Report Says Cunningham Used Intelligence Panel To Aid Contractors. The AP (10/18, Shrader) reports former Rep. Randy "Duke" Cunningham "parlayed his seat on the Intelligence Committee into at least $70 million in

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business for two contractors who in turn paid him millions in bribes, an investigator hired by the panel has concluded." The report, released by ranking Democrat Jane Harman, "found that Cunningham had exploited weaknesses in the system for monitoring secret federal spending." It said that Cunningham "and at least one associate secured the cooperation — or at least the acquiescence — of many people. They included members of Congress and their aides who handled bills that directed money to certain programs, Pentagon officials who awarded the contracts and officials at agencies where the contract work was done." In a "sign of partisan divisions on the committee," Harman "unilaterally released the five-page document after months of disagreement with the committee's chairman, Rep. Peter Hoekstra, R-Mich. Together, the two had initiated the investigation, led by special counsel Michael Stern, and had hoped to release the findings jointly."

The Washington Times/UPI (10/18, Waterman) reports Cunningham "inserted up to $80 million worth of earmarks for the contractors who bribed him into classified intelligence authorization bills between 2000 and 2006, bullying staff who became concerned, according to an interim report from a special House investigation." The report "says that over six years, Cunningham and co-conspirators Mitchell Wade and Brent Wilkes 'repeatedly sought to use [the committee] to facilitate the objectives of the conspiracy, particularly through requests for congressional funding ... that benefited Wilkes, Wade and other companies,' which it does not identify."

The New York Times (10/18, Mazzetti, 1.21M) reports Cunningham "pressured and intimidated staff members of the House Intelligence Committee to help steer more than $70 million in classified federal business to favored military contractors." The investigation found that Cunningham "repeatedly abused his position on the committee to authorize money for military projects, often over the objections of staff members who criticized some of the spending as wasteful. The inquiry also found that despite numerous 'red flags' about the propriety of a particular contract for work on a controversial Pentagon counterintelligence program, committee staff members for three years 'continued to accept and support Mr. Cunningham's growing requests for this project.'"

The Hill (10/18, Tiron) reports Intelligence Committee staff were "fully aware that the funds were intended for a specific recipient and 'either actively cooperated with or did not resist Cunningham's efforts to steer the funds toward that recipient,' according to the report." Panel Chairman Pete Hoekstra "took immediate offense to ranking member Rep. Jane Harman's (D-Calif.) decision to release the summary, saying that the move shows 'blatant disregard' for a bipartisan agreement they had made to fully review the Cunningham matter and charging her with politicizing the inquiry."

The Washington Post (10/18, A19, Pincus, 748K) reports Cunningham "channeled more than $70 million in Pentagon and intelligence agency contracts to two companies that paid him bribes, and required the 'cooperation or at least the non-interference of many people' to pull that off, a congressional investigation has found." Since Cunningham "had no authority to award contracts, he needed the acquiescence of some members of Congress, congressional staff members and Defense Department officials, according to the executive summary." The summary "discloses for the first time that the government is investigating the CIA's award of 'several large contracts' that involved Kyle Dustin 'Dusty' Foggo when he was No. 3 at the agency under then-Director Porter J. Goss. Foggo was a longtime friend of contractor Brent R. Wilkes, who federal investigators say was one of Cunningham's co-conspirators along with contractor Mitchell J. Wade."

Weldon Campaign Suggests Democrats At DOJ Leaked Probe. The AP (10/18, Dale) reports, "A day after the FBI raided the offices of a lobbying firm run by Rep. Curt Weldon's daughter and his close friend, the Republican's campaign blamed publicity about the Justice Department investigation on 'the left-wing, liberal attack machine.' … Weldon's campaign spokesman said there are Clinton-era holdovers among the civil-service employees in the Justice Department. 'I don't mean to impugn the motive of the Justice Department, but there may be partisan motives for leaking word of this inquiry three weeks before the election,' the spokesman, Pete Peterson, said." The AP adds, "Weldon has clashed with the Bush administration and others in Washington," most recently over the Pentagon's "Able Danger" program.

On Fox News' Special Report With Brit Hume (10/16), correspondent Major Garrett reported, "Weldon told Fox he's done nothing wrong and neither has his daughter." Weldon: "They go to my daughter's house and treat her like she's a common thug. I mean, my daughter has done nothing wrong." Garrett: "Weldon also casts doubt on the timing of the investigation and intense media scrutiny it sparked," and "Fox asked Weldon if he was accusing the FBI of being a pawn." Weldon: "And there's no conspiratorial thing here or paranoia – it is what it is. And we will cooperate fully with the Justice Department and we already have said that."

The New York Times (10/18, Johnston, 1.21M) says that "Weldon is describing a federal investigation…as an election-season ploy that will find that 'I engaged in no wrongdoing.' 'I am extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress,' Mr. Weldon…said in a statement issued Monday evening. 'The timing of this situation is deeply concerning.'"

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Weldon's Ties To Serbian Businessman Under Probe. The Washington Post (10/18, A8, Smith, Leonnig) reports, "Officials at the U.S. Embassy in Belgrade were surprised three years ago to be invited to a luncheon in honor of visiting Rep. Curt Weldon (R-Pa.), hosted by Bogoljub Karic, a wealthy Serbian businessman who had been barred from visiting or trading with the United States because of his close ties to former Yugoslav leader Slobodan Milosevic." The Post continues, "Weldon 'was visiting solely because of Karic,' whom he was trying to get off the U.S. blacklist, a former senior embassy official familiar with the visit concluded. 'It seemed odd' at the time, because Karic had no obvious tie to Weldon's district outside Philadelphia, and Weldon should have known the embassy was shunning contacts with him, the official said. … What the embassy apparently did not know is that the Karic family that year signed a contract with Weldon's daughter, Karen, and a business partner that called for monthly payments of $20,000 for 'management, government and public relations,' according to a copy of the March 2003 contract. In all, the family paid Karen Weldon's firm $133,858 that year for efforts she undertook to set up a foundation for it." The Post adds, "Curt Weldon's visit and that deal are under investigation by the FBI, according to a law enforcement source familiar with the probe. His efforts to assist clients of his daughter's consulting firm in their dealings with the federal government are the focus of that probe, according to sources familiar with it . … FBI raids of six locations in Pennsylvania and Florida on Monday, including one of Karen Weldon's home and another of her consulting and lobbying firm, were part of the bureau's search for evidence of whether the lawmaker used his influence to benefit himself or his daughter's firm, according to the sources. … A grand jury has been impaneled as part of the investigation, and it has obtained evidence gathered via wiretaps of Washington area cellphone numbers, the sources said."

Meanwhile, The Hill (10/18, Schor) reports, "As President Bush prepared to announce a new energy cooperation pact with Russia in May 2002, Rep. Curt Weldon…and 10 fellow lawmakers sat down in Moscow with executives of oil and gas trader Itera Group, praising the company as a prime prospect for U.S. partnerships. Itera had fallen under scrutiny at the time for its ties to Gazprom," and "Itera is facing new questions this week after federal agents raided the company's Florida office as well as the homes of Karen Weldon and Charles Sexton." The Hill notes, "Despite Weldon's hints of a politically motivated probe, nonpartisan ethics groups point out that the Justice Department has conducted itself under a Republican administration."

NYTimes Says GOP Leadership To Blame For Lack Of Ethics Reform. In an editorial, the New York Times (10/18, 1.21M) notes the Kurt Weldon, Mark Foley, Bob Ney and Randy Cunningham scandals – with a brief aside about William Jefferson and Harry Reid – and says, "The G.O.P. leaders have themselves to blame for their multiple millstones. If they had passed actual ethics reform, instead of deep-sixing it in bromides, there could have been a believable independent corruption office to take some of the heat off their current plight as compromised self-investigators." The Times adds, "Congressmen caught in wrongdoing at this time of year like to complain that they're the victims of election-eve politics. If the looming elections inspire whistleblowers, we say bravo. The prospect of voting day fills the vacuum created by the absence of an actual set of enforceable ethics rules in Congress."

US Charges New York Labor Leader With Racketeering. The New York Times (10/18, Hartocollis, Greenhouse) reports, "Brian M. McLaughlin, a Queens assemblyman who as head of the nation's biggest municipal labor council personified New York City's politically powerful labor movement, was arrested yesterday on federal racketeering charges involving embezzlement, receiving bribes, fraud and money laundering. Conviction on all 43 charges could send him to prison for decades." The Times continues, "A 186-page indictment charges Mr. McLaughlin, 54, with illegally obtaining $2.2 million from taxpayers, labor unions and contractors over the last decade since he became president of the New York City Central Labor Council, a federation of 400 union locals with one million members." The Times adds, "The accusations range from the Dickensian (stealing $95,000 from Little League baseball teams to pay his rent) to the brazen (creating two no-show jobs on his legislative payroll and keeping part of one salary), according to the painstakingly detailed racketeering indictment unsealed yesterday. … Mr. McLaughlin surrendered early yesterday. He pleaded not guilty at his arraignment in Federal District Court in Manhattan before Magistrate Judge James C. Francis IV, and was released on $250,000 bail."

The AP (10/18, Milton) reports, "In a 186-page indictment unsealed Tuesday, McLaughlin and others are accused of engaging in racketeering from 1995 through 2006 by using money collected for union activities to instead pay personal expenses, including credit card bills, rent and home improvements. … The indictment alleges McLaughlin committed mail fraud, embezzlement, money laundering and labor bribery by diverting money from various funds he controlled. … Among the funds identified were McLaughlin's political campaign committee, union accounts meant to provide benefits for union members and even contributions meant to support a Little League baseball program." The AP adds, "The indictment also alleges McLaughlin and others misappropriated funds from the state by creating fictitious jobs on his legislative staff and submitting false expense forms. … Among the expenses named in the indictment were

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more than $4,100 to maintain a boat in Tuckerton, N.J., and $4,200 for Long Island country club membership dues."

The New York Sun (10/18, Berman) reports, "The U.S. Attorney for the Southern District, Michael Garcia, said Mr. McLaughlin's alleged crimes 'add new meaning to the term "hand-in-the-till."' … A 186-page indictment alleges a complex scheme that Mr. Garcia called 'stunning in its breadth and its scope.' Prosecutors charge that Mr. McLaughlin, 54, accepted hundreds of thousands of dollars in kickbacks from city street lighting contractors, installed his cronies in fictitious positions with the state Assembly and the labor council to funnel cash to himself, and laundered money to hide his crimes and evade law enforcement." The Sun adds, "No one else was named in the indictment, but Mr. Garcia said the investigation was ongoing and did not rule out further charges. … Mr. McLaughlin did not comment in response to the accusations. 'The case is now in the court of law, so we're going to save our comments for the courtroom,' his lawyer, Jonathan Bach, said after Mr. McLaughlin was arraigned before federal Magistrate Judge James Francis IV yesterday. Two of the 44 counts are filed under the Racketeer Influenced and Corrupt Organizations Act, which some have criticized when it is used in cases that don't involve traditional organized crime families."

Newsday (10/18, DeStefano) reports, "The alleged theft was done so McLaughlin 'could support his own version of lifestyle of the rich and famous,' said Rose Gill Hearn, head of the city's Department of Investigation. McLaughlin is accused of using union members while they worked on regular shifts for their bosses to do chores for him that included shoveling snow, changing light bulbs, cleaning out a barn and capturing rodents in the basement of his house, investigators said. According to the indictment, women who had a 'personal relationship' with McLaughlin also reaped some financial benefits from his actions. McLaughlin is married and has five children." The New York Daily News (10/18, Zambito, 729K) notes, "No one was immune from his greed, not union members -- not even Little Leaguers."

Missouri Mayor Expected To Plead Guilty To Bribery Charges. The St. Louis Post-Dispatch (10/18, Hahn, 300K) reports, "St. Peters Mayor Shawn Brown is expected to plead guilty Friday in his bribery case, authorities said Tuesday." Assistant US Attorney Tom Albus "would not confirm whether a plea agreement had been reached but said it was customary to have one under these circumstances." The Post-Distatch notes, "Brown was indicted in August on a charge of soliciting and accepting a $2,750 bribe from Redflex Traffic Systems Inc., which in June got the contract to install red-light cameras in St. Peters. Brown is accused of telling a Redflex employee he would veto the measure approving the system's installation unless the company paid him off. Redflex told the FBI and cooperated with the agency in giving Brown a check, authorities said."

Former GBI Agent Sentenced To Year In Prison For Taking Kickbacks. The AP (10/18) reports, "A former special agent with the Georgia Bureau of Investigation was sentenced Tuesday to one year and a day in federal prison for receiving illegal kickback payments and failing to maintain firearms records." James R. Garmon "brokered the sale of more than $5,000 worth of firearms that had been seized by Bartow County deputies to a local pawnshop, the U.S. attorney's office said. GBI Director Vernon Keenan said his agency cooperated with the FBI's investigation." The AP notes Garmon "received at least $1,600 from the pawnshop for brokering the deal, prosecutors said."

Alleged Pennsylvania Mobster Accused Of Soliciting Murder Of Witness. The AP (10/18) reports, "An alleged mobster facing drug charges planned to kill a witness against him while out on bail, federal prosecutors said Tuesday. A new indictment against William D'Elia, 60, of Hughestown, who reputedly heads the Bufalino crime family, charges him with solicitation of murder, witness tampering, obstruction of justice, violating bail conditions, money laundering and other offenses. D'Elia told an informant in August that he would give him photographs of a witness who cooperated with prosecutors and told him to wait for a signal to kill the man, according to the 18-count indictment issued Tuesday." The AP notes, "D'Elia has been linked to organized crime by the FBI, the now-defunct Pennsylvania Crime Commission, and former Philadelphia and South Jersey mob boss Ralph Natale."

FBI Arrests Florida Man For Making Child Porn With 15-Month-Old Daughter. The AP (10/18) reports, "An Orange County man was arrested by federal agents after he sent sexual pictures of himself and his 15-month-old daughter over the Internet, authorities said. The man was ordered to be held without bail at a court appearance in federal court Monday. He faces child-pornography charges, and has been assigned an assistant federal public defender." The AP notes, "An Internet sting conducted by the Central Florida Innocent Images Task Force, which includes a Seminole County sheriff's detective, led to his arrest. The man 'admitted to producing three videos of himself and his daughter engaged in sexual activity,' FBI agent Keith Scott wrote in a charging affidavit. … He also chatted online with a Tennessee-based FBI agent posing as a 13-year-old."

Grand Jury Hands Up Eight Count Indictment To Capitol Intruder. The Hill (10/17, Kucinich) reports

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that Carlos Greene was indicted yesterday by a grand jury for breaching "Capitol Police security last month and" leading "officers on a three floor chase inside the U.S. Capitol before he was apprehended on the basement floor." The charges against Greene are "fleeing a law enforcement officer, two counts of destruction of government property, assaulting, resisting or impeding certain officers or employees and unlawful possession of five grams or more of cocaine." In addition, Greene charges of "firearms violations such as possession of a gun on Capitol grounds and carrying and possessing a firearm during drug trafficking offense."

Ohio Fundraiser Called Coin Funds An ATM, Former Aide Testifies. The Columbus Dispatch (10/18, Niquette) reports, "Coin dealer Thomas W. Noe once described the $50 million state investment he managed "as having access to an ATM," Noe's former administrative assistant said yesterday in testimony against her former boss. … 'What he went on to say was, when he needed it, he would tap the coin funds,' Sue Bahn told the jury during the second day of testimony in the trial of Noe and his handling of the Ohio Bureau of Workers' Compensation coin investment." The Dispatch continues, "Bahn, who worked for Noe for about two years at his Maumee coin shop and was trusted to pay his bills and balance his personal checkbook, said Noe made the comments in June 2005 after she questioned him about the controversy swirling around the investment at the time. … Prosecutors say Noe stole millions from the coin funds to pay debts and 'to support the lifestyle that he felt he deserved.' … Noe denies all charges, including theft, saying his contract gave him broad authority over the state funds."

The AP (10/18, Seewer) reports, "Metzger said she met with her boss in the summer of 2005 after allegations of wrongdoing surfaced and asked Noe whether he took the money, she testified. … 'He described it as having access to an ATM,' she said." The AP continues, "The investment scandal has battered Republicans who control the state, raising Democrats' hopes of retaking the governor's office for the first time since 1990. Democratic U.S. Rep. Ted Strickland has a wide lead over Republican Ken Blackwell, Ohio's secretary of state, in gubernatorial race polls. … Prosecutors say Noe was deep in debt when he got the money, and he quickly used it to pay off his creditors."

The Toledo Blade (OH) (10/18, Wilkinson, Eder) reports, "Tom Wersell, the director of investigations for the Ohio Bureau of Workers' Compensation, testified that the bureau's chief legal officer asked him to show another executive how to delete e-mails in the weeks after the Tom Noe coin scandal erupted. … Mr. Wersell said he did not know why John Annarino made the request but that he showed former chief investment officer Jim McLean how to 'double delete' e-mails. … Mr. Wersell, in his second day of testimony, acknowledged that the bureau has a information technology department. … The revelation came during cross examination of Mr. Wersell by Mr. Mitchell. Mr. Wersell had testified that many of the documents relating to the Noe coin funds were retrieved from Mr. McLean's office. He was fired last year by the bureau."

Mueller Calls For ISP User Tracking. CNET News (10/18, McCullagh) reports, "FBI Director Robert Mueller on Tuesday called on Internet service providers to record their customers' online activities, a move that anticipates a fierce debate over privacy and law enforcement in Washington next year. … 'Terrorists coordinate their plans cloaked in the anonymity of the Internet, as do violent sexual predators prowling chat rooms,' Mueller said in a speech at the International Association of Chiefs of Police conference in Boston. … 'All too often, we find that before we can catch these offenders, Internet service providers have unwittingly deleted the very records that would help us identify these offenders and protect future victims,' Mueller said. 'We must find a balance between the legitimate need for privacy and law enforcement's clear need for access.'" CNET continues, "The speech to the law enforcement group, which approved a resolution on the topic earlier in the day, echoes other calls from Bush administration officials to force private firms to record information about customers. Attorney General Alberto Gonzales, for instance, told Congress last month that 'this is a national problem that requires federal legislation.'" CNET adds, "Justice Department officials admit privately that data retention legislation is controversial enough that there wasn't time to ease it through the U.S. Congress before politicians left to campaign for re-election. Instead, the idea is expected to surface in early 2007, and one Democratic politician has already promised legislation. … Law enforcement groups claim that by the time they contact Internet service providers, customers' records may have been deleted in the routine course of business. Industry representatives, however, say that if police respond to tips promptly instead of dawdling, it would be difficult to imagine any investigation that would be imperiled."

Boston Globe.com (10/17, Simpson, 2:15 p.m.) reported Mueller "told the nation's police chiefs today that law enforcement must strike a careful balance between fighting crime and protecting the homeland. Mueller said while violent crime more directly affects most Americans, the Sept. 11, 2001 attacks made anti-terrorism activities the FBI's top priority. 'I wish I could assure you that there will be never be another terrorist attack in America, but I cannot. The world remains a perilous place,' said Mueller, who received a standing ovation before and after his speech."

Crawford Pleads Guilty To Charges In Stock Case. The New York Times (10/18, Stout, 1.21M) reports,

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"Lester M. Crawford, the former commissioner of food and drugs, pleaded guilty Tuesday to lying and conflict-of-interest charges in connection with stock he and his wife owned in companies regulated by the F.D.A. Magistrate Judge Deborah A. Robinson, who accepted Dr. Crawford's plea to two misdemeanor charges, scheduled sentencing for Jan. 22 in Federal District Court." Crawford "could face up to a year in prison and a fine of up to $100,000 on each of the two counts, but his lawyer has said she expects him to be placed on probation."

Dow Jones (10/18) reports, "Crawford, who served as head of the FDA for two months in 2005, was charged by the Justice Department with filing misleading financial-disclosure reports about his holdings in Sysco Corp., Kimberly-Clark Corp. and Embrex Inc. … Crawford was confirmed as FDA chief in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B."

Market Watch (10/18, Schroeder) reports, "The charges against Crawford alleged he or his wife owned shares in Sysco Corp., which were regulated by the FDA, according to a Tuesday statement from the Department of Justice. … 'One of the most important principles of our ethics laws is that public officials cannot have a financial interest in any decision that they make,' U.S. Attorney Jeffrey Taylor stated. 'Lester Crawford, who held one of the most important jobs in government, blatantly violated these principles. Today, he is being held accountable for his actions.'"

The AP (10/18, Bridges) reports, "As head of the U.S. Food and Drug Administration, Lester Crawford oversaw a federal agency that regulates products that account for an estimated 25 cents of every dollar spent each year by U.S. consumers. … At the same time, Crawford, through his broker, oversaw an investment portfolio that included tens of thousands of dollars in shares in food, beverage and medical device companies regulated by the very federal agency he ran." The AP continues, "Crawford knew what he and his wife owned, but still failed to fully disclose that information as required by federal law, the Justice Department said in court papers charging him with filing false financial disclosure forms and conflict of interest. In some cases, Crawford even assured federal ethics officers that he and his wife had sold stock in FDA-regulated companies that the couple in fact continued to hold, according to the papers. … Because of that, the former FDA commissioner was set to plead guilty Tuesday to the two misdemeanor counts, said his attorney, Barbara Van Gelder. She said Crawford would not dispute the federal government's claims under the plea agreement. … A fine is likely, though the two counts each carry a maximum penalty of one year in prison."

Trial Over Bogus Degrees Delayed. Government Executive (10/18, Rutzick) reports, "Names of 135 federal employees who allegedly bought fake diplomas from an outfit in the western United States will not be revealed for at least one year, if ever, according to a U.S attorney's office." GE continues, "Last week in Spokane, Wash., during a pretrial hearing for eight people accused of selling counterfeit degrees from nonexistent universities, a defense attorney told the judge that employees from the National Security Agency and the Health and Human Services, Justice and State departments were among 6,000 people who bought the diplomas, according to the Associated Press." GE adds, "The AP also reported that Peter Schweda, attorney for alleged diploma mill operator Steven Randock, said the names of 135 government employees who supposedly purchased the degrees for promotions or pay raises would be released during the course of the trial. … The trial will not start for another year, though. Judge Lonny Suko of the District Court of the Eastern District of Washington delayed it until Oct. 1, 2007, to give attorneys more time to prepare. Suko said more than 150,000 pages of e-mails, 40 CDs of documents and up to 50 witnesses will be used. … Tom Rice, a spokesman for the U.S attorney's office in Spokane, Wash., which is prosecuting the case, said Schweda's assertions that government purchasers would be revealed 'were not necessarily accurate.' … Rice also said he cannot confirm or deny that there is a separate Justice Department investigation into federal purchasers of the fake degrees. The case was built around a sting operation by a handful of Secret Service agents."

Man Pleads Guilty To Three Idaho Slayings. The AP (10/18, Geranios) reports from Coeur D'Alene, ID, "The man accused of kidnapping two children from their Idaho home and killing their family pleaded guilty Monday to murder and kidnapping in a deal that leaves him still eligible for the death penalty." The AP continues, "Joseph E. Duncan III, 43, was charged with bludgeoning two adults and a teenager to death at the home near Coeur d'Alene so he could kidnap the family's two youngest children for sex." The AP adds, "Duncan pleaded guilty shortly before his trial was to begin Monday. Under his plea agreement, he is to be sentenced to three consecutive life terms without parole in an Idaho prison. But authorities said that sentencing would be postponed pending federal prosecution that could result in the death penalty. … Kootenai County Prosecutor Bill Douglas said the sole survivor, young Shasta Groene, had agreed to testify against the man accused of holding her captive in the woods for seven weeks. … 'This agreement is possible because of a brave little 9-year-old girl who was willing to confront Duncan face-to-face in the courtroom,' Douglas said." The AP notes, "Federal prosecutors have said they intend to charge Duncan

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with kidnapping Shasta Groene and her brother Dylan and taking them to a primitive campsite in Montana and that they expect to seek the death penalty. Court documents allege he repeatedly molested the pair, then killed Dylan, whose body was found later at the campsite."

Florida Man Pleads Guilty To New Jersey Stock Scam. The Atlantic City (NJ) Press (10/18, Haught) reports, "A former Ocean County (NJ) man pleaded guilty Monday in federal court to involvement in a stock fraud case that cost investors millions of dollars and involved partners from Canada, New York, Florida and New Jersey, including a man from Upper Township." The Press continues, "Joseph F. Morgan, formerly of Stafford Township and now of St. Pete Beach, Fla., admitted to U.S. District Court Judge Jerome B. Simandle that he helped swindle investors of about $10 million in a scheme that netted more than $20 million through stock price manipulations." The Press adds, "As part of the scheme, involving several co-defendants and other unindicted partners, Morgan and others used a system of illegal stock compensations, fraudulent companies and shady brokerage deals to take control of nearly 100 million shares of TeleServices Internet Group Inc. and then sold those stocks to unsuspecting investors. … The scam, which ran from December 1996 through October 2005, involved at least 16 publicly traded companies, all trading on the Over the Counter Electronic Bulletin Board System. The shares -- called penny stocks -- generally traded for less than $1, often as little as 5 cents. … An official with the U.S. Department of Justice said the scam operated like a pump-and-dump or boiler-room scheme, in which brokers drum up investors by suggesting the stock is ready for a major price lift. In this case, Morgan and others used their connections to move the stock around, giving investors the appearance of true market activity."

Florida Crime Rate Drops, Except For Murder. The AP (10/18, Royse) reports, "Crime continued to drop in Florida during the first half of this year, but the rate of violent crimes, particularly murders, went up, according to state figures released Tuesday." The AP continues, "Crimes tracked by federal officials dropped from 412,743 in the first six months of 2005 to 411,608 in the first half of 2006, statistics compiled by the Florida Department of Law Enforcement showed. … That represented a decrease of 0.3 percent, continuing a downward trend that has put the state's crime rate at its lowest in more than three decades. .. But there was a striking anomaly in this year's figures: an increase in the number of murders. Local police agencies reported 518 killings in Florida through the end of June, up 27 percent from the 408 murders the state saw in the first six months of 2005." The AP adds, "Violent crime in general is bucking the overall trend in Florida, increasing 3.2 percent in the first half of 2006 over the same period last year. … The increase mirrors a mysterious uptick in violent crimes and murders in cities nationwide. … Officials don't have a clear explanation for what may be making the murder rate jump, following small but steady declines through recent years that were attributed in part to tougher sentencing laws. … In a speech to police chiefs on Monday, U.S. Attorney General Alberto Gonzales said federal officials are looking for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. Gonzales also acknowledged that some law enforcement agencies have been stretched a little by new duties in anti-terrorism efforts."

Federal Judge Again Strikes Missouri's Lethal Injection Procedure. The AP (10/18) reports, "A federal judge has ruled for a second time that Missouri's use of a three-drug lethal injection for executions is unconstitutional, confirming his ruling last month that the procedure could cause 'torturous' pain." The AP continues, "The ruling issued Monday by U.S. District Judge Fernando Gaitan Jr. follows his September ruling that said the death penalty protocol could subject inmates to an unreasonable risk of cruel and unusual punishment and halted all executions in the state." The AP adds, "Gaitan had first ordered in June that the Missouri Department of Corrections make sweeping changes to its execution protocol. At issue is how painful lethal injection can be if the three drugs used are not given correctly. If the injection is given improperly, an inmate could be in pain but would be paralyzed and unable to show it, Gaitan said in his September ruling. .. .In that order, Gaitan gave the state until Oct. 27 to provide a revised protocol. But the state resubmitted the same proposal Oct. 6, arguing that it was constitutional and asking the judge to reconsider his decision. … The state's attorneys had asked Gaitan to rule quickly, so they could file an appeal if he ruled against them."

Federal Prosecutors Won't Charge Berkshire Unit In Virginia Insurer Case. The Wall Street Journal (10/18, Richardson) reports that federal prosecutors will not charge General Reinsurance, a unit of Berkshire Hathaway Inc., the holding company headed by Warren Buffett "in their continuing criminal investigation into the collapse of a professional-liability insurer in Virginia, according to a statement by Berkshire." Berkshire "said General Re received a letter yesterday from the office of the U.S. attorney for the Eastern District of Virginia in Richmond stating that the federal prosecutor 'does not currently view General Reinsurance as a target or subject in connection with the EDVA U.S. attorney's pending investigation of Reciprocal of America.'"

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Man Convicted Of Murder In New York Drunk Driving Case. The New York Times (10/18, Vitello) reports that Martin Heidgen, "who crashed into a wedding limousine last year, killing the driver and a 7-year-old girl while driving drunk in the wrong direction on a Long Island parkway, was convicted on Tuesday of two counts of murder." The verdict is the first murder conviction won in fatal drunken driving case in Nassau County, "where the high incidence of drunken driving has become a public policy issue that figured heavily in the 2005 election campaign for the office of district attorney." The "murder charge brought against Mr. Heidgen, murder in the second degree by depraved indifference, carries the same penalties as intentional murder -- a minimum of 15 years and a maximum of 25 years to life -- and has been the subject of several appellate court decisions in the last two years."

DC Mayor Seeks $11 Million To Continue Anti-Crime Measures. Washington, DC Mayor Anthony Williams asked the city council for $11 million to continue a package of emergency crime measures. The Washington Times (10/18, Cella, Doolittle) reports, "The legislation includes a request for $5 million for youth-violence prevention programs, $4.2 million for additional police overtime and $1.7 million for the city's burgeoning network of neighborhood surveillance cameras. It also would renew four key provisions of the mayor's emergency package, which is set to expire at midnight tomorrow. Those provisions authorized the use of neighborhood surveillance cameras, allowed some offenders to be held until trial, gave police access to juvenile criminal records and granted the mayor power to set the time of the juvenile curfew."

CIVIL LAW:

DOJ Review Finds Agencies' FOIA Administration Improving. Government Executive (10/18, Pulliam) reports, "Agencies subject to the Freedom of Information Act are for the most part complying with an executive order outlining a two-year process for improving the implementation of the 40-year-old law, according to a new Justice Department report." GE continues, "All 91 federal agencies subject to FOIA have prepared plans for improving the process of releasing federal documents to the public, refined the plans where necessary and posted them on their Web sites for public review, the report stated. Most agencies also fulfilled the order's first requirement successfully by appointing chief FOIA officers by Jan. 13, 2006." GE adds, "In fiscal 2005, agencies handled more than 2.6 million FOIA requests at a cost of $300 million. This represents a 35 percent increase in activity over fiscal 2001, the report stated. … The executive order, signed by President Bush on Dec.14, 2005, directed agencies to ensure citizen-centered and results-oriented FOIA operations. … A number of improvement plans failed to properly address how the agencies would address backlogs of requests for information, the report stated. A few agencies have modified plans to comply with the order, including the Education Department, the Federal Energy Regulatory Commission, NASA, the National Archives and Records Administration and the Securities and Exchange Commission. … But a number of other agencies have yet to complete the modifications. These were the Agriculture, Commerce, Defense, Homeland Security, Labor and Veterans Affairs departments; the Equal Employment Opportunity Commission, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the General Services Administration, the Merit Systems Protection Board, the National Science Foundation, the National Transportation Safety Board and the Social Security Administration."

Federal Government Won't Pay Death Benefit To Studds' Same-Sex Spouse. The federal government has refused to pay death benefits to the spouse of former Rep. Gerry Studds, the first openly gay member of Congress. The Washington Post (10/18, A19, 748K) reports, "Studds married Dean Hara in 2004 after same-sex marriage was legalized in Massachusetts. But Hara will not be eligible to receive any portion of Studds's estimated $114,337 annual pension because the 1996 Defense of Marriage Act bars the federal government from recognizing Studds's marriage. Peter Graves, a spokesman for the Office of Personnel Management, which administers the congressional pension program, said same-sex partners are not recognized as spouses for any marriage benefits. He said Studds's case is the first of its kind known to the agency."

CIVIL RIGHTS:

DOJ Probing California Letter On Immigrant Voting. The New York Times (10/18, McKinley) reports, "Federal and state authorities are trying to determine who sent a letter to some Latinos in Southern California that falsely suggested that it would be a crime for immigrants to vote in the coming election." The Times continues, "The letter, written in formal, sometimes clumsy Spanish and signed 'Sergio Ramirez,' was mailed last week to an undetermined number of people with Spanish surnames in Orange County, the authorities said. It advised recipients that 'if you're an immigrant, voting in a federal election is a crime that can result in incarceration,' or deportation. … While illegal immigrants are barred from voting, legal immigrants who have become citizens are permitted to do so." The

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Times adds, "The letter also stated that the federal government had installed a computer system to verify the names of new registered voters who vote in October and November and that anti-immigration groups would be able to access that information. Election Day is Nov. 7, but early voting is allowed Oct. 20-29 in Orange County. … Cynthia Magnuson, a spokeswoman for the Justice Department, which along with the California attorney general's office is investigating the letter's source, said there was no such database. … 'The letter contains false information,' Ms. Magnuson said."

Georgia Election Board Approves New Letter To Misinformed Voters. The AP (10/18) reports, "The (Georgia) State Election Board on Tuesday approved a letter that will inform more than 300,000 Georgia voters who were told they needed a photo ID to vote that they can still use 17 forms of identification to cast a ballot on Nov. 7." The AP continues, "The board also approved radio and television public service announcements to be broadcast statewide. The Secretary of State's Office will be responsible for distributing the letter and ads, and will partially fund the efforts." The AP adds, "The mailing is expected to cost $127,000, and the ads will be taped and aired using $16,000 from the election board budget previously reserved for voter education. … Both measures were approved at a special meeting called by election board member David Worley after he discovered nearly 200,000 voters - not the 20,000 initially reported by Vice Chair Claud 'Tex' McIver - were told they would need to get a photo ID at the polls. … In all, the board of elections contacted by mail 305,000 registered voters believed to lack state-issued photo identification. Most received letters after a Sept. 19 ruling by Fulton County Superior Court Judge T. Jackson Bedford declaring the photo ID law violated the Georgia Constitution as an undue burden on voters."

FBI Forwards Results Of Arkansas Police Beating Probe To DOJ. The Arkansas Democrat-Gazette (10/18, Hale-Shelton) reports, "The FBI has forwarded information from its investigation into Russellville police officers' fatal encounter with Bobby Joe Rylee last summer to the Civil Rights Division of the U. S. Department of Justice." The Democrat-Gazette continues, "The Washington-based office will determine whether a federal civil-rights violation occurred in the forcible arrest of Rylee on July 15 in a parking lot along Arkansas 7 in Russellville, said Steven Frazier, a spokesman for the FBI office in Little Rock. … Rylee, 61, quit breathing several hours after police took him to the Pope County jail. He died five days later in a Little Rock hospital." The Democrat-Gazette adds, "Russellville Police Chief James Bacon has said he understood the FBI was investigating at the request of Rylee's family. Frazier previously declined to comment on an ongoing investigation, which is FBI policy. .. .In August, Prosecuting Attorney David Gibbons of Clarksville declined to charge four Russellville police officers, saying they were justified in the force they used to subdue and arrest Rylee. Police said Rylee had fought with them and stabbed one officer in the arm with a ballpoint pen, which Gibbons concluded was a deadly weapon. … Rylee's family filed a federal lawsuit in Little Rock last month, contending that Russellville police officers beat Rylee before taking him to jail, where, the lawsuit said, he was refused medical attention despite life-threatening injuries. Police have said Rylee declined medical treatment."

Study Finds Racial Disparities In Breast Cancer Death Rates. The Chicago Tribune (10/18, Peres, Kotulak, Gorner) reports, "A study showing an alarming gap in breast cancer death rates for black and white women in Chicago has mobilized health experts to find the root causes and recommend within a year ways to reduce the unusually high mortality among African-Americans. Why black women are more likely to die of breast cancer is unclear, but medical leaders said genetics, lack of awareness about breast self-examination, inability to afford routine mammograms and limited access to medical facilities may play crucial roles." The study," which has not yet been published or undergone the scrutiny of peers, found that the odds that a woman will die of breast cancer has been declining steadily for close to two decades, yet African-American women have been seeing the reverse."

Comedian's Mother Claims She Was Discriminated Against At Restaurant. The AP (10/17, Smith) reported, "Rose Rock, the mother of comedian Chris Rock, claims she was racially discriminated against when she was seated but ignored for more than a half hour at a Cracker Barrel restaurant along the South Carolina coast. Rock said Tuesday she planned to sue the Lebanon, Tenn.-based company." Rock "said she and her 21-year-old daughter were the only blacks at the chain's Murrells Inlet restaurant in April. She said when she asked the manager about the delay she was told they could have a free meal." The AP adds, "The Rev. Al Sharpton will join Rock on Wednesday in South Carolina to announce that Sharpton's Action Network will finance the planned lawsuit."

ANTITRUST:

DOJ Gives Antitrust Nod To Pilgrim's Pride Takeover Of Gold Kist. The AP (10/18) reports, "Chicken producer Pilgrim's Pride Corp. on Tuesday said

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federal regulators have cleared its proposed acquisition of Atlanta-based poultry company Gold Kist Inc., which opposes the bid." The AP continues, "Pilgrim's Pride launched its hostile $20-a-share takeover bid last month, after Gold Kist declined to make a deal in August, the company has said. The offer represents a premium of 55 percent over Gold Kist's closing stock price on Aug. 18. .. .Gold Kist has said the offer is not in the best interest of its shareholders." The AP adds, "On Tuesday, Pilgrim's Pride said the antitrust division of the Justice Department granted an early expiration to the waiting period mandated by antitrust laws. … Pilgrim's Pride President and Chief Executive O.B. Goolsby Jr. called the move 'a positive step forward in our efforts to acquire Gold Kist.'"

Kucinich Wants DOJ Antitrust Probe Of Giant Eagle Ohio Store Purchase. The Pittsburgh Post-Gazette (10/18, Lindeman) reports, "Ohio congressman Dennis J. Kucinich, concerned about losing jobs in his region, is asking federal officials to look at potential antitrust issues when considering O'Hara-based grocer Giant Eagle's plans to buy 18 stores in the Cleveland area." The Post-Gazette continues, "Rep. Kucinich, the former Cleveland mayor, presidential candidate and a fifth-term Democrat who is up for re-election, this week sent a letter to the Department of Justice and the Federal Trade Commission asking that they investigate the potential for the sale to impact the price of food in the Cleveland area. .. .Giant Eagle, already a major player in the northeast Ohio market, said last week it would buy 18 Tops Market stores for an undisclosed amount from Dutch owner Ahold. The parent company put 46 Tops stores up for sale earlier this year and hopes to have buyers for the remaining 28 stores by the end of the year. .. .The O'Hara company supplied about 45 percent of the Cleveland-Elyria-Mentor grocery market as of June, according to TradeDimensions International in Wilton, Conn. Tops claimed a little more than 20 percent while Wal-Mart had about 6 percent." The Post-Gazette adds, "An antitrust review would try to determine if, after the sale, Giant Eagle could control the market to the point it could significantly raise prices, said Robert Fleishman, an antitrust lawyer with Washington, D.C., law firm Steptoe & Johnson. That might be hard to do in an era when supermarkets face increasing competition from retailers such as Target as well as dollar stores and convenience stores. .. .Even if the overall deal is not a problem, there might be particular Tops locations that officials would be concerned about. When the owner of Macy's bought Kaufmann's, the retailer agreed to sell certain overlapping locations to department store competitors, if possible. .. .However, Giant Eagle officials do not believe there's a problem. 'Our attorneys researched the issue carefully and have advised that there are no antitrust problems with this acquisition,' spokesman Dan Donovan said in an e-mailed response."

SCOTUS To Weigh DOJ's Ability To Renege On Immunity Deals. The New Jersey Law Journal (10/18, Brennan) reports, "A 3rd Circuit case at the door of the U.S. Supreme Court will test the federal government's power to revoke immunity from prosecution granted to antitrust violators who agree to rat on their rivals." The Journal continues, "During an Oct. 27 conference, the Court will decide whether to hear Stolt-Nielsen, S.A. v. U.S., 06-97, which would test whether a court can enjoin the Justice Department's Antitrust Division from withdrawing immunity promised under its Corporate Leniency Program. .. .The case piques the interest of not only antitrust lawyers but also white-collar criminal defense attorneys, because the lifting of immunity means that all items of evidence a cooperating company has willingly handed over can become weapons in the government's arsenal. … 'Stolt could have broad implications in every instance in which the government promises a benefit to a defendant in exchange for cooperation,' says Alison Smith, a former Antitrust Division lawyer now at Haynes & Boone in Houston. 'A corporation considering applying for immunity must now question whether the evidence it provides to the government will simply be used against it.'" The Journal notes, "Smith says an eventual ruling by the Court 'could clarify the nature and extent of the defendants' constitutional rights in these agreements' and 'could determine the limits of the government's ability to revoke agreements unilaterally and the power of the courts to restrain the government's decision to prosecute.' … Demonstrating the gravity of the case, no fewer than nine amici curiae have filed briefs supporting the petition for certiorari. One of them is the Association of Corporate Counsel, led by senior vice president and general counsel Susan Hackett. 'The impact on my members is their concern that they can no longer make rational decisions that would suggest predictable results,' she says."

Chicago Mercantile Exchange To Buy Chicago Board Of Trade. The Chicago Tribune (10/18, Burns) reports that Chicago's two major futures exchanges yesterday "announced an $8 billion merger, as the stock market's hunger for their shares overcame long-standing differences." The Chicago Mercantile Exchange "said it has agreed to buy its longtime rival" the Chicago Board of Trade "in a deal that would put its leadership in control of the combined business. … The Merc's deal for the Board of Trade is expected to be completed by the middle of 2007."

The Financial Times (10/18, Cameron) reports, "A combination of the Chicago Mercantile Exchange and the smaller Chicago Board of Trade would create the world's

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largest futures exchange. The merged group would have an estimated annual $125m in synergies to fund expansion into Europe and Asia, as well as fast-growing areas such as credit derivatives and foreign exchange, which remain dominated by over-the-counter trading." The Times adds, "The announcement follows a year of talks and flirtations with rival exchanges."

A front page story in the Wall Street Journal (10/18, Lucchetti, MacDonald, Taylor) reports, "As the biggest deal yet in a global consolidation of the financial-exchange industry, the plan sets aside more than a century of crosstown rivalry." The Journal adds, "The Chicago deal illustrates the increasingly rapid pace at which financial exchanges world-wide are consolidating to lift profits by cutting costs. Exchanges have morphed from member-owned clubs into profit-hungry publicly traded companies. This gives them an incentive to make acquisitions and also a currency, their stock, with which to do so."

An analysis piece in the Wall Street Journal (10/18, Carey, Hallinan) says the deal secures Chicago's place "as derivatives market to the world. … Though the two exchanges employ just 2,200, they have helped to keep the city a financial center even as its home-grown banking industry has steadily been bought out by larger rivals. The exchanges have also spawned numbers of trading firms."

The New York Times (10/18, Barrionuevo) reports, "By combining, the Chicago exchanges, to be named the CME Group, will have average daily trading volume of close to nine million contracts a day, representing $4.2 trillion in notional value, or the amount of the underlying assets, not the value of the contracts themselves. By a comparison of sorts, some 1.8 billion shares, or $87.2 billion, are traded on average on the New York Stock Exchange, the world's biggest stock market, every day, although those shares, unlike derivatives, represent direct ownership stakes."

Crain's Chicago Business (10/18) reports, "Exchange officials are assuming that antitrust concerns won't stop creation of the world's largest futures market, even though the proposed acquisition of the Chicago Board of Trade would give the Chicago Mercantile Exchange a near monopoly on U.S. futures trading. … 'We've been very well advised by the Department of Justice on antitrust issues, and we're not expecting any regulatory issues,' Merc CEO Craig Donohue told investors Tuesday in a conference call." Crain's continues, "A Justice Department spokeswoman declined to comment on the regulatory outlook, nor would she confirm whether any informal meetings already have taken place on the Chicago Mercantile Exchange Holdings Inc.'s proposed acquisition of CBOT Holdings Inc. … The merger must also be approved by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission, and exchange officials said it faces 'modest' regulatory reviews overseas. A CFTC spokesman says the exchanges mainly have to certify that their bylaws and surveillance systems meet the agency's requirements. … That means the biggest hurdle is likely to be any antitrust questions the deal raises with either the Federal Trade Commission or the Justice Department, the latter of which is considered more likely to be the agency that reviews exchange mergers such as this."

Tata Steel Seeks To Buy Corus For $8 Billion. The Wall Street Journal (10/18, Bellman, Singer) reports that Tata Steel Ltd. Has proposed to buy British steelmaker Corus Group PLC "for about £4.4 billion ($8 billion)," in what would "represent the biggest foreign acquisition by an Indian company and underscore the loosening of India's regulatory environment. Tata's proposal, which would create a major global steel company, is expected to receive a recommendation from Corus's board later this week. Tata is likely to quickly clear India's foreign-exchange hurdles, where in some cases a committee must give permission for an Indian company to raise money for overseas activities."

Eli Lilly Agrees To By Icos Corp. The Wall Street Journal (10/18, Carreyrou) reports, "Eli Lilly & Co. agreed to acquire biotechnology company Icos Corp. for $2.1 billion in a move to gain full ownership of the erectile-dysfunction drug Cialis. As the sole owner of Cialis, Eli Lilly is expected to muster a stronger challenge to Pfizer Inc.'s Viagra, the first drug approved for erectile dysfunction and the market leader in the U.S., with more than 50% of the market. Cialis -- made by the two companies' joint venture, Lilly Icos LLC -- has a 25% market share." The Journal adds, "Under the terms of the deal, Icos shareholders will receive $32 for each share of Icos common stock. The bid represents an 18% premium to Icos's closing price Monday of $27.12."

Vivendi Sues Two Internet Companies Over Video File Sharing. The Wall Street Journal (10/18, B3, Smith, Delaney) reports, "Vivendi SA's Universal Music Group filed copyright-infringement lawsuits against two Internet companies, including one acquired by Sony Corp., over the ability they give users to upload and download video content with their Web sites. … The suits, against Sony Pictures Entertainment's Grouper Networks Inc. and Bolt Inc., mark the first time a major media company has tried to use the courts to narrowly interpret 'safe harbor' protections provided by the Digital Millennium Copyright Act of 1998 so it would exclude video-sharing sites." The Journal adds, "Filed Monday in US District Court for California's Central District, the suits follow recent deals reached by Universal and two other big music companies to license their video and music content to video-sharing giant YouTube Inc. A person familiar with the Grouper and Bolt matters said Universal had discussed licensing agreements with those companies, but said the talks never progressed."

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Record Labels See Marketing Opportunity In Music Piracy. The Wall Street Journal (10/18, B1, Angwin, McBride, Smith) reports that "there's a growing recognition among some record executives and performers that the people who are downloading illegally are frequently huge music fans and that marketing to them may be more desirable in the long run than suing or otherwise harassing them." By planting so-called decoy files, "and then planting those files prominently on file-sharing sites, record labels and other marketers can turn what is now an antipiracy tool into an advertising medium." The Journal adds, "Audioslave, Ice Cube, Yellowcard and other music groups have used decoy files for their own version of viral marketing. With help from niche companies like Sparkart LLC and NFA Group's BuyDRM, they put snippets of a song into the files with the promise that a stream of the entire song will be 'unlocked' for everyone once the promotion is forwarded to enough people. The hope is that this will motivate people to send the file to lots of friends."

Record Industry Files 8,000 File Sharing Suits. Meanwhile, the AP (10/18, Wardell) reports, "The international record industry filed thousands more lawsuits around the world Tuesday against people it accuses of illegally sharing digital music. The International Federation of the Phonographic Industry filed 8,000 cases in 17 countries, including its first in South America and Eastern Europe. The lawsuits, which are aimed at 'uploaders,' include criminal and civil cases. Uploaders have put hundreds or thousands of copyrighted songs onto Internet file-sharing networks and offered them to millions of people worldwide without permission from the copyright owners. The industry contends that such file-sharing has cost it billions of dollars in lost revenue."

GM's Wagoner Called Corporate America's "Comeback Kid." Paul Ingrassia, a former Detroit bureau chief at The Wall Street Journal, writes in the Wall Street Journal (10/18, A20), "Rick Wagoner, the CEO of General Motors, has to be corporate America's Comeback Kid. But after a dramatic week in the battle to reshape GM and the global auto industry, Las Vegas billionaire Kirk Kerkorian -- GM's largest individual shareholder and Mr. Wagoner's nemesis -- might still hold a winning hand. Just six months ago, Mr. Wagoner seemed on the verge of being fired. … But Mr. Wagoner gamely fought back." Ingrassia adds, "Scenario No. 1 at GM, clearly the best for all concerned, is that Mr. Wagoner succeeds in producing a durable turnaround. Mr. Kerkorian would be proven wrong about Mr. Wagoner, but one suspects that doubling his $1.6 billion investment in General Motors would be ample balm for the billionaire's public wounds. … This is a high-stakes poker game among rich and powerful men to control and shape one of the world's largest and most visible industries -- and one that tugs at emotions ranging from national pride to consumers' desires. Mr. Wagoner has just won a big hand. But the best bet is that the game will continue."

ENVIRONMENT:

Nuclear Plant Security Union Criticizes New DOE Policy. Under the headline, "Union Takes Issue With Fitness Rules for Nuclear Plant Guards," the Washington Post's (10/18, D4, Barr) "Federal Diary" column reports, "Two years ago, the Energy Department announced plans for creating 'a special elite federal force' to protect high-priority nuclear plants," but the Post notes that these "elite combat units" are made up not of government workers but "contractors that provide guards and security officers." According "to union officials, the contract officers are increasingly concerned about their employment status and would like the option to shift to the federal workforce," especially since DOE "plants and facilities that use nuclear weapons material," are "expanding the number of security jobs covered by rigorous physical fitness standards, and many officers are concerned they will lose their jobs." The Post adds that the "National Council of Security Police, a union group representing officers at nuclear facilities, thinks the department's plans will undercut the goal of enhanced security in the post-Sept. 11 world."

Studies Find Benefits Of Eating Fish Exceed Risks. The Washington Post (10/18, A14, Squires) reports, "The health benefits of eating fish regularly outweigh the danger from mercury and other contaminants even for pregnant women and children, two major reports concluded yesterday as scientists tried to resolve a slippery question that has long vexed consumers." The Post continues, "The findings, which were reached by independent teams of scientists, pointed to significant benefits for both young and old. In adults, the death rate from heart disease was 36 percent lower among those who ate fish twice a week compared with those who ate little or no seafood, according to a study being published today in the Journal of the American Medical Association. Overall mortality was 17 percent lower, the study by Harvard School of Public Health researchers found. … A second, federally funded report released by the Institute of Medicine (IOM) echoed the conclusion that the heart benefits of eating seafood outweigh the risks and said infants also benefit from the healthy fats found in seafood." The Post adds, "Omega-3 fatty acids found in fish promote healthy vision and brain development in infants whose mothers consume fish or seafood during pregnancy or while nursing, the report said. These healthy fats also appear to decrease the risk of delivering a preterm,

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low-birth-weight baby. … Even so, because of methyl mercury concerns, the IOM report stuck with the current federal guidelines that advise women who are nursing, pregnant or plan to become pregnant, as well as children age 12 and younger, to refrain from eating swordfish, shark, tilefish and king mackerel. These two groups can safely consume up to 12 ounces of other fish per week, the report said, but they should also limit white (albacore) tuna to six ounces a week because of its high levels of methyl mercury, which can be toxic to the brain and hearing."

FBI/DEA/ATF/USMS:

GAO Criticizes FBI Sentinel Staffing Priorities. Federal Computer Week (10/17, Hubler) reported on its Web site, "The FBI is moving quickly to staff its six-year, $425 million Sentinel program, which will replace the agency's failed Virtual Case File project and antiquated intelligence analysis and investigative case management systems, according to a new Government Accountability Office report prepared for the House Judiciary Committee. But the report states that the Sentinel staffing process is focusing only on the program office's immediate staffing needs," and "GAO warned that 'unless the FBI adopts a more strategic approach to managing human capital for the Sentinel program and treats human capital as a program risk, the chances of delivering required intelligence and investigative support capabilities in a timely and cost-effective manner are reduced.'" FCW noted, "According to the report, the FBI has agreed with the recommendations and is taking steps to correct the program."

San Francisco Marijuana Dispensary Director Released On $1 Million Bond. The Bay City News Wire (10/17) reports a medical marijuana dispensary director who "is accused of marijuana cultivation and money laundering was granted release on $1 million bond by a federal magistrate in San Francisco Tuesday. Sparky Rose, 36, director of the New Remedies Cooperative in San Francisco, is one of 15 people arrested in a sweep by federal agents on Oct. 3. … U.S. Drug Enforcement Administration regional chief Frederico Pena said after the Oct. 3 arrests that anyone who breaks the federal laws to run an allegedly lucrative drug trade 'is not compassionate, they're criminal.' An affidavit filed in the case by a DEA agent alleges that cash deposits to a New Remedies Cooperative bank account in Hercules amounted to more than $2.3 million between December 2005 and July 2006."

The San Francisco Chronicle (10/17, Egelko) reports DEA agents "seized nearly 13,000 marijuana plants, $125,000 and four vehicles, including Rose's leased Porsche, at a dispensary in San Francisco's Mission District and other sites in San Francisco and Oakland. The raid was one of a recent series of enforcement actions by federal authorities against medical marijuana clubs and suppliers in California, where voters passed an initiative in 1996 allowing patients to use the drug with a doctor's recommendation." Attorney Nanci Clarence "disputed an Oct. 3 assertion by Javier Pena, regional director of the DEA, that Rose and his fellow defendants were 'using the pot clubs as facades to make millions of dollars' under the guise of serving medical patients."

Illinois Drug Investigation Nets Eighth Guilty Plea. The Springfield (IL) State Journal Register (10/17) reports a man federal prosecutors "say was at the center of a high-profile drug investigation last fall pleaded guilty Monday to drug charges and agreed to forfeit his interest in seven properties in Springfield and Taylorville." The Journal Register says Danny J. Sidener Jr. "pleaded guilty before U.S. District Judge Jeanne Scott to conspiracy to distribute five kilograms or more of cocaine," as well as other charges. Sidener "is the eighth person to plead guilty in connection with the case, which began with indictments last fall. … The charges are the result of an Organized Crime Drug Enforcement Task Force investigation by the Drug Enforcement Administration, Springfield Police Department, Illinois State Police and the Central Illinois Enforcement Group."

Nevada To Vote On Legalizing Marijuana. The AP (10/18, Chereb) reports, "Gambling, prostitution, and now pot? Organizers of a Nevada ballot measure hope voters in a state where almost everything goes will go one better and legalize marijuana." The AP continues, "If it passes Nov. 7, Nevada will be the first state to allow adults to possess up to an ounce of pot that they could buy at government-regulated marijuana shops." The AP adds, "The Committee to Regulate and Control Marijuana, which has pushed medical marijuana and decriminalization laws around the country, thinks Nevada - with its embrace of certain vices and its streak of Western independence - is a perfect venue. … In an editorial last spring, the rural Lahontan Valley News argued that gambling, Nevada's most powerful industry, caters to 'visceral pleasures,' and that it would hypocritical to oppose the legalization of marijuana on moral grounds. … Proponents of the measure also argue that the legal system wastes time and money on low-level marijuana offenses, and that taxing and regulating pot would put drug dealers out of business while freeing law enforcement to focus on violent crime and more dangerous drugs such as methamphetamine." The AP notes, "Opponents, including law enforcement, the nation's drug czar, and civic and business groups, argue the measure would encourage the use of other drugs, and they question

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whether it will even prove to be a good source of tax revenue."

US Anti-Narcotics Official Notes Increasingly Pure Heroin, Warns Of Price Drop. The AP (10/17) reports a senior U.S. anti-narcotics official said Tuesday that "Skyrocketing opium production in Afghanistan has led to increasingly pure heroin being sold in Europe and prices could fall if the trend continues. Thomas Schweich, principal U.S. deputy assistant secretary of state for international narcotics, issued the warning after the United Nations reported last month that Afghanistan's opium production for 2006 increased 49 percent from last year, exceeding the demands of the world's heroin users by a third. … Despite the strong increase in Afghanistan's opium production for 2006, the Afghan and U.S. governments have no plans to change counter-narcotics strategy in the region, Schweich said. 'When the U.N. came out with those statistics, that's for planting that occurred the previous fall,' said Schweich. 'They really reflect the relatively ineffective delivery of the program in its very first year.'"

UN Calls On NATO, Afghan Troops To Attack Heroin Labs. The AP (10/17) reports Afghanistan's opium production "has soared 'out of control,' the U.N. drugs and crime agency warned Tuesday, adding that proceeds from the opium harvest were being used to fund the resurgent Taliban. The United Nations Office on Drugs and Crime is calling on NATO and Afghan troops to attack heroin labs, opium bazaars and convoys transporting the narcotic, said Preeta Bannerjee, a spokeswoman for the agency. Opium production in Afghanistan rose 59 percent in 2006 to a record 165,000 hectares (408,000 acres) — representing 92 percent of the world's opium, according to U.N. figures."

UN: Opium Poppy Cultivation Drops In Golden Triangle. UPI (10/17) reports Opium poppy cultivation in Laos, Myanmar and Thailand, the Golden Triangle, "dropped 29 percent last year, the U.N. drug agency reported Monday. The region is the world's second-largest source of opium, although it is now dwarfed by Afghanistan, the Office on Drugs and Crime report said. Executive Director Antonio Maria Costa said Afghanistan will soon be the only source if the trend continues."

On its Web site, Voice of America (10/16) reports, "Burma, the main poppy growing country of the region, reported a more than 30-percent decline in areas under cultivation from the previous year. … The decrease in Burmese production means that a plan to eradicate opium in the Golden Triangle by 2014 remains on target."

Report: Aghan Government Orders Closing Of Senlis Council Offices. BBC News (10/17) reports the Afghan government "has ordered the closure of all offices of a group that wants to promote new ways of dealing with the global drugs problem. The Interior Ministry said the Senlis Council, had been 'confusing farmers' and had been a factor in the increase in poppy cultivation. Senlis has suggested the legal use of Afghan opium for medical purposes." However, a spokesman for Senlis "said it had not received any formal notification that its offices were to be closed."

IG Report Finds Prisoner Flights Expensive. The AP (10/18, Jordan) reports, "Pricey contracts and empty seats plague government flights that move U.S. prisoners to new jails and deport illegal immigrants, a Justice Department review concluded Tuesday." The AP continues, "Additionally, the Justice Prisoner and Alien Transport System does not always have large enough crews to subdue onboard security threats, Justice Department Inspector General Glen A. Fine found. … 'Given the variety of transportation needs and the nature of the individuals being transported, inherent risks exist in managing a transportation system like JPATS,' Fine concluded, using the acronym for the air transit system." The AP adds, "The U.S. Marshals Service, the Bureau of Prisons, and Immigration and Customs Enforcement use and pay for the flights. More than 305,000 prisoners and illegal aliens flew on them last year, costing an estimated $87 million. … The program makes sure prisoners and illegal immigrants make their court appointments, are transferred efficiently and are deported quickly. … But the review found several flaws, including that: … The government pays far more to lease large jets under multiple-year contracts than it would by buying the aircraft outright. … Poor planning led to empty seats on the flights, some of which were only half-full during an audit between 2004 and the last three months of 2005. … Only 13 percent of 1,028 flights audited had a larger security crew aboard than required."

The Washington Times (10/18, Seper) reports, "A government-operated service that transports prisoners and aliens in federal custody throughout the United States, Central America and the Caribbean does not have the means to ensure that safety procedures are being followed and lacks the ability to predict long-term capacity needs, according to a report released yesterday. The Justice Department's Office of the Inspector General said the Justice Prisoner and Alien Transportation System (JPATS), run by the U.S. Marshals Service and known to many as 'Con Air,' also needs to reduce costs by maximizing the number of passengers scheduled for each flight."

Washington Women Crossed Line From Environmental Activism To Arson. The Seattle Post-Intelligencer (10/18, Phuong, 129K) reports, "Jennifer Kolar and Lacey Phillabaum seem unlikely criminals. Well-educated young women passionate about environmental causes, they share a love of the outdoors and similar backgrounds. Both grew up in Spokane and attended the same public high school. … The women were concerned

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about what was going on around them -- the logging of old-growth forests, the slaughter of animals for sport. Like many Northwest activists, they pushed for change. But their activism morphed into something more dangerous -- and now both are headed to prison" for their roles in the 2001 ELF firebombing at the University of Wisconsin. The P-I notes, "Both women are cooperating with authorities and have admitted to belonging to ELF and participating in the UW firebombing. The FBI has branded ELF an underground radical group and a top domestic terrorism threat."

IMMIGRATION:

White House Wants Congress To Send Border Fence Bill For Bush Signing. The Washington Times (10/18, Dinan, 88K) reports the White House is "pleading with Congress to send over the bill authorizing 700 miles of fence on the U.S.-Mexico border so the president can sign it immediately, but Republican leaders on Capitol Hill want to wait until closer to the election and to have a public signing ceremony." A senior Administration official said, "Send us the damn bill. We'd like to autograph it." The Times adds congressional Republicans "are convinced the issue is a political winner and want to hold onto the bill so it will be signed closer to next month's congressional elections. Once the bill is sent to the president, he has a limited amount of time to sign it before it dies as a pocket veto."

House Report Says US Border Officials Outgunned By Drug Smugglers. The Washington Times (10/18, Seper, 88K) reports a House Homeland Security subcommittee report says "law-enforcement authorities along the U.S.-Mexico border are outgunned and outmanned by drug smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices and state-of-the-art communications and tracking systems." The 39-page report "said drug-trafficking organizations and alien-smuggling networks are 'proliferating and strengthening their control' of key corridors along the nation's Southwest; that Mexican drug cartels wield 'substantial control' over the U.S.-Mexico border; and that criminal organizations and networks are 'highly sophisticated and organized.'" It also 'found that drug-trafficking cartels, alien-smuggling networks and U.S.-based street gangs, including MS-13, are increasingly coordinating with one another to achieve their objectives, and that federal, state and local law-enforcement report 'new and ever-increasing levels of ruthlessness and violence' associated with the gangs."

Mayor Touts Hazleton's Ordinances Aimed At Illegal Immigrants. On the CBS Evening News (10/17, story 11, 2:15, Couric, 7.66M), Hazleton, Pennsylvania Mayor Lou Barletta discussed his effort to limit illegal immigrants: "There are up to 20 million illegal aliens in this country right now. They have imposed a tremendous burden on many of America's cities. That's why I took action. I saw my city gripped by fear. Because of violent acts committed by illegal aliens, my residents were afraid to shop or even drive on certain streets. Illegal immigration was draining Hazleton's limited resources. Our small police department, our schools and health care system were beginning to feel the strain. Legal residents were on the verge of being denied the services their tax dollars paid for." In Hazleton, "we created ordinances designed to deter landlords and businesses from representing to and hiring illegals. Those who knowingly break our laws will face financial penalties. These laws will make Hazleton one of the toughest cities in the nation for illegals."

TAX:

Snipes Indicted For Conspiracy, Tax Fraud. Federal officials announced Tuesday that actor Wesley Snipes has been indicted on charges of conspiracy and tax fraud. The Los Angeles Times (10/17, Munoz, Muskal) reported on its web site, "Snipes, 44, was also charged with six counts of failing to file income tax returns. If convicted of all of the charges, he could be sentenced to as much as 16 years in prison." Tuesday's indictment "accuses Snipes, formerly of Windermere, Fla., Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., with conspiracy to defraud the Internal Revenue Service and presenting a fraudulent claim for payment to the IRS."

USA Today (10/18, Farrell) reports, "According to the indictment, Snipes allegedly not only avoided paying millions in income taxes from 1999 through 2004, but he fraudulently tried to get an $11 million refund for taxes paid in the 1990s."

The Wall Street Journal (10/18, Matthews) reports, "The charges stem from a well-known but illegal scheme that asserts that US citizens only have to pay taxes on income earned from foreign sources. The scheme purports that wages and other income earned in the US aren't taxable. The Internal Revenue Service and various courts have ruled that the argument is a misreading of the tax code." The Journal adds, "If convicted on all eight counts handed up against him, Mr. Snipes could be sentenced to a maximum of 16 years in prison."

The AP (10/18, Davis) reports, "The indictment said Snipes conspired with American Rights Litigators' founder Eddie Ray Kahn and tax preparer Douglas P. Rosile Sr. to file false refund claims based on a bogus argument that only income from foreign sources was subject to taxation. … That included a claim for a $7.3 million refund for 1997, in which an amended tax return reported Snipes' adjusted income as zero. … The Justice Department sued Rosile in 2002 for allegedly filing bogus tax refund claims totaling more than $36

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million on behalf of clients in 32 states. The suit is still pending."

CONGRESS-ADMINISTRATION:

Bush Signs Defense Spending Bill, Details Reservations About Specific Provisions. The AP (10/18) reports, "With a long list of caveats, President Bush signed a bill Tuesday authorizing $532.8 billion in defense spending, including a 2.2 percent pay raise for members of the military. The measure, for the 2007 fiscal year that began Oct. 1, authorizes $70 billion in supplemental funding to support the war on terror's operation costs, personnel expenses, equipment needs and other costs." The White House "released two pages of administration disagreements and reservations about provisions that lawmakers put in the bill." Bush "took issue with a provision that would require the Navy to keep its current number of 12 aircraft carriers. The administration is seeking permission to retire the USS John F. Kennedy." The statement "singled out about a dozen provisions that would require the White House to provide Congress with information on various subjects. … Among other disputed areas, the statement said sections of the bill purported to make consultations with certain lawmakers a precondition to carrying out the law. The statement said it would regard that requirement 'as calling for but not mandating such consultation.'"

Bill Limits Interest Rates On Consumer Loans To Servicemen. USA Today (10/18, Welch, 2.27M) reports, "Consumer loans to servicemembers will be limited to 36% annual interest next year under a law…Bush signed Tuesday that is aimed at store-front lenders clustered around military bases." The law "is a response to 'payday advance' stores that market short-term loans, typically charging $15 or $20 per $100 loan for periods of up to two weeks or a borrowers' next payday. Borrowers generally renew loans several times before paying them off, and the fees result in effective annual interest rates of 400% or more, a Defense Department study concluded." Military officers "pushed for the law, saying the loans saddled low-paid enlisted men and women with debts that ruined their finances, jeopardized security clearances and left them unable to deploy to Iraq or other assignments."

Bush Signs Updated National Space Policy. The Washington Post (10/18, Kaufman, 748K) reports on its front page that President Bush "has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone 'hostile to U.S. interests.'" The document, "the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy largely in terms of persuading other nations to support U.S. policy." In written comments, NSC spokesman Frederick Jones said an update "was needed to 'reflect the fact that space has become an even more important component of U.S. economic, national and homeland security.'" The Los Angeles Times (10/18, 918K) publishes a brief report based on the Washington Post story, while UPI (10/18) notes, "Steven Aftergood, the government transparency campaigner at the Federation of American Scientists, says the new policy, released recently by the White House, 'creates overlapping and possibly conflicting responsibilities' for Director of National Intelligence John Negroponte and Secretary of Defense Donald Rumsfeld."

Bush Officials Say Faith-Based Initiative Critic Kuo Got It Wrong. The White House Bulletin/US News (10/17) reported, "An even-tempered White House is disputing former faith-based staffer David Kuo's claim in his new book that the President only gave lip-service and chump change to social conservatives. While his sharply critical 'Tempting Faith: An Insider Story of Political Seduction' has generated a lot of anger in some White House circles, officials who've worked on the faith-based initiative and interacted with social conservatives are gently rapping Kuo for missing the whole point of President Bush's efforts on behalf of the target group. Two told the Bulletin and US News that conservatives, while certainly eager for the millions of dollars promised but not fully delivered by the faith-based initiative, are more interested in the policy and long-lasting appointments made by the President." One official said, "The narrative of the book is that social conservatives get spin and trinkets but no policy." But he added "the President has delivered 'in spades' on issues the conservatives, especially evangelicals, care about. The officials listed four key issues: abortion, marriage, judges, and character." MSNBC's Hardball (10/17, Matthews) said "the Bush administration is up in arms" over the book.

Towey Takes Issue With Book's Assertions. Jim Towey, former Director of the White House Office of Faith Based Initiatives, said on MSNBC's Hardball (10/17), "The problem is that he's allowing the impression that the faith-based initiative was political, that the President's a hypocrite, that the people on the staff were manipulating evangelicals. And all of that's just not true. So yes, it's a problem for me because it goes to the heart of the integrity of the work we do at the White House. I was very proud as a Democrat on senior staff to do a very even-handed job with the initiative. We helped with the poor. We expanded some compassion programs, did it in a constitutional way. And the President had given me marching orders to keep it focused there and we did. So a book comes out like this, it's a shock to us."

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SCOTUS Sees Increase In Sealed Filings. The Legal Times (10/18, Mauro) reports, "When the Supreme Court debates the constitutionality of the federal 'partial birth abortion' law next month, it will have some sensitive information in its hands that no member of the public can see." The Times continues, "Specifically, the justices will have the full transcript of a 2004 deposition by an Oregon doctor who apparently mentioned the names of colleagues in the American College of Obstetricians and Gynecologists who may have performed abortions. … It was part of the file in the case of Gonzales v. Planned Parenthood, but when it made its way to the Supreme Court this summer, the organization and Planned Parenthood requested that the parts of the doctor's deposition that name doctors be filed with the Court under seal." The Times adds, "Solicitor General Paul Clement concurred and filed a motion, and on Oct. 2, the Court said yes -- one of six cases that day in which the Court granted motions to file petitions under seal. It was, according to a database search, the largest number of unrelated cases in which the Court granted such motions in a single day. .. .In the Planned Parenthood case, the Court's action means an extra measure of privacy for a handful of physicians. As Daniel Edelman, a lawyer for the physician who was deposed, put it, 'The last thing we'd need is for some lunatic to get names from the deposition and go and attack one of the doctors.'" The Times notes, "But in some of the other cases, the justification for secrecy is less obvious. And to some, the day's actions symbolize a little-noticed trend over the past decade toward allowing secret filings at the Supreme Court. Whereas decades ago such motions were discouraged and often denied at the Supreme Court, now they are routinely granted. No motion to file under seal has been denied since 2003. The Court itself votes on the motions without any hearing at which opposition can be heard. Typically, when the Court grants a motion to seal, a redacted version is made part of the public record. … The number of filings under seal is still tiny -- only 12 in this calendar year out of more than 7,000 petitions filed. And Court insiders assert that the spike in motions granted is a fluke, not a reflection of any change in policy."

Bush To Tout NCLB At North Carolina School. WXII-TV Winston-Salem, North Carolina (10/17, 11:39 am EDT) reported, "President George W. Bush is visiting North Carolina for the third time in 2006 and appearing in the Piedmont-Triad for the first time in more than 10 months. Bush on Wednesday will visit Waldo C. Falkener Elementary School in Guilford County" where he will "speak about the No Child Left Behind Act." NC13 Rep. Brad Miller (D) "called the No Child Left Behind Act one of Bush's 'most well-known policy failures.' Miller claimed the Bush administration has underfunded the initiative by $40 billion over the last four years."

The Reidsville Review (NC) (10/18, Williams) reports, "Rockingham County Schools Superintendent Rodney Shotwell has plans to attend the presidential address Wednesday at Falkener Elementary in neighboring Guilford County." Shotwell said that "there are positives and negatives to the NCLB legislation." The positive is that NCLB "forces us to look at all of a school's subgroups." But Shotwell "would like to see a change in the funding formula under NCLB so that schools would not suffer."

Math Study Says Other Countries Expect More From Their Students. The AP (10/18, Ben Feller) reports, "Kids who are turned off by math often say they don't enjoy it, they aren't good at it and they see little point in it. Who knew that could be a formula for success? The nations with the best scores have the least happy, least confident math students, says a study by the Brookings Institution's Brown Center on Education Policy." Author Tom Loveless said, "We might want to focus on the math that kids are learning and just be a little less obsessed with the fact that they have to enjoy every minute of it." He added that "other countries do better than the United States because they seem to expect more from students."

USA Today (10/18, Toppo, 2.27M) reports the study found that "the 10 'happiest' nations all performed below the international average. The 10 'unhappiest' all scored above average." And "U.S. eighth-graders fell somewhere in the middle and followed the same pattern." The study is based on the 2003 Trends in International Mathematics and Science Study.

The Washington Post (10/18, A2, Mathews, 748K) reports the report "is likely to stoke a debate over teaching math and other subjects that has divided the United States for at least a century." The study also found that "in most countries, including Korea and the United States, students who like math and think they are good at it have higher math scores than those who don't."

Reid To Repay Campaign For Condo Staff Tips. ABC World News (10/17, story 6, 0:15, Gibson, 8.78M) reported, "The Senate Democratic leader, Harry Reid, is dealing with a new ethics controversy. He says he's going to repay his campaign for $3,300 in campaign funds that he used to give his apartment building staff Christmas bonuses. Federal law bars campaign funds for personal expenses. Yesterday, Reid said he will file a new disclosure statement on a controversial land deal that earned him $700,000 in profit."

CNN's The Situation Room (10/17, Blitzer) reported Reid is "facing some new legal and ethical questions today." Reid "already was on the defensive over a land deal. Now he is dealing with a flap over tips and how he paid for them and

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it's definitely not helping Democrats make their culture of corruption argument against Republicans." CNN (Bash) added, "It's not a leading issue in this midterm campaign, but Democrats do, as you say, like to talk about what they call a Republican culture of corruption, both here in the capital and out on the campaign trail. Now, three weeks before election day, Republicans say Democrats have a problem of their own. Democratic leader Harry Reid lives in this Ritz Carlton in Washington. At Christmas time the Senator gave doormen and other employees $3300 in tips over three years, a generous gesture, but the money came from Reid's campaign coffers, a possible violation of election law." Reid "said his lawyers had assured him it was OK, but to be safe, he is, quote, reimbursing the campaign from my own pocket."

The Hill (10/18, Schor) reports, "Conservative group Citizens United yesterday announced plans to file a complaint with the Federal Election Commission (FEC) about Senate Minority Leader Harry Reid's (D-Nev.) use of campaign funds to contribute to the Christmas fund in his condominium." Citizens United President David Bossie said, "Senator Reid knows better than to use political contributions for personal services."

Lewis Spent $750,000 On Legal Fees. The Los Angeles Times (10/18, Simon, 918K) reports Rep. Jerry Lewis (R-Redlands), "the House Appropriations Committee chairman whose ties to lobbyists have come under scrutiny, has spent more than $750,000 from his campaign fund for defense lawyers, according to his latest spending report." Lewis has "denied any wrongdoing. But the investigation is taking a toll on his campaign treasury." Legal fees "were his single biggest expense for the most recent period: More than $550,000 was paid to the law firm Gibson, Dunn & Crutcher between July 1 and Sept. 30. And he paid the firm a $200,000 retainer in June."

Election Angst Boosted Textile Industry Priorities In Congress. The Wall Street Journal (10/18, A4, Hitt, 2.03M) reports that as lawmakers "hit the home stretch of tight races, textile makers are leveraging voters' economic anxieties to win industry protections and derail free-trade initiatives." Before the congressional recess, "anxious lawmakers shelved several items that the Bush administration had pushed as part of its trade agenda, but which the textile industry opposed. Now the question for the White House is how to get those efforts back on track -- especially if Democrats, who are traditionally less friendly to free trade, take control of one or both houses of Congress in November's voting." The textile industry's "maneuvering shows how Republican vulnerabilities in midterm elections have created opportunities for some special-interest groups." When Rep. Bill Thomas, "chairman of the House Ways and Means Committee, introduced a bill Sept. 21 that would give trade preferences to Africa and Haiti, lobbyists for Amtac and the National Council of Textile Organizations, another textile group, swung into action. They were especially worried about provisions in the bill that would allow Haiti to use more foreign-made fabric, such as cheap cloth from China, to make clothes, while still qualifying for duty-free access to the U.S. market." The groups "appealed to Rep. Robin Hayes, a North Carolina Republican, for help." Hayes "agreed to lead the opposition against the Haiti bill," and he "spoke to party leaders, then wrote a letter to Speaker Dennis Hastert arguing that the legislation could expose U.S. workers to 'devastating' new competition."

OTHER NEWS:

Economic Data Suggest Cooling Economy. USA Today (10/18, Hagenbaugh, 2.27M) reports, "Wholesale prices fell in September at the fastest pace in more than three years as energy costs plunged, the government said Tuesday in a report that offered some assurances that inflation is easing. The producer price index, which measures prices paid to factories, farmers and other producers, fell 1.3% in September." That was "the first drop since February and the biggest decline since April 2003, the Labor Department said." The falloff in September "was led by a dramatic drop in energy costs. Gasoline prices fell a record 22.2% last month, while costs for heating oil and natural gas also declined."

NBC Nightly News (10/17, story 4, 2:10, Williams, 9.87M) reported, "Inflation at the wholesale level last month dropped sharply because of those lower oil and gas prices we've been talking about. But the so-called core inflation rate, that's what happens had you strip away all the changeable food and energy prices, jumped sharply." The New York Times (10/18, Peters, 1.21M) titles its report "Wholesale Prices Fall, But Some Signs Of Inflation Persist."

The Financial Times (10/18, Chisholm) reports, "Fears that the US economy may yet experience a hard landing were revived on Tuesday after a report showed industrial production in September fell by much more than expected. … Manufacturing output fell 0.3 per cent, while mining expanded by 0.7 per cent." The Wall Street Journal (10/18, A8, Conkey, 2.03M) says the data "suggest a cooling US economy in which inflationary pressures are easing, a combination that could keep the Federal Reserve from changing interest rates anytime soon. … Output at the nation's factories, mines and utilities fell 0.6% in September after a flat performance in August, the Federal Reserve reported." The decline "was particularly sharp at utilities, which produced less power than usual because of mild weather. Many manufacturing industries also ramped down production because of weaker demand for cars and houses." The Labor Department, meanwhile, "said a big drop in oil prices pushed wholesale

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prices down 1.3% in September, the first time producers of food, energy and materials have seen prices fall since February."

Stocks Down. NBC Nightly News (10/17, story 3, 0:15, Williams, 9.87M) reported, "The Dow was down today about 30 and a half points [to close at 11,950.02]. NASDAQ was also down just under 19 points [to close at 2,344.95]." The Wall Street Journal (10/18, C1, Ng, 2.03M) says "the broad Standard & Poor's 500-stock index slipped 0.37%, or five points, to 1364.05 and is up 9.3% this year."

Ex-President Bush Says Although Economy Is Good, Consumers May Not See It That Way. The Dallas Morning News (10/18, Robinson-Jacobs, 500K) reports, "Former President George Bush said Tuesday that although he believes the US economy is strong, he's worried that the average citizen might not be getting that message. … 'The unmistakable picture that those statistics mean to me is that the economy is strong,' the 41st president told attendees of the Multi-Unit Foodservice Operators conference, who gave him a standing ovation when he entered the room. 'There is a concerted effort to make it appear that the economy is bad,' said Mr. Bush, the father of President George W. Bush."

Gasoline Tax Hike Considered Unlikely Despite Economists' Support. In an analysis, the Washington Post (10/18, D1, Mufson, 748K) says raising taxes on gasoline or crude oil "might be a simple way to trim U.S. oil imports, reduce greenhouse-gas emissions, encourage alternatives to petroleum and ease world energy shortages. ... Economists and policy experts across the political spectrum think it's a good idea. And with gasoline prices falling, now might be the perfect time to do it without eliciting cries of pain from U.S. drivers... ." However, "Because of the thorny politics of raising taxes, the 18.4-cent-per-gallon federal gas levy hasn't changed since Oct. 1, 1993. And few policy experts expect a higher tax soon." The Post says, "Many economists support oil taxes because otherwise the prices paid by consumers do not include costs -- such as pollution -- that society pays separately." An "illustration of political gridlock on the issue is a new Council on Foreign Relations task force report on how U.S. dependence on oil imports undermines U.S. foreign policy. The group agreed that there is a big problem but couldn't agree on how to curb gasoline consumption."

LATimes Calls Alternative Energy Development A National Security Priority. In an editorial, the Los Angeles Times (10/18, 918K) writes, "For China, India, Japan and every other industrial nation, a steady supply of oil is essential to economic growth. And as competition for oil increases, so does the temptation to make it the focus of foreign policy. Bush has warned against the hazards of this approach, and US history -- especially in the Middle East -- is a catalog of its dangers." But "he'd be more convincing...if his policy more closely matched his rhetoric." Asian powers' "pursuit of policies designed to secure a steady supply of oil...is a geopolitical watershed... . Even if the US were to reduce its oil dependency, its ability to act multilaterally could be constrained by the energy arrangements of other nations. For these and other reasons, the development of alternative energy technologies that can reduce demand at home and be exported abroad is both an economic necessity and a national security priority. It's far too important to be left to the environmentalists -- or the states, the lobbyists (for nuclear power or ethanol) or even to philanthropists such as Richard Branson. In our globalized economies, lasting peace is unlikely without energy security."

Samuelson Says Politicians' Proposals To Curb Oil Dependence Are Deceptions. In a Washington Post (10/18, 748K) op-ed, columnist Robert J. Samuelson writes that, for years, some remedies to US dependence on imported oil "have been obvious: Tax oil heavily to spur Americans to buy more fuel-efficient vehicles and to drive a bit less, raise sharply the government's fuel economy standards so those vehicles are available, and allow more oil and gas drilling. In recent years, we've done none of these things." He writes, "Unfortunately, the steps we should take involve immediate political costs -- they'd be unpopular -- while the benefits would emerge slowly and seem modest. ... Any realistic proposal would ignite a firestorm of protest. Environmentalists would denounce more drilling. Auto companies would protest new fuel economy standards. Most important, the public would denounce a steep energy tax... ." Samuelson concludes, "Because Americans want painless salvation, our politicians proffer visions that promise just that: a shift to hydrogen fuel or a surge in ethanol. The first may be futuristic wishful thinking; the second is mainly a costly giveaway to farmers. Both are deceptions, new excuses not to do the 'right thing.'"

Chicago Sued Over Red Light Cameras. USA Today (10/18, Parker) reports, "Cameras that snap photos of motorists running red lights have been upheld as constitutional by courts in five states and Washington, D.C., but some car owners refuse to concede defeat and are continuing to challenge them. … Three Chicago-area car owners are suing the city, which the trio claims ticketed each of them for running red lights even though none of them was at the wheel. In a class-action lawsuit, Parveen Idris of Bloomingdale and two other plaintiffs say the city's ticketing program is unconstitutional because it cranks out $90 tickets to vehicle owners no matter who is driving the car. … Jennifer Hoyle, a spokeswoman for the city's Law Department, says the city expects to prevail in court because other city ordinances that are similarly enforced have survived court challenges."

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LATimes Endorses Judges For Reelection. The Los Angeles Times (10/18) editorializes, "Two of California's seven Supreme Court justices are up for retention this year. Carol A. Corrigan was appointed by Gov. Arnold Schwarzenegger in January and is facing voters for the first time. Joyce L. Kennard was appointed by former Gov. George Deukmejian in 1989 and has weathered previous elections. Both of these excellent jurists should be retained." The Times adds, "California's Court of Appeal is an intermediate court divided into six geographic districts. … The following justices are on the ballot, have served with distinction and deserve a 'yes' vote: Robert M. Mallano, Frances Rothschild, Roger W. Boren, Victoria M. Chavez, Patti S. Kitching, Richard D. Aldrich, Norman L. Epstein, Thomas L. Willhite, Nora M. Manella, Steve Suzukawa, Richard M. Mosk, Sandy R. Kriegler, Arthur Gilbert, Dennis M. Perluss, Fred Woods, Laurie D. Zelon, Candace D. Cooper and Madeleine Flier." The Times also notes, "For Los Angeles Superior Court, four offices offer voters a choice. For Office No. 8, Bob Henry, a California deputy attorney general, has broad experience in criminal and civil law. For Office No. 18, Daviann Mitchell is a former police officer who now prosecutes gang crimes as a Los Angeles deputy district attorney. Two other current deputy district attorneys also deserve to be elected: Hayden Zacky for Office No. 102 and David W. Stuart for Office No. 144."

Study Finds Widespread Risk Of Reactions To Some Medicines. CBS Evening News 10/17, story 9, 2:45, Couric) broadcasted, "In other health news tonight, did you know 82% of Americans take at least one medication, but sometimes drugs meant to make us better actually do us harm. Dr. Jon Lapook now reports on an important study out today." CBS (Lapook) added, "In a report today, the 'Journal of the American Medical Association' estimates that 700,000 people a year, especially the elderly, experience adverse drug events that lead to emergency room visits."

The AP (10/18, Tanner) reports, "Accidental overdoses and allergic reactions to prescription drugs were the most frequent cause of serious illnesses, according to the study, the first to reveal the nationwide scope of the problem. People older than 65 faced the greatest risks." Patient-safety specialist Bruce Lambert, a professor at the University of Illinois at Chicago's college of pharmacy, said, "This is an important study because it reinforces the really substantial risks that there are in everyday use of drugs." Even so, "the study authors and other experts agreed that the 700,000 estimate was conservative because severe drug reactions can often be misdiagnosed."

Blue Cross Of California To Settle Lawsuits Over Illegal Cancellations. The Los Angeles Times (10/18, Girion) reports, "Facing the threat of punishment from regulators, Blue Cross of California has agreed to settle more than 70 lawsuits and claims filed by patients who accused the state's largest health insurer of illegally canceling their coverage after they got sick. The settlements, according to lawyers involved in the cases, include undisclosed monetary awards that would allow former holders of policies sold to individuals to pay off hefty medical bills they were stuck with after losing their insurance. In exchange, the former policyholders agreed to drop allegations that Blue Cross was canceling policies to avoid paying for treatment."

Pirro, Cuomo Clash In Final Debate. The New York Times (10/18, Hicks) reports that New York attorney General candidates Jeanine F. Pirro (R) and Andrew M. Cuomo (D) squared off in their final debate on Tuesday. Pirro attacked Cuomo as an "inexperienced prosecutor devoid of ethics or integrity." She repeatedly targeted Cuomo's "ethics, charging that while housing secretary, he pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials in an agreement signed by Mr. Cuomo's counsel. Years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign." Cuomo "cast Ms. Pirro as a career politician with little experience outside criminal prosecution. He also offered a new attack against his Republican rival. He cited an article in The New York Sun on Tuesday detailing a letter written by" U.S. Senate candidate John Spencer (R), "when Mr. Spencer was mayor of Yonkers. The article stated that Mr. Spencer wrote a 15-page letter to Attorney General Eliot Spitzer accusing Ms. Pirro of using her position as district attorney to protect public officials from scandal and to punish political opponents. 'The office she's seeking is investigating her,' Mr. Cuomo said. Immediately after the debate, Cuomo campaign aides supplied copies of the article to reporters in the television studio, and Mr. Spitzer's office said it had an 'open investigation' into the matter."

Both Parties Mulling Impact Of Potential GOP Congressional Loss. The Washington Post (10/18, A1, Baker, Fletcher, 748K) reports that if Democrats "win one or both houses of Congress on Nov. 7, the result will transform the remainder of" President Bush's "time in office and dramatically shift the balance of power in Washington. Ending a dozen years basically passed in exile, congressional Democrats would have a chance to help steer the nation again -- following a campaign spent mostly assailing Bush's vision rather than detailing their own." The White House "says it is not making contingency plans for a Democratic win, but Bush advisers are bracing for what they privately recognize is the increasing likelihood. And

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Democratic leaders have been conferring about what they would do should voters return them to power." Democrats "could use their ascendance to block Bush's agenda, force him to respond to theirs and begin a new era of aggressive oversight and investigation. A Democratic victory, analysts in both parties said, could mean that some of Bush's tax cuts would not be renewed, attempts to revive his Social Security investment plan would be doomed and efforts to further broaden national security powers in the face of civil liberties concerns would be thwarted." What is "most worrisome to the White House is the subpoena power that Democrats would gain with a majority in the House or Senate." But some Republicans "think that Bush could play off overreaching Democrats as Clinton did with Gingrich. Or he could pivot to the more bipartisan mode he promised to bring from Texas and seize opportunities for progress in areas such as immigration, where his proposed guest-worker program has been blocked by his own party."

Bartlett Says Conservatives Should Not Fear A Democratic Victory In November. Bruce Bartlett, an official under Presidents Ronald Reagan and George H. W. Bush, writes in the New York Times (10/18, 1.21M), "Even before the Mark Foley scandal broke, Democrats' chances of getting control of the House of Representatives were pretty good. Now, with the incompetence of the Republican leadership's handling of that affair, the odds of Democratic control are looking very good indeed." Bartlett adds, "My Democratic friends no doubt feel the way we Republicans did in those heady days of 1994 before political reality came knocking. … To all this I say: Ain't gonna happen. For starters, President Bush will still occupy the White House for the next two years. And although his veto pen may have been misplaced for most of the last six years, he found it again this summer." Bartlett concludes, "In short, there is really no reason for conservatives, businessmen or investors to worry particularly about a Democratic victory in November. Congress will be on automatic pilot for the next two years regardless of which party is in control."

Centrist Politics Seen As Making Comeback. In his Washington Post column (10/18, A21), David Ignatius examines the "overarching battle this year between two visions of America: testing whether it's a country defined by its political center or one defined by its political extremes. This assessment of America's meta-politics is distilled in 'The Way to Win' by Mark Halperin of ABC News and John F. Harris of The Post. They see "two basic strategic ideas at work in today's politics: the 'synthesizer' approach of former president Bill Clinton, and the 'clarifier' tactics of President Bush and his political guru, Karl Rove." Halperin and Harris say "Clinton Politics" is "the politics of the center. It holds that Americans for the most part, with the exception of irate groups at the edges, are less interested in ideology than in practical solutions to basic problems. People would prefer politics to be polite, civil, and compromise-minded." On the other hand, they say, "Bush Politics is the politics of the base. A successful leader will stand forthrightly on one side of a grand argument. Then he or she will win that argument by sharpening the differences and rallying his most intense supporters to his side." Ignatius adds, "So what's working this campaign season? As I read this year's races, the centrist approach seems to be making something of a comeback."

Democrats Said To Have "First Tier" Of Legislation. In his Washington Post column (10/18, A21), Harold Meyerson says if Democrats win the House, they have "made clear that there's a first tier of legislation they mean to bring to a vote almost immediately after the new Congress convenes. It includes raising the minimum wage, repealing the Medicare legislation that forbids the government from negotiating with drug companies for lower prices, replenishing student loan programs, funding stem cell research and implementing those recommendations of the Sept. 11 commission that have thus far languished." And "cognizant that they will owe their victory in part to the public's revulsion at the way Congress does (or avoids) business, the Democrats also plan to revise House rules to enable the opposition party to introduce amendments and to sit on conference committees, from which Republicans have routinely excluded them since Tom DeLay became majority leader. They also will ban members from accepting gifts and paid trips from lobbyists."

Rove "Confident" GOP Will Hold Onto Both House, Senate. The Washington Times (10/18, Curl, 88K) reports Karl Rove "confidently predicted that the Republican Party would hold the House and the Senate in next month's elections, dismissing fallout from the sex scandal involving former Rep. Mark Foley." At a "luncheon with editors and reporters at The Washington Times, Mr. Rove -- who is widely credited as the architect of the party's historic 2002 midterm election gains -- said Republicans are beginning to make significant headway in defining their party's differences from congressional Democrats, especially on national security." Rove said, "I'm confident we're going to keep the Senate; I'm confident we're going to keep the House. The Foley matter has impact in some limited districts, but the research we have shows that people are differentiating between a vote for their congressman and a member from Florida." Rove added President Bush has "begun to paint this year's election as a choice between strength and weakness on national security -- and the stark differences will show Americans the true nature of Democrats."

Cheney Said To Sound Unsure GOP Will Keep Majorities. The AP (10/18) reports that while President Bush "says flatly that Republicans will keep control of the House and Senate," Vice President Dick Cheney "doesn't sound

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quite so certain." In an interview with radio talk show host Rush Limbaugh, Cheney said, "I think we'll hold the Senate and I also think we got a good shot at holding the House."

Democrats Said To Have Shot At Winning Both Houses. CBS Evening News (10/17, story 4, Borger, 7.66M) reported, "There's a growing sense up here on Capitol Hill that the Democrats now really have a shot at regaining control of both Houses of Congress. Conventional wisdom has been that it's the Republican control of the House that's really in danger." Democrats "need to take away six Republican seats to win the Senate back. And that has looked unlikely until now. That's because with scandals, the war, and the President with low approval ratings, this is a very difficult environment for Republicans to run, so, Katie, they're just trying to turn out their voters." The GOP advantage on turnout will be "very important to them, particularly in House districts where there may be a one- or two-point margin between the candidates. It's also going to help them get out their conservative base voters." But if "you're running about eight to 10 points behind, forget it. No great voter turnout operation is going to save your seat."

Morris, McGann Say GOP Base Has Deserted. In their column in The Hill (10/18), Dick Morris and Eileen McGann say, "The Republican base, that vaunted entity whose every mood swing has controlled the zigs and zags of the Bush Administration policy, has moved out, according to the latest Gallup polling. Karl Rove's heroic efforts to preserve its fealty have failed to move Republican base voters. Karl cannot compensate for Bush's failure to project his issues as the midterm disaster for the Republican Party nears." The Gallup poll "of Oct. 6-8 shows that, in the wake of the Foley scandal, the number of 'white frequent churchgoers' who are planning to vote Republican has dropped from 58 percent to 47 percent since last month. The margin of their support for Republicans over Democrats, 26 percentage points in September, has entirely disappeared and the parties are tied among this core element of the Republican base." The Foley scandal "has wrought extraordinary damage to the Republican Party and appears to have had a particularly negative impact on the base."

GOP Incumbents Running Short On Campaign Funds. The Wall Street Journal (10/18, A4, Cummings, 2.03M) reports most "embattled Republican House incumbents have less campaign cash than they expected, despite raising more money than their Democratic challengers. Republicans had to spend heavily in recent weeks to buck an unfavorable national climate for the party." The Journal cites the example of Connecticut Republican Rep. Nancy Johnson "spent $3.5 million on her re-election bid through Sept. 30 compared with Democratic challenger Christopher Murphy, who spent just $1.5 million, according to filings with the Federal Election Commission." Johnson "ended the third quarter with $1 million in the bank compared with about $368,000 in Mr. Murphy's account," but "her race is still considered a 'toss up'" by the Cook Political Report. Colby College analyst Anthony Corrado said, "In some ways, the major Republican opponent hasn't been the Democratic challenger as much as it's been the daily news cycle." The Journal adds most Democrats "running for open House seats held by retiring Republicans have raised more cash than their opponents, giving their party a chance to make net gains in the race for control of that chamber."

The Hill (10/18, Kaplan, Blake) reports House Republican incumbents have "socked away more money than their Democratic challengers in 34 of 52 competitive districts and in some cases Republicans lead Democratic challengers by a ratio of seven to one, said NRCC spokesman Carl Forti in a statement." But "some of those figures are misleading because some candidates, such as Democrats Tammy Duckworth (Ill.) and Joe Courtney (Conn.), have spent exorbitant sums on television advertising buys." In "seven competitive Senate races, state Treasurer Bob Casey (D-Pa.) and Sheldon Whitehouse (D-R.I.) lead incumbent GOP Sens. Rick Santorum (R-Pa.) and Lincoln Chafee (R-R.I.)." In Tennessee's "open seat race, Rep. Harold Ford (D-Tenn.) holds a narrow lead over former Chattanooga Mayor Bob Corker (R). In Maryland and Minnesota, the candidates are within $500,000 of each other in cash on hand." Sen. George Allen (R-Va.) "holds a commanding lead over Democrat Jim Webb, but Webb raked in $3.4 million in the third quarter. And in Missouri, Sen. Jim Talent (R-Mo.) has a $4 million lead over challenger Claire McCaskill (D) largely because she has made a large media buy for the final weeks leading up to Election Day."

The Washington Times (10/18, Hurt, 88K) reports National Republicans are "dumping more than $1 million into Senate races in the Democratic strongholds of Maryland and New Jersey but are facing a bleak field elsewhere, strategists from both parties say." While Republican strategists "privately acknowledge that the races look tough for the GOP, they remain confident that they will keep Democrats from gaining the six seats they need to win control of the chamber."

Lack Of Money Hindering Democratic Efforts To Expand Field. The Washington Post (10/18, A12, VandeHei, 748K) reports top Democrats said "they are planning to significantly expand the number of GOP House seats they will target during the final 20 days of the campaign but that financial disputes and fundraising problems are hindering the effort." Democrats said "private polls have convinced top party officials that they could pick up 40 or more seats -- nearly double their internal projections from a week ago -- if they spend enough money on television advertising for long-shot races. Strategists James Carville and Stan Greenberg

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are among those pleading with party leaders to go deep into debt to run ads in as many as 50 GOP-held districts." Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) "has privately signed off on targeting a new group of GOP incumbents who were once considered safe for reelection, starting with Rep. Gil Gutknecht in rural Minnesota, officials said." Emanuel said he "believes as many as 58 seats are now in play." The Post adds, "Still, several Democrats complained that the party is on the verge of blowing a once-in-a-decade political opportunity because of financial troubles." Harold Ickes – "a Democratic operative who recently created an independent political group called the September Fund with a goal of raising $10 million to $20 million for House and Senate campaigns -- said his group cannot afford to target races beyond those that Democrats have already identified as must-wins to capture control of the House for the first time since 1994." Ickes said his group "has raised between $5 million and $10 million, half its original goal." Ickes said, "It has been more difficult raising money than I expected."

Flake Says GOP Reliance On Earmarks Leave Majority At Risk. USA Today (10/18, Kelley, Eisler, 2.27M) reports Rep. Jeff Flake, a "leading Republican critic of special-interest spending earmarks," said the GOP "risks its congressional majority by defending the practice." Flake "said a report Tuesday in USA TODAY was the latest in a series of revelations casting an ethical cloud on earmarks." Flake's opposition to earmarks "helped prompt a temporary House rule change requiring the disclosure of some sponsors of earmarks. He said he hoped that rule could be made permanent but faced opposition from Republican supporters of earmarks." Flake said, "Until we change that mindset, I don't know that we're going to curb the practice (of earmarking). Maybe it'll take two years in the wilderness of being in the political minority. I hope that's not what it takes." USA adds it found "that lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write."

Majority Think Lobbying By Lawmaker's Relatives Wrong. USA Today (10/18, Eisler, Kelley, 2.27M) reports an "overwhelming majority of Americans believe it's wrong for lawmakers and their staffs to have contact with relatives who are lobbyists regarding government matters. But a survey of lawmakers suggests they don't see a problem." A USA TODAY/Gallup Poll "shows that 80% of respondents believe such actions are inappropriate. By contrast, few members of the House and Senate appropriations committees say they have policies that prevent lobbying by relatives." Four committee members "who responded to a USA TODAY survey have policies that prevent relatives from lobbying them or their staffs. All are senators: Dick Durbin, D-Ill., Tom Harkin, D-Iowa, Mitch McConnell, R-Ky., and Arlen Specter, R-Pa." None of the House members "who responded reported having such a policy. The newspaper surveyed all 94 members of the appropriations committees; 37 answered the survey."

Democratic Ads Link Minimum Wage, Congressional Pay Raises. USA Today (10/18, Stone, 2.27M) reports Democratic challengers "in more than two dozen House and Senate races are attacking Republicans in Congress for taking pay raises while voting against a minimum wage increase." The attacks are "contained in television and radio ads running from Washington state to Virginia. In some races, such as House contests in Indiana and Connecticut, Democrats also link pay raises to Republican votes against combat bonuses for U.S. troops fighting in Iraq and Afghanistan." While some of the ads "may fudge the facts, political analysts say the message appeals to the pocketbook concerns of voters."

Taxes Seen As GOP Fallback Issue For Midterm Elections. The Christian Science Monitor (10/18, Feldmann, 58K) reports that in an "election season where the Republicans can't seem to buy a break, the party's highest-profile campaigners," President Bush and Vice President Cheney, "have gone back to a bedrock GOP issue: taxes." While the President "tends to keep his remarks general, Mr. Cheney and Republican National Committee chair Ken Mehlman get personal. They target in particular Rep. Charles Rangel (D) of New York, who would become chairman of the tax-writing House Ways and Means Committee if the Democrats win control of the House." The GOP leaders "assert as fact that Mr. Rangel favors 'across-the-board tax increases,' which Rangel and the Democrats vigorously deny. But the debate has been framed, and it is one that has resonated for decades in the back and forth of partisan politics." University of Virginia political analyst Larry Sabato said, "It plays to the basic party stereotypes, and of course most people, if you give them an unalloyed choice of paying more taxes or less taxes, they'll pick less taxes every time."

Forty State Ballot Measures Deal With Taxes, Spending Levels. The Wall Street Journal (10/18, Wells, 2.03M) reports in its "Tax Report" column, "Nationwide, there are some 40 measures to increase or decrease taxes or to restrict spending, according to a University of Southern California survey. But many are gaining little publicity in an election year dominated by the possible change of control in Congress. Unlike many state tax measures in past years, this year's measures have sparked little taxpayer outcry."

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NYTimes/CBS Ohio Poll Shows Brown, Strickland Ahead By Double Digits. The New York Times (10/18, Broder, Thee, 1.21M) reports a New York Times/CBS News poll of Ohio voters shows "the Democratic candidates for governor and Senate hold commanding double-digit leads over their Republican opponents in the poll, and respondents said they intended to vote for the Democratic candidate for the House in their district by 50 percent to 32 percent." The poll found "a striking slippage in the president's standing among white evangelical Christians, a constituency that has provided a strong vote cushion for Republican candidates in recent elections. In November 2004, 76 percent of white evangelical Christians in Ohio voted for Mr. Bush." In the current survey, "49 percent approved while 45 percent disapproved" of Bush's job performance. Republican Sen. Mike DeWine trails Democrat Sherrod Brown "by 34 percent to 48 percent," while Democratic gubernatorial candidate Ted Strickland, "is leading the Republican nominee, J. Kenneth Blackwell, the Ohio secretary of state, by 53 percent to 29 percent."

CBS Evening News (10/17, story 5, 3:15, Cowan, 7.66M) reported, "According to a new CBS News/'New York Times' poll, 31% of likely voters here see this race as a chance to vote against the President. The Republican Senator is now 14 points behind his Democratic challenger Congressman Sherrod Brown." Just "how their campaigns are viewed here in Ohio could determine how the rest of the nation votes in November." Still, DeWine is "far from out. He's been a fundraising machine, and even Brown worries the Republicans may have enough money to make a comeback."

GOP Scales Back Ad Buy In Ohio For DeWine. The AP (10/18, Kuhnhenn) reports the "Republican Party placed $700,000 in television ads in Ohio Tuesday, a scaled-back ad campaign amid growing doubts by party officials that GOP Sen. Mike DeWine can win re-election in the battleground state." The ads "are smaller than recent million-dollar ad buys by" the National Republican Senatorial Committee, "but party officials touted the ads as evidence that they were not abandoning the state or giving up on DeWine." The AP adds GOP officials "are turning their sights to Virginia to offer needed help to Sen. George Allen, who has been unable to stop a rapidly tightening race with Democrat Jim Webb. Virginia already is part of the party's aggressive voter turnout operation and party officials are said to be weighing a substantial ad campaign in the state as well. The Democratic Senatorial Campaign Committee already is spending about $1.1 million on ads in Virginia against Allen." Republicans also "spent $500,000 to air ads in New Jersey against Democratic Sen. Robert Menendez, who is being closely challenged by Republican Tom Kean Jr." Meanwhile, the National Republican Congressional Committee is "paying for polling in the Kentucky congressional district of Rep. Anne Northup and the Pennsylvania district of Rep. Melissa Hart." Both parties also "signaled that they will begin airing television ads in GOP Rep. Gil Gutknecht's re-election race in Minnesota, a campaign not previously considered competitive."

Pro-GOP Ads Said To Distort Truth On Iraq. McClatchy (10/18, Thomma) reports when "a shadowy group pouring untraceable millions into this fall's campaign makes" the claim to be "a 'political truth squad,'" that "bears a little truth-checking itself." Television ads "from the group, Progress for America, manage to grab the heart, but also stretch or twist the truth as they work to boost support for the Iraq war." They "feature David Beamer, whose son led a counterattack against the terrorists who hijacked United Flight 93 on Sept. 11, 2001." In the ad, David Beamer says, "Al-Qaida killed 3,000 Americans on 9/11 and will do anything to destroy us and our way of life. Todd and United 93 fought back. We continue this fight in Iraq today. This enemy must be destroyed in Iraq and wherever we find them." McClatchy adds that "makes it sound as though the war in Iraq is retaliation against al-Qaida. It's not. Iraq had nothing to do with al-Qaida's attack on us." Asked to "back up its ad, the group pointed to news articles about al-Qaida in Iraq now. But we didn't 'find' al-Qaida in Iraq. They came in to fight us after we invaded." Misleading assertions "like those made by Progress for America feed a lingering misunderstanding of the Iraq war."

Investigators Probe Whether Beauprez Camp Used Federal Database. The AP (10/18, Paulson) reports Colorado authorities "have opened a criminal investigation into whether an attack ad run by GOP Rep. Bob Beauprez against his opponent for governor illegally used confidential information from a federal law enforcement database." Democrat Bill Ritter's campaign "has suggested the information was taken from the computerized crime records." Beauprez spokesman John Marshall "said Tuesday that the details came from an informant he refused to identify. He said the campaign is cooperating with investigators." The TV ad "in question refers to Carlos Estrada Medina, a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says Ritter chose to seek a plea bargain in the case, Medina avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor." The New York Times (10/18, 1.21M) runs a short version of the story.

WPost Endorses Webb In Virginia Senate Race. The Washington Post (10/18, A20, 748K) endorses Democrat James Webb, saying Republican Sen. George Allen is "a mediocre senator whose six years of undistinguished service

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do not justify rehiring." Webb is "admirably independent-minded," while Allen "has spent his time in the Senate in lock step with the Bush administration, embracing tax cuts that have imperiled the nation's fiscal health; subsidies for oil and gas companies that hardly needed the help; prisoner detention policies that have undercut America's image abroad; and restrictions on embryonic stem cell research despite its medical potential."

Webb Writings Said To Show Dignity Of "Redneck" Culture. The Washington Post (10/18, C1, Copeland, 748K) reports over "the course of his career, in books and more recently in screenplays, Webb, 60, has been writing about the dignity of his people" from Southwest Virginia, "the gun-loving, country-music-singing, working-class whites of Scotch-Irish descent who fight in wars, staff the nation's factories and shop its Wal-Marts." He "knows that some folks might call his people rednecks. We pity those folks if Jim Webb is around when they say that."

Menendez, Kean Touch On Familiar Themes Of Iraq, Corruption. The AP (10/18, Santi) reports that Democratic Sen. Robert Menendez and Republican Thomas Kean Jr. "were at it again Tuesday, in a 90-minute radio encounter that opened with a lengthy exchange on the war in Iraq." Kean "repeatedly refused to say whether he would vote to authorize sending U.S. troops into Iraq, even if he had intelligence information that was not available when the war began." Menendez "voted against the resolution authorizing the start of the war and has called for a timely withdrawal of U.S. troops." After the debate, "which aired live on Millennium Radio Network stations, Kean was asked again and again to articulate his position on authorizing the war and each time refused to answer the question directly." Kean "has made ethics a centerpiece of his candidacy and has tried to paint his opponent, who rose through the ranks of rough-and-tumble Hudson County politics, with a broad brush of political corruption. That familiar line of attack was evident again Tuesday night."

NBC Nightly News 10/17, story 7, 3:05, Reid) reported Kean, "who rarely mentions he's a Republican, has used his family name his father's the popular former Governor of New Jersey and a relentless attack on Menendez's ethics to turn this race into a toss-up." Tom Kean Jr.: "Clearly Bob Menendez's financial records are under investigation by the US attorney. That's clear." Reid: "Mincing no words, Menendez calls Kean a liar, insisting there's no evidence he's under investigation, though it's not entirely clear who's right."

Kean Taps $400,000 Of Own Money For Campaign. The Hill (10/18, Bolton) reports that twice in the past week, Kean "took a day out of his campaign schedule to attend to the seemingly mundane tasks of committee work, while his opponent, with whom he is locked in a neck-and-neck race, stumped for votes." While appearances "this week suggest Kean is not as committed to the race as Menendez is, Kean has made it clear that he's in this battle to win." Kean this week "decided to spend at least $400,000 of his own money to defeat Menendez in a race that represents the GOP's best chance of capturing a Democratic Senate seat next month. The personal contribution will appear on fundraising reports to be made public today." One GOP official "estimated the $400,000 could help Kean's campaign increase his television presence by about 25 to 30 percent. It will also narrow Menendez's financial advantage. Newly filed finance reports show that Menendez had $5.5 million and Kean $3.2 million in their campaign accounts at the end of September."

Steele Accuses Hoyer Of Racial Insensitivity. The Washington Post (10/18, B2, Marimow, 748K) reports Maryland Lt. Gov. Michael S. Steele "accused a leading Democratic congressman yesterday of racial insensitivity for saying the Republican candidate has 'slavishly' followed the GOP." Steele "was reacting to remarks by House Minority Whip Steny H. Hoyer, who characterized Steele this week as having had 'a career of slavishly supporting the Republican Party.'" After "speaking to members of the Maryland Chamber of Commerce gathered in Ocean City, Steele called the description 'the height of arrogance.'" Steele said, "It goes to just the sheer craziness of some in the Democratic Party who think they can use racist terms and infer things about me just because I'm an African American Republican."

Former Boxing Champ Tyson Heartily Endorses Steele. The Washington Post (10/18, B2, Mosk, 748K) reports former heavyweight boxing champ Mike Tyson "says he is so bullish on Republican Michael S. Steele's campaign for the U.S. Senate, he would return to the ring if Steele thought it might help him." Tyson said, "I would do anything to help Michael. I would box an exhibition for him. I would even fight again to help Mike. I would do anything." The Post adds, "Iron Mike's little-known but long-standing devotion to Steele dates to the boxer's former marriage to Steele's half-sister, Monica Turner."

Lieberman Says Democrats Must "Change The Tone" In Washington. The AP (10/18, Christoffersen) reports Sen. Joe Lieberman "said Tuesday he hoped Democrats seize control of Congress — with one caveat: a Democratic-led Congress, he said, must change its ways." Lieberman said, "It won't represent progress that's real. It's not going to be much of a step forward if there's a new Democratic leadership that doesn't change the tone in Washington." The AP adds that as "recently as Friday, Lieberman, a lifelong Democrat who was his party's nominee for vice president in 2000, would not say whether he thinks the nation would be better off with the Democrats in control of Congress."

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Obama Reportedly Mulling Presidential Run In 2008. The Chicago Tribune (10/18, Zuckman, 623K) reports while Sen. Barack Obama "launches the most public of book tours, with appearances on 'Oprah Winfrey,' the 'Today' show, 'Larry King Live' and 'Meet the Press,' he also is more intensively examining whether to run for president in 2008, reaching out to Democratic operatives and trying to reconcile the demands of a national campaign on his family." Obama (D-Ill.) has been "having quiet conversations with colleagues and friends about a prospective White House run, but a key concern is whether his wife, Michelle, would support it and whether he could manage the time away from their two young daughters." Donna Brazile said, "He has gotten the presidential bug bite. Barack is constantly calling, he's constantly talking to people. He's not calling me to check on the weather. I'm not saying he's in, but he's checking the water. He's having lots of conversations."

Laura Bush To Stump For GOP Texas State Senate Candidate. In its "The Reliable Source" column, the Washington Post (10/18, C3, Argetsinger, Roberts, 748K) reports, "GOP first-time candidate Dee Margo is running an uphill race against a longtime incumbent to represent heavily Democratic El Paso in the Texas Senate. So how'd he get the most popular Republican campaigner in the nation to stump for him? Easy: Laura Bush is good pals with his wife. Gallery owner Adair Wakefield Margo and the first lady first clicked years ago when Adair wrote a book about El Paso painter Tom Lea, whose 'Rio Grande' now hangs in the Oval Office. Laura and Adair traveled to Mexico to scope out artists' studios. The Margos raised big bucks for Dubya 's campaigns, and Adair now serves as chair of the President's Committee on the Arts and Humanities. Tomorrow, the first lady visits El Paso to speak at a private campaign luncheon for Dee."

Dowd Accuses McCain Of "Dissembling" About Drinking Incident With Clinton. Maureen Dowd writes in the New York Times (10/18, 1.21M) that Sen. Hillary Clinton "always struck me as the sort of buttoned-up and driven woman who would be really fun if you could get her out for a night of dulces de leche in Cuba, as Marlon Brando did Jean Simmons in 'Guys and Dolls.'" Dowd adds, "Anne Kornblut wrote that two summers ago, on a Congressional trip to Estonia with Lindsey Graham and Susan Collins, Senator Clinton astonished her traveling companions by suggesting that the group do what one does in the Baltics: hold a vodka-drinking contest. … But a few days after the anecdote appeared, Mr. McCain flatly denied it on Fox News as 'Not true.'" … Joshua Green, reporting the cover profile of Hillary for the latest issue of The Atlantic Monthly, was rebuffed when he asked for an interview with Mr. McCain about the night Hillary poured shots for fellow lawmakers. But Mr. Green ran into Mr. McCain walking through the Capitol and asked him about the Baltics escapade. 'McCain lit up at the recollection,' he wrote. 'It's been 50 years since I'd been in a drinking game,' said McCain. ... He added, admiringly, 'She can really hold her liquor.'" Dowd adds, "The once candid senator is starting to sound downright Clintonian with all this silly parsing and dissembling. I did not have drinks with that woman!"

WSJournal Says Organized Labor Is Behind Anti-Wal-Mart Campaign. An editorial in the Wall Street Journal (10/18, A20, 2.03M) says Wal-Mart "has become the Democratic Party's favorite pinata. The media like to portray this as a populist uprising against heartless big business. But what they don't bother to disclose is that this entire get-Wal-Mart campaign is a political operation led and funded by organized labor." The Journal adds, "If Wal-Mart were suddenly unionized, Big Labor's membership would double overnight and union leaders would collect an estimated $300 million in additional dues each year to sway more politicians. Short of that, their goal is to keep Wal-Mart out of cities so their union shops have less competition. That's what the war against Wal-Mart is truly about."

NYTimes Praises Disney Effort To Promote Healthy Food Choices To Kids. The New York Times (10/18, 1.21M) editorializes, "With obesity rates soaring among the young, the Walt Disney Company has announced promising new guidelines for the way it promotes food to its impressionable clientele. Over the next two years, the company that brought you Buzz Lightyear and Goofy and the Lion King plans to make sure that its animated characters endorse healthier children's foods with less fat and sugar and fewer calories." The Times adds that "the Bush administration and Congress seem content to keep studying the problem. … It's heartening that a few [corporations], mainly Kraft and now Disney, recognize that we can't wait forever for Congress to act, and are actually doing something now."

Rice Heads To Asia Amid Talk Of Possible Second North Korean Test. CNN's The Situation Room (10/17, Malveaux) reported, "Bush Administration officials and US spy satellites keeping a very close eye on North Korea's nuclear testing site where there has been some activity." The thinking "at the White House, is if they were to conduct a second test…this would actually embolden the Bush Administration's argument that North Korea's neighbors have to get tough." The AP (10/17, Lim) reports satellite images confirm North Korea "appears to be getting ready for a second nuclear test," even as China, "the North's

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longtime ally and biggest trading partner, warned Pyongyang not to aggravate tensions." The Financial Times (10/18, Fifield, McGregor, Sevastopulo) reports South Korea said it had "detected activity" suggesting a second test may be in the works.

The Los Angeles Times (10/18, Miller, 918K) reports the White House "did not rule out the possibility of a second test. 'Let me put it this way: The North Koreans have made no secret of their desire to be provocative,' White House Press Secretary Tony Snow said." The Washington Times (10/18, Gertz, 88K) quotes Secretary Rumsfeld, who "told reporters that there is 'speculation,' but no specific information," about an impending test. Rumsfeld said, "There's speculation that they may want to do something additional. There's also speculation they may not. So, only time will tell."

The North Korean nuclear standoff continues to receive heavy coverage, leading two network newscasts and receiving just over eight minutes of coverage between the three. CBS Evening News (10/17, lead story, 2:05, Couric, 7.66M) said Secretary Rice "is heading to Asia tonight to put some new pressure on North Korea's neighbors to enforce those UN sanctions, and…she's getting there none too soon." CBS (Martin) added, "As North Korea staged a spectacular torch light show of defiance with what it called a 'Down With Imperialism' rally, its officials publicly denounced economic sanctions passed by the UN as a declaration of war. Privately, they put out the word that they intend to conduct three more underground nuclear tests and nothing can stop them. But they could be saying that just to make anything less than three look like a concession."

NBC Nightly News (10/17, lead story, 3:30, Williams, 9.87M) focused on US diplomacy with China, saying the US "finds itself yet again in a strange and uneasy partnership half way around the world." The North "is threatening to do it again, blow off another nuclear weapon if not several more. China and the United States find themselves on the same side in this. They both have limited options and they know it." NBC (Mitchell) added, "China today threatened to stop providing critical fuel and food to the north, if it didn't stop testing."

ABC World News (10/17, story 3, 2:35, Gibson, 8.78M) did not lead with the story, even though correspondent Diane Sawyer was "the only Western reporter now allowed inside" North Korea. Reporting from Pyongyang, Sawyer said, "Tonight, there is a 100,000-person rally taking place. … It's something that's been planned for months and months and months. It is the anniversary of the socialist revolution. At the same time, it is an opportunity and not lost on anyone, to denounce the United States, once again."

The Chicago Tribune (10/18, Dorning, 623K) reports Secretary Rice will seek commitments from North Korea's neighbors for a "sweeping inspections program to monitor almost all cargo shipped to or from" the North. USA Today (10/18, Slavin, 2.27M) says the Bush Administration plan to "argue for a strict interpretation" of the UN sanctions "could further raise tensions in the region."

The New York Times (10/18, Shanker, 1.21M) says that while Rice will urge northeast Asian states "to create a strict system of radiation monitoring and inspection," in what "appears to be an effort to cajole China to enforce" the new UN sanctions, the US "will ask the countries to focus their efforts on conducting inspections in their own territories, including ports, and on suspicious ships, trucks and aircraft rather than every piece of cargo." The Wall Street Journal (10/18, A8, King, 2.03M) reports Rice "sought to allay concerns that the U.S. envisioned a sort of blockade, saying that ship interdictions would largely come about as the result of tips. 'We are not looking at inspecting every ship,' she said." McClatchy (10/18, Strobel, Johnson) also reports on Rice's goals.

The AP (10/17, Gearan), meanwhile, reports Secretary Rice said en route to Asia that the North's test "could set off an atomic arms race in Asia." Rice said, "Obviously an event of this kind does carry with it the potential for instability in the relationships that now exist in the region. That's why it's extremely important to go out and to affirm, and affirm strongly, U.S. defense commitments to Japan and to South Korea."

Kerry Calls Bush North Korea Policy "A Disgrace." The Des Moines Register (10/18, 163K) reports Sen. John Kerry, in Iowa, said the North Korean "crisis is of the Bush administration's own making." In an interview, Kerry said, "The Bush policy is a disgrace. If Ronald Reagan could talk to the evil empire and negotiate with the Soviets, surely George Bush could do the same with North Korea. But he's a prisoner of rigid ideology."

High-Level Defector Says Only Kim's Ouster Would End Nuclear Aims. The AP (10/17, Kim) reports Hwang Jang Yop, the "highest-ranking North Korean government official ever to defect" to the South and "the man once considered the mentor" of Kim Jong Il, said Pyongyang's nuclear weapons program cannot be stopped unless Kim is removed from power. But he said Kim's "total grip on the communist society makes that only a remote possibility." Hwang "is also skeptical" that UN sanctions will hurt Kim.

American "Unrepentant" About Defecting To North Korea. The Washington Times (10/18, Salmon, 88K) runs a feature on James "Comrade Joe" Dresnok, the "last living American defector in North Korea," who tells his story in the film "Crossing the Line." Dresnok, "unrepentant and professing support for communism," says, "I have never regretted coming to [North Korea]. I feel at home."

Envoy Rejects Linkage Of Iran's Nuclear Program With North Korea's. In a letter to the editor

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of the Washington Times (10/18, 88K), responding to the October 11 editorial "North Korea and Iran," M.A. Mohammadi, press secretary for the Iranian mission to the UN, writes that Iran "strongly rejects any comparison of Iran's nuclear program with other countries'. Iran's nuclear program is legal, fully within the framework of the Non-Proliferation Treaty, peaceful and transparent."

Bush Boosts Croatia Bid For NATO Membership. The AP (10/18) reports, "President Bush gave a boost Tuesday to Croatia's aspirations to join NATO, saying it should be admitted to the Western alliance within two years." Bush "said he would recommend the 2008 timetable when he attends a NATO summit next month in Riga, Latvia. He also said he supports Croatia's membership in the European Union." The President "expressed his views during an Oval Office meeting with Croatian Prime Minister Ivo Sanader."

Abbas Threatens To Dissolve Hamas Government. The New York Times (10/18, Myre, 1.21M) reports that in "the clearest signal yet that he was prepared to act against the Hamas government," Palestinian president Mahmoud Abbas "warned Tuesday that the current Palestinian political crisis was intolerable, and suggested he would dismiss the Hamas-led government if the rival factions could not agree soon on a national unity government." While "Abbas said he still sought a national unity government" between Hamas and Fatah, he added "that if no agreement was reached soon he might dismiss the government and replace it, at least temporarily, with technocrats," which he called, "the simplest and most practical solution." Abbas "set no deadlines for a decision. But there has been speculation that he may be prepared to act soon after the Muslim holy month of Ramadan." However, "Hamas could resist such a move, and the Palestinian Basic Law, which effectively serves as a constitution, is somewhat vague on how to resolve political disputes."

Hamas Official Critiques Palestinian Violence. In an article focusing on clashes between the Israeli military and Palestinians, the Washington Post (10/18, A16, Wilson, 748K) reports, "Ghazi Hamad, a senior Hamas official, published his second critique of Palestinian society in two months. In a column for the daily newspaper al-Ayyam. Hamad, a senior adviser to Prime Minister Ismail Haniyeh, asked if violence had become 'a Palestinian disease,'" and "whether violence had become 'a culture implanted in our bodies and our flesh,' adding that it 'has taken away the language of brotherhood and replaced it with arms.'"

Blair Calls Veils A "Mark Of Separation." The New York Times (10/18, Cowell, 1.21M) reports, "Prime Minister Tony Blair joined a passionate and increasingly contentious debate on Tuesday over the full-face veils worn by some British Muslim women, calling it a 'mark of separation,'" marking "the first time Mr. Blair had so explicitly backed Jack Straw" for his comments about veils. Blair's "remarks reflected a sense that British society is heading toward ever deeper fissures between Muslims and non-Muslims, evoking questions about the nation's readiness to embrace Muslims, and Muslims' willingness to adapt." Meanwhile, "there are signs that the dispute had spread farther across Europe. In an interview in Italy, Prime Minister Romano Prodi was quoted Tuesday as saying that women should not be hidden behind veils."

Stalemate Continues Between Venezuela And Guatemala In Bid For Security Council Seat. The New York Times (10/18, Hoge, 1.21M) reports, "Venezuela's campaign to gain Latin America's open seat on the Security Council next year lagged Tuesday for a second straight day, but Guatemala, the persistent leader after 22 ballots, was unable to win enough votes to secure the position." This "setback was particularly stinging for Venezuela," as its president, Hugo Chávez, "has made the contest a centerpiece of his continuing campaign against Washington, financing it liberally with oil proceeds, promoting it with personal appearances around the world and frequently predicting that Venezuela would prevail." Diplomats suggested "that it might be time for the Latin American group to switch to a compromise candidate. But neither country was prepared to step aside." Gert Rosenthal, the foreign minister of Guatemala, said, "under normal circumstances our competitor would stand down graciously… but for reasons well known, he's not willing to do that." Francisco Arias Cárdenas, Venezuela's ambassador, said, "Why doesn't Bolton come to this microphone and declare that the United States will remove the pressure, will withdraw the money, and then countries will have the liberty to vote their conscience." Ambassador Bolton responded, "Look, we have made our position clear in a very low key way. It is motivated by our concern for Venezuela's behavior, and that's another example of it." He added, "You can draw one conclusion from the results…Venezuela is not going to win."

The Washington Post (10/18, Lynch, Forero, Brubaker, 748K) says, "Venezuela was stymied for a second straight day," which a "shocked" the delegates at the United Nations who "once predicted that Venezuela would easily receive enough support for the seat." The votes "represented a personal blow to Chavez," and "has come as a relief to the United States." Tanzania's ambassador, Augustine P. Mahiga, said "the race was 'perceived as a contest between the United States and Venezuela.'" According to some delegates, Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol." However,

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"Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and 'swayed' others to vote against it." Meanwhile, Manuel Rosales, who is running against Chavez in December's presidential election, said "the government's failure to secure a seat was called 'an embarrassing defeat.'"

The Financial Times (10/18) reports, "The impasse has prompted other Latin American countries to suggest regional talks on a way to avoid a recurrence of divisions that afflicted the region at the height of the cold war."

The Christian Science Monitor (10/18, LaFranchi, 58K) reports, "In the war of Hugo Chávez versus George W. Bush, Venezuela versus the United States, and anti- Americanism versus American leadership, the latest battle is...a draw." The AP (10/18, Wadhams) and McClatchy (10/18, Bachelet), among other sources, also reports the story.

Increasing French Fertility Rates Linked To Government Spending. The Washington Post (10/18, A1, Moore, 748K) reports, "While falling birthrates threaten to undermine economies and social stability across much of an aging Europe, French fertility rates are increasing." France "now has the second-highest fertility rate in Europe -- 1.94 children born per woman, exceeded slightly by Ireland's rate of 1.99. The US fertility rate is 2.01 children." The Post adds that "the propensity of women here to have more babies has little to do with notions of French romance or the population's formerly strong religious ties to the Roman Catholic Church. France heavily subsidizes children and families from pregnancy to young adulthood with liberal maternity leaves and part-time work laws for women. The government also covers some child-care costs of toddlers up to 3 years old and offers free child-care centers from age 3 to kindergarten, in addition to tax breaks and discounts on transportation, cultural events and shopping."

NYTimes Urges UN Rights Monitors For Sri Lanka. The New York Times (10/18, 1.21M) editorializes, "On Monday, 94 people died and 150 were injured when a truck loaded with explosives rammed into a military convoy in Sri Lanka. The government blames the Tamil Tiger guerrillas -- the pioneers of the suicide bombing -- for the attack. The rebels have not said anything." The Times adds, "Colombo is eager for international aid and support in its fight against the Tamil Tigers. With UN rights monitors bearing witness, the government may feel pressure to rein in army and police abuses. Monitors could also bolster the country's weak judicial system, which barely investigates crimes against Tamil civilians. The guerrillas, who count the forced recruitment of child soldiers among their crimes, are less vulnerable to international shame. But shining a spotlight might help persuade overseas Tamils to choke off funding."

WSJournal Warns Investors China Bank IPO May Not Be As Safe As Expected. The Wall Street Journal (10/18, 2.03M) editorializes, "Fannie Mae and Freddie Mac, meet" Industrial Commercial Bank of China. China's largest bank "joins the ranks of publicly listed companies next week when it unveils what may be the world's largest-ever IPO in Hong Kong and Shanghai. But as with America's mortgage behemoths, investors are betting as much on implicit government support as on ICBC itself." That's because "the comparison with the two U.S. 'government-sponsored' mortgage giants is startling. Investors comforted by implicit American taxpayer support have had to endure several years of uncertainty and lower returns as fraud and false accounting have been uncovered at Fannie and Freddie. Perhaps that's a warning for ICBC investors."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Signs Tough Rules On Detainees."
"The Road From Ruin."
"In Car No. 9, She's 16 Trying To Go 70."
"Some Seek 'Pink Purge' In The GOP."
"Blue Cross Settling Patients' Lawsuits."
"No Counting On The Identity Of 300 Millionth Resident."

USA Today:
"More Benefits Than Risks In Higher Fish Consumption."
"New Rx Help People To Avoid Getting Sick."
"Scanners For Liquid Bombs In Works."
"Screening."
"Public Wary Of Links With Lobbyists."

New York Times:
"Iraq Removes Leaders Of Special Police."
"$5.4 Billion Bid Wins Complexes In New York Deal."
"Ex-House Clerk May Be A Key In Foley's Case."
"Labor Leader Accused Of Taking $2.2 Million."
"Not Coming Soon To A Lot Near You: Chinese Cars."
"A Republican With Unfortunate Timing Believes His Time Is Now."
"Geriatrics Lags In Age Of High-Tech Medicine."
"Glorious Food? English Schoolchildren Think Not."

Washington Post:
"Families Flee Iraqi River Towns On 4th Day Of Sectarian Warfare."
"53% of Voters Say They Back Va. Gay Marriage Ban."
"U.S. Faces Guantanamo Obstacles."
"Homes Raided In Rep. Weldon Influence Probe."

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"In-Flight Fires An Unresolved Safety Threat."
"FDA Is Set To Approve Milk, Meat From Clones."

Washington Times:
"Border-Fence Bill Awaits Signing."
"Rove Foresees GOP Victory."
"U.S., Allie Fear 2nd Nuke Test By Pyongyang."
"U.S. Rules May Hit Caribbean."
"Bad Drug Reactions Send 700,000 To ER Each Year."

Detroit Free Press:
"Civil Rights Proposal Has Voters Conflicted."
"Behind The Scenes At Comerica Park."
"Inventory Glut Could Raise Chrysler's Losses."

Atlanta Journal-Constitution:
"State Backtracks On Voter ID Alert."
"DeKalb Housing Chief Is Removed."
"What's Next For U.S. Population?"
"Ex-UGA Coach Wanted Athlete To Dump Major."
"Judge Erases Conviction Of Enron Founder."

Houston Chronicle:
"Judge Voids Convictions Against Lay."
"Romance Novel Fuels Passionate Debate."
"Houston's WNBA Dynasty Up For Sale."
"Melee Could Put The Hurt On Houston's Music Scene."
"CSI: Baghdad – No TV, This Is Gruesomely Real."

Story Lineup From Last Night's Network News:
ABC: 300 Million Population Mark; Americans Having Babies; Inside North Korea; Iraq-Sectarian violence; Detainee Bill Signed; Reid Under Fire; Improved Care; Subway train Accident-Rome; Safe To Eat Fish; Cars Parking Themselves.
CBS: North Korean-Sanctions; Iraq-Sectarian Violence; Detainee Bill Signed; Midterm Elections; Ohio Senate Race; Foley Investigation; New Diabetes Drug Approved; Eating Fish; Dangerous Medicines; 300 Million Population Mark; Mayor Lou Bartletta Opinion-Immigration; Christopher Glenn Obit; Mentors For Kids.
NBC: North Korea Sanctions; Detainee Bill Signed; Stock Market; Inflation; Eating Fish; 300 Million Population Mark; New Jersey Senate Race; Madonna's Baby Adoption; Christopher Glenn Obit; Green Roofs.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Military Commissions Legislation; Rice-Asia Trip; CA-Hispanic Voter Suppression Effort.
CBS: Glen Obit.; Iraq-US KIA; North Korea-Nuclear Test; Rice-Asia Trip; MLB Playoffs.
NPR: Bush-Military Commissions Legislation; NY-Snowstorm Cleanup; Top Ten Fuel Efficient Cars List; Oil Prices; UN-Eritrea, Ethiopia Negotiations; US-Burundi Civil War Refugees; Lay Conviction Voided.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a luncheon with community leaders, Greensboro, NC; participates in Visit to Waldo C. Falkener Elementary School, Greensboro, North Carolina; makes remarks on No Child Left Behind, Waldo C. Falkener Elementary School, Greensboro, North Carolina; visits Victory Junction Gang Camp, Inc. Randleman, NC; attends a Republican National Committee Dinner, Private Residence, Greensboro, North Carolina.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Visits the Jenna Welch and Laura Bush Community Library, El Paso; speaks at a Dee Margo for Texas Senate luncheon, Private residence, El Paso; visits the Ben Franklin: In Search of a Better World exhibition, Houston Museum of Natural Science.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER IVO SANADER OF CROATIA _ Highlights: 8:45 a.m. Speaks at the Nitze School of Advanced International Studies. Kenney Auditorium, 1740 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626. Note: Preset by 7:45 a.m. Media RSVP required.

NUCLEAR FUELS _ The National Academies holds a conference on the internationalization of the civil nuclear fuel cycle. Location: 2100 C St. NW.

GENERIC DRUGS _ The Generic Pharmaceutical Association holds its Fall Technical Conference. Highlights: 8:45 a.m. Steven Galson, Director, FDA Center for Drug Evaluation and Research. Location: Bethesda North Hotel and Conference Center, 5701 Marinelli Rd., North Bethesda.

HEALTHCARE TECHNOLOGY _ The National Institute of Standards and Technlology holds a summit to focus on healthcare technology. Highlights: 9 a.m. Keynote addresses - HHS Secretary Leavitt and Intel Board Chairman Craig Barrett. Location: Red Auditorium, NIST, Gaithersburg.

COMMON GOOD _ 8:15 a.m. - 12 p.m. the Center for American Progress will hold a half-day conference on the common good, with an opening address by Queen Noor of Jordan. A keynote address will be given by former President William J. Clinton. Location: Georgetown University, Gaston Hall, 37th and O Streets NW.

INTELLECTUAL PROPERTY PROTECTION _ 9 a.m. - 10:30 a.m. The Washington Embassy Network meets to discuss consideration of recent events at the World Intellectual Property Organization General Assembly, held from Sept. 20 through Oct. 5 in Geneva, Switzerland.

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Location: Commerce Department, 1401 Constitution Ave. NW.

BROWN REPORT-EDUCATION _ 10 a.m. Tom Loveless, director of the Brookings Brown Center on Education Policy and author of the 2006 Brown Center Report on American Education, holds a news briefing to release the report, which evaluates the role that student happiness and confidence play in achievement, and examines whether states are artificially inflating the number of students meeting proficiency standards mandated by the No Child Left Behind (NCLB) Act of 2001. Location: The Brookings Institution, Saul and Zilkha Rooms-First Floor, 1775 Massachusetts Ave. NW.

CLIMATE CHANGE _ 10 a.m. The Pew Center on Global Climate Change holds a news briefing to release a detailed ``how to guide" to help corporate decision makers navigate global markets that are rapidly changing in response to climate change. Location: National Press Club.

EUROPE-HEALTH CARE _ 10 a.m. Four health policy experts who live under various European health systems discuss the various systems. Participants include Alphonse Crespo, M.D., Institut Constant de Rebecque; Helen Disney, Stockholm Network; Johan Hjertqvist, Health Consumer Powerhouse; and Stephen Pollard, Centre for the New Europe. Location: Room 216, Hart.

GULF SECURITY _ 10 a.m. The International Institute for Strategic Studies holds a briefing by senior fellow Mamoun Fady on ``The Shia Question and Gulf Security." Location: Suite 300, 1850 K St. NW.

IRAQ-CHRISTIANS _ 10 a.m. The Iraq Sustainable Democracy Project holds a news conference with former Iraqi Minister Pascale Warde about developments in her nation regarding Assyrian Christians. Location: National Press Club.

PENTAGON-AFGHANISTAN _ 10 a.m. US Army Lt. Gen. Carl Strock, commander of the U.S. Army Corps of Engineers, will brief live from Afghanistan with an update on U.S. reconstruction operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

CONTRIBUTIONS-CONGRESS _ 10:30 a.m. Public Citizen holds a telephone briefing to release a report on how much money members of Congress have received from special interest sources. Notes: This event originally was scheduled for Tuesday, Oct. 17. Callin number: 800-377-8846; passcode: 36707396.

DARFUR _ 11 a.m. Progressive and Conservative evangelical leaders hold a telephone briefing on the situation in Darfur. Participants include Jim Wallis of Sojourners/Call to Renewal, Richard Land of the Southern Baptist Convention, Ted Haggard of the National Association of Evangelicals, others. Contacts: Jack Pannell, 202-745-4614. Notes: Callin number: 800-903-0258; passcode: Darfur.

VETERANS DAY _ 11:30 a.m. The Veterans Affairs Department, veterans organization, hold a news conference to announce a new initiative to honor veterans, with VA Secretary Nicholson, veterans group leaders. Location: Room 230, 810 Vermont Ave. NW.

TRADE-DOHA ROUND _ 12 p.m. - 2 p.m. The United Nations Development Programme hosts a Washington Roundtable on ``Trade on Human Terms: Revisiting the Development Agenda of the Doha Round." The luncheon will be co-sponsored by UNDPs Washington Office and the Trade, Equity and Development Project of the Carnegie Endowment for International Peace. Panelists will be Hafiz Pasha, Assistant Secretary-General of the UN and Director of UNDPs Bureau for Asia and the Pacific; Sandra Polaski, Director of the Carnegie Endowments Trade, Equity and Development Project; and David Walters, Assistant U.S. Trade Representative for Economic Affairs. David Yang, Senior Advisor in UNDPs Washington Office, will moderate the panel. Location: Root Room of the Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

MIDTERM ELECTIONS _ 12:30 p.m. The National Press Club hosts a luncheon with Reps. Thomas Reynolds, R-N.Y., National Republican Congressional Committee chairman; and Rahm Emmanuel, Democratic Congressional Campaign Committee, who will discuss the midterm elections. Location: National Press Club.

GUANTANAMO-TORTURE _ 1 p.m. The Institute for Policy Studies holds a discussion and press briefing on the implications of torture at Guantanamo Bay, with activist Vanessa Redgrave, torture survivor Maher Arar (via phone) and Michael Ratner of the Center for Constitutional Rights. Location: Suite 600, 1112 16th St. NW.

ELECTION-EXPECTATIONS _ 1:30 p.m. A bipartisan group of former secretaries of state and elections experts hold a conference call briefing on what voters can expect at the polls this November. Participants include Miles Rapoport, former Secretary of State, D-Conn.; Rev. DeForest Soaries, former Secretary of State, R-N.J. and former Chair, U.S. Election Assistance Commission; Ray Martinez, Pew Center on the States; Tova Wang, The Century Foundation. Notes: Callin number: 888-858-4723; passcode: 7996462.

EGIL KROGH _ 2 p.m. Egil Krogh, former deputy counsel for President Richard Nixon and former White House ``plumber," will discuss ``The Importance of Ethics and Integritry" at a National Press Club newsmaker event. Location: National Press Club.

IMMIGRANT REMITTANCES-LATAM _ 2:45 p.m. The Inter-American Development Bank holds a news conference to release new state-by-state estimates of the volumes of money sent by immigrants in the United States to their countries of origin in Latin America. Location: IDB's Enrique V. Iglesias Conference Center, 1330 New York Ave. NW.

TRADE-FAST TRACK _ 3 p.m. - 5 p.m. The Carnegie Endowment for International Peace hosts a discussion, ``Congress Takes on Fast Track: Congressional Leaders

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Discuss Fast Track Authority," on the renewal of fast track trade negotiating authority. Panelists include current and former Congressional members and staff who will give an insiders perspective on the circumstances that led to the renewal of ``fast track negotiations in 1991 and 1993, and whether those circumstances hold lessons for today. Highlights: Panel 2: Tim Reif, Minority Trade Counsel on the Ways and Means Trade Subcommittee; Mike Castellano, Counsel and Senior Policy Adviser in the Office of Minority Leader Harry Reid and former Trade Counsel on the Trade Subcommittee; Grant Aldonas, former Chief Trade Counsels of the Senate Finance Committee; and Marcia Miller, former Chief Trade Counsels of the Senate Finance Committee. Panel 1: Bill Frenzel, former Member of the House Ways and Means Committee; Tom Downey, former Member of the House Ways and Means Committee; Bob Packwood, former Chairman of the Senate Finance Committee. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

LAW ENFORCEMENT-CLINTON _ 5 p.m. The National Law Enforcement Officers Memorial Fund presents an award to former President Clinton for his contributions to the law enforcement profession and community. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

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DEPARTMENT OF JUSTICE NEWS CLIPS

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bill Signing Clears Way For Trials Of Terror Suspects (USAT)

USA Today, October 18, 2006

WASHINGTON — Some of the most notorious names in the war on terror are headed toward prosecution after President Bush signed a law Tuesday authorizing military trials of terrorism suspects.

Imprisoned at Guantanamo Bay, Cuba, and awaiting trial are Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11, 2001, attacks; Ramzi Binalshibh, an alleged would-be 9/11 hijacker; and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaeda cells.

"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said in a White House ceremony.

The Supreme Court ruled in June that the trial system set up by the administration was unconstitutional and required approval from Congress. The Justice Department had argued that trying prisoners in wartime has always been a constitutional power of a president.

After the ruling Bush pushed Congress to approve a system for military tribunals. He also insisted Congress authorize CIA agents to use tough methods to interrogate suspected terrorists that are not cruel or inhumane.

Bush said Tuesday the interrogations have yielded valuable information that has helped prevent terror attacks.

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"It is a rare occasion when a president can sign a bill he knows will save American lives," he said.

Democrats, most of whom voted against the measure in the House and Senate, decried the law.

"We will look back on this day as a stain on our nation's history," Democratic Sen. Russ Feingold of Wisconsin said. "It allows the government to seize individuals on American soil and detain them indefinitely with no opportunity to challenge their detention in court."

The new law — called the Military Commissions Act of 2006 — prohibits detainees from using federal courts to challenge the constitutionality of their confinement.

The American Civil Liberties Union called it "one of the worst civil liberties measures ever enacted in American history."

The legislation, which sets the rules for court proceedings, applies to those selected by the military for prosecution.

During campaign appearances around the country, Bush has criticized Democrats who voted against the law, suggesting they would not protect the country from another terrorist attack.

"With the distance of history, the questions will be narrowed and few: Did this generation of Americans take the threat seriously? And did we do what it takes to defeat that threat?"

Republican House leaders assailed the Democrats for seeking more legal rights for terror suspects who are not U.S. citizens.

"The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker Dennis Hastert said.

The White House has not disclosed what interrogation techniques might be used. It has said that doing so would help the enemy resist those techniques. White House spokesman Tony Snow said Bush would probably eventually issue an executive order that describes his interpretation of the standards but those documents are not usually made public.

CIA Director Mike Hayden sent a note to employees after the Bush signing saying it gives them "the legal clarity and legislative support necessary to continue a program that has been one of our country's most effective tools in the fight against terrorism."

"We can be confident that our program remains — as it always has been — fully compliant with U.S. law, the Constitution and our international treaty obligations."

Bush Signs Detainee Legislation (LAT)

By Richard B. Schmitt And Julian E. Barnes

The Los Angeles Times, October 18, 2006

WASHINGTON — President Bush signed new legislation Tuesday providing for the detention and prosecution of terrorism suspects, and the Justice Department moved immediately to request the dismissal of dozens of lawsuits filed by detainees challenging their incarceration.

Bush signed the legislation in an elaborate East Room ceremony, calling it a "vital tool" in the administration's war on terrorism, while Republican Party officials immediately unleashed campaign broadsides, charging that the measure's Democratic critics advocate freeing terrorists.

The new law thus became both part of the administration's final campaign push to preserve its congressional majority in the midterm election and the beginning of a new chapter in fashioning a judicial process for those captured around the world in U.S. military and counterterrorism operations.

The law is bound to generate new and contentious legal challenges that likely will leave U.S. policies on detainees in an uncertain state. Beside the request that federal courts throw out detainees' lawsuits, judges also will be asked to decide new legal questions that again may end up before the Supreme Court. Meanwhile, human rights groups said it is far from clear how the new law will be implemented, and the CIA has asked Justice Department lawyers to review interrogation guidelines.

The legislation sets new ground rules for the CIA to conduct interrogations and allows for the prosecution of terror suspects before military tribunals. Bush said the measure enables the U.S. to bring to justice the coordinators of the Sept. 11 attacks and allows the CIA to continue an aggressive interrogation program that he said had disrupted additional terror strikes.

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"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said, sitting at a table with a sign posted on the front that said "Protecting America." The president said he signed the new law "in memory of the victims" of Sept. 11.

He was surrounded by military officers, members of his Cabinet and lawmakers who helped pass the bill. Several dozen protesters chanted slogans outside in the rain branding the measure an affront to civil liberties.

The enactment of the law -- four months after the U.S. Supreme Court said that an earlier scheme for handling terror cases violated U.S. law -- was good news for Bush as casualties have mounted in Iraq and his handling of the war on terror has come under intensifying criticism.

The signing ceremony was part political rally for a GOP that is struggling to retain control of Congress three weeks before a pivotal midterm election. Republican leaders said the legislation showed that they were a party of strength and assailed Democrats for not supporting the measure.

"The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker J. Dennis Hastert, R-Ill., said.

The Justice Department moved swiftly to enforce one of the law's most controversial provisions. Within two hours of the signing ceremony, department lawyers notified the U.S. appeals court in Washington that the new law had been enacted, "eliminating federal court jurisdiction." The court is overseeing dozens of lawsuits filed on behalf of prisoners held at the U.S. military prison at Guantanamo Bay, Cuba.

Lawyers for the detainees responded with their own filing Tuesday, requesting time to present legal arguments that the new law violated the U.S. Constitution. The appeals court took no immediate action.

The detainee's lawyers, who had won victories on behalf of their clients in two previous cases against the administration that went to the Supreme Court -- involving detainees Shafiq Rasul and Salim Ahmed Hamdan -- said they were confident they would prevail once again.

"We beat them in Rasul. We beat them in Hamdan. Now, they have tried to beat us in Congress. I don't think it will work," said Michael Ratner, president of the Center for Constitutional Rights, a New York advocacy group that has represented a number of the detainees. "They have been slapped down twice. I think they will be slapped down again."

The administration has identified about two dozen suspects it plans to put on trial, including accused Sept. 11 mastermind Khalid Shaikh Mohammed, who, along with 13 other high-profile suspects, was recently transferred from CIA custody to Guantanamo Bay.

The rules do not affect the vast majority of the estimated 435 prisoners being held at the Cuban military prison. Unless the military decides to bring charges, most of the detainees will remain in legal limbo, without the opportunity to challenge their status, under the new law.

Bush said the new interrogation rules would allow the CIA to restart a program of tough questioning of terrorist suspects that ground to a halt more than a year ago, in the wake of a congressional debate over legislation banning the use of torture and questions about whether rough treatment of detainees would subject operatives to prosecution for war crimes.

A senior administration official said that the CIA has not yet finalized a list of interrogation tactics or procedures, but when it does, it will submit its new program to the Justice Department for a legal review, said the official, speaking on condition of anonymity because of the secrecy of the CIA effort. Once it gets the blessing of Justice, the program will be brought to Congress, the official said.

"The CIA will have to brief its program to an oversight committee," said the senior official. "This is the beginning of the conversation, not the end."

Bush Signs New Rules To Prosecute Terror Suspects (NYT)

By Sheryl Gay Stolberg

The New York Times, October 18, 2006

DOJ_NMG_0082534

WASHINGTON, Oct. 17 — President Bush signed legislation Tuesday that creates new rules for prosecuting and interrogating terrorism suspects, a move Mr. Bush said would enable the Central Intelligence Agency to resume a once-secret program to question the most dangerous enemy operatives in the war on terror.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Mr. Bush said at a ceremony in the East Room of the White House.

He called the bill "a way to deliver justice to the terrorists we have captured."

But the C.I.A. program is unlikely to resume immediately, because the law authorizes Mr. Bush to issue an executive order clarifying the rules for questioning high-level detainees and the order has not been written. Many experts believe that the harsh techniques the C.I.A. has used, including extended sleep deprivation and water-boarding, which induces a feeling of drowning, will not be allowed.

With the midterm elections three weeks away, Mr. Bush hoped to use the bill signing to turn the political debate back to the war on terrorism, a winning issue for Republicans, and away from scandals like the Mark Foley case, which have dominated the news in recent weeks. The president said he was signing the measure "in memory of the victims of September the 11th."

The law sets up a system of military commissions for trying terrorism suspects that would allow evidence to be withheld from defendants in certain instances. It also strips the federal courts of jurisdiction to hear petitions from noncitizens for writs of habeas corpus, effectively preventing detainees from going to court to challenge their confinement.

More than 500 habeas suits are pending in federal court, and Justice Department officials said Tuesday that they would move swiftly to dismiss them under the new law. That will inevitably spark a challenge by civil liberties lawyers, who regard the habeas-stripping provision as unconstitutional, a view shared by many Democrats on Capitol Hill.

"Congress had no justification for suspending the writ of habeas corpus, a core value in American law, in order to avoid judicial review that prevents government abuse," said Senator Patrick J. Leahy of Vermont, the senior Democrat on the Senate Judiciary Committee.

The bill signing drew protests outside the White House from human rights advocates, some dressed in orange jumpsuits of the sort worn by detainees at Guantánamo Bay, Cuba. They gathered around a black coffin painted with the words "the corpse of habeas corpus"; some were arrested after refusing to move away from the White House gates.

Joining the president at the bill signing were senior members of his war cabinet, including Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and Gen. Michael V. Hayden, director of the C.I.A.. In an e-mail message to C.I.A. employees, General Hayden called the measure a "very public vote of confidence by Congress and the president in the skill and discipline of C.I.A.'s officers."

Leading Republican lawmakers, among them Senators John W. Warner of Virginia and Lindsey Graham of South Carolina, who balked at the initial White House version of the bill and forced a much-publicized compromise, were also on hand. But the third leader of that Republican rebellion, Senator John McCain of Arizona, was noticeably absent.

Mr. McCain, a likely presidential contender in 2008, skipped the ceremony to go to Wisconsin to campaign for a Republican House candidate, John Gard, and was later headed to Sioux Falls, S.D., to address the Chamber of Commerce. A spokeswoman said the senator's absence was "purely an issue of scheduling."

The bill was prompted by a Supreme Court ruling, Hamdan v. Rumsfeld, that invalidated the system of military commissions Mr. Bush had set up for trying terrorism suspects, saying they required Congressional authorization. The court also required suspects to be treated in accordance with a provision of the Geneva Conventions, Common Article 3, which prohibits cruel and inhumane treatment, including "outrages upon personal dignity."

The ruling prompted Mr. Bush to acknowledge the existence of the secret C.I.A. program. Last month, he announced he was moving 14 high-level terrorism detainees out of C.I.A. custody and to the detention center at Guantánamo Bay. He called on Congress to pass a bill setting up military commissions and establishing new standards for interrogation so the C.I.A. program could go forward.

Bush Signs Bill On Terror Prosecution (AP)

By Nedra Pickler

DOJ_NMG_0082535

AP, October 17, 2006

Some of the most notorious names in the war on terror are headed toward prosecution after President Bush signed a law Tuesday authorizing military trials of terrorism suspects.

The legislation also eliminates some of the rights defendants are usually guaranteed under U.S. law, and it authorizes continued harsh interrogations of terror suspects.

Imprisoned at Guantanamo Bay, Cuba, and awaiting trial are Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11 attacks, Ramzi Binalshibh, an alleged would-be 9/11 hijacker, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells.

"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said in a White House ceremony.

The Pentagon expects to begin pre-trial motions early next year and to begin the actual trials in the summer.

The Supreme Court ruled in June that trying detainees in military tribunals violated U.S. and international law, so Bush urged Congress to change the law during a speech on Sept. 6 in the White House East Room attended by families of the Sept. 11, 2001, victims. He also insisted that the law authorize CIA agents to use tough — yet unspecified — methods to interrogate suspected terrorists.

Six weeks later, after a highly publicized dispute with key Republicans over the terms of the bill, Bush signed the new law "in memory of the victims of September the 11th."

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said. "I have that privilege this morning."

Civil libertarians and leading Democrats decried the law as a violation of American values. The American Civil Liberties Union said it was "one of the worst civil liberties measures ever enacted in American history." Democratic Sen. Russ Feingold of Wisconsin said, "We will look back on this day as a stain on our nation's history."

"It allows the government to seize individuals on American soil and detain them indefinitely with no opportunity to challenge their detention in court," Feingold said. "And the new law would permit an individual to be convicted on the basis of coerced testimony and even allow someone convicted under these rules to be put to death."

The legislation, which sets the rules for court proceedings, applies to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq. It does apply to 14 suspects who were secretly questioned by the CIA overseas and recently moved to the U.S. detention center at Guantanamo Bay.

The swift implementation of the law is a rare bit of good news for Bush as casualties mount in Iraq in daily violence. Lawmakers are increasingly calling for a change of strategy, and political anxieties are jeopardizing Republican chances of hanging onto control of Congress.

Bush has been criticizing Democrats who voted against the law, called the Military Commissions Act of 2006, during campaign appearances around the country. He has suggested that votes against the law show that Democrats would not protect the country from another terrorist attack.

Republican House leaders, in a tough battle to maintain their majority, echoed those criticisms Tuesday in an attempt to get some political points out of the legislation they supported. "The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker Dennis Hastert said.

Bush noted that the law came amid dispute.

"Over the past few months, the debate over this bill has been heated, and the questions raised can seem complex," he said. "Yet, with the distance of history, the questions will be narrowed and few: Did this generation of Americans take the threat seriously? And did we do what it takes to defeat that threat?"

A coalition of religious groups staged a protest against the bill outside the White House, shouting "Bush is the terrorist" and "Torture is a crime." About 15 of the protesters, standing in a light rain, refused orders to move. Police arrested them one by one.

The legislation says the president can "interpret the meaning and application" of international standards for prisoner treatment, a provision intended to allow him to authorize aggressive interrogation methods that might otherwise be seen as illegal

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by international courts. Bush said such measures have helped the CIA gain vital information from terror suspects and have saved American lives.

After Bush signed the law, CIA Director Mike Hayden sent a note to employees saying it gives them "the legal clarity and legislative support necessary to continue a program that has been one of our country's most effective tools in the fight against terrorism."

"We can be confident that our program remains — as it always has been — fully compliant with U.S. law, the Constitution and our international treaty obligations," Hayden wrote.

The White House has said that disclosing the techniques that are used would give the enemy information to resist those techniques. White House press secretary Tony Snow said Bush would probably eventually issue an executive order that would describe his interpretation of the standards, but those documents are not usually made public.

Snow rejected the idea that Americans should be able to see and judge the standards for themselves, particularly in the aftermath of illegal abuses at the Abu Ghraib prison.

"The only way accountability doesn't exist is if you believe that the military is not committed to it," Snow said.

Bush Signs Rules For Terror War (WT)

By Stephen Dinan

The Washington Times, October 18, 2006

President Bush yesterday signed into law new rules for detaining and trying terrorism suspects, and authorizing the CIA to use strong interrogation techniques to try to break up terrorist plots.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Mr. Bush said in a ceremony in the White House's East Room, calling the bill a defining symbol of U.S. commitment to defeating terrorists.

The ceremony marked the end of a six-week push for the bill, during which Mr. Bush and top Republicans in Congress fought over specifics. Democrats attacked the entire framework of the CIA program.

The CIA had detained and interrogated about 100 terrorism suspects over the past five years in secret facilities. Mr. Bush last month declassified the broad outlines of the program so he could send Congress a bill to authorize and further legitimize the program.

The president identified six plots that were thwarted because of information gleaned from terrorism suspects who were detained under the program.

Amnesty International USA and other rights groups said they will fight the law, arguing that it will lead to interrogation techniques that most would consider torture. Democrats, meanwhile, said the CIA program is a disservice to American traditions of law and order. They also accused Mr. Bush of playing politics with the measure.

"Everything about this bill stinks of desperate election-year politics," said Rep. Edward J. Markey, Massachusetts Democrat. "After repeatedly saying, 'Time is running out,' President Bush decided to wait 19 days to sign this bill in an attempt to keep the Republican scandals from drowning his message on the evening news."

The bill passed the House by a 250-170 vote and the Senate by a vote of 65-34. In both chambers, most Republicans voted in favor and most Democrats against.

The CIA program went dormant over the summer and the remaining detainees were transferred, but White House press secretary Tony Snow would not say yesterday whether it had been restarted.

"I am not at liberty to divulge any further details about what may have happened in the last two hours since the law was signed," he said.

Although most of the focus has been on the CIA program, the bill also authorizes military commissions to try terrorism suspects. The provision was a response to a Supreme Court ruling in June that such commissions were appropriate, but needed specific approval from Congress.

Mr. Bush called the framework for trials lawful, fair and necessary. Democrats say rights are curbed excessively, and they expect court challenges and overturned convictions.

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Meanwhile, 16 protesters from a variety of religious groups opposed to the counterterrorism bill were arrested yesterday morning near the White House. The demonstrators shouted, "Bush is the terrorist" and "Torture is a crime."

Lt. Scott Fear of the U.S. Park Police said the demonstrators were charged with impeding access to a White House entrance.

Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, attended the signing ceremony. He said Khalid Shaikh Mohammed, the mastermind of the September 11 attacks, should be the first person tried.

"Family members of the 9/11 victims, America's citizens and the people of the civilized world fully expect the prosecution of Khalid Shaikh Mohammed. Let's do it," he said in a letter to Mr. Bush.

Mr. Snow said it will be at least a month before trials begin.

Bush Signs Terrorism Measure (WP)

By Michael A. Fletcher

The Washington Post, October 18, 2006

President Bush enacted controversial changes in the system of interrogating and prosecuting terrorism suspects yesterday, setting the rules for the trials of key al-Qaeda members in a step that he says will help protect the nation.

Surrounded by members of his Cabinet and legislators, Bush signed the changes into law during a White House ceremony as more than 100 protesters stood outside in the rain chanting slogans denouncing the measure as a violation of fundamental American traditions.

The new law imposes tight limits on defendants' traditional courtroom rights, including restrictions on their ability to examine the evidence against them, to challenge their incarceration and to exclude evidence gained through witness coercion.

The president said the extraordinary measure is justified by the extraordinary circumstances of the fight against terrorism. "It is a rare occasion when a president can sign a bill he knows will save American lives," he said, before signing the measure. "I have that privilege this morning."

Bush said the new law will allow the United States to prosecute captured terrorism suspects for "war crimes," and bring to justice the al-Qaeda operatives who plotted the Sept. 11, 2001, attacks, the October 2000 suicide bombing of the USS Cole in Yemen, and the August 1998 truck bombings of U.S. embassies in Kenya and Tanzania.

The bill also spells out the specific interrogation techniques that are outlawed, while granting retroactive legal protection to military and intelligence personnel who previously participated in rough questioning of terrorism suspects. That provision allows the administration to continue a once-secret CIA program for detaining terrorism suspects and using tough interrogation techniques on those believed to have information about plots against the United States, Bush said.

"This program has been one of the most successful intelligence efforts in American history," Bush said. "It has helped prevent attacks on our country. And the bill I sign today will ensure that we can continue using this vital tool to protect the American people for years to come."

With the midterm elections coming on Nov. 7, congressional Republicans immediately seized on the new law, which was opposed by most Democratic lawmakers, as evidence of their commitment to protect the country against terrorist attacks.

"Capitol Hill Democrats have yet to offer any solutions or formulate any serious national security policy on how to keep America safe in a post-9/11 world," House Majority Leader John A. Boehner (R-Ohio) said in a statement.

Some Democrats, meanwhile, criticized Bush for signing a measure that they say violates the nation's civil liberties protections. "It is a sad day when the rubber-stamp Congress undercuts our freedoms, assaults our Constitution and lets the terrorists achieve something they could never win on the battlefield," said Sen. Patrick J. Leahy (D-Vt.).

Human rights advocates have questioned the value of information obtained through aggressive methods, and the military last month abandoned tough interrogation techniques. "No good intelligence is going to come from abusive practices," Lt. Gen. John F. Kimmons, the Army deputy chief of staff for intelligence, said last month in announcing the Army's new interrogation policy.

Bush approved the prosecution of "unlawful enemy combatants" before special military commissions shortly after the Sept. 11 attacks, but trials were suspended pending the outcome of appeals questioning their legality in federal court. In June, the

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Supreme Court struck down the commissions, saying they had not been authorized by Congress and violated the Geneva Conventions. Consequently, the Bush administration pressed Congress to pass a bill to legalize them and to endorse many of the methods used by U.S. intelligence officials to get information from terrorism suspects.

Even with enactment of the legislation, White House press secretary Tony Snow said, trials of terrorism suspects are months away, at least.

The legislation was approved by Congress late last month and is already being challenged by several lawsuits. "This issue is clearly going to be in the courts for years," said Anthony D. Romero, executive director of the American Civil Liberties Union. "It is unconstitutional and un-American."

Law's Reach Extends To Jails In U.S. (LAT)

By David G. Savage

The Los Angeles Times, October 18, 2006

WASHINGTON — The military tribunals bill signed by President Bush on Tuesday marks the first time the right of habeas corpus has been curtailed by law for millions of people in the United States.

Although debate focused on trials at Guantanamo Bay, the new law also takes away from noncitizens in the U.S. — including more than 12 million permanent residents — the right to go to court if they are declared "unlawful enemy combatants."

No one has suggested that the Bush administration plans to use its newly won power to round up large numbers of immigrants.

But before Tuesday, the principle of habeas corpus meant that anyone thrown into jail in the U.S. had a right to ask a judge for a hearing. They also had a right to go free if the government could not show a legal basis for holding them. The Latin term for "you have the body," habeas corpus is considered one of an accused person's most basic rights.

Many legal scholars predict the law's partial repeal of habeas corpus will be struck down as unconstitutional.

"This is an outright slap at the Supreme Court, and it is heading for invalidation," said Eric M. Freedman, a law professor at Hofstra University and an expert on habeas corpus. "This is a core principle of law that was established by the prisoners who were tossed into the Tower of London by the king, and it was preserved in the Constitution. Now, Congress is saying it doesn't apply to this disfavored group of prisoners."

The new law says: "No court, justice or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States who has been determined … to have been properly detained as an enemy combatant or is awaiting such determination."

In early drafts, the bill would have cut off habeas corpus only for unlawful combatants detained "outside the United States" and at Guantanamo Bay. However, the final version deleted that phrase.

Now, it not only bars the men held at Guantanamo Bay from challenging their detention in court, it also closes the courthouse door to noncitizens who are arrested in Los Angeles or Chicago and held by the military as a possible "unlawful enemy combatant." The new law also defines this term broadly to include not just terrorists and fighters, but also people who have "materially supported hostilities against the United States."

Although an American citizen can be arrested as an "enemy combatant," he or she can challenge the government's action in court.

Some legal experts say the fate of this limited repeal of habeas corpus is uncertain because it is unprecedented.

"This is one of the great unresolved questions because this has never happened before," said Duke University law professor Erwin Chemerinsky, a critic of the Bush administration. "The question is whether this is an unconstitutional suspension of the writ of habeas corpus."

The Constitution makes clear habeas corpus can be suspended, but only during extreme emergencies. It says, "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

In the most famous example, President Lincoln suspended habeas corpus during the Civil War.

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Habeas corpus does not always work in favor of the detained. During World War II, the Supreme Court heard the case of the more than 100,000 Japanese Americans who were interned but ruled they were being held legally because of a wartime emergency.

Bush administration lawyers have said this, too, is wartime and the attacks of Sept. 11 were akin to an invasion. Moreover, Congress has now endorsed the president's power to hold "enemy combatants."

But others say the court will not find support in the Constitution for the new law. The law does not qualify under any of the tests for suspending habeas corpus spelled out there, said John D. Hutson, a former judge advocate general of the Navy and dean of the Franklin Pierce Law School in New Hampshire.

"This is not a time of rebellion. There has not been an invasion, and there's no evidence the 'public safety' requires it," Hutson said. "Let's not kid ourselves. This is not about an invasion. It is about the embarrassment of holding people who, if they got to court, could show they should not have been held."

Still, the outcome of any case that reached the Supreme Court would be hard to predict because the justices have been closely split when faced with a clash between civil liberties and wartime powers.

In June, the court divided 5-3 on whether Bush had the power, acting on his own, to set up a system of military trials at Guantanamo Bay. The justices had taken up a writ of habeas corpus filed on behalf of Salim Ahmed Hamdan, a onetime driver for Osama bin Laden who was charged with conspiring to kill Americans.

The five-justice majority struck down Bush's rules and said they must be written into law. Three others dissented. Chief Justice John G. Roberts Jr. recused himself, but had backed the plan when he was an appeals court judge.

Now, Congress has written the president's rules into law and seeks to prevent the courts, including the Supreme Court, from hearing a challenge to them.

Pepperdine University law professor Douglas W. Kmiec said Congress and the White House were on solid ground in seeking to cut off legal appeals from foreign fighters held by the U.S. military abroad, including at Guantanamo Bay.

"I would say habeas has no application to wartime detention outside the United States," said Kmiec, who has generally defended the Bush administration.

After World War II, the Supreme Court ruled German military prisoners held by U.S. authorities had no right to challenge their detentions through a writ of habeas corpus, he noted.

But detentions within this country have been seen differently, he added. "This is one of the most difficult questions posed by this act. There is no question that a habeas right has existed within the territorial United States for citizens and legal residents," Kmiec said.

A test case could head to the Supreme Court in a few months. Armed with the new law, government lawyers Tuesday told judges in Washington they should throw out pending cases filed on behalf of the men held at Guantanamo Bay. Their lawyers are sure to appeal to the high court.

The government could also move to cut off further court hearings for Ali Saleh Kahlah Al-Marri, the only person now being held in this country as an enemy combatant.

A native of Qatar who was a graduate student at Bradley University in Peoria, Ill., Al-Marri was arrested in December 2001 and declared an enemy combatant by the president in 2003. Government officials alleged that he was a secret Al Qaeda operative.

"He has not been charged with anything. It's atrocious and un-American," said Lawrence Lustberg, Al-Marri's lawyer. "We believe this case is headed for the Supreme Court."

Bush Signs Bill On Detainee Interrogation (MCT)

By Ron Hutcheson

McClatchy Newspapers, October 18, 2006

WASHINGTON - President Bush signed legislation Tuesday establishing new rules for interrogating and trying suspected terrorists, but the fight over how to deal with detainees is far from over.

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The new law is already under attack in court, and no one is likely to be brought to trial under the new rules anytime soon. Even some lawmakers who voted for the legislation questioned its constitutionality.

Although the law's future is uncertain, critics and supporters agreed that its enactment marks a major shift in the nation's approach to terrorism and some legal principles. Programs that Bush launched in secret now have the full support of Congress.

The Military Commissions Act of 2006 clears the way for the CIA to resume aggressive interrogations in secret prisons and denies suspected terrorists the right to challenge their detentions in civilian courts. It also permits the use of evidence obtained through coercion and lets the president draw the line between acceptable interrogation techniques and impermissible torture.

While Bush hailed the legislation as a potent weapon against terrorists, critics called it a stain on America's reputation as a champion of human rights and civil liberties.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said at a crowded White House signing ceremony. Shortly after Bush signed the legislation, CIA Director Michael Hayden told agency employees that the law "ensures that we can detain and interrogate key terrorist figures" without fear of prosecution for war crimes.

The American Civil Liberties Union called the new law unconstitutional, un-American and "one of the worst civil liberties measures ever enacted." Most of the provisions in the law apply only to non-citizens who have been declared "unlawful enemy combatants."

"The president can now - with the approval of Congress - indefinitely hold people without charge, take away protections against horrific abuse, put people on trial based on hearsay evidence, authorize trials that can sentence people to death based on testimony literally beaten out of witnesses, and slam shut the courthouse door for habeas petitions (challenging the detentions)," said Anthony Romero, the organization's executive director.

Congress approved the bill last month after intense behind-the-scenes negotiations between the White House and three leading Republican senators - Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina. Although the bill was presented to Congress as a compromise, Bush emerged the clear winner.

"The president has gotten everything he wants and more," said Jeffrey Addicott, a former Army lawyer and director of the Center for Terrorism Law at St. Mary's University law school in San Antonio. "There can really be no doubt that Congress believes we are in a state of war."

Addicott, who strongly supports the new law, said the shift means that Congress is willing to roll back traditional legal protections in the pursuit of terrorists.

"You have to have a lower standard of due process or you'll never be able to prosecute these war criminals," he said.

But critics said the nation should maintain high legal standards, even in a time of war, to send a message to the rest of the world.

"The fundamental fairness of the American people and legal system are among our greatest strengths in the fight against terrorism," Sen. Russ Feingold, D-Wis., said. "We will look back on this day as a stain on our nation's history."

The Center for Constitutional Rights, which has filed two challenges to the law on behalf of detainees, said it would fight the changes "at every turn, using every tool at our disposal, until we reverse this affront to the rule of law."

Legal experts said the anticipated court battles make it unlikely that any of the roughly 435 detainees at the U.S. naval base at Guantanamo Bay, Cuba, would face trial before a military commission anytime soon.

Fourteen suspected terrorists, including Khalid Sheikh Mohammed, the alleged mastermind behind the attacks on Sept. 11, 2001, have been transferred from CIA custody to Guantanamo to await trial. Another 60 to 80 Guantanamo detainees are considered likely candidates for trial.

"No one is going to trial in the near future," said Carl Tobias, a law professor at the University of Richmond in Virginia. "I don't think anyone will be tried during his (Bush's) presidency."

Legal scholars on both sides of the issue agreed that the law is most vulnerable to challenge on the issue of denying detainees access to civilian courts unless they're U.S. citizens. The ability of suspects to challenge their imprisonment, known as the right of habeas corpus, dates back to the Magna Carta in 1215 and is considered a bedrock legal principle.

Bush expressed confidence that the newly approved system for dealing with detainees will survive court challenges. Others aren't so sure.

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"Congress could have done it right, and didn't, but the next line of defense is the court," Sen. Arlen Specter, R-Pa, the chairman of the Senate Judiciary Committee, told The Philadelphia Inquirer after he voted for the bill. "I think the court will clean it up."

Bush Signs Law Creating Tribunals For Terror Suspects (Update3) (BLOOM)

By Roger Runningen

Bloomberg, October 18, 2006

Oct. 17 (Bloomberg) -- President George W. Bush signed legislation to allow the trial of suspected terrorists by military tribunals, and his administration immediately used the law to challenge suits by hundreds of Guantanamo Bay detainees.

The government took its first action under the new Military Commissions Act, which Bush said ``provides a way to deliver justice to the terrorists" captured after the Sept. 11 attacks. The American Civil Liberties Union said the law will make Guantanamo and other detention facilities a ``legal no-man's land."

Among those who will be brought to trial under the law is Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind. He and 13 other terrorism suspects, who were labeled ``high value" and had been held in secret overseas prisons operated by the Central Intelligence Agency, were transferred last month to the U.S. facility at the U.S. Navy Base at Guantanamo Bay, Cuba.

Shortly after Bush signed the measure, the Justice Department sent a letter to a U.S. appeals court in Washington saying the new law strips hundreds of other Guantanamo detainees of their right to a court hearing to challenge their confinement. The U.S. Court of Appeals for the D.C. Circuit is considering whether to dismiss the suits by detainees who haven't been charged with war crimes.

In addition to setting up military commissions to try suspected terrorists, the law gives the president wide latitude to interpret the Geneva Conventions in deciding what interrogation techniques would be permissible.

Water Boarding

Senator John McCain, a key architect of the bill, said the intent is to outlaw practices such as simulated drowning -- known as water boarding -- sleep deprivation and putting detainees in stress positions. The Arizona Republican's opposition to the president's original proposal for the tribunals forced the administration to compromise on its provisions.

The law continued to draw criticism from some Democrats and groups such as the ACLU and Amnesty International.

ACLU Executive Director Anthony Romero, in a statement, called the law ``unconstitutional and un-American." Amnesty International said it would let the U.S. hold suspects indefinitely without charge or trial.

Under the law, detainees who haven't been charged with a crime can no longer go to federal court to contest whether they are being properly held as ``enemy combatants." Instead, they must go through a military review, with a limited right of appeal to the D.C. Circuit.

Fewer Rights

Lawyers for more than 200 Guantanamo detainees say such military reviews would provide fewer rights than a federal court suit, and that the Constitution doesn't allow the U.S. to take away their right to challenge their detention by asking a federal judge to issue a writ of habeas corpus.

The Guantanamo detainees won a 2004 Supreme Court ruling allowing them to challenge their detention in federal court. After the cases returned to a federal trial court in Washington, two judges issued conflicting rulings on whether the inmates could continue to pursue their claims. The D.C. Circuit hadn't ruled on the cases by the time Congress approved the new law in September.

Republicans highlighted Democrats' opposition to the new law. House Majority Leader John Boehner, an Ohio Republican, said in a statement that ``Democrats' partisan opposition to this program, at the urging of the radical leftist element of their party, provides further proof that they continue to put politics ahead of addressing the security concerns of the American people."

U.S. Personnel

Democratic Representative Edward Markey of Massachusetts said the law would endanger U.S. personnel overseas who are captured by the nation's enemies.

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While Bush was signing the law, a group of protesters demonstrated outside the White House fence chanting ``stop torture'' and ``shame on Congress, shame on Bush.'' At least 16 people were arrested when they blocked an entrance to the White House grounds, said Scott Fear, a spokesman for the U.S. Park Police.

Bush sought the legislation after the U.S. Supreme Court ruled that Congress had not authorized tribunals for bringing terrorism suspects to trial. The Senate gave final approval to the bill 65-34 on Sept. 28 and the House endorsed it the following day, 250-170.

``Over the past few months the debate over this bill has been heated, and the questions raised can seem complex,'' Bush said today. ``Every member of Congress who voted for this bill has helped our nation rise to the task that history has given us.''

Legal Procedures Needed

Administration spokesman Tony Snow said suspects won't be brought to trial immediately. ``I think it's a month or two, at least,'' because of the need to set up legal procedures and for suspects to obtain attorneys, he said. He also declined to predict how soon CIA interrogations would resume or what ``precise questioning techniques'' would be used.

``Some of these people are so bad their host governments don't want them back,'' Snow said.

About 150 people were invited to the signing ceremony in the East Room of the White House, including Attorney General Alberto Gonzales, Chairman of the Joint Chiefs of Staff Peter Pace, CIA Director General Michael Hayden and current and retired military officers, lawmakers, advocacy groups, congressional and agency staff.

Prosecutors Want To Question Reid (USAT/AP)

USA Today, October 18, 2006

BOSTON — Federal investigators told a judge Tuesday that they want to question would-be shoe bomber Richard Reid because it is likely he has important information about terrorist activities.

Prosecutors said in U.S. District Court they don't believe Reid is entitled to a public defender now that his criminal case is over.

Reid, a British citizen and self-described follower of Osama bin Laden, pleaded guilty in 2002 to trying to blow up a trans-Atlantic flight with explosives hidden in his shoes. He is serving a life sentence at a maximum-security federal prison in Florence, Colo.

In April, a judge extended a 2003 order allowing Reid to continue to be represented by federal public defenders. At the time, Reid could have been called as a witness in the trial of al-Qaeda conspirator Zacarias Moussaoui. Reid was never called as a witness.

U.S. District Judge William Young said he would keep in place the orders continuing Reid's representation by public defenders, noting that under those orders, the government can contact Reid only after giving notice to his lawyers and having them present for any interviews with him.

Assistant U.S. Attorney James Farmer said investigators want to talk to Reid without an attorney present to develop a "personal rapport," which would be difficult to do with an attorney or any third party in the room. Farmer said federal agents believe Reid could have information on terrorism plots that could be carried out. He said al-Qaeda plots are known to "have long gestation periods."

Judith Mizner, one of Reid's public defenders, said Reid has repeatedly made it clear he will not talk to investigators without an attorney present. She expressed skepticism about prosecutors' claim that they only want to talk to Reid and do not plan to interrogate him for the purpose of charging him with additional crimes.

Young urged prosecutors and Reid's lawyers to consider bringing the case to a federal judge in Colorado.

HOMELAND RESPONSE:

GAO Calls Radiation Monitors Unreliable (WP)

By Spencer S. Hsu

The Washington Post, October 18, 2006

DOJ_NMG_0082543

The Department of Homeland Security's plan to spend $1.2 billion deploying next-generation nuclear-detection equipment at U.S. ports and border crossings cannot be justified, given test results that showed the devices are unreliable, congressional investigators warned yesterday.

The department ignored its own tests showing the new monitors could not meet a standard of detecting enriched uranium 95 percent of the time, according to the Government Accountability Office, Congress's audit arm. When the nuclear material was shielded, detection rates ranged from 17 percent to 53 percent.

DHS also understated the project's costs by up to $181 million, GAO officials wrote to the leaders of the House and Senate Appropriations Committees.

The department's cost-benefit "analysis does not justify its recent decision to spend $1.2 billion to purchase and deploy" the new radiation portal monitors, the GAO reported. Homeland Security "relied on potential future performance to justify the purchase," the agency said.

The report came four days after President Bush signed a $3.4 billion port-security bill that, among other things, requires new monitors to be deployed at the nation's 22 busiest ports by the end of 2007. Congress raced to pass the legislation last month before recessing for the midterm elections.

"We're going to protect our ports. We're going to defend this homeland. And we're going to win the war on terror," Bush said at a signing ceremony Friday.

In separate legislation last month, however, Congress barred full-scale production of the devices until the department certifies "a significant increase in operational effectiveness."

The GAO report warns that the Bush administration risks repeating earlier failures. After the Sept. 11, 2001, attacks, the government spent $300 million on radiation monitors that could not tell uranium from cat litter or ceramic tile. They also had high false-alarm rates.

Existing monitors cost about $55,000. The new screening machines now cost at least $377,000 each, the GAO reported.

DHS spokesman Jarrod Agen said the GAO missed the fact that the department is continuing to test and review devices produced by Thermo Electron Corp., Raytheon Co. and Canberra Industries Inc., which were awarded the business in July.

The DHS is testing 80 devices under a one-year contract before deciding whether to move ahead with a five-year program to deploy 1,400 screening machines at ports and border crossings.

"That 95 percent rate of effectiveness is a standard that we maintain. We are not going to put devices in the field unless they meet those high standards," Agen said.

Suit Seeks Data On Immigration Profiling Of Arabs (NYT)

By Neil Macfarquhar

The New York Times, October 18, 2006

In an effort to establish whether the government is using prohibited profiling methods against Arab-Americans and Muslims, a civil rights group filed a suit yesterday against the Homeland Security Department and one of its branches, Immigration and Customs Enforcement.

The suit, by the American-Arab Anti-Discrimination Committee, asked the Federal District Court in the District of Columbia to compel the immigration agency under the Freedom of Information Act to release the nationalities of 237 people arrested for immigration violations in October 2004.

The agency announced the arrests at the time in an effort to disrupt possible terrorist threats in the presidential elections.

Over the past two years, two previous requests by the committee to obtain the information through standard channels failed. Refusing to release the nationalities leaves open a possibility that immigration laws are being disproportionately enforced against Arab-Americans and Muslims, said Kareem Shora, the new executive director of the committee, which is based in Washington. The organization is not seeking individuals' names or their dispositions in the courts.

In one letter denying the previous requests, the immigration agency said releasing the information would harm its law enforcement efforts by divulging where it was concentrating its resources.

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A spokesman for Immigration and Customs Enforcement, Dean Boyd, would not elaborate on that statement. Mr. Boyd did restate that the agency did not enforce immigration laws on the basis of race, religion or ethnic origin.

More than 160,000 individuals were deported last year "from virtually every country around the globe," he added.

Arab-Americans and American Muslims have widespread suspicions that the spotlight is focused on them regarding accusations of terrorism, particularly around any election season, to spread concern among other voters and to intimidate them from speaking out. Mr. Boyd strongly objected to the idea that political considerations were involved in any aspect of enforcing immigration law.

"We conduct enforcement actions every day and certainly don't time them for any political reason," he said, adding that the months leading up to an important event like elections were an obvious time to step up law enforcement.

The antidiscrimination committee's request was in part prompted by a news release from the immigration agency that gave the nationalities of eight men who were arrested, and six were Arabs, Mr. Shora said.

Three databases that track immigrants were used, he said, and one has mostly Arabs or Muslims. Mr. Shora was referring to the National Security Entry-Exit Registration System, a hastily created database that tracks visitors, students and immigrants from 25 countries after the Sept. 11, 2001, attacks.

All those 25 countries except North Korea have Muslim or Arab majorities, and the 80,000 men who registered were overwhelmingly Arabs and Muslims. Using that database, the committee says, would mean unfairly enforcing immigration laws amid just one community and violate the laws against profiling.

Arab-American Group Files Suit Against Homeland Security Over Alleged Profiling (FINDLAW/AP)

By Lubna Takruri, Associated Press Writer

AP, October 18, 2006

(AP) - WASHINGTON-An Arab-American civil rights group filed a lawsuit Tuesday against the federal government in a bid to obtain information about the nationalities of more than 230 people arrested for immigration violations.

The suit, filed by the American-Arab Anti-Discrimination Committee, names the U.S. Department of Homeland Security and its Immigration and Customs Enforcement unit as defendants.

It was filed under the Freedom of Information Act in U.S. District Court in the District of Columbia after two years of unsuccessful attempts to learn the nationalities of individuals arrested in 2004 under a law enforcement operation intended to disrupt potential terrorist threats before the presidential election.

The Washington-based group believes the operation improperly used the National Security Entry-Exit Registration System - a government database created after the Sept. 11, 2001, terrorists attacks to track visitors, students and immigrants from 25 countries - to profile Arab and Muslim visitors to the United States. The domestic registration system required males from 24 Arab and predominantly Muslim countries and North Korea to register with immigration authorities. The registration requirement has since been phased out, but the database of information still exists.

The 2004 operation became known as the "October plan" after the FBI sent an e-mail advising its field offices and Homeland Security agencies of "extraordinary measures" from the first week of October 2004 through the presidential inauguration.

The FBI's internal e-mail, obtained by CBS News, called for "aggressive - even obvious - surveillance" intended to give the impression that the government was targeting immigration violators who might be a threat, even if they had not committed a crime.

Authorities arrested 237 people during the operation. And, "every single one had violated immigration laws, regardless of nationality," said Dean Boyd, a spokesman for Immigration and Customs Enforcement.

Boyd said race, ethnicity and religion played "absolutely no role" in the operation.

"It was simply an effort to target immigration violators who may have posed an elevated public safety threat in the weeks leading to the presidential election," he said.

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The Arab-American organization wants to find out if the 237 people were disproportionately Arab and Muslim, because the registration database was made up of mostly Arab and Muslim men.

But the federal agency points out that in addition to the registration database, two other databases were used, including one of student visa holders.

With the national elections approaching, the group fears the registration database is being used to target Arab and Muslim men for general law enforcement purposes.

"The biggest factor is that we know that they carried out the October plan during the presidential elections - the most recent national elections we had," said Kareem Shora, the Arab-American group's national executive director. "Our fear is that since it happened during the last national elections, is something like that going to happen again soon?"

In the complaint filed Tuesday, the group does not seek names of the people detained or how they were sought out; It only requests their nationalities. The civil rights group asked for the nationality information in two FOIA requests last year but was denied.

But the Arab-American group is concerned that the registration requirements and the October arrests were presented as counterterrorism operations but instead turned into a way to enforce immigration violations.

In a letter responding to the FOIA requests, the agency said the information is exempt from the Freedom of Information Act because it was collected for law enforcement purposes and is an ongoing investigation. The civil rights group argues that getting information on just the nationalities of those detained would not jeopardize any law enforcement operation.

Scanners For Liquid Bombs In Works (USAT)

By Thomas Frank, Usa Today

USA Today, October 18, 2006

X-ray devices show carry-ons in 3-D

WASHINGTON — The Transportation Security Administration, in a potential strategy shift, may screen carry-on bags with new three-dimensional X-ray machines that are better at spotting liquid explosives, guns and other weapons.

The 3-D machines have “an extraordinary ability to find” liquids, TSA chief Kip Hawley told USA TODAY. “They're a step beyond where we are today.”

The TSA has limited the volume of liquids passengers can carry on planes since authorities foiled an alleged plot in London in August to bomb U.S.-bound planes with liquid explosives. Installing new X-ray machines would improve security and could ease the liquid restrictions, aviation consultant Richard Roth said.

The question for the TSA is whether to buy upgraded X-ray machines for $75,000 to $200,000 each or to wait possibly two years for better machines costing about $400,000. The TSA had planned to wait for the more expensive machines, which have the highest level of explosives detection. But, Hawley said, “if it's going to be two years, maybe it makes sense economically and security-wise to put an intermediate step in between.”

The TSA will evaluate the machines in coming months. They provide more detailed images than the X-rays airports have used for 30 years. Those X-rays have been criticized by the Homeland Security Department's inspector general for inadequately spotting explosives, guns and knives. Upgraded X-rays “might significantly increase screeners' ability to detect” weapons, a 2004 report by the inspector general said.

“They're your best answer now,” Roth said. “The technology is getting so good on those machines.”

The upgraded machines, called multiview X-ray, scan from several angles to create three-dimensional images of items in a bag. Current X-ray machines use one image that can make a knife look like a pen.

“We may actually be able to speed security lines” by giving airport screeners more detailed images that reduce the number of bags they must hand-search for weapons, said Peter Kant of Rapiscan Systems, a leading manufacturer of airport X-ray machines.

Kant said the TSA's request for upgraded X-rays “is the first time in a few years they've opened up their evaluation” of technology that screens carry-on bags.

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Multiview X-rays are used in European airports to scan checked luggage and at courthouses, embassies and other buildings.

"The technology is ready now," said Thomas Ripp, president of L-3 Security and Detection Systems, which has developed a machine being considered by the TSA.

The upgraded X-rays are roughly the same size and weight as the machines used at U.S. airport checkpoints. A $400,000, high-grade bomb detector made by Analogic is nearly twice as wide and long and four times as heavy as L-3's upgraded X-ray, according to specifications from both companies.

Analogic CEO John Wood said his Cobra machine is so much faster it could replace two X-ray machines and save money by reducing the number of screeners. The automated Cobra sounds an alarm when explosives are found instead of requiring a screener to spot them on an X-ray screen.

We Don't Need Our Own MI5 (WP)

By William J. Bratton

The Washington Post, October 18, 2006

On July 5, 2005, police in Torrance, Calif., a small city bordering Los Angeles, arrested two men leaving a gas station after a robbery. That kind of crime predates Bonnie and Clyde. The next day, Torrance detectives executed a search warrant on the apartment of one of the suspects in my city, Los Angeles. There they found documents that seemed to give clues to the planning of attacks on locations in Los Angeles.

Immediately, Torrance called in the FBI's Joint Terrorism Task Force. FBI agents, detectives from the Los Angeles Police Department and the county sheriff's department, and a team of analysts began to go through the documents. According to the indictment, they uncovered plans to attack U.S. military facilities in Los Angeles County and places where Jews gather, from synagogues to the Israeli consulate.

It appeared there might be other suspects involved. We needed to move quickly and quietly. That night, my phone rang at 3 a.m. It was the LAPD command center notifying me that bombs were going off on London trains at the height of the city's rush hour. I knew we had to address security concerns for our own rush hour.

This is the world of a big-city police chief today. A terrorist plot in your own back yard, another unfolding half a world away. You need the agility to react to both, sometimes simultaneously.

In both cases, my efforts were linked seamlessly with the Los Angeles office of the FBI and its Joint Terrorism Task Force and Field Intelligence Group. This is the new normal.

I have security clearances and identification that give me unfettered access to the FBI's offices here. I am briefed on classified operations and worldwide threats whether there is a connection to Los Angeles or not. The FBI understands the need for

information-sharing.

Lately people have been calling on Washington to create a new domestic intelligence agency, without police powers -- like Britain's MI5 -- to take over from the FBI and be the lead in gathering and analyzing intelligence as it relates to terrorism. The argument goes that the "FBI culture" is that of a criminal investigative agency driven to make arrests and bring prosecutions and that the bureau does not have the instinct to draw back and look at the wider picture as a purely intelligence-driven agency might. I disagree.

Today, FBI intelligence analysts sit side by side with LAPD and sheriff's analysts in a Joint Regional Intelligence Center here. Our investigations are intelligence-driven. When we don't have enough information, we can gather intelligence for weeks, months or even years. When the intelligence tells us there is a threat to public safety, we can move in and make arrests.

A new agency that would gather intelligence and then go to law enforcement to take action would add an unnecessary step. If the problem before Sept. 11, 2001, was that the right hand didn't know what the left hand was doing, how would a third hand help?

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America's police departments have achieved a higher level of synergy with the FBI on intelligence and investigations than at any other time in history. If it's not broken, let's not try to fix it. The writer has been police commissioner of Boston and New York City. He is currently the police chief of Los Angeles.

Many Ground Zero Workers Gain Chance At Lawsuits (NYT)

By Anthony Depalma

The New York Times, October 18, 2006

A federal judge has rejected the city's claim that it is protected by law from being sued over the way it handled rescue and recovery operations at ground zero. The ruling opens the way for lawsuits by thousands of workers who say they were made sick by exposure to toxic substances during the 10-month cleanup.

Judge Alvin K. Hellerstein of United States District Court in Manhattan rejected the city's motion to dismiss the lawsuits. In a 99-page decision released yesterday afternoon, he stated that state and federal statutes do provide some immunity for the city, its private contractors and the Port Authority of New York and New Jersey for actions undertaken in response to an enemy attack. However, the judge said that protection is not universal and varies by time and place, making it necessary to hear the details of individual cases.

"The fact-intensive nature of the issue makes its resolution unsuitable for resolution by motion," Judge Hellerstein concluded. "Discovery, additional proceedings and a more extensive factual record, and perhaps a trial, will be required."

Michael A. Cardozo, the corporation counsel for the city, said in a statement that although the judge ruled that the legal case can proceed, he made it clear that the issue of immunity would be determined on a case-by-case basis.

"We believe that as the facts fully emerge, the complex decisions that were carefully and thoughtfully made during the months after 9/11 will demonstrate the enormous good work done by the city and its contractors, and the absence of any legal liabilities," Mr. Cardozo said.

David Worby, the lawyer who is leading the legal action on behalf of the workers, called the decision a clear victory for the firefighters, police officers and construction workers who say they became sick after responding to the Sept. 11 crisis.

"The bottom line of what the court is trying to say is that these are not the kind of decisions for these heroes that should be settled by summary judgments," Mr. Worby said. "They should have their day in court."

Mr. Worby said that when he spoke to some of his clients after the decision was released, they cried. "It all started with people telling them what they had was just a cough, and it's taken three years to prove that that was not true," he said.

In his decision, Judge Hellerstein outlined proceedings in which up to 3,000 ailing workers would have a chance to describe what happened to them; whom they were working for at the time they got sick; when they were at ground zero; and what protective gear was available to them while on the site.

In all, more than 8,000 workers have filed suit against the city and dozens of its contractors who worked on the cleanup of ground zero.

The other cases would be heard in subsequent proceedings.

While some of the cases could end up going to trial, the judge offered to appoint a special master, with the approval of the parties, who could engage in mediation and speed resolution of the claims.

"If even a minority of plaintiffs suffered serious injuries to their respiratory tracts arising from the acrid air of Sept. 11, their claims deserve to be heard when a recovery could make a difference to their lives," Judge Hellerstein wrote.

James E. Tyrrell Jr., a lawyer with the Washington firm Patton Boggs who is leading the city's defense in this case, said the city was clearly disappointed that "the court is not in a position to conclude that either all or some substantial portion of actions taken can be treated as being covered by immunity at this time." While partly rejecting the immunity claims by the city and the Port Authority, Judge Hellerstein dismissed the charges against Con Edison and Silverstein Properties, which had been named as defendants because they held leases on ground zero property.

The judge ordered a conference to be held on Nov. 3 to consider the appointment of a special master and other issues.

The city's substantial legal costs are being covered by a special captive insurance company that was created when Congress established a $1 billion insurance fund in 2003.

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WAR NEWS:

Commander: Mistakes Made In Afghanistan (AP-Y)

By Pauline Jelinek

AP, October 18, 2006

The U.S.-led coalition in Afghanistan failed to follow through as it should have after ousting the Taliban government in 2001, setting the stage for this year's deadly resurgence, the NATO commander in the country said Tuesday.

The mistake consisted of adopting "a peacetime approach" too early, British Gen. David Richards told Pentagon reporters. He said the international community has six months to correct the problem before losing Afghan support, reiterating a warning he issued last week.

"The Taliban were defeated. ... And it looked all pretty hunky-dory," Richard said of the environment at the end of 2001. "We thought it was all done ... and didn't treat it as aggressively as ... with the benefit of hindsight, we should have done."

Progress on security, rebuilding and good government didn't meet Afghan expectations, and this year the "Taliban exploited ... this sense of frustration amongst the people," Richards said in a televised conference from Afghanistan.

While it is unusual for a commander to criticize an ongoing military operation, Richards' comments came days after another British officer offered a much harsher assessment of the other U.S.-led war, in Iraq.

Asked for comment on Richards' remarks, Defense Department spokesman Lt. Col. Todd Vician said Afghanistan was and is one of the world's poorest nations.

"It will take years of hard work by the Afghan people and the international community to reverse the effects of decades of occupation and civil war," he said. "Nonetheless, there has been significant economic growth and donor efforts to improve living conditions across the country," including improved health care, school enrollment, roads and other projects.

Vician said U.S. resources put into Afghanistan have increased — 21,000 American troops are there now compared with 9,500 in March 2003. He said 81 percent of Afghans have access to health care compared with 8 percent in 2001; 2.5 million have benefited from irrigation and road projects linking farms to market; and 5 million students are in schools, 34 percent of them girls.

Insurgent bombings, ambushes and rocket attacks have surged this year. Since the Taliban was overthrown, many of Afghanistan's former rulers are thought to have found sanctuary across the border in Pakistan.

Five years later, NATO forces, along with Afghan army and police forces, plan a series of operations throughout the country this winter to do road building and other reconstruction projects in more secure areas and bolster security to prepare for reconstruction in less secure regions, Richards said.

Richards said that if there is not measurable improvement in six months, Afghans may choose "the rotten future offered by the Taliban" rather than the hopeful future that the coalition offered but didn't deliver.

"This is not just my view but that of many others," he said.

Bush administration critics have charged the Afghan campaign is lagging because the administration focused troops and other assets away from that country too quickly in order to plan and execute the invasion of Iraq, which they view as a diversion from the war on terror.

Just last week, Gen. Richard Dannatt, Britain's army chief, set off a political storm by calling for troops to be withdrawn "soon" from Iraq in part because their presence made the situation worse.

He later said he meant a phased withdrawal over two or three years.

Richards commands about 31,000 forces in Afghanistan. NATO early this month took command of 12,000 U.S. troops there, extending its security mission to all of Afghanistan.

The transfer of command gave NATO the biggest ground combat operation in its history, putting Richards in charge of the largest number of U.S. troops fighting under a foreign commander since World War II.

In "a tough summer" of fighting, NATO forces beat back the Taliban in southwestern Kandahar province, a former Taliban stronghold. "I think we have now established the psychological ascendancy over the Taliban" militarily, Richards said.

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"We have now — with the government and with the international community — to exploit the window of opportunity ... that we now have as a result of military success," he said.

Asked why he was sure a new effort can achieve what wasn't done before, Richards said:

"I'm optimistic that we have understood the issue ... learned our lessons, and now can take this forward aggressively to deliver on the promises."

British General Faults U.S. For Taliban Resurgence (WT)

By Rowan Scarborough

The Washington Times, October 18, 2006

The British commander of the allied forces in Afghanistan said yesterday that his U.S. predecessors moved too quickly from the 2001 invasion to a "peacetime approach," allowing the ousted Taliban to regroup and stage a counteroffensive this year in the southern provinces.

Gen. David Richards, whose NATO command this month took control of the 31,000 allied troops in Afghanistan, said that in 2001, "the Taliban were defeated, weren't they? You know, wonderful work by a lot of people, mainly American and Afghan, and it looked pretty hunky-dory."

But the general told reporters at the Pentagon that the Taliban was able to regroup because American forces remained somewhat isolated. The Afghan army was not established to the point that it could fill security roles in Kandahar, the Taliban's birthplace, and other southern towns.

"The benefit of hindsight, you know, we thought it was all done, success was there and we could adopt a sort of peacetime approach to it and didn't treat it as aggressively as a problem," he said. "Your forces were doing a great work, but they were almost in isolation because the Afghan army and police weren't there to help at that stage."

He said there also was a "disconnect" in what the U.S.-led humanitarian and reconstruction effort could provide and what the Afghan people expected.

"The Taliban exploited it," Gen. Richards said. "They exploited this sense of frustration amongst the people who just didn't see all the good things that have been talked about."

Asked about Gen. Richard's remarks, Lt. Col. Todd Vician, a Pentagon spokesman, told the Associated Press, "It will take years of hard work by the Afghan people and the international community to reverse the effects of decades of occupation and civil war. Nonetheless, there has been significant economic growth and donor efforts to improve living conditions across the country."

Gen. Richards said the new tactic has been to retake control of Taliban areas, move in reconstruction programs and maintain a security presence. He is giving the allies six months to start showing the Afghans that they can expect better services and security. If not, the alliance risks losing the populace to the insurgents.

"I think that's why I'm optimistic that we have understood the issue broader, the way I've just analyzed, learned our lessons and now can take this forward aggressively to deliver on the promise," said Gen. Richards, who led British troops in strife-torn Northern Ireland. "I will now construct a security operation that allows that work to start and then will ensure a continuing level of security, so that it can go on."

The allies seemed caught off guard this spring, when the Taliban began surprise attacks on southern Afghan towns.

The coalition eventually poured more troops into the south and mounted major air and ground operations, routing the Taliban, whose spokesman conceded they had to retreat.

"We had to fight and fight we have," Gen. Richards said. "There is no doubt anymore that NATO can fight if and when it's required to do so, and it inflicted the biggest single defeat on the Taliban that had occurred since 2001."

NATO's new tactics played out this week in the Musa Qala district of Helmand province. Allied forces left the area after weeks of bloody fighting. Security will be handled by tribal chiefs and Afghan forces, with NATO on an emergency recall status.

Gen. Richards commands a force that includes troops from Britain, the United States, Canada, the Netherlands and Denmark.

British Troops Withdraw From Afghan Area (NYT/AP)

By The Associated Press

DOJ_NMG_0082550

The New York Times, October 18, 2006

KABUL, Afghanistan, Oct. 17 (AP) — British troops pulled out of a once restive district in southern Afghanistan on Tuesday after reaching an agreement with tribal elders for Afghan forces to take over security.

NATO also announced a new countrywide military operation with Afghan troops intended to maintain pressure on Taliban fighters during the fall and winter and pave the way for long-promised development after the most bitter fighting in five years.

Officials said on Tuesday that fighting across Afghanistan had killed 44 suspected Taliban militants.

Mark Laity, a NATO spokesman in Kabul, said the decision to withdraw British soldiers from the Musa Qala district in Helmand Province followed an agreement with tribal elders and the provincial governor and was supported by President Hamid Karzai. "There has not been any contact with the Taliban, and they are not involved in this," Mr. Laity said.

He said the soldiers were leaving because there had not been a major clash in the district in 35 days. Musa Qala was an area where resurgent Taliban militants put up stiffer resistance than expected when about 4,000 British soldiers deployed to Helmand Province last spring.

US Presses Iraq On Amnesty Issue (FT)

By Roula Khalaf And Guy Dinmore

Financial Times, October 18, 2006

The Bush administration is pressing the Iraqi government of Nouri al-Maliki to issue a "broad" and "painful" amnesty for insurgents in spite of intense opposition to the proposal from politicians both in Iraq and the US, according to a senior administration official.

Amid growing anxiety in Washington over Iraq's escalating sectarian violence, the US is advocating more determined moves towards a national reconciliation with the Sunni community that dominates Iraq's insurgency. It also wants a tougher line on the Shia militias.

"You need the government to move forward with a programme – it should include an amnesty in a broad fashion, a comprehensive amnesty proposal," the senior US official, who asked not to be named, told the Financial Times. The official was not explicit about the terms of the proposed amnesty, but he said: "No successful amnesty is not painful or sweeping."

As the US grapples with reversing policy decisions made under the initial occupation authority of Paul Bremer, officials told the FT the Iraqi government should implement major changes in the strategy of weeding out former Ba'ath party members from Iraq's public administration.

The senior US official said this policy should go from a "broadly wielded to a very narrow focus on a very limited cadre of individuals."

US pressure on Baghdad to act swiftly has engendered a growing lack of confidence between Mr Maliki and the White House. This appears to have triggered a 15-minute telephone call to the Iraqi prime minister from President George W. Bush on Monday, a call designed to reassure the Iraqi leader that the US was not setting a deadline for his government to stand on its own feet.

The amnesty issue is divisive in both Iraq and the US, where the emotional question of how to honour American war dead – now at 2,750 – has become entangled in the debate over the merits of an early US withdrawal.

The White House has avoided giving explicit endorsement of a sweeping amnesty.

When Mr Maliki initially announced his reconciliation programme in June, members of the US Congress expressed outrage at his proposal to pardon insurgents who had killed US soldiers. Under a barrage of criticism, Mr Maliki backtracked.

However, Zalmay Khalilzad, the US envoy in Baghdad, has supported the concept of a broad amnesty. He said in July he would try to work with Iraqi leaders to "find the right balance between reconciliation and accountability" so that the US dead remained honoured.

Suggestions of an amnesty have also been opposed by Shia parties advocating tougher security measures against the insurgents. A conference to discuss the plan was recently postponed.

One senior Iraqi official said the amnesty would be discussed "at the right time" and that it would not, in any case, include anyone who had been incriminated in violence.

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Another senior official insisted that an amnesty would have little impact. "It would be seen as a sign of weakness by the insurgents – that's the mentality here," he said.

Iraq Removes Leaders Of Special Police (NYT)

By Sabrina Tavernise

The New York Times, October 18, 2006

BAGHDAD, Oct. 17 — The Iraqi government removed the country's two most senior police commanders from their posts on Tuesday, in the first broad move against the top leadership of Iraq's unruly special police forces.

The two generals had led Iraq's special police commandos and its public order brigade, both widely criticized as being heavily infiltrated by Shiite militias. Their removal comes at a crucial time for Prime Minister Nuri Kamal al-Maliki, who has come under intense American pressure to purge Iraq's security forces of the militias and death squads that operate within their ranks.

Iraqi politicians, both Shiite and Sunni, have grown increasingly anxious in recent weeks that eroding public and Congressional support for the war in the United States might prompt a major shift in American policy, particularly if the November midterm elections bring gains for the Democrats.

Senior American officials, including Secretary of State Condoleezza Rice on a visit to Baghdad earlier this month, have issued stark warnings to the Maliki government of growing American impatience, especially at the government's failure to stop the scourge of death squads operating with the knowledge or support of the Interior Ministry, which oversees the police.

For Mr. Maliki, these concerns have taken on a keen personal edge, exposed Monday when the White House revealed that Mr. Maliki asked President Bush in a telephone call whether there was any truth to rumors that the Americans had plans to replace him "if certain things don't happen within two months," in the words of Mr. Bush's press secretary, Tony Snow.

Mr. Snow said that Mr. Bush reassured Mr. Maliki of American support.

The American military also applied pressure to militia networks on Tuesday. Iraqi and American troops arrested a senior aide to Moktada al-Sadr, an anti-American Shiite cleric. The aide, whom the military did not name but who was identified by a spokesman for Mr. Sadr, was arrested on suspicion of having directed kidnappings, killings and torture of Sunnis and Shiites, and of attacking Americans.

Mr. Maliki will also have to consider the criticisms of senior American military commanders who, in background briefings with American reporters in recent weeks, have spoken with exasperation about the government's failure to tackle issues that have exhausted public confidence among Iraqis — above all the virtual impunity with which Shiite and Sunni death squads allowed to operate.

The reordering of the police forces, beginning with the suspension of an entire Iraqi police brigade this month on suspicions that some members may have permitted or even participated in death squad killings, appeared to be one of the first serious attempts to address some of those American concerns.

The two generals, Rasheed Fleyah and Mahdi Sabeh, both Shiites, had been in their posts since the previous government, under which abuses by largely Shiite police forces began. Iraq's Sunnis deeply fear the police commandos that grew out of control soon after a coalition of Shiite parties came to power last year.

Mr. Maliki faces a nearly impossible task in weeding out the militias. Their influence runs deep in Iraqi society; they are present in the guard forces of Iraqi politicians, at the doors of mosques and even on college campuses. Iraqis of different sects and ethnicities do not trust one another after years of oppression under Saddam Hussein and militant violence since the American invasion.

The central question in the special police is who will replace the two men. An Interior Ministry spokesman, Gen. Abdel Karim Khalaf, said a replacement has been chosen, but that his name could not be released until adequate security arrangements had been made for his family. His job — to command both branches of the special police that are set to be combined into one — will be one of the most dangerous in Iraq.

Iraq's interior minister, Jawad al-Bolani, said Friday that he had already fired more than 3,000 employees, and that, with Mr. Maliki's approval, no one was too senior to be immune. It was not clear, however, how much more of a purge would be needed.

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Another serious problem for American officials is Mr. Maliki's refusal to allow a major crackdown on Mr. Sadr's militia, the Mahdi Army. This has been a long-smoldering issue for the Americans, who faced two uprisings by the Shiite militia in April and August 2004, only to have Mr. Sadr escape outright defeat when Grand Ayatollah Ali al-Sistani, the most powerful Shiite cleric in Iraq, intervened, allowing Mr. Sadr to keep large parts of his militia intact.

Since then, the militias have mushroomed, with some portions splintering off into criminal fiefdoms. American commanders have contended that the Mahdi Army will eventually have to be crushed if Iraq is to achieve lasting stability. But Mr. Sadr controls one of the largest blocs of seats in Parliament, so the Shiite-led governments of Mr. Maliki and his predecessor, Ibrahim al-Jaafari, have both depended on Mr. Sadr's political support and repeatedly resisted any showdown.

The arrest of Mr. Sadr's aide, which took place in the early hours of Tuesday, enraged Mr. Sadr's followers, who called for citywide demonstrations on Wednesday.

A spokesman for Mr. Sadr identified the man as Sheik Mazin al-Saedi, the head of Mr. Sadr's office in the poor Shiite neighborhood of Shuala. He denied the charges against the sheik, who was taken, according to the spokesman, while performing a Shiite ritual. The military said one other person was also arrested.

In the face of resistance by the Iraqi government, the American military has shifted to a campaign of attrition against the Sadr forces. There have been a series of raids in recent months similar to the one carried out in Shuala on Tuesday morning, each of them aimed at major figures in Mr. Sadr's network. American commanders have said that some of the targets have been rogue groups that have broken with the Mahdi Army, becoming little more than independent criminal gangs. But others, including the cleric arrested in Tuesday's raid, appear to have been important figures in Mr. Sadr's power structure.

Reflecting the political sensitivities involved, the American forces, in announcing the raids, have studiously avoided any reference to Mr. Sadr or the Mahdi Army.

Mr. Maliki strongly criticized American forces on national television in August after a raid in Mr. Sadr's stronghold, a sprawling district of cinderblock houses and fluttering Shiite flags called Sadr City.

Mr. Sadr has denied that his militia is involved in criminal enterprise or sectarian killings, but it is impossible to tell just how implicated the senior leadership is. Some senior aides have gone into hiding.

Fresh evidence that Mr. Sadr's militia is at the forefront of the sectarian killings carried out by Shiites came this weekend, when armed men said by residents and local officials to be wearing black clothing, typical for Mahdi fighters, went on a rampage in Sunni areas north of Baghdad, killing 38 men, in reprisals for the beheading of 14 Shiite workers from the town of Balad.

While officials in Balad reported that local Shiites had carried out the killing, one Mahdi Army fighter in Baghdad said by telephone on Tuesday that reinforcements from the capital had gone to the area after Friday Prayer to help in the killing.

The fighter, who said his brother and uncle had participated, provided the following account of the violence. Fighters from Sadr City filled three transport trucks, and drove to the Shiite village of Dujail, not far from the location of the killings. They spent the night in a Shiite mosque, and after praying on Saturday morning, set off to a rural area called Door al-Senaa, where the Albu Heshmeh tribe, a hard-line Sunni Arab tribe, had settled.

The Mahdi Army member said fighters came from other areas as well, including Shuala, the district where the aide to Mr. Sadr was arrested, in an apparently unrelated incident. Some of the men dressed in Iraqi Army uniforms. Soldiers were also among them, he said.

The fighter's account could not be independently verified, but it was consistent with other chronologies of the violence provided by residents and local police and government officials. The fighter said one Shiite fighter had been killed and two wounded. He said Shiites attacked Sunni checkpoints in Door al-Senaa and on the outskirts of Balad.

On Tuesday, American and Iraqi forces continued to patrol the area, a military spokesman said. Amir Abdul Hadi, the mayor of Balad, said 17 mortars were fired into Balad's primarily Shiite center on Monday night. The American military put the total death toll for four days at more than 60. As of Tuesday morning, another 6 had been killed and 10 wounded in mortar attacks in Balad, the military said.

American forces have detained two Iraqi police officers believed to have been involved in the beheading of the Shiite workers from Balad, the military said.

DOJ_NMG_0082553

Sunni residents of Balad said Shiites had come into their homes and forced them to leave. Ali Aziz, 35, said he had moved Friday to stay with relatives in Dhuluiya, a Sunni area across the river, and came back after the weekend to find his house burned.

The police restructuring will move Generals Fleyah and Sabeh to advisory roles in the ministry, General Khalaf said. The Associated Press reported that they were wearing suits instead of the military fatigues typical of the commando forces here at the time of the announcement.

Authorities found 30 bodies across Baghdad on Tuesday, an Interior Ministry official said.

U.S. Must Win War, McCain Says On Visit (MJS)

By Steve Schultze

Milwaukee Journal Sentinel, October 18, 2006

Appleton - U.S. Sen. John McCain (R-Ariz.) said Tuesday the United States should "accelerate as much as possible" the Iraqi government's assuming a lead role in the Iraq war and taking over many of the responsibilities handled by American soldiers.

But McCain strongly endorsed the continued U.S. role in the war and said he opposed setting any date for withdrawal of American forces.

"The consequences of failure in Iraq are catastrophic," McCain said during a campaign appearance for state Assembly Speaker John Gard of Peshtigo, the Republican candidate for the 8th Congressional District seat.

"We cannot lose it, and I believe we still have the capacity to win," said McCain, a leading Republican presidential prospect for 2008. McCain spoke at a rally and also at a private luncheon fund-raiser for Gard at the Copper Leaf Hotel.

Gard will continue to attract the attention of top-name Republicans. First lady Laura Bush is scheduled to appear at a fund-raiser for Gard next Tuesdayin De Pere.

McCain said the U.S. should not announce a withdrawal date in Iraq.

McCain said he was impressed with Gard's record in the Legislature, where Gard has served for 19 years, the last three as Assembly speaker. McCain said he was unfamiliar with the views of Gard's Democratic opponent, Appleton physician Steve Kagen.

McCain repeated his support for immigration reform legislation that includes some means for illegal immigrants already in the U.S. to achieve citizenship - a stance at odds with Gard's strict "no amnesty" position on immigration. McCain cautioned, however, that the amnesty law approved 20 years ago didn't work.

He endorsed the idea of a guest worker program in which non-citizen immigrants could be in the U.S. legally for jobs.

Kagen held a news conference across the street from the Gard-McCain event in which he accused Gard of hypocrisy for using McCain to campaign for him, saying McCain's view on immigration is at odds with Gard's.

Kerry: Bush Assurances On Iraq A Blunder (AP)

By Mike Glover

AP, October 18, 2006

Democratic Sen. John Kerry said Tuesday that President Bush committed "a gigantic blunder" by giving top Iraqi officials assurances that U.S. forces would remain indefinitely in the war-torn country.

Kerry argued that his 2004 rival should have pressured Iraqi leaders to set aside their differences and focus on making progress in assuming responsibility for security, a move that could lead to a reduction in U.S. troop levels.

"The absence of pressure I find is an enormous blunder that gives the Iraqi politicians a free pass to continue the status quo that most Americans understand is a failure, that's not working," Kerry said. "I'm amazed by it."

Kerry is a possible 2008 presidential candidate. He spoke to reporters after appearing at a campaign event with Iowa gubernatorial candidate Chet Culver.

The Massachusetts senator was responding to Bush's 15-minute telephone conversation Monday with the Iraqi prime minister. Bush called Prime Minister Nouri al-Maliki to quell rumors that the United States planned to set a deadline for Iraqis to assume security responsibilities. In his conversation, Bush said there was no deadline and that American troops would remain as long as they were needed.

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Bush's comments can be compared to his "bring it on" challenge to terrorists, Kerry said.

"I think the president committed a gigantic blunder of the proportion of 'Bring it on,' " said Kerry. "When he has a conversation with the prime minister of Iraq and he climbs out and he says that he told him he doesn't have to worry, we're going to be there as long as it take, you've given a message that they can take as long as they want."

Kerry said even Republicans such as Sens. John Warner and Chuck Hagel are calling for a new strategy in Iraq, and Bush needs to get that message.

Danny Diaz, a spokesman for the Republican National Committee, said Kerry's comments "proves he will say and do anything to try to recapture his 15 minutes of fame."

"While President Bush and prime minister al-Maliki are committed to beating the terrorists in Iraq, John Kerry is devoted to convincing Iowans that he is somehow more capable of defending America this time around," Diaz said.

Troops Try To Curb Warfare North Of Baghdad (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 18, 2006

Openly sectarian attacks, targeting scores of people in killings and kidnappings, draw attention to the divided area around Balad.

BAGHDAD — U.S. and Iraqi troops sought to restore order Tuesday to a lush farming district north of the capital where more than 100 Sunni Arabs and Shiite Muslims have disappeared or been brutally killed in sectarian fighting in recent days.

Thirteen carloads of Shiites from the town of Balad, about 50 miles north of Baghdad, were reported Tuesday to have been kidnapped the previous night. Their fate was unknown.

U.S. military officials tallied at least 63 killed in fighting between Shiite and Sunni villagers around Balad since Saturday. Witnesses and police gave higher estimates of fatalities. The violence has been notable for its character of open warfare and its overtly sectarian targeting.

In addition to the Iraqi dead, four U.S. soldiers were killed Tuesday morning when their vehicle struck an improvised explosive device west of Baghdad, the U.S. military said, disclosing no further details. At least 63 U.S. soldiers have been killed in Iraq this month.

In Balad, the sectarian fighting first broke out Friday, when at least 19 Shiites were kidnapped and beheaded. The next day, Shiite militiamen abducted and executed dozens of Sunni residents, occasionally pulling people from their cars and setting fire to their bodies. Sunnis then began firing rockets into the mostly Shiite town, killing at least half a dozen people.

Men in police uniforms seized unused Iraqi police checkpoints near Balad on Monday and Tuesday night, according to witnesses and security officials.

Witnesses also reported that large groups of men — identified by locals as Sunni Arab insurgents — carrying AK-47s were flooding Sunni Arab areas east of Balad, positioning rocket launchers and mortars in the villages outside the town. The men demanded identification from passing drivers.

"They stopped us," one Shiite resident of the area said by telephone. "They asked me, 'Are you Sunni or Shiite?' I told them I'm a member of the [Sunni] Mashadani tribe, and showed them a fake identification card."

Four mortar rounds landed in Balad on Monday night and early Tuesday, killing one person and injuring four, a hospital official said.

The provincial governor called Tuesday for an immediate tribal summit. Security forces also sealed off the nearby Shiite town of Dujayl in an effort to prevent a similar outbreak.

U.S. forces began providing assistance to Iraqi military units at the request of Iraqi civic and military leaders.

"We continue to conduct our normal patrols in the city and provide support for Iraqi security forces as they lead operations in stopping the sectarian violence in Balad," said Army Lt. Col. Jeff Martindale, commander of the 1st Battalion, 8th Infantry Regiment, 4th Infantry Division. "We are also providing counter-fire support against terrorists conducting indirect fire attacks against innocent civilians in Balad.

"By coordinating all of our efforts, we have seen a marked decrease in violence in the past 24 hours," Martindale said.

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Iraq's Shiite Muslim majority and once-dominant Sunni Arabs have been locked in civil conflict across Iraq for months. Hundreds of corpses are found scattered throughout religiously mixed central provinces each week.

At least 50 Iraqis were killed and 44 injured in violence around the country Tuesday.

Balad and Dujayl are particularly vulnerable to sectarian strife. The Shiite towns, with strong ties to clerics in southern Iraq and in Iran, lie in the middle of a heavily Sunni Arab area sympathetic to the insurgency.

The Shiites' vulnerability gives the militias popular support, and the government's weakness gives the latter free rein.

The Shiite-dominated government of Prime Minister Nouri Maliki has been unable to tame the violence or the Shiite militia groups that answer to powerful parties in his coalition.

Under pressure from U.S. officials and Iraqi politicians to show changes in a police force widely believed to be infiltrated by the militiamen, Iraq's interior minister has reshuffled a pair of key positions under his control, a spokesman said Tuesday.

Mehdi Ghrawi and Rasheed Fleih, both generals commanding specialized police units in the field, have been reassigned as "part of a routine restructuring process," Interior Ministry spokesman Abdul Kareem Khalaf told reporters. Under the restructuring plan, the two generals' posts will be combined and given to one as-yet-unnamed commander.

Khalaf insisted that neither man was implicated in death squad activity. He said Fleih will take over a post in the branch's intelligence division while Ghrawi will become deputy police chief for the capital.

Amid rumors here that the U.S. might back a change in the government of Iraq, former Prime Minister Iyad Allawi, a favorite of U.S. Embassy officials, returned this week to Iraq, where he rarely appears though he heads a 25-seat parliamentary bloc.

"His presence is important during this period because the country is passing a crucial stage, during which all leaders of political movements and the politicians must be present in the country," said Wael Abdul Latif, a member of Allawi's coalition.

Modest efforts to diminish the power of radical militias and their political allies often spark civil disturbances or violence. Radical Shiite cleric Muqtada Sadr's followers called for a massive demonstration in northern Baghdad today to protest the arrest of a leader of their movement.

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Times staff writer Raheem Salman in Baghdad and special correspondents in Baghdad, Dujayl and the Iraqi cities of Mosul, Basra, Samarra and Tikrit contributed to this report.

U.S. Forces In Balad To Help Stem Carnage (USAT/AP)

By Steven R. Hurst

USA Today, October 18, 2006

BAGHDAD — U.S. forces were patrolling the streets of the predominantly Shiite city of Balad on Tuesday after five days of sectarian violence killed 95 people.

Iraq's 4th Army, which took command of the region north of Baghdad a month ago, had been unable to stem recent bloodshed in Balad. The slayings of 17 Shiite Muslim workers there Friday set off revenge killings of Sunnis by Shiites.

Minority Sunni Arabs in the city of 80,000 have been fleeing across the Tigris River in small boats, Balad police commander Brig. Nebil al-Beldawi said.

He said gunmen wearing black uniforms — trademark clothing of Shiite militiamen — had clashed with residents of Duluiyah, a predominantly Sunni city on the east bank of the Tigris, opposite Balad. Al-Beldawi said the fighters were keeping food and fuel trucks from entering Duluiyah.

Forty mortar rounds hit Balad overnight and into the morning Tuesday, killing at least four people. The death toll in the area reached at least 95 in five days of fighting, police said.

The conflict between Shiites and Sunnis in the Balad area illustrates the threat to the region if Iraq moves toward dividing into three federal states — Shiites in the south, Sunnis in the center and Kurds in the north. Iraq's oil wealth is concentrated in the north and south.

DOJ_NMG_0082556

Regions such as Baghdad and areas immediately to the north, including Balad, are now home to Shiites and Sunnis. Both groups would be expected to fight hard to maintain control of their territory, especially in the capital.

Last week the Shiite-dominated parliament voted to allow moves toward establishing federal states after an 18-month waiting period, despite the objection of nearly all of the Sunni and some Shiite lawmakers.

Iraqi officials, particularly Prime Minister Nouri al-Maliki, are under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and for violence elsewhere.

The Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week. There is concern that the Shiite-dominated police and security forces have been infiltrated by fighters, who are allied to Shiite political groups.

Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih were transferred from their posts, but denied their removal had anything to do with militia activity. “Because of their sacrifices and their experience, both of these leaders were named to high-ranking posts,” Khalaf said, flanked by Filah and Sabbih.

The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence. It said 600 of the 3,000 dismissed personnel will face prosecution.

U.S. Forces Move To Quell Sectarian Violence In Balad (MCT)

By Nancy A. Youssef

McClatchy Newspapers, October 18, 2006

BAGHDAD, Iraq - The U.S. military has sent troops to the Iraqi city of Balad and the surrounding area to help re-establish order after Iraqi troops and police were unable to quell a surge of violence between Sunni and Shiite Muslims over the weekend that left at least 57 people dead.

Confirmation that American troops have been sent back to Balad came as Iraq's bloodletting continued. At least 700 Iraqis have been killed so far this month nationwide, according to numbers provided by police in Iraq's largest provinces. In addition, 58 U.S. soldiers have died so far this month, a trend that if it continues will make October one of the deadliest months for Americans since the U.S.-led invasion in March 2003.

The decision to send American troops into Balad, 50 miles north of Baghdad, was another setback for U.S. hopes that Iraqi forces will be able to take control of security for the country. Violence has increased steadily throughout Iraq despite an increase of tens of thousands of American-trained Iraqi soldiers and police, and U.S. officials concede that their strategy of training Iraqi troops to replace Americans hasn't worked.

U.S. authorities had turned over responsibility for Balad's security to the 3rd Battalion, 1st Brigade, 4th Iraqi Army Division, in April.

American forces began returning to the city Saturday and are patrolling there, though it was unclear Tuesday whether Balad and the surrounding area have been pacified.

U.S. Lt. Col. Jeffrey Martindale, the commander of the 1st Battalion, 8th Infantry Regiment, 4th Infantry Division, said in a statement released Tuesday that his troops were patrolling alongside Iraqis in Balad. "By coordinating all of our efforts, we have seen a marked decrease in violence in the past 24 hours," the statement quoted Martindale as saying.

Residents, however, said that Balad and the nearby town of al Dulyiyah remained under the control of armed groups that had targeted the residents and may have killed as many as 100 in four days of violence.

The violence in Balad and al Dulyiyah underscores how explosive the rivalry between Iraq's Sunni and Shiite communities has become and how ineffective Iraqi security forces often are. Residents said some Iraqi police officers had contributed to the slaughter.

Balad is populated primarily by Shiites. Sunnis, however, are the dominant sect in the province, Salah al Din, whose capital, Tikrit, is the birthplace of Saddam Hussein. Samarra, where an explosion Feb. 22 devastated the sacred Shiite Askariya shrine, is in Salah al Din. The shrine bombing touched off Iraq's current sectarian bloodletting.

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Accounts of what took place over the weekend vary, with residents, Iraqi police and American officials giving differing numbers of dead.

U.S. officials say the violence began last Friday when gunmen kidnapped at least 19 Shiites in Balad and murdered them. On Saturday, according to the American account, gunmen seized 38 people in the Sunni town of al Dulyiyah, exactly double the number of Shiites killed the day earlier. Their bodies later were dumped in Balad.

Two U.S. military officials, speaking on the condition of anonymity because they weren't authorized to speak on the subject, tied Friday's kidnappings and murders to the trial of Saddam Hussein on charges that he ordered the killings of 148 Shiite residents of Dujail after an assassination attempt against him in 1982. Dujail and Balad have Salah al Din's only significant concentrations of Shiites.

What happened after Saturday's kidnappings and murders is unclear. Residents say that as many as 100 Sunnis were killed around Balad as Shiite militias took control of the region. American officials said they couldn't confirm that figure.

Residents said Shiite police commanders were involved in some of the killings and that U.S. forces, several thousand of whom are based at nearby Camp Anaconda, made no effort to stop the bloodshed.

So far, American and Iraqi forces have detained two Iraqi police officers allegedly involved in the killings of the Sunnis from al Dulyiyah, Martindale said.

Tense Reprieve As Iraqi Forces Seal River Town (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin

The Washington Post, October 18, 2006

BAGHDAD, Oct. 17 -- Police and black-clad Shiite militiamen toting machine guns sealed off the predominantly Shiite city of Balad on Tuesday, guarding against attacks by Sunni insurgents flooding into towns just north of Baghdad, vowing revenge for four days of violence in which dozens of Sunnis were killed.

Calm largely returned to Balad by Tuesday, with Iraqi army troops forcing Shiite militia fighters out of police cars that the militiamen had commandeered for the attacks, said residents reached by telephone in the cut-off town. American troops patrolled the city and guarded one end of a Tigris River bridge that links Balad with Duluiyah, a Sunni farm town also at the epicenter of the outburst of sectarian conflict.

On the Duluiyah end of the bridge, angry Sunni insurgents gathered in force, clutching their PKC machine guns and rocket launchers, standing their tense watch. Abu Achmed, a fighter in the Islamic Army, a Sunni insurgent movement, held a machine gun but wished for more.

"If I had a nuclear bomb, I would wipe it out," the insurgent fighter, who refused to give his full name, said as he stared at Balad across the bridge. "I would level it."

Since Friday, a Shiite militia campaign of killing and expulsion targeting Sunni families served both to deepen sectarian tensions in Iraq and expose the inability or unwillingness of the Shiite-dominated government to control the attacks. The government is headed by two Shiite religious parties whose militias led the campaign, according to local residents, Shiite community leaders, police and hospital officials. Forces of the country's heavily Shiite police forces watched the cleansing campaign, or took part in it, the witnesses said. The Interior Ministry denied the allegation.

Militia attacks on Sunnis in and around Balad ended only when large numbers of Iraqi army troops, seen as more neutral than Iraq's police, were deployed. By Tuesday, all but four or five Sunni families had fled. Until recently, members of the town's Sunni minority had lived and intermarried peacefully with Shiite neighbors for generations.

"What shall I say to Bush, to the armed men, to Maliki?" cried Um Mustafa, sheltering in a stranger's home on the outskirts of Duluiyah, referring to Iraqi Prime Minister Nouri al-Maliki. She was with her 11-year-old son, Mustafa, and 7-year-old daughter, Reaam. Fleeing Balad this past weekend, the family had watched Shiite militiamen dressed in black beat her pleading husband in the face with rifle butts and take him away. The next day, her phone calls traced her husband's body to the Balad hospital morgue.

"What have I done that my husband gets killed in this way?" she said. "I have Mustafa. And I will teach him how to avenge his father's death by the Mahdi Army, and take his revenge, from them."

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In Balad, mosque loudspeakers that days earlier had cried out for all Sunnis to leave called for their return, promising that the Mahdi Army militia of powerful Shiite cleric Moqtada al-Sadr would protect them.

Drawing on centuries-old codes of revenge, the Sunni fighters in Duluiyah responded by demanding that Balad, encircled by Sunni towns, surrender the militia fighters responsible for the killings -- or face retaliation.

Armed men stopped 13 vehicles near a police checkpoint south of Balad on Monday night and took them and their occupants away to an area known to be a Sunni insurgent dumping ground for murder victims, provincial police said.

The sectarian bloodletting was triggered Friday in Duluiyah when Sunni insurgents kidnapped and beheaded 17 Shiite farmworkers. Balad hospital officials said at least 80 Sunnis were shot to death, many after torture with electric drills. The U.S. military said it had recorded 57 killings. In a statement Tuesday, it said six civilians in Balad had been killed by mortar rounds that were launched, residents said, from Duluiyah. U.S. forces had arrested two Duluiyah policemen suspected of working with insurgents in the killing of the 17 farmworkers, the military said.

The military statement, issued Tuesday morning, cited a "marked decrease in violence" in Balad over the past 24 hours and credited joint operations by Iraqi and U.S. forces for the reprieve.

In attacks elsewhere in Iraq, the Interior Ministry said at least 65 bodies had been found around Baghdad since Sunday night. Bombs and other shootings killed at least 20 other people, including four college students and a female doctor shot to death in the southern city of Basra.

A report released Tuesday by the Brookings Institution-University of Bern Project on Internal Displacement cited Iraqi government data that 234,600 Iraqis were displaced since February, when the bombing of a Shiite mosque in Samarra triggered a wave of violence, especially by Shiite forces. The total was probably low, since many of the displaced had likely sheltered with families, the study said.

"It is likely that sectarian violence is causing lasting change to Iraq's social and demographic make-up," the report stated.

On trial for his life on genocide charges, deposed president Saddam Hussein spoke to the rising violence outside his heavily guarded courtroom in Baghdad's Green Zone. "We are one people, as Iraqis, we have Arabs and Kurds," Hussein said, holding a Koran he has kept at his side throughout his trial. "The only party that benefits from division is Zionism."

Shiite militia leaders say Hussein's decades of ruthless Sunni minority rule paved the way for the sectarian slaughter exploding now. Asked about Iraq's bloodshed, a top Shiite political leader, Abdul Aziz Hakim of the Supreme Council for the Islamic Revolution in Iraq, made the same argument.

"The reason is obvious, a great change in Iraq has taken place," he said. "The people who were governing Iraq were unjust. Such people are gone, and I hope for good."

Aldin reported from Duluiyah and from outside Balad.

U.S. Forces Patrol Balad After Violence (AP)

By Steven R. Hurst

AP, October 18, 2006

U.S. forces were back patrolling the streets of the predominantly Shiite city of Balad on Tuesday after five days of sectarian slaughter killed 95 people, violence that surged out of control despite the efforts of Iraq's best-trained soldiers.

Iraq's 4th Army took command of the region north of Baghdad a month ago, but had been unable to stem recent attacks in Balad, where the slayings of 17 Shiite Muslim workers on Friday set off revenge killings by Shiites.

Minority Sunnis, who absorbed most of the brutality in the city of 80,000 people, have been fleeing across the Tigris River in small boats, Balad police commander Brig. Nebil al-Beldawi said. On the outskirts of the city, two fuel trucks were attacked and burned.

The police commander said gunmen wearing black uniforms, trademark clothing of Shiite militiamen, had clashed with residents of Duluiyah, a predominantly Sunni city on the east bank of the Tigris, opposite Balad. Al-Beldawi said the militants were keeping food and fuel trucks from entering Duluiyah.

The conflict between Shiites and Sunnis in the Balad area illustrates the threat to the region should Iraq move toward dividing into three federal states — controlled by Shiites in the south, Sunnis in the center and Kurds in the north.

DOJ_NMG_0082559

Regions such as Baghdad and areas immediately to the north, including Balad, are now home to Shiites and Sunnis. Both groups would be expected to fight hard to maintain control of their territory, especially in the capital.

Last week, over the objection of nearly all Sunnis and some Shiites, the Shiite-dominated parliament voted to allow moves toward establishing federal states after an 18-month waiting period.

Dividing the country would close Sunnis off from oil wealth, which would end up with the Kurds in the north and the Shiites in the south. Sunni lands are largely desert or agricultural belts along the Tigris and Euphrates rivers.

Forty mortar rounds poured into Balad overnight and into the morning, killing at least four people, bringing the death toll in the area to at least 95 in five days of fighting.

Gunmen in police uniforms hijacked 13 civilian cars and abducted their occupants at a checkpoint outside Balad on Monday night, Salahuddin provincial police reported. They remained missing Tuesday.

Elsewhere in Iraq, 36 people were killed Tuesday in violent attacks and 16 more corpses were found in the capital, their hands and legs bound and showing signs of torture, police reported.

According to an Associated Press count, October is on track to be the deadliest month for Iraqis since the AP began tracking deaths in April 2005. In October, 767 Iraqis have been killed in war-related violence, an average of 45 every day.

That compares to an average daily death toll of about 27 since April 2005. The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Iraqi officials, particularly Prime Minister Nouri al-Maliki, are under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and heavy involvement in violence elsewhere.

The fighters, allied to Shiite political groups, are widely believed to have infiltrated the Shiite-dominated police and security forces and to be allowed freedom to attack Sunni Muslims without fear of arrest or interference.

In apparent response to that pressure, the Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week.

Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih were transferred from their posts, but denied their removal was a demotion or had anything to do with militia activity.

"Because of their sacrifices and their experience, both of these leaders were named to high-ranking posts," Khalaf said, flanked by Filah and Sabbih.

The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence. It said 600 of the 3,000 dismissed personnel will face prosecution.

The U.S. military symbolically handed control of parts of Salahuddin province to the 3rd Battalion, 1st Brigade, 4th Iraqi Army Division on April 15. That region included Balad and Duluiyah, as well as surrounding villages. Full control of the province was officially turned over to the 4th Army on Sept. 18.

Under such shifts of control, U.S. forces do not necessarily withdraw, but are deployed to local bases to stand by as backup. Since the latest security crackdown in Baghdad, however, U.S. forces from many regions have shifted to the capital, causing a drawdown of American troop strength in some regions of the country.

On Sept. 7, the U.S. military handed over control of Iraq's armed forces command to al-Maliki's government. Previously, the U.S.-led Multinational Forces in Iraq, commanded by Gen. George Casey, gave orders to the Iraqi armed forces through a joint American-Iraqi headquarters and chain of command. Senior U.S. and coalition officers controlled larger units, which were in turn commanded by Iraqi officers.

Now, the chain of command flows directly from al-Maliki in his role as Iraqi commander in chief, through the Defense Ministry to an Iraqi military headquarters. From there, the orders flow to Iraqi units on the ground.

As the violence in the Balad region was reaching full pitch on Saturday, the AP asked the U.S. military in Baghdad if American forces were involved in trying to quell the killing.

"As of this time, the (U.S.-led force in Iraq) has not been asked to provide any assistance," the military said in a return e-mail. A request for information on Sunday went unanswered.

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In response to the same question on Monday, the military responded that U.S.-led forces were "partnering with Iraqi police and Iraqi army units involved in operations around Balad."

On Tuesday morning, the military said the U.S.-led force was again "partnering with and assisting the Iraqi police and army by providing quick reaction assets. The Iraqi police and army are currently manning numerous checkpoints around Balad."

By late Tuesday, the military had not responded to questions about when the U.S. military first was asked to intervene and how many American forces were involved.

Training Regimen Problems Afflict U.S. Army Program To Advise Iraqis (WSJ)

By Greg Jaffe

The Wall Street Journal, October 18, 2006

One of the biggest shocks for Lt. Col. Nick Demas and his troops came before they even deployed to Iraq.

The colonel's soldiers, most of them inexperienced reservists from Maryland, had been tapped to serve as advisers to the Iraqi army. Their job was to live with, train and mentor an Iraqi force buffeted by poor morale, desertions and corruption.

President Bush has touted such advisory teams as key to the U.S. strategy for stabilizing Iraq and bringing American troops home. So Col. Demas and his troops expected some of the best instruction the Army had to offer. What they got was a "phenomenal waste of time," the colonel wrote from Iraq last fall, in a report to his superiors.

"In my 28 years of military service I have never seen such an appalling approach to training," he wrote. "Nowhere else in the Army system would this have been acceptable." His soldiers received only a few hours of instruction in Arabic language, Iraqi culture and advising foreign forces, says Col. Demas, who had previously served in Special Forces units. (Read Col. Demas's after-action report.1)

Other advisers have been just as scathing. "By the time the training was finished, soldiers were demoralized, motivation was nonexistent and the team motto came from the Jo Dee Messina lyric, 'my give-a-damn's busted,' " wrote Lt. Col. James Goodwillie, who led advisers in Iraq, in a review that was passed to senior Army officials last fall. (Read Lt. Goodwillie's after-action report.2)

Senior U.S. military officers in Iraq and the Pentagon say their primary focus is getting Iraqi forces to take over more of the fighting as quickly as possible so U.S. forces can pull back. The 10- to 12-man advisory teams are central to that effort.

In recent weeks, Army officials overseeing the advisory program have begun to acknowledge the gap between the Army's words and deeds. This summer, after two years of biting reviews, the Army rushed to revamp the training advisers receive. It also has begun to assign more experienced troops to advisory teams. "I think we are going to be doing it much, much better than what you have seen in the past," says Gen. Richard Cody, the Army's vice chief of staff.

Internal Army reviews and interviews with dozens of advisers show that, thus far, the Army hasn't treated the advisory program as a priority. The job has often fallen to the military's less seasoned second team: reservists, guardsmen and retirees called back to active duty. A 48-page Army study, finished in May and marked "For Official Use Only," concluded that 10- to 12-man advisory teams are too small and "do not have the experience to advise in the various areas they are assigned."

The teams have had to scrounge for equipment that is routinely allocated to big combat units. Advisers going through training today are warned in a PowerPoint briefing: "You will not have all the radios, weapons, night vision devices and field gear issued to a U.S. battalion."

To date, the U.S. has trained and equipped about 307,800 Iraqi army and police forces, up from 196,600 a year ago. But three years into the war, these Iraqi forces don't seem to be improving fast enough to curb surging violence. Daily attacks in Iraq have risen to record levels, and attrition among Iraqi forces remains high. In areas like the restive al Anbar Province, Iraqi units have, on average, only 55% of the soldiers they are supposed to, senior U.S. military officials say.

Other factors, of course, are also contributing to the violence. Centuries-old sectarian grudges and political turmoil are feeding unrest. Both must be addressed through some form of reconciliation, military officials say.

For many advisers, the growing turmoil has been frustrating. "I know we've made a difference. But the insurgency has also become better, more lethal and more capable in my time here," wrote Capt. Phillip Carter, who advised Iraqi police, in an email

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last month as he prepared to return home. "In theory things should get better with the development of capable Iraqi Army and police units. That's not happening."

To oversee the new training for advisers, the Army recently tapped one of its 10 combat divisions, the 1st Infantry Division, which had been scheduled to return to Iraq. Instead, its top officers and senior enlisted soldiers will remain at Fort Riley, Kan., to train advisers. When rebuilding the training program, the service started with a "blank piece of paper," says Brig. Gen. James Yarbrough, the division's assistant commander.

Top Army officials also are trying to change a culture that discourages good officers from taking advisory posts. Over the past decade, the path to success has been through conventional combat jobs in big brigades. Gen. Peter Schoomaker, the Army's top officer, uses a track analogy to describe the problem. The Army, he says, is full of specialists, or "single-event people." To prevail in today's wars, he says, he needs "pentathletes" with a broader range of experiences.

Last month Gen. Schoomaker's vice chief of staff stressed in a memo to Army officers that serving on an advisory team was "the Army's No. 1 personnel priority" and was exactly the kind of broadening experience the Army chief had been touting.

To fix the advisory program, some military officials say sweeping institutional change is needed. "When there is a limited pool of people for both kinds of jobs -- combat and advisory -- it's clear where the best people will go," says Dale Andrade, a counterinsurgency specialist at the Army's Center of Military History. "The military will always keep its best and brightest in traditionally important combat jobs. Only when forced will this change."

One option under consideration is to double the number of advisers to about 7,000, from about 3,500, by tearing apart some traditional combat brigades and assigning officers and senior soldiers to advisory teams. That would ensure that some of the Army's best officers would take advisory jobs. It would also allow Army officials to double the size of the teams -- which the officials say are too small -- to about 20 troops each.

But doing so would require a change in mind-set for the Army, where training centers and personnel systems are built almost entirely around the 4,000-soldier brigades. It would also be risky. As the number of big U.S. combat brigades decreased, Iraqi units and their advisers would have to pick up the security slack.

The military has recently built a model advisory program -- on a much smaller scale -- for use in other parts of the world. In 2005, the Marine Corps formed a new "Foreign Military Training Unit" to train and mentor troops in places like Chad, Tunisia and the Republic of Georgia. Marines must compete for a spot in the unit. Those who are selected go through six months of intensive training in language, culture and advising foreign forces. Many follow up with two-month cultural immersion tours in places like Morocco.

"We are taking a long-term approach. We want the same people going back to the same places, building relationships and rapport," says Col. Michael Peznola, who heads the unit.

Starting From Scratch

In Iraq, the Army and Marine Corps have had to build a much larger program from scratch -- and in a hurry. When the war kicked off in 2003, U.S. officials had no inkling that an advisory program would be necessary. The last time the Army oversaw such a big effort was in Vietnam, and Iraq wasn't supposed to be anything like that war.

After Iraqi police and army forces cratered under insurgent attacks in the spring of 2004, the U.S. military began rushing advisory teams to Iraq. Their mission was to train Iraqi commanders, to track the development of Iraqi units and to try to prevent them from settling sectarian scores. If Iraqi forces were overwhelmed, the advisers were authorized to call in U.S. firepower to bail the Iraqis out.

To fill some advisory teams, senior commanders asked big combat brigades to give up some soldiers. Often the units gave up troops of a lower rank and experience level than desired, senior Army officials say. The brigades "had a requirement, but they often treated it like guidance and staffed it the best way they could," says Col. Sean Ryan, who served in Iraq with the command that oversaw development of the Iraqi army.

The Army also mobilized reservists for the mission, many of them part-time drill sergeants who had little experience in combat units. "They knew how to teach guys to march, dig fighting positions and fire weapons," says Col. Demas, who in 2006 led an advisory team of the reserve soldiers from Maryland.

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The training was minimal. A class on how to oversee a large battalion and brigade staff, for example, consisted of a 90-minute lecture after dinner. Midway through, one sergeant, who hadn't ever served in a combat unit, broke in and complained: "I have absolutely no idea of anything you're talking about," wrote Col. Goodwillie, a senior adviser, in his review of the session.

Officers received only four hours of training on language and culture, and enlisted soldiers got two, according to soldiers who attended. To complete their training, advisers were instructed to guard mock ammunition dumps and to set up checkpoints to screen traffic for 12 days. Once they got to Iraq, advisers say, they never did anything like that.

Col. Demas says his team's primary duty in Iraq was to mentor the staff of a 600-man Iraqi battalion, teaching them to plan missions and analyze intelligence. But once the Iraqi battalion moved into heavy fighting north of Baghdad, the seven enlisted advisers on Col. Demas's 10-man team didn't have the experience to advise the Iraqi officers, the colonel says. Those seven Americans had never served on a U.S. battalion staff and lacked combat experience.

"They were superb soldiers -- dedicated and hard working. They could teach basic soldier skills, but not leader tasks," Col. Demas says. That job fell to Col. Demas and the two officers on his team.

Advisory teams elsewhere in Iraq spent much of their time worrying about even more basic problems, such as trying to get critical supplies for themselves and their Iraqi troops. The small teams are reliant on the big U.S. units for help fixing their Humvees and electrical generators. At Camp Taji, near Baghdad, Staff Sgt. Clyde Daly persuaded a friend to give him 15,000 bottles of Gatorade, which he kept in a locked supply room on the Iraqi side of the base. He traded cases of the drink to other U.S. units for supplies, favors, and help fixing equipment.

Master Sgt. Darren Williams, who served on a team in Diyala Province, says: "We had to beg for support. It was like pulling teeth."

Getting the Iraqis what they needed was even harder. "We'd spend more time working to keep the Iraqis fed and fueled than we would war-fighting," says Col. Jeff Lamb, who returned in July from advisory duty in Diyala Province. It took two weeks to persuade the Ministry of Defense to fire a corrupt food contractor that was serving spoiled food to the Iraqis, says Lt. Jason Karluk, who worked for Col. Lamb. He says it took him 60 days to get the Iraqis decent tents.

The harsh conditions and lack of supplies led to desertions. By the time Lt. Karluk left Iraq, the unit he was advising had shrunk to about 400 soldiers from 700, and the brigade had gone to about 1,600 from 2,400. His team's biggest accomplishment, says the 24-year-old officer, was simply "holding the [Iraqi] unit together."

Amid a barrage of criticism, the Army has begun to beef up training of advisory teams, adding about 50 hours of language and cultural instruction. Commanders say the cultural instruction, although much improved, still has a ways to go. "I'd grade ourselves at a C," says Maj. Gen. Carter Ham, who recently began overseeing the advisory training effort at Fort Riley. "What we are doing is OK. It is Iraqi culture 101." He says he plans to tailor more of the instruction to the areas of Iraq where advisers will be working.

Shortage of Role Players

Training exercises have been hindered by a shortage of Iraqi role players. At its major training centers, the Army brings in 250 Arabic speakers to play townspeople, mayors and police chiefs in mock Iraqi villages. At Fort Riley, there were only about a dozen Arab-speaking role players last month, so American troops had to play Iraqi commanders and rank-and-file soldiers.

In early September, Lt. Col. Matthew Stanton led his 10-man advisory team through an exercise intended to teach them to advise Iraqi commanders as their troops search a small, hostile village for weapons and insurgents. When Col. Stanton and an "Iraqi commander" played by a reservist from Utah strode into the mock village, they were accosted by an Iraqi acting as the mayor. "We are sick of the Americans bringing Iraqis to search our villages," he screamed in Arabic. An Iraqi translated for the colonel.

Two dozen villagers began to chant angrily. The mayor demanded that Col. Stanton call off the search. "You'll have to discuss this with the Iraqi commander," Col. Stanton replied. Then he began to walk away.

The Iraqi mayor exploded in anger. "Where are you going?" he screamed in Arabic. "I am talking to you!"

Afterward, the senior sergeant overseeing the exercise praised the team. But Col. Stanton and his men were less than satisfied. "I don't feel like we accomplished anything," said Maj. Eric Lindsay, the No. 3 officer on the team. Everyone nodded.

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Over the next two days, Col. Stanton kept thinking back to his run-in with the Iraqi mayor. Finally, he tracked the man down in the barracks where he was living with other role players. The 47-year-old Iraqi, a Shiite Muslim who had left Baghdad in 2004, was dressed in a white mesh tank top, black shorts and sandals. A tattoo of a dagger, surrounded by Arabic script, adorned his arm.

"Why did you refuse to talk to me when the soldiers were searching my village?" the Iraqi asked. Col. Stanton explained that he was just an adviser, not the commander of the Iraqi forces. The Iraqi told him that it didn't matter. He said the colonel should have taken him by the hand and led him to the Iraqi officer he was advising. "I could have calmed down the entire village," the mayor told him. Col. Stanton scribbled notes in a green field notebook.

"We have been really thirsty for more instruction on how to be an adviser," Col. Stanton said afterward.

There is debate within the Pentagon over whether the advisory teams are too small to be effective. In May, the Center for Army Lessons Learned, based at Fort Leavenworth, Kan., recommended doubling the size of advisory teams to about 25 troops. The Army is built like a pyramid, with large numbers of inexperienced soldiers at the bottom. It has few experienced soldiers to spare. The suggestion alarmed personnel officials, says Col. Steven Mains, who led the study team, which traveled throughout Iraq.

As the situation on the ground in Iraq grows more dire, some officers argue the U.S. must improve the advisory effort quickly. In an article in a Marine Corps journal this summer, Lt. Col. Julian D. Alford, who recently commanded a 900-Marine battalion in western Iraq, outlined a plan to cut sharply overall U.S. troop levels by bolstering the advisory effort.

Col. Alford's Marines had fought alongside an Iraqi army brigade and their U.S. advisers to drive insurgents from Qaim, which had been a main entry point for foreign fighters coming into Iraq from Syria. He says he left Qaim in June convinced that advisory teams were too small to help Iraqi forces stand on their own.

"The Iraqis can't make it with the [advisory] teams we have now," he says. "They will fall flat on their face." But if the U.S. military doubles the size of the advisory effort, embedding more advisers in smaller Iraqi units where most of the fighting is done, he says, the Iraqis in his former region could hold off the insurgency. To field the larger teams, he would send only some of the senior enlisted troops and officers from big U.S. units, leaving junior troops at home. He would also give them far more language and cultural training.

"The real question is: How should we be organized, trained and equipped to fight these 21st-century wars?" he asks. "This is a different way of looking at warfare."

Write to Greg Jaffe at greg.jaffe@wsj.com6

655,000 War Dead? (WSJ)

By Steven E. Moore

The Wall Street Journal, October 18, 2006

After doing survey research in Iraq for nearly two years, I was surprised to read that a study by a group from Johns Hopkins University claims that 655,000 Iraqis have died as a result of the war. Don't get me wrong, there have been far too many deaths in Iraq by anyone's measure; some of them have been friends of mine. But the Johns Hopkins tally is wildly at odds with any numbers I have seen in that country. Survey results frequently have a margin of error of plus or minus 3% or 5% -- not 1200%.

The group -- associated with the Johns Hopkins Bloomberg School of Public Health -- employed cluster sampling for in-person interviews, which is the methodology that I and most researchers use in developing countries. Here, in the U.S., opinion surveys often use telephone polls, selecting individuals at random. But for a country lacking in telephone penetration, door-to-door interviews are required: Neighborhoods are selected at random, and then individuals are selected at random in "clusters" within each neighborhood for door-to-door interviews. Without cluster sampling, the expense and time associated with travel would make in-person interviewing virtually impossible.

However, the key to the validity of cluster sampling is to use enough cluster points. In their 2006 report, "Mortality after the 2003 invasion of Iraq: a cross-sectional sample survey," the Johns Hopkins team says it used 47 cluster points for their sample of 1,849 interviews. This is astonishing: I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points.

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Neither would anyone else. For its 2004 survey of Iraq, the United Nations Development Program (UNDP) used 2,200 cluster points of 10 interviews each for a total sample of 21,688. True, interviews are expensive and not everyone has the U.N.'s bank account. However, even for a similarly sized sample, that is an extraordinarily small number of cluster points. A 2005 survey conducted by ABC News, Time magazine, the BBC, NHK and Der Spiegel used 135 cluster points with a sample size of 1,711 -- almost three times that of the Johns Hopkins team for 93% of the sample size.

What happens when you don't use enough cluster points in a survey? You get crazy results when compared to a known quantity, or a survey with more cluster points. There was a perfect example of this two years ago. The UNDP's survey, in April and May 2004, estimated between 18,000 and 29,000 Iraqi civilian deaths due to the war. This survey was conducted four months prior to another, earlier study by the Johns Hopkins team, which used 33 cluster points and estimated between 69,000 and 155,000 civilian deaths -- four to five times as high as the UNDP survey, which used 66 times the cluster points.

The 2004 survey by the Johns Hopkins group was itself methodologically suspect -- and the one they just published even more so.

Curious about the kind of people who would have the chutzpah to claim to a national audience that this kind of research was methodologically sound, I contacted Johns Hopkins University and was referred to Les Roberts, one of the primary authors of the study. Dr. Roberts defended his 47 cluster points, saying that this was standard. I'm not sure whose standards these are.

Appendix A of the Johns Hopkins survey, for example, cites several other studies of mortality in war zones, and uses the citations to validate the group's use of cluster sampling. One study is by the International Rescue Committee in the Democratic Republic of Congo, which used 750 cluster points. Harvard's School of Public Health, in a 1992 survey of Iraq, used 271 cluster points. Another study in Kosovo cites the use of 50 cluster points, but this was for a population of just 1.6 million, compared to Iraq's 27 million.

When I pointed out these numbers to Dr. Roberts, he said that the appendices were written by a student and should be ignored. Which led me to wonder what other sections of the survey should be ignored.

With so few cluster points, it is highly unlikely the Johns Hopkins survey is representative of the population in Iraq. However, there is a definitive method of establishing if it is. Recording the gender, age, education and other demographic characteristics of the respondents allows a researcher to compare his survey results to a known demographic instrument, such as a census.

Dr. Roberts said that his team's surveyors did not ask demographic questions. I was so surprised to hear this that I emailed him later in the day to ask a second time if his team asked demographic questions and compared the results to the 1997 Iraqi census. Dr. Roberts replied that he had not even looked at the Iraqi census.

And so, while the gender and the age of the deceased were recorded in the 2006 Johns Hopkins study, nobody, according to Dr. Roberts, recorded demographic information for the living survey respondents. This would be the first survey I have looked at in my 15 years of looking that did not ask demographic questions of its respondents. But don't take my word for it -- try using Google to find a survey that does not ask demographic questions.

Without demographic information to assure a representative sample, there is no way anyone can prove -- or disprove -- that the Johns Hopkins estimate of Iraqi civilian deaths is accurate.

Public-policy decisions based on this survey will impact millions of Iraqis and hundreds of thousands of Americans. It's important that voters and policy makers have accurate information. When the question matters this much, it is worth taking the time to get the answer right.

Mr. Moore, a political consultant with Gorton Moore International, trained Iraqi researchers for the International Republican Institute from 2003 to 2004 and conducted survey research for the Coalition Forces from 2005 to 2006.

Barney And Baghdad (NYT)

By Thomas L. Friedman

The New York Times, October 18, 2006

In the competition for the biggest “October surprise” of the 2006 election cycle, it might seem hard to top North Korea’s nuclear test. But I’d suggest that in time we’ll come to see the events unfolding — or rather, unraveling — in Iraq today as the real October surprise, because what we’re seeing there seems like the jihadist equivalent of the Tet offensive.

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For those of you too young to remember, the Tet offensive was the series of attacks undertaken by the Vietcong and North Vietnamese armies between Jan. 30, 1968 — the start of the Lunar New Year — and June 1969. Although the Vietcong and Hanoi were badly mauled during Tet, they delivered, through the media, such a psychological blow to U.S. hopes of "winning" in Vietnam that Tet is widely credited with eroding support for President Johnson and driving him to withdraw as a candidate for re-election.

Total U.S. troop deaths in Iraq this month have reached at least 53, putting October on a path to be the third deadliest month of the entire war for the U.S. military. Iraqis are being killed at a rate of 100 per day now. The country has descended into such a Hobbesian state that even Saddam called on Iraqis from his prison cell to stop killing each other. He told insurgents, "Remember you are God's soldiers and, therefore, you must show genuine forgiveness and put aside revenge over the spilled blood of your sons and brothers." When Saddam is urging calm, you know things have hit a new low.

The violence in Iraq is not as coordinated as in Vietnam. You have small gangs of Sunnis and Shiites killing each other in sectarian clashes, Baathists and jihadists attacking U.S. and Iraqi forces in more organized efforts, Sunnis fighting with Kurds over turf in northern Iraq, and, on top of it all, rampant crime. Therefore, it's hard to identify a specific military order to step up the violence in Iraq, as in Tet.

But while there may be no single hand coordinating the upsurge in violence in Iraq, enough people seem to be deliberately stoking the fires there before our election that the parallel with Tet is not inappropriate. The jihadists want to sow so much havoc that Bush supporters will be defeated in the midterms and the president will face a revolt from his own party, as well as from Democrats, if he does not begin a pullout from Iraq.

The jihadists follow our politics much more closely than people realize. A friend at the Pentagon just sent me a post by the "Global Islamic Media Front" carried by the jihadist Web site Ana al-Muslim on Aug. 11. It begins: "The people of jihad need to carry out a media war that is parallel to the military war and exert all possible efforts to wage it successfully. This is because we can observe the effect that the media have on nations to make them either support or reject an issue."

It then explains that for jihadist videos of attacks on Americans to have the biggest impact, "Some persons will be needed who are proficient in the use of computer graphics including Photoshop, 3D Studio Max, or other programs that the people of jihad will need to design ... video clips about the operations."

Finally, the Web site suggests that jihadists flood e-mail and video of their operations to "chat rooms," "television channels," and to "famous U.S. authors who have public e-mail addresses ... such as Friedman, Chomsky, Fukuyama, Huntington and others." This is the first time I've ever been on the same mailing list with Noam Chomsky.

It would be depressing to see the jihadists influence our politics with a Tet-like media/war frenzy. But there are only two reasons now for the U.S. to remain in Iraq: because it thinks that staying will make things better or that leaving will make things drastically worse. Alas, it is increasingly hard to see how our presence is making things better. Iraq, under our nose, is breaking apart into so many little pieces that no political solution seems to be in the offing, because no Iraqi leader can deliver his faction anymore — and there does not seem to be an Iraqi center capable of coming together. While leaving would no doubt exacerbate the civil war, staying in Iraq indefinitely to prevent even more Shiites and Sunnis from killing one another is not going to fly with the U.S. public much longer.

Bob Woodward quoted President Bush as saying that he will not leave Iraq, even if the only ones still supporting him are his wife, Laura, and his dog Barney. If the jihadist Tet offensive continues gaining momentum, Mr. Bush may be left with just Barney.

Military Honors For A Changing Front (WP)

By Josh White

The Washington Post, October 18, 2006

The wars in Iraq and Afghanistan not only have changed the methods U.S. troops use to fight an urban insurgency, they also have caused the U.S. military services to change the way they look at honoring troops who are fighting on the difficult battlefields.

The Marine Corps this year changed the rules that determine which Marines are eligible for the Combat Action Ribbon, an honor that previously required troops to both receive and return fire against an enemy. Recognizing that the deadliest and most

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effective enemy weapon in Iraq has been the roadside bomb, officials changed the criteria to include anyone who has been exposed to the detonation of such bombs, known within the military as improvised explosive devices.

"Prior to this, a service member had to be involved in a combat firefight to qualify," said Lt. Col. Jim Taylor, acting head of the Marine Corps' military awards branch. "There was a lot of heartburn over that, especially with the nature of the conflict in Iraq," he said.

Taylor said the Marines reviewed all cases in which the Combat Action Ribbon was denied during the operations in Afghanistan and Iraq in order to apply the new criteria, and out of about 3,400 such cases, 85 were found to meet the award's qualifications. About 75,000 Combat Action Ribbons have been issued for the two conflicts so far, Taylor said.

The Combat Action Ribbon has a series of colored bands, beginning with one wide blue and one wide yellow band; a set of narrow red, white and blue bands; another wide yellow band; and a wide red band.

The Marines are now in a second phase of review, during which all active-duty Marines can submit recommendations for the same award based on the new rules. The change means that thousands of Marines could qualify if they were directly exposed to a roadside bomb detonation. The next phase, set to begin in January, will allow all Marines who are no longer on active duty to apply for similar recognition, Taylor said. The change is retroactive to Oct. 7, 2001, the beginning of the war in Afghanistan.

The Army last year introduced its Combat Action Badge, which recognizes soldiers who are exposed to enemy action but are not officially in combat roles. That badge was designed to honor soldiers such as military police, truck drivers and fuel specialists who daily face the dangers of war -- such as roadside bombs -- in Iraq's urban battlefield.

The Army's award was also the first nonmedical combat distinction to honor women who are caught in battle, whereas previous similar honors were reserved for infantrymen. The change in the badge was made in recognition that any soldier fighting in Iraq or Afghanistan can come in contact with combat situations at almost any time.

Defense Department officials are also conducting the first thorough review of military-wide honors since 1996, hoping to standardize and clarify the criteria for several awards in light of the ongoing overseas wars. That review, which could take six to eight months, is expected to provide common language in all services for awards such as the Purple Heart, given for injuries during combat, and valor devices.

Maj. Stewart Upton, a Pentagon spokesman, said the department review will look at whether there is a way to honor troops who serve multiple tours in Iraq and Afghanistan, because currently they can receive only one recognition in either campaign. The review group also will examine whether some troops who are involved in the campaigns but are not actually in the field could be eligible for campaign awards.

One example Upton cited is the Air Force rule that an airman must serve in a theater of operations to earn a campaign medal, but that would exclude airmen who load weapons on bombers in the United States that then fly overseas on operations.

"The evolving nature of warfare demands that we review policies," David S.C. Chu, undersecretary of defense for personnel and readiness, said in a statement. "For example, in the case of expeditionary medals, we must review how we define the operating 'box,' whether it is the theatre of direct action, or whether it might extend far beyond."

Farewell On A Dark Tarmac (WP)

By Amit R. Paley

The Washington Post, October 18, 2006

SATHER AIR BASE, Iraq -- His commanders gave Airman 1st Class LeeBernard E. Chavis the proud emblem of their squadron-- a blue-and-yellow flag known as a guidon -- because they knew he would rather die than lose it.

The 21-year-old District native carried it from the unit's home base in the hills of Georgia to the sands of Kuwait and onto the streets of Baghdad, where, on Saturday, he was killed by a sniper as he tried to keep civilians away from a suspected roadside bomb.

"The colors have dropped," said Maj. Thomas Miner, commander of the 824th Security Forces Squadron, as he waited to escort Chavis's body onto a C-130 Hercules late Sunday. His bottom lip quivered and his eyes turned glassy. "But we've got to pick them back up."

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More than 200 personnel from the squadron and other units stood in near-total blackness on a tarmac and saluted the man who became the unit's first combat fatality in Iraq. The guidon was solemnly carried forward, for the first time by someone else. Then a white unmarked truck pulled up and the door swung open.

"Reach for remains!" a voice barked.

The sight of the coffin, draped in a large American flag and carried toward the plane by six pallbearers, slowly distorted the faces of 18 members of Chavis's sub-unit, known as a flight, who stood in two neat rows facing the makeshift charnel.

The bottom lip of one young woman in baggy fatigues quivered, and then she began to cry hysterically, her head bobbing up and down.

A chaplain intoned: "There is no greater love that can be displayed than for a person to lay down their life for others."

Another woman started to cry, and soon two men standing nearby joined her.

The chaplain continued: "His love is proven by this ultimate sacrifice."

The legs of several airmen buckled slightly. Within a few minutes, nearly the entire flight was sobbing uncontrollably. The face of Staff Sgt. Kyle Luker turned bright red as tears streamed down his cheeks.

This type of ceremony, known as a patriot detail, is rarely observed by anyone outside the military -- not by the president, not by members of Congress, not by the children or spouse of the fallen service member. The squadron commander allowed a Washington Post reporter embedded with an affiliated unit to witness, but not photograph, the ceremony for Chavis.

He was one of 2,767 members of the U.S. armed forces or employees of the Defense Department to have died so far in the Iraq war, according to the Pentagon.

With distant gunfire punctuating the night as the ceremony approached, Chavis's friends voiced questions about the war and this latest death. One asked: Was it worth the life of a 21-year-old about to propose to his girlfriend? Another wondered aloud: Who among us will die next? And a third asked: Why would God take the life of a devoted Christian who loved to sing gospel and write R&B songs?

"It makes you question almost everything" observed Luker, 27. Still, he said, "we're not here to ask the questions and get them answered. We're here to complete the mission. We'll worry about that stuff when we get home."

Squadron members sat on the dusty tarmac and remembered their friend: How he used to trash-talk while he sprinted on the basketball court. How he planned to join the FBI or the CIA or the Bureau of Alcohol, Tobacco, Firearms and Explosives once he left the Air Force.

And how he used to write songs expressing dreams of what he'd do after leaving the bloodshed of Baghdad behind. A few minutes before the coffin arrived, one of his best friends, Airman 1st Class Ro-Derick Taylor, chanted one of the songs that the two men wrote together:

Sometimes I wish that we could go
Sometimes to a place where no one knows
Sometimes when you and me could be alone
Sometimes, sometimes.

Waiting members of Chavis's squadron noted that his aggressive work in the turret of his Humvee had possibly saved their own lives. Luker, a hulking airman with a square jaw, appeared shaken. "We have to be strong," he said. "That's what Chavis would have wanted."

Chavis was born in the District and lived there until he was 6. Then his family moved to Hampton, Va., where he attended high school. His parents recently moved to Reston.

Last year, he did a tour in the northern Iraqi city of Kirkuk, then rotated back to Georgia. There he got into a bit of disciplinary trouble, which his comrades declined to describe. But he begged to redeploy to the war zone, to Baghdad, and his commanders decided to give him a second chance. They gave him the guidon as a sign of their confidence in him.

His unit was attached to the 372nd Military Police Battalion, which trains Iraqi police in western Baghdad. His group frequently moved through the city streets in convoys, bound for training duty. On those trips, Chavis served as lead gunner, manning a .50-caliber machine gun in the turret atop the front Humvee. He was responsible for clearing a path for the rest of his team, laying down fire to provide cover if needed.

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As his convoy rumbled through central Baghdad on Saturday just after 2 p.m., squadron members recounted, it came upon an Iraqi police unit that asked for help in dealing with a suspected roadside bomb. The unit began to set up a cordon; Chavis's job was to protect his fellow airmen and prevent civilians from rushing into the potential blast area.

Confused women and children tried to walk into the area, so Chavis rose out of the protection of his turret to try to shoo them away. "Keep away! Danger!" he shouted. Just then, a sniper from a nearby building shot him in the back of the head. He collapsed into the Humvee and died instantly.

On Sunday night, the pallbearers carried the coffin aboard the plane. Then almost the entire flight marched into the aircraft to pay final respects.

But one lanky airman couldn't move. His friends tried to push him forward, but he wouldn't budge. He continued to stare straight ahead as he cried and cried.

Eventually, the mourners left the plane. Then the crew closed the plane's door. It was nearly pitch-black on the tarmac again. But by the winking, distant lights of the capital, it was possible to make out the unit's guidon, fluttering gently in the night sky.

Somalia Simmers (WP)

The Washington Post, October 18, 2006

FOUR MONTHS ago an Islamic fundamentalist movement gained control of Mogadishu, the capital of Somalia, after defeating an alliance of local warlords backed by the United States. Since then the Islamic Courts Union, as the alliance is called, has expanded its control over much of southern Somalia, including the port city of Kismaayo. It has alternatively negotiated and skirmished with a rival, internationally backed government that clings to a base in the western town of Baidoa. It has come to the brink of war with neighboring Ethiopia, which reportedly has sent troops into Somalia, and has won the support of Ethiopia's hostile neighbor, Eritrea.

The Islamic courts' central council has meanwhile come under the control of an extremist who is on the U.S. government's list of terrorists. One of its principal militia commanders is linked to murders of Western aid workers and journalists and is believed to be sheltering three members of the al-Qaeda movement who were involved in the 1998 U.S. embassy bombings in Kenya and Tanzania. There are reports that more foreign fighters are arriving in Mogadishu to join the movement, drawn by its call for jihad against Christians in Ethiopia.

What is the United States doing about this dangerous combination of an emerging terrorist base and possible regional war in East Africa? The sad and alarming answer is next to nothing. Since its allies were driven out of the Somali capital in June, the Bush administration has had few contacts and obtained scant intelligence about the Islamic courts. Officials maintain they don't even know for sure whether Ethiopian troops are in the country; the Somalis say they have seen and even fought them, but the Ethiopian government denies it.

In short, Somalia is looking more and more like Afghanistan in the late 1990s -- dominated by an Islamic fundamentalist movement that shelters al-Qaeda; prone to the meddling of neighbors; virtually ignored by the United States. Sadly, the chief difference is that, because of poor intelligence, even a military strike such as that attempted by the Clinton administration against Osama bin Laden in 1998 looks unfeasible.

The administration may have several international crises to worry about, but it cannot afford to neglect this gathering threat. It ought to appoint a special envoy to the region who could begin to work with the Ethiopian, Eritrean and regional Somali governments, and try to restrain them from touching off a regional war. The administration should seek contact with moderate elements in the Islamic courts (there are some) and encourage the ongoing mediation efforts of the Arab League. It should exercise greater control over the Somali coastline. It should consider giving diplomatic recognition to the breakaway northern region of Somaliland, which has a benign government. If the terrorist threat in Somalia cannot be eliminated by direct action, it must at least be contained.

DOJ:

Harry Jaffe: D.C.'s New Top Lawman Is A Stranger To Our Streets (WASHEX)

DOJ_NMG_0082569

By Harry Jaffe

Washington Examiner, October 18, 2006

WASHINGTON - Meet Jeffrey Taylor, who is suddenly and without much fanfare the most powerful law enforcement official in D.C. Taylor is a 41-year-old lawyer. He was born and raised in small towns in Northern California. He played high school football and got A's. He went to Stanford University and got a law degree from Harvard. He served as a prosecutor in San Diego, worked for Sen. Orrin Hatch, R-Utah — where he helped write the U.S. Patriot Act — and did a stint with then-Attorney General John Ashcroft. Most recently, he was counsel to Attorney General Alberto Gonzalez.

Now he's our top lawman.

What, among his stellar credentials, qualifies Taylor to become the United States Attorney for the District of Columbia? He has experience in fighting terrorists, but can he battle the terrorists who shoot up corners in Anacostia and shake down D.C. residents in Georgetown?

These are some of the questions Delegate Eleanor Holmes Norton will have on her mind today when Taylor is scheduled to have his first meeting with our representative in Congress.

"He will be essentially a district attorney," says Norton, who was not consulted on Taylor's appointment. "The great majority of his cases will be criminal cases from the District of Columbia."

I have not met Taylor, who lives with his wife on Capital Hill. I am not passing judgment on him. But it worries me when the top prosecutor in town has never worked our streets.

I wonder how a lawyer who has succeeded among the hard-core Republican elite and specialized in national security matters can direct homicide cases in the lawless lanes of D.C. Our U.S. Attorney's Office is unique. With 350 lawyers, it is the largest among federal prosecutorial operations. More importantly, it is the only one in the nation that handles both federal and local criminal cases. In every other major city, a local district attorney — elected or appointed — prosecutes local thugs. It is a sad and humbling aspect of Home Rule that we in D.C. have a federal appointee as our D.A.

Taylor succeeds Ken Wainstein, who moves up to run the Justice Department's new National Security Division. Wainstein was terrific for D.C. Like Taylor, he was a favorite at Main Justice, and he also held a top job at FBI headquarters; but Wainstein also worked as a line prosecutor here in D.C. for years. He locked up murderers. He knew our turf, he put his prosecutors in the community, he sent them after gang-bangers and local hoodlums. Jeff Taylor made his mark as an elite terrorist hunter. He helped create the Patriot Act. A few weeks ago he was Alberto Gonzales' top counselor on terrorism and national security.

My fear is that he will favor national security prosecutions over keeping D.C. residents secure. When Bill Clinton was president, Eleanor Holmes Norton helped select federal judges and the U.S. Attorney. George W. Bush appoints with little regard for D.C.'s needs.

No wonder Norton believes D.C. should have its own district attorney.Harry Jaffe has been covering the Washington area since 1985. E-mail him at hjaffe@washingtonian.com.

7 Departments Miss Senator's Deadline To List High-cost IT Projects (FEDTIMES)

By Daniel Friedman

Federal Times, October 18, 2006

Seven departments have missed a deadline to detail their most expensive information technology projects for a Senate subcommittee.

Sen. Tom Coburn, R-Okla., last month directed all agencies to submit lists by Oct. 13 of IT projects worth more than $250,000 to the Senate Homeland Security and Governmental Affairs subcommittee on financial management, which he chairs.

"A non-response raises the level of concern . . . that there may be inefficiencies," said John Hart, a spokesman for Coburn. "The only way those questions can be answered is a complete response."

For each project, Coburn requested that agencies note the project's vendor, when work began, the project's original estimated cost and how much money has been spent so far. The letter also asked whether cost overruns have occurred, if a new cost estimate has been made and what that estimate is.

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As of Oct. 16, the Agriculture, Energy, Homeland Security, Housing and Urban Development, Justice, State and Veterans Affairs departments had not responded, according to Hart. All other departments had either submitted the information or requested an extension, he said. Coburn has not yet reviewed the lists that were received, Hart added.

HUD spokesman Jerry Brown said the department had not responded because officials there mistakenly assumed they had 30 days to reply after receiving the letter on Sept. 25.

"We are still working to get [Coburn] the information," Brown said.

Justice Department spokeswoman Kathleen Blomquist said the department contacted the senator's office on Oct. 16 and is creating a list.

None of the other departments responded immediately to requests for comment.

Coburn, a consistent critic of what he says is wasteful spending in areas such as federal travel, recently turned his attention to information technology expenditures, which have grown rapidly over the last five years. Coburn chaired a subcommittee hearing on the topic in September and said he will hold additional hearings on specific projects.

Following pressure from Coburn and from the Government Accountability Office, the Office of Management and Budget last month released lists of federal IT projects that are considered to be at high risk or that are on a management watch list. OMB puts projects on the high-risk list due to factors including importance to an agency and cost. The management watch list includes IT projects for which the business cases demonstrate one or more planning weaknesses.

Justice Task Force Looks Into Privacy (FCW)

By John Moore

Federal Computer Week, October 18, 2006

A task force has issued a series of recommendations regarding privacy in justice information systems.

The Privacy Technology Focus Group was chartered to examine the exchange of personally identifiable information, focusing on justice and public safety data. Last November, the Justice Department brought together a group of public- and private-sector specialists to look into privacy technology. The group's working teams covered areas such as access and authentication, data aggregation and dissemination, and identity theft.

A report issued earlier this month that stemmed from the focus group's activities offers suggestions. Some relate to the Global Justice Extensible Markup Language Data Model (JXDM). For example, the report recommends reviewing and creating privacy metadata in Global JXDM. That metadata would describe sensitivity, use limitations and other characteristics of data.

In addition, the report suggests funding and training to encourage state and local agencies to move toward Global JXDM, the National Information Exchange Model and a baseline definition of identity data elements. Global JXDM is an XML standard designed for criminal justice information exchange. The National Information Exchange Model extends Global JXDM to other information domains.

Other recommendations include:

Appointing a team of policy and technology specialists from the public and private sectors to assess and revise "Fair Information Principles as they relate to specific justice circumstances and technologies," the report states. Those principles come from government information-handling guidelines that have accumulated in the past two decades.

Developing a strategic plan to use anonymization in justice, public safety and homeland security initiatives to protect privacy while improving information sharing. "Anonymizing data permits multiple parties to correlate data from multiple sources without revealing personally identifiable information until or unless appropriate," according to the report.

Establishing a grant condition that requires applicants to address identity management within programs and systems development backed by national funding. The focus group's report was prepared under the auspices of the Office of Justice Programs' Bureau of Justice Assistance in conjunction with DOJ's Global Justice Information Sharing Initiative. The group's steering committee included representatives from DOJ, IJIS Institute, Global XML Structure Task Force and the National Network to End Domestic Violence Fund.

CORPORATE SCANDALS:

DOJ_NMG_0082571

Trial Judge Vacates Conviction Of Late Enron Founder Lay (USAT)

By Greg Farrell

USA Today, October 18, 2006

The late Ken Lay, the Enron founder who was convicted in May of deceiving investors about Enron's finances, is once again innocent in the eyes of the law.

U.S. District Judge Sim Lake, who presided over the trial of Lay and his colleague Jeff Skilling in Houston earlier this year, issued an order Tuesday vacating Lay's conviction and dismissing the indictment against him.

"The court concludes that Lay's conviction must be vacated," wrote Lake in a 13-page opinion. "The indictment against Kenneth L. Lay is dismissed."

Ever since Lay died of a heart attack in Aspen, Colo., July 5, following his conviction at trial but before he had the chance to appeal the verdict, Lake's ruling has been widely expected. As a matter of law, a conviction against a criminal defendant is not final until the defendant has had the chance to appeal the verdict. Therefore, Lay's death short-circuited the full legal process to which he was entitled.

"Mr. Lay never had the chance to appeal," said Sam Buffone of Ropes and Gray, who represented the estate of Ken Lay. "We were eager to appeal."

Prosecutors fought an uphill battle against Lake's decision, arguing last month that he should postpone his ruling until Congress had the chance to pass a new law changing the ground rules for defendants who died before getting a hearing before an appellate court. But Congress never seriously considered the new law.

The ruling is a boost for members of Lay's family, who no longer face criminal forfeiture proceedings by the Department of Justice. After Lay was found guilty in May, Justice took steps to track down and seize $40 million from Lay, even though he testified in his trial that he was virtually bankrupt.

Justice, which plans to pursue forfeiture in civil proceedings, issued the following statement Tuesday: "Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial. We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

As for Skilling, Lay's co-defendant, the ruling has no impact. In May, jurors convicted Skilling, who served as CEO of Enron in 2001, of 18 separate criminal charges. He is slated to be sentenced on Monday.

When Lay died in July, some Houston residents and former Enron shareholders vented their rage that he had escaped a prison term. Many, on the Web and on talk radio, demanded an autopsy. But an autopsy conducted in Aspen showed that Lay did indeed have heart problems, and that he died of natural causes.

Despite the dismissal of the indictment against Lay, some observers believe the former Enron CEO will never escape the shadow of his role in Enron's collapse. "He's innocent with an asterisk," says Christopher Bebel, a Houston attorney who followed the case closely. "History will accurately record this episode, and the slate will not be wiped clean. When future generations look back, they will look at it as a situation where guilty verdicts were reached. A massive indictment was brought after $60 billion in market valuation evaporated, and a jury held him accountable."

Conviction Of Enron's Lay Is Vacated By Judge (WSJ)

By Ashby Jones

The Wall Street Journal, October 18, 2006

U.S. District Judge Sim Lake Tuesday vacated the conviction of former Enron Corp. Chairman Kenneth Lay, who was convicted on May 25 on fraud and conspiracy charges and suffered a fatal heart attack on July 5. (Read the text of the ruling.1)

Established law in the judicial Fifth Circuit, which includes Texas, and elsewhere holds that when a defendant dies before he or she has the chance to complete an appeal, the conviction essentially gets wiped away.

According to Judge Lake's opinion, the government had argued that Mr. Lay's estate shouldn't get to keep the proceeds of fraud that would otherwise be subject to forfeiture and distribution to victims of the crimes. Judge Lake rejected this argument, citing precedent stating that an individual who suffered a loss may pursue reimbursement in civil court. Although the government

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had asked Judge Lake to defer his ruling so it could seek retroactive legislation in Congress to let the conviction stand, he said "the court is bound to follow Fifth Circuit precedent."

"We are pleased with the ruling and are glad that this brings to a close the criminal proceedings against Mr. Lay," said Ropes & Gray LLP's Samuel Buffone, the lawyer for Mr. Lay's estate.

"Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial," said Bryan Sierra, a Justice Department spokesman. "We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

Judge Throws Out Kenneth Lay's Conviction (NYT)

By Kate Murphy

The New York Times, October 18, 2006

HOUSTON, Oct. 17 — A federal judge on Tuesday threw out the fraud and conspiracy conviction of Kenneth L. Lay, the former Enron executive, who died of heart failure in July while on vacation in Colorado.

Judge Simeon T. Lake III ruled that the conviction must be voided because Mr. Lay cannot pursue an appeal his guilty verdict.

The decision, which had been expected, prevents the government from trying to seize more than $43.5 million from Mr. Lay's estate that prosecutors claimed he stole from Enron before it collapsed in 2001.

Mr. Lay, who was 64, died about six weeks after he and another former chief executive, Jeffrey K. Skilling, were convicted of spearheading the fraud that led to Enron's collapse in December 2001.

"We're very pleased that the criminal case against Mr. Lay is now over," said Sam Buffone, the lawyer who successfully filed the motions to have both Mr. Lay's indictment and conviction dismissed. A jury found Mr. Lay guilty in May of six counts of conspiracy and fraud, and Judge Lake, in a separate trial, found him guilty of four counts of bank fraud.

Mr. Skilling, who was convicted of 19 counts of fraud, conspiracy and insider trading, is scheduled to be sentenced on Monday.

Prosecutors has initially sought $139.3 million from Mr. Skilling and $43.5 billion from Mr. Lay. But after Mr. Lay's death, the government moved to force Mr. Skilling to pay the entire $182.8 million.

Mr. Lay, who before his trial presented the image of an avuncular philanthropist who played golf with presidents, was often prickly and argumentative on the witness stand. He appeared sullen, shook his head dismissively and slouched in his chair throughout the four-month trial. Even after his conviction, he maintained that he had not committed any crimes and that, moreover, Enron was a healthy company brought down by unfavorable news coverage and the deceit of his chief financial officer, Andrew S. Fastow.

In his 13-page decision, Judge Lake cited established case law that required revocation of convictions if defendants die without opportunity to appeal. The Justice Department had asked the judge to delay ruling until Congress had time to pass legislation that would have retroactively allowed Mr. Lay's conviction to stand. But lawmakers recessed before considering the matter.

Tuesday's decision will make it harder for former Enron employees and shareholders to lay claim to the millions in Mr. Lay's estate because they cannot point to his criminal conviction as proof of wrongdoing.

But, David Berg, a defense lawyer in Houston, said, "The civil suits are going after deeper pockets like the investment banks" that have been accused of participating in the fraud.

While many former Enron employees expressed outrage and Internet blogs seethed that Mr. Lay's conviction had been "erased from the books," others were resigned.

"I'm numb to the whole thing," said Tina Tennant, who was an executive assistant at Enron and is part of the class-action lawsuit. "It's over and it's really over now."

Judge Revokes Lay's Conviction (WP)

By Carrie Johnson

The Washington Post, October 18, 2006

DOJ_NMG_0082573

A federal judge in Houston yesterday wiped away the fraud and conspiracy conviction of Kenneth L. Lay, the Enron Corp. founder who died of heart disease in July, bowing to decades of legal precedent but frustrating government attempts to seize nearly $44 million from his family.

The ruling worried employees and investors who lost billions of dollars when the Houston energy-trading company filed for bankruptcy protection in December 2001. It also came more than a week after Congress recessed for the November elections without acting on a last-ditch Justice Department proposal that would have changed the law to allow prosecutors to seize millions of dollars in investments and other assets that Lay controlled.

With the judge's order, Lay's conviction on 10 criminal charges will be erased from the record. "The indictment against Kenneth L. Lay is dismissed," U.S. District Judge Simeon T. Lake III wrote in a spare, 13-page order.

Legal analysts said Lake's ruling closely hewed to a long-held doctrine called abatement, which allows a conviction to be vacated if defendants die before they are able to exercise their right to appeal. Courts typically rule that defendants' constitutional rights to challenge their convictions outweigh other considerations, and the law hesitates to punish the dead, the analysts said.

Samuel J. Buffone, a Washington-based lawyer for Lay, said the family was pleased with the ruling. "As far as we're concerned, this is the last step," Buffone said. "It's as if the indictment never occurred."

But governance experts said Lay's name forever will be linked with the era's most complex and far-reaching corporate fraud.

"A lot of lives were ruined, both the perpetrators' and the victims,' " University of Tennessee corporate governance expert Joseph V. Carcello said. "This happened on his watch. Even if he's not legally culpable, he's culpable as a manager."

Regulators at the Securities and Exchange Commission still may pursue their civil case against Lay's estate, but their task will be more difficult because they can no longer introduce the fact of his conviction and instead must prove again, in a resource-intensive trial, that he broke the law. The SEC case has been stayed pending resolution of the status of Lay's criminal conviction. The agency's five commissioners must decide in the weeks to come whether to proceed against Lay's estate.

The court ruling shifts the spotlight onto former Enron chief executive Jeffrey K. Skilling, 52, who is to be sentenced Monday on 19 fraud, conspiracy and false-filings charges. Skilling, Lay's protÃ©gÃ© and fellow defendant, handled day-to-day operations at Enron until his resignation in the summer of 2001 and faces more than two decades in prison.

Skilling is the sole survivor from Enron's top management ranks and the one most likely to pay a heavy price for his decision to vigorously fight the charges against him. Earlier this month, Skilling laid out several avenues for appeal, including jury bias, faulty instructions by the judge and what he called overreaching by prosecutors that infringed on his constitutional rights.

Former finance chief Andrew S. Fastow, whom Skilling has painted as the man most responsible for the company's downfall, pleaded guilty to two conspiracy charges and gave damaging testimony against his onetime patrons. A separate federal judge in Houston last month sentenced him to six years in prison, a 40 percent reduction from the seemingly iron-clad deal his defense team had struck with the government. The leader of an Enron employees group later called the benefit to Fastow "a slap in the face."

The lead plaintiffs in a separate shareholder lawsuit against former Enron executives and other advisers accused of helping the company conceal its financial problems already have said they intend to focus their attentions not on Lay's family, but on investment banks with deeper pockets.

Days before Lay's death, prosecutors had filed court papers seeking to extract $43.5 million from his financial holdings, including $6 million in a recently matured investment and at least $1.5 million more that Lay used to cover part of the mortgage on a luxury apartment in Houston. The government said it intended to set aside the money in a special fund for Enron investors and employees. Now, federal prosecutors are seeking to hold Skilling responsible for Lay's share, over Skilling's objections.

Separately yesterday, lawyers for the Lay family asked the court to release a $5 million bond that had been secured by the homes of several of Lay's five children. Federal prosecutors at the Enron Task Force declined to comment.

"Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial," Justice Department spokesman Bryan Sierra said. "We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

Lay, 64, collapsed in a rental home near Aspen, Colo., about a month after a Houston jury found him guilty of conspiring to mislead employees and investors about Enron's mounting financial problems. His death unleashed vicious criticism on the Internet and prompted conspiracy theories that were dispelled by a coroner's report and sheriff's deputies.

A man accustomed to flying in private jets and mingling with the Bush family, foreign diplomats and owners of professional sports teams, Lay was brought low by a widening scandal after disclosures that Enron had disguised billions of dollars in debt and manufactured revenue. He told the jury at his trial earlier this year that he was in the hole $250,000 after years of spending lavishly on homes, vacations and his five children.

Federal prosecutors baited Lay into displaying a short temper and a flair for micromanagement on the witness stand, and pounced when Lay could not explain why he sold more than $77 million in Enron shares back to the company in the months before its demise.

In recent weeks, Lay's family paid an undisclosed sum to settle a smaller civil case filed by former Enron employees over their pension and retirement funds.

Ken Horton, a former Enron manager who was laid off alongside thousands of others in December 2001, said he had steeled himself for the conviction to be extinguished after word of Lay's death three months ago. But Horton, who pegged his retirement and savings plan losses in the six-figure range, expressed "great" concern that he and former colleagues would never be made whole financially. Horton said he has received only $4,000 to date.

"If I got 10 cents on the dollar, I would be elated," Horton said.

JUDGE VOIDS CONVICTIONS AGAINST LAY (HC)

By Tom Fowler

Houston Chronicle, October 18, 2006

Ruling prevents U.S. from taking late Enron chief's assets, but civil suit still an option

The criminal case against Ken Lay came to an end Tuesday when a judge vacated his convictions and dismissed the indictment that brought him to trial.

U.S. District Judge Sim Lake granted the request by Lay's estate to wipe out the convictions against the late Enron chairman, an outcome that was widely anticipated, given legal precedent. Lake also dismissed the indictment that was filed against him in 2004.

In his ruling, Lake cited a decision in the 5th Circuit Court of Appeals that makes a defendant's death before his or her appeals have been exhausted grounds for throwing out a conviction and dismissing an indictment.

The Department of Justice had argued against vacating the conviction, saying it would unjustly enrich Lay's estate by preventing criminal forfeiture proceedings to recover restitution for victims of Enron's downfall.

The government even proposed a law that would prevent courts from vacating criminal convictions in such circumstances. That effort didn't succeed.

Lay died July 5 from heart disease, just weeks after a jury found him guilty on six charges of conspiracy and fraud and Lake found him guilty on four charges of bank fraud.

The same jury convicted former Enron CEO Jeff Skilling of 19 criminal counts. Skilling's sentencing is Monday.

Lake said in his 13-page ruling that current law is clear.

"Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow 5th Circuit precedent," Lake wrote.

Sam Buffone, an attorney representing the Lay family, said, "We're very pleased with the ruling and glad this finally brings to a close the criminal prosecution against Mr. Lay."

Lay's camp was expected to file a motion to release the $5 million bond posted after the jury found him guilty. The bond was secured by the mortgages of homes owned by three of his children.

SEC proceeding activeThough Lake's ruling thwarts the government's attempt through a criminal proceeding to seize what it claims would be millions of dollars in assets from Lay's estate, it doesn't preclude the government from doing the same through a civil action.

The Securities and Exchange Commission has a civil proceeding against Lay that it brought in 2004, but prosecutors could also file their own case.

The Justice Department hasn't said if it will go after Lay's assets via a civil proceeding. A statement from Justice Department spokesman Bryan Sierra on Tuesday, however, seems to indicate that's a possibility.

"We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron," Sierra said. "Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial."

Prosecutors could appeal Lake's ruling directly to the 5th Circuit, but Kirby Behre, a former prosecutor who has followed the case, wonders what grounds they would use for their arguments.

Ex-employees dismayedOne argument prosecutors could make is found in a September filing in which they asked Lake to delay his decision until Monday — when Lay was also slated to be sentenced — so Congress could consider their proposed law. Prosecutors noted it would be in the best interests of victims if such convictions stood, allowing the recovery of assets from the estates involved.

"But when you have various methods of reaching the same ends, such as making victims whole, just because one method is closed off doesn't mean an injustice is being carried out," Behre said.

It does not appear that attorneys for Enron shareholders will continue to pursue assets of the estate in the massive class action now pending, according to a source familiar with the case.

The judge's decision disappointed former Enron employees.

"It's not right for the victims of this crime and for the recovery of the money from his estate," said Rod Jordan, head of the Severed Enron Employees Coalition.

Will Perry, a former Enron Energy Services employee, said: "I don't think that should have happened. He was just as, if not more, guilty than Skilling."

However, Tracey Michel, a six-year veteran of Enron's information technology department, said she always saw Lay as undeserving of the charges, but she's also concerned about the ruling's impact on recovery for former employees.

"I think the people who worked for him took advantage of him," Michel said. "But I do think he should have given some money back."

Jurors in the Lay-Skilling case also weighed in.

Doug Baggett never thought the conviction would be vacated.

"I was surprised and disappointed, but I still have to respect and uphold the judge's opinion," he said. "I'm not a lawyer, but as someone who spent four months of their life in the courtroom, it's upsetting."

'That's how it is'Juror Carolyn Kuchera said the move was inevitable given what she understood the law to be.

"It's a disappointment, of course, but that's how it is," she said.

Lake also denied a motion from Russell Butler, who called himself a victim and had asked for an order of restitution.

Butler, a shareholder who said he lost about $8,000 in stock when Enron imploded, said he has asked his attorney to look into challenging the ruling.

"The jury has spoken, and the jury has found Lay guilty. His estate should bear the economic burden," said Butler, who works as the executive director of the Maryland Crime Victims Resource Center. "They've benefited from this like it never happened, and as for all the victims of Mr. Lay, we're ignored. The court never really addressed our arguments."

Chronicle reporter Purva Patel contributed to this report.

Enron Founder's Conviction Vacated (AP)

By Juan A. Lozano, Associated Press

AP, October 18, 2006

HOUSTON — A federal judge Tuesday vacated the conviction of Enron's late founder Ken Lay, wiping out a jury's verdict that he committed fraud and conspiracy in one of the biggest corporate scandals in U.S. history.

Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two cases May 25. Enron's collapse in 2001 wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

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Lay died of heart disease July 5 while vacationing with his wife, Linda, in Aspen, Colo.

U.S. District Judge Sim Lake, in a ruling Tuesday, agreed with Lay's lawyers that his death required that his conviction be erased and his indictment dismissed. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case, because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

"On behalf of his estate, I'm really quite pleased with the ruling and glad this brings to a close the criminal proceeding against Mr. Lay. The judge engaged in a fair and reasoned application of 5th Circuit law," said Samuel Buffone, the attorney for Lay's estate.

Tuesday's ruling thwarts the government's bid to seek $43.5 million in gains that prosecutors allege he pocketed by participating in Enron's fraud. The government still could pursue that money in civil court, but they would have to compete with any other litigants pursuing Lay's estate.

Lake also denied a request from Russell Butler, who said he was a victim of Enron's collapse and had asked for an order of restitution based on Lay's conviction.

"With this ruling, the criminal case is over. It doesn't end the civil case or the ability of anyone to file or pursue a civil case against the estate," Buffone said.

Kelly Kimberly, spokeswoman for Lay's family, declined to comment, referring reporters to Buffone.

A spokeswoman for the Department of Justice did not immediately return a call seeking comment.

Prosecutors offered no counter legal argument in the case, but asked Lake to hold off on a ruling until next week so Congress could consider legislation from the Justice Department that changes federal law regarding the abatement of criminal convictions. Congress recessed for the elections without considering the legislation.

In their motion to Lake last month, prosecutors Sean Berkowitz and John Hueston wrote that certain provisions of the proposed legislation would apply to Lay's case, including "that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment."

"Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow Fifth Circuit precedent," Lake wrote.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001, when years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable.

Lay's co-defendant, former Enron Chief Executive Jeffrey Skilling, is scheduled to be sentenced Monday.

Judge Vacates Ken Lay's Enron Conviction (UPI)

United Press International, October 18, 2006

HOUSTON, Oct. 17 (UPI) -- A Houston judge Tuesday vacated the indictment and criminal conviction of former Enron Corp. Chairman Ken Lay, who died July 5 of a heart attack.

U.S. District Judge Sim Lake's action followed a request by Lay's estate, the Houston Chronicle reported Tuesday.

The action, largely expected, lifts a cloud from Lay's name. He died just weeks after a Houston jury convicted him on six charges of conspiracy and fraud and, separately, Lake found him guilty on four charges of bank fraud.

That fraud is widely seen as the cause of the energy giant's collapse, which destroyed the pensions and investments of thousands.

In vacating Lay's indictment and conviction, Lake cited a 5th Circuit Court of Appeals decision that makes death, before the appeals process has been exhausted, grounds for tossing convictions and indictment. Justice Department lawyers had opposed the action.

Lake is scheduled to sentence Jeff Skilling, Enron's former chief executive and Lay's co-defendant, Monday.

McGuire's Option Deals Could Lead To Criminal Charges (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, October 18, 2006

Authorities are likely to take a deep look at the backdating activities at UnitedHealth, former prosecutors say.

The sheer size and persistence of stock-option backdating at UnitedHealth Group Inc. could be the basis of a criminal investigation, former federal prosecutors said Tuesday.

Particularly vulnerable is Chief Executive William McGuire, the prime beneficiary of the backdating that allowed top executives to reap additional millions of dollars in profits by granting their options at times when UnitedHealth's stock was at low points.

"Because of the scale of the options granting, this has to be put in the egregious category, and that makes criminal prosecution more likely," said Christopher Bebel, a Houston securities attorney who once prosecuted white-collar cases for the U.S. attorney's office in Minnesota.

McGuire's unexercised options totaled more than $1.6 billion at the end of last year.

He resigned as chairman Sunday and will depart as CEO by Dec. 1 as the result of an independent investigation into the company's backdating practices.

UnitedHealth spokesman Mark Lindsay said the company has seen no indication from authorities of any criminal investigation.

The company previously has acknowledged that it is under investigation by the Securities and Exchange Commission, the Internal Revenue Service and the Justice Department through the office of the U.S. attorney for the Southern District of New York, best known for prosecuting Wall Street and securities matters.

Minneapolis attorney Doug Kelley, a former assistant U.S. attorney, said the involvement of the Southern District is a signal that criminal issues are being pursued. The SEC also can make recommendations to the Justice Department if it thinks criminal prosecution is appropriate, Kelley said.

Bebel said the report by an independent review group, the law firm of Wilmer Cutler Pickering Hale and Dorr, will give federal regulators and prosecutors a starting point for considering whether to pursue civil and/or criminal cases.

"That will be an excellent road map for government attorneys. It will allow them to hit the road running and shave a few miles off of the marathon," Bebel said.

The report released Sunday said senior executives "failed to ensure that the option granting practices were appropriate."

The report also said SEC filings regarding the options and related accounting steps "were not accurate in certain respects."

Bebel said that failure to adequately report the backdating could be seen as a "material omission" in SEC filings.

The prominence of McGuire and UnitedHealth could make them more of a target than a smaller, less well-known company, Kelley said.

"Deterrence is one of the noted outcomes of criminal prosecutions in the white-collar area," he said.

Kelley also said the company's decision to reprice the options in question for McGuire, President Stephen Hemsley and other executives may be too little, too late for authorities.

"Their decision to reprice options, while admirable, will not forestall a criminal investigation," Kelley said.

McGuire reaped $427 million from stock-option exercises from May 1997 to February 2006, according to Thomson Financial. He exercised those shares for $68.6 million and sold them for $496.3 million. Of those, some were from options granted during the period under the backdating review.

The continued uncertainty over UnitedHealth's change in command was reflected on Wall Street on Tuesday when Moody's Investors Service downgraded both short- and long-term debt to a "negative" outlook.

"These are not issues that have quick fixes and will require a cultural change at the board of directors and senior management level, which will take some time to accomplish," said Stephen Zaharuk, a Moody's vice president.

Staff writer Patrick Kennedy contributed to this report. David Phelps • 612-673-7269 • dphelps@startribune.com

UnitedHealth To Pay Departing CEO $5.1M A Year For Life; Value Of Options Hoard Unknown (FINDLAW/AP)

By Joshua Freed, Ap Business Writer

AP, October 18, 2006

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(AP) - MINNEAPOLIS-After being forced to step down over the company's compensation practices, UnitedHealth chief executive William McGuire will retire on $5.1 million (â,¬4.08 million) a year, according to the calculations of a watchdog group.

McGuire has agreed to retire by Dec. 1, and he stepped down from his post as chairman on Sunday. The move came after a company-sponsored investigation determined that many of the company's stock options were backdated to make them more favorable for the recipients, including McGuire, other executives, and thousands of UnitedHealth employees.

McGuire's retirement benefits include a $6.5 million (â,¬5.19 million) lump sum, according to Portland, Maine-based group The Corporate Library, which has criticized McGuire's pay before.

McGuire has stock options that were worth $1.78 billion (â,¬1.42 billion) as of the end of 2005. Their current value is not known. Investors have sold off UnitedHealth shares since questions about options backdating arose in March. Then, on Sunday, UnitedHealth said McGuire would re-price his options to the highest point in the year they were granted to remove any possibility that he got a favorable price.

McGuire's 1999 employment contract, which has been amended since then, has been criticized as too generous, but the severance provisions came into sharper focus on Monday now that he is leaving.

In mid-April, McGuire asked the company's board to stop issuing new stock options to him and some other senior managers, to cap an executive retirement plan, and to get rid of noncash perks. The company said in May that those changes had been adopted, although no amendments to McGuire's employment agreement were filed. UnitedHealth spokesman Mark Lindsay did not return phone messages seeking comment.

McGuire's base salary was $2.3 million (â,¬1.84 million) a year but he cleared more than $100 million (â,¬79.9 million) in years that he cashed in stock options.

Paul Hodgson, who researches compensation at The Corporate Library, said there are far too many elements of guaranteed pay in McGuire's contract.

His rising base salary triggers a rising bonus and a rising pension, Hodgson said.

"A board that agreed to this type of compensation was already compromised before stock option backdating became an issue," he said.

Executives such as McGuire usually take their retirement benefits as a lump sum, said Patrick McGurn, executive vice president and special counsel to Institutional Shareholder Services, a proxy advisory firm. That added up to $98 million (â,¬78.31 million) for former Exxon Mobil Corp. Chairman and CEO Lee R. Raymond when he retired at the end of last year.

At UnitedHealth, "This board didn't seem to do a very good job on negotiating on a lot of issues with McGuire, so I think it was probably par for the course," McGurn said. "Other boards have done just as poorly, so they're not alone."

McGuire could be forced to give up some or all of those gains, said James Cox, a professor of corporate securities law at Duke University. He said he thinks it's "very likely" that McGuire will have to give back his stock options.

"These are ill-gotten gains and they should be returned," Cox said.

But by re-pricing his stock options to eliminate any wrongful gain, McGuire has already gotten rid of his gain and shouldn't have to pay anything back, said Joseph Grundfest, a former member of the Securities and Exchange Commission who is now a law professor at Stanford University.

"Let's assume that you gained a dollar because of misdating, and you shouldn't have gained that dollar. By giving that dollar back you've in effect disgorged the gains to which you're not entitled," he said.

How UnitedHealth Spotlights Gap In Reform (WSJ)

By Alan Murray

The Wall Street Journal, October 18, 2006

A shocker in Sunday's report on the options heist at UnitedHealth Group Inc. is that Chief Executive William McGuire had an inside man on the company's board: William G. Spears, graduate of Choate and Princeton, a Harvard M.B.A., and the founder of a New York investment-management firm that bears his name.

Mr. Spears was head of the UnitedHealth board's compensation committee and also chairman of the "ad hoc" committee that negotiated Dr. McGuire's rich 1999 re-employment contract. That contract was signed in December of that year, according

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to the report released Sunday, but it included a grant of one million options dated back to Oct. 13 -- the day the company's stock price reached its low for the year.

The backdating meant Dr. McGuire's options, intended to give him an incentive to grow the company, were already "in the money" to the tune of about $12 million by the time he received them. A nice little bonus, even for a future billionaire.

In theory, Mr. Spears was an "independent" director. But the investigation, led by former SEC enforcement chief William McLucas, discovered he had close financial ties to Dr. McGuire. He served as trustee for two trusts benefiting the CEO's children and managed between $15 million and $55 million of the McGuire family fortune. In June 1999, just months before the employment agreement was renegotiated, Dr. McGuire also invested $500,000 to help Mr. Spears repurchase his money-management firm from a financial conglomerate that had acquired it.

TALKING BUSINESS

Email business@wsj.com1 and read reader comments Saturday at WSJ.com/TalkingBusiness2.

Lawyers for Mr. Spears argue all this was duly disclosed. They cite an email sent by the company's general counsel, David Lubben, Oct. 12, 1999, to its outside counsel. According to the McLucas report, that email indicated "disclosure of some 'conflict' had been made to the 'full' board."

Trouble is, no one on the board remembers being told of the relationship. Two directors told investigators they were "adamant that they believe they would have remembered had they been told." Board members insist they first learned of the Spears-McGuire financial entanglement in April of this year, when investigators uncovered the matter. The board put off dealing with it until this weekend, after completion of the McLucas report.

Mr. Spears told investigators he never focused on the grant dates of Dr. McGuire's options. He also told investigators it simply didn't occur to him that his financial dealings with the CEO might be a conflict of interest.

That is hard to swallow. It is also a perfect illustration of why directors need to be free of such financial ties. Mr. Spears is just the latest example of the quiet seduction that occurs on cozy corporate boards. He was supposed to be the shareholders' representative in negotiating with the clever Dr. McGuire. Surely, it was hard for him to play that part when his bread was being so generously buttered by the man with whom he was negotiating.

Much has changed since 1999. For one thing, the Sarbanes-Oxley law passed in the wake of the corporate scandals of 2002 now requires option grants to be reported in 48 hours -- making backdating extremely difficult, if not impossible. For another, corporate boards are under fire, and as a result spend a lot more time doing their jobs. They are likely to pay more attention to pesky details, such as options-grant dates.

Still, the UnitedHealth mess suggests there is more to be done. Sarbanes-Oxley put strict requirements on audit committees, but not on compensation committees. They should consist of truly independent directors and should work with truly independent compensation consultants. (Mr. Spears' ad hoc committee was advised by the now-defunct Arthur Andersen LLP, which was also the company's outside auditor, thus raising questions about a possible conflict.)

Beyond that, the UnitedHealth fiasco provides fuel for those who want to tighten the ties that bind directors to shareholders -- by, for instance, requiring directors to be elected by majority vote, or enabling large shareholders to place director candidates on the corporate proxy ballot, or giving shareholders an advisory vote on executive pay. All these proposals are gradually gaining ground in the U.S., and outrage over CEO pay is likely to ensure they keep moving ahead.

Shareholders, of course, have reason to be ambivalent about all of this. Dr. McGuire may have lined his own pockets, but he also lined theirs. His successor -- for now, Stephen Hemsley -- will find directors looking much more carefully over his shoulder. That may prevent the kind of compensation games that Dr. McGuire played. But it is unlikely to ensure the kind of extraordinary returns that Dr. McGuire delivered.

UnitedHealth's Options Scandal Shows Familiar Symptoms (WP)

By Steven Pearlstein

The Washington Post, October 18, 2006

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Anyone with health insurance from UnitedHealth Group knows what happens if you fail to fill in every box on the form, or attach the requisite back-up material, to get reimbursed for a $40 prescription. You're not going to see a dime until you've been put on hold for 30 minutes, faxed the paperwork twice to somebody in Minnetonka, Minn., and demanded to talk to a supervisor.

So imagine my surprise when I read this week about the loosey-goosey process UnitedHealth used to issue billions of dollars' worth of stock options to top executives over the past few years. According to a report prepared by lawyers at WilmerHale, the board of directors and its compensation committee didn't bother keeping good notes about their decisions regarding pay negotiations and stock options. And the documents authorizing those options conveniently left the date blank, so that someone -- even today, it's not exactly clear who -- could later pick the date that just happened to make the options as valuable as possible.

Isn't it odd that a company could be so persnickety when it comes to pinching pennies from doctors and patients, and so cavalier when it comes to lavishing executives with hundreds of millions of dollars of shareholders' money?

Or maybe it's not. Maybe what we have here is the most outrageous corporate scandal since Enron and WorldCom.

The crux of the UnitedHealth story concerns employee stock options. Just to review, an option lets the employee buy a share of the company stock at a predetermined "strike" price -- usually the market price at the time of issue -- and then sell it in the future, when and if the stock is worth more. The benefit to the employee is the difference between the strike price and the subsequent sales price. The cost to shareholders is that all their stock is now worth a bit less because the newly issued shares dilute their stake.

Thanks to clever reporting by the Wall Street Journal earlier this year, we now know that corporate executives have been routinely setting strike prices on dates when the shares hit temporary lows -- rather than the dates on which the options were issued, which is what most people assumed. It's yet another game played by corporate executives at dozens of companies to pick the shareholders' pockets. And it's the latest evidence of how executive compensation has become a cancer, eating away at the souls of even the most successful American corporations.

Consider the case of William McGuire, who over the past 15 years has transformed UnitedHealth from a struggling regional insurer in Minnesota into the second-largest health insurer in the country, largely through acquisitions of companies like Mid Atlantic Medical Services of Rockville. One in six Americans is a UnitedHealth customer. Under McGuire's leadership, the company's market value has risen to $60 billion. During that same period, he amassed stock options more valuable than those of any chief executive in history: $1.5 billion.

Even by today's standards, McGuire's compensation has been obscene. The big change came in 1999, when, in negotiations over a new contract, he demanded a pay package that would give him 2 percent of UnitedHealth shares. Significantly, McGuire insisted that he alone get to decide the timing of those options. And he wrote in a provision that he could be fired only upon a felony conviction, or failure to rectify a serious problem after repeated notices from the board.

The board of directors that agreed to such a lavish, one-sided contract included several luminaries: Tom Kean, the former governor of New Jersey and later chairman of the 9/11 commission; James Johnson, the former chief executive of Fannie Mae who created the culture that led to that company's costly accounting scandal; Gail Wilensky, a respected health-policy expert who once ran the Medicare and Medicaid programs; and former vice president Walter Mondale.

What were these directors possibly thinking? We have some insight on that from William G. Spears, a Wall Street money-manager who was a member of the compensation committee in 1999. He explained to the Journal that if the board had refused to go along with McGuire's piggy requests, "Bill would take it as a signal that directors weren't enthusiastic about his leadership. That would be a distraction, at the very least. Bill takes these things as a benchmark of how directors feel about him."

Well, we wouldn't want Bill to feel unappreciated, would we? Particularly if you're Spears, and you're also managing millions of dollars in McGuire's personal assets, and serving as trustee for two trusts set up for the benefit of McGuire's children, and you just accepted an investment of $500,000 from McGuire to help finance the repurchase of your firm from a financial conglomerate. Such potential conflicts of interest are supposed to be reported to other directors, of course, as well as the shareholders in the company's annual proxy report. But that was just another tiny detail that somehow slipped through the cracks.

McGuire was not the only one to benefit from the directors' ineptitude. There was also his trusty chief operating officer, Stephen Hemsley, who upon being hired in June 1997 was presented with 400,000 stock options with an issue date of five

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months earlier. Hemsley told the WilmerHale lawyers that he "didn't recall focusing at the time" on the $2.9 million gimme he'd just been handed as a result of the backdating.

You might say that Hemsley comes honestly to his lack of focus and ethical sensitivity. Before coming to United Health -- I'm not making this up -- he'd spent the previous 23 years at Arthur Andersen, rising to chief financial officer. That's the same accounting firm that helped bring you Enron, WorldCom and Freddie Mac. And, you'll be shocked to learn, it's the same Arthur Andersen that served as a consultant to Spears and other members of UnitedHealth's compensation committee.

Around the same time that UnitedHealth directors were rubber-stamping McGuire's employment contract, they also approved another of McGuire's stock option initiatives. The company stock was in a slump, making worthless many of the options held by company executives, including 750,000 by McGuire. As McGuire explained it, morale was suffering and it was getting harder to retain key employees. Some companies had addressed this problem by "repricing" options -- lowering the strike price so the options were magically valuable again. But, as the WilmerHale lawyers put it so delicately, there were "disadvantageous accounting and disclosure ramifications" to repricing. Translation: bad publicity and a hit to earnings. So McGuire came up with the cute idea of having the board simply "suspend" the old options and issue new ones with a lower strike price.

The directors agreed. But the following August, after the stock price had risen substantially, the board also agreed to McGuire's request to "reactivate" the suspended options, essentially doubling the number of stock options issued. The motivation was unclear, but according to WilmerHale, these actions were never properly accounted for or reported to shareholders. Translation: accounting and securities fraud. And this little bit of double dipping added another $250 million to McGuire's net worth, the Journal reported.

One of the more interesting revelations from the WilmerHale report is that these and other outrages at UnitedHealth pretty much stopped following the 2002 passage of the Sarbanes-Oxley law, requiring directors and outside auditors to ensure that companies had adequate internal controls. The U.S. Chamber of Commerce and other business groups have been running around the country, complaining the law has overreached, stifling American risk-taking and innovation. I wonder if backdating stock options is the sort of risk-taking and innovation the chamber has in mind.

In response to these revelations, you'd think UnitedHealth directors would at least have had the manners to apologize to shareholders, if not to resign. Instead, they've followed the well-worn path of insisting they did nothing wrong while taking steps to ensure it won't happen again.

After praising him for his "leadership, energy and vision," the board allowed McGuire to retire with his full pension and all his options. The good doctor graciously agreed to reprice his options from the most favorable to least favorable dates -- a concession that could cost him $200 million.

Hemsley was rewarded for his lack of focus by being named to succeed McGuire as chief executive. He was also directed to root out the senior executives in the legal, accounting and personnel departments who provided the bad advice on which the board and chief executive now say they have relied. Hemsley, too, has volunteered to reprice his options.

Spears announced his resignation from the board, which expressed "gratitude for his many contributions during his 15 years of service."

And, in a stunning example of the barn door and the departed horse, UnitedHealth's directors declared they would no longer award stock or stock options to top executives.

Guidelines Set For How To Audit Stock Options (WSJ)

By Siobhan Hughes

The Wall Street Journal, October 18, 2006

The U.S. accounting-firm overseer issued long-awaited guidance for auditing the value of employee stock options.

The 28-page document comes at least a year after the Public Company Accounting Oversight Board began to develop advice on how to verify that companies are properly determining the cost of stock options. Companies have been required to treat stock options as an expense since as early as mid-2005 because of an accounting shift that still angers some businesses.

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"The staff's questions and answers were developed to help auditors apply the existing auditing standards to this area appropriately and consistently, and I encourage auditors to review this guidance as they plan for calendar year-end audits," Tom Ray, the PCAOB's chief auditor, said in a statement.

In its guidance, the PCAOB reminds auditors that because companies typically must estimate the value of employee stock options because the prices generally aren't set in a market, there is a risk of producing misleading figures. As a result, the board said that auditors should be aware of possible pitfalls, such as how changes in assumptions can affect the fair value of the options.

For example, the PCAOB suggested that auditors should pay attention if a company chooses an expected volatility that is the lowest in the range of possible expected volatilities. The more volatile the stock price, the more valuable the employee stock option, and the higher the cost to the company.

The audit oversight board also offered guidance on when to use the Black-Scholes model, and when to use what is known as a lattice model. The Black-Scholes model for valuing employee stock options is more standardized, but a lattice model "might more fully reflect the substantive characteristics" of the employee stock option, the board said. In a lattice model, there are more variables, which means companies could more specifically tailor the value of stock options to factors that are specific to their companies.

Stock options give employees the right to buy stock at a preset price at a future date -- typically the same as the company's closing price on the date the option is granted. In July, the PCAOB issued separate guidance on stock options, saying that auditors might need to review earlier audits if they receive information that the stock options might have been backdated, or awarded retroactively when the stock price was lower.

If The Price Is Right (NYT)

The New York Times, October 18, 2006

Buyout firms are engaged in an unprecedented feeding frenzy, gobbling up publicly traded companies like never before. While buyouts can set lagging businesses back on the right track, regulators and shareholders must be watchful to ensure that managers demand fair value for the companies.

In a typical buyout, a firm or consortium of firms purchases all the public stock in a company and takes the company private. The expression “leveraged buyout” refers to the large debt that usually finances this process — the way a homebuyer makes a down payment on a much larger mortgage.

The $33 billion acquisition of the hospital chain HCA earlier this year ranks as the largest leveraged buyout ever. Two firms recently bid $15 billion for Harrah’s Entertainment, the world’s largest casino operator. These deals are happening across the economy, as everyone from wealthy individuals to investment banks hunt for high-return investment opportunities. Even pension funds have gotten into the business, helping to fuel the trend.

According to Thomson Financial, buyout firms have spent $275 billion so far this year taking companies private, or over a quarter of the $1 trillion total for mergers and acquisitions. In the previous 20 years the highest share was 14.1 percent.

Leveraged buyouts have something of a bad reputation for what, in its worst form, is something like corporate looting. In those cases, a company’s balance sheet would be quickly loaded with high levels of debt to pay the buyers exorbitant dividends and management fees. They would then flip the debt-ridden company as quickly as possible, either to another buyer or through a public offering.

Done correctly, a buyout can be a very productive way to unlock a business’s real potential. Once a company is privately held, management can ignore the short-term dictates of the stock market and focus on the investments needed for long-term growth. A recent Harvard Business School study found that when bought-out companies were put back on the equity market they outperformed other initial public offerings and the market as a whole.

The main concern for shareholders, however, is the initial sale price. Corporate management can face conflicts of interest when the terms of a bid are better for top executives than shareholders. And management often leads a buyout itself, which discourages other prospective buyers from submitting competing bids and keeps the price artificially low.

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The Justice Department reportedly is looking into whether the old-boy network of private-equity firms has gotten a little too chummy, examining whether firms are colluding to keep prices low. It is a move we support. Too often public stockholders end up getting the raw end of these deals.

CRIMINAL LAW:

House Page Program Leaders Discuss Trip (AP-Y)

By Larry Margasak, Associated Press Writer

AP, October 18, 2006

House page program overseers this week discussed a camping trip that Rep. Jim Kolbe, R-Ariz., took with two former pages and others in 1996, a congressional official said Tuesday. The trip is under review by the Justice Department.

The five-member House Page Board, three lawmakers and two House officials, took no action and did not have any information beyond recent news accounts of the trip, the official said.

The discussion indicates that the board is moving beyond the overly friendly e-mails and sexually explicit instant messages that ex-Rep. Mark Foley, R-Fla., sent to former male pages. The House ethics committee and the FBI are investigating Foley's approaches to the teenagers.

The congressional official is familiar with the Page Board discussion but was not authorized to be quoted by name about the meeting.

While the Page Board does not have investigators, they could ask Kolbe to meet with them.

When the Foley scandal became public in late September, House Speaker Dennis Hastert asked the chairman of the Page Board, GOP Rep. John Shimkus of Illinois, to investigate the page system.

"We want to make sure that all our pages are safe and the page system is safe," Hastert said.

Pages are high school students who perform errands for lawmakers, learn about Congress and attend classes at a congressional school.

Meanwhile, the ethics committee continued to call witnesses for closed-door testimony. On Tuesday, House Sergeant-at-Arms Wilson Livingood, a member of the Page Board, was questioned for less than two hours. He would not comment afterward.

The committee still has not heard from the former clerk of the House, Jeff Trandahl, who as a board member confronted Foley in the fall of 2005, along with Shimkus.

Their visit came after the House speaker's office learned that Foley sent e-mails to a 16-year-old former male page from Louisiana. While the e-mails were far milder than the sexually explicit instant messages Foley sent to other former male pages, they raised questions. Foley asked what the youngster wanted for his birthday and requested a photograph.

Shimkus has said previously that Foley told him and Trandahl that he was acting as a mentor and that nothing inappropriate had occurred.

Foley was ordered by Shimkus to cease all contact with the former page and assured Shimkus he would do so, the board chairman said. He also was advised to watch his conduct with current and former House pages and he gave assurance he would do so, Shimkus said.

The ethics committee also heard Tuesday from Paula Nowakowski, chief of staff to House Majority Leader John Boehner, R-Ohio. Boehner has said he spoke to Hastert about Foley earlier this year, but the speaker said he does not recall the conversation.

Boehner has said Hastert told him the Louisiana page's complaint "had been taken care of." The majority leader is scheduled to testify this week.

The Kolbe trip was discussed at a conference call of the Page Board on Monday.

The meeting was first revealed several hours later by the lone Democrat on the Page Board, Rep. Dale Kildee of Michigan, who declined to say what was discussed. Kildee has been upset that Shimkus never told him about the problems with Foley.

Kolbe took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his former spokeswoman, Korenna Cline, said last week.

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A federal law enforcement official said last week an allegation related to the trip was given to the U.S. attorney's office in Phoenix. It was not immediately clear whether it concerned any contention of improper activity by the retiring Kolbe — the only openly gay Republican in Congress.

The official described the inquiry as preliminary and as far narrower in scope than the federal investigation concerning Foley, who resigned Sept. 29 after he was confronted with sexually explicit instant messages sent to former pages.

A second law enforcement official said the 1996 Kolbe trip may be too old to investigate as a criminal matter. Both officials spoke on condition of anonymity because of the ongoing investigation. A Justice Department spokeswoman declined to comment.

Cline said last week the rafting party included five current staffers, two former pages and Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Kolbe, but she said they paid their own way.

Beth Kolbe, the congressman's younger sister, who was on the three-night trip, said that nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the news media.

Religious Right Finds GOP's 'Big Tent' May Be Too Roomy (LAT)

By Johanna Neuman

The Los Angeles Times, October 18, 2006

WASHINGTON — In recent years, the Republican Party has broadened its appeal with a "big tent" strategy of reaching out to voters who might typically be Democrats. But a debate is now growing within the GOP about whether the tent has become too big -- by including gays whose political views may conflict with the goals of the party's powerful evangelical wing.

Some conservative Christians, who are pivotal to the GOP's get-out-the-vote effort, are charging that gay Republican staffers in Congress may have thwarted their legislative agenda. There are even calls for what some have dubbed a "pink purge" of high-ranking gay Republicans on Capitol Hill -- and in the administration.

The long simmering tension between gays and the religious right within the GOP has erupted into open conflict at a sensitive time, just weeks before a midterm election that may cost Republicans control of Congress.

"The big tent strategy could ultimately spell doom for the Republican Party," said Tom McClusky, chief lobbyist for the Family Research Council, a Christian organization that champions marriage. "All a big tent strategy seems to be doing is attracting a bunch of clowns."

Now the GOP is facing a hard choice -- risk losing the social conservatives who are legendary for turning out the vote, or risk alienating the moderate voters who are critical to this year's midterm outcome.

"There's a huge schism on the right," said Mike Rogers, a gay activist who runs a political "outing" blog to combat what he calls hypocrisy among conservative gay politicians. "The fiscal conservatives are furious at the religious conservatives, because they need the moderates for economic policy. But they need the social conservatives to turn out the vote."

The latest incident to outrage social conservatives was last week's remarks by Secretary of State Condoleezza Rice to the new federal AIDS program administrator. With first lady Laura Bush looking on, Rice swore in AIDS ambassador Mark Dybul, while his partner, Jason Claire, held the Bible. Claire's mother was in the audience, and Rice referred to her as Dybul's "mother-in-law."

"The Republican Party is taking pro-family conservatives for granted," said Mike Mears, executive director for the political action committee for Concerned Women for America, a lobbying group that promotes biblical values. "What Secretary Rice did just the other day is going to anger quite a few people."

It's not just anger at Rice that worries Republicans, but the possible effect on evangelical voters next month.

"For them to highlight that was totally a damper to the base that we need to turn out," said the Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, a California lobbying group focusing on religious and social issues.

Adding to the disaffection among conservative Christians are the revelations in a new book charging that the White House used President Bush's faith-based initiative for political purposes while mocking evangelicals behind their backs.

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The tension between gays and evangelicals in the GOP re-emerged in recent weeks during the page scandal involving former Rep. Mark Foley, R-Fla. The scandal drew scrutiny to the presence -- and behavior -- of gays in the Republican party, including Foley and several House staff members.

One evangelical leader, Family Research Council president Tony Perkins, said in a television interview last week there should be an investigation into whether gay congressional staffers were responsible for covering up Foley's habits of picking up men at parties and sending salacious messages to male pages.

Perkins also has questioned whether gay Republican staffers on Capitol Hill have torpedoed their priority issues, such as a Federal Marriage Amendment that would prohibit civil unions for gays. "Has the social agenda of the GOP been stalled by homosexual members and/or staffers?" he asked in an e-mail to supporters.

But some social conservatives deny they are interested in purging gay staffers from the party.

"We're not calling for what I've heard referred to as a pink purge," said McClusky. "We're asking that members (of Congress) might want to reflect on who's serving them. Are they representing their boss's interest?"

Mears of the CWA observed that purging gays from the party would not necessarily help the evangelical cause in any case. "If you get rid of all the homosexuals in Congress and on the staff, you'd still have Republicans like Chris Shays (the congressman from Connecticut) and Susan Collins (the senator from Maine) pushing the gay agenda."

This week a list of allegedly gay Republican staffers has been circulated to several Christian and family values groups, presumably to encourage an outing and purge. McClusky acknowledged seeing the list, but said his group did not circulate it and had no intention of using it.

Still, for gay Republican staffers on Capitol Hill, it feels as if the noose is tightening. Fearful of having their names on such a list and losing their jobs after the election, they are trying to keep a low profile.

None of the gay Republican staffers contacted for this article would speak for the record. But Eric Johnson, a former Republican staffer who left the party over its anti-gay policies and now works for a Democrat on the Hill, said many of his old friends are worried.

"There's a real concern, a legitimate concern, about a lower glass ceiling -- preventing them from attaining higher positions in the party," said Johnson. "Most Republicans do lip service to the conservative side of gay issues. But on hiring practices, most of them have been pretty reasonable."

Indeed, Sen. George Allen, R-Va., a staunch opponent of gay marriage, has a campaigner manager who is gay. Sen. Rick Santorum, R-Pa., who has compared gay sex to bestiality, has a press secretary who is out of the closet. Both senators are in perilous races for re-election -- and neither staffer would talk.

The GOP for some time has been a bit schizophrenic in its approach to gay issues. Political guru Karl Rove ran Bush's re-election campaign in 2004 by mobilizing opposition to gay marriage, even as Vice President Dick Cheney noted that consenting adults of any orientation should be free to marry, and his daughter Mary Cheney's partner was welcomed at presidential events.

Bush himself has gone out of his way to telegraph a personal friendship with gays. He recently re-appointed Israel "Izzy" Hernandez, a gay man who had been a personal aide to Bush in Texas, to be assistant secretary of commerce and head of an international trade office.

And the Republican National Party says its tent is open to anyone who shares Republican views.

"The Republican Party welcomes individuals from all walks of life," said RNC press secretary Tracey Schmitt.

Regarding the threat of losing support from social conservatives, she added: "Our core supporters understand that a Congress led by Harry Reid and Nancy Pelosi would be devoid of a values agenda. They are mobilized and committed to electing Republican on Nov. 7."

Not every Republican thinks running against gays will work for the GOP again this year, as it did in 2004.

"Anti-gay politics isn't playing as well as it did two years ago" said Patrick Sammon, executive director of the Log Cabin Republicans, a lobbying group for gay Republicans. "It's shameful to use gay and lesbian people to score political points, but a corner's been turned. As polls keep moving in our direction, the party will become more inclusive."

Ex-House Clerk May Be A Key In Foley's Case (NYT)

DOJ_NMG_0082586

By Jeff Zeleny

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — In the days after the Sept. 11 terror attacks, as elaborate battle plans were drawn to protect members of Congress and preserve government continuity, Jeff Trandahl, the clerk of the House, did something else. He obtained a commercial driver's license.

Mr. Trandahl wanted to be ready for the next emergency. Of all his responsibilities in Congress, a priority was safeguarding the high school students who work as pages. He arranged for buses to be parked nearby, so pages could leave their dormitories or the Capitol. If needed, he would drive them to safety.

His concern for the pages highlights the protection provided to the teenagers in their time here. But it also raises piercing questions about how years of whispers over a congressman's unwelcome advances could escape public notice until being exposed on a television news program.

Mr. Trandahl, a commanding behind-the-scenes player on Capitol Hill before stepping down last year, was little known outside Congress. But he has emerged as a central figure in the case of how the House Republican leadership dealt with the conduct of Mark Foley, the former representative whose sexually charged messages to Congressional pages have shaken the midterm elections.

As the House ethics committee pursues its investigation, few accounts are more crucial than Mr. Trandahl's in determining whether Republican leaders acted with enough urgency. He is scheduled to testify to the committee on Thursday, when he could corroborate — or contradict — accusations that Speaker J. Dennis Hastert's office knew about Mr. Foley's behavior at least three years ago.

The House clerk, a vestige of the patronage system, serves at the pleasure of the speaker and, in recent years, Mr. Hastert's influential chief counsel, Ted Van Der Meid. House investigators are trying to deduce whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, had a role in the handling of the complaints about Mr. Foley.

As House clerk, Mr. Trandahl had a rare bird's-eye view of what was occurring beneath the Capitol dome. As a gay Republican, he also had a window into a subculture not widely discussed within his party.

Although he never dwelled on his sexuality, he also did not go to extreme lengths to conceal it, unlike Mr. Foley, who publicly acknowledged he is gay only after resigning this month.

Mr. Trandahl, 42, has told friends he was not a social friend of Mr. Foley and did not jeopardize pages' safety. He has declined to discuss the case publicly while it remains under investigation by the ethics committee and the F.B.I., which is trying to determine whether Mr. Foley broke laws by exchanging sexually explicit messages with current and former pages.

Interviews with more than 20 former colleagues and acquaintances, Republicans and Democrats alike, paint Mr. Trandahl as a fastidious manager with a penchant for playing by the rules. At the same time, the colleagues and acquaintances said, he was a keen inside player who mastered the art of navigating an institution that is structured to protect its own.

"When the rest of the trees blow down, Jeff Trandahl will be left standing up," said Craig Shniderman, executive director of Food and Friends, a charity here, who has known Mr. Trandahl for nearly a decade. "This is a pretty complicated situation, but I don't have any doubt that he did the right thing."

For seven years, Mr. Trandahl oversaw more than 300 employees, a $20 million budget and House functions. He also supervised the page program. And in the conflicting accounts and varying recollections about when Republican leaders learned of Mr. Foley's conduct, it is Mr. Trandahl who seems interwoven at each step along the way.

In the House, Mr. Trandahl had what amounted to an all-access pass, giving V.I.P.'s and friends tours through little-known corridors and up to the high arches of the rotunda. He guided many facets of House operations from an ornate second-floor office overlooking the Mall. Just a handful of politicians enjoyed a grander view of the Washington Monument.

Mr. Trandahl arrived in Washington in 1983, months after graduating from high school in Spearfish, S.D., to work in the office of Senator James Abdnor, Republican of South Dakota. After Mr. Abdnor was defeated three years later, he found his eager young aide a job on the House side of Capitol Hill, working for the senator's close friend Representative Virginia Smith, Republican of Nebraska.

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By then, Mr. Trandahl had earned a degree in government from the University of Maryland and began to stand out as a consummate networker in a city filled with networkers.

He ascended to various positions in the House, seldom forgetting a name or face, and was an experienced insider in 1994 when Republicans took control of the House for the first time in four decades.

In 1998, Newt Gingrich promised to clean up years of patronage largess in the House, first by Democrats and then by Republicans, and appointed Mr. Trandahl acting clerk of the House. After unexpectedly becoming speaker, Mr. Hastert made Mr. Trandahl's appointment permanent.

Suddenly, Mr. Trandahl was a constitutional officer, standing barely more than arm's length from President Bush as he took the oath of office and presiding over the House at the dawn of each session of Congress.

"He wasn't seen as partisan," said George Shevlin, a friend of Mr. Trandahl who is a longtime Democratic staff member of the House Administration Committee. "He was seen as very dedicated to the institution. When things got to be too partisan, that seemed to bother him."

As clerk, Mr. Trandahl supervised the page program. So concerns involving their conduct were routed to him. Most every year, he sent at least some pages home for drinking alcohol, smoking marijuana or simply misbehaving.

Former pages and staff members say he guided the young Congressional errand runners with a fair, but strict hand, earning him the nickname J. T. Money.

"With the kids, money was like gold, and his word was like gold," Matt Frattalli, a former tutor at the Congressional page school, said. "There was no slack with him. You respected him and you feared him."

Over the years, people who worked with him on the Hill said, Mr. Trandahl received periodic complaints that Mr. Foley was acting too friendly to the pages or interns.

The House ethics committee is trying to determine whether Mr. Trandahl simply passed along the information to Kirk Fordham, a longtime aide to Mr. Foley, or whether he alerted the speaker's office that Mr. Foley's overfriendly behavior had grown beyond idle gossip.

Representative Jim Kolbe, Republican of Arizona, said he informed the clerk's office more than five years ago of concerns a former page shared about an inappropriate e-mail exchange with Mr. Foley.

Last year, when Mr. Trandahl was alerted to e-mail messages that Mr. Foley had sent a former page in Louisiana, he confronted Mr. Foley with Representative John Shimkus, Republican of Illinois and chairman of the page board.

By the time word of the e-mail exchange surfaced, Mr. Trandahl was making plans to leave Capitol Hill after 23 years. He had accepted a position as executive director of the National Fish and Wildlife Foundation, blending politics with a lifelong passion for the outdoors.

Friends dismiss the suggestion that his departure was linked to the Foley case.

"This goofy notion that he vanished in a poof of smoke is wrong," said John Scofield, a Republican staff member of the House Appropriations Committee.

Before leaving, Mr. Trandahl received bipartisan praise from Mr. Hastert and the House minority leader, Representative Nancy Pelosi, Democrat of California.

Some aides were surprised that Mr. Trandahl did not accept a lucrative lobbying position here. People close to him said he recoiled at the thought of returning to Capitol Hill to befriend members of Congress while pushing legislation for clients.

It was the culmination of a pattern, friends say, of never wanting to socialize on the Hill after long days and nights surrounded by politics and government.

"I don't control the actors," Mr. Trandahl once told The Aberdeen American News of South Dakota. "But I control every other part."

Now, he spends his spare time in Rappahannock County, Va., where he restored a brown A-frame house on the side of a rugged hill, overlooking waterfalls and a rippling creek filled with trout.

It is 72 miles, but a world away, from downtown Washington, where visitors travel across roads called Fogg Mountain, Fish Hawk Pass and Points of View Lane.

DOJ_NMG_0082588

Biz Groups Want Their Money Back (HILL)

By Jeffrey Young

The Hill, October 18, 2006

The small group of lobbyists who gathered, checkbooks in hand, for a lunchtime fundraiser at Bistro Bis on Capitol Hill a few weeks ago had no idea that some of them would soon be scrambling to get those checks returned.

It was Tuesday, Sept. 26, and the recipient of their largesse was a veteran Republican lawmaker with a choice seat on the House Ways and Means Committee, former Rep. Mark Foley (Fla.). Just three days later, Foley's political career and personal life dramatically self-destructed when ABC News broke the story that Foley had carried on inappropriate Internet conversations with former congressional pages.

These lobbyists are not the only contributors looking to distance themselves from the Foley scandal and recoup the thousands of dollars they gave to help the incumbent, who did not face a competitive challenger, return to the House for his seventh term.

In the weeks since Foley's resignation and retreat into an alcohol-abuse rehabilitation facility, a number of corporate and trade association PACs also have sent word to Foley's campaign that they want refunds.

"I stopped payment on my check," said Andrew Shore, a lobbyist with Mayer Brown Rowe and Maw and a co-host of Bistro Bis fundraiser. Shore already got his uncashed check returned, he said. He estimated that eight lobbyists attended the lunche on and still more sent checks along.

By Friday, Sept. 29, some of them were placing calls to Foley's campaign office in Florida or to the Washington, D.C.-based Catalyst Group, which administered his fundraising: they wanted their money back.

That same evening, the Catalyst Group had severed ties with the campaign and begun referring inquiries to Florida. The Catalyst Group's Joe Rachinsky said they got about 20 calls between Friday and Monday from donors asking what to do.

Under federal election law, campaigns are not required to return contributions on request but anecdotal accounts from donors suggest that candidates typically agree to return money when asked.

The Hill contacted more than a dozen PACs that ranked among the biggest contributors to Foley's campaign and to his leadership PAC this election cycle.

Most did not return calls. Some PACs declined to comment, such as Altria Corporation, which gave $6,000 to the campaign and $1,000 to the leadership PAC, and the Independent Insurance Agents and Brokers of America, which contributed $6,000 to Foley's campaign.

But others disclosed that they have or plan to deliver letters to Foley's campaign treasurer Donna Winterson, also his sister, asking that their money be returned.

The PAC associated with the National Air Traffic Controllers Association (NATCA) is one of those that plan to do so. It will ask the campaign to return its $5,000 contribution but it doesn't have high hopes.

"More than likely, [Foley will] say no because he'll use it for his legal defense fund," the spokesman said, voicing concerns that might be shared by many corporate and association executives

The Federal Election Commission (FEC) can permit officeholders to convert their campaign coffers into legal defense funds, as well as other purposes spelled out in regulations. Recently, Rep. Bob Ney (R-Ohio), Rep. William Jefferson (D-La.), former Rep. Randy "Duke" Cunningham (R-Calif.) and former Rep. Tom DeLay (R-Texas) have diverted campaign money to their criminal defenses.

The National Association of Federal Credit Unions, like those Bistro Bis lobbyists, acted quickly to ask for its $1,000, said Dillon Shea, the group's political director. "When we learned that there were inappropriate and possibly illegal [instant messages] and e-mails sent to young [former] pages, we immediately sent a letter to Foley's treasurer requesting our contribution back." They have not heard back.

Likewise, the PAC associated with the insurance company AFLAC has asked that its $10,000 be returned and the American Health Care Association's PAC will send a letter this week requesting a refund of the $7,500 it gave to Foley's campaign this cycle.

United Parcel Service (UPS) spokesman David Bolger said company policy is to ask any candidate who withdraws from a race to return contributions. But the PAC asked for only half of the $10,000 it gave Foley this cycle. UPS wants the $5,000 it views as a general-election contribution to be refunded, Bolger explained. The company considers the other half to have been for the Sept. 5 primary election, and did not ask for it back, he said.

Although only a handful of PACs declared they had written to request their money be refunded, or would do so, more could follow.

Trey Hawkins, the political director of the Credit Union National Association, said it was too soon to decide about the $5,500 the group's PAC gave Foley's campaign. Similarly, William Robb, the physician who serves as treasurer for the PAC affiliated with the American Association of Orthopaedic Surgeons, said its board had not had time to discuss what steps to take.

Even if Foley's campaign abides by requests from PACs and individual donors that their money be returned, the former lawmaker has a sizeable war chest he could use to mount a legal defense against criminal charges, should any be laid against him.

According to disclosure forms filed by Winterson to the FEC on Oct. 11, Foley has $1.94 million in cash on hand, including $193,000 he raised in the third quarter of this year. His leadership PAC raised $1,500 during the same period and has a $14,100 balance.

Foley Set To Name Abuser (NYT/AP)

By The Associated Press

The New York Times, October 18, 2006

WEST PALM BEACH, Fla., Oct. 17 (AP) — Former Representative Mark Foley will reveal to the Archdiocese of Miami the name of the Roman Catholic clergyman he says abused him as a teenager, Mr. Foley's civil lawyer said Tuesday.

The lawyer, Gerald Richman, said the clergyman was still alive.

An archdiocese spokeswoman said the church had urged Mr. Foley to identify his abuser. Mr. Richman said the statute of limitations on sexual assault had expired long ago. He said Mr. Foley had not told him the name of the clergyman but has told another lawyer.

Seeking Post-Foley Unity (HILL)

By Patrick O'connor

The Hill, October 18, 2006

Desperate to talk about something other than scandal, House Republican leadership staffs are coordinating a messaging blitz in an attempt to shift some emphasis back to national security and the economy before the Nov. 7 election.

With less than three weeks for the GOP to salvage its majority, the new media campaign is the first formal coordination between leaders' offices since they were fractured by the scandal surrounding former Rep. Mark Foley's (R-Fla.) sexual explicit messages to underage former pages.

Aides to House Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Conference Chairwoman Deborah Pryce (R-Ohio) met yesterday in the Lincoln Room of the Speaker's Capitol suite to plan ways to help embattled Republicans sidestep national media and target local press.

"We have 20 days to get our message out," Hastert spokesman Ron Bonjean said. "Our focus will be to expose that a Democrat majority would stand for higher taxes and national security policies of weakness and appeasement."

Republicans are struggling to maintain their majority in the face of dismal poll numbers and stumbles by the White House and the elected leadership, particularly on the Foley matter.

Spending by the National Republican Congressional Committee (NRCC) and the Democratic Congressional Campaign Committee (DCCC) suggests that the field of vulnerable Republicans continues to expand. A handful of GOP lawmakers in safe seats also saw a modest drop in their internal poll numbers in the two weeks after the Foley scandal broke, aides to those members said last week.

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In an effort to refocus House Republicans after two weeks of questions about whether Hastert's senior aides knew about Foley's history of inappropriate contact with pages, Boehner sent members a memo on Monday urging them to move their message beyond the Foley scandal and work to define congressional Democrats on national security and taxation.

"Just as we were looking forward to going home to talk about what we'd accomplished, the despicable conduct of former Congressman Mark Foley instead became the story," Boehner wrote.

He then explained that leaders took "action to engage the appropriate authorities to conduct a thorough review of all the facts.

"Having done this, Republicans are back on offense on the big issues facing our nation."

These House GOP efforts come as national Republicans try to rally staff, donors and volunteers amid widespread fear that the party will lose power in at least one chamber.

On Monday, Republican National Committee Chairman Ken Mehlman urged GOP aides at the Capitol Hill Club to contrast the two parties on issues such as national security and the economy, an aide present said.

Mehlman walked staffers through some positive developments in states he had visited recently, such as Missouri and Ohio, and explained how he thought Republicans could still hold their majorities in both chambers despite the poisoned political environment.

Afterward, Republican pollster Ed Goas explained how the Foley scandal had a limited political impact and how some of the most recent polls underrepresented the GOP's base voters.

Republicans have seized on remarks by Democratic leaders in the House to suggest they would let President Bush's tax cuts lapse or even raise taxes to close the budget deficit. House Minority Leader Nancy Pelosi (D-Calif.) has said she would include a provision in the rules package to implement pay-as-you-go budgeting rules, something conservative Republicans strongly support but that would require Congress to either make drstic cuts in feeral spending or raise taxes.

In his memo to members, Boehner includes a transcript from NBC's "Meet the Press" in which Pelosi, responding to a question about whether Democrats would raise taxes, said, "You put everything on the table and you decide what are the priorities for the American people."

Democratic aides said their party remains committed to middle-class tax cuts and charged the Republicans with making desperate political attacks.

"Republicans are playing the only hands they have by trying to create a distraction with desperate and false barbs," Pelosi spokeswoman Jennifer Crider said. "Leader Pelosi and House Democrats making fiscal responsibility a high ethical standard and middle class tax cuts a top priority must be a frightening prospect for the failed economic policies and ballooning budget deficits created by President Bush and his rubber stamp Congress."

Republican leaders in the House are working to coordinate with the White House and various committee chairmen to hold conference calls with local media in competitive districts in an attempt "to define Democrats before they define themselves."

"We'll promote the strong Republican positions of fighting the War on Terror and growing the economy to a near 12,000 stock market high," Bonjean said.

The conference office sent out statements by Hastert, Boehner, Blunt and Pryce yesterday commending Bush for signing a law reinforcing the administration's program to try terrorism suspects. Hastert and Boehner both took shots at congressional Democrats while Blunt and Pryce focused on the benefits of the law itself.

Republican staffers are widely discouraged about their chance of holding the House in November.

Despite leadership efforts to refocus the debate, the ethics committee continues to question members and staff about when leaders first knew about Foley's inappropriate contact with pages, ensuring that this story will remain in the news through the election.

House Sergeant at Arms Bill Livingood, who is one of six members of the House Page Board, and Boehner chief of staff Paula Nowakowski appeared before the investigative panel yesterday. Rep. Rodney Alexander (R-La.), whose office sponsored one of the pages at the center of the scandal, is scheduled to appear today and Boehner is expected to answer questions tomorrow.

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The Associated Press reported that members of the Page Board are interviewing former pages that took a rafting trip in 1996 organized by retiring Rep. Jim Kolbe (R-Ariz.).

Whatever comes out of the ethics investigation, Republican leaders will continue their efforts to frame the debate as the election approaches.

The staff is planning to meet each morning and convene daily conference calls to discuss strategy during the remaining days before the election, aides said, adding that they hope to include committee staff and up to 30 Republican press secretaries to help.

"We're working together to remind the American people of the clear choice they face this election," Blunt spokeswoman Jessica Boulanger said.

Foley Scandal Turns Parents Into Web Sleuths (WSJ)

By Jessica E. Vascellaro And Anjali Athavaley

The Wall Street Journal, October 18, 2006

Lori Hahn of Sacramento, Calif., has made a habit of talking to her three teenagers about being careful whom they talk to online. Now, after the discovery that former Rep. Mark Foley sent sexually explicit instant messages to congressional pages, she says she is no longer taking any chances.

WATCH A VIDEO

1

Parents can use2 Web filtering software to help protect their children from online predators.

"The Foley news spurred me to take action," says Ms. Hahn, senior operations manager for a consulting firm, who days after the scandal broke installed IMSafer, a new program that promises to send her an email when sexual or predatory language appears in her children's IM conversations. "I trust their judgment. But I don't trust the people who are out there. The software gives me a little peace of mind."

The fallout from the Foley scandal has sent shockwaves through Congress and rattled employees across the country who are increasingly on edge about whether their boss is tracking their every online move. And, as new evidence about the vulnerability of kids online emerges in spurts, it is also jolting parents into better monitoring what their children say and do at their computers.

Tools that allow parents to prevent their kids from accessing Web sites with potentially objectionable content have been available for years, often offered free through Internet service providers. But in recent weeks, more parents are turning to pricey software programs that record not only what Web sites their kids visit, but also the content of their emails and instant messages. Some software comes bundled with services that flag suspicious behavior automatically, eliminating the need for parents to sort through the digital trail on their own.

In the two weeks since the scandal broke, sales of services that enable parents to monitor their kids computer use -- from Solid Oak Software Inc.'s $40 CYBERsitter Web filtering tool to a social-networking profile tracker from BeNetSafe LLC ($20 a month or $80 a year), have seen double-digit sales growth, according to the companies. SearchHelp Inc. of Syosset, N.Y., maker of software programs that allow parents to block Web sites, peek at their kids' computers in real time and receive text messages or emails when their children type or search for certain keywords and phrases -- saw online sales jump 10% during the same period. The news is also helping them get their product stocked in more mainstream retail locations, most recently at 191 Duane Reade Inc. pharmacies in the New York City area where the company's line of Sentry monitoring software was in stores this week.

Vendors have rushed to capitalize on the interest with new products. IMSafer Inc. fast-tracked the launch of software that creates an online record of suspicious words or phrases (like phone numbers or body parts) that surface in IM conversations. Since then, more than 600 people have signed up for the service, says Brandon Watson, founder and chief executive of the Houston-based company. The basic service is currently free but upgrades, such as the ability to monitor chats on social-networking sites like MySpace.com, will soon carry a $30 annual subscription fee.

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More employers, meanwhile, are offering cyber-safety classes for employees grasping for advice on how to better protect their own kids online. ComPsych Corp., a Chicago-based company that provides employee-assistance services, reports a 20% increase in phone calls from parents who are concerned about cyber-safety since the Foley scandal broke. The company has also seen an increase in the number of employers who have requested counselors to come conduct cyber-safety classes, 90-minute sessions that review various online threats and provide tips on warding off predators.

With children spending more and more time online, protecting kids while they are at their computers is emerging as a huge concern. One in seven 10- to 17-year-olds who use the Internet have received a sexual solicitation or approach online, according to the National Center for Missing and Exploited Children. Legislators are seeking a variety of ways to stamp out the problem by proposing new filtering and safety laws and by pressuring popular Web sites like News Corp.'s MySpace.com to better police their sites and enforce minimum-age restrictions.

Despite the warnings, experts say parents are still relatively complacent -- in part because they are intimidated by the software involved. Just 32% of online parents who have teens at home protect their computers with parental controls, according to Forrester Research, a market researcher. The vast majority of those use filters from Internet service providers because they are free and require little or no installation. AOL offers parental controls that can be tuned to the child's age or to block access to specific Web sites, for instance. Apple Computer Inc. and Microsoft Corp. offer similar options for some versions of their operating systems.

Only 10% of those who choose to monitor their kids invest in separate software purchased at a retail outlet, products that range from less intrusive applications that notify parents when suspicious activity occurs to nearly $100 programs that record exactly what appears on their kids' screens all the time.

Some of the newest products -- which must be installed on each machine being monitored and typically can't be disabled without the username and password of the person who installed it -- are designed to give parents the sense they are sitting at their kids' screens. SpectorSoft Corp. of Vero Beach, Fla., this month launched a new version of its surveillance software -- the $99.99 Spector Pro -- that lets parents scroll through a log of all the sites visited and emails and instant messages sent like a videotape on the computer they are tracking. The software, which resembles a product the company makes for corporate users, can be set to take pictures every second and to record keystrokes. Solid Oak Software, which has made a popular filtering software called CYBERsitter for years, last month launched SnoopStick, which allows parents to monitor their child's computer activities -- from IM conversations to Web browsing -- by plugging a USB drive into any computer.

But as with previous snooping software, problems such as high prices and installation glitches persist. Penny Herndon, a 44-year-old from Walnut Creek, Calif., recently tried to install SnoopStick on her daughter's computer, only to find that she was unable to connect to her daughter's computer from her own. Ms. Herndon, a forensic medical researcher, did finally get the connection working after customer service directed her to go to the start menu and to run a particular file. She says she hasn't had any problems since.

Cunningham Said To Help Two Contractors (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, October 18, 2006

Disgraced former Rep. Randy "Duke" Cunningham parlayed his seat on the Intelligence Committee into at least $70 million in business for two contractors who in turn paid him millions in bribes, an investigator hired by the panel has concluded.

The investigator's report, released Tuesday by the committee's top Democrat, found that Cunningham had exploited weaknesses in the system for monitoring secret federal spending.

It said that he and at least one associate secured the cooperation — or at least the acquiescence — of many people. They included members of Congress and their aides who handled bills that directed money to certain programs, Pentagon officials who awarded the contracts and officials at agencies where the contract work was done.

"This was a lot of people to persuade, cajole, deceive, pressure, intimidate, bribe or otherwise influence to do what they wanted," the report's executive summary says.

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In a sign of partisan divisions on the committee, California Rep. Jane Harman, its top Democrat, unilaterally released the five-page document after months of disagreement with the committee's chairman, Rep. Peter Hoekstra, R-Mich. Together, the two had initiated the investigation, led by special counsel Michael Stern, and had hoped to release the findings jointly.

Harman said the committee must examine why "red flags" did not trigger greater scrutiny of Cunningham's activities, and she added that she and Hoekstra had worked on internal changes that must be made permanent. "The goal should be to make certain that no Cunningham of either party should be able to soil our committee again," Harman said in an interview.

Hoekstra said Cunningham's efforts to enrich himself are "reprehensible" and Harman's decision to release an internal committee document "is disturbing and beyond the pale." Her action "underscores her personal decision to politicize the committee and this critical inquiry," he said.

Now serving a sentence of more than eight years, Cunningham pleaded guilty in November to accepting at least $2.4 million in bribes from alleged coconspirators — government contractors Mitchell Wade and Brent Wilkes.

Wade, former president of MZM Inc., has also pleaded guilty to lavishing Cunningham with a yacht, cash, cars, antiques and meals over four years. Wilkes, who has not been charged, was the founder of San Diego-based ADCS Inc.

Cunningham's attorney, Lee Blalack, and Wade's attorney, Reginald Brown, both declined to comment on the report. Blalack said the committee has not provided him a copy of the document, and Brown said he and his client weren't contacted for the investigation.

Wilkes' attorney did not immediately return a call for comment.

The House Intelligence Committee is charged with laying out intelligence spending priorities in an annual authorization bill, based on requests from lawmakers and government agencies. It then falls to the House Appropriations Committee, where Cunningham was also a member, to approve the spending.

Intelligence authorization bills are often quite broad, but some members are skilled at steering money to certain businesses.

The investigators found the committee authorized $70 million to $80 million in funding over five years that had been requested by Cunningham on behalf of Wilkes and Wade. When the legislation did not specify that the money go to companies associated with the two contractors, Cunningham still found ways to steer the funds by making his views known or using narrowly tailored language.

In one case spanning three years, Cunningham got the committee to direct to MZM a contract with a Pentagon unit called Counterintelligence Field Activity, despite aides' worries that it was a "pork barrel project and a waste of taxpayer money," the report says.

The investigators found that the committee's ability to conduct oversight of the work "appears to have been seriously impeded by the corrupt conspiracy between Cunningham and Wade."

The executive summary also acknowledges questions that remain unanswered:

• Stern's request to interview Cunningham has never been fulfilled. Harman and Hoekstra wanted to subpoena him, but Hoekstra didn't want to issue a subpoena only to have Cunningham invoke his Fifth Amendment protections, as his attorney has warned he would do. Hoekstra said discussions are continuing about Cunningham's testimony.

• Stern said "significant information" has remained out of reach. The House Appropriations Committee did not respond to requests to interview some of its staff, and follow-up requests to the Pentagon regarding some of its contracts have not been met.

• The report sees a need for law enforcement and national security agencies to examine Cunningham's dealings with foreigners. "While our review has not identified any national security breaches resulting from the Cunningham conspiracy, we are aware of dealings that that Cunningham had with certain foreign nationals," it said.

The investigations into Cunningham, Wade and Wilkes have included a number of figures whose alleged roles are only slowly coming into focus. They include the former No. 3 official at the CIA, Kyle "Dusty" Foggo, who retired this year under a cloud. Five federal agencies are looking into whether he used his position to improperly award classified CIA contracts to Wilkes, a close friend, and to others.

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The report says more investigation is needed into Foggo's dealings with the intelligence panel, given his close relationship with former committee aide Brant Bassett. The investigator highlighted a June 2003 dinner with Bassett, Foggo, Wilkes and an unnamed individual at a Capitol Hill steakhouse.

The report said the unnamed individual managed a company that is involved in the investigation into whether Foggo abused his position. Through CIA spokespeople, Foggo has denied wrongdoing.

Foggo and Bassett tried to motivate other committee aides with "gifts of government trinkets such as carpets emblazoned with the words 'Global War on Terror,'" the report said. "At this stage, it is unclear whether these actions violated any law or regulation, but further inquiry is appropriate."

Bribes Cost Millions In Earmarks (WT)

By Shaun Waterman

The Washington Times, October 18, 2006

Former Rep. Randy "Duke" Cunningham inserted up to $80 million worth of earmarks for the contractors who bribed him into classified intelligence authorization bills between 2000 and 2006, bullying staff who became concerned, according to an interim report from a special House investigation.

The report, an unclassified five-page summary of a much longer document, is the fullest accounting to date of how Cunningham -- a California Republican now in federal prison after pleading guilty last year to bribery charges -- corruptly used his position on the House Permanent Select Committee on Intelligence to steer government business to two contractors.

It says that over six years, Cunningham and co-conspirators Mitchell Wade and Brent Wilkes "repeatedly sought to use [the committee] to facilitate the objectives of the conspiracy, particularly through requests for congressional funding ... that benefited Wilkes, Wade and other companies," which it does not identify.

The interim report, written by a specially appointed outside counsel, was made public by the ranking Democrat on the committee, Rep. Jane Harman of California, over the protests of Chairman Peter Hoekstra, Michigan Republican.

"The unilateral decision by Harman to break our bipartisan, written agreement ... by releasing an incomplete, internal committee document that has not been reviewed by the other committee members is disturbing and beyond the pale," Mr. Hoekstra said, accusing Mrs. Harman of attempting to "politicize the committee and this critical inquiry."

Hoekstra spokesman Jamal Ware said that the chairman and the majority staff became aware of Mrs. Harman's intention to release the document only a few minutes before it was made public.

Cunningham pleaded guilty last year to taking $2.4 million in bribes from Wade and Mr. Wilkes. Wade admitted bribing Cunningham and others, but coverage at that time focused on the abuse of Cunningham's position on the House Appropriations subcommittee on defense.

That subcommittee appropriates funds for U.S. intelligence agencies, and the intelligence committee also authorizes their spending. Earmarks can be added by either. Cunningham's membership on both panels, the report says, was "key to the success of the Wilkes/Wade funding requests."

Another key was Cunningham's "willingness to pressure and intimidate individual [committee] staff members" who became concerned about the projects he was supporting, according to the report.

Among the subjects that the report says are being investigated further by "appropriate law enforcement and national security agencies" are reported gifts to a Republican committee staffer from Kyle "Dusty" Foggo, a former ranking CIA official.

Report Spells Out Abuses By Former Congressman (NYT)

By Mark Mazzetti

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Former Representative Randy Cunningham pressured and intimidated staff members of the House Intelligence Committee to help steer more than $70 million in classified federal business to favored military contractors, according to a Congressional investigation made public on Tuesday.

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The investigation found that Mr. Cunningham, a California Republican who is serving an eight-year prison sentence for bribery, repeatedly abused his position on the committee to authorize money for military projects, often over the objections of staff members who criticized some of the spending as wasteful.

The inquiry also found that despite numerous "red flags" about the propriety of a particular contract for work on a controversial Pentagon counterintelligence program, committee staff members for three years "continued to accept and support Mr. Cunningham's growing requests for this project."

Mr. Cunningham resigned from Congress in November after pleading guilty to accepting more than $2 million in bribes from military contractors. His plea was mainly related to his activities as a member of the House Appropriations Committee.

The investigation's report lays out for the first time how Mr. Cunningham maneuvered within the classified world of the Intelligence Committee to win secret contracts for two friends, Brent R. Wilkes and Mitchell J. Wade, both contractors.

Lawyers for Mr. Cunningham and Mr. Wade declined to comment on the report. A lawyer for Mr. Wilkes was traveling outside the country.

The report is another embarrassment for Congressional Republicans, who, three weeks before Election Day, are trying to contain the damage from accusations that former Representative Mark Foley, Republican of Florida, made sexually explicit remarks in e-mail messages to Congressional pages. The report on Mr. Cunningham was made public by Representative Jane Harman of California, the senior Democrat on the Intelligence Committee.

Ms. Harman's action drew a rebuke from Representative Peter Hoekstra, Republican of Michigan and chairman of the committee, who called the release "disturbing and beyond the pale."

In an interview, Ms. Harman said Tuesday that the public had a right to see the conclusions of the inquiry, which was led by Michael Stern, an outside special counsel, and completed in May. She said she had been pushing for months for the committee to produce an unclassified version of the report.

"I thought it would be out in early August," she said, "well ahead of the election season."

Only the five-page executive summary of the report was released. The full 59-page report remains classified.

Several crucial witnesses, including Mr. Cunningham, Mr. Wilkes and Mr. Wade, were not interviewed for the investigation.

Mr. Cunningham's positions on both the Intelligence Committee and the Appropriations Defense Subcommittee gave him an advantage in obtaining classified spending provisions called earmarks.

In theory, the Intelligence Committee is supposed to authorize classified expenses before the Appropriations Committee puts them into military spending bills. But in practice, the Appropriations Defense Subcommittee has sometimes originated classified earmarks on its own, and the Intelligence Committee depends on the appropriators for its spending requests. By serving on both panels, Mr. Cunningham had influence over the entire classified budget process.

The inquiry found no evidence that staff members of the Intelligence Committee had profited or expected to profit from Mr. Cunningham's dealings. It also concluded that committee staff members had been suspicious of Mr. Wade and "disinclined to provide him any favorable treatment."

At the same time, committee staff members repeatedly acceded to Mr. Cunningham's demands to steer money to Mr. Wade's company, MZM Inc. The report describes how Mr. Cunningham worked to gain support within the Intelligence Committee for a program run by MZM at the Counterintelligence Field Activity agency of the Pentagon.

The counterintelligence program has been criticized by civil liberties groups, which say it authorizes military officials to spy on Americans under the guise of protecting domestic military bases.

But as a result of a "corrupt conspiracy" between Mr. Cunningham and Mr. Wade, the inquiry found, the Intelligence Committee's ability to monitor the counterintelligence program effectively "appears to have been seriously impeded."

The report cited Mr. Wilkes's close friendship with Kyle Foggo, formerly a top administrator at the Central Intelligence Agency, who helped manage the agency's dealings with contractors. The inquiry found that Mr. Foggo also worked with Intelligence Committee staff members, including Brant G. Bassett, a former C.I.A. officer, on classified projects relating to the management of the agency.

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Mr. Bassett and Mr. Foggo provided Intelligence Committee members with "trinkets" to win favor for their efforts, including a carpet displaying the words "Global War on Terror." The report said it was not clear whether these activities violated any regulation or law, but it recommended further inquiry.

The report suggested that Mr. Foggo, who is under investigation by federal authorities in San Diego for his dealings with Mr. Wilkes on a logistics contract, might be facing a broader inquiry than had been known. It said the investigation of Mr. Foggo also involved "several large contracts" managed by an unidentified contractor, who attended a dinner in June 2003 with Mr. Foggo and Mr. Wilkes at the Capital Grille here.

Mr. Foggo's lawyer, Mark J. MacDougall, declined to comment.

Report: Staff Caved To 'Duke' (HILL)

By By Roxana Tiron

The Hill, October 18, 2006

An executive summary of an internal House Intelligence Committee report released Tuesday by the panel's top Democrat gives the fullest accounting to date of how disgraced ex-congressman Randy "Duke" Cunningham (R-Calif.) used the intelligence panel and its professional staff to fund two defense contractors, who in turn, bribed him.

Cunningham, a former defense appropriator and chairman of the Intelligence terrorism, human intelligence, analysis and counterintelligence subcommittee, was able to obtain the intelligence panel's authorization for up to $80 million in funding for projects requested by defense contractors Mitchell Wade and Brent Wilkes.

The committee staff was fully aware that the funds were intended for a specific recipient and "either actively cooperated with or did not resist Cunningham's efforts to steer the funds toward that recipient," according to the report.

Intelligence Committee Chairman Pete Hoekstra (R-Mich.), took immediate offense to ranking member Rep. Jane Harman's (D-Calif.) decision to release the summary, saying that the move shows "blatant disregard" for a bipartisan agreement they had made to fully review the Cunningham matter and charging her with politicizing the inquiry.

Harman (D-Calif.) released the five-page unclassified report three weeks before Election Day as Republicans are playing defense on several ethics fronts.

In a statement, Hoekstra said that Cunningham had "reached out to the committee and offered his testimony, a possibility the independent counsel is still reviewing," noting that until a final determination can be made on whether Cunningham will testify, the inquiry cannot be considered complete.

Harman's decision to release the summary and Hoekstra's virulent reaction deepens a rift between the two that began months ago over whether Cunningham, who is now in prison, should be subpoenaed for the internal-panel investigation, which special counsel Michael Stern is conducting.

Harman has argued that the ex-lawmaker should be subpoenaed, but Hoekstra said subpoenaing him would not produce any new information because Cunningham would invoke his Fifth Amendment right against self-incrimination. In the meantime, Hoekstra contacted Cunningham in an effort he said was made to informally convince him to participate in the investigation — a move that Harman has called "totally inappropriate."

In a statement, Harman said that earlier this month Hoekstra agreed that it would be "appropriate" for the committee to release the five-page executive summary and Harman said she invited Hoekstra to join her in releasing it.

"In light of this report, our committee must examine why 'red flags' did not trigger greater scrutiny of Cunningham's activities, and what can be done to prevent this type of abuse in the future," Harman said in a statement.

The web of corruption involving Cunningham, Wade and Wilkes has spread beyond the halls of Congress to the Pentagon and the CIA.

The report did not identify any specific national security breaches resulting from the Cunningham corruption, but it did find that Cunningham had dealings with certain foreign nationals, a discovery the committee expects the appropriate national security agencies and law enforcement officials to examine.

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Cunningham's status as a defense appropriator with the power to influence the intelligence panel's key priorities and his willingness to pressure and intimidate individual staff members were key to the success of his funding requests to Wade, the owner of MZM Inc. and Wilkes, the owner of ADCS Inc., according to the report.

Wade pleaded guilty earlier this year to conspiring to bribe Cunningham, among other crimes. Cunningham is already serving an eight-year jail term after pleading guilty in November to accepting $2.4 million in bribes from Wade and Wilkes. Wilkes has not been charged with any crimes and has not pleaded guilty.

As a consequence of the conspiracy between Wade and Cunningham, the ex-lawmaker obtained support in 2003 for a new project at the Counterintelligence Field Activity office, which helps identify and thwart terrorists and spies. Committee staff agreed to support the project despite concerns that it wasted taxpayers' money.

Over time, aides also encountered numerous "red flags" with the new project, as well as with Wade's ethics, but despite those signs, Intelligence Committee staff members continued to "accept and support Cunningham's growing requests for this project from [fiscal year] '03 through FY 06," according to the report.

The conspiracy between Wade and Cunningham impeded the intelligence panel's oversight over the project and the agency itself. The committee was reluctant to share negative information about MZM and when it did, "there was little that … staff was willing or able to follow up," the report said.

But the report states that staff who dealt with Wade were, to varying degrees, suspicious of him and were not inclined to favor him other than the treatment they provided as a consequence of caving to Cunningham's demands.

The report also sheds light on the relationship between Brent Wilkes, Brant Bassett, a former panel staff member and ex-CIA operative, and Kyle Dustin "Dusty" Foggo, the CIA's No. 3 officer, who resigned after federal investigators raided his house in connection with the Cunningham corruption investigation.

Porter Goss, the former head of the CIA and ex-chairman of the Intelligence Committee, who had a close relationship with Foggo, also resigned but insisted at the time that his decision to step down had nothing to do with the corruption investigation.

Bassett, also known as "Nine Fingers" after losing one digit in a motorcycle accident, served as staff director of the Intelligence Committee when Goss was the chairman. Bassett had a close relationship with Foggo, who has known Wilkes for decades. While on the committee, Bassett worked with Foggo "to achieve certain objectives relating to the management of the CIA, " according to the report.

Bassett also introduced Foggo to key committee staff and they both sought to motivate those staffers to take certain desired actions by giving them government trinkets such as a carpet emblazoned with the words "War on Terror."

"At this stage it is unclear whether these actions violated any law or regulation, but further inquiry is appropriate," the report recommends.

Meanwhile, the Justice Department investigation of Foggo in the Cunningham matter includes awards of several large contracts to a company owner other than Wade and Wilkes. Foggo introduced Bassett to that individual in the spring of 2003 when Bassett was contemplating whether to leave the committee for the private sector.

"While we have not determined that Bassett had any involvement in the award[ing] of the CIA contracts either to Wilkes or to the other individual, we believe additional inquiry is warranted to determine whether Bassett or anyone else at the [committee] facilitated or was involved in any of the contract awards," the report said.

Many In Government Helped Cunningham Or Yielded, Panel Finds (WP)

By Walter Pincus

The Washington Post, October 18, 2006

Former congressman Randy "Duke" Cunningham (R-Calif.) channeled more than $70 million in Pentagon and intelligence agency contracts to two companies that paid him bribes, and required the "cooperation or at least the non-interference of many people" to pull that off, a congressional investigation has found.

Since Cunningham had no authority to award contracts, he needed the acquiescence of some members of Congress, congressional staff members and Defense Department officials, according to the executive summary of an investigation by the House Permanent Select Committee on Intelligence into his activities as a panel member.

"This was a lot of people to persuade, cajole, deceive, pressure, intimidate, bribe or otherwise influence to do what they wanted," the executive summary says.

Although the congressional inquiry was directed at Cunningham's activities and found no evidence of corruption among panel staff members, the five-page summary written by the panel's special counsel, Michael Stern, indicates how the continuing federal criminal investigation of corruption and bribery has continued to spread since it began almost two years ago.

The summary discloses for the first time that the government is investigating the CIA's award of "several large contracts" that involved Kyle Dustin "Dusty" Foggo when he was No. 3 at the agency under then-Director Porter J. Goss. Foggo was a longtime friend of contractor Brent R. Wilkes, who federal investigators say was one of Cunningham's co-conspirators along with contractor Mitchell J. Wade.

Foggo resigned in May after being linked to the Cunningham inquiry. Days later, federal agents searched his agency office and his rented home in Northern Virginia.

Yesterday, agency officials refused to comment on the newly disclosed information, saying the matter is under investigation. Foggo was originally investigated by both the CIA inspector general and federal prosecutors after it was alleged this year that he had helped Wilkes obtain CIA contracts and had improperly accepted vacation trips from him.

The House report adds that another Foggo friend, Brant Bassett, a former CIA officer who worked as a staff member of the House intelligence panel, has been drawn into the case. Bassett, Foggo, Wilkes and the unnamed person who received the large CIA contracts "apparently had dinner together at the Capital Grille in June 2003," according to the summary. Stern says that meeting warranted further inquiry but was outside his jurisdiction to investigate.

The summary says Cunningham had "dealings . . . with certain foreign nationals" that have apparently triggered inquiry by "law enforcement and national security agencies."

In November 2005, Cunningham pleaded guilty to taking bribes and is serving a prison sentence of up to eight years. Wade pleaded guilty in February to giving $1 million in bribes, and his sentencing has been postponed until March. Wilkes has yet to be charged but was listed as co-conspirator No. 1 in court documents charging Cunningham.

Published reports have indicated that other members of Congress are under investigation, including Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee. Stern, in his report, says requests to the committee for permission to speak to current and past staff members have not been answered.

House intelligence panel staff members were aware of Cunningham's activities and in some cases saw "red flags" but did not interfere, the report says. It adds that there was "no evidence" uncovered that any past or present committee aides "sought to profit or expect to profit personally from any of the funding requests," Stern wrote.

Release of the executive summary by the panel's ranking Democrat, Rep. Jane Harman (Calif.), added fuel to the running partisan battling going on in the committee, and quickly drew criticism from its chairman, Rep. Peter Hoekstra (R-Mich.).

Harman said that she acted because the original investigation was finished in May and the unclassified executive summary in July, and that the release was held up because of a disagreement between her and Hoekstra over subpoenaing Cunningham to testify. Earlier this month, according to Harman, Hoekstra agreed to release a mutually agreed upon version of the summary, which was completed last week.

Hoekstra, in a statement yesterday, described the release as "disturbing and beyond the pale," and called the summary an "incomplete, internal committee document" that other panel members had not reviewed. His statement echoed words Harman used this month when Hoekstra released reports by the committee majority staff on North Korea and Iraq that were done without the approval of Democrats on the panel.

Wade's company, MZM Inc., benefited from several questionable contracts given by the Counterintelligence Field Activity agency (CIFA), the Pentagon's newest intelligence arm, which was created in 2002 to coordinate protecting defense facilities and personnel at home and abroad from terrorist attacks. Its budget is secret, but congressional sources earlier this year said it totaled more than $1 billion over the past three years; its staff consisted of 400 full-time employees and 800 on contract status.

Cunningham, as a member of the intelligence panel, chaired the terrorism subcommittee that had authority over CIFA. The House committee's "ability to conduct appropriate oversight over the counterintelligence project at CIFA, MZM's other contracts

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with CIFA, and arguably CIFA as a whole appears to have been seriously impeded by the corrupt conspiracy between Cunningham and Wade," the report says.

CIFA's two top officials, director David A. Burtt II and his deputy, Joseph Hefferon, suddenly resigned in August, but other officials at the agency refused to discuss any link to the ongoing investigations. A Pentagon spokesman said their leaving was "a personal decision that they both made together."

Republican Weldon Blasts 'liberal Attack Machine' For Publicity (AP)

By Maryclaire Dale

AP, October 18, 2006

PHILADELPHIA - A day after the FBI raided the offices of a lobbying firm run by Rep. Curt Weldon's daughter and his close friend, the Republican's campaign blamed publicity about the Justice Department investigation on "the left-wing, liberal attack machine."

The FBI is investigating whether Weldon used his influence to get Karen Weldon's firm nearly $1 million in lobbying contracts with foreign companies, two people familiar with the inquiry have told The Associated Press.

Weldon pushed the agendas of three of the firm's clients in public and private, at times urging the U.S. to buy their weapons or issue them visas, according to news reports published over the past 2 1/2 years.

On Monday, Weldon questioned the timing of the raids and said his sometimes unpopular stances may have angered people on both sides of the aisle - including Republicans who control the Justice Department.

"Bureaucracy is not Democrat or Republican. Come on," Weldon said Monday.

But on Tuesday, his campaign lashed out at the left.

"Now three weeks before the election, the left-wing, liberal attack machine has launched a coordinated effort to smear U.S. Rep. Weldon and his family in a desperate attempt to steal this seat," Weldon's campaign said in a statement.

Weldon's campaign spokesman said there are Clinton-era holdovers among the civil-service employees in the Justice Department.

"I don't mean to impugn the motive of the Justice Department, but there may be partisan motives for leaking word of this inquiry three weeks before the election," the spokesman, Pete Peterson, said.

The 10-term incumbent already faced a razor-close race against Democratic challenger Joe Sestak, a retired Navy vice admiral. The two are scheduled to debate Friday.

Weldon has clashed with the Bush administration and others in Washington. Over the past year, the congressman has repeatedly said a secret military unit called "Able Danger" used data.m.ining to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. The Pentagon rejects the idea.

The FBI on Monday raided six sites in Pennsylvania and Florida linked to Karen Weldon, her business partner Charles P. Sexton Jr. and their firm. The FBI removed evidence from their homes and office and from the Jacksonville, Fla., headquarters of their former client, a Russian energy firm called Itera International Energy Corp.

The lawmaker on Tuesday blamed the investigation on the Democratic Congressional Campaign Committee and a group called Citizens for Responsibility and Ethics in Washington, which he said was supported by Democratic activists. In 2004, the group asked the Justice Department to investigate Weldon for alleged bribery for "using his public office to benefit companies that hired his daughter as a lobbyist."

Weldon has not received a target letter - essentially a prelude to an indictment - and has not been contacted by the Justice Department about the probe, Peterson said.

Philadelphia attorney Jim Rohn, who was retained Monday to represent Karen Weldon, said she has not received a target letter and has offered to cooperate.

"From my point of view, my client hasn't done anything wrong. I've been in touch with the prosecutor, and I've offered to have her cooperate," Rohn said.

Karen Weldon, 32, runs Solutions Worldwide with Sexton, one of her father's closest friends and political allies. Sexton ran the Republican Party in Delaware County, Weldon's home base, for decades.

Sexton's lawyer, Joseph Fioravanti, declined to comment on the investigation Tuesday.

Investigation Is Just Politics, Lawmaker Says (NYT)

By David Johnston

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Representative Curt Weldon is describing a federal investigation into whether he acted improperly on behalf of his daughter's lobbying firm as an election-season ploy that will find that "I engaged in no wrongdoing."

"I am extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress," Mr. Weldon, Republican of Pennsylvania, said in a statement issued Monday evening. "The timing of this situation is deeply concerning."

Mr. Weldon is in a tight race against his Democratic opponent, Joseph A. Sestak Jr., a former vice admiral, in a district near Philadelphia that he has represented for 10 terms without a difficult re-election challenge.

He said in his statement that he had confirmed the government investigation, which was first reported in news accounts over the weekend, and that he would cooperate with it.

The congressman described the investigation as "preliminary." But law enforcement officials said the inquiry, which began in the spring, had advanced well along. These officials said searches carried out by federal agents on Monday at six locations, including the homes of his daughter and a close political ally of his, reflected its quickening pace.

Mr. Weldon said he was disappointed by the "politics of personal destruction," which he attributed to "left-wing liberal activists." He singled out one group, Citizens for Responsibility and Ethics in Washington, which two years ago sent a letter of complaint to the Justice Department asking that he be investigated.

The complaint was centered on a Los Angeles Times article in February 2004 that said Mr. Weldon's daughter, Karen, had reaped financial benefits from his position on the House Armed Services Committee. Mr. Weldon said Monday that the article had been referred to the House ethics committee and that the panel had concluded after its own inquiry that he had done nothing wrong.

The article reported that in September 2002, Mr. Weldon helped bring 30 Congressional colleagues to a dinner at the Library of Congress to honor the chairman of a Russian natural gas company, the Itera International Energy Corporation, several days before the company hired Karen Weldon's lobbying and public relations firm, Solutions North America.

The Jacksonville, Fla., offices of Itera, Solutions' first client, and the Philadelphia offices of Solutions were among the locations raided by F.B.I. agents on Monday. So was the home, near Philadelphia, of Ms. Weldon's partner in Solutions, Charles P. Sexton Jr., a longtime associate of the congressman.

Mr. Weldon spoke favorably about Itera in a floor speech in 2002, traveled to Russia that year to visit the company's offices and attended the opening of its American headquarters, in Jacksonville, in 2003. When he led a Congressional delegation to Eastern Europe in 2002, Itera paid for his daughter to join him on the trip.

Weldon's Ties To Serbian Businessman Part Of Probe (WP)

By R. Jeffrey Smith And Carol D. Leonnig

The Washington Post, October 18, 2006

Officials at the U.S. Embassy in Belgrade were surprised three years ago to be invited to a luncheon in honor of visiting Rep. Curt Weldon (R-Pa.), hosted by Bogoljub Karic, a wealthy Serbian businessman who had been barred from visiting or trading with the United States because of his close ties to former Yugoslav leader Slobodan Milosevic.

Weldon "was visiting solely because of Karic," whom he was trying to get off the U.S. blacklist, a former senior embassy official familiar with the visit concluded. "It seemed odd" at the time, because Karic had no obvious tie to Weldon's district outside Philadelphia, and Weldon should have known the embassy was shunning contacts with him, the official said.

What the embassy apparently did not know is that the Karic family that year signed a contract with Weldon's daughter, Karen, and a business partner that called for monthly payments of $20,000 for "management, government and public relations," according to a copy of the March 2003 contract. In all, the family paid Karen Weldon's firm $133,858 that year for efforts she undertook to set up a foundation for it.

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Curt Weldon's visit and that deal are under investigation by the FBI, according to a law enforcement source familiar with the probe. His efforts to assist clients of his daughter's consulting firm in their dealings with the federal government are the focus of that probe, according to sources familiar with it .

FBI raids of six locations in Pennsylvania and Florida on Monday, including one of Karen Weldon's home and another of her consulting and lobbying firm, were part of the bureau's search for evidence of whether the lawmaker used his influence to benefit himself or his daughter's firm, according to the sources. They spoke on the condition that they not be named because of the sensitivity of the investigation.

A grand jury has been impaneled as part of the investigation, and it has obtained evidence gathered via wiretaps of Washington area cellphone numbers, the sources said.

Weldon has said he did not take actions to enrich his daughter or himself. His attorney, William J. Winning, said yesterday that "the congressman did nothing wrong, nor did his daughter do anything wrong." Winning added that he was not prepared to justify or discuss Weldon's travels.

Besides looking at Weldon's Karic connection, the FBI is examining the lawmaker's contacts with a Russian-managed oil and gas company, Itera International Energy Corp., the sources said. The company's offices in Jacksonville, Fla., were searched on Monday.

Itera spokesman Steve Koegler declined to answer questions yesterday, but released a statement saying that the government had expressed interest Monday in "any records or information Itera might have with respect to Itera's business relationship with Solutions Worldwide." The name of the firm that Karen Weldon operates with one of her father's close political supporters, Charles Sexton, is Solutions North America Inc.

"Itera and all of its employees have cooperated and will continue to cooperate with the government's request," the statement added.

According to a statement Karen Weldon filed with the Justice Department's foreign agent registration office, Itera agreed in September 2002 to pay her firm a $170,000 startup fee and $300,000 more in monthly retainer fees, in exchange for "such consulting services" as the company might request.

That was the same month that her father attended a lavish dinner for the company at the Library of Congress, at which Itera's director, Igor Makarov, announced the start of a U.S.-Russian student exchange program, based in Weldon's district. Members of Congress were to nominate participants in the program.

That year, Weldon complained to the U.S. Trade and Development Agency about its cancellation of a grant to Itera to explore a gas field in Siberia.

In filings with the Senate clerk, Weldon has reported that Itera paid for a trip he took to New York in September 2002 and a one-day trip to Jacksonville in January 2003. He also reported that a nonprofit group directed by Itera officials financed his two-day visit to Jacksonville in November 2002.

Weldon, who has long advocated closer U.S.-Russian trade ties, listed another client of his daughter's firm, Saratov Aviation, as the financial sponsor of a three-day trip to Moscow in January 2003, the same month as a visit he took to Belgrade.

Weldon's chief of staff went to Belgrade in November 2003, initially listing the Karic family as his financial sponsor in a filing the next month with the Senate clerk. Two months later, after reporters for the Los Angeles Times questioned him about the trip, he amended the filing to state that he had reimbursed the company for his travel expenses.

Some watchdog organizations previously noted Weldon's support for companies that had little to do with his constituents in Delaware County and that paid fees to the firm operated by his daughter and Sexton, or to a close friend of Weldon's, lobbyist Cecilia Grimes.

"There seems to be a pattern of Congressman Weldon's activities overlapping with his private and personal interests," said Steve Ellis, vice president of Taxpayers for Common Sense, which monitored the efforts of Weldon and other lawmakers on behalf of companies that had contracts with their associates. "You can explain away one or two cases, but here you really have to question what's going on here and is it really in the interest of the U.S. taxpayers."

Weldon gave testimonials on behalf of a company, Advanced Ceramics Research, in two separate hearings of the House Armed Services subcommittee on tactical air and land forces, which he chairs. Weldon had invited the Arizona company's CEO

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to testify in 2004 and 2005 about what he characterized as its "very interesting work in developing state of the art composites that have increased performance while significantly reducing component cost."

The congressman lauded the company's work, noting its ability to produce "modern composites that lead to lighter weight, lower cost and tougher systems."

Advanced Ceramics Research paid Grimes $60,000 as its registered lobbyist in 2003 and 2004. An affiliate of Advanced Ceramics paid her an additional $40,000 during that time, according to her lobbying registration documents.

Efforts to reach Grimes at two phone numbers listed for her on lobbying registration forms were unsuccessful.

Weldon also supported an Italian defense contractor, Oto Melara, in a formal letter and testimony to the Armed Services Committee that recommended the Navy consider using the company's guns on its ships. Oto Melara has paid Grimes's firm $60,000 since she registered to lobby for it in June 2005, according to her lobbying reports .

Research director Lucy Shackelford and staff researcher Madonna Lebling contributed to this report.

Weldon's Itera Ties Long Known (HILL)

By Elana Schor

The Hill, October 18, 2006

As President Bush prepared to announce a new energy cooperation pact with Russia in May 2002, Rep. Curt Weldon (R-Pa.) and 10 fellow lawmakers sat down in Moscow with executives of oil and gas trader Itera Group, praising the company as a prime prospect for U.S. partnerships.

Itera had fallen under scrutiny at the time for its ties to Gazprom, Russia's state-owned natural gas giant, but its congressional clout remained strong, with help from Weldon and his daughter, Karen, whose public relations firm signed a $500,000 contract with Itera four months after the 2002 trip.

Itera is facing new questions this week after federal agents raided the company's Florida office as well as the homes of Karen Weldon and Charles Sexton, her business partner and a longtime adviser to the embattled ten-term Republican, locked in the toughest re-election fight of his career. But despite Weldon's public speculation about a politically motivated probe, one Democrat came to Itera's defense yesterday.

"I only have good things to say about them," said Rep. Corrine Brown (D-Fla.), whose district includes Itera's Jacksonville headquarters. Brown, who joined Weldon on the 2002 codel to Russia, led a later celebration of Itera's 10th anniversary in Florida that featured entertainment from Oscar winner Isaac Hayes and two Russian pop singers.

Brown said she was "really surprised by the nature of the investigation" of Weldon's links with Itera and two other foreign clients of his daughter, which Brown said she first heard of through news reports this week. "I just don't know how whether or not a person had a [lobbying] client would generate that kind of response."

Brown issued a statement on the 2002 codel, her portion of which was approved and paid for by the transportation committee. Lawmakers on the trip met with members of the Russian Parliament and the president of Uzbekistan and Azerbaijan, she said.

Karen Weldon and Sexton filed a lobbying registration for Itera International on Sept. 13, 2002, less than two weeks before nearly 30 lawmakers from both sides of the aisle joined Rep. Weldon for a Library of Congress dinner honoring Itera and its CEO, Igor Makarov. In a floor speech after the event, Rep. Weldon said the dinner was in gratitude for the May 2002 meeting and referred to meetings he suggested between Itera executives and former Central Intelligence Agency chief James Woolsey.

Itera did not return a request for comment on its meetings with Weldon and other lawmakers. Itera's lobbying stable includes Brown's daughter, Shantrel Brown Fields, who signed a deal in February for her firm, Alcalde & Fay, to represent the company on "international debt issues."

Weldon's office declined to comment on the ongoing probe, other than to point out that the lawmaker has not been contacted by the Justice Department. His lawyer in the criminal inquiry did not return a call for comment by press time.

James Rohn, a Pennsylvania lawyer representing Karen Weldon, said she plans to cooperate with the government actions. "From where I sit, she hasn't done anything that's wrong," he said.

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In a statement posted late Monday to his campaign Web site, Weldon called the timing of the raid and investigation "deeply concerning."

Referring to a 2004 House ethics committee inquiry into Weldon's advocacy for his daughter's clients, opened at his behest, Weldon also asserted that the panel had absolved him of wrongdoing. Yet the ethics committee never publicly released any findings from that inquiry, suggesting that it may not have been completed.

Weldon's Democratic opponent, retired Navy Adm. Joe Sestak, out-raised Weldon during the third quarter and continues to win plaudits from the national party for a well-run campaign. His camp has stayed largely silent as the federal raid dominates local media coverage, letting Weldon's ethics drama play itself out with no distractions.

Despite Weldon's hints of a politically motivated probe, nonpartisan ethics groups point out that the Justice Department has conducted itself under a Republican administration.

"One thing I've noticed about the FBI is, they don't give two hoots about the election calendar or sessions of Congress," said Craig Holman, director of Public Citizen's Congress Watch. "If they did, they would have come through with these indictments earlier in the session when we were trying to get meaningful lobbying and ethics legislation through."

William Canfield, a Williams & Jensen lawyer and former Senate Ethics Committee aide who represented Weldon in the 2004 matter, said the Justice Department's moves would likely stave off any further House ethics committee action this year.

"Plus, if he doesn't win, they're not going to care. … [There is] no impetus for them to do something until after the election," Canfield said. He questioned why federal prosecutors would rev up their pursuit of new information in the caseatthis late date. "Why it took two years for the Justice Department to read the L.A. Times, I have no idea."

Two other foreign clients of Solutions North America are at issue in the federal investigation: Russia-based Saratov Aviation, for which Karen Weldon and Sexton registered to lobby in 2003 under the firm name Solutions Worldwide, and the Karic brothers, members of a Serbian family linked to deceased dictator Slobodan Milosevic.

The Odor From Capitol Hill (NYT)

The New York Times, October 18, 2006

As predicaments go for champions of family values, few can top the embarrassment suffered by Representative Curt Weldon when federal agents raided the home of his daughter, a Washington lobbyist, in search of evidence that the powerful lawmaker helped her with lucrative clients. The grand jury is still out on the investigation, and Mr. Weldon, a Pennsylvania Republican, says he is innocent. But with each fresh scandal, the tattooing of the G.O.P.-run 109th Congress continues in pre-election polls.

Voters had no sooner adjusted to the shock of seeing Representative Mark Foley, Republican of Florida, disgraced from office by his come-ons to Congressional pages than Bob Ney took his turn on the pre-election scandal smorgasbord. Representative Ney, Republican of Ohio, pleaded guilty to being a principal in the quid-pro-quo insiders' market run by Jack Abramoff, the corrupt Republican lobbyist who is cooperating with investigators about his ties to Congress and the White House. Another Republican, former Representative Randy Cunningham of California, is already doing time. He sold his office in steering $70 million in contracts to companies that offered bribes ranging from a Rolls-Royce to a carpet emblazoned "Global War on Terror."

It should be remembered that Speaker Dennis Hastert, now under fire in the Foley scandal, helped dampen any chance of in-House ethical controls in his failed attempt to save the career of former Majority Leader Tom DeLay, an Abramoff ally who is accused of political money laundering and is awaiting trial. The sight of the ossified ethics committee forced back to life by the Foley scandal is more pathetic than heartening. It's small wonder that lawmakers feel empowered to make ethical stretches — like Representative John Doolittle's boosting his own family's value by having his wife designated a consultant and paying her a 15 percent commission off the top of his campaign kitty.

The hustings ring with Democrats' vows to restore ethical spine. But the minority has its own problem in Representative William Jefferson of Louisiana, who is accused of taking bribe money and hiding it in his home freezer. And Democrats are not helped when their Senate leader, Harry Reid of Nevada, amends his ethics filings to better report a real estate windfall, and misuses campaign money to pay helpers at his Washington condo.

The G.O.P. leaders have themselves to blame for their multiple millstones. If they had passed actual ethics reform, instead of deep-sixing it in bromides, there could have been a believable independent corruption office to take some of the heat off their current plight as compromised self-investigators. (One of the defeated reforms would have denied pensions to lawmakers convicted of official abuses. Instead, Messrs. Cunningham and Ney are likely to keep collecting behind bars.)

Congressmen caught in wrongdoing at this time of year like to complain that they're the victims of election-eve politics. If the looming elections inspire whistleblowers, we say bravo. The prospect of voting day fills the vacuum created by the absence of an actual set of enforceable ethics rules in Congress.

Labor Leader Accused Of Taking $2.2 Million (NYT)

By ANEMONA HARTOCOLLIS And STEVEN GREENHOUSE

The New York Times, October 18, 2006

Brian M. McLaughlin, a Queens assemblyman who as head of the nation's biggest municipal labor council personified New York City's politically powerful labor movement, was arrested yesterday on federal racketeering charges involving embezzlement, receiving bribes, fraud and money laundering. Conviction on all 43 charges could send him to prison for decades.

A 186-page indictment charges Mr. McLaughlin, 54, with illegally obtaining $2.2 million from taxpayers, labor unions and contractors over the last decade since he became president of the New York City Central Labor Council, a federation of 400 union locals with one million members.

The accusations range from the Dickensian (stealing $95,000 from Little League baseball teams to pay his rent) to the brazen (creating two no-show jobs on his legislative payroll and keeping part of one salary), according to the painstakingly detailed racketeering indictment unsealed yesterday.

Mr. McLaughlin surrendered early yesterday. He pleaded not guilty at his arraignment in Federal District Court in Manhattan before Magistrate Judge James C. Francis IV, and was released on $250,000 bail. His lawyer, Jonathan Bach, did not return a call for comment.

Law enforcement officials said that Mr. McLaughlin used subordinates as "personal servants," to take his dog to the veterinarian, hang Christmas lights, trap rodents in his basement and clean out his barn.

He is also charged with making an aide use his E-ZPass at tollbooths to make it appear that he had returned home from Albany later than he really had, allowing him to bill for daily allowances given to legislators.

He is accused of using more than $330,000 from his re-election campaign funds to pay for personal expenses like a rehearsal dinner for his son's wedding, renovation of his $760,000 house in Suffolk County near Long Island Sound, payment of his country club membership fees and the purchase and installation of a plasma television for a female friend.

He is charged with using stolen money for an $80,000 Mercedes-Benz for his wife, marina fees, school tuition for one of his children, rent payments on his Albany residence and rent payments on his Queens residence.

Michael J. Garcia, the United States attorney for Manhattan, said the extent of the thefts was "stunning in its breadth and scope," at a news conference yesterday announcing the indictment.

"This case lends a new meaning to the term 'hand in the till,' " he said.

Asked why Mr. McLaughlin would go to so much trouble to steal money when he was making what many would consider much more than a decent living — $263,600 in combined salaries and expenses as an assemblyman and labor council president — Mr. Garcia said he could not offer any insight, except to say, "What we have here is really a story of greed."

For more than a decade, Mr. McLaughlin was among the most influential labor leaders in New York City and in the state, providing pivotal early support for Mayor Michael R. Bloomberg's re-election and supporting the failed effort to build a football stadium on the Far West Side of Manhattan. He led the fight to keep Wal-Mart out of the city and lent strong support to transit workers during last year's strike.

The investigation became public seven months ago when the F.B.I. raided Mr. McLaughlin's offices.

Some labor experts said they were shocked by the scope of yesterday's accusations, which could represent a huge embarrassment for organized labor and elected officials.

"If these charges prove true, it's certainly a blot on the union movement, and whenever there's a corruption case involving a high-profile union leader, it has to hurt that much worse," said Joshua Freeman, a professor of labor history at the Graduate Center of the City University of New York.

Mr. McLaughlin, a Democrat, is the eighth state lawmaker accused of crimes in recent years. He announced in January that he would not run for an eighth Assembly term.

Republicans did not hesitate to capitalize on the indictment. "Today, New York's Assembly Democrats continued their long tradition of corruption," Stephen Minarik, chairman of the Republican State Committee, said in a statement.

A spokesman for the Assembly speaker, Sheldon Silver, a Democrat, would say only that the Assembly had cooperated with the inquiry.

Denis Hughes, president of the state A.F.L.-C.I.O. and chairman of the labor council's executive board, responded to the indictment with a statement: "Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations."

Labor Leader Arrested For Racketeering (AP)

By Pat Milton, ASSOCIATED PRESS WRITER

AP, October 18, 2006

NEW YORK -- The president of the nation's largest municipal labor council was arrested on federal racketeering charges Tuesday, accused of stealing more than $2 million from the state, labor unions and even a Little League fund.

Brian M. McLaughlin, a seven-term Democratic state assemblyman and president of the New York City Central Labor Council, has been under investigation for several years.

He surrendered Tuesday morning and was released on $250,000 bail after a brief appearance before U.S. Magistrate Judge James C. Francis. McLaughlin and his lawyer, Jonathan Bach, declined to comment as they left U.S. District Court in Manhattan.

"Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations," said the labor council's executive board chairman, Denis M. Hughes.

The labor council is an umbrella group of unions that has supported Mayor Michael Bloomberg.

In a 186-page indictment unsealed Tuesday, McLaughlin and others are accused of engaging in racketeering from 1995 through 2006 by using money collected for union activities to instead pay personal expenses, including credit card bills, rent and home improvements.

The indictment alleges McLaughlin committed mail fraud, embezzlement, money laundering and labor bribery by diverting money from various funds he controlled.

Among the funds identified were McLaughlin's political campaign committee, union accounts meant to provide benefits for union members and even contributions meant to support a Little League baseball program.

The indictment also alleges McLaughlin and others misappropriated funds from the state by creating fictitious jobs on his legislative staff and submitting false expense forms.

Among the expenses named in the indictment were more than $4,100 to maintain a boat in Tuckerton, N.J., and $4,200 for Long Island country club membership dues.

The indictment accuses McLaughlin of combining with others, not named in the indictment, to obtain hundreds of thousands of dollars in unlawful payments and things of value from street lighting contractors and other companies in the street lighting and traffic signal industry.

It also focuses at one point on a housing development created in 1950 by union leaders and electrical industry management that resulted in more than 30 large apartment buildings. As part of the development, residents created the Electchester Athletic Association Inc. to run a youth sports programs.

The indictment alleges McLaughlin used his position as state assemblyman to direct state money to that athletic association, then defrauded the association of more than $95,000.

Meanwhile, the indictment noted, McLaughlin continued soliciting donations to the athletic fund with sponsorship forms thanking the contributor and concluding with the message: "A CHILD IN SPORTS STAYS OUT OF THE COURTS!"

Associated Press Writers Larry Neumeister in New York and Michael Gormley in Albany contributed to this report.

McLaughlin Pleads Innocent To U.S. Charges (NYS)

By Russell Berman, Staff Reporter of the Sun

New York Sun, October 18, 2006

A Queens assemblyman who is one of the city's top labor leaders is facing a lifetime in prison after federal prosecutors charged him with stealing $2.2 million from the state government, union members, a political club, and a Little League baseball association.

The assemblyman, Brian McLaughlin, the president of the New York City Central Labor Council, surrendered to authorities yesterday at federal district court in Lower Manhattan and became the latest in a series of state legislators from New York City to come under criminal charges. He pleaded not guilty to 44 counts of racketeering, embezzlement, conspiracy, and fraud.

The U.S. Attorney for the Southern District, Michael Garcia, said Mr. McLaughlin's alleged crimes "add new meaning to the term 'hand-in-the-till.'"

A 186-page indictment alleges a complex scheme that Mr. Garcia called "stunning in its breadth and its scope." Prosecutors charge that Mr. McLaughlin, 54, accepted hundreds of thousands of dollars in kickbacks from city street lighting contractors, installed his cronies in fictitious positions with the state Assembly and the labor council to funnel cash to himself, and laundered money to hide his crimes and evade law enforcement.

Mr. McLaughlin allegedly used the money to buy an $80,000 Mercedes-Benz, purchase a wide-screen plasma television for a friend, and pay an initiation fee and membership dues, totaling at least $28,600, for a Long Island country club. The indictment also alleges he used the money to finance his son's wedding and make payments on his residences in Albany, Queens, and Long Island.

The charges signal a steep fall for Mr. McLaughlin, who was once talked about as a potential candidate for mayor. The authorities yesterday portrayed him as a man motivated by greed who used each of his leadership positions as a money-making venture.

"The Midas touch turned everything into gold. The McLaughlin touch made money disappear into his own pockets," the special agent heading the FBI's New York criminal division, Andrew Arena, said at a press conference announcing the indictment.

No one else was named in the indictment, but Mr. Garcia said the investigation was ongoing and did not rule out further charges.

Mr. McLaughlin did not comment in response to the accusations. "The case is now in the court of law, so we're going to save our comments for the courtroom," his lawyer, Jonathan Bach, said after Mr. McLaughlin was arraigned before federal Magistrate Judge James Francis IV yesterday. Two of the 44 counts are filed under the Racketeer Influenced and Corrupt Organizations Act, which some have criticized when it is used in cases that don't involve traditional organized crime families.

The assemblyman was released on $250,000 bond.The maximum prison sentence for the 44 counts totals 535 years.

With yesterday's indictment, Mr. McLaughlin becomes the ninth state legislator representing the city to face charges in the last three years. Two others were charged in the last three months. State Senator Efrain Gonzalez Jr., a Democrat of the Bronx, was accused in August of using $37,000 in funds from a nonprofit group for personal expenses, including buying Yankees tickets and vacationing in the Dominican Republic. In July, Assemblywoman Diane Gordon, a Democrat of Brooklyn, was indicted for allegedly soliciting a $500,000 bribe. Both have pleaded not guilty and are seeking re-election.

First elected to the Assembly in 1992, Mr. McLaughlin is not seeking an eighth term this year, having said that he wanted to devote more time to union duties. He represents the 25th district in Queens, which includes Flushing, Whitestone, and Jamaica. Mr. McLaughlin has been a prominent supporter of Mayor Bloomberg and has backed several of his major development projects. A spokesman for the mayor declined comment yesterday.

The federal investigation of Mr. McLaughlin dates back years and became public in March when the FBI launched an early morning raid of the Central Labor Council's offices, removing boxes of documents.

As president of the council, Mr. McLaughlin led more than one million city union members. The umbrella group is the nation's largest municipal union association and is an affiliate of the AFL-CIO. Its leadership offered support for Mr. McLaughlin yesterday.

"Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations," the chairman of the council's executive board, Denis Hughes, said in a statement. Mr. Hughes is the president of the state AFL-CIO.

Union leaders held a conference call early yesterday to discuss how to respond to the accusations against Mr. McLaughlin, a spokesman for the state AFL-CIO, Mario Cilento, said. Although Mr. McLaughlin took a sixmonth paid leave of absence beginning last month, he will remain as president of the labor council pending the charges, Mr. Cilento said.

While the investigation and the possibility of criminal charges against Mr. McLaughlin were well known to union leaders, some were said to be shocked by the extent of the alleged scheme.

The charges also put the Democrat running to replace Mr. McLaughlin in the Assembly, Rory Lancman, in a political quandary. Mr. Lancman is close to Mr. McLaughlin and had posted on his campaign Web site a photographic "tribute" to the assemblyman. That tribute has since been removed, although photos of Mr. McLaughlin remain on the site.

"Everyone is entitled to the presumption of innocence in America, but the government's allegations are extremely disturbing." Mr. Lancman said yesterday, adding that it was a "sad day" for the community.

According to the indictment, Mr. McLaughlin, over more than decade, used a variety of nefarious methods to steal money from several organizations, including the labor council, the Assembly, and his political campaign committee. He also allegedly stole more than $140,000 from a division of the union he ran, Local 3 of the International Brotherhood of Electrical Workers. And he allegedly pocketed $95,000 that was intended for the Electchester Athletic Association, a Little League baseball program created for the children of union members.

The indictment further accuses Mr. McLaughlin of promoting a relative to head a labor council panel called the Commission on the Dignity of Immigrants. The relative was a chiropractor who had no experience working with immigrants, and there was no evidence he did any work for the commission. His entire salary went to Mr. McLaughlin, according to the indictment.

Prosecutors also say Mr. McLaughlin made union members perform menial tasks for him, treating them like his own "private workforce." Union members chased rodents in Mr. McLaughlin's basement, shoveled snow and hung Christmas lights for him, the indictment alleges.

The schemes and the servants allowed Mr. McLaughlin to "support his own version of 'Lifestyles of the Rich and Famous,'" the commissioner of the city's Department of Investigation, Rose Gill Hearn, said.

Dem Leader Charged (NSDY)

By Anthony M. Destefano, Staff Writer; Compiled By Carl Macgowan

Long Island Newsday, October 18, 2006

Feds say Flushing Assemb. McLaughlin defrauded unions, Assembly and Little League of $2.2 million

Federal officials yesterday charged longtime Flushing Assemblyman Brian McLaughlin, a key Queens Democratic Party leader and a dominant labor leader in the city, with carrying out a scheme to enrich himself by plundering unions, the Assembly and even a Little League group of $2.2 million to pad his lifestyle.

McLaughlin, 54, who has a rent-controlled apartment in Flushing and a home in Suffolk County at 1 Hawks Nest in Nissequogue, surrendered yesterday morning at FBI headquarters in Manhattan to face a 44-count racketeering indictment accusing him of mail fraud, money laundering, bank fraud, federal labor law violations and other crimes.

If convicted of the most serious charge of bank fraud, he faces a 30-year prison term.

"This case lends new meaning to the term 'hand in the till,'" said Manhattan U.S. Attorney Michael Garcia in announcing the charges.

"It is a case about greed, about a high-ranking union official stealing from union members by siphoning off dues and a State Assemblyman stealing ... by no-show jobs and fraudulent vouchers."

McLaughlin appeared before a federal magistrate judge in Manhattan U.S. District Court and was released on a $250,000 personal recognizance bond.

Defense attorney Jonathan Bach couldn't be reached for comment.

Garcia termed the charges "stunning in breadth and scope," ranging from McLaughlin allegedly taking hundreds of thousands of dollars in kickbacks from streetlighting contractors doing business with the city to embezzling Little League funds.

The money generated by the various schemes was used to pay for an $80,000 2002 Mercedes-Benz, marina fees for a boat, country club initiation dues, construction of a new Long Island home, credit card bills and a wedding rehearsal dinner for one of McLaughlin's sons, officials said.

The alleged theft was done so McLaughlin "could support his own version of lifestyle of the rich and famous," said Rose Gill Hearn, head of the city's Department of Investigation.

McLaughlin is accused of using union members while they worked on regular shifts for their bosses to do chores for him that included shoveling snow, changing light bulbs, cleaning out a barn and capturing rodents in the basement of his house, investigators said. According to the indictment, women who had a "personal relationship" with McLaughlin also reaped some financial benefits from his actions. McLaughlin is married and has five children.

Among McLaughlin's alleged victims were the Electchester Athletic Association of Flushing, which raises money to fund Little League programs. The association lost $100,000 through McLaughlin's misappropriation, the indictment charged.

Among the largest alleged thefts was $400,000 from streetlighting contracts, federal officials said. None of the companies were identified in the indictment.

Other alleged victims were a branch of Local 3 of the International Brotherhood of Electrical Workers, the Central Labor Council, the Committee to Elect Brian McLaughlin and the Clinton Democratic Club.

Word had surfaced earlier this year that federal authorities were investigating McLaughlin.

He decided to take a leave of absence from his post as head of the New York Central Labor Council on Sept. 1, but continued to draw a $167,629 salary package.

In addition, he said he wouldn't seek re-election to the Assembly, where he has served for seven terms.

Brian McLaughlin

54 years old

Married

Has five children

In seventh term as Democratic assemblyman representing the 25th District in Flushing.

Last month, began six-month leave of absence from labor council amid federal probe of suspected bid-rigging on city streetlighting contracts.

Announced in January he would not run for re-election in order to spend more time serving the Central Labor Council, of which he has been president since 1995. The council represents 1.3 million workers in 400 union locals.

Compiled by Carl MacGowan

The accused

New York State Assemb. Brian McLaughlin was arraigned in federal court on corruption charges yesterday. Below, some of the cash amounts and allegations against him:

Amount Allegation

$400,000 Taken in illegal cash payments from contractors; also, three vehicles, one of which he gave to his son and a woman friend.

$330, 000 From his campaign committee to renovate and clean his Nissequogue house, paid for country club fees.

$100,000 From union dues to pay personal credit card bills and country club dues

$100,000 From a Little League based at the Pomonok Houses in Flushing.

$25,000 Pocketed from the state using a fictitious employee.

$19,000 From the William Jefferson Clinton Democratic Club of Queens, which he cofounded, for personal expenses, paying rent on his Albany home and a plasma television for a woman he had a "personal relationship" with

Other allegations

Stole funds from the J division of Local 3 of International Brotherhood of Electrical Workers.

Used union members on shifts for contractors to do personal chores such as moving appliances, shoveling snow, putting up Christmas lights, plumbing work and catching rodents in his basement.

The Secret Life Of Labor King (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, October 18, 2006

He even stole from the kids.

The powerful boss of the city's biggest labor group was charged yesterday with a massive $2.2 million shakedown scheme - using his influence and seat on the state Assembly to line his pockets.

No one was immune from his greed, not union members - not even Little Leaguers.

Assemblyman Brian McLaughlin allegedly used the stolen funds to finance a high-flying lifestyle that included a Long Island mansion, luxury cars, country clubs and gifts for several lady friends.

"What we have here is a story of greed," said Manhattan U.S. Attorney Michael Garcia in announcing the charges. "This case lends new meaning to the term 'hand in the till.'"

The sheer size of the scam put McLaughlin, 54, a seven-term Democratic legislator and longtime executive director of New York City Central Labor Council, an umbrella group that has more than 1 million members, into the pantheon of crooked powerbrokers.

Prosecutors said he has been stealing money for much of the past decade while he held both jobs.

Added city Department of Investigation Commissioner Rose Gill Hearn: "This was all done so that the defendant could support his own version of 'Lifestyles of the Rich and Famous.'"

According to Garcia, no scheme was too small for the money-grubbing legislator who started his working life as an electrician, then earned bachelor's and master's degrees and rose to lead Local 3 of the Electrical Workers Union.

The feds said McLaughlin ran a squeeze play on Queens' Little Leaguers for years while serving as treasurer of the Electchester Athletic Association, located at a union-sponsored housing development in Queens.

McLaughlin allegedly stole nearly $100,000 while raising funds for the group, using the slogan: "A Child in Sports Stays out of the Courts."

And when a league official tried to use $2,800 to pay for legitimate softball expenses in June 2004, McLaughlin was enraged, the indictment says.

"All that f-----g money, he's f-----g spending on other stuff, that ain't his money," McLaughlin said. "That's mine."

Among other crimes allegedly committed by McLaughlin, according to a 44-count racketeering indictment:

He got $400,000 in illegal payments as well as three cars from contractors who hired Local 3 electricians. One car went to his son and the other to a female friend.

nHe diverted campaign contributions to pay for a female friend's widescreen plasma television and got $61,000 from a contractor to pay for a Mercedes-Benz for his wife. He also used campaign cash to pay for his son's August 2004 wedding by creating a no-show consultant's job for his daughter-in-law.

He employed a battalion of rank-and-file electricians to drive family members to doctor's appointments, hang Christmas lights, shovel out his horse barn and snatch up rodents running through his basement.

nHe forced Local 3 members to kick back monthly payments from the sale of scrap metals and other materials salvaged from their work.

He took $100,000 from an electrical workers union account and used it to pay credit card bills as well as dues for the North Hempstead Country Club.

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He gave checks totaling $21,900 to a woman with whom he had a personal relationship; the money was taken from union funds. A second female friend was paid $6,000 out of his campaign committee funds. He also arranged for that same woman to be hired at the city labor council.

He also used the money to pay for school tuition for his son; the mortgage on his home in Nissequogue, L.I., and rent on an Albany residence.

McLaughlin had union members drive up to Albany using his E-ZPass so that he could get credit for the per diem he'd received from the Assembly for each Albany appearance.

At his arraignment in Manhattan Federal Court, McLaughlin pleaded not guilty to the indictment and was released on a $250,000 personal recognizance bond. McLaughlin, who could go to prison for the rest of his life, declined comment as he left the courthouse with his wife, Eva.

After the FBI raided both his union and Assembly offices this year, McLaughlin announced he would not seek reelection. Later, he took a leave of absence from the Central Labor Council.

With Greg B. Smithand Joe Mahoney

St. Peters Mayor Likely To Plead Guilty (SLPD)

By Valerie Schremp Hahn, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, October 18, 2006

ST. PETERS -- St. Peters Mayor Shawn Brown is expected to plead guilty Friday in his bribery case, authorities said Tuesday.

Assistant U.S. Attorney Tom Albus said Tuesday that Brown "had indicated his intent to plead guilty." Brown, 34, is expected to appear before U.S. District Judge Henry Autrey to change his plea from not guilty.

Brown and his attorney, Scott Rosenblum, could not be reached Tuesday for comment.

By state law, if the mayor pleads guilty to a crime related to his job, he also forfeits his office.

Albus would not confirm whether a plea agreement had been reached but said it was customary to have one under these circumstances. A pre-sentencing report is usually made after a plea, and the defendant is sentenced about three months later. The charge carries a maximum penalty of 10 years in prison and a fine of $250,000.

Brown was indicted in August on a charge of soliciting and accepting a $2,750 bribe from Redflex Traffic Systems Inc., which in June got the contract to install red-light cameras in St. Peters. Brown is accused of telling a Redflex employee he would veto the measure approving the system's installation unless the company paid him off. Redflex told the FBI and cooperated with the agency in giving Brown a check, authorities said. Brown has said the money was a campaign contribution.

Brown has remained free on his promise to show up for scheduled court appearances.

St. Peters city attorney Randy Weber said that if Brown had to leave office, the president of the board would become the acting mayor and would then call a meeting of the board within 10 days to elect someone to fill the position until the next municipal election. That will be in April, and candidates may run to fill the rest of the term, which ends in April 2008. Brown is serving his first term in office. He defeated longtime incumbent Tom Brown in 2004.

Board President Bruce Holt reacted with surprise and pity for Brown's family when told of the anticipated plea.

"I just wish him and his family the best, God bless him," said Holt. "He had a bright future."

Ex-GBI Agent Sentenced In Kickback Deal (AJC)

The Atlanta Journal-Constitution, October 18, 2006

A former special agent with the Georgia Bureau of Investigation was sentenced Tuesday to one year and a day in federal prison for receiving illegal kickback payments and failing to maintain firearms records.

James R. Garmon, 52, brokered the sale of more than $5,000 worth of firearms that had been seized by Bartow County deputies to a local pawnshop, the U.S. attorney's office said.

GBI Director Vernon Keenan said his agency cooperated with the FBI's investigation.

"It is extremely disappointing when any GBI employee is implicated in criminal activity, especially an individual sworn to uphold the law," he said.

Prosecutors said that between December 2004 and October 2005, Garmon brokered at least three deals involving 81 firearms between Bartow officials and Warren's Pawn and Jewelry. He received at least $1,600 from the pawnshop for brokering the deal, prosecutors said.

Georgia law requires that seized firearms be kept by sheriff's offices for use, destroyed or sold to the highest bidder at public auction.

Garmon, a Cartersville resident, resigned from the GBI in March after the GBI was advised of the results of the investigation.

"To make a little extra money, this defendant, a former law enforcement officer, circumvented the process for legally disposing of seized firearms," said U.S. Attorney David Nahmias. "We will continue to hold public servants, especially those officials who have sworn to enforce the law, to the highest standard of lawful conduct."

— Associated Press

Feds Charge Alleged Pa. Mob Boss With Trying To Kill Witness (NSDY)

Long Island Newsday, October 18, 2006

HARRISBURG, Pa. -- An alleged mobster facing drug charges planned to kill a witness against him while out on bail, federal prosecutors said Tuesday.

A new indictment against William D'Elia, 60, of Hughestown, who reputedly heads the Bufalino crime family, charges him with solicitation of murder, witness tampering, obstruction of justice, violating bail conditions, money laundering and other offenses.

D'Elia told an informant in August that he would give him photographs of a witness who cooperated with prosecutors and told him to wait for a signal to kill the man, according to the 18-count indictment issued Tuesday.

He previously pleaded not guilty to charges he laundered drug proceeds through bogus companies, loans and consulting agreements. Those charges related to an investigation into John Doncses, who pleaded guilty in Florida six years ago to distributing more than 100 kilograms of marijuana.

D'Elia was arrested on the new charges last week, federal prosecutors said. A phone message seeking comment left late Tuesday afternoon at the office of Philip Gelso, listed in federal records as D'Elia's lawyer, was not immediately returned.

The U.S. Attorney's Office released information about the indictment shortly before the end of the business day Tuesday.

D'Elia has been linked to organized crime by the FBI, the now-defunct Pennsylvania Crime Commission, and former Philadelphia and South Jersey mob boss Ralph Natale. New Jersey gambling regulators banned him from that state's casinos in 2003.

A court affidavit filed Thursday in Scranton said D'Elia "is often said to be used as a mediator between families when there are disputes. D'Elia has met, on a frequent basis, with members of the Joseph Ligambi organization from Philadelphia and also has frequent contacts with western Pennsylvania and New York families."

Man Arrested On Child-porn Charges After Internet Sting (AP)

AP, October 18, 2006

ORLANDO, Fla. -- An Orange County man was arrested by federal agents after he sent sexual pictures of himself and his 15-month-old daughter over the Internet, authorities said.

The man was ordered to be held without bail at a court appearance in federal court Monday. He faces child-pornography charges, and has been assigned an assistant federal public defender.

The Associated Press will not release the man's name to protect his daughter's identity.

An Internet sting conducted by the Central Florida Innocent Images Task Force, which includes a Seminole County sheriff's detective, led to his arrest.

The man "admitted to producing three videos of himself and his daughter engaged in sexual activity," FBI agent Keith Scott wrote in a charging affidavit. The suspect also "admitted to transmitting these videos to multiple individuals over the Internet."

He also chatted online with a Tennessee-based FBI agent posing as a 13-year-old.

Internet subscriber and user records kept by Yahoo, BellSouth and Level 3 Communications linked the Yahoo screen name used by the suspect to his address at an apartment complex.

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Agents showed the e-mailed video files to the girl's mother, who identified the child. The girl remains with her mother, who is not suspected of any wrongdoing, agents said.

A telephone message left at the federal public defender's office in Orlando, who is representing the man, was not immediately returned.

Grand Jury Indicts Capitol Intruder (HILL)

By Jackie Kucinich

The Hill, October 18, 2006

A grand jury yesterday handed down an eight-count indictment to the man who breached Capitol Police security last month and led officers on a three floor chase inside the U.S. Capitol before he was apprehended on the basement floor.

The charges against Carlos Greene include fleeing a law enforcement officer, two counts of destruction of government property, assaulting, resisting or impeding certain officers or employees and unlawful possession of five grams or more of cocaine.

Also included in the charges were several firearms violations such as possession of a gun on Capitol grounds and carrying and possessing a firearm during drug trafficking offense.

Noe Called Coin Funds An ATM, Ex-aide Says (COLDISP)

By Mark Niquette, The Columbus Dispatch

Columbus Dispatch, October 18, 2006

Woman also says he thought friends would bail him out

TOLEDO — Coin dealer Thomas W. Noe once described the $50 million state investment he managed "as having access to an ATM," Noe's former administrative assistant said yesterday in testimony against her former boss.

"What he went on to say was, when he needed it, he would tap the coin funds," Sue Bahn told the jury during the second day of testimony in the trial of Noe and his handling of the Ohio Bureau of Workers' Compensation coin investment.

Bahn, who worked for Noe for about two years at his Maumee coin shop and was trusted to pay his bills and balance his personal checkbook, said Noe made the comments in June 2005 after she questioned him about the controversy swirling around the investment at the time.

Prosecutors say Noe stole millions from the coin funds to pay debts and "to support the lifestyle that he felt he deserved."

Noe denies all charges, including theft, saying his contract gave him broad authority over the state funds.

In response to a question from Noe attorney John R. Mitchell on cross-examination, Bahn, whose last name was Metzger until she changed it in February, admitted there was no one else present during her talk with Noe and that he never directly referred to the coin funds.

But Bahn also said she asked Noe "if he took the money ... and if (Noe's wife) Bernadette knew."

When Mitchell questioned Bahn about why she did not disclose the information until after Noe had been indicted in February, she said, "I thought that he was going to tell the truth and make this right."

Bahn testified that Noe would make deposits into his personal account to cover expenses that sometimes reached hundreds of thousands of dollars in a month. She said there was an "escalation" of spending in 2004, including a $50,000 pool for Noe's home in the Florida Keys and other big-ticket purchases.

In response to a question from Mitchell, Bahn said she prepared Noe's application for a line of credit from the bank in January 2005 that put his net worth at $7.9 million. Mitchell had her repeat the figure three times for the jury.

But Bahn also testified that in a meeting with Noe after he made the comment about the ATM, Noe said he had "friends who were going to help him cover what was going on" to bail him out — and that Noe changed his mind about pursuing that option.

Bahn, who handled the presidential memorabilia and other noncoin collectibles at the Maumee shop, told the jury that the total value of such items bought with state money was $2.7 million at the end of April 2005.

Tom Wersell, director of special investigations for the workers' compensation bureau, testified that although agents expected to find about $13 million in coins at the Maumee shop in May 2005, they found only about $600,000 worth.

DOJ_NMG_0082613

Noe's lawyers have argued that there was no requirement for a certain amount of coin-fund assets to be kept in Maumee rather than any of the other locations where state coins were held.

Meanwhile, actual coins from the state investment — kept in their protective plastic holders — were brought into court yesterday for the jury to see during testimony from coin expert David Tripp.

Tripp worked as a coin appraiser and consultant for Sotheby's auction house in New York, which the state hired to help evaluate coins after the investment was shut down in 2005.

According to the court, witnesses in today's proceedings are expected to include two other former Noe employees, bookkeeper Jeannie Beck and Priscilla Livingston, as well as former State Highway Patrol Lt. Howard W. Hudson III, who signed the affidavit used to secure the search warrant for a raid of Noe's shop in May 2005.

Coin Dealer's Ex-Ass't Speaks At Trial (AP)

By John Seewer, The Associated Press

AP, October 18, 2006

TOLEDO, Ohio -- A politically connected coin dealer accused of stealing millions of dollars the state had asked him to invest had treated the money like it was from his own ATM, his former personal assistant testified Tuesday.

Tom Noe, a one-time top GOP donor, is accused of stealing more than $2 million from the workers' compensation bureau's coin investment and spending it on his business and renovating his home in the Florida Keys.

His attorneys say the deal with the state allowed Noe to use the money however he wanted, including to pay off personal business debts.

Noe, 52, tapped into the state's cash whenever he needed, said Sue Metzger, whose duties included overseeing Noe's personal checking account from 2003-05.

Metzger said she met with her boss in the summer of 2005 after allegations of wrongdoing surfaced and asked Noe whether he took the money, she testified.

"He described it as having access to an ATM," she said.

The investment scandal has battered Republicans who control the state, raising Democrats' hopes of retaking the governor's office for the first time since 1990. Democratic U.S. Rep. Ted Strickland has a wide lead over Republican Ken Blackwell, Ohio's secretary of state, in gubernatorial race polls.

Prosecutors say Noe was deep in debt when he got the money, and he quickly used it to pay off his creditors.

Within a week, Noe put $1.75 million into his own business and wrote himself a $135,000 check to support "a lifestyle he felt he deserved," said Lucas County Assistant Prosecutor John Weglian.

Metzger, who also goes by the last name of Bahn, handled payment of all of Noe's bills and began noticing that his spending increased greatly in 2004. He bought a house in the Florida Keys and spent $50,000 renovating the pool.

In some months, his expenses exceeded hundreds of thousands of dollars, she said. She said his paychecks weren't enough to cover the expenses and he would deposit money from other sources.

She initially didn't know where the extra money was coming from. Noe later told her he was tapping into the state's investment fund, she said.

Noe, once a go-to guy for the Republican Party, has pleaded not guilty to theft, money laundering, forgery and corrupt activity charges. He faces up to 10 years in prison on the corrupt activity charge.

Weglian said Noe kept two sets of financial records _ one for the workers' comp agency and one for his own business. When state officials wanted to check the status of the coins Noe told them he had bought, he created false documents and borrowed coins from other dealers to trick investigators, Weglian said.

The workers' comp agency initially invested $25 million with Noe in 1998, followed by another $25 million in 2001.

Noe spent only a fraction of the state's investment on coins, prosecutors said.

State agents expected to find $13 million in rare coins when they searched Noe's business last year, Tom Wersell, director of investigations for Bureau of Workers' Compensation, testified Tuesday.

Instead, the agents counted up coins worth about $600,000, Wersell said.

DOJ_NMG_0082614

Investigations into the coin investments already have led to separate ethics charges against Gov. Bob Taft, who pleaded no contest last year to failing to report golf outings and other gifts.

Noe, in a separate case, pleaded guilty earlier this year to funneling $45,000 to Bush's re-election campaign and was sentenced last month to two years and three months in federal prison. He won't begin that sentence until after the state charges are resolved.

The trial is expected to last at least six weeks, through Election Day on Nov. 7.

Noe Considered The State's Rare-coin Fund 'an ATM,' One Of His Former Assistants Says (TOLB)

By MIKE WILKINSON And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), October 18, 2006

Tom Noe considered the state's $50 million rare-coin fund he controlled "an ATM" that he could use into whenever he needed money, one of his former top assistants said this morning.

Sue Bahn, who was hired by Noe to catalog collectibles at his former coin shop in Monclova Township, said Noe made the statement in 2005 as she asked him about the coin funds and the tough questions that were being raised in news accounts and by state investigators.

"He described it as having access to an ATM," said Ms. Bahn, who changed her name from Metzger earlier this year. "He said when he needed it he would tap into the coin fund."

Ms. Bahn, who also managed Noe's personal checkbook, said she started having concerns about Noe's business when Noe began spending more money on homes and remodeling in 2004.

"I saw an escalation in the expenditures in the personal account," Ms. Bahn said.

The monthly income of Tom Noe — he netted more than $120,000 a year — and his wife Bernadette wasn't high enough to cover the bills, she said. To cover the expenses, Tom Noe would make deposits that Ms. Bahn never saw.

"Whatever was needed, he'd make a deposit to cover it," she said.

Ms. Bahn's comments were the most interesting comments yet in a trial that is expected to last from four to six weeks.

She talked about finding a Noe family checking account that had never been balanced until she took it over and ordered bank statements. She also noted that Tom Noe was writing checks to his personal account from his business, Vintage Coins and Collectibles.

"That's when I said he's going to get in trouble with the IRS. But he's the owner, it was his business," she said.

In one of two private meetings with Noe about the coin funds, Ms. Bahn said he indicated he had a plan to cover up the problems. But he allegedly told her that something she said caused him to change his mind.

"He decided not to use his friends to bail him out but decided to take the bull by the horns and face it," she said.

Ms. Bahn said she pointedly asked Noe if he had stolen the money and if his wife, Bernadette, knew. She did not say what the answer was.

She testified she also talked religion with Noe.

In one meeting as the questions mounted about the coin funds, Ms. Bahn said she told Noe that God had a plan and a purpose. "I said God is after his heart. He may lose everything but he'll get it back."

On cross examination, Ms. Bahn testified she didn't tell investigators about the ATM comment by Noe when she first interviewed with them in November, 2005. She said she finally told them about six months ago.

When asked by John Mitchell, one of Noe's defense attorneys, why she waited so long to share, she said, "I thought he was going to tell the truth and make it right."

Ms. Bahn also testified that she copied a net worth statement of Noe in January, 2005, that indicated he was worth nearly $8 million.

Noe has pleaded not guilty to all of the charges against him. He has been accused of embezzling more than $2 million from the coin funds.

DOJ_NMG_0082615

This morning, Tom Wersell, the director of investigations for the Ohio Bureau of Workers' Compensation, testified that the bureau's chief legal officer asked him to show another executive how to delete e-mails in the weeks after the Tom Noe coin scandal erupted.

Mr. Wersell said he did not know why John Annarino made the request but that he showed former chief investment officer Jim McLean how to "double delete" e-mails.

Mr. Wersell, in his second day of testimony, acknowledged that the bureau has a information technology department.

The revelation came during cross examination of Mr. Wersell by Mr. Mitchell. Mr. Wersell had testified that many of the documents relating to the Noe coin funds were retrieved from Mr. McLean's office. He was fired last year by the bureau.

Nancy Smeltzer, a spokesman for the bureau, said this morning that the agency won't comment on the case.

"We don't have any comments on this case as it is going on right now," Ms. Smeltzer said. "We are like everyone else. We are waiting to see what happens."

Noe, 52, faces 44 felony counts related to charges that he took more than $2.2 million from the coin funds he managed for the bureau. If convicted, he faces decades in prison.

A little over a month ago, Noe was sentenced to 27 months in federal prison for illegally funneling more than $45,000 into the re-election campaign of President Bush in 2003. He will report to federal prison at the conclusion of the state trial.

Opening statements began yesterday morning, with testimony starting in the afternoon. The trial could last as long as six weeks.

FBI Director Wants ISPs To Track Users (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, October 18, 2006

Robert Mueller becomes latest Bush administration official to call for ISPs to store customers' data.

FBI Director Robert Mueller on Tuesday called on Internet service providers to record their customers' online activities, a move that anticipates a fierce debate over privacy and law enforcement in Washington next year.

"Terrorists coordinate their plans cloaked in the anonymity of the Internet, as do violent sexual predators prowling chat rooms," Mueller said in a speech at the International Association of Chiefs of Police conference in Boston.

"All too often, we find that before we can catch these offenders, Internet service providers have unwittingly deleted the very records that would help us identify these offenders and protect future victims," Mueller said. "We must find a balance between the legitimate need for privacy and law enforcement's clear need for access."

The speech to the law enforcement group, which approved a resolution on the topic earlier in the day, echoes other calls from Bush administration officials to force private firms to record information about customers. Attorney General Alberto Gonzales, for instance, told Congress last month that "this is a national problem that requires federal legislation."

Justice Department officials admit privately that data retention legislation is controversial enough that there wasn't time to ease it through the U.S. Congress before politicians left to campaign for re-election. Instead, the idea is expected to surface in early 2007, and one Democratic politician has already promised legislation.

Law enforcement groups claim that by the time they contact Internet service providers, customers' records may have been deleted in the routine course of business. Industry representatives, however, say that if police respond to tips promptly instead of dawdling, it would be difficult to imagine any investigation that would be imperiled.

It's not clear exactly what a data retention law would require. One proposal would go beyond Internet providers and require registrars, the companies that sell domain names, to maintain records too. And during private meetings with industry officials, FBI and Justice Department representatives have cited the desirability of also forcing search engines to keep logs--a proposal that could gain additional law enforcement support after AOL showed how useful such records could be in investigations.

A representative of the International Association of Chiefs of Police said he was not able to provide a copy of the resolution.

Preservation vs. retention

DOJ_NMG_0082616

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

FBI Chief Addresses Police Chiefs (BOS)

By April Simpson, Globe Staff

The Boston Globe, October 18, 2006

FBI Director Robert Mueller told the nation's police chiefs today that law enforcement must strike a careful balance between fighting crime and protecting the homeland.

Mueller said while violent crime more directly affects most Americans, the Sept. 11, 2001 attacks made anti-terrorism activities the FBI's top priority.

"I wish I could assure you that there will be never be another terrorist attack in America, but I cannot. The world remains a perilous place," said Mueller, who received a standing ovation before and after his speech at the International Association of Chiefs of Police 113th annual conference at the Boston Convention and Exhibition Center.

Ex-F.D.A. Chief Pleads Guilty In Stock Case (NYT)

By David Stout

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Lester M. Crawford, the former commissioner of food and drugs, pleaded guilty Tuesday to lying and conflict-of-interest charges in connection with stock he and his wife owned in companies regulated by the F.D.A.

Magistrate Judge Deborah A. Robinson, who accepted Dr. Crawford's plea to two misdemeanor charges, scheduled sentencing for Jan. 22 in Federal District Court.

Dr. Crawford, 68, could face up to a year in prison and a fine of up to $100,000 on each of the two counts, but his lawyer has said she expects him to be placed on probation.

Senior employees of the agency are barred from owning shares in companies it regulates. Dr. Crawford and his wife, Catherine, accordingly sold their holdings in nine companies around the time he became deputy commissioner early in 2002, the government said.

But they retained shares in three others: the food giants Sysco and Pepsico, and Kimberly-Clark, which makes consumer health products and other goods.

In addition, Mrs. Crawford held shares in another regulated company, Wal-Mart, but her husband did not list them in his 2002 financial disclosure.

In addition, Dr. Crawford, who is a veterinarian and pharmacologist, exercised options to buy shares in a poultry biotechnology company regulated by the Food and Drug Administration in 2003 and 2004, earning almost $30,000 altogether. He did not list them in disclosure filings, as he should have, even though he properly reported the transactions on his tax returns, the government said.

The conflict-of-interest charges stemmed from the Crawfords' ownership of shares in Pepsico and Sysco while he was chairman of the Obesity Working Group at the F.D.A., which was reviewing calorie-content labeling for soft drinks.

There is no evidence that the obesity group's conclusions were altered because of the Crawfords' ownership of stock, Howard Sklamberg, an assistant United States attorney, told Judge Robinson.

DOJ_NMG_0082617

Mrs. Crawford's brother, William W. Walker III of Birmingham, Ala., said his sister had told him "if they had to do it over again, they'd put everything in a blind trust."

UPDATE: Ex-FDA Chief Pleads Guilty To Charges (DOW)

Dow Jones, October 18, 2006

SAN FRANCISCO (Dow Jones) -- Lester Crawford, the former head of the FDA, pleaded guilty Tuesday to two misdemeanor federal criminal charges he failed to disclose his financial interest in companies his agency regulated, according to media reports.

Crawford, who served as head of the FDA for two months in 2005, was charged by the Justice Department with filing misleading financial-disclosure reports about his holdings in Sysco Corp. (SYY) , Kimberly-Clark Corp. (KMB) and Embrex Inc. (EMBX) .

Crawford was confirmed as FDA chief in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B.

Crawford also owned stock in Pepsico (PEP) , the soft-drink and food product maker.

Crawford was at one time head of an Obesity Working Group that was studying recommendations about food labels and calorie counts.

Court papers say both Pepsico and Sysco had financial interests at stake in the work being conducted by the group, which Crawford headed, according to a CNN report.

Crawford, 58, may face a sentence of up to six months in jail or house arrest and a fine of up to $50,000, his attorney told the media on Tuesday.

Ex-FDA Chief Pleads Guilty To Charges (MRKTWTCH)

By Robert Schroeder

Market Watch, October 18, 2006

Admits failing to disclose his financial interest in FDA-regulated companies

SAN FRANCISCO (MarketWatch) -- Lester Crawford, the former head of the Food and Drug Administration, pled guilty Tuesday to two misdemeanor charges that he failed to disclose stock ownership in regulated companies and had a conflict of interest, according to federal prosecutors.

Crawford is scheduled to be sentenced on Jan. 22 and faces up to a year in prison on each charge. He pled guilty Tuesday afternoon before U.S. Magistrate Judge Deborah Robinson of Washington, D.C. as part of a plea agreement with federal prosecutors.

The charges against Crawford alleged he or his wife owned shares in Sysco Corp., which were regulated by the FDA, according to a Tuesday statement from the Department of Justice.

"One of the most important principles of our ethics laws is that public officials cannot have a financial interest in any decision that they make," U.S. Attorney Jeffrey Taylor stated. "Lester Crawford, who held one of the most important jobs in government, blatantly violated these principles. Today, he is being held accountable for his actions."

Crawford, 68, of Chevy Chase, Md., served as head of the FDA for two months in 2005. He was confirmed as commissioner in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B.

Crawford, who also had owned stock in PepsiCo, was at one time head of an Obesity Working Group that was studying recommendations for FDA regulations about food labels and calorie counts. Crawford's ownership of Sysco and PepsiCo shares, and his role with the Obesity group, gave rise to the conflict of interest charge. Robert Schroeder is a reporter for MarketWatch in Washington.

Ex-FDA Chief Strikes Plea Agreement In Stock Disclosure Case (FINDLAW/AP)

By Andrew Bridges, Associated Press Writer

DOJ_NMG_0082618

AP, October 18, 2006

(AP) - WASHINGTON-As head of the U.S. Food and Drug Administration, Lester Crawford oversaw a federal agency that regulates products that account for an estimated 25 cents of every dollar spent each year by U.S. consumers.

At the same time, Crawford, through his broker, oversaw an investment portfolio that included tens of thousands of dollars in shares in food, beverage and medical device companies regulated by the very federal agency he ran.

Crawford knew what he and his wife owned, but still failed to fully disclose that information as required by federal law, the Justice Department said in court papers charging him with filing false financial disclosure forms and conflict of interest. In some cases, Crawford even assured federal ethics officers that he and his wife had sold stock in FDA-regulated companies that the couple in fact continued to hold, according to the papers.

Because of that, the former FDA commissioner was set to plead guilty Tuesday to the two misdemeanor counts, said his attorney, Barbara Van Gelder. She said Crawford would not dispute the federal government's claims under the plea agreement.

A fine is likely, though the two counts each carry a maximum penalty of one year in prison.

"At the end of the day, he owned these stocks, and he will admit he owned them while he was at the FDA, and he will take responsibility for that," Van Gelder said.

Crawford and his wife owned stock in Pepsico Inc., Sysco Corp., Kimberly-Clark Corp., Wal-Mart Stores Inc. and other companies that fall under the regulatory control of the agency, the Justice Department said in accusing the former FDA commissioner of making a false writing. Crawford's ownership of those shares was prohibited under federal regulations, since the companies are considered to be "significantly regulated" by the FDA.

The Justice Department also accused Crawford of conflict of interest, charging that as chairman of an FDA panel studying the problem of obesity, he and his wife owned at least US$140,000 in stock in Pepsico, the mammoth snacks and drinks company, and Sysco, a major food distribution company.

Both companies had a stake in the outcome of the panel's recommendations, which included a proposal that would require companies to more prominently display calorie information on food and drink labels.

The papers also say Crawford failed to disclose his income from exercising stock options in Embrex Inc. of Research Triangle Park, North Carolina, an agriculture biotechnology company. The failure to disclose came even as Crawford properly reported his earnings from stock sales on his tax returns. Crawford had been a member of Embrex's board of directors, according to federal filings.

Crawford, a veterinarian and food-safety expert, abruptly resigned from the FDA job in September 2005, but gave no reason for his decision to step down. He had held the top position for just two months, following his confirmation by the Senate, but had been acting head of the agency for more than a year.

Crawford refused to take a reporter's telephone call at Policy Directions Inc., the lobbying firm where he now works. FDA spokeswoman Julie Zawisza declined to comment.

On the Net:

Food and Drug Administration: http://www.fda.gov

Trial That Could Out Feds Alleged To Have Bogus Degrees Delayed (GOVEXEC)

By Karen Rutzick

Government Executive, October 18, 2006

Names of 135 federal employees who allegedly bought fake diplomas from an outfit in the western United States will not be revealed for at least one year, if ever, according to a U.S attorney's office.

Last week in Spokane, Wash., during a pretrial hearing for eight people accused of selling counterfeit degrees from nonexistent universities, a defense attorney told the judge that employees from the National Security Agency and the Health and Human Services, Justice and State departments were among 6,000 people who bought the diplomas, according to the Associated Press.

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The AP also reported that Peter Schweda, attorney for alleged diploma mill operator Steven Randock, said the names of 135 government employees who supposedly purchased the degrees for promotions or pay raises would be released during the course of the trial.

The trial will not start for another year, though. Judge Lonny Suko of the District Court of the Eastern District of Washington delayed it until Oct. 1, 2007, to give attorneys more time to prepare. Suko said more than 150,000 pages of e-mails, 40 CDs of documents and up to 50 witnesses will be used.

Tom Rice, a spokesman for the U.S attorney's office in Spokane, Wash., which is prosecuting the case, said Schweda's assertions that government purchasers would be revealed "were not necessarily accurate."

Rice also said he cannot confirm or deny that there is a separate Justice Department investigation into federal purchasers of the fake degrees. The case was built around a sting operation by a handful of Secret Service agents.

"It has been said that [names] may become available in that trial, but sitting here discussing it with you, I don't see how it's relevant to the Randock trial who purchased them," Rice said. "That'd be like saying everybody who used cocaine would be introduced in the trial of Manuel Noriega."

The 40-page indictment for defendants Steven Randock, Dixie Randock, Richard Novak, Blake Carlson, Amy Hensley, Heidi Lorhan, Roberta Markishtum and Kenneth Pearson accuses them of conspiracy to commit mail fraud, among other offenses. Pearson pleaded guilty last week.

The defendants allegedly set up a number of bogus universities, including "Saint Regis University," "James Monroe University" and "Trinity Christian School." They then sold diplomas and fake transcripts without requiring any coursework or testing.

One of the fake universities, "Robertstown University," used a photograph of Blenheim Castle, the birthplace of Winston Churchill and home of the Duke of Marlborough, to depict its campus on a Web site, according to the indictment.

In 2004, the Office of Personnel Management held seminars to train federal managers on spotting fake degrees. OPM and congressional overseers stepped up efforts to thwart diploma mills after Laura Callahan, a senior director in the Homeland Security Department chief information officer's office, was found to have purchased her degrees from an alleged diploma mill in Wyoming.

OPM did not respond to requests for comment on any current investigation into federal employees involved in the Randock case.

Man Pleads Guilty In 3 Idaho Slayings (FINDLAW/AP)

By Nicholas K. Geranios, Associated Press Writer

AP, October 18, 2006

(AP) - COEUR D'ALENE, Idaho-The man accused of kidnapping two children from their Idaho home and killing their family pleaded guilty Monday to murder and kidnapping in a deal that leaves him still eligible for the death penalty.

Joseph E. Duncan III, 43, was charged with bludgeoning two adults and a teenager to death at the home near Coeur d'Alene so he could kidnap the family's two youngest children for sex.

Duncan pleaded guilty shortly before his trial was to begin Monday. Under his plea agreement, he is to be sentenced to three consecutive life terms without parole in an Idaho prison. But authorities said that sentencing would be postponed pending federal prosecution that could result in the death penalty.

Kootenai County Prosecutor Bill Douglas said the sole survivor, young Shasta Groene, had agreed to testify against the man accused of holding her captive in the woods for seven weeks.

"This agreement is possible because of a brave little 9-year-old girl who was willing to confront Duncan face-to-face in the courtroom," Douglas said.

Federal prosecutors have said they intend to charge Duncan with kidnapping Shasta Groene and her brother Dylan and taking them to a primitive campsite in Montana and that they expect to seek the death penalty. Court documents allege he repeatedly molested the pair, then killed Dylan, whose body was found later at the campsite.

Shasta Groene was rescued after she walked into an Idaho restaurant with Duncan seven weeks after the slayings.

DOJ_NMG_0082620

If the federal trial does not produce a death sentence, Duncan could be brought back for a death penalty hearing in state court, Douglas said.

Steve Groene, the children's father, is unable to speak because of recent throat cancer surgery. After the hearing, he wrote a message on a board that said: "We feel this is the best possible outcome."

The agreement calls for Duncan to cooperate with state and federal authorities. Duncan must also provide the key to unlocking coded files in his computer that could hold additional evidence.

Duncan, a registered sex offender who has spent most of his adult life in Washington prisons, was on the run from a child molestation charge in Minnesota at the time of the slayings. He declined to make a statement Monday before the judge.

Duncan was charged with three counts of first-degree murder in the attacks on Shasta's mother, Brenda Groene; Groene's fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005.

Ex-Stafford Man Admits Role In $10M. Stock Scam (ACP)

By J. STAAS HAUGHT, Staff Writer

Atlantic City (NJ) Press, October 18, 2006

CAMDEN -- A former Ocean County man pleaded guilty Monday in federal court to involvement in a stock fraud case that cost investors millions of dollars and involved partners from Canada, New York, Florida and New Jersey, including a man from Upper Township.

Joseph F. Morgan, formerly of Stafford Township and now of St. Pete Beach, Fla., admitted to U.S. District Court Judge Jerome B. Simandle that he helped swindle investors of about $10 million in a scheme that netted more than $20 million throug h stock price manipulations.

As part of the scheme, involving several co-defendants and other unindicted partners, Morgan and others used a system of illegal stock compensations, fraudulent companies and shady brokerage deals to take control of nearly 100 million shares of TeleServices Internet Group Inc. and then sold those stocks to unsuspecting investors.

The scam, which ran from December 1996 through October 2005, involved at least 16 publicly traded companies, all trading on the Over the Counter Electronic Bulletin Board System. The shares â€" called penny stocks â€"â€‰ generally traded for less than $1, often as little as 5 cents.

An official with the U.S. Department of Justice said the scam operated like a pump-and-dump or boiler-room scheme, in which brokers drum up investors by suggesting the stock is ready for a major price lift. In this case, Morgan and others used their connections to move the stock around, giving investors the appearance of true market activity.

Many investors bought stocks only to see the price collapse a short time later.

Morgan and four co-defendants were initially charged in October 2005.

On Monday, the Justice Department said an Upper Township man also was involved in the scheme.

Rhett Howard Kirchoff, who owned DiMedio Kirchoff & Co. from 1995 to 1998, pleaded guilty in March to his involvement in the scam and is awaiting sentencing.

Morgan is scheduled to be sentenced Feb. 2. He faces a maximum of five years for each of the two conspiracy to commit wire fraud charges and a maximum of 20 years for the two conspiracy to commit money laundering charges to which he pleaded guilty. Morgan has also agreed to forfeit $3.5 million in property and assets.

Other New Jersey defendants include:

nâ€‰ Thomas S. King, of Cherry Hill. King was the broker on an account owned by Robert Gordon, the CEO, CFO, chairman and director of TeleServices. The account was maintained at Kirchoff's company.

nâ€‰ Robert Pozner, of Ridgewood Park. Pozner was a licensed securities seller with two New Jersey brokerage firms.

Gordon, Pozner and King have pleaded not guilty and await trial.

Crime In Florida Continues To Drop, Except Murder (AP)

By David Royse, Associated Press Writer

AP, October 18, 2006

DOJ_NMG_0082621

TALLAHASSEE, Fla. -- Crime continued to drop in Florida during the first half of this year, but the rate of violent crimes, particularly murders, went up, according to state figures released Tuesday.

Crimes tracked by federal officials dropped from 412,743 in the first six months of 2005 to 411,608 in the first half of 2006, statistics compiled by the Florida Department of Law Enforcement showed.

That represented a decrease of 0.3 percent, continuing a downward trend that has put the state's crime rate at its lowest in more than three decades.

But there was a striking anomaly in this year's figures: an increase in the number of murders. Local police agencies reported 518 killings in Florida through the end of June, up 27 percent from the 408 murders the state saw in the first six months of 2005.

Violent crime in general is bucking the overall trend in Florida, increasing 3.2 percent in the first half of 2006 over the same period last year.

The increase mirrors a mysterious uptick in violent crimes and murders in cities nationwide.

Officials don't have a clear explanation for what may be making the murder rate jump, following small but steady declines through recent years that were attributed in part to tougher sentencing laws.

In Orlando, officials have noted that the city has already seen 41 homicides this year, surpassing its old record of 36 for an entire year, set back in 1982.

Jacksonville had seen 92 murders through the end of last week, passing the 91 the city had in all of 2005. While the city has seen a slowing of murders in recent months, it is on pace to have its highest number of homicides in more than a decade.

Local officials have noted that many murders are drug related, but it's not clear whether some increase in drug use or trade is causing the spike. In fact, officials aren't sure what's going on.

"It's happening across the country too, for some reason," Gov. Jeb Bush said Tuesday. "I don't know if there's any particular reason that can be identified."

Nationally, violent crime rose 2.2 percent last year, the first increase since 2001.

In a speech to police chiefs on Monday, U.S. Attorney General Alberto Gonzales said federal officials are looking for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. Gonzales also acknowledged that some law enforcement agencies have been stretched a little by new duties in anti-terrorism efforts.

U.S. Judge Again Rules Lethal Injection Procedure For Executions Is Unconstitutional (FINDLAW/AP)

AP, October 18, 2006

(AP) - KANSAS CITY, Missouri-A federal judge has ruled for a second time that Missouri's use of a three-drug lethal injection for executions is unconstitutional, confirming his ruling last month that the procedure could cause "torturous" pain.

The ruling issued Monday by U.S. District Judge Fernando Gaitan Jr. follows his September ruling that said the death penalty protocol could subject inmates to an unreasonable risk of cruel and unusual punishment and halted all executions in the state.

Gaitan had first ordered in June that the Missouri Department of Corrections make sweeping changes to its execution protocol. At issue is how painful lethal injection can be if the three drugs used are not given correctly. If the injection is given improperly, an inmate could be in pain but would be paralyzed and unable to show it, Gaitan said in his September ruling.

In that order, Gaitan gave the state until Oct. 27 to provide a revised protocol. But the state resubmitted the same proposal Oct. 6, arguing that it was constitutional and asking the judge to reconsider his decision.

The state's attorneys had asked Gaitan to rule quickly, so they could file an appeal if he ruled against them.

"The state's response does nothing to address these concerns and indicates its lack of willingness to even attempt to comply with the court's order," Gaitan wrote Monday.

Gaitan's ruling comes in the case of Michael A. Taylor, one of two men convicted of raping and killing Kansas City teenager Ann Harrison in 1989. Taylor came within hours of death earlier this year before his execution was stopped by the legal challenge.

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Gaitan ordered the state to improve the monitoring of inmates to be sure they get enough anesthesia during the execution process. He also ordered that a doctor trained in administering anesthesia either mix the chemicals or oversee the mixing of chemicals for executions.

U.S. Won't Charge Berkshire Unit In Virginia Case (WSJ)

By Karen Richardson

The Wall Street Journal, October 18, 2006

General Reinsurance, a unit of Berkshire Hathaway Inc., is in the clear and won't be charged by federal prosecutors in their continuing criminal investigation into the collapse of a professional-liability insurer in Virginia, according to a statement by Berkshire.

Berkshire, the Omaha, Neb., holding company headed by billionaire Warren Buffett, said General Re received a letter yesterday from the office of the U.S. attorney for the Eastern District of Virginia in Richmond stating that the federal prosecutor "does not currently view General Reinsurance as a target or subject in connection with the EDVA U.S. attorney's pending investigation of Reciprocal of America."

Stanley Twardy, an attorney at Day, Berry & Howard LLP representing General Re, said, "The U.S. attorney's office has advised us that General Reinsurance will not be charged in any way in connection with the ROA matter. The government has declined prosecution."

Four of General Re's current and former employees are also not targets of the U.S. attorney's Reciprocal probe, even though they had earlier received subpoenas, and one of the former employees was previously identified as a target, according to Berkshire's statement about the letter.

Berkshire has never disclosed the names of the current or former employees who received subpoenas. The company said it would continue to cooperate with the investigation.

Marc Hamburg, Berkshire's chief financial officer, didn't return a call seeking comment. Assistant U.S. Attorney David Maguire, the lead prosecutor in the Reciprocal case, also didn't return a call seeking comment.

In rare cases, U.S. attorneys issue statements or letters -- sometimes by request of parties involved in continuing cases -- to help clear up public uncertainty over whether they are targets of investigators. It is unclear whether Berkshire requested the letter.

Reciprocal, which sold professional-liability insurance, was a customer of General Re. Previously, criminal investigators were probing whether General Re for more than a decade helped executives of Reciprocal disguise loans as reinsurance, according to people familiar with the case.

Specifically, investigators had wanted to know if General Re aided an alleged program to deceive state regulators and policyholders of the Richmond-based insurer with transactions dating to the early 1990s. In June 2005, a federal judge in Virginia gave a 12½-year jail sentence to a former president of Reciprocal.

Man Is Convicted Of Two Counts Of Murder In L.I. Drunken Driving Case (NYT)

By Paul Vitello

The New York Times, October 18, 2006

MINEOLA, N.Y., Oct. 17 — A man who crashed into a wedding limousine last year, killing the driver and a 7-year-old girl while driving drunk in the wrong direction on a Long Island parkway, was convicted on Tuesday of two counts of murder.

The verdict against Martin R. Heidgen, 25, of Valley Stream, which came on the fifth day of deliberation after jurors twice said they were deadlocked, is one of only a few murder convictions won in fatal drunken driving cases anywhere.

And it was the first in Nassau County, where the high incidence of drunken driving has become a public policy issue that figured heavily in the 2005 election campaign for the office of district attorney.

“We would hope that this verdict sends a message that if you drink and drive and kill someone, you will be prosecuted for murder,” said the district attorney, Kathleen M. Rice, who won that election, at least in part by criticizing her predecessor, Denis Dillon, for purportedly timid use of murder charges in fatal drunken driving cases.

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The family of Katie Flynn, the 7-year-old girl who was killed, had forcefully encouraged the district attorney's decision to bring a murder charge, and attended every day of the five week trial with a group of rarely less than 50 supporters, both family and friends.

"Murder was the only acceptable verdict," said Katie's father, Neil Flynn, of Long Beach, after the jury's decision, which was rendered while several jurors wept and others held their heads in their hands. "This man murdered my daughter, and we're glad he's moving on to prison, where I hope it's as bad as I've heard it is."

Katie Flynn and her family were returning from a wedding at 2 a.m. on July 2, 2005, when Mr. Heidgen's pickup truck, traveling north in the southbound lanes of the Meadowbrook Parkway, plowed into their hired limousine. The limousine chauffeur driver, Stanley Rabinowitz, 59, of Farmingdale, was also killed. Katie's parents, a sister and her grandparents were injured.

From a hospital where she was recovering from her injuries, Katie's mother, Jennifer Flynn, told reporters several days after the crash that she had held her daughter's decapitated head in her lap at the scene and had to be physically separated from it by emergency workers.

Mr. Heidgen's lawyer, Stephen LaMagna of Garden City, said Mr. Heidgen's family was "devastated and disappointed" by the verdict. The defendant's parents and several relatives also attended each day of the trial. Mr. LaMagna said that Mr. Heidgen "has always expressed remorse for what happened," and promised to appeal the verdict, adding, "when the appeals court reviews the record, I hope they will see it for what it is." He would not elaborate.

The murder charge brought against Mr. Heidgen, murder in the second degree by depraved indifference, carries the same penalties as intentional murder — a minimum of 15 years and a maximum of 25 years to life — and has been the subject of several appellate court decisions in the last two years. Though the case law is still evolving, the drift of the appellate rulings has been toward increasing the burden of proof for a sustainable conviction.

Whereas "depraved indifference" was previously considered a self-evident set of circumstances, it is now understood as a state of mind that must be established with evidence. In his instructions to the jury in this case, Acting Justice Alan R. Honorof of State Supreme Court described that state of mind as one in which a person "engages in conduct which creates a grave and unjustifiable risk that another person's death will occur, and when he or she is aware of and consciously disregards that risk."

He said the depraved indifference state of mind "reflects a wicked, evil or inhuman state of mind."

Jurors who were interviewed said they saw depraved indifference in Mr. Heidgen's behavior not only because he was very drunk — three times the legal limit — and not only because he was driving the wrong way, but because he passed six cars over a distance of almost three miles before he crashed into the Flynns' limousine.

"We didn't think he was trying to avoid the accident," said the juror Michael Derita, 39, a graphics designer from Levittown. "He didn't try to get out of the way."

A majority of the jurors favored a verdict of murder from the beginning. Four held out for a lesser charge of manslaughter, Mr. Derita said. At one point during the five days of deliberations, with only two jurors favoring the lesser charge, one of them withdrew from the discussion altogether and "went to sleep for a couple of hours."

The jury filed into a hushed courtroom in the ninth hour of their fifth day of deliberations, at 5:10 p.m. Tuesday.

After the jury forewoman uttered the word "guilty" to the first of the two murder charges, the 50 or 60 friends and relatives of the Flynns, and several of Mr. Rabinowitz's relatives, exploded with a keening cheer that they then almost immediately choked back, falling silent again to hear the verdicts on the remaining charges.

The accumulated anxiety and emotion of the five-week trial and weeklong deliberations seemed to sweep through the room as relatives and friends of the crash victims fell into each others' arms, gasping and weeping.

Mr. Heidgen, an insurance salesman in Manhattan, was also found guilty of drunken driving and aggravated assault in connection with the other family members' injuries.

He was scheduled to be sentenced next month.

Williams Seeks $11 Million To Extend Anti-crime Package (WT)

By Matthew Cella And Amy Doolittle, The Washington Times

The Washington Times, October 18, 2006

DOJ_NMG_0082624

Mayor Anthony A. Williams yesterday asked the D.C. Council for $11 million to continue and expand a package of emergency crime measures passed in July.

The legislation includes a request for $5 million for youth-violence prevention programs, $4.2 million for additional police overtime and $1.7 million for the city's burgeoning network of neighborhood surveillance cameras.

It also would renew four key provisions of the mayor's emergency package, which is set to expire at midnight tomorrow.

Those provisions authorized the use of neighborhood surveillance cameras, allowed some offenders to be held until trial, gave police access to juvenile criminal records and granted the mayor power to set the time of the juvenile curfew.

Today, the council is scheduled to vote on whether to renew the package for 90 days on an emergency basis. But, the council's general counsel first must determine whether the legislation violates a statute barring passage of the same law more than once on an emergency basis.

Charlotte Brookins-Hudson, the counsel, told The Washington Times last month that the bill would require a "very substantial modification" to be permitted under the statute, which is designed to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson could not be reached for comment yesterday.

Adrian M. Fenty, the Democratic nominee for mayor, cast the lone vote against the crime package in July. Reached last night, Mr. Fenty said he was "being briefed" on the mayor's proposal.

Permanent anti-crime legislation that addresses the provisions of the emergency measure is before the council, but it cannot be enacted before December, at the earliest.

Mr. Williams yesterday also announced an end to the 10 p.m. juvenile curfew. Beginning Friday, curfew hours for those 16 or younger will return to 11 p.m. on weekdays and midnight on weekends.

"It has been useful," Metropolitan Police Chief Charles H. Ramsey said. "It was a temporary measure. It just gave the mayor the authority to change the hours. It was never meant to be a permanent solution."

Chief Ramsey said the overtime money would be used to pay for expenditures the police department has incurred in recent weeks since officials spent the $8 million that the council appropriated for overtime in the emergency measure in July.

He said he expected to continue through the end of the month the crime emergency, which suspends the provisions of the police union contract that mandates a two-week notice before changing officers' assignments.

He said some of the overtime money would be used to fund overtime assignments after the emergency ends, but those would be on a limited volunteer basis.

The chief could not say how many more cameras he expected the department to purchase. He said that more than $1 million of the $2.3 million that the council authorized in July was spent on infrastructure but that those costs should be far less this time.

"The majority of it will go to cameras," he said. "I would think we would be able to get another 35-40."

Janis Bolt, a spokeswoman for the D.C. Office of Contracting and Procurement, said each camera costs $21,975.

CIVIL LAW:

Agency FOIA Administration Found To Be Improving (GOVEXEC)

By Daniel Pulliam

Government Executive, October 18, 2006

Agencies subject to the Freedom of Information Act are for the most part complying with an executive order outlining a two-year process for improving the implementation of the 40-year-old law, according to a new Justice Department report.

All 91 federal agencies subject to FOIA have prepared plans for improving the process of releasing federal documents to the public, refined the plans where necessary and posted them on their Web sites for public review, the report stated. Most agencies also fulfilled the order's first requirement successfully by appointing chief FOIA officers by Jan. 13, 2006.

In fiscal 2005, agencies handled more than 2.6 million FOIA requests at a cost of $300 million. This represents a 35 percent increase in activity over fiscal 2001, the report stated.

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The executive order, signed by President Bush on Dec.14, 2005, directed agencies to ensure citizen-centered and results-oriented FOIA operations.

A number of improvement plans failed to properly address how the agencies would address backlogs of requests for information, the report stated. A few agencies have modified plans to comply with the order, including the Education Department, the Federal Energy Regulatory Commission, NASA, the National Archives and Records Administration and the Securities and Exchange Commission.

But a number of other agencies have yet to complete the modifications. These were the Agriculture, Commerce, Defense, Homeland Security, Labor and Veterans Affairs departments; the Equal Employment Opportunity Commission, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the General Services Administration, the Merit Systems Protection Board, the National Science Foundation, the National Transportation Safety Board and the Social Security Administration.

The report recommended a follow-up to a March 8 meeting of chief FOIA officers, a requirement that agencies review standard forms and correspondence formats used for FOIA purposes and increased use of technology for FOIA administration. Justice reviewers highlighted efforts at the Defense and Interior departments to use technology to streamline the process for releasing documents.

A recent governmentwide technology initiative is aimed at automating FOIA processes as a means of reducing backlogs. Several large decentralized agencies, such as the Housing and Urban Development and Veterans Affairs departments, reported they were seeking automated systems for tracking FOIA requests.

GSA reported that its "field office" structure contributes to an inability to accurately track the types of responses throughout the agency.

The report stated that the Justice Department has focused on reducing backlogs by establishing a goal of closing the 10 oldest pending FOIA requests for records from its leadership offices on a regular basis. Other agencies, such as the Small Business Administration, do not have such backlogs, the report said.

Justice also urged agencies to follow GSA's lead by sending postcards to acknowledge the receipt of a FOIA request, rather than the standard written letters. This is a means of saving time and money for more substantial FOIA activities, the report said.

In the next step, agencies will be required to report on the implementation of the improvement plan's first stage by Feb. 1, 2007. Fiscal 2006 FOIA reports are due to President Bush by June 1, 2007. The fiscal 2007 report will be due in February 2008.

House Government Reform Management, Finance and Accountability Subcommittee Chairman Todd Platts, R-Pa., said in a statement the report provides a fair accounting of agencies' actions to improve the public's access to information.

But to further improve FOIA, Platts urged action on legislation he introduced to close loopholes in the law. The bill (H.R. 867), which would amend the FOIA, has passed out of Platts' subcommittee.

A companion bill in the Senate (S. 394) passed out of the Senate Judiciary Committee in September.

No Death Benefits For Studds's Spouse (WP)

The Washington Post, October 18, 2006

BOSTON, Oct. 17 -- The federal government has refused to pay death benefits to the spouse of former congressman Gerry E. Studds (D-Mass.), the first openly gay member of Congress.

Studds married Dean Hara in 2004 after same-sex marriage was legalized in Massachusetts. But Hara will not be eligible to receive any portion of Studds's estimated $114,337 annual pension because the 1996 Defense of Marriage Act bars the federal government from recognizing Studds's marriage.

Peter Graves, a spokesman for the Office of Personnel Management, which administers the congressional pension program, said same-sex partners are not recognized as spouses for any marriage benefits. He said Studds's case is the first of its kind known to the agency.

Under federal law, pensions can be denied only to lawmakers' same-sex partners and to people convicted of espionage or treason, Graves said.

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The homosexuality of Studds was exposed during a teenage-page sex scandal in 1983. He died Saturday at 69, several days after collapsing while walking his dog. Doctors said he had developed two blood clots.

Graves said Studds could have purchased an insurable interest annuity, similar to an insurance policy, which is allowed under both the civil service and the federal-employee retirement system and is not affected by the Defense of Marriage Act. Graves said he did not know whether Studds used that option.

Peter J. Sepp, spokesman for the nonprofit watchdog group National Taxpayers Union, estimated Studds's annual pension at $114,337. That would have made Hara, 48, eligible for a lifetime annual pension of about $62,000, which would grow with inflation, if the marriage were recognized by the federal government, Sepp said.

Hara declined to comment.

Gary Buseck, legal director for the group Gay and Lesbian Advocates and Defenders, said Studds's case may offer "a moment of education for Congress."

"Now they have a death in the congressional family of one of their distinguished members whose spouse is being treated differently than any of their spouses," Buseck said.

In 2004, Massachusetts became the first state to legalize same-sex marriage after gay couples successfully sued for the right to marry.

Studds was elected to Congress in 1972. In 1983, a 27-year-old man disclosed that he and Studds had had a sexual relationship a decade earlier when he was a congressional page. The House censured Studds, who revealed on the House floor that he was gay.

Constituents reelected Studds until he retired in 1997 to become a lobbyist for the fishing industry and environmental causes.

CIVIL RIGHTS:

California Letter Investigated For Warning To Immigrants (NYT)

By Jesse Mckinley

The New York Times, October 18, 2006

SAN FRANCISCO, Oct. 17 — Federal and state authorities are trying to determine who sent a letter to some Latinos in Southern California that falsely suggested that it would be a crime for immigrants to vote in the coming election.

The letter, written in formal, sometimes clumsy Spanish and signed “Sergio Ramirez,” was mailed last week to an undetermined number of people with Spanish surnames in Orange County, the authorities said. It advised recipients that “if you’re an immigrant, voting in a federal election is a crime that can result in incarceration,” or deportation.

While illegal immigrants are barred from voting, legal immigrants who have become citizens are permitted to do so.

The letter also stated that the federal government had installed a computer system to verify the names of new registered voters who vote in October and November and that anti-immigration groups would be able to access that information. Election Day is Nov. 7, but early voting is allowed Oct. 20-29 in Orange County.

Cynthia Magnuson, a spokeswoman for the Justice Department, which along with the California attorney general’s office is investigating the letter’s source, said there was no such database.

“The letter contains false information,” Ms. Magnuson said.

The letter was printed on stationery labeled with the name of the California Coalition for Immigration Reform, a strident anti-illegal-immigration group whose Web site features a video on how illegal immigrants bring disease to the United States.

But Barbara Coe, the group’s leader, told The Los Angeles Times, which first reported the letter on Tuesday, that her group had not sent or authorized it, and that she did not know a Sergio Ramirez. On Tuesday, Ms. Coe did not return repeated phone calls and e-mail seeking comment.

Some Latino leaders expressed doubts on Tuesday about Ms. Coe’s denial and said they suspected the letter was part of a concerted, long-term effort on the part of groups like hers to intimidate voters.

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"They're taking as much action as they can to make the lives of Latinos as miserable as possible," said Brent Wilkes, the national executive director of the League of United Latin American Citizens, a civil rights group.

Gov. Arnold Schwarzenegger called the letter racist and urged Bill Lockyer, the California attorney general, to prosecute those responsible with a hate crime. A collection of other civil rights groups also called on Attorney General Alberto R. Gonzales to investigate the letter as a violation of federal voting laws.

Nathan Barankin, a spokesman for Mr. Lockyer, said his office had been alerted to the letter on Monday morning, after a weekend in which Latino leaders fielded calls from outraged constituents.

"They could be naturalized citizens or they could be fourth-generation Californians," Mr. Barankin said of the recipients. "What we do know is that some of the recipients of this letter are legal and longtime registered voters in California."

Mr. Barankin said the letter could have violated two California laws. One bans the use of coercion or intimidation in an effort to prevent someone from voting; the other makes it illegal to knowingly challenge a person's right to vote on fraudulent and spurious grounds.

It was unclear, Mr. Barankin said, how many of the letters were distributed, but his office expected more complaints.

"We're going to determine who sent it, and why they sent it and then from that, if there's enough evidence to prosecute," Mr. Barankin said.

Orange County, between Los Angeles and San Diego, has seen a substantial increase in its Latino population over the last two decades. A 2005 estimate by the Census Bureau reported that nearly one in three Orange County residents was of Latino or Hispanic origin.

Representative Loretta Sanchez, a Democrat from Garden Grove, in northern Orange County, said that she had heard from a handful of constituents in her district who received a letter, and that she feared it could scare off first-time voters.

"Santa Ana and Anaheim are the new Ellis Island of the United States," Ms. Sanchez said, mentioning two Orange County cities with large Latino populations. "New people are becoming citizens every day, and who knows the sophistication level when they get a letter like this?"

But others thought the letter would have little effect.

"I think Latino voters are astute enough not to be intimidated," said John Trasviña, the interim president and general counsel for the Mexican American Legal Defense and Educational Fund in Los Angeles. "And they've seen the same tactics used against them in the recent past as well as the farther ago past. And they won't take it."

Election Board Votes To Send New Letter To 305,000 Misinformed Voters (AP)

AP, October 18, 2006

ATLANTA - The State Election Board on Tuesday approved a letter that will inform more than 300,000 Georgia voters who were told they needed a photo ID to vote that they can still use 17 forms of identification to cast a ballot on Nov. 7.

The board also approved radio and television public service announcements to be broadcast statewide. The Secretary of State's Office will be responsible for distributing the letter and ads, and will partially fund the efforts.

The mailing is expected to cost $127,000, and the ads will be taped and aired using $16,000 from the election board budget previously reserved for voter education.

Both measures were approved at a special meeting called by election board member David Worley after he discovered nearly 200,000 voters - not the 20,000 initially reported by Vice Chair Claud "Tex" McIver - were told they would need to get a photo ID at the polls.

In all, the board of elections contacted by mail 305,000 registered voters believed to lack state-issued photo identification. Most received letters after a Sept. 19 ruling by Fulton County Superior Court Judge T. Jackson Bedford declaring the photo ID law violated the Georgia Constitution as an undue burden on voters.

At the meeting, Worley - the lone Democrat on the panel - questioned McIver on how the discrepancy was made and where he got his information. McIver approved the mailing of the additional letters after Bedford's ruling.

Worley said that mailing was a "deliberate attempt to make people think they needed a photo ID they did, in fact, not need."

McIver said he reported the information he was given about how many letters remained to be sent after the judge's order.

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"I can assure you our staff did not get that information from the tooth fairy," McIver said, adding that he was also surprised to see that so many letters had gone out after the law was banned.

For months, lawyers have been battling over Georgia's photo ID law - one of several passed recently across the country - in state and federal court, and lawyers opposing Georgia's photo ID law are set to ask a judge on Friday to hold the state in contempt of Bedford's order.

Opponents claim the photo ID law is intended to discourage minorities, the poor and the elderly from casting ballots. In a motion filed Monday, the attorneys also asked the judge to force the state to send new letters to those voters.

The Chicago-based Rainbow/PUSH Coalition, led by the Rev. Jesse Jackson, sent a letter Tuesday to U.S. Attorney General Alberto Gonzales criticizing Georgia's actions and demanding that corrective action be taken to inform voters of the current election rules.

"Georgia and other states still insist on interposing burdensome obstructions between the American people and their right to vote in violation of the 15th Amendment," reads the letter, signed by Jackson. "The State Board of Elections...wants to pretend that mailing the notices was harmless error. It was either intentional voter fraud or grossly negligent disregard of the right to vote."

After the meeting, Worley said he was not satisfied with McIver's explanation of why he would report that only 20,000 letters were left to be mailed after the judge's order, but that he is satisfied that the issue will be corrected with the new mailing by the Secretary of State's Office.

"Based on the way this was handled, I didn't trust the Republican majority to do it properly the second time," Worley said.

McIver maintained he did not regret his decision to mail the first letter - which he called an education piece - and that he does not believe voter confusion exists over the photo ID law.

Supporters of the law - primarily Republicans - have said it is needed to prevent voter fraud, despite the absence of examples of in-person voter fraud.

FBI Forwards Rylee Investigation To Justice Department (ADG)

By DEBRA HALE-SHELTON

Arkansas Democrat-Gazette, October 18, 2006

The FBI has forwarded information from its investigation into Russellville police officers' fatal encounter with Bobby Joe Rylee last summer to the Civil Rights Division of the U. S. Department of Justice.

The Washington-based office will determine whether a federal civil-rights violation occurred in the forcible arrest of Rylee on July 15 in a parking lot along Arkansas 7 in Russellville, said Steven Frazier, a spokesman for the FBI office in Little Rock.

Rylee, 61, quit breathing several hours after police took him to the Pope County jail. He died five days later in a Little Rock hospital.

Russellville Police Chief James Bacon has said he understood the FBI was investigating at the request of Rylee's family. Frazier previously declined to comment on an ongoing investigation, which is FBI policy.

In August, Prosecuting Attorney David Gibbons of Clarksville declined to charge four Russellville police officers, saying they were justified in the force they used to subdue and arrest Rylee. Police said Rylee had fought with them and stabbed one officer in the arm with a ballpoint pen, which Gibbons concluded was a deadly weapon.

Rylee's family filed a federal lawsuit in Little Rock last month, contending that Russellville police officers beat Rylee before taking him to jail, where, the lawsuit said, he was refused medical attention despite life-threatening injuries. Police have said Rylee declined medical treatment.

"I believe we have forwarded the initial information that we have received about this case," Frazier said by telephone Monday.

"Some of that has come from the [Russellville] Police Department, the media and others."

Frazier said all FBI civilrights investigations ultimately are presented to the Justice Department.

He said he had no idea how long the process would take.

He also said he could not say when the FBI forwarded the information to Washington.

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Frazier said the Civil Rights Division can make one of three decisions: That there is a prosecutable violation. That there is "no prosecutive merit."

That more information and investigation are needed.

"In order for [the latter] to happen... there needs to be enough of an allegation to warrant additional investigation," Frazier said.

In a response filed last week with the U. S. District Court in Little Rock to the Rylee family's lawsuit, Pope County Sheriff Jay Winters and jail supervisor Luke Sawdy denied allegations of failing to provide medical care to Rylee when they should have known his injuries were serious.

Russellville police filed a separate response, denying allegations of beating or assaulting Rylee.

Both responses asked that the suit be dismissed.

Study Finds Race Disparity In Breast Cancer Mortality Rates (CHIT)

By Judy Peres, Ronald Kotulak And Peter Gorner

Chicago Tribune, October 18, 2006

A study showing an alarming gap in breast cancer death rates for black and white women in Chicago has mobilized health experts to find the root causes and recommend within a year ways to reduce the unusually high mortality among African-Americans.

Why black women are more likely to die of breast cancer is unclear, but medical leaders said genetics, lack of awareness about breast self-examination, inability to afford routine mammograms and limited access to medical facilities may play crucial roles.

Some Chicago researchers are also beginning to look at whether the stress of social isolation and living in impoverished or crime-ridden neighborhoods might make some women more vulnerable to cancer.

Another possibility is that some facilities serving black women are doing a poor job of detecting cancers early.

"Women are dying—overwhelmingly poor and black women—because of inadequate quality of the mammography process. That's our hypothesis," said Steve Whitman, director of the Sinai Urban Health Institute, which conducted the study released Tuesday.

The study, which has not yet been published or undergone the scrutiny of peers, found that the odds that a woman will die of breast cancer has been declining steadily for close to two decades, yet African-American women have been seeing the reverse. (The report did not analyze data for women of other races.)

As recently as the 1980s, mortality rates for black and white women in Chicago were both around 38 breast cancer deaths per 100,000 women per year, according to the study. The rates started to diverge in the 1990s, as overall mortality rates began to drop thanks to improvements in treatment and early detection.

By 2003, the last year for which statistics are available, the rate for Chicago's black women was 73 percent higher: 40.5 breast cancer deaths per 100,000, compared with 23.4 for white women.

For the U.S. as a whole, the mortality rate for white women is 25.2, compared with 34.6 for black women—37 percent higher. The study reported the gap in New York City was only 17 percent (35.8 for blacks, 30.7 for whites), which suggests "it's not just an issue of big urban areas," Whitman said.

Researchers have been trying for years to discover why black women in America have a higher risk of dying of breast cancer, even though they're less likely to get the disease.

Some studies have found biological differences that may cause black women to get more aggressive types of breast cancer. Experts say black women are more likely than white women to have a combination of three genetic defects that makes their tumors harder to treat.

"We've known for years that African-American women have a more aggressive type of breast cancer compared to white women," said Dr. Virginia Kaklamani, an oncologist at the Northwestern University Feinberg School of Medicine. "One of the reasons for that is that the kind of breast cancer they get is genetically worse."

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At the University of Chicago, meanwhile, a large federally funded study is under way to look at social factors that might bring about biological changes that lead to breast cancer. The team includes specialists in the medical, biological, behavioral and social sciences.

"We think the black-white disparity is due to complex interactions of genetic and environmental factors. By joining together is the only way we're going to get a handle on them," said study leader Sarah Gehlert, director of the Center for Interdisciplinary Health Disparities Research.

"Between 70 and 80 percent of all breast cancers are due to sporadic mutations, not inherited mutations. That means it's things that happen in the environment," Gehlert said.

"We think that if you live in really adverse circumstances in a neighborhood with a lot of crime, so the threat's always there, you'll be afraid to go out and will develop what we call a dysregulated stress response," she said. "And you'll be more likely to have spontaneous mutations of the breast cancer genes."

Gehlert said her study is based on the work of U. of C. psychologist Martha McClintock, who showed that socially isolated female laboratory rats suffered an increase in spontaneous breast cancers.

"We're testing this hypothesis in Chicago and Gary on 233 newly diagnosed African-American breast cancer patients," Gehlert said. "We go into their homes and look at their neighborhoods. Then we examine their tumors after they've been biopsied to see if they're due to spontaneous mutations or are inherited."

Experts also noted that black women also are more likely to get inferior care, fail to seek appropriate testing and be unable to afford routine mammograms.

Sandra Stewart, 55, who lives on Chicago's South Side, said she hadn't had a mammogram in 10 years when she felt a hardness in her breast one morning last October—breast cancer awareness month.

"Most of us can't afford it," she said. "I didn't have any insurance."

Scared, she called a cancer hot line she'd seen on TV and was able to receive a free mammogram. "They found an advanced cancer," she said. "The very same day, they sent me up for a biopsy."

The Stand Against Cancer project arranged for Medicaid to cover her treatment, and today Stewart is in complete remission.

To address the idea that the mammography available to black women may be of poor quality, the Sinai report calls on area hospitals and breast centers to collect and share mammography quality measures as the first step toward improving services.

"In health care, what gets measured gets better," said Alan Channing, president of the Sinai Health System.

Mammograms, which are specialized X-rays, are difficult to read, and their effectiveness in spotting cancer early depends in part on how well they are interpreted. The American College of Radiology has established quality standards and recommends that all mammography programs keep track of their performance. But many programs do not, and most do not release the data if they have it.

To stimulate transparency and perhaps challenge other facilities to release their data, the Sinai report includes quality measures for Mt. Sinai Hospital (part of the Sinai Health System) and Mercy Hospital.

The task force organized to figure out how to reduce Chicago's racial gap in breast cancer death rates will call a summit meeting in January with leaders in radiology, mammography, medical financing and others concerned about breast cancer.

"We expect experts from all the leading medical centers to participate, as well as breast cancer survivors and epidemiologists, and map out a plan to eliminate these terrible disparities," Whitman said.

The task force will be co-chaired by Ruth Rothstein, former CEO of the Cook County Bureau of Health and now president of the board of Rosalind Franklin University of Medicine; Sister Sheila Lyne, CEO of Mercy Hospital and former commissioner of the Chicago Department of Public Health; and Donna Thompson, CEO of Access Community Health Network.

Calling the co-chairs "the three most powerful women in health care in Chicago," Whitman said, "I think the task force has a real chance at fixing this. I'm optimistic."

Chris Rock's Mom Claims Discrimination (AP)

By Bruce Smith, Associated Press Writer

DOJ_NMG_0082631

AP, October 18, 2006

CHARLESTON, S.C. -- Rose Rock, the mother of comedian Chris Rock, claims she was racially discriminated against when she was seated but ignored for more than a half hour at a Cracker Barrel restaurant along the South Carolina coast.

Rock said Tuesday she planned to sue the Lebanon, Tenn.-based company. A Cracker Barrel spokeswoman said the restaurant chain was investigating and taking the complaint "very seriously."

Cracker Barrel has in the past faced numerous lawsuits and a federal inquiry over complaints of refusing to serve black customers, discriminating against minority workers and firing gay employees. The company has taken steps to rebuild its folksy image and reach out to minorities.

Rock, who is from Georgetown, said she and her 21-year-old daughter were the only blacks at the chain's Murrells Inlet restaurant in April. She said when she asked the manager about the delay she was told they could have a free meal.

"He never called over the waitresses and asked, `Why did these people sit here for an hour without service?'" she said. "The only thing he said was we could have a free meal and neither of us wanted to eat."

Cracker Barrel spokeswoman Julie Davis said the company doesn't "tolerate any form of discrimination."

"It has always been a violation of our policies and procedures and it is neither condoned nor allowed," she said. "We do not allow the type of behavior you are describing," Davis said.

Rock said she contacted the South Carolina Human Affairs Commission and was told her complaint would be handled, but "nothing ever happened."

The head of the commission, Jesse Washington, said Tuesday that after initial discussions, the complaint was finalized Aug. 7 and his agency also was investigating. He would not comment on the complaint.

"We get thousands of charges coming through here in the course of a year," he said. "It's not out of line _ the time frame on this. It is being investigated and we will be in touch with her when we have a report."

The Rev. Al Sharpton will join Rock on Wednesday in South Carolina to announce that Sharpton's Action Network will finance the planned lawsuit.

"I'm getting reports from all over the country about Cracker Barrel," Sharpton said from New York on Tuesday.

He also said state officials are slow to act on such complaints.

"When people are talking about there is no more discrimination, a lot of it is because they are not following this stuff up," Sharpton said.

Cracker Barrel, established in 1969, operates 547 restaurants in 41 states, according to the company's Web site.

Georgetown is about 60 miles northeast of Charleston.

ANTITRUST:

Feds OK Pilgrim's Pride Takeover Bid (AP)

AP, October 18, 2006

PITTSBURG, Texas --Chicken producer Pilgrim's Pride Corp. on Tuesday said federal regulators have cleared its proposed acquisition of Atlanta-based poultry company Gold Kist Inc., which opposes the bid.

Pilgrim's Pride launched its hostile $20-a-share takeover bid last month, after Gold Kist declined to make a deal in August, the company has said. The offer represents a premium of 55 percent over Gold Kist's closing stock price on Aug. 18.

Gold Kist has said the offer is not in the best interest of its shareholders.

On Tuesday, Pilgrim's Pride said the antitrust division of the Justice Department granted an early expiration to the waiting period mandated by antitrust laws.

Pilgrim's Pride President and Chief Executive O.B. Goolsby Jr. called the move "a positive step forward in our efforts to acquire Gold Kist."

The company's tender offer to acquire all outstanding shares of Gold Kist is scheduled to expire at midnight on Friday, Oct. 27.

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Shares of Pilgrim's Pride fell 18 cents to $27.13 in morning trading on the New York Stock Exchange. Gold Kist shares rose 24 cents to $20.63 on the Nasdaq.

Kucinich Questions Giant Eagle Purchase Of Ohio Stores (PPG)

By Teresa F. Lindeman, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, October 18, 2006

Ohio congressman Dennis J. Kucinich, concerned about losing jobs in his region, is asking federal officials to look at potential antitrust issues when considering O'Hara-based grocer Giant Eagle's plans to buy 18 stores in the Cleveland area.

Rep. Kucinich, the former Cleveland mayor, presidential candidate and a fifth-term Democrat who is up for re-election, this week sent a letter to the Department of Justice and the Federal Trade Commission asking that they investigate the potential for the sale to impact the price of food in the Cleveland area.

Giant Eagle, already a major player in the northeast Ohio market, said last week it would buy 18 Tops Market stores for an undisclosed amount from Dutch owner Ahold. The parent company put 46 Tops stores up for sale earlier this year and hopes to have buyers for the remaining 28 stores by the end of the year.

The O'Hara company supplied about 45 percent of the Cleveland-Elyria-Mentor grocery market as of June, according to TradeDimensions International in Wilton, Conn. Tops claimed a little more than 20 percent while Wal-Mart had about 6 percent.

An antitrust review would try to determine if, after the sale, Giant Eagle could control the market to the point it could significantly raise prices, said Robert Fleishman, an antitrust lawyer with Washington, D.C., law firm Steptoe & Johnson. That might be hard to do in an era when supermarkets face increasing competition from retailers such as Target as well as dollar stores and convenience stores.

Even if the overall deal is not a problem, there might be particular Tops locations that officials would be concerned about. When the owner of Macy's bought Kaufmann's, the retailer agreed to sell certain overlapping locations to department store competitors, if possible.

However, Giant Eagle officials do not believe there's a problem. "Our attorneys researched the issue carefully and have advised that there are no antitrust problems with this acquisition," spokesman Dan Donovan said in an e-mailed response.

Rep. Kucinich has been concerned about the 4,000 part-time and full-time jobs at the Tops stores since the original announcement that the stores would be sold. His letter to federal officials cited a local newspaper report that a group of buyers had been interested keeping all 46 stores locally owned and operated.

A Tops spokesman said yesterday preserving jobs is a goal. He said the company would like to sell the remaining stores to supermarket operators but, "We will look at any and all offers."

(Teresa F. Lindeman can be reached at tlindeman@post-gazette.com or at 412-263-2018.)

Feds' Power To Renege On Immunity May Be Tested In U.S. Supreme Court (LAW)

By Lisa Brennan, New Jersey Law Journal

New Jersey Law Journal, October 18, 2006

A 3rd Circuit case at the door of the U.S. Supreme Court will test the federal government's power to revoke immunity from prosecution granted to antitrust violators who agree to rat on their rivals.

During an Oct. 27 conference, the Court will decide whether to hear Stolt-Nielsen, S.A. v. U.S., 06-97, which would test whether a court can enjoin the Justice Department's Antitrust Division from withdrawing immunity promised under its Corporate Leniency Program.

The case piques the interest of not only antitrust lawyers but also white-collar criminal defense attorneys, because the lifting of immunity means that all items of evidence a cooperating company has willingly handed over can become weapons in the government's arsenal.

"Stolt could have broad implications in every instance in which the government promises a benefit to a defendant in exchange for cooperation," says Alison Smith, a former Antitrust Division lawyer now at Haynes & Boone in Houston. "A corporation considering applying for immunity must now question whether the evidence it provides to the government will simply be used against it."

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Smith says an eventual ruling by the Court "could clarify the nature and extent of the defendants' constitutional rights in these agreements" and "could determine the limits of the government's ability to revoke agreements unilaterally and the power of the courts to restrain the government's decision to prosecute."

Demonstrating the gravity of the case, no fewer than nine amici curiae have filed briefs supporting the petition for certiorari. One of them is the Association of Corporate Counsel, led by senior vice president and general counsel Susan Hackett. "The impact on my members is their concern that they can no longer make rational decisions that would suggest predictable results," she says.

Under the Corporate Leniency Program, companies that first report illegal antitrust activity can get immunity from indictment and prosecution. In exchange, they must incriminate themselves, turn over key documents, waive attorney-client privilege and fully cooperate with prosecutors seeking to convict their competitors. Companies that wait receive lesser degrees of leniency, similar to deferred prosecution agreements or single-count guilty pleas common in other corporate crime cases.

Since it was instituted in 1993, the program has been a strong magnet for cartel cases, attracting more than 100 applicants and generating $2 billion in fines, according to a former federal prosecutor, Donald Baker of Washington, D.C.'s Baker & Miller.

But the Antitrust Division's action in Stolt will cause some second-guessing among would-be participants. "If you're going to disclose what you did in exchange for leniency, and then the government turns around and pulls your ticket, it will have a potential chilling effect in all of these cases," says defense lawyer Michael Himmel, of Roseland, N.J.'s Lowenstein Sandler. "Corporations will have to think long and hard about coming forward for fear of being bitten."

The parties in the case are London-based shipping company Stolt-Nielsen, S.A., and two executives, who were indicted Sept. 6 for antitrust violations. A federal judge enjoined the indictment last year, but the 3rd U.S. Circuit Court of Appeals reversed on March 24.

In that ruling, a two-judge panel said a district court judge has no power to enjoin prosecutors from filing an indictment because the equitable powers of the court do not exist when there is "an adequate and complete remedy at law." That remedy is to raise the immunity agreement as a defense after indictment, the court said.

U.S. District Judge Timothy Savage in Philadelphia, who decided the case below in January 2005, recited that Stolt had entered into the Antitrust Division's program and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two co-conspirators and more than $62 million in fines. Because the company had fulfilled its obligations under an immunity agreement, Stolt was entitled to an injunction barring the filing of an indictment, Savage held.

Prosecutors had argued that Stolt misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002, but Savage found the government had explicitly immunized the company and its executives from prosecution for activity prior to Jan. 15, 2003.

Because the government drafted the agreement, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement," Savage said.

Savage concluded that the only way to protect the company's and its executives' due process rights was to decide, prior to indictment, whether the government could void the agreement.

The 3rd Circuit disagreed, finding the trial court's ruling not only ultra vires but also violative of separation of powers. U.S. Circuit Judge Thomas Ambro said the appeal presented "a significant constitutional question of first impression in this circuit: whether federal courts have authority, consistent with the separation of powers, to enjoin the executive branch from filing an indictment."

Although federal courts have such authority "in narrow circumstances, ... this is not such a case," wrote Ambro, joined by visiting U.S. Court of International Trade Judge Jane Restani. (Judge Samuel Alito Jr. was on the three-judge panel when the case was argued in September 2005 but did not participate in the ruling due to his elevation to the U.S. Supreme Court.)

According to court papers, Stolt admitted to participating in an international conspiracy to allocate customers, rig bids and fix prices on parcel tanker affreightment contracts for the shipment of specialty liquids to and from the United States and elsewhere.

On the basis of information Stolt provided, the government filed criminal charges and secured guilty pleas from two co-conspirators -- Odfjell Seachem of Norway and Jo Tankers B.V., which is based in the Netherlands.

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Odfjell Seachem agreed to pay a $42.5 million fine, and Jo Tankers agreed to pay a $19.5 million fine. Two Odfjell executives and three Jo Tankers executives also entered guilty pleas. All five were sentenced to prison terms in the range of three to four months and paid fines totaling more than $600,000.

In April 2003, the Justice Department suspended Stolt's participation in the program on the grounds that it allegedly did not withdraw from the conspiracy in March 2002, as it had claimed, but had continued its illegal activity into the second half of 2002.

In June 2003, Stolt executive Richard Wingfield was arrested and charged with participating in the conspiracy to allocate customers, fixing prices and rigging bids between March 2001 and October 2002.

Under threat of indictment, Stolt filed suit in February 2004, seeking enforcement of its rights under the agreement. Wingfield's suit followed.

In March 2004, the Justice Department formally revoked Stolt's conditional leniency and notified the company that it intended to seek an indictment.

Although the Court on the average grants only one out of 70 petitions for certiorari, bulking up with amici improves the odds. Of the 27,000 cert petitions filed over three terms from 2002 to 2004, only six cases had as many as nine amici, and cert was granted in three of them.

The other amici supporting Stolt's petition are the National Association of Manufacturers, the National Association of Criminal Defense Lawyers, the Chamber of Commerce of the United States, the Washington Legal Foundation, the New York Council of Defense Lawyers, the New England Legal Foundation, the International Association of Independent Tanker Owners and the Grand Duchy of Luxembourg.

Futures Giants To Merge (CHIT)

By Greg Burns

Chicago Tribune, October 18, 2006

After decades of stormy courtship, Chicago's two major futures exchanges on Tuesday announced an $8 billion merger, as the stock market's hunger for their shares overcame long-standing differences.

The Chicago Mercantile Exchange, which saw its stock price soar after it went public in 2002, said it has agreed to buy its longtime rival in a deal that would put its leadership in control of the combined business.

By the middle of next year, the Merc plans to abandon its sprawling trading complex along Wacker Drive and move into the historic Board of Trade building at LaSalle Street and Jackson Boulevard.

The new exchange will have average daily trading volume approaching 9 million contracts per day, easily surpassing all of its direct competitors, with a market capitalization of more than $25 billion.

Under pressure from their profit-minded shareholders, the two Chicago institutions have put aside a legacy of mistrust and antagonism over everything from seating arrangements at social events to who has a better system for electronic trading. Now Chicago has a united front as it battles for dominance in the global financial-services business.

Some exchange veterans who were pushing in vain for a merger as long as 30 years ago said they could scarcely believe it finally happened.

"This represents the culmination of a Don Quixote impossible dream," said Leo Melamed, who led the Merc off-and-on since the 1970s.

The stock of both companies shot up, with the Board of Trade soaring $17.48, to $151.99, and the Merc $13.25, to $516.50.

Leaders of both exchanges said the Merc takeover bodes well for the city. Mayor Richard Daley, who once separated a pair of exchange leaders who had a shouting match in his City Hall office, predicted the combination will be "good for the Chicago economy."

Though the exchanges directly employ fewer than 2,200, a number expected to shrink by several hundred after merger-related layoffs, they generate tens of thousands of local jobs through their trading activity. "This is going to go a long way to make sure those jobs stay here in Chicago," said Merc Chairman Terrence Duffy, who will serve as chairman of the combined CME Group Inc.

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Without the merger, the two separate organizations could find themselves at a competitive disadvantage and more vulnerable to a takeover themselves.

Melamed said the merger will preserve Chicago's stature as a global center for managing financial risk. Fellow Merc leader Jack Sandner noted, "They used to call us the hog butchers to the world. We are now the risk managers of the world."

Shouting and waving

Indeed, as stockyards and steel mills have faded from the scene, the boisterous trading pits have filled the void. Hoarse, sweaty guys shouting and waving their arms as they stand shoulder-to-shoulder in their colorful jackets have become one of Chicago's most recognizable commercial images.

Lately, the markets have been busier than ever. Every day, bankers, money managers and speculators bet on the future direction of everything from interest rates to ethanol. With a tiny down payment, they can buy and sell vast quantities of whatever they choose to trade.

Known as "derivatives," the contracts changing hands at the Merc and Board of Trade provide the leverage that can turn small fortunes into big ones, like a stock market on steroids.

The annual incomes of top traders can exceed $10 million, though many more who roll the dice "bust out"—slang for going broke. Family and friends have taught each other the business, and folks from all walks of life have taken a shot at riches in the Chicago markets, which have survived scandals including the FBI sting in 1989 that resulted in sweeping indictments.

But derivatives have shrugged off their bad reputation in recent years as the market for them has kept expanding. Billions of dollars flow through the exchanges in a single trading session.

Both the Merc and Board of Trade got their start in corn, soybeans, butter, eggs and other agricultural commodities, and their rough-and-tumble traders still set benchmark prices for the global farm economy.

During the 1970s and '80s, the exchanges hit it big by applying the same trading formula that worked for pork bellies to bonds, foreign currencies and stock indexes.

Yet only recently have the exchanges fully embraced electronic trading, and much of Wall Street's enthusiasm for their prospects is based on computers enabling them to reach more customers globally.

Many believed a merger made strategic sense long ago. But for decades, the two home-grown businesses, so alike in many ways, were kept apart by jealousies and suspicions.

In 1980, then-Board of Trade Chairman Les Rosenthal attempted to engineer a merger with the Merc's Melamed, only to see the idea flounder because of the "we-they culture," Rosenthal recalled. "Who was top dog? Whose building would be out front? It was all silly stuff, but you couldn't get over that. The barrier has always been the culture of the two places."

The Board of Trade, formed in 1848, was for most of its history the larger, better-established and reputedly stodgier exchange, while the upstart Merc was scrappier and more willing to experiment with technology. Even the ethnic heritage of the members at each respective institution differed, with the Board of Trade leaning Irish and the Merc Jewish, though both memberships were overwhelmingly white and male.

In the late 1980s and '90s, the exchanges were limited by the entrenched interests of arm-waving floor traders who controlled their governance. Floor traders worried that electronic markets would undermine their ability to make money.

As the Chicago exchanges restricted access to their products by refusing to combine their efforts, and move trading onto computer screens, the U.S. stock market flourished and competition grew at all-electronic exchanges and over-the-counter markets.

"Both exchanges were driven by hubris, egos and historical legacies," said Patrick Arbor, a former Board of Trade chairman. "Now they're owned by investment managers demanding performance and efficiency."

The Merc, which embraced electronic trading and sold shares to the public well before the Board of Trade, has become the city's No. 1 futures exchange by far.

As Melamed observed: "The culture changed completely."

Huge financial rewards

The stock market's enthusiasm for Merc and Board of Trade shares made Tuesday's takeover possible, Rosenthal said, not least because members have reaped huge financial rewards for surrendering control.

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Membership "seats" on the Board of Trade were valued at about $1.47 million each when the exchange sold shares in October 2005 at $54 each. The stock received by the owners is now worth more than $4 million, and Merc shareholders likewise have prospered handsomely as their stock has shot higher.

"The Merc has a very valuable coin of the realm in their share price," Rosenthal said. "The Board of Trade put a price on itself, and the Merc said, 'Sold!'"

Other deals could be in the offing, as trading becomes increasingly electronic and investors seek to reduce trading costs.

"The timing is perfect," said Merc Chief Executive Craig Donohue, who will continue in that post at the combined company. "We're in an increasingly competitive environment."

The Merc's deal for the Board of Trade is expected to be completed by the middle of 2007.

Chicago Derivatives Exchanges In $8bn Deal (FT)

By Doug Cameron And Norma Cohen

Financial Times, October 18, 2006

Chicago's two main derivatives exchanges on Tuesday unveiled an $8bn (£4.3bn) merger plan that will increase momentum for consolidation in the financial exchange sector by creating a platform with unmatched global reach.

A combination of the Chicago Mercantile Exchange and the smaller Chicago Board of Trade would create the world's largest futures exchange. The merged group would have an estimated annual $125m in synergies to fund expansion into Europe and Asia, as well as fast-growing areas such as credit derivatives and foreign exchange, which remain dominated by over-the-counter trading.

The announcement follows a year of talks and flirtations with rival exchanges. An all-American solution arrives at a time when the competitiveness of US capital markets has come under pressure from regulatory changes that have driven users overseas.

It comes two years after the CBOT rejected an approach from the CME in favour of its own listing last year, a move that proved crucial in providing an agreed price for the smaller exchange, with both trading near record levels in recent weeks.

"The transaction was done with both companies in a position of strength," said Terry Duffy, CME chairman, who would chair CME Group, as the company would be known.

The deal will raise the ante on the New York Stock Exchange to close its transatlantic deal with Euronext, the Paris-based stock and derivatives exchange. It would also leave Deutsche Börse, the world's largest derivatives platform, with a shortage of friendly merger partners, in the light of Euronext's preference for a deal with the NYSE.

European analysts and investors said the deal raised pressure on Deutsche Börse to seek a rival merger that would create a viable competitor and on competition authorities in Brussels to approve that combination. "It makes the case for a merger of European competitors even more compelling," said Mamoun Tazi, analyst at Man Securities.

Craig Donohue, the CME chief, who would retain that role in the merged group, said he did not expect regulators to block the deal, which is forecast to close in mid-2007, subject to shareholder and antitrust approval.

Robert Fleishman, an attorney at Steptoe & Johnson, said that the Justice Department would probably find that the benefits of "demonstrable efficiencies" in IT operations, staffing, and trading floor platforms would outweigh potential negative competitive effects of the deal, particularly because technological leaps would make it difficult for the DoJ to predict how markets will be shaped in the future.

However, users said they would be watching closely for synergies to be passed on in the form of lower trading fees

Futures Shock Chicago Merc To Buy Board Of Trade (WSJ)

By Aaron Lucchetti, Alistair Macdonald And Edward Taylor

The Wall Street Journal, October 18, 2006

The Chicago Mercantile Exchange Holdings Inc. and the Chicago Board of Trade agreed to join forces to form the world's largest financial market, one that will dwarf exchanges in the U.S. and Europe -- even the New York Stock Exchange.

The Chicago Merc announced plans to buy the smaller CBOT Holdings Inc. for about $8 billion. As the biggest deal yet in a global consolidation of the financial-exchange industry, the plan sets aside more than a century of crosstown rivalry.

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The agreement reflects the rapid growth in the investment industry's hottest sector: derivatives, or contracts whose value is derived from the movements in other financial instruments such as stocks and bonds. The linkup will make trading in many such derivatives a simpler matter, while also raising concerns that the increased power of the combined exchanges could lead to higher fees for traders.

Having grown far beyond their roots in putting together buyers and sellers of eggs, butter and corn, the Chicago exchanges, together, will trade some nine million futures contracts a day. Futures contracts give investors the right to buy or sell something later at a set price. Thus, they are used to hedge risk, allowing investors to enjoy smoother growth of their assets without the bumps that come with simpler investments on, say, a portfolio of stocks.

"Chicago used to be known as the hog butcher of the world. The city now will be known as the world's risk manager," said John F. Sandner, a Chicago Merc board member.

Futures have also become tools for making investment bets: on commodities such as wheat or oil, on trends in the economy and on broad measures of the stock and bond markets. Futures contracts can be tied to price movements of stock indexes, bonds, interest rates and foreign currencies. Commodities now make up only about 2% of the CME's trading and around 18% of the CBOT's.

Though futures are little understood outside professional circles, a wide array of investors trade them, including hedge funds, pension funds, some individuals and even mutual funds that manage money for millions of people. In recent years, hedge funds and investment banks' own trading desks have used new technology and trading methods to fire in rapid trades to exchanges across the world, leading to a surge in trading volumes. Some exchanges, including the CME, have responded by catering directly to hedge funds, a sign of the growing power of some exchanges versus Wall Street firms in serving sophisticated investors.

The business of the Chicago exchanges thus is exploding, especially as they ramp up electronic trading. Doing so has enabled them to compete with European rivals that long ago moved away from the older model of a big floor on which traders jostle and shout. Last year almost 10 billion derivatives contracts, including futures, were bought or sold on the world's exchanges -- in a business that barely existed 20 years ago. Trading has grown by an average of almost 18% a year between 2002 and 2005, according to the World Federation of Exchanges.

FULL TEXT

Read the full text2 of the CBOT's announcement of the deal. WALL STREET JOURNAL VIDEO

WSJ's Aaron Lucchetti discusses3 how the Chicago Mercantile Exchange's plan to buy CBOT Holdings will likely impact investors. 4 • Plus, CME Chairman Terrence A. Duffy and CBOT Chairman Charles P. Carey discuss5 the deal, commenting on whether the merger is a "game changer" and how this affects the derivatives landscape.

The Chicago deal illustrates the increasingly rapid pace at which financial exchanges world-wide are consolidating to lift profits by cutting costs. Exchanges have morphed from member-owned clubs into profit-hungry publicly traded companies. This gives them an incentive to make acquisitions and also a currency, their stock, with which to do so.

Distinct Styles

The Chicago exchanges' styles are distinct even though they're just a few blocks apart. The CBOT has long operated in a 45-story Art Deco building topped by a statue of Ceres, the Roman goddess of grain. The CME occupies modern sand-colored towers stacked above its trading floor -- a hectic scene of arm-waving, boisterous traders. The CME's largest contracts are Eurodollars. At the CBOT, grain remains important but has been eclipsed by Treasury-bond futures.

Both exchanges also trade options, which convey the right, but not the obligation, to buy or sell an asset later at a set price.

The two Chicago markets have a combined market value of $26 billion, and the underlying value of contracts they trade daily is a massive $4.2 trillion. Now, "it's going to be one big animal," said Steve Rodosky, head of U.S. government-bond trading at Pacific Investment Management Co., or Pimco, a large mutual-fund management company. "It will be a massive part of what the markets rely on every day and the only exchange to use for fixed-income derivatives."

The exchanges had talked occasionally about aligning for decades, but were deterred by rivalries between their floor traders, who owned the markets before they became public companies. This time, serious talks began before the CBOT went public in the fall of 2005. The talks revived about a month ago when CME executives contacted the CBOT, said people familiar

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with the matter. A flurry of meetings followed, including a dinner between the CME Chairman Terry Duffy and his CBOT counterpart, Charles Carey, at Gene & Georgetti, a famous Chicago steakhouse. About a week ago, the exchanges' executives shook hands on a deal.

The Chicago markets sealed their agreement as the New York Stock Exchange and Nasdaq Stock Market continue separate bitter fights to close their own deals -- international transactions they hope will push them into Europe and take advantage of robust stock trading overseas.

NYSE Group Inc. announced a merger deal in June with Euronext NV, which trades both stocks and derivatives. But the Big Board is in a fierce battle to close the deal as Germany's Deutsche Börse pursues its own proposal to merge with Euronext in an all-European combo.

Chicago exchange officials pointed to the consolidation overseas as a catalyst for their own deal. "If you look at the discussions of consolidation, this is the best alternative for us," said Mr. Carey, a third-generation grain trader whose grandfather and uncle preceded him as chairman. All of them once worked the floors.

The proposed combination represents another triumph for electronic trading over pit trading. The Chicago Board of Trade started so-called open-outcry trading in 1848, and three years later traded its first corn-futures contract, for delivery of 3,000 bushels.

The Merc's value has surged, driven by the growth of its electronic trading system, called Globex. By 2001 the CME had passed the CBOT to become the largest U.S. futures exchange by number of contracts traded. The CBOT delayed embracing of electronic trading and then relied on an outside technology vendor to develop a system that was partially owned by a European competitor.

As part of the deal, the CME will close its trading floor and move the remaining trading in its pits to the CBOT, probably in late 2008. That will cut the number of major exchange trading floors in the U.S. to two: the CBOT's and the New York Stock Exchange's. The NYSE's, too, is endangered, owing to increased electronic trading there. Most exchanges in Europe and Asia rely fully on computers to match investors' orders to buy or sell.

The CBOT's Mr. Carey said the deal wouldn't have happened without the Board of Trade's 2005 initial public offering. Before the offering, the CME offered to buy the CBOT for the equivalent of less than $60 a share, according to people familiar with the matter. But the CBOT elected to go public first, and investors drove its shares up steeply from the start. It closed yesterday at $151.99 a share, up $17.48, or 13%, on the day. CME shares -- which are up tenfold from their December 2002 debut -- rose $13.25, or 2.63%, to $516.50.

The CME's Mr. Duffy is to become chairman of the combined firm, and CME Chief Executive Craig Donohue is slated to be CEO. Mr. Carey of the CBOT will be vice chairman. The deal effectively pushes aside the CBOT's chief executive, Bernard Dan, who will serve as special adviser for a year after the deal closes in mid-2007. The new company will have a large and potentially unwieldy board of 29 members, including 20 named by the CME.

The partners will save some $125 million annually on a pretax basis starting 12 months after the deal closes, according to Mr. Donohue. The savings will come from losing one trading floor, combining the technology platforms of the two companies and much of their staff.

The savings could be used to reduce fees for customers, though that might be small comfort to some investors: Both the CBOT and the CME have raised fees in recent years -- empowered by regulations that give them exclusive trading rights to their contracts. Stock exchanges, by contrast, face much more competition because shares can trade on different exchanges.

These exclusive rights, along with the Chicago exchanges' sheer size, will provide a formidable bulwark against the NYSE and other markets that are trying to get into the futures business. Successful futures contracts are lucrative for exchanges. This is especially so for the CME, because in addition to matching trades, it "clears" trades -- that is, guarantees that both sides of every trade get what they bargained for, either money or a viable contract. For several years, the CME has handled clearing for the CBOT.

Both exchanges have come a long way in recent years. They were put on the defensive at the time of the 1987 stock-market crash, as many argued that computerized futures trading exacerbated the losses, enabling stock declines to feed on

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themselves. Then a few years later, a Federal Bureau of Investigation sting operation exposed fraud on both Chicago trading floors.

As the stock market roared in the 1990s, giving the NYSE and Nasdaq record trading volumes, the Chicago exchanges struggled to compete with growing derivatives trading done off exchange, or over the counter. Big banks privately negotiated their own contracts and didn't need the financial guarantee provided by an exchange clearing house.

Those trends reversed in this decade, giving far more power to the exchanges that trade derivatives. In the early 2000s, stock trading faced a bear market and U.S. recession. But the Chicago exchanges' business proved resilient, as a tide of hedge funds continued placing bets in markets that were doing well -- bonds, foreign currencies and commodities.

The Chicago exchanges got another boost after the collapse of energy giant Enron Corp. in the early 2000s underscored the danger of private deals that would prove worthless if a company defaulted on its obligations.

By 2002, the Chicago Merc's business had improved to the point where it sold its shares to the public. The stock soon soared. By 2005, the CME was worth well more than the NYSE, long the world's marquee exchange.

The NYSE copied the CME's strategy, announcing a public offering and following this year with its deal to buy Euronext -- thus getting into futures trading through that exchange's Euronext.liffe platform. The NYSE wants to use Euronext.liffe to grow into the futures business in the U.S. It doesn't intend to compete on products the Chicago exchanges already dominate. Instead, the NYSE will compete in new products that allow investors to bet on corporate credit risk, weather or economic indicators such as inflation.

The Chicago merger means fewer competitors in the futures industry, raising questions over whether the previously scrappy rivals will continue to innovate as effectively. That may be small comfort for the NYSE's designs on the futures business, because the Big Board now faces a much stronger competitor. Its market value would be larger than a combined NYSE-Euronext by about $3 billion.

Battle for Dominance

The Chicago exchanges have battled for dominance in the U.S. futures industry for decades -- each lobbying for an upper hand in regulations, competing for customers and vying to create and launch the next new blockbuster product. The rivalry thawed a few years ago, when the German-Swiss futures market Eurex made a run at the CBOT's Treasurys-bond futures contracts and Euronext.liffe took on the CME Eurodollar contract. The moves prompted the Chicago exchanges to cut fees and embrace electronics to keep their edge. The CBOT also agreed to have its contracts cleared by the Chicago Merc to save costs.

Since then, the per-trade prices that exchanges charge have crept back up. The result could be some antitrust concern. There also may be regulatory concerns about the combined company's ability to handle so much business on one technology platform. The deal faces regulatory reviews by the Commodity Futures Trading Commission, the Securities and Exchange Commission and Justice Department antitrust lawyers. Current and former federal officials yesterday said it isn't likely to be derailed.

"The Justice Department is going to want to look over any overlap in products and services, and whether the deal will avert potential competition, especially in electronic-trading platforms," said Steven Sunshine, a former antitrust enforcer now with Cadwalader Wickersham & Taft. "I don't see any major hang-ups" given strong global competition. A U.S. official agreed, because the two exchanges specialize in different types of futures and don't overlap.

Exchange officials said there will still be plenty of competition -- the large volume of derivative trades done privately through commercial and investment banks. Mr. Donohue said, "We're not expecting any significant regulatory obstacles. We're in an increasingly competitive environment. The market is globalizing. The OTC market is much larger." CME officials maintain that greater efficiencies and cost-cutting would benefit customers and that its trading systems can handle the added stresses of the merger.

The combined exchange will tie together products on one platform that make sense to trade together -- the CME interest-rate futures with the CBOT's bonds, for example, and the CME's livestock contracts with CBOT's corn, wheat and soybean contracts. The exchanges also compete with New York commodity exchanges. The CBOT launched electronic metals trading in recent years, and the CME provided technology for electronic trading of the New York Mercantile Exchange's booming energy futures contracts.

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The deal calls for a swap of each CBOT Class A share for 0.3006 share of CME Class A common. CBOT shareholders can elect to receive cash, but the cash portion of payment for CBOT will be limited to $3 billion. The CME could issue up to 15.9 million new shares as part of the deal. Of the up to $3 billion in cash it could spend, it would raise about $2 billion in new debt.

The Chicago Merc will own from 69% to about 80% of the combined company -- to be called CME Group Inc. -- depending on CBOT shareholders' decision on whether to accept cash or stock.

The historic deal comes as other U.S. exchanges have encountered some trouble completing their own deals. Nasdaq has built a 25.3% stake in London Stock Exchange PLC but is still being rebuffed by London, which rejected Nasdaq in an earlier approach in March. In all, LSE has had four approaches from potential buyers in two years.

And Deutsche Börse, in trying to block the NYSE from buying Euronext, has played the political card, lobbying European politicians and regulators to back a Europe-wide exchange group. The NYSE deal will be put before Euronext shareholders in December, but it is far from certain they will approve. Euronext operates stock exchanges in Paris, Amsterdam, Brussels and Lisbon as well as the Euronext.liffe derivatives exchange in London. Deutsche Börse operates the Frankfurt Stock Exchange and the Eurex derivatives exchange and trades products similar to those the CME and CBOT trade.

The CME looked at doing a deal in Europe, holding preliminary talks with Euronext and Deutsche Börse, but got nowhere, say people familiar with the matter.

Analysts said that the CME and CBOT merger won't immediately present a threat to Europe's derivatives trading platforms because it's hard for even large exchanges to take away business from an efficient electronic exchange in its home market.

In fact, the CME and CBOT tie-up could act as a stimulant to Europe's own lethargic consolidation race. It also could appease antitrust concerns in Europe about a possible combination of Deutsche Börse and Euronext, both big derivatives players. "The emergence of an even larger global competitor will be taken into account" when European antitrust regulators review deals that in the past concerned them, said Marc Reysen, a Brussels-based lawyer.

Asia has been largely absent from the global consolidation so far. Yesterday at the World Federation of Exchanges annual gathering in São Paulo, Brazil, exchanges focused on alliances in fast-growing emerging markets, not full-blown mergers. Euronext announced a plan to cooperate with Taiwan Stock Exchange Corp. And a host of Western exchanges, including the London Stock Exchange, are angling to sign agreements with the Bombay Stock Exchange that may include an investment.

The NYSE and Euronext have expressed interest in Asian exchanges once they complete their own deal. Some analysts said that after the Chicago exchanges finish their merger, the CME Group will be among the best positioned to expand internationally.

Lehman Brothers Holdings and William Blair advised the CME, which also had legal advice from Skadden, Arps, Slate, Meagher & Flom. J.P. Morgan Chase and attorneys from Mayer, Brown, Rowe & Maw LLP advised the CBOT. Lazard Ltd. and Latham & Watkins advised a CBOT board panel on the deal's merits.

Chicago Exchanges Combine Thunder (WSJ)

By Susan Carey And Joseph T. Hallinan

The Wall Street Journal, October 18, 2006

CHICAGO -- By setting aside decades of rivalry, the downtown trading pits here have secured the Windy City's place as derivatives market to the world.

Chicago Mercantile Exchange Holdings Inc.'s planned $8 billion purchase of CBOT Holdings Inc., parent of the Chicago Board of Trade, would pair two exchanges that are leaders in global trading of futures and options, with combined average daily trading volume of nine million contracts, or about $4.2 trillion in notional value. The deal needs approval by regulators and shareholders.

"It's a great day for Chicago," said Robert Hamada, former dean of the University of Chicago's Graduate School of Business and a public director of the CBOT for 12 years. "If they had continued divvying up the market as they had been, they would have beaten each other to the ground," he says, paving the way for rivals to surpass and buy them.

Said John F. Sandner, a Chicago Merc board member: "Chicago used to be known as the hog butcher to the world. The city now will be known as the world's risk manager."

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The move comes during an explosion in trading of futures, options and other derivatives as hedge funds and Wall Street firms develop more complex ways to make financial bets. The exchanges also have benefited from greater trading in physical commodities -- where the two exchanges are also leaders.

Though the two exchanges employ just 2,200, they have helped to keep the city a financial center even as its home-grown banking industry has steadily been bought out by larger rivals. The exchanges have also spawned numbers of trading firms.

New York has long overshadowed Chicago as a financial capital. But the CME has exploited electronic trading to dominate the markets in derivatives and futures in recent years. Futures contracts represent the right to buy or sell a commodity or financial instrument at a set time and price; derivatives are contracts whose values are derived from an underlying security or other asset. The deal could accelerate the trend toward electronic trading.

Traders who duck away from the trading floor to play ice hockey in the afternoon live in handsome homes along Lake Michigan and make seven-figure contributions to schools, theaters and other charities. One successful trader who now manages a trading firm said, only half-jokingly, "My job now is to convince 27-year-olds that it's OK to make only $2 million a year."

CME and CBOT have been bitter competitors for decades. But within the past 10 years or so, the relationship has thawed a little in the face of global trading threats from other exchanges and over-the-counter trading of derivatives. The path for this deal was paved in 2003, when the two agreed to combine their "clearing," or trade-processing, operations. The idea gained steam once the CBOT went public last year. CME became a for-profit organization and began trading in 2002.

Chicago has other famous rivals, most notably baseball's White Sox and Cubs. But the rivalry between the blue-blooded CBOT and the upstart CME "was much, much more intense and acrimonious and deeper because it's about making money," said Mr. Hamada. "The Cubs and Sox rivalry is a phantom."

James McCann, who trades Eurodollar futures at the CME, says the bad blood between the two exchanges is "overdone." But the 36-year-old, who has worked at the CME for 12 years, recalls that "the last time I was at the Board of Trade, I was 10."

The deal calls for the CBOT to move its electronic trading to the CME's Globex electronic trading platform. The CME will move its "open outcry" trading pits to the CBOT about five blocks away. Those pits, where runners and traders do their business with loud voices and hand signals, are a shrinking part of the business.

The CBOT, founded in 1848, started out handling "to arrive" or "forward" contracts for flour, hay and corn. In 1930 the CBOT moved into its current 45-story building, an Art Deco Chicago landmark topped by a golden statue of Ceres, the goddess of grain -- a nod to the CBOT's origins as a place to trade cash grain. Today, though, most trading involves financial instruments such as U.S. Treasury securities. Some 82% of all of the contracts traded at the CBOT during 2005 were either financial futures or options on financial futures contracts.

The CME was founded as the Chicago Butter and Egg Board in 1898 and evolved into the Chicago Mercantile Exchange in 1919, focusing on agricultural futures. It moved in 1983 into 487,000 square feet of office space in a 40-story building overlooking the Chicago River and across the street from the Lyric Opera. That lease expires in 2008.

The exchange also occupies 70,000 square feet of trading floor that it leases from the CME Trust. A spokesman said the CME intends to move its trading floor activities into the CBOT-owned building a few blocks away, but hasn't decided what to do with its leased space. He said no decision has been made about where the merged entity will be located. In 1992, the Merc launched the first global electronic futures trading platform. Originally for after-hours trading, Globex now enables electronic trading 23 hours a day, five days a week.

Leo Melamed, chairman of the CME from 1969 to 1977, says yesterday's agreement to join forces has been a dream of his since the 1970s. "We are so much stronger together," he said. "Chicago will be the big beneficiary and the center of gravity for derivatives and risk management." The combination "makes a much more formidable force world-wide and a magnet of business in our industry."

2 Exchanges In Chicago Will Merge (NYT)

By Alexei Barrionuevo

The New York Times, October 18, 2006

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CHICAGO, Oct. 17 — The Chicago Mercantile Exchange and the Chicago Board of Trade, longtime fierce competitors, said Tuesday that they would merge in an $8 billion deal creating the largest market for financial derivatives contracts in the world.

The transaction would be the latest in a wave of mergers among the leading financial exchanges, as they transform themselves from member-owned clubs to for-profit companies competing in markets that have become increasingly global and electronic.

The New York Stock Exchange, the Nasdaq Stock Market and smaller exchanges have announced mergers, and the New York exchange's recent pursuit of Euronext, operator of four European stock markets, is driven in large part by Euronext's derivatives exchange in London.

A combination of the two Chicago markets, which were founded in the 19th century to trade agricultural futures, would trumpet the spectacular rise of derivatives — financial contracts whose value is tied to or derived from currencies, interest rates, commodities or other things of value.

Derivatives have made risk more manageable for many businesses, including oil companies seeking to insure themselves against storms and banks trying to protect themselves against home mortgage defaults. Yet they have also fueled trading blow-ups, as in the near-collapse in 1998 of the hedge fund Long-Term Capital Management that shook the financial markets.

The business of trading such financial contracts has generated huge fortunes that have led many exchanges to begin looking for merger partners. They seek to create greater efficiency and more liquid markets where buyers and sellers more easily find what they want for the right price, much as on eBay.

By combining, the Chicago exchanges, to be named the CME Group, will have average daily trading volume of close to nine million contracts a day, representing $4.2 trillion in notional value, or the amount of the underlying assets, not the value of the contracts themselves. By a comparison of sorts, some 1.8 billion shares, or $87.2 billion, are traded on average on the New York Stock Exchange, the world's biggest stock market, every day, although those shares, unlike derivatives, represent direct ownership stakes.

"That makes us the risk capital of the world," said Terrence A. Duffy, the mercantile exchange's chairman.

The combination of the two exchanges also signals the growing importance of Chicago as a center of global finance. The board of trade pioneered the concept of a futures contract — the delivery of a specific commodity by a certain date — in the 1860's, originally for grains like corn and wheat. The mercantile exchange led the push into electronic trading in the early 1990's.

Since then, these Chicago markets have been pressing further into the ever-growing world of trading derivatives contracts.

Derivatives can refer to a futures contract that is tied to the price of a commodity, like soybeans, and it can refer to arcane financial products not traded on any exchange, like credit default swaps, which can be negotiated between two hedge funds.

Often, the bet is not central to the underlying asset's role; a bet on the coin toss in a football game rather than the outcome of the game itself would be a derivative bet, for example. Or a contract to hedge the weather risks affecting crop prices, rather than the future prices of those crops, would also be considered a derivative.

Driven by companies' increasing desire to hedge risks, the derivatives markets have been growing rapidly. Since 2004, the notional value of interest rate, equity and credit derivatives has risen 44 percent, to $283.2 trillion, according to the International Swaps and Derivatives Association.

"The notional amounts are eye-popping," said Janet Tavakoli, president of Tavakoli Structured Finance in Chicago.

The two exchanges, situated a few blocks from each other in Chicago's downtown Loop, have storied histories. The board of trade once financed the formation of three regiments and an artillery battery for the union army during the Civil War, and the exchange's first building was torched in the Chicago Fire of 1871. The mercantile exchange began as the Chicago Butter and Egg Board, later branching out to frozen pork-belly futures and live-cattle futures contracts.

While a half-century older, the board of trade was slower to move to electronic trading and to issue public stock, causing it to lose ground to the mercantile exchange. The move to electronic trading, led by the Chicago Merc, has made the board of trade's clubby floor-trading world less relevant.

"The C.B.O.T. had to be dragged into the 21st century kicking and screaming," Ms. Tavakoli said.

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Tuesday's announcement took some in the financial world here by surprise because the two exchanges, despite their intense rivalry, had discussed combining off and on for more than three decades. The ice began to thaw between them after they struck an agreement in 2003 for both to use the Chicago Merc's clearinghouse, the board of trade's chairman, Charles P. Carey, said in an interview.

After his exchange finally went public last year, the newly issued stock provided a currency to consider such a deal. "When we had member organizations," Mr. Carey said, "the hurdles were insurmountable."

Last December, over dinner at Gene & Georgetti's, a popular steakhouse here, Mr. Duffy and Mr. Carey began to discuss a deal seriously. The talks accelerated over the last eight weeks, Mr. Duffy said.

The combination is expected to save $125 million annually in the second year after the deal closes, mostly through cuts in administrative and technology areas, the companies said. The exchanges will combine their trading operations into one trading floor at the board of trade.

But the mercantile exchange clearly prevailed over its rival. Mr. Duffy will become chairman of the combined organization, with Mr. Carey, vice chairman. Craig S. Donohue, chief executive of the mercantile exchange, will head the CME Group. The mercantile exchange will have 20 of the 29 board seats.

The deal faces regulatory scrutiny and a stiff breakup fee of $240 million if either exchange walks away. Regulators are expected to examine whether the combined entity can leverage its share of the futures and derivatives market into pricing power.

The merger "will create a mammoth enterprise with extraordinary pricing power," said Meyer Frucher, the chairman and chief executive of the Philadelphia Stock Exchange. "Ironically, it may create more opportunities for others."

Mr. Duffy and Mr. Donohue said that with an increased focus on electronic trading, the merged exchanges will make markets more transparent and more liquid for investors.

Mr. Donohue said the CME Group would compete more aggressively to build the exchanges' derivatives market in Europe and Asia. Some traders said it would face tough sledding against Euronext's London-based derivatives business and the Deutsche Börse's Eurex derivatives market.

Jay Feuerstein, who heads Xenon Capital Management in Chicago, a hedge fund that focuses on trading futures contracts, said: "It will be tough for the mercantile exchange to take on the European exchanges and beat them. If they decide to offer some of the products that the Chicago exchanges offer, they have some built-in competitive advantages."

Mr. Feuerstein added, "I am going to trade where there is the deepest liquidity, the cheapest transaction costs and the least credit risk."

Still, while the deal could increase the CME Group's reach overseas, the combination could stifle plans by Euronext and the New York Stock Exchange to increase its derivatives business in the United States. Euronext agreed to merge with the Big Board this summer, explaining in part that the move could create revenue opportunities related to derivative operations, some of which included plans to grow in the United States.

The combination of the two exchanges "makes them into a very, very big competitor indeed," said Lynton Jones, a founder of Bourse Consult in London. "Euronext has been trying to get into U.S. markets without much success. They thought with the clout of the N.Y.S.E. behind them, they might do something. But I don't see what that could be now."

Exchanges Bank On Passing Antitrust Muster (CRAIN)

Crain's Chicago Business, October 18, 2006

(Crain's) — Exchange officials are assuming that antitrust concerns won't stop creation of the world's largest futures market, even though the proposed acquisition of the Chicago Board of Trade would give the Chicago Mercantile Exchange a near monopoly on U.S. futures trading.

"We've been very well advised by the Department of Justice on antitrust issues, and we're not expecting any regulatory issues," Merc CEO Craig Donohue told investors Tuesday in a conference call.

A Justice Department spokeswoman declined to comment on the regulatory outlook, nor would she confirm whether any informal meetings already have taken place on the Chicago Mercantile Exchange Holdings Inc.'s proposed acquisition of CBOT Holdings Inc.

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The merger must also be approved by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission, and exchange officials said it faces "modest" regulatory reviews overseas. A CFTC spokesman says the exchanges mainly have to certify that their bylaws and surveillance systems meet the agency's requirements.

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That means the biggest hurdle is likely to be any antitrust questions the deal raises with either the Federal Trade Commission or the Justice Department, the latter of which is considered more likely to be the agency that reviews exchange mergers such as this.

Antitrust clearance will largely depend on how regulators define the market in which the two exchanges compete. Their combined trading volume of more than 1.4 billion contracts last year dwarfs the New York Mercantile Exchange's 166.6 million contracts, and other U.S. futures markets are much further behind.

However, on a global scale, the combined firm would still face strong competition. Germany's Eurex traded almost 785 million contracts last year, second only to the 883 million contracts traded at the CME.

London-based Euronext, with volume of nearly 344 million contracts, was not far behind third-ranked Chicago Board of Trade's 561 million contracts.

"I wouldn't say on the antitrust side that it's a slam dunk, but they'll have a very strong argument," says Michael Greenberger, professor of law at the University of Maryland and a former head of trading and markets for the CFTC. "It is a global market and U.S. markets are in fierce competition with Europe and Asia. It's almost a necessity for the U.S. to have this merger to remain competitive."

But another longtime industry observer cautions that it could get complicated, especially if Congress decides to take a look at the deal's implications.

"For mom-and-pop traders and individual speculators, they don't necessarily trade globally," says John Lothian, president of the electronic trading division of Price Futures Group Inc. in Chicago and publisher of an industry newsletter that bears his name. "Congress isn't elected by hedge funds or big banks. The question is, how does this affect the little guy?"

Several years ago, he notes, the Merc and the CBOT competed for the rights to trade a futures contract based on the Dow Jones industrial average. The Merc lost, but went on to develop a contract based on the S&P 500 index, which proved to be far more successful.

"Innovation and competition are major drivers of success in the U.S. futures industry," Mr. Lothian says. "My concern is, if you suppress competition, does that lead to less innovation?"

But the exchanges will point out that global competition, particularly if exchanges around the world consummate their mating dance, will keep them on their toes.

Another consideration is that over-the-counter trading of swaps and other derivatives adds trillions of dollars in off-exchange trading volume to the competition facing the exchanges.

"That's the argument they will make, and it's a legitimate argument," says Mr. Lothian.

Tata Steel Offers $8 Billion For Corus (WSJ)

By Eric Bellman In Mumbai, India, And Jason Singer In London

The Wall Street Journal, October 18, 2006

Tata Steel Ltd.'s formal proposal to buy British steelmaker Corus Group PLC for about £4.4 billion ($8 billion), if successful, would represent the biggest foreign acquisition by an Indian company and underscore the loosening of India's regulatory environment.

Tata's proposal, which would create a major global steel company, is expected to receive a recommendation from Corus's board later this week. Tata is likely to quickly clear India's foreign-exchange hurdles, where in some cases a committee must give permission for an Indian company to raise money for overseas activities.

The fact that such a big purchase is expected to pass regulatory muster in India is a turnabout from the past, when the country's rules on foreign-exchange and overseas purchases by companies were so onerous that high-technology companies

needed central-bank approval to buy computers from abroad. In the past several years, those rules have eased significantly as India's international commercial ambitions have risen.

While Indian companies have been buying assets and whole companies overseas, a purchase of Corus by Tata could spark a wave of large foreign acquisitions by Indian companies that have expanded domestically amid brisk economic growth.

Corus yesterday confirmed reports that it has been in negotiations with Tata and said in a statement that the company, based in London, received a proposal "regarding a possible recommended offer for Corus at a value of 455 pence a share in cash." On the London Stock Exchange, Corus shares edged down to 479 pence ($8.92), off 0.5 pence.

The fact that the shares are trading higher than the price of Tata's proposal suggests to some investors that a rival bid may emerge. The deal also may be subject to regulatory hurdles outside India.

People close to the matter said Tata has largely completed a due-diligence inspection of Corus, which has steel plants in Britain and the Netherlands, and that Corus's board is likely to approve the deal. Corus's board is scheduled to meet tonight. Credit Suisse AG is advising Corus. Tata couldn't be reached for immediate comment.

Together, the two companies may be able to achieve about $345 million in cost savings. That estimate is based on the annual $15 per ton in savings anticipated by the combination of Arcelor SA of Luxembourg and Mittal Steel Co. of the Netherlands, the world's top two steelmakers by output that merged earlier this year. While Tata and Corus don't have overlapping operations, much of Corus's systems, administration and technology could be outsourced to India, where Tata Group companies provide low-cost services for U.S. and European companies.

Tata and other Indian companies that used to have to navigate New Delhi bureaucracy for the dollars needed to import new equipment today have little trouble raising billions at home and abroad either through bank loans or from investors. Meanwhile, Indian regulators who used to have to rubber-stamp each step of the process are staying out of the way.

When N.R. Narayana Murthy, the retired founder of Infosys Technologies Ltd., was starting his software-outsourcing company, he had to take regular trips to New Delhi to get approval to raise the few thousand dollars needed to import computers. Today, his company doesn't have to ask for anyone's permission. It will have sales of more than $3 billion this year and is planning to raise $1.5 billion on the Nasdaq Stock Market.

Since 2000, the limit on acquisitions by Indian companies that could be made without regulatory approval has risen from 25% of a company's net worth to 200% last year. Former central bank Governor Bimal Jalan said companies today commonly inform the central bank of an acquisition.

A company looking to raise more than twice its net worth needs approval from a committee made up of members of the Reserve Bank of India, India's central bank; the Ministry of Finance; the Ministry of Commerce and Industry; and the Ministry of External Affairs.

Tata's net worth is estimated at $2 billion, analysts said. The company is planning to finance the acquisition through bank loans arranged in the United Kingdom and may breach the threshold for needing committee approval. But even here, Tata is unlikely to hit any road bumps. Because Tata is well-known and the steel industry is a solid investment area, approval for a Corus deal is likely to come easily, Mr. Jalan said.

Lilly Sets Deal To Acquire Icos For About $2.1 Billion (WSJ)

By John Carreyrou

The Wall Street Journal, October 18, 2006

Eli Lilly & Co. agreed to acquire biotechnology company Icos Corp. for $2.1 billion in a move to gain full ownership of the erectile-dysfunction drug Cialis.

As the sole owner of Cialis, Eli Lilly is expected to muster a stronger challenge to Pfizer Inc.'s Viagra, the first drug approved for erectile dysfunction and the market leader in the U.S., with more than 50% of the market. Cialis -- made by the two companies' joint venture, Lilly Icos LLC -- has a 25% market share.

Richard Evans, an analyst with Sanford C. Bernstein & Co. in New York, said Lilly is likely to put more marketing and sales resources behind Cialis than when it owned only half of the drug. "With the 50-50 split, it's practically difficult for Cialis to get the attention it deserves within Lilly," he said.

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Take a peek2 at what to expect in the quarterly reports of other major companies.

Eli Lilly CEO Sidney Taurel discusses4 the deal and responds to a query whether Lilly was able to low-ball Icos since no one else was interested in buying it.

Launched in 2003, five years after Viagra, Cialis generated global sales of $456 million in the first six months of this year. Its sales are expected to exceed $1 billion -- the threshold beyond which a drug is considered to have reached blockbuster status -- next year. The drug's patent expires in 2017.

The market for erectile-dysfunction drugs had weakened as the drug makers pulled back on consumer advertising that was judged to be overly explicit and amid concerns that some of the treatments could cause eye problems. But those worries have abated, and some of the companies have restarted ad campaigns that take a less-controversial approach.

"We've seen a significant improvement in the market since then," said Sydney Taurel, Lilly's chief executive, on a conference call.

Mr. Taurel said he expects "significant numbers" of jobs will be eliminated at Icos. The company, based in Bothell, Wash., has 700 employees.

Under the terms of the deal, Icos shareholders will receive $32 for each share of Icos common stock. The bid represents an 18% premium to Icos's closing price Monday of $27.12.

Lilly shares fell 11 cents yesterday to $57.55 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Icos rose $4.38, or 16%, to $31.50 on the Nasdaq Stock Market.

Lilly, of Indianapolis, said the deal, which is expected to close in late 2006 or early 2007, will reduce its 2007 earnings but will start adding to profit in 2008. The company expects to take a charge related to in-process research and development.

Vivendi's Universal Sues Two Web Sites Over Video Sharing (WSJ)

By Ethan Smith And Kevin J. Delaney

The Wall Street Journal, October 18, 2006

Vivendi SA's Universal Music Group filed copyright-infringement lawsuits against two Internet companies, including one acquired by Sony Corp., over the ability they give users to upload and download video content with their Web sites.

Universal, in a statement, said the companies it had sued "build their business on the backs of our content and the hard work of our artists and songwriters -- without permission and without in any way compensating the content creators."

The suits, against Sony Pictures Entertainment's Grouper Networks Inc. and Bolt Inc., mark the first time a major media company has tried to use the courts to narrowly interpret "safe harbor" protections provided by the Digital Millennium Copyright Act of 1998 so it would exclude video-sharing sites. The DMCA provides protection from liability for copyright infringement to Internet companies if they meet certain criteria and follow so-called takedown procedures. Under the procedures outlined in the DMCA, sites have to remove any infringing copyright when notified specifically by the copyright holder.

Filed Monday in U.S. District Court for California's Central District, the suits follow recent deals reached by Universal and two other big music companies to license their video and music content to video-sharing giant YouTube Inc. A person familiar with the Grouper and Bolt matters said Universal had discussed licensing agreements with those companies, but said the talks never progressed.

Sony, which in August paid $65 million for Grouper, wasn't named in the suit, but Universal said it reserved the right to add Sony's film studio as a defendant. A representative for Bolt didn't respond to requests for comment. A Sony Pictures spokesman sent a statement from Grouper Chief Executive Josh Felser calling the lawsuit "without merit" and adding: "Our Web site is protected by federal law, and we're vigilant about taking down copyrighted content when we're properly notified."

"They're making a copy, so that's direct copyright infringement. Then they're posting it on their Web sites and financially benefiting," says Gill Sperlein, general counsel of adult-entertainment company Io Group Inc., which filed a complaint against video-sharing site Veoh Networks Inc., in June in U.S. District Court for California's Northern District. A Veoh spokesman declined to comment on the suit.

Record Labels Turn Piracy Into A Marketing Opportunity (WSJ)

By Julia Angwin, Sarah Mcbride And Ethan Smith

DOJ_NMG_0082647

The Wall Street Journal, October 18, 2006

A video clip from Jay-Z's live concert in June at Radio City Music Hall is popping up on all sorts of illicit music-sharing hotspots. But Jay-Z isn't upset.

That's because the rapper, at the request of Coca-Cola Co., agreed to allow distribution of the eight-minute clip -- which included promotions for Coke -- on the peer-to-peer sites, using technology usually used to thwart music pirates.

The unusual alliance demonstrates a new tack being taken by the music industry to deal with the challenge posed by widespread music piracy. For years, the industry has been suing individual downloaders and file-sharing services, hoping to discourage the practice. In a tactic little known outside the music industry, record labels have also started to hire outside companies to plant "decoy," or fake, files on the sites. (One such company, ArtistDirect Inc.'s MediaDefender, says it has deployed decoys for as many as 30 of the top 100 Billboard songs at any given time.) The decoy files frustrate users because they fail to download even though, thanks to the companies' technical expertise, they often claim the top spot in search results for a tune.

But now there's a growing recognition among some record executives and performers that the people who are downloading illegally are frequently huge music fans and that marketing to them may be more desirable in the long run than suing or otherwise harassing them.

Hence the alliance between Jay-Z and Coke. By inserting promotional material into the decoy files, and then planting those files prominently on file-sharing sites, record labels and other marketers can turn what is now an antipiracy tool into an advertising medium. "The concept here is making the peer-to-peer networks work for us," says Jay-Z's attorney, Michael Guido. "While peer-to-peer users are stealing the intellectual property, they are also the active music audience," and "this technology allows us to market back to them."

Concert outtakes aren't the only content. Audioslave, Ice Cube, Yellowcard and other music groups have used decoy files for their own version of viral marketing. With help from niche companies like Sparkart LLC and NFA Group's BuyDRM, they put snippets of a song into the files with the promise that a stream of the entire song will be "unlocked" for everyone once the promotion is forwarded to enough people. The hope is that this will motivate people to send the file to lots of friends.

Alternative rock band Dashboard Confessional tried that approach with its single "Don't Wait" to promote its latest album, "Dusk and Summer," released jointly on the independent Vagrant label and Universal's Interscope label. "It just emanated out of one more thing we could do on the Internet, because that's where our customers are," says Dashboard's manager, Rich Egan, who credits filesharing rather than radio airplay with the performer's success.

Right now, only about 1% of the decoy files on peer-to-peer sites include promotions or ads, but the potential audience is huge. While many well-known peer-to-peer services such as eDonkey and Grokster have been shut down by legal action, new ones pop up all the time. In September, an average of nine million people were logged on to the services at any given time, up from 6.8 million two years ago, according to BigChampagne, which tracks the industry. By comparison, last month YouTube attracted about two million visitors a day and MySpace.com attracted 16.8 million visitors a day, according to comScore Media Metrix.

The typical downloader is a tech-savvy male between 14 and 25 years old. "It's a wonderful audience that is very difficult to reach through any other means," says Mitchell Reichgut, a principal at Jun Group, the ad agency in Norwalk, Conn., that crafted the Coke promotion.

The record industry's approach toward downloaders began to change after last year's landmark Supreme Court ruling on Grokster. The Justices found that file-sharing companies like Grokster could be held liable for copyright infringement if their products encouraged consumers to swap music or movies illegally. Before the ruling, record labels worried that they might undercut their legal arguments if they used peer-to-peer sites for their own purposes. Now, "we're basically free to exploit these billions of fake files we're putting out," says Randy Saaf, chief executive of MediaDefender.

Still, marketing on peer-to-peer sites is "a bit of a tricky dynamic for entertainment companies," says Mr. Reichgut. He says many of his clients in the entertainment industry don't want to be identified.

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Not so reticent is EMI Group PLC's Virgin Records, which says it's in talks with MediaDefender about marketing options. "It's an opportunity that will hopefully lead to a better experience for the artists, the labels and the consumers," says Virgin Chairman Jason Flom.

Labels typically must approve file-sharing marketing projects, says Peter Katsis, an executive at The Firm, an entertainment-management company. Coke, which devised the Jay-Z promotion as part of a bigger marketing push, says it wouldn't have gone ahead without the agreement of Universal Music Group, Jay-Z's record company. Helping facilitate the deal was Jay-Z's unusual role at Universal: He heads Def Jam Records, the Universal label that releases his albums. Coke did a similar decoy-file promotion using another Def Jam artist, the R&B act Ne-Yo, earlier this year.

Coke says that 3.5 million people downloaded the Ne-Yo video during the six weeks it was on the peer-to-peer networks, and the Jay-Z concert clip has already been downloaded more than 2.5 million times. "It has so far exceeded our goals that you should look for us to do more," says Katie Bayne, senior vice president of Coca-Cola North America.

Some music acts are using peer-to-peer sites to gather marketing data. Over the summer, MediaDefender ran a promotion for the alternative music group Gin Blossoms. File sharers looking for songs got files with links that asked if they wanted to win a free iPod preloaded with Gin Blossoms tunes. If they clicked on the link, they landed on a page that asked them to fill in demographic data, including name, age and email address, and 25% of them did. MediaDefender executives say they were surprised so many responded, but they believe that placing the questionnaire on ArtistDirect, a well-known music site, gave the promotion legitimacy.

Meanwhile, some file-sharing sites are fighting back against the marketing-infused decoy files, which they consider spam. When they release new versions of their filesharing programs, they are including tweaks that can make planting the covert ads more difficult. The latest version of LimeWire, for example, won't allow people responding to other users' searches to easily include a link to a Web page.

At the same time, MediaDefender and other decoy-file distributors are constantly trying to beef up their own technology. "It's a constant cat and mouse game," says MediaDefender's Mr. Saaf.

Music Companies Sue 8,000 More In Anti-Sharing Fight (WP/AP)

By Jane Wardell, The Associated Press

The Washington Post, October 18, 2006

Trade Group Files Cases in 17 Nations

LONDON, Oct. 17 -- The international record industry filed thousands more lawsuits around the world Tuesday against people it accuses of illegally sharing digital music.

The International Federation of the Phonographic Industry filed 8,000 cases in 17 countries, including its first in South America and Eastern Europe.

The lawsuits, which are aimed at "uploaders," include criminal and civil cases. Uploaders have put hundreds or thousands of copyrighted songs onto Internet file-sharing networks and offered them to millions of people worldwide without permission from the copyright owners.

The industry contends that such file-sharing has cost it billions of dollars in lost revenue.

The London federation, which represents 1,450 record companies around the world, said many of the people targeted are the parents of children who shared music files.

The music industry has been criticized for targeting individual Internet users in its legal warfare against piracy instead of the Internet service providers that host file-swapping sites. The ISPs are harder to pursue legally because they can claim to have no knowledge of piracy occurring on their networks.

"Around the world many people have already paid a heavy price for their illegal file-sharing," said John Kennedy, chairman of the federation. "They all thought they were unlikely to be caught, but teachers, postal workers, . . . scientists and people in a host of other occupations, as well as parents, have ended up having to dig deeply into their pockets.

"There is no excuse. People should understand that they can be caught whatever network they are using."

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Legal action was extended for the first time to Brazil, where the industry federation said more than 1 billion music tracks were illegally downloaded last year and where record company revenue fell to $395 million last year from $724.7 million in 2000. Lawsuits were also filed for the first time in Mexico and Poland.

The federation said more than 2,300 people have been fined or paid compensation averaging at nearly $3,100.

The countries included in the new wave of lawsuits include Argentina, Austria, Brazil, Denmark, Finland, France, Germany, Hong Kong, Iceland, Ireland, Italy, Mexico, Netherlands, Poland, Portugal, Singapore and Switzerland.

The federation said it targeted uploaders using major unauthorized services, including BitTorrent, eDonkey, DirectConnect, Gnutella, LimeWire, SoulSeek and WinMX.

The group added that it was heartened by court judgments around the world in recent months that it said establish the liability of such operators for copyright infringement that they facilitate or promote and from which they benefit.

Game Theories (WSJ)

By Paul Ingrassia

The Wall Street Journal, October 18, 2006

Rick Wagoner, the CEO of General Motors, has to be corporate America's Comeback Kid. But after a dramatic week in the battle to reshape GM and the global auto industry, Las Vegas billionaire Kirk Kerkorian -- GM's largest individual shareholder and Mr. Wagoner's nemesis -- might still hold a winning hand.

Just six months ago, Mr. Wagoner seemed on the verge of being fired. Losing $10.6 billion in a single year, descending into junk-bond status and drawing six separate SEC investigations of prior years' earnings might put any man's job in jeopardy. Then last summer Mr. Kerkorian proposed putting GM into a global alliance with Nissan and Renault, both led by turnaround maven Carlos Ghosn. The brazen proposal gave GM's board the chance to trim Mr. Wagoner's wings without a messy firing.

But Mr. Wagoner gamely fought back. Over the past year he's gotten health-care concessions from the United Auto Workers union and has convinced 35,000 hourly workers, nearly one-third of GM's U.S. total, to take buyout offers. He has agreed to sell 51% of GMAC, the company's financing arm, to raise needed cash. GM posted operating profits in the first half, excluding special charges. "The pace of the turnaround has shocked people," Mr. Wagoner recently declared.

It also rallied support from the GM board, which last week rebuffed the Nissan-Renault alliance, leaving Mr. Wagoner clearly in charge. His victory was sweetened when Mr. Kerkorian's representative on the GM board, Jerome B. York, quit in disgust.

Mr. York's scathing resignation letter evoked memories of an earlier dissident GM director, H. Ross Perot, who famously dismissed his board colleagues 20 years ago as "pet rocks." Ironically, in 1992 the GM board ousted the CEO and other top executives in the face of huge losses, and ushered in an era of boardroom activism.

A new report from consulting firm Challenger, Gray and Christmas predicts 2006 will be "the biggest CEO turnover year on record," which makes Mr. Wagoner's comeback all the more remarkable. But there are no subtleties here. The stakes are huge, and everyone is playing for keeps. Including Mr. Kerkorian, at least for now. Unless the reclusive magnate folds his cards, he still can make a lot of money as the next chapters in GM's drama unfold.

Scenario No. 1 at GM, clearly the best for all concerned, is that Mr. Wagoner succeeds in producing a durable turnaround. Mr. Kerkorian would be proven wrong about Mr. Wagoner, but one suspects that doubling his $1.6 billion investment in General Motors would be ample balm for the billionaire's public wounds.

How realistic is this scenario? The case to support it is simple. Mr. Wagoner says he has cut $9 billion out of GM's annual structural costs, thanks to the deals with the UAW and other measures. Suppose half of that amount, allowing for taxes and for the loss of half ownership of GMAC, flows to GM's bottom line.

That amounts to about $8 per GM share. Using a conservative price-earnings ratio of eight (half that of the broad stock market), General Motors shares should be selling for $64 apiece -- more than double the average amount that Mr. Kerkorian paid for his GM shares. Thus if Mr. Wagoner is right, Mr. Kerkorian stands to make a killing, though not quite as much as the $3 billion profit he pocketed from his timely investment in Chrysler in the early 1990s.

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Of course, General Motors shares aren't selling at anywhere near $64 apiece, which brings up Scenario No. 2. Simply put, GM's current turnaround is more apparent than real, and the inadequacy of the company's progress will become obvious within the next year. In that case, unless his interest wanes, Mr. Kerkorian can start banging at the door again -- renewing his quest to reshape and revolutionize GM.

Scenario No. 2 holds that the quality of GM's recent operating profits is suspect. A big factor was sales of the company's new full-size SUVs, the Chevy Tahoe and Suburban, which were especially strong given the high gasoline prices in the first half of the year. GM, like all car companies, books profits when it sells vehicles to dealers, instead of when consumers buy the cars from dealers. At the end of September, GM had a 125-day supply of unsold Tahoes sitting on dealer lots, and a 150-days supply of unsold Suburbans. Those inventories are at least double the desirable level.

So GM overstuffed its dealer pipeline in the first half, which boost short-term profits but has necessitated production cuts -- which the company has announced -- in the second half. Now the company is launching a new line of full-size pickup trucks, creating a new pipeline to be filled. Or overfilled.

Meanwhile, the pending sale of a controlling stake in GMAC will raise cash but will impair GM's future earnings power. So this victory is really a strategic retreat, sort of like Dunkirk. And looming ahead is a settlement for the final restructuring of Delphi, GM's bankrupt former components unit, which GM says could cost it between $5 billion and $12 billion. This could eat up most of the profits from selling the GMAC stake.

Whether Mr. Kerkorian waits around for either scenario to unfold is unclear. The billionaire doesn't have to rush to judgment -- except that he happens to be 89 years old. If he chooses to sell part of his 9.9% stake in GM, he'd be positioned to profit if the stock goes up, or to repurchase the shares at a lower price if their price falls.

Meanwhile, shuttling between Paris and Tokyo is Mr. Ghosn, whose name rhymes, aptly, with "alone." The CEO of both France's Renault and Japan's Nissan has been left at the altar. Mr. Ghosn says he wants a North American partner in his alliance to enhance purchasing clout and to share common component costs -- including the hefty bills for developing new "green" engine technology. With Chrysler part of DaimlerChrysler and GM unwilling, Mr. Ghosn's only other chance is Ford. It just hired a new CEO, Alan Mulally of Boeing, but prior to that Chairman William C. Ford Jr. tried to lure Mr. Ghosn to run Ford.

Mr. Ghosn said no thanks, but the two men remain in touch. It's likely that Mr. Mulally will get time to formulate his own game plan for Ford. But he is 61 years old and isn't a Ford lifer, so he mightn't have the same instinctive hostility to an alliance with Nissan and Renault that Mr. Wagoner harbors. Thus Mr. Ghosn might yet find his North American partner, though it's too early to tell.

This is a high-stakes poker game among rich and powerful men to control and shape one of the world's largest and most visible industries -- and one that tugs at emotions ranging from national pride to consumers' desires. Mr. Wagoner has just won a big hand. But the best bet is that the game will continue.

Mr. Ingrassia, a former Detroit bureau chief at The Wall Street Journal, is vice president for news strategy for Dow Jones.

ENVIRONMENT:

Union Takes Issue With Fitness Rules For Nuclear Plant Guards (WP)

By Stephen Barr

The Washington Post, October 18, 2006

Two years ago, the Energy Department announced plans for creating "a special elite federal force" to protect high-priority nuclear plants. The department's nuclear weapons stockpile, "simply put, must not be allowed to fall into the wrong hands," then-Secretary Spencer Abraham said.

After 18 months of study, the department came up with a policy to create combat teams, much like the military's Delta Force or Navy SEALs, that could engage adversaries outside a nuclear weapons plant rather than wait for attackers from inside plant gates.

These elite combat units, however, are not made up of government employees. They work for companies that operate Energy Department plants or for contractors that provide guards and security officers.

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And according to union officials, the contract officers are increasingly concerned about their employment status and would like the option to shift to the federal workforce.

Energy Department plants and facilities that use nuclear weapons material, especially plutonium and highly enriched uranium, are expanding the number of security jobs covered by rigorous physical fitness standards, and many officers are concerned they will lose their jobs. Officers are also uneasy about an Energy Department proposal that they think could reduce their pension and health-care benefits, the union representatives said.

A department official said contractors should be able to reassign into less demanding jobs those officers who do not meet the fitness standards for "offensive combative" positions. Any pension and health-care changes would affect only new hires, and the policy that would have triggered those changes has been suspended, pending further review, the official said.

The Energy Department also is not interested in exploring whether the officers should be "federalized." The official, who spoke on condition of anonymity because of the sensitivity of the issue, said the option was debated in 2004 and discarded in 2005.

Bryan Wilkes , spokesman for the department's National Nuclear Security Administration, said no compelling reason was found that justified converting the officers into federal employees. "What we have is working great," he said.

But the National Council of Security Police, a union group representing officers at nuclear facilities, thinks the department's plans will undercut the goal of enhanced security in the post-Sept. 11 world.

In the past, nuclear weapons plants have assigned officers to offensive and defensive positions. The Energy Department's policy shift is prompting plants to realign their security posture and convert more positions to the offense, union officials said.

For the offensive positions, a security officer must run a mile in 8 minutes and 30 seconds and complete a 40-yard dash in no more than 8 seconds. Defensive positions require a half-mile run in 4 minutes, 40 seconds, and a 40-yard dash in 8.5 seconds.

The union group said the physical fitness standards do not take into account a person's age or sex, placing officers in their 40s at a disadvantage. Hundreds of officers will not meet the standards for offensive positions and will be forced to take lower-paying jobs at the Energy Department plants or will be let go, union officials said.

"We're asking to be treated fairly," said Mike Stumbo , the council's president.

Stumbo said the department's policy will accelerate turnover among younger officers who see little chance of completing a career at the plants.

BWXT Pantex LLC, the Energy Department contractor with the largest guard force, said the company thinks many older officers and female officers "are fully capable" of meeting the physical standards.

BWXT Pantex also said jobs are being identified for officers who do not meet the fitness standards. The company also said it will seek to negotiate a new contract with the guards union "that includes a competitive benefits package."

The company reported a turnover rate of 6.7 percent for security officers in fiscal 2006, but Robert J. Lynch , president of the Pantex Guards Union, said his tally shows that about 10 percent of the guard force has left the Pantex plant this year.

Lynch said the company has not told the union what it plans for older officers who cannot meet the fitness standards.

Many union members would like to see the Bush administration reopen debate on whether they should be converted to federal employees, Stumbo said. That status would give them a greater chance at stable careers and retirement benefits, he said.

"For our guys, the fundamental argument is, if we are asked to die or kill for our country, we should have the full measure and involvement of the government's support," Stumbo said.

Benefits Of Fish Exceed Risks, Studies Find (WP)

By Sally Squires, Washington Post Staff Writer

The Washington Post, October 18, 2006

Experts Advise 2 Servings a Week

DOJ_NMG_0082652

The health benefits of eating fish regularly outweigh the danger from mercury and other contaminants even for pregnant women and children, two major reports concluded yesterday as scientists tried to resolve a slippery question that has long vexed consumers.

The findings, which were reached by independent teams of scientists, pointed to significant benefits for both young and old. In adults, the death rate from heart disease was 36 percent lower among those who ate fish twice a week compared with those who ate little or no seafood, according to a study being published today in the Journal of the American Medical Association. Overall mortality was 17 percent lower, the study by Harvard School of Public Health researchers found.

A second, federally funded report released by the Institute of Medicine (IOM) echoed the conclusion that the heart benefits of eating seafood outweigh the risks and said infants also benefit from the healthy fats found in seafood.

Omega-3 fatty acids found in fish promote healthy vision and brain development in infants whose mothers consume fish or seafood during pregnancy or while nursing, the report said. These healthy fats also appear to decrease the risk of delivering a preterm, low-birth-weight baby.

Even so, because of methyl mercury concerns, the IOM report stuck with the current federal guidelines that advise women who are nursing, pregnant or plan to become pregnant, as well as children age 12 and younger, to refrain from eating swordfish, shark, tilefish and king mackerel. These two groups can safely consume up to 12 ounces of other fish per week, the report said, but they should also limit white (albacore) tuna to six ounces a week because of its high levels of methyl mercury, which can be toxic to the brain and hearing.

The new findings are expected to help put to rest a hotly debated nutritional debate that often left perplexed consumers asking, "What do I do about fish?"

"Having this report will be really good," said Walter Willett, a professor of epidemiology and nutrition at the Harvard School of Public Health, who was not a co-author of either study.

Environmental groups echoed that assessment.

"Overall, they are reasonable recommendations," said Rebecca Goldburg, a senior scientist with the nonprofit advocacy group Environmental Defense who reviewed the IOM report before its release.

But Goldburg and others also raised concerns about the impact the findings could have on marine life if people worldwide try to dine on seafood twice a week, because there isn't enough to go around. Goldburg, who regularly serves her own family seafood, urged consumers to make smart choices "that are good for their health as well as for the oceans. If we want fish to be abundant, choose seafood that is farmed or fished in an environmentally responsible manner."

Although the new findings may help to settle the question of the risks of eating seafood, there is still disagreement about the extent of the health benefits. A study published earlier this year in the British Medical Journal found no overall reduction in mortality, no decrease in heart disease risk and no reduction in cancer from consuming omega-3 fatty acids.

Goldburg said, "I feel quite comfortable with the evidence that seafood is good for you but am a little taken aback by the conclusion that the benefits are as sweeping as in the JAMA study."

Other recent studies have hinted that omega-3 fatty acids may also help protect against diabetes and cancer, slow the progression of early Alzheimer's disease, and perhaps ameliorate depression and other mental disorders, including attention-deficit disorder in children. But the IOM report found that the evidence of those benefits is unclear, and the Harvard study did not address those questions.

Both reports found little evidence to fuel concerns that eating fish exposes people to large amounts of dioxins, polychlorinated biphenyls (PCBs) and other harmful organic chemicals that have been linked to seafood consumption.

Experts hope that the findings will end the confusion that often occurs at seafood counters and in restaurants.

"Consumers need better guidance on making seafood choices," said Malden C. Nesheim, chair of the committee that wrote the IOM report, which was sponsored by the National Oceanographic and Atmospheric Administration and the Food and Drug Administration.

The findings of both reports are consistent with current recommendations of the U.S. Dietary Guidelines and the American Heart Association, which advise eating two meals -- roughly three ounces per serving -- of seafood per week.

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By simply substituting broiled, steamed or baked seafood -- especially fatty species such as salmon -- for meat or poultry a couple of times per week, consumers can increase their intake of omega-3s and help reduce the amount of unhealthful saturated and trans fat they eat.

People need "a quarter-gram per day on average [of omega 3s], so one to two servings of cod per week will not get you there," said Dariush Mozaffarian, a Harvard cardiologist and co-author of the JAMA study. "On the other hand, one to two servings per day of farm-raised salmon will."

Large, federally funded nutritional surveys suggest that most people do not get enough omega 3s.

"About 75 percent of women of childbearing age and about 85 percent of pregnant women consume less than six ounces of seafood per week," noted Mozaffarian. Omega 3s cross the placenta and help build developing brains in fetuses and in infants during the first months of life.

"That certainly is one of the benefits," said David C. Bellinger, a professor of neurology at the Harvard School of Public Health and a member of the IOM committee.

FBI/DEA/ATF/USMS:

GAO Faults FBI Sentinel Staffing Process (FCW)

By David Hubler

Federal Computer Week, October 18, 2006

The FBI is moving quickly to staff its six-year, $425 million Sentinel program, which will replace the agency's failed Virtual Case File project and antiquated intelligence analysis and investigative case management systems, according to a new Government Accountability Office report prepared for the House Judiciary Committee.

But the report states that the Sentinel staffing process is focusing only on the program office's immediate staffing needs and not on the "kind of strategic human capital management that GAO's research and evaluations have shown to be essential to the success of any organizational entity."

Specifically, GAO found that the FBI staffing plan "was not derived using a documented data-driven methodology and does not provide for inventorying the knowledge and skills of existing staff."

Sentinel has not looked ahead to future staffing needs, analyzed gaps between current employees and future workforce needs, or formulated a strategy for filling those expected gaps, the report states.

GAO warned that "unless the FBI adopts a more strategic approach to managing human capital for the Sentinel program and treats human capital as a program risk, the chances of delivering required intelligence and investigative support capabilities in a timely and cost-effective manner are reduced."

GAO has recommended that the FBI establish policies and procedures for strategically managing IT programs' workforce needs and treating and managing the Sentinel vacancies as a program risk.

According to the report, the FBI has agreed with the recommendations and is taking steps to correct the program.

Awards recognize N.Y., Texas info-sharing programs

The Texas Department of State Health Services won for a system aimed at preventing drug abuse, and New York won for a system that enables statewide distribution of information on potential hazards.

Florida county chooses Oracle ERP system

Polk Oracle Web Enabled Resources automates business processes such as financial management, procurement and payroll management.

Agencies struggle to defend IT spending

Most departments and agencies justify a majority of their IT investments, but DHS, the VA and the Army Corps of Engineers could defend less than half of theirs, according to a report.

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DISPENSARY DIRECTOR GRANTED RELEASE ON $1 MILLION BOND (BCNW)

Bay City News Wire, October 17, 2006

A medical marijuana dispensary director who is accused of marijuana cultivation and money laundering was granted release on $1 million bond by a federal magistrate in San Francisco today.

Sparky Rose, 36, director of the New Remedies Cooperative in San Francisco, is one of 15 people arrested in a sweep by federal agents on Oct. 3.

The agents also seized nearly 13,000 plants, a Porsche car belonging to Rose and $125,000 in raids of the dispensary, related offices in Oakland and San Francisco and two San Francisco warehouses where marijuana was allegedly cultivated.

All 15 defendants are charged in a federal criminal complaint with marijuana manufacture and distribution and Rose is additionally charged with money laundering.

U.S. Magistrate Nandor Vadas granted the bail release for Rose after prosecution and defense lawyers told him they had agreed on the $1 million amount.

The bond will be made up of $200,000 in equity from the Maryland house of Rose's mother and stepfather, plus individual surety bonds signed by Rose's ex-wife and two friends.

Defense attorney Nanci Clarence said it would take a day or two to complete the arrangements for the bond.

Clarence told the magistrate that prosecutors have informed her that an indictment in the case is expected to come from a federal grand jury in Los Angeles rather than San Francisco.

Through his attorney, Rose agreed to delay further proceedings until next month while the indictment is awaited. Vadas scheduled a status conference before a magistrate in San Francisco on Nov. 14.

Clarence said outside of court that Rose operated the medical marijuana dispensary "in a very businesslike way" and that Rose "exemplifies the notion of a responsible dispensary."

The cooperative was formerly known as Compassionate Caregivers Inc. and at one time operated dispensaries in Oakland, Los Angeles and several other cities.

Although a California law approved by voters in 1996, the Compassionate Use Act, allows seriously ill patients to use medical marijuana, federal drug laws make no exception for the state law.

U.S. Drug Enforcement Administration regional chief Frederico Pena said after the Oct. 3 arrests that anyone who breaks the federal laws to run an allegedly lucrative drug trade "is not compassionate, they're criminal."

An affidavit filed in the case by a DEA agent alleges that cash deposits to a New Remedies Cooperative bank account in Hercules amounted to more than $2.3 million between December 2005 and July 2006.

The affidavit said the money was used to pay employees of the cooperative, including $331,000 paid directly to Rose during that period.

Marijuana Club Director Released On Bail (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, October 17, 2006

(10-17) 15:03 PDT -- A federal magistrate today approved a $1 million bail release for the head of a Bay Area medical marijuana club that was raided two weeks ago by federal agents. Sparky Rose, 36, director of the New Remedies Cooperative, was one of 15 people arrested during the Oct. 3 sweep of eight sites and the only one still in jail. He is charged with conspiracy to grow and distribute marijuana and with money laundering.

Today, Rose was granted bail by U.S. Magistrate Nandor Vardas with the approval of federal prosecutors.

Drug Enforcement Administration agents seized nearly 13,000 marijuana plants, $125,000 and four vehicles, including Rose's leased Porsche, at a dispensary in San Francisco's Mission District and other sites in San Francisco and Oakland.

The raid was one of a recent series of enforcement actions by federal authorities against medical marijuana clubs and suppliers in California, where voters passed an initiative in 1996 allowing patients to use the drug with a doctor's recommendation. Federal drug law prohibits marijuana possession and cultivation, classifies it with the most dangerous drugs and recognizes no legitimate use.

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The case originated in the Los Angeles area, where a related organization, Compassionate Caregivers, was raided last year by federal agents, prosecutors said in court filings.

Rose worked for years in Web site design and marketing, fell victim to a downturn in the Internet business and took a job with Compassionate Caregivers in San Francisco in 2003, his lawyer, Nanci Clarence, said in court papers. The local organization was renamed New Remedies last year.

Clarence disputed an Oct. 3 assertion by Javier Pena, regional director of the DEA, that Rose and his fellow defendants were "using the pot clubs as facades to make millions of dollars" under the guise of serving medical patients.

"This was not a sham," Clarence said today. "This was run in a transparent way. He filed tax returns, he paid estimated quarterly taxes, he paid workers' comp and health insurance and he ran it like a business, just the way local authorities and state authorities have asked him to.

"This is a clash between state and federal governments, and on some level a culture war."

Drug Probe Nets Eighth Guilty Plea (SSJR)

Springfield State Journal Register, October 17, 2006

A man federal prosecutors say was at the center of a high-profile drug investigation last fall pleaded guilty Monday to drug charges and agreed to forfeit his interest in seven properties in Springfield and Taylorville.

Danny J. Sidener Jr., 27, of the 900 block of West Waco Street in Taylorville pleaded guilty before U.S. District Judge Jeanne Scott to conspiracy to distribute five kilograms or more of cocaine, distribution of 500 grams or more of cocaine, use of a telephone to facilitate a drug offense and possession of a firearm in furtherance of a drug-trafficking crime.

He faces a minimum of 15 years in prison when sentenced Feb. 26.

Sidener, represented by Springfield attorney Jeff Page, also agreed to forfeit his interest in seven properties he bought with proceeds from the crimes at 905 W. Waco St. and 816 W. Franklin St., both in Taylorville; and 610 S. Illinois St., 2307 S. 12th St. and 2315, 2319 and 2323 S. Sixth St., all in Springfield.

Scott said she understood that a third party may have a claim on the South 12th Street property and could object to the forfeiture.

Sidener is the eighth person to plead guilty in connection with the case, which began with indictments last fall.

The mandatory minimum sentence for the drug conspiracy count is 10 years to life in prison. Being in possession of a firearm in furtherance of a drug crime is a minimum five-year sentence that must be served consecutively to any other sentence he receives.

Assistant U.S. attorney John Childress said that between Jan. 4, 2004, and Oct. 28, 2005, Sidener conspired with Michael Mohan, Peter Sidener, Earl Sidener and others to distribute powder cocaine in central Illinois.

Childress said Danny Sidener obtained more than five kilograms of cocaine and "fronted" it to the others, who then could resell it or front it (advance on credit) to other resellers.

Sidener also admitted that on Oct. 28 he used a cell phone to set up a delivery to Mohan at the latter's home in the 1200 block of Leland Avenue, then delivered 1,500 grams of cocaine.

Law enforcement officers obtained a search warrant and found the cocaine, Childress said. They also searched Sidener's car and found a 9mm Ruger and 16 rounds of ammunition. Sidener allegedly told officers he carried the gun to protect himself from other drug dealers.

On Oct. 28, agents were watching Danny Sidener as he drove up to Mohan's home to make the cocaine delivery.

Someone overheard on a police scanner mention of Mohan's address and alerted Sidener, who fled.

He crashed his car into an Illinois state trooper's, police said, and prosecutors are seeking $2,945 in restitution for the collision damage. Sidener disputed that claim in court Monday, and the issue probably will be taken up at sentencing.

The government, in a separate civil forfeiture action, also is seeking to confiscate about $52,500 in alleged drug money from one of Sidener's bank accounts and almost $9,000 from another.

Court documents filed last month indicate that Springfield police were first notified in mid-1999 that Sidener was delivering large amounts of marijuana and cocaine in the Springfield area.

Between 2000 and 2004, agents learned Sidener allegedly received large amounts of cocaine from a supplier in Chicago and would then redistribute it to other dealers in the Springfield area. He received between five and 10 kilos of the drug each time, the documents say.

They also indicate that on Oct. 28, the day Sidener was taken into custody, he told police he had retrieved $42,000 from a storage unit and purchased two kilos of cocaine from his source.

Sidener allegedly told authorities that he began to buy cocaine in Chicago in 1999 or 2000, and that in 2003, he stepped up his purchasing to two or three times a month and bought another 60 pounds of marijuana every other month from a Chicago source.

Sidener asked Scott how far back his relevant conduct - uncharged misconduct that the government must sufficiently link to the current charges - might count against him at sentencing.

Scott said conduct "a couple of years" in the past might be considered "if the government links it up properly."

The court documents said Sidener told police he had not had a job for several years, but that he bought houses, fixed them up and resold them. He also said he owns rental property.

One of Sidener's alleged co-conspirators told authorities he'd known Sidener nearly all his life and that Sidener's last legitimate job was in high school, when he worked at Domino's Pizza.

Since last October, eight others have been charged in related cases with conspiring to distribute cocaine in Springfield and central Illinois.

Seven who previously pleaded guilty are scheduled for sentencing on the following dates: Adam Martin, 28, of the 2200 block of Lindbergh Drive, Nov. 27; Dondi D. McIntosh, 33, of the 2100 block of Peoria Road, Dec. 11; William W. Thomas, 28, of the 1200 block of West Edwards Street, Nov. 6; Michael D. Mohan, 28, of the 1200 block of Leland Avenue, Nov. 20; Gerald M. Vondebur 41, of the 2100 block of Fairway Drive, Dec. 11; Jerrad A. Pruitt, 27, of the 4000 block of Hazelcrest Road, Dec. 18; and Earl V. Sidener, 27, of the 1100 block of North Virginia Street, Jan. 8.

Peter Sidener, 39, of the 300 block of Cranmer Drive is scheduled for a final pretrial conference Nov. 20 and a trial Dec. 5.

The charges are the result of an Organized Crime Drug Enforcement Task Force investigation by the Drug Enforcement Administration, Springfield Police Department, Illinois State Police and the Central Illinois Enforcement Group.

Federal authorities announced in August that the cocaine investigation was complete after nine indictments. However, federal officials also forwarded the names of six other people to the Sangamon County state's attorney's office for possible prosecution. Because five of the six have connections to county government or law enforcement, the state's attorney's office then referred the cases to the state appellate prosecutor's office to determine whether charges should be filed.

The six are Sangamon County Clerk Joe Aiello, former assistant state's attorneys John "Jake" Kelley and Dan Mills, former public defender John A. Maurer, former federal probation officer Kevin Kelly and former bank loan officer Blair Fein.

Nevadans To Vote On Legalizing Marijuana (AP)

By Sandra Chereb

AP, October 18, 2006

RENO, Nev. - Gambling, prostitution, and now pot? Organizers of a Nevada ballot measure hope voters in a state where almost everything goes will go one better and legalize marijuana.

If it passes Nov. 7, Nevada will be the first state to allow adults to possess up to an ounce of pot that they could buy at government-regulated marijuana shops.

The Committee to Regulate and Control Marijuana, which has pushed medical marijuana and decriminalization laws around the country, thinks Nevada - with its embrace of certain vices and its streak of Western independence - is a perfect venue.

In an editorial last spring, the rural Lahontan Valley News argued that gambling, Nevada's most powerful industry, caters to "visceral pleasures," and that it would hypocritical to oppose the legalization of marijuana on moral grounds.

Proponents of the measure also argue that the legal system wastes time and money on low-level marijuana offenses, and that taxing and regulating pot would put drug dealers out of business while freeing law enforcement to focus on violent crime and more dangerous drugs such as methamphetamine.

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"Put it into a tightly controlled and regulated environment. We think that makes a lot of sense," Neal Levine, executive director of the committee.

Opponents, including law enforcement, the nation's drug czar, and civic and business groups, argue the measure would encourage the use of other drugs, and they question whether it will even prove to be a good source of tax revenue.

"The fact is, growing, distributing and warehousing marijuana will still be a federal offense," said Todd Raybuck, a Las Vegas police officer and spokesman for the Committee to Keep Nevada Respectable, which opposes the measure.

Question 7 allows people 21 and older to possess an ounce of marijuana in their homes - the same amount allowed under Nevada's medical marijuana law. Currently, possession of an ounce or less is a misdemeanor punishable by a $600 fine.

Twelve states have decriminalized small amounts of marijuana - that is, possession is punishable by a ticket and a fine - and 11 allow its use for medical purposes. Possession of up to an ounce at home is legal in Alaska under a court ruling there, but the case is under appeal.

Colorado residents will vote next month on whether to legalize possession of up to an ounce of marijuana by those 21 and older, similar to an ordinance Denver voters approved last year.

But the Nevada measure goes further. It directs Nevada's Department of Taxation to set up procedures to license and regulate marijuana growers, distributors and retailers. At the same time, it doubles penalties for selling or giving pot to minors and for vehicular manslaughter while under the influence of drugs or alcohol.

The legislation also imposes a $45-per-ounce excise tax, with some of the proceeds going toward the budget and alcohol, tobacco and drug abuse programs. An ounce of pot on the street costs upwards of $300, depending on the quality.

A 2002 study by researchers at the University of Nevada, Las Vegas estimated taxing and regulating marijuana would generate $28.6 million in revenue.

The Justice Department in Washington did not respond to calls and e-mails seeking comment. In June, the U.S. Supreme Court ruled people who smoke marijuana for medical reasons can be prosecuted under federal drug laws, and Raybuck said it is doubtful federal agents would tolerate commercial pot ventures in Nevada.

In 2002, Nevada voters overwhelmingly rejected a move to legalize up to three ounces of marijuana. The latest measure got onto the ballot after 86,000 people signed petitions.

A poll conducted in September for the Las Vegas Review-Journal found 51 percent of voters opposed Question 7, while 42 percent supported it and 7 percent were undecided.

The measure has found some surprising allies.

"Make no mistake, I don't think using marijuana is a wise choice for anyone," said the Rev. William C. Webb, a Baptist minister who joined dozens of other religious leaders in announcing their backing. But "if there has to be a market in marijuana, I'd rather it be regulated with sensible safeguards than run by violent gangs and dangerous drug dealers."

U.S. Official Says Rise In Afghan Opium Production Leading To Purer Heroin In Europe (AP)

AP, October 18, 2006

MADRID, Spain Skyrocketing opium production in Afghanistan has led to increasingly pure heroin being sold in Europe and prices could fall if the trend continues, a senior U.S. anti-narcotics official said Tuesday.

Thomas Schweich, principal U.S. deputy assistant secretary of state for international narcotics, issued the warning after the United Nations reported last month that Afghanistan's opium production for 2006 increased 49 percent from last year, exceeding the demands of the world's heroin users by a third.

"We're already noticing on the streets of Europe much more pure opium and that's going to lead to more deaths and more health problems," Schweich said in an interview with The Associated Press.

"The other thing is for the price to go down, which hasn't happened yet," Schweich said, noting that an increase in supply often drives prices down.

Afghanistan produces more than 90 percent of the world's opium and heroin, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling post-Taliban government.

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The booming trade accounts for at least 35 percent of Afghanistan's economy, financing warlords and Taliban insurgents alike.

Despite the strong increase in Afghanistan's opium production for 2006, the Afghan and U.S. governments have no plans to change counter-narcotics strategy in the region, Schweich said.

"When the U.N. came out with those statistics, that's for planting that occurred the previous fall," said Schweich, who met with Afghan government officials in Kabul last month. "They really reflect the relatively ineffective delivery of the program in its very first year."

In the coming year, the two governments will continue a public information campaign that presents farmers with alternatives to growing opium, Schweich said.

Such alternatives, which include growing wheat or fruit trees or raising livestock, are substantially less lucrative and can be unattractive to farmers struggling to survive in a country where more than half of the population lives below the poverty line and 40 percent is unemployed.

In addition to the public information campaign, the Afghan government is to step up opium crop eradication efforts and the prosecution of drug growers and traders, Schweich said.

"With serious drug problems it does take time," he said. "I'm hoping we don't have to wait 10 years to see improvement."

Afghanistan's Opium Production Soaring 'out Of Control,' U.N. Agency Warns (AP)

AP, October 18, 2006

VIENNA, Austria Afghanistan's opium production has soared "out of control," the U.N. drugs and crime agency warned Tuesday, adding that proceeds from the opium harvest were being used to fund the resurgent Taliban.

The United Nations Office on Drugs and Crime is calling on NATO and Afghan troops to attack heroin labs, opium bazzars and convoys transporting the narcotic, said Preeta Bannerjee, a spokeswoman for the agency.

Opium production in Afghanistan rose 59 percent in 2006 to a record 165,000 hectares (408,000 acres) — representing 92 percent of the world's opium, according to U.N. figures.

"You can say that Afghanistan is pretty much out of control," Bannerjee said.

In contrast, opium poppy cultivation in Southeast Asia's 'Golden Triangle' — Laos, Myanmar, and Thailand — declined by 29 percent this year 24,160 hectares (59,700 acres) Bannerjee said. She credited combined efforts by U.N. organizations and aid agencies for helping farmers find alternative crops for reducing production levels by 85 percent since 1998.

"Afghanistan is practically ... supplying the world's opium," Bannerjee said. "There's also evidence that the country is increasingly hooked on its own opium."

The agency has said that about 2.9 million people were involved in growing opium, representing 12.6 percent of the Afghan population, and that revenue from this year's harvest was predicted to hit more than US$3 billion (€2.4 billion).

Local farmers sell their crops to the Taliban, who resell them and use the revenues to fund themselves, Banerjee said. Since producers are subsistence farmers, it remains a question of giving the farmer a sustainable alternative, she said.

Opium Production Down In Golden Triangle (UPI)

UPI, October 17, 2006

VIENNA, (UPI) -- Opium poppy cultivation in Laos, Myanmar and Thailand, the Golden Triangle, dropped 29 percent last year, the U.N. drug agency reported Monday.

The region is the world's second-largest source of opium, although it is now dwarfed by Afghanistan, the Office on Drugs and Crime report said. Executive Director Antonio Maria Costa said Afghanistan will soon be the only source if the trend continues.

"This is a remarkable success in the reduction of illicit crops, which is so far unmatched anywhere in the world," Costa said. "It represents an important step towards the goal of eliminating the cultivation of illicit crops worldwide."

The number of acres devoted to poppy cultivation in Thailand and Laos actually increased slightly but starting from a very low base. That increase was more than outweighed by a sharp drop in poppy cultivation in Myanmar, the country formerly known a Burma.

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In 1998, about 33 percent of the world's opium came from the Golden Triangle, a figure that has dipped to less than 5 percent.

UN Drug Agency Reports Sharp Fall In Golden Triangle Opium Production (VOA)

Voice of America, October 18, 2006

The United Nations' drug agency says there has been another sharp fall in opium cultivation in the area of Southeast Asia known as the Golden Triangle, where Burma, Thailand and Laos meet. But, U.N. officials are now concerned about the increased use of methamphetamine-type stimulants across the region.

Photo: Scott Bobb (VOA)The United Nations Office on Drugs and Crime - the UNODC - says its annual survey of opium production in the Golden Triangle region shows poppy cultivation there fell by 29 percent this year.

Burma, the main poppy growing country of the region, reported a more than 30 percent decline in areas under cultivation from the previous year.

Burma is the second largest opium grower globally after Afghanistan, which accounts for more than 90 percent of the world's supply of heroin.

Burma's northern Shan State produces 90 percent of the country's opium. The ethnic Wa community there declared a total ban on opium cultivation and trade last year.

The decrease in Burmese production means that a plan to eradicate opium in the Golden Triangle by 2014 remains on target. The region's share of world poppy cultivation dropped from 66 percent in 1998 to 12 percent last year.

But Leik Boonwaat, the UNODC Representative in Laos, said recently there is still a need for international support for development programs to assist opium growers to move toward alternative crops.

He said, "There is a need to provide the relief to former opium farmers, in order to enable them to adapt to new alternative livelihoods or new ways of life, and it's also important to enable the national poverty reduction programs to be able to incorporate all these areas."

The UNODC report says the two other countries in the Golden Triangle, Thailand and Laos, are almost opium free.

But the gains from the decrease in opium cultivation are being offset by a rise in methamphetamine and ecstasy abuse in Southeast Asia. A recent report by the UNODC found that methamphetamine is a concern across the region.

The UNODC's Leik says, in Laos, methamphetamine is a particular problem among young people.

"For methamphetamine in Laos, it's mostly targeting the youth - school children. We have children as young as 12 that are addicted, and this is causing great concern. We see it in the schools, we're seeing it in urban areas, we're seeing it in rural areas," he said.

Factories producing methamphetamine-type stimulants are found along the Burma-Thailand border, with millions of tablets finding their way onto the Thai market each year.

Drugs Group In Afghan Exit Order (BBC)

BBC News, October 18, 2006

Poppies grow in most Afghan provinces The Afghan government has ordered the closure of all offices of a group that wants to promote new ways of dealing with the global drugs problem.

The Interior Ministry said the Senlis Council, had been "confusing farmers" and had been a factor in the increase in poppy cultivation.

Senlis has suggested the legal use of Afghan opium for medical purposes.

A spokesman for Senlis said it had not received any formal notification that its offices were to be closed.

He denied its activities had increased poppy cultivation.

Correspondents say there has been tension over a recent council report blaming the government for a failure to stop farmers growing poppies.

Afghanistan is building a new counter-narcotics police force but reports say the force only has personnel in nine of 34 provinces.

Only six provinces are reported to be opium-free.

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Review: Prisoner Flights Are Expensive (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP, October 18, 2006

Pricey contracts and empty seats plague government flights that move U.S. prisoners to new jails and deport illegal immigrants, a Justice Department review concluded Tuesday.

Additionally, the Justice Prisoner and Alien Transport System does not always have large enough crews to subdue onboard security threats, Justice Department Inspector General Glen A. Fine found.

"Given the variety of transportation needs and the nature of the individuals being transported, inherent risks exist in managing a transportation system like JPATS," Fine concluded, using the acronym for the air transit system.

The U.S. Marshals Service, the Bureau of Prisons, and Immigration and Customs Enforcement use and pay for the flights. More than 305,000 prisoners and illegal aliens flew on them last year, costing an estimated $87 million.

The program makes sure prisoners and illegal immigrants make their court appointments, are transferred efficiently and are deported quickly.

But the review found several flaws, including that:

_The government pays far more to lease large jets under multiple-year contracts than it would by buying the aircraft outright. For example, the 30-year cost of leasing a used Boeing 737 jet would come to $840 million, compared to buying a new one for $540 million.

_Poor planning led to empty seats on the flights, some of which were only half-full during an audit between 2004 and the last three months of 2005.

_Only 13 percent of 1,028 flights audited had a larger security crew aboard than required. The review did not disclose the required crew-to-passenger ratio, but inspectors said the shortage exposes the flights "to potential security threats when transporting prisoners or aliens."

The flights program is managed by the U.S. Marshals Service. In a Sept. 6 letter responding to a draft of the review, Marshals Director John F. Clark agreed with all 15 of Fine's recommendations for improvement.

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On the Net:

Justice Department Office of Inspector General: http://www.usdoj.gov/oig/index.html

Audit Faults 'Con Air' On Safety (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 18, 2006

A government-operated service that transports prisoners and aliens in federal custody throughout the United States, Central America and the Caribbean does not have the means to ensure that safety procedures are being followed and lacks the ability to predict long-term capacity needs, according to a report released yesterday.

The Justice Department's Office of the Inspector General said the Justice Prisoner and Alien Transportation System (JPATS), run by the U.S. Marshals Service and known to many as "Con Air," also needs to reduce costs by maximizing the number of passengers scheduled for each flight.

"The overall demand for prisoner and alien transportation has grown over the past six years, but our audit found that JPATS has not yet developed a planning tool that allows it to project prisoner and alien movements more than one year into the future," Inspector General Glenn A. Fine said.

"This lack of capacity planning has led to underutilization of available seats on JPATS aircraft because JPATS has not amended its flight schedules to maintain a more optimal use of its resources," Mr. Fine said.

JPATS uses three government-owned and six leased aircraft to move prisoners and aliens for the Marshals Service, the Federal Bureau of Prisons and U.S. Immigration and Customs Enforcement. In addition, it transports prisoners for military, state and local law-enforcement agencies as needed.

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In fiscal 2005, JPATS transported 305,649 prisoners for a wide array of judicial proceedings, such as the removal of deportable aliens -- including those who committed crimes in the United States. Many of its planes were acquired through government surplus programs or asset forfeiture. They represent the only government-operated, regularly scheduled passenger airline in the nation.

The inspector general's audit said a review of data on 1,034 flights from fiscal 2004 to the first quarter of fiscal 2006 found that although 74 percent of the seats were filled on flights originating from one of the three hubs reviewed, fewer than half of the seats were filled on flights originating from the remaining hubs.

The report also said JPATS has been using short-term leases for its large aircraft since early 2005, despite studies by the Government Accountability Office and the Office of the Federal Detention Trustee that said purchasing the aircraft or entering into long-term leases could cut costs.

Although the audit said JPATS had developed adequate internal policies to ensure that it conducts its air transportation in a safe and secure manner, it added that JPATS "generally does not have the necessary systems in place to ensure that it adheres to its own standards on safety and security."

The audit listed 15 recommendations to help manage the JPATS program. Officials at JPATS agreed with the recommendations and are in the process of implementing them.

Activists' Passion Turns To Violence (SEAPI)

By Phuong Cat Le, P-I REPORTER

Seattle Post-Intelligencer, October 18, 2006

One worked with the nation's top atmospheric scientists; the other was an aspiring journalist. Now they both face years in prison for the ELF arson fire at a UW research facility

Jennifer Kolar and Lacey Phillabaum seem unlikely criminals.

Well-educated young women passionate about environmental causes, they share a love of the outdoors and similar backgrounds. Both grew up in Spokane and attended the same public high school.

Those who know Phillabaum call her bright, outspoken, sometimes in-your-face but never dull. She was a skilled debater in high school and college and once worked for a well-regarded non-profit that promotes sustainable agriculture.

Kolar

Kolar studied under one of the nation's top atmospheric scientists while pursuing a doctoral degree and had the makings of a good scientist, her adviser said, but her heart seemed elsewhere.

The women were concerned about what was going on around them -- the logging of old-growth forests, the slaughter of animals for sport. Like many Northwest activists, they pushed for change.

Phillabaum

But their activism morphed into something more dangerous -- and now both are headed to prison.

Before dawn on May 21, 2001, Kolar cut the glass that allowed fellow Earth Liberation Front members to sneak into the University of Washington office of professor Toby Bradshaw, who was studying the genetics of fast-growing hybrid poplar trees. Phillabaum's role is still unclear, but she was also on the scene, court documents show.

Bradshaw and other researchers at the UW Center for Urban Horticulture would be arriving within hours, so the ELF squad must have worked quickly to plant the firebombs -- plastic buckets of fuel rigged with cheap digital timers, assembled in someone's garage. Their goal: destroy the research on genetic engineering of poplars to avert an "ecological nightmare" for native forests.

The fire ignited in Bradshaw's office spread through the building and raged for hours. Rare books, endangered plants and decades of botanical research went up in flames, causing $7 million in damage.

By then, Kolar, Phillabaum and the three others involved in the arson had disappeared.

At the UW, researchers tried to salvage their work. A new facility was built. But the trail to the perpetrators seemed to peter out. For nearly five years, the crime went unsolved.

While investigators searched for clues, Kolar and Phillabaum didn't go into hiding.

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Kolar bought a two-story house in Wallingford, raced in local regattas and was active in a Seattle yacht club. Phillabaum pursued a career as a journalist, freelanced articles and sought mentoring from a professional journalism group. Others involved in the arsons also went on to do other things.

"The series of arsons stopped in 2001, and since then many of the people implicated in those have gone on to lead lives in the mainstream society," said Assistant U.S. Attorney Andrew Friedman in Seattle.

But investigators eventually closed in.

In December, federal agents arrested many of those believed responsible for a series of arson attacks across five states, including an Oregon poplar farm that had been torched at the same time as the UW center.

Three people were indicted earlier this year: Justin Solondz, 27, formerly of Jefferson County, who is believed to have fled the country; William Rodgers, 40, who committed suicide in an Arizona jail cell weeks after his arrest; and Briana Waters, 30, a Berkeley, Calif., violin teacher who faces trial.

This month, federal prosecutors identified for the first time the two remaining suspects: Kolar, 33, and Phillabaum, 31.

Both women are cooperating with authorities and have admitted to belonging to ELF and participating in the UW firebombing. The FBI has branded ELF an underground radical group and a top domestic terrorism threat.

At their January sentencing in Seattle, Kolar faces between five and seven years in prison; Phillabaum faces three to five. Defense attorney Gilbert Levy declined a request to interview his client, Phillabaum. Kolar declined comment through her attorney, Michael Martin.

"Paradoxes and ironies abound here, and they're all wedded to a tragedy," said David Frank, a University of Oregon professor who knew Phillabaum when she was in his debate program.

"How could such bright, articulate, well-meaning people ... how could they have been tempted by violence?"

From sit-ins to firebombs

Phillabaum was socially conscious even as a teenager at Shadle Park High School, former school officials say. She grew up in Deer Park, and her parents were partners in a Spokane law firm. In high school, she was voted "Teacher's Pet" in her senior year and won debate contests.

"She had a strong mind of her own," said Emmett Arndt, a former assistant principal at Shadle Park.

At the University of Oregon, Phillabaum studied art history and graduated in three years. She continued to debate in college, partly "to learn more about the reasons why the environment was under threat," said Frank, who teaches rhetoric.

The program taught students to use reason, research and persuasion to affect change, but Phillabaum left after a year, feeling frustrated with the lack of action, he said.

Typical of many students, "she found her way into activist groups," he said. "She was surrounded by people who were equally frustrated, equally angry. Out of those conversations came a dedication to more violent actions to achieve their actions."

"She was probably feeling frustrated with the system, with the exploitation of the Earth and species, and not having immediate results with above-ground organizing," said an associate of Phillabaum's, who asked not to be identified.

In college, she worked on Insurgent, a left-leaning campus publication that critiqued foreign policy.

The mid-1990s was the height of protests against logging on public lands, and Phillabaum was in the thick of it. She protested timber harvests in Oregon's Umpqua National Forest and joined others in blocking a logging road to Warner Creek, according to news accounts.

"You couldn't call her commitment into question," said a Eugene, Ore., activist who has known her for a decade.

At a 1997 tree-sit in Eugene, Phillabaum and others tried to save 40 trees from being leveled for a downtown development. Police arrested her and others for criminal trespassing. She was fined $100 and sentenced to three days in jail, according to the Lane County District Attorney's Office.

In other aspects, Phillabaum led a relatively normal life. She had a lot of friends, was well-grounded and came from a loving family, those who know her say. She spent a lot of time in the outdoors -- rafting rivers and hiking mountains.

An aspiring journalist, she also edited Earth First! Journal, which calls itself the voice of the radical environmental movement. In February 2001, she landed a job at In Good Tilth, a newsletter sent out by Oregon Tilth, a non-profit promoting sustainable farming.

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"She was an exemplary employee," said Chris Schreiner, Oregon Tilth's quality-control manager. "She brought a new level of quality and content to the newsletter."

She worked at the newsletter for four years. She also joined the Society of Environmental Journalists and sought mentoring help from veteran reporters, said the group's executive director, Beth Parke.

In 2005, Phillabaum moved to Charlottesville, Va., to take a writing job at the C-VILLE Weekly. The alternative paper fired her after three months, said editor Cathy Harding, who declined to say why.

Phillabaum's double life was quickly catching up to her.

In December 2005, federal agents arrested Stanislas Meyerhoff, 29, of Charlottesville, who they accused of masterminding the UW and Oregon tree farm firebombings. At the time, Meyerhoff was Phillabaum's boyfriend, a Charlottesville newspaper reported. Meyerhoff pleaded guilty to conspiracy and arson charges in July.

Phillabaum's role in the UW arson would soon be revealed, as would Kolar's.

'It's a puzzle'

It's not clear whether Phillabaum and Kolar knew each other at Shadle Park, but they overlapped at the school, located in a middle-class neighborhood of north Spokane.

Kolar graduated two years before Phillabaum and went on to the University of Colorado in Boulder. She majored in applied mathematics and later earned a master's degree in astrophysical, planetary and atmospheric sciences, according to the school.

"I never thought that atmospheric sciences was her passion, or something that was her lifelong ambition," said Merritt Deeter, an atmospheric scientist who shared an office with Kolar when both were grad students. "She kind of prided herself on her activist nature."

Kolar was bright and skilled but distracted, said her doctoral adviser, Peter Webster, now a professor at the Georgia Institute of Technology.

"If she had applied her passions to science, she would have been a good scientist, but she had other things that were much more important to her," Webster said.

She was passionate about animal rights and often protested against animals being hunted for sport, Webster said. "It's not the least bit surprising to me that she carried her passions that far."

In grad school, Kolar volunteered for such groups as Rocky Mountain Animal Defense. She tried to stop the Denver Zoo from allegedly sending surplus animals to hunting ranches, said David Crawford, the group's founder.

He stressed that his group doesn't condone violence and that she left in 1996.

In July 1997, Kolar allegedly took part in an arson that destroyed a horse slaughterhouse in Redmond, Ore.

She's expected to admit her role in that crime, said Assistant U.S. Attorney Stephen Peifer in Portland. She also has pleaded guilty to attempting to firebomb a Colorado gun club that organized turkey shoots in 1998.

Kolar settled in Seattle several years ago. She bought a house in Wallingford a year after the UW arson, joined the Corinthian Yacht Club in Seattle and competed in Puget Sound regattas. Her profile on that club's Web site noted that she loved the outdoors and co-owned the Manta Ray, a 30-foot performance sailboat.

Kolar was a crew member on a boat that recently won at the Swiftsure Lightship Classic, said the skipper, Alex Wigley.

"It's a puzzle. It just blindsided me," said Wigley, who described Kolar as capable, funny and intelligent.

"This whole event has made me wonder how well I know anyone."

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IMMIGRATION:

Border-fence Bill Awaits Signing (WT)

By Stephen Dinan

The Washington Times, October 18, 2006

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The White House is pleading with Congress to send over the bill authorizing 700 miles of fence on the U.S.-Mexico border so the president can sign it immediately, but Republican leaders on Capitol Hill want to wait until closer to the election and to have a public signing ceremony.

"Send us the damn bill. We'd like to autograph it," said a senior administration official, who spoke on the condition of anonymity to allow for more freedom to discuss politics and policy.

"Our object was to sign it last week so we can have port security and border security together and herald an effort to control all of the borders of the United States. We even had ways to talk about what we were doing at the airports," the official said.

Congressional Republicans, though, are convinced the issue is a political winner and want to hold onto the bill so it will be signed closer to next month's congressional elections. Once the bill is sent to the president, he has a limited amount of time to sign it before it dies as a pocket veto.

"It's a timing issue: We want it signed closer to the election when folks are paying attention and those who want to take advantage of the messaging opportunity can do so, and the White House is aware of this," said an aide to Senate Majority Leader Bill Frist, Tennessee Republican. House Republican leadership aides confirmed that strategy.

Mr. Bush has already signed a spending bill with money for some fencing, but has yet to sign the bill actually authorizing the double-wall fence along nearly 700 miles of the border. Congress passed both bills in the waning days of the legislative session last month.

Many blogs from across the political spectrum have speculated he is trying to scuttle the bill with a pocket veto, but Mr. Bush has said he will sign it, though in private, without a signing ceremony.

Congressional Republicans said that is a bad move at a critical political time.

"A public signing ceremony with the maximum amount of fanfare in a high-profile place would be the best thing the president could do to help out Republicans who are having trouble in their re-elections," said Rep. Steve King, Iowa Republican, adding that such a ceremony would go a long way to counteract cynicism from voters who question the White House's commitment to border security.

"People think we're not going to get it done," he said.

The bill's actual status is somewhat murky. Calls to the House clerk's office were referred to the House Administration Committee, and a spokeswoman was not able to say where the bill was.

Mr. King said he has assigned his staff to track down the bill because he, too, wants to know where it stands.

The Bush administration official said the bill's status has been explained several times, but "I for the life of me could not explain it to you."

The official rejected a signing ceremony, and said the White House doesn't want voters to expect too much out of the wall.

"We've got to be careful," the official said. "We are doing a lot on the border, and we cannot raise expectations that this bill of 700 miles of fence is going to happen immediately."

The official said the Department of Homeland Security doubts the value of 700 miles of fencing, instead saying that between 316 miles and 377 miles makes the most sense.

"You talk to the members of Congress about the 700 miles, and there's not a single member who can give you a plausible explanation of how they arrived at 700 miles," the official said. "We'll build every mile of fence that is useful and necessary to build, and if they tell us to build 700, we'll find a way to build 700 miles of fence, but let's not kid ourselves."

The official also said those members of Congress who want to tout their support for the fence are already doing it.

"Every place where they voted for it, they're out there talking about it. Anybody who thinks a one-day signing ceremony is the end-all, be-all, ought to be up talking to the congressional leadership telling them to send us the damn bill so we can sign it," the official said.

Part of the White House's aversion to fanfare may be the context of the broader immigration debate.

Mr. Bush had fought for a bill that would include a guest-worker program for future foreign workers and citizenship rights for most of the estimated 12 million to 20 million illegal aliens already in the country.

But House Republicans insisted on passing border-enforcement legislation first, and, after initially supporting a broader bill, Mr. Frist agreed to bring the bill up on the Senate floor, where it passed overwhelmingly.

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Mr. King said that if Mr. Bush doesn't have a public ceremony for the bill, "there's something substituting at the White House for good political judgment."

There has been a marked difference in how Republicans have handled the issue during this year's campaign. While Mr. Bush never mentions the issue on the campaign trail, Republican candidates use it in districts and states across the nation.

"When the border-fence bill is finally signed by President Bush, I hope that it is given the pomp and circumstance that it deserves," said Rep. Tom Tancredo, Colorado Republican and chairman of the Congressional Immigration Reform Caucus, who has helped several Republican candidates campaign on the immigration issue.

He pointed to a report released yesterday by the House Homeland Security Committee that he said showed the Southwest border has become "the entryway for Middle Eastern terrorists, Mexican drug cartels and human smugglers."

Several lobby groups have asked Mr. Bush to veto the bill, including the U.S. Conference of Catholic Bishops, the National Council of La Raza and the Mexican government.

But at a press conference last week, Mr. Bush said he is committed to building the 700 miles of fencing, though he said the Department of Homeland Security will decide where and that he wants sensors and cameras to watch the border.

"We're going to do both," he said. "We're just going to make sure that we build it in a spot where it works."

Smugglers Seen Getting 'Sophisticated, Organized' (WT)

By Jerry Seper

The Washington Times, October 18, 2006

Law-enforcement authorities along the U.S.-Mexico border are outgunned and outmanned by drug smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices and state-of-the-art communications and tracking systems, a congressional report said yesterday.

"While the United States has taken positive steps to secure its borders, much more is needed to combat an increasingly powerful, sophisticated, organized and violent criminal network, which seeks to move illegal contraband ... into our country for profit," said the House Homeland Security management, integration and oversight subcommittee report.

The 39-page report said drug-trafficking organizations and alien-smuggling networks are "proliferating and strengthening their control" of key corridors along the nation's Southwest; that Mexican drug cartels wield "substantial control" over the U.S.-Mexico border; and that criminal organizations and networks are "highly sophisticated and organized."

It also found that drug-trafficking cartels, alien-smuggling networks and U.S.-based street gangs, including MS-13, are increasingly coordinating with one another to achieve their objectives, and that federal, state and local law-enforcement report "new and ever-increasing levels of ruthlessness and violence" associated with the gangs.

The report echoes complaints from the Texas Border Sheriffs Coalition, which repeatedly has said the federal government's inability to secure the Southwest border has resulted in a dramatic rise in violence against U.S. authorities and made it easier for terrorists to enter the country.

Texas' Zapata County Sheriff Sigifredo Gonzalez Jr. told Congress in March the cartels "have the money, equipment and stamina" to bring increased violence to the border, much of it aimed at law-enforcement authorities.

Sheriff Gonzalez told The Washington Times at the time that the coalition -- which includes all 16 border sheriffs -- was concerned about terrorists using Mexican drug and alien smugglers as cover to cross the border.

Each year, hundreds of illegal aliens from countries known to harbor terrorists or promote terrorism are routinely encountered and apprehended while attempting to enter the U.S. illegally, the House report said.

"The federal government has taken positive steps to secure its borders, but much more is needed to combat an increasingly powerful, sophisticated, and violent criminal network, which has been successful in smuggling illegal contraband, human or otherwise, into our country," the report said.

"The growth of these criminal groups, along the Southwest border, and the potential for terrorists to exploit the vulnerabilities which they create, represents a real threat to America's national security," it said. "It is imperative that immediate action be taken to enhance security along our nation's Southwest border."

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The report recommended enhancing Border Patrol resources, constructing physical barriers in vulnerable and high-threat areas, and implementing state-of-the-art technology, cameras, sensors, radar, satellites and unmanned aerial vehicles to ensure maximum coverage of the nation's Southwest border.

President Bush on Oct. 4 signed into law a bill that calls for the hiring of 1,500 more Border Patrol agents and an increase in the number of detention beds for apprehended illegal aliens by 6,700. Congress has approved a bill authorizing the construction of 700 miles of fencing along the U.S.-Mexico border, which Mr. Bush has promised to sign when it gets to his desk.

Mr. Bush also has called for improving border security with high-tech equipment.

Yesterday's House report also noted that federal law-enforcement authorities estimate that 10 percent to 30 percent of the migrants seeking to illegally enter the United States are apprehended and 10 percent to 20 percent of the drugs bound for this country are seized. It said that in 2005, as many as 4 million to 10 million illegal aliens crossed into the United States; and as much as 5.6 million to 11.2 million pounds of cocaine and 34.3 million to 68.6 million pounds of marijuana entered the United States.

The report also called for an expanded use of the expedited-removal policy; building a secure communications network for Border Patrol and state and local law enforcement; and mandating a comprehensive risk assessment of all Southwest border ports of entry and international land borders to prevent the entry of terrorists and their weapons.

During his testimony before a House Judiciary subcommittee, Sheriff Gonzalez said law-enforcement officers have found many items along the banks of the Rio Grande indicating ties to terrorist organizations. He said Border Patrol agents found a jacket near the border with Arabic military badges, one with an airplane flying over a building and heading toward a tower.

TAX:

Feds Indict Actor Wesley Snipes For Tax Fraud (LAT)

By Lorenza Munoz And Michael Muskal

The Los Angeles Times, October 18, 2006

WASHINGTON — Wesley Snipes, whose flash and dash style of acting carried him from the streets of the South Bronx to movie stardom, has been indicted on charges of conspiracy and tax fraud, federal officials announced today.

Snipes, 44, was also charged with six counts of failing to file income tax returns. If convicted of all of the charges, he could be sentenced to as much as 16 years in prison.

Snipes' whereabouts could not be determined, said Steve Cole, a spokesman for the U.S. Attorney's office for the Middle District of Florida.

"We made an attempt to contact him through his attorneys and now with the news conference," Cole said in a telephone interview. "Maybe he'll find out from the media and turn himself in."

The indictment is the latest reversal for the star whose diverse career starring in action, comedic and dramatic roles dazzled fans for more than 20 years.

From his success in the 1986 football film "Wildcats" to a drug lord in "New Jack City" to a sports hustler in "White Men Can't Jump" to his superhero turn in the "Blade" movies, Snipes has been a stellar fixture on the screen.

But Snipes' off-screen personal and financial difficulties have mounted in recent years. His Florida mansion was in foreclosure, his former agency sued to collect an overdue debt and an admitted former crack addict took him to court in a paternity case that the star eventually won after reams of bad publicity.

Today's indictment accuses Snipes, formerly of Windermere, Fla., Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., with conspiracy to defraud the Internal Revenue Service and presenting a fraudulent claim for payment to the IRS.

According to the indictment released by the Justice Department, Kahn was the founder and leader of American Rights Litigators and its successor, Guiding Light of God Ministries. The businesses sold fraudulent tax schemes, authorities said in a statement.

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Rosile was identified as a former accountant who continued to work after his CPA licenses were revoked in Ohio and Florida. He allegedly prepared fraudulent tax returns for American Rights Litigators, which charged its members a fee, half of which it allegedly paid to Rosile. In addition, ARL would collect 20% of any refund and half of that went to Rosile.

Snipes, Kahn and Rosile are accused of making it appear that Snipes had no liability for federal income taxes.

According to authorities, the claim is known as an "861 argument," which asserts that U.S. citizens and residents can be taxed only on income derived from certain foreign-based activities and not on income earned within the United States — a position that has been rejected by the courts.

The defendants filed two amended federal income tax returns for Snipes, claiming almost $12 million in refunds from 1996 and 1997 income taxes. The indictment also accuses Snipes of failing to file his 1999 through 2004 federal income tax returns.

"Our system of government depends on citizens paying their fair share of taxes," U.S. Atty. Paul I. Perez of the Middle District of Florida, said in a statement. "Those who intentionally and unlawfully harass the IRS through deceit, trickery and fraud undermine the collection of revenue that is vital to every aspect of the operation of our government."

According to spokesman Cole, the indictments were handed up last week. Authorities contacted Snipes' lawyers on Friday and asked that the actor surrender for arraignment today. The lawyers said that they no longer represented Snipes, Cole said.

Rosile surrendered today, but Kahn was believed to be in Panama, Cole said..

Success came quickly for Snipes. He was a presence as a street thug in Michael Jackson's 1987 "Bad" video and within two years distinguished himself as Willie Mays Hayes in the film "Major League."

The 1991 Spike Lee film "Jungle Fever" made Snipes a star. The story of a doomed interracial romance caught the nation's attention. He was featured in Ebony and landed on the covers of Jet and Newsweek. The Washington Post dubbed him "the most celebrated actor of the season."

By 1993, he was commanding $10 million a picture and a cut of 10% of the project's gross profits.

But his fame did not help him in spring 1991 when LAPD officers, responding to a stolen vehicle report, stopped Snipes and forced him to lie spread-eagle on the pavement with a gun to his head. Snipes was driving a rental car from the set of "The Waterdance," an independent movie he was filming. Someone on the set had mistakenly reported the car stolen.

In August 1993, Snipes was arrested in Hollywood after he got into an accident and paramedics found a concealed 9-millimeter semiautomatic pistol on him. He pleaded no contest.

In May 1994, a woman named Loretta Marshall filed suit against Snipes alleging that a year earlier at the Glam Slam Nightclub, Prince's old club in downtown L.A., the actor had spilled a drink on her and then told her, "Smile or I will seduce you and make you smile." He then grabbed Marshall's crotch, according to the suit. The case was settled confidentially.

Two months after that suit was filed, Snipes pleaded no contest to reckless driving in a Florida court after leading police on a 120-mph, 30-mile motorcycle chase before crashing. He was ordered to perform 80 hours of community service, fined $500 and placed on six months' probation.

In 2002, the William Morris Agency took the rare step of filing a claim against the actor, a onetime client, over a $500,000 loan before it was finally repaid. The agency has declined to comment other than to say the matter had been settled.

Actor Snipes Faces Indictment On Tax Fraud Charges (USAT)

By Greg Farrell

USA Today, October 18, 2006

This is one “bad guy” role that Wesley Snipes doesn't want. In a federal indictment unsealed Tuesday, prosecutors hit Snipes, the prolific actor and movie producer, with eight counts of tax fraud.

According to the indictment, Snipes allegedly not only avoided paying millions in income taxes from 1999 through 2004, but he fraudulently tried to get an $11 million refund for taxes paid in the 1990s.

Prosecutors also filed charges against two Florida men who acted as tax advisers to Snipes, Eddie Ray Kahn and Douglas Rosile.

Snipes, who used to have a residence near Orlando, has starred in nearly 50 movies including White Men Can't Jump, New Jack City and the highly successful Blade series. But he reportedly also has run into a series of financial and legal

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difficulties. In this case, prosecutors allege that Kahn and Rosile convinced Snipes that under an unusual interpretation of federal law, known as the "861 argument," only income derived from foreign-based activities was taxable. A U.S. court has never supported the argument.

Kahn founded a group known as American Rights Litigators and Guiding Light of God Ministries. Although GLGM described itself as a "Christian ministry and organization established to assist men and women in their pursuit of truth and freedom as Americans," the government alleges GLGM is a for-profit operation that sells fraudulent tax schemes. According to the indictment, Snipes paid Kahn a consulting fee and paid to become a member of his American Rights Litigators group.

Rosile, an accountant whose CPA licenses to practice in Ohio and Florida were revoked, worked with Kahn to file tax returns for GLGM clients to claim refunds based on the "861 argument." According to the indictment, if the government refunded money based on the "861" theory, Kahn would take 20% of the refund and pay half to Rosile.

Despite warnings from previous tax advisers that his movie-related income was taxable and the "861" scheme was bogus, Snipes apparently sided with Kahn and Rosile in 2000 and stopped paying income taxes, the indictment says. Using the "861 argument," Snipes tried to recover $4 million in taxes paid for 1996 and $7 million for 1997. The government also claims that Snipes tried to pay some of his income taxes from 2000 to 2002 by sending $14 million in bogus checks to the U.S. Treasury.

Paul Perez, the U.S. Attorney in Tampa who filed the charges, said in a statement: "Those who intentionally and unlawfully harass the IRS through deceit, trickery and fraud undermine the collection of revenue that is vital to every aspect of the operation of our government." The Associated Press reported that Perez said Snipes has not been arrested because authorities don't know his whereabouts. Two of the charges that Snipes faces each carry a maximum sentence of five years. The remaining six charges carry up to one year each.

A spokesman for Snipes could not be reached for comment. Kahn and Rosile also could not be reached.

U.S. Indicts Actor Snipes In Tax-Avoidance Case (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 18, 2006

WASHINGTON -- Action star Wesley Snipes, who once played a Treasury agent in the film "Boiling Point," was indicted for trying to cheat the government with false tax-refund claims and failing to file personal returns for six years.

The charges stem from a well-known but illegal scheme that asserts that U.S. citizens only have to pay taxes on income earned from foreign sources. The scheme purports that wages and other income earned in the U.S. aren't taxable. The Internal Revenue Service and various courts have ruled that the argument is a misreading of the tax code.

If convicted on all eight counts handed up against him, Mr. Snipes could be sentenced to a maximum of 16 years in prison.

Along with Mr. Snipes, Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., were also indicted for allegedly defrauding the IRS and presenting a fraudulent claim. Mr. Kahn is the alleged head of a commercial business that promoted and sold the fraudulent tax scheme to Mr. Snipes. Mr. Rosile was the accountant who prepared Mr. Snipes's tax returns.

According to the indictment, the Justice Department is charging that Messrs. Snipes, Kahn and Rosile attempted to make it appear as if Mr. Snipes had no liability for federal income taxes. As part of the scheme, the defendants allegedly prepared and filed two amended federal income-tax returns for Mr. Snipes, fraudulently claiming refunds for 1996 and 1997 income taxes previously paid, totaling almost $12 million. The indictment also alleges that Mr. Snipes didn't file his 1999 through 2004 federal income-tax returns.

Mr. Snipes is one of the more than 200 mostly high-wealth individuals who were part of Mr. Rosile's and Mr. Kahn's attempts to "help" American taxpayers argue that the tax system itself is a hoax, and that they didn't have to pay taxes on income earned within the U.S. The Justice Department sued Mr. Rosile in 2002 and forced him to turn over a list of most of his clients.

Mr. Rosile's clients would typically pay him $100 for preparing their tax returns, and if there was a refund, 20% would go to Mr. Kahn's group, called American Rights Litigators, or its successor, Guiding Light of God Ministries. The Justice Department alleges that the groups helped defraud government coffers of at least $36 million.

Mr. Snipes couldn't be reached for comment.

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Wesley Snipes Is Indicted On 8 Counts Of Tax Fraud, Accused Of Seeking $12M In False Refunds (AP)

By Phil Davis

AP, October 18, 2006

TAMPA, Fla. — Actor Wesley Snipes was indicted Tuesday on eight counts of tax fraud, accused of trying to cheat the government out of nearly $12 million in false refund claims and not filing returns for six years.

Prosecutors said Snipes fraudulently claimed refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. The star of the "Blade" trilogy and other films including "Jungle Fever" and "White Men Can't Jump" was also charged with failure to file returns from 1999 through 2004.

According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment.

"It's a conspiracy against the IRS, basically to harass the IRS, from doing its lawful job in term of collection of taxes," U.S. Attorney Paul I. Perez said at a news conference.

If convicted of all the charges, Snipes could face 16 years in prison — five years each on two conspiracy counts and one year each on six counts of failure to file income tax returns.

Snipes, 44, who had a home in Windermere near Orlando, has not been arrested because authorities don't know where he is, Perez said. Snipes' manager and attorney did not return phone messages from The Associated Press.

"We've spoken to his former attorneys over the weekend," Perez said. "We presume that he knows, and of course after this press conference he will definitely know."

The indictment said Snipes conspired with American Rights Litigators' founder Eddie Ray Kahn and tax preparer Douglas P. Rosile Sr. to file false refund claims based on a bogus argument that only income from foreign sources was subject to taxation.

That included a claim for a $7.3 million refund for 1997, in which an amended tax return reported Snipes' adjusted income as zero.

The Justice Department sued Rosile in 2002 for allegedly filing bogus tax refund claims totaling more than $36 million on behalf of clients in 32 states. The suit is still pending.

Snipes was not named as a defendant in that case, but the lawsuit said the preparer's largest claim was an amended income tax return filed on behalf of the actor and dated April 14, 2001.

Rosile is in custody in Ocala, Perez said, and the third defendant named in the indictment, Kahn, is believed to be out of the country.

A call to an attorney who is representing Rosile in the 2002 lawsuit was not returned. It wasn't clear if he had any other legal representation. Federal court records indicate that he filed for bankruptcy on June 29.

Perez said the IRS considers the tax preparation business founded by Kahn as a "tax protest organization."

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

CONGRESS-ADMINISTRATION:

Bush Signs $532.8B Defense Spending Bill (AP-Y)

AP, October 18, 2006

With a long list of caveats, President Bush signed a bill Tuesday authorizing $532.8 billion in defense spending, including a 2.2 percent pay raise for members of the military.

The measure, for the 2007 fiscal year that began Oct. 1, authorizes $70 billion in supplemental funding to support the war on terror's operation costs, personnel expenses, equipment needs and other costs.

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The White House released two pages of administration disagreements and reservations about provisions that lawmakers put in the bill.

Bush took issue with a provision that would require the Navy to keep its current number of 12 aircraft carriers. The administration is seeking permission to retire the USS John F. Kennedy.

The statement singled out about a dozen provisions that would require the White House to provide Congress with information on various subjects. Bush reminded lawmakers of "the president's constitutional authority to withhold information, the disclosure of which could impair foreign relations, the national security, the deliberative processes of the executive or the performance of the executive's constitutional duties."

Among other disputed areas, the statement said sections of the bill purported to make consultations with certain lawmakers a precondition to carrying out the law. The statement said it would regard that requirement "as calling for but not mandating such consultation."

Law Caps Interest On 'payday Advances' To Servicemembers (USAT)

By William M. Welch

USA Today, October 18, 2006

Consumer loans to servicemembers will be limited to 36% annual interest next year under a law President Bush signed Tuesday that is aimed at store-front lenders clustered around military bases.

The law is a response to "payday advance" stores that market short-term loans, typically charging $15 or $20 per $100 loan for periods of up to two weeks or a borrowers' next payday. Borrowers generally renew loans several times before paying them off, and the fees result in effective annual interest rates of 400% or more, a Defense Department study concluded.

Congress approved the limits before adjournment this month. Bush signed it into law as part of a larger defense bill.

Military officers pushed for the law, saying the loans saddled low-paid enlisted men and women with debts that ruined their finances, jeopardized security clearances and left them unable to deploy to Iraq or other assignments.

"What we're hoping is a lot of payday lenders will pack up and go elsewhere because they can't bilk the military for the exorbitant interest rates," says John Irons, a retired Navy captain and director of the Navy-Marine Corps Relief Society in San Diego, which counsels and aids sailors and Marines.

"This will be a great help," says Capt. Mark Patton, commanding officer of Naval Base Point Loma. "It is a great statement by Congress on the importance of the financial health of our military, especially right now when our readiness is so strained by the demands of war."

The Defense Department report said the average borrower pays $827 on a $339 loan and called the lending predatory. The 36% rate cap means lenders can charge no more than $1.38 on a $100 loan for two weeks — an amount lenders say is too low to be profitable.

"That's why the 36% rate cap means we're getting out of the military business," said Steven Schlein, spokesman for the Consumer Financial Services of America, a trade group whose members operate half the 22,000 short-term lending stores across the USA.

Darrin Andersen, president of the group, said the industry will still offer loans to civilians. "While this will only have a slight impact on our industry's bottom line, it will have a large impact on individuals in the military who will have to look elsewhere when they are in need of a short-term loan," he said.

The limit was added to the defense bill in a House-Senate conference after passing the Senate overwhelmingly. The House of Representatives did not initially approve it, but opposition melted in the face of the Pentagon report and media attention, said Sen. Jim Talent, R-Mo., a sponsor of the limit.

"It means that we're going to protect our servicemen and women from this kind of abuse," he said.

Michael Calhoun, president of the Center for Responsible Lending, said Congress should "extend these protections to all of America's working families."

Bush Sets Defense As Space Priority (WP)

By Marc Kaufman

DOJ_NMG_0082671

The Washington Post, October 18, 2006

President Bush has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone "hostile to U.S. interests."

The document, the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy largely in terms of persuading other nations to support U.S. policy.

"Freedom of action in space is as important to the United States as air power and sea power," the policy asserts in its introduction.

National Security Council spokesman Frederick Jones said in written comments that an update was needed to "reflect the fact that space has become an even more important component of U.S. economic, national and homeland security." The military has become increasingly dependent on satellite communication and navigation, as have providers of cellphones, personal navigation devices and even ATMs.

The administration said the policy revisions are not a prelude to introducing weapons systems into Earth orbit. "This policy is not about developing or deploying weapons in space. Period," said a senior administration official who was not authorized to speak on the record.

Nevertheless, Michael Krepon, co-founder of the Henry L. Stimson Center, a nonpartisan think tank that follows the space-weaponry issue, said the policy changes will reinforce international suspicions that the United States may seek to develop, test and deploy space weapons. The concerns are amplified, he said, by the administration's refusal to enter negotiations or even less formal discussions on the subject.

"The Clinton policy opened the door to developing space weapons, but that administration never did anything about it," Krepon said. "The Bush policy now goes further."

Theresa Hitchens, director of the nonpartisan Center for Defense Information in Washington, said that the new policy "kicks the door a little more open to a space-war fighting strategy" and has a "very unilateral tone to it."

The administration official strongly disagreed with that characterization, saying the policy encourages international diplomacy and cooperation. But he said the document also makes clear the U.S. position: that no new arms-control agreements are needed because there is no space arms race.

The official also said the administration has briefed members of Congress as well as a number of governments, including Russia, on the new policy. The public, however, has not learned much about it: The policy was released at 5 p.m. on the Friday before Columbus Day, with no public announcement.

The National Space Policy follows other administration statements that appeared to advocate greater military use of space.

In 2004, the Air Force published a Counterspace Operations Doctrine that called for a more active military posture in space and said that protecting U.S. satellites and spacecraft may require "deception, disruption, denial, degradation and destruction." Four years earlier, a congressionally chartered panel led by Defense Secretary Donald H. Rumsfeld recommended developing space weapons to protect military and civilian satellites.

Because of the political sensitivities, several analysts said, the Pentagon probably will not move forward quickly with space weapons but rather will work on dual-use technology that can serve military and civilian interests. But because many space initiatives are classified, Krepon and others said, it is difficult to know what is being developed and deployed.

Some of the potential space weapons most frequently discussed are lasers that can "blind" or shut down adversary satellites and small, maneuverable satellites that could ram another satellite.

The new Bush policy calls on the defense secretary to provide "space capabilities" to support missile-warning systems as well as "multi-layered and integrated missile defenses," an apparent nod toward placing some components of the system in space.

The new document grew out of Bush's 2002 order to the National Security Council, with support from the White House Office of Science and Technology Policy, to assess the nation's military and civilian space policies. The review has already led to a major shift in emphasis at NASA, away from research and unmanned exploration to returning Americans to the moon and then sending them on to Mars.

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Some sections of the 1996 Clinton policy and the Bush revision are classified. There are many similarities in the unclassified portions, and the NSC and the Defense Department emphasized that continuity. But there is a significant divergence apparent in the first two goals of each document.

Bush's top goals are to "strengthen the nation's space leadership and ensure that space capabilities are available in time to further U.S. national security, homeland security, and foreign policy objectives" and to "enable unhindered U.S. operations in and through space to defend our interests there."

Clinton's top goals were to "enhance knowledge of the Earth, the solar system and the universe through human and robotic exploration" and to "strengthen and maintain the national security of the United States."

The Clinton policy also said that the United States would develop and operate "space control capabilities to ensure freedom of action in space" only when such steps would be "consistent with treaty obligations." The Bush policy accepts current international agreements but states: "The United States will oppose the development of new legal regimes or other restrictions that seek to prohibit or limit U.S. access to or use of space."

A number of nations have pushed for talks to ban space weapons, and the United States has long been one of a handful of nations opposed to the idea. Although it had abstained in the past when proposals to ban space weapons came up in the United Nations, last October the United States voted for the first time against a call for negotiations -- the only "no" against 160 "yes" votes.

The U.S. position flows in part from the fact that so many key weapons systems are now dependent on information and communications from orbiting satellites, analysts said. The U.S. military has developed and deployed far more space-based technology than any other nation, giving it great strategic advantages. But with the superior technology has come a perceived vulnerability to attacks on essential satellites.

The new policy was applauded by defense analyst Baker Spring of the conservative Heritage Foundation. He said that he supported the policy's rejection of international agreements or treaties, as well as its emphasis on protecting military assets and placing missile defense components in space. He also said that he liked the policy's promotion of commercial enterprises in space and its apparent recognition that private satellites will need military protection as well.

The issue of possible hostilities in space became more real last month when National Reconnaissance Office Director Donald M. Kerr told reporters that a U.S. satellite had recently been "painted," or illuminated, by a laser in China. Gen. James E. Cartwright, the top U.S. military officer in charge of operations in space, told the newsletter Inside the Pentagon last week that it remained unclear whether China had tried to disrupt the satellite.

New U.S. Space Policy Emphasizes Security (LAT)

From Times Wire Reports

The Los Angeles Times, October 18, 2006

President Bush has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone "hostile to U.S. interests."

The document, the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy in terms of persuading other nations to support U.S. policy.

New Space Policy 'Sets Up' Intel Turf War (UPI)

UPI, October 18, 2006

WASHINGTON, Oct. 17 (UPI) -- The new U.S. policy on space exploration and exploitation sets the stage for a turf battle between intelligence and the military, says one expert.

Steven Aftergood, the government transparency campaigner at the Federation of American Scientists, says the new policy, released recently by the White House, "creates overlapping and possibly conflicting responsibilities" for Director of National Intelligence John Negroponte and Secretary of Defense Donald Rumsfeld.

Aftergood noted that the section of the policy on national security was higher up in the document than in the 1996 policy it replaced, which "perhaps reflects a higher priority" for national security concerns.

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The national security section of the policy tasks the defense secretary to "establish specific intelligence requirements that can be met by tactical, operational, or national-level intelligence gathering capabilities." It also gives him responsibility for "space situational awareness," in which capacity he "shall support the space situational awareness requirements for the director of national intelligence."

For his part, Negroponte is instructed to "establish objectives, intelligence requirements, priorities and guidance for the intelligence community to ensure timely and effective collection, processing, analysis and dissemination of national intelligence." But he is also told to "support military planning and satisfy operational requirements as a major intelligence mission," and "provide intelligence collection and analysis of space-related capabilities to support space situational awareness for the U.S. government."

Neither the Pentagon nor Negroponte's office immediately responded to a request for comment.

Sealed Filings Increase At High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, October 18, 2006

When the Supreme Court debates the constitutionality of the federal "partial birth abortion" law next month, it will have some sensitive information in its hands that no member of the public can see.

Specifically, the justices will have the full transcript of a 2004 deposition by an Oregon doctor who apparently mentioned the names of colleagues in the American College of Obstetricians and Gynecologists who may have performed abortions.

It was part of the file in the case of Gonzales v. Planned Parenthood, but when it made its way to the Supreme Court this summer, the organization and Planned Parenthood requested that the parts of the doctor's deposition that name doctors be filed with the Court under seal.

Solicitor General Paul Clement concurred and filed a motion, and on Oct. 2, the Court said yes -- one of six cases that day in which the Court granted motions to file petitions under seal. It was, according to a database search, the largest number of unrelated cases in which the Court granted such motions in a single day.

In the Planned Parenthood case, the Court's action means an extra measure of privacy for a handful of physicians. As Daniel Edelman, a lawyer for the physician who was deposed, put it, "The last thing we'd need is for some lunatic to get names from the deposition and go and attack one of the doctors."

But in some of the other cases, the justification for secrecy is less obvious. And to some, the day's actions symbolize a little-noticed trend over the past decade toward allowing secret filings at the Supreme Court. Whereas decades ago such motions were discouraged and often denied at the Supreme Court, now they are routinely granted. No motion to file under seal has been denied since 2003. The Court itself votes on the motions without any hearing at which opposition can be heard. Typically, when the Court grants a motion to seal, a redacted version is made part of the public record.

The number of filings under seal is still tiny -- only 12 in this calendar year out of more than 7,000 petitions filed. And Court insiders assert that the spike in motions granted is a fluke, not a reflection of any change in policy. "This may just be an outlier year," says Thomas Goldstein, a partner at Akin Gump Strauss Hauer & Feld who has studied the numbers. [Editor's note: Goldstein writes a column for Legal Times.]

But the number of cases filed under seal was significantly lower in the 1990s and 1980s, and sealing files was rarely done before then, reflecting the Court's historical preference for conducting its business in public.

Stephen Shapiro, co-author of "Supreme Court Practice," says that especially with the current mix of business and intellectual property cases, as well as post-9/11 disputes, the conservative Court, under both William Rehnquist and now John Roberts Jr., may be more sympathetic than it once was to sealing Court files. "Conservative justices might believe that a seal was proper to protect trade secrets and real government secrets, bearing on national security," says Shapiro, a partner at Mayer, Brown, Rowe & Maw.

But Shapiro sees the trend permeating all federal courts, not just the Supreme Court, and he is concerned. "Filings under seal are attempted in cases where the seal is not necessary or proper, and the Court should be watchful to prevent abuses of this kind," Shapiro says.

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At the Supreme Court level, he says, it is often a matter of convenience for lawyers on both sides of a case to leave under seal a filing or opinion that was sealed by a judge at an earlier stage.

IN THE SHADOWS

That appears to be the explanation in at least one of the motions for filing under seal granted on Oct. 2. In Cooperativa de Seguros de Vida v. FAC, a dispute over Medicare reimbursement claims, the district judge sealed his own opinion to protect the terms of a settlement that was reached between the parties.

Alan Horowitz of D.C.-based Miller & Chevalier, who wrote the petition for COSVI, says, "Why the district court ordered it sealed is not clear to me." He adds that almost everything that was sealed in the district court opinion was detailed in the public opinion of the 1st U.S. Circuit Court of Appeals.

Horowitz asked the high court clerk's office if he could omit the district court opinion from his petition, hoping to avoid the need to seek permission to submit it under seal. But the answer was no, so the motion to file a sealed appendix was the only option.

The petition itself is public, with the appeals court decision attached. If the Court grants review in the case, Horowitz says, he'll likely ask the district court to unseal the original opinion. "This case is not really emblematic of anything," says Horowitz. "It's just an oddball situation."

But private petitioners are not the only ones that seek to file papers under seal. The state of Maine did so in Rowe v. New Hampshire Motor Transport Association, and the motion was granted Oct. 2. At issue is whether Maine's law prohibiting the sale by mail of tobacco products to minors is pre-empted by a federal law that bars states from regulating air and land delivery services.

United Parcel Service, one of the carriers affected by the case, requested that certain information in the record about how it tracks deliveries be kept confidential. Both parties tried to narrow the amount of text to be redacted, but some remained, according to Maine Deputy Attorney General Paul Stern.

"I sent it over to UPS, and there were only a couple of small things they wanted redacted, and we said fine," says Stern. "I didn't care. We didn't particularly want to ask for sealing."

The brief as filed with the high court contains several blackened lines of type masking sentences that appear to refer to UPS procedures. Stern adds, "You can get an excellent understanding of the case without these facts."

Other cases in which the Court allowed redacted filings on Oct. 2 include Jane Doe v. United States, a Pennsylvania case in which the petitioner sought to protect "sensitive grand jury proceedings."

SEND IN THE CLOUDS

The Court's preference for keeping its files public goes back decades. One milestone was the landmark Pentagon Papers case of 1971, in which Solicitor General Erwin Griswold asked the Court to allow it to file secret briefs and even to hear the case in camera. Over the objection of three justices in New York Times v. United States, the Court rejected the proposal for a closed oral argument, but it did permit some filings under seal.

The Court even enshrined the public interest in open court records in a 1978 case, in which it said, "It is clear that the courts of this country recognize a general right to inspect and copy public records and documents, including judicial records and documents."

That case was invoked in the 2003 litigation over the McCain-Feingold campaign finance law. The Court still granted a dozen motions to seal different parts of the massive briefing in the case, including records of Federal Election Commission investigations in which witnesses had been promised confidentiality.

Most of the time, motions to seal records are made without objection, but in a post-9/11 case, M.K.B. v. United States, media organizations sought to intervene. At both the district court and 11th Circuit levels, the case and filings were secret. It was only through an error at the appeals court clerk's office that a reporter for the Miami Daily Business Review, a sister paper to Legal Times, was able to determine what the case was about: a habeas proceeding brought by Mohamed Kamel Bellahouel, an Algerian native who had been held in federal prison in part because as a waiter, he had served meals to two of the 9/11 hijackers.

When the petition reached the Supreme Court, several media organizations -- including ALM, which publishes Legal Times -- sought to intervene to open the record. The motion was denied.

DOJ_NMG_0082675

Bush Triad Visit On Tap (WXII)

WXII-TV Winston-Salem, North Carolina, October 17, 2006

President George W. Bush is visiting North Carolina for the third time in 2006 and appearing in the Piedmont-Triad for the first time in more than 10 months.

Bush on Wednesday will visit Waldo C. Falkener Elementary School in Guilford County, followed by a closed lunch with community leaders in Randleman. He'll also visit the Victory Junction Gang Camp in Randolph County, which serves children with chronic medical conditions or serious illnesses.

At the elementary school, Bush will speak about the No Child Left Behind Act.

Officials at The White House said Bush will end his visit with a private Republican National Committee dinner at a home in Greensboro.

Bush hasn't appeared in the Piedmont-Triad since December, when he visited Kernersville to talk about the economy and tax relief, among other items. He visited the Deere-Hitachi plant and spoke to about 500 employees and invited guests.

Democrats are speaking out against some of Bush's policies during the president's Wednesday visit.

Rep. Brad Miller called the No Child Left Behind Act one of Bush's "most well-known policy failures." Miller claimed the Bush administration has underfunded the initiative by $40 billion over the last four years, "leaving states with new mandates, but not enough funding."

"I'm pleased President Bush is able to squeeze a visit to a school into his fundraising visit to North Carolina," Miller said in a prepared statement. "But if President Bush really listened to parents and teachers he would know already that without funding to close achievement gaps, No Child Left Behind is just one more mandatory test. His failure to provide the promised funding for education is leaving every child behind."

In July, Bush praised service members in a speech at North Carolina's Fort Bragg. The president told a cheering crowd that U.S. troops will overcome persistent violence in Iraq.

In April, Bush defended his war strategy during a speech at a community college in Charlotte, saying Iraq is the central front in the war on terrorism.

Stay with WXII 12 News and WXII12.com for more on this story.

Bush To Visit N.C., Shotwell To Attend (REIDRVW NC)

By Jennifer Williams

The Reidsville Review (NC), October 18, 2006

Rockingham County Schools Superintendent Rodney Shotwell has plans to attend the presidential address Wednesday at Falkener Elementary in neighboring Guilford County.

"Any time you can see the president of the United States you should," Shotwell said. He said he received an invitation and accepted. Shotwell said the last president he had an opportunity to see was during his college years, when he saw Reagan.

The presidential visit will highlight the success of an at-risk school under the No Child Left Behind legislation. The No Child Left Behind Act of 2001 was one of the first bills President George W. Bush signed into law after coming into office in 2000. Shotwell said the law holds educators accountable for each student.

NCLB tests students and groups their scores by race, gender, socioeconomic status, and special needs. This has exposed some vulnerable areas of public education in Rockingham County Schools. Twelve of Rockingham County's 25 Schools, or 48 percent, met Adequate Yearly Progress during the 2002-2003 school year. Scores improved during the 2003-2004 school year with 20 of 25 schools, or 80 percent, of Rockingham County Schools meeting AYP goals. Scores dipped again in 2005 when 12 of 25, or 48 percent, made AYP. Preliminary scores for the 2005-2006 school year show that 17 of 24 schools, 70.8 percent, met AYP standards. Reading scores for all grades were released in July. High school math scores were released Oct. 5, and remaining math scores will be released early next month. Final AYP results for the county will be available next month after math scores are finalized.

Shotwell said there are positives and negatives to the NCLB legislation.

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"I think it has been effective for what it's trying to do. It forces us to look at all of a school's subgroups," Shotwell said Tuesday. Shotwell and other school board members were pleased with the 2006 increases in AYP scores compared to 2005, but scores also revealed problematic trends. Historically Black students, students with disabilities, and students of low socioeconomic status have performed poorly on AYP examinations in Rockingham County. Under NCLB, if one subgroup does not meet AYP standards it could jeopardize a school meeting the standards. The amount of federal funding a school receives and how it is allocated is dependent upon AYP scores.

"We are addressing all these areas along with total school improvement and this is in great part due to the outcomes in NCLB. Under the North Carolina model we look for growth as a school in each grade level," the superintendent said.

The legislation has posed some funding problems for county schools that are already pressed financially by rising costs of operation and denied funding increases from the county. Shotwell said he would like to see a change in the funding formula under NCLB so that schools would not suffer.

There was a statewide dip in AYP scores. Civics and writing sections were added to end of grade tests and a growth formula was implemented for the first time. The new formula also caused a delay in scores being released.

Staff writer Jennifer Williams can be reached at jwilliams@reidsvillereview.com or (336) 349-4331.

Liking Math Subtracts From Scores, Study Finds (AP)

By Ben Feller

AP, October 18, 2006

Washington - Kids who are turned off by math often say they don't enjoy it, they aren't good at it and they see little point in it. Who knew that could be a formula for success? The nations with the best scores have the least happy, least confident math students, says a study by the Brookings Institution's Brown Center on Education Policy.

Countries reporting higher levels of enjoyment and confidence among math students don't do as well in the subject, the study suggests. The results for the United States hover around the middle of the pack, both in terms of enjoyment and in test scores.

In essence, happiness is overrated, says study author Tom Loveless.

"We might want to focus on the math that kids are learning and just be a little less obsessed with the fact that they have to enjoy every minute of it," said Loveless, who directs the Brown center and serves on a presidential advisory panel on math.

Other countries do better than the United States because they seem to expect more from students, he said. That could also explain why high performers in other nations express less confidence and enjoyment in math. They consider their peer group to be star achievers.

Even efforts to make math relevant may be irrelevant, says the study, released Wednesday.

Nations that try to teach math in terms of daily life have the lowest test scores.

Loveless says pleasing kids comes at the expense of mastering skills.

His findings come from the 2003 Trends in International Mathematics and Science Study, a test of fourth-graders and eighth-graders across the globe. Along with math questions, students were asked whether they enjoyed math and whether they usually did well in it.

The eighth-grade results reflected a common pattern: The 10 nations whose students enjoyed math the most all scored below average. The bottom 10 nations on the scale all excelled.

Japan, Hong Kong and the Netherlands were among those with high scores and lower enjoyment or confidence among students.

Within a given nation, the high-confidence kids did better than their peers.

Enjoying Math Not Always A Plus (USAT)

By Greg Toppo

USA Today, October 18, 2006

All you need is love … unless you're doing algebra. Then you need to work it on out.

DOJ_NMG_0082677

That's the take-away message from a new study with an unusual finding: The more kids like math and say they do well in it, the less likely they are to do well.

The study, being released today by the Brookings Institution, a Washington think tank, finds the starkest difference among eighth-graders around the world who were asked if they enjoy math.

The 10 "happiest" nations all performed below the international average. The 10 "unhappiest" all scored above average, including Sweden, England, Japan, Taiwan, South Korea and the Netherlands.

U.S. eighth-graders fell somewhere in the middle and followed the same pattern. They were slightly unhappier in math than the average 13-year-old, but they performed a bit better than average.

The happiness factor plays a minimal role in math achievement for millions of children, says study author Tom Loveless, who calls the difference in scores "huge" between the happiest and unhappiest nations.

The data suggest simply making math relevant and enjoyable isn't enough, he says. "If we want the United States to be high-achieving and among the world's best nations, obviously we have to do something beyond that."

The findings come as educators fret about math and science skills and five weeks after the National Council of Teachers of Mathematics urged elementary and middle schools to take a more back-to-basics approach.

Such changes have been long sought by traditionalists but criticized by those who say kids must learn creative problem-solving as well as nuts-and-bolts arithmetic, algebra and calculus.

Frank Wang, former chairman of Saxon, an Oklahoma publisher of popular back-to-basics math textbooks, says you can have both.

"You can have fulfillment. You can have satisfaction and esteem building. But it can't be at the price of the fundamentals."

Wang, who is starting an Internet company to bring advanced math to urban students, says mastery takes years of drill and practice. "Whichever way you cut it, there's a certain amount of tedium to the math."

It's odd that many parents frown upon academic drills, but not athletic drills, he says. "No one questions a football coach when he says we have to have two-a-day practices in 100-degree heat. People don't question it because they feel it's a necessary price to win."

The Brookings study, based on the 2003 Trends in International Mathematics and Science Study, a sample of math and science achievement by fourth- and eighth-graders worldwide, found U.S. fourth-graders vary from the global pattern in that they liked math just a bit more than most and performed a bit better.

In general, though, even kids' own conceptions of how well they do in math are a bad indicator of whether their country scores well.

Fourth- and eighth-graders in nations where more kids said, "I usually do well" in math tended to have lower scores. The less likely a kid was to say he or she usually did well, the higher the nation's scores.

What's perhaps most startling: Kids in Singapore, a math powerhouse, didn't regard themselves nearly as highly as those in the USA: 39% of U.S. students said they "usually do well" in math. Only 18% in Singapore said the same.

But the Singapore kids knew much more math than the U.S. kids. In fact, the least confident Singapore students scored higher than the most confident in the USA.

A former sixth-grade teacher, Loveless is renowned for taking a contrarian point of view and backing it up with data.

In 2003, he made headlines by mining recent research and concluding that most U.S. kids do less than one hour a day of homework. At the same time, the media were writing about how homework was overtaking many families' lives.

For Math Students, Self-Esteem Might Not Equal High Scores (WP)

By Jay Mathews

The Washington Post, October 18, 2006

U.S. Lags Behind Countries That Don't Emphasize Self-Regard

It is difficult to get through a day in an American school without hearing maxims such as these: "To succeed, you must believe in yourself," and "To teach, you must relate the subject to the lives of students."

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But the Brookings Institution is reporting today that countries such as the United States that embrace self-esteem, joy and real-world relevance in learning mathematics are lagging behind others that don't promote all that self-regard.

Consider Korea and Japan.

According to the Washington think tank's annual Brown Center report on education, 6 percent of Korean eighth-graders surveyed expressed confidence in their math skills, compared with 39 percent of U.S. eighth-graders. But a respected international math assessment showed Koreans scoring far ahead of their peers in the United States, raising questions about the importance of self-esteem.

In Japan, the report found, 14 percent of math teachers surveyed said they aim to connect lessons to students' lives, compared with 66 percent of U.S. math teachers. Yet the U.S. scores in eighth-grade math trail those of the Japanese, raising similar questions about the importance of practical relevance.

Tom Loveless, the report's author, said that the findings do not mean that student happiness causes low achievement. But he wrote that his analysis of the international math assessment, the 2003 Trends in International Mathematics and Science Study, shows that U.S. schools should not be too quick to assume that happiness is what matters in the classroom.

"It is interesting that people grasp this notion in other areas of self-improvement -- eating healthy foods, getting exercise, saving for retirement -- but when it comes to education, for some reason, the limitations of happiness are forgotten," Loveless wrote.

Several countries in Asia and some in Europe tend to beat the United States in math scores, even though their students show less satisfaction with performance and less love of math, and even though the lessons they receive are less "relevant," the report found.

The report is likely to stoke a debate over teaching math and other subjects that has divided the United States for at least a century. Progressives say that what students choose to study and how they feel about education should matter as much, or more, in the classroom than test results; traditionalists say that gain requires some pain and that tests matter.

Alfie Kohn, a progressive author and lecturer, questioned the findings. "Let me get this straight," Kohn said. "Kids who get higher scores on standardized tests are unhappy and self-doubting, so that means we should question the importance of happiness and self-confidence, rather than the importance of these tests?"

Gerald W. Bracey, an educational psychologist and columnist for the education journal Phi Delta Kappan, said the report overlooked countervailing trends in Japan, Singapore and other countries that do better than the United States on eighth-grade math tests. Officials in those countries say their education systems are not yielding graduates who have the same level of creativity as American graduates. Some Asian nations have begun to copy aspects of U.S. education, including the emphasis on letting students search for answers rather than memorize them.

The Brookings report notes that in most countries, including Korea and the United States, students who like math and think they are good at it have higher math scores than those who don't. Perspective matters, Loveless wrote: Japanese students who would be considered good at the subject if they were in the United States think that they are not so good when compared with their peers in Japan.

The international test results from 2003 and related surveys from 46 countries show that the world's most confident eighth-grade math students are found in the Middle East, Africa and the United States. Of the 10 countries with the highest levels of student confidence, only Israel and the United States scored higher than average on the international test, and their scores were far below those of the much less confident students in Japan, Korea, Hong Kong and Taiwan.

The surveys asked teachers in each country whether they relate math lessons to daily life at least half of the time. In Chile, 87 percent of teachers answered affirmatively, the highest mark on the relevance scale. Japan was at the bottom of the list.

"The more relevant the math, the lower-scoring the nation," Loveless wrote.

Chester E. Finn Jr., president of the D.C.-based Thomas B. Fordham Foundation, said the report shows that schools need not be fun to be effective. "Schools should work on academics, not feelings," Finn said. "True self-esteem, self-confidence and happiness are born of true achievement."

Reid Faces FEC Complaint (HILL)

DOJ_NMG_0082679

By Elana Schor

The Hill, October 18, 2006

Conservative group Citizens United yesterday announced plans to file a complaint with the Federal Election Commission (FEC) about Senate Minority Leader Harry Reid's (D-Nev.) use of campaign funds to contribute to the Christmas fund in his condominium.

Reid, taking heat for his failure to report on annual financial disclosures that he had transferred ownership of land in suburban Las Vegas to a limited liability corporation, said Monday he would reimburse his campaign committee for $3,300 in annual donations to the Ritz-Carlton Christmas fund to stave off any allegations of ethical impropriety.

Citizens United President David Bossie, not satisfied by this, said he would dispute the issue with the FEC.

"Senator Reid knows better than to use political contributions for personal services," Bossie said in a statement. He made waves in conservative circles for his recent call that Speaker Dennis Hastert (R-Ill.) resign in the wake of the former Rep. Mark Foley (R-Fla.) congressional page scandal.

One Democratic leadership aide, firing back at GOP attempts to impugn Reid's record, pointed to a 1992 FEC complaint filed against Bossie by former President George H.W. Bush. That complaint stemmed from a Citizens United ad asking voters to call a phone number that played fake conversations between former President Clinton and alleged mistress Gennifer Flowers.

Reid's office referred requests for comment to Reid's Monday statement on his reimbursement.

Legal Fees Are Drain On Lewis' War Chest (LAT)

By Richard Simon

The Los Angeles Times, October 18, 2006

WASHINGTON — Rep. Jerry Lewis (R-Redlands), the House Appropriations Committee chairman whose ties to lobbyists have come under scrutiny, has spent more than $750,000 from his campaign fund for defense lawyers, according to his latest spending report.

Federal investigators are examining Lewis' association with lobbyists who have secured millions of dollars in congressional earmarks for their clients. Lobbyists and their clients have contributed heavily to Lewis' political war chests, records show.

Lewis has denied any wrongdoing. But the investigation is taking a toll on his campaign treasury.

Legal fees were his single biggest expense for the most recent period: More than $550,000 was paid to the law firm Gibson, Dunn & Crutcher between July 1 and Sept. 30.

And he paid the firm a $200,000 retainer in June.

"Congressman Lewis has availed himself of excellent legal representation so that this matter may be resolved expeditiously while he focuses his efforts on doing the work of the people of the 41st District of California," his spokeswoman, Barbara J. Comstock, said.

"We are confident that Congressman Lewis has honorably served his constituents and that he will be fully exonerated once this investigation is completed," Comstock said, adding that Lewis had cleared the use of campaign funds to pay legal fees with the House Ethics Committee.

His lead lawyers are Robert Bonner, who once headed the U.S. attorney's office in Los Angeles as well as U.S. Customs and Border Protection, and Joseph Warin, a onetime federal prosecutor.

In a twist, U.S. Atty. Debra Wong Yang of Los Angeles, whose office has been investigating Lewis, announced Tuesday that she was resigning her federal job to join Gibson, Dunn & Crutcher. She could not be reached for comment, but a spokeswoman for the law firm said Yang would have "no involvement whatsoever" with Lewis.

Even with the legal fees, Lewis — whose challenger is so little-known and -funded that the congressman hasn't hired a campaign manager or opened a campaign office — entered the home stretch of the campaign with more than $1 million cash on hand, according to his report.

Citizens for Responsibility and Ethics in Washington, a watchdog group that posted Lewis' legal fees on its website, said some of the congressman's donors "work at some of the most prolific lobby shops specializing in federal earmarks."

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Earmarking is the largely secret process that committee chairs and other powerful members of the House and Senate use to insert spending directives into pending legislation without going through the normal budget review process.

The use of earmarks has soared in recent years.

Lewis isn't the only member of Congress who is spending campaign funds for legal fees.

Rep. John T. Doolittle (R-Roseville), whose ties to disgraced lobbyist Jack Abramoff have become an issue in his reelection bid, used more than $38,000 from his campaign funds to pay an attorney to deal with the Justice Department on his behalf.

Doolittle's office said in a statement that the attorney, David Barger, contacted the agency to express "the congressman's willingness to be helpful and satisfy the Justice Department that the congressman had done nothing wrong."

Textile Makers Tap Political Opportunity (WSJ)

By Greg Hitt

The Wall Street Journal, October 18, 2006

As lawmakers hit the home stretch of tight races, textile makers are leveraging voters' economic anxieties to win industry protections and derail free-trade initiatives.

Before Congress left Washington for final campaigning, anxious lawmakers shelved several items that the Bush administration had pushed as part of its trade agenda, but which the textile industry opposed. Now the question for the White House is how to get those efforts back on track -- especially if Democrats, who are traditionally less friendly to free trade, take control of one or both houses of Congress in November's voting.

The textile industry's maneuvering shows how Republican vulnerabilities in midterm elections have created opportunities for some special-interest groups.

Economic unease among voters -- fueled by foreign competition, especially from China, and the loss of U.S. manufacturing jobs -- figures in nearly a dozen close House races in New York, Pennsylvania, Ohio, Indiana and Iowa. Similar forces are roiling important Senate races, especially those for Republican-held seats in Pennsylvania, Missouri and Ohio.

Democrats must pick up six seats to win control of the Senate and 15 for a majority in the House. Amid such thin margins and with economic issues prominent in voters' minds, textile-industry officials and their congressional allies have seized the opportunity to push their own agenda.

"We look for our strategic spots," says Augustine Tantillo, executive director of the American Manufacturing Trade Action Coalition, a textile trade group.

So when Bill Thomas, chairman of the House Ways and Means Committee, introduced a bill Sept. 21 that would give trade preferences to Africa and Haiti, lobbyists for Amtac and the National Council of Textile Organizations, another textile group, swung into action. They were especially worried about provisions in the bill that would allow Haiti to use more foreign-made fabric, such as cheap cloth from China, to make clothes, while still qualifying for duty-free access to the U.S. market.

The groups appealed to Rep. Robin Hayes, a North Carolina Republican, for help. A schoolteacher and former textile worker is running on the Democratic ticket in a closely watched race against Mr. Hayes, who agreed to lead the opposition against the Haiti bill. Mr. Hayes spoke to party leaders, then wrote a letter to Speaker Dennis Hastert arguing that the legislation could expose U.S. workers to "devastating" new competition.

The day before the Sept. 26 vote, lobbyists for the two textile groups took Mr. Hayes's letter and headed to Capitol Hill to rally support among other textile-district lawmakers. Ultimately, 16 Southern Republicans signed on, including Mr. Hayes's North Carolina colleague, Rep. Charles Taylor.

Mr. Taylor has come under criticism from constituents for allegedly failing to record his vote during the 2005 House debate on Mr. Bush's signature free-trade initiative: the Central American Free Trade Agreement.

Mr. Taylor said that his voting card malfunctioned and that he should have been listed in opposition. But his Democratic challenger has seized on the mix-up during the campaign.

Mr. Hayes also has come under scrutiny for his vote on Cafta. The congressman initially voted against the pact, but switched under pressure from Speaker Hastert.

DOJ_NMG_0082681

Cafta squeaked through the House by two votes, including one cast by Mr. Hayes. So when he sent Republican leaders the letter opposing the Haiti bill, they pulled the measure from the floor, congressional aides and lobbyists said.

Hayes spokeswoman Carolyn Hern said the congressman viewed this as an important chance to help a local industry: "You have to capitalize on every opportunity you get."

Textile groups also tapped nervous Republicans to fend off competition from Vietnam. The fight began in May, when the White House backed a plan for the Southeast Asian nation to join the World Trade Organization, the body that oversees the global trading system.

Led by the National Council of Textile Organizations, industry officials raised concerns on Capitol Hill about the potential threat posed by Vietnam. Vietnamese textile imports are tightly controlled, but any import limits would be removed once the country joins the WTO, sparking fears among U.S. producers of a surge in Vietnamese textile imports.

The industry made two important Republican allies in the fight: Sen. Elizabeth Dole of North Carolina and Sen. Lindsey Graham, of South Carolina. Neither is up for re-election this year. But Ms. Dole is leader of her party's bid to retain control of the Senate, and both she and Sen. Graham are mindful of the importance of the Vietnam issue to the textile industry in their states.

The pair pledged to block legislation needed to clear the way for Vietnam to join the WTO, until the Bush administration addressed industry concerns. Tensions heated up after Labor Day, when the White House began pressing for action before Mr. Bush's trip to Hanoi in November. Bush aides held negotiations with Sens. Graham and Dole, along with industry officials, in mid-September, in a bid to end the face-off.

U.S. Trade Representative Susan Schwab and Commerce Secretary Carlos Gutierrez ultimately committed to "systematically monitor" Vietnam imports and initiate enforcement actions if required. Specifically, the government could initiate antidumping duties on imported goods found to have been shipped to the U.S. at below-market prices and to have caused injury to the domestic industry. The U.S. and other countries have moved to check Chinese textile imports following the end of a global textile quota system.

Republican leaders now hope to vote on the Vietnam legislation in a lame-duck congressional session before Mr. Bush departs for Hanoi.

Laura Jones, executive director of the U.S. Association of Importers of Textiles and Apparel, a group representing J.C. Penney Co. and other large retailers, has decried what she describes as the "secret deal" between the industry and the administration.

"This is much bigger than Vietnam," she said, adding that the administration's eagerness to bargain will encourage only more political gamesmanship. "Anyone can be held hostage," she said.

Textile makers and lawmakers agree the administration commitment has wider implications -- but for different reasons.

"In South Carolina and North Carolina, this is just a huge deal," said Greg Gross, Sen. Dole's chief of staff. He suggested she had an eye on the larger significance of the case. "The textile issue resonates more broadly, as a sign of problems occurring in [other] parts of the country," Mr. Gross said.

OTHER NEWS:

Wholesale Prices Fell Last Month (USAT)

By Barbara Hagenbaugh

USA Today, October 18, 2006

WASHINGTON — Wholesale prices fell in September at the fastest pace in more than three years as energy costs plunged, the government said Tuesday in a report that offered some assurances that inflation is easing.

The producer price index, which measures prices paid to factories, farmers and other producers, fell 1.3% in September. That was the first drop since February and the biggest decline since April 2003, the Labor Department said.

The falloff in September was led by a dramatic drop in energy costs. Gasoline prices fell a record 22.2% last month, while costs for heating oil and natural gas also declined.

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Excluding food and energy costs, which are often volatile, wholesale prices rose 0.6% in September, the biggest increase since January 2005. The gain was largely attributed to a sharp increase in prices for cars and trucks as automakers were cutting sales incentives, which are factored into vehicle prices at the wholesale level. Such a gain is unlikely to be repeated, says William Hummer, chief economist at Wayne Hummer Investments.

"I don't think we have to worry about the automotive industry being a source of inflation," he says. "It's a blip."

Investors reacted negatively. The Dow Jones industrial average fell 30.58 points to 11,950.02.

The inflation numbers came out a week before Federal Reserve policymakers are scheduled to discuss interest rates. Fed Chairman Ben Bernanke and his colleagues are expected to leave their target for short-term interest rates, which influence borrowing costs across the economy, at 5.25% at the conclusion of their two-day meeting Oct. 25.

With the economy slowing and inflation showing signs of moderating, the Fed will be sitting on the sidelines for some time, predicts Keitaro Matsuda, senior economist at Union Bank of California.

"The Fed can keep rates stable and watch what is happening," says Matsuda, who expects the Fed's next move will be a cut in the second half of 2007.

Data on inflation at the consumer level will be released today. In other economic news Tuesday, the Fed said industrial production fell 0.6% in September as a drop in output at factories and utilities more than offset a rise in production at mines. The drop was the steepest in a year.

Wholesale Prices Fall, But Some Signs Of Inflation Persist (NYT)

By Jeremy W. Peters

The New York Times, October 18, 2006

A sharp drop in the price of gasoline helped push wholesale prices down in September at the fastest pace in three years, the Labor Department reported yesterday.

The Producer Price Index, a measure of what businesses charge one another for finished goods, fell 1.3 percent in September. It has risen in all but two month so far this year.

That bit of good news in the government report masked some unexpected signs of higher inflation. When the volatile prices of energy and food are omitted, the core index of producer prices — an inflation measure watched by economists and the Federal Reserve — increased more than expected in September, pushed up mainly by higher automobile prices.

The 0.6 percent rise in the core index, which was the largest month-to-month jump in nearly two years, helped sour what was shaping up to be a record-setting day yesterday on Wall Street. On Monday, the Dow Jones industrial average flirted with 12,000. But yesterday, stocks fell as the mixed report on producer prices overshadowed strong corporate profits from Merrill Lynch, Johnson & Johnson and others. [Page C12.]

The bond market, however, had the opposite reaction. Bond prices rose yesterday while yields fell, a sign that traders did not think the rise in core producer prices would be a concern in the months ahead.

Wall Street had not expected the Labor Department report to show such elevated core prices. Economists had forecast a 0.2 percent increase in the core index for September. By contrast, the overall index, including food and energy, fell 1.3 percent last month, more than in any month since mid-2003.

Despite that decline, the core-index figures raised a question of whether inflation has started to moderate, as some other statistics had suggested. It may also dampen expectations that the Fed will lower interest rates any time soon.

"This is a warning for economic forecasters not too get too sanguine," said Gregory L. Miller, chief economist of SunTrust Banks. "Sometimes we get these indicators that remind us we're not in control."

On Wednesday, the Labor Department will release another barometer of inflation, the Consumer Price Index. Economists expect September's data will show a 0.2 percent rise in the core rate, according to a survey by Bloomberg News. That would mean that inflation is running well above a level that Fed members have said they consider healthy.

In the last two months, the Fed has stopped tightening monetary policy and has held its benchmark short-term federal funds rate at 5.25 percent. With the economy slowing, many economists and investors have been betting that the Fed may cut rates in the foreseeable future.

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A fresh sign that the economy is cooling came yesterday, when the Commerce Department reported that industrial production unexpectedly fell 0.6 percent in September.

Still, members of the Federal Reserve's policy-setting Open Markets Committee, including the Fed's chairman, Ben S. Bernanke, have said they remain concerned about rising prices. And minutes from their Sept. 20 meeting, released last week, show that uncertainty over inflation was a subject of much discussion at the Fed.

Economists noted that the September jump in the core index of producer prices was largely a result of rising auto prices and was probably not a major concern. Reversing a recent downward trend, auto prices rose in September at the fastest rate in 15 years. That added more volatility to the index, whose fits and starts from month to month can make reading the broader trend difficult.

"Once you sort through the noise, there's very little inflation," said Joshua Shapiro, chief United States economist with MFR. "Just as last month's numbers didn't tell you we're having significant deflation at the core producer level, this month's number doesn't tell you the opposite."

Data Revive Fears Of US Hard Landing (FT)

By Jamie Chisholm In London

Financial Times, October 18, 2006

Fears that the US economy may yet experience a hard landing were revived on Tuesday after a report showed industrial production in September fell by much more than expected.

Stocks tumbled after traders digested the news that output in the manufacturing, mining and utilities sector contracted by 0.6 per cent against forecasts for a decline of 0.1 per cent.

"One soft month does not make a trend – it could be a seasonal fluke – but this is a surprise," said Ian Shepherdson at High-Frequency Economics.

The Federal Reserve said utility company output fell 4.4 per cent, a drop that partly reflected reduced demand for air conditioners. Manufacturing output fell 0.3 per cent, while mining expanded by 0.7 per cent.

However, with the industrial sector accounting for only about 15 per cent of US GDP, and the monthly numbers considered erratic, some commentators were more sanguine.

John Silvia of Wachovia said that while industrial production had risen by 3.6 per cent in the past three months, compared to a gain of 5.2 per cent on a year-on-year: "There is very little evidence to support talk of recession but our case for moderation remains."

Nevertheless, treasury yields fell as Wall Street calculated that the disappointing data increased the likelihood of the Fed delivering a cut in interest rates.

Bonds also received a boost from a report that showed producer prices fell by 1.3 per cent in September, the biggest decline in more than three years as gasoline prices dropped sharply.

This was a far greater fall than forecast but optimism was tempered by the news that factory gate inflation, which excludes energy and food prices, recorded an above forecast increase of 0.6 per cent.

Output, Pricing Data Indicate A Cooling Economy (WSJ)

By Christopher Conkey

The Wall Street Journal, October 18, 2006

A drop in the nation's factory output last month and lower wholesale prices suggest a cooling U.S. economy in which inflationary pressures are easing, a combination that could keep the Federal Reserve from changing interest rates anytime soon.

Output at the nation's factories, mines and utilities fell 0.6% in September after a flat performance in August, the Federal Reserve reported. The decline was particularly sharp at utilities, which produced less power than usual because of mild weather. Many manufacturing industries also ramped down production because of weaker demand for cars and houses.

The Labor Department, meanwhile, said a big drop in oil prices pushed wholesale prices down 1.3% in September, the first time producers of food, energy and materials have seen prices fall since February. Prices excluding food and energy -- so-called core producer prices -- rose 0.6% in September after falling the two previous months, largely because of volatility in the

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auto sector as summer incentives expired. Nonetheless, core prices fell at an annual rate of 0.3% in the third quarter after rising in the previous two quarters at 2.3% and 3.9% rates, respectively.

The two reports point to relief on the inflation front. That is the outcome Fed policy makers hoped to achieve when they stopped their two-year campaign of interest-rate increases in August, and many economists say policy makers will leave the federal-funds rate at 5.25% for the rest of the year.

"It would be absurd to think the Fed would tighten monetary policy after a number such as [this]" on industrial production, said Roger Kubarych, senior economic adviser for HVB America. "Unless there is a quick turnaround in the next couple months, it is more likely than before that the first easing move will come in early 2007," he said.

On Monday, San Francisco Fed President Janet Yellen said it makes sense to keep rates steady "for a time" as the impact from past rate increases fully sinks in.

Economists had expected an oil-induced decline in producer prices last month, and many expect the Labor Department today to report that consumer prices also fell last month. A report on new-home construction today may also provide a telling indication of the economy's strength.

With the nation's housing-market slumping, home builders have scaled back construction to reduce excess inventory. Auto makers are in a similar situation, cutting production schedules and reducing their work forces. The struggles in both sectors contributed to the weaker reading on industrial production last month.

"Housing and motor-vehicle activity is clearly declining and these industries will have very poor fourth-quarter performances," said Daniel Meckstroth, chief economist at the Manufacturers Alliance/MAPI. He said weaker demand for cars, houses and other big-ticket items, coupled with excessive inventory levels, is "a recipe for a period of slow industrial growth."

Separately, the National Association of Home Builders said its index of home-builder sentiment rose slightly to 31 in October from 30 in September. Readings on current conditions remained bleak, but assessments of future sales conditions improved somewhat.

NAHB President David Pressly, a home builder in Statesville, N.C., said that more than 75% of the association's builders are offering "substantial" sales incentives to limit cancellations but said conditions may soon improve. "The market correction appears to be approaching the bottom in terms of sales volume, and we expect the supply-demand balance to improve considerably before long," he said.

Dow Industrials Retreat In Their 12000 Quest (WSJ)

By Serena Ng

The Wall Street Journal, October 18, 2006

After edging toward a new milestone early in the week, the Dow Jones Industrial Average pulled back as investors took pause and grappled with mixed inflation news.

The Dow, which closed Monday less than 20 points from the 12000 mark, fell more than 90 points early yesterday, then recouped some of the losses in the afternoon. It ended down 30.58 points, or 0.26%, at 11950.02 -- still up 11.5% this year.

The Labor Department said its producer-price index, which tracks wholesale-goods prices, declined 1.3% in September, more than economists had estimated. But higher car prices caused the "core" price index, which excludes volatile food and energy items, to rise 0.6%, more than expected. "The numbers were neither good nor bad, but they left the feeling that inflation is still an issue," said Jim Paulsen, chief investment officer at Wells Capital Management.

The market will get another reading on inflation today: the consumer-price index. It could behave in a similar fashion, with the headline being pushed down by lower energy prices and higher prices showing up elsewhere.

Treasury bonds rallied early in the day, then gave up most of the gains when stocks rebounded.

The broad Standard & Poor's 500-stock index slipped 0.37%, or five points, to 1364.05 and is up 9.3% this year. The Nasdaq Composite Index fell 0.8%, or 18.89 points, to 2344.95.

"Stocks have had a very strong run and were probably a little overbought" heading into Tuesday, said Brian Reynolds, chief market strategist at M.S. Howells. "Inflation is not a problem fundamentally, but psychologically, it's caused some huge whipsaws in the mind-sets of stock traders."

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Shares of Chicago Mercantile Exchange Holdings and Chicago Board of Trade parent CBOT Holdings jumped 2.6% and 13%, respectively, after the exchanges said they would merge.

In major U.S. market action:

Stocks fell; bonds rose. The 10-year note gained 3/32, or 93.8 cents for each $1,000 invested, pushing the yield down to 4.774%.

The dollar weakened, to 118.86 yen from 119.12 yen. The euro rose against it to $1.2548 from $1.2532.

Elder Bush Calls Economy Strong But Consumers Unsure (DMN)

By Karen Robinson-jacobs

The Dallas Morning News, October 18, 2006

Former President George Bush said Tuesday that although he believes the U.S. economy is strong, he's worried that the average citizen might not be getting that message.

Speaking at a restaurant industry conference in Dallas, Mr. Bush pointed to third-quarter earnings gains, robust growth in the gross domestic product and "unemployment that has fallen to good levels."

"The unmistakable picture that those statistics mean to me is that the economy is strong," the 41st president told attendees of the Multi-Unit Foodservice Operators conference, who gave him a standing ovation when he entered the room.

"There is a concerted effort to make it appear that the economy is bad," said Mr. Bush, the father of President George W. Bush.

The economy is a key concern to the restaurant industry, especially the casual-dining segment, which includes Dallas-based Brinker International Inc. and Carlson Restaurants Worldwide, which owns the T.G.I. Friday's brand.

That segment, more so than the fast-food sector, has suffered as consumers cut back due to higher energy costs and rising interest rates.

The former president, a Republican who lost his bid for re-election in 1992 to Democrat Bill Clinton, was mindful of the impact of economic perceptions .

"The economy had gotten a lot better," he said of the period during his final campaign. "I wasn't a good enough communicator.

"The perception of the economy is what controls the election," he said. "The economy will ultimately determine the outcome of the election."

Mr. Bush joked that for eight years after leaving office, he avoided publicly criticizing the next presidential administration.

"I've obviously extended that same courtesy to the current president," he said.

Although Mr. Bush's speech touched briefly on food themes – mostly to joke about his wife cooking fish – it was his comments about a partnership with Mr. Clinton that seemed to connect with many audience members.

Speaking of the work the two are doing to raise money for victims of floods, hurricanes and other natural disasters, Mr. Bush compared Mr. Clinton's energy level to that of the Energizer bunny, adding, "It's been a joy working with him."

Talk Of Raising Gas Tax Is Just That (WP)

By Steven Mufson

The Washington Post, October 18, 2006

There might be a simple way to trim U.S. oil imports, reduce greenhouse-gas emissions, encourage alternatives to petroleum and ease world energy shortages.

The method: raising taxes on gasoline or crude oil. Economists and policy experts across the political spectrum think it's a good idea. And with gasoline prices falling, now might be the perfect time to do it without eliciting cries of pain from U.S. drivers who have become somewhat accustomed to high fuel prices.

But on the long road to a new energy policy, the idea of a higher gasoline or crude-oil tax is just another bit of roadkill.

Because of the thorny politics of raising taxes, the 18.4-cent-per-gallon federal gas levy hasn't changed since Oct. 1, 1993. And few policy experts expect a higher tax soon.

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"We know the broad contours of some things that have to happen," said Douglas Holtz-Eakin, former director of the Congressional Budget Office who is now at the Council on Foreign Relations. "You have to price oil on a permanent basis to provide incentives to shift away from it. It's the key issue -- and the hardest one to make progress on."

Leon E. Panetta, a former congressman and President Bill Clinton's first budget director, sees things the same way.

"I don't think there's any question that as a matter of policy it makes a lot of sense to move in that direction," he said. "But politically it's a very high hurdle to get over."

Panetta knows from experience. When Clinton took office, Vice President Al Gore argued for a big gas-tax increase to promote conservation, and many administration members agreed, Panetta recalled. But, he said, "there were also those like Treasury Secretary [Lloyd] Bentsen who said, 'Are you out of your mind?' "

By the time Congress was done, what started out as a 50-cent-a-gallon proposal ended up as a 4.3-cent-a-gallon increase. Since then, just to keep up with inflation, the tax would have had to rise 6 cents, but it hasn't budged.

Many economists support oil taxes because otherwise the prices paid by consumers do not include costs -- such as pollution -- that society pays separately. Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) has estimated that the U.S. military cost of protecting Middle East oil supplies runs around $50 billion a year.

Such hidden costs were called "externalities" by the British economist Arthur Pigou. N. Gregory Mankiw, an economics professor at Harvard University and former chairman of President Bush's Council of Economic Advisers, has created his own Pigou Club, which he describes as "an elite group of economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes." But the club exists only on his Web site.

One member is Kenneth S. Rogoff, a Harvard economics professor and former chief economist of the International Monetary Fund. "A sharp hike in energy taxes on gasoline and other fossil fuels would not only help improve the government's balance sheet, but it would also be a way to start addressing global warming," Rogoff wrote before the IMF and World Bank meetings in Singapore last month. "What better way for new U.S. Treasury Secretary Hank Paulson, a card-carrying environmentalist, to make a dramatic entrance onto the world policy stage?"

But for now, Paulson has left a gasoline tax increase waiting in the wings.

One illustration of political gridlock on the issue is a new Council on Foreign Relations task force report on how U.S. dependence on oil imports undermines U.S. foreign policy. The group agreed that there is a big problem but couldn't agree on how to curb gasoline consumption.

The report listed three approaches: raising gasoline taxes; setting tougher automobile fuel-economy standards; and imposing a nationwide ceiling on gasoline consumption, with people allowed to buy and sell rights to use more than their annual allotments.

"No strategy will be effective without higher prices for transportation fuels or regulatory incentives to use more-efficient vehicles," the report said. But the task force didn't say which of the three it favored and it didn't say how much a tax might be.

Holtz-Eakin, a member of the group, said new efficiency standards would have a delayed effect on consumption because it takes time for auto companies to retool and for people to buy new cars. A higher gasoline tax would have an immediate as well as a long-term effect.

But other members of the group, including Martin S. Feldstein, a Harvard economics professor who was chairman of President Ronald Reagan's Council of Economic Advisers, and Charles J. DiBona, former president of the American Petroleum Institute, vigorously oppose gasoline taxes.

"It was not possible to get a consensus," said James R. Schlesinger, a co-chairman of the task force.

Schlesinger, who favors a tax on imported oil, said, "I still have some black and blue marks from 30 years ago," when he was energy secretary for President Jimmy Carter, who proposed a 50-cent increase in federal gasoline taxes. "We were laughed out of the Senate," Schlesinger recalled.

A one-cent federal gas tax was first imposed in 1932. An increase to 9 cents a gallon from 4 cents a gallon was approved by Reagan on Jan. 6, 1983. On Nov. 5, 1990, a reluctant President George H. W. Bush signed a deficit-reduction compromise with the Democratic-controlled Congress that increased the federal gas tax by 5 cents. The budget bill of 1993, signed by Clinton, increased the tax to its current level.

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The politics of a gasoline tax involve two key issues: what to do with the money and how to address the fairness of the tax.

Most of the tax goes to a trust fund used to build highways, which advocacy groups say undermines conservation goals by encouraging more driving. Energy-policy experts say any extra tax money could be used to promote alternative energy or energy-efficiency programs. Because a gasoline tax, like a sales tax, disproportionately hurts low-income people, who pay a larger percentage of their earnings for basics such as fuel, other experts argue that the additional money should be used to give offsetting tax breaks to low-income families.

This year, some new proposals have emerged for limiting gasoline consumption. Lugar has proposed that the government set a $45-a-barrel price floor for crude oil, partly to encourage investment in alternatives such as ethanol.

Feldstein favors giving every adult credits on a debit card but capping the overall consumption level. People could sell spare credits or buy them as needed. Oil companies would be clearinghouses for the program.

Mankiw responded online: "Do we need to create a new administrative bureaucracy because politicians are afraid to use the word 'tax'? I hope not."

Curing The World's Oil Addiction (LAT)

The Los Angeles Times, October 18, 2006

THE FIRST STEP TOWARD CURING an addiction is to admit its existence. So it was encouraging when President Bush admitted in January that "America is addicted to oil." But America hasn't been good about going to recovery meetings — which makes it harder for the U.S. to get the world's other oil addicts to go too.

For China, India, Japan and every other industrial nation, a steady supply of oil is essential to economic growth. And as competition for oil increases, so does the temptation to make it the focus of foreign policy. Bush has warned against the hazards of this approach, and U.S. history — especially in the Middle East — is a catalog of its dangers. But he'd be more convincing, to Americans and other world leaders, if his policy more closely matched his rhetoric.

Now other nations are beginning to do as the U.S. does, not as it says. China has an $8-billion investment in Sudan's oil sector, for example, which helps explain why it turns a blind eye while the thugs who run Sudan ravage Darfur. The argument used to be that as China's economy became more integrated with the world's, it would become a more responsible player in world affairs. This was half right. For the most part, ideology has given way to pragmatism in Chinese foreign policy. Beijing tries to avoid conflict with its biggest trading partner, the United States.

But this same pragmatism also leads China to pursue other policy goals at odds with the U.S. China professes to be genuinely worried about nuclear proliferation, for instance, yet U.S. diplomats have made no headway in persuading Beijing to back U.N. sanctions against Tehran. Perhaps not coincidentally, China imports 11.5% of its oil from Iran and is considering investing at least $70 billion to get more.

And it's not just China competing for oil. Energy-poor Japan is highly dependent on Middle East oil and so was cool toward Israel for decades (relations are better now, but still low-key). India, meanwhile, with 17% of the world's population and just 0.8% of known oil and gas reserves, is also racing to secure supplies. It hosted Venezuelan President (and Bush nemesis) Hugo Chavez last year and signed an oil deal with Venezuela. South Korea gets a third of its oil from Saudi Arabia and is trying to hedge its bets by investing in fields from Venezuela to Vietnam.

The rise of Asian powers — and their pursuit of policies designed to secure a steady supply of oil — is a geopolitical watershed, albeit a predictable one. Even if the U.S. were to reduce its oil dependency, its ability to act multilaterally could be constrained by the energy arrangements of other nations.

For these and other reasons, the development of alternative energy technologies that can reduce demand at home and be exported abroad is both an economic necessity and a national security priority. It's far too important to be left to the environmentalists — or the states, the lobbyists (for nuclear power or ethanol) or even to philanthropists such as Richard Branson. In our globalized economies, lasting peace is unlikely without energy security.

An Oil Habit America Cannot Break (WP)

By Robert J. Samuelson

The Washington Post, October 18, 2006

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"Americans can always be counted on to do the right thing . . . after they have exhausted all other possibilities."

-- widely attributed to

Winston Churchill

On energy, we're disproving even this cynical axiom. Our main energy problem is our huge dependence on imported oil.

For years, some remedies have been obvious: Tax oil heavily to spur Americans to buy more fuel-efficient vehicles and to drive a bit less, raise sharply the government's fuel economy standards so those vehicles are available, and allow more oil and gas drilling. In recent years, we've done none of these things. It's doubtful we will anytime soon. "Other possibilities" seem inexhaustible.

Under present policies, U.S. oil demand will expand 34 percent by 2030, the Energy Department projects. There will be more people, cars, planes and travel. Imports would satisfy all of the increase. We should try to prevent or minimize that. With China and India's oil demand increasing, American restraint would relax pressure on prices and reduce oil's usefulness as a political weapon. Consuming 25 percent of world oil, we're hardly powerless. But instead of doing what we might, we're awash in delusions.

Item: As gasoline prices have receded from $3 a gallon, many Americans attribute the decline to politics. In one Gallup poll, 42 percent of respondents said the Bush administration had manipulated prices to improve Republican prospects in congressional elections. Gee, if the White House could fix prices so easily, why let them rise in the first place? (The drop reflects small shifts in supply and demand: an end to summer driving, high oil inventories and fading fears that Iran will cut supplies.) Item: We're still enthralled by energy "independence" even though -- as a new report from the Council on Foreign Relations makes clear -- it's impossible for "at least several decades." In 1973, President Richard Nixon announced Project Independence, which was to eliminate oil imports by 1980. In 1973, the United States had net oil imports of 6 million barrels a day, 35 percent of our consumption. In 2006, net imports average 12.4 million barrels a day, or 60 percent of use. Nixon's advisers warned him that his goal was unattainable. In the foreseeable future, it still is. Anyone suggesting otherwise is misinformed or dishonest.

No plausible combination of alternative fuels or "conservation" can soon substitute for all that imported oil. Even if that weren't true, many other countries -- most of the world economy to which we are tightly tied -- would remain dependent on oil imports. So we'd be hostage indirectly.

The problem is not that the world will soon run out of oil. Global oil use now totals 31 billion barrels annually. Proven oil reserves are about 1.3 trillion barrels, reports Oil & Gas Journal. That's 42 years of supply at present consumption rates. Yes, consumption is rising -- but more oil will be found. Even when it's all gone, other hydrocarbon deposits can be, at higher prices, converted into oil. John Hofmeister, president of Shell Oil, claims that the oil shale in Colorado amounts to another 1 trillion barrels and that Canada's oil sands total 1.3 trillion barrels. Indeed, the oil sands are already producing.

The problem is not even imports. It is that most imports come from countries that are potentially insecure, unstable or hostile. More than 700 billion barrels of reserves, slightly more than half, lie in the Persian Gulf; 80 billion are in Venezuela, 76 billion in the former Soviet Union, 39 billion in Libya. New exploration in these countries is difficult; supply interruptions are an ever-present threat.

Unfortunately, the steps we should take involve immediate political costs -- they'd be unpopular -- while the benefits would emerge slowly and seem modest. Suppose, for example, we opened coastal areas and parts of Alaska, including the Arctic National Wildlife Refuge, to drilling. U.S. oil and natural gas production would rise. But the increases would occur only after five or 10 years, and they might merely offset declines in existing U.S. fields. To a casual observer, the benefit would be barely visible.

Or imagine we raised the government's fuel economy standards for new vehicles -- say, from 27.5 miles per gallon for cars to 40 mpg. Because factories can't be converted instantly, the shift would be spread over 10 to 20 years. Replacing today's more than 225 million cars and light trucks would also be gradual and hardly perceptible. We'd also need a tax on fuel of at least $1 to $2 a gallon. Without mandated higher fuel prices, many Americans wouldn't buy more efficient vehicles. They'd recondition bigger sport-utility vehicles and sedans to keep them running. Or more driving would offset potential fuel savings. With low fuel prices in the 1990s, average annual driving per car rose about 1,500 miles, to almost 12,000.

So we probably won't do much about our oil habit. Any realistic proposal would ignite a firestorm of protest. Environmentalists would denounce more drilling. Auto companies would protest new fuel economy standards. Most important,

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the public would denounce a steep energy tax, even if it were introduced gradually with most proceeds rebated by lowering other taxes (as is desirable). And these unpleasant steps would merely reduce our dependence from what it would otherwise be. It's a hard case to make.

Because Americans want painless salvation, our politicians proffer visions that promise just that: a shift to hydrogen fuel or a surge in ethanol. The first may be futuristic wishful thinking; the second is mainly a costly giveaway to farmers. Both are deceptions, new excuses not to do the "right thing."

Some Seeing Red Over Red-light Tickets (USAT)

By Laura Parker

USA Today, October 18, 2006

Cameras that snap photos of motorists running red lights have been upheld as constitutional by courts in five states and Washington, D.C., but some car owners refuse to concede defeat and are continuing to challenge them.

Red-light cameras — in use in more than 100 cities, according to the Insurance Institute for Highway Safety — have set off furious resistance in many of the cities where they have been installed.

Now it's the city of Chicago's turn. Three Chicago-area car owners are suing the city, which the trio claims ticketed each of them for running red lights even though none of them was at the wheel.

In a class-action lawsuit, Parveen Idris of Bloomingdale and two other plaintiffs say the city's ticketing program is unconstitutional because it cranks out $90 tickets to vehicle owners no matter who is driving the car.

“I have gotten a lot of calls,” says Robert Holstein, one of two attorneys who filed the suit. “People are irate. They weren't driving their vehicle, and they have no way to defend themselves.”

Idris says in the lawsuit she was traveling in Turkey at the time her car was photographed running a red light and she received the ticket in the mail.

Jennifer Hoyle, a spokeswoman for the city's Law Department, says the city expects to prevail in court because other city ordinances that are similarly enforced have survived court challenges.

Opponents in some cities have claimed they were denied their constitutionally protected right to due process because the red-light program presumes — as it does in Chicago— that the vehicle owner is the driver at the time the violation occurs.

State courts in Colorado, Oregon, North Carolina, Iowa and California, as well as the U.S. 9th Circuit Court of Appeals and the Superior Court in Washington, D.C., have rejected constitutional challenges to the cameras.

Hoyle compared the red-light tickets to parking tickets, which also are issued to vehicle owners even though the city doesn't know who parked the car.

“As a vehicle owner you have a responsibility to ensure you are not lending your car to someone who will use it illegally,” Hoyle says.

She added that red-light tickets, like parking tickets, are considered by the city to be “administrative tickets,” not moving violations, and can be paid by mail. “It's not something that you have to go to traffic court for. It doesn't count against your driving record as a moving violation,” she says.

Red-light cameras have been credited with reducing front and side crashes by 25%, according to a Federal Highway Administration study last year, but rear-end crashes were found to have increased 15%.

Richard Retting, a spokesman for the Insurance Institute for Highway Safety, says some courts have required cities to revise how red-light programs are administered.

In Chicago, opponents also object to the way that the program is operated.

“It's not the camera,” Holstein says. “It's that the ordinance doesn't charge the driver and strips the owner of any defense.” Holstein says Chicago has collected more than $90 million in fines. The suit asks that the fines be refunded in cases in which the car owner was not driving when the offense occurred.

Yes On All Judges (LAT)

The Los Angeles Times, October 18, 2006

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TWO OF CALIFORNIA'S SEVEN Supreme Court justices are up for retention this year. Carol A. Corrigan was appointed by Gov. Arnold Schwarzenegger in January and is facing voters for the first time. Joyce L. Kennard was appointed by former Gov. George Deukmejian in 1989 and has weathered previous elections. Both of these excellent jurists should be retained.

Corrigan is a centrist former Democrat, now a Republican, who led an effort to turn standard legalese jury instructions into more understandable English. A former prosecutor and trial judge, she has written well-reasoned and carefully crafted judicial opinions, and her appointment has moved the court of six Republicans and one Democrat further to the center. Kennard had been a Los Angeles Superior Court judge and state Court of Appeal justice. Tough and probing in oral argument, she writes opinions that are both principled and pragmatic.

California's up-or-down vote on appellate justices is meant to balance judicial independence with public oversight. It doesn't always work out that way; justices tend to either be rubber-stamped at the ballot box or targeted for defeat by single-issue activists. In 1986, voters ousted Chief Justice Rose Bird and associate justices Joseph Grodin and Cruz Reynoso after a campaign focusing on their rulings to delay executions or overturn death sentences. No justices have been tossed out since, but not for lack of trying.

A more subtle danger to the courts' integrity is voters who fail to read up on the justices or, worse, flippantly vote no because of any one of a number of specious reasons. But judicial independence depends on citizens learning as much as possible about the courts and the justices.

California's Court of Appeal is an intermediate court divided into six geographic districts. Justices of the 2nd District hear appeals from trial courts in Los Angeles, Ventura, Santa Barbara and San Luis Obispo counties. The following justices are on the ballot, have served with distinction and deserve a "yes" vote: Robert M. Mallano, Frances Rothschild, Roger W. Boren, Victoria M. Chavez, Patti S. Kitching, Richard D. Aldrich, Norman L. Epstein, Thomas L. Willhite, Nora M. Manella, Steve Suzukawa, Richard M. Mosk, Sandy R. Kriegler, Arthur Gilbert, Dennis M. Perluss, Fred Woods, Laurie D. Zelon, Candace D. Cooper and Madeleine Flier.

For Los Angeles Superior Court, four offices offer voters a choice. For Office No. 8, Bob Henry, a California deputy attorney general, has broad experience in criminal and civil law. For Office No. 18, Daviann Mitchell is a former police officer who now prosecutes gang crimes as a Los Angeles deputy district attorney. Two other current deputy district attorneys also deserve to be elected: Hayden Zacky for Office No. 102 and David W. Stuart for Office No. 144.

Bad Drug Reactions Send 700,000 To ER Each Year (WT/AP)

By Lindsey Tanner, Associated Press

The Washington Times, October 18, 2006

CHICAGO -- Harmful reactions to some of the most widely used medicines -- from insulin to a common antibiotic -- sent more than 700,000 Americans to emergency rooms each year, landmark government research shows.

Accidental overdoses and allergic reactions to prescription drugs were the most frequent cause of serious illnesses, according to the study, the first to reveal the nationwide scope of the problem. People older than 65 faced the greatest risks.

"This is an important study because it reinforces the really substantial risks that there are in everyday use of drugs," said patient-safety specialist Bruce Lambert, a professor at the University of Illinois at Chicago's college of pharmacy.

Even so, the study authors and other experts agreed that the 700,000 estimate was conservative because severe drug reactions can often be misdiagnosed.

The study found that a small group of pharmaceutical mainstays was most commonly implicated, including insulin for diabetes; warfarin for clotting problems; and amoxicillin, a penicillinlike antibiotic used for all kinds of infections.

"These are old drugs, which are known to be extremely effective. We could not and would not want to live without them. But you've got to get the dose exactly right," Mr. Lambert said. He was not involved in the research.

Those 65 and older faced more than double the risk of requiring emergency-room treatment and were nearly seven times more likely to be admitted to the hospital than younger patients.

The results, from 2004 to '05, represent the first two years of data from a national surveillance project on outpatient drug safety. The project was developed by the federal Centers for Disease Control and Prevention, the Food and Drug Administration

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and the U.S. Consumer Product Safety Commission. The study was published in today's Journal of the American Medical Association.

The database included 63 nationally representative hospitals that reported 21,298 severe drug reactions among U.S. adults and children treated in emergency rooms during the two-year period. The tally is based on what emergency-room doctors said were complications from using prescription drugs, over-the-counter medicines, dietary supplements or herbal treatments.

The researchers said that when those numbers are extrapolated, it brings the total to 701,547 complications nationwide each year.

"Experts had thought that severe outpatient drug events were common, but no one really had good numbers" until now, said lead author Dr. Daniel Budnitz, a CDC researcher.

Complications included diabetics on insulin passing out from low blood sugar, excessive bleeding in patients on warfarin, and severe skin rashes in patients taking amoxicillin. Drug reactions were severe enough to require hospitalization in about 17 percent of patients.

"The numbers are quite troubling," said Jim Conway, senior vice president at the Institute for Healthcare Improvement. The tally underscores that "there is a tremendous number of consumers in the United States taking medication."

Blue Cross Settling Patients' Lawsuits (LAT)

By Lisa Girion, Times Staff Writer

The Los Angeles Times, October 18, 2006

The big insurer, accused of illegally canceling some policies, agrees to pay its ex-customers.

Facing the threat of punishment from regulators, Blue Cross of California has agreed to settle more than 70 lawsuits and claims filed by patients who accused the state's largest health insurer of illegally canceling their coverage after they got sick.

The settlements will allow the former policyholders to pay hefty medical bills that they were stuck with after losing their insurance.

Lawyers involved in the cases, who confirmed that they had been resolved, said the dollar amounts of the settlements were confidential.

In exchange for the money, the patients agreed to drop allegations that Blue Cross had terminated their coverage to avoid paying for treatment.

The accords could be part of an effort by Blue Cross to deflect public criticism, mollify regulators and avoid courtroom showdowns, although critics say the insurer still needs to reform its practices.

State regulators have fined Blue Cross in one case of canceled coverage, and more sanctions are expected.

Blue Cross, owned by Indianapolis-based WellPoint Inc., the nation's largest provider of health benefits, maintained that it was following the law. It declined to comment on the suits, saying talks to settle them were confidential.

William Shernoff, a Claremont lawyer representing many of the plaintiffs, said his clients wouldn't have to worry about medical bills ever again.

"Every one of our clients is pleased," he said. "But that's only half the story. The other half of the story is making sure it doesn't happen again and getting the right procedures in place."

The settlements follow a series of Times stories examining the cancellations and the hardships they caused for patients, their families, hospitals and physicians. Among those agreeing to settlements is a Riverside couple, described in a Sept. 17 article, who were forced to put their home up for sale after they were hit with a mountain of medical bills. Another settlement accord involves the family of a 6-year-old Murrieta girl, also described in the article, who was dropped by the insurer in the midst of treatment for a life-threatening tumor in her jaw.

At issue in the suits is individual health insurance, purchased by people who do not have group coverage through an employer or other organization. Unlike with group insurance, an insurer can deny coverage to a person it deems too risky based on the applicant's medical history and answers to a detailed health questionnaire.

The suits accuse Blue Cross of routinely violating state laws prohibiting insurers from canceling coverage unless a policyholder lied to obtain it. The suits allege that the application questionnaires were intentionally vague and confusing and

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were designed to trap applicants into making innocent mistakes that could later be used as excuses to cancel coverage. Blue Cross, according to the suits, scrutinized questionnaires only after it received a claim for a costly or potentially chronic condition.

At least five other health insurers, including Blue Shield of California, face similar lawsuits filed by customers. In recent weeks, two state agencies that oversee the industry have expanded investigations into the alleged practice. Last month the Department of Managed Health Care issued its first fine — $200,000 against Blue Cross — after finding that the company improperly revoked a Southern California woman's policy. The amount of the fine was criticized by consumer advocates as insignificant for WellPoint.

It remains unclear whether the proposed settlements would lead to substantial changes in Blue Cross' business practices or state regulations. Some see the accords as a sign that the state's largest health insurer intends to reform its practices. Others view the settlements as a way for the company to sweep the matter under the rug and move on.

"This is a standard way to avoid setting any precedent for future accountability," said Bryan Liang, director of the Institute of Health Law Studies at California Western School of Law in San Diego. Blue Cross "can easily pay off individuals, and those individuals have to take it to move on with their lives and recover from the horrors of having their health insurance taken away."

Blue Cross, like other insurers, contends that it is allowed to drop policyholders regardless of whether medical history omissions are intentional. The industry says the power to revoke policies is necessary to combat fraud and hold down costs.

Regulators say a policy cannot be canceled for an unintended discrepancy between the policyholder's application and medical records.

Consumer advocates said they feared that unless regulators got tough on insurers, the practice would continue and the opportunity for meaningful reform could be lost.

"Regulators have to come in with a big stick, because otherwise Blue Cross and the other HMOs are going to buy off the individuals," said Jamie Court, president of the Foundation for Taxpayer and Consumer Rights, based in Santa Monica. "This has to be about more than money. It's got to be about forcing the companies to uphold the law, and that's the job of the regulators."

Amy Dobberteen, assistant deputy director of the Department of Managed Health Care, said the agency was taking the complaints seriously.

"Our investigations have begun on all major players on a systemic level and on a case-by-case basis," she said. "There's a lot to look into. We've certainly been looking into it diligently, and I don't think we've been moving slowly on this. We're acting."

California Insurance Commissioner John Garamendi pledged last spring to investigate Blue Cross' cancellation practices but hasn't reported any findings. A spokesman said Garamendi had heightened scrutiny of Blue Cross.

"We are continuing our probe into retroactive rescissions," said spokesman Norman Williams. "We recently refocused our personnel to look more closely into this issue."

Shernoff, the plaintiffs' attorney, said he would continue to press Blue Cross for substantial changes, such as reviewing an applicant's medical records before issuing coverage and canceling only when the insurer finds evidence that a policyholder intended to defraud the company.

He gave Blue Cross credit for discussing reforms. The company outlined operational changes last month designed to ensure that policies were not revoked in error. It is in discussions with lawyers and regulators on whether those steps adequately address the concerns raised in the suits.

"All the other insurance carriers are in denial," Shernoff said. "Blue Cross at least is not in denial anymore. They are in rehab now."

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Pirro: He's A Novice. Cuomo: She's Involved In A 2nd Investigati (NYT)

By Jonathan P. Hicks

The New York Times, October 18, 2006

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ROCHESTER, Oct. 17 — Jeanine F. Pirro and Andrew M. Cuomo used their second and final debate on Tuesday to exchange personal attacks, with Mr. Cuomo being labeled an untested novice and Ms. Pirro accused of being the target of a second criminal inquiry, adding a new element to a campaign that has come to resemble a soap opera.

Ms. Pirro, the former Westchester County district attorney, was by far the more aggressive, using every opportunity to attack Mr. Cuomo as an inexperienced prosecutor devoid of ethics or integrity.

"I understand what it means to be a top lawyer in this state," Ms. Pirro said at one point. "My opponent was a junior prosecutor 21 years ago."

The hourlong debate was held in the studios of WXXI-TV, a public broadcasting station here, and was cosponsored by the Rochester Democrat and Chronicle. The program was taped in the morning and broadcast in the evening on public broadcasting stations in most of the state. In the New York City area, it was to be shown at 12:30 a.m. Wednesday, on a public broadcasting station.

For his part, Mr. Cuomo cast Ms. Pirro as a career politician with little experience outside criminal prosecution. He also offered a new attack against his Republican rival.

He cited an article in The New York Sun on Tuesday detailing a letter written by John Spencer, the Republican candidate for the United States Senate, when Mr. Spencer was mayor of Yonkers. The article stated that Mr. Spencer wrote a 15-page letter to Attorney General Eliot Spitzer accusing Ms. Pirro of using her position as district attorney to protect public officials from scandal and to punish political opponents.

"The office she's seeking is investigating her," Mr. Cuomo said.

Immediately after the debate, Cuomo campaign aides supplied copies of the article to reporters in the television studio, and Mr. Spitzer's office said it had an "open investigation" into the matter. Mr. Spencer's letter, which was written three years ago, said Ms. Pirro "protects the corrupt officials, punishes the weak people caught in the corrupt web and insures that they are not in a position to point fingers."

Ms. Pirro did not address the matter during the debate. Reporters asked her afterward about her reaction to Mr. Cuomo's charges about Mr. Spencer's letter.

"I don't know what he's talking about," Ms. Pirro said. "I guess Mr. Cuomo thinks John Spencer is someone he should endorse. If he's that credible."

In the debate, however, Ms. Pirro, who is trailing in the polls, was relentless in her criticism of Mr. Cuomo, using every question as a fresh opportunity to make an attack.

She hammered repeatedly at Mr. Cuomo's ethics, charging that while housing secretary, he pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials in an agreement signed by Mr. Cuomo's counsel. Years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign.

On several occasions, Ms. Pirro said Mr. Cuomo lacked the integrity needed to pursue major reforms in Albany.

"My opponent's reform agenda, which is to do what I say and not what I do, is the height of hypocrisy."

In response, Mr. Cuomo said: "My opponent is very good at making false, reckless charges. I've released 14 years of tax returns to show that."

Ms. Pirro shot back: "I've released 12 years of tax returns. In order to be a trial lawyer, you need to have your facts in order to convey them to a jury."

Mr. Cuomo steered away from the topic that has been consuming the Pirro campaign, that she is now the subject of a federal investigation into whether she planned to secretly tape her husband to determine if he was having an affair. Ms. Pirro has responded to the matter by disclosing their marital problems, and recently her husband, Albert J. Pirro Jr., has joined in, publicly chronicling their difficulties in often painful detail.

During the debate, Ms. Pirro touched on the topic only once, when asked by one questioner about the relevance of personal issues.

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"All families have problems," Ms. Pirro said. "And I think these issues are personal and they should not be the subject of federal inquiries. I deserve to be judged on my record as a strong woman who believes in reforming Albany and who not just talks about it." She then attacked Mr. Cuomo over his dealings with Mr. Farkas.

By relentlessly attacking Mr. Cuomo, Ms. Pirro appeared intent on raising questions about his capacity to be attorney general and on continuing her slight climb in the polls, where she continues to trail by double digit figures.

"My opponent is a self-described nonpracticing lawyer," Ms. Pirro said in her closing statement. "The choice can't be more clear," she said, adding that she wanted to be "the first woman attorney general of this state."

Mr. Cuomo sought to rise above the fray, appearing unruffled by the attacks. He seemed far more comfortable when he was discussing topics such as the need for an independent commission to end partisan legislative redistricting and the need to make financial information regarding lawmakers and lobbyists more accessible to the public.

In fact, some of Mr. Cuomo's supporters at the debate suggested that his aim was to remain positive and to limit his attacks on Ms. Pirro, reasoning that many viewers, particularly women, might react negatively.

Still, Mr. Cuomo responded to Ms. Pirro's attacks with some of his own, particularly on Mr. Spencer's letter to Mr. Spitzer. Mr. Cuomo said that Mr. Spencer "accused my opponent of using her prosecutorial office to play politics in Westchester. That, to me, is a serious issue."

As they did in their first debate, on Sunday in Manhattan, both candidates said they would prosecute Alan G. Hevesi, the state comptroller, for using a state worker to drive his ailing wife.

Elections May Leave Bush An Early Lame Duck (WP)

By Peter Baker And Michael A. Fletcher

The Washington Post, October 18, 2006

On desks around the West Wing sit digital clocks counting down the days and hours left in the Bush presidency, reminders to the White House staff to use the time left as effectively as possible. As of 8 a.m. today, those clocks will read 825 days, four hours. But if the elections go the way pollsters and pundits predict, they might as well read 20 days.

At least that would be the end of George W. Bush's presidency as he has known it. If Democrats win one or both houses of Congress on Nov. 7, the result will transform the remainder of Bush's time in office and dramatically shift the balance of power in Washington. Ending a dozen years basically passed in exile, congressional Democrats would have a chance to help steer the nation again -- following a campaign spent mostly assailing Bush's vision rather than detailing their own.

Around Washington, key figures in both parties have been trying to figure out what a Democratic victory would mean. Bush has been meeting privately with Cabinet secretaries in recent weeks to map out an agenda for his final two years in office. The White House says it is not making contingency plans for a Democratic win, but Bush advisers are bracing for what they privately recognize is the increasing likelihood. And Democratic leaders have been conferring about what they would do should voters return them to power.

Emboldened by victory, and bitter from grievance, Democrats could use their ascendance to block Bush's agenda, force him to respond to theirs and begin a new era of aggressive oversight and investigation. A Democratic victory, analysts in both parties said, could mean that some of Bush's tax cuts would not be renewed, attempts to revive his Social Security investment plan would be doomed and efforts to further broaden national security powers in the face of civil liberties concerns would be thwarted.

Most worrisome to the White House is the subpoena power that Democrats would gain with a majority in the House or Senate. For years, Republicans have been mostly deferential in scrutinizing the Bush administration, but Democrats are eager to reexamine an array of issues, such as Vice President Cheney's energy task force, the Jack Abramoff scandal and preparations for the Iraq war.

"It obviously affects things a lot," said Charles Black, a Republican lobbyist with ties to the White House. "History tells you that administrations have a hard time achieving things in their last two years. I think the president wants to be as aggressive as he can with a good menu of ideas.

"If he had to deal with a Democratic majority in one house or both," Black added, it makes it that much harder.

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Steve Elmendorf, a former House Democratic leadership aide, said of Bush, "He would lose control of his agenda. He would have to make a decision: Does he want to compromise and work cooperatively with the Democrats, or does he want to keep pushing what he's been pushing and lose all the time?"

The most salient analogy may be the last time Congress changed hands, after the 1994 elections. President Bill Clinton was left trying to assert that "the Constitution gives me relevance" even as new House Speaker Newt Gingrich (Ga.) and his Republicans seized the initiative. Clinton ultimately recovered through a mixture of confrontation with Republicans, most notably in a government shutdown, and "triangulation" in which he embraced some of their priorities, such as overhauling the welfare system.

The difference is that Clinton's presidency was still young, while Bush is heading into the twilight of his administration -- and is stuck in an unpopular war. But some Republicans think that Bush could play off overreaching Democrats as Clinton did with Gingrich. Or he could pivot to the more bipartisan mode he promised to bring from Texas and seize opportunities for progress in areas such as immigration, where his proposed guest-worker program has been blocked by his own party.

"One of the lessons for President Bush if he loses one or both chambers is the California example," said Sergio Bendixen, a pollster for Democrats. "Governor Arnold Schwarzenegger at this time in 2005 was considered to be in deep trouble. But now he is a shoo-in for reelection. How did he turns things around? He has gone from a very partisan Republican to somebody who was working with the other party. I wouldn't be surprised if Bush does the same thing."

John Bridgeland, a former Bush domestic policy adviser consulted by the White House in recent planning, said that regardless of who wins the election, the president would benefit from cooperating across party lines. "Without doing so, it will be more difficult to get things done that will be lasting," he said. "You can do things by executive order, but they may not survive into other administrations."

Bipartisanship, though, has been in short supply since Bush became president. In his first term, he negotiated support from both sides for his No Child Left Behind education law even as Democrats took control of the Senate in June 2001 because of a party switch. But as a practical matter, Bush faced an opposition chamber in Congress for just 98 days before the Sept. 11, 2001, attacks, after which both parties rallied behind him for a time. Republicans won back the Senate in 2002.

Bush has had a difficult enough time winning support from a Republican Congress over the past two years, and some expect the party to turn on him even more if it loses, particularly because of the Iraq war, which has been an albatross for GOP candidates. When the voting is done, pressure may rise from within Bush's own ranks to rethink Iraq policy, as evidenced by comments by Sen. John W. Warner (R-Va.), who recently said that Bush should take a new course if the situation does not improve in 60 to 90 days.

But presidents have broad leeway to set foreign policy regardless of the legislative branch, and a Democratic Congress may exert more direct influence on domestic matters. Bush has been preparing his post-election agenda in a series of meetings, sitting down one-on-one with nine members of his Cabinet in the past month to review ideas. Bush insists that the sessions not consider a victory by Democrats, participants said. But the discussions have focused on items that could attract bipartisan interest, such as further efforts to rebuild the hurricane-torn Gulf Coast, reauthorization of No Child Left Behind and renewal of farm legislation.

"He's fired up for the last two years of his administration," Agriculture Secretary Mike Johanns said in an interview after meeting with Bush. Rob Portman, director of the Office of Management and Budget, said after his own session: "He's pushing all of us, pushing himself. I don't think there's going to be any letup."

Bush aides recognize that no matter who wins next month, the president has at best a year to push through any last major initiatives before the 2008 presidential race takes over the national political agenda. Portman, a former House member, said he hopes there will be "a timeout on partisanship" after next month's election that can be exploited in 2007. "It's a critical year," he said.

The agenda-planning meetings are the brainchild of White House Chief of Staff Joshua B. Bolten, who handed out the countdown clocks to fellow Bush aides earlier this year. Bolten wants to use the process to develop new ideas and find ways to measure the success of old ones, colleagues said.

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"There's still plenty of time to get important things done if people on both sides of the aisle are willing to work together to do it," Deputy White House Chief of Staff Joel Kaplan said in an interview. "Two years is a long time." After the election, Kaplan said, Bush will "look for partners in Congress" to accomplish priorities, such as extending his tax cuts, developing alternative energy supplies and promoting American competitiveness.

The question in the White House is whether Democrats would be willing to be partners. While Democrats see Bush as relentlessly partisan, his aides think Democrats have been deliberately obstructionist even on issues of little dispute. Against that backdrop of mutual suspicion, the two sides may find it difficult to come together.

"The Democrats are so blinded by their hate of Bush, they'll have a hard time even having a bill-signing with him," Republican lobbyist Ed Rogers said. "That might make for some good political contrasts, but not much substance."

Ron Kaufman, who was White House political director for George H.W. Bush, said: "If they try to take down the president, if you will, it would be really stupid. It would play into the long-term interests of the Republican Party."

Leon E. Panetta, who became Clinton's White House chief of staff after the 1994 Republican victory, agreed: "My fear is that the Democrats after 12 years of trench warfare and a pretty rough time -- these people are pretty battle-scarred from that -- basically come out and seek vengeance for everything that's taken place. If they do that, I think they make a pretty big mistake because the public will say, 'These guys are no different than Tom DeLay and his crowd.' "

Others doubt the Democrats would make that mistake. Former House majority leader Richard K. Armey (R-Tex.), who squared off against Panetta in that era, said Democrats would be in better shape to transition from opposition to governing than his Republicans were in 1994 because enough seasoned veterans are still around, such as Rep. John D. Dingell (Mich.).

"The best Democrats, people like Dingell, on oversight have a tendency to say, 'Let's get into the programs and see how they work and how they could be better,' " he said. "That's healthy oversight. . . . They may stay away from political oversight looking for scandals and stay with programmatic oversight. They do it well and they may want to play against expectations."

No Spoils For The Victors (NYT)

By Bruce Bartlett

The New York Times, October 18, 2006

GREAT FALLS, Va.

EVEN before the Mark Foley scandal broke, Democrats' chances of getting control of the House of Representatives were pretty good. Now, with the incompetence of the Republican leadership's handling of that affair, the odds of Democratic control are looking very good indeed.

With liberals like New York's Charlie Rangel in line to head important House committees like the tax-writing Ways and Means Committee, some investors are starting to worry about tax increases on the rich and business bashing-legislation. Needless to say, Republicans are doing what they can to stoke such fears.

As a Republican, I have a message for those fearful of Democratic control: don't worry. Nothing dreadful is going to happen. Liberals have much less to gain than they believe.

I speak with some knowledge. In 1994, after Republicans took control of Congress, my fellow conservatives and I met to plan a legislative agenda. My colleagues were ecstatic. In one fell swoop we were going to do all the things that Democratic control of Congress had effectively blocked since 1954, when the last Republican Congress was defeated.

I didn't make myself very popular by reminding people that Bill Clinton was still going to be president for at least another two years. How were we going to get these measures enacted into law over his all-but-certain veto? Flush with victory and convinced that they had a mandate from the American people to pass a conservative legislative agenda, my friends simply dismissed my concerns as defeatist.

Well, Cassandra wasn't very popular, either, but she was right, and so was I. Within a year, the conservative revolution was all but over. When Republicans forced a showdown with Mr. Clinton over the budget, they ended up blinking. After that, Republicans in Congress lost their reformist zeal and settled into playing the political game pretty much the same way the Democrats had for the previous 40 years: using federal money to buy votes to hold on to power any way possible.

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My Democratic friends no doubt feel the way we Republicans did in those heady days of 1994 before political reality came knocking. Many probably think they will finally get the truth about what the White House knew about Iraq before the invasion. They may think they can use the power of the purse to force a withdrawal. Some may even imagine that articles of impeachment can be brought against President Bush, while others plan to enact national health insurance and other pet liberal schemes.

To all this I say: Ain't gonna happen. For starters, President Bush will still occupy the White House for the next two years. And although his veto pen may have been misplaced for most of the last six years, he found it again this summer.

For another thing, Democrats are unlikely to get more than a very thin majority in the House. If they get the Senate as well, it will not be with more than a one-vote margin. Consequently, effective control will be in the hands of moderates who often work with Republicans on specific issues. In a delicious bit of irony, Senator Joe Lieberman of Connecticut, lately excoriated by the liberal wing of the Democratic Party, may end up holding the balance of power in the Senate.

As for impeachment and cutting money for Iraq, such actions would be politically insane and the Democratic leadership knows it. They will make the White House pay a price for Iraq, but will ensure that they don't get blamed for any debacle resulting from failure to provide adequate money for our troops.

Democrats may have more success using Congressional committees to investigate accusations of wrongdoing by the Bush administration, but that will be much harder than they think. The Republicans cut thousands of committee staff positions when they took control, and it will take considerable time to find the money and staff to do any serious investigating.

Also, the Bush White House can simply use all the stalling techniques that the Clinton White House perfected to frustrate Congressional investigations by Republicans. The only thing left to worry about is expiration of the Bush tax cuts, which Democrats will certainly not want to extend. But most of them don't expire until 2010, so there is no urgency. Anyway, there is no certainty that continued Republican control of Congress would assure extension of the tax cuts. If party control were all that mattered, they would have been extended already.

In short, there is really no reason for conservatives, businessmen or investors to worry particularly about a Democratic victory in November. Congress will be on automatic pilot for the next two years regardless of which party is in control.

Which Way To Win? (WP)

By David Ignatius

The Washington Post, October 18, 2006

As we head toward Election Day 2006, political analysts are focusing on a few dozen tossup races that will determine whether the Democrats take the House and Senate. But there's a larger, overarching battle this year between two visions of America: testing whether it's a country defined by its political center or one defined by its political extremes.

This assessment of America's

meta-politics is distilled in "The Way to Win," a new book by two of the media's best political observers, Mark Halperin of ABC News and John F. Harris of The Post. They see two basic strategic ideas at work in today's politics: the "synthesizer" approach of former president Bill Clinton, and the "clarifier" tactics of President Bush and his political guru, Karl Rove. Here's the way Halperin and Harris describe the two styles:

"Clinton Politics is the politics of the center. It holds that Americans for the most part, with the exception of irate groups at the edges, are less interested in ideology than in practical solutions to basic problems. People would prefer politics to be polite, civil, and compromise-minded."

"Bush Politics is the politics of the base," the authors continue. "A successful leader will stand forthrightly on one side of a grand argument. Then he or she will win that argument by sharpening the differences and rallying his most intense supporters to his side."

People from the Old Media, like me, instinctively prefer a centrist style of civilized debate. Of course we do, say Halperin and Harris. We are the gatekeepers of the old order. The shrill voices of the New Media -- the bloggers and talk-radio hosts and other partisan megaphones that Halperin and Harris describe as the "Freak Show" -- don't just threaten our beloved center. They might eventually put us out of business.

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So what's working this campaign season? As I read this year's races, the centrist approach seems to be making something of a comeback. I base that judgment on a sampling of several dozen campaign ads that have been gathered by washingtonpost.com (available at http://projects.washingtonpost.com/politicalads/). This survey shows that even in some of the key tossup races, many candidates are looking for that warm and fuzzy place in the middle of the political landscape.

Take Rep. Harold Ford, a candidate for the U.S. Senate in Tennessee. He's running even with Republican Bob Corker in part by holding the middle ground as a "values" Democrat. One ad shows him in church, with this endearingly honest opening line: "I started church the old-fashioned way: I was forced to." Corker's ads, out of the Rove playbook, take a sharper line, summed up in one spot with the phrase: "Who's he kidding?" Despite the attack ads, Ford is running far better than expected.

In Missouri, the Republican incumbent, Sen. Jim Talent, seems to be trying to find the center as well. One ad touts his nonpartisanship: "Most people don't care if you're Red or Blue, Republican or Democrat," says the ad, which boasts of legislation Talent has co-sponsored with Democratic colleagues such as Ron Wyden, Chris Dodd and Chuck Schumer.

Talent's move to the center is countered by his opponent, Claire McCaskill, who has highlighted Talent's opposition to stem cell research in poignant ads featuring Missourians with medical problems who might be helped by such research.

In Montana, Democrat Jon

Tester is running ahead of Republican Sen. Conrad Burns by presenting himself as the ultimate regular guy, a lumpy ex-farmer with a bad haircut. One of his spots, "Creating a Buzz," actually celebrates his crew cut. In Maryland, meanwhile, Republican Senate challenger Michael Steele may have the ultimate mindless, warm-and-fuzzy pitch, in which he rebuts a fake newspaper story, "Steele Hates Puppies," by holding a cute little mutt and saying: "For the record, I love puppies."

The great synthesizer himself, Bill Clinton, was out campaigning this week for Deval Patrick, a member of the Clinton Justice Department who is running for governor of Massachusetts. "Everyone knows that, somehow, the wheel has run off of our national discourse and our common life," Clinton said Monday. "And people don't want us to shout at each other any more. They want to be talked to, reasoned with, lifted up."

Is Clinton right about the country? Are Democrats doing well in this campaign season because Americans want to find their way back to the civilized center? Or are they profiting from the Democratic base's rage at George W. Bush? That's the troubling question that lingers after reading Halperin and Harris's book: If the Democrats win next month, will they be the heirs of Clinton's vision of politics or of Rove's? Are we heading for unity or even sharper division?

What Democrats Would Do (WP)

By Harold Meyerson

The Washington Post, October 18, 2006

Against their better judgment, the Democrats are starting to taste it. In the House, the number of Republican incumbents polling under 50 percent considerably exceeds the number of seats the Democrats need to pick up to make Nancy Pelosi speaker. Controlling the Senate depends on winning two of the contests in three Upper South states -- Missouri, Tennessee, Virginia -- that could go either way.

And then what? Putting a fleet of carts before a herd of horses, let's look at the legislation that the Democrats would push through the House and just maybe through the Senate. (Even if they win the upper house, of course, they'll still need the support of a number of Republicans to overcome a filibuster.)

In the House, the Democrats have made clear that there's a first tier of legislation they mean to bring to a vote almost immediately after the new Congress convenes. It includes raising the minimum wage, repealing the Medicare legislation that forbids the government from negotiating with drug companies for lower prices, replenishing student loan programs, funding stem cell research and implementing those recommendations of the Sept. 11 commission that have thus far languished.

All these measures command massive popular support. The reason they've not been enacted is that House Republicans have passed rules making it impossible for the Democrats to offer amendments to any significant legislation, thereby sparing themselves the indignity of having to choose, say, between the interests of their financial backers in the drug industry and their constituents.

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Cognizant that they will owe their victory in part to the public's revulsion at the way Congress does (or avoids) business, the Democrats also plan to revise House rules to enable the opposition party to introduce amendments and to sit on conference committees, from which Republicans have routinely excluded them since Tom DeLay became majority leader. They also will ban members from accepting gifts and paid trips from lobbyists.

By bringing such measures to a vote in the House, and conceivably in the Senate as well, the Democrats will be in the enviable position of doing both good and well: promoting long-overdue policy shifts that the public supports and putting their Republican colleagues in a pickle. Confronted with an up-or-down vote on raising the minimum wage or making medication for seniors more affordable, many Republicans will side with the Democrats. Should the Democrats win the Senate, Republicans will have to calculate the risks of filibustering such mom-and-apple-pie measures. These bills will also pose a conundrum for conservatives such as John McCain, whose presidential aspirations have not been clouded by having to vote on these issues.

Should they make it through both houses, many of these measures will face a presidential veto. George W. Bush has already vetoed stem cell legislation, and he has staunchly opposed raising the minimum wage since the day he entered politics. What will congressional Republicans do if they're confronted with a series of vetoes of popular legislation? How large will the lame duck president loom in their calculations?

Not every issue that the Democrats will address if they control Congress will be so easy. The war in Iraq -- to which, if they win, they will owe their victory -- will surely prove the most nettlesome. If the Baker-Hamilton commission recommends a phased withdrawal, as some reports have speculated, the Democrats may be handed a relatively easy way out, whether or not the administration goes along with it. Should the administration persist in staying the course, Congress then could pass the kind of legislation it passed in the last years of the Vietnam War, stipulating the kinds of uses to which our military spending could -- and could not -- be put. At the same time, the ranking House Democrats in military matters -- Pennsylvania's John Murtha and Missouri's Ike Skelton -- might seek to increase the size of the Army, which the Iraq war has shown to be stretched to its limits.

In the course of this year's campaign, Democrats have been pleasantly surprised by the support their proposals for greater energy independence have won in all regions and sectors of the country. They will surely boost funding for alternative energy projects, which they see as a way not just to reduce greenhouse gases but to generate jobs as well. Many congressional Democrats also want to mandate stricter fuel efficiency standards, traditionally a cause that some auto-state Democrats have opposed, even though the Big Three's resistance to such standards is one reason their sales are plummeting.

"We're kidding around if we don't deal with that issue," says one leading Hill Democrat. "The time for that debate has arrived." It's part and parcel, he hopes, of life in the majority.

Rove Foresees GOP Victory (WT)

By Joseph Curl

The Washington Times, October 18, 2006

White House political strategist Karl Rove yesterday confidently predicted that the Republican Party would hold the House and the Senate in next month's elections, dismissing fallout from the sex scandal involving former Rep. Mark Foley.

At a luncheon with editors and reporters at The Washington Times, Mr. Rove -- who is widely credited as the architect of the party's historic 2002 midterm election gains -- said Republicans are beginning to make significant headway in defining their party's differences from congressional Democrats, especially on national security.

"I'm confident we're going to keep the Senate; I'm confident we're going to keep the House. The Foley matter has impact in some limited districts, but the research we have shows that people are differentiating between a vote for their congressman and a member from Florida," Mr. Rove said, referring to the Republican who resigned last month after his sexually explicit online messages to former congressional pages were discovered.

President Bush has begun to paint this year's election as a choice between strength and weakness on national security -- and the stark differences will show Americans the true nature of Democrats, Mr. Rove said.

"It is useful to remind people what [Democrats] said and what they do. I think they have given us here, especially in the last couple of weeks, a potent set of votes to talk about. You had 90 percent of House Democrats voting against the terrorist-

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surveillance program, nearly three-quarters of Senate Democrats and 80 percent of House Democrats voting against the terrorist-interrogation act. Something is fundamentally flawed."

In the hourlong interview, Mr. Rove was upbeat, telling stories from the campaign trail and joking about skewed political coverage that disproportionately shows Democrats poised to take control of Congress

Mr. Rove's optimism is not shared by pollsters, many of whom predict a Republican loss in the House -- with some saying the party could lose as many as 40 seats. The mood in the White House has shifted in recent days, with some beginning to concede the threat to the Republican majority in the House of Representatives, which they won in 1994.

Yesterday, Vice President Dick Cheney acknowledged the risk to the House Republican majority.

"I really think we're going to do reasonably well. And I think we'll hold the Senate, and I also think we got a good shot at holding the House," Mr. Cheney said on Rush Limbaugh's top-rated national radio program.

"I think the key will be who goes to the polls on Election Day. And certainly, it's always tough when you're in the midterm of your second presidential term in office."

But Mr. Rove said Republican candidates still hold a huge cash edge over Democrats, which will give them clout in the final three weeks of the campaign.

"This morning, I loved it: The [Associated Press] ran a story saying these Democrat congressional candidates outraised their Republican incumbents in the third quarter. Well, what they didn't say was that part of the reason that they did is that we raised the money earlier so that we'd be able to deploy it," he said.

Of the 52 races listed in the tossup and lean categories of a leading election analyst, Republican candidates have more cash on hand than their opponents do in at least 34 races, according to the National Republican Congressional Committee.

Although Mr. Rove had previously predicted a loss of eight to 10 House seats, he said he remains confident that Republicans will not lose more than 15 -- the magic number that would flip control of the chamber to Democrats.

Democrats have to pick up six seats to gain control of the Senate -- virtually impossible, Mr. Rove said.

There are 40 Republican senators who are not up for re-election this year, he pointed out, and at least seven who are running comfortably ahead. With just a few wins by incumbents -- such as Arizona Sen. Jon Kyl, Missouri Sen. Jim Talent and Virginia Sen. George Allen -- Republicans would have 50 seats. With Mr. Cheney's tiebreaking vote, that would assure Republicans' continued control of the Senate.

Although Mr. Talent is locked in a tight race, Mr. Rove said the Missouri Republican "is one of the best candidates ... keen and smart and able ... a very disciplined candidate."

Although Missouri is "very competitive," Mr. Rove said, "There gets to be a point at which, though, it begins to lock in, and Talent appears to be moving that direction. ... I look at the Missouri data, and I can just smell that this race is edging toward a point where ... they're just getting ready to lock in."

The White House strategist is closely monitoring races across the country. He receives "68 polls a week for Senate, governor and House races," Mr. Rove said. "My head is about ready to explode."

Mr. Rove said history is on the Republican Party's side, noting that 97.5 percent of incumbents have been re-elected since 1996. This time, he said, there are "significantly" fewer open House seats than the Democrats had in 1994, when Republicans swept to power under then-Rep. Newt Gingrich's leadership.

Early in this campaign cycle, Mr. Rove said the White House compiled a list of 80 Republican incumbents who might face difficulty. From there, top strategists made sure "that they all had a campaign plan, that they all knew that they had a risk, that they all went out there and raised a bundle of money, and that they had a plan that was measurable."

"As a result, that's done a lot to get people prepared," he said.

And, in some ways, the campaign is just beginning, Mr. Rove added.

"For most Americans, particularly the marginal voters who are going to determine the outcome of the election, it started a couple weeks ago," he said. "Between now and the election, we will spend $100 million in target House and Senate races in the next 21 days."

Cheney Unsure Of GOP Control Of Congress (AP-Y)

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AP, October 18, 2006

President Bush says flatly that Republicans will keep control of the House and Senate in the November elections. Vice President Dick Cheney doesn't sound quite so certain.

"I think we'll hold the Senate and I also think we got a good shot at holding the House," the vice president said Tuesday in an interview with radio talk show host Rush Limbaugh.

In the House, Democrats need a 15-seat pickup to gain control. In the Senate, they need six.

Cheney was asked if he felt frustrated that Republicans are speculating on how may House seats they might lose.

"Well, I think it's a natural, normal situation at this stage," Cheney said. "But I really think we're going to do reasonably well. ... I think the key will be who goes to the polls on Election Day."

The vice president said that "it's always tough when you're in the midterm of your second presidential term in office. Historically, those are the most difficult elections for the incumbents in the White House."

There Goes The GOP Base — And Probably Both Houses (HILL)

The Hill, October 18, 2006

The Republican base, that vaunted entity whose every mood swing has controlled the zigs and zags of the Bush administration policy, has moved out, according to the latest Gallup polling. Karl Rove's heroic efforts to preserve its fealty have failed to move Republican base voters. Karl cannot compensate for Bush's failure to project his issues as the midterm disaster for the Republican Party nears.

The Gallup poll of Oct. 6-8 shows that, in the wake of the Foley scandal, the number of "white frequent churchgoers" who are planning to vote Republican has dropped from 58 percent to 47 percent since last month. The margin of their support for Republicans over Democrats, 26 percentage points in September, has entirely disappeared and the parties are tied among this core element of the Republican base.

The Gallup poll also reveals that Democrats now win all eight major issues, including terrorism and morality. Asked which party would do more to enhance "moral standards in the country," Democrats now win 47 to 36! And on terrorism, Democrats now have a 47-to-42-percent advantage.

The Foley scandal has wrought extraordinary damage to the Republican Party and appears to have had a particularly negative impact on the base. No amount of blame shifting onto Democrats for breaking the story or for holding it until September is likely to compensate for the evidence that House Speaker Dennis Hastert (R-Ill.) did not act promptly to expose it himself. According to the latest Fox News poll, 61 percent of voters believe that Hastert knew about the Foley affair early on and did nothing to stop it.

Churchgoing whites are the core of the Republican base. The fact that they are now breaking even in the approaching midterm elections foretells total disaster for the GOP. For this group to leave is, quite literally, the political equivalent of the last dog dying! It is now likely that they will lose both houses of Congress.

With this kind of defection, Republican Sens. Mike DeWine (Ohio), Conrad Burns (Mont.), Rick Santorum (Pa.), Jim Talent (Mo.) and Lincoln Chaffee (R.I.) seem likely to be gone. Senate Majority Leader Bill Frist's (R-Tenn.) seat seems likely to go to Rep. Harold Ford (D-Tenn.). And Sen. George Allen (R-Va.) may also be on his way out. In New Jersey, after trailing Tom Kean Jr. for most of September, Sen. Robert Menendez (D) seems to have moved out to a small lead that will probably grow.

And all of this trend is before the final weeks when downscale Democrats, who have not yet focused on the elections, "come home" and vote their historic party loyalties.

The defection of the Republican base is likely to be felt even more keenly in the House races. The very gerrymandering that GOP leaders had hoped would leave their House margin invulnerable may now backfire as the Republican white churchgoers, whom the district lines had incorporated into swing Republican districts, now defect and vote Democrat or stay home in massive numbers. The gerrymandering designed to keep Democrats out may have the perverse effect of keeping disaffected Republicans in the swing districts, magnifying their effect on the election.

Can the Republican Party reunite with its base? It's hard to see how they can win it back until the 2008 election. A Hillary Clinton candidacy would obviously help them to regain the fierce loyalty of their base, but she would also bring in millions of

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single women voters who would support her candidacy by huge margins. The recent census data showing that half of all households are unmarried indicates how extensive a political force single women can become.

In the long term, of course, Democratic policies on same-sex marriage and abortion are likely to bring the base back to its traditional bearings, but these issues seem to be having little impact on holding the Republican majorities in Congress.

Morris and McGann, husband and wife, have written several books together, including “Rewriting History,” a rebuttal to “Living History” by Sen. Hillary Rodham Clinton (D-N.Y.).

Congressional Republicans Find Spending May Not Decide Races (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 18, 2006

WASHINGTON -- Just weeks before Election Day, most embattled Republican House incumbents have less campaign cash than they expected, despite raising more money than their Democratic challengers. Republicans had to spend heavily in recent weeks to buck an unfavorable national climate for the party.

In Connecticut, Republican Rep. Nancy Johnson spent $3.5 million on her re-election bid through Sept. 30 compared with Democratic challenger Christopher Murphy, who spent just $1.5 million, according to filings with the Federal Election Commission. Ms. Johnson ended the third quarter with $1 million in the bank compared with about $368,000 in Mr. Murphy's account. Even so, her race is still considered a "toss up" -- or one with no clear favorite -- by the Cook Political Report, a nonpartisan group that tracks campaigns, because of voter discontent with President Bush and the Iraq war.

The third-quarter financial disclosure reports are important barometers of momentum and 11-hour strength since they are the final ones released before Nov. 7.

"In some ways, the major Republican opponent hasn't been the Democratic challenger as much as it's been the daily news cycle," says Anthony Corrado, a campaign finance expert at Colby College, in Waterville, Maine.

Meanwhile, most Democrats running for open House seats held by retiring Republicans have raised more cash than their opponents, giving their party a chance to make net gains in the race for control of that chamber.

Democrats also are showing strength in several close Senate races, by out-raising their opponents in the third quarter or maintaining a competitive position despite heavy spending by incumbents.

In Virginia, Republican Sen. George Allen has raised $13 million for his re-election bid and spent $8.5 million. But he remains in a dead heat with Democratic newcomer Jim Webb, who has raised $4.6 million and spent just $1.8 million. Mr. Allen enters the final month with $5.6 million in the bank, but Mr. Webb can still compete statewide with his $2.7 million in cash.

Carl Forti, a spokesman for the House Republican campaign committee, said his party's candidates have enough cash to block a Democratic takeover. "Democrats can no longer fabricate momentum in long-shot races; candidates either have the cash to cross the finish line or they don't," he said.

Sarah Feinberg, a spokeswoman for the Democratic House campaign committee, says there never was much doubt that "Republicans and their special interest friends would out-raise their challengers." Amid polls indicating dissatisfaction with Congress and the White House, Ms. Feinberg says Democratic candidates don't need to match incumbents' fundraising to win.

Republican leaders this week reminded candidates to focus on local issues, such as money they have brought home to build roads and bridges or for libraries and schools. Meanwhile, the national party continues to supplement candidates' efforts, investing millions of dollars in advertising and distributing flyers that call Democrats soft on terrorism and inclined toward tax increases.

But Republicans' effort to change the subject is proving expensive and difficult. Despite investing in attacks on Democrats, the number of competitive races has increased. And, according to financial disclosure reports, incumbents have been forced to spend considerably more than challengers in a number of races that now look too close to call.

In Pennsylvania, for instance, Republican Rep. Curt Weldon has spent $1.5 million compared with his opponent Democrat Joseph Sestak's $750,907 and the race remains a toss-up. Worse still for the incumbent, at the close of the third quarter, Mr. Sestak had $1.5 million in the bank compared with Mr. Weldon's $1.1 million.

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Mr. Weldon's political fortunes grew complicated this week when it was disclosed that federal investigators are delving into the lobbying efforts of the congressman's daughter and one of his political supporters.

In Indiana, Republican Rep. John Hostettler's lackluster fundraising may have caught up with him. The six-term incumbent has raised $452,600 for his campaign compared with the $1.5 million collected by Democrat Brad Ellsworth, a former local sheriff. Mr. Hostettler has spent just $184,447 and ended the third quarter with $269,700 in the bank. Meanwhile, Mr. Ellsworth has spent $1 million in his campaign and still has $413,500.

There is some good news for Republicans.

In the race for the open seat of retiring Illinois House Rep. Henry Hyde, Democrat Tammy Duckworth looks to have miscalculated financially, and hampered her campaign's ability to compete in the final weeks.

Ms. Duckworth, an Iraq war veteran, has raised roughly $2.8 million. But she spent the bulk of it in September on television ads responding to negative commercials against her by the House Republican committee. Heading into the home stretch, she now reports having $206,000 in the bank while her Republican opponent, Peter Roskam, has $1.5 million.

Having Money Isn't Everything, But It Can Be Deciding Factor (HILL)

By Jonathan E. Kaplan And Aaron Blake

The Hill, October 18, 2006

For months, Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), has said Republicans would keep their majority in the House because they have the advantages of "members, money and message."

House Republican incumbents have socked away more money than their Democratic challengers in 34 of 52 competitive districts and in some cases Republicans lead Democratic challengers by a ratio of seven to one, said NRCC spokesman Carl Forti in a statement.

But some of those figures are misleading because some candidates, such as Democrats Tammy Duckworth (Ill.) and Joe Courtney (Conn.), have spent exorbitant sums on television advertising buys.

In seven competitive Senate races, state Treasurer Bob Casey (D-Pa.) and Sheldon Whitehouse (D-R.I.) lead incumbent GOP Sens. Rick Santorum (R-Pa.) and Lincoln Chafee (R-R.I.). In Tennessee's open seat race, Rep. Harold Ford (D-Tenn.) holds a narrow lead over former Chattanooga Mayor Bob Corker (R). In Maryland and Minnesota, the candidates are within $500,000 of each other in cash on hand.

Sen. George Allen (R-Va.) holds a commanding lead over Democrat Jim Webb, but Webb raked in $3.4 million in the third quarter. And in Missouri, Sen. Jim Talent (R-Mo.) has a $4 million lead over challenger Claire McCaskill (D) largely because she has made a large media buy for the final weeks leading up to Election Day.

History shows that money has its limits. In 1994, the last time an anti-incumbent wave swept the country, Democratic incumbents out-raised Republican challengers but Republicans picked up 52 House seats and won a majority in the Senate, too.

With three weeks remaining until voters head to the polling booths, one question for Republicans and Democrats alike is whether a tipping point has been reached: can heaps of money overcome the negative sentiment directed toward Republicans because of the war in Iraq and the House page scandal involving former Rep. Mark Foley (R-Fla.)?

"The Republicans are fighting against constant news out of Washington that things are not going right," said Tony Corrado, a political scientist at Colby College. "The Democrats have the resources needed to respond to attacks and the Republicans [are] playing defense spending campaign money … to fight a wave of public opinion."

"If you haven't raised your money, you're not where you need to be," said a Democratic lobbyist. "Unless the RNC can come in with a tidal wave of cash, it won't matter if there's no message, I don't care how much money you throw at it."

If money is less a factor in tight races in a bad political environment, the looming question for both parties is whether the GOP's vaunted turnout operation can save their incumbent members.

Several strategists from both parties said the turnout operation should give the Republicans a three-point edge in most competitive races. Whether that edge dissipates amid the Foley sex scandal and the Iraq war is an open question.

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"I don't believe that's the case yet … money can buy intensity," said a senior White House official, adding that the RNC, NRCC and state parties had $56 million more than the Democratic Party and that since 1974, candidates who outspend their opponent by $200,000 won 97 percent of the time.

Republicans still hold an advantage because competitive House contests are fought in distinct districts, making them more insulated than Senate races from national trends. That means that when the House changes hands, it is a seminal event: both times the House has changed hands in the past 50 years, the Senate has flipped as well.

"We're not at that point, particularly not in congressional races," said Rep. Tom Cole (R-Okla.). "We work inside a very different universe. Outside a couple dozen seats most Republicans represent seats in which President Bush's approval rating is in the high 40s and low 50s. Bush is not going to hinder [a Republican candidate]."

And even if some candidates have reached a point where money does not matter, having enough money can create options. For example, Rep. Marilyn Musgrave (R-Colo.), who found herself in an unexpectedly tight race in 2004, bragged last week that the Democratic Congressional Campaign Committee (DCCC) had withdrawn a $600,000 television advertising buy. The DCCC's decision gave the NRCC a break because it will not have to counter the DCCC's advertising with its own.

But DCCC chairman Rahm Emanuel (D-Ill.) told reporters on Monday that Musgrave shares a media market with Rep. John Salazar (D-Colo.), implying that the money was for Salazar. Now the DCCC can decide where to spend $600,000 that Salazar does not need. The DCCC can repurchase airtime in northern Colorado for Musgrave's opponent, Democrat Angie Paccione, redirect that money to protect vulnerable incumbents in Georgia, or spend on second-tier races in California.

"Money can't solve everything," said Cole. "But money can spare you strategic dilemmas."

GOP Bright Spots Few In Senate Races (WT)

By Charles Hurt

The Washington Times, October 18, 2006

National Republicans are dumping more than $1 million into Senate races in the Democratic strongholds of Maryland and New Jersey but are facing a bleak field elsewhere, strategists from both parties say.

"Every week, it gets better," said Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee (DSCC). "Every week we get closer to our goal of taking the Senate and I'd say right now we're on the edge. What looked like a distant possibility six months ago is a very, very real possibility right now."

Democrats this year, unlike past elections, are running on a strong national security agenda and have taken the upper hand in fundraising, he told reporters yesterday. Mr. Schumer played several ads paid for by the DSCC in conservative states such as Virginia and Tennessee attacking Republicans for their continued support of the Iraq war. In each ad, the Democrat says changes must be made without offering specifics.

"National security is a win for Democrats," said Mr. Schumer, adding that North Korea's recent nuclear test will help the party. "What happened in North Korea ... inures to our benefit."

In addition, he said the party will have poured "a minimum of $20 million" into the local efforts that make sure their voters show up at the polls, a tactic mastered by Republicans in recent years.

"We've been in the wilderness for a while," Mr. Schumer said.

While Republican strategists privately acknowledge that the races look tough for the GOP, they remain confident that they will keep Democrats from gaining the six seats they need to win control of the chamber.

Brian Nick, spokesman for the National Republican Senatorial Committee, said yesterday that Republicans have paid $650,000 for advertising in the reliably Democratic state of Maryland, where Republican Lt. Gov. Michael S. Steele hopes to beat Democratic Rep. Benjamin L. Cardin for the seat being vacated by Democrat Paul S. Sarbanes. They are dumping another $500,000 in New Jersey, another Democratic state where Republican Tom Kean Jr. hopes to beat incumbent Sen. Robert Menendez.

"The Democrats have been forced to spend money in Michigan, Maryland, Washington and New Jersey because they are being pressed on holding these seats," Mr. Nick said. "This defies the national political climate and is money that is not going toward attacking our incumbents."

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Mr. Schumer said yesterday that Mr. Menendez was not his first choice for the seat but that he has been a "great candidate."

Republicans, meanwhile, appear increasingly pessimistic about their chances of keeping incumbent Sens. Rick Santorum of Pennsylvania and Mike DeWine of Ohio. Polls continue to show both men trailing.

In Pennsylvania, challenger Bob Casey Jr. has raised amounts of money on par with Mr. Santorum. In Ohio, Mr. DeWine maintains the cash advantage but national Republicans have dropped plans to continue spending heavily on advertising there.

"The bottom is sort of beginning to fall out in Ohio for them," Mr. Schumer said of the state that handed President Bush his re-election victory in 2004.

Funding Constrains Democrats (WP)

By Jim Vandehei

The Washington Post, October 18, 2006

Top Democrats said yesterday that they are planning to significantly expand the number of GOP House seats they will target during the final 20 days of the campaign but that financial disputes and fundraising problems are hindering the effort.

Democrats said private polls have convinced top party officials that they could pick up 40 or more seats -- nearly double their internal projections from a week ago -- if they spend enough money on television advertising for long-shot races. Strategists James Carville and Stan Greenberg are among those pleading with party leaders to go deep into debt to run ads in as many as 50 GOP-held districts.

Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) has privately signed off on targeting a new group of GOP incumbents who were once considered safe for reelection, starting with Rep. Gil Gutknecht in rural Minnesota, officials said.

The number of seats Democrats could pick up "is expanding, no doubt about it," Emanuel said. "But you have to figure out what is smoke and what is fire."

Emanuel said he believes as many as 58 seats are now in play.

Still, several Democrats complained that the party is on the verge of blowing a once-in-a-decade political opportunity because of financial troubles.

The Democratic National Committee has no plans to help finance a last-minute push because it just took out a loan to spend up to $10 million more, primarily on Senate races, and particularly in Virginia and Tennessee, a top official said. "We are looking, but unfortunately there is not much more we can do," said DNC spokeswoman Karen Finney.

Harold Ickes -- a Democratic operative who recently created an independent political group called the September Fund with a goal of raising $10 million to $20 million for House and Senate campaigns -- said his group cannot afford to target races beyond those that Democrats have already identified as must-wins to capture control of the House for the first time since 1994.

"It has been more difficult raising money than I expected," said Ickes, noting that his group has raised between $5 million and $10 million, half its original goal. "My sense is there is more optimism than is probably warranted," he said about Democratic prospects.

If Ickes's statement is correct, most of his group's money has come in recent weeks. According to the latest Federal Election Commission filings, Ickes's group had raised slightly more than $1 million through Sept. 30.

Greenberg added: "I don't see the evidence the big donors are stepping up."

More broadly, Democrats are deeply divided over the smartest political strategy for profiting from a political environment that has deteriorated for Republicans in the aftermath of the Mark Foley page scandal.

Some Democratic officials and donors want their money concentrated to maximize the chances that the party captures the minimum number of seats necessary to gain majorities in the House and the Senate, rather than having resources spread too thin by spending on second-tier targets. The party needs to pick up 15 seats to win control of the House and six to take power in the Senate.

But Carville, Greenberg, Emanuel and others are now arguing in private deliberations that Democrats have a historic chance to not only win the House but also capture enough seats to build an effective governing majority. They are telling donors

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that it is worth the risk to shoot for a 40-plus seat gain, which would give Democrats a large enough majority to guarantee that they could move legislation and carry out investigations of the Bush administration.

"You would be crazy not to get your donors to do whatever they can and borrow what you need" to run ads in every competitive race, Greenberg said. Based on his polling, Greenberg is telling party leaders that it is not unrealistic to envision a 41-seat gain, which would give Democrats the same governing majority Republicans had after their 1994 takeover.

"I am saying this is a twice-in-a-lifetime environment," Carville said. "You try to maximize it."

Republicans have tacitly acknowledged that Democrats are right about the expanding field of competitive races. In recent days, for instance, national GOP organizations have pumped money into a race for an open seat in Idaho and into other races that were previously regarded by both parties as out of reach for Democrats.

This is not an easy bet for Democrats. It would be virtually impossible to expand the number of House seats with fully competitive races without taking some money away from efforts to win back the Senate.

Democrats said big donors such as George Soros, a billionaire financier who has funded liberal causes, are refusing to help Democrats offset the GOP's edge in spending by outside political groups. A top official who often speaks with Soros and other major benefactors said they remain upset by the Democratic failure to win the White House and Congress in 2004 and have turned their attention to long-term efforts to build a network of think tanks and advocacy organizations to support liberal causes. The richest donors also see presidential elections as more glamorous and worthy of high-level support, the official said.

A spokesman for Soros was out of the country and unreachable.

Bob J. Perry, a Texas realtor and staunch Republican, is on pace to single-handedly outspend many of the Democratic political groups such as Ickes's. Perry has given more than $7 million to efforts targeting nearly a dozen Democratic candidates, including several that are considered long-shot bets.

Bill Buck, a founder of Majority Action, an independent organization hoping to elect a Democratic House majority, said his group is investing $500,000 in New York's 19th district against Rep. Sue W. Kelly (R) -- a race that was hardly on anyone's radar screen at the start of the election campaign. Kelly is being challenged by John Hall, best known for writing the lyrics to the 1970s hit "Still the One." But Democratic officials said any effort to target a new group of GOP House members will have to be financed by the DCCC.

The DCCC is likely to go deep into debt, perhaps topping the $11 million deficit it racked up in 2004. The committee can borrow as much as a bank is willing to lend. The other option is to take money out of Republican districts that the party is confident it is almost certain to win.

This approach carries a big risk, however. If the party pulls ads in districts such as the Indiana base of Rep. Chris Chocola, who is trailing by double digits in private Democratic polling, it might allow an established GOP incumbent to creep back up in the race.

Congressman Says Earmarks Could Cost GOP Power (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 18, 2006

WASHINGTON — A leading Republican critic of special-interest spending earmarks said Tuesday that the GOP risks its congressional majority by defending the practice.

Rep. Jeff Flake, R-Ariz., said a report Tuesday in USA TODAY was the latest in a series of revelations casting an ethical cloud on earmarks, a way lawmakers direct money in a spending bill to a specific item or program.

Flake's opposition to earmarks helped prompt a temporary House rule change requiring the disclosure of some sponsors of earmarks. He said he hoped that rule could be made permanent but faced opposition from Republican supporters of earmarks.

“Until we change that mindset, I don't know that we're going to curb the practice (of earmarking),” Flake said. “Maybe it'll take two years in the wilderness of being in the political minority. I hope that's not what it takes.”

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The newspaper found that lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write. Combined, they generated millions of dollars in fees for themselves or their firms.

News of two FBI investigations involving lobbyists with family ties to Congress surfaced in the past week. Authorities are investigating whether an aide to Sen. Arlen Specter, R-Pa., broke the law by helping her husband get Pentagon earmarks for his firm's lobbying clients. Agents raided the home of Pennsylvania Republican Rep. Curt Weldon's lobbyist daughter, Karen Weldon, on Monday in a probe of whether Weldon gave favors to his daughter's clients.

Specter, Weldon and the lobbyists deny any wrongdoing.

Neither the House of Representatives nor the Senate have formal rules prohibiting contact between lawmakers and staff and the lobbyists related to them. Efforts for comprehensive ethics changes in Congress have stalled, including a Senate bill that would bar senators from "official contacts" with lobbyists who are close relatives.

Republicans killed those proposals, said House Democratic Leader Nancy Pelosi, who could become House speaker if Democrats win control of the House next month. She said her party would tighten rules to require sponsors of earmarks to identify themselves.

In the Senate, Majority Leader Bill Frist of Tennessee said through a spokeswoman that senators should consider the need for office policies if they or someone on their staff is related to a lobbyist.

"Certainly, making sure there are no appearances of impropriety is an issue," Amy Call said.

Public Wary Of Links With Lobbyists (USAT)

By Peter Eisler And Matt Kelley

USA Today, October 18, 2006

An overwhelming majority of Americans believe it's wrong for lawmakers and their staffs to have contact with relatives who are lobbyists regarding government matters. But a survey of lawmakers suggests they don't see a problem.

A USA TODAY/Gallup Poll shows that 80% of respondents believe such actions are inappropriate. By contrast, few members of the House and Senate appropriations committees say they have policies that prevent lobbying by relatives.

Four committee members who responded to a USA TODAY survey have policies that prevent relatives from lobbying them or their staffs. All are senators: Dick Durbin, D-Ill., Tom Harkin, D-Iowa, Mitch McConnell, R-Ky., and Arlen Specter, R-Pa.

None of the House members who responded reported having such a policy. The newspaper surveyed all 94 members of the appropriations committees; 37 answered the survey.

"We have clearly seen some potential problem areas in this Congress in terms of the role being played by spouses and relatives," says Fred Wertheimer, head of the ethics watchdog group Democracy 21. "That really needs to be examined now to see what kind of rules are necessary to address it."

The USA TODAY/Gallup Poll, taken earlier this month, shows that 72% of respondents are concerned "a great deal" or "a fair amount" about such lobbyist contacts.

An investigation by the newspaper found 53 cases last year in which members of the appropriations committees or their top aides had relatives in the lobbying business. Of the relatives who sought money in appropriations bills for their clients, 22 succeeded in getting specific language inserted in the bills that guaranteed money for the relatives' clients.

"We handle (potential conflicts of interest) by hiring good, professional, ethical people," says John Scofield, spokesman for the House Appropriations Committee.

"If there's any instance in which there's some sort of inappropriate action being taken at the behest of whoever, that (staffer) would be shown the door." he said. "Everyone around here knows we won't tolerate that."

Dems Using Hourly Wage Issue Against GOP Rivals (USAT)

By Andrea Stone

USA Today, October 18, 2006

WASHINGTON — Democratic challengers in more than two dozen House and Senate races are attacking Republicans in Congress for taking pay raises while voting against a minimum wage increase.

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The attacks are contained in television and radio ads running from Washington state to Virginia. In some races, such as House contests in Indiana and Connecticut, Democrats also link pay raises to Republican votes against combat bonuses for U.S. troops fighting in Iraq and Afghanistan.

While some of the ads may fudge the facts, political analysts say the message appeals to the pocketbook concerns of voters.

"It's a classic theme," says Michael Wolf, a political scientist at Indiana University-Purdue University in Fort Wayne, Ind. "It always plays well because of the perception that these are people sent to Washington, earning a lot of money and turning their backs" on voters.

Jonathan Collegio of the National Republican Congressional Committee says, "Throwing the pay raise into congressional campaigns is an election-year stunt."

Most members of Congress currently earn $165,200 a year; top leaders earn more. That's $31,600 more than in 1997, when the federal minimum wage was raised to the current $5.15 an hour. Unless legislators act during a lame-duck session after Election Day, lawmakers who will be part of the Congress that convenes in January will get an automatic 2% raise to $168,504.

Democrats, led by House Minority Leader Nancy Pelosi of California and Senate Minority Leader Harry Reid of Nevada, have vowed to oppose any pay increase until Congress raises the minimum wage.

Among Democratic ads:

•In Missouri, challenger Claire McCaskill says in a TV ad that Sen. Jim Talent is the kind of person who "votes 11 times against increasing the minimum wage, but takes six congressional pay raises."

Rich Chrismer, Talent's spokesman, says the senator has "consistently voted against" pay raises and gives "the ones that pass the Congress to charity." He added that Talent has supported minimum wage increases when they are coupled with assistance for small businesses, which cannot absorb the higher costs as easily as big companies.

•In New Mexico, the Democratic Congressional Campaign Committee attacked Rep. Heather Wilson for voting against a $1,500 bonus for U.S. troops but noted she "voted 'yes' to a congressional pay raise for herself — not once, but six times."

Wilson's spokesman, Enrique Carlos Knell, denies the congresswoman has ever voted for a pay raise. He says Democrats are "trying to rewrite the truth." The troop bonus is a "gimmick," he says, noting Wilson later supported a broader military compensation package.

Ever since lawmakers voted in 1789 to pay themselves $6 a day while in session, congressional pay has been a sticky campaign issue. Lawmakers such as Rep. Jim Matheson, D-Utah, and Sen. James Inhofe, R-Okla., donate their raises to charity to avoid voter backlash.

Congress thought it found a way to avoid direct votes on pay raises when it instituted annual cost-of- living increases in 1989. The change allows lawmakers to forgo a pay raise if they take several procedural moves to actively cancel it. Since then, Congress has blocked five increases, the last time in 1998.

Peter Sepp of the National Taxpayers Union, a group that opposes increases to both lawmakers' pay and the minimum wage, says some 30-second ads are deceptive because they say an incumbent "took" or "accepted" a pay raise, which implies that the member actively sought it.

"One or two words can be the difference between truth and fiction," he says. Sepp notes that Talent has a "clean record" with votes to block raises while Wilson voted against pay increases twice before voting for them six times.

Sarah Feinberg, spokeswoman for the Democratic campaign committee, disagrees. She says the ads are "about the clearest case you can make about the Republican incumbents not being on the side of middle class families and our troops."

Collegio accuses Democrats of "political doublespeak at its worst." He notes that the 2003 vote on combat bonuses for troops came just weeks after Republicans voted to increase military pay and other benefits. Collegio notes that "by their own goofy standards," Pelosi and Minority Whip Steny Hoyer of Maryland are just as guilty of raising their own pay.

Matheson has tried for the last six years to force a direct vote on the pay raise so members are clearly on the record about the issue. Each time his attempt has failed.

Members are "hesitant … to take a true up-or-down vote on whether to increase their pay," says Matheson, whose ads link congressional salaries to the spiraling federal deficit. "I think $165,000 is a lot of money."

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GOP Shifts Back To A Basic Issue: Taxes (CSM)

By Linda Feldmann

The Christian Science Monitor, October 18, 2006

WASHINGTON

In an election season where the Republicans can't seem to buy a break, the party's highest-profile campaigners have gone back to a bedrock GOP issue: taxes.

In an address to Republican donors in Topeka, Kan., last week, Vice President Cheney cited taxes first - before Iraq, before the war on terror - calling them "one of the most important issues on November 7th."

After a month of speeches focused on terrorism, President Bush has also moved taxes to the fore, speaking ominously of how if "they," the Democrats, "were to get in charge of the House of Representatives, they would raise your taxes and figure out new ways to spend your money," as he did at a campaign event in Chicago last week.

While the president tends to keep his remarks general, Mr. Cheney and Republican National Committee chair Ken Mehlman get personal. They target in particular Rep. Charles Rangel (D) of New York, who would become chairman of the tax-writing House Ways and Means Committee if the Democrats win control of the House. They assert as fact that Mr. Rangel favors "across-the-board tax increases," which Rangel and the Democrats vigorously deny. But the debate has been framed, and it is one that has resonated for decades in the back and forth of partisan politics.

"It plays to the basic party stereotypes, and of course most people, if you give them an unalloyed choice of paying more taxes or less taxes, they'll pick less taxes every time," says Larry Sabato, political scientist at the University of Virginia in Charlottesville. Voter concerns

The problem for Republicans is that taxes don't rank high on surveys of voter concerns, in an election dominated by talk of Iraq, scandals, and uneasiness about the economy in general.

The latest Gallup poll shows likely voters saying that congressional Democrats would do a better job of handling every issue - from healthcare to Iraq to moral standards in the country - than congressional Republicans. Democrats also beat Republicans on handling terrorism, for the first time in the five years Gallup has asked that question.

"I'm not sure that any polls are going to show the Republicans beating the Democrats on anything in this environment," says Republican pollster Whit Ayres.

But he argues that focusing on taxes - and on the prospect of a Chairman Rangel - is still good politics, even though most voters don't pay much attention to the details of the House, such as who runs the committees.

"That doesn't mean that it's not a very effective issue to use with activist voters, and to persuade Republicans that they'd better turn out to vote or else," says Mr. Ayres.

Says Mr. Sabato: "It's red meat for the base, but I think it does extend to a lot of independents.... You look at the issues here, and what do they [the Republicans] have? This is a very tough year for Republicans, so they have to go to golden oldies." What's at stake on tax issue

At issue is not a proposal for major new tax cuts, but what will happen when temporary tax relief provisions are about to expire. A reduction in the marriage tax is set to expire Jan. 1, 2011, as is a boost in the child tax credit. The estate tax, which affects the wealthiest 2 percent of Americans, now applies only to inheritances exceeding $2 million, but that higher ceiling expires in 2008.

Rangel presents Republicans with the perfect foil. He is an unabashed liberal who has represented a poor district in Harlem since 1970, and he does not shy away from a good fight. In recent media interviews, he has stated that as chair of Ways and Means, he would work across the aisle and end the intense partisanship of the Bush years. But he has also held open the idea of not renewing any of Bush's temporary tax cuts, and thus has prompted an untold number of GOP press releases and attacks.

In an interview with Bloomberg news service Sept. 20, he said he "cannot think of one" of Bush's first-term tax cuts that should be renewed. According to a Rangel aide, the comment needs to be taken in context: The tax cuts don't expire for several years, and it's too soon to say for sure what should happen to them.

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Meanwhile, Rangel noted in the interview, a priority for the new Congress should be reforming the alternative minimum tax, a system designed originally to make sure wealthy people cannot avoid paying taxes but which has increasingly affected middle-class taxpayers. That will be an expensive reform, and Rangel wants to reinstate the "pay-as-you-go" system that requires new spending to be covered by revenue increases. Party leaders battle over taxes

Howard Dean, the Democratic national chair, said on CNN Sunday that Republican warnings that the Democrats will raise taxes are "nonsense."

But RNC chair Mr. Mehlman, when asked on CNN about Mr. Dean's comment, said, "That's what he says. But the guy that writes the tax laws, a guy named Charlie Rangel, the week they got out of town, said across-the-board tax increases."

Given that taxes are not a top concern for voters in this election, Republicans will have to work hard to put the issue on their radar screen, says Sabato.

"That's where their money comes in, that's where their ads come in," he says. "They know the news media aren't going to cover that extensively, so they're going to pay for it."

Tax Questions Abound On Ballots Across Nation (WSJ)

By Rob Wells

The Wall Street Journal, October 18, 2006

Voters from South Carolina to South Dakota might be surprised to find a significant tax question, such as a property-tax cap, on the November ballot.

Nationwide, there are some 40 measures to increase or decrease taxes or to restrict spending, according to a University of Southern California survey. But many are gaining little publicity in an election year dominated by the possible change of control in Congress. Unlike many state tax measures in past years, this year's measures have sparked little taxpayer outcry.

"There's not a bunch of anger out there about a particular tax," says John G. Matsusaka, president of USC's Initiative & Referendum Institute.

One reason: State governments have had consistently strong revenue growth in the past two years, growth that "some would even say is bordering on the remarkable," says Harley Duncan, executive director of the Federation of Tax Administrators. Lack of severe financial problems "does tend to keep down the number of these sorts of proposals," Mr. Duncan says.

South Carolina Tax Assessments

One of the more significant property tax measures is in South Carolina, where voters will decide whether to limit increases in property tax assessments to no more than 15% every five years. Blease Graham Jr., a political science professor at University of South Carolina, says the measure has received some unfavorable newspaper editorials. While the proposal would cap appraisals, local governments under state law will be required to adjust property-tax rates to raise the same amount of money. The result would cap taxes for valuable waterfront properties while shifting the tax burden to less-valuable properties, he says.

South Dakota voters also are being asked to cap property-tax assessments, but that measure is getting little attention amid an intense campaign over another ballot measure to repeal a state abortion ban.

"To say it is being overshadowed is an understatement," says William D. Richardson, chairman of the University of South Dakota political science department. "I expect this one will come as a bit of a surprise to voters as they work their way through the ballot."

Georgia has a measure to exempt senior citizens from the state portion of the property tax, but there's little talk about it. "It's not getting much attention but I think it will overwhelmingly pass," says Alan Essig, executive director of the Georgia Budget and Policy Institute, a local think tank. Mr. Essig says while exempting seniors from a small state-level property tax is "an election-year gimmick," the idea has drawn little opposition. "It's not controversial at all," he says. The plan would reduce state revenues by about $6.8 million in the 2008 fiscal year, Mr. Essig says.

Washington Estate Tax

Another significant state ballot issue is a Washington state measure to repeal a state-level estate tax. Such a repeal would reduce state revenues by $184.5 million over the next two fiscal years. The estate tax, enacted in 2005, is directed to reduce school class sizes and fund education.

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The issue is significant in Washington because of the contested U.S. Senate re-election race for Democrat Maria Cantwell. She voted against estate-tax reductions in the Senate this year in the face of intense pressure from antitax advocates.

Support for the estate-tax repeal is lagging, however; a Sept. 21 poll by Washington pollster Stuart Elway showed it losing 38% to 45%. Opponents include William Gates Sr., father of Microsoft founder Bill Gates Jr.

"We haven't seen any kind of grassroots groundswell of support for repealing the state level estate tax," says Sandeep Kaushik, spokesman for the repeal opposition group.

Sen. Cantwell's opponent, Republican Mike McGavick, former chief executive officer of insurance company Safeco, highlighted his opposition to the federal estate tax during a campaign event earlier this month.

Dennis Falk, head of the estate-tax repeal effort, argues that the estate-tax burdens working family businesses that invest capital to create jobs in Washington and that repeal won't hurt educational funding, which traditionally comes from the state's general fund.

State Taxes on Cigarettes

Increases in cigarette taxes are on the ballot in Arizona, South Dakota and California, where voters in that state will be asked to back a $2.60-a-pack cigarette tax, up from 87 cents a pack. Californians also will decide two other possible tax increases: a new tax on oil pumped from state wells and a $50 property parcel tax for public schools. The estimated $4 billion in funds from the oil tax would be dedicated to alternative-energy programs.

USC's Mr. Matsusaka isn't optimistic about the outlook for any of these, noting that a 1980 proposition to tax state-produced oil also failed. While cigarette tax increases generally win approval, he says, "There is a sense in California that people are hesitant to impose taxes on really narrow groups." * * *

BRIEFS: Happy Anniversary: The Internal Revenue Service is throwing a party to celebrate the 20th anniversary of the landmark 1986 tax overhaul. IRS Chief Counsel Don Korb said the event, featuring important behind-the-scenes players such as former Treasury officials John "Buck" Chapoton and Ronald Pearlman, will help "create a sense of history in our office." Is this a way to get the IRS troops fired up for another major tax-reform effort? "Not at all," Mr. Korb says. ... The IRS has a new associate chief counsel to oversee partnerships and "special industries," William P. O'Shea, a 28-year veteran of the agency. The office provides legal advice on issues ranging from estate taxation to energy taxes and tax shelters.

Alarm Bells For G.O.P. In A Battleground State (NYT)

By John M. Broder And Megan Thee

The New York Times, October 18, 2006

The bellwether state of Ohio appears to have become hostile terrain for Republicans this year, with voters there overwhelmingly saying Democrats are more likely to help create jobs and concluding by a wide margin that Republicans in the state are more prone to political corruption than are Democrats, according to the latest New York Times/CBS News poll.

Home this year to closely watched races for governor, United States Senate and a growing roster of competitive House seats, Ohio is one of the most contested battlegrounds of 2006, and one in which voters at this point are strongly favoring Democrats on many issues.

The Democratic candidates for governor and Senate hold commanding double-digit leads over their Republican opponents in the poll, and respondents said they intended to vote for the Democratic candidate for the House in their district by 50 percent to 32 percent.

The results contained alarm bells for President Bush and his party across the nation three weeks from Election Day.

The poll found a striking slippage in the president's standing among white evangelical Christians, a constituency that has provided a strong vote cushion for Republican candidates in recent elections. In November 2004, 76 percent of white evangelical Christians in Ohio voted for Mr. Bush. When asked in this poll whether they approved or disapproved of the job Mr. Bush was doing as president, 49 percent approved while 45 percent disapproved.

Ohio is a Republican-leaning but heavily contested state that twice voted to elect Mr. Bush and gave him his Electoral College margin of victory in 2004. But it is not a perfect microcosm of the country, and in particular has higher levels of economic anxiety, the poll found.

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Sixty-five percent of those surveyed rated the state's economy as bad; only 34 percent said it was good. In Ohio, 49 percent of respondents described the nation's economy as good, and 50 percent said it was bad. In a Times/CBS News poll conducted nationally this month, 60 percent said the economy was good, and 39 percent said it was bad.

A plurality, 46 percent of voters, said the economy and jobs were the most important issues facing Ohio, while 17 percent cited health care, 15 percent said terrorism and 12 percent said the war in Iraq. Seventy percent said that both Ohio and the nation were on the wrong track, a number that often spells doom for the party in power.

More than three-quarters of Ohioans in the poll said they strongly favored a ballot measure to raise the state minimum wage to $6.85 an hour from $5.15 an hour. The ballot measure is backed by labor unions and other Democratic interests and is intended in part to draw Democratic voters to the polls on Election Day, just as measures to outlaw same-sex marriage propelled Republicans to vote in several states two years ago.

Only a third of Ohio voters approve of the job Mr. Bush is doing as president or the way he is handling the economy, and they seem poised to take their discontent out on Republican candidates up and down the ballot. Republican officials at the national level said this week they had all but written off the Senate and governor's races in Ohio and were diverting resources to other states where they believed they had a better chance of winning.

"In Ohio we've seen nothing but our manufacturing jobs cease to exist," said one poll respondent, David Stuck, 59, of Miami Township, who said he had voted twice for Mr. Bush. Mr. Stuck, a Republican, blamed inaction at the federal level for the evaporation of jobs in Ohio and said he planned to vote for the Democratic candidate for United States Senate, Sherrod Brown, over the incumbent, Mike DeWine, a Republican.

"Call it a protest," Mr. Stuck said in a follow-up interview. "I haven't seen anything done in the last six years. To be honest, I'm truly thinking about voting Democratic across the board because I'm tired of Bush."

The statewide telephone poll was conducted Wednesday through Sunday with 1,164 adults, including 1,020 registered voters. The margin of sampling error for the entire group is plus or minus three percentage points, and it is the same for the registered voters.

More than half of the poll's respondents said they believed corruption was widespread in Ohio and said, by a three-to-one ratio, that the Republican Party had more corrupt politicians than the Democrats. Gov. Bob Taft, a Republican, pleaded no contest last year to ethics charges arising from dealings with a crooked investment manager. Representative Bob Ney, an Ohio Republican, pleaded guilty to corruption charges last week arising from his association with Jack Abramoff, the lobbyist at the center of the influence-selling scandal in Washington.

Doris Stucky, a 79-year-old retired nurse from New Philadelphia, said she thought all politicians were corrupt. "I think they're out to line their pocketbooks and get votes and they don't care what they do or say to get them," said Mrs. Stucky, a Republican, in a telephone interview after she participated in the poll.

"They came down on Bob Ney, and I don't think he's any more guilty than the rest of them," she said. "It's the same in Ohio. I think politicians are all the same. I wish we could find some good honest Christian politicians, but I don't think there are any." Mrs. Stucky said she was undecided about whom she would vote for.

By large margins, Ohio voters said they trusted Democrats over Republicans to handle government spending and create new jobs.

The sour mood in Ohio about the economy and the performance of incumbents at all levels appears to be a motivating factor for voters who identify themselves as Democrats. Fifty-five percent of Democrats said they were more enthusiastic about voting than in previous elections for Congress, while only 30 percent of Republicans said they were.

The tide of dissatisfaction appears ready to wash out Mr. DeWine, who is trailing Mr. Brown by 34 percent to 48 percent, the poll found. The Democratic candidate for governor, Representative Ted Strickland, is leading the Republican nominee, J. Kenneth Blackwell, the Ohio secretary of state, by 53 percent to 29 percent.

The omens in the poll were almost uniformly grim for the president and his party. Six out of 10 respondents disapprove of the way Mr. Bush is handling the economy and Iraq, and a plurality of Ohioans (by 40 percent to 36 percent) disapprove of the way he is managing the nuclear crisis on the Korean peninsula. The approval rating for the Republican-led Congress is a paltry 22 percent. Among adults nationwide, 27 percent approve of the way Congress is doing its job.

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One bright spot for the president and Republicans was that while about 60 percent said they had made up their minds about this year's elections, 4 in 10 said it was too early to say how they would vote.

Many Democrats in Ohio still harbor resentment about the 2004 presidential contest between Mr. Bush and Senator John Kerry, which Mr. Bush officially won by about 120,000 votes out of 5.6 million cast in Ohio. Only 30 percent of Democratic poll respondents said they believed the 2004 vote count was fair and accurate, while 64 percent said it was not. (Many conspiracy-minded Democratic activists accused Mr. Blackwell, who serves as statewide supervisor of elections, of manipulating voting technology to help Mr. Bush win.) Republicans, by 89 percent to 8 percent, said the voting was fair and balanced.

Twenty-eight percent of those polled said an adult in their household had been out of work and looking for a job in the past 12 months, and 44 percent of them said they were worried that someone in their family would be out of work in the coming year.

James Reed, 50, a self-described independent voter from Ashtabula, said in a follow-up interview that Mr. Taft, who is not running for re-election, "has sold us down the road as far as jobs are concerned." Mr. Reed, a disabled chemical plant worker, said trade restrictions were needed to prevent American jobs from being shipped overseas, a view shared by 69 percent of Ohioans surveyed.

Republicans Put $700G In TV Ads In Ohio (AP-Y)

By Jim Kuhnhenn, Associated Press Writer

AP, October 18, 2006

The Republican Party placed $700,000 in television ads in Ohio Tuesday, a scaled-back ad campaign amid growing doubts by party officials that GOP Sen. Mike DeWine can win re-election in the battleground state.

The ads by the party are smaller than recent million-dollar ad buys by the National Republican Senatorial Committee. But party officials touted the ads as evidence that they were not abandoning the state or giving up on DeWine.

Strategists from both parties were following the Republican steps closely because the GOP had chosen Ohio, Tennessee and Missouri as political fortifications against a Democratic takeover of the Senate. Democrats need a net gain of six seats to win control of the Senate.

Polls this week in Ohio show DeWine trailing his Democratic opponent, Rep. Sherrod Brown, by 7 to 12 percentage points.

Republican Party officials are turning their sights to Virginia to offer needed help to Sen. George Allen, who has been unable to stop a rapidly tightening race with Democrat Jim Webb. Virginia already is part of the party's aggressive voter turnout operation and party officials are said to be weighing a substantial ad campaign in the state as well. The Democratic Senatorial Campaign Committee already is spending about $1.1 million on ads in Virginia against Allen.

Allen, once considered a likely candidate for the Republican presidential nomination in 2008, holds a financial advantage in the campaign but has lost ground to Webb after a series of campaign mishaps. A recent Washington Post poll had Allen and Webb virtually tied, with Allen's lead within the poll's margin of error.

Republicans, looking to pick up a potential Democratic Senate seat, spent $500,000 to air ads in New Jersey against Democratic Sen. Robert Menendez, who is being closely challenged by Republican Tom Kean Jr.

Sen. Charles Schumer of New York, the chairman of the Democratic Senatorial Campaign Committee, conceded Tuesday that New Jersey is the only Democratic-held seat where Democrats do not hold comfortable double-digit leads, but said the party can withstand a last-minute expenditure against a Democratic senator.

"We believe we have the ability on defense should they put a lot of money in one state, particularly a blue state, to answer it," he said.

He would not say which state, but did not dispute a suggestion that Democrats may counter the money Republicans are spending in New Jersey.

Republicans were also taking a second look at some House races they once considered safe from Democrats.

The National Republican Congressional Committee is paying for polling in the Kentucky congressional district of Rep. Anne Northup and the Pennsylvania district of Rep. Melissa Hart. Such polls usually are commissioned to determine whether the party needs to put in resources to help a candidate in trouble.

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In another new battleground, both parties signaled that they will begin airing television ads in GOP Rep. Gil Gutknecht's re-election race in Minnesota, a campaign not previously considered competitive.

Both parties have also stepped up their spending on other means of reaching voters, particularly direct mail and automated phone calls. Since Friday, the National Republican Congressional Committee has about $350,000 in mailings and phone banks, most critical of Democratic candidates. The Democratic Congressional Campaign Committee reported more than $550,000 spent on phone banks, mostly against Republican candidates.

The NRCC also reported airing about $2 million in television commercials in nine highly competitive congressional districts. Republicans have hope they can hold onto the seat of former Rep. Mark Foley, who resigned in the midst of a scandal over sexually explicit electronic messages to teenage male pages. The NRCC reported spending more than $270,000 on an ad opposing the Democratic candidate for the seat, Tim Mahoney.

Pro-Republican Ads Stretch The Truth On Iraq To Influence Elections (MCT)

By Steven Thomma

McClatchy Newspapers, October 18, 2006

WASHINGTON - It's an easy claim to make, calling yourself a "political truth squad." But when a shadowy group pouring untraceable millions into this fall's campaign makes that claim, that bears a little truth-checking itself.

Television ads from the group, Progress for America, manage to grab the heart, but also stretch or twist the truth as they work to boost support for the Iraq war.

They feature David Beamer, whose son led a counterattack against the terrorists who hijacked United Flight 93 on Sept. 11, 2001. Todd Beamer was the one who said, "Let's roll," as he and others courageously stormed the cockpit. The plane crashed in a field in Pennsylvania, well short of either the Capitol or White House, its presumed target.

"Todd was one of the passengers and crew who fought back on 9/11 and saved our capital from being destroyed," the elder Beamer says in one ad, looking squarely into the camera as a picture of his smiling son flashes beside him.

"Al-Qaida killed 3,000 Americans on 9/11 and will do anything to destroy us and our way of life. Todd and United 93 fought back. We continue this fight in Iraq today. This enemy must be destroyed in Iraq and wherever we find them."

That makes it sound as though the war in Iraq is retaliation against al-Qaida.

It's not. Iraq had nothing to do with al-Qaida's attack on us. In fact, a recent Senate Intelligence Committee report showed that not only did Iraqi dictator Saddam Hussein not have anything to do with Sept. 11, he also wanted nothing to do with al-Qaida and shunned pleas for help from Osama bin Laden.

"Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," the report said.

Asked to back up its ad, the group pointed to news articles about al-Qaida in Iraq now. But we didn't "find" al-Qaida in Iraq. They came in to fight us after we invaded.

Misleading assertions like those made by Progress for America feed a lingering misunderstanding of the Iraq war. As recently as March, 39 percent of Americans believed that Saddam was personally involved in the Sept. 11, 2001 attacks, according to the Gallup poll. That's down from 53 percent in 2002, but still surprisingly high.

Progress for America presumably hopes the ads will rebuild that false connection between Sept. 11 and Iraq - and thus make the Iraq war more justifiable to an increasingly skeptical public. The ads are being aired in Missouri and Ohio, two states where Republican senators are in danger of losing their seats, and on national cable TV.

Progress for America is a mysterious conservative group. It has aired ads supporting President Bush and his Supreme Court nominees, as well as the war in Iraq and the war on terrorism.

It was founded in 2001 as a "527" group, named for a section of the tax code, and raised an estimated $45 million for ads in the 2004 campaign.

It's now incorporated under section 501c(4) of the tax code, which prohibits it from directly supporting or opposing candidates, but also exempts it from having to disclose who finances it.

Nicole Philbin, a spokeswoman for the group, declined to say how much it's raised or spent, or who has financed its ads.

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The group has another ad featuring Beamer, this one supporting the war on terrorism and ripping unnamed people who question U.S. tactics. It was aired in Missouri and on national cable channels.

In it, Beamer says: "Now, we have narrowly escaped another 9/11 . . . using prove surveillance that some would stop."

That's a reference to the breakup of a plot to blow up U.S.-bound planes from London - and an apparent suggestion that it was stopped using the kind of warrantless eavesdropping that the Bush administration uses here.

But there's no evidence that the London plot was stopped by warrantless eavesdropping. And there's no backup to the assertion that "some" want to stop U.S. surveillance.

To the contrary, Sen. Patrick Leahy, D-Vt., who would chair the Judiciary Committee in a Democrat-controlled Senate, told a recent congressional hearing that he supports eavesdropping, but wants it done with court oversight.

To back up the ad, the group noted news articles that refer to U.S. surveillance done at the time of the London investigation. But that surveillance was done with court approval - exactly the approach that has universal support here. There was no documentation of the charge that "some" want to stop that surveillance.

To see the Beamer ads, go to www.progressforamerica.org and click on "videos."

For more on the Senate Intelligence Committee report, http://intelligence.senate.gov/phaseiiaccuracy.pdf

Colo. Opens Probe On Beauprez Attack Ad (AP-Y)

By Steven K. Paulson

AP, October 18, 2006

Colorado authorities have opened a criminal investigation into whether an attack ad run by GOP Rep. Bob Beauprez against his opponent for governor illegally used confidential information from a federal law enforcement database.

Democrat Bill Ritter's campaign has suggested the information was taken from the computerized crime records.

But John Marshall, the congressman's spokesman, said Tuesday that the details came from an informant he refused to identify. He said the campaign is cooperating with investigators.

The investigation marks an ugly turn for what has so far been a relatively mild campaign to succeed Republican Gov. Bill Owens, who is prevented by term limits from running again. Recent polls show the two-term congressman trailing Ritter, a former Denver district attorney.

The governor has asked the Colorado Bureau of Investigation to expedite its investigation. Use of the federal criminal database for any purpose other than law enforcement is a crime punishable by fines and up to a year in prison.

The TV ad in question refers to Carlos Estrada Medina, a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says Ritter chose to seek a plea bargain in the case, Medina avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor.

Reporters found that the person arrested in Colorado was identified as Walter Noel Romo and had a different birthdate than Medina, according to the Ritter campaign. When questioned about the man's identity, the Beauprez campaign said Romo and Medina were the same man because federal criminal databases indicated the two men had the same FBI numbers.

Ritter spokesman Evan Dreyer said the campaign tried verifying that information through public records but could not — raising the possibility that the databases were illegally accessed.

"We could not connect the dots using information available to the public in a way that made any sense at all," Dreyer said. "If we couldn't do it, how was the congressman able to do it?"

Arrest records are the only public information in the database, CBI spokesman Lance Clem said.

Political Ad Draws A Criminal Inquiry (NYT/AP)

By The Associated Press

The New York Times, October 18, 2006

DENVER, Oct. 17 (AP) — Colorado authorities have opened a criminal investigation into whether an attack advertisement run by Representative Bob Beauprez against his opponent in the governor's race illegally used confidential information from a federal law enforcement database.

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The television advertisement in question criticizes Mr. Beauprez's opponent, Bill Ritter, a Democratic former district attorney, for seeking a plea bargain in the case of a suspected illegal immigrant arrested on charges of heroin trafficking.

Mr. Ritter's campaign has suggested the information was taken from computerized crime records. Use of the federal criminal database for any purpose other than law enforcement is a crime.

But John Marshall, Mr. Beauprez's spokesman, said Tuesday that the details came from an informant he refused to identify. He said the campaign was cooperating with investigators.

The race is to succeed Gov. Bill Owens, a Republican who, because of term limits, cannot run again.

Virginia's Senate Race (WP)

The Washington Post, October 18, 2006

THE U.S. SENATE race in Virginia pits a novice politician, Democrat James Webb , against a much more experienced one, incumbent Republican George Allen, who spent much of the early fall obliterating his reputation for amiable charm and political deftness. As Mr. Allen has partially admitted, his wounds in the close race have been mostly self-inflicted and have left a sour taste in the mouths of many Virginians. Still, there is an even better reason to vote against Mr. Allen: Quite simply, he is a mediocre senator whose six years of undistinguished service do not justify rehiring.

His opponent -- former Navy secretary, former assistant defense secretary, former Marine Corps officer and former Republican -- is admirably independent-minded. He was prescient in warning, back in 2002, that the war in Iraq risked stranding the United States in a long-term occupation without an exit strategy. An intelligent man with a record of integrity, he has resisted the packaging of political consultants, which can only be a good thing. Those assets, as well as his deep familiarity with military and national security affairs, offer the promise that he would make an able, if unorthodox, U.S. senator. And the fact that his youngest son is deployed as a marine in Iraq gives him a perspective that is rare in today's Congress.

Mr. Webb, a fine writer, remains in many ways a political work in progress. His impressionistic grasp of domestic policy generally and his passing acquaintance with Virginia issues in particular reflect his meager experience in electoral politics. His diagnosis of America's widening disparities in wealth and income is on the mark, but his fuzzy-headed attacks on free trade are the wrong prescription. As a candidate, Mr. Webb has had a steep learning curve; to his credit, he has acknowledged it.

Mr. Allen lacks any comparable independent-mindedness. He has spent his time in the Senate in lock step with the Bush administration, embracing tax cuts that have imperiled the nation's fiscal health; subsidies for oil and gas companies that hardly needed the help; prisoner detention policies that have undercut America's image abroad; and restrictions on embryonic stem cell research despite its medical potential.

At the same time, Mr. Allen has accomplished little for his state's most dynamic region, Northern Virginia. Other Republican members of Virginia's congressional delegation -- Sen. John W. Warner and Reps. Thomas M. Davis III and Frank R. Wolf -- have played vital roles in advancing transit and other priorities while Mr. Allen was busy grooming himself for a possible 2008 presidential race.

Many of the initiatives that Mr. Allen has undertaken in the Senate are the easy stuff -- relatively noncontroversial measures that lavish money and favors on his constituents. Nothing wrong with that, if it's part of a broader record of accomplishment. But while Mr. Allen has proposed some worthwhile bills -- for instance, to expand investment in nanotechnology and to help historically black colleges and universities upgrade their telecommunications infrastructure -- his legislative contributions have been marginal at best. He is no one's idea of a heavyweight in the Senate.

Virginians deserve better and more enlightened representation. Mr. Webb offers that hope.

Don't Call Him Redneck (WP)

By Libby Copeland

The Washington Post, October 18, 2006

About a year ago, before he was running for the Senate, James Webb took a colleague to the mountains of southwest Virginia to do some research for a movie they were working on.

Rob Reiner , meet my cousin Jewel and her husband, Buck. Jewel made a home-cooked meal for Webb and his producer-director friend. She pointed across the way to a nearby hollow and said:

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"Ah wuz bawn rat ovah theyah." That's Reiner on the phone from Los Angeles, doing a mountain accent.

At night, Webb took Reiner to a rustic auditorium. There was bluegrass and flatfoot dancing.

"Incredible experience," Reiner says.

There may be few places in the country more foreign to Hollywood than Gate City, Va., and much of Webb's livelihood has been to translate one culture for another. His dad's family came out of these hollows, though Webb grew up on military bases all over the country. Over the course of his career, in books and more recently in screenplays, Webb, 60, has been writing about the dignity of his people -- the gun-loving, country-music-singing, working-class whites of Scotch-Irish descent who fight in wars, staff the nation's factories and shop its Wal-Marts.

"This people gave our country great things, including its most definitive culture," Webb writes in his most recent book.

He knows that some folks might call his people rednecks. We pity those folks if Jim Webb is around when they say that.

* * *

Webb has moved in and out of public life, but the near-constant over the years has been writing, ever since he read a short story by Hemingway at Georgetown Law School and thought to himself, "That looks easy."

It wasn't, of course.

He is best known for the novel he started shortly after that, "Fields of Fire," a book he sweated over and struggled with, writing and rewriting it "seven times, cover to cover," as he likes to say. Drawing on his experience as a Marine company commander in Vietnam, it was published to much acclaim in 1978, when Webb was already serving as counsel to the House Committee on Veterans Affairs.

He went on to become assistant secretary of defense under Ronald Reagan and then secretary of the Navy. When he quit that post in a protest over budget cuts, he added screenwriting and producing to his rÃ©sumÃ© and spent 2 1/2 years trying to bring American businesses into Vietnam. And he kept writing books. In all, he has written six novels and, most recently, a book of nonfiction about Scotch-Irish culture. (That's not counting an academic book he wrote in law school, about U.S. military strategy in the Pacific.)

Campaign officials for Webb's opponent, Republican Sen. George Allen, have repeatedly referenced Webb's careers in writing and in movies, hoping these labels might imply he is out of touch, untrustworthy or -- perhaps worst of all in Virginia -- liberal. In a debate, Allen said Webb was more aligned with the "values of Hollywood" than the "values of Virginia." "Hollywood," of course, is itself a dirty word in the popular political lexicon, a kind of shorthand for things that are lefty, elitist and vaguely debauched.

The funny thing is, Webb -- a Democrat who became a Republican in the '70s and a Democrat again in recent years -- has been a largely conservative force both in movies and on the printed page. At various times he has eviscerated liberals, feminists, elites, academics and those who protested the Vietnam War. He has criticized Hollywood for its treatment of his people. By all rights, he should have alienated someone like Rob Reiner. Instead, Reiner has been giving money to his Senate bid. ("I've maxed out," Reiner says.) Much of what they share is a deep opposition to the Iraq war.

The project that took Webb and Reiner to the hills of southwestern Virginia is a script they'd been working on for a movie about this very subject. "Whiskey River" centers on an Iraq war soldier who hails from a world much like Gate City, Va., and what Reiner calls the "culture of service" this soldier comes from. It is also, Reiner says, about the fundamental unfairness of a war in which "only certain people have to sacrifice."

The notion of his people's sacrifice in wartime is a theme Webb has returned to again and again in his writing. In his 2004 book, "Born Fighting: How the Scots-Irish Shaped America," Webb writes that the Scotch-Irish "have fed dedicated soldiers to this nation far beyond their numbers in every war." In interviews, he recalls starting law school in 1972 and discovering that others were in "ethnocentric retreat." Everyone else knew who they were and where they came from, everyone else had ethnic pride, but the identity of Webb's own culture had been lost. He says his peers labeled him a white man of privilege, a WASP.

In the decades since, Webb has studied the migrations of his people, exulting in their fighting history and puzzling over their entrenched poverty. He is himself the product of a long line of military men, and his son Jimmy is a Marine in Iraq. Webb's dad was an Air Force officer who used to make 4-year-old Webb hit him, fist to fist, to prove he was tough. Webb once told an interviewer he used to have to stand "at attention" when his dad inspected his room:

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"I'd say, 'Hey, Dad,' and he'd say, 'Shut up, you're a corporal.' "Everybody's Villains

Webb can be grim and stiff in public. In a recent appearance to generate support among Hispanic voters for his Virginia Senate run, Webb looked off into the distance as speakers took the podium, his body rigid, looking about as relaxed as, well, a corporal standing at attention. When the crowd whooped and clapped for him, he didn't even smile.

But one-on-one, Webb can really talk. He breaks into spontaneous, growling recitation of a manly poem called "Do You Fear the Wind?" that he learned from his father, and launches into a disquisition on country music. He critiques the prose of Winston Churchill ("marvelous") and Teddy Roosevelt ("a little over the top"). His manner is relaxed, bordering on incautious. Regarding his early drafts of a particular book, he says (unsenatorially) that "they all sucked."

He recalls a magazine article he wrote in 1984: "We had the second-highest volume of mail of anything that Parade's ever published."

He talks about his love of poetry. Yeats. Pound. Dylan Thomas. He talks about his books. "In a lot of my writing, the narrative is in meter," Webb says. "I don't know if you've ever noticed that."

We hadn't. He pulls out a copy of "Fields of Fire" and reads aloud to demonstrate.

"Fields of Fire" -- about Marines serving in Vietnam even as America has begun to turn its back on them -- is filled with the ugliness of combat, beautifully rendered. Tom Wolfe called it "the finest of the Vietnam novels," and it remains a strong seller to this day. Webb started it when he was surrounded by antiwar and anti-vet fervor. He was shocked that so many of his law school peers had avoided the draft; this seemed a gross inequity. He wanted those who hadn't served to experience the war as he had, to respect the soldiers who put their lives on the line no matter the cause.

In brutal language, peppered with obscenities and ethnic slurs, "Fields of Fire" demonstrates the horrors and murky morality of war. A man is blown open and his torso becomes "a dripping ooze." A Vietnamese translator who works for the Marines bribes a starving villager into having sex with him in exchange for food. Even when Webb's characters do gruesome things, he does not make it easy to condemn them.

As journalist Robert Timberg wrote, "Webb challenges the reader to engage in the actions of his characters, dusting each scene with ambiguity, offering no pat answers."

One of the main characters is a man much like Webb, a soldier of Scotch-Irish descent who comes from a tradition of fighters. Before going into combat, this character meets the battalion executive officer, who warns him about the ways the war will wreck his soul.

"You spend a month in the bush and you're not a Marine anymore. Hell. You're not even a goddamn person. There's no tents, no barbed wire, no hot food . . . You roll around in your own filth. You forget how bad you smell. Dead people, guts in the goddamn dirt, miserable civilians, it all gets sort of boring."

A paper trail is a dangerous thing for any politician to leave behind, and Webb's paper trail -- thousands of pages written over the course of 30 years -- is a very long one indeed. The Allen campaign's researchers have read all of Webb's books and compiled an exhaustive list of everything one might find offensive, with racial slurs in bold, along with such categories as "Women as Sex Objects (See also 'Sex Scenes')" and "Mutilation of the Dead."

"He makes his literary and movie works part of the debate in this campaign," says Allen campaign manager Dick Wadhams. "It'll be up to Virginia to decide if that helps him or hurts him."

"I'm of the realist school of writing," Webb says. "You have a duty to portray things as they really are."

But there is less room for this sort of realism on the campaign trail than in fiction. Less room for ambiguity, too. These are lessons Webb appears still to be learning.

In a recent interview in the back of his campaign RV, Webb talks about how Hollywood has lampooned the Scotch-Irish. He says he is sick of this story line. For too long, he says, poor Southern whites have been one of the few groups it's still safe to make fun of.

"Every movie needs a villain," Webb says. He could let the statement end there, but instead, he does a strange thing. In the midst of a Senate race marked by accusations of racial insensitivity on both sides, he says this:

"Towel-heads and rednecks -- of which I am one. If you write that word, please say that. I mean, I don't use that pejoratively, I use it defensively. Towel-heads and rednecks became the easy villains in so many movies out there."

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Later, Webb's press secretary learns of this quote, and the next day Webb is calling a reporter from a fundraiser in Atlanta:

"I used the words that are used to stereotype them," he says, adding that he was using both terms "defensively." "I'm really upset if this is going to end up being the guppy that eats the whale here."Speaking of Stereotypes . . .

Webb knows another Hollywood story line very well. It's the one in which his potential movies languish for years. His most visible success was writing the original story for the 2000 movie "Rules of Engagement," starring Samuel L. Jackson. He has also sold or optioned several of his books to studios, but none has been made into a movie. Yet. There are timing issues, says his literary manager, Pete Donaldson. Or there are competing projects. Or there's a problem with the studio.

Most recently, "Whiskey River," optioned last year by Warner Bros. for $150,000, has moved into a holding pattern. Perhaps typical of Hollywood, Reiner, Webb and Donaldson each give different reasons why.

Webb has had other deals. In the early 1990s, he had a screenwriting contract with Universal that included working on other writers' screenplays. A few years back he wrote a pilot for a television series, but the show never made it to production. He's never lived in Hollywood, though he has visited the West Coast regularly for business.

Webb's books have continued to be popular. Webb says he receives "well into the six figures" on book advances, and according to a financial disclosure report filed in May in connection with his campaign, he is now worth between $2.2 million and $6.4 million. (The Senate disclosure form requires that candidates list their assets within broad ranges.) He lives in Falls Church with his third wife, Hong Le Webb, a lawyer who was born in Vietnam and escaped with her family after the fall of Saigon.

The novels are all military-themed and their titles pulse with warrior bravado -- "A Sense of Honor," "Something to Die For," "Lost Soldiers." Several have briefly made it onto major bestseller lists, and some have been translated into other languages. Critics have praised his scene-setting and far-ranging, action-packed plots. They've noted that, as one reviewer put it, he is "not just a writer of war thrillers; he is a genuine novelist of ideas," tackling such issues as when it's appropriate (or not) to put soldiers in harm's way.

When he falls down, it is because he fails to convey the moral ambiguity he achieved in "Fields of Fire." His portrayals can "border on caricatures," as a reviewer of Webb's 2001 novel "Lost Soldiers" put it. "Webb continues his literary M.O. of spicing his narrative with unsubtle conservative political gibes," another wrote. His bad men, his conniving politicians and a whole host of characters who might be lumped together as vaguely "liberal" garner flat, unsympathetic treatment.

In his 1983 book "A Country Such as This," Webb writes of a power-hungry feminist named Dorothy Dingenfelder who "had given up on trying to be pretty" and who enjoys a swanky hotel despite her "publicly egalitarian views." ("She ignored the paradox as irrelevant," Webb writes.) Dorothy organizes a protest against the Vietnam War in which the protesters begin to attack the soldiers.

"Dorothy watched it, uneasy with the ugliness. It was the soldiers, the Army that was supposed to be hateful and brutal."

And who are the soldiers? "The blue collar kids, the red-necks, " -- standing silently, misunderstood.

Familiar Themes Dominate Senate Radio Debate (CCT)

By Angela Delli Santi

The Contra Costa Times, October 18, 2006

TRENTON, N.J. - Less than two weeks after they butted heads in a debate at a New York television studio, the two candidates for U.S. Senate from New Jersey were at it again Tuesday, in a 90-minute radio encounter that opened with a lengthy exchange on the war in Iraq.

Republican Tom Kean Jr. repeatedly refused to say whether he would vote to authorize sending U.S. troops into Iraq, even if he had intelligence information that was not available when the war began. Democrat Robert Menendez voted against the resolution authorizing the start of the war and has called for a timely withdrawal of U.S. troops.

After the debate, which aired live on Millennium Radio Network stations, Kean was asked again and again to articulate his position on authorizing the war and each time refused to answer the question directly.

"At the time the case was made for the war in Iraq on national security grounds," Kean said when asked by debate moderator Eric Scott whether he would vote for the war "knowing what you know now."

Eventually, Scott moved on, but not before noting, "OK, you're not going to answer that question."

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Menendez has throughout the caustic campaign for U.S. Senate tried to link Kean with the policies of the Bush administration. President Bush's popularity hovers at around 35 percent in New Jersey.

Kean, the son of former Gov. Tom Kean Sr., has made ethics a centerpiece of his candidacy and has tried to paint his opponent, who rose through the ranks of rough-and-tumble Hudson County politics, with a broad brush of political corruption.

That familiar line of attack was evident again Tuesday night. When Kean was asked to articulate his allegations against Menendez, he repeated an oft-used line that his opponent is "under federal criminal investigation" for leasing office space to a nonprofit that receives federal funding. The U.S. Attorney's Office reportedly has subpoenaed records from the nonprofit organization that rented a Union City house from Menendez.

"Tom throws out allegations like other people throw out their garbage," Menendez shot back. "I'm under no federal criminal investigation."

Since the U.S. Attorney's Office will neither confirm or deny in-progress investigations, Kean was asked afterward what evidence he had to support his claim.

"Number one, he said he welcomed the investigation on national television," said Kean. He also cited as evidence the fact that Menendez accused the U.S. Attorney's Office of playing partisan politics and the fact that Menendez's political pals questioned the timing of the allegation.

The debate marked the fourth and last scheduled face-to-face confrontation between Menendez, the incumbent, and Kean, a state senator. The entire campaign has been characterized more by a lack of civility than a substantive debate on the issues.

Besides delving into their positions on various issues, this debate also explored the candidates' knowledge of southern New Jersey. After both Menendez and Kean insisted they'd spent a lot of time campaigning in the state's southern reaches, neither could correctly name the county in which six randomly selected South Jersey towns were located.

Tuesday's debate took place exactly three weeks before the Nov. 7 election. Recent polls show the race still virtually deadlocked, although Menendez has a slight edge outside the polls' error margin in a few surveys.

Voters can expect the candidates to unload the campaign cash they've raised so far on television and radio ads and get out the vote efforts in the remaining days. The latest figures filed with the Federal Election Commission show Menendez with $5.5 million to spend to Kean's $3.17 million to spend.

A spokeswoman on Tuesday said Kean loaned his campaign $400,000. On Monday, the National Republican Senatorial Campaign Committee said it would spend $500,000 to continue running one of Kean's television ads for an additional week in the New York area. It was the first such money sent to his campaign by the national party.

Menendez unveiled a new television ad Tuesday explaining how his 87-year-old mother's reliance on Medicare and Social Security encourages his fight against President Bush's effort to alter the programs, and how her Alzheimer's disease fuels his support for stem cell research.

Several celebrities have already campaigned for both candidates and more are expected. Kean will have Arizona Sen. John McCain and former Secretary of State Henry Kissinger in for him, while Menendez will have New York Sen. Hillary Clinton, former Georgia Sen. Max Cleland and actor Michael J. Fox.

Different Approaches From Kean, Menendez (HILL)

By Alexander Bolton

The Hill, October 18, 2006

Trenton, N.J. — Republican State Sen. Tom Kean Jr. sat calmly in the lime-tinted hearing room, occasionally chatting to colleagues, during a close to three-hour hour meeting of the state Senate Health, Human Services and Senior Citizens Committee.

More than 60 miles to the Northeast, Sen. Bob Menendez (D-N.J.) was getting ready to greet potential voters getting off the commuter train in Montclair, a community in densely packed Essex county, his second campaign event of the day.

As the meeting in Trenton wore on, legislators filtered out of the room until Kean was only one of six left to vote unanimously on an adoption bill.

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Earlier in the day, Menendez stood with local law enforcement officials at Rutgers law school in Newark to announce in front of several television cameras that he had just authored a new anti-gang crime bill that would be his top domestic security priority.

It was the second time in the past week that Kean took a day out of his campaign schedule to attend to the seemingly mundane tasks of committee work, while his opponent, with whom he is locked in a neck-and-neck race, stumped for votes.

While appearances this week suggest Kean is not as committed to the race as Menendez is, Kean has made it clear that he's in this battle to win.

Kean this week decided to spend at least $400,000 of his own money to defeat Menendez in a race that represents the GOP's best chance of capturing a Democratic Senate seat next month. The personal contribution will appear on fundraising reports to be made public today.

One GOP official estimated the $400,000 could help Kean's campaign increase his television presence by about 25 to 30 percent. It will also narrow Menendez's financial advantage. Newly filed finance reports show that Menendez had $5.5 million and Kean $3.2 million in their campaign accounts at the end of September.

This is the first time that Kean has dipped into his own pockets to assist his campaign.

The move comes as a surprise even to members of Kean's finance team, one of whom told The Hill yesterday that he did not know whether Kean could "invade" the family monies kept in trust.

Kean owns between $3million and $8million in stocks and $2million in family trusts and partnerships, according to news reports.

It comes after the National Republican Senatorial Committee (NRSC) announced yesterday that it would spend at least $500,000 in New Jersey, bringing the total amount of new Republican money in the race to close to $1 million.

The decision of national GOP party strategists to curtail spending in Ohio, where Sen. Mike DeWine (R) trails in the polls, and shift resources to New Jersey, shows that New Jersey is among the four most competitive Senate races in the country. That is surprising because New Jersey has not elected a Republican senator in New Jersey since 1972. And a Republican presidential candidate has not carried it since 1988.

But the anti-incumbent sentiment that has bedeviled Republicans around the country seems to be helping them in New Jersey, where the Democrats control the governor's mansion and the state house and senate. A succession of local Democratic scandals have eroded the party's image among voters and have allowed Republicans to borrow the credo Democrats have used as a bludgeon in other states: it's time for a change.

"Public service is a tradition that I'm proud of," Kean states on camera in a television ad now running in the state. "That's why I'm fighting to help New Jersey escape the clutch of corruption."

"New Jersey has had a very checkered history with senior elected officials," said Roger Bodman, a longtime Kean family friend who managed Tom Kean Sr.'s successful run for governor in 1981.

In 2002, former Democratic Sen. Bob Torricelli (N.J.) resigned from office after the Senate ethics committee rebuked him for accepting improper gifts from a supporter. In 2004 Democratic Gov. Jim McGreevey resigned after it became known that he appointed a man with whom he was having an extramarital affair to be the state's homeland security adviser.

More recently, attorney general Zulima Farber resigned after she was found to have violated ethics rules and last month former Democratic state Sen. John Lynch pleaded guilty to corruption charges.

Having spent his career in the midst of New Jersey Democratic politics, Menendez has struggled to separate himself from the transgressions of his fellow Democrats, but not always successfully.

For example, last Thursday Menendez was surprised when Democratic state Sen. Wayne Bryant, who is under federal investigation, showed up at a campaign rally Menendez held with Sen. Barack Obama (D-Ill.) at a church in Camden.

Menendez's campaign also received a blow last month when it was revealed that Donald Scarinci, one of Menendez's closest political advisers, was secretly taped seven years ago pressuring a local official to hire someone as a favor to Menendez. Kean aired a portion of the recorded conversation in a hard-hitting attack ad that the NRSC is now paying to keep on television.

Kean has also gone on the attack against Menendez by repeatedly claiming that his opponent is under federal investigation, a charge that Menendez denies vehemently. Kean is basing his claim on reports that the U.S. attorney for the state

of New Jersey subpoenaed the records from a nonprofit agency which leased a building from Menendez for $320,000. Kane claims that the agency paid the money in return for federal grants Menendez helped to secure.

But Menendez is fighting back by throwing allegations of ethical impropriety back at Kean. Menendez's campaign yesterday announced a new television ad that criticizes Kean for holding a fundraiser with executives from United Health Group on the same day his father, Tom Kean Sr., a former governor of New Jersey and a member of the group's board, was scheduled to testify about whether the company improperly dispensed stock options. Menendez has labeled the fundraiser a shakedown.

Kean for his part, accuses Menendez of attacking his father. Kean Sr. and Kean Jr. will hold a joint press conference today where they are expected to respond to the allegations.

Whether Menendez's counterattack will work or whether the perception that New Jersey Democrats are corrupt will prevail is unclear. Various polls have shown both Menendez and Kean leading by a few points.

One New Jersey political expert postulated that voters may have become inured to ethics scandals and may ignore the mudslinging to focus on issues such as the war and Social Security. That's what Democrats are arguing will happen.

"There's almost a sense among New Jersey voters that it's very difficult to be involved in state politics without somehow being tainted or crossing paths with people who are less than scrupulous," said Ross K. Baker, a professor of political science at Rutgers University.

Other observers, including both Democrats and Republicans, agreed that voters in New Jersey have a higher tolerance for scandal than in other states.

Hoyer Remark 'Racist,' GOP's Steele Charges (WP)

By Ann E. Marimow

The Washington Post, October 18, 2006

Maryland Lt. Gov. Michael S. Steele accused a leading Democratic congressman yesterday of racial insensitivity for saying the Republican candidate has "slavishly" followed the GOP.

Steele, an African American running for the U.S. Senate, was reacting to remarks by House Minority Whip Steny H. Hoyer, who characterized Steele this week as having had "a career of slavishly supporting the Republican Party."

After speaking to members of the Maryland Chamber of Commerce gathered in Ocean City, Steele called the description "the height of arrogance."

"It goes to just the sheer craziness of some in the Democratic Party who think they can use racist terms and infer things about me just because I'm an African American Republican," he said.

Steele added that he expects his Democratic opponent, Benjamin L. Cardin, to "stand up and tell his team to sit down and shut up, stop the noise and apologize."

Hoyer's comments, first reported by MSNBC, came Sunday as he was introducing Cardin to a group of black business owners in Upper Marlboro, and his choice of words did not cause a visible reaction from the crowd.

"There was absolutely no offense taken or noticed," said event organizer Melvin Forbes, chief executive of Cool Wave Water. "It was obvious that Steny was simply talking about Steele's constant support for the Republican agenda."

The Rev. Anthony Evans, who heads a group called the National Black Church Initiative, released a statement last night calling Hoyer's comment "outrageous and destructive." "If I did not know Rep. Steny Hoyer, I would say that he is a racist," Evans said.

"I shouldn't have used those words," Hoyer said yesterday, through a spokesman. "If Mr. Steele did in fact take offense let me assure him that none was intended."

Cardin thanked Hoyer for addressing "this promptly, and we're glad that he did."

But he also said Steele was trying to change the subject. "He's looking for every excuse he can to avoid talking about the issues," Cardin said.

The two candidates spoke separately at the Ocean City forum on such topics as health care, Social Security and immigration.

Cardin asked the audience not to judge the candidates by "what you see on those 30-second ads."

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His timing was no coincidence. The Steele campaign released a commercial yesterday -- paid for by the National Republican Senatorial Committee -- essentially calling Cardin a hypocrite for saying he can "change Washington" while taking campaign contributions from corporate interests.

Steele and Cardin have taken hundreds of thousands of dollars from corporate political action committees, records show.

Steele said the difference is he is raising money within the constraints of a campaign finance system that Cardin has done nothing to change. "Talk to me after I've cast a vote," Steele said.

Cardin responded that voters should "judge me by my record" and said that Steele was the one offering to help the corporate interests in the hotel ballroom.

Steele closed his remarks by acknowledging some of the companies there, naming Pepco and Washington Gas, among others.

"What are you prepared to do, and who is going to be there to help you do it? You can count on me."

Tyson Ready To Enter The Ring For Steele (WP)

By Matthew Mosk

The Washington Post, October 18, 2006

Former heavyweight boxing champ Mike Tyson says he is so bullish on Republican Michael S. Steele's campaign for the U.S. Senate, he would return to the ring if Steele thought it might help him.

"I would do anything to help Michael," Tyson said in a telephone interview Monday night after holding a news conference in Ohio wearing a Steele T-shirt. "I would box an exhibition for him. I would even fight again to help Mike. I would do anything."

Iron Mike's little-known but long-standing devotion to Steele dates to the boxer's former marriage to Steele's half-sister, Monica Turner.

Tyson and Turner met in 1990 at a party at comedian Eddie Murphy's house and married in 1998, after the boxer's rape conviction. Turner flew to Indianapolis almost every two weeks to visit him in jail. Tyson and Steele remained close even after the couple's divorce.

"I always considered him a brother," Tyson, 40, said. "He's a remarkable human being."

The ringing endorsement, coming in a heated race between Steele and Rep. Benjamin L. Cardin (D), arrived uninvited and wasn't exactly cherished.

Steele's campaign refused to make the candidate available to discuss his friendship with the boxer. Asked to comment yesterday, Steele spokesman Doug Heye responded by e-mail, "Mike Tyson is the father of the Lt. Gov's niece and nephew and therefore a member of his family."

A Tyson endorsement brings some of the heavy baggage from the boxer's checkered public life, including the rape conviction and that small matter of his biting off a chunk of Evander Holyfield's ear.

Not all of Tyson's controversies are in the past. Yesterday, while clad in the Steele shirt, he proclaimed his desire to fight women for money.

"This is not an endorsement you'd put up on the Web site," University of Maryland politics professor James G. Gimpel said, laughing.

But Steele has said nothing to belittle his friend. In an interview with the New York Times, Steele said he would "welcome in a heartbeat" the boxer's help, although Tyson has not done anything official for the campaign.

"He may be divorced from my sister, but I can't cast him aside," Steele told the Times. "You embrace. You love. . . . I've never sat in judgment of him, and I never would."

Steele was ringside in June 2005 when Tyson -- once the most feared boxer in the world, winning his first 37 bouts -- left the MCI Center after losing the third of four fights in a comeback attempt.

Tyson was booed by many in the crowd of 15,732 for quitting, and one fan threw a cup of soda at him as he left the arena, published reports said. Tyson responded by using his middle finger to express an obscenity.

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Although Steele has never talked much about his relationship with Tyson, the boxer's fame has ensured that the public record has plenty about it. Steele received some unwanted attention after trying to help his sister settle her divorce with Tyson without, in his words, having "the lawyers muddle everything."

While Steele was running for lieutenant governor four years ago, the state Democratic Party accused him of practicing law without a license, a matter that was eventually dropped.

And in 1998, when Steele was a candidate for state comptroller, he was on hand to lend support when Tyson pleaded no contest to assault charges. As Tyson was marched from a Montgomery County courtroom, he had only one thing to say to the waiting clutch of reporters: "Vote for Michael Steele."

Tyson said this week that he was "overwhelmed" by Steele's support for him at the time.

"I don't want him to jeopardize his career for me," he said. "He's just such a moral person. Boxing attracts scum. Being around him was a breath of fresh air."

Also this week, the lieutenant governor secured the support of another controversial boxing figure, promoter Don King, who offered this endorsement: "I must have an indictment list longer than his awards list."

Asked what to make of Steele's eclectic backers -- who include White House aide Karl Rove and hip-hop mogul Russell Simmons -- Matthew A. Crenson, a Johns Hopkins University political science professor, sighed deeply. "This guy has a very strange collection of friends," he replied.

Lieberman Urges Dems To Alter Their Ways (AP-Y)

By John Christoffersen

AP, October 18, 2006

Sen. Joe Lieberman, running as an independent after losing the Democratic primary, said Tuesday he hoped Democrats seize control of Congress — with one caveat: a Democratic-led Congress, he said, must change its ways.

"It won't represent progress that's real," Lieberman told reporters while stopping at a transportation forum in New Haven. "It's not going to be much of a step forward if there's a new Democratic leadership that doesn't change the tone in Washington."

As recently as Friday, Lieberman, a lifelong Democrat who was his party's nominee for vice president in 2000, would not say whether he thinks the nation would be better off with the Democrats in control of Congress.

Democrats must gain 15 House seats and six Senate seats to win control of Congress. Lieberman has said he would remain a member of the Democratic caucus if he wins on Nov. 7.

Lieberman has said he will not endorse Democratic candidates because he understands that his candidacy has put Democratic candidates in an awkward position, and has said he would stay out of their races.

Most leading state and national Democrats have endorsed Ned Lamont, a wealthy cable television company executive who has put some $10 million of his own money into the race, including $2 million this week. Republican Alan Schlesinger is also in the race, but trails in the polls.

Liz Dupont-Diehl, a spokeswoman for Lamont, said the three-term senator isn't taking responsibility for helping set the tone in Washington. Lieberman has called for an end to partisan politics, but Lamont has criticized him for siding too often with Republicans and President Bush.

"It's certainly hard to tell from Sen. Lieberman's comments that he's the incumbent," she said. "It seems that he's trying hard not to own up to the fact that he's been there for 18 years."

On Tuesday, Lamont faulted Lieberman for backing a 2005 energy bill that the Democratic candidate argues was a giveaway to big oil companies that sent gas prices soaring.

"That's the Washington of George Bush and Joe Lieberman," Lamont said in a speech at Eastern Connecticut State University. "That's the Washington they have defended together."

Lamont offered a plan to promote energy efficiency, alternative fuels and other renewable sources. He called for tax credits to help companies buy new fuel-efficent equipment and set a goal for the United States to use one quarter of its energy from renewable sources by 2025.

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Lamont, the anti-war challenger, framed energy independence as a national security issue, "so we don't have to fight and lose loved ones in a desert in Iraq thousands of miles away."

Obama Kicks Off Book Tour, Weighs Presidential Bid (CHIT)

By Jill Zuckman

Chicago Tribune, October 18, 2006

WASHINGTON -- While Sen. Barack Obama launches the most public of book tours, with appearances on "Oprah Winfrey," the "Today" show, "Larry King Live" and "Meet the Press," he also is more intensively examining whether to run for president in 2008, reaching out to Democratic operatives and trying to reconcile the demands of a national campaign on his family.

Obama (D-Ill.) has been having quiet conversations with colleagues and friends about a prospective White House run, but a key concern is whether his wife, Michelle, would support it and whether he could manage the time away from their two young daughters.

"He has gotten the presidential bug bite," said Donna Brazile, campaign manager for Al Gore in 2000. "Barack is constantly calling, he's constantly talking to people. He's not calling me to check on the weather. I'm not saying he's in, but he's checking the water. He's having lots of conversations." Brazile said she is scheduled to talk politics with Obama shortly after Election Day.

Sen. Dick Durbin, Illinois' senior Democratic senator and a strong proponent of an Obama presidential bid, said his colleague has learned more about international affairs and the workings of the federal government in his brief Senate career than most governors who run for president. Staying in the Senate, Durbin said, will only provide opponents with more targets as Obama continues to cast votes.

"I said to him, 'Do you really think sticking around the Senate for four more years and casting a thousand more votes will make you more qualified for president?'" Durbin said. "The critical element that remains that he has to face is whether he is willing to be separated from his family for longer periods of time and I think he is staring that right in the face."

'No one else of interest'

He's also drawing plenty of stares from fans who have rushed to have him sign a copy of his new book, "The Audacity of Hope." The signings kicked off Tuesday in Chicago. Applause greeted him as he entered the third floor of the Michigan Avenue Borders. Hundreds of people had formed a line starting at 6 a.m.

"For me, there's no one else of interest," said Cheryl Hammock, 60, a Gold Coast resident. "I hope he's the next president."

That is just the kind of talk that fans the speculation about him running.

But David Axelrod, Obama's political consultant, said people should not read too much into a publicity tour crafted by the senator's publisher.

"He is not initiating calls on this," Axelrod said. "People call him all the time and he gives them a respectful hearing. I really don't think he's going to focus on this question at all until after Nov. 7."

Other political professionals, however, expressed skepticism that Obama's treatise on how America can move beyond its divisions to find common ground could be considered anything but a campaign platform.

"There's a political connection between the book he's written and the campaign he will run," said Tom Rath, the Republican national committeeman in New Hampshire. "It's awfully hard to go into some of these places and do what he's doing and say it's all about the book."

Obama has drawn national attention since he delivered the keynote address at the Democratic National Convention in 2004, won his Senate seat and came to Washington. From the day of his arrival, there has been at least simmering speculation about a presidential run, and his appeal has only grown.

Just two years into a Senate career, but with a much higher and more positive profile than most senators, Obama also has been raising large amounts of money and earning other political capital by campaigning for fellow Democrats. In a 12-day period in October, he raised $2 million, aides said.

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Yet the book puts the focus almost exclusively on him, providing him with millions of dollars' worth of free publicity, largely in non-confrontational, friendly forums. If the book is popular—and already it is No. 15 on the Amazon.com list—it could help him in ways that Sen. John McCain's best-selling memoir, "Faith of Our Fathers," fueled his presidential campaign in 2000.

"It takes it to the next level, it gives you a platform and it gives you a little cover for testing the presidential waters," said Dean Spiliotes, a political science professor at the New Hampshire Institute of Politics at St. Anselm College. "You can go to all the places but say, 'Hey, I'm just talking about my book right now.'"

At political events too

While playing the role of senator-author one day, Obama is often headlining political events the next. On Monday, Obama flew to Indianapolis with Rep. Rahm Emanuel (D-Ill.) to raise money for three Democratic candidates in some of the nation's most competitive House races. Emanuel, the chairman of the Democratic Congressional Campaign Committee, said they talked about races around the country and what needed to be done over the next three weeks—not about a presidential bid.

Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, said Obama has done everything Democratic leaders have asked him to, traveling to 20 or 30 states this year.

"He's the star. He is in such demand," Schumer said. "He is in greater demand than any other person that we have to offer."

And in campaigning for others, Obama is also subtly campaigning for himself.

"He's got the book, Oprah, [Tim] Russert—his time intellectually and emotionally is about the elections and about the book," Emanuel said. "That doesn't mean he's not considering it. A lot of people are talking to him. You can't go to the airport without seeing it—it's on the cover of Time."

Indeed, Obama's face fills the cover of Time magazine, with bold letters asserting "Why Barack Obama Could be the Next President." On Sunday, he will appear on "Meet the Press" with Russert, following a week of book and media appearances, including Charlie Rose, "Hannity & Colmes" and "Countdown with Keith Olbermann."

Shifting statements on future

In between, Obama will campaign for Chicago native Deval Patrick, the Democratic nominee for governor in Massachusetts, help House candidates in Philadelphia and rally for Jim Pederson for Senate in Arizona, to name just a few stops.

Obama partisans insist that the senator is simply trying to help out, and the publicity just happens to be ginned up by his publisher. But it comes when his statements about his presidential ambitions appear to be shifting substantially.

Last January, on "Meet the Press," Obama told Russert, "I will serve out my full six-year term," adding that his thinking had not changed since he took office.

"So you will not run for president or vice president in 2008?" Russert asked.

"I will not," Obama said.

In May, he told the Tribune that "there are people who think I should make an announcement tomorrow that I'm running for the presidency.

"I tell them," he said, "that I'm focusing on my job as a senator from Illinois."

Now, however, he has told Time that he will revisit the question in November.

"When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," Obama said. "I haven't completely decided or unraveled that puzzle yet."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 18, 2006

GOP first-time candidate Dee Margo is running an uphill race against a longtime incumbent to represent heavily Democratic El Paso in the Texas Senate. So how'd he get the most popular Republican campaigner in the nation to stump for him?

Easy: Laura Bush is good pals with his wife.

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Gallery owner Adair Wakefield Margo and the first lady first clicked years ago when Adair wrote a book about El Paso painter Tom Lea , whose "Rio Grande" now hangs in the Oval Office. Laura and Adair traveled to Mexico to scope out artists' studios. The Margos raised big bucks for Dubya 's campaigns, and Adair now serves as chair of the President's Committee on the Arts and Humanities. Tomorrow, the first lady visits El Paso to speak at a private campaign luncheon for Dee.

Adair says she finds herself thinking often of the Bushes now that she's on the trail for her husband, dropping by the little Segundo Barrio businesses that still have Laura's picture hanging up front. And she finds herself looking to Laura's example on how to be a political spouse.

"Recently, at the White House, she told me, 'You know, they're blaming George for Katrina now,' " Adair said, adding that the first lady let the criticism roll off her back: "She's always kept things in perspective." The Bushes also taught her to keep the faith: "They believe that all things are possible. We've never elected a Republican state senator in El Paso. Things can change for the better in the Middle East, and we can have a two-party system in El Paso."

Coming Not-So-Soon To HBO: Graham's Story

The HBO biopic about former Washington Post publisher Katharine Graham is on hold once again.

There was plenty of buzz over the summer that the project was on the cable network's fast track, but it can't go forward without a finished script and an actress in the title role. HBO is looking for an A-lister-- the rumor mill includes Annette Bening, Helen Mirren and just about every top middle-aged star in Hollywood.

After Graham's Pulitzer Prize-winning autobiography, "Personal History," was published in 1997, she received dozens of offers to turn the dramatic story into a movie, and turned them all down -- as her family has done since her death in 2001. Acclaimed writer Joan Didion is attempting to write her version of Graham's life and is almost finished with the screenplay; Tom Hooper (who just won an Emmy for HBO's "Elizabeth I") is likely to direct. "HBO is still absolutely committed to the project," said a spokesman.

In the meantime, Hooper is busy with another high-profile HBO miniseries: In February, he's slated to start shooting "John Adams" in Virginia. Paul Giamatti will play the young Adams in the project, based on David McCullough's bestseller; Tom Hanks is the executive producer.

THIS JUST IN . . .

· Wesley Snipes was indicted in Tampa yesterday for not paying taxes and conspiracy to defraud the IRS. Federal officials said the action star failed to file income tax returns from 1999 to 2004; he and two other men are also charged for falsely claiming almost $12 million in refunds. As of press time, officials had not managed to find the 44-year-old actor; a warrant was issued for his arrest. He faces up to 16 years in jail if convicted.

· Rapper Fabolous was shot in the thigh early yesterday while leaving a Manhattan restaurant -- and ended up arrested hours later when police said they found unlicensed weapons in the car he used to leave the scene. No suspects have been apprehended in the shooting; the rapper was taken into custody after being treated at a hospital.

HEY, ISN'T THAT . . . ?

· Annie Leibovitz , choosing the fatty tuna at Kaz Sushi Bistro on Monday night after her appearance at Politics and Prose. The celeb photographer (a 1967 graduate of Northwood High School in Silver Spring) was sporting her iconic look -- long hair, hiking boots, leggings -- and talking about her ongoing book tour.

In Vodka Non Veritas (NYT)

By Maureen Dowd

The New York Times, October 18, 2006

WASHINGTON

Hillary Clinton always reminded me of Sarah, the Mission Doll, in “Guys and Dolls.”

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As first lady, she had that earnest, sometimes sanctimonious, air of certitude and do-gooding that earned her the nickname Saint Hillary. As a senator, she has gotten friendly with conservatives in her Congressional prayer group and has lately been spotted wearing crosses around her neck, a gold one and a diamond one.

"Is it, perhaps, a sign that her faith may be a bit more in the foreground as 2008 approaches?" Ben Smith mused in a New York Daily News blog.

And yet Hillary always struck me as the sort of buttoned-up and driven woman who would be really fun if you could get her out for a night of dulces de leche in Cuba, as Marlon Brando did Jean Simmons in "Guys and Dolls."

My instinct about Hillary's subterranean saucy side was confirmed when I read a front-page story in The Times about her unlikely friendship with her expected rival in the 2008 race, John McCain.

Anne Kornblut wrote that two summers ago, on a Congressional trip to Estonia with Lindsey Graham and Susan Collins, Senator Clinton "astonished her traveling companions by suggesting that the group do what one does in the Baltics: hold a vodka-drinking contest. Delighted, the leader of the delegation, Senator John McCain, quickly agreed. The after-dinner drinks went so well — memories are a bit hazy on who drank how much — that Mr. McCain, an Arizona Republican, later told people how unexpectedly engaging he found Mrs. Clinton to be."

It seemed a refreshing breeze of bipartisanship in W.'s acrid era. But a few days after the anecdote appeared, Mr. McCain flatly denied it on Fox News as "Not true."

"Didn't happen?" Alan Colmes pressed.

"No," Mr. McCain insisted.

"But you and she have a good working relationship, right?" Mr. Colmes asked.

"I try to have a good working relationship with all senators, and I have a good working relationship with Senator Clinton, and I try to do that," Mr. McCain said.

Sean Hannity chimed in, "I'm glad to hear, Senator, you weren't drinking shots with Senator Clinton."

"I was not," Mr. McCain repeated, emphatically.

Then the senator went on Jay Leno's show and again denied the Night of Baltic Sea carousing. After joking that "we were trying to get Ted Kennedy to be the judge," he insisted again: "Didn't happen. Didn't happen."

"It was the front page of The New York Times!" Mr. Leno said, to which Mr. McCain riposted, "Don't believe everything you read."

Joshua Green, reporting the cover profile of Hillary for the latest issue of The Atlantic Monthly, was rebuffed when he asked for an interview with Mr. McCain about the night Hillary poured shots for fellow lawmakers. But Mr. Green ran into Mr. McCain walking through the Capitol and asked him about the Baltics escapade. "McCain lit up at the recollection," he wrote. " 'It's been 50 years since I'd been in a drinking game,' said McCain. ... He added, admiringly, 'She can really hold her liquor.' "

The Straight Talk Express was swerving again. Confused, I checked in with the McCain camp.

"They went out and had dinner," I was told. "After dinner, they had drinks. It was not a drinking contest, the way you and I think of a drinking contest. John had two drinks." Team McCain wanted it to be clear that Susan Collins and Hillary Clinton were more dedicated revelers, and that it was not an intimate party — "there were six senators and staff and Estonian hangers-on."

So the vodka vivacity happened, but Mr. McCain's staff, eager to see the senator pander to what Jon Stewart called the "crazy-base world," put a stop to their boss's inviting Mrs. Clinton on trips. The former fighter jock and "scamp," as his mom called him, has become so lifeless and base-whipped that he is scared to be seen knocking back Stolis with a nice Methodist girl from the Midwest who wears crosses around her neck.

"John was not intentionally misleading," his person said. "The image a drinking contest sets up is not very pretty, and we're in serious times. The best thing he's done is to be collegial. You can do that by drinking, but it's not a drinking contest. Is this splitting hairs?"

Actually, yeah. The once candid senator is starting to sound downright Clintonian with all this silly parsing and dissembling. I did not have drinks with that woman!

The Wal-Mart Posse (WSJ)

DOJ_NMG_0082729

The Wall Street Journal, October 18, 2006

Wal-Mart may be expanding in the People's Republic of China, but here in capitalist America the low-price retailer has become the Democratic Party's favorite pinata. The media like to portray this as a populist uprising against heartless big business. But what they don't bother to disclose is that this entire get-Wal-Mart campaign is a political operation led and funded by organized labor.

We've done a little digging into the two most prominent anti-Wal-Mart groups, and they might as well operate out of AFL-CIO headquarters. An outfit called Wal-Mart Watch was created by the Service Employees International Union (SEIU), probably the most powerful union in America after the National Education Association. Wal-Mart Watch is backed by Five Stones, a 501(c)3 organization that received $2,775,000 in 2005 from the SEIU, or 56% of its $5 million budget. According to financial records, SEIU also gave Five Stones $1 million in 2004 to launch the anti-Wal-Mart group, and SEIU president Andy Stern is the Wal-Mart Watch chairman.

A second group, Wake Up Wal-Mart, is more or less a subsidiary of the United Food and Commercial Workers Union (UFCW). Wake Up Wal-Mart refuses to divulge its funding sources, but here is what we do know: The group was founded by the UFCW, is housed at UFCW headquarters, and its campaign director's $135,000 salary is paid by the UFCW.

Wake Up Wal-Mart also has close ties to the Democratic Party. Its union-funded campaign director is Paul Blank, who was political director of Howard Dean's failed Presidential campaign. The group sponsored a 19 state, 35-day bus tour across the U.S. earlier this year, staging anti-Wal-Mart rallies. Nearly every major Democratic Presidential hopeful has joined in the Wal-Mart-bashing, including Senators Joe Biden and Evan Bayh, New Mexico Governor Bill Richardson, and trial lawyer-turned-man-of-the-people John Edwards. They all seem to believe they have to take this line to pass union muster for 2008.

Even Hillary Rodham Clinton has joined in the political fun. Never mind that she served six years on the Wal-Mart board during her time in Beltway exile as an Arkansas lawyer and, according to the Arkansas Democrat-Gazette, was paid $18,000 per year plus $1,500 for every meeting near the end of her tenure. Most recently, Mrs. Clinton returned a $5,000 campaign contribution from Wal-Mart to protest its allegedly inadequate health care benefits. Maybe someone should ask her if she's returned her director's pay, with interest. * * *

Most of the local protests against Wal-Mart are organized through the left-wing activist group ACORN, an acronym for the Association of Community Organizations for Reform Now. ACORN is the group that put the squeeze on the Chicago City Council to pass an ordinance this summer to require Wal-Mart, Target and other big-box stores to pay a minimum $10 an hour wage and $3 an hour in benefits by 2010. (Democratic Mayor Richard Daley vetoed the bill.) ACORN also pretends it is a locally organized and funded voice of the downtrodden masses. But guess where ACORN gets much of its money? Last year the SEIU chipped in $2,125,229 and the UFCW $165,692.

Then there are the anti-Wal-Mart "think tanks," if that's the right word for these political shops -- notably, the Economic Policy Institute (EPI) and the University of California at Berkeley Labor Center. The job of these two outfits is to publish papers backing the economic claims of Wal-Mart critics. The UC Berkeley group recently asserted that Wal-Mart "reduces total take-home pay for retail workers."

The UC Berkeley Labor Center has received at least $43,550 from SEIU. The Economic Policy Institute received $100,000 from the SEIU and $40,000 from the UFCW in 2005 and has published several anti-Wal-Mart studies, particularly on the benefits of the Chicago ordinance. By the way, Andy Stern also sits on the EPI board. He's a busy guy.

Now, we're not predisposed to be pro- or anti-Wal-Mart. We've criticized Wal-Mart lobbying on policy grounds -- for example, when the company supported a minimum wage increase to court some nice publicity while also knowing this would harm any lower-priced competitors. However, it is simply fallacious to argue that Wal-Mart has harmed low-income families.

More than one study has shown that the real "Wal-Mart effect" has been to increase the purchasing power of working families by lowering prices for groceries, prescription drugs, electronic equipment and many other products that have become modern household necessities. One study, by the economic consulting firm Global Insight, calculates that Wal-Mart saves American households an average of $2,300 a year through lower prices, or a $263 billion reduction in the cost of living. That compares with $33 billion savings for low-income families from the federal food stamp program. * * *

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Alas, what's good for working families isn't always good news for unions and their bosses. They hate Wal-Mart because its blue-coated workforce is strictly non-union -- a policy that dates back to the day founder Sam Walton opened his first store. Today the company employs 1.3 million American workers, and its recent push into groceries has made life miserable for Safeway and other grocery chains organized by the service workers or the UFCW.

Wal-Mart pays an average of $10 an hour, which is more than many of its unionized competitors offer. And typically when a new Wal-Mart store opens in a poor area, it receives thousands of job applications for a few hundred openings. So Wal-Mart's retail jobs of $7 to $12 an hour, which the unions deride as "poverty wages," are actually in high demand.

But as we say, this campaign isn't about "working families," or any of the other rhapsody-for-the-common-man union slogans. If Wal-Mart were suddenly unionized, Big Labor's membership would double overnight and union leaders would collect an estimated $300 million in additional dues each year to sway more politicians. Short of that, their goal is to keep Wal-Mart out of cities so their union shops have less competition. That's what the war against Wal-Mart is truly about.

A Treat Worthy Of Cinderella (NYT)

The New York Times, October 18, 2006

With obesity rates soaring among the young, the Walt Disney Company has announced promising new guidelines for the way it promotes food to its impressionable clientele. Over the next two years, the company that brought you Buzz Lightyear and Goofy and the Lion King plans to make sure that its animated characters endorse healthier children's foods with less fat and sugar and fewer calories.

Disney has also begun revamping menus in its theme parks with the goal of abolishing trans fats and offering applesauce or other healthy side dishes to children. French fries — and sweets — will still be available on request. How can you enjoy Disneyland without a little ice cream? But Disney's kingdoms also promise pure juice, water, and real fruits and vegetables — unsugared, unreconstituted, undoctored.

Disney should work to take the next step by limiting the overload of junk food advertising on its television shows for Toon Disney and ABC Kids. But this first move is a good one, and it should send a strong signal to other corporations.

Childhood obesity has tripled in the last 25 years. There are many cures for this: more physical activity than television time, for example. But the Centers for Disease Control and Prevention has also warned that "current food and beverage marketing practices put children's long-term health at risk."

At this point, the Bush administration and Congress seem content to keep studying the problem. Some corporations have used that as an excuse to continue peddling ultra-sweet cereals and high-fructose drinks. Others have made a few feeble efforts to promote healthier eating to children. It's heartening that a few, mainly Kraft and now Disney, recognize that we can't wait forever for Congress to act, and are actually doing something now.

N. Korea Apparently Preparing Nuke Test (AP)

By Bo-mi Lim

AP, October 18, 2006

Satellite images indicate North Korea appears to be getting ready for a second nuclear test, officials said Tuesday, as the defiant communist regime held huge rallies and proclaimed that U.N. sanctions amount to a declaration of war.

China, the North's longtime ally and biggest trading partner, warned Pyongyang not to aggravate tensions. The U.N. has condemned the Oct. 9 atomic blast, and U.S. nuclear envoy Christopher Hill told reporters in Seoul on Tuesday that another nuclear explosion would be "a very belligerent answer" to the world.

As the White House acknowledged that the isolated nation might try a second test, Secretary of State Condoleezza Rice launched a diplomatic drive to persuade Asian allies and Russia to intensify North Korea's isolation by enforcing sanctions that the U.N. Security Council unanimously approved on Saturday.

Alexander Vershbow, the U.S. ambassador to South Korea, said Wednesday in Seoul that Rice plans to ask the South to expand its role in a U.S.-led international program to stop the spread of weapons of mass destruction.

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior U.S. defense official said.

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The activity, started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering. He said that although the purpose of the structures is unclear, officials are concerned because North Korea has left open the possibility of another test.

A senior South Korean official told foreign journalists that despite signs of a possible second test, it was unlikely to happen immediately.

"We have yet to confirm any imminent signs of a second nuclear test," the official said on condition of anonymity because of the sensitivity of the information.

In North Korea, the nation marked the 80th anniversary of the "Down-with-Imperialism Union" — a political platform on which the ruling party was built. North Koreans held parades across the country along with an enormous gathering at a central square in Pyongyang.

In the capital, hundreds of women in brightly colored costumes sang and held bunches of flowers, including some named for Kim Il Sung, the country's first leader and the late father of current leader Kim Jong Il.

The regime slammed the U.N. measures with a stream of bellicosity in a Foreign Ministry statement released on the official Korean Central News Agency.

"The resolution cannot be construed otherwise than a declaration of a war" against the North, the statement said.

The North also said it "wants peace but is not afraid of war," and that it would "deal merciless blows" against anyone who violates its sovereignty.

It said it wouldn't cave in to "the pressure and threat of someone at this time when it has become a nuclear weapons state."

South Korean nuclear envoy Chun Yung-woo said the North's reaction wasn't surprising, and was full of "the usual rhetoric."

China warned Pyongyang against aggravating tensions.

"We hope North Korea will adopt a responsible attitude ... and come back to resolving the issue through dialogue and consultation instead of taking any actions that may further escalate or worsen the situation," Chinese Foreign Ministry spokesman Liu Jianchao said at a press briefing in Beijing.

But now that the U.S. has confirmed that last week's blast was indeed nuclear, North Korea can be expected to use its new position as a confirmed atomic state to press for direct talks and concessions with Washington — as it did in March 2005, a month after Pyongyang first asserted it had a nuclear weapon.

Hill, the U.S. envoy, said the North was falsely assuming it would win more respect with atomic explosions.

"The fact of the matter is that nuclear tests make us respect them less," he said, adding that the North's comments about sanctions were "not very helpful."

U.S. intelligence has concluded that the North Korean device likely used plutonium, as opposed to uranium, in the Oct. 9 test.

Under a 1994 deal with the U.S. during the Clinton administration, North Korea pledged to freeze its nuclear program, then believed to be based on producing weapons-grade plutonium. But the agreement broke down by 2002 under the Bush administration after revelations of a covert effort by the North to produce highly enriched uranium. Pyongyang soon removed 8,000 spent fuel rods that the International Atomic Energy Agency was monitoring and began to reprocess them into weapons-grade nuclear fuel.

The White House said Tuesday that it wouldn't be surprising if North Korea were to try another nuclear test "to be provocative."

"It would not be a good thing for them, but it certainly would not be out of character," said White House press secretary Tony Snow. "We're not going to discuss any particular matters of intelligence, but if you take a look at the record, I think it is reasonable to expect that the government of North Korea will do what it can to test the will, the determination and the unity of the United Nations."

Asked why it would not be a good thing for North Korea, Snow said, "If they do believe that somehow people are going to give them a pass on this, they're going to find out that they're wrong."

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While U.S. officials insist they aren't about to invade, they have taken other steps against North Korea — even before the U.N. resolution — including severing it from the international financial system. That move is believed to have angered the elites that keep Kim in power, and Kim may fear being ousted or possibly even killed.

The North has consistently pressed for direct talks with the U.S. on the financial sanctions and has refused to attend six-nation disarmament talks until the sanctions are lifted. Along with the U.S., the talks include China, Japan, Russia and South Korea.

Now, the North has a new arrow in its quiver: being a confirmed nuclear power recognized as such by the very country whose attention it so desperately craves.

The Bush administration, wary of rewarding the regime's behavior, has consistently refused to talk directly to the North, insisting the issue is a regional concern and seeking to enlist other countries.

On Tuesday, Rice left for Japan, first stop on a four-nation trip, amid clear signs of unease in China and South Korea about even the softened sanctions.

China contends that interdicting ships, although permitted in the U.N. resolution, might needlessly provoke the North and discourage it from returning to the six-nation talks. South Koreans worry about a conventional attack by their unpredictable neighbor.

"Sanctions against North Korea should be done in a way that draws North Korea to the dialogue table," South Korean Prime Minister Han Myung-sook said, according to Yonhap news agency. "There should never be a way that causes armed clashes."

Seoul Warns Of Another N Korea Test (FT)

By Anna Fifield , Richard Mcgregor And Demetri Sevastopulo

Financial Times, October 18, 2006

The South Korean government on Tuesday said it had detected activity suggesting that North Korea might be preparing to conduct a second nuclear test, as concerns mounted worldwide that Kim Jong-il's regime might again defy international pressure.

Amid a flurry of diplomatic meetings – and reports China had begun taking tough action against its errant neighbour – North Korea issued another statement condemning United Nations sanctions, imposed after last week's nuclear test, as a "declaration of war".

Pyongyang said: "The US would be well advised not to miscalculate the DPRK."

Even a few months ago such a threat would probably have been dismissed as mere sabre-rattling, but these statements are now being taken more seriously following the regime's decision to go ahead with missile and nuclear tests.

US television networks reported overnight that US spy satellites had detected "suspicious vehicle movements" in North Korea. It was thought that the movements could signal preparations for another test.

A senior official of the Seoul government confirmed that there were signs of unusual activity near the site of the first test in northern North Korea. "We are keeping a close eye on that place," he said.

Tony Snow, White House spokesman, said a second nuclear test would result in the further isolation of North Korea, including from China, which is seeing its already difficult relationship with the Stalinist state deteriorating. One person familiar with North Korean warnings to its neighbours said China had received only 20 minutes' notice of the first test, as opposed to the two hours Russia had received.

"What you've seen already in the case of the first test is that the US and the Chinese are working more closely together than even before," said Mr Snow. "I daresay they would become even closer as strategic partners in trying to guarantee safety in the Korean peninsula."

China said it was "resolutely opposed" to a second test. Liu Jianchao, the -foreign ministry spokesman, said Beijing hoped North Korea would adopt "a responsible attitude and come back to resolving the issue through dialogue and consultation".

Fears of a second test have been stoked by the arrival of Condoleezza Rice, the US secretary of state, in north-east Asia for discussions on how to deal with the North Korean nuclear crisis.

DOJ_NMG_0082733

Following its support for the UN sanctions, China appears to be taking some tough action against North Korea. “China will strictly act on this resolution. We will shoulder and fulfil our -obligation,” Mr Liu said -yesterday.

Although both say they support the sanctions, China and South Korea are considered unlikely to squeeze North Korea too hard for fear of causing a collapse on its borders.

But there have been reports that some branches of the Bank of China, including those in Dandong, the town through which most bilateral trade is conducted, have halted remittances to North Korea.

Hints Of Another N. Korea Test Seen (LAT)

By Greg Miller

The Los Angeles Times, October 18, 2006

WASHINGTON — U.S. intelligence agencies have detected new activity near the site where North Korea detonated a nuclear device last week, suggesting possible preparations for a second test, a U.S. intelligence official said Tuesday.

The indications of a possible follow-up test, coinciding with similar reports from South Korea and Japan, prompted warnings from Washington and other capitals that a second nuclear explosion would heighten international tensions and deepen North Korea's isolation.

The White House did not rule out the possibility of a second test.

"Let me put it this way: The North Koreans have made no secret of their desire to be provocative," White House Press Secretary Tony Snow said.

North Korea's test Oct. 9 was considered by analysts to be at least a partial failure because of its low explosive yield, less than the equivalent of 1,000 tons of dynamite, which is much smaller than most nuclear blasts.

The U.S. intelligence official, speaking on condition of anonymity because intelligence findings were being discussed, said another try by the North Korean government in Pyongyang was possible.

"Nobody has discarded the possibility of another test," the official said.

At the same time, the official noted that activity is frequently seen at such sites, and that an imminent test is frequently indicated by relative calm as crews clear the test area.

The U.S. State Department said there was nothing to "indicate one way or the other" whether a second test was about to take place.

U.S., Allies Fear 2nd Nuke Test By Pyongyang (WT)

By Bill Gertz

The Washington Times, October 18, 2006

The United States and two allies voiced new worries yesterday that North Korea is set to conduct a second underground nuclear test, as Pyongyang said that new U.N. sanctions are tantamount to a declaration of war.

Asked about the possibility of another nuclear test, Defense Secretary Donald H. Rumsfeld told reporters that there is "speculation," but no specific information.

"We've seen them do things in multiples rather than singles," Mr. Rumsfeld said, referring to North Korea's seven missile-flight tests in July.

"There's speculation that they may want to do something additional. There's also speculation they may not. So, only time will tell," he said after meeting with Singapore's former prime minister, Lee Kuan Yew.

In Tokyo, Japanese Foreign Minister Taro Aso said, "We have received such information [about a test], but I cannot tell you the details."

A South Korean official told reporters in Seoul that "there are certain signs that prompted our authorities to cast a very sensitive eye on the matter."

U.S. intelligence agencies on Monday confirmed that a blast Oct. 9 northwest of Kilchu, North Korea, was a nuclear test, although it appeared to be smaller and less successful than anticipated.

The White House warned North Korea yesterday that another nuclear test would lead to greater isolation.

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"The first test, while nuclear, did have a low yield, and perhaps it would not be unreasonable to expect that the North Koreans might want to try something once again to be provocative," White House press secretary Tony Snow told reporters. "It would not be a good thing for them, but it certainly would not be out of character."

A U.S. official said yesterday that a second test is possible but that there are no signs one is imminent.

A defense official said that several North Korean nuclear-testing facilities are being watched closely and that some increased activity has been spotted. Normally, such tests are preceded by vehicle movement and increased communications.

North Korea's government, meanwhile, harshly criticized sanctions passed Saturday by the United Nations in response to the nuclear test, issuing its first official statement on the matter.

The Foreign Ministry said North Korea's test was the result of "the U.S. nuclear threat, sanctions and pressure."

North Korea "was compelled to substantially prove its possession of nukes to protect its sovereignty and right to existence from the daily increasing danger of war from the U.S.," the ministry said.

Pyongyang, however, still wants to "de-nuclearize the peninsula through dialogue and negotiations," it stated.

North Korea "is ready for both dialogue and confrontation," the Foreign Ministry said. "If the U.S. increases pressure upon [North Korea], persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war."

In Seoul, Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs, told reporters that another nuclear test will be a further sign of North Korean bellicosity.

"We would all regard a second test as a belligerent answer on North Korea's part to the international community," he said. North Korea "really has to understand that the international community is not going to accept [it] as a nuclear state."

Mr. Hill said Pyongyang might view nuclear tests as a way to gain respectability but, in fact, the blasts "make us respect them less."

Secretary of State Condoleezza Rice left Washington yesterday for a diplomatic tour of the region. She will meet with Japanese officials today and South Korean ministers tomorrow on North Korea sanctions. She will also meet with Chinese officials later in the week.

South Korea's Yonhap news agency today quoted Alexander Vershbow, the U.S. ambassador in Seoul, as saying Miss Rice will ask South Korea to help inspect North Korea-bound ships for the components for weapons of mass destruction. Both China and South Korea have expressed reluctance to participate in such actions.

The governments of South Korea and Japan also are worried that a second test is coming.

Intelligence analysis of the likelihood of a second test appeared mixed. Some analysts said there is no evidence indicating that a second test will be conducted soon.

"This activity could represent prep for a second test, but it doesn't necessarily mean definitively that it is," the defense official said.

People and vehicle activity in North Korea is not a sure sign of an impending nuclear test.

"They may have had the same activity six months ago, but it wouldn't have raised any red flags at the time," one official said. "But now it is."

On the motive behind North Korean actions, Mr. Snow said he would not "do a psychological evaluation of the 'Dear Leader,' " as North Korea's Kim Jong-il is called.

"What we do is, we take a look at his actions, and we'll respond with actions, which we think are going to be louder than words or psychological profiles," he said.

"I think the consequences of a second North Korean nuclear test would be the further isolation of North Korea," Mr. Snow said.

N. Korea Condemns Sanctions, Threatens 2nd Nuke Test (CHIT)

By Mike Dorning

Chicago Tribune, October 18, 2006

DOJ_NMG_0082735

ELMENDORF AIR FORCE BASE, Alaska -- Secretary of State Condoleezza Rice plans to seek commitments from China and other North Korean neighbors for a sweeping inspections program to monitor almost all cargo shipped to or from the would-be nuclear power, a senior State Department official said during the first leg of Rice's four-nation trip to Asia.

Though couched in more diplomatic terms, the action described amounts to a virtual blockade--albeit one imposed at the ports, frontiers and airfields of North Korea's trading partners rather than on the seas surrounding the nation.

The official stressed that the U.S. would ask countries to use their ordinary customs authority to control shipments to and from their territory. Except in rare circumstances such as detecting that unconventional arms or missile technology are onboard, the U.S. does not contemplate the boarding of North Korean vessels in international waters, the official said.

With Rice scheduled to touch down in Tokyo about 3 p.m. there Wednesday, tensions continued mounting in the region Tuesday as North Korea condemned the United Nations sanctions as "a declaration of war" and analysts in the U.S. and Japan said there were indications the government of Kim Jong Il was preparing a second nuclear test. A first test earlier this month led to the unanimous UN Security Council vote to impose sanctions.

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior U.S. defense official said.

The activity, which started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering.

In North Korea, meanwhile, the nation marked the 80th anniversary of the ``Down-with-Imperialism Union"--a political platform on which the ruling party was built. North Koreans held parades across the country along with an enormous gathering at a central square in Pyongyang.

The regime slammed the UN measures with a stream of bellicosity in a Foreign Ministry statement.

``The resolution cannot be construed otherwise than a declaration of a war" against the North, the statement said.

The new UN measures ban North Korea from importing or exporting materials for weapons of mass destruction or missile technology. They also forbid the sale of luxury goods and call for a freeze on the assets of individuals and entities involved in the nuclear program.

China has a lengthy border with North Korea and is its largest trading partner, making its cooperation crucial to attempts to exert pressure. But China's interest in discouraging North Korea's nuclear program is balanced by fears of regional chaos if the regime collapsed.

Though there were reports the day after the resolution that Chinese authorities inspected cargo traversing its frontier with North Korea, it is unclear how long the efforts will last or how complete they will be. China's UN ambassador declared after passage of the sanctions that China would not interdict North Korean ships passing through its territorial waters.

Rice will make the case to China and other nations that the UN sanctions impose a legal requirement to prevent shipments of contraband.

"We believe it is now a legal obligation for states to give very close scrutiny on their territory, in their ports, in their territorial waters and even in their airspace to any North Korean cargo," said a senior State Department official.

Shipments over Chinese airspace are particularly significant because flights between North Korea and Iran, which the U.S. also fears is engaged nuclear weapons development, ordinarily would pass over China.

"We're not telling them they have to do 100 percent inspections. But we want effective enforcement," the official said.

Speaking to reporters on the first leg of her flight from Washington to Tokyo, Rice said the U.S. expected aggressive enforcement of the resolution.

"It changes the obligation of states to make sure they are using whatever authorities they can to make sure that this trafficking does not take place. It is a mandatory obligation," Rice said.

Rice also warned against a second test.

"Further action by the North Koreans is only going to deepen their isolation, which is pretty deep right now," she said.

Tribune news services contributed to this report.

Rice To Push U.S. Allies To Inspect N. Korean Cargo (USAT)

DOJ_NMG_0082736

By Barbara Slavin

USA Today, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska — Secretary of State Condoleezza Rice said Tuesday that she will push U.S. allies to conduct aggressive inspections of North Korean cargo for nuclear weapons materials.

The Bush administration's plan to argue for a strict interpretation of a United Nations resolution, which calls for inspections, could further raise tensions in the region. The sanctions resolution was passed Saturday to punish North Korea for its recent nuclear test.

In a statement, North Korea said Tuesday that the U.N. resolution "cannot be construed otherwise than a declaration of war." The North also warned it "wants peace but is not afraid of war."

The Bush administration and its key allies expressed concern that North Korea was preparing a second test.

The chief U.S. envoy on the North Korean nuclear issue, Assistant Secretary of State Christopher Hill, said in Seoul that the response from Pyongyang was "not very helpful."

"We would all regard a second test as a belligerent answer on North Korea's part to the international community," Hill said.

South Korea and China have balked at searching North Korean ships for fear of sparking a military confrontation. North Korea warned that it would respond violently to attempts to inspect its cargo.

"We will deliver merciless blows without hesitation to whoever tries to breach our sovereignty," said a statement issued through the country's official news agency.

Rice, briefing reporters on the way to Asia, said a focus of her trip would be to discuss "defensive measures" to prevent North Korea from exporting nuclear materials. "The world needs to build a framework for this kind of work," she said.

While Rice said the U.S. intention is not to inspect every North Korean ship, truck or plane, she made clear that she would use visits to Japan, South Korea, China and Russia to push for a vigorous implementation of the new resolution.

The resolution calls for inspections "as necessary" to prevent illegal trafficking by North Korea.

"There are obligations for sanctions on North Korea, also obligations to inspect certain cargos," Rice said.

The resolution calls for nations to prevent North Korea from buying or selling specified weapons or technology. The measure also bans some luxury goods from North Korea and freezes funds outside the country that are associated with weapons programs.

Rice's efforts could be complicated if North Korea is preparing a second nuclear test.

White House spokesman Tony Snow said the Bush administration would not be surprised by a second test, while warning against it.

"The North Koreans have made no secret of their desire to be provocative," Snow told reporters at the White House. "And perhaps it would not be unreasonable to expect that the North Koreans would like to try something again."

In Tokyo, Japanese Foreign Minister Taro Aso said his government had received unspecified indications that North Korea might be preparing for a second test. "I cannot tell you the details," he said.

The Bush administration confirmed Monday for the first time that North Korea conducted an underground nuclear test last week.

Rice To Urge Radiation Inspections To Thwart North Korea (NYT)

By Thom Shanker

The New York Times, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska, Oct. 17 — Secretary of State Condoleezza Rice will urge the countries of northeast Asia to create a strict system of radiation monitoring and inspections to prevent North Korea from smuggling nuclear materials into or out of the country, a senior State Department official said Tuesday.

But in what appears to be an effort to cajole China to enforce the new United Nations sanctions against North Korea aggressively, the United States will ask the countries to focus their efforts on conducting inspections in their own territories, including ports, and on suspicious ships, trucks and aircraft rather than every piece of cargo.

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China has been concerned about taking too harsh a stance against North Korea, and its ambassador to the United Nations has said it will not interdict ships.

On Tuesday, a spokesman for the North Korean Foreign Ministry called the United Nations sanctions against his country a "declaration of war." The tone of the statement was not atypical for the North, which often releases bellicose public announcements.

The United Nations resolution, issued last weekend to punish the North for its Oct. 9 nuclear bomb test, bans trade with North Korea in materials linked with unconventional weapons, and authorizes countries to inspect cargo going into and out of the North. But this last measure was diluted by China's insistence that the resolution state that countries be asked, not required, to do so.

What Secretary Rice will be negotiating this week with Asian countries is how they will ensure that transfers of nuclear and other material do not happen. China, which voted for the United Nations sanctions, says it is committed to putting the resolution into effect.

The American idea for a new security framework for North Korea, as described Tuesday by the State Department official, was intended to try to ensure that the country's suspicious cargo would be inspected in Asia, but in ways that could not be construed as a blockade.

"We do not envision this regime as an embargo, as a quarantine or as a blockade," said the official, who was accompanying Ms. Rice as she flew from Washington to Asia, with a refueling stop here in Alaska. "It is much more selective in nature" and aimed specifically at materials for manufacturing unconventional weapons, or building missiles to carry them, the official said.

The United States will urge the northeast Asian countries to use radiation monitors to identify suspicious ships, trucks and aircraft and to also consider United States and Asian intelligence in figuring out which cargo to check.

Separately, in comments to correspondents at the start of her trip for talks in Tokyo, Seoul, Beijing and Moscow, Ms. Rice stressed that efforts to end North Korea's nuclear program should be carried out in ways that do not escalate the crisis.

Her comments could be heard as assurances to the leadership in Beijing. As worried as China may be about North Korea's decision to explode a nuclear bomb, it is equally worried that international sanctions, led by the United States, could cause its neighbor to implode, sending thousands of refugees streaming across its border.

Ms. Rice repeated the Bush administration's official formulation that the United States has no intention or desire "to attack or invade North Korea." But she also said that "the long-suffering people of North Korea should not be forgotten by the international system."

She warned of dangers if other nations moved toward developing their own nuclear arsenals to counterbalance North Korea — one reason that she said she planned to reaffirm American security commitments to Japan and South Korea.

Officials aboard Ms. Rice's airplane gave the most detailed description to date of how the Bush administration hopes to enlist North Korea's neighbors to implement the Security Council sanctions. They described how a more stringent monitoring and inspection program might focus on the placement of radiation sensors at the land crossings along China's lengthy border with North Korea, and at airfields and ports across the region and around the world that are known to handle cargo to and from the North.

The number of border crossings, airports and maritime ports used in trade by North Korea's feeble economy is limited.

Officials who described details of these initial ideas did so on condition of anonymity, under traditional ground rules for speaking in advance of diplomatic talks.

Tuesday's statement by North Korea said the country would "deliver merciless blows without hesitation to whoever tries to breach our sovereignty and right to survive under the excuse of carrying out the U.N. Security Council resolution."

Referring to the North by the initials of its official name, the Democratic People's Republic of Korea, the statement also said: "The D.P.R.K. had remained unfazed in any storm and stress in the past when it had no nuclear weapons. It is quite nonsensical to expect the D.P.R.K. to yield to the pressure and threat of someone at this time when it has become a nuclear weapons state."

DOJ_NMG_0082738

In Seoul, South Korea's top nuclear negotiator, Chun Yung-woo, said the statement contained "no surprises," and was just "the usual rhetoric that they have been using," according to Agence France-Presse.

U.S. Urges Vigilance On North Korea (WSJ)

By Neil King Jr.

The Wall Street Journal, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska -- Secretary of State Condoleezza Rice says she hopes to use her trip to Asia to convince South Korea, China and other countries they have a legal obligation, under a U.N. resolution passed Saturday, to inspect North Korean cargo.

The world-wide inspections envisioned by the Bush administration would go far beyond the 2003 Proliferation Security Initiative, or PSI, under which certain countries have moved to interdict ships or planes suspected of carrying long-range missiles or nuclear material. They would also exceed the measures that some other countries, notably China and South Korea, appear ready to undertake.

Ms. Rice was en route to Tokyo yesterday as part of a five-day trip to Asia to discuss how to enforce penalties against North Korea for testing a nuclear device. U.S. officials said satellite pictures of North Korea suggest that preparations for another test explosion could be under way.

Ms. Rice sought to allay concerns that the U.S. envisioned a sort of blockade, saying that ship interdictions would largely come about as the result of tips. "We are not looking at inspecting every ship," she said.

The Bush administration "does not envision this regime as an embargo, a quarantine, or a blockade," said a senior State Department official traveling with Ms. Rice. But the U.N. resolution does create "a legal obligation" for all states "to give close scrutiny" to all North Korean cargo entering their ports, crossing their borders or entering their air space, the official said.

"We do want an effective inspection regime established that looks at North Korean shipments no matter how those shipments are made," he said.

Both China and South Korea have expressed concern in recent days that the resolution not amount to a blockade or lead to provocations that might spark a military conflict with Pyongyang. North Korea called the U.N. resolution "a declaration of war."

Ms. Rice told reporters traveling with her that much of her discussions in South Korea and China will focus on measures those countries will take to inspect North Korean cargo. Under the U.S.-led PSI, searches were voluntary and initiated only when authorities suspected that there were illicit goods. Now, she said, "it's a mandatory obligation."

China and Russia fought successfully last week at the U.N. to tone down much stricter language on inspections that had been proposed by the U.S. The final resolution simply "calls upon" states to take "cooperative action" as allowed under their own laws to inspect North Korean cargo.

But the administration is now pushing for a tough interpretation of the measure, arguing that countries have a legal responsibility to inspect such cargo. U.S. officials applauded reports Monday that China had begun to inspect trucks at its border with North Korea. But both Beijing and Seoul appear reluctant to push inspections too far, especially when it comes to boarding North Korean ships.

In addition to urging strict inspections, Ms. Rice will also offer to help China and South Korea bulk up radiation-detection capabilities at key border crossings. She is scheduled to visit South Korea tomorrow, China on Friday and Russia on Saturday.

Sanctions Against North Korea Must Be Firmly Enforced, Rice Says (MCT)

By Warren P. Strobel And Tim Johnson

McClatchy Newspapers, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska - The United States is pressing North Korea's neighbors to check virtually all North Korean cargo crossing their borders by air, land and sea to fully enforce new U.N. sanctions, a senior State Department official said Tuesday.

As part of the response to North Korea's nuclear test, plans also are under way to expand radiation detection programs in East Asia to prevent Pyongyang from importing or exporting nuclear weapons material, said the official, who was traveling to Asia with Secretary of State Condoleezza Rice.

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Rice, speaking to reporters en route to a refueling stop in Alaska, said firm enforcement of the sanctions is the best hope for persuading North Korean leader Kim Jong Il to reverse his isolated country's new nuclear status.

Still, she said there was only "a fair chance" that will happen.

Rice was headed to Japan, South Korea, China and Russia to coordinate approaches to North Korea and reaffirm longtime military alliances with Tokyo and Seoul.

Following North Korea's Oct. 9 nuclear test, the U.N. Security Council on Saturday approved a resolution containing the strictest sanctions it has imposed in a half-century. They include a ban on export or import of nuclear- and missile-related materials, heavy conventional armaments and luxury goods.

North Korea, which may be preparing a second nuclear test, said it was "nonsensical" to try to restrain it now that it has a nuclear arsenal.

"The resolution cannot be construed otherwise than (as) a declaration of war," the North Korean foreign ministry said in a statement Tuesday. "We will deliver merciless blows without hesitation to whoever tries to breach our sovereignty and right to survive under the excuse of carrying out the Security Council resolution."

Satellites reportedly have picked up suspicious movement of trucks and people at a site in North Korea's northeast that indicate preparations for a possible second nuclear test.

Rice acknowledged concerns about a second North Korean test and warned Pyongyang against that step, saying it would only deepen the country's isolation.

The U.N. resolution calls on countries to inspect cargo to or from North Korea that crosses their borders to search for major weapons and material that could be used in missile and nuclear programs.

The Bush administration has interpreted that language as a new mandate on countries to conduct aggressive screenings.

"We believe it is now a legal obligation for states to give very close scrutiny on their territories, in their ports, in their territorial waters and even in their airspace to any North Korean cargo," said the senior official, who spoke on condition of anonymity under State Department ground rules.

China and South Korea have voiced concerns that Washington-led punitive action against North Korea could bring instability and possible armed confrontation.

"Things must be done in such a way that they don't bring about an escalation of the situation into something uncontrollable," Chinese President Hu Jintao told a group of Japanese lawmakers visiting Beijing, the Kyodo news service reported.

China shares an 880-mile land border with North Korea that is crossed daily by trains and hundreds of trucks.

South Korean Prime Minister Han Myung-Sook said sanctions "must not be implemented in any way that could spark an armed clash," but instead should be aimed at pushing North Korea back to long-stalled six-nation talks to dismantle its nuclear programs.

State Department officials acknowledge that the touchiest question involves intercepting North Korean vessels in international waters, where the legal authority is often less clear than it is in another country's territory.

Rice and her aides said the United States isn't advocating a blockade or quarantine, such as that imposed around Cuba during the 1962 missile crisis.

Inspections of ships won't be random but rather "information-driven," Rice said, referring to intelligence tips that a vessel is carrying banned material.

The senior State Department official said North Korea has only a few major ports and a relatively low level of shipping traffic. "The problem is quite manageable," he said.

Under an existing program known as the Proliferation Security Initiative, the United States and other countries have intercepted and seized ships with material that can be used in weapons of mass destruction research. That program, however, is voluntary. About 80 countries participate in the effort, but South Korea and China aren't among them.

The Bush administration also hopes to expand the use of radiation detectors in a defensive ring around North Korea, the senior official said.

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Such detectors are in use at some U.S. border crossings and in a program at U.S. ports called the Container Security Initiative, but they work only at close range.

Rice said that at her first two stops, she will strongly reaffirm the United States' commitment to the defense of Japan and South Korea.

Assistant Secretary of State Christopher Hill, the senior envoy on the nuclear crisis, said in Seoul that Washington was unhappy with Seoul's decision not to suspend one of its major projects with North Korea under its "sunshine policy" of long-term economic engagement. Hill said a South Korean tourism business at Mount Geumgang, a resort in the North visited mainly by South Koreans, "seems to be designed to give money to the North Korean authorities."

Strobel reported from Alaska, Johnson from Seoul, South Korea.

Rice Tries To Head Off Nuclear Arms Race (AP)

By Anne Gearan

AP, October 17, 2006

North Korea's nuclear test could set off an atomic arms race in Asia, Secretary of State Condoleezza Rice said Tuesday as she sought to reaffirm U.S. obligations to defend two nations most at risk.

In addition to settling nerves among allies, Rice's Asia trip is meant to reinforce pressure on South Korea and especially China to enforce sanctions. Those include what the United States describes as an aggressive inspection and interdiction program that stops short of a full blockade of North Korean trade.

The United States is concerned that Japan and South Korea may want to develop their own nuclear weapons programs to counter the threat from North Korea, and part of Rice's assignment on this week's hastily arranged trip is to lessen that temptation.

"Obviously an event of this kind does carry with it the potential for instability in the relationships that now exist in the region," Rice said en route to Japan, her first stop on a tour devoted almost entirely to answering North Korea's nuclear threat.

"That's why it's extremely important to go out and to affirm, and affirm strongly, U.S. defense commitments to Japan and to South Korea," Rice said.

Her diplomatic language refers to the calculus of nuclear deterrents and to the long-standing U.S. pledge to use its own nuclear arsenal to defend its friends.

On her trip, Rice plans to ask South Korea to expand its role in a U.S.-led international program to stop the spread of weapons of mass destruction, Alexander Vershbow, the U.S. ambassador to South Korea, said in Seoul.

Rice would not comment in detail about worries by the U.S. and other governments that the North may be preparing for a second test explosion.

"We're concerned about further action by the North Koreans," Rice said, "but further action by the North Koreans will only deepen its isolation, which is pretty deep right now."

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior defense official said Tuesday.

The activity, started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering. He said that although the purpose of the structures is unclear, officials are concerned because North Korea has left open the possibility of another test.

The White House said Tuesday that it wouldn't be surprising if North Korea were to try another nuclear test "to be provocative."

At the Pentagon, Defense Secretary Donald H. Rumsfeld said that while it was unclear what role the U.S. military might take in enforcing new U.N. sanctions, he did not expect the United States or any other nation to do so unilaterally.

"It takes cooperation among a great many countries to participate, and things move by land, sea and air, and it's complicated, and only time will tell," he told reporters.

Japanese Prime Minister Shinzo Abe has ruled out developing nuclear weapons, but a ruling party policy director raised that possibility soon after the North's Oct. 9 test.

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The measures passed by the U.N. Security Council over the weekend were watered down to suit China and Russia, but still impose harsh penalties. The measures ban trade with the North in major weapons and materials that could be used in its ballistic missile and weapons of mass destruction programs. They call for all countries to inspect cargo to and from North Korea to enforce the prohibition, although it is not clear how that will work in practice.

The U.S. does not think of that as an embargo, said a senior official traveling with Rice, who spoke on condition of anonymity because Rice had not yet met with her Asian counterparts.

Earlier Tuesday, the communist North said U.N. sanctions aimed at punishing the country for its nuclear test amount to a declaration of war. The government said it would not cave under such pressure now that it is a nuclear power.

Japan and the United States have gone beyond the U.N. measures to impose or propose separate financial, trade and other restrictions on North Korea over what the U.S. claims is a pattern of lawbreaking by a rogue nation.

China has long been one of North Korea's few friends, but relations frayed in recent months when the North ignored China's warnings not to conduct missile tests or last week's nuclear test.

Although China's cooperation is key to making sanctions effective, Beijing fears that coming down too hard could topple the fragile government of Kim Jong Il or send hundreds of thousands of hungry refugees flooding across the border.

Even with full Chinese compliance, it isn't clear the sanctions can pressure North Korea to resume multi-country negotiations on dismantling its nuclear programs. The country has lived on the edge of famine for a decade and its trade with the West is severely limited by the bans the U.S. has already imposed.

South Korea has said it would fully comply with the sanctions but has also indicated it does not plan to halt key economic projects with the North, despite concerns they may help fund the North's nuclear and missile programs.

Kerry Blasts Bush Policy On North Korea (DMR)

Des Moines Register, October 18, 2006

Iowa City, Ia. — Massachusetts Sen. John Kerry said on another trip to Iowa today that the North Korean nuclear crisis is of the Bush administration's own making.

"The Bush policy is a disgrace," Kerry said in an interview before attending a campaign event for Democrat candidate for governor Chet Culver.

"If Ronald Reagan could talk to the evil empire and negotiate with the Soviets, surely George Bush could do the same with North Korea," he said. "But he's a prisoner of rigid ideology."

Kerry, the 2004 Democratic presidential nominee, has said the United States should negotiate directly with North Korea, the communist dictatorship that tested a nuclear weapon last week and appeared to be preparing another test today.

By asking North Korea's neighbors such as China and South Korea to participate in talks, U.S. clout is weakened, Kerry said.

"The Chinese can't do it," he said. "North Korea fears the potential of U.S. military action for regime change."

Iowa Republicans countered that Bush was engaged in diplomacy in the region by sending Secretary of State Condoleezza Rice to northeast Asia today.

"Senator Kerry's irresponsible comments do nothing more than undermine President Bush's efforts to achieve peace and security in northeast Asia through diplomacy," Republican Party of Iowa spokeswoman Sarah Sauber said.

Kerry headlined a rally for Culver at a downtown Iowa City restaurant, where about 100 party activists turned out around midday.

Kerry, who later was headed to Cedar Rapids to campaign for legislative candidates, was not alone with plans to visit Iowa this week as a prospective presidential candidate. Fellow Senate Democrat Christopher Dodd of Connecticut was also planning to be in Iowa City and Cedar Rapids today.

Republican Sen. John McCain of Arizona was scheduled to make appearances in central Iowa on Wednesday, including an appearance on MSNBC's "Hardball" from Ames.

Kerry, who won the 2004 Iowa caucuses en route to the presidential

nomination, has said he is very serious about exploring a second White House bid.

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He has maintained in the two years since losing to Bush that his criticisms of the Republican president are even more valid than they were during his campaign.

He has kept in close touch with Iowans and was making his fourth visit to the lead-off caucus state in the past month and planned a fifth in the three weeks remaining before Nov. 7.

Defector: Kim's Ouster Would Stop Nukes (AP)

By Kwang-tae Kim

AP, October 17, 2006

The man once considered the mentor of North Korean leader Kim Jong Il said Tuesday that the reclusive country's nuclear weapons program cannot be stopped unless the strongman is ousted.

But Kim's total grip on the communist society makes that only a remote possibility, Hwang Jang Yop, the highest-ranking North Korean government official ever to defect to South Korea, told The Associated Press.

The 83-year-old Hwang, wearing a lapel badge in the shape of the South Korean national flag, is also skeptical that United Nations sanctions imposed on the North for a nuclear test explosion will hurt Kim's rule.

"I don't think his grip on power will be significantly weakened," Hwang said, adding that South Korea continues to give aid to North Korea, while other countries, most notably China and Russia, are opposed to the idea of pressuring the North.

Hwang, who seldom gives interviews, made his surprising defection in 1997 when he and an aide took refuge in the South Korean embassy in Beijing while on a visit to the Chinese capital. At the time, he was a longtime member of the North's elite, serving as secretary of the ruling Workers' Party.

He had been close to the country's founder, Kim Il Sung, the father of Kim Jong Il, and is often described as the younger Kim's former mentor. Hwang is also widely seen as the intellectual architect of the North's "juche" philosophy of self sufficiency.

After intense negotiations between China and South Korea, Hwang eventually left Beijing for the Philippines, where he stayed briefly before making his way to Seoul.

Now under police protection 24 hours a day to prevent any North Korean attempt on his life, Hwang said the six-nation talks aimed at ending the North's nuclear weapons program will not resolve the crisis.

He said South Korea, the U.S., China, Russia and Japan should not bargain with the North. They should instead isolate the regime, he said, calling it an "international criminal organization and the enemy of democracy."

The North's nuclear test last week was not Kim's last card and the North Korean leader could still test fire more missiles like he did in July and even mount nuclear warheads on them, Hwang said.

"It is nonsense to urge the North to abandon its nuclear weapons with Kim in place," he said.

Hwang said China is key to bringing an end to Kim's regime.

China is the last remaining ally and main aid donor to its impoverished neighbor, but their relations have been strained by Beijing's support of the U.N. resolution. Still, Beijing succeeded in blocking an even tougher one pushed by the U.S. and Japan.

"No Chinese officials like the North Korean leader, but they keep him in power," Hwang said, adding that Kim's regime serves Beijing's interests by helping keep U.S. influence in the region at bay.

Hwang said the best-case scenario would be if the North pursued economic openness and reform in trying to rebuild its dismal economy, which he said would likely lead eventually to Kim's overthrow and naturally resolve the nuclear dispute.

But Hwang doubts that will happen. "Kim Jong Il actually fears Chinese-style economic reform and openness coming to North Korea," he said.

U.S. Defector Ends Silence About Life In N. Korea (WT)

By Andrew Salmon

The Washington Times, October 18, 2006

PUSAN, South Korea -- Unrepentant and professing support for communism, the last living American defector in North Korea has spoken out publicly for the first time about his life in the nation and his motivations for defecting -- on celluloid.

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"I'm telling you a story I never told anyone," James "Comrade Joe" Dresnok says in the film "Crossing the Line," which had its world premiere Monday at South Korea's Pusan International Film Festival. "I have never regretted coming to [North Korea]. I feel at home."

Made by British filmmakers in North Korea, the documentary sheds light on a unique Cold War story: that of an underprivileged, despairing and desperate American who finds contentment in North Korea.

Mr. Dresnok, an Army private from Norfolk, also acknowledges difficulties he faced, and the film contrasts his testimony with that of U.S. veterans and of fellow defector Charles Jenkins, who declined to criticize the regime until he had escaped it.

Mr. Dresnok, born in 1941, was the product of a broken home. After his parents' divorce, he was sent to an orphanage that he describes as "a living hell." Enlisting at 17, he suffered a failed marriage before being posted to the tense inter-Korean border.

There, between dangerous patrols, he spent his pay on prostitutes. Facing disciplinary action after visiting a girlfriend against orders, he defected to the North through perilous minefields in 1962.

"I didn't care if I lived or died," he says.

Captured, he and three fellow U.S. defectors were feted as propaganda trophies and put to work creating propaganda material.

"We took great pride in it," Mr. Dresnok said. "He'd found la-la land," counters a former U.S. officer.

Life under Asian communism initially was hard for the uneducated Southerner. "I didn't want to stay," he said, citing racism. "I didn't think I could adapt."

In 1966, he and his fellow defectors sought asylum at Pyongyang's Soviet Embassy. Rejected, they underwent intense re-education.

"I got to think like this, act like this," he said, adding that he learned North Korea's official Juche ideology and its "lofty virtues."

In 1972, the four received citizenship. In 1978, they achieved local fame acting out the parts of evil capitalists in a spy-film series, "Nameless Heroes." They also taught English.

The film contrasts the watery grays of Pyongyang with the rustic hues of Mr. Dresnok's native Virginia. He is seen fishing and drinking, visiting his tailor and celebrating his youngest son's birthday in his small apartment. He has married twice in the North, to a Romanian and to a Togolese.

"I take pride in having a son at college," he says. His blond son, James, who speaks English with a Russian accent, is at a foreign-language school. "In America, I don't believe I could afford it."

The most emotional moment is when he sobs, saying, "I swore that in my life I would never abandon my children."

His comment reflects one by Mr. Jenkins, a former Army sergeant who left the North with his Japanese wife and two children with the assistance of the Japanese government in 2004. Mr. Jenkins worried that the foreign-language schools his daughters attended were recruiting grounds for spies, and said that was his motivation for escaping.

Mr. Dresnok takes the opposite view. He angrily disputes the assertions of the former sergeant, and hints at an affair with Mr. Jenkins' Japanese wife. "I'd like to kill [him]," he snarls.

Today, Mr. Dresnok's life is, by North Korean standards, privileged.

During the deadly famines of the late 1990s, "Korean people starved to death, but I got rice rations," he says. "The government is going to take care of me until my dying day."

He appears cheerful, though he is missing his front teeth. It is not clear whether this is related to beatings Mr. Jenkins claimed U.S. defectors suffered. What is clear is Mr. Dresnok is seriously ill from heavy drinking and smoking. The two other U.S. defectors -- Pvt. Larry Allen Abshier and Cpl. Jerry Wayne Parish -- both died from natural causes, he says.

Mr. Dresnok received no financial benefit from being filmed, "apart from the odd bottle of hooch," said the film's co-producer, Nick Bonner, who runs Beijing-based Koryo Tours, which takes tourists to North Korea.

Mr. Bonner said the filmmakers interviewed Mr. Dresnok without government minders being present, and were not censored. At only one point in the film, in front of the American spy ship USS Pueblo, captured in 1968, does Mr. Dresnok refuse to be filmed.

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Mr. Bonner also co-produced 2002's "The Game of Their Lives" about the North's 1966 World Cup soccer team, and 2004's "A State of Mind" about two gymnasts preparing for Pyongyang's mass games, a nationalistic spectacle of gymnastics.

The film's rights have been sold to Korea and Japan, said co-producer Paul Yi, who added that he hoped the film would play at the Sundance Film Festival in the United States.

A spokesman for U.S. Forces Korea said by telephone that he was unfamiliar with Mr. Dresnok's case, but expected that if he ever left the North, he would be treated like Mr. Jenkins was.

In 2004, Mr. Jenkins was court-martialed but set free after 30 days of confinement, on the basis that he had suffered enough.

Letters To The Editor (WT)

The Washington Times, October 18, 2006

'Nuclear disarmament must be an urgent priority'

The government of the Islamic Republic of Iran strongly rejects any comparison of Iran's nuclear program with other countries'.Iran's nuclear program is legal, fully within the framework of the Non-Proliferation Treaty, peaceful and transparent ("North Korea and Iran," Editorial, Oct. 11).

After more than 2200 days of inspection of Iran's nuclear facilities, the International Atomic Energy Agency (IAEA) has concluded that there is no evidence of diversion of nuclear material to military objectives. The latest report by the IAEA's Director-General, Dr. Mohammad El Baradei, dated August 31, states: "Iran has been providing the Agency with access to nuclear material and facilities, and has provided the required reports."

Iran's leadership has repeatedly denounced the manufacturing, stockpiling and use of nuclear weapons on moral, religious and political grounds. Iran is convinced that the proliferation of nuclear weapons is harmful to the cause of world peace and stability.

Iran has called for a nuclear-weapons free zone in the Middle East and has also expressed concerns about the lack of commitment of certain state parties to the Non-Proliferation Treaty regarding their obligations to disarm.

Iran believe that the absence of meaningful and global nuclear disarmament must be an urgent priority of the international community.

Unfortunately, these important facts about Iran are often ignored in the U.S. media and, instead, Iran has been subjected to a massive campaign of deliberate disinformation. We urge the respected members of the media to refrain from drawing unfounded comparisons between Iran and other countries and to keep the above-stated facts about Iran in consideration when reporting on Iran.

M.A. MOHAMMADI
Press secretary
Mission of the Islamic Republic of Iran to the United Nations
NewYork City

Bush Supports Croatia Membership In NATO (AP)

AP, October 18, 2006

President Bush gave a boost Tuesday to Croatia's aspirations to join NATO, saying it should be admitted to the Western alliance within two years.

Bush said he would recommend the 2008 timetable when he attends a NATO summit next month in Riga, Latvia. He also said he supports Croatia's membership in the European Union.

The president expressed his views during an Oval Office meeting with Croatian Prime Minister Ivo Sanader. "I consider the prime minister a friend; I consider Croatia a friend, as well," Bush said.

The president said he has heard Croatia is one of the most beautiful places on Earth and that he would like to visit sometime. "About the only question we disagreed was whether Croatia or the United States had the most beautiful coastline," Sanader said.

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One problem facing Sanader is opposition at home to NATO membership, with opinion polls showing 30 percent of the population against it. Some Croatians claim being a part of NATO would make it a terror target.

While prospects that Croatia eventually will join NATO look good, its hopes of admission to the European Union are less promising.

Sanader said this month he wants EU membership to be fast-tracked and feels his country will be ready for membership by 2008.

European Commission President Jose Manuel Barroso said there could be no more EU enlargements after Romania and Bulgaria join Jan. 1 until the union has resolved the future of its stalled constitution.

Abbas Threatens To Dismiss Hamas Government (NYT)

By Greg Myre

The New York Times, October 18, 2006

JERUSALEM, Oct. 17 — The president of the Palestinian Authority, Mahmoud Abbas, warned Tuesday that the current Palestinian political crisis was intolerable, and suggested he would dismiss the Hamas-led government if the rival factions could not agree soon on a national unity government.

"To maintain the status quo is impossible," Mr. Abbas said in remarks broadcast on Palestinian television. "As the person in charge, I am obligated to consider all options that could get us out of this crisis."

Mr. Abbas's speech, delivered from the West Bank city of Ramallah, was the clearest signal yet that he was prepared to act against the Hamas government. With Israel and Western governments cutting off the flow of money to the Palestinian Authority, the Hamas government has barely functioned since coming to power more than six months ago.

Mr. Abbas said he still sought a national unity government that would include his secular Fatah movement and Hamas, the Islamic radical group. The two parties agreed on such an arrangement more than a month ago, but the talks broke down over issues that include the recognition of Israel, which Hamas rejects.

Mr. Abbas said that if no agreement was reached soon he might dismiss the government and replace it, at least temporarily, with technocrats.

"I have the right to dismiss the government," he declared. He then went on to say that a "government of technocrats would be the simplest and most practical solution."

But Hamas could resist such a move, and the Palestinian Basic Law, which effectively serves as a constitution, is somewhat vague on how to resolve political disputes.

There is also the fear that a political showdown between Mr. Abbas's Fatah movement and Hamas would add to tensions among the heavily armed supporters of both groups, who have fought street battles in the Gaza Strip in recent weeks.

"Civil war is the only taboo," Mr. Abbas said. "But we have other options, and I am studying them."

He set no deadlines for a decision. But there has been speculation that he may be prepared to act soon after the Muslim holy month of Ramadan, which concludes next week.

Meanwhile, in violence on Tuesday, Israeli troops shot dead five Palestinians in three separate confrontations in the West Bank, according to the Palestinian security officials and the Israeli military.

Soldiers killed an Islamic Jihad militant, Muhammad Zakarneh, in the town of Qabatiya, according to the Israeli military and the Palestinians. Also in Qabatiya, two Palestinians throwing stones at army vehicles were shot dead, according to the Palestinians. The military said it was aware of only one Palestinian death, and the man was believed to be a militant.

In the nearby town of Nablus, soldiers fired on a wanted militant in a car, killing him and another person in the vehicle, according to the military and Palestinians.

Israeli Forces Conducting Raids Kill Four Palestinians In West Bank (WP)

By Scott Wilson

The Washington Post, October 18, 2006

JERUSALEM, Oct. 17 -- Israeli military forces operating in the West Bank killed four Palestinians on Tuesday during arrest operations that turned violent in two volatile cities.

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Among the dead were at least two Palestinian gunmen affiliated with the armed wing of Fatah, the secular nationalist movement, and the radical group Islamic Jihad. Palestinian security officials said the dead also included at least one civilian.

The northern West Bank has become a focal point of Israeli security concerns in recent months, emerging as a stronghold of Islamic Jihad, the most radical militia at war with the Jewish state. The operations marked a shift by the military, which has concentrated most offensive operations in the Gaza Strip since the June 25 capture of an Israeli army corporal by several armed groups including the military wing of the governing Hamas movement.

The operations came as Ghazi Hamad, a senior Hamas official, published his second critique of Palestinian society in two months. In a column for the daily newspaper al-Ayyam, Hamad, a senior adviser to Prime Minister Ismail Haniyeh, asked if violence had become "a Palestinian disease."

Hamad raised the question after sectarian clashes in Gaza and the West Bank that in recent weeks have killed more than 12 Palestinians and wounded scores. He asked whether violence had become "a culture implanted in our bodies and our flesh," adding that it "has taken away the language of brotherhood and replaced it with arms."

"Shouldn't we be ashamed of this ugly behavior, which scandalizes us before our people and before the world?" he wrote from Gaza.

The Israeli military reported Tuesday the discovery of a tunnel near Gaza's border with Egypt, through which Palestinian militias apparently smuggled guns into the strip. The military said it was the 13th tunnel uncovered in the past three months as armed groups attempt to build their arsenals during the Israeli offensive.

At 7 a.m., an Israeli military unit entered the West Bank town of Qabatiya on an arrest operation. Israeli military officials said soldiers fired on a group of Palestinian gunmen, killing one. The man was identified as Mohammed Zakarneh, 18, of Islamic Jihad.

A few hours later, military officials said, a riot broke out as Israeli soldiers attempted a second arrest in the town. The soldiers were pelted with stones and cinder blocks, military officials said, and responded by firing rubber bullets toward the crowd.

Palestinian officials said Hani Khalil Kmeil, 20, was killed. Israeli military officials said they were investigating the report.

The final incident occurred in Nablus when Israeli soldiers fired on a car carrying a member of the al-Aqsa Martyrs Brigades, Fatah's military wing. Israeli military officials said the man, wanted for arrest, was killed, along with the driver, whose connection to the militia was unclear.

Blair Criticizes Veils As 'Mark Of Separation' (NYT)

By Alan Cowell

The New York Times, October 18, 2006

LONDON, Oct. 17 — Prime Minister Tony Blair joined a passionate and increasingly contentious debate on Tuesday over the full-face veils worn by some British Muslim women, calling it a "mark of separation."

It was the first time Mr. Blair had so explicitly backed Jack Straw, the leader of the House of Commons, who raised Muslim ire this month by saying he did not believe that women should wear the full-face veil, a headdress with only a narrow slit for the eyes. Mr. Straw had asked Muslim women meeting with him to remove their veils, arguing that it prevented communication and set the wearer apart.

"It is a mark of separation, and that is why it makes other people from outside the community feel uncomfortable," Mr. Blair said at a regular news conference, echoing some of Mr. Straw's sentiments.

His remarks reflected a sense that British society is heading toward ever deeper fissures between Muslims and non-Muslims, evoking questions about the nation's readiness to embrace Muslims, and Muslims' willingness to adapt.

The discussion mirrors earlier public disputes in France, Turkey and elsewhere about head scarves, though in Britain it is largely limited to the use of the full-face veil, the niqab.

"No one wants to say that people don't have the right to do it," Mr. Blair said. "That is to take it too far. But I think we need to confront this issue about how we integrate people properly into our society."

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There were signs that the dispute had spread farther across Europe. In an interview in Italy, Prime Minister Romano Prodi was quoted Tuesday as saying that women should not be hidden behind veils.

In Muslim societies, the full veil is sometimes worn to shield a woman from the view of men outside her immediate family. The debate about its use among a small number of British Muslims has crystallized around Aishah Azmi, a teaching assistant suspended by a local council for refusing to remove her full-face veil during class in the presence of male teachers.

Mr. Blair said he could "see the reason" for Mrs. Azmi to be suspended from her job at a Church of England school in Dewsbury, Yorkshire, where there is a substantial Muslim minority. Within hours, her lawyers issued a statement accusing Mr. Blair of interfering in a labor tribunal case and demanding a retraction.

"We have to deal with the debate," Mr. Blair said. "People want to know that the Muslim community in particular, but actually all minority communities, have got the balance right between integration and multi-culturalism."

The debate is characterized by Muslims as a symbol of the stigma they face among the non-Muslim majority.

Muhammad Abdul Bari, the secretary general of the Muslim Council of Britain, said in an open letter that some Muslims had been considering changing their names "to avoid anti-Muslim remarks."

"This is what happens when a community is singled out by those at the helm of affairs," he said.

Non-Muslims say the veil-wearing shows a reluctance among the estimated 1.6 million Muslims — 3 percent of the population — to compromise for the sake of social harmony. David Davis, the Conservative opposition spokesman on home affairs, said last weekend that British Muslims risked "voluntary apartheid" by displays of separateness like the full veil.

The gulf has been widening since the London bombings by four British Muslims on July 7, 2005, but the argument has sharpened in recent weeks. After Mr. Straw questioned the wearing of the niqab in early October, a government education minister, Phil Woolas, went further last weekend, calling for Mrs. Azmi, the teaching assistant, to be dismissed. Other government ministers, now including Mr. Blair, have joined the debate.

The discussion spills over into Britain's broader embroilment in the campaign against terrorism and the war in Iraq. Mr. Blair and others say Muslims must do more to police their own ranks, while some Muslims say Britain's deployment in Iraq and Afghanistan accelerates the radicalization of young Muslims like the London bombers.

Last week Britain's new army commander, Gen. Sir Richard Dannatt, said British troops should be pulled out from Iraq "some time soon."

But Mr. Blair said Tuesday: "If we walk away before the job is done from either of those two countries, we will leave a situation in which the very people we are fighting everywhere, including the extremism in our own country, are heartened and emboldened, and we can't afford that to happen. So we have got to see that job through."

Council Seat Still Undecided After 22 Ballots (NYT)

By Warren Hoge

The New York Times, October 18, 2006

UNITED NATIONS, Oct. 17 — Venezuela's campaign to gain Latin America's open seat on the Security Council next year lagged Tuesday for a second straight day, but Guatemala, the persistent leader after 22 ballots, was unable to win enough votes to secure the position.

The General Assembly recessed Tuesday night for 24 hours to ponder a way out of the deadlock, with diplomats suggesting that it might be time for the Latin American group to switch to a compromise candidate.

But neither country was prepared to step aside.

"We still have a considerable lead over our competitor, and under normal circumstances our competitor would stand down graciously," said Gert Rosenthal, the foreign minister of Guatemala, "but for reasons well known, he's not willing to do that."

Francisco Arias Cárdenas, Venezuela's ambassador, said, "We have had to fight a very uneven battle, with constant false accusations made against us, and we have kept up the fight until now and we will continue the fight."

The setback was particularly stinging for Venezuela, whose president, Hugo Chávez, has made the contest a centerpiece of his continuing campaign against Washington, financing it liberally with oil proceeds, promoting it with personal appearances around the world and frequently predicting that Venezuela would prevail.

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In keeping with that, Mr. Arias Cárdenas has repeatedly said that this was not an argument between "brother" Latin nations, but an effort to liberate the United Nations from United States' "imposition."

Mr. Rosenthal complained: "Venezuela clearly is not doing well, but they want to bring us down with them as the proxy for the United States. It is very unfair to us. Washington did not run our campaign. We did all the work, and we have a majority of the votes."

Mr. Arias Cárdenas said his country was not being "stubborn" but was sacrificing itself to represent poor and weak countries against the "blackmail" of the United States.

He held up the front page of El País, the Spanish daily, which showed a picture of John R. Bolton, the American ambassador, leaning over and consulting with Mr. Rosenthal.

"This is the pressure we are fighting," he said. "Why doesn't Bolton come to this microphone and declare that the United States will remove the pressure, will withdraw the money, and then countries will have the liberty to vote their conscience."

In response, Mr. Bolton said: "Look, we have made our position clear in a very low key way. It is motivated by our concern for Venezuela's behavior, and that's another example of it."

Asked about the photo with Mr. Bolton, Mr. Rosenthal said: "I don't think there is anything conspiratorial about it. Yesterday, I must have been faced with 100 ambassadors, and he was one of them."

The two countries are competing for a two-year term in the seat being vacated by Argentina, and to win it, one of them must reach 125 votes, which is two-thirds of those voting. Guatemala had held to an average of 104 and Venezuela 77.

"It's true that the positions right now seem to be stuck in the same place," Mr. Rosenthal said. "The bottom line is that we still are not prepared to step down, given the lead we have, and Thursday we can have another go at it."

Mr. Bolton said the United States normally steered clear of contests at the United Nations involving regional groups but had become involved in this one out of concern that Venezuela might become a disruptive presence on the Security Council.

"You can draw one conclusion from the results," Mr. Bolton said with evident satisfaction, "that is, that Venezuela is not going to win."

Venezuela Stymied Again In U.N. Vote (WP)

By Colum Lynch, Juan Forero And Bill Brubaker

The Washington Post, October 18, 2006

UNITED NATIONS, Oct. 17 -- Venezuela was stymied for a second straight day in its bid to win a seat on the U.N. Security Council, a result that has shocked diplomats who expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage.

Guatemala led Venezuela in each of the 12 rounds of secret voting held by the General Assembly on Tuesday. On Monday, Guatemala won nine of the first 10 rounds. But neither country has secured the required two-thirds vote to succeed Argentina on Jan. 1 in the open Latin American seat on the 15-nation council.

The voting is scheduled to continue Thursday morning.

Delegates at the United Nations once predicted that Venezuela would easily receive enough support for the seat. But the opening ballot Monday showed Guatemala ahead 114 to 74 . Venezuela gained votes through the day but never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly.

On Tuesday, Venezuela could muster no more than 85 votes in any single round. Guatemala attracted as many as 112 votes but consistently fell a dozen or more votes short of the required total in each round.

Venezuela's showing has come as a relief to the United States, which has lobbied actively on behalf of Guatemala. Chavez's government, U.S. officials warned, would play a destructive role on the council, lending its support to those countries, including Iran, Sudan and North Korea, that have defied the United Nations.

It also represented a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East.

Chavez may have undercut his country's chances with a provocative speech last month before the General Assembly, in which he described President Bush as "the devil." And once-solid support for Venezuela in South America, from countries

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including Chile and Paraguay, wavered after Chavez's government entered into a military pact with Bolivia, which has lost territory to both those countries.

The United States, Britain, China, Russia and France enjoy permanent membership on the 15-member Security Council. The other 10 seats are distributed regionally for two-year terms; a vote by the General Assembly fills five seats each year. South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions.

But the deadlock over the Latin American seat raised the prospect of a long election and that a compromise candidate--possibly Costa Rica, the Dominican Republic, Uruguay or Chile--might enter the race. Mexico and Cuba received single votes on some ballots Monday.

Chavez has been hostile to Washington for years, but he has been particularly antagonistic since the White House offered tacit support for a 2002 coup that briefly removed him from power. Venezuela's U.N. ambassador, Francisco Javier Arias Cardenas, characterized the race as a challenge between a fearless champion of the developing world and the world's lone superpower.

"We are not competing with a brother country. We are competing with the biggest power on the planet," he said.

Some delegates said Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol.

For those who view the General Assembly chamber as "a very sacrosanct place," Chavez's performance exhibited "bad taste," said Tanzania's ambassador, Augustine P. Mahiga. "It can be a platform for the battle of ideas but not for the vilification of one country."

Mahiga said, however, that Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and "swayed" others to vote against it.

"It's a double-edged sword," he said. The race was "perceived as a contest between the United States and Venezuela."

Alberto Garrido, an author and analyst in Caracas who has written several books on Chavez, said the vote is a serious setback for Chavez's campaign to project Venezuelan influence beyond Latin America.

Venezuela has bought foreign debt from Argentina, sold crude oil at cut-rate prices to smaller Caribbean islands and provided aid to Africa--all efforts designed, in part, to counter U.S. influence.

"This is a big setback in Chavez's strategy," said Garrido, whose latest book, "Chavez's Wars," deals with the president's conflicts with the Bush administration and other foes. "He had a plan to become the institutionalized voice of the south, if he had gotten that seat. This is a blow, perhaps the biggest blow in his geopolitical strategy."

In Venezuela, the government's failure to secure a seat was called "an embarrassing defeat" by Manuel Rosales, who is running against Chavez in December's presidential election. The president retains the support of a majority of Venezuelans, recent polls have shown, but opponents accuse him of ignoring spiraling crime, chronic unemployment and poverty while he focuses on making a name for himself abroad.

Chavez has spent much of his presidency outside Venezuela. But since July, as the Security Council campaign has built, his travel schedule has become feverish, with trips to Russia, China, Vietnam, Iran and Belarus.

The Venezuelan government's argument that it would be a voice for those countries suffering at the hands of U.S. imperialism did not strike a chord with enough nations, said Milos Alcalay, a former Venezuelan ambassador to the United Nations.

"To argue that Venezuela would go to the Security Council to be the counterweight against imperialism didn't mesh with the philosophy that this is a body that aims to find things in common," said Alcalay, who resigned his post because of opposition to Chavez's policies.

"This was firstly a rejection of combative language, but it was also a rejection of Venezuela's claim to be the voice of those who do not have a voice, of Africa, the nonaligned," he said. "And really, they do have a voice. Africa elected South Africa as its spokesman."

Forero reported from Quito, Ecuador. Brubaker reported from Washington.

Un Seats Continues To Elude Chávez (FT)

Financial Times, October 18, 2006

DOJ_NMG_0082750

A second full day of voting at the United Nations General Assembly on Tuesday failed to decide whether anti-US Venezuela or pro-US Guatemala would win a seat on the Security Council.

Neither managed to get the two-thirds majority needed for victory, although Guatemala won the majority of votes by a significant margin. In a day that saw both sides' fortunes rise and fall, Guatemala won 102 votes against Venezuela's 77 in the 12th round. Diplomats said the situation was deadlocked.

The voting is a setback for Venezuela's President Hugo Chávez, who in recent months has travelled extensively and invested heavily in an attempt to win support for his country's bid.

"It is a tremendous blow to Venezuela," said Juan Tokatlian, a Buenos Aires-based international relations specialist. "Their votes have fallen well short of what they expected."

The stalemate could continue for the next few days. Ecuador convened an informal discussion between Latin American countries for today but no formal meeting was scheduled. Voting resumes on Thursday. Guatemala said its bottom line was that it was still not prepared to step down.

On Monday, Guatemala started with a clear lead, then fell level with Venezuela, before recovering its majority. On Tuesday, it swung between 100 and 112 votes, against between 75 and 85 for Venezuela. Guatemala needed between 120 to 125 votes to win, depending on abstentions.

Venezuela indicated it could withdraw its candidacy if Guatemala also withdrew, and the US publicly advocated a fair vote without exerting pressure.

The impasse has prompted other Latin American countries to suggest regional talks on a way to avoid a recurrence of divisions that afflicted the region at the height of the cold war.

In 1979 it took four months and 155 rounds of votes to resolve protracted deadlock between Cuba and Colombia. That contest was eventually resolved only after the intervention of Kurt Waldheim, then secretary-general of the United Nations, and the nomination of Mexico as a compromise candidate.

Mr Tokatlian said he expected Brazil, Argentina and Chile to begin efforts to broker a solution.

In UN Political Drama, It's All About The US (CSM)

By Howard Lafranchi

The Christian Science Monitor, October 18, 2006

UNITED NATIONS, N.Y.

In the war of Hugo Chávez versus George W. Bush, Venezuela versus the United States, and anti- Americanism versus American leadership, the latest battle is ... a draw.

In marathon voting at the 192-country United Nations General Assembly that continued midday Tuesday, Venezuela had not won a coveted seat on the 15-member Security Council. Mr. Chávez's trash talk about Mr. Bush from the same General Assembly hall a month ago has not won him the support he needs to claim one of the Council's 10 rotating seats -a post from which he had hoped to goad "the imperial power," or "the master of the house," as he is wont to say.

But neither has the US been able to definitively squash Venezuela by assuring the election of Guatemala, its favored candidate, to the open two-year position. The writing on the wall was getting clearer: Neither country seems likely to win the rotating seat reserved for Latin America. Speculation intensified over possible replacement "consensus" candidates.

Yet the stalemate also has deeper roots and explanations, to listen to delegates as they filed out of the hall after each ballot, or to UN officials milling around to see how the vote was going.

For some, it is a result of the fault lines that still divide the world more than three years after debate about invading Iraq. Surveys show the US remains deeply unpopular in much of the world, and the General Assembly voting reflects that.

But for others, it is more a reflection of widespread ambivalence - and perhaps fatigue - toward both the camp that wants to make a point of standing up to the US, and the one that is seen to be too closely aligned with it.

"There is a whiff of the cold war to this, and people don't want to see the UN go back to that paralysis," said one UN official observing the vote, who spoke on condition of anonymity. "My guess is that a fair number of countries don't want either side to get the upper hand."

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Many delegates expressed surprise that Venezuela, a major oil producer that worked hard for months to win votes, never overtook Guatemala in the first day of balloting. The common explanation offered was that Chávez's depiction of Bush as "the devil" in his speech to the General Assembly in September had cost him support - despite applause and titters at the time - because it raised concerns of a Security Council bogged down in polemics.

"When it comes down to it, a polarizer is not a vote-getter," said another UN official, who also spoke on condition of anonymity.

After 14 secret ballots by midday Tuesday, Guatemala stood at 108 votes - well short of the two-thirds majority (128 votes) needed. Venezuela had 76. Those numbers had fluctuated over the course of ballots, but they were basically the same as the original vote Monday.

In all, the General Assembly actually had to fill five rotating Security Council seats, although the other four slots were decided without controversy on the first ballot. South Africa, Indonesia, Belgium, and Italy are to fill the seats of their respective regions in January.

But the Latin American seat was a different story, with stakeholders from both sides indicating early on they were ready for a long fight.

"All I can say is that back in 2000, I spent 31 days in Florida," said John Bolton, the US ambassador to the UN, at one point on Monday, referring to his role in the legal wrangling that ultimately won the presidency for Bush. "This has just begun."

Mr. Bolton's words suggest the importance the US is putting in the outcome.

By the seventh vote on Monday, talk had shifted to the goodies the candidates were passing out to secure any wavering votes: chocolates with "Venezuela" wrappers from one side, woven friendship bracelets from the other.

But others alluded to much more heavy-handed tactics than those quaint campaign tools. Venezuela's ambassador, Francisco Javier Arias Cárdenas, said the people of the world were "resisting with dignity the pressures of the imperial power." He claimed the US was seeking to sway the vote by issuing both promises of aid for supporting Guatemala and threats of financial retaliation against any developing country siding with Venezuela.

Yet other diplomats referred to Chávez's nearly two-year-long campaign to win a Council seat and noted that Chávez, as leader of a major oil- producing nation, had signed numerous bilateral trade pacts while pursuing his campaign. As one diplomat noted in a tongue-in-cheek explanation for the sudden spurt in support for Venezuela in one ballot: "They upped the ante - now it's a full tanker in every port!"

Yet kidding aside, some diplomats noted there is precedent to suggest that the balloting might not be nearing a quick denouement. UN officials did some digging and found that in 1979, another vote on a Security Council seat - again involving Latin America's slot - had taken 155 ballots stretching from October to January.

In that case, a battle pitting Cuba against Colombia was resolved when Mexico finally emerged as a compromise candidate.

While Venezuela's ambassador didn't want to hear any talk of a consensus candidate to break a deadlock, the names of nations like Uruguay, Costa Rica, and the Dominican Republic floated around the hall.

And Mexico's ambassador, Enrique Berruga, said that Mexico was pressing for a meeting of Latin American countries Tuesday, to find a solution to the deadlock.

At the same time, Guatemalan officials insisted they were in the fight to stay. But their delegation's leader suggested Monday afternoon that he understood a continuing stalemate could not be allowed to go on forever.

"We are not obstinate," said Guatemala's foreign minister, Gert Rosenthal, at the end of voting Monday. "If after two, three, four days, neither country has arrived at the two-thirds needed, logically we have to consider a third candidate."

And then he continued with words that, either by design or not, contrasted with the politicking that has dominated the voting. "This has never been a national crusade [for us] to be on the Security Council." Noting that the UN spearheaded the peace process that ended Guatemala's civil war in 1996, he added, "We are giving back to the UN what the UN gave to Guatemala."

Guatemala Leads But Can't Land U.N. Seat (AP-Y)

By Nick Wadhams

DOJ_NMG_0082752

AP, October 18, 2006

Guatemala failed repeatedly to muster the necessary votes to beat out Venezuela for a Latin American seat on the U.N. Security Council, prompting diplomats on Tuesday to demand a compromise candidate.

Both have so far refused and the U.N. General Assembly scheduled yet more rounds of voting on Thursday by its 192 member nations. That left a day off for Latin American nations to try to find a solution.

In the 22nd round of voting, Guatemala garnered 102 votes to Venezuela's 77. That result, similar to that of many of the previous rounds during the last two days, was 23 votes short of the two-thirds needed to win, and it now appeared that neither would be able to bridge the gap.

"It's obvious that the General Assembly is sharply divided and we are facing a deadlock in this election," said the Arab League's U.N. representative Yahya Mahmassani. "We look forward to the group of Latin American and Caribbean states to find a solution to this impasse, with the acquiescence and acceptance of the two candidates."

Yet neither Venezuela nor Guatemala appeared willing to drop out of the election.

Venezuela's U.N. Ambassador Francisco Arias Cardenas complained that the United States pressed countries worldwide to prevent Venezuela from winning a seat on the 15-nation council.

"We are fighting against the first power of the world, the owners of the universe," Arias Cardenas said. "We're happy, we're strong and we will continue."

Roy Chaderton, the Venezuelan diplomat who played a key role in his country's campaign for the seat, said the results were only a minor setback in the long struggle against U.S. efforts to dominate international affairs.

"This battle will prepare us for another battle within the international community," Chaderton told Venezuelan state television Sunday.

The results were seen as a setback for Venezuelan President Hugo Chavez, who had lobbied hard in capitals around the world, offering millions of petrodollars in aid.

Diplomats said his bombastic speech to the General Assembly last month, when Chavez railed against the United States and called President Bush "the devil," may have hurt Venezuela's chances.

The vote, however, also reflected the ambivalence toward Guatemala, Washington's preferred candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public U.S. campaign against Venezuela and in support of Guatemala.

After Monday's balloting, Rosenthal said his nation was an "independent voice" that would vote according to its own policies.

The record number of ballots for a Security Council seat occurred in 1979, when the General Assembly held 154 unsuccessful votes to choose between Cuba and Colombia. Mexico was then put forward and won in the 155th round.

Possible other candidates include Uruguay, Costa Rica, Mexico and the Dominican Republic.

Venezuela has served four times on the Security Council. Guatemala has never had a seat but is a leading contributor of troops to U.N. peacekeeping missions.

The 10 non-permanent seats on the council are filled by the regional groups for two-year stretches. The other five are occupied by the veto-wielding permanent members: Britain, China, France, Russia and the United States.

Venezuela Trails In Early Voting For Seat On Security Council (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 18, 2006

UNITED NATIONS - U.S.-backed Guatemala got the upper hand in a seesaw tussle Monday to secure a seat on the U.N. Security Council, dealing a surprising blow to Venezuelan President Hugo Chavez's ambitions to lead a worldwide anti-Washington front.

But in 10 rounds of voting Guatemala fell short of the two-thirds majority needed to win the seat, reserved for a Latin American nation, raising the specter of a lengthy battle that eventually could lead to a compromise candidacy.

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Venezuelan officials blamed U.S. pressures for blocking their bid to secure a seat that brings international prestige and a voice on such key issues as the nuclear standoffs with Iran and North Korea.

Francisco Arias, Venezuela's U.N. ambassador, said Washington was exerting "grotesque, obscene" pressures on U.N. members to vote for Guatemala, and he vowed his country would fight on.

"Venezuela is staying; Venezuela is by no means pulling out," he said after the fourth round of voting, adding that Washington was campaigning against his country as if "we were inventing a nuclear bomb."

The leftist Chavez has been a steady and strident critic of the Bush administration, and a victory in the Security Council race would give him a strong voice in Latin American regional affairs.

Most analysts had expected Venezuela to outpoll Guatemala in the election, one of the most disputed in Security Council history. Chavez had traveled the globe in search of votes, touting himself as a strong voice opposed to Washington. U.S. officials have complained that Chavez has been using his oil wealth to expand his influence.

But diplomats privately said Chavez hurt Venezuela in a speech last month at the U.N. General Assembly, in which he called President Bush "a devil."

Guatemalan Foreign Minister Gert Rosenthal, who attended the session, told reporters after the 10th ballot that his country would maintain its candidacy for now but would be willing later to consider a compromise.

"We're going to see how things evolve in the next day or two," he said. More rounds of voting are expected Tuesday.

Although the vote was secret, many South American and Caribbean nations, as well as African and Arab nations, were known to be backing Venezuela, while Washington and most European and Central America nations were supporting Guatemala. Chile, Ecuador and Peru abstained in the first round but didn't say how they voted in the later ballots.

The winner will succeed Argentina in a two-year term on the Security Council that begins in January 2007.

Guatemala won the early rounds of balloting and by the third round secured 116 votes, just eight short of the two-thirds needed to win.

Venezuelan diplomats fanned out in the cavernous hall, with Arias methodically greeting each delegation several times. Former Venezuelan Foreign Minister Roy Chaderton, designated by Chavez as a special envoy for the U.N. campaign, also worked the aisles.

On occasion, the Venezuelan and U.S. diplomats would politely ignore each other as they bumped into one another during their lobbying runs. U.S. Ambassador John Bolton and the assistant secretary of state for western hemispheric affairs, Thomas Shannon, were seen chatting up other delegates.

"In the year 2000, I spent 31 days in Florida," Bolton told reporters at one point, referring to the long U.S. presidential election recount. "This has just begun."

The delegates' tables soon became a clutter of pamphlets, with the Chavez delegation dominating the literature. One Venezuelan handout reminded diplomats that their vote was secret and that Venezuela represented "independence."

"Raise your voice against imposition," the brochure urged.

Delegates also received a small bag with sweets from Venezuela, while Guatemalan diplomats handed out an embroidered wristband.

On the sixth round, Venezuela and Guatemala tied at 93 votes, and the Venezuelan delegation erupted in a loud applause. But Guatemala reversed the tide and by the 10th round it obtained 110 votes against 77 for Venezuela.

Monday's election recalled the 154-round standoff between Cuba and Colombia in 1979, which finally ushered in Mexico as a consensus candidate.

In Caracas, Venezuelan Vice President Jose Vicente Rangel said his country had demonstrated the firmness of its foreign policy in the face of "pressure" and "bribes" from the U.S. delegation. "We are confronting the empire," he said.

But Chavez's main opponent in the Dec. 3 presidential election, Manuel Rosales, described Venezuela's failure to win the seat as a "democratic whipping for those who do not understand that the world is advancing towards freedom and democracy."

Special correspondent Phil Gunson in Caracas contributed to this report.

A Model Of Modern Vitality, France Devises A Baby Boom (WP)

DOJ_NMG_0082754

By Molly Moore

The Washington Post, October 18, 2006

JUMEAUVILLE, France -- When the municipal day-care center ran out of space because of a local baby boom, the town government gave Maylis Staub and her husband $200 a month to defray the cost of a "maternal assistant" to care for their two children.

When Staub delivered twins last December -- her third and fourth children -- the nation not only increased their tax deductions and child allowances, the government-owned French train system offered 40 percent discounts off tickets for the parents and the children until they reach their 18th birthdays.

"The government favors families a lot," said Staub, a 35-year-old project manager for a French cellphone company. "They understand that families are the future. It's great for us."

While falling birthrates threaten to undermine economies and social stability across much of an aging Europe, French fertility rates are increasing. France now has the second-highest fertility rate in Europe -- 1.94 children born per woman, exceeded slightly by Ireland's rate of 1.99. The U.S. fertility rate is 2.01 children.

In many European countries, park benches are filled with elderly residents. In France, parks overflow with boisterous children, making it an international model for countries struggling with the threat of zero population growth. In recent months, officials from Japan, Thailand and neighboring Germany have traveled to France to study its reproductive secrets.

But the propensity of women here to have more babies has little to do with notions of French romance or the population's formerly strong religious ties to the Roman Catholic Church.

France heavily subsidizes children and families from pregnancy to young adulthood with liberal maternity leaves and part-time work laws for women. The government also covers some child-care costs of toddlers up to 3 years old and offers free child-care centers from age 3 to kindergarten, in addition to tax breaks and discounts on transportation, cultural events and shopping.

This summer, the government -- concerned that French women still were not producing enough children to guarantee a full replacement generation -- very publicly urged French women to have even more babies. A new law provides more maternity leave and benefits, tax credits and other incentives for families who have a third child. During a year-long leave after the birth of the third child, mothers will receive $960 a month from the government, twice the allowance for the second child.

A century ago, France was one of the first European countries to face a declining population. Since then, almost every elected French government -- regardless of party -- has instituted laws that encourage bigger families and make it easier for women to keep their jobs while raising children.

"Politicians realized they had to encourage people to have more babies if they didn't want to live in a country of old people," said France Prioux, director of research for France's National Institute of Demographic Studies.

Most of the subsidies and allowances are income-based, giving low-income families the most help. But higher-income families also receive substantial benefits so that only a fraction of a working mother's salary goes to child-care costs.

In Jumeauville, a rural hamlet of picturesque stone houses and about 500 inhabitants a 45-minute drive west of Paris, the Staubs are part of a trend most European countries crave to emulate: expanding families fleeing the cities and suburbs in search of larger houses and gardens, helping to replenish the village's declining and aging population of farmers.

When Staub became pregnant with twins last year, the family moved out of their cramped apartment in suburban Paris and into a renovated stone farmhouse with massive plate-glass windows and exposed wood beam ceilings in Jumeauville, which translates in English as Twin City.

Staub, a slender woman with an animated face framed by honey-colored hair that brushes her shoulders, took a year off from her job at SFR, a major cellphone company, collecting monthly maternity leave benefits and a guarantee that her job would be waiting for her when she returned.

Under French law, a woman can opt not to work or to work part time until her child is 3 years old -- and her full-time job will be guaranteed when she returns. "In other countries, maternity leaves are seen as a handicap for mothers who want to have a career," Staub said. "It's different in France."

A colleague at Staub's company, 35-year-old Axelle de Barbeyrac, also has four children, including twins. She works four days a week, a part-time schedule that she can continue, with government subsidies, until the twins are 3 next year.

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She lives in the Paris suburb of Ville d'Avray, a 10-minute train ride west of the La Defense high-technology, high-rise corridor on the edge of the capital where both women work. Barbeyrac catches the 5:09 p.m. train home, walks to the government-subsidized day-care center where her 2 1/2 -year-old twins have spent the day ($670 a month for both), then picks up Ines, 8, and Feh, 6, at the after-school program that ends at 6 p.m. ($75 a month for the two).

As she arrives home to begin the four-child assembly line in the bathtub, the sidewalks around her cream-colored stucco house are crowded with schoolchildren on scooters and mothers pushing a stroller with one hand and gripping a toddler with the other.

"I don't know if the French system encourages women to have more children," said Barbeyrac, whose husband is a documentary filmmaker. "But people don't stop having children because of money concerns."

Maylis Staub agrees. Staub, who is married to a lawyer, returned to work in August. Instead of using the government-supported day-care centers, she hired a nanny -- subsidized by tax breaks on part of the nanny's salary -- to care for her 10-month-old twins, Quitterie and Hermine.

When both women's twins reach 3 years of age, they will qualify for the free government preschool programs that most French children attend until kindergarten.

"The child-care system in France is very well thought out," said Staub, sitting on a sofa on a recent Saturday afternoon with feverish 8-year-old Margaux on one side, fidgety 6-year-old Jules on the other, and one of the twins on her lap. "Everything is organized to make mothers' lives easier."

The French system also fosters different attitudes about working mothers. French working moms say they feel far less guilt than friends in the United States or Europe because French society recognizes children are well cared-for while mothers are at work.

As a result, French women are not only having more children than their European counterparts, but far more of them work outside the home than in most European countries. Three-fourths of all French mothers with at least two children are employed.

"In Mediterranean countries and Germany, it's work or children," said Marie-Therese Letablier, research director of the Center for Employment Studies. "In France, it's work and children."

"French society encourages mothers to work," Staub said. "The way work hours and vacation time are organized also help families a lot. I have 36 days of paid holidays per year -- it's great to spend time with your children."

In the summer, French families can send their children to generous summer camp programs. Government recreation centers in virtually every French village and urban neighborhood offer a full day of activities, including trips to museums, farms and swimming pools -- along with snacks and three-course lunch -- for fees ranging from about 65 cents to $12 a day, based on family income.

At the same time, private French firms and services also cater to big families with working parents.

Staub's pediatrician makes house calls when her children are sick or need checkups, a practice common in rural and urban areas.

"Society evolves quickly and also makes life easier for working mothers," Staub said.

"I refuse to go shopping on weekends, and waste our family time on that. I order everything on the Internet and have it delivered at home."

Researcher Corinne Gavard contributed to this report.

Monitoring A Little-Noticed War (NYT)

The New York Times, October 18, 2006

On Monday, 94 people died and 150 were injured when a truck loaded with explosives rammed into a military convoy in Sri Lanka. The government blames the Tamil Tiger guerrillas — the pioneers of the suicide bombing — for the attack. The rebels have not said anything.

For more than 20 years, the Tamil rebels have waged a brutal war of independence against the Sri Lankan government, which is dominated by ethnic Sinhalese. Their opponents in Colombo are no innocents, and have made little effort to protect

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Tamil civilians as they wage a brutal counterinsurgency. In April, government security forces stood by for two hours as mobs burned Tamil homes and shops, killing 14 people.

A Buddhist-led government battling a Hindu separatist group in a land with no oil draws little international interest — and no pressure on either side to end such horrors. Hoping to change that, the United Nations High Commissioner for Human Rights, Louise Arbour, called last month for international human rights monitors to be sent to Sri Lanka. All countries with influence, starting with the United States and Japan, should push the Sri Lankan government to agree.

Colombo is eager for international aid and support in its fight against the Tamil Tigers. With U.N. rights monitors bearing witness, the government may feel pressure to rein in army and police abuses. Monitors could also bolster the country's weak judicial system, which barely investigates crimes against Tamil civilians. The guerrillas, who count the forced recruitment of child soldiers among their crimes, are less vulnerable to international shame. But shining a spotlight might help persuade overseas Tamils to choke off funding.

Great China Bank Sale (WSJ)

The Wall Street Journal, October 18, 2006

Fannie Mae and Freddie Mac, meet ICBC. China's largest bank joins the ranks of publicly listed companies next week when it unveils what may be the world's largest-ever IPO in Hong Kong and Shanghai. But as with America's mortgage behemoths, investors are betting as much on implicit government support as on ICBC itself.

Headquartered in Beijing, the Industrial Commercial Bank of China Ltd. is China's largest commercial bank by total assets, loans and deposits. With more than 18,000 branches and $21.7 billion in 2005 operating income, it holds 15.4% of total loans in all Chinese banking institutions, according to its offering prospectus. For foreign investors hoping to profit from China's rapid economic growth, ICBC shares may seem just the ticket.

We hope this isn't lemmings jumping off a cliff. At around this time last year, China Construction Bank Corp., the nation's third-largest lender by assets, raised $9.2 billion. This year, Bank of China Ltd., the country's second-largest by assets, raised $11.2 billion in an IPO. Even mid-tier China Merchants Bank received so much demand for its shares that its underwriters exercised a 10% overallotment option.

Amid this excitement, it's easy to forget how and why the Great China Bank Sale started. In the mid-1990s, Beijing's policy makers realized that government-directed lending wasn't compatible with a rapidly expanding capitalist economy. So they created policy banks to lend on behalf of the public sector, leaving state-owned lenders free to dole out cash along commercial lines.

The problem was, the proper economic incentives weren't in place. Why lend on a commercial basis if your local provincial bureaucrat needs some cash? The money soon disappeared -- into pockets and bad projects -- and China's banks were back in the red. So China used its foreign-exchange reserves to recapitalize its banks, creating asset-management companies to take on tricky bad loans.

Since 1998, Beijing has injected $95 billion into the "big four banks," and carved out $305 billion of bad loans, according to Fitch Ratings. ICBC itself received a $15 billion state capital injection last year, plus a government-financed nonperforming-loan carveout of $85 billion. Foreign banks added an additional $20 billion; Goldman Sachs, Allianz Capital and American Express own 10% of ICBC's equity.

With all this money floating around, why worry? Well, bailing out banks -- or the implicit guarantee of doing so -- implants perverse economic incentives. Investors will be betting that public-company standards will help transform ICBC's lending practices, but there's no guarantee that the companies it is lending to have been transformed. Communist Party officials also still populate Chinese banks' boards of directors.

Like other state-owned banks, ICBC is still swimming in nonperforming loans -- which are classified according to Chinese, not international, standards. Fitch estimates a nonperforming to total loan ratio of 4.7%. If you kick in so-called "special mention" loans -- debts that haven't gone bad yet, but might -- the ratio jumps to 9.2%. ICBC also has heavy exposure to manufacturing, transportation and energy industries that are highly cyclical.

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We're not here to give investment advice. But the comparison with the two U.S. "government-sponsored" mortgage giants is startling. Investors comforted by implicit American taxpayer support have had to endure several years of uncertainty and lower returns as fraud and false accounting have been uncovered at Fannie and Freddie. Perhaps that's a warning for ICBC investors.

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TERRORISM NEWS:

Bill Signing Clears Way For Trials Of Terror Suspects (USAT)

USA Today, October 18, 2006

WASHINGTON — Some of the most notorious names in the war on terror are headed toward prosecution after President Bush signed a law Tuesday authorizing military trials of terrorism suspects.

Imprisoned at Guantanamo Bay, Cuba, and awaiting trial are Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11, 2001, attacks; Ramzi Binalshibh, an alleged would-be 9/11 hijacker; and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaeda cells.

"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said in a White House ceremony.

The Supreme Court ruled in June that the trial system set up by the administration was unconstitutional and required approval from Congress. The Justice Department had argued that trying prisoners in wartime has always been a constitutional power of a president.

After the ruling Bush pushed Congress to approve a system for military tribunals. He also insisted Congress authorize CIA agents to use tough methods to interrogate suspected terrorists that are not cruel or inhumane.

Bush said Tuesday the interrogations have yielded valuable information that has helped prevent terror attacks.

"It is a rare occasion when a president can sign a bill he knows will save American lives," he said.

Democrats, most of whom voted against the measure in the House and Senate, decried the law.

"We will look back on this day as a stain on our nation's history," Democratic Sen. Russ Feingold of Wisconsin said. "It allows the government to seize individuals on American soil and detain them indefinitely with no opportunity to challenge their detention in court."

The new law — called the Military Commissions Act of 2006 — prohibits detainees from using federal courts to challenge the constitutionality of their confinement.

The American Civil Liberties Union called it "one of the worst civil liberties measures ever enacted in American history."

The legislation, which sets the rules for court proceedings, applies to those selected by the military for prosecution.

During campaign appearances around the country, Bush has criticized Democrats who voted against the law, suggesting they would not protect the country from another terrorist attack.

"With the distance of history, the questions will be narrowed and few: Did this generation of Americans take the threat seriously? And did we do what it takes to defeat that threat?"

Republican House leaders assailed the Democrats for seeking more legal rights for terror suspects who are not U.S. citizens.

"The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker Dennis Hastert said.

The White House has not disclosed what interrogation techniques might be used. It has said that doing so would help the enemy resist those techniques. White House spokesman Tony Snow said Bush would probably eventually issue an executive order that describes his interpretation of the standards but those documents are not usually made public.

CIA Director Mike Hayden sent a note to employees after the Bush signing saying it gives them "the legal clarity and legislative support necessary to continue a program that has been one of our country's most effective tools in the fight against terrorism."

"We can be confident that our program remains — as it always has been — fully compliant with U.S. law, the Constitution and our international treaty obligations."

Bush Signs Detainee Legislation (LAT)

By Richard B. Schmitt And Julian E. Barnes

The Los Angeles Times, October 18, 2006

WASHINGTON — President Bush signed new legislation Tuesday providing for the detention and prosecution of terrorism suspects, and the Justice Department moved immediately to request the dismissal of dozens of lawsuits filed by detainees challenging their incarceration.

Bush signed the legislation in an elaborate East Room ceremony, calling it a "vital tool" in the administration's war on terrorism, while Republican Party officials immediately unleashed campaign broadsides, charging that the measure's Democratic critics advocate freeing terrorists.

The new law thus became both part of the administration's final campaign push to preserve its congressional majority in the midterm election and the beginning of a new chapter in fashioning a judicial process for those captured around the world in U.S. military and counterterrorism operations.

The law is bound to generate new and contentious legal challenges that likely will leave U.S. policies on detainees in an uncertain state. Beside the request that federal courts throw out detainees' lawsuits, judges also will be asked to decide new legal questions that again may end up before the Supreme Court. Meanwhile, human rights groups said it is far from clear how the new law will be implemented, and the CIA has asked Justice Department lawyers to review interrogation guidelines.

The legislation sets new ground rules for the CIA to conduct interrogations and allows for the prosecution of terror suspects before military tribunals. Bush said the measure enables the U.S. to bring to justice the coordinators of the Sept. 11 attacks and allows the CIA to continue an aggressive interrogation program that he said had disrupted additional terror strikes.

"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said, sitting at a table with a sign posted on the front that said "Protecting America." The president said he signed the new law "in memory of the victims" of Sept. 11.

He was surrounded by military officers, members of his Cabinet and lawmakers who helped pass the bill. Several dozen protesters chanted slogans outside in the rain branding the measure an affront to civil liberties.

The enactment of the law -- four months after the U.S. Supreme Court said that an earlier scheme for handling terror cases violated U.S. law -- was good news for Bush as casualties have mounted in Iraq and his handling of the war on terror has come under intensifying criticism.

The signing ceremony was part political rally for a GOP that is struggling to retain control of Congress three weeks before a pivotal midterm election. Republican leaders said the legislation showed that they were a party of strength and assailed Democrats for not supporting the measure.

"The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker J. Dennis Hastert, R-Ill., said.

The Justice Department moved swiftly to enforce one of the law's most controversial provisions. Within two hours of the signing ceremony, department lawyers notified the U.S. appeals court in Washington that the new law had been enacted, "eliminating federal court jurisdiction." The court is overseeing dozens of lawsuits filed on behalf of prisoners held at the U.S. military prison at Guantanamo Bay, Cuba.

Lawyers for the detainees responded with their own filing Tuesday, requesting time to present legal arguments that the new law violated the U.S. Constitution. The appeals court took no immediate action.

The detainee's lawyers, who had won victories on behalf of their clients in two previous cases against the administration that went to the Supreme Court -- involving detainees Shafiq Rasul and Salim Ahmed Hamdan -- said they were confident they would prevail once again.

"We beat them in Rasul. We beat them in Hamdan. Now, they have tried to beat us in Congress. I don't think it will work," said Michael Ratner, president of the Center for Constitutional Rights, a New York advocacy group that has represented a number of the detainees. "They have been slapped down twice. I think they will be slapped down again."

The administration has identified about two dozen suspects it plans to put on trial, including accused Sept. 11 mastermind Khalid Shaikh Mohammed, who, along with 13 other high-profile suspects, was recently transferred from CIA custody to Guantanamo Bay.

The rules do not affect the vast majority of the estimated 435 prisoners being held at the Cuban military prison. Unless the military decides to bring charges, most of the detainees will remain in legal limbo, without the opportunity to challenge their status, under the new law.

Bush said the new interrogation rules would allow the CIA to restart a program of tough questioning of terrorist suspects that ground to a halt more than a year ago, in the wake of a congressional debate over legislation banning the use of torture and questions about whether rough treatment of detainees would subject operatives to prosecution for war crimes.

A senior administration official said that the CIA has not yet finalized a list of interrogation tactics or procedures, but when it does, it will submit its new program to the Justice Department for a legal review, said the official, speaking on condition of anonymity because of the secrecy of the CIA effort. Once it gets the blessing of Justice, the program will be brought to Congress, the official said.

"The CIA will have to brief its program to an oversight committee," said the senior official. "This is the beginning of the conversation, not the end."

Bush Signs New Rules To Prosecute Terror Suspects (NYT)

By Sheryl Gay Stolberg

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — President Bush signed legislation Tuesday that creates new rules for prosecuting and interrogating terrorism suspects, a move Mr. Bush said would enable the Central Intelligence Agency to resume a once-secret program to question the most dangerous enemy operatives in the war on terror.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Mr. Bush said at a ceremony in the East Room of the White House.

He called the bill "a way to deliver justice to the terrorists we have captured."

But the C.I.A. program is unlikely to resume immediately, because the law authorizes Mr. Bush to issue an executive order clarifying the rules for questioning high-level detainees and the order has not been written. Many experts believe that the harsh techniques the C.I.A. has used, including extended sleep deprivation and water-boarding, which induces a feeling of drowning, will not be allowed.

With the midterm elections three weeks away, Mr. Bush hoped to use the bill signing to turn the political debate back to the war on terrorism, a winning issue for Republicans, and away from scandals like the Mark Foley case, which have dominated the news in recent weeks. The president said he was signing the measure "in memory of the victims of September the 11th."

The law sets up a system of military commissions for trying terrorism suspects that would allow evidence to be withheld from defendants in certain instances. It also strips the federal courts of jurisdiction to hear petitions from noncitizens for writs of habeas corpus, effectively preventing detainees from going to court to challenge their confinement.

More than 500 habeas suits are pending in federal court, and Justice Department officials said Tuesday that they would move swiftly to dismiss them under the new law. That will inevitably spark a challenge by civil liberties lawyers, who regard the habeas-stripping provision as unconstitutional, a view shared by many Democrats on Capitol Hill.

"Congress had no justification for suspending the writ of habeas corpus, a core value in American law, in order to avoid judicial review that prevents government abuse," said Senator Patrick J. Leahy of Vermont, the senior Democrat on the Senate Judiciary Committee.

The bill signing drew protests outside the White House from human rights advocates, some dressed in orange jumpsuits of the sort worn by detainees at Guantánamo Bay, Cuba. They gathered around a black coffin painted with the words "the corpse of habeas corpus"; some were arrested after refusing to move away from the White House gates.

Joining the president at the bill signing were senior members of his war cabinet, including Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and Gen. Michael V. Hayden, director of the C.I.A.. In an e-mail message to C.I.A. employees, General Hayden called the measure a "very public vote of confidence by Congress and the president in the skill and discipline of C.I.A.'s officers."

Leading Republican lawmakers, among them Senators John W. Warner of Virginia and Lindsey Graham of South Carolina, who balked at the initial White House version of the bill and forced a much-publicized compromise, were also on hand. But the third leader of that Republican rebellion, Senator John McCain of Arizona, was noticeably absent.

Mr. McCain, a likely presidential contender in 2008, skipped the ceremony to go to Wisconsin to campaign for a Republican House candidate, John Gard, and was later headed to Sioux Falls, S.D., to address the Chamber of Commerce. A spokeswoman said the senator's absence was "purely an issue of scheduling."

The bill was prompted by a Supreme Court ruling, Hamdan v. Rumsfeld, that invalidated the system of military commissions Mr. Bush had set up for trying terrorism suspects, saying they required Congressional authorization. The court also required suspects to be treated in accordance with a provision of the Geneva Conventions, Common Article 3, which prohibits cruel and inhumane treatment, including "outrages upon personal dignity."

The ruling prompted Mr. Bush to acknowledge the existence of the secret C.I.A. program. Last month, he announced he was moving 14 high-level terrorism detainees out of C.I.A. custody and to the detention center at Guantánamo Bay. He called on Congress to pass a bill setting up military commissions and establishing new standards for interrogation so the C.I.A. program could go forward.

Bush Signs Bill On Terror Prosecution (AP)

By Nedra Pickler

AP, October 17, 2006

Some of the most notorious names in the war on terror are headed toward prosecution after President Bush signed a law Tuesday authorizing military trials of terrorism suspects.

The legislation also eliminates some of the rights defendants are usually guaranteed under U.S. law, and it authorizes continued harsh interrogations of terror suspects.

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Imprisoned at Guantanamo Bay, Cuba, and awaiting trial are Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11 attacks, Ramzi Binalshibh, an alleged would-be 9/11 hijacker, and Abu Zubaydah, who was believed to be a link between Osama bin Laden and many al-Qaida cells.

"With the bill I'm about to sign, the men our intelligence officials believe orchestrated the murder of nearly 3,000 innocent people will face justice," Bush said in a White House ceremony.

The Pentagon expects to begin pre-trial motions early next year and to begin the actual trials in the summer.

The Supreme Court ruled in June that trying detainees in military tribunals violated U.S. and international law, so Bush urged Congress to change the law during a speech on Sept. 6 in the White House East Room attended by families of the Sept. 11, 2001, victims. He also insisted that the law authorize CIA agents to use tough — yet unspecified — methods to interrogate suspected terrorists.

Six weeks later, after a highly publicized dispute with key Republicans over the terms of the bill, Bush signed the new law "in memory of the victims of September the 11th."

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said. "I have that privilege this morning."

Civil libertarians and leading Democrats decried the law as a violation of American values. The American Civil Liberties Union said it was "one of the worst civil liberties measures ever enacted in American history." Democratic Sen. Russ Feingold of Wisconsin said, "We will look back on this day as a stain on our nation's history."

"It allows the government to seize individuals on American soil and detain them indefinitely with no opportunity to challenge their detention in court," Feingold said. "And the new law would permit an individual to be convicted on the basis of coerced testimony and even allow someone convicted under these rules to be put to death."

The legislation, which sets the rules for court proceedings, applies to those selected by the military for prosecution and leaves mostly unaffected the majority of the 14,000 prisoners in U.S. custody, most of whom are in Iraq. It does apply to 14 suspects who were secretly questioned by the CIA overseas and recently moved to the U.S. detention center at Guantanamo Bay.

The swift implementation of the law is a rare bit of good news for Bush as casualties mount in Iraq in daily violence. Lawmakers are increasingly calling for a change of strategy, and political anxieties are jeopardizing Republican chances of hanging onto control of Congress.

Bush has been criticizing Democrats who voted against the law, called the Military Commissions Act of 2006, during campaign appearances around the country. He has suggested that votes against the law show that Democrats would not protect the country from another terrorist attack.

Republican House leaders, in a tough battle to maintain their majority, echoed those criticisms Tuesday in an attempt to get some political points out of the legislation they supported. "The Democratic plan would gingerly pamper the terrorists who plan to destroy innocent Americans' lives," House Speaker Dennis Hastert said.

Bush noted that the law came amid dispute.

"Over the past few months, the debate over this bill has been heated, and the questions raised can seem complex," he said. "Yet, with the distance of history, the questions will be narrowed and few: Did this generation of Americans take the threat seriously? And did we do what it takes to defeat that threat?"

A coalition of religious groups staged a protest against the bill outside the White House, shouting "Bush is the terrorist" and "Torture is a crime." About 15 of the protesters, standing in a light rain, refused orders to move. Police arrested them one by one.

The legislation says the president can "interpret the meaning and application" of international standards for prisoner treatment, a provision intended to allow him to authorize aggressive interrogation methods that might otherwise be seen as illegal by international courts. Bush said such measures have helped the CIA gain vital information from terror suspects and have saved American lives.

After Bush signed the law, CIA Director Mike Hayden sent a note to employees saying it gives them "the legal clarity and legislative support necessary to continue a program that has been one of our country's most effective tools in the fight against terrorism."

"We can be confident that our program remains — as it always has been — fully compliant with U.S. law, the Constitution and our international treaty obligations," Hayden wrote.

The White House has said that disclosing the techniques that are used would give the enemy information to resist those techniques. White House press secretary Tony Snow said Bush would probably eventually issue an executive order that would describe his interpretation of the standards, but those documents are not usually made public.

Snow rejected the idea that Americans should be able to see and judge the standards for themselves, particularly in the aftermath of illegal abuses at the Abu Ghraib prison.

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"The only way accountability doesn't exist is if you believe that the military is not committed to it," Snow said.

Bush Signs Rules For Terror War (WT)

By Stephen Dinan

The Washington Times, October 18, 2006

President Bush yesterday signed into law new rules for detaining and trying terrorism suspects, and authorizing the CIA to use strong interrogation techniques to try to break up terrorist plots.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Mr. Bush said in a ceremony in the White House's East Room, calling the bill a defining symbol of U.S. commitment to defeating terrorists.

The ceremony marked the end of a six-week push for the bill, during which Mr. Bush and top Republicans in Congress fought over specifics. Democrats attacked the entire framework of the CIA program.

The CIA had detained and interrogated about 100 terrorism suspects over the past five years in secret facilities. Mr. Bush last month declassified the broad outlines of the program so he could send Congress a bill to authorize and further legitimize the program.

The president identified six plots that were thwarted because of information gleaned from terrorism suspects who were detained under the program.

Amnesty International USA and other rights groups said they will fight the law, arguing that it will lead to interrogation techniques that most would consider torture. Democrats, meanwhile, said the CIA program is a disservice to American traditions of law and order. They also accused Mr. Bush of playing politics with the measure.

"Everything about this bill stinks of desperate election-year politics," said Rep. Edward J. Markey, Massachusetts Democrat. "After repeatedly saying, 'Time is running out,' President Bush decided to wait 19 days to sign this bill in an attempt to keep the Republican scandals from drowning his message on the evening news."

The bill passed the House by a 250-170 vote and the Senate by a vote of 65-34. In both chambers, most Republicans voted in favor and most Democrats against.

The CIA program went dormant over the summer and the remaining detainees were transferred, but White House press secretary Tony Snow would not say yesterday whether it had been restarted.

"I am not at liberty to divulge any further details about what may have happened in the last two hours since the law was signed," he said.

Although most of the focus has been on the CIA program, the bill also authorizes military commissions to try terrorism suspects. The provision was a response to a Supreme Court ruling in June that such commissions were appropriate, but needed specific approval from Congress.

Mr. Bush called the framework for trials lawful, fair and necessary. Democrats say rights are curbed excessively, and they expect court challenges and overturned convictions.

Meanwhile, 16 protesters from a variety of religious groups opposed to the counterterrorism bill were arrested yesterday morning near the White House. The demonstrators shouted, "Bush is the terrorist" and "Torture is a crime."

Lt. Scott Fear of the U.S. Park Police said the demonstrators were charged with impeding access to a White House entrance.

Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, attended the signing ceremony. He said Khalid Shaikh Mohammed, the mastermind of the September 11 attacks, should be the first person tried.

"Family members of the 9/11 victims, America's citizens and the people of the civilized world fully expect the prosecution of Khalid Shaikh Mohammed. Let's do it," he said in a letter to Mr. Bush.

Mr. Snow said it will be at least a month before trials begin.

Bush Signs Terrorism Measure (WP)

By Michael A. Fletcher

The Washington Post, October 18, 2006

President Bush enacted controversial changes in the system of interrogating and prosecuting terrorism suspects yesterday, setting the rules for the trials of key al-Qaeda members in a step that he says will help protect the nation.

Surrounded by members of his Cabinet and legislators, Bush signed the changes into law during a White House ceremony as more than 100 protesters stood outside in the rain chanting slogans denouncing the measure as a violation of fundamental American traditions.

The new law imposes tight limits on defendants' traditional courtroom rights, including restrictions on their ability to examine the evidence against them, to challenge their incarceration and to exclude evidence gained through witness coercion.

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The president said the extraordinary measure is justified by the extraordinary circumstances of the fight against terrorism. "It is a rare occasion when a president can sign a bill he knows will save American lives," he said, before signing the measure. "I have that privilege this morning."

Bush said the new law will allow the United States to prosecute captured terrorism suspects for "war crimes," and bring to justice the al-Qaeda operatives who plotted the Sept. 11, 2001, attacks, the October 2000 suicide bombing of the USS Cole in Yemen, and the August 1998 truck bombings of U.S. embassies in Kenya and Tanzania.

The bill also spells out the specific interrogation techniques that are outlawed, while granting retroactive legal protection to military and intelligence personnel who previously participated in rough questioning of terrorism suspects. That provision allows the administration to continue a once-secret CIA program for detaining terrorism suspects and using tough interrogation techniques on those believed to have information about plots against the United States, Bush said.

"This program has been one of the most successful intelligence efforts in American history," Bush said. "It has helped prevent attacks on our country. And the bill I sign today will ensure that we can continue using this vital tool to protect the American people for years to come."

With the midterm elections coming on Nov. 7, congressional Republicans immediately seized on the new law, which was opposed by most Democratic lawmakers, as evidence of their commitment to protect the country against terrorist attacks.

"Capitol Hill Democrats have yet to offer any solutions or formulate any serious national security policy on how to keep America safe in a post-9/11 world," House Majority Leader John A. Boehner (R-Ohio) said in a statement.

Some Democrats, meanwhile, criticized Bush for signing a measure that they say violates the nation's civil liberties protections. "It is a sad day when the rubber-stamp Congress undercuts our freedoms, assaults our Constitution and lets the terrorists achieve something they could never win on the battlefield," said Sen. Patrick J. Leahy (D-Vt.).

Human rights advocates have questioned the value of information obtained through aggressive methods, and the military last month abandoned tough interrogation techniques. "No good intelligence is going to come from abusive practices," Lt. Gen. John F. Kimmons, the Army deputy chief of staff for intelligence, said last month in announcing the Army's new interrogation policy.

Bush approved the prosecution of "unlawful enemy combatants" before special military commissions shortly after the Sept. 11 attacks, but trials were suspended pending the outcome of appeals questioning their legality in federal court. In June, the Supreme Court struck down the commissions, saying they had not been authorized by Congress and violated the Geneva Conventions. Consequently, the Bush administration pressed Congress to pass a bill to legalize them and to endorse many of the methods used by U.S. intelligence officials to get information from terrorism suspects.

Even with enactment of the legislation, White House press secretary Tony Snow said, trials of terrorism suspects are months away, at least.

The legislation was approved by Congress late last month and is already being challenged by several lawsuits. "This issue is clearly going to be in the courts for years," said Anthony D. Romero, executive director of the American Civil Liberties Union. "It is unconstitutional and un-American."

Law's Reach Extends To Jails In U.S. (LAT)

By David G. Savage

The Los Angeles Times, October 18, 2006

WASHINGTON — The military tribunals bill signed by President Bush on Tuesday marks the first time the right of habeas corpus has been curtailed by law for millions of people in the United States.

Although debate focused on trials at Guantanamo Bay, the new law also takes away from noncitizens in the U.S. — including more than 12 million permanent residents — the right to go to court if they are declared "unlawful enemy combatants."

No one has suggested that the Bush administration plans to use its newly won power to round up large numbers of immigrants.

But before Tuesday, the principle of habeas corpus meant that anyone thrown into jail in the U.S. had a right to ask a judge for a hearing. They also had a right to go free if the government could not show a legal basis for holding them. The Latin term for "you have the body," habeas corpus is considered one of an accused person's most basic rights.

Many legal scholars predict the law's partial repeal of habeas corpus will be struck down as unconstitutional.

"This is an outright slap at the Supreme Court, and it is heading for invalidation," said Eric M. Freedman, a law professor at Hofstra University and an expert on habeas corpus. "This is a core principle of law that was established by the prisoners who were tossed into the Tower of London by the king, and it was preserved in the Constitution. Now, Congress is saying it doesn't apply to this disfavored group of prisoners."

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The new law says: "No court, justice or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States who has been determined … to have been properly detained as an enemy combatant or is awaiting such determination."

In early drafts, the bill would have cut off habeas corpus only for unlawful combatants detained "outside the United States" and at Guantanamo Bay. However, the final version deleted that phrase.

Now, it not only bars the men held at Guantanamo Bay from challenging their detention in court, it also closes the courthouse door to noncitizens who are arrested in Los Angeles or Chicago and held by the military as a possible "unlawful enemy combatant." The new law also defines this term broadly to include not just terrorists and fighters, but also people who have "materially supported hostilities against the United States."

Although an American citizen can be arrested as an "enemy combatant," he or she can challenge the government's action in court.

Some legal experts say the fate of this limited repeal of habeas corpus is uncertain because it is unprecedented.

"This is one of the great unresolved questions because this has never happened before," said Duke University law professor Erwin Chemerinsky, a critic of the Bush administration. "The question is whether this is an unconstitutional suspension of the writ of habeas corpus."

The Constitution makes clear habeas corpus can be suspended, but only during extreme emergencies. It says, "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

In the most famous example, President Lincoln suspended habeas corpus during the Civil War.

Habeas corpus does not always work in favor of the detained. During World War II, the Supreme Court heard the case of the more than 100,000 Japanese Americans who were interned but ruled they were being held legally because of a wartime emergency.

Bush administration lawyers have said this, too, is wartime and the attacks of Sept. 11 were akin to an invasion. Moreover, Congress has now endorsed the president's power to hold "enemy combatants."

But others say the court will not find support in the Constitution for the new law. The law does not qualify under any of the tests for suspending habeas corpus spelled out there, said John D. Hutson, a former judge advocate general of the Navy and dean of the Franklin Pierce Law School in New Hampshire.

"This is not a time of rebellion. There has not been an invasion, and there's no evidence the 'public safety' requires it," Hutson said. "Let's not kid ourselves. This is not about an invasion. It is about the embarrassment of holding people who, if they got to court, could show they should not have been held."

Still, the outcome of any case that reached the Supreme Court would be hard to predict because the justices have been closely split when faced with a clash between civil liberties and wartime powers.

In June, the court divided 5-3 on whether Bush had the power, acting on his own, to set up a system of military trials at Guantanamo Bay. The justices had taken up a writ of habeas corpus filed on behalf of Salim Ahmed Hamdan, a onetime driver for Osama bin Laden who was charged with conspiring to kill Americans.

The five-justice majority struck down Bush's rules and said they must be written into law. Three others dissented. Chief Justice John G. Roberts Jr. recused himself, but had backed the plan when he was an appeals court judge.

Now, Congress has written the president's rules into law and seeks to prevent the courts, including the Supreme Court, from hearing a challenge to them.

Pepperdine University law professor Douglas W. Kmiec said Congress and the White House were on solid ground in seeking to cut off legal appeals from foreign fighters held by the U.S. military abroad, including at Guantanamo Bay.

"I would say habeas has no application to wartime detention outside the United States," said Kmiec, who has generally defended the Bush administration.

After World War II, the Supreme Court ruled German military prisoners held by U.S. authorities had no right to challenge their detentions through a writ of habeas corpus, he noted.

But detentions within this country have been seen differently, he added. "This is one of the most difficult questions posed by this act. There is no question that a habeas right has existed within the territorial United States for citizens and legal residents," Kmiec said.

A test case could head to the Supreme Court in a few months. Armed with the new law, government lawyers Tuesday told judges in Washington they should throw out pending cases filed on behalf of the men held at Guantanamo Bay. Their lawyers are sure to appeal to the high court.

The government could also move to cut off further court hearings for Ali Saleh Kahlah Al-Marri, the only person now being held in this country as an enemy combatant.

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A native of Qatar who was a graduate student at Bradley University in Peoria, Ill., Al-Marri was arrested in December 2001 and declared an enemy combatant by the president in 2003. Government officials alleged that he was a secret Al Qaeda operative.

"He has not been charged with anything. It's atrocious and un-American," said Lawrence Lustberg, Al-Marri's lawyer. "We believe this case is headed for the Supreme Court."

Bush Signs Bill On Detainee Interrogation (MCT)

By Ron Hutcheson

McClatchy Newspapers, October 18, 2006

WASHINGTON - President Bush signed legislation Tuesday establishing new rules for interrogating and trying suspected terrorists, but the fight over how to deal with detainees is far from over.

The new law is already under attack in court, and no one is likely to be brought to trial under the new rules anytime soon. Even some lawmakers who voted for the legislation questioned its constitutionality.

Although the law's future is uncertain, critics and supporters agreed that its enactment marks a major shift in the nation's approach to terrorism and some legal principles. Programs that Bush launched in secret now have the full support of Congress.

The Military Commissions Act of 2006 clears the way for the CIA to resume aggressive interrogations in secret prisons and denies suspected terrorists the right to challenge their detentions in civilian courts. It also permits the use of evidence obtained through coercion and lets the president draw the line between acceptable interrogation techniques and impermissible torture.

While Bush hailed the legislation as a potent weapon against terrorists, critics called it a stain on America's reputation as a champion of human rights and civil liberties.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said at a crowded White House signing ceremony. Shortly after Bush signed the legislation, CIA Director Michael Hayden told agency employees that the law "ensures that we can detain and interrogate key terrorist figures" without fear of prosecution for war crimes.

The American Civil Liberties Union called the new law unconstitutional, un-American and "one of the worst civil liberties measures ever enacted." Most of the provisions in the law apply only to non-citizens who have been declared "unlawful enemy combatants."

"The president can now - with the approval of Congress - indefinitely hold people without charge, take away protections against horrific abuse, put people on trial based on hearsay evidence, authorize trials that can sentence people to death based on testimony literally beaten out of witnesses, and slam shut the courthouse door for habeas petitions (challenging the detentions)," said Anthony Romero, the organization's executive director.

Congress approved the bill last month after intense behind-the-scenes negotiations between the White House and three leading Republican senators - Sens. John McCain of Arizona, John Warner of Virginia and Lindsey Graham of South Carolina. Although the bill was presented to Congress as a compromise, Bush emerged the clear winner.

"The president has gotten everything he wants and more," said Jeffrey Addicott, a former Army lawyer and director of the Center for Terrorism Law at St. Mary's University law school in San Antonio. "There can really be no doubt that Congress believes we are in a state of war."

Addicott, who strongly supports the new law, said the shift means that Congress is willing to roll back traditional legal protections in the pursuit of terrorists.

"You have to have a lower standard of due process or you'll never be able to prosecute these war criminals," he said.

But critics said the nation should maintain high legal standards, even in a time of war, to send a message to the rest of the world.

"The fundamental fairness of the American people and legal system are among our greatest strengths in the fight against terrorism," Sen. Russ Feingold, D-Wis., said. "We will look back on this day as a stain on our nation's history."

The Center for Constitutional Rights, which has filed two challenges to the law on behalf of detainees, said it would fight the changes "at every turn, using every tool at our disposal, until we reverse this affront to the rule of law."

Legal experts said the anticipated court battles make it unlikely that any of the roughly 435 detainees at the U.S. naval base at Guantanamo Bay, Cuba, would face trial before a military commission anytime soon.

Fourteen suspected terrorists, including Khalid Sheikh Mohammed, the alleged mastermind behind the attacks on Sept. 11, 2001, have been transferred from CIA custody to Guantanamo to await trial. Another 60 to 80 Guantanamo detainees are considered likely candidates for trial.

"No one is going to trial in the near future," said Carl Tobias, a law professor at the University of Richmond in Virginia. "I don't think anyone will be tried during his (Bush's) presidency."

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Legal scholars on both sides of the issue agreed that the law is most vulnerable to challenge on the issue of denying detainees access to civilian courts unless they're U.S. citizens. The ability of suspects to challenge their imprisonment, known as the right of habeas corpus, dates back to the Magna Carta in 1215 and is considered a bedrock legal principle.

Bush expressed confidence that the newly approved system for dealing with detainees will survive court challenges. Others aren't so sure.

"Congress could have done it right, and didn't, but the next line of defense is the court," Sen. Arlen Specter, R-Pa, the chairman of the Senate Judiciary Committee, told The Philadelphia Inquirer after he voted for the bill. "I think the court will clean it up."

Bush Signs Law Creating Tribunals For Terror Suspects (Update3) (BLOOM)

By Roger Runningen

Bloomberg, October 18, 2006

Oct. 17 (Bloomberg) -- President George W. Bush signed legislation to allow the trial of suspected terrorists by military tribunals, and his administration immediately used the law to challenge suits by hundreds of Guantanamo Bay detainees.

The government took its first action under the new Military Commissions Act, which Bush said ``provides a way to deliver justice to the terrorists'' captured after the Sept. 11 attacks. The American Civil Liberties Union said the law will make Guantanamo and other detention facilities a ``legal no-man's land.''

Among those who will be brought to trial under the law is Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind. He and 13 other terrorism suspects, who were labeled ``high value'' and had been held in secret overseas prisons operated by the Central Intelligence Agency, were transferred last month to the U.S. facility at the U.S. Navy Base at Guantanamo Bay, Cuba.

Shortly after Bush signed the measure, the Justice Department sent a letter to a U.S. appeals court in Washington saying the new law strips hundreds of other Guantanamo detainees of their right to a court hearing to challenge their confinement. The U.S. Court of Appeals for the D.C. Circuit is considering whether to dismiss the suits by detainees who haven't been charged with war crimes.

In addition to setting up military commissions to try suspected terrorists, the law gives the president wide latitude to interpret the Geneva Conventions in deciding what interrogation techniques would be permissible.

Water Boarding

Senator John McCain, a key architect of the bill, said the intent is to outlaw practices such as simulated drowning -- known as water boarding -- sleep deprivation and putting detainees in stress positions. The Arizona Republican's opposition to the president's original proposal for the tribunals forced the administration to compromise on its provisions.

The law continued to draw criticism from some Democrats and groups such as the ACLU and Amnesty International.

ACLU Executive Director Anthony Romero, in a statement, called the law ``unconstitutional and un-American.'' Amnesty International said it would let the U.S. hold suspects indefinitely without charge or trial.

Under the law, detainees who haven't been charged with a crime can no longer go to federal court to contest whether they are being properly held as ``enemy combatants.'' Instead, they must go through a military review, with a limited right of appeal to the D.C. Circuit.

Fewer Rights

Lawyers for more than 200 Guantanamo detainees say such military reviews would provide fewer rights than a federal court suit, and that the Constitution doesn't allow the U.S. to take away their right to challenge their detention by asking a federal judge to issue a writ of habeas corpus.

The Guantanamo detainees won a 2004 Supreme Court ruling allowing them to challenge their detention in federal court. After the cases returned to a federal trial court in Washington, two judges issued conflicting rulings on whether the inmates could continue to pursue their claims. The D.C. Circuit hadn't ruled on the cases by the time Congress approved the new law in September.

Republicans highlighted Democrats' opposition to the new law. House Majority Leader John Boehner, an Ohio Republican, said in a statement that ``Democrats' partisan opposition to this program, at the urging of the radical leftist element of their party, provides further proof that they continue to put politics ahead of addressing the security concerns of the American people.''

U.S. Personnel

Democratic Representative Edward Markey of Massachusetts said the law would endanger U.S. personnel overseas who are captured by the nation's enemies.

While Bush was signing the law, a group of protesters demonstrated outside the White House fence chanting ``stop torture'' and ``shame on Congress, shame on Bush.'' At least 16 people were arrested when they blocked an entrance to the White House grounds, said Scott Fear, a spokesman for the U.S. Park Police.

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Bush sought the legislation after the U.S. Supreme Court ruled that Congress had not authorized tribunals for bringing terrorism suspects to trial. The Senate gave final approval to the bill 65-34 on Sept. 28 and the House endorsed it the following day, 250-170.

``Over the past few months the debate over this bill has been heated, and the questions raised can seem complex," Bush said today. ``Every member of Congress who voted for this bill has helped our nation rise to the task that history has given us."

Legal Procedures Needed

Administration spokesman Tony Snow said suspects won't be brought to trial immediately. ``I think it's a month or two, at least," because of the need to set up legal procedures and for suspects to obtain attorneys, he said. He also declined to predict how soon CIA interrogations would resume or what ``precise questioning techniques" would be used.

``Some of these people are so bad their host governments don't want them back," Snow said.

About 150 people were invited to the signing ceremony in the East Room of the White House, including Attorney General Alberto Gonzales, Chairman of the Joint Chiefs of Staff Peter Pace, CIA Director General Michael Hayden and current and retired military officers, lawmakers, advocacy groups, congressional and agency staff.

Prosecutors Want To Question Reid (USAT/AP)

USA Today, October 18, 2006

BOSTON — Federal investigators told a judge Tuesday that they want to question would-be shoe bomber Richard Reid because it is likely he has important information about terrorist activities.

Prosecutors said in U.S. District Court they don't believe Reid is entitled to a public defender now that his criminal case is over.

Reid, a British citizen and self-described follower of Osama bin Laden, pleaded guilty in 2002 to trying to blow up a trans-Atlantic flight with explosives hidden in his shoes. He is serving a life sentence at a maximum-security federal prison in Florence, Colo.

In April, a judge extended a 2003 order allowing Reid to continue to be represented by federal public defenders. At the time, Reid could have been called as a witness in the trial of al-Qaeda conspirator Zacarias Moussaoui. Reid was never called as a witness.

U.S. District Judge William Young said he would keep in place the orders continuing Reid's representation by public defenders, noting that under those orders, the government can contact Reid only after giving notice to his lawyers and having them present for any interviews with him.

Assistant U.S. Attorney James Farmer said investigators want to talk to Reid without an attorney present to develop a “personal rapport,” which would be difficult to do with an attorney or any third party in the room. Farmer said federal agents believe Reid could have information on terrorism plots that could be carried out. He said al-Qaeda plots are known to “have long gestation periods.”

Judith Mizner, one of Reid's public defenders, said Reid has repeatedly made it clear he will not talk to investigators without an attorney present. She expressed skepticism about prosecutors' claim that they only want to talk to Reid and do not plan to interrogate him for the purpose of charging him with additional crimes.

Young urged prosecutors and Reid's lawyers to consider bringing the case to a federal judge in Colorado.

HOMELAND RESPONSE:

GAO Calls Radiation Monitors Unreliable (WP)

By Spencer S. Hsu

The Washington Post, October 18, 2006

The Department of Homeland Security's plan to spend $1.2 billion deploying next-generation nuclear-detection equipment at U.S. ports and border crossings cannot be justified, given test results that showed the devices are unreliable, congressional investigators warned yesterday.

The department ignored its own tests showing the new monitors could not meet a standard of detecting enriched uranium 95 percent of the time, according to the Government Accountability Office, Congress's audit arm. When the nuclear material was shielded, detection rates ranged from 17 percent to 53 percent.

DHS also understated the project's costs by up to $181 million, GAO officials wrote to the leaders of the House and Senate Appropriations Committees.

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The department's cost-benefit "analysis does not justify its recent decision to spend $1.2 billion to purchase and deploy" the new radiation portal monitors, the GAO reported. Homeland Security "relied on potential future performance to justify the purchase," the agency said.

The report came four days after President Bush signed a $3.4 billion port-security bill that, among other things, requires new monitors to be deployed at the nation's 22 busiest ports by the end of 2007. Congress raced to pass the legislation last month before recessing for the midterm elections.

"We're going to protect our ports. We're going to defend this homeland. And we're going to win the war on terror," Bush said at a signing ceremony Friday.

In separate legislation last month, however, Congress barred full-scale production of the devices until the department certifies "a significant increase in operational effectiveness."

The GAO report warns that the Bush administration risks repeating earlier failures. After the Sept. 11, 2001, attacks, the government spent $300 million on radiation monitors that could not tell uranium from cat litter or ceramic tile. They also had high false-alarm rates.

Existing monitors cost about $55,000. The new screening machines now cost at least $377,000 each, the GAO reported.

DHS spokesman Jarrod Agen said the GAO missed the fact that the department is continuing to test and review devices produced by Thermo Electron Corp., Raytheon Co. and Canberra Industries Inc., which were awarded the business in July.

The DHS is testing 80 devices under a one-year contract before deciding whether to move ahead with a five-year program to deploy 1,400 screening machines at ports and border crossings.

"That 95 percent rate of effectiveness is a standard that we maintain. We are not going to put devices in the field unless they meet those high standards," Agen said.

Suit Seeks Data On Immigration Profiling Of Arabs (NYT)

By Neil Macfarquhar

The New York Times, October 18, 2006

In an effort to establish whether the government is using prohibited profiling methods against Arab-Americans and Muslims, a civil rights group filed a suit yesterday against the Homeland Security Department and one of its branches, Immigration and Customs Enforcement.

The suit, by the American-Arab Anti-Discrimination Committee, asked the Federal District Court in the District of Columbia to compel the immigration agency under the Freedom of Information Act to release the nationalities of 237 people arrested for immigration violations in October 2004.

The agency announced the arrests at the time in an effort to disrupt possible terrorist threats in the presidential elections.

Over the past two years, two previous requests by the committee to obtain the information through standard channels failed. Refusing to release the nationalities leaves open a possibility that immigration laws are being disproportionately enforced against Arab-Americans and Muslims, said Kareem Shora, the new executive director of the committee, which is based in Washington. The organization is not seeking individuals' names or their dispositions in the courts.

In one letter denying the previous requests, the immigration agency said releasing the information would harm its law enforcement efforts by divulging where it was concentrating its resources.

A spokesman for Immigration and Customs Enforcement, Dean Boyd, would not elaborate on that statement. Mr. Boyd did restate that the agency did not enforce immigration laws on the basis of race, religion or ethnic origin.

More than 160,000 individuals were deported last year "from virtually every country around the globe," he added.

Arab-Americans and American Muslims have widespread suspicions that the spotlight is focused on them regarding accusations of terrorism, particularly around any election season, to spread concern among other voters and to intimidate them from speaking out. Mr. Boyd strongly objected to the idea that political considerations were involved in any aspect of enforcing immigration law.

"We conduct enforcement actions every day and certainly don't time them for any political reason," he said, adding that the months leading up to an important event like elections were an obvious time to step up law enforcement.

The antidiscrimination committee's request was in part prompted by a news release from the immigration agency that gave the nationalities of eight men who were arrested, and six were Arabs, Mr. Shora said.

Three databases that track immigrants were used, he said, and one has mostly Arabs or Muslims. Mr. Shora was referring to the National Security Entry-Exit Registration System, a hastily created database that tracks visitors, students and immigrants from 25 countries after the Sept. 11, 2001, attacks.

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All those 25 countries except North Korea have Muslim or Arab majorities, and the 80,000 men who registered were overwhelmingly Arabs and Muslims. Using that database, the committee says, would mean unfairly enforcing immigration laws amid just one community and violate the laws against profiling.

Arab-American Group Files Suit Against Homeland Security Over Alleged Profiling (FINDLAW/AP)

By Lubna Takruri, Associated Press Writer

AP, October 18, 2006

(AP) - WASHINGTON-An Arab-American civil rights group filed a lawsuit Tuesday against the federal government in a bid to obtain information about the nationalities of more than 230 people arrested for immigration violations.

The suit, filed by the American-Arab Anti-Discrimination Committee, names the U.S. Department of Homeland Security and its Immigration and Customs Enforcement unit as defendants.

It was filed under the Freedom of Information Act in U.S. District Court in the District of Columbia after two years of unsuccessful attempts to learn the nationalities of individuals arrested in 2004 under a law enforcement operation intended to disrupt potential terrorist threats before the presidential election.

The Washington-based group believes the operation improperly used the National Security Entry-Exit Registration System - a government database created after the Sept. 11, 2001, terrorists attacks to track visitors, students and immigrants from 25 countries - to profile Arab and Muslim visitors to the United States. The domestic registration system required males from 24 Arab and predominantly Muslim countries and North Korea to register with immigration authorities. The registration requirement has since been phased out, but the database of information still exists.

The 2004 operation became known as the "October plan" after the FBI sent an e-mail advising its field offices and Homeland Security agencies of "extraordinary measures" from the first week of October 2004 through the presidential inauguration.

The FBI's internal e-mail, obtained by CBS News, called for "aggressive - even obvious - surveillance" intended to give the impression that the government was targeting immigration violators who might be a threat, even if they had not committed a crime.

Authorities arrested 237 people during the operation. And, "every single one had violated immigration laws, regardless of nationality," said Dean Boyd, a spokesman for Immigration and Customs Enforcement.

Boyd said race, ethnicity and religion played "absolutely no role" in the operation.

"It was simply an effort to target immigration violators who may have posed an elevated public safety threat in the weeks leading to the presidential election," he said.

The Arab-American organization wants to find out if the 237 people were disproportionately Arab and Muslim, because the registration database was made up of mostly Arab and Muslim men.

But the federal agency points out that in addition to the registration database, two other databases were used, including one of student visa holders.

With the national elections approaching, the group fears the registration database is being used to target Arab and Muslim men for general law enforcement purposes.

"The biggest factor is that we know that they carried out the October plan during the presidential elections - the most recent national elections we had," said Kareem Shora, the Arab-American group's national executive director. "Our fear is that since it happened during the last national elections, is something like that going to happen again soon?"

In the complaint filed Tuesday, the group does not seek names of the people detained or how they were sought out; It only requests their nationalities. The civil rights group asked for the nationality information in two FOIA requests last year but was denied.

But the Arab-American group is concerned that the registration requirements and the October arrests were presented as counterterrorism operations but instead turned into a way to enforce immigration violations.

In a letter responding to the FOIA requests, the agency said the information is exempt from the Freedom of Information Act because it was collected for law enforcement purposes and is an ongoing investigation. The civil rights group argues that getting information on just the nationalities of those detained would not jeopardize any law enforcement operation.

Scanners For Liquid Bombs In Works (USAT)

By Thomas Frank, Usa Today

USA Today, October 18, 2006

X-ray devices show carry-ons in 3-D

DOJ_NMG_0082773

WASHINGTON — The Transportation Security Administration, in a potential strategy shift, may screen carry-on bags with new three-dimensional X-ray machines that are better at spotting liquid explosives, guns and other weapons.

The 3-D machines have "an extraordinary ability to find" liquids, TSA chief Kip Hawley told USA TODAY. "They're a step beyond where we are today."

The TSA has limited the volume of liquids passengers can carry on planes since authorities foiled an alleged plot in London in August to bomb U.S.-bound planes with liquid explosives. Installing new X-ray machines would improve security and could ease the liquid restrictions, aviation consultant Richard Roth said.

The question for the TSA is whether to buy upgraded X-ray machines for $75,000 to $200,000 each or to wait possibly two years for better machines costing about $400,000. The TSA had planned to wait for the more expensive machines, which have the highest level of explosives detection. But, Hawley said, "if it's going to be two years, maybe it makes sense economically and security-wise to put an intermediate step in between."

The TSA will evaluate the machines in coming months. They provide more detailed images than the X-rays airports have used for 30 years. Those X-rays have been criticized by the Homeland Security Department's inspector general for inadequately spotting explosives, guns and knives. Upgraded X-rays "might significantly increase screeners' ability to detect" weapons, a 2004 report by the inspector general said.

"They're your best answer now," Roth said. "The technology is getting so good on those machines."

The upgraded machines, called multiview X-ray, scan from several angles to create three-dimensional images of items in a bag. Current X-ray machines use one image that can make a knife look like a pen.

"We may actually be able to speed security lines" by giving airport screeners more detailed images that reduce the number of bags they must hand-search for weapons, said Peter Kant of Rapiscan Systems, a leading manufacturer of airport X-ray machines.

Kant said the TSA's request for upgraded X-rays "is the first time in a few years they've opened up their evaluation" of technology that screens carry-on bags.

Multiview X-rays are used in European airports to scan checked luggage and at courthouses, embassies and other buildings.

"The technology is ready now," said Thomas Ripp, president of L-3 Security and Detection Systems, which has developed a machine being considered by the TSA.

The upgraded X-rays are roughly the same size and weight as the machines used at U.S. airport checkpoints. A $400,000, high-grade bomb detector made by Analogic is nearly twice as wide and long and four times as heavy as L-3's upgraded X-ray, according to specifications from both companies.

Analogic CEO John Wood said his Cobra machine is so much faster it could replace two X-ray machines and save money by reducing the number of screeners. The automated Cobra sounds an alarm when explosives are found instead of requiring a screener to spot them on an X-ray screen.

We Don't Need Our Own MI5 (WP)

By William J. Bratton

The Washington Post, October 18, 2006

On July 5, 2005, police in Torrance, Calif., a small city bordering Los Angeles, arrested two men leaving a gas station after a robbery. That kind of crime predates Bonnie and Clyde. The next day, Torrance detectives executed a search warrant on the apartment of one of the suspects in my city, Los Angeles. There they found documents that seemed to give clues to the planning of attacks on locations in Los Angeles.

Immediately, Torrance called in the FBI's Joint Terrorism Task Force. FBI agents, detectives from the Los Angeles Police Department and the county sheriff's department, and a team of analysts began to go through the documents. According to the indictment, they uncovered plans to attack U.S. military facilities in Los Angeles County and places where Jews gather, from synagogues to the Israeli consulate.

It appeared there might be other suspects involved. We needed to move quickly and quietly. That night, my phone rang at 3 a.m. It was the LAPD command center notifying me that bombs were going off on London trains at the height of the city's rush hour. I knew we had to address security concerns for our own rush hour.

This is the world of a big-city police chief today. A terrorist plot in your own back yard, another unfolding half a world away. You need the agility to react to both, sometimes simultaneously.

In both cases, my efforts were linked seamlessly with the Los Angeles office of the FBI and its Joint Terrorism Task Force and Field Intelligence Group. This is the new normal.

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I have security clearances and identification that give me unfettered access to the FBI's offices here. I am briefed on classified operations and worldwide threats whether there is a connection to Los Angeles or not. The FBI understands the need for

information-sharing.

Lately people have been calling on Washington to create a new domestic intelligence agency, without police powers -- like Britain's MI5 -- to take over from the FBI and be the lead in gathering and analyzing intelligence as it relates to terrorism. The argument goes that the "FBI culture" is that of a criminal investigative agency driven to make arrests and bring prosecutions and that the bureau does not have the instinct to draw back and look at the wider picture as a purely intelligence-driven agency might. I disagree.

Today, FBI intelligence analysts sit side by side with LAPD and sheriff's analysts in a Joint Regional Intelligence Center here. Our investigations are intelligence-driven. When we don't have enough information, we can gather intelligence for weeks, months or even years. When the intelligence tells us there is a threat to public safety, we can move in and make arrests.

A new agency that would gather intelligence and then go to law enforcement to take action would add an unnecessary step. If the problem before Sept. 11, 2001, was that the right hand didn't know what the left hand was doing, how would a third hand help?

America's police departments have achieved a higher level of synergy with the FBI on intelligence and investigations than at any other time in history. If it's not broken, let's not try to fix it. The writer has been police commissioner of Boston and New York City. He is currently the police chief of Los Angeles.

Many Ground Zero Workers Gain Chance At Lawsuits (NYT)

By Anthony Depalma

The New York Times, October 18, 2006

A federal judge has rejected the city's claim that it is protected by law from being sued over the way it handled rescue and recovery operations at ground zero. The ruling opens the way for lawsuits by thousands of workers who say they were made sick by exposure to toxic substances during the 10-month cleanup.

Judge Alvin K. Hellerstein of United States District Court in Manhattan rejected the city's motion to dismiss the lawsuits. In a 99-page decision released yesterday afternoon, he stated that state and federal statutes do provide some immunity for the city, its private contractors and the Port Authority of New York and New Jersey for actions undertaken in response to an enemy attack. However, the judge said that protection is not universal and varies by time and place, making it necessary to hear the details of individual cases.

"The fact-intensive nature of the issue makes its resolution unsuitable for resolution by motion," Judge Hellerstein concluded. "Discovery, additional proceedings and a more extensive factual record, and perhaps a trial, will be required."

Michael A. Cardozo, the corporation counsel for the city, said in a statement that although the judge ruled that the legal case can proceed, he made it clear that the issue of immunity would be determined on a case-by-case basis.

"We believe that as the facts fully emerge, the complex decisions that were carefully and thoughtfully made during the months after 9/11 will demonstrate the enormous good work done by the city and its contractors, and the absence of any legal liabilities," Mr. Cardozo said.

David Worby, the lawyer who is leading the legal action on behalf of the workers, called the decision a clear victory for the firefighters, police officers and construction workers who say they became sick after responding to the Sept. 11 crisis.

"The bottom line of what the court is trying to say is that these are not the kind of decisions for these heroes that should be settled by summary judgments," Mr. Worby said. "They should have their day in court."

Mr. Worby said that when he spoke to some of his clients after the decision was released, they cried. "It all started with people telling them what they had was just a cough, and it's taken three years to prove that that was not true," he said.

In his decision, Judge Hellerstein outlined proceedings in which up to 3,000 ailing workers would have a chance to describe what happened to them; whom they were working for at the time they got sick; when they were at ground zero; and what protective gear was available to them while on the site.

In all, more than 8,000 workers have filed suit against the city and dozens of its contractors who worked on the cleanup of ground zero.

The other cases would be heard in subsequent proceedings.

While some of the cases could end up going to trial, the judge offered to appoint a special master, with the approval of the parties, who could engage in mediation and speed resolution of the claims.

"If even a minority of plaintiffs suffered serious injuries to their respiratory tracts arising from the acrid air of Sept. 11, their claims deserve to be heard when a recovery could make a difference to their lives," Judge Hellerstein wrote.

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James E. Tyrrell Jr., a lawyer with the Washington firm Patton Boggs who is leading the city's defense in this case, said the city was clearly disappointed that "the court is not in a position to conclude that either all or some substantial portion of actions taken can be treated as being covered by immunity at this time." While partly rejecting the immunity claims by the city and the Port Authority, Judge Hellerstein dismissed the charges against Con Edison and Silverstein Properties, which had been named as defendants because they held leases on ground zero property.

The judge ordered a conference to be held on Nov. 3 to consider the appointment of a special master and other issues.

The city's substantial legal costs are being covered by a special captive insurance company that was created when Congress established a $1 billion insurance fund in 2003.

WAR NEWS:

Commander: Mistakes Made In Afghanistan (AP-Y)

By Pauline Jelinek

AP, October 18, 2006

The U.S.-led coalition in Afghanistan failed to follow through as it should have after ousting the Taliban government in 2001, setting the stage for this year's deadly resurgence, the NATO commander in the country said Tuesday.

The mistake consisted of adopting "a peacetime approach" too early, British Gen. David Richards told Pentagon reporters. He said the international community has six months to correct the problem before losing Afghan support, reiterating a warning he issued last week.

"The Taliban were defeated. ... And it looked all pretty hunky-dory," Richard said of the environment at the end of 2001. "We thought it was all done ... and didn't treat it as aggressively as ... with the benefit of hindsight, we should have done."

Progress on security, rebuilding and good government didn't meet Afghan expectations, and this year the "Taliban exploited ... this sense of frustration amongst the people," Richards said in a televised conference from Afghanistan.

While it is unusual for a commander to criticize an ongoing military operation, Richards' comments came days after another British officer offered a much harsher assessment of the other U.S.-led war, in Iraq.

Asked for comment on Richards' remarks, Defense Department spokesman Lt. Col. Todd Vician said Afghanistan was and is one of the world's poorest nations.

"It will take years of hard work by the Afghan people and the international community to reverse the effects of decades of occupation and civil war," he said. "Nonetheless, there has been significant economic growth and donor efforts to improve living conditions across the country," including improved health care, school enrollment, roads and other projects.

Vician said U.S. resources put into Afghanistan have increased — 21,000 American troops are there now compared with 9,500 in March 2003. He said 81 percent of Afghans have access to health care compared with 8 percent in 2001; 2.5 million have benefited from irrigation and road projects linking farms to market; and 5 million students are in schools, 34 percent of them girls.

Insurgent bombings, ambushes and rocket attacks have surged this year. Since the Taliban was overthrown, many of Afghanistan's former rulers are thought to have found sanctuary across the border in Pakistan.

Five years later, NATO forces, along with Afghan army and police forces, plan a series of operations throughout the country this winter to do road building and other reconstruction projects in more secure areas and bolster security to prepare for reconstruction in less secure regions, Richards said.

Richards said that if there is not measurable improvement in six months, Afghans may choose "the rotten future offered by the Taliban" rather than the hopeful future that the coalition offered but didn't deliver.

"This is not just my view but that of many others," he said.

Bush administration critics have charged the Afghan campaign is lagging because the administration focused troops and other assets away from that country too quickly in order to plan and execute the invasion of Iraq, which they view as a diversion from the war on terror.

Just last week, Gen. Richard Dannatt, Britain's army chief, set off a political storm by calling for troops to be withdrawn "soon" from Iraq in part because their presence made the situation worse.

He later said he meant a phased withdrawal over two or three years.

Richards commands about 31,000 forces in Afghanistan. NATO early this month took command of 12,000 U.S. troops there, extending its security mission to all of Afghanistan.

The transfer of command gave NATO the biggest ground combat operation in its history, putting Richards in charge of the largest number of U.S. troops fighting under a foreign commander since World War II.

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In "a tough summer" of fighting, NATO forces beat back the Taliban in southwestern Kandahar province, a former Taliban stronghold. "I think we have now established the psychological ascendancy over the Taliban" militarily, Richards said.

"We have now — with the government and with the international community — to exploit the window of opportunity ... that we now have as a result of military success," he said.

Asked why he was sure a new effort can achieve what wasn't done before, Richards said:

"I'm optimistic that we have understood the issue ... learned our lessons, and now can take this forward aggressively to deliver on the promises."

British General Faults U.S. For Taliban Resurgence (WT)

By Rowan Scarborough

The Washington Times, October 18, 2006

The British commander of the allied forces in Afghanistan said yesterday that his U.S. predecessors moved too quickly from the 2001 invasion to a "peacetime approach," allowing the ousted Taliban to regroup and stage a counteroffensive this year in the southern provinces.

Gen. David Richards, whose NATO command this month took control of the 31,000 allied troops in Afghanistan, said that in 2001, "the Taliban were defeated, weren't they? You know, wonderful work by a lot of people, mainly American and Afghan, and it looked pretty hunky-dory."

But the general told reporters at the Pentagon that the Taliban was able to regroup because American forces remained somewhat isolated. The Afghan army was not established to the point that it could fill security roles in Kandahar, the Taliban's birthplace, and other southern towns.

"The benefit of hindsight, you know, we thought it was all done, success was there and we could adopt a sort of peacetime approach to it and didn't treat it as aggressively as a problem," he said. "Your forces were doing a great work, but they were almost in isolation because the Afghan army and police weren't there to help at that stage."

He said there also was a "disconnect" in what the U.S.-led humanitarian and reconstruction effort could provide and what the Afghan people expected.

"The Taliban exploited it," Gen. Richards said. "They exploited this sense of frustration amongst the people who just didn't see all the good things that have been talked about."

Asked about Gen. Richard's remarks, Lt. Col. Todd Vician, a Pentagon spokesman, told the Associated Press, "It will take years of hard work by the Afghan people and the international community to reverse the effects of decades of occupation and civil war. Nonetheless, there has been significant economic growth and donor efforts to improve living conditions across the country."

Gen. Richards said the new tactic has been to retake control of Taliban areas, move in reconstruction programs and maintain a security presence. He is giving the allies six months to start showing the Afghans that they can expect better services and security. If not, the alliance risks losing the populace to the insurgents.

"I think that's why I'm optimistic that we have understood the issue broader, the way I've just analyzed, learned our lessons and now can take this forward aggressively to deliver on the promise," said Gen. Richards, who led British troops in strife-torn Northern Ireland. "I will now construct a security operation that allows that work to start and then will ensure a continuing level of security, so that it can go on."

The allies seemed caught off guard this spring, when the Taliban began surprise attacks on southern Afghan towns.

The coalition eventually poured more troops into the south and mounted major air and ground operations, routing the Taliban, whose spokesman conceded they had to retreat.

"We had to fight and fight we have," Gen. Richards said. "There is no doubt anymore that NATO can fight if and when it's required to do so, and it inflicted the biggest single defeat on the Taliban that had occurred since 2001."

NATO's new tactics played out this week in the Musa Qala district of Helmand province. Allied forces left the area after weeks of bloody fighting. Security will be handled by tribal chiefs and Afghan forces, with NATO on an emergency recall status.

Gen. Richards commands a force that includes troops from Britain, the United States, Canada, the Netherlands and Denmark.

British Troops Withdraw From Afghan Area (NYT/AP)

By The Associated Press

The New York Times, October 18, 2006

KABUL, Afghanistan, Oct. 17 (AP) — British troops pulled out of a once restive district in southern Afghanistan on Tuesday after reaching an agreement with tribal elders for Afghan forces to take over security.

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NATO also announced a new countrywide military operation with Afghan troops intended to maintain pressure on Taliban fighters during the fall and winter and pave the way for long-promised development after the most bitter fighting in five years.

Officials said on Tuesday that fighting across Afghanistan had killed 44 suspected Taliban militants.

Mark Laity, a NATO spokesman in Kabul, said the decision to withdraw British soldiers from the Musa Qala district in Helmand Province followed an agreement with tribal elders and the provincial governor and was supported by President Hamid Karzai. "There has not been any contact with the Taliban, and they are not involved in this," Mr. Laity said.

He said the soldiers were leaving because there had not been a major clash in the district in 35 days. Musa Qala was an area where resurgent Taliban militants put up stiffer resistance than expected when about 4,000 British soldiers deployed to Helmand Province last spring.

US Presses Iraq On Amnesty Issue (FT)

By Roula Khalaf And Guy Dinmore

Financial Times, October 18, 2006

The Bush administration is pressing the Iraqi government of Nouri al-Maliki to issue a "broad" and "painful" amnesty for insurgents in spite of intense opposition to the proposal from politicians both in Iraq and the US, according to a senior administration official.

Amid growing anxiety in Washington over Iraq's escalating sectarian violence, the US is advocating more determined moves towards a national reconciliation with the Sunni community that dominates Iraq's insurgency. It also wants a tougher line on the Shia militias.

"You need the government to move forward with a programme – it should include an amnesty in a broad fashion, a comprehensive amnesty proposal," the senior US official, who asked not to be named, told the Financial Times. The official was not explicit about the terms of the proposed amnesty, but he said: "No successful amnesty is not painful or sweeping."

As the US grapples with reversing policy decisions made under the initial occupation authority of Paul Bremer, officials told the FT the Iraqi government should implement major changes in the strategy of weeding out former Ba'ath party members from Iraq's public administration.

The senior US official said this policy should go from a "broadly wielded to a very narrow focus on a very limited cadre of individuals."

US pressure on Baghdad to act swiftly has engendered a growing lack of confidence between Mr Maliki and the White House. This appears to have triggered a 15-minute telephone call to the Iraqi prime minister from President George W. Bush on Monday, a call designed to reassure the Iraqi leader that the US was not setting a deadline for his government to stand on its own feet.

The amnesty issue is divisive in both Iraq and the US, where the emotional question of how to honour American war dead – now at 2,750 – has become entangled in the debate over the merits of an early US withdrawal.

The White House has avoided giving explicit endorsement of a sweeping amnesty.

When Mr Maliki initially announced his reconciliation programme in June, members of the US Congress expressed outrage at his proposal to pardon insurgents who had killed US soldiers. Under a barrage of criticism, Mr Maliki backtracked.

However, Zalmay Khalilzad, the US envoy in Baghdad, has supported the concept of a broad amnesty. He said in July he would try to work with Iraqi leaders to "find the right balance between reconciliation and accountability" so that the US dead remained honoured.

Suggestions of an amnesty have also been opposed by Shia parties advocating tougher security measures against the insurgents. A conference to discuss the plan was recently postponed.

One senior Iraqi official said the amnesty would be discussed "at the right time" and that it would not, in any case, include anyone who had been incriminated in violence.

Another senior official insisted that an amnesty would have little impact. "It would be seen as a sign of weakness by the insurgents – that's the mentality here," he said.

Iraq Removes Leaders Of Special Police (NYT)

By Sabrina Tavernise

The New York Times, October 18, 2006

BAGHDAD, Oct. 17 — The Iraqi government removed the country's two most senior police commanders from their posts on Tuesday, in the first broad move against the top leadership of Iraq's unruly special police forces.

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The two generals had led Iraq's special police commandos and its public order brigade, both widely criticized as being heavily infiltrated by Shiite militias. Their removal comes at a crucial time for Prime Minister Nuri Kamal al-Maliki, who has come under intense American pressure to purge Iraq's security forces of the militias and death squads that operate within their ranks.

Iraqi politicians, both Shiite and Sunni, have grown increasingly anxious in recent weeks that eroding public and Congressional support for the war in the United States might prompt a major shift in American policy, particularly if the November midterm elections bring gains for the Democrats.

Senior American officials, including Secretary of State Condoleezza Rice on a visit to Baghdad earlier this month, have issued stark warnings to the Maliki government of growing American impatience, especially at the government's failure to stop the scourge of death squads operating with the knowledge or support of the Interior Ministry, which oversees the police.

For Mr. Maliki, these concerns have taken on a keen personal edge, exposed Monday when the White House revealed that Mr. Maliki asked President Bush in a telephone call whether there was any truth to rumors that the Americans had plans to replace him "if certain things don't happen within two months," in the words of Mr. Bush's press secretary, Tony Snow.

Mr. Snow said that Mr. Bush reassured Mr. Maliki of American support.

The American military also applied pressure to militia networks on Tuesday. Iraqi and American troops arrested a senior aide to Moktada al-Sadr, an anti-American Shiite cleric. The aide, whom the military did not name but who was identified by a spokesman for Mr. Sadr, was arrested on suspicion of having directed kidnappings, killings and torture of Sunnis and Shiites, and of attacking Americans.

Mr. Maliki will also have to consider the criticisms of senior American military commanders who, in background briefings with American reporters in recent weeks, have spoken with exasperation about the government's failure to tackle issues that have exhausted public confidence among Iraqis — above all the virtual impunity with which Shiite and Sunni death squads allowed to operate.

The reordering of the police forces, beginning with the suspension of an entire Iraqi police brigade this month on suspicions that some members may have permitted or even participated in death squad killings, appeared to be one of the first serious attempts to address some of those American concerns.

The two generals, Rasheed Fleyah and Mahdi Sabeh, both Shiites, had been in their posts since the previous government, under which abuses by largely Shiite police forces began. Iraq's Sunnis deeply fear the police commandos that grew out of control soon after a coalition of Shiite parties came to power last year.

Mr. Maliki faces a nearly impossible task in weeding out the militias. Their influence runs deep in Iraqi society; they are present in the guard forces of Iraqi politicians, at the doors of mosques and even on college campuses. Iraqis of different sects and ethnicities do not trust one another after years of oppression under Saddam Hussein and militant violence since the American invasion.

The central question in the special police is who will replace the two men. An Interior Ministry spokesman, Gen. Abdel Karim Khalaf, said a replacement has been chosen, but that his name could not be released until adequate security arrangements had been made for his family. His job — to command both branches of the special police that are set to be combined into one — will be one of the most dangerous in Iraq.

Iraq's interior minister, Jawad al-Bolani, said Friday that he had already fired more than 3,000 employees, and that, with Mr. Maliki's approval, no one was too senior to be immune. It was not clear, however, how much more of a purge would be needed.

Another serious problem for American officials is Mr. Maliki's refusal to allow a major crackdown on Mr. Sadr's militia, the Mahdi Army. This has been a long-smoldering issue for the Americans, who faced two uprisings by the Shiite militia in April and August 2004, only to have Mr. Sadr escape outright defeat when Grand Ayatollah Ali al-Sistani, the most powerful Shiite cleric in Iraq, intervened, allowing Mr. Sadr to keep large parts of his militia intact.

Since then, the militias have mushroomed, with some portions splintering off into criminal fiefdoms. American commanders have contended that the Mahdi Army will eventually have to be crushed if Iraq is to achieve lasting stability. But Mr. Sadr controls one of the largest blocs of seats in Parliament, so the Shiite-led governments of Mr. Maliki and his predecessor, Ibrahim al-Jaafari, have both depended on Mr. Sadr's political support and repeatedly resisted any showdown.

The arrest of Mr. Sadr's aide, which took place in the early hours of Tuesday, enraged Mr. Sadr's followers, who called for citywide demonstrations on Wednesday.

A spokesman for Mr. Sadr identified the man as Sheik Mazin al-Saedi, the head of Mr. Sadr's office in the poor Shiite neighborhood of Shuala. He denied the charges against the sheik, who was taken, according to the spokesman, while performing a Shiite ritual. The military said one other person was also arrested.

In the face of resistance by the Iraqi government, the American military has shifted to a campaign of attrition against the Sadr forces. There have been a series of raids in recent months similar to the one carried out in Shuala on Tuesday morning,

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each of them aimed at major figures in Mr. Sadr's network. American commanders have said that some of the targets have been rogue groups that have broken with the Mahdi Army, becoming little more than independent criminal gangs. But others, including the cleric arrested in Tuesday's raid, appear to have been important figures in Mr. Sadr's power structure.

Reflecting the political sensitivities involved, the American forces, in announcing the raids, have studiously avoided any reference to Mr. Sadr or the Mahdi Army.

Mr. Maliki strongly criticized American forces on national television in August after a raid in Mr. Sadr's stronghold, a sprawling district of cinderblock houses and fluttering Shiite flags called Sadr City.

Mr. Sadr has denied that his militia is involved in criminal enterprise or sectarian killings, but it is impossible to tell just how implicated the senior leadership is. Some senior aides have gone into hiding.

Fresh evidence that Mr. Sadr's militia is at the forefront of the sectarian killings carried out by Shiites came this weekend, when armed men said by residents and local officials to be wearing black clothing, typical for Mahdi fighters, went on a rampage in Sunni areas north of Baghdad, killing 38 men, in reprisals for the beheading of 14 Shiite workers from the town of Balad.

While officials in Balad reported that local Shiites had carried out the killing, one Mahdi Army fighter in Baghdad said by telephone on Tuesday that reinforcements from the capital had gone to the area after Friday Prayer to help in the killing.

The fighter, who said his brother and uncle had participated, provided the following account of the violence. Fighters from Sadr City filled three transport trucks, and drove to the Shiite village of Dujail, not far from the location of the killings. They spent the night in a Shiite mosque, and after praying on Saturday morning, set off to a rural area called Door al-Senaa, where the Albu Heshmeh tribe, a hard-line Sunni Arab tribe, had settled.

The Mahdi Army member said fighters came from other areas as well, including Shuala, the district where the aide to Mr. Sadr was arrested, in an apparently unrelated incident. Some of the men dressed in Iraqi Army uniforms. Soldiers were also among them, he said.

The fighter's account could not be independently verified, but it was consistent with other chronologies of the violence provided by residents and local police and government officials. The fighter said one Shiite fighter had been killed and two wounded. He said Shiites attacked Sunni checkpoints in Door al-Senaa and on the outskirts of Balad.

On Tuesday, American and Iraqi forces continued to patrol the area, a military spokesman said. Amir Abdul Hadi, the mayor of Balad, said 17 mortars were fired into Balad's primarily Shiite center on Monday night. The American military put the total death toll for four days at more than 60. As of Tuesday morning, another 6 had been killed and 10 wounded in mortar attacks in Balad, the military said.

American forces have detained two Iraqi police officers believed to have been involved in the beheading of the Shiite workers from Balad, the military said.

Sunni residents of Balad said Shiites had come into their homes and forced them to leave. Ali Aziz, 35, said he had moved Friday to stay with relatives in Dhuluiya, a Sunni area across the river, and came back after the weekend to find his house burned.

The police restructuring will move Generals Fleyah and Sabeh to advisory roles in the ministry, General Khalaf said. The Associated Press reported that they were wearing suits instead of the military fatigues typical of the commando forces here at the time of the announcement.

Authorities found 30 bodies across Baghdad on Tuesday, an Interior Ministry official said.

U.S. Must Win War, McCain Says On Visit (MJS)

By Steve Schultze

Milwaukee Journal Sentinel, October 18, 2006

Appleton - U.S. Sen. John McCain (R-Ariz.) said Tuesday the United States should "accelerate as much as possible" the Iraqi government's assuming a lead role in the Iraq war and taking over many of the responsibilities handled by American soldiers.

But McCain strongly endorsed the continued U.S. role in the war and said he opposed setting any date for withdrawal of American forces.

"The consequences of failure in Iraq are catastrophic," McCain said during a campaign appearance for state Assembly Speaker John Gard of Peshtigo, the Republican candidate for the 8th Congressional District seat.

"We cannot lose it, and I believe we still have the capacity to win," said McCain, a leading Republican presidential prospect for 2008. McCain spoke at a rally and also at a private luncheon fund-raiser for Gard at the Copper Leaf Hotel.

Gard will continue to attract the attention of top-name Republicans. First lady Laura Bush is scheduled to appear at a fund-raiser for Gard next Tuesdayin De Pere.

McCain said the U.S. should not announce a withdrawal date in Iraq.

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McCain said he was impressed with Gard's record in the Legislature, where Gard has served for 19 years, the last three as Assembly speaker. McCain said he was unfamiliar with the views of Gard's Democratic opponent, Appleton physician Steve Kagen.

McCain repeated his support for immigration reform legislation that includes some means for illegal immigrants already in the U.S. to achieve citizenship - a stance at odds with Gard's strict "no amnesty" position on immigration. McCain cautioned, however, that the amnesty law approved 20 years ago didn't work.

He endorsed the idea of a guest worker program in which non-citizen immigrants could be in the U.S. legally for jobs.

Kagen held a news conference across the street from the Gard-McCain event in which he accused Gard of hypocrisy for using McCain to campaign for him, saying McCain's view on immigration is at odds with Gard's.

Kerry: Bush Assurances On Iraq A Blunder (AP)

By Mike Glover

AP, October 18, 2006

Democratic Sen. John Kerry said Tuesday that President Bush committed "a gigantic blunder" by giving top Iraqi officials assurances that U.S. forces would remain indefinitely in the war-torn country.

Kerry argued that his 2004 rival should have pressured Iraqi leaders to set aside their differences and focus on making progress in assuming responsibility for security, a move that could lead to a reduction in U.S. troop levels.

"The absence of pressure I find is an enormous blunder that gives the Iraqi politicians a free pass to continue the status quo that most Americans understand is a failure, that's not working," Kerry said. "I'm amazed by it."

Kerry is a possible 2008 presidential candidate. He spoke to reporters after appearing at a campaign event with Iowa gubernatorial candidate Chet Culver.

The Massachusetts senator was responding to Bush's 15-minute telephone conversation Monday with the Iraqi prime minister. Bush called Prime Minister Nouri al-Maliki to quell rumors that the United States planned to set a deadline for Iraqis to assume security responsibilities. In his conversation, Bush said there was no deadline and that American troops would remain as long as they were needed.

Bush's comments can be compared to his "bring it on" challenge to terrorists, Kerry said.

"I think the president committed a gigantic blunder of the proportion of 'Bring it on,' " said Kerry. "When he has a conversation with the prime minister of Iraq and he climbs out and he says that he told him he doesn't have to worry, we're going to be there as long as it take, you've given a message that they can take as long as they want."

Kerry said even Republicans such as Sens. John Warner and Chuck Hagel are calling for a new strategy in Iraq, and Bush needs to get that message.

Danny Diaz, a spokesman for the Republican National Committee, said Kerry's comments "proves he will say and do anything to try to recapture his 15 minutes of fame."

"While President Bush and prime minister al-Maliki are committed to beating the terrorists in Iraq, John Kerry is devoted to convincing Iowans that he is somehow more capable of defending America this time around," Diaz said.

Troops Try To Curb Warfare North Of Baghdad (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, October 18, 2006

Openly sectarian attacks, targeting scores of people in killings and kidnappings, draw attention to the divided area around Balad.

BAGHDAD — U.S. and Iraqi troops sought to restore order Tuesday to a lush farming district north of the capital where more than 100 Sunni Arabs and Shiite Muslims have disappeared or been brutally killed in sectarian fighting in recent days.

Thirteen carloads of Shiites from the town of Balad, about 50 miles north of Baghdad, were reported Tuesday to have been kidnapped the previous night. Their fate was unknown.

U.S. military officials tallied at least 63 killed in fighting between Shiite and Sunni villagers around Balad since Saturday. Witnesses and police gave higher estimates of fatalities. The violence has been notable for its character of open warfare and its overtly sectarian targeting.

In addition to the Iraqi dead, four U.S. soldiers were killed Tuesday morning when their vehicle struck an improvised explosive device west of Baghdad, the U.S. military said, disclosing no further details. At least 63 U.S. soldiers have been killed in Iraq this month.

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In Balad, the sectarian fighting first broke out Friday, when at least 19 Shiites were kidnapped and beheaded. The next day, Shiite militiamen abducted and executed dozens of Sunni residents, occasionally pulling people from their cars and setting fire to their bodies. Sunnis then began firing rockets into the mostly Shiite town, killing at least half a dozen people.

Men in police uniforms seized unused Iraqi police checkpoints near Balad on Monday and Tuesday night, according to witnesses and security officials.

Witnesses also reported that large groups of men — identified by locals as Sunni Arab insurgents — carrying AK-47s were flooding Sunni Arab areas east of Balad, positioning rocket launchers and mortars in the villages outside the town. The men demanded identification from passing drivers.

"They stopped us," one Shiite resident of the area said by telephone. "They asked me, 'Are you Sunni or Shiite?' I told them I'm a member of the [Sunni] Mashadani tribe, and showed them a fake identification card."

Four mortar rounds landed in Balad on Monday night and early Tuesday, killing one person and injuring four, a hospital official said.

The provincial governor called Tuesday for an immediate tribal summit. Security forces also sealed off the nearby Shiite town of Dujayl in an effort to prevent a similar outbreak.

U.S. forces began providing assistance to Iraqi military units at the request of Iraqi civic and military leaders.

"We continue to conduct our normal patrols in the city and provide support for Iraqi security forces as they lead operations in stopping the sectarian violence in Balad," said Army Lt. Col. Jeff Martindale, commander of the 1st Battalion, 8th Infantry Regiment, 4th Infantry Division. "We are also providing counter-fire support against terrorists conducting indirect fire attacks against innocent civilians in Balad.

"By coordinating all of our efforts, we have seen a marked decrease in violence in the past 24 hours," Martindale said.

Iraq's Shiite Muslim majority and once-dominant Sunni Arabs have been locked in civil conflict across Iraq for months. Hundreds of corpses are found scattered throughout religiously mixed central provinces each week.

At least 50 Iraqis were killed and 44 injured in violence around the country Tuesday.

Balad and Dujayl are particularly vulnerable to sectarian strife. The Shiite towns, with strong ties to clerics in southern Iraq and in Iran, lie in the middle of a heavily Sunni Arab area sympathetic to the insurgency.

The Shiites' vulnerability gives the militias popular support, and the government's weakness gives the latter free rein.

The Shiite-dominated government of Prime Minister Nouri Maliki has been unable to tame the violence or the Shiite militia groups that answer to powerful parties in his coalition.

Under pressure from U.S. officials and Iraqi politicians to show changes in a police force widely believed to be infiltrated by the militiamen, Iraq's interior minister has reshuffled a pair of key positions under his control, a spokesman said Tuesday.

Mehdi Ghrawi and Rasheed Fleih, both generals commanding specialized police units in the field, have been reassigned as "part of a routine restructuring process," Interior Ministry spokesman Abdul Kareem Khalaf told reporters. Under the restructuring plan, the two generals' posts will be combined and given to one as-yet-unnamed commander.

Khalaf insisted that neither man was implicated in death squad activity. He said Fleih will take over a post in the branch's intelligence division while Ghrawi will become deputy police chief for the capital.

Amid rumors here that the U.S. might back a change in the government of Iraq, former Prime Minister Iyad Allawi, a favorite of U.S. Embassy officials, returned this week to Iraq, where he rarely appears though he heads a 25-seat parliamentary bloc.

"His presence is important during this period because the country is passing a crucial stage, during which all leaders of political movements and the politicians must be present in the country," said Wael Abdul Latif, a member of Allawi's coalition.

Modest efforts to diminish the power of radical militias and their political allies often spark civil disturbances or violence. Radical Shiite cleric Muqtada Sadr's followers called for a massive demonstration in northern Baghdad today to protest the arrest of a leader of their movement.

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Times staff writer Raheem Salman in Baghdad and special correspondents in Baghdad, Dujayl and the Iraqi cities of Mosul, Basra, Samarra and Tikrit contributed to this report.

U.S. Forces In Balad To Help Stem Carnage (USAT/AP)

By Steven R. Hurst

USA Today, October 18, 2006

DOJ_NMG_0082782

BAGHDAD — U.S. forces were patrolling the streets of the predominantly Shiite city of Balad on Tuesday after five days of sectarian violence killed 95 people.

Iraq's 4th Army, which took command of the region north of Baghdad a month ago, had been unable to stem recent bloodshed in Balad. The slayings of 17 Shiite Muslim workers there Friday set off revenge killings of Sunnis by Shiites.

Minority Sunni Arabs in the city of 80,000 have been fleeing across the Tigris River in small boats, Balad police commander Brig. Nebil al-Beldawi said.

He said gunmen wearing black uniforms — trademark clothing of Shiite militiamen — had clashed with residents of Duluiyah, a predominantly Sunni city on the east bank of the Tigris, opposite Balad. Al-Beldawi said the fighters were keeping food and fuel trucks from entering Duluiyah.

Forty mortar rounds hit Balad overnight and into the morning Tuesday, killing at least four people. The death toll in the area reached at least 95 in five days of fighting, police said.

The conflict between Shiites and Sunnis in the Balad area illustrates the threat to the region if Iraq moves toward dividing into three federal states — Shiites in the south, Sunnis in the center and Kurds in the north. Iraq's oil wealth is concentrated in the north and south.

Regions such as Baghdad and areas immediately to the north, including Balad, are now home to Shiites and Sunnis. Both groups would be expected to fight hard to maintain control of their territory, especially in the capital.

Last week the Shiite-dominated parliament voted to allow moves toward establishing federal states after an 18-month waiting period, despite the objection of nearly all of the Sunni and some Shiite lawmakers.

Iraqi officials, particularly Prime Minister Nouri al-Maliki, are under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and for violence elsewhere.

The Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week. There is concern that the Shiite-dominated police and security forces have been infiltrated by fighters, who are allied to Shiite political groups.

Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih were transferred from their posts, but denied their removal had anything to do with militia activity. “Because of their sacrifices and their experience, both of these leaders were named to high-ranking posts,” Khalaf said, flanked by Filah and Sabbih.

The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence. It said 600 of the 3,000 dismissed personnel will face prosecution.

U.S. Forces Move To Quell Sectarian Violence In Balad (MCT)

By Nancy A. Youssef

McClatchy Newspapers, October 18, 2006

BAGHDAD, Iraq - The U.S. military has sent troops to the Iraqi city of Balad and the surrounding area to help re-establish order after Iraqi troops and police were unable to quell a surge of violence between Sunni and Shiite Muslims over the weekend that left at least 57 people dead.

Confirmation that American troops have been sent back to Balad came as Iraq's bloodletting continued. At least 700 Iraqis have been killed so far this month nationwide, according to numbers provided by police in Iraq's largest provinces. In addition, 58 U.S. soldiers have died so far this month, a trend that if it continues will make October one of the deadliest months for Americans since the U.S.-led invasion in March 2003.

The decision to send American troops into Balad, 50 miles north of Baghdad, was another setback for U.S. hopes that Iraqi forces will be able to take control of security for the country. Violence has increased steadily throughout Iraq despite an increase of tens of thousands of American-trained Iraqi soldiers and police, and U.S. officials concede that their strategy of training Iraqi troops to replace Americans hasn't worked.

U.S. authorities had turned over responsibility for Balad's security to the 3rd Battalion, 1st Brigade, 4th Iraqi Army Division, in April.

American forces began returning to the city Saturday and are patrolling there, though it was unclear Tuesday whether Balad and the surrounding area have been pacified.

U.S. Lt. Col. Jeffrey Martindale, the commander of the 1st Battalion, 8th Infantry Regiment, 4th Infantry Division, said in a statement released Tuesday that his troops were patrolling alongside Iraqis in Balad. "By coordinating all of our efforts, we have seen a marked decrease in violence in the past 24 hours," the statement quoted Martindale as saying.

Residents, however, said that Balad and the nearby town of al Dulyiyah remained under the control of armed groups that had targeted the residents and may have killed as many as 100 in four days of violence.

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The violence in Balad and al Dulyiyah underscores how explosive the rivalry between Iraq's Sunni and Shiite communities has become and how ineffective Iraqi security forces often are. Residents said some Iraqi police officers had contributed to the slaughter.

Balad is populated primarily by Shiites. Sunnis, however, are the dominant sect in the province, Salah al Din, whose capital, Tikrit, is the birthplace of Saddam Hussein. Samarra, where an explosion Feb. 22 devastated the sacred Shiite Askariya shrine, is in Salah al Din. The shrine bombing touched off Iraq's current sectarian bloodletting.

Accounts of what took place over the weekend vary, with residents, Iraqi police and American officials giving differing numbers of dead.

U.S. officials say the violence began last Friday when gunmen kidnapped at least 19 Shiites in Balad and murdered them. On Saturday, according to the American account, gunmen seized 38 people in the Sunni town of al Dulyiyah, exactly double the number of Shiites killed the day earlier. Their bodies later were dumped in Balad.

Two U.S. military officials, speaking on the condition of anonymity because they weren't authorized to speak on the subject, tied Friday's kidnappings and murders to the trial of Saddam Hussein on charges that he ordered the killings of 148 Shiite residents of Dujail after an assassination attempt against him in 1982. Dujail and Balad have Salah al Din's only significant concentrations of Shiites.

What happened after Saturday's kidnappings and murders is unclear. Residents say that as many as 100 Sunnis were killed around Balad as Shiite militias took control of the region. American officials said they couldn't confirm that figure.

Residents said Shiite police commanders were involved in some of the killings and that U.S. forces, several thousand of whom are based at nearby Camp Anaconda, made no effort to stop the bloodshed.

So far, American and Iraqi forces have detained two Iraqi police officers allegedly involved in the killings of the Sunnis from al Dulyiyah, Martindale said.

Tense Reprieve As Iraqi Forces Seal River Town (WP)

By Ellen Knickmeyer And Muhanned Saif Aldin

The Washington Post, October 18, 2006

BAGHDAD, Oct. 17 -- Police and black-clad Shiite militiamen toting machine guns sealed off the predominantly Shiite city of Balad on Tuesday, guarding against attacks by Sunni insurgents flooding into towns just north of Baghdad, vowing revenge for four days of violence in which dozens of Sunnis were killed.

Calm largely returned to Balad by Tuesday, with Iraqi army troops forcing Shiite militia fighters out of police cars that the militiamen had commandeered for the attacks, said residents reached by telephone in the cut-off town. American troops patrolled the city and guarded one end of a Tigris River bridge that links Balad with Duluiyah, a Sunni farm town also at the epicenter of the outburst of sectarian conflict.

On the Duluiyah end of the bridge, angry Sunni insurgents gathered in force, clutching their PKC machine guns and rocket launchers, standing their tense watch. Abu Achmed, a fighter in the Islamic Army, a Sunni insurgent movement, held a machine gun but wished for more.

"If I had a nuclear bomb, I would wipe it out," the insurgent fighter, who refused to give his full name, said as he stared at Balad across the bridge. "I would level it."

Since Friday, a Shiite militia campaign of killing and expulsion targeting Sunni families served both to deepen sectarian tensions in Iraq and expose the inability or unwillingness of the Shiite-dominated government to control the attacks. The government is headed by two Shiite religious parties whose militias led the campaign, according to local residents, Shiite community leaders, police and hospital officials. Forces of the country's heavily Shiite police forces watched the cleansing campaign, or took part in it, the witnesses said. The Interior Ministry denied the allegation.

Militia attacks on Sunnis in and around Balad ended only when large numbers of Iraqi army troops, seen as more neutral than Iraq's police, were deployed. By Tuesday, all but four or five Sunni families had fled. Until recently, members of the town's Sunni minority had lived and intermarried peacefully with Shiite neighbors for generations.

"What shall I say to Bush, to the armed men, to Maliki?" cried Um Mustafa, sheltering in a stranger's home on the outskirts of Duluiyah, referring to Iraqi Prime Minister Nouri al-Maliki. She was with her 11-year-old son, Mustafa, and 7-year-old daughter, Reaam. Fleeing Balad this past weekend, the family had watched Shiite militiamen dressed in black beat her pleading husband in the face with rifle butts and take him away. The next day, her phone calls traced her husband's body to the Balad hospital morgue.

"What have I done that my husband gets killed in this way?" she said. "I have Mustafa. And I will teach him how to avenge his father's death by the Mahdi Army, and take his revenge, from them."

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In Balad, mosque loudspeakers that days earlier had cried out for all Sunnis to leave called for their return, promising that the Mahdi Army militia of powerful Shiite cleric Moqtada al-Sadr would protect them.

Drawing on centuries-old codes of revenge, the Sunni fighters in Duluiyah responded by demanding that Balad, encircled by Sunni towns, surrender the militia fighters responsible for the killings -- or face retaliation.

Armed men stopped 13 vehicles near a police checkpoint south of Balad on Monday night and took them and their occupants away to an area known to be a Sunni insurgent dumping ground for murder victims, provincial police said.

The sectarian bloodletting was triggered Friday in Duluiyah when Sunni insurgents kidnapped and beheaded 17 Shiite farmworkers. Balad hospital officials said at least 80 Sunnis were shot to death, many after torture with electric drills. The U.S. military said it had recorded 57 killings. In a statement Tuesday, it said six civilians in Balad had been killed by mortar rounds that were launched, residents said, from Duluiyah. U.S. forces had arrested two Duluiyah policemen suspected of working with insurgents in the killing of the 17 farmworkers, the military said.

The military statement, issued Tuesday morning, cited a "marked decrease in violence" in Balad over the past 24 hours and credited joint operations by Iraqi and U.S. forces for the reprieve.

In attacks elsewhere in Iraq, the Interior Ministry said at least 65 bodies had been found around Baghdad since Sunday night. Bombs and other shootings killed at least 20 other people, including four college students and a female doctor shot to death in the southern city of Basra.

A report released Tuesday by the Brookings Institution-University of Bern Project on Internal Displacement cited Iraqi government data that 234,600 Iraqis were displaced since February, when the bombing of a Shiite mosque in Samarra triggered a wave of violence, especially by Shiite forces. The total was probably low, since many of the displaced had likely sheltered with families, the study said.

"It is likely that sectarian violence is causing lasting change to Iraq's social and demographic make-up," the report stated.

On trial for his life on genocide charges, deposed president Saddam Hussein spoke to the rising violence outside his heavily guarded courtroom in Baghdad's Green Zone. "We are one people, as Iraqis, we have Arabs and Kurds," Hussein said, holding a Koran he has kept at his side throughout his trial. "The only party that benefits from division is Zionism."

Shiite militia leaders say Hussein's decades of ruthless Sunni minority rule paved the way for the sectarian slaughter exploding now. Asked about Iraq's bloodshed, a top Shiite political leader, Abdul Aziz Hakim of the Supreme Council for the Islamic Revolution in Iraq, made the same argument.

"The reason is obvious, a great change in Iraq has taken place," he said. "The people who were governing Iraq were unjust. Such people are gone, and I hope for good."

Aldin reported from Duluiyah and from outside Balad.

U.S. Forces Patrol Balad After Violence (AP)

By Steven R. Hurst

AP, October 18, 2006

U.S. forces were back patrolling the streets of the predominantly Shiite city of Balad on Tuesday after five days of sectarian slaughter killed 95 people, violence that surged out of control despite the efforts of Iraq's best-trained soldiers.

Iraq's 4th Army took command of the region north of Baghdad a month ago, but had been unable to stem recent attacks in Balad, where the slayings of 17 Shiite Muslim workers on Friday set off revenge killings by Shiites.

Minority Sunnis, who absorbed most of the brutality in the city of 80,000 people, have been fleeing across the Tigris River in small boats, Balad police commander Brig. Nebil al-Beldawi said. On the outskirts of the city, two fuel trucks were attacked and burned.

The police commander said gunmen wearing black uniforms, trademark clothing of Shiite militiamen, had clashed with residents of Duluiyah, a predominantly Sunni city on the east bank of the Tigris, opposite Balad. Al-Beldawi said the militants were keeping food and fuel trucks from entering Duluiyah.

The conflict between Shiites and Sunnis in the Balad area illustrates the threat to the region should Iraq move toward dividing into three federal states — controlled by Shiites in the south, Sunnis in the center and Kurds in the north.

Regions such as Baghdad and areas immediately to the north, including Balad, are now home to Shiites and Sunnis. Both groups would be expected to fight hard to maintain control of their territory, especially in the capital.

Last week, over the objection of nearly all Sunnis and some Shiites, the Shiite-dominated parliament voted to allow moves toward establishing federal states after an 18-month waiting period.

Dividing the country would close Sunnis off from oil wealth, which would end up with the Kurds in the north and the Shiites in the south. Sunni lands are largely desert or agricultural belts along the Tigris and Euphrates rivers.

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Forty mortar rounds poured into Balad overnight and into the morning, killing at least four people, bringing the death toll in the area to at least 95 in five days of fighting.

Gunmen in police uniforms hijacked 13 civilian cars and abducted their occupants at a checkpoint outside Balad on Monday night, Salahuddin provincial police reported. They remained missing Tuesday.

Elsewhere in Iraq, 36 people were killed Tuesday in violent attacks and 16 more corpses were found in the capital, their hands and legs bound and showing signs of torture, police reported.

According to an Associated Press count, October is on track to be the deadliest month for Iraqis since the AP began tracking deaths in April 2005. In October, 767 Iraqis have been killed in war-related violence, an average of 45 every day.

That compares to an average daily death toll of about 27 since April 2005. The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Iraqi officials, particularly Prime Minister Nouri al-Maliki, are under intense pressure to disband Shiite militias believed responsible for most of the killings in Balad and heavy involvement in violence elsewhere.

The fighters, allied to Shiite political groups, are widely believed to have infiltrated the Shiite-dominated police and security forces and to be allowed freedom to attack Sunni Muslims without fear of arrest or interference.

In apparent response to that pressure, the Interior Ministry, which runs the Iraqi police, removed two officers in charge of commando units as part of a restructuring plan announced last week.

Brig. Abdul-Karim Khalaf, the ministry's spokesman, said Maj. Gen. Rashid Filah and Maj. Gen. Mahdi Sabbih were transferred from their posts, but denied their removal was a demotion or had anything to do with militia activity.

"Because of their sacrifices and their experience, both of these leaders were named to high-ranking posts," Khalaf said, flanked by Filah and Sabbih.

The ministry said last week it had fired 3,000 employees accused of corruption or rights abuses and that it intended to change top commanders as part of a restructuring plan designed to bolster its ability to combat violence. It said 600 of the 3,000 dismissed personnel will face prosecution.

The U.S. military symbolically handed control of parts of Salahuddin province to the 3rd Battalion, 1st Brigade, 4th Iraqi Army Division on April 15. That region included Balad and Duluiyah, as well as surrounding villages. Full control of the province was officially turned over to the 4th Army on Sept. 18.

Under such shifts of control, U.S. forces do not necessarily withdraw, but are deployed to local bases to stand by as backup. Since the latest security crackdown in Baghdad, however, U.S. forces from many regions have shifted to the capital, causing a drawdown of American troop strength in some regions of the country.

On Sept. 7, the U.S. military handed over control of Iraq's armed forces command to al-Maliki's government. Previously, the U.S.-led Multinational Forces in Iraq, commanded by Gen. George Casey, gave orders to the Iraqi armed forces through a joint American-Iraqi headquarters and chain of command. Senior U.S. and coalition officers controlled larger units, which were in turn commanded by Iraqi officers.

Now, the chain of command flows directly from al-Maliki in his role as Iraqi commander in chief, through the Defense Ministry to an Iraqi military headquarters. From there, the orders flow to Iraqi units on the ground.

As the violence in the Balad region was reaching full pitch on Saturday, the AP asked the U.S. military in Baghdad if American forces were involved in trying to quell the killing.

"As of this time, the (U.S.-led force in Iraq) has not been asked to provide any assistance," the military said in a return e-mail. A request for information on Sunday went unanswered.

In response to the same question on Monday, the military responded that U.S.-led forces were "partnering with Iraqi police and Iraqi army units involved in operations around Balad."

On Tuesday morning, the military said the U.S.-led force was again "partnering with and assisting the Iraqi police and army by providing quick reaction assets. The Iraqi police and army are currently manning numerous checkpoints around Balad."

By late Tuesday, the military had not responded to questions about when the U.S. military first was asked to intervene and how many American forces were involved.

Training Regimen Problems Afflict U.S. Army Program To Advise Iraqis (WSJ)

By Greg Jaffe

The Wall Street Journal, October 18, 2006

One of the biggest shocks for Lt. Col. Nick Demas and his troops came before they even deployed to Iraq.

The colonel's soldiers, most of them inexperienced reservists from Maryland, had been tapped to serve as advisers to the Iraqi army. Their job was to live with, train and mentor an Iraqi force buffeted by poor morale, desertions and corruption.

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President Bush has touted such advisory teams as key to the U.S. strategy for stabilizing Iraq and bringing American troops home. So Col. Demas and his troops expected some of the best instruction the Army had to offer. What they got was a "phenomenal waste of time," the colonel wrote from Iraq last fall, in a report to his superiors.

"In my 28 years of military service I have never seen such an appalling approach to training," he wrote. "Nowhere else in the Army system would this have been acceptable." His soldiers received only a few hours of instruction in Arabic language, Iraqi culture and advising foreign forces, says Col. Demas, who had previously served in Special Forces units. (Read Col. Demas's after-action report.1)

Other advisers have been just as scathing. "By the time the training was finished, soldiers were demoralized, motivation was nonexistent and the team motto came from the Jo Dee Messina lyric, 'my give-a-damn's busted,' " wrote Lt. Col. James Goodwillie, who led advisers in Iraq, in a review that was passed to senior Army officials last fall. (Read Lt. Goodwillie's after-action report.2)

Senior U.S. military officers in Iraq and the Pentagon say their primary focus is getting Iraqi forces to take over more of the fighting as quickly as possible so U.S. forces can pull back. The 10- to 12-man advisory teams are central to that effort.

In recent weeks, Army officials overseeing the advisory program have begun to acknowledge the gap between the Army's words and deeds. This summer, after two years of biting reviews, the Army rushed to revamp the training advisers receive. It also has begun to assign more experienced troops to advisory teams. "I think we are going to be doing it much, much better than what you have seen in the past," says Gen. Richard Cody, the Army's vice chief of staff.

Internal Army reviews and interviews with dozens of advisers show that, thus far, the Army hasn't treated the advisory program as a priority. The job has often fallen to the military's less seasoned second team: reservists, guardsmen and retirees called back to active duty. A 48-page Army study, finished in May and marked "For Official Use Only," concluded that 10- to 12-man advisory teams are too small and "do not have the experience to advise in the various areas they are assigned."

The teams have had to scrounge for equipment that is routinely allocated to big combat units. Advisers going through training today are warned in a PowerPoint briefing: "You will not have all the radios, weapons, night vision devices and field gear issued to a U.S. battalion."

To date, the U.S. has trained and equipped about 307,800 Iraqi army and police forces, up from 196,600 a year ago. But three years into the war, these Iraqi forces don't seem to be improving fast enough to curb surging violence. Daily attacks in Iraq have risen to record levels, and attrition among Iraqi forces remains high. In areas like the restive al Anbar Province, Iraqi units have, on average, only 55% of the soldiers they are supposed to, senior U.S. military officials say.

Other factors, of course, are also contributing to the violence. Centuries-old sectarian grudges and political turmoil are feeding unrest. Both must be addressed through some form of reconciliation, military officials say.

For many advisers, the growing turmoil has been frustrating. "I know we've made a difference. But the insurgency has also become better, more lethal and more capable in my time here," wrote Capt. Phillip Carter, who advised Iraqi police, in an email last month as he prepared to return home. "In theory things should get better with the development of capable Iraqi Army and police units. That's not happening."

To oversee the new training for advisers, the Army recently tapped one of its 10 combat divisions, the 1st Infantry Division, which had been scheduled to return to Iraq. Instead, its top officers and senior enlisted soldiers will remain at Fort Riley, Kan., to train advisers. When rebuilding the training program, the service started with a "blank piece of paper," says Brig. Gen. James Yarbrough, the division's assistant commander.

Top Army officials also are trying to change a culture that discourages good officers from taking advisory posts. Over the past decade, the path to success has been through conventional combat jobs in big brigades. Gen. Peter Schoomaker, the Army's top officer, uses a track analogy to describe the problem. The Army, he says, is full of specialists, or "single-event people." To prevail in today's wars, he says, he needs "pentathletes" with a broader range of experiences.

Last month Gen. Schoomaker's vice chief of staff stressed in a memo to Army officers that serving on an advisory team was "the Army's No. 1 personnel priority" and was exactly the kind of broadening experience the Army chief had been touting.

To fix the advisory program, some military officials say sweeping institutional change is needed. "When there is a limited pool of people for both kinds of jobs -- combat and advisory -- it's clear where the best people will go," says Dale Andrade, a counterinsurgency specialist at the Army's Center of Military History. "The military will always keep its best and brightest in traditionally important combat jobs. Only when forced will this change."

One option under consideration is to double the number of advisers to about 7,000, from about 3,500, by tearing apart some traditional combat brigades and assigning officers and senior soldiers to advisory teams. That would ensure that some of the Army's best officers would take advisory jobs. It would also allow Army officials to double the size of the teams -- which the officials say are too small -- to about 20 troops each.

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But doing so would require a change in mind-set for the Army, where training centers and personnel systems are built almost entirely around the 4,000-soldier brigades. It would also be risky. As the number of big U.S. combat brigades decreased, Iraqi units and their advisers would have to pick up the security slack.

The military has recently built a model advisory program -- on a much smaller scale -- for use in other parts of the world. In 2005, the Marine Corps formed a new "Foreign Military Training Unit" to train and mentor troops in places like Chad, Tunisia and the Republic of Georgia. Marines must compete for a spot in the unit. Those who are selected go through six months of intensive training in language, culture and advising foreign forces. Many follow up with two-month cultural immersion tours in places like Morocco.

"We are taking a long-term approach. We want the same people going back to the same places, building relationships and rapport," says Col. Michael Peznola, who heads the unit.

Starting From Scratch

In Iraq, the Army and Marine Corps have had to build a much larger program from scratch -- and in a hurry. When the war kicked off in 2003, U.S. officials had no inkling that an advisory program would be necessary. The last time the Army oversaw such a big effort was in Vietnam, and Iraq wasn't supposed to be anything like that war.

After Iraqi police and army forces cratered under insurgent attacks in the spring of 2004, the U.S. military began rushing advisory teams to Iraq. Their mission was to train Iraqi commanders, to track the development of Iraqi units and to try to prevent them from settling sectarian scores. If Iraqi forces were overwhelmed, the advisers were authorized to call in U.S. firepower to bail the Iraqis out.

To fill some advisory teams, senior commanders asked big combat brigades to give up some soldiers. Often the units gave up troops of a lower rank and experience level than desired, senior Army officials say. The brigades "had a requirement, but they often treated it like guidance and staffed it the best way they could," says Col. Sean Ryan, who served in Iraq with the command that oversaw development of the Iraqi army.

The Army also mobilized reservists for the mission, many of them part-time drill sergeants who had little experience in combat units. "They knew how to teach guys to march, dig fighting positions and fire weapons," says Col. Demas, who in 2006 led an advisory team of the reserve soldiers from Maryland.

The training was minimal. A class on how to oversee a large battalion and brigade staff, for example, consisted of a 90-minute lecture after dinner. Midway through, one sergeant, who hadn't ever served in a combat unit, broke in and complained: "I have absolutely no idea of anything you're talking about," wrote Col. Goodwillie, a senior adviser, in his review of the session.

Officers received only four hours of training on language and culture, and enlisted soldiers got two, according to soldiers who attended. To complete their training, advisers were instructed to guard mock ammunition dumps and to set up checkpoints to screen traffic for 12 days. Once they got to Iraq, advisers say, they never did anything like that.

Col. Demas says his team's primary duty in Iraq was to mentor the staff of a 600-man Iraqi battalion, teaching them to plan missions and analyze intelligence. But once the Iraqi battalion moved into heavy fighting north of Baghdad, the seven enlisted advisers on Col. Demas's 10-man team didn't have the experience to advise the Iraqi officers, the colonel says. Those seven Americans had never served on a U.S. battalion staff and lacked combat experience.

"They were superb soldiers -- dedicated and hard working. They could teach basic soldier skills, but not leader tasks," Col. Demas says. That job fell to Col. Demas and the two officers on his team.

Advisory teams elsewhere in Iraq spent much of their time worrying about even more basic problems, such as trying to get critical supplies for themselves and their Iraqi troops. The small teams are reliant on the big U.S. units for help fixing their Humvees and electrical generators. At Camp Taji, near Baghdad, Staff Sgt. Clyde Daly persuaded a friend to give him 15,000 bottles of Gatorade, which he kept in a locked supply room on the Iraqi side of the base. He traded cases of the drink to other U.S. units for supplies, favors, and help fixing equipment.

Master Sgt. Darren Williams, who served on a team in Diyala Province, says: "We had to beg for support. It was like pulling teeth."

Getting the Iraqis what they needed was even harder. "We'd spend more time working to keep the Iraqis fed and fueled than we would war-fighting," says Col. Jeff Lamb, who returned in July from advisory duty in Diyala Province. It took two weeks to persuade the Ministry of Defense to fire a corrupt food contractor that was serving spoiled food to the Iraqis, says Lt. Jason Karluk, who worked for Col. Lamb. He says it took him 60 days to get the Iraqis decent tents.

The harsh conditions and lack of supplies led to desertions. By the time Lt. Karluk left Iraq, the unit he was advising had shrunk to about 400 soldiers from 700, and the brigade had gone to about 1,600 from 2,400. His team's biggest accomplishment, says the 24-year-old officer, was simply "holding the [Iraqi] unit together."

Amid a barrage of criticism, the Army has begun to beef up training of advisory teams, adding about 50 hours of language and cultural instruction. Commanders say the cultural instruction, although much improved, still has a ways to go. "I'd grade

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ourselves at a C," says Maj. Gen. Carter Ham, who recently began overseeing the advisory training effort at Fort Riley. "What we are doing is OK. It is Iraqi culture 101." He says he plans to tailor more of the instruction to the areas of Iraq where advisers will be working.

Shortage of Role Players

Training exercises have been hindered by a shortage of Iraqi role players. At its major training centers, the Army brings in 250 Arabic speakers to play townspeople, mayors and police chiefs in mock Iraqi villages. At Fort Riley, there were only about a dozen Arab-speaking role players last month, so American troops had to play Iraqi commanders and rank-and-file soldiers.

In early September, Lt. Col. Matthew Stanton led his 10-man advisory team through an exercise intended to teach them to advise Iraqi commanders as their troops search a small, hostile village for weapons and insurgents. When Col. Stanton and an "Iraqi commander" played by a reservist from Utah strode into the mock village, they were accosted by an Iraqi acting as the mayor. "We are sick of the Americans bringing Iraqis to search our villages," he screamed in Arabic. An Iraqi translated for the colonel.

Two dozen villagers began to chant angrily. The mayor demanded that Col. Stanton call off the search. "You'll have to discuss this with the Iraqi commander," Col. Stanton replied. Then he began to walk away.

The Iraqi mayor exploded in anger. "Where are you going?" he screamed in Arabic. "I am talking to you!"

Afterward, the senior sergeant overseeing the exercise praised the team. But Col. Stanton and his men were less than satisfied. "I don't feel like we accomplished anything," said Maj. Eric Lindsay, the No. 3 officer on the team. Everyone nodded.

Over the next two days, Col. Stanton kept thinking back to his run-in with the Iraqi mayor. Finally, he tracked the man down in the barracks where he was living with other role players. The 47-year-old Iraqi, a Shiite Muslim who had left Baghdad in 2004, was dressed in a white mesh tank top, black shorts and sandals. A tattoo of a dagger, surrounded by Arabic script, adorned his arm.

"Why did you refuse to talk to me when the soldiers were searching my village?" the Iraqi asked. Col. Stanton explained that he was just an adviser, not the commander of the Iraqi forces. The Iraqi told him that it didn't matter. He said the colonel should have taken him by the hand and led him to the Iraqi officer he was advising. "I could have calmed down the entire village," the mayor told him. Col. Stanton scribbled notes in a green field notebook.

"We have been really thirsty for more instruction on how to be an adviser," Col. Stanton said afterward.

There is debate within the Pentagon over whether the advisory teams are too small to be effective. In May, the Center for Army Lessons Learned, based at Fort Leavenworth, Kan., recommended doubling the size of advisory teams to about 25 troops. The Army is built like a pyramid, with large numbers of inexperienced soldiers at the bottom. It has few experienced soldiers to spare. The suggestion alarmed personnel officials, says Col. Steven Mains, who led the study team, which traveled throughout Iraq.

As the situation on the ground in Iraq grows more dire, some officers argue the U.S. must improve the advisory effort quickly. In an article in a Marine Corps journal this summer, Lt. Col. Julian D. Alford, who recently commanded a 900-Marine battalion in western Iraq, outlined a plan to cut sharply overall U.S. troop levels by bolstering the advisory effort.

Col. Alford's Marines had fought alongside an Iraqi army brigade and their U.S. advisers to drive insurgents from Qaim, which had been a main entry point for foreign fighters coming into Iraq from Syria. He says he left Qaim in June convinced that advisory teams were too small to help Iraqi forces stand on their own.

"The Iraqis can't make it with the [advisory] teams we have now," he says. "They will fall flat on their face." But if the U.S. military doubles the size of the advisory effort, embedding more advisers in smaller Iraqi units where most of the fighting is done, he says, the Iraqis in his former region could hold off the insurgency. To field the larger teams, he would send only some of the senior enlisted troops and officers from big U.S. units, leaving junior troops at home. He would also give them far more language and cultural training.

"The real question is: How should we be organized, trained and equipped to fight these 21st-century wars?" he asks. "This is a different way of looking at warfare."

Write to Greg Jaffe at greg.jaffe@wsj.com6

655,000 War Dead? (WSJ)

By Steven E. Moore

The Wall Street Journal, October 18, 2006

After doing survey research in Iraq for nearly two years, I was surprised to read that a study by a group from Johns Hopkins University claims that 655,000 Iraqis have died as a result of the war. Don't get me wrong, there have been far too many deaths in Iraq by anyone's measure; some of them have been friends of mine. But the Johns Hopkins tally is wildly at odds with

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any numbers I have seen in that country. Survey results frequently have a margin of error of plus or minus 3% or 5% -- not 1200%.

The group -- associated with the Johns Hopkins Bloomberg School of Public Health -- employed cluster sampling for in-person interviews, which is the methodology that I and most researchers use in developing countries. Here, in the U.S., opinion surveys often use telephone polls, selecting individuals at random. But for a country lacking in telephone penetration, door-to-door interviews are required: Neighborhoods are selected at random, and then individuals are selected at random in "clusters" within each neighborhood for door-to-door interviews. Without cluster sampling, the expense and time associated with travel would make in-person interviewing virtually impossible.

However, the key to the validity of cluster sampling is to use enough cluster points. In their 2006 report, "Mortality after the 2003 invasion of Iraq: a cross-sectional sample survey," the Johns Hopkins team says it used 47 cluster points for their sample of 1,849 interviews. This is astonishing: I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points.

Neither would anyone else. For its 2004 survey of Iraq, the United Nations Development Program (UNDP) used 2,200 cluster points of 10 interviews each for a total sample of 21,688. True, interviews are expensive and not everyone has the U.N.'s bank account. However, even for a similarly sized sample, that is an extraordinarily small number of cluster points. A 2005 survey conducted by ABC News, Time magazine, the BBC, NHK and Der Spiegel used 135 cluster points with a sample size of 1,711 -- almost three times that of the Johns Hopkins team for 93% of the sample size.

What happens when you don't use enough cluster points in a survey? You get crazy results when compared to a known quantity, or a survey with more cluster points. There was a perfect example of this two years ago. The UNDP's survey, in April and May 2004, estimated between 18,000 and 29,000 Iraqi civilian deaths due to the war. This survey was conducted four months prior to another, earlier study by the Johns Hopkins team, which used 33 cluster points and estimated between 69,000 and 155,000 civilian deaths -- four to five times as high as the UNDP survey, which used 66 times the cluster points.

The 2004 survey by the Johns Hopkins group was itself methodologically suspect -- and the one they just published even more so.

Curious about the kind of people who would have the chutzpah to claim to a national audience that this kind of research was methodologically sound, I contacted Johns Hopkins University and was referred to Les Roberts, one of the primary authors of the study. Dr. Roberts defended his 47 cluster points, saying that this was standard. I'm not sure whose standards these are.

Appendix A of the Johns Hopkins survey, for example, cites several other studies of mortality in war zones, and uses the citations to validate the group's use of cluster sampling. One study is by the International Rescue Committee in the Democratic Republic of Congo, which used 750 cluster points. Harvard's School of Public Health, in a 1992 survey of Iraq, used 271 cluster points. Another study in Kosovo cites the use of 50 cluster points, but this was for a population of just 1.6 million, compared to Iraq's 27 million.

When I pointed out these numbers to Dr. Roberts, he said that the appendices were written by a student and should be ignored. Which led me to wonder what other sections of the survey should be ignored.

With so few cluster points, it is highly unlikely the Johns Hopkins survey is representative of the population in Iraq. However, there is a definitive method of establishing if it is. Recording the gender, age, education and other demographic characteristics of the respondents allows a researcher to compare his survey results to a known demographic instrument, such as a census.

Dr. Roberts said that his team's surveyors did not ask demographic questions. I was so surprised to hear this that I emailed him later in the day to ask a second time if his team asked demographic questions and compared the results to the 1997 Iraqi census. Dr. Roberts replied that he had not even looked at the Iraqi census.

And so, while the gender and the age of the deceased were recorded in the 2006 Johns Hopkins study, nobody, according to Dr. Roberts, recorded demographic information for the living survey respondents. This would be the first survey I have looked at in my 15 years of looking that did not ask demographic questions of its respondents. But don't take my word for it -- try using Google to find a survey that does not ask demographic questions.

Without demographic information to assure a representative sample, there is no way anyone can prove -- or disprove -- that the Johns Hopkins estimate of Iraqi civilian deaths is accurate.

Public-policy decisions based on this survey will impact millions of Iraqis and hundreds of thousands of Americans. It's important that voters and policy makers have accurate information. When the question matters this much, it is worth taking the time to get the answer right.

Mr. Moore, a political consultant with Gorton Moore International, trained Iraqi researchers for the International Republican Institute from 2003 to 2004 and conducted survey research for the Coalition Forces from 2005 to 2006.

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Barney And Baghdad (NYT)

By Thomas L. Friedman

The New York Times, October 18, 2006

In the competition for the biggest "October surprise" of the 2006 election cycle, it might seem hard to top North Korea's nuclear test. But I'd suggest that in time we'll come to see the events unfolding — or rather, unraveling — in Iraq today as the real October surprise, because what we're seeing there seems like the jihadist equivalent of the Tet offensive.

For those of you too young to remember, the Tet offensive was the series of attacks undertaken by the Vietcong and North Vietnamese armies between Jan. 30, 1968 — the start of the Lunar New Year — and June 1969. Although the Vietcong and Hanoi were badly mauled during Tet, they delivered, through the media, such a psychological blow to U.S. hopes of "winning" in Vietnam that Tet is widely credited with eroding support for President Johnson and driving him to withdraw as a candidate for re-election.

Total U.S. troop deaths in Iraq this month have reached at least 53, putting October on a path to be the third deadliest month of the entire war for the U.S. military. Iraqis are being killed at a rate of 100 per day now. The country has descended into such a Hobbesian state that even Saddam called on Iraqis from his prison cell to stop killing each other. He told insurgents, "Remember you are God's soldiers and, therefore, you must show genuine forgiveness and put aside revenge over the spilled blood of your sons and brothers." When Saddam is urging calm, you know things have hit a new low.

The violence in Iraq is not as coordinated as in Vietnam. You have small gangs of Sunnis and Shiites killing each other in sectarian clashes, Baathists and jihadists attacking U.S. and Iraqi forces in more organized efforts, Sunnis fighting with Kurds over turf in northern Iraq, and, on top of it all, rampant crime. Therefore, it's hard to identify a specific military order to step up the violence in Iraq, as in Tet.

But while there may be no single hand coordinating the upsurge in violence in Iraq, enough people seem to be deliberately stoking the fires there before our election that the parallel with Tet is not inappropriate. The jihadists want to sow so much havoc that Bush supporters will be defeated in the midterms and the president will face a revolt from his own party, as well as from Democrats, if he does not begin a pullout from Iraq.

The jihadists follow our politics much more closely than people realize. A friend at the Pentagon just sent me a post by the "Global Islamic Media Front" carried by the jihadist Web site Ana al-Muslim on Aug. 11. It begins: "The people of jihad need to carry out a media war that is parallel to the military war and exert all possible efforts to wage it successfully. This is because we can observe the effect that the media have on nations to make them either support or reject an issue."

It then explains that for jihadist videos of attacks on Americans to have the biggest impact, "Some persons will be needed who are proficient in the use of computer graphics including Photoshop, 3D Studio Max, or other programs that the people of jihad will need to design ... video clips about the operations."

Finally, the Web site suggests that jihadists flood e-mail and video of their operations to "chat rooms," "television channels," and to "famous U.S. authors who have public e-mail addresses ... such as Friedman, Chomsky, Fukuyama, Huntington and others." This is the first time I've ever been on the same mailing list with Noam Chomsky.

It would be depressing to see the jihadists influence our politics with a Tet-like media/war frenzy. But there are only two reasons now for the U.S. to remain in Iraq: because it thinks that staying will make things better or that leaving will make things drastically worse. Alas, it is increasingly hard to see how our presence is making things better. Iraq, under our nose, is breaking apart into so many little pieces that no political solution seems to be in the offing, because no Iraqi leader can deliver his faction anymore — and there does not seem to be an Iraqi center capable of coming together. While leaving would no doubt exacerbate the civil war, staying in Iraq indefinitely to prevent even more Shiites and Sunnis from killing one another is not going to fly with the U.S. public much longer.

Bob Woodward quoted President Bush as saying that he will not leave Iraq, even if the only ones still supporting him are his wife, Laura, and his dog Barney. If the jihadist Tet offensive continues gaining momentum, Mr. Bush may be left with just Barney.

Military Honors For A Changing Front (WP)

By Josh White

The Washington Post, October 18, 2006

The wars in Iraq and Afghanistan not only have changed the methods U.S. troops use to fight an urban insurgency, they also have caused the U.S. military services to change the way they look at honoring troops who are fighting on the difficult battlefields.

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The Marine Corps this year changed the rules that determine which Marines are eligible for the Combat Action Ribbon, an honor that previously required troops to both receive and return fire against an enemy. Recognizing that the deadliest and most effective enemy weapon in Iraq has been the roadside bomb, officials changed the criteria to include anyone who has been exposed to the detonation of such bombs, known within the military as improvised explosive devices.

"Prior to this, a service member had to be involved in a combat firefight to qualify," said Lt. Col. Jim Taylor, acting head of the Marine Corps' military awards branch. "There was a lot of heartburn over that, especially with the nature of the conflict in Iraq," he said.

Taylor said the Marines reviewed all cases in which the Combat Action Ribbon was denied during the operations in Afghanistan and Iraq in order to apply the new criteria, and out of about 3,400 such cases, 85 were found to meet the award's qualifications. About 75,000 Combat Action Ribbons have been issued for the two conflicts so far, Taylor said.

The Combat Action Ribbon has a series of colored bands, beginning with one wide blue and one wide yellow band; a set of narrow red, white and blue bands; another wide yellow band; and a wide red band.

The Marines are now in a second phase of review, during which all active-duty Marines can submit recommendations for the same award based on the new rules. The change means that thousands of Marines could qualify if they were directly exposed to a roadside bomb detonation. The next phase, set to begin in January, will allow all Marines who are no longer on active duty to apply for similar recognition, Taylor said. The change is retroactive to Oct. 7, 2001, the beginning of the war in Afghanistan.

The Army last year introduced its Combat Action Badge, which recognizes soldiers who are exposed to enemy action but are not officially in combat roles. That badge was designed to honor soldiers such as military police, truck drivers and fuel specialists who daily face the dangers of war -- such as roadside bombs -- in Iraq's urban battlefield.

The Army's award was also the first nonmedical combat distinction to honor women who are caught in battle, whereas previous similar honors were reserved for infantrymen. The change in the badge was made in recognition that any soldier fighting in Iraq or Afghanistan can come in contact with combat situations at almost any time.

Defense Department officials are also conducting the first thorough review of military-wide honors since 1996, hoping to standardize and clarify the criteria for several awards in light of the ongoing overseas wars. That review, which could take six to eight months, is expected to provide common language in all services for awards such as the Purple Heart, given for injuries during combat, and valor devices.

Maj. Stewart Upton, a Pentagon spokesman, said the department review will look at whether there is a way to honor troops who serve multiple tours in Iraq and Afghanistan, because currently they can receive only one recognition in either campaign. The review group also will examine whether some troops who are involved in the campaigns but are not actually in the field could be eligible for campaign awards.

One example Upton cited is the Air Force rule that an airman must serve in a theater of operations to earn a campaign medal, but that would exclude airmen who load weapons on bombers in the United States that then fly overseas on operations.

"The evolving nature of warfare demands that we review policies," David S.C. Chu, undersecretary of defense for personnel and readiness, said in a statement. "For example, in the case of expeditionary medals, we must review how we define the operating 'box,' whether it is the theatre of direct action, or whether it might extend far beyond."

Farewell On A Dark Tarmac (WP)

By Amit R. Paley

The Washington Post, October 18, 2006

SATHER AIR BASE, Iraq -- His commanders gave Airman 1st Class LeeBernard E. Chavis the proud emblem of their squadron-- a blue-and-yellow flag known as a guidon -- because they knew he would rather die than lose it.

The 21-year-old District native carried it from the unit's home base in the hills of Georgia to the sands of Kuwait and onto the streets of Baghdad, where, on Saturday, he was killed by a sniper as he tried to keep civilians away from a suspected roadside bomb.

"The colors have dropped," said Maj. Thomas Miner, commander of the 824th Security Forces Squadron, as he waited to escort Chavis's body onto a C-130 Hercules late Sunday. His bottom lip quivered and his eyes turned glassy. "But we've got to pick them back up."

More than 200 personnel from the squadron and other units stood in near-total blackness on a tarmac and saluted the man who became the unit's first combat fatality in Iraq. The guidon was solemnly carried forward, for the first time by someone else. Then a white unmarked truck pulled up and the door swung open.

"Reach for remains!" a voice barked.

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The sight of the coffin, draped in a large American flag and carried toward the plane by six pallbearers, slowly distorted the faces of 18 members of Chavis's sub-unit, known as a flight, who stood in two neat rows facing the makeshift charnel.

The bottom lip of one young woman in baggy fatigues quivered, and then she began to cry hysterically, her head bobbing up and down.

A chaplain intoned: "There is no greater love that can be displayed than for a person to lay down their life for others."

Another woman started to cry, and soon two men standing nearby joined her.

The chaplain continued: "His love is proven by this ultimate sacrifice."

The legs of several airmen buckled slightly. Within a few minutes, nearly the entire flight was sobbing uncontrollably. The face of Staff Sgt. Kyle Luker turned bright red as tears streamed down his cheeks.

This type of ceremony, known as a patriot detail, is rarely observed by anyone outside the military -- not by the president, not by members of Congress, not by the children or spouse of the fallen service member. The squadron commander allowed a Washington Post reporter embedded with an affiliated unit to witness, but not photograph, the ceremony for Chavis.

He was one of 2,767 members of the U.S. armed forces or employees of the Defense Department to have died so far in the Iraq war, according to the Pentagon.

With distant gunfire punctuating the night as the ceremony approached, Chavis's friends voiced questions about the war and this latest death. One asked: Was it worth the life of a 21-year-old about to propose to his girlfriend? Another wondered aloud: Who among us will die next? And a third asked: Why would God take the life of a devoted Christian who loved to sing gospel and write R&B songs?

"It makes you question almost everything" observed Luker, 27. Still, he said, "we're not here to ask the questions and get them answered. We're here to complete the mission. We'll worry about that stuff when we get home."

Squadron members sat on the dusty tarmac and remembered their friend: How he used to trash-talk while he sprinted on the basketball court. How he planned to join the FBI or the CIA or the Bureau of Alcohol, Tobacco, Firearms and Explosives once he left the Air Force.

And how he used to write songs expressing dreams of what he'd do after leaving the bloodshed of Baghdad behind. A few minutes before the coffin arrived, one of his best friends, Airman 1st Class Ro-Derick Taylor, chanted one of the songs that the two men wrote together:

Sometimes I wish that we could go
Sometimes to a place where no one knows
Sometimes when you and me could be alone
Sometimes, sometimes.

Waiting members of Chavis's squadron noted that his aggressive work in the turret of his Humvee had possibly saved their own lives. Luker, a hulking airman with a square jaw, appeared shaken. "We have to be strong," he said. "That's what Chavis would have wanted."

Chavis was born in the District and lived there until he was 6. Then his family moved to Hampton, Va., where he attended high school. His parents recently moved to Reston.

Last year, he did a tour in the northern Iraqi city of Kirkuk, then rotated back to Georgia. There he got into a bit of disciplinary trouble, which his comrades declined to describe. But he begged to redeploy to the war zone, to Baghdad, and his commanders decided to give him a second chance. They gave him the guidon as a sign of their confidence in him.

His unit was attached to the 372nd Military Police Battalion, which trains Iraqi police in western Baghdad. His group frequently moved through the city streets in convoys, bound for training duty. On those trips, Chavis served as lead gunner, manning a .50-caliber machine gun in the turret atop the front Humvee. He was responsible for clearing a path for the rest of his team, laying down fire to provide cover if needed.

As his convoy rumbled through central Baghdad on Saturday just after 2 p.m., squadron members recounted, it came upon an Iraqi police unit that asked for help in dealing with a suspected roadside bomb. The unit began to set up a cordon; Chavis's job was to protect his fellow airmen and prevent civilians from rushing into the potential blast area.

Confused women and children tried to walk into the area, so Chavis rose out of the protection of his turret to try to shoo them away. "Keep away! Danger!" he shouted. Just then, a sniper from a nearby building shot him in the back of the head. He collapsed into the Humvee and died instantly.

On Sunday night, the pallbearers carried the coffin aboard the plane. Then almost the entire flight marched into the aircraft to pay final respects.

But one lanky airman couldn't move. His friends tried to push him forward, but he wouldn't budge. He continued to stare straight ahead as he cried and cried.

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Eventually, the mourners left the plane. Then the crew closed the plane's door. It was nearly pitch-black on the tarmac again. But by the winking, distant lights of the capital, it was possible to make out the unit's guidon, fluttering gently in the night sky.

Somalia Simmers (WP)

The Washington Post, October 18, 2006

FOUR MONTHS ago an Islamic fundamentalist movement gained control of Mogadishu, the capital of Somalia, after defeating an alliance of local warlords backed by the United States. Since then the Islamic Courts Union, as the alliance is called, has expanded its control over much of southern Somalia, including the port city of Kismaayo. It has alternatively negotiated and skirmished with a rival, internationally backed government that clings to a base in the western town of Baidoa. It has come to the brink of war with neighboring Ethiopia, which reportedly has sent troops into Somalia, and has won the support of Ethiopia's hostile neighbor, Eritrea.

The Islamic courts' central council has meanwhile come under the control of an extremist who is on the U.S. government's list of terrorists. One of its principal militia commanders is linked to murders of Western aid workers and journalists and is believed to be sheltering three members of the al-Qaeda movement who were involved in the 1998 U.S. embassy bombings in Kenya and Tanzania. There are reports that more foreign fighters are arriving in Mogadishu to join the movement, drawn by its call for jihad against Christians in Ethiopia.

What is the United States doing about this dangerous combination of an emerging terrorist base and possible regional war in East Africa? The sad and alarming answer is next to nothing. Since its allies were driven out of the Somali capital in June, the Bush administration has had few contacts and obtained scant intelligence about the Islamic courts. Officials maintain they don't even know for sure whether Ethiopian troops are in the country; the Somalis say they have seen and even fought them, but the Ethiopian government denies it.

In short, Somalia is looking more and more like Afghanistan in the late 1990s -- dominated by an Islamic fundamentalist movement that shelters al-Qaeda; prone to the meddling of neighbors; virtually ignored by the United States. Sadly, the chief difference is that, because of poor intelligence, even a military strike such as that attempted by the Clinton administration against Osama bin Laden in 1998 looks unfeasible.

The administration may have several international crises to worry about, but it cannot afford to neglect this gathering threat. It ought to appoint a special envoy to the region who could begin to work with the Ethiopian, Eritrean and regional Somali governments, and try to restrain them from touching off a regional war. The administration should seek contact with moderate elements in the Islamic courts (there are some) and encourage the ongoing mediation efforts of the Arab League. It should exercise greater control over the Somali coastline. It should consider giving diplomatic recognition to the breakaway northern region of Somaliland, which has a benign government. If the terrorist threat in Somalia cannot be eliminated by direct action, it must at least be contained.

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Harry Jaffe: D.C.'s New Top Lawman Is A Stranger To Our Streets (WASHEX)

By Harry Jaffe

Washington Examiner, October 18, 2006

WASHINGTON - Meet Jeffrey Taylor, who is suddenly and without much fanfare the most powerful law enforcement official in D.C. Taylor is a 41-year-old lawyer. He was born and raised in small towns in Northern California. He played high school football and got A's. He went to Stanford University and got a law degree from Harvard. He served as a prosecutor in San Diego, worked for Sen. Orrin Hatch, R-Utah — where he helped write the U.S. Patriot Act — and did a stint with then-Attorney General John Ashcroft. Most recently, he was counsel to Attorney General Alberto Gonzalez.

Now he's our top lawman.

What, among his stellar credentials, qualifies Taylor to become the United States Attorney for the District of Columbia? He has experience in fighting terrorists, but can he battle the terrorists who shoot up corners in Anacostia and shake down D.C. residents in Georgetown?

These are some of the questions Delegate Eleanor Holmes Norton will have on her mind today when Taylor is scheduled to have his first meeting with our representative in Congress.

"He will be essentially a district attorney," says Norton, who was not consulted on Taylor's appointment. "The great majority of his cases will be criminal cases from the District of Columbia."

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I have not met Taylor, who lives with his wife on Capital Hill. I am not passing judgment on him. But it worries me when the top prosecutor in town has never worked our streets.

I wonder how a lawyer who has succeeded among the hard-core Republican elite and specialized in national security matters can direct homicide cases in the lawless lanes of D.C. Our U.S. Attorney's Office is unique. With 350 lawyers, it is the largest among federal prosecutorial operations. More importantly, it is the only one in the nation that handles both federal and local criminal cases. In every other major city, a local district attorney — elected or appointed — prosecutes local thugs. It is a sad and humbling aspect of Home Rule that we in D.C. have a federal appointee as our D.A.

Taylor succeeds Ken Wainstein, who moves up to run the Justice Department's new National Security Division. Wainstein was terrific for D.C. Like Taylor, he was a favorite at Main Justice, and he also held a top job at FBI headquarters; but Wainstein also worked as a line prosecutor here in D.C. for years. He locked up murderers. He knew our turf, he put his prosecutors in the community, he sent them after gang-bangers and local hoodlums. Jeff Taylor made his mark as an elite terrorist hunter. He helped create the Patriot Act. A few weeks ago he was Alberto Gonzales' top counselor on terrorism and national security.

My fear is that he will favor national security prosecutions over keeping D.C. residents secure. When Bill Clinton was president, Eleanor Holmes Norton helped select federal judges and the U.S. Attorney. George W. Bush appoints with little regard for D.C.'s needs.

No wonder Norton believes D.C. should have its own district attorney.Harry Jaffe has been covering the Washington area since 1985. E-mail him at hjaffe@washingtonian.com.

7 Departments Miss Senator's Deadline To List High-cost IT Projects (FEDTIMES)

By Daniel Friedman

Federal Times, October 18, 2006

Seven departments have missed a deadline to detail their most expensive information technology projects for a Senate subcommittee.

Sen. Tom Coburn, R-Okla., last month directed all agencies to submit lists by Oct. 13 of IT projects worth more than $250,000 to the Senate Homeland Security and Governmental Affairs subcommittee on financial management, which he chairs.

"A non-response raises the level of concern . . . that there may be inefficiencies," said John Hart, a spokesman for Coburn. "The only way those questions can be answered is a complete response."

For each project, Coburn requested that agencies note the project's vendor, when work began, the project's original estimated cost and how much money has been spent so far. The letter also asked whether cost overruns have occurred, if a new cost estimate has been made and what that estimate is.

As of Oct. 16, the Agriculture, Energy, Homeland Security, Housing and Urban Development, Justice, State and Veterans Affairs departments had not responded, according to Hart. All other departments had either submitted the information or requested an extension, he said. Coburn has not yet reviewed the lists that were received, Hart added.

HUD spokesman Jerry Brown said the department had not responded because officials there mistakenly assumed they had 30 days to reply after receiving the letter on Sept. 25.

"We are still working to get [Coburn] the information," Brown said.

Justice Department spokeswoman Kathleen Blomquist said the department contacted the senator's office on Oct. 16 and is creating a list.

None of the other departments responded immediately to requests for comment.

Coburn, a consistent critic of what he says is wasteful spending in areas such as federal travel, recently turned his attention to information technology expenditures, which have grown rapidly over the last five years. Coburn chaired a subcommittee hearing on the topic in September and said he will hold additional hearings on specific projects.

Following pressure from Coburn and from the Government Accountability Office, the Office of Management and Budget last month released lists of federal IT projects that are considered to be at high risk or that are on a management watch list. OMB puts projects on the high-risk list due to factors including importance to an agency and cost. The management watch list includes IT projects for which the business cases demonstrate one or more planning weaknesses.

Justice Task Force Looks Into Privacy (FCW)

By John Moore

Federal Computer Week, October 18, 2006

A task force has issued a series of recommendations regarding privacy in justice information systems.

The Privacy Technology Focus Group was chartered to examine the exchange of personally identifiable information, focusing on justice and public safety data. Last November, the Justice Department brought together a group of public- and

private-sector specialists to look into privacy technology. The group's working teams covered areas such as access and authentication, data aggregation and dissemination, and identity theft.

A report issued earlier this month that stemmed from the focus group's activities offers suggestions. Some relate to the Global Justice Extensible Markup Language Data Model (JXDM). For example, the report recommends reviewing and creating privacy metadata in Global JXDM. That metadata would describe sensitivity, use limitations and other characteristics of data.

In addition, the report suggests funding and training to encourage state and local agencies to move toward Global JXDM, the National Information Exchange Model and a baseline definition of identity data elements. Global JXDM is an XML standard designed for criminal justice information exchange. The National Information Exchange Model extends Global JXDM to other information domains.

Other recommendations include:

Appointing a team of policy and technology specialists from the public and private sectors to assess and revise "Fair Information Principles as they relate to specific justice circumstances and technologies," the report states. Those principles come from government information-handling guidelines that have accumulated in the past two decades.

Developing a strategic plan to use anonymization in justice, public safety and homeland security initiatives to protect privacy while improving information sharing. "Anonymizing data permits multiple parties to correlate data from multiple sources without revealing personally identifiable information until or unless appropriate," according to the report.

Establishing a grant condition that requires applicants to address identity management within programs and systems development backed by national funding. The focus group's report was prepared under the auspices of the Office of Justice Programs' Bureau of Justice Assistance in conjunction with DOJ's Global Justice Information Sharing Initiative. The group's steering committee included representatives from DOJ, IJIS Institute, Global XML Structure Task Force and the National Network to End Domestic Violence Fund.

CORPORATE SCANDALS:

Trial Judge Vacates Conviction Of Late Enron Founder Lay (USAT)

By Greg Farrell

USA Today, October 18, 2006

The late Ken Lay, the Enron founder who was convicted in May of deceiving investors about Enron's finances, is once again innocent in the eyes of the law.

U.S. District Judge Sim Lake, who presided over the trial of Lay and his colleague Jeff Skilling in Houston earlier this year, issued an order Tuesday vacating Lay's conviction and dismissing the indictment against him.

"The court concludes that Lay's conviction must be vacated," wrote Lake in a 13-page opinion. "The indictment against Kenneth L. Lay is dismissed."

Ever since Lay died of a heart attack in Aspen, Colo., July 5, following his conviction at trial but before he had the chance to appeal the verdict, Lake's ruling has been widely expected. As a matter of law, a conviction against a criminal defendant is not final until the defendant has had the chance to appeal the verdict. Therefore, Lay's death short-circuited the full legal process to which he was entitled.

"Mr. Lay never had the chance to appeal," said Sam Buffone of Ropes and Gray, who represented the estate of Ken Lay. "We were eager to appeal."

Prosecutors fought an uphill battle against Lake's decision, arguing last month that he should postpone his ruling until Congress had the chance to pass a new law changing the ground rules for defendants who died before getting a hearing before an appellate court. But Congress never seriously considered the new law.

The ruling is a boost for members of Lay's family, who no longer face criminal forfeiture proceedings by the Department of Justice. After Lay was found guilty in May, Justice took steps to track down and seize $40 million from Lay, even though he testified in his trial that he was virtually bankrupt.

Justice, which plans to pursue forfeiture in civil proceedings, issued the following statement Tuesday: "Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial. We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

As for Skilling, Lay's co-defendant, the ruling has no impact. In May, jurors convicted Skilling, who served as CEO of Enron in 2001, of 18 separate criminal charges. He is slated to be sentenced on Monday.

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When Lay died in July, some Houston residents and former Enron shareholders vented their rage that he had escaped a prison term. Many, on the Web and on talk radio, demanded an autopsy. But an autopsy conducted in Aspen showed that Lay did indeed have heart problems, and that he died of natural causes.

Despite the dismissal of the indictment against Lay, some observers believe the former Enron CEO will never escape the shadow of his role in Enron's collapse. “He's innocent with an asterisk,” says Christopher Bebel, a Houston attorney who followed the case closely. “History will accurately record this episode, and the slate will not be wiped clean. When future generations look back, they will look at it as a situation where guilty verdicts were reached. A massive indictment was brought after $60 billion in market valuation evaporated, and a jury held him accountable.”

Conviction Of Enron's Lay Is Vacated By Judge (WSJ)

By Ashby Jones

The Wall Street Journal, October 18, 2006

U.S. District Judge Sim Lake Tuesday vacated the conviction of former Enron Corp. Chairman Kenneth Lay, who was convicted on May 25 on fraud and conspiracy charges and suffered a fatal heart attack on July 5. (Read the text of the ruling.1)

Established law in the judicial Fifth Circuit, which includes Texas, and elsewhere holds that when a defendant dies before he or she has the chance to complete an appeal, the conviction essentially gets wiped away.

According to Judge Lake's opinion, the government had argued that Mr. Lay's estate shouldn't get to keep the proceeds of fraud that would otherwise be subject to forfeiture and distribution to victims of the crimes. Judge Lake rejected this argument, citing precedent stating that an individual who suffered a loss may pursue reimbursement in civil court. Although the government had asked Judge Lake to defer his ruling so it could seek retroactive legislation in Congress to let the conviction stand, he said "the court is bound to follow Fifth Circuit precedent."

"We are pleased with the ruling and are glad that this brings to a close the criminal proceedings against Mr. Lay," said Ropes & Gray LLP's Samuel Buffone, the lawyer for Mr. Lay's estate.

"Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial," said Bryan Sierra, a Justice Department spokesman. "We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

Judge Throws Out Kenneth Lay’s Conviction (NYT)

By Kate Murphy

The New York Times, October 18, 2006

HOUSTON, Oct. 17 — A federal judge on Tuesday threw out the fraud and conspiracy conviction of Kenneth L. Lay, the former Enron executive, who died of heart failure in July while on vacation in Colorado.

Judge Simeon T. Lake III ruled that the conviction must be voided because Mr. Lay cannot pursue an appeal his guilty verdict.

The decision, which had been expected, prevents the government from trying to seize more than $43.5 million from Mr. Lay’s estate that prosecutors claimed he stole from Enron before it collapsed in 2001.

Mr. Lay, who was 64, died about six weeks after he and another former chief executive, Jeffrey K. Skilling, were convicted of spearheading the fraud that led to Enron’s collapse in December 2001.

“We’re very pleased that the criminal case against Mr. Lay is now over,” said Sam Buffone, the lawyer who successfully filed the motions to have both Mr. Lay’s indictment and conviction dismissed. A jury found Mr. Lay guilty in May of six counts of conspiracy and fraud, and Judge Lake, in a separate trial, found him guilty of four counts of bank fraud.

Mr. Skilling, who was convicted of 19 counts of fraud, conspiracy and insider trading, is scheduled to be sentenced on Monday.

Prosecutors has initially sought $139.3 million from Mr. Skilling and $43.5 billion from Mr. Lay. But after Mr. Lay’s death, the government moved to force Mr. Skilling to pay the entire $182.8 million.

Mr. Lay, who before his trial presented the image of an avuncular philanthropist who played golf with presidents, was often prickly and argumentative on the witness stand. He appeared sullen, shook his head dismissively and slouched in his chair throughout the four-month trial. Even after his conviction, he maintained that he had not committed any crimes and that, moreover, Enron was a healthy company brought down by unfavorable news coverage and the deceit of his chief financial officer, Andrew S. Fastow.

In his 13-page decision, Judge Lake cited established case law that required revocation of convictions if defendants die without opportunity to appeal. The Justice Department had asked the judge to delay ruling until Congress had time to pass

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legislation that would have retroactively allowed Mr. Lay's conviction to stand. But lawmakers recessed before considering the matter.

Tuesday's decision will make it harder for former Enron employees and shareholders to lay claim to the millions in Mr. Lay's estate because they cannot point to his criminal conviction as proof of wrongdoing.

But, David Berg, a defense lawyer in Houston, said, "The civil suits are going after deeper pockets like the investment banks" that have been accused of participating in the fraud.

While many former Enron employees expressed outrage and Internet blogs seethed that Mr. Lay's conviction had been "erased from the books," others were resigned.

"I'm numb to the whole thing," said Tina Tennant, who was an executive assistant at Enron and is part of the class-action lawsuit. "It's over and it's really over now."

Judge Revokes Lay's Conviction (WP)

By Carrie Johnson

The Washington Post, October 18, 2006

A federal judge in Houston yesterday wiped away the fraud and conspiracy conviction of Kenneth L. Lay, the Enron Corp. founder who died of heart disease in July, bowing to decades of legal precedent but frustrating government attempts to seize nearly $44 million from his family.

The ruling worried employees and investors who lost billions of dollars when the Houston energy-trading company filed for bankruptcy protection in December 2001. It also came more than a week after Congress recessed for the November elections without acting on a last-ditch Justice Department proposal that would have changed the law to allow prosecutors to seize millions of dollars in investments and other assets that Lay controlled.

With the judge's order, Lay's conviction on 10 criminal charges will be erased from the record. "The indictment against Kenneth L. Lay is dismissed," U.S. District Judge Simeon T. Lake III wrote in a spare, 13-page order.

Legal analysts said Lake's ruling closely hewed to a long-held doctrine called abatement, which allows a conviction to be vacated if defendants die before they are able to exercise their right to appeal. Courts typically rule that defendants' constitutional rights to challenge their convictions outweigh other considerations, and the law hesitates to punish the dead, the analysts said.

Samuel J. Buffone, a Washington-based lawyer for Lay, said the family was pleased with the ruling. "As far as we're concerned, this is the last step," Buffone said. "It's as if the indictment never occurred."

But governance experts said Lay's name forever will be linked with the era's most complex and far-reaching corporate fraud.

"A lot of lives were ruined, both the perpetrators' and the victims,' " University of Tennessee corporate governance expert Joseph V. Carcello said. "This happened on his watch. Even if he's not legally culpable, he's culpable as a manager."

Regulators at the Securities and Exchange Commission still may pursue their civil case against Lay's estate, but their task will be more difficult because they can no longer introduce the fact of his conviction and instead must prove again, in a resource-intensive trial, that he broke the law. The SEC case has been stayed pending resolution of the status of Lay's criminal conviction. The agency's five commissioners must decide in the weeks to come whether to proceed against Lay's estate.

The court ruling shifts the spotlight onto former Enron chief executive Jeffrey K. Skilling, 52, who is to be sentenced Monday on 19 fraud, conspiracy and false-filings charges. Skilling, Lay's protÃ©gÃ© and fellow defendant, handled day-to-day operations at Enron until his resignation in the summer of 2001 and faces more than two decades in prison.

Skilling is the sole survivor from Enron's top management ranks and the one most likely to pay a heavy price for his decision to vigorously fight the charges against him. Earlier this month, Skilling laid out several avenues for appeal, including jury bias, faulty instructions by the judge and what he called overreaching by prosecutors that infringed on his constitutional rights.

Former finance chief Andrew S. Fastow, whom Skilling has painted as the man most responsible for the company's downfall, pleaded guilty to two conspiracy charges and gave damaging testimony against his onetime patrons. A separate federal judge in Houston last month sentenced him to six years in prison, a 40 percent reduction from the seemingly iron-clad deal his defense team had struck with the government. The leader of an Enron employees group later called the benefit to Fastow "a slap in the face."

The lead plaintiffs in a separate shareholder lawsuit against former Enron executives and other advisers accused of helping the company conceal its financial problems already have said they intend to focus their attentions not on Lay's family, but on investment banks with deeper pockets.

Days before Lay's death, prosecutors had filed court papers seeking to extract $43.5 million from his financial holdings, including $6 million in a recently matured investment and at least $1.5 million more that Lay used to cover part of the mortgage

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on a luxury apartment in Houston. The government said it intended to set aside the money in a special fund for Enron investors and employees. Now, federal prosecutors are seeking to hold Skilling responsible for Lay's share, over Skilling's objections.

Separately yesterday, lawyers for the Lay family asked the court to release a $5 million bond that had been secured by the homes of several of Lay's five children. Federal prosecutors at the Enron Task Force declined to comment.

"Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial," Justice Department spokesman Bryan Sierra said. "We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron."

Lay, 64, collapsed in a rental home near Aspen, Colo., about a month after a Houston jury found him guilty of conspiring to mislead employees and investors about Enron's mounting financial problems. His death unleashed vicious criticism on the Internet and prompted conspiracy theories that were dispelled by a coroner's report and sheriff's deputies.

A man accustomed to flying in private jets and mingling with the Bush family, foreign diplomats and owners of professional sports teams, Lay was brought low by a widening scandal after disclosures that Enron had disguised billions of dollars in debt and manufactured revenue. He told the jury at his trial earlier this year that he was in the hole $250,000 after years of spending lavishly on homes, vacations and his five children.

Federal prosecutors baited Lay into displaying a short temper and a flair for micromanagement on the witness stand, and pounced when Lay could not explain why he sold more than $77 million in Enron shares back to the company in the months before its demise.

In recent weeks, Lay's family paid an undisclosed sum to settle a smaller civil case filed by former Enron employees over their pension and retirement funds.

Ken Horton, a former Enron manager who was laid off alongside thousands of others in December 2001, said he had steeled himself for the conviction to be extinguished after word of Lay's death three months ago. But Horton, who pegged his retirement and savings plan losses in the six-figure range, expressed "great" concern that he and former colleagues would never be made whole financially. Horton said he has received only $4,000 to date.

"If I got 10 cents on the dollar, I would be elated," Horton said.

JUDGE VOIDS CONVICTIONS AGAINST LAY (HC)

By Tom Fowler

Houston Chronicle, October 18, 2006

Ruling prevents U.S. from taking late Enron chief's assets, but civil suit still an option

The criminal case against Ken Lay came to an end Tuesday when a judge vacated his convictions and dismissed the indictment that brought him to trial.

U.S. District Judge Sim Lake granted the request by Lay's estate to wipe out the convictions against the late Enron chairman, an outcome that was widely anticipated, given legal precedent. Lake also dismissed the indictment that was filed against him in 2004.

In his ruling, Lake cited a decision in the 5th Circuit Court of Appeals that makes a defendant's death before his or her appeals have been exhausted grounds for throwing out a conviction and dismissing an indictment.

The Department of Justice had argued against vacating the conviction, saying it would unjustly enrich Lay's estate by preventing criminal forfeiture proceedings to recover restitution for victims of Enron's downfall.

The government even proposed a law that would prevent courts from vacating criminal convictions in such circumstances. That effort didn't succeed.

Lay died July 5 from heart disease, just weeks after a jury found him guilty on six charges of conspiracy and fraud and Lake found him guilty on four charges of bank fraud.

The same jury convicted former Enron CEO Jeff Skilling of 19 criminal counts. Skilling's sentencing is Monday.

Lake said in his 13-page ruling that current law is clear.

"Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow 5th Circuit precedent," Lake wrote.

Sam Buffone, an attorney representing the Lay family, said, "We're very pleased with the ruling and glad this finally brings to a close the criminal prosecution against Mr. Lay."

Lay's camp was expected to file a motion to release the $5 million bond posted after the jury found him guilty. The bond was secured by the mortgages of homes owned by three of his children.

SEC proceeding activeThough Lake's ruling thwarts the government's attempt through a criminal proceeding to seize what it claims would be millions of dollars in assets from Lay's estate, it doesn't preclude the government from doing the same through a civil action.

The Securities and Exchange Commission has a civil proceeding against Lay that it brought in 2004, but prosecutors could also file their own case.

The Justice Department hasn't said if it will go after Lay's assets via a civil proceeding. A statement from Justice Department spokesman Bryan Sierra on Tuesday, however, seems to indicate that's a possibility.

"We will continue to pursue all remedies available for restitution on behalf of the victims of the fraud at Enron," Sierra said. "Today's ruling does not change the fact that Mr. Lay was found guilty after a four-month jury trial and a separate bench trial."

Prosecutors could appeal Lake's ruling directly to the 5th Circuit, but Kirby Behre, a former prosecutor who has followed the case, wonders what grounds they would use for their arguments.

Ex-employees dismayedOne argument prosecutors could make is found in a September filing in which they asked Lake to delay his decision until Monday — when Lay was also slated to be sentenced — so Congress could consider their proposed law. Prosecutors noted it would be in the best interests of victims if such convictions stood, allowing the recovery of assets from the estates involved.

"But when you have various methods of reaching the same ends, such as making victims whole, just because one method is closed off doesn't mean an injustice is being carried out," Behre said.

It does not appear that attorneys for Enron shareholders will continue to pursue assets of the estate in the massive class action now pending, according to a source familiar with the case.

The judge's decision disappointed former Enron employees.

"It's not right for the victims of this crime and for the recovery of the money from his estate," said Rod Jordan, head of the Severed Enron Employees Coalition.

Will Perry, a former Enron Energy Services employee, said: "I don't think that should have happened. He was just as, if not more, guilty than Skilling."

However, Tracey Michel, a six-year veteran of Enron's information technology department, said she always saw Lay as undeserving of the charges, but she's also concerned about the ruling's impact on recovery for former employees.

"I think the people who worked for him took advantage of him," Michel said. "But I do think he should have given some money back."

Jurors in the Lay-Skilling case also weighed in.

Doug Baggett never thought the conviction would be vacated.

"I was surprised and disappointed, but I still have to respect and uphold the judge's opinion," he said. "I'm not a lawyer, but as someone who spent four months of their life in the courtroom, it's upsetting."

'That's how it is'Juror Carolyn Kuchera said the move was inevitable given what she understood the law to be.

"It's a disappointment, of course, but that's how it is," she said.

Lake also denied a motion from Russell Butler, who called himself a victim and had asked for an order of restitution.

Butler, a shareholder who said he lost about $8,000 in stock when Enron imploded, said he has asked his attorney to look into challenging the ruling.

"The jury has spoken, and the jury has found Lay guilty. His estate should bear the economic burden," said Butler, who works as the executive director of the Maryland Crime Victims Resource Center. "They've benefited from this like it never happened, and as for all the victims of Mr. Lay, we're ignored. The court never really addressed our arguments."

Chronicle reporter Purva Patel contributed to this report.

Enron Founder's Conviction Vacated (AP)

By Juan A. Lozano, Associated Press

AP, October 18, 2006

HOUSTON — A federal judge Tuesday vacated the conviction of Enron's late founder Ken Lay, wiping out a jury's verdict that he committed fraud and conspiracy in one of the biggest corporate scandals in U.S. history.

Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two cases May 25. Enron's collapse in 2001 wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

Lay died of heart disease July 5 while vacationing with his wife, Linda, in Aspen, Colo.

U.S. District Judge Sim Lake, in a ruling Tuesday, agreed with Lay's lawyers that his death required that his conviction be erased and his indictment dismissed. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case, because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

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"On behalf of his estate, I'm really quite pleased with the ruling and glad this brings to a close the criminal proceeding against Mr. Lay. The judge engaged in a fair and reasoned application of 5th Circuit law," said Samuel Buffone, the attorney for Lay's estate.

Tuesday's ruling thwarts the government's bid to seek $43.5 million in gains that prosecutors allege he pocketed by participating in Enron's fraud. The government still could pursue that money in civil court, but they would have to compete with any other litigants pursuing Lay's estate.

Lake also denied a request from Russell Butler, who said he was a victim of Enron's collapse and had asked for an order of restitution based on Lay's conviction.

"With this ruling, the criminal case is over. It doesn't end the civil case or the ability of anyone to file or pursue a civil case against the estate," Buffone said.

Kelly Kimberly, spokeswoman for Lay's family, declined to comment, referring reporters to Buffone.

A spokeswoman for the Department of Justice did not immediately return a call seeking comment.

Prosecutors offered no counter legal argument in the case, but asked Lake to hold off on a ruling until next week so Congress could consider legislation from the Justice Department that changes federal law regarding the abatement of criminal convictions. Congress recessed for the elections without considering the legislation.

In their motion to Lake last month, prosecutors Sean Berkowitz and John Hueston wrote that certain provisions of the proposed legislation would apply to Lay's case, including "that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment."

"Although the United States argues that applicable law might change at some unknown future date, the court is bound to follow Fifth Circuit precedent," Lake wrote.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001, when years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable.

Lay's co-defendant, former Enron Chief Executive Jeffrey Skilling, is scheduled to be sentenced Monday.

Judge Vacates Ken Lay's Enron Conviction (UPI)

United Press International, October 18, 2006

HOUSTON, Oct. 17 (UPI) -- A Houston judge Tuesday vacated the indictment and criminal conviction of former Enron Corp. Chairman Ken Lay, who died July 5 of a heart attack.

U.S. District Judge Sim Lake's action followed a request by Lay's estate, the Houston Chronicle reported Tuesday.

The action, largely expected, lifts a cloud from Lay's name. He died just weeks after a Houston jury convicted him on six charges of conspiracy and fraud and, separately, Lake found him guilty on four charges of bank fraud.

That fraud is widely seen as the cause of the energy giant's collapse, which destroyed the pensions and investments of thousands.

In vacating Lay's indictment and conviction, Lake cited a 5th Circuit Court of Appeals decision that makes death, before the appeals process has been exhausted, grounds for tossing convictions and indictment. Justice Department lawyers had opposed the action.

Lake is scheduled to sentence Jeff Skilling, Enron's former chief executive and Lay's co-defendant, Monday.

McGuire's Option Deals Could Lead To Criminal Charges (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, October 18, 2006

Authorities are likely to take a deep look at the backdating activities at UnitedHealth, former prosecutors say.

The sheer size and persistence of stock-option backdating at UnitedHealth Group Inc. could be the basis of a criminal investigation, former federal prosecutors said Tuesday.

Particularly vulnerable is Chief Executive William McGuire, the prime beneficiary of the backdating that allowed top executives to reap additional millions of dollars in profits by granting their options at times when UnitedHealth's stock was at low points.

"Because of the scale of the options granting, this has to be put in the egregious category, and that makes criminal prosecution more likely," said Christopher Bebel, a Houston securities attorney who once prosecuted white-collar cases for the U.S. attorney's office in Minnesota.

McGuire's unexercised options totaled more than $1.6 billion at the end of last year.

He resigned as chairman Sunday and will depart as CEO by Dec. 1 as the result of an independent investigation into the company's backdating practices.

UnitedHealth spokesman Mark Lindsay said the company has seen no indication from authorities of any criminal investigation.

The company previously has acknowledged that it is under investigation by the Securities and Exchange Commission, the Internal Revenue Service and the Justice Department through the office of the U.S. attorney for the Southern District of New York, best known for prosecuting Wall Street and securities matters.

Minneapolis attorney Doug Kelley, a former assistant U.S. attorney, said the involvement of the Southern District is a signal that criminal issues are being pursued. The SEC also can make recommendations to the Justice Department if it thinks criminal prosecution is appropriate, Kelley said.

Bebel said the report by an independent review group, the law firm of Wilmer Cutler Pickering Hale and Dorr, will give federal regulators and prosecutors a starting point for considering whether to pursue civil and/or criminal cases.

"That will be an excellent road map for government attorneys. It will allow them to hit the road running and shave a few miles off of the marathon," Bebel said.

The report released Sunday said senior executives "failed to ensure that the option granting practices were appropriate."

The report also said SEC filings regarding the options and related accounting steps "were not accurate in certain respects."

Bebel said that failure to adequately report the backdating could be seen as a "material omission" in SEC filings.

The prominence of McGuire and UnitedHealth could make them more of a target than a smaller, less well-known company, Kelley said.

"Deterrence is one of the noted outcomes of criminal prosecutions in the white-collar area," he said.

Kelley also said the company's decision to reprice the options in question for McGuire, President Stephen Hemsley and other executives may be too little, too late for authorities.

"Their decision to reprice options, while admirable, will not forestall a criminal investigation," Kelley said.

McGuire reaped $427 million from stock-option exercises from May 1997 to February 2006, according to Thomson Financial. He exercised those shares for $68.6 million and sold them for $496.3 million. Of those, some were from options granted during the period under the backdating review.

The continued uncertainty over UnitedHealth's change in command was reflected on Wall Street on Tuesday when Moody's Investors Service downgraded both short- and long-term debt to a "negative" outlook.

"These are not issues that have quick fixes and will require a cultural change at the board of directors and senior management level, which will take some time to accomplish," said Stephen Zaharuk, a Moody's vice president.

Staff writer Patrick Kennedy contributed to this report. David Phelps · 612-673-7269 · dphelps@startribune.com

UnitedHealth To Pay Departing CEO $5.1M A Year For Life; Value Of Options Hoard Unknown (FINDLAW/AP)

By Joshua Freed, Ap Business Writer

AP, October 18, 2006

(AP) - MINNEAPOLIS-After being forced to step down over the company's compensation practices, UnitedHealth chief executive William McGuire will retire on $5.1 million (â,¬4.08 million) a year, according to the calculations of a watchdog group.

McGuire has agreed to retire by Dec. 1, and he stepped down from his post as chairman on Sunday. The move came after a company-sponsored investigation determined that many of the company's stock options were backdated to make them more favorable for the recipients, including McGuire, other executives, and thousands of UnitedHealth employees.

McGuire's retirement benefits include a $6.5 million (â,¬5.19 million) lump sum, according to Portland, Maine-based group The Corporate Library, which has criticized McGuire's pay before.

McGuire has stock options that were worth $1.78 billion (â,¬1.42 billion) as of the end of 2005. Their current value is not known. Investors have sold off UnitedHealth shares since questions about options backdating arose in March. Then, on Sunday, UnitedHealth said McGuire would re-price his options to the highest point in the year they were granted to remove any possibility that he got a favorable price.

McGuire's 1999 employment contract, which has been amended since then, has been criticized as too generous, but the severance provisions came into sharper focus on Monday now that he is leaving.

In mid-April, McGuire asked the company's board to stop issuing new stock options to him and some other senior managers, to cap an executive retirement plan, and to get rid of noncash perks. The company said in May that those changes had been adopted, although no amendments to McGuire's employment agreement were filed. UnitedHealth spokesman Mark Lindsay did not return phone messages seeking comment.

McGuire's base salary was $2.3 million (â,¬1.84 million) a year but he cleared more than $100 million (â,¬79.9 million) in years that he cashed in stock options.

Paul Hodgson, who researches compensation at The Corporate Library, said there are far too many elements of guaranteed pay in McGuire's contract.

His rising base salary triggers a rising bonus and a rising pension, Hodgson said.

"A board that agreed to this type of compensation was already compromised before stock option backdating became an issue," he said.

Executives such as McGuire usually take their retirement benefits as a lump sum, said Patrick McGurn, executive vice president and special counsel to Institutional Shareholder Services, a proxy advisory firm. That added up to $98 million (â,¬78.31 million) for former Exxon Mobil Corp. Chairman and CEO Lee R. Raymond when he retired at the end of last year.

At UnitedHealth, "This board didn't seem to do a very good job on negotiating on a lot of issues with McGuire, so I think it was probably par for the course," McGurn said. "Other boards have done just as poorly, so they're not alone."

McGuire could be forced to give up some or all of those gains, said James Cox, a professor of corporate securities law at Duke University. He said he thinks it's "very likely" that McGuire will have to give back his stock options.

"These are ill-gotten gains and they should be returned," Cox said.

But by re-pricing his stock options to eliminate any wrongful gain, McGuire has already gotten rid of his gain and shouldn't have to pay anything back, said Joseph Grundfest, a former member of the Securities and Exchange Commission who is now a law professor at Stanford University.

"Let's assume that you gained a dollar because of misdating, and you shouldn't have gained that dollar. By giving that dollar back you've in effect disgorged the gains to which you're not entitled," he said.

How UnitedHealth Spotlights Gap In Reform (WSJ)

By Alan Murray

The Wall Street Journal, October 18, 2006

A shocker in Sunday's report on the options heist at UnitedHealth Group Inc. is that Chief Executive William McGuire had an inside man on the company's board: William G. Spears, graduate of Choate and Princeton, a Harvard M.B.A., and the founder of a New York investment-management firm that bears his name.

Mr. Spears was head of the UnitedHealth board's compensation committee and also chairman of the "ad hoc" committee that negotiated Dr. McGuire's rich 1999 re-employment contract. That contract was signed in December of that year, according to the report released Sunday, but it included a grant of one million options dated back to Oct. 13 -- the day the company's stock price reached its low for the year.

The backdating meant Dr. McGuire's options, intended to give him an incentive to grow the company, were already "in the money" to the tune of about $12 million by the time he received them. A nice little bonus, even for a future billionaire.

In theory, Mr. Spears was an "independent" director. But the investigation, led by former SEC enforcement chief William McLucas, discovered he had close financial ties to Dr. McGuire. He served as trustee for two trusts benefiting the CEO's children and managed between $15 million and $55 million of the McGuire family fortune. In June 1999, just months before the employment agreement was renegotiated, Dr. McGuire also invested $500,000 to help Mr. Spears repurchase his money-management firm from a financial conglomerate that had acquired it.

TALKING BUSINESS

Email business@wsj.com1 and read reader comments Saturday at WSJ.com/TalkingBusiness2.

Lawyers for Mr. Spears argue all this was duly disclosed. They cite an email sent by the company's general counsel, David Lubben, Oct. 12, 1999, to its outside counsel. According to the McLucas report, that email indicated "disclosure of some 'conflict' had been made to the 'full' board."

Trouble is, no one on the board remembers being told of the relationship. Two directors told investigators they were "adamant that they believe they would have remembered had they been told." Board members insist they first learned of the Spears-McGuire financial entanglement in April of this year, when investigators uncovered the matter. The board put off dealing with it until this weekend, after completion of the McLucas report.

Mr. Spears told investigators he never focused on the grant dates of Dr. McGuire's options. He also told investigators it simply didn't occur to him that his financial dealings with the CEO might be a conflict of interest.

That is hard to swallow. It is also a perfect illustration of why directors need to be free of such financial ties. Mr. Spears is just the latest example of the quiet seduction that occurs on cozy corporate boards. He was supposed to be the shareholders' representative in negotiating with the clever Dr. McGuire. Surely, it was hard for him to play that part when his bread was being so generously buttered by the man with whom he was negotiating.

Much has changed since 1999. For one thing, the Sarbanes-Oxley law passed in the wake of the corporate scandals of 2002 now requires option grants to be reported in 48 hours -- making backdating extremely difficult, if not impossible. For another, corporate boards are under fire, and as a result spend a lot more time doing their jobs. They are likely to pay more attention to pesky details, such as options-grant dates.

Still, the UnitedHealth mess suggests there is more to be done. Sarbanes-Oxley put strict requirements on audit committees, but not on compensation committees. They should consist of truly independent directors and should work with truly independent compensation consultants. (Mr. Spears' ad hoc committee was advised by the now-defunct Arthur Andersen LLP, which was also the company's outside auditor, thus raising questions about a possible conflict.)

Beyond that, the UnitedHealth fiasco provides fuel for those who want to tighten the ties that bind directors to shareholders -- by, for instance, requiring directors to be elected by majority vote, or enabling large shareholders to place director candidates on the corporate proxy ballot, or giving shareholders an advisory vote on executive pay. All these proposals are gradually gaining ground in the U.S., and outrage over CEO pay is likely to ensure they keep moving ahead.

Shareholders, of course, have reason to be ambivalent about all of this. Dr. McGuire may have lined his own pockets, but he also lined theirs. His successor -- for now, Stephen Hemsley -- will find directors looking much more carefully over his shoulder. That may prevent the kind of compensation games that Dr. McGuire played. But it is unlikely to ensure the kind of extraordinary returns that Dr. McGuire delivered.

UnitedHealth's Options Scandal Shows Familiar Symptoms (WP)

By Steven Pearlstein

The Washington Post, October 18, 2006

Anyone with health insurance from UnitedHealth Group knows what happens if you fail to fill in every box on the form, or attach the requisite back-up material, to get reimbursed for a $40 prescription. You're not going to see a dime until you've been put on hold for 30 minutes, faxed the paperwork twice to somebody in Minnetonka, Minn., and demanded to talk to a supervisor.

So imagine my surprise when I read this week about the loosey-goosey process UnitedHealth used to issue billions of dollars' worth of stock options to top executives over the past few years. According to a report prepared by lawyers at WilmerHale, the board of directors and its compensation committee didn't bother keeping good notes about their decisions regarding pay negotiations and stock options. And the documents authorizing those options conveniently left the date blank, so that someone -- even today, it's not exactly clear who -- could later pick the date that just happened to make the options as valuable as possible.

Isn't it odd that a company could be so persnickety when it comes to pinching pennies from doctors and patients, and so cavalier when it comes to lavishing executives with hundreds of millions of dollars of shareholders' money?

Or maybe it's not. Maybe what we have here is the most outrageous corporate scandal since Enron and WorldCom.

The crux of the UnitedHealth story concerns employee stock options. Just to review, an option lets the employee buy a share of the company stock at a predetermined "strike" price -- usually the market price at the time of issue -- and then sell it in the future, when and if the stock is worth more. The benefit to the employee is the difference between the strike price and the subsequent sales price. The cost to shareholders is that all their stock is now worth a bit less because the newly issued shares dilute their stake.

Thanks to clever reporting by the Wall Street Journal earlier this year, we now know that corporate executives have been routinely setting strike prices on dates when the shares hit temporary lows -- rather than the dates on which the options were issued, which is what most people assumed. It's yet another game played by corporate executives at dozens of companies to pick the shareholders' pockets. And it's the latest evidence of how executive compensation has become a cancer, eating away at the souls of even the most successful American corporations.

Consider the case of William McGuire, who over the past 15 years has transformed UnitedHealth from a struggling regional insurer in Minnesota into the second-largest health insurer in the country, largely through acquisitions of companies like Mid Atlantic Medical Services of Rockville. One in six Americans is a UnitedHealth customer. Under McGuire's leadership, the company's market value has risen to $60 billion. During that same period, he amassed stock options more valuable than those of any chief executive in history: $1.5 billion.

Even by today's standards, McGuire's compensation has been obscene. The big change came in 1999, when, in negotiations over a new contract, he demanded a pay package that would give him 2 percent of UnitedHealth shares. Significantly, McGuire insisted that he alone get to decide the timing of those options. And he wrote in a provision that he could be fired only upon a felony conviction, or failure to rectify a serious problem after repeated notices from the board.

The board of directors that agreed to such a lavish, one-sided contract included several luminaries: Tom Kean, the former governor of New Jersey and later chairman of the 9/11 commission; James Johnson, the former chief executive of Fannie Mae

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who created the culture that led to that company's costly accounting scandal; Gail Wilensky, a respected health-policy expert who once ran the Medicare and Medicaid programs; and former vice president Walter Mondale.

What were these directors possibly thinking? We have some insight on that from William G. Spears, a Wall Street money-manager who was a member of the compensation committee in 1999. He explained to the Journal that if the board had refused to go along with McGuire's piggy requests, "Bill would take it as a signal that directors weren't enthusiastic about his leadership. That would be a distraction, at the very least. Bill takes these things as a benchmark of how directors feel about him."

Well, we wouldn't want Bill to feel unappreciated, would we? Particularly if you're Spears, and you're also managing millions of dollars in McGuire's personal assets, and serving as trustee for two trusts set up for the benefit of McGuire's children, and you just accepted an investment of $500,000 from McGuire to help finance the repurchase of your firm from a financial conglomerate. Such potential conflicts of interest are supposed to be reported to other directors, of course, as well as the shareholders in the company's annual proxy report. But that was just another tiny detail that somehow slipped through the cracks.

McGuire was not the only one to benefit from the directors' ineptitude. There was also his trusty chief operating officer, Stephen Hemsley, who upon being hired in June 1997 was presented with 400,000 stock options with an issue date of five months earlier. Hemsley told the WilmerHale lawyers that he "didn't recall focusing at the time" on the $2.9 million gimme he'd just been handed as a result of the backdating.

You might say that Hemsley comes honestly to his lack of focus and ethical sensitivity. Before coming to UnitedHealth -- I'm not making this up -- he'd spent the previous 23 years at Arthur Andersen, rising to chief financial officer. That's the same accounting firm that helped bring you Enron, WorldCom and Freddie Mac. And, you'll be shocked to learn, it's the same Arthur Andersen that served as a consultant to Spears and other members of UnitedHealth's compensation committee.

Around the same time that UnitedHealth directors were rubber-stamping McGuire's employment contract, they also approved another of McGuire's stock option initiatives. The company stock was in a slump, making worthless many of the options held by company executives, including 750,000 by McGuire. As McGuire explained it, morale was suffering and it was getting harder to retain key employees. Some companies had addressed this problem by "repricing" options -- lowering the strike price so the options were magically valuable again. But, as the WilmerHale lawyers put it so delicately, there were "disadvantageous accounting and disclosure ramifications" to repricing. Translation: bad publicity and a hit to earnings. So McGuire came up with the cute idea of having the board simply "suspend" the old options and issue new ones with a lower strike price.

The directors agreed. But the following August, after the stock price had risen substantially, the board also agreed to McGuire's request to "reactivate" the suspended options, essentially doubling the number of stock options issued. The motivation was unclear, but according to WilmerHale, these actions were never properly accounted for or reported to shareholders. Translation: accounting and securities fraud. And this little bit of double dipping added another $250 million to McGuire's net worth, the Journal reported.

One of the more interesting revelations from the WilmerHale report is that these and other outrages at UnitedHealth pretty much stopped following the 2002 passage of the Sarbanes-Oxley law, requiring directors and outside auditors to ensure that companies had adequate internal controls. The U.S. Chamber of Commerce and other business groups have been running around the country, complaining the law has overreached, stifling American risk-taking and innovation. I wonder if backdating stock options is the sort of risk-taking and innovation the chamber has in mind.

In response to these revelations, you'd think UnitedHealth directors would at least have had the manners to apologize to shareholders, if not to resign. Instead, they've followed the well-worn path of insisting they did nothing wrong while taking steps to ensure it won't happen again.

After praising him for his "leadership, energy and vision," the board allowed McGuire to retire with his full pension and all his options. The good doctor graciously agreed to reprice his options from the most favorable to least favorable dates -- a concession that could cost him $200 million.

Hemsley was rewarded for his lack of focus by being named to succeed McGuire as chief executive. He was also directed to root out the senior executives in the legal, accounting and personnel departments who provided the bad advice on which the board and chief executive now say they have relied. Hemsley, too, has volunteered to reprice his options.

Spears announced his resignation from the board, which expressed "gratitude for his many contributions during his 15 years of service."

And, in a stunning example of the barn door and the departed horse, UnitedHealth's directors declared they would no longer award stock or stock options to top executives.

Guidelines Set For How To Audit Stock Options (WSJ)

By Siobhan Hughes

The Wall Street Journal, October 18, 2006

The U.S. accounting-firm overseer issued long-awaited guidance for auditing the value of employee stock options.

The 28-page document comes at least a year after the Public Company Accounting Oversight Board began to develop advice on how to verify that companies are properly determining the cost of stock options. Companies have been required to treat stock options as an expense since as early as mid-2005 because of an accounting shift that still angers some businesses.

"The staff's questions and answers were developed to help auditors apply the existing auditing standards to this area appropriately and consistently, and I encourage auditors to review this guidance as they plan for calendar year-end audits," Tom Ray, the PCAOB's chief auditor, said in a statement.

In its guidance, the PCAOB reminds auditors that because companies typically must estimate the value of employee stock options because the prices generally aren't set in a market, there is a risk of producing misleading figures. As a result, the board said that auditors should be aware of possible pitfalls, such as how changes in assumptions can affect the fair value of the options.

For example, the PCAOB suggested that auditors should pay attention if a company chooses an expected volatility that is the lowest in the range of possible expected volatilities. The more volatile the stock price, the more valuable the employee stock option, and the higher the cost to the company.

The audit oversight board also offered guidance on when to use the Black-Scholes model, and when to use what is known as a lattice model. The Black-Scholes model for valuing employee stock options is more standardized, but a lattice model "might more fully reflect the substantive characteristics" of the employee stock option, the board said. In a lattice model, there are more variables, which means companies could more specifically tailor the value of stock options to factors that are specific to their companies.

Stock options give employees the right to buy stock at a preset price at a future date -- typically the same as the company's closing price on the date the option is granted. In July, the PCAOB issued separate guidance on stock options, saying that auditors might need to review earlier audits if they receive information that the stock options might have been backdated, or awarded retroactively when the stock price was lower.

If The Price Is Right (NYT)

The New York Times, October 18, 2006

Buyout firms are engaged in an unprecedented feeding frenzy, gobbling up publicly traded companies like never before. While buyouts can set lagging businesses back on the right track, regulators and shareholders must be watchful to ensure that managers demand fair value for the companies.

In a typical buyout, a firm or consortium of firms purchases all the public stock in a company and takes the company private. The expression “leveraged buyout” refers to the large debt that usually finances this process — the way a homebuyer makes a down payment on a much larger mortgage.

The $33 billion acquisition of the hospital chain HCA earlier this year ranks as the largest leveraged buyout ever. Two firms recently bid $15 billion for Harrah’s Entertainment, the world’s largest casino operator. These deals are happening across the economy, as everyone from wealthy individuals to investment banks hunt for high-return investment opportunities. Even pension funds have gotten into the business, helping to fuel the trend.

According to Thomson Financial, buyout firms have spent $275 billion so far this year taking companies private, or over a quarter of the $1 trillion total for mergers and acquisitions. In the previous 20 years the highest share was 14.1 percent.

Leveraged buyouts have something of a bad reputation for what, in its worst form, is something like corporate looting. In those cases, a company’s balance sheet would be quickly loaded with high levels of debt to pay the buyers exorbitant dividends and management fees. They would then flip the debt-ridden company as quickly as possible, either to another buyer or through a public offering.

Done correctly, a buyout can be a very productive way to unlock a business’s real potential. Once a company is privately held, management can ignore the short-term dictates of the stock market and focus on the investments needed for long-term growth. A recent Harvard Business School study found that when bought-out companies were put back on the equity market they outperformed other initial public offerings and the market as a whole.

The main concern for shareholders, however, is the initial sale price. Corporate management can face conflicts of interest when the terms of a bid are better for top executives than shareholders. And management often leads a buyout itself, which discourages other prospective buyers from submitting competing bids and keeps the price artificially low.

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The Justice Department reportedly is looking into whether the old-boy network of private-equity firms has gotten a little too chummy, examining whether firms are colluding to keep prices low. It is a move we support. Too often public stockholders end up getting the raw end of these deals.

CRIMINAL LAW:

House Page Program Leaders Discuss Trip (AP-Y)

By Larry Margasak, Associated Press Writer

AP, October 18, 2006

House page program overseers this week discussed a camping trip that Rep. Jim Kolbe, R-Ariz., took with two former pages and others in 1996, a congressional official said Tuesday. The trip is under review by the Justice Department.

The five-member House Page Board, three lawmakers and two House officials, took no action and did not have any information beyond recent news accounts of the trip, the official said.

The discussion indicates that the board is moving beyond the overly friendly e-mails and sexually explicit instant messages that ex-Rep. Mark Foley, R-Fla., sent to former male pages. The House ethics committee and the FBI are investigating Foley's approaches to the teenagers.

The congressional official is familiar with the Page Board discussion but was not authorized to be quoted by name about the meeting.

While the Page Board does not have investigators, they could ask Kolbe to meet with them.

When the Foley scandal became public in late September, House Speaker Dennis Hastert asked the chairman of the Page Board, GOP Rep. John Shimkus of Illinois, to investigate the page system.

"We want to make sure that all our pages are safe and the page system is safe," Hastert said.

Pages are high school students who perform errands for lawmakers, learn about Congress and attend classes at a congressional school.

Meanwhile, the ethics committee continued to call witnesses for closed-door testimony. On Tuesday, House Sergeant-at-Arms Wilson Livingood, a member of the Page Board, was questioned for less than two hours. He would not comment afterward.

The committee still has not heard from the former clerk of the House, Jeff Trandahl, who as a board member confronted Foley in the fall of 2005, along with Shimkus.

Their visit came after the House speaker's office learned that Foley sent e-mails to a 16-year-old former male page from Louisiana. While the e-mails were far milder than the sexually explicit instant messages Foley sent to other former male pages, they raised questions. Foley asked what the youngster wanted for his birthday and requested a photograph.

Shimkus has said previously that Foley told him and Trandahl that he was acting as a mentor and that nothing inappropriate had occurred.

Foley was ordered by Shimkus to cease all contact with the former page and assured Shimkus he would do so, the board chairman said. He also was advised to watch his conduct with current and former House pages and he gave assurance he would do so, Shimkus said.

The ethics committee also heard Tuesday from Paula Nowakowski, chief of staff to House Majority Leader John Boehner, R-Ohio. Boehner has said he spoke to Hastert about Foley earlier this year, but the speaker said he does not recall the conversation.

Boehner has said Hastert told him the Louisiana page's complaint "had been taken care of." The majority leader is scheduled to testify this week.

The Kolbe trip was discussed at a conference call of the Page Board on Monday.

The meeting was first revealed several hours later by the lone Democrat on the Page Board, Rep. Dale Kildee of Michigan, who declined to say what was discussed. Kildee has been upset that Shimkus never told him about the problems with Foley.

Kolbe took the former pages as well as staff members and National Park Service officials on a Fourth of July rafting trip in the Grand Canyon in 1996, his former spokeswoman, Korenna Cline, said last week.

A federal law enforcement official said last week an allegation related to the trip was given to the U.S. attorney's office in Phoenix. It was not immediately clear whether it concerned any contention of improper activity by the retiring Kolbe — the only openly gay Republican in Congress.

The official described the inquiry as preliminary and as far narrower in scope than the federal investigation concerning Foley, who resigned Sept. 29 after he was confronted with sexually explicit instant messages sent to former pages.

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A second law enforcement official said the 1996 Kolbe trip may be too old to investigate as a criminal matter. Both officials spoke on condition of anonymity because of the ongoing investigation. A Justice Department spokeswoman declined to comment.

Cline said last week the rafting party included five current staffers, two former pages and Kolbe's sister. Nothing inappropriate happened on the trip, she said. She did not know who the pages were or what year they worked for Kolbe, but she said they paid their own way.

Beth Kolbe, the congressman's younger sister, who was on the three-night trip, said that nothing inappropriate happened and that she had not heard of any concerns from anyone until the story of the camping trip appeared in the news media.

Religious Right Finds GOP's 'Big Tent' May Be Too Roomy (LAT)

By Johanna Neuman

The Los Angeles Times, October 18, 2006

WASHINGTON — In recent years, the Republican Party has broadened its appeal with a "big tent" strategy of reaching out to voters who might typically be Democrats. But a debate is now growing within the GOP about whether the tent has become too big -- by including gays whose political views may conflict with the goals of the party's powerful evangelical wing.

Some conservative Christians, who are pivotal to the GOP's get-out-the-vote effort, are charging that gay Republican staffers in Congress may have thwarted their legislative agenda. There are even calls for what some have dubbed a "pink purge" of high-ranking gay Republicans on Capitol Hill -- and in the administration.

The long simmering tension between gays and the religious right within the GOP has erupted into open conflict at a sensitive time, just weeks before a midterm election that may cost Republicans control of Congress.

"The big tent strategy could ultimately spell doom for the Republican Party," said Tom McClusky, chief lobbyist for the Family Research Council, a Christian organization that champions marriage. "All a big tent strategy seems to be doing is attracting a bunch of clowns."

Now the GOP is facing a hard choice -- risk losing the social conservatives who are legendary for turning out the vote, or risk alienating the moderate voters who are critical to this year's midterm outcome.

"There's a huge schism on the right," said Mike Rogers, a gay activist who runs a political "outing" blog to combat what he calls hypocrisy among conservative gay politicians. "The fiscal conservatives are furious at the religious conservatives, because they need the moderates for economic policy. But they need the social conservatives to turn out the vote."

The latest incident to outrage social conservatives was last week's remarks by Secretary of State Condoleezza Rice to the new federal AIDS program administrator. With first lady Laura Bush looking on, Rice swore in AIDS ambassador Mark Dybul, while his partner, Jason Claire, held the Bible. Claire's mother was in the audience, and Rice referred to her as Dybul's "mother-in-law."

"The Republican Party is taking pro-family conservatives for granted," said Mike Mears, executive director for the political action committee for Concerned Women for America, a lobbying group that promotes biblical values. "What Secretary Rice did just the other day is going to anger quite a few people."

It's not just anger at Rice that worries Republicans, but the possible effect on evangelical voters next month.

"For them to highlight that was totally a damper to the base that we need to turn out," said t he Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, a California lobbying group focusing on religious and social issues.

Adding to the disaffection among conservative Christians are the revelations in a new book charging that the White House used President Bush's faith-based initiative for political purposes while mocking evangelicals behind their backs.

The tension between gays and evangelicals in the GOP re-emerged in recent weeks during the page scandal involving former Rep. Mark Foley, R-Fla. The scandal drew scrutiny to the presence -- and behavior -- of gays in the Republican party, including Foley and several House staff members.

One evangelical leader, Family Research Council president Tony Perkins, said in a television interview last week there should be an investigation into whether gay congressional staffers were responsible for covering up Foley's habits of picking up men at parties and sending salacious messages to male pages.

Perkins also has questioned whether gay Republican staffers on Capitol Hill have torpedoed their priority issues, such as a Federal Marriage Amendment that would prohibit civil unions for gays. "Has the social agenda of the GOP been stalled by homosexual members and/or staffers?" he asked in an e-mail to supporters.

But some social conservatives deny they are interested in purging gay staffers from the party.

"We're not calling for what I've heard referred to as a pink purge," said McClusky. "We're asking that members (of Congress) might want to reflect on who's serving them. Are they representing their boss's interest?"

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Mears of the CWA observed that purging gays from the party would not necessarily help the evangelical cause in any case. "If you get rid of all the homosexuals in Congress and on the staff, you'd still have Republicans like Chris Shays (the congressman from Connecticut) and Susan Collins (the senator from Maine) pushing the gay agenda."

This week a list of allegedly gay Republican staffers has been circulated to several Christian and family values groups, presumably to encourage an outing and purge. McClusky acknowledged seeing the list, but said his group did not circulate it and had no intention of using it.

Still, for gay Republican staffers on Capitol Hill, it feels as if the noose is tightening. Fearful of having their names on such a list and losing their jobs after the election, they are trying to keep a low profile.

None of the gay Republican staffers contacted for this article would speak for the record. But Eric Johnson, a former Republican staffer who left the party over its anti-gay policies and now works for a Democrat on the Hill, said many of his old friends are worried.

"There's a real concern, a legitimate concern, about a lower glass ceiling -- preventing them from attaining higher positions in the party," said Johnson. "Most Republicans do lip service to the conservative side of gay issues. But on hiring practices, most of them have been pretty reasonable."

Indeed, Sen. George Allen, R-Va., a staunch opponent of gay marriage, has a campaigner manager who is gay. Sen. Rick Santorum, R-Pa., who has compared gay sex to bestiality, has a press secretary who is out of the closet. Both senators are in perilous races for re-election -- and neither staffer would talk.

The GOP for some time has been a bit schizophrenic in its approach to gay issues. Political guru Karl Rove ran Bush's re-election campaign in 2004 by mobilizing opposition to gay marriage, even as Vice President Dick Cheney noted that consenting adults of any orientation should be free to marry, and his daughter Mary Cheney's partner was welcomed at presidential events.

Bush himself has gone out of his way to telegraph a personal friendship with gays. He recently re-appointed Israel "Izzy" Hernandez, a gay man who had been a personal aide to Bush in Texas, to be assistant secretary of commerce and head of an international trade office.

And the Republican National Party says its tent is open to anyone who shares Republican views.

"The Republican Party welcomes individuals from all walks of life," said RNC press secretary Tracey Schmitt.

Regarding the threat of losing support from social conservatives, she added: "Our core supporters understand that a Congress led by Harry Reid and Nancy Pelosi would be devoid of a values agenda. They are mobilized and committed to electing Republican on Nov. 7."

Not every Republican thinks running against gays will work for the GOP again this year, as it did in 2004.

"Anti-gay politics isn't playing as well as it did two years ago" said Patrick Sammon, executive director of the Log Cabin Republicans, a lobbying group for gay Republicans. "It's shameful to use gay and lesbian people to score political points, but a corner's been turned. As polls keep moving in our direction, the party will become more inclusive."

Ex-House Clerk May Be A Key In Foley's Case (NYT)

By Jeff Zeleny

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — In the days after the Sept. 11 terror attacks, as elaborate battle plans were drawn to protect members of Congress and preserve government continuity, Jeff Trandahl, the clerk of the House, did something else. He obtained a commercial driver's license.

Mr. Trandahl wanted to be ready for the next emergency. Of all his responsibilities in Congress, a priority was safeguarding the high school students who work as pages. He arranged for buses to be parked nearby, so pages could leave their dormitories or the Capitol. If needed, he would drive them to safety.

His concern for the pages highlights the protection provided to the teenagers in their time here. But it also raises piercing questions about how years of whispers over a congressman's unwelcome advances could escape public notice until being exposed on a television news program.

Mr. Trandahl, a commanding behind-the-scenes player on Capitol Hill before stepping down last year, was little known outside Congress. But he has emerged as a central figure in the case of how the House Republican leadership dealt with the conduct of Mark Foley, the former representative whose sexually charged messages to Congressional pages have shaken the midterm elections.

As the House ethics committee pursues its investigation, few accounts are more crucial than Mr. Trandahl's in determining whether Republican leaders acted with enough urgency. He is scheduled to testify to the committee on Thursday, when he could corroborate — or contradict — accusations that Speaker J. Dennis Hastert's office knew about Mr. Foley's behavior at least three years ago.

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The House clerk, a vestige of the patronage system, serves at the pleasure of the speaker and, in recent years, Mr. Hastert's influential chief counsel, Ted Van Der Meid. House investigators are trying to deduce whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, had a role in the handling of the complaints about Mr. Foley.

As House clerk, Mr. Trandahl had a rare bird's-eye view of what was occurring beneath the Capitol dome. As a gay Republican, he also had a window into a subculture not widely discussed within his party.

Although he never dwelled on his sexuality, he also did not go to extreme lengths to conceal it, unlike Mr. Foley, who publicly acknowledged he is gay only after resigning this month.

Mr. Trandahl, 42, has told friends he was not a social friend of Mr. Foley and did not jeopardize pages' safety. He has declined to discuss the case publicly while it remains under investigation by the ethics committee and the F.B.I., which is trying to determine whether Mr. Foley broke laws by exchanging sexually explicit messages with current and former pages.

Interviews with more than 20 former colleagues and acquaintances, Republicans and Democrats alike, paint Mr. Trandahl as a fastidious manager with a penchant for playing by the rules. At the same time, the colleagues and acquaintances said, he was a keen inside player who mastered the art of navigating an institution that is structured to protect its own.

"When the rest of the trees blow down, Jeff Trandahl will be left standing up," said Craig Shniderman, executive director of Food and Friends, a charity here, who has known Mr. Trandahl for nearly a decade. "This is a pretty complicated situation, but I don't have any doubt that he did the right thing."

For seven years, Mr. Trandahl oversaw more than 300 employees, a $20 million budget and House functions. He also supervised the page program. And in the conflicting accounts and varying recollections about when Republican leaders learned of Mr. Foley's conduct, it is Mr. Trandahl who seems interwoven at each step along the way.

In the House, Mr. Trandahl had what amounted to an all-access pass, giving V.I.P.'s and friends tours through little-known corridors and up to the high arches of the rotunda. He guided many facets of House operations from an ornate second-floor office overlooking the Mall. Just a handful of politicians enjoyed a grander view of the Washington Monument.

Mr. Trandahl arrived in Washington in 1983, months after graduating from high school in Spearfish, S.D., to work in the office of Senator James Abdnor, Republican of South Dakota. After Mr. Abdnor was defeated three years later, he found his eager young aide a job on the House side of Capitol Hill, working for the senator's close friend Representative Virginia Smith, Republican of Nebraska.

By then, Mr. Trandahl had earned a degree in government from the University of Maryland and began to stand out as a consummate networker in a city filled with networkers.

He ascended to various positions in the House, seldom forgetting a name or face, and was an experienced insider in 1994 when Republicans took control of the House for the first time in four decades.

In 1998, Newt Gingrich promised to clean up years of patronage largess in the House, first by Democrats and then by Republicans, and appointed Mr. Trandahl acting clerk of the House. After unexpectedly becoming speaker, Mr. Hastert made Mr. Trandahl's appointment permanent.

Suddenly, Mr. Trandahl was a constitutional officer, standing barely more than arm's length from President Bush as he took the oath of office and presiding over the House at the dawn of each session of Congress.

"He wasn't seen as partisan," said George Shevlin, a friend of Mr. Trandahl who is a longtime Democratic staff member of the House Administration Committee. "He was seen as very dedicated to the institution. When things got to be too partisan, that seemed to bother him."

As clerk, Mr. Trandahl supervised the page program. So concerns involving their conduct were routed to him. Most every year, he sent at least some pages home for drinking alcohol, smoking marijuana or simply misbehaving.

Former pages and staff members say he guided the young Congressional errand runners with a fair, but strict hand, earning him the nickname J. T. Money.

"With the kids, money was like gold, and his word was like gold," Matt Frattalli, a former tutor at the Congressional page school, said. "There was no slack with him. You respected him and you feared him."

Over the years, people who worked with him on the Hill said, Mr. Trandahl received periodic complaints that Mr. Foley was acting too friendly to the pages or interns.

The House ethics committee is trying to determine whether Mr. Trandahl simply passed along the information to Kirk Fordham, a longtime aide to Mr. Foley, or whether he alerted the speaker's office that Mr. Foley's overfriendly behavior had grown beyond idle gossip.

Representative Jim Kolbe, Republican of Arizona, said he informed the clerk's office more than five years ago of concerns a former page shared about an inappropriate e-mail exchange with Mr. Foley.

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Last year, when Mr. Trandahl was alerted to e-mail messages that Mr. Foley had sent a former page in Louisiana, he confronted Mr. Foley with Representative John Shimkus, Republican of Illinois and chairman of the page board.

By the time word of the e-mail exchange surfaced, Mr. Trandahl was making plans to leave Capitol Hill after 23 years. He had accepted a position as executive director of the National Fish and Wildlife Foundation, blending politics with a lifelong passion for the outdoors.

Friends dismiss the suggestion that his departure was linked to the Foley case.

"This goofy notion that he vanished in a poof of smoke is wrong," said John Scofield, a Republican staff member of the House Appropriations Committee.

Before leaving, Mr. Trandahl received bipartisan praise from Mr. Hastert and the House minority leader, Representative Nancy Pelosi, Democrat of California.

Some aides were surprised that Mr. Trandahl did not accept a lucrative lobbying position here. People close to him said he recoiled at the thought of returning to Capitol Hill to befriend members of Congress while pushing legislation for clients.

It was the culmination of a pattern, friends say, of never wanting to socialize on the Hill after long days and nights surrounded by politics and government.

"I don't control the actors," Mr. Trandahl once told The Aberdeen American News of South Dakota. "But I control every other part."

Now, he spends his spare time in Rappahannock County, Va., where he restored a brown A-frame house on the side of a rugged hill, overlooking waterfalls and a rippling creek filled with trout.

It is 72 miles, but a world away, from downtown Washington, where visitors travel across roads called Fogg Mountain, Fish Hawk Pass and Points of View Lane.

Biz Groups Want Their Money Back (HILL)

By Jeffrey Young

The Hill, October 18, 2006

The small group of lobbyists who gathered, checkbooks in hand, for a lunchtime fundraiser at Bistro Bis on Capitol Hill a few weeks ago had no idea that some of them would soon be scrambling to get those checks returned.

It was Tuesday, Sept. 26, and the recipient of their largesse was a veteran Republican lawmaker with a choice seat on the House Ways and Means Committee, former Rep. Mark Foley (Fla.). Just three days later, Foley's political career and personal life dramatically self-destructed when ABC News broke the story that Foley had carried on inappropriate Internet conversations with former congressional pages.

These lobbyists are not the only contributors looking to distance themselves from the Foley scandal and recoup the thousands of dollars they gave to help the incumbent, who did not face a competitive challenger, return to the House for his seventh term.

In the weeks since Foley's resignation and retreat into an alcohol-abuse rehabilitation facility, a number of corporate and trade association PACs also have sent word to Foley's campaign that they want refunds.

"I stopped payment on my check," said Andrew Shore, a lobbyist with Mayer Brown Rowe and Maw and a co-host of Bistro Bis fundraiser. Shore already got his uncashed check returned, he said. He estimated that eight lobbyists attended the luncheon and still more sent checks along.

By Friday, Sept. 29, some of them were placing calls to Foley's campaign office in Florida or to the Washington, D.C.-based Catalyst Group, which administered his fundraising: they wanted their money back.

That same evening, the Catalyst Group had severed ties with the campaign and begun referring inquiries to Florida. The Catalyst Group's Joe Rachinsky said they got about 20 calls between Friday and Monday from donors asking what to do.

Under federal election law, campaigns are not required to return contributions on request but anecdotal accounts from donors suggest that candidates typically agree to return money when asked.

The Hill contacted more than a dozen PACs that ranked among the biggest contributors to Foley's campaign and to his leadership PAC this election cycle.

Most did not return calls. Some PACs declined to comment, such as Altria Corporation, which gave $6,000 to the campaign and $1,000 to the leadership PAC, and the Independent Insurance Agents and Brokers of America, which contributed $6,000 to Foley's campaign.

But others disclosed that they have or plan to deliver letters to Foley's campaign treasurer Donna Winterson, also his sister, asking that their money be returned.

The PAC associated with the National Air Traffic Controllers Association (NATCA) is one of those that plan to do so. It will ask the campaign to return its $5,000 contribution but it doesn't have high hopes.

"More than likely, [Foley will] say no because he'll use it for his legal defense fund," the spokesman said, voicing concerns that might be shared by many corporate and association executives

The Federal Election Commission (FEC) can permit officeholders to convert their campaign coffers into legal defense funds, as well as other purposes spelled out in regulations. Recently, Rep. Bob Ney (R-Ohio), Rep. William Jefferson (D-La.), former Rep. Randy "Duke" Cunningham (R-Calif.) and former Rep. Tom DeLay (R-Texas) have diverted campaign money to their criminal defenses.

The National Association of Federal Credit Unions, like those Bistro Bis lobbyists, acted quickly to ask for its $1,000, said Dillon Shea, the group's political director. "When we learned that there were inappropriate and possibly illegal [instant messages] and e-mails sent to young [former] pages, we immediately sent a letter to Foley's treasurer requesting our contribution back." They have not heard back.

Likewise, the PAC associated with the insurance company AFLAC has asked that its $10,000 be returned and the American Health Care Association's PAC will send a letter this week requesting a refund of the $7,500 it gave to Foley's campaign this cycle.

United Parcel Service (UPS) spokesman David Bolger said company policy is to ask any candidate who withdraws from a race to return contributions. But the PAC asked for only half of the $10,000 it gave Foley this cycle. UPS wants the $5,000 it views as a general-election contribution to be refunded, Bolger explained. The company considers the other half to have been for the Sept. 5 primary election, and did not ask for it back, he said.

Although only a handful of PACs declared they had written to request their money be refunded, or would do so, more could follow.

Trey Hawkins, the political director of the Credit Union National Association, said it was too soon to decide about the $5,500 the group's PAC gave Foley's campaign. Similarly, William Robb, the physician who serves as treasurer for the PAC affiliated with the American Association of Orthopaedic Surgeons, said its board had not had time to discuss what steps to take.

Even if Foley's campaign abides by requests from PACs and individual donors that their money be returned, the former lawmaker has a sizeable war chest he could use to mount a legal defense against criminal charges, should any be laid against him.

According to disclosure forms filed by Winterson to the FEC on Oct. 11, Foley has $1.94 million in cash on hand, including $193,000 he raised in the third quarter of this year. His leadership PAC raised $1,500 during the same period and has a $14,100 balance.

Foley Set To Name Abuser (NYT/AP)

By The Associated Press

The New York Times, October 18, 2006

WEST PALM BEACH, Fla., Oct. 17 (AP) — Former Representative Mark Foley will reveal to the Archdiocese of Miami the name of the Roman Catholic clergyman he says abused him as a teenager, Mr. Foley's civil lawyer said Tuesday.

The lawyer, Gerald Richman, said the clergyman was still alive.

An archdiocese spokeswoman said the church had urged Mr. Foley to identify his abuser. Mr. Richman said the statute of limitations on sexual assault had expired long ago. He said Mr. Foley had not told him the name of the clergyman but has told another lawyer.

Seeking Post-Foley Unity (HILL)

By Patrick O'connor

The Hill, October 18, 2006

Desperate to talk about something other than scandal, House Republican leadership staffs are coordinating a messaging blitz in an attempt to shift some emphasis back to national security and the economy before the Nov. 7 election.

With less than three weeks for the GOP to salvage its majority, the new media campaign is the first formal coordination between leaders' offices since they were fractured by the scandal surrounding former Rep. Mark Foley's (R-Fla.) sexual explicit messages to underage former pages.

Aides to House Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio), Majority Whip Roy Blunt (R-Mo.) and Conference Chairwoman Deborah Pryce (R-Ohio) met yesterday in the Lincoln Room of the Speaker's Capitol suite to plan ways to help embattled Republicans sidestep national media and target local press.

"We have 20 days to get our message out," Hastert spokesman Ron Bonjean said. "Our focus will be to expose that a Democrat majority would stand for higher taxes and national security policies of weakness and appeasement."

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Republicans are struggling to maintain their majority in the face of dismal poll numbers and stumbles by the White House and the elected leadership, particularly on the Foley matter.

Spending by the National Republican Congressional Committee (NRCC) and the Democratic Congressional Campaign Committee (DCCC) suggests that the field of vulnerable Republicans continues to expand. A handful of GOP lawmakers in safe seats also saw a modest drop in their internal poll numbers in the two weeks after the Foley scandal broke, aides to those members said last week.

In an effort to refocus House Republicans after two weeks of questions about whether Hastert's senior aides knew about Foley's history of inappropriate contact with pages, Boehner sent members a memo on Monday urging them to move their message beyond the Foley scandal and work to define congressional Democrats on national security and taxation.

"Just as we were looking forward to going home to talk about what we'd accomplished, the despicable conduct of former Congressman Mark Foley instead became the story," Boehner wrote.

He then explained that leaders took "action to engage the appropriate authorities to conduct a thorough review of all the facts.

"Having done this, Republicans are back on offense on the big issues facing our nation."

These House GOP efforts come as national Republicans try to rally staff, donors and volunteers amid widespread fear that the party will lose power in at least one chamber.

On Monday, Republican National Committee Chairman Ken Mehlman urged GOP aides at the Capitol Hill Club to contrast the two parties on issues such as national security and the economy, an aide present said.

Mehlman walked staffers through some positive developments in states he had visited recently, such as Missouri and Ohio, and explained how he thought Republicans could still hold their majorities in both chambers despite the poisoned political environment.

Afterward, Republican pollster Ed Goas explained how the Foley scandal had a limited political impact and how some of the most recent polls underrepresented the GOP's base voters.

Republicans have seized on remarks by Democratic leaders in the House to suggest they would let President Bush's tax cuts lapse or even raise taxes to close the budget deficit. House Minority Leader Nancy Pelosi (D-Calif.) has said she would include a provision in the rules package to implement pay-as-you-go budgeting rules, something conservative Republicans strongly support but that would require Congress to either make drstic cuts in feeral spending or raise taxes.

In his memo to members, Boehner includes a transcript from NBC's "Meet the Press" in which Pelosi, responding to a question about whether Democrats would raise taxes, said, "You put everything on the table and you decide what are the priorities for the American people."

Democratic aides said their party remains committed to middle-class tax cuts and charged the Republicans with making desperate political attacks.

"Republicans are playing the only hands they have by trying to create a distraction with desperate and false barbs," Pelosi spokeswoman Jennifer Crider said. "Leader Pelosi and House Democrats making fiscal responsibility a high ethical standard and middle class tax cuts a top priority must be a frightening prospect for the failed economic policies and ballooning budget deficits created by President Bush and his rubber stamp Congress."

Republican leaders in the House are working to coordinate with the White House and various committee chairmen to hold conference calls with local media in competitive districts in an attempt "to define Democrats before they define themselves."

"We'll promote the strong Republican positions of fighting the War on Terror and growing the economy to a near 12,000 stock market high," Bonjean said.

The conference office sent out statements by Hastert, Boehner, Blunt and Pryce yesterday commending Bush for signing a law reinforcing the administration's program to try terrorism suspects. Hastert and Boehner both took shots at congressional Democrats while Blunt and Pryce focused on the benefits of the law itself.

Republican staffers are widely discouraged about their chance of holding the House in November.

Despite leadership efforts to refocus the debate, the ethics committee continues to question members and staff about when leaders first knew about Foley's inappropriate contact with pages, ensuring that this story will remain in the news through the election.

House Sergeant at Arms Bill Livingood, who is one of six members of the House Page Board, and Boehner chief of staff Paula Nowakowski appeared before the investigative panel yesterday. Rep. Rodney Alexander (R-La.), whose office sponsored one of the pages at the center of the scandal, is scheduled to appear today and Boehner is expected to answer questions tomorrow.

The Associated Press reported that members of the Page Board are interviewing former pages that took a rafting trip in 1996 organized by retiring Rep. Jim Kolbe (R-Ariz.).

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Whatever comes out of the ethics investigation, Republican leaders will continue their efforts to frame the debate as the election approaches.

The staff is planning to meet each morning and convene daily conference calls to discuss strategy during the remaining days before the election, aides said, adding that they hope to include committee staff and up to 30 Republican press secretaries to help.

"We're working together to remind the American people of the clear choice they face this election," Blunt spokeswoman Jessica Boulanger said.

Foley Scandal Turns Parents Into Web Sleuths (WSJ)

By Jessica E. Vascellaro And Anjali Athavaley

The Wall Street Journal, October 18, 2006

Lori Hahn of Sacramento, Calif., has made a habit of talking to her three teenagers about being careful whom they talk to online. Now, after the discovery that former Rep. Mark Foley sent sexually explicit instant messages to congressional pages, she says she is no longer taking any chances.

WATCH A VIDEO

1

Parents can use2 Web filtering software to help protect their children from online predators.

"The Foley news spurred me to take action," says Ms. Hahn, senior operations manager for a consulting firm, who days after the scandal broke installed IMSafer, a new program that promises to send her an email when sexual or predatory language appears in her children's IM conversations. "I trust their judgment. But I don't trust the people who are out there. The software gives me a little peace of mind."

The fallout from the Foley scandal has sent shockwaves through Congress and rattled employees across the country who are increasingly on edge about whether their boss is tracking their every online move. And, as new evidence about the vulnerability of kids online emerges in spurts, it is also jolting parents into better monitoring what their children say and do at their computers.

Tools that allow parents to prevent their kids from accessing Web sites with potentially objectionable content have been available for years, often offered free through Internet service providers. But in recent weeks, more parents are turning to pricey software programs that record not only what Web sites their kids visit, but also the content of their emails and instant messages. Some software comes bundled with services that flag suspicious behavior automatically, eliminating the need for parents to sort through the digital trail on their own.

In the two weeks since the scandal broke, sales of services that enable parents to monitor their kids computer use -- from Solid Oak Software Inc.'s $40 CYBERsitter Web filtering tool to a social-networking profile tracker from BeNetSafe LLC ($20 a month or $80 a year), have seen double-digit sales growth, according to the companies. SearchHelp Inc. of Syosset, N.Y., maker of software programs that allow parents to block Web sites, peek at their kids' computers in real time and receive text messages or emails when their children type or search for certain keywords and phrases -- saw online sales jump 10% during the same period. The news is also helping them get their product stocked in more mainstream retail locations, most recently at 191 Duane Reade Inc. pharmacies in the New York City area where the company's line of Sentry monitoring software was in stores this week.

Vendors have rushed to capitalize on the interest with new products. IMSafer Inc. fast-tracked the launch of software that creates an online record of suspicious words or phrases (like phone numbers or body parts) that surface in IM conversations. Since then, more than 600 people have signed up for the service, says Brandon Watson, founder and chief executive of the Houston-based company. The basic service is currently free but upgrades, such as the ability to monitor chats on social-networking sites like MySpace.com, will soon carry a $30 annual subscription fee.

More employers, meanwhile, are offering cyber-safety classes for employees grasping for advice on how to better protect their own kids online. ComPsych Corp., a Chicago-based company that provides employee-assistance services, reports a 20% increase in phone calls from parents who are concerned about cyber-safety since the Foley scandal broke. The company has also seen an increase in the number of employers who have requested counselors to come conduct cyber-safety classes, 90-minute sessions that review various online threats and provide tips on warding off predators.

With children spending more and more time online, protecting kids while they are at their computers is emerging as a huge concern. One in seven 10- to 17-year-olds who use the Internet have received a sexual solicitation or approach online, according to the National Center for Missing and Exploited Children. Legislators are seeking a variety of ways to stamp out the problem by proposing new filtering and safety laws and by pressuring popular Web sites like News Corp.'s MySpace.com to better police their sites and enforce minimum-age restrictions.

Despite the warnings, experts say parents are still relatively complacent -- in part because they are intimidated by the software involved. Just 32% of online parents who have teens at home protect their computers with parental controls, according to Forrester Research, a market researcher. The vast majority of those use filters from Internet service providers because they are free and require little or no installation. AOL offers parental controls that can be tuned to the child's age or to block access to specific Web sites, for instance. Apple Computer Inc. and Microsoft Corp. offer similar options for some versions of their operating systems.

Only 10% of those who choose to monitor their kids invest in separate software purchased at a retail outlet, products that range from less intrusive applications that notify parents when suspicious activity occurs to nearly $100 programs that record exactly what appears on their kids' screens all the time.

Some of the newest products -- which must be installed on each machine being monitored and typically can't be disabled without the username and password of the person who installed it -- are designed to give parents the sense they are sitting at their kids' screens. SpectorSoft Corp. of Vero Beach, Fla., this month launched a new version of its surveillance software -- the $99.99 Spector Pro -- that lets parents scroll through a log of all the sites visited and emails and instant messages sent like a videotape on the computer they are tracking. The software, which resembles a product the company makes for corporate users, can be set to take pictures every second and to record keystrokes. Solid Oak Software, which has made a popular filtering software called CYBERsitter for years, last month launched SnoopStick, which allows parents to monitor their child's computer activities -- from IM conversations to Web browsing -- by plugging a USB drive into any computer.

But as with previous snooping software, problems such as high prices and installation glitches persist. Penny Herndon, a 44-year-old from Walnut Creek, Calif., recently tried to install SnoopStick on her daughter's computer, only to find that she was unable to connect to her daughter's computer from her own. Ms. Herndon, a forensic medical researcher, did finally get the connection working after customer service directed her to go to the start menu and to run a particular file. She says she hasn't had any problems since.

Cunningham Said To Help Two Contractors (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, October 18, 2006

Disgraced former Rep. Randy "Duke" Cunningham parlayed his seat on the Intelligence Committee into at least $70 million in business for two contractors who in turn paid him millions in bribes, an investigator hired by the panel has concluded.

The investigator's report, released Tuesday by the committee's top Democrat, found that Cunningham had exploited weaknesses in the system for monitoring secret federal spending.

It said that he and at least one associate secured the cooperation — or at least the acquiescence — of many people. They included members of Congress and their aides who handled bills that directed money to certain programs, Pentagon officials who awarded the contracts and officials at agencies where the contract work was done.

"This was a lot of people to persuade, cajole, deceive, pressure, intimidate, bribe or otherwise influence to do what they wanted," the report's executive summary says.

In a sign of partisan divisions on the committee, California Rep. Jane Harman, its top Democrat, unilaterally released the five-page document after months of disagreement with the committee's chairman, Rep. Peter Hoekstra, R-Mich. Together, the two had initiated the investigation, led by special counsel Michael Stern, and had hoped to release the findings jointly.

Harman said the committee must examine why "red flags" did not trigger greater scrutiny of Cunningham's activities, and she added that she and Hoekstra had worked on internal changes that must be made permanent. "The goal should be to make certain that no Cunningham of either party should be able to soil our committee again," Harman said in an interview.

Hoekstra said Cunningham's efforts to enrich himself are "reprehensible" and Harman's decision to release an internal committee document "is disturbing and beyond the pale." Her action "underscores her personal decision to politicize the committee and this critical inquiry," he said.

Now serving a sentence of more than eight years, Cunningham pleaded guilty in November to accepting at least $2.4 million in bribes from alleged coconspirators — government contractors Mitchell Wade and Brent Wilkes.

Wade, former president of MZM Inc., has also pleaded guilty to lavishing Cunningham with a yacht, cash, cars, antiques and meals over four years. Wilkes, who has not been charged, was the founder of San Diego-based ADCS Inc.

Cunningham's attorney, Lee Blalack, and Wade's attorney, Reginald Brown, both declined to comment on the report. Blalack said the committee has not provided him a copy of the document, and Brown said he and his client weren't contacted for the investigation.

Wilkes' attorney did not immediately return a call for comment.

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The House Intelligence Committee is charged with laying out intelligence spending priorities in an annual authorization bill, based on requests from lawmakers and government agencies. It then falls to the House Appropriations Committee, where Cunningham was also a member, to approve the spending.

Intelligence authorization bills are often quite broad, but some members are skilled at steering money to certain businesses.

The investigators found the committee authorized $70 million to $80 million in funding over five years that had been requested by Cunningham on behalf of Wilkes and Wade. When the legislation did not specify that the money go to companies associated with the two contractors, Cunningham still found ways to steer the funds by making his views known or using narrowly tailored language.

In one case spanning three years, Cunningham got the committee to direct to MZM a contract with a Pentagon unit called Counterintelligence Field Activity, despite aides' worries that it was a "pork barrel project and a waste of taxpayer money," the report says.

The investigators found that the committee's ability to conduct oversight of the work "appears to have been seriously impeded by the corrupt conspiracy between Cunningham and Wade."

The executive summary also acknowledges questions that remain unanswered:

· Stern's request to interview Cunningham has never been fulfilled. Harman and Hoekstra wanted to subpoena him, but Hoekstra didn't want to issue a subpoena only to have Cunningham invoke his Fifth Amendment protections, as his attorney has warned he would do. Hoekstra said discussions are continuing about Cunningham's testimony.

· Stern said "significant information" has remained out of reach. The House Appropriations Committee did not respond to requests to interview some of its staff, and follow-up requests to the Pentagon regarding some of its contracts have not been met.

· The report sees a need for law enforcement and national security agencies to examine Cunningham's dealings with foreigners. "While our review has not identified any national security breaches resulting from the Cunningham conspiracy, we are aware of dealings that that Cunningham had with certain foreign nationals," it said.

The investigations into Cunningham, Wade and Wilkes have included a number of figures whose alleged roles are only slowly coming into focus. They include the former No. 3 official at the CIA, Kyle "Dusty" Foggo, who retired this year under a cloud. Five federal agencies are looking into whether he used his position to improperly award classified CIA contracts to Wilkes, a close friend, and to others.

The report says more investigation is needed into Foggo's dealings with the intelligence panel, given his close relationship with former committee aide Brant Bassett. The investigator highlighted a June 2003 dinner with Bassett, Foggo, Wilkes and an unnamed individual at a Capitol Hill steakhouse.

The report said the unnamed individual managed a company that is involved in the investigation into whether Foggo abused his position. Through CIA spokespeople, Foggo has denied wrongdoing.

Foggo and Bassett tried to motivate other committee aides with "gifts of government trinkets such as carpets emblazoned with the words 'Global War on Terror,'" the report said. "At this stage, it is unclear whether these actions violated any law or regulation, but further inquiry is appropriate."

Bribes Cost Millions In Earmarks (WT)

By Shaun Waterman

The Washington Times, October 18, 2006

Former Rep. Randy "Duke" Cunningham inserted up to $80 million worth of earmarks for the contractors who bribed him into classified intelligence authorization bills between 2000 and 2006, bullying staff who became concerned, according to an interim report from a special House investigation.

The report, an unclassified five-page summary of a much longer document, is the fullest accounting to date of how Cunningham -- a California Republican now in federal prison after pleading guilty last year to bribery charges -- corruptly used his position on the House Permanent Select Committee on Intelligence to steer government business to two contractors.

It says that over six years, Cunningham and co-conspirators Mitchell Wade and Brent Wilkes "repeatedly sought to use [the committee] to facilitate the objectives of the conspiracy, particularly through requests for congressional funding ... that benefited Wilkes, Wade and other companies," which it does not identify.

The interim report, written by a specially appointed outside counsel, was made public by the ranking Democrat on the committee, Rep. Jane Harman of California, over the protests of Chairman Peter Hoekstra, Michigan Republican.

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"The unilateral decision by Harman to break our bipartisan, written agreement ... by releasing an incomplete, internal committee document that has not been reviewed by the other committee members is disturbing and beyond the pale," Mr. Hoekstra said, accusing Mrs. Harman of attempting to "politicize the committee and this critical inquiry."

Hoekstra spokesman Jamal Ware said that the chairman and the majority staff became aware of Mrs. Harman's intention to release the document only a few minutes before it was made public.

Cunningham pleaded guilty last year to taking $2.4 million in bribes from Wade and Mr. Wilkes. Wade admitted bribing Cunningham and others, but coverage at that time focused on the abuse of Cunningham's position on the House Appropriations subcommittee on defense.

That subcommittee appropriates funds for U.S. intelligence agencies, and the intelligence committee also authorizes their spending. Earmarks can be added by either. Cunningham's membership on both panels, the report says, was "key to the success of the Wilkes/Wade funding requests."

Another key was Cunningham's "willingness to pressure and intimidate individual [committee] staff members" who became concerned about the projects he was supporting, according to the report.

Among the subjects that the report says are being investigated further by "appropriate law enforcement and national security agencies" are reported gifts to a Republican committee staffer from Kyle "Dusty" Foggo, a former ranking CIA official.

Report Spells Out Abuses By Former Congressman (NYT)

By Mark Mazzetti

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Former Representative Randy Cunningham pressured and intimidated staff members of the House Intelligence Committee to help steer more than $70 million in classified federal business to favored military contractors, according to a Congressional investigation made public on Tuesday.

The investigation found that Mr. Cunningham, a California Republican who is serving an eight-year prison sentence for bribery, repeatedly abused his position on the committee to authorize money for military projects, often over the objections of staff members who criticized some of the spending as wasteful.

The inquiry also found that despite numerous “red flags” about the propriety of a particular contract for work on a controversial Pentagon counterintelligence program, committee staff members for three years “continued to accept and support Mr. Cunningham’s growing requests for this project.”

Mr. Cunningham resigned from Congress in November after pleading guilty to accepting more than $2 million in bribes from military contractors. His plea was mainly related to his activities as a member of the House Appropriations Committee.

The investigation’s report lays out for the first time how Mr. Cunningham maneuvered within the classified world of the Intelligence Committee to win secret contracts for two friends, Brent R. Wilkes and Mitchell J. Wade, both contractors.

Lawyers for Mr. Cunningham and Mr. Wade declined to comment on the report. A lawyer for Mr. Wilkes was traveling outside the country.

The report is another embarrassment for Congressional Republicans, who, three weeks before Election Day, are trying to contain the damage from accusations that former Representative Mark Foley, Republican of Florida, made sexually explicit remarks in e-mail messages to Congressional pages. The report on Mr. Cunningham was made public by Representative Jane Harman of California, the senior Democrat on the Intelligence Committee.

Ms. Harman’s action drew a rebuke from Representative Peter Hoekstra, Republican of Michigan and chairman of the committee, who called the release “disturbing and beyond the pale.”

In an interview, Ms. Harman said Tuesday that the public had a right to see the conclusions of the inquiry, which was led by Michael Stern, an outside special counsel, and completed in May. She said she had been pushing for months for the committee to produce an unclassified version of the report.

“I thought it would be out in early August,” she said, “well ahead of the election season.”

Only the five-page executive summary of the report was released. The full 59-page report remains classified.

Several crucial witnesses, including Mr. Cunningham, Mr. Wilkes and Mr. Wade, were not interviewed for the investigation.

Mr. Cunningham’s positions on both the Intelligence Committee and the Appropriations Defense Subcommittee gave him an advantage in obtaining classified spending provisions called earmarks.

In theory, the Intelligence Committee is supposed to authorize classified expenses before the Appropriations Committee puts them into military spending bills. But in practice, the Appropriations Defense Subcommittee has sometimes originated classified earmarks on its own, and the Intelligence Committee depends on the appropriators for its spending requests. By serving on both panels, Mr. Cunningham had influence over the entire classified budget process.

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The inquiry found no evidence that staff members of the Intelligence Committee had profited or expected to profit from Mr. Cunningham's dealings. It also concluded that committee staff members had been suspicious of Mr. Wade and "disinclined to provide him any favorable treatment."

At the same time, committee staff members repeatedly acceded to Mr. Cunningham's demands to steer money to Mr. Wade's company, MZM Inc. The report describes how Mr. Cunningham worked to gain support within the Intelligence Committee for a program run by MZM at the Counterintelligence Field Activity agency of the Pentagon.

The counterintelligence program has been criticized by civil liberties groups, which say it authorizes military officials to spy on Americans under the guise of protecting domestic military bases.

But as a result of a "corrupt conspiracy" between Mr. Cunningham and Mr. Wade, the inquiry found, the Intelligence Committee's ability to monitor the counterintelligence program effectively "appears to have been seriously impeded."

The report cited Mr. Wilkes's close friendship with Kyle Foggo, formerly a top administrator at the Central Intelligence Agency, who helped manage the agency's dealings with contractors. The inquiry found that Mr. Foggo also worked with Intelligence Committee staff members, including Brant G. Bassett, a former C.I.A. officer, on classified projects relating to the management of the agency.

Mr. Bassett and Mr. Foggo provided Intelligence Committee members with "trinkets" to win favor for their efforts, including a carpet displaying the words "Global War on Terror." The report said it was not clear whether these activities violated any regulation or law, but it recommended further inquiry.

The report suggested that Mr. Foggo, who is under investigation by federal authorities in San Diego for his dealings with Mr. Wilkes on a logistics contract, might be facing a broader inquiry than had been known. It said the investigation of Mr. Foggo also involved "several large contracts" managed by an unidentified contractor, who attended a dinner in June 2003 with Mr. Foggo and Mr. Wilkes at the Capital Grille here.

Mr. Foggo's lawyer, Mark J. MacDougall, declined to comment.

Report: Staff Caved To 'Duke' (HILL)

By By Roxana Tiron

The Hill, October 18, 2006

An executive summary of an internal House Intelligence Committee report released Tuesday by the panel's top Democrat gives the fullest accounting to date of how disgraced ex-congressman Randy "Duke" Cunningham (R-Calif.) used the intelligence panel and its professional staff to fund two defense contractors, who in turn, bribed him.

Cunningham, a former defense appropriator and chairman of the Intelligence terrorism, human intelligence, analysis and counterintelligence subcommittee, was able to obtain the intelligence panel's authorization for up to $80 million in funding for projects requested by defense contractors Mitchell Wade and Brent Wilkes.

The committee staff was fully aware that the funds were intended for a specific recipient and "either actively cooperated with or did not resist Cunningham's efforts to steer the funds toward that recipient," according to the report.

Intelligence Committee Chairman Pete Hoekstra (R-Mich.), took immediate offense to ranking member Rep. Jane Harman's (D-Calif.) decision to release the summary, saying that the move shows "blatant disregard" for a bipartisan agreement they had made to fully review the Cunningham matter and charging her with politicizing the inquiry.

Harman (D-Calif.) released the five-page unclassified report three weeks before Election Day as Republicans are playing defense on several ethics fronts.

In a statement, Hoekstra said that Cunningham had "reached out to the committee and offered his testimony, a possibility the independent counsel is still reviewing," noting that until a final determination can be made on whether Cunningham will testify, the inquiry cannot be considered complete.

Harman's decision to release the summary and Hoekstra's virulent reaction deepens a rift between the two that began months ago over whether Cunningham, who is now in prison, should be subpoenaed for the internal-panel investigation, which special counsel Michael Stern is conducting.

Harman has argued that the ex-lawmaker should be subpoenaed, but Hoekstra said subpoenaing him would not produce any new information because Cunningham would invoke his Fifth Amendment right against self-incrimination. In the meantime, Hoekstra contacted Cunningham in an effort he said was made to informally convince him to participate in the investigation — a move that Harman has called "totally inappropriate."

In a statement, Harman said that earlier this month Hoekstra agreed that it would be "appropriate" for the committee to release the five-page executive summary and Harman said she invited Hoekstra to join her in releasing it.

"In light of this report, our committee must examine why 'red flags' did not trigger greater scrutiny of Cunningham's activities, and what can be done to prevent this type of abuse in the future," Harman said in a statement.

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The web of corruption involving Cunningham, Wade and Wilkes has spread beyond the halls of Congress to the Pentagon and the CIA.

The report did not identify any specific national security breaches resulting from the Cunningham corruption, but it did find that Cunningham had dealings with certain foreign nationals, a discovery the committee expects the appropriate national security agencies and law enforcement officials to examine.

Cunningham's status as a defense appropriator with the power to influence the intelligence panel's key priorities and his willingness to pressure and intimidate individual staff members were key to the success of his funding requests to Wade, the owner of MZM Inc. and Wilkes, the owner of ADCS Inc., according to the report.

Wade pleaded guilty earlier this year to conspiring to bribe Cunningham, among other crimes. Cunningham is already serving an eight-year jail term after pleading guilty in November to accepting $2.4 million in bribes from Wade and Wilkes. Wilkes has not been charged with any crimes and has not pleaded guilty.

As a consequence of the conspiracy between Wade and Cunningham, the ex-lawmaker obtained support in 2003 for a new project at the Counterintelligence Field Activity office, which helps identify and thwart terrorists and spies. Committee staff agreed to support the project despite concerns that it wasted taxpayers' money.

Over time, aides also encountered numerous "red flags" with the new project, as well as with Wade's ethics, but despite those signs, Intelligence Committee staff members continued to "accept and support Cunningham's growing requests for this project from [fiscal year] '03 through FY 06," according to the report.

The conspiracy between Wade and Cunningham impeded the intelligence panel's oversight over the project and the agency itself. The committee was reluctant to share negative information about MZM and when it did, "there was little that … staff was willing or able to follow up," the report said.

But the report states that staff who dealt with Wade were, to varying degrees, suspicious of him and were not inclined to favor him other than the treatment they provided as a consequence of caving to Cunningham's demands.

The report also sheds light on the relationship between Brent Wilkes, Brant Bassett, a former panel staff member and ex-CIA operative, and Kyle Dustin "Dusty" Foggo, the CIA's No. 3 officer, who resigned after federal investigators raided his house in connection with the Cunningham corruption investigation.

Porter Goss, the former head of the CIA and ex-chairman of the Intelligence Committee, who had a close relationship with Foggo, also resigned but insisted at the time that his decision to step down had nothing to do with the corruption investigation.

Bassett, also known as "Nine Fingers" after losing one digit in a motorcycle accident, served as staff director of the Intelligence Committee when Goss was the chairman. Bassett had a close relationship with Foggo, who has known Wilkes for decades. While on the committee, Bassett worked with Foggo "to achieve certain objectives relating to the management of the CIA, " according to the report.

Bassett also introduced Foggo to key committee staff and they both sought to motivate those staffers to take certain desired actions by giving them government trinkets such as a carpet emblazoned with the words "War on Terror."

"At this stage it is unclear whether these actions violated any law or regulation, but further inquiry is appropriate," the report recommends.

Meanwhile, the Justice Department investigation of Foggo in the Cunningham matter includes awards of several large contracts to a company owner other than Wade and Wilkes. Foggo introduced Bassett to that individual in the spring of 2003 when Bassett was contemplating whether to leave the committee for the private sector.

"While we have not determined that Bassett had any involvement in the award[ing] of the CIA contracts either to Wilkes or to the other individual, we believe additional inquiry is warranted to determine whether Bassett or anyone else at the [committee] facilitated or was involved in any of the contract awards," the report said.

Many In Government Helped Cunningham Or Yielded, Panel Finds (WP)

By Walter Pincus

The Washington Post, October 18, 2006

Former congressman Randy "Duke" Cunningham (R-Calif.) channeled more than $70 million in Pentagon and intelligence agency contracts to two companies that paid him bribes, and required the "cooperation or at least the non-interference of many people" to pull that off, a congressional investigation has found.

Since Cunningham had no authority to award contracts, he needed the acquiescence of some members of Congress, congressional staff members and Defense Department officials, according to the executive summary of an investigation by the House Permanent Select Committee on Intelligence into his activities as a panel member.

"This was a lot of people to persuade, cajole, deceive, pressure, intimidate, bribe or otherwise influence to do what they wanted," the executive summary says.

Although the congressional inquiry was directed at Cunningham's activities and found no evidence of corruption among panel staff members, the five-page summary written by the panel's special counsel, Michael Stern, indicates how the continuing federal criminal investigation of corruption and bribery has continued to spread since it began almost two years ago.

The summary discloses for the first time that the government is investigating the CIA's award of "several large contracts" that involved Kyle Dustin "Dusty" Foggo when he was No. 3 at the agency under then-Director Porter J. Goss. Foggo was a longtime friend of contractor Brent R. Wilkes, who federal investigators say was one of Cunningham's co-conspirators along with contractor Mitchell J. Wade.

Foggo resigned in May after being linked to the Cunningham inquiry. Days later, federal agents searched his agency office and his rented home in Northern Virginia.

Yesterday, agency officials refused to comment on the newly disclosed information, saying the matter is under investigation. Foggo was originally investigated by both the CIA inspector general and federal prosecutors after it was alleged this year that he had helped Wilkes obtain CIA contracts and had improperly accepted vacation trips from him.

The House report adds that another Foggo friend, Brant Bassett, a former CIA officer who worked as a staff member of the House intelligence panel, has been drawn into the case. Bassett, Foggo, Wilkes and the unnamed person who received the large CIA contracts "apparently had dinner together at the Capital Grille in June 2003," according to the summary. Stern says that meeting warranted further inquiry but was outside his jurisdiction to investigate.

The summary says Cunningham had "dealings . . . with certain foreign nationals" that have apparently triggered inquiry by "law enforcement and national security agencies."

In November 2005, Cunningham pleaded guilty to taking bribes and is serving a prison sentence of up to eight years. Wade pleaded guilty in February to giving $1 million in bribes, and his sentencing has been postponed until March. Wilkes has yet to be charged but was listed as co-conspirator No. 1 in court documents charging Cunningham.

Published reports have indicated that other members of Congress are under investigation, including Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee. Stern, in his report, says requests to the committee for permission to speak to current and past staff members have not been answered.

House intelligence panel staff members were aware of Cunningham's activities and in some cases saw "red flags" but did not interfere, the report says. It adds that there was "no evidence" uncovered that any past or present committee aides "sought to profit or expect to profit personally from any of the funding requests," Stern wrote.

Release of the executive summary by the panel's ranking Democrat, Rep. Jane Harman (Calif.), added fuel to the running partisan battling going on in the committee, and quickly drew criticism from its chairman, Rep. Peter Hoekstra (R-Mich.).

Harman said that she acted because the original investigation was finished in May and the unclassified executive summary in July, and that the release was held up because of a disagreement between her and Hoekstra over subpoenaing Cunningham to testify. Earlier this month, according to Harman, Hoekstra agreed to release a mutually agreed upon version of the summary, which was completed last week.

Hoekstra, in a statement yesterday, described the release as "disturbing and beyond the pale," and called the summary an "incomplete, internal committee document" that other panel members had not reviewed. His statement echoed words Harman used this month when Hoekstra released reports by the committee majority staff on North Korea and Iraq that were done without the approval of Democrats on the panel.

Wade's company, MZM Inc., benefited from several questionable contracts given by the Counterintelligence Field Activity agency (CIFA), the Pentagon's newest intelligence arm, which was created in 2002 to coordinate protecting defense facilities and personnel at home and abroad from terrorist attacks. Its budget is secret, but congressional sources earlier this year said it totaled more than $1 billion over the past three years; its staff consisted of 400 full-time employees and 800 on contract status.

Cunningham, as a member of the intelligence panel, chaired the terrorism subcommittee that had authority over CIFA. The House committee's "ability to conduct appropriate oversight over the counterintelligence project at CIFA, MZM's other contracts with CIFA, and arguably CIFA as a whole appears to have been seriously impeded by the corrupt conspiracy between Cunningham and Wade," the report says.

CIFA's two top officials, director David A. Burtt II and his deputy, Joseph Hefferon, suddenly resigned in August, but other officials at the agency refused to discuss any link to the ongoing investigations. A Pentagon spokesman said their leaving was "a personal decision that they both made together."

Republican Weldon Blasts 'liberal Attack Machine' For Publicity (AP)

By Maryclaire Dale
AP, October 18, 2006

PHILADELPHIA - A day after the FBI raided the offices of a lobbying firm run by Rep. Curt Weldon's daughter and his close friend, the Republican's campaign blamed publicity about the Justice Department investigation on "the left-wing, liberal attack machine."

The FBI is investigating whether Weldon used his influence to get Karen Weldon's firm nearly $1 million in lobbying contracts with foreign companies, two people familiar with the inquiry have told The Associated Press.

Weldon pushed the agendas of three of the firm's clients in public and private, at times urging the U.S. to buy their weapons or issue them visas, according to news reports published over the past 2 1/2 years.

On Monday, Weldon questioned the timing of the raids and said his sometimes unpopular stances may have angered people on both sides of the aisle - including Republicans who control the Justice Department.

"Bureaucracy is not Democrat or Republican. Come on," Weldon said Monday.

But on Tuesday, his campaign lashed out at the left.

"Now three weeks before the election, the left-wing, liberal attack machine has launched a coordinated effort to smear U.S. Rep. Weldon and his family in a desperate attempt to steal this seat," Weldon's campaign said in a statement.

Weldon's campaign spokesman said there are Clinton-era holdovers among the civil-service employees in the Justice Department.

"I don't mean to impugn the motive of the Justice Department, but there may be partisan motives for leaking word of this inquiry three weeks before the election," the spokesman, Pete Peterson, said.

The 10-term incumbent already faced a razor-close race against Democratic challenger Joe Sestak, a retired Navy vice admiral. The two are scheduled to debate Friday.

Weldon has clashed with the Bush administration and others in Washington. Over the past year, the congressman has repeatedly said a secret military unit called "Able Danger" used data.m.ining to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. The Pentagon rejects the idea.

The FBI on Monday raided six sites in Pennsylvania and Florida linked to Karen Weldon, her business partner Charles P. Sexton Jr. and their firm. The FBI removed evidence from their homes and office and from the Jacksonville, Fla., headquarters of their former client, a Russian energy firm called Itera International Energy Corp.

The lawmaker on Tuesday blamed the investigation on the Democratic Congressional Campaign Committee and a group called Citizens for Responsibility and Ethics in Washington, which he said was supported by Democratic activists. In 2004, the group asked the Justice Department to investigate Weldon for alleged bribery for "using his public office to benefit companies that hired his daughter as a lobbyist."

Weldon has not received a target letter - essentially a prelude to an indictment - and has not been contacted by the Justice Department about the probe, Peterson said.

Philadelphia attorney Jim Rohn, who was retained Monday to represent Karen Weldon, said she has not received a target letter and has offered to cooperate.

"From my point of view, my client hasn't done anything wrong. I've been in touch with the prosecutor, and I've offered to have her cooperate," Rohn said.

Karen Weldon, 32, runs Solutions Worldwide with Sexton, one of her father's closest friends and political allies. Sexton ran the Republican Party in Delaware County, Weldon's home base, for decades.

Sexton's lawyer, Joseph Fioravanti, declined to comment on the investigation Tuesday.

Investigation Is Just Politics, Lawmaker Says (NYT)

By David Johnston

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Representative Curt Weldon is describing a federal investigation into whether he acted improperly on behalf of his daughter's lobbying firm as an election-season ploy that will find that "I engaged in no wrongdoing."

"I am extremely disappointed that we are discussing this topic three weeks before an election that could determine control of Congress," Mr. Weldon, Republican of Pennsylvania, said in a statement issued Monday evening. "The timing of this situation is deeply concerning."

Mr. Weldon is in a tight race against his Democratic opponent, Joseph A. Sestak Jr., a former vice admiral, in a district near Philadelphia that he has represented for 10 terms without a difficult re-election challenge.

He said in his statement that he had confirmed the government investigation, which was first reported in news accounts over the weekend, and that he would cooperate with it.

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The congressman described the investigation as “preliminary.” But law enforcement officials said the inquiry, which began in the spring, had advanced well along. These officials said searches carried out by federal agents on Monday at six locations, including the homes of his daughter and a close political ally of his, reflected its quickening pace.

Mr. Weldon said he was disappointed by the “politics of personal destruction,” which he attributed to “left-wing liberal activists.” He singled out one group, Citizens for Responsibility and Ethics in Washington, which two years ago sent a letter of complaint to the Justice Department asking that he be investigated.

The complaint was centered on a Los Angeles Times article in February 2004 that said Mr. Weldon’s daughter, Karen, had reaped financial benefits from his position on the House Armed Services Committee. Mr. Weldon said Monday that the article had been referred to the House ethics committee and that the panel had concluded after its own inquiry that he had done nothing wrong.

The article reported that in September 2002, Mr. Weldon helped bring 30 Congressional colleagues to a dinner at the Library of Congress to honor the chairman of a Russian natural gas company, the Itera International Energy Corporation, several days before the company hired Karen Weldon’s lobbying and public relations firm, Solutions North America.

The Jacksonville, Fla., offices of Itera, Solutions’ first client, and the Philadelphia offices of Solutions were among the locations raided by F.B.I. agents on Monday. So was the home, near Philadelphia, of Ms. Weldon’s partner in Solutions, Charles P. Sexton Jr., a longtime associate of the congressman.

Mr. Weldon spoke favorably about Itera in a floor speech in 2002, traveled to Russia that year to visit the company’s offices and attended the opening of its American headquarters, in Jacksonville, in 2003. When he led a Congressional delegation to Eastern Europe in 2002, Itera paid for his daughter to join him on the trip.

Weldon's Ties To Serbian Businessman Part Of Probe (WP)

By R. Jeffrey Smith And Carol D. Leonnig

The Washington Post, October 18, 2006

Officials at the U.S. Embassy in Belgrade were surprised three years ago to be invited to a luncheon in honor of visiting Rep. Curt Weldon (R-Pa.), hosted by Bogoljub Karic, a wealthy Serbian businessman who had been barred from visiting or trading with the United States because of his close ties to former Yugoslav leader Slobodan Milosevic.

Weldon "was visiting solely because of Karic," whom he was trying to get off the U.S. blacklist, a former senior embassy official familiar with the visit concluded. "It seemed odd" at the time, because Karic had no obvious tie to Weldon's district outside Philadelphia, and Weldon should have known the embassy was shunning contacts with him, the official said.

What the embassy apparently did not know is that the Karic family that year signed a contract with Weldon's daughter, Karen, and a business partner that called for monthly payments of $20,000 for "management, government and public relations," according to a copy of the March 2003 contract. In all, the family paid Karen Weldon's firm $133,858 that year for efforts she undertook to set up a foundation for it.

Curt Weldon's visit and that deal are under investigation by the FBI, according to a law enforcement source familiar with the probe. His efforts to assist clients of his daughter's consulting firm in their dealings with the federal government are the focus of that probe, according to sources familiar with it .

FBI raids of six locations in Pennsylvania and Florida on Monday, including one of Karen Weldon's home and another of her consulting and lobbying firm, were part of the bureau's search for evidence of whether the lawmaker used his influence to benefit himself or his daughter's firm, according to the sources. They spoke on the condition that they not be named because of the sensitivity of the investigation.

A grand jury has been impaneled as part of the investigation, and it has obtained evidence gathered via wiretaps of Washington area cellphone numbers, the sources said.

Weldon has said he did not take actions to enrich his daughter or himself. His attorney, William J. Winning, said yesterday that "the congressman did nothing wrong, nor did his daughter do anything wrong." Winning added that he was not prepared to justify or discuss Weldon's travels.

Besides looking at Weldon's Karic connection, the FBI is examining the lawmaker's contacts with a Russian-managed oil and gas company, Itera International Energy Corp., the sources said. The company's offices in Jacksonville, Fla., were searched on Monday.

Itera spokesman Steve Koegler declined to answer questions yesterday, but released a statement saying that the government had expressed interest Monday in "any records or information Itera might have with respect to Itera's business relationship with Solutions Worldwide." The name of the firm that Karen Weldon operates with one of her father's close political supporters, Charles Sexton, is Solutions North America Inc.

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"Itera and all of its employees have cooperated and will continue to cooperate with the government's request," the statement added.

According to a statement Karen Weldon filed with the Justice Department's foreign agent registration office, Itera agreed in September 2002 to pay her firm a $170,000 startup fee and $300,000 more in monthly retainer fees, in exchange for "such consulting services" as the company might request.

That was the same month that her father attended a lavish dinner for the company at the Library of Congress, at which Itera's director, Igor Makarov, announced the start of a U.S.-Russian student exchange program, based in Weldon's district. Members of Congress were to nominate participants in the program.

That year, Weldon complained to the U.S. Trade and Development Agency about its cancellation of a grant to Itera to explore a gas field in Siberia.

In filings with the Senate clerk, Weldon has reported that Itera paid for a trip he took to New York in September 2002 and a one-day trip to Jacksonville in January 2003. He also reported that a nonprofit group directed by Itera officials financed his two-day visit to Jacksonville in November 2002.

Weldon, who has long advocated closer U.S.-Russian trade ties, listed another client of his daughter's firm, Saratov Aviation, as the financial sponsor of a three-day trip to Moscow in January 2003, the same month as a visit he took to Belgrade.

Weldon's chief of staff went to Belgrade in November 2003, initially listing the Karic family as his financial sponsor in a filing the next month with the Senate clerk. Two months later, after reporters for the Los Angeles Times questioned him about the trip, he amended the filing to state that he had reimbursed the company for his travel expenses.

Some watchdog organizations previously noted Weldon's support for companies that had little to do with his constituents in Delaware County and that paid fees to the firm operated by his daughter and Sexton, or to a close friend of Weldon's, lobbyist Cecilia Grimes.

"There seems to be a pattern of Congressman Weldon's activities overlapping with his private and personal interests," said Steve Ellis, vice president of Taxpayers for Common Sense, which monitored the efforts of Weldon and other lawmakers on behalf of companies that had contracts with their associates. "You can explain away one or two cases, but here you really have to question what's going on here and is it really in the interest of the U.S. taxpayers."

Weldon gave testimonials on behalf of a company, Advanced Ceramics Research, in two separate hearings of the House Armed Services subcommittee on tactical air and land forces, which he chairs. Weldon had invited the Arizona company's CEO to testify in 2004 and 2005 about what he characterized as its "very interesting work in developing state of the art composites that have increased performance while significantly reducing component cost."

The congressman lauded the company's work, noting its ability to produce "modern composites that lead to lighter weight, lower cost and tougher systems."

Advanced Ceramics Research paid Grimes $60,000 as its registered lobbyist in 2003 and 2004. An affiliate of Advanced Ceramics paid her an additional $40,000 during that time, according to her lobbying registration documents.

Efforts to reach Grimes at two phone numbers listed for her on lobbying registration forms were unsuccessful.

Weldon also supported an Italian defense contractor, Oto Melara, in a formal letter and testimony to the Armed Services Committee that recommended the Navy consider using the company's guns on its ships. Oto Melara has paid Grimes's firm $60,000 since she registered to lobby for it in June 2005, according to her lobbying reports .

Research director Lucy Shackelford and staff researcher Madonna Lebling contributed to this report.

Weldon's Itera Ties Long Known (HILL)

By Elana Schor

The Hill, October 18, 2006

As President Bush prepared to announce a new energy cooperation pact with Russia in May 2002, Rep. Curt Weldon (R-Pa.) and 10 fellow lawmakers sat down in Moscow with executives of oil and gas trader Itera Group, praising the company as a prime prospect for U.S. partnerships.

Itera had fallen under scrutiny at the time for its ties to Gazprom, Russia's state-owned natural gas giant, but its congressional clout remained strong, with help from Weldon and his daughter, Karen, whose public relations firm signed a $500,000 contract with Itera four months after the 2002 trip.

Itera is facing new questions this week after federal agents raided the company's Florida office as well as the homes of Karen Weldon and Charles Sexton, her business partner and a longtime adviser to the embattled ten-term Republican, locked in the toughest re-election fight of his career. But despite Weldon's public speculation about a politically motivated probe, one Democrat came to Itera's defense yesterday.

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"I only have good things to say about them," said Rep. Corrine Brown (D-Fla.), whose district includes Itera's Jacksonville headquarters. Brown, who joined Weldon on the 2002 codel to Russia, led a later celebration of Itera's 10th anniversary in Florida that featured entertainment from Oscar winner Isaac Hayes and two Russian pop singers.

Brown said she was "really surprised by the nature of the investigation" of Weldon's links with Itera and two other foreign clients of his daughter, which Brown said she first heard of through news reports this week. "I just don't know how whether or not a person had a [lobbying] client would generate that kind of response."

Brown issued a statement on the 2002 codel, her portion of which was approved and paid for by the transportation committee. Lawmakers on the trip met with members of the Russian Parliament and the president of Uzbekistan and Azerbaijan, she said.

Karen Weldon and Sexton filed a lobbying registration for Itera International on Sept. 13, 2002, less than two weeks before nearly 30 lawmakers from both sides of the aisle joined Rep. Weldon for a Library of Congress dinner honoring Itera and its CEO, Igor Makarov. In a floor speech after the event, Rep. Weldon said the dinner was in gratitude for the May 2002 meeting and referred to meetings he suggested between Itera executives and former Central Intelligence Agency chief James Woolsey.

Itera did not return a request for comment on its meetings with Weldon and other lawmakers. Itera's lobbying stable includes Brown's daughter, Shantrel Brown Fields, who signed a deal in February for her firm, Alcalde & Fay, to represent the company on "international debt issues."

Weldon's office declined to comment on the ongoing probe, other than to point out that the lawmaker has not been contacted by the Justice Department. His lawyer in the criminal inquiry did not return a call for comment by press time.

James Rohn, a Pennsylvania lawyer representing Karen Weldon, said she plans to cooperate with the government actions. "From where I sit, she hasn't done anything that's wrong," he said.

In a statement posted late Monday to his campaign Web site, Weldon called the timing of the raid and investigation "deeply concerning."

Referring to a 2004 House ethics committee inquiry into Weldon's advocacy for his daughter's clients, opened at his behest, Weldon also asserted that the panel had absolved him of wrongdoing. Yet the ethics committee never publicly released any findings from that inquiry, suggesting that it may not have been completed.

Weldon's Democratic opponent, retired Navy Adm. Joe Sestak, out-raised Weldon during the third quarter and continues to win plaudits from the national party for a well-run campaign. His camp has stayed largely silent as the federal raid dominates local media coverage, letting Weldon's ethics drama play itself out with no distractions.

Despite Weldon's hints of a politically motivated probe, nonpartisan ethics groups point out that the Justice Department has conducted itself under a Republican administration.

"One thing I've noticed about the FBI is, they don't give two hoots about the election calendar or sessions of Congress," said Craig Holman, director of Public Citizen's Congress Watch. "If they did, they would have come through with these indictments earlier in the session when we were trying to get meaningful lobbying and ethics legislation through."

William Canfield, a Williams & Jensen lawyer and former Senate Ethics Committee aide who represented Weldon in the 2004 matter, said the Justice Department's moves would likely stave off any further House ethics committee action this year.

"Plus, if he doesn't win, they're not going to care. … [There is] no impetus for them to do something until after the election," Canfield said. He questioned why federal prosecutors would rev up their pursuit of new information in the caseatthis late date. "Why it took two years for the Justice Department to read the L.A. Times, I have no idea."

Two other foreign clients of Solutions North America are at issue in the federal investigation: Russia-based Saratov Aviation, for which Karen Weldon and Sexton registered to lobby in 2003 under the firm name Solutions Worldwide, and the Karic brothers, members of a Serbian family linked to deceased dictator Slobodan Milosevic.

The Odor From Capitol Hill (NYT)

The New York Times, October 18, 2006

As predicaments go for champions of family values, few can top the embarrassment suffered by Representative Curt Weldon when federal agents raided the home of his daughter, a Washington lobbyist, in search of evidence that the powerful lawmaker helped her with lucrative clients. The grand jury is still out on the investigation, and Mr. Weldon, a Pennsylvania Republican, says he is innocent. But with each fresh scandal, the tattooing of the G.O.P.-run 109th Congress continues in pre-election polls.

Voters had no sooner adjusted to the shock of seeing Representative Mark Foley, Republican of Florida, disgraced from office by his come-ons to Congressional pages than Bob Ney took his turn on the pre-election scandal smorgasbord. Representative Ney, Republican of Ohio, pleaded guilty to being a principal in the quid-pro-quo insiders' market run by Jack Abramoff, the corrupt Republican lobbyist who is cooperating with investigators about his ties to Congress and the White House.

Another Republican, former Representative Randy Cunningham of California, is already doing time. He sold his office in steering $70 million in contracts to companies that offered bribes ranging from a Rolls-Royce to a carpet emblazoned "Global War on Terror."

It should be remembered that Speaker Dennis Hastert, now under fire in the Foley scandal, helped dampen any chance of in-House ethical controls in his failed attempt to save the career of former Majority Leader Tom DeLay, an Abramoff ally who is accused of political money laundering and is awaiting trial. The sight of the ossified ethics committee forced back to life by the Foley scandal is more pathetic than heartening. It's small wonder that lawmakers feel empowered to make ethical stretches — like Representative John Doolittle's boosting his own family's value by having his wife designated a consultant and paying her a 15 percent commission off the top of his campaign kitty.

The hustings ring with Democrats' vows to restore ethical spine. But the minority has its own problem in Representative William Jefferson of Louisiana, who is accused of taking bribe money and hiding it in his home freezer. And Democrats are not helped when their Senate leader, Harry Reid of Nevada, amends his ethics filings to better report a real estate windfall, and misuses campaign money to pay helpers at his Washington condo.

The G.O.P. leaders have themselves to blame for their multiple millstones. If they had passed actual ethics reform, instead of deep-sixing it in bromides, there could have been a believable independent corruption office to take some of the heat off their current plight as compromised self-investigators. (One of the defeated reforms would have denied pensions to lawmakers convicted of official abuses. Instead, Messrs. Cunningham and Ney are likely to keep collecting behind bars.)

Congressmen caught in wrongdoing at this time of year like to complain that they're the victims of election-eve politics. If the looming elections inspire whistleblowers, we say bravo. The prospect of voting day fills the vacuum created by the absence of an actual set of enforceable ethics rules in Congress.

Labor Leader Accused Of Taking $2.2 Million (NYT)

By ANEMONA HARTOCOLLIS And STEVEN GREENHOUSE

The New York Times, October 18, 2006

Brian M. McLaughlin, a Queens assemblyman who as head of the nation's biggest municipal labor council personified New York City's politically powerful labor movement, was arrested yesterday on federal racketeering charges involving embezzlement, receiving bribes, fraud and money laundering. Conviction on all 43 charges could send him to prison for decades.

A 186-page indictment charges Mr. McLaughlin, 54, with illegally obtaining $2.2 million from taxpayers, labor unions and contractors over the last decade since he became president of the New York City Central Labor Council, a federation of 400 union locals with one million members.

The accusations range from the Dickensian (stealing $95,000 from Little League baseball teams to pay his rent) to the brazen (creating two no-show jobs on his legislative payroll and keeping part of one salary), according to the painstakingly detailed racketeering indictment unsealed yesterday.

Mr. McLaughlin surrendered early yesterday. He pleaded not guilty at his arraignment in Federal District Court in Manhattan before Magistrate Judge James C. Francis IV, and was released on $250,000 bail. His lawyer, Jonathan Bach, did not return a call for comment.

Law enforcement officials said that Mr. McLaughlin used subordinates as "personal servants," to take his dog to the veterinarian, hang Christmas lights, trap rodents in his basement and clean out his barn.

He is also charged with making an aide use his E-ZPass at tollbooths to make it appear that he had returned home from Albany later than he really had, allowing him to bill for daily allowances given to legislators.

He is accused of using more than $330,000 from his re-election campaign funds to pay for personal expenses like a rehearsal dinner for his son's wedding, renovation of his $760,000 house in Suffolk County near Long Island Sound, payment of his country club membership fees and the purchase and installation of a plasma television for a female friend.

He is charged with using stolen money for an $80,000 Mercedes-Benz for his wife, marina fees, school tuition for one of his children, rent payments on his Albany residence and rent payments on his Queens residence.

Michael J. Garcia, the United States attorney for Manhattan, said the extent of the thefts was "stunning in its breadth and scope," at a news conference yesterday announcing the indictment.

"This case lends a new meaning to the term 'hand in the till,' " he said.

Asked why Mr. McLaughlin would go to so much trouble to steal money when he was making what many would consider much more than a decent living — $263,600 in combined salaries and expenses as an assemblyman and labor council president — Mr. Garcia said he could not offer any insight, except to say, "What we have here is really a story of greed."

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For more than a decade, Mr. McLaughlin was among the most influential labor leaders in New York City and in the state, providing pivotal early support for Mayor Michael R. Bloomberg's re-election and supporting the failed effort to build a football stadium on the Far West Side of Manhattan. He led the fight to keep Wal-Mart out of the city and lent strong support to transit workers during last year's strike.

The investigation became public seven months ago when the F.B.I. raided Mr. McLaughlin's offices.

Some labor experts said they were shocked by the scope of yesterday's accusations, which could represent a huge embarrassment for organized labor and elected officials.

"If these charges prove true, it's certainly a blot on the union movement, and whenever there's a corruption case involving a high-profile union leader, it has to hurt that much worse," said Joshua Freeman, a professor of labor history at the Graduate Center of the City University of New York.

Mr. McLaughlin, a Democrat, is the eighth state lawmaker accused of crimes in recent years. He announced in January that he would not run for an eighth Assembly term.

Republicans did not hesitate to capitalize on the indictment. "Today, New York's Assembly Democrats continued their long tradition of corruption," Stephen Minarik, chairman of the Republican State Committee, said in a statement.

A spokesman for the Assembly speaker, Sheldon Silver, a Democrat, would say only that the Assembly had cooperated with the inquiry.

Denis Hughes, president of the state A.F.L.-C.I.O. and chairman of the labor council's executive board, responded to the indictment with a statement: "Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations."

Labor Leader Arrested For Racketeering (AP)

By Pat Milton, ASSOCIATED PRESS WRITER

AP, October 18, 2006

NEW YORK -- The president of the nation's largest municipal labor council was arrested on federal racketeering charges Tuesday, accused of stealing more than $2 million from the state, labor unions and even a Little League fund.

Brian M. McLaughlin, a seven-term Democratic state assemblyman and president of the New York City Central Labor Council, has been under investigation for several years.

He surrendered Tuesday morning and was released on $250,000 bail after a brief appearance before U.S. Magistrate Judge James C. Francis. McLaughlin and his lawyer, Jonathan Bach, declined to comment as they left U.S. District Court in Manhattan.

"Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations," said the labor council's executive board chairman, Denis M. Hughes.

The labor council is an umbrella group of unions that has supported Mayor Michael Bloomberg.

In a 186-page indictment unsealed Tuesday, McLaughlin and others are accused of engaging in racketeering from 1995 through 2006 by using money collected for union activities to instead pay personal expenses, including credit card bills, rent and home improvements.

The indictment alleges McLaughlin committed mail fraud, embezzlement, money laundering and labor bribery by diverting money from various funds he controlled.

Among the funds identified were McLaughlin's political campaign committee, union accounts meant to provide benefits for union members and even contributions meant to support a Little League baseball program.

The indictment also alleges McLaughlin and others misappropriated funds from the state by creating fictitious jobs on his legislative staff and submitting false expense forms.

Among the expenses named in the indictment were more than $4,100 to maintain a boat in Tuckerton, N.J., and $4,200 for Long Island country club membership dues.

The indictment accuses McLaughlin of combining with others, not named in the indictment, to obtain hundreds of thousands of dollars in unlawful payments and things of value from street lighting contractors and other companies in the street lighting and traffic signal industry.

It also focuses at one point on a housing development created in 1950 by union leaders and electrical industry management that resulted in more than 30 large apartment buildings. As part of the development, residents created the Electchester Athletic Association Inc. to run a youth sports programs.

The indictment alleges McLaughlin used his position as state assemblyman to direct state money to that athletic association, then defrauded the association of more than $95,000.

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Meanwhile, the indictment noted, McLaughlin continued soliciting donations to the athletic fund with sponsorship forms thanking the contributor and concluding with the message: "A CHILD IN SPORTS STAYS OUT OF THE COURTS!"

Associated Press Writers Larry Neumeister in New York and Michael Gormley in Albany contributed to this report.

McLaughlin Pleads Innocent To U.S. Charges (NYS)

By Russell Berman, Staff Reporter of the Sun

New York Sun, October 18, 2006

A Queens assemblyman who is one of the city's top labor leaders is facing a lifetime in prison after federal prosecutors charged him with stealing $2.2 million from the state government, union members, a political club, and a Little League baseball association.

The assemblyman, Brian McLaughlin, the president of the New York City Central Labor Council, surrendered to authorities yesterday at federal district court in Lower Manhattan and became the latest in a series of state legislators from New York City to come under criminal charges. He pleaded not guilty to 44 counts of racketeering, embezzlement, conspiracy, and fraud.

The U.S. Attorney for the Southern District, Michael Garcia, said Mr. McLaughlin's alleged crimes "add new meaning to the term 'hand-in-the-till.'"

A 186-page indictment alleges a complex scheme that Mr. Garcia called "stunning in its breadth and its scope." Prosecutors charge that Mr. McLaughlin, 54, accepted hundreds of thousands of dollars in kickbacks from city street lighting contractors, installed his cronies in fictitious positions with the state Assembly and the labor council to funnel cash to himself, and laundered money to hide his crimes and evade law enforcement.

Mr. McLaughlin allegedly used the money to buy an $80,000 Mercedes-Benz, purchase a wide-screen plasma television for a friend, and pay an initiation fee and membership dues, totaling at least $28,600, for a Long Island country club. The indictment also alleges he used the money to finance his son's wedding and make payments on his residences in Albany, Queens, and Long Island.

The charges signal a steep fall for Mr. McLaughlin, who was once talked about as a potential candidate for mayor. The authorities yesterday portrayed him as a man motivated by greed who used each of his leadership positions as a money-making venture.

"The Midas touch turned everything into gold. The McLaughlin touch made money disappear into his own pockets," the special agent heading the FBI's New York criminal division, Andrew Arena, said at a press conference announcing the indictment.

No one else was named in the indictment, but Mr. Garcia said the investigation was ongoing and did not rule out further charges.

Mr. McLaughlin did not comment in response to the accusations. "The case is now in the court of law, so we're going to save our comments for the courtroom," his lawyer, Jonathan Bach, said after Mr. McLaughlin was arraigned before federal Magistrate Judge James Francis IV yesterday. Two of the 44 counts are filed under the Racketeer Influenced and Corrupt Organizations Act, which some have criticized when it is used in cases that don't involve traditional organized crime families.

The assemblyman was released on $250,000 bond.The maximum prison sentence for the 44 counts totals 535 years.

With yesterday's indictment, Mr. McLaughlin becomes the ninth state legislator representing the city to face charges in the last three years. Two others were charged in the last three months. State Senator Efrain Gonzalez Jr., a Democrat of the Bronx, was accused in August of using $37,000 in funds from a nonprofit group for personal expenses, including buying Yankees tickets and vacationing in the Dominican Republic. In July, Assemblywoman Diane Gordon, a Democrat of Brooklyn, was indicted for allegedly soliciting a $500,000 bribe. Both have pleaded not guilty and are seeking re-election.

First elected to the Assembly in 1992, Mr. McLaughlin is not seeking an eighth term this year, having said that he wanted to devote more time to union duties. He represents the 25th district in Queens, which includes Flushing, Whitestone, and Jamaica. Mr. McLaughlin has been a prominent supporter of Mayor Bloomberg and has backed several of his major development projects. A spokesman for the mayor declined comment yesterday.

The federal investigation of Mr. McLaughlin dates back years and became public in March when the FBI launched an early morning raid of the Central Labor Council's offices, removing boxes of documents.

As president of the council, Mr. McLaughlin led more than one million city union members. The umbrella group is the nation's largest municipal union association and is an affiliate of the AFL-CIO. Its leadership offered support for Mr. McLaughlin yesterday.

"Everyone should keep in mind that Brian McLaughlin has not been convicted of a crime and will be afforded the opportunity to respond to and defend himself against these allegations," the chairman of the council's executive board, Denis Hughes, said in a statement. Mr. Hughes is the president of the state AFL-CIO.

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Union leaders held a conference call early yesterday to discuss how to respond to the accusations against Mr. McLaughlin, a spokesman for the state AFL-CIO, Mario Cilento, said. Although Mr. McLaughlin took a sixmonth paid leave of absence beginning last month, he will remain as president of the labor council pending the charges, Mr. Cilento said.

While the investigation and the possibility of criminal charges against Mr. McLaughlin were well known to union leaders, some were said to be shocked by the extent of the alleged scheme.

The charges also put the Democrat running to replace Mr. McLaughlin in the Assembly, Rory Lancman, in a political quandary. Mr. Lancman is close to Mr. McLaughlin and had posted on his campaign Web site a photographic "tribute" to the assemblyman. That tribute has since been removed, although photos of Mr. McLaughlin remain on the site.

"Everyone is entitled to the presumption of innocence in America, but the government's allegations are extremely disturbing." Mr. Lancman said yesterday, adding that it was a "sad day" for the community.

According to the indictment, Mr. McLaughlin, over more than decade, used a variety of nefarious methods to steal money from several organizations, including the labor council, the Assembly, and his political campaign committee. He also allegedly stole more than $140,000 from a division of the union he ran, Local 3 of the International Brotherhood of Electrical Workers. And he allegedly pocketed $95,000 that was intended for the Electchester Athletic Association, a Little League baseball program created for the children of union members.

The indictment further accuses Mr. McLaughlin of promoting a relative to head a labor council panel called the Commission on the Dignity of Immigrants. The relative was a chiropractor who had no experience working with immigrants, and there was no evidence he did any work for the commission. His entire salary went to Mr. McLaughlin, according to the indictment.

Prosecutors also say Mr. McLaughlin made union members perform menial tasks for him, treating them like his own "private workforce." Union members chased rodents in Mr. McLaughlin's basement, shoveled snow and hung Christmas lights for him, the indictment alleges.

The schemes and the servants allowed Mr. McLaughlin to "support his own version of 'Lifestyles of the Rich and Famous,'" the commissioner of the city's Department of Investigation, Rose Gill Hearn, said.

Dem Leader Charged (NSDY)

By Anthony M. Destefano, Staff Writer; Compiled By Carl Macgowan

Long Island Newsday, October 18, 2006

Feds say Flushing Assemb. McLaughlin defrauded unions, Assembly and Little League of $2.2 million

Federal officials yesterday charged longtime Flushing Assemblyman Brian McLaughlin, a key Queens Democratic Party leader and a dominant labor leader in the city, with carrying out a scheme to enrich himself by plundering unions, the Assembly and even a Little League group of $2.2 million to pad his lifestyle.

McLaughlin, 54, who has a rent-controlled apartment in Flushing and a home in Suffolk County at 1 Hawks Nest in Nissequogue, surrendered yesterday morning at FBI headquarters in Manhattan to face a 44-count racketeering indictment accusing him of mail fraud, money laundering, bank fraud, federal labor law violations and other crimes.

If convicted of the most serious charge of bank fraud, he faces a 30-year prison term.

"This case lends new meaning to the term 'hand in the till,'" said Manhattan U.S. Attorney Michael Garcia in announcing the charges.

"It is a case about greed, about a high-ranking union official stealing from union members by siphoning off dues and a State Assemblyman stealing ... by no-show jobs and fraudulent vouchers."

McLaughlin appeared before a federal magistrate judge in Manhattan U.S. District Court and was released on a $250,000 personal recognizance bond.

Defense attorney Jonathan Bach couldn't be reached for comment.

Garcia termed the charges "stunning in breadth and scope," ranging from McLaughlin allegedly taking hundreds of thousands of dollars in kickbacks from streetlighting contractors doing business with the city to embezzling Little League funds.

The money generated by the various schemes was used to pay for an $80,000 2002 Mercedes-Benz, marina fees for a boat, country club initiation dues, construction of a new Long Island home, credit card bills and a wedding rehearsal dinner for one of McLaughlin's sons, officials said.

The alleged theft was done so McLaughlin "could support his own version of lifestyle of the rich and famous," said Rose Gill Hearn, head of the city's Department of Investigation.

McLaughlin is accused of using union members while they worked on regular shifts for their bosses to do chores for him that included shoveling snow, changing light bulbs, cleaning out a barn and capturing rodents in the basement of his house, investigators said. According to the indictment, women who had a "personal relationship" with McLaughlin also reaped some financial benefits from his actions. McLaughlin is married and has five children.

Among McLaughlin's alleged victims were the Electchester Athletic Association of Flushing, which raises money to fund Little League programs. The association lost $100,000 through McLaughlin's misappropriation, the indictment charged.

Among the largest alleged thefts was $400,000 from streetlighting contracts, federal officials said. None of the companies were identified in the indictment.

Other alleged victims were a branch of Local 3 of the International Brotherhood of Electrical Workers, the Central Labor Council, the Committee to Elect Brian McLaughlin and the Clinton Democratic Club.

Word had surfaced earlier this year that federal authorities were investigating McLaughlin.

He decided to take a leave of absence from his post as head of the New York Central Labor Council on Sept. 1, but continued to draw a $167,629 salary package.

In addition, he said he wouldn't seek re-election to the Assembly, where he has served for seven terms.

Brian McLaughlin

54 years old

Married

Has five children

In seventh term as Democratic assemblyman representing the 25th District in Flushing.

Last month, began six-month leave of absence from labor council amid federal probe of suspected bid-rigging on city streetlighting contracts.

Announced in January he would not run for re-election in order to spend more time serving the Central Labor Council, of which he has been president since 1995. The council represents 1.3 million workers in 400 union locals.

Compiled by Carl MacGowan

The accused

New York State Assemb. Brian McLaughlin was arraigned in federal court on corruption charges yesterday. Below, some of the cash amounts and allegations against him:

Amount Allegation

$400,000 Taken in illegal cash payments from contractors; also, three vehicles, one of which he gave to his son and a woman friend.

$330, 000 From his campaign committee to renovate and clean his Nissequogue house, paid for country club fees.

$100,000 From union dues to pay personal credit card bills and country club dues

$100,000 From a Little League based at the Pomonok Houses in Flushing.

$25,000 Pocketed from the state using a fictitious employee.

$19,000 From the William Jefferson Clinton Democratic Club of Queens, which he cofounded, for personal expenses, paying rent on his Albany home and a plasma television for a woman he had a "personal relationship" with

Other allegations

Stole funds from the J division of Local 3 of International Brotherhood of Electrical Workers.

Used union members on shifts for contractors to do personal chores such as moving appliances, shoveling snow, putting up Christmas lights, plumbing work and catching rodents in his basement.

The Secret Life Of Labor King (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, October 18, 2006

He even stole from the kids.

The powerful boss of the city's biggest labor group was charged yesterday with a massive $2.2 million shakedown scheme - using his influence and seat on the state Assembly to line his pockets.

No one was immune from his greed, not union members - not even Little Leaguers.

Assemblyman Brian McLaughlin allegedly used the stolen funds to finance a high-flying lifestyle that included a Long Island mansion, luxury cars, country clubs and gifts for several lady friends.

"What we have here is a story of greed," said Manhattan U.S. Attorney Michael Garcia in announcing the charges. "This case lends new meaning to the term 'hand in the till.'"

The sheer size of the scam put McLaughlin, 54, a seven-term Democratic legislator and longtime executive director of New York City Central Labor Council, an umbrella group that has more than 1 million members, into the pantheon of crooked powerbrokers.

Prosecutors said he has been stealing money for much of the past decade while he held both jobs.

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Added city Department of Investigation Commissioner Rose Gill Hearn: "This was all done so that the defendant could support his own version of 'Lifestyles of the Rich and Famous.'"

According to Garcia, no scheme was too small for the money-grubbing legislator who started his working life as an electrician, then earned bachelor's and master's degrees and rose to lead Local 3 of the Electrical Workers Union.

The feds said McLaughlin ran a squeeze play on Queens' Little Leaguers for years while serving as treasurer of the Electchester Athletic Association, located at a union-sponsored housing development in Queens.

McLaughlin allegedly stole nearly $100,000 while raising funds for the group, using the slogan: "A Child in Sports Stays out of the Courts."

And when a league official tried to use $2,800 to pay for legitimate softball expenses in June 2004, McLaughlin was enraged, the indictment says.

"All that f-----g money, he's f-----g spending on other stuff, that ain't his money," McLaughlin said. "That's mine."

Among other crimes allegedly committed by McLaughlin, according to a 44-count racketeering indictment:

He got $400,000 in illegal payments as well as three cars from contractors who hired Local 3 electricians. One car went to his son and the other to a female friend.

nHe diverted campaign contributions to pay for a female friend's widescreen plasma television and got $61,000 from a contractor to pay for a Mercedes-Benz for his wife. He also used campaign cash to pay for his son's August 2004 wedding by creating a no-show consultant's job for his daughter-in-law.

He employed a battalion of rank-and-file electricians to drive family members to doctor's appointments, hang Christmas lights, shovel out his horse barn and snatch up rodents running through his basement.

nHe forced Local 3 members to kick back monthly payments from the sale of scrap metals and other materials salvaged from their work.

He took $100,000 from an electrical workers union account and used it to pay credit card bills as well as dues for the North Hempstead Country Club.

He gave checks totaling $21,900 to a woman with whom he had a personal relationship; the money was taken from union funds. A second female friend was paid $6,000 out of his campaign committee funds. He also arranged for that same woman to be hired at the city labor council.

He also used the money to pay for school tuition for his son; the mortgage on his home in Nissequogue, L.I., and rent on an Albany residence.

McLaughlin had union members drive up to Albany using his E-ZPass so that he could get credit for the per diem he'd received from the Assembly for each Albany appearance.

At his arraignment in Manhattan Federal Court, McLaughlin pleaded not guilty to the indictment and was released on a $250,000 personal recognizance bond. McLaughlin, who could go to prison for the rest of his life, declined comment as he left the courthouse with his wife, Eva.

After the FBI raided both his union and Assembly offices this year, McLaughlin announced he would not seek reelection. Later, he took a leave of absence from the Central Labor Council.

With Greg B. Smithand Joe Mahoney

St. Peters Mayor Likely To Plead Guilty (SLPD)

By Valerie Schremp Hahn, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, October 18, 2006

ST. PETERS -- St. Peters Mayor Shawn Brown is expected to plead guilty Friday in his bribery case, authorities said Tuesday.

Assistant U.S. Attorney Tom Albus said Tuesday that Brown "had indicated his intent to plead guilty." Brown, 34, is expected to appear before U.S. District Judge Henry Autrey to change his plea from not guilty.

Brown and his attorney, Scott Rosenblum, could not be reached Tuesday for comment.

By state law, if the mayor pleads guilty to a crime related to his job, he also forfeits his office.

Albus would not confirm whether a plea agreement had been reached but said it was customary to have one under these circumstances. A pre-sentencing report is usually made after a plea, and the defendant is sentenced about three months later. The charge carries a maximum penalty of 10 years in prison and a fine of $250,000.

Brown was indicted in August on a charge of soliciting and accepting a $2,750 bribe from Redflex Traffic Systems Inc., which in June got the contract to install red-light cameras in St. Peters. Brown is accused of telling a Redflex employee he would veto the measure approving the system's installation unless the company paid him off. Redflex told the FBI and cooperated with the agency in giving Brown a check, authorities said. Brown has said the money was a campaign contribution.

Brown has remained free on his promise to show up for scheduled court appearances.

St. Peters city attorney Randy Weber said that if Brown had to leave office, the president of the board would become the acting mayor and would then call a meeting of the board within 10 days to elect someone to fill the position until the next municipal election. That will be in April, and candidates may run to fill the rest of the term, which ends in April 2008. Brown is serving his first term in office. He defeated longtime incumbent Tom Brown in 2004.

Board President Bruce Holt reacted with surprise and pity for Brown's family when told of the anticipated plea.

"I just wish him and his family the best, God bless him," said Holt. "He had a bright future."

Ex-GBI Agent Sentenced In Kickback Deal (AJC)

The Atlanta Journal-Constitution, October 18, 2006

A former special agent with the Georgia Bureau of Investigation was sentenced Tuesday to one year and a day in federal prison for receiving illegal kickback payments and failing to maintain firearms records.

James R. Garmon, 52, brokered the sale of more than $5,000 worth of firearms that had been seized by Bartow County deputies to a local pawnshop, the U.S. attorney's office said.

GBI Director Vernon Keenan said his agency cooperated with the FBI's investigation.

"It is extremely disappointing when any GBI employee is implicated in criminal activity, especially an individual sworn to uphold the law," he said.

Prosecutors said that between December 2004 and October 2005, Garmon brokered at least three deals involving 81 firearms between Bartow officials and Warren's Pawn and Jewelry. He received at least $1,600 from the pawnshop for brokering the deal, prosecutors said.

Georgia law requires that seized firearms be kept by sheriff's offices for use, destroyed or sold to the highest bidder at public auction.

Garmon, a Cartersville resident, resigned from the GBI in March after the GBI was advised of the results of the investigation.

"To make a little extra money, this defendant, a former law enforcement officer, circumvented the process for legally disposing of seized firearms," said U.S. Attorney David Nahmias. "We will continue to hold public servants, especially those officials who have sworn to enforce the law, to the highest standard of lawful conduct."

— Associated Press

Feds Charge Alleged Pa. Mob Boss With Trying To Kill Witness (NSDY)

Long Island Newsday, October 18, 2006

HARRISBURG, Pa. -- An alleged mobster facing drug charges planned to kill a witness against him while out on bail, federal prosecutors said Tuesday.

A new indictment against William D'Elia, 60, of Hughestown, who reputedly heads the Bufalino crime family, charges him with solicitation of murder, witness tampering, obstruction of justice, violating bail conditions, money laundering and other offenses.

D'Elia told an informant in August that he would give him photographs of a witness who cooperated with prosecutors and told him to wait for a signal to kill the man, according to the 18-count indictment issued Tuesday.

He previously pleaded not guilty to charges he laundered drug proceeds through bogus companies, loans and consulting agreements. Those charges related to an investigation into John Doncses, who pleaded guilty in Florida six years ago to distributing more than 100 kilograms of marijuana.

D'Elia was arrested on the new charges last week, federal prosecutors said. A phone message seeking comment left late Tuesday afternoon at the office of Philip Gelso, listed in federal records as D'Elia's lawyer, was not immediately returned.

The U.S. Attorney's Office released information about the indictment shortly before the end of the business day Tuesday.

D'Elia has been linked to organized crime by the FBI, the now-defunct Pennsylvania Crime Commission, and former Philadelphia and South Jersey mob boss Ralph Natale. New Jersey gambling regulators banned him from that state's casinos in 2003.

A court affidavit filed Thursday in Scranton said D'Elia "is often said to be used as a mediator between families when there are disputes. D'Elia has met, on a frequent basis, with members of the Joseph Ligambi organization from Philadelphia and also has frequent contacts with western Pennsylvania and New York families."

Man Arrested On Child-porn Charges After Internet Sting (AP)

AP, October 18, 2006

DOJ_NMG_0082831

ORLANDO, Fla. -- An Orange County man was arrested by federal agents after he sent sexual pictures of himself and his 15-month-old daughter over the Internet, authorities said.

The man was ordered to be held without bail at a court appearance in federal court Monday. He faces child-pornography charges, and has been assigned an assistant federal public defender.

The Associated Press will not release the man's name to protect his daughter's identity.

An Internet sting conducted by the Central Florida Innocent Images Task Force, which includes a Seminole County sheriff's detective, led to his arrest.

The man "admitted to producing three videos of himself and his daughter engaged in sexual activity," FBI agent Keith Scott wrote in a charging affidavit. The suspect also "admitted to transmitting these videos to multiple individuals over the Internet."

He also chatted online with a Tennessee-based FBI agent posing as a 13-year-old.

Internet subscriber and user records kept by Yahoo, BellSouth and Level 3 Communications linked the Yahoo screen name used by the suspect to his address at an apartment complex.

Agents showed the e-mailed video files to the girl's mother, who identified the child. The girl remains with her mother, who is not suspected of any wrongdoing, agents said.

A telephone message left at the federal public defender's office in Orlando, who is representing the man, was not immediately returned.

Grand Jury Indicts Capitol Intruder (HILL)

By Jackie Kucinich

The Hill, October 18, 2006

A grand jury yesterday handed down an eight-count indictment to the man who breached Capitol Police security last month and led officers on a three floor chase inside the U.S. Capitol before he was apprehended on the basement floor.

The charges against Carlos Greene include fleeing a law enforcement officer, two counts of destruction of government property, assaulting, resisting or impeding certain officers or employees and unlawful possession of five grams or more of cocaine.

Also included in the charges were several firearms violations such as possession of a gun on Capitol grounds and carrying and possessing a firearm during drug trafficking offense.

Noe Called Coin Funds An ATM, Ex-aide Says (COLDISP)

By Mark Niquette, The Columbus Dispatch

Columbus Dispatch, October 18, 2006

Woman also says he thought friends would bail him out

TOLEDO — Coin dealer Thomas W. Noe once described the $50 million state investment he managed "as having access to an ATM," Noe's former administrative assistant said yesterday in testimony against her former boss.

"What he went on to say was, when he needed it, he would tap the coin funds," Sue Bahn told the jury during the second day of testimony in the trial of Noe and his handling of the Ohio Bureau of Workers' Compensation coin investment.

Bahn, who worked for Noe for about two years at his Maumee coin shop and was trusted to pay his bills and balance his personal checkbook, said Noe made the comments in June 2005 after she questioned him about the controversy swirling around the investment at the time.

Prosecutors say Noe stole millions from the coin funds to pay debts and "to support the lifestyle that he felt he deserved."

Noe denies all charges, including theft, saying his contract gave him broad authority over the state funds.

In response to a question from Noe attorney John R. Mitchell on cross-examination, Bahn, whose last name was Metzger until she changed it in February, admitted there was no one else present during her talk with Noe and that he never directly referred to the coin funds.

But Bahn also said she asked Noe "if he took the money ... and if (Noe's wife) Bernadette knew."

When Mitchell questioned Bahn about why she did not disclose the information until after Noe had been indicted in February, she said, "I thought that he was going to tell the truth and make this right."

Bahn testified that Noe would make deposits into his personal account to cover expenses that sometimes reached hundreds of thousands of dollars in a month. She said there was an "escalation" of spending in 2004, including a $50,000 pool for Noe's home in the Florida Keys and other big-ticket purchases.

In response to a question from Mitchell, Bahn said she prepared Noe's application for a line of credit from the bank in January 2005 that put his net worth at $7.9 million. Mitchell had her repeat the figure three times for the jury.

But Bahn also testified that in a meeting with Noe after he made the comment about the ATM, Noe said he had "friends who were going to help him cover what was going on" to bail him out — and that Noe changed his mind about pursuing that option.

Bahn, who handled the presidential memorabilia and other noncoin collectibles at the Maumee shop, told the jury that the total value of such items bought with state money was $2.7 million at the end of April 2005.

Tom Wersell, director of special investigations for the workers' compensation bureau, testified that although agents expected to find about $13 million in coins at the Maumee shop in May 2005, they found only about $600,000 worth.

Noe's lawyers have argued that there was no requirement for a certain amount of coin-fund assets to be kept in Maumee rather than any of the other locations where state coins were held.

Meanwhile, actual coins from the state investment — kept in their protective plastic holders — were brought into court yesterday for the jury to see during testimony from coin expert David Tripp.

Tripp worked as a coin appraiser and consultant for Sotheby's auction house in New York, which the state hired to help evaluate coins after the investment was shut down in 2005.

According to the court, witnesses in today's proceedings are expected to include two other former Noe employees, bookkeeper Jeannie Beck and Priscilla Livingston, as well as former State Highway Patrol Lt. Howard W. Hudson III, who signed the affidavit used to secure the search warrant for a raid of Noe's shop in May 2005.

Coin Dealer's Ex-Ass't Speaks At Trial (AP)

By John Seewer, The Associated Press

AP, October 18, 2006

TOLEDO, Ohio -- A politically connected coin dealer accused of stealing millions of dollars the state had asked him to invest had treated the money like it was from his own ATM, his former personal assistant testified Tuesday.

Tom Noe, a one-time top GOP donor, is accused of stealing more than $2 million from the workers' compensation bureau's coin investment and spending it on his business and renovating his home in the Florida Keys.

His attorneys say the deal with the state allowed Noe to use the money however he wanted, including to pay off personal business debts.

Noe, 52, tapped into the state's cash whenever he needed, said Sue Metzger, whose duties included overseeing Noe's personal checking account from 2003-05.

Metzger said she met with her boss in the summer of 2005 after allegations of wrongdoing surfaced and asked Noe whether he took the money, she testified.

"He described it as having access to an ATM," she said.

The investment scandal has battered Republicans who control the state, raising Democrats' hopes of retaking the governor's office for the first time since 1990. Democratic U.S. Rep. Ted Strickland has a wide lead over Republican Ken Blackwell, Ohio's secretary of state, in gubernatorial race polls.

Prosecutors say Noe was deep in debt when he got the money, and he quickly used it to pay off his creditors.

Within a week, Noe put $1.75 million into his own business and wrote himself a $135,000 check to support "a lifestyle he felt he deserved," said Lucas County Assistant Prosecutor John Weglian.

Metzger, who also goes by the last name of Bahn, handled payment of all of Noe's bills and began noticing that his spending increased greatly in 2004. He bought a house in the Florida Keys and spent $50,000 renovating the pool.

In some months, his expenses exceeded hundreds of thousands of dollars, she said. She said his paychecks weren't enough to cover the expenses and he would deposit money from other sources.

She initially didn't know where the extra money was coming from. Noe later told her he was tapping into the state's investment fund, she said.

Noe, once a go-to guy for the Republican Party, has pleaded not guilty to theft, money laundering, forgery and corrupt activity charges. He faces up to 10 years in prison on the corrupt activity charge.

Weglian said Noe kept two sets of financial records _ one for the workers' comp agency and one for his own business. When state officials wanted to check the status of the coins Noe told them he had bought, he created false documents and borrowed coins from other dealers to trick investigators, Weglian said.

The workers' comp agency initially invested $25 million with Noe in 1998, followed by another $25 million in 2001.

Noe spent only a fraction of the state's investment on coins, prosecutors said.

State agents expected to find $13 million in rare coins when they searched Noe's business last year, Tom Wersell, director of investigations for Bureau of Workers' Compensation, testified Tuesday.

Instead, the agents counted up coins worth about $600,000, Wersell said.

Investigations into the coin investments already have led to separate ethics charges against Gov. Bob Taft, who pleaded no contest last year to failing to report golf outings and other gifts.

Noe, in a separate case, pleaded guilty earlier this year to funneling $45,000 to Bush's re-election campaign and was sentenced last month to two years and three months in federal prison. He won't begin that sentence until after the state charges are resolved.

The trial is expected to last at least six weeks, through Election Day on Nov. 7.

Noe Considered The State's Rare-coin Fund 'an ATM,' One Of His Former Assistants Says (TOLB)

By MIKE WILKINSON And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), October 18, 2006

Tom Noe considered the state's $50 million rare-coin fund he controlled "an ATM" that he could use into whenever he needed money, one of his former top assistants said this morning.

Sue Bahn, who was hired by Noe to catalog collectibles at his former coin shop in Monclova Township, said Noe made the statement in 2005 as she asked him about the coin funds and the tough questions that were being raised in news accounts and by state investigators.

"He described it as having access to an ATM," said Ms. Bahn, who changed her name from Metzger earlier this year. "He said when he needed it he would tap into the coin fund."

Ms. Bahn, who also managed Noe's personal checkbook, said she started having concerns about Noe's business when Noe began spending more money on homes and remodeling in 2004.

"I saw an escalation in the expenditures in the personal account," Ms. Bahn said.

The monthly income of Tom Noe — he netted more than $120,000 a year — and his wife Bernadette wasn't high enough to cover the bills, she said. To cover the expenses, Tom Noe would make deposits that Ms. Bahn never saw.

"Whatever was needed, he'd make a deposit to cover it," she said.

Ms. Bahn's comments were the most interesting comments yet in a trial that is expected to last from four to six weeks.

She talked about finding a Noe family checking account that had never been balanced until she took it over and ordered bank statements. She also noted that Tom Noe was writing checks to his personal account from his business, Vintage Coins and Collectibles.

"That's when I said he's going to get in trouble with the IRS. But he's the owner, it was his business," she said.

In one of two private meetings with Noe about the coin funds, Ms. Bahn said he indicated he had a plan to cover up the problems. But he allegedly told her that something she said caused him to change his mind.

"He decided not to use his friends to bail him out but decided to take the bull by the horns and face it," she said.

Ms. Bahn said she pointedly asked Noe if he had stolen the money and if his wife, Bernadette, knew. She did not say what the answer was.

She testified she also talked religion with Noe.

In one meeting as the questions mounted about the coin funds, Ms. Bahn said she told Noe that God had a plan and a purpose. "I said God is after his heart. He may lose everything but he'll get it back."

On cross examination, Ms. Bahn testified she didn't tell investigators about the ATM comment by Noe when she first interviewed with them in November, 2005. She said she finally told them about six months ago.

When asked by John Mitchell, one of Noe's defense attorneys, why she waited so long to share, she said, "I thought he was going to tell the truth and make it right."

Ms. Bahn also testified that she copied a net worth statement of Noe in January, 2005, that indicated he was worth nearly $8 million.

Noe has pleaded not guilty to all of the charges against him. He has been accused of embezzling more than $2 million from the coin funds.

This morning, Tom Wersell, the director of investigations for the Ohio Bureau of Workers' Compensation, testified that the bureau's chief legal officer asked him to show another executive how to delete e-mails in the weeks after the Tom Noe coin scandal erupted.

Mr. Wersell said he did not know why John Annarino made the request but that he showed former chief investment officer Jim McLean how to "double delete" e-mails.

Mr. Wersell, in his second day of testimony, acknowledged that the bureau has a information technology department.

The revelation came during cross examination of Mr. Wersell by Mr. Mitchell. Mr. Wersell had testified that many of the documents relating to the Noe coin funds were retrieved from Mr. McLean's office. He was fired last year by the bureau.

Nancy Smeltzer, a spokesman for the bureau, said this morning that the agency won't comment on the case.

"We don't have any comments on this case as it is going on right now," Ms. Smeltzer said. "We are like everyone else. We are waiting to see what happens."

Noe, 52, faces 44 felony counts related to charges that he took more than $2.2 million from the coin funds he managed for the bureau. If convicted, he faces decades in prison.

A little over a month ago, Noe was sentenced to 27 months in federal prison for illegally funneling more than $45,000 into the re-election campaign of President Bush in 2003. He will report to federal prison at the conclusion of the state trial.

Opening statements began yesterday morning, with testimony starting in the afternoon. The trial could last as long as six weeks.

FBI Director Wants ISPs To Track Users (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, October 18, 2006

Robert Mueller becomes latest Bush administration official to call for ISPs to store customers' data.

FBI Director Robert Mueller on Tuesday called on Internet service providers to record their customers' online activities, a move that anticipates a fierce debate over privacy and law enforcement in Washington next year.

"Terrorists coordinate their plans cloaked in the anonymity of the Internet, as do violent sexual predators prowling chat rooms," Mueller said in a speech at the International Association of Chiefs of Police conference in Boston.

"All too often, we find that before we can catch these offenders, Internet service providers have unwittingly deleted the very records that would help us identify these offenders and protect future victims," Mueller said. "We must find a balance between the legitimate need for privacy and law enforcement's clear need for access."

The speech to the law enforcement group, which approved a resolution on the topic earlier in the day, echoes other calls from Bush administration officials to force private firms to record information about customers. Attorney General Alberto Gonzales, for instance, told Congress last month that "this is a national problem that requires federal legislation."

Justice Department officials admit privately that data retention legislation is controversial enough that there wasn't time to ease it through the U.S. Congress before politicians left to campaign for re-election. Instead, the idea is expected to surface in early 2007, and one Democratic politician has already promised legislation.

Law enforcement groups claim that by the time they contact Internet service providers, customers' records may have been deleted in the routine course of business. Industry representatives, however, say that if police respond to tips promptly instead of dawdling, it would be difficult to imagine any investigation that would be imperiled.

It's not clear exactly what a data retention law would require. One proposal would go beyond Internet providers and require registrars, the companies that sell domain names, to maintain records too. And during private meetings with industry officials, FBI and Justice Department representatives have cited the desirability of also forcing search engines to keep logs--a proposal that could gain additional law enforcement support after AOL showed how useful such records could be in investigations.

A representative of the International Association of Chiefs of Police said he was not able to provide a copy of the resolution.

Preservation vs. retention

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

FBI Chief Addresses Police Chiefs (BOS)

By April Simpson, Globe Staff

The Boston Globe, October 18, 2006

FBI Director Robert Mueller told the nation's police chiefs today that law enforcement must strike a careful balance between fighting crime and protecting the homeland.

Mueller said while violent crime more directly affects most Americans, the Sept. 11, 2001 attacks made anti-terrorism activities the FBI's top priority.

"I wish I could assure you that there will be never be another terrorist attack in America, but I cannot. The world remains a perilous place," said Mueller, who received a standing ovation before and after his speech at the International Association of Chiefs of Police 113th annual conference at the Boston Convention and Exhibition Center.

Ex-F.D.A. Chief Pleads Guilty In Stock Case (NYT)

By David Stout

The New York Times, October 18, 2006

WASHINGTON, Oct. 17 — Lester M. Crawford, the former commissioner of food and drugs, pleaded guilty Tuesday to lying and conflict-of-interest charges in connection with stock he and his wife owned in companies regulated by the F.D.A.

Magistrate Judge Deborah A. Robinson, who accepted Dr. Crawford's plea to two misdemeanor charges, scheduled sentencing for Jan. 22 in Federal District Court.

Dr. Crawford, 68, could face up to a year in prison and a fine of up to $100,000 on each of the two counts, but his lawyer has said she expects him to be placed on probation.

Senior employees of the agency are barred from owning shares in companies it regulates. Dr. Crawford and his wife, Catherine, accordingly sold their holdings in nine companies around the time he became deputy commissioner early in 2002, the government said.

But they retained shares in three others: the food giants Sysco and Pepsico, and Kimberly-Clark, which makes consumer health products and other goods.

In addition, Mrs. Crawford held shares in another regulated company, Wal-Mart, but her husband did not list them in his 2002 financial disclosure.

In addition, Dr. Crawford, who is a veterinarian and pharmacologist, exercised options to buy shares in a poultry biotechnology company regulated by the Food and Drug Administration in 2003 and 2004, earning almost $30,000 altogether. He did not list them in disclosure filings, as he should have, even though he properly reported the transactions on his tax returns, the government said.

The conflict-of-interest charges stemmed from the Crawfords' ownership of shares in Pepsico and Sysco while he was chairman of the Obesity Working Group at the F.D.A., which was reviewing calorie-content labeling for soft drinks.

There is no evidence that the obesity group's conclusions were altered because of the Crawfords' ownership of stock, Howard Sklamberg, an assistant United States attorney, told Judge Robinson.

Mrs. Crawford's brother, William W. Walker III of Birmingham, Ala., said his sister had told him "if they had to do it over again, they'd put everything in a blind trust."

UPDATE: Ex-FDA Chief Pleads Guilty To Charges (DOW)

Dow Jones, October 18, 2006

SAN FRANCISCO (Dow Jones) -- Lester Crawford, the former head of the FDA, pleaded guilty Tuesday to two misdemeanor federal criminal charges he failed to disclose his financial interest in companies his agency regulated, according to media reports.

Crawford, who served as head of the FDA for two months in 2005, was charged by the Justice Department with filing misleading financial-disclosure reports about his holdings in Sysco Corp. (SYY) , Kimberly-Clark Corp. (KMB) and Embrex Inc. (EMBX) .

Crawford was confirmed as FDA chief in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B.

Crawford also owned stock in Pepsico (PEP) , the soft-drink and food product maker.

Crawford was at one time head of an Obesity Working Group that was studying recommendations about food labels and calorie counts.

Court papers say both Pepsico and Sysco had financial interests at stake in the work being conducted by the group, which Crawford headed, according to a CNN report.

Crawford, 58, may face a sentence of up to six months in jail or house arrest and a fine of up to $50,000, his attorney told the media on Tuesday.

Ex-FDA Chief Pleads Guilty To Charges (MRKTWTCH)

DOJ_NMG_0082836

By Robert Schroeder

Market Watch, October 18, 2006

Admits failing to disclose his financial interest in FDA-regulated companies

SAN FRANCISCO (MarketWatch) -- Lester Crawford, the former head of the Food and Drug Administration, pled guilty Tuesday to two misdemeanor charges that he failed to disclose stock ownership in regulated companies and had a conflict of interest, according to federal prosecutors.

Crawford is scheduled to be sentenced on Jan. 22 and faces up to a year in prison on each charge. He pled guilty Tuesday afternoon before U.S. Magistrate Judge Deborah Robinson of Washington, D.C. as part of a plea agreement with federal prosecutors.

The charges against Crawford alleged he or his wife owned shares in Sysco Corp., which were regulated by the FDA, according to a Tuesday statement from the Department of Justice.

"One of the most important principles of our ethics laws is that public officials cannot have a financial interest in any decision that they make," U.S. Attorney Jeffrey Taylor stated. "Lester Crawford, who held one of the most important jobs in government, blatantly violated these principles. Today, he is being held accountable for his actions."

Crawford, 68, of Chevy Chase, Md., served as head of the FDA for two months in 2005. He was confirmed as commissioner in July 2005 after a long Senate debate. Critics had accused the longtime FDA official of allowing politics to affect medical-regulation decisions, such as delaying the approval of over-the-counter sales of the contraceptive Plan B.

Crawford, who also had owned stock in PepsiCo, was at one time head of an Obesity Working Group that was studying recommendations for FDA regulations about food labels and calorie counts. Crawford's ownership of Sysco and PepsiCo shares, and his role with the Obesity group, gave rise to the conflict of interest charge. Robert Schroeder is a reporter for MarketWatch in Washington.

Ex-FDA Chief Strikes Plea Agreement In Stock Disclosure Case (FINDLAW/AP)

By Andrew Bridges, Associated Press Writer

AP, October 18, 2006

(AP) - WASHINGTON-As head of the U.S. Food and Drug Administration, Lester Crawford oversaw a federal agency that regulates products that account for an estimated 25 cents of every dollar spent each year by U.S. consumers.

At the same time, Crawford, through his broker, oversaw an investment portfolio that included tens of thousands of dollars in shares in food, beverage and medical device companies regulated by the very federal agency he ran.

Crawford knew what he and his wife owned, but still failed to fully disclose that information as required by federal law, the Justice Department said in court papers charging him with filing false financial disclosure forms and conflict of interest. In some cases, Crawford even assured federal ethics officers that he and his wife had sold stock in FDA-regulated companies that the couple in fact continued to hold, according to the papers.

Because of that, the former FDA commissioner was set to plead guilty Tuesday to the two misdemeanor counts, said his attorney, Barbara Van Gelder. She said Crawford would not dispute the federal government's claims under the plea agreement.

A fine is likely, though the two counts each carry a maximum penalty of one year in prison.

"At the end of the day, he owned these stocks, and he will admit he owned them while he was at the FDA, and he will take responsibility for that," Van Gelder said.

Crawford and his wife owned stock in Pepsico Inc., Sysco Corp., Kimberly-Clark Corp., Wal-Mart Stores Inc. and other companies that fall under the regulatory control of the agency, the Justice Department said in accusing the former FDA commissioner of making a false writing. Crawford's ownership of those shares was prohibited under federal regulations, since the companies are considered to be "significantly regulated" by the FDA.

The Justice Department also accused Crawford of conflict of interest, charging that as chairman of an FDA panel studying the problem of obesity, he and his wife owned at least US$140,000 in stock in Pepsico, the mammoth snacks and drinks company, and Sysco, a major food distribution company.

Both companies had a stake in the outcome of the panel's recommendations, which included a proposal that would require companies to more prominently display calorie information on food and drink labels.

The papers also say Crawford failed to disclose his income from exercising stock options in Embrex Inc. of Research Triangle Park, North Carolina, an agriculture biotechnology company. The failure to disclose came even as Crawford properly reported his earnings from stock sales on his tax returns. Crawford had been a member of Embrex's board of directors, according to federal filings.

DOJ_NMG_0082837

Crawford, a veterinarian and food-safety expert, abruptly resigned from the FDA job in September 2005, but gave no reason for his decision to step down. He had held the top position for just two months, following his confirmation by the Senate, but had been acting head of the agency for more than a year.

Crawford refused to take a reporter's telephone call at Policy Directions Inc., the lobbying firm where he now works. FDA spokeswoman Julie Zawisza declined to comment.

On the Net:

Food and Drug Administration: http://www.fda.gov

Trial That Could Out Feds Alleged To Have Bogus Degrees Delayed (GOVEXEC)

By Karen Rutzick

Government Executive, October 18, 2006

Names of 135 federal employees who allegedly bought fake diplomas from an outfit in the western United States will not be revealed for at least one year, if ever, according to a U.S attorney's office.

Last week in Spokane, Wash., during a pretrial hearing for eight people accused of selling counterfeit degrees from nonexistent universities, a defense attorney told the judge that employees from the National Security Agency and the Health and Human Services, Justice and State departments were among 6,000 people who bought the diplomas, according to the Associated Press.

The AP also reported that Peter Schweda, attorney for alleged diploma mill operator Steven Randock, said the names of 135 government employees who supposedly purchased the degrees for promotions or pay raises would be released during the course of the trial.

The trial will not start for another year, though. Judge Lonny Suko of the District Court of the Eastern District of Washington delayed it until Oct. 1, 2007, to give attorneys more time to prepare. Suko said more than 150,000 pages of e-mails, 40 CDs of documents and up to 50 witnesses will be used.

Tom Rice, a spokesman for the U.S attorney's office in Spokane, Wash., which is prosecuting the case, said Schweda's assertions that government purchasers would be revealed "were not necessarily accurate."

Rice also said he cannot confirm or deny that there is a separate Justice Department investigation into federal purchasers of the fake degrees. The case was built around a sting operation by a handful of Secret Service agents.

"It has been said that [names] may become available in that trial, but sitting here discussing it with you, I don't see how it's relevant to the Randock trial who purchased them," Rice said. "That'd be like saying everybody who used cocaine would be introduced in the trial of Manuel Noriega."

The 40-page indictment for defendants Steven Randock, Dixie Randock, Richard Novak, Blake Carlson, Amy Hensley, Heidi Lorhan, Roberta Markishtum and Kenneth Pearson accuses them of conspiracy to commit mail fraud, among other offenses. Pearson pleaded guilty last week.

The defendants allegedly set up a number of bogus universities, including "Saint Regis University," "James Monroe University" and "Trinity Christian School." They then sold diplomas and fake transcripts without requiring any coursework or testing.

One of the fake universities, "Robertstown University," used a photograph of Blenheim Castle, the birthplace of Winston Churchill and home of the Duke of Marlborough, to depict its campus on a Web site, according to the indictment.

In 2004, the Office of Personnel Management held seminars to train federal managers on spotting fake degrees. OPM and congressional overseers stepped up efforts to thwart diploma mills after Laura Callahan, a senior director in the Homeland Security Department chief information officer's office, was found to have purchased her degrees from an alleged diploma mill in Wyoming.

OPM did not respond to requests for comment on any current investigation into federal employees involved in the Randock case.

Man Pleads Guilty In 3 Idaho Slayings (FINDLAW/AP)

By Nicholas K. Geranios, Associated Press Writer

AP, October 18, 2006

(AP) - COEUR D'ALENE, Idaho-The man accused of kidnapping two children from their Idaho home and killing their family pleaded guilty Monday to murder and kidnapping in a deal that leaves him still eligible for the death penalty.

Joseph E. Duncan III, 43, was charged with bludgeoning two adults and a teenager to death at the home near Coeur d'Alene so he could kidnap the family's two youngest children for sex.

DOJ_NMG_0082838

Duncan pleaded guilty shortly before his trial was to begin Monday. Under his plea agreement, he is to be sentenced to three consecutive life terms without parole in an Idaho prison. But authorities said that sentencing would be postponed pending federal prosecution that could result in the death penalty.

Kootenai County Prosecutor Bill Douglas said the sole survivor, young Shasta Groene, had agreed to testify against the man accused of holding her captive in the woods for seven weeks.

"This agreement is possible because of a brave little 9-year-old girl who was willing to confront Duncan face-to-face in the courtroom," Douglas said.

Federal prosecutors have said they intend to charge Duncan with kidnapping Shasta Groene and her brother Dylan and taking them to a primitive campsite in Montana and that they expect to seek the death penalty. Court documents allege he repeatedly molested the pair, then killed Dylan, whose body was found later at the campsite.

Shasta Groene was rescued after she walked into an Idaho restaurant with Duncan seven weeks after the slayings.

If the federal trial does not produce a death sentence, Duncan could be brought back for a death penalty hearing in state court, Douglas said.

Steve Groene, the children's father, is unable to speak because of recent throat cancer surgery. After the hearing, he wrote a message on a board that said: "We feel this is the best possible outcome."

The agreement calls for Duncan to cooperate with state and federal authorities. Duncan must also provide the key to unlocking coded files in his computer that could hold additional evidence.

Duncan, a registered sex offender who has spent most of his adult life in Washington prisons, was on the run from a child molestation charge in Minnesota at the time of the slayings. He declined to make a statement Monday before the judge.

Duncan was charged with three counts of first-degree murder in the attacks on Shasta's mother, Brenda Groene; Groene's fiance, Mark McKenzie; and Groene's 13-year-old son, Slade, in May 2005.

Ex-Stafford Man Admits Role In $10M. Stock Scam (ACP)

By J. STAAS HAUGHT, Staff Writer

Atlantic City (NJ) Press, October 18, 2006

CAMDEN -- A former Ocean County man pleaded guilty Monday in federal court to involvement in a stock fraud case that cost investors millions of dollars and involved partners from Canada, New York, Florida and New Jersey, including a man from Upper Township.

Joseph F. Morgan, formerly of Stafford Township and now of St. Pete Beach, Fla., admitted to U.S. District Court Judge Jerome B. Simandle that he helped swindle investors of about $10 million in a scheme that netted more than $20 million through stock price manipulations.

As part of the scheme, involving several co-defendants and other unindicted partners, Morgan and others used a system of illegal stock compensations, fraudulent companies and shady brokerage deals to take control of nearly 100 million shares of TeleServices Internet Group Inc. and then sold those stocks to unsuspecting investors.

The scam, which ran from December 1996 through October 2005, involved at least 16 publicly traded companies, all trading on the Over the Counter Electronic Bulletin Board System. The shares â€" called penny stocks â€"â€‰generally traded for less than $1, often as little as 5 cents.

An official with the U.S. Department of Justice said the scam operated like a pump-and-dump or boiler-room scheme, in which brokers drum up investors by suggesting the stock is ready for a major price lift. In this case, Morgan and others used their connections to move the stock around, giving investors the appearance of true market activity.

Many investors bought stocks only to see the price collapse a short time later.

Morgan and four co-defendants were initially charged in October 2005.

On Monday, the Justice Department said an Upper Township man also was involved in the scheme.

Rhett Howard Kirchoff, who owned DiMedio Kirchoff & Co. from 1995 to 1998, pleaded guilty in March to his involvement in the scam and is awaiting sentencing.

Morgan is scheduled to be sentenced Feb. 2. He faces a maximum of five years for each of the two conspiracy to commit wire fraud charges and a maximum of 20 years for the two conspiracy to commit money laundering charges to which he pleaded guilty. Morgan has also agreed to forfeit $3.5 million in property and assets.

Other New Jersey defendants include:

nâ€‰Thomas S. King, of Cherry Hill. King was the broker on an account owned by Robert Gordon, the CEO, CFO, chairman and director of TeleServices. The account was maintained at Kirchoff's company.

nâ€‰Robert Pozner, of Ridgewood Park. Pozner was a licensed securities seller with two New Jersey brokerage firms.

Gordon, Pozner and King have pleaded not guilty and await trial.

Crime In Florida Continues To Drop, Except Murder (AP)

By David Royse, Associated Press Writer

AP, October 18, 2006

TALLAHASSEE, Fla. -- Crime continued to drop in Florida during the first half of this year, but the rate of violent crimes, particularly murders, went up, according to state figures released Tuesday.

Crimes tracked by federal officials dropped from 412,743 in the first six months of 2005 to 411,608 in the first half of 2006, statistics compiled by the Florida Department of Law Enforcement showed.

That represented a decrease of 0.3 percent, continuing a downward trend that has put the state's crime rate at its lowest in more than three decades.

But there was a striking anomaly in this year's figures: an increase in the number of murders. Local police agencies reported 518 killings in Florida through the end of June, up 27 percent from the 408 murders the state saw in the first six months of 2005.

Violent crime in general is bucking the overall trend in Florida, increasing 3.2 percent in the first half of 2006 over the same period last year.

The increase mirrors a mysterious uptick in violent crimes and murders in cities nationwide.

Officials don't have a clear explanation for what may be making the murder rate jump, following small but steady declines through recent years that were attributed in part to tougher sentencing laws.

In Orlando, officials have noted that the city has already seen 41 homicides this year, surpassing its old record of 36 for an entire year, set back in 1982.

Jacksonville had seen 92 murders through the end of last week, passing the 91 the city had in all of 2005. While the city has seen a slowing of murders in recent months, it is on pace to have its highest number of homicides in more than a decade.

Local officials have noted that many murders are drug related, but it's not clear whether some increase in drug use or trade is causing the spike. In fact, officials aren't sure what's going on.

"It's happening across the country too, for some reason," Gov. Jeb Bush said Tuesday. "I don't know if there's any particular reason that can be identified."

Nationally, violent crime rose 2.2 percent last year, the first increase since 2001.

In a speech to police chiefs on Monday, U.S. Attorney General Alberto Gonzales said federal officials are looking for trends in gang violence, drug trafficking, and how inmates released from prison may have contributed to the increase. Gonzales also acknowledged that some law enforcement agencies have been stretched a little by new duties in anti-terrorism efforts.

U.S. Judge Again Rules Lethal Injection Procedure For Executions Is Unconstitutional (FINDLAW/AP)

AP, October 18, 2006

(AP) - KANSAS CITY, Missouri-A federal judge has ruled for a second time that Missouri's use of a three-drug lethal injection for executions is unconstitutional, confirming his ruling last month that the procedure could cause "torturous" pain.

The ruling issued Monday by U.S. District Judge Fernando Gaitan Jr. follows his September ruling that said the death penalty protocol could subject inmates to an unreasonable risk of cruel and unusual punishment and halted all executions in the state.

Gaitan had first ordered in June that the Missouri Department of Corrections make sweeping changes to its execution protocol. At issue is how painful lethal injection can be if the three drugs used are not given correctly. If the injection is given improperly, an inmate could be in pain but would be paralyzed and unable to show it, Gaitan said in his September ruling.

In that order, Gaitan gave the state until Oct. 27 to provide a revised protocol. But the state resubmitted the same proposal Oct. 6, arguing that it was constitutional and asking the judge to reconsider his decision.

The state's attorneys had asked Gaitan to rule quickly, so they could file an appeal if he ruled against them.

"The state's response does nothing to address these concerns and indicates its lack of willingness to even attempt to comply with the court's order," Gaitan wrote Monday.

Gaitan's ruling comes in the case of Michael A. Taylor, one of two men convicted of raping and killing Kansas City teenager Ann Harrison in 1989. Taylor came within hours of death earlier this year before his execution was stopped by the legal challenge.

Gaitan ordered the state to improve the monitoring of inmates to be sure they get enough anesthesia during the execution process. He also ordered that a doctor trained in administering anesthesia either mix the chemicals or oversee the mixing of chemicals for executions.

DOJ_NMG_0082840

U.S. Won't Charge Berkshire Unit In Virginia Case (WSJ)

By Karen Richardson

The Wall Street Journal, October 18, 2006

General Reinsurance, a unit of Berkshire Hathaway Inc., is in the clear and won't be charged by federal prosecutors in their continuing criminal investigation into the collapse of a professional-liability insurer in Virginia, according to a statement by Berkshire.

Berkshire, the Omaha, Neb., holding company headed by billionaire Warren Buffett, said General Re received a letter yesterday from the office of the U.S. attorney for the Eastern District of Virginia in Richmond stating that the federal prosecutor "does not currently view General Reinsurance as a target or subject in connection with the EDVA U.S. attorney's pending investigation of Reciprocal of America."

Stanley Twardy, an attorney at Day, Berry & Howard LLP representing General Re, said, "The U.S. attorney's office has advised us that General Reinsurance will not be charged in any way in connection with the ROA matter. The government has declined prosecution."

Four of General Re's current and former employees are also not targets of the U.S. attorney's Reciprocal probe, even though they had earlier received subpoenas, and one of the former employees was previously identified as a target, according to Berkshire's statement about the letter.

Berkshire has never disclosed the names of the current or former employees who received subpoenas. The company said it would continue to cooperate with the investigation.

Marc Hamburg, Berkshire's chief financial officer, didn't return a call seeking comment. Assistant U.S. Attorney David Maguire, the lead prosecutor in the Reciprocal case, also didn't return a call seeking comment.

In rare cases, U.S. attorneys issue statements or letters -- sometimes by request of parties involved in continuing cases -- to help clear up public uncertainty over whether they are targets of investigators. It is unclear whether Berkshire requested the letter.

Reciprocal, which sold professional-liability insurance, was a customer of General Re. Previously, criminal investigators were probing whether General Re for more than a decade helped executives of Reciprocal disguise loans as reinsurance, according to people familiar with the case.

Specifically, investigators had wanted to know if General Re aided an alleged program to deceive state regulators and policyholders of the Richmond-based insurer with transactions dating to the early 1990s. In June 2005, a federal judge in Virginia gave a 12½-year jail sentence to a former president of Reciprocal.

Man Is Convicted Of Two Counts Of Murder In L.I. Drunken Driving Case (NYT)

By Paul Vitello

The New York Times, October 18, 2006

MINEOLA, N.Y., Oct. 17 — A man who crashed into a wedding limousine last year, killing the driver and a 7-year-old girl while driving drunk in the wrong direction on a Long Island parkway, was convicted on Tuesday of two counts of murder.

The verdict against Martin R. Heidgen, 25, of Valley Stream, which came on the fifth day of deliberation after jurors twice said they were deadlocked, is one of only a few murder convictions won in fatal drunken driving cases anywhere.

And it was the first in Nassau County, where the high incidence of drunken driving has become a public policy issue that figured heavily in the 2005 election campaign for the office of district attorney.

“We would hope that this verdict sends a message that if you drink and drive and kill someone, you will be prosecuted for murder,” said the district attorney, Kathleen M. Rice, who won that election, at least in part by criticizing her predecessor, Denis Dillon, for purportedly timid use of murder charges in fatal drunken driving cases.

The family of Katie Flynn, the 7-year-old girl who was killed, had forcefully encouraged the district attorney’s decision to bring a murder charge, and attended every day of the five week trial with a group of rarely less than 50 supporters, both family and friends.

“Murder was the only acceptable verdict,” said Katie’s father, Neil Flynn, of Long Beach, after the jury’s decision, which was rendered while several jurors wept and others held their heads in their hands. “This man murdered my daughter, and we’re glad he’s moving on to prison, where I hope it’s as bad as I’ve heard it is.”

Katie Flynn and her family were returning from a wedding at 2 a.m. on July 2, 2005, when Mr. Heidgen’s pickup truck, traveling north in the southbound lanes of the Meadowbrook Parkway, plowed into their hired limousine. The limousine chauffeur driver, Stanley Rabinowitz, 59, of Farmingdale, was also killed. Katie’s parents, a sister and her grandparents were injured.

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From a hospital where she was recovering from her injuries, Katie's mother, Jennifer Flynn, told reporters several days after the crash that she had held her daughter's decapitated head in her lap at the scene and had to be physically separated from it by emergency workers.

Mr. Heidgen's lawyer, Stephen LaMagna of Garden City, said Mr. Heidgen's family was "devastated and disappointed" by the verdict. The defendant's parents and several relatives also attended each day of the trial. Mr. LaMagna said that Mr. Heidgen "has always expressed remorse for what happened," and promised to appeal the verdict, adding, "when the appeals court reviews the record, I hope they will see it for what it is." He would not elaborate.

The murder charge brought against Mr. Heidgen, murder in the second degree by depraved indifference, carries the same penalties as intentional murder — a minimum of 15 years and a maximum of 25 years to life — and has been the subject of several appellate court decisions in the last two years. Though the case law is still evolving, the drift of the appellate rulings has been toward increasing the burden of proof for a sustainable conviction.

Whereas "depraved indifference" was previously considered a self-evident set of circumstances, it is now understood as a state of mind that must be established with evidence. In his instructions to the jury in this case, Acting Justice Alan R. Honorof of State Supreme Court described that state of mind as one in which a person "engages in conduct which creates a grave and unjustifiable risk that another person's death will occur, and when he or she is aware of and consciously disregards that risk."

He said the depraved indifference state of mind "reflects a wicked, evil or inhuman state of mind."

Jurors who were interviewed said they saw depraved indifference in Mr. Heidgen's behavior not only because he was very drunk — three times the legal limit — and not only because he was driving the wrong way, but because he passed six cars over a distance of almost three miles before he crashed into the Flynns' limousine.

"We didn't think he was trying to avoid the accident," said the juror Michael Derita, 39, a graphics designer from Levittown. "He didn't try to get out of the way."

A majority of the jurors favored a verdict of murder from the beginning. Four held out for a lesser charge of manslaughter, Mr. Derita said. At one point during the five days of deliberations, with only two jurors favoring the lesser charge, one of them withdrew from the discussion altogether and "went to sleep for a couple of hours."

The jury filed into a hushed courtroom in the ninth hour of their fifth day of deliberations, at 5:10 p.m. Tuesday.

After the jury forewoman uttered the word "guilty" to the first of the two murder charges, the 50 or 60 friends and relatives of the Flynns, and several of Mr. Rabinowitz's relatives, exploded with a keening cheer that they then almost immediately choked back, falling silent again to hear the verdicts on the remaining charges.

The accumulated anxiety and emotion of the five-week trial and weeklong deliberations seemed to sweep through the room as relatives and friends of the crash victims fell into each others' arms, gasping and weeping.

Mr. Heidgen, an insurance salesman in Manhattan, was also found guilty of drunken driving and aggravated assault in connection with the other family members' injuries.

He was scheduled to be sentenced next month.

Williams Seeks $11 Million To Extend Anti-crime Package (WT)

By Matthew Cella And Amy Doolittle, The Washington Times

The Washington Times, October 18, 2006

Mayor Anthony A. Williams yesterday asked the D.C. Council for $11 million to continue and expand a package of emergency crime measures passed in July.

The legislation includes a request for $5 million for youth-violence prevention programs, $4.2 million for additional police overtime and $1.7 million for the city's burgeoning network of neighborhood surveillance cameras.

It also would renew four key provisions of the mayor's emergency package, which is set to expire at midnight tomorrow.

Those provisions authorized the use of neighborhood surveillance cameras, allowed some offenders to be held until trial, gave police access to juvenile criminal records and granted the mayor power to set the time of the juvenile curfew.

Today, the council is scheduled to vote on whether to renew the package for 90 days on an emergency basis. But, the council's general counsel first must determine whether the legislation violates a statute barring passage of the same law more than once on an emergency basis.

Charlotte Brookins-Hudson, the counsel, told The Washington Times last month that the bill would require a "very substantial modification" to be permitted under the statute, which is designed to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson could not be reached for comment yesterday.

Adrian M. Fenty, the Democratic nominee for mayor, cast the lone vote against the crime package in July. Reached last night, Mr. Fenty said he was "being briefed" on the mayor's proposal.

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Permanent anti-crime legislation that addresses the provisions of the emergency measure is before the council, but it cannot be enacted before December, at the earliest.

Mr. Williams yesterday also announced an end to the 10 p.m. juvenile curfew. Beginning Friday, curfew hours for those 16 or younger will return to 11 p.m. on weekdays and midnight on weekends.

"It has been useful," Metropolitan Police Chief Charles H. Ramsey said. "It was a temporary measure. It just gave the mayor the authority to change the hours. It was never meant to be a permanent solution."

Chief Ramsey said the overtime money would be used to pay for expenditures the police department has incurred in recent weeks since officials spent the $8 million that the council appropriated for overtime in the emergency measure in July.

He said he expected to continue through the end of the month the crime emergency, which suspends the provisions of the police union contract that mandates a two-week notice before changing officers' assignments.

He said some of the overtime money would be used to fund overtime assignments after the emergency ends, but those would be on a limited volunteer basis.

The chief could not say how many more cameras he expected the department to purchase. He said that more than $1 million of the $2.3 million that the council authorized in July was spent on infrastructure but that those costs should be far less this time.

"The majority of it will go to cameras," he said. "I would think we would be able to get another 35-40."

Janis Bolt, a spokeswoman for the D.C. Office of Contracting and Procurement, said each camera costs $21,975.

CIVIL LAW:

Agency FOIA Administration Found To Be Improving (GOVEXEC)

By Daniel Pulliam

Government Executive, October 18, 2006

Agencies subject to the Freedom of Information Act are for the most part complying with an executive order outlining a two-year process for improving the implementation of the 40-year-old law, according to a new Justice Department report.

All 91 federal agencies subject to FOIA have prepared plans for improving the process of releasing federal documents to the public, refined the plans where necessary and posted them on their Web sites for public review, the report stated. Most agencies also fulfilled the order's first requirement successfully by appointing chief FOIA officers by Jan. 13, 2006.

In fiscal 2005, agencies handled more than 2.6 million FOIA requests at a cost of $300 million. This represents a 35 percent increase in activity over fiscal 2001, the report stated.

The executive order, signed by President Bush on Dec.14, 2005, directed agencies to ensure citizen-centered and results-oriented FOIA operations.

A number of improvement plans failed to properly address how the agencies would address backlogs of requests for information, the report stated. A few agencies have modified plans to comply with the order, including the Education Department, the Federal Energy Regulatory Commission, NASA, the National Archives and Records Administration and the Securities and Exchange Commission.

But a number of other agencies have yet to complete the modifications. These were the Agriculture, Commerce, Defense, Homeland Security, Labor and Veterans Affairs departments; the Equal Employment Opportunity Commission, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the General Services Administration, the Merit Systems Protection Board, the National Science Foundation, the National Transportation Safety Board and the Social Security Administration.

The report recommended a follow-up to a March 8 meeting of chief FOIA officers, a requirement that agencies review standard forms and correspondence formats used for FOIA purposes and increased use of technology for FOIA administration. Justice reviewers highlighted efforts at the Defense and Interior departments to use technology to streamline the process for releasing documents.

A recent governmentwide technology initiative is aimed at automating FOIA processes as a means of reducing backlogs. Several large decentralized agencies, such as the Housing and Urban Development and Veterans Affairs departments, reported they were seeking automated systems for tracking FOIA requests.

GSA reported that its "field office" structure contributes to an inability to accurately track the types of responses throughout the agency.

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The report stated that the Justice Department has focused on reducing backlogs by establishing a goal of closing the 10 oldest pending FOIA requests for records from its leadership offices on a regular basis. Other agencies, such as the Small Business Administration, do not have such backlogs, the report said.

Justice also urged agencies to follow GSA's lead by sending postcards to acknowledge the receipt of a FOIA request, rather than the standard written letters. This is a means of saving time and money for more substantial FOIA activities, the report said.

In the next step, agencies will be required to report on the implementation of the improvement plan's first stage by Feb. 1, 2007. Fiscal 2006 FOIA reports are due to President Bush by June 1, 2007. The fiscal 2007 report will be due in February 2008.

House Government Reform Management, Finance and Accountability Subcommittee Chairman Todd Platts, R-Pa., said in a statement the report provides a fair accounting of agencies' actions to improve the public's access to information.

But to further improve FOIA, Platts urged action on legislation he introduced to close loopholes in the law. The bill (H.R. 867), which would amend the FOIA, has passed out of Platts' subcommittee.

A companion bill in the Senate (S. 394) passed out of the Senate Judiciary Committee in September.

No Death Benefits For Studds's Spouse (WP)

The Washington Post, October 18, 2006

BOSTON, Oct. 17 -- The federal government has refused to pay death benefits to the spouse of former congressman Gerry E. Studds (D-Mass.), the first openly gay member of Congress.

Studds married Dean Hara in 2004 after same-sex marriage was legalized in Massachusetts. But Hara will not be eligible to receive any portion of Studds's estimated $114,337 annual pension because the 1996 Defense of Marriage Act bars the federal government from recognizing Studds's marriage.

Peter Graves, a spokesman for the Office of Personnel Management, which administers the congressional pension program, said same-sex partners are not recognized as spouses for any marriage benefits. He said Studds's case is the first of its kind known to the agency.

Under federal law, pensions can be denied only to lawmakers' same-sex partners and to people convicted of espionage or treason, Graves said.

The homosexuality of Studds was exposed during a teenage-page sex scandal in 1983. He died Saturday at 69, several days after collapsing while walking his dog. Doctors said he had developed two blood clots.

Graves said Studds could have purchased an insurable interest annuity, similar to an insurance policy, which is allowed under both the civil service and the federal-employee retirement system and is not affected by the Defense of Marriage Act. Graves said he did not know whether Studds used that option.

Peter J. Sepp, spokesman for the nonprofit watchdog group National Taxpayers Union, estimated Studds's annual pension at $114,337. That would have made Hara, 48, eligible for a lifetime annual pension of about $62,000, which would grow with inflation, if the marriage were recognized by the federal government, Sepp said.

Hara declined to comment.

Gary Buseck, legal director for the group Gay and Lesbian Advocates and Defenders, said Studds's case may offer "a moment of education for Congress."

"Now they have a death in the congressional family of one of their distinguished members whose spouse is being treated differently than any of their spouses," Buseck said.

In 2004, Massachusetts became the first state to legalize same-sex marriage after gay couples successfully sued for the right to marry.

Studds was elected to Congress in 1972. In 1983, a 27-year-old man disclosed that he and Studds had had a sexual relationship a decade earlier when he was a congressional page. The House censured Studds, who revealed on the House floor that he was gay.

Constituents reelected Studds until he retired in 1997 to become a lobbyist for the fishing industry and environmental causes.

CIVIL RIGHTS:

California Letter Investigated For Warning To Immigrants (NYT)

By Jesse Mckinley

The New York Times, October 18, 2006

DOJ_NMG_0082844

SAN FRANCISCO, Oct. 17 — Federal and state authorities are trying to determine who sent a letter to some Latinos in Southern California that falsely suggested that it would be a crime for immigrants to vote in the coming election.

The letter, written in formal, sometimes clumsy Spanish and signed "Sergio Ramirez," was mailed last week to an undetermined number of people with Spanish surnames in Orange County, the authorities said. It advised recipients that "if you're an immigrant, voting in a federal election is a crime that can result in incarceration," or deportation.

While illegal immigrants are barred from voting, legal immigrants who have become citizens are permitted to do so.

The letter also stated that the federal government had installed a computer system to verify the names of new registered voters who vote in October and November and that anti-immigration groups would be able to access that information. Election Day is Nov. 7, but early voting is allowed Oct. 20-29 in Orange County.

Cynthia Magnuson, a spokeswoman for the Justice Department, which along with the California attorney general's office is investigating the letter's source, said there was no such database.

"The letter contains false information," Ms. Magnuson said.

The letter was printed on stationery labeled with the name of the California Coalition for Immigration Reform, a strident anti-illegal-immigration group whose Web site features a video on how illegal immigrants bring disease to the United States.

But Barbara Coe, the group's leader, told The Los Angeles Times, which first reported the letter on Tuesday, that her group had not sent or authorized it, and that she did not know a Sergio Ramirez. On Tuesday, Ms. Coe did not return repeated phone calls and e-mail seeking comment.

Some Latino leaders expressed doubts on Tuesday about Ms. Coe's denial and said they suspected the letter was part of a concerted, long-term effort on the part of groups like hers to intimidate voters.

"They're taking as much action as they can to make the lives of Latinos as miserable as possible," said Brent Wilkes, the national executive director of the League of United Latin American Citizens, a civil rights group.

Gov. Arnold Schwarzenegger called the letter racist and urged Bill Lockyer, the California attorney general, to prosecute those responsible with a hate crime. A collection of other civil rights groups also called on Attorney General Alberto R. Gonzales to investigate the letter as a violation of federal voting laws.

Nathan Barankin, a spokesman for Mr. Lockyer, said his office had been alerted to the letter on Monday morning, after a weekend in which Latino leaders fielded calls from outraged constituents.

"They could be naturalized citizens or they could be fourth-generation Californians," Mr. Barankin said of the recipients. "What we do know is that some of the recipients of this letter are legal and longtime registered voters in California."

Mr. Barankin said the letter could have violated two California laws. One bans the use of coercion or intimidation in an effort to prevent someone from voting; the other makes it illegal to knowingly challenge a person's right to vote on fraudulent and spurious grounds.

It was unclear, Mr. Barankin said, how many of the letters were distributed, but his office expected more complaints.

"We're going to determine who sent it, and why they sent it and then from that, if there's enough evidence to prosecute," Mr. Barankin said.

Orange County, between Los Angeles and San Diego, has seen a substantial increase in its Latino population over the last two decades. A 2005 estimate by the Census Bureau reported that nearly one in three Orange County residents was of Latino or Hispanic origin.

Representative Loretta Sanchez, a Democrat from Garden Grove, in northern Orange County, said that she had heard from a handful of constituents in her district who received a letter, and that she feared it could scare off first-time voters.

"Santa Ana and Anaheim are the new Ellis Island of the United States," Ms. Sanchez said, mentioning two Orange County cities with large Latino populations. "New people are becoming citizens every day, and who knows the sophistication level when they get a letter like this?"

But others thought the letter would have little effect.

"I think Latino voters are astute enough not to be intimidated," said John Trasviña, the interim president and general counsel for the Mexican American Legal Defense and Educational Fund in Los Angeles. "And they've seen the same tactics used against them in the recent past as well as the farther ago past. And they won't take it."

Election Board Votes To Send New Letter To 305,000 Misinformed Voters (AP)

AP, October 18, 2006

ATLANTA - The State Election Board on Tuesday approved a letter that will inform more than 300,000 Georgia voters who were told they needed a photo ID to vote that they can still use 17 forms of identification to cast a ballot on Nov. 7.

The board also approved radio and television public service announcements to be broadcast statewide. The Secretary of State's Office will be responsible for distributing the letter and ads, and will partially fund the efforts.

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The mailing is expected to cost $127,000, and the ads will be taped and aired using $16,000 from the election board budget previously reserved for voter education.

Both measures were approved at a special meeting called by election board member David Worley after he discovered nearly 200,000 voters - not the 20,000 initially reported by Vice Chair Claud "Tex" McIver - were told they would need to get a photo ID at the polls.

In all, the board of elections contacted by mail 305,000 registered voters believed to lack state-issued photo identification. Most received letters after a Sept. 19 ruling by Fulton County Superior Court Judge T. Jackson Bedford declaring the photo ID law violated the Georgia Constitution as an undue burden on voters.

At the meeting, Worley - the lone Democrat on the panel - questioned McIver on how the discrepancy was made and where he got his information. McIver approved the mailing of the additional letters after Bedford's ruling.

Worley said that mailing was a "deliberate attempt to make people think they needed a photo ID they did, in fact, not need."

McIver said he reported the information he was given about how many letters remained to be sent after the judge's order.

"I can assure you our staff did not get that information from the tooth fairy," McIver said, adding that he was also surprised to see that so many letters had gone out after the law was banned.

For months, lawyers have been battling over Georgia's photo ID law - one of several passed recently across the country - in state and federal court, and lawyers opposing Georgia's photo ID law are set to ask a judge on Friday to hold the state in contempt of Bedford's order.

Opponents claim the photo ID law is intended to discourage minorities, the poor and the elderly from casting ballots. In a motion filed Monday, the attorneys also asked the judge to force the state to send new letters to those voters.

The Chicago-based Rainbow/PUSH Coalition, led by the Rev. Jesse Jackson, sent a letter Tuesday to U.S. Attorney General Alberto Gonzales criticizing Georgia's actions and demanding that corrective action be taken to inform voters of the current election rules.

"Georgia and other states still insist on interposing burdensome obstructions between the American people and their right to vote in violation of the 15th Amendment," reads the letter, signed by Jackson. "The State Board of Elections...wants to pretend that mailing the notices was harmless error. It was either intentional voter fraud or grossly negligent disregard of the right to vote."

After the meeting, Worley said he was not satisfied with McIver's explanation of why he would report that only 20,000 letters were left to be mailed after the judge's order, but that he is satisfied that the issue will be corrected with the new mailing by the Secretary of State's Office.

"Based on the way this was handled, I didn't trust the Republican majority to do it properly the second time," Worley said.

McIver maintained he did not regret his decision to mail the first letter - which he called an education piece - and that he does not believe voter confusion exists over the photo ID law.

Supporters of the law - primarily Republicans - have said it is needed to prevent voter fraud, despite the absence of examples of in-person voter fraud.

FBI Forwards Rylee Investigation To Justice Department (ADG)

By DEBRA HALE-SHELTON

Arkansas Democrat-Gazette, October 18, 2006

The FBI has forwarded information from its investigation into Russellville police officers' fatal encounter with Bobby Joe Rylee last summer to the Civil Rights Division of the U. S. Department of Justice.

The Washington-based office will determine whether a federal civil-rights violation occurred in the forcible arrest of Rylee on July 15 in a parking lot along Arkansas 7 in Russellville, said Steven Frazier, a spokesman for the FBI office in Little Rock.

Rylee, 61, quit breathing several hours after police took him to the Pope County jail. He died five days later in a Little Rock hospital.

Russellville Police Chief James Bacon has said he understood the FBI was investigating at the request of Rylee's family. Frazier previously declined to comment on an ongoing investigation, which is FBI policy.

In August, Prosecuting Attorney David Gibbons of Clarksville declined to charge four Russellville police officers, saying they were justified in the force they used to subdue and arrest Rylee. Police said Rylee had fought with them and stabbed one officer in the arm with a ballpoint pen, which Gibbons concluded was a deadly weapon.

Rylee's family filed a federal lawsuit in Little Rock last month, contending that Russellville police officers beat Rylee before taking him to jail, where, the lawsuit said, he was refused medical attention despite life-threatening injuries. Police have said Rylee declined medical treatment.

"I believe we have forwarded the initial information that we have received about this case," Frazier said by telephone Monday.

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"Some of that has come from the [Russellville] Police Department, the media and others."

Frazier said all FBI civilrights investigations ultimately are presented to the Justice Department.

He said he had no idea how long the process would take.

He also said he could not say when the FBI forwarded the information to Washington.

Frazier said the Civil Rights Division can make one of three decisions: That there is a prosecutable violation. That there is "no prosecutive merit."

That more information and investigation are needed.

"In order for [the latter] to happen... there needs to be enough of an allegation to warrant additional investigation," Frazier said.

In a response filed last week with the U. S. District Court in Little Rock to the Rylee family's lawsuit, Pope County Sheriff Jay Winters and jail supervisor Luke Sawdy denied allegations of failing to provide medical care to Rylee when they should have known his injuries were serious.

Russellville police filed a separate response, denying allegations of beating or assaulting Rylee.

Both responses asked that the suit be dismissed.

Study Finds Race Disparity In Breast Cancer Mortality Rates (CHIT)

By Judy Peres, Ronald Kotulak And Peter Gorner

Chicago Tribune, October 18, 2006

A study showing an alarming gap in breast cancer death rates for black and white women in Chicago has mobilized health experts to find the root causes and recommend within a year ways to reduce the unusually high mortality among African-Americans.

Why black women are more likely to die of breast cancer is unclear, but medical leaders said genetics, lack of awareness about breast self-examination, inability to afford routine mammograms and limited access to medical facilities may play crucial roles.

Some Chicago researchers are also beginning to look at whether the stress of social isolation and living in impoverished or crime-ridden neighborhoods might make some women more vulnerable to cancer.

Another possibility is that some facilities serving black women are doing a poor job of detecting cancers early.

"Women are dying—overwhelmingly poor and black women—because of inadequate quality of the mammography process. That's our hypothesis," said Steve Whitman, director of the Sinai Urban Health Institute, which conducted the study released Tuesday.

The study, which has not yet been published or undergone the scrutiny of peers, found that the odds that a woman will die of breast cancer has been declining steadily for close to two decades, yet African-American women have been seeing the reverse. (The report did not analyze data for women of other races.)

As recently as the 1980s, mortality rates for black and white women in Chicago were both around 38 breast cancer deaths per 100,000 women per year, according to the study. The rates started to diverge in the 1990s, as overall mortality rates began to drop thanks to improvements in treatment and early detection.

By 2003, the last year for which statistics are available, the rate for Chicago's black women was 73 percent higher: 40.5 breast cancer deaths per 100,000, compared with 23.4 for white women.

For the U.S. as a whole, the mortality rate for white women is 25.2, compared with 34.6 for black women—37 percent higher. The study reported the gap in New York City was only 17 percent (35.8 for blacks, 30.7 for whites), which suggests "it's not just an issue of big urban areas," Whitman said.

Researchers have been trying for years to discover why black women in America have a higher risk of dying of breast cancer, even though they're less likely to get the disease.

Some studies have found biological differences that may cause black women to get more aggressive types of breast cancer. Experts say black women are more likely than white women to have a combination of three genetic defects that makes their tumors harder to treat.

"We've known for years that African-American women have a more aggressive type of breast cancer compared to white women," said Dr. Virginia Kaklamani, an oncologist at the Northwestern University Feinberg School of Medicine. "One of the reasons for that is that the kind of breast cancer they get is genetically worse."

At the University of Chicago, meanwhile, a large federally funded study is under way to look at social factors that might bring about biological changes that lead to breast cancer. The team includes specialists in the medical, biological, behavioral and social sciences.

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"We think the black-white disparity is due to complex interactions of genetic and environmental factors. By joining together is the only way we're going to get a handle on them," said study leader Sarah Gehlert, director of the Center for Interdisciplinary Health Disparities Research.

"Between 70 and 80 percent of all breast cancers are due to sporadic mutations, not inherited mutations. That means it's things that happen in the environment," Gehlert said.

"We think that if you live in really adverse circumstances in a neighborhood with a lot of crime, so the threat's always there, you'll be afraid to go out and will develop what we call a dysregulated stress response," she said. "And you'll be more likely to have spontaneous mutations of the breast cancer genes."

Gehlert said her study is based on the work of U. of C. psychologist Martha McClintock, who showed that socially isolated female laboratory rats suffered an increase in spontaneous breast cancers.

"We're testing this hypothesis in Chicago and Gary on 233 newly diagnosed African-American breast cancer patients," Gehlert said. "We go into their homes and look at their neighborhoods. Then we examine their tumors after they've been biopsied to see if they're due to spontaneous mutations or are inherited."

Experts also noted that black women also are more likely to get inferior care, fail to seek appropriate testing and be unable to afford routine mammograms.

Sandra Stewart, 55, who lives on Chicago's South Side, said she hadn't had a mammogram in 10 years when she felt a hardness in her breast one morning last October—breast cancer awareness month.

"Most of us can't afford it," she said. "I didn't have any insurance."

Scared, she called a cancer hot line she'd seen on TV and was able to receive a free mammogram. "They found an advanced cancer," she said. "The very same day, they sent me up for a biopsy."

The Stand Against Cancer project arranged for Medicaid to cover her treatment, and today Stewart is in complete remission.

To address the idea that the mammography available to black women may be of poor quality, the Sinai report calls on area hospitals and breast centers to collect and share mammography quality measures as the first step toward improving services.

"In health care, what gets measured gets better," said Alan Channing, president of the Sinai Health System.

Mammograms, which are specialized X-rays, are difficult to read, and their effectiveness in spotting cancer early depends in part on how well they are interpreted. The American College of Radiology has established quality standards and recommends that all mammography programs keep track of their performance. But many programs do not, and most do not release the data if they have it.

To stimulate transparency and perhaps challenge other facilities to release their data, the Sinai report includes quality measures for Mt. Sinai Hospital (part of the Sinai Health System) and Mercy Hospital.

The task force organized to figure out how to reduce Chicago's racial gap in breast cancer death rates will call a summit meeting in January with leaders in radiology, mammography, medical financing and others concerned about breast cancer.

"We expect experts from all the leading medical centers to participate, as well as breast cancer survivors and epidemiologists, and map out a plan to eliminate these terrible disparities," Whitman said.

The task force will be co-chaired by Ruth Rothstein, former CEO of the Cook County Bureau of Health and now president of the board of Rosalind Franklin University of Medicine; Sister Sheila Lyne, CEO of Mercy Hospital and former commissioner of the Chicago Department of Public Health; and Donna Thompson, CEO of Access Community Health Network.

Calling the co-chairs "the three most powerful women in health care in Chicago," Whitman said, "I think the task force has a real chance at fixing this. I'm optimistic."

Chris Rock's Mom Claims Discrimination (AP)

By Bruce Smith, Associated Press Writer

AP, October 18, 2006

CHARLESTON, S.C. -- Rose Rock, the mother of comedian Chris Rock, claims she was racially discriminated against when she was seated but ignored for more than a half hour at a Cracker Barrel restaurant along the South Carolina coast.

Rock said Tuesday she planned to sue the Lebanon, Tenn.-based company. A Cracker Barrel spokeswoman said the restaurant chain was investigating and taking the complaint "very seriously."

Cracker Barrel has in the past faced numerous lawsuits and a federal inquiry over complaints of refusing to serve black customers, discriminating against minority workers and firing gay employees. The company has taken steps to rebuild its folksy image and reach out to minorities.

Rock, who is from Georgetown, said she and her 21-year-old daughter were the only blacks at the chain's Murrells Inlet restaurant in April. She said when she asked the manager about the delay she was told they could have a free meal.

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"He never called over the waitresses and asked, `Why did these people sit here for an hour without service?'" she said. "The only thing he said was we could have a free meal and neither of us wanted to eat."

Cracker Barrel spokeswoman Julie Davis said the company doesn't "tolerate any form of discrimination."

"It has always been a violation of our policies and procedures and it is neither condoned nor allowed," she said. "We do not allow the type of behavior you are describing," Davis said.

Rock said she contacted the South Carolina Human Affairs Commission and was told her complaint would be handled, but "nothing ever happened."

The head of the commission, Jesse Washington, said Tuesday that after initial discussions, the complaint was finalized Aug. 7 and his agency also was investigating. He would not comment on the complaint.

"We get thousands of charges coming through here in the course of a year," he said. "It's not out of line _ the time frame on this. It is being investigated and we will be in touch with her when we have a report."

The Rev. Al Sharpton will join Rock on Wednesday in South Carolina to announce that Sharpton's Action Network will finance the planned lawsuit.

"I'm getting reports from all over the country about Cracker Barrel," Sharpton said from New York on Tuesday.

He also said state officials are slow to act on such complaints.

"When people are talking about there is no more discrimination, a lot of it is because they are not following this stuff up," Sharpton said.

Cracker Barrel, established in 1969, operates 547 restaurants in 41 states, according to the company's Web site.

Georgetown is about 60 miles northeast of Charleston.

ANTITRUST:

Feds OK Pilgrim's Pride Takeover Bid (AP)

AP, October 18, 2006

PITTSBURG, Texas --Chicken producer Pilgrim's Pride Corp. on Tuesday said federal regulators have cleared its proposed acquisition of Atlanta-based poultry company Gold Kist Inc., which opposes the bid.

Pilgrim's Pride launched its hostile $20-a-share takeover bid last month, after Gold Kist declined to make a deal in August, the company has said. The offer represents a premium of 55 percent over Gold Kist's closing stock price on Aug. 18.

Gold Kist has said the offer is not in the best interest of its shareholders.

On Tuesday, Pilgrim's Pride said the antitrust division of the Justice Department granted an early expiration to the waiting period mandated by antitrust laws.

Pilgrim's Pride President and Chief Executive O.B. Goolsby Jr. called the move "a positive step forward in our efforts to acquire Gold Kist."

The company's tender offer to acquire all outstanding shares of Gold Kist is scheduled to expire at midnight on Friday, Oct. 27.

Shares of Pilgrim's Pride fell 18 cents to $27.13 in morning trading on the New York Stock Exchange. Gold Kist shares rose 24 cents to $20.63 on the Nasdaq.

Kucinich Questions Giant Eagle Purchase Of Ohio Stores (PPG)

By Teresa F. Lindeman, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, October 18, 2006

Ohio congressman Dennis J. Kucinich, concerned about losing jobs in his region, is asking federal officials to look at potential antitrust issues when considering O'Hara-based grocer Giant Eagle's plans to buy 18 stores in the Cleveland area.

Rep. Kucinich, the former Cleveland mayor, presidential candidate and a fifth-term Democrat who is up for re-election, this week sent a letter to the Department of Justice and the Federal Trade Commission asking that they investigate the potential for the sale to impact the price of food in the Cleveland area.

Giant Eagle, already a major player in the northeast Ohio market, said last week it would buy 18 Tops Market stores for an undisclosed amount from Dutch owner Ahold. The parent company put 46 Tops stores up for sale earlier this year and hopes to have buyers for the remaining 28 stores by the end of the year.

The O'Hara company supplied about 45 percent of the Cleveland-Elyria-Mentor grocery market as of June, according to TradeDimensions International in Wilton, Conn. Tops claimed a little more than 20 percent while Wal-Mart had about 6 percent.

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An antitrust review would try to determine if, after the sale, Giant Eagle could control the market to the point it could significantly raise prices, said Robert Fleishman, an antitrust lawyer with Washington, D.C., law firm Steptoe & Johnson. That might be hard to do in an era when supermarkets face increasing competition from retailers such as Target as well as dollar stores and convenience stores.

Even if the overall deal is not a problem, there might be particular Tops locations that officials would be concerned about. When the owner of Macy's bought Kaufmann's, the retailer agreed to sell certain overlapping locations to department store competitors, if possible.

However, Giant Eagle officials do not believe there's a problem. "Our attorneys researched the issue carefully and have advised that there are no antitrust problems with this acquisition," spokesman Dan Donovan said in an e-mailed response.

Rep. Kucinich has been concerned about the 4,000 part-time and full-time jobs at the Tops stores since the original announcement that the stores would be sold. His letter to federal officials cited a local newspaper report that a group of buyers had been interested keeping all 46 stores locally owned and operated.

A Tops spokesman said yesterday preserving jobs is a goal. He said the company would like to sell the remaining stores to supermarket operators but, "We will look at any and all offers."

(Teresa F. Lindeman can be reached at tlindeman@post-gazette.com or at 412-263-2018.)

Feds' Power To Renege On Immunity May Be Tested In U.S. Supreme Court (LAW)

By Lisa Brennan, New Jersey Law Journal

New Jersey Law Journal, October 18, 2006

A 3rd Circuit case at the door of the U.S. Supreme Court will test the federal government's power to revoke immunity from prosecution granted to antitrust violators who agree to rat on their rivals.

During an Oct. 27 conference, the Court will decide whether to hear Stolt-Nielsen, S.A. v. U.S., 06-97, which would test whether a court can enjoin the Justice Department's Antitrust Division from withdrawing immunity promised under its Corporate Leniency Program.

The case piques the interest of not only antitrust lawyers but also white-collar criminal defense attorneys, because the lifting of immunity means that all items of evidence a cooperating company has willingly handed over can become weapons in the government's arsenal.

"Stolt could have broad implications in every instance in which the government promises a benefit to a defendant in exchange for cooperation," says Alison Smith, a former Antitrust Division lawyer now at Haynes & Boone in Houston. "A corporation considering applying for immunity must now question whether the evidence it provides to the government will simply be used against it."

Smith says an eventual ruling by the Court "could clarify the nature and extent of the defendants' constitutional rights in these agreements" and "could determine the limits of the government's ability to revoke agreements unilaterally and the power of the courts to restrain the government's decision to prosecute."

Demonstrating the gravity of the case, no fewer than nine amici curiae have filed briefs supporting the petition for certiorari. One of them is the Association of Corporate Counsel, led by senior vice president and general counsel Susan Hackett. "The impact on my members is their concern that they can no longer make rational decisions that would suggest predictable results," she says.

Under the Corporate Leniency Program, companies that first report illegal antitrust activity can get immunity from indictment and prosecution. In exchange, they must incriminate themselves, turn over key documents, waive attorney-client privilege and fully cooperate with prosecutors seeking to convict their competitors. Companies that wait receive lesser degrees of leniency, similar to deferred prosecution agreements or single-count guilty pleas common in other corporate crime cases.

Since it was instituted in 1993, the program has been a strong magnet for cartel cases, attracting more than 100 applicants and generating $2 billion in fines, according to a former federal prosecutor, Donald Baker of Washington, D.C.'s Baker & Miller.

But the Antitrust Division's action in Stolt will cause some second-guessing among would-be participants. "If you're going to disclose what you did in exchange for leniency, and then the government turns around and pulls your ticket, it will have a potential chilling effect in all of these cases," says defense lawyer Michael Himmel, of Roseland, N.J.'s Lowenstein Sandler. "Corporations will have to think long and hard about coming forward for fear of being bitten."

The parties in the case are London-based shipping company Stolt-Nielsen, S.A., and two executives, who were indicted Sept. 6 for antitrust violations. A federal judge enjoined the indictment last year, but the 3rd U.S. Circuit Court of Appeals reversed on March 24.

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In that ruling, a two-judge panel said a district court judge has no power to enjoin prosecutors from filing an indictment because the equitable powers of the court do not exist when there is "an adequate and complete remedy at law." That remedy is to raise the immunity agreement as a defense after indictment, the court said.

U.S. District Judge Timothy Savage in Philadelphia, who decided the case below in January 2005, recited that Stolt had entered into the Antitrust Division's program and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two co-conspirators and more than $62 million in fines. Because the company had fulfilled its obligations under an immunity agreement, Stolt was entitled to an injunction barring the filing of an indictment, Savage held.

Prosecutors had argued that Stolt misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002, but Savage found the government had explicitly immunized the company and its executives from prosecution for activity prior to Jan. 15, 2003.

Because the government drafted the agreement, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement," Savage said.

Savage concluded that the only way to protect the company's and its executives' due process rights was to decide, prior to indictment, whether the government could void the agreement.

The 3rd Circuit disagreed, finding the trial court's ruling not only ultra vires but also violative of separation of powers. U.S. Circuit Judge Thomas Ambro said the appeal presented "a significant constitutional question of first impression in this circuit: whether federal courts have authority, consistent with the separation of powers, to enjoin the executive branch from filing an indictment."

Although federal courts have such authority "in narrow circumstances, ... this is not such a case," wrote Ambro, joined by visiting U.S. Court of International Trade Judge Jane Restani. (Judge Samuel Alito Jr. was on the three-judge panel when the case was argued in September 2005 but did not participate in the ruling due to his elevation to the U.S. Supreme Court.)

According to court papers, Stolt admitted to participating in an international conspiracy to allocate customers, rig bids and fix prices on parcel tanker affreightment contracts for the shipment of specialty liquids to and from the United States and elsewhere.

On the basis of information Stolt provided, the government filed criminal charges and secured guilty pleas from two co-conspirators -- Odfjell Seachem of Norway and Jo Tankers B.V., which is based in the Netherlands.

Odfjell Seachem agreed to pay a $42.5 million fine, and Jo Tankers agreed to pay a $19.5 million fine. Two Odfjell executives and three Jo Tankers executives also entered guilty pleas. All five were sentenced to prison terms in the range of three to four months and paid fines totaling more than $600,000.

In April 2003, the Justice Department suspended Stolt's participation in the program on the grounds that it allegedly did not withdraw from the conspiracy in March 2002, as it had claimed, but had continued its illegal activity into the second half of 2002.

In June 2003, Stolt executive Richard Wingfield was arrested and charged with participating in the conspiracy to allocate customers, fixing prices and rigging bids between March 2001 and October 2002.

Under threat of indictment, Stolt filed suit in February 2004, seeking enforcement of its rights under the agreement. Wingfield's suit followed.

In March 2004, the Justice Department formally revoked Stolt's conditional leniency and notified the company that it intended to seek an indictment.

Although the Court on the average grants only one out of 70 petitions for certiorari, bulking up with amici improves the odds. Of the 27,000 cert petitions filed over three terms from 2002 to 2004, only six cases had as many as nine amici, and cert was granted in three of them.

The other amici supporting Stolt's petition are the National Association of Manufacturers, the National Association of Criminal Defense Lawyers, the Chamber of Commerce of the United States, the Washington Legal Foundation, the New York Council of Defense Lawyers, the New England Legal Foundation, the International Association of Independent Tanker Owners and the Grand Duchy of Luxembourg.

Futures Giants To Merge (CHIT)

By Greg Burns

Chicago Tribune, October 18, 2006

After decades of stormy courtship, Chicago's two major futures exchanges on Tuesday announced an $8 billion merger, as the stock market's hunger for their shares overcame long-standing differences.

The Chicago Mercantile Exchange, which saw its stock price soar after it went public in 2002, said it has agreed to buy its longtime rival in a deal that would put its leadership in control of the combined business.

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By the middle of next year, the Merc plans to abandon its sprawling trading complex along Wacker Drive and move into the historic Board of Trade building at LaSalle Street and Jackson Boulevard.

The new exchange will have average daily trading volume approaching 9 million contracts per day, easily surpassing all of its direct competitors, with a market capitalization of more than $25 billion.

Under pressure from their profit-minded shareholders, the two Chicago institutions have put aside a legacy of mistrust and antagonism over everything from seating arrangements at social events to who has a better system for electronic trading. Now Chicago has a united front as it battles for dominance in the global financial-services business.

Some exchange veterans who were pushing in vain for a merger as long as 30 years ago said they could scarcely believe it finally happened.

"This represents the culmination of a Don Quixote impossible dream," said Leo Melamed, who led the Merc off-and-on since the 1970s.

The stock of both companies shot up, with the Board of Trade soaring $17.48, to $151.99, and the Merc $13.25, to $516.50.

Leaders of both exchanges said the Merc takeover bodes well for the city. Mayor Richard Daley, who once separated a pair of exchange leaders who had a shouting match in his City Hall office, predicted the combination will be "good for the Chicago economy."

Though the exchanges directly employ fewer than 2,200, a number expected to shrink by several hundred after merger-related layoffs, they generate tens of thousands of local jobs through their trading activity. "This is going to go a long way to make sure those jobs stay here in Chicago," said Merc Chairman Terrence Duffy, who will serve as chairman of the combined CME Group Inc.

Without the merger, the two separate organizations could find themselves at a competitive disadvantage and more vulnerable to a takeover themselves.

Melamed said the merger will preserve Chicago's stature as a global center for managing financial risk. Fellow Merc leader Jack Sandner noted, "They used to call us the hog butchers to the world. We are now the risk managers of the world."

Shouting and waving

Indeed, as stockyards and steel mills have faded from the scene, the boisterous trading pits have filled the void. Hoarse, sweaty guys shouting and waving their arms as they stand shoulder-to-shoulder in their colorful jackets have become one of Chicago's most recognizable commercial images.

Lately, the markets have been busier than ever. Every day, bankers, money managers and speculators bet on the future direction of everything from interest rates to ethanol. With a tiny down payment, they can buy and sell vast quantities of whatever they choose to trade.

Known as "derivatives," the contracts changing hands at the Merc and Board of Trade provide the leverage that can turn small fortunes into big ones, like a stock market on steroids.

The annual incomes of top traders can exceed $10 million, though many more who roll the dice "bust out"—slang for going broke. Family and friends have taught each other the business, and folks from all walks of life have taken a shot at riches in the Chicago markets, which have survived scandals including the FBI sting in 1989 that resulted in sweeping indictments.

But derivatives have shrugged off their bad reputation in recent years as the market for them has kept expanding. Billions of dollars flow through the exchanges in a single trading session.

Both the Merc and Board of Trade got their start in corn, soybeans, butter, eggs and other agricultural commodities, and their rough-and-tumble traders still set benchmark prices for the global farm economy.

During the 1970s and '80s, the exchanges hit it big by applying the same trading formula that worked for pork bellies to bonds, foreign currencies and stock indexes.

Yet only recently have the exchanges fully embraced electronic trading, and much of Wall Street's enthusiasm for their prospects is based on computers enabling them to reach more customers globally.

Many believed a merger made strategic sense long ago. But for decades, the two home-grown businesses, so alike in many ways, were kept apart by jealousies and suspicions.

In 1980, then-Board of Trade Chairman Les Rosenthal attempted to engineer a merger with the Merc's Melamed, only to see the idea flounder because of the "we-they culture," Rosenthal recalled. "Who was top dog? Whose building would be out front? It was all silly stuff, but you couldn't get over that. The barrier has always been the culture of the two places."

The Board of Trade, formed in 1848, was for most of its history the larger, better-established and reputedly stodgier exchange, while the upstart Merc was scrappier and more willing to experiment with technology. Even the ethnic heritage of the members at each respective institution differed, with the Board of Trade leaning Irish and the Merc Jewish, though both memberships were overwhelmingly white and male.

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In the late 1980s and '90s, the exchanges were limited by the entrenched interests of arm-waving floor traders who controlled their governance. Floor traders worried that electronic markets would undermine their ability to make money.

As the Chicago exchanges restricted access to their products by refusing to combine their efforts, and move trading onto computer screens, the U.S. stock market flourished and competition grew at all-electronic exchanges and over-the-counter markets.

"Both exchanges were driven by hubris, egos and historical legacies," said Patrick Arbor, a former Board of Trade chairman. "Now they're owned by investment managers demanding performance and efficiency."

The Merc, which embraced electronic trading and sold shares to the public well before the Board of Trade, has become the city's No. 1 futures exchange by far.

As Melamed observed: "The culture changed completely."

Huge financial rewards

The stock market's enthusiasm for Merc and Board of Trade shares made Tuesday's takeover possible, Rosenthal said, not least because members have reaped huge financial rewards for surrendering control.

Membership "seats" on the Board of Trade were valued at about $1.47 million each when the exchange sold shares in October 2005 at $54 each. The stock received by the owners is now worth more than $4 million, and Merc shareholders likewise have prospered handsomely as their stock has shot higher.

"The Merc has a very valuable coin of the realm in their share price," Rosenthal said. "The Board of Trade put a price on itself, and the Merc said, 'Sold!'"

Other deals could be in the offing, as trading becomes increasingly electronic and investors seek to reduce trading costs.

"The timing is perfect," said Merc Chief Executive Craig Donohue, who will continue in that post at the combined company. "We're in an increasingly competitive environment."

The Merc's deal for the Board of Trade is expected to be completed by the middle of 2007.

Chicago Derivatives Exchanges In $8bn Deal (FT)

By Doug Cameron And Norma Cohen

Financial Times, October 18, 2006

Chicago's two main derivatives exchanges on Tuesday unveiled an $8bn (£4.3bn) merger plan that will increase momentum for consolidation in the financial exchange sector by creating a platform with unmatched global reach.

A combination of the Chicago Mercantile Exchange and the smaller Chicago Board of Trade would create the world's largest futures exchange. The merged group would have an estimated annual $125m in synergies to fund expansion into Europe and Asia, as well as fast-growing areas such as credit derivatives and foreign exchange, which remain dominated by over-the-counter trading.

The announcement follows a year of talks and flirtations with rival exchanges. An all-American solution arrives at a time when the competitiveness of US capital markets has come under pressure from regulatory changes that have driven users overseas.

It comes two years after the CBOT rejected an approach from the CME in favour of its own listing last year, a move that proved crucial in providing an agreed price for the smaller exchange, with both trading near record levels in recent weeks.

"The transaction was done with both companies in a position of strength," said Terry Duffy, CME chairman, who would chair CME Group, as the company would be known.

The deal will raise the ante on the New York Stock Exchange to close its transatlantic deal with Euronext, the Paris-based stock and derivatives exchange. It would also leave Deutsche Börse, the world's largest derivatives platform, with a shortage of friendly merger partners, in the light of Euronext's preference for a deal with the NYSE.

European analysts and investors said the deal raised pressure on Deutsche Börse to seek a rival merger that would create a viable competitor and on competition authorities in Brussels to approve that combination. "It makes the case for a merger of European competitors even more compelling," said Mamoun Tazi, analyst at Man Securities.

Craig Donohue, the CME chief, who would retain that role in the merged group, said he did not expect regulators to block the deal, which is forecast to close in mid-2007, subject to shareholder and antitrust approval.

Robert Fleishman, an attorney at Steptoe & Johnson, said that the Justice Department would probably find that the benefits of "demonstrable efficiencies" in IT operations, staffing, and trading floor platforms would outweigh potential negative competitive effects of the deal, particularly because technological leaps would make it difficult for the DoJ to predict how markets will be shaped in the future.

However, users said they would be watching closely for synergies to be passed on in the form of lower trading fees

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Futures Shock Chicago Merc To Buy Board Of Trade (WSJ)

By Aaron Lucchetti, Alistair Macdonald And Edward Taylor

The Wall Street Journal, October 18, 2006

The Chicago Mercantile Exchange Holdings Inc. and the Chicago Board of Trade agreed to join forces to form the world's largest financial market, one that will dwarf exchanges in the U.S. and Europe -- even the New York Stock Exchange.

The Chicago Merc announced plans to buy the smaller CBOT Holdings Inc. for about $8 billion. As the biggest deal yet in a global consolidation of the financial-exchange industry, the plan sets aside more than a century of crosstown rivalry.

The agreement reflects the rapid growth in the investment industry's hottest sector: derivatives, or contracts whose value is derived from the movements in other financial instruments such as stocks and bonds. The linkup will make trading in many such derivatives a simpler matter, while also raising concerns that the increased power of the combined exchanges could lead to higher fees for traders.

Having grown far beyond their roots in putting together buyers and sellers of eggs, butter and corn, the Chicago exchanges, together, will trade some nine million futures contracts a day. Futures contracts give investors the right to buy or sell something later at a set price. Thus, they are used to hedge risk, allowing investors to enjoy smoother growth of their assets without the bumps that come with simpler investments on, say, a portfolio of stocks.

"Chicago used to be known as the hog butcher of the world. The city now will be known as the world's risk manager," said John F. Sandner, a Chicago Merc board member.

Futures have also become tools for making investment bets: on commodities such as wheat or oil, on trends in the economy and on broad measures of the stock and bond markets. Futures contracts can be tied to price movements of stock indexes, bonds, interest rates and foreign currencies. Commodities now make up only about 2% of the CME's trading and around 18% of the CBOT's.

Though futures are little understood outside professional circles, a wide array of investors trade them, including hedge funds, pension funds, some individuals and even mutual funds that manage money for millions of people. In recent years, hedge funds and investment banks' own trading desks have used new technology and trading methods to fire in rapid trades to exchanges across the world, leading to a surge in trading volumes. Some exchanges, including the CME, have responded by catering directly to hedge funds, a sign of the growing power of some exchanges versus Wall Street firms in serving sophisticated investors.

The business of the Chicago exchanges thus is exploding, especially as they ramp up electronic trading. Doing so has enabled them to compete with European rivals that long ago moved away from the older model of a big floor on which traders jostle and shout. Last year almost 10 billion derivatives contracts, including futures, were bought or sold on the world's exchanges -- in a business that barely existed 20 years ago. Trading has grown by an average of almost 18% a year between 2002 and 2005, according to the World Federation of Exchanges.

FULL TEXT

Read the full text2 of the CBOT's announcement of the deal. WALL STREET JOURNAL VIDEO

WSJ's Aaron Lucchetti discusses3 how the Chicago Mercantile Exchange's plan to buy CBOT Holdings will likely impact investors. 4 · Plus, CME Chairman Terrence A. Duffy and CBOT Chairman Charles P. Carey discuss5 the deal, commenting on whether the merger is a "game changer" and how this affects the derivatives landscape.

The Chicago deal illustrates the increasingly rapid pace at which financial exchanges world-wide are consolidating to lift profits by cutting costs. Exchanges have morphed from member-owned clubs into profit-hungry publicly traded companies. This gives them an incentive to make acquisitions and also a currency, their stock, with which to do so.

Distinct Styles

The Chicago exchanges' styles are distinct even though they're just a few blocks apart. The CBOT has long operated in a 45-story Art Deco building topped by a statue of Ceres, the Roman goddess of grain. The CME occupies modern sand-colored towers stacked above its trading floor -- a hectic scene of arm-waving, boisterous traders. The CME's largest contracts are Eurodollars. At the CBOT, grain remains important but has been eclipsed by Treasury-bond futures.

Both exchanges also trade options, which convey the right, but not the obligation, to buy or sell an asset later at a set price.

The two Chicago markets have a combined market value of $26 billion, and the underlying value of contracts they trade daily is a massive $4.2 trillion. Now, "it's going to be one big animal," said Steve Rodosky, head of U.S. government-bond trading at Pacific Investment Management Co., or Pimco, a large mutual-fund management company. "It will be a massive part of what the markets rely on every day and the only exchange to use for fixed-income derivatives."

The exchanges had talked occasionally about aligning for decades, but were deterred by rivalries between their floor traders, who owned the markets before they became public companies. This time, serious talks began before the CBOT went

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public in the fall of 2005. The talks revived about a month ago when CME executives contacted the CBOT, said people familiar with the matter. A flurry of meetings followed, including a dinner between the CME Chairman Terry Duffy and his CBOT counterpart, Charles Carey, at Gene & Georgetti, a famous Chicago steakhouse. About a week ago, the exchanges' executives shook hands on a deal.

The Chicago markets sealed their agreement as the New York Stock Exchange and Nasdaq Stock Market continue separate bitter fights to close their own deals -- international transactions they hope will push them into Europe and take advantage of robust stock trading overseas.

NYSE Group Inc. announced a merger deal in June with Euronext NV, which trades both stocks and derivatives. But the Big Board is in a fierce battle to close the deal as Germany's Deutsche Börse pursues its own proposal to merge with Euronext in an all-European combo.

Chicago exchange officials pointed to the consolidation overseas as a catalyst for their own deal. "If you look at the discussions of consolidation, this is the best alternative for us," said Mr. Carey, a third-generation grain trader whose grandfather and uncle preceded him as chairman. All of them once worked the floors.

The proposed combination represents another triumph for electronic trading over pit trading. The Chicago Board of Trade started so-called open-outcry trading in 1848, and three years later traded its first corn-futures contract, for delivery of 3,000 bushels.

The Merc's value has surged, driven by the growth of its electronic trading system, called Globex. By 2001 the CME had passed the CBOT to become the largest U.S. futures exchange by number of contracts traded. The CBOT delayed embracing of electronic trading and then relied on an outside technology vendor to develop a system that was partially owned by a European competitor.

As part of the deal, the CME will close its trading floor and move the remaining trading in its pits to the CBOT, probably in late 2008. That will cut the number of major exchange trading floors in the U.S. to two: the CBOT's and the New York Stock Exchange's. The NYSE's, too, is endangered, owing to increased electronic trading there. Most exchanges in Europe and Asia rely fully on computers to match investors' orders to buy or sell.

The CBOT's Mr. Carey said the deal wouldn't have happened without the Board of Trade's 2005 initial public offering. Before the offering, the CME offered to buy the CBOT for the equivalent of less than $60 a share, according to people familiar with the matter. But the CBOT elected to go public first, and investors drove its shares up steeply from the start. It closed yesterday at $151.99 a share, up $17.48, or 13%, on the day. CME shares -- which are up tenfold from their December 2002 debut -- rose $13.25, or 2.63%, to $516.50.

The CME's Mr. Duffy is to become chairman of the combined firm, and CME Chief Executive Craig Donohue is slated to be CEO. Mr. Carey of the CBOT will be vice chairman. The deal effectively pushes aside the CBOT's chief executive, Bernard Dan, who will serve as special adviser for a year after the deal closes in mid-2007. The new company will have a large and potentially unwieldy board of 29 members, including 20 named by the CME.

The partners will save some $125 million annually on a pretax basis starting 12 months after the deal closes, according to Mr. Donohue. The savings will come from losing one trading floor, combining the technology platforms of the two companies and much of their staff.

The savings could be used to reduce fees for customers, though that might be small comfort to some investors: Both the CBOT and the CME have raised fees in recent years -- empowered by regulations that give them exclusive trading rights to their contracts. Stock exchanges, by contrast, face much more competition because shares can trade on different exchanges.

These exclusive rights, along with the Chicago exchanges' sheer size, will provide a formidable bulwark against the NYSE and other markets that are trying to get into the futures business. Successful futures contracts are lucrative for exchanges. This is especially so for the CME, because in addition to matching trades, it "clears" trades -- that is, guarantees that both sides of every trade get what they bargained for, either money or a viable contract. For several years, the CME has handled clearing for the CBOT.

Both exchanges have come a long way in recent years. They were put on the defensive at the time of the 1987 stock-market crash, as many argued that computerized futures trading exacerbated the losses, enabling stock declines to feed on themselves. Then a few years later, a Federal Bureau of Investigation sting operation exposed fraud on both Chicago trading floors.

As the stock market roared in the 1990s, giving the NYSE and Nasdaq record trading volumes, the Chicago exchanges struggled to compete with growing derivatives trading done off exchange, or over the counter. Big banks privately negotiated their own contracts and didn't need the financial guarantee provided by an exchange clearing house.

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Those trends reversed in this decade, giving far more power to the exchanges that trade derivatives. In the early 2000s, stock trading faced a bear market and U.S. recession. But the Chicago exchanges' business proved resilient, as a tide of hedge funds continued placing bets in markets that were doing well -- bonds, foreign currencies and commodities.

The Chicago exchanges got another boost after the collapse of energy giant Enron Corp. in the early 2000s underscored the danger of private deals that would prove worthless if a company defaulted on its obligations.

By 2002, the Chicago Merc's business had improved to the point where it sold its shares to the public. The stock soon soared. By 2005, the CME was worth well more than the NYSE, long the world's marquee exchange.

The NYSE copied the CME's strategy, announcing a public offering and following this year with its deal to buy Euronext -- thus getting into futures trading through that exchange's Euronext.liffe platform. The NYSE wants to use Euronext.liffe to grow into the futures business in the U.S. It doesn't intend to compete on products the Chicago exchanges already dominate. Instead, the NYSE will compete in new products that allow investors to bet on corporate credit risk, weather or economic indicators such as inflation.

The Chicago merger means fewer competitors in the futures industry, raising questions over whether the previously scrappy rivals will continue to innovate as effectively. That may be small comfort for the NYSE's designs on the futures business, because the Big Board now faces a much stronger competitor. Its market value would be larger than a combined NYSE-Euronext by about $3 billion.

Battle for Dominance

The Chicago exchanges have battled for dominance in the U.S. futures industry for decades -- each lobbying for an upper hand in regulations, competing for customers and vying to create and launch the next new blockbuster product. The rivalry thawed a few years ago, when the German-Swiss futures market Eurex made a run at the CBOT's Treasurys-bond futures contracts and Euronext.liffe took on the CME Eurodollar contract. The moves prompted the Chicago exchanges to cut fees and embrace electronics to keep their edge. The CBOT also agreed to have its contracts cleared by the Chicago Merc to save costs.

Since then, the per-trade prices that exchanges charge have crept back up. The result could be some antitrust concern. There also may be regulatory concerns about the combined company's ability to handle so much business on one technology platform. The deal faces regulatory reviews by the Commodity Futures Trading Commission, the Securities and Exchange Commission and Justice Department antitrust lawyers. Current and former federal officials yesterday said it isn't likely to be derailed.

"The Justice Department is going to want to look over any overlap in products and services, and whether the deal will avert potential competition, especially in electronic-trading platforms," said Steven Sunshine, a former antitrust enforcer now with Cadwalader Wickersham & Taft. "I don't see any major hang-ups" given strong global competition. A U.S. official agreed, because the two exchanges specialize in different types of futures and don't overlap.

Exchange officials said there will still be plenty of competition -- the large volume of derivative trades done privately through commercial and investment banks. Mr. Donohue said, "We're not expecting any significant regulatory obstacles. We're in an increasingly competitive environment. The market is globalizing. The OTC market is much larger." CME officials maintain that greater efficiencies and cost-cutting would benefit customers and that its trading systems can handle the added stresses of the merger.

The combined exchange will tie together products on one platform that make sense to trade together -- the CME interest-rate futures with the CBOT's bonds, for example, and the CME's livestock contracts with CBOT's corn, wheat and soybean contracts. The exchanges also compete with New York commodity exchanges. The CBOT launched electronic metals trading in recent years, and the CME provided technology for electronic trading of the New York Mercantile Exchange's booming energy futures contracts.

The deal calls for a swap of each CBOT Class A share for 0.3006 share of CME Class A common. CBOT shareholders can elect to receive cash, but the cash portion of payment for CBOT will be limited to $3 billion. The CME could issue up to 15.9 million new shares as part of the deal. Of the up to $3 billion in cash it could spend, it would raise about $2 billion in new debt.

The Chicago Merc will own from 69% to about 80% of the combined company -- to be called CME Group Inc. -- depending on CBOT shareholders' decision on whether to accept cash or stock.

The historic deal comes as other U.S. exchanges have encountered some trouble completing their own deals. Nasdaq has built a 25.3% stake in London Stock Exchange PLC but is still being rebuffed by London, which rejected Nasdaq in an earlier approach in March. In all, LSE has had four approaches from potential buyers in two years.

And Deutsche Börse, in trying to block the NYSE from buying Euronext, has played the political card, lobbying European politicians and regulators to back a Europe-wide exchange group. The NYSE deal will be put before Euronext shareholders in December, but it is far from certain they will approve. Euronext operates stock exchanges in Paris, Amsterdam, Brussels and

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Lisbon as well as the Euronext.liffe derivatives exchange in London. Deutsche Börse operates the Frankfurt Stock Exchange and the Eurex derivatives exchange and trades products similar to those the CME and CBOT trade.

The CME looked at doing a deal in Europe, holding preliminary talks with Euronext and Deutsche Börse, but got nowhere, say people familiar with the matter.

Analysts said that the CME and CBOT merger won't immediately present a threat to Europe's derivatives trading platforms because it's hard for even large exchanges to take away business from an efficient electronic exchange in its home market.

In fact, the CME and CBOT tie-up could act as a stimulant to Europe's own lethargic consolidation race. It also could appease antitrust concerns in Europe about a possible combination of Deutsche Börse and Euronext, both big derivatives players. "The emergence of an even larger global competitor will be taken into account" when European antitrust regulators review deals that in the past concerned them, said Marc Reysen, a Brussels-based lawyer.

Asia has been largely absent from the global consolidation so far. Yesterday at the World Federation of Exchanges annual gathering in São Paulo, Brazil, exchanges focused on alliances in fast-growing emerging markets, not full-blown mergers. Euronext announced a plan to cooperate with Taiwan Stock Exchange Corp. And a host of Western exchanges, including the London Stock Exchange, are angling to sign agreements with the Bombay Stock Exchange that may include an investment.

The NYSE and Euronext have expressed interest in Asian exchanges once they complete their own deal. Some analysts said that after the Chicago exchanges finish their merger, the CME Group will be among the best positioned to expand internationally.

Lehman Brothers Holdings and William Blair advised the CME, which also had legal advice from Skadden, Arps, Slate, Meagher & Flom. J.P. Morgan Chase and attorneys from Mayer, Brown, Rowe & Maw LLP advised the CBOT. Lazard Ltd. and Latham & Watkins advised a CBOT board panel on the deal's merits.

Chicago Exchanges Combine Thunder (WSJ)

By Susan Carey And Joseph T. Hallinan

The Wall Street Journal, October 18, 2006

CHICAGO -- By setting aside decades of rivalry, the downtown trading pits here have secured the Windy City's place as derivatives market to the world.

Chicago Mercantile Exchange Holdings Inc.'s planned $8 billion purchase of CBOT Holdings Inc., parent of the Chicago Board of Trade, would pair two exchanges that are leaders in global trading of futures and options, with combined average daily trading volume of nine million contracts, or about $4.2 trillion in notional value. The deal needs approval by regulators and shareholders.

"It's a great day for Chicago," said Robert Hamada, former dean of the University of Chicago's Graduate School of Business and a public director of the CBOT for 12 years. "If they had continued divvying up the market as they had been, they would have beaten each other to the ground," he says, paving the way for rivals to surpass and buy them.

Said John F. Sandner, a Chicago Merc board member: "Chicago used to be known as the hog butcher to the world. The city now will be known as the world's risk manager."

The move comes during an explosion in trading of futures, options and other derivatives as hedge funds and Wall Street firms develop more complex ways to make financial bets. The exchanges also have benefited from greater trading in physical commodities -- where the two exchanges are also leaders.

Though the two exchanges employ just 2,200, they have helped to keep the city a financial center even as its home-grown banking industry has steadily been bought out by larger rivals. The exchanges have also spawned numbers of trading firms.

New York has long overshadowed Chicago as a financial capital. But the CME has exploited electronic trading to dominate the markets in derivatives and futures in recent years. Futures contracts represent the right to buy or sell a commodity or financial instrument at a set time and price; derivatives are contracts whose values are derived from an underlying security or other asset. The deal could accelerate the trend toward electronic trading.

Traders who duck away from the trading floor to play ice hockey in the afternoon live in handsome homes along Lake Michigan and make seven-figure contributions to schools, theaters and other charities. One successful trader who now manages a trading firm said, only half-jokingly, "My job now is to convince 27-year-olds that it's OK to make only $2 million a year."

CME and CBOT have been bitter competitors for decades. But within the past 10 years or so, the relationship has thawed a little in the face of global trading threats from other exchanges and over-the-counter trading of derivatives. The path for this deal was paved in 2003, when the two agreed to combine their "clearing," or trade-processing, operations. The idea gained steam once the CBOT went public last year. CME became a for-profit organization and began trading in 2002.

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Chicago has other famous rivals, most notably baseball's White Sox and Cubs. But the rivalry between the blue-blooded CBOT and the upstart CME "was much, much more intense and acrimonious and deeper because it's about making money," said Mr. Hamada. "The Cubs and Sox rivalry is a phantom."

James McCann, who trades Eurodollar futures at the CME, says the bad blood between the two exchanges is "overdone." But the 36-year-old, who has worked at the CME for 12 years, recalls that "the last time I was at the Board of Trade, I was 10."

The deal calls for the CBOT to move its electronic trading to the CME's Globex electronic trading platform. The CME will move its "open outcry" trading pits to the CBOT about five blocks away. Those pits, where runners and traders do their business with loud voices and hand signals, are a shrinking part of the business.

The CBOT, founded in 1848, started out handling "to arrive" or "forward" contracts for flour, hay and corn. In 1930 the CBOT moved into its current 45-story building, an Art Deco Chicago landmark topped by a golden statue of Ceres, the goddess of grain -- a nod to the CBOT's origins as a place to trade cash grain. Today, though, most trading involves financial instruments such as U.S. Treasury securities. Some 82% of all of the contracts traded at the CBOT during 2005 were either financial futures or options on financial futures contracts.

The CME was founded as the Chicago Butter and Egg Board in 1898 and evolved into the Chicago Mercantile Exchange in 1919, focusing on agricultural futures. It moved in 1983 into 487,000 square feet of office space in a 40-story building overlooking the Chicago River and across the street from the Lyric Opera. That lease expires in 2008.

The exchange also occupies 70,000 square feet of trading floor that it leases from the CME Trust. A spokesman said the CME intends to move its trading floor activities into the CBOT-owned building a few blocks away, but hasn't decided what to do with its leased space. He said no decision has been made about where the merged entity will be located. In 1992, the Merc launched the first global electronic futures trading platform. Originally for after-hours trading, Globex now enables electronic trading 23 hours a day, five days a week.

Leo Melamed, chairman of the CME from 1969 to 1977, says yesterday's agreement to join forces has been a dream of his since the 1970s. "We are so much stronger together," he said. "Chicago will be the big beneficiary and the center of gravity for derivatives and risk management." The combination "makes a much more formidable force world-wide and a magnet of business in our industry."

2 Exchanges In Chicago Will Merge (NYT)

By Alexei Barrionuevo

The New York Times, October 18, 2006

CHICAGO, Oct. 17 — The Chicago Mercantile Exchange and the Chicago Board of Trade, longtime fierce competitors, said Tuesday that they would merge in an $8 billion deal creating the largest market for financial derivatives contracts in the world.

The transaction would be the latest in a wave of mergers among the leading financial exchanges, as they transform themselves from member-owned clubs to for-profit companies competing in markets that have become increasingly global and electronic.

The New York Stock Exchange, the Nasdaq Stock Market and smaller exchanges have announced mergers, and the New York exchange's recent pursuit of Euronext, operator of four European stock markets, is driven in large part by Euronext's derivatives exchange in London.

A combination of the two Chicago markets, which were founded in the 19th century to trade agricultural futures, would trumpet the spectacular rise of derivatives — financial contracts whose value is tied to or derived from currencies, interest rates, commodities or other things of value.

Derivatives have made risk more manageable for many businesses, including oil companies seeking to insure themselves against storms and banks trying to protect themselves against home mortgage defaults. Yet they have also fueled trading blow-ups, as in the near-collapse in 1998 of the hedge fund Long-Term Capital Management that shook the financial markets.

The business of trading such financial contracts has generated huge fortunes that have led many exchanges to begin looking for merger partners. They seek to create greater efficiency and more liquid markets where buyers and sellers more easily find what they want for the right price, much as on eBay.

By combining, the Chicago exchanges, to be named the CME Group, will have average daily trading volume of close to nine million contracts a day, representing $4.2 trillion in notional value, or the amount of the underlying assets, not the value of the contracts themselves. By a comparison of sorts, some 1.8 billion shares, or $87.2 billion, are traded on average on the New York Stock Exchange, the world's biggest stock market, every day, although those shares, unlike derivatives, represent direct ownership stakes.

"That makes us the risk capital of the world," said Terrence A. Duffy, the mercantile exchange's chairman.

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The combination of the two exchanges also signals the growing importance of Chicago as a center of global finance. The board of trade pioneered the concept of a futures contract — the delivery of a specific commodity by a certain date — in the 1860's, originally for grains like corn and wheat. The mercantile exchange led the push into electronic trading in the early 1990's.

Since then, these Chicago markets have been pressing further into the ever-growing world of trading derivatives contracts.

Derivatives can refer to a futures contract that is tied to the price of a commodity, like soybeans, and it can refer to arcane financial products not traded on any exchange, like credit default swaps, which can be negotiated between two hedge funds.

Often, the bet is not central to the underlying asset's role; a bet on the coin toss in a football game rather than the outcome of the game itself would be a derivative bet, for example. Or a contract to hedge the weather risks affecting crop prices, rather than the future prices of those crops, would also be considered a derivative.

Driven by companies' increasing desire to hedge risks, the derivatives markets have been growing rapidly. Since 2004, the notional value of interest rate, equity and credit derivatives has risen 44 percent, to $283.2 trillion, according to the International Swaps and Derivatives Association.

"The notional amounts are eye-popping," said Janet Tavakoli, president of Tavakoli Structured Finance in Chicago.

The two exchanges, situated a few blocks from each other in Chicago's downtown Loop, have storied histories. The board of trade once financed the formation of three regiments and an artillery battery for the union army during the Civil War, and the exchange's first building was torched in the Chicago Fire of 1871. The mercantile exchange began as the Chicago Butter and Egg Board, later branching out to frozen pork-belly futures and live-cattle futures contracts.

While a half-century older, the board of trade was slower to move to electronic trading and to issue public stock, causing it to lose ground to the mercantile exchange. The move to electronic trading, led by the Chicago Merc, has made the board of trade's clubby floor-trading world less relevant.

"The C.B.O.T. had to be dragged into the 21st century kicking and screaming," Ms. Tavakoli said.

Tuesday's announcement took some in the financial world here by surprise because the two exchanges, despite their intense rivalry, had discussed combining off and on for more than three decades. The ice began to thaw between them after they struck an agreement in 2003 for both to use the Chicago Merc's clearinghouse, the board of trade's chairman, Charles P. Carey, said in an interview.

After his exchange finally went public last year, the newly issued stock provided a currency to consider such a deal. "When we had member organizations," Mr. Carey said, "the hurdles were insurmountable."

Last December, over dinner at Gene & Georgetti's, a popular steakhouse here, Mr. Duffy and Mr. Carey began to discuss a deal seriously. The talks accelerated over the last eight weeks, Mr. Duffy said.

The combination is expected to save $125 million annually in the second year after the deal closes, mostly through cuts in administrative and technology areas, the companies said. The exchanges will combine their trading operations into one trading floor at the board of trade.

But the mercantile exchange clearly prevailed over its rival. Mr. Duffy will become chairman of the combined organization, with Mr. Carey, vice chairman. Craig S. Donohue, chief executive of the mercantile exchange, will head the CME Group. The mercantile exchange will have 20 of the 29 board seats.

The deal faces regulatory scrutiny and a stiff breakup fee of $240 million if either exchange walks away. Regulators are expected to examine whether the combined entity can leverage its share of the futures and derivatives market into pricing power.

The merger "will create a mammoth enterprise with extraordinary pricing power," said Meyer Frucher, the chairman and chief executive of the Philadelphia Stock Exchange. "Ironically, it may create more opportunities for others."

Mr. Duffy and Mr. Donohue said that with an increased focus on electronic trading, the merged exchanges will make markets more transparent and more liquid for investors.

Mr. Donohue said the CME Group would compete more aggressively to build the exchanges' derivatives market in Europe and Asia. Some traders said it would face tough sledding against Euronext's London-based derivatives business and the Deutsche Börse's Eurex derivatives market.

Jay Feuerstein, who heads Xenon Capital Management in Chicago, a hedge fund that focuses on trading futures contracts, said: "It will be tough for the mercantile exchange to take on the European exchanges and beat them. If they decide to offer some of the products that the Chicago exchanges offer, they have some built-in competitive advantages."

Mr. Feuerstein added, "I am going to trade where there is the deepest liquidity, the cheapest transaction costs and the least credit risk."

Still, while the deal could increase the CME Group's reach overseas, the combination could stifle plans by Euronext and the New York Stock Exchange to increase its derivatives business in the United States. Euronext agreed to merge with the Big Board this summer, explaining in part that the move could create revenue opportunities related to derivative operations, some of which included plans to grow in the United States.

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The combination of the two exchanges “makes them into a very, very big competitor indeed," said Lynton Jones, a founder of Bourse Consult in London. “Euronext has been trying to get into U.S. markets without much success. They thought with the clout of the N.Y.S.E. behind them, they might do something. But I don’t see what that could be now.”

Exchanges Bank On Passing Antitrust Muster (CRAIN)

Crain’s Chicago Business, October 18, 2006

(Crain’s) — Exchange officials are assuming that antitrust concerns won’t stop creation of the world’s largest futures market, even though the proposed acquisition of the Chicago Board of Trade would give the Chicago Mercantile Exchange a near monopoly on U.S. futures trading.

“We've been very well advised by the Department of Justice on antitrust issues, and we're not expecting any regulatory issues,” Merc CEO Craig Donohue told investors Tuesday in a conference call.

A Justice Department spokeswoman declined to comment on the regulatory outlook, nor would she confirm whether any informal meetings already have taken place on the Chicago Mercantile Exchange Holdings Inc.’s proposed acquisition of CBOT Holdings Inc.

The merger must also be approved by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission, and exchange officials said it faces “modest” regulatory reviews overseas. A CFTC spokesman says the exchanges mainly have to certify that their bylaws and surveillance systems meet the agency’s requirements.

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That means the biggest hurdle is likely to be any antitrust questions the deal raises with either the Federal Trade Commission or the Justice Department, the latter of which is considered more likely to be the agency that reviews exchange mergers such as this.

Antitrust clearance will largely depend on how regulators define the market in which the two exchanges compete. Their combined trading volume of more than 1.4 billion contracts last year dwarfs the New York Mercantile Exchange’s 166.6 million contracts, and other U.S. futures markets are much further behind.

However, on a global scale, the combined firm would still face strong competition. Germany’s Eurex traded almost 785 million contracts last year, second only to the 883 million contracts traded at the CME.

London-based Euronext, with volume of nearly 344 million contracts, was not far behind third-ranked Chicago Board of Trade’s 561 million contracts.

“I wouldn’t say on the antitrust side that it’s a slam dunk, but they’ll have a very strong argument,” says Michael Greenberger, professor of law at the University of Maryland and a former head of trading and markets for the CFTC. “It is a global market and U.S. markets are in fierce competition with Europe and Asia. It’s almost a necessity for the U.S. to have this merger to remain competitive.”

But another longtime industry observer cautions that it could get complicated, especially if Congress decides to take a look at the deal’s implications.

“For mom-and-pop traders and individual speculators, they don’t necessarily trade globally,” says John Lothian, president of the electronic trading division of Price Futures Group Inc. in Chicago and publisher of an industry newsletter that bears his name. “Congress isn’t elected by hedge funds or big banks. The question is, how does this affect the little guy?”

Several years ago, he notes, the Merc and the CBOT competed for the rights to trade a futures contract based on the Dow Jones industrial average. The Merc lost, but went on to develop a contract based on the S&P 500 index, which proved to be far more successful.

“Innovation and competition are major drivers of success in the U.S. futures industry,” Mr. Lothian says. “My concern is, if you suppress competition, does that lead to less innovation?”

But the exchanges will point out that global competition, particularly if exchanges around the world consummate their mating dance, will keep them on their toes.

Another consideration is that over-the-counter trading of swaps and other derivatives adds trillions of dollars in off-exchange trading volume to the competition facing the exchanges.

“That’s the argument they will make, and it’s a legitimate argument,” says Mr. Lothian.

Tata Steel Offers $8 Billion For Corus (WSJ)

By Eric Bellman In Mumbai, India, And Jason Singer In London

The Wall Street Journal, October 18, 2006

Tata Steel Ltd.'s formal proposal to buy British steelmaker Corus Group PLC for about £4.4 billion ($8 billion), if successful, would represent the biggest foreign acquisition by an Indian company and underscore the loosening of India's regulatory environment.

Tata's proposal, which would create a major global steel company, is expected to receive a recommendation from Corus's board later this week. Tata is likely to quickly clear India's foreign-exchange hurdles, where in some cases a committee must give permission for an Indian company to raise money for overseas activities.

The fact that such a big purchase is expected to pass regulatory muster in India is a turnabout from the past, when the country's rules on foreign-exchange and overseas purchases by companies were so onerous that high-technology companies needed central-bank approval to buy computers from abroad. In the past several years, those rules have eased significantly as India's international commercial ambitions have risen.

While Indian companies have been buying assets and whole companies overseas, a purchase of Corus by Tata could spark a wave of large foreign acquisitions by Indian companies that have expanded domestically amid brisk economic growth.

Corus yesterday confirmed reports that it has been in negotiations with Tata and said in a statement that the company, based in London, received a proposal "regarding a possible recommended offer for Corus at a value of 455 pence a share in cash." On the London Stock Exchange, Corus shares edged down to 479 pence ($8.92), off 0.5 pence.

The fact that the shares are trading higher than the price of Tata's proposal suggests to some investors that a rival bid may emerge. The deal also may be subject to regulatory hurdles outside India.

People close to the matter said Tata has largely completed a due-diligence inspection of Corus, which has steel plants in Britain and the Netherlands, and that Corus's board is likely to approve the deal. Corus's board is scheduled to meet tonight. Credit Suisse AG is advising Corus. Tata couldn't be reached for immediate comment.

Together, the two companies may be able to achieve about $345 million in cost savings. That estimate is based on the annual $15 per ton in savings anticipated by the combination of Arcelor SA of Luxembourg and Mittal Steel Co. of the Netherlands, the world's top two steelmakers by output that merged earlier this year. While Tata and Corus don't have overlapping operations, much of Corus's systems, administration and technology could be outsourced to India, where Tata Group companies provide low-cost services for U.S. and European companies.

Tata and other Indian companies that used to have to navigate New Delhi bureaucracy for the dollars needed to import new equipment today have little trouble raising billions at home and abroad either through bank loans or from investors. Meanwhile, Indian regulators who used to have to rubber-stamp each step of the process are staying out of the way.

When N.R. Narayana Murthy, the retired founder of Infosys Technologies Ltd., was starting his software-outsourcing company, he had to take regular trips to New Delhi to get approval to raise the few thousand dollars needed to import computers. Today, his company doesn't have to ask for anyone's permission. It will have sales of more than $3 billion this year and is planning to raise $1.5 billion on the Nasdaq Stock Market.

Since 2000, the limit on acquisitions by Indian companies that could be made without regulatory approval has risen from 25% of a company's net worth to 200% last year. Former central bank Governor Bimal Jalan said companies today commonly inform the central bank of an acquisition.

A company looking to raise more than twice its net worth needs approval from a committee made up of members of the Reserve Bank of India, India's central bank; the Ministry of Finance; the Ministry of Commerce and Industry; and the Ministry of External Affairs.

Tata's net worth is estimated at $2 billion, analysts said. The company is planning to finance the acquisition through bank loans arranged in the United Kingdom and may breach the threshold for needing committee approval. But even here, Tata is unlikely to hit any road bumps. Because Tata is well-known and the steel industry is a solid investment area, approval for a Corus deal is likely to come easily, Mr. Jalan said.

Lilly Sets Deal To Acquire Icos For About $2.1 Billion (WSJ)

By John Carreyrou

The Wall Street Journal, October 18, 2006

Eli Lilly & Co. agreed to acquire biotechnology company Icos Corp. for $2.1 billion in a move to gain full ownership of the erectile-dysfunction drug Cialis.

As the sole owner of Cialis, Eli Lilly is expected to muster a stronger challenge to Pfizer Inc.'s Viagra, the first drug approved for erectile dysfunction and the market leader in the U.S., with more than 50% of the market. Cialis -- made by the two companies' joint venture, Lilly Icos LLC -- has a 25% market share.

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Richard Evans, an analyst with Sanford C. Bernstein & Co. in New York, said Lilly is likely to put more marketing and sales resources behind Cialis than when it owned only half of the drug. "With the 50-50 split, it's practically difficult for Cialis to get the attention it deserves within Lilly," he said.

Take a peek2 at what to expect in the quarterly reports of other major companies.

Eli Lilly CEO Sidney Taurel discusses4 the deal and responds to a query whether Lilly was able to low-ball Icos since no one else was interested in buying it.

Launched in 2003, five years after Viagra, Cialis generated global sales of $456 million in the first six months of this year. Its sales are expected to exceed $1 billion -- the threshold beyond which a drug is considered to have reached blockbuster status -- next year. The drug's patent expires in 2017.

The market for erectile-dysfunction drugs had weakened as the drug makers pulled back on consumer advertising that was judged to be overly explicit and amid concerns that some of the treatments could cause eye problems. But those worries have abated, and some of the companies have restarted ad campaigns that take a less-controversial approach.

"We've seen a significant improvement in the market since then," said Sydney Taurel, Lilly's chief executive, on a conference call.

Mr. Taurel said he expects "significant numbers" of jobs will be eliminated at Icos. The company, based in Bothell, Wash., has 700 employees.

Under the terms of the deal, Icos shareholders will receive $32 for each share of Icos common stock. The bid represents an 18% premium to Icos's closing price Monday of $27.12.

Lilly shares fell 11 cents yesterday to $57.55 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Icos rose $4.38, or 16%, to $31.50 on the Nasdaq Stock Market.

Lilly, of Indianapolis, said the deal, which is expected to close in late 2006 or early 2007, will reduce its 2007 earnings but will start adding to profit in 2008. The company expects to take a charge related to in-process research and development.

Vivendi's Universal Sues Two Web Sites Over Video Sharing (WSJ)

By Ethan Smith And Kevin J. Delaney

The Wall Street Journal, October 18, 2006

Vivendi SA's Universal Music Group filed copyright-infringement lawsuits against two Internet companies, including one acquired by Sony Corp., over the ability they give users to upload and download video content with their Web sites.

Universal, in a statement, said the companies it had sued "build their business on the backs of our content and the hard work of our artists and songwriters -- without permission and without in any way compensating the content creators."

The suits, against Sony Pictures Entertainment's Grouper Networks Inc. and Bolt Inc., mark the first time a major media company has tried to use the courts to narrowly interpret "safe harbor" protections provided by the Digital Millennium Copyright Act of 1998 so it would exclude video-sharing sites. The DMCA provides protection from liability for copyright infringement to Internet companies if they meet certain criteria and follow so-called takedown procedures. Under the procedures outlined in the DMCA, sites have to remove any infringing copyright when notified specifically by the copyright holder.

Filed Monday in U.S. District Court for California's Central District, the suits follow recent deals reached by Universal and two other big music companies to license their video and music content to video-sharing giant YouTube Inc. A person familiar with the Grouper and Bolt matters said Universal had discussed licensing agreements with those companies, but said the talks never progressed.

Sony, which in August paid $65 million for Grouper, wasn't named in the suit, but Universal said it reserved the right to add Sony's film studio as a defendant. A representative for Bolt didn't respond to requests for comment. A Sony Pictures spokesman sent a statement from Grouper Chief Executive Josh Felser calling the lawsuit "without merit" and adding: "Our Web site is protected by federal law, and we're vigilant about taking down copyrighted content when we're properly notified."

"They're making a copy, so that's direct copyright infringement. Then they're posting it on their Web sites and financially benefiting," says Gill Sperlein, general counsel of adult-entertainment company Io Group Inc., which filed a complaint against video-sharing site Veoh Networks Inc., in June in U.S. District Court for California's Northern District. A Veoh spokesman declined to comment on the suit.

Record Labels Turn Piracy Into A Marketing Opportunity (WSJ)

By Julia Angwin, Sarah Mcbride And Ethan Smith

The Wall Street Journal, October 18, 2006

A video clip from Jay-Z's live concert in June at Radio City Music Hall is popping up on all sorts of illicit music-sharing hotspots. But Jay-Z isn't upset.

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That's because the rapper, at the request of Coca-Cola Co., agreed to allow distribution of the eight-minute clip -- which included promotions for Coke -- on the peer-to-peer sites, using technology usually used to thwart music pirates.

The unusual alliance demonstrates a new tack being taken by the music industry to deal with the challenge posed by widespread music piracy. For years, the industry has been suing individual downloaders and file-sharing services, hoping to discourage the practice. In a tactic little known outside the music industry, record labels have also started to hire outside companies to plant "decoy," or fake, files on the sites. (One such company, ArtistDirect Inc.'s MediaDefender, says it has deployed decoys for as many as 30 of the top 100 Billboard songs at any given time.) The decoy files frustrate users because they fail to download even though, thanks to the companies' technical expertise, they often claim the top spot in search results for a tune.

But now there's a growing recognition among some record executives and performers that the people who are downloading illegally are frequently huge music fans and that marketing to them may be more desirable in the long run than suing or otherwise harassing them.

Hence the alliance between Jay-Z and Coke. By inserting promotional material into the decoy files, and then planting those files prominently on file-sharing sites, record labels and other marketers can turn what is now an antipiracy tool into an advertising medium. "The concept here is making the peer-to-peer networks work for us," says Jay-Z's attorney, Michael Guido. "While peer-to-peer users are stealing the intellectual property, they are also the active music audience," and "this technology allows us to market back to them."

Concert outtakes aren't the only content. Audioslave, Ice Cube, Yellowcard and other music groups have used decoy files for their own version of viral marketing. With help from niche companies like Sparkart LLC and NFA Group's BuyDRM, they put snippets of a song into the files with the promise that a stream of the entire song will be "unlocked" for everyone once the promotion is forwarded to enough people. The hope is that this will motivate people to send the file to lots of friends.

Alternative rock band Dashboard Confessional tried that approach with its single "Don't Wait" to promote its latest album, "Dusk and Summer," released jointly on the independent Vagrant label and Universal's Interscope label. "It just emanated out of one more thing we could do on the Internet, because that's where our customers are," says Dashboard's manager, Rich Egan, who credits filesharing rather than radio airplay with the performer's success.

Right now, only about 1% of the decoy files on peer-to-peer sites include promotions or ads, but the potential audience is huge. While many well-known peer-to-peer services such as eDonkey and Grokster have been shut down by legal action, new ones pop up all the time. In September, an average of nine million people were logged on to the services at any given time, up from 6.8 million two years ago, according to BigChampagne, which tracks the industry. By comparison, last month YouTube attracted about two million visitors a day and MySpace.com attracted 16.8 million visitors a day, according to comScore Media Metrix.

The typical downloader is a tech-savvy male between 14 and 25 years old. "It's a wonderful audience that is very difficult to reach through any other means," says Mitchell Reichgut, a principal at Jun Group, the ad agency in Norwalk, Conn., that crafted the Coke promotion.

The record industry's approach toward downloaders began to change after last year's landmark Supreme Court ruling on Grokster. The Justices found that file-sharing companies like Grokster could be held liable for copyright infringement if their products encouraged consumers to swap music or movies illegally. Before the ruling, record labels worried that they might undercut their legal arguments if they used peer-to-peer sites for their own purposes. Now, "we're basically free to exploit these billions of fake files we're putting out," says Randy Saaf, chief executive of MediaDefender.

Still, marketing on peer-to-peer sites is "a bit of a tricky dynamic for entertainment companies," says Mr. Reichgut. He says many of his clients in the entertainment industry don't want to be identified.

Not so reticent is EMI Group PLC's Virgin Records, which says it's in talks with MediaDefender about marketing options. "It's an opportunity that will hopefully lead to a better experience for the artists, the labels and the consumers," says Virgin Chairman Jason Flom.

Labels typically must approve file-sharing marketing projects, says Peter Katsis, an executive at The Firm, an entertainment-management company. Coke, which devised the Jay-Z promotion as part of a bigger marketing push, says it wouldn't have gone ahead without the agreement of Universal Music Group, Jay-Z's record company. Helping facilitate the deal was Jay-Z's unusual role at Universal: He heads Def Jam Records, the Universal label that releases his albums. Coke did a similar decoy-file promotion using another Def Jam artist, the R&B act Ne-Yo, earlier this year.

Coke says that 3.5 million people downloaded the Ne-Yo video during the six weeks it was on the peer-to-peer networks, and the Jay-Z concert clip has already been downloaded more than 2.5 million times. "It has so far exceeded our goals that you should look for us to do more," says Katie Bayne, senior vice president of Coca-Cola North America.

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Some music acts are using peer-to-peer sites to gather marketing data. Over the summer, MediaDefender ran a promotion for the alternative music group Gin Blossoms. File sharers looking for songs got files with links that asked if they wanted to win a free iPod preloaded with Gin Blossoms tunes. If they clicked on the link, they landed on a page that asked them to fill in demographic data, including name, age and email address, and 25% of them did. MediaDefender executives say they were surprised so many responded, but they believe that placing the questionnaire on ArtistDirect, a well-known music site, gave the promotion legitimacy.

Meanwhile, some file-sharing sites are fighting back against the marketing-infused decoy files, which they consider spam. When they release new versions of their filesharing programs, they are including tweaks that can make planting the covert ads more difficult. The latest version of LimeWire, for example, won't allow people responding to other users' searches to easily include a link to a Web page.

At the same time, MediaDefender and other decoy-file distributors are constantly trying to beef up their own technology. "It's a constant cat and mouse game," says MediaDefender's Mr. Saaf.

Music Companies Sue 8,000 More In Anti-Sharing Fight (WP/AP)

By Jane Wardell, The Associated Press

The Washington Post, October 18, 2006

Trade Group Files Cases in 17 Nations

LONDON, Oct. 17 -- The international record industry filed thousands more lawsuits around the world Tuesday against people it accuses of illegally sharing digital music.

The International Federation of the Phonographic Industry filed 8,000 cases in 17 countries, including its first in South America and Eastern Europe.

The lawsuits, which are aimed at "uploaders," include criminal and civil cases. Uploaders have put hundreds or thousands of copyrighted songs onto Internet file-sharing networks and offered them to millions of people worldwide without permission from the copyright owners.

The industry contends that such file-sharing has cost it billions of dollars in lost revenue.

The London federation, which represents 1,450 record companies around the world, said many of the people targeted are the parents of children who shared music files.

The music industry has been criticized for targeting individual Internet users in its legal warfare against piracy instead of the Internet service providers that host file-swapping sites. The ISPs are harder to pursue legally because they can claim to have no knowledge of piracy occurring on their networks.

"Around the world many people have already paid a heavy price for their illegal file-sharing," said John Kennedy, chairman of the federation. "They all thought they were unlikely to be caught, but teachers, postal workers, . . . scientists and people in a host of other occupations, as well as parents, have ended up having to dig deeply into their pockets.

"There is no excuse. People should understand that they can be caught whatever network they are using."

Legal action was extended for the first time to Brazil, where the industry federation said more than 1 billion music tracks were illegally downloaded last year and where record company revenue fell to $395 million last year from $724.7 million in 2000. Lawsuits were also filed for the first time in Mexico and Poland.

The federation said more than 2,300 people have been fined or paid compensation averaging at nearly $3,100.

The countries included in the new wave of lawsuits include Argentina, Austria, Brazil, Denmark, Finland, France, Germany, Hong Kong, Iceland, Ireland, Italy, Mexico, Netherlands, Poland, Portugal, Singapore and Switzerland.

The federation said it targeted uploaders using major unauthorized services, including BitTorrent, eDonkey, DirectConnect, Gnutella, LimeWire, SoulSeek and WinMX.

The group added that it was heartened by court judgments around the world in recent months that it said establish the liability of such operators for copyright infringement that they facilitate or promote and from which they benefit.

Game Theories (WSJ)

By Paul Ingrassia

The Wall Street Journal, October 18, 2006

Rick Wagoner, the CEO of General Motors, has to be corporate America's Comeback Kid. But after a dramatic week in the battle to reshape GM and the global auto industry, Las Vegas billionaire Kirk Kerkorian -- GM's largest individual shareholder and Mr. Wagoner's nemesis -- might still hold a winning hand.

Just six months ago, Mr. Wagoner seemed on the verge of being fired. Losing $10.6 billion in a single year, descending into junk-bond status and drawing six separate SEC investigations of prior years' earnings might put any man's job in jeopardy.

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Then last summer Mr. Kerkorian proposed putting GM into a global alliance with Nissan and Renault, both led by turnaround maven Carlos Ghosn. The brazen proposal gave GM's board the chance to trim Mr. Wagoner's wings without a messy firing.

But Mr. Wagoner gamely fought back. Over the past year he's gotten health-care concessions from the United Auto Workers union and has convinced 35,000 hourly workers, nearly one-third of GM's U.S. total, to take buyout offers. He has agreed to sell 51% of GMAC, the company's financing arm, to raise needed cash. GM posted operating profits in the first half, excluding special charges. "The pace of the turnaround has shocked people," Mr. Wagoner recently declared.

It also rallied support from the GM board, which last week rebuffed the Nissan-Renault alliance, leaving Mr. Wagoner clearly in charge. His victory was sweetened when Mr. Kerkorian's representative on the GM board, Jerome B. York, quit in disgust.

Mr. York's scathing resignation letter evoked memories of an earlier dissident GM director, H. Ross Perot, who famously dismissed his board colleagues 20 years ago as "pet rocks." Ironically, in 1992 the GM board ousted the CEO and other top executives in the face of huge losses, and ushered in an era of boardroom activism.

A new report from consulting firm Challenger, Gray and Christmas predicts 2006 will be "the biggest CEO turnover year on record," which makes Mr. Wagoner's comeback all the more remarkable. But there are no subtleties here. The stakes are huge, and everyone is playing for keeps. Including Mr. Kerkorian, at least for now. Unless the reclusive magnate folds his cards, he still can make a lot of money as the next chapters in GM's drama unfold.

Scenario No. 1 at GM, clearly the best for all concerned, is that Mr. Wagoner succeeds in producing a durable turnaround. Mr. Kerkorian would be proven wrong about Mr. Wagoner, but one suspects that doubling his $1.6 billion investment in General Motors would be ample balm for the billionaire's public wounds.

How realistic is this scenario? The case to support it is simple. Mr. Wagoner says he has cut $9 billion out of GM's annual structural costs, thanks to the deals with the UAW and other measures. Suppose half of that amount, allowing for taxes and for the loss of half ownership of GMAC, flows to GM's bottom line.

That amounts to about $8 per GM share. Using a conservative price-earnings ratio of eight (half that of the broad stock market), General Motors shares should be selling for $64 apiece -- more than double the average amount that Mr. Kerkorian paid for his GM shares. Thus if Mr. Wagoner is right, Mr. Kerkorian stands to make a killing, though not quite as much as the $3 billion profit he pocketed from his timely investment in Chrysler in the early 1990s.

Of course, General Motors shares aren't selling at anywhere near $64 apiece, which brings up Scenario No. 2. Simply put, GM's current turnaround is more apparent than real, and the inadequacy of the company's progress will become obvious within the next year. In that case, unless his interest wanes, Mr. Kerkorian can start banging at the door again -- renewing his quest to reshape and revolutionize GM.

Scenario No. 2 holds that the quality of GM's recent operating profits is suspect. A big factor was sales of the company's new full-size SUVs, the Chevy Tahoe and Suburban, which were especially strong given the high gasoline prices in the first half of the year. GM, like all car companies, books profits when it sells vehicles to dealers, instead of when consumers buy the cars from dealers. At the end of September, GM had a 125-day supply of unsold Tahoes sitting on dealer lots, and a 150-days supply of unsold Suburbans. Those inventories are at least double the desirable level.

So GM overstuffed its dealer pipeline in the first half, which boost short-term profits but has necessitated production cuts -- which the company has announced -- in the second half. Now the company is launching a new line of full-size pickup trucks, creating a new pipeline to be filled. Or overfilled.

Meanwhile, the pending sale of a controlling stake in GMAC will raise cash but will impair GM's future earnings power. So this victory is really a strategic retreat, sort of like Dunkirk. And looming ahead is a settlement for the final restructuring of Delphi, GM's bankrupt former components unit, which GM says could cost it between $5 billion and $12 billion. This could eat up most of the profits from selling the GMAC stake.

Whether Mr. Kerkorian waits around for either scenario to unfold is unclear. The billionaire doesn't have to rush to judgment -- except that he happens to be 89 years old. If he chooses to sell part of his 9.9% stake in GM, he'd be positioned to profit if the stock goes up, or to repurchase the shares at a lower price if their price falls.

Meanwhile, shuttling between Paris and Tokyo is Mr. Ghosn, whose name rhymes, aptly, with "alone." The CEO of both France's Renault and Japan's Nissan has been left at the altar. Mr. Ghosn says he wants a North American partner in his alliance to enhance purchasing clout and to share common component costs -- including the hefty bills for developing new "green" engine technology. With Chrysler part of DaimlerChrysler and GM unwilling, Mr. Ghosn's only other chance is Ford. It just hired a new CEO, Alan Mulally of Boeing, but prior to that Chairman William C. Ford Jr. tried to lure Mr. Ghosn to run Ford.

Mr. Ghosn said no thanks, but the two men remain in touch. It's likely that Mr. Mulally will get time to formulate his own game plan for Ford. But he is 61 years old and isn't a Ford lifer, so he mightn't have the same instinctive hostility to an alliance

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with Nissan and Renault that Mr. Wagoner harbors. Thus Mr. Ghosn might yet find his North American partner, though it's too early to tell.

This is a high-stakes poker game among rich and powerful men to control and shape one of the world's largest and most visible industries -- and one that tugs at emotions ranging from national pride to consumers' desires. Mr. Wagoner has just won a big hand. But the best bet is that the game will continue.

Mr. Ingrassia, a former Detroit bureau chief at The Wall Street Journal, is vice president for news strategy for Dow Jones.

ENVIRONMENT:

Union Takes Issue With Fitness Rules For Nuclear Plant Guards (WP)

By Stephen Barr

The Washington Post, October 18, 2006

Two years ago, the Energy Department announced plans for creating "a special elite federal force" to protect high-priority nuclear plants. The department's nuclear weapons stockpile, "simply put, must not be allowed to fall into the wrong hands," then-Secretary Spencer Abraham said.

After 18 months of study, the department came up with a policy to create combat teams, much like the military's Delta Force or Navy SEALs, that could engage adversaries outside a nuclear weapons plant rather than wait for attackers from inside plant gates.

These elite combat units, however, are not made up of government employees. They work for companies that operate Energy Department plants or for contractors that provide guards and security officers.

And according to union officials, the contract officers are increasingly concerned about their employment status and would like the option to shift to the federal workforce.

Energy Department plants and facilities that use nuclear weapons material, especially plutonium and highly enriched uranium, are expanding the number of security jobs covered by rigorous physical fitness standards, and many officers are concerned they will lose their jobs. Officers are also uneasy about an Energy Department proposal that they think could reduce their pension and health-care benefits, the union representatives said.

A department official said contractors should be able to reassign into less demanding jobs those officers who do not meet the fitness standards for "offensive combative" positions. Any pension and health-care changes would affect only new hires, and the policy that would have triggered those changes has been suspended, pending further review, the official said.

The Energy Department also is not interested in exploring whether the officers should be "federalized." The official, who spoke on condition of anonymity because of the sensitivity of the issue, said the option was debated in 2004 and discarded in 2005.

Bryan Wilkes , spokesman for the department's National Nuclear Security Administration, said no compelling reason was found that justified converting the officers into federal employees. "What we have is working great," he said.

But the National Council of Security Police, a union group representing officers at nuclear facilities, thinks the department's plans will undercut the goal of enhanced security in the post-Sept. 11 world.

In the past, nuclear weapons plants have assigned officers to offensive and defensive positions. The Energy Department's policy shift is prompting plants to realign their security posture and convert more positions to the offense, union officials said.

For the offensive positions, a security officer must run a mile in 8 minutes and 30 seconds and complete a 40-yard dash in no more than 8 seconds. Defensive positions require a half-mile run in 4 minutes, 40 seconds, and a 40-yard dash in 8.5 seconds.

The union group said the physical fitness standards do not take into account a person's age or sex, placing officers in their 40s at a disadvantage. Hundreds of officers will not meet the standards for offensive positions and will be forced to take lower-paying jobs at the Energy Department plants or will be let go, union officials said.

"We're asking to be treated fairly," said Mike Stumbo , the council's president.

Stumbo said the department's policy will accelerate turnover among younger officers who see little chance of completing a career at the plants.

BWXT Pantex LLC, the Energy Department contractor with the largest guard force, said the company thinks many older officers and female officers "are fully capable" of meeting the physical standards.

BWXT Pantex also said jobs are being identified for officers who do not meet the fitness standards. The company also said it will seek to negotiate a new contract with the guards union "that includes a competitive benefits package."

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The company reported a turnover rate of 6.7 percent for security officers in fiscal 2006, but Robert J. Lynch , president of the Pantex Guards Union, said his tally shows that about 10 percent of the guard force has left the Pantex plant this year.

Lynch said the company has not told the union what it plans for older officers who cannot meet the fitness standards.

Many union members would like to see the Bush administration reopen debate on whether they should be converted to federal employees, Stumbo said. That status would give them a greater chance at stable careers and retirement benefits, he said.

"For our guys, the fundamental argument is, if we are asked to die or kill for our country, we should have the full measure and involvement of the government's support," Stumbo said.

Benefits Of Fish Exceed Risks, Studies Find (WP)

By Sally Squires, Washington Post Staff Writer

The Washington Post, October 18, 2006

Experts Advise 2 Servings a Week

The health benefits of eating fish regularly outweigh the danger from mercury and other contaminants even for pregnant women and children, two major reports concluded yesterday as scientists tried to resolve a slippery question that has long vexed consumers.

The findings, which were reached by independent teams of scientists, pointed to significant benefits for both young and old. In adults, the death rate from heart disease was 36 percent lower among those who ate fish twice a week compared with those who ate little or no seafood, according to a study being published today in the Journal of the American Medical Association. Overall mortality was 17 percent lower, the study by Harvard School of Public Health researchers found.

A second, federally funded report released by the Institute of Medicine (IOM) echoed the conclusion that the heart benefits of eating seafood outweigh the risks and said infants also benefit from the healthy fats found in seafood.

Omega-3 fatty acids found in fish promote healthy vision and brain development in infants whose mothers consume fish or seafood during pregnancy or while nursing, the report said. These healthy fats also appear to decrease the risk of delivering a preterm, low-birth-weight baby.

Even so, because of methyl mercury concerns, the IOM report stuck with the current federal guidelines that advise women who are nursing, pregnant or plan to become pregnant, as well as children age 12 and younger, to refrain from eating swordfish, shark, tilefish and king mackerel. These two groups can safely consume up to 12 ounces of other fish per week, the report said, but they should also limit white (albacore) tuna to six ounces a week because of its high levels of methyl mercury, which can be toxic to the brain and hearing.

The new findings are expected to help put to rest a hotly debated nutritional debate that often left perplexed consumers asking, "What do I do about fish?"

"Having this report will be really good," said Walter Willett, a professor of epidemiology and nutrition at the Harvard School of Public Health, who was not a co-author of either study.

Environmental groups echoed that assessment.

"Overall, they are reasonable recommendations," said Rebecca Goldburg, a senior scientist with the nonprofit advocacy group Environmental Defense who reviewed the IOM report before its release.

But Goldburg and others also raised concerns about the impact the findings could have on marine life if people worldwide try to dine on seafood twice a week, because there isn't enough to go around. Goldburg, who regularly serves her own family seafood, urged consumers to make smart choices "that are good for their health as well as for the oceans. If we want fish to be abundant, choose seafood that is farmed or fished in an environmentally responsible manner."

Although the new findings may help to settle the question of the risks of eating seafood, there is still disagreement about the extent of the health benefits. A study published earlier this year in the British Medical Journal found no overall reduction in mortality, no decrease in heart disease risk and no reduction in cancer from consuming omega-3 fatty acids.

Goldburg said, "I feel quite comfortable with the evidence that seafood is good for you but am a little taken aback by the conclusion that the benefits are as sweeping as in the JAMA study."

Other recent studies have hinted that omega-3 fatty acids may also help protect against diabetes and cancer, slow the progression of early Alzheimer's disease, and perhaps ameliorate depression and other mental disorders, including attention-deficit disorder in children. But the IOM report found that the evidence of those benefits is unclear, and the Harvard study did not address those questions.

Both reports found little evidence to fuel concerns that eating fish exposes people to large amounts of dioxins, polychlorinated biphenyls (PCBs) and other harmful organic chemicals that have been linked to seafood consumption.

Experts hope that the findings will end the confusion that often occurs at seafood counters and in restaurants.

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"Consumers need better guidance on making seafood choices," said Malden C. Nesheim, chair of the committee that wrote the IOM report, which was sponsored by the National Oceanographic and Atmospheric Administration and the Food and Drug Administration.

The findings of both reports are consistent with current recommendations of the U.S. Dietary Guidelines and the American Heart Association, which advise eating two meals -- roughly three ounces per serving -- of seafood per week.

By simply substituting broiled, steamed or baked seafood -- especially fatty species such as salmon -- for meat or poultry a couple of times per week, consumers can increase their intake of omega-3s and help reduce the amount of unhealthful saturated and trans fat they eat.

People need "a quarter-gram per day on average [of omega 3s], so one to two servings of cod per week will not get you there," said Dariush Mozaffarian, a Harvard cardiologist and co-author of the JAMA study. "On the other hand, one to two servings per day of farm-raised salmon will."

Large, federally funded nutritional surveys suggest that most people do not get enough omega 3s.

"About 75 percent of women of childbearing age and about 85 percent of pregnant women consume less than six ounces of seafood per week," noted Mozaffarian. Omega 3s cross the placenta and help build developing brains in fetuses and in infants during the first months of life.

"That certainly is one of the benefits," said David C. Bellinger, a professor of neurology at the Harvard School of Public Health and a member of the IOM committee.

FBI/DEA/ATF/USMS:

GAO Faults FBI Sentinel Staffing Process (FCW)

By David Hubler

Federal Computer Week, October 18, 2006

The FBI is moving quickly to staff its six-year, $425 million Sentinel program, which will replace the agency's failed Virtual Case File project and antiquated intelligence analysis and investigative case management systems, according to a new Government Accountability Office report prepared for the House Judiciary Committee.

But the report states that the Sentinel staffing process is focusing only on the program office's immediate staffing needs and not on the "kind of strategic human capital management that GAO's research and evaluations have shown to be essential to the success of any organizational entity."

Specifically, GAO found that the FBI staffing plan "was not derived using a documented data-driven methodology and does not provide for inventorying the knowledge and skills of existing staff."

Sentinel has not looked ahead to future staffing needs, analyzed gaps between current employees and future workforce needs, or formulated a strategy for filling those expected gaps, the report states.

GAO warned that "unless the FBI adopts a more strategic approach to managing human capital for the Sentinel program and treats human capital as a program risk, the chances of delivering required intelligence and investigative support capabilities in a timely and cost-effective manner are reduced."

GAO has recommended that the FBI establish policies and procedures for strategically managing IT programs' workforce needs and treating and managing the Sentinel vacancies as a program risk.

According to the report, the FBI has agreed with the recommendations and is taking steps to correct the program.

Awards recognize N.Y., Texas info-sharing programs

The Texas Department of State Health Services won for a system aimed at preventing drug abuse, and New York won for a system that enables statewide distribution of information on potential hazards.

Florida county chooses Oracle ERP system

Polk Oracle Web Enabled Resources automates business processes such as financial management, procurement and payroll management.

Agencies struggle to defend IT spending

Most departments and agencies justify a majority of their IT investments, but DHS, the VA and the Army Corps of Engineers could defend less than half of theirs, according to a report.

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DISPENSARY DIRECTOR GRANTED RELEASE ON $1 MILLION BOND (BCNW)

Bay City News Wire, October 17, 2006

A medical marijuana dispensary director who is accused of marijuana cultivation and money laundering was granted release on $1 million bond by a federal magistrate in San Francisco today.

Sparky Rose, 36, director of the New Remedies Cooperative in San Francisco, is one of 15 people arrested in a sweep by federal agents on Oct. 3.

The agents also seized nearly 13,000 plants, a Porsche car belonging to Rose and $125,000 in raids of the dispensary, related offices in Oakland and San Francisco and two San Francisco warehouses where marijuana was allegedly cultivated.

All 15 defendants are charged in a federal criminal complaint with marijuana manufacture and distribution and Rose is additionally charged with money laundering.

U.S. Magistrate Nandor Vadas granted the bail release for Rose after prosecution and defense lawyers told him they had agreed on the $1 million amount.

The bond will be made up of $200,000 in equity from the Maryland house of Rose's mother and stepfather, plus individual surety bonds signed by Rose's ex-wife and two friends.

Defense attorney Nanci Clarence said it would take a day or two to complete the arrangements for the bond.

Clarence told the magistrate that prosecutors have informed her that an indictment in the case is expected to come from a federal grand jury in Los Angeles rather than San Francisco.

Through his attorney, Rose agreed to delay further proceedings until next month while the indictment is awaited. Vadas scheduled a status conference before a magistrate in San Francisco on Nov. 14.

Clarence said outside of court that Rose operated the medical marijuana dispensary "in a very businesslike way" and that Rose "exemplifies the notion of a responsible dispensary."

The cooperative was formerly known as Compassionate Caregivers Inc. and at one time operated dispensaries in Oakland, Los Angeles and several other cities.

Although a California law approved by voters in 1996, the Compassionate Use Act, allows seriously ill patients to use medical marijuana, federal drug laws make no exception for the state law.

U.S. Drug Enforcement Administration regional chief Frederico Pena said after the Oct. 3 arrests that anyone who breaks the federal laws to run an allegedly lucrative drug trade "is not compassionate, they're criminal."

An affidavit filed in the case by a DEA agent alleges that cash deposits to a New Remedies Cooperative bank account in Hercules amounted to more than $2.3 million between December 2005 and July 2006.

The affidavit said the money was used to pay employees of the cooperative, including $331,000 paid directly to Rose during that period.

Marijuana Club Director Released On Bail (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, October 17, 2006

(10-17) 15:03 PDT -- A federal magistrate today approved a $1 million bail release for the head of a Bay Area medical marijuana club that was raided two weeks ago by federal agents. Sparky Rose, 36, director of the New Remedies Cooperative, was one of 15 people arrested during the Oct. 3 sweep of eight sites and the only one still in jail. He is charged with conspiracy to grow and distribute marijuana and with money laundering.

Today, Rose was granted bail by U.S. Magistrate Nandor Vardas with the approval of federal prosecutors.

Drug Enforcement Administration agents seized nearly 13,000 marijuana plants, $125,000 and four vehicles, including Rose's leased Porsche, at a dispensary in San Francisco's Mission District and other sites in San Francisco and Oakland.

The raid was one of a recent series of enforcement actions by federal authorities against medical marijuana clubs and suppliers in California, where voters passed an initiative in 1996 allowing patients to use the drug with a doctor's recommendation. Federal drug law prohibits marijuana possession and cultivation, classifies it with the most dangerous drugs and recognizes no legitimate use.

The case originated in the Los Angeles area, where a related organization, Compassionate Caregivers, was raided last year by federal agents, prosecutors said in court filings.

Rose worked for years in Web site design and marketing, fell victim to a downturn in the Internet business and took a job with Compassionate Caregivers in San Francisco in 2003, his lawyer, Nanci Clarence, said in court papers. The local organization was renamed New Remedies last year.

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Clarence disputed an Oct. 3 assertion by Javier Pena, regional director of the DEA, that Rose and his fellow defendants were "using the pot clubs as facades to make millions of dollars" under the guise of serving medical patients.

"This was not a sham," Clarence said today. "This was run in a transparent way. He filed tax returns, he paid estimated quarterly taxes, he paid workers' comp and health insurance and he ran it like a business, just the way local authorities and state authorities have asked him to.

"This is a clash between state and federal governments, and on some level a culture war."

Drug Probe Nets Eighth Guilty Plea (SSJR)

Springfield State Journal Register, October 17, 2006

A man federal prosecutors say was at the center of a high-profile drug investigation last fall pleaded guilty Monday to drug charges and agreed to forfeit his interest in seven properties in Springfield and Taylorville.

Danny J. Sidener Jr., 27, of the 900 block of West Waco Street in Taylorville pleaded guilty before U.S. District Judge Jeanne Scott to conspiracy to distribute five kilograms or more of cocaine, distribution of 500 grams or more of cocaine, use of a telephone to facilitate a drug offense and possession of a firearm in furtherance of a drug-trafficking crime.

He faces a minimum of 15 years in prison when sentenced Feb. 26.

Sidener, represented by Springfield attorney Jeff Page, also agreed to forfeit his interest in seven properties he bought with proceeds from the crimes at 905 W. Waco St. and 816 W. Franklin St., both in Taylorville; and 610 S. Illinois St., 2307 S. 12th St. and 2315, 2319 and 2323 S. Sixth St., all in Springfield.

Scott said she understood that a third party may have a claim on the South 12th Street property and could object to the forfeiture.

Sidener is the eighth person to plead guilty in connection with the case, which began with indictments last fall.

The mandatory minimum sentence for the drug conspiracy count is 10 years to life in prison. Being in possession of a firearm in furtherance of a drug crime is a minimum five-year sentence that must be served consecutively to any other sentence he receives.

Assistant U.S. attorney John Childress said that between Jan. 4, 2004, and Oct. 28, 2005, Sidener conspired with Michael Mohan, Peter Sidener, Earl Sidener and others to distribute powder cocaine in central Illinois.

Childress said Danny Sidener obtained more than five kilograms of cocaine and "fronted" it to the others, who then could resell it or front it (advance on credit) to other resellers.

Sidener also admitted that on Oct. 28 he used a cell phone to set up a delivery to Mohan at the latter's home in the 1200 block of Leland Avenue, then delivered 1,500 grams of cocaine.

Law enforcement officers obtained a search warrant and found the cocaine, Childress said. They also searched Sidener's car and found a 9mm Ruger and 16 rounds of ammunition. Sidener allegedly told officers he carried the gun to protect himself from other drug dealers.

On Oct. 28, agents were watching Danny Sidener as he drove up to Mohan's home to make the cocaine delivery.

Someone overheard on a police scanner mention of Mohan's address and alerted Sidener, who fled.

He crashed his car into an Illinois state trooper's, police said, and prosecutors are seeking $2,945 in restitution for the collision damage. Sidener disputed that claim in court Monday, and the issue probably will be taken up at sentencing.

The government, in a separate civil forfeiture action, also is seeking to confiscate about $52,500 in alleged drug money from one of Sidener's bank accounts and almost $9,000 from another.

Court documents filed last month indicate that Springfield police were first notified in mid-1999 that Sidener was delivering large amounts of marijuana and cocaine in the Springfield area.

Between 2000 and 2004, agents learned Sidener allegedly received large amounts of cocaine from a supplier in Chicago and would then redistribute it to other dealers in the Springfield area. He received between five and 10 kilos of the drug each time, the documents say.

They also indicate that on Oct. 28, the day Sidener was taken into custody, he told police he had retrieved $42,000 from a storage unit and purchased two kilos of cocaine from his source.

Sidener allegedly told authorities that he began to buy cocaine in Chicago in 1999 or 2000, and that in 2003, he stepped up his purchasing to two or three times a month and bought another 60 pounds of marijuana every other month from a Chicago source.

Sidener asked Scott how far back his relevant conduct - uncharged misconduct that the government must sufficiently link to the current charges - might count against him at sentencing.

Scott said conduct "a couple of years" in the past might be considered "if the government links it up properly."

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The court documents said Sidener told police he had not had a job for several years, but that he bought houses, fixed them up and resold them. He also said he owns rental property.

One of Sidener's alleged co-conspirators told authorities he'd known Sidener nearly all his life and that Sidener's last legitimate job was in high school, when he worked at Domino's Pizza.

Since last October, eight others have been charged in related cases with conspiring to distribute cocaine in Springfield and central Illinois.

Seven who previously pleaded guilty are scheduled for sentencing on the following dates: Adam Martin, 28, of the 2200 block of Lindbergh Drive, Nov. 27; Dondi D. McIntosh, 33, of the 2100 block of Peoria Road, Dec. 11; William W. Thomas, 28, of the 1200 block of West Edwards Street, Nov. 6; Michael D. Mohan, 28, of the 1200 block of Leland Avenue, Nov. 20; Gerald M. Vondebur 41, of the 2100 block of Fairway Drive, Dec. 11; Jerrad A. Pruitt, 27, of the 4000 block of Hazelcrest Road, Dec. 18; and Earl V. Sidener, 27, of the 1100 block of North Virginia Street, Jan. 8.

Peter Sidener, 39, of the 300 block of Cranmer Drive is scheduled for a final pretrial conference Nov. 20 and a trial Dec. 5.

The charges are the result of an Organized Crime Drug Enforcement Task Force investigation by the Drug Enforcement Administration, Springfield Police Department, Illinois State Police and the Central Illinois Enforcement Group.

Federal authorities announced in August that the cocaine investigation was complete after nine indictments. However, federal officials also forwarded the names of six other people to the Sangamon County state's attorney's office for possible prosecution. Because five of the six have connections to county government or law enforcement, the state's attorney's office then referred the cases to the state appellate prosecutor's office to determine whether charges should be filed.

The six are Sangamon County Clerk Joe Aiello, former assistant state's attorneys John "Jake" Kelley and Dan Mills, former public defender John A. Maurer, former federal probation officer Kevin Kelly and former bank loan officer Blair Fein.

Nevadans To Vote On Legalizing Marijuana (AP)

By Sandra Chereb

AP, October 18, 2006

RENO, Nev. - Gambling, prostitution, and now pot? Organizers of a Nevada ballot measure hope voters in a state where almost everything goes will go one better and legalize marijuana.

If it passes Nov. 7, Nevada will be the first state to allow adults to possess up to an ounce of pot that they could buy at government-regulated marijuana shops.

The Committee to Regulate and Control Marijuana, which has pushed medical marijuana and decriminalization laws around the country, thinks Nevada - with its embrace of certain vices and its streak of Western independence - is a perfect venue.

In an editorial last spring, the rural Lahontan Valley News argued that gambling, Nevada's most powerful industry, caters to "visceral pleasures," and that it would hypocritical to oppose the legalization of marijuana on moral grounds.

Proponents of the measure also argue that the legal system wastes time and money on low-level marijuana offenses, and that taxing and regulating pot would put drug dealers out of business while freeing law enforcement to focus on violent crime and more dangerous drugs such as methamphetamine.

"Put it into a tightly controlled and regulated environment. We think that makes a lot of sense," Neal Levine, executive director of the committee.

Opponents, including law enforcement, the nation's drug czar, and civic and business groups, argue the measure would encourage the use of other drugs, and they question whether it will even prove to be a good source of tax revenue.

"The fact is, growing, distributing and warehousing marijuana will still be a federal offense," said Todd Raybuck, a Las Vegas police officer and spokesman for the Committee to Keep Nevada Respectable, which opposes the measure.

Question 7 allows people 21 and older to possess an ounce of marijuana in their homes - the same amount allowed under Nevada's medical marijuana law. Currently, possession of an ounce or less is a misdemeanor punishable by a $600 fine.

Twelve states have decriminalized small amounts of marijuana - that is, possession is punishable by a ticket and a fine - and 11 allow its use for medical purposes. Possession of up to an ounce at home is legal in Alaska under a court ruling there, but the case is under appeal.

Colorado residents will vote next month on whether to legalize possession of up to an ounce of marijuana by those 21 and older, similar to an ordinance Denver voters approved last year.

But the Nevada measure goes further. It directs Nevada's Department of Taxation to set up procedures to license and regulate marijuana growers, distributors and retailers. At the same time, it doubles penalties for selling or giving pot to minors and for vehicular manslaughter while under the influence of drugs or alcohol.

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The legislation also imposes a $45-per-ounce excise tax, with some of the proceeds going toward the budget and alcohol, tobacco and drug abuse programs. An ounce of pot on the street costs upwards of $300, depending on the quality.

A 2002 study by researchers at the University of Nevada, Las Vegas estimated taxing and regulating marijuana would generate $28.6 million in revenue.

The Justice Department in Washington did not respond to calls and e-mails seeking comment. In June, the U.S. Supreme Court ruled people who smoke marijuana for medical reasons can be prosecuted under federal drug laws, and Raybuck said it is doubtful federal agents would tolerate commercial pot ventures in Nevada.

In 2002, Nevada voters overwhelmingly rejected a move to legalize up to three ounces of marijuana. The latest measure got onto the ballot after 86,000 people signed petitions.

A poll conducted in September for the Las Vegas Review-Journal found 51 percent of voters opposed Question 7, while 42 percent supported it and 7 percent were undecided.

The measure has found some surprising allies.

"Make no mistake, I don't think using marijuana is a wise choice for anyone," said the Rev. William C. Webb, a Baptist minister who joined dozens of other religious leaders in announcing their backing. But "if there has to be a market in marijuana, I'd rather it be regulated with sensible safeguards than run by violent gangs and dangerous drug dealers."

U.S. Official Says Rise In Afghan Opium Production Leading To Purer Heroin In Europe (AP)

AP, October 18, 2006

MADRID, Spain Skyrocketing opium production in Afghanistan has led to increasingly pure heroin being sold in Europe and prices could fall if the trend continues, a senior U.S. anti-narcotics official said Tuesday.

Thomas Schweich, principal U.S. deputy assistant secretary of state for international narcotics, issued the warning after the United Nations reported last month that Afghanistan's opium production for 2006 increased 49 percent from last year, exceeding the demands of the world's heroin users by a third.

"We're already noticing on the streets of Europe much more pure opium and that's going to lead to more deaths and more health problems," Schweich said in an interview with The Associated Press.

"The other thing is for the price to go down, which hasn't happened yet," Schweich said, noting that an increase in supply often drives prices down.

Afghanistan produces more than 90 percent of the world's opium and heroin, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling post-Taliban government.

The booming trade accounts for at least 35 percent of Afghanistan's economy, financing warlords and Taliban insurgents alike.

Despite the strong increase in Afghanistan's opium production for 2006, the Afghan and U.S. governments have no plans to change counter-narcotics strategy in the region, Schweich said.

"When the U.N. came out with those statistics, that's for planting that occurred the previous fall," said Schweich, who met with Afghan government officials in Kabul last month. "They really reflect the relatively ineffective delivery of the program in its very first year."

In the coming year, the two governments will continue a public information campaign that presents farmers with alternatives to growing opium, Schweich said.

Such alternatives, which include growing wheat or fruit trees or raising livestock, are substantially less lucrative and can be unattractive to farmers struggling to survive in a country where more than half of the population lives below the poverty line and 40 percent is unemployed.

In addition to the public information campaign, the Afghan government is to step up opium crop eradication efforts and the prosecution of drug growers and traders, Schweich said.

"With serious drug problems it does take time," he said. "I'm hoping we don't have to wait 10 years to see improvement."

Afghanistan's Opium Production Soaring 'out Of Control,' U.N. Agency Warns (AP)

AP, October 18, 2006

VIENNA, Austria Afghanistan's opium production has soared "out of control," the U.N. drugs and crime agency warned Tuesday, adding that proceeds from the opium harvest were being used to fund the resurgent Taliban.

The United Nations Office on Drugs and Crime is calling on NATO and Afghan troops to attack heroin labs, opium bazzars and convoys transporting the narcotic, said Preeta Bannerjee, a spokeswoman for the agency.

Opium production in Afghanistan rose 59 percent in 2006 to a record 165,000 hectares (408,000 acres) — representing 92 percent of the world's opium, according to U.N. figures.

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"You can say that Afghanistan is pretty much out of control," Bannerjee said.

In contrast, opium poppy cultivation in Southeast Asia's 'Golden Triangle' — Laos, Myanmar, and Thailand — declined by 29 percent this year 24,160 hectares (59,700 acres) Bannerjee said. She credited combined efforts by U.N. organizations and aid agencies for helping farmers find alternative crops for reducing production levels by 85 percent since 1998.

"Afghanistan is practically ... supplying the world's opium," Bannerjee said. "There's also evidence that the country is increasingly hooked on its own opium."

The agency has said that about 2.9 million people were involved in growing opium, representing 12.6 percent of the Afghan population, and that revenue from this year's harvest was predicted to hit more than US$3 billion (€2.4 billion).

Local farmers sell their crops to the Taliban, who resell them and use the revenues to fund themselves, Banerjee said. Since producers are subsistence farmers, it remains a question of giving the farmer a sustainable alternative, she said.

Opium Production Down In Golden Triangle (UPI)

UPI, October 17, 2006

VIENNA, (UPI) -- Opium poppy cultivation in Laos, Myanmar and Thailand, the Golden Triangle, dropped 29 percent last year, the U.N. drug agency reported Monday.

The region is the world's second-largest source of opium, although it is now dwarfed by Afghanistan, the Office on Drugs and Crime report said. Executive Director Antonio Maria Costa said Afghanistan will soon be the only source if the trend continues.

"This is a remarkable success in the reduction of illicit crops, which is so far unmatched anywhere in the world," Costa said. "It represents an important step towards the goal of eliminating the cultivation of illicit crops worldwide."

The number of acres devoted to poppy cultivation in Thailand and Laos actually increased slightly but starting from a very low base. That increase was more than outweighed by a sharp drop in poppy cultivation in Myanmar, the country formerly known a Burma.

In 1998, about 33 percent of the world's opium came from the Golden Triangle, a figure that has dipped to less than 5 percent.

UN Drug Agency Reports Sharp Fall In Golden Triangle Opium Production (VOA)

Voice of America, October 18, 2006

The United Nations' drug agency says there has been another sharp fall in opium cultivation in the area of Southeast Asia known as the Golden Triangle, where Burma, Thailand and Laos meet. But, U.N. officials are now concerned about the increased use of methamphetamine-type stimulants across the region.

Photo: Scott Bobb (VOA)The United Nations Office on Drugs and Crime - the UNODC - says its annual survey of opium production in the Golden Triangle region shows poppy cultivation there fell by 29 percent this year.

Burma, the main poppy growing country of the region, reported a more than 30 percent decline in areas under cultivation from the previous year.

Burma is the second largest opium grower globally after Afghanistan, which accounts for more than 90 percent of the world's supply of heroin.

Burma's northern Shan State produces 90 percent of the country's opium. The ethnic Wa community there declared a total ban on opium cultivation and trade last year.

The decrease in Burmese production means that a plan to eradicate opium in the Golden Triangle by 2014 remains on target. The region's share of world poppy cultivation dropped from 66 percent in 1998 to 12 percent last year.

But Leik Boonwaat, the UNODC Representative in Laos, said recently there is still a need for international support for development programs to assist opium growers to move toward alternative crops.

He said, "There is a need to provide the relief to former opium farmers, in order to enable them to adapt to new alternative livelihoods or new ways of life, and it's also important to enable the national poverty reduction programs to be able to incorporate all these areas."

The UNODC report says the two other countries in the Golden Triangle, Thailand and Laos, are almost opium free.

But the gains from the decrease in opium cultivation are being offset by a rise in methamphetamine and ecstasy abuse in Southeast Asia. A recent report by the UNODC found that methamphetamine is a concern across the region.

The UNODC's Leik says, in Laos, methamphetamine is a particular problem among young people.

"For methamphetamine in Laos, it's mostly targeting the youth - school children. We have children as young as 12 that are addicted, and this is causing great concern. We see it in the schools, we're seeing it in urban areas, we're seeing it in rural areas," he said.

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Factories producing methamphetamine-type stimulants are found along the Burma-Thailand border, with millions of tablets finding their way onto the Thai market each year.

Drugs Group In Afghan Exit Order (BBC)

BBC News, October 18, 2006

Poppies grow in most Afghan provinces The Afghan government has ordered the closure of all offices of a group that wants to promote new ways of dealing with the global drugs problem.

The Interior Ministry said the Senlis Council, had been "confusing farmers" and had been a factor in the increase in poppy cultivation.

Senlis has suggested the legal use of Afghan opium for medical purposes.

A spokesman for Senlis said it had not received any formal notification that its offices were to be closed.

He denied its activities had increased poppy cultivation.

Correspondents say there has been tension over a recent council report blaming the government for a failure to stop farmers growing poppies.

Afghanistan is building a new counter-narcotics police force but reports say the force only has personnel in nine of 34 provinces.

Only six provinces are reported to be opium-free.

Review: Prisoner Flights Are Expensive (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP, October 18, 2006

Pricey contracts and empty seats plague government flights that move U.S. prisoners to new jails and deport illegal immigrants, a Justice Department review concluded Tuesday.

Additionally, the Justice Prisoner and Alien Transport System does not always have large enough crews to subdue onboard security threats, Justice Department Inspector General Glen A. Fine found.

"Given the variety of transportation needs and the nature of the individuals being transported, inherent risks exist in managing a transportation system like JPATS," Fine concluded, using the acronym for the air transit system.

The U.S. Marshals Service, the Bureau of Prisons, and Immigration and Customs Enforcement use and pay for the flights. More than 305,000 prisoners and illegal aliens flew on them last year, costing an estimated $87 million.

The program makes sure prisoners and illegal immigrants make their court appointments, are transferred efficiently and are deported quickly.

But the review found several flaws, including that:

_The government pays far more to lease large jets under multiple-year contracts than it would by buying the aircraft outright. For example, the 30-year cost of leasing a used Boeing 737 jet would come to $840 million, compared to buying a new one for $540 million.

_Poor planning led to empty seats on the flights, some of which were only half-full during an audit between 2004 and the last three months of 2005.

_Only 13 percent of 1,028 flights audited had a larger security crew aboard than required. The review did not disclose the required crew-to-passenger ratio, but inspectors said the shortage exposes the flights "to potential security threats when transporting prisoners or aliens."

The flights program is managed by the U.S. Marshals Service. In a Sept. 6 letter responding to a draft of the review, Marshals Director John F. Clark agreed with all 15 of Fine's recommendations for improvement.

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On the Net:

Justice Department Office of Inspector General: http://www.usdoj.gov/oig/index.html

Audit Faults 'Con Air' On Safety (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 18, 2006

A government-operated service that transports prisoners and aliens in federal custody throughout the United States, Central America and the Caribbean does not have the means to ensure that safety procedures are being followed and lacks the ability to predict long-term capacity needs, according to a report released yesterday.

DOJ_NMG_0082874

The Justice Department's Office of the Inspector General said the Justice Prisoner and Alien Transportation System (JPATS), run by the U.S. Marshals Service and known to many as "Con Air," also needs to reduce costs by maximizing the number of passengers scheduled for each flight.

"The overall demand for prisoner and alien transportation has grown over the past six years, but our audit found that JPATS has not yet developed a planning tool that allows it to project prisoner and alien movements more than one year into the future," Inspector General Glenn A. Fine said.

"This lack of capacity planning has led to underutilization of available seats on JPATS aircraft because JPATS has not amended its flight schedules to maintain a more optimal use of its resources," Mr. Fine said.

JPATS uses three government-owned and six leased aircraft to move prisoners and aliens for the Marshals Service, the Federal Bureau of Prisons and U.S. Immigration and Customs Enforcement. In addition, it transports prisoners for military, state and local law-enforcement agencies as needed.

In fiscal 2005, JPATS transported 305,649 prisoners for a wide array of judicial proceedings, such as the removal of deportable aliens -- including those who committed crimes in the United States. Many of its planes were acquired through government surplus programs or asset forfeiture. They represent the only government-operated, regularly scheduled passenger airline in the nation.

The inspector general's audit said a review of data on 1,034 flights from fiscal 2004 to the first quarter of fiscal 2006 found that although 74 percent of the seats were filled on flights originating from one of the three hubs reviewed, fewer than half of the seats were filled on flights originating from the remaining hubs.

The report also said JPATS has been using short-term leases for its large aircraft since early 2005, despite studies by the Government Accountability Office and the Office of the Federal Detention Trustee that said purchasing the aircraft or entering into long-term leases could cut costs.

Although the audit said JPATS had developed adequate internal policies to ensure that it conducts its air transportation in a safe and secure manner, it added that JPATS "generally does not have the necessary systems in place to ensure that it adheres to its own standards on safety and security."

The audit listed 15 recommendations to help manage the JPATS program. Officials at JPATS agreed with the recommendations and are in the process of implementing them.

Activists' Passion Turns To Violence (SEAPI)

By Phuong Cat Le, P-I REPORTER

Seattle Post-Intelligencer, October 18, 2006

One worked with the nation's top atmospheric scientists; the other was an aspiring journalist. Now they both face years in prison for the ELF arson fire at a UW research facility

Jennifer Kolar and Lacey Phillabaum seem unlikely criminals.

Well-educated young women passionate about environmental causes, they share a love of the outdoors and similar backgrounds. Both grew up in Spokane and attended the same public high school.

Those who know Phillabaum call her bright, outspoken, sometimes in-your-face but never dull. She was a skilled debater in high school and college and once worked for a well-regarded non-profit that promotes sustainable agriculture.

Kolar

Kolar studied under one of the nation's top atmospheric scientists while pursuing a doctoral degree and had the makings of a good scientist, her adviser said, but her heart seemed elsewhere.

The women were concerned about what was going on around them -- the logging of old-growth forests, the slaughter of animals for sport. Like many Northwest activists, they pushed for change.

Phillabaum

But their activism morphed into something more dangerous -- and now both are headed to prison.

Before dawn on May 21, 2001, Kolar cut the glass that allowed fellow Earth Liberation Front members to sneak into the University of Washington office of professor Toby Bradshaw, who was studying the genetics of fast-growing hybrid poplar trees. Phillabaum's role is still unclear, but she was also on the scene, court documents show.

Bradshaw and other researchers at the UW Center for Urban Horticulture would be arriving within hours, so the ELF squad must have worked quickly to plant the firebombs -- plastic buckets of fuel rigged with cheap digital timers, assembled in someone's garage. Their goal: destroy the research on genetic engineering of poplars to avert an "ecological nightmare" for native forests.

The fire ignited in Bradshaw's office spread through the building and raged for hours. Rare books, endangered plants and decades of botanical research went up in flames, causing $7 million in damage.

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By then, Kolar, Phillabaum and the three others involved in the arson had disappeared.

At the UW, researchers tried to salvage their work. A new facility was built. But the trail to the perpetrators seemed to peter out. For nearly five years, the crime went unsolved.

While investigators searched for clues, Kolar and Phillabaum didn't go into hiding.

Kolar bought a two-story house in Wallingford, raced in local regattas and was active in a Seattle yacht club. Phillabaum pursued a career as a journalist, freelanced articles and sought mentoring from a professional journalism group. Others involved in the arsons also went on to do other things.

"The series of arsons stopped in 2001, and since then many of the people implicated in those have gone on to lead lives in the mainstream society," said Assistant U.S. Attorney Andrew Friedman in Seattle.

But investigators eventually closed in.

In December, federal agents arrested many of those believed responsible for a series of arson attacks across five states, including an Oregon poplar farm that had been torched at the same time as the UW center.

Three people were indicted earlier this year: Justin Solondz, 27, formerly of Jefferson County, who is believed to have fled the country; William Rodgers, 40, who committed suicide in an Arizona jail cell weeks after his arrest; and Briana Waters, 30, a Berkeley, Calif., violin teacher who faces trial.

This month, federal prosecutors identified for the first time the two remaining suspects: Kolar, 33, and Phillabaum, 31.

Both women are cooperating with authorities and have admitted to belonging to ELF and participating in the UW firebombing. The FBI has branded ELF an underground radical group and a top domestic terrorism threat.

At their January sentencing in Seattle, Kolar faces between five and seven years in prison; Phillabaum faces three to five. Defense attorney Gilbert Levy declined a request to interview his client, Phillabaum. Kolar declined comment through her attorney, Michael Martin.

"Paradoxes and ironies abound here, and they're all wedded to a tragedy," said David Frank, a University of Oregon professor who knew Phillabaum when she was in his debate program.

"How could such bright, articulate, well-meaning people ... how could they have been tempted by violence?"

From sit-ins to firebombs

Phillabaum was socially conscious even as a teenager at Shadle Park High School, former school officials say. She grew up in Deer Park, and her parents were partners in a Spokane law firm. In high school, she was voted "Teacher's Pet" in her senior year and won debate contests.

"She had a strong mind of her own," said Emmett Arndt, a former assistant principal at Shadle Park.

At the University of Oregon, Phillabaum studied art history and graduated in three years. She continued to debate in college, partly "to learn more about the reasons why the environment was under threat," said Frank, who teaches rhetoric.

The program taught students to use reason, research and persuasion to affect change, but Phillabaum left after a year, feeling frustrated with the lack of action, he said.

Typical of many students, "she found her way into activist groups," he said. "She was surrounded by people who were equally frustrated, equally angry. Out of those conversations came a dedication to more violent actions to achieve their actions."

"She was probably feeling frustrated with the system, with the exploitation of the Earth and species, and not having immediate results with above-ground organizing," said an associate of Phillabaum's, who asked not to be identified.

In college, she worked on Insurgent, a left-leaning campus publication that critiqued foreign policy.

The mid-1990s was the height of protests against logging on public lands, and Phillabaum was in the thick of it. She protested timber harvests in Oregon's Umpqua National Forest and joined others in blocking a logging road to Warner Creek, according to news accounts.

"You couldn't call her commitment into question," said a Eugene, Ore., activist who has known her for a decade.

At a 1997 tree-sit in Eugene, Phillabaum and others tried to save 40 trees from being leveled for a downtown development. Police arrested her and others for criminal trespassing. She was fined $100 and sentenced to three days in jail, according to the Lane County District Attorney's Office.

In other aspects, Phillabaum led a relatively normal life. She had a lot of friends, was well-grounded and came from a loving family, those who know her say. She spent a lot of time in the outdoors -- rafting rivers and hiking mountains.

An aspiring journalist, she also edited Earth First! Journal, which calls itself the voice of the radical environmental movement. In February 2001, she landed a job at In Good Tilth, a newsletter sent out by Oregon Tilth, a non-profit promoting sustainable farming.

"She was an exemplary employee," said Chris Schreiner, Oregon Tilth's quality-control manager. "She brought a new level of quality and content to the newsletter."

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She worked at the newsletter for four years. She also joined the Society of Environmental Journalists and sought mentoring help from veteran reporters, said the group's executive director, Beth Parke.

In 2005, Phillabaum moved to Charlottesville, Va., to take a writing job at the C-VILLE Weekly. The alternative paper fired her after three months, said editor Cathy Harding, who declined to say why.

Phillabaum's double life was quickly catching up to her.

In December 2005, federal agents arrested Stanislas Meyerhoff, 29, of Charlottesville, who they accused of masterminding the UW and Oregon tree farm firebombings. At the time, Meyerhoff was Phillabaum's boyfriend, a Charlottesville newspaper reported. Meyerhoff pleaded guilty to conspiracy and arson charges in July.

Phillabaum's role in the UW arson would soon be revealed, as would Kolar's.

'It's a puzzle'

It's not clear whether Phillabaum and Kolar knew each other at Shadle Park, but they overlapped at the school, located in a middle-class neighborhood of north Spokane.

Kolar graduated two years before Phillabaum and went on to the University of Colorado in Boulder. She majored in applied mathematics and later earned a master's degree in astrophysical, planetary and atmospheric sciences, according to the school.

"I never thought that atmospheric sciences was her passion, or something that was her lifelong ambition," said Merritt Deeter, an atmospheric scientist who shared an office with Kolar when both were grad students. "She kind of prided herself on her activist nature."

Kolar was bright and skilled but distracted, said her doctoral adviser, Peter Webster, now a professor at the Georgia Institute of Technology.

"If she had applied her passions to science, she would have been a good scientist, but she had other things that were much more important to her," Webster said.

She was passionate about animal rights and often protested against animals being hunted for sport, Webster said. "It's not the least bit surprising to me that she carried her passions that far."

In grad school, Kolar volunteered for such groups as Rocky Mountain Animal Defense. She tried to stop the Denver Zoo from allegedly sending surplus animals to hunting ranches, said David Crawford, the group's founder.

He stressed that his group doesn't condone violence and that she left in 1996.

In July 1997, Kolar allegedly took part in an arson that destroyed a horse slaughterhouse in Redmond, Ore.

She's expected to admit her role in that crime, said Assistant U.S. Attorney Stephen Peifer in Portland. She also has pleaded guilty to attempting to firebomb a Colorado gun club that organized turkey shoots in 1998.

Kolar settled in Seattle several years ago. She bought a house in Wallingford a year after the UW arson, joined the Corinthian Yacht Club in Seattle and competed in Puget Sound regattas. Her profile on that club's Web site noted that she loved the outdoors and co-owned the Manta Ray, a 30-foot performance sailboat.

Kolar was a crew member on a boat that recently won at the Swiftsure Lightship Classic, said the skipper, Alex Wigley.

"It's a puzzle. It just blindsided me," said Wigley, who described Kolar as capable, funny and intelligent.

"This whole event has made me wonder how well I know anyone."

P-I reporter Phuong Cat Le can be reached at 206-448-8390 or phuongle@seattlepi.com.

IMMIGRATION:

Border-fence Bill Awaits Signing (WT)

By Stephen Dinan

The Washington Times, October 18, 2006

The White House is pleading with Congress to send over the bill authorizing 700 miles of fence on the U.S.-Mexico border so the president can sign it immediately, but Republican leaders on Capitol Hill want to wait until closer to the election and to have a public signing ceremony.

"Send us the damn bill. We'd like to autograph it," said a senior administration official, who spoke on the condition of anonymity to allow for more freedom to discuss politics and policy.

"Our object was to sign it last week so we can have port security and border security together and herald an effort to control all of the borders of the United States. We even had ways to talk about what we were doing at the airports," the official said.

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Congressional Republicans, though, are convinced the issue is a political winner and want to hold onto the bill so it will be signed closer to next month's congressional elections. Once the bill is sent to the president, he has a limited amount of time to sign it before it dies as a pocket veto.

"It's a timing issue: We want it signed closer to the election when folks are paying attention and those who want to take advantage of the messaging opportunity can do so, and the White House is aware of this," said an aide to Senate Majority Leader Bill Frist, Tennessee Republican. House Republican leadership aides confirmed that strategy.

Mr. Bush has already signed a spending bill with money for some fencing, but has yet to sign the bill actually authorizing the double-wall fence along nearly 700 miles of the border. Congress passed both bills in the waning days of the legislative session last month.

Many blogs from across the political spectrum have speculated he is trying to scuttle the bill with a pocket veto, but Mr. Bush has said he will sign it, though in private, without a signing ceremony.

Congressional Republicans said that is a bad move at a critical political time.

"A public signing ceremony with the maximum amount of fanfare in a high-profile place would be the best thing the president could do to help out Republicans who are having trouble in their re-elections," said Rep. Steve King, Iowa Republican, adding that such a ceremony would go a long way to counteract cynicism from voters who question the White House's commitment to border security.

"People think we're not going to get it done," he said.

The bill's actual status is somewhat murky. Calls to the House clerk's office were referred to the House Administration Committee, and a spokeswoman was not able to say where the bill was.

Mr. King said he has assigned his staff to track down the bill because he, too, wants to know where it stands.

The Bush administration official said the bill's status has been explained several times, but "I for the life of me could not explain it to you."

The official rejected a signing ceremony, and said the White House doesn't want voters to expect too much out of the wall.

"We've got to be careful," the official said. "We are doing a lot on the border, and we cannot raise expectations that this bill of 700 miles of fence is going to happen immediately."

The official said the Department of Homeland Security doubts the value of 700 miles of fencing, instead saying that between 316 miles and 377 miles makes the most sense.

"You talk to the members of Congress about the 700 miles, and there's not a single member who can give you a plausible explanation of how they arrived at 700 miles," the official said. "We'll build every mile of fence that is useful and necessary to build, and if they tell us to build 700, we'll find a way to build 700 miles of fence, but let's not kid ourselves."

The official also said those members of Congress who want to tout their support for the fence are already doing it.

"Every place where they voted for it, they're out there talking about it. Anybody who thinks a one-day signing ceremony is the end-all, be-all, ought to be up talking to the congressional leadership telling them to send us the damn bill so we can sign it," the official said.

Part of the White House's aversion to fanfare may be the context of the broader immigration debate.

Mr. Bush had fought for a bill that would include a guest-worker program for future foreign workers and citizenship rights for most of the estimated 12 million to 20 million illegal aliens already in the country.

But House Republicans insisted on passing border-enforcement legislation first, and, after initially supporting a broader bill, Mr. Frist agreed to bring the bill up on the Senate floor, where it passed overwhelmingly.

Mr. King said that if Mr. Bush doesn't have a public ceremony for the bill, "there's something substituting at the White House for good political judgment."

There has been a marked difference in how Republicans have handled the issue during this year's campaign. While Mr. Bush never mentions the issue on the campaign trail, Republican candidates use it in districts and states across the nation.

"When the border-fence bill is finally signed by President Bush, I hope that it is given the pomp and circumstance that it deserves," said Rep. Tom Tancredo, Colorado Republican and chairman of the Congressional Immigration Reform Caucus, who has helped several Republican candidates campaign on the immigration issue.

He pointed to a report released yesterday by the House Homeland Security Committee that he said showed the Southwest border has become "the entryway for Middle Eastern terrorists, Mexican drug cartels and human smugglers."

Several lobby groups have asked Mr. Bush to veto the bill, including the U.S. Conference of Catholic Bishops, the National Council of La Raza and the Mexican government.

But at a press conference last week, Mr. Bush said he is committed to building the 700 miles of fencing, though he said the Department of Homeland Security will decide where and that he wants sensors and cameras to watch the border.

"We're going to do both," he said. "We're just going to make sure that we build it in a spot where it works."

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Smugglers Seen Getting 'Sophisticated, Organized' (WT)

By Jerry Seper

The Washington Times, October 18, 2006

Law-enforcement authorities along the U.S.-Mexico border are outgunned and outmanned by drug smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices and state-of-the-art communications and tracking systems, a congressional report said yesterday.

"While the United States has taken positive steps to secure its borders, much more is needed to combat an increasingly powerful, sophisticated, organized and violent criminal network, which seeks to move illegal contraband ... into our country for profit," said the House Homeland Security management, integration and oversight subcommittee report.

The 39-page report said drug-trafficking organizations and alien-smuggling networks are "proliferating and strengthening their control" of key corridors along the nation's Southwest; that Mexican drug cartels wield "substantial control" over the U.S.-Mexico border; and that criminal organizations and networks are "highly sophisticated and organized."

It also found that drug-trafficking cartels, alien-smuggling networks and U.S.-based street gangs, including MS-13, are increasingly coordinating with one another to achieve their objectives, and that federal, state and local law-enforcement report "new and ever-increasing levels of ruthlessness and violence" associated with the gangs.

The report echoes complaints from the Texas Border Sheriffs Coalition, which repeatedly has said the federal government's inability to secure the Southwest border has resulted in a dramatic rise in violence against U.S. authorities and made it easier for terrorists to enter the country.

Texas' Zapata County Sheriff Sigifredo Gonzalez Jr. told Congress in March the cartels "have the money, equipment and stamina" to bring increased violence to the border, much of it aimed at law-enforcement authorities.

Sheriff Gonzalez told The Washington Times at the time that the coalition -- which includes all 16 border sheriffs -- was concerned about terrorists using Mexican drug and alien smugglers as cover to cross the border.

Each year, hundreds of illegal aliens from countries known to harbor terrorists or promote terrorism are routinely encountered and apprehended while attempting to enter the U.S. illegally, the House report said.

"The federal government has taken positive steps to secure its borders, but much more is needed to combat an increasingly powerful, sophisticated, and violent criminal network, which has been successful in smuggling illegal contraband, human or otherwise, into our country," the report said.

"The growth of these criminal groups, along the Southwest border, and the potential for terrorists to exploit the vulnerabilities which they create, represents a real threat to America's national security," it said. "It is imperative that immediate action be taken to enhance security along our nation's Southwest border."

The report recommended enhancing Border Patrol resources, constructing physical barriers in vulnerable and high-threat areas, and implementing state-of-the-art technology, cameras, sensors, radar, satellites and unmanned aerial vehicles to ensure maximum coverage of the nation's Southwest border.

President Bush on Oct. 4 signed into law a bill that calls for the hiring of 1,500 more Border Patrol agents and an increase in the number of detention beds for apprehended illegal aliens by 6,700. Congress has approved a bill authorizing the construction of 700 miles of fencing along the U.S.-Mexico border, which Mr. Bush has promised to sign when it gets to his desk.

Mr. Bush also has called for improving border security with high-tech equipment.

Yesterday's House report also noted that federal law-enforcement authorities estimate that 10 percent to 30 percent of the migrants seeking to illegally enter the United States are apprehended and 10 percent to 20 percent of the drugs bound for this country are seized. It said that in 2005, as many as 4 million to 10 million illegal aliens crossed into the United States; and as much as 5.6 million to 11.2 million pounds of cocaine and 34.3 million to 68.6 million pounds of marijuana entered the United States.

The report also called for an expanded use of the expedited-removal policy; building a secure communications network for Border Patrol and state and local law enforcement; and mandating a comprehensive risk assessment of all Southwest border ports of entry and international land borders to prevent the entry of terrorists and their weapons.

During his testimony before a House Judiciary subcommittee, Sheriff Gonzalez said law-enforcement officers have found many items along the banks of the Rio Grande indicating ties to terrorist organizations. He said Border Patrol agents found a jacket near the border with Arabic military badges, one with an airplane flying over a building and heading toward a tower.

TAX:

Feds Indict Actor Wesley Snipes For Tax Fraud (LAT)

DOJ_NMG_0082879

By Lorenza Munoz And Michael Muskal

The Los Angeles Times, October 18, 2006

WASHINGTON — Wesley Snipes, whose flash and dash style of acting carried him from the streets of the South Bronx to movie stardom, has been indicted on charges of conspiracy and tax fraud, federal officials announced today.

Snipes, 44, was also charged with six counts of failing to file income tax returns. If convicted of all of the charges, he could be sentenced to as much as 16 years in prison.

Snipes' whereabouts could not be determined, said Steve Cole, a spokesman for the U.S. Attorney's office for the Middle District of Florida.

"We made an attempt to contact him through his attorneys and now with the news conference," Cole said in a telephone interview. "Maybe he'll find out from the media and turn himself in."

The indictment is the latest reversal for the star whose diverse career starring in action, comedic and dramatic roles dazzled fans for more than 20 years.

From his success in the 1986 football film "Wildcats" to a drug lord in "New Jack City" to a sports hustler in "White Men Can't Jump" to his superhero turn in the "Blade" movies, Snipes has been a stellar fixture on the screen.

But Snipes' off-screen personal and financial difficulties have mounted in recent years. His Florida mansion was in foreclosure, his former agency sued to collect an overdue debt and an admitted former crack addict took him to court in a paternity case that the star eventually won after reams of bad publicity.

Today's indictment accuses Snipes, formerly of Windermere, Fla., Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., with conspiracy to defraud the Internal Revenue Service and presenting a fraudulent claim for payment to the IRS.

According to the indictment released by the Justice Department, Kahn was the founder and leader of American Rights Litigators and its successor, Guiding Light of God Ministries. The businesses sold fraudulent tax schemes, authorities said in a statement.

Rosile was identified as a former accountant who continued to work after his CPA licenses were revoked in Ohio and Florida. He allegedly prepared fraudulent tax returns for American Rights Litigators, which charged its members a fee, half of which it allegedly paid to Rosile. In addition, ARL would collect 20% of any refund and half of that went to Rosile.

Snipes, Kahn and Rosile are accused of making it appear that Snipes had no liability for federal income taxes.

According to authorities, the claim is known as an "861 argument," which asserts that U.S. citizens and residents can be taxed only on income derived from certain foreign-based activities and not on income earned within the United States — a position that has been rejected by the courts.

The defendants filed two amended federal income tax returns for Snipes, claiming almost $12 million in refunds from 1996 and 1997 income taxes. The indictment also accuses Snipes of failing to file his 1999 through 2004 federal income tax returns.

"Our system of government depends on citizens paying their fair share of taxes," U.S. Atty. Paul I. Perez of the Middle District of Florida, said in a statement. "Those who intentionally and unlawfully harass the IRS through deceit, trickery and fraud undermine the collection of revenue that is vital to every aspect of the operation of our government."

According to spokesman Cole, the indictments were handed up last week. Authorities contacted Snipes' lawyers on Friday and asked that the actor surrender for arraignment today. The lawyers said that they no longer represented Snipes, Cole said.

Rosile surrendered today, but Kahn was believed to be in Panama, Cole said..

Success came quickly for Snipes. He was a presence as a street thug in Michael Jackson's 1987 "Bad" video and within two years distinguished himself as Willie Mays Hayes in the film "Major League."

The 1991 Spike Lee film "Jungle Fever" made Snipes a star. The story of a doomed interracial romance caught the nation's attention. He was featured in Ebony and landed on the covers of Jet and Newsweek. The Washington Post dubbed him "the most celebrated actor of the season."

By 1993, he was commanding $10 million a picture and a cut of 10% of the project's gross profits.

But his fame did not help him in spring 1991 when LAPD officers, responding to a stolen vehicle report, stopped Snipes and forced him to lie spread-eagle on the pavement with a gun to his head. Snipes was driving a rental car from the set of "The Waterdance," an independent movie he was filming. Someone on the set had mistakenly reported the car stolen.

In August 1993, Snipes was arrested in Hollywood after he got into an accident and paramedics found a concealed 9-millimeter semiautomatic pistol on him. He pleaded no contest.

In May 1994, a woman named Loretta Marshall filed suit against Snipes alleging that a year earlier at the Glam Slam Nightclub, Prince's old club in downtown L.A., the actor had spilled a drink on her and then told her, "Smile or I will seduce you and make you smile." He then grabbed Marshall's crotch, according to the suit. The case was settled confidentially.

Two months after that suit was filed, Snipes pleaded no contest to reckless driving in a Florida court after leading police on a 120-mph, 30-mile motorcycle chase before crashing. He was ordered to perform 80 hours of community service, fined $500 and placed on six months' probation.

In 2002, the William Morris Agency took the rare step of filing a claim against the actor, a onetime client, over a $500,000 loan before it was finally repaid. The agency has declined to comment other than to say the matter had been settled.

Actor Snipes Faces Indictment On Tax Fraud Charges (USAT)

By Greg Farrell

USA Today, October 18, 2006

This is one "bad guy" role that Wesley Snipes doesn't want. In a federal indictment unsealed Tuesday, prosecutors hit Snipes, the prolific actor and movie producer, with eight counts of tax fraud.

According to the indictment, Snipes allegedly not only avoided paying millions in income taxes from 1999 through 2004, but he fraudulently tried to get an $11 million refund for taxes paid in the 1990s.

Prosecutors also filed charges against two Florida men who acted as tax advisers to Snipes, Eddie Ray Kahn and Douglas Rosile.

Snipes, who used to have a residence near Orlando, has starred in nearly 50 movies including White Men Can't Jump, New Jack City and the highly successful Blade series. But he reportedly also has run into a series of financial and legal difficulties. In this case, prosecutors allege that Kahn and Rosile convinced Snipes that under an unusual interpretation of federal law, known as the "861 argument," only income derived from foreign-based activities was taxable. A U.S. court has never supported the argument.

Kahn founded a group known as American Rights Litigators and Guiding Light of God Ministries. Although GLGM described itself as a "Christian ministry and organization established to assist men and women in their pursuit of truth and freedom as Americans," the government alleges GLGM is a for-profit operation that sells fraudulent tax schemes. According to the indictment, Snipes paid Kahn a consulting fee and paid to become a member of his American Rights Litigators group.

Rosile, an accountant whose CPA licenses to practice in Ohio and Florida were revoked, worked with Kahn to file tax returns for GLGM clients to claim refunds based on the "861 argument." According to the indictment, if the government refunded money based on the "861" theory, Kahn would take 20% of the refund and pay half to Rosile.

Despite warnings from previous tax advisers that his movie-related income was taxable and the "861" scheme was bogus, Snipes apparently sided with Kahn and Rosile in 2000 and stopped paying income taxes, the indictment says. Using the "861 argument," Snipes tried to recover $4 million in taxes paid for 1996 and $7 million for 1997. The government also claims that Snipes tried to pay some of his income taxes from 2000 to 2002 by sending $14 million in bogus checks to the U.S. Treasury.

Paul Perez, the U.S. Attorney in Tampa who filed the charges, said in a statement: "Those who intentionally and unlawfully harass the IRS through deceit, trickery and fraud undermine the collection of revenue that is vital to every aspect of the operation of our government." The Associated Press reported that Perez said Snipes has not been arrested because authorities don't know his whereabouts. Two of the charges that Snipes faces each carry a maximum sentence of five years. The remaining six charges carry up to one year each.

A spokesman for Snipes could not be reached for comment. Kahn and Rosile also could not be reached.

U.S. Indicts Actor Snipes In Tax-Avoidance Case (WSJ)

By Robert Guy Matthews

The Wall Street Journal, October 18, 2006

WASHINGTON -- Action star Wesley Snipes, who once played a Treasury agent in the film "Boiling Point," was indicted for trying to cheat the government with false tax-refund claims and failing to file personal returns for six years.

The charges stem from a well-known but illegal scheme that asserts that U.S. citizens only have to pay taxes on income earned from foreign sources. The scheme purports that wages and other income earned in the U.S. aren't taxable. The Internal Revenue Service and various courts have ruled that the argument is a misreading of the tax code.

If convicted on all eight counts handed up against him, Mr. Snipes could be sentenced to a maximum of 16 years in prison.

Along with Mr. Snipes, Eddie Ray Kahn, of Sorrento, Fla., and Douglas P. Rosile, of Venice, Fla., were also indicted for allegedly defrauding the IRS and presenting a fraudulent claim. Mr. Kahn is the alleged head of a commercial business that promoted and sold the fraudulent tax scheme to Mr. Snipes. Mr. Rosile was the accountant who prepared Mr. Snipes's tax returns.

According to the indictment, the Justice Department is charging that Messrs. Snipes, Kahn and Rosile attempted to make it appear as if Mr. Snipes had no liability for federal income taxes. As part of the scheme, the defendants allegedly prepared and

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filed two amended federal income-tax returns for Mr. Snipes, fraudulently claiming refunds for 1996 and 1997 income taxes previously paid, totaling almost $12 million. The indictment also alleges that Mr. Snipes didn't file his 1999 through 2004 federal income-tax returns.

Mr. Snipes is one of the more than 200 mostly high-wealth individuals who were part of Mr. Rosile's and Mr. Kahn's attempts to "help" American taxpayers argue that the tax system itself is a hoax, and that they didn't have to pay taxes on income earned within the U.S. The Justice Department sued Mr. Rosile in 2002 and forced him to turn over a list of most of his clients.

Mr. Rosile's clients would typically pay him $100 for preparing their tax returns, and if there was a refund, 20% would go to Mr. Kahn's group, called American Rights Litigators, or its successor, Guiding Light of God Ministries. The Justice Department alleges that the groups helped defraud government coffers of at least $36 million.

Mr. Snipes couldn't be reached for comment.

Wesley Snipes Is Indicted On 8 Counts Of Tax Fraud, Accused Of Seeking $12M In False Refunds (AP)

By Phil Davis

AP, October 18, 2006

TAMPA, Fla. — Actor Wesley Snipes was indicted Tuesday on eight counts of tax fraud, accused of trying to cheat the government out of nearly $12 million in false refund claims and not filing returns for six years.

Prosecutors said Snipes fraudulently claimed refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. The star of the "Blade" trilogy and other films including "Jungle Fever" and "White Men Can't Jump" was also charged with failure to file returns from 1999 through 2004.

According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment.

"It's a conspiracy against the IRS, basically to harass the IRS, from doing its lawful job in term of collection of taxes," U.S. Attorney Paul I. Perez said at a news conference.

If convicted of all the charges, Snipes could face 16 years in prison — five years each on two conspiracy counts and one year each on six counts of failure to file income tax returns.

Snipes, 44, who had a home in Windermere near Orlando, has not been arrested because authorities don't know where he is, Perez said. Snipes' manager and attorney did not return phone messages from The Associated Press.

"We've spoken to his former attorneys over the weekend," Perez said. "We presume that he knows, and of course after this press conference he will definitely know."

The indictment said Snipes conspired with American Rights Litigators' founder Eddie Ray Kahn and tax preparer Douglas P. Rosile Sr. to file false refund claims based on a bogus argument that only income from foreign sources was subject to taxation.

That included a claim for a $7.3 million refund for 1997, in which an amended tax return reported Snipes' adjusted income as zero.

The Justice Department sued Rosile in 2002 for allegedly filing bogus tax refund claims totaling more than $36 million on behalf of clients in 32 states. The suit is still pending.

Snipes was not named as a defendant in that case, but the lawsuit said the preparer's largest claim was an amended income tax return filed on behalf of the actor and dated April 14, 2001.

Rosile is in custody in Ocala, Perez said, and the third defendant named in the indictment, Kahn, is believed to be out of the country.

A call to an attorney who is representing Rosile in the 2002 lawsuit was not returned. It wasn't clear if he had any other legal representation. Federal court records indicate that he filed for bankruptcy on June 29.

Perez said the IRS considers the tax preparation business founded by Kahn as a "tax protest organization."

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

CONGRESS-ADMINISTRATION:

Bush Signs $532.8B Defense Spending Bill (AP-Y)

AP, October 18, 2006

DOJ_NMG_0082882

With a long list of caveats, President Bush signed a bill Tuesday authorizing $532.8 billion in defense spending, including a 2.2 percent pay raise for members of the military.

The measure, for the 2007 fiscal year that began Oct. 1, authorizes $70 billion in supplemental funding to support the war on terror's operation costs, personnel expenses, equipment needs and other costs.

The White House released two pages of administration disagreements and reservations about provisions that lawmakers put in the bill.

Bush took issue with a provision that would require the Navy to keep its current number of 12 aircraft carriers. The administration is seeking permission to retire the USS John F. Kennedy.

The statement singled out about a dozen provisions that would require the White House to provide Congress with information on various subjects. Bush reminded lawmakers of "the president's constitutional authority to withhold information, the disclosure of which could impair foreign relations, the national security, the deliberative processes of the executive or the performance of the executive's constitutional duties."

Among other disputed areas, the statement said sections of the bill purported to make consultations with certain lawmakers a precondition to carrying out the law. The statement said it would regard that requirement "as calling for but not mandating such consultation."

Law Caps Interest On 'payday Advances' To Servicemembers (USAT)

By William M. Welch

USA Today, October 18, 2006

Consumer loans to servicemembers will be limited to 36% annual interest next year under a law President Bush signed Tuesday that is aimed at store-front lenders clustered around military bases.

The law is a response to "payday advance" stores that market short-term loans, typically charging $15 or $20 per $100 loan for periods of up to two weeks or a borrowers' next payday. Borrowers generally renew loans several times before paying them off, and the fees result in effective annual interest rates of 400% or more, a Defense Department study concluded.

Congress approved the limits before adjournment this month. Bush signed it into law as part of a larger defense bill.

Military officers pushed for the law, saying the loans saddled low-paid enlisted men and women with debts that ruined their finances, jeopardized security clearances and left them unable to deploy to Iraq or other assignments.

"What we're hoping is a lot of payday lenders will pack up and go elsewhere because they can't bilk the military for the exorbitant interest rates," says John Irons, a retired Navy captain and director of the Navy-Marine Corps Relief Society in San Diego, which counsels and aids sailors and Marines.

"This will be a great help," says Capt. Mark Patton, commanding officer of Naval Base Point Loma. "It is a great statement by Congress on the importance of the financial health of our military, especially right now when our readiness is so strained by the demands of war."

The Defense Department report said the average borrower pays $827 on a $339 loan and called the lending predatory. The 36% rate cap means lenders can charge no more than $1.38 on a $100 loan for two weeks — an amount lenders say is too low to be profitable.

"That's why the 36% rate cap means we're getting out of the military business," said Steven Schlein, spokesman for the Consumer Financial Services of America, a trade group whose members operate half the 22,000 short-term lending stores across the USA.

Darrin Andersen, president of the group, said the industry will still offer loans to civilians. "While this will only have a slight impact on our industry's bottom line, it will have a large impact on individuals in the military who will have to look elsewhere when they are in need of a short-term loan," he said.

The limit was added to the defense bill in a House-Senate conference after passing the Senate overwhelmingly. The House of Representatives did not initially approve it, but opposition melted in the face of the Pentagon report and media attention, said Sen. Jim Talent, R-Mo., a sponsor of the limit.

"It means that we're going to protect our servicemen and women from this kind of abuse," he said.

Michael Calhoun, president of the Center for Responsible Lending, said Congress should "extend these protections to all of America's working families."

Bush Sets Defense As Space Priority (WP)

By Marc Kaufman

The Washington Post, October 18, 2006

DOJ_NMG_0082883

President Bush has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone "hostile to U.S. interests."

The document, the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy largely in terms of persuading other nations to support U.S. policy.

"Freedom of action in space is as important to the United States as air power and sea power," the policy asserts in its introduction.

National Security Council spokesman Frederick Jones said in written comments that an update was needed to "reflect the fact that space has become an even more important component of U.S. economic, national and homeland security." The military has become increasingly dependent on satellite communication and navigation, as have providers of cellphones, personal navigation devices and even ATMs.

The administration said the policy revisions are not a prelude to introducing weapons systems into Earth orbit. "This policy is not about developing or deploying weapons in space. Period," said a senior administration official who was not authorized to speak on the record.

Nevertheless, Michael Krepon, co-founder of the Henry L. Stimson Center, a nonpartisan think tank that follows the space-weaponry issue, said the policy changes will reinforce international suspicions that the United States may seek to develop, test and deploy space weapons. The concerns are amplified, he said, by the administration's refusal to enter negotiations or even less formal discussions on the subject.

"The Clinton policy opened the door to developing space weapons, but that administration never did anything about it," Krepon said. "The Bush policy now goes further."

Theresa Hitchens, director of the nonpartisan Center for Defense Information in Washington, said that the new policy "kicks the door a little more open to a space-war fighting strategy" and has a "very unilateral tone to it."

The administration official strongly disagreed with that characterization, saying the policy encourages international diplomacy and cooperation. But he said the document also makes clear the U.S. position: that no new arms-control agreements are needed because there is no space arms race.

The official also said the administration has briefed members of Congress as well as a number of governments, including Russia, on the new policy. The public, however, has not learned much about it: The policy was released at 5 p.m. on the Friday before Columbus Day, with no public announcement.

The National Space Policy follows other administration statements that appeared to advocate greater military use of space.

In 2004, the Air Force published a Counterspace Operations Doctrine that called for a more active military posture in space and said that protecting U.S. satellites and spacecraft may require "deception, disruption, denial, degradation and destruction." Four years earlier, a congressionally chartered panel led by Defense Secretary Donald H. Rumsfeld recommended developing space weapons to protect military and civilian satellites.

Because of the political sensitivities, several analysts said, the Pentagon probably will not move forward quickly with space weapons but rather will work on dual-use technology that can serve military and civilian interests. But because many space initiatives are classified, Krepon and others said, it is difficult to know what is being developed and deployed.

Some of the potential space weapons most frequently discussed are lasers that can "blind" or shut down adversary satellites and small, maneuverable satellites that could ram another satellite.

The new Bush policy calls on the defense secretary to provide "space capabilities" to support missile-warning systems as well as "multi-layered and integrated missile defenses," an apparent nod toward placing some components of the system in space.

The new document grew out of Bush's 2002 order to the National Security Council, with support from the White House Office of Science and Technology Policy, to assess the nation's military and civilian space policies. The review has already led to a major shift in emphasis at NASA, away from research and unmanned exploration to returning Americans to the moon and then sending them on to Mars.

Some sections of the 1996 Clinton policy and the Bush revision are classified. There are many similarities in the unclassified portions, and the NSC and the Defense Department emphasized that continuity. But there is a significant divergence apparent in the first two goals of each document.

Bush's top goals are to "strengthen the nation's space leadership and ensure that space capabilities are available in time to further U.S. national security, homeland security, and foreign policy objectives" and to "enable unhindered U.S. operations in and through space to defend our interests there."

Clinton's top goals were to "enhance knowledge of the Earth, the solar system and the universe through human and robotic exploration" and to "strengthen and maintain the national security of the United States."

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The Clinton policy also said that the United States would develop and operate "space control capabilities to ensure freedom of action in space" only when such steps would be "consistent with treaty obligations." The Bush policy accepts current international agreements but states: "The United States will oppose the development of new legal regimes or other restrictions that seek to prohibit or limit U.S. access to or use of space."

A number of nations have pushed for talks to ban space weapons, and the United States has long been one of a handful of nations opposed to the idea. Although it had abstained in the past when proposals to ban space weapons came up in the United Nations, last October the United States voted for the first time against a call for negotiations -- the only "no" against 160 "yes" votes.

The U.S. position flows in part from the fact that so many key weapons systems are now dependent on information and communications from orbiting satellites, analysts said. The U.S. military has developed and deployed far more space-based technology than any other nation, giving it great strategic advantages. But with the superior technology has come a perceived vulnerability to attacks on essential satellites.

The new policy was applauded by defense analyst Baker Spring of the conservative Heritage Foundation. He said that he supported the policy's rejection of international agreements or treaties, as well as its emphasis on protecting military assets and placing missile defense components in space. He also said that he liked the policy's promotion of commercial enterprises in space and its apparent recognition that private satellites will need military protection as well.

The issue of possible hostilities in space became more real last month when National Reconnaissance Office Director Donald M. Kerr told reporters that a U.S. satellite had recently been "painted," or illuminated, by a laser in China. Gen. James E. Cartwright, the top U.S. military officer in charge of operations in space, told the newsletter Inside the Pentagon last week that it remained unclear whether China had tried to disrupt the satellite.

New U.S. Space Policy Emphasizes Security (LAT)

From Times Wire Reports

The Los Angeles Times, October 18, 2006

President Bush has signed a new National Space Policy that rejects future arms-control agreements that might limit U.S. flexibility in space and asserts a right to deny access to space to anyone "hostile to U.S. interests."

The document, the first full revision of overall space policy in 10 years, emphasizes security issues, encourages private enterprise in space, and characterizes the role of U.S. space diplomacy in terms of persuading other nations to support U.S. policy.

New Space Policy 'Sets Up' Intel Turf War (UPI)

UPI, October 18, 2006

WASHINGTON, Oct. 17 (UPI) -- The new U.S. policy on space exploration and exploitation sets the stage for a turf battle between intelligence and the military, says one expert.

Steven Aftergood, the government transparency campaigner at the Federation of American Scientists, says the new policy, released recently by the White House, "creates overlapping and possibly conflicting responsibilities" for Director of National Intelligence John Negroponte and Secretary of Defense Donald Rumsfeld.

Aftergood noted that the section of the policy on national security was higher up in the document than in the 1996 policy it replaced, which "perhaps reflects a higher priority" for national security concerns.

The national security section of the policy tasks the defense secretary to "establish specific intelligence requirements that can be met by tactical, operational, or national-level intelligence gathering capabilities." It also gives him responsibility for "space situational awareness," in which capacity he "shall support the space situational awareness requirements for the director of national intelligence."

For his part, Negroponte is instructed to "establish objectives, intelligence requirements, priorities and guidance for the intelligence community to ensure timely and effective collection, processing, analysis and dissemination of national intelligence." But he is also told to "support military planning and satisfy operational requirements as a major intelligence mission," and "provide intelligence collection and analysis of space-related capabilities to support space situational awareness for the U.S. government."

Neither the Pentagon nor Negroponte's office immediately responded to a request for comment.

Sealed Filings Increase At High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, October 18, 2006

DOJ_NMG_0082885

When the Supreme Court debates the constitutionality of the federal "partial birth abortion" law next month, it will have some sensitive information in its hands that no member of the public can see.

Specifically, the justices will have the full transcript of a 2004 deposition by an Oregon doctor who apparently mentioned the names of colleagues in the American College of Obstetricians and Gynecologists who may have performed abortions.

It was part of the file in the case of Gonzales v. Planned Parenthood, but when it made its way to the Supreme Court this summer, the organization and Planned Parenthood requested that the parts of the doctor's deposition that name doctors be filed with the Court under seal.

Solicitor General Paul Clement concurred and filed a motion, and on Oct. 2, the Court said yes -- one of six cases that day in which the Court granted motions to file petitions under seal. It was, according to a database search, the largest number of unrelated cases in which the Court granted such motions in a single day.

In the Planned Parenthood case, the Court's action means an extra measure of privacy for a handful of physicians. As Daniel Edelman, a lawyer for the physician who was deposed, put it, "The last thing we'd need is for some lunatic to get names from the deposition and go and attack one of the doctors."

But in some of the other cases, the justification for secrecy is less obvious. And to some, the day's actions symbolize a little-noticed trend over the past decade toward allowing secret filings at the Supreme Court. Whereas decades ago such motions were discouraged and often denied at the Supreme Court, now they are routinely granted. No motion to file under seal has been denied since 2003. The Court itself votes on the motions without any hearing at which opposition can be heard. Typically, when the Court grants a motion to seal, a redacted version is made part of the public record.

The number of filings under seal is still tiny -- only 12 in this calendar year out of more than 7,000 petitions filed. And Court insiders assert that the spike in motions granted is a fluke, not a reflection of any change in policy. "This may just be an outlier year," says Thomas Goldstein, a partner at Akin Gump Strauss Hauer & Feld who has studied the numbers. [Editor's note: Goldstein writes a column for Legal Times.]

But the number of cases filed under seal was significantly lower in the 1990s and 1980s, and sealing files was rarely done before then, reflecting the Court's historical preference for conducting its business in public.

Stephen Shapiro, co-author of "Supreme Court Practice," says that especially with the current mix of business and intellectual property cases, as well as post-9/11 disputes, the conservative Court, under both William Rehnquist and now John Roberts Jr., may be more sympathetic than it once was to sealing Court files. "Conservative justices might believe that a seal was proper to protect trade secrets and real government secrets, bearing on national security," says Shapiro, a partner at Mayer, Brown, Rowe & Maw.

But Shapiro sees the trend permeating all federal courts, not just the Supreme Court, and he is concerned. "Filings under seal are attempted in cases where the seal is not necessary or proper, and the Court should be watchful to prevent abuses of this kind," Shapiro says.

At the Supreme Court level, he says, it is often a matter of convenience for lawyers on both sides of a case to leave under seal a filing or opinion that was sealed by a judge at an earlier stage.

IN THE SHADOWS

That appears to be the explanation in at least one of the motions for filing under seal granted on Oct. 2. In Cooperativa de Seguros de Vida v. FAC, a dispute over Medicare reimbursement claims, the district judge sealed his own opinion to protect the terms of a settlement that was reached between the parties.

Alan Horowitz of D.C.-based Miller & Chevalier, who wrote the petition for COSVI, says, "Why the district court ordered it sealed is not clear to me." He adds that almost everything that was sealed in the district court opinion was detailed in the public opinion of the 1st U.S. Circuit Court of Appeals.

Horowitz asked the high court clerk's office if he could omit the district court opinion from his petition, hoping to avoid the need to seek permission to submit it under seal. But the answer was no, so the motion to file a sealed appendix was the only option.

The petition itself is public, with the appeals court decision attached. If the Court grants review in the case, Horowitz says, he'll likely ask the district court to unseal the original opinion. "This case is not really emblematic of anything," says Horowitz. "It's just an oddball situation."

But private petitioners are not the only ones that seek to file papers under seal. The state of Maine did so in Rowe v. New Hampshire Motor Transport Association, and the motion was granted Oct. 2. At issue is whether Maine's law prohibiting the sale by mail of tobacco products to minors is pre-empted by a federal law that bars states from regulating air and land delivery services.

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United Parcel Service, one of the carriers affected by the case, requested that certain information in the record about how it tracks deliveries be kept confidential. Both parties tried to narrow the amount of text to be redacted, but some remained, according to Maine Deputy Attorney General Paul Stern.

"I sent it over to UPS, and there were only a couple of small things they wanted redacted, and we said fine," says Stern. "I didn't care. We didn't particularly want to ask for sealing."

The brief as filed with the high court contains several blackened lines of type masking sentences that appear to refer to UPS procedures. Stern adds, "You can get an excellent understanding of the case without these facts."

Other cases in which the Court allowed redacted filings on Oct. 2 include Jane Doe v. United States, a Pennsylvania case in which the petitioner sought to protect "sensitive grand jury proceedings."

SEND IN THE CLOUDS

The Court's preference for keeping its files public goes back decades. One milestone was the landmark Pentagon Papers case of 1971, in which Solicitor General Erwin Griswold asked the Court to allow it to file secret briefs and even to hear the case in camera. Over the objection of three justices in New York Times v. United States, the Court rejected the proposal for a closed oral argument, but it did permit some filings under seal.

The Court even enshrined the public interest in open court records in a 1978 case, in which it said, "It is clear that the courts of this country recognize a general right to inspect and copy public records and documents, including judicial records and documents."

That case was invoked in the 2003 litigation over the McCain-Feingold campaign finance law. The Court still granted a dozen motions to seal different parts of the massive briefing in the case, including records of Federal Election Commission investigations in which witnesses had been promised confidentiality.

Most of the time, motions to seal records are made without objection, but in a post-9/11 case, M.K.B. v. United States, media organizations sought to intervene. At both the district court and 11th Circuit levels, the case and filings were secret. It was only through an error at the appeals court clerk's office that a reporter for the Miami Daily Business Review, a sister paper to Legal Times, was able to determine what the case was about: a habeas proceeding brought by Mohamed Kamel Bellahouel, an Algerian native who had been held in federal prison in part because as a waiter, he had served meals to two of the 9/11 hijackers.

When the petition reached the Supreme Court, several media organizations -- including ALM, which publishes Legal Times -- sought to intervene to open the record. The motion was denied.

Bush Triad Visit On Tap (WXII)

WXII-TV Winston-Salem, North Carolina, October 17, 2006

President George W. Bush is visiting North Carolina for the third time in 2006 and appearing in the Piedmont-Triad for the first time in more than 10 months.

Bush on Wednesday will visit Waldo C. Falkener Elementary School in Guilford County, followed by a closed lunch with community leaders in Randleman. He'll also visit the Victory Junction Gang Camp in Randolph County, which serves children with chronic medical conditions or serious illnesses.

At the elementary school, Bush will speak about the No Child Left Behind Act.

Officials at The White House said Bush will end his visit with a private Republican National Committee dinner at a home in Greensboro.

Bush hasn't appeared in the Piedmont-Triad since December, when he visited Kernersville to talk about the economy and tax relief, among other items. He visited the Deere-Hitachi plant and spoke to about 500 employees and invited guests.

Democrats are speaking out against some of Bush's policies during the president's Wednesday visit.

Rep. Brad Miller called the No Child Left Behind Act one of Bush's "most well-known policy failures." Miller claimed the Bush administration has underfunded the initiative by $40 billion over the last four years, "leaving states with new mandates, but not enough funding."

"I'm pleased President Bush is able to squeeze a visit to a school into his fundraising visit to North Carolina," Miller said in a prepared statement. "But if President Bush really listened to parents and teachers he would know already that without funding to close achievement gaps, No Child Left Behind is just one more mandatory test. His failure to provide the promised funding for education is leaving every child behind."

In July, Bush praised service members in a speech at North Carolina's Fort Bragg. The president told a cheering crowd that U.S. troops will overcome persistent violence in Iraq.

In April, Bush defended his war strategy during a speech at a community college in Charlotte, saying Iraq is the central front in the war on terrorism.

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Stay with WXII 12 News and WXII12.com for more on this story.

Bush To Visit N.C., Shotwell To Attend (REIDRVW NC)

By Jennifer Williams

The Reidsville Review (NC), October 18, 2006

Rockingham County Schools Superintendent Rodney Shotwell has plans to attend the presidential address Wednesday at Falkener Elementary in neighboring Guilford County.

"Any time you can see the president of the United States you should," Shotwell said. He said he received an invitation and accepted. Shotwell said the last president he had an opportunity to see was during his college years, when he saw Reagan.

The presidential visit will highlight the success of an at-risk school under the No Child Left Behind legislation. The No Child Left Behind Act of 2001 was one of the first bills President George W. Bush signed into law after coming into office in 2000. Shotwell said the law holds educators accountable for each student.

NCLB tests students and groups their scores by race, gender, socioeconomic status, and special needs. This has exposed some vulnerable areas of public education in Rockingham County Schools. Twelve of Rockingham County's 25 Schools, or 48 percent, met Adequate Yearly Progress during the 2002-2003 school year. Scores improved during the 2003-2004 school year with 20 of 25 schools, or 80 percent, of Rockingham County Schools meeting AYP goals. Scores dipped again in 2005 when 12 of 25, or 48 percent, made AYP. Preliminary scores for the 2005-2006 school year show that 17 of 24 schools, 70.8 percent, met AYP standards. Reading scores for all grades were released in July. High school math scores were released Oct. 5, and remaining math scores will be released early next month. Final AYP results for the county will be available next month after math scores are finalized.

Shotwell said there are positives and negatives to the NCLB legislation.

"I think it has been effective for what it's trying to do. It forces us to look at all of a school's subgroups," Shotwell said Tuesday. Shotwell and other school board members were pleased with the 2006 increases in AYP scores compared to 2005, but scores also revealed problematic trends. Historically Black students, students with disabilities, and students of low socioeconomic status have performed poorly on AYP examinations in Rockingham County. Under NCLB, if one subgroup does not meet AYP standards it could jeopardize a school meeting the standards. The amount of federal funding a school receives and how it is allocated is dependent upon AYP scores.

"We are addressing all these areas along with total school improvement and this is in great part due to the outcomes in NCLB. Under the North Carolina model we look for growth as a school in each grade level," the superintendent said.

The legislation has posed some funding problems for county schools that are already pressed financially by rising costs of operation and denied funding increases from the county. Shotwell said he would like to see a change in the funding formula under NCLB so that schools would not suffer.

There was a statewide dip in AYP scores. Civics and writing sections were added to end of grade tests and a growth formula was implemented for the first time. The new formula also caused a delay in scores being released.

Staff writer Jennifer Williams can be reached at jwilliams@reidsvillereview.com or (336) 349-4331.

Liking Math Subtracts From Scores, Study Finds (AP)

By Ben Feller

AP, October 18, 2006

Washington - Kids who are turned off by math often say they don't enjoy it, they aren't good at it and they see little point in it. Who knew that could be a formula for success? The nations with the best scores have the least happy, least confident math students, says a study by the Brookings Institution's Brown Center on Education Policy.

Countries reporting higher levels of enjoyment and confidence among math students don't do as well in the subject, the study suggests. The results for the United States hover around the middle of the pack, both in terms of enjoyment and in test scores.

In essence, happiness is overrated, says study author Tom Loveless.

"We might want to focus on the math that kids are learning and just be a little less obsessed with the fact that they have to enjoy every minute of it," said Loveless, who directs the Brown center and serves on a presidential advisory panel on math.

Other countries do better than the United States because they seem to expect more from students, he said. That could also explain why high performers in other nations express less confidence and enjoyment in math. They consider their peer group to be star achievers.

Even efforts to make math relevant may be irrelevant, says the study, released Wednesday.

Nations that try to teach math in terms of daily life have the lowest test scores.

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Loveless says pleasing kids comes at the expense of mastering skills.

His findings come from the 2003 Trends in International Mathematics and Science Study, a test of fourth-graders and eighth-graders across the globe. Along with math questions, students were asked whether they enjoyed math and whether they usually did well in it.

The eighth-grade results reflected a common pattern: The 10 nations whose students enjoyed math the most all scored below average. The bottom 10 nations on the scale all excelled.

Japan, Hong Kong and the Netherlands were among those with high scores and lower enjoyment or confidence among students.

Within a given nation, the high-confidence kids did better than their peers.

Enjoying Math Not Always A Plus (USAT)

By Greg Toppo

USA Today, October 18, 2006

All you need is love … unless you're doing algebra. Then you need to work it on out.

That's the take-away message from a new study with an unusual finding: The more kids like math and say they do well in it, the less likely they are to do well.

The study, being released today by the Brookings Institution, a Washington think tank, finds the starkest difference among eighth-graders around the world who were asked if they enjoy math.

The 10 "happiest" nations all performed below the international average. The 10 "unhappiest" all scored above average, including Sweden, England, Japan, Taiwan, South Korea and the Netherlands.

U.S. eighth-graders fell somewhere in the middle and followed the same pattern. They were slightly unhappier in math than the average 13-year-old, but they performed a bit better than average.

The happiness factor plays a minimal role in math achievement for millions of children, says study author Tom Loveless, who calls the difference in scores "huge" between the happiest and unhappiest nations.

The data suggest simply making math relevant and enjoyable isn't enough, he says. "If we want the United States to be high-achieving and among the world's best nations, obviously we have to do something beyond that."

The findings come as educators fret about math and science skills and five weeks after the National Council of Teachers of Mathematics urged elementary and middle schools to take a more back-to-basics approach.

Such changes have been long sought by traditionalists but criticized by those who say kids must learn creative problem-solving as well as nuts-and-bolts arithmetic, algebra and calculus.

Frank Wang, former chairman of Saxon, an Oklahoma publisher of popular back-to-basics math textbooks, says you can have both.

"You can have fulfillment. You can have satisfaction and esteem building. But it can't be at the price of the fundamentals."

Wang, who is starting an Internet company to bring advanced math to urban students, says mastery takes years of drill and practice. "Whichever way you cut it, there's a certain amount of tedium to the math."

It's odd that many parents frown upon academic drills, but not athletic drills, he says. "No one questions a football coach when he says we have to have two-a-day practices in 100-degree heat. People don't question it because they feel it's a necessary price to win."

The Brookings study, based on the 2003 Trends in International Mathematics and Science Study, a sample of math and science achievement by fourth- and eighth-graders worldwide, found U.S. fourth-graders vary from the global pattern in that they liked math just a bit more than most and performed a bit better.

In general, though, even kids' own conceptions of how well they do in math are a bad indicator of whether their country scores well.

Fourth- and eighth-graders in nations where more kids said, "I usually do well" in math tended to have lower scores. The less likely a kid was to say he or she usually did well, the higher the nation's scores.

What's perhaps most startling: Kids in Singapore, a math powerhouse, didn't regard themselves nearly as highly as those in the USA: 39% of U.S. students said they "usually do well" in math. Only 18% in Singapore said the same.

But the Singapore kids knew much more math than the U.S. kids. In fact, the least confident Singapore students scored higher than the most confident in the USA.

A former sixth-grade teacher, Loveless is renowned for taking a contrarian point of view and backing it up with data.

In 2003, he made headlines by mining recent research and concluding that most U.S. kids do less than one hour a day of homework. At the same time, the media were writing about how homework was overtaking many families' lives.

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For Math Students, Self-Esteem Might Not Equal High Scores (WP)

By Jay Mathews

The Washington Post, October 18, 2006

U.S. Lags Behind Countries That Don't Emphasize Self-Regard

It is difficult to get through a day in an American school without hearing maxims such as these: "To succeed, you must believe in yourself," and "To teach, you must relate the subject to the lives of students."

But the Brookings Institution is reporting today that countries such as the United States that embrace self-esteem, joy and real-world relevance in learning mathematics are lagging behind others that don't promote all that self-regard.

Consider Korea and Japan.

According to the Washington think tank's annual Brown Center report on education, 6 percent of Korean eighth-graders surveyed expressed confidence in their math skills, compared with 39 percent of U.S. eighth-graders. But a respected international math assessment showed Koreans scoring far ahead of their peers in the United States, raising questions about the importance of self-esteem.

In Japan, the report found, 14 percent of math teachers surveyed said they aim to connect lessons to students' lives, compared with 66 percent of U.S. math teachers. Yet the U.S. scores in eighth-grade math trail those of the Japanese, raising similar questions about the importance of practical relevance.

Tom Loveless, the report's author, said that the findings do not mean that student happiness causes low achievement. But he wrote that his analysis of the international math assessment, the 2003 Trends in International Mathematics and Science Study, shows that U.S. schools should not be too quick to assume that happiness is what matters in the classroom.

"It is interesting that people grasp this notion in other areas of self-improvement -- eating healthy foods, getting exercise, saving for retirement -- but when it comes to education, for some reason, the limitations of happiness are forgotten," Loveless wrote.

Several countries in Asia and some in Europe tend to beat the United States in math scores, even though their students show less satisfaction with performance and less love of math, and even though the lessons they receive are less "relevant," the report found.

The report is likely to stoke a debate over teaching math and other subjects that has divided the United States for at least a century. Progressives say that what students choose to study and how they feel about education should matter as much, or more, in the classroom than test results; traditionalists say that gain requires some pain and that tests matter.

Alfie Kohn, a progressive author and lecturer, questioned the findings. "Let me get this straight," Kohn said. "Kids who get higher scores on standardized tests are unhappy and self-doubting, so that means we should question the importance of happiness and self-confidence, rather than the importance of these tests?"

Gerald W. Bracey, an educational psychologist and columnist for the education journal Phi Delta Kappan, said the report overlooked countervailing trends in Japan, Singapore and other countries that do better than the United States on eighth-grade math tests. Officials in those countries say their education systems are not yielding graduates who have the same level of creativity as American graduates. Some Asian nations have begun to copy aspects of U.S. education, including the emphasis on letting students search for answers rather than memorize them.

The Brookings report notes that in most countries, including Korea and the United States, students who like math and think they are good at it have higher math scores than those who don't. Perspective matters, Loveless wrote: Japanese students who would be considered good at the subject if they were in the United States think that they are not so good when compared with their peers in Japan.

The international test results from 2003 and related surveys from 46 countries show that the world's most confident eighth-grade math students are found in the Middle East, Africa and the United States. Of the 10 countries with the highest levels of student confidence, only Israel and the United States scored higher than average on the international test, and their scores were far below those of the much less confident students in Japan, Korea, Hong Kong and Taiwan.

The surveys asked teachers in each country whether they relate math lessons to daily life at least half of the time. In Chile, 87 percent of teachers answered affirmatively, the highest mark on the relevance scale. Japan was at the bottom of the list.

"The more relevant the math, the lower-scoring the nation," Loveless wrote.

Chester E. Finn Jr., president of the D.C.-based Thomas B. Fordham Foundation, said the report shows that schools need not be fun to be effective. "Schools should work on academics, not feelings," Finn said. "True self-esteem, self-confidence and happiness are born of true achievement."

Reid Faces FEC Complaint (HILL)

DOJ_NMG_0082890

By Elana Schor

The Hill, October 18, 2006

Conservative group Citizens United yesterday announced plans to file a complaint with the Federal Election Commission (FEC) about Senate Minority Leader Harry Reid's (D-Nev.) use of campaign funds to contribute to the Christmas fund in his condominium.

Reid, taking heat for his failure to report on annual financial disclosures that he had transferred ownership of land in suburban Las Vegas to a limited liability corporation, said Monday he would reimburse his campaign committee for $3,300 in annual donations to the Ritz-Carlton Christmas fund to stave off any allegations of ethical impropriety.

Citizens United President David Bossie, not satisfied by this, said he would dispute the issue with the FEC.

"Senator Reid knows better than to use political contributions for personal services," Bossie said in a statement. He made waves in conservative circles for his recent call that Speaker Dennis Hastert (R-Ill.) resign in the wake of the former Rep. Mark Foley (R-Fla.) congressional page scandal.

One Democratic leadership aide, firing back at GOP attempts to impugn Reid's record, pointed to a 1992 FEC complaint filed against Bossie by former President George H.W. Bush. That complaint stemmed from a Citizens United ad asking voters to call a phone number that played fake conversations between former President Clinton and alleged mistress Gennifer Flowers.

Reid's office referred requests for comment to Reid's Monday statement on his reimbursement.

Legal Fees Are Drain On Lewis' War Chest (LAT)

By Richard Simon

The Los Angeles Times, October 18, 2006

WASHINGTON — Rep. Jerry Lewis (R-Redlands), the House Appropriations Committee chairman whose ties to lobbyists have come under scrutiny, has spent more than $750,000 from his campaign fund for defense lawyers, according to his latest spending report.

Federal investigators are examining Lewis' association with lobbyists who have secured millions of dollars in congressional earmarks for their clients. Lobbyists and their clients have contributed heavily to Lewis' political war chests, records show.

Lewis has denied any wrongdoing. But the investigation is taking a toll on his campaign treasury.

Legal fees were his single biggest expense for the most recent period: More than $550,000 was paid to the law firm Gibson, Dunn & Crutcher between July 1 and Sept. 30.

And he paid the firm a $200,000 retainer in June.

"Congressman Lewis has availed himself of excellent legal representation so that this matter may be resolved expeditiously while he focuses his efforts on doing the work of the people of the 41st District of California," his spokeswoman, Barbara J. Comstock, said.

"We are confident that Congressman Lewis has honorably served his constituents and that he will be fully exonerated once this investigation is completed," Comstock said, adding that Lewis had cleared the use of campaign funds to pay legal fees with the House Ethics Committee.

His lead lawyers are Robert Bonner, who once headed the U.S. attorney's office in Los Angeles as well as U.S. Customs and Border Protection, and Joseph Warin, a onetime federal prosecutor.

In a twist, U.S. Atty. Debra Wong Yang of Los Angeles, whose office has been investigating Lewis, announced Tuesday that she was resigning her federal job to join Gibson, Dunn & Crutcher. She could not be reached for comment, but a spokeswoman for the law firm said Yang would have "no involvement whatsoever" with Lewis.

Even with the legal fees, Lewis — whose challenger is so little-known and -funded that the congressman hasn't hired a campaign manager or opened a campaign office — entered the home stretch of the campaign with more than $1 million cash on hand, according to his report.

Citizens for Responsibility and Ethics in Washington, a watchdog group that posted Lewis' legal fees on its website, said some of the congressman's donors "work at some of the most prolific lobby shops specializing in federal earmarks."

Earmarking is the largely secret process that committee chairs and other powerful members of the House and Senate use to insert spending directives into pending legislation without going through the normal budget review process.

The use of earmarks has soared in recent years.

Lewis isn't the only member of Congress who is spending campaign funds for legal fees.

Rep. John T. Doolittle (R-Roseville), whose ties to disgraced lobbyist Jack Abramoff have become an issue in his reelection bid, used more than $38,000 from his campaign funds to pay an attorney to deal with the Justice Department on his behalf.

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Doolittle's office said in a statement that the attorney, David Barger, contacted the agency to express "the congressman's willingness to be helpful and satisfy the Justice Department that the congressman had done nothing wrong."

Textile Makers Tap Political Opportunity (WSJ)

By Greg Hitt

The Wall Street Journal, October 18, 2006

As lawmakers hit the home stretch of tight races, textile makers are leveraging voters' economic anxieties to win industry protections and derail free-trade initiatives.

Before Congress left Washington for final campaigning, anxious lawmakers shelved several items that the Bush administration had pushed as part of its trade agenda, but which the textile industry opposed. Now the question for the White House is how to get those efforts back on track -- especially if Democrats, who are traditionally less friendly to free trade, take control of one or both houses of Congress in November's voting.

The textile industry's maneuvering shows how Republican vulnerabilities in midterm elections have created opportunities for some special-interest groups.

Economic unease among voters -- fueled by foreign competition, especially from China, and the loss of U.S. manufacturing jobs -- figures in nearly a dozen close House races in New York, Pennsylvania, Ohio, Indiana and Iowa. Similar forces are roiling important Senate races, especially those for Republican-held seats in Pennsylvania, Missouri and Ohio.

Democrats must pick up six seats to win control of the Senate and 15 for a majority in the House. Amid such thin margins and with economic issues prominent in voters' minds, textile-industry officials and their congressional allies have seized the opportunity to push their own agenda.

"We look for our strategic spots," says Augustine Tantillo, executive director of the American Manufacturing Trade Action Coalition, a textile trade group.

So when Bill Thomas, chairman of the House Ways and Means Committee, introduced a bill Sept. 21 that would give trade preferences to Africa and Haiti, lobbyists for Amtac and the National Council of Textile Organizations, another textile group, swung into action. They were especially worried about provisions in the bill that would allow Haiti to use more foreign-made fabric, such as cheap cloth from China, to make clothes, while still qualifying for duty-free access to the U.S. market.

The groups appealed to Rep. Robin Hayes, a North Carolina Republican, for help. A schoolteacher and former textile worker is running on the Democratic ticket in a closely watched race against Mr. Hayes, who agreed to lead the opposition against the Haiti bill. Mr. Hayes spoke to party leaders, then wrote a letter to Speaker Dennis Hastert arguing that the legislation could expose U.S. workers to "devastating" new competition.

The day before the Sept. 26 vote, lobbyists for the two textile groups took Mr. Hayes's letter and headed to Capitol Hill to rally support among other textile-district lawmakers. Ultimately, 16 Southern Republicans signed on, including Mr. Hayes's North Carolina colleague, Rep. Charles Taylor.

Mr. Taylor has come under criticism from constituents for allegedly failing to record his vote during the 2005 House debate on Mr. Bush's signature free-trade initiative: the Central American Free Trade Agreement.

Mr. Taylor said that his voting card malfunctioned and that he should have been listed in opposition. But his Democratic challenger has seized on the mix-up during the campaign.

Mr. Hayes also has come under scrutiny for his vote on Cafta. The congressman initially voted against the pact, but switched under pressure from Speaker Hastert.

Cafta squeaked through the House by two votes, including one cast by Mr. Hayes. So when he sent Republican leaders the letter opposing the Haiti bill, they pulled the measure from the floor, congressional aides and lobbyists said.

Hayes spokeswoman Carolyn Hern said the congressman viewed this as an important chance to help a local industry: "You have to capitalize on every opportunity you get."

Textile groups also tapped nervous Republicans to fend off competition from Vietnam. The fight began in May, when the White House backed a plan for the Southeast Asian nation to join the World Trade Organization, the body that oversees the global trading system.

Led by the National Council of Textile Organizations, industry officials raised concerns on Capitol Hill about the potential threat posed by Vietnam. Vietnamese textile imports are tightly controlled, but any import limits would be removed once the country joins the WTO, sparking fears among U.S. producers of a surge in Vietnamese textile imports.

The industry made two important Republican allies in the fight: Sen. Elizabeth Dole of North Carolina and Sen. Lindsey Graham, of South Carolina. Neither is up for re-election this year. But Ms. Dole is leader of her party's bid to retain control of the Senate, and both she and Sen. Graham are mindful of the importance of the Vietnam issue to the textile industry in their states.

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The pair pledged to block legislation needed to clear the way for Vietnam to join the WTO, until the Bush administration addressed industry concerns. Tensions heated up after Labor Day, when the White House began pressing for action before Mr. Bush's trip to Hanoi in November. Bush aides held negotiations with Sens. Graham and Dole, along with industry officials, in mid-September, in a bid to end the face-off.

U.S. Trade Representative Susan Schwab and Commerce Secretary Carlos Gutierrez ultimately committed to "systematically monitor" Vietnam imports and initiate enforcement actions if required. Specifically, the government could initiate antidumping duties on imported goods found to have been shipped to the U.S. at below-market prices and to have caused injury to the domestic industry. The U.S. and other countries have moved to check Chinese textile imports following the end of a global textile quota system.

Republican leaders now hope to vote on the Vietnam legislation in a lame-duck congressional session before Mr. Bush departs for Hanoi.

Laura Jones, executive director of the U.S. Association of Importers of Textiles and Apparel, a group representing J.C. Penney Co. and other large retailers, has decried what she describes as the "secret deal" between the industry and the administration.

"This is much bigger than Vietnam," she said, adding that the administration's eagerness to bargain will encourage only more political gamesmanship. "Anyone can be held hostage," she said.

Textile makers and lawmakers agree the administration commitment has wider implications -- but for different reasons.

"In South Carolina and North Carolina, this is just a huge deal," said Greg Gross, Sen. Dole's chief of staff. He suggested she had an eye on the larger significance of the case. "The textile issue resonates more broadly, as a sign of problems occurring in [other] parts of the country," Mr. Gross said.

OTHER NEWS:

Wholesale Prices Fell Last Month (USAT)

By Barbara Hagenbaugh

USA Today, October 18, 2006

WASHINGTON — Wholesale prices fell in September at the fastest pace in more than three years as energy costs plunged, the government said Tuesday in a report that offered some assurances that inflation is easing.

The producer price index, which measures prices paid to factories, farmers and other producers, fell 1.3% in September. That was the first drop since February and the biggest decline since April 2003, the Labor Department said.

The falloff in September was led by a dramatic drop in energy costs. Gasoline prices fell a record 22.2% last month, while costs for heating oil and natural gas also declined.

Excluding food and energy costs, which are often volatile, wholesale prices rose 0.6% in September, the biggest increase since January 2005. The gain was largely attributed to a sharp increase in prices for cars and trucks as automakers were cutting sales incentives, which are factored into vehicle prices at the wholesale level. Such a gain is unlikely to be repeated, says William Hummer, chief economist at Wayne Hummer Investments.

“I don't think we have to worry about the automotive industry being a source of inflation,” he says. “It's a blip.”

Investors reacted negatively. The Dow Jones industrial average fell 30.58 points to 11,950.02.

The inflation numbers came out a week before Federal Reserve policymakers are scheduled to discuss interest rates. Fed Chairman Ben Bernanke and his colleagues are expected to leave their target for short-term interest rates, which influence borrowing costs across the economy, at 5.25% at the conclusion of their two-day meeting Oct. 25.

With the economy slowing and inflation showing signs of moderating, the Fed will be sitting on the sidelines for some time, predicts Keitaro Matsuda, senior economist at Union Bank of California.

“The Fed can keep rates stable and watch what is happening,” says Matsuda, who expects the Fed's next move will be a cut in the second half of 2007.

Data on inflation at the consumer level will be released today. In other economic news Tuesday, the Fed said industrial production fell 0.6% in September as a drop in output at factories and utilities more than offset a rise in production at mines. The drop was the steepest in a year.

Wholesale Prices Fall, But Some Signs Of Inflation Persist (NYT)

By Jeremy W. Peters

The New York Times, October 18, 2006

DOJ_NMG_0082893

A sharp drop in the price of gasoline helped push wholesale prices down in September at the fastest pace in three years, the Labor Department reported yesterday.

The Producer Price Index, a measure of what businesses charge one another for finished goods, fell 1.3 percent in September. It has risen in all but two month so far this year.

That bit of good news in the government report masked some unexpected signs of higher inflation. When the volatile prices of energy and food are omitted, the core index of producer prices — an inflation measure watched by economists and the Federal Reserve — increased more than expected in September, pushed up mainly by higher automobile prices.

The 0.6 percent rise in the core index, which was the largest month-to-month jump in nearly two years, helped sour what was shaping up to be a record-setting day yesterday on Wall Street. On Monday, the Dow Jones industrial average flirted with 12,000. But yesterday, stocks fell as the mixed report on producer prices overshadowed strong corporate profits from Merrill Lynch, Johnson & Johnson and others. [Page C12.]

The bond market, however, had the opposite reaction. Bond prices rose yesterday while yields fell, a sign that traders did not think the rise in core producer prices would be a concern in the months ahead.

Wall Street had not expected the Labor Department report to show such elevated core prices. Economists had forecast a 0.2 percent increase in the core index for September. By contrast, the overall index, including food and energy, fell 1.3 percent last month, more than in any month since mid-2003.

Despite that decline, the core-index figures raised a question of whether inflation has started to moderate, as some other statistics had suggested. It may also dampen expectations that the Fed will lower interest rates any time soon.

"This is a warning for economic forecasters not too get too sanguine," said Gregory L. Miller, chief economist of SunTrust Banks. "Sometimes we get these indicators that remind us we're not in control."

On Wednesday, the Labor Department will release another barometer of inflation, the Consumer Price Index. Economists expect September's data will show a 0.2 percent rise in the core rate, according to a survey by Bloomberg News. That would mean that inflation is running well above a level that Fed members have said they consider healthy.

In the last two months, the Fed has stopped tightening monetary policy and has held its benchmark short-term federal funds rate at 5.25 percent. With the economy slowing, many economists and investors have been betting that the Fed may cut rates in the foreseeable future.

A fresh sign that the economy is cooling came yesterday, when the Commerce Department reported that industrial production unexpectedly fell 0.6 percent in September.

Still, members of the Federal Reserve's policy-setting Open Markets Committee, including the Fed's chairman, Ben S. Bernanke, have said they remain concerned about rising prices. And minutes from their Sept. 20 meeting, released last week, show that uncertainty over inflation was a subject of much discussion at the Fed.

Economists noted that the September jump in the core index of producer prices was largely a result of rising auto prices and was probably not a major concern. Reversing a recent downward trend, auto prices rose in September at the fastest rate in 15 years. That added more volatility to the index, whose fits and starts from month to month can make reading the broader trend difficult.

"Once you sort through the noise, there's very little inflation," said Joshua Shapiro, chief United States economist with MFR. "Just as last month's numbers didn't tell you we're having significant deflation at the core producer level, this month's number doesn't tell you the opposite."

Data Revive Fears Of US Hard Landing (FT)

By Jamie Chisholm In London

Financial Times, October 18, 2006

Fears that the US economy may yet experience a hard landing were revived on Tuesday after a report showed industrial production in September fell by much more than expected.

Stocks tumbled after traders digested the news that output in the manufacturing, mining and utilities sector contracted by 0.6 per cent against forecasts for a decline of 0.1 per cent.

"One soft month does not make a trend – it could be a seasonal fluke – but this is a surprise," said Ian Shepherdson at High -Frequency Economics.

The Federal Reserve said utility company output fell 4.4 per cent, a drop that partly reflected reduced demand for air conditioners. Manufacturing output fell 0.3 per cent, while mining expanded by 0.7 per cent.

However, with the industrial sector accounting for only about 15 per cent of US GDP, and the monthly numbers considered erratic, some commentators were more sanguine.

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John Silvia of Wachovia said that while industrial production had risen by 3.6 per cent in the past three months, compared to a gain of 5.2 per cent on a year-on-year: “There is very little evidence to support talk of recession but our case for moderation remains.”

Nevertheless, treasury yields fell as Wall Street calculated that the disappointing data increased the likelihood of the Fed delivering a cut in interest rates.

Bonds also received a boost from a report that showed producer prices fell by 1.3 per cent in September, the biggest decline in more than three years as gasoline prices dropped sharply.

This was a far greater fall than forecast but optimism was tempered by the news that factory gate inflation, which excludes energy and food prices, recorded an above forecast increase of 0.6 per cent.

Output, Pricing Data Indicate A Cooling Economy (WSJ)

By Christopher Conkey

The Wall Street Journal, October 18, 2006

A drop in the nation's factory output last month and lower wholesale prices suggest a cooling U.S. economy in which inflationary pressures are easing, a combination that could keep the Federal Reserve from changing interest rates anytime soon.

Output at the nation's factories, mines and utilities fell 0.6% in September after a flat performance in August, the Federal Reserve reported. The decline was particularly sharp at utilities, which produced less power than usual because of mild weather. Many manufacturing industries also ramped down production because of weaker demand for cars and houses.

The Labor Department, meanwhile, said a big drop in oil prices pushed wholesale prices down 1.3% in September, the first time producers of food, energy and materials have seen prices fall since February. Prices excluding food and energy -- so-called core producer prices -- rose 0.6% in September after falling the two previous months, largely because of volatility in the auto sector as summer incentives expired. Nonetheless, core prices fell at an annual rate of 0.3% in the third quarter after rising in the previous two quarters at 2.3% and 3.9% rates, respectively.

The two reports point to relief on the inflation front. That is the outcome Fed policy makers hoped to achieve when they stopped their two-year campaign of interest-rate increases in August, and many economists say policy makers will leave the federal-funds rate at 5.25% for the rest of the year.

"It would be absurd to think the Fed would tighten monetary policy after a number such as [this]" on industrial production, said Roger Kubarych, senior economic adviser for HVB America. "Unless there is a quick turnaround in the next couple months, it is more likely than before that the first easing move will come in early 2007," he said.

On Monday, San Francisco Fed President Janet Yellen said it makes sense to keep rates steady "for a time" as the impact from past rate increases fully sinks in.

Economists had expected an oil-induced decline in producer prices last month, and many expect the Labor Department today to report that consumer prices also fell last month. A report on new-home construction today may also provide a telling indication of the economy's strength.

With the nation's housing-market slumping, home builders have scaled back construction to reduce excess inventory. Auto makers are in a similar situation, cutting production schedules and reducing their work forces. The struggles in both sectors contributed to the weaker reading on industrial production last month.

"Housing and motor-vehicle activity is clearly declining and these industries will have very poor fourth-quarter performances," said Daniel Meckstroth, chief economist at the Manufacturers Alliance/MAPI. He said weaker demand for cars, houses and other big-ticket items, coupled with excessive inventory levels, is "a recipe for a period of slow industrial growth."

Separately, the National Association of Home Builders said its index of home-builder sentiment rose slightly to 31 in October from 30 in September. Readings on current conditions remained bleak, but assessments of future sales conditions improved somewhat.

NAHB President David Pressly, a home builder in Statesville, N.C., said that more than 75% of the association's builders are offering "substantial" sales incentives to limit cancellations but said conditions may soon improve. "The market correction appears to be approaching the bottom in terms of sales volume, and we expect the supply-demand balance to improve considerably before long," he said.

Dow Industrials Retreat In Their 12000 Quest (WSJ)

By Serena Ng

The Wall Street Journal, October 18, 2006

After edging toward a new milestone early in the week, the Dow Jones Industrial Average pulled back as investors took pause and grappled with mixed inflation news.

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The Dow, which closed Monday less than 20 points from the 12000 mark, fell more than 90 points early yesterday, then recouped some of the losses in the afternoon. It ended down 30.58 points, or 0.26%, at 11950.02 -- still up 11.5% this year.

The Labor Department said its producer-price index, which tracks wholesale-goods prices, declined 1.3% in September, more than economists had estimated. But higher car prices caused the "core" price index, which excludes volatile food and energy items, to rise 0.6%, more than expected. "The numbers were neither good nor bad, but they left the feeling that inflation is still an issue," said Jim Paulsen, chief investment officer at Wells Capital Management.

The market will get another reading on inflation today: the consumer-price index. It could behave in a similar fashion, with the headline being pushed down by lower energy prices and higher prices showing up elsewhere.

Treasury bonds rallied early in the day, then gave up most of the gains when stocks rebounded.

The broad Standard & Poor's 500-stock index slipped 0.37%, or five points, to 1364.05 and is up 9.3% this year. The Nasdaq Composite Index fell 0.8%, or 18.89 points, to 2344.95.

"Stocks have had a very strong run and were probably a little overbought" heading into Tuesday, said Brian Reynolds, chief market strategist at M.S. Howells. "Inflation is not a problem fundamentally, but psychologically, it's caused some huge whipsaws in the mind-sets of stock traders."

Shares of Chicago Mercantile Exchange Holdings and Chicago Board of Trade parent CBOT Holdings jumped 2.6% and 13%, respectively, after the exchanges said they would merge.

In major U.S. market action:

Stocks fell; bonds rose. The 10-year note gained 3/32, or 93.8 cents for each $1,000 invested, pushing the yield down to 4.774%.

The dollar weakened, to 118.86 yen from 119.12 yen. The euro rose against it to $1.2548 from $1.2532.

Elder Bush Calls Economy Strong But Consumers Unsure (DMN)

By Karen Robinson-jacobs

The Dallas Morning News, October 18, 2006

Former President George Bush said Tuesday that although he believes the U.S. economy is strong, he's worried that the average citizen might not be getting that message.

Speaking at a restaurant industry conference in Dallas, Mr. Bush pointed to third-quarter earnings gains, robust growth in the gross domestic product and "unemployment that has fallen to good levels."

"The unmistakable picture that those statistics mean to me is that the economy is strong," the 41st president told attendees of the Multi-Unit Foodservice Operators conference, who gave him a standing ovation when he entered the room.

"There is a concerted effort to make it appear that the economy is bad," said Mr. Bush, the father of President George W. Bush.

The economy is a key concern to the restaurant industry, especially the casual-dining segment, which includes Dallas-based Brinker International Inc. and Carlson Restaurants Worldwide, which owns the T.G.I. Friday's brand.

That segment, more so than the fast-food sector, has suffered as consumers cut back due to higher energy costs and rising interest rates.

The former president, a Republican who lost his bid for re-election in 1992 to Democrat Bill Clinton, was mindful of the impact of economic perceptions .

"The economy had gotten a lot better," he said of the period during his final campaign. "I wasn't a good enough communicator.

"The perception of the economy is what controls the election," he said. "The economy will ultimately determine the outcome of the election."

Mr. Bush joked that for eight years after leaving office, he avoided publicly criticizing the next presidential administration.

"I've obviously extended that same courtesy to the current president," he said.

Although Mr. Bush's speech touched briefly on food themes – mostly to joke about his wife cooking fish – it was his comments about a partnership with Mr. Clinton that seemed to connect with many audience members.

Speaking of the work the two are doing to raise money for victims of floods, hurricanes and other natural disasters, Mr. Bush compared Mr. Clinton's energy level to that of the Energizer bunny, adding, "It's been a joy working with him."

Talk Of Raising Gas Tax Is Just That (WP)

By Steven Mufson

The Washington Post, October 18, 2006

DOJ_NMG_0082896

There might be a simple way to trim U.S. oil imports, reduce greenhouse-gas emissions, encourage alternatives to petroleum and ease world energy shortages.

The method: raising taxes on gasoline or crude oil. Economists and policy experts across the political spectrum think it's a good idea. And with gasoline prices falling, now might be the perfect time to do it without eliciting cries of pain from U.S. drivers who have become somewhat accustomed to high fuel prices.

But on the long road to a new energy policy, the idea of a higher gasoline or crude-oil tax is just another bit of roadkill.

Because of the thorny politics of raising taxes, the 18.4-cent-per-gallon federal gas levy hasn't changed since Oct. 1, 1993. And few policy experts expect a higher tax soon.

"We know the broad contours of some things that have to happen," said Douglas Holtz-Eakin, former director of the Congressional Budget Office who is now at the Council on Foreign Relations. "You have to price oil on a permanent basis to provide incentives to shift away from it. It's the key issue -- and the hardest one to make progress on."

Leon E. Panetta, a former congressman and President Bill Clinton's first budget director, sees things the same way.

"I don't think there's any question that as a matter of policy it makes a lot of sense to move in that direction," he said. "But politically it's a very high hurdle to get over."

Panetta knows from experience. When Clinton took office, Vice President Al Gore argued for a big gas-tax increase to promote conservation, and many administration members agreed, Panetta recalled. But, he said, "there were also those like Treasury Secretary [Lloyd] Bentsen who said, 'Are you out of your mind?' "

By the time Congress was done, what started out as a 50-cent-a-gallon proposal ended up as a 4.3-cent-a-gallon increase. Since then, just to keep up with inflation, the tax would have had to rise 6 cents, but it hasn't budged.

Many economists support oil taxes because otherwise the prices paid by consumers do not include costs -- such as pollution -- that society pays separately. Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) has estimated that the U.S. military cost of protecting Middle East oil supplies runs around $50 billion a year.

Such hidden costs were called "externalities" by the British economist Arthur Pigou. N. Gregory Mankiw, an economics professor at Harvard University and former chairman of President Bush's Council of Economic Advisers, has created his own Pigou Club, which he describes as "an elite group of economists and pundits with the good sense to have publicly advocated higher Pigovian taxes, such as gasoline taxes or carbon taxes." But the club exists only on his Web site.

One member is Kenneth S. Rogoff, a Harvard economics professor and former chief economist of the International Monetary Fund. "A sharp hike in energy taxes on gasoline and other fossil fuels would not only help improve the government's balance sheet, but it would also be a way to start addressing global warming," Rogoff wrote before the IMF and World Bank meetings in Singapore last month. "What better way for new U.S. Treasury Secretary Hank Paulson, a card-carrying environmentalist, to make a dramatic entrance onto the world policy stage?"

But for now, Paulson has left a gasoline tax increase waiting in the wings.

One illustration of political gridlock on the issue is a new Council on Foreign Relations task force report on how U.S. dependence on oil imports undermines U.S. foreign policy. The group agreed that there is a big problem but couldn't agree on how to curb gasoline consumption.

The report listed three approaches: raising gasoline taxes; setting tougher automobile fuel-economy standards; and imposing a nationwide ceiling on gasoline consumption, with people allowed to buy and sell rights to use more than their annual allotments.

"No strategy will be effective without higher prices for transportation fuels or regulatory incentives to use more-efficient vehicles," the report said. But the task force didn't say which of the three it favored and it didn't say how much a tax might be.

Holtz-Eakin, a member of the group, said new efficiency standards would have a delayed effect on consumption because it takes time for auto companies to retool and for people to buy new cars. A higher gasoline tax would have an immediate as well as a long-term effect.

But other members of the group, including Martin S. Feldstein, a Harvard economics professor who was chairman of President Ronald Reagan's Council of Economic Advisers, and Charles J. DiBona, former president of the American Petroleum Institute, vigorously oppose gasoline taxes.

"It was not possible to get a consensus," said James R. Schlesinger, a co-chairman of the task force.

Schlesinger, who favors a tax on imported oil, said, "I still have some black and blue marks from 30 years ago," when he was energy secretary for President Jimmy Carter, who proposed a 50-cent increase in federal gasoline taxes. "We were laughed out of the Senate," Schlesinger recalled.

A one-cent federal gas tax was first imposed in 1932. An increase to 9 cents a gallon from 4 cents a gallon was approved by Reagan on Jan. 6, 1983. On Nov. 5, 1990, a reluctant President George H. W. Bush signed a deficit-reduction compromise

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with the Democratic-controlled Congress that increased the federal gas tax by 5 cents. The budget bill of 1993, signed by Clinton, increased the tax to its current level.

The politics of a gasoline tax involve two key issues: what to do with the money and how to address the fairness of the tax.

Most of the tax goes to a trust fund used to build highways, which advocacy groups say undermines conservation goals by encouraging more driving. Energy-policy experts say any extra tax money could be used to promote alternative energy or energy-efficiency programs. Because a gasoline tax, like a sales tax, disproportionately hurts low-income people, who pay a larger percentage of their earnings for basics such as fuel, other experts argue that the additional money should be used to give offsetting tax breaks to low-income families.

This year, some new proposals have emerged for limiting gasoline consumption. Lugar has proposed that the government set a $45-a-barrel price floor for crude oil, partly to encourage investment in alternatives such as ethanol.

Feldstein favors giving every adult credits on a debit card but capping the overall consumption level. People could sell spare credits or buy them as needed. Oil companies would be clearinghouses for the program.

Mankiw responded online: "Do we need to create a new administrative bureaucracy because politicians are afraid to use the word 'tax'? I hope not."

Curing The World's Oil Addiction (LAT)

The Los Angeles Times, October 18, 2006

THE FIRST STEP TOWARD CURING an addiction is to admit its existence. So it was encouraging when President Bush admitted in January that "America is addicted to oil." But America hasn't been good about going to recovery meetings — which makes it harder for the U.S. to get the world's other oil addicts to go too.

For China, India, Japan and every other industrial nation, a steady supply of oil is essential to economic growth. And as competition for oil increases, so does the temptation to make it the focus of foreign policy. Bush has warned against the hazards of this approach, and U.S. history — especially in the Middle East — is a catalog of its dangers. But he'd be more convincing, to Americans and other world leaders, if his policy more closely matched his rhetoric.

Now other nations are beginning to do as the U.S. does, not as it says. China has an $8-billion investment in Sudan's oil sector, for example, which helps explain why it turns a blind eye while the thugs who run Sudan ravage Darfur. The argument used to be that as China's economy became more integrated with the world's, it would become a more responsible player in world affairs. This was half right. For the most part, ideology has given way to pragmatism in Chinese foreign policy. Beijing tries to avoid conflict with its biggest trading partner, the United States.

But this same pragmatism also leads China to pursue other policy goals at odds with the U.S. China professes to be genuinely worried about nuclear proliferation, for instance, yet U.S. diplomats have made no headway in persuading Beijing to back U.N. sanctions against Tehran. Perhaps not coincidentally, China imports 11.5% of its oil from Iran and is considering investing at least $70 billion to get more.

And it's not just China competing for oil. Energy-poor Japan is highly dependent on Middle East oil and so was cool toward Israel for decades (relations are better now, but still low-key). India, meanwhile, with 17% of the world's population and just 0.8% of known oil and gas reserves, is also racing to secure supplies. It hosted Venezuelan President (and Bush nemesis) Hugo Chavez last year and signed an oil deal with Venezuela. South Korea gets a third of its oil from Saudi Arabia and is trying to hedge its bets by investing in fields from Venezuela to Vietnam.

The rise of Asian powers — and their pursuit of policies designed to secure a steady supply of oil — is a geopolitical watershed, albeit a predictable one. Even if the U.S. were to reduce its oil dependency, its ability to act multilaterally could be constrained by the energy arrangements of other nations.

For these and other reasons, the development of alternative energy technologies that can reduce demand at home and be exported abroad is both an economic necessity and a national security priority. It's far too important to be left to the environmentalists — or the states, the lobbyists (for nuclear power or ethanol) or even to philanthropists such as Richard Branson. In our globalized economies, lasting peace is unlikely without energy security.

An Oil Habit America Cannot Break (WP)

By Robert J. Samuelson

The Washington Post, October 18, 2006

"Americans can always be counted on to do the right thing . . . after they have exhausted all other possibilities."

-- widely attributed to

Winston Churchill

On energy, we're disproving even this cynical axiom. Our main energy problem is our huge dependence on imported oil.

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For years, some remedies have been obvious: Tax oil heavily to spur Americans to buy more fuel-efficient vehicles and to drive a bit less, raise sharply the government's fuel economy standards so those vehicles are available, and allow more oil and gas drilling. In recent years, we've done none of these things. It's doubtful we will anytime soon. "Other possibilities" seem inexhaustible.

Under present policies, U.S. oil demand will expand 34 percent by 2030, the Energy Department projects. There will be more people, cars, planes and travel. Imports would satisfy all of the increase. We should try to prevent or minimize that. With China and India's oil demand increasing, American restraint would relax pressure on prices and reduce oil's usefulness as a political weapon. Consuming 25 percent of world oil, we're hardly powerless. But instead of doing what we might, we're awash in delusions.

Item: As gasoline prices have receded from $3 a gallon, many Americans attribute the decline to politics. In one Gallup poll, 42 percent of respondents said the Bush administration had manipulated prices to improve Republican prospects in congressional elections. Gee, if the White House could fix prices so easily, why let them rise in the first place? (The drop reflects small shifts in supply and demand: an end to summer driving, high oil inventories and fading fears that Iran will cut supplies.) Item: We're still enthralled by energy "independence" even though -- as a new report from the Council on Foreign Relations makes clear -- it's impossible for "at least several decades." In 1973, President Richard Nixon announced Project Independence, which was to eliminate oil imports by 1980. In 1973, the United States had net oil imports of 6 million barrels a day, 35 percent of our consumption. In 2006, net imports average 12.4 million barrels a day, or 60 percent of use. Nixon's advisers warned him that his goal was unattainable. In the foreseeable future, it still is. Anyone suggesting otherwise is misinformed or dishonest.

No plausible combination of alternative fuels or "conservation" can soon substitute for all that imported oil. Even if that weren't true, many other countries -- most of the world economy to which we are tightly tied -- would remain dependent on oil imports. So we'd be hostage indirectly.

The problem is not that the world will soon run out of oil. Global oil use now totals 31 billion barrels annually. Proven oil reserves are about 1.3 trillion barrels, reports Oil & Gas Journal. That's 42 years of supply at present consumption rates. Yes, consumption is rising -- but more oil will be found. Even when it's all gone, other hydrocarbon deposits can be, at higher prices, converted into oil. John Hofmeister, president of Shell Oil, claims that the oil shale in Colorado amounts to another 1 trillion barrels and that Canada's oil sands total 1.3 trillion barrels. Indeed, the oil sands are already producing.

The problem is not even imports. It is that most imports come from countries that are potentially insecure, unstable or hostile. More than 700 billion barrels of reserves, slightly more than half, lie in the Persian Gulf; 80 billion are in Venezuela, 76 billion in the former Soviet Union, 39 billion in Libya. New exploration in these countries is difficult; supply interruptions are an ever-present threat.

Unfortunately, the steps we should take involve immediate political costs -- they'd be unpopular -- while the benefits would emerge slowly and seem modest. Suppose, for example, we opened coastal areas and parts of Alaska, including the Arctic National Wildlife Refuge, to drilling. U.S. oil and natural gas production would rise. But the increases would occur only after five or 10 years, and they might merely offset declines in existing U.S. fields. To a casual observer, the benefit would be barely visible.

Or imagine we raised the government's fuel economy standards for new vehicles -- say, from 27.5 miles per gallon for cars to 40 mpg. Because factories can't be converted instantly, the shift would be spread over 10 to 20 years. Replacing today's more than 225 million cars and light trucks would also be gradual and hardly perceptible. We'd also need a tax on fuel of at least $1 to $2 a gallon. Without mandated higher fuel prices, many Americans wouldn't buy more efficient vehicles. They'd recondition bigger sport-utility vehicles and sedans to keep them running. Or more driving would offset potential fuel savings. With low fuel prices in the 1990s, average annual driving per car rose about 1,500 miles, to almost 12,000.

So we probably won't do much about our oil habit. Any realistic proposal would ignite a firestorm of protest. Environmentalists would denounce more drilling. Auto companies would protest new fuel economy standards. Most important, the public would denounce a steep energy tax, even if it were introduced gradually with most proceeds rebated by lowering other taxes (as is desirable). And these unpleasant steps would merely reduce our dependence from what it would otherwise be. It's a hard case to make.

Because Americans want painless salvation, our politicians proffer visions that promise just that: a shift to hydrogen fuel or a surge in ethanol. The first may be futuristic wishful thinking; the second is mainly a costly giveaway to farmers. Both are deceptions, new excuses not to do the "right thing."

Some Seeing Red Over Red-light Tickets (USAT)

By Laura Parker

USA Today, October 18, 2006

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Cameras that snap photos of motorists running red lights have been upheld as constitutional by courts in five states and Washington, D.C., but some car owners refuse to concede defeat and are continuing to challenge them.

Red-light cameras — in use in more than 100 cities, according to the Insurance Institute for Highway Safety — have set off furious resistance in many of the cities where they have been installed.

Now it's the city of Chicago's turn. Three Chicago-area car owners are suing the city, which the trio claims ticketed each of them for running red lights even though none of them was at the wheel.

In a class-action lawsuit, Parveen Idris of Bloomingdale and two other plaintiffs say the city's ticketing program is unconstitutional because it cranks out $90 tickets to vehicle owners no matter who is driving the car.

"I have gotten a lot of calls," says Robert Holstein, one of two attorneys who filed the suit. "People are irate. They weren't driving their vehicle, and they have no way to defend themselves."

Idris says in the lawsuit she was traveling in Turkey at the time her car was photographed running a red light and she received the ticket in the mail.

Jennifer Hoyle, a spokeswoman for the city's Law Department, says the city expects to prevail in court because other city ordinances that are similarly enforced have survived court challenges.

Opponents in some cities have claimed they were denied their constitutionally protected right to due process because the red-light program presumes — as it does in Chicago— that the vehicle owner is the driver at the time the violation occurs.

State courts in Colorado, Oregon, North Carolina, Iowa and California, as well as the U.S. 9th Circuit Court of Appeals and the Superior Court in Washington, D.C., have rejected constitutional challenges to the cameras.

Hoyle compared the red-light tickets to parking tickets, which also are issued to vehicle owners even though the city doesn't know who parked the car.

"As a vehicle owner you have a responsibility to ensure you are not lending your car to someone who will use it illegally," Hoyle says.

She added that red-light tickets, like parking tickets, are considered by the city to be "administrative tickets," not moving violations, and can be paid by mail. "It's not something that you have to go to traffic court for. It doesn't count against your driving record as a moving violation," she says.

Red-light cameras have been credited with reducing front and side crashes by 25%, according to a Federal Highway Administration study last year, but rear-end crashes were found to have increased 15%.

Richard Retting, a spokesman for the Insurance Institute for Highway Safety, says some courts have required cities to revise how red-light programs are administered.

In Chicago, opponents also object to the way that the program is operated.

"It's not the camera," Holstein says. "It's that the ordinance doesn't charge the driver and strips the owner of any defense." Holstein says Chicago has collected more than $90 million in fines. The suit asks that the fines be refunded in cases in which the car owner was not driving when the offense occurred.

Yes On All Judges (LAT)

The Los Angeles Times, October 18, 2006

TWO OF CALIFORNIA'S SEVEN Supreme Court justices are up for retention this year. Carol A. Corrigan was appointed by Gov. Arnold Schwarzenegger in January and is facing voters for the first time. Joyce L. Kennard was appointed by former Gov. George Deukmejian in 1989 and has weathered previous elections. Both of these excellent jurists should be retained.

Corrigan is a centrist former Democrat, now a Republican, who led an effort to turn standard legalese jury instructions into more understandable English. A former prosecutor and trial judge, she has written well-reasoned and carefully crafted judicial opinions, and her appointment has moved the court of six Republicans and one Democrat further to the center. Kennard had been a Los Angeles Superior Court judge and state Court of Appeal justice. Tough and probing in oral argument, she writes opinions that are both principled and pragmatic.

California's up-or-down vote on appellate justices is meant to balance judicial independence with public oversight. It doesn't always work out that way; justices tend to either be rubber-stamped at the ballot box or targeted for defeat by single-issue activists. In 1986, voters ousted Chief Justice Rose Bird and associate justices Joseph Grodin and Cruz Reynoso after a campaign focusing on their rulings to delay executions or overturn death sentences. No justices have been tossed out since, but not for lack of trying.

A more subtle danger to the courts' integrity is voters who fail to read up on the justices or, worse, flippantly vote no because of any one of a number of specious reasons. But judicial independence depends on citizens learning as much as possible about the courts and the justices.

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California's Court of Appeal is an intermediate court divided into six geographic districts. Justices of the 2nd District hear appeals from trial courts in Los Angeles, Ventura, Santa Barbara and San Luis Obispo counties. The following justices are on the ballot, have served with distinction and deserve a "yes" vote: Robert M. Mallano, Frances Rothschild, Roger W. Boren, Victoria M. Chavez, Patti S. Kitching, Richard D. Aldrich, Norman L. Epstein, Thomas L. Willhite, Nora M. Manella, Steve Suzukawa, Richard M. Mosk, Sandy R. Kriegler, Arthur Gilbert, Dennis M. Perluss, Fred Woods, Laurie D. Zelon, Candace D. Cooper and Madeleine Flier.

For Los Angeles Superior Court, four offices offer voters a choice. For Office No. 8, Bob Henry, a California deputy attorney general, has broad experience in criminal and civil law. For Office No. 18, Daviann Mitchell is a former police officer who now prosecutes gang crimes as a Los Angeles deputy district attorney. Two other current deputy district attorneys also deserve to be elected: Hayden Zacky for Office No. 102 and David W. Stuart for Office No. 144.

Bad Drug Reactions Send 700,000 To ER Each Year (WT/AP)

By Lindsey Tanner, Associated Press

The Washington Times, October 18, 2006

CHICAGO -- Harmful reactions to some of the most widely used medicines -- from insulin to a common antibiotic -- sent more than 700,000 Americans to emergency rooms each year, landmark government research shows.

Accidental overdoses and allergic reactions to prescription drugs were the most frequent cause of serious illnesses, according to the study, the first to reveal the nationwide scope of the problem. People older than 65 faced the greatest risks.

"This is an important study because it reinforces the really substantial risks that there are in everyday use of drugs," said patient-safety specialist Bruce Lambert, a professor at the University of Illinois at Chicago's college of pharmacy.

Even so, the study authors and other experts agreed that the 700,000 estimate was conservative because severe drug reactions can often be misdiagnosed.

The study found that a small group of pharmaceutical mainstays was most commonly implicated, including insulin for diabetes; warfarin for clotting problems; and amoxicillin, a penicillinlike antibiotic used for all kinds of infections.

"These are old drugs, which are known to be extremely effective. We could not and would not want to live without them. But you've got to get the dose exactly right," Mr. Lambert said. He was not involved in the research.

Those 65 and older faced more than double the risk of requiring emergency-room treatment and were nearly seven times more likely to be admitted to the hospital than younger patients.

The results, from 2004 to '05, represent the first two years of data from a national surveillance project on outpatient drug safety. The project was developed by the federal Centers for Disease Control and Prevention, the Food and Drug Administration and the U.S. Consumer Product Safety Commission. The study was published in today's Journal of the American Medical Association.

The database included 63 nationally representative hospitals that reported 21,298 severe drug reactions among U.S. adults and children treated in emergency rooms during the two-year period. The tally is based on what emergency-room doctors said were complications from using prescription drugs, over-the-counter medicines, dietary supplements or herbal treatments.

The researchers said that when those numbers are extrapolated, it brings the total to 701,547 complications nationwide each year.

"Experts had thought that severe outpatient drug events were common, but no one really had good numbers" until now, said lead author Dr. Daniel Budnitz, a CDC researcher.

Complications included diabetics on insulin passing out from low blood sugar, excessive bleeding in patients on warfarin, and severe skin rashes in patients taking amoxicillin. Drug reactions were severe enough to require hospitalization in about 17 percent of patients.

"The numbers are quite troubling," said Jim Conway, senior vice president at the Institute for Healthcare Improvement. The tally underscores that "there is a tremendous number of consumers in the United States taking medication."

Blue Cross Settling Patients' Lawsuits (LAT)

By Lisa Girion, Times Staff Writer

The Los Angeles Times, October 18, 2006

The big insurer, accused of illegally canceling some policies, agrees to pay its ex-customers.

Facing the threat of punishment from regulators, Blue Cross of California has agreed to settle more than 70 lawsuits and claims filed by patients who accused the state's largest health insurer of illegally canceling their coverage after they got sick.

The settlements will allow the former policyholders to pay hefty medical bills that they were stuck with after losing their insurance.

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Lawyers involved in the cases, who confirmed that they had been resolved, said the dollar amounts of the settlements were confidential.

In exchange for the money, the patients agreed to drop allegations that Blue Cross had terminated their coverage to avoid paying for treatment.

The accords could be part of an effort by Blue Cross to deflect public criticism, mollify regulators and avoid courtroom showdowns, although critics say the insurer still needs to reform its practices.

State regulators have fined Blue Cross in one case of canceled coverage, and more sanctions are expected.

Blue Cross, owned by Indianapolis-based WellPoint Inc., the nation's largest provider of health benefits, maintained that it was following the law. It declined to comment on the suits, saying talks to settle them were confidential.

William Shernoff, a Claremont lawyer representing many of the plaintiffs, said his clients wouldn't have to worry about medical bills ever again.

"Every one of our clients is pleased," he said. "But that's only half the story. The other half of the story is making sure it doesn't happen again and getting the right procedures in place."

The settlements follow a series of Times stories examining the cancellations and the hardships they caused for patients, their families, hospitals and physicians. Among those agreeing to settlements is a Riverside couple, described in a Sept. 17 article, who were forced to put their home up for sale after they were hit with a mountain of medical bills. Another settlement accord involves the family of a 6-year-old Murrieta girl, also described in the article, who was dropped by the insurer in the midst of treatment for a life-threatening tumor in her jaw.

At issue in the suits is individual health insurance, purchased by people who do not have group coverage through an employer or other organization. Unlike with group insurance, an insurer can deny coverage to a person it deems too risky based on the applicant's medical history and answers to a detailed health questionnaire.

The suits accuse Blue Cross of routinely violating state laws prohibiting insurers from canceling coverage unless a policyholder lied to obtain it. The suits allege that the application questionnaires were intentionally vague and confusing and were designed to trap applicants into making innocent mistakes that could later be used as excuses to cancel coverage. Blue Cross, according to the suits, scrutinized questionnaires only after it received a claim for a costly or potentially chronic condition.

At least five other health insurers, including Blue Shield of California, face similar lawsuits filed by customers. In recent weeks, two state agencies that oversee the industry have expanded investigations into the alleged practice. Last month the Department of Managed Health Care issued its first fine — $200,000 against Blue Cross — after finding that the company improperly revoked a Southern California woman's policy. The amount of the fine was criticized by consumer advocates as insignificant for WellPoint.

It remains unclear whether the proposed settlements would lead to substantial changes in Blue Cross' business practices or state regulations. Some see the accords as a sign that the state's largest health insurer intends to reform its practices. Others view the settlements as a way for the company to sweep the matter under the rug and move on.

"This is a standard way to avoid setting any precedent for future accountability," said Bryan Liang, director of the Institute of Health Law Studies at California Western School of Law in San Diego. Blue Cross "can easily pay off individuals, and those individuals have to take it to move on with their lives and recover from the horrors of having their health insurance taken away."

Blue Cross, like other insurers, contends that it is allowed to drop policyholders regardless of whether medical history omissions are intentional. The industry says the power to revoke policies is necessary to combat fraud and hold down costs.

Regulators say a policy cannot be canceled for an unintended discrepancy between the policyholder's application and medical records.

Consumer advocates said they feared that unless regulators got tough on insurers, the practice would continue and the opportunity for meaningful reform could be lost.

"Regulators have to come in with a big stick, because otherwise Blue Cross and the other HMOs are going to buy off the individuals," said Jamie Court, president of the Foundation for Taxpayer and Consumer Rights, based in Santa Monica. "This has to be about more than money. It's got to be about forcing the companies to uphold the law, and that's the job of the regulators."

Amy Dobberteen, assistant deputy director of the Department of Managed Health Care, said the agency was taking the complaints seriously.

"Our investigations have begun on all major players on a systemic level and on a case-by-case basis," she said. "There's a lot to look into. We've certainly been looking into it diligently, and I don't think we've been moving slowly on this. We're acting."

California Insurance Commissioner John Garamendi pledged last spring to investigate Blue Cross' cancellation practices but hasn't reported any findings. A spokesman said Garamendi had heightened scrutiny of Blue Cross.

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"We are continuing our probe into retroactive rescissions," said spokesman Norman Williams. "We recently refocused our personnel to look more closely into this issue."

Shernoff, the plaintiffs' attorney, said he would continue to press Blue Cross for substantial changes, such as reviewing an applicant's medical records before issuing coverage and canceling only when the insurer finds evidence that a policyholder intended to defraud the company.

He gave Blue Cross credit for discussing reforms. The company outlined operational changes last month designed to ensure that policies were not revoked in error. It is in discussions with lawyers and regulators on whether those steps adequately address the concerns raised in the suits.

"All the other insurance carriers are in denial," Shernoff said. "Blue Cross at least is not in denial anymore. They are in rehab now."

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Pirro: He's A Novice. Cuomo: She's Involved In A 2nd Investigati (NYT)

By Jonathan P. Hicks

The New York Times, October 18, 2006

ROCHESTER, Oct. 17 — Jeanine F. Pirro and Andrew M. Cuomo used their second and final debate on Tuesday to exchange personal attacks, with Mr. Cuomo being labeled an untested novice and Ms. Pirro accused of being the target of a second criminal inquiry, adding a new element to a campaign that has come to resemble a soap opera.

Ms. Pirro, the former Westchester County district attorney, was by far the more aggressive, using every opportunity to attack Mr. Cuomo as an inexperienced prosecutor devoid of ethics or integrity.

"I understand what it means to be a top lawyer in this state," Ms. Pirro said at one point. "My opponent was a junior prosecutor 21 years ago."

The hourlong debate was held in the studios of WXXI-TV, a public broadcasting station here, and was cosponsored by the Rochester Democrat and Chronicle. The program was taped in the morning and broadcast in the evening on public broadcasting stations in most of the state. In the New York City area, it was to be shown at 12:30 a.m. Wednesday, on a public broadcasting station.

For his part, Mr. Cuomo cast Ms. Pirro as a career politician with little experience outside criminal prosecution. He also offered a new attack against his Republican rival.

He cited an article in The New York Sun on Tuesday detailing a letter written by John Spencer, the Republican candidate for the United States Senate, when Mr. Spencer was mayor of Yonkers. The article stated that Mr. Spencer wrote a 15-page letter to Attorney General Eliot Spitzer accusing Ms. Pirro of using her position as district attorney to protect public officials from scandal and to punish political opponents.

"The office she's seeking is investigating her," Mr. Cuomo said.

Immediately after the debate, Cuomo campaign aides supplied copies of the article to reporters in the television studio, and Mr. Spitzer's office said it had an "open investigation" into the matter. Mr. Spencer's letter, which was written three years ago, said Ms. Pirro "protects the corrupt officials, punishes the weak people caught in the corrupt web and insures that they are not in a position to point fingers."

Ms. Pirro did not address the matter during the debate. Reporters asked her afterward about her reaction to Mr. Cuomo's charges about Mr. Spencer's letter.

"I don't know what he's talking about," Ms. Pirro said. "I guess Mr. Cuomo thinks John Spencer is someone he should endorse. If he's that credible."

In the debate, however, Ms. Pirro, who is trailing in the polls, was relentless in her criticism of Mr. Cuomo, using every question as a fresh opportunity to make an attack.

She hammered repeatedly at Mr. Cuomo's ethics, charging that while housing secretary, he pursued legal action against a businessman, Andrew L. Farkas, who later settled the case with federal officials in an agreement signed by Mr. Cuomo's counsel. Years later, Mr. Cuomo went to work for Mr. Farkas's new company, earning $1.2 million over two years. Mr. Farkas and his associates have also contributed $800,000 to Mr. Cuomo's campaign.

On several occasions, Ms. Pirro said Mr. Cuomo lacked the integrity needed to pursue major reforms in Albany.

"My opponent's reform agenda, which is to do what I say and not what I do, is the height of hypocrisy."

In response, Mr. Cuomo said: "My opponent is very good at making false, reckless charges. I've released 14 years of tax returns to show that."

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Ms. Pirro shot back: “I’ve released 12 years of tax returns. In order to be a trial lawyer, you need to have your facts in order to convey them to a jury.”

Mr. Cuomo steered away from the topic that has been consuming the Pirro campaign, that she is now the subject of a federal investigation into whether she planned to secretly tape her husband to determine if he was having an affair. Ms. Pirro has responded to the matter by disclosing their marital problems, and recently her husband, Albert J. Pirro Jr., has joined in, publicly chronicling their difficulties in often painful detail.

During the debate, Ms. Pirro touched on the topic only once, when asked by one questioner about the relevance of personal issues.

“All families have problems,” Ms. Pirro said. “And I think these issues are personal and they should not be the subject of federal inquiries. I deserve to be judged on my record as a strong woman who believes in reforming Albany and who not just talks about it.” She then attacked Mr. Cuomo over his dealings with Mr. Farkas.

By relentlessly attacking Mr. Cuomo, Ms. Pirro appeared intent on raising questions about his capacity to be attorney general and on continuing her slight climb in the polls, where she continues to trail by double digit figures.

“My opponent is a self-described nonpracticing lawyer,” Ms. Pirro said in her closing statement. “The choice can’t be more clear,” she said, adding that she wanted to be “the first woman attorney general of this state.”

Mr. Cuomo sought to rise above the fray, appearing unruffled by the attacks. He seemed far more comfortable when he was discussing topics such as the need for an independent commission to end partisan legislative redistricting and the need to make financial information regarding lawmakers and lobbyists more accessible to the public.

In fact, some of Mr. Cuomo’s supporters at the debate suggested that his aim was to remain positive and to limit his attacks on Ms. Pirro, reasoning that many viewers, particularly women, might react negatively.

Still, Mr. Cuomo responded to Ms. Pirro’s attacks with some of his own, particularly on Mr. Spencer’s letter to Mr. Spitzer. Mr. Cuomo said that Mr. Spencer “accused my opponent of using her prosecutorial office to play politics in Westchester. That, to me, is a serious issue.”

As they did in their first debate, on Sunday in Manhattan, both candidates said they would prosecute Alan G. Hevesi, the state comptroller, for using a state worker to drive his ailing wife.

Elections May Leave Bush An Early Lame Duck (WP)

By Peter Baker And Michael A. Fletcher

The Washington Post, October 18, 2006

On desks around the West Wing sit digital clocks counting down the days and hours left in the Bush presidency, reminders to the White House staff to use the time left as effectively as possible. As of 8 a.m. today, those clocks will read 825 days, four hours. But if the elections go the way pollsters and pundits predict, they might as well read 20 days.

At least that would be the end of George W. Bush's presidency as he has known it. If Democrats win one or both houses of Congress on Nov. 7, the result will transform the remainder of Bush's time in office and dramatically shift the balance of power in Washington. Ending a dozen years basically passed in exile, congressional Democrats would have a chance to help steer the nation again -- following a campaign spent mostly assailing Bush's vision rather than detailing their own.

Around Washington, key figures in both parties have been trying to figure out what a Democratic victory would mean. Bush has been meeting privately with Cabinet secretaries in recent weeks to map out an agenda for his final two years in office. The White House says it is not making contingency plans for a Democratic win, but Bush advisers are bracing for what they privately recognize is the increasing likelihood. And Democratic leaders have been conferring about what they would do should voters return them to power.

Emboldened by victory, and bitter from grievance, Democrats could use their ascendance to block Bush's agenda, force him to respond to theirs and begin a new era of aggressive oversight and investigation. A Democratic victory, analysts in both parties said, could mean that some of Bush's tax cuts would not be renewed, attempts to revive his Social Security investment plan would be doomed and efforts to further broaden national security powers in the face of civil liberties concerns would be thwarted.

Most worrisome to the White House is the subpoena power that Democrats would gain with a majority in the House or Senate. For years, Republicans have been mostly deferential in scrutinizing the Bush administration, but Democrats are eager to reexamine an array of issues, such as Vice President Cheney's energy task force, the Jack Abramoff scandal and preparations for the Iraq war.

"It obviously affects things a lot," said Charles Black, a Republican lobbyist with ties to the White House. "History tells you that administrations have a hard time achieving things in their last two years. I think the president wants to be as aggressive as he can with a good menu of ideas.

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"If he had to deal with a Democratic majority in one house or both," Black added, it makes it that much harder.

Steve Elmendorf, a former House Democratic leadership aide, said of Bush, "He would lose control of his agenda. He would have to make a decision: Does he want to compromise and work cooperatively with the Democrats, or does he want to keep pushing what he's been pushing and lose all the time?"

The most salient analogy may be the last time Congress changed hands, after the 1994 elections. President Bill Clinton was left trying to assert that "the Constitution gives me relevance" even as new House Speaker Newt Gingrich (Ga.) and his Republicans seized the initiative. Clinton ultimately recovered through a mixture of confrontation with Republicans, most notably in a government shutdown, and "triangulation" in which he embraced some of their priorities, such as overhauling the welfare system.

The difference is that Clinton's presidency was still young, while Bush is heading into the twilight of his administration -- and is stuck in an unpopular war. But some Republicans think that Bush could play off overreaching Democrats as Clinton did with Gingrich. Or he could pivot to the more bipartisan mode he promised to bring from Texas and seize opportunities for progress in areas such as immigration, where his proposed guest-worker program has been blocked by his own party.

"One of the lessons for President Bush if he loses one or both chambers is the California example," said Sergio Bendixen, a pollster for Democrats. "Governor Arnold Schwarzenegger at this time in 2005 was considered to be in deep trouble. But now he is a shoo-in for reelection. How did he turns things around? He has gone from a very partisan Republican to somebody who was working with the other party. I wouldn't be surprised if Bush does the same thing."

John Bridgeland, a former Bush domestic policy adviser consulted by the White House in recent planning, said that regardless of who wins the election, the president would benefit from cooperating across party lines. "Without doing so, it will be more difficult to get things done that will be lasting," he said. "You can do things by executive order, but they may not survive into other administrations."

Bipartisanship, though, has been in short supply since Bush became president. In his first term, he negotiated support from both sides for his No Child Left Behind education law even as Democrats took control of the Senate in June 2001 because of a party switch. But as a practical matter, Bush faced an opposition chamber in Congress for just 98 days before the Sept. 11, 2001, attacks, after which both parties rallied behind him for a time. Republicans won back the Senate in 2002.

Bush has had a difficult enough time winning support from a Republican Congress over the past two years, and some expect the party to turn on him even more if it loses, particularly because of the Iraq war, which has been an albatross for GOP candidates. When the voting is done, pressure may rise from within Bush's own ranks to rethink Iraq policy, as evidenced by comments by Sen. John W. Warner (R-Va.), who recently said that Bush should take a new course if the situation does not improve in 60 to 90 days.

But presidents have broad leeway to set foreign policy regardless of the legislative branch, and a Democratic Congress may exert more direct influence on domestic matters. Bush has been preparing his post-election agenda in a series of meetings, sitting down one-on-one with nine members of his Cabinet in the past month to review ideas. Bush insists that the sessions not consider a victory by Democrats, participants said. But the discussions have focused on items that could attract bipartisan interest, such as further efforts to rebuild the hurricane-torn Gulf Coast, reauthorization of No Child Left Behind and renewal of farm legislation.

"He's fired up for the last two years of his administration," Agriculture Secretary Mike Johanns said in an interview after meeting with Bush. Rob Portman, director of the Office of Management and Budget, said after his own session: "He's pushing all of us, pushing himself. I don't think there's going to be any letup."

Bush aides recognize that no matter who wins next month, the president has at best a year to push through any last major initiatives before the 2008 presidential race takes over the national political agenda. Portman, a former House member, said he hopes there will be "a timeout on partisanship" after next month's election that can be exploited in 2007. "It's a critical year," he said.

The agenda-planning meetings are the brainchild of White House Chief of Staff Joshua B. Bolten, who handed out the countdown clocks to fellow Bush aides earlier this year. Bolten wants to use the process to develop new ideas and find ways to measure the success of old ones, colleagues said.

"There's still plenty of time to get important things done if people on both sides of the aisle are willing to work together to do it," Deputy White House Chief of Staff Joel Kaplan said in an interview. "Two years is a long time." After the election, Kaplan said, Bush will "look for partners in Congress" to accomplish priorities, such as extending his tax cuts, developing alternative energy supplies and promoting American competitiveness.

The question in the White House is whether Democrats would be willing to be partners. While Democrats see Bush as relentlessly partisan, his aides think Democrats have been deliberately obstructionist even on issues of little dispute. Against that backdrop of mutual suspicion, the two sides may find it difficult to come together.

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"The Democrats are so blinded by their hate of Bush, they'll have a hard time even having a bill-signing with him," Republican lobbyist Ed Rogers said. "That might make for some good political contrasts, but not much substance."

Ron Kaufman, who was White House political director for George H.W. Bush, said: "If they try to take down the president, if you will, it would be really stupid. It would play into the long-term interests of the Republican Party."

Leon E. Panetta, who became Clinton's White House chief of staff after the 1994 Republican victory, agreed: "My fear is that the Democrats after 12 years of trench warfare and a pretty rough time -- these people are pretty battle-scarred from that -- basically come out and seek vengeance for everything that's taken place. If they do that, I think they make a pretty big mistake because the public will say, 'These guys are no different than Tom DeLay and his crowd.' "

Others doubt the Democrats would make that mistake. Former House majority leader Richard K. Armey (R-Tex.), who squared off against Panetta in that era, said Democrats would be in better shape to transition from opposition to governing than his Republicans were in 1994 because enough seasoned veterans are still around, such as Rep. John D. Dingell (Mich.).

"The best Democrats, people like Dingell, on oversight have a tendency to say, 'Let's get into the programs and see how they work and how they could be better,' " he said. "That's healthy oversight. . . . They may stay away from political oversight looking for scandals and stay with programmatic oversight. They do it well and they may want to play against expectations."

No Spoils For The Victors (NYT)

By Bruce Bartlett

The New York Times, October 18, 2006

GREAT FALLS, Va.

EVEN before the Mark Foley scandal broke, Democrats' chances of getting control of the House of Representatives were pretty good. Now, with the incompetence of the Republican leadership's handling of that affair, the odds of Democratic control are looking very good indeed.

With liberals like New York's Charlie Rangel in line to head important House committees like the tax-writing Ways and Means Committee, some investors are starting to worry about tax increases on the rich and business bashing-legislation. Needless to say, Republicans are doing what they can to stoke such fears.

As a Republican, I have a message for those fearful of Democratic control: don't worry. Nothing dreadful is going to happen. Liberals have much less to gain than they believe.

I speak with some knowledge. In 1994, after Republicans took control of Congress, my fellow conservatives and I met to plan a legislative agenda. My colleagues were ecstatic. In one fell swoop we were going to do all the things that Democratic control of Congress had effectively blocked since 1954, when the last Republican Congress was defeated.

I didn't make myself very popular by reminding people that Bill Clinton was still going to be president for at least another two years. How were we going to get these measures enacted into law over his all-but-certain veto? Flush with victory and convinced that they had a mandate from the American people to pass a conservative legislative agenda, my friends simply dismissed my concerns as defeatist.

Well, Cassandra wasn't very popular, either, but she was right, and so was I. Within a year, the conservative revolution was all but over. When Republicans forced a showdown with Mr. Clinton over the budget, they ended up blinking. After that, Republicans in Congress lost their reformist zeal and settled into playing the political game pretty much the same way the Democrats had for the previous 40 years: using federal money to buy votes to hold on to power any way possible.

My Democratic friends no doubt feel the way we Republicans did in those heady days of 1994 before political reality came knocking. Many probably think they will finally get the truth about what the White House knew about Iraq before the invasion. They may think they can use the power of the purse to force a withdrawal. Some may even imagine that articles of impeachment can be brought against President Bush, while others plan to enact national health insurance and other pet liberal schemes.

To all this I say: Ain't gonna happen. For starters, President Bush will still occupy the White House for the next two years. And although his veto pen may have been misplaced for most of the last six years, he found it again this summer.

For another thing, Democrats are unlikely to get more than a very thin majority in the House. If they get the Senate as well, it will not be with more than a one-vote margin. Consequently, effective control will be in the hands of moderates who often work with Republicans on specific issues. In a delicious bit of irony, Senator Joe Lieberman of Connecticut, lately excoriated by the liberal wing of the Democratic Party, may end up holding the balance of power in the Senate.

As for impeachment and cutting money for Iraq, such actions would be politically insane and the Democratic leadership knows it. They will make the White House pay a price for Iraq, but will ensure that they don't get blamed for any debacle resulting from failure to provide adequate money for our troops.

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Democrats may have more success using Congressional committees to investigate accusations of wrongdoing by the Bush administration, but that will be much harder than they think. The Republicans cut thousands of committee staff positions when they took control, and it will take considerable time to find the money and staff to do any serious investigating.

Also, the Bush White House can simply use all the stalling techniques that the Clinton White House perfected to frustrate Congressional investigations by Republicans. The only thing left to worry about is expiration of the Bush tax cuts, which Democrats will certainly not want to extend. But most of them don't expire until 2010, so there is no urgency. Anyway, there is no certainty that continued Republican control of Congress would assure extension of the tax cuts. If party control were all that mattered, they would have been extended already.

In short, there is really no reason for conservatives, businessmen or investors to worry particularly about a Democratic victory in November. Congress will be on automatic pilot for the next two years regardless of which party is in control.

Which Way To Win? (WP)

By David Ignatius

The Washington Post, October 18, 2006

As we head toward Election Day 2006, political analysts are focusing on a few dozen tossup races that will determine whether the Democrats take the House and Senate. But there's a larger, overarching battle this year between two visions of America: testing whether it's a country defined by its political center or one defined by its political extremes.

This assessment of America's

meta-politics is distilled in "The Way to Win," a new book by two of the media's best political observers, Mark Halperin of ABC News and John F. Harris of The Post. They see two basic strategic ideas at work in today's politics: the "synthesizer" approach of former president Bill Clinton, and the "clarifier" tactics of President Bush and his political guru, Karl Rove. Here's the way Halperin and Harris describe the two styles:

"Clinton Politics is the politics of the center. It holds that Americans for the most part, with the exception of irate groups at the edges, are less interested in ideology than in practical solutions to basic problems. People would prefer politics to be polite, civil, and compromise-minded."

"Bush Politics is the politics of the base," the authors continue. "A successful leader will stand forthrightly on one side of a grand argument. Then he or she will win that argument by sharpening the differences and rallying his most intense supporters to his side."

People from the Old Media, like me, instinctively prefer a centrist style of civilized debate. Of course we do, say Halperin and Harris. We are the gatekeepers of the old order. The shrill voices of the New Media -- the bloggers and talk-radio hosts and other partisan megaphones that Halperin and Harris describe as the "Freak Show" -- don't just threaten our beloved center. They might eventually put us out of business.

So what's working this campaign season? As I read this year's races, the centrist approach seems to be making something of a comeback. I base that judgment on a sampling of several dozen campaign ads that have been gathered by washingtonpost.com (available at http://projects.washingtonpost.com/politicalads/). This survey shows that even in some of the key tossup races, many candidates are looking for that warm and fuzzy place in the middle of the political landscape.

Take Rep. Harold Ford, a candidate for the U.S. Senate in Tennessee. He's running even with Republican Bob Corker in part by holding the middle ground as a "values" Democrat. One ad shows him in church, with this endearingly honest opening line: "I started church the old-fashioned way: I was forced to." Corker's ads, out of the Rove playbook, take a sharper line, summed up in one spot with the phrase: "Who's he kidding?" Despite the attack ads, Ford is running far better than expected.

In Missouri, the Republican incumbent, Sen. Jim Talent, seems to be trying to find the center as well. One ad touts his nonpartisanship: "Most people don't care if you're Red or Blue, Republican or Democrat," says the ad, which boasts of legislation Talent has co-sponsored with Democratic colleagues such as Ron Wyden, Chris Dodd and Chuck Schumer.

Talent's move to the center is countered by his opponent, Claire McCaskill, who has highlighted Talent's opposition to stem cell research in poignant ads featuring Missourians with medical problems who might be helped by such research.

In Montana, Democrat Jon

Tester is running ahead of Republican Sen. Conrad Burns by presenting himself as the ultimate regular guy, a lumpy ex-farmer with a bad haircut. One of his spots, "Creating a Buzz," actually celebrates his crew cut. In Maryland, meanwhile, Republican Senate challenger Michael Steele may have the ultimate mindless, warm-and-fuzzy pitch, in which he rebuts a fake newspaper story, "Steele Hates Puppies," by holding a cute little mutt and saying: "For the record, I love puppies."

The great synthesizer himself, Bill Clinton, was out campaigning this week for Deval Patrick, a member of the Clinton Justice Department who is running for governor of Massachusetts. "Everyone knows that, somehow, the wheel has run off of our

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national discourse and our common life," Clinton said Monday. "And people don't want us to shout at each other any more. They want to be talked to, reasoned with, lifted up."

Is Clinton right about the country? Are Democrats doing well in this campaign season because Americans want to find their way back to the civilized center? Or are they profiting from the Democratic base's rage at George W. Bush? That's the troubling question that lingers after reading Halperin and Harris's book: If the Democrats win next month, will they be the heirs of Clinton's vision of politics or of Rove's? Are we heading for unity or even sharper division?

What Democrats Would Do (WP)

By Harold Meyerson

The Washington Post, October 18, 2006

Against their better judgment, the Democrats are starting to taste it. In the House, the number of Republican incumbents polling under 50 percent considerably exceeds the number of seats the Democrats need to pick up to make Nancy Pelosi speaker. Controlling the Senate depends on winning two of the contests in three Upper South states -- Missouri, Tennessee, Virginia -- that could go either way.

And then what? Putting a fleet of carts before a herd of horses, let's look at the legislation that the Democrats would push through the House and just maybe through the Senate. (Even if they win the upper house, of course, they'll still need the support of a number of Republicans to overcome a filibuster.)

In the House, the Democrats have made clear that there's a first tier of legislation they mean to bring to a vote almost immediately after the new Congress convenes. It includes raising the minimum wage, repealing the Medicare legislation that forbids the government from negotiating with drug companies for lower prices, replenishing student loan programs, funding stem cell research and implementing those recommendations of the Sept. 11 commission that have thus far languished.

All these measures command massive popular support. The reason they've not been enacted is that House Republicans have passed rules making it impossible for the Democrats to offer amendments to any significant legislation, thereby sparing themselves the indignity of having to choose, say, between the interests of their financial backers in the drug industry and their constituents.

Cognizant that they will owe their victory in part to the public's revulsion at the way Congress does (or avoids) business, the Democrats also plan to revise House rules to enable the opposition party to introduce amendments and to sit on conference committees, from which Republicans have routinely excluded them since Tom DeLay became majority leader. They also will ban members from accepting gifts and paid trips from lobbyists.

By bringing such measures to a vote in the House, and conceivably in the Senate as well, the Democrats will be in the enviable position of doing both good and well: promoting long-overdue policy shifts that the public supports and putting their Republican colleagues in a pickle. Confronted with an up-or-down vote on raising the minimum wage or making medication for seniors more affordable, many Republicans will side with the Democrats. Should the Democrats win the Senate, Republicans will have to calculate the risks of filibustering such mom-and-apple-pie measures. These bills will also pose a conundrum for conservatives such as John McCain, whose presidential aspirations have not been clouded by having to vote on these issues.

Should they make it through both houses, many of these measures will face a presidential veto. George W. Bush has already vetoed stem cell legislation, and he has staunchly opposed raising the minimum wage since the day he entered politics. What will congressional Republicans do if they're confronted with a series of vetoes of popular legislation? How large will the lame duck president loom in their calculations?

Not every issue that the Democrats will address if they control Congress will be so easy. The war in Iraq -- to which, if they win, they will owe their victory -- will surely prove the most nettlesome. If the Baker-Hamilton commission recommends a phased withdrawal, as some reports have speculated, the Democrats may be handed a relatively easy way out, whether or not the administration goes along with it. Should the administration persist in staying the course, Congress then could pass the kind of legislation it passed in the last years of the Vietnam War, stipulating the kinds of uses to which our military spending could -- and could not -- be put. At the same time, the ranking House Democrats in military matters -- Pennsylvania's John Murtha and Missouri's Ike Skelton -- might seek to increase the size of the Army, which the Iraq war has shown to be stretched to its limits.

In the course of this year's campaign, Democrats have been pleasantly surprised by the support their proposals for greater energy independence have won in all regions and sectors of the country. They will surely boost funding for alternative energy projects, which they see as a way not just to reduce greenhouse gases but to generate jobs as well. Many congressional Democrats also want to mandate stricter fuel efficiency standards, traditionally a cause that some auto-state Democrats have opposed, even though the Big Three's resistance to such standards is one reason their sales are plummeting.

"We're kidding around if we don't deal with that issue," says one leading Hill Democrat. "The time for that debate has arrived." It's part and parcel, he hopes, of life in the majority.

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Rove Foresees GOP Victory (WT)

By Joseph Curl

The Washington Times, October 18, 2006

White House political strategist Karl Rove yesterday confidently predicted that the Republican Party would hold the House and the Senate in next month's elections, dismissing fallout from the sex scandal involving former Rep. Mark Foley.

At a luncheon with editors and reporters at The Washington Times, Mr. Rove -- who is widely credited as the architect of the party's historic 2002 midterm election gains -- said Republicans are beginning to make significant headway in defining their party's differences from congressional Democrats, especially on national security.

"I'm confident we're going to keep the Senate; I'm confident we're going to keep the House. The Foley matter has impact in some limited districts, but the research we have shows that people are differentiating between a vote for their congressman and a member from Florida," Mr. Rove said, referring to the Republican who resigned last month after his sexually explicit online messages to former congressional pages were discovered.

President Bush has begun to paint this year's election as a choice between strength and weakness on national security -- and the stark differences will show Americans the true nature of Democrats, Mr. Rove said.

"It is useful to remind people what [Democrats] said and what they do. I think they have given us here, especially in the last couple of weeks, a potent set of votes to talk about. You had 90 percent of House Democrats voting against the terrorist-surveillance program, nearly three-quarters of Senate Democrats and 80 percent of House Democrats voting against the terrorist-interrogation act. Something is fundamentally flawed."

In the hourlong interview, Mr. Rove was upbeat, telling stories from the campaign trail and joking about skewed political coverage that disproportionately shows Democrats poised to take control of Congress

Mr. Rove's optimism is not shared by pollsters, many of whom predict a Republican loss in the House -- with some saying the party could lose as many as 40 seats. The mood in the White House has shifted in recent days, with some beginning to concede the threat to the Republican majority in the House of Representatives, which they won in 1994.

Yesterday, Vice President Dick Cheney acknowledged the risk to the House Republican majority.

"I really think we're going to do reasonably well. And I think we'll hold the Senate, and I also think we got a good shot at holding the House," Mr. Cheney said on Rush Limbaugh's top-rated national radio program.

"I think the key will be who goes to the polls on Election Day. And certainly, it's always tough when you're in the midterm of your second presidential term in office."

But Mr. Rove said Republican candidates still hold a huge cash edge over Democrats, which will give them clout in the final three weeks of the campaign.

"This morning, I loved it: The [Associated Press] ran a story saying these Democrat congressional candidates outraised their Republican incumbents in the third quarter. Well, what they didn't say was that part of the reason that they did is that we raised the money earlier so that we'd be able to deploy it," he said.

Of the 52 races listed in the tossup and lean categories of a leading election analyst, Republican candidates have more cash on hand than their opponents do in at least 34 races, according to the National Republican Congressional Committee.

Although Mr. Rove had previously predicted a loss of eight to 10 House seats, he said he remains confident that Republicans will not lose more than 15 -- the magic number that would flip control of the chamber to Democrats.

Democrats have to pick up six seats to gain control of the Senate -- virtually impossible, Mr. Rove said.

There are 40 Republican senators who are not up for re-election this year, he pointed out, and at least seven who are running comfortably ahead. With just a few wins by incumbents -- such as Arizona Sen. Jon Kyl, Missouri Sen. Jim Talent and Virginia Sen. George Allen -- Republicans would have 50 seats. With Mr. Cheney's tiebreaking vote, that would assure Republicans' continued control of the Senate.

Although Mr. Talent is locked in a tight race, Mr. Rove said the Missouri Republican "is one of the best candidates ... keen and smart and able ... a very disciplined candidate."

Although Missouri is "very competitive," Mr. Rove said, "There gets to be a point at which, though, it begins to lock in, and Talent appears to be moving that direction. ... I look at the Missouri data, and I can just smell that this race is edging toward a point where ... they're just getting ready to lock in."

The White House strategist is closely monitoring races across the country. He receives "68 polls a week for Senate, governor and House races," Mr. Rove said. "My head is about ready to explode."

Mr. Rove said history is on the Republican Party's side, noting that 97.5 percent of incumbents have been re-elected since 1996. This time, he said, there are "significantly" fewer open House seats than the Democrats had in 1994, when Republicans swept to power under then-Rep. Newt Gingrich's leadership.

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Early in this campaign cycle, Mr. Rove said the White House compiled a list of 80 Republican incumbents who might face difficulty. From there, top strategists made sure "that they all had a campaign plan, that they all knew that they had a risk, that they all went out there and raised a bundle of money, and that they had a plan that was measurable."

"As a result, that's done a lot to get people prepared," he said.

And, in some ways, the campaign is just beginning, Mr. Rove added.

"For most Americans, particularly the marginal voters who are going to determine the outcome of the election, it started a couple weeks ago," he said. "Between now and the election, we will spend $100 million in target House and Senate races in the next 21 days."

Cheney Unsure Of GOP Control Of Congress (AP-Y)

AP, October 18, 2006

President Bush says flatly that Republicans will keep control of the House and Senate in the November elections. Vice President Dick Cheney doesn't sound quite so certain.

"I think we'll hold the Senate and I also think we got a good shot at holding the House," the vice president said Tuesday in an interview with radio talk show host Rush Limbaugh.

In the House, Democrats need a 15-seat pickup to gain control. In the Senate, they need six.

Cheney was asked if he felt frustrated that Republicans are speculating on how may House seats they might lose.

"Well, I think it's a natural, normal situation at this stage," Cheney said. "But I really think we're going to do reasonably well. ... I think the key will be who goes to the polls on Election Day."

The vice president said that "it's always tough when you're in the midterm of your second presidential term in office. Historically, those are the most difficult elections for the incumbents in the White House."

There Goes The GOP Base — And Probably Both Houses (HILL)

The Hill, October 18, 2006

The Republican base, that vaunted entity whose every mood swing has controlled the zigs and zags of the Bush administration policy, has moved out, according to the latest Gallup polling. Karl Rove's heroic efforts to preserve its fealty have failed to move Republican base voters. Karl cannot compensate for Bush's failure to project his issues as the midterm disaster for the Republican Party nears.

The Gallup poll of Oct. 6-8 shows that, in the wake of the Foley scandal, the number of "white frequent churchgoers" who are planning to vote Republican has dropped from 58 percent to 47 percent since last month. The margin of their support for Republicans over Democrats, 26 percentage points in September, has entirely disappeared and the parties are tied among this core element of the Republican base.

The Gallup poll also reveals that Democrats now win all eight major issues, including terrorism and morality. Asked which party would do more to enhance "moral standards in the country," Democrats now win 47 to 36! And on terrorism, Democrats now have a 47-to-42-percent advantage.

The Foley scandal has wrought extraordinary damage to the Republican Party and appears to have had a particularly negative impact on the base. No amount of blame shifting onto Democrats for breaking the story or for holding it until September is likely to compensate for the evidence that House Speaker Dennis Hastert (R-Ill.) did not act promptly to expose it himself. According to the latest Fox News poll, 61 percent of voters believe that Hastert knew about the Foley affair early on and did nothing to stop it.

Churchgoing whites are the core of the Republican base. The fact that they are now breaking even in the approaching midterm elections foretells total disaster for the GOP. For this group to leave is, quite literally, the political equivalent of the last dog dying! It is now likely that they will lose both houses of Congress.

With this kind of defection, Republican Sens. Mike DeWine (Ohio), Conrad Burns (Mont.), Rick Santorum (Pa.), Jim Talent (Mo.) and Lincoln Chaffee (R.I.) seem likely to be gone. Senate Majority Leader Bill Frist's (R-Tenn.) seat seems likely to go to Rep. Harold Ford (D-Tenn.). And Sen. George Allen (R-Va.) may also be on his way out. In New Jersey, after trailing Tom Kean Jr. for most of September, Sen. Robert Menendez (D) seems to have moved out to a small lead that will probably grow.

And all of this trend is before the final weeks when downscale Democrats, who have not yet focused on the elections, "come home" and vote their historic party loyalties.

The defection of the Republican base is likely to be felt even more keenly in the House races. The very gerrymandering that GOP leaders had hoped would leave their House margin invulnerable may now backfire as the Republican white churchgoers, whom the district lines had incorporated into swing Republican districts, now defect and vote Democrat or stay

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home in massive numbers. The gerrymandering designed to keep Democrats out may have the perverse effect of keeping disaffected Republicans in the swing districts, magnifying their effect on the election.

Can the Republican Party reunite with its base? It's hard to see how they can win it back until the 2008 election. A Hillary Clinton candidacy would obviously help them to regain the fierce loyalty of their base, but she would also bring in millions of single women voters who would support her candidacy by huge margins. The recent census data showing that half of all households are unmarried indicates how extensive a political force single women can become.

In the long term, of course, Democratic policies on same-sex marriage and abortion are likely to bring the base back to its traditional bearings, but these issues seem to be having little impact on holding the Republican majorities in Congress.

Morris and McGann, husband and wife, have written several books together, including "Rewriting History," a rebuttal to "Living History" by Sen. Hillary Rodham Clinton (D-N.Y.).

Congressional Republicans Find Spending May Not Decide Races (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 18, 2006

WASHINGTON -- Just weeks before Election Day, most embattled Republican House incumbents have less campaign cash than they expected, despite raising more money than their Democratic challengers. Republicans had to spend heavily in recent weeks to buck an unfavorable national climate for the party.

In Connecticut, Republican Rep. Nancy Johnson spent $3.5 million on her re-election bid through Sept. 30 compared with Democratic challenger Christopher Murphy, who spent just $1.5 million, according to filings with the Federal Election Commission. Ms. Johnson ended the third quarter with $1 million in the bank compared with about $368,000 in Mr. Murphy's account. Even so, her race is still considered a "toss up" -- or one with no clear favorite -- by the Cook Political Report, a nonpartisan group that tracks campaigns, because of voter discontent with President Bush and the Iraq war.

The third-quarter financial disclosure reports are important barometers of momentum and 11-hour strength since they are the final ones released before Nov. 7.

"In some ways, the major Republican opponent hasn't been the Democratic challenger as much as it's been the daily news cycle," says Anthony Corrado, a campaign finance expert at Colby College, in Waterville, Maine.

Meanwhile, most Democrats running for open House seats held by retiring Republicans have raised more cash than their opponents, giving their party a chance to make net gains in the race for control of that chamber.

Democrats also are showing strength in several close Senate races, by out-raising their opponents in the third quarter or maintaining a competitive position despite heavy spending by incumbents.

In Virginia, Republican Sen. George Allen has raised $13 million for his re-election bid and spent $8.5 million. But he remains in a dead heat with Democratic newcomer Jim Webb, who has raised $4.6 million and spent just $1.8 million. Mr. Allen enters the final month with $5.6 million in the bank, but Mr. Webb can still compete statewide with his $2.7 million in cash.

Carl Forti, a spokesman for the House Republican campaign committee, said his party's candidates have enough cash to block a Democratic takeover. "Democrats can no longer fabricate momentum in long-shot races; candidates either have the cash to cross the finish line or they don't," he said.

Sarah Feinberg, a spokeswoman for the Democratic House campaign committee, says there never was much doubt that "Republicans and their special interest friends would out-raise their challengers." Amid polls indicating dissatisfaction with Congress and the White House, Ms. Feinberg says Democratic candidates don't need to match incumbents' fundraising to win.

Republican leaders this week reminded candidates to focus on local issues, such as money they have brought home to build roads and bridges or for libraries and schools. Meanwhile, the national party continues to supplement candidates' efforts, investing millions of dollars in advertising and distributing flyers that call Democrats soft on terrorism and inclined toward tax increases.

But Republicans' effort to change the subject is proving expensive and difficult. Despite investing in attacks on Democrats, the number of competitive races has increased. And, according to financial disclosure reports, incumbents have been forced to spend considerably more than challengers in a number of races that now look too close to call.

In Pennsylvania, for instance, Republican Rep. Curt Weldon has spent $1.5 million compared with his opponent Democrat Joseph Sestak's $750,907 and the race remains a toss-up. Worse still for the incumbent, at the close of the third quarter, Mr. Sestak had $1.5 million in the bank compared with Mr. Weldon's $1.1 million.

Mr. Weldon's political fortunes grew complicated this week when it was disclosed that federal investigators are delving into the lobbying efforts of the congressman's daughter and one of his political supporters.

In Indiana, Republican Rep. John Hostettler's lackluster fundraising may have caught up with him. The six-term incumbent has raised $452,600 for his campaign compared with the $1.5 million collected by Democrat Brad Ellsworth, a former local

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sheriff. Mr. Hostettler has spent just $184,447 and ended the third quarter with $269,700 in the bank. Meanwhile, Mr. Ellsworth has spent $1 million in his campaign and still has $413,500.

There is some good news for Republicans.

In the race for the open seat of retiring Illinois House Rep. Henry Hyde, Democrat Tammy Duckworth looks to have miscalculated financially, and hampered her campaign's ability to compete in the final weeks.

Ms. Duckworth, an Iraq war veteran, has raised roughly $2.8 million. But she spent the bulk of it in September on television ads responding to negative commercials against her by the House Republican committee. Heading into the home stretch, she now reports having $206,000 in the bank while her Republican opponent, Peter Roskam, has $1.5 million.

Having Money Isn't Everything, But It Can Be Deciding Factor (HILL)

By Jonathan E. Kaplan And Aaron Blake

The Hill, October 18, 2006

For months, Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), has said Republicans would keep their majority in the House because they have the advantages of "members, money and message."

House Republican incumbents have socked away more money than their Democratic challengers in 34 of 52 competitive districts and in some cases Republicans lead Democratic challengers by a ratio of seven to one, said NRCC spokesman Carl Forti in a statement.

But some of those figures are misleading because some candidates, such as Democrats Tammy Duckworth (Ill.) and Joe Courtney (Conn.), have spent exorbitant sums on television advertising buys.

In seven competitive Senate races, state Treasurer Bob Casey (D-Pa.) and Sheldon Whitehouse (D-R.I.) lead incumbent GOP Sens. Rick Santorum (R-Pa.) and Lincoln Chafee (R-R.I.). In Tennessee's open seat race, Rep. Harold Ford (D-Tenn.) holds a narrow lead over former Chattanooga Mayor Bob Corker (R). In Maryland and Minnesota, the candidates are within $500,000 of each other in cash on hand.

Sen. George Allen (R-Va.) holds a commanding lead over Democrat Jim Webb, but Webb raked in $3.4 million in the third quarter. And in Missouri, Sen. Jim Talent (R-Mo.) has a $4 million lead over challenger Claire McCaskill (D) largely because she has made a large media buy for the final weeks leading up to Election Day.

History shows that money has its limits. In 1994, the last time an anti-incumbent wave swept the country, Democratic incumbents out-raised Republican challengers but Republicans picked up 52 House seats and won a majority in the Senate, too.

With three weeks remaining until voters head to the polling booths, one question for Republicans and Democrats alike is whether a tipping point has been reached: can heaps of money overcome the negative sentiment directed toward Republicans because of the war in Iraq and the House page scandal involving former Rep. Mark Foley (R-Fla.)?

"The Republicans are fighting against constant news out of Washington that things are not going right," said Tony Corrado, a political scientist at Colby College. "The Democrats have the resources needed to respond to attacks and the Republicans [are] playing defense spending campaign money … to fight a wave of public opinion."

"If you haven't raised your money, you're not where you need to be," said a Democratic lobbyist. "Unless the RNC can come in with a tidal wave of cash, it won't matter if there's no message, I don't care how much money you throw at it."

If money is less a factor in tight races in a bad political environment, the looming question for both parties is whether the GOP's vaunted turnout operation can save their incumbent members.

Several strategists from both parties said the turnout operation should give the Republicans a three-point edge in most competitive races. Whether that edge dissipates amid the Foley sex scandal and the Iraq war is an open question.

"I don't believe that's the case yet … money can buy intensity," said a senior White House official, adding that the RNC, NRCC and state parties had $56 million more than the Democratic Party and that since 1974, candidates who outspend their opponent by $200,000 won 97 percent of the time.

Republicans still hold an advantage because competitive House contests are fought in distinct districts, making them more insulated than Senate races from national trends. That means that when the House changes hands, it is a seminal event: both times the House has changed hands in the past 50 years, the Senate has flipped as well.

"We're not at that point, particularly not in congressional races," said Rep. Tom Cole (R-Okla.). "We work inside a very different universe. Outside a couple dozen seats most Republicans represent seats in which President Bush's approval rating is in the high 40s and low 50s. Bush is not going to hinder [a Republican candidate]."

And even if some candidates have reached a point where money does not matter, having enough money can create options. For example, Rep. Marilyn Musgrave (R-Colo.), who found herself in an unexpectedly tight race in 2004, bragged last

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week that the Democratic Congressional Campaign Committee (DCCC) had withdrawn a $600,000 television advertising buy. The DCCC's decision gave the NRCC a break because it will not have to counter the DCCC's advertising with its own.

But DCCC chairman Rahm Emanuel (D-Ill.) told reporters on Monday that Musgrave shares a media market with Rep. John Salazar (D-Colo.), implying that the money was for Salazar. Now the DCCC can decide where to spend $600,000 that Salazar does not need. The DCCC can repurchase airtime in northern Colorado for Musgrave's opponent, Democrat Angie Paccione, redirect that money to protect vulnerable incumbents in Georgia, or spend on second-tier races in California.

"Money can't solve everything," said Cole. "But money can spare you strategic dilemmas."

GOP Bright Spots Few In Senate Races (WT)

By Charles Hurt

The Washington Times, October 18, 2006

National Republicans are dumping more than $1 million into Senate races in the Democratic strongholds of Maryland and New Jersey but are facing a bleak field elsewhere, strategists from both parties say.

"Every week, it gets better," said Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee (DSCC). "Every week we get closer to our goal of taking the Senate and I'd say right now we're on the edge. What looked like a distant possibility six months ago is a very, very real possibility right now."

Democrats this year, unlike past elections, are running on a strong national security agenda and have taken the upper hand in fundraising, he told reporters yesterday. Mr. Schumer played several ads paid for by the DSCC in conservative states such as Virginia and Tennessee attacking Republicans for their continued support of the Iraq war. In each ad, the Democrat says changes must be made without offering specifics.

"National security is a win for Democrats," said Mr. Schumer, adding that North Korea's recent nuclear test will help the party. "What happened in North Korea ... inures to our benefit."

In addition, he said the party will have poured "a minimum of $20 million" into the local efforts that make sure their voters show up at the polls, a tactic mastered by Republicans in recent years.

"We've been in the wilderness for a while," Mr. Schumer said.

While Republican strategists privately acknowledge that the races look tough for the GOP, they remain confident that they will keep Democrats from gaining the six seats they need to win control of the chamber.

Brian Nick, spokesman for the National Republican Senatorial Committee, said yesterday that Republicans have paid $650,000 for advertising in the reliably Democratic state of Maryland, where Republican Lt. Gov. Michael S. Steele hopes to beat Democratic Rep. Benjamin L. Cardin for the seat being vacated by Democrat Paul S. Sarbanes. They are dumping another $500,000 in New Jersey, another Democratic state where Republican Tom Kean Jr. hopes to beat incumbent Sen. Robert Menendez.

"The Democrats have been forced to spend money in Michigan, Maryland, Washington and New Jersey because they are being pressed on holding these seats," Mr. Nick said. "This defies the national political climate and is money that is not going toward attacking our incumbents."

Mr. Schumer said yesterday that Mr. Menendez was not his first choice for the seat but that he has been a "great candidate."

Republicans, meanwhile, appear increasingly pessimistic about their chances of keeping incumbent Sens. Rick Santorum of Pennsylvania and Mike DeWine of Ohio. Polls continue to show both men trailing.

In Pennsylvania, challenger Bob Casey Jr. has raised amounts of money on par with Mr. Santorum. In Ohio, Mr. DeWine maintains the cash advantage but national Republicans have dropped plans to continue spending heavily on advertising there.

"The bottom is sort of beginning to fall out in Ohio for them," Mr. Schumer said of the state that handed President Bush his re-election victory in 2004.

Funding Constrains Democrats (WP)

By Jim Vandehei

The Washington Post, October 18, 2006

Top Democrats said yesterday that they are planning to significantly expand the number of GOP House seats they will target during the final 20 days of the campaign but that financial disputes and fundraising problems are hindering the effort.

Democrats said private polls have convinced top party officials that they could pick up 40 or more seats -- nearly double their internal projections from a week ago -- if they spend enough money on television advertising for long-shot races. Strategists James Carville and Stan Greenberg are among those pleading with party leaders to go deep into debt to run ads in as many as 50 GOP-held districts.

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Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) has privately signed off on targeting a new group of GOP incumbents who were once considered safe for reelection, starting with Rep. Gil Gutknecht in rural Minnesota, officials said.

The number of seats Democrats could pick up "is expanding, no doubt about it," Emanuel said. "But you have to figure out what is smoke and what is fire."

Emanuel said he believes as many as 58 seats are now in play.

Still, several Democrats complained that the party is on the verge of blowing a once-in-a-decade political opportunity because of financial troubles.

The Democratic National Committee has no plans to help finance a last-minute push because it just took out a loan to spend up to $10 million more, primarily on Senate races, and particularly in Virginia and Tennessee, a top official said. "We are looking, but unfortunately there is not much more we can do," said DNC spokeswoman Karen Finney.

Harold Ickes -- a Democratic operative who recently created an independent political group called the September Fund with a goal of raising $10 million to $20 million for House and Senate campaigns -- said his group cannot afford to target races beyond those that Democrats have already identified as must-wins to capture control of the House for the first time since 1994.

"It has been more difficult raising money than I expected," said Ickes, noting that his group has raised between $5 million and $10 million, half its original goal. "My sense is there is more optimism than is probably warranted," he said about Democratic prospects.

If Ickes's statement is correct, most of his group's money has come in recent weeks. According to the latest Federal Election Commission filings, Ickes's group had raised slightly more than $1 million through Sept. 30.

Greenberg added: "I don't see the evidence the big donors are stepping up."

More broadly, Democrats are deeply divided over the smartest political strategy for profiting from a political environment that has deteriorated for Republicans in the aftermath of the Mark Foley page scandal.

Some Democratic officials and donors want their money concentrated to maximize the chances that the party captures the minimum number of seats necessary to gain majorities in the House and the Senate, rather than having resources spread too thin by spending on second-tier targets. The party needs to pick up 15 seats to win control of the House and six to take power in the Senate.

But Carville, Greenberg, Emanuel and others are now arguing in private deliberations that Democrats have a historic chance to not only win the House but also capture enough seats to build an effective governing majority. They are telling donors that it is worth the risk to shoot for a 40-plus seat gain, which would give Democrats a large enough majority to guarantee that they could move legislation and carry out investigations of the Bush administration.

"You would be crazy not to get your donors to do whatever they can and borrow what you need" to run ads in every competitive race, Greenberg said. Based on his polling, Greenberg is telling party leaders that it is not unrealistic to envision a 41-seat gain, which would give Democrats the same governing majority Republicans had after their 1994 takeover.

"I am saying this is a twice-in-a-lifetime environment," Carville said. "You try to maximize it."

Republicans have tacitly acknowledged that Democrats are right about the expanding field of competitive races. In recent days, for instance, national GOP organizations have pumped money into a race for an open seat in Idaho and into other races that were previously regarded by both parties as out of reach for Democrats.

This is not an easy bet for Democrats. It would be virtually impossible to expand the number of House seats with fully competitive races without taking some money away from efforts to win back the Senate.

Democrats said big donors such as George Soros, a billionaire financier who has funded liberal causes, are refusing to help Democrats offset the GOP's edge in spending by outside political groups. A top official who often speaks with Soros and other major benefactors said they remain upset by the Democratic failure to win the White House and Congress in 2004 and have turned their attention to long-term efforts to build a network of think tanks and advocacy organizations to support liberal causes. The richest donors also see presidential elections as more glamorous and worthy of high-level support, the official said.

A spokesman for Soros was out of the country and unreachable.

Bob J. Perry, a Texas realtor and staunch Republican, is on pace to single-handedly outspend many of the Democratic political groups such as Ickes's. Perry has given more than $7 million to efforts targeting nearly a dozen Democratic candidates, including several that are considered long-shot bets.

Bill Buck, a founder of Majority Action, an independent organization hoping to elect a Democratic House majority, said his group is investing $500,000 in New York's 19th district against Rep. Sue W. Kelly (R) -- a race that was hardly on anyone's radar screen at the start of the election campaign. Kelly is being challenged by John Hall, best known for writing the lyrics to the 1970s hit "Still the One." But Democratic officials said any effort to target a new group of GOP House members will have to be financed by the DCCC.

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The DCCC is likely to go deep into debt, perhaps topping the $11 million deficit it racked up in 2004. The committee can borrow as much as a bank is willing to lend. The other option is to take money out of Republican districts that the party is confident it is almost certain to win.

This approach carries a big risk, however. If the party pulls ads in districts such as the Indiana base of Rep. Chris Chocola, who is trailing by double digits in private Democratic polling, it might allow an established GOP incumbent to creep back up in the race.

Congressman Says Earmarks Could Cost GOP Power (USAT)

By Matt Kelley And Peter Eisler

USA Today, October 18, 2006

WASHINGTON — A leading Republican critic of special-interest spending earmarks said Tuesday that the GOP risks its congressional majority by defending the practice.

Rep. Jeff Flake, R-Ariz., said a report Tuesday in USA TODAY was the latest in a series of revelations casting an ethical cloud on earmarks, a way lawmakers direct money in a spending bill to a specific item or program.

Flake's opposition to earmarks helped prompt a temporary House rule change requiring the disclosure of some sponsors of earmarks. He said he hoped that rule could be made permanent but faced opposition from Republican supporters of earmarks.

"Until we change that mindset, I don't know that we're going to curb the practice (of earmarking)," Flake said. "Maybe it'll take two years in the wilderness of being in the political minority. I hope that's not what it takes."

The newspaper found that lobbying groups employed 30 family members last year to influence spending bills that their relatives with ties to the House and Senate appropriations committees oversaw or helped write. Combined, they generated millions of dollars in fees for themselves or their firms.

News of two FBI investigations involving lobbyists with family ties to Congress surfaced in the past week. Authorities are investigating whether an aide to Sen. Arlen Specter, R-Pa., broke the law by helping her husband get Pentagon earmarks for his firm's lobbying clients. Agents raided the home of Pennsylvania Republican Rep. Curt Weldon's lobbyist daughter, Karen Weldon, on Monday in a probe of whether Weldon gave favors to his daughter's clients.

Specter, Weldon and the lobbyists deny any wrongdoing.

Neither the House of Representatives nor the Senate have formal rules prohibiting contact between lawmakers and staff and the lobbyists related to them. Efforts for comprehensive ethics changes in Congress have stalled, including a Senate bill that would bar senators from "official contacts" with lobbyists who are close relatives.

Republicans killed those proposals, said House Democratic Leader Nancy Pelosi, who could become House speaker if Democrats win control of the House next month. She said her party would tighten rules to require sponsors of earmarks to identify themselves.

In the Senate, Majority Leader Bill Frist of Tennessee said through a spokeswoman that senators should consider the need for office policies if they or someone on their staff is related to a lobbyist.

"Certainly, making sure there are no appearances of impropriety is an issue," Amy Call said.

Public Wary Of Links With Lobbyists (USAT)

By Peter Eisler And Matt Kelley

USA Today, October 18, 2006

An overwhelming majority of Americans believe it's wrong for lawmakers and their staffs to have contact with relatives who are lobbyists regarding government matters. But a survey of lawmakers suggests they don't see a problem.

A USA TODAY/Gallup Poll shows that 80% of respondents believe such actions are inappropriate. By contrast, few members of the House and Senate appropriations committees say they have policies that prevent lobbying by relatives.

Four committee members who responded to a USA TODAY survey have policies that prevent relatives from lobbying them or their staffs. All are senators: Dick Durbin, D-Ill., Tom Harkin, D-Iowa, Mitch McConnell, R-Ky., and Arlen Specter, R-Pa.

None of the House members who responded reported having such a policy. The newspaper surveyed all 94 members of the appropriations committees; 37 answered the survey.

"We have clearly seen some potential problem areas in this Congress in terms of the role being played by spouses and relatives," says Fred Wertheimer, head of the ethics watchdog group Democracy 21. "That really needs to be examined now to see what kind of rules are necessary to address it."

The USA TODAY/Gallup Poll, taken earlier this month, shows that 72% of respondents are concerned "a great deal" or "a fair amount" about such lobbyist contacts.

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An investigation by the newspaper found 53 cases last year in which members of the appropriations committees or their top aides had relatives in the lobbying business. Of the relatives who sought money in appropriations bills for their clients, 22 succeeded in getting specific language inserted in the bills that guaranteed money for the relatives' clients.

"We handle (potential conflicts of interest) by hiring good, professional, ethical people," says John Scofield, spokesman for the House Appropriations Committee.

"If there's any instance in which there's some sort of inappropriate action being taken at the behest of whoever, that (staffer) would be shown the door." he said. "Everyone around here knows we won't tolerate that."

Dems Using Hourly Wage Issue Against GOP Rivals (USAT)

By Andrea Stone

USA Today, October 18, 2006

WASHINGTON — Democratic challengers in more than two dozen House and Senate races are attacking Republicans in Congress for taking pay raises while voting against a minimum wage increase.

The attacks are contained in television and radio ads running from Washington state to Virginia. In some races, such as House contests in Indiana and Connecticut, Democrats also link pay raises to Republican votes against combat bonuses for U.S. troops fighting in Iraq and Afghanistan.

While some of the ads may fudge the facts, political analysts say the message appeals to the pocketbook concerns of voters.

"It's a classic theme," says Michael Wolf, a political scientist at Indiana University-Purdue University in Fort Wayne, Ind. "It always plays well because of the perception that these are people sent to Washington, earning a lot of money and turning their backs" on voters.

Jonathan Collegio of the National Republican Congressional Committee says, "Throwing the pay raise into congressional campaigns is an election-year stunt."

Most members of Congress currently earn $165,200 a year; top leaders earn more. That's $31,600 more than in 1997, when the federal minimum wage was raised to the current $5.15 an hour. Unless legislators act during a lame-duck session after Election Day, lawmakers who will be part of the Congress that convenes in January will get an automatic 2% raise to $168,504.

Democrats, led by House Minority Leader Nancy Pelosi of California and Senate Minority Leader Harry Reid of Nevada, have vowed to oppose any pay increase until Congress raises the minimum wage.

Among Democratic ads:

·In Missouri, challenger Claire McCaskill says in a TV ad that Sen. Jim Talent is the kind of person who "votes 11 times against increasing the minimum wage, but takes six congressional pay raises."

Rich Chrismer, Talent's spokesman, says the senator has "consistently voted against" pay raises and gives "the ones that pass the Congress to charity." He added that Talent has supported minimum wage increases when they are coupled with assistance for small businesses, which cannot absorb the higher costs as easily as big companies.

·In New Mexico, the Democratic Congressional Campaign Committee attacked Rep. Heather Wilson for voting against a $1,500 bonus for U.S. troops but noted she "voted 'yes' to a congressional pay raise for herself — not once, but six times."

Wilson's spokesman, Enrique Carlos Knell, denies the congresswoman has ever voted for a pay raise. He says Democrats are "trying to rewrite the truth." The troop bonus is a "gimmick," he says, noting Wilson later supported a broader military compensation package.

Ever since lawmakers voted in 1789 to pay themselves $6 a day while in session, congressional pay has been a sticky campaign issue. Lawmakers such as Rep. Jim Matheson, D-Utah, and Sen. James Inhofe, R-Okla., donate their raises to charity to avoid voter backlash.

Congress thought it found a way to avoid direct votes on pay raises when it instituted annual cost-of- living increases in 1989. The change allows lawmakers to forgo a pay raise if they take several procedural moves to actively cancel it. Since then, Congress has blocked five increases, the last time in 1998.

Peter Sepp of the National Taxpayers Union, a group that opposes increases to both lawmakers' pay and the minimum wage, says some 30-second ads are deceptive because they say an incumbent "took" or "accepted" a pay raise, which implies that the member actively sought it.

"One or two words can be the difference between truth and fiction," he says. Sepp notes that Talent has a "clean record" with votes to block raises while Wilson voted against pay increases twice before voting for them six times.

Sarah Feinberg, spokeswoman for the Democratic campaign committee, disagrees. She says the ads are "about the clearest case you can make about the Republican incumbents not being on the side of middle class families and our troops."

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Collegio accuses Democrats of "political doublespeak at its worst." He notes that the 2003 vote on combat bonuses for troops came just weeks after Republicans voted to increase military pay and other benefits. Collegio notes that "by their own goofy standards," Pelosi and Minority Whip Steny Hoyer of Maryland are just as guilty of raising their own pay.

Matheson has tried for the last six years to force a direct vote on the pay raise so members are clearly on the record about the issue. Each time his attempt has failed.

Members are "hesitant … to take a true up-or-down vote on whether to increase their pay," says Matheson, whose ads link congressional salaries to the spiraling federal deficit. "I think $165,000 is a lot of money."

GOP Shifts Back To A Basic Issue: Taxes (CSM)

By Linda Feldmann

The Christian Science Monitor, October 18, 2006

WASHINGTON

In an election season where the Republicans can't seem to buy a break, the party's highest-profile campaigners have gone back to a bedrock GOP issue: taxes.

In an address to Republican donors in Topeka, Kan., last week, Vice President Cheney cited taxes first - before Iraq, before the war on terror - calling them "one of the most important issues on November 7th."

After a month of speeches focused on terrorism, President Bush has also moved taxes to the fore, speaking ominously of how if "they," the Democrats, "were to get in charge of the House of Representatives, they would raise your taxes and figure out new ways to spend your money," as he did at a campaign event in Chicago last week.

While the president tends to keep his remarks general, Mr. Cheney and Republican National Committee chair Ken Mehlman get personal. They target in particular Rep. Charles Rangel (D) of New York, who would become chairman of the tax-writing House Ways and Means Committee if the Democrats win control of the House. They assert as fact that Mr. Rangel favors "across-the-board tax increases," which Rangel and the Democrats vigorously deny. But the debate has been framed, and it is one that has resonated for decades in the back and forth of partisan politics.

"It plays to the basic party stereotypes, and of course most people, if you give them an unalloyed choice of paying more taxes or less taxes, they'll pick less taxes every time," says Larry Sabato, political scientist at the University of Virginia in Charlottesville. Voter concerns

The problem for Republicans is that taxes don't rank high on surveys of voter concerns, in an election dominated by talk of Iraq, scandals, and uneasiness about the economy in general.

The latest Gallup poll shows likely voters saying that congressional Democrats would do a better job of handling every issue - from healthcare to Iraq to moral standards in the country - than congressional Republicans. Democrats also beat Republicans on handling terrorism, for the first time in the five years Gallup has asked that question.

"I'm not sure that any polls are going to show the Republicans beating the Democrats on anything in this environment," says Republican pollster Whit Ayres.

But he argues that focusing on taxes - and on the prospect of a Chairman Rangel - is still good politics, even though most voters don't pay much attention to the details of the House, such as who runs the committees.

"That doesn't mean that it's not a very effective issue to use with activist voters, and to persuade Republicans that they'd better turn out to vote or else," says Mr. Ayres.

Says Mr. Sabato: "It's red meat for the base, but I think it does extend to a lot of independents.... You look at the issues here, and what do they [the Republicans] have? This is a very tough year for Republicans, so they have to go to golden oldies." What's at stake on tax issue

At issue is not a proposal for major new tax cuts, but what will happen when temporary tax relief provisions are about to expire. A reduction in the marriage tax is set to expire Jan. 1, 2011, as is a boost in the child tax credit. The estate tax, which affects the wealthiest 2 percent of Americans, now applies only to inheritances exceeding $2 million, but that higher ceiling expires in 2008.

Rangel presents Republicans with the perfect foil. He is an unabashed liberal who has represented a poor district in Harlem since 1970, and he does not shy away from a good fight. In recent media interviews, he has stated that as chair of Ways and Means, he would work across the aisle and end the intense partisanship of the Bush years. But he has also held open the idea of not renewing any of Bush's temporary tax cuts, and thus has prompted an untold number of GOP press releases and attacks.

In an interview with Bloomberg news service Sept. 20, he said he "cannot think of one" of Bush's first-term tax cuts that should be renewed. According to a Rangel aide, the comment needs to be taken in context: The tax cuts don't expire for several years, and it's too soon to say for sure what should happen to them.

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Meanwhile, Rangel noted in the interview, a priority for the new Congress should be reforming the alternative minimum tax, a system designed originally to make sure wealthy people cannot avoid paying taxes but which has increasingly affected middle-class taxpayers. That will be an expensive reform, and Rangel wants to reinstate the "pay-as-you-go" system that requires new spending to be covered by revenue increases. Party leaders battle over taxes

Howard Dean, the Democratic national chair, said on CNN Sunday that Republican warnings that the Democrats will raise taxes are "nonsense."

But RNC chair Mr. Mehlman, when asked on CNN about Mr. Dean's comment, said, "That's what he says. But the guy that writes the tax laws, a guy named Charlie Rangel, the week they got out of town, said across-the-board tax increases."

Given that taxes are not a top concern for voters in this election, Republicans will have to work hard to put the issue on their radar screen, says Sabato.

"That's where their money comes in, that's where their ads come in," he says. "They know the news media aren't going to cover that extensively, so they're going to pay for it."

Tax Questions Abound On Ballots Across Nation (WSJ)

By Rob Wells

The Wall Street Journal, October 18, 2006

Voters from South Carolina to South Dakota might be surprised to find a significant tax question, such as a property-tax cap, on the November ballot.

Nationwide, there are some 40 measures to increase or decrease taxes or to restrict spending, according to a University of Southern California survey. But many are gaining little publicity in an election year dominated by the possible change of control in Congress. Unlike many state tax measures in past years, this year's measures have sparked little taxpayer outcry.

"There's not a bunch of anger out there about a particular tax," says John G. Matsusaka, president of USC's Initiative & Referendum Institute.

One reason: State governments have had consistently strong revenue growth in the past two years, growth that "some would even say is bordering on the remarkable," says Harley Duncan, executive director of the Federation of Tax Administrators. Lack of severe financial problems "does tend to keep down the number of these sorts of proposals," Mr. Duncan says.

South Carolina Tax Assessments

One of the more significant property tax measures is in South Carolina, where voters will decide whether to limit increases in property tax assessments to no more than 15% every five years. Blease Graham Jr., a political science professor at University of South Carolina, says the measure has received some unfavorable newspaper editorials. While the proposal would cap appraisals, local governments under state law will be required to adjust property-tax rates to raise the same amount of money. The result would cap taxes for valuable waterfront properties while shifting the tax burden to less-valuable properties, he says.

South Dakota voters also are being asked to cap property-tax assessments, but that measure is getting little attention amid an intense campaign over another ballot measure to repeal a state abortion ban.

"To say it is being overshadowed is an understatement," says William D. Richardson, chairman of the University of South Dakota political science department. "I expect this one will come as a bit of a surprise to voters as they work their way through the ballot."

Georgia has a measure to exempt senior citizens from the state portion of the property tax, but there's little talk about it. "It's not getting much attention but I think it will overwhelmingly pass," says Alan Essig, executive director of the Georgia Budget and Policy Institute, a local think tank. Mr. Essig says while exempting seniors from a small state-level property tax is "an election-year gimmick," the idea has drawn little opposition. "It's not controversial at all," he says. The plan would reduce state revenues by about $6.8 million in the 2008 fiscal year, Mr. Essig says.

Washington Estate Tax

Another significant state ballot issue is a Washington state measure to repeal a state-level estate tax. Such a repeal would reduce state revenues by $184.5 million over the next two fiscal years. The estate tax, enacted in 2005, is directed to reduce school class sizes and fund education.

The issue is significant in Washington because of the contested U.S. Senate re-election race for Democrat Maria Cantwell. She voted against estate-tax reductions in the Senate this year in the face of intense pressure from antitax advocates.

Support for the estate-tax repeal is lagging, however; a Sept. 21 poll by Washington pollster Stuart Elway showed it losing 38% to 45%. Opponents include William Gates Sr., father of Microsoft founder Bill Gates Jr.

"We haven't seen any kind of grassroots groundswell of support for repealing the state level estate tax," says Sandeep Kaushik, spokesman for the repeal opposition group.

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Sen. Cantwell's opponent, Republican Mike McGavick, former chief executive officer of insurance company Safeco, highlighted his opposition to the federal estate tax during a campaign event earlier this month.

Dennis Falk, head of the estate-tax repeal effort, argues that the estate-tax burdens working family businesses that invest capital to create jobs in Washington and that repeal won't hurt educational funding, which traditionally comes from the state's general fund.

State Taxes on Cigarettes

Increases in cigarette taxes are on the ballot in Arizona, South Dakota and California, where voters in that state will be asked to back a $2.60-a-pack cigarette tax, up from 87 cents a pack. Californians also will decide two other possible tax increases: a new tax on oil pumped from state wells and a $50 property parcel tax for public schools. The estimated $4 billion in funds from the oil tax would be dedicated to alternative-energy programs.

USC's Mr. Matsusaka isn't optimistic about the outlook for any of these, noting that a 1980 proposition to tax state-produced oil also failed. While cigarette tax increases generally win approval, he says, "There is a sense in California that people are hesitant to impose taxes on really narrow groups." * * *

BRIEFS: Happy Anniversary: The Internal Revenue Service is throwing a party to celebrate the 20th anniversary of the landmark 1986 tax overhaul. IRS Chief Counsel Don Korb said the event, featuring important behind-the-scenes players such as former Treasury officials John "Buck" Chapoton and Ronald Pearlman, will help "create a sense of history in our office." Is this a way to get the IRS troops fired up for another major tax-reform effort? "Not at all," Mr. Korb says. ... The IRS has a new associate chief counsel to oversee partnerships and "special industries," William P. O'Shea, a 28-year veteran of the agency. The office provides legal advice on issues ranging from estate taxation to energy taxes and tax shelters.

Alarm Bells For G.O.P. In A Battleground State (NYT)

By John M. Broder And Megan Thee

The New York Times, October 18, 2006

The bellwether state of Ohio appears to have become hostile terrain for Republicans this year, with voters there overwhelmingly saying Democrats are more likely to help create jobs and concluding by a wide margin that Republicans in the state are more prone to political corruption than are Democrats, according to the latest New York Times/CBS News poll.

Home this year to closely watched races for governor, United States Senate and a growing roster of competitive House seats, Ohio is one of the most contested battlegrounds of 2006, and one in which voters at this point are strongly favoring Democrats on many issues.

The Democratic candidates for governor and Senate hold commanding double-digit leads over their Republican opponents in the poll, and respondents said they intended to vote for the Democratic candidate for the House in their district by 50 percent to 32 percent.

The results contained alarm bells for President Bush and his party across the nation three weeks from Election Day.

The poll found a striking slippage in the president's standing among white evangelical Christians, a constituency that has provided a strong vote cushion for Republican candidates in recent elections. In November 2004, 76 percent of white evangelical Christians in Ohio voted for Mr. Bush. When asked in this poll whether they approved or disapproved of the job Mr. Bush was doing as president, 49 percent approved while 45 percent disapproved.

Ohio is a Republican-leaning but heavily contested state that twice voted to elect Mr. Bush and gave him his Electoral College margin of victory in 2004. But it is not a perfect microcosm of the country, and in particular has higher levels of economic anxiety, the poll found.

Sixty-five percent of those surveyed rated the state's economy as bad; only 34 percent said it was good. In Ohio, 49 percent of respondents described the nation's economy as good, and 50 percent said it was bad. In a Times/CBS News poll conducted nationally this month, 60 percent said the economy was good, and 39 percent said it was bad.

A plurality, 46 percent of voters, said the economy and jobs were the most important issues facing Ohio, while 17 percent cited health care, 15 percent said terrorism and 12 percent said the war in Iraq. Seventy percent said that both Ohio and the nation were on the wrong track, a number that often spells doom for the party in power.

More than three-quarters of Ohioans in the poll said they strongly favored a ballot measure to raise the state minimum wage to $6.85 an hour from $5.15 an hour. The ballot measure is backed by labor unions and other Democratic interests and is intended in part to draw Democratic voters to the polls on Election Day, just as measures to outlaw same-sex marriage propelled Republicans to vote in several states two years ago.

Only a third of Ohio voters approve of the job Mr. Bush is doing as president or the way he is handling the economy, and they seem poised to take their discontent out on Republican candidates up and down the ballot. Republican officials at the

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national level said this week they had all but written off the Senate and governor's races in Ohio and were diverting resources to other states where they believed they had a better chance of winning.

"In Ohio we've seen nothing but our manufacturing jobs cease to exist," said one poll respondent, David Stuck, 59, of Miami Township, who said he had voted twice for Mr. Bush. Mr. Stuck, a Republican, blamed inaction at the federal level for the evaporation of jobs in Ohio and said he planned to vote for the Democratic candidate for United States Senate, Sherrod Brown, over the incumbent, Mike DeWine, a Republican.

"Call it a protest," Mr. Stuck said in a follow-up interview. "I haven't seen anything done in the last six years. To be honest, I'm truly thinking about voting Democratic across the board because I'm tired of Bush."

The statewide telephone poll was conducted Wednesday through Sunday with 1,164 adults, including 1,020 registered voters. The margin of sampling error for the entire group is plus or minus three percentage points, and it is the same for the registered voters.

More than half of the poll's respondents said they believed corruption was widespread in Ohio and said, by a three-to-one ratio, that the Republican Party had more corrupt politicians than the Democrats. Gov. Bob Taft, a Republican, pleaded no contest last year to ethics charges arising from dealings with a crooked investment manager. Representative Bob Ney, an Ohio Republican, pleaded guilty to corruption charges last week arising from his association with Jack Abramoff, the lobbyist at the center of the influence-selling scandal in Washington.

Doris Stucky, a 79-year-old retired nurse from New Philadelphia, said she thought all politicians were corrupt. "I think they're out to line their pocketbooks and get votes and they don't care what they do or say to get them," said Mrs. Stucky, a Republican, in a telephone interview after she participated in the poll.

"They came down on Bob Ney, and I don't think he's any more guilty than the rest of them," she said. "It's the same in Ohio. I think politicians are all the same. I wish we could find some good honest Christian politicians, but I don't think there are any." Mrs. Stucky said she was undecided about whom she would vote for.

By large margins, Ohio voters said they trusted Democrats over Republicans to handle government spending and create new jobs.

The sour mood in Ohio about the economy and the performance of incumbents at all levels appears to be a motivating factor for voters who identify themselves as Democrats. Fifty-five percent of Democrats said they were more enthusiastic about voting than in previous elections for Congress, while only 30 percent of Republicans said they were.

The tide of dissatisfaction appears ready to wash out Mr. DeWine, who is trailing Mr. Brown by 34 percent to 48 percent, the poll found. The Democratic candidate for governor, Representative Ted Strickland, is leading the Republican nominee, J. Kenneth Blackwell, the Ohio secretary of state, by 53 percent to 29 percent.

The omens in the poll were almost uniformly grim for the president and his party. Six out of 10 respondents disapprove of the way Mr. Bush is handling the economy and Iraq, and a plurality of Ohioans (by 40 percent to 36 percent) disapprove of the way he is managing the nuclear crisis on the Korean peninsula. The approval rating for the Republican-led Congress is a paltry 22 percent. Among adults nationwide, 27 percent approve of the way Congress is doing its job.

One bright spot for the president and Republicans was that while about 60 percent said they had made up their minds about this year's elections, 4 in 10 said it was too early to say how they would vote.

Many Democrats in Ohio still harbor resentment about the 2004 presidential contest between Mr. Bush and Senator John Kerry, which Mr. Bush officially won by about 120,000 votes out of 5.6 million cast in Ohio. Only 30 percent of Democratic poll respondents said they believed the 2004 vote count was fair and accurate, while 64 percent said it was not. (Many conspiracy-minded Democratic activists accused Mr. Blackwell, who serves as statewide supervisor of elections, of manipulating voting technology to help Mr. Bush win.) Republicans, by 89 percent to 8 percent, said the voting was fair and balanced.

Twenty-eight percent of those polled said an adult in their household had been out of work and looking for a job in the past 12 months, and 44 percent of them said they were worried that someone in their family would be out of work in the coming year.

James Reed, 50, a self-described independent voter from Ashtabula, said in a follow-up interview that Mr. Taft, who is not running for re-election, "has sold us down the road as far as jobs are concerned." Mr. Reed, a disabled chemical plant worker, said trade restrictions were needed to prevent American jobs from being shipped overseas, a view shared by 69 percent of Ohioans surveyed.

Republicans Put $700G In TV Ads In Ohio (AP-Y)

By Jim Kuhnhenn, Associated Press Writer

AP, October 18, 2006

The Republican Party placed $700,000 in television ads in Ohio Tuesday, a scaled-back ad campaign amid growing doubts by party officials that GOP Sen. Mike DeWine can win re-election in the battleground state.

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The ads by the party are smaller than recent million-dollar ad buys by the National Republican Senatorial Committee. But party officials touted the ads as evidence that they were not abandoning the state or giving up on DeWine.

Strategists from both parties were following the Republican steps closely because the GOP had chosen Ohio, Tennessee and Missouri as political fortifications against a Democratic takeover of the Senate. Democrats need a net gain of six seats to win control of the Senate.

Polls this week in Ohio show DeWine trailing his Democratic opponent, Rep. Sherrod Brown, by 7 to 12 percentage points.

Republican Party officials are turning their sights to Virginia to offer needed help to Sen. George Allen, who has been unable to stop a rapidly tightening race with Democrat Jim Webb. Virginia already is part of the party's aggressive voter turnout operation and party officials are said to be weighing a substantial ad campaign in the state as well. The Democratic Senatorial Campaign Committee already is spending about $1.1 million on ads in Virginia against Allen.

Allen, once considered a likely candidate for the Republican presidential nomination in 2008, holds a financial advantage in the campaign but has lost ground to Webb after a series of campaign mishaps. A recent Washington Post poll had Allen and Webb virtually tied, with Allen's lead within the poll's margin of error.

Republicans, looking to pick up a potential Democratic Senate seat, spent $500,000 to air ads in New Jersey against Democratic Sen. Robert Menendez, who is being closely challenged by Republican Tom Kean Jr.

Sen. Charles Schumer of New York, the chairman of the Democratic Senatorial Campaign Committee, conceded Tuesday that New Jersey is the only Democratic-held seat where Democrats do not hold comfortable double-digit leads, but said the party can withstand a last-minute expenditure against a Democratic senator.

"We believe we have the ability on defense should they put a lot of money in one state, particularly a blue state, to answer it," he said.

He would not say which state, but did not dispute a suggestion that Democrats may counter the money Republicans are spending in New Jersey.

Republicans were also taking a second look at some House races they once considered safe from Democrats.

The National Republican Congressional Committee is paying for polling in the Kentucky congressional district of Rep. Anne Northup and the Pennsylvania district of Rep. Melissa Hart. Such polls usually are commissioned to determine whether the party needs to put in resources to help a candidate in trouble.

In another new battleground, both parties signaled that they will begin airing television ads in GOP Rep. Gil Gutknecht's re-election race in Minnesota, a campaign not previously considered competitive.

Both parties have also stepped up their spending on other means of reaching voters, particularly direct mail and automated phone calls. Since Friday, the National Republican Congressional Committee has about $350,000 in mailings and phone banks, most critical of Democratic candidates. The Democratic Congressional Campaign Committee reported more than $550,000 spent on phone banks, mostly against Republican candidates.

The NRCC also reported airing about $2 million in television commercials in nine highly competitive congressional districts. Republicans have hope they can hold onto the seat of former Rep. Mark Foley, who resigned in the midst of a scandal over sexually explicit electronic messages to teenage male pages. The NRCC reported spending more than $270,000 on an ad opposing the Democratic candidate for the seat, Tim Mahoney.

Pro-Republican Ads Stretch The Truth On Iraq To Influence Elections (MCT)

By Steven Thomma

McClatchy Newspapers, October 18, 2006

WASHINGTON - It's an easy claim to make, calling yourself a "political truth squad." But when a shadowy group pouring untraceable millions into this fall's campaign makes that claim, that bears a little truth-checking itself.

Television ads from the group, Progress for America, manage to grab the heart, but also stretch or twist the truth as they work to boost support for the Iraq war.

They feature David Beamer, whose son led a counterattack against the terrorists who hijacked United Flight 93 on Sept. 11, 2001. Todd Beamer was the one who said, "Let's roll," as he and others courageously stormed the cockpit. The plane crashed in a field in Pennsylvania, well short of either the Capitol or White House, its presumed target.

"Todd was one of the passengers and crew who fought back on 9/11 and saved our capital from being destroyed," the elder Beamer says in one ad, looking squarely into the camera as a picture of his smiling son flashes beside him.

"Al-Qaida killed 3,000 Americans on 9/11 and will do anything to destroy us and our way of life. Todd and United 93 fought back. We continue this fight in Iraq today. This enemy must be destroyed in Iraq and wherever we find them."

That makes it sound as though the war in Iraq is retaliation against al-Qaida.

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It's not. Iraq had nothing to do with al-Qaida's attack on us. In fact, a recent Senate Intelligence Committee report showed that not only did Iraqi dictator Saddam Hussein not have anything to do with Sept. 11, he also wanted nothing to do with al-Qaida and shunned pleas for help from Osama bin Laden.

"Saddam Hussein was distrustful of al-Qaida and viewed Islamic extremists as a threat to his regime, refusing all requests from al-Qaida to provide material or operational support," the report said.

Asked to back up its ad, the group pointed to news articles about al-Qaida in Iraq now. But we didn't "find" al-Qaida in Iraq. They came in to fight us after we invaded.

Misleading assertions like those made by Progress for America feed a lingering misunderstanding of the Iraq war. As recently as March, 39 percent of Americans believed that Saddam was personally involved in the Sept. 11, 2001 attacks, according to the Gallup poll. That's down from 53 percent in 2002, but still surprisingly high.

Progress for America presumably hopes the ads will rebuild that false connection between Sept. 11 and Iraq - and thus make the Iraq war more justifiable to an increasingly skeptical public. The ads are being aired in Missouri and Ohio, two states where Republican senators are in danger of losing their seats, and on national cable TV.

Progress for America is a mysterious conservative group. It has aired ads supporting President Bush and his Supreme Court nominees, as well as the war in Iraq and the war on terrorism.

It was founded in 2001 as a "527" group, named for a section of the tax code, and raised an estimated $45 million for ads in the 2004 campaign.

It's now incorporated under section 501c(4) of the tax code, which prohibits it from directly supporting or opposing candidates, but also exempts it from having to disclose who finances it.

Nicole Philbin, a spokeswoman for the group, declined to say how much it's raised or spent, or who has financed its ads.

The group has another ad featuring Beamer, this one supporting the war on terrorism and ripping unnamed people who question U.S. tactics. It was aired in Missouri and on national cable channels.

In it, Beamer says: "Now, we have narrowly escaped another 9/11 . . . using prove surveillance that some would stop."

That's a reference to the breakup of a plot to blow up U.S.-bound planes from London - and an apparent suggestion that it was stopped using the kind of warrantless eavesdropping that the Bush administration uses here.

But there's no evidence that the London plot was stopped by warrantless eavesdropping. And there's no backup to the assertion that "some" want to stop U.S. surveillance.

To the contrary, Sen. Patrick Leahy, D-Vt., who would chair the Judiciary Committee in a Democrat-controlled Senate, told a recent congressional hearing that he supports eavesdropping, but wants it done with court oversight.

To back up the ad, the group noted news articles that refer to U.S. surveillance done at the time of the London investigation. But that surveillance was done with court approval - exactly the approach that has universal support here. There was no documentation of the charge that "some" want to stop that surveillance.

To see the Beamer ads, go to www.progressforamerica.org and click on "videos."

For more on the Senate Intelligence Committee report, http://intelligence.senate.gov/phaseiiaccuracy.pdf

Colo. Opens Probe On Beauprez Attack Ad (AP-Y)

By Steven K. Paulson

AP, October 18, 2006

Colorado authorities have opened a criminal investigation into whether an attack ad run by GOP Rep. Bob Beauprez against his opponent for governor illegally used confidential information from a federal law enforcement database.

Democrat Bill Ritter's campaign has suggested the information was taken from the computerized crime records.

But John Marshall, the congressman's spokesman, said Tuesday that the details came from an informant he refused to identify. He said the campaign is cooperating with investigators.

The investigation marks an ugly turn for what has so far been a relatively mild campaign to succeed Republican Gov. Bill Owens, who is prevented by term limits from running again. Recent polls show the two-term congressman trailing Ritter, a former Denver district attorney.

The governor has asked the Colorado Bureau of Investigation to expedite its investigation. Use of the federal criminal database for any purpose other than law enforcement is a crime punishable by fines and up to a year in prison.

The TV ad in question refers to Carlos Estrada Medina, a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says Ritter chose to seek a plea bargain in the case, Medina avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor.

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Reporters found that the person arrested in Colorado was identified as Walter Noel Romo and had a different birthdate than Medina, according to the Ritter campaign. When questioned about the man's identity, the Beauprez campaign said Romo and Medina were the same man because federal criminal databases indicated the two men had the same FBI numbers.

Ritter spokesman Evan Dreyer said the campaign tried verifying that information through public records but could not — raising the possibility that the databases were illegally accessed.

"We could not connect the dots using information available to the public in a way that made any sense at all," Dreyer said. "If we couldn't do it, how was the congressman able to do it?"

Arrest records are the only public information in the database, CBI spokesman Lance Clem said.

Political Ad Draws A Criminal Inquiry (NYT/AP)

By The Associated Press

The New York Times, October 18, 2006

DENVER, Oct. 17 (AP) — Colorado authorities have opened a criminal investigation into whether an attack advertisement run by Representative Bob Beauprez against his opponent in the governor's race illegally used confidential information from a federal law enforcement database.

The television advertisement in question criticizes Mr. Beauprez's opponent, Bill Ritter, a Democratic former district attorney, for seeking a plea bargain in the case of a suspected illegal immigrant arrested on charges of heroin trafficking.

Mr. Ritter's campaign has suggested the information was taken from computerized crime records. Use of the federal criminal database for any purpose other than law enforcement is a crime.

But John Marshall, Mr. Beauprez's spokesman, said Tuesday that the details came from an informant he refused to identify. He said the campaign was cooperating with investigators.

The race is to succeed Gov. Bill Owens, a Republican who, because of term limits, cannot run again.

Virginia's Senate Race (WP)

The Washington Post, October 18, 2006

THE U.S. SENATE race in Virginia pits a novice politician, Democrat James Webb , against a much more experienced one, incumbent Republican George Allen, who spent much of the early fall obliterating his reputation for amiable charm and political deftness. As Mr. Allen has partially admitted, his wounds in the close race have been mostly self-inflicted and have left a sour taste in the mouths of many Virginians. Still, there is an even better reason to vote against Mr. Allen: Quite simply, he is a mediocre senator whose six years of undistinguished service do not justify rehiring.

His opponent -- former Navy secretary, former assistant defense secretary, former Marine Corps officer and former Republican -- is admirably independent-minded. He was prescient in warning, back in 2002, that the war in Iraq risked stranding the United States in a long-term occupation without an exit strategy. An intelligent man with a record of integrity, he has resisted the packaging of political consultants, which can only be a good thing. Those assets, as well as his deep familiarity with military and national security affairs, offer the promise that he would make an able, if unorthodox, U.S. senator. And the fact that his youngest son is deployed as a marine in Iraq gives him a perspective that is rare in today's Congress.

Mr. Webb, a fine writer, remains in many ways a political work in progress. His impressionistic grasp of domestic policy generally and his passing acquaintance with Virginia issues in particular reflect his meager experience in electoral politics. His diagnosis of America's widening disparities in wealth and income is on the mark, but his fuzzy-headed attacks on free trade are the wrong prescription. As a candidate, Mr. Webb has had a steep learning curve; to his credit, he has acknowledged it.

Mr. Allen lacks any comparable independent-mindedness. He has spent his time in the Senate in lock step with the Bush administration, embracing tax cuts that have imperiled the nation's fiscal health; subsidies for oil and gas companies that hardly needed the help; prisoner detention policies that have undercut America's image abroad; and restrictions on embryonic stem cell research despite its medical potential.

At the same time, Mr. Allen has accomplished little for his state's most dynamic region, Northern Virginia. Other Republican members of Virginia's congressional delegation -- Sen. John W. Warner and Reps. Thomas M. Davis III and Frank R. Wolf -- have played vital roles in advancing transit and other priorities while Mr. Allen was busy grooming himself for a possible 2008 presidential race.

Many of the initiatives that Mr. Allen has undertaken in the Senate are the easy stuff -- relatively noncontroversial measures that lavish money and favors on his constituents. Nothing wrong with that, if it's part of a broader record of accomplishment. But while Mr. Allen has proposed some worthwhile bills -- for instance, to expand investment in nanotechnology and to help historically black colleges and universities upgrade their telecommunications infrastructure -- his legislative contributions have been marginal at best. He is no one's idea of a heavyweight in the Senate.

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Virginians deserve better and more enlightened representation. Mr. Webb offers that hope.

Don't Call Him Redneck (WP)

By Libby Copeland

The Washington Post, October 18, 2006

About a year ago, before he was running for the Senate, James Webb took a colleague to the mountains of southwest Virginia to do some research for a movie they were working on.

Rob Reiner , meet my cousin Jewel and her husband, Buck. Jewel made a home-cooked meal for Webb and his producer-director friend. She pointed across the way to a nearby hollow and said:

"Ah wuz bawn rat ovah theyah." That's Reiner on the phone from Los Angeles, doing a mountain accent.

At night, Webb took Reiner to a rustic auditorium. There was bluegrass and flatfoot dancing.

"Incredible experience," Reiner says.

There may be few places in the country more foreign to Hollywood than Gate City, Va., and much of Webb's livelihood has been to translate one culture for another. His dad's family came out of these hollows, though Webb grew up on military bases all over the country. Over the course of his career, in books and more recently in screenplays, Webb, 60, has been writing about the dignity of his people -- the gun-loving, country-music-singing, working-class whites of Scotch-Irish descent who fight in wars, staff the nation's factories and shop its Wal-Marts.

"This people gave our country great things, including its most definitive culture," Webb writes in his most recent book.

He knows that some folks might call his people rednecks. We pity those folks if Jim Webb is around when they say that.

* * *

Webb has moved in and out of public life, but the near-constant over the years has been writing, ever since he read a short story by Hemingway at Georgetown Law School and thought to himself, "That looks easy."

It wasn't, of course.

He is best known for the novel he started shortly after that, "Fields of Fire," a book he sweated over and struggled with, writing and rewriting it "seven times, cover to cover," as he likes to say. Drawing on his experience as a Marine company commander in Vietnam, it was published to much acclaim in 1978, when Webb was already serving as counsel to the House Committee on Veterans Affairs.

He went on to become assistant secretary of defense under Ronald Reagan and then secretary of the Navy. When he quit that post in a protest over budget cuts, he added screenwriting and producing to his rÃ©sumÃ© and spent 2 1/2 years trying to bring American businesses into Vietnam. And he kept writing books. In all, he has written six novels and, most recently, a book of nonfiction about Scotch-Irish culture. (That's not counting an academic book he wrote in law school, about U.S. military strategy in the Pacific.)

Campaign officials for Webb's opponent, Republican Sen. George Allen, have repeatedly referenced Webb's careers in writing and in movies, hoping these labels might imply he is out of touch, untrustworthy or -- perhaps worst of all in Virginia -- liberal. In a debate, Allen said Webb was more aligned with the "values of Hollywood" than the "values of Virginia." "Hollywood," of course, is itself a dirty word in the popular political lexicon, a kind of shorthand for things that are lefty, elitist and vaguely debauched.

The funny thing is, Webb -- a Democrat who became a Republican in the '70s and a Democrat again in recent years -- has been a largely conservative force both in movies and on the printed page. At various times he has eviscerated liberals, feminists, elites, academics and those who protested the Vietnam War. He has criticized Hollywood for its treatment of his people. By all rights, he should have alienated someone like Rob Reiner. Instead, Reiner has been giving money to his Senate bid. ("I've maxed out," Reiner says.) Much of what they share is a deep opposition to the Iraq war.

The project that took Webb and Reiner to the hills of southwestern Virginia is a script they'd been working on for a movie about this very subject. "Whiskey River" centers on an Iraq war soldier who hails from a world much like Gate City, Va., and what Reiner calls the "culture of service" this soldier comes from. It is also, Reiner says, about the fundamental unfairness of a war in which "only certain people have to sacrifice."

The notion of his people's sacrifice in wartime is a theme Webb has returned to again and again in his writing. In his 2004 book, "Born Fighting: How the Scots-Irish Shaped America," Webb writes that the Scotch-Irish "have fed dedicated soldiers to this nation far beyond their numbers in every war." In interviews, he recalls starting law school in 1972 and discovering that others were in "ethnocentric retreat." Everyone else knew who they were and where they came from, everyone else had ethnic pride, but the identity of Webb's own culture had been lost. He says his peers labeled him a white man of privilege, a WASP.

In the decades since, Webb has studied the migrations of his people, exulting in their fighting history and puzzling over their entrenched poverty. He is himself the product of a long line of military men, and his son Jimmy is a Marine in Iraq. Webb's

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dad was an Air Force officer who used to make 4-year-old Webb hit him, fist to fist, to prove he was tough. Webb once told an interviewer he used to have to stand "at attention" when his dad inspected his room:

"I'd say, 'Hey, Dad,' and he'd say, 'Shut up, you're a corporal.' "Everybody's Villains

Webb can be grim and stiff in public. In a recent appearance to generate support among Hispanic voters for his Virginia Senate run, Webb looked off into the distance as speakers took the podium, his body rigid, looking about as relaxed as, well, a corporal standing at attention. When the crowd whooped and clapped for him, he didn't even smile.

But one-on-one, Webb can really talk. He breaks into spontaneous, growling recitation of a manly poem called "Do You Fear the Wind?" that he learned from his father, and launches into a disquisition on country music. He critiques the prose of Winston Churchill ("marvelous") and Teddy Roosevelt ("a little over the top"). His manner is relaxed, bordering on incautious. Regarding his early drafts of a particular book, he says (unsenatorially) that "they all sucked."

He recalls a magazine article he wrote in 1984: "We had the second-highest volume of mail of anything that Parade's ever published."

He talks about his love of poetry. Yeats. Pound. Dylan Thomas. He talks about his books. "In a lot of my writing, the narrative is in meter," Webb says. "I don't know if you've ever noticed that."

We hadn't. He pulls out a copy of "Fields of Fire" and reads aloud to demonstrate.

"Fields of Fire" -- about Marines serving in Vietnam even as America has begun to turn its back on them -- is filled with the ugliness of combat, beautifully rendered. Tom Wolfe called it "the finest of the Vietnam novels," and it remains a strong seller to this day. Webb started it when he was surrounded by antiwar and anti-vet fervor. He was shocked that so many of his law school peers had avoided the draft; this seemed a gross inequity. He wanted those who hadn't served to experience the war as he had, to respect the soldiers who put their lives on the line no matter the cause.

In brutal language, peppered with obscenities and ethnic slurs, "Fields of Fire" demonstrates the horrors and murky morality of war. A man is blown open and his torso becomes "a dripping ooze." A Vietnamese translator who works for the Marines bribes a starving villager into having sex with him in exchange for food. Even when Webb's characters do gruesome things, he does not make it easy to condemn them.

As journalist Robert Timberg wrote, "Webb challenges the reader to engage in the actions of his characters, dusting each scene with ambiguity, offering no pat answers."

One of the main characters is a man much like Webb, a soldier of Scotch-Irish descent who comes from a tradition of fighters. Before going into combat, this character meets the battalion executive officer, who warns him about the ways the war will wreck his soul.

"You spend a month in the bush and you're not a Marine anymore. Hell. You're not even a goddamn person. There's no tents, no barbed wire, no hot food . . . You roll around in your own filth. You forget how bad you smell. Dead people, guts in the goddamn dirt, miserable civilians, it all gets sort of boring."

A paper trail is a dangerous thing for any politician to leave behind, and Webb's paper trail -- thousands of pages written over the course of 30 years -- is a very long one indeed. The Allen campaign's researchers have read all of Webb's books and compiled an exhaustive list of everything one might find offensive, with racial slurs in bold, along with such categories as "Women as Sex Objects (See also 'Sex Scenes')" and "Mutilation of the Dead."

"He makes his literary and movie works part of the debate in this campaign," says Allen campaign manager Dick Wadhams. "It'll be up to Virginia to decide if that helps him or hurts him."

"I'm of the realist school of writing," Webb says. "You have a duty to portray things as they really are."

But there is less room for this sort of realism on the campaign trail than in fiction. Less room for ambiguity, too. These are lessons Webb appears still to be learning.

In a recent interview in the back of his campaign RV, Webb talks about how Hollywood has lampooned the Scotch-Irish. He says he is sick of this story line. For too long, he says, poor Southern whites have been one of the few groups it's still safe to make fun of.

"Every movie needs a villain," Webb says. He could let the statement end there, but instead, he does a strange thing. In the midst of a Senate race marked by accusations of racial insensitivity on both sides, he says this:

"Towel-heads and rednecks -- of which I am one. If you write that word, please say that. I mean, I don't use that pejoratively, I use it defensively. Towel-heads and rednecks became the easy villains in so many movies out there."

Later, Webb's press secretary learns of this quote, and the next day Webb is calling a reporter from a fundraiser in Atlanta:

"I used the words that are used to stereotype them," he says, adding that he was using both terms "defensively." "I'm really upset if this is going to end up being the guppy that eats the whale here."Speaking of Stereotypes . . .

Webb knows another Hollywood story line very well. It's the one in which his potential movies languish for years. His most visible success was writing the original story for the 2000 movie "Rules of Engagement," starring Samuel L. Jackson. He has

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also sold or optioned several of his books to studios, but none has been made into a movie. Yet. There are timing issues, says his literary manager, Pete Donaldson. Or there are competing projects. Or there's a problem with the studio.

Most recently, "Whiskey River," optioned last year by Warner Bros. for $150,000, has moved into a holding pattern. Perhaps typical of Hollywood, Reiner, Webb and Donaldson each give different reasons why.

Webb has had other deals. In the early 1990s, he had a screenwriting contract with Universal that included working on other writers' screenplays. A few years back he wrote a pilot for a television series, but the show never made it to production. He's never lived in Hollywood, though he has visited the West Coast regularly for business.

Webb's books have continued to be popular. Webb says he receives "well into the six figures" on book advances, and according to a financial disclosure report filed in May in connection with his campaign, he is now worth between $2.2 million and $6.4 million. (The Senate disclosure form requires that candidates list their assets within broad ranges.) He lives in Falls Church with his third wife, Hong Le Webb, a lawyer who was born in Vietnam and escaped with her family after the fall of Saigon.

The novels are all military-themed and their titles pulse with warrior bravado -- "A Sense of Honor," "Something to Die For," "Lost Soldiers." Several have briefly made it onto major bestseller lists, and some have been translated into other languages. Critics have praised his scene-setting and far-ranging, action-packed plots. They've noted that, as one reviewer put it, he is "not just a writer of war thrillers; he is a genuine novelist of ideas," tackling such issues as when it's appropriate (or not) to put soldiers in harm's way.

When he falls down, it is because he fails to convey the moral ambiguity he achieved in "Fields of Fire." His portrayals can "border on caricatures," as a reviewer of Webb's 2001 novel "Lost Soldiers" put it. "Webb continues his literary M.O. of spicing his narrative with unsubtle conservative political gibes," another wrote. His bad men, his conniving politicians and a whole host of characters who might be lumped together as vaguely "liberal" garner flat, unsympathetic treatment.

In his 1983 book "A Country Such as This," Webb writes of a power-hungry feminist named Dorothy Dingenfelder who "had given up on trying to be pretty" and who enjoys a swanky hotel despite her "publicly egalitarian views." ("She ignored the paradox as irrelevant," Webb writes.) Dorothy organizes a protest against the Vietnam War in which the protesters begin to attack the soldiers.

"Dorothy watched it, uneasy with the ugliness. It was the soldiers, the Army that was supposed to be hateful and brutal."

And who are the soldiers? "The blue collar kids, the red-necks, " -- standing silently, misunderstood.

Familiar Themes Dominate Senate Radio Debate (CCT)

By Angela Delli Santi

The Contra Costa Times, October 18, 2006

TRENTON, N.J. - Less than two weeks after they butted heads in a debate at a New York television studio, the two candidates for U.S. Senate from New Jersey were at it again Tuesday, in a 90-minute radio encounter that opened with a lengthy exchange on the war in Iraq.

Republican Tom Kean Jr. repeatedly refused to say whether he would vote to authorize sending U.S. troops into Iraq, even if he had intelligence information that was not available when the war began. Democrat Robert Menendez voted against the resolution authorizing the start of the war and has called for a timely withdrawal of U.S. troops.

After the debate, which aired live on Millennium Radio Network stations, Kean was asked again and again to articulate his position on authorizing the war and each time refused to answer the question directly.

"At the time the case was made for the war in Iraq on national security grounds," Kean said when asked by debate moderator Eric Scott whether he would vote for the war "knowing what you know now."

Eventually, Scott moved on, but not before noting, "OK, you're not going to answer that question."

Menendez has throughout the caustic campaign for U.S. Senate tried to link Kean with the policies of the Bush administration. President Bush's popularity hovers at around 35 percent in New Jersey.

Kean, the son of former Gov. Tom Kean Sr., has made ethics a centerpiece of his candidacy and has tried to paint his opponent, who rose through the ranks of rough-and-tumble Hudson County politics, with a broad brush of political corruption.

That familiar line of attack was evident again Tuesday night. When Kean was asked to articulate his allegations against Menendez, he repeated an oft-used line that his opponent is "under federal criminal investigation" for leasing office space to a nonprofit that receives federal funding. The U.S. Attorney's Office reportedly has subpoenaed records from the nonprofit organization that rented a Union City house from Menendez.

"Tom throws out allegations like other people throw out their garbage," Menendez shot back. "I'm under no federal criminal investigation."

Since the U.S. Attorney's Office will neither confirm or deny in-progress investigations, Kean was asked afterward what evidence he had to support his claim.

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"Number one, he said he welcomed the investigation on national television," said Kean. He also cited as evidence the fact that Menendez accused the U.S. Attorney's Office of playing partisan politics and the fact that Menendez's political pals questioned the timing of the allegation.

The debate marked the fourth and last scheduled face-to-face confrontation between Menendez, the incumbent, and Kean, a state senator. The entire campaign has been characterized more by a lack of civility than a substantive debate on the issues.

Besides delving into their positions on various issues, this debate also explored the candidates' knowledge of southern New Jersey. After both Menendez and Kean insisted they'd spent a lot of time campaigning in the state's southern reaches, neither could correctly name the county in which six randomly selected South Jersey towns were located.

Tuesday's debate took place exactly three weeks before the Nov. 7 election. Recent polls show the race still virtually deadlocked, although Menendez has a slight edge outside the polls' error margin in a few surveys.

Voters can expect the candidates to unload the campaign cash they've raised so far on television and radio ads and get out the vote efforts in the remaining days. The latest figures filed with the Federal Election Commission show Menendez with $5.5 million to spend to Kean's $3.17 million to spend.

A spokeswoman on Tuesday said Kean loaned his campaign $400,000. On Monday, the National Republican Senatorial Campaign Committee said it would spend $500,000 to continue running one of Kean's television ads for an additional week in the New York area. It was the first such money sent to his campaign by the national party.

Menendez unveiled a new television ad Tuesday explaining how his 87-year-old mother's reliance on Medicare and Social Security encourages his fight against President Bush's effort to alter the programs, and how her Alzheimer's disease fuels his support for stem cell research.

Several celebrities have already campaigned for both candidates and more are expected. Kean will have Arizona Sen. John McCain and former Secretary of State Henry Kissinger in for him, while Menendez will have New York Sen. Hillary Clinton, former Georgia Sen. Max Cleland and actor Michael J. Fox.

Different Approaches From Kean, Menendez (HILL)

By Alexander Bolton

The Hill, October 18, 2006

Trenton, N.J. — Republican State Sen. Tom Kean Jr. sat calmly in the lime-tinted hearing room, occasionally chatting to colleagues, during a close to three-hour hour meeting of the state Senate Health, Human Services and Senior Citizens Committee.

More than 60 miles to the Northeast, Sen. Bob Menendez (D-N.J.) was getting ready to greet potential voters getting off the commuter train in Montclair, a community in densely packed Essex county, his second campaign event of the day.

As the meeting in Trenton wore on, legislators filtered out of the room until Kean was only one of six left to vote unanimously on an adoption bill.

Earlier in the day, Menendez stood with local law enforcement officials at Rutgers law school in Newark to announce in front of several television cameras that he had just authored a new anti-gang crime bill that would be his top domestic security priority.

It was the second time in the past week that Kean took a day out of his campaign schedule to attend to the seemingly mundane tasks of committee work, while his opponent, with whom he is locked in a neck-and-neck race, stumped for votes.

While appearances this week suggest Kean is not as committed to the race as Menendez is, Kean has made it clear that he's in this battle to win.

Kean this week decided to spend at least $400,000 of his own money to defeat Menendez in a race that represents the GOP's best chance of capturing a Democratic Senate seat next month. The personal contribution will appear on fundraising reports to be made public today.

One GOP official estimated the $400,000 could help Kean's campaign increase his television presence by about 25 to 30 percent. It will also narrow Menendez's financial advantage. Newly filed finance reports show that Menendez had $5.5 million and Kean $3.2 million in their campaign accounts at the end of September.

This is the first time that Kean has dipped into his own pockets to assist his campaign.

The move comes as a surprise even to members of Kean's finance team, one of whom told The Hill yesterday that he did not know whether Kean could "invade" the family monies kept in trust.

Kean owns between $3million and $8million in stocks and $2million in family trusts and partnerships, according to news reports.

It comes after the National Republican Senatorial Committee (NRSC) announced yesterday that it would spend at least $500,000 in New Jersey, bringing the total amount of new Republican money in the race to close to $1 million.

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The decision of national GOP party strategists to curtail spending in Ohio, where Sen. Mike DeWine (R) trails in the polls, and shift resources to New Jersey, shows that New Jersey is among the four most competitive Senate races in the country. That is surprising because New Jersey has not elected a Republican senator in New Jersey since 1972. And a Republican presidential candidate has not carried it since 1988.

But the anti-incumbent sentiment that has bedeviled Republicans around the country seems to be helping them in New Jersey, where the Democrats control the governor's mansion and the state house and senate. A succession of local Democratic scandals have eroded the party's image among voters and have allowed Republicans to borrow the credo Democrats have used as a bludgeon in other states: it's time for a change.

"Public service is a tradition that I'm proud of," Kean states on camera in a television ad now running in the state. "That's why I'm fighting to help New Jersey escape the clutch of corruption."

"New Jersey has had a very checkered history with senior elected officials," said Roger Bodman, a longtime Kean family friend who managed Tom Kean Sr.'s successful run for governor in 1981.

In 2002, former Democratic Sen. Bob Torricelli (N.J.) resigned from office after the Senate ethics committee rebuked him for accepting improper gifts from a supporter. In 2004 Democratic Gov. Jim McGreevey resigned after it became known that he appointed a man with whom he was having an extramarital affair to be the state's homeland security adviser.

More recently, attorney general Zulima Farber resigned after she was found to have violated ethics rules and last month former Democratic state Sen. John Lynch pleaded guilty to corruption charges.

Having spent his career in the midst of New Jersey Democratic politics, Menendez has struggled to separate himself from the transgressions of his fellow Democrats, but not always successfully.

For example, last Thursday Menendez was surprised when Democratic state Sen. Wayne Bryant, who is under federal investigation, showed up at a campaign rally Menendez held with Sen. Barack Obama (D-Ill.) at a church in Camden.

Menendez's campaign also received a blow last month when it was revealed that Donald Scarinci, one of Menendez's closest political advisers, was secretly taped seven years ago pressuring a local official to hire someone as a favor to Menendez. Kean aired a portion of the recorded conversation in a hard-hitting attack ad that the NRSC is now paying to keep on television.

Kean has also gone on the attack against Menendez by repeatedly claiming that his opponent is under federal investigation, a charge that Menendez denies vehemently. Kean is basing his claim on reports that the U.S. attorney for the state of New Jersey subpoenaed the records from a nonprofit agency which leased a building from Menendez for $320,000. Kane claims that the agency paid the money in return for federal grants Menendez helped to secure.

But Menendez is fighting back by throwing allegations of ethical impropriety back at Kean. Menendez's campaign yesterday announced a new television ad that criticizes Kean for holding a fundraiser with executives from United Health Group on the same day his father, Tom Kean Sr., a former governor of New Jersey and a member of the group's board, was scheduled to testify about whether the company improperly dispensed stock options. Menendez has labeled the fundraiser a shakedown.

Kean for his part, accuses Menendez of attacking his father. Kean Sr. and Kean Jr. will hold a joint press conference today where they are expected to respond to the allegations.

Whether Menendez's counterattack will work or whether the perception that New Jersey Democrats are corrupt will prevail is unclear. Various polls have shown both Menendez and Kean leading by a few points.

One New Jersey political expert postulated that voters may have become inured to ethics scandals and may ignore the mudslinging to focus on issues such as the war and Social Security. That's what Democrats are arguing will happen.

"There's almost a sense among New Jersey voters that it's very difficult to be involved in state politics without somehow being tainted or crossing paths with people who are less than scrupulous," said Ross K. Baker, a professor of political science at Rutgers University.

Other observers, including both Democrats and Republicans, agreed that voters in New Jersey have a higher tolerance for scandal than in other states.

Hoyer Remark 'Racist,' GOP's Steele Charges (WP)

By Ann E. Marimow

The Washington Post, October 18, 2006

Maryland Lt. Gov. Michael S. Steele accused a leading Democratic congressman yesterday of racial insensitivity for saying the Republican candidate has "slavishly" followed the GOP.

Steele, an African American running for the U.S. Senate, was reacting to remarks by House Minority Whip Steny H. Hoyer, who characterized Steele this week as having had "a career of slavishly supporting the Republican Party."

After speaking to members of the Maryland Chamber of Commerce gathered in Ocean City, Steele called the description "the height of arrogance."

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"It goes to just the sheer craziness of some in the Democratic Party who think they can use racist terms and infer things about me just because I'm an African American Republican," he said.

Steele added that he expects his Democratic opponent, Benjamin L. Cardin, to "stand up and tell his team to sit down and shut up, stop the noise and apologize."

Hoyer's comments, first reported by MSNBC, came Sunday as he was introducing Cardin to a group of black business owners in Upper Marlboro, and his choice of words did not cause a visible reaction from the crowd.

"There was absolutely no offense taken or noticed," said event organizer Melvin Forbes, chief executive of Cool Wave Water. "It was obvious that Steny was simply talking about Steele's constant support for the Republican agenda."

The Rev. Anthony Evans, who heads a group called the National Black Church Initiative, released a statement last night calling Hoyer's comment "outrageous and destructive." "If I did not know Rep. Steny Hoyer, I would say that he is a racist," Evans said.

"I shouldn't have used those words," Hoyer said yesterday, through a spokesman. "If Mr. Steele did in fact take offense let me assure him that none was intended."

Cardin thanked Hoyer for addressing "this promptly, and we're glad that he did."

But he also said Steele was trying to change the subject. "He's looking for every excuse he can to avoid talking about the issues," Cardin said.

The two candidates spoke separately at the Ocean City forum on such topics as health care, Social Security and immigration.

Cardin asked the audience not to judge the candidates by "what you see on those 30-second ads."

His timing was no coincidence. The Steele campaign released a commercial yesterday -- paid for by the National Republican Senatorial Committee -- essentially calling Cardin a hypocrite for saying he can "change Washington" while taking campaign contributions from corporate interests.

Steele and Cardin have taken hundreds of thousands of dollars from corporate political action committees, records show.

Steele said the difference is he is raising money within the constraints of a campaign finance system that Cardin has done nothing to change. "Talk to me after I've cast a vote," Steele said.

Cardin responded that voters should "judge me by my record" and said that Steele was the one offering to help the corporate interests in the hotel ballroom.

Steele closed his remarks by acknowledging some of the companies there, naming Pepco and Washington Gas, among others.

"What are you prepared to do, and who is going to be there to help you do it? You can count on me."

Tyson Ready To Enter The Ring For Steele (WP)

By Matthew Mosk

The Washington Post, October 18, 2006

Former heavyweight boxing champ Mike Tyson says he is so bullish on Republican Michael S. Steele's campaign for the U.S. Senate, he would return to the ring if Steele thought it might help him.

"I would do anything to help Michael," Tyson said in a telephone interview Monday night after holding a news conference in Ohio wearing a Steele T-shirt. "I would box an exhibition for him. I would even fight again to help Mike. I would do anything."

Iron Mike's little-known but long-standing devotion to Steele dates to the boxer's former marriage to Steele's half-sister, Monica Turner.

Tyson and Turner met in 1990 at a party at comedian Eddie Murphy's house and married in 1998, after the boxer's rape conviction. Turner flew to Indianapolis almost every two weeks to visit him in jail. Tyson and Steele remained close even after the couple's divorce.

"I always considered him a brother," Tyson, 40, said. "He's a remarkable human being."

The ringing endorsement, coming in a heated race between Steele and Rep. Benjamin L. Cardin (D), arrived uninvited and wasn't exactly cherished.

Steele's campaign refused to make the candidate available to discuss his friendship with the boxer. Asked to comment yesterday, Steele spokesman Doug Heye responded by e-mail, "Mike Tyson is the father of the Lt. Gov's niece and nephew and therefore a member of his family."

A Tyson endorsement brings some of the heavy baggage from the boxer's checkered public life, including the rape conviction and that small matter of his biting off a chunk of Evander Holyfield's ear.

Not all of Tyson's controversies are in the past. Yesterday, while clad in the Steele shirt, he proclaimed his desire to fight women for money.

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"This is not an endorsement you'd put up on the Web site," University of Maryland politics professor James G. Gimpel said, laughing.

But Steele has said nothing to belittle his friend. In an interview with the New York Times, Steele said he would "welcome in a heartbeat" the boxer's help, although Tyson has not done anything official for the campaign.

"He may be divorced from my sister, but I can't cast him aside," Steele told the Times. "You embrace. You love. . . . I've never sat in judgment of him, and I never would."

Steele was ringside in June 2005 when Tyson -- once the most feared boxer in the world, winning his first 37 bouts -- left the MCI Center after losing the third of four fights in a comeback attempt.

Tyson was booed by many in the crowd of 15,732 for quitting, and one fan threw a cup of soda at him as he left the arena, published reports said. Tyson responded by using his middle finger to express an obscenity.

Although Steele has never talked much about his relationship with Tyson, the boxer's fame has ensured that the public record has plenty about it. Steele received some unwanted attention after trying to help his sister settle her divorce with Tyson without, in his words, having "the lawyers muddle everything."

While Steele was running for lieutenant governor four years ago, the state Democratic Party accused him of practicing law without a license, a matter that was eventually dropped.

And in 1998, when Steele was a candidate for state comptroller, he was on hand to lend support when Tyson pleaded no contest to assault charges. As Tyson was marched from a Montgomery County courtroom, he had only one thing to say to the waiting clutch of reporters: "Vote for Michael Steele."

Tyson said this week that he was "overwhelmed" by Steele's support for him at the time.

"I don't want him to jeopardize his career for me," he said. "He's just such a moral person. Boxing attracts scum. Being around him was a breath of fresh air."

Also this week, the lieutenant governor secured the support of another controversial boxing figure, promoter Don King, who offered this endorsement: "I must have an indictment list longer than his awards list."

Asked what to make of Steele's eclectic backers -- who include White House aide Karl Rove and hip-hop mogul Russell Simmons -- Matthew A. Crenson, a Johns Hopkins University political science professor, sighed deeply. "This guy has a very strange collection of friends," he replied.

Lieberman Urges Dems To Alter Their Ways (AP-Y)

By John Christoffersen

AP, October 18, 2006

Sen. Joe Lieberman, running as an independent after losing the Democratic primary, said Tuesday he hoped Democrats seize control of Congress — with one caveat: a Democratic-led Congress, he said, must change its ways.

"It won't represent progress that's real," Lieberman told reporters while stopping at a transportation forum in New Haven. "It's not going to be much of a step forward if there's a new Democratic leadership that doesn't change the tone in Washington."

As recently as Friday, Lieberman, a lifelong Democrat who was his party's nominee for vice president in 2000, would not say whether he thinks the nation would be better off with the Democrats in control of Congress.

Democrats must gain 15 House seats and six Senate seats to win control of Congress. Lieberman has said he would remain a member of the Democratic caucus if he wins on Nov. 7.

Lieberman has said he will not endorse Democratic candidates because he understands that his candidacy has put Democratic candidates in an awkward position, and has said he would stay out of their races.

Most leading state and national Democrats have endorsed Ned Lamont, a wealthy cable television company executive who has put some $10 million of his own money into the race, including $2 million this week. Republican Alan Schlesinger is also in the race, but trails in the polls.

Liz Dupont-Diehl, a spokeswoman for Lamont, said the three-term senator isn't taking responsibility for helping set the tone in Washington. Lieberman has called for an end to partisan politics, but Lamont has criticized him for siding too often with Republicans and President Bush.

"It's certainly hard to tell from Sen. Lieberman's comments that he's the incumbent," she said. "It seems that he's trying hard not to own up to the fact that he's been there for 18 years."

On Tuesday, Lamont faulted Lieberman for backing a 2005 energy bill that the Democratic candidate argues was a giveaway to big oil companies that sent gas prices soaring.

"That's the Washington of George Bush and Joe Lieberman," Lamont said in a speech at Eastern Connecticut State University. "That's the Washington they have defended together."

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Lamont offered a plan to promote energy efficiency, alternative fuels and other renewable sources. He called for tax credits to help companies buy new fuel-efficent equipment and set a goal for the United States to use one quarter of its energy from renewable sources by 2025.

Lamont, the anti-war challenger, framed energy independence as a national security issue, "so we don't have to fight and lose loved ones in a desert in Iraq thousands of miles away."

Obama Kicks Off Book Tour, Weighs Presidential Bid (CHIT)

By Jill Zuckman

Chicago Tribune, October 18, 2006

WASHINGTON -- While Sen. Barack Obama launches the most public of book tours, with appearances on "Oprah Winfrey," the "Today" show, "Larry King Live" and "Meet the Press," he also is more intensively examining whether to run for president in 2008, reaching out to Democratic operatives and trying to reconcile the demands of a national campaign on his family.

Obama (D-Ill.) has been having quiet conversations with colleagues and friends about a prospective White House run, but a key concern is whether his wife, Michelle, would support it and whether he could manage the time away from their two young daughters.

"He has gotten the presidential bug bite," said Donna Brazile, campaign manager for Al Gore in 2000. "Barack is constantly calling, he's constantly talking to people. He's not calling me to check on the weather. I'm not saying he's in, but he's checking the water. He's having lots of conversations." Brazile said she is scheduled to talk politics with Obama shortly after Election Day.

Sen. Dick Durbin, Illinois' senior Democratic senator and a strong proponent of an Obama presidential bid, said his colleague has learned more about international affairs and the workings of the federal government in his brief Senate career than most governors who run for president. Staying in the Senate, Durbin said, will only provide opponents with more targets as Obama continues to cast votes.

"I said to him, 'Do you really think sticking around the Senate for four more years and casting a thousand more votes will make you more qualified for president?'" Durbin said. "The critical element that remains that he has to face is whether he is willing to be separated from his family for longer periods of time and I think he is staring that right in the face."

'No one else of interest'

He's also drawing plenty of stares from fans who have rushed to have him sign a copy of his new book, "The Audacity of Hope." The signings kicked off Tuesday in Chicago. Applause greeted him as he entered the third floor of the Michigan Avenue Borders. Hundreds of people had formed a line starting at 6 a.m.

"For me, there's no one else of interest," said Cheryl Hammock, 60, a Gold Coast resident. "I hope he's the next president."

That is just the kind of talk that fans the speculation about him running.

But David Axelrod, Obama's political consultant, said people should not read too much into a publicity tour crafted by the senator's publisher.

"He is not initiating calls on this," Axelrod said. "People call him all the time and he gives them a respectful hearing. I really don't think he's going to focus on this question at all until after Nov. 7."

Other political professionals, however, expressed skepticism that Obama's treatise on how America can move beyond its divisions to find common ground could be considered anything but a campaign platform.

"There's a political connection between the book he's written and the campaign he will run," said Tom Rath, the Republican national committeeman in New Hampshire. "It's awfully hard to go into some of these places and do what he's doing and say it's all about the book."

Obama has drawn national attention since he delivered the keynote address at the Democratic National Convention in 2004, won his Senate seat and came to Washington. From the day of his arrival, there has been at least simmering speculation about a presidential run, and his appeal has only grown.

Just two years into a Senate career, but with a much higher and more positive profile than most senators, Obama also has been raising large amounts of money and earning other political capital by campaigning for fellow Democrats. In a 12-day period in October, he raised $2 million, aides said.

Yet the book puts the focus almost exclusively on him, providing him with millions of dollars' worth of free publicity, largely in non-confrontational, friendly forums. If the book is popular—and already it is No. 15 on the Amazon.com list—it could help him in ways that Sen. John McCain's best-selling memoir, "Faith of Our Fathers," fueled his presidential campaign in 2000.

"It takes it to the next level, it gives you a platform and it gives you a little cover for testing the presidential waters," said Dean Spiliotes, a political science professor at the New Hampshire Institute of Politics at St. Anselm College. "You can go to all the places but say, 'Hey, I'm just talking about my book right now.'"

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At political events too

While playing the role of senator-author one day, Obama is often headlining political events the next. On Monday, Obama flew to Indianapolis with Rep. Rahm Emanuel (D-Ill.) to raise money for three Democratic candidates in some of the nation's most competitive House races. Emanuel, the chairman of the Democratic Congressional Campaign Committee, said they talked about races around the country and what needed to be done over the next three weeks—not about a presidential bid.

Sen. Charles Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, said Obama has done everything Democratic leaders have asked him to, traveling to 20 or 30 states this year.

"He's the star. He is in such demand," Schumer said. "He is in greater demand than any other person that we have to offer."

And in campaigning for others, Obama is also subtly campaigning for himself.

"He's got the book, Oprah, [Tim] Russert—his time intellectually and emotionally is about the elections and about the book," Emanuel said. "That doesn't mean he's not considering it. A lot of people are talking to him. You can't go to the airport without seeing it—it's on the cover of Time."

Indeed, Obama's face fills the cover of Time magazine, with bold letters asserting "Why Barack Obama Could be the Next President." On Sunday, he will appear on "Meet the Press" with Russert, following a week of book and media appearances, including Charlie Rose, "Hannity & Colmes" and "Countdown with Keith Olbermann."

Shifting statements on future

In between, Obama will campaign for Chicago native Deval Patrick, the Democratic nominee for governor in Massachusetts, help House candidates in Philadelphia and rally for Jim Pederson for Senate in Arizona, to name just a few stops.

Obama partisans insist that the senator is simply trying to help out, and the publicity just happens to be ginned up by his publisher. But it comes when his statements about his presidential ambitions appear to be shifting substantially.

Last January, on "Meet the Press," Obama told Russert, "I will serve out my full six-year term," adding that his thinking had not changed since he took office.

"So you will not run for president or vice president in 2008?" Russert asked.

"I will not," Obama said.

In May, he told the Tribune that "there are people who think I should make an announcement tomorrow that I'm running for the presidency.

"I tell them," he said, "that I'm focusing on my job as a senator from Illinois."

Now, however, he has told Time that he will revisit the question in November.

"When the election is over and my book tour is done, I will think about how I can be most useful to the country and how I can reconcile that with being a good dad and a good husband," Obama said. "I haven't completely decided or unraveled that puzzle yet."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, October 18, 2006

GOP first-time candidate Dee Margo is running an uphill race against a longtime incumbent to represent heavily Democratic El Paso in the Texas Senate. So how'd he get the most popular Republican campaigner in the nation to stump for him?

Easy: Laura Bush is good pals with his wife.

Gallery owner Adair Wakefield Margo and the first lady first clicked years ago when Adair wrote a book about El Paso painter Tom Lea , whose "Rio Grande" now hangs in the Oval Office. Laura and Adair traveled to Mexico to scope out artists' studios. The Margos raised big bucks for Dubya 's campaigns, and Adair now serves as chair of the President's Committee on the Arts and Humanities. Tomorrow, the first lady visits El Paso to speak at a private campaign luncheon for Dee.

Adair says she finds herself thinking often of the Bushes now that she's on the trail for her husband, dropping by the little Segundo Barrio businesses that still have Laura's picture hanging up front. And she finds herself looking to Laura's example on how to be a political spouse.

"Recently, at the White House, she told me, 'You know, they're blaming George for Katrina now,' " Adair said, adding that the first lady let the criticism roll off her back: "She's always kept things in perspective." The Bushes also taught her to keep the faith: "They believe that all things are possible. We've never elected a Republican state senator in El Paso. Things can change for the better in the Middle East, and we can have a two-party system in El Paso."

Coming Not-So-Soon To HBO: Graham's Story

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The HBO biopic about former Washington Post publisher Katharine Graham is on hold once again.

There was plenty of buzz over the summer that the project was on the cable network's fast track, but it can't go forward without a finished script and an actress in the title role. HBO is looking for an A-lister-- the rumor mill includes Annette Bening, Helen Mirren and just about every top middle-aged star in Hollywood.

After Graham's Pulitzer Prize-winning autobiography, "Personal History," was published in 1997, she received dozens of offers to turn the dramatic story into a movie, and turned them all down -- as her family has done since her death in 2001. Acclaimed writer Joan Didion is attempting to write her version of Graham's life and is almost finished with the screenplay; Tom Hooper (who just won an Emmy for HBO's "Elizabeth I") is likely to direct. "HBO is still absolutely committed to the project," said a spokesman.

In the meantime, Hooper is busy with another high-profile HBO miniseries: In February, he's slated to start shooting "John Adams" in Virginia. Paul Giamatti will play the young Adams in the project, based on David McCullough's bestseller; Tom Hanks is the executive producer.

THIS JUST IN . . .

· Wesley Snipes was indicted in Tampa yesterday for not paying taxes and conspiracy to defraud the IRS. Federal officials said the action star failed to file income tax returns from 1999 to 2004; he and two other men are also charged for falsely claiming almost $12 million in refunds. As of press time, officials had not managed to find the 44-year-old actor; a warrant was issued for his arrest. He faces up to 16 years in jail if convicted.

· Rapper Fabolous was shot in the thigh early yesterday while leaving a Manhattan restaurant -- and ended up arrested hours later when police said they found unlicensed weapons in the car he used to leave the scene. No suspects have been apprehended in the shooting; the rapper was taken into custody after being treated at a hospital.

HEY, ISN'T THAT . . . ?

· Annie Leibovitz , choosing the fatty tuna at Kaz Sushi Bistro on Monday night after her appearance at Politics and Prose. The celeb photographer (a 1967 graduate of Northwood High School in Silver Spring) was sporting her iconic look -- long hair, hiking boots, leggings -- and talking about her ongoing book tour.

In Vodka Non Veritas (NYT)

By Maureen Dowd

The New York Times, October 18, 2006

WASHINGTON

Hillary Clinton always reminded me of Sarah, the Mission Doll, in “Guys and Dolls.”

As first lady, she had that earnest, sometimes sanctimonious, air of certitude and do-gooding that earned her the nickname Saint Hillary. As a senator, she has gotten friendly with conservatives in her Congressional prayer group and has lately been spotted wearing crosses around her neck, a gold one and a diamond one.

“Is it, perhaps, a sign that her faith may be a bit more in the foreground as 2008 approaches?” Ben Smith mused in a New York Daily News blog.

And yet Hillary always struck me as the sort of buttoned-up and driven woman who would be really fun if you could get her out for a night of dulces de leche in Cuba, as Marlon Brando did Jean Simmons in “Guys and Dolls.”

My instinct about Hillary’s subterranean saucy side was confirmed when I read a front-page story in The Times about her unlikely friendship with her expected rival in the 2008 race, John McCain.

Anne Kornblut wrote that two summers ago, on a Congressional trip to Estonia with Lindsey Graham and Susan Collins, Senator Clinton “astonished her traveling companions by suggesting that the group do what one does in the Baltics: hold a vodka-drinking contest. Delighted, the leader of the delegation, Senator John McCain, quickly agreed. The after-dinner drinks went so well — memories are a bit hazy on who drank how much — that Mr. McCain, an Arizona Republican, later told people how unexpectedly engaging he found Mrs. Clinton to be.”

It seemed a refreshing breeze of bipartisanship in W.’s acrid era. But a few days after the anecdote appeared, Mr. McCain flatly denied it on Fox News as “Not true.”

“Didn’t happen?” Alan Colmes pressed.

“No,” Mr. McCain insisted.

“But you and she have a good working relationship, right?” Mr. Colmes asked.

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"I try to have a good working relationship with all senators, and I have a good working relationship with Senator Clinton, and I try to do that," Mr. McCain said.

Sean Hannity chimed in, "I'm glad to hear, Senator, you weren't drinking shots with Senator Clinton."

"I was not," Mr. McCain repeated, emphatically.

Then the senator went on Jay Leno's show and again denied the Night of Baltic Sea carousing. After joking that "we were trying to get Ted Kennedy to be the judge," he insisted again: "Didn't happen. Didn't happen."

"It was the front page of The New York Times!" Mr. Leno said, to which Mr. McCain riposted, "Don't believe everything you read."

Joshua Green, reporting the cover profile of Hillary for the latest issue of The Atlantic Monthly, was rebuffed when he asked for an interview with Mr. McCain about the night Hillary poured shots for fellow lawmakers. But Mr. Green ran into Mr. McCain walking through the Capitol and asked him about the Baltics escapade. "McCain lit up at the recollection," he wrote. " 'It's been 50 years since I'd been in a drinking game,' said McCain. ... He added, admiringly, 'She can really hold her liquor.' "

The Straight Talk Express was swerving again. Confused, I checked in with the McCain camp.

"They went out and had dinner," I was told. "After dinner, they had drinks. It was not a drinking contest, the way you and I think of a drinking contest. John had two drinks." Team McCain wanted it to be clear that Susan Collins and Hillary Clinton were more dedicated revelers, and that it was not an intimate party — "there were six senators and staff and Estonian hangers-on."

So the vodka vivacity happened, but Mr. McCain's staff, eager to see the senator pander to what Jon Stewart called the "crazy-base world," put a stop to their boss's inviting Mrs. Clinton on trips. The former fighter jock and "scamp," as his mom called him, has become so lifeless and base-whipped that he is scared to be seen knocking back Stolis with a nice Methodist girl from the Midwest who wears crosses around her neck.

"John was not intentionally misleading," his person said. "The image a drinking contest sets up is not very pretty, and we're in serious times. The best thing he's done is to be collegial. You can do that by drinking, but it's not a drinking contest. Is this splitting hairs?"

Actually, yeah. The once candid senator is starting to sound downright Clintonian with all this silly parsing and dissembling. I did not have drinks with that woman!

The Wal-Mart Posse (WSJ)

The Wall Street Journal, October 18, 2006

Wal-Mart may be expanding in the People's Republic of China, but here in capitalist America the low-price retailer has become the Democratic Party's favorite pinata. The media like to portray this as a populist uprising against heartless big business. But what they don't bother to disclose is that this entire get-Wal-Mart campaign is a political operation led and funded by organized labor.

We've done a little digging into the two most prominent anti-Wal-Mart groups, and they might as well operate out of AFL-CIO headquarters. An outfit called Wal-Mart Watch was created by the Service Employees International Union (SEIU), probably the most powerful union in America after the National Education Association. Wal-Mart Watch is backed by Five Stones, a 501(c)3 organization that received $2,775,000 in 2005 from the SEIU, or 56% of its $5 million budget. According to financial records, SEIU also gave Five Stones $1 million in 2004 to launch the anti-Wal-Mart group, and SEIU president Andy Stern is the Wal-Mart Watch chairman.

A second group, Wake Up Wal-Mart, is more or less a subsidiary of the United Food and Commercial Workers Union (UFCW). Wake Up Wal-Mart refuses to divulge its funding sources, but here is what we do know: The group was founded by the UFCW, is housed at UFCW headquarters, and its campaign director's $135,000 salary is paid by the UFCW.

Wake Up Wal-Mart also has close ties to the Democratic Party. Its union-funded campaign director is Paul Blank, who was political director of Howard Dean's failed Presidential campaign. The group sponsored a 19 state, 35-day bus tour across the U.S. earlier this year, staging anti-Wal-Mart rallies. Nearly every major Democratic Presidential hopeful has joined in the Wal-Mart-bashing, including Senators Joe Biden and Evan Bayh, New Mexico Governor Bill Richardson, and trial lawyer-turned-man-of the-people John Edwards. They all seem to believe they have to take this line to pass union muster for 2008.

Even Hillary Rodham Clinton has joined in the political fun. Never mind that she served six years on the Wal-Mart board during her time in Beltway exile as an Arkansas lawyer and, according to the Arkansas Democrat-Gazette, was paid $18,000 per year plus $1,500 for every meeting near the end of her tenure. Most recently, Mrs. Clinton returned a $5,000 campaign contribution from Wal-Mart to protest its allegedly inadequate health care benefits. Maybe someone should ask her if she's returned her director's pay, with interest. * * *

Most of the local protests against Wal-Mart are organized through the left-wing activist group ACORN, an acronym for the Association of Community Organizations for Reform Now. ACORN is the group that put the squeeze on the Chicago City Council

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to pass an ordinance this summer to require Wal-Mart, Target and other big-box stores to pay a minimum $10 an hour wage and $3 an hour in benefits by 2010. (Democratic Mayor Richard Daley vetoed the bill.) ACORN also pretends it is a locally organized and funded voice of the downtrodden masses. But guess where ACORN gets much of its money? Last year the SEIU chipped in $2,125,229 and the UFCW $165,692.

Then there are the anti-Wal-Mart "think tanks," if that's the right word for these political shops -- notably, the Economic Policy Institute (EPI) and the University of California at Berkeley Labor Center. The job of these two outfits is to publish papers backing the economic claims of Wal-Mart critics. The UC Berkeley group recently asserted that Wal-Mart "reduces total take-home pay for retail workers."

The UC Berkeley Labor Center has received at least $43,550 from SEIU. The Economic Policy Institute received $100,000 from the SEIU and $40,000 from the UFCW in 2005 and has published several anti-Wal-Mart studies, particularly on the benefits of the Chicago ordinance. By the way, Andy Stern also sits on the EPI board. He's a busy guy.

Now, we're not predisposed to be pro- or anti-Wal-Mart. We've criticized Wal-Mart lobbying on policy grounds -- for example, when the company supported a minimum wage increase to court some nice publicity while also knowing this would harm any lower-priced competitors. However, it is simply fallacious to argue that Wal-Mart has harmed low-income families.

More than one study has shown that the real "Wal-Mart effect" has been to increase the purchasing power of working families by lowering prices for groceries, prescription drugs, electronic equipment and many other products that have become modern household necessities. One study, by the economic consulting firm Global Insight, calculates that Wal-Mart saves American households an average of $2,300 a year through lower prices, or a $263 billion reduction in the cost of living. That compares with $33 billion savings for low-income families from the federal food stamp program. * * *

Alas, what's good for working families isn't always good news for unions and their bosses. They hate Wal-Mart because its blue-coated workforce is strictly non-union -- a policy that dates back to the day founder Sam Walton opened his first store. Today the company employs 1.3 million American workers, and its recent push into groceries has made life miserable for Safeway and other grocery chains organized by the service workers or the UFCW.

Wal-Mart pays an average of $10 an hour, which is more than many of its unionized competitors offer. And typically when a new Wal-Mart store opens in a poor area, it receives thousands of job applications for a few hundred openings. So Wal-Mart's retail jobs of $7 to $12 an hour, which the unions deride as "poverty wages," are actually in high demand.

But as we say, this campaign isn't about "working families," or any of the other rhapsody-for-the-common-man union slogans. If Wal-Mart were suddenly unionized, Big Labor's membership would double overnight and union leaders would collect an estimated $300 million in additional dues each year to sway more politicians. Short of that, their goal is to keep Wal-Mart out of cities so their union shops have less competition. That's what the war against Wal-Mart is truly about.

A Treat Worthy Of Cinderella (NYT)

The New York Times, October 18, 2006

With obesity rates soaring among the young, the Walt Disney Company has announced promising new guidelines for the way it promotes food to its impressionable clientele. Over the next two years, the company that brought you Buzz Lightyear and Goofy and the Lion King plans to make sure that its animated characters endorse healthier children's foods with less fat and sugar and fewer calories.

Disney has also begun revamping menus in its theme parks with the goal of abolishing trans fats and offering applesauce or other healthy side dishes to children. French fries — and sweets — will still be available on request. How can you enjoy Disneyland without a little ice cream? But Disney's kingdoms also promise pure juice, water, and real fruits and vegetables — unsugared, unreconstituted, undoctored.

Disney should work to take the next step by limiting the overload of junk food advertising on its television shows for Toon Disney and ABC Kids. But this first move is a good one, and it should send a strong signal to other corporations.

Childhood obesity has tripled in the last 25 years. There are many cures for this: more physical activity than television time, for example. But the Centers for Disease Control and Prevention has also warned that "current food and beverage marketing practices put children's long-term health at risk."

At this point, the Bush administration and Congress seem content to keep studying the problem. Some corporations have used that as an excuse to continue peddling ultra-sweet cereals and high-fructose drinks. Others have made a few feeble efforts to promote healthier eating to children. It's heartening that a few, mainly Kraft and now Disney, recognize that we can't wait forever for Congress to act, and are actually doing something now.

N. Korea Apparently Preparing Nuke Test (AP)

By Bo-mi Lim

DOJ_NMG_0082935

AP, October 18, 2006

Satellite images indicate North Korea appears to be getting ready for a second nuclear test, officials said Tuesday, as the defiant communist regime held huge rallies and proclaimed that U.N. sanctions amount to a declaration of war.

China, the North's longtime ally and biggest trading partner, warned Pyongyang not to aggravate tensions. The U.N. has condemned the Oct. 9 atomic blast, and U.S. nuclear envoy Christopher Hill told reporters in Seoul on Tuesday that another nuclear explosion would be "a very belligerent answer" to the world.

As the White House acknowledged that the isolated nation might try a second test, Secretary of State Condoleezza Rice launched a diplomatic drive to persuade Asian allies and Russia to intensify North Korea's isolation by enforcing sanctions that the U.N. Security Council unanimously approved on Saturday.

Alexander Vershbow, the U.S. ambassador to South Korea, said Wednesday in Seoul that Rice plans to ask the South to expand its role in a U.S.-led international program to stop the spread of weapons of mass destruction.

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior U.S. defense official said.

The activity, started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering. He said that although the purpose of the structures is unclear, officials are concerned because North Korea has left open the possibility of another test.

A senior South Korean official told foreign journalists that despite signs of a possible second test, it was unlikely to happen immediately.

"We have yet to confirm any imminent signs of a second nuclear test," the official said on condition of anonymity because of the sensitivity of the information.

In North Korea, the nation marked the 80th anniversary of the "Down-with-Imperialism Union" — a political platform on which the ruling party was built. North Koreans held parades across the country along with an enormous gathering at a central square in Pyongyang.

In the capital, hundreds of women in brightly colored costumes sang and held bunches of flowers, including some named for Kim Il Sung, the country's first leader and the late father of current leader Kim Jong Il.

The regime slammed the U.N. measures with a stream of bellicosity in a Foreign Ministry statement released on the official Korean Central News Agency.

"The resolution cannot be construed otherwise than a declaration of a war" against the North, the statement said.

The North also said it "wants peace but is not afraid of war," and that it would "deal merciless blows" against anyone who violates its sovereignty.

It said it wouldn't cave in to "the pressure and threat of someone at this time when it has become a nuclear weapons state."

South Korean nuclear envoy Chun Yung-woo said the North's reaction wasn't surprising, and was full of "the usual rhetoric."

China warned Pyongyang against aggravating tensions.

"We hope North Korea will adopt a responsible attitude ... and come back to resolving the issue through dialogue and consultation instead of taking any actions that may further escalate or worsen the situation," Chinese Foreign Ministry spokesman Liu Jianchao said at a press briefing in Beijing.

But now that the U.S. has confirmed that last week's blast was indeed nuclear, North Korea can be expected to use its new position as a confirmed atomic state to press for direct talks and concessions with Washington — as it did in March 2005, a month after Pyongyang first asserted it had a nuclear weapon.

Hill, the U.S. envoy, said the North was falsely assuming it would win more respect with atomic explosions.

"The fact of the matter is that nuclear tests make us respect them less," he said, adding that the North's comments about sanctions were "not very helpful."

U.S. intelligence has concluded that the North Korean device likely used plutonium, as opposed to uranium, in the Oct. 9 test.

Under a 1994 deal with the U.S. during the Clinton administration, North Korea pledged to freeze its nuclear program, then believed to be based on producing weapons-grade plutonium. But the agreement broke down by 2002 under the Bush administration after revelations of a covert effort by the North to produce highly enriched uranium. Pyongyang soon removed 8,000 spent fuel rods that the International Atomic Energy Agency was monitoring and began to reprocess them into weapons-grade nuclear fuel.

The White House said Tuesday that it wouldn't be surprising if North Korea were to try another nuclear test "to be provocative."

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"It would not be a good thing for them, but it certainly would not be out of character," said White House press secretary Tony Snow. "We're not going to discuss any particular matters of intelligence, but if you take a look at the record, I think it is reasonable to expect that the government of North Korea will do what it can to test the will, the determination and the unity of the United Nations."

Asked why it would not be a good thing for North Korea, Snow said, "If they do believe that somehow people are going to give them a pass on this, they're going to find out that they're wrong."

While U.S. officials insist they aren't about to invade, they have taken other steps against North Korea — even before the U.N. resolution — including severing it from the international financial system. That move is believed to have angered the elites that keep Kim in power, and Kim may fear being ousted or possibly even killed.

The North has consistently pressed for direct talks with the U.S. on the financial sanctions and has refused to attend six-nation disarmament talks until the sanctions are lifted. Along with the U.S., the talks include China, Japan, Russia and South Korea.

Now, the North has a new arrow in its quiver: being a confirmed nuclear power recognized as such by the very country whose attention it so desperately craves.

The Bush administration, wary of rewarding the regime's behavior, has consistently refused to talk directly to the North, insisting the issue is a regional concern and seeking to enlist other countries.

On Tuesday, Rice left for Japan, first stop on a four-nation trip, amid clear signs of unease in China and South Korea about even the softened sanctions.

China contends that interdicting ships, although permitted in the U.N. resolution, might needlessly provoke the North and discourage it from returning to the six-nation talks. South Koreans worry about a conventional attack by their unpredictable neighbor.

"Sanctions against North Korea should be done in a way that draws North Korea to the dialogue table," South Korean Prime Minister Han Myung-sook said, according to Yonhap news agency. "There should never be a way that causes armed clashes."

Seoul Warns Of Another N Korea Test (FT)

By Anna Fifield , Richard Mcgregor And Demetri Sevastopulo

Financial Times, October 18, 2006

The South Korean government on Tuesday said it had detected activity suggesting that North Korea might be preparing to conduct a second nuclear test, as concerns mounted worldwide that Kim Jong-il's regime might again defy international pressure.

Amid a flurry of diplomatic meetings – and reports China had begun taking tough action against its errant neighbour – North Korea issued another statement condemning United Nations sanctions, imposed after last week's nuclear test, as a "declaration of war".

Pyongyang said: "The US would be well advised not to miscalculate the DPRK."

Even a few months ago such a threat would probably have been dismissed as mere sabre-rattling, but these statements are now being taken more seriously following the regime's decision to go ahead with missile and nuclear tests.

US television networks reported overnight that US spy satellites had detected "suspicious vehicle movements" in North Korea. It was thought that the movements could signal preparations for another test.

A senior official of the Seoul government confirmed that there were signs of unusual activity near the site of the first test in northern North Korea. "We are keeping a close eye on that place," he said.

Tony Snow, White House spokesman, said a second nuclear test would result in the further isolation of North Korea, including from China, which is seeing its already difficult relationship with the Stalinist state deteriorating. One person familiar with North Korean warnings to its neighbours said China had received only 20 minutes' notice of the first test, as opposed to the two hours Russia had received.

"What you've seen already in the case of the first test is that the US and the Chinese are working more closely together than even before," said Mr Snow. "I daresay they would become even closer as strategic partners in trying to guarantee safety in the Korean peninsula."

China said it was "resolutely opposed" to a second test. Liu Jianchao, the -foreign ministry spokesman, said Beijing hoped North Korea would adopt "a responsible attitude and come back to resolving the issue through dialogue and consultation".

Fears of a second test have been stoked by the arrival of Condoleezza Rice, the US secretary of state, in north-east Asia for discussions on how to deal with the North Korean nuclear crisis.

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Following its support for the UN sanctions, China appears to be taking some tough action against North Korea. “China will strictly act on this resolution. We will shoulder and fulfil our -obligation,” Mr Liu said -yesterday.

Although both say they support the sanctions, China and South Korea are considered unlikely to squeeze North Korea too hard for fear of causing a collapse on its borders.

But there have been reports that some branches of the Bank of China, including those in Dandong, the town through which most bilateral trade is conducted, have halted remittances to North Korea.

Hints Of Another N. Korea Test Seen (LAT)

By Greg Miller

The Los Angeles Times, October 18, 2006

WASHINGTON — U.S. intelligence agencies have detected new activity near the site where North Korea detonated a nuclear device last week, suggesting possible preparations for a second test, a U.S. intelligence official said Tuesday.

The indications of a possible follow-up test, coinciding with similar reports from South Korea and Japan, prompted warnings from Washington and other capitals that a second nuclear explosion would heighten international tensions and deepen North Korea's isolation.

The White House did not rule out the possibility of a second test.

"Let me put it this way: The North Koreans have made no secret of their desire to be provocative," White House Press Secretary Tony Snow said.

North Korea's test Oct. 9 was considered by analysts to be at least a partial failure because of its low explosive yield, less than the equivalent of 1,000 tons of dynamite, which is much smaller than most nuclear blasts.

The U.S. intelligence official, speaking on condition of anonymity because intelligence findings were being discussed, said another try by the North Korean government in Pyongyang was possible.

"Nobody has discarded the possibility of another test," the official said.

At the same time, the official noted that activity is frequently seen at such sites, and that an imminent test is frequently indicated by relative calm as crews clear the test area.

The U.S. State Department said there was nothing to "indicate one way or the other" whether a second test was about to take place.

U.S., Allies Fear 2nd Nuke Test By Pyongyang (WT)

By Bill Gertz

The Washington Times, October 18, 2006

The United States and two allies voiced new worries yesterday that North Korea is set to conduct a second underground nuclear test, as Pyongyang said that new U.N. sanctions are tantamount to a declaration of war.

Asked about the possibility of another nuclear test, Defense Secretary Donald H. Rumsfeld told reporters that there is "speculation," but no specific information.

"We've seen them do things in multiples rather than singles," Mr. Rumsfeld said, referring to North Korea's seven missile-flight tests in July.

"There's speculation that they may want to do something additional. There's also speculation they may not. So, only time will tell," he said after meeting with Singapore's former prime minister, Lee Kuan Yew.

In Tokyo, Japanese Foreign Minister Taro Aso said, "We have received such information [about a test], but I cannot tell you the details."

A South Korean official told reporters in Seoul that "there are certain signs that prompted our authorities to cast a very sensitive eye on the matter."

U.S. intelligence agencies on Monday confirmed that a blast Oct. 9 northwest of Kilchu, North Korea, was a nuclear test, although it appeared to be smaller and less successful than anticipated.

The White House warned North Korea yesterday that another nuclear test would lead to greater isolation.

"The first test, while nuclear, did have a low yield, and perhaps it would not be unreasonable to expect that the North Koreans might want to try something once again to be provocative," White House press secretary Tony Snow told reporters. "It would not be a good thing for them, but it certainly would not be out of character."

A U.S. official said yesterday that a second test is possible but that there are no signs one is imminent.

A defense official said that several North Korean nuclear-testing facilities are being watched closely and that some increased activity has been spotted. Normally, such tests are preceded by vehicle movement and increased communications.

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North Korea's government, meanwhile, harshly criticized sanctions passed Saturday by the United Nations in response to the nuclear test, issuing its first official statement on the matter.

The Foreign Ministry said North Korea's test was the result of "the U.S. nuclear threat, sanctions and pressure."

North Korea "was compelled to substantially prove its possession of nukes to protect its sovereignty and right to existence from the daily increasing danger of war from the U.S.," the ministry said.

Pyongyang, however, still wants to "de-nuclearize the peninsula through dialogue and negotiations," it stated.

North Korea "is ready for both dialogue and confrontation," the Foreign Ministry said. "If the U.S. increases pressure upon [North Korea], persistently doing harm to it, it will continue to take physical countermeasures, considering it as a declaration of a war."

In Seoul, Christopher R. Hill, assistant secretary of state for East Asian and Pacific affairs, told reporters that another nuclear test will be a further sign of North Korean bellicosity.

"We would all regard a second test as a belligerent answer on North Korea's part to the international community," he said. North Korea "really has to understand that the international community is not going to accept [it] as a nuclear state."

Mr. Hill said Pyongyang might view nuclear tests as a way to gain respectability but, in fact, the blasts "make us respect them less."

Secretary of State Condoleezza Rice left Washington yesterday for a diplomatic tour of the region. She will meet with Japanese officials today and South Korean ministers tomorrow on North Korea sanctions. She will also meet with Chinese officials later in the week.

South Korea's Yonhap news agency today quoted Alexander Vershbow, the U.S. ambassador in Seoul, as saying Miss Rice will ask South Korea to help inspect North Korea-bound ships for the components for weapons of mass destruction. Both China and South Korea have expressed reluctance to participate in such actions.

The governments of South Korea and Japan also are worried that a second test is coming.

Intelligence analysis of the likelihood of a second test appeared mixed. Some analysts said there is no evidence indicating that a second test will be conducted soon.

"This activity could represent prep for a second test, but it doesn't necessarily mean definitively that it is," the defense official said.

People and vehicle activity in North Korea is not a sure sign of an impending nuclear test.

"They may have had the same activity six months ago, but it wouldn't have raised any red flags at the time," one official said. "But now it is."

On the motive behind North Korean actions, Mr. Snow said he would not "do a psychological evaluation of the 'Dear Leader,' " as North Korea's Kim Jong-il is called.

"What we do is, we take a look at his actions, and we'll respond with actions, which we think are going to be louder than words or psychological profiles," he said.

"I think the consequences of a second North Korean nuclear test would be the further isolation of North Korea," Mr. Snow said.

N. Korea Condemns Sanctions, Threatens 2nd Nuke Test (CHIT)

By Mike Dorning

Chicago Tribune, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska -- Secretary of State Condoleezza Rice plans to seek commitments from China and other North Korean neighbors for a sweeping inspections program to monitor almost all cargo shipped to or from the would-be nuclear power, a senior State Department official said during the first leg of Rice's four-nation trip to Asia.

Though couched in more diplomatic terms, the action described amounts to a virtual blockade--albeit one imposed at the ports, frontiers and airfields of North Korea's trading partners rather than on the seas surrounding the nation.

The official stressed that the U.S. would ask countries to use their ordinary customs authority to control shipments to and from their territory. Except in rare circumstances such as detecting that unconventional arms or missile technology are onboard, the U.S. does not contemplate the boarding of North Korean vessels in international waters, the official said.

With Rice scheduled to touch down in Tokyo about 3 p.m. there Wednesday, tensions continued mounting in the region Tuesday as North Korea condemned the United Nations sanctions as "a declaration of war" and analysts in the U.S. and Japan said there were indications the government of Kim Jong Il was preparing a second nuclear test. A first test earlier this month led to the unanimous UN Security Council vote to impose sanctions.

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior U.S. defense official said.

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The activity, which started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering.

In North Korea, meanwhile, the nation marked the 80th anniversary of the ``Down-with-Imperialism Union"--a political platform on which the ruling party was built. North Koreans held parades across the country along with an enormous gathering at a central square in Pyongyang.

The regime slammed the UN measures with a stream of bellicosity in a Foreign Ministry statement.

``The resolution cannot be construed otherwise than a declaration of a war" against the North, the statement said.

The new UN measures ban North Korea from importing or exporting materials for weapons of mass destruction or missile technology. They also forbid the sale of luxury goods and call for a freeze on the assets of individuals and entities involved in the nuclear program.

China has a lengthy border with North Korea and is its largest trading partner, making its cooperation crucial to attempts to exert pressure. But China's interest in discouraging North Korea's nuclear program is balanced by fears of regional chaos if the regime collapsed.

Though there were reports the day after the resolution that Chinese authorities inspected cargo traversing its frontier with North Korea, it is unclear how long the efforts will last or how complete they will be. China's UN ambassador declared after passage of the sanctions that China would not interdict North Korean ships passing through its territorial waters.

Rice will make the case to China and other nations that the UN sanctions impose a legal requirement to prevent shipments of contraband.

"We believe it is now a legal obligation for states to give very close scrutiny on their territory, in their ports, in their territorial waters and even in their airspace to any North Korean cargo," said a senior State Department official.

Shipments over Chinese airspace are particularly significant because flights between North Korea and Iran, which the U.S. also fears is engaged nuclear weapons development, ordinarily would pass over China.

"We're not telling them they have to do 100 percent inspections. But we want effective enforcement," the official said.

Speaking to reporters on the first leg of her flight from Washington to Tokyo, Rice said the U.S. expected aggressive enforcement of the resolution.

"It changes the obligation of states to make sure they are using whatever authorities they can to make sure that this trafficking does not take place. It is a mandatory obligation," Rice said.

Rice also warned against a second test.

"Further action by the North Koreans is only going to deepen their isolation, which is pretty deep right now," she said.

Tribune news services contributed to this report.

Rice To Push U.S. Allies To Inspect N. Korean Cargo (USAT)

By Barbara Slavin

USA Today, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska — Secretary of State Condoleezza Rice said Tuesday that she will push U.S. allies to conduct aggressive inspections of North Korean cargo for nuclear weapons materials.

The Bush administration's plan to argue for a strict interpretation of a United Nations resolution, which calls for inspections, could further raise tensions in the region. The sanctions resolution was passed Saturday to punish North Korea for its recent nuclear test.

In a statement, North Korea said Tuesday that the U.N. resolution “cannot be construed otherwise than a declaration of war.” The North also warned it “wants peace but is not afraid of war.”

The Bush administration and its key allies expressed concern that North Korea was preparing a second test.

The chief U.S. envoy on the North Korean nuclear issue, Assistant Secretary of State Christopher Hill, said in Seoul that the response from Pyongyang was “not very helpful.”

“We would all regard a second test as a belligerent answer on North Korea's part to the international community,” Hill said.

South Korea and China have balked at searching North Korean ships for fear of sparking a military confrontation. North Korea warned that it would respond violently to attempts to inspect its cargo.

“We will deliver merciless blows without hesitation to whoever tries to breach our sovereignty,” said a statement issued through the country's official news agency.

Rice, briefing reporters on the way to Asia, said a focus of her trip would be to discuss “defensive measures” to prevent North Korea from exporting nuclear materials. “The world needs to build a framework for this kind of work,” she said.

While Rice said the U.S. intention is not to inspect every North Korean ship, truck or plane, she made clear that she would use visits to Japan, South Korea, China and Russia to push for a vigorous implementation of the new resolution.

The resolution calls for inspections "as necessary" to prevent illegal trafficking by North Korea.

"There are obligations for sanctions on North Korea, also obligations to inspect certain cargos," Rice said.

The resolution calls for nations to prevent North Korea from buying or selling specified weapons or technology. The measure also bans some luxury goods from North Korea and freezes funds outside the country that are associated with weapons programs.

Rice's efforts could be complicated if North Korea is preparing a second nuclear test.

White House spokesman Tony Snow said the Bush administration would not be surprised by a second test, while warning against it.

"The North Koreans have made no secret of their desire to be provocative," Snow told reporters at the White House. "And perhaps it would not be unreasonable to expect that the North Koreans would like to try something again."

In Tokyo, Japanese Foreign Minister Taro Aso said his government had received unspecified indications that North Korea might be preparing for a second test. "I cannot tell you the details," he said.

The Bush administration confirmed Monday for the first time that North Korea conducted an underground nuclear test last week.

Rice To Urge Radiation Inspections To Thwart North Korea (NYT)

By Thom Shanker

The New York Times, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska, Oct. 17 — Secretary of State Condoleezza Rice will urge the countries of northeast Asia to create a strict system of radiation monitoring and inspections to prevent North Korea from smuggling nuclear materials into or out of the country, a senior State Department official said Tuesday.

But in what appears to be an effort to cajole China to enforce the new United Nations sanctions against North Korea aggressively, the United States will ask the countries to focus their efforts on conducting inspections in their own territories, including ports, and on suspicious ships, trucks and aircraft rather than every piece of cargo.

China has been concerned about taking too harsh a stance against North Korea, and its ambassador to the United Nations has said it will not interdict ships.

On Tuesday, a spokesman for the North Korean Foreign Ministry called the United Nations sanctions against his country a "declaration of war." The tone of the statement was not atypical for the North, which often releases bellicose public announcements.

The United Nations resolution, issued last weekend to punish the North for its Oct. 9 nuclear bomb test, bans trade with North Korea in materials linked with unconventional weapons, and authorizes countries to inspect cargo going into and out of the North. But this last measure was diluted by China's insistence that the resolution state that countries be asked, not required, to do so.

What Secretary Rice will be negotiating this week with Asian countries is how they will ensure that transfers of nuclear and other material do not happen. China, which voted for the United Nations sanctions, says it is committed to putting the resolution into effect.

The American idea for a new security framework for North Korea, as described Tuesday by the State Department official, was intended to try to ensure that the country's suspicious cargo would be inspected in Asia, but in ways that could not be construed as a blockade.

"We do not envision this regime as an embargo, as a quarantine or as a blockade," said the official, who was accompanying Ms. Rice as she flew from Washington to Asia, with a refueling stop here in Alaska. "It is much more selective in nature" and aimed specifically at materials for manufacturing unconventional weapons, or building missiles to carry them, the official said.

The United States will urge the northeast Asian countries to use radiation monitors to identify suspicious ships, trucks and aircraft and to also consider United States and Asian intelligence in figuring out which cargo to check.

Separately, in comments to correspondents at the start of her trip for talks in Tokyo, Seoul, Beijing and Moscow, Ms. Rice stressed that efforts to end North Korea's nuclear program should be carried out in ways that do not escalate the crisis.

Her comments could be heard as assurances to the leadership in Beijing. As worried as China may be about North Korea's decision to explode a nuclear bomb, it is equally worried that international sanctions, led by the United States, could cause its neighbor to implode, sending thousands of refugees streaming across its border.

Ms. Rice repeated the Bush administration's official formulation that the United States has no intention or desire "to attack or invade North Korea." But she also said that "the long-suffering people of North Korea should not be forgotten by the international system."

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She warned of dangers if other nations moved toward developing their own nuclear arsenals to counterbalance North Korea — one reason that she said she planned to reaffirm American security commitments to Japan and South Korea.

Officials aboard Ms. Rice's airplane gave the most detailed description to date of how the Bush administration hopes to enlist North Korea's neighbors to implement the Security Council sanctions. They described how a more stringent monitoring and inspection program might focus on the placement of radiation sensors at the land crossings along China's lengthy border with North Korea, and at airfields and ports across the region and around the world that are known to handle cargo to and from the North.

The number of border crossings, airports and maritime ports used in trade by North Korea's feeble economy is limited.

Officials who described details of these initial ideas did so on condition of anonymity, under traditional ground rules for speaking in advance of diplomatic talks.

Tuesday's statement by North Korea said the country would "deliver merciless blows without hesitation to whoever tries to breach our sovereignty and right to survive under the excuse of carrying out the U.N. Security Council resolution."

Referring to the North by the initials of its official name, the Democratic People's Republic of Korea, the statement also said: "The D.P.R.K. had remained unfazed in any storm and stress in the past when it had no nuclear weapons. It is quite nonsensical to expect the D.P.R.K. to yield to the pressure and threat of someone at this time when it has become a nuclear weapons state."

In Seoul, South Korea's top nuclear negotiator, Chun Yung-woo, said the statement contained "no surprises," and was just "the usual rhetoric that they have been using," according to Agence France-Presse.

U.S. Urges Vigilance On North Korea (WSJ)

By Neil King Jr.

The Wall Street Journal, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska -- Secretary of State Condoleezza Rice says she hopes to use her trip to Asia to convince South Korea, China and other countries they have a legal obligation, under a U.N. resolution passed Saturday, to inspect North Korean cargo.

The world-wide inspections envisioned by the Bush administration would go far beyond the 2003 Proliferation Security Initiative, or PSI, under which certain countries have moved to interdict ships or planes suspected of carrying long-range missiles or nuclear material. They would also exceed the measures that some other countries, notably China and South Korea, appear ready to undertake.

Ms. Rice was en route to Tokyo yesterday as part of a five-day trip to Asia to discuss how to enforce penalties against North Korea for testing a nuclear device. U.S. officials said satellite pictures of North Korea suggest that preparations for another test explosion could be under way.

Ms. Rice sought to allay concerns that the U.S. envisioned a sort of blockade, saying that ship interdictions would largely come about as the result of tips. "We are not looking at inspecting every ship," she said.

The Bush administration "does not envision this regime as an embargo, a quarantine, or a blockade," said a senior State Department official traveling with Ms. Rice. But the U.N. resolution does create "a legal obligation" for all states "to give close scrutiny" to all North Korean cargo entering their ports, crossing their borders or entering their air space, the official said.

"We do want an effective inspection regime established that looks at North Korean shipments no matter how those shipments are made," he said.

Both China and South Korea have expressed concern in recent days that the resolution not amount to a blockade or lead to provocations that might spark a military conflict with Pyongyang. North Korea called the U.N. resolution "a declaration of war."

Ms. Rice told reporters traveling with her that much of her discussions in South Korea and China will focus on measures those countries will take to inspect North Korean cargo. Under the U.S.-led PSI, searches were voluntary and initiated only when authorities suspected that there were illicit goods. Now, she said, "it's a mandatory obligation."

China and Russia fought successfully last week at the U.N. to tone down much stricter language on inspections that had been proposed by the U.S. The final resolution simply "calls upon" states to take "cooperative action" as allowed under their own laws to inspect North Korean cargo.

But the administration is now pushing for a tough interpretation of the measure, arguing that countries have a legal responsibility to inspect such cargo. U.S. officials applauded reports Monday that China had begun to inspect trucks at its border with North Korea. But both Beijing and Seoul appear reluctant to push inspections too far, especially when it comes to boarding North Korean ships.

In addition to urging strict inspections, Ms. Rice will also offer to help China and South Korea bulk up radiation-detection capabilities at key border crossings. She is scheduled to visit South Korea tomorrow, China on Friday and Russia on Saturday.

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Sanctions Against North Korea Must Be Firmly Enforced, Rice Says (MCT)

By Warren P. Strobel And Tim Johnson

McClatchy Newspapers, October 18, 2006

ELMENDORF AIR FORCE BASE, Alaska - The United States is pressing North Korea's neighbors to check virtually all North Korean cargo crossing their borders by air, land and sea to fully enforce new U.N. sanctions, a senior State Department official said Tuesday.

As part of the response to North Korea's nuclear test, plans also are under way to expand radiation detection programs in East Asia to prevent Pyongyang from importing or exporting nuclear weapons material, said the official, who was traveling to Asia with Secretary of State Condoleezza Rice.

Rice, speaking to reporters en route to a refueling stop in Alaska, said firm enforcement of the sanctions is the best hope for persuading North Korean leader Kim Jong Il to reverse his isolated country's new nuclear status.

Still, she said there was only "a fair chance" that will happen.

Rice was headed to Japan, South Korea, China and Russia to coordinate approaches to North Korea and reaffirm longtime military alliances with Tokyo and Seoul.

Following North Korea's Oct. 9 nuclear test, the U.N. Security Council on Saturday approved a resolution containing the strictest sanctions it has imposed in a half-century. They include a ban on export or import of nuclear- and missile-related materials, heavy conventional armaments and luxury goods.

North Korea, which may be preparing a second nuclear test, said it was "nonsensical" to try to restrain it now that it has a nuclear arsenal.

"The resolution cannot be construed otherwise than (as) a declaration of war," the North Korean foreign ministry said in a statement Tuesday. "We will deliver merciless blows without hesitation to whoever tries to breach our sovereignty and right to survive under the excuse of carrying out the Security Council resolution."

Satellites reportedly have picked up suspicious movement of trucks and people at a site in North Korea's northeast that indicate preparations for a possible second nuclear test.

Rice acknowledged concerns about a second North Korean test and warned Pyongyang against that step, saying it would only deepen the country's isolation.

The U.N. resolution calls on countries to inspect cargo to or from North Korea that crosses their borders to search for major weapons and material that could be used in missile and nuclear programs.

The Bush administration has interpreted that language as a new mandate on countries to conduct aggressive screenings.

"We believe it is now a legal obligation for states to give very close scrutiny on their territories, in their ports, in their territorial waters and even in their airspace to any North Korean cargo," said the senior official, who spoke on condition of anonymity under State Department ground rules.

China and South Korea have voiced concerns that Washington-led punitive action against North Korea could bring instability and possible armed confrontation.

"Things must be done in such a way that they don't bring about an escalation of the situation into something uncontrollable," Chinese President Hu Jintao told a group of Japanese lawmakers visiting Beijing, the Kyodo news service reported.

China shares an 880-mile land border with North Korea that is crossed daily by trains and hundreds of trucks.

South Korean Prime Minister Han Myung-Sook said sanctions "must not be implemented in any way that could spark an armed clash," but instead should be aimed at pushing North Korea back to long-stalled six-nation talks to dismantle its nuclear programs.

State Department officials acknowledge that the touchiest question involves intercepting North Korean vessels in international waters, where the legal authority is often less clear than it is in another country's territory.

Rice and her aides said the United States isn't advocating a blockade or quarantine, such as that imposed around Cuba during the 1962 missile crisis.

Inspections of ships won't be random but rather "information-driven," Rice said, referring to intelligence tips that a vessel is carrying banned material.

The senior State Department official said North Korea has only a few major ports and a relatively low level of shipping traffic. "The problem is quite manageable," he said.

Under an existing program known as the Proliferation Security Initiative, the United States and other countries have intercepted and seized ships with material that can be used in weapons of mass destruction research. That program, however, is voluntary. About 80 countries participate in the effort, but South Korea and China aren't among them.

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The Bush administration also hopes to expand the use of radiation detectors in a defensive ring around North Korea, the senior official said.

Such detectors are in use at some U.S. border crossings and in a program at U.S. ports called the Container Security Initiative, but they work only at close range.

Rice said that at her first two stops, she will strongly reaffirm the United States' commitment to the defense of Japan and South Korea.

Assistant Secretary of State Christopher Hill, the senior envoy on the nuclear crisis, said in Seoul that Washington was unhappy with Seoul's decision not to suspend one of its major projects with North Korea under its "sunshine policy" of long-term economic engagement. Hill said a South Korean tourism business at Mount Geumgang, a resort in the North visited mainly by South Koreans, "seems to be designed to give money to the North Korean authorities."

Strobel reported from Alaska, Johnson from Seoul, South Korea.

Rice Tries To Head Off Nuclear Arms Race (AP)

By Anne Gearan

AP, October 17, 2006

North Korea's nuclear test could set off an atomic arms race in Asia, Secretary of State Condoleezza Rice said Tuesday as she sought to reaffirm U.S. obligations to defend two nations most at risk.

In addition to settling nerves among allies, Rice's Asia trip is meant to reinforce pressure on South Korea and especially China to enforce sanctions. Those include what the United States describes as an aggressive inspection and interdiction program that stops short of a full blockade of North Korean trade.

The United States is concerned that Japan and South Korea may want to develop their own nuclear weapons programs to counter the threat from North Korea, and part of Rice's assignment on this week's hastily arranged trip is to lessen that temptation.

"Obviously an event of this kind does carry with it the potential for instability in the relationships that now exist in the region," Rice said en route to Japan, her first stop on a tour devoted almost entirely to answering North Korea's nuclear threat.

"That's why it's extremely important to go out and to affirm, and affirm strongly, U.S. defense commitments to Japan and to South Korea," Rice said.

Her diplomatic language refers to the calculus of nuclear deterrents and to the long-standing U.S. pledge to use its own nuclear arsenal to defend its friends.

On her trip, Rice plans to ask South Korea to expand its role in a U.S.-led international program to stop the spread of weapons of mass destruction, Alexander Vershbow, the U.S. ambassador to South Korea, said in Seoul.

Rice would not comment in detail about worries by the U.S. and other governments that the North may be preparing for a second test explosion.

"We're concerned about further action by the North Koreans," Rice said, "but further action by the North Koreans will only deepen its isolation, which is pretty deep right now."

Concern over a second test stems partly from new satellite imagery showing increased activity around at least two other North Korean sites, a senior defense official said Tuesday.

The activity, started a number of days ago, included ground preparation at one site and construction of some buildings and other structures, said the official, who spoke on condition of anonymity because it involved intelligence gathering. He said that although the purpose of the structures is unclear, officials are concerned because North Korea has left open the possibility of another test.

The White House said Tuesday that it wouldn't be surprising if North Korea were to try another nuclear test "to be provocative."

At the Pentagon, Defense Secretary Donald H. Rumsfeld said that while it was unclear what role the U.S. military might take in enforcing new U.N. sanctions, he did not expect the United States or any other nation to do so unilaterally.

"It takes cooperation among a great many countries to participate, and things move by land, sea and air, and it's complicated, and only time will tell," he told reporters.

Japanese Prime Minister Shinzo Abe has ruled out developing nuclear weapons, but a ruling party policy director raised that possibility soon after the North's Oct. 9 test.

The measures passed by the U.N. Security Council over the weekend were watered down to suit China and Russia, but still impose harsh penalties. The measures ban trade with the North in major weapons and materials that could be used in its ballistic missile and weapons of mass destruction programs. They call for all countries to inspect cargo to and from North Korea to enforce the prohibition, although it is not clear how that will work in practice.

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The U.S. does not think of that as an embargo, said a senior official traveling with Rice, who spoke on condition of anonymity because Rice had not yet met with her Asian counterparts.

Earlier Tuesday, the communist North said U.N. sanctions aimed at punishing the country for its nuclear test amount to a declaration of war. The government said it would not cave under such pressure now that it is a nuclear power.

Japan and the United States have gone beyond the U.N. measures to impose or propose separate financial, trade and other restrictions on North Korea over what the U.S. claims is a pattern of lawbreaking by a rogue nation.

China has long been one of North Korea's few friends, but relations frayed in recent months when the North ignored China's warnings not to conduct missile tests or last week's nuclear test.

Although China's cooperation is key to making sanctions effective, Beijing fears that coming down too hard could topple the fragile government of Kim Jong Il or send hundreds of thousands of hungry refugees flooding across the border.

Even with full Chinese compliance, it isn't clear the sanctions can pressure North Korea to resume multi-country negotiations on dismantling its nuclear programs. The country has lived on the edge of famine for a decade and its trade with the West is severely limited by the bans the U.S. has already imposed.

South Korea has said it would fully comply with the sanctions but has also indicated it does not plan to halt key economic projects with the North, despite concerns they may help fund the North's nuclear and missile programs.

Kerry Blasts Bush Policy On North Korea (DMR)

Des Moines Register, October 18, 2006

Iowa City, Ia. — Massachusetts Sen. John Kerry said on another trip to Iowa today that the North Korean nuclear crisis is of the Bush administration's own making.

"The Bush policy is a disgrace," Kerry said in an interview before attending a campaign event for Democrat candidate for governor Chet Culver.

"If Ronald Reagan could talk to the evil empire and negotiate with the Soviets, surely George Bush could do the same with North Korea," he said. "But he's a prisoner of rigid ideology."

Kerry, the 2004 Democratic presidential nominee, has said the United States should negotiate directly with North Korea, the communist dictatorship that tested a nuclear weapon last week and appeared to be preparing another test today.

By asking North Korea's neighbors such as China and South Korea to participate in talks, U.S. clout is weakened, Kerry said.

"The Chinese can't do it," he said. "North Korea fears the potential of U.S. military action for regime change."

Iowa Republicans countered that Bush was engaged in diplomacy in the region by sending Secretary of State Condoleezza Rice to northeast Asia today.

"Senator Kerry's irresponsible comments do nothing more than undermine President Bush's efforts to achieve peace and security in northeast Asia through diplomacy," Republican Party of Iowa spokeswoman Sarah Sauber said.

Kerry headlined a rally for Culver at a downtown Iowa City restaurant, where about 100 party activists turned out around midday.

Kerry, who later was headed to Cedar Rapids to campaign for legislative candidates, was not alone with plans to visit Iowa this week as a prospective presidential candidate. Fellow Senate Democrat Christopher Dodd of Connecticut was also planning to be in Iowa City and Cedar Rapids today.

Republican Sen. John McCain of Arizona was scheduled to make appearances in central Iowa on Wednesday, including an appearance on MSNBC's "Hardball" from Ames.

Kerry, who won the 2004 Iowa caucuses en route to the presidential

nomination, has said he is very serious about exploring a second White House bid.

He has maintained in the two years since losing to Bush that his criticisms of the Republican president are even more valid than they were during his campaign.

He has kept in close touch with Iowans and was making his fourth visit to the lead-off caucus state in the past month and planned a fifth in the three weeks remaining before Nov. 7.

Defector: Kim's Ouster Would Stop Nukes (AP)

By Kwang-tae Kim

AP, October 17, 2006

The man once considered the mentor of North Korean leader Kim Jong Il said Tuesday that the reclusive country's nuclear weapons program cannot be stopped unless the strongman is ousted.

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But Kim's total grip on the communist society makes that only a remote possibility, Hwang Jang Yop, the highest-ranking North Korean government official ever to defect to South Korea, told The Associated Press.

The 83-year-old Hwang, wearing a lapel badge in the shape of the South Korean national flag, is also skeptical that United Nations sanctions imposed on the North for a nuclear test explosion will hurt Kim's rule.

"I don't think his grip on power will be significantly weakened," Hwang said, adding that South Korea continues to give aid to North Korea, while other countries, most notably China and Russia, are opposed to the idea of pressuring the North.

Hwang, who seldom gives interviews, made his surprising defection in 1997 when he and an aide took refuge in the South Korean embassy in Beijing while on a visit to the Chinese capital. At the time, he was a longtime member of the North's elite, serving as secretary of the ruling Workers' Party.

He had been close to the country's founder, Kim Il Sung, the father of Kim Jong Il, and is often described as the younger Kim's former mentor. Hwang is also widely seen as the intellectual architect of the North's "juche" philosophy of self sufficiency.

After intense negotiations between China and South Korea, Hwang eventually left Beijing for the Philippines, where he stayed briefly before making his way to Seoul.

Now under police protection 24 hours a day to prevent any North Korean attempt on his life, Hwang said the six-nation talks aimed at ending the North's nuclear weapons program will not resolve the crisis.

He said South Korea, the U.S., China, Russia and Japan should not bargain with the North. They should instead isolate the regime, he said, calling it an "international criminal organization and the enemy of democracy."

The North's nuclear test last week was not Kim's last card and the North Korean leader could still test fire more missiles like he did in July and even mount nuclear warheads on them, Hwang said.

"It is nonsense to urge the North to abandon its nuclear weapons with Kim in place," he said.

Hwang said China is key to bringing an end to Kim's regime.

China is the last remaining ally and main aid donor to its impoverished neighbor, but their relations have been strained by Beijing's support of the U.N. resolution. Still, Beijing succeeded in blocking an even tougher one pushed by the U.S. and Japan.

"No Chinese officials like the North Korean leader, but they keep him in power," Hwang said, adding that Kim's regime serves Beijing's interests by helping keep U.S. influence in the region at bay.

Hwang said the best-case scenario would be if the North pursued economic openness and reform in trying to rebuild its dismal economy, which he said would likely lead eventually to Kim's overthrow and naturally resolve the nuclear dispute.

But Hwang doubts that will happen. "Kim Jong Il actually fears Chinese-style economic reform and openness coming to North Korea," he said.

U.S. Defector Ends Silence About Life In N. Korea (WT)

By Andrew Salmon

The Washington Times, October 18, 2006

PUSAN, South Korea -- Unrepentant and professing support for communism, the last living American defector in North Korea has spoken out publicly for the first time about his life in the nation and his motivations for defecting -- on celluloid.

"I'm telling you a story I never told anyone," James "Comrade Joe" Dresnok says in the film "Crossing the Line," which had its world premiere Monday at South Korea's Pusan International Film Festival. "I have never regretted coming to [North Korea]. I feel at home."

Made by British filmmakers in North Korea, the documentary sheds light on a unique Cold War story: that of an underprivileged, despairing and desperate American who finds contentment in North Korea.

Mr. Dresnok, an Army private from Norfolk, also acknowledges difficulties he faced, and the film contrasts his testimony with that of U.S. veterans and of fellow defector Charles Jenkins, who declined to criticize the regime until he had escaped it.

Mr. Dresnok, born in 1941, was the product of a broken home. After his parents' divorce, he was sent to an orphanage that he describes as "a living hell." Enlisting at 17, he suffered a failed marriage before being posted to the tense inter-Korean border.

There, between dangerous patrols, he spent his pay on prostitutes. Facing disciplinary action after visiting a girlfriend against orders, he defected to the North through perilous minefields in 1962.

"I didn't care if I lived or died," he says.

Captured, he and three fellow U.S. defectors were feted as propaganda trophies and put to work creating propaganda material.

"We took great pride in it," Mr. Dresnok said. "He'd found la-la land," counters a former U.S. officer.

Life under Asian communism initially was hard for the uneducated Southerner. "I didn't want to stay," he said, citing racism. "I didn't think I could adapt."

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In 1966, he and his fellow defectors sought asylum at Pyongyang's Soviet Embassy. Rejected, they underwent intense re-education.

"I got to think like this, act like this," he said, adding that he learned North Korea's official Juche ideology and its "lofty virtues."

In 1972, the four received citizenship. In 1978, they achieved local fame acting out the parts of evil capitalists in a spy-film series, "Nameless Heroes." They also taught English.

The film contrasts the watery grays of Pyongyang with the rustic hues of Mr. Dresnok's native Virginia. He is seen fishing and drinking, visiting his tailor and celebrating his youngest son's birthday in his small apartment. He has married twice in the North, to a Romanian and to a Togolese.

"I take pride in having a son at college," he says. His blond son, James, who speaks English with a Russian accent, is at a foreign-language school. "In America, I don't believe I could afford it."

The most emotional moment is when he sobs, saying, "I swore that in my life I would never abandon my children."

His comment reflects one by Mr. Jenkins, a former Army sergeant who left the North with his Japanese wife and two children with the assistance of the Japanese government in 2004. Mr. Jenkins worried that the foreign-language schools his daughters attended were recruiting grounds for spies, and said that was his motivation for escaping.

Mr. Dresnok takes the opposite view. He angrily disputes the assertions of the former sergeant, and hints at an affair with Mr. Jenkins' Japanese wife. "I'd like to kill [him]," he snarls.

Today, Mr. Dresnok's life is, by North Korean standards, privileged.

During the deadly famines of the late 1990s, "Korean people starved to death, but I got rice rations," he says. "The government is going to take care of me until my dying day."

He appears cheerful, though he is missing his front teeth. It is not clear whether this is related to beatings Mr. Jenkins claimed U.S. defectors suffered. What is clear is Mr. Dresnok is seriously ill from heavy drinking and smoking. The two other U.S. defectors -- Pvt. Larry Allen Abshier and Cpl. Jerry Wayne Parish -- both died from natural causes, he says.

Mr. Dresnok received no financial benefit from being filmed, "apart from the odd bottle of hooch," said the film's co-producer, Nick Bonner, who runs Beijing-based Koryo Tours, which takes tourists to North Korea.

Mr. Bonner said the filmmakers interviewed Mr. Dresnok without government minders being present, and were not censored. At only one point in the film, in front of the American spy ship USS Pueblo, captured in 1968, does Mr. Dresnok refuse to be filmed.

Mr. Bonner also co-produced 2002's "The Game of Their Lives" about the North's 1966 World Cup soccer team, and 2004's "A State of Mind" about two gymnasts preparing for Pyongyang's mass games, a nationalistic spectacle of gymnastics.

The film's rights have been sold to Korea and Japan, said co-producer Paul Yi, who added that he hoped the film would play at the Sundance Film Festival in the United States.

A spokesman for U.S. Forces Korea said by telephone that he was unfamiliar with Mr. Dresnok's case, but expected that if he ever left the North, he would be treated like Mr. Jenkins was.

In 2004, Mr. Jenkins was court-martialed but set free after 30 days of confinement, on the basis that he had suffered enough.

Letters To The Editor (WT)

The Washington Times, October 18, 2006

'Nuclear disarmament must be an urgent priority'

The government of the Islamic Republic of Iran strongly rejects any comparison of Iran's nuclear program with other countries'.Iran's nuclear program is legal, fully within the framework of the Non-Proliferation Treaty, peaceful and transparent ("North Korea and Iran," Editorial, Oct. 11).

After more than 2200 days of inspection of Iran's nuclear facilities, the International Atomic Energy Agency (IAEA) has concluded that there is no evidence of diversion of nuclear material to military objectives. The latest report by the IAEA's Director-General, Dr. Mohammad El Baradei, dated August 31, states: "Iran has been providing the Agency with access to nuclear material and facilities, and has provided the required reports."

Iran's leadership has repeatedly denounced the manufacturing, stockpiling and use of nuclear weapons on moral, religious and political grounds. Iran is convinced that the proliferation of nuclear weapons is harmful to the cause of world peace and stability.

Iran has called for a nuclear-weapons free zone in the Middle East and has also expressed concerns about the lack of commitment of certain state parties to the Non-Proliferation Treaty regarding their obligations to disarm.

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Iran believe that the absence of meaningful and global nuclear disarmament must be an urgent priority of the international community.

Unfortunately, these important facts about Iran are often ignored in the U.S. media and, instead, Iran has been subjected to a massive campaign of deliberate disinformation. We urge the respected members of the media to refrain from drawing unfounded comparisons between Iran and other countries and to keep the above-stated facts about Iran in consideration when reporting on Iran.

M.A. MOHAMMADI
Press secretary
Mission of the Islamic Republic of Iran to the United Nations
NewYork City

Bush Supports Croatia Membership In NATO (AP)

AP, October 18, 2006

President Bush gave a boost Tuesday to Croatia's aspirations to join NATO, saying it should be admitted to the Western alliance within two years.

Bush said he would recommend the 2008 timetable when he attends a NATO summit next month in Riga, Latvia. He also said he supports Croatia's membership in the European Union.

The president expressed his views during an Oval Office meeting with Croatian Prime Minister Ivo Sanader. "I consider the prime minister a friend; I consider Croatia a friend, as well," Bush said.

The president said he has heard Croatia is one of the most beautiful places on Earth and that he would like to visit sometime. "About the only question we disagreed was whether Croatia or the United States had the most beautiful coastline," Sanader said.

One problem facing Sanader is opposition at home to NATO membership, with opinion polls showing 30 percent of the population against it. Some Croatians claim being a part of NATO would make it a terror target.

While prospects that Croatia eventually will join NATO look good, its hopes of admission to the European Union are less promising.

Sanader said this month he wants EU membership to be fast-tracked and feels his country will be ready for membership by 2008.

European Commission President Jose Manuel Barroso said there could be no more EU enlargements after Romania and Bulgaria join Jan. 1 until the union has resolved the future of its stalled constitution.

Abbas Threatens To Dismiss Hamas Government (NYT)

By Greg Myre

The New York Times, October 18, 2006

JERUSALEM, Oct. 17 — The president of the Palestinian Authority, Mahmoud Abbas, warned Tuesday that the current Palestinian political crisis was intolerable, and suggested he would dismiss the Hamas-led government if the rival factions could not agree soon on a national unity government.

“To maintain the status quo is impossible,” Mr. Abbas said in remarks broadcast on Palestinian television. “As the person in charge, I am obligated to consider all options that could get us out of this crisis.”

Mr. Abbas’s speech, delivered from the West Bank city of Ramallah, was the clearest signal yet that he was prepared to act against the Hamas government. With Israel and Western governments cutting off the flow of money to the Palestinian Authority, the Hamas government has barely functioned since coming to power more than six months ago.

Mr. Abbas said he still sought a national unity government that would include his secular Fatah movement and Hamas, the Islamic radical group. The two parties agreed on such an arrangement more than a month ago, but the talks broke down over issues that include the recognition of Israel, which Hamas rejects.

Mr. Abbas said that if no agreement was reached soon he might dismiss the government and replace it, at least temporarily, with technocrats.

“I have the right to dismiss the government,” he declared. He then went on to say that a “government of technocrats would be the simplest and most practical solution.”

But Hamas could resist such a move, and the Palestinian Basic Law, which effectively serves as a constitution, is somewhat vague on how to resolve political disputes.

There is also the fear that a political showdown between Mr. Abbas’s Fatah movement and Hamas would add to tensions among the heavily armed supporters of both groups, who have fought street battles in the Gaza Strip in recent weeks.

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"Civil war is the only taboo," Mr. Abbas said. "But we have other options, and I am studying them."

He set no deadlines for a decision. But there has been speculation that he may be prepared to act soon after the Muslim holy month of Ramadan, which concludes next week.

Meanwhile, in violence on Tuesday, Israeli troops shot dead five Palestinians in three separate confrontations in the West Bank, according to the Palestinian security officials and the Israeli military.

Soldiers killed an Islamic Jihad militant, Muhammad Zakarneh, in the town of Qabatiya, according to the Israeli military and the Palestinians. Also in Qabatiya, two Palestinians throwing stones at army vehicles were shot dead, according to the Palestinians. The military said it was aware of only one Palestinian death, and the man was believed to be a militant.

In the nearby town of Nablus, soldiers fired on a wanted militant in a car, killing him and another person in the vehicle, according to the military and Palestinians.

Israeli Forces Conducting Raids Kill Four Palestinians In West Bank (WP)

By Scott Wilson

The Washington Post, October 18, 2006

JERUSALEM, Oct. 17 -- Israeli military forces operating in the West Bank killed four Palestinians on Tuesday during arrest operations that turned violent in two volatile cities.

Among the dead were at least two Palestinian gunmen affiliated with the armed wing of Fatah, the secular nationalist movement, and the radical group Islamic Jihad. Palestinian security officials said the dead also included at least one civilian.

The northern West Bank has become a focal point of Israeli security concerns in recent months, emerging as a stronghold of Islamic Jihad, the most radical militia at war with the Jewish state. The operations marked a shift by the military, which has concentrated most offensive operations in the Gaza Strip since the June 25 capture of an Israeli army corporal by several armed groups including the military wing of the governing Hamas movement.

The operations came as Ghazi Hamad, a senior Hamas official, published his second critique of Palestinian society in two months. In a column for the daily newspaper al-Ayyam, Hamad, a senior adviser to Prime Minister Ismail Haniyeh, asked if violence had become "a Palestinian disease."

Hamad raised the question after sectarian clashes in Gaza and the West Bank that in recent weeks have killed more than 12 Palestinians and wounded scores. He asked whether violence had become "a culture implanted in our bodies and our flesh," adding that it "has taken away the language of brotherhood and replaced it with arms."

"Shouldn't we be ashamed of this ugly behavior, which scandalizes us before our people and before the world?" he wrote from Gaza.

The Israeli military reported Tuesday the discovery of a tunnel near Gaza's border with Egypt, through which Palestinian militias apparently smuggled guns into the strip. The military said it was the 13th tunnel uncovered in the past three months as armed groups attempt to build their arsenals during the Israeli offensive.

At 7 a.m., an Israeli military unit entered the West Bank town of Qabatiya on an arrest operation. Israeli military officials said soldiers fired on a group of Palestinian gunmen, killing one. The man was identified as Mohammed Zakarneh, 18, of Islamic Jihad.

A few hours later, military officials said, a riot broke out as Israeli soldiers attempted a second arrest in the town. The soldiers were pelted with stones and cinder blocks, military officials said, and responded by firing rubber bullets toward the crowd.

Palestinian officials said Hani Khalil Kmeil, 20, was killed. Israeli military officials said they were investigating the report.

The final incident occurred in Nablus when Israeli soldiers fired on a car carrying a member of the al-Aqsa Martyrs Brigades, Fatah's military wing. Israeli military officials said the man, wanted for arrest, was killed, along with the driver, whose connection to the militia was unclear.

Blair Criticizes Veils As 'Mark Of Separation' (NYT)

By Alan Cowell

The New York Times, October 18, 2006

LONDON, Oct. 17 — Prime Minister Tony Blair joined a passionate and increasingly contentious debate on Tuesday over the full-face veils worn by some British Muslim women, calling it a "mark of separation."

It was the first time Mr. Blair had so explicitly backed Jack Straw, the leader of the House of Commons, who raised Muslim ire this month by saying he did not believe that women should wear the full-face veil, a headdress with only a narrow slit for the eyes. Mr. Straw had asked Muslim women meeting with him to remove their veils, arguing that it prevented communication and set the wearer apart.

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"It is a mark of separation, and that is why it makes other people from outside the community feel uncomfortable," Mr. Blair said at a regular news conference, echoing some of Mr. Straw's sentiments.

His remarks reflected a sense that British society is heading toward ever deeper fissures between Muslims and non-Muslims, evoking questions about the nation's readiness to embrace Muslims, and Muslims' willingness to adapt.

The discussion mirrors earlier public disputes in France, Turkey and elsewhere about head scarves, though in Britain it is largely limited to the use of the full-face veil, the niqab.

"No one wants to say that people don't have the right to do it," Mr. Blair said. "That is to take it too far. But I think we need to confront this issue about how we integrate people properly into our society."

There were signs that the dispute had spread farther across Europe. In an interview in Italy, Prime Minister Romano Prodi was quoted Tuesday as saying that women should not be hidden behind veils.

In Muslim societies, the full veil is sometimes worn to shield a woman from the view of men outside her immediate family. The debate about its use among a small number of British Muslims has crystallized around Aishah Azmi, a teaching assistant suspended by a local council for refusing to remove her full-face veil during class in the presence of male teachers.

Mr. Blair said he could "see the reason" for Mrs. Azmi to be suspended from her job at a Church of England school in Dewsbury, Yorkshire, where there is a substantial Muslim minority. Within hours, her lawyers issued a statement accusing Mr. Blair of interfering in a labor tribunal case and demanding a retraction.

"We have to deal with the debate," Mr. Blair said. "People want to know that the Muslim community in particular, but actually all minority communities, have got the balance right between integration and multi-culturalism."

The debate is characterized by Muslims as a symbol of the stigma they face among the non-Muslim majority.

Muhammad Abdul Bari, the secretary general of the Muslim Council of Britain, said in an open letter that some Muslims had been considering changing their names "to avoid anti-Muslim remarks."

"This is what happens when a community is singled out by those at the helm of affairs," he said.

Non-Muslims say the veil-wearing shows a reluctance among the estimated 1.6 million Muslims — 3 percent of the population — to compromise for the sake of social harmony. David Davis, the Conservative opposition spokesman on home affairs, said last weekend that British Muslims risked "voluntary apartheid" by displays of separateness like the full veil.

The gulf has been widening since the London bombings by four British Muslims on July 7, 2005, but the argument has sharpened in recent weeks. After Mr. Straw questioned the wearing of the niqab in early October, a government education minister, Phil Woolas, went further last weekend, calling for Mrs. Azmi, the teaching assistant, to be dismissed. Other government ministers, now including Mr. Blair, have joined the debate.

The discussion spills over into Britain's broader embroilment in the campaign against terrorism and the war in Iraq. Mr. Blair and others say Muslims must do more to police their own ranks, while some Muslims say Britain's deployment in Iraq and Afghanistan accelerates the radicalization of young Muslims like the London bombers.

Last week Britain's new army commander, Gen. Sir Richard Dannatt, said British troops should be pulled out from Iraq "some time soon."

But Mr. Blair said Tuesday: "If we walk away before the job is done from either of those two countries, we will leave a situation in which the very people we are fighting everywhere, including the extremism in our own country, are heartened and emboldened, and we can't afford that to happen. So we have got to see that job through."

Council Seat Still Undecided After 22 Ballots (NYT)

By Warren Hoge

The New York Times, October 18, 2006

UNITED NATIONS, Oct. 17 — Venezuela's campaign to gain Latin America's open seat on the Security Council next year lagged Tuesday for a second straight day, but Guatemala, the persistent leader after 22 ballots, was unable to win enough votes to secure the position.

The General Assembly recessed Tuesday night for 24 hours to ponder a way out of the deadlock, with diplomats suggesting that it might be time for the Latin American group to switch to a compromise candidate.

But neither country was prepared to step aside.

"We still have a considerable lead over our competitor, and under normal circumstances our competitor would stand down graciously," said Gert Rosenthal, the foreign minister of Guatemala, "but for reasons well known, he's not willing to do that."

Francisco Arias Cárdenas, Venezuela's ambassador, said, "We have had to fight a very uneven battle, with constant false accusations made against us, and we have kept up the fight until now and we will continue the fight."

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The setback was particularly stinging for Venezuela, whose president, Hugo Chávez, has made the contest a centerpiece of his continuing campaign against Washington, financing it liberally with oil proceeds, promoting it with personal appearances around the world and frequently predicting that Venezuela would prevail.

In keeping with that, Mr. Arias Cárdenas has repeatedly said that this was not an argument between "brother" Latin nations, but an effort to liberate the United Nations from United States' "imposition."

Mr. Rosenthal complained: "Venezuela clearly is not doing well, but they want to bring us down with them as the proxy for the United States. It is very unfair to us. Washington did not run our campaign. We did all the work, and we have a majority of the votes."

Mr. Arias Cárdenas said his country was not being "stubborn" but was sacrificing itself to represent poor and weak countries against the "blackmail" of the United States.

He held up the front page of El País, the Spanish daily, which showed a picture of John R. Bolton, the American ambassador, leaning over and consulting with Mr. Rosenthal.

"This is the pressure we are fighting," he said. "Why doesn't Bolton come to this microphone and declare that the United States will remove the pressure, will withdraw the money, and then countries will have the liberty to vote their conscience."

In response, Mr. Bolton said: "Look, we have made our position clear in a very low key way. It is motivated by our concern for Venezuela's behavior, and that's another example of it."

Asked about the photo with Mr. Bolton, Mr. Rosenthal said: "I don't think there is anything conspiratorial about it. Yesterday, I must have been faced with 100 ambassadors, and he was one of them."

The two countries are competing for a two-year term in the seat being vacated by Argentina, and to win it, one of them must reach 125 votes, which is two-thirds of those voting. Guatemala had held to an average of 104 and Venezuela 77.

"It's true that the positions right now seem to be stuck in the same place," Mr. Rosenthal said. "The bottom line is that we still are not prepared to step down, given the lead we have, and Thursday we can have another go at it."

Mr. Bolton said the United States normally steered clear of contests at the United Nations involving regional groups but had become involved in this one out of concern that Venezuela might become a disruptive presence on the Security Council.

"You can draw one conclusion from the results," Mr. Bolton said with evident satisfaction, "that is, that Venezuela is not going to win."

Venezuela Stymied Again In U.N. Vote (WP)

By Colum Lynch, Juan Forero And Bill Brubaker

The Washington Post, October 18, 2006

UNITED NATIONS, Oct. 17 -- Venezuela was stymied for a second straight day in its bid to win a seat on the U.N. Security Council, a result that has shocked diplomats who expected President Hugo Chavez's leftist, oil-rich government to gain a platform on the international stage.

Guatemala led Venezuela in each of the 12 rounds of secret voting held by the General Assembly on Tuesday. On Monday, Guatemala won nine of the first 10 rounds. But neither country has secured the required two-thirds vote to succeed Argentina on Jan. 1 in the open Latin American seat on the 15-nation council.

The voting is scheduled to continue Thursday morning.

Delegates at the United Nations once predicted that Venezuela would easily receive enough support for the seat. But the opening ballot Monday showed Guatemala ahead 114 to 74 . Venezuela gained votes through the day but never did better than a 93 to 93 tie with Guatemala. Afterward, several envoys expressed surprise that Venezuela had fared so poorly.

On Tuesday, Venezuela could muster no more than 85 votes in any single round. Guatemala attracted as many as 112 votes but consistently fell a dozen or more votes short of the required total in each round.

Venezuela's showing has come as a relief to the United States, which has lobbied actively on behalf of Guatemala. Chavez's government, U.S. officials warned, would play a destructive role on the council, lending its support to those countries, including Iran, Sudan and North Korea, that have defied the United Nations.

It also represented a personal blow to Chavez, who had run a costly political campaign that involved millions of dollars in aid to poor countries as well as state visits to Russia, China and the Middle East.

Chavez may have undercut his country's chances with a provocative speech last month before the General Assembly, in which he described President Bush as "the devil." And once-solid support for Venezuela in South America, from countries including Chile and Paraguay, wavered after Chavez's government entered into a military pact with Bolivia, which has lost territory to both those countries.

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The United States, Britain, China, Russia and France enjoy permanent membership on the 15-member Security Council. The other 10 seats are distributed regionally for two-year terms; a vote by the General Assembly fills five seats each year. South Africa, Indonesia, Italy and Belgium were easily elected Monday for their regions.

But the deadlock over the Latin American seat raised the prospect of a long election and that a compromise candidate--possibly Costa Rica, the Dominican Republic, Uruguay or Chile--might enter the race. Mexico and Cuba received single votes on some ballots Monday.

Chavez has been hostile to Washington for years, but he has been particularly antagonistic since the White House offered tacit support for a 2002 coup that briefly removed him from power. Venezuela's U.N. ambassador, Francisco Javier Arias Cardenas, characterized the race as a challenge between a fearless champion of the developing world and the world's lone superpower.

"We are not competing with a brother country. We are competing with the biggest power on the planet," he said.

Some delegates said Chavez's Sept. 20 speech alienated moderate members who felt he had violated U.N. protocol.

For those who view the General Assembly chamber as "a very sacrosanct place," Chavez's performance exhibited "bad taste," said Tanzania's ambassador, Augustine P. Mahiga. "It can be a platform for the battle of ideas but not for the vilification of one country."

Mahiga said, however, that Washington's intensive promotion of Guatemala's bid may have helped its cause in some capitals and "swayed" others to vote against it.

"It's a double-edged sword," he said. The race was "perceived as a contest between the United States and Venezuela."

Alberto Garrido, an author and analyst in Caracas who has written several books on Chavez, said the vote is a serious setback for Chavez's campaign to project Venezuelan influence beyond Latin America.

Venezuela has bought foreign debt from Argentina, sold crude oil at cut-rate prices to smaller Caribbean islands and provided aid to Africa--all efforts designed, in part, to counter U.S. influence.

"This is a big setback in Chavez's strategy," said Garrido, whose latest book, "Chavez's Wars," deals with the president's conflicts with the Bush administration and other foes. "He had a plan to become the institutionalized voice of the south, if he had gotten that seat. This is a blow, perhaps the biggest blow in his geopolitical strategy."

In Venezuela, the government's failure to secure a seat was called "an embarrassing defeat" by Manuel Rosales, who is running against Chavez in December's presidential election. The president retains the support of a majority of Venezuelans, recent polls have shown, but opponents accuse him of ignoring spiraling crime, chronic unemployment and poverty while he focuses on making a name for himself abroad.

Chavez has spent much of his presidency outside Venezuela. But since July, as the Security Council campaign has built, his travel schedule has become feverish, with trips to Russia, China, Vietnam, Iran and Belarus.

The Venezuelan government's argument that it would be a voice for those countries suffering at the hands of U.S. imperialism did not strike a chord with enough nations, said Milos Alcalay, a former Venezuelan ambassador to the United Nations.

"To argue that Venezuela would go to the Security Council to be the counterweight against imperialism didn't mesh with the philosophy that this is a body that aims to find things in common," said Alcalay, who resigned his post because of opposition to Chavez's policies.

"This was firstly a rejection of combative language, but it was also a rejection of Venezuela's claim to be the voice of those who do not have a voice, of Africa, the nonaligned," he said. "And really, they do have a voice. Africa elected South Africa as its spokesman."

Forero reported from Quito, Ecuador. Brubaker reported from Washington.

Un Seats Continues To Elude Chávez (FT)

Financial Times, October 18, 2006

A second full day of voting at the United Nations General Assembly on Tuesday failed to decide whether anti-US Venezuela or pro-US Guatemala would win a seat on the Security Council.

Neither managed to get the two-thirds majority needed for victory, although Guatemala won the majority of votes by a significant margin. In a day that saw both sides' fortunes rise and fall, Guatemala won 102 votes against Venezuela's 77 in the 12th round. Diplomats said the situation was deadlocked.

The voting is a setback for Venezuela's President Hugo Chávez, who in recent months has travelled extensively and invested heavily in an attempt to win support for his country's bid.

"It is a tremendous blow to Venezuela," said Juan Tokatlian, a Buenos Aires-based international relations specialist. "Their votes have fallen well short of what they expected."

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The stalemate could continue for the next few days. Ecuador convened an informal discussion between Latin American countries for today but no formal meeting was scheduled. Voting resumes on Thursday. Guatemala said its bottom line was that it was still not prepared to step down.

On Monday, Guatemala started with a clear lead, then fell level with Venezuela, before recovering its majority. On Tuesday, it swung between 100 and 112 votes, against between 75 and 85 for Venezuela. Guatemala needed between 120 to 125 votes to win, depending on abstentions.

Venezuela indicated it could withdraw its candidacy if Guatemala also withdrew, and the US publicly advocated a fair vote without exerting pressure.

The impasse has prompted other Latin American countries to suggest regional talks on a way to avoid a recurrence of divisions that afflicted the region at the height of the cold war.

In 1979 it took four months and 155 rounds of votes to resolve protracted deadlock between Cuba and Colombia. That contest was eventually resolved only after the intervention of Kurt Waldheim, then secretary-general of the United Nations, and the nomination of Mexico as a compromise candidate.

Mr Tokatlian said he expected Brazil, Argentina and Chile to begin efforts to broker a solution.

In UN Political Drama, It's All About The US (CSM)

By Howard Lafranchi

The Christian Science Monitor, October 18, 2006

UNITED NATIONS, N.Y.

In the war of Hugo Chávez versus George W. Bush, Venezuela versus the United States, and anti- Americanism versus American leadership, the latest battle is ... a draw.

In marathon voting at the 192-country United Nations General Assembly that continued midday Tuesday, Venezuela had not won a coveted seat on the 15-member Security Council. Mr. Chávez's trash talk about Mr. Bush from the same General Assembly hall a month ago has not won him the support he needs to claim one of the Council's 10 rotating seats -a post from which he had hoped to goad "the imperial power," or "the master of the house," as he is wont to say.

But neither has the US been able to definitively squash Venezuela by assuring the election of Guatemala, its favored candidate, to the open two-year position. The writing on the wall was getting clearer: Neither country seems likely to win the rotating seat reserved for Latin America. Speculation intensified over possible replacement "consensus" candidates.

Yet the stalemate also has deeper roots and explanations, to listen to delegates as they filed out of the hall after each ballot, or to UN officials milling around to see how the vote was going.

For some, it is a result of the fault lines that still divide the world more than three years after debate about invading Iraq. Surveys show the US remains deeply unpopular in much of the world, and the General Assembly voting reflects that.

But for others, it is more a reflection of widespread ambivalence - and perhaps fatigue - toward both the camp that wants to make a point of standing up to the US, and the one that is seen to be too closely aligned with it.

"There is a whiff of the cold war to this, and people don't want to see the UN go back to that paralysis," said one UN official observing the vote, who spoke on condition of anonymity. "My guess is that a fair number of countries don't want either side to get the upper hand."

Many delegates expressed surprise that Venezuela, a major oil producer that worked hard for months to win votes, never overtook Guatemala in the first day of balloting. The common explanation offered was that Chávez's depiction of Bush as "the devil" in his speech to the General Assembly in September had cost him support - despite applause and titters at the time - because it raised concerns of a Security Council bogged down in polemics.

"When it comes down to it, a polarizer is not a vote-getter," said another UN official, who also spoke on condition of anonymity.

After 14 secret ballots by midday Tuesday, Guatemala stood at 108 votes - well short of the two-thirds majority (128 votes) needed. Venezuela had 76. Those numbers had fluctuated over the course of ballots, but they were basically the same as the original vote Monday.

In all, the General Assembly actually had to fill five rotating Security Council seats, although the other four slots were decided without controversy on the first ballot. South Africa, Indonesia, Belgium, and Italy are to fill the seats of their respective regions in January.

But the Latin American seat was a different story, with stakeholders from both sides indicating early on they were ready for a long fight.

"All I can say is that back in 2000, I spent 31 days in Florida," said John Bolton, the US ambassador to the UN, at one point on Monday, referring to his role in the legal wrangling that ultimately won the presidency for Bush. "This has just begun."

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Mr. Bolton's words suggest the importance the US is putting in the outcome.

By the seventh vote on Monday, talk had shifted to the goodies the candidates were passing out to secure any wavering votes: chocolates with "Venezuela" wrappers from one side, woven friendship bracelets from the other.

But others alluded to much more heavy-handed tactics than those quaint campaign tools. Venezuela's ambassador, Francisco Javier Arias Cárdenas, said the people of the world were "resisting with dignity the pressures of the imperial power." He claimed the US was seeking to sway the vote by issuing both promises of aid for supporting Guatemala and threats of financial retaliation against any developing country siding with Venezuela.

Yet other diplomats referred to Chávez's nearly two-year-long campaign to win a Council seat and noted that Chávez, as leader of a major oil- producing nation, had signed numerous bilateral trade pacts while pursuing his campaign. As one diplomat noted in a tongue-in-cheek explanation for the sudden spurt in support for Venezuela in one ballot: "They upped the ante - now it's a full tanker in every port!"

Yet kidding aside, some diplomats noted there is precedent to suggest that the balloting might not be nearing a quick denouement. UN officials did some digging and found that in 1979, another vote on a Security Council seat - again involving Latin America's slot - had taken 155 ballots stretching from October to January.

In that case, a battle pitting Cuba against Colombia was resolved when Mexico finally emerged as a compromise candidate.

While Venezuela's ambassador didn't want to hear any talk of a consensus candidate to break a deadlock, the names of nations like Uruguay, Costa Rica, and the Dominican Republic floated around the hall.

And Mexico's ambassador, Enrique Berruga, said that Mexico was pressing for a meeting of Latin American countries Tuesday, to find a solution to the deadlock.

At the same time, Guatemalan officials insisted they were in the fight to stay. But their delegation's leader suggested Monday afternoon that he understood a continuing stalemate could not be allowed to go on forever.

"We are not obstinate," said Guatemala's foreign minister, Gert Rosenthal, at the end of voting Monday. "If after two, three, four days, neither country has arrived at the two-thirds needed, logically we have to consider a third candidate."

And then he continued with words that, either by design or not, contrasted with the politicking that has dominated the voting. "This has never been a national crusade [for us] to be on the Security Council." Noting that the UN spearheaded the peace process that ended Guatemala's civil war in 1996, he added, "We are giving back to the UN what the UN gave to Guatemala."

Guatemala Leads But Can't Land U.N. Seat (AP-Y)

By Nick Wadhams

AP, October 18, 2006

Guatemala failed repeatedly to muster the necessary votes to beat out Venezuela for a Latin American seat on the U.N. Security Council, prompting diplomats on Tuesday to demand a compromise candidate.

Both have so far refused and the U.N. General Assembly scheduled yet more rounds of voting on Thursday by its 192 member nations. That left a day off for Latin American nations to try to find a solution.

In the 22nd round of voting, Guatemala garnered 102 votes to Venezuela's 77. That result, similar to that of many of the previous rounds during the last two days, was 23 votes short of the two-thirds needed to win, and it now appeared that neither would be able to bridge the gap.

"It's obvious that the General Assembly is sharply divided and we are facing a deadlock in this election," said the Arab League's U.N. representative Yahya Mahmassani. "We look forward to the group of Latin American and Caribbean states to find a solution to this impasse, with the acquiescence and acceptance of the two candidates."

Yet neither Venezuela nor Guatemala appeared willing to drop out of the election.

Venezuela's U.N. Ambassador Francisco Arias Cardenas complained that the United States pressed countries worldwide to prevent Venezuela from winning a seat on the 15-nation council.

"We are fighting against the first power of the world, the owners of the universe," Arias Cardenas said. "We're happy, we're strong and we will continue."

Roy Chaderton, the Venezuelan diplomat who played a key role in his country's campaign for the seat, said the results were only a minor setback in the long struggle against U.S. efforts to dominate international affairs.

"This battle will prepare us for another battle within the international community," Chaderton told Venezuelan state television Sunday.

The results were seen as a setback for Venezuelan President Hugo Chavez, who had lobbied hard in capitals around the world, offering millions of petrodollars in aid.

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Diplomats said his bombastic speech to the General Assembly last month, when Chavez railed against the United States and called President Bush "the devil," may have hurt Venezuela's chances.

The vote, however, also reflected the ambivalence toward Guatemala, Washington's preferred candidate. Even Guatemalan Foreign Minister Gert Rosenthal had earlier expressed discomfort about the highly public U.S. campaign against Venezuela and in support of Guatemala.

After Monday's balloting, Rosenthal said his nation was an "independent voice" that would vote according to its own policies.

The record number of ballots for a Security Council seat occurred in 1979, when the General Assembly held 154 unsuccessful votes to choose between Cuba and Colombia. Mexico was then put forward and won in the 155th round.

Possible other candidates include Uruguay, Costa Rica, Mexico and the Dominican Republic.

Venezuela has served four times on the Security Council. Guatemala has never had a seat but is a leading contributor of troops to U.N. peacekeeping missions.

The 10 non-permanent seats on the council are filled by the regional groups for two-year stretches. The other five are occupied by the veto-wielding permanent members: Britain, China, France, Russia and the United States.

Venezuela Trails In Early Voting For Seat On Security Council (MCT)

By Pablo Bachelet

McClatchy Newspapers, October 18, 2006

UNITED NATIONS - U.S.-backed Guatemala got the upper hand in a seesaw tussle Monday to secure a seat on the U.N. Security Council, dealing a surprising blow to Venezuelan President Hugo Chavez's ambitions to lead a worldwide anti-Washington front.

But in 10 rounds of voting Guatemala fell short of the two-thirds majority needed to win the seat, reserved for a Latin American nation, raising the specter of a lengthy battle that eventually could lead to a compromise candidacy.

Venezuelan officials blamed U.S. pressures for blocking their bid to secure a seat that brings international prestige and a voice on such key issues as the nuclear standoffs with Iran and North Korea.

Francisco Arias, Venezuela's U.N. ambassador, said Washington was exerting "grotesque, obscene" pressures on U.N. members to vote for Guatemala, and he vowed his country would fight on.

"Venezuela is staying; Venezuela is by no means pulling out," he said after the fourth round of voting, adding that Washington was campaigning against his country as if "we were inventing a nuclear bomb."

The leftist Chavez has been a steady and strident critic of the Bush administration, and a victory in the Security Council race would give him a strong voice in Latin American regional affairs.

Most analysts had expected Venezuela to outpoll Guatemala in the election, one of the most disputed in Security Council history. Chavez had traveled the globe in search of votes, touting himself as a strong voice opposed to Washington. U.S. officials have complained that Chavez has been using his oil wealth to expand his influence.

But diplomats privately said Chavez hurt Venezuela in a speech last month at the U.N. General Assembly, in which he called President Bush "a devil."

Guatemalan Foreign Minister Gert Rosenthal, who attended the session, told reporters after the 10th ballot that his country would maintain its candidacy for now but would be willing later to consider a compromise.

"We're going to see how things evolve in the next day or two," he said. More rounds of voting are expected Tuesday.

Although the vote was secret, many South American and Caribbean nations, as well as African and Arab nations, were known to be backing Venezuela, while Washington and most European and Central America nations were supporting Guatemala. Chile, Ecuador and Peru abstained in the first round but didn't say how they voted in the later ballots.

The winner will succeed Argentina in a two-year term on the Security Council that begins in January 2007.

Guatemala won the early rounds of balloting and by the third round secured 116 votes, just eight short of the two-thirds needed to win.

Venezuelan diplomats fanned out in the cavernous hall, with Arias methodically greeting each delegation several times. Former Venezuelan Foreign Minister Roy Chaderton, designated by Chavez as a special envoy for the U.N. campaign, also worked the aisles.

On occasion, the Venezuelan and U.S. diplomats would politely ignore each other as they bumped into one another during their lobbying runs. U.S. Ambassador John Bolton and the assistant secretary of state for western hemispheric affairs, Thomas Shannon, were seen chatting up other delegates.

"In the year 2000, I spent 31 days in Florida," Bolton told reporters at one point, referring to the long U.S. presidential election recount. "This has just begun."

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The delegates' tables soon became a clutter of pamphlets, with the Chavez delegation dominating the literature. One Venezuelan handout reminded diplomats that their vote was secret and that Venezuela represented "independence."

"Raise your voice against imposition," the brochure urged.

Delegates also received a small bag with sweets from Venezuela, while Guatemalan diplomats handed out an embroidered wristband.

On the sixth round, Venezuela and Guatemala tied at 93 votes, and the Venezuelan delegation erupted in a loud applause. But Guatemala reversed the tide and by the 10th round it obtained 110 votes against 77 for Venezuela.

Monday's election recalled the 154-round standoff between Cuba and Colombia in 1979, which finally ushered in Mexico as a consensus candidate.

In Caracas, Venezuelan Vice President Jose Vicente Rangel said his country had demonstrated the firmness of its foreign policy in the face of "pressure" and "bribes" from the U.S. delegation. "We are confronting the empire," he said.

But Chavez's main opponent in the Dec. 3 presidential election, Manuel Rosales, described Venezuela's failure to win the seat as a "democratic whipping for those who do not understand that the world is advancing towards freedom and democracy."

Special correspondent Phil Gunson in Caracas contributed to this report.

A Model Of Modern Vitality, France Devises A Baby Boom (WP)

By Molly Moore

The Washington Post, October 18, 2006

JUMEAUVILLE, France -- When the municipal day-care center ran out of space because of a local baby boom, the town government gave Maylis Staub and her husband $200 a month to defray the cost of a "maternal assistant" to care for their two children.

When Staub delivered twins last December -- her third and fourth children -- the nation not only increased their tax deductions and child allowances, the government-owned French train system offered 40 percent discounts off tickets for the parents and the children until they reach their 18th birthdays.

"The government favors families a lot," said Staub, a 35-year-old project manager for a French cellphone company. "They understand that families are the future. It's great for us."

While falling birthrates threaten to undermine economies and social stability across much of an aging Europe, French fertility rates are increasing. France now has the second-highest fertility rate in Europe -- 1.94 children born per woman, exceeded slightly by Ireland's rate of 1.99. The U.S. fertility rate is 2.01 children.

In many European countries, park benches are filled with elderly residents. In France, parks overflow with boisterous children, making it an international model for countries struggling with the threat of zero population growth. In recent months, officials from Japan, Thailand and neighboring Germany have traveled to France to study its reproductive secrets.

But the propensity of women here to have more babies has little to do with notions of French romance or the population's formerly strong religious ties to the Roman Catholic Church.

France heavily subsidizes children and families from pregnancy to young adulthood with liberal maternity leaves and part-time work laws for women. The government also covers some child-care costs of toddlers up to 3 years old and offers free child-care centers from age 3 to kindergarten, in addition to tax breaks and discounts on transportation, cultural events and shopping.

This summer, the government -- concerned that French women still were not producing enough children to guarantee a full replacement generation -- very publicly urged French women to have even more babies. A new law provides more maternity leave and benefits, tax credits and other incentives for families who have a third child. During a year-long leave after the birth of the third child, mothers will receive $960 a month from the government, twice the allowance for the second child.

A century ago, France was one of the first European countries to face a declining population. Since then, almost every elected French government -- regardless of party -- has instituted laws that encourage bigger families and make it easier for women to keep their jobs while raising children.

"Politicians realized they had to encourage people to have more babies if they didn't want to live in a country of old people," said France Prioux, director of research for France's National Institute of Demographic Studies.

Most of the subsidies and allowances are income-based, giving low-income families the most help. But higher-income families also receive substantial benefits so that only a fraction of a working mother's salary goes to child-care costs.

In Jumeauville, a rural hamlet of picturesque stone houses and about 500 inhabitants a 45-minute drive west of Paris, the Staubs are part of a trend most European countries crave to emulate: expanding families fleeing the cities and suburbs in search of larger houses and gardens, helping to replenish the village's declining and aging population of farmers.

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When Staub became pregnant with twins last year, the family moved out of their cramped apartment in suburban Paris and into a renovated stone farmhouse with massive plate-glass windows and exposed wood beam ceilings in Jumeauville, which translates in English as Twin City.

Staub, a slender woman with an animated face framed by honey-colored hair that brushes her shoulders, took a year off from her job at SFR, a major cellphone company, collecting monthly maternity leave benefits and a guarantee that her job would be waiting for her when she returned.

Under French law, a woman can opt not to work or to work part time until her child is 3 years old -- and her full-time job will be guaranteed when she returns. "In other countries, maternity leaves are seen as a handicap for mothers who want to have a career," Staub said. "It's different in France."

A colleague at Staub's company, 35-year-old Axelle de Barbeyrac, also has four children, including twins. She works four days a week, a part-time schedule that she can continue, with government subsidies, until the twins are 3 next year.

She lives in the Paris suburb of Ville d'Avray, a 10-minute train ride west of the La Defense high-technology, high-rise corridor on the edge of the capital where both women work. Barbeyrac catches the 5:09 p.m. train home, walks to the government-subsidized day-care center where her 2 1/2 -year-old twins have spent the day ($670 a month for both), then picks up Ines, 8, and Feh, 6, at the after-school program that ends at 6 p.m. ($75 a month for the two).

As she arrives home to begin the four-child assembly line in the bathtub, the sidewalks around her cream-colored stucco house are crowded with schoolchildren on scooters and mothers pushing a stroller with one hand and gripping a toddler with the other.

"I don't know if the French system encourages women to have more children," said Barbeyrac, whose husband is a documentary filmmaker. "But people don't stop having children because of money concerns."

Maylis Staub agrees. Staub, who is married to a lawyer, returned to work in August. Instead of using the government-supported day-care centers, she hired a nanny -- subsidized by tax breaks on part of the nanny's salary -- to care for her 10-month-old twins, Quitterie and Hermine.

When both women's twins reach 3 years of age, they will qualify for the free government preschool programs that most French children attend until kindergarten.

"The child-care system in France is very well thought out," said Staub, sitting on a sofa on a recent Saturday afternoon with feverish 8-year-old Margaux on one side, fidgety 6-year-old Jules on the other, and one of the twins on her lap. "Everything is organized to make mothers' lives easier."

The French system also fosters different attitudes about working mothers. French working moms say they feel far less guilt than friends in the United States or Europe because French society recognizes children are well cared-for while mothers are at work.

As a result, French women are not only having more children than their European counterparts, but far more of them work outside the home than in most European countries. Three-fourths of all French mothers with at least two children are employed.

"In Mediterranean countries and Germany, it's work or children," said Marie-Therese Letablier, research director of the Center for Employment Studies. "In France, it's work and children."

"French society encourages mothers to work," Staub said. "The way work hours and vacation time are organized also help families a lot. I have 36 days of paid holidays per year -- it's great to spend time with your children."

In the summer, French families can send their children to generous summer camp programs. Government recreation centers in virtually every French village and urban neighborhood offer a full day of activities, including trips to museums, farms and swimming pools -- along with snacks and three-course lunch -- for fees ranging from about 65 cents to $12 a day, based on family income.

At the same time, private French firms and services also cater to big families with working parents.

Staub's pediatrician makes house calls when her children are sick or need checkups, a practice common in rural and urban areas.

"Society evolves quickly and also makes life easier for working mothers," Staub said.

"I refuse to go shopping on weekends, and waste our family time on that. I order everything on the Internet and have it delivered at home."

Researcher Corinne Gavard contributed to this report.

Monitoring A Little-Noticed War (NYT)

The New York Times, October 18, 2006

DOJ_NMG_0082957

On Monday, 94 people died and 150 were injured when a truck loaded with explosives rammed into a military convoy in Sri Lanka. The government blames the Tamil Tiger guerrillas — the pioneers of the suicide bombing — for the attack. The rebels have not said anything.

For more than 20 years, the Tamil rebels have waged a brutal war of independence against the Sri Lankan government, which is dominated by ethnic Sinhalese. Their opponents in Colombo are no innocents, and have made little effort to protect Tamil civilians as they wage a brutal counterinsurgency. In April, government security forces stood by for two hours as mobs burned Tamil homes and shops, killing 14 people.

A Buddhist-led government battling a Hindu separatist group in a land with no oil draws little international interest — and no pressure on either side to end such horrors. Hoping to change that, the United Nations High Commissioner for Human Rights, Louise Arbour, called last month for international human rights monitors to be sent to Sri Lanka. All countries with influence, starting with the United States and Japan, should push the Sri Lankan government to agree.

Colombo is eager for international aid and support in its fight against the Tamil Tigers. With U.N. rights monitors bearing witness, the government may feel pressure to rein in army and police abuses. Monitors could also bolster the country's weak judicial system, which barely investigates crimes against Tamil civilians. The guerrillas, who count the forced recruitment of child soldiers among their crimes, are less vulnerable to international shame. But shining a spotlight might help persuade overseas Tamils to choke off funding.

Great China Bank Sale (WSJ)

The Wall Street Journal, October 18, 2006

Fannie Mae and Freddie Mac, meet ICBC. China's largest bank joins the ranks of publicly listed companies next week when it unveils what may be the world's largest-ever IPO in Hong Kong and Shanghai. But as with America's mortgage behemoths, investors are betting as much on implicit government support as on ICBC itself.

Headquartered in Beijing, the Industrial Commercial Bank of China Ltd. is China's largest commercial bank by total assets, loans and deposits. With more than 18,000 branches and $21.7 billion in 2005 operating income, it holds 15.4% of total loans in all Chinese banking institutions, according to its offering prospectus. For foreign investors hoping to profit from China's rapid economic growth, ICBC shares may seem just the ticket.

We hope this isn't lemmings jumping off a cliff. At around this time last year, China Construction Bank Corp., the nation's third-largest lender by assets, raised $9.2 billion. This year, Bank of China Ltd., the country's second-largest by assets, raised $11.2 billion in an IPO. Even mid-tier China Merchants Bank received so much demand for its shares that its underwriters exercised a 10% overallotment option.

Amid this excitement, it's easy to forget how and why the Great China Bank Sale started. In the mid-1990s, Beijing's policy makers realized that government-directed lending wasn't compatible with a rapidly expanding capitalist economy. So they created policy banks to lend on behalf of the public sector, leaving state-owned lenders free to dole out cash along commercial lines.

The problem was, the proper economic incentives weren't in place. Why lend on a commercial basis if your local provincial bureaucrat needs some cash? The money soon disappeared -- into pockets and bad projects -- and China's banks were back in the red. So China used its foreign-exchange reserves to recapitalize its banks, creating asset-management companies to take on tricky bad loans.

Since 1998, Beijing has injected $95 billion into the "big four banks," and carved out $305 billion of bad loans, according to Fitch Ratings. ICBC itself received a $15 billion state capital injection last year, plus a government-financed nonperforming-loan carveout of $85 billion. Foreign banks added an additional $20 billion; Goldman Sachs, Allianz Capital and American Express own 10% of ICBC's equity.

With all this money floating around, why worry? Well, bailing out banks -- or the implicit guarantee of doing so -- implants perverse economic incentives. Investors will be betting that public-company standards will help transform ICBC's lending practices, but there's no guarantee that the companies it is lending to have been transformed. Communist Party officials also still populate Chinese banks' boards of directors.

Like other state-owned banks, ICBC is still swimming in nonperforming loans -- which are classified according to Chinese, not international, standards. Fitch estimates a nonperforming to total loan ratio of 4.7%. If you kick in so-called "special mention" loans -- debts that haven't gone bad yet, but might -- the ratio jumps to 9.2%. ICBC also has heavy exposure to manufacturing, transportation and energy industries that are highly cyclical.

We're not here to give investment advice. But the comparison with the two U.S. "government-sponsored" mortgage giants is startling. Investors comforted by implicit American taxpayer support have had to endure several years of uncertainty and lower returns as fraud and false accounting have been uncovered at Fannie and Freddie. Perhaps that's a warning for ICBC investors.

DOJ_NMG_0082958

From: Miller, Charles S
Sent: Wednesday, October 18, 2006 12:00 PM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/18/06 Civil Division News

Appeals Court Upholds Terrorist Label for a Jewish Group

Arab-American group files suit against Homeland Security over alleged profiling

Arar committee recalls RCMP chief

Civil trial seeks triple damages from Pinegar

Nurse in Medicare Fraud Sentenced to 46 Months

Sealed Filings Increase at High Court

Commentary: Gonzales v. Carhart: The Supreme Court Once Again Considers "Partial-Birth Abortion"

New York Times

October 18, 2006

Appeals Court Upholds Terrorist Label for a Jewish Group

By NEIL A. LEWIS

WASHINGTON, Oct. 17 — A militant Jewish group and two of its affiliates were properly designated as terrorist organizations by the State Department, a federal appeals court here ruled Tuesday.

The group, Kahane Chai, is a spinoff of the radical Kach movement of Rabbi Meir Kahane, an Israeli politician who was assassinated in New York in 1990. Kahane Chai, which means Kahane Lives, advocates the restoration of the biblical state of Israel and the expulsion of Arabs from Israel.

The Israeli cabinet declared Kahane Chai a terrorist organization in 1994, and the United States State Department followed suit in 1997. In 2003, Secretary of State Colin L. Powell reaffirmed the designation and added that 20 entities were aliases of Kahane Chai, including a Web site, Kahane.org.

Mr. Powell found that the group had threatened to carry out assassinations, notably of Ariel Sharon when he was prime minister of Israel, used “explosives or firearms” to endanger people and property, and solicited money and members for terrorist organizations.

In a 2003 letter to the State Department, a lawyer for Kahane Chai, Samuel Abady, said it and its affiliates were “legitimate Jewish activist organizations,” none of which “practices, supports or advocates terrorism.” The group’s current lawyer, Kenneth Klein, did not respond to telephone and e-mail messages seeking comment on Tuesday.

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The unanimous decision upholding the terrorist designation, from a three-judge panel of the United States Court of Appeals for the District of Columbia Circuit, ruled that Mr. Powell's decision had "substantial support in the administrative record." That standard, from a 1996 antiterrorism law, is a relaxed one, said Chief Judge Douglas H. Ginsburg, who wrote the opinion. Judge Ginsburg said the courts might ask little more than whether the State Department had enough information to reach its conclusion.

Judge Ginsburg wrote that Mr. Powell "could reasonably conclude" from news reports that Kahane Chai "was known to approve of terrorist tactics, including the mass murder of Arab worshipers," was "possibly linked to a bombing of an Arab school" and was responsible for death threats against police officers investigating this second crime.

The State Department also acted properly, the court ruled, in deciding that a second group, Kach, was an alias of Kahane Chai.

The designation of the Web site, Kahane.org, was based on an analysis of its "content, design and hyperlinks" by the Foreign Broadcast Information Service, a unit of the Central Intelligence Agency.

The court rejected an argument that the State Department's designation of Kahane.org, a Jewish entity, was unconstitutional discrimination because it was the only Web site deemed a terrorist organization while other non-Jewish Web sites that disseminate hateful material had not been.

Judge Ginsburg said that using the idea that it was the only Web site put on the terrorist list was not as telling as the fact that numerous other non-Jewish groups had been deemed terrorist organizations.

A 1996 law authorizes the secretary of state to designate groups as foreign terrorist organizations if they, among other things, use conventional or unconventional weapons with the intent to endanger people or harm property or to engage in, among other activities, assassinations.

The law provides that the assets of groups designated as terrorist organizations can be frozen or seized; the groups' representatives may be barred from the United States; and providing money or other support to the groups can be a crime.

END

AP

Oct. 18, 2006

Arab-American group files suit against Homeland Security over alleged profiling

WASHINGTON An Arab-American civil rights group filed a lawsuit Tuesday against the federal government in a bid to obtain information about the nationalities of more than 230 people arrested for immigration violations.

The suit, filed by the American-Arab Anti-Discrimination Committee, names the U.S. Department of Homeland Security and its Immigration and Customs Enforcement unit as defendants.

It was filed under the Freedom of Information Act in U.S. District Court in the District of Columbia after two years of unsuccessful attempts to learn the nationalities of individuals arrested in 2004 under a law enforcement operation intended to disrupt potential terrorist threats before the presidential election.

The Washington-based group believes the operation improperly used the National Security Entry-Exit Registration System — a government database created after the Sept. 11, 2001, terrorists attacks to track visitors, students and immigrants from 25 countries — to profile Arab and Muslim visitors to the United States. The domestic registration system required males from 24 Arab and predominantly Muslim countries and North Korea to register with immigration authorities. The registration requirement has since been phased out, but the database of information still exists.

The 2004 operation became known as the "October plan" after the FBI sent an e-mail advising its field offices and Homeland Security agencies of "extraordinary measures" from the first week of October 2004 through the presidential inauguration.

The FBI's internal e-mail, obtained by CBS News, called for "aggressive — even obvious — surveillance" intended to give the impression that the government was targeting immigration violators who might be a threat, even if they had not committed a crime.

Authorities arrested 237 people during the operation. And, "every single one had violated immigration laws, regardless of nationality," said Dean Boyd, a spokesman for Immigration and Customs Enforcement.

Boyd said race, ethnicity and religion played "absolutely no role" in the operation.

"It was simply an effort to target immigration violators who may have posed an elevated public safety threat in the weeks leading to the presidential election," he said.

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The Arab-American organization wants to find out if the 237 people were disproportionately Arab and Muslim, because the registration database was made up of mostly Arab and Muslim men.

But the federal agency points out that in addition to the registration database, two other databases were used, including one of student visa holders.

With the national elections approaching, the group fears the registration database is being used to target Arab and Muslim men for general law enforcement purposes.

"The biggest factor is that we know that they carried out the October plan during the presidential elections — the most recent national elections we had," said Kareem Shora, the Arab-American group's national executive director. "Our fear is that since it happened during the last national elections, is something like that going to happen again soon?"

In the complaint filed Tuesday, the group does not seek names of the people detained or how they were sought out; It only requests their nationalities. The civil rights group asked for the nationality information in two FOIA requests last year but was denied.

But the Arab-American group is concerned that the registration requirements and the October arrests were presented as counterterrorism operations but instead turned into a way to enforce immigration violations.

In a letter responding to the FOIA requests, the agency said the information is exempt from the Freedom of Information Act because it was collected for law enforcement purposes and is an ongoing investigation. The civil rights group argues that getting information on just the nationalities of those detained would not jeopardize any law enforcement operation.

END

Toronto Star

October 18, 2006

Arar committee recalls RCMP chief

TONDA MACCHARLES

OTTAWA BUREAU

OTTAWA—A Commons committee has called upon the Conservative government to formally apologize to Maher Arar and his family, and recalled RCMP Commissioner Giuliano Zaccardelli to testify Tuesday.

MPs want to question Zaccardelli further about inconsistencies between his recollection of briefings the RCMP gave to the former government about the Arar case, and contrary indications by former cabinet ministers in interviews published in the *Toronto Star.*

Zaccardelli told the committee on Sept. 28 that the government received full briefings about the Arar matter and the RCMP's actions in the case — actions that included the mistaken labelling of Arar to U.S. officials as an "Islamic extremist" with ties to Al Qaeda.

The O'Connor inquiry reported the RCMP's mistakes "very likely" led to Arar's September 2002 deportation by the U.S. to Syria, where he was tortured and jailed for a year.

But three consecutive cabinet ministers who oversaw the RCMP at the relevant time (Lawrence MacAulay, Wayne Easter, and Anne McLellan) say the government was never informed about the RCMP's errors, and the potential role they played.

The first they learned of it was in the report by Justice Dennis O'Connor into the Arar scandal.

Zaccardelli told the committee he was personally aware of the RCMP's mistakes as early as Oct. 21, 2002, when Syria confirmed it had Arar in jail, he said. But he said he did not personally inform government ministers because he wasn't "personally" called to a meeting to specifically discuss the issue.

The *Star* has found no one in the Privy Council office who was aware that inaccurate information had been shared or inappropriately labelled to the U.S.

Yesterday, the public safety committee voted to approve a motion by MP Irwin Cotler that "the government should now do the right and honourable thing and apologize" to Arar.

END

Alva, OK, Review Courier

Oct. 17, 2006

Civil trial seeks triple damages from Pinegar

By Helen Barrett

The guilty plea entered by Dr. Greg Pinegar October 10 on criminal charges of healthcare fraud does not mean an end to his legal problems in The United States District Court for the Western District of Oklahoma.

Pinegar faces a civil trial on the May 2007 docket before District Judge Joe Heaton at which time the government will seek triple damages for the Medicare over-billing of Remicade and Procrit.

“They’re two separate cases, handled by two separate judges,” Assistant U.S. Attorney Bob Troester said.

Troester explained that under the False Claims Act, the government is allowed to seek three times the amount of actual damages defrauded.

“As an example,” Troester said, “If someone defrauded the government of $100,000 we can seek $300,000.”

In addition to the triple damages, the government can seek up to $10,000 per false claim he said. In the civil case document, the government alleges Pinegar received . . . “federal funds to which he was not entitled in an amount of at least $400,000.00”

Triple damages of that amount would equal $1,200,000 plus the $10,000 per false claim costs, “each time there was a submission of a false invoice,” Troester explained.

The plea agreement on the criminal case lists a specific amount of restitution, Troester said.

“As for the specific drugs he pleaded to, what we charged him with are locked in,” he said.

However, if the government were to discover additional fraud involving other drugs during that time period which warranted further charges, it is not prevented from prosecution on those drugs, he said.

Troester said Pinegar’s business was not charged, just the doctor personally. That means the business itself can be sold to another physician even though Pinegar surrendered his license to practice in Oklahoma.

END

Los Angeles Times

Oct. 17, 2006

Nurse in Medicare Fraud Sentenced to 46 Months

Molly Selvin

A nurse convicted of defrauding Medicare of $40 million was sentenced to 46 months in prison by a Los Angeles federal judge.

Lourdes Perez, 53, a registered nurse who once owned two of the largest home healthcare agencies in California, pleaded guilty in 2004 to fraud and filing false tax returns and agreed to cooperate with federal prosecutors.

Government lawyers said her companies paid illegal kickbacks to doctors and patients and billed Medicare for services that were not medically necessary or were not performed.

Perez has repaid about $34 million to the government. On Monday she was ordered to repay an additional $6 million to Medicare and nearly $900,000 to the Internal Revenue Service.

END

Legal Times
10-18-2006

Sealed Filings Increase at High Court

Tony Mauro

When the Supreme Court debates the constitutionality of the federal "partial birth abortion" law next month, it will have some sensitive information in its hands that no member of the public can see.

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Specifically, the justices will have the full transcript of a 2004 deposition by an Oregon doctor who apparently mentioned the names of colleagues in the American College of Obstetricians and Gynecologists who may have performed abortions.

It was part of the file in the case of *Gonzales v. Planned Parenthood*, but when it made its way to the Supreme Court this summer, the organization and Planned Parenthood requested that the parts of the doctor's deposition that name doctors be filed with the Court under seal.

Solicitor General Paul Clement concurred and filed a motion, and on Oct. 2, the Court said yes -- one of six cases that day in which the Court granted motions to file petitions under seal. It was, according to a database search, the largest number of unrelated cases in which the Court granted such motions in a single day.

In the *Planned Parenthood* case, the Court's action means an extra measure of privacy for a handful of physicians. As Daniel Edelman, a lawyer for the physician who was deposed, put it, "The last thing we'd need is for some lunatic to get names from the deposition and go and attack one of the doctors."

But in some of the other cases, the justification for secrecy is less obvious. And to some, the day's actions symbolize a little-noticed trend over the past decade toward allowing secret filings at the Supreme Court. Whereas decades ago such motions were discouraged and often denied at the Supreme Court, now they are routinely granted. No motion to file under seal has been denied since 2003. The Court itself votes on the motions without any hearing at which opposition can be heard. Typically, when the Court grants a motion to seal, a redacted version is made part of the public record.

The number of filings under seal is still tiny -- only 12 in this calendar year out of more than 7,000 petitions filed. And Court insiders assert that the spike in motions granted is a fluke, not a reflection of any change in policy. "This may just be an outlier year," says Thomas Goldstein, a partner at Akin Gump Strauss Hauer & Feld who has studied the numbers. [Editor's note: Goldstein writes a column for *Legal Times*.]

But the number of cases filed under seal was significantly lower in the 1990s and 1980s, and sealing files was rarely done before then, reflecting the Court's historical preference for conducting its business in public.

Stephen Shapiro, co-author of "Supreme Court Practice," says that especially with the current mix of business and intellectual property cases, as well as post-9/11 disputes, the conservative Court, under both William Rehnquist and now John Roberts Jr., may be more sympathetic than it once was to sealing Court files. "Conservative justices might believe that a seal was proper to protect trade secrets and real government secrets, bearing on national security," says Shapiro, a partner at Mayer, Brown, Rowe & Maw.

But Shapiro sees the trend permeating all federal courts, not just the Supreme Court, and he is concerned. "Filings under seal are attempted in cases where the seal is not necessary or proper, and the Court should be watchful to prevent abuses of this kind," Shapiro says.

At the Supreme Court level, he says, it is often a matter of convenience for lawyers on both sides of a case to leave under seal a filing or opinion that was sealed by a judge at an earlier stage.

IN THE SHADOWS

That appears to be the explanation in at least one of the motions for filing under seal granted on Oct. 2. In *Cooperativa de Seguros de Vida v. FAC*, a dispute over Medicare reimbursement claims, the district judge sealed his own opinion to protect the terms of a settlement that was reached between the parties.

Alan Horowitz of D.C.-based Miller & Chevalier, who wrote the petition for COSVI, says, "Why the district court ordered it sealed is not clear to me." He adds that almost everything that was sealed in the district court opinion was detailed in the public opinion of the 1st U.S. Circuit Court of Appeals.

Horowitz asked the high court clerk's office if he could omit the district court opinion from his petition, hoping to avoid the need to seek permission to submit it under seal. But the answer was no, so the motion to file a sealed appendix was the only option.

The petition itself is public, with the appeals court decision attached. If the Court grants review in the case, Horowitz says, he'll likely ask the district court to unseal the original opinion. "This case is not really emblematic of anything," says Horowitz. "It's just an oddball situation."

But private petitioners are not the only ones that seek to file papers under seal. The state of Maine did so in *Rowe v. New Hampshire Motor Transport Association*, and the motion was granted Oct. 2. At issue is whether Maine's law prohibiting the sale by mail of tobacco products to minors is pre-empted by a federal law that bars states from regulating air and land delivery services.

United Parcel Service, one of the carriers affected by the case, requested that certain information in the record about how it tracks deliveries be kept confidential. Both parties tried to narrow the amount of text to be redacted, but some remained, according to Maine Deputy Attorney General Paul Stern.

"I sent it over to UPS, and there were only a couple of small things they wanted redacted, and we said fine," says Stern. "I didn't care. We didn't particularly want to ask for sealing."

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The brief as filed with the high court contains several blackened lines of type masking sentences that appear to refer to UPS procedures. Stern adds, "You can get an excellent understanding of the case without these facts."

Other cases in which the Court allowed redacted filings on Oct. 2 include *Jane Doe v. United States*, a Pennsylvania case in which the petitioner sought to protect "sensitive grand jury proceedings."

SEND IN THE CLOUDS

The Court's preference for keeping its files public goes back decades. One milestone was the landmark Pentagon Papers case of 1971, in which Solicitor General Erwin Griswold asked the Court to allow it to file secret briefs and even to hear the case in camera. Over the objection of three justices in *New York Times v. United States*, the Court rejected the proposal for a closed oral argument, but it did permit some filings under seal.

The Court even enshrined the public interest in open court records in a 1978 case, in which it said, "It is clear that the courts of this country recognize a general right to inspect and copy public records and documents, including judicial records and documents."

That case was invoked in the 2003 litigation over the McCain-Feingold campaign finance law. The Court still granted a dozen motions to seal different parts of the massive briefing in the case, including records of Federal Election Commission investigations in which witnesses had been promised confidentiality.

Most of the time, motions to seal records are made without objection, but in a post-9/11 case, *M.K.B. v. United States*, media organizations sought to intervene. At both the district court and 11th Circuit levels, the case and filings were secret. It was only through an error at the appeals court clerk's office that a reporter for the *Miami Daily Business Review*, a sister paper to *Legal Times*, was able to determine what the case was about: a habeas proceeding brought by Mohamed Kamel Bellahouel, an Algerian native who had been held in federal prison in part because as a waiter, he had served meals to two of the 9/11 hijackers.

When the petition reached the Supreme Court, several media organizations -- including ALM, which publishes *Legal Times* -- sought to intervene to open the record. The motion was denied.

END

FindLaw.com

Oct. 18, 2006

Commentary: Gonzales v. Carhart: The Supreme Court Once Again Considers "Partial-Birth Abortion"

By Sherry Colb

This November, the U.S. Supreme Court is scheduled to hear argument in *Gonzales v. Carhart*, a case that challenges the validity of the federal Partial Birth Abortion Ban Act of 2003 (PABA). Among other potential problems, the statute lacks a health exception - the very gap that led the Supreme Court in 2000 to invalidate a similar statute passed in Nebraska.

Defenders of the PABA point to Congressional findings that a woman's health never requires the banned procedure - findings that many doctors dispute. More fundamentally, supporters of the PABA argue that the abortion procedures in question are morally equivalent to infanticide and should therefore fall outside the scope of women's reproductive rights. This column will take seriously this claim about moral equivalence and consider some of the implications of doing so.

Infanticide and Partial-Birth Abortion: The Definitions

Infanticide is, literally, the killing of an infant. Once a baby has been born, if a person - whether the mother, a health care professional, or some third party - kills the baby, this act constitutes infanticide. Absent extenuating circumstances, the person who deliberately commits infanticide is guilty of murder.

The statutory term "partial-birth abortion" refers to a procedure in which the abortion provider removes a significant portion of an intact, living fetus's body from inside its mother; uses scissors or some other sharp instrument to puncture the fetus's head; and then compresses the head for complete removal of the body. Referred to as "Intact Dilation and Evacuation" or "Intact D&E," the procedure is also called "Dilation and Extraction" (or "D&X") if the lower part of the fetus's body is removed from the birth canal first.

It is difficult to describe (and, indeed, to read about) such abortions without cringing. The procedures in question - though relatively rare - typically take place very late in pregnancy, beyond 16 weeks gestation, and the fetus therefore resembles a baby in many respects. Perhaps for this reason, large numbers of people polled - even those who consider themselves generally pro-choice - support bans on "partial-birth abortion."

What gives rise to the "infanticide" comparison is the fact that the abortion provider kills the fetus at a point when a significant portion of its body has already emerged from the woman. The PABA explains that "[a] child that is completely

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born is a full, legal person entitled to constitutional protections afforded a 'person' under the United States Constitution." It goes on to state, accordingly, that the procedure in question in the legislation "blurs the line between abortion and infanticide in the killing of a partially-born child just inches from birth."

If one looks at the matter in this way, it may seem utterly arbitrary to allow a doctor to kill the fetus so long as some part of it, however small, remains inside the woman's body, but to consider the same act infanticide - murder - as soon as that body part is no longer inside the woman.

There is, however, another line-drawing problem that presents itself when an abortion takes place prior to fetal viability -- the developmental stage at which the fetus can survive outside the womb, and a crucial legal moment. Prior to this point in pregnancy, the PABA necessarily draws a distinction between delivering a live fetus (the "birth" from which the partially-born fetus is literally "just inches"), on the one hand, and killing the fetus through partial-birth abortion, on the other. It is a distinction that may not withstand critical analysis.

To remove a fetus from its mother's body prior to viability is - by definition - to end the fetus's life. As women who have endured undesired pre-viability labor can attest, "birth" leads inevitably to the baby's death. Like taking a fish out of water, removing a nonviable fetus - even one that is intact, alive, and healthy at the moment of "birth" - from inside its mother will inevitably and promptly result in its death.

Distinguishing between intact D&E, on the one hand, and the "birth" of a nonviable fetus, on the other, as though one is actually discussing the difference between life and death, is therefore misleading.

Implications of the "Partial-Birth Abortion"/Induction Distinction

Nonetheless, the distinction between leaving the fetus to die, and killing it, is already found in the Supreme Court's Due Process cases - the precedents that form the foundation of the substantive right of privacy that underlies the right to abortion announced in *Roe v. Wade*.

In 1997, in *Washington v. Glucksberg*, the Court ruled unanimously that the states may criminalize physician-assistance in dying for terminally-ill patients. This means that if a terminal patient is suffering excruciating pain and emotional anguish and wishes to hasten his own death, the doctor who intentionally provides him with access to a morphine overdose may - consistent with the U.S. Constitution - be criminally punished for doing so.

The Court has also said, however, -- in the 1990 case of *Cruzan v. Director, Missouri Dept. of Health* -- that a person has a constitutional right to refuse unwanted life-saving (or life-preserving) treatment and that such "treatment" includes the continued use of a respirator or the provision of nutrition and hydration through a feeding tube. If a doctor or nurse turns off a respirator or removes a feeding tube at the patient's request, then, the Constitution stands in the way of the law's punishing the doctor or nurse for her actions.

The upshot of these two decisions is that a person has the right to choose to have a respirator turned off and die of lack of oxygen (or have a feeding tube removed and starve to death or die of thirst), but he lacks the right to die of a morphine overdose. This is true even though anyone who removes a patient's respirator or injects the patient with an overdose of painkillers against her wishes and thereby causes the patient's death is guilty of murder.

Given these precedents, it makes some sense to say that it is one thing to allow a woman to terminate a pregnancy by delivering a live, nonviable fetus (thereby cutting off the fetus's living "respirator"), but quite another to kill the fetus affirmatively once it has begun to emerge from the woman's body (or indeed, even before it has begun to do so).

Like giving a patient a morphine overdose, the compression of a fetus's skull is a dramatic event that upsets and outrages many. And like the removal of a respirator, the delivery of a nonviable fetus may seem, at least aesthetically, more like letting death happen than positively inflicting it. Why drama, or the absence thereof, would drive policy - in the context of either abortion or the right to die with dignity - is, of course, not entirely clear.

With Justice Sandra Day O'Connor's retirement and replacement by Justice Samuel Alito, the Court will likely uphold the federal PABA. In doing so, moreover, it will be acting in a manner consistent with the *Glucksberg* precedent approving laws prohibiting physician assistance in dying.

With this parallel in mind, those who support the right to terminate a pregnancy up until the point of fetal viability might take some heart. Though distinguishing between the removal of life support and killing strikes some as arbitrary, the Court is comfortable with the distinction. It can therefore be expected to stop short of overruling *Roe v. Wade* completely.

If and when the Court approves laws banning other actively violent forms of late-term abortion, then the right to a late-term abortion may ultimately require the removal of an intact, live fetus from the mother without any affirmative measures to end the fetus's life.

Ironically, this practice - in the name of avoiding infanticide - would most closely resemble the infanticide of old, in which unwanted babies were "exposed" or left to die after birth.

Sherry F. Colb, a FindLaw columnist, is Professor and Frederick B. Lacey Scholar at Rutgers Law School in Newark.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Palestinian Puzzle (WP)

By Mary Beth Sheridan

The Washington Post, October 19, 2006

Through a picture window, the former Howard University professor was admiring the garden sanctuary he'd created behind his Northern Virginia home. There are fig and apple saplings, fragrant bushes of mint and oregano, morning glories tilting toward the warm October sun. Clumps of fat green tomatoes hug the fence.

"I'm under home incarceration," explained Abdelhaleem Ashqar, 48, who is accused of being a terrorist supporter. "I have to do something."

After two years of house arrest, the business professor is to go on trial in Chicago today, accused of being a part of a sprawling U.S. network that helped the Palestinian group Hamas. The Justice Department regarded the case so important that Attorney General John D. Ashcroft himself announced the indictment of Ashqar and two co-defendants in 2004.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said at the time.

Prosecutors say they have abundant evidence that Ashqar moved money for Hamas through his U.S. bank accounts and served as a go-between for some of the organization's leaders -- even passing on a request to kill a rogue Hamas operative.

Those acts allegedly occurred before the U.S. government first designated Hamas a terrorist group in 1995. The indictment charges that Hamas, nonetheless, was carrying out attacks aimed ultimately at destroying Israel -- and thus was a "criminal enterprise" under federal racketeering laws, which are more commonly applied to drug gangs and Mafia figures.

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Ashqar denies being a member of Hamas, which won a majority in the Palestinian parliament in January. But the soft-spoken professor clearly sees himself as a Palestinian fighter -- albeit one living in a suburban split-level with a basketball hoop. Twice, he has refused to testify before grand juries investigating Hamas's activities in the United States, launching hunger strikes that left him emaciated.

"If I am targeted by Israelis, I understand. They are my enemy," he said in an interview last week. "But to be targeted by Americans? I can't comprehend."

Ashqar is one of several Northern Virginia Muslims to be accused in recent years of aiding Hamas, the Islamic Resistance Movement. Like them, the professor offers a far different image than the chanting, AK-47-waving Hamas supporters who appear on the TV news.

A short, bespectacled man in black pinstriped slacks, Ashqar led a visitor across thick, Persian-style carpets into his home in Springfield. It is a slice of the Levant in Fairfax County: The bookshelf holds both the Koran and "A Passion for Excellence," by management guru Tom Peters. Beethoven trilled from a cellphone, the newest toy of Ashqar's 10-year-old nephew, who lives with him and his wife, Asma.

"He cannot stop placing phone calls and getting his friends to call him," Ashqar said, with typical parental exasperation.

But Ashqar's focus is 6,000 miles away. He devours Palestinian newspapers online. In 2005, he ran in absentia for Palestinian president, getting less than 3 percent of the vote. When Ashqar refers to "my town," he means the village of Seida, nestled amid plum orchards in the West Bank, where his journey to Palestinian activism began.Occupation as Slavery

Ashqar was 9 when Israel took control of the area from Jordan after the 1967 Middle East war. He still remembers his fear and anger.

"Before the Israeli occupation, there were no restrictions. We could go wherever we wanted to," Ashqar said, his hands fluttering. "We used to stay up late, to play, to stay with the relatives, the friends."

The Israelis installed checkpoints and a 7 p.m. curfew, he recalled, and his older brother was detained for six weeks without explanation. Ashqar himself would spend 16 days in a cramped jail cell in 1981, accused of participating in an anti-Israel demonstration, he said.

"I consider the occupation as a form of slavery," Ashqar declared.

In college, Ashqar became a leader in a growing student movement that fused political activism with conservative Islam. The movement was dominant at the Islamic University of Gaza, where Ashqar began teaching business administration in 1985. Several professors eventually became leaders of Hamas, a Palestinian nationalist movement which includes a broad social-service network as well as an armed wing.

After Israeli authorities closed the college, Ashqar headed to the University of Mississippi in 1989 to pursue his doctorate in business on a U.S. government scholarship.

Prosecutors in Chicago say that the quiet graduate student shifted tens of thousands of dollars through his Mississippi bank accounts to Hamas activists. Evidence of his support for the group is overwhelming, they say.

For example, in December 1993, FBI agents slipped into Ashqar's apartment and discovered "a treasure trove of Hamas-related documents," according to the prosecution's court filings. They included minutes of confidential Hamas meetings; details of recent Hamas attacks on Israeli soldiers; and a fax from Mousa Abu Marzook, a Falls Church businessman, asking Ashqar to arrange the transfer of $40,000 to another Palestinian activist, according to the court filings.

Marzook is also charged in the Chicago indictment. He was deported by U.S. authorities in 1997 and is a top official in Hamas's political bureau, believed to be living in Syria. The third defendant in the case is Muhammad Salah, an Illinois businessman.

Ashqar used his telephone as "a kind of switchboard," linking Hamas operatives in various countries who couldn't call each other directly, according to the prosecution's court documents. In December 1993, according to the documents, Ashqar passed on a message from one operative to a senior Hamas official in Syria, calling for the execution of a rogue Hamas member who had killed three men. Unbeknown to Ashqar, the FBI was listening in.

Ashqar and his attorney, William B. Moffitt, have declined to discuss the charges, saying they will argue their case in court.

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The indictment lists no pro-Hamas actions by Ashqar after March 1994, other than his refusal to testify before grand juries. The U.S. Treasury Department designated Hamas a terrorist organization in January 1995.

But the indictment mentions several deadly attacks by Hamas members on Israeli soldiers and civilians starting in 1992. And in April 1994, Hamas's military wing claimed responsibility for a car bombing against a bus in the Israeli farm town of Afula that killed seven. It was the start of a wave of suicide bombings by Palestinians over the next several years, part of an escalating conflict that would claim thousands of lives on the two sides.'What Can I Await?'

Ashqar pulled some 8-by-10 glossies out of a drawer in a carved wooden table in the living room.

"Let me show you some pictures," he said.

They show him standing in front of a friend's house in August 1998. Ashqar's pale, emaciated arms poke from a pale-blue hospital shirt. His face, normally a jowly oval, has collapsed into a triangle, his chin a bearded point.

Ashqar had just emerged from a New York prison hospital after a hunger strike that lasted six months, during which he was force-fed. He was detained for refusing to testify before a grand jury investigating Marzook and Hamas financing.

"I can't see myself as a collaborator against my people," he said softly.

Ashqar has pleaded innocent and says he rejects terrorism or suicide bombings. "Israel is a reality," he said, explaining that he favors a separate state for the Palestinians. He scoffed at al-Qaeda, "these crazy people of September 11."

But since 1991, Ashqar said, law-enforcement officials have been pressuring him to provide information, questioning his university professors and causing him to lose jobs. The Justice Department opened an investigation in 1996 into Palestinian immigrants, including Ashqar, who appeared to be moving around large sums of money, a former official said.

The Palestinians "really did use some of this money for charitable and religious purposes," said Mark Flessner, a former prosecutor involved in that investigation. But the probe appeared to show that "they would take a small percentage to support terrorism."

Flessner said the investigation was shut down in 2000 after numerous internal disputes, some over the use of classified information.

By 1997, Ashqar moved to Northern Virginia to be near friends in the Muslim community.

"People were very sympathetic with him. He became a well-known person" after his hunger strike, said Mohamad al-Hanooti, an imam who often preaches at Dar al-Hijrah in Falls Church, where Ashqar was elected to the governing board.

Ashqar was an assistant professor at Howard until 2003, when the university declined to renew his contract. That year, he was again jailed for refusing to testify before a grand jury in Chicago.

The current indictment came a year later. Ashqar has been out on a $2.6 million bond secured by the properties of friends in the Washington area. Local Muslims have raised tens of thousands of dollars for his legal defense.

If he is acquitted, he expects to be deported. If he is convicted of racketeering, Ashqar could face life in prison. It is a frightening prospect, he acknowledged. But he said he would survive because of his faith.

"That's very important in my thinking," he said, walking through his garden, an ankle bracelet monitoring his movements. "If I go to jail for the rest of my life, what can I await? Just a reward from God."

Staff writer Peter Slevin and staff researchers Meg Smith and Julie Tate contributed to this report.

Torture Victim Barred From Visiting U.S. (AP)

By WILLIAM C. MANN, ASSOCIATED PRESS WRITER

AP, October 19, 2006

WASHINGTON -- Syrian torturers could find nothing to implicate Canadian Maher Arar in al-Qaida or any other terrorist ties. An official Canadian government report agreed with that finding and recommended that Arar be compensated for his 10 months in a Syrian prison.

Still, Arar remains on the U.S. government terror watch list. And the United States has not admitted fault for holding him incommunicado for a week, then, five days after his first telephone call, putting him on a private jet and flying him to the Syrian prison.

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Arar and his American lawyer, Michael Ratner, president of the Center for Constitutional Rights, were invited to Washington on Wednesday to receive human rights awards from the rights advocates Institute for Policy Studies. Ratner came from his New York headquarters to accept for the center, a longtime campaigner against torture and other abuses.

Because the watch list will not let Arar enter the United States, he had to stay in Canada and participate by telephone in a discussion of his case and of the U.S. law signed Tuesday by President Bush on treatment and prosecution of detainees. At the awards presentation, he delivered a videotaped message of thanks in which he described his ordeal, which began on Sept. 26, 2002, at New York's John F. Kennedy International Airport and ended with his arrival in Canada in early October 2003.

The award "means that there are still Americans out there who value our struggle for justice," he said. "We now know that my story is not a unique one. Over the past two years we have heard from many other people who were, who have been kidnapped, unlawfully detained, tortured and eventually released without being charged with any crime in any country."

John Cavanagh, the institute's director, told Arar he had asked Attorney General Alberto Gonzales to clear Arar's name and let him come. Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment.

Gonzales has said Arar was deported to the country where he was born. A representative of the Immigration and Naturalization Service was there when he was put on the plane, Arar said in his videotaped talk, and he said he told her the Syrians would torture him.

"She said something like: 'The INS is not the body or the agency that signed the Geneva Convention convention against torture.' For me what that really meant is, 'We will send you to torture, and we don't care.'"

Cavanagh told Arar over the telephone that he was selected for the Letelier-Moffitt Human Rights Award "partly for your courage in helping to catalyze the global movement against torture and this term of 'rendition': deportation for torture."

Last week, Canadian Justice Dennis O'Connor issued a three-volume report on the Arar case that made 23 recommendations for policy changes and reparations to Arar, a software engineer.

"I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constitute a threat to the security of Canada," O'Connor said. He said it was almost certain that the Royal Canadian Mounted Police had sent erroneous information on Arar to the Americans.

The official U.S. line on Arar, as related Sept. 29 by State Department spokesman Sean McCormack, is "the people who made the decisions at the time ... determined a couple of things: One, that this individual posed a threat to the United States based on the information that they had; and two, that they were able to assure themselves, they had the reasonable expectation that this individual was not going to be maltreated."

Detainee Files Motion For His Prosecution (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, October 19, 2006

A man from the Pakistan-Afghanistan borderlands jailed for more than two years after the FBI targeted him as a possible Denver-based terrorist - but never charged him - has begun a last-ditch legal gambit to resume his life with his U.S.-citizen wife and four kids.

Still in prison in Colorado, Haroon Rashid has filed a motion in federal court to force the government to prosecute him.

It's an unusual effort to break out of the legal limbo that has derailed his life - and lives of others jailed since Sept. 11, 2001, in the government's war on terrorism.

After charging 441 detainees in terrorism and terrorism-related cases, federal authorities have won 261 convictions, a new Justice Department study found. Most of the convictions were for petty offenses, not terrorism.

An undetermined number of suspects including Rashid still are detained. Some 150 cases are pending.

U.S. officials say secret evidence supports a hardline approach. Prosecutors are trying "to prevent terrorist acts before they can occur," Justice Department spokesman Bryan Sierra said.

But civil liberties leaders question basic fairness.

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"Yes, we want to be safe, but do we want to sacrifice our liberties in the process? ... If you want to always be safe, you could lock everybody up. But that's not what our system is based on," said Judy Rabinovitz, senior attorney for the American Civil Liberties Union. Rashid's case and others "amount to preventive detention," she said.

Rashid made his move, through his attorney Jeff Pagliuca, after U.S. Attorney Troy Eid filed a motion Oct. 2 to drop a lesser immigration charge the government pursued as the FBI's initial terrorism case evaporated, court records show.

By dropping the immigration charge, Eid had planned to clear the way for Rashid to be deported back to his native Pakistan for misdemeanor assault. In 2003, a jury found Rashid guilty of assaulting a street-gang member he said threatened his kids. He received a 401-day sentence that was mostly suspended.

Now Rashid's motion - to block federal prosecutors from dropping their case - aims to delay his deportation and further clear his record. He's been held in federal custody at his lawyer's request to avoid deportation until the federal case is resolved.

Rashid comes from Quetta, along the Pakistan-Afghanistan border, an unsettled hotbed of anti-U.S. sentiment where Taliban forces are on the rise. His wife and kids say they dread moving there if he is deported but would do so to be together.

"Mr. Rashid is a decent man . ... It doesn't do anybody in our country any good to have this man deported back to Pakistan on a misdemeanor," Pagliuca said.

"I'd rather have Mr. Rashid here taking care of his children, not back in Pakistan. ... This case shouldn't have been filed in the first place."

Chief U.S. District Judge Lewis Babcock must decide how to handle this jam - with feds asking to drop their charges and Rashid asking for a trial to exonerate himself and let his family stay a bit longer in the country.

Rashid already has served more time in prison than would be possible if prosecutors won a conviction on the lesser immigration charge they're now trying to drop.

He immigrated to the United States legally in November 1997. His wife, Saima Saima, and her father, Abdul Qayyum, are naturalized U.S. citizens. Rashid worked driving an airport shuttle as they raised their kids.

Federal agents began investigating him and his family in 2002 after President Bush and then- Attorney General John Ashcroft vowed to use every legal tool they could to detain and prosecute possible terrorists. Rashid had visited Pakistan that year.

Denver-based FBI Special Agent Mike Castro testified at a 2003 detention hearing that there was evidence Rashid bragged he fought against U.S. soldiers in Afghanistan and that he was in Colorado awaiting orders to carry out violent acts.

Said Pagliuca: "I don't believe it. Why didn't they charge him as a terrorist? There's no evidence of terrorism."

Castro and Immigration and Customs Enforcement Special Agent Ross Godwin, members of a Joint Terrorism Task Force, went to California and questioned Imran Khan, son of Rashid's father-in-law by a previous marriage, who had entered the United States in August 1997 with Rashid's wife.

The agents sought Kahn as a source on Rashid and others. Though they lacked a warrant, they arrested Khan and hauled him back to Colorado in shackles, court records show.

In a 2004 court order, Judge Babcock stated that "the terrorism implications of this case have since evaporated" and that "there was confusion about how and under what authority an FBI and (immigration) agent working in concert in a mixed civil and criminal investigation should conduct their investigation."

Federal officials recently have rebuffed repeated efforts to interview Rashid at a federal prison in Englewood. He was held previously at a federal immigration prison in Aurora.

Family members can visit, including a toddler born during Rashid's confinement.

The older children regularly ask about their father and beg to stay in their schools.

U.S. authorities "are breaking this family. We've been patient. ... This is very unfair," Rashid's wife said in a Denver mosque. "They still think he's a terrorist."

Staff writer Bruce Finley can be reached at 303-954-1700 or bfinley@denverpost.com.

U.S. Army Colonel To Investigate Gitmo (AP-Y)

By Mike Melia, Associated Press Writer

AP, October 19, 2006

DOJ_NMG_0082977

A U.S. Army colonel arrived at Guantanamo Bay Wednesday to investigate allegations that guards at the prison abused detainees, a military spokesman said.

Col. Richard Basset, who is based at U.S. Southern Command headquarters in Miami, was appointed after Marine Sgt. Heather Cerveny said in a sworn statement that guards she met in a Guantanamo bar last month spoke of hitting detainees and denying them water. She said the guards described it as common practice in the prison where about 450 detainees are held on suspicion of links to al-Qaida or the Taliban.

Cerveny is a paralegal for Marine Lt. Col. Colby Vokey, an attorney for a Guantanamo detainee. Vokey filed a complaint to the Pentagon's Inspector General's office alleging that detainee abuse was ongoing at the prison.

Basset will conduct interviews for up to a month on the isolated detention center in southeast Cuba, command spokesman Jose Ruiz said by telephone from Miami. He has authority to interview any member of the military Joint Task Force that runs the prison regardless of rank, Ruiz said.

"He's going to interview everyone he thinks he needs to talk to to be able to establish the facts," he said.

He will submit his findings to the commander of the U.S. Southern Command, which oversees the detention center.

Vokey and Cerveny have been ordered by the U.S. Marine Corps not to speak with the media about their allegations, the U.S. Marines public affairs department said.

Congress To Courts: 'Get Out Of The War On Terror' (WSJ)

By John Yoo

The Wall Street Journal, October 19, 2006

During the bitter controversy over the military commission bill, which President Bush signed into law on Tuesday, most of the press and the professional punditry missed the big story. In the struggle for power between the three branches of government, it is not the presidency that "won." Instead, it is the judiciary that lost.

The new law is, above all, a stinging rebuke to the Supreme Court. It strips the courts of jurisdiction to hear any habeas corpus claim filed by any alien enemy combatant anywhere in the world. It was passed in response to the effort by a five-justice majority in Hamdan v. Rumsfeld to take control over terrorism policy. That majority extended judicial review to Guantanamo Bay, threw the Bush military commissions into doubt, and tried to extend the protections of Common Article 3 of the Geneva Conventions to al Qaeda and Taliban detainees, overturning the traditional understanding that Geneva does not cover terrorists, who are not signatories nor "combatants" in an internal civil war under Article 3.

Hamdan was an unprecedented attempt by the court to rewrite the law of war and intrude into war policy. The court must have thought its stunning power grab would go unchallenged. After all, it has gotten away with many broad assertions of judicial authority before. This has been because Congress is unwilling to take a clear position on controversial issues (like abortion, religion or race) and instead passes ambiguous laws which breed litigation and leave the power to decide to the federal courts.

Until the Supreme Court began trying to make war policy, the writ of habeas corpus had never been understood to benefit enemy prisoners in war. The U.S. held millions of POWs during World War II, with none permitted to use our civilian courts (except for a few cases of U.S. citizens captured fighting for the Axis). Even after hostilities ended, the justices turned away lawsuits by enemy prisoners seeking to challenge their detention. In Johnson v. Eisentrager, the court held that it would not hear habeas claims brought by alien enemy prisoners held outside the U.S., and refused to interpret the Geneva Conventions to give new rights in civilian court against the government. In the case of Gen. Tomoyuki Yamashita, the court refrained from reviewing the operations of military commissions.

In Hamdan, the court moved to sweep aside decades of law and practice so as to forge a grand new role for the courts to open their doors to enemy war prisoners. Led by John Paul Stevens and abetted by Anthony Kennedy, the majority ignored or creatively misread the court's World War II precedents. The approach catered to the legal academy, whose tastes run to swashbuckling assertions of judicial supremacy and radical innovations, rather than hewing to wise but boring precedents.

Thoughtful critics point out that because the enemy fights covertly, the risk of detaining the innocent is greater. But so is the risk of releasing the dangerous. That's why enemy combatants who fight out of uniform, such as wartime spies, have always been considered illegals under the law of war, not entitled to the same protections given to soldiers on the battlefield or ordinary POWs.

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Disguised suicide- bombers in an age of WMD proliferation and virulent America-hatred are more immediately dangerous than the furtive information-carriers of our Cold War past. We now know that more than a dozen detainees released from Guantanamo have rejoined the jihad. The real question is how much time, energy and money should be diverted from winning the fight toward establishing multiple layers of review for terrorists. Until Hamdan, nothing in the law of war ever suggested that enemy status was anything but a military judgment.

While there may be different ways to strike a balance, this is a decision for the president and Congress, not the courts. The Constitution gives Congress the authority to determine the jurisdiction of federal courts in peacetime, and also declares that habeas corpus can be suspended "in Cases of Rebellion or Invasion" when "the public Safety may require it." Congress's power is even greater when it is correcting the justices' errors. Courts are ill-equipped to decide whether vast resources should be devoted to reviewing military detentions. Or whether military personnel's time should be consumed traveling back to the U.S. for detainee hearings. Or whether we risk revealing information in these hearings that might compromise the intelligence sources and methods that may allow us to win the war.

This time, Congress and the president did not take the court's power grab lying down. They told the courts, in effect, to get out of the war on terror, stripped them of habeas jurisdiction over alien enemy combatants, and said there was nothing wrong with the military commissions. It is the first time since the New Deal that Congress had so completely divested the courts of power over a category of cases. It is also the first time since the Civil War that Congress saw fit to narrow the court's habeas powers in wartime because it disagreed with its decisions.

The law goes farther. It restores to the president command over the management of the war on terror. It directly reverses Hamdan by making clear that the courts cannot take up the Geneva Conventions. Except for some clearly defined war crimes, whose prosecution would also be up to executive discretion, it leaves interpretation and enforcement of the treaties up to the president. It even forbids courts from relying on foreign or international legal decisions in any decisions involving military commissions.

All this went overlooked during the fight over the bill by the media, which focused on Sens. McCain, Graham and Warner's opposition to the administration's proposals for the use of classified evidence at terrorist trials and permissible interrogation methods. In its eagerness to magnify an intra-GOP squabble, the media mostly ignored the substance of the bill, which gave current and future administrations, whether Democrat or Republican, the powers needed to win this war.

Mr. Yoo, professor of law at Berkeley and visiting scholar at the American Enterprise Institute, served in the Bush Justice Department from 2001-03. He is the author of "War By Other Means" (Grove/Atlantic 2006).

A Dangerous New Order (NYT)

The New York Times, October 19, 2006

Once President Bush signed the new law on military tribunals, administration officials and Republican leaders in Congress wasted no time giving Americans a taste of the new order created by this unconstitutional act.

Within hours, Justice Department lawyers notified the federal courts that they no longer had the authority to hear pending lawsuits filed by attorneys on behalf of inmates of the penal camp at Guantánamo Bay. They cited passages in the bill that suspend the fundamental principle of habeas corpus, making Mr. Bush the first president since the Civil War to take that undemocratic step.

Not satisfied with having won the vote, Dennis Hastert, the speaker of the House, quickly issued a statement accusing Democrats who opposed the Military Commissions Act of 2006 of putting “their liberal agenda ahead of the security of America.” He said the Democrats “would gingerly pamper the terrorists who plan to destroy innocent Americans’ lives” and create “new rights for terrorists.”

This nonsense is part of the Republicans’ scare-America-first strategy for the elections. No Democrat advocated pampering terrorists — gingerly or otherwise — or giving them new rights. Democratic amendments to the bill sought to protect everyone’s right to a fair trial while providing a legal way to convict terrorists.

Americans will hear more of this ahead of the election. They also will hear Mr. Bush say that he finally has the power to bring to justice a handful of men behind the 9/11 attacks. The truth is that Mr. Bush could have done that long ago, but chose to

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detain them illegally at hidden C.I.A. camps to extract information. He sent them to Guantánamo only to stampede Congress into passing the new law.

The 60 or so men at Guantánamo who are now facing tribunals — out of about 450 inmates — also could have been tried years ago if Mr. Bush had not rebuffed efforts by Congress to create suitable courts. He imposed a system of kangaroo courts that was more about expanding his power than about combating terrorism.

While the Republicans pretend that this bill will make America safer, let's be clear about its real dangers. It sets up a separate system of justice for any foreigner whom Mr. Bush chooses to designate as an "illegal enemy combatant." It raises insurmountable obstacles for prisoners to challenge their detentions. It does not require the government to release prisoners who are not being charged, or a prisoner who is exonerated by the tribunals.

The law does not apply to American citizens, but it does apply to other legal United States residents. And it chips away at the foundations of the judicial system in ways that all Americans should find threatening. It further damages the nation's reputation and, by repudiating key protections of the Geneva Conventions, it needlessly increases the danger to any American soldier captured in battle.

In the short run, voters should see through the fog created by the Republican campaign machine. It will be up to the courts to repair the harm this law has done to the Constitution.

The Unlearned Lessons Of Abu Ghraib (WP)

By Christopher Graveline

The Washington Post, October 19, 2006

President Bush has signed into law Congress's latest attempt to clarify our country's position on proper treatment of detainees and the boundaries of legitimate interrogation techniques. Unfortunately, this legislation demonstrates that both the administration and Congress have failed to learn important lessons from what Bush described as the "biggest mistake that's happened so far" in Iraq: the detainee abuses at Abu Ghraib.

By dissociating potential criminal responsibility from overly aggressive interrogation practices that could be classified as "minor" breaches of the Geneva Conventions, and setting up a situation in which different interrogation practices can be used by our military and the CIA, our national leadership has ensured more abuse scandals.

As part of the Army judge advocate general team investigating and prosecuting the Abu Ghraib soldiers, I crisscrossed the globe interviewing witnesses, collecting documents and studying our national policies, searching for went wrong at that prison. The evidence demonstrated that most of the photographed abuse had little or nothing to do with interrogation; it was done for sport by prison guards. But we also found disturbing conduct by military and civilian interrogators.

The interrogation abuses could be linked to three main areas of breakdown: confusion in the military ranks about what was acceptable behavior, given the conduct of civilian contractors and "other governmental agencies"; migration of certain techniques within the intelligence community without an understanding of how to implement them properly; and exploitation of the ambiguity in apparently innocuous interrogation tactics.

The new law does nothing to remedy these weaknesses.

First, our military and civilian intelligence agencies do not operate in mutually exclusive bubbles. A great deal of interaction occurs as military units capture suspected personnel, hand them over to interested agencies and, often, witness the interrogations. Our service members, especially Special Operations forces, will see the double standard -- the CIA's and the military's. This blurring was a main complaint of Abu Ghraib prison guards.

Army Maj. Gen. George Fay, who investigated Abu Ghraib, wrote in his report that "CIA detention and interrogation practices led to a loss of accountability, abuse, reduced interagency cooperation, and an unhealthy mystique that further poisoned the atmosphere." The power of the CIA's mystique to influence our soldiers should not be underestimated. Army guards reported seeing unknown men in civilian clothes dropping prisoners off and telling the guards not to give the detainees identification numbers, contrary to usual practices under the Geneva Conventions. The civilians exuded an air of confidence that suggested they knew exactly what they were doing and that this departure from the norm was allowed. Similar issues were unearthed in the interrogation booth, including one instance of a man dying during a CIA interrogation at Abu Ghraib.

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The CIA conducted its own internal abuse investigation but never reported the results to any military authority in Iraq, creating resentment, the impression of a double standard and confusion in the military ranks as to what were acceptable practices. Having strict controls over interrogations and the ability to hold individual interrogators responsible for their actions is another important lesson stemming from abuses seen in Iraq.

Chief Warrant Officer Lewis Welshofer, an Army interrogator, exploited the ambiguous language of the "harsh" interrogation approach to wrap an Iraqi general in a sleeping bag, tie electrical cords around the bag and sit on the man's chest in an attempt to scare him with suffocation. The general died. (This was not at Abu Ghraib.) Welshofer was convicted by the military of negligent homicide. But given the language of the new law, it is unclear whether a civilian interrogator performing the same actions would be prosecuted, since it would be impossible to prove that the interrogator "specifically intended" to torture or inflict "severe or serious physical or mental pain."

The new law grants too much latitude in an area where precision and oversight are critical. If confusion reigned in Washington during the past several weeks over whether waterboarding or other, "harsher" techniques would be permissible under the legislation, imagine the results when our agents and service members are faced with the same question halfway around the world and years removed from this debate -- especially if the threat of criminal responsibility is gone.

The better route would have been to authorize mirror-image interrogation techniques for both the CIA and the military and to maintain the possibility of criminal prosecution if an interrogator exceeds these authorized approaches. All interrogators would have more than enough flexibility to obtain necessary information simply by using the approaches recently rewritten into the new Army field manual that governs interrogation.

Now we must wait to see what interrogation rules the president will promulgate for the CIA. Given the administration's rhetoric, there seems little hope for a cure for the systemic problems exposed at Abu Ghraib.

The writer, who served as an active-duty Army JAG officer for more than seven years, participated in the prosecution of 10 soldiers for detainee abuse at Abu Ghraib prison.

HOMELAND RESPONSE:

Government Skeptical Of Threat Against NFL Stadiums (AP)

By Lara Jakes Jordan, Associated Press

AP, October 19, 2006

WASHINGTON — A Web site is claiming that seven NFL football stadiums will be hit with radiological dirty bombs this weekend, but the government on Wednesday expressed doubts about the threat.

The warning, posted Oct. 12, was part of an ongoing Internet conversation titled “New Attack on America Be Afraid.” It mentioned NFL stadiums in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland, where games are scheduled for this weekend.

The Homeland Security Department alerted authorities and stadium owners in

those cities, as well as the NFL, of the Web message but said the threat was being viewed “with strong skepticism.” Homeland Security spokesman Russ Knocke said there was no intelligence that indicated such an attack was imminent, and that the alert was “out of an abundance of caution.”

“The department strongly encourages the public to continue to go about their plans, including attending events that involve large public gatherings such as football games,” Knocke said.

The FBI also expressed doubt about the threat.

The nation’s alert level remains at yellow, signaling an elevated risk of an attack. The threat level for airline flights is at orange, a higher level, where it has been since a foiled plot to bomb U.S.-bound commercial jets was revealed on Aug. 10.

Government Skeptical Of Threat To Stadiums (WP)

By Spencer Hsu And Mark Maske, Washington Post Staff Writers

The Washington Post, October 19, 2006

DOJ_NMG_0082981

The Department of Homeland Security has notified the NFL and law enforcement agencies of an Internet threat to detonate radiological "dirty" bombs outside seven stadiums hosting games Sunday, but immediately dismissed the threat as noncredible.

"We view this with the strongest of skepticism, and we strongly encourage the American public to go about their daily lives and to attend large gatherings, and to go to football games," DHS spokesman Russ Knocke said.

The department issued the notice "out of an abundance of caution," and routinely shares 1,200 reports a year with state, local and private sector officials, Knocke said. "In this case there is no credibility," he said.

The notice, which the NFL received Tuesday, cited games in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif.

"Our stadiums are very well protected through the comprehensive security procedures we have in place," NFL spokesman Greg Aiello said in a statement.Barber May Cut It Short

When he arrived in training camp this past summer, New York Giants tailback Tiki Barber talked at length about the possibility of retiring in the next few years to pursue his interests in broadcasting and other businesses.

Barber, the NFL's rushing leader, now says his departure could come sooner rather than later. He said during a conference call with reporters yesterday that he is leaning toward retiring after this season, echoing comments that he made in the New York Times.

Barber, 31, said it was "too early in the year to say it for sure," but added: "I've been considering it for a few years now. It comes to a point where your body just doesn't want to take it anymore [and] you see other opportunities out there. I'm excited about the rest of my life as well as I am about this football season, so we'll see what happens."Welbourn Set to Return

Retired offensive tackle John Welbourn reportedly is set to rejoin the Kansas City Chiefs. The Kansas City Star reported yesterday that Welbourn will join the team next week. Welbourn was the Chiefs' starter at right tackle last season but abruptly retired in the offseason. He was suspended by the NFL for six weeks for a reported violation of the league's steroid policy. He'd been suspended for the first four games of last season for a violation of the policy. . . .

The Dallas Cowboys re-signed veteran safety Marcus Coleman. They'd released him over the weekend, just after he'd returned from serving a four-game suspension for violating the league's substance abuse policy.

Threat Made To 7 Stadiums; U.S. Is Skeptical (NYT)

By The New York Times

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — A threat of radiological bomb attacks at seven professional football stadiums was posted this week on an Internet site, but domestic security officials said Wednesday that they had no reason to place credibility in it.

The statement, which said the attacks would come Sunday, was specific enough to lead officials of the Homeland Security Department to notify the National Football League and the seven cities, a spokesman for the department, Russ Knocke, said.

The notification was made out of an “abundance of caution,” Mr. Knocke said, rather than because officials believed that the stadiums might actually be attacked.

“We strongly encourage the American public to continue to go about daily lives, including going to football games,” Mr. Knocke said. “At the same time, the public should continue to be vigilant and report any abnormal or suspicious activity to authorities.”

The Federal Bureau of Investigation said in a statement, “The credibility of the threat is questionable.”

The posting on an English-language Web site and under a title of “New Attack on America Be Afraid” appeared Monday. It said so-called dirty bombs would be detonated on Oct. 22 outside stadiums at professional football games in Atlanta; Cleveland; Houston; Miami; New York; Oakland, Calif.; and Seattle.

Skeptical Authorities Pass Along NFL Stadium ‘dirty Bomb' Threat (USAT)

By Mimi Hall

USA Today, October 19, 2006

DOJ_NMG_0082982

WASHINGTON — The Homeland Security Department notified football stadium owners in seven cities Wednesday about a threat to set off radioactive bombs during upcoming games, but said it's highly likely that the claim is a hoax.

"We strongly encourage the public to go about their plans, including attending events that involve large public gatherings such as football games," department spokesman Russ Knocke said.

Homeland Security notified officials in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland that an English-language website called www.thefriendsociety.com had posted a warning on Oct. 12 about "dirty bombs," so-called because they contain radioactive charges. The site claimed that the bombs would be delivered by trucks to the mostly open-air stadiums and detonated Sunday.

Knocke said the department routinely distributes threat information so that state and local officials, companies and others "have the same information we do."

"The department views (the threat) with strong skepticism. … There is no credible intelligence to suggest such attacks."

Homeland Security did not change the threat level, now at yellow or "elevated" risk for terrorist attack, either nationally or for NFL football stadiums.

The threat level for airlines has been at orange, or "high" risk of attack, since Aug. 10, when London authorities exposed an alleged terrorist plot to blow up U.S.-bound planes.

FBI spokesman Richard Kolko called the credibility of the threat "questionable" but said government officials passed it on because the information was public — in this case, posted on the Web.

NFL spokesman Greg Aiello noted that Homeland Security judged the threat "not credible." He said the league's stadiums are "very well-protected through the comprehensive security procedures we have in place, including pat-downs and bag searches."

In Miami, Dolphins spokesman George Torres said "safety is of paramount importance to us at every event."

Intelligence Plan Targets Training, Keeping Personnel (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, October 19, 2006

U.S. intelligence efforts are hampered by inefficient methods for recruiting, training and assigning personnel, according to a new human resources plan that calls for a more "corporate" business model and increased cooperation within the 16-agency intelligence community.

Among the problems cited by the "Strategic Human Capital Plan" prepared for John D. Negroponte, the director of national intelligence, is an inability to compete with the private sector for the "best and the brightest" workers in language, scientific and technological skills. Security-clearance restrictions have impeded hiring a diverse workforce, including noncitizens with critical expertise in other countries and cultures.

The plan is the latest step in Negroponte's effort to bring the disparate intelligence agencies under one umbrella. Investigations and inquiries have cited rivalry, differing standards and poor communication among agencies as a key factor in not preventing the Sept. 11, 2001, attacks. The 2004 Intelligence Reform Act, which established Negroponte's office and addressed other recommendations of the Sept. 11 commission, calls for increased integration and an elimination of overlap.

Published internally in June as an unclassified document and released yesterday by the nongovernmental Federation of American Scientists' Secrecy News blog, the plan sets an outline for hiring, training and benefits policies and directs each agency to develop a plan to contribute to overall goals.

It calls for creating an "all source" workforce by setting overarching goals for numbers and quality and for "determining the optimum mix of military, civilian, contractor and other human resources," as well as creating a "cohesive" leadership culture.

Although intelligence agencies have been flooded with recruits the past five years -- the CIA received 140,000 rÃ©sumÃ©s in 2005 -- attracting and keeping people with "a deep understanding of other societies, their values, cultures, religions and languages" remains a priority, CIA spokesman Mark Mansfield said.

The plan cites a workforce imbalance created by the post-Sept. 11 influx of young recruits at a time when senior officials have been retiring and mid-level managers have been departing for better-paying or more interesting jobs. Nearly 40 percent of

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current CIA employees have been hired in the past five years, and up to 20 percent of the agency workforce will be eligible for retirement over the next five.

Many new employees of intelligence agencies, particularly in critical areas of analysis and human intelligence, "are not seeking a 25-to-30-year career," the plan reports. Instead, like others at their age and experience level, "they see a future with multiple jobs and a variety of employers."

In addition, new employees "have far different styles of work, interaction, dress, leisure, even language" that portend "a potential 'culture clash' " with older supervisors and top level officials.

The plan recognizes the growing tendency of intelligence agencies to use contractors rather than their own personnel. This has been particularly true of the rapidly growing intelligence elements within the Defense Department, which spend up to 85 percent of the intelligence budget. More than two-thirds of the employees of the Pentagon's Counterintelligence Field Activity (CIFA), begun in 2002 to supervise force protection for Defense facilities at home and abroad, have been supplied under private contracts at costs considerably above government pay scales.

"Increasingly, the IC [intelligence community] finds itself in competition with its contractors for our own employees," the plan laments. For example, Lockheed Martin posted a job offer last month for an "Advanced Special Operations Officer" to provide administrative and operational support at Fort Bragg, N.C., on a part-time basis with a salary of $43,000 for a 90-day rotation.

The applicant must have current Department of Defense top-secret security clearance with "sensitive compartmented information" eligibility -- likely to be obtained only by working in a government intelligence agency.

Part of the reason for the turn to contractors, according to the plan, rests with budget ceilings that Congress or the White House Office of Management and Budget have placed on the agencies, as well as the past uncertainties of steady funding to support a permanent government workforce.

The study describes the irony that "those same contractors recruit our own employees, already cleared and trained at government expense and then 'lease' them back to us at considerably greater expense."

The situation has already led to an investigation by the House Permanent Select Committee on Intelligence, and the plan discloses that the OMB has asked Negroponte's group to study contracting because it believes "inherently governmental" work is improperly being outsourced.

Negroponte's office is seeking to have its own level of staffing raised to allow more permanent hires, the plan says.

Personnel surveys disclosed in the plan indicated that intelligence workers are largely satisfied with the work they do but are unhappy with senior leaders and the manner in which promotions are handled.

Only 42 percent of those responding said their senior leaders generated high levels of motivation and commitment to the job. The lowest response came when 29 percent agreed with steps taken to deal with poor job performers and 54 percent believed creativity was rewarded.

Privacy Group Sues FBI For Database Info (WP/AP)

By Dan Caterinicchia, The Associated Press

The Washington Post, October 19, 2006

WASHINGTON -- A privacy-advocacy group has sued the U.S. government for information about an FBI database of more than 700 million personal records set up after the Sept. 11 terrorist attacks.

The Electronic Frontier Foundation said it sued the Justice Department because the FBI failed to respond to Freedom of Information Act requests on its "Investigative Data Warehouse."

The lawsuit also charges the FBI has not posted a public notice describing the criteria on personal information included in the database, as required by the Privacy Act of 1974.

In its lawsuit, EFF cites the FBI's April 2004 report to the 9/11 Commission and subsequent remarks from agency executives that said the agency began developing the database after the terrorist attacks.

The 9/11 report said the database was first delivered in January 2004 and "contains all data that can legally be stored together... (providing) a single access point to several data sources that were previously available only through separate, stove-piped systems."

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The FBI has said the database provides FBI agents and analysts with "instant access to photographs, biographical information, physical location information, and financial data for thousands of known and suspected terrorists," according to a March 2005 speech by John E. Lewis, deputy assistant director of the counterterrorism division.

"Nearly 12,000 users can access it via the FBI's classified network from any FBI terminal throughout the globe," Mueller told the Senate Judiciary Committee earlier this year. "And, nearly 30 percent of the user accounts are provided to task force members from other local, state, and federal agencies."

In an op-ed piece in The New York Times last month, John Miller, assistant director of the FBI, wrote that IDW "can search more than 700 million records from more than a dozen agencies and match them against our own investigative records."

The San Francisco-based EFF, which recently opened a Washington office with two attorneys from the Electronic Privacy Information Center, filed the lawsuit Tuesday in the U.S. District Court for the District of Columbia. The EFF said the FBI failed to meet deadlines for responding to the group's FOIA requests.

"On the one hand, the FBI has touted the creation of this database, but on the other hand, it hasn't complied with the legal requirements that apply to the creation of something like this," David Sobel, EFF's senior counsel in Washington, said Wednesday.

FBI spokesman Paul Bresson declined to comment on the lawsuit, but said IDW "simply unifies previously and lawfully acquired data from other established databases into one place."

"It should also be noted that even though the E-Government Act does not require IDW to undergo privacy impact analysis, FBI policy does require it," Bresson wrote in an e-mail. "As a result we have conducted several privacy impact assessments at different times as new data sets are added."

Earlier this month, EFF sued the Justice Department for records concerning electronic-surveillance tools including one that appeared to be a successor to the FBI's abandoned Carnivore program.

The FBI developed Carnivore to read e-mails and other online communications among suspected criminals, terrorists and spies, but privacy groups and lawmakers complained it could collect much more than allowed by a warrant.

2nd Circuit Upholds Verdicts In Multibillion-Dollar World Trade Center Insurance Dispute (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 19, 2006

World Trade Center leaseholder Larry Silverstein's attempt to win at least $2 billion more from insurers on the theory that the two airplane attacks on Sept. 11, 2001, were two separate occurrences was rebuffed Wednesday.

The 2nd U.S. Circuit Court of Appeals upheld a Southern District of New York jury verdict that the bulk of insurance policies covering the Trade Center treated the terror attacks as a single occurrence.

However, the court also upheld a victory awarded Silverstein by the jury in the second phase of trial, agreeing that temporary insurance policies in effect when terrorists leveled the buildings required treatment of the attack as two occurrences. That ruling meant that nine insurance companies will have to pay double the roughly $1 billion in coverage under their policies.

Judges John M. Walker Jr., Jose Cabranes and Rosemary Pooler decided the appeals in SR International Business Insurance Co. v. World Trade Center Properties, lead docket 04-4500-cv. Walker wrote the opinion of the panel.

The ruling is likely the final resolution of a massive insurance dispute that began shortly after the terror attacks. Silverstein originally sought more than $7 billion. He has been awarded about $4.5 billion.

Silverstein had agreed on a 99-year lease for the World Trade Center buildings in the spring of 2001, and spent the summer negotiating a multilayer insurance program that provided for $3.54 billion in coverage on a "per occurrence" basis.

But for all but one of the insurers, final insurance contracts had not been signed when the hijackers steered two planes into the North and South towers at 8:48 and 9:03 on the morning of Sept. 11.

The litigation began when one insurance company filed suit seeking a declaratory judgment in the Southern District on its obligations under the still-to-be-completed insurance policies.

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Silverstein filed counterclaims seeking to double the $3.54 billion to over $7 billion, setting up one of the largest, and certainly the most emotional, insurance fights in history.

Southern District Judge John Martin held that three insurers were governed by the so-called "WilProp" form -- the form Silverstein's insurance broker used during negotiations. The form treated the destruction by two planes as one occurrence.

Judge Martin also denied summary judgment to Silverstein on his claim that the undefined term "occurrence" in the policy of Travelers Indemnity Co., one of the companies with the most at stake in the litigation, meant that, as a matter of law, the attacks were two occurrences.

The 2nd Circuit affirmed Judge Martin. Due to Martin's retirement from the bench, the case was reassigned to Chief Judge Michael Mukasey, who proceeded to hold a two-phase trial.

NO EVIDENTIARY ERRORS

In the first phase, a jury found that nine of 12 participating insurers and 20 Lloyd's of London syndicates were bound by the WilProp form -- leaving Silverstein with only a single-occurrence recovery.

But three insurers were found not to be governed by the form and they were joined in the second phase of the trial by six insurers who conceded the same. The jury in the second phase found that all nine insurers were subject to payments on a two-occurrence basis.

Wednesday, the circuit rejected Silverstein's arguments on phase one, and did the same for the losing insurers arguments in phase two. Both sides had argued that they should have prevailed as a matter of law and the issues never should have reached a jury.

The circuit also disagreed with both sides' claims that the verdicts were marred by evidentiary errors and flawed jury instructions.

"Not surprisingly, however, neither side admits that any errors contributed to the judgments in their favor," Walker wrote. "As a result, we are led to believe that the same type of error that would require us to set aside one set of judgments are unfounded when it comes to the other set of judgments -- and vice versa."

On Silverstein's claim that the issue never should have reached a jury, Judge Walker said, "The Silverstein parties ignore unfavorable evidence and rely on inferences that the jury was not required to make."

Of the nine insurers who lost the second phase of the trial, eight appealed. One settled with Silverstein.

The circuit rejected their claims that expert testimony as to custom and usage in the insurance industry should not have been allowed and that evidence of custom and usage in the industry was insufficient to send the matter to the jury.

"We conclude that the Silverstein Parties brought forth evidence sufficient to establish an industry custom that insurers utilize a narrow definition of 'occurrence' in their industry forms," Judge Walker said.

Similarly, the circuit found Silverstein had produced enough evidence of intent by the negotiating parties to show that the two plane attacks amounted to two occurrences.

Barry Ostrager of Simpson Thacher & Bartlett represented SR International Business Insurance in the first phase of the trial and acted as lead counsel in the litigation because the company had a lead role in the coverage, more than 25 percent. A Silverstein victory would have doubled the approximately $975 million SR was obligated to pay.

"Judge Musakey did a masterful job handling two hotly contested trials -- these were emotionally charged trials that took place just blocks from the World Trade Center," Ostrager said.

Ostrager said he did not believe there were any constitutional issues that would give rise to an appeal to the U.S. Supreme Court.

"Honestly I don't think there is any enormous surprise here -- I don't think the Silverstein parties are going to be shocked that the jury verdict on behalf of Swiss Re was affirmed," he said.

Silverstein said in a statement Wednesday that he was "gratified" that the circuit upheld the jury's finding that the attacks "were two events for the purposes of determining how much the insurers have to pay."

He continued, "Over the past five years, the World Trade Center insurers have engaged in an all-out campaign to shirk their legal and moral obligation to honor their policies and help finance the rebuilding of the World Trade Center. All the money owed

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by the insurers is needed and has been committed to the rebuilding ... The court has spoken yet again, and the time has come for all of the insurers to finally pay what they owe."

Silverstein was represented by Herbert M. Wachtell of Wachtell, Lipton, Rosen & Katz.

Flood Risk Doesn't Stop Rebuilders (USAT)

By Anne Rochell Konigsmark

USA Today, October 19, 2006

NEW ORLEANS — Nearly three-fourths of New Orleans homeowners applying for federal grants say they'll rebuild their Katrina-damaged homes in flood areas even though city restrictions are unlikely to prevent their houses from being wiped out if the levees fail again.

The restrictions, which say that the city's homes must be raised at least 3 feet to avoid flooding, have come under fire from some local officials and government watchdog groups. They say 3 feet of elevation is not needed in areas that did not flood after Hurricane Katrina, and 3 feet is too low in areas that saw 20 feet of water.

Even the Federal Emergency Management Agency says thousands of houses could flood again if they are rebuilt under the new rules. “If there is another catastrophic event, flooding will occur,” says Doug Bellomo, a deputy director of risk analysis at FEMA.

The Louisiana Recovery Authority, which controls billions in federal relief money, expects about 53,000 New Orleans homeowners to apply for federal grants. The grants provide up to $150,000 for uninsured losses, and residents can use the money to rebuild or relocate.

So far, 14,534 New Orleanians have applied for grants; about 10,634 have said they want to rebuild where they were.

“The taxpayers are going to be subsidizing unwise construction,” says Robert Hunter, director of insurance for the Consumer Federation of America. About $7.5 billion is available to homeowners.

The New Orleans City Council adopted the 3-foot rule on Sept. 1 to avoid losing millions in federal grants. The recovery authority has said parishes that don't adopt the rules will be excluded from receiving some of the relief money.

St. Bernard Parish, where all but 50 homes flooded, is considering rejecting the rules. “Our goal is not to adopt them,” says St. Bernard Councilman Craig Taffaro. “We don't agree with the science.”

Paul Rainwater of the recovery authority says the rules are “not perfect,” but will help residents get much-needed flood insurance.

South Spent Millions On A Hurricane Season That Wasn't (WP)

By Peter Whoriskey

The Washington Post, October 19, 2006

MIAMI -- Anticipation of the 2006 hurricane season turned countless families here and in a vast swath of the Southeast into survivalists.

Households stockpiled ready-to-eat meals. They scarfed up emergency radios, propane stoves, satellite phones, shutters, candles, canned goods. Hordes plunked down $500 and up for home generators.

The predictions of another scary storm season and the memory of last year's record-setting disasters inspired fear and a spending spree of hundreds of millions of dollars.

"The main uncertainty in the outlook is not whether the season will be above normal, but how much above normal it will be," National Oceanic and Atmospheric Administration forecasters announced in May. That forecast called for eight to 10 hurricanes and noted that the year might be "hyperactive."

Now comes a humbling moment for prognosticators: Those predictions were wrong.

Although the season doesn't end officially until Nov. 30, the peak time has passed, and meteorologists concede that its totals will almost certainly fall far short of the dire predictions issued as the summer began. In fact, the year's storm totals probably will not even reach the averages of the past 10 years.

"I think everyone agreed it was going to be an active season, but we were all wrong," said Philip Klotzbach, co-author of well-known predictions issued by a Colorado State University team.

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He began a recent presentation with a rueful quotation from 19th-century mathematician Francois Arago: "Never, no matter what may be the progress of science, will honest scientific men who have regard for their reputations venture to predict the weather."

"Anyone who makes forecasts about the weather gets picked on all the time," Klotzbach said. "There's an art to it."

The NOAA forecast at the beginning of the season called for eight to 10 hurricanes, but so far there have been five. It said there would be four to six "major" hurricanes -- that is, Category 3, 4, or 5 strength -- but so far there have been only two.

The forecast from the Colorado State team was in general agreement with NOAA's predictions. But it went further and offered that there was a 95 percent chance of a hurricane making landfall in the United States.

None did, however, making the year seem especially quiet in the portion of the country known as Hurricane Alley.

What has accounted for the mild season, according to forecasters, is the unexpected onset of El NiÃ±o, which stifled storm development, as it has in previous years. Also, the steering currents over the Atlantic tended to keep Atlantic storms from making landfall, curving them northward and back out to sea.

The relatively calm season stands in marked contrast to the nervousness it inspired at the outset, when concerns about the dangers of Atlantic hurricanes seemed to have reached a historic climax.

The 2005 season had been the busiest recorded, and some scientists had begun to regard heightened hurricane activity as a sign that Earth's climate is out of whack, a symptom of global warming.

Then, at the start of the season, forecasters issued the alarmingly specific predictions that more danger lay ahead. The seasonal forecasts are based on ocean temperatures and atmospheric conditions.

"If you think the 2006 hurricane season cannot be any worse than last year," National Hurricane Center Director Max Mayfield said at a hurricane conference, "I'm here to tell you otherwise."

As a result, many who had once scoffed at hurricane warnings and parodied the batten-down-the-hatches urgency of television forecasters now allowed that this season, they were preparing to hunker down if necessary.

Foil-wrapped ready-to-eat meals flew off the shelves at sporting goods stores. So did gas stoves and solar showers and battery-operated fans.

Help Jet, a West Palm Beach company, offered $500 memberships to Floridians who wanted to guarantee a seat on a private flight out of harm's way in the event of an approaching hurricane. As last year's troublesome evacuations showed, leaving is difficult when everyone else is on the road, too.

"It was something we'd never seen before," said Julie Abreu, a buyer for Jet's Florida Outdoors, a Miami sporting goods store, where purchases of hurricane-related items doubled. "It was busy the whole year."

During a 12-day period in May, when the state of Florida allowed hurricane preparation items to be bought tax-free, an estimated $550 million worth were purchased, according to state figures. The total hurricane spending in the state was probably much higher, however, because those estimates did not include items such as plywood, which were not part of the tax-free program.

"In this period of increased tropical activity, it is vital for all Floridians to prepare," Gov. Jeb Bush (R) advised constituents. Mississippi Gov. Haley Barbour (R) likewise initiated an eight-week hurricane awareness program.

Among those swept up in the meteorological tension was a neighborhood in Hollywood, Fla., where more than a dozen households banded together to negotiate a discount on large generators costing $15,000 to $20,000.

Some, like Victor DeBianchi, spent more than $50,000 getting ready. In addition to his home generator, he bought hurricane shutters and impact-resistant glass for his home.

"What better way to ensure that nothing would happen?" DeBianchi, a probate lawyer, asked wryly. "I really did think there would be something this year. But I'm glad I did it. It's peace of mind."

WAR NEWS:

Iraq Violence, 'No Child' Occupy Bush (WP)

By Michael A. Fletcher And Peter Baker

DOJ_NMG_0082988

The Washington Post, October 19, 2006

GREENSBORO, N.C., Oct. 18 -- President Bush said Wednesday that the current surge of violence in Iraq "could be" comparable to the Tet Offensive during the Vietnam War, a succession of battles that became a milestone because it helped turn the American public against the conflict and its political leadership.

Bush has strongly resisted comparisons between Iraq and Vietnam, but with U.S. casualties continuing to mount, he agreed to an interviewer's analogy and said he detected a spike in attacks timed to the congressional elections in three weeks with the goal of forcing the United States to lose its will.

"My gut tells me that they have all along been trying to inflict enough damage that we'd leave," Bush said in an interview with George Stephanopoulos of ABC News. "And the leaders of al-Qaeda have made that very clear. They believe that if they can create enough chaos, the American people will grow sick and tired of the Iraqi effort and will cause [the] government to withdraw."

Stephanopoulos asked Bush whether he agreed with New York Times columnist Thomas L. Friedman, who wrote that the real "October surprise" of this campaign season is what "seems like the jihadist equivalent of the Tet offensive." Bush nodded. "He could be right," the president replied. "There's certainly a stepped-up level of violence, and we're heading into an election."

The Tet Offensive was a rolling series of operations by the Viet Cong against U.S. and South Vietnamese forces beginning at the Vietnamese new year in January 1968. Historians consider Tet a military defeat for the Viet Cong because it lost so many men and captured no significant objectives. But it was also a powerful propaganda victory for the Viet Cong, because it brought the bloody war home to many Americans watching television. With support for the war eroding, President Lyndon B. Johnson abandoned his reelection campaign two months later.

Bush's interview with ABC came as he visited North Carolina to highlight his education program. The president visited a fast-improving elementary school to make a pitch for expansion of the No Child Left Behind law when it comes before Congress for reauthorization next year.

Bush said the law should include vouchers for low-income students to attend private or parochial schools while offering salary incentives for teachers whose students show sharp improvement on standardized tests or who work in tough schools. He also wants the law's requirements for annual standardized testing, which currently apply to most elementary and middle school students, extended to high schools.

"The reauthorization of this important bill is going to be a top priority of mine," Bush said. "And it's not only just the reauthorization, it's the strengthening of the bill and not the weakening of the bill."

The changes sought by Bush are certain to face stiff opposition in Congress, where many Democrats contend that Bush has not provided enough funding to implement the measure. When the law was enacted in 2001, he was forced to drop his call for vouchers in the face of Democratic opposition.

In a speech at Waldo C. Falkener Elementary School, Bush said the law is spurring educational improvements here and elsewhere. The percentage of third-graders reading at grade level at Falkener has increased to 76 percent from 46 percent three years ago.

Bush said the law's requirement for annual testing of students in grades three through eight and its provisions for publicly funded tutoring for struggling students are helping to close the achievement gap separating many white and Asian students from many blacks and Hispanics.

"The gap is closing, and that's incredibly important for the United States of America to see that achievement gap close," Bush said. "How do we know? Because we're measuring."

After his speech, Bush visited the Victory Junction Gang Camp for children with life-threatening illnesses. NASCAR driver Kyle Petty and his wife, Pattie, founded the camp in memory of their son Adam. The day ended with a dinner at the Greensboro home of businessman Louis DeJoy, chairman of New Breed Logistics Inc. The event was expected to raise $900,000 for the Republican National Committee.

Baker reported from Washington.

Eyeing The Exits From Iraq (LAT)

DOJ_NMG_0082989

The Los Angeles Times, October 19, 2006

AMERICAN PATIENCE WITH THE WAR in Iraq is wearing thin. It's no longer just liberal blue-staters fed up with the Bush administration's foreign policy, or Republican members of Congress annoyed at this albatross during campaign season. The administration itself seems to be growing impatient with the situation in Iraq — especially the unwillingness or inability of the government in Baghdad to put an end to sectarian violence.

Iraqi Prime Minister Nouri Maliki was worried enough to call the White House on Monday to check on his job security. According to presidential spokesman Tony Snow, the Iraqi leader wanted to know whether there was any truth to the rumor that he would be replaced soon if things didn't turn around. President Bush reportedly offered his support. A word of caution to Maliki: If Bush told you you're doing "a heck of a job," you should be worried.

Whatever was said, Bush's tone must have made an impression. On Tuesday, Maliki's government dismissed the two most senior police commanders from their posts. It's well known that members of the police forces moonlight as Shiite death squads fomenting much of the ethnic strife in Iraq. The purge of the leadership is a welcome step, but only one of many that must be taken by the Iraqis to prevent full-blown civil war.

Yet the situation is fraught because the United States is only one of Maliki's overseers. To survive politically, he also needs to keep Muqtada Sadr happy. This is no easy balancing act. Sadr is the anti-American cleric who controls a faction of Shiite parliamentarians that backs Maliki, as well as the Al Mahdi army. Civil war is all but inevitable if such private armies are allowed to flourish. Tensions between Baghdad and Washington over Sadr were on full display Wednesday, after U.S. forces grudgingly released one of his senior aides at the government's request.

The episode will only feed U.S. commanders' exasperation at getting involved in what looks increasingly like a civil war. The cost to Americans of getting caught in the middle is getting painfully higher, after troops were redeployed to become more directly involved in the effort to stem the flow of violence. On Wednesday, the Pentagon announced that 11 U.S. troops had been killed this week, bringing the month's toll so far to 70.

Historian and Times columnist Niall Ferguson, though no fan of the decision to invade Iraq, has observed that this country's most successful occupations have been its longest, in Germany and Japan. But Maliki is right to be worried. Unless things start changing, even the staunchest neocons in Washington are going to start looking for the exits.

Burns: Bush Has Plan To Win War In Iraq (AP-Y)

By Matt Gouras

AP, October 19, 2006

Sen. Conrad Burns says he believes President Bush has a plan to win the war in Iraq but is keeping it quiet, a statement Democrats pounced on Wednesday as reminiscent of comments made during another divisive war.

Burns, at a debate Tuesday night with Democratic challenger Jon Tester, said he believes Bush has a plan to win — but added: "we're not going to tell you what our plan is."

Burns, who has said repeatedly the country must stay in Iraq as long as it takes to win the war, also seemed to suggest a new path may be needed in Iraq. He pointed to fellow Republican Sen. John Warner of Virginia, who has recently called for a new strategy in Iraq.

"We have to change our tactics with the enemy and how it changes its tactics," said Burns, a member of the Senate Appropriations defense subcommittee. "And in some cases, we have not been able to do that. I agree with Senator Warner and his assessment. If we don't change, we will pay a heavier price. But we cannot lose it."

Democrats likened Burns' comments to statements by President Nixon that led to news reports that he had a "secret plan" to end or win the war in Vietnam. Like Nixon, Burns never used the word "secret" but made it clear it wasn't in the president's or the country's interest to discuss any plans he has for winning the war.

Matt McKenna, a Tester campaign spokesman, said Burns' comments were eerily similar to Nixon's.

"I think the comparison is two politicians who put their own ambitions above the safety and success of the troops," McKenna said Wednesday.

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In a tense exchange with Tester, who is ahead in recent polls, Burns hammered the Democratic challenger for his call on the president to develop a plan for withdrawing troops from Iraq.

"He wants everyone to know our plan. That's not smart," Burns said.

"He said our president (doesn't) have a plan. I think he's got one, but he's not going to tell everybody in the world," Burns added. "If you want to go out and spar for a fight, are you going to tell your enemy what your plan is? I don't think so."

Burns later said: "There is a plan. We're not going to tell you, Jon."

McKenna said the comments were those of a senator behind in recent polls who wants to keep his job.

"Nobody actually believes that he (Burns) has a plan, or even a seat at the table where plans are made," McKenna said.

Burn's spokesman, Jason Klindt, said the senator is adamant that details of a plan to win should not be released, including any deadline for troop withdrawal.

He said he doesn't know if Burns knows any specifics of a Bush administration plan to win the war in Iraq.

"I think he knows the general strategy," Klindt said.

Burns' Remark Draws Comparison To Nixon (USAT)

By John Bacon And Sarah Elkins

USA Today, October 19, 2006

Montana Democrats on Wednesday blasted GOP Sen. Conrad Burns for saying in Tuesday's debate that he believes President Bush has a plan to win the war in Iraq but is keeping it quiet.

“We're not going to tell you what our plan is,” Burns told Democrat Jon Tester. Matt McKenna, a Tester spokesman, likened Burns' comments to statements by President Nixon that led to rumors of a “secret plan” to end or win the war in Vietnam. “The comparison is two politicians who put their own ambitions above the safety and success of the troops,” McKenna said.

Burns' spokesman Jason Klindt said Burns is adamant that details of a plan to win should not be released. Klindt said he doesn't know if Burns knows any specifics of a plan, but added, “I think he knows the general strategy.”

A recent Montana State University-Billings poll released Wednesday showed Tester leading Burns 46%-35%, with 14% undecided.

‘Affordability agenda' in Vt. draws fire

Vermont gubernatorial hopeful Scudder Parker dismissed Republican Gov. Jim Douglas' self-described “affordability agenda,” calling it “an agenda of electability.” Douglas has said he is dedicated to reducing the costs of higher education, health care, property taxes and housing.

Parker cited the Vermont Housing and Conservation Board, saying state residents have “the Legislature, not Jim Douglas, to thank for funding the program that makes housing more affordable for Vermonters.” Douglas' campaign said he supported the funding by signing the budgets that contained them.

Defeated Tenn. candidate backs GOP foe

All apparently is forgiven between two Republicans who battled it out for the Senate nomination in Tennessee. Former congressman Ed Bryant, whose campaign called Bob Corker the “king of lies” and a fraud, is featured in a new TV ad endorsing Corker, the nominee.

“Bob Corker and I had a bit of a spirited primary for the United States Senate, but you know, there wasn't a day I didn't respect Bob,” Bryant says in the ad airing statewide. Michael Powell, adviser to Rep. Harold Ford, the Democratic candidate, said, “The only thing we are left to ask is, when was Bob Corker's new spokesman lying about Bob Corker's character — in the primary ads he paid for, or the one Bob Corker is paying for?”

McCain: More Troops Needed In Iraq (AP)

By Mike Glover

AP, October 19, 2006

McCain says more troops needed to quell 'classic insurgency'

DES MOINES, Iowa - Arizona Sen. John McCain on Wednesday said more combat troops are needed in Iraq to quell a "classic insurgency," and he rejected calls to reduce U.S. troop levels in the country.

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"A lot of mistakes have been made in Iraq and they've been well documented," McCain told reporters. "That doesn't change the fact that, in my view, we cannot fail."

McCain spoke before a luncheon fundraiser at which he raised $40,000 for Republican congressional candidate Jeff Lamberti, who is challenging Democratic U.S. Rep. Leonard Boswell in central Iowa's 3rd District.

At his news conference, McCain conceded that his argument for sending more troops to Iraq runs counter to what many other politicians are saying.

"My view, which is clearly a minority view, has been for a long period of time that we need more troops on the ground," said McCain. "I don't think it's a civil war, but the level of sectarian violence is too high, it's way too high and it has to be reduced."

McCain argued that the only way to lower the level of violence is to boost the American military presence.

"We need to put down what is now a classic insurgency," he said. "If we set a date for withdrawal, it would have consequences that would mean the situation would quickly deteriorate into a chaotic one and chaos would spread to the region."

In addition to raising money, McCain also planned to tour an ethanol plant with Lamberti in the central portion of the state as he tested the waters for a run at the Republican presidential nomination.

His views on ethanol have shifted slightly as he begins to focus on Iowa's leadoff precinct caucuses, which launch the presidential nominating season.

"I think ethanol is a very important part of our effort to reduce our dependence on foreign oil," said McCain.

When the price of oil soared past $40 a barrel, ethanol began to make financial sense and McCain said he favored encouraging the industry _ within limits.

"I do not support subsidies for ethanol," said McCain. "I think they can stand on their own feet."

Democrats quickly seized on the issue, noting votes Lamberti had made opposing requirements that ethanol be added to gasoline.

"The McCain-Lamberti event is an election year stunt that does nothing but underscore Lamberti's checkered past when it comes to ethanol," said Boswell spokesman Mark Daley.

McCain sought the Republican nomination in the 2000 election cycle, but he skipped the Iowa caucuses to focus on New Hampshire's leadoff primary. That won't be the case should he decide to again seek the nomination, McCain said.

"When I ran last time I was the outsider and we had a very limited amount of funds and staff, and we had to focus our efforts on New Hampshire," said McCain. "The Iowa caucuses are a vital aspect of the election process."

McCain said he will make a decision about seeking the nomination early next year.

'Dramatic Change Of Direction' Coming For Iraq (WT)

By Sharon Behn

The Washington Times, October 19, 2006

The escalating violence raking Baghdad and other Iraqi cities is pushing that nation's leaders, neighboring Arab countries and U.S. advisers to consider a dramatic change of direction in the conduct of the war.

Leaks from a U.S. task force headed by former Secretary of State James A. Baker III are contributing to the widespread sense that the Bush administration is preparing for a "course correction" in the coming months.

The options cited most frequently in Washington include the partition of Iraq into three ethnic - or faith-based regions, and a phased withdrawal of U.S. troops, with some remaining in neighboring countries to deal with major threats.

Another scenario is being discussed -- and taken seriously in Iraq -- by many of Iraq's leading political players, under which the U.S.-trained army would overthrow struggling Prime Minister Nouri al-Maliki and replace him with a strongman who would restore order while Washington looks the other way.

Falah Hassan al-Naqib, a Sunni politician who served as minister of the interior in the interim government led by Iyad Allawi until last year, told The Washington Times he has met repeatedly with American and Iraqi generals to discuss alternative courses of action.

"All of them have a 'Plan B,' because if the situation continues as it is, they will have to defend themselves -- not just find bodies all over," Mr. al-Naqib said this summer at his house in Baghdad.

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Mayhem has continued in Baghdad despite a U.S. decision to redeploy some 8,000 U.S. troops into the capital over the summer. Officials yesterday reported the deaths of 10 American troops across the country, putting October on track to be the deadliest month in almost two years.

On Monday, The Washington Times reported that Gen. George Casey, the top U.S. commander in Iraq, was "more sober" and "more concerned" about the ability of the Iraqi security forces when he privately briefed senior military and civilian leaders in Washington last week. Defense sources said he had appeared more upbeat over the winter about the Iraqi security force's progress.

The sources said, however, Gen. Casey was not pessimistic and still thinks the U.S. will win in Iraq. Gen. Casey's spokesman said the general thinks the Iraqi security forces have made great progress and are on track to take over more counterinsurgency missions.

Others in the Bush administration have contributed to the sense that the al-Maliki government has been put on a short leash, with Secretary of State Condoleezza Rice saying on a trip to the region Oct. 6 that Iraqi leaders "don't have time for endless debates on these issues. ... They have really got to move forward."

Days before that, Zalmay Khalilzad, the U.S. ambassador to Iraq, said on CNN that the Iraqi government, "in the course of the next two months, has to make progress in terms of containing sectarian violence."

Similarly, Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, told reporters after a trip to Baghdad this month that Congress will have to make "bold decisions" if the Iraqi government does not bring the sectarian killings under control.

Even Mr. Baker, whose bipartisan commission is expected to hand its recommendations to the Bush administration after the congressional elections, said on ABC's "This Week" that "I happen to think, and I think it's fair to say our commission believes, that there are alternatives between the stated alternatives ... of stay the course and cut and run."

President Bush reassured Mr. al-Maliki in a telephone call on Monday that there was no deadline hanging over his administration, but that has done little to quell the speculation.

The most talked-about scenarios for a "Plan B" include:

•Phased withdrawal: Under this plan, U.S. troops would be gradually withdrawn over a period of months and a reserve force would be redeployed elsewhere in the region.

"Our troops have become the primary target of the insurgency," argued Rep. John P. Murtha, Pennsylvania Democrat, who laid out a plan for an immediate withdrawal in November. "They are united against U.S. forces and we have become a catalyst for violence. ... I believe with a U.S. troop redeployment, the Iraqi security forces will be incentivized to take control."

He proposed the creation of a "quick reaction force" and an "over-the-horizon presence" of Marines in the region to deal with urgent problems such as signs that al Qaeda was gaining control of an area.

Similar arguments have been made by Richard A. Clarke, who provided national security advice to the last four presidents, and Edward N. Luttwak, a senior fellow at the Center for Strategic and International Studies.

CBS reporter David Martin recently quoted a source in the Baker commission saying the group may recommend a scheme under which 5 percent of U.S. troops are withdrawn from Iraq every two months.

Opponents of the plan -- including most Iraqis -- argue that without a strong U.S. troop presence, the country would quickly fall into a vicious civil war and terrorists would be able to establish safe havens from which to harass neighboring U.S. allies.

•Partition: Under this plan, notably advocated by Sen. Joseph R. Biden Jr., Delaware Democrat, Iraq would be divided into Sunni, Shi'ite and Kurdish regions, each enjoying a high degree of autonomy.

A viable central government would remain responsible for border defense, foreign policy, oil production and revenues under the scheme worked out by Mr. Biden and Leslie H. Gelb, president emeritus of the Council on Foreign Relations.

While acknowledging that decentralization would not immediately end the problem of murderous militias affiliated with the various political parties, Mr. Biden argued in a May 1 speech in Philadelphia that this was the best way to begin rolling them back. "The regions can become magnets for the militia, integrating them into local forces, and eventually into the national force."

This solution would win quick acceptance from the Kurds, who already enjoy a high degree of autonomy in their oil-rich northern region and have little interest in what happens in Baghdad.

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Many Shi'ites -- who control the southern oil fields -- would also welcome the arrangement, and this month pushed through a new law opening the door to the establishment of an autonomous region in the south.

The Sunnis, stuck in the middle of the country with no oil and few other resources, could be brought along with a constitutional amendment guaranteeing them 20 percent of all present and future oil revenues, argued Mr. Biden, the ranking Democrat on the Senate Foreign Relations Committee.

"That's ... far more than they'd get otherwise, since the oil is in the north and south, not the Sunni center."

Mr. Baker, however, has already expressed skepticism about the idea, noting that there is no easy way to divide up Baghdad and other major population centers like Kirkuk, where ethnic and religious groupings are closely intermingled.

There are also fears that an autonomous Shi'ite region would quickly fall into the orbit of Iran, while the Sunni region would be ungovernable, offering a safe haven for al Qaeda and related terrorist groups to mount attacks on U.S. allies like Saudi Arabia and Jordan.

•Coup in Baghdad: While given little credence in Washington, this scenario is being widely talked about in Iraq and in neighboring countries, both on the streets and among senior political and military officials.

According to the scenario, the new U.S.-trained army, along with elements of Saddam Hussein's Ba'athist-led army, would stage a coup to oust the al-Maliki government and replace it with one led by a more effective figure -- by most accounts Mr. Allawi.

One Iraqi Sunni living in Dubai, who is in close contact with Sunni generals in exile in both the United Arab Emirates and Saudi Arabia, said those generals have been discussing such a "Plan B" with secular Shi'ites and U.S. officials for months.

These officers reportedly are convinced that Miss Rice has been discussing such ideas during a series of visits to Saudi Arabia over the past eight months.

Mr. Allawi, a secular Shi'ite who led the government before the 2005 legislative elections, is known as a strong man with backing from both secular Shi'ites and Sunnis tired of the sectarian killings. The politician also is liked by U.S. intelligence agencies, which were disappointed that his party was unable to win more seats in the parliamentary elections.

"The army scenario is not a bad scenario for the United States," said Robert Killebrew, a retired Army infantry colonel and national security analyst who predicted civil war in Iraq more than a year ago. "U.S. policy issues in the Middle East and Iraq do not require a democratic Iraq, it only requires a stable and friendly Iraq," he said.

Under this scenario, the Dubai-based Sunni source said, the army would gradually bring back elements of Saddam's former army, removing a major grievance that is driving the insurgency.

"The insurgency will come under control as most of them are concerned with keeping Iraq as one country. This is the most important for them and for the surrounding Arab countries," said the former officer.

According to most coup talk, the United States would publicly condemn the move but support the new government after a decent interval.

"My preference would be that there would be a certain amount of sanctimonious hand-wringing and saying that we don't agree with the overthrow of a democratically elected government," said Mr. Killebrew. "But we will continue to support the Iraqis in their fight against the insurgency, which would be de facto support."

Our Strategy Is Not Static (USAT)

By Mark Kimmitt

USA Today, October 19, 2006

Most militaries know that success in war argues against an inflexible approach to strategy and tactics. Militaries that remain foolishly consistent and unable to react to an evolving tactical environment are likely to fail. The enemy we face in Iraq, Afghanistan and elsewhere in the war on terrorism is a thinking enemy, and a thinking enemy will always seek to find an operational advantage, a seam in our defenses, or a weakness in our plan and tactics.

That is not happening. Since the beginning of combat operations in Iraq in March 2003, coalition forces have continuously adapted to a changing environment, not only to respond and react to a thinking enemy, but to also develop better tactics to defeat the enemy's own seams, weaknesses and disadvantages.

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Some have gone so far as to suggest that our forces are simply reacting to the evolving tactics of the enemy. Quite the opposite; operations in Iraq are developed from a position of advantage and superiority and do not cede initiative, nor innovation, to the enemy.

We are empowering Iraqi security forces to take on more and more of the security responsibilities, and helping to strengthen Iraq's unity government. The permanent, democratically elected government has been in place for fewer than 150 days, while most of the Iraqi battalions in the field today have existed for fewer than two years.

The idea that coalition forces have pursued a static tactical policy in Iraq is a myth and a disservice to our innovative, creative and adaptable troops. Our troops know that the fight in 2006 is far different from the fight in 2003, and they know the importance of changing their tactics correspondingly. They know that victory in the field goes to the best trained, the best equipped and the smartest force, and the high price to be paid if they do not adapt and prevail. They know that, tactically, staying the course is the wrong way to defeat an enemy, but they also recognize that consistency in strategic guidance, combined with patience and persistence to see the job through, is the right way to win.

U.S. Toll Soars As Fight For City Rages (USAT)

By Rick Jervis And Tom Vanden Brook

USA Today, October 19, 2006

CAMP TAJI, Iraq — A U.S. and Iraqi offensive to wrest control of Baghdad from insurgents and sectarian death squads is producing some of the most intense fighting of the war and a spike in American deaths.

The U.S. command reported Wednesday that 10 American troops had been killed the day before in Iraq, making it one of the deadliest days for U.S. forces this year. Another soldier was killed Wednesday, bringing the death toll this month to 70.

At least a third of the recent fatalities happened in Baghdad. At the current pace, October would be the deadliest month since November 2004 when 137 troops died.

Much of the violence in the capital is religious warfare, putting U.S. forces in a sensitive position between warring factions.

“It's been a tough month,” said Col. James Pasquarette, a brigade commander headquartered at this base about 12 miles north of Baghdad. “We haven't had this sectarian issue in the past. It's more intense than in past years.”

Sectarian death squads don't typically target U.S. convoys, said Maj. Brandon Newton, with the 7th Squadron, 10th Calvary Regiment near Baghdad.

But U.S. patrols are dispatched to intervene between warring sects, sometimes parking themselves at night between Sunni and Shiite neighborhoods and exposing their patrols to roadside bombs, he said.

“We're fighting some bad people,” he said.

After going five months without a death, the squadron lost eight soldiers this month, said Lt. Col. David Thompson, the squadron's commander.

Lt. Col. Jonathan Withington, a spokesman for coalition troops in Baghdad, said U.S. and Iraqi forces are aggressively clearing areas of the city.

“We're very successful right now, and the enemy is pushing back,” Withington said.

About 15,000 coalition troops and 45,000 Iraqi police and soldiers are engaged in the Baghdad fight.

Some of the increased violence in Baghdad and other parts of Iraq is related to the holy month of Ramadan, when religious fervor is high.

The U.S. military said attacks this year have increased 20% during the holy month compared with the weeks leading up to Ramadan. Ramadan ends this weekend.

In a continuing effort to find a political solution to the religious warfare, Prime Minister Nouri al-Maliki consulted Wednesday with Grand Ayatollah Ali al-Sistani, an influential Shiite spiritual leader, and Muqtada al-Sadr, an anti-American Shiite cleric, the Associated Press reported.

White House spokesman Tony Snow said the spike in deaths would not make President Bush reconsider his options in Iraq.

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"His strategy is to win. The president understands not only the difficulty of it, but he grieves for the people who have served with valor," Snow said.

Soldiers at a forward operating base north of Baghdad said the deaths are a sobering reminder of the dangers that loom for them outside the razor-wire confines of their base.

"It hurts. It hurts deeply," said Staff Sgt. John Calhoun, 41.

"We're the only family we all have out here. And when we lose our brothers, it hurts."

Provincial Intelligence Director Among Latest Iraqi Deaths (LAT)

By Borzou Daragahi And Louise Roug

The Los Angeles Times, October 19, 2006

BAGHDAD — At least 10 U.S. troops were killed in five combat episodes during a 24-hour period ending Tuesday, the U.S. military announced today.

The latest casualties bring to 69 the number of U.S. military personnel killed in October, according to icasualties.org, a website that tracks deaths in the wars in Iraq and Afghanistan.

At least seven Iraqis were killed and 30 were injured today in attacks targeting U.S. and Iraqi security forces and sectarian gang killings targeting civilians.

A roadside bomb killed the director of intelligence for the Amara province in southern Iraq. Four of his guards were also killed.

Tribal elders and political leaders also attempted to cool tempers at a summit in the Salahuddin province, near the city of Balad, the site in recent days of one of the country's worst outbreaks of sectarian violence.

The latest deaths put October on track to be the deadliest for U.S. troops in Iraq since November 2004, when Marines stormed the insurgent-controlled city of Fallouja in a weeks-long ground offensive. The current month coincides with the Muslim holy month of Ramadan, which has been a time of sharp increases in attacks in Iraq since the U.S.-led invasion in 2003.

"We expected the attacks to rise during Ramadan," said Lt.. Col. Christopher C. Garver, a spokesman for the U.S. military.

Six of the U.S. soldiers died in three separate roadside bomb and small-arms attacks around Baghdad. Another three, attached to the 3rd Brigade of the Army's 4th Infantry Division, were killed as a result of unspecified enemy action in Diyala province, northeast of Baghdad. A fourth soldier was wounded in the incident.

A Marine assigned to Regimental Combat Team 7 died in a hostile fire incident in Al Anbar province, the Sunni Arab insurgent stronghold west of the capital.

The trial of Saddam Hussein and his co-defendants on charges of committing genocide against Iraq's Kurdish population in the late 1980s resumed today despite the continued absence of defense attorneys boycotting the trial. An unidentified Kurdish victim recounted a tale of his escape from the firing squad.

Trapped on a truck, listening to the gunshots and screams of other victims, the witness and others plotted to overtake the guards, with the strongest leading the charge.

"Maybe three or four of us will be killed but the others will survive," the witness recounted.

As the guards opened the door to the bus, one of the victims lashed out but was shot and killed. After a scuffle, the guards opened fire on the truck, killing several people.

The witness said he fainted. The next thing he realized was that bodies fell on top of him, he said, describing what he at first thought was the sound of water.

"It was a scary sound," he said, quickly realizing it was the sound of gurgling blood.

He was tossed into a ditch full of bodies. "I fell on a body," he said. "He was still alive. It was his last breath."

The guards continued shooting as he ran away. The witness said he took off clothes as he ran because "the skin has the same color as the sand" and he didn't want the guards to detect him.

It was a full moon and as the man made his way through the desert, he saw it was full of mounds that he believes were mass graves.

"I ran and ran," he said. "I saw light in the distance and ran toward the light."

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At 4 a.m., the witness reached a house where he asked for help and food, which he was given. Eventually, he made his way to the Kurdish city of Irbil, where he hid until 1991, when Hussein lost authority over northern Iraq after the Persian Gulf War.

Death Toll Mounts For US Forces In Iraq (FT)

By Demetri Sevastopulo

Financial Times, October 19, 2006

American forces are coming under increased attack in Iraq as October shapes up to be one of the worst months for US casualties during the war.

The deaths of nine soldiers and one marine on Tuesday raised the US death toll for October to 71, putting the month on course to be the third worst for military fatalities since the 2003 invasion. According to Pentagon figures, the military lost 137 troops in November 2004 – the worst month so far in the war – and 135 in April 2004.

US military commanders have attributed the latest rise in military deaths to increased violence during Ramadan in addition to US forces more actively engaging insurgent groups and sectarian death squads, particularly in Baghdad.

The rise in US deaths comes as Republicans come under mounting pressure over the war, which has claimed the lives of almost 2,800 troops. Increased anxiety about Iraq has placed the Grand Old Party in jeopardy of losing control of one, or possibly both, houses of Congress.

Aside from deaths, the US has suffered more than 21,077 casualties in Iraq, with more than 9,500 of those troops injured so badly that they did not return to action.

President George W. Bush has repeatedly argued that Iraq is making political progress and that the US will stay the course.

But his administration is becoming increasingly frustrated at the apparent inability of the Iraqi government to stem the rise in bloodshed, particularly in Baghdad where up to 10,000 US troops are working with 44,000 Iraqi forces. Senior Republicans have recently been more vocal in questioning the administration's strategy.

General John Abizaid, the top US commander in the Middle East, in July told Congress that reducing violence in Baghdad was key to avoiding civil war. But since his testimony, the number of military deaths in Iraq has greatly accelerated.

General Peter Pace, chairman of the Joint Chiefs, last week said sectarian violence was now the biggest problem in Iraq. He said coalition forces had reduced violence by about 50 per cent in the 50 sectors of Baghdad that they have "cleared" with Iraqi forces. But in a sign of the difficulty in curbing the violence in the Iraqi capital, he acknowledged that sectarian death squads remained active at night even in those areas.

Donald Rumsfeld, the US defence secretary who famously described the initial insurgency as a bunch of "dead-enders" and is coming under heavier criticism for his handling of the war, on Tuesday repeated his mantra that the war cannot be lost "militarily".

The US public is losing patience with Mr Bush over the rising violence, which has prevented the Pentagon from reducing troop numbers from the current level of about 140,000 to 100,000 by the end of this year.

A recent CNN poll found that 64 per cent of respondents disapproved of the way Mr Bush is handling the war, with 64 per cent also opposing the war. Fifty-one per cent said Democrats would do a better job of handling the war.

• President George W. Bush compared Iraq and the Vietnam war for the first time when he said Thomas Friedman, a New York Times writer, "could be right" in saying the violence in Iraq was the "jihadist equivalent of the Tet offensive".

"There is certainly a stepped-up level of violence and we're heading into an election," Mr Bush told ABC News. The Tet offensive helped turn US public opinion against the war, and led to President Lyndon Johnson deciding to abandon his re-election bid. A White House spokeswoman said Mr Bush was only trying to make the point that "the enemy is trying to affect the psyche of Americans".

One-Day Iraq Toll Is Highest For U.S. In Many Months (WP)

By Ellen Knickmeyer

The Washington Post, October 19, 2006

BAGHDAD, Oct. 18 -- A roadside bombing and other attacks killed 10 American troops across Iraq on Tuesday, the U.S. military reported Wednesday, making it the deadliest day of combat for U.S. forces in 10 months.

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The one-day toll, part of what the U.S. military has said is a 43 percent increase in attacks on U.S. and Iraqi forces in the capital since midsummer, occurred as casualties among Iraqi troops and civilians are soaring far higher than at any previous time in the war, according to U.S. and Iraqi tallies.

The deaths underscore the surging nature of sectarian violence and the increasing lethality of roadside bombs, which claim the most American lives in Iraq despite efforts to bolster armor and use high-technology devices to disable bombs.

Five of the American troop deaths Tuesday were caused by bombs. Four soldiers were killed in Baghdad about 6:50 a.m. when a planted bomb exploded under their vehicle, the U.S. military said in a statement. Another bomb killed a single soldier north of the capital.

Three soldiers died in combat east of Baghdad, in Diyala province, the military said. One soldier was killed in north Baghdad when armed men attacked his patrol, and a Marine died in combat in the predominantly Sunni province of Anbar, in western Iraq. Since the summer, Baghdad has surpassed Anbar as the most hostile place in the country for U.S. and Iraqi forces.

Tuesday's deaths, along with the death of an American soldier in Baghdad by small-arms fire on Wednesday, brought the number of total U.S. troop fatalities for October to 70, including 67 killed in action.

One hundred and twenty-five American troops were killed in action in November 2004, and 126 were killed in action in April 2004, during U.S. offensives in Najaf and Fallujah.

The Iraqi victims of violence on Wednesday included 30 men whose bodies were found dumped around Baghdad after they had been blindfolded, cuffed and shot, the Interior Ministry said. Ministry officials said most had also been tortured, which often involves puncturing victims' skulls, torsos and limbs with electric drills. The victims were all under 30, the ministry said.

The deaths reported by officials and published in the news media represent only a fraction of the thousands of mutilated bodies winding up in Baghdad's overcrowded morgue each month. U.S. and morgue officials say 90 percent of the killings are now carried out execution-style, with repeated shots to the head and body, usually after the victim had been kidnapped and tortured.

Most bodies are found dumped on Baghdad's streets each morning after a night of curfew, when only government security forces are supposed to be out.

Bodies are increasingly being dumped in and around Baghdad in fields staked out by individual Shiite militias and Sunni insurgent groups. Iraqi security forces often refuse to go to the dumping grounds, leaving the precise number of bodies in those sites unknown.

Civilian deaths, unlike those of American troops, often go unrecorded. No count exists of all the civilians killed in the spiraling violence since U.S.-led forces entered Iraq. President Bush earlier this year put the number at 30,000 but gave no sources. Indices drawing only on the deaths reported by news organizations put the figure closer to 50,000.

A study published last week in the Lancet medical journal in Britain estimated the true toll was 655,000. Researchers derived their figure from surveys of Iraqis, who were asked to show death certificates to verify deaths in their families caused by the war. The methodology of that survey has been challenged.

U.S. Defense Department statistics show average daily Iraqi troop casualties jumped to 120 in the three months ending September, up from 80 in the previous quarter.

In September, 2,667 Iraqis were killed in Baghdad alone; the government has yet to release last month's figures for all of Iraq.

U.S. officials sought Wednesday to bolster support for the war.

"It will be long, and it will be hard. I wish it were otherwise," Defense Secretary Donald H. Rumsfeld said in a speech at Maxwell-Gunter Air Force Base in Montgomery, Ala. "Certainly, seeing the violence on television is a temptation for people to wonder: How will it end?"

"There are those who say, Well, it is somebody else's problem," he said. But he voiced confidence that "the wave of violence" in Iraq will ultimately be defeated, saying Iraqi security forces are growing more capable.

Rumsfeld described a recent meeting at Bethesda Navy hospital with a wounded Marine who had served in Iraq as an embedded trainer with the Iraqi military. "If the American people will just give us time," he quoted the Marine as saying.

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Asked whether the 10 deaths Tuesday would make Bush reconsider his plans for Iraq, White House spokesman Tony Snow said, "No, his plan is to win."

"The president understands not only the difficulty of it, but he grieves for the people who have served with valor," Snow said in Washington. "But as everybody says correctly, we've got to win. And that comes at a cost."

Some U.S. military leaders in Iraq have said they are puzzled by the rise in violence since midsummer. Military spokesmen attribute the most recent climb to a typical increase in attacks during the Muslim holy month of Ramadan and say they expect the toll to drop when Ramadan ends in coming days.

"It's a dangerous place, and we're trying to mitigate the risk," Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad, said Wednesday.

Prime Minister Nouri al-Maliki, who heads a government led by Shiite religious parties, traveled to Najaf on Wednesday to seek consensus with two of the country's most influential Shiite leaders about quelling the skyrocketing sectarian violence.

"I came so that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction," Maliki told reporters between meetings with Grand Ayatollah Ali al-Sistani and cleric Moqtada al-Sadr, who commands one of the country's most powerful political blocs and militias.

At Maliki's request, the U.S. military freed a Sadr official in Baghdad whom it had held overnight, U.S. and Iraqi officials said. Ali al-Dabbagh, a spokesman for Maliki, said the official was innocent. Aides said the official was a Sadr office manager in the heavily Shiite Baghdad neighborhood of Shoula.

Maliki has blocked U.S. military moves toward a crackdown on Sadr's militia as a whole. "The issue of militias should be solved politically," Dabbagh said in a telephone interview Wednesday.

Staff writer Ann Scott Tyson in Washington and special correspondents Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

11 More U.S. Troops Reported Killed In Iraq (MCT)

By Nancy A. Youssef

McClatchy Newspapers, October 19, 2006

BAGHDAD, Iraq - The U.S. military announced Wednesday that 11 American troops had been killed in Iraq since Tuesday, mostly in Baghdad, the apparent result of the United States' latest attempt to quell intensifying violence in the capital.

So far, 70 American troops have been killed in Iraq this month. If the death toll continues at this rate, the monthly tally will be the highest since November 2004, when the U.S. military staged an offensive on the Iraqi city of Fallujah and the number of Americans killed during the month was 137.

U.S. troops increasingly have been patrolling the streets and conducting house-to-house sweeps in the capital in an attempt to stop the sectarian violence, which in some places has divided neighborhoods street by street. The troops have helped clean up streets littered with garbage and in some places the remnants of car bombings, and they've encouraged shop owners to reopen their businesses.

But the security plan, in place since the summer, hasn't produced evidence of significant improvements. Securing Baghdad is the linchpin of sustaining the Iraqi government and allowing American forces to leave, many experts say.

The plan also has exposed some of the weaknesses of handing over operations to Iraqi security forces. So far they haven't appeared prepared to tackle the burgeoning sectarian violence.

On Wednesday, at least another 29 Iraqis' bodies were found throughout the capital, including three in the southern Baghdad neighborhood of Dora and two in Shaab, in eastern Baghdad, two of the areas that U.S forces targeted in the security sweeps.

Police think residents often are killed in one neighborhood and their bodies dumped in another. Although statistics in Iraq are no longer reliable, police reports collected from the top provinces show that nearly 800 Iraqis have been killed so far this month.

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In a recent military operation in Baghdad, Iraqi forces, who were supposed to take the lead, leaned heavily on U.S. troops for guidance. Many Sunni Muslim residents said they allowed the mostly Shiite Muslim Iraqi security forces to search their homes only because American troops accompanied them.

The early stages of the operation yielded few arrests or weapons, prompting many to think that the insurgency had left the targeted communities. Wednesday's announcement suggested that they were moving back in.

The latest attacks on American troops began just before 7 a.m. Tuesday when four soldiers died west of Baghdad in a roadside bomb attack. Two hours later, a soldier was killed when his convoy was attacked in northern Baghdad. Another soldier died Tuesday afternoon north of the capital in a roadside bomb attack.

Three soldiers from the 3rd Heavy Brigade Combat Team, 4th Infantry Division, were killed Tuesday during combat in the northeastern province of Diyala, which is nearly evenly split between Sunnis and Shiites and where violence is high.

In the Sunni province of Anbar, a Marine from Regimental Combat Team 7 was killed during fighting.

A soldier died Wednesday afternoon in southern Baghdad during small-arms fighting.

"We work to mitigate risks to our forces every day while aggressively conducting operations in support of the government of Iraq to bring security to the people of Iraq," U.S. military spokesman Lt. Col. Christopher Garver said Wednesday in a statement.

11 U.S. Troops Killed In Combat As October Toll Hits 70 (WT/AP)

By Steven R. Hurst

The Washington Times, October 19, 2006

BAGHDAD -- Eleven more U.S. troops were slain in combat, the military said yesterday, putting this month on track to be the deadliest for U.S. forces since the siege of Fallujah nearly two years ago.

The military says the sharp increase in U.S. casualties -- 70 this month -- is tied to Ramadan and a security crackdown that has left American forces more vulnerable to attack in Baghdad and its suburbs. Muslim tenets hold that fighting a foreign occupation force during Islam's holy month puts a believer especially close to God.

As the death toll climbed for both U.S. forces and Iraqi civilians, who are being killed at a rate of 43 a day, the country's Shi'ite-dominated government remained under intense U.S. pressure to shut down Shi'ite militias.

Some members of the armed groups have fractured into uncontrolled, roaming death squads out for revenge against Sunni Arabs, the Muslim minority in Iraq, who were politically and socially dominant until the fall of Saddam Hussein in 2003.

There have been signs in recent days of mounting strain between Washington and the wobbly government of Prime Minister Nouri al-Maliki, who felt compelled during a conversation with President Bush this week to seek his assurances that the Americans were not going to dump him.

Foreign Minister Hoshyar Zebari yesterday blamed American officials who had overseen Iraq before its own government took nominal control for bringing the country to the present state of chaos.

"Had our friends listened to us, we would not be where we are today," Mr. Zebari said in an interview.

Asked which friends he was referring to, he said: "The Americans, the Coalition [Provisional Authority], the British. OK? Because they didn't listen to us. They did exactly what they wanted to do. ... Had they listened to us, we would have been someplace else [by now], really."

Despite the climbing death toll, the U.S. military says it is making progress in taming runaway violence in the capital as it engages insurgents, militias and sectarian death squads, rounds up suspects, and uncovers weapons caches and masses of stockpiled explosives.

The latest American death occurred yesterday, when a soldier was killed after his patrol was attacked by small-arms fire south of Baghdad. Ten Americans were killed Tuesday -- nine soldiers and a Marine -- the highest single-day combat death toll for U.S. forces since Jan. 5, when 11 service members were killed across Iraq. There have been days with a higher number of U.S. deaths, but not solely from combat.

October is on track to be the deadliest month for U.S. forces in Iraq since November 2004, when military offenses primarily in the then-insurgent stronghold of Fallujah, 40 miles west of Baghdad, left 137 troops dead, 126 of them in combat.

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"It breaks my heart because behind every casualty is somebody with tears in their eyes," Mr. Bush told ABC News. "I think the hardest part of the presidency is to meet with families who've lost their loved one."

With Iraq becoming a major issue in the Nov. 7 midterm elections in the United States, White House spokesman Tony Snow was asked whether the rising toll would cause Mr. Bush to alter course.

"No, his strategy is to win," Mr. Snow said. "The president understands not only the difficulty of it, but he grieves for the people who have served with valor."

Marines Plan To Recall Some Battalions (AP-Y)

By Robert Burns, Ap Military Writer

AP, October 19, 2006

The Marines are drawing up plans to send back to Iraq at least some reserve combat battalions that have already served one tour there, officials said Wednesday — the first time such units would be returned to the war.

The plan to remobilize those reserve forces is designed to relieve some of the growing strain on active-duty Marines.

A Marine Corps spokesman, Lt. Col. Scott Fazekas, said Defense Secretary Donald H. Rumsfeld gave the Marines the go-ahead to conduct detailed planning on how the battalion reactivations would be done. Initially, Fazekas said Rumsfeld had approved the plan itself. Later he said the approval was for detailed planning.

Eric Ruff, a spokesman for Rumsfeld, said Wednesday evening that no specific proposals have been presented to Rumsfeld. "The Marines are reviewing a range of options and concepts for future consideration by the secretary and, to date, nothing has been approved," Ruff said.

The Army, which is organized differently than the Marine Corps, has not sent any of its National Guard combat brigades back to Iraq for a second tour, although it is considering making more use of the Guard. Both the Marines and Army have sent reserve support units and active-duty forces to Iraq multiple times.

The return of Marine Reserve combat battalions to Iraq would begin in 2008, according to a senior Marine officer who discussed the subject on condition he not be identified because no official announcement has been made. Thus, the first picked to go back probably would be remobilized next year to train for the mission.

The plan, put forward by Gen. Michael Hagee, the Marine commandant, could be modified as the situation in Iraq changes, officials said. For planning purposes, the Marines are working out future force rotations that would include at least one Reserve combat battalion starting in 2008.

The Marines have decided to take this unusual step in order to alleviate a problem that both the Marines and the Army are wrestling with as the Iraq war rages on unabated: wear-and-tear on the active-duty troops, who are getting far less time at home to recuperate and retrain than military leaders would like.

The short respites between combat tours are not only a morale issue but also an obstacle to providing soldiers and Marines with sufficiently varied training and adequate time to attend professional development schools.

The Marines, for example, are not doing as much training for large-scale, high-intensity combat — combining their air, land and sea forces — as they normally would do, officials said. They do, however, have the time to do high-intensity combat training on a smaller scale, in addition to counterinsurgency training for Iraq missions.

The Marines have 24 active-duty combat battalions. At any given time, nine of them are in Iraq.

To increase the amount of time between deployments, the Marines have decided to make more use of their reserve combat battalions, of which there are nine. The main restriction the Marine Corps faces is a 24-month limit on the amount of time a reservist can be mobilized, so those who were on active duty for more than 12 months the first time will not be remobilized, since the planned mobilizations would be for 12 months, Fazekas said.

The Marine plan does not represent a change in the 24-month policy, which is set by the partial mobilization order signed by President Bush in 2001. It pertains to deployments for Iraq, Afghanistan and other places deemed part of the global war on terrorism.

Marine battalions typically serve seven-month tours in Iraq. Marine Reserve units are mobilized for 12 months, to include pre-deployment training, seven months in Iraq and then a period of demobilization.

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The Marines have not yet decided which of the nine Marine Reserve battalions would be the first to be recalled for another tour in Iraq, Fazekas said.

He said officials would examine which battalion is best prepared for a second combat tour, based on the number of Marine reserves in its ranks who are still eligible for mobilization, the condition of the unit's equipment, the state of its training and other factors.

The last of the nine Marine Reserve combat battalions to serve in Iraq is the 1st Battalion, 24th Marines, based in Michigan and Ohio. The battalion is operating in the Fallujah area in western Anbar province.

Militias Splintering Into Radicalized Cells (WP)

By Sudarsan Raghavan

The Washington Post, October 19, 2006

BAGHDAD -- The young Shiite men, some wearing black masks, glided from house to house in search of Sunni Muslim men. They arrived at the two-story dwelling of Mohammed Hussein clutching a bomb, neighbors said. As his mother stood at the front gate, they detonated it. Shrapnel and glass flew, sending her to the hospital. A wall fell on a neighbor, sending him to his grave.

Hussein, who is Sunni, arrived home an hour later and immediately blamed a man called Aziz Dinar. Residents in this western Baghdad neighborhood of Hurriyah -- in Arabic, it means freedom -- said Dinar heads the local office of Shiite cleric Moqtada al-Sadr and elements of his militia, the Mahdi Army.

"We know he is behind all the incidents taking place in Hurriyah," Hussein, 29, a civil servant, said with confidence. "He is the one who destroyed our house."

But in an interview, a leader in Sadr's movement in western Baghdad denied knowing Dinar. "This Aziz Dinar does not represent us in Hurriyah. There are other representatives," said Abdul Hadi al-Mohammadawi. "I have never heard of him."

In the void forged by the sectarian tensions gripping Baghdad, militias are further splintering into smaller, more radicalized cells, signifying a new and potentially more volatile phase in the struggle for the capital.

Iraqis and U.S. officials blame militias for mass kidnappings and slayings, for setting up unauthorized checkpoints and for causing much of the recent carnage.

Senior U.S. military and intelligence officials say they have identified at least 23 militias -- some are Sunni, but most are Shiite. Some are paramilitary offshoots of the Mahdi Army or have broken away entirely from Sadr's command structure. Others seem inspired by Lebanon's Shiite Hezbollah guerrilla movement.

"In some ways it makes it easier for me because I have digestible doses I can deal with that might not be reinforcing one another," a senior U.S. military official said at a recent briefing with reporters, speaking on condition of anonymity. "But at the same time, it creates problems for me because it is harder to find them when they are splintered, to identify who they are."

The new breed of militias embody the changed texture of violence in the fourth year of war -- from attacks against Baathists and loyalists of former Iraqi president Saddam Hussein, to attacks on average Iraqis purely because of their sect or their wealth. They appear more localized and more ruthless than their predecessors. They deploy death squads and explode bombs to destroy houses. They have carved neighborhoods into fiefdoms, governing through fear and intimidation.

The fragmentation poses new obstacles to U.S. and Iraqi forces trying to quell the sectarian strife that U.S. commanders fear could plunge the nation into civil war. Militias have already replaced the Sunni Arab insurgency as the biggest challenge to U.S. efforts to bring stability to Iraq. Senior U.S. military officials privately acknowledge they do not have the manpower to conduct urban sweeps in every neighborhood or prevent areas they have cleared from again becoming havens of lawlessness and killing.

Nowadays, in some parts of Baghdad, it is not uncommon to hear residents blame small militias, criminal gangs, rogue death squads or assassins for their woes -- instead of Iraq's two major militias, the Mahdi Army and the Badr Brigades, an arm of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite religious party.

In the mostly Shiite neighborhood of al-Amil, the Haider Hamida gang rules. It has about 50 Shiite members, mostly young, jobless men from poor sections of the neighborhood, residents said. They orbit around shops, street corners and checkpoints. Many have ties to the Mahdi Army or are still members, residents said.

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The gang is named after the pseudonym of its chief executioner, a short, skinny man in his early 20s with black hair and a thin moustache. Some residents said he was a member of a police commando unit. Both U.S. and Iraqi officials have expressed concern over the infiltration of Iraqi police units by militias and death squads. Hamida is said to have killed at least 100 people in recent months.

"We started hearing about his gang after Samarra. They became active after this incident," said Majid Abu Sara, 43, a Sunni resident of al-Amil, who asked that his full name not be used because he feared for his safety. He was referring to the February bombing of a Shiite shrine in Samarra, about 65 miles north of Baghdad, that triggered cycles of sect-based revenge killings. Most of the other splinter groups also emerged after the attack.

The Haider Hamida gang arrived at Abu Sara's parents' doorstep three months ago, he recalled. They placed an improvised bomb at the front door, near their car. Within seconds, the house and the car were engulfed in flames. Abu Sara's 90-year-old father, his 70-year-old mother and 10 other relatives fled out the back.

"They displaced them just because they are Sunni," said Abu Sara, describing the motive for the attack. "My parents have not gone back."

At a recent briefing with reporters, another senior U.S. military official carried a list of the 23 militias. He began to rattle off names -- "Iraqiya Hezbollah, Khadimiya Brigades" -- but an aide stopped him, noting that he was revealing vital intelligence.

In August, U.S. and Iraqi troops conducted house-to-house sweeps in the western neighborhood of Ghazaliya, part of its Operation Together Forward to bring security to the capital. At the time, U.S. officials asserted that there was progress in pushing out militias and insurgents, and bringing down violence.

But by September, after the sweeps, "we saw death squads at least come in," a senior coalition intelligence official said at a recent briefing with reporters, speaking on condition of anonymity because of the issue's sensitivity. The death squads had links to groups inside Iraqi government ministries, he said.

One reason for the militia splintering is that differences have emerged within Sadr's movement over his decision to join Iraq's political process. The senior coalition intelligence official said he knew of at least "six major players" who have left Sadr's movement because they no longer find him radical enough and see him as "too accommodating to the coalition."

Yet many of the new groups, described as rogue elements, continue to link themselves with the Mahdi Army.

"They will execute operations and obtain funding under the guise of Jaish al-Mahdi," said the senior coalition intelligence official, using the Arabic name for the Mahdi Army. "But they are effectively beyond his control," he said, referring to Sadr.

These groups represent a threat to Sadr's image and political aspirations at a time when he controls four government ministries and 30 seats in the Iraqi parliament.

"There are definitely lots of terrorists who have used the Sadr office to achieve their goals to ruin the reputation of this army which has struggled for the service of the people," said Mohammadawi. "The Sadr office is trying very hard to capture any terrorist elements which could harm the security of society and Iraq in general."

When gunmen in police cars and police uniforms raided the offices of an Iraqi satellite television channel, killing at least eight people, suspicion immediately fell on the Mahdi Army. Hours after the slayings, Sadr released a strongly worded statement warning that he would release the names and excommunicate any Mahdi Army militiamen who were conducting attacks against Iraqis.

The senior coalition intelligence official said he believed that Sadr was honestly trying to take control of his forces.

In neighborhoods such as al-Amil, the attacks have become bolder. Haider Hamida walks the streets without wearing a mask, said residents. Two months ago, he and some members of his gang stopped a car at a checkpoint and targeted a man who sold milk in the neighborhood, recalled Ahmed Abu Abdallah, another resident.

"Haider pulled him out of the car and they started hitting him with pistols on his head," said Abu Abdallah. "They put him in their truck and drove off." Later that day, the man's relatives found his body dumped less than a mile from the checkpoint.

U.S. officials are concerned that the Shiite splinter groups could reach out to the Shiite rulers in neighboring Iran for support. They share the same ideology, and Iran is eager to provide funding, said the senior coalition intelligence official.

"As time goes on, you're going to continue to see elements break off the organization and become sort of these semi-independent or independent players, but none of them remain independent for long," said the official. "They all find a sponsor."

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In Hurriyah, Aziz Dinar acts as if he has strong backers. Residents said he has become wealthy through kidnapping for ransom and looting local stores. Poor youths from the neighborhood continue to sign up for his militia.

"He killed a couple of his own neighbors from his own street," said Hussein. "The whole area was surrounded by his men. They carried rocket-propelled grenades. The Iraqi army was in the neighborhood, but they did nothing.

"That day, he told people, 'I do whatever I like.' "

Ramadan Spent Behind Locked Doors (USAT)

By Zaid Sabah

USA Today, October 19, 2006

BAGHDAD — In better times, the faithful would be jammed shoulder-to-shoulder into the Al-Bakri Mosque in Baghdad's Khadra district for prayers during Ramadan. Streams of chanting worshipers, sometimes numbering as many as 500, would spill into the mosque's courtyard and the street outside.

On a recent Friday evening, the most important day for Ramadan prayers, 17 men stood in the mostly empty mosque. Seven of them were guards.

"This is the worst Ramadan ever," said Ammar Ahmad, 22, one of the attendees. "We used to go out after breaking the fast and chat with friends, playing dominos and chess in the teahouses. All that's gone."

Ramadan, which began this year in late September and ends this weekend, is one of the holiest periods on the Muslim religious calendar. It is a time of daily fasting, prayers and peaceful introspection. The evenings are traditionally spent breaking the fast, visiting friends and strolling along neighborhood streets.

For the past several years in Iraq, violence has spiked during Ramadan, making it difficult for many people to go out as freely as they would like. This year, however, has been even worse. The religion-based nature of much of the violence, new curfews and random militia checkpoints have most people staying home behind locked doors, according to many people in Baghdad.

"Our major concern is the death squads and the dead bodies found daily tortured and executed," said Jehan Hashim, 60, a homemaker. "Even last year's Ramadan was better. We would go out by car, and there were no death-squad checkpoints."

The U.S. military warned that violence would spike. "Historical trends tell us that the attacks will generally increase by 20%" during Ramadan, Maj. Gen. William Caldwell, the top military spokesman in Iraq, said last week. "We assume it will still get worse before it gets better."

The sectarian nature of the violence has brought danger closer to home. Violence between Sunni and Shiite Muslims escalated after a Shiite shrine in Samarra was bombed in February.

Death-squad killings in Baghdad rose to 1,450 in September from 450 in February, according to U.S. military statistics.

The Iraqi government has imposed curfews. Car travel is barred in Baghdad from 9 p.m. to 6 a.m. Pedestrians have to stay off the streets from 11 p.m. to 6 a.m.

Sheik Abdel Karim al-Samarae, a leading cleric of the Sunni Islamic Party, said many mosques have been closed or occupied by Shiite militias. They've also had to stop handing out meals to the poor to break the daily fast, he said. Free distribution of the meals — called iftar — is a tradition.

"Ramadan this year has been hard on Iraqis," he said. "People's lives during Ramadan revolve around the mosque, and the militias have deprived us from them."

Ali Satar al-Zubeidi, a 20-year-old Shiite student, has good memories from past Ramadans: long evening strolls through parks with friends, talks with neighbors, relatives crowding into his parents' home for iftar.

"Now, no one visits because of the security situation," he said. "Now, you break your fast and you're stuck in front of the TV. It's our only entertainment. This Ramadan has no flavor at all."

Mohammed Khalil, who runs a pharmacy in Baghdad, said he took his family out last year after iftar to pick up pastries.

This year, they lock themselves inside their home after dark, he said. "Our traditions are vanishing day by day," Khalil said.

The 655,000 Fraud (WSJ)

The Wall Street Journal, October 19, 2006

DOJ_NMG_0083004

"Ateam of American and Iraqi epidemiologists estimates that 655,000 more people have died in Iraq since coalition forces arrived in March 2003 than would have died if the invasion had not occurred."

So read a story in last week's Washington Post on the new John Hopkins-led study -- published in the British medical journal Lancet -- purporting to document "excess deaths" in Iraq. "We have no reason to question the findings," the Post quoted a Human Rights Watch official as saying. The article was fairly typical of reporting on the Lancet study, which has also been all over television and radio, as well as Internet sites such as Google and Yahoo! news.

All of which leaves us wondering if reporters and editors have enough sense anymore to ask basic questions about such enormous numbers, or whether they are simply too biased against the Bush Administration and its Iraq policy to do so. The 655,000 figure is more than 10 times higher than previous estimates of violent deaths in Iraq since the U.S. invasion, and it is larger than the number of Germans killed by allied bombing during all of World War II and larger than the number of Americans who died during our own Civil War.

While it's obvious that Iraq has a terrible problem with sectarian violence at the moment, we find it hard to believe killing on the scale of Antietam or Gettysburg has been going on without anybody having noticed until the statistical wizards from Johns Hopkins showed up.

The 655,000 figure turns out to be an extrapolation based on a very inadequate sampling process. Pollster Steven E. Moore, who has worked extensively in Iraq, pointed out in an op-ed on this page yesterday that the Lancet study is based on information from a mere 47 "cluster points" around Iraq and 1,849 total interviews.

By contrast, a 2004 U.N. survey of Iraq used 2,200 cluster points for more than 21,000 interviews. The Johns Hopkins researchers also appear to have collected no demographic data on their subjects, so the group cannot be compared to census data to check if it is representative. "I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points," Mr. Moore wrote.

Iraq Body Count -- a nonpartisan outfit that keeps track of Iraqi mortality figures -- has also issued a devastating critique of the Lancet/Johns Hopkins survey. It points out that the study implies that a thousand Iraqis died violently every day in the first half of 2006, with fewer than a tenth of them being noticed by "public surveillance mechanisms" and the press, as well as "incompetence and/or fraud on a truly massive scale by Iraqi officials in hospitals and ministries." It adds that death totals of the Lancet magnitude "are unnecessary to brand the invasion and occupation of Iraq a human and strategic tragedy."

Of course, the latter is precisely the agenda of the majority of those trumpeting the Lancet findings. Their goal isn't merely to nail the Bush Administration for incompetence in failing to achieve a sustainable victory in Iraq. They also, and perversely, want to discredit the war as a moral enterprise by suggesting there's no difference between Saddam Hussein's now well documented mass murders and the violence taking place today.

Omar Fadil, who with his brother writes from troubled Baghdad at IraqTheModel.com, has no doubt that the Lancet figure is a gross exaggeration. "All they want is to prove that our struggle for freedom was the wrong thing to do," he writes. "This fake research is an insult to every man, woman and child who lost their lives."

Rumsfeld: Terror Threat Not Exaggerated (AP-Y)

By Lolita C. Baldor

AP, October 19, 2006

Americans must take a lesson from history and not believe the terrorist threat has been exaggerated or will go away, Defense Secretary Donald H. Rumsfeld said Wednesday.

He described a new, more ruthless and lethal terrorist enemy, "with no territory to defend, no treaties to honor, that measures progress in terms of decades, not days."

"With this sort of enemy, we cannot afford — and indeed could not survive — another holiday from history," Rumsfeld said.

Contending there are those who say terrorism is "somebody else's problem, or it will go away," Rumsfeld countered that America has no choice but to go on the offensive. And he urged patience with the Iraqi and Afghan governments as they struggle to build their democracies.

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Rumsfeld's call for perseverance comes three weeks before the November elections, as members of Congress face a public growing increasingly unhappy and impatient with the war in Iraq.

In remarks to students at the Air Force's war college at Maxwell-Gunter Air Force Base in Montgomery, Ala., Rumsfeld also acknowledged that the Iraq war, like other battles, "has not been a steady, smooth glide path."

And he offered no firm prediction on when U.S. troops levels will be substantially reduced there.

"There's going to be violence in that country, I suspect, for some time," he said. "But if we do our job well, and if we are doing a good job in training and equipping the Iraqi forces, we ought to be able to reduce down our forces in the months ahead, as we pass off more and more responsibility."

He said the enemy is unpredictable and frequently adapts to changing conditions, such as when insurgents began to use roadside bombs and other explosive devices after convoys became better protected against traditional attacks. He has made similar concessions before.

In Iraq, meanwhile, sectarian violence continues to rage in Balad, north of Baghdad, prompting the U.S. military to send troops there to back up the Iraqi Army.

The ongoing attacks in and around the capitol city have pushed the death toll of American troops to nearly 70 this month, putting October on track to be the deadliest month for coalition forces since January 2005.

Rumsfeld's speech echoed statements he made in August, when he warned an American Legion convention in Salt Lake City that the U.S. must not repeat the World War II-era mistake of trying to appease the enemy, even as fascism took hold.

While Rumsfeld did not specifically cite Bush critics in the speech, irate Democrats took issue with any suggestion that opponents of the Iraq war could be likened to those who wanted to appease Adolf Hitler before World War II.

While at the base Wednesday, Rumsfeld also met with Howard and Carol Payne, whose son Brad, a marine from Pike Road, Ala., was killed in Iraq by a roadside bomb on October 6.

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Associated Press staff writer Phillip Rawls contributed to this report from Montgomery, Ala.

On the Net:

Defense Department: http://www.defenselink.mil

Rummy's Other Role (WP)

By Sally Quinn

The Washington Post, October 19, 2006

Don Rumsfeld is the shrewdest person in Washington. He understands better than anyone that somebody has to be in line to take the blame when things go wrong. So far he has been willing to do so. But not much longer.

The drumbeat to get him out of the Pentagon has reached deafening proportions. Republicans and Democrats, the generals, the media, Colin Powell, Condi Rice, Andy Card, the first President Bush, and even Laura Bush all want him gone. Until now George W. Bush has resisted all of the pressure to get rid of his defense secretary. But those in the know say that the president may have reached the point where he realizes that Rumsfeld has outlived his usefulness.

Still, the president must be aware on some level that once the pugnacious, outspoken and flak-attracting Rumsfeld leaves the stage, the focus will be on the president. Whether Bush realizes it or not, this is about a scapegoat.

In the Bible, the high priest would transfer the sins of the people onto a goat, and, as it was written, "the goat shall carry all the sins of the people into a land where no one lives, and the man shall let it loose in the wilderness."

(The word for scapegoat in Hebrew means, literally, "into hell.")

Rumsfeld has seen others take on the role of scapegoat. Look what happened to Nancy Reagan. When she was first lady, she rightly realized that Donald Regan, the chief of staff, was causing her husband enormous damage. What she hadn't realized was that Regan was filling the role of scapegoat for the president. When Don Regan was finally fired, Nancy herself was made the scapegoat. She then took the brunt of criticism for the errors of her husband's administration.

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It is hard for the American people to turn completely against the president. It seems tantamount to patricide. We're much more comfortable being able to blame someone else for the president's mistakes. Laura Bush will never be the scapegoat. For now, it's Rumsfeld.

Vice President Cheney is not eager to replace him. And he would never fire Rumsfeld, who was his mentor and who hired him for three government jobs during the Ford administration, including as his deputy when Rumsfeld was chief of staff. (In fact, Cheney's Secret Service code name was "Back Seat.") In any event, Cheney is low-profile, secretive, nonconfrontational -- and presumably too experienced to allow himself to be easily made the scapegoat. But if Rumsfeld goes, the attention and criticism can be directed only to Cheney, or to Bush.

And it's improbable that Rumsfeld can last. He may not have an exit strategy for Iraq, but, old Washington hand that he is, he undoubtedly has one for himself.

I suspect that he has already told the president and Cheney that he will leave after the midterm elections, saying that the country needs new leadership to wind down the war. And he will resign to take a job in some sort of humanitarian venture, thereby creating the perception that he is a caring person who left of his own accord to devote the rest of his life to good works.

Bush and Cheney, who don't want him gone, will then have to contend with the reality of the new situation: One goat must be sent off into the wilderness. Who will it be?

Iraq's Premier In Talks With Key Shiite (AP)

By Abdul-Hussein Ridha, Associated Press Writer

AP, October 19, 2006

Prime Minister Nouri al-Maliki consulted with Iraq's Shiite spiritual leader and a radical, anti-U.S. cleric Wednesday in a bid to enlist support for efforts to build political consensus and tackle widening sectarian violence.

Al-Maliki's call on Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr came as the Shiite prime minister faces growing U.S. pressure to show more resolve in dealing with the daily carnage of sectarian bombings and attacks.

"I came (to see al-Sistani) so that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction," al-Maliki told reporters after his meeting with al-Sistani in the holy city of Najaf.

Al-Maliki, whose more than four months in office have seen a marked deterioration in security, also sought to project the independence of his government from perceived U.S. influence.

"The Iraqi government is a government of national unity that came to power through the will of the Iraqi people," he said. "The Iraqi people are the only authorized party that can remove this government or allow it to continue."

Al-Sistani, who usually shuns the media, had no immediate comment, but the visit underscored the influence wielded by Iraq's top Shiite cleric on the government.

Following a meeting between the two men in July, the Iranian-born al-Sistani issued a strongly worded statement that upbraided al-Maliki's government for its failure to provide security and services and fight corruption.

President Bush assured al-Maliki in a telephone conversation Monday that he has no plans to pull troops out of Iraq and told him to ignore rumors the United States intended to enforce a deadline for Baghdad to rein in sectarian violence.

Al-Maliki told Bush he was concerned because he had been hearing that the United States was giving him just two months to establishment a government capable of operating without U.S. help, according to White House spokesman Tony Snow

Snow said it was not clear where the two-month deadline rumor had come from, although it appeared to reflect growing frustration in Congress and across the country about Al-Maliki's lack of progress.

Al-Maliki also called on al-Sadr, whose support was crucial to the prime minister's election to his job earlier this year.

Al-Sadr is the founder and leader of Iraq's most feared militia, the Mahdi Army, which is blamed for much of the sectarian violence in Iraq. His supporters, however, have 30 of parliament's 275 seats and are part of the Shiite alliance that won last December's general elections.

"We are in a very difficult security situation," al-Maliki said after his talks with al-Sadr. "It is constantly the concern that we carry to every meeting with the political and religious centers of power."

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In comments to reporters, al-Sadr appeared to soften his opposition to plans by the Shiite bloc in parliament to introduce a federal system in Iraq that would allow provinces to join together in autonomous regions similar to the one established by the Kurds in northern Iraq in 1991.

Al-Sadr, like Sunni Arab politicians, had maintained that federalism could lead to the eventual breakup of Iraq.

But on Wednesday he said the decision should be left to the Iraqi people to make.

"Federalism, like anything else, is left up to the Iraqi people. If they approve it, then there should be no problem," he said after meeting al-Maliki in Najaf.

Al-Maliki's talks with al-Sistani and al-Sadr in Najaf coincided with the announcement in Baghdad earlier Wednesday that a much-anticipated national reconciliation conference would be start in the Iraqi capital Nov. 4.

The conference, which was originally scheduled to start this Friday, is designed to try and build a political consensus to deal with the country's deepening economic and security woes.

Iraqi Leader Meets With 2 Key Shiites (NYT)

By Kirk Semple

The New York Times, October 19, 2006

BAGHDAD, Oct. 18 — Prime Minister Nuri Kamal al-Maliki, in a bid to shore up his government in the face of American doubts and unrelenting sectarian violence, met separately today with two of Iraq's most powerful Shiite leaders, Grand Ayatollah Ali al-Sistani and Moktada al-Sadr, the anti-American cleric.

The meetings, which occurred separately and in private in the Shiite holy city of Najaf, came at a critical time for the government of Mr. Maliki, who has been under intense pressure from American officials and some Iraqi leaders impatient with his failure to take aggressive steps to end the country's sectarian strife, including the dismantling of militias tied to the country's most powerful Shiite political parties.

Also today, the American military announced that 11 American troops had died in Iraq on Tuesday, making it one of the deadliest days for Americans since the beginning of the conflict.

Though details of the conversations with Ayatollah Sistani and Mr. Sadr were sparse, it seemed clear, in light of the pressures Mr. Maliki is under, that the prime minister's principal focus with both men would have been how to handle the militias.

At the crux of Mr. Maliki's problem lies Mr. Sadr, who controls one of the largest blocs in Parliament as well as a volatile militia, the Mahdi Army, that has been blamed for helping to drive the deadly cycle of sectarian revenge.

American commanders have been pressing Iraqi officials to launch an all-out assault against the Mahdi Army's strongholds, but Mr. Maliki, who relies on Mr. Sadr for political backing, has resisted.

These tensions played out today when the Maliki government demanded that the American military command release a senior aide to Mr. Sadr who had been captured on Tuesday on suspicion of attacking American forces and of directing kidnappings, killings and torture of Sunni Arabs and Shiites.

The American military command provided no explanation for the release of the aide, Sheik Mazin al-Saedi, except to say it was in response to a request by the Iraqi government. "It's a government of Iraq issue," said Lt. Col. Christopher C. Garver, a military spokesman in Baghdad.

The urgency for American commanders trying to quell the violence has been accentuated by the sudden rise in the death toll among American troops in Iraq.

The deaths of 10 of the 11 troops on Tuesday were caused by enemy attacks, including bombings and firefights, and the 11th died of "nonhostile" causes, military officials said, using a term that often refers to accidents or illness.

At least 70 American troops have died so far this month, putting October on pace to be third deadliest month of the conflict.

The total, after only 18 days, already exceeds that of most other months since the start of the invasion in March 2003.

Tony Snow, the White House spokesman, said the sudden surge in troop deaths would not force President Bush to alter his war plans.

"No, his strategy is to win," Mr. Snow said in Washington. "The president understands not only the difficulty of it, but he grieves for the people who have served with valor. But as everybody says correctly, we've got to win. And that comes at a cost."

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Six of the deaths on Tuesday occurred in or near Baghdad, where American and Iraqi have been concentrating their focus since August in an effort to stem the spiraling violence and stop the capital from slipping out of the government's control.

One of those soldiers was shot while on patrol in northern Baghdad; another died when a bomb exploded next to his vehicle just north of Baghdad; and four soldiers were killed when a bomb was detonated near their vehicle just west of Baghdad, the military said.

Three soldiers were killed and one was wounded while on a combat mission in Diyala Province, north of Baghdad, the military said, and a Marine died Tuesday from wounds sustained during combat in Anbar Province.

The two deadliest months for American troops since the beginning of the war have been associated with major offensives.

Some 137 American troops died in November 2004, the same month as the second siege of Falluja, where the Americans battled Sunni Arab rebels. In April 2004, a bloody month that saw the first siege of Falluja and pitched battles between the Americans and Mr. Sadr's militia in Najaf, 135 American troops died.

In contrast, the military has not conducted any major operations this month.

Mr. Maliki took office in May, and since then senior American officials have repeatedly said that the first six months of his administration would be crucial.

During a telephone call with President Bush on Monday, the Iraqi premier disclosed that this timeline was weighing on his mind and asked about rumors that the Americans would replace him soon if they were unsatisfied with his progress. Mr. Bush reassured Mr. Maliki that he had American support.

At a news conference in Najaf, following his meeting with Ayatollah Sistani, Mr. Maliki behaved like a man vindicated. The Iraqi people, he said, "are the only ones who can vote yes to continue or no to stop this government." He added that his government would be subjected to its own review, not an American one.

Mr. Sadr, whose militia twice battled the American military in protracted uprisings in 2004, criticized American policy toward Iraq. "The Iraqi government has the right to act and no one has the right to intervene, not the Americans or any other country," he said.

But in recent days, top officials in Mr. Maliki's government have been taking steps that seem to be responses to demands for changes at the highest levels of government.

On Tuesday, the Maliki government, which has been under pressure to purge Iraq's security forces of militia and sectarian influence, announced that it had removed the two most senior police commanders from their posts the day before.

And in recent days, the government formed a special committee with a mandate to study and overhaul its security agencies.

Mr. Maliki's visit to Ayatollah Sistani underscored the influence of the spiritual leader. During a news conference following their meeting, the prime minister said he had paid the ayatollah a visit "so that that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction."

Seeking To Shore Up Support, Maliki Meets With Iraqi Clerics (LAT)

By Saad Fakhrildeen And Borzou Daragahi

The Los Angeles Times, October 19, 2006

NAJAF, Iraq — Prime Minister Nouri Maliki met with influential Shiite Muslim clerics in this city of seminaries and shrines Wednesday, seeking support for his beleaguered government.

Maliki conferred with Grand Ayatollah Ali Sistani, Iraqi Shiites' most revered cleric, and Moqtada Sadr, the radical leader of a political movement and militia considered a cause of Iraq's security woes. Both are key backers of Maliki's Shiite-dominated administration.

The visit came as Maliki faces rumors that the United States is seeking to replace him because of dissatisfaction with his attempts to pacify sectarian strife.

But Maliki, who received fresh assurances of support from President Bush on Monday, dismissed speculation that he was in any danger of being pushed aside. "The Iraqi government … did not show up with the tanks," he told reporters. "It came by the will of the Iraqi people through the stations of democracy, elections and the constitution."

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Maliki's handling of security, especially his seeming inability to rein in Shiite militias, has drawn suspicion from the country's Sunni Arab minority and has frustrated U.S. officials. The American military this week complied with Maliki's request to release a detained cleric who served in Sadr's anti-U.S. movement and is suspected of being a militia leader.

Maliki defended the release, saying the country was moving to find "political solutions" for the militia issue and to make certain "nobody is arrested unless he committed a real crime against Iraq and Iraqis."

With Sadr at his side during a second news appearance, Maliki also hinted that he was seeking ways to lessen the influence of militias such as Sadr's Al Mahdi army, which often polices Shiite neighborhoods in Baghdad and southern cities. "We found a rejection of killing and holding weapons and support for the concept that the state provides security and protection for the citizens," he said.

Sadr called on Iraqis to avoid a sectarian "bloodbath," and warned the U.S. to stay out of Iraq's domestic affairs.

"Many of the Americans' interventions inside and outside Iraq have worsened the situation, whether in Lebanon, North Korea or other countries where security is worsening," he told reporters.

Courts-martial Ordered In Iraqis' Deaths (USAT/AP)

USA Today, October 19, 2006

EVANSVILLE, Ind. — Eight soldiers from the 101st Airborne Division and three Marines were ordered Wednesday to be court-martialed on murder charges.

Four of the soldiers are accused of raping a 14-year-old girl and killing her, her parents and her younger sister. Two of them could get the death penalty if convicted.

Four other soldiers from the 101st are charged with murdering three Iraqi men during a raid.

The soldiers facing the prospect of a death sentence are Sgt. Paul Cortez and Pfc. Jesse Spielman. Both are accused of raping Abeer Qassim al-Janabi in March at her family's home in Mahmoudiya, about 20 miles south of Baghdad.

Spc. James Barker and Pfc. Bryan Howard are also charged in the case, but the military is not seeking the death penalty.

Former private Steven Green, who was discharged from the Army for a “personality disorder” in May before the allegations became known, will face murder charges in federal court in Kentucky.

Military prosecutors have said the five — all from the 502nd Infantry Regiment — planned the attack after seeing the girl at their checkpoint near the family's home.

Defense lawyers argued in previous hearings that the soldiers were emotionally ragged. Their unit had suffered months of attacks that felled dozens of comrades.

In statements given to military investigators, Spielman was described as a “look-out.” His lawyers said they were shocked that he could get the death penalty.

“According to the government's evidence … Jesse isn't even a principal in murder and rape,” said Craig Carlson, Spielman's lawyer.

Four soldiers from the division's 3rd Brigade also will be tried in a separate court-martial on charges of murdering three Iraqi detainees during a raid on a village north of Baghdad. Those soldiers are Pfc. Corey Clagett, Spc. William Hunsaker, Staff Sgt. Raymond Girouard and Spc. Juston Graber.

Also, three Marines from Camp Pendleton in California will face courts-martial on murder and kidnapping charges in the death of an Iraqi man in the town of Hamdania, the Marine Corps said. Lance Cpl. Tyler Jackson, Lance Cpl. Robert Pennington and Cpl. Trent Thomas would not face the death penalty.

8 To Face Courts-Martial (NYT/AP)

By The Associated Press

The New York Times, October 19, 2006

EVANSVILLE, Ind., Oct. 18 (AP) — Eight soldiers from the 101st Airborne Division at Fort Campbell, Ky., were ordered Wednesday to face courts-martial in killings connected to their service in Iraq.

Two of the soldiers, Sgt. Paul E. Cortez and Pfc. Jesse V. Spielman, could face the death penalty in the rape of a 14-year-old Iraqi girl and killing of her family in March.

The military said it would not seek the death penalty for two other soldiers, Specialist James P. Barker and Pfc. Bryan L. Howard, who are also accused in the rape and killings.

Four other soldiers, Pfc. Corey R. Clagett, Specialist William B. Hunsaker, Staff Sgt. Raymond L. Girouard and Specialist Juston R. Graber, will face a separate court-martial in the killing of three Iraqi detainees during a raid in May.

Ex-commander Talks At Abu Ghraib Hearing (AP-Y)

By David Dishneau

AP, October 19, 2006

An Army Reserve officer accused of ignoring abuses of Iraqi detainees at Abu Ghraib prison was a daily visitor to the "hard site," where some detainees were stripped naked as an interrogation technique, a former military police commander testified Wednesday.

Capt. Donald Reese's testimony supported government allegations that Lt. Col. Steven L. Jordan, as director of the prison's interrogation center, knew about the abuse and lied about it.

Reese testified on the third day of Jordan's Article 32 investigation, the military equivalent of a grand jury hearing. The hearing to determine whether Jordan, the highest-ranking soldier charged in the scandal, should be court-martialed for any of the 12 charges he faces. He could face up to 42 years in prison if convicted.

Reese was commander of the 372nd Military Police Company, which guarded the hard site at Abu Ghraib in the autumn of 2003, when most of the abuses documented in photographs seen around the world occurred.

Prosecutor Lt. Col. Jon Pavlovcak asked him Wednesday how often he had seen Jordan inside the hard site, a building that housed prisoners held for interrogation.

"Every day, sir," Reese replied.

Reese testified that he couldn't remember whether Jordan had ever told him directly why some prisoners were naked. But Reese acknowledged having told Maj. Gen. Antonio M. Taguba during Taguba's 2004 investigation of the Abu Ghraib scandal that he had had a conversation with Jordan about it.

Taguba's report quotes Reese as saying, "He just said it's an interrogation method that we use."

Reese testified Wednesday that he remembered being told, although not necessarily by Jordan, that some prisoners were naked due to lack of clothing, refusal to wear clothes and for disciplinary reasons.

A defense witness, Civilian interrogator Steven Pescatore, testified that Jordan didn't seem to be in charge of interrogations when Pescatore was at Abu Ghraib from late September to mid-November 2003, despite Jordan's title as director of the Joint Interrogation and Debriefing Center.

"He seemed to have some kind of support role, but he was never anyone I went to or through regarding interrogations," Pescatore said.

Pescatore said he worked through a chain of command that included Capt. Carolyn Wood, who ran a unit called the Interrogation Control Element, and Col. Thomas Pappas, who commanded the 205th Military Intelligence Brigade and took over direct supervision of the interrogation center.

Pescatore likened Jordan's role at Abu Ghraib to that of a city mayor, responsible for troop support.

The timing of Jordan's responsibilities at Abu Ghraib is important because four of the alleged offenses are said to have occurred between Sept. 17 and Dec. 24, 2003.

Jordan, a civil affairs officer with military intelligence training, had been sent to Abu Ghraib to run the center as Pappas' deputy, according to Pappas' testimony Tuesday.

Pappas hasn't been criminally charged. He was reprimanded and fined $8,000 for once approving the use of dogs during an interrogation without higher approval.

Eleven lower-ranking soldiers have been convicted of crimes at Abu Ghraib and several officers also have been reprimanded for their roles in the scandal.

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Jordan, 50, is now assigned to the Intelligence and Security Command at Fort Belvoir, Va. The charges against him include cruelty and maltreatment for allegedly subjecting detainees to forced nudity and intimidation by dogs, dereliction of duty, making false official statements and willfully disobeying orders.

NATO Strikes Kill 9 Afghan Civilians (AP)

By Kathy Gannon, Associated Press Writer

AP, October 19, 2006

Airstrikes by NATO helicopters hunting Taliban fighters ripped through three dried mud homes in southern Afghanistan as villagers slept early Wednesday. At least nine civilians were killed, including women and children, said residents and the provincial governor.

Shellshocked, angry villagers in Ashogho condemned the attack, which set back NATO's hopes of winning local support for their tough counterinsurgency campaign. The airstrikes came at about the same time a rocket struck a house in a village to the west, reportedly killing 13 people.

"I am not Taliban! We are not Taliban!" Gulab Shah shouted by the rubble of the ruined houses in Ashogho.

Kandahar provincial Gov. Asadullah Khalid said it appeared that no Taliban fighters were in the village at the time of the airstrikes, which left giant pieces of mud packed with straw scattered along Ashogho's narrow lane.

Bibi Farida, a 6-year-old whose red hair was matted with dirt, fidgeted and bit down on her scarf as she remembered the assault. Her voice was barely a whisper. "I cried. I just cried."

The 2 a.m. raid in the Zhari district of Kandahar province was only half a mile from the scene of September's Operation Medusa, one of the most ferocious battles between Western forces and insurgents since the ouster of the Taliban regime in 2001.

NATO's International Security Assistance Force said in a statement that Wednesday's operation in Kandahar was believed to have caused several civilian casualties. The alliance said the operation was meant to detain people involved in roadside bomb attacks in Panjwayi district, which borders Zhari.

NATO said it regretted any civilian casualties and that it makes every effort to minimize the risk of collateral damage.

Khalid, who traveled Wednesday to Ashogho, about 15 miles west of Kandahar city, said nine people were killed, including women and children, and 11 wounded. Residents said 13 were killed, including four women, and 15 wounded. The governor stuck with his figures when contacted late Wednesday by The Associated Press.

Since late 2001, there have been numerous incidents of civilians killed in military operations against Taliban and al-Qaida fighters, although U.S.-led coalition and NATO forces say they go to extreme lengths to avoid civilian casualties. The international troops accuse insurgents of blending in with local populations while attacking foreign and Afghan soldiers. Many other civilians have been killed in Taliban attacks, including scores in recent suicide bombings.

President Hamid Karzai has repeatedly demanded that NATO and U.S.-led coalition forces take more care when conducting military operations in residential areas to avoid civilian casualties, which undermine his government's already weak standing in parts of the country.

Khalid said Karzai expressed his sympathy after he called the president on his cell phone from the village. "He told them how he hurt for them and how sad he was for their loss," Khalid said.

One of the homes that was attacked had only one wall standing, and looked ready to topple over. A blast ripped a hole through the middle of another.

Shah, whose dirty green baggy pants were hiked up past his ankles, the sign of a deeply conservative man, gestured toward the destroyed homes:

"If the foreign soldiers were so smart that they knew there were Taliban here, why didn't they see the women and children who were sleeping? Why do they want to kill us? How can they help us rebuild if they want to kill us? Maybe they should leave," he shouted.

Khalid said it seemed clear from the villagers that no Taliban fighters were in their village when the bombing occurred.

"It is hard to know when the Taliban are moving around from one place to another, but it seems they weren't here," he said.

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He has promised to rebuild the homes.

As he walked away from the angry villagers and climbed into his car, Khalid whispered to himself: "And how are we supposed to bring security to the country with this kind of thing happening?"

Elsewhere Wednesday, a rocket hit a house during a nighttime clash between suspected Taliban insurgents and NATO and Afghan security forces in the farming village of Tajikai in Helmand province's Grishk district, 135 miles west of Kandahar city, police said.

Abdul Rehman, a resident contacted by phone, said the rocket was fired from an aircraft and that the attack killed 13 villagers inside the home. He said relatives of the dead told him all those inside the dried mud house — five women, five children, three men — were killed, including the house's owner, Nabi Khel.

The rocket attack came after Afghan police called in NATO air support during the clash, which began late Tuesday and left one Taliban militant killed and three police wounded, said provincial police chief Ghulam Nabi Malakhel.

"A civilian home was hit by a rocket, but it's unsure which side fired it," Malakhel said. "There were some civilian casualties."

Squadron Leader Jason Chalk, a NATO spokesman, said alliance jets and helicopters fired rockets and dropped bombs on Taliban positions in the area after 2 a.m. Wednesday but could not confirm that they hit a civilian house.

"For the moment, it's impossible to substantiate that claim," Chalk said, adding that the Taliban had been using mortars in the area of the clash. About 100 families live in Tajikai.

Southern Afghanistan this year has faced the deadliest spate in violence in the country since the ouster of the Taliban regime by U.S.-led forces five years ago, as newly deployed NATO troops have battled resurgent militants. In Operation Medusa, NATO reported it had killed more than 500 suspected Taliban fighters.

The tough military action has brought with it a risk of civilian deaths. In May, 17 villagers were killed when coalition warplanes attacked Taliban forces in Kandahar province. The U.S. military, which said dozens of militants also died in the fighting, expressed regret over the deaths.

The worst reported incident of civilian deaths from foreign military action in Afghanistan came in July 2002, when a U.S. airstrike in Uruzgan province killed 46 civilians and wounded 117, many of them celebrating at a wedding party.

A Military Path To Citizenship (WP)

By Max Boot And Michael O'Hanlon

The Washington Post, October 19, 2006

America is a land of immigrants. Their spirit of resolve, adventure, hard work and devotion to an idea bigger than themselves has made this country great. Whatever one thinks of the immigration debate today, particularly the problem of illegal immigrants, foreigners have played a central role in the building of America. Many have done so as soldiers, among them Baron von Steuben and the Marquis de Lafayette in the War of Independence.

Now is the time to consider a new chapter in the annals of American immigration. By inviting foreigners to join the U.S. armed forces in exchange for a promise of citizenship after a four-year tour of duty, we could continue to attract some of the world's most enterprising, selfless and talented individuals. We could provide a new path toward assimilation for undocumented immigrants who are already here but lack the prerequisite for enlistment -- a green card. And we could solve the No. 1 problem facing the Army and Marine Corps: the fact that these services need to grow to meet current commitments yet cannot easily do so (absent a draft) given the current recruiting environment.

Not only would immigrants provide a valuable influx of highly motivated soldiers, they would also address one of America's key deficiencies in the battle against Islamist extremists: our lack of knowledge of the languages and mores in the lands where terrorists reside. Newly arrived Americans can help us avoid trampling on local sensitivities and thereby creating more enemies than we eliminate.

Skeptics might point out that in the just-concluded fiscal year, the military met most of its recruiting and retention goals. But this was done only by relaxing age and aptitude restrictions, allowing in more individuals with criminal records, and greatly

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increasing the number of recruiters and advertising dollars. Although we generally support what has been done to date, the logic of these measures cannot be pushed much further.

The Army chief of staff, Gen. Peter Schoomaker, has just forecast that U.S. commitments in Iraq may remain at their current level until 2010. With most soldiers and Marines already on a third or even fourth deployment since Sept. 11, 2001, it's doubtful that the all-volunteer force can withstand such a commitment at its current size. Even if it could, it's unfair to ask so much of so few for so long.

Some might object to our proposal on moral grounds, arguing that it is wrong to rely on "mercenaries" and to use such incentives to get prospective immigrants to fight. We disagree. For one thing, we already rely on tens of thousands of real mercenaries: the security contractors the U.S. government employs from Colombia to Iraq to make up for lack of troops. Immigrants who enrolled in our armed forces would be more valuable because they would be under military discipline and motivated by more than just a paycheck.

As for the risks they would run in Iraq or Afghanistan, these would be no greater than the risks run by previous generations of newcomers who built railroads and skyscrapers and toiled in factories and mines. No one would be forced to serve. No existing immigration quotas would be reduced. The military avenue to citizenship would be a new option, not an obligation.

Nativists need not fear that this would lead to a flood of foreigners. Say we decide to recruit 50,000 foreigners a year for the next three years. That sounds like a lot, but it represent less than 10 percent of the total number coming to the United States anyway -- and less than 10 percent of our active-duty armed forces. This would not radically change the demographics of our society or our military, but it would make a big difference in the size of the rotation base for our ongoing missions.

Despite growing anti-Americanism, U.S. citizenship is still one of the world's most precious commodities, so there should be no shortage of volunteers. Since proficiency in English would presumably be important for those joining the armed forces, we might focus on South Asia, anglophone Africa, and parts of Latin America, Europe and East Asia (the Philippines would be a natural recruiting ground) where English is common as a second language. These regions have more than 2 billion people, tens of millions of whom reach military age each year.

The problem would not be the size of the likely applicant pool so much as our ability to vet individuals for their abilities, their dependability and their commitment. Screening would have to be done to ensure that would-be terrorists did not gain access to the armed forces through this program. That might complicate the process of recruiting from certain countries, especially in the Middle East, but it would hardly put a huge dent in the likely applicant pool.

Unlike most issues in the immigration debate, the idea of offering citizenship to foreigners who first join the armed forces should be a winner for everyone. It is good for immigrants who wish to pursue U.S. citizenship, which they could not otherwise attain. It is good for a beleaguered American military that is simply too small for the tasks it has been handed. And it is good for the country, bringing more hardworking patriots to our shores. Before the all-volunteer force breaks, it is high time to consider the idea of such a latter-day foreign legion.

Max Boot is a senior fellow at the Council on Foreign Relations and author of "War Made New: Technology, Warfare, and the Course of History, 1500 to Today." Michael O'Hanlon is a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security."

CORPORATE SCANDALS:

Enron: The Tale Of Two Sentencings (WSJ)

By John R. Emshwiller

The Wall Street Journal, October 19, 2006

The surprisingly lenient prison sentence given recently to Enron Corp. former Chief Financial Officer Andrew Fastow highlights the benefits of cooperating with federal criminal authorities. The coming sentencing of former Enron President Jeffrey Skilling is likely to demonstrate the dangers of fighting them.

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Mr. Fastow's six-year prison sentence came after the disgraced executive helped federal prosecutors nab others at Enron, including Mr. Skilling -- who was convicted, along with former company chairman Kenneth Lay, on conspiracy and fraud charges this year. Mr. Fastow was one of the government's main witnesses in that four-month trial.

Mr. Skilling, by contrast, fought the government with a defense effort that cost tens of millions of dollars. He has vowed to appeal his conviction on 19 counts and has asked the court to let him remain free pending his appeal. The 52-year-old Mr. Skilling is scheduled to be sentenced Monday by Judge Sim Lake and observers believe that he could get in the range of 20 years imprisonment. (Mr. Lay died several weeks after the trial of heart-related problems; this week his conviction was vacated, under established law that wipes away convictions for defendants who die before appeal.)

The likely discrepancy in prison terms for Messrs. Fastow and Skilling, widely considered to be two of the central figures of the Enron scandal, illustrates that there has never been a better time in the white-collar-crime world to rat on your colleagues.

Over the past half-decade, prison terms for financial crimes have ratcheted up. Where a convicted corporate executive could once expect probation or a few years in prison, a first-time offender now faces as long as life behind bars.

The surest way to avoid such a fate is to admit wrongdoing, cut a deal with prosecutors and help them nab others. The sentencing system "has developed a huge gulf between those who go to trial and those who cooperate," says Kirby Behre, a former federal prosecutor and co-author of a treatise on federal sentencing practices. While Mr. Skilling faces "an astronomical sentence," cooperators such as Mr. Fastow "are still getting sweet deals," says Mr. Behre, a partner in the Washington law office of Paul, Hastings, Janofsky & Walker.

One of the other giant corporate scandals of the past half-decade, WorldCom Inc., saw a discrepancy in the sentences given to its two main figures. Former WorldCom Chief Financial Officer Scott Sullivan cut a deal and testified against his onetime boss, former Chief Executive Bernard Ebbers, who was convicted of conspiracy and securities fraud. Mr. Sullivan received a five-year sentence. Mr. Ebbers received a 25-year sentence. Both are in prison. (WorldCom emerged from bankruptcy as MCI Inc., which was later acquired by Verizon Communications Inc.)

As a wave of possible corporate crime prosecutions looms -- this one involving the backdating of stock options -- the chasm between government cooperators and the people they testify against looms large.

The outbreak of corporate scandals that began with Enron's December 2001 collapse into bankruptcy helped fuel an existing trend toward ever-longer prison sentences for white-collar crime. Little of the rise in prison time has to do with protecting society from an Ebbers or a Skilling, observers say. Neither of those men is likely to be connected to a public company ever again. Rather, a long white-collar sentence is done for punishment and "the message it sends to others about the consequences of serious fraud," says Samuel Buell, a former prosecutor in the Justice Department's specially created Enron Task Force and now a law professor at Washington University in St. Louis, who acknowledges that he would have difficulty determining a proper sentence for Mr. Skilling.

Coming up with an appropriate sentence for the 44-year-old Mr. Fastow also proved complicated. His six-year sentence appears particularly sweet, given that he had agreed to accept a 10-year sentence when he made his plea deal with prosecutors in early 2004. The deal resolved a pending 98-count indictment that could have sent him to prison for 20 years.

However, the sentence still had to be reviewed by a judge. Last year, a Supreme Court decision gave federal judges more leeway in setting sentences. Previously, prison terms had largely been determined by a formula that took into account such factors as a defendant's role in the crime, his acceptance of responsibility, and, in cases of fraud, the dollar loss.

At Mr. Fastow's recent sentencing hearing, prosecutor John Hueston said the former finance chief's help had been "critical" in unraveling the Enron fraud. He added that without Mr. Fastow "we would not have convicted Mr. Lay." The prosecutor also said the defendant "appeared truly repentant," and he didn't object when a Fastow lawyer recommended a five-year prison term. In taking four years off the agreed-upon sentence, Judge Kenneth Hoyt said he was showing "mercy."

Given the severity of Mr. Fastow's crimes, any reduction from 10 years was "overly generous," said Leslie Caldwell, the original director of the Enron Task Force and now a partner at the Morgan, Lewis & Bockius law firm in New York. A Justice Department spokesman said the government is looking at an appeal.

Nobody expects prosecutors to say nice things about Mr. Skilling at his sentencing hearing in Houston. The government and Mr. Skilling's attorneys are battling over a host of issues that could affect the former Enron president's sentence.

One battle involves which set of sentencing guidelines to use, since amendments over the past half-decade have made corporate-fraud penalties steadily stiffer. The government is arguing for guideline amendments that went into effect Nov. 1, 2001, claiming that the criminal conspiracy continued until Enron's bankruptcy filing a month later. Defense attorneys argue for using the previous set of guidelines, since Mr. Skilling resigned from Enron in August 2001. The choice of guidelines could make a difference of several years or more in his sentence calculation, sentencing experts say. Estimates of the prison term Judge Lake will give to Mr. Skilling range from about 15 years to about 30 years.

Such numbers are a far cry from two decades ago when the federal sentencing guidelines first went into effect. (Before that, sentencing was left pretty much up to individual judges.) If Mr. Skilling were being sentenced under the original guidelines from the 1980s, says one sentencing expert, he would be facing about six to seven years in prison.

Stock Option Tremors Hit Md. Firm (BSUN)

By Jamie Smith Hopkins, Stacey Hirsh And Tricia Bishop

The Baltimore Sun, October 19, 2006

A stock options scandal has claimed the top two executives of Harford County technology company SafeNet Inc., part of an accelerating trend of resignations in corporate America stemming from investigations into whether option awards were rigged to maximize their value.

SafeNet announced Wednesday that Anthony A. Caputo, its chairman and chief executive, and Carole Argo, its president, chief operating officer and acting chief financial officer, voluntarily resigned Tuesday, effective immediately.

Their departure was the result of the company's continuing probe of stock option grants, SafeNet said.

"The issues related to stock options occurred under my leadership and I do not want my continued presence to be a distraction to the important work we perform for our customers every day," Caputo said in a statement Wednesday.

The information encryption and security company, which has contracts with numerous government agencies, tapped independent director Walter W. Straub as its new chairman and interim CEO.

Chris Fedde, senior vice president and general manager of SafeNet's enterprise security division, was named president and chief operating officer. John W. Frederick, SafeNet's vice president and worldwide controller, stepped up as chief accounting officer and interim chief financial officer.

The company, which employs 1,200 globally and about 200 in Harford County, is hiring an executive search firm to find a permanent chief executive and chief financial officer.

Caputo and Argo are the latest in a string of executives who have left their posts amid inquiries into whether options were back- dated to coincide with lows in the stock price rather than at a higher price on the date they were actually granted, ensuring a larger profit. Businesses are allowed to backdate options if they are properly taxed, accounted for and disclosed -- but if the options aren't, the practice is illegal. An option is a right granted by a company to buy its stock at a specified price.

Dozens of companies are under federal or internal scrutiny for stock option practices. Companies ranging from Apple Computer Inc. to McAfee Inc. have in recent weeks announced the resignations or firings of key officials. On Sunday, UnitedHealth Group said its chief executive had resigned.

From 2000 through 2005, SafeNet issued 5.2 million options to all employees, of which Caputo got 691,600 and Argo 295,000, documents filed with the SEC show. In the same period, Caputo exercised 150,000 options worth $6.4 million and Argo exercised 58,500 options worth $1.2 million, according to the documents.

In mid-May, when SafeNet disclosed it had received options-related inquiries from the Justice Department and the Securities and Exchange Commission, an analysis by The Sun found a multi-year pattern of grants priced at or near the bottom of short-term dips in the company's stock.

Some options grants to Caputo and other executives bore strike prices -- the amount the executive pays for the shares -- that were identical to the stock's lowest price for a full year. On Feb. 27, 2003, for instance, Caputo received 100,000 options when the stock was $16.47 -- the lowest price of the year. Eight months later, the stock was nearly $43 a share.

SafeNet's stock, which fell sharply after the probes were disclosed, dropped 79 cents Wednesday, to close at $21.20.

SafeNet formed a board committee in June to investigate the option grants. Last month the Belcamp company said it would have to revise financial statements from 2000 through March 31 because some grants made between 2000 and 2005 were accounted for "using incorrect measurement dates under applicable accounting rules in effect at the time." The additional expense it will have to record could total as much as $20 million, it said.

It was not clear Wednesday how much Caputo and Argo will receive as part of a severance package. Their contracts specify that they are entitled to accrued vacation and six months' severance pay if they voluntarily resign. But Straub, former CEO of a company acquired by SafeNet in 2004, said the board will decide what they will get and whether they will keep their stock options.

As of the end of last year, Caputo held 541,600 options worth $8 million -- all vested, meaning they can be cashed in. Argo held 276,500 options worth $3 million, of which two-thirds were vested.

Straub said the two executives were not asked to resign. He insisted there were no new developments in the investigation to prompt their same-day decisions.

"They both have been major contributors to the company, and they felt it was in the best interest so the management here could focus on the business, which is doing well," said Straub, who added that he is not planning major changes. "I'm sure they mutually agreed that it's time."

Straub would not comment on the internal investigation, other than to say it is continuing and he is aware of no new subpoenas.

At other companies under the shadow of backdating, the trend is for the boards to force the executives out, said Todd C. Weller, an analyst for Stifel Nicolaus & Co. in Baltimore.

"That would imply that either the executive benefited from some of the option backdating or they're taking the fall because it occurred under their watch," he said. Companies also take such action "to mitigate some of the risk from a company liability perspective," Weller said.

Several shareholder lawsuits alleging option manipulation have been filed against the company. Salvatore J. Graziano, a New York lawyer for some of the plaintiffs, said the resignations were "further evidence that wrongdoing occurred."

Daniel Ives, a vice president and analyst for Friedman Billings Ramsey, said Caputo's resignation helps divorce the company from its option troubles but also removes a leader who has been "a key ingredient in the success of the company."

But investors think it could work out for the best, said Weller, who reiterated his "buy" recommendation Wednesday. Jeffrey W. Englander, an independent analyst following the information security industry, said Wall Street "has gotten somewhat frustrated" with the executives' emphasis on acquisitions to drive growth.

None of the analysts owns SafeNet shares.

Caputo has been involved in SafeNet since 1986, first as an investor and soon after as CEO. Argo joined the company as chief financial officer in 1999. They "built a very strong organization," said Straub, the interim CEO.

"Our initial plan is basically to continue to execute our strategy, the strategy that has been developed by the company and the board," Staub said. "Things are progressing well, and our customer engagement is great ... so there's no real change in our vision or what we're doing."

SafeNet Officials Resign As Part Of Options Probe (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 19, 2006

SafeNet Inc., a midsize information-security firm, cleared out the top of its executive suite as part of its probe into backdating of stock options.

Anthony A. Caputo, 65 years old, resigned as chairman and chief executive. Carole Argo, 45, president, chief operating officer and acting chief financial officer, also left the company. Neither could be reached to comment.

MORE ON OPTIONS

• Graphic: KLA's options grants1

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The resignations at SafeNet follow similar departures earlier this week at UnitedHealth Group Inc., KLA-Tencor Corp. and Sapient Corp., also in connection to alleged options irregularities. The timing of the departures coincides with the need to file quarterly earnings reports. With a harsh spotlight shining on compensation practices, companies have been scrambling to wrap up internal options probes and make related adjustments to their books before they file their reports with the Securities and Exchange Commission.

SafeNet, of Belcamp, Md., previously said some options grants between 2000 and 2005 "were accounted for using incorrect measurement dates." The company has said it expects to record additional charges, less than $20 million, because of the grants, suggesting they were backdated or otherwise manipulated.

Options give a recipient the right to purchase stock at a set price. Backdating, or saying the options were granted earlier than they were, can create an instant increase in value, reducing an executive's incentive for stock growth. Backdating can also lead to accounting problems. SafeNet has received subpoenas from the U.S. attorney in New York and document requests from the SEC.

SafeNet named Walter W. Straub, 63, chairman and interim chief executive. Mr. Straub has served as an independent director since 2004. The company also promoted two vice presidents. Chris Fedde, 55, was named president and chief operating officer. John W. Frederick, 42, was named chief accounting and interim chief financial officer.

SafeNet garnered some attention this year after netting a contract to provide security for Swift, the international banking cooperative recently disclosed to have permitted U.S.-government monitoring of its transactions.

In 4 p.m. composite trading on the Nasdaq Stock Market, SafeNet's shares fell 79 cents, or 3.6%, to $21.20.

SafeNet's Top 2 Executives Resign After Stock Options Inquiry (WP)

By Griff Witte

The Washington Post, October 19, 2006

SafeNet Inc., an information security firm in Maryland, said yesterday that its top two executives resigned after an inquiry into how stock options were issued.

Chairman and chief executive Anthony A. Caputo and President and Chief Operating Officer Carole D. Argo left their jobs immediately. Caputo had been with the company for 20 years, and Argo since 1999.

The two SafeNet executives join about 30 others nationwide who have stepped aside during stock-option inquiries. More than 100 companies have been investigated for the practice of backdating stock options, in which options are dated back to a time when the stock price is lower so the profit is higher after the options are exercised.

SafeNet said earlier that it received a subpoena from the U.S. attorney's office in New York related to the stock options issue. The Securities and Exchange Commission has also sent the firm a letter of informal inquiry requesting information.

An internal investigation at SafeNet continues, but the company has already said that certain options over the past six years were accounted for using incorrect dates. The company plans to restate its results between 2000 and this year.

SafeNet of Belcamp, which is north of Baltimore, specializes in developing encryption technology to protect data for commercial clients such as Bank of America and Nokia, as well as government customers including the Defense and Homeland Security departments. The company had $263 million in revenue last year and $3 million in profit.

Caputo said in a statement that he resigned because he thought it was in the company's "best interests."

"The issues related to stock options occurred under my leadership and I do not want my continued presence to be a distraction to the important work we perform for our customers every day," he said.

The company's board appointed Walter W. Straub, one of the directors, to be chairman and interim chief executive while a search firm tries to find a permanent replacement.

Argo was succeeded by Chris Fedde, who had been senior vice president and general manager of enterprise security.

The company also announced that John W. Frederick, the firm's vice president and worldwide controller, became chief accounting officer and interim chief financial officer.

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Straub has been on the company's board since 2004. He previously was president and chief executive of Rainbow Technologies Inc., which merged with SafeNet two years ago.

The stock option inquiry is not the only obstacle the company faces. SafeNet faces possible default on $250 million in debt because it did not file its second-quarter results on time.

Straub said yesterday that the resignations would not affect SafeNet's business.

"Tony and Carole have built a very strong global management team. So from an operations standpoint, our business is in great shape," Straub said.

SafeNet shares fell 79 cents yesterday, to $21.20.

Senate Panel Seeks Details On McGuire's Exit Pay (WSJ)

By Robert Tomsho

The Wall Street Journal, October 19, 2006

The Senate Finance Committee, wading once again into the stock-options scandal, asked UnitedHealth Group Inc. for an array of documents related to the $1.1 billion in compensation that William McGuire, its departing chief executive, could receive when he leaves the company.

"The UnitedHealth situation is the most disturbing yet," said Sen. Chuck Grassley, the committee chairman and an Iowa Republican. "The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock-options backdating allegations against him."

Dr. McGuire's attorney, David Brodsky, didn't return a call seeking comment. Mark Lindsay, a UnitedHealth spokesman, said the company "will certainly cooperate fully with the Senate and any other parties looking into this matter."

Dr. McGuire agreed to leave the big health insurer, based in Minnetonka, Minn., on Sunday, after an internal investigation found that millions of stock options, including many to himself, were improperly backdated at the company during his tenure.

On Tuesday, The Wall Street Journal reported that, under the terms of his employment contract, Dr. McGuire could leave with as much as $1.1 billion in stock options, retirement payouts and other benefits. Dr. McGuire and the company are currently negotiating the terms of his departure.

Documents requested by the Senate committee, which held a hearing on the stock-options issue in September, include copies of Dr. McGuire's employment contract, along with related legal opinions and lists of consultants and other outside-compensation advisers.

UnitedHealth is also being investigated by the Securities and Exchange Commission, federal prosecutors in New York and the Minnesota attorney general.

McGuire's Deal Is Focus Of U.S. Senate Inquiry (MINNST)

By David Phelps And Chris Serres, Star Tribune

Minneapolis Star Tribune, October 19, 2006

The Finance Committee has requested data about McGuire's employment and severance agreements.

Some of the U.S. Senate's most influential members are taking aim at the multimillion-dollar severance package of outgoing UnitedHealth Group Inc. CEO William McGuire.

Leaders of the Senate Finance Committee on Wednesday asked the Minnetonka company to provide specific information about McGuire's severance package, as well as his employment contract.

"I want to know how a top executive can lose his job for allegedly defrauding his own company's investors, but still get rewarded with a billion dollars for doing it," committee Chairman Charles Grassley, R-Iowa, said in a prepared statement.

"Congress has a duty to the taxpayers to find out what happened at UnitedHealth and figure out what to do to stop this flood of backdating scandals."

Grassley, along with ranking minority member Max Baucus, D-Mont., made the request to UnitedHealth Chairman Richard Burke, soon-to-be Chief Executive Stephen Hemsley and James Johnson, chairman of the board's compensation committee.

Baucus accused McGuire and other executives tainted by backdated stock options of "gaming the law to avoid paying their fair share of taxes on stock options and other benefits."

On Sunday, McGuire resigned as chairman and agreed to step down as CEO by Dec. 1. His decision came after an independent review of the company's stock-option program for senior executives found that the options were likely backdated to a low point in the stock's value to maximize profit when the options were exercised at a higher price.

McGuire has more than $1 billion worth of unexercised options. His employment agreement also provides for a lump-sum payout of $6.4 million when he leaves the company and an annual pension of $5.09 million, according to the 2006 proxy statement.

UnitedHealth said Sunday that it is "engaged in discussions" with McGuire over terms of his departure, including his financial benefits, raising the prospect that the CEO could be leaving under different terms than those called for by his contract.

Among the records sought by the Finance Committee are McGuire's employment contract and supporting documentation, any benefits McGuire will receive after he leaves the company, the names of advisers and consultants who helped draft the employment agreement, the amount of federal tax deductions claimed by UnitedHealth with respect to McGuire's compensation since 1994 and steps being taken "to remedy the various failures" cited in the independent review regarding executive compensation.

The committee set a Nov. 9 deadline for UnitedHealth to respond to the requests.

In a separate development Wednesday, UnitedHealth said it arranged a $7.5 billion line of credit for "working capital purposes," as well as to deal with any litigation related to the company's debt.

On Aug. 28, the company received a notice of default from a group claiming to hold UnitedHealth debt securities. The company has said it believes it is not in default and "intends to defend itself vigorously," according to a filing with the Securities and Exchange Commission.

Sheryl Skolnick, a stock analyst at CRT Capital Group in Stamford, Conn., said the 364-day revolving credit facility is "insurance" in case the company loses its legal battle with owners of its debt and loses access to capital.

"What they have essentially just done is to arrange exactly enough money on demand to pay off all the debt in case any or all of it is in default," she said.

"It's a huge vote of confidence in the company," she added. "That they could arrange $7.5 billion, virtually overnight, is remarkable."

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UnitedHealth Pressed Over Ex-CEO's Pay (FT)

By Jeremy Grant In Washington

Financial Times, October 19, 2006

The unfolding stock options backdating scandal at United Healthgroup on Tuesday prompted an outcry from top US lawmakers when Chuck Grassley, chair of the senate's finance committee, demanded details of the departing CEO's severance package.

William McGuire this week resigned from the health insurer when an external probe implicated him in manipulating stock options.

The Wall Street Journal reported on Wednesday that he was likely to walk away with $1.1bn in stock options and other benefits.

When questionable use of stock option compensation hit the headlines, it emerged that scores of companies - either by failing to do the proper accounting or make the necessary disclosures to shareholders - appeared to have improperly awarded options with a lower exercise price than on the day that the award was made.

A probe by law firm Wilmer Hale found Mr McGuire was central to the company's options granting process and that the "full extent and nature" of financial relationships between him and the then-chairman of the company's compensation committee that had created a conflict of interest in 1999 "likely were not disclosed" to the board at the time.

Mr Grassley and the committee's ranking member, Max Baucus, wrote to United Healthgroup, saying: "The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock options backdating allegations against him."

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Mr McGuire accumulated $1.6bn in stock options between his appointment in 1991 and the end of 2005.

During the same period, the group's share price rose by 2,500 per cent. Mr McGuire was regarded by Wall Street as one of the most effective CEOs in the US.

But the senators said: "[We] want to know how a top executive can lose his job for allegedly defrauding his company's own investors, but still get rewarded with a billion dollars for doing it."

Among other things, the senators asked United Healthgroup to "provide the amount of federal tax deductions claimed by UnitedHealth with respect to compensation paid to Mr McGuire since 1994; and provide the amount of such deductible compensation that has been "performance-based" and what criteria or metrics were used to determine if compensation was deemed "performance-based."

In September, the committee convened a hearing to hear from the Justice Department, the Securities and Exchange Commission, and the Internal Revenue Service about how they are responding to stock options backdating and what congress can do to help their efforts.

Investing (BSWK)

By Jane Sasseen

BusinessWeek, October 19, 2006

The Ties UnitedHealth Failed to Disclose For years, the health insurer didn't tell investors about personal and financial links between its former CEO and the "independent" director in charge of compensation

In its 1999 proxy statement, UnitedHealth Group made sure investors knew of a few small relationships between its directors and the company. While reassuring shareholders that all the directors on its compensation committee were independent of management, it pointed out that the insurer paid immaterial amounts for insurance policies bought from the company headed by one director, while the law firm of Walter Mondale, another board member, was also the company's corporate counsel.

Following the New York Stock Exchange's 2004 imposition of stricter standards for director independence, UnitedHealth (UNH) had eliminated even those minor ties by the time the 2005 proxy was filed. This time, it told investors that all the members of its comp committee met the NYSE's independence test, and that no relationships or ties existed between directors and the company.

How nice of them to share. Of course, what the proxy neglected to mention were significant personal and financial ties between ousted CEO William McGuire, and William Spears, a New York investment adviser and long-time head of UnitedHealth's compensation committee.

Controversial Agreement Those ties were outlined in a report, released Monday, prepared for the UnitedHealth board by William McLucas, a former head of the SEC's enforcement division and now with the Washington, D.C., law firm of Wilmer Cutler Pickering Hale & Dorr. According to the report, Spears has served as a trustee since 1992 for two trusts set up for McGuire's children. And from 1994 to mid-2006, he also acted as an investment manager for McGuire, overseeing assets ranging from $15 million to $55 million in 2006.

In June, 1999, the CEO even invested $500,000 in Spears's money-management firm when he bought it back from the larger conglomerate that then owned it. Several months before, Spears was the company's point person in negotiating what proved to be a highly lucrative, highly controversial employment agreement for McGuire.

Nor is McGuire the only company executive with a financial relationship with Spears. Stephen Hemsley, who was named Oct. 16 to succeed McGuire as UnitedHealth's chief executive, also hired Spears to manage his money. Starting with a $12 million account in 2001, by 2006, Spears was managing $52 million of Hemsley's money as well. As a result of the probe, Spears has agreed to leave UnitedHealth's board (see BusinessWeek.com, 10/16/06, "Hard Times for UnitedHealth").

Declaration of Independence All of which has raised an obvious question: Just how could a director with those substantial—and presumably remunerative—ties to key officers be considered independent? And why weren't those ties made clear to shareholders? "It's a real stretch to say this guy is independent," says Jacob Frenkel, a securities lawyer and former SEC

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enforcement official. "The company and its principals will be hard pressed to justify a rationale for not disclosing that relationship."

The answer appears to lie in how independence is defined. Before 2004, when the disputed grants occurred, the standards in place were vague. Legal experts say it's unclear whether Spears would have met them. But in the wake of Enron, WorldCom, and other corporate scandals, both the NYSE and Nasdaq strengthened the rules concerning independent directors for the companies listed on their exchanges. The SEC vetted those rules but has no separate requirements for independence of its own.

At the NYSE, where UnitedHealth's stock is listed, all directors on a compensation committee must be independent, meaning they should have no material relationship with the company. A director or an immediate family member can't have been an employee of the company within the last three years, for example, or have been an executive officer of any other firm that has either made payments to, or received payments from, the company in excess of $1 million.

The Element of Surprise But while the rules are explicit in forbidding certain links between the directors and the company, they never specifically address relationships that might exist between directors themselves. Indeed, they're strangely silent on the potential problems that could arise from outside ties between directors. Instead, boards are asked generally to consider the other "persons or organizations with which the director has an affiliation" when assessing the materiality of a director's relationship with the company.

That lack of specificity may have led McGuire, Hemsley, and Spears to conclude that their financial relationships didn't have to be disclosed to investors. But experts say they may have strayed perilously close to the legal edge—and indeed may well have crossed over it. "The question is what was said [to shareholders] about the relationships they had, and whether that would be rendered false and misleading by the new facts," says Donald Langevoort, a professor of securities law at Georgetown University.

"Post-Sarbanes Oxley, there's so much emphasis on director independence that any fact that would come as a surprise to shareholders should be disclosed, so that they won't be surprised." Through a company spokesman, McGuire and Hemsley declined to comment on Oct. 17. Spears also declined to comment.

Close to the Edge If nothing else, those ties should have been reported to the rest of the board, which, under current NYSE rules, would then have been required to assess whether Spears truly qualified as independent. While the board would still have had the right to conclude that Spears' judgment wasn't influenced by those ties, it would have been required to let shareholders know how they reached that conclusion.

"The whole purpose of these regulations is to say that if something is close to the line, it should be disclosed, and a board waiver secured," says John Coffee, a professor at Columbia Law School.

But none of this appears to have happened at UnitedHealth. According to McLucas' report, McGuire and Spears said they believed that the board was aware of the money management relationship in 1999. In October of that year, UnitedHealth's general counsel, David Lubben, sent an e-mail to the company's outside counsel outlining McGuire's financial relationship with Spears, and indicated that some disclosure of a "conflict" had been made to the full board.

Claiming No Knowledge However, McLucas found no documentation or board minutes to back this up and says no other directors recalled being aware of the relationship when Spears was negotiating McGuire's 1999 employment contract. It's unclear when they later learned of those links—or that Hemsley, too, had hired Spears.

And all of the directors said they were unaware that McGuire's investment in Spears's firm, which ended in 2003, had taken place until the recent probes into options began. A source close to the probe says no evidence exists that the directors knew of Spears's role as a trustee for McGuire's children either.

Moreover, there's no evidence that the board reconsidered whether Spears still qualified as an independent director or discussed the need to disclose those financial ties to shareholders after the NYSE tightened up its disclosure rules.

No Job Too Small Governance experts say that the lack of public disclosure appears particularly egregious, in light of the potential sums involved. Directors now are routinely forced to disclose links that appear to offer far less potential for personal gain than may have occurred at United.

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If a director works for another firm that does business with the company, or has a relative working for the firm, those links must be disclosed no matter how small the sum or how minor the job. "If the amounts involved are de minimus, that's not going to affect independence," says Robert McCormick, head of proxy research for financial advisers Glass Lewis. But given the amounts of money involved at UnitedHealth, "this deal raises lots of concerns."

While the exact terms of Spears's deal with McGuire and Hemsley aren't known, the relationship appears to have given him plenty of potential for gain. Money managers typically pocket fees starting at 0.5% of assets under management for accounts of around $50 million. For complex investment strategies, the fees could run higher.

How Widespread a Problem? But even at that rate, Spears could have made roughly $250,000 a year from both McGuire and Hemsley for overseeing their accounts. Moreover, in negotiating McGuire's 1999 contract, Spears potentially had a direct interest in increasing McGuire's pay: As a money manager, the more money your client makes and has available to invest, the more you typically earn.

For shareholders, the UnitedHealth disclosures raise a further question: Do directors at other boards have personal ties that have gone unreported as well? For now, there's no way of knowing, because of the lack of clarity in the rules governing such ties.

But that could change. Securities experts say the NYSE will be forced to look closely at the language in the current regulations to see if UnitedHealth or its executives have clearly breached them. Ultimately, the flagrancy of UnitedHealth's weak disclosures could lead the exchanges to beef up their regulations to more explicitly deal with relationships between directors.

Barred for Life The questionable disclosure also raises the legal stakes for all involved. Questions about Spears's independence could bolster attempts by shareholders suing over the alleged backdating of options and McGuire's compensation to win money back from McGuire and even the directors themselves. With the SEC and federal prosecutors still weighing whether to bring civil or criminal charges over the alleged backdating against UnitedHealth and its execs, further charges related to the poor disclosure could also be added.

Columbia professor Coffee also believes that the new revelations could put Spears more squarely in the SEC's sights. If they conclude he misrepresented his independence, they could seek to have him barred for life from serving as a director of a public company. Moreover, Coffee says that if McGuire, Hemsley, or Spears were found to have misled other directors about their relationships, that would increase the chances of criminal charges being filed.

All of that, as much as any change in the NYSE's rulebook, would make clear the fact that such relationships don't pass the smell test. "We would essentially see the regulations strengthened through enforcement," says Frenkel.

Sasseen is a national correspondent for BusinessWeek

Ex-Delphi Execs Face Civil Fraud Charges (DEN)

By David Shepardson

Detroit News, October 19, 2006

SEC says top financial officers used accounting schemes to hide supplier's troubled finances.

WASHINGTON -- The U.S. Securities and Exchange Commission is expected to file civil fraud charges this month against up to a dozen former Delphi Corp. executives following a 27-month investigation into accounting fraud at the bankrupt Troy auto supplier, people familiar with the situation said.

Among those expected to face civil charges are John Blahnik, the former Delphi vice president of treasury, mergers and acquisitions; Laura Marion, who had served as director of financial accounting and reporting; and Paul R. Free, former chief accounting officer, the people said.

The SEC also is expected to file civil charges against several officials at other companies involved in improper transactions with Delphi, The Detroit News has learned.

Those charged, if they are found liable, could face hefty fines and be barred from serving as a board member or corporate officer at publicly traded companies. Delphi spokeswoman Claudia Piccinin declined to comment Wednesday, except to say that the company continues to cooperate with the SEC.

Last year, Delphi acknowledged several instances of improper accounting and restated several years of earnings.

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The SEC's investigation has found that Delphi used varied improper methods to inflate earnings, cash flow and revenue, which hid the declining health of the company, according to people familiar with the matter.

Several large transactions weren't accounted for properly, including a $237 million payment Delphi made to its former parent, General Motors Corp.

The SEC has concluded that Delphi also called some loans from suppliers "rebates" and engaged in false transactions by claiming it had sold precious metals or scrap materials to boost cash flow.

Delphi also failed to notify its board or credit rating agencies about $300 million in European lines of credit it held between 1999 and the end of 2004.

Thanks in part to the now-discredited transactions, Delphi met or exceeded Wall Street earnings expectations in every quarter between 1999 and 2003.

"It's clear they were trying to make that last penny of earnings," said Peter Henning, a Wayne State law professor and former SEC and Justice Department lawyer.

As a result of the accounting errors, Delphi lowered its 2001 earnings by $265 million, cut 2002 net income by $24 million and adjusted its 2003 net loss by $46 million. It said its cash flow was improperly boosted by $200 million in 2000.

Lawyers for many of the former Delphi executives under scrutiny have argued to the SEC that there is no evidence they personally profited from the improper accounting. They also contend that before the Enron debacle and the 2002 corporate reforms, some of the accounting practices in question were commonplace.

It was biggest supplier in '99

After its spinoff from GM in 1999, Delphi was the world's largest auto supplier with revenue of $29 billion.

Last October, Delphi filed for bankruptcy protection and announced plans to close 21 of its 29 U.S. factories, including several in Michigan.

The company is in talks with GM, the UAW and several large investors to finalize a settlement of claims and to allow Delphi to emerge from bankruptcy protection in the second quarter of 2007.

Most of those now restated transactions took place in 2000 and 2001 when Delphi said it was selling off hundreds of millions of dollars in scrap materials and precious metals -- generating income and cash flow -- when in reality the supplier had agreed to buy back the same assets in the future.

Delphi has acknowledged that these were financing transactions and not sales. In another case, Delphi allegedly booked sales of scrap material destined for landfills as expensive electronic inventory as a way to boost its cash flow.

In December 2000, Delphi recorded a $200 million sale of precious metals to Bank One, which improperly boosted its income by $100 million. Delphi didn't disclose that the precious metals never left the factory floors or that it had a contract to repurchase the materials at a fixed price.

In March 2005, following a 10-month internal investigation led by an outside law firm, Delphi ousted Free and its chief financial officer, Alan Dawes, and said many of the company's financial statements were inaccurate.

Most of the former executives under investigation by the SEC agreed to waive the statute of limitations until Oct 31. Several lawyers close to the case have been told to expect SEC charges by then. The commission is scheduled to meet next week in Washington to approve the filing of the complaints in U.S. District Court in Detroit.

It's not clear if Dawes or ex-Chairman and CEO J.T. Battenberg III -- who both have been subjects of the SEC investigation -- will be among those named in the civil complaints. Battenberg was questioned by the SEC earlier this year.

FBI: Criminal investigation

The criminal investigation by the FBI and U.S. Postal Inspection Service continues, led by Justice's fraud section in Washington.

In June, The News reported that at least seven ex-Delphi executives had received "Wells" notices from the SEC, which notify targets of an investigation of the substance of the staff's charges and probable recommendations.

Since then, several other former executives have received notices in a widening probe that includes roughly a dozen former executives. Some former lower-level Delphi employees, who testified before the SEC more than a year ago, recently were notified they were likely to face civil charges.

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Many of the targets have been in settlement talks with the SEC. The SEC has sought to impose stiff fines against former executives -- in some cases nearly $1 million -- in the Delphi investigation. It isn't clear if any settlements have been reached or if Delphi will have to pay a corporate penalty.

Early this month, the five-member SEC received a detailed memo from the staff attorneys investigating Delphi outlining the proposed charges. The commission must approve the filing of any charges.

The SEC's investigation has been led by three attorneys in the enforcement section: Jonathan P. Scott, Kenneth R. Lynch and Anthony Sporkin. All declined comment. The SEC has also scrutinized Delphi transactions with Bank One, GM, Tennessee-based Setech, and BBK Ltd., a Southfield-based turnaround firm. The commission also looked at the role of Delphi's former independent auditor, Deloitte & Touche. All of those companies turned over records to the SEC.

Last November, GM said it had overstated income for 2001 by approximately $300 million to $400 million -- or about 25 to 35 percent -- in connection with supplier credits. GM has said it received an SEC subpoena into "our transactions in precious metal raw materials used in our automotive manufacturing operations, and a federal grand jury recently issued a subpoena in connection with supplier credits."

The investigation into Delphi began after EDS -- another former GM subsidiary -- told the SEC in June 2004 about a $20 million loan in 2001 that Delphi booked as income. The SEC upgraded its probe into a formal investigation in August 2004.

One hurdle to settling SEC claims is the still active criminal investigation into the accounting fraud led by the Justice Department's fraud section. Jack Patrick, the lead Justice Department prosecutor, has been in Detroit in recent weeks working on the case. Patrick declined comment. Lawyers for shareholders who have sued Delphi and its former officers say the suit and the company's October 2005 bankruptcy are "the result of a massive accounting fraud."

"By any measure, the fraud at Delphi -- which hid Delphi's slide into bankruptcy -- is among the most egregious schemes to defraud investors in recent history," the plaintiffs said in a 147-page court filing in Detroit signed by Southfield lawyer Debra Pevos.

The filing suggested there were $440 million in sham transactions.

All of those suits have been consolidated in front of U.S. District Judge Gerald E. Rosen in Detroit, who hasn't ruled on whether they can go forward.

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CRIMINAL LAW:

78 Charged In Bankruptcy Fraud Sting (AP-YBIZ)

By Lara Jakes Jordan

AP, October 19, 2006

78 People Charged in the Past Two Months in National Bankruptcy Fraud Sting

WASHINGTON (AP) -- Nine lawyers, an ex-police officer and an electrician who bribed a former governor were among 78 people charged with bankruptcy fraud in the past two months, the Justice Department said Wednesday.

Eighteen of the arrests came this week alone, said Deputy Attorney General Paul McNulty, who outlined the nationwide crackdown on people trying to conceal more than $3 million in assets.

"In the end, we all wind up paying for fraud, in the form of higher interest rates and fees from companies that offer credit and loans," McNulty told reporters.

Bankruptcy fraud often follows false claims on mortgages, banks and the mail, McNulty said.

The arrests are on track to outpace last year's estimated total of 100 bankruptcy fraud cases, the FBI said.

The names of those charged were not released in Washington, although a department investigator said a former Denver police officer was snared in the two-month sting, dubbed "Operation Truth or Consequences."

Among those charged was Kurt Claywell, an electrical contractor who admitted giving former Connecticut Gov. John G. Rowland expensive champagne and Cuban cigars for access to state contracts. Authorities in New Haven, Conn., said the assets Claywell tried to hide included a boat, a rare book collection, 35 acres of land, $35,000 worth of wine and a gun collection.

A dozen of the arrests came in the Chicago area, where federal prosecutor David Glockner described swindlers who used bankruptcy fraud in home-rescue schemes marketed to people desperate to hang onto their homes.

Under these schemes, homeowners facing foreclosure sell their homes to "investors," prosecutors said. They said the former homeowners then pay rent to the investors with the promise that they can get back both the homes and built-up equity when their finances are healthier.

Prosecutors said crooked attorneys then declare bankruptcy on behalf of the former homeowners, illegally hiding the sale from the bankruptcy court, paying off the mortgage and pocketing the equity.

The former homeowners then are allowed to buy back the property at full price if they can afford to do so.

"This is the new face of bankruptcy fraud," Glockner said.

Associated Press writers Mike Robinson in Chicago and John Christoffersen in New Haven, Conn., contributed to this report.

Feds Charge 78 With Bankruptcy Fraud (CNN)

By Terry Frieden, Justice Producer

CNN.com, October 19, 2006

Sweep nets 9 lawyers, 1 ex-police officer for concealed assets, fake IDs, docs.

WASHINGTON (CNN) -- Bankruptcy fraud charges have been filed against 78 people in a federal operation aimed at protecting the integrity of the nation's bankruptcy system, the Justice Department and FBI announced Wednesday.

Authorities said the nationwide sweep culminated Wednesday with arrests stemming from 18 cases of bankruptcy fraud and related counts.

Those charged include nine lawyers, two bankruptcy petition preparers and a former police officer. The cases involved concealment of more than $3 million in assets, use of false identities and forged documents, and fraudulent receipt of government loans and benefits, officials said.

"Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important," said Deputy Attorney General Paul McNulty.

Bankruptcy filings often are the last step of a series of criminal acts that include mortgage fraud, bank fraud, mail fraud, money laundering and defrauding of government programs, he said.

The culmination of "Operation Truth or Consequences" coincided with the anniversary of new bankruptcy laws aimed at combating fraud.

Bankruptcy law not as bad as predicted

Authorities said the 78 people charged were named in 69 prosecutions in 36 judicial districts.

FBI Assistant Director Chip Burrus issued a statement staying the nationwide sweep "highlights the scope of bankruptcy fraud and negative impact on the economy."

Top law enforcement officials planned to announce details of the operation at an afternoon news conference at the Justice Department in Washington.

Nationwide Fraud Sweep Nets 3 In Pa. (PTR)

By Karen Roebuck

Pittsburgh Tribune-Review, October 19, 2006

A Sewickley attorney and two other Western Pennsylvania residents were indicted this week as part of a nationwide crackdown on bankruptcy fraud and related crimes.

Attorney Robin L. Grassel, 42, faces two counts of embezzlement from bankruptcy estates. She is among 78 people nationwide -- including nine attorneys -- charged as part of what the U.S. Department of Justice dubbed "Operation Truth or Consequences."

The allegations leveled nationwide include concealing more than $3 million in assets, using fake identities and Social Security numbers, forging documents and defrauding people whose homes were in foreclosure.

The Justice Department announced Wednesday it has set up an e-mail hotline for the public to report suspected bankruptcy fraud. Reports can be sent to USTP.Bankruptcy.Fraud@usdog.gov.

Grassel, also known as Robin Musher, was representing clients in bankruptcy proceedings and administering their funds when she embezzled or misappropriated the funds, the indictment charges.

She embezzled $104,832.94 from the bankruptcy estate of clients identified only as MW and PW and $47,420.28 from Jimmie and Joyce B., according to the indictment.

Bankruptcy trustee Ronda J. Winnecour previously said that Michael and Patti Weber, who filed for Chapter 13 bankruptcy in 2002, sold their Crafton house in 2004 for $104,832.94. A check issued in Winnecour's name for the home's sale was given to Grassel, their attorney, but ended up in Grassel's business account instead of the Webers' trustee account, according to court records.

Catherine Jeter, of Ambridge, Beaver County, was charged with forging U.S. Bankruptcy Court Judge Judith K. Fitzgerald's signature in June on a court order to discharge her bankruptcy case, according to the indictment.

George Davitch Jr., 62, of Jerome, Somerset County, was charged with making a false statement under penalty of perjury in his 2001 bankruptcy case by failing to report income he continued to receive from an inheritance, according to the indictment.

If convicted, Grassel, Jeter and Davitch, none of whom could be reached for comment, face up to five years in prison and a fine up to $250,000 on each count.

The U.S. Attorney's Office for the Western District of Pennsylvania is asking that a summons be issued for each of the defendants instead of arrest warrants and suggested unsecured, $10,000 bonds be set for each.

Karen Roebuck can be reached at kroebuck@tribweb.com or (412) 320-7939.

Feds Crack Down On Bankruptcy Fraud (UPI)

UPI, October 19, 2006

U.S. prosecutors have filed criminal charges against 78 people for alleged bankruptcy fraud and related offenses.

Deputy Attorney General Paul J. McNulty said Wednesday federal prosecutors charged individuals in 69 separate prosecutions in 36 judicial districts in a national project called "Operation Truth or Consequences."

The project includes charges filed against nine lawyers, two bankruptcy petition preparers and one former law enforcement officer. Charges include alleged concealment of more than $3 million in assets and the alleged use of false Social Security numbers and false identities.

"Today we send a clear message to those who abuse, for their own criminal financial gain, the bankruptcy system's promise of a fresh start to honest Americans," said McNulty. "A bankruptcy filing is often the last step of a series of criminal acts, including mortgage fraud, bank fraud, mail fraud, money laundering and government program fraud. Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important."

McNulty also announced the creation of a new Internet hotline for reporting suspected bankruptcy fraud to the Justice Department's U.S. Trustee Program.

Ariz. Residents Indicted In Bankruptcy Fraud (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, October 19, 2006

Two federal fraud prosecutions under way in Arizona are part of a nationwide campaign to thwart abuse of U.S. bankruptcy courts, according to the Justice Department.

One of the cases was filed in August against attorney James Joseph Everett, 51, who is accused of concealing about $500,000 in assets and income. The other indictment names three family members from southern Arizona accused of seeking bankruptcy protection as part of a larger swindle of government funds.

Those cases are among 69 filed nationally under Operation Truth or Consequences, launched to protect the integrity of the bankruptcy system, Deputy Attorney General Paul J. McNulty said in a news release.

advertisement

Federal prosecutors also announced the creation of an Internet hotline for reporting suspected bankruptcy fraud at USTP.Bankruptcy.Fraud@usdoj.gov.

McNulty said 18 of the cases were filed Wednesday to deliver "a clear message to those who abuse, for their own financial gain, the bankruptcy system's promise of a fresh start to honest Americans. . . . Bankruptcy is often the tip of the criminal iceberg, and that makes these prosecutions so important."

In Phoenix, Everett was indicted on 34 counts, including money laundering, false declarations and bankruptcy fraud. The U.S. Attorney's Office said he used $300,000 in concealed funds to purchase a house in Paradise Valley. Everett faces a maximum 20-year prison sentence for money laundering, the most serious offense.

The other Arizona case involves Sergio and Sandra Renteria of Willcox and their daughter, Kayla Taylor. They were indicted in August on charges of conspiracy and fraud in connection with an $800,000 loan from the Farm Service Agency. They are accused of failing to repay the loan while selling crops and equipment pledged as collateral. The indictment says Taylor also used loan money to buy a pair of Mercedes Benz cars. Finally, the Renterias are charged with filing for bankruptcy while hiding assets from the court. They face up to 30 years in prison.

Weldon Undecided On Letter (PHI)

By Todd Mason And John Shiffman

The Philadelphia Inquirer, October 19, 2006

U.S. Rep. Curt Weldon (R., Pa.) said he hasn't decided whether to release a letter from the House Ethics Committee that he says "closed the case" on whether he used his influence to help his daughter.

The FBI is probing whether Weldon helped his daughter Karen and friend Charles P. Sexton Jr. land $1 million in contracts from a Russian energy firm and a Serbian family with ties to Slobodan Milosevic.

"My kids do their own work," the 10-term congressman told a media scrum yesterday in the Ridley Township Municipal Building after a hearing on flight-path changes at Philadelphia International Airport.

Weldon is in a neck-and-neck race against retired Adm. Joe Sestak, a 31-year Navy veteran who was raised in Springfield, Delaware County. Because of the disclosure of the FBI investigation last week, political observers say the race is now leaning in the Democrat's favor.

Yesterday, Weldon repeated his claim that he presented documents to the Ethics Committee in 2004 when the Los Angeles Times broke the story, and the committee didn't pursue the matter.

Weldon and his attorney, William J. Winning, said they hadn't decided yet whether to release the committee's letter.

A source close to the Weldon campaign said the four-page document, dated Sept. 29, discusses the allegations about Weldon's daughter and dismisses them without issuing a warning or reprimand.

In an e-mail advertisement Monday, headlined "Left-Wing Smears Have Sunk to New Low," the Weldon campaign said the House panel closed the case in 2004, and blamed Democrats for trying to derail Weldon's reelection.

Sources said the FBI had planned to implement the search warrants after the election and, in fact, had been wiretapping some people involved in the case.

The wiretaps and search warrants were approved by federal judges based on a sealed and detailed affidavit from an FBI agent establishing "probable cause" that crimes had been committed. The searches were carried out Monday because agents feared that once suspects in the case knew they were under investigation, evidence might be destroyed, sources said.

Russ Caso, Weldon's chief of staff, told The Inquirer that the Ethics Committee letter was not issued until last month because of the committee's disarray in recent years.

Weldon escalated the attack on Sestak yesterday, saying that a retired FBI agent, Gregory J. Auld, told him that Sestak's campaign had prior knowledge of six FBI raids Monday in Philadelphia and Jacksonville, Fla.

Weldon said Auld "has confirmed to me that a person who works on my opponent's campaign was bragging that the campaign knew three weeks ago" of a major negative development in October.

Ryan Rudominer, a spokesman for Sestak, said: "Curt Weldon's bizarre conspiracy theories are absurd and, of course, false. The idea that our campaign has any influence over the FBI or the Republican-led Justice Department is laughable."

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Auld, who worked 32 years for the bureau, operates a private security company in Newtown Square that has performed background checks on behalf of the Weldon campaign.

In an interview last night, Auld said a friend approached him Tuesday at a gym to tell about what the Sestak supporter had allegedly said three weeks ago. Auld would not identify the friend.

Auld said: "My friend told me that a guy wearing a Sestak T-shirt had said, 'Something big is going to be coming down on Curt Weldon in three weeks.' "

Hearing this, Auld said, he approached the unidentified Sestak supporter at the gym and said: "You guys must be happy about what happened over the weekend."

He said the Sestak supporter shrugged and replied: "We sniffed this out two weeks ago."

David Landau, a Sestak adviser, said: "That somehow all of this is being manufactured by Democrats is ludicrous... . This is the Republican National Committee playbook: Blame the Democrats."

Weldon shrugged off observations yesterday by reporters that the probe reportedly began in May, before Sestak had emerged as serious candidate, and that the FBI and the Justice Department answer to a Republican administration.

The investigation "is what it is," Weldon said. "The bureaucracy doesn't change with the presidential leadership." Weldon said he was telling Republicans that "I have to rely on their support for me in the past."

7 Plead Guilty In Stolen Body Parts Case (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, October 19, 2006

(AP) - NEW YORK-Seven funeral home directors linked to a scheme to plunder corpses and sell the body parts for transplants have secretly pleaded guilty to undisclosed charges, prosecutors announced Wednesday.

The unidentified directors all agreed to cooperate in an ongoing investigation into what investigators describe as an enterprise to steal bone and tissue from cadavers and sell the material to biomedical supply companies for profit, Brooklyn District Attorney Charles Hynes said.

The seven entered their pleas in closed courtrooms and their names were withheld, but defense attorneys said that among those cooperating was the director of a funeral home that took parts from the body of "Masterpiece Theatre" host Alistair Cooke.

Funeral Home Directors Plead Guilty In Organ Smuggling Case (AFP-Y)

AFP, October 19, 2006

Seven US funeral home directors have pleaded guilty to trafficking bones and organs taken from hundreds of cadavers, authorities said.

The guilty pleas in New York came eight months after four other people were charged with illegally harvesting bones and organs from more than 1,000 corpses, including the bones of the late veteran BBC broadcaster Alistair Cooke.

The Justice Department announced Wednesday that it had expanded its indictment against the four, Michael Mastromarino, Joseph Nicelli, Lee Cruceta, and Christopher Aldorasi.

"These ghoulish thieves thought they could pull off the crime of the century, stealing bones from the dead, without any thoughts to their victims' families or the transplant recipients who would receive possibly tainted bone and tissue grafts," Brooklyn District Attorney Charles Hynes said in a statement.

Funeral homes in Rochester, Manhattan, Brooklyn and the Bronx have been accused of providing corpses for the organ smuggling scheme.

In announcing the indictment in February, authorities alleged that the four men made millions of dollars selling body tissue to transplant companies.

In many cases, the bones were replaced by PVC pipes so that their theft would not be noticed at a funeral, authorities said.

At the same time, the accused would regularly toss gloves, aprons, and other evidence of their criminal handiwork into the bodies before sewing them back up, prosecutors said.

The bones, tendons, heart valves and other tissue were harvested in a funeral home owned by Nicelli, authorities said.

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Cooke -- a nationally recognized broadcaster in Britain -- was best known for his "Letter From America" program which aired weekly on BBC domestic and World Service radio for over 50 years.

He died in New York in March 2004 from lung cancer. He was 95.

Death Penalty Out On A Technicality (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 19, 2006

A federal judge has ruled that prosecutors cannot seek the death penalty against two D.C. men accused of running a violent street gang in Southeast because the government missed a key deadline.

U.S. District Judge Richard W. Roberts ruled that the Justice Department failed to file a timely notice of intent to seek the death penalty against Antwuan Ball and David Wilson. The judge's opinion was issued late Tuesday and made public yesterday.

Mr. Ball and Mr. Wilson are awaiting trial on charges of murder, racketeering and drug trafficking after a joint investigation by the Metropolitan Police Department and the FBI of the so-called Congress Park Crew in Southeast.

In his ruling, Judge Roberts said the "government showed no cause, much less any good cause" for failing to file a notice of intent to seek the death penalty by a court-ordered Sept. 15 deadline.

Prosecutors filed a notice of intent to seek the death penalty Sept. 25. Citing the missed deadline, the judge barred capital punishment in the case Sept. 18.

One week later, prosecutors filed notice to seek the death penalty with a separate motion asking the judge to reconsider his Sept. 18 ruling.

The government attorneys blamed the delay on a misunderstanding about the deadline, the need for more deliberations and the fifth anniversary of the September 11, 2001, terrorist attacks.

But Judge Roberts remained unconvinced.

"The government still has offered no explanation for how the anniversary of the September 11 attacks delayed this decision or anything else," the judge wrote in Tuesday's ruling. "It still has offered no reason why the Justice Department could not complete its assessment in the suggested five months I agreed to."

It's not clear whether prosecutors plan to appeal the ruling.

"We are currently reviewing our options but have no further comment at this time," said Channing Phillips, spokesman for the U.S. Attorney's Office.

In federal cases, the U.S. Attorney's Office must seek approval to appeal a decision from the Solicitor General's Office.

Attorneys for Mr. Ball declined to comment yesterday. Mr. Wilson's attorneys said they were planning to travel to the D.C. Jail yesterday to give their client a copy of the judge's ruling.

"We expected this. We're not surprised the judge was going to uphold his previous ruling," attorney Cynthia Katkish said. "We're all very happy."

The judge's ruling marks the second setback for prosecutors involving a capital case in the District in recent months.

In August, U.S. District Court Judge Ellen Huvelle threw out key statements by three men charged in the killing of U.S. tourists in Uganda in 1999. The judge said that the government couldn't prove the defendants were not tortured during their capture in Rwanda.

The only other capital-murder defendant awaiting trial in the District is Larry Gooch, whom authorities have called an enforcer for the M Street drug gang in Northeast.

Mr. Gooch, who is charged in five killings, has pleaded not guilty.

Only two capital-murder cases have gone to trial in the District, and each resulted in the defendants' receiving life in prison.

Capital punishment is banned in the District, although it can be sought in federal cases.

Ex-clerk To Testify About Page Scandal (AP-Y)

By Andrew Taylor

AP, October 19, 2006

DOJ_NMG_0083030

The former clerk of the House will face ethics investigators Thursday in what could be the most important testimony yet on how GOP leaders handled complaints about Rep. Mark Foley's behavior toward pages — including the early concerns of a Louisiana congressman who testified Wednesday.

The questioning of former Clerk Jeff Trandahl comes after Louisiana GOP Rep. Rodney Alexander spoke with investigators for three hours about how his office handled a complaint last fall from a former page about too-friendly e-mails from Foley.

GOP leaders are facing scrutiny over whether they or their aides did too little to stop Foley's inappropriate behavior toward pages when problems surfaced years ago. The revelations have been followed by weakening poll numbers for Republicans, who insist that no one in their party knew of the sexually graphic e-mails that have scandalized the public.

Trandahl's testimony is critical in determining how many people knew about Foley's behavior with pages and whether there are even more incidents than those reported so far.

Alexander discussed the matter last spring with two top House GOP lawmakers, Majority Leader John Boehner of Ohio and campaign chair Tom Reynolds of New York, both of whom say they spoke with House Speaker Dennis Hastert about it. Hastert, R-Ill., has said he does not recall the conversations.

Trandahl confronted Foley, a Florida Republican, last fall over his e-mails to the Louisiana boy and was alerted about inappropriate e-mails Foley sent in 2001 or 2002 to a former page sponsored by Rep. Jim Kolbe, R-Ariz.

As the House officer with direct responsibility for the page program, Trandahl is virtually certain to know whether there have been other complaints about Foley, including an alleged incident in which the Florida Republican tried to enter the page dorm while drunk.

The panel is trying to determine whether lawmakers and staff aides acted properly when alerted about Foley's behavior. Trandahl's testimony is crucial to knowing how many people knew about the page issue — and how problems with Foley were handled — before the scandal exploded last month.

Foley resigned from the House on Sept. 29 after being confronted with sexually explicit messages sent in 2003 to a former Oklahoma page.

Trandahl is in position to support testimony by Kirk Fordham, a former top aide to Foley, who has told the ethics panel that he informed top House GOP aides of Foley's inappropriate behavior toward pages years ago. Fordham has testified he told senior House staff aides about the page dorm incident when it happened several years ago.

A key issue is whether staff aides to Hastert knew about Foley's improper behavior before the 2005 episode and whether they told Hastert — who says he knew nothing about Foley and pages prior to the day Foley resigned.

On Wednesday, Foley's most recent chief of staff, Elizabeth Nicolson, testified before the ethics panel.

Alexander sponsored a page who complained of receiving overly friendly e-mails from Foley, including one that asked for a photograph and mentioned a different teen who was in "great shape."

An Alexander aide last fall told an aide to Hastert about the e-mails, setting off a chain of events that led Trandahl and Page Board Chairman John Shimkus, R-Ill., to tell Foley to stop contacting the boy.

Boehner, whom Alexander subsequently alerted about the e-mails last spring, also testifies Thursday. Boehner's public statements are at odds with Hastert. He told a Cincinnati radio station earlier this month that when he approached Hastert about Foley last spring Hastert told him "it had been taken care of."

Hastert and his aides, including powerful chief of staff and confidant Scott Palmer, have yet to testify before the ethics panel.

Key Figures In Foley Scandal Testify Today To Ethics Panel (USAT)

By Kathy Kiely

USA Today, October 19, 2006

WASHINGTON — Two key witnesses will testify before the House ethics committee today on what they knew about former congressman Mark Foley's contacts with teenage boys.

House Majority Leader John Boehner and former House clerk Jeff Trandahl are scheduled to appear before the panel, which is investigating whether lawmakers or congressional staffers ignored or suppressed complaints about Foley's communications with congressional pages.

Their appearances before the committee come less than three weeks before an election that will determine control of Congress. Foley, a Florida Republican, resigned Sept. 29 after being confronted by ABC News with lewd Internet messages that he allegedly sent pages.

At issue is whether congressional leaders should have investigated more aggressively after Rep. Rodney Alexander, R-La., complained about e-mails that Foley sent to a page Alexander had sponsored. The e-mails were not sexually explicit but the boy's parents asked Alexander to stop Foley from sending them.

Alexander, who testified for three hours before the panel Wednesday, told top staffers in Speaker Dennis Hastert's office last year about the e-mails. At that point, Trandahl, who supervised the page program, and Rep. John Shimkus, an Illinois Republican who runs the page board, confronted Foley and extracted a promise that he would stop contacting the Louisiana boy.

Rep. Chris Van Hollen, D-Md., accused the GOP of covering up complaints about Foley because of the upcoming election.

"The Republican leadership in Congress decided to put their political fortunes above the safety of the youngsters," he said at a National Press Club lunch on the elections.

Hastert, R-Ill., has said he knew nothing about the sexually-explicit Internet messages that came to light last month until Foley resigned. Two members of his leadership team, Boehner and Rep. Thomas Reynolds, R-N.Y., said they talked to the speaker about separate non-sexual messages to the Louisiana boy last spring.

In Florida, lawyers for Foley said they revealed to state prosecutors Wednesday the name of a clergyman Foley said abused him as a teen. A joint statement from attorneys David Roth and Gerald Richman said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office.

Also, a Florida judge ruled that the GOP can't post signs at polling places explaining that votes for Foley, whose name remains on the ballot, will go to a replacement candidate, state Rep. Joe Negron. Reynolds, who heads the House GOP congressional campaign committee, said at the Press Club event he thinks the party can hold onto the Foley seat because voters in the district are "very educated."

Ethics To Hear Key Testimony (RC)

By Susan Davis

Roll Call, October 19, 2006

In what could prove to be the turning point in the investigation of former Rep. Mark Foley's (R-Fla.) interaction with House pages — and what Speaker Dennis Hastert (R-Ill.) and his staff did or did not know about it — the House ethics committee will take testimony today on the Foley case from former House Clerk Jeff Trandahl.

House Majority Leader John Boehner (R-Ohio) will also appear before the panel today — voluntarily and unaccompanied by counsel — but Trandahl is expected to be the star attraction.

Trandahl has retained defense attorney Cono Namorato, and has made no public statements since Foley resigned Sept. 29. Through his attorney, Trandahl has said he will "cooperate fully" with both the FBI's probe and the Committee on Standards of Official Conduct.

Trandahl could provide key testimony as to when senior aides to Hastert were first

informed of Foley's alleged inappropriate behavior with male pages. Trandahl also could confirm or dispute the veracity of the timeline of events released by the Speaker's office on Sept. 30.

In that timeline, Trandahl was first contacted by Hastert's deputy chief of staff, Mike Stokke, in the fall of 2005 regarding an e-mail exchange between Foley and a former page. Trandahl discussed the e-mails with a top aide to Rep. Rodney Alexander (R-La.) because his office had sponsored the former page but, according to the timeline, Trandahl was never shown the e-mail exchange, which was later characterized as "over-friendly."

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Trandahl then met with Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and advised Hastert's staff counsel, Ted Van Der Meid, of the meeting. Trandahl and Shimkus questioned Foley on the e-mail exchange and advised him to cease all contact with the former page.

"The Clerk recalls that later that day he encountered Van Der Meid on the House floor and reported to him that he and Shimkus personally had spoken to Foley and had taken corrective action," the timeline states.

Trandahl's testimony also will be central to corroborating the testimony of Kirk Fordham, Rep. Tom Reynolds' (R-N.Y.) former chief of staff who resigned amid the Foley scandal. Fordham, who worked as a top aide to Foley for 10 years, testified before the ethics committee last week.

Fordham has alleged that he alerted Hastert's chief of staff, Scott Palmer, to Foley's inappropriate behavior with pages as early as 2003. Palmer has publicly denied that account. Though his actual testimony is secret, Fordham also reportedly planned to tell the ethics panel that Trandahl was aware of Foley's behavior toward pages and attempted to take corrective action as early as 2000.

Trandahl left the House Clerk post in late 2005 to become the executive director of the National Fish and Wildlife Foundation. He began work in Congress in 1983 and was appointed House Clerk in December 1998 — the same month Hastert was tapped to become Speaker.

When Hastert appointed Trandahl, he was not considered part of Hastert's inner circle. In contrast, the current House Clerk, Karen Haas, worked as a floor aide to the Speaker before succeeding Trandahl.

Also testifying today is Boehner, the first member of the leadership to appear before the investigative panel on this matter.

Boehner has played a more peripheral role in the Foley investigation, as he was not in leadership in the fall of 2005 when the Speaker's office first was notified. Boehner was approached by Alexander about the Foley matter earlier this year, and he has said he recalls subsequently asking Hastert about it. Hastert has said he does not recall that conversation, nor a similar one with Reynolds, the National Republican Congressional Committee chairman, which Reynolds says happened.

Boehner's chief of staff, Paula Nowakowski, appeared before the ethics committee on Tuesday. Alexander met with the committee to give his version of events Wednesday.

Among the Members and aides that still are expected to appear are Palmer, Stokke, Van Der Meid and Reynolds. Spokesmen for Reynolds and Hastert said Wednesday that their bosses had not been contacted by the ethics panel about testifying.

Louisiana Page Not Central To Inquiry, Lawmaker Says (NYT)

By Jeff Zeleny

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — The former Congressional page from Louisiana whose e-mail exchanges with Representative Mark Foley set off a Capitol Hill scandal was neither exposed to nor aware of the sexually explicit instant messages that ultimately led to Mr. Foley's resignation, the lawmaker who sponsored the page said.

Representative Rodney Alexander, Republican of Louisiana, said Wednesday that the page, who lives in his district, was not familiar with Mr. Foley's pattern of conduct and should not be a focal point of the investigation.

Mr. Alexander added that even though the former page had received only e-mail messages described as overly friendly, he still had been "exposed to a lot of trauma" since giving copies of his e-mail exchanges with Mr. Foley last year to Mr. Alexander's office.

After news reports about the messages, other former pages came forward with information about instant-message exchanges with Mr. Foley.

"His parents have been almost physically sick about the attention that he's gotten," said Mr. Alexander, speaking to reporters after testifying for three hours before the House ethics committee. "We just look forward to the committee continuing their investigation, and hopefully this will come to a conclusion."

The former page, who told a Congressional aide that Mr. Foley's request for his photograph was "sick, sick, sick, sick," has not been identified and has not spoken publicly about the case. Neither he nor other pages have appeared before the committee, which is investigating whether the House Republican leadership properly handled concerns over Mr. Foley's behavior.

As Mr. Alexander left the closed-door session of the ethics committee on Wednesday, he declined to reveal details of his testimony, the same position taken by other witnesses. He said the questions in the case would be resolved only through interviews with other lawmakers.

"We told them what we know, when we knew it, and what we did about it," Mr. Alexander said. "There are many people who know what we know, and have known it for a lot longer period of time than we've known."

The committee also spent more than three hours questioning Elizabeth Nicolson, who was the chief of staff to Mr. Foley when he resigned on Sept. 29. Ms. Nicolson declined to comment as she left the hearing room early Wednesday evening.

The committee also intends to examine the conduct of Representative Jim Kolbe of Arizona, the only openly gay Republican in Congress, after a request from members of the Congressional page board to include Mr. Kolbe in the inquiry because of complaints the board had received.

A spokeswoman for Mr. Kolbe, Korenna Cline, said Wednesday that her office had not been contacted by the ethics committee, but that Mr. Kolbe would cooperate with any requests for information.

On Thursday, the House ethics committee is scheduled to hear from the majority leader, John A. Boehner, Republican of Ohio, and the former clerk of the House, Jeff Trandahl. Investigators say they believe Mr. Trandahl can help answer questions about how long Speaker J. Dennis Hastert's office knew about Mr. Foley's conduct.

Meanwhile, law enforcement officials said that Federal Bureau of Investigation interviews with a number of former pages had found no evidence that Mr. Foley violated federal sex crime statutes. Federal law generally requires proof that an adult engaged in an overtly sexual solicitation of someone under the age of consent, which varies by state.

Nevertheless, the officials said, there is no sign that the Justice Department's preliminary inquiry is close to an end. Prosecutors have 90 days to conduct such investigations before deciding whether to go forward or shut the inquiry down.

Foley Lawyers Tell Accused Abuser's Name (AP-Y)

By Brian Skoloff

AP, October 19, 2006

Lawyers for disgraced former Congressman Mark Foley said they revealed to state prosecutors Wednesday the name of a clergyman he said abused him as a teen.

The announcement came two weeks after Foley's criminal defense lawyer, David Roth, first said Foley had been abused by a clergyman. The claim came as he responded to accusations that Foley sent sexually explicit Internet communications to teenage boys who worked on Capitol Hill.

Foley, 52, a Florida Republican, resigned last month after being confronted with the Internet exchanges and has since entered a 30-day rehabilitation program for alcoholism, according to his attorneys.

Mike Edmondson, a spokesman for the state attorney's office in West Palm Beach, said Wednesday evening his office had not yet seen the name.

"I'm sure they faxed it over. It could very well just be sitting on the fax machine," Edmondson said.

A joint statement from Roth and Foley's civil attorney, Gerald Richman, said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office. Edmondson said prosecutors would share the name of the clergyman with the Archdiocese Thursday, as long as it was received by the office before it opened for business.

"To the best of our knowledge, the clergyman no longer resides in the United States," the statement said.

Earlier in the day, Archdiocese spokeswoman Mary Ross Agosta said the church was growing frustrated with the drip of information coming from Foley's attorneys.

"However he wants to tell us, fine, but tell us," Agosta said. "It's very frustrating at this point."

On Tuesday, Richman said that would only say that the priest who allegedly abused Foley is still alive and that the statute of limitations for criminal charges against the man has expired.

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Edmondson said Wednesday that to claim outright that the statute of limitations has expired is somewhat misleading because the alleged abuser may have committed similar crimes more recently on other victims.

"There's still a pool of potential victims out there," he said.

Richman did not return a telephone message seeking comment. Roth has declined to discuss the case.

109th Congress Just Can't Resist (USAT)

By Jonathan Turley

USA Today, October 19, 2006

In its waning months, the 109th Congress has finally achieved a status in politics that the 1919 Black Sox achieved in sports: It is a symbol of utter corruption. Over the past two years, the congressional scandals have traversed the universe from the gross to the grandiose to the grotesque: visits from call girls, gifts of Rolls Royces and fancy commodes, sweetheart deals for contractors, high-paying lobbyist jobs for underachieving children, free vacations for members and their families.

Yet, if the young boy saying "say it ain't so, Joe" to Shoeless Joe Jackson perfectly summed up the betrayal of the 1919 World Series, the young male pages pursued by former GOP congressman Mark Foley of Florida perfectly summed up the betrayal of the 109th Congress. The public clearly suspects that, in dealing with Foley, House leaders were more concerned with protecting a House seat than a House page. In a CNN poll, 75% of Americans say the Republicans failed to act responsibly, and 52% believe a coverup was attempted.

If the page scandal captures the raw depravity that is the 109th Congress, the proposed solution captures its raw audacity. Faced with the abuse of children, some lawmakers have called for the removal of the children. First voiced by Rep. Ray LaHood, R-Ill., some members have indicated that they would terminate the page service after almost 200 years of tradition. As LaHood explained, "We should not subject young men and women to this kind of activity, this kind of vulnerability." When asked whether he was suggesting that his colleagues cannot be trusted with children, he responded, "Well, that's pretty obvious."

Though this might seem like preventing bank robbery by getting rid of banks, it makes sense in the parallel moral universe of the 109th Congress. Indeed, these lawmakers appear to have adopted Oscar Wilde's rule that the only way to be rid of temptation is to yield to it.

Hence, the LaHood proposal: If one cannot deliver one's colleagues from temptation, you must remove the temptation from one's colleagues. Presumably, only then could pedophilic members be able to fully focus on the public good.

Under this logic, pages are the problem — lurking in the halls like sirens of destruction for lawmakers. Apostle Peter warned of such temptation with the devil "as a roaring lion walketh about, seeking whom he may devour." Only the faithful would survive, he cautioned, and "your brethren" would be brought low by "the same afflictions."

Fortunately, LaHood's solution has little support. Yet he and his colleagues may be on to something. While they accept that some members cannot be relied upon to exercise self-restraint with children, they do not address other temptations that have brought their brethren low. For example, why not bar lobbyists? If lawmakers have difficulty showing restraint around children, they've shown even less restraint around lobbyists.

The scandals are too numerous to detail, but various members are under criminal investigation, indictment, or federal custody. Former majority leader Tom DeLay is under indictment in Texas; Rep. William Jefferson, D-La., is still trying to explain $90,000 wrapped in foil in his freezer; GOP congressman Bob Ney of Ohio will likely face prison time after pleading guilty to conspiracy and making false statements while former colleague Randy "Duke" Cunningham of California is already in prison for taking more than $2.4 million in bribes.

In addition to various lawmakers still under investigation in the scandal involving lobbyist Jack Abramoff, members such as Speaker Dennis Hastert, R-Ill., Rep. Alan Mollohan, D-W.Va., and others have been accused of self-dealing in steering hundreds of millions of federal funds for personal benefit. Dozens of lawmakers have been criticized for having children or spouses working for lobbyists or accepting exorbitant vacations from outside groups. Just this week, the FBI searched homes in an investigation of whether Rep. Curt Weldon, R-Pa., used his position to steer lobbying jobs to his daughter.

LaHood himself has been accused of questionable deals with lobbyists, including his earmarking of millions of dollars to benefit projects and firms. Some of these earmarks involved lobbyists who once sat on LaHood's fundraising committee. (After

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the Abramoff scandal, LaHood suddenly announced that he would get rid of his lobbyist-laden committee.) Likewise, LaHood and his wife have also been criticized for their free trips abroad, including one to China paid by the not-for-profit Aspen Institute.

Applying LaHood's logic, the solution is simple: no lobbyists, no lobbying scandals. Indeed, it is possible to remove every historic temptation from the halls of Congress so members can walk to the floor without a distracting thought. We could ban call girls (common in past scandals) and even order both genders to cover themselves with burqas while visiting congressional offices. The result would be a hermetically sealed, temptation-free environment for our morally challenged leaders.

Yet, it is sometimes more efficient to fence in a risk rather than to force everyone else to fence it out. It follows that it would be far better to fence in our lawmakers rather than fence out temptations such as children, pets or suggestively arranged plants.

Neither efficiency nor morality, however, have been particularly great influences on the 109th Congress. And it is a measure of how out of touch LaHood and company have become that they would address the lack of restraint of some lawmakers by eliminating all pages.

I am no biblical scholar, but when Peter promised that "the Lord knoweth how to deliver the godly out of temptations," I don't think this is what he had in mind.

Jonathan Turley is the Shapiro Professor of Public Interest Law and a member of USA TODAY's board of contributors. He served as a House leadership page in 1977 and 1978.

Congressman Faces Questions Over Who Paid For Pacific Trip (NYT)

By Raymond Hernandez

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Representative John E. Sweeney, an upstate Republican who is in a fierce fight to keep his seat, is facing questions about a trip he took to a western Pacific island with an associate of Jack Abramoff, the powerful Washington lobbyist at the center of an extensive corruption scandal.

The Times Union of Albany reported yesterday that Mr. Sweeney might have violated House ethics rules when he failed to disclose who paid for a trip that he made in January 2001 to one of the Northern Mariana Islands with Tony Rudy, who worked for Mr. Abramoff.

Mr. Sweeney made the trip to deliver a speech to the Saipan Chamber of Commerce in the Commonwealth of the Northern Mariana Islands, a territory of the United States. Mr. Rudy was lobbying on behalf of the commonwealth.

The newspaper reported that the Chamber of Commerce says it paid for Mr. Sweeney's visit. But Mr. Sweeney failed to report that the chamber paid for the trip, despite Congressional rules requiring full disclosure of privately financed travel, according to the newspaper. The same rules prohibit lobbyists or lobbying groups from sponsoring Congressional travel.

Responding to the report, Mr. Sweeney's office released a statement saying that he believed the government of the Marianas had paid for the trip. House rules do not require the disclosure of any travel sponsored by the government, including United States territories.

"Congressman Sweeney has always endeavored to comply with every disclosure obligation, including this trip," said Melissa Carlson, his spokeswoman. "If the information the congressman was given proved to be inaccurate, he would immediately take action to self-report and fully comply with all requirements."

Apparently in an effort to head off any more potentially damaging news from the episode, Mr. Sweeney's office released a copy of a letter he sent to the House ethics committee indicating that the Chamber of Commerce might have paid for his trip, and not the government as he initially thought.

"I submit this information to the committee along with a request for guidance as to whether I am in compliance with all House rules or disclosure requirements," he wrote in his letter.

The questions being raised about the trip are an unwelcome development for Mr. Sweeney, who was already confronting a tough re-election fight with a little less than three weeks before Election Day. Throughout the campaign, he has made a series of questionable decisions that his Democratic rival, Kirsten Gillibrand, has used in an effort to portray him as ethically compromised.

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Ms. Gillibrand quickly seized on the latest disclosures to go on the offensive again on Wednesday. Without citing evidence, Ms. Gillibrand and her advisers said that the trip might have been paid for by Mr. Rudy, who pleaded guilty in April to charges that he accepted thousands of dollars in illegal gifts in return for influencing legislation on behalf of Mr. Abramoff.

"Sadly, it is no surprise that John Sweeney is in trouble again," Ms. Gillibrand said.

Rep. Sweeney Didn't Report Marianas Trip With Abramoff Colleague (AP)

By Devlin Barrett, Associated Press Writer

AP, October 19, 2006

ALBANY, N.Y. -- Rep. John Sweeney may have failed to properly report a 2001 trip with a lobbyist now cooperating in a federal investigation of congressional corruption, but he insisted Wednesday he did not knowingly violate any rules.

Sweeney, R-Clifton Park, asked the House Ethics Committee to tell him if he should submit new paperwork about his reimbursed travel five years ago.

"I don't believe that I'm not in compliance," said Sweeney.

The Times Union of Albany reported Wednesday that the Northern Marianas government denied paying for the congressman's travel. Instead, the executive director of the Saipan Chamber of Commerce said her group financed the trip, the newspaper reported.

Abramoff was lobbying at the time on behalf of the Northern Marianas government, which opposed labor reforms proposed for the U.S. commonwealth.

His colleague, Tony Rudy, who had just left the staff of former House Majority Leader Tom DeLay to work for Abramoff, accompanied Sweeney. Rudy is now cooperating in a federal investigation into congressional corruption involving Abramoff.

Sweeney, who has not been linked to the Abramoff corruption case, said Wednesday, "I don't know Jack Abramoff and I've never even met Jack Abramoff."

The congressman's financial forms were reviewed last year by the Department of Justice at the same time records of Rep. Bob Ney, R-Ohio, were reviewed. Ney pleaded guilty Friday to conspiracy and making false statements as part of the Abramoff influence-peddling scandal.

Sweeney sent a letter to the head of the House Ethics Committee on Wednesday asking whether he should amend his disclosure forms, seeking "guidance as to whether I am in compliance with all House Rules or disclosure requirements."

The congressman is in the midst of his most challenging re-election campaign, against Democrat Kirsten Gillibrand.

She has repeatedly accused Sweeney of ethical lapses, and said of the 2001 trip: "Its not clear what's worse: his failure to disclose that a criminal paid for his trip abroad or that he was willing to sing the praises of an island of sweatshops and child prostitution."

Sweeney spokeswoman Melissa Carlson said the congressman had been told the trip was paid for by the Marianas government, which is a U.S. territory. Lawmakers are not required to report travel paid for by the government.

"If the information the congressman was given proved to be inaccurate, he would immediately take action to self-report and fully comply with all requirements," Carlson told the Associated Press. "The congressman has always acted in good faith with respect to official travel."

Sweeney spoke at the Saipan Chamber of Commerce during the trip, in part because Northern Mariana Islands officials wanted Sweeney to advise them on potential reforms of local businesses that Democrats brand sweatshops.

Sweeney, a former state labor commissioner, said Wednesday that during the trip, "what I saw was very above-board."

Rep. George Miller, D-Calif., an outspoken critic of the Marianas garment industry, said the problems there are obvious.

"The only way you could avoid seeing the abuses in the Marianas is if you were deliberately looking the other way," said Miller. "It is the responsibility of members of Congress to do their own research before going on a trip or entering into a relationship with a lobbyist. By 2001 there was ample documentation of serious abuses in the Marianas."

Chamber of Commerce Executive Director Christine Parke told the Times Union in an e-mail that the chamber "did pay for Mr. Sweeney's expenses out of the proceeds of the dinner." She said she had no supporting documents and could not provide a total cost.

Charles Reyes, spokesman for Marianas Gov. Benigno R. Fitial, wrote to the newspaper: "Our finance office confirms that, based on available financial records, the CNMI government did not make any payment to or for Congressman John Sweeney for any expenses in connection with the congressman's travel to the commonwealth on or about January 2001."

Bob Ney, Guilty But Still At Capitol (NYT)

By Philip Shenon

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Representative Bob Ney is headed to prison early next year after pleading guilty to charges of accepting tens of thousands of dollars in illegal gifts from lobbyists. Until then, Mr. Ney, a six-term Republican from Ohio, has a comfortable place to bide his time.

His Congressional office — the one that he has effectively acknowledged selling to the highest bidder — is open for business.

"The office of Congressman Bob Ney," his telephone receptionist said in a cheery voice Tuesday morning, as if nothing had happened to her boss, the first member of Congress to confess to crimes involving the corrupt lobbyist Jack Abramoff.

Mr. Ney's brass nameplate still hangs on the wall next to the heavy wooden doors of Room 2438 in the Rayburn House office building, just across the street from the Capitol, and it is likely to remain there for at least a few more weeks.

On Wednesday, much of his staff in Washington apparently worked a half-day, typical for Congressional offices during the pre-election recess. Mr. Ney's lawyers said the locked doors this afternoon did not mean the office was closed permanently.

The day before, the lawmaker's aides could be seen wandering in and out of his offices with regularity, all barred from commenting on Mr. Ney's whereabouts or how he is spending his time. "We're not allowed to talk with you," said a young female staff member, clutching a stack of what appeared to be constituent mail.

In his guilty plea last week, Mr. Ney admitted to taking many gifts from Mr. Abramoff, including a 2002 golfing trip to Scotland by private jet, and then lying about them in his financial disclosure forms.

To the dismay of House colleagues eager to remove him as a symbol of the corruption scandals that are tarring several Republican candidates in next month's Congressional elections, Mr. Ney, defying House leaders, has refused to step down for now, insisting that he owes his staff and his constituents a few more weeks of his time.

Until the House reconvenes after the elections, there is no way under Congressional rules to force him out. Republican House leaders have vowed to make Mr. Ney's expulsion their first order of business when they return to Washington next month.

The last House member who faced expulsion, James Traficant Jr., a Democrat and a fellow Ohioan, was ousted from his seat in July 2002, four months after his conviction on bribery charges. But unlike Mr. Traficant, who continues to proclaim his innocence from prison, Mr. Ney is holding on to his job even after confessing to crimes.

One of Mr. Ney's lawyers, William E. Lawler III, said in an interview that the lawmaker wanted to deal with the "odds and ends" of ending an 11-year career in Congress.

"There's a lot of mechanical stuff that needs to be done — storage, archiving," Mr. Lawler said.

In entering a guilty plea last week, Mr. Ney said in a statement that he would resign within a "few weeks" but wanted to remain in Congress for now "to make sure my staff members are O.K. and that any open constituent matters and obligations" are dealt with.

Mr. Lawler was critical of skeptics who question whether Mr. Ney, whose most recent disclosure forms suggest that his only major asset is a second home in Greece worth $100,000 to $250,000, is holding on in Congress mostly because he wants to cash his final paychecks.

"I don't know why people don't accept his explanation at face value," the lawyer said.

The refusal to resign means that Mr. Ney can continue to draw on his $165,200-a-year salary, equivalent to $3,176 for each week he remains in the House, and his Congressional expense account, and to make use of a suite of offices on Capitol Hill, as well as four offices in his district in southeastern Ohio.

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His Congressional staff — 16 people, according to the latest House staff directories — is still in place, with salaries totaling more than $70,000 a month. There appears to be a vacancy in the job of press secretary, however; reporters seeking comment from Mr. Ney are routinely referred to his chief of staff, David Popp, who has not returned several calls in recent weeks.

Mr. Ney's official House Web site is still on line, although his Web master has fallen far behind in updating the site. There is no mention of Mr. Ney's legal problems or his guilty plea, and the most recent online news release dates from August. Mr. Ney also retains an open invitation to the House gym.

One of his Congressional perks, free travel, has been curtailed, but not by his House colleagues. The federal judge who accepted Mr. Ney's guilty plea, Ellen Segal Huvelle, ordered him to turn over his passport and barred him from traveling outside the United States until his sentencing hearing, now scheduled for Jan. 19. Under the plea agreement, Mr. Ney could face up to 10 years in prison, but prosecutors are recommending 27 months.

Mr. Ney, despite a criminal record, will be able to begin collecting a Congressional pension of about $30,000 a year in a decade, when he turns 62.

Mr. Lawler, Mr. Ney's lawyer, said he was unsure if the lawmaker was working out of his Capitol Hill offices this week or if he was back in Ohio. Staff members working for other House members in the Rayburn building say they have not seen Mr. Ney for weeks.

"He's in and out," Mr. Lawler said. "I just don't have a lot of information for you."

Cunningham Offered To Testify From Jail (RC)

By John Bresnahan

Roll Call, October 19, 2006

Former Rep. Duke Cunningham (R-Calif.) has offered to testify about his activities as a member of the House Intelligence Committee to the panel's chairman, Rep. Pete Hoekstra (R-Mich.), but only if Hoekstra personally travels to the North Carolina federal prison where Cunningham is now serving a sentence for bribery-related charges.

Hoekstra turned down the offer to meet with his former colleague, which was outlined in a recent letter from Cunningham to the Michigan Republican. Hoekstra told Cunningham that he wanted a special counsel appointed by the committee, Michael Stern, to conduct any interview with the imprisoned ex-lawmaker.

Cunningham's lawyer, Lee Blalack, was unaware of the letter that Cunningham sent to Hoekstra until informed by the committee. Blalack has stated repeatedly that Cunningham will refuse to testify before the committee even if subpoenaed by the panel.

"I didn't know [Cunningham] was going to send it or had sent it," Blalack said.

Blalack declined to comment further on the letter, but both he and Justice Department officials do not want Cunningham to provide evidence to Congressional investigators until the criminal probe of the bribery scandal that brought down the former lawmaker is completed, which is likely to be in 2007 at the earliest.

Sources close to the case say Cunningham's offer to testify may be rescinded soon.

Disclosure of Cunningham's letter to Hoekstra comes after the Michigan Republican and Rep. Jane Harman (D-Calif.), the ranking member of the Intelligence Committee, have publicly clashed over Harman's decision to release a summary of Stern's investigation, and over the need to subpoena Cunningham.

Harman was aware of Cunningham's letter to Hoekstra, and in a statement released by her office on Tuesday, she said it was "totally inappropriate for the Chairman to be in contact with Cunningham, which he has been."

Hoekstra, for his part, claimed Cunningham's willingness to testify was reason enough to delay the release of Stern's report, the original, classified version of which was completed in May. In July, Stern finished an unclassified version of his report, but Hoekstra has declined to publicly release that document.

"Cunningham has reached out to the committee and offered his testimony, a possibility the independent counsel is still reviewing," Hoekstra said in a statement released Tuesday. "Until a final determination has been reached on securing Cunningham's testimony and [until] the full committee can review the independent counsel's final report, this inquiry cannot be considered complete."

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Hoekstra added that "consistent with the opinion of the D.C. [B]ar that it is unethical to subpoena a witness before Congress who intends to plead the Fifth, I will not issue a subpoena solely for the theatrics of having Cunningham appear and take the Fifth."

Stern concluded that Cunningham, who is serving a 100-month prison sentence for bribery, fraud and tax evasion, used his seat on the House Intelligence Committee, as well as his position on the powerful Appropriations subcommittee on Defense, to steer $70 million to $80 million in government contracts to two men alleged to have paid him more than $2.4 million in bribes.

One of those men, Mitchell Wade, former CEO of defense contractor MZM Inc., pleaded guilty in February to bribery and election fraud. Wade has not been sentenced yet.

Brent Wilkes, CEO of ADCS Inc., a California-based defense contractor, has been implicated in the case as well but has not been charged.

Ignoring Red Flags (WP)

The Washington Post, October 19, 2006

RANDY "DUKE" Cunningham couldn't have done it on his own. The California Republican, now serving time for taking $2.4 million in bribes from defense contractors, was enabled in his criminality by a system that empowers members of key congressional committees to earmark funds for favored entities, by the secrecy surrounding intelligence spending, and by the compliance of congressional staff members and others who acceded to Mr. Cunningham's spending demands despite their misgivings.

A devastating report -- actually, the devastating executive summary of a still-secret report -- by a special counsel to the House intelligence committee found that the corrupt congressman steered between $70 million and $80 million in government spending to defense contractors Mitchell J. Wade and Brent R. Wilkes. The public deserves to see the full 23-page unclassified version of the report, which has been ready since July. Even more, it deserves to know whether any of those complicit in Mr. Cunningham's misdeeds will be disciplined and how such abuses will be prevented in the future.

The most troubling portion of the report concerns how Mr. Cunningham bullied committee staff members into going along with his funding demands despite their concerns about whether tax dollars were being spent wisely. Mr. Cunningham wasn't only a member of the intelligence panel, the report notes, but also sat on the House Appropriations subcommittee in charge of defense spending. As the summary concludes, Mr. Cunningham's membership on a committee "with the power to impact [the House intelligence committee's] key priorities and his willingness to pressure and intimidate [intelligence committee] staff members were key to the success of the Wilkes/Wade funding requests." In particular, Mr. Cunningham used his clout to get Mr. Wade's company, MZM Inc., funding for a project at the Counterintelligence Field Activity agency, the Pentagon's newest intelligence arm.

"Because of Cunningham's insistence, [committee] staff agreed to support this project, despite staff's concerns that it was a 'pork barrel' project and a waste of taxpayer money," the summary said. Bad enough, but even worse is this: "Over time, [committee] staff learned of numerous 'red flags' associated with the counterintelligence project, including frequently expressed questions about the ethics and integrity of Wade, doubts about the value of the project and MZM's performance, and grave concerns about the propriety of the Cunningham-Wade relationship. Despite these red flags, the responsible . . . staff members continued to accept and support Cunningham's growing requests for this project" from 2003 through 2006.

This is an outrageous dereliction of duty. So what is the response of Chairman Peter Hoekstra (R-Mich.)? Mr. Hoekstra has made a useful change in requiring that committee members' earmarks be approved by the chairman and the ranking Democrat, Rep. Jane Harman (Calif.). But he sounds more unhappy with the move by Ms. Harman to unilaterally release the report than about the findings themselves. Indeed, Mr. Hoekstra said in a news release that "it is reassuring that the committee's independent counsel has found no instances of wrongdoing on the part of other committee members or the committee's staff." If Mr. Hoekstra considers this report reassuring, you have to wonder: What is it that might raise a red flag for him?

Blago's Indicted Fundraiser Due In Court Again (CHIT)

By Jeff Coen And Matt O'connor, Tribune Staff Reporters

Chicago Tribune, October 19, 2006

After missing his first two federal court hearings last week because of his international travel, Antoin "Tony" Rezko is expected in court Thursday to be arraigned in at least one of the fraud cases against him.

Sources said there was some indication Wednesday that Rezko, a businessman and top fundraiser for Gov. Rod Blagojevich, would arrive as scheduled at the Dirksen U.S. Courthouse, but they declined to elaborate.

Rezko is scheduled to be arraigned at 10:30 a.m. before U.S. District Judge James B. Zagel.

Personnel in Zagel's courtroom had been notified to expect Rezko.

"It's still on the schedule. We anticipate he will be here," a clerk for Zagel said.

There is a possibility the hearing would have to be delayed until the afternoon to allow Rezko to make it there, sources said.

Rezko's attorney, Joseph J. Duffy, could not be reached Wednesday for comment.

An indictment was unsealed against Rezko last week, charging him with trying to extort millions of dollars from investment firms seeking to do business with the state by leveraging his relationships with high-ranking officials. A second indictment charged Rezko of fraudulently obtaining a $10 million loan for the sale of his pizza business through a straw buyer and retaining ownership. He is scheduled to be arraigned on that charge Thursday.

An arrest warrant has been issued for Rezko, 51, but the FBI has promised not to impede his promised return to the United States. Rezko, a native of Syria who has a home in Wilmette, has not officially been declared a fugitive by law enforcement.

Rezko's attorney, Joseph J. Duffy, said Rezko could not make his initially scheduled arraignment on Friday because he was on a business trip to the Middle East. There was nothing unusual about the travel, and Rezko would return to Chicago to face the charges, Duffy told Zagel and U.S. District Judge Amy St. Eve, who is hearing the other case against Rezko. He wants to return to the country, because he is innocent and wants to defend himself, Duffy said at the time.

Assistant U.S. Atty. Christopher Niewoehner did not accuse Rezko of fleeing to avoid prosecution but said blaming his absence on travel "suggests Mr. Rezko has other priorities than attending this case."

Randall Samborn, a spokesman for the U.S. attorney's office, declined to comment Wednesday.

Rezko is scheduled to be arraigned before St. Eve on Friday in the second case, in which he is accused of directing investment firms to make illegal payments to get business from the state's Teachers' Retirement System.

St. Eve has said she could move the hearing to Thursday if Rezko appeared.

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Beauprez Ad Has Illegal Classified Info (STPPP)

By Steven K. Paulson

The St. Paul Pioneer-Press, October 19, 2006

DENVER - Information in an attack ad run by Rep. Bob Beauprez against his Democratic opponent for governor used illegal confidential information from a federal law enforcement database, Colorado authorities said Wednesday.

The Colorado Bureau of Investigation launched a criminal investigation into the ad after gubernatorial candidate Bill Ritter's campaign raised the possibility that the databases were illegally accessed because the information could not be verified through public records.

Director Robert Cantwell said the information came from the National Crime Information Center, a federal database available only to law-enforcement officials.

"Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation," Cantwell said. "The FBI and CBI will be working jointly to complete the investigation."

Use of the federal criminal database for any purpose other than law enforcement is a crime punishable by fines and up to a year in prison.

The TV ad refers to a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says that when Ritter was the district attorney for Denver, he chose to seek a plea bargain in the case, the man avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor.

The Beauprez campaign has said the information came from an informant and has refused to identify the source.

In a radio debate in Denver earlier Wednesday, Ritter demanded that Beauprez disclose how he got the information, saying the Republican has promised to be accountable for his actions.

"If you're going to talk about accountability ... but you're utilizing information that can only be obtained illegally, we need to know what your source is," Ritter said.

Beauprez responded that Ritter was trying to dodge questions about why he plea-bargained with the defendant mentioned in the ad.

"I think, in fact I know, that the information we've got is absolutely, indisputably true," Beauprez said.

The FBI's involvement "doesn't change anything for us," Beauprez spokesman John Marshall said. "We're going to fully cooperate with whomever we need to cooperate with."

The investigation is an ugly twist in the relatively mild campaign to succeed Republican Gov. Bill Owens, who is prevented by term limits from running again. Recent polls show Beauprez, a two-term congressman, trailing Ritter.

FBI Asked To Join Beauprez Ad Investigation (CSG)

By Kyle Henley, The Gazette

Colorado Springs Gazette, October 19, 2006

DENVER - A criminal investigation of Bob Beauprez's gubernatorial campaign snowballed Wednesday when state investigators asked the FBI to join a probe of how confidential information was obtained from a federal database.

The Colorado Bureau of Investigation determined Wednesday that Beauprez's campaign had used information in a campaign ad that had to have come from the National Crime Information Center. Under federal law, the only people who can legally access NCIC data are the criminals whose records are there, or members of Congress.

Beauprez, whose campaign has refused to disclose the identity of a person it has referred to

as an "informant," is a Republican congressman from Colorado's 7th District.

CBI opened a file against Beauprez late last week, looking into allegations that his campaign illegally used a federal criminal database that is only supposed to be used for law enforcement purposes. It's conceivable the investigation could result in a felony charge.

Information from the database was the foundation for an ad attacking the record of Beauprez's Democratic rival, Bill Ritter, a former Denver district attorney.

"Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation," CBI Director Karl Wilmes said. "The FBI and CBI will be working jointly to complete the investigation."

Beauprez has denied any wrongdoing, and campaign spokesman John Marshall reiterated that Wednesday.

"We are going to cooperate in every way with law enforcement on this, because we've done nothing wrong," Marshall said.

At a debate last week, Beauprez said the information was obtained from an informant. He said the campaign would demonstrate that the information was obtained legally.

Marshall, however, would not reveal the name of the informant, saying he is protecting a confidential source.

Ritter's campaign asked for the investigation, which has derailed Beauprez's damaging political attacks less than three weeks before the Nov. 7 election.

"The congressman is now on day six of refusing to disclose his source, and, with each passing day, he digs himself a deeper and deeper hole," said Evan Dreyer, Ritter's spokesman. "He has asked voters to hold them accountable. Well, he can rest assured the FBI will hold him accountable."

The Beauprez ads highlighted 152 cases in which Ritter's office offered plea agreements to immigrants — both legal and illegal — to help them avoid deportation.

Last week, the campaign ran a potentially damaging television ad featuring Carlos Estrada Medina, who was arrested in Denver on drug charges but only received probation under a plea agreement. The ad claims Medina was later arrested in California for a sexual abuse of a child.

Several media outlets investigated the ad and could not find any information about a California case involving Medina. Checks under his aliases also turned up nothing.

But over the weekend, Marshall told 9NEWS, a Denver television station, that "in federal criminal databases, the guy's information matches up."

The NCIC contains confidential law enforcement records about criminal histories, fugitives, stolen property, missing persons and other details. The records in the NCIC are only available for law enforcement purposes; it is a crime to access those records for almost any other reason.

The law does, however, allow a member of Congress to access the database if a constituent requests his or her own record.

Marshall insists that no one on the campaign accessed the NCIC and that all the information was obtained through the public domain.

"If anyone had done that on our campaign they would have been fired," he said. "We received information we believed to be credible and lawful and verified it through means we believed to be lawful."

But, according to the CBI, the NCIC was the source of the information.

"The CBI thoroughly reviewed and researched the law enforcement databases and determined that the information regarding ... Medina ... was obtained by accessing the federal crime information system known as NCIC," Wilmes said.

Wilmes would not say who accessed the system, something he said is part of the investigation, which he said will take time to complete.

That's bad news for Beauprez's campaign.

Colorado College political science professor Bob Loevy says he thinks that even if Beauprez is exonerated and found to have done nothing wrong, the damage may already be done.

"It may get cleared up before the election gets here, but even then ... all that many voters hear is FBI investigation and Bob Beauprez," Loevy said. "It is just a losing event for the Beauprez campaign. It also mutes what looks like their strongest issue against Ritter."

Prosecutors Want Postponement In Pellicano Trial (LAT)

By Greg Krikorian

The Los Angeles Times, October 19, 2006

Federal prosecutors today urged a judge to reject Anthony Pellicano's request that his wiretapping trial begin as scheduled in February, arguing that the complexity of the case, the number of defendants and other factors justify postponement until next fall.

At the same time, prosecutors told U.S. District Judge Dale S. Fischer that if she agrees with Pellicano's request, the government wants to proceed with a February trial for the former private eye and all of his six co-defendants, all but one of whom have agreed to a delay.

On Monday, the U.S. Attorney's Office and lawyers for five of Pellicano's co-defendants filed a stipulation with the judge saying that a delay in the trial was necessary for defense attorneys to review the vast amount of evidence, including 150,000 pages of documents and 443 recorded conversations.

Pellicano and his attorney opposed the move, arguing that he was ready for trial and was eager to resolve the case because he has been behind bars without bail since his indictment in February.

Jail Guard In O.C. Held As Bribery Suspect (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, October 19, 2006

He allegedly took money from one or more inmates to supply them with contraband such as cellphones and bodybuilding substances.

A guard at a federal detention center in Orange County was arrested this week on suspicion of taking bribes in exchange for smuggling contraband to at least one inmate, including cellphones, a small computer, protein powders and other bodybuilding substances, a federal official said.

Jose Abel Flores is a correctional officer at the Santa Ana City Jail, which has a contract to house federal prisoners awaiting trial. Flores, 36, of Corona was taken into custody Monday at the jail.

He is scheduled to appear at a bail hearing today.

Flores' attorney, federal Public Defender Dan McCurrie, could not be reached for comment.

Assistant U.S. Atty. Kenneth B. Julian, the lead prosecutor, said he would probably ask that Flores be held without bail.

According to an arrest affidavit prepared by FBI agent Philip J. Carson, the investigation was carried out with the help of an unnamed inmate who is awaiting sentencing on weapons and drug charges, and who is cooperating with the government in hopes of leniency.

The inmate told Carson that Flores began supplying him with illegal goods in November 2005. Under their arrangement, Flores supplied a Sidekick III cellphone, a hand-held computer commonly used for playing video games, liquid creatine and Hydroxycut pills and food, whenever the inmate asked, according to authorities and the affidavit.

Julian said it was not immediately clear whether Flores was delivering goods to other inmates, though prosecutors "strongly suspect there's other people he supplied."

For his services, Flores was paid several thousand dollars, the affidavit says. On many occasions, Flores collected the money from an associate of the inmate by meeting him at a designated pickup point in Puente Hills, the affidavit says.

Based on this information, investigators mounted a sting operation in which Flores was audiotaped and photographed at the meeting spot carrying out the deals, once in August and again in September, according to the affidavit. Each time, the inmate asked for a cellphone and gave Flores the name and number of an undercover agent posing as the bagman.

During the first sting, Flores told the inmate it would cost him $3,000, and Flores arranged over the phone to meet the undercover agent at a McDonald's in Seal Beach, the affidavit says. A month later, the inmate told Flores he had to flush the phone down the toilet to keep it from being discovered and needed a new one. Initially, Flores said he would charge $2,000. But the next day, he raised the price to $3,000, the affidavit says.

The phone conversations between Flores and the undercover bagman were also recorded, the affidavit says.

After Carson arrested Flores and read him his rights, the guard admitted accepting $6,000 for bringing two cellphones into the jail, it says.

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Murder Trial Lies With Conspirator (WT)

By Gary Emerling

The Washington Times, October 19, 2006

The trial of a man charged with killing New York Times journalist David Rosenbaum opened yesterday with attorneys on both sides saying that the case hinges on the testimony of the defendant's cousin and admitted co-conspirator.

Michael Hamlin "will confess to you that he and his cousin did this terrible thing," Assistant U.S. Attorney Amanda Haines told jurors during opening statements in the trial of Percey Jordan Jr. "You will find out that the evidence in this case 100 percent corroborates what he is telling you."

Mr. Jordan, 42, is charged with felony murder, aggravated assault and credit-card fraud.

Mr. Rosenbaum, 63, was out for a walk late Jan. 6 when he was beaten and robbed on Gramercy Street near his Northwest home. He died two days later at Howard University Hospital.

Hamlin, 24, pleaded guilty to second-degree murder, robbery and conspiracy and is expected to testify against Mr. Jordan.

He has admitted stealing Mr. Rosenbaum's wallet but said Mr. Jordan hit the journalist on the head with a pipe.

Miss Haines said yesterday that Mr. Jordan shoved the pipe up his sleeve and hid behind a tree before ambushing Mr. Rosenbaum.

"He raised that lead pipe and brought it down, down, down onto Mr. Rosenbaum's head," Miss Haines told the jury. "As Mr. Rosenbaum fell into a crumpled heap, this man sitting right across from you hit him again and again and again."

The D.C. Superior Court jury, which consists of 12 jurors and four alternates, comprises 15 women and one man.

Defense attorney Michael Starr sought to discredit Hamlin in his opening statements.

He said that Hamlin, who surrendered to police after seeing his face broadcast on television, has changed his story repeatedly to cooperate with police and keep himself out of trouble.

"The government has manufactured a case about a completely unbelievable, untrustworthy story they have been fed by Michael Hamlin," said Mr. Starr, who noted a lack of forensic evidence in the case. "That story, the evidence will show you, is false [and] untrue."

Hamlin did not testify yesterday, although jurors heard from several other prosecution witnesses.

Rosemary Tornillo, a resident in the Rosenbaums' neighborhood, testified to passing Mr. Rosenbaum the night he was attacked.

Mrs. Tornillo said she saw two black men get into a car and drive in Mr. Rosenbaum's direction shortly after he had passed her. The men were in a car that Miss Haines said the car belonged to Hamlin.

"It's going to come in as little pieces like a puzzle, and we're going to put it together," Miss Haines said.

Jurors also heard testimony from Mr. Rosenbaum's daughter, Dorothy, and Marian Dirda, a woman whose purse was stolen Jan. 6 and whose credit cards were used along with Mr. Rosenbaum's by Mr. Jordan, prosecutors said.

Prosecutors also played the recording of a 911 call from a resident on Gramercy Street reporting Mr. Rosenbaum lying on the sidewalk outside her home.

Feds Net 125 Nationwide In Kid-Porn Case (AP)

By Wayne Parry

The Associated Press, October 18, 2006

NEWARK, N.J. (AP) -- A Bible camp counselor and a Boy Scout leader were among 125 people arrested nationwide in an Internet child pornography case in which subscribers purchased photos and videos of children engaged in sex acts with adults, federal authorities said Wednesday.

The case originated in New Jersey, but quickly spread to 22 states. The defendants were charged with either possession or receipt of child pornography. Additional arrests are expected.

Prosecutors said the Web site alerted subscribers that its content was illegal and urged them to be discreet about their purchases.

"When I say `hard-core' pornography, I am talking about child pornography that includes images of children as young as six months involved in bondage and sodomy," U.S. Attorney Christopher Christie said. "This type of depraved conduct is something a civilized society cannot tolerate."

Christie said none of the defendants appeared in any of the images they obtained from the Web site. He would not identify the Web site or say whether it is still in operation.

Among those arrested were a Bible camp counselor from Vancouver, Wash.; a Boy Scout leader from Mission, Texas; and a pharmaceutical researcher in New Jersey.

Several of those arrested nationwide have prior records for molesting or sexually assaulting children, officials said.

One defendant from San Diego told agents at his arrest that he had molested at least eight children over a 30-year period, and boasted of being able to identify particularly vulnerable children, said Christie.

Miami Man Sentenced For Being Teen's Pimp (MH)

By Evan S. Benn

The Miami Herald, October 19, 2006

A Miami man will spend 10 years in prison for planning to drive a 14-year-old girl to Georgia and prostitute her.

A federal judge on Monday sentenced Michael Miller, 29, who pleaded guilty in August to attempting to transport a minor for prostitution.

The girl, whose street name was China Doll, told investigators Miller was her pimp, driving her to truck stops and other places throughout Florida to have sex for money.

She spoke to police after undercover officers arrested her during a Miami prostitution sting in April. When officers realized she was 14, they quickly moved to find Miller.

During the teen's police interrogation, her cellphone rang several times from a caller ID that read ``Daddy."

Miller made the teen call him Daddy, and he took all of her prostitution earnings, up to $1,000 a day, investigators said.

A MEETING

The teen told detectives Miller "beat her on several occasions if she did not follow his rules, acted defiantly or looked at other men," according to court documents.

Miller was planning to take the teen to Georgia to prostitute, investigators said.

Police set up a meeting between the girl and Miller at Southwest 44th Avenue and Eighth Street on April 6, the same day as the girl's arrest.

Miller showed up in a 1998 Cadillac Deville and was arrested by FBI agents.

Inside the car, agents found high-heeled shoes, skimpy dresses, nude photos of the 14-year-old girl and DVDs titled Pimps Up, Ho's Down and American Pimp, court documents show.

CHARGE REDUCED

Miller had faced a charge of attempting to induce a minor into prostitution, which carried a maximum 30-year sentence. But prosecutors reduced the charge when Miller took a plea agreement.

Attempts to reach a spokeswoman for the U.S. attorney's office were unsuccessful.

Prosecutors wrote in court documents that Miller's plea showed ``affirmative and timely acceptance of personal responsibility."

In pleading guilty, Miller spared the government the expense of a trial, and he eliminated his right to appeal, according to the agreement.

Miller's criminal history includes a jail term in 2003 for a robbery conviction and marijuana arrests in 2005 and this year, records show.

Young, Cold And For Sale (NYT)

By Bob Herbert

The New York Times, October 19, 2006

Atlanta

The girl approached me on a desolate stretch of Metropolitan Parkway, about halfway between the airport and the clustered lights of the downtown skyline. The night was unusually cold and she was shivering a little. She told me she was 15, but she didn't look more than 12.

It was bad enough that the child was outside at all at midnight. The fact that she was turning tricks was heartbreaking. I explained that I was a reporter for The New York Times and asked if she would wait while I went to get someone to help her. She looked surprised. "I don't need any help," she said.

I had already spent a night traveling with undercover vice cops, and they had pointed out the different neighborhoods in which under-age prostitutes, some as young as 10, roamed the streets.

"The girls are exploited in every sense of the word," said Lt. Keith Meadows, who heads Atlanta's vice unit. "The men are all over them — the pimps, the johns. The girls get beaten. That's common. They're introduced to drugs. And the pimps take all the money. It's sad.

"I would say that in most cases, the girls never knew their fathers. A lot of them were abused at home and they end up in the clutches of these pimps, putting their trust in someone they shouldn't have."

Atlanta, for a variety of reasons, has become a hub of child prostitution and other forms of commercial sexual exploitation of children. The overall market for sex with kids is booming in many parts of the U.S. In Atlanta — a thriving hotel and convention center with a sophisticated airport and ground transportation network — pimps and other lowlifes have tapped into that market bigtime.

"These guys are even going into rural Georgia and getting these girls and bringing them into Atlanta," said Alesia Adams, a longtime advocate who has worked with the courts and social service agencies to assist young girls who are lured into the sex trade.

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Kaffie McCullough, the project director of a federally sponsored intervention program, said Atlanta's juvenile prostitution problem "is a lot bigger than anybody would really like to know." The sex trade in Atlanta is "a huge, huge, huge industry," she said, and the involvement of kids under 17, which is the age of consent in Georgia, is a substantial part of it.

Stephanie Davis, the policy adviser on women's issues for Mayor Shirley Franklin, agreed. "Sex tourism is coming south," she told me. "There is advertising that I've seen on the Internet and other places that actually targets the New York market, urging men to come to Atlanta for the day and fly back home that night."

The risks for pimps and other exploiters of children are low, and the payoff is often enormous. Demand is increasing for younger and younger prostitutes, in part because of the cultural emphasis on the sexual appeal of very young women and girls, and in part because of the widely held belief among johns that there is less risk of contracting a disease from younger prostitutes.

For the girls, life on the street can be hellish. A study released last fall by the Atlanta Women's Agenda, an initiative of the mayor's office, noted that the girls are always highly vulnerable to rape, assault, robbery and murder, not to mention arrest and incarceration. Added to that are the psychological risks, which are profound.

The girl who approached me on Metropolitan Parkway had walked alone across an empty, rundown parking lot. The usual practice, I had been told, was for johns in cars to pick up the girls and then drive behind an abandoned commercial building, of which there were plenty in the area.

The girl said she had a "boyfriend," which is the word the girls use for their pimps. When I asked if her boyfriend knew what she was doing, she said, "He told me to do it."

She lifted her chin and proudly showed me a cheap necklace she was wearing. "He gave me this," she said. "He loves me."

I tried to think of a way to bring the girl to the attention of some social service agency, or even the police. But taking her into my rented car, even if she had been willing to go with me, was out of the question. I looked around, hoping to spot a passing patrol car.

The girl's bangs fluttered as the wind picked up. She looked cold. "I gotta go," she said.

Council Alters, Then Extends Emergency Anti-crime Efforts (WT)

By Amy Doolittle, The Washington Times

The Washington Times, October 19, 2006

The D.C. Council agreed unanimously yesterday on legislation to continue the enforcement of some of the emergency crime measures passed this summer.

The bill renews for 90 days three of the provisions passed by the council in early July, after an increase in violent crime.

The provisions authorize the continued use of neighborhood-surveillance cameras, some offenders being held until trial and police still having access to juvenile criminal records.

The bill was written and introduced by council member Phil Mendelson, at-large Democrat, and is a compromise between the council and Mayor Anthony A. Williams, a Democrat.

The bill does not have a provision Mr. Williams included Tuesday in similar legislation, which gave the mayor the power to set the time for the city's juvenile curfew.

Though the bill still allows police to see juvenile records, it limits their access to the offender's name, address, date of birth and condition of release. Unlike the July emergency bill, it does not allow them full access to case files.

"There was a broad class of juveniles for whom the information can be shared," Mr. Mendelson said. "We've narrowed that ... . We substantially moved to finding a balance."

Mr. Mendelson said he removed the curfew provision and limited the access so the bill could meet the requirements of a statute barring passage of the same bill more than once on an emergency basis.

Charlotte Brookins-Hudson, the council's attorney, told The Washington Times last month the bill would require a "very substantial modification" to be permitted under the statute, which is designed to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson said the bill met the requirement in part because of Mr. Mendelson's changes.

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Council member Adrian M. Fenty, Ward 4 Democrat and the Democratic nominee for mayor, was the only council member to vote against the legislation in July. He said yesterday he supports Mr. Mendelson's changes to the bill.

"I'm behind what Mendelson did with it," Mr. Fenty said. "That's better than what we had before."

The bill includes $12.7 million for youth-violence prevention, the purchase and operation of additional neighborhood-surveillance cameras, additional police overtime pay and extended hours and staffing at city recreation facilities.

CIVIL LAW:

North Slope Family Seeks $40 Million From BP (FAIRDNM)

By Sam Bishop

Fairbanks (AK) Daily News-Miner, October 19, 2006

WASHINGTON — A family that owns land under a BP oil drilling pad on the northeast shore of Prudhoe Bay wants the company to pay at least $40 million in back rent, and it is suing the federal government and going to the media to push the point.

The U.S. Department of Justice, in a recent response to the lawsuit, says the lease was made properly and the family has been paid what it is owed — about $670,000 from 1994 to 2001.

A BP spokesman said Tuesday that the family's dispute is properly with the federal government, not the company.

Joseph Inu-quruq Delia, who lives in Anchorage but grew up in Fairbanks, said the federal Bureau of Indian Affairs failed to negotiate a fair lease on behalf of his grandfather, Andrew Oenga.

Oenga, an Inupiat who didn't read or speak English, died in 1990, a year after signing the original lease.

"We're just seeking justice for the wrong they've done," Delia said in an interview Tuesday. "The government failed him."

Delia is one of eight family members, known as the "Oenga heirs," who sued the government in June. They live in Anchorage, Barrow and Fairbanks.

Their lawsuit targets the government for the money. However, a summary distributed by Levick Strategic Communications, a Washington firm hired to spread the story to the media, also pointed to BP.

"BP is an intervener in this lawsuit and will probably be responsible for all monetary damages awarded by the court," the summary claims. The company "knowingly" took advantage of BIA's errors, it says.

Daren Beaudo, BP spokesman in Alaska, said Tuesday that the company paid all the money it owed under the government's appraisal of the Oenga property. Appraisals must be updated every four or five years. That lagged at one point, Beaudo said, so BP even prodded the agency to conduct a new appraisal. The company has paid the resulting increase in rent, he said.

The Oenga heirs have no rights to the oil under the land, he noted. "The money they receive is strictly for the use of the surface," he said.

BP has asked to intervene in the lawsuit just to "be a part of the process," Beaudo said.

Oenga, who lived across the North Slope in his youth, obtained the Prudhoe Bay land as a Native allotment. Delia, his grandson, said the family had a traditional sod house at the site, located on the long narrow spit called Heald Point. Delia's mother was born there.

Congress ended the allotment program in 1971 when it passed the broad settlement of indigenous land claims in Alaska. Nevertheless, business arrangements on allotments are subject to approval by the federal government, part of its "trust" responsibility to Native people.

Title to the land, as with all Native allotments, gave Oenga surface rights only — the oil and gas underneath is owned by the state.

In 1989, Oenga and the federal Bureau of Indian Affairs approved a lease of his property's surface to Standard Alaska Production Co., which subsequently became BP Exploration (Alaska) Inc. BP initially wanted to use the property for a road and pipeline.

BP secured an amendment to the lease in the summer of 1993 so it could use the land as a drilling pad to reach the Niakuk oil field, according to the family's lawsuit.

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The BIA's superintendent in Fairbanks, Sam Demientieff, approved the amendment a few days later, according to the lawsuit. The lease also was amended twice in the next two years, they claim.

The lawsuit, filed in the U.S. Court of Federal Claims in Washington, D.C., by Idaho attorney Ray Givens, asserts that the BIA and BP then undervalued the use of the land as a drilling pad.

That's in part, the suit claims, because the BIA used the wrong leasing method in the amendments, sticking with a road-pipeline lease instead of an oil and gas mineral development lease.

The bureau thus "did not appraise the property in its highest and best use as a multiple well-head long reach directional drilling oil production facility and did not use similar oil production facilities as comparables," according to the lawsuit.

"The plaintiffs on several occasions have requested the United States to appraise their land as an oil production property," the lawsuit states. "The United States has failed to have the property so appraised …"

A BIA representative in Washington could not be reached late Tuesday afternoon. However, the Department of Justice filed a brief answer to the lawsuit Oct. 5 on behalf of the government.

The Justice department's answer says BP's lease was never "amended," in 1993 or in subsequent years. When BP wanted to begin using the land for a drilling pad, it merely wrote a letter notifying BIA that it would exercise an option to which it had every right under the original lease, the government argues.

The lease "speaks for itself," the Justice department says. The lease "establishes unambiguously" that BP's rights were not "in any way limited to use solely for a road and pipeline."

The department recognizes that the government's appraisal of the property was not based on a determination of its "highest and best use" as a drilling pad, but adds such an appraisal method was only "suggested by plaintiffs nine years after the fact," according to the filing.

The family is asking for at least $40 million, based on various methods of appraising the property's value.

Their lawsuit notes first that federal regulation generally requires companies that develop oil and gas owned by Native Americans to pay a 16.7 percent royalty. However, the state owned the oil and gas under Prudhoe Bay. As part of the lease terms under which the state sold the oil, it collects a 12.5 percent royalty share when the petroleum is pumped to the surface.

Nevertheless, according to the lawsuit, federal regulation states that the BIA should have obtained a lease that pays the family the difference between the state's royalty take and the ideal federal royalty.

From 1994 to 2001, the period in dispute, the 4.17 percent difference would add up to "in excess of $40 million," the lawsuit estimates. (Payments for the years since 2001 are still the subject of an administrative dispute before the Department of Interior's Board of Indian Appeals.)

The Justice Department dismisses the family's argument. The "cited regulation is not applicable at all," it says in its answer.

The lawsuit suggests that, if the royalty argument doesn't hold up, the family still should be granted between $25 million and $40 million based on a "fair annual rental" fee for the land.

The Justice Department "denies any implication that the amounts the plaintiffs have received were less than the present fair annual rental," according to the answer.

If the fair rental argument fails as well, the family's lawsuit offers another. BP at some point gave access from its drilling pad to Arco, whose Alaska assets were later sold to Phillips Petroleum, to drill into the West Niakuk field — without telling the family, the lawsuit claims. The family learned of the arrangement in 2003, it says.

The government failed to properly collect rent related to the West Niakuk oil production or halt the alleged ongoing trespass by ConocoPhillips, the lawsuit argues, and so the family deserves a damage award.

The government's response doesn't get into the details, but again denies the legitimacy of the argument.

Washington, D.C., reporter Sam Bishop can be reached at (202) 662-8721 or sbishop@newsminer.com.

CIVIL RIGHTS:

US Club Owner Gets 10 Years For Forced Labor, Trafficking (AFP-Y)

AFP, October 19, 2006

A nightclub owner was sentenced to 10 years in prison for forcing young South Korean women to work as hostesses, the US Justice Department said.

"Sung Bum Chang imported innocent young women from South Korea and forced them to work at Club Wa under terrible conditions of fear and violence," said Wan Kim, Assistant Attorney General for the Civil Rights Division.

Chang, who ran the club in Dallas, Texas, was also ordered to pay 37,000 dollars to the victims.

On June 12 Chang, pleaded guilty to one count of forced labor and one count of conspiracy to commit forced labor.

Prosecutors called this a case of human trafficking, as Chang had set up a network in South Korea to bring young women to the United States with the promise of lucrative jobs.

Once here, he took their passports and locked them indoors, forcing them to drink with customers until late hours.

One young woman leaped from a second-storey window and ran to a community leader who alerted police.

Anti-Illegal Immigration Group Questioned About Letter (AP)

AP, October 19, 2006

(AP) - The leader of an anti-illegal immigration group said she was interviewed by investigators from the attorney general's office Wednesday about a letter sent to Hispanic families in Orange County warning some immigrants could be jailed or deported for voting next month.

Barbara Coe, leader of the California Coalition for Immigration Reform, said she told investigators her group had not authorized the letter and she didn't know who sent it.

The note's letterhead resembles that of the group's, and contains the signature Sergio Ramirez.

"The letterhead was altered and I've never head of any Sergio Ramirez," said Coe during a phone interview.

Calls to the office of state Attorney General Bill Lockyer were not immediately returned. Lockyer's office said Tuesday it was investigating.

Coe said she has received a handful of death threats since last week, when the letter began arriving at an unknown number of Orange County homes. Her group was investigated by the FBI in the late 1990s because members held signs near polls stating only citizens can vote.

Written in Spanish, the letter also says the government has developed a computer system to track down the names of registered voters.

The letter is correct in that only immigrants who are naturalized U.S. citizens can vote, but many of its other contentions are false. It also contains several grammatical errors and reads like a literal translation from English to Spanish, suggesting it was not written by a native Spanish speaker.

Numerous political leaders including Gov. Arnold Schwarzenegger have denounced it and called for state and federal investigations.

Barnes Calls Off Voter ID Action Contempt Order No Longer Sought (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 19, 2006

Former Gov. Roy Barnes dropped a request to have his successor, Gov. Sonny Perdue, and the State Election Board found in contempt of court for the mailing of 200,000 letters to Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election.

A hearing scheduled for Friday has been canceled.

Barnes filed the contempt motion Monday on behalf of a 60-year-old Atlanta woman who did not have a state-issued ID.

The election board met in a special called meeting Tuesday and voted to again mail letters to about 300,000 voters who received the first letter.

The new letter, to be mailed on or before Oct. 27, clarifies that photo ID is not currently required to vote in Georgia.

Georgia's photo ID law, passed by the Legislature this spring, has failed several times this year to meet legal challenges.

The law was ruled unconstitutional Sept. 19 by Fulton County Superior Court Judge T. Jackson Bedford.

The election board, however, allowed about 200,000 letters to be mailed after the ruling. Many letters also had been mailed before the ruling.

Critics said the original letters would mislead recipients into thinking photo ID was required to vote, and would therefore suppress voter turnout among minorities.

David Worley, a Democratic appointed member of the election board, has threatened to file a complaint with the U.S. Justice Department about the original mailing.

Perdue was not mentioned as being involved in the mailing of the letters and was being sued in his official capacity as head of state government.

Tex McIver, a Republican appointed vice chairman of the election board, initially told the election board that all but 20,000 letters had been sent out before the Sept. 19 ruling.

But the secretary of state's election division later confirmed that nearly 200,000 letters were mailed after Sept. 19.

Shift Change Blamed For Poor Service (TSSC)

By Kelly Marshall Fuller

The State (SC), October 19, 2006

MYRTLE BEACH — A problem during a shift change, not racial bias, was the reason Georgetown resident Rose Rock was not served in May at the Murrells Inlet location of the Cracker Barrel Old Country Store, restaurant chain officials said Wednesday.

A news conference held outside the Murrells Inlet restaurant drew the Rev. Al Sharpton, Rock and officials from the Lebanon, Tenn.-based restaurant.

Rock and restaurant official Diana Wynne offered different versions of what caused Rock and her 21-year-old daughter, Andi Rock, to leave the restaurant May 16 without receiving service.

Rock, mother of comedian Chris Rock, owns a home in Georgetown and is the host of a local radio show.

"We're outraged that racism is permitted," Sharpton said. "Mrs. Rock did what was right. In frustration, she reached out to us."

Wynne, vice president of corporate affairs for Cracker Barrel, said the incident is under investigation.

"We made an honest mistake," she said. "It was not a discrimination issue. It was a service issue."

Wynne said Rock was a regular customer at the Murrells Inlet restaurant before the incident.

Rock visited the restaurant around 4:30 p.m., during the shift change, Wynne said. By mistake, Rock's table was not assigned a server, she said. The restaurant manager offered Rock a free meal, and Rock also received a gift package from Cracker Barrel, Wynne said.

"Cracker Barrel does not tolerate discrimination of any kind."

Rock said she and her daughter sat for 30 minutes before noticing other people receiving iced tea and menus.

A hostess ignored her, and the manager did not tell any servers to apologize, Rock said.

"It's hard to miss two black people in a sea of white folks," Rock said. "We stick out."

Wynne said the oversight at the restaurant has prompted a review of service issues throughout the restaurant chain. Officials with Cracker Barrel have offered to meet with Rock, she said.

It is not the first time the restaurant chain has been scrutinized over allegations of racial bias.

In 2004, a civil action claiming racial discrimination against the restaurant chain was settled without admission of guilt. The agreement came with stipulations by the U.S. Justice Department.

The injunction from the Justice Department forbids Cracker Barrel from denying service or food, or providing inferior service or food, to any person because of race or color.

Kelly Marshall Fuller is a reporter for The (Myrtle Beach) Sun News, a McClatchy newspaper.

Affirmative Action Debate In Michigan Could Influence Nation (CHIT)

By Jodi S. Cohen

Chicago Tribune, October 19, 2006

DOJ_NMG_0083051

GRAND RAPIDS, Mich. -- Her voice tired but her passion as strong as ever, Jennifer Gratz took the lectern in a recent debate here and talked about what she's been talking about for nearly a decade.

"When we put an emphasis on race or sex through university admissions, through public employment, through policy, we teach people that it is OK to treat people differently," Gratz, 29, said as she debated this fall's Michigan referendum that would ban affirmative action in public education, hiring and contracting.

Civil rights leaders said the vote will influence the affirmative action debate nationally.

Gratz, a white woman from suburban Detroit who graduated 12th in her high school class, sued the University of Michigan in 1997 for discrimination after being denied admission. In June 2003, the U.S. Supreme Court ruled in Gratz's case and another case that colleges and universities can consider a student's race when making admissions decisions in order to promote diversity but can't use rigid formulas to do so.

The day after that ruling, Gratz called Ward Connerly, the black California businessman who led a successful voter initiative to ban affirmative action there. She had met him once —in the coatroom at the Supreme Court. "I said, 'We have to do something about this,'" she recalled during an interview at Grand Valley State University in Grand Rapids.

Three years later, Michigan voters will decide Nov. 7 whether to amend the state constitution to outlaw consideration of race and gender in deciding which applicants get into college, who receives government jobs and what businesses secure state and local contracts. Gratz is executive director of the group behind the measure, known as Proposal 2 or the Michigan Civil Rights Initiative. Connerly has donated $450,000 of the $2 million that has been raised to fund support for the measure, he said.

The vote comes as affirmative action, one of the nation's most controversial social issues, remains in the spotlight. The Supreme Court will hear cases this term from Seattle and Louisville about whether public elementary and high schools can consider race in assigning students to specific schools to maintain a racial balance.

Backers of the Michigan proposal say individuals should be judged on their merits. Opponents say that eliminating affirmative action would derail gains made by minorities and women, and would lead to less diversity in government jobs and the state's colleges and universities, particularly the University of Michigan.

Polls released within the past week were conflicting, but both indicated a tight race with many voters still undecided. Pollster Ed Sarpolus said that whether the proposal passes will depend on whether supporters can sway voters to believe this is an issue about race, or whether opponents can convince the public that women and the greater public will be negatively affected.

"There is a large enough undecided [bloc of voters] that it could go either way," said Sarpolus of EPIC-MRA, a Lansing-based public opinion research firm.

Opponents recently began airing two statewide radio ads, including one that compares the passage of the proposal to the Sept. 11 attacks and Hurricane Katrina disaster.

Karen Shively, a 58-year-old legal secretary who listened to the debate in Grand Rapids, is among the undecided.

"Everyone should be given a fair look. … But people who need a boost up should be given the help," said Shively, who is white. "I guess what I don't understand about this initiative is how far does it go? Will it go too far?"

The proposal's opponents sued to keep the issue out of the election, claiming individuals were misled into thinking that they were supporting affirmative action when they signed petitions to get it on the ballot. A federal judge expressed a belief that there was fraud, but he dismissed the case because there was no evidence that minorities in particular were targeted, which would have violated the Voting Rights Act.

There has been at least one debate or forum somewhere in the state nearly every day for weeks. Activists from both sides hand out pamphlets before University of Michigan football games, religious leaders in Detroit and the suburbs are preaching on the issue, and the National Urban League president has toured the state.

Virtually every religious, political, business and civic organization in Michigan opposes the measure, with groups as diverse as the Michigan Catholic Conference and the Affirmations Lesbian and Gay Community Center joining to form the group One United Michigan, which has raised about $2.7 million, said spokesman David Waymire. Both candidates for governor, incumbent Democrat Jennifer Granholm and Republican challenger Dick DeVos, are against it.

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At Hartford Memorial Baptist Church in Detroit recently , Vivian Carpenter, an African-American business leader and University of Michigan graduate, sold T-shirts and passed out cardboard fans that said: "Don't roll back progress for Michigan. Vote No on 2."

Carpenter, who in 1973 was the second black woman to graduate from the University of Michigan with an engineering degree, credits affirmative action. She was recruited to the university through an outreach program for minority students in Detroit public schools.

"All of these programs are good for leveling the playing field and creating opportunities for minorities where there would be none," said Carpenter, who also has graduate degrees from the university.

But Sarah Ledford, a white U-M engineering student, disagrees that women and minorities should get a boost. She stood outside Michigan Stadium on a recent Saturday, handing out fliers about why citizens should vote "yes" on Proposal 2.

"Even though affirmative action favors me, I hate that I'm favored. I want to be treated fairly," said Ledford, 19. At the University of Michigan, Ledford and women who apply to the engineering school get special consideration, as do men interested in nursing or social work, because their sexes are underrepresented in those fields.

Proposal 2 likely would outlaw such practices, though the courts would be left to sort out whether targeted recruitment, outreach, scholarships and other programs are illegal. The areas most at risk include university admissions policies that consider race and ethnicity as a bonus factor, and local government employment and contracting policies that promote diversity, according to the Citizens Research Council, an independent policy research center in Livonia, Mich.

State hiring and contracting policies currently are based on merit and competitive bidding and likely would not be affected, according to the research group.

In 1996, California passed a similar referendum, called Proposition 209. Washington state voters did the same a few years later.

Since then, enrollments of African-American, Hispanic and Native American freshmen in the University of California system have dropped, particularly at the elite campuses in Berkeley and Los Angeles. At UCLA, 96 black freshmen said they intended to enroll this fall in a class of about 4,800, the lowest number since 1973, which administrators have called a "crisis."

Minority business owners in California, meanwhile, are receiving less state business, according to an analysis of Department of Transportation contracts by the Berkeley-based Discrimination Research Center. Minority businesses received 16 percent of awarded revenue from construction projects in the nine years before Proposition 209, and about 8 percent since then. The study also found that two-thirds of registered minority-owned firms for transportation construction in 1996 are no longer in business.

Connerly, a former University of California regent, said he is considering expanding his campaign to other states depending on the outcome in Michigan.

"To say that our government, whether it is a university or bureaucrats at the Mosquito Abatement District, should be allowed to take our identities into account … is just wrong," he said. "It is a joke when we have policies that openly and blatantly do that."

The Michigan vote may well be seen as a test for other efforts to curb affirmative action nationally.

"We cannot afford to lose this one," said Wade Henderson, president of the Leadership Conference on Civil Rights, based in Washington, D.C. "It would send a message to the rest of the country that this is really open season on affirmative action programs and equal opportunity initiatives."

Panel Suggests University Amend For Past Slavery Ties (NYT)

By Pam Belluck

The New York Times, October 19, 2006

BOSTON, Oct. 18 — Extensively documenting Brown University's 18th-century ties to slavery, a university committee called today for the institution to make amends by building a memorial, creating a center for the study of slavery and injustice and increasing efforts to recruit minority students, particularly those from Africa and the West Indies.

The Committee on Slavery and Justice, appointed three years ago by Brown's president, Ruth J. Simmons, a great-granddaughter of slaves who is the first black president of an Ivy League institution, said in a 106-page report: "We cannot change

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the past. But an institution can hold itself accountable for the past, accepting its burdens and responsibilities along with its benefits and privileges."

It added, "In the present instance this means acknowledging and taking responsibility for Brown's part in grievous crimes."

The committee did not call for outright reparations, an idea that has support among some African-Americans and had been a controversial issue at Brown several years ago. But the committee's chairman, James T. Campbell, a history professor at Brown, said he believed the recommendations "are substantive and do indeed represent a form of repair."

The committee also recommended that the university publicly and persistently acknowledge its slave ties, including during freshmen orientation. Dr. Campbell said he believed that the recommendations, if implemented, would represent a more concrete effort than that of any other American university to make amends for slave ties.

"I think it is unprecedented," Dr. Campbell said, adding that a few other universities and colleges have established memorials, study programs or issued apologies, but not on the scale of the Brown recommendations. It was not clear how much the committee's recommendations would cost to implement.

"We're not making a claim that somehow Brown is uniquely guilty," Dr. Campbell said. "I think we're making a claim that this is an aspect of our history that not anyone has fully come to terms with. This is a critical step in allowing an institution to move forward."

Even in the North, a number of universities have ties to slavery. Harvard Law School was endowed by money its founder earned selling slaves in Antigua's cane fields. And at Yale, three scholars reported in 2001 that the university relied on slave-trading money for its first scholarships, endowed professorship and library endowment.

Dr. Simmons issued a letter in response to the committee's report, soliciting comments from members of the Brown community and saying she has asked for the findings to be discussed at an open forum. She declined to give her own reaction, saying, "When it is appropriate to do so, I will issue a university response to the recommendations and suggest what we might do."

She said "the committee deserves praise for demonstrating so steadfastly that there is no subject so controversial that it should not be submitted to serious study and debate."

Initial reaction to the recommendations seemed to be appreciative.

"It sounds to me like this makes sense," said Rhett S. Jones, a longtime professor of history and Africana studies at Brown. "I did not expect the committee would emerge saying 'well, you know, Brown should write a check.' I never thought that was in the cards. I'm not sure I think it's even appropriate that a university write a check, even though it's pretty widely agreed on that Brown would not be where it is if it were not for slave money. These recommendations seem to me to be appropriate undertakings for the university."

Brown's ties to slavery are clear but also complex. The university's founder, the Rev. James Manning, freed his only slave, but accepted donations from slave owners and traders, including the Brown family of Providence. At least one of the Brown brothers, John, a treasurer of the college, was an active slave trader, but another brother, Moses, became a Quaker abolitionist, although he ran a textile factory that used cotton grown with slave labor.

In addition, University Hall, which houses Dr. Simmons's office, was built by a crew with at least two slaves.

"Any institution in the United States that existed prior to 1865 was entangled in slavery, but the entanglements are particularly dense in Rhode Island," said Dr. Campbell, noting that the state was the hub through which many slave ships traveled.

The issue caused friction at Brown in 2001, when the student newspaper, the Brown Daily Herald, printed a full-page advertisement produced by a conservative writer, listing "Ten Reasons Why Reparations for Slavery Is a Bad Idea And Racist Too."

The ad, also run by other college newspapers, prompted protests by students who demanded the paper pay "reparations" by donating its advertising fee or giving free advertising space to reparations proponents.

The Brown committee was comprised of 16 faculty members, students and administrators, and its research was extensive. "The official history of Brown will have to be rewritten, entirely scrapped," said Omer Bartov, a professor on the committee who specializes in studying the Holocaust and genocide.

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The report cites some examples of steps taken by other universities: a memorial unveiled last year by the University of North Carolina, a five-year program of workshops and activities at Emory University, and a 2004 vote by the faculty senate of the University of Alabama to apologize for previous faculty members having whipped slaves on campus.

Controversial Ad Links MLK, GOP (WP)

By Darryl Fears

The Washington Post, October 19, 2006

When a black conservative group ran a radio ad proclaiming that the Rev. Martin Luther King Jr. was a Republican, reaction was swift. "We've gotten some e-mails and telephone calls filled with vitriol," said Frances Rice, chairman of the National Black Republican Association. "They've called me Aunt Jemima, a sellout, a traitor to my race."

In the battle for the black electorate, liberals, who make up the overwhelming majority of black voters, have long disagreed with conservatives over ideology, public policy and economic strategies to better the lives of African Americans. But when conservatives placed the civil rights movement in a Republican context, black liberals said, they crossed a line.

"To suggest that Martin could identify with a party that affirms preemptive, predatory war, and whose religious partners hint that God affirms war and favors the rich at the expense of the poor, is to revile Martin," said the Rev. Joseph Lowery, the former president of the Southern Christian Leadership Conference, which the slain civil rights leader helped establish.

Rep. John Lewis (D-Ga.), who marched with King in the 1960s, called the ads an "insult to the legacy and the memory of Martin Luther King Jr." and "an affront to all that he stood for."

The spot, which ran for a time in the District, Georgia, Maryland, Ohio and Pennsylvania, will soon run again in those areas, as well as in Miami, Orlando and Tampa, Rice said.

The debate surrounding the ad is the latest skirmish in the ongoing battle over the King legacy. Foes of affirmative action, for example, often cite a line from King's "I Have a Dream" speech in 1963 in which he prayed that his children would not be judged by the color of their skin but by the "content of their character," an adoption that makes black liberals fume. But in the latest fight, civil rights veterans may be surprised to find that some black conservatives agree with them.

Maryland Lt. Gov. Michael Steele (R), who is running for the U.S. Senate, denounced the King ad, and Donald E. Scoggins, president of Republicans for Black Empowerment and a former member of the association, said it was a terrible idea.

Black Republicans railed against the radio ads, with the sharpest criticism coming from former members of the black Republican association.

"The vast majority of black Republicans I know would not have approved of the ad," Scoggins said.

In the ad, a black woman says, "Dr. King was a real man," and a second one responds, "You know he was a Republican."

"Dr. King, a Republican?"

The women go on to say that Democrats started the Ku Klux Klan, lumping together those in the South with others in the North who reached out to African Americans with New Deal programs and by desegregating the armed forces.

The backlash was so fierce that Rice stopped answering telephone calls. "We anticipated some controversy, but my goodness, we struck a nerve," she said in an interview from Sarasota, Fla.

"I absolutely do not regret the ads," said Rice, 62, a native of Atlanta, King's hometown. He "absolutely was a Republican," she insisted. "We were all Republicans in those days. The Democrats were training fire hoses on us, siccing dogs on us."

It is true that Southern Democrats, many of whom called themselves "Dixiecrats," blocked the social and political progress of black Southerners for decades. Among them was Sen. Robert C. Byrd (D-W.Va.), a former local leader in the Ku Klux Klan. Byrd has said he regrets his affiliation.

In 1960, King was arrested for trespassing during a sit-in and held in Georgia's Reidsville prison. Fearing for his son's life, Martin Luther King Sr. appealed to presidential candidate John F. Kennedy to secure his release.

When King was freed, his father vowed to deliver 10 million votes to the Democrat, even though Kennedy was only a reluctant supporter of civil rights. That began four decades of black people voting for liberals.

The younger King voted for Kennedy, and for Democrat Lyndon B. Johnson four years later. In that election, King publicly denounced the Republican candidate, Barry Goldwater.

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Today, the vast majority of black voters are Democrats, including former ambassador to the United Nations Andrew Young and former presidential hopeful Jesse L. Jackson, two former King aides.

That is why the ad was "a joke," said Christopher Arps, a former spokesman for Rice and the association. "Anyone with any sense knows that most black people were Republican at one time. But it's a far stretch to think that in the '60s Martin Luther King was a Republican."

Arps and Scoggins resigned from the association board last year when they disagreed with Rice on a separate issue. She wanted to support President Bush when he came under fire for his administration's slow response to Hurricane Katrina.

"In terms of what we're trying to do, encourage more blacks to look at the Republican Party, I didn't think we could do that in an in-your-face-type way," Scoggins said. "There were bodies floating in the street."

In addition to Scoggins and Arps, at least four other members resigned. Rice questioned their fortitude. The group was founded so that black conservatives could assert themselves, she said, and "when it came time to do something, some stepped back."

"It was a 'my way or the highway' sort of thing," Scoggins said. "I was crushed when this thing happened because it turned out to be completely the opposite of what I thought it would be."

New Laws And Machines May Spell Voting Woes (NYT)

By Ian Urbina

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — New electronic voting machines have arrived in Yolo County, Calif., but there is one hitch: the audio program for the visually impaired in some of them works only in Vietnamese.

“Talk about panic,” said Freddy Oakley, the county’s top election official. “I’ve got gray-haired ladies as poll workers standing around looking stunned.”

As dozens of states are enforcing new voter registration laws and switching to paperless electronic voting systems, officials across the country are bracing for an Election Day with long lines and heightened confusion, followed by an increase in the number of contested results.

In Maryland, Mississippi and Pennsylvania, a shortage of technicians has vendors for new machines soliciting applications for technical support workers on job Web sites like Monster.com. Ms. Oakley, who is also facing a shortage, raided the computer science department at the University of California, Davis, hiring 60 graduate students as troubleshooters.

Arizona, California, Georgia, Indiana, Maryland, Mississippi, Missouri, North Carolina, Ohio and Pennsylvania are among the states considered most likely to experience difficulties, according to voting experts who have been tracking the technology and other election changes.

“We’ve got new laws, new technology, heightened partisanship and a growing involvement of lawyers in the voting process,” said Tova Wang, who studies elections for the Century Foundation, a nonpartisan research group. “We also have the greatest potential for problems in more places next month than in any voting season before.”

Election officials in many of the states are struggling with delays in the delivery of machines before the election as old-fashioned lever and punch-card machines are phased out. A chronic shortage of poll workers, many of them retirees uncomfortable with new technology, has worsened matters.

Wendy S. Noren, the top election official for Boone County, Mo., which includes Columbia, said delays in the delivery of new machines had left her county several weeks behind schedule and with 600 poll workers yet to be trained. Ms. Noren said she also had not yet been provided with the software coding she needed to print the training manuals.

“I think we will make it,” she said, “but my staff is already at the point of passing out, and the sprint is just starting.”

New computerized registration rolls and litigation over new voter identification laws in states like Arizona, Georgia, Indiana and Missouri have left many poll workers and voters unclear about the rules, including whether they are in effect, as the courts have blocked many of the new laws.

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"We're expecting arguments at the polls in these states that will slow everything down and probably cause large numbers of legitimate voters to be turned away or to be forced to vote on provisional ballots," said Barbara Burt, an elections reform director for Common Cause.

Meanwhile, votes in about half of the 45 most competitive Congressional races, including contests in Florida, Georgia and Indiana, will be cast on electronic machines that provide no independent means of verification.

"In a close race, a machine error in one precinct could leave the results in doubt and the losing candidates won't be able to get a recount," said Warren Stewart, policy director for VoteTrustUSA, an advocacy group that has criticized electronic voting.

Deborah L. Markowitz, president of the National Association of Secretaries of State, was less inclined to sound the alarm. She said that since it was not a presidential election year and many states had encouraged voting by mail, fewer people would turn up at the polls than in 2004.

With computerized registration rolls, Ms. Markowitz said, there will be far fewer people incorrectly excluded from the new databases compared with when registration rolls were on paper.

"There will be isolated incidents, there is no doubt about that," she said. "But over all the system will move faster and with fewer problems."

Charles Stewart, head of the political science department at the Massachusetts Institute of Technology, published a study this year indicating that from 2000 to 2004, new technology helped reduce the number of improperly marked ballots by about one million votes.

"If you think things are bad and worrisome now, they were much worse before 2000," Mr. Stewart said, adding that breakdowns in the mechanics of voting are simply more highlighted, not more prevalent.

Still, this is a year of firsts for some local election officials. Cherie Poucher, elections director for Wake County, N.C., which includes Raleigh, said she expected 350,000 voters on Election Day, up from the 30,000 in the May primary. She worries that the county's 218 optical scan machines may be unable to handle the increased load. During the primary, 12 of the new machines would not boot up and needed to be replaced.

"In the end, we were lucky," Ms. Poucher said. The machines were replaced within hours, she said, and since her county uses optical scan machines rather than paperless machines, voters were able to deposit paper ballots into a ballot box until replacements arrived.

"I'm an optimist," she said. "But if we have more failures than we have total machines, it could be really difficult even with the paper ballots."

Ms. Burt of Common Cause said there was some disagreement about the likelihood of problems, and difficulty in predicting where problems might emerge, in part because there is little uniformity in how elections are conducted.

Except for rudimentary federal rules on voting age, federal financing for states and counties, and protections for minorities and the disabled, elections are shaped by a variety of local laws, conflicting court rulings and technological choices.

"People might refer to it as a national election system but in truth there is no such thing," Ms. Burt said.

Justin Levitt, a lawyer with the Brennan Center for Justice at New York University School of Law, said that on election night his organization will be keeping particularly close watch on North Carolina, Florida and South Dakota, because of new voter registration databases there.

Under the federal Help America Vote Act passed in 2002, election officials were required to create computerized statewide voter registration rolls. These databases were intended to help streamline registration and decrease fraud, and they help political parties track potentially supportive voters. In some states, however, the databases have blocked large numbers of eligible voters from joining registration lists.

North Carolina, for example, requires that information provided by voters for registration forms match information in the motor vehicle or Social Security databases.

"If someone is listed with their maiden name in one list and their married name in another list, that voter will be blocked from the eligible voter roll," said Mr. Levitt, adding that these voters may show up in large numbers and not realize that there is a problem.

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"I certainly don't see a disaster, but frankly I'm very concerned," said Ion Sancho, supervisor of elections in Leon County, Fla., which includes Tallahassee. He said Florida has tried three times to create databases of eligible and ineligible voters but each system has had widespread inaccuracies.

"This is our fourth attempt and I'm worried that voters who have been voting for the last decade will show up at the polls and they won't be listed anywhere," Mr. Sancho said.

A report released last Thursday by the Century Foundation, Common Cause and the Leadership Conference on Civil Rights cited concerns that most states have only vague, if any, standards for voting machine distribution.

There is no federal minimum for the ratio of voters to machines and there is wide variation in state standards.

In Wisconsin, the law requires at least one machine for every 200 registered voters. In Michigan, that ratio is 1:600, the report said. Election officials in Ohio, which had some of the longest lines in 2004, passed a law this year setting the ratio at 1:175, the report said. But the law does not take effect until 2013.

Keith A. Cunningham, director of the Allen County board of elections in Ohio and former president of the Ohio Association of Election Officials, said most counties were close to the ratio required by the law.

"I don't believe it is going to be as bad as everyone is predicting," Mr. Cunningham said.

Whether there are problems or not, post-election litigation is likely. A study released this year by the Washington and Lee Law Review found that the number of court cases challenging elections has risen in recent years. In 2004, the number was 361, up from 104 cases in 1998.

Jonah Goldman, a lawyer and elections expert with the Lawyers Committee for Civil Rights Under Law, said his organization is prepared for the worst. With the N.A.A.C.P. and the People for the American Way Foundation, the lawyers group will have about 500 people fielding calls to a national hot line (1-866-OUR-VOTE) about problems and providing information to voters and poll workers.

In 2004, a similar hot line fielded more than 200,000 calls and created a database of about 40,000 reported problems. The coalition is dispatching lawyers in a dozen states to address reports of voter intimidation or to see if litigation is needed to extend hours at polling stations.

"We're not sure what we will be handling," Mr. Goldman said. "But we're pretty confident that there will be no shortage of work that night."

ANTITRUST:

3 Indicted In Price-fixing Conspiracy (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 19, 2006

A federal grand jury in San Francisco yesterday indicted two executives from Samsung Electronics Ltd. and another from Hynix Semiconductor America Inc. on charges of a global conspiracy to fix prices on a memory product used in everything from laptops to video-game consoles, Justice Department officials said.

Each of the three executives is charged with participating in a conspiracy to suppress competition in the multibillion-dollar dynamic random access memory (DRAM) industry in violation of the Sherman Antitrust Act.

"The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies," said Assistant Attorney General Thomas O. Barnett, who heads the division.

"Criminal cartel enforcement is the division's top priority, and both companies and individuals must comply with the antitrust laws."

The indictment, filed in U.S. District Court in San Francisco, charged that Il-ung Kim and Young-bae Rha, both of Samsung, and Gary Swanson participated with co-conspirators in the scheme from April 2001 until June 2002. At the time, according to the document, Mr. Kim was vice president of marketing and Mr. Rha was vice president of sales and marketing.

Both men are citizens and residents of South Korea.

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The indictment said that at the time of the conspiracy, Mr. Swanson was a senior vice president at Hynix America, the U.S.-based subsidiary of Hynix Semiconductor Inc., with headquarters in South Korea. Mr. Swanson is a U.S. citizen.

To date, four companies and 16 persons have been charged and fines totaling more than $731 million have resulted from the department's antitrust investigation into the DRAM semiconductor industry.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a variety of computer, telecommunication and consumer electronic products. DRAM sales in the United States in 2004 totaled about $7.7 billion.

The three executives face maximum penalties of three years' imprisonment and fines of $350,000, although department officials said the maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims if either of those amounts is greater than the maximum fines under the Sherman Act .

Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August and agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy, serve eight months in prison and pay a $250,000 fine.

In addition, four Hynix Semiconductor executives agreed to plead guilty and serve jail terms ranging from five to eight months and pay $250,000 fines.

Samsung pleaded guilty to the price-fixing conspiracy and paid a $300 million criminal fine in November. Hynix pleaded guilty and paid a $185 million fine in May 2005.

Samsung, Hynix Officials Charged With Price Fixing (Update5) (BLOOM)

By Karen Gullo

Bloomberg, October 19, 2006

Oct. 18 (Bloomberg) -- Two Samsung Electronics Inc. executives, including senior vice president Kim Il Ung, and a Hynix Semiconductor Inc. official were accused by the U.S. of conspiring to fix prices for computer memory chips.

Rha Young Bae, former head of Samsung worldwide sales and marketing, Gary Swanson, senior vice president of memory sales and marketing at Hynix, and Kim, senior vice president of Samsung's chip division, were accused of participating in a global conspiracy to artificially boost prices of dynamic random access memory, or DRAM, from April 1999 to June 2002, according to a grand jury indictment returned today.

In meetings and telephone conversations with unnamed co- conspirators, Kim and Rha, both citizens of Korea, and Swanson, of the U.S., agreed to rig a November 2001 online auction of chips, set prices charged to certain computer makers and raise and maintain prices for manufacturers, according to the indictment filed in U.S. District Court in San Francisco.

U.S. DRAM sales were $7.1 billion in 2004, the U.S. Justice Department said. The indictment is part of a four-year federal investigation into price fixing in the chip market that has led to claims against four companies and 16 individuals who have been fined $731 million, the U.S. said. Samsung, the world's biggest maker of computer memory chips, agreed to pay $300 million last year to settle U.S. antitrust claims.

Innocent

Kim ``did not engage in a price fixing conspiracy," said Lawrence Callaghan, his attorney. ``From our knowledge of the facts and evidence, he is simply not guilty of violating" U.S. antitrust laws ``and we believe he is not guilty of fixing prices."

The executive has never received training in antitrust law, particularly ``the line between gathering competitive intelligence and price checking, which are perfectly legal, and fixing prices," said Callaghan.

Michael Lipman, an attorney for Rha, said his client, who retired in 2002, denies the allegations.

``My client was not involved in any illegal activity and intends to vigorously defend" himself, said Lipman.

John McLean, an attorney for Swanson, a California resident, said his client denies the allegations.

``It's unfortunate, it's a mistake and we look forward to establishing his innocence before a jury," said McLean.

Penalty

The three men, charged with one count of price fixing, each face up to three years in prison and a $350,000 fine or twice the gain or loss caused by the price fixing, whichever is largest.

DRAM is the most commonly used semiconductor memory product, purchased by manufacturers such as Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players, among other products.

Three Samsung executives pleaded guilty to a DRAM price- fixing conspiracy in March and August. The Samsung employees agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine.

Last month, a fourth Samsung executive agreed to plead guilty and serve an eight-month term and pay a fine of $250,000.

``Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior," the company said in a statement today. A message left at Hynix's offices in San Jose seeking comment wasn't returned. Samsung is based in Suwon, South Korea. Hynix is based in Ichon, South Korea.

Second-Largest

Hynix, the second-largest DRAM maker, pleaded guilty to price-fixing claims and was ordered to pay a $185 million fine in May 2005. No. 4 DRAM maker Infineon Technologies AG was fined $160 million and Elpida Memory Inc., Japan's biggest memory chipmaker, was fined $84 million.

Four Hynix executives were previously charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine.

Four Infineon executives and a Micron Technology Inc. executive have also pleaded guilty in the investigation.

Hynix said second-quarter profit rose 36 percent after increasing production faster than industry leader Samsung, the company reported July 20. Net income rose to 324 billion won ($339 million), from 238 billion won a year earlier, the company reported.

Samsung reported a better-than-expected 16 percent increase in third-quarter profit, buoyed by sales of televisions and handsets, the company said Oct. 16. Net income rose to 2.19 trillion won ($2.3 billion) from 1.88 trillion won a year earlier.

Samsung Electronics shares fell 5,000 won to 642,000 won ($671.97) in Kopsi market trading in Seoul. Hynix shares rose 50 won to 37,350 won.

The case is U.S. v. Il Ung Kim, 06-0692, U.S. District Court, Northern District of California, San Francisco.

2 Koreans, One American Charged In Chip Price-fixing Probe (AFP)

AFP, October 19, 2006

An American and two South Korean executives were indicted on charges of participating in a global conspiracy to fix the prices of memory chips used in a range of electronic goods.

The indictments were returned in the US District Court in San Francisco and come after government prosecutors have already charged 13 other individuals in the ongoing investigation, according to a Justice Department statement.

The new charges, which were approved by a federal grand jury earlier Wednesday, were filed against Il Ung Kim, Young Bae Rha and Gary Swanson.

At the time of the alleged conspiracy, between April 2001 and June 2002, Kim and Rha were both employed by the Korean electronics giant Samsung. Both men are Korean citizens.

Swanson, a US citizen, was a senior vice president for memory sales and marketing for Hynix America, the US-based subsidiary of the Hynix Semiconductor Inc. which is headquartered in Korea.

"The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies," said Thomas Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division.

"Criminal cartel enforcement is the division's top priority and both companies and individuals must comply with the antitrust laws," Barnett stressed.

The indictments allege that the three executives conspired in a price-fixing and bid-rigging scheme to fix dynamic random access memory (DRAM) prices.

DOJ_NMG_0083060

DRAM memory chips are commonly used in computers, servers, printers, cell phones, digital cameras and other electronic products.

Among other charges, the three stand accused of participating in meetings and conversations where they agreed to fix the prices of DRAM at certain levels.

They each face a maximum penalty of three years in jail and a maximum fine of 350,000 dollars.

Their indictments come after Thomas Quinn, a former US executive of Samsung, agreed to plead guilty and serve jail time last month as part of the ongoing probe which has already placed other industry executives behind bars.

Three More Semiconductor Execs Indicted For Price-fixing (IDG)

By Grant Gross, IDG News Service

IDG News Service, October 19, 2006

They are charged with being co-conspirators in a price-fixing scheme between April 2001 and June 2002

A U.S. grand jury has indicted three former semiconductor vendor executives, two from Samsung Electronics Ltd. and one from Hynix Semiconductor America Inc., for their alleged roles in a "global conspiracy" to fix DRAM (dynamic RAM) prices, the U.S. Department of Justice (DOJ) said.

Indicted Wednesday were Il Ung Kim, former vice president of marketing for Samsung's memory division; Young Bae Rha, former vice president of sales and market for Samsung's memory division; and Gary Swanson, former senior vice president of memory sales and marketing for Hynix America.

They are charged with being co-conspirators in a < price-fixing scheme involving multiple semiconductor vendors between April 2001 and June 2002. The three attended meetings in which the price of DRAM was discussed, agreed to fix prices and exchanged information with competitors on the prices charged to computer makers, according to the indictment.

The three are each charged with participating in the conspiracy to suppress competition in violation of the U.S. Sherman Antitrust Act. The maximum penalty for the conviction of a Sherman Act violation occurring before June 22, 2004, is three years in prison and a U.S. $350,000 fine.

The maximum fines may be increased in certain situations.

Including Wednesday's charges, four companies and 16 individuals have been charged in the DOJ DRAM price-fixing probe. The investigation has resulted in US$731 million in fines, the second highest total obtained by the DOJ in a criminal antitrust investigation aimed at one industry.

DRAM is the most commonly used semiconductor memory product, used in a variety of devices including PCs, laptops, printers, hard disk drives, PDAs (personal digital assistants), mobile phones, digital cameras and telecommunication hubs and routers. There were about $7.7 billion in U.S. DRAM sales in 2004, according to the DOJ.

Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August. They agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy.

In addition, four Hynix Semiconductor Inc. executives were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine. In December 2004, four executives of Infineon Technologies AG pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months, and each paid a $250,000 fine.

Four companies have been charged with price-fixing in the DRAM investigation. Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a $300 million fine in November 2005. Hynix, the world's second largest DRAM manufacturer, pleaded guilty and was sentenced to pay a $185 million fine in May 2005. Japanese manufacturer Elpida Memory pleaded guilty and was sentenced to pay an $84 million fine in March. German manufacturer Infineon pleaded guilty and was sentenced to pay a $160 million fine in October 2004.

Three More Execs Indicted In Computer Memory Price-fixing Scandal (AP)

AP, October 19, 2006

SAN FRANCISCO - Three more computer-component executives were indicted Wednesday for allegedly participating in a worldwide conspiracy to fix the price of computer memory chips.

The indictments bring to 16 the number of executives charged in the scandal, which has resulted in more than $731 million in fines from the Justice Department's antitrust investigation into the industry.

Two executives indicted Wednesday were from Samsung Electronics Ltd., and the third was at Hynix Semiconductor Inc. Both firms are based in South Korea.

In 2002, the Justice Department uncovered a "long-standing conspiracy" among the world's suppliers of dynamic random access memory, or DRAM.

DRAM chips are the most common form of computer memory, with annual sales exceeding $20 billion. The government said collusion began to appear in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high and colluded in the United States and abroad.

Wednesday's indictment names Il Ung Kim and Young Bae Rha of Samsung, which already has had four other executives plead guilty to the conspiracy. Gary Swanson, a Hynix executive, also was charged Wednesday, bringing to five the number of officials indicted from that firm.

Bayer Settles Price-Fixing Case (AP-YBIZ)

By David Twiddy, Ap Business Writer

AP, October 19, 2006

Bayer Agrees to $18 Million Settlement in Price-Fixing Case

KANSAS CITY, Mo. (AP) -- Bayer AG has agreed to pay $18 million to settle claims it conspired with other manufacturers to inflate the price of certain plastics, the second multi-million-dollar settlement the company has made this year regarding its polymer operation.

On Tuesday, U.S. District Judge John Lungstrum in Kansas City, Kan., approved the settlement, which covers the company's sales of polyester polyol-based products between Jan. 1, 1998 and Dec. 31, 2004.

The agreement also requires Bayer, headquartered in Germany, to cooperate with plaintiff attorneys as they continue their class-action lawsuit against former co-defendants Uniroyal Chemical Co. and Chemtura Corp., formerly known as Crompton Corp.

Lungstrum also agreed to dismiss defendants Rhein Chemie Corp. and Rhein Chemie Rheinau GmbH, subsidiaries of Lanxess Corp., which was spun off from Bayer last year.

In August, Lungstrum approved a $55.3 million settlement by Bayer in a separate case involving the sale of polyether polyol. Bayer also agreed to help attorneys against former co-defendants BASF Corp., BASF AG, The Dow Chemical Co., Huntsman International Holdings LLC and Lyondell Chemical Co.

A Bayer spokesman provided a company statement Wednesday confirming the two settlements but declined to comment further.

An attorney for the polyester plaintiffs didn't immediately return a phone call for comment.

Bayer disclosed in March that it had been subpoenaed by the Justice Department seeking information about its manufacture and sale of polyurethane products called MDI and TDI, along with other products.

Court documents say Bayer, Dow, BASF, Huntsman and Lyondell control the entire MDI and TDI markets and 75 percent of production of polyether polyol, a polyurethane material that is mixed with other substances to make foams used in furniture, automobile seats and other products.

Federal authorities two years ago consolidated 16 cases filed across the country against polymer manufacturers by customers who alleged the companies had gotten together to fix the price of urethane and urethane chemicals.

http://www.bayer.com

Chicago Deal Could Force Rivals' Hands (WSJ)

By Aaron Lucchetti In New York, Edward Taylor In Frankfurt And Alistair Macdonald In London

DOJ_NMG_0083062

The Wall Street Journal, October 19, 2006

Second City Pact Might Pressure Exchanges World-Wide to Unite; NYSE Weighed Bids for CBOT

The New York Stock Exchange's owner twice considered bids for the Chicago Board of Trade, people familiar with the matter said. Now that the CBOT has another suitor, pressure is growing on the Big Board and the world's other major exchanges to pull off their own megadeals.

While Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. put aside decades of rivalry to announce a merger on Tuesday, other U.S. and European exchanges are having a tough time tying the knot. The Chicago deal, which would create the world's largest financial market and a derivatives-trading powerhouse, could make doing so even harder.

NYSE owner NYSE Group Inc. agreed in June to merge with European stock and derivatives exchange Euronext in a deal valued at $20 billion. But shareholders won't vote on it until December, and now it is bogged down amid political wrangling in Europe. Many leaders there want a big European merger first, and a giant derivatives behemoth in Chicago could accelerate that push.

Nasdaq Stock Market Inc., meanwhile, is sitting on a 25% or so stake in the London Stock Exchange, but so far Europe's largest exchange by the value of stocks traded has spurned advances from Nasdaq and elsewhere.

"Everyone has tried to get into bed with everyone else, but nothing has happened" in Europe, said Richard Grossman, a director of Redmayne Bentley Stockbrokers, based in Leeds in the United Kingdom, which has held LSE stock since it was first sold to the public in 2001.

If approved by shareholders and regulators, the Chicago deal removes from the dance floor two potential partners -- with a combined stock-market value topping $25 billion -- and calls into question the others' overseas expansion plans.

"It sets up an isolationist model, where you may be better being a powerhouse in your home markets first," says Richard Repetto, an analyst in New York at Sandler O'Neill.

The effect will be felt especially keenly at NYSE Group. Chief Executive John Thain transformed the marquee exchange and moved to make the company to be a global force not only in stock trading but also in derivatives. Such financial instruments -- their value is based on an underlying asset or benchmark such as a stock or an index -- have become increasingly important tools in the global investment industry for hedging risks and making sophisticated bets on everything from the economy to the weather.

In mid-2005, the NYSE, the Chicago Merc and others expressed interest in CBOT before it began selling shares of itself to the public. Mr. Thain called CBOT Chief Executive Bernard Dan, but CBOT rebuffed the NYSE, people briefed on the matter said. CBOT launched an initial public offering instead. NYSE declined to comment on CBOT.

To celebrate its first day of trading, CBOT Chairman Charles Carey led a group that rang the bell on the marble balcony overlooking the NYSE's century-old trading floor. Mr. Carey and Mr. Dan visited with NYSE Chairman Marshall Carter, but discussions failed to take off, these people said.

NYSE later hired Citigroup to help consider big mergers and acquisitions with several exchanges, including CBOT, LSE and Euronext, a person familiar with the process said.

In January, the NYSE decided that CBOT, while fast-growing, wouldn't provide what it needed to expand globally -- an overseas platform to list companies that wanted to avoid U.S. securities regulations. Moreover, NYSE and CBOT traded none of the same products, so cutting costs would be difficult. NYSE also saw CME as a powerful foe that could outbid it.

Exchange officials decided that "it wasn't a battle that we could get into and win," the person familiar with the process said.

The NYSE instead pursued Euronext, which operates stock exchanges in Brussels, Paris, Amsterdam and Lisbon as well as the Euronext.liffe derivatives exchange in London. Mr. Thain met with Euronext chief executive Jean-François Théodore in January, and in February more NYSE and Euronext executives conferred at a meeting of world exchange executives in Milan.

Euronext had another bidder: Deutsche Börse AG, the big German operator of the Frankfurt Stock Exchange and part owner of the Eurex derivatives exchange. But Mr. Thain won Euronext's hand first. On June 1, NYSE and Euronext announced a merger of equals to be named NYSE Euronext.

Mr. Théodore promised the deal could be done in six months, while a deal with Deutsche Börse would take twice as long, given antitrust concerns over combining Euronext's and Deutsche Börse's derivatives operations. To signal plans to expand their

federation to others, Messrs. Théodore and Thain invited the head of Borsa Italiana, the Italian exchange, to a news conference June 2 at Paris's old trading pit in the 19th-century Palais Brongniart.

Deutsche Börse has tried hard to scotch the deal. It recently negotiated an agreement that could lead to a combination with Borsa Italiana -- a move designed to show that it was also capable of creating a pan-European exchange company that Euronext could join.

European political forces also have been muddling the prospects for the NYSE and Euronext tie-up. Paris Europlace, a lobby group that promotes the French capital as a financial center, commissioned a report, released this month, concluding that neither the NYSE nor the Deutsche Börse bid was right for Euronext.

"All things being equal, my personal preference is for a European solution," European Central Bank President Jean-Claude Trichet said in June. Prime Minister Romano Prodi of Italy said a Deutsche Börse-Euronext deal would "help a Europe that is being born." French President Jacques Chirac recently reaffirmed his support for the creation of a European exchange before a trans-Atlantic deal.

Such comments could sway some shareholders and influence Dutch authorities with power to block the deal; though run from Paris, Euronext is incorporated in Amsterdam and subject to regulations there.

Nasdaq also faces protectionism. Even in the United Kingdom, which considers itself liberal in such matters, a senior official promised to introduce legislation to shield the LSE from foreign regulation if it ends up in the hands of an overseas suitor. It is unclear whether Nasdaq intends to renew its offer.

If NYSE completes the Euronext deal, two exchange giants will emerge with distinctly different strategies. The new CME/CBOT combination, to be called CME Group Inc., will be U.S.-based and devoted to derivatives trading. NYSE Euronext would be diversified across continents and businesses.

Both could attempt to add more exchanges. Mr. Thain is betting that would be easier with a diversified model.

Mr. Thain and his executives have flown almost weekly to Paris and London to lobby politicians and regulators in favor of the deal; they plan to do the same with Euronext shareholders.

There is still a chance that he can get the deal done, but it is looking like he may have to up the NYSE's bid to clinch it.

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Antitrust Suit Says Avaya Maintenance Policy Is Anti-competitive (AP)

By Linda A. Johnson, Ap Business Writer

AP, October 19, 2006

TRENTON, N.J. -- Business communications systems provider Avaya Inc. is accused in a federal antitrust lawsuit of illegally blocking competitors from providing maintenance and repairs to telephone equipment and software sold by Avaya.

Continuant Inc., of Fife, Wash., which operates a telephone system maintenance business throughout North America, said Wednesday that it countersued Basking Ridge-based Avaya after the AT&T spinoff sued Continuant this summer.

The two parties are scheduled to appear in federal court in Trenton, where the two lawsuits were filed, for a hearing on Nov. 14.

Avaya spokeswoman Lynn Newman declined to discuss the case.

Continuant's lawsuit asks the court to permanently bar Avaya "from continuing its anti-competitive conduct," including bundling service contracts with the sales of its telephones, cables and other telecom equipment, and keeping secret from competitors passwords necessary for maintaining the communications systems. Continuant also is seeking compensatory and punitive damages, legal fees and other costs.

"Avaya's the only company that has a policy like this," said Bruce Shelby, Continuant's vice president of sales. "They say a customer doesn't have the right to access their system to perform maintenance" or to hire a third party to do it.

Shelby said his company believes that is illegal and that Avaya is overcharging its customers for maintenance when its service level has declined because of a series of major layoffs.

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"We're able to come in with a better price and, we think, better service," Shelby said, but Avaya effectively blocks system maintenance providers, like his company, from competing with Avaya's licensed business partners.

Avaya filed suit against Continuant and two sister companies on June 5, accusing them of misappropriating trade secrets, interfering with contractual relations, misrepresentation, libel and other offenses.

Avaya later amended its complaint, and Continuant filed a countersuit on Aug. 21, but did not announce it until Wednesday.

Like other telecommunication equipment makers, Avaya has been trying to boost the continuing revenues that come from maintaining communication systems, rather than relying heavily on one-time sales. The company has been struggling with rising costs, falling profits and a depressed share price, culminating with the replacement of its president and chief executive officer, Donald K. Peterson, in July.

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http://www.avaya.com

http://www.continuant.com

Critics Target Federal Circuit (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, October 19, 2006

In the often highly technical, cutting-edge world of inventions, the U.S. Court of Appeals for the Federal Circuit is the Mount Olympus of patent law. But are its 12 Olympians falling?

The U.S. Supreme Court is reviewing more of the circuit court's patent decisions and liking them less, which is a much-noted trend in the relatively small patent bar.

Some patent litigators are increasingly critical of a Federal Circuit that, in its desire to achieve certainty and harmony in patent law, they say, has become overly formalistic, expanding the power of patent holders at the expense of innovation.

And some scholars suggest that after 25 years as the only game in town for review of patent appeals, the Federal Circuit might benefit, both in terms of its overall workload and the development of patent law, from some outside input, not just from the Supreme Court but from a limited number of regional circuit courts getting back into the business of handling patent appeals.

Do the Supreme Court's heightened interest and increased reversals mean that the Federal Circuit has run amok?

"Some of the shriller commentators have suggested the Supreme Court may be concerned the Federal Circuit is a runaway court or a pro-patent court. I don't think there is the slightest substance to those observations by a couple of people," said Chief Judge Paul R. Michel.

His best guess as to why the high court has stepped up its interest, he explained, is that "the Federal Circuit has had a good amount of time to wrestle with fundamental issues of patent law and has developed a body of law on those fundamental issues. The time is ripe for the Supreme Court to review the way we have resolved those issues. It's neither surprising nor worrisome."

Echoing others' comments, litigator Kenneth R. Adamo in the Cleveland office of Jones Day, who has been involved in roughly 30 appeals in the Federal Circuit, said he believes the Supreme Court feels there was not enough supervision previously of the circuit court's work.

"What the justices read and hear from law clerks and others is there's something wrong with the U.S. patent system despite the fact the Federal Circuit was put in place, in large measure, to unify patent jurisprudence," he said.

"Does that mean they think the Federal Circuit is lost in space? No," he added. "They've looked at some of these decisions, the en banc, major decisions with pluralities and concurrences, and are wondering, why is all this still so roiled up?"

HIGH MARKS

The patent law community itself seems divided over whether the Federal Circuit has gone off track and what, if anything, should be done about it. But those who follow the court closely generally give it high marks for being a very hard-working court with very dedicated, smart judges.

Congress created the court in 1982 with the Federal Courts Improvement Act. The court was formed by the merger of the U.S. Court of Customs and Patent Appeals and the appellate division of the U.S. Court of Claims.

DOJ_NMG_0083065

The Federal Circuit is unique in that it is the only Article III appellate court whose jurisdiction is based on subject matter, not geographic location. Although the primary motivation for its creation was to end forum-shopping in patent cases and to bring certainty to patent law, the court also was given nationwide jurisdiction over claims involving international trade, government contracts, trademarks, federal personnel and veterans' benefits, and certain money claims against the federal government.

With the recent Senate confirmation of Judge Kimberly Moore, the court now has a full complement of 12 active judges.

In a speech last summer to the Federal Circuit Bar Association, Michel, the chief judge, reported that the court's overall condition was "fine," but, he added, "We are now stressed, stressed both by the quantity and difficulty of our current cases."

Although the court is generally known as the nation's top patent court, it was just this year that patent appeals became the largest category of cases on the court's docket -- a change with significant impact on the judges' workload.

"Even more significant than the rise in numbers is the rise in complexity, size and difficulty of the technology in these cases," said Michel. "On average, the district court patent cases we receive are perhaps 10 times more difficult than the average patent case in the mid-1980s."

Patent cases represent about one-third of the court's total caseload, said the chief judge, but if time devoted to those cases is measured, instead of just number of cases, the judges spend 50 percent more time adjudicating the patent cases than others on the docket.

The court recently made mandatory its voluntary mediation program for all appeals, said Michel, adding that the change should help the court with its workload. Surprisingly, even when the program was voluntary, a majority of cases that did settle were patent cases, he said.

The court just hired intellectual property litigator James Amend, of counsel to Chicago's Kirkland & Ellis, to run the mediation program.

"I think with this man in place, patent cases will settle at a considerably higher rate than when our program didn't have an ace litigator running it and when it was only voluntary," said Michel.

IS IT SUCCESSFUL?

As the Federal Circuit approaches its 25th birthday, the measure of its success generally depends on whom you talk to and what time period you're talking about, said patent scholar Lee Petherbridge of Loyola Law School, Los Angeles, who, with R. Polk Wagner of the University of Pennsylvania Law School, has done empirical research on the court's work.

"In terms of the pre-Federal Circuit days, the court did go in and take hold of patents and provide certainty," he said. "That much is true, and in that sense it represents success. Patents became stronger; a presumption of validity was more recognized. What that led to was a better ability of the patentee to concentrate capital for research and development."

The court has strengthened patents, which is what Congress intended it to do, said Petherbridge. But, he added, "The same things that bring us good effects from patents also open the system and the court to criticism."

RECORD ON APPEAL

Some of the doctrinal criticism is obviously embodied in the recent appeals to the Supreme Court. Jones Day's Adamo noted: From 1990 to 2001, the court granted certiorari eight times, heard eight cases and affirmed the Federal Circuit's decisions 50 percent of the time. But from 2002 to now, the court granted certiorari nine times, heard seven cases -- and did not affirm in any of the cases.

"I think the Supreme Court has started to pay attention to patent law for two reasons: disquiet with the Federal Circuit and also because patent law and patent reform are so on the radar screen," said patent scholar Timothy R. Holbrook of Chicago-Kent College of Law.

There have been two major recent studies of the patent system that noted problems, as well as patent reform proposals introduced in Congress, said Holbrook. On the "disquiet" reason, he said, "everyone thinks the Federal Circuit is pro-patent."

The court is pro-patent in terms of patent validity, he said. "Patents are supposed to reward significant advances in the state of the art. The obviousness doctrine governs that. But the test articulated by the court makes it very difficult to show the patent is obvious, so we get lots of patents on very simple inventions."

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The court's test for obviousness is at the heart of KSR International v. Teleflex Inc., No. 04-1350, to be decided by the Supreme Court this term. The issue is fundamental to patent validity, and the solicitor general of the United States and the U.S. Patent and Trademark Office (PTO) have told the justices that the Federal Circuit is wrong.

KSR and the high court's recent rulings involving the Federal Circuit's view of the doctrine of equivalents and the use of injunctions for patent infringement, said Holbrook, reflect the Supreme Court's concern that patent law is out of control and that the Federal Circuit's formalistic approach is inappropriate.

"The Federal Circuit has this mantra of certainty," he said. "It wants clarity and certainty in the law and draws that from its congressional mandate. The problem is they articulate very bright-line, formal rules. I think the Supreme Court recognizes the need for certainty but disagrees with way the Federal Circuit is doing it."

Much of what the Federal Circuit has done-both good and bad-can be ascribed to excessive formalism, agreed Jay Dratler Jr. of the University of Akron School of Law.

On the good side, he said, the court has narrowed the type of evidence that can be used to construe claims in patent cases, trying to ensure that the evidence used is in the public record, accessible to all.

Where it has gone badly astray, in his opinion, is its unwillingness to look beyond what is written on paper in informing its decisions.

"My complaint, and the complaint of a lot of people, is you can't really understand patents without understanding a little bit of the technology and a lot of the economics that go into the industry," he said. "To make decisions devoid of that background is, to me, nonsensical."

The court does that, Dratler said, not only because of excessive formalism but because most of its judges lack the technical and scientific backgrounds needed for these issues. Although patents are not its sole jurisdiction, patents were the primary motivation for creating the court, he said.

DE NOVO REVIEW

Another major area of concern or criticism is the Federal Circuit's de novo review of district court patent cases and its rather high reversal rate -- roughly 30 percent to 35 percent -- of those decisions. Most of those cases are appeals of summary judgment decisions.

The most important part of any patent dispute is the construction of claim terms in a given patent. After a Supreme Court decision removed claim construction from the province of juries and gave it to judges, the Federal Circuit held that it would review district judges' decisions de novo. Critics of de novo review and the reversal rate say that they increase uncertainty surrounding patents as well as the cost of litigation.

Last year, before she became a Federal Circuit judge, Moore, in an empirical study of district court reversals, reported the reversal rate, eight years after the Supreme Court ruling, was rising instead of declining as judges got more experience with claim construction.

The fault, she wrote, rests with the Federal Circuit, which was not providing sufficient guidance: "There have not evolved any clear canons of claim construction to aid district court judges, and in fact the Federal Circuit judges seem to disagree among themselves regarding the tools available for claim construction."

TIME FOR CHANGE?

So what does it all add up to, these criticisms and the Supreme Court's heightened interest in Federal Circuit rulings? Is it time for radical change?

No one seems to be advocating a return to the pre-Federal Circuit days when forum-shopping in patent cases among the 12 regional appellate courts was rampant and patent law was all over the map.

But some court scholars suggest it is time at least to discuss some change.

Craig A. Nard, director of the Center for Law, Technology and the Arts at Case Western Reserve University School of Law, and John F. Duffy of George Washington University Law School have suggested allowing two or perhaps three regional appellate courts to join the Federal Circuit in reviewing patent appeals.

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"Our view is the problems are not with the judges, but by being the only game in town the Federal Circuit has no competition, does not enjoy a peer or the benefit of sister circuit jurisprudence," explained Nard. "Because of that, it doesn't have the type of engaged, thoughtful rationale other courts have."

Absent a peer, he said, the Federal Circuit has fallen into a kind of insularity and "path dependency." It gets locked into its own precedents, he explained.

"To the extent you have judges on panels disagreeing with another, it looks like the Federal Circuit is all over the place. It's a problem."

There are no intercircuit conflicts to trigger Supreme Court review, he added. The justices, in a disproportionate number of patent cases, ask the solicitor general for his opinion, and the solicitor general turns to the PTO.

"That's OK, but the best way is to have a couple of circuits weigh in and express themselves," said Nard.

And if you are the Federal Circuit with a monopoly on patent jurisprudence, he added, attorneys -- whom courts rely on generally for information about the law and facts in a case -- are somewhat reticent to challenge Federal Circuit precedents and make creative arguments, especially if they are repeat players at the court.

"Our goal is to generate discussion," he said.

No court achieves all expectations, said patent litigator Donald Dunner of Finnegan, Henderson, Farabow, Garrett & Dunner in Washington, D.C.

The Federal Circuit, he said, was originally formed in order to avoid forum-shopping, to bring uniformity and predictability to the process of deciding patent cases, and "largely, it has done that."

He gives the court "very good grades," sees nothing "broken" about it and believes it fares no worse in the Supreme Court than other circuits and better than some, such as the 9th Circuit.

CLAIMS CONSTRUCTION

Michel, the chief judge, is keenly aware of what is said and written about the Federal Circuit. He acknowledges concerns about the reversal rate of district court patent decisions, but notes that claim construction is very complicated with many opportunities to make mistakes.

Because his court does not give district court rulings the usual deference they receive in other cases, "that presses toward our disagreeing on some of the constructions."

But, he said, the average reversal rate in civil litigation is about 20 percent, so 30 percent is not shocking on de novo review of very complex cases.

He thinks that legislation proposing a pilot program in certain district courts designating judges to handle patent cases would help eventually to lower his court's reversal rate.

Michel prizes the diverse backgrounds of his judges and relishes the diversity of the court's caseload. Suggestions that the court is insular, he said, are inaccurate.

"I think the diversity of judges' background and caseload was a brilliant conception of the architects of this court," he said.

That diversity just about guarantees against insularity, he explained. Re-involving the regional appellate courts in patent law, particularly after 25 years of noninvolvement, would create the risk of conflicts in patent law that the Federal Circuit was created to eliminate, Michel said.

"I frankly don't think there is anything fundamentally undesirable about the makeup, caseloads or performance of the Federal Circuit," said Michel.

"At the margins, everyone can have his own personal theory of what little improvements could be made, but in terms of radical changes, I certainly don't see grounds for that," he said.

His court, Michel added, gets criticized about equally by patent holders and nonpatent holders. And, he said, it is "interesting" there is some resentment by a number of tenured patent professors that the court doesn't cite their law review articles.

"We have an extensive body of case law, and that and Supreme Court precedent is what we would mainly be citing," he explained.

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There are true dilemmas in patent law, added Michel. "You're balancing competing social interests, and it's not always clear what the right balance is. Congress has left it broadly defined in the statute, which has not changed greatly since 1952."

"A lot of patent law is judge-made law," Michel said. "It's quite natural and expected that the Supreme Court would, from time to time, dip into the major patent dilemmas and give them a look."

ENVIRONMENT:

As Climate Changes, Large Firms Look At Global-Warming Practice Areas (LAW)

By Petra Pasternak, The Recorder

California Recorder, October 19, 2006

While scientists ponder how quickly the polar ice cap will become a tropical resort -- and California turns the heat up on the auto industry -- law firms are starting to wave their green flags.

Soon after California Attorney General Bill Lockyer announced he was suing carmakers over vehicle pollution, and the state passed a new law to limit greenhouse gas emissions, Pillsbury Winthrop Shaw Pittman announced it was putting together a new climate change and sustainability practice group. And Morrison & Foerster announced an event to discuss the new Global Warming Solutions Act.

"We're going to try to start up a group initially within the confines of our IP practice," said MoFo partner Thomas Ciotti. "You've got to start marketing to the community in order to start attracting more business."

Partners are going to discuss hiring needs for his firm's new global-warming practice, dubbed Greentech, at an end-of-month meeting, Ciotti said.

Neither Pillsbury nor MoFo has hired anyone for the new climate groups. But both are earnest about what they call a burgeoning new area and say they're anticipating client needs by connecting previously disparate disciplines.

Ciotti predicted that biodiesel and ethanol manufacturers and chemical companies, for example, will need project finance, transactional, corporate and even IP help as they look to acquire and develop new facilities.

At Pillsbury, San Francisco partner Michael Steel said the new team-in-development consists of lawyers from the environmental and land use litigation practices, as well as from corporate and finance.

"We would expect in the future, as requirements become clearer and regulations are enacted, that businesses will need to figure out ways to comply," Steel said. For example, "They may have to redesign their manufacturing process, and that will require project finance expertise.

"It's a reorganization of the way you comply with environmental law, bringing in a number of different disciplines," Steel said. "You could call it marketing, or you could call it being responsive to your client's needs. Hopefully, they're the same thing."

But not everyone is so gung ho about climate change.

Heller Ehrman environmental partner Joseph Armao said the phone has been ringing from clients calling with more concerns about California's new legislation and the state attorney general's lawsuit. But, he said, it's too soon to devote armies of lawyers or start new practice areas.

"People tend to get ahead of themselves, seeing the next arena," he said. "Heller Ehrman will be the first to form a group -- we'll call it the global warming cooling-off group -- if the state of California continues to file lawsuits along the lines of Lockyer's misguided lawsuit."

Pollinators' Decline Called Threat To Crops (WP)

By Juliet Eilperin

The Washington Post, October 19, 2006

Birds, bees, bats and other species that pollinate North American plant life are losing population, according to a study released yesterday by the National Research Council. This "demonstrably downward" trend could damage dozens of commercially important crops, scientists warned, since three-quarters of all flowering plants depend on pollinators for fertilization.

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American honeybees, which pollinate more than 90 commercial crops in the United States, have declined by 30 percent in the last 20 years. This poses a challenge to agricultural interests such as California almond farmers, who need about 1.4 million colonies of honeybees to pollinate 550,000 acres of their trees. By 2012, the state's almond farmers are expected to need bees to pollinate 800,000 acres.

Gene E. Robinson, an entomologist at the University of Illinois and one of the 15 researchers who produced the report, said U.S. farmers had to import honeybees last year for the first time since 1922, underscoring the extent of the problem.

"The honeybee industry is at a critical juncture," Robinson said. "The time for action is now."

A number of factors have cut pollinators' numbers in recent decades, the researchers said. Introduced parasites such as the varroa mite have hurt the honeybee population, and pesticides have also taken a toll. Bats, which carry pollen to a variety of crops, have declined as vandalism and development have destroyed some of their key cave roosts.

John Karges, a Nature Conservancy conservation biologist who works with the endangered Mexican long-nosed bat in West Texas, said the bat's U.S. population fell from 10,000 in 1967 to 1,000 in 1983. The species feeds on nectar from the agave plant, which can be used to produce a sweetener as well as tequila.

"This bat is rare and suspected of declining rangewide," said Karges, adding that it can now be spotted only at one protected cave site in Big Bend National Park. "I don't think anyone's looking at it annually or closely."

The declines have been gradual and in some instances are hard to quantify, the committee concluded. But the panel's chairwoman, entomologist May R. Berenbaum of the University of Illinois, said in a statement that there is already cause for alarm.

"Despite its apparent lack of marquee appeal, a decline in pollinator populations is one form of global change that actually has credible potential to alter the shape and structure of terrestrial ecosystems," Berenbaum said.

Animals carry pollen -- which they pick up inadvertently while feeding on a plant's nectar -- and transfer it from one flowering plant to another, sometimes over significant distances. The process not only boosts plant production but increases species' genetic diversity.

Animal pollinators fertilize more than 187,500 flowering plants worldwide; scientists believe these plants, called angiosperms, gained ecological dominance more than 70 million years ago in part because animals help them disperse their pollen so broadly. Other pollinators include hummingbirds and butterflies, as well as wild bees.

In many ways, pollination works as a chain in which even the largest animals depend on small insects, said committee member Peter Kevan, a professor at the University of Guelph, Ontario.

"Canadian black bears need blueberries, and the blueberries need bees" for pollination, Kevan said. "Without the bees you don't have blueberries, and without the blueberries you don't have black bears."

Despite this crucial link, Robinson said, many ordinary citizens fail to grasp how important pollinators are to food production.

European researchers have also documented serious declines: The diversity of bee species has declined by 40 percent in Britain and 60 percent in Holland since 1980. Europeans have more detailed records of pollinators than Americans, said University of Arizona entomologist Stephen Buchmann, partly because they have more amateur taxonomists keeping track of them.

So far, North American farmers have responded to the shortages by importing bees from Europe and elsewhere, but this strategy carries risks. These imported bees could bring new pests, parasites and diseases along with them, the study warned; the varroa mite came to the United States along with packaged bees.

The National Research Council panel called on scientists and government to collect more data on pollinator populations, and the U.S. Postal Service unveiled four stamps to help raise public awareness of the issue.

"We don't want to become a report on the shelf," said Michael Ruggiero, director of the U.S. Geological Survey's Integrated Taxonomic Information System. "We want to be a cause for action."

Evangelicals Rally Behind Environmental Cause (LAT)

By Stephanie Simon

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The Los Angeles Times, October 19, 2006

Democratic strategists are joining forces with conservative evangelicals to promote a faith-based campaign to raise awareness about global warming, in an improbable alliance that could boost Democratic hopes of taking control of Congress.

At a news conference Friday, the president of the Christian Coalition and a board member of the National Association of Evangelicals will announce Call to Action, an effort to make global warming a front-and-center issue over the next three weeks for Christians in Pennsylvania, Ohio, Tennessee, North Carolina, Colorado and several other states with pitched election campaigns.

Through ads on Christian radio, sermons from the pulpit, Bible studies, house parties and a documentary film, "The Great Warming," Christians will be urged to view protecting the environment as a religious and moral issue, every bit as urgent as opposing abortion and gay marriage.

"We're not abandoning our previous positions. We're still pro-life, pro-traditional marriage, pro-morality. But one or two issues can't adequately express the gospel," said the Rev. Joel Hunter, the new president of the Christian Coalition of America.

Hunter is one of scores of evangelical leaders who have become convinced that the planet is facing a crisis and that God expects Christians to act, in part by electing committed environmentalists to office. "I'm trying to make Christians . . . look at candidates in a broader way, and look at individuals, not just parties," Hunter said.

The religious leaders say they are not trying to tip control of Congress to Democrats; under federal law, churches cannot endorse candidates. Pastors can campaign on issues, however, and they acknowledge that the election-season focus on global warming is designed to send a message to the GOP: Don't take us for granted.

"The fact that Republicans believe they have a lock on our voters is damaging to both the party and the church," said Peter Vander Meulen, social-justice coordinator for the Christian Reformed Church.

His denomination has a strong commitment to fighting poverty but is theologically and politically conservative: The church opposes birth control and considers homosexuality "disordered." Vander Meulen estimates that 80 percent of the denomination's 280,000 members are Republicans.

This election, however, he expects "a measurable shift" toward Democrats, as pastors highlight global warming and concerns about the Iraq war.

Democratic consultant Eric Sapp calls the greening of the religious right a "godsend for Democrats." His firm, Common Good Strategies, has drafted a guide for pastors who want to talk about global warming, which includes quotes from scripture and this suggested prayer: "We lament what creation is become due to our sin."

Sapp is especially eager to get global warming on the agenda for congregations in western North Carolina, Pennsylvania and Tennessee, where Democratic candidates for Congress share some values with their Republican opponents, opposing abortion and talking openly about their personal faith. He senses that, in such races, global warming could become a deciding factor for Christian voters.

"When evangelicals feel they have permission to vote on a wider range of issues, they're not going to be thinking that Republicans are God's party," Sapp said.

Local conservatives don't disagree.

"The Republicans have been awkwardly silent on this issue," said Dan Boone, president of Trevecca Nazarene University, an evangelical college in Nashville.

He recently hosted a luncheon for 50 pastors, focusing on global warming, and supplied them with DVDs to show their congregations. Boone has advanced the issue on campus, too.

"My sense," Boone said, "is that Christian voters are beginning to move away from being co-opted by either party."

White evangelicals make up nearly one-quarter of the electorate; 78 percent backed President Bush in 2004. But many have been frustrated with Bush and the Republican-controlled Congress for failing to promote issues they consider important, such as tougher laws on pornography and a constitutional amendment banning same-sex marriage.

In recent years, as their leaders emphasized abortion, gay rights and school prayer, "evangelical" has come to seem synonymous with "conservative." In fact, however, the shift to the right is a new development. As recently as a decade ago, white

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evangelicals were fairly evenly divided between the two parties. (President Bush is an evangelical, but so are former Presidents Carter and Clinton, both Democrats.)

Some top evangelicals now worry that they've become too predictably right-wing. Global warming offers a way to get out of that box. The issue is widely seen as an advantage for Democrats, because Republicans, led by Bush, have resisted steps such as ratifying the Kyoto Protocol to reduce emissions of greenhouse gases.

"Frankly, I'm conservative . . . (but) we're letting our principles lead us where they will," said the Rev. Richard Cizik, a leading evangelical voice on the right.

Democrats stand ready to take advantage. At a recent forum on global warming at Messiah College, a conservative evangelical institution in Grantham, Pa., the Democratic candidate for U.S. Senate, Bob Casey Jr., endorsed the Kyoto Protocol -- and got a warm reception. (The incumbent, Republican Sen. Rick Santorum, did not appear in person; instead, he sent a brief campaign video about other environmental issues.)

In western North Carolina, Democratic candidate Heath Shuler plans to attend a church-sponsored screening of "The Great Warming" as he fights to unseat incumbent Republican Rep. Charles Taylor.

"The Great Warming" is heavy on science, but it also lays out the biblical case for acting on global warming, starting with God's command to Adam to be a good steward of the Earth.

Faith leaders increasingly make a moral argument as well, saying that floods, hurricanes and other effects of global warming will disproportionately affect the poor -- precisely those whom Christ commanded his followers to help.

In the long run, evangelicals leading the Call to Action say they hope, and expect, more Republicans to take up global warming as a priority cause.

"Evangelicals are in the best position to change the GOP's mind on this -- a better position than any group in America, other than big busin

Evangelicals Broaden Their Moral Agenda (WP)

By Alan Cooperman

The Washington Post, October 19, 2006

Evangelical Christian leaders are tackling a growing list of domestic and international issues, such as genocide in Darfur and global warming, despite dissension in their ranks over whether this broader moral agenda will dilute their political power just before crucial elections.

Yesterday, two dozen prominent evangelicals issued a joint appeal for President Bush to take the lead in sending a multinational, U.N.-backed peacekeeping force into the Darfur region of Sudan. They included not just liberal religious leaders but also several notable conservatives, including the Rev. Richard Land of the Southern Baptist Convention and the Rev. Ted Haggard, president of the National Association of Evangelicals.

Today, another broad coalition of evangelical leaders will begin airing advertisements on Christian radio stations calling for action to address climate change. Among them is the new president of the Christian Coalition, who has said he plans to "rebuild and rebrand" the conservative lobbying group.

These initiatives do not sit well with some grass-roots religious conservatives, who prefer to keep the focus on a tighter range of issues, principally opposition to abortion and same-sex unions.

"This new vision, taking on these liberal issues, was the straw that broke the camel's back for us," said John W. Giles, president of Christian Action Alabama, which was the Alabama branch of the Christian Coalition before it broke away from the national organization last month.

"When we heard the new president talking about his opposition to the death penalty and support for raising the minimum wage, we decided it was time to say, 'Hi-ho, Silver!' " Giles said.

The Christian Coalition's new president, the Rev. Joel C. Hunter, pastor of a megachurch in Longwood, Fla., declined to be interviewed. The chairwoman, Roberta Combs, said the board of directors has not taken a position on global warming, the death penalty or the minimum wage.

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Although Hunter was listed on the Darfur appeal and the global-warming initiative as the Christian Coalition's president, he "is doing that sort of as an individual," Combs said. "These are his personal feelings." She added that the board plans to survey supporters before taking new stands.

"We will never leave our core issues, never," Combs said. "But as more people get involved and as younger people get involved, there are other issues that come to the forefront, and we will be open-minded to take a look at them."

Bishop Harry R. Jackson Jr., pastor of Hope Christian Church, a 3,000-member congregation in Lanham, was among the signers of the Darfur appeal. He said he knows that some evangelicals are concerned that their clout will diminish if they take on too many issues. But, like Combs, he pointed to the need to address subjects that matter to young Christians.

"I think you could call this a PR problem, because young people who are very involved in their churches understand the passion for these two issues," he said, referring to abortion and same-sex marriage, "but in the culture at large we can come across as wild-eyed bigots to some because we have only emphasized these things."

Broadening the agenda, "not to 99 things but to five or six core things," such as fighting poverty and providing aid to Africa, "helps improve our image and more accurately reflects the full panoply of our beliefs," Jackson said. "It's hard to say that those two things -- abortion and gay marriage -- are the only things God had in mind in the Bible."

To some evangelicals, however, the new issues are less clear than the old ones, which have led evangelicals to vote overwhelmingly Republican in recent elections.

"I definitely don't like the widening of the agenda, because it muddies the water," said the Rev. Michael Haseltine, pastor of the 2,000-member Maranatha Assembly of God Church in Forest Lake, Minn.

"Be good stewards of the environment? Sure, but how? These tree-huggers and anti-hunters think it's terrible to kill animals. Oppose poverty? Sure, but what's the best way to do it? We can't solve everybody's problems for them," he said. "Family and life issues -- abortion, sexuality -- they're much more clear from the biblical standpoint."

The global-warming radio ads are tied to a documentary film, "The Great Warming," that has been shown in hundreds of churches. "Environmental degradation is an offense against God," the Rev. Richard Cizik, vice president of the National Association of Evangelicals, says in the film.

Cizik has come under fire for his stand from some conservatives, including James C. Dobson, founder of Focus on the Family, who contend that it is uncertain whether global warming is a man-made phenomenon and what to do about it. But the Rev. Pat Robertson, who a year ago criticized the NAE for teaming up with "far-left environmentalists," has changed his mind. "It is getting hotter, and the ice caps are melting, and there is a buildup of carbon dioxide in the air," he said in August.

The Darfur appeal was backed by full-page ads in yesterday's Washington Post and other newspapers, paid for by $575,000 in donations from two individuals who wish to remain anonymous, according to Jack Pannell, spokesman for the liberal evangelical magazine Sojourners. "Without you, Mr. President, Darfur does not have a prayer," said the ads, addressing Bush.

"This is an important day. You see evangelical leaders from across the political spectrum coming together to speak as one voice," Jim Wallis, Sojourners' editor, told reporters.

Conservative signers of the appeal made it clear that they did not intend it to be critical of the White House's efforts to end the crisis. "The president really has been doing more than anybody else, but the president cannot do it alone, and America cannot do it alone," said Land, who heads the Ethics and Religious Liberty Commission of the Southern Baptist Convention.

FBI/DEA/ATF/USMS:

Agents Break Up Money - Laundering Ring (AP)

AP, October 19, 2006

NEW YORK (AP) -- Law enforcement agents broke up a Colombian money-laundering ring Wednesday, arresting 26 people in three countries and seizing more than $16.5 million in cash and drugs, drug enforcement officials said.

Arrests were made in Bogota and Cali, Colombia; New York, New Jersey, Florida and London, according to Drug Enforcement Administration officials.

More than $10 million in alleged drug profits and more than $6.5 million in cocaine, heroin and marijuana were seized in the operation conducted by DEA, the FBI, Immigration and Customs Enforcement, the Internal Revenue Service, New York city and state police and Suffolk County police, authorities said.

In one court document filed in U.S. District Court, New York Police Detective Jon Paul Figueroa said the scheme was used to process some of the billions of dollars generated each year by Colombian drug dealers.

He said narcotics traffickers used the Colombian black market peso exchange to disguise the source of income.

As part of the probe, he said, Colombian law enforcement authorities obtained judicial authorization to intercept telephones used by various peso brokers in Colombia.

He said the Colombian officers also identified money launderers in the New York City area, including some of the defendants, who were collecting and distributing drug proceeds in coordination with their criminal associates in Colombia.

He said the probe also relied on multiple confidential informants who worked with undercover officers posing as people in New York who were able to receive narcotics proceeds and place them into the U.S. banking system to be laundered through the peso exchange.

In one scheme, officials said, a peso broker in Colombia arranged to launder illegal drug money located in New York. He arranged for other defendants to collect the cash and turn it over to another defendant who used it to buy used truck parts from a scrap yard he controlled in Lindenhurst, N.Y. The parts were shipped to Venezuela and Colombia and resold for pesos, the officials said.

U.S. agents obtained seizure warrants for bank accounts throughout the United States that they said had been used to aid the laundering. Colombian agents conducted 24 searches in Bogota and Cali.

The defendants include people from every level of the operations -- peso brokers in Colombia, their criminal confederates in the United States and Colombian business people who knowingly acquired the cheap drug dollars to buy imports, the officials said.

Associated Press writer Michael J. Sniffen in Washington contributed to this report.

26 Arrested In Global Money Laundering Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 18, 2006

Federal agents yesterday broke up what authorities described as an international money laundering ring diverting millions of Colombian drug dollars through a sophisticated "Black Market Peso Exchange," an illegal currency exchange system.

U.S. Attorney Michael J. Garcia in New York said agents arrested 26 persons on money laundering charges in Bogota and Cali, Colombia, New York, New Jersey, Florida and London, seizing more than $10 million in drug proceeds and $6.5 million in cocaine, heroin and marijuana.

According to two indictments and a complaint unsealed in U.S. District Court in Manhattan, the suspects used "peso brokers" to serve as middlemen between cash-heavy drug traffickers and Colombian businesspeople seeking to purchase cheap U.S. dollars outside the highly regulated Colombian banking system.

Mr. Garcia said all of the transactions in the system, dubbed the Colombian Black Market Peso Exchange by authorities, are verbal, without any paper trail, making discovery of the money laundering crimes by international law enforcement extremely difficult.

He said it is one of the primary methods through which Colombian narcotics traffickers launder their illicit funds.

The charging documents said the system involves three steps:

•Drug traffickers sell their drug dollars in the United States to peso brokers in Colombia in exchange for Colombian pesos.

•The peso brokers use criminal associates in the United States to collect the drug money and deposit the illicit funds into the United States banking system.

•The peso brokers sell the drug dollars to Colombian businesspeople seeking cheap dollars outside the legitimate Colombian banking system to purchase goods to be imported back to Colombia.

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Of the 26 persons arrested, Mr. Garcia said, seven were taken into custody in Bogota, seven in Cali, two in Florida and 10 in New York. If convicted, they face a maximum sentence of 20 years each.

DEA Warns Of Soft Drink-cough Syrup Mix (USAT)

By Donna Leinwand

USA Today, October 19, 2006

When San Diego Chargers defensive back Terrence Kiel was charged last month with illegally shipping cases of prescription cough syrup back home to East Texas, it cast a spotlight on a drug trend authorities say is spreading throughout the South and being celebrated in rap songs.

In a statement announcing Kiel's arrest Sept. 26, the Drug Enforcement Administration cited the rising popularity of a concoction that includes codeine-laced syrup mixed with a soft drink or sports drink. Such cocktails — known as "Lean," "Syrup," "Sizzurp" and "Purple Drank" — were popularized in rap mixes in the late 1990s by Robert Earl Davis Jr., a Houston disc jockey known as DJ Screw.

Since then, some teens and young adults in East Texas and beyond have been getting high on drinks in which the key ingredient is a prescription cough suppressant that contains promethazine with codeine, an opiate. DEA Special Agent Doug Coleman, who tracks the drug from the agency's headquarters in Arlington, Va., says users typically mix an ounce of the syrup with Sprite, a sports drink or a regional soft drink called Big Red, then plop in a Jolly Rancher candy and pour it over ice. The opiate produces a feeling of euphoria and causes motor skill impairment that makes users move slowly or lean over.

The scope of cough syrup abuse across the nation is unclear because national drug surveys do not ask about it specifically. However, police, federal drug agents and public health analysts from Texas to Florida say the abuse and illegal sale of codeine syrup are rising and are part of the much larger problem of prescription drug abuse.

In 2004, 8.3% of Texas secondary school students reported having taken enough codeine syrup to get high, according to a survey by the University of Texas.

The misuse of prescription syrups is "a huge trend. We've seen more of it in the last few years than we've ever seen before," Coleman says. "We see a lot of kids getting hold of it" by ordering from online pharmacies that accept unverified prescriptions and identification.

DEA agents say the demand for illicit syrup has sent its price soaring. Syrup that typically sells for $12 a pint that is stolen or obtained illegally from pharmacies and warehouses often is sold to street dealers for about $300 a pint, says Richard Sanders, a DEA agent in Tyler, Texas. He says East Texas dealers then sell it by the ounce to users for $40-$85 — or $640-$1,360 a pint.

The DEA's largest busts involving syrup have been in Texas and Florida, but it is turning up across the South. In August, police in Natchez, Miss., found several bottles of illicit syrup in countywide drug raids, and police in Alexandria, La., seized 15 1-pint bottles from a 48-year-old man.

Overdosing on prescription syrup is potentially fatal, but it's unclear how many people have died drinking such concoctions. Too much codeine, which is produced from morphine, can depress the central nervous system and stop the heart and lungs, Coleman says. "The misconception is that prescription drugs are OK because they are medicine," he says. "But if you're taking 25 times the recommended dosage, it's very dangerous."

In November 2000, DJ Screw, the innovator of rap mixes that glorified syrup drinks, died of a codeine overdose. His re-mixed and slowed-down rap songs reflected the narcotic effects of syrup, says Rolling Stone executive editor Joe Levy.

Since DJ Screw's death, others have extolled syrup drinks in their raps and mixes. Three 6 Mafia, an Oscar-winning hip-hop group, recently had a hit song called Sippin' on the Syrup. "Here in Houston, it went hand in hand with a very innovative form of hip-hop music called 'screw music,' " after DJ Screw, says Ron Peters, assistant professor of behavioral sciences at the University of Texas Health Science Center.

"I'd be surprised if the majority of high school hip-hop fans don't know what syrup is," Levy says. "But it doesn't mean they are using it."

Syrup drinks appeared in Pensacola, Fla., in 1999 as a social drink among drug dealers, says Pensacola police Sgt. Stephen Bauer. Pensacola's narcotics unit recently concluded a wiretap investigation in which cocaine and marijuana dealers

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routinely mentioned syrup in recorded conversations, Bauer says. In Louisiana, teens are using syrup in the Lafayette and Lake Charles areas, says Kristen Meyer of the state Department of Health and Hospitals. “It's new on everyone's radar,” she says.

Trafficking of syrup is rising in Texas, says Special Agent Tim Stover of the DEA's Fort Worth office. Dealers in Dallas, Fort Worth and Houston have bought pints from corrupt pharmacy owners for cash, he says.

In Houston, seven pharmacists and a doctor were convicted last summer of illegally diverting more than 2,500 gallons of narcotic cough syrup by creating and filling hundreds of phony prescriptions.

In August, a federal grand jury in Oakland indicted the directors of a non-profit organization set up to distribute medicine in Nigeria. They allegedly used the group to divert prescription drugs, including syrup, to dealers and users.

Despite crackdowns by police, prescription syrup is a popular illicit drug in Tyler, where Kiel's packages were to have been sent. Kiel, who grew up in nearby Lufkin, told DEA agents he shipped the syrup to help out a cousin, says Bob Grimes, Kiel's attorney. The cousin has not been identified; no others have been charged.

Court papers say DEA agents were told of Kiel's shipment by FedEx managers who inspected a package the player had dropped off and found 15 pints of syrup. Kiel was arrested after he took a second box of syrup to FedEx. DEA agents found more syrup in his garage, Special Agent Dan Simmons says. Kiel pleaded not guilty to five felony charges. He could face up to five years in prison if convicted.

Former Soldier Admits To Role In Drug Smuggling (AP)

AP, October 19, 2006

OKLAHOMA CITY A former member of the U-S Army Reserve today became the latest soldier or former soldier to plead guilty to smuggling drugs while in uniform.Terrance Wilson of Oklahoma City pleaded guilty today in federal court in Oklahoma City to a felony conspiracy charges and faces up to five years in prison.Wilson is among the soldiers caught in an F-B-I sting in which agents posed as drug traffickers and bribed soldiers to escort cocaine from Texas to Oklahoma City. He was paid two-thousand dollars for a trip in March 2004.

Chicago Police Raid Targets Bad Heroin (AP)

AP, October 18, 2006

CHICAGO (AP) - Police raided a public housing complex Wednesday in a sweep targeting suspected dealers of deadly fentanyl-laced heroin, authorities said.

Officers were looking for 37 suspects and had arrested about half by Wednesday afternoon, said Chicago police spokeswoman Monique Bond.

The arrests at the Harold Ickes public housing complex followed a federal bust in June at another housing complex nearby, Bond said. Federal drug agents were not involved in Wednesday's raid, she said.

Hundreds of people have died nationwide from heroin laced with the prescription painkiller fentanyl. In Cook County, more than 200 deaths were attributed to fentanyl-laced heroin from April 2005 through August 2006, said Joanna Zoltay, a spokeswoman for the Drug Enforcement Administration in Chicago.

Major Drug Sweep On South Side (CHIT)

By Josh Noel, Tribune Staff Reporter

Chicago Tribune, October 18, 2006

Tamela Braylock is tired of the drug dealing in the Harold Ickes pubic housing complex, so she was glad to see police descend Wednesday morning on her lifelong home with more than 30 arrest warrants in a large-scale bust.

But her feelings turned mixed when she recognized a teenager in black pants and a red checkered shirt being led out with his hands behind his back.

"That's my friend's son," said Braylock, 27, of a boy she guessed was 16. "It's [messed] up because he's so young. But maybe now he'll learn."

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In what police say is a continuing effort to dent sales of fentanyl-laced heroin on Chicago's South Side, officers fanned out across the Ickes complex on South State Street for much of the day, trying to arrest 31 people who have been charged with a variety of drug-related crimes.

Dozens of uniformed and plainclothes officers filled the complex as members of the SWAT team stood at the entrances with guns.

By 5 p.m., 20 of the suspects had been arrested, police spokeswoman Monique Bond said. Police will provide more details at a Thursday news conference, she said.

The arrests were the culmination of Operation Fallout, for which police spent close to three months monitoring the complex from mounted cameras and making undercover buys from members of the Gangster Disciples, they said. Sources said 41 buys were made and that a large percentage of the heroin was laced with fentanyl.

Since April 2005 more than 185 people have overdosed in Chicago on heroin laced with the powerful painkiller, authorities have said.

The bust follows a similar effort earlier in the year, Operation Snakebite, which targeted heroin sales in the nearby Dearborn Homes and resulted in drug charges against 47 gang members.

Federal prosecutors have said the gang, the Mickey Cobras, was generating nearly $25,000 per day in heroin sales.

Police said they ran the bust on the Ickes complex because they feared it would become the destination of heroin seekers after the arrests at the Dearborn Homes. Ickes residents have long voiced concerns about drug sales and thanked officers in the halls Wednesday, police said.

"The constant hue and cry here is about gang activity," said Central District Cmdr. James Keating. "The mission is to enhance the quality of life, and the point of that is to get rid of the gangbangers.

"We're doing our best, and it's important that the community sees we're doing our best."

The efforts to stop drug dealing would not end with the arrests, police said.

"Our presence is not just here today," said Lt. John Escalante of the narcotic and gang unit. "We'll be out for quite a while here."

Though largely appreciative, residents were skeptical of any long-term benefit, saying the arrests probably would not fundamentally change life in buildings where dealers spend up to 12 hours in the hallways selling their goods.

"One group leaves, and another comes in," said Joyce Jackson, 34, a mother of four.

Jackson said she is forced to take her children into the building on the back steps most days because she doesn't want to expose them to the dealers.

"Maybe now we can walk up the front steps," Jackson said. "You get real tired of your kids seeing people selling drugs."

Tribune staff reporter Carlos Sadovi contributed to this report.

Harold Ickes Housing Project Targeted In Police Drug And Gangs Sweep (CD)

Chicago Defender, October 19, 2006

Chicago police swept down on the Harold Ickes Housing Project early Wednesday morning in the latest of the city's all out assault on drug dealers and gangs.

The police Narcotics and Gangs Division surrounded the housing project at 22nd and State streets to round up approximately 37 offenders who either are gang members, drug dealers or substance abusers, Chicago police Spokeswoman Monique Bond told the Defender Wednesday.

"A full complement of special units, SWAT teams and tactical units participated in the raid," Bond said. "This was a sole Chicago police take down. This is called Operation Fallout. It's called Operation Fallout because of some of residual activity that may have went from Dearborn (project raids) to Ickes."

The crackdown on the project also was called Operation Fallout because the drugs being sold there (a form of heroin) were so strong "that people were literally falling out," Bond said.

The early morning raid took place during a time when many children in the area were leaving for school. There are three schools in the Ickes vicinity and a church right across the street, Bond said.

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Share your thoughts

on this story on the ChicagoDefender.com message board.

"The response that police received from the community was overwhelming, which included the community being relieved that police were taking this action to take out gang-bangers, drug users and drug dealers," Bond said. "The residents were overwhelmingly supportive of the operation.

Chicago Police Superintendent Philip Cline said in a prepared statement that the drug raids are making a difference.

"Many of these street corner conspiracies and federal cases that have been dismantled can be viewed as a contributing factor in reducing overall crime for the community, as well as restoring the community's quality of life," Cline said in a prepared statement.

A full detailed press conference on the raid and the number of arrests actually made is schedule for today at police headquarters. No time was given for the press conference.

South Side CHA Drug Bust Produces Dozens Of Arrests (WBBM)

WBBM Radio, October 19, 2006

(CBS 2) CHICAGO --- More than 35 people were arrested this morning in a drug bust at a public housing development on the Near South Side.

The drug bust occurred at 24th and State streets, in the Harold Ickes Homes. As of 11 a.m., the scene was still very much active, and residents said it was very much necessary.

"It's a war zone," said Evelyn Lewis. "I go to work – some people at work, they can't believe how it is."

But Lewis knows how it is. In the time she has lived in the Ickes Homes with her two children, she has seen "people selling drugs, using drugs. I don't want my kids to see it."

Neither do police, which is one reason they conducted a sweep at the Ickes Homes. They targeted 37 people in arrests they hope will take a chunk out of the gang and drug problem like at the Dearborn Homes, which are also along State Street just the across the Stevenson Expressway from the Ickes Homes.

Last summer, Operation Snakebite focused on similar troubles on Dearborn Homes. The investigation at Ickes is called Operation Fallout.

Narcotics and Gang Deputy Chief Michael Cronin said the name was because "myself and (Central District) Commander Keating were concerned about the fallout from the Dearborn Homes. We thought maybe the customers would start coming over to Ickes and start buying their heroin."

The problem has revolved around an extremely potent form of heroin that is laced with the painkiller fentanyl. Over the last month, there have been overdoses at Ickes, and officers suspect they are related to fentanyl.

They said police surveillance cameras in the area have helped their investigation, and they promised to keep on the problem.

"I need to stress to you that this in an ongoing investigation, and our presence here today is not just for today. This is not the conclusion of the investigation," said Narcotics and Gang Investigation Unit Lt. John Escalante.

But Lewis said she did not believe the problem would be removed.

"This will die down and go back to the way it was. That's what happens," she said.

When asked if that was her fear, Lewis replied, "That's my knowledge. That's what I know."

But Lewis said she was happy police were executing search warrants and making arrests at the development. As for those wanted, about half are now in custody and they face a range of drug-related charges.

Spring Valley Drug Dealer Gets 11 Years In Federal Prison (JN)

The Journal News, October 18, 2006

WHITE PLAINS - A 45-year-old Spring Valley man has been sentenced to 11 years in federal prison for being part of a cocaine distribution ring.

James E. Johnson ran a network of drug dealers and shuttled cocaine daily in 2004 and 2005 from Queens into Spring Valley, Nanuet and Pearl River.

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Johnson, who also lived in Queens, was convicted of conspiracy to distribute drugs and possession of a weapon. Seven other people were arrested in Rockland, Queens and Suffolk counties as a result of an investigation by the U.S. Drug Enforcement Administration and the anti-crime units of the Spring Valley and Ramapo police departments.

Johnson was sentenced to seven years for possessing a .45-caliber gun and four years for drug dealing. He had a prior felony conviction 1996 for possession a gun.

Ramapo Detective Sgt. John Lynch estimated Johnson and his crew did about $500 to $2,000 worth of business daily. He said they worked out of two apartments in Spring Valley and sold crack to people and street dealers in gas station parking lots in Pearl River and Nanuet.

Freedom For Sale, Part 1 (MNT)

By Carl Jones

Miami New Times, October 19, 2006

Back in July 1998, Pensacola prosecutors issued an arrest warrant for a 28-year-old father of three named Antonio Monroy. He had been charged with three counts of cocaine trafficking. Soon he was picked up in Miami. He was sent to a federal prison in Coleman, Florida, northwest of Orlando, and a few months later, with a trial looming, he pleaded guilty.

It was the kind of case that breezes through the courts every day.

Then a friend of Antonio's contacted his mother, Virginia. A Miami lawyer could get her son out of prison early, he said.

At the time, Israel Perez Jr. was a defense attorney with almost twenty years of experience, including time clocked as a prosecutor in Fort Myers and Miami-Dade, where he served under Janet Reno. Before he met Antonio Monroy, the only blight on his record had been a 1993 public reprimand by the Florida Bar for improperly handling the funds of a client. Perez had an office in a black and tan tower called the Gables International Plaza in Coral Gables. He seemed like a reputable guy.

Virginia agreed to meet the lawyer, who soon showed up at her aging apartment building on Indian Creek Drive across from the Intracoastal Waterway in Miami Beach. According to the woman's description of that meeting, Perez laid out a plan. Perez would fly to Coleman and tell Antonio to expect two Drug Enforcement Administration agents to visit him after sentencing. Then agents would tell the court he deserved to be freed. It was a sure thing.

The cost to Antonio and his mother would be $100,000.

On March 26, 1999, Antonio was sentenced to nine years in prison. After the sentencing hearing, Antonio's friend contacted Virginia again to find out if she was still interested in buying Antonio's release.

Virginia said she would have to think about it. When she told her son about her conversations with Perez, he decided the whole thing was a scam and contacted the FBI. The bureau then persuaded Virginia and Antonio to meet with Perez — while wearing a wire.

During the next six months, over the course of some dozen meetings or telephone calls, all in Spanish, it became clear that Perez's plan — valid or not — was intricate. Transcripts of conversations he had, along with telephone calls that were recorded, show Perez planned the deceit to minute detail, where it might stall, how disagreements might occur, and generally how to avoid law enforcement scrutiny.

Regardless of all the video- and audio-taped meetings, so far there have been no arrests or indictments in the case. On September 14 the Florida Supreme Court disbarred Perez. A disturbing story is spelled out in a stack of FBI and DEA documents that became public record this summer, after they were introduced as evidence in the bar investigation into Perez. Though a handful of other Miami convicts surfaced, saying they had similar dealings with Perez, the two corrupt DEA agents were never identified. It now seems a probe into the affair has gone nowhere.

Federal authorities declined to comment about the case. So did Monroy. A call placed to Perez's old law office — which by court order is in the process of closing down — reached only an answering machine. A message New Times left was not returned. Calls to three other numbers once monitored by the FBI led to dead ends. Another message was left at Perez's home, with no response. In bar documents, he denied Antonio's claims in a series of letters to Florida Bar investigators.

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If there's any truth to Perez's claims about working with rogue DEA agents, the case raises serious questions about the propriety of drug investigations and prosecutions in South Florida, and about why Perez was never charged with a crime. It could mean there is again a "For Sale" sign on badges in Miami.

It all began on a sweltering July day in 1999 when Perez knocked on the door of Virginia Monroy's sixth-floor apartment in Miami Beach. After several minutes of small talk, they turned to business. She expressed concern for her son and asked lots of questions. Perez patiently answered all of them, describing the legal process that allows for convicted defendants who help the government to leave jail early. He called the $100,000 a "fee" and repeatedly guaranteed it would bring Antonio home.

Referring to the corrupt DEA agents, Perez said to Virginia: "I bring a file like this one to them and tell them, 'This is the man; go do what you have to do.'" He then explained the DEA agents would want their money when Antonio had the recommendation for a sentence reduction in hand.

But, he warned, she could not back out. Otherwise the agents would say Antonio lied. Then he might get more jail time. "In other words," Perez said, "you'll be responsible for your actions."

This warning would be made repeatedly throughout the conversations to come — have the money, or else. Perez also warned Virginia that she and Antonio would have no one to turn to if they decided to rat him out. He said no judge would believe they'd been scammed by the DEA. "They are going to laugh right in that person's face," Perez said.

On the evening of July 18, Virginia Monroy and her daughter-in-law Claudia sat in their car in the parking lot of the La Carreta restaurant on North Kendall Drive. It was just after 6:30, and the two were waiting to meet Perez. Virginia was wired for sound and holding $1500 — money provided to her and photocopied by authorities — to pay for Perez's trip to see Antonio in Coleman.

Colo., Nev. To Vote On Easing Pot Laws (USAT)

By Tom Kenworthy

USA Today, October 19, 2006

DENVER — Colorado and Nevada could become leaders in the movement to legalize marijuana, when voters decide Nov. 7 whether to remove all penalties for adults 21 or older possessing up to an ounce of the drug.

Alaska is the only state that allows penalty-free possession of marijuana, the result of a court decision in August striking down part of a state law that made it a misdemeanor for adults to have less than 1 ounce of marijuana.

In addition to the two statewide ballot measures, at least five cities are letting voters decide whether to direct police to make enforcement of marijuana laws a low priority. Those towns: Missoula, Mont.; Eureka Springs, Ark.; and three California communities — Santa Cruz, Santa Monica and Santa Barbara.

In Colorado, where possession of an ounce or less is classified as a petty offense subject to a $100 fine, backers of Amendment 44 promote marijuana as a healthier alternative to alcohol use.

“Every objective study has found that marijuana is far less harmful to the people who use it and society than alcohol,” says Mason Tvert, campaign director for an organization called Safer Alternative For Enjoyable Recreation (SAFER) that is leading the Colorado ballot drive.

Marijuana possession is illegal under federal laws, which call for up to a year in jail and a $1,000 fine. SAFER says on its website that 99% of marijuana prosecutions come under state and local laws.

Last year, 54% of Denver voters approved a similar measure for the city, but it has had little impact because most cases are prosecuted under state law. “The city initiative didn't change anything,” says Vince DiCroce, head of the city attorney's prosecution staff.

A Rocky Mountain News poll in late September showed 53% of Colorado voters oppose this year's referendum, while 42% favor the marijuana measure.

Colorado Attorney General John Suthers criticizes backers of the measure for “an irresponsible and inaccurate message that legalizing marijuana will make Colorado a safer place.”

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In Nevada, where voters defeated a legalization measure in 2002 by 61%, this year's measure is broader than the one in Colorado. It would allow adults to possess up to an ounce, but also boost criminal penalties for drivers who cause death or serious injury while driving under the influence of alcohol and drugs.

The measure would set up state regulation of marijuana stores, with licensing fees and an excise tax of $45 per ounce. Proceeds would be split between the state general fund and substance abuse programs.

A coalition of law enforcement and community groups opposes the measure. Thirty-three clergy members endorsed the initiative. Paul Hansen, senior pastor of the Holy Spirit Lutheran Church in Las Vegas, says legalization and regulation would prevent some of "the problems that prohibition causes, including exorbitant prices and wild profits" by criminal elements.

Colorado and Nevada are among 11 states that treat possession of small amounts of marijuana as misdemeanors or petty offenses.

Lions Confused By Rogers' Suspension (AP)

AP, October 19, 2006

ALLEN PARK, Mich. (AP) -- The Detroit Lions understand they will be missing star defensive tackle Shaun Rogers for the next month. They just aren't clear why.

The NFL suspended Rogers without pay for the next four games for violating a league rule on banned substances. The league said Wednesday the violation involved an NFL policy that covers anabolic steroids and related substances.

Rogers will be eligible to return for the Thanksgiving Day game against Miami.

Several Lions players said the two-time Pro Bowler fell afoul of a confusing policy that leaves them not knowing which supplements are OK and which are banned. Unlike the league's policy on street drugs, a first offense related to performance-enhancing substances brings a suspension.

"They give us a list, but it is in Greek," said veteran tight end Marcus Pollard. "It would be helpful if the list said which supplements were banned, but it doesn't. It just gives us a list of ingredients, and we have to try to figure out which ones are in each supplement."

The NFL's announcement didn't say what Rogers took, but an official within the league told The Associated Press on Tuesday night that it was an over-the-counter substance. The official spoke on the condition of anonymity because the NFL had not yet announced the suspension.

Lions player representative Dominic Raiola said the confusion means the players have to exercise caution.

"You have to be careful, because you can flunk for NyQuil," he said. "Before I take anything, I go right to the trainers and ask them about it. If there's any question at all, I don't take it."

Lions coach Rod Marinelli said players are warned during training camp about what they should not be taking.

"This shouldn't be a surprise," he said. "Our trainers do a nice job of keeping track of what is good and what isn't."

Tight end Dan Campbell is a supplement user -- he keeps large jars of powder in his locker -- but said he understands the risks.

"This stuff helps me recover faster, which is why I take it," he said. "I'm very careful about checking the labels, but what would happen if they put something else in it? If that happened, I'd go public and make sure everyone knew what the company was doing, but that's still four games off for me."

Pollard isn't willing to take that chance.

"I'm a water-and-Gatorade guy," he said. "The only thing I take is my kids' Flintstones vitamins, and I'm pretty sure those are safe."

Losing Rogers is a blow for the Lions, who are coming off their first win of the season. Detroit (1-5) plays Sunday on the road against the New York Jets (3-3).

The 6-foot-4, 345-pound Rogers is widely regarded as one of the NFL's best defensive tackles. He had a career-high 5 1/2 sacks last year. In six games this season, Rogers had three sacks and 20 tackles.

Marcus Bell will replace Rogers in the starting lineup Sunday against the Jets, but he isn't expected to have the same kind of game-changing impact.

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"It's an impact on us, but I am very confident with Marcus," Marinelli said. "He has to have a great game. They will maybe run inside on us a little more, but if every guy does what he is supposed to do, we'll be fine."

An e-mail message seeking comment was sent to Rogers on Tuesday night.

Cory Redding, Rogers' partner at defensive tackle going back to their college days at Texas, said he talked to Rogers after the news broke Tuesday.

"This is a devastating blow for us," he said. "We're all going to miss the big guy, but he's with his friends and family.

That's what he needs right now."

AP Sports Writer Larry Lage contributed to this report.

Lions' Rogers Is Suspended For Jets' Game And 3 More (NYT)

By David Picker

The New York Times, October 19, 2006

HEMPSTEAD, N.Y., — The Detroit Lions appeared to turn a corner Sunday, when they beat the Buffalo Bills, 20-17, for their first victory of the season. Maintaining that momentum against the Jets on Sunday at Giants Stadium, however, will most likely be more difficult than they had hoped.

The Lions will be without defensive tackle Shaun Rogers, who was suspended by the National Football League for four games on Wednesday for violating its policy on anabolic steroids and related substances.

Rogers, a two-time Pro Bowl selection, anchored the Lions' defensive line, which is 11th out of 32 teams in the N.F.L. against the run. The Jets have sputtered on the ground this season, but now they sense an opening.

"We know what type of player Shaun Rogers is," Jets quarterback Chad Pennington said Wednesday. "He wreaks havoc anytime he's in the game. You've got to be aware of him. He definitely makes their defense better."

According to The Associated Press, a league official who was granted anonymity said Tuesday night that Rogers's ban was caused by an over-the-counter substance. The Detroit Free Press reported Wednesday that Rogers's agent, Kennard McGuire, said that Rogers had taken an appetite suppressant.

McGuire was not available for comment on Wednesday, a representative from his office said.

Rogers, in his sixth season, is listed on the Lions' Web site as 345 pounds. He has been dealing with a lingering knee injury, and he may use the time away from the game to have minor surgery.

Lions Coach Rod Marinelli indicated during a conference call with reporters on Wednesday that Rogers would not appeal the suspension.

Rogers had 3 sacks and 20 total tackles in six starts for the Lions this season. Cory Redding, a defensive end in his fourth season, is expected to replace him.

"I think they have a good group of defensive linemen, and those guys have played in different spots," Jets Coach Eric Mangini said. "There is some flexibility there to move guys around. Collectively, they play well. And whether it's an injury or a situation like that, I think the group will respond. And whoever they decide to plug in there will do a good job for them."

Runners Of Meth Superlab Get 15Yrs (AP)

AP, October 18, 2006

ATLANTA (AP) -- Two men convicted of running one of the East Coast's largest methamphetamine labs out of the basement of a Smyrna, Georgia, home were sentenced Tuesday to more than 15 years each in federal prison.

Twenty-four-year-old Ignacio Cortes-Valencia was given 21 years in prison, and 31-year-old Gustavo Lara-Murillo received a 17-year sentence.

A third man, 34-year-old Ramon Oseguera-Alanis, will be sentenced later.

The men were arrested during a February 2005 raid where authorities found what is known as a "superlab," or a meth lab that can produce more than ten pounds in a single run. It is the first superlab discovered in the state and one of just a handful found on the East Coast.

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During the raid, nearly 40 pounds of methamphetamine and ten pounds of crystalized methamphetamine—a pure form of the drug— were seized. The drugs had a street value of $2.8 million dollars.

Police also seized 24 full trash bags of empty pseudoephedrine containers which once likely contained about 240,000 of the pills commonly used to create meth.

Few States Allow Forms Spelling Out Patients' Wishes (USAT)

By Julie Appleby

USA Today, October 19, 2006

Oregon was the first of only a handful of areas where patients and their doctors can fill out simple forms — that carry the legal weight of physicians' orders — outlining what kind of medical care they will receive, from ambulance to hospital to nursing home.

Washington state and West Virginia, along with parts of New York and Wisconsin, have similar programs. Advocates in a handful of other states, including Hawaii, Utah, Florida and Nevada, are developing them.

Ken Brummel-Smith, who heads the department of geriatrics at Florida State University College of Medicine, supports the effort to make the forms available in Florida. He says the case of Terry Schiavo helped fuel debate about the need for the forms. The woman who was in a long-term vegetative state drew national attention when Florida lawmakers and Congress tried to prevent her husband from having her feeding tube removed,

While the idea of the forms did not pass out of Florida legislative committees on its first try, Brummel-Smith says that advocates plan to try again. The debate highlights concerns from all sides.

"People have worries," Brummel-Smith says. "On one side, everyone is worried about whether a form could be used to limit treatment to people who can't be good advocates for themselves, or they perceive a risk of (a medical provider) withholding care in order to save money."

But, he says, others worry that if they are terminally ill, they will face too much unnecessary medical treatment. That's where the forms can help.

"The primary goal is to have patient-centered care, where we follow the patient's wishes. Plain old advance directives don't do that too well," he says.

Florida resident Barbara Ginsburg, 73, of Niceville, is following the debate and says she may consider filling out one of the forms if they are made available.

Ginsburg says she and her husband, Herbert, 80, already have advance directives, often called living wills, which name others to speak for them. The directives also make broad statements about medical treatment.

Her husband's documents state that he wants everything possible done for the first 10 days he's hospitalized. After that, he doesn't want extreme measures taken. Her wishes are a little different.

"I have this horrible fear of lying there hooked up to machines," she says. " As far as I'm concerned, if I'm in any kind of a vegetative state, just pull the plug."

Gang Leaders Get Life Terms (VALLTH)

By Matthias Gafni, Times-Herald staff writer

Vallejo (CA) Times Herald, October 19, 2006

Pitch Dark Family leaders sentenced in federal court

A federal judge on Monday sentenced the leaders of a reputed Vallejo street gang to life in prison without the possibility of parole.

U.S. District Judge Frank C. Damrell sentenced Shango Jaja Greer, 34, and Jason Keith Walker, 31, both of Vallejo, after a lengthy trial in U.S. District Court, Sacramento. In April, after three years in court, a federal jury convicted Greer conducting the affairs of an enterprise through racketeering, and Walker guilty of conspiring to conduct the same offense.

The jury specifically found Greer responsible for a murder in 1994 and 2000, a 1994 attempted murder and various drug trafficking activities. The jury found Walker responsible for two 1994 murders, a 1994 attempted murder and drug trafficking enterprises.

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Prosecutors painted the pair as running Pitch Dark Family, a gang of dope dealers and wannabe rappers, who operated in downtown Vallejo and rubbed out anyone who threatened their territory. Specifically, evidence established that between 1994 and 2000, Pitch Dark family members

committed four murders, one attempted murder and trafficked rock cocaine.

"(Monday's) sentences appropriately reflect the heinous reign of terror carried out by Greer and Walker, and other members

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of the Pitch Dark Family gang," said U.S. Attorney McGregor W. Scott in a released statement. "The efforts of the FBI and the Vallejo Police Department have broken the back of that notorious gang."

In addition to Greer and Walker, six other defendants pleaded guilty to lesser crimes as part of the complex case.

Another defendant, Charles Lee White, has been found competent to stand trial and has a status conference scheduled for Nov. 6 and a trial date set for Feb. 27.

"I'm thrilled to hear that justice has been served," said the sister of Larry Cayton, who was shot to death in Oakland in April 2000 by PDF members. The sister, who lives out of state, spoke Tuesday on condition of anonymity, citing safety concerns.

"As far as the death penalty, me and my parents talked about it, but I don't think we have the right to make that decision," she said. "No one has the right to take someone else's life, but I'm glad to hear they can't hurt anyone anymore. I'm glad they got life without parole."

Prosecutors could have sought the death penalty, but the Justice Department opted against it in this case.

The complex PDF case began in February 2003, when authorities handed down a multiple-count indictment of nine defendants who Vallejo police and FBI agents had investigated for several years in the 1990s. During the four-month trial, more than 90 prosecution witnesses alone testified, many of them drug addicts, dealers, prostitutes and johns.

Salem-area Pipe-bomb Case Leads To An Arrest (SALSJ)

By Alan Gustafson

Salem (OR) Statesman-Journal, October 19, 2006

Bombs were found planted on four vehicles Aug. 10

A 44-year-old Sweet Home man has been arrested and charged with attempted aggravated murder in connection with the planting of four pipe bombs on Salem-area vehicles Aug. 10, authorities said Tuesday.

Lonnie Troy Glinski was arrested without incident Monday at his rural Linn County home, officials said. His girlfriend, Laurie Girtman, also was arrested and charged with hindering prosecution.

Glinski's ex-wife, Stephanie Glinski, who lives in South Salem, was one of his intended victims, authorities said. She and Glinski have two children. A reporter who visited her home Tuesday afternoon to seek comment was turned away by a man who answered the door.

Stephen Dingle, a Marion County deputy district attorney, declined to reveal any motives for the attempted pipe bombings. He said it would be improper to disclose such information before court proceedings.

Investigators said they received a break in the case last week. However, that information also was being kept under wraps by the DA's office.

This week's arrests capped an intense multi-agency investigation led by Salem police and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

ATF agents and local officials said they were pleased and relieved by the arrests, saying they resolved a high-profile threat that rattled Salem-area residents for weeks.

"Our aggressive joint law enforcement response has answered the community's call," Kelvin Crenshaw, the ATF special agent in charge of the agency's Pacific Northwest's region, said Tuesday in Salem.

Crenshaw said that each pipe bomb was about a foot long and 2 inches in diameter, and each packed enough power to kill by sending shrapnel flying in all directions.

"Make no bones about it; this was a life-and-death situation," he said.

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Crenshaw said that "a significant amount of thought" went into making the bombs. The fact that none exploded was attributed to a mistake, he said. Officials declined to elaborate about why the bombs failed to detonate.

Glinski, lodged at the Marion County jail, faces seven counts of attempted aggravated murder and four counts of possession of a destructive device. He is scheduled to make his first court appearance this morning.

Attempted aggravated murder is a Measure 11 crime, carrying a minimum sentence of 10 years in prison. Possession of a destructive device is a Class C felony, carrying a maximum sentence of five years in prison.

Glinski, if convicted on all counts, potentially faces a life sentence when his age is taken into account, Dingle said. Prosecutors said they will try to have him held without bail.

Investigators continued to gather evidence at Glinski's residence Tuesday. More state and federal charges could be filed against him, Dingle said.

Court records indicate that Glinski had previous scrapes with the law, including a 2003 stalking charge in Linn County stemming from a dispute with a neighbor. He also received a 2003 contempt-of-court citation in Linn County.

Glinski operated two businesses in recent years, Sweet Home Rentals and Sweet Home Excavation, records show.

Federal officials said that the Salem case is rare in that multiple bombs were found on the same day at different locations:

•The first device was found at a Salem Hospital parking garage about 11:50 a.m. Authorities revealed Tuesday that the bomb was planted on a vehicle owned by Denise Foster of Salem.

The bomb rolled out from underneath the car when she pulled at a wire on the side mirror.

Foster declined to comment Tuesday.

•At 12:15 p.m., the Marion County Sheriff's Office received reports of a second device in the parking lot of the Roth's grocery store at Lancaster Drive and Center Street NE.

That bomb apparently fell off a vehicle and wound up in the parking lot. The driver never came forward, police said, and he or she might not have known that a bomb fell off the vehicle.

•The third bomb was reported to police at 5:32 p.m. on a manhole cover near Woodside Drive and Wiltsey Road SE, in the neighborhood where Stephanie Glinski lives.

Police think the bomb was attached to her SUV and fell off, landing in the street, Lt. Bill Kohlmeyer said Tuesday.

•The fourth pipe bomb was found shortly before

8 p.m., attached to a vehicle outside the Tyco Electronics plant in Dallas. Officials identified Mitchell Adams of Salem as the owner of that vehicle. He couldn't be reached for comment Tuesday.

Police bomb squads rendered all four bombs harmless. The bomb found in the Roth's parking lot produced a powerful explosion, sending a cloud of debris at least

50 feet in the air.

In the aftermath of the bomb scare, police advised residents to look under their vehicles and check for any suspicious-looking wires.

Safety precautions were necessary, Kohlmeyer said, given the lethal capacity of the four pipe bombs.

"Up until yesterday, I was still checking under my car," he said.

Statesman Journal reporter Ruth Liao contributed to this story.

Ad Aims To Instill Fear Of Yankton (SFAL)

By Peter Harriman

Sioux Falls (SD) Argus Leader, October 19, 2006

Anti-crime strategy angers Sen. Johnson

If prison isn't enough of a deterrent, officials in eastern Missouri hope a desolate portrayal of Yankton will dissuade potential criminals.

"Nobody you know has a clue where it is. There's no airport, no bus station, no Amtrak," a Project Safe Neighborhood poster claims of the community.

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That the Justice Department, which paid for the advertisement, is trashing Yankton for a good cause - "commit a gun crime and we won't just send you to prison," the ad promises, "we'll send you to Yankton" - doesn't sit well with Sen. Tim Johnson, who fired off a letter to Attorney General Alberto Gonzales telling him there ought to be a better use of federal tax dollars.

"Violent gun crime is a serious problem that needs to be addressed but not at the expense of a community like Yankton and not by using federal dollars to disparage such a thriving, historic community," Johnson said.

He wrote Gonzales, "These public service announcements, which have run in the Eastern District of Missouri describing Yankton as '600 miles away from nowhere,' are inaccurate and an inappropriate expenditure of federal funds."

Sen. John Thune also weighed in on Yankton's behalf.

"Yankton is a vibrant and growing city, and anyone who suggests otherwise has obviously never been there," Thune said.

Johnson's spokesman Julianne Fisher says Johnson became aware of the ad through constituents, and he learned from Yankton officials that the Justice Department's exaggeration was viewed as less than clever in Yankton.

"City officials were not pleased, in part because of economic development concerns," she said. "When you're trying to grow a community, you don't want a federal advertising campaign to call your community the middle of nowhere."

The ad is dominated by a photo of a dirt road and line of utility poles disappearing into an endless horizon of bare, flat fields. And it seeks to discourage incipient criminals with such dire claims as "in summer, the mosquitoes are mean and hungry because there aren't a whole lot of people around."

Reach Peter Harriman at 575-3615.

Johnson Wants Justice Department Posters Pulled (AP)

AP, October 19, 2006

South Dakota Senator Tim Johnson wants the federal government to quit using posters that he says are derogatory and offensive to the Yankton community.

The posters are being used in East St. Louis as part of a Safe Neighborhoods program to reduce gun crime.

The caption on one poster says violators could be sent to a federal prison camp in Yankton that's "in the middle of nowhere" without an airport, bus station or Amtrak. It says mosquitoes are "mean and hungry" because there aren't many people around.

Johnson sent a letter to the attorney general complaining about the use of tax money to disparage a community.

IMMIGRATION:

Former Nazi Guard Freed To Uncertain Fate (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 18, 2006

Johann Leprich, the former Nazi concentration camp guard who was jailed in 2003 after agents found him hiding in a secret compartment in his Clinton Township home, has been released from federal custody.

And now he's literally a man without a country.

Federal officials said they freed Leprich on Monday at the request of his lawyer after the government failed to find a country willing to accept Leprich, who was stripped of his citizenship in 1987 and ordered deported in 2004.

Although Justice Department officials vowed to continue their 20-year effort to remove him, his lawyer predicted the battle is over.

"They'll have to call it quits," attorney Joseph McGinness of Cleveland said Tuesday. "What country is going to accept an 81-year-old man who is in declining health?"

Last week, the U.S. Supreme Court refused to review the case of Iwan Mandycz of Sterling Heights, who was stripped of his citizenship last year for serving as a guard at two Nazi concentration camps in Poland in World War II. The Justice Department won't say if it would seek deportation. Mandycz, 86, suffers from Alzheimer's disease.

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On Monday, Leprich was taken from the Calhoun County Jail to U.S. Immigration and Customs Enforcement headquarters in Detroit and released on an electronic tether to his wife and son, ICE spokesman Greg Palmore said.

He said Leprich must report weekly to ICE, which will continue to seek deportation.

There was no answer Tuesday at Leprich's home.

On Sept. 18, McGinness petitioned the U.S. District Court in Grand Rapids for Leprich's release, citing a 2001 U.S. Supreme Court decision requiring that the government free immigrants who haven't been deported within six months of obtaining a removal order.

The Justice Department, in a response filed Monday, said it released Leprich because Romania, Hungary and Germany had refused to accept him, despite high-level meetings with officials from those countries.

Leprich was born in 1925 in Romania to ethnic German parents, court documents show. In 1940, Romania reluctantly gave up portions of Transylvania -- including Leprich's village -- to Hungary, a German ally.

He was drafted into the Hungarian Army. But in 1943, he and other ethnic German men were allowed to transfer to the German Waffen SS, court papers say.

Leprich admitted that, from November 1943 to April or May of 1944, he was a guard at Mauthausen concentration camp, in Nazi-annexed Austria, where thousands were killed.

He became a U.S. prisoner of war in 1945 and lived in Germany until 1952 when he immigrated to the United States. He became a U.S. citizen in 1958.

In 1986, the government initiated deportation proceedings, saying Leprich had lied about his Nazi past. In 1987, a federal judge revoked his citizenship, prompting him to flee to Canada, where he lived 16 years.

Flow Of Immigrants' Money To Latin America Surges (NYT)

By Eduardo Porter

The New York Times, October 19, 2006

There is a common cycle to immigration from Latin America. Immigrants arrive in the United States and quickly find work. Several months later — in the case of illegal migrants, as soon as they have finished paying off the smuggler who brought them across the border — they start sending money home.

According to a new report about immigrants' money transfers to Latin America, the remittances flow from almost every state. Even in states that had virtually no Latin American immigrants only a few years ago, like Mississippi and Pennsylvania, a growing trickle of money is making its way south to places like Tlalchapa, Mexico, or Panajachel, in the Guatemalan highlands.

"Twenty years ago the money was coming from four or five states; now it's coming from every corner of the country," said Sergio Bendixen, a Miami pollster who surveyed some 2,500 immigrants, legal and illegal, for the survey on which the report was based.

For the nation as a whole, the flow of money has become a torrent. According to the study, sponsored by the Multilateral Investment Fund of the 47-nation Inter-American Development Bank, remittances from the United States to Latin America this year will total more than $45 billion. That is 51 percent higher than they were only two years ago.

About three-quarters of Latino immigrants who were surveyed send money home regularly, up from some 60 percent in a similar survey in 2004. This may largely reflect growth in the population of illegal immigrants, who tend to send money home more often than others. They accounted for about 40 percent of remitters in the survey, up from a third in 2004.

Moreover, with immigration to the United States a regular part of the life cycle for large numbers of men and women in many parts of Latin America, sending money back to relatives at home has developed into a moral obligation.

"If you don't send money to your mother, you are a bad son," Mr. Bendixen said. "Remittances companies say this in their TV ads."

The study's estimates on remittances are in line with population figures from the Census Bureau, which found last year that Latin American immigrants made up 6.6 percent of the nation's household population (that is, excluding people in jail, on military bases and such), more than half the total immigrant population.

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The bureau also found that 1.2 percent of the household population of Pennsylvania was born in Latin America, as were 0.7 percent of the population of Ohio and 2 percent of the population of Indiana. These were states with virtually no Latino immigrants five years ago.

According to the data from the Inter-American Development Bank, money transfers from Indiana should approach $400 million this year, with the total from Pennsylvania above $500 million and from Ohio more than $214 million.

Indeed, the study found Latino immigrants sending money from 48 of the 50 states — excluding only Montana and West Virginia, where, Mr. Bendixen said, he did not survey because he expected very few remitters.

In addition to those two states, the survey suffers from very small samples in some with the most recent immigrant populations. But Mr. Bendixen said that in these states, the remittance figures should be off by no more than 10 percent.

The data are consistent with a known pattern in which Latino migrants move from immigrant-heavy states like Illinois to new frontiers like Pennsylvania in search of jobs.

“Somebody who is already here hears about a new plant opening and goes there,” observed Jeffrey S. Passel, a demographer at the Pew Hispanic Institute. “After a while, the word gets back to Mexico, and the migrant stream is no longer from California to a meatpacking plant in Iowa. It’s Mexico to a plant in Iowa.”

The reconstruction of New Orleans after Hurricane Katrina provides an example of how immigrant populations coalesce around jobs. Latino immigrants have flocked to New Orleans, where another study has found that by this summer, they accounted for half the reconstruction force, with 54 percent of them working in the United States illegally.

They too have begun to send money back. According to the bank’s survey, remittances to Latin America from Louisiana should top $200 million this year, a 240 percent increase since 2004.

Immigrants Sending $45 Billion Home (WP)

By Krissah Williams

The Washington Post, October 19, 2006

Immigrant workers are sending more money than ever to their families in Latin America, but two new studies show that only a small portion of the billions of dollars directed there has gone to economic development.

A report released yesterday by the Inter-American Development Bank estimates that immigrants living in the United States will send $45 billion to family members this year, representing a steady increase from about $2 billion in 1980.

That money, known as remittances, is five times as large as official development assistance to Latin America and the Caribbean. Remittances have grown as more migrants, often unemployed in their homelands, have come north in search of work. At the same time, governments and international development groups have busily debated how to leverage remittance flows to create jobs and lasting investments.

"We know that this is a very important poverty-alleviation program for 20 million families [in Latin America and the Caribbean]," said Donald Terry, manager of the Multilateral Investment Fund of the Inter-American Development Bank. "The big question is can we turn this into a local economic development program."

About $3 billion in remittances will go to El Salvador this year, or about 15 percent of that country's gross domestic product and more money per capita than flows to Mexico, which will receive $24 billion from immigrants living in the United States.

According to the Inter-American Development Bank, nearly 90 percent of immigrants living in the District, Maryland and Virginia regularly send money to their home countries, totaling an estimated $2.2 billion this year. World Bank researchers, who will release a report later this month, found that the overall impact of remittances on Latin American economies is modest at best. For every one percent increase in the share of remittances to a country's gross domestic product, the fraction of the population living in poverty is reduced by about 0.4 percent.

Humberto Lopez, who co-authored the upcoming World Bank report "Close to Home: The Development Impact of Remittances in Latin America," said the money sent home by migrant workers cannot be seen as a substitute for good economic policies.

"The countries that benefit the most are the countries with the better investment environment and the countries with the better-educated population," Lopez said. Remittances "are probably more an opportunity than any other thing."

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To spur greater development and poverty reduction, the Inter-American Development Bank has advocated greater access to savings accounts for remittance recipients and participation in micro-finance institutions, which offer small loans to remittance recipients.

Most of the money immigrant workers send to their families is used for basic needs, such as food, medicine and shelter, but more than half of the immigrants surveyed by the Inter-American Development Bank said that they would like to invest a portion of that money. But the majority of Latin America's financial institutions don't have programs that help the families of migrant workers, who are often poor and rural, open savings accounts or start small businesses.

"Poor people save," Terry said. "Poor people will invest if you give them the opportunity to do that."

The development bank's survey put the percent of remittances available for investment at 15 to 20 percent, or about $12 billion. Nearly 30 percent of people who send money home have used it to buy property, about 1 percent have helped start a business, and less than 5 percent have opened a savings account back home.

Governments have had more success leveraging remittances sent home by community groups formed by immigrants living in the United States. Several years ago, Mexico started a matching grant program, which challenges immigrants to raise money for development and infrastructure projects in their home towns. The government matches the funds three-to-one. The Pan American Development Foundation has a similar program with Banco AgrÃ-cola SA, a Salvadoran bank. Next week it plans to begin school repairs in Intipuca, a home town to many Salvadorans in the Washington area. Comunidad del Esteron, a District-based group, raised $9,400 for the project and the bank put up the rest of the money.

Suit: Arizona Targets Money Wired From Immigrant Communities (CHIT)

By Oscar Avila

Chicago Tribune, October 19, 2006

A Burbank truck driver sued Wednesday to block Arizona authorities from seizing large money transfers sent from Illinois and 25 other states targeted because they have significant illegal-immigrant populations.

Arizona officials report that since 2002, they have seized $17 million in a little-known campaign to foil criminal networks that often wire money through Western Union and other firms to help smuggle drugs and illegal immigrants over the border from Mexico.

Wednesday's suit, filed in federal court in Arizona, argues that the seizures are unconstitutional because the dragnet is too broad.

The Burbank man, Javier Torres, said he sent $1,000 via Western Union in March to pay for a car he bought from a friend in suburban Phoenix. When Torres' friend did not get the money, Torres said he contacted Western Union, which passed along his name to Arizona authorities. Soon Torres said he received a call from state investigators, who said he had to prove the transfer was part of a legitimate transaction to get the money back.

Because he could not produce documentation of the auto purchase—he had already resold the car, he said—Torres never recovered the money he wired. He ended up having to pay his friend a second time by mail.

State courts have allowed Arizona Atty. Gen. Terry Goddard's office to stop transfers that come from certain states, exceed a certain amount and are executed by certain companies during a specified period.

Most of the transfers were wired to recipients in Arizona. But until a court stopped the practice recently, Goddard's office had seized some transfers from Illinois and other states to Mexico.

Torres joined two other plaintiffs from California and North Carolina in alleging that the only basis for seizing the wire transfers was that they are $1,000 or more in most cases.

Plaintiffs also say their right to due process has been violated because senders aren't adequately notified how to contest the seizures.

The plaintiffs, all Latino, two of them immigrants, are seeking to make the suit a class-action.

Matthew Piers, one of Torres' attorneys, told reporters that hundreds of Illinois consumers have had their wire transfers seized.

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Piers said he is not surprised that Illinois transactions were targeted because the state has an estimated 520,000 undocumented immigrants, the fifth-highest population in the country.

Arizona authorities said their state is the "geographic funnel" for drug runners and immigrant smugglers, known as coyotes. They said wire transfers through firms such as Western Union and MoneyGram are key components of bring illegal immigrants to the Midwest and East Coast.

In a statement released Wednesday, Goddard vowed to continue with the program and warned that the lawsuit could cripple smuggling investigations.

Although a spokeswoman declined to address the lawsuit's allegations directly, Goddard said in his statement: "Every effort has been made to prevent the seizure of any funds from people not involved in human smuggling. We have met with Arizona community organizations to be sure that anyone receiving legitimate money transfers would be able to claim their money."

Spokeswoman Andrea Esquer noted that the office must receive permission from an Arizona state court before executing any warrant. She said the office notifies every recipient that a transfer has been intercepted, and provides a bilingual hot-line to receive information.

But plaintiffs complain that the burden of proof is on them to get their money back. Esquer explained that the money can be retrieved "as long as [consumers] can say that it's a legitimate transaction."

After a period of months, the attorney general's office will petition the courts to take seized money that has gone unclaimed and bring it into the office's general investigative fund, Esquer said.

Piers said the goal of combating smuggling is a worthy one but stressed that it doesn't justify Arizona's approach.

"Those [smuggling] activities should be stopped. Those activities are illegal and visit great suffering on people," Piers said. "But the government in this country must always act within the boundaries of the Constitution."

Anita Ramasastry, a law professor at the University of Washington, said the U.S. government has previously required companies to report certain transactions to specific nations as it tries to intercept criminal money transfers.

Arizona's approach appears novel, she said, because one state's authorities are targeting other U.S. states.

Ramasastry said Arizona officials might be able to defend a broad sweep if they can produce data showing patterns of criminal activity with certain types of transactions. Ramasastry added, however, that Arizona authorities are approaching the issue "backwards" by stopping transactions and then sifting through them to find criminal violations.

Even as Western Union pursues its own lawsuit against Arizona officials, immigrant advocates are seeking more plaintiffs for their lawsuit, which has been organized by the non-profit Illinois Coalition for Immigrant and Refugee Rights.

Torres said the experience has left him disillusioned, and he said he will never wire money again. The authorities accused me "of sending the money for drugs or for the coyotes. I never imagined they would say that. I felt like they thought I was a criminal," Torres said.

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Crossing Guards In Training (LAT)

By Nicholas Riccardi

The Los Angeles Times, October 19, 2006

ARTESIA, N.M. — On a hot afternoon in May, buses carrying people with dreams of a better life rumbled across the desert to a converted Bible college on the edge of this oil town of 12,000.

As each bus rolled toward the front gate, an imposing welcome party came into view: a cluster of about a dozen men and women in sunglasses, broad-brimmed hats and crisp green uniforms, standing ramrod straight.

A former Marine on one bus flashed back to his boot camp days, and groaned: "Oh, no. Not again."

By day's end, the 50 members of Class 620 had settled in at the U.S. Border Patrol Academy, where over the next five months they would be chiseled into America's first line of defense on the southern border.

Among the recruits that day were Joseph Sorrento, whose dream of entering law enforcement led him far from his home in Buffalo, N.Y.; Philip Marquez, who had been boxing curtains at a warehouse in Brownsville, Texas; and Katy Foscue, who along with her husband had given up a trucking job and moved to a town near Tucson.

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The three entered at a crucial time in the agency's history. Washington has been consumed with debate over illegal immigration. Hundreds of thousands of migrants have marched to demand amnesty. President Bush and congressional hard-liners who vowed to block his guest worker program have so far agreed on only one thing: The nation needs more Border Patrol agents along the border with Mexico.

That has placed intense pressure on the academy, which graduated 1,122 trainees last year but will enroll 3,600 this year. Traditionally, Border Patrol recruits have come mostly from the Southwest and had law enforcement or military backgrounds. Now, the patrol is forced to entice more diverse candidates from other parts of the country. Earlier this year, a crop of trainees would enter the academy every few weeks. Classes now start weekly — Class 642 arrived today — and the academy is expanding. Modular classrooms and dormitories are mushrooming across its 2,500-acre campus.

The students enter an institution that's unlike any other law enforcement school — part police academy, part law school, part language institute. They learn to shoot, drive off-road and speak Spanish. Seventeen percent of all trainees do not complete the training. Some fail, but most who leave are worn down by the rigors and isolation of the academy. Thirty-four members of Class 620 would make it.

The tone was set the moment the trainees stepped off their buses May 18. The instructors ordered them to get their ID badges from the security building outside the gate fast, double-time.

After the buses pulled inside the academy and the trainees filled out the requisite paperwork, the instructors barked another command. They had seven minutes to unload their belongings and place them in their rooms. The students dashed into the squat, motel-like buildings where they would live for the next 20 weeks and found that their shared rooms contained just enough space for a bunk bed and one desk.

Foscue wasn't fazed. She'd expected the rough treatment. It was the next order that was most intimidating: Empty your biggest bag. You'll need it to carry your textbooks.

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Finding a Career Path

After seven years of seeing the country while driving their own truck, Katy and Matt Foscue decided they wanted to live in the Arizona desert. They bought a house outside Tucson, where illegal immigration was as much a part of the scenery as towering saguaro cactuses. Migrants routinely traveled through a wash at the edge of the Foscues' property.

The two called the Border Patrol once, when they saw a white van abandoned along the route. But they were never alarmed about their own safety. "They're here to work," Katy, 35, said of illegal immigrants. "They don't want to get caught or do something stupid."

It wasn't the migrants that got the couple into the patrol. It was a haircut.

Matt was getting a trim one day last year when his barber began chatting with others in the shop about Border Patrol agents and how they never complain about their jobs.

Matt was intrigued, and quizzed the barber, who had several agents as customers. He introduced some to the Foscues. The more they heard, the more they liked: Every day is a different challenge. The benefits and pay are good — after four years, agents can make about $65,000 with overtime. And there's a pension after 20 years.

The Foscues decided to fill out applications. They began running and doing push-ups to condition the "trucker bodies" they'd acquired. They accepted the randomness of the bureaucracy — although they'd applied at the same time, Matt, 37, was scheduled to start the academy in Class 624, one month later than his wife. They would not be allowed to share a dorm room, and they would have to rent a room at a bed and breakfast to see each other on weekends.

In Buffalo, Sorrento had been tending bar at an Irish pub and trying to figure out what to do after college. He longed for a career in law enforcement, and was about to take a job in the New York state prison system. But he dreaded working indoors in a harsh environment.

Sorrento poured out his worries one night to a friend at the pub who suggested the Border Patrol.

The friend, a former agent who'd moved back to Buffalo for personal reasons, warned Sorrento about the academy. You'll be in physical training for what seems like hours, but when you look at the clock, only 15 minutes will have passed. The instructors will douse you with pepper spray and sic other trainees on you to hone your self-defense techniques.

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That night, Sorrento went home, logged on to the Border Patrol's website and e-mailed in his application. He started running four times a week.

Sorrento had only one worry — leaving the city where he had spent his entire life. All academy graduates are assigned to the busier southern border. (Only veterans can apply to transfer to the northern border.)

"It's tough leaving your friends and family," said Sorrento, 24.

In Brownsville, Marquez was bouncing from job to job.

A member of the Army reserves, Marquez was pulled out of college in 2002 to go to Afghanistan. When he returned to Brownsville the following year, he got married. But steady work eluded him. Marquez sold cars. He taught as a substitute teacher, and labored in a warehouse. He had always thought that he'd join the patrol someday; the agency had long been the only reliable employer on the border. Marquez sent in his application, and eventually was accepted.

Marquez's parents are legal Mexican immigrants and he has many relatives across the border, but he saw no contradiction to starting a career stopping people from crossing illegally.

"They're coming over here to get jobs, and I'm doing the same thing," said Marquez, 26. "I'm just doing a job."

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Language Barrier

Lying on his back in a sweltering room one of his first days at the academy, Marquez had to admit that he was out of shape.

Instructors demanded that the class do 200 abdominal crunches, and after a few dozen, Marquez was unable to move. He lagged at the back of the class during runs at the high desert's 3,300--foot elevation. Instructors who followed the runners in a golf cart to pick up the injured yelled at him to climb aboard.

"No, sir!" Marquez shouted, and dashed to catch up with the rest of the class.

Sorrento was in the lead. He had conditioned himself so well that he was the top runner in his group and given the privilege of carrying the class flag during runs and marches. He mastered the shooting and physical-fitness tests.

But only a fraction of each day is spent on the shooting range or in physical training. Most of the time, the recruits are inside, studying law enforcement procedures, immigration law and radio codes they will use in the field. They also spend two hours a day in Spanish class. About half of all trainees are native speakers; for the rest, Spanish is usually the most treacherous course.

In 18 weeks, Sorrento went from speaking no Spanish to being able to ask questions and give orders in the language. He passed all his weekly exams and his final. But he didn't always feel comfortable using the language.

That's what tripped him up during a role-playing session designed to mimic incidents on the border. Sorrento had to interview a Spanish speaker of questionable citizenship (played by an actor) and forward the information to a dispatcher — something he would do daily once he started his job.

The actor tried to make Sorrento uncomfortable, muttering under his breath and mocking the trainee's Spanish. Sorrento got the character's name wrong, and had to be corrected. Increasingly flustered, Sorrento misheard the response from the dispatcher that the suspect had three convictions for immigrant smuggling.

Sorrento did hear the dispatcher give him the suspect's birthplace: Tecate, Baja California. He hesitated, then said: "Esta arrestado."

Instructor Gabriel Espino halted the action. "Why are you arresting him?"

Sorrento and Marquez, his partner in the exercise, began to search for reasons: We can detain him and get more information. He has prior convictions. Espino eyed them skeptically.

Exasperated, Sorrento asked: "Is there a Baja California in the United States?"

Espino stared. "No," he said. "Where are you from?"

Sorrento threw up his hands, and the stress of having to interrogate in a foreign language vanished from his face. "Buffalo," he said. All three men burst into laughter.

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Rookie Mistakes

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T.J. Bonner remembers his first days in the field after graduating from the academy 15 years ago. He and a journeyman officer had watched a group of illegal immigrants flee through brush outside San Diego. The veteran said to let them go, but Bonner wanted to give chase.

"We can follow their footprints," Bonner recalled saying. "So, he humors me. And we follow their footprints — right into a Safeway parking lot. And he looks at me and says, 'Let's go back, kid.' "

Bonner, now president of the union that represents Border Patrol agents, said the academy still turns out graduates who are too gung-ho.

The rookie in Marquez showed itself during a class on high-risk traffic stops. The trainees and instructors wore protective gear and were armed with paintball guns to demonstrate the split-second judgment required of agents during vehicle stops.

In the simulation, Marquez and his partner pulled up to two drug smugglers. One, played by instructor Erik Cansino, ran into a field, taunting Marquez's partner, who followed him at a distance of several yards.

Marquez roughly cuffed the other instructor, turned, and charged at Cansino.

The instructor peppered Marquez with simulated bullets. Marquez dropped, his face-shield and bodysuit covered in pink splotches. As Cansino walked past his prone body, Marquez stuck out his leg to trip the instructor, rationalizing that he was supposed to fight to the end.

Marquez got up and ran back to the debriefing wearing a big grin. The lead instructor, Carlos Hernandez, wasn't amused.

"You're here in a controlled environment — he painted you up, you got a little dirty," Hernandez said. "In the real world … "

"You'd be dead," a classmate chimed in.

"Do you really want someone going to your home, telling your wife you didn't make it?" Hernandez asked Marquez. The correct move was to let the guy wander off and call for backup, then track him.

Marquez smiled sheepishly and sat down.

*

When to Use a Weapon

Instructors privately marveled at Katy Foscue's conditioning. She was far smaller than most recruits — 5-foot-1 and weighing barely more than 100 pounds. But she was able to handle the most demanding workouts.

Foscue was one of only seven women in Class 620. Four of them dropped out, and one flunked her physical fitness exam. "You definitely know you're going into a man's work," she said with a laugh.

In one exercise, Foscue dressed in a bodysuit and held a padded baton while three of her classmates — also wearing protective suits — came at her from all directions. She hit the first in the knee, and the instructor told him to fall onto the mat.

The other two were tougher. One danced out of Foscue's reach as the other grabbed her and began wrestling her to the ground. Foscue's classmates, lining the walls of the workout room, began to shout advice: "Escalate force!" "Stack!" "Weapon, use your weapon!"

Hemmed in by the two men, Foscue wriggled, jabbing at them with her elbows and knees. Her training kicked in. She reached for her holstered plastic gun just as the instructor yelled that the simulation was over.

The lesson for Foscue was clear. In certain situations she'd have to use weapons — baton, pepper spray, or her gun — sooner.

"They say it's not unusual to encounter groups of 50 by yourself," she said. "That's intimidating."

*

To Their Stations

After months of being crammed in tiny dorm rooms, eating the same food in the mess hall and spending up to 10 hours a day training in the classroom or in the blazing sun, it was over.

On Sept. 26, graduation day, Class 620 gathered outside the academy auditorium. Foscue handed out cards and photos to her classmates.

The trainees knew where they were headed. Foscue was going back to southern Arizona to work at the Tucson station. (Her husband was assigned to a neighboring station.) Sorrento was also headed to Tucson. Marquez was going to Boulevard, a

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station in the hills east of San Diego. He was worried about the cost of living — he and his wife had rented a studio apartment for $990 a month.

Graduation was a relatively rapid affair. Michael T. McCall, a wry Georgian, was selected to give the class speech. "When I came here I could barely speak Spanish," he said. "Well, now I'm happy to say I can still barely speak Spanish."

After a comic review of the difficulties of the curriculum, McCall became serious. "Every member of Class 620 struggled with some part of the academics. It may have been immigration law, Spanish or physical techniques," McCall said. "Every member you see here today held on and didn't give up."

The 34 graduates walked across the auditorium one by one, and accepted their credentials and badges. They stood and swore the oath of office. Then they marched out, hugged their families, introduced them to classmates and an instructor or two, and fled the campus. After five months, they were eager to get to the border.

TAX:

IRS Aims To Limit A Deferral Strategy (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, October 19, 2006

The federal government is cracking down on a popular tax-deferral strategy.

On Tuesday, the Internal Revenue Service and Treasury Department issued proposed regulations that would change the tax treatment of transactions in which sellers exchange real estate or other property for an annuity. The move may effectively end a strategy called a "private annuity trust," which has grown popular in recent years as the real-estate market has soared.

In a private annuity trust, sellers essentially exchange appreciated assets for fixed annuity payments, which spread out their capital-gains taxes over many years. The idea had been to avoid paying the upfront capital gains that would have been owed if the seller simply had sold the asset outright. Instead, the seller had been taxed on the annuity payments when they came out of the trust, effectively spreading out the taxes over a longer period.

The proposed regulations essentially would end the capital-gains tax deferral for these deals. Instead, a seller would be taxed on the full, fair-market value of the annuity at the time of the exchange. That means the seller's total capital gains would be taxable at the time of the deal, instead of over a period of years.

The move caught many tax advisers by surprise. "It definitely was a shocker," says Anthony March, chief trust adviser for the National Private Annuity Trust, in Kitty Hawk, N.C., who says the firm is scrambling to contact clients who haven't yet completed deals and help them consider other options for the sale of appreciated property. "We are basically reinventing ourselves today."

The changes were in part designed to curb deals that the IRS and Treasury felt were abusive. Still, the agencies recognize that property sometimes is exchanged for an annuity for valid nontax reasons, such as estate planning and passing down a closely-held business. The proposed regulations aren't intended to stop such transactions but to make sure that they are appropriately accounted for.

The new regulations would only affect new annuity transactions done later than yesterday. Certain deals that the IRS and Treasury feel "pose the least likelihood of abuse" have an even later effective date.

"We aren't going to be recommending any more private annuity trusts until the regulations are permanently voted in and the final version of those regulations are clarified," says Kevin McBarron, president of the National Association for Private Annuity Trusts in Irvine, Calif. "From now until then, we are not going to be doing any more business until we see that."

The IRS and Treasury say that sellers still will be able to use "installment sales," in which payments -- and taxes -- are made over a period of years.

For now, advisers say that private-annuity arrangements are likely to decline in popularity. "I think fewer people will do them," says Kevin McGrath, an Atlanta lawyer, who had been critical of the private-annuity trusts. But he says the new regulations may result in curbing many transactions that aren't abusive.

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"I think private annuity trusts are kaput because nobody wants to pay a tax upfront," says Stephan Leimberg, publisher of newsletters for tax professionals, who has published extensively on private-annuity transactions. Under the proposed regulations, "you've got the worst of all possible worlds -- you'll have a huge tax to pay and no cash to pay the tax."

CONGRESS-ADMINISTRATION:

N.C. Testing Praised (WSJ)

Winston-Salem Journal, October 19, 2006

President Bush, speaking yesterday at a Greensboro elementary school, praised the high standards and testing requirements of the No Child Left Behind law, his signature public-education program.

"It can't do the teaching. It can't be a leader. But it can help people who care deeply about the life of a child to succeed," Bush told about 200 people at Falkener Elementary School.

Bush called on the U.S. Congress to reauthorize and strengthen No Child Left Behind, saying that it forces schools to identify students who are falling below grade level early in their educational careers. And, he said, it motivates teachers to improve the performance of those students.

He also defended the law's emphasis on standardized tests.

"I understand the debate - teaching to the test. No, you're teaching the child to read so they can pass a comprehensive test," Bush said. "If you don't test, you don't know. And if you don't know, you can't correct."

The president's one-day trip to Greensboro was his third visit to North Carolina this year. But he did not campaign for either of the state's two Republican congressmen who are facing stiff challenges from Democrats.

Before his speech, he ate lunch with community leaders at a barbecue restaurant in Greensboro, and afterward, he traveled to Randleman to visit Victory Junction Gang Camp, a camp for children with chronic illnesses.

Yesterday evening, Bush attended a fundraising dinner in Greensboro that raised an estimated $600,000 for the Republican National Committee. The money will be funneled to Republican candidates in close congressional races around the country, said Jim Culbertson, a retired Winston-Salem businessman who helped organize the fundraiser.

With Election Day less than three weeks away and Republicans fighting to retain control of Congress, Bush's decision to visit Greensboro was politically strategic, political experts said.

Rather than campaigning in a battleground state, he came to North Carolina, which has no U.S. Senate race this year and only two close House races, both in districts that Bush did not visit. But North Carolina has always been politically friendly to Bush and has been a strong fundraising state for him.

"North Carolina donors aren't tapped out already from a close Senate race and a number of competitive House races," said John Dinan, a political scientist at Wake Forest University.

In some competitive districts around the country, Dinan said, a Bush campaign visit would be seen as a liability for Republican candidates trying to distance themselves from the president. The most recent opinion polls have measured Bush's national approval rating at just under 40 percent.

"The Republican Party has been selective in deploying the president for visits," Dinan said. "For this particular president, it's true he was more of a draw in 2002 and 2004. It does appear that he's making fewer visits across the country than he did in the previous two congressional years."

When the president has traveled this year, he has focused more on private fundraisers than on public campaign appearances, Dinan said.

The two Republican House members in North Carolina facing competitive races - Robin Hayes of the 8th District, and Charles Taylor of the 11th District - did not attend Bush's speech. Hayes was expected to join Bush in Randleman and was expected to attend the fundraiser. Taylor was campaigning in his district all day.

Two Republican congressmen who were at the speech - Sen. Richard Burr and U.S. Rep. Virginia Foxx - took questions about whether Republicans are trying to separate themselves from Bush.

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"I don't think there's any member of the Republican delegation that would want to distance themselves from the president," said Foxx, who represents the 5th District that comprises most of Northwest North Carolina.

She said she made a special effort to be at the speech so as not to be perceived as avoiding the president.

In his 30-minute speech, Bush said he believes that learning to read is "a modern-day civil right," and he cited statistics showing that the achievement gap between white students and black and Hispanic students has narrowed since the passage five years ago of No Child Left Behind.

Improving American public schools is critical in a global economy, Bush said.

"If a child in China gets a good engineering degree, and a child in America doesn't, China's going to be more competitive in the 21st century," he said.

He also praised North Carolina for finding innovative ways to meet the requirements of No Child Left Behind. He portrayed Falkener, the school where he spoke, as an example of the law's effectiveness.

Falkener, which has a high percentage of poor students, has experienced a dramatic increase in its test scores since the law was enacted.

Under No Child Left Behind, schools are judged on whether they meet "adequate yearly progress," a term referring to how much improvement students in various subgroups demonstrate on standardized tests. Schools that repeatedly fail to make sufficient progress are at risk of being closed.

Proponents of the law say that it forces teachers to meet ambitious annual standards. Some educators critical of the law say that it gives too much weight to standardized tests and that Congress does not provide enough money for states to meet the law's requirements.

A fourth-grader who has a bad day on a standardized test could contribute to federally-mandated penalties for a school, said Mary Fulton, a policy analyst at the Education Commission of the States, a nonpartisan research group.

"That's going to affect how a school looks on No Child Left Behind, and is that fair?" she asked. "You can have a bad day and not do very well on your test. Are we placing too much emphasis on the exams, when they might just be a snapshot of what happens on one day?"

Fulton also questioned Bush's certainty that No Child Left Behind is responsible for educational improvements in particular schools, such as Falkener. Many local factors, such as tutoring programs or new teachers, also play a role, she said, and it's difficult to measure them all.

"It's very difficult to make these broad claims that it's improving student performance or closing achievement gaps. It might be, but there's a lot of other factors at play," she said.

The reauthorization of No Child Left Behind will be important, Fulton said, because it will allow Congress to make changes to the law based on how it has worked for its first five years.

Bush said he wants Congress to reauthorize the law next year, but Fulton said she expects Congress to wait until after the 2008 presidential election for political reasons.

Bush In N.C. (EDN)

By J. Brian Ewing

Eden Daily News, October 19, 2006

GREENSBORO - President Bush said Wednesday it would be a "huge mistake" if Congress failed to reauthorize the No Child Left Behind Act. Bush's comments came during a stop on his daylong tour of the Triad.

Originally passed with bi-partisan support, No Child Left Behind is set to expire next year, and sharp criticism from educators has placed its future on shaky ground.

The president spoke for nearly 30 minutes to a crowd of supporters, politicians and local educators in a small auditorium of Falkener Elementary. White House officials selected the magnet school to host the visit because annual test scores there have risen dramatically under No Child Left Behind.

No Child Left Behind uses federal funding to encourage states to test students and group their scores by race, gender, socioeconomic status and special needs. The program was one of the first initiatives for Bush after he took office in 2000.

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Twelve of Rockingham County's 25 schools, or 48 percent, met Adequate Yearly Progress during the 2002-03 school year. Scores improved the next school year, with 20 of 25 schools, or

80 percent, meeting AYP goals. Scores dropped in 2005, when only 12 schools made the goal. Preliminary scores for 2005-06 show 17 schools meeting AYP standards.

Reading scores for all grades were released in July. High school math scores were released Oct. 5, and remaining math scores will be released early next month. Final AYP results for the county will be available next month after math scores are finalized.

Bush defended the testing components of the initiative and stressed schools must be held accountable.

Opponents argue the initiative forces teachers to teach to a test, as opposed to taking a more comprehensive look at the subject.

"I understand the debate, you know, they're teaching to test. No, you're teaching a child to read so they can pass a comprehensive test," he said. "You know, if you don't test, you don't know."

Dr. Rodney Shotwell, Rockingham County schools superintendent, was at the school to watch Bush speak. Shotwell has mixed thoughts on the initiative, saying North Carolina had strong accountability components in place prior to No Child Left Behind. But, he said, there have been improvements because of the act.

"I think overall the accountability we have with our kids is better," Shotwell said. He said he is concerned about some of the standards No Child Left Behind places on schools to hire "highly qualified" teachers. Most notably, the program is credited with influencing the state's decision to shorten the number of years lateral-entry teachers have to become certified. The tougher rules have caused anxiety in a state in which many school districts struggle to find teachers.

"The problem is you need 12,000 new teachers every year, and the university system is only cranking out 4,000," Shotwell said.

The president said he is looking for additional funding for school tutors and bonuses for teachers whose students show improvement.

"If this school board decides they want to provide incentives for teachers based upon results, the federal government will provide money to help you do that. I like the idea."

Bush praised North Carolina for making strides toward meeting No Child Left Behind goals.

"Your state was the first in the nation to establish an accountability system, and one of the first to have the testing plans approved under No Child Left Behind," he said. "In other words, your state led. And I congratulate the state leaders and those involved with education for being bold on behalf of the children of your state."

Because of officials' willingness to work with No Child Left Behind, Bush said his administration was willing to work with North Carolina to ensure the accountability measurements were accurate.

"And so, in other words, we'll be rational and reasonable, but what we will not do is allow schools to lower standards," he said.

The president said North Carolina's fourth- and eighth-grade black students have some of the highest math scores in the nation. He said the achievement gap between white students and minority students is closing.

The achievement gap must close if the U.S. hopes to compete in a global economy, Bush said.

"Whether we like it or not, there is competition for jobs of the future."

Shotwell agrees.

"We have to view ourselves as the economic catalyst," he said. Shotwell said state and local officials need to realize that a well educated workforce will bring jobs to a community, and the only way public schools are able to educate that workforce is with better funding.

The president said he wants to see more standardized testing in high schools, too.

"I'm worried about high school, and I think the new law ought to focus a lot on high school," he said. Bush said he believes high school students should face the same amount of standardized testing as elementary school children, and the curricula should be equally scrutinized.

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Bush also lauded the state for its efforts to offer advance placement courses and the International Baccalaureate program. He said one of the goals of a renewed No Child Left Behind will be 70,000 teachers trained to teach advance-placement courses.

Bush didn't avoid talking about school relocation and vouchers, two of the most controversial aspects of the initiative. No Child Left Behind gives parents of students in schools that have failed to meet annual goals for three consecutive years the right to move their children to another school. The Washington D.C. school district began providing such vouchers, with support from federal money.

Opponents argue there will never be enough funding for all students, and public schools would only get worse, not better, if the vouchers were offered nationally.

Bush said he understands the obstacles educators face, and he believes No Child Left Behind will help.

"I understand what it means for public schools to guess whether or not a child can read and write, and add and subtract, and I understand fully the consequences of a system that guesses," he said. "A system which measures and corrects problems is a system which will help meet the great promise of this country."

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Bush Goes On Base-building Trip To N.C. (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, October 19, 2006

President Bush took a day off from the politics of national security Wednesday and went on a Southern charm offensive that included time with children, NASCAR drivers, devoted Republicans and some sweet tea.

Bush's return to his "compassionate conservative" roots came during a base-building trip to North Carolina, a state he won easily in both his presidential races. But even in the conservative South, many voters have grown unhappy with Bush's leadership with Iraq under continuing violence.

Bush did not mention those troubles while visiting with voters three weeks before Election Day, but focused on his education agenda and old-fashioned politicking with plenty of local flavor.

Noticeably missing on Bush's North Carolina itinerary were campaign stops with Reps. Charles Taylor and Robin Hayes, a pair of veteran Republicans facing spirited Democratic challenges that could help tip the balance of power in the House. He didn't go near their districts. Bush was to attend a fundraising dinner for the Republican National Committee at a private residence where no media coverage was allowed.

Rep. Howard Coble, who represents the district that includes the children's camp, told the News & Record of Greensboro this week that he wasn't sure what the political value of the visit would be.

"I'm not uncomfortable having him here," Coble told the newspaper. "I don't know that it helps. But it doesn't hurt and it might help. There are a lot of his supporters who are simply not happy with Iraq. I'm not happy about it. But that doesn't mean I dislike my president."

Bush greeted lunchtime diners at Stamey's, chatting into a cell phone that one man thrust into his hand. Then he ate a classic North Carolina lunch of barbecue pork and chicken, cole slaw, hush puppies, sweet tea and peach cobbler with vanilla ice cream.

At the school, Bush drew excited gasps from fifth grader Ta'kyria Woodard when he entered her class, and he leaned over and whispered in her ear to calm her. Then he went to the third grade computer lab and threw a presidential glare to silence some rambunctious boys. Turning to the cameras, Bush said, "Reminds me of my days in the class."

Bush's speech in the school's multipurpose room was the third event in as many weeks focusing on the classroom. Those speeches come as a series of school shootings in recent weeks have unnerved parents across the nation.

Bush's signature education bill, No Child Left Behind, is up for reauthorization next year. Congressional Democrats helped hand him a bipartisan victory with that law five years ago. But the politics have changed and a Democratic majority on Capitol Hill could make it tougher for Bush to get the law reapproved without increased funding and other work.

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Bush said the school is an example of why No Child Left Behind should be renewed. He said the percentage of third graders reading at grade level increased from 46 percent to 76 percent in four years.

"I think it would be a huge mistake for the United States Congress not to reauthorize this important piece of legislation," Bush said. "And the reason I say that is because it's working. We have achieved concrete results."

Later, Bush visited Victory Junction Gang Camp for critically ill children. The camp was created by NASCAR driver Kyle Petty and his wife, Pattie, in memory of their son Adam. Adam Petty was killed six years ago in a racetrack crash at 19 years old.

The kids aren't at the camp during the week in the fall, but four children came in for photo opportunties with the president — fishing and repairing a mock-up NASCAR. Bush also posed for pictures with the NASCAR drivers who came in — Kyle and Richard Petty, Michael Waltrip and Jimmie Johnson.

An Elon University poll last month showed slightly more disapprove than approve of the president in the state, 49 percent to 45 percent.

Bush ended his trip with a $900,000 fundraiser for the Republican National Committee at the home of Louis DeJoy, CEO of New Breed Inc. It was closed to the public and the media, but the RNC said 620 people bought tickets.

While Bush has expressed complete confidence that Republicans will keep control Congress, Vice President Dick Cheney said Tuesday that the GOP will hold the Senate and has "a good shot at holding the House."

White House spokesman Tony Snow said any suggestion that Cheney's confidence has diminished was "over-parsing."

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Associated Press writer Tim Whitmire contributed to this report.

Bush Touts No Child Left Behind (UPI)

United Press International, October 19, 2006

GREENSBORO, N.C., Oct. 18 (UPI) -- President Bush in North Carolina called the No Child Left Behind Act a success, despite continuing questions about its effectiveness and desirability.

Education Secretary Margaret Spellings, with Bush at a Greensboro elementary school Wednesday, said the program holds schools "accountable for ensuring every child -- whether white, African-American, Hispanic or special education -- can read and do math at grade level by 2014."

White House Press Secretary Tony Snow denied the timing of the president's visit had any political motives.

"It's important to remind (people) that you've got a president who's pushing for higher standards and more resources," Snow told the daily press briefing en route to Greensboro.

The program is up for reauthorization in 2007 with a Congress that may be Democratically controlled.

Utah became the first state in 2005 to let school districts ignore provisions of the law if they conflict with state programs. The Department of Education has threatened to withhold federal education funding as a result.

Bush Touts Education Program (LAT)

By James Gerstenzang

The Los Angeles Times, October 19, 2006

GREENSBORO, N.C. — President Bush on Wednesday renewed his efforts to win reauthorization of his signature education program when the new Congress begins work next year, and said he would not yield on one of its most controversial components: the requirement that standardized tests periodically measure students' progress.

"We'll be rational and reasonable, but what we will not do is allow schools to lower standards. And what we will not do is allow people to get rid of accountability systems," Bush said.

He spoke at a Greensboro magnet school, presenting its students' academic progress in recent years as evidence that the No Child Left Behind law was achieving its goals.

The measure expires at the end of next school year, but can be extended automatically if no changes are made.

No Child Left Behind, which Bush signed in January 2002, has become the centerpiece of his domestic social policy.

Critics, particularly Democrats, say that though the president speaks frequently about the law, he has not committed enough money to help pay for the requirements it imposes on schools.

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Two hours before Bush's appearance here, the Democratic National Committee sent an e-mail to reporters, citing a study by Democrats on the House Committee on Education and the Workforce. According to their figures, Bush has shortchanged funding for the legislation by $40 billion since the law took effect, and in the 2007 budget he proposed providing half of the money promised for the most disadvantaged students.

The president spoke at Waldo C. Falkener Elementary School, which offers a primary-school version of the International Baccalaureate program. Its student body is 98% nonwhite; 91% of the students receive free or discounted lunches.

Over four years, Bush said, the proportion of third-grade students reading at their grade level had gone from 46% to 76%. He attributed such gains to No Child Left Behind's demand that schools monitor progress with standardized tests and then act to correct deficiencies uncovered by the tests. Critics argue that "teaching to the test" does not necessarily prepare students to become engaged in a broader curriculum.

Bush spent much of the day in North Carolina. He joined politicians, local officials and business leaders for lunch at a local barbecue restaurant, where he ate pork and chicken, hush puppies, barbecue slaw, peach cobbler and vanilla ice cream.

Later, in Randleman, N.C., he visited the Victory Junction Gang Camp for children with chronic medical conditions or serious illnesses, and then spoke at a closed-door reception that was expected to raise $900,000 for the Republican National Committee.

Social Security Benefits To Rise In 2007 (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, October 19, 2006

Social Security checks for nearly 49 million retirees are going up by 3.3 percent next year — an average increase of $33 per month, though rising health care costs will take a bite out of the gain.

The monthly benefit for the typical retiree will rise to $1,044 from an average of $1,011 this year.

The cost of living adjustment announced Wednesday by the Social Security Administration will go to more than 53 million people. Nearly 49 million receive Social Security benefits and the rest Supplemental Security Income payments aimed at the poor.

The 3.3 percent increase compares with a 4.1 percent benefit rise in for 2006, which had been the biggest increase in 15 years.

Benefit payments, which have been tied to inflation since 1975, surged by double-digit amounts in the high-inflation years of 1980 and 1981 but increases have been more moderate in recent years as the Federal Reserve has had more success keeping inflation under control.

The COLA amount is based on the change in the Consumer Price Index from the July-September quarter of this year compared with the same quarter in 2005.

Last year, prices surged in September, reflecting a big spike in energy costs after Hurricane Katrina.

But this year, energy prices, which initially leaped because of rising Mideast tensions, have been falling since late summer. Those declines helped pull consumer prices down by 0.5 percent in September, the biggest drop in 10 months.

Falling energy prices should help retirees deal with winter heating bills, which for the first time in a number of years are expected to be lower this winter.

The average retired couple, both receiving Social Security benefits, will see their monthly check go from $1,658 to $1,713.

The standard SSI payment will go from $603 to $623 per month for an individual, and from $904 to $934 for a couple.

The average monthly check for a disabled worker will rise from $947 to $979.

Eleven million taxpayers will pay higher taxes next year because the maximum amount of Social Security earnings subject to the payroll tax will rise from $94,200 to $97,500. In all, an estimated 163 million workers will pay Social Security taxes in 2007.

The $33 per month average monthly increase for Social Security retirees in 2007 compares with a $39 rise for 2006.

Part of the 2007 gain will be eaten up by a $5 increase in the payments retirees must make for Medicare Part B insurance, which pays for their doctors' visits and other outpatient care.

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The increase will push the monthly premium for most Medicare recipients to $93.50, a rise of 5.6 percent. But that is down from the double-digit increases over the past three years when health care costs far outpaced overall inflation.

About 1.5 million Medicare beneficiaries, those making more than $80,000 annually, will pay an additional $12.50 to $68.60 per month above the $93.50 premium. As part of the 2003 drug benefit law, higher-income Medicare patients for the first time will face a larger premium based on a sliding scale.

"Seniors are being asked to foot more and more of the bill while the larger issue of controlling runaway health care costs languishes largely ignored in Washington," said Barbara Kennelly, president of the National Committee to Preserve Social Security and Medicare.

The administration has said the monthly premium for prescription drug coverage, known as Part D, should average $24 next year, the same as this year, a forecast Democrats contend is misleading. They estimate that the bulk of Medicare recipients are in drug plans which will increase on average by about $5 per month.

Still, economists said most seniors will be facing better prospects in terms of inflation in 2007 than last year, when the price of natural gas and home heating oil were soaring.

Advocates for the elderly said that the cost of living adjustment was a critical safety net for the nearly one-third of retirees who rely on Social Security for 90 percent or more of their income.

"The fundamental value of Social Security is becoming even more critical as America's traditional pension system declines," said David Sloane, government relations director for AARP, which represents people 50 and older. "The COLA is critical for maintaining purchasing power over time."

President Bush, who pledged to make overhaul of Social Security and Medicare top priorities in his second term, has failed to make headway in Congress with a plan to offer private savings accounts for younger workers.

Democrats said Wednesday Bush will have to drop the idea of partially privatizing Social Security if he wants to get any legislation passed in his last two years in office.

"Social Security's guarantee continues to be threatened by the president and his congressional allies, who believe in a privatization scheme that would over time eliminate Social Security's guaranteed benefit for most people," said Rep. Sander Levin, D-Mich.

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On the Net:

Social Security Administration: http://www.socialsecurity.gov

Social Security Benefits To Increase 3.3% (NYT/AP)

By The Associated Press

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 (AP) — Social Security checks for nearly 49 million retirees will go up by 3.3 percent next year, an average increase of $33 a month.

The monthly benefit for the typical retiree will rise to $1,044, from an average of $1,011 this year.

The increase, a cost of living adjustment announced Wednesday by the Social Security Administration, will go to more than 53 million people.

Nearly 49 million of those people receive Social Security benefits; the rest receive Supplemental Security Income benefits, aimed at the poor.

The increase for 2006 was 4.1 percent, which had been the biggest increase in 15 years.

Benefit payments, which have been tied to inflation since 1975, surged by double-digit amounts in the high-inflation years of 1980 and 1981, but increases have been more moderate in recent years as the Federal Reserve has had more success keeping inflation under control.

Social Security Raise For Elderly And Disabled (LAT)

By Joel Havemann

The Los Angeles Times, October 19, 2006

DOJ_NMG_0083101

WASHINGTON — Elderly and disabled Social Security beneficiaries will receive a cost-of-living increase next year of 3.3%, or $33 a month, for the average recipient, the government announced today.

Supplemental Security Income benefits for the elderly and disabled poor will rise by a like amount.

The payroll tax rate that supports Social Security will remain at 12.4%, shared equally by employers and employees. But the wage base to which the tax applies will rise from $94,200 this year to $97,500 in 2007.

AARP, the nation's largest organization representing seniors, welcomed the benefit increase, calling it "the only lifelong hedge against inflation for most Americans in retirement today."

The cost-of-living adjustment, AARP said, "is particularly critical for the nearly one-third of beneficiaries who rely on Social Security for almost all their income."

The benefit increase in 2007 is dictated by the rise in the consumer price index from July through September of 2005 to the same three months of 2006. The Labor Department, in its monthly report on consumer inflation issued today, pegged that figure at 3.3%.

In 2006, Social Security benefits were adjusted upward by 4.1%, the largest increase in 15 years.

The Social Security Administration said the 3.3% raise would apply to the benefits of 49 million elderly and disabled recipients of regular Social Security benefits and 7 million Supplemental Security Income recipients. Because of overlaps, more than 53 million persons will enjoy one or the other of the benefit increases, or both.

For a single person, the average monthly Social Security benefit will rise from $1,011 today to $1,044 starting in January. For a couple, the average will rise from $1,658 to $1,713.

The increase in wages to which the Social Security payroll tax applies depends on the increase in average wages, which is usually greater than price inflation. The increase in the wage base in 2007 will be 3.5%.

The payroll tax also contains a 2.9% component, split by employer and employee, to support the Medicare program. The Medicare tax applies to all wages without limit.

Social Security Checks To Rise 3.3% In 2007 (WSJ)

The Wall Street Journal, October 19, 2006

WASHINGTON -- Social Security checks will be going up by 3.3% in 2007, a smaller percentage gain than this year because inflation was lower, the Social Security Administration said.

The cost-of-living adjustment will translate into an average monthly increase of $33 for the typical retiree, pushing the average monthly benefit to $1,044 from $1,011 currently. The cost-of-living adjustment is pegged to the September consumer-price index.

Separately, the Internal Revenue Service announced inflation adjustments to various limits on employer-sponsored, tax-advantaged retirement plans. The ceiling on wages diverted to 401(k) plans, for instance, will go to $15,500 from $15,000.

The Social Security cost-of-living increase will go to more than 53 million people who receive Social Security and Supplemental Security Income payments. The 3.3% increase compares with a 4.1% rise in monthly benefits for 2006, which had been the biggest increase in 15 years. Social Security benefits have been adjusted automatically for inflation each year since 1975.

Government Retirement Benefits To Rise 3.3% (WP)

By Nell Henderson And Stephen Barr

The Washington Post, October 19, 2006

Social Security retirement and disability payments to nearly 49 million people, as well as pensions for millions of federal retirees, will rise 3.3 percent in January to help recipients keep up with inflation, the government said yesterday.

The change will boost average monthly Social Security retirement benefits by $33, to $1,044.

More than one in six people in the United States receive federal benefits that will increase because of the annual cost-of-living adjustment. The change provides an important boost each year to the economy of the Washington area, which is home to hundreds of thousands of retired federal workers and members of the military.

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Federal retirees covered by the Civil Service Retirement System and people who receive military and Foreign Service annuities will also receive the 3.3 percent increase.

Federal workers who retired under the newer Federal Employees Retirement System and who are 62 or older will receive a 2.3 percent cost-of-living increase in their pensions, under the separate rules for that program.

About 330,000 federal retirees and spouses of deceased retirees live in the District, Maryland and Virginia, and 189,168 military retirees live in the region. Nationwide, there are more than 2.4 million federal retirees and about 1.9 million military retirees.

More than 7 million recipients of Supplemental Security Income, which is provided to low-income people, will also receive 3.3 percent increases. That change will take effect slightly sooner, on Dec. 29.

The adjustment that goes into effect in January will be smaller than the 4.1 percent boost granted in January this year, mostly because the recent decline in fuel prices has driven down inflation. Still, because inflation was relatively high for most of the past year, the 3.3 percent cost-of-living change will be the second-highest in six years.

While Social Security recipients will receive bigger benefits next year, about 11 million people will pay more in Social Security taxes because the maximum annual earnings subject to the payroll tax will increase to $97,500 from $94,200, the government said. About 163 million workers pay the tax.

The annual cost-of-living adjustments are announced after the federal budget year ends Sept. 30, and after the Labor Department has calculated inflation in September.

Inflation fell sharply last month, primarily because of lower prices for gasoline and other fuels. The Labor Department said its consumer price index declined 0.5 percent last month, the steepest monthly drop since November.

Fuel prices rose over most of the past year, but have fallen since mid-August, leaving the price index 2.1 percent higher in September than in September 2005. The cost-of-living adjustment is based on a slightly different version of the price index that gives greater weight to energy prices.

Lower fuel prices help the economy by easing inflation pressures and boosting consumers' buying power, enabling them to spend less at the pump and more at the mall, the market and elsewhere. But details in the Labor Department report showed other inflation pressures evident in rents, hotel rates and prices for clothing, medical care, education and other items.

The Census Bureau, in a separate report yesterday, said builders broke ground on more new projects than in the month before, but also sought fewer permits for future construction.

Together, the various figures provided "a mixed picture" of an economy in which lower fuel prices are benefiting consumers at a time when the housing market is still weakening and other inflation pressures remain strong, said Ethan S. Harris, chief U.S. economist at Lehman Brothers Inc. "A very well-timed drop in energy prices is providing a nice offset to the gloom and doom coming out of the housing market," he said.

Stock prices rose after the price report strengthened analysts' expectations that consumers will keep spending in the months ahead -- and that Federal Reserve policymakers will hold interest rates steady when they meet next Tuesday and Wednesday. The Dow Jones industrial average rose briefly above 12,000 points yesterday, an all-time high, but closed at 11,992.68, up 42.66.

Federal Reserve policymakers have welcomed the fall in fuel prices, but remain concerned about other inflation pressures. They look to core measures of price increases, excluding volatile food and fuel prices, for a sense of the economy's underlying inflation rate. The core price index rose 0.2 percent last month and 2.9 percent in the year that ended in September, the highest 12-month rate in 10 years.

Several Fed policymakers, including Chairman Ben S. Bernanke, have said in recent weeks that they expect slowing economic growth to weaken inflation in the months ahead. But they remain worried that price increases may continue at an unacceptable rate.

The central bankers left their benchmark short-term interest rate unchanged at their last meeting, in September. But they saw "substantial risk" that inflation might not decline as expected, and thought that more interest rate increases might be necessary to tame prices, minutes of the meeting showed.

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The high core inflation figures for September are likely to heighten worries at the Fed, said Alan Ruskin, chief international strategist at RBS Greenwich Capital. "The Fed is not out of the woods and will have to continue to talk tough" on inflation," he said.

Workers' average pay rose faster than prices last month. Average weekly earnings for most workers rose 1 percent, the biggest monthly increase in more than three years, after adjusting for inflation, the Labor Department said in a separate report.

Those wages were also 2.2 percent higher in September than a year earlier, after adjusting for inflation, the biggest 12-month increase in nearly eight years. These are the wages earned by factory workers and non-managerial service industry workers, who together make up 80 percent of the labor force.

Cost Of Living, A Fickle Formula (WP)

By Stephen Barr

The Washington Post, October 19, 2006

Federal retirees, many on fixed incomes, look forward to the annual COLA announcement. But whether the cost-of-living adjustments keep pace with health-care costs, property taxes and rising prices is not an easy calculation.

Larry Daks , a retired Foreign Service officer in Northern Virginia, said his pension increase should help him cope with rising consumer prices, assuming his health-care costs remain reasonable.

"I like to see a COLA every year," Daks said, adding that it reinforced "a sense that the government has sort of a contract with us and is trying to do something for us every year."

But Gerald Cornell of Burtonsville, who worked for the Internal Revenue Service and served in the military, said his health-insurance company has scheduled a sharp jump in premiums for next year that will drain his COLA dry.

"The average person is going backward," he said.

Yesterday's announcement of a Social Security COLA increase triggered adjustments for government retirees, raising the average annuity in one of the largest pension programs, the Civil Service Retirement System, by $80 a month.

Government employees are covered by a number of retirement systems. To pass along COLAs, the systems use salary-based formulas to determine annuities and rules, which have been modified by Congress in some years. Federal employees covered by older retirement programs typically receive a pension considered generous by private-sector standards, while employees hired after 1984 receive a smaller pension and Social Security income, and may enroll in a 401(k)-type savings program.

For 2007, retirees covered by the Civil Service Retirement System, regular military retirees and many Foreign Service officers will receive a 3.3 percent COLA.

People who retired under the newer Federal Employees Retirement System and are 62 or older will receive a 2.3 percent COLA. The smaller COLA also will go to some military retirees and some Foreign Service officers.

The average annuity under the old Civil Service Retirement System will increase to $2,532 from $2,452 per month, the Office of Personnel Management said. The average monthly retirement check for FERS retirees will rise to $916 from $896 next year, the OPM said.

There are about 2.4 million federal retirees, with about 330,000 retirees and survivors in the District, Virginia and Maryland.

The average monthly retirement payment for the military will be $1,705 next year, though average monthly retiree military pay next year will be higher in Virginia ($2,277) and Maryland ($1,859), according to Pentagon data.

Nationwide, there are about 1.94 million military retirees, with 189,168 in the District, Virginia and Maryland.

State Department officials said computations were not available on COLAs for the Foreign Service but estimated that monthly payments to about 6,100 retired officers and surviving spouses in the Washington area would average $4,384 next year. Nationwide, there are 14,328 retired Foreign Service officers.

Many federal retirees continue to work after leaving the government, and some move from the Washington area in a bid to stretch their retirement income.

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Virginia A. Broadbent moved to Orange, Va., from Alexandria after retiring from the Agriculture Department in 1994. "Quite clearly I could obtain a better house at a lower price here at the time I bought," she said. "I would be living in a hovel if I was living in the D.C. area."

But she is worried that property tax rates in Orange will increase this year, cutting into her CSRS pension. "I have become more cautious and concerned about money. I would love to see a COLA that kept pace with the cost of living in a more realistic sense," she said.

Broadbent said a COLA of "4 to 5 percent would seem nicer to me" and noted that she is thinking of returning to work on a part-time basis.

Kleeman never stopped working. Her government career included about 20 years at the Government Accountability Office, a congressional agency, and she left federal service in 1994 to join George Washington University as a distinguished executive in residence, teaching and helping students plan their careers.

While in government, she was covered by CSRS and FERS, which gives her a mixed COLA. Her retirement benefits are "certainly generous," she said, but noted that many federal employees will need to invest wisely in the Thrift Savings Plan, their 401(k)-type program, to achieve a comfortable retirement.

"I don't think I will get rich on the 3.3," she quipped, adding, on a more somber note, that "very few people now in government service are going to be able to leave a large inheritance."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, October 19, 2006

Band on the run

"I play the flute, sax and guitar, and I'll be playing all three Saturday night," White House spokesman Tony Snow told Inside the Beltway yesterday.

The obvious next question: Where does he find the time?

Much has been written of late about Mr. Snow and his myriad gigs. When not speaking on behalf of the president of the United States, he's taking the unprecedented step for a White House press secretary and appearing at Republican fundraisers across the country.

And, we didn't need to remind him, awaiting his arrival at home are his wife, three children and a host of pets.

"We're down to one guinea pig, one cat and two dogs," Mr. Snow said. "Look, my family always comes first. And my wife and kids will all be there Saturday night."

He was referring to a charity concert his rock 'n' roll band, Beats Workin', will perform at the Old Town Theater on King Street in Alexandria. (The show, from 8 p.m. to midnight, is $35 and includes a food buffet and a cash bar. Tickets can be reserved at www.oldtowntheater.com.)

"We're a cover band. We play stuff from the '60s, '70s, '80s and a little bit of the '50s," Mr. Snow said. And yes, the band has its groupies.

"Everybody pulls for a bunch of old guys who can still play rock 'n' roll," he said. "Mostly I'll be playing guitar on Saturday night. That's when the people will see me let it all out."

So he finds music to be a stress reliever?

"Yes, although I'm just getting back with the band," Mr. Snow said. "After my [serious bout with] cancer last year I was out the whole time. I played with the band a few weeks ago, and I'm still working back into the starting rotation."

Given the many hats he's worn -- most recently host of the "Tony Snow Show" on Fox News Radio; "Weekend Live With Tony Snow" and "Fox News Sunday" on the Fox News Channel; syndicated columnist; presidential speechwriter; and newspaperman (including editorial page editor of The Washington Times) -- where does Mr. Snow see himself in five years?

"I don't have a clue. But I see myself in five minutes on Marine One," Mr. Snow replied, darting out of his West Wing office to board the presidential helicopter.

Mrs. Laura

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We always eagerly await the newest Talking Presidents doll.

There's the Ronald Reagan talking doll ("Mr. Gorbachev, tear down this wall"), the George W. Bush doll ("Working hard to put food on your family"), George Bush ("Read my lips") and Donald H. Rumsfeld ("The only choice one has is to proceed").

The newest talking doll, just in time for Christmas, is "Dr. Laura" ("I am my kids' mom").

Laura Schlessinger, of course, is a popular radio personality and best-selling author of 14 books. As a doll, Mrs. Schlessinger stands 11 inches tall and is packaged in a display box that includes photos from her personal collection.

(No doubt Inside the Beltway will be hearing again from Mrs. Schlessinger. The last time we included her in our column she wrote back, numerous times, to complain -- OK, she went ballistic -- because we didn't place "Dr." before her name. We explained to her that the newspaper's writing style recognizes only medical doctors with the honorific, but she refused to listen.

(So much for being "the kind of person you'd like to come home to every day" -- as she preaches on her show.)

PR ladies

There are three finalists for the 2006 Washington PR Woman of the Year award, as determined by the Washington Women in Public Relations: Kristen Grimm, president and founder of Spitfire Strategies; Margery Kraus, president and chief executive officer of APCO Worldwide; and Marilynn Deane Mendell, president of Win Spin CIC Inc.

The winner will be crowned Nov. 15 at a Mayflower Hotel awards luncheon honoring all three finalists. Good luck, ladies.

Yo, Frankie

What Washington event this weekend would bring together a pair of Supreme Court justices, a baseball legend, a famous crooner and a couple of seasoned Hollywood actors?

Given their surnames, it would be the annual convention and awards gala of the National Italian American Foundation (NIAF).

Newly appointed Supreme Court Justice Samuel A. Alito Jr. will be receiving a special achievement award from his colleague, Justice Antonin Scalia, while Chrysler Group CEO and President Tom LaSorda will receive achievement honors from baseball great Tommy Lasorda. Other awards will be presented to, among others, singer Frankie Valli and philanthropist Catherine Reynolds.

In addition, actor and director Mel Brooks will be at the Hilton Washington & Towers to represent his late wife, actress Anne Bancroft, who will be posthumously inducted into the NIAF Italian American Hall of Fame by actor Alan Alda.

Congress's Dismal Grades (WP)

By David S. Broder

The Washington Post, October 19, 2006

The editors of National Journal, a respected and independent Washington publication, had the smart idea of inviting 11 distinguished economists to fill out a score card on the economic performance of the Republican Congress. The grades are published in the latest issue of the weekly magazine.

The economists were asked to score Congress in seven categories, using letter grades. The composite score of four categories was a C, meaning average by historical standards. Two got a B-minus and one a D. Not exactly a huge vote of confidence.

Who were these 11 judges? National Journal describes them as "prominent 'nonaligned' economists -- people who, by virtue of their work and long careers outside of politics, have earned reputations for delivering unvarnished analysis of economic policy."

Their individual credentials are impressive. "Ethan Harris, Maury Harris, Allen Sinai, and David Wyss are well known on Wall Street," the editors write. "Nariman Behravesh of Global Insight is one of the most respected economic forecasters. Lyle Gramley is a former governor on the Federal Reserve Board, and Michael Mussa is former research director at the International Monetary Fund. Edward Leamer is director of the Business Forecast Project at UCLA's Anderson School of Management, and James F. Smith is a professor at the Kenan-Flagler Business School at the University of North Carolina. David Lereah is a longtime chief economist at the National Association of Realtors. Victor Zarnowitz has long worked at the Conference Board, the

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business group that issues closely watched numbers on consumer confidence and leading economic indicators, and he serves on the committee of economists that decides when recessions begin and end."

Short-term fiscal policy grades averaged out at B-minus. Gramley and Sinai gave it an A and A-minus, largely because the tax cuts had stimulated investment and productivity. Five others put it down around C, because so little revenue growth was channeled into reducing budget deficits.

The only other category that rated an overall B-minus was government regulation. The range of grades was small, with only one D and seven at or near B. The reason: The economists applaud restraint. As Lereah said, "Less regulation is usually better than more."

That's about all the good news. In long-term growth and competitiveness, the grade was C. No one gave it more than a B-minus, largely because the tax cuts were passed without reforms and because congressional efforts to improve education and training of the workforce seemed feeble.

International economic policy also was graded C. In the face of rising balance-of-payments deficits -- a key measure of economic activity between countries -- major trade initiatives have stalled. Although radical protectionist measures have been rejected, Congress has balked at bigger steps to open international markets, the economists said.

Congress was given a C for its economic leadership, and the same grade for its overall economic performance. Aside from cutting taxes, the lawmakers did little to help or harm the economy. They balked at tax reform and Social Security reform but made some improvements in pension reliability. Overall, this Congress was no better or worse than most of its predecessors, the graders said.

But there was one area where they said Congress failed and failed badly. That was long-term fiscal policy. There were five F's, three D's and no grade higher than a B-minus, for a composite grade of D. Speaking of the long-term liabilities of Medicare and Social Security, Gramley told National Journal, "Congress and the administration are not facing" reality. Behravesh called the response to those long-term deficits "quite irresponsible."

Does all this add up to a case for or against the Republican Congress? The economists were not asked that question, but most of their comments convey support for the Bush tax cuts and opposition to the trade restrictions favored by many Democrats.

Still, a chart that is part of the National Journal story gives pause. It compares the economic performance of the first 5 1/2 years of this Bush administration with identical periods under Presidents Ronald Reagan and Bill Clinton. Personal income after inflation and taxes rose 22.7 percent under Reagan, 20.4 percent under Clinton and only 14.1 percent under Bush.

That's certainly not a C, and it may not even be a passing grade.

Catching Conflicts At The FDA (LAT)

The Los Angeles Times, October 19, 2006

A GUILTY PLEA FROM FORMER FDA Commissioner Lester M. Crawford shows that the ethics guardians are making some progress against conflicts of interest at the Food and Drug Administration. Now they need to delve deeper into ethical lapses at the agency, which has been suffering a crisis of confidence.

Crawford, who resigned as commissioner a little more than a year ago, pleaded guilty Tuesday to lying to investigators about stock he owned in companies that were regulated by the FDA. Yet, according to one study, more than a fourth of the experts who sit on the FDA's advisory panels, which review the safety and effectiveness of drugs, have potential economic stakes in drugs they consider.

Other independent reports have found that regulators often ignored safety experts and refused to move against drugs that showed signs of serious side effects. That's one reason Vioxx, despite its heart risks, remained on pharmacy shelves long after it should have been pulled. Political pressure also has weighed on the agency, which dithered about approving over-the-counter sales of Plan B, the morning-after contraceptive pill, despite its positive ratings from agency scientists.

Current legislation to make drug evaluators and safety experts work together more closely, and to give the safety side more autonomy, would take the agency one step forward. But Congress should take the opportunity to impose more comprehensive reforms next year when it reconsiders the user fees that provide much of the FDA's funding.

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Reforms will require striking a sensible balance between the need for expertise and tolerance for conflict. The agency needs specialists well versed in the substances it regulates, but such people often gain their expertise by working or consulting for drug companies. One way to mitigate such conflicts of interest is to require disclosure — and recusal when there is a meaningful conflict.

The FDA also has suffered from both a literal and metaphorical lack of leadership, spending most of the last two years under acting and interim commissioners. The current acting commissioner, Texas surgeon Andrew C. von Eschenbach, is a solid replacement for Crawford. He deserves to be confirmed by Congress so that the FDA can turn its full attention to regaining the public's confidence and protecting its health.

OTHER NEWS:

Dow Cracks 12,000, Sets Another Record (USAT)

By Adam Shell

USA Today, October 19, 2006

NEW YORK — Another day, another record-breaking milestone on Wall Street, as the Dow Jones industrial average finally cracked the 12,000 barrier Wednesday for the first time and hit a fresh all-time high.

The Dow, which has set highs in eight of its past 12 sessions, was unable to close above 12,000, and finished up 42.66 points, or 0.4%, to 11,992.68. The Dow crossed 12,000 for the first time 34 seconds into trading, Dow Jones Indexes says, and hit a record intraday high of 12,049.51 roughly 14 minutes later as investors reacted positively to a strong earnings report late Tuesday from tech titan and Dow stock IBM.

The Standard & Poor's 500 gained 1.91 points, or 0.1%, to 1365.96. The Nasdaq composite fell 7.80 points, or 0.3%, to close at 2337.15. The broad S&P 500 reached an intraday high at 1372.87, its highest in nearly six years, but the momentum faded.

As is often the case when major market indexes near milestones, such as new highs or big round numbers like Dow 12,000, the nation's oldest stock index has come under selling pressure as investors gauge whether to buy or sell stocks at peak prices.

“Traders trade around big numbers,” says Stuart Freeman, chief equity strategist at A.G. Edwards. “If it breaks through, traders will run it higher; if it doesn't they will trade it lower.”

Freeman says the Dow hitting 12,000, or 11,000 or 13,000, is not significant. What is significant for investors, he says, is to measure the prices of stocks relative to earnings at current levels. And if you do that, he says, it's clear that stocks are trading at much cheaper valuations than they were the last time the Dow peaked, back in January 2000. At that peak, he says the broad U.S. market was trading at nearly 30 times expected earnings. Now, stocks' valuations are about half of the peak's level.

Driving the rally Wednesday was a benign report on inflation at the consumer level and more strong third-quarter earnings gains posted by U.S. companies. (Earnings, 1-2B; CPI report, 3B.) IBM, which rose $2.87 to $89.82 after reporting a 50% jump in profit, was a big boost to the Dow. The Dow is price-weighted, so when high-priced stocks do well, it has a disproportionate impact on the Dow's gain.

Highlights:

Johnson & Johnson, another Dow stock, rose $2.07 to $68.15 after the drug and consumer products giant raised its 2006 forecast.

GOP Tries To Shift Focus To Economy (WT)

By Charles Hurt

The Washington Times, October 19, 2006

The Foley scandal has dropped off the front pages and House Republicans are aggressively trying to shift attention in the final weeks of the campaign season to the healthy economy and the damage they say would be done if Democrats take control of Congress.

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"Today's record-setting stock market rally is proof that Republican economic policies of tax relief work," said House Speaker J. Dennis Hastert of Illinois. He hailed the Dow Jones Industrial Average passage of the 12,000 mark, which he said was largely a result of efforts by the Republican-controlled Congress to cut taxes and streamline government regulation.

"If Democrats had their way, they would erase stock market gains by raising taxes and stalling the economy, destroying job growth and putting leaders in place that are in favor of tax increases," Mr. Hastert said. "In fact, if the Democratic majority blocked our efforts at making tax relief permanent, Nancy Pelosi and the leadership would raise taxes on hardworking American families with two children by at least $2,000."

Republicans issued a list of initiatives that they fear would gain traction under a Democrat-led Congress.

Among them is H.R. 3760, which would create the Department of Peace. Authored by Rep. Dennis J. Kucinich, Ohio Democrat, the Department of Peace and Nonviolence Act has 74 co-sponsors.

Also listed is H.R. 4683, which essentially would nationalize health care by expanding Medicare to cover all Americans.

Others Democratic proposals they cited included eliminating mandatory minimum sentences for selling crack cocaine, allowing felons to vote, federal regulation of restaurant menus and a "bill of welfare rights" that would grant protections to those on welfare.

"This list of the bills," said Majority Whip Roy Blunt of Missouri, "would be great fodder for the late-night talk show hosts if it weren't true. Instead, it's just plain scary."

Minority Leader Nancy Pelosi, California Democrat, yesterday restated her belief that the House needs new leadership.

"Republicans are determined to stay the course with their failed policies that have taken America in the wrong direction," she said. "As our economy continues to leave middle-class families behind, the war in Iraq spirals out of control, and charges of corruption and scandal swirl in Congress, the American people believe it is time for a change -- not Republican business as usual."

If Democrats win control, Mrs. Pelosi said, "we will turn the most closed and corrupt Congress in history into the most open and honest. We will take our nation in a new direction by restoring truth and trust to the halls of power with our honest leadership, open government act."

Lower Energy Prices Help Consumer Price Index Decline 0.5% (NYT)

By Jeremy W. Peters

The New York Times, October 19, 2006

Rapidly falling energy prices helped push consumer prices down sharply last month, the government reported yesterday.

But the decline did not entirely dispel inflation worries because the measure of retail prices that excludes volatile food and energy costs held steady at a level above the Federal Reserve's comfort zone.

Wall Street — already energized by stronger-than-expected profits from I.B.M. and Intel and construction data that showed a steep drop in building permits — saw the latest evidence as an encouraging sign that the Fed will keep interest rates unchanged for now. The central bank's policy setting committee will meet next week to review short-term lending rates, currently at 5.25 percent.

Stocks surged at the start of trading yesterday and the Dow Jones industrial average leapt past 12,000 for the first time. The exuberance was short-lived, however. The blue-chip index retreated later in the morning, ending the day up 42.66 points, at 11,992.68.

The federal government also announced that Social Security payments, which are based on changes in the Consumer Price Index over the previous 12 months, will increase 3.3 percent in 2007.

For the 53 million Americans that receive Social Security checks, that will raise the average monthly payment by $33, the Social Security Administration said.

While overall consumer prices fell last month by 0.5 percent, the core Consumer Price Index, which excludes food and energy, rose by 0.2 percent. It was the third consecutive month that the core index grew by 0.2 percent and an indication to many economists that underlying inflation may be peaking.

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With core prices up 2.9 percent compared with last September, well above the 1.5 percent to 2.5 percent level that central bankers consider ideal, the economists cautioned that it is still not clear whether the Fed will have more tightening to do next year.

"The fundamentals for inflation still look mildly unfriendly," said Ethan Harris, chief United States economist for Lehman Brothers. "When people talk about inflation turning, they're forgetting about the lags. Inflation doesn't turn with the economy. It usually takes a couple of quarters."

As the economy continues to slow, the Federal Reserve's forecast is that inflation will slow as well. The central bank has said that slower growth, led by a decline in the housing market, will help pull inflation back down to tolerable levels.

Indeed, a report from the Commerce Department showed yesterday that building permits fell by 6.3 percent in September, to the lowest rate since October 2001.

The number of housing starts last month increased 5.9 percent.

The rise in new home construction did surprise economists, but it is not likely to foreshadow any immediate bounce-back in residential construction. Construction activity is often volatile for a number of reasons, particularly the weather.

Building permits, therefore, are considered to be a better barometer of the strength of the housing industry because they measure how much demand builders are expecting.

"Even a cursory glance at the awful permits numbers should disabuse all but the most incurable optimists" of the notion that the new housing market will improve soon, Ian Shepherdson, chief United States economist with High Frequency Economics, wrote in a research report.

In another sign that investors do not believe the Fed will raise rates any further, interest rates on long-term bonds fell yesterday for the third consecutive day. And that view was echoed by several Wall Street analysts.

"The surge in core inflation is abating," a team of economists from Goldman Sachs wrote in a research report.

As long as future inflation readings do not look any worse than yesterday's report, and economic growth continues to slow at a moderate pace, the Fed can afford to wait for the effects of two years of interest rate increases to take hold.

Most economists believe that when the Fed gathers next week, it will leave interest rates untouched for the third time in a row.

"From the Fed's point of view, slower growth opens up a little bit of a gap," said Stuart G. Hoffman, chief economist with PNC Financial.

The Labor Department report showed that on a seasonally adjusted basis, consumer prices rose at slower rates in September on a number of goods and services like clothing, food and household furnishings.

The price of transportation, including gasoline and vehicle purchases, was the only major category of the price index that actually declined in September.

High rental costs kept the core price index elevated in September. Compared with September a year ago, housing prices, which are tied to a measure of rents rather than what homes are actually selling for, rose 4.1 percent, faster than any other component of the index except medical care.

In a separate report, the Labor Department said that the average weekly earnings for ordinary workers, adjusted for inflation, rose by 1 percent in September. Average hourly earnings rose 0.2 percent.

Consumer Prices Fall, But Core Measure Inches Higher (WSJ)

By Christopher Conkey

The Wall Street Journal, October 19, 2006

Falling gasoline prices pushed overall consumer prices lower in September, significantly increasing Americans' purchasing power, but underlying data signaled plenty of inflation hazards ahead.

Meanwhile, the nation's home builders stepped up construction last month, defying signs of a weakening housing market. But a sharp decline in building permits points to softening in residential construction in the months ahead.

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Consumer prices fell 0.5% in September, led by a 13.5% plunge in gasoline prices, the Labor Department said. Excluding food and energy, the department's "core" measure of consumer prices rose 0.2% for the third consecutive month. This measure is closely monitored by Federal Reserve policy makers because it gives a clearer picture of underlying activity.

Many economists said the modest rise in core prices is another sign that inflation is retreating enough to dissuade the Federal Reserve from changing interest rates anytime soon. "We may have seen the peak of this inflation scare," said Mark Vitner, a senior economist at Wachovia Corp., of Charlotte, N.C.

September was the first month this year that overall consumer prices didn't rise, and it relieved some of the pressure on consumers' pocketbooks. The average worker's weekly pay outpaced inflation by 1% in September; inflation-adjusted wages last month were up 2.2% from a year ago.

The latest figures tentatively suggest that the economic scenario of slower expansion and reduced inflation sought by the Fed is playing out. "We are in the midst of a near picture-perfect soft landing," said Bernard Baumohl, executive director of the Economic Outlook Group, of Princeton Junction, N.J. "What's most interesting from the latest set of reports is that this economy may be ready to take off again by mid-2007."

Price gains could reaccelerate if gasoline prices rebound or the economy gains more momentum, and inflation is far stronger than the Fed would like it to be. The Labor Department's measure of core consumer prices in September was up 2.9% from a year ago, outpacing the 2.1% rise in prices overall. Similarly, the Commerce Department's core price indicator, the personal-consumption expenditure price index -- the Fed's preferred inflation gauge -- rose 0.2% in August and was 2.5% higher than a year earlier.

Both measures show core inflation running at its fastest clip in more than 10 years, and well above the Fed's presumed comfort zone of between a 1% and 2% rate. The Fed has indicated it can tolerate higher-than-usual levels of core inflation for the short term, but any further acceleration could prompt it to raise interest rates.

That means core inflation must slow somewhat from its current trend of 0.2% monthly gains before the Fed is satisfied that inflation risks are abating. Haseeb Ahmed, an economist at J.P. Morgan Chase & Co., of New York, said if core inflation continues to expand at its current monthly rate, the annual rate as measured by the Labor Department will hover at 2.9% for the next two months before rising to 3.0% in December.

For now, the plunge in oil prices and the slowdown in economic expansion appear to be having an impact. After rising at an annual rate of more than 3.5% in the second quarter, core inflation increased at a slower 2.9% in the third quarter.

Speaking earlier this week, San Francisco Fed president Janet Yellen said: "Although I'm somewhat encouraged that various measures of core inflation have edged down recently, it's clear that more progress is needed."

Inflation expectations, as measured by consumer surveys and yield spreads in the bond market, have also retreated. That is extremely important for the Fed's credibility, because expectations of higher inflation can have a self-fulfilling effect, as workers push for higher wages and companies charge higher prices.

Several other wild cards could affect the inflation outlook. Labor costs, which have been rising, could further accelerate and exert more inflation pressure in the months ahead. The degree to which the housing market stabilizes or continues to weaken will have a major impact on overall expansion, and therefore on estimates of how much inflation may decline.

The Commerce Department reported yesterday that new-home construction last month rose 5.9% from August to an annual rate of 1.77 million units. Housing starts were still down 18% from a year earlier.

But permits for new construction, an indicator of future activity, fell 6.3% in September and there is still a historically high inventory of unsold homes on the market. Prices are also falling in many markets.

As a result, many economists said, home builders will be forced to curtail new construction in the months ahead. "The bounce in housing starts is a temporary phenomenon," said Dave Seiders, chief economist at the National Association of Home Builders, of Washington, D.C. "There's no question we have a supply-demand balance problem right now."

Consumer Prices, Construction Starts Supply Good News (USAT)

By Sue Kirchhoff

USA Today, October 19, 2006

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WASHINGTON — Consumer prices fell sharply in September as energy prices took the biggest tumble in nearly a year, the government said Wednesday in a report that buoyed the stock market.

Separately, the Commerce Department said new home and apartment construction rose 5.9% in September from August, surprising analysts. Still, construction was 18% below year-ago levels, and building permits were down 28% from September 2005, reflecting a slide in the previously hot sector.

Stock prices rose as traders interpreted the reports to mean that slower inflation and a cooling, but not collapsing, economy will let the Fed continue to hold interest rates at 5.25%. The Dow Jones rose 42.66 to 11,992.68.

While the overall picture is improving, core inflation, which excludes food and energy, is still too high for comfort, some analysts cautioned. The Fed is watching core figures to see if slowing growth and previous rate increases are cutting inflation.

"There will be a couple quarters of very sluggish economic growth. Some will think we're falling into recession, it will be that close," says Ken Mayland of ClearView Economics.

"That will take the pressure off of core inflation. But it will take time. It will take months. Do the inflation hawks within the Fed have patience? Do the markets?" Mayland says.

The Labor Department said the consumer price index fell 0.5% in September, the biggest decrease since a 0.7% drop in November 2005. The fall was led by a 7.2% drop in energy prices, including a 13.5% drop in gasoline prices. Overall, consumer prices are up 2.1% in the past 12 months.

The core inflation rate was 0.2%, in line with economists' expectations. In the past 12 months, the core inflation rate has been a brisk 2.9%, the highest level in a decade. That's well above the Fed's preferred 1% to 2% annual rate, though monthly increases have leveled off.

The rise in home construction, after three months of declines, may not spell the bottom of the market. Gains were concentrated in the South, and the drop in permit applications is accelerating.

"It isn't over. It has barely begun," says Ian Shepherdson of High Frequency Economics.

The Fed raised its target for short-term interest rates 17 times from mid-2004 to mid-2006. The central bank voted to leave rates unchanged at its August and September meetings. The Fed will next meet Tuesday and Wednesday.

Falling US Fuel Prices Ease Fears Of Recession (CSM)

By Mark Trumbull

The Christian Science Monitor, October 19, 2006

Even with OPEC's decision this week to cut oil production, lower energy prices could persist - bringing a welcome boost to the economy.

The "oil dividend" is worldwide but comes at a sensitive time for the United States. By easing costs for heating homes, commuting, and running factories, lower energy prices reduce worries about a possible recession for the world's biggest economy.

Lower energy prices also promise to help fight inflation. According to a report Tuesday gasoline prices posted a record one-month plunge of 22.2 percent. And Wednesday, thanks in part to fuel costs, the Labor Department announced its broad index of consumer prices fell 0.5 percent in September.

"The lower energy prices certainly help," says John Silvia, chief economist at Wachovia Corp. in Charlotte, N.C. This doesn't assure a so-called soft landing for the economy, he says, but "it's enhancing the chances."

Crude oil still costs twice what it did three years ago, but the change over the past two months is significant. Motorists could soon be pumping gasoline at $2 a gallon, down from summer highs above $3.

Cheaper natural gas, meanwhile, promises to keep heating bills lower this winter, too.

Over the past two months price shifts in gasoline and natural gas have put some $90 billion, annualized, back in US consumers' pockets, according to research by economist Andrew Tilton at the investment firm Goldman, Sachs. That's sizable even in a $13 trillion economy.

By some estimates, the amount more than offsets the hit homeowners are taking from an upward jump in adjustable mortgage rates.

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Several factors explain the softening of energy prices, from the end of the summer driving season to fewer hurricanes, which could affect drilling platforms in the Gulf of Mexico. Demand cools for fossil fuels

Perhaps the biggest factor, however, is cooling demand for fossil fuels. That reflects some conservation by consumers, but it also stems from a slowing economy - the very problem that lower energy costs are now helping to alleviate.

"Demand continues to grow but at very low rates," says Mark Routt, a senior analyst at the consulting firm Energy Security Analysis Inc. of Wakefield, Mass.

America's output of goods and services, after expanding faster than 3 percent annually in 2004 and 2005, slipped to a 2.6 percent annualized rate in the second quarter, and third-quarter numbers are expected to be slower still.

Even as Chinese energy demand continues to soar, forecasters have pared back their outlook for the US, the biggest oil consumer.

The International Energy Agency last week predicted that world oil consumption will rise 1.2 percent this year and 1.7 percent next year. Those numbers shaved just a tenth of percentage point off prior forecasts, but such changes at the margins make a difference in energy prices.

Conservation also is playing a role. American consumption of gasoline typically grows by more than 1 percent a year, Mr. Routt notes. This year's growth will be less than 1 percent, not keeping pace with a population that surpassed the 300 million milestone this week.

This represents a natural response of the marketplace to higher-priced oil in 2004 and beyond. It prods consumers to use less and gives suppliers an incentive to expand production. Mood changes, prices dip

All this has changed the mood of those who trade oil contracts on commodity markets. The price of oil has fallen from about $75 a barrel to $60 or lower in recent weeks.

Prices could still spike if supplies are disrupted in places like the Middle East, Iran, or Nigeria.

But the OPEC cartel is responding to the changed outlook. The Organization of Petroleum Exporting Countries meets Thursday in Qatar to formalize plans for a production cut of 1 million barrels a day.

It's not clear if the group will actually pull that much supply off world markets. Member nations aren't unanimous in their outlook, but backers of a cut don't want to let prices fall too far.

Routt sees oil prices staying relatively flat, but he wouldn't be surprised if gasoline dips below $2 as refiners shift to cheaper winter products.

Mr. Silvia's team of economists at Wachovia believe oil prices will remain around $60 a barrel early next year. He says gasoline is unlikely to fall to $2 a gallon from the current level of $2.23. US economy adjusts

All this comes as the US economy is in a phase of adjustment. The Federal Reserve is trying to guide the economy into what economists call a soft landing, to restrain inflation without causing an outright economic slump.

It has raised interest rates incrementally since mid-2004 but is now sitting on the sidelines as the economy, and inflation, cools.

But soft landings aren't easy to achieve. The risk of recession has risen along with tighter monetary policy. To some economists, falling oil prices could be a symptom of that risk.

Merrill Lynch's David Rosenberg, in a recent report, notes oil prices fell 25 percent in the six months prior to the recession in 2001.

The price cut didn't prevent that recession, he says, because "the decline in crude was symptomatic of slower demand" in the economy. Mixed expectations for the US economy

Today the housing market that was driven by low interest rates has weakened. A gauge of industrial production, announced Tuesday, fell 0.6 percent in September, a much steeper dive than analysts expected.

US employers created a tepid 51,000 jobs in September, according to the Labor Department's initial tally two weeks ago.

Still, other economists believe the US economy remains on solid footing. Silvia's forecast is for moderate growth, with the question of recession hinging on the housing market. For now, he says, lower energy prices are giving an important boost to consumers.

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Demand For Gasoline Surges As Prices Take A Dive (USAT)

By Barbara Hagenbaugh

USA Today, October 19, 2006

WASHINGTON — Americans are celebrating plunging gasoline prices by hitting the roads.

After barely rising during the summer months, gasoline demand rose swiftly in September, the American Petroleum Institute said Wednesday.

Deliveries of gasoline to U.S. service stations, a proxy for demand, rose more than 4% in September from the same month a year ago. That number was boosted by the comparison with September 2005, when Hurricanes Katrina and Rita interrupted deliveries.

But even excluding the hurricane effects, gas demand likely was up approximately 2% in September, API economist Ron Planting says. That's about triple the average increase over the prior six months and the biggest gain since August 2005.

"Lower prices are encouraging people to get back out there and drive," says Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas. Good weather in much of the USA in September and increased security measures at airports, which turned some people off on flying, also likely encouraged travelers to get behind the wheel, Brown says.

In one of the largest one-month changes on record, the nationwide average gasoline price fell 47 cents, or 17%, in September, according to motorist club AAA and the Oil Price Information Service.

The U.S. average for a gallon of regular Wednesday was $2.219, down 27% from this year's peak of $3.04 a gallon on Aug. 10 and off 52 cents from a year ago. The lowest average price Wednesday was in Missouri, where it was $2.02 a gallon; the highest was in Hawaii, where the average was $2.98.

While the higher prices this year didn't actually reduce gasoline consumption in most months, it led to slower-than-normal increases in demand. The historical average is for gains of 1.5% to 2%, API's Planting says.

Population growth, a healthy economy and lower gasoline prices will likely continue to boost gasoline demand going forward, says Kevin Lindemer, head of the energy group at economic consulting firm Global Insight.

"The underlying forces that create gasoline demand are still there," he says.

But increased demand will keep propping up prices, warns Alliance to Save Energy President Kateri Callahan, who calls the decline in gas prices "not all good news," because it makes it harder to persuade people to conserve.

"People have a false sense of security that (gasoline prices) are going to stay low and go lower," Callahan says.

Swati Gunale of Indianapolis has been planning for months to drive to Arkansas this weekend for a volunteer vacation, where she will be helping to build a hiking trail along the Buffalo National River.

Although the 33-year-old would have taken the trip even with gas prices high, the decline in costs at the pump will make her vacation less costly.

"It's an added bonus for me," she says.

Has Diesel Grown On The United States? (WP)

By Sholnn Freeman

The Washington Post, October 19, 2006

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Steering the big E320 sedan, Mercedes-Benz engineer Rudolf W. Thom comes around a corner and gently presses down on the accelerator, revealing the faint yet familiar sound of a diesel engine.

"If you compare this diesel to the diesels of the past, can you hear this diesel?" he said. "Can you smell this diesel? It is not like the bad diesels of the past."

The E320 gets 35 miles per gallon, 30 percent better than the comparable gasoline version of the car. Because of favorable tax policies in Europe, diesels have taken off there in the past 15 years, accounting for 50 percent of the new models sold each year. In the United States, development of the market has lagged because of government concerns over what the fuel does to air quality; diesel vehicles make up just 3.2 percent of the market.

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The dynamics began to shift this week. On Sunday, the Environmental Protection Agency began requiring refiners and fuel importers to reduce the sulfur content in diesel fuel by 97 percent. The low-sulfur fuel opens the door to a new generation of clean diesel cars, and automakers are moving to bring out more models in the U.S. market.

The change promises to significantly cut air pollution caused by diesel emissions. Regulators say high concentrations of sulfur in the old diesel fuel poison the engine systems that clean exhaust of harmful pollutants. The biggest concern is particulate matter, one of the byproducts of engine combustion, said Margo Oge, director of the EPA's office of transportation and air quality. The particles are a fraction of the size of a human hair. Public health advocates have described the particles as tiny spaceships that dive into the respiratory system when people inhale, damaging the lining of the lungs.

Particles from diesel emissions are classified by the government as a potential carcinogen and are linked to premature deaths, heart attacks to respiratory illness.

Mark MacLeod, director of special projects for Environmental Defense, an advocacy group, said the new EPA rules are expected to prevent about 8,000 premature deaths each year, 1.5 million lost work days and 360,000 asthma attacks.

Detroit automakers have pledged to expand diesel offerings, particularly in pickup trucks. J.D. Power and Associates projects that the diesel share of light-vehicle sales is expected to increase to more than 10 percent by the middle of the next decade from 3.2 percent in 2005. Japanese automakers are also stepping up development of diesel technology.

As U.S. consumers become more sensitive to higher gas prices, German automakers view diesels as their best weapon in the U.S. market to counter strong sales of gas-electric hybrids. They claim a long history of innovation in diesel technology. Mercedes sold large numbers of diesels in the United States in the 1980s. Volkswagen AG for years has sold diesel versions of its popular cars, including the Jetta and the Beetle.

In this country, automakers have shied away from diesels since the early 1980s. GM produced a diesel engine during that decade that was used throughout its lineup. But auto analysts say the engine had problems with piston rings and cylinder combustion. The cars were smoky, loud and slow. Some diesels wouldn't start in cold weather. Mercedes models of that era also are remembered as being slow and noisy, helping cause consumers to sour on diesel technology.

"Consequently, all the Big Three have been afraid to do diesel," said Casey Selecman, manager of North American powertrain forecasts at CSM Worldwide. "They believe the American public still sees diesels that way. Now they have this great competency in Europe. All the things that plagued the diesels in the early '80s are now gone."

At Mercedes, marketers have developed the name Bluetec for the company's diesel engines in the United States to try to cleanse them of persistent negative perceptions. The company said other German automakers may use the name to sell diesel technology.

"We have to make a mind-set change because the diesel name is damaged," Thom said.

Mr. Pombo's Map (NYT)

The New York Times, October 19, 2006

When you add up the energy resources of the American West, one of the biggest items in the ledger is oil shale — rock formations containing deposits that can be distilled, by heating, into oil. The estimate of the petroleum locked up in these deposits is enormous: perhaps 800 billion barrels of recoverable oil, most of it in the Green River Formation, which lies beneath Colorado, Wyoming and Utah.

The processes for extracting oil shale are still hugely expensive — which is fortunate, because the potential environmental costs are staggering. You can pump oil from oil shale by heating the underground formations, with untold effect on groundwater. Or you can dig it all up, cart it away and heat it somewhere else, scarring vast tracts of the West.

None of this has stopped Congressman Richard Pombo of California — champion of the idea that we can drill our way to energy independence — from throwing yet another economic bone to the energy sector. In a little-noticed provision of the much-reviled Deep Ocean Energy Resources Act — which the House passed in June and the Senate will take up when Congress returns — Mr. Pombo lowered the royalty rate for oil shale from 12.5 percent to 1 percent. Should the day arrive when the price of shale oil becomes competitive, this could turn out to be an extraordinary giveaway of federal revenue (most oil shale lies under federal land) and a huge incentive to wreak environmental damage.

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None of this is surprising. Mr. Pombo, who is chairman of the House Resources Committee and is facing a tight race for re-election, has been well- financed by oil and gas producers. He has done his best to give away public resources and throw away prudent restraints on energy exploration.

We believe that this country must pursue energy independence. But unlike Mr. Pombo, we believe that there is a vibrant new economy to be found in conservation and that is where our future lies. When we try to envision the America that Mr. Pombo has mapped out for us, all we can see is a nation committed to devouring itself, one barrel of oil at a time.

Oil-Price Drop Challenges OPEC Unity (WSJ)

By Chip Cummins

The Wall Street Journal, October 19, 2006

Saudi Arabian oil czar Ali Naimi worked for years to turn OPEC from a group of squabbling politicians into an effective price-enforcing posse patrolling world oil markets. Now, with the oil cartel facing its first significant price drop in years, that unity of purpose is showing strain.

The Organization of Petroleum Exporting Countries is set to meet Thursday in Qatar in an effort to bolster sagging prices. Members are trying to hammer out a tricky agreement about how to share the pain of any cut in crude-oil output that they announce at the meeting. They also will try to reverse sharp internal divisions that threaten the cartel's longer-term ability to prop up prices.

The outcome of this horse-trading could have big implications for OPEC's credibility as a price cop and thus for fuel users around the world. Falling gasoline prices have been an especially big boon to consumers in the U.S., the world's largest economy and biggest importer, partially offsetting the blow caused by falling American home prices. It is also a test for the cohesion built by Mr. Naimi, OPEC's de facto leader as the oil minister of Saudi Arabia, the group's top producer.

Many OPEC officials have indicated in recent weeks that they have all but agreed to cut output by some one million barrels a day. How ministers finesse the details of any cut and deliver their message will be nearly as important as whether they greenlight a decision to trim output.

One question is whether the reduction under discussion, of roughly 4% of the group's output, would come from OPEC's current production levels of about 27.5 million barrels a day or from its recently suspended output ceiling of 28 million barrels. The latter choice would mean a real cut of just half a million barrels, or less than 1% of the roughly 84 million barrels a day the world consumes.

OPEC, which pumps about a third of the world's oil, has been notoriously fractious in the past, especially when prices head south. At such times, members tend to duke it out over market share, eager to make up lost revenue from falling prices by pumping extra volume.

Worried by a fast drop in oil markets, OPEC ministers have signaled they at least agree on the need for some sort of cut to defend prices.

"It is reasonable to say they need to get at least a half million barrels a day, maybe one million barrels a day, off the market," said Adam Sieminski, an oil analyst for Deutsche Bank in New York. OPEC then might still need to cut more sharply in December, when the group is scheduled to meet in Nigeria, Mr. Sieminski said.

But in Doha, Qatar, the group faces an even more difficult task than fixing on a headline number: how to distribute any reduction fairly among members. OPEC officials have been publicly contradicting themselves over what kind of deal is in the works.

Many ministers have suggested $55 a barrel for U.S. benchmark crude as a price the group would defend, though some have hinted they crave prices closer to $60.

Benchmark U.S. crude futures settled at $57.65 a barrel Wednesday on the New York Mercantile Exchange, down $1.28 and some 25% lower than the settlement high of $77.03 in July. They remain well below an inflation-adjusted high of $99.56, reached in April 1980.

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OPEC and other forecasters have recently lowered their projections for oil-demand growth. Fresh sources of non-OPEC production have come on line, including a pipeline carrying crude from the Caspian Sea. And inventories of stored oil, especially in the U.S., the world's biggest consumer, have risen, putting pressure on prices.

Under Mr. Naimi, OPEC members won back credibility in the market by sticking to production-cut promises to defend prices. Now, with prices falling, OPEC has essentially split into two camps. On one side is a group of countries -- including Kuwait, Algeria and Libya -- that have been able to greatly exceed the individual production quotas OPEC had assigned each member. Meanwhile, countries such as Venezuela, Iran and Indonesia have struggled to meet their quotas. Mr. Naimi has kept mum, but Saudi Arabia is squarely in the heavy-producer category, and it has been trimming its output quietly in recent months.

One option favored by the underproducers would be across-the-board reductions in individual quotas. That would allow them to keep output unchanged. But it would force the group's overproducers to cut actual output much more sharply, a move this second group has resisted publicly.

"Nobody is talking about cutting from quotas," Kuwaiti oil minister Sheikh Ali Al Jarah Al Sabah said Wednesday. "I think there's a minimum of understanding that all parties will participate" in any cut announced at the meeting, he said.

The squabbling has shaken market confidence in OPEC's resolve. The big risk for OPEC, analysts say, is that the group fails to commit itself to any meaningful cut, instead opting for temporary or voluntary cuts from each member, or promising to make real cuts, but at some unspecified time in the future.

--Ayesha Daya contributed to this article.

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Study Of Cancers At IBM Is Released (WSJ)

By William M. Bulkeley

The Wall Street Journal, October 19, 2006

A long-suppressed study finding elevated rates of many cancers among workers at International Business Machines Corp. was published in Environmental Health, a peer-reviewed online scientific journal.

IBM has fought for several years to prevent release of the study done by Richard Clapp, a Boston University professor of environmental health. The study analyzes data collected by IBM itself on the ages and causes of death of nearly 32,000 people who had worked at IBM and died between 1969 and 2001. IBM has maintained the analysis is "junk science" that misuses the data.

Mr. Clapp got hold of the data, known as IBM's "Corporate Mortality File," as an expert witness who analyzed it for lawyers in California. They had sued IBM on behalf of a number of workers at a disk-drive plant in San Jose who got cancer. Although the plaintiffs settled after several lost their lawsuits, Mr. Clapp sought to publish his analysis.

The study attracted attention beyond the courtroom in 2004, when it was scheduled to be published in a quarterly issue of the scholarly journal Clinics in Occupational and Environmental Medicine, which is owned by Anglo-Dutch publishing giant Reed Elsevier. After IBM objected to use of the data, which had been released only for purposes of the case, Reed declined to publish Mr. Clapp's paper. Reed said the paper was original research that conflicted with the mission of the issue, which was to assess previous research.

Mr. Clapp said that earlier this year, IBM stopped attempting to block publication. The study, "Mortality among U.S. employees of a large computer manufacturing company," looked at death records of men and women who had worked for IBM for five years.

Mr. Clapp then compared the rate of cancer deaths among the workers to the national death rate from particular cancers. Among the 27,272 men who died, there are 7,697 cancer deaths -- "significantly greater" than the 7,206 cancer deaths that were expected based on the national average. Several individual cancers showed particularly high rates compared with national averages, including cancers of the digestive organs, kidneys, brain and central nervous system and malignant melanoma of the skin.

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Among the 4,669 female deaths, 1,667 were from cancer, which Mr. Clapp said was well above the 1,454 that were expected based on national data. Breast cancer, lung cancer, female genital cancer, brain and nervous-system cancers rates were all elevated compared with national averages.

Mr. Clapp also concluded that deaths from cancer as a proportion of all deaths were also elevated among IBM manufacturing workers. For this part of his analysis, he used records for workers who had been involved for at least 30 days in semiconductor and disk-drive manufacturing plants in California, Minnesota, New York and Vermont.

Mr. Clapp said cancer rates were somewhat higher in the manufacturing subgroup, including for deaths from breast cancer in women and kidney cancer and melanoma in men.

Across the technology industry, semiconductor and disk-drive plants use chemicals and solvents that have been linked to cancer. But the database didn't have information specifying which workers were exposed to which chemicals. Mr. Clapp said the data also failed to provide any information on whether the dead employees had been smokers or what other jobs they might have held.

An IBM spokesman said the study is "based on flawed methodology and woefully incomplete data." He said an IBM-funded study led by a researcher from the University of Alabama at Birmingham, which has been published, found 126,000 current and former IBM workers at three semiconductor and hard-drive plants over three decades "had lower overall mortality and cancer incidence rates than the general population."

Mr. Clapp said that study's results were largely consistent with his except the IBM study wasn't adjusted to eliminate the "healthy worker" effect. Employed people are generally healthier than nonworkers, so comparing them directly to the general population is misleading, he said.

Universal Health Care: We Can't Afford Not To (USAT)

By Timothy Johnson

USA Today, October 19, 2006

The most basic question about health care reform is an old one: Should basic care be a "right" for everyone regardless of income, pre-existing illness or bad genes — or should it be a "privilege" obtained by hard work or bestowed by good birth? We would never argue that police and fire protection should be distributed based on income, so why should health care?

That's an emotionally charged issue, but there is one observation almost everyone agrees with: Our present health care "system" (a messy mix of personal, employer and government health insurance) badly needs reform. We spend more than twice as much per person on health care as other industrialized countries do — about $6,100 here vs. an average of $2,550 elsewhere in 2004 — yet we are the only such country that does not provide universal insurance coverage. How can that be?

Unfortunately, there is often no correlation between amounts spent and results. For example, in 2000, Medicare spending in Manhattan was more than $10,000 per person vs. less than $5,000 in Portland, Ore. — and Portland had better treatment results.

We will spend more than $2 trillion (yes, that's a "t") on health care this year. Yet, we rank last among 23 industrialized countries in infant mortality.

One major reason for these appalling numbers is the huge number of uninsured or underinsured in our country who do not get timely care. So why not make health care a right so every American can potentially benefit from early intervention and better prevention?

The abuse argument

One of the arguments against universal coverage usually unfolds under the ironic label "moral hazard" — that if we morally weak humans are offered something "free" (meaning that someone else is paying for it) we will abuse it. For example, a bowl of free candy will disappear much more quickly than candy you have to pay for yourself. But that argument assumes people would consume health care in the same way they gobble down free candy. I think that conclusion is crazy. Other than seasoned hypochondriacs, who wants to unnecessarily visit the doctor or go into the hospital — just because you have insurance — instead of going to the beach or playing golf?

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Of course, there will be some abuse, but that should be easily outweighed by offering many more of us a chance to be healthier, not to mention a better shot at "life, liberty and the pursuit of happiness."

Indeed, the real moral hazard when it comes to health care is what we are doing right now: not providing basic care to our citizens through cost effective health insurance for everyone. Not only is it the right thing to do morally, but I would argue it makes sense economically by providing prevention and care in the early stages of disease when it will usually cost less and be more effective. Better to treat pneumonia early with antibiotics than end up in the intensive care unit on a respirator with lung failure.

Efficient care

Some experts argue that with more thoughtful use of the money we now spend (electronic records to replace paper, better bargaining for drug and device prices, etc.), we can provide basic care to everyone with relatively little increase in total expenditure.

Efficient health care systems such as the reformed Veterans Administration hospital system already make a case. The VA, which provides often excellent care, costs about $5,000 per patient annually vs. $6,500 for private Medicare patients.

And here is a final question: How long do we want to be known as the wealthiest country in the world — and the only one that does not provide universal health insurance when we could and should?

Timothy Johnson, medical editor for ABC News, provides medical analysis for World News, Nightline, 20/20 and Good Morning America.

Posted at 12:15 AM/ET, October 19, 2006 in Forum commentary, Health care/Insurance - Forum | Permalink

High Hopes, And Higher Home Prices, In Anacostia (WP)

By Lyndsey Layton

The Washington Post, October 19, 2006

The newest government-supported housing in the District is a landscaped development of four-bedroom homes with Palladian windows, cathedral ceilings, hardwood floors and prices that reach $584,000.

The District gave the builders of the Homes at Woodmont about $1 million toward the $14 million project on Good Hope Road SE because it wants to attract professionals and their money to the most economically distressed section of the city.

The project inverts the traditional notion of housing subsidies because it isn't aimed at low-income buyers.

"We're trying to create diversity in the southeast quadrant of the city, to break up pockets of poverty," said Leo Clarke, special projects coordinator at the D.C. Department of Housing and Community Development, which gave the developers a grant toward the cost of preparing the land for construction. "We're trying to encourage investment in an otherwise blighted area."

The city is trying to use tax dollars, housing policy and, in one instance, legal power to inject middle-class elements into the long-distressed area, which is east of the Anacostia River at the northern tip of Ward 8 and has the city's largest concentration of public housing and the lowest median income.

Earlier this year, in a controversial move, the city used eminent domain to seize a worn shopping center less than a mile from the Homes at Woodmont. Over the protests of storekeepers, District officials are trying to replace the liquor stores and dollar stores in the Skyland shopping center with higher-end shops and restaurants.

City officials hope the Homes at Woodmont will help the neighborhood by raising property values, encouraging landowners to rehabilitate shabby buildings and adding residents with money to spend at higher-end shops.

"We already have an overabundance of low-income and affordable housing," said Albert R. Hopkins, executive director of the Anacostia Community Development Corp. "What we need is market rate."

Attracting higher incomes to the neighborhood is key to more shops and better services, Hopkins said. "Local and national retailers, they look at demographics and income levels," he said.

Along the streets surrounding the Homes at Woodmont, 42 percent of families live below the poverty line; the median income was $19,950 in 2000, according to the U.S. Census. Most of the homes are modest brick rowhouses or apartment buildings with bars on the windows. Many date to the 1960s and look worn.

"Southeast Washington needs a whole lifestyle change," said L. Yvonne Moore, an advisory neighborhood commissioner who lives across Good Hope Road from the new houses. "It's time that people see Southeast is not just a dumping ground for

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social services and apartments with Section 8" public housing subsidies, said Moore, a retired teacher. "We have to have more choices. My kids are educated professionals. Where does my son live? In Arlington, Va. And my daughter lives in Southwest, in a condo."

Moore lives in Marbury Plaza, an apartment complex built in the 1970s for upscale black professionals. Much like the Homes at Woodmont, Marbury Plaza was intended to attract people with disposable income. But the complex began to deteriorate in the 1980s, and now residents in the soot-stained building complain of repair and security problems.

The Woodmont development lies between two projects that have received heavy public investment: Good Hope Marketplace, a shopping center that opened in 1997, and Anacostia Gateway, an office and retail complex under construction in the heart of Historic Anacostia.

"Once that Anacostia Gateway opens, this whole area is going to take off," said A. Gene Edgecombe of VMS LLC, one of the builders of the Homes at Woodmont. He pointed to the location -- less than 10 minutes by car to L'Enfant Plaza, downtown or Capitol Hill -- as a major selling point.

The new houses sprang from negotiations between the community and a developer, which used $10.4 million in city funds to build a 176-unit apartment building for low-income renters in 2002. Neighbors initially objected, saying the area was saturated with apartments. "The neighbors wanted stable, long-term homeowners," said Sarah Davidson, vice president of KSI, which built the apartments.

To appease the community, KSI pledged to build single-family homes on several adjacent wooded acres. Then it sold the land to IDS/VMS to build the houses.

Without the city's financial help, IDS President Andy Botticello said, the single-family houses wouldn't have been feasible because the land needed expensive correction of soil problems. The soil issues delayed construction, increasing costs, he said.

The Woodmont project is under construction; the first five homes should be ready for occupancy next month, Botticello said.

But the development's contours and feel are already apparent. It has a distinctly suburban look, more Annandale than Anacostia. The homes are on smaller lots than in the suburbs, but that's the main difference.

The houses have brick fronts, peaked roofs and many amenities -- including whirlpool soaking tubs and attached garages. The development backs onto federal parkland, so the houses face woods instead of city streets. "Our construction guys keep running into deer," Edgecombe said.

As a condition of the city's grant, the developers agreed to discount the first 13 of the 35 houses by about $100,000 under market value. But there were no income restrictions on buyers. Anybody could purchase the discounted housing; they just had to be fast.

With no advertising and not even a "For Sale" sign on the property, the developers got more than 1,000 e-mails from would-be buyers through their Web site and sold the houses in waves starting in 2002. That reassured Riggs Bank, the original lender, that a market exists for half-million-dollar homes in Anacostia, Botticello said.

The developers expect to put the remaining 17 lots on the market next month, with house prices ranging from $489,000 to $584,000. There are no income restriction on these, either.

Most buyers are moving up from townhouses, condominiums or rental apartments. Many have a connection to Southeast. "I had a townhouse in Prince George's County, and I wanted to come home to D.C.," said Karen Beddoe, a 35-year-old Washington native whose parents live in Ward 8. "You never realize how much a place has to offer until you leave it."

Beddoe, an accountant with the U.S. Department of Housing and Urban Development, stumbled across the Homes at Woodmont on the Internet. "I couldn't let that go by," said Beddoe, a single mother of two. "I jumped at the opportunity. I was just so lucky."

She signed a $360,000 contract for a four-bedroom, 2 1/2 -bath house. The same money would buy a one-bedroom condominium about one-third the size of that 3,300-square-foot home in one of the city's affluent neighborhoods.

"I pass my new house every day on the way to work," said Beddoe, who has waited for the home through years of construction. "Some days, I slow down and say, 'That's mine! That's mine!' "

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One recent day, Beddoe toured her unfinished house with Edgecombe and Botticello. The hardwood floors, carpeting and appliances had yet to be installed, and the electricity wasn't connected. But to Beddoe, it resembled a page from Better Homes and Gardens. "I love it!" she cooed, surveying the walk-in closet in the master bedroom. "This is Karen's closet! I've got plans!"

Gome Legesse, another buyer, said her family tried to sway her against buying a house in Anacostia. "They didn't want me to go there. They said it wasn't secure," said Legesse, a 40-year-old computer technician for the District government who rents an apartment at Florida Avenue and North Capitol Street NW. "I told them not to worry about it, that a lot was developing around the area."

Legesse has agreed to pay about $302,000. "I couldn't beat the price," she said. "It is my dream to live in a single-family house."

3 Doctors Assail Lilly Study Of Sepsis Drug (NYT)

By Alex Berenson

The New York Times, October 19, 2006

Three doctors at the National Institutes of Health have sharply criticized Eli Lilly for its efforts to promote the use of Xigris, an expensive treatment for patients with sepsis, an often deadly blood infection.

In an article published yesterday in The New England Journal of Medicine, the doctors wrote that Lilly — the nation's sixth-largest drug maker — had manipulated treatment guidelines for sepsis patients to promote Xigris at the expense of older, cheaper and equally effective treatments.

Sales of Xigris have fallen far short of expectations since it was approved in 2001. In the first six months of this year, Lilly sold just $98 million of Xigris worldwide, a drop of 16 percent from the same period last year. Fewer than 150 patients a day receive Xigris in the United States.

The journal article says that Lilly, in financing a task force called "Values, Ethics and Rationing in Critical Care," had implicitly criticized doctors for "rationing" Xigris because of its expense. But in fact, the article says, evidence from clinical trials provides little support for using Xigris under any circumstances.

To promote Xigris, Lilly used "marketing strategies masquerading as evidence-based medicine," they wrote.

The authors of the article are Dr. Peter Q. Eichacker, Dr. Charles Natanson and Dr. Robert L. Danner, who are senior investigators in the critical care medicine department at the N.I.H.

Two recent clinical trials of Xigris have been discontinued because the drug increased the risk of severe bleeding and — at best — did not reduce the overall death rate in patients who received it.

In a statement in response to the article, Lilly said yesterday that it had behaved properly and disclosed its role in financing a task force of doctors and scientists that devised treatment guidelines for sepsis.

"Lilly felt a clear obligation to support educational efforts in the health care community, both on the disease state over all and on the medicine to ensure appropriate use," the company said.

Xigris, which costs about $8,000 for a four-day course of treatment, generated controversy even before federal regulators approved it in November 2001. To win approval, Lilly presented results from a clinical trial that showed that Xigris reduced the risk of death in sepsis patients to 25 percent, down from 31 percent with older treatments.

But the details of the data from the trial left many scientists who reviewed it unconvinced of Xigris's efficacy. Half of the 20 scientists who reviewed the drug for a Food and Drug Administration advisory committee hearing in October 2001 said the agency should not approve the drug without more data.

A month later, the F.D.A. approved Xigris, but warned that its use should be limited to the sickest patients, where it appeared to have the greatest efficacy. The next year, Lilly gave $1.8 million to a task force of 20 scientists and hospital directors. In 2004, the group published guidelines that rated Xigris more highly than older treatments for which clinical trials treating sepsis had never been conducted.

In the New England Journal article, the N.I.H. scientists criticized those findings, arguing that the older treatments should not have been dismissed, despite the lack of clinical trials. The benefits of older treatments like antibiotics were already so well-known that withholding them from patients, even in the controlled setting of a trial, would have been unethical, the authors wrote.

DOJ_NMG_0083121

Eli Lilly's Role In Treatment Is Cited (WSJ/AP)

The Wall Street Journal, October 19, 2006

Several government doctors say drug maker Eli Lilly & Co. subtly orchestrated medical guidelines for treatment of an often lethal blood infection, hoping to boost sales of a drug whose value is being debated.

Such involvement could open another door to corporate interests trying to shape health care, beyond funding experiments and cozying up to doctors in labs or at luncheons. Guidelines are meant to reflect independent medical opinion.

"This company is trying to insinuate its drug into many aspects of patient care that industry really shouldn't be involved in," said Dr. Naomi O'Grady, a critical-care specialist at the National Institutes of Health.

Three of her NIH colleagues claim in today's New England Journal of Medicine that Lilly worked through medical societies to influence standards for treating the blood infection, sepsis. Ultimately, Xigris was incorporated into the guidelines.

Lilly said in a prepared statement that it is taking the concerns raised "very seriously" and has examined the issue closely. It defended its activities by saying that it had an educational obligation to inform patients and providers about the disease, about which little had been known when the drug made its debut in 2001. "The standards for Lilly grants, then as now, are high, and we will continue to examine policies and procedures to ensure that our behavior in all things match our core values..." the company said in the statement.

Beyond paying for the initiative, Lilly said it didn't believe it played a role in developing guideline content. It said that its funding for grants was fully disclosed.

A doctor who helped oversee writing of the guidelines also rejected the accusation. He said that the guidelines were written to benefit patients, not the drug company.

"We've been catching grief because we've been taking a lot of Lilly money -- and we're appreciative of Lilly giving it," said Dr. Phil Dellinger, of Cooper University Hospital, in Camden, N.J. The guidelines committee and a larger information campaign on sepsis were heavily funded by the Indianapolis-based pharmaceutical company.

The two-year-old sepsis guidelines urge that very ill patients at risk of dying get the novel anticlotting drug Xigris, the only medicine that directly attacks the disease. A $6,800 treatment can help protect organs destroyed by the bacterial infection, once called blood poisoning. About 750,000 cases occur in the U.S. each year, and nearly one-third prove fatal.

The Food and Drug Administration approved Xigris in 2001, despite an evenly split vote by its advisory committee. The lead author of today's Journal article, Dr. Peter Q. Eichacker, voted against approval as an adviser. The other two authors are Dr. Charles Natanson and Dr. Robert L. Danner.

"There's enough controversy and questionable data about the drug that it shouldn't be a standard," Dr. Eichacker said in an interview.

Some critics are unhappy that the drug, which works only for the sickest patients, was approved on the basis of a single experiment. Later studies spurred fresh concerns about its effectiveness, bleeding risk and heightened mortality in some patients.

Lilly defends the drug on its Web site, calling it "a breakthrough therapy that has helped save thousands of lives."

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Debate Surrounds End-of-life Health Care Costs (USAT)

By Julie Appleby, USA TODAY

USA Today, October 19, 2006

If you are dying in Miami, the last six months of your life might well look like this: You'll see doctors, mostly specialists, 46 times; spend more than six days in an intensive care unit and stand a 27% chance of dying in a hospital ICU. The tab for your doctor and hospital care will run just over $23,000.

But spend those last six months in Portland, Ore., and you'll go to the doctor 18 times, half of those visits with your primary care doctor, spend one day in intensive care and stand a 13% chance of dying in an ICU. You'll likely die at home, with the support of a hospice program. Total tab: slightly more than $14,000.

Researchers at the Dartmouth Atlas Project, a program at the Dartmouth Medical School that evaluates variation in medical care, analyzed Medicare data on patients with chronic illnesses to develop those statistics, showing that it costs far more to die in some parts of the country than in others.

While researchers are able to show differences in costs, the real question remains how much of those additional hospitalizations, tests and doctor visits resulted in better care or better quality of life? Finding answers to that question is difficult and controversial, but health policy experts say doing so will become increasingly important as the U.S. seeks ways to slow the rapid rise in health care spending.

"There's a tremendous opportunity for both improving quality and enhancing efficiency in the care of people with very serious illnesses at the end of life," says geriatrician Joanne Lynn, who spent much of her career at think tank RAND studying end-of-life care.

She says substantial progress could be made in slowing rising costs if the U.S. health system could find better ways to reduce hospitalizations for people at the end of life, such as providing more in-home services.

Portland and Miami reflect that tremendous variation among regions. The most expensive city out of 309 hospital referral regions is Manhattan, at a cost of $35,838 for the last six months; the least expensive is Wichita Falls, Texas, at $10,913.

Estimates show that about 27% of Medicare's annual $327 billion budget goes to care for patients in their final year of life.

While that's not altogether surprising given Medicare's demographics — most patients are over 65 — researchers say it's important to find out if that is money well spent.

While not the major factor driving health care spending, costs involved in sustaining patients in their final days are likely to get a closer look by both Medicare and private insurers as health costs continue to spiral and the population ages.

Why costs vary

Why is it more expensive to die in some areas of the country than others?

The number of doctors and hospital beds is part of it: The more there are, the more care a person gets. Also playing roles: the expectations of patients and the practice patterns of doctors.

Portland has fewer ICU beds and specialists per person than Miami, which is also more multicultural, with a greater variety of views on end-of-life medical care.

But experts on the end-of-life care say one main reason for the vast difference between the two cities may be that in Oregon, doctors, or staff at hospitals and hospices, encourage patients with life-threatening illnesses to talk about the end of life, what kind of medical care they want and where they want to die. The state has a history of such debate: Oregon residents have long supported palliative care, a term usually used to describe medical care for the terminally ill that focuses more on comfort treatments than cures. And, in 1994, voters there became the first in the nation to approve doctor-assisted suicide, a referendum signed into law in 1998.

"We have fewer hospitals and ICU beds than Miami does and, yes, that's a factor. But making a plan and how everyone supports you to have that plan is what makes the difference," says Susan Tolle, a medical doctor and director of the Center for Ethics in Health Care at Oregon Health & Science University.

The ways people die in Portland and Miami illustrate the vast variation in what is done at the end of life in America.

Across the nation, some patients spend much of their final weeks seeing specialists, having tests, trying new drugs. Many die attached to machines, such as ventilators, in hospitals.

For some patients, that's exactly the right care. Doing everything that can be done to save an 18-year-old motorcycle-crash victim makes sense. But what about an 85-year-old with heart failure, diabetes and cancer? Do you continue aggressive chemotherapy?

Then the answers are not so clear-cut.

Complicating matters is that medicine often doesn't know what the most effective treatments are. And doctors are trained to save lives. As a result, some patients may be pushed into more than they want by a medical system that values doing something over doing nothing, even when futile.

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"One of the things that frustrates us all is to see care being provided in an absolutely futile situation ... and doctors and hospitals are not accountable but are also being rewarded (financially) for that (futile care)," says John Santa, medical director for the Center for Evidence-Based Policy in Portland.

When not to treat

Not so long ago, Americans were felled by a bad infection or an accident or a sudden illness, such as a heart attack. Advances in medicine mean more of us are living longer, but often with disabilities.

"Many more of us make it to older age, and so there's much more we can do (medically)," says geriatrician Lynn.

But, increasingly, ethicists, economists and patient advocates are questioning whether the spending mentality is best for elderly patients or the long-term financial future of programs such as Medicare.

"We are going to double the number of people who are sick, old and frail in about 15 years," says Lynn. "It would be a good thing to try on some ways of thinking about how to live that well ... and at a cost the community can sustain."

She and others say there's not enough money to give everyone a treatment with a one-in-a-million chance of success. "None of us wants to bankrupt our community on desperate, long-shot treatments," Lynn says. "The question is, how do we build a sustainable health system?"

Those questions about what care to give and when to quit are deeply personal. A USA TODAY/Kaiser/ABC poll of 1,201 Americans taken by telephone in September found the public divided on the answers.

When asked if it is better to keep a terminally ill person alive as long as possible, regardless of the expense, or to make a judgment as to whether it's worth the expense, 48% said it's better to weigh the costs, compared with 40% who said to keep the person alive as long as possible, regardless of the cost.

Among those 65 and older, 60% said expense should be considered, compared with 28% who said cost should not enter the decision. The nationally representative poll has a margin of error of plus or minus 3 percentage points.

Improving quality of care

Still, not everyone agrees that slowing spending at the end of life is a panacea for rapidly rising health costs. Such costs are driven by a host of factors, of which the amount spent in the last six months of life is but a part. "There are so many things that would result in very substantial resources being saved, and (end-of-life care), on my list of things, is not at the top," says Santa.

Things closer to the top of his list include unnecessary back surgeries, hysterectomies and what he calls an over-reliance on some expensive brand-name drugs when generics would work just as well.

But Santa and other proponents of the Oregon model say its importance goes well beyond any cost savings that might result. Rather, they say it's a way to give patients more control over their own medical treatment and is changing a culture of medicine that has been reluctant to discuss dying.

Oregon's program allowing people to register their wishes on the single page Physician Order for Life Sustaining Treatments (POLST) form began in 1995 and is widely accepted in the medical community, although it took time to build.

On the forms, patients can say whether they want cardiopulmonary resuscitation, antibiotics or feeding tubes. Conversely, they can specify that they want full treatment, including breathing machines and feeding tubes. And for how long.

The forms differ from so-called advance directives, which are also called living wills, which name someone to speak on behalf of a patient and state patient wishes. Instead, the forms are doctor's orders, similar to directions written into medical charts, that are recognized and followed by medical personnel from technicians on ambulances to staff at hospitals and nursing homes.

Tolle says most of her patients want to talk about their care and the way they want to die, although the adult children of many are often more reticent.

"It's actually not that difficult to talk to approximately 80% of my patients for the first time about an advance plan," Tolle says. "What is horribly difficult is to talk to their children, who are not ready to talk about Mom and Dad dying."

She says younger people or those without life-threatening illnesses are encouraged to fill out legal documents for an advance directive, mainly to name a person who can make medical decisions for them if they are unable to make them for themselves.

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The POLST forms in Oregon, which are printed on bright pink paper and can be transmitted electronically by hospitals and other medical providers, are "for the individual who is in life's last chapter," she says.

Robert Smith, a 79-year-old retired accountant in Portland, says he brought up the subject with his doctor and filled out the form as part of his overall estate planning, which includes a will, a designation of someone to speak for him if he is unable and funeral arrangements.

His form says he wants antibiotic treatment but does not want to be kept alive artificially. "If there's no hope of my continuing to live, I do not want a feeding tube," says Smith, who encourages others to write down their desires and talk with family and friends about them. "It's part of the care you have for your family, that you told them what to do," says Smith.

Tolle says the program's designers did not focus on whether it would save money. "A few individuals might want to spend more and want everything done," says Tolle. "And we would fight for them, too."

Bush Sidelined As Defeat Looms (FT)

By Edward Luce And Caroline Daniel In Washington

Financial Times, October 19, 2006

George W. Bush used to win elections for Republicans. But with the exception of private fund-raising events, at which he still excels, most of the US president's fellow Republicans are now pretending he does not exist.

With fewer than three weeks to go before Americans vote in midterm Congressional elections, Mr Bush's approval ratings are even lower than those of his colleagues, whose defeat to the opposition Democrats next month is now widely assumed. Republicans have controlled the House of Representatives since 1994 and the Senate since 2002.

According to the Congress Daily, Mr Bush has appeared on platforms with Republican candidates only 15 times since the start of August compared with 29 times over the same period in 2002 – the last midterm elections, which his party won decisively. "What candidates want is Bush's fundraising not his presence," said Chuck Schumer, Democratic senator for New York. "Rare is the Republican who wants to stand next to him in public."

The relative absence of the president from the campaign trail bears a striking resemblance to the way Tony Blair, UK prime minister, was all but removed from Labour's European election campaign a year before the 2005 general election. Though Mr Blair went on to win that election, Labour's vote slumped.

Such is the sense of gloom in Republican ranks that party leaders are openly admitting the possibility of defeat on November 7. There may be an element of managing expectation, but such doom-mongering is previously unheard of for the Republicans.

On Monday, both Dick Cheney, US vice-president, and Mitt Romney, outgoing governor of Massachusetts, who is tipped as a Republican presidential frontrunner for the 2008 election, conceded the possibility the Democrats could win the House.

Some are even contemplating a Democrat clean sweep of both chambers. The Democrats need to win just 15 more seats in the 435-member house to gain a majority and add six more in the senate where 33 of the chamber's 100 seats are up for grabs.

Polling shows that the level of motivation among Democratic voters is far higher than among Republicans.

And swing voters are turning to the Democrats. Even the mid-western state of Ohio, which proved critical to Mr Bush's 2004 presidential victory, is set to turn Democrat "blue", according to recent polls.

"If you look at what independent voters say about Iraq, the state of economy, and the recent scandals in Congress then they are all tilting Democrat," said Mark Mellman, a Democratic pollster.

The consequence is that for the first time in years, Republican hopes now hang less on the party's ability to win the argument but on its impressive war chest and famed ability to get out its own vote.

The financial edge over the Democrats is substantial. "We have a $56m advantage," said Ken Mehlman, chairman of the Republican National Committee.

Bush Limits Role On The Campaign Trail (FT)

By Caroline Daniel In Washington

Financial Times, October 19, 2006

DOJ_NMG_0083125

At the start of this month, President George W. Bush traversed four states on a three-day swing in what seemed to usher in a hectic period of campaigning for the mid-term elections. White House officials said he would be on the road "almost constantly" and had more requests for him "than we could shake a stick at".

A glance at Mr Bush's schedule since then, however, suggests he has become the invisible man. Last week he had just two events for candidates. Instead he spent most of the week at the White House, finding time to pose with the US Air Force Thunderbirds aerobatic team and talk to the leader of the Southern Baptist Convention. His wife, Laura, a notoriously reluctant campaigner, had four campaign events.

This week is little different. Mr Bush has two campaign events on Thursday for senators whose images seem in worse shape than his own. George Allen's race in Virginia has been side-tracked since he uttered an alleged racial slur. Don Sherwood in Pennsylvania has been forced to run embarrassing adverts denying that he tried to choke a woman he was having an affair with.

Mr Bush's role is a reflection of his diminished stature, his low approval rating of 37 per cent and the fact he personifies an unpopular war. It contrasts with 2002, when his approval was at 62 per cent. From August to mid-October that year he spoke at 29 events with candidates. This year's equivalent number is 15, according to Congress Daily.

Republicans now often invoke Mr Bush in campaign adverts only to distance themselves. Chris Shays, a congressmen from Connecticut, says: "I've gone against the president and the Republican leadership when I think they're wrong." The only mention of Mr Bush on his website notes that he signed the "leave no pet behind" bill on disaster planning. Several candidates have cited "scheduling conflicts" to avoid appearing with Mr Bush. Michael Steele, a Senate candidate for Maryland missed his own presidential fundraiser.

Democrats want to make Mr Bush as visible as possible. Many have run advertisements targeting their rivals' votes for the "Bush agenda". Last week in an even more direct swipe, the September Fund, an independent group, launched a mocking advert showing Americans in a park interrogating a shrub. It cuts to an image of Mr Bush, noting it is "also kind of ridiculous to think you're going to get an answer from this one".

The White House denies he has been absent from the campaign. Sara Taylor, political director, says he has done more events than 2002. "There will be an aggressive schedule by the end of the campaign. We always anticipated this would be a challenging cycle and did events in the more competitive races early on."

She denies that the decision to focus on two less competitive races last week suggests his presence is too toxic for closer races. The rationale was to "make sure some of these second-tier candidates have an overpowering amount of resources".

Mr Bush's fundraising efforts have been unprecedented. The Republican National Committee says he has done 80 events, largely in closed private homes, bringing in $188m (€150m, £100m) this election cycle. That is a rate of about $179,000 per day. In 2002, according to Mark Knoller of CBS Radio News, Mr Bush did 68 fundraisers generating $145m.

While there is political logic in having these events in private homes, there is economic logic too, says Saul Anuzis, chairman of the Michigan Republican party. Hosting Mr Bush in a private home means they are more exclusive. "If there is a mass event there is a lower ticket price and the logistics are more of a headache."

Yet he concedes tensions. "The president is the best fundraiser the party has but at the same time his approval ratings are not at the highest levels so you are not looking for public events as much . . . On a net basis he is an asset, because you get free media and the motivation of the base."

For Republican strategists such as Charlie Black, the biggest difference Mr Bush can make is to define the debate by staging events. "What he can do is set the agenda."

While he is likely to have a busier schedule in the final three weeks, Mr Bush seems eager to play down his own role, telling Fox News this week: "All races are local. The president can help set the tone, the president can help frame the issues; but all races are local."

Laura Bush, Unlike George, A Hit On Republican Campaign Trail (BLOOM)

By Richard Keil

Bloomberg, October 19, 2006

DOJ_NMG_0083126

When President George W. Bush came to Tennessee last month to raise money for Republican Senate candidate Bob Corker, the event was a no-press-allowed affair held at a private residence.

When first lady Laura Bush came for the same purpose last week, she appeared at the Knoxville Convention Center, with Corker standing proudly at her side -- and media most definitely welcome.

In this autumn of Republican discontent, party candidates who shy away from appearances with the president and Vice President Dick Cheney are gladly greeting the barnstorming first lady.

``She is more popular, and more welcome, in many parts of the country than the president," said former White House press secretary Ari Fleischer. ``In races where the moderates are in the most trouble, Laura Bush is the one who can do the most good."

Susan Whitson, the first lady's press secretary, said Laura Bush has attended three or four times as many events this year as she did four years ago. She has helped raise more than $14 million, including the $500,000 she generated for Corker and the Tennessee Republican Party in Knoxville.

``She likes doing it, and, more importantly, she understands the importance of doing it," Whitson said. ``She's happy to help any way she can."

Velvet Glove

As she hits the campaign trail on behalf of Republican candidates, the first lady, 59, favors the velvet glove approach over hard-edged partisanship.

In Knoxville, she praised Corker's position on education -- her signature issue -- and said he would work to keep taxes low and support the military.

``Bob's dedication to the people of Tennessee, and his achievements, remind us of why he must be elected to the United States Senate," she said.

Typically, there was no mention of Corker's Democratic opponent, Representative Harold Ford, or the national Democrats who have made antipathy to her husband an issue in the midterm elections.

While such positive, nonpartisan rhetoric is in keeping with the first lady's image as a traditional political spouse removed from policy making, ``State of Denial," a new book by Washington Post assistant managing editor Bob Woodward, paints a somewhat different picture.

Housecleaning

Woodward writes that she met frequently with former White House Chief of Staff Andy Card and supported his unsuccessful attempt to oust Defense Secretary Donald Rumsfeld as part of a second-term housecleaning.

White House press secretary Tony Snow on Sept. 29 quoted Whitson as saying that Woodward's account was ``flatly not true."

In a March 24 interview on CNN's ``Larry King Live" show, the first lady said she does discuss personnel matters with her husband. ``That's one of the things we do talk about the most, are personalities," she said. ``And I know everyone, as well as he does, who works here. I've worked with them also. So I would certainly give him that kind of advice."

The first lady's campaign stop in Tennessee was an example of the White House's strategy to use her in competitive races. Corker is in a tough battle for the seat now held by retiring Senate Majority Leader Bill Frist. Recent polls show him in a virtual dead heat with Ford.

First Lady, First Aid

While the president carried Tennessee in both 2000 and 2004, he is currently no more popular there than in the rest of the nation. A poll by Middle Tennessee State University conducted Sept. 19-30 found that Bush's job approval was 40 percent, close to his rating in national surveys.

Earlier this month, the first lady starred at fund-raising events for a pair of embattled New York congressman, Tom Reynolds and John Sweeney.

She has also campaigned for a trio of Connecticut House members -- Chris Shays, Nancy Johnson and Rob Simmons -- as well as Republican Senator Lincoln Chafee of Rhode Island. All face difficult races.

DOJ_NMG_0083127

While the president has occasionally campaigned in places where he's especially unpopular, such as Connecticut, many candidates -- among them, Corker and Senator Mike DeWine of Ohio -- have appeared with him only at private events. DeWine is battling a stiff challenge from Democrat Sherrod Brown.

Closed Events

According to the president's schedule and a list of public speeches, including fund-raisers, posted on the White House Web site, 46 percent of his campaign events during this election cycle have been private affairs off-limits to the press.

His wife, with no political baggage to speak of, has no qualms about venturing into campaign no-man's land. ``There aren't many places where it is easy for the president to go these days, but that's not true for her, and candidates don't have to be afraid of being seen with her," said Stuart Rothenberg, editor of the Rothenberg Political Report, a nonpartisan newsletter based in Washington.

While pollsters don't often ask respondents to rate first ladies, a January USA Today/CNN/Gallup survey measured Mrs. Bush's job approval rating at 82 percent. For the president's second term, the first lady's approval numbers have been roughly twice her husband's.

They also compare favorably with other recent first ladies. Gallup surveys show Hillary Rodham Clinton left the White House with a 66 percent approval rating, Barbara Bush was at 85 percent early in her husband's term and Nancy Reagan left with 74 percent approving of her performance.

Presidential Punchline

The disparity between the president's poll ratings and those of his wife has occasionally led him to joke about the spousal approval gap.

At an Oct. 4 event for Republican Representative Rick Renzi in Scottsdale, Arizona, Bush said, ``I know Renzi well enough to know that he can be a plainspoken fellow. And he said to me, `I want you to know, you weren't my first choice for this breakfast.'"

To gales of laughter, Bush quoted Renzi as saying: ```I really wanted Laura to come.'"

First Real Test Of Rove's Game Plan (FT)

By Jacob Weisberg

Financial Times, October 19, 2006

Is Karl Rove the great mastermind of American politics? Everyone seems to think so. President George W. Bush's nicknames for him include The Architect and Boy Genius. Other Republicans see Mr Rove as a shaman who can conjure victory out of the air – and Democrats tend to agree. (They prefer to think they have been losing to a nefarious wizard than to a lazy lightweight.) The political press, always more comfortable with personality than ideology, cottons on readily to the myth that the country is run by an elusive puppeteer.

Mr Rove is indisputably a detail-minded, relentless and methodical political operator with unusual skill at networking and organisation-building. He is also, clearly, a strategic and historical thinker. The conventional assumption has long been that elections are fought in the centre and that whoever can claim the lion's share of persuadable voters wins. But after Mr Bush took office in 2001,

Mr Rove stood that too-obvious notion on its head, rejecting the pursuit of swing votes in favour of a deliver-the-base plan. Boiled down to a line, Roveism says that Republicans can win by mobilising and motivating their core supporters. The 2004 election seemed to prove the theory right.

How Republicans Hope To Hold The Senate (Time)

By MIKE ALLEN

Time, October 19, 2006

By holding their breath, for starters. With party strategists increasingly afraid the Senate is slipping away, Republican officials are moving money around in high-stakes triage.

BY MIKE ALLEN/WASHINGTON

Republican officials are trying to project confidence about keeping the Senate by spending heavily, and forcing Democrats to do the same, in blue states like Michigan, Maryland and New Jersey. But: Florida in 2000. Ohio in '04. Virginia in '06?

DOJ_NMG_0083128

Strategists in both parties tell TIME that they now believe control of the Senate could turn on a race that wasn't on anyone's toss-up list two months ago -- the Democratic challenge by former Navy Secretary Jim Webb (D) to Senator George Allen, a once-popular Republican who has suffered an epidemic of self-inflicted wounds.

Top GOP officials deny they are depending on any one state, or that an implosion in any particular state such as Ohio necessarily means disaster on Nov. 7. "We've always had a couple of scenarios for keeping the Senate -- I think that's the best way to play it," said a Republican Party decision-maker who spoke on condition of anonymity in order to be more candid. "I'm not saying this is a great year. It is possible."

The National Republican Senatorial Committee, which had once hoped the son of the legendary Washington Redskins coach would be able to fend for himself, is having to spend $900,000 on radio ads and mailings in Virginia to try to shore up Allen, a boot-wearing, tobacco-dipping conservative who once hoped to fill the Ronald Reagan niche in the '08 presidential field. The committee had already spent $450,000 there, but decided this week that it would have to spend the maximum it can, doubling its investment.

"Senator Allen has to make sure his margins are high in Southwest Virginia, and then he has to neutralize somewhat Northern Virginia," the Republican official said. "He's focused on both of those, but the environment's tough." President George W. Bush is appearing Thursday at a fund-raising reception at the Science Museum of Virginia, in Richmond -- a telling sign of how critical the race has become.

Republican officials say they budgeted money for Virginia, and deny that it's a hardship. But that IS $900,000 that can't help transfuse Sen. Mike DeWine in Ohio -- a race that some GOP officials believe is lost but that others insist remains a top priority. And it's $900,000 that can't help Republicans pull off a coup in New Jersey, where even Democrats concede that Sen. Robert Menendez is vulnerable to Tom Kean Jr., a Republican whose father was Governor, because of continuing revelations about Menendez links to corruption. "We're optimistic about New Jersey," the GOP official said. "People see him as a crook. It's on the front page of the newspaper all the time. It's in these people's minds." On the other side, a new ad from the Democratic Senatorial Campaign Committee (DSCC) says Kean "sided with George Bush" on Iraq and concludes: "Tom Kean Junior. Wrong on Bush. Wrong on Iraq. Wrong for New Jersey."

The political world went into a tizzy on Monday after the lead story of The New York Times, based on authoritative sourcing, said party officials had decided "to effectively write off" DeWine's seat. Several polls since then have showed the Democrat, Sherrod Brown, opening up a sizeable lead over DeWine. Phil Singer, the DSCC communications director, gleefully issued a memo accusing Republicans of a "Cut & Run" strategy in Ohio. Republican National Committee Chairman Ken Mehlman held a conference call with Ohio reporters to say that DeWine remains an "incredibly top priority."

"We're putting our money where our mouth is," Mehlman said on the call. "No state will receive more resources from the Republican National Committee than Ohio. From this point forward, we will spend millions more on turnout and millions more on message. We have a huge staff. And intend and have right now a very aggressive program." A national party committee on Tuesday launched a new television ad campaign attacking Brown.

Another Republican official said the party is banking on the message that Brown is "incredibly liberal, and the state just isn't that liberal, and there's time for people to learn a lot more about Brown."

As proof that they are not limiting themselves to a few firewall states, NRSC officials say they are spending $650,000 in Maryland, where Lt. Gov. Michael Steele once was one of the party's greatest hopes to pick up a Democratic seat, but finds himself struggling against Democrat Ben Cardin in an overwhelmingly Democratic state.

Republican officials now concede they could lose a net of 23 to 27 seats in the House, that higher figure being close to twice the 15 Democrats would need to take control. Democrats would need six seats to take control of the Senate, and Republican officials tell TIME they see several scenarios for warding that off. One Republican strategist close to the White House gave this forecast: "We're going to lose Pennsylvania, Ohio and Rhode Island. That's three. Virginia, I think we hold. Tennessee, I think we hold. I'm less certain we're going to hold Missouri and I'm least certain we hold Montana. But to take control, Democrats have to win three of those four, and that's unlikely." If Democrats picked up five, the chamber would be 50-50, guaranteeing frequent appearances by Vice President Cheney as President of the Senate.

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Some White House officials became convinced that the House might be lost after they saw polls showing the page scandal had brutalized Republican approval ratings, and one senior party official says that's also part of the reason that the party's hold on the Senate is in such peril. "I kind of see the Foley thing as the tipping point," the official said. "People are just unhappy already and that just did it."

September

2010:29 am

Clearing the Diplomatic Brush: What Happens at the U.N. When Bush and Clinton Collide

Posted by Mike Allen | E-Mail This | Permalink | Comments (0)

Former President Bill Clinton was holding court in a hallway at the soul-deadening United Nations complex in Manhattan on Tuesday when his Secret Service agents started to stir. Another Secret Service detail was coming down the elevator, accompanying his successor.

"Look who's here!" President George W. Bush called out merrily. The William J. Clinton foundation is based in New York, and No. 42 is taking over a Sheraton this week for the second annual edition of his Clinton Global Initiative, which aims to change the world by focusing the attention of 50 heads of state, a smattering of celebrities and other leaders on energy and climate change, global health, poverty alleviation, and mitigating religious and ethnic conflict. First Lady Laura Bush helps him kick off the three-day gathering Wednesday, an invitation that came partly in reciprocation for asking him to speak last year at the Texas Book Festival, which she founded.

So Clinton had a few things on his mind but he roared a friendly greeting to No. 43. The President was dashing out of a luncheon early and heading back to his hotel for a meeting with Iraqi President Jalal Talabani, who was hitching a ride in the White House motorcade.

"Have you met Talabani?" Bush asked Clinton, using a casual shorthand that might be startling if you weren't used to the President's gregarious approach to personal diplomacy. The discouraging news about Iraq continues, including the statement by Gen. John Abizaid, who oversees the U.S. Central Command, at breakfast with defense reporters on Tuesday that the number of American soldiers in-country â€“ now up to 140,000 -- is unlikely to go down before next spring.

But at least for an hour, the President got to bask in adulation from Talabani, who saluted him before cameras as "the hero of liberation of Iraq." Talabani went on to say his people "very much appreciate the sacrifice of brave American army, those who gave their life to liberate our country from the worst kind of dictatorship." Bush had introduced him to reporters by saying: "History will judge you kindly, Mr. President, when they look back and realize that under your leadership a new democracy began to flourish in the heart of the Middle East, called Iraq."

In keeping with White House custom, they were appearing before a pair of Iraqi flags and a pair of U.S. flags, meeting cameras after the non-public part of the meeting, which included about eight delegation members and translators on each side. Aides later revealed that Bush and Talabani had a brief one-on-one as well.

Meghan O'Sullivan, Deputy National Security Advisor for Iraq and Afghanistan, told reporters later that the two had begun talking through an Arabic interpreter. "But I'd say about 20 minutes into the meeting, Talabani sort of leaned forward in his seat, and the President kind of leaned forward in his seat, and they just started talking in English," O'Sullivan recalled. "I think they were feeling that the pace of their exchange and what they wanted to say was being slowed down by the translation."

O'Sullivan was then asked about a statement the President had made during his availability with Talabani. "I spoke today at the United Nations, and in my speech I spoke directly to the people of Iraq," he said. " â€¦ I want them to know we appreciate their courage. And I want them to know that the United States of America stands with them, so long as the government continues to make the tough choices necessary for peace to prevail."

Reporters perked up their ears when they heard the "so long as" part. Olivier Knox of Agence France-Presse drew laughter from the press corps when he told O'Sullivan that "sounds like conditional love to me."

"That's something that has been in a lot of the President's comments," O'Sullivan replied, suggesting this was not new news, but also not disabusing him of his interpretation. "And I think it reflects the reality that the Iraqis have a lot of difficult decisions to do, these are hard decision to make, and that we need to both encourage and urge them to take on these decisions.

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â€¦ We look at the security situation and recognize that part of this has a security solution, but a security solution won't be the whole solution. It's got to be a political one, as well, it has to be an economic one, as well."

Jim Rutenberg of The New York Times followed up by asking if there is a "kind of if/then â€¦ that if they don't rise to the challenge, the U.S. will be less inclined to continue helping?"

"There was no 'if/then' in the conversation that happened today," O'Sullivan responded. "I don't think there was anything threatening about it. It was constructive." The President was headed back to Washington in late morning after a meeting with Palestinian leader Mahmoud Abbas.

Practically No One Thinks Republicans Can Hold The House (RC)

By Morton M. Kondracke

Roll Call, October 19, 2006

Except at the White House and the top reaches of the Republican National Committee, I can hardly find a single politician, consultant or pollster, Democratic or Republican, who thinks the GOP can retain control of the House.

And even at the White House, the messages are mixed. Strategist-in-chief Karl Rove is proclaiming that Republicans will pull out a victory. On the other hand, one aide also told me that the chances of Republicans retaining narrow control is in the 40 percent to 45 percent range — that is, less than a 50-50 shot — while Democrats' chances of winning either narrowly or with a bigger margin are greater.

Republicans are more optimistic about the Senate, where they think retaining contested seats in Arizona, Missouri, Tennessee and Virginia will leave them with a 51-seat majority, assuming they lose in Montana, Ohio, Pennsylvania and Rhode Island, and fail to pick up New Jersey.

GOP officials hotly deny reports that they are pulling money out of Sen. Mike DeWine's (R) desperate bid to survive a catastrophic political climate in Ohio, but in recent polls he trails Rep. Sherrod Brown (D) by double digits.

Republican consultants I've talked to say they expect House losses to range anywhere from 20 seats — five more than Democrats need to take over — up to 30 or more.

Democrats say they frantically are trying to keep up with new House opportunities that previously were deemed second- or third-tier contests — as many as 60 seats potentially in play, up from 50 a few weeks ago. "The field is vast," one consultant told me.

As The Washington Post reported Wednesday, Democratic operatives desperately are appealing for money to contest newly competitive House races to establish a working majority, rather than a narrow one.

Among the seats Democrats now consider in play are Colorado's 5th district, which came open with the retirement of GOP Rep. Joel Hefley. President Bush carried the district with 66 percent of the vote in 2004. Also considered in play is Michigan's 7th, where Bush won 54 percent and moderate Rep. Joe Schwarz lost the GOP primary to conservative Tim Walberg.

Other potential new targets are Reps. Jim Leach in Iowa's 2nd district; Jean Schmidt in Ohio's 2nd; Gil Gutknecht in Minnesota's 1st; Mike Ferguson in New Jersey's 7th; Charles Bass in New Hampshire's 2nd; Robin Hayes in North Carolina's 8th; and Cathy McMorris in Washington's 5th, plus Nevada's 2nd, an open seat being vacated by GOP Rep. Jim Gibbons.

Bush carried those 10 districts by an average of 54.7 percent.

For Republicans, the optimistic view has been that the scandal surrounding former Rep. Mark Foley (R-Fla.) would fade quickly and allow Republicans to get back to their message — namely, that the economy is good and that Democrats can't be trusted on national security. Then, the GOP would kick in with its superior financial and get-out-the-vote machinery to rescue its candidates from a generally unfavorable environment.

But the Foley scandal hasn't disappeared, the guilty plea by Rep. Bob Ney (R-Ohio) has revived the Jack Abramoff scandal, and the already endangered Rep. Curt Weldon (R-Pa.) is the target of a separate federal investigation.

Now, Congress' collective approval rating is down to 24 percent, according to Gallup, just a point higher than it was in late October 1994, when Democrats lost 52 House seats and eight Senate seats.

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The news from Iraq remains depressingly violent, and the prospect of a post-election call for a new strategy from a commission headed by former Secretary of State James Baker and former Rep. Lee Hamilton (D-Ind.) does not improve the environment.

Bush's overall approval rating in the latest Gallup Poll was 37 percent, 4 points below what former President Bill Clinton's was in 1994. Dealing with North Korea's nuclear threat may help him marginally, but it hurts that the threat is worsening on his watch.

The latest RealClearPolitics.com generic ballot gives Democrats a 14-point edge in House races. In 1994, Republicans outpolled Democrats by just 7 points, and Democratic experts calculate that, factoring in gerrymandering of House districts, they need a national vote margin of just 7 points to 8 points to capture 15 seats.

In a joint survey for National Public Radio, the first-rate GOP and Democratic polling firms Public Opinion Strategies and Greenberg Quinlan Rosner reported this week that in the 48 most-contested House districts, when voters were asked, by name, which candidate they favored, 50 percent chose the Democrat to 43 percent for the Republican. Six percent were undecided.

In the 38 districts now held by Republicans of those 48 contested seats, Democrats outscored the GOP by 48 percent to 44 percent. In 2004, Republican candidates won in those districts by an average of 58.7 percent.

In the 35 districts carried by President Bush in 2004, Democrats outpolled Republicans by 50 percent to 43 percent in the NPR poll. In 2004, Bush carried those districts with an average of 57 percent of the vote.

The NPR poll confirmed earlier national survey findings that Democrats currently outmatch Republicans in both "voter intensity" — the enthusiasm they have about voting — and "voter loyalty," their preference for their own party's candidate.

Eighty-nine percent of voters who supported Sen. John Kerry (D-Mass.) in 2004 say they plan to vote for the Democrat for Congress this year, the survey showed, while only 73 percent of Bush voters plan to vote Republican.

Moreover, NPR found, independent voters in the 48 districts broke 50 percent to 30 percent for Democrats, confirming other polls showing a lopsided preference for Democrats among independents.

Party professionals often say that "independents don't vote" in off-year elections, and the NPR poll calculated that they'd represent just 14 percent of voters in the 48 key districts. However, exit polls show that they accounted for 27 percent of the vote in 1994 and split 56 percent to 44 percent for Republicans.

One GOP pollster told me that the Democratic tilt of swing voters — especially independents and white women — is the main factor operating against his party this year. "They are frustrated with the lack of success in Iraq. They are scared about the future of the economy. They doubt us on social issues. And, they say, 'We let you run things for 12 years. We want something different.'"

The result, he said, is that "Democrats are sitting on our three-yard line. It's first and goal. Maybe we can hold them, but they've got four plays to score. If they don't, it's their fault." The bottom line is that Republicans need to be better at defense than the Chicago Bears.

Fight For Congress Extends Into GOP Strongholds (LAT)

By Janet Hook

The Los Angeles Times, October 19, 2006

WASHINGTON -- America does not get much more Republican than Idaho. President Bush pulled in 68 percent of the vote in 2004, and the state has an all-GOP congressional delegation.

But to keep one of Idaho's House seats in Republican hands, the national GOP in recent weeks has poured in hundreds of thousands of dollars for television ads and brought in a parade of party bigwigs to campaign.

Such a huge effort in a district that should be a cakewalk for Republicans is a measure of how deep into GOP territory the fight for control of Congress has reached.

Over the last two months, the number of House Republican seats in serious contention has jumped week by week, giving Democrats an ever-bigger target to shoot at in their quest for a majority. Even a top Republican strategist estimates that the number of highly vulnerable Republican seats has more than doubled in recent weeks -- and now far exceeds the 15 seats Democrats need to pick up to win a House majority.

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"Things look very bad for them now," GOP pollster Frank Luntz said of Republican prospects. "There used to be 15 races that were vulnerable, then it was 20. . . . Today you'd say 35 seats are in play."

In the battle for the Senate, prospects are brighter than they were a few months ago for Democrats to pick up the six seats they need to win control.

All that reflects an unusually fluid political landscape that has sent candidates, party leaders and interest groups scrambling to recalibrate strategy. The Republican Party has dropped plans for ads in South Carolina and other areas they now concede are lost causes. The AFL-CIO has opened fronts in its get-out-the-vote drive in Tennessee and Virginia, reflecting the union's assessment that Democratic chances have improved there. National Democratic leaders are taking greater interest in districts in California and Minnesota, where newly strengthened candidates need support.

"It's hard to keep track of the new races that are looking very competitive," said Rep. Chris Van Hollen, D-Md., vice chairman of the committee responsible for electing Democrats to the House. "They are popping up all over the place."

Bush will be doing his part for Republicans on Thursday, campaigning for two incumbents who are in worse political shape than they were just two months ago: Sen. George Allen of Virginia, who had been expected to coast to re-election but is now less assured after a series of missteps; and Rep. Don Sherwood of Pennsylvania, who is fighting for political survival amid accusations that he tried to choke his mistress.

The president has remained publicly upbeat about Republicans' prospects, despite the bruising the party has taken over the congressional page sex scandal, sectarian violence in Iraq and criticism of Bush's handling of the North Korean nuclear threat.

But privately, GOP anxiety is growing -- especially among House Republicans who believe their leaders' handling of the page scandal surrounding former Rep. Mark Foley, R-Fla., has made a bad situation worse. After listening in on a telephone conference call among House Republicans last week, Luntz said, "The bitterness about how the leadership has handled Foley is indescribable."

In more evidence of the challenge facing Republicans, a new poll found that voter support for the party and its continued leadership of Congress has sunk below the level Democrats saw before they lost control of the House and Senate in 1994.

The Wall Street Journal/NBC News Poll, released Wednesday, pegged voter approval of Congress at 16 percent, matching its lowest point since the House bank scandal of 1992 that set the stage for Democrats to lose their majorities. Voters in the new survey also said they preferred Democrats over Republicans to control Congress, 52 percent to 37 percent -- a gap that, according to a Wall Street Journal account, far exceeds the 6-point lead that Republicans enjoyed just before taking control of Congress in 1994.

The poll included 1,006 registered voters and carried a margin of error of 3.1 percentage points.

Still, some analysts say Republicans could reduce their losses in the final weeks of the campaign if the spotlight moves to issues that play to GOP strengths, such as the war on terrorism and falling gas prices.

"The spotlight could shift another time or two before Nov. 7," said Charlie Cook, editor of the nonpartisan Cook Political Report.

For some time, the House has seemed much more likely than the Senate to turn Democratic. That was in part because most of the competitive Senate races have been in conservative-leaning states, such as Montana, Missouri and Tennessee -- thought to be tough terrain for Democrats. Not long ago, only two incumbent Republicans in Democratic-leaning states seemed ripe for picking: Rick Santorum in Pennsylvania and Lincoln Chafee in Rhode Island.

In recent months, however, a series of developments have made it easier to imagine Democrats winning the six seats they are looking for. Some analysts have practically written off Montana, where Republican Sen. Conrad Burns has been under fire for his links to disgraced former GOP lobbyist Jack Abramoff. In four other key states, Democrats are running close to or ahead of Republican opponents: Ohio, Tennessee, Virginia and Missouri.

In the final three weeks of the campaign, both parties will be deciding on almost a daily basis how to allocate resources. "This is a very fluid process," said Brian Nick, spokesman for the National Republican Senatorial Committee.

Republicans are debating how much money to pour into Ohio. GOP Sen. Mike DeWine is trailing his Democratic opponent by double digits and may be a lost cause. But at the same time, the state has several competitive House races that

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would be hurt if the national party pulled back.Republicans also face a choice about how much to invest in New Jersey, where Sen. Robert Menendez is about the only incumbent Democratic senator who seems at risk.

The Democratic Senatorial Campaign Committee this week put up its first ad for him. Republicans transferred $500,000 to help GOP challenger Tom Kean Jr. pay for ads. But it remains to be seen whether the GOP will make a further commitment to this heavily Democratic state.

The battle for the House is even more fluid. The Cook Political Report's count of the most hotly contested Republican seats has hit 43, up from 35 in early September.

In the GOP stronghold of Idaho, an especially surprising contest is brewing. In a race to succeed Republican Rep. Butch Otter, a bitter GOP primary was won by state legislator William Sali, who has been at odds with the state party establishment and has had trouble raising money.

The National Republican Congressional Committee this week weighed in with an ad attacking Democrat Larry Grant. The air time it bought was worth $377,000 over three weeks, according to a survey of local stations by Grant's media consultant, Peter Fenn. To further boost the Republican, Vice President Dick Cheney, Republican Party chairman Ken Mehlman and House Speaker J. Dennis Hastert, R-Ill., have campaigned there.

"If someone had told me six months ago that Republicans would bring in the vice president, the speaker of the House and the Republican chairman in a month and a half's time, I would have said they were stark raving crazy," said Fenn.

Meanwhile, Republicans have pulled back most of their efforts to challenge Democratic incumbents such as Rep. John Spratt of South Carolina and Alan Mollohan of West Virginia. The GOP campaign committee has given back air time it had reserved for those races, as well as for two open seats in Ohio.

Democrats are juggling demands from candidates for attention and resources. The Democratic Congressional Campaign Committee has begun listing "emerging campaigns" to encourage donors to give to promising candidates.

Uphill Hike For Republicans In Colorado (WSJ)

By David Rogers

The Wall Street Journal, October 19, 2006

COLORADO SPRINGS, Colo. -- Even amid the Rocky Mountains, it is hard to paint Colorado as a pretty picture for Republicans this fall.

Rep. Bob Beauprez, the former state party chairman, is trailing in the race for governor, and Republicans could lose his House seat in suburban Denver as well. Here in the Fifth District, retiring Rep. Joel Hefley refuses to endorse the Republican running for his seat. And in the vast rural Fourth, stretching from Fort Collins to the state's eastern high plains, the national party is spending heavily to save Rep. Marilyn Musgrave in counties President Bush won easily.

• Interactive Graphic:1 More information on the candidates and issues in Colorado's fourth district2, fifth district3 and seventh district4.

Colorado Democrats, having been teased before, know this bubble can yet burst. But the combination of war in Iraq and scandal at home has fed into voter frustration with Congress, for which Republicans as the majority are paying a price. A new Wall Street Journal/NBC News Poll suggests Congress is at its lowest standing with the electorate since at least 1992. In a nod to this, during a campaign debate over the summer Mr. Beauprez asked to be addressed as "Bob," not "congressman."

Heading into next month's midterm elections, Colorado -- with its history of ticket-splitting -- illustrates the nation's roller-coaster politics this year. Ms. Musgrave faces not one, but two challengers: a former Reagan appointee and Vietnam veteran who poses with his 2005 Harley Davidson Softail Deluxe, and a state legislator who is a onetime high-school basketball star from the South Bronx.

"We've always been a state that's quirky. We're populist, we're anti-Washington," says Republican Rick O'Donnell, locked in a tight race for Mr. Beauprez's Seventh District seat. "I'm running in a headwind, but I'm also thrilled not being an incumbent."

For the White House, having three Republican seats in play in a state like Colorado spells trouble. Democrats must net 15 seats to take over the House; even if they fail, administration officials privately worry that a loss of 10 to 12 seats could hamstring the president's agenda and make him more of a lame duck.

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Yet to save themselves, Colorado Republicans have so forcefully seized the issue of illegal immigration, they risk alienating Latino voters and crippling Mr. Bush's efforts to address the problem of millions of undocumented workers now in the U.S.

This week a Texas millionaire who helped finance the Swift Boat campaign against John Kerry resurfaced behind immigration ads in Denver targeting Democrat Ed Perlmutter, who has held a narrow lead over Mr. O'Donnell.

Meanwhile, Ms. Musgrave, a star to the Christian right but a lackluster campaigner, is proving to be costly. Not only has she required sizable aid from the national party, but her actions helped to jeopardize the race for the seat from the neighboring Fifth District, by aggravating the divide between traditional Western conservatives such as Mr. Hefley and a more aggressive type of conservative identified with her national campaign against same-sex marriage.

"I wonder if they are going to get tired of saving Marilyn and look at somebody they don't have to save every time," Mr. Hefley says.

Ms. Musgrave was instrumental in lining up money and endorsements for Doug Lamborn, a state senator who won the August primary with the guidance of a veteran Musgrave political operative. Allies including the Colorado Christian Coalition sent mailings accusing Mr. Lamborn's Republican rivals of supporting a radical homosexual agenda, and the nastiness of the primary campaign infuriated Mr. Hefley, a 20-year incumbent who had warned the candidates to avoid negative attacks.

"I will not vote for Doug Lamborn, I will not," says Mr. Hefley, who was chairman of the House Ethics Committee when the panel admonished then-House Majority Leader Tom DeLay for conduct in fund raising and pressing a colleague on a vote.

Mr. Lamborn says of his politics: "I stand for principle. I'm not much of a compromiser."

The White House is worried enough that the president intervened personally with Mr. Hefley, but to no avail.

Mr. Bush "is on top of this, a little race in the West," Mr. Hefley says with some wonder, and a chuckle. "It puts me at the center of a hurricane....If Lamborn loses, I will get full credit for it."

Ms. Musgrave says she acted out of friendship for Mr. Lamborn, and denies any swipe at Mr. Hefley tied to Mr. DeLay, whose political committees have helped her in the past. Nonetheless, the feud has created an opening for Democratic newcomer Jay Fawcett, an Air Force Academy graduate and combat veteran who finds himself suddenly competitive in a district with a 2-1 Republican advantage.

A recent Denver Post poll showed the two men running neck and neck with a large undecided vote. Republicans say the numbers are misleading, but anecdotal evidence from Democratic polls for Bill Ritter, Mr. Beauprez's rival in the gubernatorial race, also show him running better than expected in El Paso County, the heart of the Fifth District.

Mr. Fawcett hopes to reach out to disaffected Republicans and independents by going back to fundamentals like the Constitution. At a debate Saturday, when asked what values are most important to "our national culture," Mr. Lamborn spoke of "marriage between one man and one woman." Mr. Fawcett cited the Constitution. "It talks about rights and it talks about responsibilities," he said. "If we lose the Constitution, we lose America."

In the Fourth District, independent candidate Frederic "Eric" Eidsness, a disaffected Republican running on the Reform slate, wants Congress to reassert itself under the Constitution. "The shifting of balance of power to the executive branch is dangerous," he said at a recent candidate forum in Longmont. His campaign is being helped by former Republican Rep. Jim Johnson, who once represented the district and challenged Richard Nixon over the Vietnam War.

With little money, Mr. Eidsness can't expect to win, but could be a factor in determining who does, depending on the votes he takes from the other candidates. Ms. Musgrave leads her Democratic rival, state Rep. Angie Paccione, after ads highlighting Ms. Paccione's personal financial troubles and bankruptcy 14 years ago. But Ms. Paccione, who has won praise from farm interests for listening to their concerns, isn't yielding.

At the Longmont candidate forum Thursday night, the congresswoman read her speech and left without answering reporters' questions.

By comparison, Ms. Paccione, a record-setting high-school basketball player who went on to Stanford, made her remarks with intensity. Republicans call her "Angry Angie"; Ms. Paccione, the daughter of an African-American mother and an Italian father, says it is just her spirit.

"I am unbought and unbossed," she says. "I'm a very passionate person because I believe there is a desperate need for change in America."

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Democrats Set Sights On Wins In Ohio (WP/AP)

By David Espo

The Washington Post, October 19, 2006

GREENVILLE, Ohio. -- For more than a decade, Ohio was the place where Democratic dreams went to die. Now, in the state that sealed President Bush's 2004 re-election, even Republicans concede Rep. Ted Strickland in on track to become the first Democratic governor in 16 years.

At the same time, Rep. Sherrod Brown has clawed his way to a large lead in the polls over GOP Sen. Mike DeWine.

Democrats have led for weeks for two House seats long in Republican hands, and party officials talk giddily of snatching two or three more seats _ gains that would almost certainly portend an end to GOP control of the House.

Already Republicans have abandoned plans to advertise or run their highly regarded get-out-the-vote program in races to replace Brown or Strickland in the House.

"There is this Republican fatigue here in Ohio," says Chris Redfern, chairman of a Democratic Party that has been shut out in statewide political races for more than a decade.

"We've got incompetent leadership at the statehouse and you can't beat that right? But every day there's George Bush," he said with more than a hint of sarcasm.

Republicans dismiss talk of a political tidal wave, and say even Rep. Deborah Pryce, a member of the House leadership, is making a comeback in a race that seemed lost.

But increasingly, their goal is to minimize losses at a time of widespread voter discontent over the economy, the war in Iraq and corruption.

Sensing danger, they urge voters not to lash out indiscriminately, despite unhappiness with President Bush, outgoing Republican Gov. Bob Taft and a steady diet of scandals.

"Some things have happened over the years that shouldn't have happened," State Auditor Betty Montgomery confessed to a Republican gathering in western Ohio recently. "But that isn't everybody's fault."

Even politicians at the dawn of a congressional career criticize Taft, who is concluding his second term with low approval ratings.

"When a governor raises taxes as a Republican, particularly when you're trying to get out of a recession, that's just bad leadership," said Jim Jordan, who clashed with the governor while serving in the legislature. Jordan is favored to win an open House seat with ease.

Not even Democrats could dream up the corruption double feature that has unspooled in recent days, GOP Rep. Bob Ney pleading guilty in the Jack Abramoff scandal last Friday, and party fundraiser Tom Noe going on trial in a separate state corruption probe on Monday.

"Bob Ney is a liar, a criminal and a disgrace to public service," said Republican chairman Bob Bennett in a written statement. Not coincidentally, perhaps, Democrats lead in the polls in the race for his seat.

Public polling underscores the political difficulty for Republicans, particularly DeWine and gubernatorial candidate J. Kenneth Blackwell.

A New York Times/CBS News survey reported that 70 percent of Ohioans surveyed said the state and the nation were on the wrong track.

Nearly two-thirds rated the economy as bad, suggesting more anxiety about jobs and pocketbook issues than elsewhere in the country. Sixty percent disapprove of Bush's handling of the war.

Even lifelong Republicans, the men and women who donate their money and time, make plain their distress.

Outside a fundraiser, one man strode up to Rep. John Boehner, the House majority leader, and lectured him about the scandal involving disgraced Rep. Mark Foley and his sexually explicit computer messages to congressional pages.

A few hours later, Betty Fox stopped to answer questions at the Darke County Republican party pig roast, a pulled pork-and-speeches affair in a cavernous cinder-block exhibition hall on the local fair grounds.

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She'll vote Republican up and down the ticket, she said, but Iraq weighs on her mind. "I was all for Bush going in there because I thought he had prayed about it," the 77-year-old Greenville resident said. But, she added, "It isn't going well and I don't know what can be done about it."

There's no barbecue or slaw _ or friendly chatter _ 90 miles distant that evening. It's more like dueling pistols at close range when Rep. Steve Chabot and Democratic challenger John Cranley debate in suburban Cincinnati.

A conservative since his election to Congress in 1994, Chabot tries to establish independent credentials. He stresses that he was one of only 16 GOP lawmakers to support Democratic legislation increasing disclosure of political activities.

Condemning Foley, he says anyone who knew about his activities and didn't take action "should be bounced out ... I don't care who they are."

Then he turns his attention to his rival, a member of the Cincinnati city council. The city has a bad business environment, he says. "Crime rates are way too high, too."

Cranley is next. "When Steve got elected in 1994 on the Contract with America they said they were going to end the scandals. Boy did they fail," he said. "They preach market solutions and what do they do? They give out no-bid contracts."

He criticizes Republicans on the war in Iraq and for refusing to raise the minimum wage increase. "I've taken a pledge not to accept a pay raise until the federal budget is balanced," he concludes.

Chabot, relentless, sees an opening.

"It's great my opponent takes a pledge not to take a pay raise in Congress, because he's taken them on the city council."

Given the political environment, officials in both parties budgeted for television advertising in the Chabot-Cranley race months ago, and have made good on their promises.

It's Chabot's toughest race in six years, a durable incumbent struggling against a tide. In contrast, Republican officials say Rep. Jean Schmidt's difficulties in a next-door district are largely of her own making.

Elected to a safely Republican seat in 2005, she quickly drew national attention during a debate over Iraq. "Cowards cut and run, Marines never do," she said, speaking of Rep. John Murtha, a 37-year veteran of the Marines. She quickly apologized.

If Murtha, D-Pa., forgave, he didn't forget, campaigning recently for Democratic challenger Victoria Wulsin. Unlike Cranley, Wulsin is in political limbo, waiting to find out whether Democratic Party strategists in Washington deem her race competitive enough to invest in.

"I think Rahm Emanuel is about to send me a check, so that's good," she said of the chairman of the House Democratic campaign committee. "I don't think it's come yet."

Republicans insist Chabot is comfortably ahead, and Schmidt is in no danger of losing.

But they're not taking any chances, either, even though the district gave Bush 64 percent of the vote in 2004.

The House GOP campaign committee recently spent more than $100,000 for mass mailings to shore up Schmidt's chances.

DNC To Borrow Money For Last-minute Tossups (WT)

By Donald Lambro

The Washington Times, October 19, 2006

The Democratic National Committee will borrow up to $10 million for additional House and Senate campaigns the DNC now thinks it has a chance to win in next month's midterm elections, a senior party official said yesterday.

With some campaign polls showing that more Republican-held seats than previously believed were vulnerable to a Democratic takeover, DNC Chairman Howard Dean has decided to obtain last-minute loans to pour more money into TV ads and other campaign assistance during the next 19 days, the party official told The Washington Times.

"I can confirm that the DNC is taking out a line of credit for a possible $5 million to $10 million loan to target more funding towards predominantly Senate and also House races," the official told the Times.

Some of the borrowed money will be spent on "an outreach-media program" aimed at black and Hispanic voters in targeted House races where increased minority turnout is seen as the key to boosting Democratic gains in Congress, the official said.

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With 19 days to go before the election, Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee (DCCC), and Sen. Charles E. Schumer, chairman of the Democratic Senatorial Campaign Committee, have been pressuring Mr. Dean to pour money into a number of their party's unexpectedly close races.

Two possible targets for additional funding are in Virginia, where Republican Sen. George Allen is in a surprisingly tight battle with Democrat James H. Webb Jr., and in New Jersey, where Democratic Sen. Robert Menendez is in a dead heat with Republican state Sen. Tom Kean Jr.

Mr. Emanuel, who has been bickering with Mr. Dean for much of the year over campaign funding for House races, thinks that as many as 58 seats are now in play and that with more campaign resources, Democrats could pick up as many as 40 seats, instead of the original estimates of 15 to 20.

Independent forecasters also point to a higher number of Republican congressional seats that are now at risk. Political analyst Stuart Rothenberg told his weekly newsletter subscribers yesterday that "we are increasing our target range of likely Democratic gains to 18-25 [House] seats, and we cannot completely rule out the possibility of a tidal wave that could produce a Democratic gain well above that."

The DNC has spent most of its funds on Mr. Dean's national party-building strategy to put paid campaign workers in all of the states this year.

"They see an opportunity of a lifetime to regain the majority, and they don't want to miss that because of lack of money. They are willing to take a risk with credit rather than being underfunded in the final weeks," said Nathan Gonzales, an election analyst at the Rothenberg Political Report.

Heading into the final leg of the election last month, the Republican National Committee reported raising $7.7 million in August, with $29.8 million cash on hand, while the DNC said it had raised $6.6 million but had only $10.9 million in the bank, according to the latest figures available.

DNC officials said yesterday that they had raised $25 million this year for the campaigns, the bulk of which went into House and Senate races.

The Republican Party has substantially outraised the Democrats in the battleground congressional races. Federal Election Commission reports showed the National Republican Congressional Committee has spent $28 million on behalf of its candidates in 27 tossup contests, compared with $13.8 million spent by the DCCC.

"Between now and the election, we will spend $100 million in target House and Senate races," White House political strategist Karl Rove said Tuesday in an interview with reporters and editors at the Times.

Conservative Voters Likely To Stay Home (WT)

By Ralph Z. Hallow

The Washington Times, October 19, 2006

The Republican Party can stave off defeat with a strong turnout on Nov. 7, party leaders are telling the faithful -- but they are finding it tough to sell that message to some disillusioned conservative voters.

"The message hasn't gotten across because a lot of people are sick and tired of thinking the only reason for going to the polls is to vote for the Republicans because they are lesser of two evils," said Tom McClusky, vice president for government affairs at the Family Research Council (FRC), a leading social conservative group.

"Conservatives aren't motivated to come out, is what I'm finding," said conservative campaign consultant Rick Shaftan, who is based in Sparta, N.J. "They see no reason to re-elect the people who are in office."

A top Republican pollster confidentially echoed those sentiments.

"There are very definitely trouble signs in many states of what we call the 'LRs' -- the lethargic Republicans," said the pollster, who agreed to speak on the condition of anonymity. "They are unhappy with the president and have little love lost for Congress."

There's little danger that such voters would switch to the Democrats, but "the real problem is that they won't vote at all," the pollster said.

With Election Day less than three weeks away, however, efforts to mobilize conservative voters are intensifying.

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Top Republicans -- including President Bush, his chief strategist Karl Rove, Vice President Dick Cheney and Republican National Committee Chairman Ken Mehlman -- have been meeting with conservative activists, columnists and broadcasters, emphasizing the importance of this midterm election. That message has rippled out via newspapers, magazines, TV, radio and the Internet.

An e-mail sent this week by the conservative group GOPUSA.com carried the subject line, "Don't you dare not vote," and featured a column by veteran activist Doug Patton appealing to Republican voters' patriotism.

"As you contemplate how to express your frustration with Republican leaders who may have mishandled the power we have entrusted to them," Mr. Patton wrote, "consider how you would explain your apathy to the 1.2 million brave men who have given their lives in America's wars over the last 230 years."

Meanwhile, FRC President Tony Perkins sent an e-mail this week asking supporters to sign a "values voter" pledge. The e-mail warned that "too many elective officeholders are content to downplay social issues," but said "officials need to hear from us, again and again, that elections are about values first -- moral and social norms."

Many Republicans are worried that the sex scandal surrounding former Rep. Mark Foley of Florida will depress turnout among religious conservatives who have been staunchly loyal to the Republican Party.

"Until the Foley scandal broke, there wasn't even a mathematical possibility of a Democratic takeover of either body of Congress," South Dakota-based campaign consultant Paul Erickson said. "But Foley introduced a concrete voting-base suppression factor that is immeasurable until election night."

To explain the disaffection of some conservative voters, Mr. Shaftan cited the national party's assistance to liberal Republican Sen. Lincoln Chafee against conservative challenger Stephen Laffey in last month's Rhode Island primary.

"The Republican leadership spent $1 million on helping Chafee, and then it wonders why conservatives don't think they're wanted in this party," Mr. Shaftan said. "They think the leadership wants them to come out every year, shine your shoes, then go sit in the back of the bus, take their Bibles and read them and shut up."

Republican media consultant Craig Shirley said the party's national leadership appears to be trying to scare disaffected voters to the polls by arguing that Republicans aren't as bad as the Democrats.

"It would be nice if the national party started talking about what we are for ... instead of simply trashing the left," Mr. Shirley said. "We used to be proud of our ideas about less government and more freedom."

In New Jersey, Mr. Shaftan said polling shows a similar attitude among rank-and-file voters.

"The left is ready for war, but our people say [Republicans in Congress] need to be taught a lesson," Mr. Shaftan said. "Lots of our base are not going to come out and vote."

Such discouragement has also affected many of the religious voters who were widely credited with pushing Mr. Bush to victory two years ago, Mr. Perkins said.

"There is no question that the level of enthusiasm that carried voters into the 2004 election is much diminished, however, the core of what has been described as 'values voters' will vote," the FRC president said, but warned, "The GOP should not count their votes before they are cast."

It may already be too late to reach many conservative voters, said one alumnus of the 1994 "Republican Revolution" that swept the party to its first House majority in 40 years.

"I sense that conservatives have largely already tuned out to the coming elections, after six years of burgeoning federal spending and inaction on key issues, such as immigration," said former Georgia Rep. Bob Barr.

"The Republican Party has become the party of the government status quo," he said, "and conservatives see no reason to reward it with their votes."

Moderates In Kansas Decide They're Not In GOP Anymore (WP)

By Peter Slevin

The Washington Post, October 19, 2006

DOJ_NMG_0083139

WICHITA -- Paul Morrison, a career prosecutor who specializes in putting killers behind bars, has the bulletproof rÃ©sumÃ© and the rugged looks of a law-and-order Republican, which is what he was until last year. That was when he announced he would run for attorney general -- as a Democrat.

He is now running neck-and-neck with Republican Phill Kline, an iconic social conservative who made headlines by seeking the names of abortion-clinic patients and vowing to defend science-teaching standards that challenge Darwinian evolution. What's more, Morrison is raising money faster than Kline and pulling more cash from Republicans than Democrats.

Nor is Morrison alone. In a state that voted nearly 2 to 1 for President Bush in 2004, nine former Republicans will be on the November ballot as Democrats. Among them is Mark Parkinson, a former chairman of the Kansas Republican Party, who changed parties to run for lieutenant governor with the popular Democratic governor, Kathleen Sebelius.

"I'd reached a breaking point," Parkinson said, preparing for a rally in Wichita alongside Sebelius. "I want to work on relevant issues and not on a lot of things that don't matter."

The Kansas developments coincide with efforts by Democrats across the country to capture moderate Republican and independent voters dismayed with partisan bickering from both parties, particularly from the Republican right. The spirit of the attempted Democratic comeback in Kansas, set by Sebelius, is a search for the workable political center.

Though yet untested in the election booth, the Democratic developments in Kansas reflect polls in many parts of the country. As elsewhere, Democrats and moderate Republicans say they are frustrated with policies and practices they trace to Republican leadership, including the Iraq war, ballooning government spending, ethics violations and the influence of social conservatives.

A long-standing split among Kansas Republicans has deepened in recent years. One fresh sign came from the Johnson County Sun, which said it would endorse virtually the entire Democratic ticket, including Morrison and Parkinson, after endorsing fewer than a dozen Democrats in the past half-century.

"So what in the world has happened?" publisher Steve Rose asked in a recent column. "The Republican Party has changed, and it has changed monumentally. You almost cannot be a victorious traditional Republican candidate with mainstream values in Johnson County or in Kansas anymore." Ron Freeman, executive director of the Kansas GOP, called the migrating candidates -- Parkinson, Morrison and seven state House candidates, including one party-switching incumbent -- "a simple case of political opportunism."

"It's really more about them than it is about the party," Freeman said. "They obviously feel the Democratic Party is weak enough that, without any history in the party, they can be front-runners in the party."

Republicans control three-quarters of the state Senate and two-thirds of the House. The state has not elected a Democratic U.S. senator since the 1930s, although voters have been more willing to put Democrats in the governor's mansion. Rep. Dennis Moore became the lone Kansas Democrat in Congress in 1998 by appealing to crossover moderates -- the heart of this year's strategy.

Democrats consider it significant that 58 GOP incumbents in the state House drew Democratic opposition this year, compared with 39 in 2004. In the September primary, moderates mobilized to carry two Board of Education seats held by conservatives who had embarrassed many Kansans by endorsing a fundamentalist-Christian critique of evolution.

The recruiter-in-chief is Sebelius, who persuaded Republican Cessna executive John E. Moore to switch parties in 2002 and run to be her lieutenant governor.

"These are people who felt banished," Sebelius said in an interview before crowing to Democratic campaign workers: "We have some remarkable conversions. My favorite kind of revival is going to a place where someone says, 'I've been a Republican all my life, and I've seen the light.' " Sebelius, who has a solid lead over Republican challenger Jim Barnett, is the daughter-in-law of a Republican former member of Congress, and she likes to say the first Republican she converted was her husband. She has shown, notably in debates over school funding and the state budget, that she can negotiate compromises acceptable to both parties. Kansas has had a balanced budget for four straight years after six years of deficits.

This year, with Moore stepping aside, Sebelius recruited Parkinson, who views himself as squarely in the mainstream, talking up fiscal responsibility and a favorable business climate. He favors embryonic stem cell research, a woman's right to choose abortion and the teaching of evolution as settled scientific theory.

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It was also the governor who sold Morrison on the attorney general's race. "She said what I'd been thinking for three years," Morrison said.

In a Morrison radio ad, John Walsh of "America's Most Wanted" introduces the Johnson County district attorney as "one of the toughest prosecutors Kansas has ever seen" and names two of Morrison's best-known murder cases. Walsh asserts, in a dig at Kline, that after 26 years as a prosecutor, Morrison has the "right priorities."

Kline is a confident politician who has buoyed the Republican right and disturbed his opponents. He drafted a law restricting late-term abortion and won a recent Supreme Court case reinstating the death penalty. His most controversial moves were subpoenaing the medical records of more than 80 women and girls who received abortions in 2003 and seeking to require health workers to report the sexual activities of girls under 16.

"The office has become much more political under his leadership," Morrison said in an interview in his Olathe office. Morrison says his political hero is former U.S. senator John C. Danforth, the Missourian who recently published a rebuke of the GOP that contends the national party is beholden to the Christian right.

"Most Kansas Republicans are fairly moderate," Morrison said. "They're like most Kansas Democrats."

Kline spokeswoman Sherriene Jones denied Morrison's contention that the Kansas GOP has moved too far to the right: "The Republican Party reflects Kansas values, reflects loyalty and reflects family," she said. "It's Mr. Morrison who has changed."

The Democratic National Committee is spending money and sending staff to Kansas as part of Chairman Howard Dean's much-debated 50-state strategy of extending the party's influence in unlikely places. The DNC will not reveal its spending or the size of the staff, but a spokesman said the infusion permits a statewide organizing effort not possible before.

With Sebelius and Parkinson so far ahead in the gubernatorial race, attention has shifted to the competition for attorney general, considered too close to call. As Parkinson, who describes Morrison as his best friend, puts it, "It's going to say a whole lot about what the state of Kansas is right now."

Whatever happens, Kansas State University political scientist Joseph A. Aistrup said, the duel between Republican moderates and conservatives will no doubt continue. He said the party switchers represent a "temporary setback" for the state GOP.

"The cultural conservatives have lost before, and they just keep on coming back," Aistrup said. "They don't pick up their marbles and go home."

Poll Signals More Republican Woes As Disapproval Of Congress Grows (WSJ)

By Jackie Calmes And John Harwood

The Wall Street Journal, October 19, 2006

WASHINGTON -- With just 19 days until the midterm elections, a new poll shows both President Bush and his party in worse shape among voters than Democrats were in the October before they lost control of Capitol Hill a dozen years ago.

Support for the Republican-led Congress has eroded to its lowest point since the party's watershed 1994 victory that brought it House and Senate majorities.

A new Wall Street Journal/NBC News poll illustrates the political toll Republicans are paying for rising discontent over the Iraq war, as well as a spate of scandals including the disclosure that Republican House leaders knew of inappropriate emails to House pages from Florida Rep. Mark Foley, who resigned late last month. Voters' approval of Congress has fallen to 16% from 20% since early September, while their disapproval has risen to 75% from 65%.

IN THE POLLS

• Graphic: Bush's approval ratings across multiple polls1

• See the full poll results2. (Adobe Acrobat required3)

• Battlegrounds:4 Who's ahead in the most hotly contested Senate and gubernatorial races? Dig into the latest Zogby poll data.

CAST YOUR VOTE

• Question of the Day: Which branch of the federal government do you respect the most these days?5

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That 16% rating statistically matches Congress's lowest point in the 17 years the Journal and NBC have polled, set in April 1992 when Democrats were in control and suffering from a scandal involving lawmakers' overdrafts from the House bank. The latest results set other records for the Journal/NBC surveys, all ominous for Republicans -- "a harbinger," in the words of Journal/NBC pollster Peter Hart, "of what's ahead for the incumbent party. It's as simple as that."

They include:

By 52% to 37%, voters say they want Democrats rather than Republicans to control Congress. That 15-point advantage is the widest ever registered by either party in the Journal/NBC surveys. Also, the result marks the first time voter preference for one party has exceeded 50%.

Half of independents say they want Democrats to take charge, while only a quarter of them back Republicans. "It's very unusual to see a majority of independents pick one political party," notes Bill McInturff, the Republican pollster who conducts the surveys with Mr. Hart, his Democratic counterpart.

Two-thirds of the electorate rates this year's Congress "below average" or "one of the worst" -- the poorest showing on that question since it was first asked in 1990.

Mr. Bush, who in the past typically drew high ratings personally even when his job-approval scores sagged, now is viewed negatively by a 52% majority -- essentially tying the worst rating of his presidency.

As for the Republican Party, 32% of voters rate it positively but 49% negatively -- the highest negative ever in the surveys for either party. On the other hand, the Democratic Party's reputation improved. After months in which it had a net negative rating only slightly better than Republicans', the party now is viewed positively by 37% and negatively by 35%.

Along with other findings favorable to Democrats, Messrs. Hart and McInturff see a potential turning point for the party. For months, the Republican pollster has espoused "McInturff's Thesis: If there's a decisive election, it's because the other party becomes a credible alternative." Until now, he has argued, voters' doubts about Democrats were standing in the way of the party making significant gains. But yesterday, the Republican pollster agreed with Mr. Hart that voters now see Democrats as at least "a marginally acceptable alternative."

The Journal/NBC telephone survey of 1,006 registered voters, conducted Oct. 13-16, carries a margin of error of +/- 3.1 percentage points.

To be sure, the poll isn't a forecast of what ultimately happens on Nov. 7. Polls amount to a snapshot in time, and unforeseen events could change the dynamic -- though the latest results do follow a trend of steady deterioration in support for Mr. Bush and the Republican-led Congress since just after the president's re-election in 2004.

Despite the steady drumbeat of ever-worsening polls, Republican leaders say they are counting on their superior get-out-the-vote operation and financial advantage to salvage enough seats to maintain control of the Senate, if not the House.

With the prospects of a Democratic takeover becoming more real to voters, Republicans have begun rallying their demoralized base and fence-sitters with visions of tax increases, liberal social policies and weakness on national security if the opposition controls Congress. House Majority Whip Roy Blunt, a Missouri Republican, yesterday sent an email to the media suggesting House Democrats would "plot to establish a Department of Peace, raise your taxes and minimize penalties for crack dealers."

Republicans also have sought to take credit, so far elusive, for recent good economic news, a significant drop in gasoline prices from summer's peaks and a rising stock market. The new poll did show a slight uptick in voters' views of Mr. Bush's handling of the economy: Approval rose to 44% from 39% in June. Still, a 52% majority says it disapproves of his economic stewardship.

One solace for Republican incumbents: National polls are decidedly imperfect predictors of local election outcomes, particularly given voters' historic penchant for saying they loathe Congress but like their own representative. While only 16% of voters approve of Congress, more than twice that many -- 39% -- said in answer to another poll question that their own representative deserves to be re-elected.

But 45% say "it is time to give a new person a chance." And by other measures in the poll, Republicans are at a greater disadvantage heading toward Election Day than Democrats were 12 years ago just before voters ended their 40-year reign in Congress.

In October 1994, with the public fed up with scandals and the failure of President Clinton and his party's lawmakers to deliver in key areas such as health care, voters said by a nine-point margin -- 46% to 37% -- that they wanted Republicans to take control. That compares with the 15-point margin today in favor of Democrats' taking the reins.

This midterm, like 1994, is shaping up as a referendum on an unpopular president who isn't on the ballot, leaving his party to bear the brunt of voters' wrath. Mr. Bush, however, is even less popular than Mr. Clinton was as Election Day approached. Back then, 45% disapproved of Mr. Clinton's job performance, compared with Mr. Bush's 57% disapproval rating.

The new poll also suggests the advantages that have helped Republicans sustain their majority in Congress -- gerrymandered House districts, a well-oiled turnout machine and the national-security issue -- all have been somewhat neutralized by the political winds buffeting the party. Democrats need to gain a net 15 seats for a House majority, and they now have polls showing leads in about 40 Republican-held districts from New England through the Mountain West -- with none of their own in serious jeopardy.

Republican spending records indicate greatly diminished hopes of unseating Democratic incumbents in Ohio, West Virginia, South Carolina and Texas, while some of their own incumbents once thought safe, such as Rep. Gil Gutknecht in Minnesota, are now in Democrats' sights. Republican Rep. Curt Weldon, already fighting for his political life in Pennsylvania, now is the subject of a Federal Bureau of Investigation corruption probe.

As for the Senate, the six seats Democrats need for a 51-seat majority no longer are thought to be out of reach, strategists in both parties agree. Pulling it off will mean some fairly dramatic in-roads into Republican territory: defeating red-state incumbents, Sens. George Allen of Virginia and Jon Kyl of Arizona, or having Tennessee voters make Democratic Rep. Harold Ford the first African-American elected statewide there.

Democratic rank-and-file voters continue to appear significantly more eager to show up on Election Day, a sign that Republicans' get-out-the-vote efforts may not provide the political insurance they are banking on. Some 60% of Democratic voters express the highest possible level of interest in the election, compared with 48% of Republicans. Similarly, 53% of Democrats call themselves more enthusiastic than in the past about voting, compared with 38% of Republicans.

Mr. McInturff recalled that Republicans enjoyed a similar double-digit edge in voter enthusiasm prior to the 1994 election, when Democrats were the demoralized party. But this year, Republicans are disillusioned by huge federal spending, scandals, illegal immigration and Congress's inaction on a raft of issues.

According to the poll, the electorate overall embraces the idea of breaking up the Republican Party's six-year hold on power in both the legislative and executive branches. By 48% to 26%, voters call Republican control of the White House, House and Senate "a bad thing." Nearly four of 10 voters say their vote for Congress will be a signal of opposition to Mr. Bush; two in 10 say it will signal support for him.

On key issues, Democrats hold the upper hand. They enjoy a 28-percentage-point edge on the question of which party could best deal with Social Security, the issue Mr. Bush unsuccessfully sought to capitalize on in 2005; a 13-point lead in handling the economy; a 10-point edge on ethics in government; and a three-point edge on immigration, which congressional Republicans had hoped to make their signature issue.

Republicans retained their edge, though diminished, on dealing with the fight against terror, nuclear proliferation and moral issues.

But public dismay over Iraq and the Foley scandal overwhelmed all else for Republicans. Mr. Hart called the Foley story "the coagulant" that caused voters' uncertainties about the Republican-led Congress to jell. "This is the event that allowed certain voters to say, 'Enough,' " he said.

By 47% to 14%, voters say what they have learned in recent weeks makes them feel "less favorable" toward Republicans retaining their majority on Capitol Hill. By contrast, voters say by 37% to 22% that they feel more favorably disposed toward Democrats winning control.

Nearly all have heard of the Foley scandal, and most are unhappy with how House Speaker Dennis Hastert and other Republican leaders have handled it. Fully 55% -- including four of 10 conservatives -- are dissatisfied with the actions of Republican leaders. That is twice the 27% who say they are satisfied.

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Amid unrelenting bad news from Iraq as sectarian violence rages there, just 33% of voters approve of Mr. Bush's handling of the war, down from 36% in June. Disapproval has risen to 63%.

By an overwhelming 68% to 20%, voters calls themselves "less optimistic" about the course of events in Iraq. A 57% majority says the president hasn't given good reasons for U.S. troops to remain there. And ominously for Republican congressional candidates, a 39% plurality say Democrats could better deal with Iraq, while 31% prefer Republicans. That reverses the five-point edge Republicans held early last month.

By 40% to 31%, a plurality of voters now see the situation in Iraq as a civil war among Iraqis, rather than a war between American troops and foreign terrorists there. Significantly, Mr. McInturff said, that assessment is shared by those who voted for Mr. Bush in 2004 and those who supported Democratic Sen. John Kerry for president -- groups that agree on little else.

If Americans continue to see U.S. troops caught in the middle of a civil war, Mr. McInturff said, "that will ratchet up the pressure to terminate our deployment in Iraq."

Democrats Would Reverse Bush's Work (WT)

By Donald Lambro

The Washington Times, October 19, 2006

The Democrats' election-year agenda, which says what they will do if the voters put them back in charge of Congress, would seek to overturn or change just about everything President Bush and the Republicans have done since 2001.

Key parts of their agenda call for repealing the bulk of the administration's tax cuts, ending the ban on federal funding for new lines of stem-cell research and limiting some of the investigative, prosecutorial and surveillance methods in the counterterrorism USA Patriot Act.

Many of the details of their agenda may not be that widely known among rank-and-file voters, but opinion surveys show that ignorance may not matter as the election moves into its final weeks. On just about every major issue -- Iraq, terrorism, the economy, health care, immigration and ethics in government -- voters say they trust Democrats more than the Republicans to do a better job of handling them, according to recent polls.

But a top election pollster questions whether Democrats' agenda will play that much of a role in the election's outcome and whether many voters even know whether they have offered alternatives to Mr. Bush's policies. At the same time, a Democratic defense-policy strategist thinks his party's national-security proposals were excessively watered down to appeal to a broader electorate.

"If the Democrats win, it will have all the elements of a Forrest Gump victory. In other words, things swirling around them over which they were barely aware," independent pollster John Zogby said, referring to the slow-thinking movie character who always succeeded, but without any grand design in mind.

"There will not be a proactive agenda that wins this for them. I don't know if the electorate sees the Democrats as having an alternative to the Bush plan. They've put it out, but the party's leadership hasn't led with it," Mr. Zogby said. "They have pretty much sought to avoid a discussion of Iraq."

This would stand in contrast to the 1994 congressional sweep by Republicans who ran on their comprehensive, highly detailed "Contract With America," giving them a more-sweeping mandate than is likely for the Democrats.

Any Democratic agenda would still be constrained by Mr. Bush in the White House and his veto power.

Democratic leaders call their agenda "A New Direction for America," but much of its details are what Republican leaders call "boilerplate" Democratic dogma that the party has been proposing for years, such as raising the federal minimum wage to $7.25, rolling back the Bush tax cuts, expanding new stem-cell research, raising taxes on oil companies and boosting government spending for college-tuition loans and Pell Grants.

On the war in Iraq, the Democrats' agenda calls for "a tough, smart plan to transform failed Bush administration policies in Iraq" and for a "phased redeployment of U.S. forces from Iraq."

To combat terrorism, it proposes to "double the size of Special Forces to destroy Osama bin Laden and the terrorist networks like al Qaeda" and to "rebuild a state-of-the-art military capable of projecting power wherever necessary." Both

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provisions, national-security analysts say, have been at the heart of Defense Secretary Donald H. Rumsfeld's military reforms ever since the September 11 attacks in 2001.

Michael O'Hanlon, a national-security analyst at the Brookings Institution who often advises Democratic congressional leaders, says that although the agenda's phased redeployment "is not cut and run, I would rather see Democrats offer some more ideas about what we could do in Iraq to make things better."

"At least this [agenda] avoids the problem of being too extreme. They are generally trying to be responsible and reasonable. But it's still thin gruel, given how much we need good ideas," Mr. O'Hanlon said.

Democratic officials, however, said their agenda was a key factor in their consistent lead in the election polls.

"We are talking about it in campaigns across the country and we'll keep talking about it," said Stacie Paxton, a Democratic National Committee spokesman.

On the agenda's Iraq proposals, House Minority Leader Nancy Pelosi's chief spokesman, Brendan Daly noted that even former Republican Secretary of State James A. Baker III "now says we need significant changes in strategy in Iraq."

A major domestic-policy plank in the Democrats' agenda is a rollback of the tax cuts, which has become the party's campaign mantra. But there is division within the party's ranks over how far they should go in attempting to repeal the across-the-board tax cuts that lowered tax rates for low-to-moderate income workers and doubled the child-tax credit that affects mostly middle-income families.

Rep. Charles B. Rangel of New York, who likely would become chairman of the House Ways and Means Committee if the Democrats win the House back, has said that he could not think of a single Bush tax cut that he supported and suggested that all of them should be repealed. But Mrs. Pelosi, who would be in line to become speaker, said last week that the tax-cut rollback would only affect people earning $250,000 a year or more.

"But the consequences of repealing all the Bush tax cuts would hit people in much lower income-tax brackets and millions more who were removed from the tax rolls by Bush's reforms," said Scott A. Hodge, chief executive of the nonpartisan Tax Foundation.

"There are about 15 million more taxpayers off the tax rolls today, compared to the end of the Clinton administration. Almost all of those people have incomes below $50,000 a year. Many have children who not only receive the $1,000-per-child tax credit, but also the refundable earned-income tax credit for families in need of additional income," Mr. Hodge said.

"They would all be back on the tax rolls if you repealed the Bush tax cuts," he said.

Judge Bars Notices At Polls On Votes For Foley's Substitute (NYT)

By Christine Jordan Sexton

The New York Times, October 19, 2006

TALLAHASSEE, Fla., Oct. 18 — A judge on Wednesday barred election supervisors from posting signs in polling places explaining that votes cast for former Representative Mark Foley would go to the substitute candidate.

The judge, Janet E. Ferris of Circuit Court in Leon County, issued her decision days before voters can begin casting ballots under the early voting system of Florida.

Judge Ferris, ruling on a complaint by the Florida Democratic Party, said the Legislature had not authorized such postings in its law on replacement candidates. The law requires the original candidate's name to be the ballot if the change is made after the primary results have been certified.

"The court is not at liberty to question the Legislature's decision or its judgment in enacting the statute," the judge wrote. "And there can be little doubt that it understood the confusion likely to result where voters know that the person reflected on the ballot is no longer seeking the position."

Interpreting the statute "as permitting the proposed intrusion into the polling place," the judge added, would be "an extrapolation far beyond the Legislature's words."

Mr. Foley, a Republican, resigned on Sept. 29 after sexually explicit e-mail and instant messages he sent to former and current Congressional pages were made public.

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Tim Mahoney, the Democrat running in that district, had not been expected to beat Mr. Foley. But experts now consider Mr. Mahoney as leading the race to defeat the substitute, State Representative Joe Negron.

The contest has drawn national attention as Republicans struggle to maintain control of the House.

Dawn Roberts, supervisor of the State Elections Division, had advised supervisors in the eight counties in the 16th Congressional District, stretching across the state from Palm Beach to Charlotte County, to post notices explaining that votes for Mr. Foley would go to Mr. Negron.

Ms. Roberts advised that the note be posted at all early voting sites, polling places and, preferably, in all voting booths. She also advised that it be sent with absentee ballots.

The elections supervisors disagreed, saying state law clearly prevented them from doing so.

Until the judge's ruling, the supervisors had agreed to post the notices.

Lawyers for Secretary of State Sue M. Cobb, who oversees the elections division and is appointed by Gov. Jeb Bush, a Republican, argued that the notices would be educational and would prevent widespread confusion. A spokesman for the agency said it would appeal the ruling.

Also on Wednesday, Mr. Foley's lawyers said that they had given the state attorney's office in Palm Beach County the name of the clergyman who Mr. Foley said had molested him as a teenager. The lawyers said that "to the best of our knowledge" the clergyman is no longer in the United States.

A spokeswoman for the Roman Catholic Archdiocese of Miami said it would probably identify him to the public after finding out the details.

A lawyer for Mr. Foley has said the statute of limitations on such charges expired long ago.

Upstart Leaves The Campaigning To The Congressman (WP)

By Michael Powell

The Washington Post, October 19, 2006

AKRON, N.Y. -- You want the candidate to do that door-to-door, knock-knock-and-glad-hand stuff? That's ridiculous.

Jack Davis roams around his factory and pays for campaign commercials. He doesn't care for flacks, either: Before sitting down to talk to a reporter, he shoos his spokesman out the door.

Davis is not sure why the Democrats wanted him to run in the 26th Congressional District in Upstate New York in the first place. He can rehearse his negatives as quick as any Republican. "I'm a white Anglo-Saxon millionaire owner of a non-union factory," he said.

Davis, 73, has a white mane, narrow hips and a bony run of a face, and he paces about his office. "When the Democrats first asked me to run, I said, 'Yeah, great idea, except I'm a Republican.' "

Jack Davis is the anti-candidate, and so far his strategy, if that's what you want to call it, has the look of distilled brilliance. A recent poll found Davis, who changed his party registration from Republican to Democrat in 2004, has jumped 17 percentage points ahead of Rep. Thomas M. Reynolds, a Republican power broker.

Davis is helped greatly by the fact that the House Republicans in general, and Reynolds in particular, have tripped through a trapdoor labeled "Congressional Page Scandal." Reynolds, a beefy political pro who rarely spots a back that doesn't beg for a friendly slap, wears a haunted look of late.

Two weeks ago Reynolds flew to Upstate New York and surrounded himself with 25 children (staffers' kids, friends' kids, pretty much anyone wholesome-looking and under the age of 14) before calling in the local media to talk about politics, sex and naughty instant messages. Then Reynolds ran a television ad to explain his role in the controversy, in which his eyes dart here and there and rarely look squarely at the camera. Comedian Jon Stewart's "The Daily Show" ran the commercial nearly in its entirety, figuring it trumped any attempt at satire.

Ray Yacuzzo, the Genesee County Democratic Party chairman, says he is baffled by Davis the non-campaigning candidate. But who can argue with success? "This campaign is like physics," Yacuzzo says. "Reynolds has so much negative momentum, it looks like Jack Davis is picking up speed."

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You try to obtain a campaign schedule for Davis, and his spokesman Curtis Ellis says there isn't one. You click on the "Events" tab on Davis's Web site, and it reads: "Check back soon. . . ." Ellis does give you directions to Davis's factory, which lies out in the rolling farmland of far eastern Erie County. The I Squared R Element Co., which Davis owns and very actively manages, manufactures silicon-carbide heating elements that are used in high-temperature electric furnaces.

Davis waves at you to follow him and embarks on a fast-paced walking tour of his factory. Most of the 75 employees make more than $20 an hour and appear genuinely to respect their boss. This factory is the only one of its kind left in this nation (his competitors have moved south of the border or overseas), which circles back to why Davis ran against Reynolds in 2004 and again this year. Davis loathes free trade and globalization.

"We've got to get off this globalization kick," Davis says. "We're the only country in the world that believes in it."

In the manner of a self-made man accustomed to having those on his payroll listen attentively, Davis declines to measure his words. He speaks to the lives of many working-class New Yorkers upstate, where the carcasses of factories do not become luxury lofts. They just stand abandoned.

"Globalization's profits come back for the top 10 percent in our society, but look what it does to the middle class," he says. "Job, retirement plans, a pension: It's all going away."

Davis, a big Lou Dobbs fan, wants to impose cliff-high tariffs on goods from "Red China" and build tall fences on the border with Mexico. And no amnesty for illegal immigrants; it would just encourage them. "I see radical Mexicans saying President Polk took their land in the war with Mexico." He whacks the table. "Well, here's what I have to say: You lost that war, baby!"

Let it be noted that Davis is not spreading the Gospel According to Rahm Emanuel, the Chicago congressman who champions neo-liberalism and free trade and has masterminded the Democrats' congressional electoral assault this autumn.

Davis wiggles his bushy eyebrows. "Rahm told me he believes in a big tent," Davis says. "I said: 'Fine, let me in.' "

A few years back, Davis was a Republican high roller, writing fat checks to upstate Republicans. When Vice President Cheney rolled into Buffalo, Davis wrote a $2,000 check for Cheney but took out a full-page ad in the Buffalo newspaper decrying the Republican embrace of free trade. Cheney's crowd was not keen about that.

"This Cheney woman comes running to me in the parking lot and says: 'You can't talk to the press!' " Davis recalls. His response? "The next day I talked to the Democratic county chairman. . . ." Polls still show that a third of voters in this district don't know who Davis is. Whatever. He's wrapped up nominations from the Independence Party and the Working Families Party, giving him three ballot positions on Nov. 7. He's spending $3 million of his own money on the race. And he's convinced he's got it figured out.

Davis opens his door and lets his spokesman come back in. "I don't see the point," Davis says by way of goodbye, "in wasting time going around campaigning."

Senate Could Dust Off 50-50 Deal (RC)

By Erin P. Billings

Roll Call, October 19, 2006

As the political landscape continues to improve for Senate Democrats, it appears increasingly likely that the chamber could return to a 50-50 split in January — an extraordinary scenario neither party seems anxious to relive.

But with seven GOP-held Senate seats very much in play, Republicans and Democrats alike privately acknowledge they are facing at least the prospect of an equal party balance in the 110th Congress. Such a scenario leaves more questions than answers, but both parties agree it likely would force them to revisit a delicate power-sharing agreement struck by Senate leaders in early 2001.

“That’s a good starting point,” said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.). “It’s a useful starting point for discussions.”

A Republican Senate aide said the arrangement employed for a portion of 2001 certainly is one Senators will “pull off the shelf and read.” But the aide cautioned that it would serve as just “one of the things to think about. It is in no way a binding document.”

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Six years ago when the Senate was split evenly for a period of the 107th Congress, then-Majority Leader Trent Lott (R-Miss.) and then-Minority Leader Tom Daschle (D-S.D.) negotiated an unprecedented deal to divvy up power. Republicans kept their chairmanships and Lott remained in charge of the body by virtue of Republican Vice President Cheney's role as President of the Senate. But Democrats were given equal committee representation, staff and resources.

At the time, Lott drew a rash of criticism from his own party for giving up too much, while Democrats largely were favorable toward the deal after having served at a five-seat disadvantage in the previous Congress. But, as Lott said at the time: "I believe Tom and I have a commitment to work together to find a way to deal with that that is fair and that will not kill the legislative agenda."

Daschle characterized it as an agreement based on a premise "that both parties are going to be invested in the legislative process and in this Congress; that we both will have ownership in this process; and that we both will have a reason to want to move the legislative agenda forward."

The agreement specifically provided for equal representation and funding on committees, but it also made clear that if one party attained a clear majority over the ensuing two years, the agreement would be dead. Both sides acknowledged concessions: Lott agreed to split the committees down the middle, while Daschle conceded chairmanships and control of the floor to the Republicans.

The deal lasted about five months, until May 2001 when then-Republican Sen. Jim Jeffords (Vt.) bolted the GOP to become an Independent and caucus with the Democrats. Jeffords' move shifted control of the chamber to Democrats, the Majority Leader's post to Daschle and vacated the power-sharing agreement.

And now, an unfavorable electoral landscape for the GOP may prompt the historic pact to rear its head again.

A former aide to Lott said the 2001 deal, albeit briefly held, "was a precedent that worked" and inevitably will serve as a guidepost for any future Senate power-sharing deals.

But the former aide cautioned that the terms of the earlier power-sharing deal are not set in stone, and future negotiations likely will be lengthy and hard fought.

"You can't gauge it," the former Lott aide said, adding that talks "may come to a standstill. They are going to start out at very different positions. Reid will start at the extreme left, and the new Republican Leader will start at the extreme right."

Still, a former Daschle aide agreed that the Lott-Daschle deal is "the logical place to start."

"I'm not saying you are going to end up there, but if you have something in the past — the recent past — that worked, why wouldn't you start there?" the Daschle staffer asked. "Maybe you can improve upon it, but at least use it as a starting point."

While some view the agreement as the best jumping-off point for negotiations, several Senate sources pointed out that the 2001 deal holds no official weight given it was part of a nonbinding resolution. And, many Senate sources suggest that the incoming leaders may be less willing to compromise if the GOP majorities slip and partisanship heightens even further on the Hill.

"You could have a back-and-forth tug of war between the minority and the majority," the one-time Lott aide suggested.

A current Democratic Senate aide said: "The partisan nature of the chamber now would make it almost impossible for that kind of comity [of 2001] to exist."

By any measure, the political circumstances of an evenly divided Senate in 2007 would be vastly different from 2001. For starters, two different party leaders would face off at the negotiating table in now-Majority Whip Mitch McConnell (Ky.), the all-but-certain Republican Leader in the next Congress, and Reid.

McConnell and Reid will begin the 110th Congress having not yet operated as direct leadership adversaries. Even so, both Senators have strong ties to the institutional foundations of the chamber and have a long history of striking compromises across the aisle.

"There's a good chance they could come up with something workable," said Congressional scholar and Roll Call contributing writer Norman Ornstein. "They don't dislike each other, and have a very cordial working relationship. Each understands the other.

"They can work it out, so long as they keep open the lines of communication."

But several variables remain, including whether the House falls to the Democrats in November.

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Sources in both parties said if Democrats win the House, Reid may view his party as the one with a mandate from the electorate and would push harder than Daschle did to gain an advantage against Senate Republicans.

McConnell, meanwhile, may be more inclined than Lott to insist that his party be given greater power, since the Senate could be the party's only Congressional foothold.

In addition, President Bush will be facing his final two years in the White House. Republicans and Democrats alike noted Bush — as a lame-duck president — likely would put added pressure on McConnell and the GOP leadership to grasp for as much authority as possible, and give up little to the Democrats under a 50-50 split.

In his role as President of the Senate, Cheney also could seek to assert himself to a greater degree, both during power-sharing talks and later as he almost certainly would be called on to regularly break tie votes.

The Democrats acknowledge they hold one significant trump card, however. They can filibuster any organizing resolution of the chamber if they are unhappy with the power allocated to them by the GOP.

"My guess is the Democrats will say, 'Let's do what we did before,' and then say, 'If not, then we're not organizing' and hold their feet to the fire," said a former Senate Democratic chief of staff who watched the 2001 agreement unfold. "We'll hold out for more than we got from them last time."

With three weeks until Election Day, Republican Senate seats in Missouri, Montana, Ohio, Pennsylvania, Rhode Island, Tennessee and Virginia are all vulnerable to Democratic pickups. Just one Democratic-held seat, New Jersey, is viewed as a possible GOP gain.

Observers still suggest it would be a long shot for the Democrats to sweep the board and take control of the chamber in January. But they do believe the minority has a solid shot at acquiring five seats.

"Obviously when you have as many states in play as there are," suggested one Republican strategist, "it's certainly not unrealistic to think about that scenario."

"It is probably the single most likely scenario," Ornstein added. "Democrats are in range to pick up five seats. They could pick up six, and they may fall short of five, but it seems to me there is a reasonable chance of that happening."

Allen, Webb Pull In Presidents As They Beef Up Push To Nov. 7 (WP)

By Tim Craig

The Washington Post, October 19, 2006

President Bush and former president Bill Clinton will wade into Virginia's closely contested U.S. Senate race today at separate fundraisers that underscore the growing importance of the state in the fight for control of Congress.

The presidential visits for Sen. George Allen (R) and Democratic challenger James Webb will raise money and rally supporters for the final push to the Nov. 7 election. But the events come as Allen and Webb are using either the name "Clinton" or "Bush" to sway voters who either love or hate the current or former president.

"Bush mobilizes the Democrats, and Clinton mobilizes the Republicans," said Merle Black, a political science professor at Emory University who is following Virginia's Senate race.

Bush will be raising money for Allen in Richmond this afternoon. In the evening, Clinton will attend a sold-out Webb fundraiser at the McLean home of former senator Charles S. Robb (D-Va.). Webb and Clinton are expected to meet with reporters after the private event.

Webb and the Democrats are trying to make the race into a referendum on Bush and his Iraq war policy. A Washington Post poll taken a week ago showed 43 percent of likely Virginia voters approve of the way Bush is handling his job -- about the same nationally -- and 54 percent say the war in Iraq was not worth fighting. But fewer of those voters say their feelings about Bush will influence their Senate vote, compared with the number in a national poll.

Allen has responded by trying to link Webb to Sen. Hillary Rodham Clinton (D-N.Y.), who some perceive as being too liberal for many Virginia voters.

"Webb is bought and sold by the left wing of the Democratic Party," said Dick Wadhams, Allen's campaign manager, who noted that until recently, Webb did not get along with Bill Clinton. "It really raises the question, can you really trust Jim Webb on anything he says when he swings back and forth between such extremes from one year to another?"

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Kristian Denny Todd, a Webb spokesman, responded by saying "Bush and George Allen are one of the same. . . . They might as well be the same person."

When Webb was asked about Bush's visit, he said, "I hope he brings [Vice President] Cheney, too," who polls show is unpopular with voters.

Political analysts say both Webb and Allen are taking risks by bringing Bush and Clinton into the state, despite each one's ability to raise more than $1 million at a single event.

For Allen, a presidential visit could play with conservative voters who continue to admire Bush despite his low standing in the polls. But Allen has been taking subtle steps to draw distinctions between himself and the president.

Allen has been appearing alongside Sen. John W. Warner (R-Va.), who has sparred with Bush over prisoner interrogations and recently said he wants to change course in Iraq if the violence does not subside soon. Yesterday, Warner was with Allen when he picked up the endorsement of the Veterans of Foreign Wars Political Action Committee and the National Vietnam and Gulf War Veterans Coalition at an event in Manassas.

Webb, meanwhile, will be appearing alongside a Democrat who lost Virginia in both of his presidential races. Clinton's reputation has improved since he left office, but analysts say he is still a divisive figure for some Republicans and veterans, who make up a sizable voting bloc in the state.

"Certainly, George Allen doesn't want to be seen too closely tied to the unpopular Bush administration and Jim Webb has to be careful, too, because Bill Clinton remains a negative symbol for many voters in this state, especially given Allen's efforts to tie Jim Webb to Hillary Clinton," said Mark J. Rozell, a political science professor at George Mason University.

Webb, a former marine who was wounded in Vietnam, disliked Clinton for years and once said he presided over "the most corrupt administration in modern memory."

Star Power To Fill War Chests (WT)

By Christina Bellantoni

The Washington Times, October 19, 2006

With control of the Senate at stake in Virginia, the two parties have called in their top fundraisers -- President Bush and former President Bill Clinton -- to shore up campaign coffers and boost political spirits.

Mr. Bush this afternoon will host a fundraiser for Republican Sen. George Allen, while Mr. Clinton tonight will ask Democrats to open their arms -- and wallets -- to James H. Webb Jr.

Top Republicans counting on Mr. Allen to help them retain their majority say a cash infusion from the president will act as insurance for their optimism, and Internet activists are urging their followers to tell every Virginian they know to vote for Mr. Webb.

A senior White House official told The Washington Times on Tuesday that Mr. Bush tonight will talk about taxes and the war on terror, a continuing theme as Mr. Allen tries to paint Mr. Webb as an out-of-touch liberal.

"Allen will win," the official said. "Webb is not connecting well and is just not hitting what he needs to hit."

But Webb supporters think Virginia is ready for a change.

"The Democratic tide is building across Virginia," former Lt.Gov. Donald S. Beyer Jr. said in an e-mail soliciting donations for Mr. Webb.

The Clinton visit "will give people a shot in the arm in the last couple of weeks," said Virginia Gov. Timothy M. Kaine, a Democrat who last fall benefited from his $1.5 million event with the former president.

Mr. Kaine said Mr. Clinton's visit created an "energy" that helped bolster his momentum in the final weeks of the gubernatorial campaign.

Mr. Webb still badly needs the cash to keep his television ads on the air until the Nov. 7 election.

Mr. Webb's campaign Web site asks his supporters to donate to the "Fight Back Fund," where each $100,000 will pay for one day of ads.

Mr. Bush's private fundraiser, to be held at the Science Museum of Virginia in Richmond, is expected to raise $500,000 to $600,000 and energize the Republican faithful.

First lady Laura Bush also is expected to raise $100,000 at a Northern Virginia fundraiser with Mr. Allen's wife, Susan.

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The White House official was confident the cash will help Mr. Allen fight the negative $1 million television ad campaign the Democratic Senatorial Campaign Committee (DSCC) is running against him. "We're a considerable distance towards getting this problem solved," the official said.

Mr. Allen's campaign said he will use the money for its get-out-the-vote operation, a crucial element to winning a campaign when the national mood favors the Democrats.

DSCC Chairman Charles E. Schumer of New York told reporters this week that his group would spend $20 million nationally on get-out-the vote efforts. Democrats need a net gain of six seats to hold the majority in the Senate.

Although Mr. Allen has a slight lead or is tied with Mr. Webb in most polls, the Virginia seat is "teetering on the edge," pollster Charlie Cook wrote in the National Journal this week.

Party activists on both sides are welcoming the comparison between the dueling presidents.

Mr. Clinton, who lost in Virginia in 1992 and 1996, will headline the fundraiser at the McLean home of former Democratic Sen. Charles S. Robb.

"Brilliant," wrote a blogger on the pro-Allen A-Team Blog. "Do an event with Bill Clinton who lost Virginia twice and Chuck Robb who lost his last statewide election to your current opponent. On Nov. 8, Webb can join them as part of a trio of Virginia losers."

The Allen campaign yesterday dredged up comments that Mr. Webb, a former Republican, made in 1992 calling the Clinton White House the "most corrupt administration in modern memory."

Mark J. Rozell, a professor of public policy at George Mason University, warned that the presidential visitors could harm more than help the campaigns.

Mr. Allen doesn't want to seem too tight with Mr. Bush, whose approval rating hovers in the high 30s. Mr. Webb has said Mr. Allen has been a "rubber stamp" for an unpopular war.

"Virginians are growing sick of Allen's unquestioning support of the bloody U.S. occupation of Iraq," reads a post on an anti-war site organizing a protest to coincide with Mr. Bush's visit.

At the same time, Mr. Clinton is a "negative symbol" for many Virginia conservatives, Mr. Rozell said.

Sen. Hillary Rodham Clinton has held a fundraiser for Mr. Webb, a move Mr. Allen says proves his opponent will be loyal to the New York senator and other liberals.

"Having the Clintons in town will help George Allen mobilize the conservative core of his party," Mr. Rozell said.

Mr. Allen has raised $13.4 million for his re-election. Most political observers expected him to have an easy race and be able to save most of that cash for a potential 2008 White House bid.

Instead, he's facing a tough fight with Mr. Webb, who served as President Reagan's secretary of the Navy. Mr. Allen also has been forced to deflect accusations that he used racial slurs as a young man, which surfaced after he called an Indian-American man working for the Webb campaign "macaca."

As of Oct. 1, Mr. Allen had $5.5 million in the bank and Mr. Webb had $2.7 million.

The men have spent $10.3 million combined, but that does not include money from outside groups such as the DSCC. In 2000, Mr. Allen and Mr. Robb spent $16.7 million combined.

Allen Changes Direction On War In Iraq (DPHR)

By Jim Hodges

Daily Press, October 19, 2006

LYNCHBURG -- Senator George Allen, who has voted down the line with the Bush administration on the conduct of the war in Iraq, signaled a change of direction today.

Democratic opponent Jim Webb asked why it had taken so long.

"Although our principles and strategic goals remain unchanged, mistakes have been made and progress has been too slow," said Allen before the Virginia Association of School Superintendents.

Allen also said that the Iraqis should be given 60 to 90 days to stem the violence, particularly in Baghdad, before the U.S. initiates a change.

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Allen also had harsh terms for the Iraqis. "The Iraqi people and the Iraqi leaders need to show some backbone, some spine," Allen said. "We can't continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics."

Allen's change follows his being endorsed by Senator John Warner, who recently returned from a trip to Iraq to say that the war was not working.

At a rally across town, Webb said Allen's change in his view of the war was not unexpected.

"He's been trying to get his position like me since we began the race," Webb said.

As to Iraq's taking over its own destiny, Webb scoffed. "We can't put this on an Iraqi government that can't even control the road from the green zone to the airport."

Allen For Senate (WT)

The Washington Times, October 19, 2006

For the past six years and previously as governor from 1994-1998, Sen. George Allen has ably represented the Commonwealth of Virginia. A vigorous conservative, he is a good choice for both moderate and conservative voters this November. The Washington Times endorses him for re-election to the U.S. Senate over Democratic challenger James Webb.

Mr. Allen's opponents have tried to obscure his record, which is no surprise. Mr. Allen has voted to cut taxes; opposed illegal immigration; supported the Patriot Act and other tough antiterrorismmeasures; supported our troops in Iraq and Afghanistan; and voted for conservative judges. He has also pushed free trade; defended traditional marriage; expanded opportunities for education and health care; aggressively worked to improve benefits for veterans; and sponsored economic, transportation and military initiatives which improved the livelihoods of Virginians across the state. That's a record the citizens of the Commonwealth can applaud.

Not so well known is Mr. Allen's record on local matters: Mr. Allen has pushed to widen I-66 inside the Beltway and helped spur the Springfield Interchange and Wilson Bridge projects. He pushed the Dulles Corridor Metrorail project and widening of I-95 between Route 123 and the Fairfax County Parkway. He has secured $3.63 billion in federal nanotechnology funding, the largest such investment in history. He has fought to prevent discriminatory and innovation-stifling taxation on Internet businesses. He has secured greater rates of return for Virginia's gas-tax dollars, which means more federal money for roads, highways and other state infrastructure.

He has also done right by Virginia's veterans. He has pushed for active-duty-equivalent health and education benefits for reservists and members of the National Guard. He sponsored legislation to increase the service member's death benefit from $12,000 to $100,000. He saved the Defense and Veterans Brain-Injury Center from a damaging budget cut and found scarce dollars to improve its treatment of wounded service members. He has also helped finance unprecedented health-care improvements at the Department of Veterans Affairs which has advanced by leaps and bounds in recent years.

As governor of Virginia, Mr. Allen cut taxes by $1 billion, abolished parole for violent criminals and swept away years of inefficient government regulations. A decade later these accomplishments still yield dividends for Virginians.

In a Senate with as slim a Republican majority as the current one -- one which could shrink this November -- there are scenarios in which a George Allen loss would flip the Senate to Democratic control. That would likely mean no more constitutionalist judges, no tough immigration reform, withdrawal from Iraq, a dismantling of tough antiterrorism measures; and paralysis on much of the Bush administration's remaining agenda. The stakes are high.

James Webb is an intelligent and honorable servant of his country, but he is not the man conservatives remember as President Reagan's Secretary of the Navy in 1987-88. This estranged Republican-turned-Democrat is now a pro-choice, pro-homosexual "marriage," anti-Iraq war liege of the Democratic party. Hillary Clinton and John Kerry have campaigned for Mr. Webb, and he will be honored by Bill Clinton this week. An intensely negative campaign on behalf of the challenger has partially obscured the chasm between Mr. Webb's current views and those of conservative Virginia. It can't be hidden, however. The James Webb of 2006 is too liberal for the Commonwealth.

For Virginians who favor low taxes, strong defense, limited government and traditional values, George Allen is the clear choice for U.S. Senate. This newspaper endorses him without reservation.

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Clinton Urges Dems To Question Criticism (AP-Y)

By Philip Elliott

AP, October 19, 2006

Former President Clinton bemoaned ideologues who describe opponents as "running for office on his or her way to hell" and urged Democrats not to shy from fighting back.

Clinton, criticizing Republicans weeks before the midterm elections, told an audience at Georgetown University on Wednesday that intellectual debate should trump partisan rancor and either-or choices are false.

"Most of us long for politics where we have genuine arguments, vigorous disagreements but we don't claim to have the whole truth and we don't demonize our opponents and we work for what's best for the American people," he said.

Clinton, whose wife Sen. Hillary Rodham Clinton, D-N.Y., is eyeing a 2008 White House run, spoke at his alma mater to mark the 15th anniversary of his series of speeches there as a then-fledgling presidential candidate. The former president gave notice that Democrats would not be passive victims of attacks.

"This is a contact sport, politics," he said. "You can't complain about being attacked. It's like Yao Ming complaining about being fouled playing basketball."

Clinton said he doesn't see Democrats shying from the debate.

"It's not that we want a bland, mushy, meaningless politics," he said. "We like our debate. ... We understand that campaigns will be heated and only one side can win. But we want it to be connected somehow to real lives and real people, to aspirations of ordinary Americans to the future of our children and our grandchildren."

Recently, the former president engaged in a testy exchange with Fox News over his administration's record on terrorism.

During remarks that were framed as a discussion of the common good, Clinton decried personal attacks against candidates for perceived lack of faith.

"It's not about who represents the religious truth and who is basically running for office on his or her way to hell," Clinton said.

Clinton also argued that the GOP has allowed its conservative element to drown out moderate voices.

"The ideological, right-wing element of the Republican Party has been building strength, partly in reaction to things that happened 40 years ago — Barry Goldwater's defeat, the excess of the '60s, Ronald Reagan's election" he said. "But this is the first time on a consistent basis, the most conservative, the most ideological wing of the Republican Party has had both the executive and legislative branches with a very distinct governing philosophy and very distinct political philosophy."

He said the United States' effort to develop new weapons and cut taxes undercut the moral arguments.

"They favor unilateralism whenever possible and cooperation when it is inevitable," Clinton said without specifically mentioning members of the Bush administration.

"The problem with ideology is, if you've got an ideology, you've already got your mind made up. You know all the answers and that makes evidence irrelevant and arguments a waste of time. You tend to govern by assertion and attacks."

In response, Tracey Schmitt, a spokeswoman for the Republican National Committee, said, "It's not surprising to hear these attacks from a man widely recognized for repeatedly playing the blame game to cover his own mistakes."

Clinton spoke at an event sponsored by the Center for American Progress, a Democratic group run by his former chief of staff, John Podesta.

Clinton Reflects On His 2 Terms And Hits Hard At Republicans (NYT)

By Anne E. Kornblut

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — With fewer than three weeks until the midterm elections, former President Bill Clinton resumed his role as chief communicator of the Democratic Party on Wednesday in a speech that wrapped policy objectives in soaring rhetoric about bringing Americans together behind a single purpose.

Under the banner of securing the “common good,” Mr. Clinton reflected on his eight years in office as a time of effective governance and pressed Democrats to fight back against Republican claims of moral superiority.

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In a speech designed to commemorate his policy addresses from his presidential campaign 15 years earlier, Mr. Clinton did not prescribe remedies for his party or give expansive advice about the 2008 presidential campaign. And his advisers insisted that the speech, at Georgetown University, was not tied to any presidential aspirations of his wife, Senator Hillary Rodham Clinton.

Instead, Mr. Clinton's advisers said, the address was an effort to convey the purpose of his two terms under a single heading. Mr. Clinton reviewed many of the themes of his own political career, especially that of leveling the economic playing field for all Americans.

He portrayed Republicans as reactionary extremists who have been effective at winning elections but not running the country. And he urged greater dialogue between the two sides, to reach consensus and hear each other's views.

"Not that we want a bland, mushy, meaningless politics — we like our debates," Mr. Clinton said. "The country has been well served by its progressive and conservative traditions. We understand that campaigns will be heated, but we want it to be connected somehow to the real lives of real people, to the aspirations of ordinary Americans."

He continued: "This sort of politics — striving for a common good — for me stands in stark contrast to both the political and governing philosophy of the leadership in Washington today and for the last six years."

"The more ideological, right-wing element of the Republican Party has been building strength, partly in reaction to things that happened 40 years ago," Mr. Clinton said.

The speech, delivered at his alma mater, was the keynote address at a seminar sponsored by a research organization, the Center for American Progress, directed by Mr. Clinton's former chief of staff, John Podesta.

John Halpin, a scholar at the center who worked on the conference, said Mr. Clinton's message helped fill a void left by Congressional Democrats, who have, in recent elections, failed to put their messages under a single, comprehensible umbrella that voters can understand.

"I don't think we've gotten a lot of foundational leadership from the Hill on this," Mr. Halpin said. "I think a lot of people are still stuck in this mindset of projecting a litany of policy solutions."

Clinton Lists Differences With GOP, Administration (WP)

By Dan Balz

The Washington Post, October 19, 2006

Former president Bill Clinton said yesterday that the governing Republican majority has abandoned the common good in favor of ideologically driven politics that demonize its opponents, has forced ordinary Americans to fend for themselves and has too often left the United States isolated internationally.

Speaking three weeks before the midterm elections, Clinton used a lengthy speech looking back at his own administration to offer sharp contrasts between the approach of Democrats in the 1990s and that of Republicans since President Bush took office more than five years ago.

"They believe the country is best served by the maximum concentration of wealth and power in the hands of the right people," he told a mostly student audience at Georgetown University. "Right in both senses."

Clinton went on to say that while Democrats "believe in mutual responsibility, they believe that in large measure people make or break their own lives and you're on your own." He continued: "We believe in striving, at least, to cooperate with others because we think there are very few problems in the world we can solve on our own. They favor unilateralism whenever possible and cooperation when it's unavoidable."

Clinton was critical of various Bush administration policies. Noting that there are no easy solutions, he said the administration has undermined its efforts to stop North Korea and Iran from developing nuclear weapons by seeking funds for two new nuclear weapons for the U.S. arsenal.

The pretext for yesterday's address was to reprise a series of speeches Clinton gave at Georgetown 15 years ago as he was launching his first campaign for the White House. Those speeches set out Clinton's centrist New Democrat philosophy with what he then called a "New Covenant" of opportunity, responsibility and community. That framed the campaign message he used to win the White House in 1992 and the blueprint he used through much of his presidency.

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Speaking at a conference sponsored by the Center for American Progress, a liberal think tank that has become home to many of his former aides and advisers, Clinton also decried the state of political discourse, arguing that it has become far more rancorous and destructive than when he ran a decade ago.

"It's not that we want a bland, mushy, meaningless politics," he said. "We like our debates. . . . We understand that campaigns will be heated and only one side can win. But we want it to be connected somehow to the real lives of real people, to the aspirations of ordinary Americans, to the future of our children and grandchildren."

Clinton tried to square his sharp criticism of Republicans with his call for a different tone in political debate by stressing that there is a difference between engaging in debates about issues and philosophies and launching personal attacks.

"I long for the day when we will return to a debate that is not about who's a good person and who's a slug, not about who represents the religious truth and who is basically running for office on his or her way to hell," he said. "I long for the day when Republicans and Democrats will sit around and have these raucous, exciting arguments and actually love learning from one another and we create the common good out of the dynamic center."

Tracey Schmitt, a spokeswoman for the Republican National Committee, responded by saying: "It's not surprising to hear these attacks from a man widely recognized for repeatedly playing the blame game to cover his own mistakes."

Clinton Comeback (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, October 19, 2006

When Hillary Clinton and John McCain traded rhetorical blows over North Korea last week, some pundits hailed the exchange as a taste of 2008: a titanic clash between the early front runners in the next presidential election.

They forgot that the real titans of modern politics have yet to leave the stage: two relatively young, two-term presidents who show no sign of stepping out of the national debate on domestic politics and foreign affairs. Welcome to the heavyweight title fight between Bill Clinton and George W. Bush.

Clinton declared his political comeback Wednesday with a set-piece speech that is aimed, according to his aides, at framing his governing philosophy in the context of the 2006 elections. Clinton's goal: to show why his philosophy works, and why Bush's doesn't. Clinton, of course, doesn't cite Bush's name. But he hardly pulls his punches against what he calls "the leadership in Washington today."

In theory, Wednesday's speech marked the 15th anniversary of Clinton's "new covenant" speech at Georgetown University. In practice, it marked a reinventing of Clinton's themes—three weeks before the congressional elections—for today's problems.

Back in 1991 (as he was running for president), Clinton explained his new covenant like this: "People once looked at the president and the Congress to bring us together, to solve problems, to make progress. Now, in the face of massive challenges, our government stands discredited, our people are disillusioned. There's a hole in our politics where our sense of common purpose used to be."

Now the disillusion and discontent is fueled more by war than the economy. But Clinton is still trying to offer a vision of what he calls the "common good" instead of division over taxes, culture and conflict. "We believe in mutual responsibility. They believe that, in large measure, people make or break their own lives and you're on your own," he explained in today's speech. "We believe in striving, at least, to cooperate with others because we think that there are very few problems in the world we can solve on our own. They favor unilateralism whenever possible, and cooperation when it's unavoidable."

Clinton touched on some old themes: what he sees as the GOP's giveaways to big corporations and the wealthiest Americans, instead of his policy priorities: expanded health care, fiscal responsibility and tax cuts for the middle class. But he also outlined a New Democrat's approach to foreign policy. "I think the common-good approach on national security worked," he said. "It was a combination of carrots and sticks. We did have military encounters. We didn't succeed at everything we tried to do, but I think on balance the world was safer when we stopped than when we started."

Since the deadly Indian Ocean tsunami of 2004, Clinton and George H.W. Bush—the man he beat in 1992—have formed a close working relationship that has been transformational. And aides say the current president genuinely enjoys Clinton's company, as well.

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But there's another transformation that has quietly taken place over the last six years. When Clinton left office, his approval numbers in the Gallup poll were at a low 39 percent in early 2001. Today they are 20 points higher, and they have risen steadily as President Bush's numbers have dropped. Something similar happened to former president George H.W. Bush through the Monica Lewinsky scandal. That rise in 41's standing helped propel his son into a presidential campaign. It's entirely possible that Clinton's comeback will help propel his wife into her presidential campaign.

In the meantime, it's worth comparing the campaign schedules of the current president and his predecessor. On Thursday night, both Bush and Clinton will be in Virginia. In Richmond, the current president is scheduled to stump for embattled Sen. George Allen. At the exact same time, the former president will be headlining a private fund-raiser in McLean for Allen's Democratic opponent, Jim Webb. Last week, Bush headlined a $1.1 million fund-raiser for GOP congressional hopeful Peter Roskam. On Monday, Clinton will head to Illinois to campaign for Roskam's opponent, Tammy Duckworth, where he is expected to raise about $1 million. Wherever Bush goes, Clinton follows.

Yet Bush's profile is often lower than Clinton's on the campaign trail. While Clinton has been a welcomed speaker by Democrats in many of the nation's hottest House and Senate races, Bush's campaign schedule just isn't what it was four years ago.

Since August, Bush has appeared at public campaign events outside Washington just 15 times, according to an analysis by National Journal. By comparison, Bush had appeared at 29 public campaign events during the same period in 2002. White House officials have discounted the analysis because it does not take into account the private fund-raising Bush has done in recent weeks—including a stopover in Ohio for Sen. Mike DeWine. Yet there's no disputing that many Republican candidates have kept Bush at arm's length this year.

While Bush's schedule for the final weeks of the campaign hasn't been finalized, a tentative schedule provided by a senior administration official has the president on the road for just two to three events each week before Election Day—not the heavy schedule one might expect for a president whose party is in real jeopardy of losing control of Congress.

In contrast, Clinton has been a hot ticket in recent weeks, following his highly publicized interview on "Fox News Sunday" in which he angrily defended his administration's legacy on his handling of Al Qaeda and terrorism. He has stumped for congressional candidates in hotly contested races in Tennessee, Missouri, Ohio, New Jersey, Pennsylvania and Minnesota, among other states.

Last weekend, he headlined a fund-raiser for Iowa Democrats in Des Moines, where he paraded into the room on a long red carpet like a celebrity on Oscar night. Women shrieked and men fumbled with their cameras as the former president walked by offering handshakes and high-fives. It could have been a scene straight out of 1996—except "Hail to the Chief" was replaced by a song off of U2's latest album.

Just as Bush has stepped up his attacks on Democrats in the final weeks of the campaign, Clinton has started trashing the current administration for increasing the federal deficit, bungling the response on Hurricane Katrina and for being "the most secretive and unaccountable" White House in history.

"You cannot blame the entire Republican Party," Clinton told supporters in Iowa. Casting his speech notes aside, the former president accused Republicans of trying to "paint themselves as pure and the rest of us who don't agree with them as stained" in order to stay in power. All three branches of government, Clinton said, were in control "not of the Republican Party, but of the most ideological, the most right wing, the most extreme sliver of the Republican Party."

Democrats, Clinton said, have a "big responsibility." "Forget about politics," he whispered. "Just go out and find somebody and look them dead in the eye and say, 'You know this isn't right'… We can do better, and this year, it's a job that Democrats have to do alone."

It's not clear that Clinton can connect with his old "common ground" message. But he is trying to identify the problem that every recent poll points to: a deep dismay with today's politics and the direction of the country. A recent Pew Research Center poll found 30 per cent of Americans said they were satisfied with the way things were going in the country. That's lower than Bush's personal approval ratings (37 percent) and lower than the number who said the military effort in Iraq was going fairly well or very well (also 37 percent).

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That national discontent does not just originate with Iraq or Bush, even if they are big factors behind the gloom. Only Republican and Democratic leaders rate lower than Bush, and by a slim margin, voters dislike the GOP more (33 percent approval versus 35 percent for Democrats).

Back in 2000, Bush shared a striking political quality with Clinton, even as the current president ran on a slogan of restoring honor to the Oval Office: he shared his optimism. In that period, he called Bill Clinton "the shadow," tapping into the anger over Clinton's scandals by offering a fresh start.

Three campaign seasons later, the political message hasn't changed much—but the messenger has. Now it's Bill Clinton who is talking about a fresh start, while Bush's message is more about finishing what he started: more about gritty resolve than a brighter day ahead. That's the opening that the boy from Hope is trying, once again, to exploit.

Fall TV Lineup Filled With Political Spots (USAT)

By Susan Page

USA Today, October 19, 2006

MINNEAPOLIS — Patty Wetterling, the Democratic congressional candidate in a Republican-leaning district here, trailed her opponent by 9 percentage points a month ago. Then she ran a stark, 30-second TV commercial.

The ad has helped turn the race around.

Four days after Florida Rep. Mark Foley resigned in disgrace, Wetterling broadcast the first ad in the country on the scandal over Foley's suggestive computer messages to former congressional pages. She demanded an investigation, and she noted her activism on behalf of children, a cause she adopted after her 11-year-old son Jacob was abducted 17 years ago and never seen again.

Now, a Minneapolis Star-Tribune poll released Tuesday gives Wetterling an 8-point lead over Republican Michele Bachmann, who had been favored to carry the 6th Congressional District, the most conservative in the state.

Between the ad itself and the coverage it generated, "there's not anybody in the state who doesn't know Patty Wetterling is connected to that issue," says political scientist Steve Smith, who lives in the district.

Though some candidates are experimenting with posting ads on websites and campaign video on YouTube, old-fashioned commercials on local TV stations remain what Democratic strategist David Axelrod calls "the nuclear weapon" of politics.

As the Nov. 7 elections approach, viewers across the country face an autumn deluge of campaign ads, especially in places such as Minnesota that have several competitive races. During the local news shows here — campaigns prefer them on the theory that people who tune in to the news are likely to be voters — the customary ads for new cars and diet aids have been largely replaced by ones for candidates.

On Minneapolis-St. Paul stations alone, more than $7.4 million had been spent by last Friday on ads aimed at shaping the election outcome, according to the media firm TNSMI/Campaign Media Analysis Group, and the most intense three weeks of advertising were still ahead.

In the House race, Wetterling had spent $874,000, Bachmann $416,000 and the National Republican Congressional Committee $1.2 million. Each of the two Senate candidates and two gubernatorial candidates had spent $1 million or more.

"TV is still the weapon of choice for politicians," says Evan Tracey of TNSMI. He predicts a record $1.4 billion to $1.6 billion will be spent nationwide on political ads this year, with no signs of a drain to the Internet. "It delivers the largest audience in the most efficient manner."

At KARE-TV here, for example, not one campaign chose the less-expensive option of posting ads on the station's website instead of or in addition to putting them on the air.

Most Americans insist they don't believe what is said in campaign commercials. Half of those polled by USA TODAY/Gallup this month said they believe "not much" of what's in political ads; 20% said they believe "nothing at all." Only 5% said they believe all or almost all of what was said.

Campaign strategists and political scientists say ads do work, though, especially the negative ones that voters profess to hate.

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To look at this month's onslaught of campaign pitches, USA TODAY tracked all the political commercials broadcast on a single day, Oct. 10, on KARE, an NBC affiliate and the Twin Cities market's top-rated news station. (KARE is owned by Gannett, as is USA TODAY.)

The first ad, for Democratic Senate candidate Amy Klobuchar, catches early risers at 5:06 a.m., two hours before the first streaks of dawn. It's shown again 16 times, the last at midnight. Through the day, there are 10 ads for her opponent, Republican Mark Kennedy, 12 for Democratic gubernatorial candidate Mike Hatch, 5 for Bachmann and 4 for Wetterling.

Oh, and 11 ads against Wetterling financed by the GOP House campaign committee.

Of the 59 campaign ads on the air this day, 22 are mostly positive, giving reasons to vote for a candidate. Thirty-seven are mostly negative, giving reasons not to vote for the other side. Democrats' ads are almost evenly divided — 17 positive, 16 negative — while Republican ads are negative by 4-to-1. That's one sign that Republican candidates are on the defensive this year.

There's no doubt what Republicans want to talk about: taxes. Sixteen GOP ads focus entirely on taxes, and the other 10 all mention the subject. In contrast, just two of the Democratic ads focus on taxes. Two others are Wetterling's ads on the Foley scandal. Seventeen include a mix of issues, from the federal budget deficit to college loans.

The 12 ads aired by Hatch, the Democratic gubernatorial candidate, feature a buzz-cut police officer in uniform and badge defending Hatch and criticizing Republican Gov. Tim Pawlenty on public safety.

Pawlenty, in a tossup race for re-election, isn't on the air on this day. The next morning, he unveils a commercial that uses a “referee” wearing black-and-white stripes and blowing a whistle to accuse Hatch of supporting higher taxes.

Political ads' first task: sway the undecided voters who determine close races.

In the House race, Bachmann's spot runs first, at 5:31 a.m. It touts her record of “fighting for lower taxes” as a state senator, including her support for eliminating the estate tax. The 30-second spot shows her speaking at a lectern, chairing a meeting and poised to dig into a hamburger at a picnic.

The ad doesn't mention Bachmann's opponent, but a half-hour later, Wetterling is slammed, courtesy of the National Republican Congressional Committee. By law, such independent ads can't be coordinated with the campaign, but national committees in both parties routinely fire at the opposition while the candidate takes the high road.

Wetterling is shown walking in slow motion as the announcer says she “broke her promise” not to run for the seat again after she lost a bid two years ago — there is the sound of a paper being torn in half — and labels her “a high-tax liberal politician we can't trust.”

At 9:29 a.m., in a sort of debate-by-ad, Wetterling punches back. Wetterling, a junior high math teacher before she became an activist for children, rotates two different ads today. One of them, focusing on the Foley scandal, blames congressional leaders for a “coverup” of Foley's misbehavior and demands the resignation of any who are found to be involved.

The other talks about taxes.

“Politician Michele Bachmann claims she's for lower taxes,” the announcer says, then adds that she has expressed support for a national sales tax. That would increase the cost of a car, home, groceries or a gallon of gas by 23%, he says.

“Michele Bachmann: Radical ideas we can't afford,” he says, as the sort of music heard in movies just before the killer jumps out of the closet plays in the background.

The juxtaposition of opposing ads is often no accident. The Federal Communications Commission requires stations to maintain a public log of campaign ads as they are booked. As elections approach, both parties send trackers to the stations nearly every day to check what the other side has in the works.

What's missing from the day of ads is as notable as what's included. Not one cites party affiliation — the better to attract independent voters — and none mentions the Iraq war or any other foreign-policy issue.

The war is an unavoidable topic in other venues, of course, including campaign debates and TV newscasts. Through this day, local news programs repeatedly report that a 27-year-old Army sergeant from Montevideo, Minn., has been injured by a roadside bomb in Iraq.

But Republican candidates don't want to spotlight the increasingly unpopular war or the president whose approval ratings have slumped, says political scientist Steven Schier of Carleton College in Northfield, Minn. The subject carries risks for Democrats, too, who are trying to appeal to independent and Republican voters.

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In her ads, Klobuchar is trying to be seen not as an anti-war liberal but as a tough-minded prosecutor, says Smith, who teaches at Washington University in St. Louis. Klobuchar is the chief prosecutor in Hennepin County, which includes Minneapolis.

In his ads, Kennedy is trying to nick Klobuchar while softening the edges of his image.

Klobuchar's ad runs midway through The Tonight Show with Jay Leno. Kennedy's ad follows 15 minutes later.

"Why are you picking on Amy Klobuchar?" a little old lady wearing a pink sweater demands as she sits next to Kennedy on a park bench, slapping his shoulder with the back of her hand. "Saying she gave out all those plea bargains and that she will ration our prescription drugs? You said she wanted to raise Social Security taxes and will give Social Security to illegal immigrants. Why did you say all those things?"

"Because they're true," replies Kennedy, wearing a plaid shirt and gray sweater.

"Oh," she says, mollified like the Emily Litella character portrayed by the late Gilda Radner on Saturday Night Live. "Never mind."

Klobuchar's double-digit lead in statewide polls has prompted the Democratic Senatorial Campaign Committee to cancel plans to buy airtime in the race. It will use the money on closer contests in Missouri and elsewhere. KARE general manager John Remes calls the number of ads for and against a candidate "an excellent barometer" of how close a contest is.

Even Bev Carleson, the 73-year-old woman from St. Louis Park, Minn., who was hired to appear in Kennedy's ad, isn't sure she's been persuaded by it.

She got the job not because of her politics but because the ad firm asked local talent agencies for a "quirky" old lady. After years of operating a hardware store with her then-husband, Carleson began at age 60 what she calls a "mini-career" of appearing in local ads.

Filming two versions of the 30-second spot took six hours on a sunny Sunday afternoon.

"He has a very clean-cut, boyish look, and his plaid shirt, you know — he's a very, very nice man," Carleson says of Kennedy. But when it comes to the election, put her down as undecided. "I have not made up my mind," she says, and doesn't feel any need to do so until Election Day is closer.

She'll have a chance to see a lot more TV ads about it before then.

Tables Turned For The G.O.P. Over Iraq Issue (NYT)

By Adam Nagourney And Jim Rutenberg

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Four months ago, the White House offered a set of clear political directions to Republicans heading into the midterm elections: embrace the war in Iraq as critical to the antiterrorism fight and belittle Democrats as advocates of a "cut and run" policy of weakness.

With three weeks until Election Day, Republican candidates are barely mentioning Iraq on the campaign trail and in their television advertisements.

Even President Bush, continuing to attack Democrats for opposing the war, has largely dropped his call of "stay the course" and replaced it with a more nuanced promise of flexibility.

It is the Democrats who have seized on Iraq as a central issue. In debates and in speeches, candidates are pummeling Republicans with accusations of a failed war.

Rather than avoiding confrontation on Iraq as they did in 2002 and 2004, they are spotlighting their opposition in new television advertisements that feature mayhem and violence in Iraq, denounce Republicans for supporting Mr. Bush and, in at least one case, demand the ouster of Defense Secretary Donald H. Rumsfeld.

"I support our troops and I voted for the war, but we shouldn't stay the course, as Mr. Corker wants," Representative Harold E. Ford Jr., the Democratic candidate for Senate in Tennessee, says in one advertisement.

Mr. Ford's Republican opponent, Bob Corker, is shown against a backdrop of wartime scenes, saying, "We should stay the course," a phrase that Republicans once described as a rallying cry for the campaign.

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Taken together, the discussion on the campaign trail suggests just how much of a problem the Iraq war has become for Republicans. It represents a startling contrast with the two national elections beginning in 2002 with the preparation for the Iraq invasion, in which Republicans used the issue to keep Democrats on the run on foreign policy and national security.

The development also suggests that what has been a classic strategy of Mr. Bush's senior adviser, Karl Rove — to turn a weakness into a strength — is not working as well as the White House had hoped.

"As the Iraq war gets more unpopular, the environment for Republican candidates erodes," said Mark Campbell, a Republican strategist who represents several Congressional candidates, including Representative Jim Gerlach of Pennsylvania, who is fighting for re-election in one of the toughest races.

"Only in an election year this complicated can Republicans be happy that Mark Foley knocked the Iraq war off the front page," Mr. Campbell said.

A senior strategist familiar with Republican polling who insisted on anonymity to share internal data said that as of midsummer it was clear that "stay the course" was a self-defeating argument.

At that point, the strategist said, Republicans started trying to refine their oratory or refocus the debate back to discussing terrorism, where Republicans continue to say they wield the stronger hand and where candidates are running advertisements that Democrats describe as effective.

Democrats, seeing similar data in their polls, advised candidates to confront Republicans aggressively, in the view that accusations that Democrats would "cut and run" would not blunt Democrats' efforts to mock Republicans as wanting to "stay the course."

"For the first time in modern memory, Democrats are actually on the offensive when it comes to national security," said Matt Bennett, a founder of Third Way, a moderate Democratic organization that has been briefing Democrats on discussing the war and national security. "It is really stunning."

As of this week, party officials said, Democratic candidates in at least 17 of roughly 35 closely contested Congressional seats and at least six of eight Senate races considered close are running television advertisements against the Iraq war, presenting viewpoints that extend to calling for a troop withdrawal.

More broadly, Democrats in all parts of the country, in New Jersey, Pennsylvania, Ohio and New Mexico are embracing the war issue.

"It's not just the Northeast and the West Coast," Senator Charles E. Schumer of New York, head of the Democratic Senatorial Campaign Committee, said. "It's places like Virginia and Tennessee. Iraq and foreign policy are to a large extent albatrosses around the Republicans' neck this year. And they don't know what to do about it."

Republicans and Democrats said the White House effort to turn the war into an affirmative Republican issue was undercut by the increasing violence there, along with more American deaths that have brought the war home in the form of mournful articles in local newspapers.

That complicated the White House effort to present the Iraq war as part of the antiterrorism effort, and it has contributed to support for the war reaching record or near-record lows.

In the New York Times/CBS News Poll taken from Oct. 5 to Oct. 8, two-thirds of respondents said they disapproved of Mr. Bush's handling of the war and 66 percent said the war was going somewhat or very badly.

In the poll, 45 percent said Democrats were more likely to make the right decision on Iraq, compared with 34 percent of Republicans.

The White House counselor, Dan Bartlett, said Mr. Bush had always emphasized flexibility in tactics to achieve victory in Iraq. Mr. Bartlett said the president's recent added emphasis on adaptability had been prompted by the violence in Iraq and reactions to it, not because Republicans were on the defensive.

"The public sees what's happening in Iraq, they see the persistent violence, and they want to make sure that we're adapting," Mr. Bartlett said.

He said the White House and the Republican Party were not about to cede the traditional advantages on national security to Democrats. Mr. Bush, he added, would step up his attacks on their national security credentials at campaign appearances in

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Pennsylvania and Virginia on behalf of two of the most endangered candidates, Senator George Allen of Virginia and Representative Don Sherwood of Pennsylvania.

Mr. Bartlett said Iraq remained a winning issue in the broader context of the war on terrorism, which the party would continue to hit hard.

Mr. Bush tried to do that on Wednesday in an interview on ABC News, telling George Stephanopoulos, the interviewer, that when voters go to the polls on Nov. 7 "they're going to want to know what that person's going to do, what is the plan for a candidate on Iraq, what do they believe?"

When Mr. Stephanopoulos asked Mr. Bush whether the increasing violence in Iraq was similar to the Tet Offensive in 1968, the Vietnam War campaign that is often cited as turning American opinion against the war, Mr. Bush said such a comparison "could be right," suggesting that terrorists were aiming for a similar result.

Mr. Bush's aides said he would continue to criticize Democrats on the war even if his words were not echoed by Republican candidates the way they were in 2002 and 2004.

In this environment, several Republicans said they had given up on trying to win an advantage on the war and would be satisfied in at least wrestling Democrats to a draw on it.

"When you lay out arguments in a clear way, you can argue this thing to sort of neutral at worst and, possibly, a slight advantage," said Russ Schriefer, a Republican strategist who is advising several candidates this year.

Mr. Schriefer said the best case that Republicans could make now was that "we can't afford to leave until the job is finished."

Andrew Kohut, president of the Pew Research Center for the People and the Press, which has polled extensively on attitudes toward the war, said Pew figures suggested that one hope for Republicans earlier in this campaign — that Democrats would be hurt if they were perceived as criticizing the war without offering a strategy for withdrawal — had not been borne out.

"They are not getting punished for not offering an opinion," Mr. Kohut said. "The Democrats have an advantage on this issue, without having to say much about it."

Republicans and Democrats said they could not name any examples of Republicans' trying to use the war as a campaign issue.

But examples of the war being used by Democrats were abundant this week. In a debate in New Jersey, Thomas H. Kean Jr., the Republican challenger to Senator Robert Menendez, was repeatedly asked — 27 times, according to a statement put out by Senate Democrats — whether he would have voted for the resolution authorizing the Iraq war.

Mr. Kean refused to answer.

In Florida on Wednesday, Ron Klein, the Democratic challenger to Representative E. Clay Shaw Jr., an embattled Republican, attacked Mr. Shaw with an advertisement that said the congressman "even refuses to question Bush's handling of the war in Iraq."

And in Rhode Island, Sheldon Whitehouse, a Democrat who is making a strong challenge to Senator Lincoln Chafee, one of the six most-endangered Republicans, began running an advertisement urging the dismissal of Mr. Rumsfeld.

"Chafee refuses to call for his firing," the commercial said.

Linking Iraq To The War On Terror Has Downside For GOP (RC)

By Stuart Rothenberg

Roll Call, October 19, 2006

President Bush and his allies have spent months trying to drum up support for the administration's Iraq policies by arguing that the Iraq War isn't merely an isolated battle but rather the front line in a much larger war against terrorism.

Of course, that's not a new strategy. They did the same thing leading up to the 2004 presidential election, and they apparently succeeded, because exit polls showed a narrow majority of Americans saw Iraq as part of the fight against terrorism. The president won a second term because of that fight.

This year, it's fashionable to believe the link between those two "wars" has been severed in the public's mind. After all, a clear majority of Americans now tell pollsters they think the Iraq War is a mistake, even though they support the war against terror.

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My view is somewhat different. I believe the president has achieved what he wanted to achieve all along — to have Americans see Iraq as part of the larger American effort against terror — but he failed to understand that U.S. military and policy failures in Iraq could cause Americans to see the war on terror as failing as well.

Consider what we all have been witnessing in Iraq: a growing number of U.S. casualties and fatalities; increased reports of violence and anti-Americanism; ineffectiveness on the part of the U.S.-backed Iraqi government; and little or no progress toward the establishment of a stable Iraqi government that can overcome sectarian loyalties and make progress toward a sustainable democracy.

It's no wonder Americans give the president increasingly poor grades on his handling of the war on terror. By Bush's own standard, the front line of the war against terror — his Iraq policy — has been considerably less than successful.

"They have destroyed their great numbers on the war against terror by linking it to Iraq," one GOP observer I talked with recently commented.

While it is true that the public gives the president somewhat higher marks for handling the war on terror than for handling the Iraq War, the gap between the two has been shrinking.

Of course, the war on terrorism includes more than the Iraq War; it involves uncovering plots, apprehending potential terrorists, stopping the flow of money to terrorist groups and more. On some of those fronts, the administration has clearly been successful, and some Americans give the president credit for those successes. But in Iraq, and increasingly in the other military theater, Afghanistan, U.S. policy certainly appears flawed.

For Republicans, the virtual elimination of the war on terror as an effective political issue is a disaster, since it has been the party's ace in the hole.

Anyone who has watched the day-to-day arguments in races around the country has no choice but to come to the conclusion that Republican candidates have few issues at their disposal except the personal warts of their Democratic opponents.

In a number of races, including the Senate contests in Virginia and Montana, Republican incumbents apparently have adopted the worn-out strategy of longtime Republican consultant Arthur Finkelstein: Call your opponent a liberal as long and as loudly as you can, and eventually the voters will agree.

Well, this year that simply isn't working. It's hard to paint former Navy Secretary Jim Webb as a liberal, especially since he doesn't have a legislative record, and Montana Democrat Jon Tester looks more like a farmer with a buzz cut (which he is) than a liberal.

And given the Bush administration's performance in Iraq, Congress' handling of Social Security and immigration and the number of GOP officeholders who are headed for jail or who have been totally discredited, voters don't much care about buzzwords being thrown around by Republican strategists and candidates.

In Virginia, one television ad for Sen. George Allen (R) shows challenger Webb with Democratic Sens. Hillary Rodham Clinton (N.Y.), Edward Kennedy (Mass.) and John Kerry (Mass.). For many Republicans, those are still scary images. The only question is whether they are scarier than Bush, Defense Secretary Donald Rumsfeld, Rep. Bob Ney (R-Ohio) and former Rep. Mark Foley (R-Fla.) right now.

I'm not suggesting that Republican consultants deserve most of the blame for the lack of issues to use against Democrats this cycle. Rather, the fault rests with the White House and with some Republicans on Capitol Hill, who fumbled Social Security, immigration, ethics and lobbying reform and, most importantly, the Iraq War.

But the lack of issues can't be ignored, and it helps explain why Republicans have been unable to drive a wedge between voters and Democrats this election year.

Democrats also deserve credit for finally addressing some of the problems that they created for themselves over the past 35 years.

For at least the past two years, their leaders have not passed up the chance to reiterate their support for the war against terror, thereby going a long way toward neutralizing the GOP's advantage on national security.

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To a great extent, they repositioned themselves on national security and defense the way Republicans once did when they turned around education by emphasizing reform, rather than the GOP's previous rhetoric of calling for the elimination of the Department of Education.

So now, Democrats have some newfound credibility on national security. Let's see what they do with it over the next couple of years.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Iraq Is Big Issue For Voters Seeing The Upside Of War (NYT)

By John Leland

The New York Times, October 19, 2006

MADISON, Ala. — In this boomtown of military contractors and veterans, Carla Rock, 36, sat on an aluminum bleacher on a recent afternoon watching her children's tennis lesson and discussing the coming midterm elections.

Mrs. Rock said that she was aware of the unease about the war in some parts of the country, and that she was concerned about the nuclear test in North Korea. But over all, she said, America is on the right course.

"I feel things are good here," she said. "The economy's good, so it's hard to rock the boat."

Mrs. Rock, a Republican who twice voted for President Bush, said she would not want Democrats to take control of Congress with the country at war.

"I'd rather they be on the same page," she said of the White House and Congress.

Madison, a well-to-do community of new brick housing developments on former cotton fields, is one of the fastest-growing towns in the Southeast. Its population of 36,000 is more than double what it was in 1990, largely because of the military and aerospace industries, which employ more than half the area's workers. Companies like Boeing, Hewlett-Packard and Raytheon have branches here.

In interviews this month about the elections, the overriding concern here was, in fact, the war in Iraq. But many residents said they were not seeking dramatic change.

In the big races here, polls show commanding leads for the incumbents: Gov. Bob Riley, a Republican, and Representative Bud Cramer, a conservative Democrat who is running uncontested. Statewide, of the four Republican members of Congress in contested races, none faces serious challenge. Alabama's seats in the Senate, both held by Republicans, are not up for election until 2008 and 2010. The close races here are for lieutenant governor, attorney general and secretary of state.

Even so, the concerns expressed in interviews were less on local affairs than national ones.

While many here have friends or relatives serving in Iraq, the town has also benefited from military contracts, which lead to high salaries, low unemployment and rising real estate values.

"As much as people hate to say it, when the country is at war, it makes our area more productive and creates jobs," said Bob Wagner, 52, an engineer for a military contractor who also serves on the City Council.

This year alone, new or expanding companies have brought 3,000 jobs and $175 million in investment to the area. A 3,800-acre research park abutting the Redstone Arsenal Army base is the second largest in the country.

In the last midterm election, Mr. Wagner, a registered Republican and former marine, said his greatest concern was to "make sure America stood up to our enemies." He added, "When 9/11 hit I was all gung-ho to go to Afghanistan." On Iraq, he said he trusted the administration to pick the best course.

"I think there will be a time to move the troops out," Mr. Wagner said, "and I expect our leaders to have that information and act on it."

In addition to the war, he said another concern was property taxes: he does not think they are high enough.

With the community's rapid growth, Mr. Wagner said, "I'm worried about how we bring more money into the area" for schools, roads and other infrastructure.

Northern Alabama, which benefited from New Deal programs in the 1930's like the Tennessee Valley Authority, was once largely Democratic but now regularly splits the ticket, voting for Republican presidential candidates since 1980 while sending

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conservative Democrats to Congress. Madison's churches, including large Baptist and United Methodist congregations, are thriving but not very politically active.

"Dissatisfaction with the war came late to Alabama," said David J. Lanoue, chairman of the political science department at the University of Alabama. "Instead of the president's approval declining to 35 percent, it declined to 50 percent or slightly above."

Dr. Lanoue added that the state Democratic Party had been weakened by years of defeat, and was hindered by district lines that favor incumbents. Republican candidates also benefit from the coattails of Governor Riley, he said.

Still, some residents of Madison, often those who have relatives in the military, say the Iraq war is changing their minds about a lot of things.

Helen Lee, 55, twice voted for President Bush, but now said he lacked the right experience to send troops to war. Like many residents, she comes from a family of servicemen, including her father, grandfather and husband; her son is on inactive status in the Marine Corps while he attends college.

Mrs. Lee is a registered Independent who says she votes mostly Republican. In the last midterm elections, in 2002, the Sept. 11 attacks were fresh in her mind, she said, and her biggest concern was for national safety. Now, Mrs. Lee said she had lost confidence in Mr. Bush.

"Bush is not listening to his active-duty military people," she said. "Bush and his advisers never served. You don't go in and 'take somebody out.' He's ignoring history, including centuries of hatred."

Aaron Beale, 26, a marine corporal on inactive reserve, is also impatient about Iraq. Mr. Beale said that four years ago he supported Mr. Bush and the plans for war, but his feelings have changed. Though he agreed with the push to remove Saddam Hussein, he said: "The war has gone on so long because we don't have enough troops. I've had friends killed because we're doing patrol missions with our hands tied. We can't defend ourselves."

In the coming election, Mr. Beale said that he wanted Democrats to win majorities in Congress, but that he was not tied to either party. "I used to be closer to the Democrats," he said, "but now it doesn't matter to me, as long as we get someone who knows what he's doing."

While he waits to be redeployed, Mr. Beale, too, is benefiting from the booming local economy: he is working as a personal trainer, largely for the successful military contractors and their families. "It's all a Catch-22," he said.

In a bungalow in Madison's historic district, Michael Murch, 39, an engineer who works on missile simulation, said that he was most concerned about terrorism and Iraq, but that people should have expected the war to go on this long. "A lot of people choose not to accept that," Mr. Murch said. In the long run, he said he expected the war to reduce the threat of terrorism, even if it meant higher risk along the way.

Like some others, Mr. Murch said he felt sheltered in Madison, but that in the last four years he had become more concerned about some national issues, including same-sex marriage — which he described as "an irritation" rather than a voting issue — and illegal immigration. Illegal immigrants have become "integral to the economy, but they're starting to strain some parts of the country," he said. "You can't round them up and throw them out. We can't live without them. But I'd like to stop the flow. That would be a voting issue."

Mr. Murch said the war had hurt some parts of the local economy, because financing for some research and development projects had gone to buying military equipment. But over all, he said that he thought the economy was strong and that he was planning an addition to double the size of his house. "It feels good to me because I'm not having some of the problems that they have in the rest of the state," he said. Even if engineers in Madison get caught in budget shifts, he added, "There's an abundance of jobs."

McCaskill Calls For Rumsfeld's Firing; Talent Does Not (CCT)

By David A. Lieb

The Contra Costa Times, October 19, 2006

KANSAS CITY, Mo. - She has declared Iraq a mess, called for a redeployment in two years and chastised Republican Sen. Jim Talent for not questioning Secretary of Defense Donald Rumsfeld.

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Now Missouri Senate challenger Claire McCaskill has joined various Democrats nationally in asserting that Rumsfeld should be fired.

McCaskill, Missouri's auditor, added Rumsfeld's ouster to her Iraqi war critique during her fifth and final debate against Talent in Missouri's nationally watched Senate race. Talent declined to say whether Rumsfeld should be retained or removed, but continued his defense of President Bush's war policies.

Responding to McCaskill's many criticisms, Talent declared: "She wants to pull out of Iraq, you can hear it, and the government will collapse and terrorists will take over."

The war in Iraq has been one of the most consistent themes both nationally and in Missouri's Senate campaign for the Nov. 7 elections. Democrats need to gain six seats to wrest control of the Senate from Republicans, and polls show Talent and McCaskill about even.

On Wednesday, McCaskill rattled off a list of what she said had been poor advice from Rumsfeld - that Iraq had weapons of mass destruction when it did not; that sectarian conflict would not bog down the U.S. military; that there would be no U.S. occupation in Iraq.

"He should definitely be fired," McCaskill said in response to a question from a debate panelist. "He has not given one piece of advice to this president that turned out to be true."

Talent, asked the same question, replied: "I don't normally tell presidents who they ought to have or not have in the national chain of command."

As he did in a debate Monday in Springfield, Talent went on the offensive Wednesday by questioning the business practices of McCaskill's husband, whether her family had paid all its taxes and her effectiveness as a Kansas City area prosecutor in 1990s.

"My opponent has a record that suggests she's not going to change the system in Washington and might even be part of the problem," Talent said.

McCaskill defended her record on each account and claimed Talent was running a "a campaign of innuendo," which she suggested Talent himself did not really believe.

"I think he's a good man, and I think he works hard," McCaskill said. "I don't believe he's comfortable trying to assault my character as he is, but he's going along with his political advisers who tell him you have to hit her hard and make it personal."

Later at the urging of a media panelist, the candidates whose campaign commercials have become increasingly negative showered some praise on each other. McCaskill described Talent as "very intelligent," a hard-worker and a "strong family man." Talent described McCaskill as a "tenacious battler" who has remained committed to her children.

The debate before about 200 people at Kansas City's University Academy charter school was not televised live because one of the sponsoring television stations, KMBC, chose not to pre-empt the hit show "Dancing with the Stars." Instead, the debate is to be broadcast Thursday night. A loud and constant hum over the sound system made it difficult for the audience to hear the candidates' voices.

At one point in the debate, Talent complained that McCaskill had called him "a false patriot" and that her campaign had said he was "surrounded by scandal."

McCaskill apologized for the false patriot remark - made during a September campaign stop in Jefferson City - but added she disagreed with the level of funding for veterans benefits that Talent and the Republican-led Congress had approved.

"You are surrounded by scandal, but it's not your fault, it's because you're in Washington," McCaskill added, drawing the largest laugh of the evening from the audience.

The candidates were asked what two pieces of legislation they would like to see passed in the first 100 days of Congress, should their party win control in this year's elections.

McCaskill provided three answers: implementation of all of the recommendations from the bipartisan commission established after the Sept. 11, 2001, terrorist attacks; an increase in the federal minimum wage; and an amendment to the Medicare prescription drug law to allow negotiations with pharmaceutical companies for lower prices.

Talent defended the existing Medicare prescription drug law as a good deal for seniors and provided one wished-for bill to pass - his own measure permitting small businesses to pool together in buying health insurance for their employees.

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McCaskill rebutted that Talent has been unsuccessful in passing the bill for several years and suggested it didn't go far enough in mandating the types of health problems that insurers must cover.

Many Jabs In Missouri Senate Debate, But No KO (SLPD)

By Matt Franck

St. Louis Post-Dispatch, October 19, 2006

One started throwing punches at the opening bell. The other began by symbolically laying aside her gloves.

But by the time the fifth and final debate between Sen. Jim Talent and Missouri Auditor Claire McCaskill had concluded Wednesday, both had taken their share of jabs at each other.

Talent opened the debate in Kansas City by returning to a tactic he used in a debate Monday in Springfield. Once again, he launched into an assault on issues related chiefly to McCaskill's personal life, such as her husband's finances and property taxes she was once late in paying.

In so doing, Talent attempted to turn the race's dynamic on its head.

Throughout the campaign, McCaskill has portrayed Talent as a Washington insider, incapable of changing the system. But Talent sought to topple that pillar of McCaskill's strategy.

"My opponent has a record that suggests that she's not going to change the system, and she might be even part of the problem," he said.

McCaskill, in turn, used her opening statement to rebuke Talent for engaging in a campaign that she said was based on innuendo and character assault. She pledged to stick to the issues and suggested that Talent could not do likewise because his advisers had told him to engage in attacks.

"I think he's a good man," McCaskill said. "I don't think he's comfortable attacking my character like he is. They have convinced him that he needs to do this."

TODAY'S TALK: Televised debates: Valuable insight into candidates or political theater?

In most every respect, Wednesday's debate returned to themes that already had been well-trodden in four prior debates. The two even parroted many of the exact lines they had used in prior engagements.

Once again, McCaskill sought to portray Talent as an unquestioning supporter of President George W. Bush's policies, most notably the war in Iraq. But she broke new ground, calling for the resignation of Defense Secretary Donald Rumsfeld.

"He should definitely be fired," she said. "He has not given one piece of advice to this president that has turned out to be correct."

Talent said the war had been more difficult than anticipated. He said Rumsfeld had been at a disadvantage because of prior cutbacks in military staffing. Finishing the task, he said, is the only alternative in the conflict.

"The only thing worse than going through what we're going through now in Iraq is going through it for nothing," Talent said.

On other issues, the two candidates again differed in their takes on the economy. Talent cited low unemployment, double-digit economic growth and a surging stock market as validation that tax cuts approved in recent years were stimulating the economy.

McCaskill suggested that the only ones enjoying those financial statistics are those on Wall Street.

"If Senator Talent thinks that Americans are feeling this prosperity, he's not talking to real Missourians," she said.

The two also differed on a new prescription drug plan for older adults. Talent said the plan was working. McCaskill said Congress didn't do enough to negotiate with pharmaceutical companies for lower prices.

The two found rare common ground, at least partially, on the issue of education policy. Both said the No Child Left Behind law was too fixated on rigid goals, rather than rewarding schools that improve.

The debate offered each candidate a chance to question the other. As she did in a debate Monday, McCaskill asked Talent to state whether he supports a state ballot measure to increase the minimum wage.

Talent declined, saying that's an issue for state voters. But he said he supports minimum wage increases - if coupled with tax breaks for small business.

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Talent again questioned McCaskill's personal record, such as taxes she was late paying on a condo. McCaskill has said that the property was occupied by her brother and that she paid the taxes when she learned they were delinquent.

Talent's harshest criticism was of the finances of McCaskill's husband, saying he oversees a complex web of businesses, dozens of which pay no taxes.

McCaskill said she and her husband had provided highly detailed information to the Senate on her family's finances, which she said were completely proper.

"Just because my husband's businesses are complicated doesn't mean he's done anything wrong," she said.

Going negative

The most bitter exchanges between the two were on the campaign itself.

Talent said he had stuck to parts of McCaskill's record that are relevant to the office. In contrast, he said, McCaskill has often attacked him with no specifics, such as connecting him to scandal and challenging his patriotism.

McCaskill apologized for calling Talent a false patriot but would not back down from other remarks.

"You are surrounded by scandal, but it's not your fault. It's because you are in Washington," she said, drawing the night's biggest response from the audience.

The two did speak well of each other when asked to do so by one of the panelists. McCaskill praised Talent for his intelligence. Talent, in turn, said he respected McCaskill's tenacity.

The Kansas City event was the final round of a statewide tour of debates in Lake of the Ozarks, Clayton and Springfield. Additionally, the two candidates squared off on national television on NBC's "Meet the Press."

The debate was held at the University Academy Charter School before an audience of nearly 200. The debate will not be broadcast on television or radio until today in Kansas City. It is scheduled to air in St. Louis on KETC (Channel 9) at 9 p.m. Friday.

Iraq War Key Point Of Dispute In Senate Race (BSUN)

By Sumathi Reddy

The Baltimore Sun, October 19, 2006

Increasing his attacks on the president's Iraq policy, Senatorial candidate U.S. Rep. Benjamin L. Cardin today called for the administration to fire Secretary of Defense Donald Rumsfeld and develop a plan to bring American troops home immediately.

Cardin, a Democrat, criticized his Republican opponent, Lt. Gov. Michael S. Steele, for his support of President Bush's Iraq policy -- an accusation the Steele campaign adamantly denied today.

"There is a major difference between Michael Steele and me on what we need to do in Iraq and what we need to do in foreign policy," said Cardin speaking at Towson University at an event organized by a group of College Democrats. "I believe we need change. Michael Steele believes in the status quo."

Doug Heye, Steele's communications director, insisted that Steele has been critical of the administration's Iraq policy.

"Michael Steele has not been silent on this issue," Heye said. "He has called for the president to be more open with what the mission on hand is and to set specific benchmarks so that we can get the job done as quickly as possible and bring our troops home as quickly as possible."

Heye said he did not know Steele's position on Rumsfeld. He said Steele does not support a timetable, unlike Cardin.

Cardin remained less specific than in a speech he gave four months ago in which he set the end of 2007 as a goal for a full troop withdrawal.

Today he said "we don't need a time schedule," but when asked he said the figure given by military experts, of 10,000 troops a month, was a "reasonable expectation."

Calling the administration's Iraq policy a "disaster" and "colossal mistake," Cardin charged that Bush and his administration have "mismanaged this war at just about every step," and have neglected to acknowledge their mistakes.

He again reiterated that the National Guard troops must be the first to return home so they can defend the country against potential terrorist attacks and natural disasters. He also called for an international conference with Iraq and other countries to implement a cease-fire and discuss how to rebuild the country.

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Citing the development of nuclear weapons in North Korea and potentially Iran, Cardin charged that Iraq had led the administration to lose focus on the war against terror.

"We had a failure in North Korea policy as a result of this administration's focus on Iraq rather than focusing on the real dangers against America," said Cardin.

Heye said Cardin's Iraq position is not as clear and consistent as the congressman portrays it.

At today's event, Cardin said he has always remained opposed to the war and voted against it four years ago. "It may not have been a popular vote four years ago but it was the right vote and I'm proud of that," he said.

When asked by a student what his biggest mistake as a congressman has been, he said, "I'm sorry that I haven't been more effective in stopping this war in Iraq."

Blacks Divided On Whether Hoyer's 'Slavish' Remark Was Racist (WT)

By Jon Ward And S.a. Miller

The Washington Times, October 19, 2006

Opinion was mixed among black leaders in Prince George's County yesterday about whether a top Democrat's comment that Maryland Lt. Gov. Michael S. Steele is "slavishly" devoted to the Republican Party is racist.

"If there are those that feel offended, then I guess it has merit," said the Rev. Joel Peebles, assistant pastor at Jericho City of Praise, a large black church.

Mr. Peebles attended an afternoon luncheon in Beltsville, where he and about 30 other pastors listened to Mr. Steele, a black Republican running for the U.S. Senate, speak about his moral convictions.

House Minority Whip Steny H. Hoyer, Southern Maryland Democrat, made the comment Sunday before a group of mostly black business leaders in Upper Marlboro, as reported by MSNBC.

Mr. Hoyer, who is white, has apologized for the remark, saying he should not have used the word "slavish," but that he meant no offense.

"Why use that word?" Mr. Steele said in an interview. "You saying it tells me you think it and feel it."

Rep. Benjamin L. Cardin, Mr. Steele's Democratic opponent, yesterday agreed that Mr. Hoyer's remarks were "the wrong words to use," but said the apology should "put an end to it."

Race has played a key role in the Maryland Senate race, which has been one of the most-watched contests in the nation. Mr. Steele, the first black to win a statewide election in Maryland, has the potential to capture votes among the Democratic Party's most loyal voting bloc -- blacks.

Wayne Frazier, a black businessman who attended Sunday's luncheon, said that he was not offended by the remark and did not see or hear anyone else who was offended by it.

"After Steny Hoyer spoke, it was a standing ovation they gave him," said Mr. Frazier, who is a staunch Cardin supporter. "It didn't affect the audience at all."

"I see it as Michael Steele refusing to address the issues and trying to incite folks," Mr. Frazier said.

Mr. Steele rejected that argument.

"In my view, it is absolutely [racist]," Mr. Steele said in an interview. "Why do [the rules] always seem to change with me?"

In 2002, Mr. Hoyer called Mr. Steele a "token" candidate, and state Senate President Thomas V. Mike Miller Jr. called him an "Uncle Tom." Both Democrats later apologized for their remarks.

Meanwhile, a Cardin staffer last month was fired for referring to Mr. Steele as an "Oreo" on her personal Web log, and a liberal blogger last year depicted Mr. Steele as a minstrel.

A few influential pastors at the luncheon declined to comment on Mr. Hoyer's remark.

But the Rev. Emma Jean Thompson, co-pastor of Integrity Church in Landover, said, "Many times if you are black and want to be a Republican, you are breaking away from the plantation, and I passionately disagree with that."

The Rev. Anthony Evans, head of the National Black Church Initiative, condemned the remark, and the Maryland Republican Party called on Mr. Hoyer to resign.

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Also yesterday, Mr. Steele released a new commercial in which he criticizes the Republicans for covering up a congressional-page scandal involving Rep. Mark Foley, Florida Republican.

"When I see Washington politicians covering up scandal, protecting each other rather than protecting children, it's time to show them the door," Mr. Steele says. "And I don't care which party they're in."

Mr. Cardin has led Mr. Steele in most polls, but a new Survey USA poll yesterday showed that the two candidates are even.

Lieberman Debates Rivals About Iraq War (AP-Y)

By Andrew Miga

AP, October 18, 2006

The Iraq war touched off a war of words Wednesday as Sen. Joe Lieberman debated four candidates trying to succeed him in the Senate.

Two minor party candidates joined Democrat Ned Lamont in assailing Lieberman's support for the war. Republican Alan Schlesinger reminded the group that the Senate lacks the authority to withdraw troops.

"Three-and-a-half years ago, President Bush rushed our country into war," said Lamont, a wealthy businessman who rode a wave of anti-war sentiment to an August primary victory over Lieberman. "Senator Lieberman cheered him on every step of the way."

Lieberman, who is running as an independent, said, "No one wants to end the war in Iraq more than I do." But he warned against pulling out troops before the job is done.

The three-term senator and former vice presidential nominee criticized Lamont's support for a Senate resolution earlier this year that would have set a July 1 deadline for withdrawing U.S. troops.

"That would be a recipe for disaster," Lieberman said. "We've got to end the war in Iraq, but we've got to do it in the right way."

Green Party candidate Ralph Ferrucci and Concerned Citizens Party candidate Timothy Knibbs joined Lamont in calling for redeployment of U.S. forces in Iraq.

"We really need to pull these troops out right now," Ferrucci said.

Knibbs said the United States had no constitutional, legal or moral ground to invade Iraq.

"We need to get out of Iraq immediately," he said.

Schlesinger delivered an energetic debate performance similar to the one he gave Monday, but the long-shot candidate had a harder time Wednesday because of two minor party candidates.

Schlesinger cautioned that senators lack the power to withdraw troops.

"The problem in Iraq is not military," he said. "The problem in Iraq is political."

Lieberman's Iraq Stance Draws Fire In Debate (NYT)

By Jennifer Medina

The New York Times, October 19, 2006

HARTFORD, Oct 18 — Facing criticism from all sides of the political spectrum, Senator Joseph I. Lieberman was forced to defend himself in a five-way debate on Wednesday, at times appearing frustrated and repeatedly invoking his experience to fend off the group of opponents who are trying to unseat him.

Unlike the situation in the first debate on Monday, which included only the three major candidates and largely steered away from the war in Iraq, Mr. Leiberman's four opponents spent much of their time this time assailing his support of the war.

And this time Ned Lamont, who defeated Mr. Lieberman in the Democratic primary, primarily because of his opposition to the senator's support of the conflict, was joined by two minor party candidates in sharply criticizing Mr. Lieberman.

Alan Schlesinger, the Republican candidate who widely trails Mr. Lamont and Mr. Lieberman in the polls, called for a three-state solution in Iraq, saying: "The problem in Iraq is not the military. The problem in Iraq is political."

Beyond the war, each of the challengers repeatedly turned Mr. Lieberman's experience in Washington against him and argued that his 18 years in the Senate and candidacy for national office undermined his contention that he could change the culture in Washington.

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The format of the debate, which included one-minute answers from each of the five candidates, diffused the arguments and muted the messages of Mr. Lieberman and Mr. Lamont, who have been sparring for months. But like the three-way debate on Monday, the challengers seemed to jar Mr. Lieberman, a veteran debater and orator.

Indeed, Mr. Lieberman was cut off several times by the moderator, Bob Schieffer, the chief Washington correspondent of CBS news and the host of the program "Face the Nation," when he ran over his allotted time for answers. The debate was taped in front of hundreds of people at the Bushnell Theater here and was to be broadcast on WFSB in Connecticut at 7 p.m. on Thursday.

After all four of his opponents railed against the war — the Green Party candidate Ralph Ferrucci said troops should be pulled out "right now" and Timothy Knibbs, the Concerned Citizens Party candidate, said the United States should get out "immediately" — Mr. Lieberman insisted that any discussion about it in Congress should include those who do not favor immediate withdrawal.

"We cannot and will not stay in Iraq forever," he said. "My commitment to Iraq is not indefinite or unconditional. We need to stay there as long as there is a reasonable prospect with our help of building a free and independent Iraq, which will be a whole different path in the Arab world." As he went on, Mr. Lieberman was cut short after his time ran out and Mr. Schlesinger responded sharply:

"You see this is what happens when you spend six years running for president and vice president of the United States, you begin to believe you are actually in the executive branch of the government."

When Mr. Lieberman repeated his recent call to replace Defense Secretary Donald H. Rumsfeld, Mr. Knibbs took a jab, suggesting it was because the senator had been on the "short list" to replace him.

Still, the overall tone of the debate was far more measured and substantive than either Monday or the primary debate, with questions ranging from domestic issues like social security and gas prices to the threats from North Korea and Iran.

Mr. Lamont criticized a bill Mr. Lieberman sponsored that called for "regime change" in Iran.

"Reminds us an awful lot of how we got into Iraq," he said. "I think first and foremost we've got to use hard-headed tough negotiations, working in concert with our allies, try sanctions and force as a backup."

Mr. Schlesinger made it clear that he agreed with Mr. Lieberman on that issue, saying that it would be impossible to negotiate with President Mahmoud Ahmadinejad of Iran. Mr. Lieberman did not back off his support for the legislation, saying it was because "there are some leaders you can't negotiate with."

"History reminds us in the case of Hitler and Osama bin Laden that they said exactly what they ultimately did," Mr. Lieberman said. "He wants to wipe out Israel and he has told thousands in the town square of Tehran: Imagine a world without the United States of America. That is possible in our time."

In previous debates, Mr. Lamont has appeared off-kilter and nervous. On stage, he seemed slightly more comfortable, though he often spoke quickly during his answers. Mr. Schlesinger, who gave a dramatic performance in his first debate this week, appeared calmer, though he continued to deliver lines that drew several whoops and laughs from the audience. Even Mr. Lieberman chuckled when Mr. Schlesinger derided Mr. Lamont's wealth and the millions he has spent in his campaign. But Mr. Lieberman was more often the recipient of the barbs from Mr. Schlesinger, who derided him as a tax-and-spend liberal whom conservative voters should not trust.

Later, he said Mr. Lieberman did not understand the "real world" between the "Potomac and Hollywood."

"If you had someone doing a job for 18 years, and after 18 years their record was one of complete failure, what would you do? What do you think should happen with that person?," Mr. Schlesinger said before turning to Mr. Lamont and asking, "You're a businessman, what would you say about someone like that?"

Quietly, Mr. Lamont responded, "It's time to go."

Even as Mr. Lieberman hammered the concept of bipartisanship and invoked his credentials as an independent, he spoke of the prospect of becoming chairman of the Homeland Security committee if the Democrats take over the Senate.

Schlesinger Shines In Senate Debate (NLD)

By Ted Mann

DOJ_NMG_0083170

New London (CT) Day, October 19, 2006

Hartford — Once again, U.S. Sen. Joe Lieberman and challenger Ned Lamont squared off in a debate Wednesday. And once again, all the good lines were stolen by the guy whose campaign was left for dead months ago, even in his own party — Republican Alan Schlesinger.

Schlesinger, running a more-than-distant third to Lieberman and Lamont in recent public opinion polls, reprised the animated, jesting style he had shown earlier in Wednesday's debate at the Bushnell in Hartford, which was taped for broadcast at 7 tonight by WFSB-Channel 3.

And most of his sharpest jabs — like those of the two other candidates, Ralph Ferrucci of the Green Party and Timothy Knibbs of the Concerned Citizens Party — were aimed at Lieberman.

As the candidates grappled with a question about the war in Iraq, and how they would handle the eventual withdrawal of troops, Schlesinger suggested both Lamont and Lieberman were implying they'd have more control over what happens in that country than they would actually enjoy if elected. And he also got in a swipe at Lieberman's national campaigns in 2000 and 2004.

"You see, this is what happens when you spend six years running for president and vice president of the United States," Schlesinger said. "You get to believe that you're actually in the executive branch of the government.

"No one on this stage, no one on this stage is going to pull the troops out immediately," he continued. "What we need to do is help the president, help the administration, help the Congress come up with some sane answer so that our troops will come home naturally. That's the only thing that makes sense."

Little new material was presented. With five candidates sharing the stage, answers were quick, and both Lieberman and Lamont largely served up re-mixed renditions of their usual stump speeches.

Lamont charged the Bush administration with leading the country into a foolhardy war, and Lieberman with "cheering him on all the way."

Lieberman accused Lamont of distorting his record, and touted his own record of alliances with Republicans as more effective for his constituents.

In between the two of them, gesturing broadly, often bowing in the direction of Lamont or Lieberman as he addressed them, was Schlesinger — a former state representative and mayor of Derby whose candidacy has been so star-crossed thus far that his approval ratings have sunk as low as the margin of error and his own party, from the governor to the president, has refused to formally endorse him.

But Schlesinger shined Wednesday as he had in a debate in Stamford, and his attacks on the incumbent Lieberman seemed to please Lamont's fans as much as they did Schlesinger's own.

In a spat over Social Security, in which Lieberman reiterated his opposition to partial-privatization proposals for the program even as Lamont noted that the senator had "been on both sides of the issue" in the past, Schlesinger drew the only applause.

"I say we repeal congressional pensions and put the Congress under Social Security like the rest of us," he said.

After Lieberman mentioned the Social Security trust fund, a prime topic in the senator's vice presidential campaign in 2000, Schlesinger turned to Lieberman, impassioned, to insist that the program's funding is in jeopardy.

"I'm telling you," he cried. "From the bottom of my heart! This thing is not funded. It's IOUs from Joe Lieberman and Al Gore."

Lamont's campaign could benefit from the debate-stage ascendance of Schlesinger, whose campaign seemed derailed months ago by revelations he had gambled under a fake name. But Schlesinger's appeals Wednesday were to the very voters who have helped Lieberman overcome animosity within his own party to build a lead over Lamont since the primary — Republicans, conservatives and moderates.

Schlesinger even seemed to gift-wrap a punch line for his Democratic rival at the close of the debate, asking Lamont what he would do with an employee who had failed to fix a problem after working for 18 years, the length of time Lieberman has spent in the Senate.

"Probably time to go," Lamont dutifully responded, to laughter from the half-filled auditorium.

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Outside the theater, Schlesinger was ebullient, and refused to concede that he might play the role of spoiler by siphoning conservative votes from Lieberman.

"Joe Lieberman took the votes away from me," he said. "I'm just getting 'em back."

A Lamont campaign volunteer stood nearby, and shouted out for quiet when a driver in a pickup truck honked his horn.

"Let Alan speak," he said.

Poll Finds Support For Tax Increase (WP)

By Michael D. Shear

The Washington Post, October 19, 2006

A large majority of Northern Virginia residents want the state to spend more money to fix the region's roads and rails, and more than three-quarters say they wanted the opportunity to raise local taxes to do it, a new Washington Post poll shows.

Overall, the survey finds deep resentment among the region's voters toward their government in Richmond, particularly the General Assembly. Only 9 percent of likely Northern Virginia voters polled said they were "very satisfied" that the government is working for the best interests of their part of the commonwealth. Forty-eight percent of those voters said they were dissatisfied, compared with 37 percent in other parts of the state.

At the same time, those likely voters living in the Washington suburbs gave extremely high marks to Gov. Timothy M. Kaine (D), despite his having so far failed to make good on his campaign promise to help solve the region's transportation problems. Almost 80 percent of Northern Virginians approve of the job he is doing as governor, the poll found.

That result suggests that General Assembly members in Richmond are taking the brunt of the blame for the stalemate over transportation funding that consumed lawmakers for much of the year. In the poll, 55 percent of the region's likely voters blamed lawmakers, especially Republicans, for the failed special session last month. Only 11 percent blamed Kaine.

Asked for their assessment of the job General Assembly members are doing, just 42 percent of Northern Virginians gave a positive response, compared with 56 percent in other parts of the state.

The results highlight a truth about the Washington suburbs: There is desperation for a traffic fix and frustration with a state government that has not been able to deliver one.

"Every day it gets worse," said Elias Ullah, 32, an independent voter and father of two who commutes from Manassas to Alexandria. "I'd like to pay more taxes. The time you're wasting [in traffic] is more valuable than the tax money you would pay."

Northern Virginia has been struggling for years with highways that become congested daily, a Metro system that doesn't reach the largest population or work centers and aging roads and bridges that need repair. Officials and business leaders have put the price tag for fixing those problems in the tens of billions of dollars.

Four years ago, voters in Northern Virginia rejected a regional sales tax increase that would have raised $5 billion over a decade. Now, the poll suggests that people in the region might think differently if given a second chance.

Seventy-six percent of likely Northern Virginia voters said they want the opportunity to vote again on a local tax increase. And about half of those voters said they would support a general tax increase or higher fees and tolls to pay for new roads, bridges and mass transit.

"I'm not in favor of paying more taxes, but people have to be willing to raise their taxes to pay for public needs," said Karen Rosenbaum, 68, of Arlington.

Del. Timothy D. Hugo (R-Fairfax), who voted against a package of tax increases during the special session, said Northern Virginia commuters would feel differently if they knew that Republicans in the House had pushed to use the state's surplus for transportation against the wishes of others in the legislature.

"It would have been a step in the right direction," he said of the GOP plan. "When people see there is a huge surplus, their answers will be, 'Spend that money first.' "

The statewide poll of 1,004 likely voters in November's election was conducted Oct. 10-12 and has a margin of error of plus or minus three percentage points.

Despite intense support for action in Northern Virginia, the poll suggests that people in other parts of the state feel less urgency about transportation problems.

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For example, just 9 percent of the people in Lynchburg and Southside Virginia and 16 percent in Richmond said it is "extremely important" that the state spend more on roads. That compares with 40 percent of people in Northern Virginia who said the transportation needs are "extremely important."

There is a measure of hope for Northern Virginians: Two-thirds of respondents in the rest of Virginia were willing to allow regions to raise their own taxes to fund transportation.

Statewide, however, voters remain split about how to finance the needed work.

Asked how they would prefer government to pay for new transportation projects, 17 percent said higher taxes on all Virginians would be their first choice. Twenty-three percent said government should reduce spending on other services. And 32 percent said government should increase user fees, such as tolls.

Elected leaders in Northern Virginia said they are not surprised by the results, especially the expression of frustration with General Assembly members.

"They treat us like a bank," Fairfax County Board of Supervisors Chairman Gerald E. Connolly (D) said of the legislature. "If we have needs, they are transparently uncaring and unresponsive while they are taking billions of dollars in sales and income tax revenue. Our voters are smart. They get it. That's not a good deal."

Connolly and other elected officials in Northern Virginia have pushed for statewide tax increases that would boost transportation spending statewide. Those efforts have been blocked largely by Republicans in the House of Delegates, who say they oppose any general tax increase to pay for road improvements.

Del. Leo C. Wardrup Jr. (R-Virginia Beach), chairman of the House Transportation Committee, said members of the public are often willing to say they will support tax increases for roads until they are presented with a specific plan to do so.

"When people talk about, 'Yes, we're willing to see a rise in taxes,' the next question is, 'Who's it going to be on?' " he said. "I really question the veracity of these polls."

The House GOP has paid for its own polls, which it said show no appetite for tax increases in Northern Virginia or elsewhere.

Members of both parties in the General Assembly have promised to discuss transportation again when they return to Richmond in January. But most express little hope of reaching a compromise soon.

Instead, many Virginia politicians are expecting a spirited debate about who's to blame as all 140 House and Senate seats come up for election next year.

Polling director Jon Cohen and staff writer Eric M. Weiss contributed to this report.

Bloomberg's Car Is Stolen In New Jersey (NYT)

By Sewell Chan And Nate Schweber

The New York Times, October 19, 2006

A gray 2001 Lexus owned by Mayor Michael R. Bloomberg was stolen in a carjacking in Hackensack, N.J., yesterday in which two thieves assaulted a personal employee of the mayor, took the car and ditched it about seven miles away, according to the authorities.

The employee, Gradimir Bosnjak, 62, was on an errand to pick up a colleague when the assault and carjacking occurred at 8:43 a.m., the police in Hackensack said. Though the car was recovered a few hours later, the thieves — a man and a woman who the authorities said attacked Mr. Bosnjak — were not apprehended.

The mayor, whose public schedule yesterday included a morning announcement at the central branch of the Brooklyn Public Library and the Mets playoff game at Shea Stadium last night, was not involved in the carjacking.

Mr. Bosnjak, who lives in Astoria, Queens, is one of several personal employees of Mr. Bloomberg, who lives in a town house on the Upper East Side. Mr. Bloomberg, whose net worth is estimated at $5.3 billion, owns several cars, including the Lexus, according to public records. But he often takes the subway to work accompanied by his police detail.

The crime startled residents in a neighborhood of two-family houses in the Fairmount section of northern Hackensack, in Bergen County.

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Mr. Bosnjak had parked the car on Willow Avenue near Herman Street when a woman approached the driver's side. Mr. Bosnjak had already lowered the window.

"She asked for money — $5 for bus fare — and he says, 'I don't have any,' " said Capt. Frank Lomia, the commander of the detective division at the Hackensack Police Department. "He rolls up the window. The second suspect jumps into the front seat, yells at him and says, 'What did you do to her?' He punches him in the face, then the first suspect reaches into the window that's still open and starts grabbing and pulling at him."

Mr. Bosnjak fought back, but the couple managed to force him out of the mayor's car. The man climbed into the driver's seat while the woman raced around to the other side and also got in. Then they sped off, at one point making a sharp turn and running over the front lawn of a house.

Mr. Bloomberg's car was found around 11 a.m. in front of Parkway Friendly Service, an auto body shop at 30-09 Broadway, along Route 4 in Fair Lawn, about seven miles west of Hackensack. The vehicle had dirt and grass on the front bumper but was otherwise undamaged, Captain Lomia said.

Mr. Bosnjak, who was not robbed, declined medical treatment and was taken to police headquarters, where he was interviewed, Captain Lomia said.

"He seemed like a very nice gentleman," Captain Lomia said. "I would say he's a tough guy. He fought off his attackers. He was able to strike back at the male — he hit him back in the face a couple of times and was able to hit him in the ribs. He fought them off bravely — not something I would recommend to people."

While at the station, Mr. Bosnjak received a telephone call from Mayor Bloomberg, who asked what had happened and expressed concern, according to the mayor's press secretary, Stu Loeser.

"The mayor appreciates the Hackensack Police Department's hard work and hopes that those who committed this crime are swiftly brought to justice," Mr. Loeser said.

The car was examined by investigators from the Bergen County sheriff's office, then released to Mr. Bosnjak, who had a second set of keys with him. Mr. Bosnjak left the police station around 4 p.m.

Police said the two carjackers were both in their mid-20's. The woman was described as being 5 feet 7 inches tall, with light brown skin, a thin build and a nose ring and wearing a light blue jacket. The man was described as being 5 feet 8 inches tall, with dark skin and a thin build and wearing a black cap.

"They got the vehicle and they did go somewhere," Captain Lomia said. "Was that their whole motivation? It sure looks that way."

Chad Clark, 20, who lives in Hackensack, said he was walking by at 8:45 a.m. and saw the police talking with the victim, who was dressed in a tan suit, a white shirt and a tie. "He had a black eye and there was blood on the side of his face," Mr. Clark said. "He looked pretty bad."

Mr. Clark said while he was taking his younger sister to a neighbor's house for a ride to school, he had seen a woman and a man three times, walking up and down Main and Herman Streets. They were looking at houses and appeared confused.

"They looked like they were lost," Mr. Clark said.

The mayor entered his town house in Manhattan around 6 p.m. and left a short while later. He did not answer questions from a reporter. Two women who left the house said they could not comment.

Around 6:30, Mr. Bosnjak returned to his apartment in Queens and declined to answer questions from reporters, saying he was too tired.

Former Mayor Edward I. Koch said yesterday that around 2000, his personal car was stolen while it was parked outside the Queens home of his driver, a retired police officer. "We never recovered it," Mr. Koch said. "Now there's an additional bond between the mayor and myself."

Run, Barack, Run (NYT)

By David Brooks

The New York Times, October 19, 2006

Springfield, Illinois

DOJ_NMG_0083174

Barack Obama should run for president.

He should run first for the good of his party. It would demoralize the Democrats to go through a long primary season with the most exciting figure in the party looming off in the distance like some unapproachable dream. The next Democratic nominee should either be Barack Obama or should have the stature that would come from defeating Barack Obama.

Second, he should run because of his age. Obama's inexperience is his most obvious shortcoming. Over the next four years, the world could face a genocidal civil war in Iraq, a wave of nuclear proliferation, more Islamic extremism and a demagogues' revolt against globalization. Do we really want a forty-something in the White House?

And yet in his new book, "The Audacity of Hope," Obama makes a strong counterargument. He notes that it's time to move beyond the political style of the baby boom generation. This is a style, he said in an interview late Tuesday, that is highly moralistic and personal, dividing people between who is good and who is bad.

Obama himself has a mentality formed by globalization, not the S.D.S. With his multiethnic family and his globe-spanning childhood, there is a little piece of everything in Obama. He is perpetually engaged in an internal discussion between different pieces of his hybrid self — Kenya with Harvard, Kansas with the South Side of Chicago — and he takes that conversation outward into the world.

"Politics, like science, depends on our ability to persuade each other of common aims based on a common reality," he writes in his book. He distrusts righteous anger and zeal. He does not demonize his opponents and tells audiences that he does not think George Bush is a bad man.

He has a compulsive tendency to see both sides of any issue. Joe Klein of Time counted 50 instances of extremely judicious on-the-one-hand-on the-other-hand formulations in the book. He seems like the guy who spends his first 15 minutes at a restaurant debating the relative merits of fish versus meat.

And yet this style is surely the antidote to the politics of the past several years. It is surely true that a president who brings a deliberative style to the White House will multiply his knowledge, not divide it.

During our talk, I reminded Obama that at some level politics is about power, not conversation. He pointed out that he'd risen from nothing to national prominence in a few years so he knew something about acquiring power, but he kept returning to his mode, which is conversation, deliberation and reconciliation.

The third reason Obama should run for president is his worldview. At least in the way he conceptualizes the world, he is not an orthodox liberal. In the book, he harks back to a Hamiltonian tradition that calls not for big government, but for limited yet energetic government to enhance social mobility. The contemporary guru he cites most is Warren Buffett.

He has interesting things to say about the way culture and economics intertwine to create urban poverty. He, conceptually, welcomes free trade and thinks the U.S. may have no choice but to improvise and slog it out in Iraq.

The chief problem in his book is that after launching off on some interesting description of a problem, he will settle back, when it comes time to make a policy suggestion, into a familiar and small-bore Democratic proposal. I'd give him an A for conception but a B-minus for policy creativity.

Obama, who is nothing if not honest about himself, is aware of the problem, and has various explanations for it. And what matters at this point is not his platform, but the play of his mind. He is one of those progressives, like Gordon Brown in Britain, who is thinking about the challenges of globalization outside the normal clichés.

Coming from my own perspective, I should note that I disagree with many of Obama's notions and could well end up agreeing more with one of his opponents. But anyone who's observed him closely can see that Obama is a new kind of politician. As Klein once observed, he's that rarest of creatures: a megahyped phenomenon that lives up to the hype.

It may not be personally convenient for him, but the times will never again so completely require the gifts that he possesses. Whether you're liberal or conservative, you should hope Barack Obama runs for president.

The G.O.P.'s Bad Bet (NYT)

By Charles Murray

The New York Times, October 19, 2006

Las Vegas

DOJ_NMG_0083175

LAST week President Bush signed a law that will try to impede online gambling by prohibiting American banks from transferring money to gambling sites. Most Americans probably didn't notice or care, but it may do significant political damage to the Republicans this fall and long-term damage to Americans' respect for the law.

So, a month before a major election, the Republicans have allied themselves with a scattering of voters who are upset by online gambling and have outraged the millions who love it. Furthermore, judging from many hours of online chat with Internet poker players, I am willing to bet (if you'll pardon the expression) that the outraged millions are disproportionately electricians, insurance agents, police officers, mid-level managers, truck drivers, small-business owners — that is, disproportionately Republicans and Reagan Democrats.

In the short term, this law all by itself could add a few more Democratic Congressional seats in the fall elections. We are talking about a lot of people (an estimated 23 million Americans gamble online) who are angry enough to vote on the basis of this one issue, and they blame Republicans.

In the long term, something more ominous is at work. If a free society is to work, the vast majority of citizens must reflexively obey the law not because they fear punishment, but because they accept that the rule of law makes society possible. That reflexive law-abidingness is reinforced when the laws are limited to core objectives that enjoy consensus support, even though people may disagree on means.

Thus society is weakened every time a law is passed that large numbers of reasonable, responsible citizens think is stupid. Such laws invite good citizens to choose knowingly to break the law, confident that they are doing nothing morally wrong.

The reaction to Prohibition, the 20th century's stupidest law, is the archetypal case. But the radical expansion of government throughout the last century has created many more.

For example, all employers are confronted with rules and regulations from Occupational Safety and Health Administration and the Equal Employment Opportunity Commission that they regard with contempt — not because they cut into profits, but because they are, simply, stupid. They impede employers yet provide no collateral social benefit. And so employers treat the stupid regulations as obstructions to be fudged or ignored. When they have to comply, they do not see compliance as the right thing to do, but as placating an agency that will hurt them otherwise.

The same thing applies to lesser degrees to all of us who find ourselves doing things that we know are pointless (think of various aspects of tax law) only because we fear attracting a bureaucracy's attention. For millions of Americans, our day-to-day relationship with government is increasingly like paying protection to the Mafia — keeping it off our backs while we get on with our lives.

The temptation for good citizens to ignore a stupid law is encouraged when it is unenforceable. In this, the attempt to ban Internet gambling is exemplary. One of the four sites where I play poker has blocked United States customers because of the law, but the other three are functioning as usual and are confident that they can continue to do so. They are not in America, and it is absurdly easy to devise ways of transferring money from American bank accounts to institutions abroad and thence to gambling sites.

And so the federal government once again has acted in a way that will fail to achieve its objective while alienating large numbers of citizens who see themselves as having done nothing wrong. The libertarian part of me is heartened by this, hoping that a new political coalition will start to return government to its proper functions. But the civic-minded part of me is apprehensive. Reflexive loyalty to the rule of law is an indispensable cultural asset. The more honest citizens who take for granted that they are breaking the law, the more their loyalty to the law, and to the government that creates it, is eroded.

Common Sense-Impaired (WSJ)

The Wall Street Journal, October 19, 2006

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Common Sense-Impaired

October 19, 2006; Page A18

The 1990 Americans with Disabilities Act reflected a generous national impulse to provide the most opportunity to all Americans. But the law has also sometimes led to overzealous interpretations and court suits that can defy common sense -- and endanger the broader public.

A case in point is last week's ruling by the Ninth Circuit Court of Appeals that United Parcel Service has violated federal law by banning drivers who are deaf. While acknowledging that federal law requires drivers of trucks heavier than 10,000 pounds to be able to hear, a three-judge panel of the oft-overruled court ruled that UPS was obliged to prove that allowing the deaf to drive one of its ubiquitous brown vehicles would be unsafe.

Part of the problem here appears to be the federal Equal Employment Opportunity Commission. The EEOC filed a brief in the case arguing that, because UPS already hires drivers with risk factors such as previous accidents, it would be discriminatory for it not to accept other risks too. Previously, the EEOC sued UPS unsuccessfully to force it to hire drivers who can see out of only one eye. And a few weeks ago the EEOC sued ExxonMobil, alleging discrimination because the oil giant won't allow pilots over the age of 60 to fly its jets -- despite a federal law prohibiting pilots over 60 from flying commercial passenger planes.

Certainly, deaf Americans can now do many jobs that were unfairly denied them in an earlier era. But professional driving remains the kind of work that also involves public safety. UPS drivers have to keep to a tight schedule, often amid crowded urban traffic where the ability to hear is needed to prevent accidents to other cars and pedestrians. A company such as UPS is obliged to take such precautions if only to protect itself against liability. The Ninth Circuit has once again let its egalitarian impulses trump the larger public good.

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Bush: U.S. Will Stop N. Korea Nuke Moves (AP)

AP, October 19, 2006

President Bush said Wednesday the United States would stop North Korea from transferring nuclear weapons to Iran or al-Qaida and that the communist regime would then face "a grave consequence."

Bush refused to spell out how the United States would retaliate. "They'd be held to account," the president said in an ABC News interview.

In light of North Korea's Oct. 9 test detonation of a nuclear bomb, Bush warned that any transfer of nuclear material elsewhere in the world by the North would be considered a grave threat to the security of the United States. He previously used "grave threat" in relation to Iraq's Saddam Hussein, whose government was toppled in the U.S.-led war in 2003.

"If we get intelligence that they're about to transfer a nuclear weapon, we would stop the transfer, and we would deal with the ships that were taking the — or the airplane that was dealing with taking the material to somebody," the president said.

Asked how he would retaliate, Bush would not be specific, "You know, I'd just say it's a grave consequence."

"The leader of North Korea to understand that he'll be held to account. Just like he's being held to account now for having run a test," Bush said.

The United States repeatedly has said it does not intend to attack the North. But the Bush administration also has refused to take any military option completely off the table.

Shifting to Iraq, Bush said intensifying violence now might be compared with the Tet offensive in Vietnam beginning in 1968. The Viet Cong and North Vietnamese armies undertook a series of attacks that shook America's confidence about winning the war and eroded political support for President Johnson.

"There's certainly a stepped up level of violence, and we're heading into an election," Bush said. But he added, "My gut tells me that they have all along been trying to inflict enough damage that we'd leave. And the leaders of al-Qaida have made that very clear."

Bush said al-Qaida was very active in Iraq. "They are dangerous. They are lethal. They are trying to not only kill American troops, but they're trying to foment sectarian violence.

"They believe that if they can create enough chaos, the American people will grow sick and tired of the Iraqi effort and will cause government to withdraw," he said.

The military said Wednesday that 11 U.S. troops died in combat amid a security crackdown in Baghdad, putting October on track to be the deadliest month for American forces since the siege of Fallujah nearly two years ago.

Bush said the news of casualties "breaks my heart" but said it is surrender "if you pull the troops out before the job is done."

Rice Seeks To Calm Asia Amid Fear Of A Second Test By North Korea (WSJ)

By Evan Ramstad, Neil King Jr. And Gordon Fairclough

The Wall Street Journal, October 19, 2006

As reports circulated that North Korea could be preparing to conduct a second nuclear test, Secretary of State Condoleezza Rice sought to ease jitters in Japan following the first explosion.

But a second test, while certain to provoke widespread condemnation, could provide useful insight into North Korea's technical capability and its intentions, scientists and military analysts said.

Visiting Tokyo at the start of a five-day visit to Asia and Russia, Ms. Rice promised that the U.S. would use the "full range" of its powers to defend Japan.

In addition to encouraging strict enforcement of sanctions against Pyongyang, Ms. Rice is urging countries in the region not to react to the test by pursuing development of their own nuclear weapons. Japanese Foreign Minister Taro Aso said after meeting with Ms. Rice that the government "is absolutely not considering a need to be armed by nuclear weapons."

The Oct. 9 blast was relatively small for an atomic test, leading analysts to conclude that it was either a larger weapon that failed or a small device. The explosion was smaller than the first tests by the seven countries that acknowledge having nuclear weapons -- though a smaller bomb could still be lethal in explosive power and radioactive fallout.

Pyongyang called the test a success, but has withheld any data on the explosion or pictures of the device.

U.S. officials said they doubt that the nuclear device was deliberately small, chiefly because a small explosive is technically more difficult to build.

U.S. intelligence officials have assumed for some time that North Korea probably had one or more nuclear devices. But they have doubts that North Korea is close to mastering the technology needed to build a bomb compact enough to be put inside a long-range missile.

With so little known about the device, it is also possible the country created the equivalent of a so-called dirty bomb, a conventional explosive combined with radioactive material.

U.S. officials said satellite pictures showed activity in North Korea suggesting another test could be in the works. To develop a nuclear arsenal, analysts say, the country would likely conduct many tests and try to make them bigger. "Given the small yield of the first test, the scientific tendency will be to increase the size of the yield in a second test, if it were to happen," said Han Yong Sup, a professor at Korea National Defense University in Seoul.

Jon Wolfsthal, a fellow at the Center for Strategic and International Studies in Washington, said people shouldn't believe a second test signals that the first one was a failure. "They wouldn't want to test a weapon they don't have a lot of confidence in," said Mr. Wolfsthal, especially given the country's limited supply of weapons-grade plutonium. "The North Koreans are clearly in the nuclear business for the long haul," he said.

The Institute for Science and International Security, a Washington arms-control think tank, estimates that North Korea has managed to obtain between 20 kilograms (44 pounds) and 53 kilograms of weapons-grade plutonium. That could be enough to manufacture four to 13 warheads, depending on their size and sophistication.

Japan Tells Rice It Will Not Seek Nuclear Weapons (NYT)

DOJ_NMG_0083178

By Thom Shanker And Norimitsu Onishi

The New York Times, October 19, 2006

TOKYO, Oct. 18 — The government of Japan assured Secretary of State Condoleezza Rice today that it has no intention of pursuing a nuclear weapons program, despite North Korea's detonation of a nuclear device.

"The government of Japan has no position at all to consider going nuclear," said Taro Aso, Japan's foreign minister. "There is no need to arm ourselves with nuclear weapons, either."

His statement came during a joint news conference in which Ms. Rice vowed that the full range of American military commitments to Japan remained undiminished.

"The United States has the will and the capability to meet the full range — and I underscore full range — of its deterrent and security commitments to Japan," Ms. Rice said.

North Korea's nuclear test set off political tremors throughout the region and raised fears that several of the advanced economic and technological powers might seek their own nuclear deterrent, setting off a new Asian arms race.

Japan is certainly a nation with the nuclear know-how to move rapidly, if it chose, toward creating a nuclear arsenal.

Hawks in the Japanese political establishment have said the nation should engage in a debate over going nuclear, but have stopped short of calling for Japan to embark on a nuclear program. But given the legacy of World War II and constitutional restrictions that limit Japan's military to a defense force, even the idea of a debate over a nuclear arsenal is a significant change.

Earlier today, in fact, Mr. Aso told a committee in Parliament that it was "important" to discuss whether Japan should acquire nuclear arms, while stressing that it had no immediate plans to do so. Mr. Aso criticized the long-held taboo in Japan, the only country to have suffered from atomic bombs, against considering acquiring nuclear arms even "at a time when a country next to us comes to have them."

"We can't consider, we can't talk, we can't do anything and we can't exchange opinions — that's one way of thinking," Mr. Aso said. "I believe it is important to have various discussions on it as another way of thinking."

"The reality is that it is only Japan that has not discussed possessing nuclear weapons, and all other countries have been discussing it," he added.

Mr. Aso became the second high-ranking politician close to Prime Minister Shinzo Abe to voice the need for a frank discussion on nuclear arms. On Sunday, Shoichi Nakagawa, the policy chief and one of the top four officials of the governing Liberal Democratic Party, made similar remarks on a television program.

The remarks, albeit followed by quick denials of any intention of acquiring nuclear arms, represent the first time that such prominent politicians have spoken so publicly about the need to open the debate over the issue. They are likely to fuel the fear in Asia of a remilitarized Japan, as well as worries among policy-makers in the United States that the North's nuclear test will trigger a nuclear arms race in this region.

In recent years, under former Prime Minister Junichiro Koizumi, Japan shed several other longtime taboos by deploying troops to Iraq and participating in the U.S.-led missile defense shield.

Upon becoming prime minister last month, Mr. Abe said that his priorities would be to revise the U.S.-imposed pacifist Constitution and eliminate a longtime ban on engaging in collective self-defense.

Within the terms Secretary Rice chose in offering assurance to Japan — that American military power remains committed to treaty obligations to defend Japan and deter other nations from attacking — was the strong signal that Japan has no need to build its own nuclear arsenal.

There was also a message meant for the North Korean leadership to hear, a repetition of Mr. Bush's signals last week that the American military is poised to respond to any attack on its ally.

Senior advisers to the secretary of state have said that while Japan is a stable democracy and a trusted ally, any sign encouraging Japan to go nuclear would have dangerous implications. State Department officials express concerns that no nation could manage the regional turmoil if numerous Asian states, many with simmering historic hostilities, joined the nuclear club.

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In particular, officials fear that any Japanese declaration of a decision to start a nuclear weapons program would prompt another American ally in the region, South Korea, to do the same, and might inspire Taiwan to follow — all actions that would greatly anger China.

Secretary Rice travels on this week to Seoul, South Korea, Beijing and Moscow in an effort to rally North Korea's neighbors to add muscle to enforcing a Security Council resolution on sanctions that some regional powers already have interpreted to suit their national interests.

In many ways, her first stop, here in Tokyo, is the easiest, as Japan and the United States have the most unified public view on efforts to limit, and eventually end, North Korea's nuclear program.

Japan Has No Plans For Nukes; Watch On N. Korea Continues (MCT)

By Warren P. Strobel And Emi Doi

McClatchy Newspapers, October 19, 2006

TOKYO - Japan told visiting Secretary of State Condoleezza Rice on Wednesday that it has no plans to develop its own nuclear weapons, as Asian countries watched North Korea for signs it is planning further nuclear tests.

Rice arrived in Tokyo, the first stop of a four-nation tour, to reaffirm in person the United States' long-standing commitment to Japan's defense and snuff out any trend toward a regional arms race.

In the aftermath of North Korea's Oct. 9 nuclear test, some Japanese politicians have openly asked whether the country should take another look at its own prohibition against nuclear weapons.

But Japanese Foreign Minister Taro Aso said after talks with Rice: "As far as Japan is concerned, we, the government of Japan, have no position at all to consider going nuclear."

Rice, at a brief press conference with Aso, issued a stern warning to North Korea that the United States would come to Japan's defense if necessary.

"The United States has the will and capability to meet the full range - and I underscore, full range - of its deterrent and security commitments to Japan," Rice said.

She was to meet Thursday with new Prime Minister Shinzo Abe for talks that include how to enforce U.N. sanctions that allow for inspection of North Korean cargo.

Japan sees itself as a potential North Korean target and has announced its own unilateral sanctions, including a ban on ship visits and trade imports.

Still, Aso emphasized diplomacy, saying, "We intend to keep the door open to dialogue at all times."

Rice agreed, saying the United States did not want to escalate the crisis.

News reports this week have said that U.S. intelligence agencies have detected additional activity around North Korea's underground nuclear test site, although it is not known whether a second test is imminent.

The United States is committed to Japan's defense under a 1960 mutual security treaty.

Discussion of nuclear weapons is a sensitive topic in Japan, the only nation to have suffered a nuclear attack. Still, Japan has an extensive supply of plutonium for its civilian nuclear power industry, and experts believed it could develop nuclear arms in years, if not months, if it chose to.

On Sunday, the policy chief of Japan's Liberal Democratic Party, Shoichi Nakagawa, said in a televised interview that Japan's constitution does not rule out the option of possessing nuclear arms.

"There could be an argument that possession of nuclear weapons diminished the likelihood of being attacked as we could fight back in such an event," Nakagawa said. "There can be discussions, of course."

While Nagakawa later softened his remarks, they provoked an immediate backlash.

Tetsuo Saito, of the New Komei Party, LDP's coalition partner, said: "We will never possess nuclear arms. We should not even discuss the matter as it causes concerns to the world."

On the U.N. sanctions, Rice assured the Japanese that they are not meant to be "a blockade or a quarantine" on North Korea.

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Japanese officials and aides to Rice were discussing procedures for inspecting North Korean ships carrying suspicious cargo.

Yomiuri Shimbun, a leading Tokyo daily, reported Wednesday that Japan would tell Rice that its Maritime Self-Defense Forces will cooperate in ship inspections.

Japan, Acting To Calm U.S. Worries, Rules Out Building Nuclear Arms (WP)

By Glenn Kessler

The Washington Post, October 19, 2006

TOKYO, Oct. 18 -- Japan "is absolutely not considering" building a nuclear arsenal in response to the North Korean nuclear test, Japanese Foreign Minister Taro Aso said Wednesday, moments after Secretary of State Condoleezza Rice reiterated that Japan was protected by the American nuclear umbrella.

Rice arrived here Wednesday on the first stop of a tour through northeast Asia and Russia. Her trip is aimed at allaying concerns and coordinating strategy against the Pyongyang government in the wake of the test.

The question of whether Japan would go nuclear has stoked worries within the U.S. government and increased tensions in the region. Earlier in the day, Aso told a parliamentary committee that while Japan's nonnuclear principles remain unchanged, "it's important to have discussions on the matter."

The ruling party's policy director on Sunday also urged a debate on whether Japan should consider developing its own nuclear deterrent. Japan is the world's only victim of a nuclear attack, and it has consistently refused to allow the United States to store nuclear weapons on its territory. But experts say Japan has a large supply of plutonium from its civilian nuclear power program, giving it access to the material necessary to quickly make the switch to a strategic nuclear program.

In response to a question at a news conference with Rice, Aso said: "There is no need to arm ourselves with nuclear weapons. For Japan's own defense . . . we have the commitment, and that commitment has been reconfirmed by Secretary Rice."

"Japan has answered this question," Rice said. "The role of the United States is to make sure that everybody, including the North Koreans, know very well that the United States will fully recognize and act upon its obligations under the mutual defense treaty" with Japan.

Japanese Prime Minister Shinzo Abe, who is to meet with Rice on Thursday, also reiterated Wednesday that his government would not discuss building a nuclear bomb. "That debate is finished," Abe testily told reporters.

Speaking to reporters as she flew to Asia, Rice acknowledged that a nuclear arms race was a concern, which is one reason she planned to use the trip to assure Japan and South Korea that they remain under U.S. protection. "I think through doing that we can mitigate some of the potential for a truly destabilizing set of events to take place in the region in response to the North Korean test," she said.

During a speech in Shanghai in 2004, Vice President Cheney warned that, if faced with a reality that North Korea has a stockpile of nuclear weapons, other nations in the region "may conclude their only option is to develop their own capabilities, and then we have a nuclear arms race unleashed in Asia."

South Korea and Taiwan are also considered potential candidates to begin nuclear weapons development.

Nuclear Arms Spread 'hard To Stop' (FT)

By Demetri Sevastopulo And David Pilling

Financial Times, October 19, 2006

Donald Rumsfeld, US defence secretary, on Wednesday said it was "practically impossible" to prevent countries from proliferating nuclear weapons if they had that aim.

"This is one of the hardest things we do...There's so much moving around the world by land, sea and air that is is practically impossible, not impossible, but certainly it would take a lot of countries co-operating with a high degree of cohesion," Mr Rumsfeld told a military audience in Alabama.

"The only thing that would do it [prevent proliferation] will be a high degree of cohesiveness and co-operation on the part of the international community," Mr Rumsfeld added. "And that has been something that has been lacking."

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His comments come as Condoleezza Rice, US secretary of state, began a round of shuttle diplomacy in north-east Asia in an effort to co-ordinate effective implementation of United Nations sanctions against North Korea, which include efforts to prevent the communist state from proliferating nuclear weapons.

Ms Rice, who will meet Shinzo Abe, Japan's prime minister, on Thursday, is due to fly on to Seoul where she and Taro Aso, Japan's foreign minister. They will be joined by Ban Ki-moon, South Korea's foreign minister and the next UN secretary-general.

In Tokyo on Wednesday, Ms Rice met Mr Aso to try to find ways in which Japan could help enforce sanctions on Pyongyang without transgressing its pacifist constitution.

Japan has opened discussions on offering logistical support, such as fuelling, to US ships sent to inspect vessels coming in and out of North Korean ports.

Mr Abe's government already operates a similar service for American ships in the Indian Ocean under a special law that has just come up for annual revision. But providing logistical support in inspection operations could drag Japanese ships into conflict if North Korean ships resisted, military analysts said.

Hiroshi Suzuki, deputy cabinet secretary, said some cabinet ministers had raised the possibility of Japanese ships being able to fire back in self-defence. The government wanted to ensure that rules of engagement were clear and that personnel on the scene would not be left in an ambiguous position.

Speaking before Ms Rice's arrival, Thomas Schieffer, US ambassador to Tokyo, said: "We recognise that Japan has specific considerations because of constitutional issues. It is not as easy for them to participate in a sanction regime as it is for others." But he said Washington remained confident Japan could help in a "meaningful way".

Mr Suzuki said Tokyo wanted to discuss other issues with Washington, including the efficacy of its nuclear umbrella, which took on added importance in view of the North Korean threat. Japan, he said, maintained "solid adherence" to its three non-nuclear principles – not to possess, develop or trade nuclear weapons.

On Wednesday Mr Aso told parliament Japan had every right to discuss the desirability of possessing nuclear weapons, even though he was against any change. His remarks prompted Mr Abe to say the nuclear debate was "finished".

Pyongyang's Nukes: How Dangerous Are They? (CSM)

By Peter Grier

The Christian Science Monitor, October 19, 2006

WASHINGTON

In July 1955, researchers from North Korea's Academy of Sciences traveled to Moscow to attend a conference on nuclear energy. Shortly thereafter, the Kim Il Sung regime began sending specialists to a new institute in Dubna, a city devoted to Soviet nuclear physics. Their mission: learn the basics of splitting the atom.

From that seed, a bomb may have grown. On Oct. 9 - more than a half century after that first delegation left Pyongyang - North Korea conducted a nuclear test in the northeastern region of Kilju.

The test was small, and possibly a failure. But US experts say that given the length of time the North Koreans have been at work, and the apparent importance of nuclear weapons to the country's leadership, they may now continue to test until they get it right.

They might not have labored five decades just to produce a scientific demonstration. At this point, they could be perfecting something else: a deliverable nuclear arsenal.

"My own view is that they are building a smaller weapon in line with a device that could fit on a ballistic missile," says David Albright, a physicist and president of the Institute for Science and International Security (ISIS) in Washington. Possibility of a second test

At the time of writing, North Korea had not conducted a second nuclear explosion. But US satellite imagery reportedly has revealed increased activity around several possible test sites.

"We're concerned about further action by the North Koreans, but further action by the North Koreans will only deepen its isolation, which is pretty deep right now," said Secretary of State Condoleezza Rice on Wednesday in Tokyo.

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North Korean officials, for their part, did not rule out a second test. In a rare interview with a Western news organization, Ri Gun, director-general of the Foreign Ministry's American affairs bureau, told ABC News that another test would be "natural."

That is just what worries nuclear experts in the United States.

According to a statement issued by the office of John Negroponte, US director of national intelligence, the explosive yield of the Oct. 9 test was "less than a kiloton." It is possible that this relatively low yield was intentional, the result of a proof-of-principle design using minimal fissile material. But it is much more likely to indicate a test fizzle, say experts.

"They will want to test until they get it right," said Michael Swaine, a senior associate in the China program at the Carnegie Endowment for International Peace in Washington, at an Oct. 12 seminar on the North Korean situation.

Such misfires aren't necessarily symbols of incompetence. Almost all declared nuclear powers have had them. In October 1951, a US bomb test named Buster Able failed not once, but twice. The Soviets had a misfire in 1954. In May 1957, Britain's first attempt at exploding a hydrogen bomb produced only a quarter of the expected yield.

In the case of North Korea, whatever went wrong, it probably was not due to haste. Satellite photos of the suspected test site released Oct. 13 by the Natural Resources Defense Council (NRDC) show that neither buildings nor roads changed much from late 2005 to October 2006.

"The North Koreans probably did not rush the test," wrote physicist Matthew McKinzie, an NRDC consultant, in an analysis of the photos.

Indeed, the photos show that excavation activity for the test may have been carried out in February 2005.

Instead, the misfire may indicate that the device was a somewhat sophisticated plutonium-fueled bomb, according to the NRDC.

Via atmospheric sampling, US intelligence has determined that plutonium was used in the North Korean test, according to news reports. For such a weapon to explode efficiently, the plutonium core must be "squeezed" by conventional explosives in a highly precise manner.

"It is possible that the detonators igniting the high explosive that compresses the plutonium did not fire simultaneously and thus only produced a partial yield," concludes the NRDC analysis. Why alarm rose in the 1980s

Though North Korea's interest in nuclear science was well known in the West, it was not until the mid-1980s that US intelligence began to become alarmed about Pyongyang's intentions.

Until 1984, North Korea was not viewed as a serious nuclear proliferation threat. The Central Intelligence Agency had thought the country's nuclear program to be rudimentary, and not capable of producing the fissile material needed for weapons, according to "Spying on the Bomb," a recent book about US nuclear intelligence by Jeffrey Richelson.

But in 1986, a top-secret CIA reassessment titled "North Korea: Potential for Nuclear Weapons Development," drawing on unspecified new information, held that Pyongyang might indeed be capable of a making a bomb. The CIA speculated that North Korea's motives might be forcing political concessions from South Korea, hedging against other Asian powers going nuclear, or deterring a US nuclear response in case of hostilities on the Korean peninsula, according to Mr. Richelson, a senior fellow with the National Security Archive.

US concerns then began to mount by the year. In 1987, North Korea received from a West German company a small annealing furnace capable of helping to produce centrifuge rotors for uranium enrichment. An inquiry by German intelligence concluded in 1990 that North Korea had possibly obtained crucial information on uranium melting from Pakistan in the late 1980s.

Media reports indicate that North Korea allegedly did business with the notorious Pakistani proliferator A.Q. Khan throughout this period. Dr. Khan might have provided everything from rotor designs to a Chinese design for a basic atomic device, according to a Congressional Research Service study on North Korea's nuclear trade.

When North Korea withdrew from the Non-Proliferation Treaty in 2003, it apparently moved quickly to process weapons-grade plutonium from power reactors that had been subject to international inspections. It is that fuel that probably powered this month's test.

Further tests might increase North Korea's confidence in its weapons design. Pyongyang might also decide that another explosion would increase the deterrent value of its arsenal.

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However, more tests might also shrink North Korea's small plutonium stockpile. That makes it all the more likely that North Korea's scientists are perfecting a deliverable weapons, says Mr. Albright of ISIS.

"If you have a chance to test, you want to test something more in line with what you want to deploy," he says.

With Cash, Defectors Find North Korea's Cracks (NYT)

By Norimitsu Onishi

The New York Times, October 19, 2006

BANGKOK — Last March, Lee Chun-hak, a 19-year-old North Korean, went to the Chinese border to meet with a North Korean money trafficker. Using the trafficker's Chinese cellphone, Mr. Lee talked to his mother, who had defected to South Korea in 2003. She told him she was going to get him out.

Mr. Lee missed his mother and his sister and brother, and he had a persistent, if half-formed, desire. "I wanted to go to a country that is more developed," he said, "even more developed than South Korea."

In June, a young North Korean man appeared suddenly at his home with a message: "Mother is looking for you." The man then took him by bicycle and foot to the border and handed him over to a North Korean soldier. At the soldier's direction, Mr. Lee was ordered to leave his identification card and his Kim Il-sung badge, which is worn by all North Koreans to honor the nation's founder.

The soldier then escorted Mr. Lee across the Tumen River, where on the other side two Chinese men in plainclothes handed the soldier his bribe. Mr. Lee was free to go.

The increasing ease with which people are able to buy their way out of North Korea suggests that, beneath the images of goose-stepping soldiers in Pyongyang, the capital, the government's still considerable ability to control its citizens is diminishing, according to North Korean defectors, brokers, South Korean Christian missionaries and other experts on the subject. Defectors with relatives outside the country are tapping into a sophisticated, underground network of human smugglers operating inside North and South Korea, China and Southeast Asia.

Learning anything about such a secretive and unpredictable country as North Korea, which isolated itself further by carrying out a nuclear test on Oct. 9, is difficult. Scraps of information provided by defectors often prove unreliable, influenced as they can be by the organizations that shelter and support them while also championing political or religious causes.

But snapshots of life inside the North, and a picture of this smuggling network, emerged from interviews with 20 North Koreans in Bangkok, as well as with brokers, Christian missionaries, government officials and people working in private organizations, in both Thailand and South Korea. The North Koreans in Bangkok were interviewed independently and had all recently arrived in Thailand.

Pieced together, the accounts provide glimpses of a government that, while still a repressive police state, is progressively losing the paramount role it used to enjoy in society, before it found itself incapable of feeding its own people in the famine of the 1990's. The power of ideology appears to be waning in this nation of about 22.7 million as people have been left to scrounge for themselves, and as information has begun to seep in from the outside world.

The effects of money and corruption appear to have grown sharply in recent years, as market liberalization has allowed ordinary people to run small businesses and has enabled people with connections to prosper in the booming trade with China.

In a country whose borders were sealed until a decade ago, defectors once risked not only their own lives but those of the family members they left behind, who were often thrown into harsh prison camps as retribution. Today, state security is no longer the main obstacle to fleeing, according to defectors, North Korean brokers, South Korean Christian missionaries and other experts. Now, it is cash.

"Money now trumps ideology for an increasing number of North Koreans, and that has allowed this underground railroad to flourish," said Peter M. Beck, the Northeast Asia project director in Seoul, South Korea, of the International Crisis Group, which has extensively researched the subject in several Asian countries and is publishing a report. "The biggest barrier to leaving North Korea is just money. If you have enough money, you can get out quite easily. It speaks to the marketization of North Korea, especially since economic reforms were implemented in 2002. Anything can be bought in the North now."

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"The state's control is weakening at the periphery," Mr. Beck said, explaining that most refugees came out of the North's rural areas but few from around Pyongyang, where the state's grip remained strong.

During the North's great famine in the mid- to late 1990's, a tide of 100,000 to 300,000 North Koreans is believed to have simply washed into China, and tens of thousands are still believed to be living there illegally, according to human rights organizations. These days, the number of refugees is believed to be much smaller, though there are few reliable figures.

According to the South Korean government, of the 8,740 North Koreans who are known to have fled to the South since the end of the Korean War in 1953, nearly 7,000 arrived in the last four years alone.

But the cost of getting out is significant, according to experts, defectors, brokers and missionaries. There are bribes for the soldiers stationed at the heavily guarded border, a regular cut to their supervisors, money handed to a chain of officials. And that is just on the North Korean side.

At the high end, $10,400 will buy a package deal to get someone out of North Korea and, armed with a fake South Korean passport, on a plane or boat to South Korea within days, according to brokers and a 40-year-old North Korean woman now in South Korea who recently extracted her 14-year-old son. But most North Koreans in South Korea pay on average about $3,000 to get relatives out through China and then Southeast Asia or Mongolia.

Some exits are short-term. One 37-year-old North Korean in Seoul, an employee at a large auto parts maker, said he went to China in April to meet a friend, a journalist in North Korea whom he had not seen in 10 years. For a few hundred dollars, smugglers took the journalist to Yanji, a bustling Chinese town on the border with North Korea, where the two spent the weekend drinking and catching up, the man said in an interview in Seoul.

Like many interviewed for this article, he asked that his name be withheld, for fear of reprisals against friends and relatives still in North Korea. He carried stacks of a South Korean newspaper, The Chosun Ilbo, for the journalist, who had no interest in reading the political stories. Instead, he devoured the business pages, though he puzzled over words like "online," and marveled at how far the South had outpaced the North economically.

At the end of the weekend, the defector returned to Seoul and his journalist friend to North Korea.

"Doing this would have been unimaginable a few years ago," he said. "This kind of corruption didn't exist back then. Now, everything revolves around money."

Escaping a Shaky Economy

After the end of the cold war, North Korea's economy collapsed and its leaders adopted a strategy of trying to secure its energy and other essentials by threatening to become a nuclear power. They have adhered to this strategy even as they put into effect economic reforms in 2002, adopting market prices, allowing citizens to run small businesses and joining with South Korea in economic projects.

Though still shaky, the North's economy has improved thanks to trade with China and South Korea. It grew by 2.2 percent in 2004, the sixth consecutive year of expansion, according to the Bank of Korea, South Korea's central bank. Defectors and brokers said North Koreans were fleeing their country to rejoin relatives in the South or to look for economic opportunities — not because they were starving, as they were in the 1990's. The threat of political persecution remains, of course.

In Seoul, Do Sung-hak, 39, a North Korean who came to the South in 2002, said his older brother was sent to prison three years ago after someone reported the brother's private comments that North Korea was not opening its economy fast enough.

A few months after his release early this year, the brother fled the North with Mr. Do's help. He is now in Thailand.

Mr. Do, who works as a security guard, said he had arranged to get about 20 people out of the North, using ethnic Korean-Chinese contacts he had made while living for six years in northeast China.

After receiving a request, Mr. Do said he would call a Korean-Chinese intermediary, who would then call a North Korean with a Chinese cellphone that works inside North Korea near the border. The North Korean or a partner would then travel to the relative's hometown — the price of the service varying according to the distance — and take that person back to the border, where he or she would then talk to the relative in South Korea on a cellphone and make arrangements.

"It doesn't matter if the person lives in the middle of the country — of course, it takes longer, maybe 10 days," Mr. Do said. "It's only a question of money."

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North Koreans living in the South also send money to their relatives back home through the same method, with the brokers taking at least a 20 percent fee, brokers and North Korean defectors said.

A 49-year-old broker in Seoul — nine of whose clients have arrived in Thailand recently — said she operated the same way, adding that those involved in the business in North Korea were Communist Party members.

"You can do that kind of work — being able to travel freely inside North Korea — only if you're a party member," said the woman, who added that she earned $2,500 to $3,000 a month.

The demand for this smuggling service has risen along with the increasing number of North Koreans living in South Korea. The North Koreans in the South pay to get their relatives out by working to pay for the fees, borrowing money or using resettlement money awarded to them by South Korea.

One River, Many Hardships

The case of Lee Chun-hak, the 19-year-old who fled the North on June 28, is a typical one. For the past two months, he has been in the Immigration Detention Center in Bangkok, where his mother, Kim Myung-shim, 46, visited him from Seoul the other day.

Mrs. Kim fled to South Korea in 2003, remarried and began working to arrange the defection of Mr. Lee and her two other children, who lived with her former husband in a province bordering China.

The three children were set to leave in late 2005. But before crossing the Tumen River into China, Mr. Lee balked — he did not want to leave his father and grandmother. His older sister and younger brother went ahead and, thanks to the $5,200 paid to brokers, were smuggled into Mongolia and arrived in South Korea last February.

Mr. Lee returned to his everyday life, going to school and, like many others, earning a little money by working at a nearby gold mine. People farmed corn and beans in the area where the surrounding mountains have been stripped bare for firewood.

The economy had improved in recent years, as the authorities allowed people to moonlight at places like the gold mine and to start small businesses. Local residents ate regularly, Mr. Lee said, though the portions were small. Still, he saw perhaps only two or three cars a day, and most people walked or rode bicycles.

After a few months, his sister in Seoul persuaded him to leave. Mr. Lee was now an adult and would find it hard to keep living with his father, who had remarried, Mrs. Kim said.

So on June 27, after his sister had made arrangements with a broker, the North Korean man picked Mr. Lee up in his hometown and took him by bicycle to a spot near the border, where he spent the night, he said. The next afternoon, they rode the bicycle and then walked to the Tumen River. Mr. Lee waded across, accompanied by the soldier.

"As long as you pay the soldiers, you can cross," Mrs. Kim said, adding that she had paid $3,600 to the brokers for her son's escape — $1,000 for the North Korea leg and $2,600 for China.

He found his way through China and Laos to Thailand where, following the advice of the brokers, he gave himself up to the authorities. Thailand does not repatriate North Korean refugees, incarcerating them instead while their cases are processed through the Office of the United Nations High Commissioner for Refugees in Bangkok. The process takes about three to four months, after which the North Koreans are sent to South Korea, though the United States recently accepted nine North Korea refugees.

Having learned that news in Bangkok, Mr. Lee said he no longer wanted to go to South Korea. "I want to go to the United States to study and become a scientist."

Doubts About an Ideology

Many of the North Koreans interviewed in Thailand said they wanted to go to the United States, even though they were reared in a country that has demonized America for decades. In school in the North, one defector said, she had had been taught that Americans were "inhuman, promiscuous and dictatorial."

"Even today, I still sometimes refer to the United States as 'Imperialist America,' " she said, laughing.

But as a fourth grader, the woman said, she began to have doubts about that image of America, after she happened upon a photograph in a magazine. As she recalled, it showed a tightrope walker balanced on a wire between high-rise buildings in Washington. The implicit message was that the United States was such an inhumane country that it forced people to perform such jobs, she said.

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"But what I remembered about that photo was the tall buildings," she said. "There was also a beautiful park and clean, wide streets. It was fascinating. There was nothing like that where I grew up."

North Korea still unleashes daily attacks against the United States through its official media, but the desire of many of the defectors interviewed to go to the United States suggests that the power of ideology is waning.

"After spending a few months in China, they change their minds about the United States," said a South Korean missionary who regularly visits the North Koreans at the detention center. "In China, they have access to so much information. They look at Web sites and exchange instant messages with people in South Korea."

Lee Chan, 36, who fled North Korea one year ago and entered Thailand in June, agreed that anti-American ideology was not as strong as it was in the past.

"People's perceptions of the United States have changed inside North Korea," he said. "I'll give you one example. If you're caught watching an American movie, the authorities will just swear at you — nothing else."

In Bangkok, where South Korean Christian missionaries care for the defectors while trying to convert them, Lee Chun-hak's mother, Mrs. Kim, was worried that her son had become too friendly with Mr. Lee, the defector who had emerged as a leader of the detainees. She was angry that her son had started smoking under Mr. Lee's influence.

"Please look after Chun-hak," the mother said to Mr. Lee, adding that her son had birthmarks on his head and face that foretold a great future. "That's why I'm sending him to America."

"Please guide my son," she said, "even though he's doing well alone."

Mr. Lee, showing her a pack of Marlboros, said, "He's doing well — he doesn't smoke expensive cigarettes like I do."

"Stop smoking!" the mother said.

A missionary began praying for Lee Chun-hak.

"Pray to God to send you to America," the mother exhorted her son.

North Korea Heads Toward Hunger (CSM)

By Donald Kirk

The Christian Science Monitor, October 19, 2006

SEOUL, SOUTH KOREA

Even as missile and nuclear tests alienate humanitarian aid donors, North Korea is facing a cold winter in which it is unlikely to be able to feed its people.

The danger of widespread suffering raises the critical question of how the world can unite in a forceful response to North Korea's nuclear test - the focus of Secretary of State Condoleezza Rice's visits this week to Tokyo, Seoul, and Beijing - and still rescue the North's hungry people.

Compelled to ask for huge donations of food at the height of a famine that killed some 2 million people in the 1990s, North Korean leader Kim Jong Il was confident enough last year to order the World Food Program and other aid-givers to leave or vastly reduce their programs.

But the North may again need aid - at a time when missile tests in July, followed by the nuclear test this month, have reduced donors' desire to rush in to help.

"There is relatively little humanitarian assistance going in now," says Anthony Banbury, the UN World Food Program's regional director for Asia. "The willingness of donors to meet those needs has not been very strong."

The WFP says it needs $100 million this year to fulfill its goals for North Korea. So far, it has received only 10 percent of that total.

The United States has given more than $1.1 billion since 1995, 60 percent of which has gone to food aid. Forty percent was energy aid sent through the 1994 program - now shut down - designed to provide twin energy reactors in exchange for a shutdown of the North's nuclear program.

The US cut donations to the WFP this year after North Korea ordered the WFP to slash the size of its mission in Pyongyang from nearly 50 people to 10 people and shut its five regional offices, from which inspectors tried to monitor distribution.

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South Korea, which suspended food aid after the North's nuclear test, sharply reduced food donations, on which the North depended to make up a shortfall of more than 1 million tons of rice, after the July missile tests. It relented when North Korea pleaded for help after severe flooding in August.

But it sent only half of the 100,000 tons it had said it would send in "emergency" aid - compared with 500,000 tons last year. That was the largest source of food for the North after China, which is also believed to have sharply cut shipments. Both the Chinese and South Korean programs have been entirely independent of the WFP - and monitoring has been weak.

The reluctance to try to stave off another famine contrasts with the response in 1995, when North Korea for the first time asked the World Food Program to help.

By 1997, aid shipments through the program crested at more than 500,000 tons a year, with the US leading all donors. But the WFP last year sent in less than 100,000 tons, half of it from the US.

South Korean officials oppose shutting off economic contacts, much less boarding and interdicting North Korean ships, but say they are in a quandary when it comes to donations of rice.

"It's a kind of dilemma," says Kang Jong-suk, an official at the Unification Ministry, which had been avidly pursuing reconciliation. "South Korea wants to send some humanitarian aid, but there is a barrier because of the UN resolution."

He says as well "the problem of transparency" inside North Korea, which means that, "We cannot monitor what will happen."

That inability to monitor has played a significant role in other donors' willingness to offer aid.

"The US has very strong reservations ... because of conditions imposed by the North Koreans," says Mr. Banbury of the WFP.

"Those conditions are so onerous, it's very hard for donors," he adds. "It's not just specific restrictions. It's an overall atmosphere. It's a constant struggle to do our work in North Korea."

South Korean officials fully expect Secretary Rice, when she arrives here Thursday, to pressure them to scale down investment in the Kaesong special-economic zone and the Mount Kumkang region, showcase projects seen as prying the North open to broader contacts.

The irony, in the view of Banbury, is that the UN Security Council resolution specifically exempts humanitarian assistance from the categories barred for shipment to North Korea, ranging from luxury goods to components for missiles, nuclear warheads, and other heavy weapons.

One reason that North Korea cut down inspections was apparently confidence that harvests would improve. The harvest was better last year, but this year, flooding and erosion have damaged prospects.

"So you have less food, a smaller harvest, and a large number of people who do not have access to food," says Banbury.

He opposes giving up. "Walking away would stop assistance to millions of people and would stop an avenue of dialogue," he says. "It's better to stay engaged than to not stay engaged."

Opinions vary widely, though, on how firmly to enforce the sanctions imposed by the UN - or whether to renew efforts to reopen dialogue.

Kim Dae Jung, the former South Korean president who initiated the Sunshine policy of North-South reconciliation after his election in 1997, supports dialogue - not just renewal of the six-party talks on the North's nuclear program, but direct US-North Korean dialogue.

"The US objects to talking directly to North Korea," he says, citing as precedents President Nixon's visit to China in 1972 and US negotiations with North Vietnam before the signing of the 1973 Paris peace agreement.

"We have to encourage them to talk," Mr. Kim goes on. "There have to be negotiations and giving and taking."

More sanctions, he says, will invite "strong responses" leading to an escalation of tension and "new problems" in which China will step to the aid of the North and "countries like Cuba and Venezuela will try to help North Korea."

For aid-givers, the overriding concern is keeping North Koreans from starvation regardless of sanctions.

"We take the news that the internal situation is deteriorating very seriously," says Kay Seok, North Korean researcher for Human Rights Watch. "The right of food is one of the most fundamental human rights. If you die of hunger, what is the point of talking about freedom?"

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But others wonder about the degree to which food aid is alleviating suffering.

"Reports show the malnutrition rate did not improve very much" as a result of food donations, says Joanna Hosaniak, senior officer with the Citizens Alliance for North Korean Human Rights, which aids North Korean refugees.

"Refugees from the northern part of North Korea say they didn't receive humanitarian assistance, or it was diverted after the monitoring group was gone," she adds.

The only solution, she says, is for North Korea to "divert resources from developing nuclear weapons to feeding its people."

Erica Kang at Good Friends, a South Korean group that analyzes North Korean issues and advises on policies, summarizes the aid conundrum.

"Everyone wonders if they should go on with humanitarian aid," she says. "It's pretty much the ordinary people who suffer the most. This is a winter coming. Thousands of North Koreans are suffering the consequences of problems they didn't make."

Kim's Seoul Brothers (WSJ)

The Wall Street Journal, October 19, 2006

Condoleezza Rice arrived in Seoul today to rally opposition to North Korea's nuclear blackmail, and we hope two names were at the top of her list of talking points: Kaesong and Mt. Kumgang.

The Kaesong industrial park and Mt. Kumgang resort are the centerpieces of the South's misbegotten "sunshine policy" of engagement with the North. They are also money machines for Kim Jong Il, contributing to the record $1 billion North-South trade last year.

Now that U.S.-led financial sanctions have reduced the North's cash flow from counterfeiting and drug-smuggling, money from the two sites is even more critical to the survival of Kim's regime. And right on time for Pyongyang, a spokesman for South Korean President Roh Moo Hyun said Sunday that the two sites would be exempt from the new sanctions passed unanimously a day earlier by the U.N. Security Council. Nothing like sending Kim a mixed message.

If South Korea keeps going down this road, it should at least understand the costs. Specifically, any chances for passing the free trade agreement currently being negotiated with the U.S. will be dead. Most Democrats are skeptical of free trade from the start, and there's no chance Republicans will ratify a pact with a country that so blatantly undermines American security interests by propping up a rogue nuclear power.

We normally separate trade from security issues, believing that free trade promotes broader freedoms. But South Korea's cash transfers to Kaesong and Mt. Kumgang are such a blatant case of propping up tyranny that this may be the exception that proves the rule. In any case, free trade deals are hard enough to pass on Capitol Hill without also asking President Bush to spend his scarce political capital to defend a trading partner that provides Kim Jong Il with enough cash to keep his generals in cognac while keeping his people in chains.

Even before last week's nuclear test, South Korea's demand that Kaesong products be included in the free trade pact had raised alarms. Jay Lefkowitz, U.S. envoy for human rights in North Korea, raised the issue in an April article for The Wall Street Journal Asia. Mr. Lefkowitz pointed to the exploitation of North Korean workers at Kaesong and noted that the industrial park provided a convenient channel for the South to funnel money to Pyongyang. South Korea responded by demanding that Mr. Lefkowitz be fired.

Now Human Rights Watch has issued a report amplifying Mr. Lefkowitz's concerns. Thirteen South Korean companies operate factories at Kaesong, employing 8,200 North Koreans to produce watches, clothes, shoes, plastic containers, electrical cords, car parts and other items. More companies plan to launch operations at Kaesong soon, with the aim of employing 730,000 Northerners by the end of 2012.

Human Rights Watch points to official figures showing that Kaesong workers toiled an average of 54.9 hours a week last year and received an average of $64.40 a month -- a sum that fell to $42 after Pyongyang took its cut. The latter is a violation of Kaesong labor law, which was adopted by both countries and requires that wages be paid directly to North Korean workers. Pyongyang demands that the wages go through the central government, however, and South Korean companies comply. Kaesong workers also lack basic rights, including the right to free association and collective bargaining.

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Elsewhere in the world, notably in China at Shenzhen in the 1980s, free trade zones were intended as a genuine economic opening to the larger world. Kaesong was advertised as something similar when it began, but it became clear long ago that Kim Jong Il has no intention of any larger economic engagement.

Kim has had years to show he's serious about economic reform but there's nothing to show for it. The U.S. and Japan are even now offering normal relations if he'll give up his nuclear weapons; he won't do it because opening his country could mean an end to his rule. Last year he even banned the private agriculture markets that were feeding urban areas. In Kim's world, Kaesong is nothing more than a fund-raising operation so he can stay in power.

The news yesterday was that Kim has told China that his response to the U.N. sanctions will be to explode three more nuclear bombs as "tests." And why not, as long as he knows he can count on his patrons in Seoul to keep him in hard currency? As for South Koreans, they should understand that they can have Kaesong trade with North Korea, or a free trade agreement with the U.S. They can't have both.

Iran Warns Against U.N. Nuke Sanctions (AP)

By Nasser Karimi

AP, October 18, 2006

Iran warned on Wednesday that a likely U.N. Security Council resolution for imposing sanctions against Tehran would wreck any possibility for a compromise to resolve the standoff over the country's disputed nuclear program.

France has said a sanctions resolution will likely be circulated at the council by the end of this week. Support for sanctions is growing among leading members after weeks of talks between the European Union and Iran failed to persuade Tehran to suspend uranium enrichment and start broader negotiations over its nuclear ambitions.

Iran's top nuclear negotiator, Ali Larijani, insisted Wednesday that continuing talks with EU foreign policy Chief Javier Solana is "still possible."

But he warned that "in the case that a new resolution is passed by the Security Council, we will not be in the current point to resume possible talks."

"Resorting to arm-twisting through the Security Council would be considered a security threat to Iran and will change (Iran's) behavior," he said in an interview with the semi-official news agency Mehr.

Larijani said the West knows that their path would incite regional crisis, but he reiterated that Iran is ready for unconditional talks.

Iran, which insists its nuclear program is peaceful, repeatedly has said it would continue enrichment and is not intimidated by the possibility of sanctions.

"Iran will pursue its legitimate right, applying legal and diplomatic means," Foreign Ministry spokesman Ali Hosseini said Wednesday, according to state television. "Tehran has no doubt of its righteous way in insisting on its right to exploit nuclear energy for peaceful purposes."

Enrichment is a key process that can produce either fuel for a nuclear reactor or the material for a warhead. The United States and some in Europe accuse Iran of seeking to develop nuclear weapons, while Iran says its program is aimed only at generating energy.

Solana, who has led talks with Iran, said he spoke to Larijani on Monday but "the situation hasn't changed," and Iran continues to refuse to suspend its nuclear enrichment program. Solana and Larinani launched the talks in a last bid to find a compromise after Iran ignored an Aug. 31 deadline set by the Security Council to stop uranium enrichment.

European Union foreign ministers said after a meeting in Luxembourg on Tuesday that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran.

The ministers backed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

The six countries offered Iran a package of economic incentives and political rewards in June if it agreed to consider a long-term moratorium on enrichment and commit to a freeze on uranium enrichment before talks to discuss details of their package.

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Iran Seems Unmoved By Specter Of Sanctions Against North Korea (NYT)

By Nazila Fathi

The New York Times, October 19, 2006

TEHRAN, Oct. 18 — For the most part, Iran's leaders have offered silence on what lessons they draw from the sanctions that the United Nations Security Council adopted last weekend to punish North Korea for its nuclear test — other than to say, as they have in the past, that they intend to continue what they call a peaceful nuclear program.

On Monday, President Mahmoud Ahmadinejad said the sanctions on North Korea would not deter Iran. And on Tuesday, he said efforts aimed at preventing Iran from having nuclear technology were doomed to fail, the state-controlled IRNA news agency reported.

At the United Nations, Britain, France, Germany and the United States are working on a Security Council resolution calling for sanctions against Iran for defying the organization's call to stop enriching uranium. The resolution, which they hope to introduce early next week, may include a ban on nuclear or missile cooperation with Iran. On Tuesday, the 25 European Union foreign ministers met in Luxembourg and agreed to call for limited sanctions on Iran.

After four months of talks with Javier Solana, the director of foreign policy for the European Union, Iran defied a Security Council resolution and refused to suspend its uranium enrichment program in August.

"Some Western countries have turned the U.N. Security Council into a weapon to impose their hegemony and issue resolutions against countries that oppose them," Mr. Ahmadinejad said Monday, as quoted by state-run television. Iran "won't be intimidated," he added.

On Tuesday, he weighed in again. "Some oppressive countries intend to create discord in order to dissuade the Iranian nation from reaching the summits of dignity and glory, including using nuclear technology for peaceful purposes," Mr. Ahmadinejad said, according to IRNA. "But with God's kindness, they will be defeated."

Hard-line newspapers close to Iran's supreme religious leader, Ayatollah Ali Khamenei, and to Mr. Ahmadinejad warned this week that Iran would respond to any sanctions.

The daily Jomhouri Islami wrote in an editorial on Monday that Iran could take steps that would jeopardize economic and political interests of European countries. The editorial did not offer details, but Iran could restrict sales of oil, or switch to currencies other than the dollar for its large oil trades.

In much harsher language, the daily Kayhan warned Tuesday that if Europeans favored sanctions on Iran, then Iran would act.

"Europe could have learned a lesson from what happened in Afghanistan, Iraq and during the 33-day war in Lebanon, and not underestimate the capability of the Islamic Republic of Iran for taking revenge on its enemies," it said.

Israel Expands Fight On Border In Gaza (WT/AP)

By Ibrahim Barzak

The Washington Times, October 19, 2006

GAZA CITY, Gaza Strip -- Israeli tanks and infantry took up positions on the Egypt-Gaza border yesterday for the first time since the pullout from Gaza a year ago, killing two Palestinian gunmen as the army broadened its search for arms-smuggling tunnels.

Palestinian security officials said Israeli troops and tanks moved into the border town of Rafah before dawn yesterday and took over a section of the frontier, including the area around the Rafah border terminal.

The army said Israeli forces were pressing an operation to uncover tunnels used by Palestinian militants to smuggle weapons from Egypt. The army said it has uncovered five tunnels so far.

Israel has sent tanks and troops in and out of Gaza and stepped up air strikes against suspected militants and weapons caches since Hamas-linked militants tunneled under the border in late June and attacked an Israeli army post, killing two soldiers and capturing another, Cpl. Gilad Shalit.

Yesterday morning, Israeli troops killed two Hamas militants as they approached army positions in Rafah, the army and Palestinians said.

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Hamas said in a statement one of the two was a senior participant involved in Cpl. Shalit's abduction.

Israel said militants have smuggled large quantities of weapons over and under the border since Israel's unilateral withdrawal from Gaza last year.

Army spokeswoman Capt. Noa Meir said Israel would continue military operations as long as needed to block the flow of arms, which she said included guns, explosives and anti-tank rockets.

"The tunnels are part of a production line meant to kill Israelis, and it's our job to stop it," she said.

Briefing reporters during a visit to Moscow, Prime Minister Ehud Olmert said the operation was limited.

"We have no intention of staying anywhere in Gaza," he said.

The Palestinian officials said troops carried out house-to-house searches and bulldozers leveled agricultural land near the border. Troops also surrounded the Rafah border terminal, where about 60 Palestinian security personnel remained, the officials said.

The crossing, the only land bridge from Gaza to the outside world without passing through Israel, has been closed most of the time since violence flared in June.

Internal Palestinian violence continued yesterday amid a power struggle between the governing group, Hamas and the rival Fatah movement. A Hamas activist was fatally shot as he left a mosque in the West Bank city of Nablus, apparently by Fatah gunmen. At a Hamas demonstration later, protesters blamed Fatah and its leaders, including Palestinian Authority President Mahmoud Abbas. Hamas called a strike in the city for today.

Meanwhile, Israel's Supreme Court said a Palestinian student should be allowed to study for a doctorate at Israel's Hebrew University in Jerusalem. The court gave the parties a week to find a solution before issuing a ruling.

The student, Sawsan Salameh, 29, lives in a West Bank village a 15-minute drive from the university campus.

Israel Finds 9 Tunnels From Gaza Strip Into Egypt (LAT)

By Ken Ellingwood

The Los Angeles Times, October 19, 2006

TEL AVIV — The Israeli army announced Wednesday that it had uncovered nine tunnels between the Gaza Strip and Egypt in a sweep designed to prevent Palestinian militants from smuggling in the types of advanced weapons used by Hezbollah in the recent conflict in Lebanon.

The incursion, which began Tuesday night, was Israel's first along the border strip since withdrawing from Gaza last year. The Israeli military said it found seven completed tunnels, one more than 60 feet deep, and two others in the early stages of construction.

At least two Hamas fighters died during clashes with the troops near the Rafah border crossing.

Israel wants to avoid a repeat of its experience this summer in southern Lebanon, where, in the eyes of many Israelis, too little had been done over the years to prevent Hezbollah from building up an impressive arsenal. That war ended indecisively but felt like a defeat to many Israelis still angry with the nation's political and military leaders.

"There will be no blind-eye policy in the face of the attempts to transform the Gaza Strip into south Lebanon," Defense Minister Amir Peretz said Wednesday as tanks and troops operated along the border strip known as the Philadelphi corridor.

Israeli officials say that in the last year, Palestinian guerrillas hoping to counter Tel Aviv's vast military edge have smuggled tons of arms and explosives into Gaza through tunnels.

The weapons, the Israelis say, include 122-millimeter Grad rockets, which reach farther and pack a bigger punch than the homemade Kassams that militants have long fired into communities in southern Israel. Militants have launched at least four Grad-type rockets since spring, though they have caused no casualties, say Israeli intelligence officers.

Militants also are believed to have imported dozens of antitank weapons like those Hezbollah's fighters employed with some success against Israel's armored forces in Lebanon.

A senior army intelligence official also told the Israeli Cabinet during a private session Sunday that Palestinian groups had smuggled antiaircraft missiles into Gaza, according to Israeli media reports. Such weapons would pose a threat to Israel's overwhelming airpower, which it has wielded to strike at militants launching rockets into Israel and to back up ground troops.

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"Being able to shoot a helicopter down would be considered a great success by Palestinian guerrillas," said Yiftah Shapir, who analyzes weapons proliferation in the Middle East at the Institute for National Security Studies in Tel Aviv.

Israeli officials have yet to make public any evidence to support the claims, and there has been no sign yet that Palestinian fighters have used the most sophisticated weaponry they are alleged to have acquired.

Hamas officials deny the smuggling charges and accuse Israel of seeking a pretext for a broad and punishing military operation in the Gaza Strip that is aimed at destabilizing the Hamas-led government.

Palestinians also note that Israel is constantly improving its arsenal.

"Our enemy is all the time using a different kind of forbidden weapons against innocent civilians, and nobody cares about that," said the spokesman for Hamas' military wing, who goes by Abu Obeida.

Yusef Rizqah, the Hamas government's information minister, compared the arms-smuggling allegations to the Bush administration's claims before the 2003 invasion of Iraq that Saddam Hussein's regime was stockpiling weapons of mass destruction.

The possibility of wider fighting looms in light of Israeli warnings of intensified military actions aimed at Kassamlaunching crews and weapons storehouses. Officials in Tel Aviv say smuggling has shot up since the Israeli withdrawal last year left Gaza's southern border in the hands of the Palestinians and Egyptians.

The army has carried out numerous raids and other operations since launching a broad incursion after Palestinian militants tunneled under the border with Israel on June 25, killing two Israeli soldiers and taking a third back into Gaza. The fate of the captured soldier, Cpl. Gilad Shalit, remains unknown.

Israeli officials say Palestinian militants have long sought better weapons, and in some cases succeeded in getting them. But officials and analysts contend that the guerrillas learned from the example of Hezbollah, which suffered heavy losses but nonetheless surprised Israeli commanders with the breadth and sophistication of its arsenal during the 34-day conflict in Lebanon.

Some analysts say that in assessing the Gaza situation, Israel must draw its own lessons from the war in Lebanon. Military commanders say Hezbollah became a formidable combat foe through an ambitious drive to arm itself after the Israeli withdrawal from southern Lebanon in 2000.

"The big debate in the Israeli security system now is whether to go in now, to kill it [the arms buildup] while it is small, or to wait for another year," said Shalom Harari, a former intelligence officer who is a counter-terrorism researcher at the Interdisciplinary Center in Herzliya.

Israeli officials estimate that Palestinian militants have smuggled into Gaza thousands of rifles and more than 15 tons of TNT since Israeli soldiers left.

Of concern to Israel is that Palestinian groups could challenge Israel's traditional advantage on the battlefield, where fighters with limited-range rocket-propelled grenades have faced off against tanks. Officials say Palestinians have smuggled more than two dozen Russian-built Concourse antitank missiles, which can travel more than two miles and penetrate the thickest reinforced armor.

Brig. Gen. Yossi Baidatz, head of research for Israeli army intelligence, told government ministers during the Sunday meeting that antiaircraft missiles also were being smuggled, local media reported.

The newer Grad surface-to-surface rockets can reach up to 18 miles; the Kassams have a range of six or seven miles. The longer range would give militants the ability to target cities such as Ashkelon and Ashdod from sites deeper inside Gaza, officials said.

Upgraded weaponry also could give militants a chance to score what they would deem a public-relations coup in battle, analysts said.

Still, an extended army campaign against suspected arms caches could mean sending forces deep into densely populated areas of Gaza, a move fraught with risk for both sides.

"This is something nobody has a taste for, except for the most extreme right wing. Nobody wants to go back into Gaza," said Shapir, the weapons-proliferation expert. "The question remains what to do. There is no good answer."

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Evangelicals Lobby Bush On Sudan Crisis (AP-Y)

By Rachel Zoll

AP, October 19, 2006

Liberal and conservative evangelicals set aside their political differences Wednesday to urge that President Bush do more to end the humanitarian crisis in the Darfur region of Sudan.

The Rev. Jim Wallis, head of the liberal Sojourners/Call to Renewal, an evangelical social justice movement, and the Rev. Richard Land, head of the public policy arm of the Southern Baptist Convention, are among the leaders of the Evangelicals for Darfur campaign.

"I believe the president does care deeply about this," said Land, a longtime Bush family supporter. "I see this as helping strengthen the president's hand and enable the president to do what's in his heart to do."

The White House press office did not immediately respond to a request for comment.

Religious groups from many faiths have been lobbying world leaders to help the Sudanese since rebel groups rose up against the Khartoum government in early 2003. More than 200,000 people have died and 2.5 million have been displaced since then, escalating the situation into one of the world's worst humanitarian crises.

But Wallis said world attention to the region has been sporadic, and evangelical leaders think time is running out to prevent what many consider government-backed genocide. The Sudanese government is accused of letting the Janjaweed militia of Arab nomads commit atrocities against villagers.

"Until we resolve this, we can't stop talking about it," Wallis said.

The U.N. wants to send 20,000 U.N. troops to Darfur to replace an ill-equipped and understaffed African Union force that has not been able to quell the violence. Sudanese President Omar al-Bashir argued that U.N. forces would start a "re-colonization" of Africa.

Evangelical leaders said they are not calling for U.S. military intervention, but instead want the U.S. to use its authority as a world leader to get a multinational force into the country.

The campaign includes print newspaper ads, a letter-writing campaign to Bush and other activities. Among the supporters are some of the top names in the evangelical movement: the Revs. Ted Haggard and Rich Cizik of the National Association of Evangelicals; the Rev. Samuel Rodriguez of the National Hispanic Christian Leadership Conference; and the Rev. Geoff Tunnicliffe of the World Evangelical Alliance.

Leaders are asking to meet with Bush to discuss their concerns.

Cizik said in the midst of the fight against terror, the administration may be reluctant to "upset a Muslim capital, who will then call in other extremists to fight the Crusader West." The Khartoum government is predominantly Muslim. Some American Muslim leaders have dismissed evangelical lobbying on Sudan as anti-Islam.

Land said Bush has not been more forceful because of a lack of popular support for action in his administration and Congress, concern that the nation can't make another overseas commitment and the "lack of sufficient demand from the American people that something be done."

Land rejected any suggestion that the White House is ignoring evangelicals on Sudan.

Former Bush aide David Kuo has just released a book in which he claims that evangelicals were embraced for political gain at the White House, but were derided privately as "nuts."

Said Land: "I have no doubt about the president's commitment to this issue."

Evangelicals Urge Darfur Action (WT)

By Julia Duin

The Washington Times, October 19, 2006

Twenty-four liberal and conservative evangelical leaders representing at least 50 million Americans called on President Bush yesterday to "stop the genocide" in Darfur, saying he is the only world leader in a position to do so.

In a conference call, five of them promised to put the immense resources of the country's evangelical Christian populace at the president's disposal on behalf of the beleaguered inhabitants of western Sudan.

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"Unless the president acts to rally world leadership to put pressure on the government of Khartoum to stop this genocide, it will not stop," said Richard Land of the Southern Baptist Convention's Ethics and Religious Liberty Commission.

"We must not allow this genocide to continue," said Geoff Tunnicliffe, international director of the World Evangelical Alliance. "We must say, 'Not on our watch.' "

Evangelicals, Mr. Land added, can "strengthen the president's hand" in taking what could be an unpopular step domestically in a nation already committed militarily around the world.

"We'll do everything we can to rally support in Congress and the United Nations ... to defy the genocidal government of Khartoum," he said. To date, he added, "there has been a lack of sufficient demand by American people that something be done. But it has been my observation that when Washington feels the heat, they see the light."

"Darfur should be on the front pages until this is resolved," said Jim Wallis, editor of Sojourners magazine and a founder of the Call to Renewal network. "But it falls off the front page again and again. We cannot resolve this until we stop [merely] talking about it."

Mr. Wallis' group, which represents the evangelical left, has teamed up with 23 mostly conservative evangelical groups or leaders in placing radio and newspaper ads urging Mr. Bush to push for a multinational force in western Sudan. Several of the leaders are seeking to meet personally with the president -- a fellow evangelical -- to discuss the issue.

"We're the growth factor in American religion," said Mr. Land, citing figures showing that evangelicals constitute as much as 40 percent of America's 300 million residents. "There are a lot more of us than there used to be."

The leaders said they felt constrained to speak out in a society in which they have emerged as the new center.

"Evangelicals and conservative Catholics are the moral voice of gravity in America," said Richard Cizik, vice president for governmental affairs for the National Association of Evangelicals. "To the extent we represent our constituency is the extent to which the rest of society follows."

Plus, "When evangelicals speak, governments listen," said Mr. Cizik, who has been involved in recent years in dialogue with moderate Muslim heads of state.

"Arab leaders are interested in what evangelicals think," he said. "The president has to use his bully pulpit on this issue. If we fail as evangelicals, people die."

Suicide Boats Explode In Sri Lanka Port, Killing 16 (NYT)

By Shimali Senanayake

The New York Times, October 19, 2006

COLOMBO, Sri Lanka, Oct. 18 — Powerful explosions rocked an important southern tourist and port town in Sri Lanka for the first time on Wednesday, apparently extending the war in this country to a stronghold of the Sinhalese ethnic majority.

The government said suicide boats of the secessionist Liberation Tigers of Tamil Eelam, disguised as fishing boats, had been detonated near a navy base.

While the death toll was low — one sailor and 15 rebels — the attack was significant because the recent surge in fighting between the government and the rebels had largely been concentrated in the Tamil-dominated north and the east.

“The L.T.T.E. wanted to create some kind of backlash in this very sensitive Sinhalese-majority area,” said the Defense Ministry spokesman, Keheliya Rambukwella. “Their other motive may have been to hit economic and commercial interests by targeting this popular tourist destination. They failed miserably.”

The coastal town of Galle, about 70 miles south of the capital, Colombo, was hit hard by the Asian tsunami in December 2004 but until now was unscathed by the civil war between Sri Lanka’s Sinhalese-dominated government and the Tigers, who are fighting to establish a separate homeland for the Tamil minority.

“The hotel shook, due to the repeated explosions,” said Hiran Cooray, director of the Lighthouse Hotel, the biggest in Galle and an architectural landmark.

The attack was quickly followed by sporadic violence, with angry mobs attacking Tamil-owned stores in the town and smashing windows.

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The Tigers did not comment on the attack, but they were quick to blame the government for subsequent airstrikes on eastern rebel strongholds, in which they said a civilian had been injured. The military denied aiming at civilians.

The attack in Galle took place two days after a suicide bomber rammed a truck into a navy convoy about 100 miles northeast of the capital, killing nearly 100 people, mostly sailors.

The two sides are to resume peace talks on Oct. 28 in Geneva, but there is little optimism.

U.S. Objections Lead Spain To End Venezuela Deal (NYT)

By Renwick McLean

The New York Times, October 19, 2006

MADRID, Oct. 18 — Spain's foreign minister said Wednesday that a deal to sell military aircraft to Venezuela had been canceled because American government objections made it unfeasible.

The Bush administration denied Spain's request in January, saying that the sale would strengthen the government of President Hugo Chávez, which is hostile to American interests, and destabilize the region. Permission from the White House was needed because the aircraft would use American technology.

EADS-CASA, the company that sought to build the airplanes, had said after the Bush administration's rejection that it would seek alternative technology from another country.

On Wednesday, Miguel Ángel Moratinos, the foreign minister, announced that the company, a division of the European defense company EADS, had decided to drop those plans. "The company tried to find alternatives for that transfer of technology, and it reached the conclusion that the economic effort required to carry it out would not be profitable," he said during a news conference in Madrid. The company did not respond to telephone calls seeking comment.

The aircraft deal, which involved the sale of 12 military transport planes, was signed in November as part of a broader agreement between Spain and Venezuela that was valued at 1.7 billion euros, about $2.1 billion.

Spanish officials say that the aircraft deal would have created hundreds of jobs. They also dispute the American contention that the sale would have a destabilizing effect, contending that transport planes are not suited for attack missions that could threaten Venezuela's neighbors.

In his comments, Mr. Moratinos suggested that the government would continue backing Spanish companies that seek deals with Venezuela in the future.

"We favor any business initiative with anyone in Latin America or any country that we feel fulfills the norms of trade, good behavior and good conduct," he said.

The Spanish announcement comes as Venezuela is struggling to win international support for its bid to gain Latin America's open seat on the United Nations Security Council next year. Spain has endorsed Guatemala for the position.

Efforts to obtain comment from the Venezuelan Embassy in Madrid were unsuccessful. But during a brief visit to Madrid on Tuesday, José Vicente Rangel, the Venezuelan vice president, attributed the demise of the deal to "limitations on Spanish sovereignty," an apparent allusion to American opposition to the sale, the Spanish news agency Europa Press reported.

The American decision in January to reject Spain's request for permission to make the sale threatened to sour relations between the two countries just as they were recovering from the tension that originated with Spain's decision to withdraw from Iraq in April 2004.

American officials have expressed unease over Madrid's refusal to adopt a hard-line approach to Venezuela, but stressed that the American position on the deal stemmed from its concerns over Mr. Chávez, a leftist populist, not Spanish policy.

Nicaragua Wants To Construct Alternative To Panama Canal (USAT/AP)

By Julie Watson

USA Today, October 19, 2006

SAN JORGE, Nicaragua — Dusting off a dream that dates back 500 years, Nicaragua wants to build an $18 billion alternative to the increasingly overloaded Panama Canal.

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Officials are drafting legislation, conducting feasibility studies and lobbying internationally for the project, first considered by Spanish explorers who scanned the Central American coast in the 1500s for a navigable waterway from the Atlantic to the Pacific Ocean.

"The prospect of having something like this is probably better now than at any time in the past," said Marc Hershman, an international shipping expert at the University of Washington School of Marine Affairs. "There's huge growth in cargo shipping around the globe, and it's going to accelerate more and more."

Panamanians will hold a referendum Sunday, and polls predict they will approve widening their 92-year-old canal. Nicaraguan officials insist there isn't a rivalry, saying there's enough traffic to sustain two waterways, and theirs would be able to handle bigger ships.

Nicaragua's proposed canal would be 173 miles long. From the Caribbean, it would run along the San Juan River, which forms Nicaragua's southern border with Costa Rica and lets out into Lake Nicaragua. From the western side of the lake, 12 miles of canal would be built across the Isthmus of Rivas to reach the Pacific.

Many in the shipping industry have been looking "more closely at another canal with wider capabilities and a deeper channel" than Panama, Hershman said.

Nicaragua's outgoing president, Enrique Bolanos, says a canal could be built in 12 years and would open the way for giant tankers from Asia that cannot squeeze through Panama's 50-mile waterway.

The Nicaraguan option could cut a day off shipments between California and New York, while Chinese tankers could save as much as 36 days and $2 million on their round trips to the U.S. East Coast, Bolanos said.

Daniel Ortega, the Sandinista leader who is the front-runner in the presidential election Nov. 5, is on record as supporting the plan.

Panamanian officials say Nicaragua's proposal is pushing them to move ahead with their $5.25 billion expansion. "For us, Nicaragua is serious. This is not just speculation," said Adolfo Ahumada, director of the Panama Canal, which earned $1 billion last year.

About 5% of the world's maritime trade crosses through the Panama Canal, but its growth is limited: 10% of the world's ships are too big for it. Others wait in long lines, losing time and money.

Bolanos estimates the shipping business will grow by at least 5% annually until 2025.

Georgians Deported From Russia As 2-nation Diplomatic War Heats Up (USAT)

By Nora Fitzgerald Special For

USA Today, October 19, 2006

MOSCOW — Russian authorities pressed ahead this week with deportations of Georgians living illegally in the country, signaling the Kremlin won't let up a diplomatic war with its Soviet-era satellite state.

A Georgian man set to be deported from Russia died after suffering an asthma attack on Tuesday. The Georgian Embassy accused Moscow of depriving him of medical help during five days of detention.

Russia has deported more than 540 Georgians — 140 on Tuesday alone — this month. Russia retaliated with the expulsions after neighboring Georgia detained four Russian military officers on charges of espionage Sept. 27.

Georgian Ambassador Irakli Chubinishvili and human rights organizations including the Moscow Helsinki Group, say Moscow has embarked on a systematic campaign of ethnic harassment that is expanding to include other non-Russians.

In recent years, Georgia has sought to distance itself from Moscow's influence and seek closer ties with the United States and European Union. Its relations with Russia started to deteriorate in 2004 when Georgian President Mikheil Saakashvili began to seek membership in NATO, once the archrival of the Moscow-run Warsaw Pact.

Also at issue: ongoing disputes over Georgia's two breakaway regions, Abkhazia and South Ossetia. The two regions, whose bids for separation from Georgia are supported by Russia, are monitored by Russian peacekeepers. About a third of the 300,000 ethnic Georgians who fled Abkhazia's conflict in 1993 settled in Russia, says the Georgian Diaspora group in Moscow.

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Russian President Vladimir Putin accused Georgia's government of "an act of state terrorism" when it detained the four men as spies last month. Even though they were soon released and returned to Russia, Moscow started taking action against Georgia and Georgians living in Russia.

•Russian Foreign Minister Sergey Lavrov said last week that Russia would continue to ban all transport to Georgia — except for the transfer of detainees.

•Russia imposed a freeze on all postal deliveries to Georgia.

•Russia's state Duma last week proposed a ban on Georgian leaders entering Russia.

Before the new flap, imports of Georgian wine and mineral water had been halted because of alleged impurities.

"Of course this is having an economic impact," the Georgian ambassador told reporters last week. Georgia relies on Russia for energy supplies and trade.

Last Thursday, Georgia announced it had blocked the next round of talks on Russia's bid to join the World Trade Organization to retaliate for Moscow's embargos.

Tuesday, three days before a European Union-Russian summit, the EU urged Moscow to stop "targeting Georgians" and said it was concerned about the humanitarian consequences for the estimated 1 million Georgians living in Russia.

Tatyana Lokshina, head of DEMOS, a Moscow-based human rights think tank, said Putin's response to Georgia "has sent a signal that nationalism is safe."

Russia has long been a magnet for Georgians, who can earn more here than at home, where the average salary is $100 per month.

Chubinishvili, the Georgian ambassador, said Georgians have been picked up by police and put on flights to Georgia, sometimes without having a chance to retrieve their belongings. He said some were deported because their visas had expired.

The Georgian Cultural Center in Moscow was raided by police. Alexander Gavrilov, a spokesman for Moscow City Hall's education department, has said that some schools had received a police request for a list of children with Georgian names.

"We are strengthening control over the stay of foreign citizens in Russia," Mikhail Turkin, deputy head of the Federal Migration Service, said Oct. 6. "Everything was done by the law."

David Kakachia, general director of the Genatsvale restaurant on Moscow's New Arbat Street, said he closed voluntarily for four days last week. "Police came and checked everything," said Kakachia, 28, who is from Abkhazia. He said his family fled the breakaway republic in 1993. "They said they came because there was a decision to check everywhere Georgians are working. Nobody likes pressure on them because of their nationality."

The crumbling Georgian consulate on Ostozhenka Street in central Moscow has become a crisis center for Georgians living in Russia. Consulate employees are manning two hotlines 24 hours a day.

Georgia's consul, Zurab Pataradze, who is supervising the hotline effort, said he did not know how many people called every day. "We are too busy to count," he said.

U.S. Stands By Decision On Kodori Gorge (WT)

By David R. Sands

The Washington Times, October 19, 2006

A top State Department official denied yesterday that the Bush administration supported a Russian-backed U.N. resolution critical of Georgia last week in order to win Moscow's support for a package of sanctions against North Korea over its nuclear missile test.

But with tensions between Moscow and Tbilisi, Georgia's capital, escalating sharply over the past month, two top Georgian lawmakers expressed disappointment with the U.S. vote and said it would only help Russia's long-term goal of "regime change" in its small southern neighbor.

"We are grateful to our friends that [the resolution] was not as bad on the one Russia originally proposed, but we were certainly not happy with it," said Nikoloz Rurua, deputy chairman of the committee on defense and security in Georgia's parliament.

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"It misrepresents the facts of our dispute, and even worse, it could be perceived by Russians as giving them a license to act freely in the future. That is the greatest danger," he said yesterday in Washington.

The Georgia resolution was adopted just before the U.N. Security Council voted unanimously to sanction North Korea. But U.S. Assistant Secretary of State Daniel Fried told reporters on a visit to Tbilisi yesterday there was no horse-trading over the two votes.

"To say that the United States traded something for something else is an absurd allegation without any foundation," said Mr. Fried, who rejected the suggestion the resolution was a "defeat for Georgia."

The resolution renewed the expiring mandate of a U.N. observer group monitoring the standoff between Georgia's central government and the Russian-backed separatist enclave in Abkhazia. Russia has long offered diplomatic and military backing to Abkhazia.

But the new resolution included new, Russian-backed language that called on Georgia to refrain from "militant rhetoric" and "provocative" actions in the Kodori Gorge, a disputed region on the unofficial border with Abkhazia that Georgian troops reclaimed in a bloodless operation in July. The U.N. text also praised the "stabilizing role" of Russian troops stationed in Abkhazia as a "peacekeeping force."

U.S. Ambassador to the United Nations John R. Bolton issued a statement after Friday's vote defending the Kodori operation as an "exercise of Georgia's sovereign right." He expressed regret that Moscow had pushed the critical Georgia resolution without coordinating with Western countries trying to resolve the standoff.

U.S. diplomats say they were able to soften an earlier Russian text that criticized the July Kodori operation and demanded Georgian troops withdraw.

Always tense Georgia-Russia relations have deteriorated in recent days over Moscow's furious reaction to the very public arrest and expulsion of four Russian officers on espionage charges last month. Russia cut transportation and postal links with Georgia in retaliation, and began what critics say is a targeted harassment campaign against Georgians living in Russia.

Despite Mr. Fried's denials, many in Georgia and Russia see the U.N. vote as the price the United States paid for the North Korea resolution. Both Georgian President Mikhail Saakhashvili and Russian Foreign Minister Sergey Lavrov reportedly lobbied Secretary of State Condoleezza Rice in advance of the vote.

Mr. Saakhashvili told reporters in Tbilisi after the vote that Moscow "pushed all of its efforts towards exchanging its support for Western countries over North Korea and Iran for a carte blanche on the resolution on Georgia."

George Bokeria, deputy chairman of the Georgia parliamentary committee on legal issues, said, "Russia's ultimate goal is regime change in Georgia, and this vote was blackmail to help them achieve that goal."

He added, "If the West keeps giving into blackmail, Moscow will keep doing it over and over."

Charities In Russia Stymied By New Law (WT)

By Michael Mainville

The Washington Times, October 19, 2006

MOSCOW -- Dozens of human rights groups and humanitarian charities will be forced to suspend work in Russia today after missing a deadline for registering under a law against foreign support of nongovernmental agencies.

Russian President Vladimir Putin approved the law, which faced widespread criticism internationally, earlier this year.

It allows authorities to shut down nongovernmental organizations (NGOs) if they fail to register again with Russia's Justice Ministry, provide financial data and submit program plans for approval.

The estimated 400 to 500 foreign-funded NGOs operating in Russia had until yesterday to hand in their requests for registration.

NGOs will be allowed to continue submitting requests until Jan. 18 but will not be allowed to work without registration until they do. They will remain legal entities, however, allowing them to maintain offices and pay staff.

A list published yesterday on the Federal Registration Service Web site showed 80 NGOs whose registration had been approved, including British charity Oxfam, the Ford Foundation and the Carnegie Center. Foreign adoption agencies accounted for most of the list.

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Among the organizations that failed to obtain registration were Amnesty International, Human Rights Watch, the International Republican Institute (IRI) and the National Democratic Institute (NDI).

"We won't be able to do anything substantive," said Allison Gill, the director of the Moscow office of Human Rights Watch, which was unable to obtain the necessary documents to apply before yesterday's deadline. "We won't be able to issue press releases, interview victims of human rights abuses, do public advocacy -- any of the real work that matters."

Some NGOs, including Amnesty International, IRI and NDI, were able to submit documents in time but have yet to win approval from registration officials.

Officially, authorities must respond to registration requests within 30 days, but NGO representatives say bureaucrats can delay the process with requests for additional documents.

"We expect they'll be finding 'mistakes' in our documents," said Sergei Nikitin, the Moscow representative of Amnesty International. "I don't know when we'll be able to get back to work. If I'm being really optimistic, it could be a few months."

The United Nations Office for the Coordination of Humanitarian Affairs said that four foreign NGOs doing extensive humanitarian work in the North Caucasus, including the Danish Refugee Council and the International Rescue Committee, had suspended their operations in the region until they could obtain registration.

Registration officials have said NGOs are to blame for missing the deadline and that many have had to resubmit documents that were riddled with errors.

But NGOs say they haven't been given enough time to come up with the reams of documents required for registration and complain that many of the government's demands are unrealistic.

Among the information needed, for example, are extensive background details, including passport numbers and addresses, on NGO founders, no matter how old the group is or if its founders are long dead.

"The whole process has been absurd," Ms. Gill said.

Even if they do manage to get registered, foreign NGOs face another hurdle on Oct. 31, when they must submit financial and program plans for next year.

The law gives individual bureaucrats the right to reject any program proposal that they think threatens Russia's state interests.

NGOs say this could prevent them from working in sensitive regions, such as the conflict-ridden republic of Chechnya, or from funding groups that can be critical of authorities.

Critics say the new law is part of wider Kremlin crackdown on civil society, opposition groups and news organizations under Mr. Putin.

The Russian government has countered that many groups posing as NGOs are actually criminal or terrorist organizations.

Russian lawmakers have also accused foreign-backed NGOs of supporting opposition groups in Russia seeking to overthrow the government in a popular uprising similar to the recent revolutions against pro-Moscow regimes in Ukraine and Georgia.

U.K.'s Criticism Of Practices Of Muslims Raises Tensions (WSJ)

By Deborah Ball And Cassell Bryan-low

The Wall Street Journal, October 19, 2006

LONDON -- A furor over Muslim women wearing veils is aggravating long-simmering tensions between the British government and the nation's large Muslim population, illustrating conflicts between the government's goals of protecting religious rights and fostering a cohesive society.

The United Kingdom traditionally has taken a different approach than countries such as France in its effort to accommodate its Muslim communities. It did so by allowing Britain's 1.6 million Muslims, about 2.8% of the population, broad freedom to follow their religious customs, rather than trying to mandate assimilation.

But in an environment that is already tense because of incidents of Islamist terrorism on British soil, the government has raised the question of how separate Muslims have a right to be.

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Until now, criticism of Muslim practices such as wearing the full veil, or niqab, had been confined to fringes of British society. The issue burst into the mainstream last month when Jack Straw, speaker in the House of Commons and former foreign secretary under Prime Minister Tony Blair, said in a newspaper column that he asked Muslim women to take off their veil when visiting his office. He argued that the veil, which covers the head and face and has a slit for the eyes, is "a visible statement of separation and difference."

Then last week, a U.K. school suspended a teacher for refusing to remove a veil that left only her eyes uncovered. Mr. Blair this week came out in support of the suspension, in a move that is likely to rile religious leaders. He said many people are questioning how Islam "comes to terms with and is comfortable" with the modern world.

Opposition leaders have echoed Mr. Blair's position.

Education Secretary Alan Johnson insisted in a speech yesterday that faith-based schools must go further to help defuse community tensions. He said the government plans to introduce legislation to ensure that 25% of places in new, publicly funded faith-based schools are open to children of families of other faiths, or no faith. "Schools should cross ethnic and religious boundaries, and certainly not increase them," Mr. Johnson said. Of England's 7,000 publicly funded faith-based schools, eight are Muslim and the vast majority are related to Christian denominations.

Britain's newly surfaced tensions echo those that have long been in the open elsewhere in Europe over religious dress. France, for instance, bans students from wearing head scarves and other conspicuous religious symbols in schools.

But in Britain, the tensions threaten to stymie Mr. Blair's efforts to improve communication with the Muslim community. That has been a government priority as it toils to stamp out home-grown radicalism and lessen the chance of further terrorist attacks on British soil.

The Blair government has struggled to build bridges with the Muslim community. Mr. Blair's initiatives to improve dialogue have included several measures targeted at female members of the community, such as hosting a meeting of 40 Muslim women at his No. 10 Downing St. residence this year.

Behind The Veil (NYT)

The New York Times, October 19, 2006

The way the issue of full-face veils has seized Britain, you would think veiled women were everywhere. In fact, one has to wonder how many are regularly encountered by Jack Straw, the leader of the House of Commons, or any other Briton.

Yet Mr. Straw's comments that the veil damages relations between people of different ethnic backgrounds has fired a furious debate, with Tony Blair and Romano Prodi, the British and Italian prime ministers, rising in agreement and Muslim leaders indignantly protesting. The issue in need of serious discussion is not the niqab — the veil that covers all but a woman's eyes — but the larger question of the place of Europe's Muslim minority.

Even if Mr. Straw is correct in describing the niqab (used by a small minority of European Muslims) as a barrier to assimilation, or to communication, it is still not the source of the current anxiety.

The problem is that the discovery of jihadists in Europe — whether those who plotted 9/11 or the Madrid or London bombings — has made non-Muslim Europeans far more suspicious of the large Muslim minorities among them and what they perceive as a self-imposed isolation. Those suspicions have, in turn, bolstered the arguments of a small minority of Muslim leaders who call for more isolation.

The real debate should be about the failure of European governments to address the sources of immigrant discontent — which include high unemployment and discrimination — and about the failure of Muslim leaders in the West to counter the rise of extremism in their communities.

The public attacks on a religious custom by Mr. Straw and Mr. Blair will only feed the suspicions of non-Muslim Europeans and the sense of stigma and segregation among European Muslims.

Promoting Serbia, For A Price (WP)

By Judy Sarasohn

The Washington Post, October 19, 2006

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Republican lobbying shop Barbour Griffith & Rogers has picked up a client that won't be an easy sell to the U.S. government, but at least it pays well.

The contract is with the government of Serbia for $60,000 a month, from July 28, 2006, through Jan. 31, 2009. If all goes as planned, that would amount to a total of $1.8 million.

Barbour Griffith's work for Serbia, which wants to join the European Union, comes at a time of tense negotiations over the independence of Kosovo and its ethnic Albanians as well as the Serbian government's apparent lack of interest in finding war crimes suspect Ratko Mladic. Kosovo has been administered by the United Nations since 1999, when a U.S.-led NATO bombing campaign drove Serbian forces out.

For $60,000 a month, Barbour Griffith will "provide strategic counsel and tactical planning on foreign policy matters regarding Serbia before the U.S. government," according to the contract the firm included in its foreign-agent filing with the Justice Department. The contract was signed by Milan Parivodic, the minister for international economic relations, as O'Dwyer's PR Daily first reported.

The firm's lobby registration with Congress answered the question on specific lobbying issues this way: "Provide guidance and counsel with regard to issues impacting the bilateral relationship between the U.S. and Serbia."

The Barbour Griffith team working for Serbia includes Robert A. Blackwill , former deputy national security adviser in the Bush administration, and Andrew Parasiliti , former foreign policy adviser to Sen. Chuck Hagel (R-Neb.). Blackwill is president of Barbour Griffith & Rogers International , the lobby shop's foreign policy arm, and Parasiliti is vice president.

Blackwill was in Serbia in May 2005 and spoke at the University of Belgrade. According to a copy of his speech, he expressed optimism about Serbia's future, and urged the Bush administration recognize "the need to collaborate with Serbia to achieve lasting progress in this region." But, noting his "own private views," he also said: "If the final status of Kosovo is not reached soon, the region risks a new eruption of violence. That would also push back for many years Serbia's full reentry into Europe and into the international community."

Barbour Griffith doesn't usually say much about its work for clients. Parasiliti went so far as to say: "We are pleased to be able to work for the government of Serbia."New on the Avenue

Two Democratic lobbyists are rebranding their work and forming a new lobby shop, Avenue Solutions . Laurie Sullivan was previously co-founder of Sullivan & Baldick and Tracy Spicer worked there.

The level of interest in Democratic lobbyists will depend partly "on the results on Nov. 7. I think business is going to pick up," Sullivan said, though she added that Avenue Solutions has a pretty good book of business now. The firm represents such clients as Aetna, Northwest Airlines and the National Cable and Telecommunications Association.

Sullivan, a Democratic activist, ran government relations for Aetna in Connecticut. Spicer earlier was a longtime aide to Sen. Edward M. Kennedy (D-Mass.), including a stint as political director.

Nick Baldick , who specializes in grass-roots and political work, formed a new company, too, Hilltop Public Solutions . Sullivan said they will still collaborate on projects.Gorilla Gets a Voice

While some folks think of AARP as an 800-pound gorilla, the seniors and boomers-plus lobby wants to make sure its voice is heard during policy debates, particularly as Washington turns to the presidential campaign cycle after the Nov. 7 midterms . So AARP created the post of publicity director and hired Brian Marriott for the job.

Marriott comes off a five-year stint as special assistant for media relations to the Federal Communications Commission chairman, first for Michael K. Powell and then Kevin J. Martin. He was political director in Missouri for the 2000 Bush-Cheney campaign and worked in the 2004 campaign.

While noting that there is a perception -- or "misperception" -- that AARP tilts to the left, media relations director Mark Kitchens says AARP did not "consider politics to be part of the equation" in hiring Marriott.

Kitchens says the new job is designed to help the group frame its issues and get out front in public debate. "We want to play and continue to play an even more robust role," he said.

Marriott, 33, says this is "a very exciting time to be here, with baby boomers starting to reach the age of retirement," adding to AARP's influence.Here and There

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Also moving about town . . . Peggy Binzer , senior FDA health counsel to the Senate Budget Committee, is joining the public health preparedness practice of the McKenna Long & Aldridge law firm. Her last day on the Hill was yesterday.

Erich Mische , most recently chief of staff to Sen. Norm Coleman (R-Minn.), recently left the Hill for the lobby shop mCapitol Management . But he's not going too far. Mische remains a political adviser to Coleman.

Wendy Helgemo has joined the National American Indian Housing Council as director of its Office of Governmental Affairs. A member of the Ho-Chunk Nation of Wisconsin, she previously was a staff attorney at the office of general counsel of the National Indian Gaming Commission.

Gail Ravnitzky-Silberglied , former chief of staff to Rep. Adam Schiff (D-Calif.), has moved to the Jewish Coalition Against Domestic Abuse as executive director.

Israel Sex Cases Defy Machismo Of The Warrior (NYT)

By Dina Kraft

The New York Times, October 19, 2006

TEL AVIV, Oct. 18 — For decades it was widely accepted that some of Israel's top military officers and government ministers considered sexual encounters with female employees a seigneurial right.

A society built partly on the conscious effort to project an image of strength tended to overlook such harassment. In fact, a certain amount of male rakishness often added to a prominent man's allure. The alleged womanizing by national legends like Moshe Dayan, for example, was considered part of their mystique.

But the ground is shifting rapidly under the feet of the current crop of leaders as a result of legal and societal changes. This week, the police recommended charging President Moshe Katsav with the rape of two former employees, the most serious criminal allegations ever made against an Israeli leader. And on Tuesday, Justice Minister Haim Ramon went on trial, accused of kissing a soldier against her will.

"When I was in the army it was assumed that the office of every senior officer was essentially a harem for him," said Michael Oren, an historian and a senior fellow at the Shalem Center, a Jerusalem research institute, who served in the military 30 years ago. "Israel is emerging from adolescence into adulthood."

In 1998 a sweeping sexual harassment law, inspired in part by American legislation, was passed by the Israeli Parliament, making such behavior illegal anywhere, whether in the street or the workplace.

Soon afterward, a major turning point came: the trial of Yitzhak Mordechai, a former general who was Israel's defense minister and a prime ministerial hopeful. He was forced to resign after being convicted of sexual assault and harassment.

His very public trial followed charges filed by several women who had worked for him in the government and during his long, highly decorated career in the army.

For years trying Israeli leaders for such crimes was unheard-of. The founders of Zionism sought to create "the new Jew" — aiming to transform Jews who lived in the Diaspora, perceived as bookish and weak, into men of muscle and power.

The militarization of Israeli society that eventually followed in the wake of successive wars with Arab neighbors seemed to cement Israel's male-dominated character. And while that has not changed completely, the question of sexual harassment is getting real attention, especially in the army, which is the epicenter of such activity and the institution with the most influence on the society.

In the last 10 years the army, into which nearly all Jewish 18-year-old Israelis are drafted, has begun intensively promoting awareness of sexual harassment and the consequences that can follow for those who cross the line. Several highly publicized cases in which senior officers were suspected of having sexually assaulted female soldiers made the army's efforts more urgent.

Many female soldiers work in clerical positions. A senior officer often has several 18- and 19-year-old women serving as secretaries.

The shift in the approach of the army toward harassment comes as it has opened itself up to placing women in roles traditionally thought to be the exclusive purview of men. Women now serve as pilots, artillery crew members, gunnery instructors and officers in charge of men.

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As part of the army's efforts to educate its members about sexual harassment, all conscripts receive a letter during basic training describing the issue and where to turn if they encounter such behavior.

Workshops are held with soldiers and officers to increase awareness, and there is a 24-hour phone line for complaints and advice. Those suspected of harassment or assault are taken before a special committee that has the power to demote or discharge the accused, said Lt. Col. Liora Rubinstein, the deputy adviser to the chief of staff on women's issues.

Many career officers have lost their jobs that way, she said.

"I can tell you, when I was drafted it was not spoken about," said Colonel Rubinstein, who has served in the army for 20 years. "It was not part of our consciousness. Officers know now what is expected of them."

Nonetheless, advocates for women's rights and others say the hesitancy of many accused men in army and civilian life to acknowledge responsibility is evidence that while the old era may be over legally, much remains to be done so that men understand the new rules.

For example, Mr. Mordechai insisted that he had done nothing wrong. "The more cases we have and the more women stand up and go and complain and are not afraid, there will be a change," said Rina Bar-Tal, chairwoman of the Israel Women's Network.

But Ms. Bar-Tal said she was hesitant to declare a social transformation in what was still a patriarchal society. "The law is there and the police abide by the law, and the infrastructure of our legal system is working," she said. "I see that as a very positive note."

The high-profile nature of recent cases like that of President Katsav, whose office is largely ceremonial, has made the issue a major topic of public discussion.

"The central ethical issue is the ease with which a respected and authoritative employer can manipulate the confusion, panic and dependence that characterize a young female employee in the public sector," Avirama Golan wrote in a column in the daily Haaretz titled "All the President's Women."

It has also led to broader examination of the country's history. Old school notions of masculinity were part of being a nation in an almost constant state of war, said Mr. Oren, the historian. "It was all caught up in Israeli machismo, which had a certain role in order to establish a nation at arms," he said.

Avigail Moor, a psychologist and expert on violence against women in Israel who is chairwoman of the women's studies department at Tel Chai College, said of the tales of sexual conquest that circulated around some powerful Israeli men, "It was common knowledge that their titles gave them that prerogative.

"It was also made out to look very romantic. Young women serving in these high-status platoons were almost led to believe that it was something that spoke highly of them if they were chosen to be a sexual partner of a high commanding officer."

The militaristic nature of Israeli society has eased, partly as it feels more secure and partly as Western influence has increased. An effort by the army to prevent its male soldiers from crying at the funerals of their fallen comrades, for example, has failed. In the past such open displays of grief were considered a sign of weakness.

Yael Dayan, a former lawmaker and the daughter of Moshe Dayan, sponsored the sexual harassment legislation. She recalls being mocked during debate on the bill by some male colleagues and constituents. The comments, and the sense of backlash, have not ended, she said.

She added: "At traffic lights people stop me and say: 'Are you satisfied now? You got the president.' "

Mr. Erdogan's Turkey (WSJ)

By Michael Rubin

The Wall Street Journal, October 19, 2006

Five years into the war on terror, inept U.S. diplomacy risks undercutting a key democracy (and ally) that President Bush once called a model for the Muslim world. The future of Turkey as a secular, Western-oriented state is at risk. Just as in Gaza and Lebanon, the threat comes from parties using the rhetoric of democracy to advance distinctly undemocratic agendas. Turkey has overcome past challenges from terrorism and radical Islam; always its system has persevered. But now, as Turkish

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politicians and officials work to defend the Turkish constitution, U.S. diplomats interfere to dismiss Turkish concerns and downplay the Islamist threat.

A crisis has simmered for months, but earlier this month Ankara erupted. On Oct. 1, President Ahmet Necdet Sezer warned parliament, "The fundamentalist threat has not changed its goal to change the basic characteristics of the state." The next day, as Prime Minister Recep Tayyip Erdogan visited the Oval Office, Gen. Yasar Büyükanit, chief of Turkey's armed forces, warned cadets of growing Islamic fundamentalism and promised "every measure will be taken against it." Usually such warnings are enough to keep those transgressing on the constitutional separation of mosque and state in check.

Enter U.S. Ambassador Ross Wilson. At an Oct. 4 press conference he said: "There is nothing that worries me with regards to Turkey's continuation as a strong, secure, stable and secular democracy." He dismissed opposition concern about the Islamism of Mr. Erdogan's ruling Justice and Development Party (known in Turkish as the AKP) as "political cacophony." His remarks were consistent with those of his State Department superiors. Last autumn, Daniel Fried, assistant secretary of state for European Affairs, said "The development of the AKP into a democratic party . . . has mirrored and supported the development of Turkish political society as a whole in a liberal and democratic direction." He described the AKP as "a kind of Muslim version of a Christian Democratic Party."

Why are so many Turks angry at Washington's dismissal of their concerns? While democrats fight for change within a system, Islamists seek to alter the system itself. This has been the case with the AKP. Over the party's four-year tenure, Mr. Erdogan has spoken of democracy, tolerance and liberalism, but waged a slow and steady assault on the system. He endorsed, for example, the dream of Turkey's secular elite to enter the European Union, but only to embrace reforms diluting the checks and balances of military constitutional enforcement. After the European Court of Human Rights upheld a ban on headscarves in public schools, he changed course. "It is wrong that those who have no connection to this field [of religion] make such a decision . . . without consulting Islamic scholars," he declared. Then in May 2006, his chief negotiator for accession talks ordered the removal, from a negotiating paper, of reference to Turkey's educational system as secular.

The assault on the secular education system has been subtle but effective. Traditionally, students had three choices: enroll at religious academies (so-called Imam Hatips) and enter the clergy; learn a trade at vocational schools; or matriculate at secular high schools, attend university and pursue a career. Mr. Erdogan changed the system: By equating Imam Hatip degrees with high-school degrees, he enabled Islamist students to enter university and qualify for government jobs without ever mastering Western fundamentals. He also sought to bypass checks and balances. After the Higher Education Board composed of university rectors rejected his demands to make universities more welcoming of political Islam, the AKP-dominated parliament proposed to establish 15 new universities. While Mr. Erdogan told diplomats his goal was to promote education, Turkish academics say the move would enable him to handpick rectors and swamp the board with political henchmen.

Such tactics have become commonplace. At Mr. Erdogan's insistence and over the objections of many secularists, the AKP passed legislation to lower the mandatory retirement age of technocrats. This could mean replacement of nearly 4,000 out of 9,000 judges. Turks are suspicious that the AKP seeks to curtail judicial independence. In May 2005, AKP Parliamentary Speaker Bülent Arinç warned that the AKP might abolish the constitutional court if its judges continued to hamper its legislation. Mr. Erdogan's refusal to implement Supreme Court decisions levied against his government underline his contempt for rule of law. Last May, in the heat of the AKP's anti-judiciary rhetoric, an Islamist lawyer protesting the head scarf ban shouted "Allahu Akbar," opened fire in the Supreme Court and murdered a judge. Thousands attended his funeral, chanting pro-secular slogans. Mr. Erdogan was absent from the ceremony.

There have been other subtle changes. Mr. Erdogan has replaced nearly every member of the banking regulatory board with officials from the Islamic banking sector. Accusations of Saudi capital subsidizing AKP are rampant. According to Turkish Central Bank statistics, in the first six months of this year, the net error -- money entering the Turkish economy for which regulators cannot account -- has increased almost eightfold compared to 2002, the year the AKP came to power. According to the opposition parliamentary bloc, debt amassed under Mr. Erdogan's administration is equal to total debt accrued in Turkey between 1970 and 2000. Erkan Mumcu, a former AKP minister who now heads the center-right Motherland Party, accused the AKP in June of interfering in Central Bank operations. Accordingly, President Bush's Oval Office statement, based on State

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Department talking points -- congratulating "the prime minister and his government for the economic reforms that have enabled the Turkish economy to be strong" -- may have hampered transparency, if not reform.

In the past year, the AKP anti-secular agenda has grown bolder. AKP-run municipalities now ban alcohol. Turkish Airlines recently surveyed employees about their attitudes toward the Quran. On July 11, Mr. Erdogan publicly vouched for the sincerity of Yasin al-Qadi, a Saudi financier identified by both the U.N. and U.S. Treasury Department as an al Qaeda financier.

When Mr. Erdogan began his political career, he did not hide his agenda. In September 1994, while mayor of Istanbul, he promised, "We will turn all our schools into Imam Hatips." Two months later he said, "Thank God Almighty, I am a servant of the Shariah." In May 1996, he called for a ban on alcohol. In the months before his dismissal from the mayoralty, his cynicism was clear. "Democracy is like a streetcar," he quipped. "You ride it until you arrive at your destination and then you step off."

Diplomacy should not just accentuate the positive and ignore the negative. When a country faces an Islamist challenge, PC platitudes do far more harm than good. At the very least, U.S. diplomats should never intercede to preserve the status quo at the expense of liberalism. Nor should they even appear to endorse a political party as an established democracy enters an election season. It is not good relations with Ankara that should be the U.S. goal, but rather the triumph of the democratic and liberal ideas for which Turkey traditionally stands.

Mr. Rubin is a resident scholar at the American Enterprise Institute.

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TERRORISM NEWS:

Palestinian Puzzle (WP)

By Mary Beth Sheridan

The Washington Post, October 19, 2006

Through a picture window, the former Howard University professor was admiring the garden sanctuary he'd created behind his Northern Virginia home. There are fig and apple saplings, fragrant bushes of mint and oregano, morning glories tilting toward the warm October sun. Clumps of fat green tomatoes hug the fence.

"I'm under home incarceration," explained Abdelhaleem Ashqar, 48, who is accused of being a terrorist supporter. "I have to do something."

After two years of house arrest, the business professor is to go on trial in Chicago today, accused of being a part of a sprawling U.S. network that helped the Palestinian group Hamas. The Justice Department regarded the case so important that Attorney General John D. Ashcroft himself announced the indictment of Ashqar and two co-defendants in 2004.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said at the time.

Prosecutors say they have abundant evidence that Ashqar moved money for Hamas through his U.S. bank accounts and served as a go-between for some of the organization's leaders -- even passing on a request to kill a rogue Hamas operative.

Those acts allegedly occurred before the U.S. government first designated Hamas a terrorist group in 1995. The indictment charges that Hamas, nonetheless, was carrying out attacks aimed ultimately at destroying Israel -- and thus was a "criminal enterprise" under federal racketeering laws, which are more commonly applied to drug gangs and Mafia figures.

Ashqar denies being a member of Hamas, which won a majority in the Palestinian parliament in January. But the soft-spoken professor clearly sees himself as a Palestinian fighter -- albeit one living in a suburban split-level with a basketball hoop. Twice, he has refused to testify before grand juries investigating Hamas's activities in the United States, launching hunger strikes that left him emaciated.

"If I am targeted by Israelis, I understand. They are my enemy," he said in an interview last week. "But to be targeted by Americans? I can't comprehend."

Ashqar is one of several Northern Virginia Muslims to be accused in recent years of aiding Hamas, the Islamic Resistance Movement. Like them, the professor offers a far different image than the chanting, AK-47-waving Hamas supporters who appear on the TV news.

A short, bespectacled man in black pinstriped slacks, Ashqar led a visitor across thick, Persian-style carpets into his home in Springfield. It is a slice of the Levant in Fairfax County: The bookshelf holds both the Koran and "A Passion for Excellence," by management guru Tom Peters. Beethoven trilled from a cellphone, the newest toy of Ashqar's 10-year-old nephew, who lives with him and his wife, Asma.

"He cannot stop placing phone calls and getting his friends to call him," Ashqar said, with typical parental exasperation.

But Ashqar's focus is 6,000 miles away. He devours Palestinian newspapers online. In 2005, he ran in absentia for Palestinian president, getting less than 3 percent of the vote. When Ashqar refers to "my town," he means the village of Seida, nestled amid plum orchards in the West Bank, where his journey to Palestinian activism began.Occupation as Slavery

Ashqar was 9 when Israel took control of the area from Jordan after the 1967 Middle East war. He still remembers his fear and anger.

"Before the Israeli occupation, there were no restrictions. We could go wherever we wanted to," Ashqar said, his hands fluttering. "We used to stay up late, to play, to stay with the relatives, the friends."

The Israelis installed checkpoints and a 7 p.m. curfew, he recalled, and his older brother was detained for six weeks without explanation. Ashqar himself would spend 16 days in a cramped jail cell in 1981, accused of participating in an anti-Israel demonstration, he said.

"I consider the occupation as a form of slavery," Ashqar declared.

In college, Ashqar became a leader in a growing student movement that fused political activism with conservative Islam. The movement was dominant at the Islamic University of Gaza, where Ashqar began teaching business administration in 1985. Several professors eventually became leaders of Hamas, a Palestinian nationalist movement which includes a broad social-service network as well as an armed wing.

After Israeli authorities closed the college, Ashqar headed to the University of Mississippi in 1989 to pursue his doctorate in business on a U.S. government scholarship.

Prosecutors in Chicago say that the quiet graduate student shifted tens of thousands of dollars through his Mississippi bank accounts to Hamas activists. Evidence of his support for the group is overwhelming, they say.

For example, in December 1993, FBI agents slipped into Ashqar's apartment and discovered "a treasure trove of Hamas-related documents," according to the prosecution's court filings. They included minutes of confidential Hamas meetings; details of recent Hamas attacks on Israeli soldiers; and a fax from Mousa Abu Marzook, a Falls Church businessman, asking Ashqar to arrange the transfer of $40,000 to another Palestinian activist, according to the court filings.

Marzook is also charged in the Chicago indictment. He was deported by U.S. authorities in 1997 and is a top official in Hamas's political bureau, believed to be living in Syria. The third defendant in the case is Muhammad Salah, an Illinois businessman.

Ashqar used his telephone as "a kind of switchboard," linking Hamas operatives in various countries who couldn't call each other directly, according to the prosecution's court documents. In December 1993, according to the documents, Ashqar passed on a message from one operative to a senior Hamas official in Syria, calling for the execution of a rogue Hamas member who had killed three men. Unbeknown to Ashqar, the FBI was listening in.

Ashqar and his attorney, William B. Moffitt, have declined to discuss the charges, saying they will argue their case in court.

The indictment lists no pro-Hamas actions by Ashqar after March 1994, other than his refusal to testify before grand juries. The U.S. Treasury Department designated Hamas a terrorist organization in January 1995.

But the indictment mentions several deadly attacks by Hamas members on Israeli soldiers and civilians starting in 1992. And in April 1994, Hamas's military wing claimed responsibility for a car bombing against a bus in the Israeli farm town of Afula that killed seven. It was the start of a wave of suicide bombings by Palestinians over the next several years, part of an escalating conflict that would claim thousands of lives on the two sides.'What Can I Await?'

Ashqar pulled some 8-by-10 glossies out of a drawer in a carved wooden table in the living room.

"Let me show you some pictures," he said.

They show him standing in front of a friend's house in August 1998. Ashqar's pale, emaciated arms poke from a pale-blue hospital shirt. His face, normally a jowly oval, has collapsed into a triangle, his chin a bearded point.

Ashqar had just emerged from a New York prison hospital after a hunger strike that lasted six months, during which he was force-fed. He was detained for refusing to testify before a grand jury investigating Marzook and Hamas financing.

"I can't see myself as a collaborator against my people," he said softly.

Ashqar has pleaded innocent and says he rejects terrorism or suicide bombings. "Israel is a reality," he said, explaining that he favors a separate state for the Palestinians. He scoffed at al-Qaeda, "these crazy people of September 11."

But since 1991, Ashqar said, law-enforcement officials have been pressuring him to provide information, questioning his university professors and causing him to lose jobs. The Justice Department opened an investigation in 1996 into Palestinian immigrants, including Ashqar, who appeared to be moving around large sums of money, a former official said.

The Palestinians "really did use some of this money for charitable and religious purposes," said Mark Flessner, a former prosecutor involved in that investigation. But the probe appeared to show that "they would take a small percentage to support terrorism."

Flessner said the investigation was shut down in 2000 after numerous internal disputes, some over the use of classified information.

By 1997, Ashqar moved to Northern Virginia to be near friends in the Muslim community.

"People were very sympathetic with him. He became a well-known person" after his hunger strike, said Mohamad al-Hanooti, an imam who often preaches at Dar al-Hijrah in Falls Church, where Ashqar was elected to the governing board.

Ashqar was an assistant professor at Howard until 2003, when the university declined to renew his contract. That year, he was again jailed for refusing to testify before a grand jury in Chicago.

The current indictment came a year later. Ashqar has been out on a $2.6 million bond secured by the properties of friends in the Washington area. Local Muslims have raised tens of thousands of dollars for his legal defense.

If he is acquitted, he expects to be deported. If he is convicted of racketeering, Ashqar could face life in prison. It is a frightening prospect, he acknowledged. But he said he would survive because of his faith.

"That's very important in my thinking," he said, walking through his garden, an ankle bracelet monitoring his movements. "If I go to jail for the rest of my life, what can I await? Just a reward from God."

Staff writer Peter Slevin and staff researchers Meg Smith and Julie Tate contributed to this report.

Torture Victim Barred From Visiting U.S. (AP)

By WILLIAM C. MANN, ASSOCIATED PRESS WRITER

AP, October 19, 2006

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WASHINGTON -- Syrian torturers could find nothing to implicate Canadian Maher Arar in al-Qaida or any other terrorist ties. An official Canadian government report agreed with that finding and recommended that Arar be compensated for his 10 months in a Syrian prison.

Still, Arar remains on the U.S. government terror watch list. And the United States has not admitted fault for holding him incommunicado for a week, then, five days after his first telephone call, putting him on a private jet and flying him to the Syrian prison.

Arar and his American lawyer, Michael Ratner, president of the Center for Constitutional Rights, were invited to Washington on Wednesday to receive human rights awards from the rights advocates Institute for Policy Studies. Ratner came from his New York headquarters to accept for the center, a longtime campaigner against torture and other abuses.

Because the watch list will not let Arar enter the United States, he had to stay in Canada and participate by telephone in a discussion of his case and of the U.S. law signed Tuesday by President Bush on treatment and prosecution of detainees. At the awards presentation, he delivered a videotaped message of thanks in which he described his ordeal, which began on Sept. 26, 2002, at New York's John F. Kennedy International Airport and ended with his arrival in Canada in early October 2003.

The award "means that there are still Americans out there who value our struggle for justice," he said. "We now know that my story is not a unique one. Over the past two years we have heard from many other people who were, who have been kidnapped, unlawfully detained, tortured and eventually released without being charged with any crime in any country."

John Cavanagh, the institute's director, told Arar he had asked Attorney General Alberto Gonzales to clear Arar's name and let him come. Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment.

Gonzales has said Arar was deported to the country where he was born. A representative of the Immigration and Naturalization Service was there when he was put on the plane, Arar said in his videotaped talk, and he said he told her the Syrians would torture him.

"She said something like: 'The INS is not the body or the agency that signed the Geneva Convention convention against torture.' For me what that really meant is, 'We will send you to torture, and we don't care.'"

Cavanagh told Arar over the telephone that he was selected for the Letelier-Moffitt Human Rights Award "partly for your courage in helping to catalyze the global movement against torture and this term of 'rendition': deportation for torture."

Last week, Canadian Justice Dennis O'Connor issued a three-volume report on the Arar case that made 23 recommendations for policy changes and reparations to Arar, a software engineer.

"I am able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constitute a threat to the security of Canada," O'Connor said. He said it was almost certain that the Royal Canadian Mounted Police had sent erroneous information on Arar to the Americans.

The official U.S. line on Arar, as related Sept. 29 by State Department spokesman Sean McCormack, is "the people who made the decisions at the time ... determined a couple of things: One, that this individual posed a threat to the United States based on the information that they had; and two, that they were able to assure themselves, they had the reasonable expectation that this individual was not going to be maltreated."

Detainee Files Motion For His Prosecution (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, October 19, 2006

A man from the Pakistan-Afghanistan borderlands jailed for more than two years after the FBI targeted him as a possible Denver-based terrorist - but never charged him - has begun a last-ditch legal gambit to resume his life with his U.S.-citizen wife and four kids.

Still in prison in Colorado, Haroon Rashid has filed a motion in federal court to force the government to prosecute him.

It's an unusual effort to break out of the legal limbo that has derailed his life - and lives of others jailed since Sept. 11, 2001, in the government's war on terrorism.

After charging 441 detainees in terrorism and terrorism-related cases, federal authorities have won 261 convictions, a new Justice Department study found. Most of the convictions were for petty offenses, not terrorism.

An undetermined number of suspects including Rashid still are detained. Some 150 cases are pending.

U.S. officials say secret evidence supports a hardline approach. Prosecutors are trying "to prevent terrorist acts before they can occur," Justice Department spokesman Bryan Sierra said.

But civil liberties leaders question basic fairness.

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"Yes, we want to be safe, but do we want to sacrifice our liberties in the process? ... If you want to always be safe, you could lock everybody up. But that's not what our system is based on," said Judy Rabinovitz, senior attorney for the American Civil Liberties Union. Rashid's case and others "amount to preventive detention," she said.

Rashid made his move, through his attorney Jeff Pagliuca, after U.S. Attorney Troy Eid filed a motion Oct. 2 to drop a lesser immigration charge the government pursued as the FBI's initial terrorism case evaporated, court records show.

By dropping the immigration charge, Eid had planned to clear the way for Rashid to be deported back to his native Pakistan for misdemeanor assault. In 2003, a jury found Rashid guilty of assaulting a street-gang member he said threatened his kids. He received a 401-day sentence that was mostly suspended.

Now Rashid's motion - to block federal prosecutors from dropping their case - aims to delay his deportation and further clear his record. He's been held in federal custody at his lawyer's request to avoid deportation until the federal case is resolved.

Rashid comes from Quetta, along the Pakistan-Afghanistan border, an unsettled hotbed of anti-U.S. sentiment where Taliban forces are on the rise. His wife and kids say they dread moving there if he is deported but would do so to be together.

"Mr. Rashid is a decent man . ... It doesn't do anybody in our country any good to have this man deported back to Pakistan on a misdemeanor," Pagliuca said.

"I'd rather have Mr. Rashid here taking care of his children, not back in Pakistan. ... This case shouldn't have been filed in the first place."

Chief U.S. District Judge Lewis Babcock must decide how to handle this jam - with feds asking to drop their charges and Rashid asking for a trial to exonerate himself and let his family stay a bit longer in the country.

Rashid already has served more time in prison than would be possible if prosecutors won a conviction on the lesser immigration charge they're now trying to drop.

He immigrated to the United States legally in November 1997. His wife, Saima Saima, and her father, Abdul Qayyum, are naturalized U.S. citizens. Rashid worked driving an airport shuttle as they raised their kids.

Federal agents began investigating him and his family in 2002 after President Bush and then- Attorney General John Ashcroft vowed to use every legal tool they could to detain and prosecute possible terrorists. Rashid had visited Pakistan that year.

Denver-based FBI Special Agent Mike Castro testified at a 2003 detention hearing that there was evidence Rashid bragged he fought against U.S. soldiers in Afghanistan and that he was in Colorado awaiting orders to carry out violent acts.

Said Pagliuca: "I don't believe it. Why didn't they charge him as a terrorist? There's no evidence of terrorism."

Castro and Immigration and Customs Enforcement Special Agent Ross Godwin, members of a Joint Terrorism Task Force, went to California and questioned Imran Khan, son of Rashid's father-in-law by a previous marriage, who had entered the United States in August 1997 with Rashid's wife.

The agents sought Kahn as a source on Rashid and others. Though they lacked a warrant, they arrested Khan and hauled him back to Colorado in shackles, court records show.

In a 2004 court order, Judge Babcock stated that "the terrorism implications of this case have since evaporated" and that "there was confusion about how and under what authority an FBI and (immigration) agent working in concert in a mixed civil and criminal investigation should conduct their investigation."

Federal officials recently have rebuffed repeated efforts to interview Rashid at a federal prison in Englewood. He was held previously at a federal immigration prison in Aurora.

Family members can visit, including a toddler born during Rashid's confinement.

The older children regularly ask about their father and beg to stay in their schools.

U.S. authorities "are breaking this family. We've been patient. ... This is very unfair," Rashid's wife said in a Denver mosque. "They still think he's a terrorist."

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U.S. Army Colonel To Investigate Gitmo (AP-Y)

By Mike Melia, Associated Press Writer

AP, October 19, 2006

A U.S. Army colonel arrived at Guantanamo Bay Wednesday to investigate allegations that guards at the prison abused detainees, a military spokesman said.

Col. Richard Basset, who is based at U.S. Southern Command headquarters in Miami, was appointed after Marine Sgt. Heather Cerveny said in a sworn statement that guards she met in a Guantanamo bar last month spoke of hitting detainees and denying them water. She said the guards described it as common practice in the prison where about 450 detainees are held on suspicion of links to al-Qaida or the Taliban.

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Cerveny is a paralegal for Marine Lt. Col. Colby Vokey, an attorney for a Guantanamo detainee. Vokey filed a complaint to the Pentagon's Inspector General's office alleging that detainee abuse was ongoing at the prison.

Basset will conduct interviews for up to a month on the isolated detention center in southeast Cuba, command spokesman Jose Ruiz said by telephone from Miami. He has authority to interview any member of the military Joint Task Force that runs the prison regardless of rank, Ruiz said.

"He's going to interview everyone he thinks he needs to talk to to be able to establish the facts," he said.

He will submit his findings to the commander of the U.S. Southern Command, which oversees the detention center.

Vokey and Cerveny have been ordered by the U.S. Marine Corps not to speak with the media about their allegations, the U.S. Marines public affairs department said.

Congress To Courts: 'Get Out Of The War On Terror' (WSJ)

By John Yoo

The Wall Street Journal, October 19, 2006

During the bitter controversy over the military commission bill, which President Bush signed into law on Tuesday, most of the press and the professional punditry missed the big story. In the struggle for power between the three branches of government, it is not the presidency that "won." Instead, it is the judiciary that lost.

The new law is, above all, a stinging rebuke to the Supreme Court. It strips the courts of jurisdiction to hear any habeas corpus claim filed by any alien enemy combatant anywhere in the world. It was passed in response to the effort by a five-justice majority in Hamdan v. Rumsfeld to take control over terrorism policy. That majority extended judicial review to Guantanamo Bay, threw the Bush military commissions into doubt, and tried to extend the protections of Common Article 3 of the Geneva Conventions to al Qaeda and Taliban detainees, overturning the traditional understanding that Geneva does not cover terrorists, who are not signatories nor "combatants" in an internal civil war under Article 3.

Hamdan was an unprecedented attempt by the court to rewrite the law of war and intrude into war policy. The court must have thought its stunning power grab would go unchallenged. After all, it has gotten away with many broad assertions of judicial authority before. This has been because Congress is unwilling to take a clear position on controversial issues (like abortion, religion or race) and instead passes ambiguous laws which breed litigation and leave the power to decide to the federal courts.

Until the Supreme Court began trying to make war policy, the writ of habeas corpus had never been understood to benefit enemy prisoners in war. The U.S. held millions of POWs during World War II, with none permitted to use our civilian courts (except for a few cases of U.S. citizens captured fighting for the Axis). Even after hostilities ended, the justices turned away lawsuits by enemy prisoners seeking to challenge their detention. In Johnson v. Eisentrager, the court held that it would not hear habeas claims brought by alien enemy prisoners held outside the U.S., and refused to interpret the Geneva Conventions to give new rights in civilian court against the government. In the case of Gen. Tomoyuki Yamashita, the court refrained from reviewing the operations of military commissions.

In Hamdan, the court moved to sweep aside decades of law and practice so as to forge a grand new role for the courts to open their doors to enemy war prisoners. Led by John Paul Stevens and abetted by Anthony Kennedy, the majority ignored or creatively misread the court's World War II precedents. The approach catered to the legal academy, whose tastes run to swashbuckling assertions of judicial supremacy and radical innovations, rather than hewing to wise but boring precedents.

Thoughtful critics point out that because the enemy fights covertly, the risk of detaining the innocent is greater. But so is the risk of releasing the dangerous. That's why enemy combatants who fight out of uniform, such as wartime spies, have always been considered illegals under the law of war, not entitled to the same protections given to soldiers on the battlefield or ordinary POWs. Disguised suicide- bombers in an age of WMD proliferation and virulent America-hatred are more immediately dangerous than the furtive information-carriers of our Cold War past. We now know that more than a dozen detainees released from Guantanamo have rejoined the jihad. The real question is how much time, energy and money should be diverted from winning the fight toward establishing multiple layers of review for terrorists. Until Hamdan, nothing in the law of war ever suggested that enemy status was anything but a military judgment.

While there may be different ways to strike a balance, this is a decision for the president and Congress, not the courts. The Constitution gives Congress the authority to determine the jurisdiction of federal courts in peacetime, and also declares that habeas corpus can be suspended "in Cases of Rebellion or Invasion" when "the public Safety may require it." Congress's power is even greater when it is correcting the justices' errors. Courts are ill-equipped to decide whether vast resources should be devoted to reviewing military detentions. Or whether military personnel's time should be consumed traveling back to the U.S. for detainee hearings. Or whether we risk revealing information in these hearings that might compromise the intelligence sources and methods that may allow us to win the war.

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This time, Congress and the president did not take the court's power grab lying down. They told the courts, in effect, to get out of the war on terror, stripped them of habeas jurisdiction over alien enemy combatants, and said there was nothing wrong with the military commissions. It is the first time since the New Deal that Congress had so completely divested the courts of power over a category of cases. It is also the first time since the Civil War that Congress saw fit to narrow the court's habeas powers in wartime because it disagreed with its decisions.

The law goes farther. It restores to the president command over the management of the war on terror. It directly reverses Hamdan by making clear that the courts cannot take up the Geneva Conventions. Except for some clearly defined war crimes, whose prosecution would also be up to executive discretion, it leaves interpretation and enforcement of the treaties up to the president. It even forbids courts from relying on foreign or international legal decisions in any decisions involving military commissions.

All this went overlooked during the fight over the bill by the media, which focused on Sens. McCain, Graham and Warner's opposition to the administration's proposals for the use of classified evidence at terrorist trials and permissible interrogation methods. In its eagerness to magnify an intra-GOP squabble, the media mostly ignored the substance of the bill, which gave current and future administrations, whether Democrat or Republican, the powers needed to win this war.

Mr. Yoo, professor of law at Berkeley and visiting scholar at the American Enterprise Institute, served in the Bush Justice Department from 2001-03. He is the author of "War By Other Means" (Grove/Atlantic 2006).

A Dangerous New Order (NYT)

The New York Times, October 19, 2006

Once President Bush signed the new law on military tribunals, administration officials and Republican leaders in Congress wasted no time giving Americans a taste of the new order created by this unconstitutional act.

Within hours, Justice Department lawyers notified the federal courts that they no longer had the authority to hear pending lawsuits filed by attorneys on behalf of inmates of the penal camp at Guantánamo Bay. They cited passages in the bill that suspend the fundamental principle of habeas corpus, making Mr. Bush the first president since the Civil War to take that undemocratic step.

Not satisfied with having won the vote, Dennis Hastert, the speaker of the House, quickly issued a statement accusing Democrats who opposed the Military Commissions Act of 2006 of putting “their liberal agenda ahead of the security of America.” He said the Democrats “would gingerly pamper the terrorists who plan to destroy innocent Americans’ lives” and create “new rights for terrorists.”

This nonsense is part of the Republicans’ scare-America-first strategy for the elections. No Democrat advocated pampering terrorists — gingerly or otherwise — or giving them new rights. Democratic amendments to the bill sought to protect everyone’s right to a fair trial while providing a legal way to convict terrorists.

Americans will hear more of this ahead of the election. They also will hear Mr. Bush say that he finally has the power to bring to justice a handful of men behind the 9/11 attacks. The truth is that Mr. Bush could have done that long ago, but chose to detain them illegally at hidden C.I.A. camps to extract information. He sent them to Guantánamo only to stampede Congress into passing the new law.

The 60 or so men at Guantánamo who are now facing tribunals — out of about 450 inmates — also could have been tried years ago if Mr. Bush had not rebuffed efforts by Congress to create suitable courts. He imposed a system of kangaroo courts that was more about expanding his power than about combating terrorism.

While the Republicans pretend that this bill will make America safer, let’s be clear about its real dangers. It sets up a separate system of justice for any foreigner whom Mr. Bush chooses to designate as an “illegal enemy combatant.” It raises insurmountable obstacles for prisoners to challenge their detentions. It does not require the government to release prisoners who are not being charged, or a prisoner who is exonerated by the tribunals.

The law does not apply to American citizens, but it does apply to other legal United States residents. And it chips away at the foundations of the judicial system in ways that all Americans should find threatening. It further damages the nation’s reputation and, by repudiating key protections of the Geneva Conventions, it needlessly increases the danger to any American soldier captured in battle.

In the short run, voters should see through the fog created by the Republican campaign machine. It will be up to the courts to repair the harm this law has done to the Constitution.

The Unlearned Lessons Of Abu Ghraib (WP)

By Christopher Graveline

The Washington Post, October 19, 2006

DOJ_NMG_0083215

President Bush has signed into law Congress's latest attempt to clarify our country's position on proper treatment of detainees and the boundaries of legitimate interrogation techniques. Unfortunately, this legislation demonstrates that both the administration and Congress have failed to learn important lessons from what Bush described as the "biggest mistake that's happened so far" in Iraq: the detainee abuses at Abu Ghraib.

By dissociating potential criminal responsibility from overly aggressive interrogation practices that could be classified as "minor" breaches of the Geneva Conventions, and setting up a situation in which different interrogation practices can be used by our military and the CIA, our national leadership has ensured more abuse scandals.

As part of the Army judge advocate general team investigating and prosecuting the Abu Ghraib soldiers, I crisscrossed the globe interviewing witnesses, collecting documents and studying our national policies, searching for went wrong at that prison. The evidence demonstrated that most of the photographed abuse had little or nothing to do with interrogation; it was done for sport by prison guards. But we also found disturbing conduct by military and civilian interrogators.

The interrogation abuses could be linked to three main areas of breakdown: confusion in the military ranks about what was acceptable behavior, given the conduct of civilian contractors and "other governmental agencies"; migration of certain techniques within the intelligence community without an understanding of how to implement them properly; and exploitation of the ambiguity in apparently innocuous interrogation tactics.

The new law does nothing to remedy these weaknesses.

First, our military and civilian intelligence agencies do not operate in mutually exclusive bubbles. A great deal of interaction occurs as military units capture suspected personnel, hand them over to interested agencies and, often, witness the interrogations. Our service members, especially Special Operations forces, will see the double standard -- the CIA's and the military's. This blurring was a main complaint of Abu Ghraib prison guards.

Army Maj. Gen. George Fay, who investigated Abu Ghraib, wrote in his report that "CIA detention and interrogation practices led to a loss of accountability, abuse, reduced interagency cooperation, and an unhealthy mystique that further poisoned the atmosphere." The power of the CIA's mystique to influence our soldiers should not be underestimated. Army guards reported seeing unknown men in civilian clothes dropping prisoners off and telling the guards not to give the detainees identification numbers, contrary to usual practices under the Geneva Conventions. The civilians exuded an air of confidence that suggested they knew exactly what they were doing and that this departure from the norm was allowed. Similar issues were unearthed in the interrogation booth, including one instance of a man dying during a CIA interrogation at Abu Ghraib.

The CIA conducted its own internal abuse investigation but never reported the results to any military authority in Iraq, creating resentment, the impression of a double standard and confusion in the military ranks as to what were acceptable practices. Having strict controls over interrogations and the ability to hold individual interrogators responsible for their actions is another important lesson stemming from abuses seen in Iraq.

Chief Warrant Officer Lewis Welshofer, an Army interrogator, exploited the ambiguous language of the "harsh" interrogation approach to wrap an Iraqi general in a sleeping bag, tie electrical cords around the bag and sit on the man's chest in an attempt to scare him with suffocation. The general died. (This was not at Abu Ghraib.) Welshofer was convicted by the military of negligent homicide. But given the language of the new law, it is unclear whether a civilian interrogator performing the same actions would be prosecuted, since it would be impossible to prove that the interrogator "specifically intended" to torture or inflict "severe or serious physical or mental pain."

The new law grants too much latitude in an area where precision and oversight are critical. If confusion reigned in Washington during the past several weeks over whether waterboarding or other, "harsher" techniques would be permissible under the legislation, imagine the results when our agents and service members are faced with the same question halfway around the world and years removed from this debate -- especially if the threat of criminal responsibility is gone.

The better route would have been to authorize mirror-image interrogation techniques for both the CIA and the military and to maintain the possibility of criminal prosecution if an interrogator exceeds these authorized approaches. All interrogators would have more than enough flexibility to obtain necessary information simply by using the approaches recently rewritten into the new Army field manual that governs interrogation.

Now we must wait to see what interrogation rules the president will promulgate for the CIA. Given the administration's rhetoric, there seems little hope for a cure for the systemic problems exposed at Abu Ghraib.

The writer, who served as an active-duty Army JAG officer for more than seven years, participated in the prosecution of 10 soldiers for detainee abuse at Abu Ghraib prison.

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HOMELAND RESPONSE:

Government Skeptical Of Threat Against NFL Stadiums (AP)

By Lara Jakes Jordan, Associated Press

AP, October 19, 2006

WASHINGTON — A Web site is claiming that seven NFL football stadiums will be hit with radiological dirty bombs this weekend, but the government on Wednesday expressed doubts about the threat.

The warning, posted Oct. 12, was part of an ongoing Internet conversation titled "New Attack on America Be Afraid." It mentioned NFL stadiums in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland, where games are scheduled for this weekend.

The Homeland Security Department alerted authorities and stadium owners in

those cities, as well as the NFL, of the Web message but said the threat was being viewed "with strong skepticism." Homeland Security spokesman Russ Knocke said there was no intelligence that indicated such an attack was imminent, and that the alert was "out of an abundance of caution."

"The department strongly encourages the public to continue to go about their plans, including attending events that involve large public gatherings such as football games," Knocke said.

The FBI also expressed doubt about the threat.

The nation's alert level remains at yellow, signaling an elevated risk of an attack. The threat level for airline flights is at orange, a higher level, where it has been since a foiled plot to bomb U.S.-bound commercial jets was revealed on Aug. 10.

Government Skeptical Of Threat To Stadiums (WP)

By Spencer Hsu And Mark Maske, Washington Post Staff Writers

The Washington Post, October 19, 2006

The Department of Homeland Security has notified the NFL and law enforcement agencies of an Internet threat to detonate radiological "dirty" bombs outside seven stadiums hosting games Sunday, but immediately dismissed the threat as noncredible.

"We view this with the strongest of skepticism, and we strongly encourage the American public to go about their daily lives and to attend large gatherings, and to go to football games," DHS spokesman Russ Knocke said.

The department issued the notice "out of an abundance of caution," and routinely shares 1,200 reports a year with state, local and private sector officials, Knocke said. "In this case there is no credibility," he said.

The notice, which the NFL received Tuesday, cited games in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif.

"Our stadiums are very well protected through the comprehensive security procedures we have in place," NFL spokesman Greg Aiello said in a statement.Barber May Cut It Short

When he arrived in training camp this past summer, New York Giants tailback Tiki Barber talked at length about the possibility of retiring in the next few years to pursue his interests in broadcasting and other businesses.

Barber, the NFL's rushing leader, now says his departure could come sooner rather than later. He said during a conference call with reporters yesterday that he is leaning toward retiring after this season, echoing comments that he made in the New York Times.

Barber, 31, said it was "too early in the year to say it for sure," but added: "I've been considering it for a few years now. It comes to a point where your body just doesn't want to take it anymore [and] you see other opportunities out there. I'm excited about the rest of my life as well as I am about this football season, so we'll see what happens."Welbourn Set to Return

Retired offensive tackle John Welbourn reportedly is set to rejoin the Kansas City Chiefs. The Kansas City Star reported yesterday that Welbourn will join the team next week. Welbourn was the Chiefs' starter at right tackle last season but abruptly retired in the offseason. He was suspended by the NFL for six weeks for a reported violation of the league's steroid policy. He'd been suspended for the first four games of last season for a violation of the policy. . . .

The Dallas Cowboys re-signed veteran safety Marcus Coleman. They'd released him over the weekend, just after he'd returned from serving a four-game suspension for violating the league's substance abuse policy.

Threat Made To 7 Stadiums; U.S. Is Skeptical (NYT)

By The New York Times

The New York Times, October 19, 2006

DOJ_NMG_0083217

WASHINGTON, Oct. 18 — A threat of radiological bomb attacks at seven professional football stadiums was posted this week on an Internet site, but domestic security officials said Wednesday that they had no reason to place credibility in it.

The statement, which said the attacks would come Sunday, was specific enough to lead officials of the Homeland Security Department to notify the National Football League and the seven cities, a spokesman for the department, Russ Knocke, said.

The notification was made out of an "abundance of caution," Mr. Knocke said, rather than because officials believed that the stadiums might actually be attacked.

"We strongly encourage the American public to continue to go about daily lives, including going to football games," Mr. Knocke said. "At the same time, the public should continue to be vigilant and report any abnormal or suspicious activity to authorities."

The Federal Bureau of Investigation said in a statement, "The credibility of the threat is questionable."

The posting on an English-language Web site and under a title of "New Attack on America Be Afraid" appeared Monday. It said so-called dirty bombs would be detonated on Oct. 22 outside stadiums at professional football games in Atlanta; Cleveland; Houston; Miami; New York; Oakland, Calif.; and Seattle.

Skeptical Authorities Pass Along NFL Stadium 'dirty Bomb' Threat (USAT)

By Mimi Hall

USA Today, October 19, 2006

WASHINGTON — The Homeland Security Department notified football stadium owners in seven cities Wednesday about a threat to set off radioactive bombs during upcoming games, but said it's highly likely that the claim is a hoax.

"We strongly encourage the public to go about their plans, including attending events that involve large public gatherings such as football games," department spokesman Russ Knocke said.

Homeland Security notified officials in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland that an English-language website called www.thefriendsociety.com had posted a warning on Oct. 12 about "dirty bombs," so-called because they contain radioactive charges. The site claimed that the bombs would be delivered by trucks to the mostly open-air stadiums and detonated Sunday.

Knocke said the department routinely distributes threat information so that state and local officials, companies and others "have the same information we do."

"The department views (the threat) with strong skepticism. … There is no credible intelligence to suggest such attacks."

Homeland Security did not change the threat level, now at yellow or "elevated" risk for terrorist attack, either nationally or for NFL football stadiums.

The threat level for airlines has been at orange, or "high" risk of attack, since Aug. 10, when London authorities exposed an alleged terrorist plot to blow up U.S.-bound planes.

FBI spokesman Richard Kolko called the credibility of the threat "questionable" but said government officials passed it on because the information was public — in this case, posted on the Web.

NFL spokesman Greg Aiello noted that Homeland Security judged the threat "not credible." He said the league's stadiums are "very well-protected through the comprehensive security procedures we have in place, including pat-downs and bag searches."

In Miami, Dolphins spokesman George Torres said "safety is of paramount importance to us at every event."

Intelligence Plan Targets Training, Keeping Personnel (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, October 19, 2006

U.S. intelligence efforts are hampered by inefficient methods for recruiting, training and assigning personnel, according to a new human resources plan that calls for a more "corporate" business model and increased cooperation within the 16-agency intelligence community.

Among the problems cited by the "Strategic Human Capital Plan" prepared for John D. Negroponte, the director of national intelligence, is an inability to compete with the private sector for the "best and the brightest" workers in language, scientific and technological skills. Security-clearance restrictions have impeded hiring a diverse workforce, including noncitizens with critical expertise in other countries and cultures.

The plan is the latest step in Negroponte's effort to bring the disparate intelligence agencies under one umbrella. Investigations and inquiries have cited rivalry, differing standards and poor communication among agencies as a key factor in not preventing the Sept. 11, 2001, attacks. The 2004 Intelligence Reform Act, which established Negroponte's office and addressed other recommendations of the Sept. 11 commission, calls for increased integration and an elimination of overlap.

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Published internally in June as an unclassified document and released yesterday by the nongovernmental Federation of American Scientists' Secrecy News blog, the plan sets an outline for hiring, training and benefits policies and directs each agency to develop a plan to contribute to overall goals.

It calls for creating an "all source" workforce by setting overarching goals for numbers and quality and for "determining the optimum mix of military, civilian, contractor and other human resources," as well as creating a "cohesive" leadership culture.

Although intelligence agencies have been flooded with recruits the past five years -- the CIA received 140,000 rÃ©sumÃ©s in 2005 -- attracting and keeping people with "a deep understanding of other societies, their values, cultures, religions and languages" remains a priority, CIA spokesman Mark Mansfield said.

The plan cites a workforce imbalance created by the post-Sept. 11 influx of young recruits at a time when senior officials have been retiring and mid-level managers have been departing for better-paying or more interesting jobs. Nearly 40 percent of current CIA employees have been hired in the past five years, and up to 20 percent of the agency workforce will be eligible for retirement over the next five.

Many new employees of intelligence agencies, particularly in critical areas of analysis and human intelligence, "are not seeking a 25-to-30-year career," the plan reports. Instead, like others at their age and experience level, "they see a future with multiple jobs and a variety of employers."

In addition, new employees "have far different styles of work, interaction, dress, leisure, even language" that portend "a potential 'culture clash' " with older supervisors and top level officials.

The plan recognizes the growing tendency of intelligence agencies to use contractors rather than their own personnel. This has been particularly true of the rapidly growing intelligence elements within the Defense Department, which spend up to 85 percent of the intelligence budget. More than two-thirds of the employees of the Pentagon's Counterintelligence Field Activity (CIFA), begun in 2002 to supervise force protection for Defense facilities at home and abroad, have been supplied under private contracts at costs considerably above government pay scales.

"Increasingly, the IC [intelligence community] finds itself in competition with its contractors for our own employees," the plan laments. For example, Lockheed Martin posted a job offer last month for an "Advanced Special Operations Officer" to provide administrative and operational support at Fort Bragg, N.C., on a part-time basis with a salary of $43,000 for a 90-day rotation.

The applicant must have current Department of Defense top-secret security clearance with "sensitive compartmented information" eligibility -- likely to be obtained only by working in a government intelligence agency.

Part of the reason for the turn to contractors, according to the plan, rests with budget ceilings that Congress or the White House Office of Management and Budget have placed on the agencies, as well as the past uncertainties of steady funding to support a permanent government workforce.

The study describes the irony that "those same contractors recruit our own employees, already cleared and trained at government expense and then 'lease' them back to us at considerably greater expense."

The situation has already led to an investigation by the House Permanent Select Committee on Intelligence, and the plan discloses that the OMB has asked Negroponte's group to study contracting because it believes "inherently governmental" work is improperly being outsourced.

Negroponte's office is seeking to have its own level of staffing raised to allow more permanent hires, the plan says.

Personnel surveys disclosed in the plan indicated that intelligence workers are largely satisfied with the work they do but are unhappy with senior leaders and the manner in which promotions are handled.

Only 42 percent of those responding said their senior leaders generated high levels of motivation and commitment to the job. The lowest response came when 29 percent agreed with steps taken to deal with poor job performers and 54 percent believed creativity was rewarded.

Privacy Group Sues FBI For Database Info (WP/AP)

By Dan Caterinicchia, The Associated Press

The Washington Post, October 19, 2006

WASHINGTON -- A privacy-advocacy group has sued the U.S. government for information about an FBI database of more than 700 million personal records set up after the Sept. 11 terrorist attacks.

The Electronic Frontier Foundation said it sued the Justice Department because the FBI failed to respond to Freedom of Information Act requests on its "Investigative Data Warehouse."

The lawsuit also charges the FBI has not posted a public notice describing the criteria on personal information included in the database, as required by the Privacy Act of 1974.

In its lawsuit, EFF cites the FBI's April 2004 report to the 9/11 Commission and subsequent remarks from agency executives that said the agency began developing the database after the terrorist attacks.

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The 9/11 report said the database was first delivered in January 2004 and "contains all data that can legally be stored together... (providing) a single access point to several data sources that were previously available only through separate, stove-piped systems."

The FBI has said the database provides FBI agents and analysts with "instant access to photographs, biographical information, physical location information, and financial data for thousands of known and suspected terrorists," according to a March 2005 speech by John E. Lewis, deputy assistant director of the counterterrorism division.

"Nearly 12,000 users can access it via the FBI's classified network from any FBI terminal throughout the globe," Mueller told the Senate Judiciary Committee earlier this year. "And, nearly 30 percent of the user accounts are provided to task force members from other local, state, and federal agencies."

In an op-ed piece in The New York Times last month, John Miller, assistant director of the FBI, wrote that IDW "can search more than 700 million records from more than a dozen agencies and match them against our own investigative records."

The San Francisco-based EFF, which recently opened a Washington office with two attorneys from the Electronic Privacy Information Center, filed the lawsuit Tuesday in the U.S. District Court for the District of Columbia. The EFF said the FBI failed to meet deadlines for responding to the group's FOIA requests.

"On the one hand, the FBI has touted the creation of this database, but on the other hand, it hasn't complied with the legal requirements that apply to the creation of something like this," David Sobel, EFF's senior counsel in Washington, said Wednesday.

FBI spokesman Paul Bresson declined to comment on the lawsuit, but said IDW "simply unifies previously and lawfully acquired data from other established databases into one place."

"It should also be noted that even though the E-Government Act does not require IDW to undergo privacy impact analysis, FBI policy does require it," Bresson wrote in an e-mail. "As a result we have conducted several privacy impact assessments at different times as new data sets are added."

Earlier this month, EFF sued the Justice Department for records concerning electronic-surveillance tools including one that appeared to be a successor to the FBI's abandoned Carnivore program.

The FBI developed Carnivore to read e-mails and other online communications among suspected criminals, terrorists and spies, but privacy groups and lawmakers complained it could collect much more than allowed by a warrant.

2nd Circuit Upholds Verdicts In Multibillion-Dollar World Trade Center Insurance Dispute (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, October 19, 2006

World Trade Center leaseholder Larry Silverstein's attempt to win at least $2 billion more from insurers on the theory that the two airplane attacks on Sept. 11, 2001, were two separate occurrences was rebuffed Wednesday.

The 2nd U.S. Circuit Court of Appeals upheld a Southern District of New York jury verdict that the bulk of insurance policies covering the Trade Center treated the terror attacks as a single occurrence.

However, the court also upheld a victory awarded Silverstein by the jury in the second phase of trial, agreeing that temporary insurance policies in effect when terrorists leveled the buildings required treatment of the attack as two occurrences. That ruling meant that nine insurance companies will have to pay double the roughly $1 billion in coverage under their policies.

Judges John M. Walker Jr., Jose Cabranes and Rosemary Pooler decided the appeals in SR International Business Insurance Co. v. World Trade Center Properties, lead docket 04-4500-cv. Walker wrote the opinion of the panel.

The ruling is likely the final resolution of a massive insurance dispute that began shortly after the terror attacks. Silverstein originally sought more than $7 billion. He has been awarded about $4.5 billion.

Silverstein had agreed on a 99-year lease for the World Trade Center buildings in the spring of 2001, and spent the summer negotiating a multilayer insurance program that provided for $3.54 billion in coverage on a "per occurrence" basis.

But for all but one of the insurers, final insurance contracts had not been signed when the hijackers steered two planes into the North and South towers at 8:48 and 9:03 on the morning of Sept. 11.

The litigation began when one insurance company filed suit seeking a declaratory judgment in the Southern District on its obligations under the still-to-be-completed insurance policies.

Silverstein filed counterclaims seeking to double the $3.54 billion to over $7 billion, setting up one of the largest, and certainly the most emotional, insurance fights in history.

Southern District Judge John Martin held that three insurers were governed by the so-called "WilProp" form -- the form Silverstein's insurance broker used during negotiations. The form treated the destruction by two planes as one occurrence.

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Judge Martin also denied summary judgment to Silverstein on his claim that the undefined term "occurrence" in the policy of Travelers Indemnity Co., one of the companies with the most at stake in the litigation, meant that, as a matter of law, the attacks were two occurrences.

The 2nd Circuit affirmed Judge Martin. Due to Martin's retirement from the bench, the case was reassigned to Chief Judge Michael Mukasey, who proceeded to hold a two-phase trial.

NO EVIDENTIARY ERRORS

In the first phase, a jury found that nine of 12 participating insurers and 20 Lloyd's of London syndicates were bound by the WilProp form -- leaving Silverstein with only a single-occurrence recovery.

But three insurers were found not to be governed by the form and they were joined in the second phase of the trial by six insurers who conceded the same. The jury in the second phase found that all nine insurers were subject to payments on a two-occurrence basis.

Wednesday, the circuit rejected Silverstein's arguments on phase one, and did the same for the losing insurers arguments in phase two. Both sides had argued that they should have prevailed as a matter of law and the issues never should have reached a jury.

The circuit also disagreed with both sides' claims that the verdicts were marred by evidentiary errors and flawed jury instructions.

"Not surprisingly, however, neither side admits that any errors contributed to the judgments in their favor," Walker wrote. "As a result, we are led to believe that the same type of error that would require us to set aside one set of judgments are unfounded when it comes to the other set of judgments -- and vice versa."

On Silverstein's claim that the issue never should have reached a jury, Judge Walker said, "The Silverstein parties ignore unfavorable evidence and rely on inferences that the jury was not required to make."

Of the nine insurers who lost the second phase of the trial, eight appealed. One settled with Silverstein.

The circuit rejected their claims that expert testimony as to custom and usage in the insurance industry should not have been allowed and that evidence of custom and usage in the industry was insufficient to send the matter to the jury.

"We conclude that the Silverstein Parties brought forth evidence sufficient to establish an industry custom that insurers utilize a narrow definition of 'occurrence' in their industry forms," Judge Walker said.

Similarly, the circuit found Silverstein had produced enough evidence of intent by the negotiating parties to show that the two plane attacks amounted to two occurrences.

Barry Ostrager of Simpson Thacher & Bartlett represented SR International Business Insurance in the first phase of the trial and acted as lead counsel in the litigation because the company had a lead role in the coverage, more than 25 percent. A Silverstein victory would have doubled the approximately $975 million SR was obligated to pay.

"Judge Musakey did a masterful job handling two hotly contested trials -- these were emotionally charged trials that took place just blocks from the World Trade Center," Ostrager said.

Ostrager said he did not believe there were any constitutional issues that would give rise to an appeal to the U.S. Supreme Court.

"Honestly I don't think there is any enormous surprise here -- I don't think the Silverstein parties are going to be shocked that the jury verdict on behalf of Swiss Re was affirmed," he said.

Silverstein said in a statement Wednesday that he was "gratified" that the circuit upheld the jury's finding that the attacks "were two events for the purposes of determining how much the insurers have to pay."

He continued, "Over the past five years, the World Trade Center insurers have engaged in an all-out campaign to shirk their legal and moral obligation to honor their policies and help finance the rebuilding of the World Trade Center. All the money owed by the insurers is needed and has been committed to the rebuilding ... The court has spoken yet again, and the time has come for all of the insurers to finally pay what they owe."

Silverstein was represented by Herbert M. Wachtell of Wachtell, Lipton, Rosen & Katz.

Flood Risk Doesn't Stop Rebuilders (USAT)

By Anne Rochell Konigsmark

USA Today, October 19, 2006

NEW ORLEANS — Nearly three-fourths of New Orleans homeowners applying for federal grants say they'll rebuild their Katrina-damaged homes in flood areas even though city restrictions are unlikely to prevent their houses from being wiped out if the levees fail again.

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The restrictions, which say that the city's homes must be raised at least 3 feet to avoid flooding, have come under fire from some local officials and government watchdog groups. They say 3 feet of elevation is not needed in areas that did not flood after Hurricane Katrina, and 3 feet is too low in areas that saw 20 feet of water.

Even the Federal Emergency Management Agency says thousands of houses could flood again if they are rebuilt under the new rules. “If there is another catastrophic event, flooding will occur,” says Doug Bellomo, a deputy director of risk analysis at FEMA.

The Louisiana Recovery Authority, which controls billions in federal relief money, expects about 53,000 New Orleans homeowners to apply for federal grants. The grants provide up to $150,000 for uninsured losses, and residents can use the money to rebuild or relocate.

So far, 14,534 New Orleanians have applied for grants; about 10,634 have said they want to rebuild where they were.

“The taxpayers are going to be subsidizing unwise construction,” says Robert Hunter, director of insurance for the Consumer Federation of America. About $7.5 billion is available to homeowners.

The New Orleans City Council adopted the 3-foot rule on Sept. 1 to avoid losing millions in federal grants. The recovery authority has said parishes that don't adopt the rules will be excluded from receiving some of the relief money.

St. Bernard Parish, where all but 50 homes flooded, is considering rejecting the rules. “Our goal is not to adopt them,” says St. Bernard Councilman Craig Taffaro. “We don't agree with the science.”

Paul Rainwater of the recovery authority says the rules are “not perfect,” but will help residents get much-needed flood insurance.

South Spent Millions On A Hurricane Season That Wasn't (WP)

By Peter Whoriskey

The Washington Post, October 19, 2006

MIAMI -- Anticipation of the 2006 hurricane season turned countless families here and in a vast swath of the Southeast into survivalists.

Households stockpiled ready-to-eat meals. They scarfed up emergency radios, propane stoves, satellite phones, shutters, candles, canned goods. Hordes plunked down $500 and up for home generators.

The predictions of another scary storm season and the memory of last year's record-setting disasters inspired fear and a spending spree of hundreds of millions of dollars.

"The main uncertainty in the outlook is not whether the season will be above normal, but how much above normal it will be," National Oceanic and Atmospheric Administration forecasters announced in May. That forecast called for eight to 10 hurricanes and noted that the year might be "hyperactive."

Now comes a humbling moment for prognosticators: Those predictions were wrong.

Although the season doesn't end officially until Nov. 30, the peak time has passed, and meteorologists concede that its totals will almost certainly fall far short of the dire predictions issued as the summer began. In fact, the year's storm totals probably will not even reach the averages of the past 10 years.

"I think everyone agreed it was going to be an active season, but we were all wrong," said Philip Klotzbach, co-author of well-known predictions issued by a Colorado State University team.

He began a recent presentation with a rueful quotation from 19th-century mathematician Francois Arago: "Never, no matter what may be the progress of science, will honest scientific men who have regard for their reputations venture to predict the weather."

"Anyone who makes forecasts about the weather gets picked on all the time," Klotzbach said. "There's an art to it."

The NOAA forecast at the beginning of the season called for eight to 10 hurricanes, but so far there have been five. It said there would be four to six "major" hurricanes -- that is, Category 3, 4, or 5 strength -- but so far there have been only two.

The forecast from the Colorado State team was in general agreement with NOAA's predictions. But it went further and offered that there was a 95 percent chance of a hurricane making landfall in the United States.

None did, however, making the year seem especially quiet in the portion of the country known as Hurricane Alley.

What has accounted for the mild season, according to forecasters, is the unexpected onset of El NiÃ±o, which stifled storm development, as it has in previous years. Also, the steering currents over the Atlantic tended to keep Atlantic storms from making landfall, curving them northward and back out to sea.

The relatively calm season stands in marked contrast to the nervousness it inspired at the outset, when concerns about the dangers of Atlantic hurricanes seemed to have reached a historic climax.

The 2005 season had been the busiest recorded, and some scientists had begun to regard heightened hurricane activity as a sign that Earth's climate is out of whack, a symptom of global warming.

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Then, at the start of the season, forecasters issued the alarmingly specific predictions that more danger lay ahead. The seasonal forecasts are based on ocean temperatures and atmospheric conditions.

"If you think the 2006 hurricane season cannot be any worse than last year," National Hurricane Center Director Max Mayfield said at a hurricane conference, "I'm here to tell you otherwise."

As a result, many who had once scoffed at hurricane warnings and parodied the batten-down-the-hatches urgency of television forecasters now allowed that this season, they were preparing to hunker down if necessary.

Foil-wrapped ready-to-eat meals flew off the shelves at sporting goods stores. So did gas stoves and solar showers and battery-operated fans.

Help Jet, a West Palm Beach company, offered $500 memberships to Floridians who wanted to guarantee a seat on a private flight out of harm's way in the event of an approaching hurricane. As last year's troublesome evacuations showed, leaving is difficult when everyone else is on the road, too.

"It was something we'd never seen before," said Julie Abreu, a buyer for Jet's Florida Outdoors, a Miami sporting goods store, where purchases of hurricane-related items doubled. "It was busy the whole year."

During a 12-day period in May, when the state of Florida allowed hurricane preparation items to be bought tax-free, an estimated $550 million worth were purchased, according to state figures. The total hurricane spending in the state was probably much higher, however, because those estimates did not include items such as plywood, which were not part of the tax-free program.

"In this period of increased tropical activity, it is vital for all Floridians to prepare," Gov. Jeb Bush (R) advised constituents. Mississippi Gov. Haley Barbour (R) likewise initiated an eight-week hurricane awareness program.

Among those swept up in the meteorological tension was a neighborhood in Hollywood, Fla., where more than a dozen households banded together to negotiate a discount on large generators costing $15,000 to $20,000.

Some, like Victor DeBianchi, spent more than $50,000 getting ready. In addition to his home generator, he bought hurricane shutters and impact-resistant glass for his home.

"What better way to ensure that nothing would happen?" DeBianchi, a probate lawyer, asked wryly. "I really did think there would be something this year. But I'm glad I did it. It's peace of mind."

WAR NEWS:

Iraq Violence, 'No Child' Occupy Bush (WP)

By Michael A. Fletcher And Peter Baker

The Washington Post, October 19, 2006

GREENSBORO, N.C., Oct. 18 -- President Bush said Wednesday that the current surge of violence in Iraq "could be" comparable to the Tet Offensive during the Vietnam War, a succession of battles that became a milestone because it helped turn the American public against the conflict and its political leadership.

Bush has strongly resisted comparisons between Iraq and Vietnam, but with U.S. casualties continuing to mount, he agreed to an interviewer's analogy and said he detected a spike in attacks timed to the congressional elections in three weeks with the goal of forcing the United States to lose its will.

"My gut tells me that they have all along been trying to inflict enough damage that we'd leave," Bush said in an interview with George Stephanopoulos of ABC News. "And the leaders of al-Qaeda have made that very clear. They believe that if they can create enough chaos, the American people will grow sick and tired of the Iraqi effort and will cause [the] government to withdraw."

Stephanopoulos asked Bush whether he agreed with New York Times columnist Thomas L. Friedman, who wrote that the real "October surprise" of this campaign season is what "seems like the jihadist equivalent of the Tet offensive." Bush nodded. "He could be right," the president replied. "There's certainly a stepped-up level of violence, and we're heading into an election."

The Tet Offensive was a rolling series of operations by the Viet Cong against U.S. and South Vietnamese forces beginning at the Vietnamese new year in January 1968. Historians consider Tet a military defeat for the Viet Cong because it lost so many men and captured no significant objectives. But it was also a powerful propaganda victory for the Viet Cong, because it brought the bloody war home to many Americans watching television. With support for the war eroding, President Lyndon B. Johnson abandoned his reelection campaign two months later.

Bush's interview with ABC came as he visited North Carolina to highlight his education program. The president visited a fast-improving elementary school to make a pitch for expansion of the No Child Left Behind law when it comes before Congress for reauthorization next year.

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Bush said the law should include vouchers for low-income students to attend private or parochial schools while offering salary incentives for teachers whose students show sharp improvement on standardized tests or who work in tough schools. He also wants the law's requirements for annual standardized testing, which currently apply to most elementary and middle school students, extended to high schools.

"The reauthorization of this important bill is going to be a top priority of mine," Bush said. "And it's not only just the reauthorization, it's the strengthening of the bill and not the weakening of the bill."

The changes sought by Bush are certain to face stiff opposition in Congress, where many Democrats contend that Bush has not provided enough funding to implement the measure. When the law was enacted in 2001, he was forced to drop his call for vouchers in the face of Democratic opposition.

In a speech at Waldo C. Falkener Elementary School, Bush said the law is spurring educational improvements here and elsewhere. The percentage of third-graders reading at grade level at Falkener has increased to 76 percent from 46 percent three years ago.

Bush said the law's requirement for annual testing of students in grades three through eight and its provisions for publicly funded tutoring for struggling students are helping to close the achievement gap separating many white and Asian students from many blacks and Hispanics.

"The gap is closing, and that's incredibly important for the United States of America to see that achievement gap close," Bush said. "How do we know? Because we're measuring."

After his speech, Bush visited the Victory Junction Gang Camp for children with life-threatening illnesses. NASCAR driver Kyle Petty and his wife, Pattie, founded the camp in memory of their son Adam. The day ended with a dinner at the Greensboro home of businessman Louis DeJoy, chairman of New Breed Logistics Inc. The event was expected to raise $900,000 for the Republican National Committee.

Baker reported from Washington.

Eyeing The Exits From Iraq (LAT)

The Los Angeles Times, October 19, 2006

AMERICAN PATIENCE WITH THE WAR in Iraq is wearing thin. It's no longer just liberal blue-staters fed up with the Bush administration's foreign policy, or Republican members of Congress annoyed at this albatross during campaign season. The administration itself seems to be growing impatient with the situation in Iraq — especially the unwillingness or inability of the government in Baghdad to put an end to sectarian violence.

Iraqi Prime Minister Nouri Maliki was worried enough to call the White House on Monday to check on his job security. According to presidential spokesman Tony Snow, the Iraqi leader wanted to know whether there was any truth to the rumor that he would be replaced soon if things didn't turn around. President Bush reportedly offered his support. A word of caution to Maliki: If Bush told you you're doing "a heck of a job," you should be worried.

Whatever was said, Bush's tone must have made an impression. On Tuesday, Maliki's government dismissed the two most senior police commanders from their posts. It's well known that members of the police forces moonlight as Shiite death squads fomenting much of the ethnic strife in Iraq. The purge of the leadership is a welcome step, but only one of many that must be taken by the Iraqis to prevent full-blown civil war.

Yet the situation is fraught because the United States is only one of Maliki's overseers. To survive politically, he also needs to keep Muqtada Sadr happy. This is no easy balancing act. Sadr is the anti-American cleric who controls a faction of Shiite parliamentarians that backs Maliki, as well as the Al Mahdi army. Civil war is all but inevitable if such private armies are allowed to flourish. Tensions between Baghdad and Washington over Sadr were on full display Wednesday, after U.S. forces grudgingly released one of his senior aides at the government's request.

The episode will only feed U.S. commanders' exasperation at getting involved in what looks increasingly like a civil war. The cost to Americans of getting caught in the middle is getting painfully higher, after troops were redeployed to become more directly involved in the effort to stem the flow of violence. On Wednesday, the Pentagon announced that 11 U.S. troops had been killed this week, bringing the month's toll so far to 70.

Historian and Times columnist Niall Ferguson, though no fan of the decision to invade Iraq, has observed that this country's most successful occupations have been its longest, in Germany and Japan. But Maliki is right to be worried. Unless things start changing, even the staunchest neocons in Washington are going to start looking for the exits.

Burns: Bush Has Plan To Win War In Iraq (AP-Y)

By Matt Gouras

AP, October 19, 2006

DOJ_NMG_0083224

Sen. Conrad Burns says he believes President Bush has a plan to win the war in Iraq but is keeping it quiet, a statement Democrats pounced on Wednesday as reminiscent of comments made during another divisive war.

Burns, at a debate Tuesday night with Democratic challenger Jon Tester, said he believes Bush has a plan to win — but added: "we're not going to tell you what our plan is."

Burns, who has said repeatedly the country must stay in Iraq as long as it takes to win the war, also seemed to suggest a new path may be needed in Iraq. He pointed to fellow Republican Sen. John Warner of Virginia, who has recently called for a new strategy in Iraq.

"We have to change our tactics with the enemy and how it changes its tactics," said Burns, a member of the Senate Appropriations defense subcommittee. "And in some cases, we have not been able to do that. I agree with Senator Warner and his assessment. If we don't change, we will pay a heavier price. But we cannot lose it."

Democrats likened Burns' comments to statements by President Nixon that led to news reports that he had a "secret plan" to end or win the war in Vietnam. Like Nixon, Burns never used the word "secret" but made it clear it wasn't in the president's or the country's interest to discuss any plans he has for winning the war.

Matt McKenna, a Tester campaign spokesman, said Burns' comments were eerily similar to Nixon's.

"I think the comparison is two politicians who put their own ambitions above the safety and success of the troops," McKenna said Wednesday.

In a tense exchange with Tester, who is ahead in recent polls, Burns hammered the Democratic challenger for his call on the president to develop a plan for withdrawing troops from Iraq.

"He wants everyone to know our plan. That's not smart," Burns said.

"He said our president (doesn't) have a plan. I think he's got one, but he's not going to tell everybody in the world," Burns added. "If you want to go out and spar for a fight, are you going to tell your enemy what your plan is? I don't think so."

Burns later said: "There is a plan. We're not going to tell you, Jon."

McKenna said the comments were those of a senator behind in recent polls who wants to keep his job.

"Nobody actually believes that he (Burns) has a plan, or even a seat at the table where plans are made," McKenna said.

Burn's spokesman, Jason Klindt, said the senator is adamant that details of a plan to win should not be released, including any deadline for troop withdrawal.

He said he doesn't know if Burns knows any specifics of a Bush administration plan to win the war in Iraq.

"I think he knows the general strategy," Klindt said.

Burns' Remark Draws Comparison To Nixon (USAT)

By John Bacon And Sarah Elkins

USA Today, October 19, 2006

Montana Democrats on Wednesday blasted GOP Sen. Conrad Burns for saying in Tuesday's debate that he believes President Bush has a plan to win the war in Iraq but is keeping it quiet.

“We're not going to tell you what our plan is,” Burns told Democrat Jon Tester. Matt McKenna, a Tester spokesman, likened Burns' comments to statements by President Nixon that led to rumors of a “secret plan” to end or win the war in Vietnam. “The comparison is two politicians who put their own ambitions above the safety and success of the troops,” McKenna said.

Burns' spokesman Jason Klindt said Burns is adamant that details of a plan to win should not be released. Klindt said he doesn't know if Burns knows any specifics of a plan, but added, “I think he knows the general strategy.”

A recent Montana State University-Billings poll released Wednesday showed Tester leading Burns 46%-35%, with 14% undecided.

‘Affordability agenda' in Vt. draws fire

Vermont gubernatorial hopeful Scudder Parker dismissed Republican Gov. Jim Douglas' self-described “affordability agenda,” calling it “an agenda of electability.” Douglas has said he is dedicated to reducing the costs of higher education, health care, property taxes and housing.

Parker cited the Vermont Housing and Conservation Board, saying state residents have “the Legislature, not Jim Douglas, to thank for funding the program that makes housing more affordable for Vermonters.” Douglas' campaign said he supported the funding by signing the budgets that contained them.

Defeated Tenn. candidate backs GOP foe

All apparently is forgiven between two Republicans who battled it out for the Senate nomination in Tennessee. Former congressman Ed Bryant, whose campaign called Bob Corker the “king of lies” and a fraud, is featured in a new TV ad endorsing Corker, the nominee.

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“Bob Corker and I had a bit of a spirited primary for the United States Senate, but you know, there wasn't a day I didn't respect Bob,” Bryant says in the ad airing statewide. Michael Powell, adviser to Rep. Harold Ford, the Democratic candidate, said, “The only thing we are left to ask is, when was Bob Corker's new spokesman lying about Bob Corker's character — in the primary ads he paid for, or the one Bob Corker is paying for?”

McCain: More Troops Needed In Iraq (AP)

By Mike Glover

AP, October 19, 2006

McCain says more troops needed to quell 'classic insurgency'

DES MOINES, Iowa - Arizona Sen. John McCain on Wednesday said more combat troops are needed in Iraq to quell a "classic insurgency," and he rejected calls to reduce U.S. troop levels in the country.

"A lot of mistakes have been made in Iraq and they've been well documented," McCain told reporters. "That doesn't change the fact that, in my view, we cannot fail."

McCain spoke before a luncheon fundraiser at which he raised $40,000 for Republican congressional candidate Jeff Lamberti, who is challenging Democratic U.S. Rep. Leonard Boswell in central Iowa's 3rd District.

At his news conference, McCain conceded that his argument for sending more troops to Iraq runs counter to what many other politicians are saying.

"My view, which is clearly a minority view, has been for a long period of time that we need more troops on the ground," said McCain. "I don't think it's a civil war, but the level of sectarian violence is too high, it's way too high and it has to be reduced."

McCain argued that the only way to lower the level of violence is to boost the American military presence.

"We need to put down what is now a classic insurgency," he said. "If we set a date for withdrawal, it would have consequences that would mean the situation would quickly deteriorate into a chaotic one and chaos would spread to the region."

In addition to raising money, McCain also planned to tour an ethanol plant with Lamberti in the central portion of the state as he tested the waters for a run at the Republican presidential nomination.

His views on ethanol have shifted slightly as he begins to focus on Iowa's leadoff precinct caucuses, which launch the presidential nominating season.

"I think ethanol is a very important part of our effort to reduce our dependence on foreign oil," said McCain.

When the price of oil soared past $40 a barrel, ethanol began to make financial sense and McCain said he favored encouraging the industry _ within limits.

"I do not support subsidies for ethanol," said McCain. "I think they can stand on their own feet."

Democrats quickly seized on the issue, noting votes Lamberti had made opposing requirements that ethanol be added to gasoline.

"The McCain-Lamberti event is an election year stunt that does nothing but underscore Lamberti's checkered past when it comes to ethanol," said Boswell spokesman Mark Daley.

McCain sought the Republican nomination in the 2000 election cycle, but he skipped the Iowa caucuses to focus on New Hampshire's leadoff primary. That won't be the case should he decide to again seek the nomination, McCain said.

"When I ran last time I was the outsider and we had a very limited amount of funds and staff, and we had to focus our efforts on New Hampshire," said McCain. "The Iowa caucuses are a vital aspect of the election process."

McCain said he will make a decision about seeking the nomination early next year.

'Dramatic Change Of Direction' Coming For Iraq (WT)

By Sharon Behn

The Washington Times, October 19, 2006

The escalating violence raking Baghdad and other Iraqi cities is pushing that nation's leaders, neighboring Arab countries and U.S. advisers to consider a dramatic change of direction in the conduct of the war.

Leaks from a U.S. task force headed by former Secretary of State James A. Baker III are contributing to the widespread sense that the Bush administration is preparing for a "course correction" in the coming months.

The options cited most frequently in Washington include the partition of Iraq into three ethnic- or faith-based regions, and a phased withdrawal of U.S. troops, with some remaining in neighboring countries to deal with major threats.

Another scenario is being discussed -- and taken seriously in Iraq -- by many of Iraq's leading political players, under which the U.S.-trained army would overthrow struggling Prime Minister Nouri al-Maliki and replace him with a strongman who would restore order while Washington looks the other way.

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Falah Hassan al-Naqib, a Sunni politician who served as minister of the interior in the interim government led by Iyad Allawi until last year, told The Washington Times he has met repeatedly with American and Iraqi generals to discuss alternative courses of action.

"All of them have a 'Plan B,' because if the situation continues as it is, they will have to defend themselves -- not just find bodies all over," Mr. al-Naqib said this summer at his house in Baghdad.

Mayhem has continued in Baghdad despite a U.S. decision to redeploy some 8,000 U.S. troops into the capital over the summer. Officials yesterday reported the deaths of 10 American troops across the country, putting October on track to be the deadliest month in almost two years.

On Monday, The Washington Times reported that Gen. George Casey, the top U.S. commander in Iraq, was "more sober" and "more concerned" about the ability of the Iraqi security forces when he privately briefed senior military and civilian leaders in Washington last week. Defense sources said he had appeared more upbeat over the winter about the Iraqi security force's progress.

The sources said, however, Gen. Casey was not pessimistic and still thinks the U.S. will win in Iraq. Gen. Casey's spokesman said the general thinks the Iraqi security forces have made great progress and are on track to take over more counterinsurgency missions.

Others in the Bush administration have contributed to the sense that the al-Maliki government has been put on a short leash, with Secretary of State Condoleezza Rice saying on a trip to the region Oct. 6 that Iraqi leaders "don't have time for endless debates on these issues. ... They have really got to move forward."

Days before that, Zalmay Khalilzad, the U.S. ambassador to Iraq, said on CNN that the Iraqi government, "in the course of the next two months, has to make progress in terms of containing sectarian violence."

Similarly, Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, told reporters after a trip to Baghdad this month that Congress will have to make "bold decisions" if the Iraqi government does not bring the sectarian killings under control.

Even Mr. Baker, whose bipartisan commission is expected to hand its recommendations to the Bush administration after the congressional elections, said on ABC's "This Week" that "I happen to think, and I think it's fair to say our commission believes, that there are alternatives between the stated alternatives ... of stay the course and cut and run."

President Bush reassured Mr. al-Maliki in a telephone call on Monday that there was no deadline hanging over his administration, but that has done little to quell the speculation.

The most talked-about scenarios for a "Plan B" include:

·Phased withdrawal: Under this plan, U.S. troops would be gradually withdrawn over a period of months and a reserve force would be redeployed elsewhere in the region.

"Our troops have become the primary target of the insurgency," argued Rep. John P. Murtha, Pennsylvania Democrat, who laid out a plan for an immediate withdrawal in November. "They are united against U.S. forces and we have become a catalyst for violence. ... I believe with a U.S. troop redeployment, the Iraqi security forces will be incentivized to take control."

He proposed the creation of a "quick reaction force" and an "over-the-horizon presence" of Marines in the region to deal with urgent problems such as signs that al Qaeda was gaining control of an area.

Similar arguments have been made by Richard A. Clarke, who provided national security advice to the last four presidents, and Edward N. Luttwak, a senior fellow at the Center for Strategic and International Studies.

CBS reporter David Martin recently quoted a source in the Baker commission saying the group may recommend a scheme under which 5 percent of U.S. troops are withdrawn from Iraq every two months.

Opponents of the plan -- including most Iraqis -- argue that without a strong U.S. troop presence, the country would quickly fall into a vicious civil war and terrorists would be able to establish safe havens from which to harass neighboring U.S. allies.

·Partition: Under this plan, notably advocated by Sen. Joseph R. Biden Jr., Delaware Democrat, Iraq would be divided into Sunni, Shi'ite and Kurdish regions, each enjoying a high degree of autonomy.

A viable central government would remain responsible for border defense, foreign policy, oil production and revenues under the scheme worked out by Mr. Biden and Leslie H. Gelb, president emeritus of the Council on Foreign Relations.

While acknowledging that decentralization would not immediately end the problem of murderous militias affiliated with the various political parties, Mr. Biden argued in a May 1 speech in Philadelphia that this was the best way to begin rolling them back. "The regions can become magnets for the militia, integrating them into local forces, and eventually into the national force."

This solution would win quick acceptance from the Kurds, who already enjoy a high degree of autonomy in their oil-rich northern region and have little interest in what happens in Baghdad.

Many Shi'ites -- who control the southern oil fields -- would also welcome the arrangement, and this month pushed through a new law opening the door to the establishment of an autonomous region in the south.

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The Sunnis, stuck in the middle of the country with no oil and few other resources, could be brought along with a constitutional amendment guaranteeing them 20 percent of all present and future oil revenues, argued Mr. Biden, the ranking Democrat on the Senate Foreign Relations Committee.

"That's ... far more than they'd get otherwise, since the oil is in the north and south, not the Sunni center."

Mr. Baker, however, has already expressed skepticism about the idea, noting that there is no easy way to divide up Baghdad and other major population centers like Kirkuk, where ethnic and religious groupings are closely intermingled.

There are also fears that an autonomous Shi'ite region would quickly fall into the orbit of Iran, while the Sunni region would be ungovernable, offering a safe haven for al Qaeda and related terrorist groups to mount attacks on U.S. allies like Saudi Arabia and Jordan.

·Coup in Baghdad: While given little credence in Washington, this scenario is being widely talked about in Iraq and in neighboring countries, both on the streets and among senior political and military officials.

According to the scenario, the new U.S.-trained army, along with elements of Saddam Hussein's Ba'athist-led army, would stage a coup to oust the al-Maliki government and replace it with one led by a more effective figure -- by most accounts Mr. Allawi.

One Iraqi Sunni living in Dubai, who is in close contact with Sunni generals in exile in both the United Arab Emirates and Saudi Arabia, said those generals have been discussing such a "Plan B" with secular Shi'ites and U.S. officials for months.

These officers reportedly are convinced that Miss Rice has been discussing such ideas during a series of visits to Saudi Arabia over the past eight months.

Mr. Allawi, a secular Shi'ite who led the government before the 2005 legislative elections, is known as a strong man with backing from both secular Shi'ites and Sunnis tired of the sectarian killings. The politician also is liked by U.S. intelligence agencies, which were disappointed that his party was unable to win more seats in the parliamentary elections.

"The army scenario is not a bad scenario for the United States," said Robert Killebrew, a retired Army infantry colonel and national security analyst who predicted civil war in Iraq more than a year ago. "U.S. policy issues in the Middle East and Iraq do not require a democratic Iraq, it only requires a stable and friendly Iraq," he said.

Under this scenario, the Dubai-based Sunni source said, the army would gradually bring back elements of Saddam's former army, removing a major grievance that is driving the insurgency.

"The insurgency will come under control as most of them are concerned with keeping Iraq as one country. This is the most important for them and for the surrounding Arab countries," said the former officer.

According to most coup talk, the United States would publicly condemn the move but support the new government after a decent interval.

"My preference would be that there would be a certain amount of sanctimonious hand-wringing and saying that we don't agree with the overthrow of a democratically elected government," said Mr. Killebrew. "But we will continue to support the Iraqis in their fight against the insurgency, which would be de facto support."

Our Strategy Is Not Static (USAT)

By Mark Kimmitt

USA Today, October 19, 2006

Most militaries know that success in war argues against an inflexible approach to strategy and tactics. Militaries that remain foolishly consistent and unable to react to an evolving tactical environment are likely to fail. The enemy we face in Iraq, Afghanistan and elsewhere in the war on terrorism is a thinking enemy, and a thinking enemy will always seek to find an operational advantage, a seam in our defenses, or a weakness in our plan and tactics.

That is not happening. Since the beginning of combat operations in Iraq in March 2003, coalition forces have continuously adapted to a changing environment, not only to respond and react to a thinking enemy, but to also develop better tactics to defeat the enemy's own seams, weaknesses and disadvantages.

Some have gone so far as to suggest that our forces are simply reacting to the evolving tactics of the enemy. Quite the opposite; operations in Iraq are developed from a position of advantage and superiority and do not cede initiative, nor innovation, to the enemy.

We are empowering Iraqi security forces to take on more and more of the security responsibilities, and helping to strengthen Iraq's unity government. The permanent, democratically elected government has been in place for fewer than 150 days, while most of the Iraqi battalions in the field today have existed for fewer than two years.

The idea that coalition forces have pursued a static tactical policy in Iraq is a myth and a disservice to our innovative, creative and adaptable troops. Our troops know that the fight in 2006 is far different from the fight in 2003, and they know the importance of changing their tactics correspondingly. They know that victory in the field goes to the best trained, the best

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equipped and the smartest force, and the high price to be paid if they do not adapt and prevail. They know that, tactically, staying the course is the wrong way to defeat an enemy, but they also recognize that consistency in strategic guidance, combined with patience and persistence to see the job through, is the right way to win.

U.S. Toll Soars As Fight For City Rages (USAT)

By Rick Jervis And Tom Vanden Brook

USA Today, October 19, 2006

CAMP TAJI, Iraq — A U.S. and Iraqi offensive to wrest control of Baghdad from insurgents and sectarian death squads is producing some of the most intense fighting of the war and a spike in American deaths.

The U.S. command reported Wednesday that 10 American troops had been killed the day before in Iraq, making it one of the deadliest days for U.S. forces this year. Another soldier was killed Wednesday, bringing the death toll this month to 70.

At least a third of the recent fatalities happened in Baghdad. At the current pace, October would be the deadliest month since November 2004 when 137 troops died.

Much of the violence in the capital is religious warfare, putting U.S. forces in a sensitive position between warring factions.

"It's been a tough month," said Col. James Pasquarette, a brigade commander headquartered at this base about 12 miles north of Baghdad. "We haven't had this sectarian issue in the past. It's more intense than in past years."

Sectarian death squads don't typically target U.S. convoys, said Maj. Brandon Newton, with the 7th Squadron, 10th Calvary Regiment near Baghdad.

But U.S. patrols are dispatched to intervene between warring sects, sometimes parking themselves at night between Sunni and Shiite neighborhoods and exposing their patrols to roadside bombs, he said.

"We're fighting some bad people," he said.

After going five months without a death, the squadron lost eight soldiers this month, said Lt. Col. David Thompson, the squadron's commander.

Lt. Col. Jonathan Withington, a spokesman for coalition troops in Baghdad, said U.S. and Iraqi forces are aggressively clearing areas of the city.

"We're very successful right now, and the enemy is pushing back," Withington said.

About 15,000 coalition troops and 45,000 Iraqi police and soldiers are engaged in the Baghdad fight.

Some of the increased violence in Baghdad and other parts of Iraq is related to the holy month of Ramadan, when religious fervor is high.

The U.S. military said attacks this year have increased 20% during the holy month compared with the weeks leading up to Ramadan. Ramadan ends this weekend.

In a continuing effort to find a political solution to the religious warfare, Prime Minister Nouri al-Maliki consulted Wednesday with Grand Ayatollah Ali al-Sistani, an influential Shiite spiritual leader, and Muqtada al-Sadr, an anti-American Shiite cleric, the Associated Press reported.

White House spokesman Tony Snow said the spike in deaths would not make President Bush reconsider his options in Iraq.

"His strategy is to win. The president understands not only the difficulty of it, but he grieves for the people who have served with valor," Snow said.

Soldiers at a forward operating base north of Baghdad said the deaths are a sobering reminder of the dangers that loom for them outside the razor-wire confines of their base.

"It hurts. It hurts deeply," said Staff Sgt. John Calhoun, 41.

"We're the only family we all have out here. And when we lose our brothers, it hurts."

Provincial Intelligence Director Among Latest Iraqi Deaths (LAT)

By Borzou Daragahi And Louise Roug

The Los Angeles Times, October 19, 2006

BAGHDAD — At least 10 U.S. troops were killed in five combat episodes during a 24-hour period ending Tuesday, the U.S. military announced today.

The latest casualties bring to 69 the number of U.S. military personnel killed in October, according to icasualties.org, a website that tracks deaths in the wars in Iraq and Afghanistan.

At least seven Iraqis were killed and 30 were injured today in attacks targeting U.S. and Iraqi security forces and sectarian gang killings targeting civilians.

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A roadside bomb killed the director of intelligence for the Amara province in southern Iraq. Four of his guards were also killed.

Tribal elders and political leaders also attempted to cool tempers at a summit in the Salahuddin province, near the city of Balad, the site in recent days of one of the country's worst outbreaks of sectarian violence.

The latest deaths put October on track to be the deadliest for U.S. troops in Iraq since November 2004, when Marines stormed the insurgent-controlled city of Fallouja in a weeks-long ground offensive. The current month coincides with the Muslim holy month of Ramadan, which has been a time of sharp increases in attacks in Iraq since the U.S.-led invasion in 2003.

"We expected the attacks to rise during Ramadan," said Lt.. Col. Christopher C. Garver, a spokesman for the U.S. military.

Six of the U.S. soldiers died in three separate roadside bomb and small-arms attacks around Baghdad. Another three, attached to the 3rd Brigade of the Army's 4th Infantry Division, were killed as a result of unspecified enemy action in Diyala province, northeast of Baghdad. A fourth soldier was wounded in the incident.

A Marine assigned to Regimental Combat Team 7 died in a hostile fire incident in Al Anbar province, the Sunni Arab insurgent stronghold west of the capital.

The trial of Saddam Hussein and his co-defendants on charges of committing genocide against Iraq's Kurdish population in the late 1980s resumed today despite the continued absence of defense attorneys boycotting the trial. An unidentified Kurdish victim recounted a tale of his escape from the firing squad.

Trapped on a truck, listening to the gunshots and screams of other victims, the witness and others plotted to overtake the guards, with the strongest leading the charge.

"Maybe three or four of us will be killed but the others will survive," the witness recounted.

As the guards opened the door to the bus, one of the victims lashed out but was shot and killed. After a scuffle, the guards opened fire on the truck, killing several people.

The witness said he fainted. The next thing he realized was that bodies fell on top of him, he said, describing what he at first thought was the sound of water.

"It was a scary sound," he said, quickly realizing it was the sound of gurgling blood.

He was tossed into a ditch full of bodies. "I fell on a body," he said. "He was still alive. It was his last breath."

The guards continued shooting as he ran away. The witness said he took off clothes as he ran because "the skin has the same color as the sand" and he didn't want the guards to detect him.

It was a full moon and as the man made his way through the desert, he saw it was full of mounds that he believes were mass graves.

"I ran and ran," he said. "I saw light in the distance and ran toward the light."

At 4 a.m., the witness reached a house where he asked for help and food, which he was given. Eventually, he made his way to the Kurdish city of Irbil, where he hid until 1991, when Hussein lost authority over northern Iraq after the Persian Gulf War.

Death Toll Mounts For US Forces In Iraq (FT)

By Demetri Sevastopulo

Financial Times, October 19, 2006

American forces are coming under increased attack in Iraq as October shapes up to be one of the worst months for US casualties during the war.

The deaths of nine soldiers and one marine on Tuesday raised the US death toll for October to 71, putting the month on course to be the third worst for military fatalities since the 2003 invasion. According to Pentagon figures, the military lost 137 troops in November 2004 – the worst month so far in the war – and 135 in April 2004.

US military commanders have attributed the latest rise in military deaths to increased violence during Ramadan in addition to US forces more actively engaging insurgent groups and sectarian death squads, particularly in Baghdad.

The rise in US deaths comes as Republicans come under mounting pressure over the war, which has claimed the lives of almost 2,800 troops. Increased anxiety about Iraq has placed the Grand Old Party in jeopardy of losing control of one, or possibly both, houses of Congress.

Aside from deaths, the US has suffered more than 21,077 casualties in Iraq, with more than 9,500 of those troops injured so badly that they did not return to action.

President George W. Bush has repeatedly argued that Iraq is making political progress and that the US will stay the course.

But his administration is becoming increasingly frustrated at the apparent inability of the Iraqi government to stem the rise in bloodshed, particularly in Baghdad where up to 10,000 US troops are working with 44,000 Iraqi forces. Senior Republicans have recently been more vocal in questioning the administration's strategy.

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General John Abizaid, the top US commander in the Middle East, in July told Congress that reducing violence in Baghdad was key to avoiding civil war. But since his testimony, the number of military deaths in Iraq has greatly accelerated.

General Peter Pace, chairman of the Joint Chiefs, last week said sectarian violence was now the biggest problem in Iraq. He said coalition forces had reduced violence by about 50 per cent in the 50 sectors of Baghdad that they have "cleared" with Iraqi forces. But in a sign of the difficulty in curbing the violence in the Iraqi capital, he acknowledged that sectarian death squads remained active at night even in those areas.

Donald Rumsfeld, the US defence secretary who famously described the initial insurgency as a bunch of "dead-enders" and is coming under heavier criticism for his handling of the war, on Tuesday repeated his mantra that the war cannot be lost "militarily".

The US public is losing patience with Mr Bush over the rising violence, which has prevented the Pentagon from reducing troop numbers from the current level of about 140,000 to 100,000 by the end of this year.

A recent CNN poll found that 64 per cent of respondents disapproved of the way Mr Bush is handling the war, with 64 per cent also opposing the war. Fifty-one per cent said Democrats would do a better job of handling the war.

· President George W. Bush compared Iraq and the Vietnam war for the first time when he said Thomas Friedman, a New York Times writer, "could be right" in saying the violence in Iraq was the "jihadist equivalent of the Tet offensive".

"There is certainly a stepped-up level of violence and we're heading into an election," Mr Bush told ABC News. The Tet offensive helped turn US public opinion against the war, and led to President Lyndon Johnson deciding to abandon his re-election bid. A White House spokeswoman said Mr Bush was only trying to make the point that "the enemy is trying to affect the psyche of Americans".

One-Day Iraq Toll Is Highest For U.S. In Many Months (WP)

By Ellen Knickmeyer

The Washington Post, October 19, 2006

BAGHDAD, Oct. 18 -- A roadside bombing and other attacks killed 10 American troops across Iraq on Tuesday, the U.S. military reported Wednesday, making it the deadliest day of combat for U.S. forces in 10 months.

The one-day toll, part of what the U.S. military has said is a 43 percent increase in attacks on U.S. and Iraqi forces in the capital since midsummer, occurred as casualties among Iraqi troops and civilians are soaring far higher than at any previous time in the war, according to U.S. and Iraqi tallies.

The deaths underscore the surging nature of sectarian violence and the increasing lethality of roadside bombs, which claim the most American lives in Iraq despite efforts to bolster armor and use high-technology devices to disable bombs.

Five of the American troop deaths Tuesday were caused by bombs. Four soldiers were killed in Baghdad about 6:50 a.m. when a planted bomb exploded under their vehicle, the U.S. military said in a statement. Another bomb killed a single soldier north of the capital.

Three soldiers died in combat east of Baghdad, in Diyala province, the military said. One soldier was killed in north Baghdad when armed men attacked his patrol, and a Marine died in combat in the predominantly Sunni province of Anbar, in western Iraq. Since the summer, Baghdad has surpassed Anbar as the most hostile place in the country for U.S. and Iraqi forces.

Tuesday's deaths, along with the death of an American soldier in Baghdad by small-arms fire on Wednesday, brought the number of total U.S. troop fatalities for October to 70, including 67 killed in action.

One hundred and twenty-five American troops were killed in action in November 2004, and 126 were killed in action in April 2004, during U.S. offensives in Najaf and Fallujah.

The Iraqi victims of violence on Wednesday included 30 men whose bodies were found dumped around Baghdad after they had been blindfolded, cuffed and shot, the Interior Ministry said. Ministry officials said most had also been tortured, which often involves puncturing victims' skulls, torsos and limbs with electric drills. The victims were all under 30, the ministry said.

The deaths reported by officials and published in the news media represent only a fraction of the thousands of mutilated bodies winding up in Baghdad's overcrowded morgue each month. U.S. and morgue officials say 90 percent of the killings are now carried out execution-style, with repeated shots to the head and body, usually after the victim had been kidnapped and tortured.

Most bodies are found dumped on Baghdad's streets each morning after a night of curfew, when only government security forces are supposed to be out.

Bodies are increasingly being dumped in and around Baghdad in fields staked out by individual Shiite militias and Sunni insurgent groups. Iraqi security forces often refuse to go to the dumping grounds, leaving the precise number of bodies in those sites unknown.

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Civilian deaths, unlike those of American troops, often go unrecorded. No count exists of all the civilians killed in the spiraling violence since U.S.-led forces entered Iraq. President Bush earlier this year put the number at 30,000 but gave no sources. Indices drawing only on the deaths reported by news organizations put the figure closer to 50,000.

A study published last week in the Lancet medical journal in Britain estimated the true toll was 655,000. Researchers derived their figure from surveys of Iraqis, who were asked to show death certificates to verify deaths in their families caused by the war. The methodology of that survey has been challenged.

U.S. Defense Department statistics show average daily Iraqi troop casualties jumped to 120 in the three months ending September, up from 80 in the previous quarter.

In September, 2,667 Iraqis were killed in Baghdad alone; the government has yet to release last month's figures for all of Iraq.

U.S. officials sought Wednesday to bolster support for the war.

"It will be long, and it will be hard. I wish it were otherwise," Defense Secretary Donald H. Rumsfeld said in a speech at Maxwell-Gunter Air Force Base in Montgomery, Ala. "Certainly, seeing the violence on television is a temptation for people to wonder: How will it end?"

"There are those who say, Well, it is somebody else's problem," he said. But he voiced confidence that "the wave of violence" in Iraq will ultimately be defeated, saying Iraqi security forces are growing more capable.

Rumsfeld described a recent meeting at Bethesda Navy hospital with a wounded Marine who had served in Iraq as an embedded trainer with the Iraqi military. "If the American people will just give us time," he quoted the Marine as saying.

Asked whether the 10 deaths Tuesday would make Bush reconsider his plans for Iraq, White House spokesman Tony Snow said, "No, his plan is to win."

"The president understands not only the difficulty of it, but he grieves for the people who have served with valor," Snow said in Washington. "But as everybody says correctly, we've got to win. And that comes at a cost."

Some U.S. military leaders in Iraq have said they are puzzled by the rise in violence since midsummer. Military spokesmen attribute the most recent climb to a typical increase in attacks during the Muslim holy month of Ramadan and say they expect the toll to drop when Ramadan ends in coming days.

"It's a dangerous place, and we're trying to mitigate the risk," Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad, said Wednesday.

Prime Minister Nouri al-Maliki, who heads a government led by Shiite religious parties, traveled to Najaf on Wednesday to seek consensus with two of the country's most influential Shiite leaders about quelling the skyrocketing sectarian violence.

"I came so that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction," Maliki told reporters between meetings with Grand Ayatollah Ali al-Sistani and cleric Moqtada al-Sadr, who commands one of the country's most powerful political blocs and militias.

At Maliki's request, the U.S. military freed a Sadr official in Baghdad whom it had held overnight, U.S. and Iraqi officials said. Ali al-Dabbagh, a spokesman for Maliki, said the official was innocent. Aides said the official was a Sadr office manager in the heavily Shiite Baghdad neighborhood of Shoula.

Maliki has blocked U.S. military moves toward a crackdown on Sadr's militia as a whole. "The issue of militias should be solved politically," Dabbagh said in a telephone interview Wednesday.

Staff writer Ann Scott Tyson in Washington and special correspondents Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

11 More U.S. Troops Reported Killed In Iraq (MCT)

By Nancy A. Youssef

McClatchy Newspapers, October 19, 2006

BAGHDAD, Iraq - The U.S. military announced Wednesday that 11 American troops had been killed in Iraq since Tuesday, mostly in Baghdad, the apparent result of the United States' latest attempt to quell intensifying violence in the capital.

So far, 70 American troops have been killed in Iraq this month. If the death toll continues at this rate, the monthly tally will be the highest since November 2004, when the U.S. military staged an offensive on the Iraqi city of Fallujah and the number of Americans killed during the month was 137.

U.S. troops increasingly have been patrolling the streets and conducting house-to-house sweeps in the capital in an attempt to stop the sectarian violence, which in some places has divided neighborhoods street by street. The troops have helped clean up streets littered with garbage and in some places the remnants of car bombings, and they've encouraged shop owners to reopen their businesses.

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But the security plan, in place since the summer, hasn't produced evidence of significant improvements. Securing Baghdad is the linchpin of sustaining the Iraqi government and allowing American forces to leave, many experts say.

The plan also has exposed some of the weaknesses of handing over operations to Iraqi security forces. So far they haven't appeared prepared to tackle the burgeoning sectarian violence.

On Wednesday, at least another 29 Iraqis' bodies were found throughout the capital, including three in the southern Baghdad neighborhood of Dora and two in Shaab, in eastern Baghdad, two of the areas that U.S forces targeted in the security sweeps.

Police think residents often are killed in one neighborhood and their bodies dumped in another. Although statistics in Iraq are no longer reliable, police reports collected from the top provinces show that nearly 800 Iraqis have been killed so far this month.

In a recent military operation in Baghdad, Iraqi forces, who were supposed to take the lead, leaned heavily on U.S. troops for guidance. Many Sunni Muslim residents said they allowed the mostly Shiite Muslim Iraqi security forces to search their homes only because American troops accompanied them.

The early stages of the operation yielded few arrests or weapons, prompting many to think that the insurgency had left the targeted communities. Wednesday's announcement suggested that they were moving back in.

The latest attacks on American troops began just before 7 a.m. Tuesday when four soldiers died west of Baghdad in a roadside bomb attack. Two hours later, a soldier was killed when his convoy was attacked in northern Baghdad. Another soldier died Tuesday afternoon north of the capital in a roadside bomb attack.

Three soldiers from the 3rd Heavy Brigade Combat Team, 4th Infantry Division, were killed Tuesday during combat in the northeastern province of Diyala, which is nearly evenly split between Sunnis and Shiites and where violence is high.

In the Sunni province of Anbar, a Marine from Regimental Combat Team 7 was killed during fighting.

A soldier died Wednesday afternoon in southern Baghdad during small-arms fighting.

"We work to mitigate risks to our forces every day while aggressively conducting operations in support of the government of Iraq to bring security to the people of Iraq," U.S. military spokesman Lt. Col. Christopher Garver said Wednesday in a statement.

11 U.S. Troops Killed In Combat As October Toll Hits 70 (WT/AP)

By Steven R. Hurst

The Washington Times, October 19, 2006

BAGHDAD -- Eleven more U.S. troops were slain in combat, the military said yesterday, putting this month on track to be the deadliest for U.S. forces since the siege of Fallujah nearly two years ago.

The military says the sharp increase in U.S. casualties -- 70 this month -- is tied to Ramadan and a security crackdown that has left American forces more vulnerable to attack in Baghdad and its suburbs. Muslim tenets hold that fighting a foreign occupation force during Islam's holy month puts a believer especially close to God.

As the death toll climbed for both U.S. forces and Iraqi civilians, who are being killed at a rate of 43 a day, the country's Shi'ite-dominated government remained under intense U.S. pressure to shut down Shi'ite militias.

Some members of the armed groups have fractured into uncontrolled, roaming death squads out for revenge against Sunni Arabs, the Muslim minority in Iraq, who were politically and socially dominant until the fall of Saddam Hussein in 2003.

There have been signs in recent days of mounting strain between Washington and the wobbly government of Prime Minister Nouri al-Maliki, who felt compelled during a conversation with President Bush this week to seek his assurances that the Americans were not going to dump him.

Foreign Minister Hoshyar Zebari yesterday blamed American officials who had overseen Iraq before its own government took nominal control for bringing the country to the present state of chaos.

"Had our friends listened to us, we would not be where we are today," Mr. Zebari said in an interview.

Asked which friends he was referring to, he said: "The Americans, the Coalition [Provisional Authority], the British. OK? Because they didn't listen to us. They did exactly what they wanted to do. ... Had they listened to us, we would have been someplace else [by now], really."

Despite the climbing death toll, the U.S. military says it is making progress in taming runaway violence in the capital as it engages insurgents, militias and sectarian death squads, rounds up suspects, and uncovers weapons caches and masses of stockpiled explosives.

The latest American death occurred yesterday, when a soldier was killed after his patrol was attacked by small-arms fire south of Baghdad. Ten Americans were killed Tuesday -- nine soldiers and a Marine -- the highest single-day combat death toll

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for U.S. forces since Jan. 5, when 11 service members were killed across Iraq. There have been days with a higher number of U.S. deaths, but not solely from combat.

October is on track to be the deadliest month for U.S. forces in Iraq since November 2004, when military offenses primarily in the then-insurgent stronghold of Fallujah, 40 miles west of Baghdad, left 137 troops dead, 126 of them in combat.

"It breaks my heart because behind every casualty is somebody with tears in their eyes," Mr. Bush told ABC News. "I think the hardest part of the presidency is to meet with families who've lost their loved one."

With Iraq becoming a major issue in the Nov. 7 midterm elections in the United States, White House spokesman Tony Snow was asked whether the rising toll would cause Mr. Bush to alter course.

"No, his strategy is to win," Mr. Snow said. "The president understands not only the difficulty of it, but he grieves for the people who have served with valor."

Marines Plan To Recall Some Battalions (AP-Y)

By Robert Burns, Ap Military Writer

AP, October 19, 2006

The Marines are drawing up plans to send back to Iraq at least some reserve combat battalions that have already served one tour there, officials said Wednesday — the first time such units would be returned to the war.

The plan to remobilize those reserve forces is designed to relieve some of the growing strain on active-duty Marines.

A Marine Corps spokesman, Lt. Col. Scott Fazekas, said Defense Secretary Donald H. Rumsfeld gave the Marines the go-ahead to conduct detailed planning on how the battalion reactivations would be done. Initially, Fazekas said Rumsfeld had approved the plan itself. Later he said the approval was for detailed planning.

Eric Ruff, a spokesman for Rumsfeld, said Wednesday evening that no specific proposals have been presented to Rumsfeld. "The Marines are reviewing a range of options and concepts for future consideration by the secretary and, to date, nothing has been approved," Ruff said.

The Army, which is organized differently than the Marine Corps, has not sent any of its National Guard combat brigades back to Iraq for a second tour, although it is considering making more use of the Guard. Both the Marines and Army have sent reserve support units and active-duty forces to Iraq multiple times.

The return of Marine Reserve combat battalions to Iraq would begin in 2008, according to a senior Marine officer who discussed the subject on condition he not be identified because no official announcement has been made. Thus, the first picked to go back probably would be remobilized next year to train for the mission.

The plan, put forward by Gen. Michael Hagee, the Marine commandant, could be modified as the situation in Iraq changes, officials said. For planning purposes, the Marines are working out future force rotations that would include at least one Reserve combat battalion starting in 2008.

The Marines have decided to take this unusual step in order to alleviate a problem that both the Marines and the Army are wrestling with as the Iraq war rages on unabated: wear-and-tear on the active-duty troops, who are getting far less time at home to recuperate and retrain than military leaders would like.

The short respites between combat tours are not only a morale issue but also an obstacle to providing soldiers and Marines with sufficiently varied training and adequate time to attend professional development schools.

The Marines, for example, are not doing as much training for large-scale, high-intensity combat — combining their air, land and sea forces — as they normally would do, officials said. They do, however, have the time to do high-intensity combat training on a smaller scale, in addition to counterinsurgency training for Iraq missions.

The Marines have 24 active-duty combat battalions. At any given time, nine of them are in Iraq.

To increase the amount of time between deployments, the Marines have decided to make more use of their reserve combat battalions, of which there are nine. The main restriction the Marine Corps faces is a 24-month limit on the amount of time a reservist can be mobilized, so those who were on active duty for more than 12 months the first time will not be remobilized, since the planned mobilizations would be for 12 months, Fazekas said.

The Marine plan does not represent a change in the 24-month policy, which is set by the partial mobilization order signed by President Bush in 2001. It pertains to deployments for Iraq, Afghanistan and other places deemed part of the global war on terrorism.

Marine battalions typically serve seven-month tours in Iraq. Marine Reserve units are mobilized for 12 months, to include pre-deployment training, seven months in Iraq and then a period of demobilization.

The Marines have not yet decided which of the nine Marine Reserve battalions would be the first to be recalled for another tour in Iraq, Fazekas said.

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He said officials would examine which battalion is best prepared for a second combat tour, based on the number of Marine reserves in its ranks who are still eligible for mobilization, the condition of the unit's equipment, the state of its training and other factors.

The last of the nine Marine Reserve combat battalions to serve in Iraq is the 1st Battalion, 24th Marines, based in Michigan and Ohio. The battalion is operating in the Fallujah area in western Anbar province.

Militias Splintering Into Radicalized Cells (WP)

By Sudarsan Raghavan

The Washington Post, October 19, 2006

BAGHDAD -- The young Shiite men, some wearing black masks, glided from house to house in search of Sunni Muslim men. They arrived at the two-story dwelling of Mohammed Hussein clutching a bomb, neighbors said. As his mother stood at the front gate, they detonated it. Shrapnel and glass flew, sending her to the hospital. A wall fell on a neighbor, sending him to his grave.

Hussein, who is Sunni, arrived home an hour later and immediately blamed a man called Aziz Dinar. Residents in this western Baghdad neighborhood of Hurriyah -- in Arabic, it means freedom -- said Dinar heads the local office of Shiite cleric Moqtada al-Sadr and elements of his militia, the Mahdi Army.

"We know he is behind all the incidents taking place in Hurriyah," Hussein, 29, a civil servant, said with confidence. "He is the one who destroyed our house."

But in an interview, a leader in Sadr's movement in western Baghdad denied knowing Dinar. "This Aziz Dinar does not represent us in Hurriyah. There are other representatives," said Abdul Hadi al-Mohammadawi. "I have never heard of him."

In the void forged by the sectarian tensions gripping Baghdad, militias are further splintering into smaller, more radicalized cells, signifying a new and potentially more volatile phase in the struggle for the capital.

Iraqis and U.S. officials blame militias for mass kidnappings and slayings, for setting up unauthorized checkpoints and for causing much of the recent carnage.

Senior U.S. military and intelligence officials say they have identified at least 23 militias -- some are Sunni, but most are Shiite. Some are paramilitary offshoots of the Mahdi Army or have broken away entirely from Sadr's command structure. Others seem inspired by Lebanon's Shiite Hezbollah guerrilla movement.

"In some ways it makes it easier for me because I have digestible doses I can deal with that might not be reinforcing one another," a senior U.S. military official said at a recent briefing with reporters, speaking on condition of anonymity. "But at the same time, it creates problems for me because it is harder to find them when they are splintered, to identify who they are."

The new breed of militias embody the changed texture of violence in the fourth year of war -- from attacks against Baathists and loyalists of former Iraqi president Saddam Hussein, to attacks on average Iraqis purely because of their sect or their wealth. They appear more localized and more ruthless than their predecessors. They deploy death squads and explode bombs to destroy houses. They have carved neighborhoods into fiefdoms, governing through fear and intimidation.

The fragmentation poses new obstacles to U.S. and Iraqi forces trying to quell the sectarian strife that U.S. commanders fear could plunge the nation into civil war. Militias have already replaced the Sunni Arab insurgency as the biggest challenge to U.S. efforts to bring stability to Iraq. Senior U.S. military officials privately acknowledge they do not have the manpower to conduct urban sweeps in every neighborhood or prevent areas they have cleared from again becoming havens of lawlessness and killing.

Nowadays, in some parts of Baghdad, it is not uncommon to hear residents blame small militias, criminal gangs, rogue death squads or assassins for their woes -- instead of Iraq's two major militias, the Mahdi Army and the Badr Brigades, an arm of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite religious party.

In the mostly Shiite neighborhood of al-Amil, the Haider Hamida gang rules. It has about 50 Shiite members, mostly young, jobless men from poor sections of the neighborhood, residents said. They orbit around shops, street corners and checkpoints. Many have ties to the Mahdi Army or are still members, residents said.

The gang is named after the pseudonym of its chief executioner, a short, skinny man in his early 20s with black hair and a thin moustache. Some residents said he was a member of a police commando unit. Both U.S. and Iraqi officials have expressed concern over the infiltration of Iraqi police units by militias and death squads. Hamida is said to have killed at least 100 people in recent months.

"We started hearing about his gang after Samarra. They became active after this incident," said Majid Abu Sara, 43, a Sunni resident of al-Amil, who asked that his full name not be used because he feared for his safety. He was referring to the February bombing of a Shiite shrine in Samarra, about 65 miles north of Baghdad, that triggered cycles of sect-based revenge killings. Most of the other splinter groups also emerged after the attack.

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The Haider Hamida gang arrived at Abu Sara's parents' doorstep three months ago, he recalled. They placed an improvised bomb at the front door, near their car. Within seconds, the house and the car were engulfed in flames. Abu Sara's 90-year-old father, his 70-year-old mother and 10 other relatives fled out the back.

"They displaced them just because they are Sunni," said Abu Sara, describing the motive for the attack. "My parents have not gone back."

At a recent briefing with reporters, another senior U.S. military official carried a list of the 23 militias. He began to rattle off names -- "Iraqiya Hezbollah, Khadimiya Brigades" -- but an aide stopped him, noting that he was revealing vital intelligence.

In August, U.S. and Iraqi troops conducted house-to-house sweeps in the western neighborhood of Ghazaliya, part of its Operation Together Forward to bring security to the capital. At the time, U.S. officials asserted that there was progress in pushing out militias and insurgents, and bringing down violence.

But by September, after the sweeps, "we saw death squads at least come in," a senior coalition intelligence official said at a recent briefing with reporters, speaking on condition of anonymity because of the issue's sensitivity. The death squads had links to groups inside Iraqi government ministries, he said.

One reason for the militia splintering is that differences have emerged within Sadr's movement over his decision to join Iraq's political process. The senior coalition intelligence official said he knew of at least "six major players" who have left Sadr's movement because they no longer find him radical enough and see him as "too accommodating to the coalition."

Yet many of the new groups, described as rogue elements, continue to link themselves with the Mahdi Army.

"They will execute operations and obtain funding under the guise of Jaish al-Mahdi," said the senior coalition intelligence official, using the Arabic name for the Mahdi Army. "But they are effectively beyond his control," he said, referring to Sadr.

These groups represent a threat to Sadr's image and political aspirations at a time when he controls four government ministries and 30 seats in the Iraqi parliament.

"There are definitely lots of terrorists who have used the Sadr office to achieve their goals to ruin the reputation of this army which has struggled for the service of the people," said Mohammadawi. "The Sadr office is trying very hard to capture any terrorist elements which could harm the security of society and Iraq in general."

When gunmen in police cars and police uniforms raided the offices of an Iraqi satellite television channel, killing at least eight people, suspicion immediately fell on the Mahdi Army. Hours after the slayings, Sadr released a strongly worded statement warning that he would release the names and excommunicate any Mahdi Army militiamen who were conducting attacks against Iraqis.

The senior coalition intelligence official said he believed that Sadr was honestly trying to take control of his forces.

In neighborhoods such as al-Amil, the attacks have become bolder. Haider Hamida walks the streets without wearing a mask, said residents. Two months ago, he and some members of his gang stopped a car at a checkpoint and targeted a man who sold milk in the neighborhood, recalled Ahmed Abu Abdallah, another resident.

"Haider pulled him out of the car and they started hitting him with pistols on his head," said Abu Abdallah. "They put him in their truck and drove off." Later that day, the man's relatives found his body dumped less than a mile from the checkpoint.

U.S. officials are concerned that the Shiite splinter groups could reach out to the Shiite rulers in neighboring Iran for support. They share the same ideology, and Iran is eager to provide funding, said the senior coalition intelligence official.

"As time goes on, you're going to continue to see elements break off the organization and become sort of these semi-independent or independent players, but none of them remain independent for long," said the official. "They all find a sponsor."

In Hurriyah, Aziz Dinar acts as if he has strong backers. Residents said he has become wealthy through kidnapping for ransom and looting local stores. Poor youths from the neighborhood continue to sign up for his militia.

"He killed a couple of his own neighbors from his own street," said Hussein. "The whole area was surrounded by his men. They carried rocket-propelled grenades. The Iraqi army was in the neighborhood, but they did nothing.

"That day, he told people, 'I do whatever I like.' "

Ramadan Spent Behind Locked Doors (USAT)

By Zaid Sabah

USA Today, October 19, 2006

BAGHDAD — In better times, the faithful would be jammed shoulder-to-shoulder into the Al-Bakri Mosque in Baghdad's Khadra district for prayers during Ramadan. Streams of chanting worshipers, sometimes numbering as many as 500, would spill into the mosque's courtyard and the street outside.

On a recent Friday evening, the most important day for Ramadan prayers, 17 men stood in the mostly empty mosque. Seven of them were guards.

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"This is the worst Ramadan ever," said Ammar Ahmad, 22, one of the attendees. "We used to go out after breaking the fast and chat with friends, playing dominos and chess in the teahouses. All that's gone."

Ramadan, which began this year in late September and ends this weekend, is one of the holiest periods on the Muslim religious calendar. It is a time of daily fasting, prayers and peaceful introspection. The evenings are traditionally spent breaking the fast, visiting friends and strolling along neighborhood streets.

For the past several years in Iraq, violence has spiked during Ramadan, making it difficult for many people to go out as freely as they would like. This year, however, has been even worse. The religion-based nature of much of the violence, new curfews and random militia checkpoints have most people staying home behind locked doors, according to many people in Baghdad.

"Our major concern is the death squads and the dead bodies found daily tortured and executed," said Jehan Hashim, 60, a homemaker. "Even last year's Ramadan was better. We would go out by car, and there were no death-squad checkpoints."

The U.S. military warned that violence would spike. "Historical trends tell us that the attacks will generally increase by 20%" during Ramadan, Maj. Gen. William Caldwell, the top military spokesman in Iraq, said last week. "We assume it will still get worse before it gets better."

The sectarian nature of the violence has brought danger closer to home. Violence between Sunni and Shiite Muslims escalated after a Shiite shrine in Samarra was bombed in February.

Death-squad killings in Baghdad rose to 1,450 in September from 450 in February, according to U.S. military statistics.

The Iraqi government has imposed curfews. Car travel is barred in Baghdad from 9 p.m. to 6 a.m. Pedestrians have to stay off the streets from 11 p.m. to 6 a.m.

Sheik Abdel Karim al-Samarae, a leading cleric of the Sunni Islamic Party, said many mosques have been closed or occupied by Shiite militias. They've also had to stop handing out meals to the poor to break the daily fast, he said. Free distribution of the meals — called iftar — is a tradition.

"Ramadan this year has been hard on Iraqis," he said. "People's lives during Ramadan revolve around the mosque, and the militias have deprived us from them."

Ali Satar al-Zubeidi, a 20-year-old Shiite student, has good memories from past Ramadans: long evening strolls through parks with friends, talks with neighbors, relatives crowding into his parents' home for iftar.

"Now, no one visits because of the security situation," he said. "Now, you break your fast and you're stuck in front of the TV. It's our only entertainment. This Ramadan has no flavor at all."

Mohammed Khalil, who runs a pharmacy in Baghdad, said he took his family out last year after iftar to pick up pastries.

This year, they lock themselves inside their home after dark, he said. "Our traditions are vanishing day by day," Khalil said.

The 655,000 Fraud (WSJ)

The Wall Street Journal, October 19, 2006

"Ateam of American and Iraqi epidemiologists estimates that 655,000 more people have died in Iraq since coalition forces arrived in March 2003 than would have died if the invasion had not occurred."

So read a story in last week's Washington Post on the new John Hopkins-led study -- published in the British medical journal Lancet -- purporting to document "excess deaths" in Iraq. "We have no reason to question the findings," the Post quoted a Human Rights Watch official as saying. The article was fairly typical of reporting on the Lancet study, which has also been all over television and radio, as well as Internet sites such as Google and Yahoo! news.

All of which leaves us wondering if reporters and editors have enough sense anymore to ask basic questions about such enormous numbers, or whether they are simply too biased against the Bush Administration and its Iraq policy to do so. The 655,000 figure is more than 10 times higher than previous estimates of violent deaths in Iraq since the U.S. invasion, and it is larger than the number of Germans killed by allied bombing during all of World War II and larger than the number of Americans who died during our own Civil War.

While it's obvious that Iraq has a terrible problem with sectarian violence at the moment, we find it hard to believe killing on the scale of Antietam or Gettysburg has been going on without anybody having noticed until the statistical wizards from Johns Hopkins showed up.

The 655,000 figure turns out to be an extrapolation based on a very inadequate sampling process. Pollster Steven E. Moore, who has worked extensively in Iraq, pointed out in an op-ed on this page yesterday that the Lancet study is based on information from a mere 47 "cluster points" around Iraq and 1,849 total interviews.

By contrast, a 2004 U.N. survey of Iraq used 2,200 cluster points for more than 21,000 interviews. The Johns Hopkins researchers also appear to have collected no demographic data on their subjects, so the group cannot be compared to census

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data to check if it is representative. "I wouldn't survey a junior high school, no less an entire country, using only 47 cluster points," Mr. Moore wrote.

Iraq Body Count -- a nonpartisan outfit that keeps track of Iraqi mortality figures -- has also issued a devastating critique of the Lancet/Johns Hopkins survey. It points out that the study implies that a thousand Iraqis died violently every day in the first half of 2006, with fewer than a tenth of them being noticed by "public surveillance mechanisms" and the press, as well as "incompetence and/or fraud on a truly massive scale by Iraqi officials in hospitals and ministries." It adds that death totals of the Lancet magnitude "are unnecessary to brand the invasion and occupation of Iraq a human and strategic tragedy."

Of course, the latter is precisely the agenda of the majority of those trumpeting the Lancet findings. Their goal isn't merely to nail the Bush Administration for incompetence in failing to achieve a sustainable victory in Iraq. They also, and perversely, want to discredit the war as a moral enterprise by suggesting there's no difference between Saddam Hussein's now well documented mass murders and the violence taking place today.

Omar Fadil, who with his brother writes from troubled Baghdad at IraqTheModel.com, has no doubt that the Lancet figure is a gross exaggeration. "All they want is to prove that our struggle for freedom was the wrong thing to do," he writes. "This fake research is an insult to every man, woman and child who lost their lives."

Rumsfeld: Terror Threat Not Exaggerated (AP-Y)

By Lolita C. Baldor

AP, October 19, 2006

Americans must take a lesson from history and not believe the terrorist threat has been exaggerated or will go away, Defense Secretary Donald H. Rumsfeld said Wednesday.

He described a new, more ruthless and lethal terrorist enemy, "with no territory to defend, no treaties to honor, that measures progress in terms of decades, not days."

"With this sort of enemy, we cannot afford — and indeed could not survive — another holiday from history," Rumsfeld said.

Contending there are those who say terrorism is "somebody else's problem, or it will go away," Rumsfeld countered that America has no choice but to go on the offensive. And he urged patience with the Iraqi and Afghan governments as they struggle to build their democracies.

Rumsfeld's call for perseverance comes three weeks before the November elections, as members of Congress face a public growing increasingly unhappy and impatient with the war in Iraq.

In remarks to students at the Air Force's war college at Maxwell-Gunter Air Force Base in Montgomery, Ala., Rumsfeld also acknowledged that the Iraq war, like other battles, "has not been a steady, smooth glide path."

And he offered no firm prediction on when U.S. troops levels will be substantially reduced there.

"There's going to be violence in that country, I suspect, for some time," he said. "But if we do our job well, and if we are doing a good job in training and equipping the Iraqi forces, we ought to be able to reduce down our forces in the months ahead, as we pass off more and more responsibility."

He said the enemy is unpredictable and frequently adapts to changing conditions, such as when insurgents began to use roadside bombs and other explosive devices after convoys became better protected against traditional attacks. He has made similar concessions before.

In Iraq, meanwhile, sectarian violence continues to rage in Balad, north of Baghdad, prompting the U.S. military to send troops there to back up the Iraqi Army.

The ongoing attacks in and around the capitol city have pushed the death toll of American troops to nearly 70 this month, putting October on track to be the deadliest month for coalition forces since January 2005.

Rumsfeld's speech echoed statements he made in August, when he warned an American Legion convention in Salt Lake City that the U.S. must not repeat the World War II-era mistake of trying to appease the enemy, even as fascism took hold.

While Rumsfeld did not specifically cite Bush critics in the speech, irate Democrats took issue with any suggestion that opponents of the Iraq war could be likened to those who wanted to appease Adolf Hitler before World War II.

While at the base Wednesday, Rumsfeld also met with Howard and Carol Payne, whose son Brad, a marine from Pike Road, Ala., was killed in Iraq by a roadside bomb on October 6.

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Associated Press staff writer Phillip Rawls contributed to this report from Montgomery, Ala.

On the Net:

Defense Department: http://www.defenselink.mil

Rummy's Other Role (WP)

DOJ_NMG_0083238

By Sally Quinn

The Washington Post, October 19, 2006

Don Rumsfeld is the shrewdest person in Washington. He understands better than anyone that somebody has to be in line to take the blame when things go wrong. So far he has been willing to do so. But not much longer.

The drumbeat to get him out of the Pentagon has reached deafening proportions. Republicans and Democrats, the generals, the media, Colin Powell, Condi Rice, Andy Card, the first President Bush, and even Laura Bush all want him gone. Until now George W. Bush has resisted all of the pressure to get rid of his defense secretary. But those in the know say that the president may have reached the point where he realizes that Rumsfeld has outlived his usefulness.

Still, the president must be aware on some level that once the pugnacious, outspoken and flak-attracting Rumsfeld leaves the stage, the focus will be on the president. Whether Bush realizes it or not, this is about a scapegoat.

In the Bible, the high priest would transfer the sins of the people onto a goat, and, as it was written, "the goat shall carry all the sins of the people into a land where no one lives, and the man shall let it loose in the wilderness."

(The word for scapegoat in Hebrew means, literally, "into hell.")

Rumsfeld has seen others take on the role of scapegoat. Look what happened to Nancy Reagan. When she was first lady, she rightly realized that Donald Regan, the chief of staff, was causing her husband enormous damage. What she hadn't realized was that Regan was filling the role of scapegoat for the president. When Don Regan was finally fired, Nancy herself was made the scapegoat. She then took the brunt of criticism for the errors of her husband's administration.

It is hard for the American people to turn completely against the president. It seems tantamount to patricide. We're much more comfortable being able to blame someone else for the president's mistakes. Laura Bush will never be the scapegoat. For now, it's Rumsfeld.

Vice President Cheney is not eager to replace him. And he would never fire Rumsfeld, who was his mentor and who hired him for three government jobs during the Ford administration, including as his deputy when Rumsfeld was chief of staff. (In fact, Cheney's Secret Service code name was "Back Seat.") In any event, Cheney is low-profile, secretive, nonconfrontational -- and presumably too experienced to allow himself to be easily made the scapegoat. But if Rumsfeld goes, the attention and criticism can be directed only to Cheney, or to Bush.

And it's improbable that Rumsfeld can last. He may not have an exit strategy for Iraq, but, old Washington hand that he is, he undoubtedly has one for himself.

I suspect that he has already told the president and Cheney that he will leave after the midterm elections, saying that the country needs new leadership to wind down the war. And he will resign to take a job in some sort of humanitarian venture, thereby creating the perception that he is a caring person who left of his own accord to devote the rest of his life to good works.

Bush and Cheney, who don't want him gone, will then have to contend with the reality of the new situation: One goat must be sent off into the wilderness. Who will it be?

Iraq's Premier In Talks With Key Shiite (AP)

By Abdul-Hussein Ridha, Associated Press Writer

AP, October 19, 2006

Prime Minister Nouri al-Maliki consulted with Iraq's Shiite spiritual leader and a radical, anti-U.S. cleric Wednesday in a bid to enlist support for efforts to build political consensus and tackle widening sectarian violence.

Al-Maliki's call on Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr came as the Shiite prime minister faces growing U.S. pressure to show more resolve in dealing with the daily carnage of sectarian bombings and attacks.

"I came (to see al-Sistani) so that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction," al-Maliki told reporters after his meeting with al-Sistani in the holy city of Najaf.

Al-Maliki, whose more than four months in office have seen a marked deterioration in security, also sought to project the independence of his government from perceived U.S. influence.

"The Iraqi government is a government of national unity that came to power through the will of the Iraqi people," he said. "The Iraqi people are the only authorized party that can remove this government or allow it to continue."

Al-Sistani, who usually shuns the media, had no immediate comment, but the visit underscored the influence wielded by Iraq's top Shiite cleric on the government.

Following a meeting between the two men in July, the Iranian-born al-Sistani issued a strongly worded statement that upbraided al-Maliki's government for its failure to provide security and services and fight corruption.

President Bush assured al-Maliki in a telephone conversation Monday that he has no plans to pull troops out of Iraq and told him to ignore rumors the United States intended to enforce a deadline for Baghdad to rein in sectarian violence.

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Al-Maliki told Bush he was concerned because he had been hearing that the United States was giving him just two months to establishment a government capable of operating without U.S. help, according to White House spokesman Tony Snow

Snow said it was not clear where the two-month deadline rumor had come from, although it appeared to reflect growing frustration in Congress and across the country about Al-Maliki's lack of progress.

Al-Maliki also called on al-Sadr, whose support was crucial to the prime minister's election to his job earlier this year.

Al-Sadr is the founder and leader of Iraq's most feared militia, the Mahdi Army, which is blamed for much of the sectarian violence in Iraq. His supporters, however, have 30 of parliament's 275 seats and are part of the Shiite alliance that won last December's general elections.

"We are in a very difficult security situation," al-Maliki said after his talks with al-Sadr. "It is constantly the concern that we carry to every meeting with the political and religious centers of power."

In comments to reporters, al-Sadr appeared to soften his opposition to plans by the Shiite bloc in parliament to introduce a federal system in Iraq that would allow provinces to join together in autonomous regions similar to the one established by the Kurds in northern Iraq in 1991.

Al-Sadr, like Sunni Arab politicians, had maintained that federalism could lead to the eventual breakup of Iraq.

But on Wednesday he said the decision should be left to the Iraqi people to make.

"Federalism, like anything else, is left up to the Iraqi people. If they approve it, then there should be no problem," he said after meeting al-Maliki in Najaf.

Al-Maliki's talks with al-Sistani and al-Sadr in Najaf coincided with the announcement in Baghdad earlier Wednesday that a much-anticipated national reconciliation conference would be start in the Iraqi capital Nov. 4.

The conference, which was originally scheduled to start this Friday, is designed to try and build a political consensus to deal with the country's deepening economic and security woes.

Iraqi Leader Meets With 2 Key Shiites (NYT)

By Kirk Semple

The New York Times, October 19, 2006

BAGHDAD, Oct. 18 — Prime Minister Nuri Kamal al-Maliki, in a bid to shore up his government in the face of American doubts and unrelenting sectarian violence, met separately today with two of Iraq's most powerful Shiite leaders, Grand Ayatollah Ali al-Sistani and Moktada al-Sadr, the anti-American cleric.

The meetings, which occurred separately and in private in the Shiite holy city of Najaf, came at a critical time for the government of Mr. Maliki, who has been under intense pressure from American officials and some Iraqi leaders impatient with his failure to take aggressive steps to end the country's sectarian strife, including the dismantling of militias tied to the country's most powerful Shiite political parties.

Also today, the American military announced that 11 American troops had died in Iraq on Tuesday, making it one of the deadliest days for Americans since the beginning of the conflict.

Though details of the conversations with Ayatollah Sistani and Mr. Sadr were sparse, it seemed clear, in light of the pressures Mr. Maliki is under, that the prime minister's principal focus with both men would have been how to handle the militias.

At the crux of Mr. Maliki's problem lies Mr. Sadr, who controls one of the largest blocs in Parliament as well as a volatile militia, the Mahdi Army, that has been blamed for helping to drive the deadly cycle of sectarian revenge.

American commanders have been pressing Iraqi officials to launch an all-out assault against the Mahdi Army's strongholds, but Mr. Maliki, who relies on Mr. Sadr for political backing, has resisted.

These tensions played out today when the Maliki government demanded that the American military command release a senior aide to Mr. Sadr who had been captured on Tuesday on suspicion of attacking American forces and of directing kidnappings, killings and torture of Sunni Arabs and Shiites.

The American military command provided no explanation for the release of the aide, Sheik Mazin al-Saedi, except to say it was in response to a request by the Iraqi government. "It's a government of Iraq issue," said Lt. Col. Christopher C. Garver, a military spokesman in Baghdad.

The urgency for American commanders trying to quell the violence has been accentuated by the sudden rise in the death toll among American troops in Iraq.

The deaths of 10 of the 11 troops on Tuesday were caused by enemy attacks, including bombings and firefights, and the 11th died of "nonhostile" causes, military officials said, using a term that often refers to accidents or illness.

At least 70 American troops have died so far this month, putting October on pace to be third deadliest month of the conflict.

The total, after only 18 days, already exceeds that of most other months since the start of the invasion in March 2003.

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Tony Snow, the White House spokesman, said the sudden surge in troop deaths would not force President Bush to alter his war plans.

"No, his strategy is to win," Mr. Snow said in Washington. "The president understands not only the difficulty of it, but he grieves for the people who have served with valor. But as everybody says correctly, we've got to win. And that comes at a cost."

Six of the deaths on Tuesday occurred in or near Baghdad, where American and Iraqi have been concentrating their focus since August in an effort to stem the spiraling violence and stop the capital from slipping out of the government's control.

One of those soldiers was shot while on patrol in northern Baghdad; another died when a bomb exploded next to his vehicle just north of Baghdad; and four soldiers were killed when a bomb was detonated near their vehicle just west of Baghdad, the military said.

Three soldiers were killed and one was wounded while on a combat mission in Diyala Province, north of Baghdad, the military said, and a Marine died Tuesday from wounds sustained during combat in Anbar Province.

The two deadliest months for American troops since the beginning of the war have been associated with major offensives.

Some 137 American troops died in November 2004, the same month as the second siege of Falluja, where the Americans battled Sunni Arab rebels. In April 2004, a bloody month that saw the first siege of Falluja and pitched battles between the Americans and Mr. Sadr's militia in Najaf, 135 American troops died.

In contrast, the military has not conducted any major operations this month.

Mr. Maliki took office in May, and since then senior American officials have repeatedly said that the first six months of his administration would be crucial.

During a telephone call with President Bush on Monday, the Iraqi premier disclosed that this timeline was weighing on his mind and asked about rumors that the Americans would replace him soon if they were unsatisfied with his progress. Mr. Bush reassured Mr. Maliki that he had American support.

At a news conference in Najaf, following his meeting with Ayatollah Sistani, Mr. Maliki behaved like a man vindicated. The Iraqi people, he said, "are the only ones who can vote yes to continue or no to stop this government." He added that his government would be subjected to its own review, not an American one.

Mr. Sadr, whose militia twice battled the American military in protracted uprisings in 2004, criticized American policy toward Iraq. "The Iraqi government has the right to act and no one has the right to intervene, not the Americans or any other country," he said.

But in recent days, top officials in Mr. Maliki's government have been taking steps that seem to be responses to demands for changes at the highest levels of government.

On Tuesday, the Maliki government, which has been under pressure to purge Iraq's security forces of militia and sectarian influence, announced that it had removed the two most senior police commanders from their posts the day before.

And in recent days, the government formed a special committee with a mandate to study and overhaul its security agencies.

Mr. Maliki's visit to Ayatollah Sistani underscored the influence of the spiritual leader. During a news conference following their meeting, the prime minister said he had paid the ayatollah a visit "so that that the security and political situation can be stabilized, allowing the government to turn its attention to reconstruction."

Seeking To Shore Up Support, Maliki Meets With Iraqi Clerics (LAT)

By Saad Fakhrildeen And Borzou Daragahi

The Los Angeles Times, October 19, 2006

NAJAF, Iraq — Prime Minister Nouri Maliki met with influential Shiite Muslim clerics in this city of seminaries and shrines Wednesday, seeking support for his beleaguered government.

Maliki conferred with Grand Ayatollah Ali Sistani, Iraqi Shiites' most revered cleric, and Moqtada Sadr, the radical leader of a political movement and militia considered a cause of Iraq's security woes. Both are key backers of Maliki's Shiite-dominated administration.

The visit came as Maliki faces rumors that the United States is seeking to replace him because of dissatisfaction with his attempts to pacify sectarian strife.

But Maliki, who received fresh assurances of support from President Bush on Monday, dismissed speculation that he was in any danger of being pushed aside. "The Iraqi government … did not show up with the tanks," he told reporters. "It came by the will of the Iraqi people through the stations of democracy, elections and the constitution."

Maliki's handling of security, especially his seeming inability to rein in Shiite militias, has drawn suspicion from the country's Sunni Arab minority and has frustrated U.S. officials. The American military this week complied with Maliki's request to release a detained cleric who served in Sadr's anti-U.S. movement and is suspected of being a militia leader.

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Maliki defended the release, saying the country was moving to find "political solutions" for the militia issue and to make certain "nobody is arrested unless he committed a real crime against Iraq and Iraqis."

With Sadr at his side during a second news appearance, Maliki also hinted that he was seeking ways to lessen the influence of militias such as Sadr's Al Mahdi army, which often polices Shiite neighborhoods in Baghdad and southern cities. "We found a rejection of killing and holding weapons and support for the concept that the state provides security and protection for the citizens," he said.

Sadr called on Iraqis to avoid a sectarian "bloodbath," and warned the U.S. to stay out of Iraq's domestic affairs.

"Many of the Americans' interventions inside and outside Iraq have worsened the situation, whether in Lebanon, North Korea or other countries where security is worsening," he told reporters.

Courts-martial Ordered In Iraqis' Deaths (USAT/AP)

USA Today, October 19, 2006

EVANSVILLE, Ind. — Eight soldiers from the 101st Airborne Division and three Marines were ordered Wednesday to be court-martialed on murder charges.

Four of the soldiers are accused of raping a 14-year-old girl and killing her, her parents and her younger sister. Two of them could get the death penalty if convicted.

Four other soldiers from the 101st are charged with murdering three Iraqi men during a raid.

The soldiers facing the prospect of a death sentence are Sgt. Paul Cortez and Pfc. Jesse Spielman. Both are accused of raping Abeer Qassim al-Janabi in March at her family's home in Mahmoudiya, about 20 miles south of Baghdad.

Spc. James Barker and Pfc. Bryan Howard are also charged in the case, but the military is not seeking the death penalty.

Former private Steven Green, who was discharged from the Army for a “personality disorder” in May before the allegations became known, will face murder charges in federal court in Kentucky.

Military prosecutors have said the five — all from the 502nd Infantry Regiment — planned the attack after seeing the girl at their checkpoint near the family's home.

Defense lawyers argued in previous hearings that the soldiers were emotionally ragged. Their unit had suffered months of attacks that felled dozens of comrades.

In statements given to military investigators, Spielman was described as a “look-out.” His lawyers said they were shocked that he could get the death penalty.

“According to the government's evidence … Jesse isn't even a principal in murder and rape,” said Craig Carlson, Spielman's lawyer.

Four soldiers from the division's 3rd Brigade also will be tried in a separate court-martial on charges of murdering three Iraqi detainees during a raid on a village north of Baghdad. Those soldiers are Pfc. Corey Clagett, Spc. William Hunsaker, Staff Sgt. Raymond Girouard and Spc. Juston Graber.

Also, three Marines from Camp Pendleton in California will face courts-martial on murder and kidnapping charges in the death of an Iraqi man in the town of Hamdania, the Marine Corps said. Lance Cpl. Tyler Jackson, Lance Cpl. Robert Pennington and Cpl. Trent Thomas would not face the death penalty.

8 To Face Courts-Martial (NYT/AP)

By The Associated Press

The New York Times, October 19, 2006

EVANSVILLE, Ind., Oct. 18 (AP) — Eight soldiers from the 101st Airborne Division at Fort Campbell, Ky., were ordered Wednesday to face courts-martial in killings connected to their service in Iraq.

Two of the soldiers, Sgt. Paul E. Cortez and Pfc. Jesse V. Spielman, could face the death penalty in the rape of a 14-year-old Iraqi girl and killing of her family in March.

The military said it would not seek the death penalty for two other soldiers, Specialist James P. Barker and Pfc. Bryan L. Howard, who are also accused in the rape and killings.

Four other soldiers, Pfc. Corey R. Clagett, Specialist William B. Hunsaker, Staff Sgt. Raymond L. Girouard and Specialist Juston R. Graber, will face a separate court-martial in the killing of three Iraqi detainees during a raid in May.

Ex-commander Talks At Abu Ghraib Hearing (AP-Y)

By David Dishneau

AP, October 19, 2006

DOJ_NMG_0083242

An Army Reserve officer accused of ignoring abuses of Iraqi detainees at Abu Ghraib prison was a daily visitor to the "hard site," where some detainees were stripped naked as an interrogation technique, a former military police commander testified Wednesday.

Capt. Donald Reese's testimony supported government allegations that Lt. Col. Steven L. Jordan, as director of the prison's interrogation center, knew about the abuse and lied about it.

Reese testified on the third day of Jordan's Article 32 investigation, the military equivalent of a grand jury hearing. The hearing to determine whether Jordan, the highest-ranking soldier charged in the scandal, should be court-martialed for any of the 12 charges he faces. He could face up to 42 years in prison if convicted.

Reese was commander of the 372nd Military Police Company, which guarded the hard site at Abu Ghraib in the autumn of 2003, when most of the abuses documented in photographs seen around the world occurred.

Prosecutor Lt. Col. Jon Pavlovcak asked him Wednesday how often he had seen Jordan inside the hard site, a building that housed prisoners held for interrogation.

"Every day, sir," Reese replied.

Reese testified that he couldn't remember whether Jordan had ever told him directly why some prisoners were naked. But Reese acknowledged having told Maj. Gen. Antonio M. Taguba during Taguba's 2004 investigation of the Abu Ghraib scandal that he had had a conversation with Jordan about it.

Taguba's report quotes Reese as saying, "He just said it's an interrogation method that we use."

Reese testified Wednesday that he remembered being told, although not necessarily by Jordan, that some prisoners were naked due to lack of clothing, refusal to wear clothes and for disciplinary reasons.

A defense witness, Civilian interrogator Steven Pescatore, testified that Jordan didn't seem to be in charge of interrogations when Pescatore was at Abu Ghraib from late September to mid-November 2003, despite Jordan's title as director of the Joint Interrogation and Debriefing Center.

"He seemed to have some kind of support role, but he was never anyone I went to or through regarding interrogations," Pescatore said.

Pescatore said he worked through a chain of command that included Capt. Carolyn Wood, who ran a unit called the Interrogation Control Element, and Col. Thomas Pappas, who commanded the 205th Military Intelligence Brigade and took over direct supervision of the interrogation center.

Pescatore likened Jordan's role at Abu Ghraib to that of a city mayor, responsible for troop support.

The timing of Jordan's responsibilities at Abu Ghraib is important because four of the alleged offenses are said to have occurred between Sept. 17 and Dec. 24, 2003.

Jordan, a civil affairs officer with military intelligence training, had been sent to Abu Ghraib to run the center as Pappas' deputy, according to Pappas' testimony Tuesday.

Pappas hasn't been criminally charged. He was reprimanded and fined $8,000 for once approving the use of dogs during an interrogation without higher approval.

Eleven lower-ranking soldiers have been convicted of crimes at Abu Ghraib and several officers also have been reprimanded for their roles in the scandal.

Jordan, 50, is now assigned to the Intelligence and Security Command at Fort Belvoir, Va. The charges against him include cruelty and maltreatment for allegedly subjecting detainees to forced nudity and intimidation by dogs, dereliction of duty, making false official statements and willfully disobeying orders.

NATO Strikes Kill 9 Afghan Civilians (AP)

By Kathy Gannon, Associated Press Writer

AP, October 19, 2006

Airstrikes by NATO helicopters hunting Taliban fighters ripped through three dried mud homes in southern Afghanistan as villagers slept early Wednesday. At least nine civilians were killed, including women and children, said residents and the provincial governor.

Shellshocked, angry villagers in Ashogho condemned the attack, which set back NATO's hopes of winning local support for their tough counterinsurgency campaign. The airstrikes came at about the same time a rocket struck a house in a village to the west, reportedly killing 13 people.

"I am not Taliban! We are not Taliban!" Gulab Shah shouted by the rubble of the ruined houses in Ashogho.

Kandahar provincial Gov. Asadullah Khalid said it appeared that no Taliban fighters were in the village at the time of the airstrikes, which left giant pieces of mud packed with straw scattered along Ashogho's narrow lane.

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Bibi Farida, a 6-year-old whose red hair was matted with dirt, fidgeted and bit down on her scarf as she remembered the assault. Her voice was barely a whisper. "I cried. I just cried."

The 2 a.m. raid in the Zhari district of Kandahar province was only half a mile from the scene of September's Operation Medusa, one of the most ferocious battles between Western forces and insurgents since the ouster of the Taliban regime in 2001.

NATO's International Security Assistance Force said in a statement that Wednesday's operation in Kandahar was believed to have caused several civilian casualties. The alliance said the operation was meant to detain people involved in roadside bomb attacks in Panjwayi district, which borders Zhari.

NATO said it regretted any civilian casualties and that it makes every effort to minimize the risk of collateral damage.

Khalid, who traveled Wednesday to Ashogho, about 15 miles west of Kandahar city, said nine people were killed, including women and children, and 11 wounded. Residents said 13 were killed, including four women, and 15 wounded. The governor stuck with his figures when contacted late Wednesday by The Associated Press.

Since late 2001, there have been numerous incidents of civilians killed in military operations against Taliban and al-Qaida fighters, although U.S.-led coalition and NATO forces say they go to extreme lengths to avoid civilian casualties. The international troops accuse insurgents of blending in with local populations while attacking foreign and Afghan soldiers. Many other civilians have been killed in Taliban attacks, including scores in recent suicide bombings.

President Hamid Karzai has repeatedly demanded that NATO and U.S.-led coalition forces take more care when conducting military operations in residential areas to avoid civilian casualties, which undermine his government's already weak standing in parts of the country.

Khalid said Karzai expressed his sympathy after he called the president on his cell phone from the village. "He told them how he hurt for them and how sad he was for their loss," Khalid said.

One of the homes that was attacked had only one wall standing, and looked ready to topple over. A blast ripped a hole through the middle of another.

Shah, whose dirty green baggy pants were hiked up past his ankles, the sign of a deeply conservative man, gestured toward the destroyed homes:

"If the foreign soldiers were so smart that they knew there were Taliban here, why didn't they see the women and children who were sleeping? Why do they want to kill us? How can they help us rebuild if they want to kill us? Maybe they should leave," he shouted.

Khalid said it seemed clear from the villagers that no Taliban fighters were in their village when the bombing occurred.

"It is hard to know when the Taliban are moving around from one place to another, but it seems they weren't here," he said.

He has promised to rebuild the homes.

As he walked away from the angry villagers and climbed into his car, Khalid whispered to himself: "And how are we supposed to bring security to the country with this kind of thing happening?"

Elsewhere Wednesday, a rocket hit a house during a nighttime clash between suspected Taliban insurgents and NATO and Afghan security forces in the farming village of Tajikai in Helmand province's Grishk district, 135 miles west of Kandahar city, police said.

Abdul Rehman, a resident contacted by phone, said the rocket was fired from an aircraft and that the attack killed 13 villagers inside the home. He said relatives of the dead told him all those inside the dried mud house — five women, five children, three men — were killed, including the house's owner, Nabi Khel.

The rocket attack came after Afghan police called in NATO air support during the clash, which began late Tuesday and left one Taliban militant killed and three police wounded, said provincial police chief Ghulam Nabi Malakhel.

"A civilian home was hit by a rocket, but it's unsure which side fired it," Malakhel said. "There were some civilian casualties."

Squadron Leader Jason Chalk, a NATO spokesman, said alliance jets and helicopters fired rockets and dropped bombs on Taliban positions in the area after 2 a.m. Wednesday but could not confirm that they hit a civilian house.

"For the moment, it's impossible to substantiate that claim," Chalk said, adding that the Taliban had been using mortars in the area of the clash. About 100 families live in Tajikai.

Southern Afghanistan this year has faced the deadliest spate in violence in the country since the ouster of the Taliban regime by U.S.-led forces five years ago, as newly deployed NATO troops have battled resurgent militants. In Operation Medusa, NATO reported it had killed more than 500 suspected Taliban fighters.

The tough military action has brought with it a risk of civilian deaths. In May, 17 villagers were killed when coalition warplanes attacked Taliban forces in Kandahar province. The U.S. military, which said dozens of militants also died in the fighting, expressed regret over the deaths.

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The worst reported incident of civilian deaths from foreign military action in Afghanistan came in July 2002, when a U.S. airstrike in Uruzgan province killed 46 civilians and wounded 117, many of them celebrating at a wedding party.

A Military Path To Citizenship (WP)

By Max Boot And Michael O'Hanlon

The Washington Post, October 19, 2006

America is a land of immigrants. Their spirit of resolve, adventure, hard work and devotion to an idea bigger than themselves has made this country great. Whatever one thinks of the immigration debate today, particularly the problem of illegal immigrants, foreigners have played a central role in the building of America. Many have done so as soldiers, among them Baron von Steuben and the Marquis de Lafayette in the War of Independence.

Now is the time to consider a new chapter in the annals of American immigration. By inviting foreigners to join the U.S. armed forces in exchange for a promise of citizenship after a four-year tour of duty, we could continue to attract some of the world's most enterprising, selfless and talented individuals. We could provide a new path toward assimilation for undocumented immigrants who are already here but lack the prerequisite for enlistment -- a green card. And we could solve the No. 1 problem facing the Army and Marine Corps: the fact that these services need to grow to meet current commitments yet cannot easily do so (absent a draft) given the current recruiting environment.

Not only would immigrants provide a valuable influx of highly motivated soldiers, they would also address one of America's key deficiencies in the battle against Islamist extremists: our lack of knowledge of the languages and mores in the lands where terrorists reside. Newly arrived Americans can help us avoid trampling on local sensitivities and thereby creating more enemies than we eliminate.

Skeptics might point out that in the just-concluded fiscal year, the military met most of its recruiting and retention goals. But this was done only by relaxing age and aptitude restrictions, allowing in more individuals with criminal records, and greatly increasing the number of recruiters and advertising dollars. Although we generally support what has been done to date, the logic of these measures cannot be pushed much further.

The Army chief of staff, Gen. Peter Schoomaker, has just forecast that U.S. commitments in Iraq may remain at their current level until 2010. With most soldiers and Marines already on a third or even fourth deployment since Sept. 11, 2001, it's doubtful that the all-volunteer force can withstand such a commitment at its current size. Even if it could, it's unfair to ask so much of so few for so long.

Some might object to our proposal on moral grounds, arguing that it is wrong to rely on "mercenaries" and to use such incentives to get prospective immigrants to fight. We disagree. For one thing, we already rely on tens of thousands of real mercenaries: the security contractors the U.S. government employs from Colombia to Iraq to make up for lack of troops. Immigrants who enrolled in our armed forces would be more valuable because they would be under military discipline and motivated by more than just a paycheck.

As for the risks they would run in Iraq or Afghanistan, these would be no greater than the risks run by previous generations of newcomers who built railroads and skyscrapers and toiled in factories and mines. No one would be forced to serve. No existing immigration quotas would be reduced. The military avenue to citizenship would be a new option, not an obligation.

Nativists need not fear that this would lead to a flood of foreigners. Say we decide to recruit 50,000 foreigners a year for the next three years. That sounds like a lot, but it represent less than 10 percent of the total number coming to the United States anyway -- and less than 10 percent of our active-duty armed forces. This would not radically change the demographics of our society or our military, but it would make a big difference in the size of the rotation base for our ongoing missions.

Despite growing anti-Americanism, U.S. citizenship is still one of the world's most precious commodities, so there should be no shortage of volunteers. Since proficiency in English would presumably be important for those joining the armed forces, we might focus on South Asia, anglophone Africa, and parts of Latin America, Europe and East Asia (the Philippines would be a natural recruiting ground) where English is common as a second language. These regions have more than 2 billion people, tens of millions of whom reach military age each year.

The problem would not be the size of the likely applicant pool so much as our ability to vet individuals for their abilities, their dependability and their commitment. Screening would have to be done to ensure that would-be terrorists did not gain access to the armed forces through this program. That might complicate the process of recruiting from certain countries, especially in the Middle East, but it would hardly put a huge dent in the likely applicant pool.

Unlike most issues in the immigration debate, the idea of offering citizenship to foreigners who first join the armed forces should be a winner for everyone. It is good for immigrants who wish to pursue U.S. citizenship, which they could not otherwise attain. It is good for a beleaguered American military that is simply too small for the tasks it has been handed. And it is good for

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the country, bringing more hardworking patriots to our shores. Before the all-volunteer force breaks, it is high time to consider the idea of such a latter-day foreign legion.

Max Boot is a senior fellow at the Council on Foreign Relations and author of "War Made New: Technology, Warfare, and the Course of History, 1500 to Today." Michael O'Hanlon is a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security."

CORPORATE SCANDALS:

Enron: The Tale Of Two Sentencings (WSJ)

By John R. Emshwiller

The Wall Street Journal, October 19, 2006

The surprisingly lenient prison sentence given recently to Enron Corp. former Chief Financial Officer Andrew Fastow highlights the benefits of cooperating with federal criminal authorities. The coming sentencing of former Enron President Jeffrey Skilling is likely to demonstrate the dangers of fighting them.

Mr. Fastow's six-year prison sentence came after the disgraced executive helped federal prosecutors nab others at Enron, including Mr. Skilling -- who was convicted, along with former company chairman Kenneth Lay, on conspiracy and fraud charges this year. Mr. Fastow was one of the government's main witnesses in that four-month trial.

Mr. Skilling, by contrast, fought the government with a defense effort that cost tens of millions of dollars. He has vowed to appeal his conviction on 19 counts and has asked the court to let him remain free pending his appeal. The 52-year-old Mr. Skilling is scheduled to be sentenced Monday by Judge Sim Lake and observers believe that he could get in the range of 20 years imprisonment. (Mr. Lay died several weeks after the trial of heart-related problems; this week his conviction was vacated, under established law that wipes away convictions for defendants who die before appeal.)

The likely discrepancy in prison terms for Messrs. Fastow and Skilling, widely considered to be two of the central figures of the Enron scandal, illustrates that there has never been a better time in the white-collar-crime world to rat on your colleagues.

Over the past half-decade, prison terms for financial crimes have ratcheted up. Where a convicted corporate executive could once expect probation or a few years in prison, a first-time offender now faces as long as life behind bars.

The surest way to avoid such a fate is to admit wrongdoing, cut a deal with prosecutors and help them nab others. The sentencing system "has developed a huge gulf between those who go to trial and those who cooperate," says Kirby Behre, a former federal prosecutor and co-author of a treatise on federal sentencing practices. While Mr. Skilling faces "an astronomical sentence," cooperators such as Mr. Fastow "are still getting sweet deals," says Mr. Behre, a partner in the Washington law office of Paul, Hastings, Janofsky & Walker.

One of the other giant corporate scandals of the past half-decade, WorldCom Inc., saw a discrepancy in the sentences given to its two main figures. Former WorldCom Chief Financial Officer Scott Sullivan cut a deal and testified against his onetime boss, former Chief Executive Bernard Ebbers, who was convicted of conspiracy and securities fraud. Mr. Sullivan received a five-year sentence. Mr. Ebbers received a 25-year sentence. Both are in prison. (WorldCom emerged from bankruptcy as MCI Inc., which was later acquired by Verizon Communications Inc.)

As a wave of possible corporate crime prosecutions looms -- this one involving the backdating of stock options -- the chasm between government cooperators and the people they testify against looms large.

The outbreak of corporate scandals that began with Enron's December 2001 collapse into bankruptcy helped fuel an existing trend toward ever-longer prison sentences for white-collar crime. Little of the rise in prison time has to do with protecting society from an Ebbers or a Skilling, observers say. Neither of those men is likely to be connected to a public company ever again. Rather, a long white-collar sentence is done for punishment and "the message it sends to others about the consequences of serious fraud," says Samuel Buell, a former prosecutor in the Justice Department's specially created Enron Task Force and now a law professor at Washington University in St. Louis, who acknowledges that he would have difficulty determining a proper sentence for Mr. Skilling.

Coming up with an appropriate sentence for the 44-year-old Mr. Fastow also proved complicated. His six-year sentence appears particularly sweet, given that he had agreed to accept a 10-year sentence when he made his plea deal with prosecutors in early 2004. The deal resolved a pending 98-count indictment that could have sent him to prison for 20 years.

However, the sentence still had to be reviewed by a judge. Last year, a Supreme Court decision gave federal judges more leeway in setting sentences. Previously, prison terms had largely been determined by a formula that took into account such factors as a defendant's role in the crime, his acceptance of responsibility, and, in cases of fraud, the dollar loss.

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At Mr. Fastow's recent sentencing hearing, prosecutor John Hueston said the former finance chief's help had been "critical" in unraveling the Enron fraud. He added that without Mr. Fastow "we would not have convicted Mr. Lay." The prosecutor also said the defendant "appeared truly repentant," and he didn't object when a Fastow lawyer recommended a five-year prison term. In taking four years off the agreed-upon sentence, Judge Kenneth Hoyt said he was showing "mercy."

Given the severity of Mr. Fastow's crimes, any reduction from 10 years was "overly generous," said Leslie Caldwell, the original director of the Enron Task Force and now a partner at the Morgan, Lewis & Bockius law firm in New York. A Justice Department spokesman said the government is looking at an appeal.

Nobody expects prosecutors to say nice things about Mr. Skilling at his sentencing hearing in Houston. The government and Mr. Skilling's attorneys are battling over a host of issues that could affect the former Enron president's sentence.

One battle involves which set of sentencing guidelines to use, since amendments over the past half-decade have made corporate-fraud penalties steadily stiffer. The government is arguing for guideline amendments that went into effect Nov. 1, 2001, claiming that the criminal conspiracy continued until Enron's bankruptcy filing a month later. Defense attorneys argue for using the previous set of guidelines, since Mr. Skilling resigned from Enron in August 2001. The choice of guidelines could make a difference of several years or more in his sentence calculation, sentencing experts say. Estimates of the prison term Judge Lake will give to Mr. Skilling range from about 15 years to about 30 years.

Such numbers are a far cry from two decades ago when the federal sentencing guidelines first went into effect. (Before that, sentencing was left pretty much up to individual judges.) If Mr. Skilling were being sentenced under the original guidelines from the 1980s, says one sentencing expert, he would be facing about six to seven years in prison.

Stock Option Tremors Hit Md. Firm (BSUN)

By Jamie Smith Hopkins, Stacey Hirsh And Tricia Bishop

The Baltimore Sun, October 19, 2006

A stock options scandal has claimed the top two executives of Harford County technology company SafeNet Inc., part of an accelerating trend of resignations in corporate America stemming from investigations into whether option awards were rigged to maximize their value.

SafeNet announced Wednesday that Anthony A. Caputo, its chairman and chief executive, and Carole Argo, its president, chief operating officer and acting chief financial officer, voluntarily resigned Tuesday, effective immediately.

Their departure was the result of the company's continuing probe of stock option grants, SafeNet said.

"The issues related to stock options occurred under my leadership and I do not want my continued presence to be a distraction to the important work we perform for our customers every day," Caputo said in a statement Wednesday.

The information encryption and security company, which has contracts with numerous government agencies, tapped independent director Walter W. Straub as its new chairman and interim CEO.

Chris Fedde, senior vice president and general manager of SafeNet's enterprise security division, was named president and chief operating officer. John W. Frederick, SafeNet's vice president and worldwide controller, stepped up as chief accounting officer and interim chief financial officer.

The company, which employs 1,200 globally and about 200 in Harford County, is hiring an executive search firm to find a permanent chief executive and chief financial officer.

Caputo and Argo are the latest in a string of executives who have left their posts amid inquiries into whether options were back- dated to coincide with lows in the stock price rather than at a higher price on the date they were actually granted, ensuring a larger profit. Businesses are allowed to backdate options if they are properly taxed, accounted for and disclosed -- but if the options aren't, the practice is illegal. An option is a right granted by a company to buy its stock at a specified price.

Dozens of companies are under federal or internal scrutiny for stock option practices. Companies ranging from Apple Computer Inc. to McAfee Inc. have in recent weeks announced the resignations or firings of key officials. On Sunday, UnitedHealth Group said its chief executive had resigned.

From 2000 through 2005, SafeNet issued 5.2 million options to all employees, of which Caputo got 691,600 and Argo 295,000, documents filed with the SEC show. In the same period, Caputo exercised 150,000 options worth $6.4 million and Argo exercised 58,500 options worth $1.2 million, according to the documents.

In mid-May, when SafeNet disclosed it had received options-related inquiries from the Justice Department and the Securities and Exchange Commission, an analysis by The Sun found a multi-year pattern of grants priced at or near the bottom of short-term dips in the company's stock.

Some options grants to Caputo and other executives bore strike prices -- the amount the executive pays for the shares -- that were identical to the stock's lowest price for a full year. On Feb. 27, 2003, for instance, Caputo received 100,000 options when the stock was $16.47 -- the lowest price of the year. Eight months later, the stock was nearly $43 a share.

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SafeNet's stock, which fell sharply after the probes were disclosed, dropped 79 cents Wednesday, to close at $21.20.

SafeNet formed a board committee in June to investigate the option grants. Last month the Belcamp company said it would have to revise financial statements from 2000 through March 31 because some grants made between 2000 and 2005 were accounted for "using incorrect measurement dates under applicable accounting rules in effect at the time." The additional expense it will have to record could total as much as $20 million, it said.

It was not clear Wednesday how much Caputo and Argo will receive as part of a severance package. Their contracts specify that they are entitled to accrued vacation and six months' severance pay if they voluntarily resign. But Straub, former CEO of a company acquired by SafeNet in 2004, said the board will decide what they will get and whether they will keep their stock options.

As of the end of last year, Caputo held 541,600 options worth $8 million -- all vested, meaning they can be cashed in. Argo held 276,500 options worth $3 million, of which two-thirds were vested.

Straub said the two executives were not asked to resign. He insisted there were no new developments in the investigation to prompt their same-day decisions.

"They both have been major contributors to the company, and they felt it was in the best interest so the management here could focus on the business, which is doing well," said Straub, who added that he is not planning major changes. "I'm sure they mutually agreed that it's time."

Straub would not comment on the internal investigation, other than to say it is continuing and he is aware of no new subpoenas.

At other companies under the shadow of backdating, the trend is for the boards to force the executives out, said Todd C. Weller, an analyst for Stifel Nicolaus & Co. in Baltimore.

"That would imply that either the executive benefited from some of the option backdating or they're taking the fall because it occurred under their watch," he said. Companies also take such action "to mitigate some of the risk from a company liability perspective," Weller said.

Several shareholder lawsuits alleging option manipulation have been filed against the company. Salvatore J. Graziano, a New York lawyer for some of the plaintiffs, said the resignations were "further evidence that wrongdoing occurred."

Daniel Ives, a vice president and analyst for Friedman Billings Ramsey, said Caputo's resignation helps divorce the company from its option troubles but also removes a leader who has been "a key ingredient in the success of the company."

But investors think it could work out for the best, said Weller, who reiterated his "buy" recommendation Wednesday. Jeffrey W. Englander, an independent analyst following the information security industry, said Wall Street "has gotten somewhat frustrated" with the executives' emphasis on acquisitions to drive growth.

None of the analysts owns SafeNet shares.

Caputo has been involved in SafeNet since 1986, first as an investor and soon after as CEO. Argo joined the company as chief financial officer in 1999. They "built a very strong organization," said Straub, the interim CEO.

"Our initial plan is basically to continue to execute our strategy, the strategy that has been developed by the company and the board," Staub said. "Things are progressing well, and our customer engagement is great ... so there's no real change in our vision or what we're doing."

SafeNet Officials Resign As Part Of Options Probe (WSJ)

By Zachary M. Seward

The Wall Street Journal, October 19, 2006

SafeNet Inc., a midsize information-security firm, cleared out the top of its executive suite as part of its probe into backdating of stock options.

Anthony A. Caputo, 65 years old, resigned as chairman and chief executive. Carole Argo, 45, president, chief operating officer and acting chief financial officer, also left the company. Neither could be reached to comment.

MORE ON OPTIONS

· Graphic: KLA's options grants1

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The resignations at SafeNet follow similar departures earlier this week at UnitedHealth Group Inc., KLA-Tencor Corp. and Sapient Corp., also in connection to alleged options irregularities. The timing of the departures coincides with the need to file quarterly earnings reports. With a harsh spotlight shining on compensation practices, companies have been scrambling to wrap

up internal options probes and make related adjustments to their books before they file their reports with the Securities and Exchange Commission.

SafeNet, of Belcamp, Md., previously said some options grants between 2000 and 2005 "were accounted for using incorrect measurement dates." The company has said it expects to record additional charges, less than $20 million, because of the grants, suggesting they were backdated or otherwise manipulated.

Options give a recipient the right to purchase stock at a set price. Backdating, or saying the options were granted earlier than they were, can create an instant increase in value, reducing an executive's incentive for stock growth. Backdating can also lead to accounting problems. SafeNet has received subpoenas from the U.S. attorney in New York and document requests from the SEC.

SafeNet named Walter W. Straub, 63, chairman and interim chief executive. Mr. Straub has served as an independent director since 2004. The company also promoted two vice presidents. Chris Fedde, 55, was named president and chief operating officer. John W. Frederick, 42, was named chief accounting and interim chief financial officer.

SafeNet garnered some attention this year after netting a contract to provide security for Swift, the international banking cooperative recently disclosed to have permitted U.S.-government monitoring of its transactions.

In 4 p.m. composite trading on the Nasdaq Stock Market, SafeNet's shares fell 79 cents, or 3.6%, to $21.20.

SafeNet's Top 2 Executives Resign After Stock Options Inquiry (WP)

By Griff Witte

The Washington Post, October 19, 2006

SafeNet Inc., an information security firm in Maryland, said yesterday that its top two executives resigned after an inquiry into how stock options were issued.

Chairman and chief executive Anthony A. Caputo and President and Chief Operating Officer Carole D. Argo left their jobs immediately. Caputo had been with the company for 20 years, and Argo since 1999.

The two SafeNet executives join about 30 others nationwide who have stepped aside during stock-option inquiries. More than 100 companies have been investigated for the practice of backdating stock options, in which options are dated back to a time when the stock price is lower so the profit is higher after the options are exercised.

SafeNet said earlier that it received a subpoena from the U.S. attorney's office in New York related to the stock options issue. The Securities and Exchange Commission has also sent the firm a letter of informal inquiry requesting information.

An internal investigation at SafeNet continues, but the company has already said that certain options over the past six years were accounted for using incorrect dates. The company plans to restate its results between 2000 and this year.

SafeNet of Belcamp, which is north of Baltimore, specializes in developing encryption technology to protect data for commercial clients such as Bank of America and Nokia, as well as government customers including the Defense and Homeland Security departments. The company had $263 million in revenue last year and $3 million in profit.

Caputo said in a statement that he resigned because he thought it was in the company's "best interests."

"The issues related to stock options occurred under my leadership and I do not want my continued presence to be a distraction to the important work we perform for our customers every day," he said.

The company's board appointed Walter W. Straub, one of the directors, to be chairman and interim chief executive while a search firm tries to find a permanent replacement.

Argo was succeeded by Chris Fedde, who had been senior vice president and general manager of enterprise security.

The company also announced that John W. Frederick, the firm's vice president and worldwide controller, became chief accounting officer and interim chief financial officer.

Straub has been on the company's board since 2004. He previously was president and chief executive of Rainbow Technologies Inc., which merged with SafeNet two years ago.

The stock option inquiry is not the only obstacle the company faces. SafeNet faces possible default on $250 million in debt because it did not file its second-quarter results on time.

Straub said yesterday that the resignations would not affect SafeNet's business.

"Tony and Carole have built a very strong global management team. So from an operations standpoint, our business is in great shape," Straub said.

SafeNet shares fell 79 cents yesterday, to $21.20.

Senate Panel Seeks Details On McGuire's Exit Pay (WSJ)

By Robert Tomsho

The Wall Street Journal, October 19, 2006

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The Senate Finance Committee, wading once again into the stock-options scandal, asked UnitedHealth Group Inc. for an array of documents related to the $1.1 billion in compensation that William McGuire, its departing chief executive, could receive when he leaves the company.

"The UnitedHealth situation is the most disturbing yet," said Sen. Chuck Grassley, the committee chairman and an Iowa Republican. "The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock-options backdating allegations against him."

Dr. McGuire's attorney, David Brodsky, didn't return a call seeking comment. Mark Lindsay, a UnitedHealth spokesman, said the company "will certainly cooperate fully with the Senate and any other parties looking into this matter."

Dr. McGuire agreed to leave the big health insurer, based in Minnetonka, Minn., on Sunday, after an internal investigation found that millions of stock options, including many to himself, were improperly backdated at the company during his tenure.

On Tuesday, The Wall Street Journal reported that, under the terms of his employment contract, Dr. McGuire could leave with as much as $1.1 billion in stock options, retirement payouts and other benefits. Dr. McGuire and the company are currently negotiating the terms of his departure.

Documents requested by the Senate committee, which held a hearing on the stock-options issue in September, include copies of Dr. McGuire's employment contract, along with related legal opinions and lists of consultants and other outside-compensation advisers.

UnitedHealth is also being investigated by the Securities and Exchange Commission, federal prosecutors in New York and the Minnesota attorney general.

McGuire's Deal Is Focus Of U.S. Senate Inquiry (MINNST)

By David Phelps And Chris Serres, Star Tribune

Minneapolis Star Tribune, October 19, 2006

The Finance Committee has requested data about McGuire's employment and severance agreements.

Some of the U.S. Senate's most influential members are taking aim at the multimillion-dollar severance package of outgoing UnitedHealth Group Inc. CEO William McGuire.

Leaders of the Senate Finance Committee on Wednesday asked the Minnetonka company to provide specific information about McGuire's severance package, as well as his employment contract.

"I want to know how a top executive can lose his job for allegedly defrauding his own company's investors, but still get rewarded with a billion dollars for doing it," committee Chairman Charles Grassley, R-Iowa, said in a prepared statement.

"Congress has a duty to the taxpayers to find out what happened at UnitedHealth and figure out what to do to stop this flood of backdating scandals."

Grassley, along with ranking minority member Max Baucus, D-Mont., made the request to UnitedHealth Chairman Richard Burke, soon-to-be Chief Executive Stephen Hemsley and James Johnson, chairman of the board's compensation committee.

Baucus accused McGuire and other executives tainted by backdated stock options of "gaming the law to avoid paying their fair share of taxes on stock options and other benefits."

On Sunday, McGuire resigned as chairman and agreed to step down as CEO by Dec. 1. His decision came after an independent review of the company's stock-option program for senior executives found that the options were likely backdated to a low point in the stock's value to maximize profit when the options were exercised at a higher price.

McGuire has more than $1 billion worth of unexercised options. His employment agreement also provides for a lump-sum payout of $6.4 million when he leaves the company and an annual pension of $5.09 million, according to the 2006 proxy statement.

UnitedHealth said Sunday that it is "engaged in discussions" with McGuire over terms of his departure, including his financial benefits, raising the prospect that the CEO could be leaving under different terms than those called for by his contract.

Among the records sought by the Finance Committee are McGuire's employment contract and supporting documentation, any benefits McGuire will receive after he leaves the company, the names of advisers and consultants who helped draft the employment agreement, the amount of federal tax deductions claimed by UnitedHealth with respect to McGuire's compensation since 1994 and steps being taken "to remedy the various failures" cited in the independent review regarding executive compensation.

The committee set a Nov. 9 deadline for UnitedHealth to respond to the requests.

In a separate development Wednesday, UnitedHealth said it arranged a $7.5 billion line of credit for "working capital purposes," as well as to deal with any litigation related to the company's debt.

On Aug. 28, the company received a notice of default from a group claiming to hold UnitedHealth debt securities. The company has said it believes it is not in default and "intends to defend itself vigorously," according to a filing with the Securities and Exchange Commission.

Sheryl Skolnick, a stock analyst at CRT Capital Group in Stamford, Conn., said the 364-day revolving credit facility is "insurance" in case the company loses its legal battle with owners of its debt and loses access to capital.

"What they have essentially just done is to arrange exactly enough money on demand to pay off all the debt in case any or all of it is in default," she said.

"It's a huge vote of confidence in the company," she added. "That they could arrange $7.5 billion, virtually overnight, is remarkable."

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UnitedHealth Pressed Over Ex-CEO's Pay (FT)

By Jeremy Grant In Washington

Financial Times, October 19, 2006

The unfolding stock options backdating scandal at United Healthgroup on Tuesday prompted an outcry from top US lawmakers when Chuck Grassley, chair of the senate's finance committee, demanded details of the departing CEO's severance package.

William McGuire this week resigned from the health insurer when an external probe implicated him in manipulating stock options.

The Wall Street Journal reported on Wednesday that he was likely to walk away with $1.1bn in stock options and other benefits.

When questionable use of stock option compensation hit the headlines, it emerged that scores of companies - either by failing to do the proper accounting or make the necessary disclosures to shareholders - appeared to have improperly awarded options with a lower exercise price than on the day that the award was made.

A probe by law firm Wilmer Hale found Mr McGuire was central to the company's options granting process and that the "full extent and nature" of financial relationships between him and the then-chairman of the company's compensation committee that had created a conflict of interest in 1999 "likely were not disclosed" to the board at the time.

Mr Grassley and the committee's ranking member, Max Baucus, wrote to United Healthgroup, saying: "The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock options backdating allegations against him."

Mr McGuire accumulated $1.6bn in stock options between his appointment in 1991 and the end of 2005.

During the same period, the group's share price rose by 2,500 per cent. Mr McGuire was regarded by Wall Street as one of the most effective CEOs in the US.

But the senators said: "[We] want to know how a top executive can lose his job for allegedly defrauding his company's own investors, but still get rewarded with a billion dollars for doing it."

Among other things, the senators asked United Healthgroup to "provide the amount of federal tax deductions claimed by UnitedHealth with respect to compensation paid to Mr McGuire since 1994; and provide the amount of such deductible compensation that has been "performance-based" and what criteria or metrics were used to determine if compensation was deemed "performance-based."

In September, the committee convened a hearing to hear from the Justice Department, the Securities and Exchange Commission, and the Internal Revenue Service about how they are responding to stock options backdating and what congress can do to help their efforts.

Investing (BSWK)

By Jane Sasseen

BusinessWeek, October 19, 2006

The Ties UnitedHealth Failed to Disclose For years, the health insurer didn't tell investors about personal and financial links between its former CEO and the "independent" director in charge of compensation

In its 1999 proxy statement, UnitedHealth Group made sure investors knew of a few small relationships between its directors and the company. While reassuring shareholders that all the directors on its compensation committee were independent of management, it pointed out that the insurer paid immaterial amounts for insurance policies bought from the company headed by one director, while the law firm of Walter Mondale, another board member, was also the company's corporate counsel.

Following the New York Stock Exchange's 2004 imposition of stricter standards for director independence, UnitedHealth (UNH) had eliminated even those minor ties by the time the 2005 proxy was filed. This time, it told investors that all the members of its comp committee met the NYSE's independence test, and that no relationships or ties existed between directors and the company.

How nice of them to share. Of course, what the proxy neglected to mention were significant personal and financial ties between ousted CEO William McGuire, and William Spears, a New York investment adviser and long-time head of UnitedHealth's compensation committee.

Controversial Agreement Those ties were outlined in a report, released Monday, prepared for the UnitedHealth board by William McLucas, a former head of the SEC's enforcement division and now with the Washington, D.C., law firm of Wilmer Cutler Pickering Hale & Dorr. According to the report, Spears has served as a trustee since 1992 for two trusts set up for McGuire's children. And from 1994 to mid-2006, he also acted as an investment manager for McGuire, overseeing assets ranging from $15 million to $55 million in 2006.

In June, 1999, the CEO even invested $500,000 in Spears's money-management firm when he bought it back from the larger conglomerate that then owned it. Several months before, Spears was the company's point person in negotiating what proved to be a highly lucrative, highly controversial employment agreement for McGuire.

Nor is McGuire the only company executive with a financial relationship with Spears. Stephen Hemsley, who was named Oct. 16 to succeed McGuire as UnitedHealth's chief executive, also hired Spears to manage his money. Starting with a $12 million account in 2001, by 2006, Spears was managing $52 million of Hemsley's money as well. As a result of the probe, Spears has agreed to leave UnitedHealth's board (see BusinessWeek.com, 10/16/06, "Hard Times for UnitedHealth").

Declaration of Independence All of which has raised an obvious question: Just how could a director with those substantial—and presumably remunerative—ties to key officers be considered independent? And why weren't those ties made clear to shareholders? "It's a real stretch to say this guy is independent," says Jacob Frenkel, a securities lawyer and former SEC enforcement official. "The company and its principals will be hard pressed to justify a rationale for not disclosing that relationship."

The answer appears to lie in how independence is defined. Before 2004, when the disputed grants occurred, the standards in place were vague. Legal experts say it's unclear whether Spears would have met them. But in the wake of Enron, WorldCom, and other corporate scandals, both the NYSE and Nasdaq strengthened the rules concerning independent directors for the companies listed on their exchanges. The SEC vetted those rules but has no separate requirements for independence of its own.

At the NYSE, where UnitedHealth's stock is listed, all directors on a compensation committee must be independent, meaning they should have no material relationship with the company. A director or an immediate family member can't have been an employee of the company within the last three years, for example, or have been an executive officer of any other firm that has either made payments to, or received payments from, the company in excess of $1 million.

The Element of Surprise But while the rules are explicit in forbidding certain links between the directors and the company, they never specifically address relationships that might exist between directors themselves. Indeed, they're strangely silent on the potential problems that could arise from outside ties between directors. Instead, boards are asked generally to consider the other "persons or organizations with which the director has an affiliation" when assessing the materiality of a director's relationship with the company.

That lack of specificity may have led McGuire, Hemsley, and Spears to conclude that their financial relationships didn't have to be disclosed to investors. But experts say they may have strayed perilously close to the legal edge—and indeed may well have crossed over it. "The question is what was said [to shareholders] about the relationships they had, and whether that would be rendered false and misleading by the new facts," says Donald Langevoort, a professor of securities law at Georgetown University.

"Post-Sarbanes Oxley, there's so much emphasis on director independence that any fact that would come as a surprise to shareholders should be disclosed, so that they won't be surprised." Through a company spokesman, McGuire and Hemsley declined to comment on Oct. 17. Spears also declined to comment.

Close to the Edge If nothing else, those ties should have been reported to the rest of the board, which, under current NYSE rules, would then have been required to assess whether Spears truly qualified as independent. While the board would still have had the right to conclude that Spears' judgment wasn't influenced by those ties, it would have been required to let shareholders know how they reached that conclusion.

"The whole purpose of these regulations is to say that if something is close to the line, it should be disclosed, and a board waiver secured," says John Coffee, a professor at Columbia Law School.

But none of this appears to have happened at UnitedHealth. According to McLucas' report, McGuire and Spears said they believed that the board was aware of the money management relationship in 1999. In October of that year, UnitedHealth's

general counsel, David Lubben, sent an e-mail to the company's outside counsel outlining McGuire's financial relationship with Spears, and indicated that some disclosure of a "conflict" had been made to the full board.

Claiming No Knowledge However, McLucas found no documentation or board minutes to back this up and says no other directors recalled being aware of the relationship when Spears was negotiating McGuire's 1999 employment contract. It's unclear when they later learned of those links—or that Hemsley, too, had hired Spears.

And all of the directors said they were unaware that McGuire's investment in Spears's firm, which ended in 2003, had taken place until the recent probes into options began. A source close to the probe says no evidence exists that the directors knew of Spears's role as a trustee for McGuire's children either.

Moreover, there's no evidence that the board reconsidered whether Spears still qualified as an independent director or discussed the need to disclose those financial ties to shareholders after the NYSE tightened up its disclosure rules.

No Job Too Small Governance experts say that the lack of public disclosure appears particularly egregious, in light of the potential sums involved. Directors now are routinely forced to disclose links that appear to offer far less potential for personal gain than may have occurred at United.

If a director works for another firm that does business with the company, or has a relative working for the firm, those links must be disclosed no matter how small the sum or how minor the job. "If the amounts involved are de minimus, that's not going to affect independence," says Robert McCormick, head of proxy research for financial advisers Glass Lewis. But given the amounts of money involved at UnitedHealth, "this deal raises lots of concerns."

While the exact terms of Spears's deal with McGuire and Hemsley aren't known, the relationship appears to have given him plenty of potential for gain. Money managers typically pocket fees starting at 0.5% of assets under management for accounts of around $50 million. For complex investment strategies, the fees could run higher.

How Widespread a Problem? But even at that rate, Spears could have made roughly $250,000 a year from both McGuire and Hemsley for overseeing their accounts. Moreover, in negotiating McGuire's 1999 contract, Spears potentially had a direct interest in increasing McGuire's pay: As a money manager, the more money your client makes and has available to invest, the more you typically earn.

For shareholders, the UnitedHealth disclosures raise a further question: Do directors at other boards have personal ties that have gone unreported as well? For now, there's no way of knowing, because of the lack of clarity in the rules governing such ties.

But that could change. Securities experts say the NYSE will be forced to look closely at the language in the current regulations to see if UnitedHealth or its executives have clearly breached them. Ultimately, the flagrancy of UnitedHealth's weak disclosures could lead the exchanges to beef up their regulations to more explicitly deal with relationships between directors.

Barred for Life The questionable disclosure also raises the legal stakes for all involved. Questions about Spears's independence could bolster attempts by shareholders suing over the alleged backdating of options and McGuire's compensation to win money back from McGuire and even the directors themselves. With the SEC and federal prosecutors still weighing whether to bring civil or criminal charges over the alleged backdating against UnitedHealth and its execs, further charges related to the poor disclosure could also be added.

Columbia professor Coffee also believes that the new revelations could put Spears more squarely in the SEC's sights. If they conclude he misrepresented his independence, they could seek to have him barred for life from serving as a director of a public company. Moreover, Coffee says that if McGuire, Hemsley, or Spears were found to have misled other directors about their relationships, that would increase the chances of criminal charges being filed.

All of that, as much as any change in the NYSE's rulebook, would make clear the fact that such relationships don't pass the smell test. "We would essentially see the regulations strengthened through enforcement," says Frenkel.

Sasseen is a national correspondent for BusinessWeek

Ex-Delphi Execs Face Civil Fraud Charges (DEN)

By David Shepardson

Detroit News, October 19, 2006

SEC says top financial officers used accounting schemes to hide supplier's troubled finances.

WASHINGTON -- The U.S. Securities and Exchange Commission is expected to file civil fraud charges this month against up to a dozen former Delphi Corp. executives following a 27-month investigation into accounting fraud at the bankrupt Troy auto supplier, people familiar with the situation said.

Among those expected to face civil charges are John Blahnik, the former Delphi vice president of treasury, mergers and acquisitions; Laura Marion, who had served as director of financial accounting and reporting; and Paul R. Free, former chief accounting officer, the people said.

The SEC also is expected to file civil charges against several officials at other companies involved in improper transactions with Delphi, The Detroit News has learned.

Those charged, if they are found liable, could face hefty fines and be barred from serving as a board member or corporate officer at publicly traded companies. Delphi spokeswoman Claudia Piccinin declined to comment Wednesday, except to say that the company continues to cooperate with the SEC.

Last year, Delphi acknowledged several instances of improper accounting and restated several years of earnings.

The SEC's investigation has found that Delphi used varied improper methods to inflate earnings, cash flow and revenue, which hid the declining health of the company, according to people familiar with the matter.

Several large transactions weren't accounted for properly, including a $237 million payment Delphi made to its former parent, General Motors Corp.

The SEC has concluded that Delphi also called some loans from suppliers "rebates" and engaged in false transactions by claiming it had sold precious metals or scrap materials to boost cash flow.

Delphi also failed to notify its board or credit rating agencies about $300 million in European lines of credit it held between 1999 and the end of 2004.

Thanks in part to the now-discredited transactions, Delphi met or exceeded Wall Street earnings expectations in every quarter between 1999 and 2003.

"It's clear they were trying to make that last penny of earnings," said Peter Henning, a Wayne State law professor and former SEC and Justice Department lawyer.

As a result of the accounting errors, Delphi lowered its 2001 earnings by $265 million, cut 2002 net income by $24 million and adjusted its 2003 net loss by $46 million. It said its cash flow was improperly boosted by $200 million in 2000.

Lawyers for many of the former Delphi executives under scrutiny have argued to the SEC that there is no evidence they personally profited from the improper accounting. They also contend that before the Enron debacle and the 2002 corporate reforms, some of the accounting practices in question were commonplace.

It was biggest supplier in '99

After its spinoff from GM in 1999, Delphi was the world's largest auto supplier with revenue of $29 billion.

Last October, Delphi filed for bankruptcy protection and announced plans to close 21 of its 29 U.S. factories, including several in Michigan.

The company is in talks with GM, the UAW and several large investors to finalize a settlement of claims and to allow Delphi to emerge from bankruptcy protection in the second quarter of 2007.

Most of those now restated transactions took place in 2000 and 2001 when Delphi said it was selling off hundreds of millions of dollars in scrap materials and precious metals -- generating income and cash flow -- when in reality the supplier had agreed to buy back the same assets in the future.

Delphi has acknowledged that these were financing transactions and not sales. In another case, Delphi allegedly booked sales of scrap material destined for landfills as expensive electronic inventory as a way to boost its cash flow.

In December 2000, Delphi recorded a $200 million sale of precious metals to Bank One, which improperly boosted its income by $100 million. Delphi didn't disclose that the precious metals never left the factory floors or that it had a contract to repurchase the materials at a fixed price.

In March 2005, following a 10-month internal investigation led by an outside law firm, Delphi ousted Free and its chief financial officer, Alan Dawes, and said many of the company's financial statements were inaccurate.

Most of the former executives under investigation by the SEC agreed to waive the statute of limitations until Oct 31. Several lawyers close to the case have been told to expect SEC charges by then. The commission is scheduled to meet next week in Washington to approve the filing of the complaints in U.S. District Court in Detroit.

It's not clear if Dawes or ex-Chairman and CEO J.T. Battenberg III -- who both have been subjects of the SEC investigation -- will be among those named in the civil complaints. Battenberg was questioned by the SEC earlier this year.

FBI: Criminal investigation

The criminal investigation by the FBI and U.S. Postal Inspection Service continues, led by Justice's fraud section in Washington.

In June, The News reported that at least seven ex-Delphi executives had received "Wells" notices from the SEC, which notify targets of an investigation of the substance of the staff's charges and probable recommendations.

Since then, several other former executives have received notices in a widening probe that includes roughly a dozen former executives. Some former lower-level Delphi employees, who testified before the SEC more than a year ago, recently were notified they were likely to face civil charges.

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Many of the targets have been in settlement talks with the SEC. The SEC has sought to impose stiff fines against former executives -- in some cases nearly $1 million -- in the Delphi investigation. It isn't clear if any settlements have been reached or if Delphi will have to pay a corporate penalty.

Early this month, the five-member SEC received a detailed memo from the staff attorneys investigating Delphi outlining the proposed charges. The commission must approve the filing of any charges.

The SEC's investigation has been led by three attorneys in the enforcement section: Jonathan P. Scott, Kenneth R. Lynch and Anthony Sporkin. All declined comment. The SEC has also scrutinized Delphi transactions with Bank One, GM, Tennessee-based Setech, and BBK Ltd., a Southfield-based turnaround firm. The commission also looked at the role of Delphi's former independent auditor, Deloitte & Touche. All of those companies turned over records to the SEC.

Last November, GM said it had overstated income for 2001 by approximately $300 million to $400 million -- or about 25 to 35 percent -- in connection with supplier credits. GM has said it received an SEC subpoena into "our transactions in precious metal raw materials used in our automotive manufacturing operations, and a federal grand jury recently issued a subpoena in connection with supplier credits."

The investigation into Delphi began after EDS -- another former GM subsidiary -- told the SEC in June 2004 about a $20 million loan in 2001 that Delphi booked as income. The SEC upgraded its probe into a formal investigation in August 2004.

One hurdle to settling SEC claims is the still active criminal investigation into the accounting fraud led by the Justice Department's fraud section. Jack Patrick, the lead Justice Department prosecutor, has been in Detroit in recent weeks working on the case. Patrick declined comment. Lawyers for shareholders who have sued Delphi and its former officers say the suit and the company's October 2005 bankruptcy are "the result of a massive accounting fraud."

"By any measure, the fraud at Delphi -- which hid Delphi's slide into bankruptcy -- is among the most egregious schemes to defraud investors in recent history," the plaintiffs said in a 147-page court filing in Detroit signed by Southfield lawyer Debra Pevos.

The filing suggested there were $440 million in sham transactions.

All of those suits have been consolidated in front of U.S. District Judge Gerald E. Rosen in Detroit, who hasn't ruled on whether they can go forward.

You can reach David Shepardson at (202) 662-8735 or dshepardson@detnews.com.

CRIMINAL LAW:

78 Charged In Bankruptcy Fraud Sting (AP-YBIZ)

By Lara Jakes Jordan

AP, October 19, 2006

78 People Charged in the Past Two Months in National Bankruptcy Fraud Sting

WASHINGTON (AP) -- Nine lawyers, an ex-police officer and an electrician who bribed a former governor were among 78 people charged with bankruptcy fraud in the past two months, the Justice Department said Wednesday.

Eighteen of the arrests came this week alone, said Deputy Attorney General Paul McNulty, who outlined the nationwide crackdown on people trying to conceal more than $3 million in assets.

"In the end, we all wind up paying for fraud, in the form of higher interest rates and fees from companies that offer credit and loans," McNulty told reporters.

Bankruptcy fraud often follows false claims on mortgages, banks and the mail, McNulty said.

The arrests are on track to outpace last year's estimated total of 100 bankruptcy fraud cases, the FBI said.

The names of those charged were not released in Washington, although a department investigator said a former Denver police officer was snared in the two-month sting, dubbed "Operation Truth or Consequences."

Among those charged was Kurt Claywell, an electrical contractor who admitted giving former Connecticut Gov. John G. Rowland expensive champagne and Cuban cigars for access to state contracts. Authorities in New Haven, Conn., said the assets Claywell tried to hide included a boat, a rare book collection, 35 acres of land, $35,000 worth of wine and a gun collection.

A dozen of the arrests came in the Chicago area, where federal prosecutor David Glockner described swindlers who used bankruptcy fraud in home-rescue schemes marketed to people desperate to hang onto their homes.

Under these schemes, homeowners facing foreclosure sell their homes to "investors," prosecutors said. They said the former homeowners then pay rent to the investors with the promise that they can get back both the homes and built-up equity when their finances are healthier.

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Prosecutors said crooked attorneys then declare bankruptcy on behalf of the former homeowners, illegally hiding the sale from the bankruptcy court, paying off the mortgage and pocketing the equity.

The former homeowners then are allowed to buy back the property at full price if they can afford to do so.

"This is the new face of bankruptcy fraud," Glockner said.

Associated Press writers Mike Robinson in Chicago and John Christoffersen in New Haven, Conn., contributed to this report.

Feds Charge 78 With Bankruptcy Fraud (CNN)

By Terry Frieden, Justice Producer

CNN.com, October 19, 2006

Sweep nets 9 lawyers, 1 ex-police officer for concealed assets, fake IDs, docs.

WASHINGTON (CNN) -- Bankruptcy fraud charges have been filed against 78 people in a federal operation aimed at protecting the integrity of the nation's bankruptcy system, the Justice Department and FBI announced Wednesday.

Authorities said the nationwide sweep culminated Wednesday with arrests stemming from 18 cases of bankruptcy fraud and related counts.

Those charged include nine lawyers, two bankruptcy petition preparers and a former police officer. The cases involved concealment of more than $3 million in assets, use of false identities and forged documents, and fraudulent receipt of government loans and benefits, officials said.

"Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important," said Deputy Attorney General Paul McNulty.

Bankruptcy filings often are the last step of a series of criminal acts that include mortgage fraud, bank fraud, mail fraud, money laundering and defrauding of government programs, he said.

The culmination of "Operation Truth or Consequences" coincided with the anniversary of new bankruptcy laws aimed at combating fraud.

Bankruptcy law not as bad as predicted

Authorities said the 78 people charged were named in 69 prosecutions in 36 judicial districts.

FBI Assistant Director Chip Burrus issued a statement staying the nationwide sweep "highlights the scope of bankruptcy fraud and negative impact on the economy."

Top law enforcement officials planned to announce details of the operation at an afternoon news conference at the Justice Department in Washington.

Nationwide Fraud Sweep Nets 3 In Pa. (PTR)

By Karen Roebuck

Pittsburgh Tribune-Review, October 19, 2006

A Sewickley attorney and two other Western Pennsylvania residents were indicted this week as part of a nationwide crackdown on bankruptcy fraud and related crimes.

Attorney Robin L. Grassel, 42, faces two counts of embezzlement from bankruptcy estates. She is among 78 people nationwide -- including nine attorneys -- charged as part of what the U.S. Department of Justice dubbed "Operation Truth or Consequences."

The allegations leveled nationwide include concealing more than $3 million in assets, using fake identities and Social Security numbers, forging documents and defrauding people whose homes were in foreclosure.

The Justice Department announced Wednesday it has set up an e-mail hotline for the public to report suspected bankruptcy fraud. Reports can be sent to USTP.Bankruptcy.Fraud@usdog.gov.

Grassel, also known as Robin Musher, was representing clients in bankruptcy proceedings and administering their funds when she embezzled or misappropriated the funds, the indictment charges.

She embezzled $104,832.94 from the bankruptcy estate of clients identified only as MW and PW and $47,420.28 from Jimmie and Joyce B., according to the indictment.

Bankruptcy trustee Ronda J. Winnecour previously said that Michael and Patti Weber, who filed for Chapter 13 bankruptcy in 2002, sold their Crafton house in 2004 for $104,832.94. A check issued in Winnecour's name for the home's sale was given to Grassel, their attorney, but ended up in Grassel's business account instead of the Webers' trustee account, according to court records.

Catherine Jeter, of Ambridge, Beaver County, was charged with forging U.S. Bankruptcy Court Judge Judith K. Fitzgerald's signature in June on a court order to discharge her bankruptcy case, according to the indictment.

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George Davitch Jr., 62, of Jerome, Somerset County, was charged with making a false statement under penalty of perjury in his 2001 bankruptcy case by failing to report income he continued to receive from an inheritance, according to the indictment.

If convicted, Grassel, Jeter and Davitch, none of whom could be reached for comment, face up to five years in prison and a fine up to $250,000 on each count.

The U.S. Attorney's Office for the Western District of Pennsylvania is asking that a summons be issued for each of the defendants instead of arrest warrants and suggested unsecured, $10,000 bonds be set for each.

Karen Roebuck can be reached at kroebuck@tribweb.com or (412) 320-7939.

Feds Crack Down On Bankruptcy Fraud (UPI)

UPI, October 19, 2006

U.S. prosecutors have filed criminal charges against 78 people for alleged bankruptcy fraud and related offenses.

Deputy Attorney General Paul J. McNulty said Wednesday federal prosecutors charged individuals in 69 separate prosecutions in 36 judicial districts in a national project called "Operation Truth or Consequences."

The project includes charges filed against nine lawyers, two bankruptcy petition preparers and one former law enforcement officer. Charges include alleged concealment of more than $3 million in assets and the alleged use of false Social Security numbers and false identities.

"Today we send a clear message to those who abuse, for their own criminal financial gain, the bankruptcy system's promise of a fresh start to honest Americans," said McNulty. "A bankruptcy filing is often the last step of a series of criminal acts, including mortgage fraud, bank fraud, mail fraud, money laundering and government program fraud. Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important."

McNulty also announced the creation of a new Internet hotline for reporting suspected bankruptcy fraud to the Justice Department's U.S. Trustee Program.

Ariz. Residents Indicted In Bankruptcy Fraud (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, October 19, 2006

Two federal fraud prosecutions under way in Arizona are part of a nationwide campaign to thwart abuse of U.S. bankruptcy courts, according to the Justice Department.

One of the cases was filed in August against attorney James Joseph Everett, 51, who is accused of concealing about $500,000 in assets and income. The other indictment names three family members from southern Arizona accused of seeking bankruptcy protection as part of a larger swindle of government funds.

Those cases are among 69 filed nationally under Operation Truth or Consequences, launched to protect the integrity of the bankruptcy system, Deputy Attorney General Paul J. McNulty said in a news release.

advertisement

Federal prosecutors also announced the creation of an Internet hotline for reporting suspected bankruptcy fraud at USTP.Bankruptcy.Fraud@usdoj.gov.

McNulty said 18 of the cases were filed Wednesday to deliver "a clear message to those who abuse, for their own financial gain, the bankruptcy system's promise of a fresh start to honest Americans. . . . Bankruptcy is often the tip of the criminal iceberg, and that makes these prosecutions so important."

In Phoenix, Everett was indicted on 34 counts, including money laundering, false declarations and bankruptcy fraud. The U.S. Attorney's Office said he used $300,000 in concealed funds to purchase a house in Paradise Valley. Everett faces a maximum 20-year prison sentence for money laundering, the most serious offense.

The other Arizona case involves Sergio and Sandra Renteria of Willcox and their daughter, Kayla Taylor. They were indicted in August on charges of conspiracy and fraud in connection with an $800,000 loan from the Farm Service Agency. They are accused of failing to repay the loan while selling crops and equipment pledged as collateral. The indictment says Taylor also used loan money to buy a pair of Mercedes Benz cars. Finally, the Renterias are charged with filing for bankruptcy while hiding assets from the court. They face up to 30 years in prison.

Weldon Undecided On Letter (PHI)

By Todd Mason And John Shiffman

The Philadelphia Inquirer, October 19, 2006

U.S. Rep. Curt Weldon (R., Pa.) said he hasn't decided whether to release a letter from the House Ethics Committee that he says "closed the case" on whether he used his influence to help his daughter.

The FBI is probing whether Weldon helped his daughter Karen and friend Charles P. Sexton Jr. land $1 million in contracts from a Russian energy firm and a Serbian family with ties to Slobodan Milosevic.

"My kids do their own work," the 10-term congressman told a media scrum yesterday in the Ridley Township Municipal Building after a hearing on flight-path changes at Philadelphia International Airport.

Weldon is in a neck-and-neck race against retired Adm. Joe Sestak, a 31-year Navy veteran who was raised in Springfield, Delaware County. Because of the disclosure of the FBI investigation last week, political observers say the race is now leaning in the Democrat's favor.

Yesterday, Weldon repeated his claim that he presented documents to the Ethics Committee in 2004 when the Los Angeles Times broke the story, and the committee didn't pursue the matter.

Weldon and his attorney, William J. Winning, said they hadn't decided yet whether to release the committee's letter.

A source close to the Weldon campaign said the four-page document, dated Sept. 29, discusses the allegations about Weldon's daughter and dismisses them without issuing a warning or reprimand.

In an e-mail advertisement Monday, headlined "Left-Wing Smears Have Sunk to New Low," the Weldon campaign said the House panel closed the case in 2004, and blamed Democrats for trying to derail Weldon's reelection.

Sources said the FBI had planned to implement the search warrants after the election and, in fact, had been wiretapping some people involved in the case.

The wiretaps and search warrants were approved by federal judges based on a sealed and detailed affidavit from an FBI agent establishing "probable cause" that crimes had been committed. The searches were carried out Monday because agents feared that once suspects in the case knew they were under investigation, evidence might be destroyed, sources said.

Russ Caso, Weldon's chief of staff, told The Inquirer that the Ethics Committee letter was not issued until last month because of the committee's disarray in recent years.

Weldon escalated the attack on Sestak yesterday, saying that a retired FBI agent, Gregory J. Auld, told him that Sestak's campaign had prior knowledge of six FBI raids Monday in Philadelphia and Jacksonville, Fla.

Weldon said Auld "has confirmed to me that a person who works on my opponent's campaign was bragging that the campaign knew three weeks ago" of a major negative development in October.

Ryan Rudominer, a spokesman for Sestak, said: "Curt Weldon's bizarre conspiracy theories are absurd and, of course, false. The idea that our campaign has any influence over the FBI or the Republican-led Justice Department is laughable."

Auld, who worked 32 years for the bureau, operates a private security company in Newtown Square that has performed background checks on behalf of the Weldon campaign.

In an interview last night, Auld said a friend approached him Tuesday at a gym to tell about what the Sestak supporter had allegedly said three weeks ago. Auld would not identify the friend.

Auld said: "My friend told me that a guy wearing a Sestak T-shirt had said, 'Something big is going to be coming down on Curt Weldon in three weeks.' "

Hearing this, Auld said, he approached the unidentified Sestak supporter at the gym and said: "You guys must be happy about what happened over the weekend."

He said the Sestak supporter shrugged and replied: "We sniffed this out two weeks ago."

David Landau, a Sestak adviser, said: "That somehow all of this is being manufactured by Democrats is ludicrous... . This is the Republican National Committee playbook: Blame the Democrats."

Weldon shrugged off observations yesterday by reporters that the probe reportedly began in May, before Sestak had emerged as serious candidate, and that the FBI and the Justice Department answer to a Republican administration.

The investigation "is what it is," Weldon said. "The bureaucracy doesn't change with the presidential leadership." Weldon said he was telling Republicans that "I have to rely on their support for me in the past."

7 Plead Guilty In Stolen Body Parts Case (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, October 19, 2006

(AP) - NEW YORK-Seven funeral home directors linked to a scheme to plunder corpses and sell the body parts for transplants have secretly pleaded guilty to undisclosed charges, prosecutors announced Wednesday.

The unidentified directors all agreed to cooperate in an ongoing investigation into what investigators describe as an enterprise to steal bone and tissue from cadavers and sell the material to biomedical supply companies for profit, Brooklyn District Attorney Charles Hynes said.

The seven entered their pleas in closed courtrooms and their names were withheld, but defense attorneys said that among those cooperating was the director of a funeral home that took parts from the body of "Masterpiece Theatre" host Alistair Cooke.

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Funeral Home Directors Plead Guilty In Organ Smuggling Case (AFP-Y)

AFP, October 19, 2006

Seven US funeral home directors have pleaded guilty to trafficking bones and organs taken from hundreds of cadavers, authorities said.

The guilty pleas in New York came eight months after four other people were charged with illegally harvesting bones and organs from more than 1,000 corpses, including the bones of the late veteran BBC broadcaster Alistair Cooke.

The Justice Department announced Wednesday that it had expanded its indictment against the four, Michael Mastromarino, Joseph Nicelli, Lee Cruceta, and Christopher Aldorasi.

"These ghoulish thieves thought they could pull off the crime of the century, stealing bones from the dead, without any thoughts to their victims' families or the transplant recipients who would receive possibly tainted bone and tissue grafts," Brooklyn District Attorney Charles Hynes said in a statement.

Funeral homes in Rochester, Manhattan, Brooklyn and the Bronx have been accused of providing corpses for the organ smuggling scheme.

In announcing the indictment in February, authorities alleged that the four men made millions of dollars selling body tissue to transplant companies.

In many cases, the bones were replaced by PVC pipes so that their theft would not be noticed at a funeral, authorities said.

At the same time, the accused would regularly toss gloves, aprons, and other evidence of their criminal handiwork into the bodies before sewing them back up, prosecutors said.

The bones, tendons, heart valves and other tissue were harvested in a funeral home owned by Nicelli, authorities said.

Cooke -- a nationally recognized broadcaster in Britain -- was best known for his "Letter From America" program which aired weekly on BBC domestic and World Service radio for over 50 years.

He died in New York in March 2004 from lung cancer. He was 95.

Death Penalty Out On A Technicality (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, October 19, 2006

A federal judge has ruled that prosecutors cannot seek the death penalty against two D.C. men accused of running a violent street gang in Southeast because the government missed a key deadline.

U.S. District Judge Richard W. Roberts ruled that the Justice Department failed to file a timely notice of intent to seek the death penalty against Antwuan Ball and David Wilson. The judge's opinion was issued late Tuesday and made public yesterday.

Mr. Ball and Mr. Wilson are awaiting trial on charges of murder, racketeering and drug trafficking after a joint investigation by the Metropolitan Police Department and the FBI of the so-called Congress Park Crew in Southeast.

In his ruling, Judge Roberts said the "government showed no cause, much less any good cause" for failing to file a notice of intent to seek the death penalty by a court-ordered Sept. 15 deadline.

Prosecutors filed a notice of intent to seek the death penalty Sept. 25. Citing the missed deadline, the judge barred capital punishment in the case Sept. 18.

One week later, prosecutors filed notice to seek the death penalty with a separate motion asking the judge to reconsider his Sept. 18 ruling.

The government attorneys blamed the delay on a misunderstanding about the deadline, the need for more deliberations and the fifth anniversary of the September 11, 2001, terrorist attacks.

But Judge Roberts remained unconvinced.

"The government still has offered no explanation for how the anniversary of the September 11 attacks delayed this decision or anything else," the judge wrote in Tuesday's ruling. "It still has offered no reason why the Justice Department could not complete its assessment in the suggested five months I agreed to."

It's not clear whether prosecutors plan to appeal the ruling.

"We are currently reviewing our options but have no further comment at this time," said Channing Phillips, spokesman for the U.S. Attorney's Office.

In federal cases, the U.S. Attorney's Office must seek approval to appeal a decision from the Solicitor General's Office.

Attorneys for Mr. Ball declined to comment yesterday. Mr. Wilson's attorneys said they were planning to travel to the D.C. Jail yesterday to give their client a copy of the judge's ruling.

"We expected this. We're not surprised the judge was going to uphold his previous ruling," attorney Cynthia Katkish said. "We're all very happy."

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The judge's ruling marks the second setback for prosecutors involving a capital case in the District in recent months.

In August, U.S. District Court Judge Ellen Huvelle threw out key statements by three men charged in the killing of U.S. tourists in Uganda in 1999. The judge said that the government couldn't prove the defendants were not tortured during their capture in Rwanda.

The only other capital-murder defendant awaiting trial in the District is Larry Gooch, whom authorities have called an enforcer for the M Street drug gang in Northeast.

Mr. Gooch, who is charged in five killings, has pleaded not guilty.

Only two capital-murder cases have gone to trial in the District, and each resulted in the defendants' receiving life in prison.

Capital punishment is banned in the District, although it can be sought in federal cases.

Ex-clerk To Testify About Page Scandal (AP-Y)

By Andrew Taylor

AP, October 19, 2006

The former clerk of the House will face ethics investigators Thursday in what could be the most important testimony yet on how GOP leaders handled complaints about Rep. Mark Foley's behavior toward pages — including the early concerns of a Louisiana congressman who testified Wednesday.

The questioning of former Clerk Jeff Trandahl comes after Louisiana GOP Rep. Rodney Alexander spoke with investigators for three hours about how his office handled a complaint last fall from a former page about too-friendly e-mails from Foley.

GOP leaders are facing scrutiny over whether they or their aides did too little to stop Foley's inappropriate behavior toward pages when problems surfaced years ago. The revelations have been followed by weakening poll numbers for Republicans, who insist that no one in their party knew of the sexually graphic e-mails that have scandalized the public.

Trandahl's testimony is critical in determining how many people knew about Foley's behavior with pages and whether there are even more incidents than those reported so far.

Alexander discussed the matter last spring with two top House GOP lawmakers, Majority Leader John Boehner of Ohio and campaign chair Tom Reynolds of New York, both of whom say they spoke with House Speaker Dennis Hastert about it. Hastert, R-Ill., has said he does not recall the conversations.

Trandahl confronted Foley, a Florida Republican, last fall over his e-mails to the Louisiana boy and was alerted about inappropriate e-mails Foley sent in 2001 or 2002 to a former page sponsored by Rep. Jim Kolbe, R-Ariz.

As the House officer with direct responsibility for the page program, Trandahl is virtually certain to know whether there have been other complaints about Foley, including an alleged incident in which the Florida Republican tried to enter the page dorm while drunk.

The panel is trying to determine whether lawmakers and staff aides acted properly when alerted about Foley's behavior. Trandahl's testimony is crucial to knowing how many people knew about the page issue — and how problems with Foley were handled — before the scandal exploded last month.

Foley resigned from the House on Sept. 29 after being confronted with sexually explicit messages sent in 2003 to a former Oklahoma page.

Trandahl is in position to support testimony by Kirk Fordham, a former top aide to Foley, who has told the ethics panel that he informed top House GOP aides of Foley's inappropriate behavior toward pages years ago. Fordham has testified he told senior House staff aides about the page dorm incident when it happened several years ago.

A key issue is whether staff aides to Hastert knew about Foley's improper behavior before the 2005 episode and whether they told Hastert — who says he knew nothing about Foley and pages prior to the day Foley resigned.

On Wednesday, Foley's most recent chief of staff, Elizabeth Nicolson, testified before the ethics panel.

Alexander sponsored a page who complained of receiving overly friendly e-mails from Foley, including one that asked for a photograph and mentioned a different teen who was in "great shape."

An Alexander aide last fall told an aide to Hastert about the e-mails, setting off a chain of events that led Trandahl and Page Board Chairman John Shimkus, R-Ill., to tell Foley to stop contacting the boy.

Boehner, whom Alexander subsequently alerted about the e-mails last spring, also testifies Thursday. Boehner's public statements are at odds with Hastert. He told a Cincinnati radio station earlier this month that when he approached Hastert about Foley last spring Hastert told him "it had been taken care of."

Hastert and his aides, including powerful chief of staff and confidant Scott Palmer, have yet to testify before the ethics panel.

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Key Figures In Foley Scandal Testify Today To Ethics Panel (USAT)

By Kathy Kiely

USA Today, October 19, 2006

WASHINGTON — Two key witnesses will testify before the House ethics committee today on what they knew about former congressman Mark Foley's contacts with teenage boys.

House Majority Leader John Boehner and former House clerk Jeff Trandahl are scheduled to appear before the panel, which is investigating whether lawmakers or congressional staffers ignored or suppressed complaints about Foley's communications with congressional pages.

Their appearances before the committee come less than three weeks before an election that will determine control of Congress. Foley, a Florida Republican, resigned Sept. 29 after being confronted by ABC News with lewd Internet messages that he allegedly sent pages.

At issue is whether congressional leaders should have investigated more aggressively after Rep. Rodney Alexander, R-La., complained about e-mails that Foley sent to a page Alexander had sponsored. The e-mails were not sexually explicit but the boy's parents asked Alexander to stop Foley from sending them.

Alexander, who testified for three hours before the panel Wednesday, told top staffers in Speaker Dennis Hastert's office last year about the e-mails. At that point, Trandahl, who supervised the page program, and Rep. John Shimkus, an Illinois Republican who runs the page board, confronted Foley and extracted a promise that he would stop contacting the Louisiana boy.

Rep. Chris Van Hollen, D-Md., accused the GOP of covering up complaints about Foley because of the upcoming election.

"The Republican leadership in Congress decided to put their political fortunes above the safety of the youngsters," he said at a National Press Club lunch on the elections.

Hastert, R-Ill., has said he knew nothing about the sexually-explicit Internet messages that came to light last month until Foley resigned. Two members of his leadership team, Boehner and Rep. Thomas Reynolds, R-N.Y., said they talked to the speaker about separate non-sexual messages to the Louisiana boy last spring.

In Florida, lawyers for Foley said they revealed to state prosecutors Wednesday the name of a clergyman Foley said abused him as a teen. A joint statement from attorneys David Roth and Gerald Richman said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office.

Also, a Florida judge ruled that the GOP can't post signs at polling places explaining that votes for Foley, whose name remains on the ballot, will go to a replacement candidate, state Rep. Joe Negron. Reynolds, who heads the House GOP congressional campaign committee, said at the Press Club event he thinks the party can hold onto the Foley seat because voters in the district are "very educated."

Ethics To Hear Key Testimony (RC)

By Susan Davis

Roll Call, October 19, 2006

In what could prove to be the turning point in the investigation of former Rep. Mark Foley's (R-Fla.) interaction with House pages — and what Speaker Dennis Hastert (R-Ill.) and his staff did or did not know about it — the House ethics committee will take testimony today on the Foley case from former House Clerk Jeff Trandahl.

House Majority Leader John Boehner (R-Ohio) will also appear before the panel today — voluntarily and unaccompanied by counsel — but Trandahl is expected to be the star attraction.

Trandahl has retained defense attorney Cono Namorato, and has made no public statements since Foley resigned Sept. 29. Through his attorney, Trandahl has said he will "cooperate fully" with both the FBI's probe and the Committee on Standards of Official Conduct.

Trandahl could provide key testimony as to when senior aides to Hastert were first

informed of Foley's alleged inappropriate behavior with male pages. Trandahl also could confirm or dispute the veracity of the timeline of events released by the Speaker's office on Sept. 30.

In that timeline, Trandahl was first contacted by Hastert's deputy chief of staff, Mike Stokke, in the fall of 2005 regarding an e-mail exchange between Foley and a former page. Trandahl discussed the e-mails with a top aide to Rep. Rodney Alexander (R-La.) because his office had sponsored the former page but, according to the timeline, Trandahl was never shown the e-mail exchange, which was later characterized as "over-friendly."

Trandahl then met with Rep. John Shimkus (R-Ill.), chairman of the House Page Board, and advised Hastert's staff counsel, Ted Van Der Meid, of the meeting. Trandahl and Shimkus questioned Foley on the e-mail exchange and advised him to cease all contact with the former page.

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"The Clerk recalls that later that day he encountered Van Der Meid on the House floor and reported to him that he and Shimkus personally had spoken to Foley and had taken corrective action," the timeline states.

Trandahl's testimony also will be central to corroborating the testimony of Kirk Fordham, Rep. Tom Reynolds' (R-N.Y.) former chief of staff who resigned amid the Foley scandal. Fordham, who worked as a top aide to Foley for 10 years, testified before the ethics committee last week.

Fordham has alleged that he alerted Hastert's chief of staff, Scott Palmer, to Foley's inappropriate behavior with pages as early as 2003. Palmer has publicly denied that account. Though his actual testimony is secret, Fordham also reportedly planned to tell the ethics panel that Trandahl was aware of Foley's behavior toward pages and attempted to take corrective action as early as 2000.

Trandahl left the House Clerk post in late 2005 to become the executive director of the National Fish and Wildlife Foundation. He began work in Congress in 1983 and was appointed House Clerk in December 1998 — the same month Hastert was tapped to become Speaker.

When Hastert appointed Trandahl, he was not considered part of Hastert's inner circle. In contrast, the current House Clerk, Karen Haas, worked as a floor aide to the Speaker before succeeding Trandahl.

Also testifying today is Boehner, the first member of the leadership to appear before the investigative panel on this matter.

Boehner has played a more peripheral role in the Foley investigation, as he was not in leadership in the fall of 2005 when the Speaker's office first was notified. Boehner was approached by Alexander about the Foley matter earlier this year, and he has said he recalls subsequently asking Hastert about it. Hastert has said he does not recall that conversation, nor a similar one with Reynolds, the National Republican Congressional Committee chairman, which Reynolds says happened.

Boehner's chief of staff, Paula Nowakowski, appeared before the ethics committee on Tuesday. Alexander met with the committee to give his version of events Wednesday.

Among the Members and aides that still are expected to appear are Palmer, Stokke, Van Der Meid and Reynolds. Spokesmen for Reynolds and Hastert said Wednesday that their bosses had not been contacted by the ethics panel about testifying.

Louisiana Page Not Central To Inquiry, Lawmaker Says (NYT)

By Jeff Zeleny

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — The former Congressional page from Louisiana whose e-mail exchanges with Representative Mark Foley set off a Capitol Hill scandal was neither exposed to nor aware of the sexually explicit instant messages that ultimately led to Mr. Foley's resignation, the lawmaker who sponsored the page said.

Representative Rodney Alexander, Republican of Louisiana, said Wednesday that the page, who lives in his district, was not familiar with Mr. Foley's pattern of conduct and should not be a focal point of the investigation.

Mr. Alexander added that even though the former page had received only e-mail messages described as overly friendly, he still had been "exposed to a lot of trauma" since giving copies of his e-mail exchanges with Mr. Foley last year to Mr. Alexander's office.

After news reports about the messages, other former pages came forward with information about instant-message exchanges with Mr. Foley.

"His parents have been almost physically sick about the attention that he's gotten," said Mr. Alexander, speaking to reporters after testifying for three hours before the House ethics committee. "We just look forward to the committee continuing their investigation, and hopefully this will come to a conclusion."

The former page, who told a Congressional aide that Mr. Foley's request for his photograph was "sick, sick, sick, sick," has not been identified and has not spoken publicly about the case. Neither he nor other pages have appeared before the committee, which is investigating whether the House Republican leadership properly handled concerns over Mr. Foley's behavior.

As Mr. Alexander left the closed-door session of the ethics committee on Wednesday, he declined to reveal details of his testimony, the same position taken by other witnesses. He said the questions in the case would be resolved only through interviews with other lawmakers.

"We told them what we know, when we knew it, and what we did about it," Mr. Alexander said. "There are many people who know what we know, and have known it for a lot longer period of time than we've known."

The committee also spent more than three hours questioning Elizabeth Nicolson, who was the chief of staff to Mr. Foley when he resigned on Sept. 29. Ms. Nicolson declined to comment as she left the hearing room early Wednesday evening.

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The committee also intends to examine the conduct of Representative Jim Kolbe of Arizona, the only openly gay Republican in Congress, after a request from members of the Congressional page board to include Mr. Kolbe in the inquiry because of complaints the board had received.

A spokeswoman for Mr. Kolbe, Korenna Cline, said Wednesday that her office had not been contacted by the ethics committee, but that Mr. Kolbe would cooperate with any requests for information.

On Thursday, the House ethics committee is scheduled to hear from the majority leader, John A. Boehner, Republican of Ohio, and the former clerk of the House, Jeff Trandahl. Investigators say they believe Mr. Trandahl can help answer questions about how long Speaker J. Dennis Hastert's office knew about Mr. Foley's conduct.

Meanwhile, law enforcement officials said that Federal Bureau of Investigation interviews with a number of former pages had found no evidence that Mr. Foley violated federal sex crime statutes. Federal law generally requires proof that an adult engaged in an overtly sexual solicitation of someone under the age of consent, which varies by state.

Nevertheless, the officials said, there is no sign that the Justice Department's preliminary inquiry is close to an end. Prosecutors have 90 days to conduct such investigations before deciding whether to go forward or shut the inquiry down.

Foley Lawyers Tell Accused Abuser's Name (AP-Y)

By Brian Skoloff

AP, October 19, 2006

Lawyers for disgraced former Congressman Mark Foley said they revealed to state prosecutors Wednesday the name of a clergyman he said abused him as a teen.

The announcement came two weeks after Foley's criminal defense lawyer, David Roth, first said Foley had been abused by a clergyman. The claim came as he responded to accusations that Foley sent sexually explicit Internet communications to teenage boys who worked on Capitol Hill.

Foley, 52, a Florida Republican, resigned last month after being confronted with the Internet exchanges and has since entered a 30-day rehabilitation program for alcoholism, according to his attorneys.

Mike Edmondson, a spokesman for the state attorney's office in West Palm Beach, said Wednesday evening his office had not yet seen the name.

"I'm sure they faxed it over. It could very well just be sitting on the fax machine," Edmondson said.

A joint statement from Roth and Foley's civil attorney, Gerald Richman, said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office. Edmondson said prosecutors would share the name of the clergyman with the Archdiocese Thursday, as long as it was received by the office before it opened for business.

"To the best of our knowledge, the clergyman no longer resides in the United States," the statement said.

Earlier in the day, Archdiocese spokeswoman Mary Ross Agosta said the church was growing frustrated with the drip of information coming from Foley's attorneys.

"However he wants to tell us, fine, but tell us," Agosta said. "It's very frustrating at this point."

On Tuesday, Richman said that would only say that the priest who allegedly abused Foley is still alive and that the statute of limitations for criminal charges against the man has expired.

Edmondson said Wednesday that to claim outright that the statute of limitations has expired is somewhat misleading because the alleged abuser may have committed similar crimes more recently on other victims.

"There's still a pool of potential victims out there," he said.

Richman did not return a telephone message seeking comment. Roth has declined to discuss the case.

109th Congress Just Can't Resist (USAT)

By Jonathan Turley

USA Today, October 19, 2006

In its waning months, the 109th Congress has finally achieved a status in politics that the 1919 Black Sox achieved in sports: It is a symbol of utter corruption. Over the past two years, the congressional scandals have traversed the universe from the gross to the grandiose to the grotesque: visits from call girls, gifts of Rolls Royces and fancy commodes, sweetheart deals for contractors, high-paying lobbyist jobs for underachieving children, free vacations for members and their families.

Yet, if the young boy saying "say it ain't so, Joe" to Shoeless Joe Jackson perfectly summed up the betrayal of the 1919 World Series, the young male pages pursued by former GOP congressman Mark Foley of Florida perfectly summed up the betrayal of the 109th Congress. The public clearly suspects that, in dealing with Foley, House leaders were more concerned with protecting a House seat than a House page. In a CNN poll, 75% of Americans say the Republicans failed to act responsibly, and 52% believe a coverup was attempted.

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If the page scandal captures the raw depravity that is the 109th Congress, the proposed solution captures its raw audacity. Faced with the abuse of children, some lawmakers have called for the removal of the children. First voiced by Rep. Ray LaHood, R-Ill., some members have indicated that they would terminate the page service after almost 200 years of tradition. As LaHood explained, "We should not subject young men and women to this kind of activity, this kind of vulnerability." When asked whether he was suggesting that his colleagues cannot be trusted with children, he responded, "Well, that's pretty obvious."

Though this might seem like preventing bank robbery by getting rid of banks, it makes sense in the parallel moral universe of the 109th Congress. Indeed, these lawmakers appear to have adopted Oscar Wilde's rule that the only way to be rid of temptation is to yield to it.

Hence, the LaHood proposal: If one cannot deliver one's colleagues from temptation, you must remove the temptation from one's colleagues. Presumably, only then could pedophilic members be able to fully focus on the public good.

Under this logic, pages are the problem — lurking in the halls like sirens of destruction for lawmakers. Apostle Peter warned of such temptation with the devil "as a roaring lion walketh about, seeking whom he may devour." Only the faithful would survive, he cautioned, and "your brethren" would be brought low by "the same afflictions."

Fortunately, LaHood's solution has little support. Yet he and his colleagues may be on to something. While they accept that some members cannot be relied upon to exercise self-restraint with children, they do not address other temptations that have brought their brethren low. For example, why not bar lobbyists? If lawmakers have difficulty showing restraint around children, they've shown even less restraint around lobbyists.

The scandals are too numerous to detail, but various members are under criminal investigation, indictment, or federal custody. Former majority leader Tom DeLay is under indictment in Texas; Rep. William Jefferson, D-La., is still trying to explain $90,000 wrapped in foil in his freezer; GOP congressman Bob Ney of Ohio will likely face prison time after pleading guilty to conspiracy and making false statements while former colleague Randy "Duke" Cunningham of California is already in prison for taking more than $2.4 million in bribes.

In addition to various lawmakers still under investigation in the scandal involving lobbyist Jack Abramoff, members such as Speaker Dennis Hastert, R-Ill., Rep. Alan Mollohan, D-W.Va., and others have been accused of self-dealing in steering hundreds of millions of federal funds for personal benefit. Dozens of lawmakers have been criticized for having children or spouses working for lobbyists or accepting exorbitant vacations from outside groups. Just this week, the FBI searched homes in an investigation of whether Rep. Curt Weldon, R-Pa., used his position to steer lobbying jobs to his daughter.

LaHood himself has been accused of questionable deals with lobbyists, including his earmarking of millions of dollars to benefit projects and firms. Some of these earmarks involved lobbyists who once sat on LaHood's fundraising committee. (After the Abramoff scandal, LaHood suddenly announced that he would get rid of his lobbyist-laden committee.) Likewise, LaHood and his wife have also been criticized for their free trips abroad, including one to China paid by the not-for-profit Aspen Institute.

Applying LaHood's logic, the solution is simple: no lobbyists, no lobbying scandals. Indeed, it is possible to remove every historic temptation from the halls of Congress so members can walk to the floor without a distracting thought. We could ban call girls (common in past scandals) and even order both genders to cover themselves with burqas while visiting congressional offices. The result would be a hermetically sealed, temptation-free environment for our morally challenged leaders.

Yet, it is sometimes more efficient to fence in a risk rather than to force everyone else to fence it out. It follows that it would be far better to fence in our lawmakers rather than fence out temptations such as children, pets or suggestively arranged plants.

Neither efficiency nor morality, however, have been particularly great influences on the 109th Congress. And it is a measure of how out of touch LaHood and company have become that they would address the lack of restraint of some lawmakers by eliminating all pages.

I am no biblical scholar, but when Peter promised that "the Lord knoweth how to deliver the godly out of temptations," I don't think this is what he had in mind.

Jonathan Turley is the Shapiro Professor of Public Interest Law and a member of USA TODAY's board of contributors. He served as a House leadership page in 1977 and 1978.

Congressman Faces Questions Over Who Paid For Pacific Trip (NYT)

By Raymond Hernandez

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Representative John E. Sweeney, an upstate Republican who is in a fierce fight to keep his seat, is facing questions about a trip he took to a western Pacific island with an associate of Jack Abramoff, the powerful Washington lobbyist at the center of an extensive corruption scandal.

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The Times Union of Albany reported yesterday that Mr. Sweeney might have violated House ethics rules when he failed to disclose who paid for a trip that he made in January 2001 to one of the Northern Mariana Islands with Tony Rudy, who worked for Mr. Abramoff.

Mr. Sweeney made the trip to deliver a speech to the Saipan Chamber of Commerce in the Commonwealth of the Northern Mariana Islands, a territory of the United States. Mr. Rudy was lobbying on behalf of the commonwealth.

The newspaper reported that the Chamber of Commerce says it paid for Mr. Sweeney's visit. But Mr. Sweeney failed to report that the chamber paid for the trip, despite Congressional rules requiring full disclosure of privately financed travel, according to the newspaper. The same rules prohibit lobbyists or lobbying groups from sponsoring Congressional travel.

Responding to the report, Mr. Sweeney's office released a statement saying that he believed the government of the Marianas had paid for the trip. House rules do not require the disclosure of any travel sponsored by the government, including United States territories.

"Congressman Sweeney has always endeavored to comply with every disclosure obligation, including this trip," said Melissa Carlson, his spokeswoman. "If the information the congressman was given proved to be inaccurate, he would immediately take action to self-report and fully comply with all requirements."

Apparently in an effort to head off any more potentially damaging news from the episode, Mr. Sweeney's office released a copy of a letter he sent to the House ethics committee indicating that the Chamber of Commerce might have paid for his trip, and not the government as he initially thought.

"I submit this information to the committee along with a request for guidance as to whether I am in compliance with all House rules or disclosure requirements," he wrote in his letter.

The questions being raised about the trip are an unwelcome development for Mr. Sweeney, who was already confronting a tough re-election fight with a little less than three weeks before Election Day. Throughout the campaign, he has made a series of questionable decisions that his Democratic rival, Kirsten Gillibrand, has used in an effort to portray him as ethically compromised.

Ms. Gillibrand quickly seized on the latest disclosures to go on the offensive again on Wednesday. Without citing evidence, Ms. Gillibrand and her advisers said that the trip might have been paid for by Mr. Rudy, who pleaded guilty in April to charges that he accepted thousands of dollars in illegal gifts in return for influencing legislation on behalf of Mr. Abramoff.

"Sadly, it is no surprise that John Sweeney is in trouble again," Ms. Gillibrand said.

Rep. Sweeney Didn't Report Marianas Trip With Abramoff Colleague (AP)

By Devlin Barrett, Associated Press Writer

AP, October 19, 2006

ALBANY, N.Y. -- Rep. John Sweeney may have failed to properly report a 2001 trip with a lobbyist now cooperating in a federal investigation of congressional corruption, but he insisted Wednesday he did not knowingly violate any rules.

Sweeney, R-Clifton Park, asked the House Ethics Committee to tell him if he should submit new paperwork about his reimbursed travel five years ago.

"I don't believe that I'm not in compliance," said Sweeney.

The Times Union of Albany reported Wednesday that the Northern Marianas government denied paying for the congressman's travel. Instead, the executive director of the Saipan Chamber of Commerce said her group financed the trip, the newspaper reported.

Abramoff was lobbying at the time on behalf of the Northern Marianas government, which opposed labor reforms proposed for the U.S. commonwealth.

His colleague, Tony Rudy, who had just left the staff of former House Majority Leader Tom DeLay to work for Abramoff, accompanied Sweeney. Rudy is now cooperating in a federal investigation into congressional corruption involving Abramoff.

Sweeney, who has not been linked to the Abramoff corruption case, said Wednesday, "I don't know Jack Abramoff and I've never even met Jack Abramoff."

The congressman's financial forms were reviewed last year by the Department of Justice at the same time records of Rep. Bob Ney, R-Ohio, were reviewed. Ney pleaded guilty Friday to conspiracy and making false statements as part of the Abramoff influence-peddling scandal.

Sweeney sent a letter to the head of the House Ethics Committee on Wednesday asking whether he should amend his disclosure forms, seeking "guidance as to whether I am in compliance with all House Rules or disclosure requirements."

The congressman is in the midst of his most challenging re-election campaign, against Democrat Kirsten Gillibrand.

She has repeatedly accused Sweeney of ethical lapses, and said of the 2001 trip: "Its not clear what's worse: his failure to disclose that a criminal paid for his trip abroad or that he was willing to sing the praises of an island of sweatshops and child prostitution."

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Sweeney spokeswoman Melissa Carlson said the congressman had been told the trip was paid for by the Marianas government, which is a U.S. territory. Lawmakers are not required to report travel paid for by the government.

"If the information the congressman was given proved to be inaccurate, he would immediately take action to self-report and fully comply with all requirements," Carlson told the Associated Press. "The congressman has always acted in good faith with respect to official travel."

Sweeney spoke at the Saipan Chamber of Commerce during the trip, in part because Northern Mariana Islands officials wanted Sweeney to advise them on potential reforms of local businesses that Democrats brand sweatshops.

Sweeney, a former state labor commissioner, said Wednesday that during the trip, "what I saw was very above-board."

Rep. George Miller, D-Calif., an outspoken critic of the Marianas garment industry, said the problems there are obvious.

"The only way you could avoid seeing the abuses in the Marianas is if you were deliberately looking the other way," said Miller. "It is the responsibility of members of Congress to do their own research before going on a trip or entering into a relationship with a lobbyist. By 2001 there was ample documentation of serious abuses in the Marianas."

Chamber of Commerce Executive Director Christine Parke told the Times Union in an e-mail that the chamber "did pay for Mr. Sweeney's expenses out of the proceeds of the dinner." She said she had no supporting documents and could not provide a total cost.

Charles Reyes, spokesman for Marianas Gov. Benigno R. Fitial, wrote to the newspaper: "Our finance office confirms that, based on available financial records, the CNMI government did not make any payment to or for Congressman John Sweeney for any expenses in connection with the congressman's travel to the commonwealth on or about January 2001."

Bob Ney, Guilty But Still At Capitol (NYT)

By Philip Shenon

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Representative Bob Ney is headed to prison early next year after pleading guilty to charges of accepting tens of thousands of dollars in illegal gifts from lobbyists. Until then, Mr. Ney, a six-term Republican from Ohio, has a comfortable place to bide his time.

His Congressional office — the one that he has effectively acknowledged selling to the highest bidder — is open for business.

“The office of Congressman Bob Ney,” his telephone receptionist said in a cheery voice Tuesday morning, as if nothing had happened to her boss, the first member of Congress to confess to crimes involving the corrupt lobbyist Jack Abramoff.

Mr. Ney’s brass nameplate still hangs on the wall next to the heavy wooden doors of Room 2438 in the Rayburn House office building, just across the street from the Capitol, and it is likely to remain there for at least a few more weeks.

On Wednesday, much of his staff in Washington apparently worked a half-day, typical for Congressional offices during the pre-election recess. Mr. Ney’s lawyers said the locked doors this afternoon did not mean the office was closed permanently.

The day before, the lawmaker’s aides could be seen wandering in and out of his offices with regularity, all barred from commenting on Mr. Ney’s whereabouts or how he is spending his time. “We’re not allowed to talk with you,” said a young female staff member, clutching a stack of what appeared to be constituent mail.

In his guilty plea last week, Mr. Ney admitted to taking many gifts from Mr. Abramoff, including a 2002 golfing trip to Scotland by private jet, and then lying about them in his financial disclosure forms.

To the dismay of House colleagues eager to remove him as a symbol of the corruption scandals that are tarring several Republican candidates in next month’s Congressional elections, Mr. Ney, defying House leaders, has refused to step down for now, insisting that he owes his staff and his constituents a few more weeks of his time.

Until the House reconvenes after the elections, there is no way under Congressional rules to force him out. Republican House leaders have vowed to make Mr. Ney’s expulsion their first order of business when they return to Washington next month.

The last House member who faced expulsion, James Traficant Jr., a Democrat and a fellow Ohioan, was ousted from his seat in July 2002, four months after his conviction on bribery charges. But unlike Mr. Traficant, who continues to proclaim his innocence from prison, Mr. Ney is holding on to his job even after confessing to crimes.

One of Mr. Ney’s lawyers, William E. Lawler III, said in an interview that the lawmaker wanted to deal with the “odds and ends” of ending an 11-year career in Congress.

“There’s a lot of mechanical stuff that needs to be done — storage, archiving,” Mr. Lawler said.

In entering a guilty plea last week, Mr. Ney said in a statement that he would resign within a “few weeks” but wanted to remain in Congress for now “to make sure my staff members are O.K. and that any open constituent matters and obligations” are dealt with.

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Mr. Lawler was critical of skeptics who question whether Mr. Ney, whose most recent disclosure forms suggest that his only major asset is a second home in Greece worth $100,000 to $250,000, is holding on in Congress mostly because he wants to cash his final paychecks.

"I don't know why people don't accept his explanation at face value," the lawyer said.

The refusal to resign means that Mr. Ney can continue to draw on his $165,200-a-year salary, equivalent to $3,176 for each week he remains in the House, and his Congressional expense account, and to make use of a suite of offices on Capitol Hill, as well as four offices in his district in southeastern Ohio.

His Congressional staff — 16 people, according to the latest House staff directories — is still in place, with salaries totaling more than $70,000 a month. There appears to be a vacancy in the job of press secretary, however; reporters seeking comment from Mr. Ney are routinely referred to his chief of staff, David Popp, who has not returned several calls in recent weeks.

Mr. Ney's official House Web site is still on line, although his Web master has fallen far behind in updating the site. There is no mention of Mr. Ney's legal problems or his guilty plea, and the most recent online news release dates from August. Mr. Ney also retains an open invitation to the House gym.

One of his Congressional perks, free travel, has been curtailed, but not by his House colleagues. The federal judge who accepted Mr. Ney's guilty plea, Ellen Segal Huvelle, ordered him to turn over his passport and barred him from traveling outside the United States until his sentencing hearing, now scheduled for Jan. 19. Under the plea agreement, Mr. Ney could face up to 10 years in prison, but prosecutors are recommending 27 months.

Mr. Ney, despite a criminal record, will be able to begin collecting a Congressional pension of about $30,000 a year in a decade, when he turns 62.

Mr. Lawler, Mr. Ney's lawyer, said he was unsure if the lawmaker was working out of his Capitol Hill offices this week or if he was back in Ohio. Staff members working for other House members in the Rayburn building say they have not seen Mr. Ney for weeks.

"He's in and out," Mr. Lawler said. "I just don't have a lot of information for you."

Cunningham Offered To Testify From Jail (RC)

By John Bresnahan

Roll Call, October 19, 2006

Former Rep. Duke Cunningham (R-Calif.) has offered to testify about his activities as a member of the House Intelligence Committee to the panel's chairman, Rep. Pete Hoekstra (R-Mich.), but only if Hoekstra personally travels to the North Carolina federal prison where Cunningham is now serving a sentence for bribery-related charges.

Hoekstra turned down the offer to meet with his former colleague, which was outlined in a recent letter from Cunningham to the Michigan Republican. Hoekstra told Cunningham that he wanted a special counsel appointed by the committee, Michael Stern, to conduct any interview with the imprisoned ex-lawmaker.

Cunningham's lawyer, Lee Blalack, was unaware of the letter that Cunningham sent to Hoekstra until informed by the committee. Blalack has stated repeatedly that Cunningham will refuse to testify before the committee even if subpoenaed by the panel.

"I didn't know [Cunningham] was going to send it or had sent it," Blalack said.

Blalack declined to comment further on the letter, but both he and Justice Department officials do not want Cunningham to provide evidence to Congressional investigators until the criminal probe of the bribery scandal that brought down the former lawmaker is completed, which is likely to be in 2007 at the earliest.

Sources close to the case say Cunningham's offer to testify may be rescinded soon.

Disclosure of Cunningham's letter to Hoekstra comes after the Michigan Republican and Rep. Jane Harman (D-Calif.), the ranking member of the Intelligence Committee, have publicly clashed over Harman's decision to release a summary of Stern's investigation, and over the need to subpoena Cunningham.

Harman was aware of Cunningham's letter to Hoekstra, and in a statement released by her office on Tuesday, she said it was "totally inappropriate for the Chairman to be in contact with Cunningham, which he has been."

Hoekstra, for his part, claimed Cunningham's willingness to testify was reason enough to delay the release of Stern's report, the original, classified version of which was completed in May. In July, Stern finished an unclassified version of his report, but Hoekstra has declined to publicly release that document.

"Cunningham has reached out to the committee and offered his testimony, a possibility the independent counsel is still reviewing," Hoekstra said in a statement released Tuesday. "Until a final determination has been reached on securing Cunningham's testimony and [until] the full committee can review the independent counsel's final report, this inquiry cannot be considered complete."

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Hoekstra added that “consistent with the opinion of the D.C. [B]ar that it is unethical to subpoena a witness before Congress who intends to plead the Fifth, I will not issue a subpoena solely for the theatrics of having Cunningham appear and take the Fifth.”

Stern concluded that Cunningham, who is serving a 100-month prison sentence for bribery, fraud and tax evasion, used his seat on the House Intelligence Committee, as well as his position on the powerful Appropriations subcommittee on Defense, to steer $70 million to $80 million in government contracts to two men alleged to have paid him more than $2.4 million in bribes.

One of those men, Mitchell Wade, former CEO of defense contractor MZM Inc., pleaded guilty in February to bribery and election fraud. Wade has not been sentenced yet.

Brent Wilkes, CEO of ADCS Inc., a California-based defense contractor, has been implicated in the case as well but has not been charged.

Ignoring Red Flags (WP)

The Washington Post, October 19, 2006

RANDY "DUKE" Cunningham couldn't have done it on his own. The California Republican, now serving time for taking $2.4 million in bribes from defense contractors, was enabled in his criminality by a system that empowers members of key congressional committees to earmark funds for favored entities, by the secrecy surrounding intelligence spending, and by the compliance of congressional staff members and others who acceded to Mr. Cunningham's spending demands despite their misgivings.

A devastating report -- actually, the devastating executive summary of a still-secret report -- by a special counsel to the House intelligence committee found that the corrupt congressman steered between $70 million and $80 million in government spending to defense contractors Mitchell J. Wade and Brent R. Wilkes. The public deserves to see the full 23-page unclassified version of the report, which has been ready since July. Even more, it deserves to know whether any of those complicit in Mr. Cunningham's misdeeds will be disciplined and how such abuses will be prevented in the future.

The most troubling portion of the report concerns how Mr. Cunningham bullied committee staff members into going along with his funding demands despite their concerns about whether tax dollars were being spent wisely. Mr. Cunningham wasn't only a member of the intelligence panel, the report notes, but also sat on the House Appropriations subcommittee in charge of defense spending. As the summary concludes, Mr. Cunningham's membership on a committee "with the power to impact [the House intelligence committee's] key priorities and his willingness to pressure and intimidate [intelligence committee] staff members were key to the success of the Wilkes/Wade funding requests." In particular, Mr. Cunningham used his clout to get Mr. Wade's company, MZM Inc., funding for a project at the Counterintelligence Field Activity agency, the Pentagon's newest intelligence arm.

"Because of Cunningham's insistence, [committee] staff agreed to support this project, despite staff's concerns that it was a 'pork barrel' project and a waste of taxpayer money," the summary said. Bad enough, but even worse is this: "Over time, [committee] staff learned of numerous 'red flags' associated with the counterintelligence project, including frequently expressed questions about the ethics and integrity of Wade, doubts about the value of the project and MZM's performance, and grave concerns about the propriety of the Cunningham-Wade relationship. Despite these red flags, the responsible . . . staff members continued to accept and support Cunningham's growing requests for this project" from 2003 through 2006.

This is an outrageous dereliction of duty. So what is the response of Chairman Peter Hoekstra (R-Mich.)? Mr. Hoekstra has made a useful change in requiring that committee members' earmarks be approved by the chairman and the ranking Democrat, Rep. Jane Harman (Calif.). But he sounds more unhappy with the move by Ms. Harman to unilaterally release the report than about the findings themselves. Indeed, Mr. Hoekstra said in a news release that "it is reassuring that the committee's independent counsel has found no instances of wrongdoing on the part of other committee members or the committee's staff." If Mr. Hoekstra considers this report reassuring, you have to wonder: What is it that might raise a red flag for him?

Blago's Indicted Fundraiser Due In Court Again (CHIT)

By Jeff Coen And Matt O'connor, Tribune Staff Reporters

Chicago Tribune, October 19, 2006

After missing his first two federal court hearings last week because of his international travel, Antoin "Tony" Rezko is expected in court Thursday to be arraigned in at least one of the fraud cases against him.

Sources said there was some indication Wednesday that Rezko, a businessman and top fundraiser for Gov. Rod Blagojevich, would arrive as scheduled at the Dirksen U.S. Courthouse, but they declined to elaborate.

Rezko is scheduled to be arraigned at 10:30 a.m. before U.S. District Judge James B. Zagel.

Personnel in Zagel's courtroom had been notified to expect Rezko.

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"It's still on the schedule. We anticipate he will be here," a clerk for Zagel said.

There is a possibility the hearing would have to be delayed until the afternoon to allow Rezko to make it there, sources said.

Rezko's attorney, Joseph J. Duffy, could not be reached Wednesday for comment.

An indictment was unsealed against Rezko last week, charging him with trying to extort millions of dollars from investment firms seeking to do business with the state by leveraging his relationships with high-ranking officials. A second indictment charged Rezko of fraudulently obtaining a $10 million loan for the sale of his pizza business through a straw buyer and retaining ownership. He is scheduled to be arraigned on that charge Thursday.

An arrest warrant has been issued for Rezko, 51, but the FBI has promised not to impede his promised return to the United States. Rezko, a native of Syria who has a home in Wilmette, has not officially been declared a fugitive by law enforcement.

Rezko's attorney, Joseph J. Duffy, said Rezko could not make his initially scheduled arraignment on Friday because he was on a business trip to the Middle East. There was nothing unusual about the travel, and Rezko would return to Chicago to face the charges, Duffy told Zagel and U.S. District Judge Amy St. Eve, who is hearing the other case against Rezko. He wants to return to the country, because he is innocent and wants to defend himself, Duffy said at the time.

Assistant U.S. Atty. Christopher Niewoehner did not accuse Rezko of fleeing to avoid prosecution but said blaming his absence on travel "suggests Mr. Rezko has other priorities than attending this case."

Randall Samborn, a spokesman for the U.S. attorney's office, declined to comment Wednesday.

Rezko is scheduled to be arraigned before St. Eve on Friday in the second case, in which he is accused of directing investment firms to make illegal payments to get business from the state's Teachers' Retirement System.

St. Eve has said she could move the hearing to Thursday if Rezko appeared.

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Beauprez Ad Has Illegal Classified Info (STPPP)

By Steven K. Paulson

The St. Paul Pioneer-Press, October 19, 2006

DENVER - Information in an attack ad run by Rep. Bob Beauprez against his Democratic opponent for governor used illegal confidential information from a federal law enforcement database, Colorado authorities said Wednesday.

The Colorado Bureau of Investigation launched a criminal investigation into the ad after gubernatorial candidate Bill Ritter's campaign raised the possibility that the databases were illegally accessed because the information could not be verified through public records.

Director Robert Cantwell said the information came from the National Crime Information Center, a federal database available only to law-enforcement officials.

"Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation," Cantwell said. "The FBI and CBI will be working jointly to complete the investigation."

Use of the federal criminal database for any purpose other than law enforcement is a crime punishable by fines and up to a year in prison.

The TV ad refers to a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says that when Ritter was the district attorney for Denver, he chose to seek a plea bargain in the case, the man avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor.

The Beauprez campaign has said the information came from an informant and has refused to identify the source.

In a radio debate in Denver earlier Wednesday, Ritter demanded that Beauprez disclose how he got the information, saying the Republican has promised to be accountable for his actions.

"If you're going to talk about accountability ... but you're utilizing information that can only be obtained illegally, we need to know what your source is," Ritter said.

Beauprez responded that Ritter was trying to dodge questions about why he plea-bargained with the defendant mentioned in the ad.

"I think, in fact I know, that the information we've got is absolutely, indisputably true," Beauprez said.

The FBI's involvement "doesn't change anything for us," Beauprez spokesman John Marshall said. "We're going to fully cooperate with whomever we need to cooperate with."

The investigation is an ugly twist in the relatively mild campaign to succeed Republican Gov. Bill Owens, who is prevented by term limits from running again. Recent polls show Beauprez, a two-term congressman, trailing Ritter.

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FBI Asked To Join Beauprez Ad Investigation (CSG)

By Kyle Henley, The Gazette

Colorado Springs Gazette, October 19, 2006

DENVER - A criminal investigation of Bob Beauprez's gubernatorial campaign snowballed Wednesday when state investigators asked the FBI to join a probe of how confidential information was obtained from a federal database.

The Colorado Bureau of Investigation determined Wednesday that Beauprez's campaign had used information in a campaign ad that had to have come from the National Crime Information Center. Under federal law, the only people who can legally access NCIC data are the criminals whose records are there, or members of Congress.

Beauprez, whose campaign has refused to disclose the identity of a person it has referred to

as an "informant," is a Republican congressman from Colorado's 7th District.

CBI opened a file against Beauprez late last week, looking into allegations that his campaign illegally used a federal criminal database that is only supposed to be used for law enforcement purposes. It's conceivable the investigation could result in a felony charge.

Information from the database was the foundation for an ad attacking the record of Beauprez's Democratic rival, Bill Ritter, a former Denver district attorney.

"Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation," CBI Director Karl Wilmes said. "The FBI and CBI will be working jointly to complete the investigation."

Beauprez has denied any wrongdoing, and campaign spokesman John Marshall reiterated that Wednesday.

"We are going to cooperate in every way with law enforcement on this, because we've done nothing wrong," Marshall said.

At a debate last week, Beauprez said the information was obtained from an informant. He said the campaign would demonstrate that the information was obtained legally.

Marshall, however, would not reveal the name of the informant, saying he is protecting a confidential source.

Ritter's campaign asked for the investigation, which has derailed Beauprez's damaging political attacks less than three weeks before the Nov. 7 election.

"The congressman is now on day six of refusing to disclose his source, and, with each passing day, he digs himself a deeper and deeper hole," said Evan Dreyer, Ritter's spokesman. "He has asked voters to hold them accountable. Well, he can rest assured the FBI will hold him accountable."

The Beauprez ads highlighted 152 cases in which Ritter's office offered plea agreements to immigrants — both legal and illegal — to help them avoid deportation.

Last week, the campaign ran a potentially damaging television ad featuring Carlos Estrada Medina, who was arrested in Denver on drug charges but only received probation under a plea agreement. The ad claims Medina was later arrested in California for a sexual abuse of a child.

Several media outlets investigated the ad and could not find any information about a California case involving Medina. Checks under his aliases also turned up nothing.

But over the weekend, Marshall told 9NEWS, a Denver television station, that "in federal criminal databases, the guy's information matches up."

The NCIC contains confidential law enforcement records about criminal histories, fugitives, stolen property, missing persons and other details. The records in the NCIC are only available for law enforcement purposes; it is a crime to access those records for almost any other reason.

The law does, however, allow a member of Congress to access the database if a constituent requests his or her own record.

Marshall insists that no one on the campaign accessed the NCIC and that all the information was obtained through the public domain.

"If anyone had done that on our campaign they would have been fired," he said. "We received information we believed to be credible and lawful and verified it through means we believed to be lawful."

But, according to the CBI, the NCIC was the source of the information.

"The CBI thoroughly reviewed and researched the law enforcement databases and determined that the information regarding ... Medina ... was obtained by accessing the federal crime information system known as NCIC," Wilmes said.

Wilmes would not say who accessed the system, something he said is part of the investigation, which he said will take time to complete.

That's bad news for Beauprez's campaign.

Colorado College political science professor Bob Loevy says he thinks that even if Beauprez is exonerated and found to have done nothing wrong, the damage may already be done.

"It may get cleared up before the election gets here, but even then ... all that many voters hear is FBI investigation and Bob Beauprez," Loevy said. "It is just a losing event for the Beauprez campaign. It also mutes what looks like their strongest issue against Ritter."

Prosecutors Want Postponement In Pellicano Trial (LAT)

By Greg Krikorian

The Los Angeles Times, October 19, 2006

Federal prosecutors today urged a judge to reject Anthony Pellicano's request that his wiretapping trial begin as scheduled in February, arguing that the complexity of the case, the number of defendants and other factors justify postponement until next fall.

At the same time, prosecutors told U.S. District Judge Dale S. Fischer that if she agrees with Pellicano's request, the government wants to proceed with a February trial for the former private eye and all of his six co-defendants, all but one of whom have agreed to a delay.

On Monday, the U.S. Attorney's Office and lawyers for five of Pellicano's co-defendants filed a stipulation with the judge saying that a delay in the trial was necessary for defense attorneys to review the vast amount of evidence, including 150,000 pages of documents and 443 recorded conversations.

Pellicano and his attorney opposed the move, arguing that he was ready for trial and was eager to resolve the case because he has been behind bars without bail since his indictment in February.

Jail Guard In O.C. Held As Bribery Suspect (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, October 19, 2006

He allegedly took money from one or more inmates to supply them with contraband such as cellphones and bodybuilding substances.

A guard at a federal detention center in Orange County was arrested this week on suspicion of taking bribes in exchange for smuggling contraband to at least one inmate, including cellphones, a small computer, protein powders and other bodybuilding substances, a federal official said.

Jose Abel Flores is a correctional officer at the Santa Ana City Jail, which has a contract to house federal prisoners awaiting trial. Flores, 36, of Corona was taken into custody Monday at the jail.

He is scheduled to appear at a bail hearing today.

Flores' attorney, federal Public Defender Dan McCurrie, could not be reached for comment.

Assistant U.S. Atty. Kenneth B. Julian, the lead prosecutor, said he would probably ask that Flores be held without bail.

According to an arrest affidavit prepared by FBI agent Philip J. Carson, the investigation was carried out with the help of an unnamed inmate who is awaiting sentencing on weapons and drug charges, and who is cooperating with the government in hopes of leniency.

The inmate told Carson that Flores began supplying him with illegal goods in November 2005. Under their arrangement, Flores supplied a Sidekick III cellphone, a hand-held computer commonly used for playing video games, liquid creatine and Hydroxycut pills and food, whenever the inmate asked, according to authorities and the affidavit.

Julian said it was not immediately clear whether Flores was delivering goods to other inmates, though prosecutors "strongly suspect there's other people he supplied."

For his services, Flores was paid several thousand dollars, the affidavit says. On many occasions, Flores collected the money from an associate of the inmate by meeting him at a designated pickup point in Puente Hills, the affidavit says.

Based on this information, investigators mounted a sting operation in which Flores was audiotaped and photographed at the meeting spot carrying out the deals, once in August and again in September, according to the affidavit. Each time, the inmate asked for a cellphone and gave Flores the name and number of an undercover agent posing as the bagman.

During the first sting, Flores told the inmate it would cost him $3,000, and Flores arranged over the phone to meet the undercover agent at a McDonald's in Seal Beach, the affidavit says. A month later, the inmate told Flores he had to flush the phone down the toilet to keep it from being discovered and needed a new one. Initially, Flores said he would charge $2,000. But the next day, he raised the price to $3,000, the affidavit says.

The phone conversations between Flores and the undercover bagman were also recorded, the affidavit says.

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After Carson arrested Flores and read him his rights, the guard admitted accepting $6,000 for bringing two cellphones into the jail, it says.

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Murder Trial Lies With Conspirator (WT)

By Gary Emerling

The Washington Times, October 19, 2006

The trial of a man charged with killing New York Times journalist David Rosenbaum opened yesterday with attorneys on both sides saying that the case hinges on the testimony of the defendant's cousin and admitted co-conspirator.

Michael Hamlin "will confess to you that he and his cousin did this terrible thing," Assistant U.S. Attorney Amanda Haines told jurors during opening statements in the trial of Percey Jordan Jr. "You will find out that the evidence in this case 100 percent corroborates what he is telling you."

Mr. Jordan, 42, is charged with felony murder, aggravated assault and credit-card fraud.

Mr. Rosenbaum, 63, was out for a walk late Jan. 6 when he was beaten and robbed on Gramercy Street near his Northwest home. He died two days later at Howard University Hospital.

Hamlin, 24, pleaded guilty to second-degree murder, robbery and conspiracy and is expected to testify against Mr. Jordan.

He has admitted stealing Mr. Rosenbaum's wallet but said Mr. Jordan hit the journalist on the head with a pipe.

Miss Haines said yesterday that Mr. Jordan shoved the pipe up his sleeve and hid behind a tree before ambushing Mr. Rosenbaum.

"He raised that lead pipe and brought it down, down, down onto Mr. Rosenbaum's head," Miss Haines told the jury. "As Mr. Rosenbaum fell into a crumpled heap, this man sitting right across from you hit him again and again and again."

The D.C. Superior Court jury, which consists of 12 jurors and four alternates, comprises 15 women and one man.

Defense attorney Michael Starr sought to discredit Hamlin in his opening statements.

He said that Hamlin, who surrendered to police after seeing his face broadcast on television, has changed his story repeatedly to cooperate with police and keep himself out of trouble.

"The government has manufactured a case about a completely unbelievable, untrustworthy story they have been fed by Michael Hamlin," said Mr. Starr, who noted a lack of forensic evidence in the case. "That story, the evidence will show you, is false [and] untrue."

Hamlin did not testify yesterday, although jurors heard from several other prosecution witnesses.

Rosemary Tornillo, a resident in the Rosenbaums' neighborhood, testified to passing Mr. Rosenbaum the night he was attacked.

Mrs. Tornillo said she saw two black men get into a car and drive in Mr. Rosenbaum's direction shortly after he had passed her. The men were in a car that Miss Haines said the car belonged to Hamlin.

"It's going to come in as little pieces like a puzzle, and we're going to put it together," Miss Haines said.

Jurors also heard testimony from Mr. Rosenbaum's daughter, Dorothy, and Marian Dirda, a woman whose purse was stolen Jan. 6 and whose credit cards were used along with Mr. Rosenbaum's by Mr. Jordan, prosecutors said.

Prosecutors also played the recording of a 911 call from a resident on Gramercy Street reporting Mr. Rosenbaum lying on the sidewalk outside her home.

Feds Net 125 Nationwide In Kid-Porn Case (AP)

By Wayne Parry

The Associated Press, October 18, 2006

NEWARK, N.J. (AP) -- A Bible camp counselor and a Boy Scout leader were among 125 people arrested nationwide in an Internet child pornography case in which subscribers purchased photos and videos of children engaged in sex acts with adults, federal authorities said Wednesday.

The case originated in New Jersey, but quickly spread to 22 states. The defendants were charged with either possession or receipt of child pornography. Additional arrests are expected.

Prosecutors said the Web site alerted subscribers that its content was illegal and urged them to be discreet about their purchases.

"When I say `hard-core' pornography, I am talking about child pornography that includes images of children as young as six months involved in bondage and sodomy," U.S. Attorney Christopher Christie said. "This type of depraved conduct is something a civilized society cannot tolerate."

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Christie said none of the defendants appeared in any of the images they obtained from the Web site. He would not identify the Web site or say whether it is still in operation.

Among those arrested were a Bible camp counselor from Vancouver, Wash.; a Boy Scout leader from Mission, Texas; and a pharmaceutical researcher in New Jersey.

Several of those arrested nationwide have prior records for molesting or sexually assaulting children, officials said.

One defendant from San Diego told agents at his arrest that he had molested at least eight children over a 30-year period, and boasted of being able to identify particularly vulnerable children, said Christie.

Miami Man Sentenced For Being Teen's Pimp (MH)

By Evan S. Benn

The Miami Herald, October 19, 2006

A Miami man will spend 10 years in prison for planning to drive a 14-year-old girl to Georgia and prostitute her.

A federal judge on Monday sentenced Michael Miller, 29, who pleaded guilty in August to attempting to transport a minor for prostitution.

The girl, whose street name was China Doll, told investigators Miller was her pimp, driving her to truck stops and other places throughout Florida to have sex for money.

She spoke to police after undercover officers arrested her during a Miami prostitution sting in April. When officers realized she was 14, they quickly moved to find Miller.

During the teen's police interrogation, her cellphone rang several times from a caller ID that read ``Daddy."

Miller made the teen call him Daddy, and he took all of her prostitution earnings, up to $1,000 a day, investigators said.

A MEETING

The teen told detectives Miller "beat her on several occasions if she did not follow his rules, acted defiantly or looked at other men," according to court documents.

Miller was planning to take the teen to Georgia to prostitute, investigators said.

Police set up a meeting between the girl and Miller at Southwest 44th Avenue and Eighth Street on April 6, the same day as the girl's arrest.

Miller showed up in a 1998 Cadillac Deville and was arrested by FBI agents.

Inside the car, agents found high-heeled shoes, skimpy dresses, nude photos of the 14-year-old girl and DVDs titled Pimps Up, Ho's Down and American Pimp, court documents show.

CHARGE REDUCED

Miller had faced a charge of attempting to induce a minor into prostitution, which carried a maximum 30-year sentence. But prosecutors reduced the charge when Miller took a plea agreement.

Attempts to reach a spokeswoman for the U.S. attorney's office were unsuccessful.

Prosecutors wrote in court documents that Miller's plea showed ``affirmative and timely acceptance of personal responsibility."

In pleading guilty, Miller spared the government the expense of a trial, and he eliminated his right to appeal, according to the agreement.

Miller's criminal history includes a jail term in 2003 for a robbery conviction and marijuana arrests in 2005 and this year, records show.

Young, Cold And For Sale (NYT)

By Bob Herbert

The New York Times, October 19, 2006

Atlanta

The girl approached me on a desolate stretch of Metropolitan Parkway, about halfway between the airport and the clustered lights of the downtown skyline. The night was unusually cold and she was shivering a little. She told me she was 15, but she didn't look more than 12.

It was bad enough that the child was outside at all at midnight. The fact that she was turning tricks was heartbreaking. I explained that I was a reporter for The New York Times and asked if she would wait while I went to get someone to help her. She looked surprised. "I don't need any help," she said.

I had already spent a night traveling with undercover vice cops, and they had pointed out the different neighborhoods in which under-age prostitutes, some as young as 10, roamed the streets.

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"The girls are exploited in every sense of the word," said Lt. Keith Meadows, who heads Atlanta's vice unit. "The men are all over them — the pimps, the johns. The girls get beaten. That's common. They're introduced to drugs. And the pimps take all the money. It's sad.

"I would say that in most cases, the girls never knew their fathers. A lot of them were abused at home and they end up in the clutches of these pimps, putting their trust in someone they shouldn't have."

Atlanta, for a variety of reasons, has become a hub of child prostitution and other forms of commercial sexual exploitation of children. The overall market for sex with kids is booming in many parts of the U.S. In Atlanta — a thriving hotel and convention center with a sophisticated airport and ground transportation network — pimps and other lowlifes have tapped into that market bigtime.

"These guys are even going into rural Georgia and getting these girls and bringing them into Atlanta," said Alesia Adams, a longtime advocate who has worked with the courts and social service agencies to assist young girls who are lured into the sex trade.

Kaffie McCullough, the project director of a federally sponsored intervention program, said Atlanta's juvenile prostitution problem "is a lot bigger than anybody would really like to know." The sex trade in Atlanta is "a huge, huge, huge industry," she said, and the involvement of kids under 17, which is the age of consent in Georgia, is a substantial part of it.

Stephanie Davis, the policy adviser on women's issues for Mayor Shirley Franklin, agreed. "Sex tourism is coming south," she told me. "There is advertising that I've seen on the Internet and other places that actually targets the New York market, urging men to come to Atlanta for the day and fly back home that night."

The risks for pimps and other exploiters of children are low, and the payoff is often enormous. Demand is increasing for younger and younger prostitutes, in part because of the cultural emphasis on the sexual appeal of very young women and girls, and in part because of the widely held belief among johns that there is less risk of contracting a disease from younger prostitutes.

For the girls, life on the street can be hellish. A study released last fall by the Atlanta Women's Agenda, an initiative of the mayor's office, noted that the girls are always highly vulnerable to rape, assault, robbery and murder, not to mention arrest and incarceration. Added to that are the psychological risks, which are profound.

The girl who approached me on Metropolitan Parkway had walked alone across an empty, rundown parking lot. The usual practice, I had been told, was for johns in cars to pick up the girls and then drive behind an abandoned commercial building, of which there were plenty in the area.

The girl said she had a "boyfriend," which is the word the girls use for their pimps. When I asked if her boyfriend knew what she was doing, she said, "He told me to do it."

She lifted her chin and proudly showed me a cheap necklace she was wearing. "He gave me this," she said. "He loves me."

I tried to think of a way to bring the girl to the attention of some social service agency, or even the police. But taking her into my rented car, even if she had been willing to go with me, was out of the question. I looked around, hoping to spot a passing patrol car.

The girl's bangs fluttered as the wind picked up. She looked cold. "I gotta go," she said.

Council Alters, Then Extends Emergency Anti-crime Efforts (WT)

By Amy Doolittle, The Washington Times

The Washington Times, October 19, 2006

The D.C. Council agreed unanimously yesterday on legislation to continue the enforcement of some of the emergency crime measures passed this summer.

The bill renews for 90 days three of the provisions passed by the council in early July, after an increase in violent crime.

The provisions authorize the continued use of neighborhood-surveillance cameras, some offenders being held until trial and police still having access to juvenile criminal records.

The bill was written and introduced by council member Phil Mendelson, at-large Democrat, and is a compromise between the council and Mayor Anthony A. Williams, a Democrat.

The bill does not have a provision Mr. Williams included Tuesday in similar legislation, which gave the mayor the power to set the time for the city's juvenile curfew.

Though the bill still allows police to see juvenile records, it limits their access to the offender's name, address, date of birth and condition of release. Unlike the July emergency bill, it does not allow them full access to case files.

"There was a broad class of juveniles for whom the information can be shared," Mr. Mendelson said. "We've narrowed that ... . We substantially moved to finding a balance."

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Mr. Mendelson said he removed the curfew provision and limited the access so the bill could meet the requirements of a statute barring passage of the same bill more than once on an emergency basis.

Charlotte Brookins-Hudson, the council's attorney, told The Washington Times last month the bill would require a "very substantial modification" to be permitted under the statute, which is designed to prevent city officials from circumventing the congressional review period to which D.C. laws are subject.

Mrs. Brookins-Hudson said the bill met the requirement in part because of Mr. Mendelson's changes.

Council member Adrian M. Fenty, Ward 4 Democrat and the Democratic nominee for mayor, was the only council member to vote against the legislation in July. He said yesterday he supports Mr. Mendelson's changes to the bill.

"I'm behind what Mendelson did with it," Mr. Fenty said. "That's better than what we had before."

The bill includes $12.7 million for youth-violence prevention, the purchase and operation of additional neighborhood-surveillance cameras, additional police overtime pay and extended hours and staffing at city recreation facilities.

CIVIL LAW:

North Slope Family Seeks $40 Million From BP (FAIRDNM)

By Sam Bishop

Fairbanks (AK) Daily News-Miner, October 19, 2006

WASHINGTON — A family that owns land under a BP oil drilling pad on the northeast shore of Prudhoe Bay wants the company to pay at least $40 million in back rent, and it is suing the federal government and going to the media to push the point.

The U.S. Department of Justice, in a recent response to the lawsuit, says the lease was made properly and the family has been paid what it is owed — about $670,000 from 1994 to 2001.

A BP spokesman said Tuesday that the family's dispute is properly with the federal government, not the company.

Joseph Inu-quruq Delia, who lives in Anchorage but grew up in Fairbanks, said the federal Bureau of Indian Affairs failed to negotiate a fair lease on behalf of his grandfather, Andrew Oenga.

Oenga, an Inupiat who didn't read or speak English, died in 1990, a year after signing the original lease.

"We're just seeking justice for the wrong they've done," Delia said in an interview Tuesday. "The government failed him."

Delia is one of eight family members, known as the "Oenga heirs," who sued the government in June. They live in Anchorage, Barrow and Fairbanks.

Their lawsuit targets the government for the money. However, a summary distributed by Levick Strategic Communications, a Washington firm hired to spread the story to the media, also pointed to BP.

"BP is an intervener in this lawsuit and will probably be responsible for all monetary damages awarded by the court," the summary claims. The company "knowingly" took advantage of BIA's errors, it says.

Daren Beaudo, BP spokesman in Alaska, said Tuesday that the company paid all the money it owed under the government's appraisal of the Oenga property. Appraisals must be updated every four or five years. That lagged at one point, Beaudo said, so BP even prodded the agency to conduct a new appraisal. The company has paid the resulting increase in rent, he said.

The Oenga heirs have no rights to the oil under the land, he noted. "The money they receive is strictly for the use of the surface," he said.

BP has asked to intervene in the lawsuit just to "be a part of the process," Beaudo said.

Oenga, who lived across the North Slope in his youth, obtained the Prudhoe Bay land as a Native allotment. Delia, his grandson, said the family had a traditional sod house at the site, located on the long narrow spit called Heald Point. Delia's mother was born there.

Congress ended the allotment program in 1971 when it passed the broad settlement of indigenous land claims in Alaska. Nevertheless, business arrangements on allotments are subject to approval by the federal government, part of its "trust" responsibility to Native people.

Title to the land, as with all Native allotments, gave Oenga surface rights only — the oil and gas underneath is owned by the state.

In 1989, Oenga and the federal Bureau of Indian Affairs approved a lease of his property's surface to Standard Alaska Production Co., which subsequently became BP Exploration (Alaska) Inc. BP initially wanted to use the property for a road and pipeline.

BP secured an amendment to the lease in the summer of 1993 so it could use the land as a drilling pad to reach the Niakuk oil field, according to the family's lawsuit.

The BIA's superintendent in Fairbanks, Sam Demientieff, approved the amendment a few days later, according to the lawsuit. The lease also was amended twice in the next two years, they claim.

The lawsuit, filed in the U.S. Court of Federal Claims in Washington, D.C., by Idaho attorney Ray Givens, asserts that the BIA and BP then undervalued the use of the land as a drilling pad.

That's in part, the suit claims, because the BIA used the wrong leasing method in the amendments, sticking with a road-pipeline lease instead of an oil and gas mineral development lease.

The bureau thus "did not appraise the property in its highest and best use as a multiple well-head long reach directional drilling oil production facility and did not use similar oil production facilities as comparables," according to the lawsuit.

"The plaintiffs on several occasions have requested the United States to appraise their land as an oil production property," the lawsuit states. "The United States has failed to have the property so appraised …"

A BIA representative in Washington could not be reached late Tuesday afternoon. However, the Department of Justice filed a brief answer to the lawsuit Oct. 5 on behalf of the government.

The Justice department's answer says BP's lease was never "amended," in 1993 or in subsequent years. When BP wanted to begin using the land for a drilling pad, it merely wrote a letter notifying BIA that it would exercise an option to which it had every right under the original lease, the government argues.

The lease "speaks for itself," the Justice department says. The lease "establishes unambiguously" that BP's rights were not "in any way limited to use solely for a road and pipeline."

The department recognizes that the government's appraisal of the property was not based on a determination of its "highest and best use" as a drilling pad, but adds such an appraisal method was only "suggested by plaintiffs nine years after the fact," according to the filing.

The family is asking for at least $40 million, based on various methods of appraising the property's value.

Their lawsuit notes first that federal regulation generally requires companies that develop oil and gas owned by Native Americans to pay a 16.7 percent royalty. However, the state owned the oil and gas under Prudhoe Bay. As part of the lease terms under which the state sold the oil, it collects a 12.5 percent royalty share when the petroleum is pumped to the surface.

Nevertheless, according to the lawsuit, federal regulation states that the BIA should have obtained a lease that pays the family the difference between the state's royalty take and the ideal federal royalty.

From 1994 to 2001, the period in dispute, the 4.17 percent difference would add up to "in excess of $40 million," the lawsuit estimates. (Payments for the years since 2001 are still the subject of an administrative dispute before the Department of Interior's Board of Indian Appeals.)

The Justice Department dismisses the family's argument. The "cited regulation is not applicable at all," it says in its answer.

The lawsuit suggests that, if the royalty argument doesn't hold up, the family still should be granted between $25 million and $40 million based on a "fair annual rental" fee for the land.

The Justice Department "denies any implication that the amounts the plaintiffs have received were less than the present fair annual rental," according to the answer.

If the fair rental argument fails as well, the family's lawsuit offers another. BP at some point gave access from its drilling pad to Arco, whose Alaska assets were later sold to Phillips Petroleum, to drill into the West Niakuk field — without telling the family, the lawsuit claims. The family learned of the arrangement in 2003, it says.

The government failed to properly collect rent related to the West Niakuk oil production or halt the alleged ongoing trespass by ConocoPhillips, the lawsuit argues, and so the family deserves a damage award.

The government's response doesn't get into the details, but again denies the legitimacy of the argument.

Washington, D.C., reporter Sam Bishop can be reached at (202) 662-8721 or sbishop@newsminer.com.

CIVIL RIGHTS:

US Club Owner Gets 10 Years For Forced Labor, Trafficking (AFP-Y)

AFP, October 19, 2006

A nightclub owner was sentenced to 10 years in prison for forcing young South Korean women to work as hostesses, the US Justice Department said.

"Sung Bum Chang imported innocent young women from South Korea and forced them to work at Club Wa under terrible conditions of fear and violence," said Wan Kim, Assistant Attorney General for the Civil Rights Division.

Chang, who ran the club in Dallas, Texas, was also ordered to pay 37,000 dollars to the victims.

On June 12 Chang, pleaded guilty to one count of forced labor and one count of conspiracy to commit forced labor.

Prosecutors called this a case of human trafficking, as Chang had set up a network in South Korea to bring young women to the United States with the promise of lucrative jobs.

Once here, he took their passports and locked them indoors, forcing them to drink with customers until late hours.

One young woman leaped from a second-storey window and ran to a community leader who alerted police.

Anti-Illegal Immigration Group Questioned About Letter (AP)

AP, October 19, 2006

(AP) - The leader of an anti-illegal immigration group said she was interviewed by investigators from the attorney general's office Wednesday about a letter sent to Hispanic families in Orange County warning some immigrants could be jailed or deported for voting next month.

Barbara Coe, leader of the California Coalition for Immigration Reform, said she told investigators her group had not authorized the letter and she didn't know who sent it.

The note's letterhead resembles that of the group's, and contains the signature Sergio Ramirez.

"The letterhead was altered and I've never head of any Sergio Ramirez," said Coe during a phone interview.

Calls to the office of state Attorney General Bill Lockyer were not immediately returned. Lockyer's office said Tuesday it was investigating.

Coe said she has received a handful of death threats since last week, when the letter began arriving at an unknown number of Orange County homes. Her group was investigated by the FBI in the late 1990s because members held signs near polls stating only citizens can vote.

Written in Spanish, the letter also says the government has developed a computer system to track down the names of registered voters.

The letter is correct in that only immigrants who are naturalized U.S. citizens can vote, but many of its other contentions are false. It also contains several grammatical errors and reads like a literal translation from English to Spanish, suggesting it was not written by a native Spanish speaker.

Numerous political leaders including Gov. Arnold Schwarzenegger have denounced it and called for state and federal investigations.

Barnes Calls Off Voter ID Action Contempt Order No Longer Sought (AJC)

By Ernie Suggs, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, October 19, 2006

Former Gov. Roy Barnes dropped a request to have his successor, Gov. Sonny Perdue, and the State Election Board found in contempt of court for the mailing of 200,000 letters to Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election.

A hearing scheduled for Friday has been canceled.

Barnes filed the contempt motion Monday on behalf of a 60-year-old Atlanta woman who did not have a state-issued ID.

The election board met in a special called meeting Tuesday and voted to again mail letters to about 300,000 voters who received the first letter.

The new letter, to be mailed on or before Oct. 27, clarifies that photo ID is not currently required to vote in Georgia.

Georgia's photo ID law, passed by the Legislature this spring, has failed several times this year to meet legal challenges.

The law was ruled unconstitutional Sept. 19 by Fulton County Superior Court Judge T. Jackson Bedford.

The election board, however, allowed about 200,000 letters to be mailed after the ruling. Many letters also had been mailed before the ruling.

Critics said the original letters would mislead recipients into thinking photo ID was required to vote, and would therefore suppress voter turnout among minorities.

David Worley, a Democratic appointed member of the election board, has threatened to file a complaint with the U.S. Justice Department about the original mailing.

Perdue was not mentioned as being involved in the mailing of the letters and was being sued in his official capacity as head of state government.

Tex McIver, a Republican appointed vice chairman of the election board, initially told the election board that all but 20,000 letters had been sent out before the Sept. 19 ruling.

But the secretary of state's election division later confirmed that nearly 200,000 letters were mailed after Sept. 19.

Shift Change Blamed For Poor Service (TSSC)

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By Kelly Marshall Fuller

The State (SC), October 19, 2006

MYRTLE BEACH — A problem during a shift change, not racial bias, was the reason Georgetown resident Rose Rock was not served in May at the Murrells Inlet location of the Cracker Barrel Old Country Store, restaurant chain officials said Wednesday.

A news conference held outside the Murrells Inlet restaurant drew the Rev. Al Sharpton, Rock and officials from the Lebanon, Tenn.-based restaurant.

Rock and restaurant official Diana Wynne offered different versions of what caused Rock and her 21-year-old daughter, Andi Rock, to leave the restaurant May 16 without receiving service.

Rock, mother of comedian Chris Rock, owns a home in Georgetown and is the host of a local radio show.

"We're outraged that racism is permitted," Sharpton said. "Mrs. Rock did what was right. In frustration, she reached out to us."

Wynne, vice president of corporate affairs for Cracker Barrel, said the incident is under investigation.

"We made an honest mistake," she said. "It was not a discrimination issue. It was a service issue."

Wynne said Rock was a regular customer at the Murrells Inlet restaurant before the incident.

Rock visited the restaurant around 4:30 p.m., during the shift change, Wynne said. By mistake, Rock's table was not assigned a server, she said. The restaurant manager offered Rock a free meal, and Rock also received a gift package from Cracker Barrel, Wynne said.

"Cracker Barrel does not tolerate discrimination of any kind."

Rock said she and her daughter sat for 30 minutes before noticing other people receiving iced tea and menus.

A hostess ignored her, and the manager did not tell any servers to apologize, Rock said.

"It's hard to miss two black people in a sea of white folks," Rock said. "We stick out."

Wynne said the oversight at the restaurant has prompted a review of service issues throughout the restaurant chain. Officials with Cracker Barrel have offered to meet with Rock, she said.

It is not the first time the restaurant chain has been scrutinized over allegations of racial bias.

In 2004, a civil action claiming racial discrimination against the restaurant chain was settled without admission of guilt. The agreement came with stipulations by the U.S. Justice Department.

The injunction from the Justice Department forbids Cracker Barrel from denying service or food, or providing inferior service or food, to any person because of race or color.

Kelly Marshall Fuller is a reporter for The (Myrtle Beach) Sun News, a McClatchy newspaper.

Affirmative Action Debate In Michigan Could Influence Nation (CHIT)

By Jodi S. Cohen

Chicago Tribune, October 19, 2006

GRAND RAPIDS, Mich. -- Her voice tired but her passion as strong as ever, Jennifer Gratz took the lectern in a recent debate here and talked about what she's been talking about for nearly a decade.

"When we put an emphasis on race or sex through university admissions, through public employment, through policy, we teach people that it is OK to treat people differently," Gratz, 29, said as she debated this fall's Michigan referendum that would ban affirmative action in public education, hiring and contracting.

Civil rights leaders said the vote will influence the affirmative action debate nationally.

Gratz, a white woman from suburban Detroit who graduated 12th in her high school class, sued the University of Michigan in 1997 for discrimination after being denied admission. In June 2003, the U.S. Supreme Court ruled in Gratz's case and another case that colleges and universities can consider a student's race when making admissions decisions in order to promote diversity but can't use rigid formulas to do so.

The day after that ruling, Gratz called Ward Connerly, the black California businessman who led a successful voter initiative to ban affirmative action there. She had met him once —in the coatroom at the Supreme Court. "I said, 'We have to do something about this,'" she recalled during an interview at Grand Valley State University in Grand Rapids.

Three years later, Michigan voters will decide Nov. 7 whether to amend the state constitution to outlaw consideration of race and gender in deciding which applicants get into college, who receives government jobs and what businesses secure state and local contracts. Gratz is executive director of the group behind the measure, known as Proposal 2 or the Michigan Civil Rights Initiative. Connerly has donated $450,000 of the $2 million that has been raised to fund support for the measure, he said.

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The vote comes as affirmative action, one of the nation's most controversial social issues, remains in the spotlight. The Supreme Court will hear cases this term from Seattle and Louisville about whether public elementary and high schools can consider race in assigning students to specific schools to maintain a racial balance.

Backers of the Michigan proposal say individuals should be judged on their merits. Opponents say that eliminating affirmative action would derail gains made by minorities and women, and would lead to less diversity in government jobs and the state's colleges and universities, particularly the University of Michigan.

Polls released within the past week were conflicting, but both indicated a tight race with many voters still undecided. Pollster Ed Sarpolus said that whether the proposal passes will depend on whether supporters can sway voters to believe this is an issue about race, or whether opponents can convince the public that women and the greater public will be negatively affected.

"There is a large enough undecided [bloc of voters] that it could go either way," said Sarpolus of EPIC-MRA, a Lansing-based public opinion research firm.

Opponents recently began airing two statewide radio ads, including one that compares the passage of the proposal to the Sept. 11 attacks and Hurricane Katrina disaster.

Karen Shively, a 58-year-old legal secretary who listened to the debate in Grand Rapids, is among the undecided.

"Everyone should be given a fair look. … But people who need a boost up should be given the help," said Shively, who is white. "I guess what I don't understand about this initiative is how far does it go? Will it go too far?"

The proposal's opponents sued to keep the issue out of the election, claiming individuals were misled into thinking that they were supporting affirmative action when they signed petitions to get it on the ballot. A federal judge expressed a belief that there was fraud, but he dismissed the case because there was no evidence that minorities in particular were targeted, which would have violated the Voting Rights Act.

There has been at least one debate or forum somewhere in the state nearly every day for weeks. Activists from both sides hand out pamphlets before University of Michigan football games, religious leaders in Detroit and the suburbs are preaching on the issue, and the National Urban League president has toured the state.

Virtually every religious, political, business and civic organization in Michigan opposes the measure, with groups as diverse as the Michigan Catholic Conference and the Affirmations Lesbian and Gay Community Center joining to form the group One United Michigan, which has raised about $2.7 million, said spokesman David Waymire. Both candidates for governor, incumbent Democrat Jennifer Granholm and Republican challenger Dick DeVos, are against it.

At Hartford Memorial Baptist Church in Detroit recently , Vivian Carpenter, an African-American business leader and University of Michigan graduate, sold T-shirts and passed out cardboard fans that said: "Don't roll back progress for Michigan. Vote No on 2."

Carpenter, who in 1973 was the second black woman to graduate from the University of Michigan with an engineering degree, credits affirmative action. She was recruited to the university through an outreach program for minority students in Detroit public schools.

"All of these programs are good for leveling the playing field and creating opportunities for minorities where there would be none," said Carpenter, who also has graduate degrees from the university.

But Sarah Ledford, a white U-M engineering student, disagrees that women and minorities should get a boost. She stood outside Michigan Stadium on a recent Saturday, handing out fliers about why citizens should vote "yes" on Proposal 2.

"Even though affirmative action favors me, I hate that I'm favored. I want to be treated fairly," said Ledford, 19. At the University of Michigan, Ledford and women who apply to the engineering school get special consideration, as do men interested in nursing or social work, because their sexes are underrepresented in those fields.

Proposal 2 likely would outlaw such practices, though the courts would be left to sort out whether targeted recruitment, outreach, scholarships and other programs are illegal. The areas most at risk include university admissions policies that consider race and ethnicity as a bonus factor, and local government employment and contracting policies that promote diversity, according to the Citizens Research Council, an independent policy research center in Livonia, Mich.

State hiring and contracting policies currently are based on merit and competitive bidding and likely would not be affected, according to the research group.

In 1996, California passed a similar referendum, called Proposition 209. Washington state voters did the same a few years later.

Since then, enrollments of African-American, Hispanic and Native American freshmen in the University of California system have dropped, particularly at the elite campuses in Berkeley and Los Angeles. At UCLA, 96 black freshmen said they intended to enroll this fall in a class of about 4,800, the lowest number since 1973, which administrators have called a "crisis."

Minority business owners in California, meanwhile, are receiving less state business, according to an analysis of Department of Transportation contracts by the Berkeley-based Discrimination Research Center. Minority businesses received 16

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percent of awarded revenue from construction projects in the nine years before Proposition 209, and about 8 percent since then. The study also found that two-thirds of registered minority-owned firms for transportation construction in 1996 are no longer in business.

Connerly, a former University of California regent, said he is considering expanding his campaign to other states depending on the outcome in Michigan.

"To say that our government, whether it is a university or bureaucrats at the Mosquito Abatement District, should be allowed to take our identities into account … is just wrong," he said. "It is a joke when we have policies that openly and blatantly do that."

The Michigan vote may well be seen as a test for other efforts to curb affirmative action nationally.

"We cannot afford to lose this one," said Wade Henderson, president of the Leadership Conference on Civil Rights, based in Washington, D.C. "It would send a message to the rest of the country that this is really open season on affirmative action programs and equal opportunity initiatives."

Panel Suggests University Amend For Past Slavery Ties (NYT)

By Pam Belluck

The New York Times, October 19, 2006

BOSTON, Oct. 18 — Extensively documenting Brown University's 18th-century ties to slavery, a university committee called today for the institution to make amends by building a memorial, creating a center for the study of slavery and injustice and increasing efforts to recruit minority students, particularly those from Africa and the West Indies.

The Committee on Slavery and Justice, appointed three years ago by Brown's president, Ruth J. Simmons, a great-granddaughter of slaves who is the first black president of an Ivy League institution, said in a 106-page report: "We cannot change the past. But an institution can hold itself accountable for the past, accepting its burdens and responsibilities along with its benefits and privileges."

It added, "In the present instance this means acknowledging and taking responsibility for Brown's part in grievous crimes."

The committee did not call for outright reparations, an idea that has support among some African-Americans and had been a controversial issue at Brown several years ago. But the committee's chairman, James T. Campbell, a history professor at Brown, said he believed the recommendations "are substantive and do indeed represent a form of repair."

The committee also recommended that the university publicly and persistently acknowledge its slave ties, including during freshmen orientation. Dr. Campbell said he believed that the recommendations, if implemented, would represent a more concrete effort than that of any other American university to make amends for slave ties.

"I think it is unprecedented," Dr. Campbell said, adding that a few other universities and colleges have established memorials, study programs or issued apologies, but not on the scale of the Brown recommendations. It was not clear how much the committee's recommendations would cost to implement.

"We're not making a claim that somehow Brown is uniquely guilty," Dr. Campbell said. "I think we're making a claim that this is an aspect of our history that not anyone has fully come to terms with. This is a critical step in allowing an institution to move forward."

Even in the North, a number of universities have ties to slavery. Harvard Law School was endowed by money its founder earned selling slaves in Antigua's cane fields. And at Yale, three scholars reported in 2001 that the university relied on slave-trading money for its first scholarships, endowed professorship and library endowment.

Dr. Simmons issued a letter in response to the committee's report, soliciting comments from members of the Brown community and saying she has asked for the findings to be discussed at an open forum. She declined to give her own reaction, saying, "When it is appropriate to do so, I will issue a university response to the recommendations and suggest what we might do."

She said "the committee deserves praise for demonstrating so steadfastly that there is no subject so controversial that it should not be submitted to serious study and debate."

Initial reaction to the recommendations seemed to be appreciative.

"It sounds to me like this makes sense," said Rhett S. Jones, a longtime professor of history and Africana studies at Brown. "I did not expect the committee would emerge saying 'well, you know, Brown should write a check.' I never thought that was in the cards. I'm not sure I think it's even appropriate that a university write a check, even though it's pretty widely agreed on that Brown would not be where it is if it were not for slave money. These recommendations seem to me to be appropriate undertakings for the university."

Brown's ties to slavery are clear but also complex. The university's founder, the Rev. James Manning, freed his only slave, but accepted donations from slave owners and traders, including the Brown family of Providence. At least one of the Brown

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brothers, John, a treasurer of the college, was an active slave trader, but another brother, Moses, became a Quaker abolitionist, although he ran a textile factory that used cotton grown with slave labor.

In addition, University Hall, which houses Dr. Simmons's office, was built by a crew with at least two slaves.

"Any institution in the United States that existed prior to 1865 was entangled in slavery, but the entanglements are particularly dense in Rhode Island," said Dr. Campbell, noting that the state was the hub through which many slave ships traveled.

The issue caused friction at Brown in 2001, when the student newspaper, the Brown Daily Herald, printed a full-page advertisement produced by a conservative writer, listing "Ten Reasons Why Reparations for Slavery Is a Bad Idea And Racist Too."

The ad, also run by other college newspapers, prompted protests by students who demanded the paper pay "reparations" by donating its advertising fee or giving free advertising space to reparations proponents.

The Brown committee was comprised of 16 faculty members, students and administrators, and its research was extensive. "The official history of Brown will have to be rewritten, entirely scrapped," said Omer Bartov, a professor on the committee who specializes in studying the Holocaust and genocide.

The report cites some examples of steps taken by other universities: a memorial unveiled last year by the University of North Carolina, a five-year program of workshops and activities at Emory University, and a 2004 vote by the faculty senate of the University of Alabama to apologize for previous faculty members having whipped slaves on campus.

Controversial Ad Links MLK, GOP (WP)

By Darryl Fears

The Washington Post, October 19, 2006

When a black conservative group ran a radio ad proclaiming that the Rev. Martin Luther King Jr. was a Republican, reaction was swift. "We've gotten some e-mails and telephone calls filled with vitriol," said Frances Rice, chairman of the National Black Republican Association. "They've called me Aunt Jemima, a sellout, a traitor to my race."

In the battle for the black electorate, liberals, who make up the overwhelming majority of black voters, have long disagreed with conservatives over ideology, public policy and economic strategies to better the lives of African Americans. But when conservatives placed the civil rights movement in a Republican context, black liberals said, they crossed a line.

"To suggest that Martin could identify with a party that affirms preemptive, predatory war, and whose religious partners hint that God affirms war and favors the rich at the expense of the poor, is to revile Martin," said the Rev. Joseph Lowery, the former president of the Southern Christian Leadership Conference, which the slain civil rights leader helped establish.

Rep. John Lewis (D-Ga.), who marched with King in the 1960s, called the ads an "insult to the legacy and the memory of Martin Luther King Jr." and "an affront to all that he stood for."

The spot, which ran for a time in the District, Georgia, Maryland, Ohio and Pennsylvania, will soon run again in those areas, as well as in Miami, Orlando and Tampa, Rice said.

The debate surrounding the ad is the latest skirmish in the ongoing battle over the King legacy. Foes of affirmative action, for example, often cite a line from King's "I Have a Dream" speech in 1963 in which he prayed that his children would not be judged by the color of their skin but by the "content of their character," an adoption that makes black liberals fume. But in the latest fight, civil rights veterans may be surprised to find that some black conservatives agree with them.

Maryland Lt. Gov. Michael Steele (R), who is running for the U.S. Senate, denounced the King ad, and Donald E. Scoggins, president of Republicans for Black Empowerment and a former member of the association, said it was a terrible idea.

Black Republicans railed against the radio ads, with the sharpest criticism coming from former members of the black Republican association.

"The vast majority of black Republicans I know would not have approved of the ad," Scoggins said.

In the ad, a black woman says, "Dr. King was a real man," and a second one responds, "You know he was a Republican."

"Dr. King, a Republican?"

The women go on to say that Democrats started the Ku Klux Klan, lumping together those in the South with others in the North who reached out to African Americans with New Deal programs and by desegregating the armed forces.

The backlash was so fierce that Rice stopped answering telephone calls. "We anticipated some controversy, but my goodness, we struck a nerve," she said in an interview from Sarasota, Fla.

"I absolutely do not regret the ads," said Rice, 62, a native of Atlanta, King's hometown. He "absolutely was a Republican," she insisted. "We were all Republicans in those days. The Democrats were training fire hoses on us, siccing dogs on us."

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It is true that Southern Democrats, many of whom called themselves "Dixiecrats," blocked the social and political progress of black Southerners for decades. Among them was Sen. Robert C. Byrd (D-W.Va.), a former local leader in the Ku Klux Klan. Byrd has said he regrets his affiliation.

In 1960, King was arrested for trespassing during a sit-in and held in Georgia's Reidsville prison. Fearing for his son's life, Martin Luther King Sr. appealed to presidential candidate John F. Kennedy to secure his release.

When King was freed, his father vowed to deliver 10 million votes to the Democrat, even though Kennedy was only a reluctant supporter of civil rights. That began four decades of black people voting for liberals.

The younger King voted for Kennedy, and for Democrat Lyndon B. Johnson four years later. In that election, King publicly denounced the Republican candidate, Barry Goldwater.

Today, the vast majority of black voters are Democrats, including former ambassador to the United Nations Andrew Young and former presidential hopeful Jesse L. Jackson, two former King aides.

That is why the ad was "a joke," said Christopher Arps, a former spokesman for Rice and the association. "Anyone with any sense knows that most black people were Republican at one time. But it's a far stretch to think that in the '60s Martin Luther King was a Republican."

Arps and Scoggins resigned from the association board last year when they disagreed with Rice on a separate issue. She wanted to support President Bush when he came under fire for his administration's slow response to Hurricane Katrina.

"In terms of what we're trying to do, encourage more blacks to look at the Republican Party, I didn't think we could do that in an in-your-face-type way," Scoggins said. "There were bodies floating in the street."

In addition to Scoggins and Arps, at least four other members resigned. Rice questioned their fortitude. The group was founded so that black conservatives could assert themselves, she said, and "when it came time to do something, some stepped back."

"It was a 'my way or the highway' sort of thing," Scoggins said. "I was crushed when this thing happened because it turned out to be completely the opposite of what I thought it would be."

New Laws And Machines May Spell Voting Woes (NYT)

By Ian Urbina

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — New electronic voting machines have arrived in Yolo County, Calif., but there is one hitch: the audio program for the visually impaired in some of them works only in Vietnamese.

“Talk about panic,” said Freddy Oakley, the county’s top election official. “I’ve got gray-haired ladies as poll workers standing around looking stunned.”

As dozens of states are enforcing new voter registration laws and switching to paperless electronic voting systems, officials across the country are bracing for an Election Day with long lines and heightened confusion, followed by an increase in the number of contested results.

In Maryland, Mississippi and Pennsylvania, a shortage of technicians has vendors for new machines soliciting applications for technical support workers on job Web sites like Monster.com. Ms. Oakley, who is also facing a shortage, raided the computer science department at the University of California, Davis, hiring 60 graduate students as troubleshooters.

Arizona, California, Georgia, Indiana, Maryland, Mississippi, Missouri, North Carolina, Ohio and Pennsylvania are among the states considered most likely to experience difficulties, according to voting experts who have been tracking the technology and other election changes.

“We’ve got new laws, new technology, heightened partisanship and a growing involvement of lawyers in the voting process,” said Tova Wang, who studies elections for the Century Foundation, a nonpartisan research group. “We also have the greatest potential for problems in more places next month than in any voting season before.”

Election officials in many of the states are struggling with delays in the delivery of machines before the election as old-fashioned lever and punch-card machines are phased out. A chronic shortage of poll workers, many of them retirees uncomfortable with new technology, has worsened matters.

Wendy S. Noren, the top election official for Boone County, Mo., which includes Columbia, said delays in the delivery of new machines had left her county several weeks behind schedule and with 600 poll workers yet to be trained. Ms. Noren said she also had not yet been provided with the software coding she needed to print the training manuals.

“I think we will make it,” she said, “but my staff is already at the point of passing out, and the sprint is just starting.”

New computerized registration rolls and litigation over new voter identification laws in states like Arizona, Georgia, Indiana and Missouri have left many poll workers and voters unclear about the rules, including whether they are in effect, as the courts have blocked many of the new laws.

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"We're expecting arguments at the polls in these states that will slow everything down and probably cause large numbers of legitimate voters to be turned away or to be forced to vote on provisional ballots," said Barbara Burt, an elections reform director for Common Cause.

Meanwhile, votes in about half of the 45 most competitive Congressional races, including contests in Florida, Georgia and Indiana, will be cast on electronic machines that provide no independent means of verification.

"In a close race, a machine error in one precinct could leave the results in doubt and the losing candidates won't be able to get a recount," said Warren Stewart, policy director for VoteTrustUSA, an advocacy group that has criticized electronic voting.

Deborah L. Markowitz, president of the National Association of Secretaries of State, was less inclined to sound the alarm. She said that since it was not a presidential election year and many states had encouraged voting by mail, fewer people would turn up at the polls than in 2004.

With computerized registration rolls, Ms. Markowitz said, there will be far fewer people incorrectly excluded from the new databases compared with when registration rolls were on paper.

"There will be isolated incidents, there is no doubt about that," she said. "But over all the system will move faster and with fewer problems."

Charles Stewart, head of the political science department at the Massachusetts Institute of Technology, published a study this year indicating that from 2000 to 2004, new technology helped reduce the number of improperly marked ballots by about one million votes.

"If you think things are bad and worrisome now, they were much worse before 2000," Mr. Stewart said, adding that breakdowns in the mechanics of voting are simply more highlighted, not more prevalent.

Still, this is a year of firsts for some local election officials. Cherie Poucher, elections director for Wake County, N.C., which includes Raleigh, said she expected 350,000 voters on Election Day, up from the 30,000 in the May primary. She worries that the county's 218 optical scan machines may be unable to handle the increased load. During the primary, 12 of the new machines would not boot up and needed to be replaced.

"In the end, we were lucky," Ms. Poucher said. The machines were replaced within hours, she said, and since her county uses optical scan machines rather than paperless machines, voters were able to deposit paper ballots into a ballot box until replacements arrived.

"I'm an optimist," she said. "But if we have more failures than we have total machines, it could be really difficult even with the paper ballots."

Ms. Burt of Common Cause said there was some disagreement about the likelihood of problems, and difficulty in predicting where problems might emerge, in part because there is little uniformity in how elections are conducted.

Except for rudimentary federal rules on voting age, federal financing for states and counties, and protections for minorities and the disabled, elections are shaped by a variety of local laws, conflicting court rulings and technological choices.

"People might refer to it as a national election system but in truth there is no such thing," Ms. Burt said.

Justin Levitt, a lawyer with the Brennan Center for Justice at New York University School of Law, said that on election night his organization will be keeping particularly close watch on North Carolina, Florida and South Dakota, because of new voter registration databases there.

Under the federal Help America Vote Act passed in 2002, election officials were required to create computerized statewide voter registration rolls. These databases were intended to help streamline registration and decrease fraud, and they help political parties track potentially supportive voters. In some states, however, the databases have blocked large numbers of eligible voters from joining registration lists.

North Carolina, for example, requires that information provided by voters for registration forms match information in the motor vehicle or Social Security databases.

"If someone is listed with their maiden name in one list and their married name in another list, that voter will be blocked from the eligible voter roll," said Mr. Levitt, adding that these voters may show up in large numbers and not realize that there is a problem.

"I certainly don't see a disaster, but frankly I'm very concerned," said Ion Sancho, supervisor of elections in Leon County, Fla., which includes Tallahassee. He said Florida has tried three times to create databases of eligible and ineligible voters but each system has had widespread inaccuracies.

"This is our fourth attempt and I'm worried that voters who have been voting for the last decade will show up at the polls and they won't be listed anywhere," Mr. Sancho said.

A report released last Thursday by the Century Foundation, Common Cause and the Leadership Conference on Civil Rights cited concerns that most states have only vague, if any, standards for voting machine distribution.

There is no federal minimum for the ratio of voters to machines and there is wide variation in state standards.

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In Wisconsin, the law requires at least one machine for every 200 registered voters. In Michigan, that ratio is 1:600, the report said. Election officials in Ohio, which had some of the longest lines in 2004, passed a law this year setting the ratio at 1:175, the report said. But the law does not take effect until 2013.

Keith A. Cunningham, director of the Allen County board of elections in Ohio and former president of the Ohio Association of Election Officials, said most counties were close to the ratio required by the law.

"I don't believe it is going to be as bad as everyone is predicting," Mr. Cunningham said.

Whether there are problems or not, post-election litigation is likely. A study released this year by the Washington and Lee Law Review found that the number of court cases challenging elections has risen in recent years. In 2004, the number was 361, up from 104 cases in 1998.

Jonah Goldman, a lawyer and elections expert with the Lawyers Committee for Civil Rights Under Law, said his organization is prepared for the worst. With the N.A.A.C.P. and the People for the American Way Foundation, the lawyers group will have about 500 people fielding calls to a national hot line (1-866-OUR-VOTE) about problems and providing information to voters and poll workers.

In 2004, a similar hot line fielded more than 200,000 calls and created a database of about 40,000 reported problems. The coalition is dispatching lawyers in a dozen states to address reports of voter intimidation or to see if litigation is needed to extend hours at polling stations.

"We're not sure what we will be handling," Mr. Goldman said. "But we're pretty confident that there will be no shortage of work that night."

ANTITRUST:

3 Indicted In Price-fixing Conspiracy (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 19, 2006

A federal grand jury in San Francisco yesterday indicted two executives from Samsung Electronics Ltd. and another from Hynix Semiconductor America Inc. on charges of a global conspiracy to fix prices on a memory product used in everything from laptops to video-game consoles, Justice Department officials said.

Each of the three executives is charged with participating in a conspiracy to suppress competition in the multibillion-dollar dynamic random access memory (DRAM) industry in violation of the Sherman Antitrust Act.

"The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies," said Assistant Attorney General Thomas O. Barnett, who heads the division.

"Criminal cartel enforcement is the division's top priority, and both companies and individuals must comply with the antitrust laws."

The indictment, filed in U.S. District Court in San Francisco, charged that Il-ung Kim and Young-bae Rha, both of Samsung, and Gary Swanson participated with co-conspirators in the scheme from April 2001 until June 2002. At the time, according to the document, Mr. Kim was vice president of marketing and Mr. Rha was vice president of sales and marketing.

Both men are citizens and residents of South Korea.

The indictment said that at the time of the conspiracy, Mr. Swanson was a senior vice president at Hynix America, the U.S.-based subsidiary of Hynix Semiconductor Inc., with headquarters in South Korea. Mr. Swanson is a U.S. citizen.

To date, four companies and 16 persons have been charged and fines totaling more than $731 million have resulted from the department's antitrust investigation into the DRAM semiconductor industry.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a variety of computer, telecommunication and consumer electronic products. DRAM sales in the United States in 2004 totaled about $7.7 billion.

The three executives face maximum penalties of three years' imprisonment and fines of $350,000, although department officials said the maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims if either of those amounts is greater than the maximum fines under the Sherman Act .

Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August and agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy, serve eight months in prison and pay a $250,000 fine.

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In addition, four Hynix Semiconductor executives agreed to plead guilty and serve jail terms ranging from five to eight months and pay $250,000 fines.

Samsung pleaded guilty to the price-fixing conspiracy and paid a $300 million criminal fine in November. Hynix pleaded guilty and paid a $185 million fine in May 2005.

Samsung, Hynix Officials Charged With Price Fixing (Update5) (BLOOM)

By Karen Gullo

Bloomberg, October 19, 2006

Oct. 18 (Bloomberg) -- Two Samsung Electronics Inc. executives, including senior vice president Kim Il Ung, and a Hynix Semiconductor Inc. official were accused by the U.S. of conspiring to fix prices for computer memory chips.

Rha Young Bae, former head of Samsung worldwide sales and marketing, Gary Swanson, senior vice president of memory sales and marketing at Hynix, and Kim, senior vice president of Samsung's chip division, were accused of participating in a global conspiracy to artificially boost prices of dynamic random access memory, or DRAM, from April 1999 to June 2002, according to a grand jury indictment returned today.

In meetings and telephone conversations with unnamed co- conspirators, Kim and Rha, both citizens of Korea, and Swanson, of the U.S., agreed to rig a November 2001 online auction of chips, set prices charged to certain computer makers and raise and maintain prices for manufacturers, according to the indictment filed in U.S. District Court in San Francisco.

U.S. DRAM sales were $7.1 billion in 2004, the U.S. Justice Department said. The indictment is part of a four-year federal investigation into price fixing in the chip market that has led to claims against four companies and 16 individuals who have been fined $731 million, the U.S. said. Samsung, the world's biggest maker of computer memory chips, agreed to pay $300 million last year to settle U.S. antitrust claims.

Innocent

Kim ``did not engage in a price fixing conspiracy," said Lawrence Callaghan, his attorney. ``From our knowledge of the facts and evidence, he is simply not guilty of violating" U.S. antitrust laws ``and we believe he is not guilty of fixing prices."

The executive has never received training in antitrust law, particularly ``the line between gathering competitive intelligence and price checking, which are perfectly legal, and fixing prices," said Callaghan.

Michael Lipman, an attorney for Rha, said his client, who retired in 2002, denies the allegations.

``My client was not involved in any illegal activity and intends to vigorously defend" himself, said Lipman.

John McLean, an attorney for Swanson, a California resident, said his client denies the allegations.

``It's unfortunate, it's a mistake and we look forward to establishing his innocence before a jury," said McLean.

Penalty

The three men, charged with one count of price fixing, each face up to three years in prison and a $350,000 fine or twice the gain or loss caused by the price fixing, whichever is largest.

DRAM is the most commonly used semiconductor memory product, purchased by manufacturers such as Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players, among other products.

Three Samsung executives pleaded guilty to a DRAM price- fixing conspiracy in March and August. The Samsung employees agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine.

Last month, a fourth Samsung executive agreed to plead guilty and serve an eight-month term and pay a fine of $250,000.

``Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior," the company said in a statement today. A message left at Hynix's offices in San Jose seeking comment wasn't returned. Samsung is based in Suwon, South Korea. Hynix is based in Ichon, South Korea.

Second-Largest

Hynix, the second-largest DRAM maker, pleaded guilty to price-fixing claims and was ordered to pay a $185 million fine in May 2005. No. 4 DRAM maker Infineon Technologies AG was fined $160 million and Elpida Memory Inc., Japan's biggest memory chipmaker, was fined $84 million.

Four Hynix executives were previously charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine.

Four Infineon executives and a Micron Technology Inc. executive have also pleaded guilty in the investigation.

Hynix said second-quarter profit rose 36 percent after increasing production faster than industry leader Samsung, the company reported July 20. Net income rose to 324 billion won ($339 million), from 238 billion won a year earlier, the company reported.

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Samsung reported a better-than-expected 16 percent increase in third-quarter profit, buoyed by sales of televisions and handsets, the company said Oct. 16. Net income rose to 2.19 trillion won ($2.3 billion) from 1.88 trillion won a year earlier.

Samsung Electronics shares fell 5,000 won to 642,000 won ($671.97) in Kopsi market trading in Seoul. Hynix shares rose 50 won to 37,350 won.

The case is U.S. v. Il Ung Kim, 06-0692, U.S. District Court, Northern District of California, San Francisco.

2 Koreans, One American Charged In Chip Price-fixing Probe (AFP)

AFP, October 19, 2006

An American and two South Korean executives were indicted on charges of participating in a global conspiracy to fix the prices of memory chips used in a range of electronic goods.

The indictments were returned in the US District Court in San Francisco and come after government prosecutors have already charged 13 other individuals in the ongoing investigation, according to a Justice Department statement.

The new charges, which were approved by a federal grand jury earlier Wednesday, were filed against Il Ung Kim, Young Bae Rha and Gary Swanson.

At the time of the alleged conspiracy, between April 2001 and June 2002, Kim and Rha were both employed by the Korean electronics giant Samsung. Both men are Korean citizens.

Swanson, a US citizen, was a senior vice president for memory sales and marketing for Hynix America, the US-based subsidiary of the Hynix Semiconductor Inc. which is headquartered in Korea.

"The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies," said Thomas Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division.

"Criminal cartel enforcement is the division's top priority and both companies and individuals must comply with the antitrust laws," Barnett stressed.

The indictments allege that the three executives conspired in a price-fixing and bid-rigging scheme to fix dynamic random access memory (DRAM) prices.

DRAM memory chips are commonly used in computers, servers, printers, cell phones, digital cameras and other electronic products.

Among other charges, the three stand accused of participating in meetings and conversations where they agreed to fix the prices of DRAM at certain levels.

They each face a maximum penalty of three years in jail and a maximum fine of 350,000 dollars.

Their indictments come after Thomas Quinn, a former US executive of Samsung, agreed to plead guilty and serve jail time last month as part of the ongoing probe which has already placed other industry executives behind bars.

Three More Semiconductor Execs Indicted For Price-fixing (IDG)

By Grant Gross, IDG News Service

IDG News Service, October 19, 2006

They are charged with being co-conspirators in a price-fixing scheme between April 2001 and June 2002

A U.S. grand jury has indicted three former semiconductor vendor executives, two from Samsung Electronics Ltd. and one from Hynix Semiconductor America Inc., for their alleged roles in a "global conspiracy" to fix DRAM (dynamic RAM) prices, the U.S. Department of Justice (DOJ) said.

Indicted Wednesday were Il Ung Kim, former vice president of marketing for Samsung's memory division; Young Bae Rha, former vice president of sales and market for Samsung's memory division; and Gary Swanson, former senior vice president of memory sales and marketing for Hynix America.

They are charged with being co-conspirators in a < price-fixing scheme involving multiple semiconductor vendors between April 2001 and June 2002. The three attended meetings in which the price of DRAM was discussed, agreed to fix prices and exchanged information with competitors on the prices charged to computer makers, according to the indictment.

The three are each charged with participating in the conspiracy to suppress competition in violation of the U.S. Sherman Antitrust Act. The maximum penalty for the conviction of a Sherman Act violation occurring before June 22, 2004, is three years in prison and a U.S. $350,000 fine.

The maximum fines may be increased in certain situations.

Including Wednesday's charges, four companies and 16 individuals have been charged in the DOJ DRAM price-fixing probe. The investigation has resulted in US$731 million in fines, the second highest total obtained by the DOJ in a criminal antitrust investigation aimed at one industry.

DRAM is the most commonly used semiconductor memory product, used in a variety of devices including PCs, laptops, printers, hard disk drives, PDAs (personal digital assistants), mobile phones, digital cameras and telecommunication hubs and routers. There were about $7.7 billion in U.S. DRAM sales in 2004, according to the DOJ.

Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August. They agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy.

In addition, four Hynix Semiconductor Inc. executives were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine. In December 2004, four executives of Infineon Technologies AG pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months, and each paid a $250,000 fine.

Four companies have been charged with price-fixing in the DRAM investigation. Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a $300 million fine in November 2005. Hynix, the world's second largest DRAM manufacturer, pleaded guilty and was sentenced to pay a $185 million fine in May 2005. Japanese manufacturer Elpida Memory pleaded guilty and was sentenced to pay an $84 million fine in March. German manufacturer Infineon pleaded guilty and was sentenced to pay a $160 million fine in October 2004.

Three More Execs Indicted In Computer Memory Price-fixing Scandal (AP)

AP, October 19, 2006

SAN FRANCISCO - Three more computer-component executives were indicted Wednesday for allegedly participating in a worldwide conspiracy to fix the price of computer memory chips.

The indictments bring to 16 the number of executives charged in the scandal, which has resulted in more than $731 million in fines from the Justice Department's antitrust investigation into the industry.

Two executives indicted Wednesday were from Samsung Electronics Ltd., and the third was at Hynix Semiconductor Inc. Both firms are based in South Korea.

In 2002, the Justice Department uncovered a "long-standing conspiracy" among the world's suppliers of dynamic random access memory, or DRAM.

DRAM chips are the most common form of computer memory, with annual sales exceeding $20 billion. The government said collusion began to appear in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high and colluded in the United States and abroad.

Wednesday's indictment names Il Ung Kim and Young Bae Rha of Samsung, which already has had four other executives plead guilty to the conspiracy. Gary Swanson, a Hynix executive, also was charged Wednesday, bringing to five the number of officials indicted from that firm.

Bayer Settles Price-Fixing Case (AP-YBIZ)

By David Twiddy, Ap Business Writer

AP, October 19, 2006

Bayer Agrees to $18 Million Settlement in Price-Fixing Case

KANSAS CITY, Mo. (AP) -- Bayer AG has agreed to pay $18 million to settle claims it conspired with other manufacturers to inflate the price of certain plastics, the second multi-million-dollar settlement the company has made this year regarding its polymer operation.

On Tuesday, U.S. District Judge John Lungstrum in Kansas City, Kan., approved the settlement, which covers the company's sales of polyester polyol-based products between Jan. 1, 1998 and Dec. 31, 2004.

The agreement also requires Bayer, headquartered in Germany, to cooperate with plaintiff attorneys as they continue their class-action lawsuit against former co-defendants Uniroyal Chemical Co. and Chemtura Corp., formerly known as Crompton Corp.

Lungstrum also agreed to dismiss defendants Rhein Chemie Corp. and Rhein Chemie Rheinau GmbH, subsidiaries of Lanxess Corp., which was spun off from Bayer last year.

In August, Lungstrum approved a $55.3 million settlement by Bayer in a separate case involving the sale of polyether polyol. Bayer also agreed to help attorneys against former co-defendants BASF Corp., BASF AG, The Dow Chemical Co., Huntsman International Holdings LLC and Lyondell Chemical Co.

A Bayer spokesman provided a company statement Wednesday confirming the two settlements but declined to comment further.

An attorney for the polyester plaintiffs didn't immediately return a phone call for comment.

Bayer disclosed in March that it had been subpoenaed by the Justice Department seeking information about its manufacture and sale of polyurethane products called MDI and TDI, along with other products.

Court documents say Bayer, Dow, BASF, Huntsman and Lyondell control the entire MDI and TDI markets and 75 percent of production of polyether polyol, a polyurethane material that is mixed with other substances to make foams used in furniture, automobile seats and other products.

Federal authorities two years ago consolidated 16 cases filed across the country against polymer manufacturers by customers who alleged the companies had gotten together to fix the price of urethane and urethane chemicals.

http://www.bayer.com

Chicago Deal Could Force Rivals' Hands (WSJ)

By Aaron Lucchetti In New York, Edward Taylor In Frankfurt And Alistair Macdonald In London

The Wall Street Journal, October 19, 2006

Second City Pact Might Pressure Exchanges World-Wide to Unite; NYSE Weighed Bids for CBOT

The New York Stock Exchange's owner twice considered bids for the Chicago Board of Trade, people familiar with the matter said. Now that the CBOT has another suitor, pressure is growing on the Big Board and the world's other major exchanges to pull off their own megadeals.

While Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. put aside decades of rivalry to announce a merger on Tuesday, other U.S. and European exchanges are having a tough time tying the knot. The Chicago deal, which would create the world's largest financial market and a derivatives-trading powerhouse, could make doing so even harder.

NYSE owner NYSE Group Inc. agreed in June to merge with European stock and derivatives exchange Euronext in a deal valued at $20 billion. But shareholders won't vote on it until December, and now it is bogged down amid political wrangling in Europe. Many leaders there want a big European merger first, and a giant derivatives behemoth in Chicago could accelerate that push.

Nasdaq Stock Market Inc., meanwhile, is sitting on a 25% or so stake in the London Stock Exchange, but so far Europe's largest exchange by the value of stocks traded has spurned advances from Nasdaq and elsewhere.

"Everyone has tried to get into bed with everyone else, but nothing has happened" in Europe, said Richard Grossman, a director of Redmayne Bentley Stockbrokers, based in Leeds in the United Kingdom, which has held LSE stock since it was first sold to the public in 2001.

If approved by shareholders and regulators, the Chicago deal removes from the dance floor two potential partners -- with a combined stock-market value topping $25 billion -- and calls into question the others' overseas expansion plans.

"It sets up an isolationist model, where you may be better being a powerhouse in your home markets first," says Richard Repetto, an analyst in New York at Sandler O'Neill.

The effect will be felt especially keenly at NYSE Group. Chief Executive John Thain transformed the marquee exchange and moved to make the company to be a global force not only in stock trading but also in derivatives. Such financial instruments -- their value is based on an underlying asset or benchmark such as a stock or an index -- have become increasingly important tools in the global investment industry for hedging risks and making sophisticated bets on everything from the economy to the weather.

In mid-2005, the NYSE, the Chicago Merc and others expressed interest in CBOT before it began selling shares of itself to the public. Mr. Thain called CBOT Chief Executive Bernard Dan, but CBOT rebuffed the NYSE, people briefed on the matter said. CBOT launched an initial public offering instead. NYSE declined to comment on CBOT.

To celebrate its first day of trading, CBOT Chairman Charles Carey led a group that rang the bell on the marble balcony overlooking the NYSE's century-old trading floor. Mr. Carey and Mr. Dan visited with NYSE Chairman Marshall Carter, but discussions failed to take off, these people said.

NYSE later hired Citigroup to help consider big mergers and acquisitions with several exchanges, including CBOT, LSE and Euronext, a person familiar with the process said.

In January, the NYSE decided that CBOT, while fast-growing, wouldn't provide what it needed to expand globally -- an overseas platform to list companies that wanted to avoid U.S. securities regulations. Moreover, NYSE and CBOT traded none of the same products, so cutting costs would be difficult. NYSE also saw CME as a powerful foe that could outbid it.

Exchange officials decided that "it wasn't a battle that we could get into and win," the person familiar with the process said.

The NYSE instead pursued Euronext, which operates stock exchanges in Brussels, Paris, Amsterdam and Lisbon as well as the Euronext.liffe derivatives exchange in London. Mr. Thain met with Euronext chief executive Jean-François Théodore in January, and in February more NYSE and Euronext executives conferred at a meeting of world exchange executives in Milan.

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Euronext had another bidder: Deutsche Börse AG, the big German operator of the Frankfurt Stock Exchange and part owner of the Eurex derivatives exchange. But Mr. Thain won Euronext's hand first. On June 1, NYSE and Euronext announced a merger of equals to be named NYSE Euronext.

Mr. Théodore promised the deal could be done in six months, while a deal with Deutsche Börse would take twice as long, given antitrust concerns over combining Euronext's and Deutsche Börse's derivatives operations. To signal plans to expand their federation to others, Messrs. Théodore and Thain invited the head of Borsa Italiana, the Italian exchange, to a news conference June 2 at Paris's old trading pit in the 19th-century Palais Brongniart.

Deutsche Börse has tried hard to scotch the deal. It recently negotiated an agreement that could lead to a combination with Borsa Italiana -- a move designed to show that it was also capable of creating a pan-European exchange company that Euronext could join.

European political forces also have been muddling the prospects for the NYSE and Euronext tie-up. Paris Europlace, a lobby group that promotes the French capital as a financial center, commissioned a report, released this month, concluding that neither the NYSE nor the Deutsche Börse bid was right for Euronext.

"All things being equal, my personal preference is for a European solution," European Central Bank President Jean-Claude Trichet said in June. Prime Minister Romano Prodi of Italy said a Deutsche Börse-Euronext deal would "help a Europe that is being born." French President Jacques Chirac recently reaffirmed his support for the creation of a European exchange before a trans-Atlantic deal.

Such comments could sway some shareholders and influence Dutch authorities with power to block the deal; though run from Paris, Euronext is incorporated in Amsterdam and subject to regulations there.

Nasdaq also faces protectionism. Even in the United Kingdom, which considers itself liberal in such matters, a senior official promised to introduce legislation to shield the LSE from foreign regulation if it ends up in the hands of an overseas suitor. It is unclear whether Nasdaq intends to renew its offer.

If NYSE completes the Euronext deal, two exchange giants will emerge with distinctly different strategies. The new CME/CBOT combination, to be called CME Group Inc., will be U.S.-based and devoted to derivatives trading. NYSE Euronext would be diversified across continents and businesses.

Both could attempt to add more exchanges. Mr. Thain is betting that would be easier with a diversified model.

Mr. Thain and his executives have flown almost weekly to Paris and London to lobby politicians and regulators in favor of the deal; they plan to do the same with Euronext shareholders.

There is still a chance that he can get the deal done, but it is looking like he may have to up the NYSE's bid to clinch it.

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Antitrust Suit Says Avaya Maintenance Policy Is Anti-competitive (AP)

By Linda A. Johnson, Ap Business Writer

AP, October 19, 2006

TRENTON, N.J. -- Business communications systems provider Avaya Inc. is accused in a federal antitrust lawsuit of illegally blocking competitors from providing maintenance and repairs to telephone equipment and software sold by Avaya.

Continuant Inc., of Fife, Wash., which operates a telephone system maintenance business throughout North America, said Wednesday that it countersued Basking Ridge-based Avaya after the AT&T spinoff sued Continuant this summer.

The two parties are scheduled to appear in federal court in Trenton, where the two lawsuits were filed, for a hearing on Nov. 14.

Avaya spokeswoman Lynn Newman declined to discuss the case.

Continuant's lawsuit asks the court to permanently bar Avaya "from continuing its anti-competitive conduct," including bundling service contracts with the sales of its telephones, cables and other telecom equipment, and keeping secret from competitors passwords necessary for maintaining the communications systems. Continuant also is seeking compensatory and punitive damages, legal fees and other costs.

"Avaya's the only company that has a policy like this," said Bruce Shelby, Continuant's vice president of sales. "They say a customer doesn't have the right to access their system to perform maintenance" or to hire a third party to do it.

Shelby said his company believes that is illegal and that Avaya is overcharging its customers for maintenance when its service level has declined because of a series of major layoffs.

"We're able to come in with a better price and, we think, better service," Shelby said, but Avaya effectively blocks system maintenance providers, like his company, from competing with Avaya's licensed business partners.

Avaya filed suit against Continuant and two sister companies on June 5, accusing them of misappropriating trade secrets, interfering with contractual relations, misrepresentation, libel and other offenses.

Avaya later amended its complaint, and Continuant filed a countersuit on Aug. 21, but did not announce it until Wednesday.

Like other telecommunication equipment makers, Avaya has been trying to boost the continuing revenues that come from maintaining communication systems, rather than relying heavily on one-time sales. The company has been struggling with rising costs, falling profits and a depressed share price, culminating with the replacement of its president and chief executive officer, Donald K. Peterson, in July.

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http://www.avaya.com

http://www.continuant.com

Critics Target Federal Circuit (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, October 19, 2006

In the often highly technical, cutting-edge world of inventions, the U.S. Court of Appeals for the Federal Circuit is the Mount Olympus of patent law. But are its 12 Olympians falling?

The U.S. Supreme Court is reviewing more of the circuit court's patent decisions and liking them less, which is a much-noted trend in the relatively small patent bar.

Some patent litigators are increasingly critical of a Federal Circuit that, in its desire to achieve certainty and harmony in patent law, they say, has become overly formalistic, expanding the power of patent holders at the expense of innovation.

And some scholars suggest that after 25 years as the only game in town for review of patent appeals, the Federal Circuit might benefit, both in terms of its overall workload and the development of patent law, from some outside input, not just from the Supreme Court but from a limited number of regional circuit courts getting back into the business of handling patent appeals.

Do the Supreme Court's heightened interest and increased reversals mean that the Federal Circuit has run amok?

"Some of the shriller commentators have suggested the Supreme Court may be concerned the Federal Circuit is a runaway court or a pro-patent court. I don't think there is the slightest substance to those observations by a couple of people," said Chief Judge Paul R. Michel.

His best guess as to why the high court has stepped up its interest, he explained, is that "the Federal Circuit has had a good amount of time to wrestle with fundamental issues of patent law and has developed a body of law on those fundamental issues. The time is ripe for the Supreme Court to review the way we have resolved those issues. It's neither surprising nor worrisome."

Echoing others' comments, litigator Kenneth R. Adamo in the Cleveland office of Jones Day, who has been involved in roughly 30 appeals in the Federal Circuit, said he believes the Supreme Court feels there was not enough supervision previously of the circuit court's work.

"What the justices read and hear from law clerks and others is there's something wrong with the U.S. patent system despite the fact the Federal Circuit was put in place, in large measure, to unify patent jurisprudence," he said.

"Does that mean they think the Federal Circuit is lost in space? No," he added. "They've looked at some of these decisions, the en banc, major decisions with pluralities and concurrences, and are wondering, why is all this still so roiled up?"

HIGH MARKS

The patent law community itself seems divided over whether the Federal Circuit has gone off track and what, if anything, should be done about it. But those who follow the court closely generally give it high marks for being a very hard-working court with very dedicated, smart judges.

Congress created the court in 1982 with the Federal Courts Improvement Act. The court was formed by the merger of the U.S. Court of Customs and Patent Appeals and the appellate division of the U.S. Court of Claims.

The Federal Circuit is unique in that it is the only Article III appellate court whose jurisdiction is based on subject matter, not geographic location. Although the primary motivation for its creation was to end forum-shopping in patent cases and to bring certainty to patent law, the court also was given nationwide jurisdiction over claims involving international trade, government contracts, trademarks, federal personnel and veterans' benefits, and certain money claims against the federal government.

With the recent Senate confirmation of Judge Kimberly Moore, the court now has a full complement of 12 active judges.

In a speech last summer to the Federal Circuit Bar Association, Michel, the chief judge, reported that the court's overall condition was "fine," but, he added, "We are now stressed, stressed both by the quantity and difficulty of our current cases."

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Although the court is generally known as the nation's top patent court, it was just this year that patent appeals became the largest category of cases on the court's docket -- a change with significant impact on the judges' workload.

"Even more significant than the rise in numbers is the rise in complexity, size and difficulty of the technology in these cases," said Michel. "On average, the district court patent cases we receive are perhaps 10 times more difficult than the average patent case in the mid-1980s."

Patent cases represent about one-third of the court's total caseload, said the chief judge, but if time devoted to those cases is measured, instead of just number of cases, the judges spend 50 percent more time adjudicating the patent cases than others on the docket.

The court recently made mandatory its voluntary mediation program for all appeals, said Michel, adding that the change should help the court with its workload. Surprisingly, even when the program was voluntary, a majority of cases that did settle were patent cases, he said.

The court just hired intellectual property litigator James Amend, of counsel to Chicago's Kirkland & Ellis, to run the mediation program.

"I think with this man in place, patent cases will settle at a considerably higher rate than when our program didn't have an ace litigator running it and when it was only voluntary," said Michel.

IS IT SUCCESSFUL?

As the Federal Circuit approaches its 25th birthday, the measure of its success generally depends on whom you talk to and what time period you're talking about, said patent scholar Lee Petherbridge of Loyola Law School, Los Angeles, who, with R. Polk Wagner of the University of Pennsylvania Law School, has done empirical research on the court's work.

"In terms of the pre-Federal Circuit days, the court did go in and take hold of patents and provide certainty," he said. "That much is true, and in that sense it represents success. Patents became stronger; a presumption of validity was more recognized. What that led to was a better ability of the patentee to concentrate capital for research and development."

The court has strengthened patents, which is what Congress intended it to do, said Petherbridge. But, he added, "The same things that bring us good effects from patents also open the system and the court to criticism."

RECORD ON APPEAL

Some of the doctrinal criticism is obviously embodied in the recent appeals to the Supreme Court. Jones Day's Adamo noted: From 1990 to 2001, the court granted certiorari eight times, heard eight cases and affirmed the Federal Circuit's decisions 50 percent of the time. But from 2002 to now, the court granted certiorari nine times, heard seven cases -- and did not affirm in any of the cases.

"I think the Supreme Court has started to pay attention to patent law for two reasons: disquiet with the Federal Circuit and also because patent law and patent reform are so on the radar screen," said patent scholar Timothy R. Holbrook of Chicago-Kent College of Law.

There have been two major recent studies of the patent system that noted problems, as well as patent reform proposals introduced in Congress, said Holbrook. On the "disquiet" reason, he said, "everyone thinks the Federal Circuit is pro-patent."

The court is pro-patent in terms of patent validity, he said. "Patents are supposed to reward significant advances in the state of the art. The obviousness doctrine governs that. But the test articulated by the court makes it very difficult to show the patent is obvious, so we get lots of patents on very simple inventions."

The court's test for obviousness is at the heart of KSR International v. Teleflex Inc., No. 04-1350, to be decided by the Supreme Court this term. The issue is fundamental to patent validity, and the solicitor general of the United States and the U.S. Patent and Trademark Office (PTO) have told the justices that the Federal Circuit is wrong.

KSR and the high court's recent rulings involving the Federal Circuit's view of the doctrine of equivalents and the use of injunctions for patent infringement, said Holbrook, reflect the Supreme Court's concern that patent law is out of control and that the Federal Circuit's formalistic approach is inappropriate.

"The Federal Circuit has this mantra of certainty," he said. "It wants clarity and certainty in the law and draws that from its congressional mandate. The problem is they articulate very bright-line, formal rules. I think the Supreme Court recognizes the need for certainty but disagrees with way the Federal Circuit is doing it."

Much of what the Federal Circuit has done-both good and bad-can be ascribed to excessive formalism, agreed Jay Dratler Jr. of the University of Akron School of Law.

On the good side, he said, the court has narrowed the type of evidence that can be used to construe claims in patent cases, trying to ensure that the evidence used is in the public record, accessible to all.

Where it has gone badly astray, in his opinion, is its unwillingness to look beyond what is written on paper in informing its decisions.

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"My complaint, and the complaint of a lot of people, is you can't really understand patents without understanding a little bit of the technology and a lot of the economics that go into the industry," he said. "To make decisions devoid of that background is, to me, nonsensical."

The court does that, Dratler said, not only because of excessive formalism but because most of its judges lack the technical and scientific backgrounds needed for these issues. Although patents are not its sole jurisdiction, patents were the primary motivation for creating the court, he said.

DE NOVO REVIEW

Another major area of concern or criticism is the Federal Circuit's de novo review of district court patent cases and its rather high reversal rate -- roughly 30 percent to 35 percent -- of those decisions. Most of those cases are appeals of summary judgment decisions.

The most important part of any patent dispute is the construction of claim terms in a given patent. After a Supreme Court decision removed claim construction from the province of juries and gave it to judges, the Federal Circuit held that it would review district judges' decisions de novo. Critics of de novo review and the reversal rate say that they increase uncertainty surrounding patents as well as the cost of litigation.

Last year, before she became a Federal Circuit judge, Moore, in an empirical study of district court reversals, reported the reversal rate, eight years after the Supreme Court ruling, was rising instead of declining as judges got more experience with claim construction.

The fault, she wrote, rests with the Federal Circuit, which was not providing sufficient guidance: "There have not evolved any clear canons of claim construction to aid district court judges, and in fact the Federal Circuit judges seem to disagree among themselves regarding the tools available for claim construction."

TIME FOR CHANGE?

So what does it all add up to, these criticisms and the Supreme Court's heightened interest in Federal Circuit rulings? Is it time for radical change?

No one seems to be advocating a return to the pre-Federal Circuit days when forum-shopping in patent cases among the 12 regional appellate courts was rampant and patent law was all over the map.

But some court scholars suggest it is time at least to discuss some change.

Craig A. Nard, director of the Center for Law, Technology and the Arts at Case Western Reserve University School of Law, and John F. Duffy of George Washington University Law School have suggested allowing two or perhaps three regional appellate courts to join the Federal Circuit in reviewing patent appeals.

"Our view is the problems are not with the judges, but by being the only game in town the Federal Circuit has no competition, does not enjoy a peer or the benefit of sister circuit jurisprudence," explained Nard. "Because of that, it doesn't have the type of engaged, thoughtful rationale other courts have."

Absent a peer, he said, the Federal Circuit has fallen into a kind of insularity and "path dependency." It gets locked into its own precedents, he explained.

"To the extent you have judges on panels disagreeing with another, it looks like the Federal Circuit is all over the place. It's a problem."

There are no intercircuit conflicts to trigger Supreme Court review, he added. The justices, in a disproportionate number of patent cases, ask the solicitor general for his opinion, and the solicitor general turns to the PTO.

"That's OK, but the best way is to have a couple of circuits weigh in and express themselves," said Nard.

And if you are the Federal Circuit with a monopoly on patent jurisprudence, he added, attorneys -- whom courts rely on generally for information about the law and facts in a case -- are somewhat reticent to challenge Federal Circuit precedents and make creative arguments, especially if they are repeat players at the court.

"Our goal is to generate discussion," he said.

No court achieves all expectations, said patent litigator Donald Dunner of Finnegan, Henderson, Farabow, Garrett & Dunner in Washington, D.C.

The Federal Circuit, he said, was originally formed in order to avoid forum-shopping, to bring uniformity and predictability to the process of deciding patent cases, and "largely, it has done that."

He gives the court "very good grades," sees nothing "broken" about it and believes it fares no worse in the Supreme Court than other circuits and better than some, such as the 9th Circuit.

CLAIMS CONSTRUCTION

Michel, the chief judge, is keenly aware of what is said and written about the Federal Circuit. He acknowledges concerns about the reversal rate of district court patent decisions, but notes that claim construction is very complicated with many opportunities to make mistakes.

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Because his court does not give district court rulings the usual deference they receive in other cases, "that presses toward our disagreeing on some of the constructions."

But, he said, the average reversal rate in civil litigation is about 20 percent, so 30 percent is not shocking on de novo review of very complex cases.

He thinks that legislation proposing a pilot program in certain district courts designating judges to handle patent cases would help eventually to lower his court's reversal rate.

Michel prizes the diverse backgrounds of his judges and relishes the diversity of the court's caseload. Suggestions that the court is insular, he said, are inaccurate.

"I think the diversity of judges' background and caseload was a brilliant conception of the architects of this court," he said.

That diversity just about guarantees against insularity, he explained. Re-involving the regional appellate courts in patent law, particularly after 25 years of noninvolvement, would create the risk of conflicts in patent law that the Federal Circuit was created to eliminate, Michel said.

"I frankly don't think there is anything fundamentally undesirable about the makeup, caseloads or performance of the Federal Circuit," said Michel.

"At the margins, everyone can have his own personal theory of what little improvements could be made, but in terms of radical changes, I certainly don't see grounds for that," he said.

His court, Michel added, gets criticized about equally by patent holders and nonpatent holders. And, he said, it is "interesting" there is some resentment by a number of tenured patent professors that the court doesn't cite their law review articles.

"We have an extensive body of case law, and that and Supreme Court precedent is what we would mainly be citing," he explained.

There are true dilemmas in patent law, added Michel. "You're balancing competing social interests, and it's not always clear what the right balance is. Congress has left it broadly defined in the statute, which has not changed greatly since 1952."

"A lot of patent law is judge-made law," Michel said. "It's quite natural and expected that the Supreme Court would, from time to time, dip into the major patent dilemmas and give them a look."

ENVIRONMENT:

As Climate Changes, Large Firms Look At Global-Warming Practice Areas (LAW)

By Petra Pasternak, The Recorder

California Recorder, October 19, 2006

While scientists ponder how quickly the polar ice cap will become a tropical resort -- and California turns the heat up on the auto industry -- law firms are starting to wave their green flags.

Soon after California Attorney General Bill Lockyer announced he was suing carmakers over vehicle pollution, and the state passed a new law to limit greenhouse gas emissions, Pillsbury Winthrop Shaw Pittman announced it was putting together a new climate change and sustainability practice group. And Morrison & Foerster announced an event to discuss the new Global Warming Solutions Act.

"We're going to try to start up a group initially within the confines of our IP practice," said MoFo partner Thomas Ciotti. "You've got to start marketing to the community in order to start attracting more business."

Partners are going to discuss hiring needs for his firm's new global-warming practice, dubbed Greentech, at an end-of-month meeting, Ciotti said.

Neither Pillsbury nor MoFo has hired anyone for the new climate groups. But both are earnest about what they call a burgeoning new area and say they're anticipating client needs by connecting previously disparate disciplines.

Ciotti predicted that biodiesel and ethanol manufacturers and chemical companies, for example, will need project finance, transactional, corporate and even IP help as they look to acquire and develop new facilities.

At Pillsbury, San Francisco partner Michael Steel said the new team-in-development consists of lawyers from the environmental and land use litigation practices, as well as from corporate and finance.

"We would expect in the future, as requirements become clearer and regulations are enacted, that businesses will need to figure out ways to comply," Steel said. For example, "They may have to redesign their manufacturing process, and that will require project finance expertise.

"It's a reorganization of the way you comply with environmental law, bringing in a number of different disciplines," Steel said. "You could call it marketing, or you could call it being responsive to your client's needs. Hopefully, they're the same thing."

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But not everyone is so gung ho about climate change.

Heller Ehrman environmental partner Joseph Armao said the phone has been ringing from clients calling with more concerns about California's new legislation and the state attorney general's lawsuit. But, he said, it's too soon to devote armies of lawyers or start new practice areas.

"People tend to get ahead of themselves, seeing the next arena," he said. "Heller Ehrman will be the first to form a group -- we'll call it the global warming cooling-off group -- if the state of California continues to file lawsuits along the lines of Lockyer's misguided lawsuit."

Pollinators' Decline Called Threat To Crops (WP)

By Juliet Eilperin

The Washington Post, October 19, 2006

Birds, bees, bats and other species that pollinate North American plant life are losing population, according to a study released yesterday by the National Research Council. This "demonstrably downward" trend could damage dozens of commercially important crops, scientists warned, since three-quarters of all flowering plants depend on pollinators for fertilization.

American honeybees, which pollinate more than 90 commercial crops in the United States, have declined by 30 percent in the last 20 years. This poses a challenge to agricultural interests such as California almond farmers, who need about 1.4 million colonies of honeybees to pollinate 550,000 acres of their trees. By 2012, the state's almond farmers are expected to need bees to pollinate 800,000 acres.

Gene E. Robinson, an entomologist at the University of Illinois and one of the 15 researchers who produced the report, said U.S. farmers had to import honeybees last year for the first time since 1922, underscoring the extent of the problem.

"The honeybee industry is at a critical juncture," Robinson said. "The time for action is now."

A number of factors have cut pollinators' numbers in recent decades, the researchers said. Introduced parasites such as the varroa mite have hurt the honeybee population, and pesticides have also taken a toll. Bats, which carry pollen to a variety of crops, have declined as vandalism and development have destroyed some of their key cave roosts.

John Karges, a Nature Conservancy conservation biologist who works with the endangered Mexican long-nosed bat in West Texas, said the bat's U.S. population fell from 10,000 in 1967 to 1,000 in 1983. The species feeds on nectar from the agave plant, which can be used to produce a sweetener as well as tequila.

"This bat is rare and suspected of declining rangewide," said Karges, adding that it can now be spotted only at one protected cave site in Big Bend National Park. "I don't think anyone's looking at it annually or closely."

The declines have been gradual and in some instances are hard to quantify, the committee concluded. But the panel's chairwoman, entomologist May R. Berenbaum of the University of Illinois, said in a statement that there is already cause for alarm.

"Despite its apparent lack of marquee appeal, a decline in pollinator populations is one form of global change that actually has credible potential to alter the shape and structure of terrestrial ecosystems," Berenbaum said.

Animals carry pollen -- which they pick up inadvertently while feeding on a plant's nectar -- and transfer it from one flowering plant to another, sometimes over significant distances. The process not only boosts plant production but increases species' genetic diversity.

Animal pollinators fertilize more than 187,500 flowering plants worldwide; scientists believe these plants, called angiosperms, gained ecological dominance more than 70 million years ago in part because animals help them disperse their pollen so broadly. Other pollinators include hummingbirds and butterflies, as well as wild bees.

In many ways, pollination works as a chain in which even the largest animals depend on small insects, said committee member Peter Kevan, a professor at the University of Guelph, Ontario.

"Canadian black bears need blueberries, and the blueberries need bees" for pollination, Kevan said. "Without the bees you don't have blueberries, and without the blueberries you don't have black bears."

Despite this crucial link, Robinson said, many ordinary citizens fail to grasp how important pollinators are to food production.

European researchers have also documented serious declines: The diversity of bee species has declined by 40 percent in Britain and 60 percent in Holland since 1980. Europeans have more detailed records of pollinators than Americans, said University of Arizona entomologist Stephen Buchmann, partly because they have more amateur taxonomists keeping track of them.

So far, North American farmers have responded to the shortages by importing bees from Europe and elsewhere, but this strategy carries risks. These imported bees could bring new pests, parasites and diseases along with them, the study warned; the varroa mite came to the United States along with packaged bees.

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The National Research Council panel called on scientists and government to collect more data on pollinator populations, and the U.S. Postal Service unveiled four stamps to help raise public awareness of the issue.

"We don't want to become a report on the shelf," said Michael Ruggiero, director of the U.S. Geological Survey's Integrated Taxonomic Information System. "We want to be a cause for action."

Evangelicals Rally Behind Environmental Cause (LAT)

By Stephanie Simon

The Los Angeles Times, October 19, 2006

Democratic strategists are joining forces with conservative evangelicals to promote a faith-based campaign to raise awareness about global warming, in an improbable alliance that could boost Democratic hopes of taking control of Congress.

At a news conference Friday, the president of the Christian Coalition and a board member of the National Association of Evangelicals will announce Call to Action, an effort to make global warming a front-and-center issue over the next three weeks for Christians in Pennsylvania, Ohio, Tennessee, North Carolina, Colorado and several other states with pitched election campaigns.

Through ads on Christian radio, sermons from the pulpit, Bible studies, house parties and a documentary film, "The Great Warming," Christians will be urged to view protecting the environment as a religious and moral issue, every bit as urgent as opposing abortion and gay marriage.

"We're not abandoning our previous positions. We're still pro-life, pro-traditional marriage, pro-morality. But one or two issues can't adequately express the gospel," said the Rev. Joel Hunter, the new president of the Christian Coalition of America.

Hunter is one of scores of evangelical leaders who have become convinced that the planet is facing a crisis and that God expects Christians to act, in part by electing committed environmentalists to office. "I'm trying to make Christians . . . look at candidates in a broader way, and look at individuals, not just parties," Hunter said.

The religious leaders say they are not trying to tip control of Congress to Democrats; under federal law, churches cannot endorse candidates. Pastors can campaign on issues, however, and they acknowledge that the election-season focus on global warming is designed to send a message to the GOP: Don't take us for granted.

"The fact that Republicans believe they have a lock on our voters is damaging to both the party and the church," said Peter Vander Meulen, social-justice coordinator for the Christian Reformed Church.

His denomination has a strong commitment to fighting poverty but is theologically and politically conservative: The church opposes birth control and considers homosexuality "disordered." Vander Meulen estimates that 80 percent of the denomination's 280,000 members are Republicans.

This election, however, he expects "a measurable shift" toward Democrats, as pastors highlight global warming and concerns about the Iraq war.

Democratic consultant Eric Sapp calls the greening of the religious right a "godsend for Democrats." His firm, Common Good Strategies, has drafted a guide for pastors who want to talk about global warming, which includes quotes from scripture and this suggested prayer: "We lament what creation is become due to our sin."

Sapp is especially eager to get global warming on the agenda for congregations in western North Carolina, Pennsylvania and Tennessee, where Democratic candidates for Congress share some values with their Republican opponents, opposing abortion and talking openly about their personal faith. He senses that, in such races, global warming could become a deciding factor for Christian voters.

"When evangelicals feel they have permission to vote on a wider range of issues, they're not going to be thinking that Republicans are God's party," Sapp said.

Local conservatives don't disagree.

"The Republicans have been awkwardly silent on this issue," said Dan Boone, president of Trevecca Nazarene University, an evangelical college in Nashville.

He recently hosted a luncheon for 50 pastors, focusing on global warming, and supplied them with DVDs to show their congregations. Boone has advanced the issue on campus, too.

"My sense," Boone said, "is that Christian voters are beginning to move away from being co-opted by either party."

White evangelicals make up nearly one-quarter of the electorate; 78 percent backed President Bush in 2004. But many have been frustrated with Bush and the Republican-controlled Congress for failing to promote issues they consider important, such as tougher laws on pornography and a constitutional amendment banning same-sex marriage.

In recent years, as their leaders emphasized abortion, gay rights and school prayer, "evangelical" has come to seem synonymous with "conservative." In fact, however, the shift to the right is a new development. As recently as a decade ago, white

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evangelicals were fairly evenly divided between the two parties. (President Bush is an evangelical, but so are former Presidents Carter and Clinton, both Democrats.)

Some top evangelicals now worry that they've become too predictably right-wing. Global warming offers a way to get out of that box. The issue is widely seen as an advantage for Democrats, because Republicans, led by Bush, have resisted steps such as ratifying the Kyoto Protocol to reduce emissions of greenhouse gases.

"Frankly, I'm conservative . . . (but) we're letting our principles lead us where they will," said the Rev. Richard Cizik, a leading evangelical voice on the right.

Democrats stand ready to take advantage. At a recent forum on global warming at Messiah College, a conservative evangelical institution in Grantham, Pa., the Democratic candidate for U.S. Senate, Bob Casey Jr., endorsed the Kyoto Protocol -- and got a warm reception. (The incumbent, Republican Sen. Rick Santorum, did not appear in person; instead, he sent a brief campaign video about other environmental issues.)

In western North Carolina, Democratic candidate Heath Shuler plans to attend a church-sponsored screening of "The Great Warming" as he fights to unseat incumbent Republican Rep. Charles Taylor.

"The Great Warming" is heavy on science, but it also lays out the biblical case for acting on global warming, starting with God's command to Adam to be a good steward of the Earth.

Faith leaders increasingly make a moral argument as well, saying that floods, hurricanes and other effects of global warming will disproportionately affect the poor -- precisely those whom Christ commanded his followers to help.

In the long run, evangelicals leading the Call to Action say they hope, and expect, more Republicans to take up global warming as a priority cause.

"Evangelicals are in the best position to change the GOP's mind on this -- a better position than any group in America, other than big busin

Evangelicals Broaden Their Moral Agenda (WP)

By Alan Cooperman

The Washington Post, October 19, 2006

Evangelical Christian leaders are tackling a growing list of domestic and international issues, such as genocide in Darfur and global warming, despite dissension in their ranks over whether this broader moral agenda will dilute their political power just before crucial elections.

Yesterday, two dozen prominent evangelicals issued a joint appeal for President Bush to take the lead in sending a multinational, U.N.-backed peacekeeping force into the Darfur region of Sudan. They included not just liberal religious leaders but also several notable conservatives, including the Rev. Richard Land of the Southern Baptist Convention and the Rev. Ted Haggard, president of the National Association of Evangelicals.

Today, another broad coalition of evangelical leaders will begin airing advertisements on Christian radio stations calling for action to address climate change. Among them is the new president of the Christian Coalition, who has said he plans to "rebuild and rebrand" the conservative lobbying group.

These initiatives do not sit well with some grass-roots religious conservatives, who prefer to keep the focus on a tighter range of issues, principally opposition to abortion and same-sex unions.

"This new vision, taking on these liberal issues, was the straw that broke the camel's back for us," said John W. Giles, president of Christian Action Alabama, which was the Alabama branch of the Christian Coalition before it broke away from the national organization last month.

"When we heard the new president talking about his opposition to the death penalty and support for raising the minimum wage, we decided it was time to say, 'Hi-ho, Silver!' " Giles said.

The Christian Coalition's new president, the Rev. Joel C. Hunter, pastor of a megachurch in Longwood, Fla., declined to be interviewed. The chairwoman, Roberta Combs, said the board of directors has not taken a position on global warming, the death penalty or the minimum wage.

Although Hunter was listed on the Darfur appeal and the global-warming initiative as the Christian Coalition's president, he "is doing that sort of as an individual," Combs said. "These are his personal feelings." She added that the board plans to survey supporters before taking new stands.

"We will never leave our core issues, never," Combs said. "But as more people get involved and as younger people get involved, there are other issues that come to the forefront, and we will be open-minded to take a look at them."

Bishop Harry R. Jackson Jr., pastor of Hope Christian Church, a 3,000-member congregation in Lanham, was among the signers of the Darfur appeal. He said he knows that some evangelicals are concerned that their clout will diminish if they take on too many issues. But, like Combs, he pointed to the need to address subjects that matter to young Christians.

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"I think you could call this a PR problem, because young people who are very involved in their churches understand the passion for these two issues," he said, referring to abortion and same-sex marriage, "but in the culture at large we can come across as wild-eyed bigots to some because we have only emphasized these things."

Broadening the agenda, "not to 99 things but to five or six core things," such as fighting poverty and providing aid to Africa, "helps improve our image and more accurately reflects the full panoply of our beliefs," Jackson said. "It's hard to say that those two things -- abortion and gay marriage -- are the only things God had in mind in the Bible."

To some evangelicals, however, the new issues are less clear than the old ones, which have led evangelicals to vote overwhelmingly Republican in recent elections.

"I definitely don't like the widening of the agenda, because it muddies the water," said the Rev. Michael Haseltine, pastor of the 2,000-member Maranatha Assembly of God Church in Forest Lake, Minn.

"Be good stewards of the environment? Sure, but how? These tree-huggers and anti-hunters think it's terrible to kill animals. Oppose poverty? Sure, but what's the best way to do it? We can't solve everybody's problems for them," he said. "Family and life issues -- abortion, sexuality -- they're much more clear from the biblical standpoint."

The global-warming radio ads are tied to a documentary film, "The Great Warming," that has been shown in hundreds of churches. "Environmental degradation is an offense against God," the Rev. Richard Cizik, vice president of the National Association of Evangelicals, says in the film.

Cizik has come under fire for his stand from some conservatives, including James C. Dobson, founder of Focus on the Family, who contend that it is uncertain whether global warming is a man-made phenomenon and what to do about it. But the Rev. Pat Robertson, who a year ago criticized the NAE for teaming up with "far-left environmentalists," has changed his mind. "It is getting hotter, and the ice caps are melting, and there is a buildup of carbon dioxide in the air," he said in August.

The Darfur appeal was backed by full-page ads in yesterday's Washington Post and other newspapers, paid for by $575,000 in donations from two individuals who wish to remain anonymous, according to Jack Pannell, spokesman for the liberal evangelical magazine Sojourners. "Without you, Mr. President, Darfur does not have a prayer," said the ads, addressing Bush.

"This is an important day. You see evangelical leaders from across the political spectrum coming together to speak as one voice," Jim Wallis, Sojourners' editor, told reporters.

Conservative signers of the appeal made it clear that they did not intend it to be critical of the White House's efforts to end the crisis. "The president really has been doing more than anybody else, but the president cannot do it alone, and America cannot do it alone," said Land, who heads the Ethics and Religious Liberty Commission of the Southern Baptist Convention.

FBI/DEA/ATF/USMS:

Agents Break Up Money - Laundering Ring (AP)

AP, October 19, 2006

NEW YORK (AP) -- Law enforcement agents broke up a Colombian money-laundering ring Wednesday, arresting 26 people in three countries and seizing more than $16.5 million in cash and drugs, drug enforcement officials said.

Arrests were made in Bogota and Cali, Colombia; New York, New Jersey, Florida and London, according to Drug Enforcement Administration officials.

More than $10 million in alleged drug profits and more than $6.5 million in cocaine, heroin and marijuana were seized in the operation conducted by DEA, the FBI, Immigration and Customs Enforcement, the Internal Revenue Service, New York city and state police and Suffolk County police, authorities said.

In one court document filed in U.S. District Court, New York Police Detective Jon Paul Figueroa said the scheme was used to process some of the billions of dollars generated each year by Colombian drug dealers.

He said narcotics traffickers used the Colombian black market peso exchange to disguise the source of income.

As part of the probe, he said, Colombian law enforcement authorities obtained judicial authorization to intercept telephones used by various peso brokers in Colombia.

He said the Colombian officers also identified money launderers in the New York City area, including some of the defendants, who were collecting and distributing drug proceeds in coordination with their criminal associates in Colombia.

He said the probe also relied on multiple confidential informants who worked with undercover officers posing as people in New York who were able to receive narcotics proceeds and place them into the U.S. banking system to be laundered through the peso exchange.

In one scheme, officials said, a peso broker in Colombia arranged to launder illegal drug money located in New York. He arranged for other defendants to collect the cash and turn it over to another defendant who used it to buy used truck parts from a

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scrap yard he controlled in Lindenhurst, N.Y. The parts were shipped to Venezuela and Colombia and resold for pesos, the officials said.

U.S. agents obtained seizure warrants for bank accounts throughout the United States that they said had been used to aid the laundering. Colombian agents conducted 24 searches in Bogota and Cali.

The defendants include people from every level of the operations -- peso brokers in Colombia, their criminal confederates in the United States and Colombian business people who knowingly acquired the cheap drug dollars to buy imports, the officials said.

Associated Press writer Michael J. Sniffen in Washington contributed to this report.

26 Arrested In Global Money Laundering Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 18, 2006

Federal agents yesterday broke up what authorities described as an international money laundering ring diverting millions of Colombian drug dollars through a sophisticated "Black Market Peso Exchange," an illegal currency exchange system.

U.S. Attorney Michael J. Garcia in New York said agents arrested 26 persons on money laundering charges in Bogota and Cali, Colombia, New York, New Jersey, Florida and London, seizing more than $10 million in drug proceeds and $6.5 million in cocaine, heroin and marijuana.

According to two indictments and a complaint unsealed in U.S. District Court in Manhattan, the suspects used "peso brokers" to serve as middlemen between cash-heavy drug traffickers and Colombian businesspeople seeking to purchase cheap U.S. dollars outside the highly regulated Colombian banking system.

Mr. Garcia said all of the transactions in the system, dubbed the Colombian Black Market Peso Exchange by authorities, are verbal, without any paper trail, making discovery of the money laundering crimes by international law enforcement extremely difficult.

He said it is one of the primary methods through which Colombian narcotics traffickers launder their illicit funds.

The charging documents said the system involves three steps:

·Drug traffickers sell their drug dollars in the United States to peso brokers in Colombia in exchange for Colombian pesos.

·The peso brokers use criminal associates in the United States to collect the drug money and deposit the illicit funds into the United States banking system.

·The peso brokers sell the drug dollars to Colombian businesspeople seeking cheap dollars outside the legitimate Colombian banking system to purchase goods to be imported back to Colombia.

Of the 26 persons arrested, Mr. Garcia said, seven were taken into custody in Bogota, seven in Cali, two in Florida and 10 in New York. If convicted, they face a maximum sentence of 20 years each.

DEA Warns Of Soft Drink-cough Syrup Mix (USAT)

By Donna Leinwand

USA Today, October 19, 2006

When San Diego Chargers defensive back Terrence Kiel was charged last month with illegally shipping cases of prescription cough syrup back home to East Texas, it cast a spotlight on a drug trend authorities say is spreading throughout the South and being celebrated in rap songs.

In a statement announcing Kiel's arrest Sept. 26, the Drug Enforcement Administration cited the rising popularity of a concoction that includes codeine-laced syrup mixed with a soft drink or sports drink. Such cocktails — known as “Lean,” “Syrup,” “Sizzurp” and “Purple Drank” — were popularized in rap mixes in the late 1990s by Robert Earl Davis Jr., a Houston disc jockey known as DJ Screw.

Since then, some teens and young adults in East Texas and beyond have been getting high on drinks in which the key ingredient is a prescription cough suppressant that contains promethazine with codeine, an opiate. DEA Special Agent Doug Coleman, who tracks the drug from the agency's headquarters in Arlington, Va., says users typically mix an ounce of the syrup with Sprite, a sports drink or a regional soft drink called Big Red, then plop in a Jolly Rancher candy and pour it over ice. The opiate produces a feeling of euphoria and causes motor skill impairment that makes users move slowly or lean over.

The scope of cough syrup abuse across the nation is unclear because national drug surveys do not ask about it specifically. However, police, federal drug agents and public health analysts from Texas to Florida say the abuse and illegal sale of codeine syrup are rising and are part of the much larger problem of prescription drug abuse.

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In 2004, 8.3% of Texas secondary school students reported having taken enough codeine syrup to get high, according to a survey by the University of Texas.

The misuse of prescription syrups is “a huge trend. We've seen more of it in the last few years than we've ever seen before,” Coleman says. “We see a lot of kids getting hold of it” by ordering from online pharmacies that accept unverified prescriptions and identification.

DEA agents say the demand for illicit syrup has sent its price soaring. Syrup that typically sells for $12 a pint that is stolen or obtained illegally from pharmacies and warehouses often is sold to street dealers for about $300 a pint, says Richard Sanders, a DEA agent in Tyler, Texas. He says East Texas dealers then sell it by the ounce to users for $40-$85 — or $640-$1,360 a pint.

The DEA's largest busts involving syrup have been in Texas and Florida, but it is turning up across the South. In August, police in Natchez, Miss., found several bottles of illicit syrup in countywide drug raids, and police in Alexandria, La., seized 15 1-pint bottles from a 48-year-old man.

Overdosing on prescription syrup is potentially fatal, but it's unclear how many people have died drinking such concoctions. Too much codeine, which is produced from morphine, can depress the central nervous system and stop the heart and lungs, Coleman says. “The misconception is that prescription drugs are OK because they are medicine,” he says. “But if you're taking 25 times the recommended dosage, it's very dangerous.”

In November 2000, DJ Screw, the innovator of rap mixes that glorified syrup drinks, died of a codeine overdose. His re-mixed and slowed-down rap songs reflected the narcotic effects of syrup, says Rolling Stone executive editor Joe Levy.

Since DJ Screw's death, others have extolled syrup drinks in their raps and mixes. Three 6 Mafia, an Oscar-winning hip-hop group, recently had a hit song called Sippin' on the Syrup. “Here in Houston, it went hand in hand with a very innovative form of hip-hop music called ‘screw music,' ” after DJ Screw, says Ron Peters, assistant professor of behavioral sciences at the University of Texas Health Science Center.

“I'd be surprised if the majority of high school hip-hop fans don't know what syrup is,” Levy says. “But it doesn't mean they are using it.”

Syrup drinks appeared in Pensacola, Fla., in 1999 as a social drink among drug dealers, says Pensacola police Sgt. Stephen Bauer. Pensacola's narcotics unit recently concluded a wiretap investigation in which cocaine and marijuana dealers routinely mentioned syrup in recorded conversations, Bauer says. In Louisiana, teens are using syrup in the Lafayette and Lake Charles areas, says Kristen Meyer of the state Department of Health and Hospitals. “It's new on everyone's radar,” she says.

Trafficking of syrup is rising in Texas, says Special Agent Tim Stover of the DEA's Fort Worth office. Dealers in Dallas, Fort Worth and Houston have bought pints from corrupt pharmacy owners for cash, he says.

In Houston, seven pharmacists and a doctor were convicted last summer of illegally diverting more than 2,500 gallons of narcotic cough syrup by creating and filling hundreds of phony prescriptions.

In August, a federal grand jury in Oakland indicted the directors of a non-profit organization set up to distribute medicine in Nigeria. They allegedly used the group to divert prescription drugs, including syrup, to dealers and users.

Despite crackdowns by police, prescription syrup is a popular illicit drug in Tyler, where Kiel's packages were to have been sent. Kiel, who grew up in nearby Lufkin, told DEA agents he shipped the syrup to help out a cousin, says Bob Grimes, Kiel's attorney. The cousin has not been identified; no others have been charged.

Court papers say DEA agents were told of Kiel's shipment by FedEx managers who inspected a package the player had dropped off and found 15 pints of syrup. Kiel was arrested after he took a second box of syrup to FedEx. DEA agents found more syrup in his garage, Special Agent Dan Simmons says. Kiel pleaded not guilty to five felony charges. He could face up to five years in prison if convicted.

Former Soldier Admits To Role In Drug Smuggling (AP)

AP, October 19, 2006

OKLAHOMA CITY A former member of the U-S Army Reserve today became the latest soldier or former soldier to plead guilty to smuggling drugs while in uniform.Terrance Wilson of Oklahoma City pleaded guilty today in federal court in Oklahoma City to a felony conspiracy charges and faces up to five years in prison.Wilson is among the soldiers caught in an F-B-I sting in which agents posed as drug traffickers and bribed soldiers to escort cocaine from Texas to Oklahoma City. He was paid two-thousand dollars for a trip in March 2004.

Chicago Police Raid Targets Bad Heroin (AP)

AP, October 18, 2006

CHICAGO (AP) - Police raided a public housing complex Wednesday in a sweep targeting suspected dealers of deadly fentanyl-laced heroin, authorities said.

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Officers were looking for 37 suspects and had arrested about half by Wednesday afternoon, said Chicago police spokeswoman Monique Bond.

The arrests at the Harold Ickes public housing complex followed a federal bust in June at another housing complex nearby, Bond said. Federal drug agents were not involved in Wednesday's raid, she said.

Hundreds of people have died nationwide from heroin laced with the prescription painkiller fentanyl. In Cook County, more than 200 deaths were attributed to fentanyl-laced heroin from April 2005 through August 2006, said Joanna Zoltay, a spokeswoman for the Drug Enforcement Administration in Chicago.

Major Drug Sweep On South Side (CHIT)

By Josh Noel, Tribune Staff Reporter

Chicago Tribune, October 18, 2006

Tamela Braylock is tired of the drug dealing in the Harold Ickes pubic housing complex, so she was glad to see police descend Wednesday morning on her lifelong home with more than 30 arrest warrants in a large-scale bust.

But her feelings turned mixed when she recognized a teenager in black pants and a red checkered shirt being led out with his hands behind his back.

"That's my friend's son," said Braylock, 27, of a boy she guessed was 16. "It's [messed] up because he's so young. But maybe now he'll learn."

In what police say is a continuing effort to dent sales of fentanyl-laced heroin on Chicago's South Side, officers fanned out across the Ickes complex on South State Street for much of the day, trying to arrest 31 people who have been charged with a variety of drug-related crimes.

Dozens of uniformed and plainclothes officers filled the complex as members of the SWAT team stood at the entrances with guns.

By 5 p.m., 20 of the suspects had been arrested, police spokeswoman Monique Bond said. Police will provide more details at a Thursday news conference, she said.

The arrests were the culmination of Operation Fallout, for which police spent close to three months monitoring the complex from mounted cameras and making undercover buys from members of the Gangster Disciples, they said. Sources said 41 buys were made and that a large percentage of the heroin was laced with fentanyl.

Since April 2005 more than 185 people have overdosed in Chicago on heroin laced with the powerful painkiller, authorities have said.

The bust follows a similar effort earlier in the year, Operation Snakebite, which targeted heroin sales in the nearby Dearborn Homes and resulted in drug charges against 47 gang members.

Federal prosecutors have said the gang, the Mickey Cobras, was generating nearly $25,000 per day in heroin sales.

Police said they ran the bust on the Ickes complex because they feared it would become the destination of heroin seekers after the arrests at the Dearborn Homes. Ickes residents have long voiced concerns about drug sales and thanked officers in the halls Wednesday, police said.

"The constant hue and cry here is about gang activity," said Central District Cmdr. James Keating. "The mission is to enhance the quality of life, and the point of that is to get rid of the gangbangers.

"We're doing our best, and it's important that the community sees we're doing our best."

The efforts to stop drug dealing would not end with the arrests, police said.

"Our presence is not just here today," said Lt. John Escalante of the narcotic and gang unit. "We'll be out for quite a while here."

Though largely appreciative, residents were skeptical of any long-term benefit, saying the arrests probably would not fundamentally change life in buildings where dealers spend up to 12 hours in the hallways selling their goods.

"One group leaves, and another comes in," said Joyce Jackson, 34, a mother of four.

Jackson said she is forced to take her children into the building on the back steps most days because she doesn't want to expose them to the dealers.

"Maybe now we can walk up the front steps," Jackson said. "You get real tired of your kids seeing people selling drugs."

Tribune staff reporter Carlos Sadovi contributed to this report.

Harold Ickes Housing Project Targeted In Police Drug And Gangs Sweep (CD)

Chicago Defender, October 19, 2006

Chicago police swept down on the Harold Ickes Housing Project early Wednesday morning in the latest of the city's all out assault on drug dealers and gangs.

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The police Narcotics and Gangs Division surrounded the housing project at 22nd and State streets to round up approximately 37 offenders who either are gang members, drug dealers or substance abusers, Chicago police Spokeswoman Monique Bond told the Defender Wednesday.

"A full complement of special units, SWAT teams and tactical units participated in the raid," Bond said. "This was a sole Chicago police take down. This is called Operation Fallout. It's called Operation Fallout because of some of residual activity that may have went from Dearborn (project raids) to Ickes."

The crackdown on the project also was called Operation Fallout because the drugs being sold there (a form of heroin) were so strong "that people were literally falling out," Bond said.

The early morning raid took place during a time when many children in the area were leaving for school. There are three schools in the Ickes vicinity and a church right across the street, Bond said.

Share your thoughts

on this story on the ChicagoDefender.com message board.

"The response that police received from the community was overwhelming, which included the community being relieved that police were taking this action to take out gang-bangers, drug users and drug dealers," Bond said. "The residents were overwhelmingly supportive of the operation.

Chicago Police Superintendent Philip Cline said in a prepared statement that the drug raids are making a difference.

"Many of these street corner conspiracies and federal cases that have been dismantled can be viewed as a contributing factor in reducing overall crime for the community, as well as restoring the community's quality of life," Cline said in a prepared statement.

A full detailed press conference on the raid and the number of arrests actually made is schedule for today at police headquarters. No time was given for the press conference.

South Side CHA Drug Bust Produces Dozens Of Arrests (WBBM)

WBBM Radio, October 19, 2006

(CBS 2) CHICAGO --- More than 35 people were arrested this morning in a drug bust at a public housing development on the Near South Side.

The drug bust occurred at 24th and State streets, in the Harold Ickes Homes. As of 11 a.m., the scene was still very much active, and residents said it was very much necessary.

"It's a war zone," said Evelyn Lewis. "I go to work – some people at work, they can't believe how it is."

But Lewis knows how it is. In the time she has lived in the Ickes Homes with her two children, she has seen "people selling drugs, using drugs. I don't want my kids to see it."

Neither do police, which is one reason they conducted a sweep at the Ickes Homes. They targeted 37 people in arrests they hope will take a chunk out of the gang and drug problem like at the Dearborn Homes, which are also along State Street just the across the Stevenson Expressway from the Ickes Homes.

Last summer, Operation Snakebite focused on similar troubles on Dearborn Homes. The investigation at Ickes is called Operation Fallout.

Narcotics and Gang Deputy Chief Michael Cronin said the name was because "myself and (Central District) Commander Keating were concerned about the fallout from the Dearborn Homes. We thought maybe the customers would start coming over to Ickes and start buying their heroin."

The problem has revolved around an extremely potent form of heroin that is laced with the painkiller fentanyl. Over the last month, there have been overdoses at Ickes, and officers suspect they are related to fentanyl.

They said police surveillance cameras in the area have helped their investigation, and they promised to keep on the problem.

"I need to stress to you that this in an ongoing investigation, and our presence here today is not just for today. This is not the conclusion of the investigation," said Narcotics and Gang Investigation Unit Lt. John Escalante.

But Lewis said she did not believe the problem would be removed.

"This will die down and go back to the way it was. That's what happens," she said.

When asked if that was her fear, Lewis replied, "That's my knowledge. That's what I know."

But Lewis said she was happy police were executing search warrants and making arrests at the development. As for those wanted, about half are now in custody and they face a range of drug-related charges.

Spring Valley Drug Dealer Gets 11 Years In Federal Prison (JN)

The Journal News, October 18, 2006

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WHITE PLAINS - A 45-year-old Spring Valley man has been sentenced to 11 years in federal prison for being part of a cocaine distribution ring.

James E. Johnson ran a network of drug dealers and shuttled cocaine daily in 2004 and 2005 from Queens into Spring Valley, Nanuet and Pearl River.

Johnson, who also lived in Queens, was convicted of conspiracy to distribute drugs and possession of a weapon. Seven other people were arrested in Rockland, Queens and Suffolk counties as a result of an investigation by the U.S. Drug Enforcement Administration and the anti-crime units of the Spring Valley and Ramapo police departments.

Johnson was sentenced to seven years for possessing a .45-caliber gun and four years for drug dealing. He had a prior felony conviction 1996 for possession a gun.

Ramapo Detective Sgt. John Lynch estimated Johnson and his crew did about $500 to $2,000 worth of business daily. He said they worked out of two apartments in Spring Valley and sold crack to people and street dealers in gas station parking lots in Pearl River and Nanuet.

Freedom For Sale, Part 1 (MNT)

By Carl Jones

Miami New Times, October 19, 2006

Back in July 1998, Pensacola prosecutors issued an arrest warrant for a 28-year-old father of three named Antonio Monroy. He had been charged with three counts of cocaine trafficking. Soon he was picked up in Miami. He was sent to a federal prison in Coleman, Florida, northwest of Orlando, and a few months later, with a trial looming, he pleaded guilty.

It was the kind of case that breezes through the courts every day.

Then a friend of Antonio's contacted his mother, Virginia. A Miami lawyer could get her son out of prison early, he said.

At the time, Israel Perez Jr. was a defense attorney with almost twenty years of experience, including time clocked as a prosecutor in Fort Myers and Miami-Dade, where he served under Janet Reno. Before he met Antonio Monroy, the only blight on his record had been a 1993 public reprimand by the Florida Bar for improperly handling the funds of a client. Perez had an office in a black and tan tower called the Gables International Plaza in Coral Gables. He seemed like a reputable guy.

Virginia agreed to meet the lawyer, who soon showed up at her aging apartment building on Indian Creek Drive across from the Intracoastal Waterway in Miami Beach. According to the woman's description of that meeting, Perez laid out a plan. Perez would fly to Coleman and tell Antonio to expect two Drug Enforcement Administration agents to visit him after sentencing. Then agents would tell the court he deserved to be freed. It was a sure thing.

The cost to Antonio and his mother would be $100,000.

On March 26, 1999, Antonio was sentenced to nine years in prison. After the sentencing hearing, Antonio's friend contacted Virginia again to find out if she was still interested in buying Antonio's release.

Virginia said she would have to think about it. When she told her son about her conversations with Perez, he decided the whole thing was a scam and contacted the FBI. The bureau then persuaded Virginia and Antonio to meet with Perez — while wearing a wire.

During the next six months, over the course of some dozen meetings or telephone calls, all in Spanish, it became clear that Perez's plan — valid or not — was intricate. Transcripts of conversations he had, along with telephone calls that were recorded, show Perez planned the deceit to minute detail, where it might stall, how disagreements might occur, and generally how to avoid law enforcement scrutiny.

Regardless of all the video- and audio-taped meetings, so far there have been no arrests or indictments in the case. On September 14 the Florida Supreme Court disbarred Perez. A disturbing story is spelled out in a stack of FBI and DEA documents that became public record this summer, after they were introduced as evidence in the bar investigation into Perez. Though a handful of other Miami convicts surfaced, saying they had similar dealings with Perez, the two corrupt DEA agents were never identified. It now seems a probe into the affair has gone nowhere.

Federal authorities declined to comment about the case. So did Monroy. A call placed to Perez's old law office — which by court order is in the process of closing down — reached only an answering machine. A message New Times left was not returned. Calls to three other numbers once monitored by the FBI led to dead ends. Another message was left at Perez's home, with no response. In bar documents, he denied Antonio's claims in a series of letters to Florida Bar investigators.

If there's any truth to Perez's claims about working with rogue DEA agents, the case raises serious questions about the propriety of drug investigations and prosecutions in South Florida, and about why Perez was never charged with a crime. It could mean there is again a "For Sale" sign on badges in Miami.

It all began on a sweltering July day in 1999 when Perez knocked on the door of Virginia Monroy's sixth-floor apartment in Miami Beach. After several minutes of small talk, they turned to business. She expressed concern for her son and asked lots of

questions. Perez patiently answered all of them, describing the legal process that allows for convicted defendants who help the government to leave jail early. He called the $100,000 a "fee" and repeatedly guaranteed it would bring Antonio home.

Referring to the corrupt DEA agents, Perez said to Virginia: "I bring a file like this one to them and tell them, 'This is the man; go do what you have to do.'" He then explained the DEA agents would want their money when Antonio had the recommendation for a sentence reduction in hand.

But, he warned, she could not back out. Otherwise the agents would say Antonio lied. Then he might get more jail time. "In other words," Perez said, "you'll be responsible for your actions."

This warning would be made repeatedly throughout the conversations to come — have the money, or else. Perez also warned Virginia that she and Antonio would have no one to turn to if they decided to rat him out. He said no judge would believe they'd been scammed by the DEA. "They are going to laugh right in that person's face," Perez said.

On the evening of July 18, Virginia Monroy and her daughter-in-law Claudia sat in their car in the parking lot of the La Carreta restaurant on North Kendall Drive. It was just after 6:30, and the two were waiting to meet Perez. Virginia was wired for sound and holding $1500 — money provided to her and photocopied by authorities — to pay for Perez's trip to see Antonio in Coleman.

Colo., Nev. To Vote On Easing Pot Laws (USAT)

By Tom Kenworthy

USA Today, October 19, 2006

DENVER — Colorado and Nevada could become leaders in the movement to legalize marijuana, when voters decide Nov. 7 whether to remove all penalties for adults 21 or older possessing up to an ounce of the drug.

Alaska is the only state that allows penalty-free possession of marijuana, the result of a court decision in August striking down part of a state law that made it a misdemeanor for adults to have less than 1 ounce of marijuana.

In addition to the two statewide ballot measures, at least five cities are letting voters decide whether to direct police to make enforcement of marijuana laws a low priority. Those towns: Missoula, Mont.; Eureka Springs, Ark.; and three California communities — Santa Cruz, Santa Monica and Santa Barbara.

In Colorado, where possession of an ounce or less is classified as a petty offense subject to a $100 fine, backers of Amendment 44 promote marijuana as a healthier alternative to alcohol use.

“Every objective study has found that marijuana is far less harmful to the people who use it and society than alcohol,” says Mason Tvert, campaign director for an organization called Safer Alternative For Enjoyable Recreation (SAFER) that is leading the Colorado ballot drive.

Marijuana possession is illegal under federal laws, which call for up to a year in jail and a $1,000 fine. SAFER says on its website that 99% of marijuana prosecutions come under state and local laws.

Last year, 54% of Denver voters approved a similar measure for the city, but it has had little impact because most cases are prosecuted under state law. “The city initiative didn't change anything,” says Vince DiCroce, head of the city attorney's prosecution staff.

A Rocky Mountain News poll in late September showed 53% of Colorado voters oppose this year's referendum, while 42% favor the marijuana measure.

Colorado Attorney General John Suthers criticizes backers of the measure for “an irresponsible and inaccurate message that legalizing marijuana will make Colorado a safer place.”

In Nevada, where voters defeated a legalization measure in 2002 by 61%, this year's measure is broader than the one in Colorado. It would allow adults to possess up to an ounce, but also boost criminal penalties for drivers who cause death or serious injury while driving under the influence of alcohol and drugs.

The measure would set up state regulation of marijuana stores, with licensing fees and an excise tax of $45 per ounce. Proceeds would be split between the state general fund and substance abuse programs.

A coalition of law enforcement and community groups opposes the measure. Thirty-three clergy members endorsed the initiative. Paul Hansen, senior pastor of the Holy Spirit Lutheran Church in Las Vegas, says legalization and regulation would prevent some of “the problems that prohibition causes, including exorbitant prices and wild profits” by criminal elements.

Colorado and Nevada are among 11 states that treat possession of small amounts of marijuana as misdemeanors or petty offenses.

Lions Confused By Rogers' Suspension (AP)

AP, October 19, 2006

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ALLEN PARK, Mich. (AP) -- The Detroit Lions understand they will be missing star defensive tackle Shaun Rogers for the next month. They just aren't clear why.

The NFL suspended Rogers without pay for the next four games for violating a league rule on banned substances. The league said Wednesday the violation involved an NFL policy that covers anabolic steroids and related substances.

Rogers will be eligible to return for the Thanksgiving Day game against Miami.

Several Lions players said the two-time Pro Bowler fell afoul of a confusing policy that leaves them not knowing which supplements are OK and which are banned. Unlike the league's policy on street drugs, a first offense related to performance-enhancing substances brings a suspension.

"They give us a list, but it is in Greek," said veteran tight end Marcus Pollard. "It would be helpful if the list said which supplements were banned, but it doesn't. It just gives us a list of ingredients, and we have to try to figure out which ones are in each supplement."

The NFL's announcement didn't say what Rogers took, but an official within the league told The Associated Press on Tuesday night that it was an over-the-counter substance. The official spoke on the condition of anonymity because the NFL had not yet announced the suspension.

Lions player representative Dominic Raiola said the confusion means the players have to exercise caution.

"You have to be careful, because you can flunk for NyQuil," he said. "Before I take anything, I go right to the trainers and ask them about it. If there's any question at all, I don't take it."

Lions coach Rod Marinelli said players are warned during training camp about what they should not be taking.

"This shouldn't be a surprise," he said. "Our trainers do a nice job of keeping track of what is good and what isn't."

Tight end Dan Campbell is a supplement user -- he keeps large jars of powder in his locker -- but said he understands the risks.

"This stuff helps me recover faster, which is why I take it," he said. "I'm very careful about checking the labels, but what would happen if they put something else in it? If that happened, I'd go public and make sure everyone knew what the company was doing, but that's still four games off for me."

Pollard isn't willing to take that chance.

"I'm a water-and-Gatorade guy," he said. "The only thing I take is my kids' Flintstones vitamins, and I'm pretty sure those are safe."

Losing Rogers is a blow for the Lions, who are coming off their first win of the season. Detroit (1-5) plays Sunday on the road against the New York Jets (3-3).

The 6-foot-4, 345-pound Rogers is widely regarded as one of the NFL's best defensive tackles. He had a career-high 5 1/2 sacks last year. In six games this season, Rogers had three sacks and 20 tackles.

Marcus Bell will replace Rogers in the starting lineup Sunday against the Jets, but he isn't expected to have the same kind of game-changing impact.

"It's an impact on us, but I am very confident with Marcus," Marinelli said. "He has to have a great game. They will maybe run inside on us a little more, but if every guy does what he is supposed to do, we'll be fine."

An e-mail message seeking comment was sent to Rogers on Tuesday night.

Cory Redding, Rogers' partner at defensive tackle going back to their college days at Texas, said he talked to Rogers after the news broke Tuesday.

"This is a devastating blow for us," he said. "We're all going to miss the big guy, but he's with his friends and family.

That's what he needs right now."

AP Sports Writer Larry Lage contributed to this report.

Lions' Rogers Is Suspended For Jets' Game And 3 More (NYT)

By David Picker

The New York Times, October 19, 2006

HEMPSTEAD, N.Y., — The Detroit Lions appeared to turn a corner Sunday, when they beat the Buffalo Bills, 20-17, for their first victory of the season. Maintaining that momentum against the Jets on Sunday at Giants Stadium, however, will most likely be more difficult than they had hoped.

The Lions will be without defensive tackle Shaun Rogers, who was suspended by the National Football League for four games on Wednesday for violating its policy on anabolic steroids and related substances.

Rogers, a two-time Pro Bowl selection, anchored the Lions' defensive line, which is 11th out of 32 teams in the N.F.L. against the run. The Jets have sputtered on the ground this season, but now they sense an opening.

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"We know what type of player Shaun Rogers is," Jets quarterback Chad Pennington said Wednesday. "He wreaks havoc anytime he's in the game. You've got to be aware of him. He definitely makes their defense better."

According to The Associated Press, a league official who was granted anonymity said Tuesday night that Rogers's ban was caused by an over-the-counter substance. The Detroit Free Press reported Wednesday that Rogers's agent, Kennard McGuire, said that Rogers had taken an appetite suppressant.

McGuire was not available for comment on Wednesday, a representative from his office said.

Rogers, in his sixth season, is listed on the Lions' Web site as 345 pounds. He has been dealing with a lingering knee injury, and he may use the time away from the game to have minor surgery.

Lions Coach Rod Marinelli indicated during a conference call with reporters on Wednesday that Rogers would not appeal the suspension.

Rogers had 3 sacks and 20 total tackles in six starts for the Lions this season. Cory Redding, a defensive end in his fourth season, is expected to replace him.

"I think they have a good group of defensive linemen, and those guys have played in different spots," Jets Coach Eric Mangini said. "There is some flexibility there to move guys around. Collectively, they play well. And whether it's an injury or a situation like that, I think the group will respond. And whoever they decide to plug in there will do a good job for them."

Runners Of Meth Superlab Get 15Yrs (AP)

AP, October 18, 2006

ATLANTA (AP) -- Two men convicted of running one of the East Coast's largest methamphetamine labs out of the basement of a Smyrna, Georgia, home were sentenced Tuesday to more than 15 years each in federal prison.

Twenty-four-year-old Ignacio Cortes-Valencia was given 21 years in prison, and 31-year-old Gustavo Lara-Murillo received a 17-year sentence.

A third man, 34-year-old Ramon Oseguera-Alanis, will be sentenced later.

The men were arrested during a February 2005 raid where authorities found what is known as a "superlab," or a meth lab that can produce more than ten pounds in a single run. It is the first superlab discovered in the state and one of just a handful found on the East Coast.

During the raid, nearly 40 pounds of methamphetamine and ten pounds of crystalized methamphetamine—a pure form of the drug— were seized. The drugs had a street value of $2.8 million dollars.

Police also seized 24 full trash bags of empty pseudoephedrine containers which once likely contained about 240,000 of the pills commonly used to create meth.

Few States Allow Forms Spelling Out Patients' Wishes (USAT)

By Julie Appleby

USA Today, October 19, 2006

Oregon was the first of only a handful of areas where patients and their doctors can fill out simple forms — that carry the legal weight of physicians' orders — outlining what kind of medical care they will receive, from ambulance to hospital to nursing home.

Washington state and West Virginia, along with parts of New York and Wisconsin, have similar programs. Advocates in a handful of other states, including Hawaii, Utah, Florida and Nevada, are developing them.

Ken Brummel-Smith, who heads the department of geriatrics at Florida State University College of Medicine, supports the effort to make the forms available in Florida. He says the case of Terry Schiavo helped fuel debate about the need for the forms. The woman who was in a long-term vegetative state drew national attention when Florida lawmakers and Congress tried to prevent her husband from having her feeding tube removed,

While the idea of the forms did not pass out of Florida legislative committees on its first try, Brummel-Smith says that advocates plan to try again. The debate highlights concerns from all sides.

"People have worries," Brummel-Smith says. "On one side, everyone is worried about whether a form could be used to limit treatment to people who can't be good advocates for themselves, or they perceive a risk of (a medical provider) withholding care in order to save money."

But, he says, others worry that if they are terminally ill, they will face too much unnecessary medical treatment. That's where the forms can help.

"The primary goal is to have patient-centered care, where we follow the patient's wishes. Plain old advance directives don't do that too well," he says.

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Florida resident Barbara Ginsburg, 73, of Niceville, is following the debate and says she may consider filling out one of the forms if they are made available.

Ginsburg says she and her husband, Herbert, 80, already have advance directives, often called living wills, which name others to speak for them. The directives also make broad statements about medical treatment.

Her husband's documents state that he wants everything possible done for the first 10 days he's hospitalized. After that, he doesn't want extreme measures taken. Her wishes are a little different.

“I have this horrible fear of lying there hooked up to machines,” she says. “ As far as I'm concerned, if I'm in any kind of a vegetative state, just pull the plug.”

Gang Leaders Get Life Terms (VALLTH)

By Matthias Gafni, Times-Herald staff writer

Vallejo (CA) Times Herald, October 19, 2006

Pitch Dark Family leaders sentenced in federal court

A federal judge on Monday sentenced the leaders of a reputed Vallejo street gang to life in prison without the possibility of parole.

U.S. District Judge Frank C. Damrell sentenced Shango Jaja Greer, 34, and Jason Keith Walker, 31, both of Vallejo, after a lengthy trial in U.S. District Court, Sacramento. In April, after three years in court, a federal jury convicted Greer conducting the affairs of an enterprise through racketeering, and Walker guilty of conspiring to conduct the same offense.

The jury specifically found Greer responsible for a murder in 1994 and 2000, a 1994 attempted murder and various drug trafficking activities. The jury found Walker responsible for two 1994 murders, a 1994 attempted murder and drug trafficking enterprises.

Prosecutors painted the pair as running Pitch Dark Family, a gang of dope dealers and wannabe rappers, who operated in downtown Vallejo and rubbed out anyone who threatened their territory. Specifically, evidence established that between 1994 and 2000, Pitch Dark family members

committed four murders, one attempted murder and trafficked rock cocaine.

"(Monday's) sentences appropriately reflect the heinous reign of terror carried out by Greer and Walker, and other members

Advertisement

of the Pitch Dark Family gang," said U.S. Attorney McGregor W. Scott in a released statement. "The efforts of the FBI and the Vallejo Police Department have broken the back of that notorious gang."

In addition to Greer and Walker, six other defendants pleaded guilty to lesser crimes as part of the complex case.

Another defendant, Charles Lee White, has been found competent to stand trial and has a status conference scheduled for Nov. 6 and a trial date set for Feb. 27.

"I'm thrilled to hear that justice has been served," said the sister of Larry Cayton, who was shot to death in Oakland in April 2000 by PDF members. The sister, who lives out of state, spoke Tuesday on condition of anonymity, citing safety concerns.

"As far as the death penalty, me and my parents talked about it, but I don't think we have the right to make that decision," she said. "No one has the right to take someone else's life, but I'm glad to hear they can't hurt anyone anymore. I'm glad they got life without parole."

Prosecutors could have sought the death penalty, but the Justice Department opted against it in this case.

The complex PDF case began in February 2003, when authorities handed down a multiple-count indictment of nine defendants who Vallejo police and FBI agents had investigated for several years in the 1990s. During the four-month trial, more than 90 prosecution witnesses alone testified, many of them drug addicts, dealers, prostitutes and johns.

Salem-area Pipe-bomb Case Leads To An Arrest (SALSJ)

By Alan Gustafson

Salem (OR) Statesman-Journal, October 19, 2006

Bombs were found planted on four vehicles Aug. 10

A 44-year-old Sweet Home man has been arrested and charged with attempted aggravated murder in connection with the planting of four pipe bombs on Salem-area vehicles Aug. 10, authorities said Tuesday.

Lonnie Troy Glinski was arrested without incident Monday at his rural Linn County home, officials said. His girlfriend, Laurie Girtman, also was arrested and charged with hindering prosecution.

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Glinski's ex-wife, Stephanie Glinski, who lives in South Salem, was one of his intended victims, authorities said. She and Glinski have two children. A reporter who visited her home Tuesday afternoon to seek comment was turned away by a man who answered the door.

Stephen Dingle, a Marion County deputy district attorney, declined to reveal any motives for the attempted pipe bombings. He said it would be improper to disclose such information before court proceedings.

Investigators said they received a break in the case last week. However, that information also was being kept under wraps by the DA's office.

This week's arrests capped an intense multi-agency investigation led by Salem police and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

ATF agents and local officials said they were pleased and relieved by the arrests, saying they resolved a high-profile threat that rattled Salem-area residents for weeks.

"Our aggressive joint law enforcement response has answered the community's call," Kelvin Crenshaw, the ATF special agent in charge of the agency's Pacific Northwest's region, said Tuesday in Salem.

Crenshaw said that each pipe bomb was about a foot long and 2 inches in diameter, and each packed enough power to kill by sending shrapnel flying in all directions.

"Make no bones about it; this was a life-and-death situation," he said.

Crenshaw said that "a significant amount of thought" went into making the bombs. The fact that none exploded was attributed to a mistake, he said. Officials declined to elaborate about why the bombs failed to detonate.

Glinski, lodged at the Marion County jail, faces seven counts of attempted aggravated murder and four counts of possession of a destructive device. He is scheduled to make his first court appearance this morning.

Attempted aggravated murder is a Measure 11 crime, carrying a minimum sentence of 10 years in prison. Possession of a destructive device is a Class C felony, carrying a maximum sentence of five years in prison.

Glinski, if convicted on all counts, potentially faces a life sentence when his age is taken into account, Dingle said. Prosecutors said they will try to have him held without bail.

Investigators continued to gather evidence at Glinski's residence Tuesday. More state and federal charges could be filed against him, Dingle said.

Court records indicate that Glinski had previous scrapes with the law, including a 2003 stalking charge in Linn County stemming from a dispute with a neighbor. He also received a 2003 contempt-of-court citation in Linn County.

Glinski operated two businesses in recent years, Sweet Home Rentals and Sweet Home Excavation, records show.

Federal officials said that the Salem case is rare in that multiple bombs were found on the same day at different locations:

·The first device was found at a Salem Hospital parking garage about 11:50 a.m. Authorities revealed Tuesday that the bomb was planted on a vehicle owned by Denise Foster of Salem.

The bomb rolled out from underneath the car when she pulled at a wire on the side mirror.

Foster declined to comment Tuesday.

·At 12:15 p.m., the Marion County Sheriff's Office received reports of a second device in the parking lot of the Roth's grocery store at Lancaster Drive and Center Street NE.

That bomb apparently fell off a vehicle and wound up in the parking lot. The driver never came forward, police said, and he or she might not have known that a bomb fell off the vehicle.

·The third bomb was reported to police at 5:32 p.m. on a manhole cover near Woodside Drive and Wiltsey Road SE, in the neighborhood where Stephanie Glinski lives.

Police think the bomb was attached to her SUV and fell off, landing in the street, Lt. Bill Kohlmeyer said Tuesday.

·The fourth pipe bomb was found shortly before

8 p.m., attached to a vehicle outside the Tyco Electronics plant in Dallas. Officials identified Mitchell Adams of Salem as the owner of that vehicle. He couldn't be reached for comment Tuesday.

Police bomb squads rendered all four bombs harmless. The bomb found in the Roth's parking lot produced a powerful explosion, sending a cloud of debris at least

50 feet in the air.

In the aftermath of the bomb scare, police advised residents to look under their vehicles and check for any suspicious-looking wires.

Safety precautions were necessary, Kohlmeyer said, given the lethal capacity of the four pipe bombs.

"Up until yesterday, I was still checking under my car," he said.

Statesman Journal reporter Ruth Liao contributed to this story.

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Ad Aims To Instill Fear Of Yankton (SFAL)

By Peter Harriman

Sioux Falls (SD) Argus Leader, October 19, 2006

Anti-crime strategy angers Sen. Johnson

If prison isn't enough of a deterrent, officials in eastern Missouri hope a desolate portrayal of Yankton will dissuade potential criminals.

"Nobody you know has a clue where it is. There's no airport, no bus station, no Amtrak," a Project Safe Neighborhood poster claims of the community.

That the Justice Department, which paid for the advertisement, is trashing Yankton for a good cause - "commit a gun crime and we won't just send you to prison," the ad promises, "we'll send you to Yankton" - doesn't sit well with Sen. Tim Johnson, who fired off a letter to Attorney General Alberto Gonzales telling him there ought to be a better use of federal tax dollars.

"Violent gun crime is a serious problem that needs to be addressed but not at the expense of a community like Yankton and not by using federal dollars to disparage such a thriving, historic community," Johnson said.

He wrote Gonzales, "These public service announcements, which have run in the Eastern District of Missouri describing Yankton as '600 miles away from nowhere,' are inaccurate and an inappropriate expenditure of federal funds."

Sen. John Thune also weighed in on Yankton's behalf.

"Yankton is a vibrant and growing city, and anyone who suggests otherwise has obviously never been there," Thune said.

Johnson's spokesman Julianne Fisher says Johnson became aware of the ad through constituents, and he learned from Yankton officials that the Justice Department's exaggeration was viewed as less than clever in Yankton.

"City officials were not pleased, in part because of economic development concerns," she said. "When you're trying to grow a community, you don't want a federal advertising campaign to call your community the middle of nowhere."

The ad is dominated by a photo of a dirt road and line of utility poles disappearing into an endless horizon of bare, flat fields. And it seeks to discourage incipient criminals with such dire claims as "in summer, the mosquitoes are mean and hungry because there aren't a whole lot of people around."

Reach Peter Harriman at 575-3615.

Johnson Wants Justice Department Posters Pulled (AP)

AP, October 19, 2006

South Dakota Senator Tim Johnson wants the federal government to quit using posters that he says are derogatory and offensive to the Yankton community.

The posters are being used in East St. Louis as part of a Safe Neighborhoods program to reduce gun crime.

The caption on one poster says violators could be sent to a federal prison camp in Yankton that's "in the middle of nowhere" without an airport, bus station or Amtrak. It says mosquitoes are "mean and hungry" because there aren't many people around.

Johnson sent a letter to the attorney general complaining about the use of tax money to disparage a community.

IMMIGRATION:

Former Nazi Guard Freed To Uncertain Fate (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, October 18, 2006

Johann Leprich, the former Nazi concentration camp guard who was jailed in 2003 after agents found him hiding in a secret compartment in his Clinton Township home, has been released from federal custody.

And now he's literally a man without a country.

Federal officials said they freed Leprich on Monday at the request of his lawyer after the government failed to find a country willing to accept Leprich, who was stripped of his citizenship in 1987 and ordered deported in 2004.

Although Justice Department officials vowed to continue their 20-year effort to remove him, his lawyer predicted the battle is over.

"They'll have to call it quits," attorney Joseph McGinness of Cleveland said Tuesday. "What country is going to accept an 81-year-old man who is in declining health?"

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Last week, the U.S. Supreme Court refused to review the case of Iwan Mandycz of Sterling Heights, who was stripped of his citizenship last year for serving as a guard at two Nazi concentration camps in Poland in World War II. The Justice Department won't say if it would seek deportation. Mandycz, 86, suffers from Alzheimer's disease.

On Monday, Leprich was taken from the Calhoun County Jail to U.S. Immigration and Customs Enforcement headquarters in Detroit and released on an electronic tether to his wife and son, ICE spokesman Greg Palmore said.

He said Leprich must report weekly to ICE, which will continue to seek deportation.

There was no answer Tuesday at Leprich's home.

On Sept. 18, McGinness petitioned the U.S. District Court in Grand Rapids for Leprich's release, citing a 2001 U.S. Supreme Court decision requiring that the government free immigrants who haven't been deported within six months of obtaining a removal order.

The Justice Department, in a response filed Monday, said it released Leprich because Romania, Hungary and Germany had refused to accept him, despite high-level meetings with officials from those countries.

Leprich was born in 1925 in Romania to ethnic German parents, court documents show. In 1940, Romania reluctantly gave up portions of Transylvania -- including Leprich's village -- to Hungary, a German ally.

He was drafted into the Hungarian Army. But in 1943, he and other ethnic German men were allowed to transfer to the German Waffen SS, court papers say.

Leprich admitted that, from November 1943 to April or May of 1944, he was a guard at Mauthausen concentration camp, in Nazi-annexed Austria, where thousands were killed.

He became a U.S. prisoner of war in 1945 and lived in Germany until 1952 when he immigrated to the United States. He became a U.S. citizen in 1958.

In 1986, the government initiated deportation proceedings, saying Leprich had lied about his Nazi past. In 1987, a federal judge revoked his citizenship, prompting him to flee to Canada, where he lived 16 years.

Flow Of Immigrants' Money To Latin America Surges (NYT)

By Eduardo Porter

The New York Times, October 19, 2006

There is a common cycle to immigration from Latin America. Immigrants arrive in the United States and quickly find work. Several months later — in the case of illegal migrants, as soon as they have finished paying off the smuggler who brought them across the border — they start sending money home.

According to a new report about immigrants' money transfers to Latin America, the remittances flow from almost every state. Even in states that had virtually no Latin American immigrants only a few years ago, like Mississippi and Pennsylvania, a growing trickle of money is making its way south to places like Tlalchapa, Mexico, or Panajachel, in the Guatemalan highlands.

"Twenty years ago the money was coming from four or five states; now it's coming from every corner of the country," said Sergio Bendixen, a Miami pollster who surveyed some 2,500 immigrants, legal and illegal, for the survey on which the report was based.

For the nation as a whole, the flow of money has become a torrent. According to the study, sponsored by the Multilateral Investment Fund of the 47-nation Inter-American Development Bank, remittances from the United States to Latin America this year will total more than $45 billion. That is 51 percent higher than they were only two years ago.

About three-quarters of Latino immigrants who were surveyed send money home regularly, up from some 60 percent in a similar survey in 2004. This may largely reflect growth in the population of illegal immigrants, who tend to send money home more often than others. They accounted for about 40 percent of remitters in the survey, up from a third in 2004.

Moreover, with immigration to the United States a regular part of the life cycle for large numbers of men and women in many parts of Latin America, sending money back to relatives at home has developed into a moral obligation.

"If you don't send money to your mother, you are a bad son," Mr. Bendixen said. "Remittances companies say this in their TV ads."

The study's estimates on remittances are in line with population figures from the Census Bureau, which found last year that Latin American immigrants made up 6.6 percent of the nation's household population (that is, excluding people in jail, on military bases and such), more than half the total immigrant population.

The bureau also found that 1.2 percent of the household population of Pennsylvania was born in Latin America, as were 0.7 percent of the population of Ohio and 2 percent of the population of Indiana. These were states with virtually no Latino immigrants five years ago.

According to the data from the Inter-American Development Bank, money transfers from Indiana should approach $400 million this year, with the total from Pennsylvania above $500 million and from Ohio more than $214 million.

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Indeed, the study found Latino immigrants sending money from 48 of the 50 states — excluding only Montana and West Virginia, where, Mr. Bendixen said, he did not survey because he expected very few remitters.

In addition to those two states, the survey suffers from very small samples in some with the most recent immigrant populations. But Mr. Bendixen said that in these states, the remittance figures should be off by no more than 10 percent.

The data are consistent with a known pattern in which Latino migrants move from immigrant-heavy states like Illinois to new frontiers like Pennsylvania in search of jobs.

“Somebody who is already here hears about a new plant opening and goes there,” observed Jeffrey S. Passel, a demographer at the Pew Hispanic Institute. “After a while, the word gets back to Mexico, and the migrant stream is no longer from California to a meatpacking plant in Iowa. It’s Mexico to a plant in Iowa.”

The reconstruction of New Orleans after Hurricane Katrina provides an example of how immigrant populations coalesce around jobs. Latino immigrants have flocked to New Orleans, where another study has found that by this summer, they accounted for half the reconstruction force, with 54 percent of them working in the United States illegally.

They too have begun to send money back. According to the bank’s survey, remittances to Latin America from Louisiana should top $200 million this year, a 240 percent increase since 2004.

Immigrants Sending $45 Billion Home (WP)

By Krissah Williams

The Washington Post, October 19, 2006

Immigrant workers are sending more money than ever to their families in Latin America, but two new studies show that only a small portion of the billions of dollars directed there has gone to economic development.

A report released yesterday by the Inter-American Development Bank estimates that immigrants living in the United States will send $45 billion to family members this year, representing a steady increase from about $2 billion in 1980.

That money, known as remittances, is five times as large as official development assistance to Latin America and the Caribbean. Remittances have grown as more migrants, often unemployed in their homelands, have come north in search of work. At the same time, governments and international development groups have busily debated how to leverage remittance flows to create jobs and lasting investments.

"We know that this is a very important poverty-alleviation program for 20 million families [in Latin America and the Caribbean]," said Donald Terry, manager of the Multilateral Investment Fund of the Inter-American Development Bank. "The big question is can we turn this into a local economic development program."

About $3 billion in remittances will go to El Salvador this year, or about 15 percent of that country's gross domestic product and more money per capita than flows to Mexico, which will receive $24 billion from immigrants living in the United States.

According to the Inter-American Development Bank, nearly 90 percent of immigrants living in the District, Maryland and Virginia regularly send money to their home countries, totaling an estimated $2.2 billion this year. World Bank researchers, who will release a report later this month, found that the overall impact of remittances on Latin American economies is modest at best. For every one percent increase in the share of remittances to a country's gross domestic product, the fraction of the population living in poverty is reduced by about 0.4 percent.

Humberto Lopez, who co-authored the upcoming World Bank report "Close to Home: The Development Impact of Remittances in Latin America," said the money sent home by migrant workers cannot be seen as a substitute for good economic policies.

"The countries that benefit the most are the countries with the better investment environment and the countries with the better-educated population," Lopez said. Remittances "are probably more an opportunity than any other thing."

To spur greater development and poverty reduction, the Inter-American Development Bank has advocated greater access to savings accounts for remittance recipients and participation in micro-finance institutions, which offer small loans to remittance recipients.

Most of the money immigrant workers send to their families is used for basic needs, such as food, medicine and shelter, but more than half of the immigrants surveyed by the Inter-American Development Bank said that they would like to invest a portion of that money. But the majority of Latin America's financial institutions don't have programs that help the families of migrant workers, who are often poor and rural, open savings accounts or start small businesses.

"Poor people save," Terry said. "Poor people will invest if you give them the opportunity to do that."

The development bank's survey put the percent of remittances available for investment at 15 to 20 percent, or about $12 billion. Nearly 30 percent of people who send money home have used it to buy property, about 1 percent have helped start a business, and less than 5 percent have opened a savings account back home.

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Governments have had more success leveraging remittances sent home by community groups formed by immigrants living in the United States. Several years ago, Mexico started a matching grant program, which challenges immigrants to raise money for development and infrastructure projects in their home towns. The government matches the funds three-to-one. The Pan American Development Foundation has a similar program with Banco AgrÃ-cola SA, a Salvadoran bank. Next week it plans to begin school repairs in Intipuca, a home town to many Salvadorans in the Washington area. Comunidad del Esteron, a District-based group, raised $9,400 for the project and the bank put up the rest of the money.

Suit: Arizona Targets Money Wired From Immigrant Communities (CHIT)

By Oscar Avila

Chicago Tribune, October 19, 2006

A Burbank truck driver sued Wednesday to block Arizona authorities from seizing large money transfers sent from Illinois and 25 other states targeted because they have significant illegal-immigrant populations.

Arizona officials report that since 2002, they have seized $17 million in a little-known campaign to foil criminal networks that often wire money through Western Union and other firms to help smuggle drugs and illegal immigrants over the border from Mexico.

Wednesday's suit, filed in federal court in Arizona, argues that the seizures are unconstitutional because the dragnet is too broad.

The Burbank man, Javier Torres, said he sent $1,000 via Western Union in March to pay for a car he bought from a friend in suburban Phoenix. When Torres' friend did not get the money, Torres said he contacted Western Union, which passed along his name to Arizona authorities. Soon Torres said he received a call from state investigators, who said he had to prove the transfer was part of a legitimate transaction to get the money back.

Because he could not produce documentation of the auto purchase—he had already resold the car, he said—Torres never recovered the money he wired. He ended up having to pay his friend a second time by mail.

State courts have allowed Arizona Atty. Gen. Terry Goddard's office to stop transfers that come from certain states, exceed a certain amount and are executed by certain companies during a specified period.

Most of the transfers were wired to recipients in Arizona. But until a court stopped the practice recently, Goddard's office had seized some transfers from Illinois and other states to Mexico.

Torres joined two other plaintiffs from California and North Carolina in alleging that the only basis for seizing the wire transfers was that they are $1,000 or more in most cases.

Plaintiffs also say their right to due process has been violated because senders aren't adequately notified how to contest the seizures.

The plaintiffs, all Latino, two of them immigrants, are seeking to make the suit a class-action.

Matthew Piers, one of Torres' attorneys, told reporters that hundreds of Illinois consumers have had their wire transfers seized.

Piers said he is not surprised that Illinois transactions were targeted because the state has an estimated 520,000 undocumented immigrants, the fifth-highest population in the country.

Arizona authorities said their state is the "geographic funnel" for drug runners and immigrant smugglers, known as coyotes. They said wire transfers through firms such as Western Union and MoneyGram are key components of bring illegal immigrants to the Midwest and East Coast.

In a statement released Wednesday, Goddard vowed to continue with the program and warned that the lawsuit could cripple smuggling investigations.

Although a spokeswoman declined to address the lawsuit's allegations directly, Goddard said in his statement: "Every effort has been made to prevent the seizure of any funds from people not involved in human smuggling. We have met with Arizona community organizations to be sure that anyone receiving legitimate money transfers would be able to claim their money."

Spokeswoman Andrea Esquer noted that the office must receive permission from an Arizona state court before executing any warrant. She said the office notifies every recipient that a transfer has been intercepted, and provides a bilingual hot-line to receive information.

But plaintiffs complain that the burden of proof is on them to get their money back. Esquer explained that the money can be retrieved "as long as [consumers] can say that it's a legitimate transaction."

After a period of months, the attorney general's office will petition the courts to take seized money that has gone unclaimed and bring it into the office's general investigative fund, Esquer said.

Piers said the goal of combating smuggling is a worthy one but stressed that it doesn't justify Arizona's approach.

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"Those [smuggling] activities should be stopped. Those activities are illegal and visit great suffering on people," Piers said. "But the government in this country must always act within the boundaries of the Constitution."

Anita Ramasastry, a law professor at the University of Washington, said the U.S. government has previously required companies to report certain transactions to specific nations as it tries to intercept criminal money transfers.

Arizona's approach appears novel, she said, because one state's authorities are targeting other U.S. states.

Ramasastry said Arizona officials might be able to defend a broad sweep if they can produce data showing patterns of criminal activity with certain types of transactions. Ramasastry added, however, that Arizona authorities are approaching the issue "backwards" by stopping transactions and then sifting through them to find criminal violations.

Even as Western Union pursues its own lawsuit against Arizona officials, immigrant advocates are seeking more plaintiffs for their lawsuit, which has been organized by the non-profit Illinois Coalition for Immigrant and Refugee Rights.

Torres said the experience has left him disillusioned, and he said he will never wire money again. The authorities accused me "of sending the money for drugs or for the coyotes. I never imagined they would say that. I felt like they thought I was a criminal," Torres said.

oavila@tribune.com

Crossing Guards In Training (LAT)

By Nicholas Riccardi

The Los Angeles Times, October 19, 2006

ARTESIA, N.M. — On a hot afternoon in May, buses carrying people with dreams of a better life rumbled across the desert to a converted Bible college on the edge of this oil town of 12,000.

As each bus rolled toward the front gate, an imposing welcome party came into view: a cluster of about a dozen men and women in sunglasses, broad-brimmed hats and crisp green uniforms, standing ramrod straight.

A former Marine on one bus flashed back to his boot camp days, and groaned: "Oh, no. Not again."

By day's end, the 50 members of Class 620 had settled in at the U.S. Border Patrol Academy, where over the next five months they would be chiseled into America's first line of defense on the southern border.

Among the recruits that day were Joseph Sorrento, whose dream of entering law enforcement led him far from his home in Buffalo, N.Y.; Philip Marquez, who had been boxing curtains at a warehouse in Brownsville, Texas; and Katy Foscue, who along with her husband had given up a trucking job and moved to a town near Tucson.

The three entered at a crucial time in the agency's history. Washington has been consumed with debate over illegal immigration. Hundreds of thousands of migrants have marched to demand amnesty. President Bush and congressional hard-liners who vowed to block his guest worker program have so far agreed on only one thing: The nation needs more Border Patrol agents along the border with Mexico.

That has placed intense pressure on the academy, which graduated 1,122 trainees last year but will enroll 3,600 this year. Traditionally, Border Patrol recruits have come mostly from the Southwest and had law enforcement or military backgrounds. Now, the patrol is forced to entice more diverse candidates from other parts of the country. Earlier this year, a crop of trainees would enter the academy every few weeks. Classes now start weekly — Class 642 arrived today — and the academy is expanding. Modular classrooms and dormitories are mushrooming across its 2,500-acre campus.

The students enter an institution that's unlike any other law enforcement school — part police academy, part law school, part language institute. They learn to shoot, drive off-road and speak Spanish. Seventeen percent of all trainees do not complete the training. Some fail, but most who leave are worn down by the rigors and isolation of the academy. Thirty-four members of Class 620 would make it.

The tone was set the moment the trainees stepped off their buses May 18. The instructors ordered them to get their ID badges from the security building outside the gate fast, double-time.

After the buses pulled inside the academy and the trainees filled out the requisite paperwork, the instructors barked another command. They had seven minutes to unload their belongings and place them in their rooms. The students dashed into the squat, motel-like buildings where they would live for the next 20 weeks and found that their shared rooms contained just enough space for a bunk bed and one desk.

Foscue wasn't fazed. She'd expected the rough treatment. It was the next order that was most intimidating: Empty your biggest bag. You'll need it to carry your textbooks.

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Finding a Career Path

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After seven years of seeing the country while driving their own truck, Katy and Matt Foscue decided they wanted to live in the Arizona desert. They bought a house outside Tucson, where illegal immigration was as much a part of the scenery as towering saguaro cactuses. Migrants routinely traveled through a wash at the edge of the Foscues' property.

The two called the Border Patrol once, when they saw a white van abandoned along the route. But they were never alarmed about their own safety. "They're here to work," Katy, 35, said of illegal immigrants. "They don't want to get caught or do something stupid."

It wasn't the migrants that got the couple into the patrol. It was a haircut.

Matt was getting a trim one day last year when his barber began chatting with others in the shop about Border Patrol agents and how they never complain about their jobs.

Matt was intrigued, and quizzed the barber, who had several agents as customers. He introduced some to the Foscues. The more they heard, the more they liked: Every day is a different challenge. The benefits and pay are good — after four years, agents can make about $65,000 with overtime. And there's a pension after 20 years.

The Foscues decided to fill out applications. They began running and doing push-ups to condition the "trucker bodies" they'd acquired. They accepted the randomness of the bureaucracy — although they'd applied at the same time, Matt, 37, was scheduled to start the academy in Class 624, one month later than his wife. They would not be allowed to share a dorm room, and they would have to rent a room at a bed and breakfast to see each other on weekends.

In Buffalo, Sorrento had been tending bar at an Irish pub and trying to figure out what to do after college. He longed for a career in law enforcement, and was about to take a job in the New York state prison system. But he dreaded working indoors in a harsh environment.

Sorrento poured out his worries one night to a friend at the pub who suggested the Border Patrol.

The friend, a former agent who'd moved back to Buffalo for personal reasons, warned Sorrento about the academy. You'll be in physical training for what seems like hours, but when you look at the clock, only 15 minutes will have passed. The instructors will douse you with pepper spray and sic other trainees on you to hone your self-defense techniques.

That night, Sorrento went home, logged on to the Border Patrol's website and e-mailed in his application. He started running four times a week.

Sorrento had only one worry — leaving the city where he had spent his entire life. All academy graduates are assigned to the busier southern border. (Only veterans can apply to transfer to the northern border.)

"It's tough leaving your friends and family," said Sorrento, 24.

In Brownsville, Marquez was bouncing from job to job.

A member of the Army reserves, Marquez was pulled out of college in 2002 to go to Afghanistan. When he returned to Brownsville the following year, he got married. But steady work eluded him. Marquez sold cars. He taught as a substitute teacher, and labored in a warehouse. He had always thought that he'd join the patrol someday; the agency had long been the only reliable employer on the border. Marquez sent in his application, and eventually was accepted.

Marquez's parents are legal Mexican immigrants and he has many relatives across the border, but he saw no contradiction to starting a career stopping people from crossing illegally.

"They're coming over here to get jobs, and I'm doing the same thing," said Marquez, 26. "I'm just doing a job."

*

Language Barrier

Lying on his back in a sweltering room one of his first days at the academy, Marquez had to admit that he was out of shape.

Instructors demanded that the class do 200 abdominal crunches, and after a few dozen, Marquez was unable to move. He lagged at the back of the class during runs at the high desert's 3,300--foot elevation. Instructors who followed the runners in a golf cart to pick up the injured yelled at him to climb aboard.

"No, sir!" Marquez shouted, and dashed to catch up with the rest of the class.

Sorrento was in the lead. He had conditioned himself so well that he was the top runner in his group and given the privilege of carrying the class flag during runs and marches. He mastered the shooting and physical-fitness tests.

But only a fraction of each day is spent on the shooting range or in physical training. Most of the time, the recruits are inside, studying law enforcement procedures, immigration law and radio codes they will use in the field. They also spend two hours a day in Spanish class. About half of all trainees are native speakers; for the rest, Spanish is usually the most treacherous course.

In 18 weeks, Sorrento went from speaking no Spanish to being able to ask questions and give orders in the language. He passed all his weekly exams and his final. But he didn't always feel comfortable using the language.

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That's what tripped him up during a role-playing session designed to mimic incidents on the border. Sorrento had to interview a Spanish speaker of questionable citizenship (played by an actor) and forward the information to a dispatcher — something he would do daily once he started his job.

The actor tried to make Sorrento uncomfortable, muttering under his breath and mocking the trainee's Spanish. Sorrento got the character's name wrong, and had to be corrected. Increasingly flustered, Sorrento misheard the response from the dispatcher that the suspect had three convictions for immigrant smuggling.

Sorrento did hear the dispatcher give him the suspect's birthplace: Tecate, Baja California. He hesitated, then said: "Esta arrestado."

Instructor Gabriel Espino halted the action. "Why are you arresting him?"

Sorrento and Marquez, his partner in the exercise, began to search for reasons: We can detain him and get more information. He has prior convictions. Espino eyed them skeptically.

Exasperated, Sorrento asked: "Is there a Baja California in the United States?"

Espino stared. "No," he said. "Where are you from?"

Sorrento threw up his hands, and the stress of having to interrogate in a foreign language vanished from his face. "Buffalo," he said. All three men burst into laughter.

*

Rookie Mistakes

T.J. Bonner remembers his first days in the field after graduating from the academy 15 years ago. He and a journeyman officer had watched a group of illegal immigrants flee through brush outside San Diego. The veteran said to let them go, but Bonner wanted to give chase.

"We can follow their footprints," Bonner recalled saying. "So, he humors me. And we follow their footprints — right into a Safeway parking lot. And he looks at me and says, 'Let's go back, kid.' "

Bonner, now president of the union that represents Border Patrol agents, said the academy still turns out graduates who are too gung-ho.

The rookie in Marquez showed itself during a class on high-risk traffic stops. The trainees and instructors wore protective gear and were armed with paintball guns to demonstrate the split-second judgment required of agents during vehicle stops.

In the simulation, Marquez and his partner pulled up to two drug smugglers. One, played by instructor Erik Cansino, ran into a field, taunting Marquez's partner, who followed him at a distance of several yards.

Marquez roughly cuffed the other instructor, turned, and charged at Cansino.

The instructor peppered Marquez with simulated bullets. Marquez dropped, his face-shield and bodysuit covered in pink splotches. As Cansino walked past his prone body, Marquez stuck out his leg to trip the instructor, rationalizing that he was supposed to fight to the end.

Marquez got up and ran back to the debriefing wearing a big grin. The lead instructor, Carlos Hernandez, wasn't amused.

"You're here in a controlled environment — he painted you up, you got a little dirty," Hernandez said. "In the real world … "

"You'd be dead," a classmate chimed in.

"Do you really want someone going to your home, telling your wife you didn't make it?" Hernandez asked Marquez. The correct move was to let the guy wander off and call for backup, then track him.

Marquez smiled sheepishly and sat down.

*

When to Use a Weapon

Instructors privately marveled at Katy Foscue's conditioning. She was far smaller than most recruits — 5-foot-1 and weighing barely more than 100 pounds. But she was able to handle the most demanding workouts.

Foscue was one of only seven women in Class 620. Four of them dropped out, and one flunked her physical fitness exam. "You definitely know you're going into a man's work," she said with a laugh.

In one exercise, Foscue dressed in a bodysuit and held a padded baton while three of her classmates — also wearing protective suits — came at her from all directions. She hit the first in the knee, and the instructor told him to fall onto the mat.

The other two were tougher. One danced out of Foscue's reach as the other grabbed her and began wrestling her to the ground. Foscue's classmates, lining the walls of the workout room, began to shout advice: "Escalate force!" "Stack!" "Weapon, use your weapon!"

Hemmed in by the two men, Foscue wriggled, jabbing at them with her elbows and knees. Her training kicked in. She reached for her holstered plastic gun just as the instructor yelled that the simulation was over.

The lesson for Foscue was clear. In certain situations she'd have to use weapons — baton, pepper spray, or her gun — sooner.

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"They say it's not unusual to encounter groups of 50 by yourself," she said. "That's intimidating."

*

To Their Stations

After months of being crammed in tiny dorm rooms, eating the same food in the mess hall and spending up to 10 hours a day training in the classroom or in the blazing sun, it was over.

On Sept. 26, graduation day, Class 620 gathered outside the academy auditorium. Foscue handed out cards and photos to her classmates.

The trainees knew where they were headed. Foscue was going back to southern Arizona to work at the Tucson station. (Her husband was assigned to a neighboring station.) Sorrento was also headed to Tucson. Marquez was going to Boulevard, a station in the hills east of San Diego. He was worried about the cost of living — he and his wife had rented a studio apartment for $990 a month.

Graduation was a relatively rapid affair. Michael T. McCall, a wry Georgian, was selected to give the class speech. "When I came here I could barely speak Spanish," he said. "Well, now I'm happy to say I can still barely speak Spanish."

After a comic review of the difficulties of the curriculum, McCall became serious. "Every member of Class 620 struggled with some part of the academics. It may have been immigration law, Spanish or physical techniques," McCall said. "Every member you see here today held on and didn't give up."

The 34 graduates walked across the auditorium one by one, and accepted their credentials and badges. They stood and swore the oath of office. Then they marched out, hugged their families, introduced them to classmates and an instructor or two, and fled the campus. After five months, they were eager to get to the border.

TAX:

IRS Aims To Limit A Deferral Strategy (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, October 19, 2006

The federal government is cracking down on a popular tax-deferral strategy.

On Tuesday, the Internal Revenue Service and Treasury Department issued proposed regulations that would change the tax treatment of transactions in which sellers exchange real estate or other property for an annuity. The move may effectively end a strategy called a "private annuity trust," which has grown popular in recent years as the real-estate market has soared.

In a private annuity trust, sellers essentially exchange appreciated assets for fixed annuity payments, which spread out their capital-gains taxes over many years. The idea had been to avoid paying the upfront capital gains that would have been owed if the seller simply had sold the asset outright. Instead, the seller had been taxed on the annuity payments when they came out of the trust, effectively spreading out the taxes over a longer period.

The proposed regulations essentially would end the capital-gains tax deferral for these deals. Instead, a seller would be taxed on the full, fair-market value of the annuity at the time of the exchange. That means the seller's total capital gains would be taxable at the time of the deal, instead of over a period of years.

The move caught many tax advisers by surprise. "It definitely was a shocker," says Anthony March, chief trust adviser for the National Private Annuity Trust, in Kitty Hawk, N.C., who says the firm is scrambling to contact clients who haven't yet completed deals and help them consider other options for the sale of appreciated property. "We are basically reinventing ourselves today."

The changes were in part designed to curb deals that the IRS and Treasury felt were abusive. Still, the agencies recognize that property sometimes is exchanged for an annuity for valid nontax reasons, such as estate planning and passing down a closely-held business. The proposed regulations aren't intended to stop such transactions but to make sure that they are appropriately accounted for.

The new regulations would only affect new annuity transactions done later than yesterday. Certain deals that the IRS and Treasury feel "pose the least likelihood of abuse" have an even later effective date.

"We aren't going to be recommending any more private annuity trusts until the regulations are permanently voted in and the final version of those regulations are clarified," says Kevin McBarron, president of the National Association for Private Annuity Trusts in Irvine, Calif. "From now until then, we are not going to be doing any more business until we see that."

The IRS and Treasury say that sellers still will be able to use "installment sales," in which payments -- and taxes -- are made over a period of years.

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For now, advisers say that private-annuity arrangements are likely to decline in popularity. "I think fewer people will do them," says Kevin McGrath, an Atlanta lawyer, who had been critical of the private-annuity trusts. But he says the new regulations may result in curbing many transactions that aren't abusive.

"I think private annuity trusts are kaput because nobody wants to pay a tax upfront," says Stephan Leimberg, publisher of newsletters for tax professionals, who has published extensively on private-annuity transactions. Under the proposed regulations, "you've got the worst of all possible worlds -- you'll have a huge tax to pay and no cash to pay the tax."

CONGRESS-ADMINISTRATION:

N.C. Testing Praised (WSJ)

Winston-Salem Journal, October 19, 2006

President Bush, speaking yesterday at a Greensboro elementary school, praised the high standards and testing requirements of the No Child Left Behind law, his signature public-education program.

"It can't do the teaching. It can't be a leader. But it can help people who care deeply about the life of a child to succeed," Bush told about 200 people at Falkener Elementary School.

Bush called on the U.S. Congress to reauthorize and strengthen No Child Left Behind, saying that it forces schools to identify students who are falling below grade level early in their educational careers. And, he said, it motivates teachers to improve the performance of those students.

He also defended the law's emphasis on standardized tests.

"I understand the debate - teaching to the test. No, you're teaching the child to read so they can pass a comprehensive test," Bush said. "If you don't test, you don't know. And if you don't know, you can't correct."

The president's one-day trip to Greensboro was his third visit to North Carolina this year. But he did not campaign for either of the state's two Republican congressmen who are facing stiff challenges from Democrats.

Before his speech, he ate lunch with community leaders at a barbecue restaurant in Greensboro, and afterward, he traveled to Randleman to visit Victory Junction Gang Camp, a camp for children with chronic illnesses.

Yesterday evening, Bush attended a fundraising dinner in Greensboro that raised an estimated $600,000 for the Republican National Committee. The money will be funneled to Republican candidates in close congressional races around the country, said Jim Culbertson, a retired Winston-Salem businessman who helped organize the fundraiser.

With Election Day less than three weeks away and Republicans fighting to retain control of Congress, Bush's decision to visit Greensboro was politically strategic, political experts said.

Rather than campaigning in a battleground state, he came to North Carolina, which has no U.S. Senate race this year and only two close House races, both in districts that Bush did not visit. But North Carolina has always been politically friendly to Bush and has been a strong fundraising state for him.

"North Carolina donors aren't tapped out already from a close Senate race and a number of competitive House races," said John Dinan, a political scientist at Wake Forest University.

In some competitive districts around the country, Dinan said, a Bush campaign visit would be seen as a liability for Republican candidates trying to distance themselves from the president. The most recent opinion polls have measured Bush's national approval rating at just under 40 percent.

"The Republican Party has been selective in deploying the president for visits," Dinan said. "For this particular president, it's true he was more of a draw in 2002 and 2004. It does appear that he's making fewer visits across the country than he did in the previous two congressional years."

When the president has traveled this year, he has focused more on private fundraisers than on public campaign appearances, Dinan said.

The two Republican House members in North Carolina facing competitive races - Robin Hayes of the 8th District, and Charles Taylor of the 11th District - did not attend Bush's speech. Hayes was expected to join Bush in Randleman and was expected to attend the fundraiser. Taylor was campaigning in his district all day.

Two Republican congressmen who were at the speech - Sen. Richard Burr and U.S. Rep. Virginia Foxx - took questions about whether Republicans are trying to separate themselves from Bush.

"I don't think there's any member of the Republican delegation that would want to distance themselves from the president," said Foxx, who represents the 5th District that comprises most of Northwest North Carolina.

She said she made a special effort to be at the speech so as not to be perceived as avoiding the president.

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In his 30-minute speech, Bush said he believes that learning to read is "a modern-day civil right," and he cited statistics showing that the achievement gap between white students and black and Hispanic students has narrowed since the passage five years ago of No Child Left Behind.

Improving American public schools is critical in a global economy, Bush said.

"If a child in China gets a good engineering degree, and a child in America doesn't, China's going to be more competitive in the 21st century," he said.

He also praised North Carolina for finding innovative ways to meet the requirements of No Child Left Behind. He portrayed Falkener, the school where he spoke, as an example of the law's effectiveness.

Falkener, which has a high percentage of poor students, has experienced a dramatic increase in its test scores since the law was enacted.

Under No Child Left Behind, schools are judged on whether they meet "adequate yearly progress," a term referring to how much improvement students in various subgroups demonstrate on standardized tests. Schools that repeatedly fail to make sufficient progress are at risk of being closed.

Proponents of the law say that it forces teachers to meet ambitious annual standards. Some educators critical of the law say that it gives too much weight to standardized tests and that Congress does not provide enough money for states to meet the law's requirements.

A fourth-grader who has a bad day on a standardized test could contribute to federally-mandated penalties for a school, said Mary Fulton, a policy analyst at the Education Commission of the States, a nonpartisan research group.

"That's going to affect how a school looks on No Child Left Behind, and is that fair?" she asked. "You can have a bad day and not do very well on your test. Are we placing too much emphasis on the exams, when they might just be a snapshot of what happens on one day?"

Fulton also questioned Bush's certainty that No Child Left Behind is responsible for educational improvements in particular schools, such as Falkener. Many local factors, such as tutoring programs or new teachers, also play a role, she said, and it's difficult to measure them all.

"It's very difficult to make these broad claims that it's improving student performance or closing achievement gaps. It might be, but there's a lot of other factors at play," she said.

The reauthorization of No Child Left Behind will be important, Fulton said, because it will allow Congress to make changes to the law based on how it has worked for its first five years.

Bush said he wants Congress to reauthorize the law next year, but Fulton said she expects Congress to wait until after the 2008 presidential election for political reasons.

Bush In N.C. (EDN)

By J. Brian Ewing

Eden Daily News, October 19, 2006

GREENSBORO - President Bush said Wednesday it would be a "huge mistake" if Congress failed to reauthorize the No Child Left Behind Act. Bush's comments came during a stop on his daylong tour of the Triad.

Originally passed with bi-partisan support, No Child Left Behind is set to expire next year, and sharp criticism from educators has placed its future on shaky ground.

The president spoke for nearly 30 minutes to a crowd of supporters, politicians and local educators in a small auditorium of Falkener Elementary. White House officials selected the magnet school to host the visit because annual test scores there have risen dramatically under No Child Left Behind.

No Child Left Behind uses federal funding to encourage states to test students and group their scores by race, gender, socioeconomic status and special needs. The program was one of the first initiatives for Bush after he took office in 2000.

Twelve of Rockingham County's 25 schools, or 48 percent, met Adequate Yearly Progress during the 2002-03 school year. Scores improved the next school year, with 20 of 25 schools, or

80 percent, meeting AYP goals. Scores dropped in 2005, when only 12 schools made the goal. Preliminary scores for 2005-06 show 17 schools meeting AYP standards.

Reading scores for all grades were released in July. High school math scores were released Oct. 5, and remaining math scores will be released early next month. Final AYP results for the county will be available next month after math scores are finalized.

Bush defended the testing components of the initiative and stressed schools must be held accountable.

Opponents argue the initiative forces teachers to teach to a test, as opposed to taking a more comprehensive look at the subject.

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"I understand the debate, you know, they're teaching to test. No, you're teaching a child to read so they can pass a comprehensive test," he said. "You know, if you don't test, you don't know."

Dr. Rodney Shotwell, Rockingham County schools superintendent, was at the school to watch Bush speak. Shotwell has mixed thoughts on the initiative, saying North Carolina had strong accountability components in place prior to No Child Left Behind. But, he said, there have been improvements because of the act.

"I think overall the accountability we have with our kids is better," Shotwell said. He said he is concerned about some of the standards No Child Left Behind places on schools to hire "highly qualified" teachers. Most notably, the program is credited with influencing the state's decision to shorten the number of years lateral-entry teachers have to become certified. The tougher rules have caused anxiety in a state in which many school districts struggle to find teachers.

"The problem is you need 12,000 new teachers every year, and the university system is only cranking out 4,000," Shotwell said.

The president said he is looking for additional funding for school tutors and bonuses for teachers whose students show improvement.

"If this school board decides they want to provide incentives for teachers based upon results, the federal government will provide money to help you do that. I like the idea."

Bush praised North Carolina for making strides toward meeting No Child Left Behind goals.

"Your state was the first in the nation to establish an accountability system, and one of the first to have the testing plans approved under No Child Left Behind," he said. "In other words, your state led. And I congratulate the state leaders and those involved with education for being bold on behalf of the children of your state."

Because of officials' willingness to work with No Child Left Behind, Bush said his administration was willing to work with North Carolina to ensure the accountability measurements were accurate.

"And so, in other words, we'll be rational and reasonable, but what we will not do is allow schools to lower standards," he said.

The president said North Carolina's fourth- and eighth-grade black students have some of the highest math scores in the nation. He said the achievement gap between white students and minority students is closing.

The achievement gap must close if the U.S. hopes to compete in a global economy, Bush said.

"Whether we like it or not, there is competition for jobs of the future."

Shotwell agrees.

"We have to view ourselves as the economic catalyst," he said. Shotwell said state and local officials need to realize that a well educated workforce will bring jobs to a community, and the only way public schools are able to educate that workforce is with better funding.

The president said he wants to see more standardized testing in high schools, too.

"I'm worried about high school, and I think the new law ought to focus a lot on high school," he said. Bush said he believes high school students should face the same amount of standardized testing as elementary school children, and the curricula should be equally scrutinized.

Bush also lauded the state for its efforts to offer advance placement courses and the International Baccalaureate program. He said one of the goals of a renewed No Child Left Behind will be 70,000 teachers trained to teach advance-placement courses.

Bush didn't avoid talking about school relocation and vouchers, two of the most controversial aspects of the initiative. No Child Left Behind gives parents of students in schools that have failed to meet annual goals for three consecutive years the right to move their children to another school. The Washington D.C. school district began providing such vouchers, with support from federal money.

Opponents argue there will never be enough funding for all students, and public schools would only get worse, not better, if the vouchers were offered nationally.

Bush said he understands the obstacles educators face, and he believes No Child Left Behind will help.

"I understand what it means for public schools to guess whether or not a child can read and write, and add and subtract, and I understand fully the consequences of a system that guesses," he said. "A system which measures and corrects problems is a system which will help meet the great promise of this country."

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Bush Goes On Base-building Trip To N.C. (AP-Y)

By Nedra Pickler, Associated Press Writer

DOJ_NMG_0083318

AP, October 19, 2006

President Bush took a day off from the politics of national security Wednesday and went on a Southern charm offensive that included time with children, NASCAR drivers, devoted Republicans and some sweet tea.

Bush's return to his "compassionate conservative" roots came during a base-building trip to North Carolina, a state he won easily in both his presidential races. But even in the conservative South, many voters have grown unhappy with Bush's leadership with Iraq under continuing violence.

Bush did not mention those troubles while visiting with voters three weeks before Election Day, but focused on his education agenda and old-fashioned politicking with plenty of local flavor.

Noticeably missing on Bush's North Carolina itinerary were campaign stops with Reps. Charles Taylor and Robin Hayes, a pair of veteran Republicans facing spirited Democratic challenges that could help tip the balance of power in the House. He didn't go near their districts. Bush was to attend a fundraising dinner for the Republican National Committee at a private residence where no media coverage was allowed.

Rep. Howard Coble, who represents the district that includes the children's camp, told the News & Record of Greensboro this week that he wasn't sure what the political value of the visit would be.

"I'm not uncomfortable having him here," Coble told the newspaper. "I don't know that it helps. But it doesn't hurt and it might help. There are a lot of his supporters who are simply not happy with Iraq. I'm not happy about it. But that doesn't mean I dislike my president."

Bush greeted lunchtime diners at Stamey's, chatting into a cell phone that one man thrust into his hand. Then he ate a classic North Carolina lunch of barbecue pork and chicken, cole slaw, hush puppies, sweet tea and peach cobbler with vanilla ice cream.

At the school, Bush drew excited gasps from fifth grader Ta'kyria Woodard when he entered her class, and he leaned over and whispered in her ear to calm her. Then he went to the third grade computer lab and threw a presidential glare to silence some rambunctious boys. Turning to the cameras, Bush said, "Reminds me of my days in the class."

Bush's speech in the school's multipurpose room was the third event in as many weeks focusing on the classroom. Those speeches come as a series of school shootings in recent weeks have unnerved parents across the nation.

Bush's signature education bill, No Child Left Behind, is up for reauthorization next year. Congressional Democrats helped hand him a bipartisan victory with that law five years ago. But the politics have changed and a Democratic majority on Capitol Hill could make it tougher for Bush to get the law reapproved without increased funding and other work.

Bush said the school is an example of why No Child Left Behind should be renewed. He said the percentage of third graders reading at grade level increased from 46 percent to 76 percent in four years.

"I think it would be a huge mistake for the United States Congress not to reauthorize this important piece of legislation," Bush said. "And the reason I say that is because it's working. We have achieved concrete results."

Later, Bush visited Victory Junction Gang Camp for critically ill children. The camp was created by NASCAR driver Kyle Petty and his wife, Pattie, in memory of their son Adam. Adam Petty was killed six years ago in a racetrack crash at 19 years old.

The kids aren't at the camp during the week in the fall, but four children came in for photo opportunties with the president — fishing and repairing a mock-up NASCAR. Bush also posed for pictures with the NASCAR drivers who came in — Kyle and Richard Petty, Michael Waltrip and Jimmie Johnson.

An Elon University poll last month showed slightly more disapprove than approve of the president in the state, 49 percent to 45 percent.

Bush ended his trip with a $900,000 fundraiser for the Republican National Committee at the home of Louis DeJoy, CEO of New Breed Inc. It was closed to the public and the media, but the RNC said 620 people bought tickets.

While Bush has expressed complete confidence that Republicans will keep control Congress, Vice President Dick Cheney said Tuesday that the GOP will hold the Senate and has "a good shot at holding the House."

White House spokesman Tony Snow said any suggestion that Cheney's confidence has diminished was "over-parsing."

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Associated Press writer Tim Whitmire contributed to this report.

Bush Touts No Child Left Behind (UPI)

United Press International, October 19, 2006

GREENSBORO, N.C., Oct. 18 (UPI) -- President Bush in North Carolina called the No Child Left Behind Act a success, despite continuing questions about its effectiveness and desirability.

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Education Secretary Margaret Spellings, with Bush at a Greensboro elementary school Wednesday, said the program holds schools "accountable for ensuring every child -- whether white, African-American, Hispanic or special education -- can read and do math at grade level by 2014."

White House Press Secretary Tony Snow denied the timing of the president's visit had any political motives.

"It's important to remind (people) that you've got a president who's pushing for higher standards and more resources," Snow told the daily press briefing en route to Greensboro.

The program is up for reauthorization in 2007 with a Congress that may be Democratically controlled.

Utah became the first state in 2005 to let school districts ignore provisions of the law if they conflict with state programs. The Department of Education has threatened to withhold federal education funding as a result.

Bush Touts Education Program (LAT)

By James Gerstenzang

The Los Angeles Times, October 19, 2006

GREENSBORO, N.C. — President Bush on Wednesday renewed his efforts to win reauthorization of his signature education program when the new Congress begins work next year, and said he would not yield on one of its most controversial components: the requirement that standardized tests periodically measure students' progress.

"We'll be rational and reasonable, but what we will not do is allow schools to lower standards. And what we will not do is allow people to get rid of accountability systems," Bush said.

He spoke at a Greensboro magnet school, presenting its students' academic progress in recent years as evidence that the No Child Left Behind law was achieving its goals.

The measure expires at the end of next school year, but can be extended automatically if no changes are made.

No Child Left Behind, which Bush signed in January 2002, has become the centerpiece of his domestic social policy.

Critics, particularly Democrats, say that though the president speaks frequently about the law, he has not committed enough money to help pay for the requirements it imposes on schools.

Two hours before Bush's appearance here, the Democratic National Committee sent an e-mail to reporters, citing a study by Democrats on the House Committee on Education and the Workforce. According to their figures, Bush has shortchanged funding for the legislation by $40 billion since the law took effect, and in the 2007 budget he proposed providing half of the money promised for the most disadvantaged students.

The president spoke at Waldo C. Falkener Elementary School, which offers a primary-school version of the International Baccalaureate program. Its student body is 98% nonwhite; 91% of the students receive free or discounted lunches.

Over four years, Bush said, the proportion of third-grade students reading at their grade level had gone from 46% to 76%. He attributed such gains to No Child Left Behind's demand that schools monitor progress with standardized tests and then act to correct deficiencies uncovered by the tests. Critics argue that "teaching to the test" does not necessarily prepare students to become engaged in a broader curriculum.

Bush spent much of the day in North Carolina. He joined politicians, local officials and business leaders for lunch at a local barbecue restaurant, where he ate pork and chicken, hush puppies, barbecue slaw, peach cobbler and vanilla ice cream.

Later, in Randleman, N.C., he visited the Victory Junction Gang Camp for children with chronic medical conditions or serious illnesses, and then spoke at a closed-door reception that was expected to raise $900,000 for the Republican National Committee.

Social Security Benefits To Rise In 2007 (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, October 19, 2006

Social Security checks for nearly 49 million retirees are going up by 3.3 percent next year — an average increase of $33 per month, though rising health care costs will take a bite out of the gain.

The monthly benefit for the typical retiree will rise to $1,044 from an average of $1,011 this year.

The cost of living adjustment announced Wednesday by the Social Security Administration will go to more than 53 million people. Nearly 49 million receive Social Security benefits and the rest Supplemental Security Income payments aimed at the poor.

The 3.3 percent increase compares with a 4.1 percent benefit rise in for 2006, which had been the biggest increase in 15 years.

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Benefit payments, which have been tied to inflation since 1975, surged by double-digit amounts in the high-inflation years of 1980 and 1981 but increases have been more moderate in recent years as the Federal Reserve has had more success keeping inflation under control.

The COLA amount is based on the change in the Consumer Price Index from the July-September quarter of this year compared with the same quarter in 2005.

Last year, prices surged in September, reflecting a big spike in energy costs after Hurricane Katrina.

But this year, energy prices, which initially leaped because of rising Mideast tensions, have been falling since late summer. Those declines helped pull consumer prices down by 0.5 percent in September, the biggest drop in 10 months.

Falling energy prices should help retirees deal with winter heating bills, which for the first time in a number of years are expected to be lower this winter.

The average retired couple, both receiving Social Security benefits, will see their monthly check go from $1,658 to $1,713.

The standard SSI payment will go from $603 to $623 per month for an individual, and from $904 to $934 for a couple.

The average monthly check for a disabled worker will rise from $947 to $979.

Eleven million taxpayers will pay higher taxes next year because the maximum amount of Social Security earnings subject to the payroll tax will rise from $94,200 to $97,500. In all, an estimated 163 million workers will pay Social Security taxes in 2007.

The $33 per month average monthly increase for Social Security retirees in 2007 compares with a $39 rise for 2006.

Part of the 2007 gain will be eaten up by a $5 increase in the payments retirees must make for Medicare Part B insurance, which pays for their doctors' visits and other outpatient care.

The increase will push the monthly premium for most Medicare recipients to $93.50, a rise of 5.6 percent. But that is down from the double-digit increases over the past three years when health care costs far outpaced overall inflation.

About 1.5 million Medicare beneficiaries, those making more than $80,000 annually, will pay an additional $12.50 to $68.60 per month above the $93.50 premium. As part of the 2003 drug benefit law, higher-income Medicare patients for the first time will face a larger premium based on a sliding scale.

"Seniors are being asked to foot more and more of the bill while the larger issue of controlling runaway health care costs languishes largely ignored in Washington," said Barbara Kennelly, president of the National Committee to Preserve Social Security and Medicare.

The administration has said the monthly premium for prescription drug coverage, known as Part D, should average $24 next year, the same as this year, a forecast Democrats contend is misleading. They estimate that the bulk of Medicare recipients are in drug plans which will increase on average by about $5 per month.

Still, economists said most seniors will be facing better prospects in terms of inflation in 2007 than last year, when the price of natural gas and home heating oil were soaring.

Advocates for the elderly said that the cost of living adjustment was a critical safety net for the nearly one-third of retirees who rely on Social Security for 90 percent or more of their income.

"The fundamental value of Social Security is becoming even more critical as America's traditional pension system declines," said David Sloane, government relations director for AARP, which represents people 50 and older. "The COLA is critical for maintaining purchasing power over time."

President Bush, who pledged to make overhaul of Social Security and Medicare top priorities in his second term, has failed to make headway in Congress with a plan to offer private savings accounts for younger workers.

Democrats said Wednesday Bush will have to drop the idea of partially privatizing Social Security if he wants to get any legislation passed in his last two years in office.

"Social Security's guarantee continues to be threatened by the president and his congressional allies, who believe in a privatization scheme that would over time eliminate Social Security's guaranteed benefit for most people," said Rep. Sander Levin, D-Mich.

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On the Net:

Social Security Administration: http://www.socialsecurity.gov

Social Security Benefits To Increase 3.3% (NYT/AP)

By The Associated Press

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 (AP) — Social Security checks for nearly 49 million retirees will go up by 3.3 percent next year, an average increase of $33 a month.

The monthly benefit for the typical retiree will rise to $1,044, from an average of $1,011 this year.

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The increase, a cost of living adjustment announced Wednesday by the Social Security Administration, will go to more than 53 million people.

Nearly 49 million of those people receive Social Security benefits; the rest receive Supplemental Security Income benefits, aimed at the poor.

The increase for 2006 was 4.1 percent, which had been the biggest increase in 15 years.

Benefit payments, which have been tied to inflation since 1975, surged by double-digit amounts in the high-inflation years of 1980 and 1981, but increases have been more moderate in recent years as the Federal Reserve has had more success keeping inflation under control.

Social Security Raise For Elderly And Disabled (LAT)

By Joel Havemann

The Los Angeles Times, October 19, 2006

WASHINGTON — Elderly and disabled Social Security beneficiaries will receive a cost-of-living increase next year of 3.3%, or $33 a month, for the average recipient, the government announced today.

Supplemental Security Income benefits for the elderly and disabled poor will rise by a like amount.

The payroll tax rate that supports Social Security will remain at 12.4%, shared equally by employers and employees. But the wage base to which the tax applies will rise from $94,200 this year to $97,500 in 2007.

AARP, the nation's largest organization representing seniors, welcomed the benefit increase, calling it "the only lifelong hedge against inflation for most Americans in retirement today."

The cost-of-living adjustment, AARP said, "is particularly critical for the nearly one-third of beneficiaries who rely on Social Security for almost all their income."

The benefit increase in 2007 is dictated by the rise in the consumer price index from July through September of 2005 to the same three months of 2006. The Labor Department, in its monthly report on consumer inflation issued today, pegged that figure at 3.3%.

In 2006, Social Security benefits were adjusted upward by 4.1%, the largest increase in 15 years.

The Social Security Administration said the 3.3% raise would apply to the benefits of 49 million elderly and disabled recipients of regular Social Security benefits and 7 million Supplemental Security Income recipients. Because of overlaps, more than 53 million persons will enjoy one or the other of the benefit increases, or both.

For a single person, the average monthly Social Security benefit will rise from $1,011 today to $1,044 starting in January. For a couple, the average will rise from $1,658 to $1,713.

The increase in wages to which the Social Security payroll tax applies depends on the increase in average wages, which is usually greater than price inflation. The increase in the wage base in 2007 will be 3.5%.

The payroll tax also contains a 2.9% component, split by employer and employee, to support the Medicare program. The Medicare tax applies to all wages without limit.

Social Security Checks To Rise 3.3% In 2007 (WSJ)

The Wall Street Journal, October 19, 2006

WASHINGTON -- Social Security checks will be going up by 3.3% in 2007, a smaller percentage gain than this year because inflation was lower, the Social Security Administration said.

The cost-of-living adjustment will translate into an average monthly increase of $33 for the typical retiree, pushing the average monthly benefit to $1,044 from $1,011 currently. The cost-of-living adjustment is pegged to the September consumer-price index.

Separately, the Internal Revenue Service announced inflation adjustments to various limits on employer-sponsored, tax-advantaged retirement plans. The ceiling on wages diverted to 401(k) plans, for instance, will go to $15,500 from $15,000.

The Social Security cost-of-living increase will go to more than 53 million people who receive Social Security and Supplemental Security Income payments. The 3.3% increase compares with a 4.1% rise in monthly benefits for 2006, which had been the biggest increase in 15 years. Social Security benefits have been adjusted automatically for inflation each year since 1975.

Government Retirement Benefits To Rise 3.3% (WP)

By Nell Henderson And Stephen Barr

The Washington Post, October 19, 2006

DOJ_NMG_0083322

Social Security retirement and disability payments to nearly 49 million people, as well as pensions for millions of federal retirees, will rise 3.3 percent in January to help recipients keep up with inflation, the government said yesterday.

The change will boost average monthly Social Security retirement benefits by $33, to $1,044.

More than one in six people in the United States receive federal benefits that will increase because of the annual cost-of-living adjustment. The change provides an important boost each year to the economy of the Washington area, which is home to hundreds of thousands of retired federal workers and members of the military.

Federal retirees covered by the Civil Service Retirement System and people who receive military and Foreign Service annuities will also receive the 3.3 percent increase.

Federal workers who retired under the newer Federal Employees Retirement System and who are 62 or older will receive a 2.3 percent cost-of-living increase in their pensions, under the separate rules for that program.

About 330,000 federal retirees and spouses of deceased retirees live in the District, Maryland and Virginia, and 189,168 military retirees live in the region. Nationwide, there are more than 2.4 million federal retirees and about 1.9 million military retirees.

More than 7 million recipients of Supplemental Security Income, which is provided to low-income people, will also receive 3.3 percent increases. That change will take effect slightly sooner, on Dec. 29.

The adjustment that goes into effect in January will be smaller than the 4.1 percent boost granted in January this year, mostly because the recent decline in fuel prices has driven down inflation. Still, because inflation was relatively high for most of the past year, the 3.3 percent cost-of-living change will be the second-highest in six years.

While Social Security recipients will receive bigger benefits next year, about 11 million people will pay more in Social Security taxes because the maximum annual earnings subject to the payroll tax will increase to $97,500 from $94,200, the government said. About 163 million workers pay the tax.

The annual cost-of-living adjustments are announced after the federal budget year ends Sept. 30, and after the Labor Department has calculated inflation in September.

Inflation fell sharply last month, primarily because of lower prices for gasoline and other fuels. The Labor Department said its consumer price index declined 0.5 percent last month, the steepest monthly drop since November.

Fuel prices rose over most of the past year, but have fallen since mid-August, leaving the price index 2.1 percent higher in September than in September 2005. The cost-of-living adjustment is based on a slightly different version of the price index that gives greater weight to energy prices.

Lower fuel prices help the economy by easing inflation pressures and boosting consumers' buying power, enabling them to spend less at the pump and more at the mall, the market and elsewhere. But details in the Labor Department report showed other inflation pressures evident in rents, hotel rates and prices for clothing, medical care, education and other items.

The Census Bureau, in a separate report yesterday, said builders broke ground on more new projects than in the month before, but also sought fewer permits for future construction.

Together, the various figures provided "a mixed picture" of an economy in which lower fuel prices are benefiting consumers at a time when the housing market is still weakening and other inflation pressures remain strong, said Ethan S. Harris, chief U.S. economist at Lehman Brothers Inc. "A very well-timed drop in energy prices is providing a nice offset to the gloom and doom coming out of the housing market," he said.

Stock prices rose after the price report strengthened analysts' expectations that consumers will keep spending in the months ahead -- and that Federal Reserve policymakers will hold interest rates steady when they meet next Tuesday and Wednesday. The Dow Jones industrial average rose briefly above 12,000 points yesterday, an all-time high, but closed at 11,992.68, up 42.66.

Federal Reserve policymakers have welcomed the fall in fuel prices, but remain concerned about other inflation pressures. They look to core measures of price increases, excluding volatile food and fuel prices, for a sense of the economy's underlying inflation rate. The core price index rose 0.2 percent last month and 2.9 percent in the year that ended in September, the highest 12-month rate in 10 years.

Several Fed policymakers, including Chairman Ben S. Bernanke, have said in recent weeks that they expect slowing economic growth to weaken inflation in the months ahead. But they remain worried that price increases may continue at an unacceptable rate.

The central bankers left their benchmark short-term interest rate unchanged at their last meeting, in September. But they saw "substantial risk" that inflation might not decline as expected, and thought that more interest rate increases might be necessary to tame prices, minutes of the meeting showed.

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The high core inflation figures for September are likely to heighten worries at the Fed, said Alan Ruskin, chief international strategist at RBS Greenwich Capital. "The Fed is not out of the woods and will have to continue to talk tough" on inflation," he said.

Workers' average pay rose faster than prices last month. Average weekly earnings for most workers rose 1 percent, the biggest monthly increase in more than three years, after adjusting for inflation, the Labor Department said in a separate report.

Those wages were also 2.2 percent higher in September than a year earlier, after adjusting for inflation, the biggest 12-month increase in nearly eight years. These are the wages earned by factory workers and non-managerial service industry workers, who together make up 80 percent of the labor force.

Cost Of Living, A Fickle Formula (WP)

By Stephen Barr

The Washington Post, October 19, 2006

Federal retirees, many on fixed incomes, look forward to the annual COLA announcement. But whether the cost-of-living adjustments keep pace with health-care costs, property taxes and rising prices is not an easy calculation.

Larry Daks , a retired Foreign Service officer in Northern Virginia, said his pension increase should help him cope with rising consumer prices, assuming his health-care costs remain reasonable.

"I like to see a COLA every year," Daks said, adding that it reinforced "a sense that the government has sort of a contract with us and is trying to do something for us every year."

But Gerald Cornell of Burtonsville, who worked for the Internal Revenue Service and served in the military, said his health-insurance company has scheduled a sharp jump in premiums for next year that will drain his COLA dry.

"The average person is going backward," he said.

Yesterday's announcement of a Social Security COLA increase triggered adjustments for government retirees, raising the average annuity in one of the largest pension programs, the Civil Service Retirement System, by $80 a month.

Government employees are covered by a number of retirement systems. To pass along COLAs, the systems use salary-based formulas to determine annuities and rules, which have been modified by Congress in some years. Federal employees covered by older retirement programs typically receive a pension considered generous by private-sector standards, while employees hired after 1984 receive a smaller pension and Social Security income, and may enroll in a 401(k)-type savings program.

For 2007, retirees covered by the Civil Service Retirement System, regular military retirees and many Foreign Service officers will receive a 3.3 percent COLA.

People who retired under the newer Federal Employees Retirement System and are 62 or older will receive a 2.3 percent COLA. The smaller COLA also will go to some military retirees and some Foreign Service officers.

The average annuity under the old Civil Service Retirement System will increase to $2,532 from $2,452 per month, the Office of Personnel Management said. The average monthly retirement check for FERS retirees will rise to $916 from $896 next year, the OPM said.

There are about 2.4 million federal retirees, with about 330,000 retirees and survivors in the District, Virginia and Maryland.

The average monthly retirement payment for the military will be $1,705 next year, though average monthly retiree military pay next year will be higher in Virginia ($2,277) and Maryland ($1,859), according to Pentagon data.

Nationwide, there are about 1.94 million military retirees, with 189,168 in the District, Virginia and Maryland.

State Department officials said computations were not available on COLAs for the Foreign Service but estimated that monthly payments to about 6,100 retired officers and surviving spouses in the Washington area would average $4,384 next year. Nationwide, there are 14,328 retired Foreign Service officers.

Many federal retirees continue to work after leaving the government, and some move from the Washington area in a bid to stretch their retirement income.

Virginia A. Broadbent moved to Orange, Va., from Alexandria after retiring from the Agriculture Department in 1994. "Quite clearly I could obtain a better house at a lower price here at the time I bought," she said. "I would be living in a hovel if I was living in the D.C. area."

But she is worried that property tax rates in Orange will increase this year, cutting into her CSRS pension. "I have become more cautious and concerned about money. I would love to see a COLA that kept pace with the cost of living in a more realistic sense," she said.

Broadbent said a COLA of "4 to 5 percent would seem nicer to me" and noted that she is thinking of returning to work on a part-time basis.

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Kleeman never stopped working. Her government career included about 20 years at the Government Accountability Office, a congressional agency, and she left federal service in 1994 to join George Washington University as a distinguished executive in residence, teaching and helping students plan their careers.

While in government, she was covered by CSRS and FERS, which gives her a mixed COLA. Her retirement benefits are "certainly generous," she said, but noted that many federal employees will need to invest wisely in the Thrift Savings Plan, their 401(k)-type program, to achieve a comfortable retirement.

"I don't think I will get rich on the 3.3," she quipped, adding, on a more somber note, that "very few people now in government service are going to be able to leave a large inheritance."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, October 19, 2006

Band on the run

"I play the flute, sax and guitar, and I'll be playing all three Saturday night," White House spokesman Tony Snow told Inside the Beltway yesterday.

The obvious next question: Where does he find the time?

Much has been written of late about Mr. Snow and his myriad gigs. When not speaking on behalf of the president of the United States, he's taking the unprecedented step for a White House press secretary and appearing at Republican fundraisers across the country.

And, we didn't need to remind him, awaiting his arrival at home are his wife, three children and a host of pets.

"We're down to one guinea pig, one cat and two dogs," Mr. Snow said. "Look, my family always comes first. And my wife and kids will all be there Saturday night."

He was referring to a charity concert his rock 'n' roll band, Beats Workin', will perform at the Old Town Theater on King Street in Alexandria. (The show, from 8 p.m. to midnight, is $35 and includes a food buffet and a cash bar. Tickets can be reserved at www.oldtowntheater.com.)

"We're a cover band. We play stuff from the '60s, '70s, '80s and a little bit of the '50s," Mr. Snow said. And yes, the band has its groupies.

"Everybody pulls for a bunch of old guys who can still play rock 'n' roll," he said. "Mostly I'll be playing guitar on Saturday night. That's when the people will see me let it all out."

So he finds music to be a stress reliever?

"Yes, although I'm just getting back with the band," Mr. Snow said. "After my [serious bout with] cancer last year I was out the whole time. I played with the band a few weeks ago, and I'm still working back into the starting rotation."

Given the many hats he's worn -- most recently host of the "Tony Snow Show" on Fox News Radio; "Weekend Live With Tony Snow" and "Fox News Sunday" on the Fox News Channel; syndicated columnist; presidential speechwriter; and newspaperman (including editorial page editor of The Washington Times) -- where does Mr. Snow see himself in five years?

"I don't have a clue. But I see myself in five minutes on Marine One," Mr. Snow replied, darting out of his West Wing office to board the presidential helicopter.

Mrs. Laura

We always eagerly await the newest Talking Presidents doll.

There's the Ronald Reagan talking doll ("Mr. Gorbachev, tear down this wall"), the George W. Bush doll ("Working hard to put food on your family"), George Bush ("Read my lips") and Donald H. Rumsfeld ("The only choice one has is to proceed").

The newest talking doll, just in time for Christmas, is "Dr. Laura" ("I am my kids' mom").

Laura Schlessinger, of course, is a popular radio personality and best-selling author of 14 books. As a doll, Mrs. Schlessinger stands 11 inches tall and is packaged in a display box that includes photos from her personal collection.

(No doubt Inside the Beltway will be hearing again from Mrs. Schlessinger. The last time we included her in our column she wrote back, numerous times, to complain -- OK, she went ballistic -- because we didn't place "Dr." before her name. We explained to her that the newspaper's writing style recognizes only medical doctors with the honorific, but she refused to listen.

(So much for being "the kind of person you'd like to come home to every day" -- as she preaches on her show.)

PR ladies

There are three finalists for the 2006 Washington PR Woman of the Year award, as determined by the Washington Women in Public Relations: Kristen Grimm, president and founder of Spitfire Strategies; Margery Kraus, president and chief executive officer of APCO Worldwide; and Marilynn Deane Mendell, president of Win Spin CIC Inc.

The winner will be crowned Nov. 15 at a Mayflower Hotel awards luncheon honoring all three finalists. Good luck, ladies.

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Yo, Frankie

What Washington event this weekend would bring together a pair of Supreme Court justices, a baseball legend, a famous crooner and a couple of seasoned Hollywood actors?

Given their surnames, it would be the annual convention and awards gala of the National Italian American Foundation (NIAF).

Newly appointed Supreme Court Justice Samuel A. Alito Jr. will be receiving a special achievement award from his colleague, Justice Antonin Scalia, while Chrysler Group CEO and President Tom LaSorda will receive achievement honors from baseball great Tommy Lasorda. Other awards will be presented to, among others, singer Frankie Valli and philanthropist Catherine Reynolds.

In addition, actor and director Mel Brooks will be at the Hilton Washington & Towers to represent his late wife, actress Anne Bancroft, who will be posthumously inducted into the NIAF Italian American Hall of Fame by actor Alan Alda.

Congress's Dismal Grades (WP)

By David S. Broder

The Washington Post, October 19, 2006

The editors of National Journal, a respected and independent Washington publication, had the smart idea of inviting 11 distinguished economists to fill out a score card on the economic performance of the Republican Congress. The grades are published in the latest issue of the weekly magazine.

The economists were asked to score Congress in seven categories, using letter grades. The composite score of four categories was a C, meaning average by historical standards. Two got a B-minus and one a D. Not exactly a huge vote of confidence.

Who were these 11 judges? National Journal describes them as "prominent 'nonaligned' economists -- people who, by virtue of their work and long careers outside of politics, have earned reputations for delivering unvarnished analysis of economic policy."

Their individual credentials are impressive. "Ethan Harris, Maury Harris, Allen Sinai, and David Wyss are well known on Wall Street," the editors write. "Nariman Behravesh of Global Insight is one of the most respected economic forecasters. Lyle Gramley is a former governor on the Federal Reserve Board, and Michael Mussa is former research director at the International Monetary Fund. Edward Leamer is director of the Business Forecast Project at UCLA's Anderson School of Management, and James F. Smith is a professor at the Kenan-Flagler Business School at the University of North Carolina. David Lereah is a longtime chief economist at the National Association of Realtors. Victor Zarnowitz has long worked at the Conference Board, the business group that issues closely watched numbers on consumer confidence and leading economic indicators, and he serves on the committee of economists that decides when recessions begin and end."

Short-term fiscal policy grades averaged out at B-minus. Gramley and Sinai gave it an A and A-minus, largely because the tax cuts had stimulated investment and productivity. Five others put it down around C, because so little revenue growth was channeled into reducing budget deficits.

The only other category that rated an overall B-minus was government regulation. The range of grades was small, with only one D and seven at or near B. The reason: The economists applaud restraint. As Lereah said, "Less regulation is usually better than more."

That's about all the good news. In long-term growth and competitiveness, the grade was C. No one gave it more than a B-minus, largely because the tax cuts were passed without reforms and because congressional efforts to improve education and training of the workforce seemed feeble.

International economic policy also was graded C. In the face of rising balance-of-payments deficits -- a key measure of economic activity between countries -- major trade initiatives have stalled. Although radical protectionist measures have been rejected, Congress has balked at bigger steps to open international markets, the economists said.

Congress was given a C for its economic leadership, and the same grade for its overall economic performance. Aside from cutting taxes, the lawmakers did little to help or harm the economy. They balked at tax reform and Social Security reform but made some improvements in pension reliability. Overall, this Congress was no better or worse than most of its predecessors, the graders said.

But there was one area where they said Congress failed and failed badly. That was long-term fiscal policy. There were five F's, three D's and no grade higher than a B-minus, for a composite grade of D. Speaking of the long-term liabilities of Medicare and Social Security, Gramley told National Journal, "Congress and the administration are not facing" reality. Behravesh called the response to those long-term deficits "quite irresponsible."

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Does all this add up to a case for or against the Republican Congress? The economists were not asked that question, but most of their comments convey support for the Bush tax cuts and opposition to the trade restrictions favored by many Democrats.

Still, a chart that is part of the National Journal story gives pause. It compares the economic performance of the first 5 1/2 years of this Bush administration with identical periods under Presidents Ronald Reagan and Bill Clinton. Personal income after inflation and taxes rose 22.7 percent under Reagan, 20.4 percent under Clinton and only 14.1 percent under Bush.

That's certainly not a C, and it may not even be a passing grade.

Catching Conflicts At The FDA (LAT)

The Los Angeles Times, October 19, 2006

A GUILTY PLEA FROM FORMER FDA Commissioner Lester M. Crawford shows that the ethics guardians are making some progress against conflicts of interest at the Food and Drug Administration. Now they need to delve deeper into ethical lapses at the agency, which has been suffering a crisis of confidence.

Crawford, who resigned as commissioner a little more than a year ago, pleaded guilty Tuesday to lying to investigators about stock he owned in companies that were regulated by the FDA. Yet, according to one study, more than a fourth of the experts who sit on the FDA's advisory panels, which review the safety and effectiveness of drugs, have potential economic stakes in drugs they consider.

Other independent reports have found that regulators often ignored safety experts and refused to move against drugs that showed signs of serious side effects. That's one reason Vioxx, despite its heart risks, remained on pharmacy shelves long after it should have been pulled. Political pressure also has weighed on the agency, which dithered about approving over-the-counter sales of Plan B, the morning-after contraceptive pill, despite its positive ratings from agency scientists.

Current legislation to make drug evaluators and safety experts work together more closely, and to give the safety side more autonomy, would take the agency one step forward. But Congress should take the opportunity to impose more comprehensive reforms next year when it reconsiders the user fees that provide much of the FDA's funding.

Reforms will require striking a sensible balance between the need for expertise and tolerance for conflict. The agency needs specialists well versed in the substances it regulates, but such people often gain their expertise by working or consulting for drug companies. One way to mitigate such conflicts of interest is to require disclosure — and recusal when there is a meaningful conflict.

The FDA also has suffered from both a literal and metaphorical lack of leadership, spending most of the last two years under acting and interim commissioners. The current acting commissioner, Texas surgeon Andrew C. von Eschenbach, is a solid replacement for Crawford. He deserves to be confirmed by Congress so that the FDA can turn its full attention to regaining the public's confidence and protecting its health.

OTHER NEWS:

Dow Cracks 12,000, Sets Another Record (USAT)

By Adam Shell

USA Today, October 19, 2006

NEW YORK — Another day, another record-breaking milestone on Wall Street, as the Dow Jones industrial average finally cracked the 12,000 barrier Wednesday for the first time and hit a fresh all-time high.

The Dow, which has set highs in eight of its past 12 sessions, was unable to close above 12,000, and finished up 42.66 points, or 0.4%, to 11,992.68. The Dow crossed 12,000 for the first time 34 seconds into trading, Dow Jones Indexes says, and hit a record intraday high of 12,049.51 roughly 14 minutes later as investors reacted positively to a strong earnings report late Tuesday from tech titan and Dow stock IBM.

The Standard & Poor's 500 gained 1.91 points, or 0.1%, to 1365.96. The Nasdaq composite fell 7.80 points, or 0.3%, to close at 2337.15. The broad S&P 500 reached an intraday high at 1372.87, its highest in nearly six years, but the momentum faded.

As is often the case when major market indexes near milestones, such as new highs or big round numbers like Dow 12,000, the nation's oldest stock index has come under selling pressure as investors gauge whether to buy or sell stocks at peak prices.

“Traders trade around big numbers,” says Stuart Freeman, chief equity strategist at A.G. Edwards. “If it breaks through, traders will run it higher; if it doesn't they will trade it lower.”

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Freeman says the Dow hitting 12,000, or 11,000 or 13,000, is not significant. What is significant for investors, he says, is to measure the prices of stocks relative to earnings at current levels. And if you do that, he says, it's clear that stocks are trading at much cheaper valuations than they were the last time the Dow peaked, back in January 2000. At that peak, he says the broad U.S. market was trading at nearly 30 times expected earnings. Now, stocks' valuations are about half of the peak's level.

Driving the rally Wednesday was a benign report on inflation at the consumer level and more strong third-quarter earnings gains posted by U.S. companies. (Earnings, 1-2B; CPI report, 3B.) IBM, which rose $2.87 to $89.82 after reporting a 50% jump in profit, was a big boost to the Dow. The Dow is price-weighted, so when high-priced stocks do well, it has a disproportionate impact on the Dow's gain.

Highlights:

Johnson & Johnson, another Dow stock, rose $2.07 to $68.15 after the drug and consumer products giant raised its 2006 forecast.

GOP Tries To Shift Focus To Economy (WT)

By Charles Hurt

The Washington Times, October 19, 2006

The Foley scandal has dropped off the front pages and House Republicans are aggressively trying to shift attention in the final weeks of the campaign season to the healthy economy and the damage they say would be done if Democrats take control of Congress.

"Today's record-setting stock market rally is proof that Republican economic policies of tax relief work," said House Speaker J. Dennis Hastert of Illinois. He hailed the Dow Jones Industrial Average passage of the 12,000 mark, which he said was largely a result of efforts by the Republican-controlled Congress to cut taxes and streamline government regulation.

"If Democrats had their way, they would erase stock market gains by raising taxes and stalling the economy, destroying job growth and putting leaders in place that are in favor of tax increases," Mr. Hastert said. "In fact, if the Democratic majority blocked our efforts at making tax relief permanent, Nancy Pelosi and the leadership would raise taxes on hardworking American families with two children by at least $2,000."

Republicans issued a list of initiatives that they fear would gain traction under a Democrat-led Congress.

Among them is H.R. 3760, which would create the Department of Peace. Authored by Rep. Dennis J. Kucinich, Ohio Democrat, the Department of Peace and Nonviolence Act has 74 co-sponsors.

Also listed is H.R. 4683, which essentially would nationalize health care by expanding Medicare to cover all Americans.

Others Democratic proposals they cited included eliminating mandatory minimum sentences for selling crack cocaine, allowing felons to vote, federal regulation of restaurant menus and a "bill of welfare rights" that would grant protections to those on welfare.

"This list of the bills," said Majority Whip Roy Blunt of Missouri, "would be great fodder for the late-night talk show hosts if it weren't true. Instead, it's just plain scary."

Minority Leader Nancy Pelosi, California Democrat, yesterday restated her belief that the House needs new leadership.

"Republicans are determined to stay the course with their failed policies that have taken America in the wrong direction," she said. "As our economy continues to leave middle-class families behind, the war in Iraq spirals out of control, and charges of corruption and scandal swirl in Congress, the American people believe it is time for a change -- not Republican business as usual."

If Democrats win control, Mrs. Pelosi said, "we will turn the most closed and corrupt Congress in history into the most open and honest. We will take our nation in a new direction by restoring truth and trust to the halls of power with our honest leadership, open government act."

Lower Energy Prices Help Consumer Price Index Decline 0.5% (NYT)

By Jeremy W. Peters

The New York Times, October 19, 2006

Rapidly falling energy prices helped push consumer prices down sharply last month, the government reported yesterday.

But the decline did not entirely dispel inflation worries because the measure of retail prices that excludes volatile food and energy costs held steady at a level above the Federal Reserve's comfort zone.

Wall Street — already energized by stronger-than-expected profits from I.B.M. and Intel and construction data that showed a steep drop in building permits — saw the latest evidence as an encouraging sign that the Fed will keep interest rates unchanged for now. The central bank's policy setting committee will meet next week to review short-term lending rates, currently at 5.25 percent.

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Stocks surged at the start of trading yesterday and the Dow Jones industrial average leapt past 12,000 for the first time. The exuberance was short-lived, however. The blue-chip index retreated later in the morning, ending the day up 42.66 points, at 11,992.68.

The federal government also announced that Social Security payments, which are based on changes in the Consumer Price Index over the previous 12 months, will increase 3.3 percent in 2007.

For the 53 million Americans that receive Social Security checks, that will raise the average monthly payment by $33, the Social Security Administration said.

While overall consumer prices fell last month by 0.5 percent, the core Consumer Price Index, which excludes food and energy, rose by 0.2 percent. It was the third consecutive month that the core index grew by 0.2 percent and an indication to many economists that underlying inflation may be peaking.

With core prices up 2.9 percent compared with last September, well above the 1.5 percent to 2.5 percent level that central bankers consider ideal, the economists cautioned that it is still not clear whether the Fed will have more tightening to do next year.

"The fundamentals for inflation still look mildly unfriendly," said Ethan Harris, chief United States economist for Lehman Brothers. "When people talk about inflation turning, they're forgetting about the lags. Inflation doesn't turn with the economy. It usually takes a couple of quarters."

As the economy continues to slow, the Federal Reserve's forecast is that inflation will slow as well. The central bank has said that slower growth, led by a decline in the housing market, will help pull inflation back down to tolerable levels.

Indeed, a report from the Commerce Department showed yesterday that building permits fell by 6.3 percent in September, to the lowest rate since October 2001.

The number of housing starts last month increased 5.9 percent.

The rise in new home construction did surprise economists, but it is not likely to foreshadow any immediate bounce-back in residential construction. Construction activity is often volatile for a number of reasons, particularly the weather.

Building permits, therefore, are considered to be a better barometer of the strength of the housing industry because they measure how much demand builders are expecting.

"Even a cursory glance at the awful permits numbers should disabuse all but the most incurable optimists" of the notion that the new housing market will improve soon, Ian Shepherdson, chief United States economist with High Frequency Economics, wrote in a research report.

In another sign that investors do not believe the Fed will raise rates any further, interest rates on long-term bonds fell yesterday for the third consecutive day. And that view was echoed by several Wall Street analysts.

"The surge in core inflation is abating," a team of economists from Goldman Sachs wrote in a research report.

As long as future inflation readings do not look any worse than yesterday's report, and economic growth continues to slow at a moderate pace, the Fed can afford to wait for the effects of two years of interest rate increases to take hold.

Most economists believe that when the Fed gathers next week, it will leave interest rates untouched for the third time in a row.

"From the Fed's point of view, slower growth opens up a little bit of a gap," said Stuart G. Hoffman, chief economist with PNC Financial.

The Labor Department report showed that on a seasonally adjusted basis, consumer prices rose at slower rates in September on a number of goods and services like clothing, food and household furnishings.

The price of transportation, including gasoline and vehicle purchases, was the only major category of the price index that actually declined in September.

High rental costs kept the core price index elevated in September. Compared with September a year ago, housing prices, which are tied to a measure of rents rather than what homes are actually selling for, rose 4.1 percent, faster than any other component of the index except medical care.

In a separate report, the Labor Department said that the average weekly earnings for ordinary workers, adjusted for inflation, rose by 1 percent in September. Average hourly earnings rose 0.2 percent.

Consumer Prices Fall, But Core Measure Inches Higher (WSJ)

By Christopher Conkey

The Wall Street Journal, October 19, 2006

Falling gasoline prices pushed overall consumer prices lower in September, significantly increasing Americans' purchasing power, but underlying data signaled plenty of inflation hazards ahead.

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Meanwhile, the nation's home builders stepped up construction last month, defying signs of a weakening housing market. But a sharp decline in building permits points to softening in residential construction in the months ahead.

Consumer prices fell 0.5% in September, led by a 13.5% plunge in gasoline prices, the Labor Department said. Excluding food and energy, the department's "core" measure of consumer prices rose 0.2% for the third consecutive month. This measure is closely monitored by Federal Reserve policy makers because it gives a clearer picture of underlying activity.

Many economists said the modest rise in core prices is another sign that inflation is retreating enough to dissuade the Federal Reserve from changing interest rates anytime soon. "We may have seen the peak of this inflation scare," said Mark Vitner, a senior economist at Wachovia Corp., of Charlotte, N.C.

September was the first month this year that overall consumer prices didn't rise, and it relieved some of the pressure on consumers' pocketbooks. The average worker's weekly pay outpaced inflation by 1% in September; inflation-adjusted wages last month were up 2.2% from a year ago.

The latest figures tentatively suggest that the economic scenario of slower expansion and reduced inflation sought by the Fed is playing out. "We are in the midst of a near picture-perfect soft landing," said Bernard Baumohl, executive director of the Economic Outlook Group, of Princeton Junction, N.J. "What's most interesting from the latest set of reports is that this economy may be ready to take off again by mid-2007."

Price gains could reaccelerate if gasoline prices rebound or the economy gains more momentum, and inflation is far stronger than the Fed would like it to be. The Labor Department's measure of core consumer prices in September was up 2.9% from a year ago, outpacing the 2.1% rise in prices overall. Similarly, the Commerce Department's core price indicator, the personal-consumption expenditure price index -- the Fed's preferred inflation gauge -- rose 0.2% in August and was 2.5% higher than a year earlier.

Both measures show core inflation running at its fastest clip in more than 10 years, and well above the Fed's presumed comfort zone of between a 1% and 2% rate. The Fed has indicated it can tolerate higher-than-usual levels of core inflation for the short term, but any further acceleration could prompt it to raise interest rates.

That means core inflation must slow somewhat from its current trend of 0.2% monthly gains before the Fed is satisfied that inflation risks are abating. Haseeb Ahmed, an economist at J.P. Morgan Chase & Co., of New York, said if core inflation continues to expand at its current monthly rate, the annual rate as measured by the Labor Department will hover at 2.9% for the next two months before rising to 3.0% in December.

For now, the plunge in oil prices and the slowdown in economic expansion appear to be having an impact. After rising at an annual rate of more than 3.5% in the second quarter, core inflation increased at a slower 2.9% in the third quarter.

Speaking earlier this week, San Francisco Fed president Janet Yellen said: "Although I'm somewhat encouraged that various measures of core inflation have edged down recently, it's clear that more progress is needed."

Inflation expectations, as measured by consumer surveys and yield spreads in the bond market, have also retreated. That is extremely important for the Fed's credibility, because expectations of higher inflation can have a self-fulfilling effect, as workers push for higher wages and companies charge higher prices.

Several other wild cards could affect the inflation outlook. Labor costs, which have been rising, could further accelerate and exert more inflation pressure in the months ahead. The degree to which the housing market stabilizes or continues to weaken will have a major impact on overall expansion, and therefore on estimates of how much inflation may decline.

The Commerce Department reported yesterday that new-home construction last month rose 5.9% from August to an annual rate of 1.77 million units. Housing starts were still down 18% from a year earlier.

But permits for new construction, an indicator of future activity, fell 6.3% in September and there is still a historically high inventory of unsold homes on the market. Prices are also falling in many markets.

As a result, many economists said, home builders will be forced to curtail new construction in the months ahead. "The bounce in housing starts is a temporary phenomenon," said Dave Seiders, chief economist at the National Association of Home Builders, of Washington, D.C. "There's no question we have a supply-demand balance problem right now."

Consumer Prices, Construction Starts Supply Good News (USAT)

By Sue Kirchhoff

USA Today, October 19, 2006

WASHINGTON — Consumer prices fell sharply in September as energy prices took the biggest tumble in nearly a year, the government said Wednesday in a report that buoyed the stock market.

Separately, the Commerce Department said new home and apartment construction rose 5.9% in September from August, surprising analysts. Still, construction was 18% below year-ago levels, and building permits were down 28% from September 2005, reflecting a slide in the previously hot sector.

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Stock prices rose as traders interpreted the reports to mean that slower inflation and a cooling, but not collapsing, economy will let the Fed continue to hold interest rates at 5.25%. The Dow Jones rose 42.66 to 11,992.68.

While the overall picture is improving, core inflation, which excludes food and energy, is still too high for comfort, some analysts cautioned. The Fed is watching core figures to see if slowing growth and previous rate increases are cutting inflation.

“There will be a couple quarters of very sluggish economic growth. Some will think we're falling into recession, it will be that close,” says Ken Mayland of ClearView Economics.

“That will take the pressure off of core inflation. But it will take time. It will take months. Do the inflation hawks within the Fed have patience? Do the markets?” Mayland says.

The Labor Department said the consumer price index fell 0.5% in September, the biggest decrease since a 0.7% drop in November 2005. The fall was led by a 7.2% drop in energy prices, including a 13.5% drop in gasoline prices. Overall, consumer prices are up 2.1% in the past 12 months.

The core inflation rate was 0.2%, in line with economists' expectations. In the past 12 months, the core inflation rate has been a brisk 2.9%, the highest level in a decade. That's well above the Fed's preferred 1% to 2% annual rate, though monthly increases have leveled off.

The rise in home construction, after three months of declines, may not spell the bottom of the market. Gains were concentrated in the South, and the drop in permit applications is accelerating.

“It isn't over. It has barely begun,” says Ian Shepherdson of High Frequency Economics.

The Fed raised its target for short-term interest rates 17 times from mid-2004 to mid-2006. The central bank voted to leave rates unchanged at its August and September meetings. The Fed will next meet Tuesday and Wednesday.

Falling US Fuel Prices Ease Fears Of Recession (CSM)

By Mark Trumbull

The Christian Science Monitor, October 19, 2006

Even with OPEC's decision this week to cut oil production, lower energy prices could persist - bringing a welcome boost to the economy.

The "oil dividend" is worldwide but comes at a sensitive time for the United States. By easing costs for heating homes, commuting, and running factories, lower energy prices reduce worries about a possible recession for the world's biggest economy.

Lower energy prices also promise to help fight inflation. According to a report Tuesday gasoline prices posted a record one-month plunge of 22.2 percent. And Wednesday, thanks in part to fuel costs, the Labor Department announced its broad index of consumer prices fell 0.5 percent in September.

"The lower energy prices certainly help," says John Silvia, chief economist at Wachovia Corp. in Charlotte, N.C. This doesn't assure a so-called soft landing for the economy, he says, but "it's enhancing the chances."

Crude oil still costs twice what it did three years ago, but the change over the past two months is significant. Motorists could soon be pumping gasoline at $2 a gallon, down from summer highs above $3.

Cheaper natural gas, meanwhile, promises to keep heating bills lower this winter, too.

Over the past two months price shifts in gasoline and natural gas have put some $90 billion, annualized, back in US consumers' pockets, according to research by economist Andrew Tilton at the investment firm Goldman, Sachs. That's sizable even in a $13 trillion economy.

By some estimates, the amount more than offsets the hit homeowners are taking from an upward jump in adjustable mortgage rates.

Several factors explain the softening of energy prices, from the end of the summer driving season to fewer hurricanes, which could affect drilling platforms in the Gulf of Mexico. Demand cools for fossil fuels

Perhaps the biggest factor, however, is cooling demand for fossil fuels. That reflects some conservation by consumers, but it also stems from a slowing economy - the very problem that lower energy costs are now helping to alleviate.

"Demand continues to grow but at very low rates," says Mark Routt, a senior analyst at the consulting firm Energy Security Analysis Inc. of Wakefield, Mass.

America's output of goods and services, after expanding faster than 3 percent annually in 2004 and 2005, slipped to a 2.6 percent annualized rate in the second quarter, and third-quarter numbers are expected to be slower still.

Even as Chinese energy demand continues to soar, forecasters have pared back their outlook for the US, the biggest oil consumer.

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The International Energy Agency last week predicted that world oil consumption will rise 1.2 percent this year and 1.7 percent next year. Those numbers shaved just a tenth of percentage point off prior forecasts, but such changes at the margins make a difference in energy prices.

Conservation also is playing a role. American consumption of gasoline typically grows by more than 1 percent a year, Mr. Routt notes. This year's growth will be less than 1 percent, not keeping pace with a population that surpassed the 300 million milestone this week.

This represents a natural response of the marketplace to higher-priced oil in 2004 and beyond. It prods consumers to use less and gives suppliers an incentive to expand production. Mood changes, prices dip

All this has changed the mood of those who trade oil contracts on commodity markets. The price of oil has fallen from about $75 a barrel to $60 or lower in recent weeks.

Prices could still spike if supplies are disrupted in places like the Middle East, Iran, or Nigeria.

But the OPEC cartel is responding to the changed outlook. The Organization of Petroleum Exporting Countries meets Thursday in Qatar to formalize plans for a production cut of 1 million barrels a day.

It's not clear if the group will actually pull that much supply off world markets. Member nations aren't unanimous in their outlook, but backers of a cut don't want to let prices fall too far.

Routt sees oil prices staying relatively flat, but he wouldn't be surprised if gasoline dips below $2 as refiners shift to cheaper winter products.

Mr. Silvia's team of economists at Wachovia believe oil prices will remain around $60 a barrel early next year. He says gasoline is unlikely to fall to $2 a gallon from the current level of $2.23. US economy adjusts

All this comes as the US economy is in a phase of adjustment. The Federal Reserve is trying to guide the economy into what economists call a soft landing, to restrain inflation without causing an outright economic slump.

It has raised interest rates incrementally since mid-2004 but is now sitting on the sidelines as the economy, and inflation, cools.

But soft landings aren't easy to achieve. The risk of recession has risen along with tighter monetary policy. To some economists, falling oil prices could be a symptom of that risk.

Merrill Lynch's David Rosenberg, in a recent report, notes oil prices fell 25 percent in the six months prior to the recession in 2001.

The price cut didn't prevent that recession, he says, because "the decline in crude was symptomatic of slower demand" in the economy. Mixed expectations for the US economy

Today the housing market that was driven by low interest rates has weakened. A gauge of industrial production, announced Tuesday, fell 0.6 percent in September, a much steeper dive than analysts expected.

US employers created a tepid 51,000 jobs in September, according to the Labor Department's initial tally two weeks ago.

Still, other economists believe the US economy remains on solid footing. Silvia's forecast is for moderate growth, with the question of recession hinging on the housing market. For now, he says, lower energy prices are giving an important boost to consumers.

Demand For Gasoline Surges As Prices Take A Dive (USAT)

By Barbara Hagenbaugh

USA Today, October 19, 2006

WASHINGTON — Americans are celebrating plunging gasoline prices by hitting the roads.

After barely rising during the summer months, gasoline demand rose swiftly in September, the American Petroleum Institute said Wednesday.

Deliveries of gasoline to U.S. service stations, a proxy for demand, rose more than 4% in September from the same month a year ago. That number was boosted by the comparison with September 2005, when Hurricanes Katrina and Rita interrupted deliveries.

But even excluding the hurricane effects, gas demand likely was up approximately 2% in September, API economist Ron Planting says. That's about triple the average increase over the prior six months and the biggest gain since August 2005.

“Lower prices are encouraging people to get back out there and drive,” says Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas. Good weather in much of the USA in September and increased security measures at airports, which turned some people off on flying, also likely encouraged travelers to get behind the wheel, Brown says.

In one of the largest one-month changes on record, the nationwide average gasoline price fell 47 cents, or 17%, in September, according to motorist club AAA and the Oil Price Information Service.

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The U.S. average for a gallon of regular Wednesday was $2.219, down 27% from this year's peak of $3.04 a gallon on Aug. 10 and off 52 cents from a year ago. The lowest average price Wednesday was in Missouri, where it was $2.02 a gallon; the highest was in Hawaii, where the average was $2.98.

While the higher prices this year didn't actually reduce gasoline consumption in most months, it led to slower-than-normal increases in demand. The historical average is for gains of 1.5% to 2%, API's Planting says.

Population growth, a healthy economy and lower gasoline prices will likely continue to boost gasoline demand going forward, says Kevin Lindemer, head of the energy group at economic consulting firm Global Insight.

"The underlying forces that create gasoline demand are still there," he says.

But increased demand will keep propping up prices, warns Alliance to Save Energy President Kateri Callahan, who calls the decline in gas prices "not all good news," because it makes it harder to persuade people to conserve.

"People have a false sense of security that (gasoline prices) are going to stay low and go lower," Callahan says.

Swati Gunale of Indianapolis has been planning for months to drive to Arkansas this weekend for a volunteer vacation, where she will be helping to build a hiking trail along the Buffalo National River.

Although the 33-year-old would have taken the trip even with gas prices high, the decline in costs at the pump will make her vacation less costly.

"It's an added bonus for me," she says.

Has Diesel Grown On The United States? (WP)

By Sholnn Freeman

The Washington Post, October 19, 2006

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Steering the big E320 sedan, Mercedes-Benz engineer Rudolf W. Thom comes around a corner and gently presses down on the accelerator, revealing the faint yet familiar sound of a diesel engine.

"If you compare this diesel to the diesels of the past, can you hear this diesel?" he said. "Can you smell this diesel? It is not like the bad diesels of the past."

The E320 gets 35 miles per gallon, 30 percent better than the comparable gasoline version of the car. Because of favorable tax policies in Europe, diesels have taken off there in the past 15 years, accounting for 50 percent of the new models sold each year. In the United States, development of the market has lagged because of government concerns over what the fuel does to air quality; diesel vehicles make up just 3.2 percent of the market.

The dynamics began to shift this week. On Sunday, the Environmental Protection Agency began requiring refiners and fuel importers to reduce the sulfur content in diesel fuel by 97 percent. The low-sulfur fuel opens the door to a new generation of clean diesel cars, and automakers are moving to bring out more models in the U.S. market.

The change promises to significantly cut air pollution caused by diesel emissions. Regulators say high concentrations of sulfur in the old diesel fuel poison the engine systems that clean exhaust of harmful pollutants. The biggest concern is particulate matter, one of the byproducts of engine combustion, said Margo Oge, director of the EPA's office of transportation and air quality. The particles are a fraction of the size of a human hair. Public health advocates have described the particles as tiny spaceships that dive into the respiratory system when people inhale, damaging the lining of the lungs.

Particles from diesel emissions are classified by the government as a potential carcinogen and are linked to premature deaths, heart attacks to respiratory illness.

Mark MacLeod, director of special projects for Environmental Defense, an advocacy group, said the new EPA rules are expected to prevent about 8,000 premature deaths each year, 1.5 million lost work days and 360,000 asthma attacks.

Detroit automakers have pledged to expand diesel offerings, particularly in pickup trucks. J.D. Power and Associates projects that the diesel share of light-vehicle sales is expected to increase to more than 10 percent by the middle of the next decade from 3.2 percent in 2005. Japanese automakers are also stepping up development of diesel technology.

As U.S. consumers become more sensitive to higher gas prices, German automakers view diesels as their best weapon in the U.S. market to counter strong sales of gas-electric hybrids. They claim a long history of innovation in diesel technology. Mercedes sold large numbers of diesels in the United States in the 1980s. Volkswagen AG for years has sold diesel versions of its popular cars, including the Jetta and the Beetle.

In this country, automakers have shied away from diesels since the early 1980s. GM produced a diesel engine during that decade that was used throughout its lineup. But auto analysts say the engine had problems with piston rings and cylinder combustion. The cars were smoky, loud and slow. Some diesels wouldn't start in cold weather. Mercedes models of that era also are remembered as being slow and noisy, helping cause consumers to sour on diesel technology.

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"Consequently, all the Big Three have been afraid to do diesel," said Casey Selecman, manager of North American powertrain forecasts at CSM Worldwide. "They believe the American public still sees diesels that way. Now they have this great competency in Europe. All the things that plagued the diesels in the early '80s are now gone."

At Mercedes, marketers have developed the name Bluetec for the company's diesel engines in the United States to try to cleanse them of persistent negative perceptions. The company said other German automakers may use the name to sell diesel technology.

"We have to make a mind-set change because the diesel name is damaged," Thom said.

Mr. Pombo's Map (NYT)

The New York Times, October 19, 2006

When you add up the energy resources of the American West, one of the biggest items in the ledger is oil shale — rock formations containing deposits that can be distilled, by heating, into oil. The estimate of the petroleum locked up in these deposits is enormous: perhaps 800 billion barrels of recoverable oil, most of it in the Green River Formation, which lies beneath Colorado, Wyoming and Utah.

The processes for extracting oil shale are still hugely expensive — which is fortunate, because the potential environmental costs are staggering. You can pump oil from oil shale by heating the underground formations, with untold effect on groundwater. Or you can dig it all up, cart it away and heat it somewhere else, scarring vast tracts of the West.

None of this has stopped Congressman Richard Pombo of California — champion of the idea that we can drill our way to energy independence — from throwing yet another economic bone to the energy sector. In a little-noticed provision of the much-reviled Deep Ocean Energy Resources Act — which the House passed in June and the Senate will take up when Congress returns — Mr. Pombo lowered the royalty rate for oil shale from 12.5 percent to 1 percent. Should the day arrive when the price of shale oil becomes competitive, this could turn out to be an extraordinary giveaway of federal revenue (most oil shale lies under federal land) and a huge incentive to wreak environmental damage.

None of this is surprising. Mr. Pombo, who is chairman of the House Resources Committee and is facing a tight race for re-election, has been well- financed by oil and gas producers. He has done his best to give away public resources and throw away prudent restraints on energy exploration.

We believe that this country must pursue energy independence. But unlike Mr. Pombo, we believe that there is a vibrant new economy to be found in conservation and that is where our future lies. When we try to envision the America that Mr. Pombo has mapped out for us, all we can see is a nation committed to devouring itself, one barrel of oil at a time.

Oil-Price Drop Challenges OPEC Unity (WSJ)

By Chip Cummins

The Wall Street Journal, October 19, 2006

Saudi Arabian oil czar Ali Naimi worked for years to turn OPEC from a group of squabbling politicians into an effective price-enforcing posse patrolling world oil markets. Now, with the oil cartel facing its first significant price drop in years, that unity of purpose is showing strain.

The Organization of Petroleum Exporting Countries is set to meet Thursday in Qatar in an effort to bolster sagging prices. Members are trying to hammer out a tricky agreement about how to share the pain of any cut in crude-oil output that they announce at the meeting. They also will try to reverse sharp internal divisions that threaten the cartel's longer-term ability to prop up prices.

The outcome of this horse-trading could have big implications for OPEC's credibility as a price cop and thus for fuel users around the world. Falling gasoline prices have been an especially big boon to consumers in the U.S., the world's largest economy and biggest importer, partially offsetting the blow caused by falling American home prices. It is also a test for the cohesion built by Mr. Naimi, OPEC's de facto leader as the oil minister of Saudi Arabia, the group's top producer.

Many OPEC officials have indicated in recent weeks that they have all but agreed to cut output by some one million barrels a day. How ministers finesse the details of any cut and deliver their message will be nearly as important as whether they greenlight a decision to trim output.

One question is whether the reduction under discussion, of roughly 4% of the group's output, would come from OPEC's current production levels of about 27.5 million barrels a day or from its recently suspended output ceiling of 28 million barrels. The latter choice would mean a real cut of just half a million barrels, or less than 1% of the roughly 84 million barrels a day the world consumes.

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OPEC, which pumps about a third of the world's oil, has been notoriously fractious in the past, especially when prices head south. At such times, members tend to duke it out over market share, eager to make up lost revenue from falling prices by pumping extra volume.

Worried by a fast drop in oil markets, OPEC ministers have signaled they at least agree on the need for some sort of cut to defend prices.

"It is reasonable to say they need to get at least a half million barrels a day, maybe one million barrels a day, off the market," said Adam Sieminski, an oil analyst for Deutsche Bank in New York. OPEC then might still need to cut more sharply in December, when the group is scheduled to meet in Nigeria, Mr. Sieminski said.

But in Doha, Qatar, the group faces an even more difficult task than fixing on a headline number: how to distribute any reduction fairly among members. OPEC officials have been publicly contradicting themselves over what kind of deal is in the works.

Many ministers have suggested $55 a barrel for U.S. benchmark crude as a price the group would defend, though some have hinted they crave prices closer to $60.

Benchmark U.S. crude futures settled at $57.65 a barrel Wednesday on the New York Mercantile Exchange, down $1.28 and some 25% lower than the settlement high of $77.03 in July. They remain well below an inflation-adjusted high of $99.56, reached in April 1980.

OPEC and other forecasters have recently lowered their projections for oil-demand growth. Fresh sources of non-OPEC production have come on line, including a pipeline carrying crude from the Caspian Sea. And inventories of stored oil, especially in the U.S., the world's biggest consumer, have risen, putting pressure on prices.

Under Mr. Naimi, OPEC members won back credibility in the market by sticking to production-cut promises to defend prices. Now, with prices falling, OPEC has essentially split into two camps. On one side is a group of countries -- including Kuwait, Algeria and Libya -- that have been able to greatly exceed the individual production quotas OPEC had assigned each member. Meanwhile, countries such as Venezuela, Iran and Indonesia have struggled to meet their quotas. Mr. Naimi has kept mum, but Saudi Arabia is squarely in the heavy-producer category, and it has been trimming its output quietly in recent months.

One option favored by the underproducers would be across-the-board reductions in individual quotas. That would allow them to keep output unchanged. But it would force the group's overproducers to cut actual output much more sharply, a move this second group has resisted publicly.

"Nobody is talking about cutting from quotas," Kuwaiti oil minister Sheikh Ali Al Jarah Al Sabah said Wednesday. "I think there's a minimum of understanding that all parties will participate" in any cut announced at the meeting, he said.

The squabbling has shaken market confidence in OPEC's resolve. The big risk for OPEC, analysts say, is that the group fails to commit itself to any meaningful cut, instead opting for temporary or voluntary cuts from each member, or promising to make real cuts, but at some unspecified time in the future.

--Ayesha Daya contributed to this article.

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Study Of Cancers At IBM Is Released (WSJ)

By William M. Bulkeley

The Wall Street Journal, October 19, 2006

A long-suppressed study finding elevated rates of many cancers among workers at International Business Machines Corp. was published in Environmental Health, a peer-reviewed online scientific journal.

IBM has fought for several years to prevent release of the study done by Richard Clapp, a Boston University professor of environmental health. The study analyzes data collected by IBM itself on the ages and causes of death of nearly 32,000 people who had worked at IBM and died between 1969 and 2001. IBM has maintained the analysis is "junk science" that misuses the data.

Mr. Clapp got hold of the data, known as IBM's "Corporate Mortality File," as an expert witness who analyzed it for lawyers in California. They had sued IBM on behalf of a number of workers at a disk-drive plant in San Jose who got cancer. Although the plaintiffs settled after several lost their lawsuits, Mr. Clapp sought to publish his analysis.

The study attracted attention beyond the courtroom in 2004, when it was scheduled to be published in a quarterly issue of the scholarly journal Clinics in Occupational and Environmental Medicine, which is owned by Anglo-Dutch publishing giant Reed Elsevier. After IBM objected to use of the data, which had been released only for purposes of the case, Reed declined to publish Mr. Clapp's paper. Reed said the paper was original research that conflicted with the mission of the issue, which was to assess previous research.

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Mr. Clapp said that earlier this year, IBM stopped attempting to block publication. The study, "Mortality among U.S. employees of a large computer manufacturing company," looked at death records of men and women who had worked for IBM for five years.

Mr. Clapp then compared the rate of cancer deaths among the workers to the national death rate from particular cancers. Among the 27,272 men who died, there are 7,697 cancer deaths -- "significantly greater" than the 7,206 cancer deaths that were expected based on the national average. Several individual cancers showed particularly high rates compared with national averages, including cancers of the digestive organs, kidneys, brain and central nervous system and malignant melanoma of the skin.

Among the 4,669 female deaths, 1,667 were from cancer, which Mr. Clapp said was well above the 1,454 that were expected based on national data. Breast cancer, lung cancer, female genital cancer, brain and nervous-system cancers rates were all elevated compared with national averages.

Mr. Clapp also concluded that deaths from cancer as a proportion of all deaths were also elevated among IBM manufacturing workers. For this part of his analysis, he used records for workers who had been involved for at least 30 days in semiconductor and disk-drive manufacturing plants in California, Minnesota, New York and Vermont.

Mr. Clapp said cancer rates were somewhat higher in the manufacturing subgroup, including for deaths from breast cancer in women and kidney cancer and melanoma in men.

Across the technology industry, semiconductor and disk-drive plants use chemicals and solvents that have been linked to cancer. But the database didn't have information specifying which workers were exposed to which chemicals. Mr. Clapp said the data also failed to provide any information on whether the dead employees had been smokers or what other jobs they might have held.

An IBM spokesman said the study is "based on flawed methodology and woefully incomplete data." He said an IBM-funded study led by a researcher from the University of Alabama at Birmingham, which has been published, found 126,000 current and former IBM workers at three semiconductor and hard-drive plants over three decades "had lower overall mortality and cancer incidence rates than the general population."

Mr. Clapp said that study's results were largely consistent with his except the IBM study wasn't adjusted to eliminate the "healthy worker" effect. Employed people are generally healthier than nonworkers, so comparing them directly to the general population is misleading, he said.

Universal Health Care: We Can't Afford Not To (USAT)

By Timothy Johnson

USA Today, October 19, 2006

The most basic question about health care reform is an old one: Should basic care be a "right" for everyone regardless of income, pre-existing illness or bad genes — or should it be a "privilege" obtained by hard work or bestowed by good birth? We would never argue that police and fire protection should be distributed based on income, so why should health care?

That's an emotionally charged issue, but there is one observation almost everyone agrees with: Our present health care "system" (a messy mix of personal, employer and government health insurance) badly needs reform. We spend more than twice as much per person on health care as other industrialized countries do — about $6,100 here vs. an average of $2,550 elsewhere in 2004 — yet we are the only such country that does not provide universal insurance coverage. How can that be?

Unfortunately, there is often no correlation between amounts spent and results. For example, in 2000, Medicare spending in Manhattan was more than $10,000 per person vs. less than $5,000 in Portland, Ore. — and Portland had better treatment results.

We will spend more than $2 trillion (yes, that's a "t") on health care this year. Yet, we rank last among 23 industrialized countries in infant mortality.

One major reason for these appalling numbers is the huge number of uninsured or underinsured in our country who do not get timely care. So why not make health care a right so every American can potentially benefit from early intervention and better prevention?

The abuse argument

One of the arguments against universal coverage usually unfolds under the ironic label "moral hazard" — that if we morally weak humans are offered something "free" (meaning that someone else is paying for it) we will abuse it. For example, a bowl of free candy will disappear much more quickly than candy you have to pay for yourself. But that argument assumes people would consume health care in the same way they gobble down free candy. I think that conclusion is crazy. Other than seasoned hypochondriacs, who wants to unnecessarily visit the doctor or go into the hospital — just because you have insurance — instead of going to the beach or playing golf?

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Of course, there will be some abuse, but that should be easily outweighed by offering many more of us a chance to be healthier, not to mention a better shot at "life, liberty and the pursuit of happiness."

Indeed, the real moral hazard when it comes to health care is what we are doing right now: not providing basic care to our citizens through cost effective health insurance for everyone. Not only is it the right thing to do morally, but I would argue it makes sense economically by providing prevention and care in the early stages of disease when it will usually cost less and be more effective. Better to treat pneumonia early with antibiotics than end up in the intensive care unit on a respirator with lung failure.

Efficient care

Some experts argue that with more thoughtful use of the money we now spend (electronic records to replace paper, better bargaining for drug and device prices, etc.), we can provide basic care to everyone with relatively little increase in total expenditure.

Efficient health care systems such as the reformed Veterans Administration hospital system already make a case. The VA, which provides often excellent care, costs about $5,000 per patient annually vs. $6,500 for private Medicare patients.

And here is a final question: How long do we want to be known as the wealthiest country in the world — and the only one that does not provide universal health insurance when we could and should?

Timothy Johnson, medical editor for ABC News, provides medical analysis for World News, Nightline, 20/20 and Good Morning America.

Posted at 12:15 AM/ET, October 19, 2006 in Forum commentary, Health care/Insurance - Forum | Permalink

High Hopes, And Higher Home Prices, In Anacostia (WP)

By Lyndsey Layton

The Washington Post, October 19, 2006

The newest government-supported housing in the District is a landscaped development of four-bedroom homes with Palladian windows, cathedral ceilings, hardwood floors and prices that reach $584,000.

The District gave the builders of the Homes at Woodmont about $1 million toward the $14 million project on Good Hope Road SE because it wants to attract professionals and their money to the most economically distressed section of the city.

The project inverts the traditional notion of housing subsidies because it isn't aimed at low-income buyers.

"We're trying to create diversity in the southeast quadrant of the city, to break up pockets of poverty," said Leo Clarke, special projects coordinator at the D.C. Department of Housing and Community Development, which gave the developers a grant toward the cost of preparing the land for construction. "We're trying to encourage investment in an otherwise blighted area."

The city is trying to use tax dollars, housing policy and, in one instance, legal power to inject middle-class elements into the long-distressed area, which is east of the Anacostia River at the northern tip of Ward 8 and has the city's largest concentration of public housing and the lowest median income.

Earlier this year, in a controversial move, the city used eminent domain to seize a worn shopping center less than a mile from the Homes at Woodmont. Over the protests of storekeepers, District officials are trying to replace the liquor stores and dollar stores in the Skyland shopping center with higher-end shops and restaurants.

City officials hope the Homes at Woodmont will help the neighborhood by raising property values, encouraging landowners to rehabilitate shabby buildings and adding residents with money to spend at higher-end shops.

"We already have an overabundance of low-income and affordable housing," said Albert R. Hopkins, executive director of the Anacostia Community Development Corp. "What we need is market rate."

Attracting higher incomes to the neighborhood is key to more shops and better services, Hopkins said. "Local and national retailers, they look at demographics and income levels," he said.

Along the streets surrounding the Homes at Woodmont, 42 percent of families live below the poverty line; the median income was $19,950 in 2000, according to the U.S. Census. Most of the homes are modest brick rowhouses or apartment buildings with bars on the windows. Many date to the 1960s and look worn.

"Southeast Washington needs a whole lifestyle change," said L. Yvonne Moore, an advisory neighborhood commissioner who lives across Good Hope Road from the new houses. "It's time that people see Southeast is not just a dumping ground for social services and apartments with Section 8" public housing subsidies, said Moore, a retired teacher. "We have to have more choices. My kids are educated professionals. Where does my son live? In Arlington, Va. And my daughter lives in Southwest, in a condo."

Moore lives in Marbury Plaza, an apartment complex built in the 1970s for upscale black professionals. Much like the Homes at Woodmont, Marbury Plaza was intended to attract people with disposable income. But the complex began to deteriorate in the 1980s, and now residents in the soot-stained building complain of repair and security problems.

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The Woodmont development lies between two projects that have received heavy public investment: Good Hope Marketplace, a shopping center that opened in 1997, and Anacostia Gateway, an office and retail complex under construction in the heart of Historic Anacostia.

"Once that Anacostia Gateway opens, this whole area is going to take off," said A. Gene Edgecombe of VMS LLC, one of the builders of the Homes at Woodmont. He pointed to the location -- less than 10 minutes by car to L'Enfant Plaza, downtown or Capitol Hill -- as a major selling point.

The new houses sprang from negotiations between the community and a developer, which used $10.4 million in city funds to build a 176-unit apartment building for low-income renters in 2002. Neighbors initially objected, saying the area was saturated with apartments. "The neighbors wanted stable, long-term homeowners," said Sarah Davidson, vice president of KSI, which built the apartments.

To appease the community, KSI pledged to build single-family homes on several adjacent wooded acres. Then it sold the land to IDS/VMS to build the houses.

Without the city's financial help, IDS President Andy Botticello said, the single-family houses wouldn't have been feasible because the land needed expensive correction of soil problems. The soil issues delayed construction, increasing costs, he said.

The Woodmont project is under construction; the first five homes should be ready for occupancy next month, Botticello said.

But the development's contours and feel are already apparent. It has a distinctly suburban look, more Annandale than Anacostia. The homes are on smaller lots than in the suburbs, but that's the main difference.

The houses have brick fronts, peaked roofs and many amenities -- including whirlpool soaking tubs and attached garages. The development backs onto federal parkland, so the houses face woods instead of city streets. "Our construction guys keep running into deer," Edgecombe said.

As a condition of the city's grant, the developers agreed to discount the first 13 of the 35 houses by about $100,000 under market value. But there were no income restrictions on buyers. Anybody could purchase the discounted housing; they just had to be fast.

With no advertising and not even a "For Sale" sign on the property, the developers got more than 1,000 e-mails from would-be buyers through their Web site and sold the houses in waves starting in 2002. That reassured Riggs Bank, the original lender, that a market exists for half-million-dollar homes in Anacostia, Botticello said.

The developers expect to put the remaining 17 lots on the market next month, with house prices ranging from $489,000 to $584,000. There are no income restriction on these, either.

Most buyers are moving up from townhouses, condominiums or rental apartments. Many have a connection to Southeast. "I had a townhouse in Prince George's County, and I wanted to come home to D.C.," said Karen Beddoe, a 35-year-old Washington native whose parents live in Ward 8. "You never realize how much a place has to offer until you leave it."

Beddoe, an accountant with the U.S. Department of Housing and Urban Development, stumbled across the Homes at Woodmont on the Internet. "I couldn't let that go by," said Beddoe, a single mother of two. "I jumped at the opportunity. I was just so lucky."

She signed a $360,000 contract for a four-bedroom, 2 1/2 -bath house. The same money would buy a one-bedroom condominium about one-third the size of that 3,300-square-foot home in one of the city's affluent neighborhoods.

"I pass my new house every day on the way to work," said Beddoe, who has waited for the home through years of construction. "Some days, I slow down and say, 'That's mine! That's mine!' "

One recent day, Beddoe toured her unfinished house with Edgecombe and Botticello. The hardwood floors, carpeting and appliances had yet to be installed, and the electricity wasn't connected. But to Beddoe, it resembled a page from Better Homes and Gardens. "I love it!" she cooed, surveying the walk-in closet in the master bedroom. "This is Karen's closet! I've got plans!"

Gome Legesse, another buyer, said her family tried to sway her against buying a house in Anacostia. "They didn't want me to go there. They said it wasn't secure," said Legesse, a 40-year-old computer technician for the District government who rents an apartment at Florida Avenue and North Capitol Street NW. "I told them not to worry about it, that a lot was developing around the area."

Legesse has agreed to pay about $302,000. "I couldn't beat the price," she said. "It is my dream to live in a single-family house."

3 Doctors Assail Lilly Study Of Sepsis Drug (NYT)

By Alex Berenson

The New York Times, October 19, 2006

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Three doctors at the National Institutes of Health have sharply criticized Eli Lilly for its efforts to promote the use of Xigris, an expensive treatment for patients with sepsis, an often deadly blood infection.

In an article published yesterday in The New England Journal of Medicine, the doctors wrote that Lilly — the nation's sixth-largest drug maker — had manipulated treatment guidelines for sepsis patients to promote Xigris at the expense of older, cheaper and equally effective treatments.

Sales of Xigris have fallen far short of expectations since it was approved in 2001. In the first six months of this year, Lilly sold just $98 million of Xigris worldwide, a drop of 16 percent from the same period last year. Fewer than 150 patients a day receive Xigris in the United States.

The journal article says that Lilly, in financing a task force called "Values, Ethics and Rationing in Critical Care," had implicitly criticized doctors for "rationing" Xigris because of its expense. But in fact, the article says, evidence from clinical trials provides little support for using Xigris under any circumstances.

To promote Xigris, Lilly used "marketing strategies masquerading as evidence-based medicine," they wrote.

The authors of the article are Dr. Peter Q. Eichacker, Dr. Charles Natanson and Dr. Robert L. Danner, who are senior investigators in the critical care medicine department at the N.I.H.

Two recent clinical trials of Xigris have been discontinued because the drug increased the risk of severe bleeding and — at best — did not reduce the overall death rate in patients who received it.

In a statement in response to the article, Lilly said yesterday that it had behaved properly and disclosed its role in financing a task force of doctors and scientists that devised treatment guidelines for sepsis.

"Lilly felt a clear obligation to support educational efforts in the health care community, both on the disease state over all and on the medicine to ensure appropriate use," the company said.

Xigris, which costs about $8,000 for a four-day course of treatment, generated controversy even before federal regulators approved it in November 2001. To win approval, Lilly presented results from a clinical trial that showed that Xigris reduced the risk of death in sepsis patients to 25 percent, down from 31 percent with older treatments.

But the details of the data from the trial left many scientists who reviewed it unconvinced of Xigris's efficacy. Half of the 20 scientists who reviewed the drug for a Food and Drug Administration advisory committee hearing in October 2001 said the agency should not approve the drug without more data.

A month later, the F.D.A. approved Xigris, but warned that its use should be limited to the sickest patients, where it appeared to have the greatest efficacy. The next year, Lilly gave $1.8 million to a task force of 20 scientists and hospital directors. In 2004, the group published guidelines that rated Xigris more highly than older treatments for which clinical trials treating sepsis had never been conducted.

In the New England Journal article, the N.I.H. scientists criticized those findings, arguing that the older treatments should not have been dismissed, despite the lack of clinical trials. The benefits of older treatments like antibiotics were already so well-known that withholding them from patients, even in the controlled setting of a trial, would have been unethical, the authors wrote.

Eli Lilly's Role In Treatment Is Cited (WSJ/AP)

The Wall Street Journal, October 19, 2006

Several government doctors say drug maker Eli Lilly & Co. subtly orchestrated medical guidelines for treatment of an often lethal blood infection, hoping to boost sales of a drug whose value is being debated.

Such involvement could open another door to corporate interests trying to shape health care, beyond funding experiments and cozying up to doctors in labs or at luncheons. Guidelines are meant to reflect independent medical opinion.

"This company is trying to insinuate its drug into many aspects of patient care that industry really shouldn't be involved in," said Dr. Naomi O'Grady, a critical-care specialist at the National Institutes of Health.

Three of her NIH colleagues claim in today's New England Journal of Medicine that Lilly worked through medical societies to influence standards for treating the blood infection, sepsis. Ultimately, Xigris was incorporated into the guidelines.

Lilly said in a prepared statement that it is taking the concerns raised "very seriously" and has examined the issue closely. It defended its activities by saying that it had an educational obligation to inform patients and providers about the disease, about which little had been known when the drug made its debut in 2001. "The standards for Lilly grants, then as now, are high, and we will continue to examine policies and procedures to ensure that our behavior in all things match our core values..." the company said in the statement.

Beyond paying for the initiative, Lilly said it didn't believe it played a role in developing guideline content. It said that its funding for grants was fully disclosed.

A doctor who helped oversee writing of the guidelines also rejected the accusation. He said that the guidelines were written to benefit patients, not the drug company.

"We've been catching grief because we've been taking a lot of Lilly money -- and we're appreciative of Lilly giving it," said Dr. Phil Dellinger, of Cooper University Hospital, in Camden, N.J. The guidelines committee and a larger information campaign on sepsis were heavily funded by the Indianapolis-based pharmaceutical company.

The two-year-old sepsis guidelines urge that very ill patients at risk of dying get the novel anticlotting drug Xigris, the only medicine that directly attacks the disease. A $6,800 treatment can help protect organs destroyed by the bacterial infection, once called blood poisoning. About 750,000 cases occur in the U.S. each year, and nearly one-third prove fatal.

The Food and Drug Administration approved Xigris in 2001, despite an evenly split vote by its advisory committee. The lead author of today's Journal article, Dr. Peter Q. Eichacker, voted against approval as an adviser. The other two authors are Dr. Charles Natanson and Dr. Robert L. Danner.

"There's enough controversy and questionable data about the drug that it shouldn't be a standard," Dr. Eichacker said in an interview.

Some critics are unhappy that the drug, which works only for the sickest patients, was approved on the basis of a single experiment. Later studies spurred fresh concerns about its effectiveness, bleeding risk and heightened mortality in some patients.

Lilly defends the drug on its Web site, calling it "a breakthrough therapy that has helped save thousands of lives."

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Debate Surrounds End-of-life Health Care Costs (USAT)

By Julie Appleby, USA TODAY

USA Today, October 19, 2006

If you are dying in Miami, the last six months of your life might well look like this: You'll see doctors, mostly specialists, 46 times; spend more than six days in an intensive care unit and stand a 27% chance of dying in a hospital ICU. The tab for your doctor and hospital care will run just over $23,000.

But spend those last six months in Portland, Ore., and you'll go to the doctor 18 times, half of those visits with your primary care doctor, spend one day in intensive care and stand a 13% chance of dying in an ICU. You'll likely die at home, with the support of a hospice program. Total tab: slightly more than $14,000.

Researchers at the Dartmouth Atlas Project, a program at the Dartmouth Medical School that evaluates variation in medical care, analyzed Medicare data on patients with chronic illnesses to develop those statistics, showing that it costs far more to die in some parts of the country than in others.

While researchers are able to show differences in costs, the real question remains how much of those additional hospitalizations, tests and doctor visits resulted in better care or better quality of life? Finding answers to that question is difficult and controversial, but health policy experts say doing so will become increasingly important as the U.S. seeks ways to slow the rapid rise in health care spending.

"There's a tremendous opportunity for both improving quality and enhancing efficiency in the care of people with very serious illnesses at the end of life," says geriatrician Joanne Lynn, who spent much of her career at think tank RAND studying end-of-life care.

She says substantial progress could be made in slowing rising costs if the U.S. health system could find better ways to reduce hospitalizations for people at the end of life, such as providing more in-home services.

Portland and Miami reflect that tremendous variation among regions. The most expensive city out of 309 hospital referral regions is Manhattan, at a cost of $35,838 for the last six months; the least expensive is Wichita Falls, Texas, at $10,913.

Estimates show that about 27% of Medicare's annual $327 billion budget goes to care for patients in their final year of life.

While that's not altogether surprising given Medicare's demographics — most patients are over 65 — researchers say it's important to find out if that is money well spent.

While not the major factor driving health care spending, costs involved in sustaining patients in their final days are likely to get a closer look by both Medicare and private insurers as health costs continue to spiral and the population ages.

Why costs vary

Why is it more expensive to die in some areas of the country than others?

The number of doctors and hospital beds is part of it: The more there are, the more care a person gets. Also playing roles: the expectations of patients and the practice patterns of doctors.

Portland has fewer ICU beds and specialists per person than Miami, which is also more multicultural, with a greater variety of views on end-of-life medical care.

But experts on the end-of-life care say one main reason for the vast difference between the two cities may be that in Oregon, doctors, or staff at hospitals and hospices, encourage patients with life-threatening illnesses to talk about the end of life,

what kind of medical care they want and where they want to die. The state has a history of such debate: Oregon residents have long supported palliative care, a term usually used to describe medical care for the terminally ill that focuses more on comfort treatments than cures. And, in 1994, voters there became the first in the nation to approve doctor-assisted suicide, a referendum signed into law in 1998.

"We have fewer hospitals and ICU beds than Miami does and, yes, that's a factor. But making a plan and how everyone supports you to have that plan is what makes the difference," says Susan Tolle, a medical doctor and director of the Center for Ethics in Health Care at Oregon Health & Science University.

The ways people die in Portland and Miami illustrate the vast variation in what is done at the end of life in America.

Across the nation, some patients spend much of their final weeks seeing specialists, having tests, trying new drugs. Many die attached to machines, such as ventilators, in hospitals.

For some patients, that's exactly the right care. Doing everything that can be done to save an 18-year-old motorcycle-crash victim makes sense. But what about an 85-year-old with heart failure, diabetes and cancer? Do you continue aggressive chemotherapy?

Then the answers are not so clear-cut.

Complicating matters is that medicine often doesn't know what the most effective treatments are. And doctors are trained to save lives. As a result, some patients may be pushed into more than they want by a medical system that values doing something over doing nothing, even when futile.

"One of the things that frustrates us all is to see care being provided in an absolutely futile situation ... and doctors and hospitals are not accountable but are also being rewarded (financially) for that (futile care)," says John Santa, medical director for the Center for Evidence-Based Policy in Portland.

When not to treat

Not so long ago, Americans were felled by a bad infection or an accident or a sudden illness, such as a heart attack. Advances in medicine mean more of us are living longer, but often with disabilities.

"Many more of us make it to older age, and so there's much more we can do (medically)," says geriatrician Lynn.

But, increasingly, ethicists, economists and patient advocates are questioning whether the spending mentality is best for elderly patients or the long-term financial future of programs such as Medicare.

"We are going to double the number of people who are sick, old and frail in about 15 years," says Lynn. "It would be a good thing to try on some ways of thinking about how to live that well ... and at a cost the community can sustain."

She and others say there's not enough money to give everyone a treatment with a one-in-a-million chance of success. "None of us wants to bankrupt our community on desperate, long-shot treatments," Lynn says. "The question is, how do we build a sustainable health system?"

Those questions about what care to give and when to quit are deeply personal. A USA TODAY/Kaiser/ABC poll of 1,201 Americans taken by telephone in September found the public divided on the answers.

When asked if it is better to keep a terminally ill person alive as long as possible, regardless of the expense, or to make a judgment as to whether it's worth the expense, 48% said it's better to weigh the costs, compared with 40% who said to keep the person alive as long as possible, regardless of the cost.

Among those 65 and older, 60% said expense should be considered, compared with 28% who said cost should not enter the decision. The nationally representative poll has a margin of error of plus or minus 3 percentage points.

Improving quality of care

Still, not everyone agrees that slowing spending at the end of life is a panacea for rapidly rising health costs. Such costs are driven by a host of factors, of which the amount spent in the last six months of life is but a part. "There are so many things that would result in very substantial resources being saved, and (end-of-life care), on my list of things, is not at the top," says Santa.

Things closer to the top of his list include unnecessary back surgeries, hysterectomies and what he calls an over-reliance on some expensive brand-name drugs when generics would work just as well.

But Santa and other proponents of the Oregon model say its importance goes well beyond any cost savings that might result. Rather, they say it's a way to give patients more control over their own medical treatment and is changing a culture of medicine that has been reluctant to discuss dying.

Oregon's program allowing people to register their wishes on the single page Physician Order for Life Sustaining Treatments (POLST) form began in 1995 and is widely accepted in the medical community, although it took time to build.

On the forms, patients can say whether they want cardiopulmonary resuscitation, antibiotics or feeding tubes. Conversely, they can specify that they want full treatment, including breathing machines and feeding tubes. And for how long.

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The forms differ from so-called advance directives, which are also called living wills, which name someone to speak on behalf of a patient and state patient wishes. Instead, the forms are doctor's orders, similar to directions written into medical charts, that are recognized and followed by medical personnel from technicians on ambulances to staff at hospitals and nursing homes.

Tolle says most of her patients want to talk about their care and the way they want to die, although the adult children of many are often more reticent.

"It's actually not that difficult to talk to approximately 80% of my patients for the first time about an advance plan," Tolle says. "What is horribly difficult is to talk to their children, who are not ready to talk about Mom and Dad dying."

She says younger people or those without life-threatening illnesses are encouraged to fill out legal documents for an advance directive, mainly to name a person who can make medical decisions for them if they are unable to make them for themselves.

The POLST forms in Oregon, which are printed on bright pink paper and can be transmitted electronically by hospitals and other medical providers, are "for the individual who is in life's last chapter," she says.

Robert Smith, a 79-year-old retired accountant in Portland, says he brought up the subject with his doctor and filled out the form as part of his overall estate planning, which includes a will, a designation of someone to speak for him if he is unable and funeral arrangements.

His form says he wants antibiotic treatment but does not want to be kept alive artificially. "If there's no hope of my continuing to live, I do not want a feeding tube," says Smith, who encourages others to write down their desires and talk with family and friends about them. "It's part of the care you have for your family, that you told them what to do," says Smith.

Tolle says the program's designers did not focus on whether it would save money. "A few individuals might want to spend more and want everything done," says Tolle. "And we would fight for them, too."

Bush Sidelined As Defeat Looms (FT)

By Edward Luce And Caroline Daniel In Washington

Financial Times, October 19, 2006

George W. Bush used to win elections for Republicans. But with the exception of private fund-raising events, at which he still excels, most of the US president's fellow Republicans are now pretending he does not exist.

With fewer than three weeks to go before Americans vote in midterm Congressional elections, Mr Bush's approval ratings are even lower than those of his colleagues, whose defeat to the opposition Democrats next month is now widely assumed. Republicans have controlled the House of Representatives since 1994 and the Senate since 2002.

According to the Congress Daily, Mr Bush has appeared on platforms with Republican candidates only 15 times since the start of August compared with 29 times over the same period in 2002 – the last midterm elections, which his party won decisively. "What candidates want is Bush's fundraising not his presence," said Chuck Schumer, Democratic senator for New York. "Rare is the Republican who wants to stand next to him in public."

The relative absence of the president from the campaign trail bears a striking resemblance to the way Tony Blair, UK prime minister, was all but removed from Labour's European election campaign a year before the 2005 general election. Though Mr Blair went on to win that election, Labour's vote slumped.

Such is the sense of gloom in Republican ranks that party leaders are openly admitting the possibility of defeat on November 7. There may be an element of managing expectation, but such doom-mongering is previously unheard of for the Republicans.

On Monday, both Dick Cheney, US vice-president, and Mitt Romney, outgoing governor of Massachusetts, who is tipped as a Republican presidential frontrunner for the 2008 election, conceded the possibility the Democrats could win the House.

Some are even contemplating a Democrat clean sweep of both chambers. The Democrats need to win just 15 more seats in the 435-member house to gain a majority and add six more in the senate where 33 of the chamber's 100 seats are up for grabs.

Polling shows that the level of motivation among Democratic voters is far higher than among Republicans.

And swing voters are turning to the Democrats. Even the mid-western state of Ohio, which proved critical to Mr Bush's 2004 presidential victory, is set to turn Democrat "blue", according to recent polls.

"If you look at what independent voters say about Iraq, the state of economy, and the recent scandals in Congress then they are all tilting Democrat," said Mark Mellman, a Democratic pollster.

The consequence is that for the first time in years, Republican hopes now hang less on the party's ability to win the argument but on its impressive war chest and famed ability to get out its own vote.

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The financial edge over the Democrats is substantial. "We have a $56m advantage," said Ken Mehlman, chairman of the Republican National Committee.

Bush Limits Role On The Campaign Trail (FT)

By Caroline Daniel In Washington

Financial Times, October 19, 2006

At the start of this month, President George W. Bush traversed four states on a three-day swing in what seemed to usher in a hectic period of campaigning for the mid-term elections. White House officials said he would be on the road "almost constantly" and had more requests for him "than we could shake a stick at".

A glance at Mr Bush's schedule since then, however, suggests he has become the invisible man. Last week he had just two events for candidates. Instead he spent most of the week at the White House, finding time to pose with the US Air Force Thunderbirds aerobatic team and talk to the leader of the Southern Baptist Convention. His wife, Laura, a notoriously reluctant campaigner, had four campaign events.

This week is little different. Mr Bush has two campaign events on Thursday for senators whose images seem in worse shape than his own. George Allen's race in Virginia has been side-tracked since he uttered an alleged racial slur. Don Sherwood in Pennsylvania has been forced to run embarrassing adverts denying that he tried to choke a woman he was having an affair with.

Mr Bush's role is a reflection of his diminished stature, his low approval rating of 37 per cent and the fact he personifies an unpopular war. It contrasts with 2002, when his approval was at 62 per cent. From August to mid-October that year he spoke at 29 events with candidates. This year's equivalent number is 15, according to Congress Daily.

Republicans now often invoke Mr Bush in campaign adverts only to distance themselves. Chris Shays, a congressmen from Connecticut, says: "I've gone against the president and the Republican leadership when I think they're wrong." The only mention of Mr Bush on his website notes that he signed the "leave no pet behind" bill on disaster planning. Several candidates have cited "scheduling conflicts" to avoid appearing with Mr Bush. Michael Steele, a Senate candidate for Maryland missed his own presidential fundraiser.

Democrats want to make Mr Bush as visible as possible. Many have run advertisements targeting their rivals' votes for the "Bush agenda". Last week in an even more direct swipe, the September Fund, an independent group, launched a mocking advert showing Americans in a park interrogating a shrub. It cuts to an image of Mr Bush, noting it is "also kind of ridiculous to think you're going to get an answer from this one".

The White House denies he has been absent from the campaign. Sara Taylor, political director, says he has done more events than 2002. "There will be an aggressive schedule by the end of the campaign. We always anticipated this would be a challenging cycle and did events in the more competitive races early on."

She denies that the decision to focus on two less competitive races last week suggests his presence is too toxic for closer races. The rationale was to "make sure some of these second-tier candidates have an overpowering amount of resources".

Mr Bush's fundraising efforts have been unprecedented. The Republican National Committee says he has done 80 events, largely in closed private homes, bringing in $188m (€150m, £100m) this election cycle. That is a rate of about $179,000 per day. In 2002, according to Mark Knoller of CBS Radio News, Mr Bush did 68 fundraisers generating $145m.

While there is political logic in having these events in private homes, there is economic logic too, says Saul Anuzis, chairman of the Michigan Republican party. Hosting Mr Bush in a private home means they are more exclusive. "If there is a mass event there is a lower ticket price and the logistics are more of a headache."

Yet he concedes tensions. "The president is the best fundraiser the party has but at the same time his approval ratings are not at the highest levels so you are not looking for public events as much . . . On a net basis he is an asset, because you get free media and the motivation of the base."

For Republican strategists such as Charlie Black, the biggest difference Mr Bush can make is to define the debate by staging events. "What he can do is set the agenda."

While he is likely to have a busier schedule in the final three weeks, Mr Bush seems eager to play down his own role, telling Fox News this week: "All races are local. The president can help set the tone, the president can help frame the issues; but all races are local."

Laura Bush, Unlike George, A Hit On Republican Campaign Trail (BLOOM)

By Richard Keil

Bloomberg, October 19, 2006

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When President George W. Bush came to Tennessee last month to raise money for Republican Senate candidate Bob Corker, the event was a no-press-allowed affair held at a private residence.

When first lady Laura Bush came for the same purpose last week, she appeared at the Knoxville Convention Center, with Corker standing proudly at her side -- and media most definitely welcome.

In this autumn of Republican discontent, party candidates who shy away from appearances with the president and Vice President Dick Cheney are gladly greeting the barnstorming first lady.

``She is more popular, and more welcome, in many parts of the country than the president,'' said former White House press secretary Ari Fleischer. ``In races where the moderates are in the most trouble, Laura Bush is the one who can do the most good.''

Susan Whitson, the first lady's press secretary, said Laura Bush has attended three or four times as many events this year as she did four years ago. She has helped raise more than $14 million, including the $500,000 she generated for Corker and the Tennessee Republican Party in Knoxville.

``She likes doing it, and, more importantly, she understands the importance of doing it,'' Whitson said. ``She's happy to help any way she can.''

Velvet Glove

As she hits the campaign trail on behalf of Republican candidates, the first lady, 59, favors the velvet glove approach over hard-edged partisanship.

In Knoxville, she praised Corker's position on education -- her signature issue -- and said he would work to keep taxes low and support the military.

``Bob's dedication to the people of Tennessee, and his achievements, remind us of why he must be elected to the United States Senate,'' she said.

Typically, there was no mention of Corker's Democratic opponent, Representative Harold Ford, or the national Democrats who have made antipathy to her husband an issue in the midterm elections.

While such positive, nonpartisan rhetoric is in keeping with the first lady's image as a traditional political spouse removed from policy making, ``State of Denial,'' a new book by Washington Post assistant managing editor Bob Woodward, paints a somewhat different picture.

Housecleaning

Woodward writes that she met frequently with former White House Chief of Staff Andy Card and supported his unsuccessful attempt to oust Defense Secretary Donald Rumsfeld as part of a second-term housecleaning.

White House press secretary Tony Snow on Sept. 29 quoted Whitson as saying that Woodward's account was ``flatly not true.''

In a March 24 interview on CNN's ``Larry King Live'' show, the first lady said she does discuss personnel matters with her husband. ``That's one of the things we do talk about the most, are personalities,'' she said. ``And I know everyone, as well as he does, who works here. I've worked with them also. So I would certainly give him that kind of advice.''

The first lady's campaign stop in Tennessee was an example of the White House's strategy to use her in competitive races. Corker is in a tough battle for the seat now held by retiring Senate Majority Leader Bill Frist. Recent polls show him in a virtual dead heat with Ford.

First Lady, First Aid

While the president carried Tennessee in both 2000 and 2004, he is currently no more popular there than in the rest of the nation. A poll by Middle Tennessee State University conducted Sept. 19-30 found that Bush's job approval was 40 percent, close to his rating in national surveys.

Earlier this month, the first lady starred at fund-raising events for a pair of embattled New York congressman, Tom Reynolds and John Sweeney.

She has also campaigned for a trio of Connecticut House members -- Chris Shays, Nancy Johnson and Rob Simmons -- as well as Republican Senator Lincoln Chafee of Rhode Island. All face difficult races.

While the president has occasionally campaigned in places where he's especially unpopular, such as Connecticut, many candidates -- among them, Corker and Senator Mike DeWine of Ohio -- have appeared with him only at private events. DeWine is battling a stiff challenge from Democrat Sherrod Brown.

Closed Events

According to the president's schedule and a list of public speeches, including fund-raisers, posted on the White House Web site, 46 percent of his campaign events during this election cycle have been private affairs off-limits to the press.

His wife, with no political baggage to speak of, has no qualms about venturing into campaign no-man's land. ``There aren't many places where it is easy for the president to go these days, but that's not true for her, and candidates don't have to be afraid

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of being seen with her," said Stuart Rothenberg, editor of the Rothenberg Political Report, a nonpartisan newsletter based in Washington.

While pollsters don't often ask respondents to rate first ladies, a January USA Today/CNN/Gallup survey measured Mrs. Bush's job approval rating at 82 percent. For the president's second term, the first lady's approval numbers have been roughly twice her husband's.

They also compare favorably with other recent first ladies. Gallup surveys show Hillary Rodham Clinton left the White House with a 66 percent approval rating, Barbara Bush was at 85 percent early in her husband's term and Nancy Reagan left with 74 percent approving of her performance.

Presidential Punchline

The disparity between the president's poll ratings and those of his wife has occasionally led him to joke about the spousal approval gap.

At an Oct. 4 event for Republican Representative Rick Renzi in Scottsdale, Arizona, Bush said, ``I know Renzi well enough to know that he can be a plainspoken fellow. And he said to me, `I want you to know, you weren't my first choice for this breakfast.'"

To gales of laughter, Bush quoted Renzi as saying: ```I really wanted Laura to come.'"

First Real Test Of Rove's Game Plan (FT)

By Jacob Weisberg

Financial Times, October 19, 2006

Is Karl Rove the great mastermind of American politics? Everyone seems to think so. President George W. Bush's nicknames for him include The Architect and Boy Genius. Other Republicans see Mr Rove as a shaman who can conjure victory out of the air – and Democrats tend to agree. (They prefer to think they have been losing to a nefarious wizard than to a lazy lightweight.) The political press, always more comfortable with personality than ideology, cottons on readily to the myth that the country is run by an elusive puppeteer.

Mr Rove is indisputably a detail-minded, relentless and methodical political operator with unusual skill at networking and organisation-building. He is also, clearly, a strategic and historical thinker. The conventional assumption has long been that elections are fought in the centre and that whoever can claim the lion's share of persuadable voters wins. But after Mr Bush took office in 2001,

Mr Rove stood that too-obvious notion on its head, rejecting the pursuit of swing votes in favour of a deliver-the-base plan. Boiled down to a line, Roveism says that Republicans can win by mobilising and motivating their core supporters. The 2004 election seemed to prove the theory right.

How Republicans Hope To Hold The Senate (Time)

By MIKE ALLEN

Time, October 19, 2006

By holding their breath, for starters. With party strategists increasingly afraid the Senate is slipping away, Republican officials are moving money around in high-stakes triage.

BY MIKE ALLEN/WASHINGTON

Republican officials are trying to project confidence about keeping the Senate by spending heavily, and forcing Democrats to do the same, in blue states like Michigan, Maryland and New Jersey. But: Florida in 2000. Ohio in '04. Virginia in '06?

Strategists in both parties tell TIME that they now believe control of the Senate could turn on a race that wasn't on anyone's toss-up list two months ago -- the Democratic challenge by former Navy Secretary Jim Webb (D) to Senator George Allen, a once-popular Republican who has suffered an epidemic of self-inflicted wounds.

Top GOP officials deny they are depending on any one state, or that an implosion in any particular state such as Ohio necessarily means disaster on Nov. 7. "We've always had a couple of scenarios for keeping the Senate -- I think that's the best way to play it," said a Republican Party decision-maker who spoke on condition of anonymity in order to be more candid. "I'm not saying this is a great year. It is possible."

The National Republican Senatorial Committee, which had once hoped the son of the legendary Washington Redskins coach would be able to fend for himself, is having to spend $900,000 on radio ads and mailings in Virginia to try to shore up Allen, a boot-wearing, tobacco-dipping conservative who once hoped to fill the Ronald Reagan niche in the '08 presidential field. The committee had already spent $450,000 there, but decided this week that it would have to spend the maximum it can, doubling its investment.

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"Senator Allen has to make sure his margins are high in Southwest Virginia, and then he has to neutralize somewhat Northern Virginia," the Republican official said. "He's focused on both of those, but the environment's tough." President George W. Bush is appearing Thursday at a fund-raising reception at the Science Museum of Virginia, in Richmond -- a telling sign of how critical the race has become.

Republican officials say they budgeted money for Virginia, and deny that it's a hardship. But that IS $900,000 that can't help transfuse Sen. Mike DeWine in Ohio -- a race that some GOP officials believe is lost but that others insist remains a top priority. And it's $900,000 that can't help Republicans pull off a coup in New Jersey, where even Democrats concede that Sen. Robert Menendez is vulnerable to Tom Kean Jr., a Republican whose father was Governor, because of continuing revelations about Menendez links to corruption. "We're optimistic about New Jersey," the GOP official said. "People see him as a crook. It's on the front page of the newspaper all the time. It's in these people's minds." On the other side, a new ad from the Democratic Senatorial Campaign Committee (DSCC) says Kean "sided with George Bush" on Iraq and concludes: "Tom Kean Junior. Wrong on Bush. Wrong on Iraq. Wrong for New Jersey."

The political world went into a tizzy on Monday after the lead story of The New York Times, based on authoritative sourcing, said party officials had decided "to effectively write off" DeWine's seat. Several polls since then have showed the Democrat, Sherrod Brown, opening up a sizeable lead over DeWine. Phil Singer, the DSCC communications director, gleefully issued a memo accusing Republicans of a "Cut & Run" strategy in Ohio. Republican National Committee Chairman Ken Mehlman held a conference call with Ohio reporters to say that DeWine remains an "incredibly top priority."

"We're putting our money where our mouth is," Mehlman said on the call. "No state will receive more resources from the Republican National Committee than Ohio. From this point forward, we will spend millions more on turnout and millions more on message. We have a huge staff. And intend and have right now a very aggressive program." A national party committee on Tuesday launched a new television ad campaign attacking Brown.

Another Republican official said the party is banking on the message that Brown is "incredibly liberal, and the state just isn't that liberal, and there's time for people to learn a lot more about Brown."

As proof that they are not limiting themselves to a few firewall states, NRSC officials say they are spending $650,000 in Maryland, where Lt. Gov. Michael Steele once was one of the party's greatest hopes to pick up a Democratic seat, but finds himself struggling against Democrat Ben Cardin in an overwhelmingly Democratic state.

Republican officials now concede they could lose a net of 23 to 27 seats in the House, that higher figure being close to twice the 15 Democrats would need to take control. Democrats would need six seats to take control of the Senate, and Republican officials tell TIME they see several scenarios for warding that off. One Republican strategist close to the White House gave this forecast: "We're going to lose Pennsylvania, Ohio and Rhode Island. That's three. Virginia, I think we hold. Tennessee, I think we hold. I'm less certain we're going to hold Missouri and I'm least certain we hold Montana. But to take control, Democrats have to win three of those four, and that's unlikely." If Democrats picked up five, the chamber would be 50-50, guaranteeing frequent appearances by Vice President Cheney as President of the Senate.

Some White House officials became convinced that the House might be lost after they saw polls showing the page scandal had brutalized Republican approval ratings, and one senior party official says that's also part of the reason that the party's hold on the Senate is in such peril. "I kind of see the Foley thing as the tipping point," the official said. "People are just unhappy already and that just did it."

September

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Clearing the Diplomatic Brush: What Happens at the U.N. When Bush and Clinton Collide

Posted by Mike Allen | E-Mail This | Permalink | Comments (0)

Former President Bill Clinton was holding court in a hallway at the soul-deadening United Nations complex in Manhattan on Tuesday when his Secret Service agents started to stir. Another Secret Service detail was coming down the elevator, accompanying his successor.

"Look who's here!" President George W. Bush called out merrily. The William J. Clinton foundation is based in New York, and No. 42 is taking over a Sheraton this week for the second annual edition of his Clinton Global Initiative, which aims to change the world by focusing the attention of 50 heads of state, a smattering of celebrities and other leaders on energy and climate change, global health, poverty alleviation, and mitigating religious and ethnic conflict. First Lady Laura Bush helps him kick off the three-day gathering Wednesday, an invitation that came partly in reciprocation for asking him to speak last year at the Texas Book Festival, which she founded.

So Clinton had a few things on his mind but he roared a friendly greeting to No. 43. The President was dashing out of a luncheon early and heading back to his hotel for a meeting with Iraqi President Jalal Talabani, who was hitching a ride in the White House motorcade.

"Have you met Talabani?" Bush asked Clinton, using a casual shorthand that might be startling if you weren't used to the President's gregarious approach to personal diplomacy. The discouraging news about Iraq continues, including the statement by Gen. John Abizaid, who oversees the U.S. Central Command, at breakfast with defense reporters on Tuesday that the number of American soldiers in-country â€“ now up to 140,000 -- is unlikely to go down before next spring.

But at least for an hour, the President got to bask in adulation from Talabani, who saluted him before cameras as "the hero of liberation of Iraq." Talabani went on to say his people "very much appreciate the sacrifice of brave American army, those who gave their life to liberate our country from the worst kind of dictatorship." Bush had introduced him to reporters by saying: "History will judge you kindly, Mr. President, when they look back and realize that under your leadership a new democracy began to flourish in the heart of the Middle East, called Iraq."

In keeping with White House custom, they were appearing before a pair of Iraqi flags and a pair of U.S. flags, meeting cameras after the non-public part of the meeting, which included about eight delegation members and translators on each side. Aides later revealed that Bush and Talabani had a brief one-on-one as well.

Meghan O'Sullivan, Deputy National Security Advisor for Iraq and Afghanistan, told reporters later that the two had begun talking through an Arabic interpreter. "But I'd say about 20 minutes into the meeting, Talabani sort of leaned forward in his seat, and the President kind of leaned forward in his seat, and they just started talking in English," O'Sullivan recalled. "I think they were feeling that the pace of their exchange and what they wanted to say was being slowed down by the translation."

O'Sullivan was then asked about a statement the President had made during his availability with Talabani. "I spoke today at the United Nations, and in my speech I spoke directly to the people of Iraq," he said. " â€¦ I want them to know we appreciate their courage. And I want them to know that the United States of America stands with them, so long as the government continues to make the tough choices necessary for peace to prevail."

Reporters perked up their ears when they heard the "so long as" part. Olivier Knox of Agence France-Presse drew laughter from the press corps when he told O'Sullivan that "sounds like conditional love to me."

"That's something that has been in a lot of the President's comments," O'Sullivan replied, suggesting this was not new news, but also not disabusing him of his interpretation. "And I think it reflects the reality that the Iraqis have a lot of difficult decisions to do, these are hard decision to make, and that we need to both encourage and urge them to take on these decisions. â€¦ We look at the security situation and recognize that part of this has a security solution, but a security solution won't be the whole solution. It's got to be a political one, as well, it has to be an economic one, as well."

Jim Rutenberg of The New York Times followed up by asking if there is a "kind of if/then â€¦ that if they don't rise to the challenge, the U.S. will be less inclined to continue helping?"

"There was no 'if/then' in the conversation that happened today," O'Sullivan responded. "I don't think there was anything threatening about it. It was constructive." The President was headed back to Washington in late morning after a meeting with Palestinian leader Mahmoud Abbas.

Practically No One Thinks Republicans Can Hold The House (RC)

By Morton M. Kondracke

Roll Call, October 19, 2006

Except at the White House and the top reaches of the Republican National Committee, I can hardly find a single politician, consultant or pollster, Democratic or Republican, who thinks the GOP can retain control of the House.

And even at the White House, the messages are mixed. Strategist-in-chief Karl Rove is proclaiming that Republicans will pull out a victory. On the other hand, one aide also told me that the chances of Republicans retaining narrow control is in the 40 percent to 45 percent range — that is, less than a 50-50 shot — while Democrats' chances of winning either narrowly or with a bigger margin are greater.

Republicans are more optimistic about the Senate, where they think retaining contested seats in Arizona, Missouri, Tennessee and Virginia will leave them with a 51-seat majority, assuming they lose in Montana, Ohio, Pennsylvania and Rhode Island, and fail to pick up New Jersey.

GOP officials hotly deny reports that they are pulling money out of Sen. Mike DeWine's (R) desperate bid to survive a catastrophic political climate in Ohio, but in recent polls he trails Rep. Sherrod Brown (D) by double digits.

Republican consultants I've talked to say they expect House losses to range anywhere from 20 seats — five more than Democrats need to take over — up to 30 or more.

Democrats say they frantically are trying to keep up with new House opportunities that previously were deemed second- or third-tier contests — as many as 60 seats potentially in play, up from 50 a few weeks ago. "The field is vast," one consultant told me.

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As The Washington Post reported Wednesday, Democratic operatives desperately are appealing for money to contest newly competitive House races to establish a working majority, rather than a narrow one.

Among the seats Democrats now consider in play are Colorado's 5th district, which came open with the retirement of GOP Rep. Joel Hefley. President Bush carried the district with 66 percent of the vote in 2004. Also considered in play is Michigan's 7th, where Bush won 54 percent and moderate Rep. Joe Schwarz lost the GOP primary to conservative Tim Walberg.

Other potential new targets are Reps. Jim Leach in Iowa's 2nd district; Jean Schmidt in Ohio's 2nd; Gil Gutknecht in Minnesota's 1st; Mike Ferguson in New Jersey's 7th; Charles Bass in New Hampshire's 2nd; Robin Hayes in North Carolina's 8th; and Cathy McMorris in Washington's 5th, plus Nevada's 2nd, an open seat being vacated by GOP Rep. Jim Gibbons.

Bush carried those 10 districts by an average of 54.7 percent.

For Republicans, the optimistic view has been that the scandal surrounding former Rep. Mark Foley (R-Fla.) would fade quickly and allow Republicans to get back to their message — namely, that the economy is good and that Democrats can't be trusted on national security. Then, the GOP would kick in with its superior financial and get-out-the-vote machinery to rescue its candidates from a generally unfavorable environment.

But the Foley scandal hasn't disappeared, the guilty plea by Rep. Bob Ney (R-Ohio) has revived the Jack Abramoff scandal, and the already endangered Rep. Curt Weldon (R-Pa.) is the target of a separate federal investigation.

Now, Congress' collective approval rating is down to 24 percent, according to Gallup, just a point higher than it was in late October 1994, when Democrats lost 52 House seats and eight Senate seats.

The news from Iraq remains depressingly violent, and the prospect of a post-election call for a new strategy from a commission headed by former Secretary of State James Baker and former Rep. Lee Hamilton (D-Ind.) does not improve the environment.

Bush's overall approval rating in the latest Gallup Poll was 37 percent, 4 points below what former President Bill Clinton's was in 1994. Dealing with North Korea's nuclear threat may help him marginally, but it hurts that the threat is worsening on his watch.

The latest RealClearPolitics.com generic ballot gives Democrats a 14-point edge in House races. In 1994, Republicans outpolled Democrats by just 7 points, and Democratic experts calculate that, factoring in gerrymandering of House districts, they need a national vote margin of just 7 points to 8 points to capture 15 seats.

In a joint survey for National Public Radio, the first-rate GOP and Democratic polling firms Public Opinion Strategies and Greenberg Quinlan Rosner reported this week that in the 48 most-contested House districts, when voters were asked, by name, which candidate they favored, 50 percent chose the Democrat to 43 percent for the Republican. Six percent were undecided.

In the 38 districts now held by Republicans of those 48 contested seats, Democrats outscored the GOP by 48 percent to 44 percent. In 2004, Republican candidates won in those districts by an average of 58.7 percent.

In the 35 districts carried by President Bush in 2004, Democrats outpolled Republicans by 50 percent to 43 percent in the NPR poll. In 2004, Bush carried those districts with an average of 57 percent of the vote.

The NPR poll confirmed earlier national survey findings that Democrats currently outmatch Republicans in both "voter intensity" — the enthusiasm they have about voting — and "voter loyalty," their preference for their own party's candidate.

Eighty-nine percent of voters who supported Sen. John Kerry (D-Mass.) in 2004 say they plan to vote for the Democrat for Congress this year, the survey showed, while only 73 percent of Bush voters plan to vote Republican.

Moreover, NPR found, independent voters in the 48 districts broke 50 percent to 30 percent for Democrats, confirming other polls showing a lopsided preference for Democrats among independents.

Party professionals often say that "independents don't vote" in off-year elections, and the NPR poll calculated that they'd represent just 14 percent of voters in the 48 key districts. However, exit polls show that they accounted for 27 percent of the vote in 1994 and split 56 percent to 44 percent for Republicans.

One GOP pollster told me that the Democratic tilt of swing voters — especially independents and white women — is the main factor operating against his party this year. "They are frustrated with the lack of success in Iraq. They are scared about the future of the economy. They doubt us on social issues. And, they say, 'We let you run things for 12 years. We want something different.'"

The result, he said, is that "Democrats are sitting on our three-yard line. It's first and goal. Maybe we can hold them, but they've got four plays to score. If they don't, it's their fault." The bottom line is that Republicans need to be better at defense than the Chicago Bears.

Fight For Congress Extends Into GOP Strongholds (LAT)

By Janet Hook

The Los Angeles Times, October 19, 2006

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WASHINGTON -- America does not get much more Republican than Idaho. President Bush pulled in 68 percent of the vote in 2004, and the state has an all-GOP congressional delegation.

But to keep one of Idaho's House seats in Republican hands, the national GOP in recent weeks has poured in hundreds of thousands of dollars for television ads and brought in a parade of party bigwigs to campaign.

Such a huge effort in a district that should be a cakewalk for Republicans is a measure of how deep into GOP territory the fight for control of Congress has reached.

Over the last two months, the number of House Republican seats in serious contention has jumped week by week, giving Democrats an ever-bigger target to shoot at in their quest for a majority. Even a top Republican strategist estimates that the number of highly vulnerable Republican seats has more than doubled in recent weeks -- and now far exceeds the 15 seats Democrats need to pick up to win a House majority.

"Things look very bad for them now," GOP pollster Frank Luntz said of Republican prospects. "There used to be 15 races that were vulnerable, then it was 20. . . . Today you'd say 35 seats are in play."

In the battle for the Senate, prospects are brighter than they were a few months ago for Democrats to pick up the six seats they need to win control.

All that reflects an unusually fluid political landscape that has sent candidates, party leaders and interest groups scrambling to recalibrate strategy. The Republican Party has dropped plans for ads in South Carolina and other areas they now concede are lost causes. The AFL-CIO has opened fronts in its get-out-the-vote drive in Tennessee and Virginia, reflecting the union's assessment that Democratic chances have improved there. National Democratic leaders are taking greater interest in districts in California and Minnesota, where newly strengthened candidates need support.

"It's hard to keep track of the new races that are looking very competitive," said Rep. Chris Van Hollen, D-Md., vice chairman of the committee responsible for electing Democrats to the House. "They are popping up all over the place."

Bush will be doing his part for Republicans on Thursday, campaigning for two incumbents who are in worse political shape than they were just two months ago: Sen. George Allen of Virginia, who had been expected to coast to re-election but is now less assured after a series of missteps; and Rep. Don Sherwood of Pennsylvania, who is fighting for political survival amid accusations that he tried to choke his mistress.

The president has remained publicly upbeat about Republicans' prospects, despite the bruising the party has taken over the congressional page sex scandal, sectarian violence in Iraq and criticism of Bush's handling of the North Korean nuclear threat.

But privately, GOP anxiety is growing -- especially among House Republicans who believe their leaders' handling of the page scandal surrounding former Rep. Mark Foley, R-Fla., has made a bad situation worse. After listening in on a telephone conference call among House Republicans last week, Luntz said, "The bitterness about how the leadership has handled Foley is indescribable."

In more evidence of the challenge facing Republicans, a new poll found that voter support for the party and its continued leadership of Congress has sunk below the level Democrats saw before they lost control of the House and Senate in 1994.

The Wall Street Journal/NBC News Poll, released Wednesday, pegged voter approval of Congress at 16 percent, matching its lowest point since the House bank scandal of 1992 that set the stage for Democrats to lose their majorities. Voters in the new survey also said they preferred Democrats over Republicans to control Congress, 52 percent to 37 percent -- a gap that, according to a Wall Street Journal account, far exceeds the 6-point lead that Republicans enjoyed just before taking control of Congress in 1994.

The poll included 1,006 registered voters and carried a margin of error of 3.1 percentage points.

Still, some analysts say Republicans could reduce their losses in the final weeks of the campaign if the spotlight moves to issues that play to GOP strengths, such as the war on terrorism and falling gas prices.

"The spotlight could shift another time or two before Nov. 7," said Charlie Cook, editor of the nonpartisan Cook Political Report.

For some time, the House has seemed much more likely than the Senate to turn Democratic. That was in part because most of the competitive Senate races have been in conservative-leaning states, such as Montana, Missouri and Tennessee -- thought to be tough terrain for Democrats. Not long ago, only two incumbent Republicans in Democratic-leaning states seemed ripe for picking: Rick Santorum in Pennsylvania and Lincoln Chafee in Rhode Island.

In recent months, however, a series of developments have made it easier to imagine Democrats winning the six seats they are looking for. Some analysts have practically written off Montana, where Republican Sen. Conrad Burns has been under fire for his links to disgraced former GOP lobbyist Jack Abramoff. In four other key states, Democrats are running close to or ahead of Republican opponents: Ohio, Tennessee, Virginia and Missouri.

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In the final three weeks of the campaign, both parties will be deciding on almost a daily basis how to allocate resources. "This is a very fluid process," said Brian Nick, spokesman for the National Republican Senatorial Committee.

Republicans are debating how much money to pour into Ohio. GOP Sen. Mike DeWine is trailing his Democratic opponent by double digits and may be a lost cause. But at the same time, the state has several competitive House races that would be hurt if the national party pulled back.Republicans also face a choice about how much to invest in New Jersey, where Sen. Robert Menendez is about the only incumbent Democratic senator who seems at risk.

The Democratic Senatorial Campaign Committee this week put up its first ad for him. Republicans transferred $500,000 to help GOP challenger Tom Kean Jr. pay for ads. But it remains to be seen whether the GOP will make a further commitment to this heavily Democratic state.

The battle for the House is even more fluid. The Cook Political Report's count of the most hotly contested Republican seats has hit 43, up from 35 in early September.

In the GOP stronghold of Idaho, an especially surprising contest is brewing. In a race to succeed Republican Rep. Butch Otter, a bitter GOP primary was won by state legislator William Sali, who has been at odds with the state party establishment and has had trouble raising money.

The National Republican Congressional Committee this week weighed in with an ad attacking Democrat Larry Grant. The air time it bought was worth $377,000 over three weeks, according to a survey of local stations by Grant's media consultant, Peter Fenn. To further boost the Republican, Vice President Dick Cheney, Republican Party chairman Ken Mehlman and House Speaker J. Dennis Hastert, R-Ill., have campaigned there.

"If someone had told me six months ago that Republicans would bring in the vice president, the speaker of the House and the Republican chairman in a month and a half's time, I would have said they were stark raving crazy," said Fenn.

Meanwhile, Republicans have pulled back most of their efforts to challenge Democratic incumbents such as Rep. John Spratt of South Carolina and Alan Mollohan of West Virginia. The GOP campaign committee has given back air time it had reserved for those races, as well as for two open seats in Ohio.

Democrats are juggling demands from candidates for attention and resources. The Democratic Congressional Campaign Committee has begun listing "emerging campaigns" to encourage donors to give to promising candidates.

Uphill Hike For Republicans In Colorado (WSJ)

By David Rogers

The Wall Street Journal, October 19, 2006

COLORADO SPRINGS, Colo. -- Even amid the Rocky Mountains, it is hard to paint Colorado as a pretty picture for Republicans this fall.

Rep. Bob Beauprez, the former state party chairman, is trailing in the race for governor, and Republicans could lose his House seat in suburban Denver as well. Here in the Fifth District, retiring Rep. Joel Hefley refuses to endorse the Republican running for his seat. And in the vast rural Fourth, stretching from Fort Collins to the state's eastern high plains, the national party is spending heavily to save Rep. Marilyn Musgrave in counties President Bush won easily.

· Interactive Graphic:1 More information on the candidates and issues in Colorado's fourth district2, fifth district3 and seventh district4.

Colorado Democrats, having been teased before, know this bubble can yet burst. But the combination of war in Iraq and scandal at home has fed into voter frustration with Congress, for which Republicans as the majority are paying a price. A new Wall Street Journal/NBC News Poll suggests Congress is at its lowest standing with the electorate since at least 1992. In a nod to this, during a campaign debate over the summer Mr. Beauprez asked to be addressed as "Bob," not "congressman."

Heading into next month's midterm elections, Colorado -- with its history of ticket-splitting -- illustrates the nation's roller-coaster politics this year. Ms. Musgrave faces not one, but two challengers: a former Reagan appointee and Vietnam veteran who poses with his 2005 Harley Davidson Softail Deluxe, and a state legislator who is a onetime high-school basketball star from the South Bronx.

"We've always been a state that's quirky. We're populist, we're anti-Washington," says Republican Rick O'Donnell, locked in a tight race for Mr. Beauprez's Seventh District seat. "I'm running in a headwind, but I'm also thrilled not being an incumbent."

For the White House, having three Republican seats in play in a state like Colorado spells trouble. Democrats must net 15 seats to take over the House; even if they fail, administration officials privately worry that a loss of 10 to 12 seats could hamstring the president's agenda and make him more of a lame duck.

Yet to save themselves, Colorado Republicans have so forcefully seized the issue of illegal immigration, they risk alienating Latino voters and crippling Mr. Bush's efforts to address the problem of millions of undocumented workers now in the U.S.

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This week a Texas millionaire who helped finance the Swift Boat campaign against John Kerry resurfaced behind immigration ads in Denver targeting Democrat Ed Perlmutter, who has held a narrow lead over Mr. O'Donnell.

Meanwhile, Ms. Musgrave, a star to the Christian right but a lackluster campaigner, is proving to be costly. Not only has she required sizable aid from the national party, but her actions helped to jeopardize the race for the seat from the neighboring Fifth District, by aggravating the divide between traditional Western conservatives such as Mr. Hefley and a more aggressive type of conservative identified with her national campaign against same-sex marriage.

"I wonder if they are going to get tired of saving Marilyn and look at somebody they don't have to save every time," Mr. Hefley says.

Ms. Musgrave was instrumental in lining up money and endorsements for Doug Lamborn, a state senator who won the August primary with the guidance of a veteran Musgrave political operative. Allies including the Colorado Christian Coalition sent mailings accusing Mr. Lamborn's Republican rivals of supporting a radical homosexual agenda, and the nastiness of the primary campaign infuriated Mr. Hefley, a 20-year incumbent who had warned the candidates to avoid negative attacks.

"I will not vote for Doug Lamborn, I will not," says Mr. Hefley, who was chairman of the House Ethics Committee when the panel admonished then-House Majority Leader Tom DeLay for conduct in fund raising and pressing a colleague on a vote.

Mr. Lamborn says of his politics: "I stand for principle. I'm not much of a compromiser."

The White House is worried enough that the president intervened personally with Mr. Hefley, but to no avail.

Mr. Bush "is on top of this, a little race in the West," Mr. Hefley says with some wonder, and a chuckle. "It puts me at the center of a hurricane....If Lamborn loses, I will get full credit for it."

Ms. Musgrave says she acted out of friendship for Mr. Lamborn, and denies any swipe at Mr. Hefley tied to Mr. DeLay, whose political committees have helped her in the past. Nonetheless, the feud has created an opening for Democratic newcomer Jay Fawcett, an Air Force Academy graduate and combat veteran who finds himself suddenly competitive in a district with a 2-1 Republican advantage.

A recent Denver Post poll showed the two men running neck and neck with a large undecided vote. Republicans say the numbers are misleading, but anecdotal evidence from Democratic polls for Bill Ritter, Mr. Beauprez's rival in the gubernatorial race, also show him running better than expected in El Paso County, the heart of the Fifth District.

Mr. Fawcett hopes to reach out to disaffected Republicans and independents by going back to fundamentals like the Constitution. At a debate Saturday, when asked what values are most important to "our national culture," Mr. Lamborn spoke of "marriage between one man and one woman." Mr. Fawcett cited the Constitution. "It talks about rights and it talks about responsibilities," he said. "If we lose the Constitution, we lose America."

In the Fourth District, independent candidate Frederic "Eric" Eidsness, a disaffected Republican running on the Reform slate, wants Congress to reassert itself under the Constitution. "The shifting of balance of power to the executive branch is dangerous," he said at a recent candidate forum in Longmont. His campaign is being helped by former Republican Rep. Jim Johnson, who once represented the district and challenged Richard Nixon over the Vietnam War.

With little money, Mr. Eidsness can't expect to win, but could be a factor in determining who does, depending on the votes he takes from the other candidates. Ms. Musgrave leads her Democratic rival, state Rep. Angie Paccione, after ads highlighting Ms. Paccione's personal financial troubles and bankruptcy 14 years ago. But Ms. Paccione, who has won praise from farm interests for listening to their concerns, isn't yielding.

At the Longmont candidate forum Thursday night, the congresswoman read her speech and left without answering reporters' questions.

By comparison, Ms. Paccione, a record-setting high-school basketball player who went on to Stanford, made her remarks with intensity. Republicans call her "Angry Angie"; Ms. Paccione, the daughter of an African-American mother and an Italian father, says it is just her spirit.

"I am unbought and unbossed," she says. "I'm a very passionate person because I believe there is a desperate need for change in America."

Democrats Set Sights On Wins In Ohio (WP/AP)

By David Espo

The Washington Post, October 19, 2006

GREENVILLE, Ohio. -- For more than a decade, Ohio was the place where Democratic dreams went to die. Now, in the state that sealed President Bush's 2004 re-election, even Republicans concede Rep. Ted Strickland in on track to become the first Democratic governor in 16 years.

At the same time, Rep. Sherrod Brown has clawed his way to a large lead in the polls over GOP Sen. Mike DeWine.

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Democrats have led for weeks for two House seats long in Republican hands, and party officials talk giddily of snatching two or three more seats _ gains that would almost certainly portend an end to GOP control of the House.

Already Republicans have abandoned plans to advertise or run their highly regarded get-out-the-vote program in races to replace Brown or Strickland in the House.

"There is this Republican fatigue here in Ohio," says Chris Redfern, chairman of a Democratic Party that has been shut out in statewide political races for more than a decade.

"We've got incompetent leadership at the statehouse and you can't beat that right? But every day there's George Bush," he said with more than a hint of sarcasm.

Republicans dismiss talk of a political tidal wave, and say even Rep. Deborah Pryce, a member of the House leadership, is making a comeback in a race that seemed lost.

But increasingly, their goal is to minimize losses at a time of widespread voter discontent over the economy, the war in Iraq and corruption.

Sensing danger, they urge voters not to lash out indiscriminately, despite unhappiness with President Bush, outgoing Republican Gov. Bob Taft and a steady diet of scandals.

"Some things have happened over the years that shouldn't have happened," State Auditor Betty Montgomery confessed to a Republican gathering in western Ohio recently. "But that isn't everybody's fault."

Even politicians at the dawn of a congressional career criticize Taft, who is concluding his second term with low approval ratings.

"When a governor raises taxes as a Republican, particularly when you're trying to get out of a recession, that's just bad leadership," said Jim Jordan, who clashed with the governor while serving in the legislature. Jordan is favored to win an open House seat with ease.

Not even Democrats could dream up the corruption double feature that has unspooled in recent days, GOP Rep. Bob Ney pleading guilty in the Jack Abramoff scandal last Friday, and party fundraiser Tom Noe going on trial in a separate state corruption probe on Monday.

"Bob Ney is a liar, a criminal and a disgrace to public service," said Republican chairman Bob Bennett in a written statement. Not coincidentally, perhaps, Democrats lead in the polls in the race for his seat.

Public polling underscores the political difficulty for Republicans, particularly DeWine and gubernatorial candidate J. Kenneth Blackwell.

A New York Times/CBS News survey reported that 70 percent of Ohioans surveyed said the state and the nation were on the wrong track.

Nearly two-thirds rated the economy as bad, suggesting more anxiety about jobs and pocketbook issues than elsewhere in the country. Sixty percent disapprove of Bush's handling of the war.

Even lifelong Republicans, the men and women who donate their money and time, make plain their distress.

Outside a fundraiser, one man strode up to Rep. John Boehner, the House majority leader, and lectured him about the scandal involving disgraced Rep. Mark Foley and his sexually explicit computer messages to congressional pages.

A few hours later, Betty Fox stopped to answer questions at the Darke County Republican party pig roast, a pulled pork-and-speeches affair in a cavernous cinder-block exhibition hall on the local fair grounds.

She'll vote Republican up and down the ticket, she said, but Iraq weighs on her mind. "I was all for Bush going in there because I thought he had prayed about it," the 77-year-old Greenville resident said. But, she added, "It isn't going well and I don't know what can be done about it."

There's no barbecue or slaw _ or friendly chatter _ 90 miles distant that evening. It's more like dueling pistols at close range when Rep. Steve Chabot and Democratic challenger John Cranley debate in suburban Cincinnati.

A conservative since his election to Congress in 1994, Chabot tries to establish independent credentials. He stresses that he was one of only 16 GOP lawmakers to support Democratic legislation increasing disclosure of political activities.

Condemning Foley, he says anyone who knew about his activities and didn't take action "should be bounced out ... I don't care who they are."

Then he turns his attention to his rival, a member of the Cincinnati city council. The city has a bad business environment, he says. "Crime rates are way too high, too."

Cranley is next. "When Steve got elected in 1994 on the Contract with America they said they were going to end the scandals. Boy did they fail," he said. "They preach market solutions and what do they do? They give out no-bid contracts."

He criticizes Republicans on the war in Iraq and for refusing to raise the minimum wage increase. "I've taken a pledge not to accept a pay raise until the federal budget is balanced," he concludes.

Chabot, relentless, sees an opening.

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"It's great my opponent takes a pledge not to take a pay raise in Congress, because he's taken them on the city council."

Given the political environment, officials in both parties budgeted for television advertising in the Chabot-Cranley race months ago, and have made good on their promises.

It's Chabot's toughest race in six years, a durable incumbent struggling against a tide. In contrast, Republican officials say Rep. Jean Schmidt's difficulties in a next-door district are largely of her own making.

Elected to a safely Republican seat in 2005, she quickly drew national attention during a debate over Iraq. "Cowards cut and run, Marines never do," she said, speaking of Rep. John Murtha, a 37-year veteran of the Marines. She quickly apologized.

If Murtha, D-Pa., forgave, he didn't forget, campaigning recently for Democratic challenger Victoria Wulsin. Unlike Cranley, Wulsin is in political limbo, waiting to find out whether Democratic Party strategists in Washington deem her race competitive enough to invest in.

"I think Rahm Emanuel is about to send me a check, so that's good," she said of the chairman of the House Democratic campaign committee. "I don't think it's come yet."

Republicans insist Chabot is comfortably ahead, and Schmidt is in no danger of losing.

But they're not taking any chances, either, even though the district gave Bush 64 percent of the vote in 2004.

The House GOP campaign committee recently spent more than $100,000 for mass mailings to shore up Schmidt's chances.

DNC To Borrow Money For Last-minute Tossups (WT)

By Donald Lambro

The Washington Times, October 19, 2006

The Democratic National Committee will borrow up to $10 million for additional House and Senate campaigns the DNC now thinks it has a chance to win in next month's midterm elections, a senior party official said yesterday.

With some campaign polls showing that more Republican-held seats than previously believed were vulnerable to a Democratic takeover, DNC Chairman Howard Dean has decided to obtain last-minute loans to pour more money into TV ads and other campaign assistance during the next 19 days, the party official told The Washington Times.

"I can confirm that the DNC is taking out a line of credit for a possible $5 million to $10 million loan to target more funding towards predominantly Senate and also House races," the official told the Times.

Some of the borrowed money will be spent on "an outreach-media program" aimed at black and Hispanic voters in targeted House races where increased minority turnout is seen as the key to boosting Democratic gains in Congress, the official said.

With 19 days to go before the election, Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee (DCCC), and Sen. Charles E. Schumer, chairman of the Democratic Senatorial Campaign Committee, have been pressuring Mr. Dean to pour money into a number of their party's unexpectedly close races.

Two possible targets for additional funding are in Virginia, where Republican Sen. George Allen is in a surprisingly tight battle with Democrat James H. Webb Jr., and in New Jersey, where Democratic Sen. Robert Menendez is in a dead heat with Republican state Sen. Tom Kean Jr.

Mr. Emanuel, who has been bickering with Mr. Dean for much of the year over campaign funding for House races, thinks that as many as 58 seats are now in play and that with more campaign resources, Democrats could pick up as many as 40 seats, instead of the original estimates of 15 to 20.

Independent forecasters also point to a higher number of Republican congressional seats that are now at risk. Political analyst Stuart Rothenberg told his weekly newsletter subscribers yesterday that "we are increasing our target range of likely Democratic gains to 18-25 [House] seats, and we cannot completely rule out the possibility of a tidal wave that could produce a Democratic gain well above that."

The DNC has spent most of its funds on Mr. Dean's national party-building strategy to put paid campaign workers in all of the states this year.

"They see an opportunity of a lifetime to regain the majority, and they don't want to miss that because of lack of money. They are willing to take a risk with credit rather than being underfunded in the final weeks," said Nathan Gonzales, an election analyst at the Rothenberg Political Report.

Heading into the final leg of the election last month, the Republican National Committee reported raising $7.7 million in August, with $29.8 million cash on hand, while the DNC said it had raised $6.6 million but had only $10.9 million in the bank, according to the latest figures available.

DNC officials said yesterday that they had raised $25 million this year for the campaigns, the bulk of which went into House and Senate races.

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The Republican Party has substantially outraised the Democrats in the battleground congressional races. Federal Election Commission reports showed the National Republican Congressional Committee has spent $28 million on behalf of its candidates in 27 tossup contests, compared with $13.8 million spent by the DCCC.

"Between now and the election, we will spend $100 million in target House and Senate races," White House political strategist Karl Rove said Tuesday in an interview with reporters and editors at the Times.

Conservative Voters Likely To Stay Home (WT)

By Ralph Z. Hallow

The Washington Times, October 19, 2006

The Republican Party can stave off defeat with a strong turnout on Nov. 7, party leaders are telling the faithful -- but they are finding it tough to sell that message to some disillusioned conservative voters.

"The message hasn't gotten across because a lot of people are sick and tired of thinking the only reason for going to the polls is to vote for the Republicans because they are lesser of two evils," said Tom McClusky, vice president for government affairs at the Family Research Council (FRC), a leading social conservative group.

"Conservatives aren't motivated to come out, is what I'm finding," said conservative campaign consultant Rick Shaftan, who is based in Sparta, N.J. "They see no reason to re-elect the people who are in office."

A top Republican pollster confidentially echoed those sentiments.

"There are very definitely trouble signs in many states of what we call the 'LRs' -- the lethargic Republicans," said the pollster, who agreed to speak on the condition of anonymity. "They are unhappy with the president and have little love lost for Congress."

There's little danger that such voters would switch to the Democrats, but "the real problem is that they won't vote at all," the pollster said.

With Election Day less than three weeks away, however, efforts to mobilize conservative voters are intensifying.

Top Republicans -- including President Bush, his chief strategist Karl Rove, Vice President Dick Cheney and Republican National Committee Chairman Ken Mehlman -- have been meeting with conservative activists, columnists and broadcasters, emphasizing the importance of this midterm election. That message has rippled out via newspapers, magazines, TV, radio and the Internet.

An e-mail sent this week by the conservative group GOPUSA.com carried the subject line, "Don't you dare not vote," and featured a column by veteran activist Doug Patton appealing to Republican voters' patriotism.

"As you contemplate how to express your frustration with Republican leaders who may have mishandled the power we have entrusted to them," Mr. Patton wrote, "consider how you would explain your apathy to the 1.2 million brave men who have given their lives in America's wars over the last 230 years."

Meanwhile, FRC President Tony Perkins sent an e-mail this week asking supporters to sign a "values voter" pledge. The e-mail warned that "too many elective officeholders are content to downplay social issues," but said "officials need to hear from us, again and again, that elections are about values first -- moral and social norms."

Many Republicans are worried that the sex scandal surrounding former Rep. Mark Foley of Florida will depress turnout among religious conservatives who have been staunchly loyal to the Republican Party.

"Until the Foley scandal broke, there wasn't even a mathematical possibility of a Democratic takeover of either body of Congress," South Dakota-based campaign consultant Paul Erickson said. "But Foley introduced a concrete voting-base suppression factor that is immeasurable until election night."

To explain the disaffection of some conservative voters, Mr. Shaftan cited the national party's assistance to liberal Republican Sen. Lincoln Chafee against conservative challenger Stephen Laffey in last month's Rhode Island primary.

"The Republican leadership spent $1 million on helping Chafee, and then it wonders why conservatives don't think they're wanted in this party," Mr. Shaftan said. "They think the leadership wants them to come out every year, shine your shoes, then go sit in the back of the bus, take their Bibles and read them and shut up."

Republican media consultant Craig Shirley said the party's national leadership appears to be trying to scare disaffected voters to the polls by arguing that Republicans aren't as bad as the Democrats.

"It would be nice if the national party started talking about what we are for ... instead of simply trashing the left," Mr. Shirley said. "We used to be proud of our ideas about less government and more freedom."

In New Jersey, Mr. Shaftan said polling shows a similar attitude among rank-and-file voters.

"The left is ready for war, but our people say [Republicans in Congress] need to be taught a lesson," Mr. Shaftan said. "Lots of our base are not going to come out and vote."

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Such discouragement has also affected many of the religious voters who were widely credited with pushing Mr. Bush to victory two years ago, Mr. Perkins said.

"There is no question that the level of enthusiasm that carried voters into the 2004 election is much diminished, however, the core of what has been described as 'values voters' will vote," the FRC president said, but warned, "The GOP should not count their votes before they are cast."

It may already be too late to reach many conservative voters, said one alumnus of the 1994 "Republican Revolution" that swept the party to its first House majority in 40 years.

"I sense that conservatives have largely already tuned out to the coming elections, after six years of burgeoning federal spending and inaction on key issues, such as immigration," said former Georgia Rep. Bob Barr.

"The Republican Party has become the party of the government status quo," he said, "and conservatives see no reason to reward it with their votes."

Moderates In Kansas Decide They're Not In GOP Anymore (WP)

By Peter Slevin

The Washington Post, October 19, 2006

WICHITA -- Paul Morrison, a career prosecutor who specializes in putting killers behind bars, has the bulletproof rÃ©sumÃ© and the rugged looks of a law-and-order Republican, which is what he was until last year. That was when he announced he would run for attorney general -- as a Democrat.

He is now running neck-and-neck with Republican Phill Kline, an iconic social conservative who made headlines by seeking the names of abortion-clinic patients and vowing to defend science-teaching standards that challenge Darwinian evolution. What's more, Morrison is raising money faster than Kline and pulling more cash from Republicans than Democrats.

Nor is Morrison alone. In a state that voted nearly 2 to 1 for President Bush in 2004, nine former Republicans will be on the November ballot as Democrats. Among them is Mark Parkinson, a former chairman of the Kansas Republican Party, who changed parties to run for lieutenant governor with the popular Democratic governor, Kathleen Sebelius.

"I'd reached a breaking point," Parkinson said, preparing for a rally in Wichita alongside Sebelius. "I want to work on relevant issues and not on a lot of things that don't matter."

The Kansas developments coincide with efforts by Democrats across the country to capture moderate Republican and independent voters dismayed with partisan bickering from both parties, particularly from the Republican right. The spirit of the attempted Democratic comeback in Kansas, set by Sebelius, is a search for the workable political center.

Though yet untested in the election booth, the Democratic developments in Kansas reflect polls in many parts of the country. As elsewhere, Democrats and moderate Republicans say they are frustrated with policies and practices they trace to Republican leadership, including the Iraq war, ballooning government spending, ethics violations and the influence of social conservatives.

A long-standing split among Kansas Republicans has deepened in recent years. One fresh sign came from the Johnson County Sun, which said it would endorse virtually the entire Democratic ticket, including Morrison and Parkinson, after endorsing fewer than a dozen Democrats in the past half-century.

"So what in the world has happened?" publisher Steve Rose asked in a recent column. "The Republican Party has changed, and it has changed monumentally. You almost cannot be a victorious traditional Republican candidate with mainstream values in Johnson County or in Kansas anymore." Ron Freeman, executive director of the Kansas GOP, called the migrating candidates -- Parkinson, Morrison and seven state House candidates, including one party-switching incumbent -- "a simple case of political opportunism."

"It's really more about them than it is about the party," Freeman said. "They obviously feel the Democratic Party is weak enough that, without any history in the party, they can be front-runners in the party."

Republicans control three-quarters of the state Senate and two-thirds of the House. The state has not elected a Democratic U.S. senator since the 1930s, although voters have been more willing to put Democrats in the governor's mansion. Rep. Dennis Moore became the lone Kansas Democrat in Congress in 1998 by appealing to crossover moderates -- the heart of this year's strategy.

Democrats consider it significant that 58 GOP incumbents in the state House drew Democratic opposition this year, compared with 39 in 2004. In the September primary, moderates mobilized to carry two Board of Education seats held by conservatives who had embarrassed many Kansans by endorsing a fundamentalist-Christian critique of evolution.

The recruiter-in-chief is Sebelius, who persuaded Republican Cessna executive John E. Moore to switch parties in 2002 and run to be her lieutenant governor.

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"These are people who felt banished," Sebelius said in an interview before crowing to Democratic campaign workers: "We have some remarkable conversions. My favorite kind of revival is going to a place where someone says, 'I've been a Republican all my life, and I've seen the light.' " Sebelius, who has a solid lead over Republican challenger Jim Barnett, is the daughter-in-law of a Republican former member of Congress, and she likes to say the first Republican she converted was her husband. She has shown, notably in debates over school funding and the state budget, that she can negotiate compromises acceptable to both parties. Kansas has had a balanced budget for four straight years after six years of deficits.

This year, with Moore stepping aside, Sebelius recruited Parkinson, who views himself as squarely in the mainstream, talking up fiscal responsibility and a favorable business climate. He favors embryonic stem cell research, a woman's right to choose abortion and the teaching of evolution as settled scientific theory.

It was also the governor who sold Morrison on the attorney general's race. "She said what I'd been thinking for three years," Morrison said.

In a Morrison radio ad, John Walsh of "America's Most Wanted" introduces the Johnson County district attorney as "one of the toughest prosecutors Kansas has ever seen" and names two of Morrison's best-known murder cases. Walsh asserts, in a dig at Kline, that after 26 years as a prosecutor, Morrison has the "right priorities."

Kline is a confident politician who has buoyed the Republican right and disturbed his opponents. He drafted a law restricting late-term abortion and won a recent Supreme Court case reinstating the death penalty. His most controversial moves were subpoenaing the medical records of more than 80 women and girls who received abortions in 2003 and seeking to require health workers to report the sexual activities of girls under 16.

"The office has become much more political under his leadership," Morrison said in an interview in his Olathe office. Morrison says his political hero is former U.S. senator John C. Danforth, the Missourian who recently published a rebuke of the GOP that contends the national party is beholden to the Christian right.

"Most Kansas Republicans are fairly moderate," Morrison said. "They're like most Kansas Democrats."

Kline spokeswoman Sherriene Jones denied Morrison's contention that the Kansas GOP has moved too far to the right: "The Republican Party reflects Kansas values, reflects loyalty and reflects family," she said. "It's Mr. Morrison who has changed."

The Democratic National Committee is spending money and sending staff to Kansas as part of Chairman Howard Dean's much-debated 50-state strategy of extending the party's influence in unlikely places. The DNC will not reveal its spending or the size of the staff, but a spokesman said the infusion permits a statewide organizing effort not possible before.

With Sebelius and Parkinson so far ahead in the gubernatorial race, attention has shifted to the competition for attorney general, considered too close to call. As Parkinson, who describes Morrison as his best friend, puts it, "It's going to say a whole lot about what the state of Kansas is right now."

Whatever happens, Kansas State University political scientist Joseph A. Aistrup said, the duel between Republican moderates and conservatives will no doubt continue. He said the party switchers represent a "temporary setback" for the state GOP.

"The cultural conservatives have lost before, and they just keep on coming back," Aistrup said. "They don't pick up their marbles and go home."

Poll Signals More Republican Woes As Disapproval Of Congress Grows (WSJ)

By Jackie Calmes And John Harwood

The Wall Street Journal, October 19, 2006

WASHINGTON -- With just 19 days until the midterm elections, a new poll shows both President Bush and his party in worse shape among voters than Democrats were in the October before they lost control of Capitol Hill a dozen years ago.

Support for the Republican-led Congress has eroded to its lowest point since the party's watershed 1994 victory that brought it House and Senate majorities.

A new Wall Street Journal/NBC News poll illustrates the political toll Republicans are paying for rising discontent over the Iraq war, as well as a spate of scandals including the disclosure that Republican House leaders knew of inappropriate emails to House pages from Florida Rep. Mark Foley, who resigned late last month. Voters' approval of Congress has fallen to 16% from 20% since early September, while their disapproval has risen to 75% from 65%.

IN THE POLLS

· Graphic: Bush's approval ratings across multiple polls1

· See the full poll results2. (Adobe Acrobat required3)

· Battlegrounds:4 Who's ahead in the most hotly contested Senate and gubernatorial races? Dig into the latest Zogby poll data.

CAST YOUR VOTE

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· Question of the Day: Which branch of the federal government do you respect the most these days?5

That 16% rating statistically matches Congress's lowest point in the 17 years the Journal and NBC have polled, set in April 1992 when Democrats were in control and suffering from a scandal involving lawmakers' overdrafts from the House bank. The latest results set other records for the Journal/NBC surveys, all ominous for Republicans -- "a harbinger," in the words of Journal/NBC pollster Peter Hart, "of what's ahead for the incumbent party. It's as simple as that."

They include:

By 52% to 37%, voters say they want Democrats rather than Republicans to control Congress. That 15-point advantage is the widest ever registered by either party in the Journal/NBC surveys. Also, the result marks the first time voter preference for one party has exceeded 50%.

Half of independents say they want Democrats to take charge, while only a quarter of them back Republicans. "It's very unusual to see a majority of independents pick one political party," notes Bill McInturff, the Republican pollster who conducts the surveys with Mr. Hart, his Democratic counterpart.

Two-thirds of the electorate rates this year's Congress "below average" or "one of the worst" -- the poorest showing on that question since it was first asked in 1990.

Mr. Bush, who in the past typically drew high ratings personally even when his job-approval scores sagged, now is viewed negatively by a 52% majority -- essentially tying the worst rating of his presidency.

As for the Republican Party, 32% of voters rate it positively but 49% negatively -- the highest negative ever in the surveys for either party. On the other hand, the Democratic Party's reputation improved. After months in which it had a net negative rating only slightly better than Republicans', the party now is viewed positively by 37% and negatively by 35%.

Along with other findings favorable to Democrats, Messrs. Hart and McInturff see a potential turning point for the party. For months, the Republican pollster has espoused "McInturff's Thesis: If there's a decisive election, it's because the other party becomes a credible alternative." Until now, he has argued, voters' doubts about Democrats were standing in the way of the party making significant gains. But yesterday, the Republican pollster agreed with Mr. Hart that voters now see Democrats as at least "a marginally acceptable alternative."

The Journal/NBC telephone survey of 1,006 registered voters, conducted Oct. 13-16, carries a margin of error of +/- 3.1 percentage points.

To be sure, the poll isn't a forecast of what ultimately happens on Nov. 7. Polls amount to a snapshot in time, and unforeseen events could change the dynamic -- though the latest results do follow a trend of steady deterioration in support for Mr. Bush and the Republican-led Congress since just after the president's re-election in 2004.

Despite the steady drumbeat of ever-worsening polls, Republican leaders say they are counting on their superior get-out-the-vote operation and financial advantage to salvage enough seats to maintain control of the Senate, if not the House.

With the prospects of a Democratic takeover becoming more real to voters, Republicans have begun rallying their demoralized base and fence-sitters with visions of tax increases, liberal social policies and weakness on national security if the opposition controls Congress. House Majority Whip Roy Blunt, a Missouri Republican, yesterday sent an email to the media suggesting House Democrats would "plot to establish a Department of Peace, raise your taxes and minimize penalties for crack dealers."

Republicans also have sought to take credit, so far elusive, for recent good economic news, a significant drop in gasoline prices from summer's peaks and a rising stock market. The new poll did show a slight uptick in voters' views of Mr. Bush's handling of the economy: Approval rose to 44% from 39% in June. Still, a 52% majority says it disapproves of his economic stewardship.

One solace for Republican incumbents: National polls are decidedly imperfect predictors of local election outcomes, particularly given voters' historic penchant for saying they loathe Congress but like their own representative. While only 16% of voters approve of Congress, more than twice that many -- 39% -- said in answer to another poll question that their own representative deserves to be re-elected.

But 45% say "it is time to give a new person a chance." And by other measures in the poll, Republicans are at a greater disadvantage heading toward Election Day than Democrats were 12 years ago just before voters ended their 40-year reign in Congress.

In October 1994, with the public fed up with scandals and the failure of President Clinton and his party's lawmakers to deliver in key areas such as health care, voters said by a nine-point margin -- 46% to 37% -- that they wanted Republicans to take control. That compares with the 15-point margin today in favor of Democrats' taking the reins.

This midterm, like 1994, is shaping up as a referendum on an unpopular president who isn't on the ballot, leaving his party to bear the brunt of voters' wrath. Mr. Bush, however, is even less popular than Mr. Clinton was as Election Day approached. Back then, 45% disapproved of Mr. Clinton's job performance, compared with Mr. Bush's 57% disapproval rating.

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The new poll also suggests the advantages that have helped Republicans sustain their majority in Congress -- gerrymandered House districts, a well-oiled turnout machine and the national-security issue -- all have been somewhat neutralized by the political winds buffeting the party. Democrats need to gain a net 15 seats for a House majority, and they now have polls showing leads in about 40 Republican-held districts from New England through the Mountain West -- with none of their own in serious jeopardy.

Republican spending records indicate greatly diminished hopes of unseating Democratic incumbents in Ohio, West Virginia, South Carolina and Texas, while some of their own incumbents once thought safe, such as Rep. Gil Gutknecht in Minnesota, are now in Democrats' sights. Republican Rep. Curt Weldon, already fighting for his political life in Pennsylvania, now is the subject of a Federal Bureau of Investigation corruption probe.

As for the Senate, the six seats Democrats need for a 51-seat majority no longer are thought to be out of reach, strategists in both parties agree. Pulling it off will mean some fairly dramatic in-roads into Republican territory: defeating red-state incumbents, Sens. George Allen of Virginia and Jon Kyl of Arizona, or having Tennessee voters make Democratic Rep. Harold Ford the first African-American elected statewide there.

Democratic rank-and-file voters continue to appear significantly more eager to show up on Election Day, a sign that Republicans' get-out-the-vote efforts may not provide the political insurance they are banking on. Some 60% of Democratic voters express the highest possible level of interest in the election, compared with 48% of Republicans. Similarly, 53% of Democrats call themselves more enthusiastic than in the past about voting, compared with 38% of Republicans.

Mr. McInturff recalled that Republicans enjoyed a similar double-digit edge in voter enthusiasm prior to the 1994 election, when Democrats were the demoralized party. But this year, Republicans are disillusioned by huge federal spending, scandals, illegal immigration and Congress's inaction on a raft of issues.

According to the poll, the electorate overall embraces the idea of breaking up the Republican Party's six-year hold on power in both the legislative and executive branches. By 48% to 26%, voters call Republican control of the White House, House and Senate "a bad thing." Nearly four of 10 voters say their vote for Congress will be a signal of opposition to Mr. Bush; two in 10 say it will signal support for him.

On key issues, Democrats hold the upper hand. They enjoy a 28-percentage-point edge on the question of which party could best deal with Social Security, the issue Mr. Bush unsuccessfully sought to capitalize on in 2005; a 13-point lead in handling the economy; a 10-point edge on ethics in government; and a three-point edge on immigration, which congressional Republicans had hoped to make their signature issue.

Republicans retained their edge, though diminished, on dealing with the fight against terror, nuclear proliferation and moral issues.

But public dismay over Iraq and the Foley scandal overwhelmed all else for Republicans. Mr. Hart called the Foley story "the coagulant" that caused voters' uncertainties about the Republican-led Congress to jell. "This is the event that allowed certain voters to say, 'Enough,' " he said.

By 47% to 14%, voters say what they have learned in recent weeks makes them feel "less favorable" toward Republicans retaining their majority on Capitol Hill. By contrast, voters say by 37% to 22% that they feel more favorably disposed toward Democrats winning control.

Nearly all have heard of the Foley scandal, and most are unhappy with how House Speaker Dennis Hastert and other Republican leaders have handled it. Fully 55% -- including four of 10 conservatives -- are dissatisfied with the actions of Republican leaders. That is twice the 27% who say they are satisfied.

Amid unrelenting bad news from Iraq as sectarian violence rages there, just 33% of voters approve of Mr. Bush's handling of the war, down from 36% in June. Disapproval has risen to 63%.

By an overwhelming 68% to 20%, voters calls themselves "less optimistic" about the course of events in Iraq. A 57% majority says the president hasn't given good reasons for U.S. troops to remain there. And ominously for Republican congressional candidates, a 39% plurality say Democrats could better deal with Iraq, while 31% prefer Republicans. That reverses the five-point edge Republicans held early last month.

By 40% to 31%, a plurality of voters now see the situation in Iraq as a civil war among Iraqis, rather than a war between American troops and foreign terrorists there. Significantly, Mr. McInturff said, that assessment is shared by those who voted for Mr. Bush in 2004 and those who supported Democratic Sen. John Kerry for president -- groups that agree on little else.

If Americans continue to see U.S. troops caught in the middle of a civil war, Mr. McInturff said, "that will ratchet up the pressure to terminate our deployment in Iraq."

Democrats Would Reverse Bush's Work (WT)

By Donald Lambro

DOJ_NMG_0083358

The Washington Times, October 19, 2006

The Democrats' election-year agenda, which says what they will do if the voters put them back in charge of Congress, would seek to overturn or change just about everything President Bush and the Republicans have done since 2001.

Key parts of their agenda call for repealing the bulk of the administration's tax cuts, ending the ban on federal funding for new lines of stem-cell research and limiting some of the investigative, prosecutorial and surveillance methods in the counterterrorism USA Patriot Act.

Many of the details of their agenda may not be that widely known among rank-and-file voters, but opinion surveys show that ignorance may not matter as the election moves into its final weeks. On just about every major issue -- Iraq, terrorism, the economy, health care, immigration and ethics in government -- voters say they trust Democrats more than the Republicans to do a better job of handling them, according to recent polls.

But a top election pollster questions whether Democrats' agenda will play that much of a role in the election's outcome and whether many voters even know whether they have offered alternatives to Mr. Bush's policies. At the same time, a Democratic defense-policy strategist thinks his party's national-security proposals were excessively watered down to appeal to a broader electorate.

"If the Democrats win, it will have all the elements of a Forrest Gump victory. In other words, things swirling around them over which they were barely aware," independent pollster John Zogby said, referring to the slow-thinking movie character who always succeeded, but without any grand design in mind.

"There will not be a proactive agenda that wins this for them. I don't know if the electorate sees the Democrats as having an alternative to the Bush plan. They've put it out, but the party's leadership hasn't led with it," Mr. Zogby said. "They have pretty much sought to avoid a discussion of Iraq."

This would stand in contrast to the 1994 congressional sweep by Republicans who ran on their comprehensive, highly detailed "Contract With America," giving them a more-sweeping mandate than is likely for the Democrats.

Any Democratic agenda would still be constrained by Mr. Bush in the White House and his veto power.

Democratic leaders call their agenda "A New Direction for America," but much of its details are what Republican leaders call "boilerplate" Democratic dogma that the party has been proposing for years, such as raising the federal minimum wage to $7.25, rolling back the Bush tax cuts, expanding new stem-cell research, raising taxes on oil companies and boosting government spending for college-tuition loans and Pell Grants.

On the war in Iraq, the Democrats' agenda calls for "a tough, smart plan to transform failed Bush administration policies in Iraq" and for a "phased redeployment of U.S. forces from Iraq."

To combat terrorism, it proposes to "double the size of Special Forces to destroy Osama bin Laden and the terrorist networks like al Qaeda" and to "rebuild a state-of-the-art military capable of projecting power wherever necessary." Both provisions, national-security analysts say, have been at the heart of Defense Secretary Donald H. Rumsfeld's military reforms ever since the September 11 attacks in 2001.

Michael O'Hanlon, a national-security analyst at the Brookings Institution who often advises Democratic congressional leaders, says that although the agenda's phased redeployment "is not cut and run, I would rather see Democrats offer some more ideas about what we could do in Iraq to make things better."

"At least this [agenda] avoids the problem of being too extreme. They are generally trying to be responsible and reasonable. But it's still thin gruel, given how much we need good ideas," Mr. O'Hanlon said.

Democratic officials, however, said their agenda was a key factor in their consistent lead in the election polls.

"We are talking about it in campaigns across the country and we'll keep talking about it," said Stacie Paxton, a Democratic National Committee spokesman.

On the agenda's Iraq proposals, House Minority Leader Nancy Pelosi's chief spokesman, Brendan Daly noted that even former Republican Secretary of State James A. Baker III "now says we need significant changes in strategy in Iraq."

A major domestic-policy plank in the Democrats' agenda is a rollback of the tax cuts, which has become the party's campaign mantra. But there is division within the party's ranks over how far they should go in attempting to repeal the across-the-board tax cuts that lowered tax rates for low-to-moderate income workers and doubled the child-tax credit that affects mostly middle-income families.

Rep. Charles B. Rangel of New York, who likely would become chairman of the House Ways and Means Committee if the Democrats win the House back, has said that he could not think of a single Bush tax cut that he supported and suggested that all of them should be repealed. But Mrs. Pelosi, who would be in line to become speaker, said last week that the tax-cut rollback would only affect people earning $250,000 a year or more.

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"But the consequences of repealing all the Bush tax cuts would hit people in much lower income-tax brackets and millions more who were removed from the tax rolls by Bush's reforms," said Scott A. Hodge, chief executive of the nonpartisan Tax Foundation.

"There are about 15 million more taxpayers off the tax rolls today, compared to the end of the Clinton administration. Almost all of those people have incomes below $50,000 a year. Many have children who not only receive the $1,000-per-child tax credit, but also the refundable earned-income tax credit for families in need of additional income," Mr. Hodge said.

"They would all be back on the tax rolls if you repealed the Bush tax cuts," he said.

Judge Bars Notices At Polls On Votes For Foley's Substitute (NYT)

By Christine Jordan Sexton

The New York Times, October 19, 2006

TALLAHASSEE, Fla., Oct. 18 — A judge on Wednesday barred election supervisors from posting signs in polling places explaining that votes cast for former Representative Mark Foley would go to the substitute candidate.

The judge, Janet E. Ferris of Circuit Court in Leon County, issued her decision days before voters can begin casting ballots under the early voting system of Florida.

Judge Ferris, ruling on a complaint by the Florida Democratic Party, said the Legislature had not authorized such postings in its law on replacement candidates. The law requires the original candidate's name to be the ballot if the change is made after the primary results have been certified.

"The court is not at liberty to question the Legislature's decision or its judgment in enacting the statute," the judge wrote. "And there can be little doubt that it understood the confusion likely to result where voters know that the person reflected on the ballot is no longer seeking the position."

Interpreting the statute "as permitting the proposed intrusion into the polling place," the judge added, would be "an extrapolation far beyond the Legislature's words."

Mr. Foley, a Republican, resigned on Sept. 29 after sexually explicit e-mail and instant messages he sent to former and current Congressional pages were made public.

Tim Mahoney, the Democrat running in that district, had not been expected to beat Mr. Foley. But experts now consider Mr. Mahoney as leading the race to defeat the substitute, State Representative Joe Negron.

The contest has drawn national attention as Republicans struggle to maintain control of the House.

Dawn Roberts, supervisor of the State Elections Division, had advised supervisors in the eight counties in the 16th Congressional District, stretching across the state from Palm Beach to Charlotte County, to post notices explaining that votes for Mr. Foley would go to Mr. Negron.

Ms. Roberts advised that the note be posted at all early voting sites, polling places and, preferably, in all voting booths. She also advised that it be sent with absentee ballots.

The elections supervisors disagreed, saying state law clearly prevented them from doing so.

Until the judge's ruling, the supervisors had agreed to post the notices.

Lawyers for Secretary of State Sue M. Cobb, who oversees the elections division and is appointed by Gov. Jeb Bush, a Republican, argued that the notices would be educational and would prevent widespread confusion. A spokesman for the agency said it would appeal the ruling.

Also on Wednesday, Mr. Foley's lawyers said that they had given the state attorney's office in Palm Beach County the name of the clergyman who Mr. Foley said had molested him as a teenager. The lawyers said that "to the best of our knowledge" the clergyman is no longer in the United States.

A spokeswoman for the Roman Catholic Archdiocese of Miami said it would probably identify him to the public after finding out the details.

A lawyer for Mr. Foley has said the statute of limitations on such charges expired long ago.

Upstart Leaves The Campaigning To The Congressman (WP)

By Michael Powell

The Washington Post, October 19, 2006

AKRON, N.Y. -- You want the candidate to do that door-to-door, knock-knock-and-glad-hand stuff? That's ridiculous.

Jack Davis roams around his factory and pays for campaign commercials. He doesn't care for flacks, either: Before sitting down to talk to a reporter, he shoos his spokesman out the door.

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Davis is not sure why the Democrats wanted him to run in the 26th Congressional District in Upstate New York in the first place. He can rehearse his negatives as quick as any Republican. "I'm a white Anglo-Saxon millionaire owner of a non-union factory," he said.

Davis, 73, has a white mane, narrow hips and a bony run of a face, and he paces about his office. "When the Democrats first asked me to run, I said, 'Yeah, great idea, except I'm a Republican.' "

Jack Davis is the anti-candidate, and so far his strategy, if that's what you want to call it, has the look of distilled brilliance. A recent poll found Davis, who changed his party registration from Republican to Democrat in 2004, has jumped 17 percentage points ahead of Rep. Thomas M. Reynolds, a Republican power broker.

Davis is helped greatly by the fact that the House Republicans in general, and Reynolds in particular, have tripped through a trapdoor labeled "Congressional Page Scandal." Reynolds, a beefy political pro who rarely spots a back that doesn't beg for a friendly slap, wears a haunted look of late.

Two weeks ago Reynolds flew to Upstate New York and surrounded himself with 25 children (staffers' kids, friends' kids, pretty much anyone wholesome-looking and under the age of 14) before calling in the local media to talk about politics, sex and naughty instant messages. Then Reynolds ran a television ad to explain his role in the controversy, in which his eyes dart here and there and rarely look squarely at the camera. Comedian Jon Stewart's "The Daily Show" ran the commercial nearly in its entirety, figuring it trumped any attempt at satire.

Ray Yacuzzo, the Genesee County Democratic Party chairman, says he is baffled by Davis the non-campaigning candidate. But who can argue with success? "This campaign is like physics," Yacuzzo says. "Reynolds has so much negative momentum, it looks like Jack Davis is picking up speed."

You try to obtain a campaign schedule for Davis, and his spokesman Curtis Ellis says there isn't one. You click on the "Events" tab on Davis's Web site, and it reads: "Check back soon. . . ." Ellis does give you directions to Davis's factory, which lies out in the rolling farmland of far eastern Erie County. The I Squared R Element Co., which Davis owns and very actively manages, manufactures silicon-carbide heating elements that are used in high-temperature electric furnaces.

Davis waves at you to follow him and embarks on a fast-paced walking tour of his factory. Most of the 75 employees make more than $20 an hour and appear genuinely to respect their boss. This factory is the only one of its kind left in this nation (his competitors have moved south of the border or overseas), which circles back to why Davis ran against Reynolds in 2004 and again this year. Davis loathes free trade and globalization.

"We've got to get off this globalization kick," Davis says. "We're the only country in the world that believes in it."

In the manner of a self-made man accustomed to having those on his payroll listen attentively, Davis declines to measure his words. He speaks to the lives of many working-class New Yorkers upstate, where the carcasses of factories do not become luxury lofts. They just stand abandoned.

"Globalization's profits come back for the top 10 percent in our society, but look what it does to the middle class," he says. "Job, retirement plans, a pension: It's all going away."

Davis, a big Lou Dobbs fan, wants to impose cliff-high tariffs on goods from "Red China" and build tall fences on the border with Mexico. And no amnesty for illegal immigrants; it would just encourage them. "I see radical Mexicans saying President Polk took their land in the war with Mexico." He whacks the table. "Well, here's what I have to say: You lost that war, baby!"

Let it be noted that Davis is not spreading the Gospel According to Rahm Emanuel, the Chicago congressman who champions neo-liberalism and free trade and has masterminded the Democrats' congressional electoral assault this autumn.

Davis wiggles his bushy eyebrows. "Rahm told me he believes in a big tent," Davis says. "I said: 'Fine, let me in.' "

A few years back, Davis was a Republican high roller, writing fat checks to upstate Republicans. When Vice President Cheney rolled into Buffalo, Davis wrote a $2,000 check for Cheney but took out a full-page ad in the Buffalo newspaper decrying the Republican embrace of free trade. Cheney's crowd was not keen about that.

"This Cheney woman comes running to me in the parking lot and says: 'You can't talk to the press!' " Davis recalls. His response? "The next day I talked to the Democratic county chairman. . . ." Polls still show that a third of voters in this district don't know who Davis is. Whatever. He's wrapped up nominations from the Independence Party and the Working Families Party, giving him three ballot positions on Nov. 7. He's spending $3 million of his own money on the race. And he's convinced he's got it figured out.

Davis opens his door and lets his spokesman come back in. "I don't see the point," Davis says by way of goodbye, "in wasting time going around campaigning."

Senate Could Dust Off 50-50 Deal (RC)

By Erin P. Billings

Roll Call, October 19, 2006

DOJ_NMG_0083361

As the political landscape continues to improve for Senate Democrats, it appears increasingly likely that the chamber could return to a 50-50 split in January — an extraordinary scenario neither party seems anxious to relive.

But with seven GOP-held Senate seats very much in play, Republicans and Democrats alike privately acknowledge they are facing at least the prospect of an equal party balance in the 110th Congress. Such a scenario leaves more questions than answers, but both parties agree it likely would force them to revisit a delicate power-sharing agreement struck by Senate leaders in early 2001.

"That's a good starting point," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.). "It's a useful starting point for discussions."

A Republican Senate aide said the arrangement employed for a portion of 2001 certainly is one Senators will "pull off the shelf and read." But the aide cautioned that it would serve as just "one of the things to think about. It is in no way a binding document."

Six years ago when the Senate was split evenly for a period of the 107th Congress, then-Majority Leader Trent Lott (R-Miss.) and then-Minority Leader Tom Daschle (D-S.D.) negotiated an unprecedented deal to divvy up power. Republicans kept their chairmanships and Lott remained in charge of the body by virtue of Republican Vice President Cheney's role as President of the Senate. But Democrats were given equal committee representation, staff and resources.

At the time, Lott drew a rash of criticism from his own party for giving up too much, while Democrats largely were favorable toward the deal after having served at a five-seat disadvantage in the previous Congress. But, as Lott said at the time: "I believe Tom and I have a commitment to work together to find a way to deal with that that is fair and that will not kill the legislative agenda."

Daschle characterized it as an agreement based on a premise "that both parties are going to be invested in the legislative process and in this Congress; that we both will have ownership in this process; and that we both will have a reason to want to move the legislative agenda forward."

The agreement specifically provided for equal representation and funding on committees, but it also made clear that if one party attained a clear majority over the ensuing two years, the agreement would be dead. Both sides acknowledged concessions: Lott agreed to split the committees down the middle, while Daschle conceded chairmanships and control of the floor to the Republicans.

The deal lasted about five months, until May 2001 when then-Republican Sen. Jim Jeffords (Vt.) bolted the GOP to become an Independent and caucus with the Democrats. Jeffords' move shifted control of the chamber to Democrats, the Majority Leader's post to Daschle and vacated the power-sharing agreement.

And now, an unfavorable electoral landscape for the GOP may prompt the historic pact to rear its head again.

A former aide to Lott said the 2001 deal, albeit briefly held, "was a precedent that worked" and inevitably will serve as a guidepost for any future Senate power-sharing deals.

But the former aide cautioned that the terms of the earlier power-sharing deal are not set in stone, and future negotiations likely will be lengthy and hard fought.

"You can't gauge it," the former Lott aide said, adding that talks "may come to a standstill. They are going to start out at very different positions. Reid will start at the extreme left, and the new Republican Leader will start at the extreme right."

Still, a former Daschle aide agreed that the Lott-Daschle deal is "the logical place to start."

"I'm not saying you are going to end up there, but if you have something in the past — the recent past — that worked, why wouldn't you start there?" the Daschle staffer asked. "Maybe you can improve upon it, but at least use it as a starting point."

While some view the agreement as the best jumping-off point for negotiations, several Senate sources pointed out that the 2001 deal holds no official weight given it was part of a nonbinding resolution. And, many Senate sources suggest that the incoming leaders may be less willing to compromise if the GOP majorities slip and partisanship heightens even further on the Hill.

"You could have a back-and-forth tug of war between the minority and the majority," the one-time Lott aide suggested.

A current Democratic Senate aide said: "The partisan nature of the chamber now would make it almost impossible for that kind of comity [of 2001] to exist."

By any measure, the political circumstances of an evenly divided Senate in 2007 would be vastly different from 2001. For starters, two different party leaders would face off at the negotiating table in now-Majority Whip Mitch McConnell (Ky.), the all-but-certain Republican Leader in the next Congress, and Reid.

McConnell and Reid will begin the 110th Congress having not yet operated as direct leadership adversaries. Even so, both Senators have strong ties to the institutional foundations of the chamber and have a long history of striking compromises across the aisle.

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"There's a good chance they could come up with something workable," said Congressional scholar and Roll Call contributing writer Norman Ornstein. "They don't dislike each other, and have a very cordial working relationship. Each understands the other.

"They can work it out, so long as they keep open the lines of communication."

But several variables remain, including whether the House falls to the Democrats in November.

Sources in both parties said if Democrats win the House, Reid may view his party as the one with a mandate from the electorate and would push harder than Daschle did to gain an advantage against Senate Republicans.

McConnell, meanwhile, may be more inclined than Lott to insist that his party be given greater power, since the Senate could be the party's only Congressional foothold.

In addition, President Bush will be facing his final two years in the White House. Republicans and Democrats alike noted Bush — as a lame-duck president — likely would put added pressure on McConnell and the GOP leadership to grasp for as much authority as possible, and give up little to the Democrats under a 50-50 split.

In his role as President of the Senate, Cheney also could seek to assert himself to a greater degree, both during power-sharing talks and later as he almost certainly would be called on to regularly break tie votes.

The Democrats acknowledge they hold one significant trump card, however. They can filibuster any organizing resolution of the chamber if they are unhappy with the power allocated to them by the GOP.

"My guess is the Democrats will say, 'Let's do what we did before,' and then say, 'If not, then we're not organizing' and hold their feet to the fire," said a former Senate Democratic chief of staff who watched the 2001 agreement unfold. "We'll hold out for more than we got from them last time."

With three weeks until Election Day, Republican Senate seats in Missouri, Montana, Ohio, Pennsylvania, Rhode Island, Tennessee and Virginia are all vulnerable to Democratic pickups. Just one Democratic-held seat, New Jersey, is viewed as a possible GOP gain.

Observers still suggest it would be a long shot for the Democrats to sweep the board and take control of the chamber in January. But they do believe the minority has a solid shot at acquiring five seats.

"Obviously when you have as many states in play as there are," suggested one Republican strategist, "it's certainly not unrealistic to think about that scenario."

"It is probably the single most likely scenario," Ornstein added. "Democrats are in range to pick up five seats. They could pick up six, and they may fall short of five, but it seems to me there is a reasonable chance of that happening."

Allen, Webb Pull In Presidents As They Beef Up Push To Nov. 7 (WP)

By Tim Craig

The Washington Post, October 19, 2006

President Bush and former president Bill Clinton will wade into Virginia's closely contested U.S. Senate race today at separate fundraisers that underscore the growing importance of the state in the fight for control of Congress.

The presidential visits for Sen. George Allen (R) and Democratic challenger James Webb will raise money and rally supporters for the final push to the Nov. 7 election. But the events come as Allen and Webb are using either the name "Clinton" or "Bush" to sway voters who either love or hate the current or former president.

"Bush mobilizes the Democrats, and Clinton mobilizes the Republicans," said Merle Black, a political science professor at Emory University who is following Virginia's Senate race.

Bush will be raising money for Allen in Richmond this afternoon. In the evening, Clinton will attend a sold-out Webb fundraiser at the McLean home of former senator Charles S. Robb (D-Va.). Webb and Clinton are expected to meet with reporters after the private event.

Webb and the Democrats are trying to make the race into a referendum on Bush and his Iraq war policy. A Washington Post poll taken a week ago showed 43 percent of likely Virginia voters approve of the way Bush is handling his job -- about the same nationally -- and 54 percent say the war in Iraq was not worth fighting. But fewer of those voters say their feelings about Bush will influence their Senate vote, compared with the number in a national poll.

Allen has responded by trying to link Webb to Sen. Hillary Rodham Clinton (D-N.Y.), who some perceive as being too liberal for many Virginia voters.

"Webb is bought and sold by the left wing of the Democratic Party," said Dick Wadhams, Allen's campaign manager, who noted that until recently, Webb did not get along with Bill Clinton. "It really raises the question, can you really trust Jim Webb on anything he says when he swings back and forth between such extremes from one year to another?"

Kristian Denny Todd, a Webb spokesman, responded by saying "Bush and George Allen are one of the same. . . . They might as well be the same person."

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When Webb was asked about Bush's visit, he said, "I hope he brings [Vice President] Cheney, too," who polls show is unpopular with voters.

Political analysts say both Webb and Allen are taking risks by bringing Bush and Clinton into the state, despite each one's ability to raise more than $1 million at a single event.

For Allen, a presidential visit could play with conservative voters who continue to admire Bush despite his low standing in the polls. But Allen has been taking subtle steps to draw distinctions between himself and the president.

Allen has been appearing alongside Sen. John W. Warner (R-Va.), who has sparred with Bush over prisoner interrogations and recently said he wants to change course in Iraq if the violence does not subside soon. Yesterday, Warner was with Allen when he picked up the endorsement of the Veterans of Foreign Wars Political Action Committee and the National Vietnam and Gulf War Veterans Coalition at an event in Manassas.

Webb, meanwhile, will be appearing alongside a Democrat who lost Virginia in both of his presidential races. Clinton's reputation has improved since he left office, but analysts say he is still a divisive figure for some Republicans and veterans, who make up a sizable voting bloc in the state.

"Certainly, George Allen doesn't want to be seen too closely tied to the unpopular Bush administration and Jim Webb has to be careful, too, because Bill Clinton remains a negative symbol for many voters in this state, especially given Allen's efforts to tie Jim Webb to Hillary Clinton," said Mark J. Rozell, a political science professor at George Mason University.

Webb, a former marine who was wounded in Vietnam, disliked Clinton for years and once said he presided over "the most corrupt administration in modern memory."

Star Power To Fill War Chests (WT)

By Christina Bellantoni

The Washington Times, October 19, 2006

With control of the Senate at stake in Virginia, the two parties have called in their top fundraisers -- President Bush and former President Bill Clinton -- to shore up campaign coffers and boost political spirits.

Mr. Bush this afternoon will host a fundraiser for Republican Sen. George Allen, while Mr. Clinton tonight will ask Democrats to open their arms -- and wallets -- to James H. Webb Jr.

Top Republicans counting on Mr. Allen to help them retain their majority say a cash infusion from the president will act as insurance for their optimism, and Internet activists are urging their followers to tell every Virginian they know to vote for Mr. Webb.

A senior White House official told The Washington Times on Tuesday that Mr. Bush tonight will talk about taxes and the war on terror, a continuing theme as Mr. Allen tries to paint Mr. Webb as an out-of-touch liberal.

"Allen will win," the official said. "Webb is not connecting well and is just not hitting what he needs to hit."

But Webb supporters think Virginia is ready for a change.

"The Democratic tide is building across Virginia," former Lt.Gov. Donald S. Beyer Jr. said in an e-mail soliciting donations for Mr. Webb.

The Clinton visit "will give people a shot in the arm in the last couple of weeks," said Virginia Gov. Timothy M. Kaine, a Democrat who last fall benefited from his $1.5 million event with the former president.

Mr. Kaine said Mr. Clinton's visit created an "energy" that helped bolster his momentum in the final weeks of the gubernatorial campaign.

Mr. Webb still badly needs the cash to keep his television ads on the air until the Nov. 7 election.

Mr. Webb's campaign Web site asks his supporters to donate to the "Fight Back Fund," where each $100,000 will pay for one day of ads.

Mr. Bush's private fundraiser, to be held at the Science Museum of Virginia in Richmond, is expected to raise $500,000 to $600,000 and energize the Republican faithful.

First lady Laura Bush also is expected to raise $100,000 at a Northern Virginia fundraiser with Mr. Allen's wife, Susan.

The White House official was confident the cash will help Mr. Allen fight the negative $1 million television ad campaign the Democratic Senatorial Campaign Committee (DSCC) is running against him. "We're a considerable distance towards getting this problem solved," the official said.

Mr. Allen's campaign said he will use the money for its get-out-the-vote operation, a crucial element to winning a campaign when the national mood favors the Democrats.

DSCC Chairman Charles E. Schumer of New York told reporters this week that his group would spend $20 million nationally on get-out-the vote efforts. Democrats need a net gain of six seats to hold the majority in the Senate.

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Although Mr. Allen has a slight lead or is tied with Mr. Webb in most polls, the Virginia seat is "teetering on the edge," pollster Charlie Cook wrote in the National Journal this week.

Party activists on both sides are welcoming the comparison between the dueling presidents.

Mr. Clinton, who lost in Virginia in 1992 and 1996, will headline the fundraiser at the McLean home of former Democratic Sen. Charles S. Robb.

"Brilliant," wrote a blogger on the pro-Allen A-Team Blog. "Do an event with Bill Clinton who lost Virginia twice and Chuck Robb who lost his last statewide election to your current opponent. On Nov. 8, Webb can join them as part of a trio of Virginia losers."

The Allen campaign yesterday dredged up comments that Mr. Webb, a former Republican, made in 1992 calling the Clinton White House the "most corrupt administration in modern memory."

Mark J. Rozell, a professor of public policy at George Mason University, warned that the presidential visitors could harm more than help the campaigns.

Mr. Allen doesn't want to seem too tight with Mr. Bush, whose approval rating hovers in the high 30s. Mr. Webb has said Mr. Allen has been a "rubber stamp" for an unpopular war.

"Virginians are growing sick of Allen's unquestioning support of the bloody U.S. occupation of Iraq," reads a post on an anti-war site organizing a protest to coincide with Mr. Bush's visit.

At the same time, Mr. Clinton is a "negative symbol" for many Virginia conservatives, Mr. Rozell said.

Sen. Hillary Rodham Clinton has held a fundraiser for Mr. Webb, a move Mr. Allen says proves his opponent will be loyal to the New York senator and other liberals.

"Having the Clintons in town will help George Allen mobilize the conservative core of his party," Mr. Rozell said.

Mr. Allen has raised $13.4 million for his re-election. Most political observers expected him to have an easy race and be able to save most of that cash for a potential 2008 White House bid.

Instead, he's facing a tough fight with Mr. Webb, who served as President Reagan's secretary of the Navy. Mr. Allen also has been forced to deflect accusations that he used racial slurs as a young man, which surfaced after he called an Indian-American man working for the Webb campaign "macaca."

As of Oct. 1, Mr. Allen had $5.5 million in the bank and Mr. Webb had $2.7 million.

The men have spent $10.3 million combined, but that does not include money from outside groups such as the DSCC. In 2000, Mr. Allen and Mr. Robb spent $16.7 million combined.

Allen Changes Direction On War In Iraq (DPHR)

By Jim Hodges

Daily Press, October 19, 2006

LYNCHBURG -- Senator George Allen, who has voted down the line with the Bush administration on the conduct of the war in Iraq, signaled a change of direction today.

Democratic opponent Jim Webb asked why it had taken so long.

"Although our principles and strategic goals remain unchanged, mistakes have been made and progress has been too slow," said Allen before the Virginia Association of School Superintendents.

Allen also said that the Iraqis should be given 60 to 90 days to stem the violence, particularly in Baghdad, before the U.S. initiates a change.

Allen also had harsh terms for the Iraqis. "The Iraqi people and the Iraqi leaders need to show some backbone, some spine," Allen said. "We can't continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics."

Allen's change follows his being endorsed by Senator John Warner, who recently returned from a trip to Iraq to say that the war was not working.

At a rally across town, Webb said Allen's change in his view of the war was not unexpected.

"He's been trying to get his position like me since we began the race," Webb said.

As to Iraq's taking over its own destiny, Webb scoffed. "We can't put this on an Iraqi government that can't even control the road from the green zone to the airport."

Allen For Senate (WT)

The Washington Times, October 19, 2006

DOJ_NMG_0083365

For the past six years and previously as governor from 1994-1998, Sen. George Allen has ably represented the Commonwealth of Virginia. A vigorous conservative, he is a good choice for both moderate and conservative voters this November. The Washington Times endorses him for re-election to the U.S. Senate over Democratic challenger James Webb.

Mr. Allen's opponents have tried to obscure his record, which is no surprise. Mr. Allen has voted to cut taxes; opposed illegal immigration; supported the Patriot Act and other tough antiterrorismmeasures; supported our troops in Iraq and Afghanistan; and voted for conservative judges. He has also pushed free trade; defended traditional marriage; expanded opportunities for education and health care; aggressively worked to improve benefits for veterans; and sponsored economic, transportation and military initiatives which improved the livelihoods of Virginians across the state. That's a record the citizens of the Commonwealth can applaud.

Not so well known is Mr. Allen's record on local matters: Mr. Allen has pushed to widen I-66 inside the Beltway and helped spur the Springfield Interchange and Wilson Bridge projects. He pushed the Dulles Corridor Metrorail project and widening of I-95 between Route 123 and the Fairfax County Parkway. He has secured $3.63 billion in federal nanotechnology funding, the largest such investment in history. He has fought to prevent discriminatory and innovation-stifling taxation on Internet businesses. He has secured greater rates of return for Virginia's gas-tax dollars, which means more federal money for roads, highways and other state infrastructure.

He has also done right by Virginia's veterans. He has pushed for active-duty-equivalent health and education benefits for reservists and members of the National Guard. He sponsored legislation to increase the service member's death benefit from $12,000 to $100,000. He saved the Defense and Veterans Brain-Injury Center from a damaging budget cut and found scarce dollars to improve its treatment of wounded service members. He has also helped finance unprecedented health-care improvements at the Department of Veterans Affairs which has advanced by leaps and bounds in recent years.

As governor of Virginia, Mr. Allen cut taxes by $1 billion, abolished parole for violent criminals and swept away years of inefficient government regulations. A decade later these accomplishments still yield dividends for Virginians.

In a Senate with as slim a Republican majority as the current one -- one which could shrink this November -- there are scenarios in which a George Allen loss would flip the Senate to Democratic control. That would likely mean no more constitutionalist judges, no tough immigration reform, withdrawal from Iraq, a dismantling of tough antiterrorism measures; and paralysis on much of the Bush administration's remaining agenda. The stakes are high.

James Webb is an intelligent and honorable servant of his country, but he is not the man conservatives remember as President Reagan's Secretary of the Navy in 1987-88. This estranged Republican-turned-Democrat is now a pro-choice, pro-homosexual "marriage," anti-Iraq war liege of the Democratic party. Hillary Clinton and John Kerry have campaigned for Mr. Webb, and he will be honored by Bill Clinton this week. An intensely negative campaign on behalf of the challenger has partially obscured the chasm between Mr. Webb's current views and those of conservative Virginia. It can't be hidden, however. The James Webb of 2006 is too liberal for the Commonwealth.

For Virginians who favor low taxes, strong defense, limited government and traditional values, George Allen is the clear choice for U.S. Senate. This newspaper endorses him without reservation.

Clinton Urges Dems To Question Criticism (AP-Y)

By Philip Elliott

AP, October 19, 2006

Former President Clinton bemoaned ideologues who describe opponents as "running for office on his or her way to hell" and urged Democrats not to shy from fighting back.

Clinton, criticizing Republicans weeks before the midterm elections, told an audience at Georgetown University on Wednesday that intellectual debate should trump partisan rancor and either-or choices are false.

"Most of us long for politics where we have genuine arguments, vigorous disagreements but we don't claim to have the whole truth and we don't demonize our opponents and we work for what's best for the American people," he said.

Clinton, whose wife Sen. Hillary Rodham Clinton, D-N.Y., is eyeing a 2008 White House run, spoke at his alma mater to mark the 15th anniversary of his series of speeches there as a then-fledgling presidential candidate. The former president gave notice that Democrats would not be passive victims of attacks.

"This is a contact sport, politics," he said. "You can't complain about being attacked. It's like Yao Ming complaining about being fouled playing basketball."

Clinton said he doesn't see Democrats shying from the debate.

"It's not that we want a bland, mushy, meaningless politics," he said. "We like our debate. ... We understand that campaigns will be heated and only one side can win. But we want it to be connected somehow to real lives and real people, to aspirations of ordinary Americans to the future of our children and our grandchildren."

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Recently, the former president engaged in a testy exchange with Fox News over his administration's record on terrorism.

During remarks that were framed as a discussion of the common good, Clinton decried personal attacks against candidates for perceived lack of faith.

"It's not about who represents the religious truth and who is basically running for office on his or her way to hell," Clinton said.

Clinton also argued that the GOP has allowed its conservative element to drown out moderate voices.

"The ideological, right-wing element of the Republican Party has been building strength, partly in reaction to things that happened 40 years ago — Barry Goldwater's defeat, the excess of the '60s, Ronald Reagan's election" he said. "But this is the first time on a consistent basis, the most conservative, the most ideological wing of the Republican Party has had both the executive and legislative branches with a very distinct governing philosophy and very distinct political philosophy."

He said the United States' effort to develop new weapons and cut taxes undercut the moral arguments.

"They favor unilateralism whenever possible and cooperation when it is inevitable," Clinton said without specifically mentioning members of the Bush administration.

"The problem with ideology is, if you've got an ideology, you've already got your mind made up. You know all the answers and that makes evidence irrelevant and arguments a waste of time. You tend to govern by assertion and attacks."

In response, Tracey Schmitt, a spokeswoman for the Republican National Committee, said, "It's not surprising to hear these attacks from a man widely recognized for repeatedly playing the blame game to cover his own mistakes."

Clinton spoke at an event sponsored by the Center for American Progress, a Democratic group run by his former chief of staff, John Podesta.

Clinton Reflects On His 2 Terms And Hits Hard At Republicans (NYT)

By Anne E. Kornblut

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — With fewer than three weeks until the midterm elections, former President Bill Clinton resumed his role as chief communicator of the Democratic Party on Wednesday in a speech that wrapped policy objectives in soaring rhetoric about bringing Americans together behind a single purpose.

Under the banner of securing the “common good,” Mr. Clinton reflected on his eight years in office as a time of effective governance and pressed Democrats to fight back against Republican claims of moral superiority.

In a speech designed to commemorate his policy addresses from his presidential campaign 15 years earlier, Mr. Clinton did not prescribe remedies for his party or give expansive advice about the 2008 presidential campaign. And his advisers insisted that the speech, at Georgetown University, was not tied to any presidential aspirations of his wife, Senator Hillary Rodham Clinton.

Instead, Mr. Clinton’s advisers said, the address was an effort to convey the purpose of his two terms under a single heading. Mr. Clinton reviewed many of the themes of his own political career, especially that of leveling the economic playing field for all Americans.

He portrayed Republicans as reactionary extremists who have been effective at winning elections but not running the country. And he urged greater dialogue between the two sides, to reach consensus and hear each other’s views.

“Not that we want a bland, mushy, meaningless politics — we like our debates,” Mr. Clinton said. “The country has been well served by its progressive and conservative traditions. We understand that campaigns will be heated, but we want it to be connected somehow to the real lives of real people, to the aspirations of ordinary Americans.”

He continued: “This sort of politics — striving for a common good — for me stands in stark contrast to both the political and governing philosophy of the leadership in Washington today and for the last six years.”

“The more ideological, right-wing element of the Republican Party has been building strength, partly in reaction to things that happened 40 years ago,” Mr. Clinton said.

The speech, delivered at his alma mater, was the keynote address at a seminar sponsored by a research organization, the Center for American Progress, directed by Mr. Clinton’s former chief of staff, John Podesta.

John Halpin, a scholar at the center who worked on the conference, said Mr. Clinton’s message helped fill a void left by Congressional Democrats, who have, in recent elections, failed to put their messages under a single, comprehensible umbrella that voters can understand.

“I don’t think we’ve gotten a lot of foundational leadership from the Hill on this,” Mr. Halpin said. “I think a lot of people are still stuck in this mindset of projecting a litany of policy solutions.”

Clinton Lists Differences With GOP, Administration (WP)

DOJ_NMG_0083367

By Dan Balz

The Washington Post, October 19, 2006

Former president Bill Clinton said yesterday that the governing Republican majority has abandoned the common good in favor of ideologically driven politics that demonize its opponents, has forced ordinary Americans to fend for themselves and has too often left the United States isolated internationally.

Speaking three weeks before the midterm elections, Clinton used a lengthy speech looking back at his own administration to offer sharp contrasts between the approach of Democrats in the 1990s and that of Republicans since President Bush took office more than five years ago.

"They believe the country is best served by the maximum concentration of wealth and power in the hands of the right people," he told a mostly student audience at Georgetown University. "Right in both senses."

Clinton went on to say that while Democrats "believe in mutual responsibility, they believe that in large measure people make or break their own lives and you're on your own." He continued: "We believe in striving, at least, to cooperate with others because we think there are very few problems in the world we can solve on our own. They favor unilateralism whenever possible and cooperation when it's unavoidable."

Clinton was critical of various Bush administration policies. Noting that there are no easy solutions, he said the administration has undermined its efforts to stop North Korea and Iran from developing nuclear weapons by seeking funds for two new nuclear weapons for the U.S. arsenal.

The pretext for yesterday's address was to reprise a series of speeches Clinton gave at Georgetown 15 years ago as he was launching his first campaign for the White House. Those speeches set out Clinton's centrist New Democrat philosophy with what he then called a "New Covenant" of opportunity, responsibility and community. That framed the campaign message he used to win the White House in 1992 and the blueprint he used through much of his presidency.

Speaking at a conference sponsored by the Center for American Progress, a liberal think tank that has become home to many of his former aides and advisers, Clinton also decried the state of political discourse, arguing that it has become far more rancorous and destructive than when he ran a decade ago.

"It's not that we want a bland, mushy, meaningless politics," he said. "We like our debates. . . . We understand that campaigns will be heated and only one side can win. But we want it to be connected somehow to the real lives of real people, to the aspirations of ordinary Americans, to the future of our children and grandchildren."

Clinton tried to square his sharp criticism of Republicans with his call for a different tone in political debate by stressing that there is a difference between engaging in debates about issues and philosophies and launching personal attacks.

"I long for the day when we will return to a debate that is not about who's a good person and who's a slug, not about who represents the religious truth and who is basically running for office on his or her way to hell," he said. "I long for the day when Republicans and Democrats will sit around and have these raucous, exciting arguments and actually love learning from one another and we create the common good out of the dynamic center."

Tracey Schmitt, a spokeswoman for the Republican National Committee, responded by saying: "It's not surprising to hear these attacks from a man widely recognized for repeatedly playing the blame game to cover his own mistakes."

Clinton Comeback (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, October 19, 2006

When Hillary Clinton and John McCain traded rhetorical blows over North Korea last week, some pundits hailed the exchange as a taste of 2008: a titanic clash between the early front runners in the next presidential election.

They forgot that the real titans of modern politics have yet to leave the stage: two relatively young, two-term presidents who show no sign of stepping out of the national debate on domestic politics and foreign affairs. Welcome to the heavyweight title fight between Bill Clinton and George W. Bush.

Clinton declared his political comeback Wednesday with a set-piece speech that is aimed, according to his aides, at framing his governing philosophy in the context of the 2006 elections. Clinton's goal: to show why his philosophy works, and why Bush's doesn't. Clinton, of course, doesn't cite Bush's name. But he hardly pulls his punches against what he calls "the leadership in Washington today."

In theory, Wednesday's speech marked the 15th anniversary of Clinton's "new covenant" speech at Georgetown University. In practice, it marked a reinventing of Clinton's themes—three weeks before the congressional elections—for today's problems.

Back in 1991 (as he was running for president), Clinton explained his new covenant like this: "People once looked at the president and the Congress to bring us together, to solve problems, to make progress. Now, in the face of massive challenges,

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our government stands discredited, our people are disillusioned. There's a hole in our politics where our sense of common purpose used to be."

Now the disillusion and discontent is fueled more by war than the economy. But Clinton is still trying to offer a vision of what he calls the "common good" instead of division over taxes, culture and conflict. "We believe in mutual responsibility. They believe that, in large measure, people make or break their own lives and you're on your own," he explained in today's speech. "We believe in striving, at least, to cooperate with others because we think that there are very few problems in the world we can solve on our own. They favor unilateralism whenever possible, and cooperation when it's unavoidable."

Clinton touched on some old themes: what he sees as the GOP's giveaways to big corporations and the wealthiest Americans, instead of his policy priorities: expanded health care, fiscal responsibility and tax cuts for the middle class. But he also outlined a New Democrat's approach to foreign policy. "I think the common-good approach on national security worked," he said. "It was a combination of carrots and sticks. We did have military encounters. We didn't succeed at everything we tried to do, but I think on balance the world was safer when we stopped than when we started."

Since the deadly Indian Ocean tsunami of 2004, Clinton and George H.W. Bush—the man he beat in 1992—have formed a close working relationship that has been transformational. And aides say the current president genuinely enjoys Clinton's company, as well.

But there's another transformation that has quietly taken place over the last six years. When Clinton left office, his approval numbers in the Gallup poll were at a low 39 percent in early 2001. Today they are 20 points higher, and they have risen steadily as President Bush's numbers have dropped. Something similar happened to former president George H.W. Bush through the Monica Lewinsky scandal. That rise in 41's standing helped propel his son into a presidential campaign. It's entirely possible that Clinton's comeback will help propel his wife into her presidential campaign.

In the meantime, it's worth comparing the campaign schedules of the current president and his predecessor. On Thursday night, both Bush and Clinton will be in Virginia. In Richmond, the current president is scheduled to stump for embattled Sen. George Allen. At the exact same time, the former president will be headlining a private fund-raiser in McLean for Allen's Democratic opponent, Jim Webb. Last week, Bush headlined a $1.1 million fund-raiser for GOP congressional hopeful Peter Roskam. On Monday, Clinton will head to Illinois to campaign for Roskam's opponent, Tammy Duckworth, where he is expected to raise about $1 million. Wherever Bush goes, Clinton follows.

Yet Bush's profile is often lower than Clinton's on the campaign trail. While Clinton has been a welcomed speaker by Democrats in many of the nation's hottest House and Senate races, Bush's campaign schedule just isn't what it was four years ago.

Since August, Bush has appeared at public campaign events outside Washington just 15 times, according to an analysis by National Journal. By comparison, Bush had appeared at 29 public campaign events during the same period in 2002. White House officials have discounted the analysis because it does not take into account the private fund-raising Bush has done in recent weeks—including a stopover in Ohio for Sen. Mike DeWine. Yet there's no disputing that many Republican candidates have kept Bush at arm's length this year.

While Bush's schedule for the final weeks of the campaign hasn't been finalized, a tentative schedule provided by a senior administration official has the president on the road for just two to three events each week before Election Day—not the heavy schedule one might expect for a president whose party is in real jeopardy of losing control of Congress.

In contrast, Clinton has been a hot ticket in recent weeks, following his highly publicized interview on "Fox News Sunday" in which he angrily defended his administration's legacy on his handling of Al Qaeda and terrorism. He has stumped for congressional candidates in hotly contested races in Tennessee, Missouri, Ohio, New Jersey, Pennsylvania and Minnesota, among other states.

Last weekend, he headlined a fund-raiser for Iowa Democrats in Des Moines, where he paraded into the room on a long red carpet like a celebrity on Oscar night. Women shrieked and men fumbled with their cameras as the former president walked by offering handshakes and high-fives. It could have been a scene straight out of 1996—except "Hail to the Chief" was replaced by a song off of U2's latest album.

Just as Bush has stepped up his attacks on Democrats in the final weeks of the campaign, Clinton has started trashing the current administration for increasing the federal deficit, bungling the response on Hurricane Katrina and for being "the most secretive and unaccountable" White House in history.

"You cannot blame the entire Republican Party," Clinton told supporters in Iowa. Casting his speech notes aside, the former president accused Republicans of trying to "paint themselves as pure and the rest of us who don't agree with them as stained" in order to stay in power. All three branches of government, Clinton said, were in control "not of the Republican Party, but of the most ideological, the most right wing, the most extreme sliver of the Republican Party."

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Democrats, Clinton said, have a "big responsibility." "Forget about politics," he whispered. "Just go out and find somebody and look them dead in the eye and say, 'You know this isn't right'… We can do better, and this year, it's a job that Democrats have to do alone."

It's not clear that Clinton can connect with his old "common ground" message. But he is trying to identify the problem that every recent poll points to: a deep dismay with today's politics and the direction of the country. A recent Pew Research Center poll found 30 per cent of Americans said they were satisfied with the way things were going in the country. That's lower than Bush's personal approval ratings (37 percent) and lower than the number who said the military effort in Iraq was going fairly well or very well (also 37 percent).

That national discontent does not just originate with Iraq or Bush, even if they are big factors behind the gloom. Only Republican and Democratic leaders rate lower than Bush, and by a slim margin, voters dislike the GOP more (33 percent approval versus 35 percent for Democrats).

Back in 2000, Bush shared a striking political quality with Clinton, even as the current president ran on a slogan of restoring honor to the Oval Office: he shared his optimism. In that period, he called Bill Clinton "the shadow," tapping into the anger over Clinton's scandals by offering a fresh start.

Three campaign seasons later, the political message hasn't changed much—but the messenger has. Now it's Bill Clinton who is talking about a fresh start, while Bush's message is more about finishing what he started: more about gritty resolve than a brighter day ahead. That's the opening that the boy from Hope is trying, once again, to exploit.

Fall TV Lineup Filled With Political Spots (USAT)

By Susan Page

USA Today, October 19, 2006

MINNEAPOLIS — Patty Wetterling, the Democratic congressional candidate in a Republican-leaning district here, trailed her opponent by 9 percentage points a month ago. Then she ran a stark, 30-second TV commercial.

The ad has helped turn the race around.

Four days after Florida Rep. Mark Foley resigned in disgrace, Wetterling broadcast the first ad in the country on the scandal over Foley's suggestive computer messages to former congressional pages. She demanded an investigation, and she noted her activism on behalf of children, a cause she adopted after her 11-year-old son Jacob was abducted 17 years ago and never seen again.

Now, a Minneapolis Star-Tribune poll released Tuesday gives Wetterling an 8-point lead over Republican Michele Bachmann, who had been favored to carry the 6th Congressional District, the most conservative in the state.

Between the ad itself and the coverage it generated, "there's not anybody in the state who doesn't know Patty Wetterling is connected to that issue," says political scientist Steve Smith, who lives in the district.

Though some candidates are experimenting with posting ads on websites and campaign video on YouTube, old-fashioned commercials on local TV stations remain what Democratic strategist David Axelrod calls "the nuclear weapon" of politics.

As the Nov. 7 elections approach, viewers across the country face an autumn deluge of campaign ads, especially in places such as Minnesota that have several competitive races. During the local news shows here — campaigns prefer them on the theory that people who tune in to the news are likely to be voters — the customary ads for new cars and diet aids have been largely replaced by ones for candidates.

On Minneapolis-St. Paul stations alone, more than $7.4 million had been spent by last Friday on ads aimed at shaping the election outcome, according to the media firm TNSMI/Campaign Media Analysis Group, and the most intense three weeks of advertising were still ahead.

In the House race, Wetterling had spent $874,000, Bachmann $416,000 and the National Republican Congressional Committee $1.2 million. Each of the two Senate candidates and two gubernatorial candidates had spent $1 million or more.

"TV is still the weapon of choice for politicians," says Evan Tracey of TNSMI. He predicts a record $1.4 billion to $1.6 billion will be spent nationwide on political ads this year, with no signs of a drain to the Internet. "It delivers the largest audience in the most efficient manner."

At KARE-TV here, for example, not one campaign chose the less-expensive option of posting ads on the station's website instead of or in addition to putting them on the air.

Most Americans insist they don't believe what is said in campaign commercials. Half of those polled by USA TODAY/Gallup this month said they believe "not much" of what's in political ads; 20% said they believe "nothing at all." Only 5% said they believe all or almost all of what was said.

Campaign strategists and political scientists say ads do work, though, especially the negative ones that voters profess to hate.

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To look at this month's onslaught of campaign pitches, USA TODAY tracked all the political commercials broadcast on a single day, Oct. 10, on KARE, an NBC affiliate and the Twin Cities market's top-rated news station. (KARE is owned by Gannett, as is USA TODAY.)

The first ad, for Democratic Senate candidate Amy Klobuchar, catches early risers at 5:06 a.m., two hours before the first streaks of dawn. It's shown again 16 times, the last at midnight. Through the day, there are 10 ads for her opponent, Republican Mark Kennedy, 12 for Democratic gubernatorial candidate Mike Hatch, 5 for Bachmann and 4 for Wetterling.

Oh, and 11 ads against Wetterling financed by the GOP House campaign committee.

Of the 59 campaign ads on the air this day, 22 are mostly positive, giving reasons to vote for a candidate. Thirty-seven are mostly negative, giving reasons not to vote for the other side. Democrats' ads are almost evenly divided — 17 positive, 16 negative — while Republican ads are negative by 4-to-1. That's one sign that Republican candidates are on the defensive this year.

There's no doubt what Republicans want to talk about: taxes. Sixteen GOP ads focus entirely on taxes, and the other 10 all mention the subject. In contrast, just two of the Democratic ads focus on taxes. Two others are Wetterling's ads on the Foley scandal. Seventeen include a mix of issues, from the federal budget deficit to college loans.

The 12 ads aired by Hatch, the Democratic gubernatorial candidate, feature a buzz-cut police officer in uniform and badge defending Hatch and criticizing Republican Gov. Tim Pawlenty on public safety.

Pawlenty, in a tossup race for re-election, isn't on the air on this day. The next morning, he unveils a commercial that uses a “referee” wearing black-and-white stripes and blowing a whistle to accuse Hatch of supporting higher taxes.

Political ads' first task: sway the undecided voters who determine close races.

In the House race, Bachmann's spot runs first, at 5:31 a.m. It touts her record of “fighting for lower taxes” as a state senator, including her support for eliminating the estate tax. The 30-second spot shows her speaking at a lectern, chairing a meeting and poised to dig into a hamburger at a picnic.

The ad doesn't mention Bachmann's opponent, but a half-hour later, Wetterling is slammed, courtesy of the National Republican Congressional Committee. By law, such independent ads can't be coordinated with the campaign, but national committees in both parties routinely fire at the opposition while the candidate takes the high road.

Wetterling is shown walking in slow motion as the announcer says she “broke her promise” not to run for the seat again after she lost a bid two years ago — there is the sound of a paper being torn in half — and labels her “a high-tax liberal politician we can't trust.”

At 9:29 a.m., in a sort of debate-by-ad, Wetterling punches back. Wetterling, a junior high math teacher before she became an activist for children, rotates two different ads today. One of them, focusing on the Foley scandal, blames congressional leaders for a “coverup” of Foley's misbehavior and demands the resignation of any who are found to be involved.

The other talks about taxes.

“Politician Michele Bachmann claims she's for lower taxes,” the announcer says, then adds that she has expressed support for a national sales tax. That would increase the cost of a car, home, groceries or a gallon of gas by 23%, he says.

“Michele Bachmann: Radical ideas we can't afford,” he says, as the sort of music heard in movies just before the killer jumps out of the closet plays in the background.

The juxtaposition of opposing ads is often no accident. The Federal Communications Commission requires stations to maintain a public log of campaign ads as they are booked. As elections approach, both parties send trackers to the stations nearly every day to check what the other side has in the works.

What's missing from the day of ads is as notable as what's included. Not one cites party affiliation — the better to attract independent voters — and none mentions the Iraq war or any other foreign-policy issue.

The war is an unavoidable topic in other venues, of course, including campaign debates and TV newscasts. Through this day, local news programs repeatedly report that a 27-year-old Army sergeant from Montevideo, Minn., has been injured by a roadside bomb in Iraq.

But Republican candidates don't want to spotlight the increasingly unpopular war or the president whose approval ratings have slumped, says political scientist Steven Schier of Carleton College in Northfield, Minn. The subject carries risks for Democrats, too, who are trying to appeal to independent and Republican voters.

In her ads, Klobuchar is trying to be seen not as an anti-war liberal but as a tough-minded prosecutor, says Smith, who teaches at Washington University in St. Louis. Klobuchar is the chief prosecutor in Hennepin County, which includes Minneapolis.

In his ads, Kennedy is trying to nick Klobuchar while softening the edges of his image.

Klobuchar's ad runs midway through The Tonight Show with Jay Leno. Kennedy's ad follows 15 minutes later.

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"Why are you picking on Amy Klobuchar?" a little old lady wearing a pink sweater demands as she sits next to Kennedy on a park bench, slapping his shoulder with the back of her hand. "Saying she gave out all those plea bargains and that she will ration our prescription drugs? You said she wanted to raise Social Security taxes and will give Social Security to illegal immigrants. Why did you say all those things?"

"Because they're true," replies Kennedy, wearing a plaid shirt and gray sweater.

"Oh," she says, mollified like the Emily Litella character portrayed by the late Gilda Radner on Saturday Night Live. "Never mind."

Klobuchar's double-digit lead in statewide polls has prompted the Democratic Senatorial Campaign Committee to cancel plans to buy airtime in the race. It will use the money on closer contests in Missouri and elsewhere. KARE general manager John Remes calls the number of ads for and against a candidate "an excellent barometer" of how close a contest is.

Even Bev Carleson, the 73-year-old woman from St. Louis Park, Minn., who was hired to appear in Kennedy's ad, isn't sure she's been persuaded by it.

She got the job not because of her politics but because the ad firm asked local talent agencies for a "quirky" old lady. After years of operating a hardware store with her then-husband, Carleson began at age 60 what she calls a "mini-career" of appearing in local ads.

Filming two versions of the 30-second spot took six hours on a sunny Sunday afternoon.

"He has a very clean-cut, boyish look, and his plaid shirt, you know — he's a very, very nice man," Carleson says of Kennedy. But when it comes to the election, put her down as undecided. "I have not made up my mind," she says, and doesn't feel any need to do so until Election Day is closer.

She'll have a chance to see a lot more TV ads about it before then.

Tables Turned For The G.O.P. Over Iraq Issue (NYT)

By Adam Nagourney And Jim Rutenberg

The New York Times, October 19, 2006

WASHINGTON, Oct. 18 — Four months ago, the White House offered a set of clear political directions to Republicans heading into the midterm elections: embrace the war in Iraq as critical to the antiterrorism fight and belittle Democrats as advocates of a "cut and run" policy of weakness.

With three weeks until Election Day, Republican candidates are barely mentioning Iraq on the campaign trail and in their television advertisements.

Even President Bush, continuing to attack Democrats for opposing the war, has largely dropped his call of "stay the course" and replaced it with a more nuanced promise of flexibility.

It is the Democrats who have seized on Iraq as a central issue. In debates and in speeches, candidates are pummeling Republicans with accusations of a failed war.

Rather than avoiding confrontation on Iraq as they did in 2002 and 2004, they are spotlighting their opposition in new television advertisements that feature mayhem and violence in Iraq, denounce Republicans for supporting Mr. Bush and, in at least one case, demand the ouster of Defense Secretary Donald H. Rumsfeld.

"I support our troops and I voted for the war, but we shouldn't stay the course, as Mr. Corker wants," Representative Harold E. Ford Jr., the Democratic candidate for Senate in Tennessee, says in one advertisement.

Mr. Ford's Republican opponent, Bob Corker, is shown against a backdrop of wartime scenes, saying, "We should stay the course," a phrase that Republicans once described as a rallying cry for the campaign.

Taken together, the discussion on the campaign trail suggests just how much of a problem the Iraq war has become for Republicans. It represents a startling contrast with the two national elections beginning in 2002 with the preparation for the Iraq invasion, in which Republicans used the issue to keep Democrats on the run on foreign policy and national security.

The development also suggests that what has been a classic strategy of Mr. Bush's senior adviser, Karl Rove — to turn a weakness into a strength — is not working as well as the White House had hoped.

"As the Iraq war gets more unpopular, the environment for Republican candidates erodes," said Mark Campbell, a Republican strategist who represents several Congressional candidates, including Representative Jim Gerlach of Pennsylvania, who is fighting for re-election in one of the toughest races.

"Only in an election year this complicated can Republicans be happy that Mark Foley knocked the Iraq war off the front page," Mr. Campbell said.

A senior strategist familiar with Republican polling who insisted on anonymity to share internal data said that as of midsummer it was clear that "stay the course" was a self-defeating argument.

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At that point, the strategist said, Republicans started trying to refine their oratory or refocus the debate back to discussing terrorism, where Republicans continue to say they wield the stronger hand and where candidates are running advertisements that Democrats describe as effective.

Democrats, seeing similar data in their polls, advised candidates to confront Republicans aggressively, in the view that accusations that Democrats would "cut and run" would not blunt Democrats' efforts to mock Republicans as wanting to "stay the course."

"For the first time in modern memory, Democrats are actually on the offensive when it comes to national security," said Matt Bennett, a founder of Third Way, a moderate Democratic organization that has been briefing Democrats on discussing the war and national security. "It is really stunning."

As of this week, party officials said, Democratic candidates in at least 17 of roughly 35 closely contested Congressional seats and at least six of eight Senate races considered close are running television advertisements against the Iraq war, presenting viewpoints that extend to calling for a troop withdrawal.

More broadly, Democrats in all parts of the country, in New Jersey, Pennsylvania, Ohio and New Mexico are embracing the war issue.

"It's not just the Northeast and the West Coast," Senator Charles E. Schumer of New York, head of the Democratic Senatorial Campaign Committee, said. "It's places like Virginia and Tennessee. Iraq and foreign policy are to a large extent albatrosses around the Republicans' neck this year. And they don't know what to do about it."

Republicans and Democrats said the White House effort to turn the war into an affirmative Republican issue was undercut by the increasing violence there, along with more American deaths that have brought the war home in the form of mournful articles in local newspapers.

That complicated the White House effort to present the Iraq war as part of the antiterrorism effort, and it has contributed to support for the war reaching record or near-record lows.

In the New York Times/CBS News Poll taken from Oct. 5 to Oct. 8, two-thirds of respondents said they disapproved of Mr. Bush's handling of the war and 66 percent said the war was going somewhat or very badly.

In the poll, 45 percent said Democrats were more likely to make the right decision on Iraq, compared with 34 percent of Republicans.

The White House counselor, Dan Bartlett, said Mr. Bush had always emphasized flexibility in tactics to achieve victory in Iraq. Mr. Bartlett said the president's recent added emphasis on adaptability had been prompted by the violence in Iraq and reactions to it, not because Republicans were on the defensive.

"The public sees what's happening in Iraq, they see the persistent violence, and they want to make sure that we're adapting," Mr. Bartlett said.

He said the White House and the Republican Party were not about to cede the traditional advantages on national security to Democrats. Mr. Bush, he added, would step up his attacks on their national security credentials at campaign appearances in Pennsylvania and Virginia on behalf of two of the most endangered candidates, Senator George Allen of Virginia and Representative Don Sherwood of Pennsylvania.

Mr. Bartlett said Iraq remained a winning issue in the broader context of the war on terrorism, which the party would continue to hit hard.

Mr. Bush tried to do that on Wednesday in an interview on ABC News, telling George Stephanopoulos, the interviewer, that when voters go to the polls on Nov. 7 "they're going to want to know what that person's going to do, what is the plan for a candidate on Iraq, what do they believe?"

When Mr. Stephanopoulos asked Mr. Bush whether the increasing violence in Iraq was similar to the Tet Offensive in 1968, the Vietnam War campaign that is often cited as turning American opinion against the war, Mr. Bush said such a comparison "could be right," suggesting that terrorists were aiming for a similar result.

Mr. Bush's aides said he would continue to criticize Democrats on the war even if his words were not echoed by Republican candidates the way they were in 2002 and 2004.

In this environment, several Republicans said they had given up on trying to win an advantage on the war and would be satisfied in at least wrestling Democrats to a draw on it.

"When you lay out arguments in a clear way, you can argue this thing to sort of neutral at worst and, possibly, a slight advantage," said Russ Schriefer, a Republican strategist who is advising several candidates this year.

Mr. Schriefer said the best case that Republicans could make now was that "we can't afford to leave until the job is finished."

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Andrew Kohut, president of the Pew Research Center for the People and the Press, which has polled extensively on attitudes toward the war, said Pew figures suggested that one hope for Republicans earlier in this campaign — that Democrats would be hurt if they were perceived as criticizing the war without offering a strategy for withdrawal — had not been borne out.

"They are not getting punished for not offering an opinion," Mr. Kohut said. "The Democrats have an advantage on this issue, without having to say much about it."

Republicans and Democrats said they could not name any examples of Republicans' trying to use the war as a campaign issue.

But examples of the war being used by Democrats were abundant this week. In a debate in New Jersey, Thomas H. Kean Jr., the Republican challenger to Senator Robert Menendez, was repeatedly asked — 27 times, according to a statement put out by Senate Democrats — whether he would have voted for the resolution authorizing the Iraq war.

Mr. Kean refused to answer.

In Florida on Wednesday, Ron Klein, the Democratic challenger to Representative E. Clay Shaw Jr., an embattled Republican, attacked Mr. Shaw with an advertisement that said the congressman "even refuses to question Bush's handling of the war in Iraq."

And in Rhode Island, Sheldon Whitehouse, a Democrat who is making a strong challenge to Senator Lincoln Chafee, one of the six most-endangered Republicans, began running an advertisement urging the dismissal of Mr. Rumsfeld.

"Chafee refuses to call for his firing," the commercial said.

Linking Iraq To The War On Terror Has Downside For GOP (RC)

By Stuart Rothenberg

Roll Call, October 19, 2006

President Bush and his allies have spent months trying to drum up support for the administration's Iraq policies by arguing that the Iraq War isn't merely an isolated battle but rather the front line in a much larger war against terrorism.

Of course, that's not a new strategy. They did the same thing leading up to the 2004 presidential election, and they apparently succeeded, because exit polls showed a narrow majority of Americans saw Iraq as part of the fight against terrorism. The president won a second term because of that fight.

This year, it's fashionable to believe the link between those two "wars" has been severed in the public's mind. After all, a clear majority of Americans now tell pollsters they think the Iraq War is a mistake, even though they support the war against terror.

My view is somewhat different. I believe the president has achieved what he wanted to achieve all along — to have Americans see Iraq as part of the larger American effort against terror — but he failed to understand that U.S. military and policy failures in Iraq could cause Americans to see the war on terror as failing as well.

Consider what we all have been witnessing in Iraq: a growing number of U.S. casualties and fatalities; increased reports of violence and anti-Americanism; ineffectiveness on the part of the U.S.-backed Iraqi government; and little or no progress toward the establishment of a stable Iraqi government that can overcome sectarian loyalties and make progress toward a sustainable democracy.

It's no wonder Americans give the president increasingly poor grades on his handling of the war on terror. By Bush's own standard, the front line of the war against terror — his Iraq policy — has been considerably less than successful.

"They have destroyed their great numbers on the war against terror by linking it to Iraq," one GOP observer I talked with recently commented.

While it is true that the public gives the president somewhat higher marks for handling the war on terror than for handling the Iraq War, the gap between the two has been shrinking.

Of course, the war on terrorism includes more than the Iraq War; it involves uncovering plots, apprehending potential terrorists, stopping the flow of money to terrorist groups and more. On some of those fronts, the administration has clearly been successful, and some Americans give the president credit for those successes. But in Iraq, and increasingly in the other military theater, Afghanistan, U.S. policy certainly appears flawed.

For Republicans, the virtual elimination of the war on terror as an effective political issue is a disaster, since it has been the party's ace in the hole.

Anyone who has watched the day-to-day arguments in races around the country has no choice but to come to the conclusion that Republican candidates have few issues at their disposal except the personal warts of their Democratic opponents.

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In a number of races, including the Senate contests in Virginia and Montana, Republican incumbents apparently have adopted the worn-out strategy of longtime Republican consultant Arthur Finkelstein: Call your opponent a liberal as long and as loudly as you can, and eventually the voters will agree.

Well, this year that simply isn't working. It's hard to paint former Navy Secretary Jim Webb as a liberal, especially since he doesn't have a legislative record, and Montana Democrat Jon Tester looks more like a farmer with a buzz cut (which he is) than a liberal.

And given the Bush administration's performance in Iraq, Congress' handling of Social Security and immigration and the number of GOP officeholders who are headed for jail or who have been totally discredited, voters don't much care about buzzwords being thrown around by Republican strategists and candidates.

In Virginia, one television ad for Sen. George Allen (R) shows challenger Webb with Democratic Sens. Hillary Rodham Clinton (N.Y.), Edward Kennedy (Mass.) and John Kerry (Mass.). For many Republicans, those are still scary images. The only question is whether they are scarier than Bush, Defense Secretary Donald Rumsfeld, Rep. Bob Ney (R-Ohio) and former Rep. Mark Foley (R-Fla.) right now.

I'm not suggesting that Republican consultants deserve most of the blame for the lack of issues to use against Democrats this cycle. Rather, the fault rests with the White House and with some Republicans on Capitol Hill, who fumbled Social Security, immigration, ethics and lobbying reform and, most importantly, the Iraq War.

But the lack of issues can't be ignored, and it helps explain why Republicans have been unable to drive a wedge between voters and Democrats this election year.

Democrats also deserve credit for finally addressing some of the problems that they created for themselves over the past 35 years.

For at least the past two years, their leaders have not passed up the chance to reiterate their support for the war against terror, thereby going a long way toward neutralizing the GOP's advantage on national security.

To a great extent, they repositioned themselves on national security and defense the way Republicans once did when they turned around education by emphasizing reform, rather than the GOP's previous rhetoric of calling for the elimination of the Department of Education.

So now, Democrats have some newfound credibility on national security. Let's see what they do with it over the next couple of years.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Iraq Is Big Issue For Voters Seeing The Upside Of War (NYT)

By John Leland

The New York Times, October 19, 2006

MADISON, Ala. — In this boomtown of military contractors and veterans, Carla Rock, 36, sat on an aluminum bleacher on a recent afternoon watching her children's tennis lesson and discussing the coming midterm elections.

Mrs. Rock said that she was aware of the unease about the war in some parts of the country, and that she was concerned about the nuclear test in North Korea. But over all, she said, America is on the right course.

"I feel things are good here," she said. "The economy's good, so it's hard to rock the boat."

Mrs. Rock, a Republican who twice voted for President Bush, said she would not want Democrats to take control of Congress with the country at war.

"I'd rather they be on the same page," she said of the White House and Congress.

Madison, a well-to-do community of new brick housing developments on former cotton fields, is one of the fastest-growing towns in the Southeast. Its population of 36,000 is more than double what it was in 1990, largely because of the military and aerospace industries, which employ more than half the area's workers. Companies like Boeing, Hewlett-Packard and Raytheon have branches here.

In interviews this month about the elections, the overriding concern here was, in fact, the war in Iraq. But many residents said they were not seeking dramatic change.

In the big races here, polls show commanding leads for the incumbents: Gov. Bob Riley, a Republican, and Representative Bud Cramer, a conservative Democrat who is running uncontested. Statewide, of the four Republican members of Congress in contested races, none faces serious challenge. Alabama's seats in the Senate, both held by Republicans, are not up for election until 2008 and 2010. The close races here are for lieutenant governor, attorney general and secretary of state.

Even so, the concerns expressed in interviews were less on local affairs than national ones.

While many here have friends or relatives serving in Iraq, the town has also benefited from military contracts, which lead to high salaries, low unemployment and rising real estate values.

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"As much as people hate to say it, when the country is at war, it makes our area more productive and creates jobs," said Bob Wagner, 52, an engineer for a military contractor who also serves on the City Council.

This year alone, new or expanding companies have brought 3,000 jobs and $175 million in investment to the area. A 3,800-acre research park abutting the Redstone Arsenal Army base is the second largest in the country.

In the last midterm election, Mr. Wagner, a registered Republican and former marine, said his greatest concern was to "make sure America stood up to our enemies." He added, "When 9/11 hit I was all gung-ho to go to Afghanistan." On Iraq, he said he trusted the administration to pick the best course.

"I think there will be a time to move the troops out," Mr. Wagner said, "and I expect our leaders to have that information and act on it."

In addition to the war, he said another concern was property taxes: he does not think they are high enough.

With the community's rapid growth, Mr. Wagner said, "I'm worried about how we bring more money into the area" for schools, roads and other infrastructure.

Northern Alabama, which benefited from New Deal programs in the 1930's like the Tennessee Valley Authority, was once largely Democratic but now regularly splits the ticket, voting for Republican presidential candidates since 1980 while sending conservative Democrats to Congress. Madison's churches, including large Baptist and United Methodist congregations, are thriving but not very politically active.

"Dissatisfaction with the war came late to Alabama," said David J. Lanoue, chairman of the political science department at the University of Alabama. "Instead of the president's approval declining to 35 percent, it declined to 50 percent or slightly above."

Dr. Lanoue added that the state Democratic Party had been weakened by years of defeat, and was hindered by district lines that favor incumbents. Republican candidates also benefit from the coattails of Governor Riley, he said.

Still, some residents of Madison, often those who have relatives in the military, say the Iraq war is changing their minds about a lot of things.

Helen Lee, 55, twice voted for President Bush, but now said he lacked the right experience to send troops to war. Like many residents, she comes from a family of servicemen, including her father, grandfather and husband; her son is on inactive status in the Marine Corps while he attends college.

Mrs. Lee is a registered Independent who says she votes mostly Republican. In the last midterm elections, in 2002, the Sept. 11 attacks were fresh in her mind, she said, and her biggest concern was for national safety. Now, Mrs. Lee said she had lost confidence in Mr. Bush.

"Bush is not listening to his active-duty military people," she said. "Bush and his advisers never served. You don't go in and 'take somebody out.' He's ignoring history, including centuries of hatred."

Aaron Beale, 26, a marine corporal on inactive reserve, is also impatient about Iraq. Mr. Beale said that four years ago he supported Mr. Bush and the plans for war, but his feelings have changed. Though he agreed with the push to remove Saddam Hussein, he said: "The war has gone on so long because we don't have enough troops. I've had friends killed because we're doing patrol missions with our hands tied. We can't defend ourselves."

In the coming election, Mr. Beale said that he wanted Democrats to win majorities in Congress, but that he was not tied to either party. "I used to be closer to the Democrats," he said, "but now it doesn't matter to me, as long as we get someone who knows what he's doing."

While he waits to be redeployed, Mr. Beale, too, is benefiting from the booming local economy: he is working as a personal trainer, largely for the successful military contractors and their families. "It's all a Catch-22," he said.

In a bungalow in Madison's historic district, Michael Murch, 39, an engineer who works on missile simulation, said that he was most concerned about terrorism and Iraq, but that people should have expected the war to go on this long. "A lot of people choose not to accept that," Mr. Murch said. In the long run, he said he expected the war to reduce the threat of terrorism, even if it meant higher risk along the way.

Like some others, Mr. Murch said he felt sheltered in Madison, but that in the last four years he had become more concerned about some national issues, including same-sex marriage — which he described as "an irritation" rather than a voting issue — and illegal immigration. Illegal immigrants have become "integral to the economy, but they're starting to strain some parts of the country," he said. "You can't round them up and throw them out. We can't live without them. But I'd like to stop the flow. That would be a voting issue."

Mr. Murch said the war had hurt some parts of the local economy, because financing for some research and development projects had gone to buying military equipment. But over all, he said that he thought the economy was strong and that he was planning an addition to double the size of his house. "It feels good to me because I'm not having some of the problems that they

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have in the rest of the state," he said. Even if engineers in Madison get caught in budget shifts, he added, "There's an abundance of jobs."

McCaskill Calls For Rumsfeld's Firing; Talent Does Not (CCT)

By David A. Lieb

The Contra Costa Times, October 19, 2006

KANSAS CITY, Mo. - She has declared Iraq a mess, called for a redeployment in two years and chastised Republican Sen. Jim Talent for not questioning Secretary of Defense Donald Rumsfeld.

Now Missouri Senate challenger Claire McCaskill has joined various Democrats nationally in asserting that Rumsfeld should be fired.

McCaskill, Missouri's auditor, added Rumsfeld's ouster to her Iraqi war critique during her fifth and final debate against Talent in Missouri's nationally watched Senate race. Talent declined to say whether Rumsfeld should be retained or removed, but continued his defense of President Bush's war policies.

Responding to McCaskill's many criticisms, Talent declared: "She wants to pull out of Iraq, you can hear it, and the government will collapse and terrorists will take over."

The war in Iraq has been one of the most consistent themes both nationally and in Missouri's Senate campaign for the Nov. 7 elections. Democrats need to gain six seats to wrest control of the Senate from Republicans, and polls show Talent and McCaskill about even.

On Wednesday, McCaskill rattled off a list of what she said had been poor advice from Rumsfeld - that Iraq had weapons of mass destruction when it did not; that sectarian conflict would not bog down the U.S. military; that there would be no U.S. occupation in Iraq.

"He should definitely be fired," McCaskill said in response to a question from a debate panelist. "He has not given one piece of advice to this president that turned out to be true."

Talent, asked the same question, replied: "I don't normally tell presidents who they ought to have or not have in the national chain of command."

As he did in a debate Monday in Springfield, Talent went on the offensive Wednesday by questioning the business practices of McCaskill's husband, whether her family had paid all its taxes and her effectiveness as a Kansas City area prosecutor in 1990s.

"My opponent has a record that suggests she's not going to change the system in Washington and might even be part of the problem," Talent said.

McCaskill defended her record on each account and claimed Talent was running a "a campaign of innuendo," which she suggested Talent himself did not really believe.

"I think he's a good man, and I think he works hard," McCaskill said. "I don't believe he's comfortable trying to assault my character as he is, but he's going along with his political advisers who tell him you have to hit her hard and make it personal."

Later at the urging of a media panelist, the candidates whose campaign commercials have become increasingly negative showered some praise on each other. McCaskill described Talent as "very intelligent," a hard-worker and a "strong family man." Talent described McCaskill as a "tenacious battler" who has remained committed to her children.

The debate before about 200 people at Kansas City's University Academy charter school was not televised live because one of the sponsoring television stations, KMBC, chose not to pre-empt the hit show "Dancing with the Stars." Instead, the debate is to be broadcast Thursday night. A loud and constant hum over the sound system made it difficult for the audience to hear the candidates' voices.

At one point in the debate, Talent complained that McCaskill had called him "a false patriot" and that her campaign had said he was "surrounded by scandal."

McCaskill apologized for the false patriot remark - made during a September campaign stop in Jefferson City - but added she disagreed with the level of funding for veterans benefits that Talent and the Republican-led Congress had approved.

"You are surrounded by scandal, but it's not your fault, it's because you're in Washington," McCaskill added, drawing the largest laugh of the evening from the audience.

The candidates were asked what two pieces of legislation they would like to see passed in the first 100 days of Congress, should their party win control in this year's elections.

McCaskill provided three answers: implementation of all of the recommendations from the bipartisan commission established after the Sept. 11, 2001, terrorist attacks; an increase in the federal minimum wage; and an amendment to the Medicare prescription drug law to allow negotiations with pharmaceutical companies for lower prices.

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Talent defended the existing Medicare prescription drug law as a good deal for seniors and provided one wished-for bill to pass - his own measure permitting small businesses to pool together in buying health insurance for their employees.

McCaskill rebutted that Talent has been unsuccessful in passing the bill for several years and suggested it didn't go far enough in mandating the types of health problems that insurers must cover.

Many Jabs In Missouri Senate Debate, But No KO (SLPD)

By Matt Franck

St. Louis Post-Dispatch, October 19, 2006

One started throwing punches at the opening bell. The other began by symbolically laying aside her gloves.

But by the time the fifth and final debate between Sen. Jim Talent and Missouri Auditor Claire McCaskill had concluded Wednesday, both had taken their share of jabs at each other.

Talent opened the debate in Kansas City by returning to a tactic he used in a debate Monday in Springfield. Once again, he launched into an assault on issues related chiefly to McCaskill's personal life, such as her husband's finances and property taxes she was once late in paying.

In so doing, Talent attempted to turn the race's dynamic on its head.

Throughout the campaign, McCaskill has portrayed Talent as a Washington insider, incapable of changing the system. But Talent sought to topple that pillar of McCaskill's strategy.

"My opponent has a record that suggests that she's not going to change the system, and she might be even part of the problem," he said.

McCaskill, in turn, used her opening statement to rebuke Talent for engaging in a campaign that she said was based on innuendo and character assault. She pledged to stick to the issues and suggested that Talent could not do likewise because his advisers had told him to engage in attacks.

"I think he's a good man," McCaskill said. "I don't think he's comfortable attacking my character like he is. They have convinced him that he needs to do this."

TODAY'S TALK: Televised debates: Valuable insight into candidates or political theater?

In most every respect, Wednesday's debate returned to themes that already had been well-trodden in four prior debates. The two even parroted many of the exact lines they had used in prior engagements.

Once again, McCaskill sought to portray Talent as an unquestioning supporter of President George W. Bush's policies, most notably the war in Iraq. But she broke new ground, calling for the resignation of Defense Secretary Donald Rumsfeld.

"He should definitely be fired," she said. "He has not given one piece of advice to this president that has turned out to be correct."

Talent said the war had been more difficult than anticipated. He said Rumsfeld had been at a disadvantage because of prior cutbacks in military staffing. Finishing the task, he said, is the only alternative in the conflict.

"The only thing worse than going through what we're going through now in Iraq is going through it for nothing," Talent said.

On other issues, the two candidates again differed in their takes on the economy. Talent cited low unemployment, double-digit economic growth and a surging stock market as validation that tax cuts approved in recent years were stimulating the economy.

McCaskill suggested that the only ones enjoying those financial statistics are those on Wall Street.

"If Senator Talent thinks that Americans are feeling this prosperity, he's not talking to real Missourians," she said.

The two also differed on a new prescription drug plan for older adults. Talent said the plan was working. McCaskill said Congress didn't do enough to negotiate with pharmaceutical companies for lower prices.

The two found rare common ground, at least partially, on the issue of education policy. Both said the No Child Left Behind law was too fixated on rigid goals, rather than rewarding schools that improve.

The debate offered each candidate a chance to question the other. As she did in a debate Monday, McCaskill asked Talent to state whether he supports a state ballot measure to increase the minimum wage.

Talent declined, saying that's an issue for state voters. But he said he supports minimum wage increases - if coupled with tax breaks for small business.

Talent again questioned McCaskill's personal record, such as taxes she was late paying on a condo. McCaskill has said that the property was occupied by her brother and that she paid the taxes when she learned they were delinquent.

Talent's harshest criticism was of the finances of McCaskill's husband, saying he oversees a complex web of businesses, dozens of which pay no taxes.

McCaskill said she and her husband had provided highly detailed information to the Senate on her family's finances, which she said were completely proper.

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"Just because my husband's businesses are complicated doesn't mean he's done anything wrong," she said.

Going negative

The most bitter exchanges between the two were on the campaign itself.

Talent said he had stuck to parts of McCaskill's record that are relevant to the office. In contrast, he said, McCaskill has often attacked him with no specifics, such as connecting him to scandal and challenging his patriotism.

McCaskill apologized for calling Talent a false patriot but would not back down from other remarks.

"You are surrounded by scandal, but it's not your fault. It's because you are in Washington," she said, drawing the night's biggest response from the audience.

The two did speak well of each other when asked to do so by one of the panelists. McCaskill praised Talent for his intelligence. Talent, in turn, said he respected McCaskill's tenacity.

The Kansas City event was the final round of a statewide tour of debates in Lake of the Ozarks, Clayton and Springfield. Additionally, the two candidates squared off on national television on NBC's "Meet the Press."

The debate was held at the University Academy Charter School before an audience of nearly 200. The debate will not be broadcast on television or radio until today in Kansas City. It is scheduled to air in St. Louis on KETC (Channel 9) at 9 p.m. Friday.

Iraq War Key Point Of Dispute In Senate Race (BSUN)

By Sumathi Reddy

The Baltimore Sun, October 19, 2006

Increasing his attacks on the president's Iraq policy, Senatorial candidate U.S. Rep. Benjamin L. Cardin today called for the administration to fire Secretary of Defense Donald Rumsfeld and develop a plan to bring American troops home immediately.

Cardin, a Democrat, criticized his Republican opponent, Lt. Gov. Michael S. Steele, for his support of President Bush's Iraq policy -- an accusation the Steele campaign adamantly denied today.

"There is a major difference between Michael Steele and me on what we need to do in Iraq and what we need to do in foreign policy," said Cardin speaking at Towson University at an event organized by a group of College Democrats. "I believe we need change. Michael Steele believes in the status quo."

Doug Heye, Steele's communications director, insisted that Steele has been critical of the administration's Iraq policy.

"Michael Steele has not been silent on this issue," Heye said. "He has called for the president to be more open with what the mission on hand is and to set specific benchmarks so that we can get the job done as quickly as possible and bring our troops home as quickly as possible."

Heye said he did not know Steele's position on Rumsfeld. He said Steele does not support a timetable, unlike Cardin.

Cardin remained less specific than in a speech he gave four months ago in which he set the end of 2007 as a goal for a full troop withdrawal.

Today he said "we don't need a time schedule," but when asked he said the figure given by military experts, of 10,000 troops a month, was a "reasonable expectation."

Calling the administration's Iraq policy a "disaster" and "colossal mistake," Cardin charged that Bush and his administration have "mismanaged this war at just about every step," and have neglected to acknowledge their mistakes.

He again reiterated that the National Guard troops must be the first to return home so they can defend the country against potential terrorist attacks and natural disasters. He also called for an international conference with Iraq and other countries to implement a cease-fire and discuss how to rebuild the country.

Citing the development of nuclear weapons in North Korea and potentially Iran, Cardin charged that Iraq had led the administration to lose focus on the war against terror.

"We had a failure in North Korea policy as a result of this administration's focus on Iraq rather than focusing on the real dangers against America," said Cardin.

Heye said Cardin's Iraq position is not as clear and consistent as the congressman portrays it.

At today's event, Cardin said he has always remained opposed to the war and voted against it four years ago. "It may not have been a popular vote four years ago but it was the right vote and I'm proud of that," he said.

When asked by a student what his biggest mistake as a congressman has been, he said, "I'm sorry that I haven't been more effective in stopping this war in Iraq."

Blacks Divided On Whether Hoyer's 'Slavish' Remark Was Racist (WT)

By Jon Ward And S.a. Miller

The Washington Times, October 19, 2006

DOJ_NMG_0083379

Opinion was mixed among black leaders in Prince George's County yesterday about whether a top Democrat's comment that Maryland Lt. Gov. Michael S. Steele is "slavishly" devoted to the Republican Party is racist.

"If there are those that feel offended, then I guess it has merit," said the Rev. Joel Peebles, assistant pastor at Jericho City of Praise, a large black church.

Mr. Peebles attended an afternoon luncheon in Beltsville, where he and about 30 other pastors listened to Mr. Steele, a black Republican running for the U.S. Senate, speak about his moral convictions.

House Minority Whip Steny H. Hoyer, Southern Maryland Democrat, made the comment Sunday before a group of mostly black business leaders in Upper Marlboro, as reported by MSNBC.

Mr. Hoyer, who is white, has apologized for the remark, saying he should not have used the word "slavish," but that he meant no offense.

"Why use that word?" Mr. Steele said in an interview. "You saying it tells me you think it and feel it."

Rep. Benjamin L. Cardin, Mr. Steele's Democratic opponent, yesterday agreed that Mr. Hoyer's remarks were "the wrong words to use," but said the apology should "put an end to it."

Race has played a key role in the Maryland Senate race, which has been one of the most-watched contests in the nation. Mr. Steele, the first black to win a statewide election in Maryland, has the potential to capture votes among the Democratic Party's most loyal voting bloc -- blacks.

Wayne Frazier, a black businessman who attended Sunday's luncheon, said that he was not offended by the remark and did not see or hear anyone else who was offended by it.

"After Steny Hoyer spoke, it was a standing ovation they gave him," said Mr. Frazier, who is a staunch Cardin supporter. "It didn't affect the audience at all."

"I see it as Michael Steele refusing to address the issues and trying to incite folks," Mr. Frazier said.

Mr. Steele rejected that argument.

"In my view, it is absolutely [racist]," Mr. Steele said in an interview. "Why do [the rules] always seem to change with me?"

In 2002, Mr. Hoyer called Mr. Steele a "token" candidate, and state Senate President Thomas V. Mike Miller Jr. called him an "Uncle Tom." Both Democrats later apologized for their remarks.

Meanwhile, a Cardin staffer last month was fired for referring to Mr. Steele as an "Oreo" on her personal Web log, and a liberal blogger last year depicted Mr. Steele as a minstrel.

A few influential pastors at the luncheon declined to comment on Mr. Hoyer's remark.

But the Rev. Emma Jean Thompson, co-pastor of Integrity Church in Landover, said, "Many times if you are black and want to be a Republican, you are breaking away from the plantation, and I passionately disagree with that."

The Rev. Anthony Evans, head of the National Black Church Initiative, condemned the remark, and the Maryland Republican Party called on Mr. Hoyer to resign.

Also yesterday, Mr. Steele released a new commercial in which he criticizes the Republicans for covering up a congressional-page scandal involving Rep. Mark Foley, Florida Republican.

"When I see Washington politicians covering up scandal, protecting each other rather than protecting children, it's time to show them the door," Mr. Steele says. "And I don't care which party they're in."

Mr. Cardin has led Mr. Steele in most polls, but a new Survey USA poll yesterday showed that the two candidates are even.

Lieberman Debates Rivals About Iraq War (AP-Y)

By Andrew Miga

AP, October 18, 2006

The Iraq war touched off a war of words Wednesday as Sen. Joe Lieberman debated four candidates trying to succeed him in the Senate.

Two minor party candidates joined Democrat Ned Lamont in assailing Lieberman's support for the war. Republican Alan Schlesinger reminded the group that the Senate lacks the authority to withdraw troops.

"Three-and-a-half years ago, President Bush rushed our country into war," said Lamont, a wealthy businessman who rode a wave of anti-war sentiment to an August primary victory over Lieberman. "Senator Lieberman cheered him on every step of the way."

Lieberman, who is running as an independent, said, "No one wants to end the war in Iraq more than I do." But he warned against pulling out troops before the job is done.

The three-term senator and former vice presidential nominee criticized Lamont's support for a Senate resolution earlier this year that would have set a July 1 deadline for withdrawing U.S. troops.

"That would be a recipe for disaster," Lieberman said. "We've got to end the war in Iraq, but we've got to do it in the right way."

Green Party candidate Ralph Ferrucci and Concerned Citizens Party candidate Timothy Knibbs joined Lamont in calling for redeployment of U.S. forces in Iraq.

"We really need to pull these troops out right now," Ferrucci said.

Knibbs said the United States had no constitutional, legal or moral ground to invade Iraq.

"We need to get out of Iraq immediately," he said.

Schlesinger delivered an energetic debate performance similar to the one he gave Monday, but the long-shot candidate had a harder time Wednesday because of two minor party candidates.

Schlesinger cautioned that senators lack the power to withdraw troops.

"The problem in Iraq is not military," he said. "The problem in Iraq is political."

Lieberman's Iraq Stance Draws Fire In Debate (NYT)

By Jennifer Medina

The New York Times, October 19, 2006

HARTFORD, Oct 18 — Facing criticism from all sides of the political spectrum, Senator Joseph I. Lieberman was forced to defend himself in a five-way debate on Wednesday, at times appearing frustrated and repeatedly invoking his experience to fend off the group of opponents who are trying to unseat him.

Unlike the situation in the first debate on Monday, which included only the three major candidates and largely steered away from the war in Iraq, Mr. Leiberman's four opponents spent much of their time this time assailing his support of the war.

And this time Ned Lamont, who defeated Mr. Lieberman in the Democratic primary, primarily because of his opposition to the senator's support of the conflict, was joined by two minor party candidates in sharply criticizing Mr. Lieberman.

Alan Schlesinger, the Republican candidate who widely trails Mr. Lamont and Mr. Lieberman in the polls, called for a three-state solution in Iraq, saying: "The problem in Iraq is not the military. The problem in Iraq is political."

Beyond the war, each of the challengers repeatedly turned Mr. Lieberman's experience in Washington against him and argued that his 18 years in the Senate and candidacy for national office undermined his contention that he could change the culture in Washington.

The format of the debate, which included one-minute answers from each of the five candidates, diffused the arguments and muted the messages of Mr. Lieberman and Mr. Lamont, who have been sparring for months. But like the three-way debate on Monday, the challengers seemed to jar Mr. Lieberman, a veteran debater and orator.

Indeed, Mr. Lieberman was cut off several times by the moderator, Bob Schieffer, the chief Washington correspondent of CBS news and the host of the program "Face the Nation," when he ran over his allotted time for answers. The debate was taped in front of hundreds of people at the Bushnell Theater here and was to be broadcast on WFSB in Connecticut at 7 p.m. on Thursday.

After all four of his opponents railed against the war — the Green Party candidate Ralph Ferrucci said troops should be pulled out "right now" and Timothy Knibbs, the Concerned Citizens Party candidate, said the United States should get out "immediately" — Mr. Lieberman insisted that any discussion about it in Congress should include those who do not favor immediate withdrawal.

"We cannot and will not stay in Iraq forever," he said. "My commitment to Iraq is not indefinite or unconditional. We need to stay there as long as there is a reasonable prospect with our help of building a free and independent Iraq, which will be a whole different path in the Arab world." As he went on, Mr. Lieberman was cut short after his time ran out and Mr. Schlesinger responded sharply:

"You see this is what happens when you spend six years running for president and vice president of the United States, you begin to believe you are actually in the executive branch of the government."

When Mr. Lieberman repeated his recent call to replace Defense Secretary Donald H. Rumsfeld, Mr. Knibbs took a jab, suggesting it was because the senator had been on the "short list" to replace him.

Still, the overall tone of the debate was far more measured and substantive than either Monday or the primary debate, with questions ranging from domestic issues like social security and gas prices to the threats from North Korea and Iran.

Mr. Lamont criticized a bill Mr. Lieberman sponsored that called for "regime change" in Iran.

"Reminds us an awful lot of how we got into Iraq," he said. "I think first and foremost we've got to use hard-headed tough negotiations, working in concert with our allies, try sanctions and force as a backup."

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Mr. Schlesinger made it clear that he agreed with Mr. Lieberman on that issue, saying that it would be impossible to negotiate with President Mahmoud Ahmadinejad of Iran. Mr. Lieberman did not back off his support for the legislation, saying it was because "there are some leaders you can't negotiate with."

"History reminds us in the case of Hitler and Osama bin Laden that they said exactly what they ultimately did," Mr. Lieberman said. "He wants to wipe out Israel and he has told thousands in the town square of Tehran: Imagine a world without the United States of America. That is possible in our time."

In previous debates, Mr. Lamont has appeared off-kilter and nervous. On stage, he seemed slightly more comfortable, though he often spoke quickly during his answers. Mr. Schlesinger, who gave a dramatic performance in his first debate this week, appeared calmer, though he continued to deliver lines that drew several whoops and laughs from the audience. Even Mr. Lieberman chuckled when Mr. Schlesinger derided Mr. Lamont's wealth and the millions he has spent in his campaign. But Mr. Lieberman was more often the recipient of the barbs from Mr. Schlesinger, who derided him as a tax-and-spend liberal whom conservative voters should not trust.

Later, he said Mr. Lieberman did not understand the "real world" between the "Potomac and Hollywood."

"If you had someone doing a job for 18 years, and after 18 years their record was one of complete failure, what would you do? What do you think should happen with that person?," Mr. Schlesinger said before turning to Mr. Lamont and asking, "You're a businessman, what would you say about someone like that?"

Quietly, Mr. Lamont responded, "It's time to go."

Even as Mr. Lieberman hammered the concept of bipartisanship and invoked his credentials as an independent, he spoke of the prospect of becoming chairman of the Homeland Security committee if the Democrats take over the Senate.

Schlesinger Shines In Senate Debate (NLD)

By Ted Mann

New London (CT) Day, October 19, 2006

Hartford — Once again, U.S. Sen. Joe Lieberman and challenger Ned Lamont squared off in a debate Wednesday. And once again, all the good lines were stolen by the guy whose campaign was left for dead months ago, even in his own party — Republican Alan Schlesinger.

Schlesinger, running a more-than-distant third to Lieberman and Lamont in recent public opinion polls, reprised the animated, jesting style he had shown earlier in Wednesday's debate at the Bushnell in Hartford, which was taped for broadcast at 7 tonight by WFSB-Channel 3.

And most of his sharpest jabs — like those of the two other candidates, Ralph Ferrucci of the Green Party and Timothy Knibbs of the Concerned Citizens Party — were aimed at Lieberman.

As the candidates grappled with a question about the war in Iraq, and how they would handle the eventual withdrawal of troops, Schlesinger suggested both Lamont and Lieberman were implying they'd have more control over what happens in that country than they would actually enjoy if elected. And he also got in a swipe at Lieberman's national campaigns in 2000 and 2004.

"You see, this is what happens when you spend six years running for president and vice president of the United States," Schlesinger said. "You get to believe that you're actually in the executive branch of the government.

"No one on this stage, no one on this stage is going to pull the troops out immediately," he continued. "What we need to do is help the president, help the administration, help the Congress come up with some sane answer so that our troops will come home naturally. That's the only thing that makes sense."

Little new material was presented. With five candidates sharing the stage, answers were quick, and both Lieberman and Lamont largely served up re-mixed renditions of their usual stump speeches.

Lamont charged the Bush administration with leading the country into a foolhardy war, and Lieberman with "cheering him on all the way."

Lieberman accused Lamont of distorting his record, and touted his own record of alliances with Republicans as more effective for his constituents.

In between the two of them, gesturing broadly, often bowing in the direction of Lamont or Lieberman as he addressed them, was Schlesinger — a former state representative and mayor of Derby whose candidacy has been so star-crossed thus far that his approval ratings have sunk as low as the margin of error and his own party, from the governor to the president, has refused to formally endorse him.

But Schlesinger shined Wednesday as he had in a debate in Stamford, and his attacks on the incumbent Lieberman seemed to please Lamont's fans as much as they did Schlesinger's own.

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In a spat over Social Security, in which Lieberman reiterated his opposition to partial-privatization proposals for the program even as Lamont noted that the senator had “been on both sides of the issue” in the past, Schlesinger drew the only applause.

“I say we repeal congressional pensions and put the Congress under Social Security like the rest of us,” he said.

After Lieberman mentioned the Social Security trust fund, a prime topic in the senator's vice presidential campaign in 2000, Schlesinger turned to Lieberman, impassioned, to insist that the program's funding is in jeopardy.

“I'm telling you,” he cried. “From the bottom of my heart! This thing is not funded. It's IOUs from Joe Lieberman and Al Gore.”

Lamont's campaign could benefit from the debate-stage ascendance of Schlesinger, whose campaign seemed derailed months ago by revelations he had gambled under a fake name. But Schlesinger's appeals Wednesday were to the very voters who have helped Lieberman overcome animosity within his own party to build a lead over Lamont since the primary — Republicans, conservatives and moderates.

Schlesinger even seemed to gift-wrap a punch line for his Democratic rival at the close of the debate, asking Lamont what he would do with an employee who had failed to fix a problem after working for 18 years, the length of time Lieberman has spent in the Senate.

“Probably time to go,” Lamont dutifully responded, to laughter from the half-filled auditorium.

Outside the theater, Schlesinger was ebullient, and refused to concede that he might play the role of spoiler by siphoning conservative votes from Lieberman.

“Joe Lieberman took the votes away from me,” he said. “I'm just getting 'em back.”

A Lamont campaign volunteer stood nearby, and shouted out for quiet when a driver in a pickup truck honked his horn.

“Let Alan speak,” he said.

Poll Finds Support For Tax Increase (WP)

By Michael D. Shear

The Washington Post, October 19, 2006

A large majority of Northern Virginia residents want the state to spend more money to fix the region's roads and rails, and more than three-quarters say they wanted the opportunity to raise local taxes to do it, a new Washington Post poll shows.

Overall, the survey finds deep resentment among the region's voters toward their government in Richmond, particularly the General Assembly. Only 9 percent of likely Northern Virginia voters polled said they were "very satisfied" that the government is working for the best interests of their part of the commonwealth. Forty-eight percent of those voters said they were dissatisfied, compared with 37 percent in other parts of the state.

At the same time, those likely voters living in the Washington suburbs gave extremely high marks to Gov. Timothy M. Kaine (D), despite his having so far failed to make good on his campaign promise to help solve the region's transportation problems. Almost 80 percent of Northern Virginians approve of the job he is doing as governor, the poll found.

That result suggests that General Assembly members in Richmond are taking the brunt of the blame for the stalemate over transportation funding that consumed lawmakers for much of the year. In the poll, 55 percent of the region's likely voters blamed lawmakers, especially Republicans, for the failed special session last month. Only 11 percent blamed Kaine.

Asked for their assessment of the job General Assembly members are doing, just 42 percent of Northern Virginians gave a positive response, compared with 56 percent in other parts of the state.

The results highlight a truth about the Washington suburbs: There is desperation for a traffic fix and frustration with a state government that has not been able to deliver one.

"Every day it gets worse," said Elias Ullah, 32, an independent voter and father of two who commutes from Manassas to Alexandria. "I'd like to pay more taxes. The time you're wasting [in traffic] is more valuable than the tax money you would pay."

Northern Virginia has been struggling for years with highways that become congested daily, a Metro system that doesn't reach the largest population or work centers and aging roads and bridges that need repair. Officials and business leaders have put the price tag for fixing those problems in the tens of billions of dollars.

Four years ago, voters in Northern Virginia rejected a regional sales tax increase that would have raised $5 billion over a decade. Now, the poll suggests that people in the region might think differently if given a second chance.

Seventy-six percent of likely Northern Virginia voters said they want the opportunity to vote again on a local tax increase. And about half of those voters said they would support a general tax increase or higher fees and tolls to pay for new roads, bridges and mass transit.

"I'm not in favor of paying more taxes, but people have to be willing to raise their taxes to pay for public needs," said Karen Rosenbaum, 68, of Arlington.

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Del. Timothy D. Hugo (R-Fairfax), who voted against a package of tax increases during the special session, said Northern Virginia commuters would feel differently if they knew that Republicans in the House had pushed to use the state's surplus for transportation against the wishes of others in the legislature.

"It would have been a step in the right direction," he said of the GOP plan. "When people see there is a huge surplus, their answers will be, 'Spend that money first.' "

The statewide poll of 1,004 likely voters in November's election was conducted Oct. 10-12 and has a margin of error of plus or minus three percentage points.

Despite intense support for action in Northern Virginia, the poll suggests that people in other parts of the state feel less urgency about transportation problems.

For example, just 9 percent of the people in Lynchburg and Southside Virginia and 16 percent in Richmond said it is "extremely important" that the state spend more on roads. That compares with 40 percent of people in Northern Virginia who said the transportation needs are "extremely important."

There is a measure of hope for Northern Virginians: Two-thirds of respondents in the rest of Virginia were willing to allow regions to raise their own taxes to fund transportation.

Statewide, however, voters remain split about how to finance the needed work.

Asked how they would prefer government to pay for new transportation projects, 17 percent said higher taxes on all Virginians would be their first choice. Twenty-three percent said government should reduce spending on other services. And 32 percent said government should increase user fees, such as tolls.

Elected leaders in Northern Virginia said they are not surprised by the results, especially the expression of frustration with General Assembly members.

"They treat us like a bank," Fairfax County Board of Supervisors Chairman Gerald E. Connolly (D) said of the legislature. "If we have needs, they are transparently uncaring and unresponsive while they are taking billions of dollars in sales and income tax revenue. Our voters are smart. They get it. That's not a good deal."

Connolly and other elected officials in Northern Virginia have pushed for statewide tax increases that would boost transportation spending statewide. Those efforts have been blocked largely by Republicans in the House of Delegates, who say they oppose any general tax increase to pay for road improvements.

Del. Leo C. Wardrup Jr. (R-Virginia Beach), chairman of the House Transportation Committee, said members of the public are often willing to say they will support tax increases for roads until they are presented with a specific plan to do so.

"When people talk about, 'Yes, we're willing to see a rise in taxes,' the next question is, 'Who's it going to be on?' " he said. "I really question the veracity of these polls."

The House GOP has paid for its own polls, which it said show no appetite for tax increases in Northern Virginia or elsewhere.

Members of both parties in the General Assembly have promised to discuss transportation again when they return to Richmond in January. But most express little hope of reaching a compromise soon.

Instead, many Virginia politicians are expecting a spirited debate about who's to blame as all 140 House and Senate seats come up for election next year.

Polling director Jon Cohen and staff writer Eric M. Weiss contributed to this report.

Bloomberg's Car Is Stolen In New Jersey (NYT)

By Sewell Chan And Nate Schweber

The New York Times, October 19, 2006

A gray 2001 Lexus owned by Mayor Michael R. Bloomberg was stolen in a carjacking in Hackensack, N.J., yesterday in which two thieves assaulted a personal employee of the mayor, took the car and ditched it about seven miles away, according to the authorities.

The employee, Gradimir Bosnjak, 62, was on an errand to pick up a colleague when the assault and carjacking occurred at 8:43 a.m., the police in Hackensack said. Though the car was recovered a few hours later, the thieves — a man and a woman who the authorities said attacked Mr. Bosnjak — were not apprehended.

The mayor, whose public schedule yesterday included a morning announcement at the central branch of the Brooklyn Public Library and the Mets playoff game at Shea Stadium last night, was not involved in the carjacking.

Mr. Bosnjak, who lives in Astoria, Queens, is one of several personal employees of Mr. Bloomberg, who lives in a town house on the Upper East Side. Mr. Bloomberg, whose net worth is estimated at $5.3 billion, owns several cars, including the Lexus, according to public records. But he often takes the subway to work accompanied by his police detail.

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The crime startled residents in a neighborhood of two-family houses in the Fairmount section of northern Hackensack, in Bergen County.

Mr. Bosnjak had parked the car on Willow Avenue near Herman Street when a woman approached the driver's side. Mr. Bosnjak had already lowered the window.

"She asked for money — $5 for bus fare — and he says, 'I don't have any,' " said Capt. Frank Lomia, the commander of the detective division at the Hackensack Police Department. "He rolls up the window. The second suspect jumps into the front seat, yells at him and says, 'What did you do to her?' He punches him in the face, then the first suspect reaches into the window that's still open and starts grabbing and pulling at him."

Mr. Bosnjak fought back, but the couple managed to force him out of the mayor's car. The man climbed into the driver's seat while the woman raced around to the other side and also got in. Then they sped off, at one point making a sharp turn and running over the front lawn of a house.

Mr. Bloomberg's car was found around 11 a.m. in front of Parkway Friendly Service, an auto body shop at 30-09 Broadway, along Route 4 in Fair Lawn, about seven miles west of Hackensack. The vehicle had dirt and grass on the front bumper but was otherwise undamaged, Captain Lomia said.

Mr. Bosnjak, who was not robbed, declined medical treatment and was taken to police headquarters, where he was interviewed, Captain Lomia said.

"He seemed like a very nice gentleman," Captain Lomia said. "I would say he's a tough guy. He fought off his attackers. He was able to strike back at the male — he hit him back in the face a couple of times and was able to hit him in the ribs. He fought them off bravely — not something I would recommend to people."

While at the station, Mr. Bosnjak received a telephone call from Mayor Bloomberg, who asked what had happened and expressed concern, according to the mayor's press secretary, Stu Loeser.

"The mayor appreciates the Hackensack Police Department's hard work and hopes that those who committed this crime are swiftly brought to justice," Mr. Loeser said.

The car was examined by investigators from the Bergen County sheriff's office, then released to Mr. Bosnjak, who had a second set of keys with him. Mr. Bosnjak left the police station around 4 p.m.

Police said the two carjackers were both in their mid-20's. The woman was described as being 5 feet 7 inches tall, with light brown skin, a thin build and a nose ring and wearing a light blue jacket. The man was described as being 5 feet 8 inches tall, with dark skin and a thin build and wearing a black cap.

"They got the vehicle and they did go somewhere," Captain Lomia said. "Was that their whole motivation? It sure looks that way."

Chad Clark, 20, who lives in Hackensack, said he was walking by at 8:45 a.m. and saw the police talking with the victim, who was dressed in a tan suit, a white shirt and a tie. "He had a black eye and there was blood on the side of his face," Mr. Clark said. "He looked pretty bad."

Mr. Clark said while he was taking his younger sister to a neighbor's house for a ride to school, he had seen a woman and a man three times, walking up and down Main and Herman Streets. They were looking at houses and appeared confused.

"They looked like they were lost," Mr. Clark said.

The mayor entered his town house in Manhattan around 6 p.m. and left a short while later. He did not answer questions from a reporter. Two women who left the house said they could not comment.

Around 6:30, Mr. Bosnjak returned to his apartment in Queens and declined to answer questions from reporters, saying he was too tired.

Former Mayor Edward I. Koch said yesterday that around 2000, his personal car was stolen while it was parked outside the Queens home of his driver, a retired police officer. "We never recovered it," Mr. Koch said. "Now there's an additional bond between the mayor and myself."

Run, Barack, Run (NYT)

By David Brooks

The New York Times, October 19, 2006

Springfield, Illinois

Barack Obama should run for president.

He should run first for the good of his party. It would demoralize the Democrats to go through a long primary season with the most exciting figure in the party looming off in the distance like some unapproachable dream. The next Democratic nominee should either be Barack Obama or should have the stature that would come from defeating Barack Obama.

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Second, he should run because of his age. Obama's inexperience is his most obvious shortcoming. Over the next four years, the world could face a genocidal civil war in Iraq, a wave of nuclear proliferation, more Islamic extremism and a demagogues' revolt against globalization. Do we really want a forty-something in the White House?

And yet in his new book, "The Audacity of Hope," Obama makes a strong counterargument. He notes that it's time to move beyond the political style of the baby boom generation. This is a style, he said in an interview late Tuesday, that is highly moralistic and personal, dividing people between who is good and who is bad.

Obama himself has a mentality formed by globalization, not the S.D.S. With his multiethnic family and his globe-spanning childhood, there is a little piece of everything in Obama. He is perpetually engaged in an internal discussion between different pieces of his hybrid self — Kenya with Harvard, Kansas with the South Side of Chicago — and he takes that conversation outward into the world.

"Politics, like science, depends on our ability to persuade each other of common aims based on a common reality," he writes in his book. He distrusts righteous anger and zeal. He does not demonize his opponents and tells audiences that he does not think George Bush is a bad man.

He has a compulsive tendency to see both sides of any issue. Joe Klein of Time counted 50 instances of extremely judicious on-the-one-hand-on the-other-hand formulations in the book. He seems like the guy who spends his first 15 minutes at a restaurant debating the relative merits of fish versus meat.

And yet this style is surely the antidote to the politics of the past several years. It is surely true that a president who brings a deliberative style to the White House will multiply his knowledge, not divide it.

During our talk, I reminded Obama that at some level politics is about power, not conversation. He pointed out that he'd risen from nothing to national prominence in a few years so he knew something about acquiring power, but he kept returning to his mode, which is conversation, deliberation and reconciliation.

The third reason Obama should run for president is his worldview. At least in the way he conceptualizes the world, he is not an orthodox liberal. In the book, he harks back to a Hamiltonian tradition that calls not for big government, but for limited yet energetic government to enhance social mobility. The contemporary guru he cites most is Warren Buffett.

He has interesting things to say about the way culture and economics intertwine to create urban poverty. He, conceptually, welcomes free trade and thinks the U.S. may have no choice but to improvise and slog it out in Iraq.

The chief problem in his book is that after launching off on some interesting description of a problem, he will settle back, when it comes time to make a policy suggestion, into a familiar and small-bore Democratic proposal. I'd give him an A for conception but a B-minus for policy creativity.

Obama, who is nothing if not honest about himself, is aware of the problem, and has various explanations for it. And what matters at this point is not his platform, but the play of his mind. He is one of those progressives, like Gordon Brown in Britain, who is thinking about the challenges of globalization outside the normal clichés.

Coming from my own perspective, I should note that I disagree with many of Obama's notions and could well end up agreeing more with one of his opponents. But anyone who's observed him closely can see that Obama is a new kind of politician. As Klein once observed, he's that rarest of creatures: a megahyped phenomenon that lives up to the hype.

It may not be personally convenient for him, but the times will never again so completely require the gifts that he possesses. Whether you're liberal or conservative, you should hope Barack Obama runs for president.

The G.O.P.'s Bad Bet (NYT)

By Charles Murray

The New York Times, October 19, 2006

Las Vegas

LAST week President Bush signed a law that will try to impede online gambling by prohibiting American banks from transferring money to gambling sites. Most Americans probably didn't notice or care, but it may do significant political damage to the Republicans this fall and long-term damage to Americans' respect for the law.

So, a month before a major election, the Republicans have allied themselves with a scattering of voters who are upset by online gambling and have outraged the millions who love it. Furthermore, judging from many hours of online chat with Internet poker players, I am willing to bet (if you'll pardon the expression) that the outraged millions are disproportionately electricians, insurance agents, police officers, mid-level managers, truck drivers, small-business owners — that is, disproportionately Republicans and Reagan Democrats.

In the short term, this law all by itself could add a few more Democratic Congressional seats in the fall elections. We are talking about a lot of people (an estimated 23 million Americans gamble online) who are angry enough to vote on the basis of this one issue, and they blame Republicans.

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In the long term, something more ominous is at work. If a free society is to work, the vast majority of citizens must reflexively obey the law not because they fear punishment, but because they accept that the rule of law makes society possible. That reflexive law-abidingness is reinforced when the laws are limited to core objectives that enjoy consensus support, even though people may disagree on means.

Thus society is weakened every time a law is passed that large numbers of reasonable, responsible citizens think is stupid. Such laws invite good citizens to choose knowingly to break the law, confident that they are doing nothing morally wrong.

The reaction to Prohibition, the 20th century's stupidest law, is the archetypal case. But the radical expansion of government throughout the last century has created many more.

For example, all employers are confronted with rules and regulations from Occupational Safety and Health Administration and the Equal Employment Opportunity Commission that they regard with contempt — not because they cut into profits, but because they are, simply, stupid. They impede employers yet provide no collateral social benefit. And so employers treat the stupid regulations as obstructions to be fudged or ignored. When they have to comply, they do not see compliance as the right thing to do, but as placating an agency that will hurt them otherwise.

The same thing applies to lesser degrees to all of us who find ourselves doing things that we know are pointless (think of various aspects of tax law) only because we fear attracting a bureaucracy's attention. For millions of Americans, our day-to-day relationship with government is increasingly like paying protection to the Mafia — keeping it off our backs while we get on with our lives.

The temptation for good citizens to ignore a stupid law is encouraged when it is unenforceable. In this, the attempt to ban Internet gambling is exemplary. One of the four sites where I play poker has blocked United States customers because of the law, but the other three are functioning as usual and are confident that they can continue to do so. They are not in America, and it is absurdly easy to devise ways of transferring money from American bank accounts to institutions abroad and thence to gambling sites.

And so the federal government once again has acted in a way that will fail to achieve its objective while alienating large numbers of citizens who see themselves as having done nothing wrong. The libertarian part of me is heartened by this, hoping that a new political coalition will start to return government to its proper functions. But the civic-minded part of me is apprehensive. Reflexive loyalty to the rule of law is an indispensable cultural asset. The more honest citizens who take for granted that they are breaking the law, the more their loyalty to the law, and to the government that creates it, is eroded.

Common Sense-Impaired (WSJ)

The Wall Street Journal, October 19, 2006

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Common Sense-Impaired

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The 1990 Americans with Disabilities Act reflected a generous national impulse to provide the most opportunity to all Americans. But the law has also sometimes led to overzealous interpretations and court suits that can defy common sense -- and endanger the broader public.

A case in point is last week's ruling by the Ninth Circuit Court of Appeals that United Parcel Service has violated federal law by banning drivers who are deaf. While acknowledging that federal law requires drivers of trucks heavier than 10,000 pounds to be able to hear, a three-judge panel of the oft-overruled court ruled that UPS was obliged to prove that allowing the deaf to drive one of its ubiquitous brown vehicles would be unsafe.

Part of the problem here appears to be the federal Equal Employment Opportunity Commission. The EEOC filed a brief in the case arguing that, because UPS already hires drivers with risk factors such as previous accidents, it would be discriminatory for it not to accept other risks too. Previously, the EEOC sued UPS unsuccessfully to force it to hire drivers who can see out of only one eye. And a few weeks ago the EEOC sued ExxonMobil, alleging discrimination because the oil giant won't allow pilots over the age of 60 to fly its jets -- despite a federal law prohibiting pilots over 60 from flying commercial passenger planes.

Certainly, deaf Americans can now do many jobs that were unfairly denied them in an earlier era. But professional driving remains the kind of work that also involves public safety. UPS drivers have to keep to a tight schedule, often amid crowded urban traffic where the ability to hear is needed to prevent accidents to other cars and pedestrians. A company such as UPS is obliged

to take such precautions if only to protect itself against liability. The Ninth Circuit has once again let its egalitarian impulses trump the larger public good.

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Bush: U.S. Will Stop N. Korea Nuke Moves (AP)

AP, October 19, 2006

President Bush said Wednesday the United States would stop North Korea from transferring nuclear weapons to Iran or al-Qaida and that the communist regime would then face "a grave consequence."

Bush refused to spell out how the United States would retaliate. "They'd be held to account," the president said in an ABC News interview.

In light of North Korea's Oct. 9 test detonation of a nuclear bomb, Bush warned that any transfer of nuclear material elsewhere in the world by the North would be considered a grave threat to the security of the United States. He previously used "grave threat" in relation to Iraq's Saddam Hussein, whose government was toppled in the U.S.-led war in 2003.

"If we get intelligence that they're about to transfer a nuclear weapon, we would stop the transfer, and we would deal with the ships that were taking the — or the airplane that was dealing with taking the material to somebody," the president said.

Asked how he would retaliate, Bush would not be specific, "You know, I'd just say it's a grave consequence."

"The leader of North Korea to understand that he'll be held to account. Just like he's being held to account now for having run a test," Bush said.

The United States repeatedly has said it does not intend to attack the North. But the Bush administration also has refused to take any military option completely off the table.

Shifting to Iraq, Bush said intensifying violence now might be compared with the Tet offensive in Vietnam beginning in 1968. The Viet Cong and North Vietnamese armies undertook a series of attacks that shook America's confidence about winning the war and eroded political support for President Johnson.

"There's certainly a stepped up level of violence, and we're heading into an election," Bush said. But he added, "My gut tells me that they have all along been trying to inflict enough damage that we'd leave. And the leaders of al-Qaida have made that very clear."

Bush said al-Qaida was very active in Iraq. "They are dangerous. They are lethal. They are trying to not only kill American troops, but they're trying to foment sectarian violence.

"They believe that if they can create enough chaos, the American people will grow sick and tired of the Iraqi effort and will cause government to withdraw," he said.

The military said Wednesday that 11 U.S. troops died in combat amid a security crackdown in Baghdad, putting October on track to be the deadliest month for American forces since the siege of Fallujah nearly two years ago.

Bush said the news of casualties "breaks my heart" but said it is surrender "if you pull the troops out before the job is done."

Rice Seeks To Calm Asia Amid Fear Of A Second Test By North Korea (WSJ)

By Evan Ramstad, Neil King Jr. And Gordon Fairclough

The Wall Street Journal, October 19, 2006

As reports circulated that North Korea could be preparing to conduct a second nuclear test, Secretary of State Condoleezza Rice sought to ease jitters in Japan following the first explosion.

But a second test, while certain to provoke widespread condemnation, could provide useful insight into North Korea's technical capability and its intentions, scientists and military analysts said.

Visiting Tokyo at the start of a five-day visit to Asia and Russia, Ms. Rice promised that the U.S. would use the "full range" of its powers to defend Japan.

In addition to encouraging strict enforcement of sanctions against Pyongyang, Ms. Rice is urging countries in the region not to react to the test by pursuing development of their own nuclear weapons. Japanese Foreign Minister Taro Aso said after meeting with Ms. Rice that the government "is absolutely not considering a need to be armed by nuclear weapons."

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The Oct. 9 blast was relatively small for an atomic test, leading analysts to conclude that it was either a larger weapon that failed or a small device. The explosion was smaller than the first tests by the seven countries that acknowledge having nuclear weapons -- though a smaller bomb could still be lethal in explosive power and radioactive fallout.

Pyongyang called the test a success, but has withheld any data on the explosion or pictures of the device.

U.S. officials said they doubt that the nuclear device was deliberately small, chiefly because a small explosive is technically more difficult to build.

U.S. intelligence officials have assumed for some time that North Korea probably had one or more nuclear devices. But they have doubts that North Korea is close to mastering the technology needed to build a bomb compact enough to be put inside a long-range missile.

With so little known about the device, it is also possible the country created the equivalent of a so-called dirty bomb, a conventional explosive combined with radioactive material.

U.S. officials said satellite pictures showed activity in North Korea suggesting another test could be in the works. To develop a nuclear arsenal, analysts say, the country would likely conduct many tests and try to make them bigger. "Given the small yield of the first test, the scientific tendency will be to increase the size of the yield in a second test, if it were to happen," said Han Yong Sup, a professor at Korea National Defense University in Seoul.

Jon Wolfsthal, a fellow at the Center for Strategic and International Studies in Washington, said people shouldn't believe a second test signals that the first one was a failure. "They wouldn't want to test a weapon they don't have a lot of confidence in," said Mr. Wolfsthal, especially given the country's limited supply of weapons-grade plutonium. "The North Koreans are clearly in the nuclear business for the long haul," he said.

The Institute for Science and International Security, a Washington arms-control think tank, estimates that North Korea has managed to obtain between 20 kilograms (44 pounds) and 53 kilograms of weapons-grade plutonium. That could be enough to manufacture four to 13 warheads, depending on their size and sophistication.

Japan Tells Rice It Will Not Seek Nuclear Weapons (NYT)

By Thom Shanker And Norimitsu Onishi

The New York Times, October 19, 2006

TOKYO, Oct. 18 — The government of Japan assured Secretary of State Condoleezza Rice today that it has no intention of pursuing a nuclear weapons program, despite North Korea's detonation of a nuclear device.

"The government of Japan has no position at all to consider going nuclear," said Taro Aso, Japan's foreign minister. "There is no need to arm ourselves with nuclear weapons, either."

His statement came during a joint news conference in which Ms. Rice vowed that the full range of American military commitments to Japan remained undiminished.

"The United States has the will and the capability to meet the full range — and I underscore full range — of its deterrent and security commitments to Japan," Ms. Rice said.

North Korea's nuclear test set off political tremors throughout the region and raised fears that several of the advanced economic and technological powers might seek their own nuclear deterrent, setting off a new Asian arms race.

Japan is certainly a nation with the nuclear know-how to move rapidly, if it chose, toward creating a nuclear arsenal.

Hawks in the Japanese political establishment have said the nation should engage in a debate over going nuclear, but have stopped short of calling for Japan to embark on a nuclear program. But given the legacy of World War II and constitutional restrictions that limit Japan's military to a defense force, even the idea of a debate over a nuclear arsenal is a significant change.

Earlier today, in fact, Mr. Aso told a committee in Parliament that it was "important" to discuss whether Japan should acquire nuclear arms, while stressing that it had no immediate plans to do so. Mr. Aso criticized the long-held taboo in Japan, the only country to have suffered from atomic bombs, against considering acquiring nuclear arms even "at a time when a country next to us comes to have them."

"We can't consider, we can't talk, we can't do anything and we can't exchange opinions — that's one way of thinking," Mr. Aso said. "I believe it is important to have various discussions on it as another way of thinking."

"The reality is that it is only Japan that has not discussed possessing nuclear weapons, and all other countries have been discussing it," he added.

Mr. Aso became the second high-ranking politician close to Prime Minister Shinzo Abe to voice the need for a frank discussion on nuclear arms. On Sunday, Shoichi Nakagawa, the policy chief and one of the top four officials of the governing Liberal Democratic Party, made similar remarks on a television program.

The remarks, albeit followed by quick denials of any intention of acquiring nuclear arms, represent the first time that such prominent politicians have spoken so publicly about the need to open the debate over the issue. They are likely to fuel the fear in

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Asia of a remilitarized Japan, as well as worries among policy-makers in the United States that the North's nuclear test will trigger a nuclear arms race in this region.

In recent years, under former Prime Minister Junichiro Koizumi, Japan shed several other longtime taboos by deploying troops to Iraq and participating in the U.S.-led missile defense shield.

Upon becoming prime minister last month, Mr. Abe said that his priorities would be to revise the U.S.-imposed pacifist Constitution and eliminate a longtime ban on engaging in collective self-defense.

Within the terms Secretary Rice chose in offering assurance to Japan — that American military power remains committed to treaty obligations to defend Japan and deter other nations from attacking — was the strong signal that Japan has no need to build its own nuclear arsenal.

There was also a message meant for the North Korean leadership to hear, a repetition of Mr. Bush's signals last week that the American military is poised to respond to any attack on its ally.

Senior advisers to the secretary of state have said that while Japan is a stable democracy and a trusted ally, any sign encouraging Japan to go nuclear would have dangerous implications. State Department officials express concerns that no nation could manage the regional turmoil if numerous Asian states, many with simmering historic hostilities, joined the nuclear club.

In particular, officials fear that any Japanese declaration of a decision to start a nuclear weapons program would prompt another American ally in the region, South Korea, to do the same, and might inspire Taiwan to follow — all actions that would greatly anger China.

Secretary Rice travels on this week to Seoul, South Korea, Beijing and Moscow in an effort to rally North Korea's neighbors to add muscle to enforcing a Security Council resolution on sanctions that some regional powers already have interpreted to suit their national interests.

In many ways, her first stop, here in Tokyo, is the easiest, as Japan and the United States have the most unified public view on efforts to limit, and eventually end, North Korea's nuclear program.

Japan Has No Plans For Nukes; Watch On N. Korea Continues (MCT)

By Warren P. Strobel And Emi Doi

McClatchy Newspapers, October 19, 2006

TOKYO - Japan told visiting Secretary of State Condoleezza Rice on Wednesday that it has no plans to develop its own nuclear weapons, as Asian countries watched North Korea for signs it is planning further nuclear tests.

Rice arrived in Tokyo, the first stop of a four-nation tour, to reaffirm in person the United States' long-standing commitment to Japan's defense and snuff out any trend toward a regional arms race.

In the aftermath of North Korea's Oct. 9 nuclear test, some Japanese politicians have openly asked whether the country should take another look at its own prohibition against nuclear weapons.

But Japanese Foreign Minister Taro Aso said after talks with Rice: "As far as Japan is concerned, we, the government of Japan, have no position at all to consider going nuclear."

Rice, at a brief press conference with Aso, issued a stern warning to North Korea that the United States would come to Japan's defense if necessary.

"The United States has the will and capability to meet the full range - and I underscore, full range - of its deterrent and security commitments to Japan," Rice said.

She was to meet Thursday with new Prime Minister Shinzo Abe for talks that include how to enforce U.N. sanctions that allow for inspection of North Korean cargo.

Japan sees itself as a potential North Korean target and has announced its own unilateral sanctions, including a ban on ship visits and trade imports.

Still, Aso emphasized diplomacy, saying, "We intend to keep the door open to dialogue at all times."

Rice agreed, saying the United States did not want to escalate the crisis.

News reports this week have said that U.S. intelligence agencies have detected additional activity around North Korea's underground nuclear test site, although it is not known whether a second test is imminent.

The United States is committed to Japan's defense under a 1960 mutual security treaty.

Discussion of nuclear weapons is a sensitive topic in Japan, the only nation to have suffered a nuclear attack. Still, Japan has an extensive supply of plutonium for its civilian nuclear power industry, and experts believed it could develop nuclear arms in years, if not months, if it chose to.

On Sunday, the policy chief of Japan's Liberal Democratic Party, Shoichi Nakagawa, said in a televised interview that Japan's constitution does not rule out the option of possessing nuclear arms.

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"There could be an argument that possession of nuclear weapons diminished the likelihood of being attacked as we could fight back in such an event," Nakagawa said. "There can be discussions, of course."

While Nagakawa later softened his remarks, they provoked an immediate backlash.

Tetsuo Saito, of the New Komei Party, LDP's coalition partner, said: "We will never possess nuclear arms. We should not even discuss the matter as it causes concerns to the world."

On the U.N. sanctions, Rice assured the Japanese that they are not meant to be "a blockade or a quarantine" on North Korea.

Japanese officials and aides to Rice were discussing procedures for inspecting North Korean ships carrying suspicious cargo.

Yomiuri Shimbun, a leading Tokyo daily, reported Wednesday that Japan would tell Rice that its Maritime Self-Defense Forces will cooperate in ship inspections.

Japan, Acting To Calm U.S. Worries, Rules Out Building Nuclear Arms (WP)

By Glenn Kessler

The Washington Post, October 19, 2006

TOKYO, Oct. 18 -- Japan "is absolutely not considering" building a nuclear arsenal in response to the North Korean nuclear test, Japanese Foreign Minister Taro Aso said Wednesday, moments after Secretary of State Condoleezza Rice reiterated that Japan was protected by the American nuclear umbrella.

Rice arrived here Wednesday on the first stop of a tour through northeast Asia and Russia. Her trip is aimed at allaying concerns and coordinating strategy against the Pyongyang government in the wake of the test.

The question of whether Japan would go nuclear has stoked worries within the U.S. government and increased tensions in the region. Earlier in the day, Aso told a parliamentary committee that while Japan's nonnuclear principles remain unchanged, "it's important to have discussions on the matter."

The ruling party's policy director on Sunday also urged a debate on whether Japan should consider developing its own nuclear deterrent. Japan is the world's only victim of a nuclear attack, and it has consistently refused to allow the United States to store nuclear weapons on its territory. But experts say Japan has a large supply of plutonium from its civilian nuclear power program, giving it access to the material necessary to quickly make the switch to a strategic nuclear program.

In response to a question at a news conference with Rice, Aso said: "There is no need to arm ourselves with nuclear weapons. For Japan's own defense . . . we have the commitment, and that commitment has been reconfirmed by Secretary Rice."

"Japan has answered this question," Rice said. "The role of the United States is to make sure that everybody, including the North Koreans, know very well that the United States will fully recognize and act upon its obligations under the mutual defense treaty" with Japan.

Japanese Prime Minister Shinzo Abe, who is to meet with Rice on Thursday, also reiterated Wednesday that his government would not discuss building a nuclear bomb. "That debate is finished," Abe testily told reporters.

Speaking to reporters as she flew to Asia, Rice acknowledged that a nuclear arms race was a concern, which is one reason she planned to use the trip to assure Japan and South Korea that they remain under U.S. protection. "I think through doing that we can mitigate some of the potential for a truly destabilizing set of events to take place in the region in response to the North Korean test," she said.

During a speech in Shanghai in 2004, Vice President Cheney warned that, if faced with a reality that North Korea has a stockpile of nuclear weapons, other nations in the region "may conclude their only option is to develop their own capabilities, and then we have a nuclear arms race unleashed in Asia."

South Korea and Taiwan are also considered potential candidates to begin nuclear weapons development.

Nuclear Arms Spread 'hard To Stop' (FT)

By Demetri Sevastopulo And David Pilling

Financial Times, October 19, 2006

Donald Rumsfeld, US defence secretary, on Wednesday said it was "practically impossible" to prevent countries from proliferating nuclear weapons if they had that aim.

"This is one of the hardest things we do...There's so much moving around the world by land, sea and air that is is practically impossible, not impossible, but certainly it would take a lot of countries co-operating with a high degree of cohesion," Mr Rumsfeld told a military audience in Alabama.

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"The only thing that would do it [prevent proliferation] will be a high degree of cohesiveness and co-operation on the part of the international community," Mr Rumsfeld added. "And that has been something that has been lacking."

His comments come as Condoleezza Rice, US secretary of state, began a round of shuttle diplomacy in north-east Asia in an effort to co-ordinate effective implementation of United Nations sanctions against North Korea, which include efforts to prevent the communist state from proliferating nuclear weapons.

Ms Rice, who will meet Shinzo Abe, Japan's prime minister, on Thursday, is due to fly on to Seoul where she and Taro Aso, Japan's foreign minister. They will be joined by Ban Ki-moon, South Korea's foreign minister and the next UN secretary-general.

In Tokyo on Wednesday, Ms Rice met Mr Aso to try to find ways in which Japan could help enforce sanctions on Pyongyang without transgressing its pacifist constitution.

Japan has opened discussions on offering logistical support, such as fuelling, to US ships sent to inspect vessels coming in and out of North Korean ports.

Mr Abe's government already operates a similar service for American ships in the Indian Ocean under a special law that has just come up for annual revision. But providing logistical support in inspection operations could drag Japanese ships into conflict if North Korean ships resisted, military analysts said.

Hiroshi Suzuki, deputy cabinet secretary, said some cabinet ministers had raised the possibility of Japanese ships being able to fire back in self-defence. The government wanted to ensure that rules of engagement were clear and that personnel on the scene would not be left in an ambiguous position.

Speaking before Ms Rice's arrival, Thomas Schieffer, US ambassador to Tokyo, said: "We recognise that Japan has specific considerations because of constitutional issues. It is not as easy for them to participate in a sanction regime as it is for others." But he said Washington remained confident Japan could help in a "meaningful way".

Mr Suzuki said Tokyo wanted to discuss other issues with Washington, including the efficacy of its nuclear umbrella, which took on added importance in view of the North Korean threat. Japan, he said, maintained "solid adherence" to its three non-nuclear principles – not to possess, develop or trade nuclear weapons.

On Wednesday Mr Aso told parliament Japan had every right to discuss the desirability of possessing nuclear weapons, even though he was against any change. His remarks prompted Mr Abe to say the nuclear debate was "finished".

Pyongyang's Nukes: How Dangerous Are They? (CSM)

By Peter Grier

The Christian Science Monitor, October 19, 2006

WASHINGTON

In July 1955, researchers from North Korea's Academy of Sciences traveled to Moscow to attend a conference on nuclear energy. Shortly thereafter, the Kim Il Sung regime began sending specialists to a new institute in Dubna, a city devoted to Soviet nuclear physics. Their mission: learn the basics of splitting the atom.

From that seed, a bomb may have grown. On Oct. 9 - more than a half century after that first delegation left Pyongyang - North Korea conducted a nuclear test in the northeastern region of Kilju.

The test was small, and possibly a failure. But US experts say that given the length of time the North Koreans have been at work, and the apparent importance of nuclear weapons to the country's leadership, they may now continue to test until they get it right.

They might not have labored five decades just to produce a scientific demonstration. At this point, they could be perfecting something else: a deliverable nuclear arsenal.

"My own view is that they are building a smaller weapon in line with a device that could fit on a ballistic missile," says David Albright, a physicist and president of the Institute for Science and International Security (ISIS) in Washington. Possibility of a second test

At the time of writing, North Korea had not conducted a second nuclear explosion. But US satellite imagery reportedly has revealed increased activity around several possible test sites.

"We're concerned about further action by the North Koreans, but further action by the North Koreans will only deepen its isolation, which is pretty deep right now," said Secretary of State Condoleezza Rice on Wednesday in Tokyo.

North Korean officials, for their part, did not rule out a second test. In a rare interview with a Western news organization, Ri Gun, director-general of the Foreign Ministry's American affairs bureau, told ABC News that another test would be "natural."

That is just what worries nuclear experts in the United States.

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According to a statement issued by the office of John Negroponte, US director of national intelligence, the explosive yield of the Oct. 9 test was "less than a kiloton." It is possible that this relatively low yield was intentional, the result of a proof-of-principle design using minimal fissile material. But it is much more likely to indicate a test fizzle, say experts.

"They will want to test until they get it right," said Michael Swaine, a senior associate in the China program at the Carnegie Endowment for International Peace in Washington, at an Oct. 12 seminar on the North Korean situation.

Such misfires aren't necessarily symbols of incompetence. Almost all declared nuclear powers have had them. In October 1951, a US bomb test named Buster Able failed not once, but twice. The Soviets had a misfire in 1954. In May 1957, Britain's first attempt at exploding a hydrogen bomb produced only a quarter of the expected yield.

In the case of North Korea, whatever went wrong, it probably was not due to haste. Satellite photos of the suspected test site released Oct. 13 by the Natural Resources Defense Council (NRDC) show that neither buildings nor roads changed much from late 2005 to October 2006.

"The North Koreans probably did not rush the test," wrote physicist Matthew McKinzie, an NRDC consultant, in an analysis of the photos.

Indeed, the photos show that excavation activity for the test may have been carried out in February 2005.

Instead, the misfire may indicate that the device was a somewhat sophisticated plutonium-fueled bomb, according to the NRDC.

Via atmospheric sampling, US intelligence has determined that plutonium was used in the North Korean test, according to news reports. For such a weapon to explode efficiently, the plutonium core must be "squeezed" by conventional explosives in a highly precise manner.

"It is possible that the detonators igniting the high explosive that compresses the plutonium did not fire simultaneously and thus only produced a partial yield," concludes the NRDC analysis. Why alarm rose in the 1980s

Though North Korea's interest in nuclear science was well known in the West, it was not until the mid-1980s that US intelligence began to become alarmed about Pyongyang's intentions.

Until 1984, North Korea was not viewed as a serious nuclear proliferation threat. The Central Intelligence Agency had thought the country's nuclear program to be rudimentary, and not capable of producing the fissile material needed for weapons, according to "Spying on the Bomb," a recent book about US nuclear intelligence by Jeffrey Richelson.

But in 1986, a top-secret CIA reassessment titled "North Korea: Potential for Nuclear Weapons Development," drawing on unspecified new information, held that Pyongyang might indeed be capable of a making a bomb. The CIA speculated that North Korea's motives might be forcing political concessions from South Korea, hedging against other Asian powers going nuclear, or deterring a US nuclear response in case of hostilities on the Korean peninsula, according to Mr. Richelson, a senior fellow with the National Security Archive.

US concerns then began to mount by the year. In 1987, North Korea received from a West German company a small annealing furnace capable of helping to produce centrifuge rotors for uranium enrichment. An inquiry by German intelligence concluded in 1990 that North Korea had possibly obtained crucial information on uranium melting from Pakistan in the late 1980s.

Media reports indicate that North Korea allegedly did business with the notorious Pakistani proliferator A.Q. Khan throughout this period. Dr. Khan might have provided everything from rotor designs to a Chinese design for a basic atomic device, according to a Congressional Research Service study on North Korea's nuclear trade.

When North Korea withdrew from the Non-Proliferation Treaty in 2003, it apparently moved quickly to process weapons-grade plutonium from power reactors that had been subject to international inspections. It is that fuel that probably powered this month's test.

Further tests might increase North Korea's confidence in its weapons design. Pyongyang might also decide that another explosion would increase the deterrent value of its arsenal.

However, more tests might also shrink North Korea's small plutonium stockpile. That makes it all the more likely that North Korea's scientists are perfecting a deliverable weapons, says Mr. Albright of ISIS.

"If you have a chance to test, you want to test something more in line with what you want to deploy," he says.

With Cash, Defectors Find North Korea's Cracks (NYT)

By Norimitsu Onishi

The New York Times, October 19, 2006

BANGKOK — Last March, Lee Chun-hak, a 19-year-old North Korean, went to the Chinese border to meet with a North Korean money trafficker. Using the trafficker's Chinese cellphone, Mr. Lee talked to his mother, who had defected to South Korea in 2003. She told him she was going to get him out.

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Mr. Lee missed his mother and his sister and brother, and he had a persistent, if half-formed, desire. “I wanted to go to a country that is more developed,” he said, “even more developed than South Korea.”

In June, a young North Korean man appeared suddenly at his home with a message: “Mother is looking for you.” The man then took him by bicycle and foot to the border and handed him over to a North Korean soldier. At the soldier’s direction, Mr. Lee was ordered to leave his identification card and his Kim Il-sung badge, which is worn by all North Koreans to honor the nation’s founder.

The soldier then escorted Mr. Lee across the Tumen River, where on the other side two Chinese men in plainclothes handed the soldier his bribe. Mr. Lee was free to go.

The increasing ease with which people are able to buy their way out of North Korea suggests that, beneath the images of goose-stepping soldiers in Pyongyang, the capital, the government’s still considerable ability to control its citizens is diminishing, according to North Korean defectors, brokers, South Korean Christian missionaries and other experts on the subject. Defectors with relatives outside the country are tapping into a sophisticated, underground network of human smugglers operating inside North and South Korea, China and Southeast Asia.

Learning anything about such a secretive and unpredictable country as North Korea, which isolated itself further by carrying out a nuclear test on Oct. 9, is difficult. Scraps of information provided by defectors often prove unreliable, influenced as they can be by the organizations that shelter and support them while also championing political or religious causes.

But snapshots of life inside the North, and a picture of this smuggling network, emerged from interviews with 20 North Koreans in Bangkok, as well as with brokers, Christian missionaries, government officials and people working in private organizations, in both Thailand and South Korea. The North Koreans in Bangkok were interviewed independently and had all recently arrived in Thailand.

Pieced together, the accounts provide glimpses of a government that, while still a repressive police state, is progressively losing the paramount role it used to enjoy in society, before it found itself incapable of feeding its own people in the famine of the 1990’s. The power of ideology appears to be waning in this nation of about 22.7 million as people have been left to scrounge for themselves, and as information has begun to seep in from the outside world.

The effects of money and corruption appear to have grown sharply in recent years, as market liberalization has allowed ordinary people to run small businesses and has enabled people with connections to prosper in the booming trade with China.

In a country whose borders were sealed until a decade ago, defectors once risked not only their own lives but those of the family members they left behind, who were often thrown into harsh prison camps as retribution. Today, state security is no longer the main obstacle to fleeing, according to defectors, North Korean brokers, South Korean Christian missionaries and other experts. Now, it is cash.

“Money now trumps ideology for an increasing number of North Koreans, and that has allowed this underground railroad to flourish,” said Peter M. Beck, the Northeast Asia project director in Seoul, South Korea, of the International Crisis Group, which has extensively researched the subject in several Asian countries and is publishing a report. “The biggest barrier to leaving North Korea is just money. If you have enough money, you can get out quite easily. It speaks to the marketization of North Korea, especially since economic reforms were implemented in 2002. Anything can be bought in the North now.”

“The state’s control is weakening at the periphery,” Mr. Beck said, explaining that most refugees came out of the North’s rural areas but few from around Pyongyang, where the state’s grip remained strong.

During the North’s great famine in the mid- to late 1990’s, a tide of 100,000 to 300,000 North Koreans is believed to have simply washed into China, and tens of thousands are still believed to be living there illegally, according to human rights organizations. These days, the number of refugees is believed to be much smaller, though there are few reliable figures.

According to the South Korean government, of the 8,740 North Koreans who are known to have fled to the South since the end of the Korean War in 1953, nearly 7,000 arrived in the last four years alone.

But the cost of getting out is significant, according to experts, defectors, brokers and missionaries. There are bribes for the soldiers stationed at the heavily guarded border, a regular cut to their supervisors, money handed to a chain of officials. And that is just on the North Korean side.

At the high end, $10,400 will buy a package deal to get someone out of North Korea and, armed with a fake South Korean passport, on a plane or boat to South Korea within days, according to brokers and a 40-year-old North Korean woman now in South Korea who recently extracted her 14-year-old son. But most North Koreans in South Korea pay on average about $3,000 to get relatives out through China and then Southeast Asia or Mongolia.

Some exits are short-term. One 37-year-old North Korean in Seoul, an employee at a large auto parts maker, said he went to China in April to meet a friend, a journalist in North Korea whom he had not seen in 10 years. For a few hundred dollars, smugglers took the journalist to Yanji, a bustling Chinese town on the border with North Korea, where the two spent the weekend drinking and catching up, the man said in an interview in Seoul.

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Like many interviewed for this article, he asked that his name be withheld, for fear of reprisals against friends and relatives still in North Korea. He carried stacks of a South Korean newspaper, The Chosun Ilbo, for the journalist, who had no interest in reading the political stories. Instead, he devoured the business pages, though he puzzled over words like "online," and marveled at how far the South had outpaced the North economically.

At the end of the weekend, the defector returned to Seoul and his journalist friend to North Korea.

"Doing this would have been unimaginable a few years ago," he said. "This kind of corruption didn't exist back then. Now, everything revolves around money."

Escaping a Shaky Economy

After the end of the cold war, North Korea's economy collapsed and its leaders adopted a strategy of trying to secure its energy and other essentials by threatening to become a nuclear power. They have adhered to this strategy even as they put into effect economic reforms in 2002, adopting market prices, allowing citizens to run small businesses and joining with South Korea in economic projects.

Though still shaky, the North's economy has improved thanks to trade with China and South Korea. It grew by 2.2 percent in 2004, the sixth consecutive year of expansion, according to the Bank of Korea, South Korea's central bank. Defectors and brokers said North Koreans were fleeing their country to rejoin relatives in the South or to look for economic opportunities — not because they were starving, as they were in the 1990's. The threat of political persecution remains, of course.

In Seoul, Do Sung-hak, 39, a North Korean who came to the South in 2002, said his older brother was sent to prison three years ago after someone reported the brother's private comments that North Korea was not opening its economy fast enough.

A few months after his release early this year, the brother fled the North with Mr. Do's help. He is now in Thailand.

Mr. Do, who works as a security guard, said he had arranged to get about 20 people out of the North, using ethnic Korean-Chinese contacts he had made while living for six years in northeast China.

After receiving a request, Mr. Do said he would call a Korean-Chinese intermediary, who would then call a North Korean with a Chinese cellphone that works inside North Korea near the border. The North Korean or a partner would then travel to the relative's hometown — the price of the service varying according to the distance — and take that person back to the border, where he or she would then talk to the relative in South Korea on a cellphone and make arrangements.

"It doesn't matter if the person lives in the middle of the country — of course, it takes longer, maybe 10 days," Mr. Do said. "It's only a question of money."

North Koreans living in the South also send money to their relatives back home through the same method, with the brokers taking at least a 20 percent fee, brokers and North Korean defectors said.

A 49-year-old broker in Seoul — nine of whose clients have arrived in Thailand recently — said she operated the same way, adding that those involved in the business in North Korea were Communist Party members.

"You can do that kind of work — being able to travel freely inside North Korea — only if you're a party member," said the woman, who added that she earned $2,500 to $3,000 a month.

The demand for this smuggling service has risen along with the increasing number of North Koreans living in South Korea. The North Koreans in the South pay to get their relatives out by working to pay for the fees, borrowing money or using resettlement money awarded to them by South Korea.

One River, Many Hardships

The case of Lee Chun-hak, the 19-year-old who fled the North on June 28, is a typical one. For the past two months, he has been in the Immigration Detention Center in Bangkok, where his mother, Kim Myung-shim, 46, visited him from Seoul the other day.

Mrs. Kim fled to South Korea in 2003, remarried and began working to arrange the defection of Mr. Lee and her two other children, who lived with her former husband in a province bordering China.

The three children were set to leave in late 2005. But before crossing the Tumen River into China, Mr. Lee balked — he did not want to leave his father and grandmother. His older sister and younger brother went ahead and, thanks to the $5,200 paid to brokers, were smuggled into Mongolia and arrived in South Korea last February.

Mr. Lee returned to his everyday life, going to school and, like many others, earning a little money by working at a nearby gold mine. People farmed corn and beans in the area where the surrounding mountains have been stripped bare for firewood.

The economy had improved in recent years, as the authorities allowed people to moonlight at places like the gold mine and to start small businesses. Local residents ate regularly, Mr. Lee said, though the portions were small. Still, he saw perhaps only two or three cars a day, and most people walked or rode bicycles.

After a few months, his sister in Seoul persuaded him to leave. Mr. Lee was now an adult and would find it hard to keep living with his father, who had remarried, Mrs. Kim said.

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So on June 27, after his sister had made arrangements with a broker, the North Korean man picked Mr. Lee up in his hometown and took him by bicycle to a spot near the border, where he spent the night, he said. The next afternoon, they rode the bicycle and then walked to the Tumen River. Mr. Lee waded across, accompanied by the soldier.

"As long as you pay the soldiers, you can cross," Mrs. Kim said, adding that she had paid $3,600 to the brokers for her son's escape — $1,000 for the North Korea leg and $2,600 for China.

He found his way through China and Laos to Thailand where, following the advice of the brokers, he gave himself up to the authorities. Thailand does not repatriate North Korean refugees, incarcerating them instead while their cases are processed through the Office of the United Nations High Commissioner for Refugees in Bangkok. The process takes about three to four months, after which the North Koreans are sent to South Korea, though the United States recently accepted nine North Korea refugees.

Having learned that news in Bangkok, Mr. Lee said he no longer wanted to go to South Korea. "I want to go to the United States to study and become a scientist."

Doubts About an Ideology

Many of the North Koreans interviewed in Thailand said they wanted to go to the United States, even though they were reared in a country that has demonized America for decades. In school in the North, one defector said, she had had been taught that Americans were "inhuman, promiscuous and dictatorial."

"Even today, I still sometimes refer to the United States as 'Imperialist America,' " she said, laughing.

But as a fourth grader, the woman said, she began to have doubts about that image of America, after she happened upon a photograph in a magazine. As she recalled, it showed a tightrope walker balanced on a wire between high-rise buildings in Washington. The implicit message was that the United States was such an inhumane country that it forced people to perform such jobs, she said.

"But what I remembered about that photo was the tall buildings," she said. "There was also a beautiful park and clean, wide streets. It was fascinating. There was nothing like that where I grew up."

North Korea still unleashes daily attacks against the United States through its official media, but the desire of many of the defectors interviewed to go to the United States suggests that the power of ideology is waning.

"After spending a few months in China, they change their minds about the United States," said a South Korean missionary who regularly visits the North Koreans at the detention center. "In China, they have access to so much information. They look at Web sites and exchange instant messages with people in South Korea."

Lee Chan, 36, who fled North Korea one year ago and entered Thailand in June, agreed that anti-American ideology was not as strong as it was in the past.

"People's perceptions of the United States have changed inside North Korea," he said. "I'll give you one example. If you're caught watching an American movie, the authorities will just swear at you — nothing else."

In Bangkok, where South Korean Christian missionaries care for the defectors while trying to convert them, Lee Chun-hak's mother, Mrs. Kim, was worried that her son had become too friendly with Mr. Lee, the defector who had emerged as a leader of the detainees. She was angry that her son had started smoking under Mr. Lee's influence.

"Please look after Chun-hak," the mother said to Mr. Lee, adding that her son had birthmarks on his head and face that foretold a great future. "That's why I'm sending him to America."

"Please guide my son," she said, "even though he's doing well alone."

Mr. Lee, showing her a pack of Marlboros, said, "He's doing well — he doesn't smoke expensive cigarettes like I do."

"Stop smoking!" the mother said.

A missionary began praying for Lee Chun-hak.

"Pray to God to send you to America," the mother exhorted her son.

North Korea Heads Toward Hunger (CSM)

By Donald Kirk

The Christian Science Monitor, October 19, 2006

SEOUL, SOUTH KOREA

Even as missile and nuclear tests alienate humanitarian aid donors, North Korea is facing a cold winter in which it is unlikely to be able to feed its people.

The danger of widespread suffering raises the critical question of how the world can unite in a forceful response to North Korea's nuclear test - the focus of Secretary of State Condoleezza Rice's visits this week to Tokyo, Seoul, and Beijing - and still rescue the North's hungry people.

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Compelled to ask for huge donations of food at the height of a famine that killed some 2 million people in the 1990s, North Korean leader Kim Jong Il was confident enough last year to order the World Food Program and other aid-givers to leave or vastly reduce their programs.

But the North may again need aid - at a time when missile tests in July, followed by the nuclear test this month, have reduced donors' desire to rush in to help.

"There is relatively little humanitarian assistance going in now," says Anthony Banbury, the UN World Food Program's regional director for Asia. "The willingness of donors to meet those needs has not been very strong."

The WFP says it needs $100 million this year to fulfill its goals for North Korea. So far, it has received only 10 percent of that total.

The United States has given more than $1.1 billion since 1995, 60 percent of which has gone to food aid. Forty percent was energy aid sent through the 1994 program - now shut down - designed to provide twin energy reactors in exchange for a shutdown of the North's nuclear program.

The US cut donations to the WFP this year after North Korea ordered the WFP to slash the size of its mission in Pyongyang from nearly 50 people to 10 people and shut its five regional offices, from which inspectors tried to monitor distribution.

South Korea, which suspended food aid after the North's nuclear test, sharply reduced food donations, on which the North depended to make up a shortfall of more than 1 million tons of rice, after the July missile tests. It relented when North Korea pleaded for help after severe flooding in August.

But it sent only half of the 100,000 tons it had said it would send in "emergency" aid - compared with 500,000 tons last year. That was the largest source of food for the North after China, which is also believed to have sharply cut shipments. Both the Chinese and South Korean programs have been entirely independent of the WFP - and monitoring has been weak.

The reluctance to try to stave off another famine contrasts with the response in 1995, when North Korea for the first time asked the World Food Program to help.

By 1997, aid shipments through the program crested at more than 500,000 tons a year, with the US leading all donors. But the WFP last year sent in less than 100,000 tons, half of it from the US.

South Korean officials oppose shutting off economic contacts, much less boarding and interdicting North Korean ships, but say they are in a quandary when it comes to donations of rice.

"It's a kind of dilemma," says Kang Jong-suk, an official at the Unification Ministry, which had been avidly pursuing reconciliation. "South Korea wants to send some humanitarian aid, but there is a barrier because of the UN resolution."

He says as well "the problem of transparency" inside North Korea, which means that, "We cannot monitor what will happen."

That inability to monitor has played a significant role in other donors' willingness to offer aid.

"The US has very strong reservations ... because of conditions imposed by the North Koreans," says Mr. Banbury of the WFP.

"Those conditions are so onerous, it's very hard for donors," he adds. "It's not just specific restrictions. It's an overall atmosphere. It's a constant struggle to do our work in North Korea."

South Korean officials fully expect Secretary Rice, when she arrives here Thursday, to pressure them to scale down investment in the Kaesong special-economic zone and the Mount Kumkang region, showcase projects seen as prying the North open to broader contacts.

The irony, in the view of Banbury, is that the UN Security Council resolution specifically exempts humanitarian assistance from the categories barred for shipment to North Korea, ranging from luxury goods to components for missiles, nuclear warheads, and other heavy weapons.

One reason that North Korea cut down inspections was apparently confidence that harvests would improve. The harvest was better last year, but this year, flooding and erosion have damaged prospects.

"So you have less food, a smaller harvest, and a large number of people who do not have access to food," says Banbury.

He opposes giving up. "Walking away would stop assistance to millions of people and would stop an avenue of dialogue," he says. "It's better to stay engaged than to not stay engaged."

Opinions vary widely, though, on how firmly to enforce the sanctions imposed by the UN - or whether to renew efforts to reopen dialogue.

Kim Dae Jung, the former South Korean president who initiated the Sunshine policy of North-South reconciliation after his election in 1997, supports dialogue - not just renewal of the six-party talks on the North's nuclear program, but direct US-North Korean dialogue.

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"The US objects to talking directly to North Korea," he says, citing as precedents President Nixon's visit to China in 1972 and US negotiations with North Vietnam before the signing of the 1973 Paris peace agreement.

"We have to encourage them to talk," Mr. Kim goes on. "There have to be negotiations and giving and taking."

More sanctions, he says, will invite "strong responses" leading to an escalation of tension and "new problems" in which China will step to the aid of the North and "countries like Cuba and Venezuela will try to help North Korea."

For aid-givers, the overriding concern is keeping North Koreans from starvation regardless of sanctions.

"We take the news that the internal situation is deteriorating very seriously," says Kay Seok, North Korean researcher for Human Rights Watch. "The right of food is one of the most fundamental human rights. If you die of hunger, what is the point of talking about freedom?"

But others wonder about the degree to which food aid is alleviating suffering.

"Reports show the malnutrition rate did not improve very much" as a result of food donations, says Joanna Hosaniak, senior officer with the Citizens Alliance for North Korean Human Rights, which aids North Korean refugees.

"Refugees from the northern part of North Korea say they didn't receive humanitarian assistance, or it was diverted after the monitoring group was gone," she adds.

The only solution, she says, is for North Korea to "divert resources from developing nuclear weapons to feeding its people."

Erica Kang at Good Friends, a South Korean group that analyzes North Korean issues and advises on policies, summarizes the aid conundrum.

"Everyone wonders if they should go on with humanitarian aid," she says. "It's pretty much the ordinary people who suffer the most. This is a winter coming. Thousands of North Koreans are suffering the consequences of problems they didn't make."

Kim's Seoul Brothers (WSJ)

The Wall Street Journal, October 19, 2006

Condoleezza Rice arrived in Seoul today to rally opposition to North Korea's nuclear blackmail, and we hope two names were at the top of her list of talking points: Kaesong and Mt. Kumgang.

The Kaesong industrial park and Mt. Kumgang resort are the centerpieces of the South's misbegotten "sunshine policy" of engagement with the North. They are also money machines for Kim Jong Il, contributing to the record $1 billion North-South trade last year.

Now that U.S.-led financial sanctions have reduced the North's cash flow from counterfeiting and drug-smuggling, money from the two sites is even more critical to the survival of Kim's regime. And right on time for Pyongyang, a spokesman for South Korean President Roh Moo Hyun said Sunday that the two sites would be exempt from the new sanctions passed unanimously a day earlier by the U.N. Security Council. Nothing like sending Kim a mixed message.

If South Korea keeps going down this road, it should at least understand the costs. Specifically, any chances for passing the free trade agreement currently being negotiated with the U.S. will be dead. Most Democrats are skeptical of free trade from the start, and there's no chance Republicans will ratify a pact with a country that so blatantly undermines American security interests by propping up a rogue nuclear power.

We normally separate trade from security issues, believing that free trade promotes broader freedoms. But South Korea's cash transfers to Kaesong and Mt. Kumgang are such a blatant case of propping up tyranny that this may be the exception that proves the rule. In any case, free trade deals are hard enough to pass on Capitol Hill without also asking President Bush to spend his scarce political capital to defend a trading partner that provides Kim Jong Il with enough cash to keep his generals in cognac while keeping his people in chains.

Even before last week's nuclear test, South Korea's demand that Kaesong products be included in the free trade pact had raised alarms. Jay Lefkowitz, U.S. envoy for human rights in North Korea, raised the issue in an April article for The Wall Street Journal Asia. Mr. Lefkowitz pointed to the exploitation of North Korean workers at Kaesong and noted that the industrial park provided a convenient channel for the South to funnel money to Pyongyang. South Korea responded by demanding that Mr. Lefkowitz be fired.

Now Human Rights Watch has issued a report amplifying Mr. Lefkowitz's concerns. Thirteen South Korean companies operate factories at Kaesong, employing 8,200 North Koreans to produce watches, clothes, shoes, plastic containers, electrical cords, car parts and other items. More companies plan to launch operations at Kaesong soon, with the aim of employing 730,000 Northerners by the end of 2012.

Human Rights Watch points to official figures showing that Kaesong workers toiled an average of 54.9 hours a week last year and received an average of $64.40 a month -- a sum that fell to $42 after Pyongyang took its cut. The latter is a violation of Kaesong labor law, which was adopted by both countries and requires that wages be paid directly to North Korean workers.

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Pyongyang demands that the wages go through the central government, however, and South Korean companies comply. Kaesong workers also lack basic rights, including the right to free association and collective bargaining.

Elsewhere in the world, notably in China at Shenzhen in the 1980s, free trade zones were intended as a genuine economic opening to the larger world. Kaesong was advertised as something similar when it began, but it became clear long ago that Kim Jong Il has no intention of any larger economic engagement.

Kim has had years to show he's serious about economic reform but there's nothing to show for it. The U.S. and Japan are even now offering normal relations if he'll give up his nuclear weapons; he won't do it because opening his country could mean an end to his rule. Last year he even banned the private agriculture markets that were feeding urban areas. In Kim's world, Kaesong is nothing more than a fund-raising operation so he can stay in power.

The news yesterday was that Kim has told China that his response to the U.N. sanctions will be to explode three more nuclear bombs as "tests." And why not, as long as he knows he can count on his patrons in Seoul to keep him in hard currency? As for South Koreans, they should understand that they can have Kaesong trade with North Korea, or a free trade agreement with the U.S. They can't have both.

Iran Warns Against U.N. Nuke Sanctions (AP)

By Nasser Karimi

AP, October 18, 2006

Iran warned on Wednesday that a likely U.N. Security Council resolution for imposing sanctions against Tehran would wreck any possibility for a compromise to resolve the standoff over the country's disputed nuclear program.

France has said a sanctions resolution will likely be circulated at the council by the end of this week. Support for sanctions is growing among leading members after weeks of talks between the European Union and Iran failed to persuade Tehran to suspend uranium enrichment and start broader negotiations over its nuclear ambitions.

Iran's top nuclear negotiator, Ali Larijani, insisted Wednesday that continuing talks with EU foreign policy Chief Javier Solana is "still possible."

But he warned that "in the case that a new resolution is passed by the Security Council, we will not be in the current point to resume possible talks."

"Resorting to arm-twisting through the Security Council would be considered a security threat to Iran and will change (Iran's) behavior," he said in an interview with the semi-official news agency Mehr.

Larijani said the West knows that their path would incite regional crisis, but he reiterated that Iran is ready for unconditional talks.

Iran, which insists its nuclear program is peaceful, repeatedly has said it would continue enrichment and is not intimidated by the possibility of sanctions.

"Iran will pursue its legitimate right, applying legal and diplomatic means," Foreign Ministry spokesman Ali Hosseini said Wednesday, according to state television. "Tehran has no doubt of its righteous way in insisting on its right to exploit nuclear energy for peaceful purposes."

Enrichment is a key process that can produce either fuel for a nuclear reactor or the material for a warhead. The United States and some in Europe accuse Iran of seeking to develop nuclear weapons, while Iran says its program is aimed only at generating energy.

Solana, who has led talks with Iran, said he spoke to Larijani on Monday but "the situation hasn't changed," and Iran continues to refuse to suspend its nuclear enrichment program. Solana and Larinani launched the talks in a last bid to find a compromise after Iran ignored an Aug. 31 deadline set by the Security Council to stop uranium enrichment.

European Union foreign ministers said after a meeting in Luxembourg on Tuesday that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran.

The ministers backed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

The six countries offered Iran a package of economic incentives and political rewards in June if it agreed to consider a long-term moratorium on enrichment and commit to a freeze on uranium enrichment before talks to discuss details of their package.

Iran Seems Unmoved By Specter Of Sanctions Against North Korea (NYT)

By Nazila Fathi

The New York Times, October 19, 2006

DOJ_NMG_0083399

TEHRAN, Oct. 18 — For the most part, Iran's leaders have offered silence on what lessons they draw from the sanctions that the United Nations Security Council adopted last weekend to punish North Korea for its nuclear test — other than to say, as they have in the past, that they intend to continue what they call a peaceful nuclear program.

On Monday, President Mahmoud Ahmadinejad said the sanctions on North Korea would not deter Iran. And on Tuesday, he said efforts aimed at preventing Iran from having nuclear technology were doomed to fail, the state-controlled IRNA news agency reported.

At the United Nations, Britain, France, Germany and the United States are working on a Security Council resolution calling for sanctions against Iran for defying the organization's call to stop enriching uranium. The resolution, which they hope to introduce early next week, may include a ban on nuclear or missile cooperation with Iran. On Tuesday, the 25 European Union foreign ministers met in Luxembourg and agreed to call for limited sanctions on Iran.

After four months of talks with Javier Solana, the director of foreign policy for the European Union, Iran defied a Security Council resolution and refused to suspend its uranium enrichment program in August.

"Some Western countries have turned the U.N. Security Council into a weapon to impose their hegemony and issue resolutions against countries that oppose them," Mr. Ahmadinejad said Monday, as quoted by state-run television. Iran "won't be intimidated," he added.

On Tuesday, he weighed in again. "Some oppressive countries intend to create discord in order to dissuade the Iranian nation from reaching the summits of dignity and glory, including using nuclear technology for peaceful purposes," Mr. Ahmadinejad said, according to IRNA. "But with God's kindness, they will be defeated."

Hard-line newspapers close to Iran's supreme religious leader, Ayatollah Ali Khamenei, and to Mr. Ahmadinejad warned this week that Iran would respond to any sanctions.

The daily Jomhouri Islami wrote in an editorial on Monday that Iran could take steps that would jeopardize economic and political interests of European countries. The editorial did not offer details, but Iran could restrict sales of oil, or switch to currencies other than the dollar for its large oil trades.

In much harsher language, the daily Kayhan warned Tuesday that if Europeans favored sanctions on Iran, then Iran would act.

"Europe could have learned a lesson from what happened in Afghanistan, Iraq and during the 33-day war in Lebanon, and not underestimate the capability of the Islamic Republic of Iran for taking revenge on its enemies," it said.

Israel Expands Fight On Border In Gaza (WT/AP)

By Ibrahim Barzak

The Washington Times, October 19, 2006

GAZA CITY, Gaza Strip -- Israeli tanks and infantry took up positions on the Egypt-Gaza border yesterday for the first time since the pullout from Gaza a year ago, killing two Palestinian gunmen as the army broadened its search for arms-smuggling tunnels.

Palestinian security officials said Israeli troops and tanks moved into the border town of Rafah before dawn yesterday and took over a section of the frontier, including the area around the Rafah border terminal.

The army said Israeli forces were pressing an operation to uncover tunnels used by Palestinian militants to smuggle weapons from Egypt. The army said it has uncovered five tunnels so far.

Israel has sent tanks and troops in and out of Gaza and stepped up air strikes against suspected militants and weapons caches since Hamas-linked militants tunneled under the border in late June and attacked an Israeli army post, killing two soldiers and capturing another, Cpl. Gilad Shalit.

Yesterday morning, Israeli troops killed two Hamas militants as they approached army positions in Rafah, the army and Palestinians said.

Hamas said in a statement one of the two was a senior participant involved in Cpl. Shalit's abduction.

Israel said militants have smuggled large quantities of weapons over and under the border since Israel's unilateral withdrawal from Gaza last year.

Army spokeswoman Capt. Noa Meir said Israel would continue military operations as long as needed to block the flow of arms, which she said included guns, explosives and anti-tank rockets.

"The tunnels are part of a production line meant to kill Israelis, and it's our job to stop it," she said.

Briefing reporters during a visit to Moscow, Prime Minister Ehud Olmert said the operation was limited.

"We have no intention of staying anywhere in Gaza," he said.

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The Palestinian officials said troops carried out house-to-house searches and bulldozers leveled agricultural land near the border. Troops also surrounded the Rafah border terminal, where about 60 Palestinian security personnel remained, the officials said.

The crossing, the only land bridge from Gaza to the outside world without passing through Israel, has been closed most of the time since violence flared in June.

Internal Palestinian violence continued yesterday amid a power struggle between the governing group, Hamas and the rival Fatah movement. A Hamas activist was fatally shot as he left a mosque in the West Bank city of Nablus, apparently by Fatah gunmen. At a Hamas demonstration later, protesters blamed Fatah and its leaders, including Palestinian Authority President Mahmoud Abbas. Hamas called a strike in the city for today.

Meanwhile, Israel's Supreme Court said a Palestinian student should be allowed to study for a doctorate at Israel's Hebrew University in Jerusalem. The court gave the parties a week to find a solution before issuing a ruling.

The student, Sawsan Salameh, 29, lives in a West Bank village a 15-minute drive from the university campus.

Israel Finds 9 Tunnels From Gaza Strip Into Egypt (LAT)

By Ken Ellingwood

The Los Angeles Times, October 19, 2006

TEL AVIV — The Israeli army announced Wednesday that it had uncovered nine tunnels between the Gaza Strip and Egypt in a sweep designed to prevent Palestinian militants from smuggling in the types of advanced weapons used by Hezbollah in the recent conflict in Lebanon.

The incursion, which began Tuesday night, was Israel's first along the border strip since withdrawing from Gaza last year. The Israeli military said it found seven completed tunnels, one more than 60 feet deep, and two others in the early stages of construction.

At least two Hamas fighters died during clashes with the troops near the Rafah border crossing.

Israel wants to avoid a repeat of its experience this summer in southern Lebanon, where, in the eyes of many Israelis, too little had been done over the years to prevent Hezbollah from building up an impressive arsenal. That war ended indecisively but felt like a defeat to many Israelis still angry with the nation's political and military leaders.

"There will be no blind-eye policy in the face of the attempts to transform the Gaza Strip into south Lebanon," Defense Minister Amir Peretz said Wednesday as tanks and troops operated along the border strip known as the Philadelphi corridor.

Israeli officials say that in the last year, Palestinian guerrillas hoping to counter Tel Aviv's vast military edge have smuggled tons of arms and explosives into Gaza through tunnels.

The weapons, the Israelis say, include 122-millimeter Grad rockets, which reach farther and pack a bigger punch than the homemade Kassams that militants have long fired into communities in southern Israel. Militants have launched at least four Grad-type rockets since spring, though they have caused no casualties, say Israeli intelligence officers.

Militants also are believed to have imported dozens of antitank weapons like those Hezbollah's fighters employed with some success against Israel's armored forces in Lebanon.

A senior army intelligence official also told the Israeli Cabinet during a private session Sunday that Palestinian groups had smuggled antiaircraft missiles into Gaza, according to Israeli media reports. Such weapons would pose a threat to Israel's overwhelming airpower, which it has wielded to strike at militants launching rockets into Israel and to back up ground troops.

"Being able to shoot a helicopter down would be considered a great success by Palestinian guerrillas," said Yiftah Shapir, who analyzes weapons proliferation in the Middle East at the Institute for National Security Studies in Tel Aviv.

Israeli officials have yet to make public any evidence to support the claims, and there has been no sign yet that Palestinian fighters have used the most sophisticated weaponry they are alleged to have acquired.

Hamas officials deny the smuggling charges and accuse Israel of seeking a pretext for a broad and punishing military operation in the Gaza Strip that is aimed at destabilizing the Hamas-led government.

Palestinians also note that Israel is constantly improving its arsenal.

"Our enemy is all the time using a different kind of forbidden weapons against innocent civilians, and nobody cares about that," said the spokesman for Hamas' military wing, who goes by Abu Obeida.

Yusef Rizqah, the Hamas government's information minister, compared the arms-smuggling allegations to the Bush administration's claims before the 2003 invasion of Iraq that Saddam Hussein's regime was stockpiling weapons of mass destruction.

The possibility of wider fighting looms in light of Israeli warnings of intensified military actions aimed at Kassamlaunching crews and weapons storehouses. Officials in Tel Aviv say smuggling has shot up since the Israeli withdrawal last year left Gaza's southern border in the hands of the Palestinians and Egyptians.

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The army has carried out numerous raids and other operations since launching a broad incursion after Palestinian militants tunneled under the border with Israel on June 25, killing two Israeli soldiers and taking a third back into Gaza. The fate of the captured soldier, Cpl. Gilad Shalit, remains unknown.

Israeli officials say Palestinian militants have long sought better weapons, and in some cases succeeded in getting them. But officials and analysts contend that the guerrillas learned from the example of Hezbollah, which suffered heavy losses but nonetheless surprised Israeli commanders with the breadth and sophistication of its arsenal during the 34-day conflict in Lebanon.

Some analysts say that in assessing the Gaza situation, Israel must draw its own lessons from the war in Lebanon. Military commanders say Hezbollah became a formidable combat foe through an ambitious drive to arm itself after the Israeli withdrawal from southern Lebanon in 2000.

"The big debate in the Israeli security system now is whether to go in now, to kill it [the arms buildup] while it is small, or to wait for another year," said Shalom Harari, a former intelligence officer who is a counter-terrorism researcher at the Interdisciplinary Center in Herzliya.

Israeli officials estimate that Palestinian militants have smuggled into Gaza thousands of rifles and more than 15 tons of TNT since Israeli soldiers left.

Of concern to Israel is that Palestinian groups could challenge Israel's traditional advantage on the battlefield, where fighters with limited-range rocket-propelled grenades have faced off against tanks. Officials say Palestinians have smuggled more than two dozen Russian-built Concourse antitank missiles, which can travel more than two miles and penetrate the thickest reinforced armor.

Brig. Gen. Yossi Baidatz, head of research for Israeli army intelligence, told government ministers during the Sunday meeting that antiaircraft missiles also were being smuggled, local media reported.

The newer Grad surface-to-surface rockets can reach up to 18 miles; the Kassams have a range of six or seven miles. The longer range would give militants the ability to target cities such as Ashkelon and Ashdod from sites deeper inside Gaza, officials said.

Upgraded weaponry also could give militants a chance to score what they would deem a public-relations coup in battle, analysts said.

Still, an extended army campaign against suspected arms caches could mean sending forces deep into densely populated areas of Gaza, a move fraught with risk for both sides.

"This is something nobody has a taste for, except for the most extreme right wing. Nobody wants to go back into Gaza," said Shapir, the weapons-proliferation expert. "The question remains what to do. There is no good answer."

Evangelicals Lobby Bush On Sudan Crisis (AP-Y)

By Rachel Zoll

AP, October 19, 2006

Liberal and conservative evangelicals set aside their political differences Wednesday to urge that President Bush do more to end the humanitarian crisis in the Darfur region of Sudan.

The Rev. Jim Wallis, head of the liberal Sojourners/Call to Renewal, an evangelical social justice movement, and the Rev. Richard Land, head of the public policy arm of the Southern Baptist Convention, are among the leaders of the Evangelicals for Darfur campaign.

"I believe the president does care deeply about this," said Land, a longtime Bush family supporter. "I see this as helping strengthen the president's hand and enable the president to do what's in his heart to do."

The White House press office did not immediately respond to a request for comment.

Religious groups from many faiths have been lobbying world leaders to help the Sudanese since rebel groups rose up against the Khartoum government in early 2003. More than 200,000 people have died and 2.5 million have been displaced since then, escalating the situation into one of the world's worst humanitarian crises.

But Wallis said world attention to the region has been sporadic, and evangelical leaders think time is running out to prevent what many consider government-backed genocide. The Sudanese government is accused of letting the Janjaweed militia of Arab nomads commit atrocities against villagers.

"Until we resolve this, we can't stop talking about it," Wallis said.

The U.N. wants to send 20,000 U.N. troops to Darfur to replace an ill-equipped and understaffed African Union force that has not been able to quell the violence. Sudanese President Omar al-Bashir argued that U.N. forces would start a "re-colonization" of Africa.

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Evangelical leaders said they are not calling for U.S. military intervention, but instead want the U.S. to use its authority as a world leader to get a multinational force into the country.

The campaign includes print newspaper ads, a letter-writing campaign to Bush and other activities. Among the supporters are some of the top names in the evangelical movement: the Revs. Ted Haggard and Rich Cizik of the National Association of Evangelicals; the Rev. Samuel Rodriguez of the National Hispanic Christian Leadership Conference; and the Rev. Geoff Tunnicliffe of the World Evangelical Alliance.

Leaders are asking to meet with Bush to discuss their concerns.

Cizik said in the midst of the fight against terror, the administration may be reluctant to "upset a Muslim capital, who will then call in other extremists to fight the Crusader West." The Khartoum government is predominantly Muslim. Some American Muslim leaders have dismissed evangelical lobbying on Sudan as anti-Islam.

Land said Bush has not been more forceful because of a lack of popular support for action in his administration and Congress, concern that the nation can't make another overseas commitment and the "lack of sufficient demand from the American people that something be done."

Land rejected any suggestion that the White House is ignoring evangelicals on Sudan.

Former Bush aide David Kuo has just released a book in which he claims that evangelicals were embraced for political gain at the White House, but were derided privately as "nuts."

Said Land: "I have no doubt about the president's commitment to this issue."

Evangelicals Urge Darfur Action (WT)

By Julia Duin

The Washington Times, October 19, 2006

Twenty-four liberal and conservative evangelical leaders representing at least 50 million Americans called on President Bush yesterday to "stop the genocide" in Darfur, saying he is the only world leader in a position to do so.

In a conference call, five of them promised to put the immense resources of the country's evangelical Christian populace at the president's disposal on behalf of the beleaguered inhabitants of western Sudan.

"Unless the president acts to rally world leadership to put pressure on the government of Khartoum to stop this genocide, it will not stop," said Richard Land of the Southern Baptist Convention's Ethics and Religious Liberty Commission.

"We must not allow this genocide to continue," said Geoff Tunnicliffe, international director of the World Evangelical Alliance. "We must say, 'Not on our watch.' "

Evangelicals, Mr. Land added, can "strengthen the president's hand" in taking what could be an unpopular step domestically in a nation already committed militarily around the world.

"We'll do everything we can to rally support in Congress and the United Nations ... to defy the genocidal government of Khartoum," he said. To date, he added, "there has been a lack of sufficient demand by American people that something be done. But it has been my observation that when Washington feels the heat, they see the light."

"Darfur should be on the front pages until this is resolved," said Jim Wallis, editor of Sojourners magazine and a founder of the Call to Renewal network. "But it falls off the front page again and again. We cannot resolve this until we stop [merely] talking about it."

Mr. Wallis' group, which represents the evangelical left, has teamed up with 23 mostly conservative evangelical groups or leaders in placing radio and newspaper ads urging Mr. Bush to push for a multinational force in western Sudan. Several of the leaders are seeking to meet personally with the president -- a fellow evangelical -- to discuss the issue.

"We're the growth factor in American religion," said Mr. Land, citing figures showing that evangelicals constitute as much as 40 percent of America's 300 million residents. "There are a lot more of us than there used to be."

The leaders said they felt constrained to speak out in a society in which they have emerged as the new center.

"Evangelicals and conservative Catholics are the moral voice of gravity in America," said Richard Cizik, vice president for governmental affairs for the National Association of Evangelicals. "To the extent we represent our constituency is the extent to which the rest of society follows."

Plus, "When evangelicals speak, governments listen," said Mr. Cizik, who has been involved in recent years in dialogue with moderate Muslim heads of state.

"Arab leaders are interested in what evangelicals think," he said. "The president has to use his bully pulpit on this issue. If we fail as evangelicals, people die."

Suicide Boats Explode In Sri Lanka Port, Killing 16 (NYT)

By Shimali Senanayake

DOJ_NMG_0083403

The New York Times, October 19, 2006

COLOMBO, Sri Lanka, Oct. 18 — Powerful explosions rocked an important southern tourist and port town in Sri Lanka for the first time on Wednesday, apparently extending the war in this country to a stronghold of the Sinhalese ethnic majority.

The government said suicide boats of the secessionist Liberation Tigers of Tamil Eelam, disguised as fishing boats, had been detonated near a navy base.

While the death toll was low — one sailor and 15 rebels — the attack was significant because the recent surge in fighting between the government and the rebels had largely been concentrated in the Tamil-dominated north and the east.

"The L.T.T.E. wanted to create some kind of backlash in this very sensitive Sinhalese-majority area," said the Defense Ministry spokesman, Keheliya Rambukwella. "Their other motive may have been to hit economic and commercial interests by targeting this popular tourist destination. They failed miserably."

The coastal town of Galle, about 70 miles south of the capital, Colombo, was hit hard by the Asian tsunami in December 2004 but until now was unscathed by the civil war between Sri Lanka's Sinhalese-dominated government and the Tigers, who are fighting to establish a separate homeland for the Tamil minority.

"The hotel shook, due to the repeated explosions," said Hiran Cooray, director of the Lighthouse Hotel, the biggest in Galle and an architectural landmark.

The attack was quickly followed by sporadic violence, with angry mobs attacking Tamil-owned stores in the town and smashing windows.

The Tigers did not comment on the attack, but they were quick to blame the government for subsequent airstrikes on eastern rebel strongholds, in which they said a civilian had been injured. The military denied aiming at civilians.

The attack in Galle took place two days after a suicide bomber rammed a truck into a navy convoy about 100 miles northeast of the capital, killing nearly 100 people, mostly sailors.

The two sides are to resume peace talks on Oct. 28 in Geneva, but there is little optimism.

U.S. Objections Lead Spain To End Venezuela Deal (NYT)

By Renwick McLean

The New York Times, October 19, 2006

MADRID, Oct. 18 — Spain's foreign minister said Wednesday that a deal to sell military aircraft to Venezuela had been canceled because American government objections made it unfeasible.

The Bush administration denied Spain's request in January, saying that the sale would strengthen the government of President Hugo Chávez, which is hostile to American interests, and destabilize the region. Permission from the White House was needed because the aircraft would use American technology.

EADS-CASA, the company that sought to build the airplanes, had said after the Bush administration's rejection that it would seek alternative technology from another country.

On Wednesday, Miguel Ángel Moratinos, the foreign minister, announced that the company, a division of the European defense company EADS, had decided to drop those plans. "The company tried to find alternatives for that transfer of technology, and it reached the conclusion that the economic effort required to carry it out would not be profitable," he said during a news conference in Madrid. The company did not respond to telephone calls seeking comment.

The aircraft deal, which involved the sale of 12 military transport planes, was signed in November as part of a broader agreement between Spain and Venezuela that was valued at 1.7 billion euros, about $2.1 billion.

Spanish officials say that the aircraft deal would have created hundreds of jobs. They also dispute the American contention that the sale would have a destabilizing effect, contending that transport planes are not suited for attack missions that could threaten Venezuela's neighbors.

In his comments, Mr. Moratinos suggested that the government would continue backing Spanish companies that seek deals with Venezuela in the future.

"We favor any business initiative with anyone in Latin America or any country that we feel fulfills the norms of trade, good behavior and good conduct," he said.

The Spanish announcement comes as Venezuela is struggling to win international support for its bid to gain Latin America's open seat on the United Nations Security Council next year. Spain has endorsed Guatemala for the position.

Efforts to obtain comment from the Venezuelan Embassy in Madrid were unsuccessful. But during a brief visit to Madrid on Tuesday, José Vicente Rangel, the Venezuelan vice president, attributed the demise of the deal to "limitations on Spanish sovereignty," an apparent allusion to American opposition to the sale, the Spanish news agency Europa Press reported.

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The American decision in January to reject Spain's request for permission to make the sale threatened to sour relations between the two countries just as they were recovering from the tension that originated with Spain's decision to withdraw from Iraq in April 2004.

American officials have expressed unease over Madrid's refusal to adopt a hard-line approach to Venezuela, but stressed that the American position on the deal stemmed from its concerns over Mr. Chávez, a leftist populist, not Spanish policy.

Nicaragua Wants To Construct Alternative To Panama Canal (USAT/AP)

By Julie Watson

USA Today, October 19, 2006

SAN JORGE, Nicaragua — Dusting off a dream that dates back 500 years, Nicaragua wants to build an $18 billion alternative to the increasingly overloaded Panama Canal.

Officials are drafting legislation, conducting feasibility studies and lobbying internationally for the project, first considered by Spanish explorers who scanned the Central American coast in the 1500s for a navigable waterway from the Atlantic to the Pacific Ocean.

"The prospect of having something like this is probably better now than at any time in the past," said Marc Hershman, an international shipping expert at the University of Washington School of Marine Affairs. "There's huge growth in cargo shipping around the globe, and it's going to accelerate more and more."

Panamanians will hold a referendum Sunday, and polls predict they will approve widening their 92-year-old canal. Nicaraguan officials insist there isn't a rivalry, saying there's enough traffic to sustain two waterways, and theirs would be able to handle bigger ships.

Nicaragua's proposed canal would be 173 miles long. From the Caribbean, it would run along the San Juan River, which forms Nicaragua's southern border with Costa Rica and lets out into Lake Nicaragua. From the western side of the lake, 12 miles of canal would be built across the Isthmus of Rivas to reach the Pacific.

Many in the shipping industry have been looking "more closely at another canal with wider capabilities and a deeper channel" than Panama, Hershman said.

Nicaragua's outgoing president, Enrique Bolanos, says a canal could be built in 12 years and would open the way for giant tankers from Asia that cannot squeeze through Panama's 50-mile waterway.

The Nicaraguan option could cut a day off shipments between California and New York, while Chinese tankers could save as much as 36 days and $2 million on their round trips to the U.S. East Coast, Bolanos said.

Daniel Ortega, the Sandinista leader who is the front-runner in the presidential election Nov. 5, is on record as supporting the plan.

Panamanian officials say Nicaragua's proposal is pushing them to move ahead with their $5.25 billion expansion. "For us, Nicaragua is serious. This is not just speculation," said Adolfo Ahumada, director of the Panama Canal, which earned $1 billion last year.

About 5% of the world's maritime trade crosses through the Panama Canal, but its growth is limited: 10% of the world's ships are too big for it. Others wait in long lines, losing time and money.

Bolanos estimates the shipping business will grow by at least 5% annually until 2025.

Georgians Deported From Russia As 2-nation Diplomatic War Heats Up (USAT)

By Nora Fitzgerald Special For

USA Today, October 19, 2006

MOSCOW — Russian authorities pressed ahead this week with deportations of Georgians living illegally in the country, signaling the Kremlin won't let up a diplomatic war with its Soviet-era satellite state.

A Georgian man set to be deported from Russia died after suffering an asthma attack on Tuesday. The Georgian Embassy accused Moscow of depriving him of medical help during five days of detention.

Russia has deported more than 540 Georgians — 140 on Tuesday alone — this month. Russia retaliated with the expulsions after neighboring Georgia detained four Russian military officers on charges of espionage Sept. 27.

Georgian Ambassador Irakli Chubinishvili and human rights organizations including the Moscow Helsinki Group, say Moscow has embarked on a systematic campaign of ethnic harassment that is expanding to include other non-Russians.

In recent years, Georgia has sought to distance itself from Moscow's influence and seek closer ties with the United States and European Union. Its relations with Russia started to deteriorate in 2004 when Georgian President Mikheil Saakashvili began to seek membership in NATO, once the archrival of the Moscow-run Warsaw Pact.

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Also at issue: ongoing disputes over Georgia's two breakaway regions, Abkhazia and South Ossetia. The two regions, whose bids for separation from Georgia are supported by Russia, are monitored by Russian peacekeepers. About a third of the 300,000 ethnic Georgians who fled Abkhazia's conflict in 1993 settled in Russia, says the Georgian Diaspora group in Moscow.

Russian President Vladimir Putin accused Georgia's government of "an act of state terrorism" when it detained the four men as spies last month. Even though they were soon released and returned to Russia, Moscow started taking action against Georgia and Georgians living in Russia.

·Russian Foreign Minister Sergey Lavrov said last week that Russia would continue to ban all transport to Georgia — except for the transfer of detainees.

·Russia imposed a freeze on all postal deliveries to Georgia.

·Russia's state Duma last week proposed a ban on Georgian leaders entering Russia.

Before the new flap, imports of Georgian wine and mineral water had been halted because of alleged impurities.

"Of course this is having an economic impact," the Georgian ambassador told reporters last week. Georgia relies on Russia for energy supplies and trade.

Last Thursday, Georgia announced it had blocked the next round of talks on Russia's bid to join the World Trade Organization to retaliate for Moscow's embargos.

Tuesday, three days before a European Union-Russian summit, the EU urged Moscow to stop "targeting Georgians" and said it was concerned about the humanitarian consequences for the estimated 1 million Georgians living in Russia.

Tatyana Lokshina, head of DEMOS, a Moscow-based human rights think tank, said Putin's response to Georgia "has sent a signal that nationalism is safe."

Russia has long been a magnet for Georgians, who can earn more here than at home, where the average salary is $100 per month.

Chubinishvili, the Georgian ambassador, said Georgians have been picked up by police and put on flights to Georgia, sometimes without having a chance to retrieve their belongings. He said some were deported because their visas had expired.

The Georgian Cultural Center in Moscow was raided by police. Alexander Gavrilov, a spokesman for Moscow City Hall's education department, has said that some schools had received a police request for a list of children with Georgian names.

"We are strengthening control over the stay of foreign citizens in Russia," Mikhail Turkin, deputy head of the Federal Migration Service, said Oct. 6. "Everything was done by the law."

David Kakachia, general director of the Genatsvale restaurant on Moscow's New Arbat Street, said he closed voluntarily for four days last week. "Police came and checked everything," said Kakachia, 28, who is from Abkhazia. He said his family fled the breakaway republic in 1993. "They said they came because there was a decision to check everywhere Georgians are working. Nobody likes pressure on them because of their nationality."

The crumbling Georgian consulate on Ostozhenka Street in central Moscow has become a crisis center for Georgians living in Russia. Consulate employees are manning two hotlines 24 hours a day.

Georgia's consul, Zurab Pataradze, who is supervising the hotline effort, said he did not know how many people called every day. "We are too busy to count," he said.

U.S. Stands By Decision On Kodori Gorge (WT)

By David R. Sands

The Washington Times, October 19, 2006

A top State Department official denied yesterday that the Bush administration supported a Russian-backed U.N. resolution critical of Georgia last week in order to win Moscow's support for a package of sanctions against North Korea over its nuclear missile test.

But with tensions between Moscow and Tbilisi, Georgia's capital, escalating sharply over the past month, two top Georgian lawmakers expressed disappointment with the U.S. vote and said it would only help Russia's long-term goal of "regime change" in its small southern neighbor.

"We are grateful to our friends that [the resolution] was not as bad on the one Russia originally proposed, but we were certainly not happy with it," said Nikoloz Rurua, deputy chairman of the committee on defense and security in Georgia's parliament.

"It misrepresents the facts of our dispute, and even worse, it could be perceived by Russians as giving them a license to act freely in the future. That is the greatest danger," he said yesterday in Washington.

The Georgia resolution was adopted just before the U.N. Security Council voted unanimously to sanction North Korea. But U.S. Assistant Secretary of State Daniel Fried told reporters on a visit to Tbilisi yesterday there was no horse-trading over the two votes.

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"To say that the United States traded something for something else is an absurd allegation without any foundation," said Mr. Fried, who rejected the suggestion the resolution was a "defeat for Georgia."

The resolution renewed the expiring mandate of a U.N. observer group monitoring the standoff between Georgia's central government and the Russian-backed separatist enclave in Abkhazia. Russia has long offered diplomatic and military backing to Abkhazia.

But the new resolution included new, Russian-backed language that called on Georgia to refrain from "militant rhetoric" and "provocative" actions in the Kodori Gorge, a disputed region on the unofficial border with Abkhazia that Georgian troops reclaimed in a bloodless operation in July. The U.N. text also praised the "stabilizing role" of Russian troops stationed in Abkhazia as a "peacekeeping force."

U.S. Ambassador to the United Nations John R. Bolton issued a statement after Friday's vote defending the Kodori operation as an "exercise of Georgia's sovereign right." He expressed regret that Moscow had pushed the critical Georgia resolution without coordinating with Western countries trying to resolve the standoff.

U.S. diplomats say they were able to soften an earlier Russian text that criticized the July Kodori operation and demanded Georgian troops withdraw.

Always tense Georgia-Russia relations have deteriorated in recent days over Moscow's furious reaction to the very public arrest and expulsion of four Russian officers on espionage charges last month. Russia cut transportation and postal links with Georgia in retaliation, and began what critics say is a targeted harassment campaign against Georgians living in Russia.

Despite Mr. Fried's denials, many in Georgia and Russia see the U.N. vote as the price the United States paid for the North Korea resolution. Both Georgian President Mikhail Saakhashvili and Russian Foreign Minister Sergey Lavrov reportedly lobbied Secretary of State Condoleezza Rice in advance of the vote.

Mr. Saakhashvili told reporters in Tbilisi after the vote that Moscow "pushed all of its efforts towards exchanging its support for Western countries over North Korea and Iran for a carte blanche on the resolution on Georgia."

George Bokeria, deputy chairman of the Georgia parliamentary committee on legal issues, said, "Russia's ultimate goal is regime change in Georgia, and this vote was blackmail to help them achieve that goal."

He added, "If the West keeps giving into blackmail, Moscow will keep doing it over and over."

Charities In Russia Stymied By New Law (WT)

By Michael Mainville

The Washington Times, October 19, 2006

MOSCOW -- Dozens of human rights groups and humanitarian charities will be forced to suspend work in Russia today after missing a deadline for registering under a law against foreign support of nongovernmental agencies.

Russian President Vladimir Putin approved the law, which faced widespread criticism internationally, earlier this year.

It allows authorities to shut down nongovernmental organizations (NGOs) if they fail to register again with Russia's Justice Ministry, provide financial data and submit program plans for approval.

The estimated 400 to 500 foreign-funded NGOs operating in Russia had until yesterday to hand in their requests for registration.

NGOs will be allowed to continue submitting requests until Jan. 18 but will not be allowed to work without registration until they do. They will remain legal entities, however, allowing them to maintain offices and pay staff.

A list published yesterday on the Federal Registration Service Web site showed 80 NGOs whose registration had been approved, including British charity Oxfam, the Ford Foundation and the Carnegie Center. Foreign adoption agencies accounted for most of the list.

Among the organizations that failed to obtain registration were Amnesty International, Human Rights Watch, the International Republican Institute (IRI) and the National Democratic Institute (NDI).

"We won't be able to do anything substantive," said Allison Gill, the director of the Moscow office of Human Rights Watch, which was unable to obtain the necessary documents to apply before yesterday's deadline. "We won't be able to issue press releases, interview victims of human rights abuses, do public advocacy -- any of the real work that matters."

Some NGOs, including Amnesty International, IRI and NDI, were able to submit documents in time but have yet to win approval from registration officials.

Officially, authorities must respond to registration requests within 30 days, but NGO representatives say bureaucrats can delay the process with requests for additional documents.

"We expect they'll be finding 'mistakes' in our documents," said Sergei Nikitin, the Moscow representative of Amnesty International. "I don't know when we'll be able to get back to work. If I'm being really optimistic, it could be a few months."

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The United Nations Office for the Coordination of Humanitarian Affairs said that four foreign NGOs doing extensive humanitarian work in the North Caucasus, including the Danish Refugee Council and the International Rescue Committee, had suspended their operations in the region until they could obtain registration.

Registration officials have said NGOs are to blame for missing the deadline and that many have had to resubmit documents that were riddled with errors.

But NGOs say they haven't been given enough time to come up with the reams of documents required for registration and complain that many of the government's demands are unrealistic.

Among the information needed, for example, are extensive background details, including passport numbers and addresses, on NGO founders, no matter how old the group is or if its founders are long dead.

"The whole process has been absurd," Ms. Gill said.

Even if they do manage to get registered, foreign NGOs face another hurdle on Oct. 31, when they must submit financial and program plans for next year.

The law gives individual bureaucrats the right to reject any program proposal that they think threatens Russia's state interests.

NGOs say this could prevent them from working in sensitive regions, such as the conflict-ridden republic of Chechnya, or from funding groups that can be critical of authorities.

Critics say the new law is part of wider Kremlin crackdown on civil society, opposition groups and news organizations under Mr. Putin.

The Russian government has countered that many groups posing as NGOs are actually criminal or terrorist organizations.

Russian lawmakers have also accused foreign-backed NGOs of supporting opposition groups in Russia seeking to overthrow the government in a popular uprising similar to the recent revolutions against pro-Moscow regimes in Ukraine and Georgia.

U.K.'s Criticism Of Practices Of Muslims Raises Tensions (WSJ)

By Deborah Ball And Cassell Bryan-low

The Wall Street Journal, October 19, 2006

LONDON -- A furor over Muslim women wearing veils is aggravating long-simmering tensions between the British government and the nation's large Muslim population, illustrating conflicts between the government's goals of protecting religious rights and fostering a cohesive society.

The United Kingdom traditionally has taken a different approach than countries such as France in its effort to accommodate its Muslim communities. It did so by allowing Britain's 1.6 million Muslims, about 2.8% of the population, broad freedom to follow their religious customs, rather than trying to mandate assimilation.

But in an environment that is already tense because of incidents of Islamist terrorism on British soil, the government has raised the question of how separate Muslims have a right to be.

Until now, criticism of Muslim practices such as wearing the full veil, or niqab, had been confined to fringes of British society. The issue burst into the mainstream last month when Jack Straw, speaker in the House of Commons and former foreign secretary under Prime Minister Tony Blair, said in a newspaper column that he asked Muslim women to take off their veil when visiting his office. He argued that the veil, which covers the head and face and has a slit for the eyes, is "a visible statement of separation and difference."

Then last week, a U.K. school suspended a teacher for refusing to remove a veil that left only her eyes uncovered. Mr. Blair this week came out in support of the suspension, in a move that is likely to rile religious leaders. He said many people are questioning how Islam "comes to terms with and is comfortable" with the modern world.

Opposition leaders have echoed Mr. Blair's position.

Education Secretary Alan Johnson insisted in a speech yesterday that faith-based schools must go further to help defuse community tensions. He said the government plans to introduce legislation to ensure that 25% of places in new, publicly funded faith-based schools are open to children of families of other faiths, or no faith. "Schools should cross ethnic and religious boundaries, and certainly not increase them," Mr. Johnson said. Of England's 7,000 publicly funded faith-based schools, eight are Muslim and the vast majority are related to Christian denominations.

Britain's newly surfaced tensions echo those that have long been in the open elsewhere in Europe over religious dress. France, for instance, bans students from wearing head scarves and other conspicuous religious symbols in schools.

But in Britain, the tensions threaten to stymie Mr. Blair's efforts to improve communication with the Muslim community. That has been a government priority as it toils to stamp out home-grown radicalism and lessen the chance of further terrorist attacks on British soil.

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The Blair government has struggled to build bridges with the Muslim community. Mr. Blair's initiatives to improve dialogue have included several measures targeted at female members of the community, such as hosting a meeting of 40 Muslim women at his No. 10 Downing St. residence this year.

Behind The Veil (NYT)

The New York Times, October 19, 2006

The way the issue of full-face veils has seized Britain, you would think veiled women were everywhere. In fact, one has to wonder how many are regularly encountered by Jack Straw, the leader of the House of Commons, or any other Briton.

Yet Mr. Straw's comments that the veil damages relations between people of different ethnic backgrounds has fired a furious debate, with Tony Blair and Romano Prodi, the British and Italian prime ministers, rising in agreement and Muslim leaders indignantly protesting. The issue in need of serious discussion is not the niqab — the veil that covers all but a woman's eyes — but the larger question of the place of Europe's Muslim minority.

Even if Mr. Straw is correct in describing the niqab (used by a small minority of European Muslims) as a barrier to assimilation, or to communication, it is still not the source of the current anxiety.

The problem is that the discovery of jihadists in Europe — whether those who plotted 9/11 or the Madrid or London bombings — has made non-Muslim Europeans far more suspicious of the large Muslim minorities among them and what they perceive as a self-imposed isolation. Those suspicions have, in turn, bolstered the arguments of a small minority of Muslim leaders who call for more isolation.

The real debate should be about the failure of European governments to address the sources of immigrant discontent — which include high unemployment and discrimination — and about the failure of Muslim leaders in the West to counter the rise of extremism in their communities.

The public attacks on a religious custom by Mr. Straw and Mr. Blair will only feed the suspicions of non-Muslim Europeans and the sense of stigma and segregation among European Muslims.

Promoting Serbia, For A Price (WP)

By Judy Sarasohn

The Washington Post, October 19, 2006

Republican lobbying shop Barbour Griffith & Rogers has picked up a client that won't be an easy sell to the U.S. government, but at least it pays well.

The contract is with the government of Serbia for $60,000 a month, from July 28, 2006, through Jan. 31, 2009. If all goes as planned, that would amount to a total of $1.8 million.

Barbour Griffith's work for Serbia, which wants to join the European Union, comes at a time of tense negotiations over the independence of Kosovo and its ethnic Albanians as well as the Serbian government's apparent lack of interest in finding war crimes suspect Ratko Mladic. Kosovo has been administered by the United Nations since 1999, when a U.S.-led NATO bombing campaign drove Serbian forces out.

For $60,000 a month, Barbour Griffith will "provide strategic counsel and tactical planning on foreign policy matters regarding Serbia before the U.S. government," according to the contract the firm included in its foreign-agent filing with the Justice Department. The contract was signed by Milan Parivodic, the minister for international economic relations, as O'Dwyer's PR Daily first reported.

The firm's lobby registration with Congress answered the question on specific lobbying issues this way: "Provide guidance and counsel with regard to issues impacting the bilateral relationship between the U.S. and Serbia."

The Barbour Griffith team working for Serbia includes Robert A. Blackwill , former deputy national security adviser in the Bush administration, and Andrew Parasiliti , former foreign policy adviser to Sen. Chuck Hagel (R-Neb.). Blackwill is president of Barbour Griffith & Rogers International , the lobby shop's foreign policy arm, and Parasiliti is vice president.

Blackwill was in Serbia in May 2005 and spoke at the University of Belgrade. According to a copy of his speech, he expressed optimism about Serbia's future, and urged the Bush administration recognize "the need to collaborate with Serbia to achieve lasting progress in this region." But, noting his "own private views," he also said: "If the final status of Kosovo is not reached soon, the region risks a new eruption of violence. That would also push back for many years Serbia's full reentry into Europe and into the international community."

Barbour Griffith doesn't usually say much about its work for clients. Parasiliti went so far as to say: "We are pleased to be able to work for the government of Serbia."New on the Avenue

Two Democratic lobbyists are rebranding their work and forming a new lobby shop, Avenue Solutions . Laurie Sullivan was previously co-founder of Sullivan & Baldick and Tracy Spicer worked there.

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The level of interest in Democratic lobbyists will depend partly "on the results on Nov. 7. I think business is going to pick up," Sullivan said, though she added that Avenue Solutions has a pretty good book of business now. The firm represents such clients as Aetna, Northwest Airlines and the National Cable and Telecommunications Association.

Sullivan, a Democratic activist, ran government relations for Aetna in Connecticut. Spicer earlier was a longtime aide to Sen. Edward M. Kennedy (D-Mass.), including a stint as political director.

Nick Baldick , who specializes in grass-roots and political work, formed a new company, too, Hilltop Public Solutions . Sullivan said they will still collaborate on projects.Gorilla Gets a Voice

While some folks think of AARP as an 800-pound gorilla, the seniors and boomers-plus lobby wants to make sure its voice is heard during policy debates, particularly as Washington turns to the presidential campaign cycle after the Nov. 7 midterms. So AARP created the post of publicity director and hired Brian Marriott for the job.

Marriott comes off a five-year stint as special assistant for media relations to the Federal Communications Commission chairman, first for Michael K. Powell and then Kevin J. Martin. He was political director in Missouri for the 2000 Bush-Cheney campaign and worked in the 2004 campaign.

While noting that there is a perception -- or "misperception" -- that AARP tilts to the left, media relations director Mark Kitchens says AARP did not "consider politics to be part of the equation" in hiring Marriott.

Kitchens says the new job is designed to help the group frame its issues and get out front in public debate. "We want to play and continue to play an even more robust role," he said.

Marriott, 33, says this is "a very exciting time to be here, with baby boomers starting to reach the age of retirement," adding to AARP's influence.Here and There

Also moving about town . . . Peggy Binzer , senior FDA health counsel to the Senate Budget Committee, is joining the public health preparedness practice of the McKenna Long & Aldridge law firm. Her last day on the Hill was yesterday.

Erich Mische , most recently chief of staff to Sen. Norm Coleman (R-Minn.), recently left the Hill for the lobby shop mCapitol Management . But he's not going too far. Mische remains a political adviser to Coleman.

Wendy Helgemo has joined the National American Indian Housing Council as director of its Office of Governmental Affairs. A member of the Ho-Chunk Nation of Wisconsin, she previously was a staff attorney at the office of general counsel of the National Indian Gaming Commission.

Gail Ravnitzky-Silberglied , former chief of staff to Rep. Adam Schiff (D-Calif.), has moved to the Jewish Coalition Against Domestic Abuse as executive director.

Israel Sex Cases Defy Machismo Of The Warrior (NYT)

By Dina Kraft

The New York Times, October 19, 2006

TEL AVIV, Oct. 18 — For decades it was widely accepted that some of Israel's top military officers and government ministers considered sexual encounters with female employees a seigneurial right.

A society built partly on the conscious effort to project an image of strength tended to overlook such harassment. In fact, a certain amount of male rakishness often added to a prominent man's allure. The alleged womanizing by national legends like Moshe Dayan, for example, was considered part of their mystique.

But the ground is shifting rapidly under the feet of the current crop of leaders as a result of legal and societal changes. This week, the police recommended charging President Moshe Katsav with the rape of two former employees, the most serious criminal allegations ever made against an Israeli leader. And on Tuesday, Justice Minister Haim Ramon went on trial, accused of kissing a soldier against her will.

"When I was in the army it was assumed that the office of every senior officer was essentially a harem for him," said Michael Oren, an historian and a senior fellow at the Shalem Center, a Jerusalem research institute, who served in the military 30 years ago. "Israel is emerging from adolescence into adulthood."

In 1998 a sweeping sexual harassment law, inspired in part by American legislation, was passed by the Israeli Parliament, making such behavior illegal anywhere, whether in the street or the workplace.

Soon afterward, a major turning point came: the trial of Yitzhak Mordechai, a former general who was Israel's defense minister and a prime ministerial hopeful. He was forced to resign after being convicted of sexual assault and harassment.

His very public trial followed charges filed by several women who had worked for him in the government and during his long, highly decorated career in the army.

For years trying Israeli leaders for such crimes was unheard-of. The founders of Zionism sought to create "the new Jew" — aiming to transform Jews who lived in the Diaspora, perceived as bookish and weak, into men of muscle and power.

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The militarization of Israeli society that eventually followed in the wake of successive wars with Arab neighbors seemed to cement Israel's male-dominated character. And while that has not changed completely, the question of sexual harassment is getting real attention, especially in the army, which is the epicenter of such activity and the institution with the most influence on the society.

In the last 10 years the army, into which nearly all Jewish 18-year-old Israelis are drafted, has begun intensively promoting awareness of sexual harassment and the consequences that can follow for those who cross the line. Several highly publicized cases in which senior officers were suspected of having sexually assaulted female soldiers made the army's efforts more urgent.

Many female soldiers work in clerical positions. A senior officer often has several 18- and 19-year-old women serving as secretaries.

The shift in the approach of the army toward harassment comes as it has opened itself up to placing women in roles traditionally thought to be the exclusive purview of men. Women now serve as pilots, artillery crew members, gunnery instructors and officers in charge of men.

As part of the army's efforts to educate its members about sexual harassment, all conscripts receive a letter during basic training describing the issue and where to turn if they encounter such behavior.

Workshops are held with soldiers and officers to increase awareness, and there is a 24-hour phone line for complaints and advice. Those suspected of harassment or assault are taken before a special committee that has the power to demote or discharge the accused, said Lt. Col. Liora Rubinstein, the deputy adviser to the chief of staff on women's issues.

Many career officers have lost their jobs that way, she said.

"I can tell you, when I was drafted it was not spoken about," said Colonel Rubinstein, who has served in the army for 20 years. "It was not part of our consciousness. Officers know now what is expected of them."

Nonetheless, advocates for women's rights and others say the hesitancy of many accused men in army and civilian life to acknowledge responsibility is evidence that while the old era may be over legally, much remains to be done so that men understand the new rules.

For example, Mr. Mordechai insisted that he had done nothing wrong. "The more cases we have and the more women stand up and go and complain and are not afraid, there will be a change," said Rina Bar-Tal, chairwoman of the Israel Women's Network.

But Ms. Bar-Tal said she was hesitant to declare a social transformation in what was still a patriarchal society. "The law is there and the police abide by the law, and the infrastructure of our legal system is working," she said. "I see that as a very positive note."

The high-profile nature of recent cases like that of President Katsav, whose office is largely ceremonial, has made the issue a major topic of public discussion.

"The central ethical issue is the ease with which a respected and authoritative employer can manipulate the confusion, panic and dependence that characterize a young female employee in the public sector," Avirama Golan wrote in a column in the daily Haaretz titled "All the President's Women."

It has also led to broader examination of the country's history. Old school notions of masculinity were part of being a nation in an almost constant state of war, said Mr. Oren, the historian. "It was all caught up in Israeli machismo, which had a certain role in order to establish a nation at arms," he said.

Avigail Moor, a psychologist and expert on violence against women in Israel who is chairwoman of the women's studies department at Tel Chai College, said of the tales of sexual conquest that circulated around some powerful Israeli men, "It was common knowledge that their titles gave them that prerogative.

"It was also made out to look very romantic. Young women serving in these high-status platoons were almost led to believe that it was something that spoke highly of them if they were chosen to be a sexual partner of a high commanding officer."

The militaristic nature of Israeli society has eased, partly as it feels more secure and partly as Western influence has increased. An effort by the army to prevent its male soldiers from crying at the funerals of their fallen comrades, for example, has failed. In the past such open displays of grief were considered a sign of weakness.

Yael Dayan, a former lawmaker and the daughter of Moshe Dayan, sponsored the sexual harassment legislation. She recalls being mocked during debate on the bill by some male colleagues and constituents. The comments, and the sense of backlash, have not ended, she said.

She added: "At traffic lights people stop me and say: 'Are you satisfied now? You got the president.' "

Mr. Erdogan's Turkey (WSJ)

By Michael Rubin

The Wall Street Journal, October 19, 2006

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Five years into the war on terror, inept U.S. diplomacy risks undercutting a key democracy (and ally) that President Bush once called a model for the Muslim world. The future of Turkey as a secular, Western-oriented state is at risk. Just as in Gaza and Lebanon, the threat comes from parties using the rhetoric of democracy to advance distinctly undemocratic agendas. Turkey has overcome past challenges from terrorism and radical Islam; always its system has persevered. But now, as Turkish politicians and officials work to defend the Turkish constitution, U.S. diplomats interfere to dismiss Turkish concerns and downplay the Islamist threat.

A crisis has simmered for months, but earlier this month Ankara erupted. On Oct. 1, President Ahmet Necdet Sezer warned parliament, "The fundamentalist threat has not changed its goal to change the basic characteristics of the state." The next day, as Prime Minister Recep Tayyip Erdogan visited the Oval Office, Gen. Yasar Büyükanit, chief of Turkey's armed forces, warned cadets of growing Islamic fundamentalism and promised "every measure will be taken against it." Usually such warnings are enough to keep those transgressing on the constitutional separation of mosque and state in check.

Enter U.S. Ambassador Ross Wilson. At an Oct. 4 press conference he said: "There is nothing that worries me with regards to Turkey's continuation as a strong, secure, stable and secular democracy." He dismissed opposition concern about the Islamism of Mr. Erdogan's ruling Justice and Development Party (known in Turkish as the AKP) as "political cacophony." His remarks were consistent with those of his State Department superiors. Last autumn, Daniel Fried, assistant secretary of state for European Affairs, said "The development of the AKP into a democratic party . . . has mirrored and supported the development of Turkish political society as a whole in a liberal and democratic direction." He described the AKP as "a kind of Muslim version of a Christian Democratic Party."

Why are so many Turks angry at Washington's dismissal of their concerns? While democrats fight for change within a system, Islamists seek to alter the system itself. This has been the case with the AKP. Over the party's four-year tenure, Mr. Erdogan has spoken of democracy, tolerance and liberalism, but waged a slow and steady assault on the system. He endorsed, for example, the dream of Turkey's secular elite to enter the European Union, but only to embrace reforms diluting the checks and balances of military constitutional enforcement. After the European Court of Human Rights upheld a ban on headscarves in public schools, he changed course. "It is wrong that those who have no connection to this field [of religion] make such a decision . . . without consulting Islamic scholars," he declared. Then in May 2006, his chief negotiator for accession talks ordered the removal, from a negotiating paper, of reference to Turkey's educational system as secular.

The assault on the secular education system has been subtle but effective. Traditionally, students had three choices: enroll at religious academies (so-called Imam Hatips) and enter the clergy; learn a trade at vocational schools; or matriculate at secular high schools, attend university and pursue a career. Mr. Erdogan changed the system: By equating Imam Hatip degrees with high-school degrees, he enabled Islamist students to enter university and qualify for government jobs without ever mastering Western fundamentals. He also sought to bypass checks and balances. After the Higher Education Board composed of university rectors rejected his demands to make universities more welcoming of political Islam, the AKP-dominated parliament proposed to establish 15 new universities. While Mr. Erdogan told diplomats his goal was to promote education, Turkish academics say the move would enable him to handpick rectors and swamp the board with political henchmen.

Such tactics have become commonplace. At Mr. Erdogan's insistence and over the objections of many secularists, the AKP passed legislation to lower the mandatory retirement age of technocrats. This could mean replacement of nearly 4,000 out of 9,000 judges. Turks are suspicious that the AKP seeks to curtail judicial independence. In May 2005, AKP Parliamentary Speaker Bülent Arinç warned that the AKP might abolish the constitutional court if its judges continued to hamper its legislation. Mr. Erdogan's refusal to implement Supreme Court decisions levied against his government underline his contempt for rule of law. Last May, in the heat of the AKP's anti-judiciary rhetoric, an Islamist lawyer protesting the head scarf ban shouted "Allahu Akbar," opened fire in the Supreme Court and murdered a judge. Thousands attended his funeral, chanting pro-secular slogans. Mr. Erdogan was absent from the ceremony.

There have been other subtle changes. Mr. Erdogan has replaced nearly every member of the banking regulatory board with officials from the Islamic banking sector. Accusations of Saudi capital subsidizing AKP are rampant. According to Turkish Central Bank statistics, in the first six months of this year, the net error -- money entering the Turkish economy for which regulators cannot account -- has increased almost eightfold compared to 2002, the year the AKP came to power. According to the opposition parliamentary bloc, debt amassed under Mr. Erdogan's administration is equal to total debt accrued in Turkey between 1970 and 2000. Erkan Mumcu, a former AKP minister who now heads the center-right Motherland Party, accused the AKP in June of interfering in Central Bank operations. Accordingly, President Bush's Oval Office statement, based on State Department talking points -- congratulating "the prime minister and his government for the economic reforms that have enabled the Turkish economy to be strong" -- may have hampered transparency, if not reform.

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In the past year, the AKP anti-secular agenda has grown bolder. AKP-run municipalities now ban alcohol. Turkish Airlines recently surveyed employees about their attitudes toward the Quran. On July 11, Mr. Erdogan publicly vouched for the sincerity of Yasin al-Qadi, a Saudi financier identified by both the U.N. and U.S. Treasury Department as an al Qaeda financier.

When Mr. Erdogan began his political career, he did not hide his agenda. In September 1994, while mayor of Istanbul, he promised, "We will turn all our schools into Imam Hatips." Two months later he said, "Thank God Almighty, I am a servant of the Shariah." In May 1996, he called for a ban on alcohol. In the months before his dismissal from the mayoralty, his cynicism was clear. "Democracy is like a streetcar," he quipped. "You ride it until you arrive at your destination and then you step off."

Diplomacy should not just accentuate the positive and ignore the negative. When a country faces an Islamist challenge, PC platitudes do far more harm than good. At the very least, U.S. diplomats should never intercede to preserve the status quo at the expense of liberalism. Nor should they even appear to endorse a political party as an established democracy enters an election season. It is not good relations with Ankara that should be the U.S. goal, but rather the triumph of the democratic and liberal ideas for which Turkey traditionally stands.

Mr. Rubin is a resident scholar at the American Enterprise Institute.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, October 19, 2006 8:06 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, October 19, 2006
Attachments:	agnb061019.pdf; agnb061019.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Virginia Man Goes On Trial In Chicago For Alleged Supporting Hamas. The Washington Post (10/19, B1, Sheridan) reports on Abdelhaleem Ashqar, 48, a former Howard University business professor from Springfield, VA who "is to go on trial in Chicago today, accused of being a part of a sprawling U.S. network that helped the Palestinian group Hamas. The Justice Department regarded the case so important that Attorney General John D. Ashcroft himself announced the indictment of Ashqar and two co-defendants in 2004." The Post continues, "Prosecutors say they have abundant evidence that Ashqar moved money for Hamas through his U.S. bank accounts and served as a go-between for some of the organization's leaders -- even passing on a request to kill a rogue Hamas operative. … Those acts allegedly occurred before the U.S. government first designated Hamas a terrorist group in 1995. The indictment charges that Hamas, nonetheless, was carrying out attacks aimed ultimately at destroying Israel -- and thus was a 'criminal enterprise' under federal racketeering laws, which are more commonly applied to drug gangs and Mafia figures." The Post adds, "Ashqar denies being a member of Hamas, which won a majority in the Palestinian parliament in January. But the soft-spoken professor clearly sees himself as a Palestinian fighter -- albeit one living in a suburban split-level with a basketball hoop. Twice, he has refused to testify before grand juries investigating Hamas's activities in the United States, launching hunger strikes that left him emaciated. … Ashqar is one of several Northern Virginia Muslims to be accused in recent years of aiding Hamas, the Islamic Resistance Movement. Like them, the professor offers a far different image than the chanting, AK-47-waving Hamas supporters who appear on the TV news."

Arar Barred From Visiting US. The AP (10/19, Mann) reports, "Syrian torturers could find nothing to implicate Canadian Maher Arar in al-Qaida or any other terrorist ties. An official Canadian government report agreed with that finding and recommended that Arar be compensated for his 10 months in a Syrian prison. … Still, Arar remains on the U.S. government terror watch list. And the United States has not admitted fault for holding him incommunicado for a week, then, five days after his first telephone call, putting him on a private jet and flying him to the Syrian prison." The AP continues, "Arar and his American lawyer, Michael Ratner, president of the Center for Constitutional Rights, were invited to Washington on Wednesday to receive human rights awards from the rights advocates Institute for Policy Studies. Ratner came from his New York headquarters to accept for the center, a longtime campaigner against torture and other abuses." The AP adds, "Because the watch list will not let Arar enter the United States, he had to stay in Canada and participate by telephone in a discussion of his case and of the U.S. law signed Tuesday by President Bush on treatment and prosecution of detainees. At the awards presentation, he delivered a videotaped message of thanks in which he described his ordeal, which began on Sept. 26, 2002, at New York's John F. Kennedy International Airport and ended with his arrival in Canada in early October 2003. … John Cavanagh, the institute's director, told Arar he had asked Attorney General Alberto Gonzales to clear Arar's name and let him come. Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment. … Gonzales has said Arar was deported to the country where he was born. A representative of the Immigration and Naturalization Service was there when he was put on the plane, Arar said in his videotaped talk, and he said he told her the Syrians would torture him."

Detainee Moves To Force US To Prosecute Him. The Denver Post (10/19, Finley) reports, "A man from the Pakistan-Afghanistan borderlands jailed for more than two years after the FBI targeted him as a possible Denver-based terrorist - but never charged him - has begun a last-ditch legal gambit to resume his life with his U.S.-citizen wife and four kids." The Post continues, "Still in prison in Colorado, Haroon Rashid has filed a motion in federal court to force the government to prosecute him. … It's an unusual effort to break out of the legal limbo that has derailed his life - and lives of others jailed since Sept. 11, 2001, in the government's war on terrorism." The Post adds, "After charging 441 detainees in terrorism and terrorism-related cases, federal authorities have won 261 convictions, a new Justice Department study found. Most of the convictions were for petty offenses, not terrorism. … An undetermined number of suspects including Rashid

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still are detained. Some 150 cases are pending. … U.S. officials say secret evidence supports a hardline approach. Prosecutors are trying 'to prevent terrorist acts before they can occur,' Justice Department spokesman Bryan Sierra said. … But civil liberties leaders question basic fairness." The Post notes, "Rashid made his move, through his attorney Jeff Pagliuca, after U.S. Attorney Troy Eid filed a motion Oct. 2 to drop a lesser immigration charge the government pursued as the FBI's initial terrorism case evaporated, court records show. … By dropping the immigration charge, Eid had planned to clear the way for Rashid to be deported back to his native Pakistan for misdemeanor assault. In 2003, a jury found Rashid guilty of assaulting a street-gang member he said threatened his kids. He received a 401-day sentence that was mostly suspended. … Now Rashid's motion - to block federal prosecutors from dropping their case - aims to delay his deportation and further clear his record. He's been held in federal custody at his lawyer's request to avoid deportation until the federal case is resolved."

Colonel To Investigate Guantanamo Abuse Allegations. The AP (10/19, Melia) reports that US Army Col. Richard Basset "arrived at Guantanamo Bay Wednesday to investigate allegations that guards at the prison abused detainees." He was "appointed after Marine Sgt. Heather Cerveny said in a sworn statement that guards she met in a Guantanamo bar last month spoke of hitting detainees and denying them water. She said the guards described it as common practice." Basset "will conduct interviews for up to a month" has the "authority to interview any member of the military Joint Task Force that runs the prison regardless of rank." He "will submit his findings to the commander of the U.S. Southern Command, which oversees the detention center."

Yoo Calls Military Commission Bill "Stinging Rebuke" To Supreme Court. John Yoo, a professor of law at Berkeley, writes in the Wall Street Journal (10/19, 2.03M), "During the bitter controversy over the military commission bill, which President Bush signed into law on Tuesday, most of the press and the professional punditry missed the big story. In the struggle for power between the three branches of government, it is not the presidency that 'won.' Instead, it is the judiciary that lost. The new law is, above all, a stinging rebuke to the Supreme Court. It strips the courts of jurisdiction to hear any habeas corpus claim filed by any alien enemy combatant anywhere in the world." Congress and the President "did not take the court's power grab lying down. They told the courts, in effect, to get out of the war on terror, stripped them of habeas jurisdiction over alien enemy combatants, and said there was nothing wrong with the military commissions. It is the first time since the New Deal that Congress had so completely divested the courts of power over a category of cases. It is also the first time since the Civil War that Congress saw fit to narrow the court's habeas powers in wartime because it disagreed with its decisions."

NYTimes Criticizes Bill. The New York Times (10/19, 1.21M) editorializes, "Once President Bush signed the new law on military tribunals, administration officials and Republican leaders in Congress wasted no time giving Americans a taste of the new order created by this unconstitutional act. Within hours, Justice Department lawyers notified the federal courts that they no longer had the authority to hear pending lawsuits filed by attorneys on behalf of inmates of the penal camp at Guantánamo Bay. They cited passages in the bill that suspend the fundamental principle of habeas corpus, making Mr. Bush the first president since the Civil War to take that undemocratic step. … This nonsense is part of the Republicans' scare-America-first strategy for the elections." The Times adds, "In the short run, voters should see through the fog created by the Republican campaign machine. It will be up to the courts to repair the harm this law has done to the Constitution."

Christopher Graveline, who served as an active-duty Army JAG officer for more than seven years and participated in the prosecution of 10 soldiers for detainee abuse at Abu Ghraib prison, writes in today's Washington Post (10/19, A29, 748K), "Bush has signed into law Congress's latest attempt to clarify our country's position on proper treatment of detainees and the boundaries of legitimate interrogation techniques. Unfortunately, this legislation demonstrates that both the administration and Congress have failed to learn important lessons from what Bush described as the 'biggest mistake that's happened so far' in Iraq: the detainee abuses at Abu Ghraib." Graveline adds that "by dissociating potential criminal responsibility from overly aggressive interrogation practices that could be classified as 'minor' breaches of the Geneva Conventions, and setting up a situation in which different interrogation practices can be used by our military and the CIA, our national leadership has ensured more abuse scandals."

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HOMELAND RESPONSE:

DHS Says Threat To Stadiums Lacks Credibility. A terrorist threat made against seven stadiums hosting NFL games this weekend is receiving widespread media attention, but as CNN's Live From (10/17, 3:35 pm, Meserve) broadcasted in the station's first report on the story, "Department of Homeland Security officials are not taking these threats seriously. Let me emphasize that they are treating these threats with strong skepticism because of their spectacular nature."

The AP (10/19, Jordan) reports, "A Web site is claiming that seven NFL football stadiums will be hit with radiological dirty bombs this weekend, but the government on Wednesday expressed doubts about the threat." The AP continues, "The warning, posted Oct. 12, was part of an ongoing Internet conversation titled 'New Attack on America Be Afraid.' It mentioned NFL stadiums in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland, where games are scheduled for this weekend." The AP adds, "The Homeland Security Department alerted authorities and stadium owners in those cities, as well as the NFL, of the Web message but said the threat was being viewed 'with strong skepticism.' Homeland Security spokesman Russ Knocke said there was no intelligence that indicated such an attack was imminent, and that the alert was 'out of an abundance of caution.' … 'The department strongly encourages the public to continue to go about their plans, including attending events that involve large public gatherings such as football games,' Knocke said. … The FBI also expressed doubt about the threat."

CNN's The Situation Room (10/18, Meserve) reported, "A spokesman for the Department of Homeland Security is saying there is no credible intelligence to support claims that are being made on a Web site called thefriendsociety.com. There, there is a posting by someone by the name of 'javness.' He says that this Sunday, October 22nd, there will be seven dirty bomb explosive devices detonated outside NFL games… According to this posting, the death toll would approach 100,000 from the initial blast and other fatalities that would occur as a result of radioactive fallout. The Web site says that the bombs would be delivered via trucks."

The Washington Post (10/19, E8, Hsu, Maske, 748K) reports DHS spokesman Russ Knocke said the agency views the threat "with the strongest of skepticism, and we strongly encourage the American public to go about their daily lives and to attend large gatherings, and to go to football games." A notice to the NFL, which Knocke said DHS issued "out of an abundance of caution," said the threat was made against "games in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif. 'Our stadiums are very well protected through the comprehensive security procedures we have in place,' NFL spokesman Greg Aiello said in a statement." The New York Times (10/19, 1.21M) reports Knocke added that "the public should continue to be vigilant and report any abnormal or suspicious activity to authorities."

NBC Nightly News (10/18, Williams, 9.87M) aired a report noting that the Department of Homeland Security "is voicing strong skepticism about this." NBC (P. Williams) added, "The NFL says security has been high for months at its stadiums and if anything more is going to be done, it won't be much." CBS Evening News and ABC World News each aired brief reports noting the threat and DHS statements that it was not credible. USA Today (10/19, Hall, 2.27M) reports the threat did not prompt a change to "the threat level, now at yellow or 'elevated' risk for terrorist attack, either nationally or for NFL football stadiums."

Intelligence Plan Addresses Recruiting, Retaining Personnel. The Washington Post (10/19, A18, DeYoung, Pincus, 748K) reports that according to the "Strategic Human Capital Plan" prepared for John D. Negroponte, the director of national intelligence, "U.S. intelligence efforts are hampered by inefficient methods for recruiting, training and assigning personnel." It "calls for a more 'corporate' business model and increased cooperation," including "an outline for hiring, training and benefits policies and directs each agency to develop a plan to contribute to overall goals. It calls for creating an 'all source' workforce by setting overarching goals for numbers and quality and for 'determining the optimum mix of military, civilian, contractor and other human resources,' as well as creating a 'cohesive' leadership culture." Amongst the problems it cites is "an inability to compete with the private sector for the 'best and the brightest' workers in language, scientific and technological skills." In fact, "Increasingly, the IC [intelligence community] finds itself in competition with its contractors for our own employees," who are "already cleared and trained at government expense and then" a contractor will "'lease' them back to us at considerably greater expense."

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Privacy Group Sues For Information On FBI "Investigative Data Warehouse." In a widely-distributed story, the AP (10/19, Caterinicchia) reports, "A privacy-advocacy group has sued the U.S. government for information about an FBI database of more than 700 million personal records set up after the Sept. 11 terrorist attacks. The Electronic Frontier Foundation said it sued the Justice Department because the FBI failed to respond to Freedom of Information Act requests on its 'Investigative Data Warehouse.' The lawsuit also charges the FBI has not posted a public notice describing the criteria on personal information included in the database, as required by the Privacy Act of 1974." The AP notes, "FBI spokesman Paul Bresson declined to comment on the lawsuit, but said IDW 'simply unifies previously and lawfully acquired data from other established databases into one place.' 'It should also be noted that even though the E-Government Act does not require IDW to undergo privacy impact analysis, FBI policy does require it,' Bresson wrote in an e-mail. 'As a result we have conducted several privacy impact assessments at different times as new data sets are added.'"

2nd Circuit Upholds Verdicts In WTC Insurance Dispute. The New York Law Journal (10/19, Hamblett) reports, "World Trade Center leaseholder Larry Silverstein's attempt to win at least $2 billion more from insurers on the theory that the two airplane attacks on Sept. 11, 2001, were two separate occurrences was rebuffed Wednesday." The Journal continues, "The 2nd U.S. Circuit Court of Appeals upheld a Southern District of New York jury verdict that the bulk of insurance policies covering the Trade Center treated the terror attacks as a single occurrence. … However, the court also upheld a victory awarded Silverstein by the jury in the second phase of trial, agreeing that temporary insurance policies in effect when terrorists leveled the buildings required treatment of the attack as two occurrences. That ruling meant that nine insurance companies will have to pay double the roughly $1 billion in coverage under their policies." The Journal adds, "Judges John M. Walker Jr., Jose Cabranes and Rosemary Pooler decided the appeals in SR International Business Insurance Co. v. World Trade Center Properties, lead docket 04-4500-cv. Walker wrote the opinion of the panel. … The ruling is likely the final resolution of a massive insurance dispute that began shortly after the terror attacks. Silverstein originally sought more than $7 billion. He has been awarded about $4.5 billion. … Silverstein had agreed on a 99-year lease for the World Trade Center buildings in the spring of 2001, and spent the summer negotiating a multilayer insurance program that provided for $3.54 billion in coverage on a 'per occurrence' basis. … But for all but one of the insurers, final insurance contracts had not been signed when the hijackers steered two planes into the North and South towers at 8:48 and 9:03 on the morning of Sept. 11."

New Orleans Homeowners Plan To Use Federal Funds To Rebuild In Flood-Prone Areas. USA Today (10/19, Konigsmark, 2.27M) reports, "Nearly three-fourths of New Orleans homeowners applying for federal grants say they'll rebuild their Katrina-damaged homes in flood areas even though city restrictions are unlikely to prevent their houses from being wiped out if the levees fail again." FEMA has said "thousands of houses could flood again if they are rebuilt" under new three foot elevation guidelines. 'The taxpayers are going to be subsidizing unwise construction,' says Robert Hunter, director of insurance for the Consumer Federation of America. About $7.5 billion is available to homeowners."

Fears Of An Active Hurricane Season Prompted "Spending Spree" In Southeast. The Washington Post (10/19, A11, Whoriskey, 748K) reports that in the Southeast this year, "predictions of another scary storm season and the memory of last year's record-setting disasters inspired fear and a spending spree of hundreds of millions of dollars." Now, with the season's peak passed, "meteorologists concede that its totals will almost certainly fall far short of the dire predictions issued as the summer began. In fact, the year's storm totals probably will not even reach the averages of the past 10 years." The fact that no hurricanes made landfall in the United States this year made it "seem especially quiet in the portion of the country known as Hurricane Alley."

WAR NEWS:

Bush Says US "Won't Cut And Run" In Iraq. On ABC World News (10/18, lead story, 6:05, Gibson, 8.78M), George Stephanopoulos interviewed President Bush last night. Asked about the surge in violence in Iraq, the President said, "Here's how I view it: First of all, al Qaeda is still very active in Iraq. They're dangerous, they are lethal. They're

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trying to not only kill American troops but they're trying to foment sectarian violence. They believe that if they can create enough chaos that the American people will grow sick and tired of the Iraqi effort and cause government to withdraw." Stephanopoulos: "I know you don't think that Iraq is in the middle of a civil war right now. But whatever you call it, aren't American men and women dying to prevent Sunnis and Shiites from killing each other?" President Bush: "It's dangerous, and you're right, no matter what you call it. The fundamental question is, are we on our way to achieving a goal which is an Iraq that can defend itself, sustain itself, and govern itself and be an ally in the war on terror in the heart of the Middle East." Stephanopoulos: "Every month it seems we're going to farther from that goal." President Bush: "I don't know why you would say that. If that's a definition of success or failure, the number of casualties, then you're right. But that's what the enemy knows. They try to define success or failure. I define success or failure as to whether or not the Iraqis will be able to defend themselves. I define success or failure as whether the unity government is making the difficult decisions to unite the government. The government has, the guy has been in office for about four months. Maliki has, in my judgment, has got what it takes to lead a unity government. But what you're seeing is a new form of government beginning to evolve after years of tyranny. I'm patient. I'm not patient forever. And I'm not patient with dawdling. But I recognize the degree of difficulty of the task and therefore, I'll say to the American people, we won't cut and run."

The Washington Post (10/19, A4, Fletcher, Baker, 748K), in a story titled "Iraq Violence, 'No Child; Occupy Bush," reports on Bush's visit to a North Carolina school yesterday. The President used his speech there to tout the No Child Left Behind law. The Post starts its report with a summary of the ABC interview, noting Bush "said Wednesday that the current surge of violence in Iraq 'could be' comparable to the Tet Offensive during the Vietnam War, a succession of battles that became a milestone because it helped turn the American public against the conflict and its political leadership." Bush "has strongly resisted comparisons between Iraq and Vietnam, but with US casualties continuing to mount, he agreed to an interviewer's analogy and said he detected a spike in attacks timed to the congressional elections in three weeks with the goal of forcing the United States to lose its will."

As Bush spoke, NBC Nightly News (10/18, lead story, Russert, 9.87M) was reporting that a new poll finds the public is growing more pessimistic about Iraq. Said NBC, "There is an increase in anxiety over the war in Iraq. Look at these numbers. Are you more optimistic about the war in Iraq, 20% and less optimistic, 68%. In June, we asked that same question and it was 45% and 44%. The country evenly split no more on the war in Iraq." In an editorial, the Los Angeles Times (10/19, 918K) says "American impatience with the war in Iraq is wearing thin. It's no longer just liberal blue-staters fed up with the Bush administration's foreign policy, or Republican members of Congress annoyed at this albatross during campaign season." The Times adds, "Unless things start changing, even the staunchest neocons in Washington are going to start looking for the exits."

Bush was asked on Fox News' The O'Reilly Factor (10/18) what goes through his mind when he sees his approval rating at 40%. Bush said, "That a president must make decisions based upon principle and stand by the principles by which he makes decisions in order to achieve peace. Sometimes people will agree with my decisions and sometimes they won't, but you cannot make decisions based upon opinion polls." Asked if it is discouraging that people do not see why he is doing what he is doing, Bush said, "Discouraging isn't the right word. It encourages me to go out and continue to make the case why we need to succeed in Iraq, why we need to make sure that we multilateralize the North Korean issue to achieve peace. That we have to keep taxes low to keep the economy growing. I have been up and down in the polls. A president who tries to make decisions based on polls is a policy that fails the American people."

Also on Fox News' The O'Reilly Factor (10/18), Bush was asked about "secular progressives" who don't like him because he is a man of faith. Bush said, "That causes me to be sad for people who don't like somebody because he happens to believe in the almighty." Bush added, "The great thing about America is those of us who don't believe and those who do, that's the way we have to keep it. That's what distinguishes us between al Qaeda and the Taliban. So I welcome the diversity of views when it comes to religion. And I think that anybody who dislikes somebody because he happens to be a religious person is someone to be pitied." Asked about the criticism tat he makes policy based on his faith, Bush said, "I make it based on principles that are important. My faith sustains me. My faith gives me comfort and strength. But -- listen when I campaigned, I said vote for me and I will help reform the school system. Vote for me, we'll make Medicare work better. Vote for me, I'll defend the United

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States. And if people want to ascribe all kinds of motives to my thinking, they just don't understand me."

Burns Says Bush Is Keeping Plan For Victory In Iraq Secret. The AP (10/19, Gouras) reports, "Sen. Conrad Burns says he believes President Bush has a plan to win the war in Iraq but is keeping it quiet, a statement Democrats pounced on Wednesday as reminiscent of comments made during another divisive war." Burns, at a debate with Democratic challenger Jon Tester, "said he believes Bush has a plan to win -- but added: 'we're not going to tell you what our plan is.'" Burns, "who has said repeatedly the country must stay in Iraq as long as it takes to win the war, also seemed to suggest a new path may be needed in Iraq. He pointed to fellow Republican Sen. John Warner of Virginia, who has recently called for a new strategy in Iraq."

USA Today (10/19, 2.27M) reports Matt McKenna, a Tester spokesman, "likened Burns' comments to statements by President Nixon that led to rumors of a 'secret plan' to end or win the war in Vietnam. 'The comparison is two politicians who put their own ambitions above the safety and success of the troops,' McKenna said."

McCain Says US Needs More Troops In Iraq. The AP (10/19, Glover) reports, "Arizona Sen. John McCain on Wednesday said more combat troops are needed in Iraq to quell a 'classic insurgency,' and he rejected calls to reduce US troop levels in the country. 'A lot of mistakes have been made in Iraq and they've been well documented,' McCain told reporters. 'That doesn't change the fact that, in my view, we cannot fail.'' McCain "spoke before a luncheon fundraiser at which he raised $40,000 for Republican congressional candidate Jeff Lamberti, who is challenging Democratic US Rep. Leonard Boswell in central Iowa's 3rd District."

Haass Says US Cannot Win In Iraq. The CBS Evening News (10/18, story 3, 2:15, Couric, 7.66M) interviewed Richard Haass, a "top State Department official during President Bush's first term and is now President of the Council on Foreign Relations, a non-partisan think tank." Asked whether the US can "win this war," Haass said, "No. I think the days of wining are over. The days of creating an Iraq that would be a model for the region are over. We're really talking now about how we limit our losses." Asked about his "understanding of the James Baker/Lee Hamilton plan being drafted right now," Haass replied, "They are looking at various options including some sort of phased withdrawals from Iraq, some reductions in the American presence that are linked not to performance of Iraqis but simply to a calendar. They're also looking at redeploying US forces in narrow areas so maybe they can create order in a small area rather than simply allow disorder all over the place. I think you're going to see one very interesting thing out of Mr. Baker, it's going to be a call that the United States open up its diplomacy, involve all of Iraq's neighbors, including Iran including Syria, to try to come up with a regional approach to quiet things down."

Iraqi Leaders, US, Arab Neighbors Ponder "Dramatic Change Of Direction." The Washington Times (10/19, Behn, 88K) reports, "The escalating violence raking Baghdad and other Iraqi cities is pushing that nation's leaders, neighboring Arab countries and US advisers to consider a dramatic change of direction in the conduct of the war." The Times adds, "Leaks from a UA task force headed by former Secretary of State James A. Baker III are contributing to the widespread sense that the Bush administration is preparing for a 'course correction' in the coming months."

Deputy Secretary Of Defense Says Coalition's Strategy Isn't Static. Mark Kimmitt, deputy secretary of Defense for the Middle East, writes in an op-ed in USA Today (10/19, 2.27M), "The idea that coalition forces have pursued a static tactical policy in Iraq is a myth and a disservice to our innovative, creative and adaptable troops." The "coalition forces have continuously adapted to a changing environment, not only to respond and react to a thinking enemy, but to also develop better tactics to defeat the enemy's own seams, weaknesses and disadvantages." Our "operations in Iraq are developed from a position of advantage and superiority and do not cede initiative, nor innovation, to the enemy." The troops know that "tactically, staying the course is the wrong way to defeat an enemy, but they also recognize that consistency in strategic guidance, combined with patience and persistence to see the job through, is the right way to win."

As Fight For Baghdad Intensifies, US Troops See Deadliest Month Since November 2004.

USA Today (10/19, Jervis, Brook, 2.27M) reports, "A US and Iraqi offensive to wrest control of Baghdad from insurgents and sectarian death squads is producing some of the most intense fighting of the war and a spike in American deaths." The US command "reported Wednesday that 10 American troops had been killed the day before in Iraq, making it one of the deadliest days for U.S. forces this year. Another soldier was killed Wednesday, bringing the death toll this month to

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70. At least a third of the recent fatalities happened in Baghdad. At the current pace, October would be the deadliest month since November 2004 when 137 troops died." In addition, says the Los Angeles Times (10/19, Daragahi, Roug, 918K), "at least seven Iraqis were killed and 30 were injured today in attacks targeting US and Iraqi security forces and sectarian gang killings targeting civilians."

All three networks reported on US casualties, offering a starkly negative assessment of US progress in Iraq. ABC World News (10/18, story 2, 2:00, McCarthy, 8.78M) said, "The plan was to save Baghdad. The risk was increased American casualties. The result so far, the violence is getting worse." In August, "under 'Operation Together Forward,' thousands of US troops were brought in to the capital to patrol some of the most violent neighborhoods. … After 2 1/2 months, 79 Americans and over 5,000 Iraqis have been killed in Baghdad. Operation Together Forward doesn't appear to be going forward and nor does it appear to bringing Americans and Iraqis together."

The CBS Evening News (10/18, lead story, 3:10, Couric, 7.66M) reported, "We begin with the worst kind of news. American forces in Iraq are now dying this month at a rate of four a day. Nearly 2,800 have been killed since the war began." The casualties "mount and no end to the war" is "in sight."

NBC Nightly News (10/18, story 2, 3:00, Miklaszewski, 9.87M) reported, "By this time, the US military was planning turn over most of the fight to Iraqi forces. Instead, American troops are once again digging for the long haul. For US forces Baghdad has once again become the killing ground." A second piece on NBC Nightly News (10/18, story 4, 3:30, Williams, 9.87M) said "amid all of this ugliness and chaos there is this war's daily fog of war meaning Americans in uniform in Iraq are no longer entirely sure who the enemy is. That is especially true in the capital city of Baghdad."

The story is generating generally negative press coverage. Under the headline "Death Toll Mounts For US Forces In Iraq," the Financial Times (10/19, Sevastopulo) reports President Bush "has repeatedly argued that Iraq is making political progress and that the US will stay the course." But "his administration is becoming increasingly frustrated at the apparent inability of the Iraqi government to stem the rise in bloodshed." The Washington Post (10/19, A1, Knickmeyer, 748K) reports yesterday was "the deadliest day of combat for US forces in 10 months," and McClatchy (10/19, Youssef) says the US security plan for Baghdad "hasn't produced evidence of significant improvements," and in fact "has exposed some of the weaknesses of handing over operations to Iraqi security forces. So far they haven't appeared prepared to tackle the burgeoning sectarian violence."

The Washington Times/AP (10/19, Hurst) says Iraqi civilians "are being killed at a rate of 43 a day," and adds "there have been growing signs in recent days of mounting strain between Washington and the wobbly government of Prime Minister Nouri al-Maliki, who felt compelled during a conversation with President Bush this week to seek his assurances that the Americans were not going to dump him." Foreign Minister Hoshyar Zebari yesterday "blamed American officials who ran Iraq before its own government took nominal control for bringing the country to the present state of chaos."

Marines To Recall Battalions. The AP (10/19, Burns) reports, "The Marines are drawing up plans to send back to Iraq at least some reserve combat battalions that have already served one tour there, officials said Wednesday — the first time such units would be returned to the war. The plan to remobilize those reserve forces is designed to relieve some of the growing strain on active-duty Marines." A Marine Corps spokesman, Lt. Col. Scott Fazekas, "said Defense Secretary Donald H. Rumsfeld gave the Marines the go-ahead to conduct detailed planning on how the battalion reactivations would be done. Initially, Fazekas said Rumsfeld had approved the plan itself. Later he said the approval was for detailed planning." Eric Ruff, a spokesman for Rumsfeld, "said Wednesday evening that no specific proposals have been presented to Rumsfeld."

The CBS Evening News (10/18, story 2, 1:55, Couric, 7.66M), in its report, said, "The practical impact of the stay-the-course policy in Iraq? A growing strain on the military." CBS (Martin) called the expected move "one more sign of the stress the military is under, in fighting a war which the commandant of the Marine Corps told CBS News today he never bargained for. Did you ever think this war was going to go on this long?" Gen. Michael Hagee, Commandant, USMC: "No, I did not think it would go on as long as it has now. I was obviously wrong. My sense is now that it's going to go on for some time. We, the nation, we have to be prepared for a long war."

Splinter Militias Said To Bring More Volatility, Violence. The Washington Post (10/19, A1, Raghavan, 748K) reports, "In the void forged by the sectarian tensions gripping Baghdad, militias are further splintering into smaller,

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more radicalized cells, signifying a new and potentially more volatile phase in the struggle for the capital. Iraqis and U.S. officials blame militias for mass kidnappings and slayings, for setting up unauthorized checkpoints and for causing much of the recent carnage." The militias "appear more localized and more ruthless than their predecessors," and "have carved neighborhoods into fiefdoms, governing through fear and intimidation." Now, "Senior U.S. military officials privately acknowledge they do not have the manpower to conduct urban sweeps in every neighborhood or prevent areas they have cleared from again becoming havens of lawlessness and killing." A senior U.S. military official said that "it is harder to find them when they are splintered, to identify who they are," although he added, "it makes it easier for me because I have digestible doses I can deal with that might not be reinforcing one another."

Violence During Ramadan Has Most Iraqis Staying Behind Locked Doors. USA Today (10/19, Sabah, 2.27M) reports that while during Ramadan "evenings are traditionally spent breaking the fast, visiting friends and strolling along neighborhood streets," in "the past several years in Iraq, violence has spiked during Ramadan, making it difficult for many people to go out as freely as they would like. This year, however, has been even worse. The religion-based nature of much of the violence, new curfews and random militia checkpoints have most people staying home behind locked doors."

WSJournal Criticizes Iraqi Dead Estimate. The Wall Street Journal (10/19, A18, 2.03M) editorializes that the reporting on the Lancelet study estimating the deaths in Iraq at 655,000 "leaves us wondering if reporters and editors have enough sense anymore to ask basic questions about such enormous numbers, or whether they are simply too biased against the Bush Administration and its Iraq policy to do so," as "we find it hard to believe killing on the scale of Antietam or Gettysburg has been going on without anybody having noticed." The study is "based on a very inadequate sampling process." Meanwhile, "the majority of those trumpeting the Lancet findings" want not only "to nail the Bush Administration for incompetence in failing to achieve a sustainable victory in Iraq," but also "to discredit the war as a moral enterprise by suggesting there's no difference between Saddam Hussein's now well documented mass murders and the violence taking place today."

Rumsfeld Says US Must Be "On The Offensive" Against Terrorists. The AP (10/19, Baldor) reports that Defense Secretary Donald H. Rumsfeld said in remarks to students at the Air Force's war college at Maxwell-Gunter Air Force Base in Montgomery, Ala., that "Americans must take a lesson from history and not believe the terrorist threat has been exaggerated or will go away." He added that with "a new, more ruthless and lethal terrorist enemy, 'with no territory to defend, no treaties to honor, that measures progress in terms of decades, not days,'" the US "has no choice but to go on the offensive."

Quinn Says Rumsfeld Acting As Scapegoat For Bush. Sally Quinn writes in a column in the Washington Post (10/19, A29, 748K), "Don Rumsfeld is the shrewdest person in Washington. He understands better than anyone that somebody has to be in line to take the blame when things go wrong. So far he has been willing to do so. But not much longer. The drumbeat to get him out of the Pentagon has reached deafening proportions," and "those in the know say that the president may have reached the point where he realizes that Rumsfeld has outlived his usefulness." However, "if Rumsfeld goes, the attention and criticism can be directed only to Cheney, or to Bush," who "will then have to contend with the reality of the new situation: One goat must be sent off into the wilderness. Who will it be?"

Maliki In Talks With Sistani, Sadr. The AP (10/19, Ridha) reports, "Prime Minister Nouri al-Maliki consulted with Iraq's Shiite spiritual leader and a radical, anti-US cleric Wednesday in a bid to enlist support for efforts to build political consensus and tackle widening sectarian violence." Al-Maliki's "call on Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr came as the Shiite prime minister faces growing U.S. pressure to show more resolve in dealing with the daily carnage of sectarian bombings and attacks."

The New York Times (10/19, Semple, 1.21M) reports, "Though details of the conversations with Ayatollah Sistani and Mr. Sadr were sparse, it seemed clear, in light of the pressures Mr. Maliki is under, that the prime minister's principal focus with both men would have been how to handle the militias." The Times adds, "At the crux of Mr. Maliki's problem lies Mr. Sadr, who controls one of the largest blocs in Parliament as well as a volatile militia, the Mahdi Army, that has been blamed for helping to drive the deadly cycle of sectarian revenge." The Los Angeles Times (10/19, Fakhrildeen, Daragahi, 918K) runs a similar report.

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Eight US Soldiers To Be Court-Martialed For Iraq Rape-Murder. CBS Evening News (10/18, story 4, 0:15, Couric, 7.66M) reported "eight American soldiers who served in Iraq are going to be court-martialed for murder. They're all from the Army's 101st Airborne, four are accused of raping a 14-year-old girl and killing her and her family. The other four are charged with murdering Iraqi prisoners north of Baghdad." NBC Nightly News (10/18, story 3, 0:20, Williams, 9.87M) also reported the story. USA Today/AP (10/19) notes two of the soldiers "could get the death penalty if convicted. Four other soldiers from the 101st are charged with murdering three Iraqi men during a raid." The soldiers facing the prospect of a death sentence "are Sgt. Paul Cortez and Pfc. Jesse Spielman. Both are accused of raping Abeer Qassim al-Janabi in March at her family's home in Mahmoudiya, about 20 miles south of Baghdad." The New York Times (10/19, 1.21M) runs a shorter version of the same AP story.

Testimony Suggests Jordan Knew About Abu Ghraib Abuse. The AP (10/19, Dishneau) reports, "An Army Reserve officer accused of ignoring abuses of Iraqi detainees at Abu Ghraib prison was a daily visitor to the 'hard site,' where some detainees were stripped naked as an interrogation technique, a former military police commander testified Wednesday." Capt. Donald Reese's testimony "supported government allegations that Lt. Col. Steven L. Jordan, as director of the prison's interrogation center, knew about the abuse and lied about it." Reese "testified on the third day of Jordan's Article 32 investigation, the military equivalent of a grand jury hearing. The hearing to determine whether Jordan, the highest-ranking soldier charged in the scandal, should be court-martialed for any of the 12 charges he faces. He could face up to 42 years in prison if convicted."

NATO Airstrikes Kill Afghan Civilians. The AP (10/19, Gannon) reports, "Airstrikes by NATO helicopters hunting Taliban fighters ripped through three dried mud homes in southern Afghanistan as villagers slept early Wednesday. At least nine civilians were killed, including women and children, said residents and the provincial governor. Shellshocked, angry villagers in Ashogho condemned the attack, which set back NATO's hopes of winning local support for their tough counterinsurgency campaign." The airstrikes "came at about the same time a rocket struck a house in a village to the west, reportedly killing 13 people."

Administration Urged To Offer Citizenship In Exchange For Military Service. Max Boo and Michael O'Hanlon, the a senior fellow at the Council on Foreign Relations and author of "War Made New: Technology, Warfare, and the Course of History, 1500 to Today" and a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security," respectively, write in an op-ed in the Washington Post (10/19, A29, 748K), "By inviting foreigners to join the U.S. armed forces in exchange for a promise of citizenship after a four-year tour of duty, we could continue to attract some of the world's most enterprising, selfless and talented individuals. … And we could solve the No. 1 problem facing the Army and Marine Corps: the fact that these services need to grow to meet current commitments yet cannot easily do so (absent a draft) given the current recruiting environment." It would be "a valuable influx of highly motivated soldiers" that "would also address one of America's key deficiencies in the battle against Islamist extremists: our lack of knowledge of the languages and mores in the lands where terrorists reside." While "Screening would have to be done to ensure that would-be terrorists did not gain access to the armed forces through this program," a plan of "offering citizenship to foreigners who first join the armed forces should be a winner for everyone."

CORPORATE SCANDALS:

Differences Between Fastow, Skilling Sentences Shows Benefit Of Cooperating With Prosecutors. The Wall Street Journal (10/19, Emshwiller) reports, "The surprisingly lenient prison sentence given recently to Enron Corp. former Chief Financial Officer Andrew Fastow highlights the benefits of cooperating with federal criminal authorities. The coming sentencing of former Enron President Jeffrey Skilling is likely to demonstrate the dangers of fighting them." Skilling "is scheduled to be sentenced Monday by Judge Sim Lake and observers believe that he could get in the range of 20 years imprisonment. … The likely discrepancy in prison terms for Messrs. Fastow and Skilling, widely considered to be two of the central figures of the Enron scandal, illustrates that there has never been a

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better time in the white-collar-crime world to rat on your colleagues."

Two SafeNet Executives Resign Amid Stock Options Probe. The Baltimore Sun (10/19, Hopkins, Hirsh, Bishop) reports, "SafeNet announced yesterday that Anthony A. Caputo, its chairman and chief executive, and Carole Argo, its president, chief operating officer and acting chief financial officer, voluntarily resigned Tuesday, effective immediately. Their departure was the result of the company's continuing probe of stock option grants, SafeNet said." The Sun adds, "Chris Fedde, senior vice president and general manager of SafeNet's enterprise security division, was named president and chief operating officer. John W. Frederick, SafeNet's vice president and worldwide controller, stepped up as chief accounting officer and interim chief financial officer."

The Wall Street Journal (10/19, Seward) reports, "The resignations at SafeNet follow similar departures earlier this week at UnitedHealth Group Inc., KLA-Tencor Corp. and Sapient Corp., also in connection to alleged options irregularities. The timing of the departures coincides with the need to file quarterly earnings reports." SafeNet "previously said some options grants between 2000 and 2005 'were accounted for using incorrect measurement dates.' The company has said it expects to record additional charges, less than $20 million, because of the grants, suggesting they were backdated or otherwise manipulated."

The Washington Post (10/19, D4, Witte) reports, "The two SafeNet executives join about 30 others nationwide who have stepped aside during stock-option inquiries. More than 100 companies have been investigated for the practice of backdating stock options, in which options are dated back to a time when the stock price is lower so the profit is higher after the options are exercised. … SafeNet said earlier that it received a subpoena from the U.S. attorney's office in New York related to the stock options issue. The Securities and Exchange Commission has also sent the firm a letter of informal inquiry requesting information. … An internal investigation at SafeNet continues, but the company has already said that certain options over the past six years were accounted for using incorrect dates. The company plans to restate its results between 2000 and this year."

Senate Panel Probes UnitedHealth On Ex-CEO's Pay. The Wall Street Journal (10/19, Tomsho) reports the Senate Finance Committee, "wading once again into the stock-options scandal, asked UnitedHealth Group Inc. for an array of documents related to the $1.1 billion in compensation that William McGuire, its departing chief executive, could receive when he leaves the company." Sen. Chuck Grassley (R), the committee chairman, said, "The UnitedHealth situation is the most disturbing yet. … The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock-options backdating allegations against him."

The Minneapolis Star-Tribune (10/18, Phelps, Serres) adds that Grassley noted, "Congress has a duty to the taxpayers to find out what happened at UnitedHealth and figure out what to do to stop this flood of backdating scandals." Meanwhile, Max Baucus (D), ranking minority member on the committee, "accused McGuire and other executives tainted by backdated stock options of 'gaming the law to avoid paying their fair share of taxes on stock options and other benefits.'"

The Financial Times (10/19, Grant) quotes the senators as stating, "[We] want to know how a top executive can lose his job for allegedly defrauding his company's own investors, but still get rewarded with a billion dollars for doing it." Among other things, "the senators asked United Healthgroup to 'provide the amount of federal tax deductions claimed by UnitedHealth with respect to compensation paid to Mr McGuire since 1994; and provide the amount of such deductible compensation that has been 'performance-based' and what criteria or metrics were used to determine if compensation was deemed 'performance-based.'"

Business Week (10/18, Sasseen) adds, "In its 1999 proxy statement, UnitedHealth Group made sure investors knew of a few small relationships between its directors and the company." And, "following the New York Stock Exchange's 2004 imposition of stricter standards for director independence, UnitedHealth (UNH) had eliminated even those minor ties by the time the 2005 proxy was filed. This time, it told investors that all the members of its comp committee met the NYSE's independence test, and that no relationships or ties existed between directors and the company. How nice of them to share. Of course, what the proxy neglected to mention were significant personal and financial ties between ousted CEO William McGuire, and William Spears, a New York investment adviser and long-time head of UnitedHealth's compensation committee."

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Former Delphi Officials Face SEC Civil Fraud Charges. The Detroit News (10/19, Shepardson) reports, "The U.S. Securities and Exchange Commission is expected to file civil fraud charges this month against up to a dozen former Delphi Corp. executives following a 27-month investigation into accounting fraud at the bankrupt Troy auto supplier, people familiar with the situation said." The News continues, "Among those expected to face civil charges are John Blahnik, the former Delphi vice president of treasury, mergers and acquisitions; Laura Marion, who had served as director of financial accounting and reporting; and Paul R. Free, former chief accounting officer, the people said. … The SEC also is expected to file civil charges against several officials at other companies involved in improper transactions with Delphi, The Detroit News has learned." The News adds, "Those charged, if they are found liable, could face hefty fines and be barred from serving as a board member or corporate officer at publicly traded companies. Delphi spokeswoman Claudia Piccinin declined to comment Wednesday, except to say that the company continues to cooperate with the SEC. … Last year, Delphi acknowledged several instances of improper accounting and restated several years of earnings. … The SEC's investigation has found that Delphi used varied improper methods to inflate earnings, cash flow and revenue, which hid the declining health of the company, according to people familiar with the matter."

CRIMINAL LAW:

US Charges 78 In Bankruptcy Fraud Probe. The AP (10/19, Jordan) reports, "Nine lawyers, an ex-police officer and an electrician who bribed a former governor were among 78 people charged with bankruptcy fraud in the past two months, the Justice Department said Wednesday." The AP continues, "Eighteen of the arrests came this week alone, said Deputy Attorney General Paul McNulty, who outlined the nationwide crackdown on people trying to conceal more than $3 million in assets. … 'In the end, we all wind up paying for fraud, in the form of higher interest rates and fees from companies that offer credit and loans,' McNulty told reporters." The AP adds, "Bankruptcy fraud often follows false claims on mortgages, banks and the mail, McNulty said. .. .The arrests are on track to outpace last year's estimated total of 100 bankruptcy fraud cases, the FBI said."

CNN.com (10/19, Frieden) reports, "Authorities said the nationwide sweep culminated Wednesday with arrests stemming from 18 cases of bankruptcy fraud and related counts. … Those charged include nine lawyers, two bankruptcy petition preparers and a former police officer. The cases involved concealment of more than $3 million in assets, use of false identities and forged documents, and fraudulent receipt of government loans and benefits, officials said. … 'Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important,' said Deputy Attorney General Paul McNulty." CNN adds, "The culmination of "Operation Truth or Consequences" coincided with the anniversary of new bankruptcy laws aimed at combating fraud. … Authorities said the 78 people charged were named in 69 prosecutions in 36 judicial districts. … FBI Assistant Director Chip Burrus issued a statement staying the nationwide sweep 'highlights the scope of bankruptcy fraud and negative impact on the economy.'"

The Pittsburgh Tribune-Review (10/19, Roebuck) reports, "A Sewickley (PA) attorney and two other Western Pennsylvania residents were indicted this week as part of a nationwide crackdown on bankruptcy fraud and related crimes." The Tribune-Review continues, "Attorney Robin L. Grassel, 42, faces two counts of embezzlement from bankruptcy estates. She is among 78 people nationwide -- including nine attorneys -- charged as part of what the U.S. Department of Justice dubbed 'Operation Truth or Consequences.' … The allegations leveled nationwide include concealing more than $3 million in assets, using fake identities and Social Security numbers, forging documents and defrauding people whose homes were in foreclosure." The Tribune-Review adds, "Grassel, also known as Robin Musher, was representing clients in bankruptcy proceedings and administering their funds when she embezzled or misappropriated the funds, the indictment charges. .. She embezzled $104,832.94 from the bankruptcy estate of clients identified only as MW and PW and $47,420.28 from Jimmie and Joyce B., according to the indictment."

UPI (10/19) reports, "The project includes charges filed against nine lawyers, two bankruptcy petition preparers and one former law enforcement officer. Charges include alleged concealment of more than $3 million in assets and the alleged use of false Social Security numbers and false identities. … 'Today we send a clear message to those who abuse, for their own criminal financial gain, the bankruptcy system's promise of a fresh start to honest Americans,' said

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McNulty. … McNulty also announced the creation of a new Internet hotline for reporting suspected bankruptcy fraud to the Justice Department's U.S. Trustee Program."

The Arizona Republic (10/19, Wagner) reports, "Two federal fraud prosecutions under way in Arizona are part of a nationwide campaign to thwart abuse of U.S. bankruptcy courts, according to the Justice Department." The Republic continues, "One of the cases was filed in August against attorney James Joseph Everett, 51, who is accused of concealing about $500,000 in assets and income. The other indictment names three family members from southern Arizona accused of seeking bankruptcy protection as part of a larger swindle of government funds. … Those cases are among 69 filed nationally under Operation Truth or Consequences, launched to protect the integrity of the bankruptcy system, Deputy Attorney General Paul J. McNulty said in a news release." The Republic adds, "In Phoenix, Everett was indicted on 34 counts, including money laundering, false declarations and bankruptcy fraud. The U.S. Attorney's Office said he used $300,000 in concealed funds to purchase a house in Paradise Valley. Everett faces a maximum 20-year prison sentence for money laundering, the most serious offense. … The other Arizona case involves Sergio and Sandra Renteria of Willcox and their daughter, Kayla Taylor. They were indicted in August on charges of conspiracy and fraud in connection with an $800,000 loan from the Farm Service Agency. They are accused of failing to repay the loan while selling crops and equipment pledged as collateral. The indictment says Taylor also used loan money to buy a pair of Mercedes Benz cars. Finally, the Renterias are charged with filing for bankruptcy while hiding assets from the court. They face up to 30 years in prison."

Weldon Claims House Ethics Letter Closes Case. The Philadelphia Inquirer (10/19, Mason, Shiffman) reports, "U.S. Rep. Curt Weldon (R., Pa.) said he hasn't decided whether to release a letter from the House Ethics Committee that he says 'closed the case' on whether he used his influence to help his daughter." The Inquirer continues, "The FBI is probing whether Weldon helped his daughter Karen and friend Charles P. Sexton Jr. land $1 million in contracts from a Russian energy firm and a Serbian family with ties to Slobodan Milosevic. … 'My kids do their own work,' the 10-term congressman told a media scrum yesterday in the Ridley Township Municipal Building after a hearing on flight-path changes at Philadelphia International Airport." The Inquirer adds, "Weldon is in a neck-and-neck race against retired Adm. Joe Sestak, a 31-year Navy veteran who was raised in Springfield, Delaware County. Because of the disclosure of the FBI investigation last week, political observers say the race is now leaning in the Democrat's favor. … Yesterday, Weldon repeated his claim that he presented documents to the Ethics Committee in 2004 when the Los Angeles Times broke the story, and the committee didn't pursue the matter. … Weldon and his attorney, William J. Winning, said they hadn't decided yet whether to release the committee's letter. … A source close to the Weldon campaign said the four-page document, dated Sept. 29, discusses the allegations about Weldon's daughter and dismisses them without issuing a warning or reprimand."

Seven Funeral Home Directors Plead Guilty In Organ Smuggling Case. The AP (10/19, Hays) reports, "Seven funeral home directors linked to a scheme to plunder corpses and sell the body parts for transplants have secretly pleaded guilty to undisclosed charges, prosecutors announced Wednesday." The AP continues, "The unidentified directors all agreed to cooperate in an ongoing investigation into what investigators describe as an enterprise to steal bone and tissue from cadavers and sell the material to biomedical supply companies for profit, Brooklyn District Attorney Charles Hynes said." The AP adds, "The seven entered their pleas in closed courtrooms and their names were withheld, but defense attorneys said that among those cooperating was the director of a funeral home that took parts from the body of 'Masterpiece Theatre' host Alistair Cooke."

AFP (10/19) reports, "The Justice Department announced Wednesday that it had expanded its indictment against the four, Michael Mastromarino, Joseph Nicelli, Lee Cruceta, and Christopher Aldorasi. … 'These ghoulish thieves thought they could pull off the crime of the century, stealing bones from the dead, without any thoughts to their victims' families or the transplant recipients who would receive possibly tainted bone and tissue grafts,' Brooklyn District Attorney Charles Hynes said in a statement." AFP adds, "Funeral homes in Rochester, Manhattan, Brooklyn and the Bronx have been accused of providing corpses for the organ smuggling scheme. … In announcing the indictment in February, authorities alleged that the four men made millions of dollars selling body tissue to transplant companies. … In many cases, the bones were replaced by PVC pipes so that their theft would not be noticed at a funeral, authorities said.

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… At the same time, the accused would regularly toss gloves, aprons, and other evidence of their criminal handiwork into the bodies before sewing them back up, prosecutors said."

US Misses Deadline In DC Death Penalty Case. The Washington Times (10/19, McElhatton) reports, "A federal judge has ruled that prosecutors cannot seek the death penalty against two D.C. men accused of running a violent street gang in Southeast because the government missed a key deadline." The Times continues, "U.S. District Judge Richard W. Roberts ruled that the Justice Department failed to file a timely notice of intent to seek the death penalty against Antwuan Ball and David Wilson. The judge's opinion was issued late Tuesday and made public yesterday." The Times adds, "Mr. Ball and Mr. Wilson are awaiting trial on charges of murder, racketeering and drug trafficking after a joint investigation by the Metropolitan Police Department and the FBI of the so-called Congress Park Crew in Southeast. … In his ruling, Judge Roberts said the 'government showed no cause, much less any good cause' for failing to file a notice of intent to seek the death penalty by a court-ordered Sept. 15 deadline. … Prosecutors filed a notice of intent to seek the death penalty Sept. 25. Citing the missed deadline, the judge barred capital punishment in the case Sept. 18. … One week later, prosecutors filed notice to seek the death penalty with a separate motion asking the judge to reconsider his Sept. 18 ruling." The Times notes, "The government attorneys blamed the delay on a misunderstanding about the deadline, the need for more deliberations and the fifth anniversary of the September 11, 2001, terrorist attacks. … But Judge Roberts remained unconvinced. … It's not clear whether prosecutors plan to appeal the ruling. … 'We are currently reviewing our options but have no further comment at this time,' said Channing Phillips, spokesman for the U.S. Attorney's Office."

Boehner, Trandahl To Testify Today House Ethics Committee's Foley Probe. The AP (10/19, Taylor) reports former House Clerk Jeff Trandahl "will face ethics investigators" on Thursday "in what could be the most important testimony yet on how GOP leaders handled complaints about Rep. Mark Foley's behavior toward pages — including the early concerns" of Rep. Rodney Alexander of Louisiana, "who testified Wednesday." Alexander "spoke with investigators for three hours about how his office handled a complaint last fall from a former page about too-friendly e-mails from Foley." Trandahl's testimony "is critical in determining how many people knew about Foley's behavior with pages and whether there are even more incidents than those reported so far."

USA Today (10/19, Kiely, 2.27M) reports "two key witnesses"—Trandahl and Majority Leader John Boehner – "will testify before the House ethics committee today on what they knew about former congressman Mark Foley's contacts with teenage boys." Meanwhile, Rep. Chris Van Hollen, D-Md., "accused the GOP of covering up complaints about Foley because of the upcoming election." At a National Press Club lunch on the midterm elections, Van Hollen said, "The Republican leadership in Congress decided to put their political fortunes above the safety of the youngsters."

Roll Call (10/19, Davis) reports Trandahl has "retained defense attorney Cono Namorato, and has made no public statements since Foley resigned Sept. 29. Through his attorney, Trandahl has said he will 'cooperate fully' with both the FBI's probe and the Committee on Standards of Official Conduct." Trandahl could "provide key testimony as to when senior aides to Hastert were first informed of Foley's alleged inappropriate behavior with male pages. Trandahl also could confirm or dispute the veracity of the timeline of events released by the Speaker's office on Sept. 30."

The New York Times (10/19, Zeleny, 1.21M) reports Rep. Alexander said the "former Congressional page from Louisiana whose e-mail exchanges with Representative Mark Foley set off a Capitol Hill scandal was neither exposed to nor aware of the sexually explicit instant messages that ultimately led to Mr. Foley's resignation." Alexander said "the page, who lives in his district, was not familiar with Mr. Foley's pattern of conduct and should not be a focal point of the investigation."

Attorneys Say They Shared Alleged Foley Abuser's Name With Prosecutors. The AP (10/19, Skoloff) reports Foley attorneys "said they revealed to state prosecutors Wednesday the name of a clergyman he said abused him as a teen." Mike Edmondson, a spokesman for "the state attorney's office in West Palm Beach, said Wednesday evening his office had not yet seen the name." Edmondson said, "I'm sure they faxed it over. It could very well just be sitting on the fax machine." The AP adds a "joint statement from Roth and Foley's civil attorney, Gerald Richman, said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office." Edmondson said prosecutors "would share the name of the clergyman with the

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Archdiocese Thursday, as long as it was received by the office before it opened for business."

More Commentary. In a USA Today op-ed (10/19), George Washington University law professor Jonathan Turley says, "The Foley scandal is the perfect bookend to one of the most corrupt Congresses ever. Whether they're dealing with sleazy lobbyists or innocent pages, lawmakers have shown that they can't be trusted. In its waning months, the 109th Congress has finally achieved a status in politics that the 1919 Black Sox achieved in sports: It is a symbol of utter corruption."

Sweeney Faces Questions Over Who Paid For Trip. The New York Times (10/19, Hernandez, 1.21M) reports that GOP Rep. John Sweeney "is facing questions about a trip he took to a western Pacific island with an associate of Jack Abramoff, the powerful Washington lobbyist at the center of an extensive corruption scandal. The Times Union of Albany reported yesterday that Mr. Sweeney might have violated House ethics rules when he failed to disclose who paid for a trip that he made in January 2001 to one of the Northern Mariana Islands with Tony Rudy, who worked for Mr. Abramoff. Mr. Sweeney made the trip to deliver a speech to the Saipan Chamber of Commerce in the Commonwealth of the Northern Mariana Islands, a territory of the United States. Mr. Rudy was lobbying on behalf of the commonwealth." The Times adds, "Responding to the report, Mr. Sweeney's office released a statement saying that he believed the government of the Marianas had paid for the trip. House rules do not require the disclosure of any travel sponsored by the government, including United States territories."

The AP (10/19, Barrett) reports, "Sweeney, who has not been linked to the Abramoff corruption case, said Wednesday, 'I don't know Jack Abramoff and I've never even met Jack Abramoff.' … The congressman's financial forms were reviewed last year by the Department of Justice at the same time records of Rep. Bob Ney, R-Ohio, were reviewed. Ney pleaded guilty Friday to conspiracy and making false statements as part of the Abramoff influence-peddling scandal."

Despite Conviction, Ney Refuses To Resign. The New York Times (10/19, Shenon, 1.21M) reports Rep. Bob Ney "is headed to prison early next year after pleading guilty to charges of accepting tens of thousands of dollars in illegal gifts from lobbyists. Until then, Mr. Ney, a six-term Republican from Ohio, has a comfortable place to bide his time." Ney's "congressional office — the one that he has effectively acknowledged selling to the highest bidder — is open for business." To the "dismay of House colleagues eager to remove him as a symbol of the corruption scandals that are tarring several Republican candidates in next month's Congressional elections, Mr. Ney, defying House leaders, has refused to step down for now, insisting that he owes his staff and his constituents a few more weeks of his time."

Cunningham Offered To Testify To House Panel From Prison. Roll Call (10/19, Bresnahan) reports that former Rep. Duke Cunningham "has offered to testify about his activities as a member of the House Intelligence Committee to the panel's chairman, Rep. Pete Hoekstra (R-Mich.), but only if Hoekstra personally travels to the North Carolina federal prison where Cunningham is now serving a sentence for bribery-related charges. Hoekstra turned down the offer to meet with his former colleague, which was outlined in a recent letter from Cunningham to the Michigan Republican. Hoekstra told Cunningham that he wanted a special counsel appointed by the committee, Michael Stern, to conduct any interview with the imprisoned ex-lawmaker." Roll Call adds, "Disclosure of Cunningham's letter to Hoekstra comes after the Michigan Republican and Rep. Jane Harman (D-Calif.), the ranking member of the Intelligence Committee, have publicly clashed over Harman's decision to release a summary of Stern's investigation, and over the need to subpoena Cunningham."

WPost Says Public Deserves To See Full Report On Cunningham. The Washington Post (10/19, A28, 748K) editorializes that Cunningham, "now serving time for taking $2.4 million in bribes from defense contractors, was enabled in his criminality by a system that empowers members of key congressional committees to earmark funds for favored entities, by the secrecy surrounding intelligence spending, and by the compliance of congressional staff members and others who acceded to Mr. Cunningham's spending demands despite their misgivings." The Post adds, "A devastating report -- actually, the devastating executive summary of a still-secret report -- by a special counsel to the House intelligence committee found that the corrupt congressman steered between $70 million and $80 million in government spending to defense contractors Mitchell J. Wade and Brent R. Wilkes. The public deserves to see the full

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23-page unclassified version of the report, which has been ready since July. Even more, it deserves to know whether any of those complicit in Mr. Cunningham's misdeeds will be disciplined and how such abuses will be prevented in the future."

Blagojevich Fundraiser Expected To Appear For Arraignment Today. The Chicago Tribune (10/19, Coen, O'Connor, 623K) reports, "After missing his first two federal court hearings last week because of his international travel, Antoin 'Tony' Rezko is expected in court Thursday to be arraigned in at least one of the fraud cases against him. Sources said there was some indication Wednesday that Rezko, a businessman and top fundraiser for Gov. Rod Blagojevich, would arrive as scheduled at the Dirksen U.S. Courthouse, but they declined to elaborate." The Tribune notes, "An arrest warrant has been issued for Rezko, 51, but the FBI has promised not to impede his promised return to the United States. Rezko…has not officially been declared a fugitive by law enforcement."

FBI, Colorado Authorities Investigating Alleged Beauprez Misuse Of Database. In a widely-distributed story, the AP (10/19, Paulson) reports, "Information in an attack ad run by Rep. Bob Beauprez against his Democratic opponent for governor used illegal confidential information from a federal law enforcement database, Colorado authorities said Wednesday." Colorado Bureau of Investigation Director Robert Cantwell "said the information came from the National Crime Information Center, a federal database available only to law-enforcement officials. 'Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation,' Cantwell said. 'The FBI and CBI will be working jointly to complete the investigation.'" The AP notes, "The TV ad refers to a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says that when Ritter was the district attorney for Denver, he chose to seek a plea bargain in the case, the man avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor."

The Colorado Springs Gazette (10/19, Henley) adds, "Ritter's campaign asked for the investigation, which has derailed Beauprez's damaging political attacks less than three weeks before the Nov. 7 election. 'The congressman is now on day six of refusing to disclose his source, and, with each passing day, he digs himself a deeper and deeper hole,' said Evan Dreyer, Ritter's spokesman. 'He has asked voters to hold them accountable. Well, he can rest assured the FBI will hold him accountable.'"

Prosecutors Want Postponement Of Pellicano Trial. The Los Angeles Times (10/18, Krikorian) reported on its web site, "Federal prosecutors today urged a judge to reject Anthony Pellicano's request that his wiretapping trial begin as scheduled in February, arguing that the complexity of the case, the number of defendants and other factors justify postponement until next fall." Prosecutors told US District Judge Dale S. Fischer "that if she agrees with Pellicano's request, the government wants to proceed with a February trial for the former private eye and all of his six co-defendants, all but one of whom have agreed to a delay."

California Jailer Arrested On Bribery, Contraband Charges. The Los Angeles Times (10/19, Hanley, 918K) reports, "A guard at a federal detention center in Orange County was arrested this week on suspicion of taking bribes in exchange for smuggling contraband to at least one inmate, including cellphones, a small computer, protein powders and other bodybuilding substances, a federal official said. Jose Abel Flores is a correctional officer at the Santa Ana City Jail, which has a contract to house federal prisoners awaiting trial. … He is scheduled to appear at a bail hearing today," and Assistant US Attorney Kenneth B. Julian "said he would probably ask that Flores be held without bail." The Times notes, "According to an arrest affidavit prepared by FBI agent Philip J. Carson, the investigation was carried out with the help of an unnamed inmate who is awaiting sentencing on weapons and drug charges, and who is cooperating with the government in hopes of leniency."

Trial Begins In Murder Of DC Journalist. The Washington Times (10/19, Emerling) reports, "The trial of a man charged with killing New York Times journalist David Rosenbaum opened yesterday with attorneys on both sides saying that the case hinges on the testimony of the defendant's cousin and admitted co-conspirator." The Times continues, "Michael Hamlin 'will confess to you that he and his cousin did this terrible thing,' Assistant U.S. Attorney Amanda Haines told jurors during opening statements in the trial of Percey Jordan Jr. 'You will find out that the evidence in this case 100 percent corroborates what he is telling you.'" The Times adds, "Mr. Jordan, 42, is charged with felony

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murder, aggravated assault and credit-card fraud. … Mr. Rosenbaum, 63, was out for a walk late Jan. 6 when he was beaten and robbed on Gramercy Street near his Northwest home. He died two days later at Howard University Hospital. … Hamlin, 24, pleaded guilty to second-degree murder, robbery and conspiracy and is expected to testify against Mr. Jordan. … He has admitted stealing Mr. Rosenbaum's wallet but said Mr. Jordan hit the journalist on the head with a pipe." The Times notes, "Defense attorney Michael Starr sought to discredit Hamlin in his opening statements. … He said that Hamlin, who surrendered to police after seeing his face broadcast on television, has changed his story repeatedly to cooperate with police and keep himself out of trouble. … 'The government has manufactured a case about a completely unbelievable, untrustworthy story they have been fed by Michael Hamlin,' said Mr. Starr, who noted a lack of forensic evidence in the case. 'That story, the evidence will show you, is false [and] untrue.'"

125 Arrested In Nationwide Child Porn Sweep. The AP (10/19, Parry) reports, "A Bible camp counselor and a Boy Scout leader were among 125 people arrested nationwide in an Internet child pornography case in which subscribers purchased photos and videos of children engaged in sex acts with adults, federal authorities said Wednesday. The case originated in New Jersey, but quickly spread to 22 states. The defendants were charged with either possession or receipt of child pornography. Additional arrests are expected." The AP notes, "Several of those arrested nationwide have prior records for molesting or sexually assaulting children." US Attorney Christopher Christie said that "One defendant from San Diego told agents at his arrest that he had molested at least eight children over a 30-year period, and boasted of being able to identify particularly vulnerable children."

Miami Man Sentenced To 10 Years In Prison For Prostituting Teen. The Miami Herald (10/19, Benn, 310K) reports, "A Miami man will spend 10 years in prison for planning to drive a 14-year-old girl to Georgia and prostitute her. A federal judge on Monday sentenced Michael Miller, 29, who pleaded guilty in August to attempting to transport a minor for prostitution." The Herald notes, "Miller made the teen call him Daddy, and he took all of her prostitution earnings, up to $1,000 a day, investigators said. The teen told detectives Miller 'beat her on several occasions if she did not follow his rules, acted defiantly or looked at other men,' according to court documents."

Herbert Says Atlanta Has Become Child Prostitution Hub. In his New York Times (10/19, 1.21M) column, Bob Herbert writes, "Atlanta, for a variety of reasons, has become a hub of child prostitution and other forms of commercial sexual exploitation of children. The overall market for sex with kids is booming in many parts of the US. In Atlanta — a thriving hotel and convention center with a sophisticated airport and ground transportation network — pimps and other lowlifes have tapped into that market bigtime." Herbert adds, "The risks for pimps and other exploiters of children are low, and the payoff is often enormous. Demand is increasing for younger and younger prostitutes, in part because of the cultural emphasis on the sexual appeal of very young women and girls, and in part because of the widely held belief among johns that there is less risk of contracting a disease from younger prostitutes."

DC Council Alters, Extends Emergency Anti-Crime Efforts. The Washington Times (10/19, Doolittle) reports, "The D.C. Council agreed unanimously yesterday on legislation to continue the enforcement of some of the emergency crime measures passed this summer." The Times continues, "The bill renews for 90 days three of the provisions passed by the council in early July, after an increase in violent crime. … The provisions authorize the continued use of neighborhood-surveillance cameras, some offenders being held until trial and police still having access to juvenile criminal records." The Times adds, "Though the bill still allows police to see juvenile records, it limits their access to the offender's name, address, date of birth and condition of release. Unlike the July emergency bill, it does not allow them full access to case files."

CIVIL LAW:

Alaska Family Sues US Over North Slope Lease. The Fairbanks (AK) Daily News-Miner (10/19, Bishop) reports, "A family that owns land under a BP oil drilling pad on the northeast shore of Prudhoe Bay wants the company to pay at least $40 million in back rent, and it is suing the federal government and going to the media to push the point." The News-Miner continues, "The U.S. Department of Justice, in a recent response to the lawsuit, says the lease was made properly and the family has been paid what it is

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owed — about $670,000 from 1994 to 2001. … A BP spokesman said Tuesday that the family's dispute is properly with the federal government, not the company." The News-Miner adds, "Joseph Inu-quruq Delia, who lives in Anchorage but grew up in Fairbanks, said the federal Bureau of Indian Affairs failed to negotiate a fair lease on behalf of his grandfather, Andrew Oenga. … Oenga, an Inupiat who didn't read or speak English, died in 1990, a year after signing the original lease. … Delia is one of eight family members, known as the 'Oenga heirs,' who sued the government in June. They live in Anchorage, Barrow and Fairbanks. … Their lawsuit targets the government for the money. However, a summary distributed by Levick Strategic Communications, a Washington firm hired to spread the story to the media, also pointed to BP."

CIVIL RIGHTS:

Texas Club Owner Sentenced To 10 Years For Forced Labor. AFP (10/19) reports, "A nightclub owner was sentenced to 10 years in prison for forcing young South Korean women to work as hostesses, the US Justice Department said. … 'Sung Bum Chang imported innocent young women from South Korea and forced them to work at Club Wa under terrible conditions of fear and violence,' said Wan Kim, Assistant Attorney General for the Civil Rights Division." AFP continues, "Chang, who ran the club in Dallas, Texas, was also ordered to pay 37,000 dollars to the victims. … On June 12 Chang, pleaded guilty to one count of forced labor and one count of conspiracy to commit forced labor. … Prosecutors called this a case of human trafficking, as Chang had set up a network in South Korea to bring young women to the United States with the promise of lucrative jobs."

California Officials Interview Anti-Immigration Activist About Election Letter. The AP (10/19) reports, "The leader of an anti-illegal immigration group said she was interviewed by investigators from the attorney general's office Wednesday about a letter sent to Hispanic families in Orange County warning some immigrants could be jailed or deported for voting next month. Barbara Coe, leader of the California Coalition for Immigration Reform, said she told investigators her group had not authorized the letter and she didn't know who sent it. The note's letterhead resembles that of the group's." The AP notes, "Coe said she has received a handful of death threats since last week, when the letter began arriving at an unknown number of Orange County homes. Her group was investigated by the FBI in the late 1990s because members held signs near polls stating only citizens can vote."

Former Georgia Governor Drops Action Against Successor Over Voter ID Letter. The Atlanta Journal-Constitution (10/19, Suggs) reports, "Former Gov. Roy Barnes dropped a request to have his successor, Gov. Sonny Perdue, and the State Election Board found in contempt of court for the mailing of 200,000 letters to Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election. … A hearing scheduled for Friday has been canceled." The AJC continues, "Barnes filed the contempt motion Monday on behalf of a 60-year-old Atlanta woman who did not have a state-issued ID. … The election board met in a special called meeting Tuesday and voted to again mail letters to about 300,000 voters who received the first letter. … The new letter, to be mailed on or before Oct. 27, clarifies that photo ID is not currently required to vote in Georgia." The AJC adds, "Georgia's photo ID law, passed by the Legislature this spring, has failed several times this year to meet legal challenges. … The law was ruled unconstitutional Sept. 19 by Fulton County Superior Court Judge T. Jackson Bedford. … The election board, however, allowed about 200,000 letters to be mailed after the ruling. Many letters also had been mailed before the ruling. .. .Critics said the original letters would mislead recipients into thinking photo ID was required to vote, and would therefore suppress voter turnout among minorities."

Cracker Barrel Denies Racial Bias Against Comedian's Mother. The State (SC) (10/19, Fuller) reports, "A problem during a shift change, not racial bias, was the reason Georgetown (SC) resident Rose Rock was not served in May at the Murrells Inlet location of the Cracker Barrel Old Country Store, restaurant chain officials said Wednesday." The State continues, "A news conference held outside the Murrells Inlet restaurant drew the Rev. Al Sharpton, Rock and officials from the Lebanon, Tenn.-based restaurant. … Rock and restaurant official Diana Wynne offered different versions of what caused Rock and her 21-year-old daughter, Andi Rock, to leave the restaurant May 16 without receiving service. … Rock, mother of comedian Chris Rock, owns a home in Georgetown and is the host of a local radio show. … 'We're outraged that racism is permitted,'

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Sharpton said. 'Mrs. Rock did what was right. In frustration, she reached out to us.'" The State adds, "Wynne, vice president of corporate affairs for Cracker Barrel, said the incident is under investigation. … 'We made an honest mistake,' she said. 'It was not a discrimination issue. It was a service issue.'" The State notes, "It is not the first time the restaurant chain has been scrutinized over allegations of racial bias. … In 2004, a civil action claiming racial discrimination against the restaurant chain was settled without admission of guilt. The agreement came with stipulations by the U.S. Justice Department. … The injunction from the Justice Department forbids Cracker Barrel from denying service or food, or providing inferior service or food, to any person because of race or color."

Michigan Referendum On Affirmative Action Expected To Influence National Debate. The Chicago Tribune (10/18, Cohen, 623K) reported that civil rights leaders say this fall's referendum to ban affirmative action in pubic education in Michigan will influence the affirmative action debate nationally. Michigan voters "will decide Nov. 7 whether to amend the state constitution to outlaw consideration of race and gender in deciding which applicants get into college, who receives government jobs and what businesses secure state and local contracts." The vote "comes as affirmative action, one of the nation's most controversial social issues, remains in the spotlight. The Supreme Court will hear cases this term from Seattle and Louisville about whether public elementary and high schools can consider race in assigning students to specific schools to maintain a racial balance."

Panel Urges Brown To Amend For Past Ties To Slavery. The New York Times (10/19, Belluck) reports, "Extensively documenting Brown University's 18th-century ties to slavery, a university committee called today for the institution to make amends by building a memorial, creating a center for the study of slavery and injustice and increasing efforts to recruit minority students, particularly those from Africa and the West Indies." Brown's Committee on Slavery and Justice "said in a 106-page report: 'We cannot change the past. But an institution can hold itself accountable for the past, accepting its burdens and responsibilities along with its benefits and privileges.' It added, 'In the present instance this means acknowledging and taking responsibility for Brown's part in grievous crimes.'"

Black Conservatives Anger Liberals By Claiming Civil Rights Mantle. The Washington Post (10/19, A4, Fears, 748K) reports when "a black conservative group ran a radio ad proclaiming that the Rev. Martin Luther King Jr. was a Republican, reaction was swift." Frances Rice, chairman of the National Black Republican Association, said, "We've gotten some e-mails and telephone calls filled with vitriol. They've called me Aunt Jemima, a sellout, a traitor to my race." The Post adds that in the "battle for the black electorate, liberals, who make up the overwhelming majority of black voters, have long disagreed with conservatives over ideology, public policy and economic strategies to better the lives of African Americans. But when conservatives placed the civil rights movement in a Republican context, black liberals said, they crossed a line."

Officials Anticipate Problems As States Switch To Electronic Voting Machines. The New York Times (10/19, Urbina, 1.21M) reports, "As dozens of states are enforcing new voter registration laws and switching to paperless electronic voting systems, officials across the country are bracing for an Election Day with long lines and heightened confusion, followed by an increase in the number of contested results. In Maryland, Mississippi and Pennsylvania, a shortage of technicians has vendors for new machines soliciting applications for technical support workers on job Web sites like Monster.com." The Times adds, "Arizona, California, Georgia, Indiana, Maryland, Mississippi, Missouri, North Carolina, Ohio and Pennsylvania are among the states considered most likely to experience difficulties, according to voting experts who have been tracking the technology and other election changes."

ANTITRUST:

US Indicts Three In Computer Memory Price-Fixing Scheme. The Washington Times (10/19, Seper) reports, "A federal grand jury in San Francisco yesterday indicted two executives from Samsung Electronics Ltd. and another from Hynix Semiconductor America Inc. on charges of a global conspiracy to fix prices on a memory product used in everything from laptops to video-game consoles, Justice Department officials said." The Times continues, "Each of the three executives is charged with participating in a conspiracy to suppress competition in the multibillion-dollar

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dynamic random access memory (DRAM) industry in violation of the Sherman Antitrust Act. … 'The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies,' said Assistant Attorney General Thomas O. Barnett, who heads the division. … 'Criminal cartel enforcement is the division's top priority, and both companies and individuals must comply with the antitrust laws.'" The Times adds, "The indictment, filed in U.S. District Court in San Francisco, charged that Il-ung Kim and Young-bae Rha, both of Samsung, and Gary Swanson participated with co-conspirators in the scheme from April 2001 until June 2002. At the time, according to the document, Mr. Kim was vice president of marketing and Mr. Rha was vice president of sales and marketing. … The indictment said that at the time of the conspiracy, Mr. Swanson was a senior vice president at Hynix America, the U.S.-based subsidiary of Hynix Semiconductor Inc., with headquarters in South Korea. Mr. Swanson is a U.S. citizen."

Bloomberg (10/19, Gullo) reports, "In meetings and telephone conversations with unnamed co- conspirators, Kim and Rha, both citizens of Korea, and Swanson, of the U.S., agreed to rig a November 2001 online auction of chips, set prices charged to certain computer makers and raise and maintain prices for manufacturers, according to the indictment filed in U.S. District Court in San Francisco." Bloomberg continues, "U.S. DRAM sales were $7.1 billion in 2004, the U.S. Justice Department said. The indictment is part of a four-year federal investigation into price fixing in the chip market that has led to claims against four companies and 16 individuals who have been fined $731 million, the U.S. said. Samsung, the world's biggest maker of computer memory chips, agreed to pay $300 million last year to settle U.S. antitrust claims. … Kim 'did not engage in a price fixing conspiracy,' said Lawrence Callaghan, his attorney. 'From our knowledge of the facts and evidence, he is simply not guilty of violating' U.S. antitrust laws 'and we believe he is not guilty of fixing prices.' … The executive has never received training in antitrust law, particularly 'the line between gathering competitive intelligence and price checking, which are perfectly legal, and fixing prices,' said Callaghan."

AFP (10/19) reports, "The indictments were returned in the US District Court in San Francisco and come after government prosecutors have already charged 13 other individuals in the ongoing investigation, according to a Justice Department statement." AFP adds, "Their indictments come after Thomas Quinn, a former US executive of Samsung, agreed to plead guilty and serve jail time last month as part of the ongoing probe which has already placed other industry executives behind bars."

IDG News Service (10/19, Gross) reports, "Including Wednesday's charges, four companies and 16 individuals have been charged in the DOJ DRAM price-fixing probe. The investigation has resulted in US$731 million in fines, the second highest total obtained by the DOJ in a criminal antitrust investigation aimed at one industry." IDG adds, "Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August. They agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy. … In addition, four Hynix Semiconductor Inc. executives were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine. In December 2004, four executives of Infineon Technologies AG pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months, and each paid a $250,000 fine." The AP (10/19) also reports on the indictments.

Bayer Settles Price-Fixing Charges With US For $18 Million. The AP (10/19, Twiddy) reports, "Bayer AG has agreed to pay $18 million to settle claims it conspired with other manufacturers to inflate the price of certain plastics, the second multi-million-dollar settlement the company has made this year regarding its polymer operation." The AP continues, "On Tuesday, U.S. District Judge John Lungstrum in Kansas City, Kan., approved the settlement, which covers the company's sales of polyester polyol-based products between Jan. 1, 1998 and Dec. 31, 2004. … The agreement also requires Bayer, headquartered in Germany, to cooperate with plaintiff attorneys as they continue their class-action lawsuit against former co-defendants Uniroyal Chemical Co. and Chemtura Corp., formerly known as Crompton Corp." The AP adds, "Lungstrum also agreed to dismiss defendants Rhein Chemie Corp. and Rhein Chemie Rheinau GmbH, subsidiaries of Lanxess Corp., which was spun off from Bayer last year. … In August, Lungstrum approved a $55.3 million settlement by Bayer in a separate case involving the sale of polyether polyol. Bayer also agreed to help attorneys against former co-

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defendants BASF Corp., BASF AG, The Dow Chemical Co., Huntsman International Holdings LLC and Lyondell Chemical Co."

Chicago Exchange Deal Could Force Hands Of Rivals. The Wall Street Journal (10/19, C1, Lucchetti, Taylor, MacDonald) reports, "The New York Stock Exchange's owner twice considered bids for the Chicago Board of Trade, people familiar with the matter said. Now that the CBOT has another suitor, pressure is growing on the Big Board and the world's other major exchanges to pull off their own megadeals." The Journal continues, "While Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. put aside decades of rivalry to announce a merger on Tuesday, other U.S. and European exchanges are having a tough time tying the knot. The Chicago deal, which would create the world's largest financial market and a derivatives-trading powerhouse, could make doing so even harder. … NYSE owner NYSE Group Inc. agreed in June to merge with European stock and derivatives exchange Euronext in a deal valued at $20 billion. But shareholders won't vote on it until December, and now it is bogged down amid political wrangling in Europe. Many leaders there want a big European merger first, and a giant derivatives behemoth in Chicago could accelerate that push."

Avaya Maintenance Policy Is Target Of Antitrust Suit. The AP (10/19, Johnson) reports, "Business communications systems provider Avaya Inc. is accused in a federal antitrust lawsuit of illegally blocking competitors from providing maintenance and repairs to telephone equipment and software sold by Avaya." The AP continues, "Continuant Inc., of Fife, Wash., which operates a telephone system maintenance business throughout North America, said Wednesday that it countersued Basking Ridge-based Avaya after the AT&T spinoff sued Continuant this summer." The AP adds, "The two parties are scheduled to appear in federal court in Trenton, where the two lawsuits were filed, for a hearing on Nov. 14. … Continuant's lawsuit asks the court to permanently bar Avaya 'from continuing its anti-competitive conduct,' including bundling service contracts with the sales of its telephones, cables and other telecom equipment, and keeping secret from competitors passwords necessary for maintaining the communications systems. Continuant also is seeking compensatory and punitive damages, legal fees and other costs. … 'Avaya's the only company that has a policy like this,' said Bruce Shelby, Continuant's vice president of sales. 'They say a customer doesn't have the right to access their system to perform maintenance' or to hire a third party to do it. … Shelby said his company believes that is illegal and that Avaya is overcharging its customers for maintenance when its service level has declined because of a series of major layoffs."

Critics Target Federal Circuit As Final Arbiter Of Patent Claims. The National Law Journal (10/19, Coyle) reports, "In the often highly technical, cutting-edge world of inventions, the U.S. Court of Appeals for the Federal Circuit is the Mount Olympus of patent law. But are its 12 Olympians falling?" The Journal continues, "The U.S. Supreme Court is reviewing more of the circuit court's patent decisions and liking them less, which is a much-noted trend in the relatively small patent bar. … Some patent litigators are increasingly critical of a Federal Circuit that, in its desire to achieve certainty and harmony in patent law, they say, has become overly formalistic, expanding the power of patent holders at the expense of innovation. … And some scholars suggest that after 25 years as the only game in town for review of patent appeals, the Federal Circuit might benefit, both in terms of its overall workload and the development of patent law, from some outside input, not just from the Supreme Court but from a limited number of regional circuit courts getting back into the business of handling patent appeals." The Journal adds, "Do the Supreme Court's heightened interest and increased reversals mean that the Federal Circuit has run amok? … 'Some of the shriller commentators have suggested the Supreme Court may be concerned the Federal Circuit is a runaway court or a pro-patent court. I don't think there is the slightest substance to those observations by a couple of people,' said Chief Judge Paul R. Michel. … His best guess as to why the high court has stepped up its interest, he explained, is that 'the Federal Circuit has had a good amount of time to wrestle with fundamental issues of patent law and has developed a body of law on those fundamental issues. The time is ripe for the Supreme Court to review the way we have resolved those issues. It's neither surprising nor worrisome.'"

ENVIRONMENT:

Firms Ramp Up Global Warming Practices. The California Recorder (10/19, Pasternak) reports, "While

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scientists ponder how quickly the polar ice cap will become a tropical resort -- and California turns the heat up on the auto industry -- law firms are starting to wave their green flags." The Recorder continues, "Soon after California Attorney General Bill Lockyer announced he was suing carmakers over vehicle pollution, and the state passed a new law to limit greenhouse gas emissions, Pillsbury Winthrop Shaw Pittman announced it was putting together a new climate change and sustainability practice group. And Morrison & Foerster announced an event to discuss the new Global Warming Solutions Act. … 'We're going to try to start up a group initially within the confines of our IP practice,' said MoFo partner Thomas Ciotti. 'You've got to start marketing to the community in order to start attracting more business.'" The Recorder adds, "Partners are going to discuss hiring needs for his firm's new global-warming practice, dubbed Greentech, at an end-of-month meeting, Ciotti said. … Neither Pillsbury nor MoFo has hired anyone for the new climate groups. But both are earnest about what they call a burgeoning new area and say they're anticipating client needs by connecting previously disparate disciplines. … Ciotti predicted that biodiesel and ethanol manufacturers and chemical companies, for example, will need project finance, transactional, corporate and even IP help as they look to acquire and develop new facilities. … At Pillsbury, San Francisco partner Michael Steel said the new team-in-development consists of lawyers from the environmental and land use litigation practices, as well as from corporate and finance."

Researcher See Crop Threat In Pollinators' Decline. The Washington Post (10/19, A10, Eilperin) reports, "Birds, bees, bats and other species that pollinate North American plant life are losing population, according to a study released yesterday by the National Research Council. This 'demonstrably downward' trend could damage dozens of commercially important crops, scientists warned, since three-quarters of all flowering plants depend on pollinators for fertilization." The Post continues, "American honeybees, which pollinate more than 90 commercial crops in the United States, have declined by 30 percent in the last 20 years. This poses a challenge to agricultural interests such as California almond farmers, who need about 1.4 million colonies of honeybees to pollinate 550,000 acres of their trees. By 2012, the state's almond farmers are expected to need bees to pollinate 800,000 acres." The Post adds, "A number of factors have cut pollinators' numbers in recent decades, the researchers said. Introduced parasites such as the varroa mite have hurt the honeybee population, and pesticides have also taken a toll. Bats, which carry pollen to a variety of crops, have declined as vandalism and development have destroyed some of their key cave roosts."

Democrats, Evangelicals To Launch Global Warming Awareness Campaign. The Los Angeles Times (10/19, Simon, 918K) reports, "Democratic strategists are joining forces with conservative evangelicals to promote a faith-based campaign to raise awareness about global warming, in an improbable alliance that could boost Democratic hopes of taking control of Congress." At a news conference Friday, the president of the Christian Coalition and a board member of the National Association of Evangelicals will announce Call to Action, an effort to make global warming a front-and-center issue over the next three weeks for Christians in Pennsylvania, Ohio, Tennessee, North Carolina, Colorado and several other states with pitched election campaigns." Through ads "on Christian radio, sermons from the pulpit, Bible studies, house parties and a documentary film, 'The Great Warming,' Christians will be urged to view protecting the environment as a religious and moral issue, every bit as urgent as opposing abortion and gay marriage."

The Washington Post (10/19, A19, Cooperman, 748K) reports Evangelical Christian leaders "are tackling a growing list of domestic and international issues, such as genocide in Darfur and global warming, despite dissension in their ranks over whether this broader moral agenda will dilute their political power just before crucial elections." Two dozen "prominent evangelicals issued a joint appeal for President Bush to take the lead in sending a multinational, U.N.-backed peacekeeping force into the Darfur region of Sudan. They included not just liberal religious leaders but also several notable conservatives, including the Rev. Richard Land of the Southern Baptist Convention and the Rev. Ted Haggard, president of the National Association of Evangelicals." Today, "another broad coalition of evangelical leaders will begin airing advertisements on Christian radio stations calling for action to address climate change."

FBI/DEA/ATF/USMS:

Money-Laundering Investigation Nets More Than 20 Arrests In 3 Countries. There are more

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than 200 media references to a money-laundering investigation that has led to arrests in the U.S., England, and Colombia. For example, the AP (10/19) reports agents "broke up a Colombian money-laundering ring Wednesday, arresting 26 people in three countries and seizing more than $16.5 million in cash and drugs. Arrests were made in Bogota and Cali, Colombia; New York, New Jersey, Florida and London, according to Drug Enforcement Administration officials. More than $10 million in alleged drug profits and more than $6.5 million in cocaine, heroin and marijuana were seized in the operation conducted by DEA, the FBI, Immigration and Customs Enforcement, the Internal Revenue Service, New York City and state police and Suffolk County police, authorities said. … Narcotics traffickers used the Colombian black market peso exchange to disguise the source of income." News outlets that used the AP story include CBS News, CNN, MSNBC, FOX News, The New York Times, Washington Post, USA Today, the San Francisco Chronicle, Houston Chronicle, Denver Post, and the UK's Guardian.

The Washington Times (10/19, Seper) reports federal agents yesterday "broke up what authorities described as an international money laundering ring diverting millions of Colombian drug dollars through a sophisticated 'Black Market Peso Exchange,' an illegal currency exchange system. … According to two indictments and a complaint unsealed in U.S. District Court in Manhattan, the suspects used 'peso brokers' to serve as middlemen between cash-heavy drug traffickers and Colombian businesspeople seeking to purchase cheap U.S. dollars outside the highly regulated Colombian banking system."

Cable TV Coverage. CNN's Lou Dobbs Tonight (10/18, 6:00 p.m.) aired, "Federal officials have announced a major money laundering bust. Twenty-six people were arrested in three countries, Colombia, the United States and Great Britain. Officials also seized more than $16 million in cash and illegal drugs. Agents say the suspects helped launder billions of dollars for Colombian drug dealers."

FOX's Hannity and Colmes (10/18, 9:00 p.m.) aired, "Law enforcement agencies seized more than 16-million dollars in cash and drugs. Police say drug traffickers used the Colombian black market [to] disguise sources of cash."

DEA Warns Of Illicit Use Of Cough Syrup. USA Today (10/19, Leinwand) reports that when San Diego Chargers defensive back Terrence Kiel "was charged last month with illegally shipping cases of prescription cough syrup back home to East Texas, it cast a spotlight on a drug trend authorities say is spreading throughout the South and being celebrated in rap songs. In a statement announcing Kiel's arrest Sept. 26, the Drug Enforcement Administration cited the rising popularity of a concoction that includes codeine-laced syrup mixed with a soft drink or sports drink. Such cocktails — known as 'Lean,' 'Syrup,' 'Sizzurp' and 'Purple Drank' — were popularized in rap mixes in the late 1990s by Robert Earl Davis Jr., a Houston disc jockey known as DJ Screw." DEA Special Agent Doug Coleman, who "tracks the drug from the agency's headquarters in Arlington, Va., says users typically mix an ounce of the syrup with Sprite, a sports drink or a regional soft drink called Big Red, then plop in a Jolly Rancher candy and pour it over ice. The opiate produces a feeling of euphoria and causes motor skill impairment that makes users move slowly or lean over." USA Today notes that DEA agents say demand for illicit cough syrup has "sent its price soaring."

Oklahoma Army Reservist Pleads Guilty To Drug Smuggling Charges. The AP (10/18) reported, "A former member of the US Army Reserve today became the latest soldier or former soldier to plead guilty to smuggling drugs while in uniform. Terrance Wilson of Oklahoma City pleaded guilty today in federal court…to a felony conspiracy charges and faces up to five years in prison. Wilson is among the soldiers caught in an FBI sting in which agents posed as drug traffickers and bribed soldiers to escort cocaine from Texas to Oklahoma City."

Chicago Raid Targets Suspected Dealers Of Fentanyl-Laced Heroin. The AP (10/18) reports police "raided a public housing complex Wednesday in a sweep targeting suspected dealers of deadly fentanyl-laced heroin. Officers were looking for 37 suspects and had arrested about half by Wednesday afternoon, said Chicago police spokeswoman Monique Bond. … In Cook County, more than 200 deaths were attributed to fentanyl-laced heroin from April 2005 through August 2006, said Joanna Zoltay, a spokeswoman for the Drug Enforcement Administration in Chicago." The New York Times, Washington Post "In Brief" section, Seattle Post Intelligencer, and the UK's Guardian used the AP story.

The Chicago Tribune (10/18) also reports the arrests "were the culmination of Operation Fallout, for which police spent close to three months monitoring the complex from

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mounted cameras and making undercover buys from members of the Gangster Disciples, they said. Sources said 41 buys were made and that a large percentage of the heroin was laced with fentanyl. Since April 2005 more than 185 people have overdosed in Chicago on heroin laced with the powerful painkiller, authorities have said. The bust follows a similar effort earlier in the year, Operation Snakebite, which targeted heroin sales in the nearby Dearborn Homes and resulted in drug charges against 47 gang members."

The Chicago Defender (10/19) Chicago police swept down on the Harold Ickes Housing Project early Wednesday morning in the latest of the city's all out assault on drug dealers and gangs. The police Narcotics and Gangs Division surrounded the housing project...to round up approximately 37 offenders who either are gang members, drug dealers or substance abusers, Chicago police Spokeswoman Monique Bond told the Defender Wednesday. … The crackdown on the project also was called Operation Fallout because the drugs being sold there (a form of heroin) were so strong 'that people were literally falling out,' Bond said."

On its Web site, WBBM Radio, Chicago (10/18) also reports police "targeted 37 people in arrests they hope will take a chunk out of the gang and drug problem like at the Dearborn Homes, which are also along State Street just the across the Stevenson Expressway from the Ickes Homes."

New York Man Gets 11-Year Sentence For Role In Cocaine Ring. In White Plains, the Journal News.com (10/18) reports a Spring Valley man "has been sentenced to 11 years in federal prison for being part of a cocaine distribution ring. James E. Johnson ran a network of drug dealers and shuttled cocaine daily in 2004 and 2005 from Queens into Spring Valley, Nanuet and Pearl River. … Seven other people were arrested in Rockland, Queens and Suffolk counties as a result of an investigation by the U.S. Drug Enforcement Administration and the anti-crime units of the Spring Valley and Ramapo police departments."

DEA Agents Accused Of Corruption. The Miami (FL) New Times (10/19) focuses on attorney Israel Perez Jr. who, Miami's New Times says, "offered convicts reduced sentences for a price." According to the New Times, two "corrupt DEA agents" involved in the case were never identified. The New Times adds, "It now seems a probe into the affair has gone nowhere. … Federal authorities declined to comment about the case. … If there's any truth to Perez's claims about working with rogue DEA agents, the case raises serious questions about the propriety of drug investigations and prosecutions in South Florida, and about why Perez was never charged with a crime."

Colorado, Nevada Seen As Potential Leaders In Marijuana-Legalization Movement. According to USA Today (10/19, Kenworthy), Colorado and Nevada "could become leaders in the movement to legalize marijuana, when voters decide Nov. 7 whether to remove all penalties for adults 21 or older possessing up to an ounce of the drug. Alaska is the only state that allows penalty-free possession of marijuana, the result of a court decision in August striking down part of a state law that made it a misdemeanor for adults to have less than 1 ounce of marijuana. … 'Every objective study has found that marijuana is far less harmful to the people who use it and society than alcohol,' says Mason Tvert, campaign director for an organization called Safer Alternative For Enjoyable Recreation (SAFER) that is leading the Colorado ballot drive." Colorado Attorney General John Suthers "criticizes backers of the measure for 'an irresponsible and inaccurate message that legalizing marijuana will make Colorado a safer place.'"

Detroit Defensive Tackle Suspended For Violating NFL Steroid Policy. According to the AP (10/18), the Detroit Lions "understand they will be missing star defensive tackle Shaun Rogers for the next month. They just aren't clear why. The NFL suspended Rogers without pay for the next four games for violating a league rule on banned substances. The league said Wednesday the violation involved an NFL policy that covers anabolic steroids and related substances." However, several Lions players "said the two-time Pro Bowler fell afoul of a confusing policy that leaves them not knowing which supplements are OK and which are banned."

The New York Times (10/19) reports Lions Coach Rod Marinelli "indicated during a conference call with reporters on Wednesday that Rogers would not appeal the suspension."

Two Men Convicted Of Running Meth "Superlab" Sentenced In Atlanta. The AP (10/18) reports two men "convicted of running one of the East

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Coast's largest methamphetamine labs out of the basement of a Smyrna, Georgia, home were sentenced Tuesday to more than 15 years each in federal prison. Twenty-four-year-old Ignacio Cortes-Valencia was given 21 years in prison, and 31-year-old Gustavo Lara-Murillo received a 17-year sentence. … The men were arrested during a February 2005 raid where authorities found what is known as a 'superlab,' or a meth lab that can produce more than ten pounds in a single run. It is the first superlab discovered in the state and one of just a handful found on the East Coast."

Few States Allow Right-To-Die Forms. USA Today (10/19, Appleby) reports, "Oregon was the first of only a handful of areas where patients and their doctors can fill out simple forms -- that carry the legal weight of physicians' orders -- outlining what kind of medical care they will receive, from ambulance to hospital to nursing home. … Washington state and West Virginia, along with parts of New York and Wisconsin, have similar programs. Advocates in a handful of other states, including Hawaii, Utah, Florida and Nevada, are developing them." USA continues, "Ken Brummel-Smith, who heads the department of geriatrics at Florida State University College of Medicine, supports the effort to make the forms available in Florida. He says the case of Terry Schiavo helped fuel debate about the need for the forms. The woman who was in a long-term vegetative state drew national attention when Florida lawmakers and Congress tried to prevent her husband from having her feeding tube removed, … While the idea of the forms did not pass out of Florida legislative committees on its first try, Brummel-Smith says that advocates plan to try again. The debate highlights concerns from all sides. … But, he says, others worry that if they are terminally ill, they will face too much unnecessary medical treatment. That's where the forms can help."

California Gang Members Sentenced To Life. The Vallejo (CA) Times Herald (10/19, Gafni) reports, "A federal judge on Monday sentenced the leaders of a reputed Vallejo street gang to life in prison without the possibility of parole." The Herald continues, "U.S. District Judge Frank C. Damrell sentenced Shango Jaja Greer, 34, and Jason Keith Walker, 31, both of Vallejo, after a lengthy trial in U.S. District Court, Sacramento. In April, after three years in court, a federal jury convicted Greer conducting the affairs of an enterprise through racketeering, and Walker guilty of conspiring to conduct the same offense. … The jury specifically found Greer responsible for a murder in 1994 and 2000, a 1994 attempted murder and various drug trafficking activities. The jury found Walker responsible for two 1994 murders, a 1994 attempted murder and drug trafficking enterprises." The Herald adds, "Prosecutors painted the pair as running Pitch Dark Family, a gang of dope dealers and wannabe rappers, who operated in downtown Vallejo and rubbed out anyone who threatened their territory. Specifically, evidence established that between 1994 and 2000, Pitch Dark family members committed four murders, one attempted murder and trafficked rock cocaine. … '(Monday's) sentences appropriately reflect the heinous reign of terror carried out by Greer and Walker, and other members of the Pitch Dark Family gang,' said U.S. Attorney McGregor W. Scott in a released statement. 'The efforts of the FBI and the Vallejo Police Department have broken the back of that notorious gang.' … In addition to Greer and Walker, six other defendants pleaded guilty to lesser crimes as part of the complex case."

Oregon Man Arrested In Pipe Bomb Probe. The Salem (OR) Statesman-Journal (10/19, Gustafson) reports, "A 44-year-old Sweet Home man has been arrested and charged with attempted aggravated murder in connection with the planting of four pipe bombs on Salem-area vehicles Aug. 10, authorities said Tuesday." The S-J continues, "Lonnie Troy Glinski was arrested without incident Monday at his rural Linn County home, officials said. His girlfriend, Laurie Girtman, also was arrested and charged with hindering prosecution." The S-J adds, "Glinski's ex-wife, Stephanie Glinski, who lives in South Salem, was one of his intended victims, authorities said. She and Glinski have two children. Stephen Dingle, a Marion County deputy district attorney, declined to reveal any motives for the attempted pipe bombings. He said it would be improper to disclose such information before court proceedings. … Investigators said they received a break in the case last week. However, that information also was being kept under wraps by the DA's office." The S-J notes, "This week's arrests capped an intense multi-agency investigation led by Salem police and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. … ATF agents and local officials said they were pleased and relieved by the arrests, saying they resolved a high-profile threat that rattled Salem-area residents for weeks. … 'Our aggressive joint law enforcement response has answered the community's call,' Kelvin Crenshaw, the ATF

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special agent in charge of the agency's Pacific Northwest's region, said Tuesday in Salem."

DOJ Poster In South Dakota Riles Lawmakers. The Sioux Falls (SD) Argus Leader (10/19, Harriman) reports, "If prison isn't enough of a deterrent, officials in eastern Missouri hope a desolate portrayal of Yankton will dissuade potential criminals. … 'Nobody you know has a clue where it is. There's no airport, no bus station, no Amtrak,' a Project Safe Neighborhood poster claims of the community." The Argus Leader continues, "That the Justice Department, which paid for the advertisement, is trashing Yankton for a good cause – 'commit a gun crime and we won't just send you to prison,' the ad promises, 'we'll send you to Yankton' - doesn't sit well with Sen. Tim Johnson, who fired off a letter to Attorney General Alberto Gonzales telling him there ought to be a better use of federal tax dollars. … 'Violent gun crime is a serious problem that needs to be addressed but not at the expense of a community like Yankton and not by using federal dollars to disparage such a thriving, historic community,' Johnson said." The Argus Leader adds, "He wrote Gonzales, 'These public service announcements, which have run in the Eastern District of Missouri describing Yankton as "600 miles away from nowhere," are inaccurate and an inappropriate expenditure of federal funds.' … Sen. John Thune also weighed in on Yankton's behalf. … 'Yankton is a vibrant and growing city, and anyone who suggests otherwise has obviously never been there,' Thune said." The AP (10/19) also reports this story.

IMMIGRATION:

Former Nazi Guard Released To Uncertain Fate. The Detroit Free Press (10/18, Ashenfelter) reports, "Johann Leprich, the former Nazi concentration camp guard who was jailed in 2003 after agents found him hiding in a secret compartment in his Clinton Township home, has been released from federal custody. … And now he's literally a man without a country." The Free Press continues, "Federal officials said they freed Leprich on Monday at the request of his lawyer after the government failed to find a country willing to accept Leprich, who was stripped of his citizenship in 1987 and ordered deported in 2004. … Although Justice Department officials vowed to continue their 20-year effort to remove him, his lawyer predicted the battle is over. … 'They'll have to call it quits,' attorney Joseph McGinness of Cleveland said Tuesday. 'What country is going to accept an 81-year-old man who is in declining health?'" The Free Press adds, "Last week, the U.S. Supreme Court refused to review the case of Iwan Mandycz of Sterling Heights, who was stripped of his citizenship last year for serving as a guard at two Nazi concentration camps in Poland in World War II. The Justice Department won't say if it would seek deportation. Mandycz, 86, suffers from Alzheimer's disease. … On Monday, Leprich was taken from the Calhoun County Jail to U.S. Immigration and Customs Enforcement headquarters in Detroit and released on an electronic tether to his wife and son, ICE spokesman Greg Palmore said. … He said Leprich must report weekly to ICE, which will continue to seek deportation."

Immigrant Remittances To Latin America Will Total $45 Billion This Year. The New York Times (10/19, Porter, 1.21M) reports, "According to a new report about immigrants' money transfers to Latin America, the remittances flow from almost every state. Even in states that had virtually no Latin American immigrants only a few years ago, like Mississippi and Pennsylvania, a growing trickle of money is making its way south to places like Tlalchapa, Mexico, or Panajachel, in the Guatemalan highlands. … For the nation as a whole, the flow of money has become a torrent. According to the study, sponsored by the Multilateral Investment Fund of the 47-nation Inter-American Development Bank, remittances from the United States to Latin America this year will total more than $45 billion. That is 51 percent higher than they were only two years ago."

The Washington Post (10/19, A9, Williams, 748K) reports, "About $3 billion in remittances will go to El Salvador this year, or about 15 percent of that country's gross domestic product and more money per capita than flows to Mexico, which will receive $24 billion from immigrants living in the United States." The Post adds, "Most of the money immigrant workers send to their families is used for basic needs, such as food, medicine and shelter, but more than half of the immigrants surveyed by the Inter-American Development Bank said that they would like to invest a portion of that money. But the majority of Latin America's financial institutions don't have programs that help the families of migrant workers, who are often poor and rural, open savings accounts or start small businesses."

Lawsuit Seeks To Block Arizona From Seizing Immigrant Money Transfers. The Chicago Tribune (10/19,

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Avila, 623K) reports, "A Burbank truck driver sued Wednesday to block Arizona authorities from seizing large money transfers sent from Illinois and 25 other states targeted because they have significant illegal-immigrant populations. Arizona officials report that since 2002, they have seized $17 million in a little-known campaign to foil criminal networks that often wire money through Western Union and other firms to help smuggle drugs and illegal immigrants over the border from Mexico. Wednesday's suit, filed in federal court in Arizona, argues that the seizures are unconstitutional because the dragnet is too broad." State courts "have allowed Arizona Atty. Gen. Terry Goddard's office to stop transfers that come from certain states, exceed a certain amount and are executed by certain companies during a specified period." Plaintiffs "say their right to due process has been violated because senders aren't adequately notified how to contest the seizures. The plaintiffs, all Latino, two of them immigrants, are seeking to make the suit a class-action."

Students At Border Patrol Academy Trained In Diverse Aspects Of Job. the Los Angeles Times (10/19, Riccardi, 918K) reports on life at US Border Patrol Academy in Artesia, New Mexico, where demand for more agents along the US-Mexico border has "forced" the patrol to draw "more diverse candidates from other parts of the country." New trainees "enter an institution that's unlike any other law enforcement school — part police academy, part law school, part language institute. They learn to shoot, drive off-road and speak Spanish. Seventeen percent of all trainees do not complete the training. Some fail, but most who leave are worn down by the rigors and isolation of the academy."

TAX:

Government Cracks Down On Popular Tax Deferral. The Wall Street Journal (10/19, Silverman) reports that the federal government is "cracking down on a popular tax-deferral strategy." On Tuesday, the IRS and Treasury Department "issued proposed regulations that would change the tax treatment of transactions in which sellers exchange real estate or other property for an annuity. The move may effectively end a strategy called a 'private annuity trust,' which has grown popular in recent years as the real-estate market has soared. … The proposed regulations essentially would end the capital-gains tax deferral for these deals. Instead, a seller would be taxed on the full, fair-market value of the annuity at the time of the exchange. That means the seller's total capital gains would be taxable at the time of the deal, instead of over a period of years."

CONGRESS-ADMINISTRATION:

Bush Touts Education Law In Visit to North Carolina. The Winston-Salem Journal (10/19, Romoser) reports, "President Bush, speaking yesterday at a Greensboro elementary school, praised the high standards and testing requirements of the No Child Left Behind law, his signature public-education program. 'It can't do the teaching. It can't be a leader. But it can help people who care deeply about the life of a child to succeed,' Bush told about 200 people at Falkener Elementary School." Bush "called on the US Congress to reauthorize and strengthen No Child Left Behind, saying that it forces schools to identify students who are falling below grade level early in their educational careers. And, he said, it motivates teachers to improve the performance of those students." He also "defended the law's emphasis on standardized tests." Before his speech, the President "ate lunch with community leaders at a barbecue restaurant in Greensboro, and afterward, he traveled to Randleman to visit Victory Junction Gang Camp, a camp for children with chronic illnesses. Yesterday evening, Bush attended a fundraising dinner in Greensboro that raised an estimated $600,000 for the Republican National Committee."

The Washington Post (10/19, A4, Fletcher, Baker, 748K), in a story titled "Iraq Violence, 'No Child; Occupy Bush," reports on Bush's visit to a North Carolina school yesterday. However, most of the story deals with the President's interview on ABC interview, which dealt mainly with the Iraq war. In the final paragraphs of the article, the Post says "Bush's interview with ABC came as he visited North Carolina to highlight his education program." After his speech, Bush "visited the Victory Junction Gang Camp for children with life-threatening illnesses. NASCAR driver Kyle Petty and his wife, Pattie, founded the camp in memory of their son Adam. The day ended with a dinner at the Greensboro home of businessman Louis DeJoy, chairman of New Breed Logistics Inc. The event was expected to raise $900,000 for the Republican National Committee."

The Eden Daily News (10/19, Ewing) reports Bush "praised North Carolina for making strides toward meeting No Child Left Behind goals. 'Your state was the first in the nation to establish an accountability system, and one of the first to have the testing plans approved under No Child Left Behind,'

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he said. 'In other words, your state led. And I congratulate the state leaders and those involved with education for being bold on behalf of the children of your state.'" The News adds, "Because of officials' willingness to work with No Child Left Behind, Bush said his administration was willing to work with North Carolina to ensure the accountability measurements were accurate."

The AP (10/19, Pickler) reports, "Bush took a day off from the politics of national security Wednesday and went on a Southern charm offensive that included time with children, NASCAR drivers, devoted Republicans and some sweet tea." Bush's "return to his 'compassionate conservative' roots came during a base-building trip to North Carolina, a state he won easily in both his presidential races. But even in the conservative South, many voters have grown unhappy with Bush's leadership with Iraq under continuing violence." Bush "did not mention those troubles while visiting with voters three weeks before Election Day, but focused on his education agenda and old-fashioned politicking with plenty of local flavor." The AP adds, "Noticeably missing on Bush's North Carolina itinerary were campaign stops with Reps. Charles Taylor and Robin Hayes, a pair of veteran Republicans facing spirited Democratic challenges that could help tip the balance of power in the House. He didn't go near their districts."

UPI (10/19) reports White House Press Secretary Tony Snow "denied the timing of the president's visit had any political motives. 'It's important to remind (people) that you've got a president who's pushing for higher standards and more resources,' Snow told the daily press briefing en route to Greensboro."

The Los Angeles Times (10/19, Gerstenzang, 918K) says "critics, particularly Democrats, say that though the president speaks frequently about" the No Child Left Behind law, "he has not committed enough money to help pay for the requirements it imposes on schools." The Times adds, "Two hours before Bush's appearance here, the Democratic National Committee sent an e-mail to reporters, citing a study by Democrats on the House Committee on Education and the Workforce. According to their figures, Bush has shortchanged funding for the legislation by $40 billion since the law took effect, and in the 2007 budget he proposed providing half of the money promised for the most disadvantaged students."

White House Insiders Start Post-Election Staff Vacancy List. The White House Bulletin/US News (10/18) reported, "Even before the midterm elections take place, White House insiders are reviewing which top staffers are likely to leave or stay until the end. Topping the list of expected departures is that of Karl Rove, the President's top political strategist." Insiders believe that Rove "will leave after the first of the year, having completed an eight-year stint as Bush's top political strategist. That could spark another staff shakeup, they said, though what's most notable about the developing list is how many senior staffers are expected to stay on until the end. Those include new press secretary Tony Snow, chief of staff Josh Bolten, lawyer Harriet Miers, counselor Dan Bartlett and new communications czar Kevin Sullivan."

Social Security Benefits To Increase By 3.3%. The AP (10/19, Crutsinger) reports, "Social Security checks for nearly 49 million retirees are going up by 3.3 percent next year -- an average increase of $33 per month, though rising health care costs will take a bite out of the gain."

ABC World News (10/18, story 7, 0:15, Gibson, 8.78M) reported, "Those receiving a monthly Social Security check" are "finding out how much they'll get next year. The cost of living increase beginning in the month of January, boosting the average Social Security check by $33 a month to $1,044." The CBS Evening News (10/18, story 7, 0:15, Couric, 7.66M) and NBC Nightly News (10/18, story 8, Williams, 9.87M) also mentioned the story. The New York Times/AP (10/19) notes "the increase for 2006 was 4.1 percent, which had been the biggest increase in 15 years." The Los Angeles Times (10/19, Havemann, 918K) and Wall Street Journal (10/19, D6, 2.03M), among other newspapers, run similar stories this morning.

The Washington Post (10/19, D1, Henderson, Barr, 748K) says "Federal workers who retired under the newer Federal Employees Retirement System and who are 62 or older will receive a 2.3 percent cost-of-living increase in their pensions, under the separate rules for that program."

Federal Retirees Question Whether COLAs Keep Up With Inflation. The Washington Post's (10/19, D1, Barr) reports in its "Federal Diary" column that while federal retirees "look forward to the annual COLA announcement," whether the "cost-of-living adjustments keep pace with health-care costs, property taxes and rising prices is not an easy calculation. Larry Daks , a retired Foreign Service officer in Northern Virginia, said his pension increase should help him cope with rising consumer prices, assuming his health-care

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costs remain reasonable." But "Gerald Cornell of Burtonsville, who worked for the Internal Revenue Service and served in the military, said his health-insurance company has scheduled a sharp jump in premiums for next year that will drain his COLA dry." The Post adds that federal employees "covered by older retirement programs typically receive a pension considered generous by private-sector standards, while employees hired after 1984 receive a smaller pension and Social Security income, and may enroll in a 401(k)-type savings program."

Medicare Cancer Project Questioned. NBC Nightly News (10/18, story 9, Williams, 9.87M) reported, "Who among us is going to complain about an effort to improve the quality of care for cancer patients? It is conceivable once people hear of this plan originally designed last year by Medicare officials at a cost of $300 million that's since become what now some are calling 'the Fleecing of America,' both for taxpayers and for 230,000 cancer patients." NBC's Lisa Myers added, "While under going chemotherapy last year, Charles Warner was part of a $300 million Medicare project to improve quality of care for cancer patients." Warner: "They were to ask me certain questions. Every time he received therapy he was asked three questions about side-effects, assessing severity of nausea, pain and fatigue and that data was given to Medicare. But two independent investigations found the project had so few guidelines the data was virtually useless." Sen. Charles Grassley: "It should be have been obvious to them that it was a waste of taxpayer's money at any level." In addressing some of the criticisms such as doctors abusing the program, Dr. Peter Bach, Centers for Medicare & Medicaid Services, said, "Those are clearly things that need to be examined."

Snow To Perform At Charity Concert. White House Press Secretary Tony Snow gave an interviewed to Washington Times's "Inside the Beltway" column (10/19, McCaslin). Snow is quoted saying, "I play the flute, sax and guitar, and I'll be playing all three Saturday night." He "was referring to a charity concert his rock 'n' roll band, Beats Workin', will perform at the Old Town Theater on King Street in Alexandria. (The show, from 8 p.m. to midnight, is $35 and includes a food buffet and a cash bar. Tickets can be reserved at www.oldtowntheater.com.)"

Economists Give Congress Failing Marks On Long Term Fiscal Policy. In a column for the Washington Post (10/19, A29, 748K), David Broder writes National Journal "had the smart idea of inviting 11 distinguished economists to fill out a score card on the economic performance of the Republican Congress." The economists were "asked to score Congress in seven categories, using letter grades. The composite score of four categories was a C, meaning average by historical standards. Two got a B-minus and one a D. Not exactly a huge vote of confidence." There was "one area where they said Congress failed and failed badly. That was long-term fiscal policy. There were five F's, three D's and no grade higher than a B-minus, for a composite grade of D."

LATimes Says Von Eschenbach Should Be Confirmed As FDA Commissioner. The Los Angeles Times (10/19, 918K) editorializes, "A guilty plea from former FDA Commissioner Lester M. Crawford shows that the ethics guardians are making some progress against conflicts of interest at the Food and Drug Administration. Now they need to delve deeper into ethical lapses at the agency, which has been suffering a crisis of confidence." Congress "should take the opportunity to impose more comprehensive reforms next year when it reconsiders the user fees that provide much of the FDA's funding." The Times adds, "The current acting commissioner, Texas surgeon Andrew C. von Eschenbach, is a solid replacement for Crawford. He deserves to be confirmed by Congress so that the FDA can turn its full attention to regaining the public's confidence and protecting its health."

OTHER NEWS:

Dow Jones Sets New Record, Trades Above 12,000 For First Time Ever. ABC World News (10/18, story 6, 0:15, Gibson, 8.78M) reported, "The Dow hit the 12,000 mark before settling down. It was up 42 points [to close at 11,992]. The average hit 12,049. Its highest trading level in history." CBS Evening News (10/18, story 8, 2:50, Couric, 7.66M) reported that "on Wall Street today, it came oh so close. The Dow traded above 12,000 for the first time ever. But by the end of the day, it had given back some of its gains and while it closed at a record high, it was still about eight points shy of that elusive milestone." NBC Nightly News (10/18, story 6, 0:35, Williams, 9.87M) said the Nasdaq "lost a bit of ground on the day. It dropped seven points [to close at 7.80]." USA Today (10/19, Shell, 2.27M) among other major

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newspapers, also reports on the stock market, sating, "Another day, another record-breaking milestone on Wall Street."

GOP Tries To Shift Focus To Economy In Campaign's Homestretch. The Washington Times (10/19, Hurt, 88K) reports, "The Foley scandal has dropped off the front pages and House Republicans are aggressively trying to shift attention in the final weeks of the campaign season to the healthy economy and the damage they say would be done if Democrats take control of Congress. 'Today's record-setting stock market rally is proof that Republican economic policies of tax relief work,' said House Speaker J. Dennis Hastert of Illinois." He "hailed the Dow Jones Industrial Average passage of the 12,000 mark, which he said was largely a result of efforts by the Republican-controlled Congress to cut taxes and streamline government regulation." Added Hastert, "If Democrats had their way, they would erase stock market gains by raising taxes and stalling the economy, destroying job growth and putting leaders in place that are in favor of tax increases." Republicans "issued a list of initiatives that they fear would gain traction under a Democrat-led Congress. Among them is H.R. 3760, which would create the Department of Peace. Authored by Rep. Dennis J. Kucinich, Ohio Democrat, the Department of Peace and Nonviolence Act has 74 co-sponsors. Also listed is H.R. 4683, which essentially would nationalize health care by expanding Medicare to cover all Americans."

Consumer Prices Down Sharply. The New York Times (10/19, Peters, 1.21M) reports, "Rapidly falling energy prices helped push consumer prices down sharply last month, the government reported yesterday." But "the decline did not entirely dispel inflation worries because the measure of retail prices that excludes volatile food and energy costs held steady at a level above the Federal Reserve's comfort zone." While "overall consumer prices fell last month by 0.5 percent, the core Consumer Price Index, which excludes food and energy, rose by 0.2 percent." It was "the third consecutive month that the core index grew by 0.2 percent and an indication to many economists that underlying inflation may be peaking. With core prices up 2.9 percent compared with last September, well above the 1.5 percent to 2.5 percent level that central bankers consider ideal, the economists cautioned that it is still not clear whether the Fed will have more tightening to do next year." The Wall Street Journal (10/19, Conkey, 2.03M) and USA Today (10/19, Kirchhoff, 2.27M) run similar reports. The Christian Science Monitor (10/19, Trumbull, 58K), meanwhile, headlines its story "Falling US Fuel Prices Ease Fears Of Recession," reporting that "even with OPEC's decision this week to cut oil production, lower energy prices could persist -- bringing a welcome boost to the economy. The 'oil dividend' is worldwide" but "comes at a sensitive time for the United States. By easing costs for heating homes, commuting, and running factories, lower energy prices reduce worries about a possible recession for the world's biggest economy."

Gasoline Demand Jumps As Prices Fall. USA Today (10/19, 3B, Hagenbaugh, 2.27M) reports, "Americans are celebrating plunging gasoline prices by hitting the roads. After barely rising during the summer months, gasoline demand rose swiftly in September, the American Petroleum Institute said... ." Gasoline deliveries "to U.S. service stations, a proxy for demand, rose more than 4% in September from the same month a year ago. That number was boosted by the comparison with September 2005, when Hurricanes Katrina and Rita interrupted deliveries." However, "even excluding the hurricane effects, gas demand likely was up approximately 2% in September, API economist Ron Planting says. That's about triple the average increase over the prior six months and the biggest gain since August 2005."

EPA Rule Opens Door To New Generation Of Diesels. The Washington Post (10/19, D1, Freeman, 748K) reports that although diesel cars "have taken off" in Europe "in the past 15 years, accounting for 50 percent of the new models sold each year," the US market for diesels "has lagged because of government concerns over what the fuel does to air quality; diesel vehicles make up just 3.2 percent of the market." However, "The dynamics began to shift this week. On Sunday, the Environmental Protection Agency began requiring refiners and fuel importers to reduce the sulfur content in diesel fuel by 97 percent. The low-sulfur fuel opens the door to a new generation of clean diesel cars, and automakers are moving to bring out more models in the U.S. market." The Post says, "The change promises to significantly cut air pollution caused by diesel emissions." US "automakers have pledged to expand diesel offerings, particularly in pickup trucks."

NYTimes Says Pombo Has Thrown Away "Prudent Restraints" On Energy Exploration. The New York Times (10/19, 1.21M) editorializes, "When you add up the energy resources of the American West, one of the biggest items in the ledger is oil shale — rock formations containing deposits

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that can be distilled, by heating, into oil. … The processes for extracting oil shale are still hugely expensive — which is fortunate, because the potential environmental costs are staggering. … None of this has stopped Congressman Richard Pombo of California…from throwing yet another economic bone to the energy sector. In a little-noticed provision of the much- reviled Deep Ocean Energy Resources Act…Mr. Pombo lowered the royalty rate for oil shale from 12.5 percent to 1 percent. Should the day arrive when the price of shale oil becomes competitive, this could turn out to be an extraordinary giveaway of federal revenue (most oil shale lies under federal land) and a huge incentive to wreak environmental damage." Pombo "has been well-financed by oil and gas producers. He has done his best to give away public resources and throw away prudent restraints on energy exploration."

Decline In Oil Prices Strains OPEC Unity. The Wall Street Journal (10/19, A8, Cummins, 2.03M) reports, "Saudi Arabian oil czar Ali Naimi worked for years to turn OPEC from a group of squabbling politicians into an effective price-enforcing posse patrolling world oil markets. Now, with the oil cartel facing its first significant price drop in years, that unity of purpose is showing strain." OPEC "is set to meet Thursday in Qatar in an effort to bolster sagging prices. Members are trying to hammer out a tricky agreement about how to share the pain of any cut in crude-oil output that they announce at the meeting. They also will try to reverse sharp internal divisions that threaten the cartel's longer-term ability to prop up prices." The meeting's outcome "could have big implications for OPEC's credibility as a price cop and thus for fuel users around the world."

Study Finds Elevated Cancer Rates Among IBM Employees. The Wall Street Journal (10/19, Bulkeley) reports, "A long-suppressed study finding elevated rates of many cancers among workers at International Business Machines Corp. was published in Environmental Health, a peer-reviewed online scientific journal. IBM has fought for several years to prevent release of the study done by Richard Clapp, a Boston University professor of environmental health. The study analyzes data collected by IBM itself on the ages and causes of death of nearly 32,000 people who had worked at IBM and died between 1969 and 2001. IBM has maintained the analysis is 'junk science' that misuses the data."

ABC Medical Editor Argues For Universal Care. Timothy Johnson, medical editor for ABC News, writes in the USA Today (10/19, 2.27M), "The most basic question about health care reform is an old one: Should basic care be a 'right' for everyone regardless of income, pre-existing illness or bad genes or should it be a 'privilege' obtained by hard work or bestowed by good birth? … That's an emotionally charged issue, but there is one observation almost everyone agrees with: Our present health care 'system'…badly needs reform." One major reason for the health care crisis "is the huge number of uninsured or underinsured in our country who do not get timely care. So why not make health care a right so every American can potentially benefit from early intervention and better prevention?" Some experts "argue that with more thoughtful use of the money we now spend…we can provide basic care to everyone with relatively little increase in total expenditure."

DC Launches Effort To Boost Hopes, Home Prices In Anacostia. The Washington Post (10/19, Layton) reports, "The newest government-supported housing in the District is a landscaped development of four-bedroom homes with Palladian windows, cathedral ceilings, hardwood floors and prices that reach $584,000." The Post continues, "The District gave the builders of the Homes at Woodmont about $1 million toward the $14 million project on Good Hope Road SE because it wants to attract professionals and their money to the most economically distressed section of the city. .. .The project inverts the traditional notion of housing subsidies because it isn't aimed at low-income buyers. … 'We're trying to create diversity in the southeast quadrant of the city, to break up pockets of poverty,' said Leo Clarke, special projects coordinator at the D.C. Department of Housing and Community Development, which gave the developers a grant toward the cost of preparing the land for construction. 'We're trying to encourage investment in an otherwise blighted area.'" The Post notes, "The city is trying to use tax dollars, housing policy and, in one instance, legal power to inject middle-class elements into the long-distressed area, which is east of the Anacostia River at the northern tip of Ward 8 and has the city's largest concentration of public housing and the lowest median income. … Earlier this year, in a controversial move, the city used eminent domain to seize a worn shopping center less than a mile from the Homes at Woodmont. Over the protests of storekeepers, District officials are trying to replace the liquor stores and

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dollar stores in the Skyland shopping center with higher-end shops and restaurants."

NIH Doctors Accuse Lilly Of Influencing Sepsis Study. The New York Times (10/19, Berenson) reports, "Three doctors at the National Institutes of Health have sharply criticized Eli Lilly for its efforts to promote the use of Xigris, an expensive treatment for patients with sepsis, an often deadly blood infection. In an article published yesterday in The New England Journal of Medicine, the doctors wrote that Lilly — the nation's sixth-largest drug maker — had manipulated treatment guidelines for sepsis patients to promote Xigris at the expense of older, cheaper and equally effective treatments." The journal article says that Lilly used "marketing strategies masquerading as evidence-based medicine" to promote Xigris.

The AP (10/19, Donn, Marchione) reports, "Several government doctors say drug maker Eli Lilly & Co. subtly orchestrated medical guidelines for treatment of an often lethal blood infection, hoping to boost sales of a drug whose value is being debated. Such involvement could open another door to corporate interests trying to shape health care, beyond funding experiments and cozying up to doctors in labs or at luncheons. Guidelines are meant to reflect independent medical opinion." Lilly "said in a prepared statement that it is taking the concerns raised 'very seriously' and has examined the issue closely."

Researchers Focus On End-Of-Life Health Care Costs. USA Today (10/19, Appleby) reports that the variation in costs of dying between Miami and Portland. The Miami "tab for your doctor and hospital care will run just over $23,000." But "spend those last six months in Portland" and the "total tab" will be "slightly more than $14,000." Researchers "at the Dartmouth Atlas Project…analyzed Medicare data on patients with chronic illnesses to develop those statistics, showing that it costs far more to die in some parts of the country than in others." While researchers "are able to show differences in costs, the real question remains how much of those additional hospitalizations, tests and doctor visits resulted in better care or better quality of life? Finding answers to that question is difficult and controversial, but health policy experts say doing so will become increasingly important as the U.S. seeks ways to slow the rapid rise in health care spending."

Bush Says Midterms Are Referendum On National Security, Economy. ABC World News (10/18, story 3, 2:40, Stephanopoulos, 8.78M) interviewed President Bush. Asked if the midterm elections were "a referendum on Iraq," Bush said, "I think they're a referendum, from my perspective, which is kind of like your perspective, which is the Washington perspective, based on who best to secure this country from further attack and who best to help this economy continue to grow. The truth of the matter is, as you well know, most elections are very local elections. … I'm going to continue saying vote Republican, because we have the best plan to protect you. And we will keep your taxes low too keep this economy growing." Asked if he can "name a Democrat who wants to wave the white flag" on Iraq, Bush said, "I can name a Democrat [John Kerry] who said there ought to be a date certain to withdraw from Iraq whether or not we've achieved a victory or not." Stephanopoulos: "And that is surrender." President Bush: "If you pull the troops out before the job is done, absolute absolutely George." Stephanopoulos: "You don't think that is questioning there patriotism when you say that?" President Bush: "No it is not questioning their patriotism. I think it is questioning their judgment."

Bush Offers Advice For Next President. ABC World News (10/18, story 9, 0:35, Gibson, 8.78M) reported, "As George Stephanopoulos was finishing his interview with the President today, he asked if President Bush read any of the avalanche of books about his presidency. None of them, said, the President, I don't feel comfortable reading about myself. Then George asked about the next president." ABC (Stephanopoulos) added, "Based on everything you have learned as President, which personal quality is going to be most important for the next president?" President Bush: "That's a very good question. Can I name two?" Stephanopoulos: "Sure?" President Bush: "Determination and compassion." Stephanopoulos: "What's the one piece of advice for that person whoever it is?" President Bush: "Stand on principle."

Bush Seen As Reducing Visibility On Campaign Trail. In a story titled, "Bush Sidelined As Defeat Looms," the Financial Times (10/19, Luce, Daniel) reports President Bush "used to win elections for Republicans. But with the exception of private fund-raising events, at which he still excels, most of the US president's fellow Republicans are now pretending he does not exist." Bush's "approval ratings are even lower than those of his colleagues, whose defeat to

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the opposition Democrats next month is now widely assumed." The "relative absence of the president from the campaign trail bears a striking resemblance to the way Tony Blair, UK prime minister, was all but removed from Labour's European election campaign a year before the 2005 general election. Though Mr Blair went on to win that election, Labour's vote slumped."

NBC Nightly News (10/18, story 7, , Williams, 9.87M) reported, "The President will be an active campaigner down the stretch, but in some of these tight races around the country many Republicans are keeping their distance from the White House. Mr. Bush is a big draw in campaign 2006 for Democrats eager to link their GOP opponents with an unpopular President." The Democratic attacks "have led some to highlight their independence. A top advisor to Republican Senator Rick Santorum who is trailing in his battle to win re-election in Pennsylvania describes the President as a distraction. A Bush visit becomes all about him." John Brabender, Republican political consultant: "We need to have the races be about Republican versus Democrat not just the referendum on some of the problems in Washington." Larry Sabato, University of Virginia: "It is a simple matter of Bush's unpopularity. He is low enough in the polls so he is a minus for the Republican candidates for Senate and House and Governor. They put him at arms length." Gregory: "The Republican Party says Mr. Bush has raised nearly $200 million for the GOP this year, but many appearance have been closed to the news media. Some candidates prefer to be seen with more popular political figures like John McCain and Rudy Giuliani." Even in "this difficult climate, White House advisors say he is not a liability for his party. Said one top official tonight: 'He can sharpen the questions in these races and motivate the party to pay attention.' This in a year when voter intensity may win the day."

The Financial Times (10/19, Daniel) reports, "A glance at Mr Bush's schedule" since a four event swing at the beginning of October "suggests he has become the invisible man. Last week he had just two events for candidates. Instead he spent most of the week at the White House, finding time to pose with the US Air Force Thunderbirds aerobatic team and talk to the leader of the Southern Baptist Convention. His wife, Laura, a notoriously reluctant campaigner, had four campaign events." This week "is little different. Mr Bush has two campaign events on Thursday for senators [sic] whose images seem in worse shape than his own. George Allen's race in Virginia has been side-tracked since he uttered an alleged racial slur. Don Sherwood in Pennsylvania has been forced to run embarrassing adverts denying that he tried to choke a woman he was having an affair with." Bush's role "is a reflection of his diminished stature, his low approval rating of 37 per cent and the fact he personifies an unpopular war."

Laura Bush's Popularity Remains Intact. Bloomberg News (10/19, Keil) reports, "In this autumn of Republican discontent, party candidates who shy away from appearances with the president and Vice President Dick Cheney are gladly greeting the barnstorming" First Lady, Laura Bush. Susan Whitson, "the first lady's press secretary, said Laura Bush has attended three or four times as many events this year as she did four years ago. She has helped raise more than $14 million, including the $500,000 she generated for" Senate candidate Bob Corker and the Tennessee Republican Party in Knoxville.

White House Election Confidence Based On Historically Steady GOP Voting. The White House Bulletin/US News (10/18) reported, "Much fun has been made of reports that top Republican political strategists, notably Bush advisor Karl Rove, are confident that the party will retain control of Congress despite polls showing a big Democratic surge. But Rove and party insiders shrug off the sneering, explaining that they don't believe the polling that suggests Republican voters are either switching sides or so upset they will stay away from the polls. They also reject suggestions that the Mark Foley page scandal will impact the electorate, though the White House now believes a few more House seats are in jeopardy since the scandal was revealed." Insiders say that "before the scandal, Rove expected a loss of eight House seats. That estimate is now about 12 seats. Democrats, who expect to pick up 25 seats, need only 15 more to control the House. The reason some GOP analysts don't believe the President's party will lose the House and Senate is their confidence that Republican voters, a majority in the 2004 election, will still vote." A memo from a "key party strategist" says "that turnout is the key, and a lower turnout is best. In fact, a low turnout could mean fewer Democratic voters, leading to the possibility of GOP gains. "If turnout is below 35% overall we've got a good chance of making gains," emailed the strategist in the memo provided to the Bulletin and US News as background material."

Rove's Strategy Questioned. In a Financial Times op-ed (10/19), Jacob Weisberg says, "With the conservative

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edifice" of the Republican Party base "groaning and shifting, there are at least some grounds for scepticism about the architect's brilliance." While Karl Rove "boasts an impressive winning streak, the largest part of his success is arguably due to luck and circumstances beyond his control." Rove's "bolder thrust was his 'base strategy' of 2004." This time, Bush "won more legitimately, but still very narrowly and again with the benefit of an unloved opponent and an inept Democratic campaign." But "the fact that Mr Bush won does not prove that Mr Rove's strategy was correct. And we do know that Mr Rove was incorrect when he followed his latest close shave with another blunder by making partial privatisation of Social Security the centrepiece of Bush's second term. This decision helped push Mr Bush's popularity to historic lows and set him up as a lame duck for his second term." But if the "Republicans manage to keep control of both houses this time, the architect will be vindicated. It will be time for Democrats to head home, hang up their spikes and await word of Mr Rove's retirement."

Republicans Conceding They Could Lose 23 To 27 House Seats. Time (10/18, Allen, 4.03M) reported on its web site, "Republican officials now concede they could lose a net of 23 to 27 seats in the House, that higher figure being close to twice the 15 Democrats would need to take control. Democrats would need six seats to take control of the Senate, and Republican officials tell TIME they see several scenarios for warding that off. … If Democrats picked up five, the chamber would be 50-50, guaranteeing frequent appearances by Vice President Cheney as President of the Senate."

In his Roll Call column (10/19), Morton Kondracke says, "Except at the White House and the top reaches of the Republican National Committee, I can hardly find a single politician, consultant or pollster, Democratic or Republican, who thinks the GOP can retain control of the House." Even at "the White House, the messages are mixed. Strategist-in-chief Karl Rove is proclaiming that Republicans will pull out a victory. On the other hand, one aide also told me that the chances of Republicans retaining narrow control is in the 40 percent to 45 percent range — that is, less than a 50-50 shot — while Democrats' chances of winning either narrowly or with a bigger margin are greater." Republicans are "more optimistic about the Senate, where they think retaining contested seats in Arizona, Missouri, Tennessee and Virginia will leave them with a 51-seat majority, assuming they lose in Montana, Ohio, Pennsylvania and Rhode Island, and fail to pick up New Jersey."

The Los Angeles Times (10/19, Hook, 918K) reports that in order to "keep one of Idaho's House seats in Republican hands, the national GOP in recent weeks has poured in hundreds of thousands of dollars for television ads and brought in a parade of party bigwigs to campaign. Such a huge effort in a district that should be a cakewalk for Republicans is a measure of how deep into GOP territory the fight for control of Congress has reached." Even a "top Republican strategist estimates that the number of highly vulnerable Republican seats has more than doubled in recent weeks -- and now far exceeds the 15 seats Democrats need to pick up to win a House majority." GOP pollster Frank Luntz said, "There used to be 15 races that were vulnerable, then it was 20. . . . Today you'd say 35 seats are in play." The Times adds the developments reflect "an unusually fluid political landscape that has sent candidates, party leaders and interest groups scrambling to recalibrate strategy."

Three Colorado Republican House Seats At Risk. The Wall Street Journal (10/19, A4, Rogers, 2.03M) reports it is "hard to paint Colorado as a pretty picture for Republicans this fall." Rep. Bob Beauprez, the former state party chairman, "is trailing in the race for governor, and Republicans could lose his House seat in suburban Denver as well." In the Fifth District, "retiring Rep. Joel Hefley refuses to endorse the Republican running for his seat. And in the vast rural Fourth, stretching from Fort Collins to the state's eastern high plains, the national party is spending heavily to save Rep. Marilyn Musgrave in counties President Bush won easily." Colorado Democrats, "having been teased before, know this bubble can yet burst. But the combination of war in Iraq and scandal at home has fed into voter frustration with Congress, for which Republicans as the majority are paying a price." For the White House, "having three Republican seats in play in a state like Colorado spells trouble." Yet to "save themselves, Colorado Republicans have so forcefully seized the issue of illegal immigration, they risk alienating Latino voters and crippling Mr. Bush's efforts to address the problem of millions of undocumented workers now in the U.S."

Up To Five Ohio GOP House Seats At Risk. The Washington Post/AP (10/19, Espo) reports that in Ohio, "even Republicans concede Rep. Ted Strickland in on track to become the first Democratic governor in 16 years. At the same time, Rep. Sherrod Brown has clawed his way to a large lead in the polls over GOP Sen. Mike DeWine."

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Democrats have "led for weeks for two House seats long in Republican hands, and party officials talk giddily of snatching two or three more seats _ gains that would almost certainly portend an end to GOP control of the House." But Republicans "dismiss talk of a political tidal wave, and say even Rep. Deborah Pryce, a member of the House leadership, is making a comeback in a race that seemed lost. But increasingly, their goal is to minimize losses at a time of widespread voter discontent over the economy, the war in Iraq and corruption."

DNC To Borrow $10 Million To Target More Races. The Washington Times (10/19, Lambro, 88K) reports the Democratic National Committee "will borrow up to $10 million for additional House and Senate campaigns the DNC now thinks it has a chance to win in next month's midterm elections, a senior party official said yesterday." Some of the "borrowed money will be spent on 'an outreach-media program' aimed at black and Hispanic voters in targeted House races where increased minority turnout is seen as the key to boosting Democratic gains in Congress, the official said." Two "possible targets for additional funding are in Virginia, where Republican Sen. George Allen is in a surprisingly tight battle with Democrat James H. Webb Jr., and in New Jersey, where Democratic Sen. Robert Menendez is in a dead heat with Republican state Sen. Tom Kean Jr."

Disillusioned Republican Base Said To Have Little Passion For Election. The Washington Times (10/19, Hallow, 88K) reports the Republican Party "can stave off defeat with a strong turnout on Nov. 7, party leaders are telling the faithful -- but they are finding it tough to sell that message to some disillusioned conservative voters." Tom McClusky, vice president for government affairs at the Family Research Council (FRC), said, "The message hasn't gotten across because a lot of people are sick and tired of thinking the only reason for going to the polls is to vote for the Republicans because they are lesser of two evils." The Times adds a "top Republican pollster confidentially echoed those sentiments." The pollster said, "There are very definitely trouble signs in many states of what we call the 'LRs' -- the lethargic Republicans. They are unhappy with the president and have little love lost for Congress." The Times adds many Republicans "are worried that the sex scandal surrounding former Rep. Mark Foley of Florida will depress turnout among religious conservatives who have been staunchly loyal to the Republican Party."

Some Moderate Republicans Abandon GOP In Kansas. The Washington Post (10/19, A1, Slevin, 748K) reports that in Kansas, "a state that voted nearly 2 to 1 for President Bush in 2004, nine former Republicans will be on the November ballot as Democrats. Among them is Mark Parkinson, a former chairman of the Kansas Republican Party, who changed parties to run for lieutenant governor with the popular Democratic governor, Kathleen Sebelius." The Kansas developments "coincide with efforts by Democrats across the country to capture moderate Republican and independent voters dismayed with partisan bickering from both parties, particularly from the Republican right. The spirit of the attempted Democratic comeback in Kansas, set by Sebelius, is a search for the workable political center." Though "yet untested in the election booth, the Democratic developments in Kansas reflect polls in many parts of the country. As elsewhere, Democrats and moderate Republicans say they are frustrated with policies and practices they trace to Republican leadership, including the Iraq war, ballooning government spending, ethics violations and the influence of social conservatives."

NBC Poll Shows Democrats With 15-Point Advantage On Generic Ballot. NBC Nightly News (10/18, lead story, Russert, 9.87M) reported, "Only 38% of Americans give President Bush a positive job approval. 57% disapprove." Meanwhile, "16% approve of the job Congress is doing and 75% disapprove, three out of four Americans disapprove. Compare that to October 1994, Congress had a 24% job approval." On the generic ballot, "37% said Republicans and 52% say Democrats. It is the highest disparity since we have found since the beginning of this poll and certainly since 1994. And look at this, just a month ago there was a nine-point spread. Back in 1994 the Republicans had a six point advantage going into that election in November of 1994. The Democrats have three times that. Republicans are very, very nervous tonight."

The Wall Street Journal (10/19, A1, Calmes, Harwood, 2.03M) reports the NBC/WSJ poll "shows both President Bush and his party in worse shape among voters than Democrats were in the October before they lost control of Capitol Hill a dozen years ago." The 15-point Democratic advantage on the generic ballot "is the widest ever registered by either party in the Journal/NBC surveys. Also, the result marks the first time voter preference for one party has exceeded 50%." The "Journal/NBC telephone survey of 1,006 registered voters, conducted Oct. 13-16, carries a margin of error of +/- 3.1

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percentage points." The new poll "also suggests the advantages that have helped Republicans sustain their majority in Congress -- gerrymandered House districts, a well-oiled turnout machine and the national-security issue -- all have been somewhat neutralized by the political winds buffeting the party. Democrats need to gain a net 15 seats for a House majority, and they now have polls showing leads in about 40 Republican-held districts from New England through the Mountain West -- with none of their own in serious jeopardy."

Democratic Agenda Seen As Largely Irrelevant To Election Outcome. The Washington Times (10/19, Lambro, 88K) reports the Democrats' "election-year agenda, which says what they will do if the voters put them back in charge of Congress, would seek to overturn or change just about everything President Bush and the Republicans have done since 2001." Key parts "of their agenda call for repealing the bulk of the administration's tax cuts, ending the ban on federal funding for new lines of stem-cell research and limiting some of the investigative, prosecutorial and surveillance methods in the counterterrorism USA Patriot Act." But one "top election pollster questions whether Democrats' agenda will play that much of a role in the election's outcome and whether many voters even know whether they have offered alternatives to Mr. Bush's policies." Pollster John Zogby said, "If the Democrats win, it will have all the elements of a Forrest Gump victory. In other words, things swirling around them over which they were barely aware."

Judge Bars Election Supervisors From Noting Foley Votes Go To Substitute. The New York Times (10/19, Sexton, 1.21M) reports a judge "barred election supervisors from posting signs in polling places explaining that votes cast for former Representative Mark Foley would go to the substitute candidate." Judge Janet E. Ferris, "ruling on a complaint by the Florida Democratic Party, said the Legislature had not authorized such postings in its law on replacement candidates. The law requires the original candidate's name to be the ballot if the change is made after the primary results have been certified."

Reynolds Opponent Running Non-Traditional Campaign. The Washington Post (10/19, A2, Powell, 748K) reports Democrat Jack Davis, who is challenging Republican Rep. Tom Davis in New York's 26th CD, "is the anti-candidate, and so far his strategy, if that's what you want to call it, has the look of distilled brilliance. A recent poll found Davis, who changed his party registration from Republican to Democrat in 2004, has jumped 17 percentage points ahead of Rep. Thomas M. Reynolds, a Republican power broker." Davis is "helped greatly by the fact that the House Republicans in general, and Reynolds in particular, have tripped through a trapdoor labeled 'Congressional Page Scandal.' Reynolds, a beefy political pro who rarely spots a back that doesn't beg for a friendly slap, wears a haunted look of late."

Strategists In Both Parties Believe Senate Control Could Hinge On Virginia Race. Time (10/18, Allen, 4.03M) reported on its web site, "Strategists in both parties tell TIME that they now believe control of the Senate could turn on a race that wasn't on anyone's toss-up list two months ago -- the Democratic challenge by former Navy Secretary Jim Webb (D) to Senator George Allen." The NRSC, which had once hoped Allen "would be able to fend for himself, is having to spend $900,000 on radio ads and mailings in Virginia to try to shore up Allen. … The committee had already spent $450,000 there, but decided this week that it would have to spend the maximum it can, doubling its investment." Time added, "President George W. Bush is appearing Thursday at a fund-raising reception at the Science Museum of Virginia, in Richmond -- a telling sign of how critical the race has become."

Potential Exists For Evenly-Divided Senate. Roll Call (10/19, Billings) reports as the "political landscape continues to improve for Senate Democrats, it appears increasingly likely that the chamber could return to a 50-50 split in January — an extraordinary scenario neither party seems anxious to relive." But with "seven GOP-held Senate seats very much in play, Republicans and Democrats alike privately acknowledge they are facing at least the prospect of an equal party balance in the 110th Congress. Such a scenario leaves more questions than answers, but both parties agree it likely would force them to revisit a delicate power-sharing agreement struck by Senate leaders in early 2001."

Bush, Bill Clinton To Raise Funds For Allen, Webb. The Washington Post (10/19, B1, Craig, 748K) reports President Bush and former president Bill Clinton "will wade into Virginia's closely contested U.S. Senate race today at separate fundraisers that underscore the growing

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importance of the state in the fight for control of Congress." The presidential visits "for Sen. George Allen (R) and Democratic challenger James Webb will raise money and rally supporters for the final push to the Nov. 7 election. But the events come as Allen and Webb are using either the name 'Clinton' or 'Bush' to sway voters who either love or hate the current or former president." Bush will "be raising money for Allen in Richmond this afternoon. In the evening, Clinton will attend a sold-out Webb fundraiser at the McLean home of former senator Charles S. Robb (D-Va.)."

The Washington Times (10/19, Bellantoni, 88K) reports top Republicans "counting on Mr. Allen to help them retain their majority say a cash infusion from the president will act as insurance for their optimism, and Internet activists are urging their followers to tell every Virginian they know to vote for Mr. Webb." A senior White House official "told The Washington Times on Tuesday that Mr. Bush tonight will talk about taxes and the war on terror, a continuing theme as Mr. Allen tries to paint Mr. Webb as an out-of-touch liberal." But Webb supporters "think Virginia is ready for a change. 'The Democratic tide is building across Virginia,' former Lt.Gov. Donald S. Beyer Jr. said in an e-mail soliciting donations for Mr. Webb."

Allen Said To Signal Change In Iraq Stance. The Hampton Roads Daily Press (10/19, Hodges, 94K) reports that in Lynchburg, Sen. Allen, "who has voted down the line with the Bush administration on the conduct of the war in Iraq, signaled a change of direction today. Democratic opponent Jim Webb asked why it had taken so long." Before the Virginia Association of School Superintendents, Allen said, "Although our principles and strategic goals remain unchanged, mistakes have been made and progress has been too slow." Allen also said "that the Iraqis should be given 60 to 90 days to stem the violence, particularly in Baghdad, before the U.S. initiates a change."

WTimes Endorses Allen. The Washington Times (10/19, 88K) endorses Sen. Allen, saying, "A vigorous conservative, he is a good choice for both moderate and conservative voters this November." Allen's opponents "have tried to obscure his record, which is no surprise. Mr. Allen has voted to cut taxes; opposed illegal immigration; supported the Patriot Act and other tough antiterrorismmeasures; supported our troops in Iraq and Afghanistan; and voted for conservative judges. He has also pushed free trade; defended traditional marriage; expanded opportunities for education and health care; aggressively worked to improve benefits for veterans; and sponsored economic, transportation and military initiatives which improved the livelihoods of Virginians across the state. That's a record the citizens of the Commonwealth can applaud."

Clinton Says Democrats Need To Fight Back Against GOP Attacks. The AP (10/19, Elliott) reports former President Clinton "bemoaned ideologues who describe opponents as 'running for office on his or her way to hell' and urged Democrats not to shy from fighting back." In a speech at Georgetown, Clinton said "intellectual debate should trump partisan rancor and either-or choices are false." Clinton said, "Most of us long for politics where we have genuine arguments, vigorous disagreements but we don't claim to have the whole truth and we don't demonize our opponents and we work for what's best for the American people." The AP adds Clinton "gave notice that Democrats would not be passive victims of attacks." He said, "This is a contact sport, politics. You can't complain about being attacked. It's like Yao Ming complaining about being fouled playing basketball."

The New York Times (10/19, Kornblut, 1.21M) reports Clinton "did not prescribe remedies for his party or give expansive advice about the 2008 presidential campaign. And his advisers insisted that the speech, at Georgetown University, was not tied to any presidential aspirations of his wife, Senator Hillary Rodham Clinton." But Clinton's advisers said "the address was an effort to convey the purpose of his two terms under a single heading. Mr. Clinton reviewed many of the themes of his own political career, especially that of leveling the economic playing field for all Americans."

The Washington Post (10/19, A4, Balz, 748K) reports Clinton said "that the governing Republican majority has abandoned the common good in favor of ideologically driven politics that demonize its opponents, has forced ordinary Americans to fend for themselves and has too often left the United States isolated internationally." Clinton used the "lengthy speech looking back at his own administration to offer sharp contrasts between the approach of Democrats in the 1990s and that of Republicans since President Bush took office more than five years ago."

In a Newsweek "Web exclusive" commentary (10/19), Richard Wolffe and Holly Bailey say Bill Clinton "declared his political comeback Wednesday with a set-piece speech that is aimed, according to his aides, at framing his governing philosophy in the context of the 2006 elections. Clinton's

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goal: to show why his philosophy works, and why Bush's doesn't. Clinton, of course, doesn't cite Bush's name. But he hardly pulls his punches against what he calls 'the leadership in Washington today.'" The speech "in theory…marked the 15th anniversary of Clinton's 'new covenant' speech at Georgetown University. In practice, it marked a reinventing of Clinton's themes -- three weeks before the congressional elections -- for today's problems." Clinton is "still trying to offer a vision of what he calls the 'common good' instead of division over taxes, culture and conflict."

TV Still Medium Of Choice For Political Ads. USA Today (10/19, Page, 2.27M) reports though "some candidates are experimenting with posting ads on websites and campaign video on YouTube, old-fashioned commercials on local TV stations remain what Democratic strategist David Axelrod calls 'the nuclear weapon' of politics." Viewers "across the country face an autumn deluge of campaign ads, especially in places such as Minnesota that have several competitive races. During the local news shows here — campaigns prefer them on the theory that people who tune in to the news are likely to be voters — the customary ads for new cars and diet aids have been largely replaced by ones for candidates." On Minneapolis-St. Paul stations alone, "more than $7.4 million had been spent by last Friday on ads aimed at shaping the election outcome, according to the media firm TNSMI/Campaign Media Analysis Group, and the most intense three weeks of advertising were still ahead." Evan Tracey of TNSMI "predicts a record $1.4 billion to $1.6 billion will be spent nationwide on political ads this year, with no signs of a drain to the Internet."

Democrats Embrace Opposition To Iraq War On Campaign Trail. The New York Times (10/19, Nagourney, Rutenberg, 1.21M) reports, "Four months ago, the White House offered a set of clear political directions to Republicans heading into the midterm elections: embrace the war in Iraq as critical to the antiterrorism fight and belittle Democrats as advocates of a 'cut and run' policy of weakness." But with "three weeks until Election Day, Republican candidates are barely mentioning Iraq on the campaign trail and in their television advertisements." Even President Bush, "continuing to attack Democrats for opposing the war, has largely dropped his call of "stay the course" and replaced it with a more nuanced promise of flexibility." For their part, Democrats "are pummeling Republicans with accusations of a failed war. Rather than avoiding confrontation on Iraq as they did in 2002 and 2004, they are spotlighting their opposition in new television advertisements that feature mayhem and violence in Iraq, denounce Republicans for supporting Mr. Bush and, in at least one case, demand the ouster of Defense Secretary Donald H. Rumsfeld." The development "also suggests that what has been a classic strategy of Mr. Bush's senior adviser, Karl Rove — to turn a weakness into a strength — is not working as well as the White House had hoped."

In his Roll Call column (10/19), Stuart Rothenberg says President Bush "and his allies have spent months trying to drum up support for the administration's Iraq policies by arguing that the Iraq War isn't merely an isolated battle but rather the front line in a much larger war against terrorism." This year, "it's fashionable to believe the link between those two 'wars' has been severed in the public's mind." But Rothenberg believes "the president has achieved what he wanted to achieve all along — to have Americans see Iraq as part of the larger American effort against terror — but he failed to understand that U.S. military and policy failures in Iraq could cause Americans to see the war on terror as failing as well." It's "no wonder Americans give the president increasingly poor grades on his handling of the war on terror. By Bush's own standard, the front line of the war against terror — his Iraq policy — has been considerably less than successful."

Economic Benefits From Iraq War Bolster Support In Alabama. The New York Times (10/19, Leland, 1.21M) reports Madison, Alabama, is a "well-to-do community of new brick housing developments on former cotton fields, is one of the fastest-growing towns in the Southeast. Its population of 36,000 is more than double what it was in 1990, largely because of the military and aerospace industries, which employ more than half the area's workers. Companies like Boeing, Hewlett-Packard and Raytheon have branches here." In interviews "this month about the elections, the overriding concern here was, in fact, the war in Iraq. But many residents said they were not seeking dramatic change." The concerns "expressed in interviews were less on local affairs than national ones. While many here have friends or relatives serving in Iraq, the town has also benefited from military contracts, which lead to high salaries, low unemployment and rising real estate values."

McCaskill, Talent Joust On Iraq, Other Issues During Final Debate. The AP (10/19, Lieb)

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reports that Democratic nominee Claire McCaskill "on Wednesday night called for the firing of Secretary of Defense Donald Rumsfeld as she and Republican Sen. Jim Talent mixed criticism with praise of each other in Missouri's final Senate debate. McCaskill claimed Rumsfeld had failed to give a single shred of correct advice about the war in Iraq, asserting: 'He should definitely be fired.'" Talent "declined to say whether Bush should retain or remove his defense secretary." Talent quickly "went on the offensive Wednesday against McCaskill by questioning her husband's business practices, whether her family has paid all of its taxes and her effectiveness as a Kansas City area prosecutor in 1990s." Talent, at one point, "complained that McCaskill had called him 'a false patriot' and that her campaign had said he was 'surrounded by scandal.' McCaskill apologized for the false patriot remark…but added she disagreed with the level of funding for veterans benefits that Talent and the Republican-led Congress had approved. 'You are surrounded by scandal, but it's not your fault, it's because you're in Washington,' McCaskill added, drawing the largest laugh of the evening from the audience."

The St. Louis Post-Dispatch (10/19, Franck, 300K) reports that on Iraq, Talent "said the war had been more difficult than anticipated. He said Rumsfeld had been at a disadvantage because of prior cutbacks in military staffing. Finishing the task, he said, is the only alternative in the conflict. 'The only thing worse than going through what we're going through now in Iraq is going through it for nothing,' Talent said." On other issues, Talent "cited low unemployment, double-digit economic growth and a surging stock market as validation that tax cuts approved in recent years were stimulating the economy. McCaskill suggested that the only ones enjoying those financial statistics are those on Wall Street." Both candidates "said the No Child Left Behind law was too fixated on rigid goals, rather than rewarding schools that improve.

Cardin Says Bush Should Fire Rumsfeld. The Baltimore Sun (10/19, Reddy, 262K) reports Democratic Rep. Benjamin L. Cardin "today called for the administration to fire Secretary of Defense Donald Rumsfeld and develop a plan to bring American troops home immediately." Cardin "criticized his Republican opponent, Lt. Gov. Michael S. Steele, for his support of President Bush's Iraq policy -- an accusation the Steele campaign adamantly denied today." Doug Heye, Steele's communications director, "insisted that Steele has been critical of the administration's Iraq policy." Heye said, "He has called for the president to be more open with what the mission on hand is and to set specific benchmarks so that we can get the job done as quickly as possible and bring our troops home as quickly as possible."

Black Leaders Have Mixed Reaction To Hoyer's Use Of "Slavishly" To Criticize Steele. The Washington Times (10/19, Ward, Miller, 88K) reports, "Opinion was mixed among black leaders in Prince George's County yesterday about whether a top Democrat's comment that Maryland Lt. Gov. Michael S. Steele is 'slavishly' devoted to the Republican Party is racist." House Minority Whip Steny H. Hoyer "made the comment Sunday before a group of mostly black business leaders in Upper Marlboro, as reported by MSNBC. Mr. Hoyer, who is white, has apologized for the remark, saying he should not have used the word 'slavish,' but that he meant no offense." Steele said, "Why use that word? You saying it tells me you think it and feel it." The Times adds Rep. Benjamin L. Cardin, "Steele's Democratic opponent, yesterday agreed that Mr. Hoyer's remarks were 'the wrong words to use,' but said the apology should 'put an end to it.'"

In Debate, Lieberman Hit By Foes Over Stance On War In Iraq. The AP (10/19, Miga) reports, "The Iraq war touched off a war of words Wednesday as Sen. Joe Lieberman debated four candidates trying to succeed him in the Senate. Two minor party candidates joined Democrat Ned Lamont in assailing Lieberman's support for the war." Taking aim at Lieberman, Lamont said, "Three-and-a-half years ago, President Bush rushed our country into war. … Senator Lieberman cheered him on every step of the way." In response, Lieberman "said, 'No one wants to end the war in Iraq more than I do.' But he warned against pulling out troops before the job is done." Lieberman "criticized Lamont's support for a Senate resolution earlier this year that would have set a July 1 deadline for withdrawing U.S. troops. 'That would be a recipe for disaster,' Lieberman said. 'We've got to end the war in Iraq, but we've got to do it in the right way.'" GOP nominee Alan Schlesinger "delivered an energetic debate performance similar to the one he gave Monday, but the long-shot candidate had a harder time Wednesday because of two minor party candidates," Green Party candidate Ralph Ferrucci and Concerned Citizens Party candidate Timothy Knibbs."

The New York Times (10/19, Medina, 1.21M) reports that Schlesinger "called for a three-state solution in Iraq,

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saying: 'The problem in Iraq is not the military. The problem in Iraq is political.'" The Times notes, "After all four of his opponents railed against the war," Lieberman "insisted that any discussion about it in Congress should include those who do not favor immediate withdrawal. 'We cannot and will not stay in Iraq forever,' he said. 'My commitment to Iraq is not indefinite or unconditional. We need to stay there as long as there is a reasonable prospect with our help of building a free and independent Iraq which will be a whole different path in the Arab world.'" Schlesinger fired back at Lieberman, saying, "You see this is what happens when you spend six years running for president and vice president of the United States, you begin to believe you are actually in the executive branch of the government." Lamont also "criticized a bill Mr. Lieberman sponsored that called for 'regime change' in Iran," but Schlesinger "made it clear that he agreed with Mr. Lieberman on that issue, saying that it would be impossible to negotiate with President Mahmoud Ahmadinejad of Iran. Mr. Lieberman did not back off his support for the legislation, saying it was because 'there are some leaders you can't negotiate with.'"

The New London Day (10/19, Mann) reports that Schlesinger "shined Wednesday as he had in a debate in Stamford, and his attacks on the incumbent Lieberman seemed to please Lamont's fans as much as they did Schlesinger's own. In a spat over Social Security, in which Lieberman reiterated his opposition to partial-privatization proposals for the program even as Lamont noted that the senator had 'been on both sides of the issue' in the past, Schlesinger drew the only applause. 'I say we repeal congressional pensions and put the Congress under Social Security like the rest of us,' he said. After Lieberman mentioned the Social Security trust fund, a prime topic in the senator's vice presidential campaign in 2000, Schlesinger turned to Lieberman, impassioned, to insist that the program's funding is in jeopardy. 'I'm telling you,' he cried. 'From the bottom of my heart! This thing is not funded. It's IOUs from Joe Lieberman and Al Gore.'"

Poll Finds Northern Virginia Residents Willing To Pay More Taxes For Transportation. The Washington Post (10/19, A1, Shear, 748K) reports, "A large majority of Northern Virginia residents want the state to spend more money to fix the region's roads and rails, and more than three-quarters say they wanted the opportunity to raise local taxes to do it, a new Washington Post poll shows." The survey "finds deep resentment among the region's voters toward their government in Richmond, particularly the General Assembly. Only 9 percent of likely Northern Virginia voters polled said they were 'very satisfied' that the government is working for the best interests of their part of the commonwealth. Forty-eight percent of those voters said they were dissatisfied, compared with 37 percent in other parts of the state." At the same time, "those likely voters living in the Washington suburbs gave extremely high marks to Gov. Timothy M. Kaine (D), despite his having so far failed to make good on his campaign promise to help solve the region's transportation problems. Almost 80 percent of Northern Virginians approve of the job he is doing as governor, the poll found." The results "highlight a truth about the Washington suburbs: There is desperation for a traffic fix and frustration with a state government that has not been able to deliver one."

Bloomberg's Car Stolen In Car Jacking. The New York Times (10/19, Chan, Schweber, 1.21M) reports that New York City Mayor Michael Bloomberg's 2001 Lexus was stolen in a carjacking in Hackensack, New Jersey yesterday. During the theft, "two thieves assaulted a personal employee of the mayor, took the car and ditched it about seven miles away, according to the authorities. … Though the car was recovered a few hours later, the thieves…were not apprehended." Bloomberg "was not involved in the carjacking."

GOP Columnist Urges Obama To Run For President. In his New York Times column (10/19), David Brooks says, "Barack Obama should run for president. He should run first for the good of his party. It would demoralize the Democrats to go through a long primary season with the most exciting figure in the party looming off in the distance like some unapproachable dream. The next Democratic nominee should either be Barack Obama or should have the stature that would come from defeating Barack Obama." Obama's "style is surely the antidote to the politics of the past several years. It is surely true that a president who brings a deliberative style to the White House will multiply his knowledge, not divide it."

Murray Says Online Gambling Bill Could Cost GOP Votes. Charles Murray, a scholar at the American Enterprise Institute, writes in the New York Times (10/19, 1.21M), "Last week President Bush signed a law that

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will try to impede online gambling by prohibiting American banks from transferring money to gambling sites." Murray says the signing "may do significant political damage to the Republicans this fall and long-term damage to Americans' respect for the law. … In the short term, this law all by itself could add a few more Democratic Congressional seats in the fall elections. We are talking about a lot of people (an estimated 23 million Americans gamble online) who are angry enough to vote on the basis of this one issue, and they blame Republicans."

WSJournal Criticizes Ninth Circuit Ruling In UPS Case. An editorial in the Wall Street Journal (10/19, 2.03M) faults "last week's ruling by the Ninth Circuit Court of Appeals that United Parcel Service has violated federal law by banning drivers who are deaf. While acknowledging that federal law requires drivers of trucks heavier than 10,000 pounds to be able to hear, a three-judge panel of the oft-overruled court ruled that UPS was obliged to prove that allowing the deaf to drive one of its ubiquitous brown vehicles would be unsafe. … UPS drivers have to keep to a tight schedule, often amid crowded urban traffic where the ability to hear is needed to prevent accidents to other cars and pedestrians. A company such as UPS is obliged to take such precautions if only to protect itself against liability. The Ninth Circuit has once again let its egalitarian impulses trump the larger public good."

Rice Says US Will Defend Japan, Which Says It Has No Plans To Build Nuclear Arsenal. Coverage of the North Korea nuclear crisis has declined over the past 24 hours, with just a brief mention on the CBS Evening News and no coverage at all on NBC Nightly News. Unlike Wednesday's coverage, which was generally skeptical of Secretary Rice's chances of success during her Asia trip, the latest reports tend to cast her as firm and resolute. ABC World News (10/18, 6:05, Gibson, 8.78M) led its broadcast with a lengthy George Stephanopoulos interview with President Bush. The President said if the US learned North Korea was planning to transfer nuclear weapons to Iran or al Qaeda, "They would be held to account. … We would stop the transfer. … I want the leader to understand, the leader of North Korea, he'll be held to account. Just like he is being held to account now for having run a test." When Stephanopoulos said China "only seems half-committed" to sanctions against North Korea, Bush said, "I think I'm getting a little different picture from Condi. They don't particularly want to board ships. But on the other hand, if there is good intelligence, they will work with us on that intelligence." The AP (10/18) summarizes the interview.

Most of the coverage deals with Rice in Japan, and has fallen off the front pages. CBS Evening News (10/18, story 5, 0:15, Couric, 7.66M) said the "North Korean nuclear crisis took center stage in Tokyo where Secretary of State Rice is promising the US will continue to protect Japan." CNN's The Situation Room (10/18, Verjee) said, "The message from Secretary Rice to Japan: Don't worry, the US stands with Japan. The defense alliance is strong." And in more blunt terms, Brit Hume on Fox News' Special Report (10/18) said Rice "assured Japan that while diplomacy is the order of the day in dealing with North Korea, the US still has the ability to blow North Korea to smithereens if Pyongyang attacks its neighbors."

The Wall Street Journal (10/19, A6, Ramstad, King, Fairclough, 2.03M) said Rice "sought to ease jitters in Japan" during her visit, promising that the US "would use the 'full range' of its powers" to defend that US ally. The Journal also says scientists and military analysts said a possible second North Korean test, "while certain to provoke widespread condemnation, could provide useful insight into North Korea's technical capability and its intentions."

Other reports highlight Japan's renewed insistence that it has no plans to pursue a nuclear weapons program of its own. In the second line of its report, the New York Times (10/19, Shanker, Onishi, 1.21M) quotes Foreign Minister Taro Aso saying, "he government of Japan has no position at all to consider going nuclear. There is no need to arm ourselves with nuclear weapons, either." The Times said Rice "vowed that the full range of American military commitments to Japan remained undiminished." McClatchy (10/19, Strobel, Doi) also quotes Aso. In its own straightforward report, the Washington Post (10/19, A24, Kessler, 748K) leads by saying Aso said "Japan 'is absolutely not considering' building a nuclear arsenal."

McCain Says North Korea May Sell Nuclear Weapons To Terrorists. Appearing on MSNBC's Hardball (10/18), Sen. John McCain said of North Korea, "I am afraid that if they have nuclear weapons, there's a risk of them selling them, possibly to a terrorist organization. I think there's a lot at stake here, and I think the President has led us well in this crisis by going to the United Nations by seeking and obtaining sanctions against North Korea."

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Rumsfeld Says Nuclear Proliferation "Practically Impossible" To Prevent. In a straightforward report, the Financial Times (10/19, Sevastopulo, Pilling) says Secretary Rumsfeld said in Alabama Wednesday that it "was 'practically impossible' to prevent countries from proliferating nuclear weapons if they had that aim." He said, "This is one of the hardest things we do. … It would take a lot of countries co-operating with a high degree of cohesion."

Experts Say North May Continue Testing. The Christian Science Monitor (10/19, Grier, 58K) runs a feature titled "Pyongyang's Nukes: How Dangerous Are They?" The Monitor says the October 6 test "was small, and possibly a failure. But US experts say that given the length of time the North Koreans have been at work, and the apparent importance of nuclear weapons to the country's leadership, they may now continue to test until they get it right."

Pyongyang Increasingly Unable To Prevent Defections, Starvation. The New York Times (10/19, Onishi, 1.21M) runs a 2,600-word feature on defectors from North Korea, finding that the "increasing ease with which people are able to buy their way out of North Korea suggests that, beneath the images of goose-stepping soldiers in Pyongyang, the capital, the government's still considerable ability to control its citizens is diminishing." The Times interviewed defectors in South Korea and Thailand, concluding that the North Korean government, "while still a repressive police state, is progressively losing the paramount role it used to enjoy in society." Meanwhile, the Christian Science Monitor (10/19, Kirk, 58K) reports on another upcoming winter of hunger in North Korea, examining the "critical question of how the world can unite in a forceful response" to the nuclear test "and still rescue the North's hungry people."

WSJournal Urges South Korea To Quash Trade With North. The Wall Street Journal (10/19, A18, 2.03M) editorializes that as Rice moves on to Seoul, "we hope two names were at the top of her list of talking points: Kaesong and Mt. Kumgang," the "centerpieces of the South's misbegotten 'sunshine policy' of engagement with the North. They are also money machines for Kim Jong Il, contributing to the record $1 billion North-South trade last year." Kim "has had years to show he's serious about economic reform but there's nothing to show for it," and he has now "told China that his response to the U.N. sanctions will be to explode three more nuclear bombs as 'tests.' And why not, as long as he knows he can count on his patrons in Seoul to keep him in hard currency?"

Iran Warns UN Against Sanctions. The AP (10/18, Karimi) reports Iran said the likely imposition of sanctions by the UN Security Council "would wreck any possibility for a compromise to resolve the standoff over the country's disputed nuclear program." Iranian negotiator Ali Larijani "said the West knows that their path would incite regional crisis, but he reiterated that Iran is ready for unconditional talks." Meanwhile, the New York Times (10/19, Fathi, 1.21M) reports Iran's leaders have mostly "offered silence on what lessons they draw" from the North Korean standoff, "other than to say, as they have in the past, that they intend to continue what they call a peaceful nuclear program."

Israeli Troops Kill Two Hamas Gunmen. The Washington Times/AP (10/19, Barzak) reports, "Israeli tanks and infantry took up positions on the Egypt-Gaza border yesterday for the first time since the pullout from Gaza a year ago, killing two Palestinian gunmen as the army broadened its search for arms-smuggling tunnels." The IDF pushed into Rafah, a border town, Wednesday morning, in what officials called "an operation to uncover tunnels used by Palestinian militants to smuggle weapons from Egypt. The army said it has uncovered five tunnels so far." The two gunmen were killed "as they approached army positions in Rafah," and Hamas identified one of them as "a senior participant involved in" the June abduction of Israeli Cpl. Gilad Shalit.

The Los Angeles Times (10/19, Ellingwood, 918K) details the nine tunnels discovered by the IDF, seven of which are complete. "Israel wants to avoid a repeat of its experience this summer in southern Lebanon, where, in the eyes of many Israelis, too little had been done over the years to prevent Hezbollah from building up an impressive arsenal." Experts "say that in the last year, Palestinian guerrillas hoping to counter Tel Aviv's vast military edge have smuggled tons of arms and explosives into Gaza through tunnels. The weapons, the Israelis say, include 122-millimeter Grad rockets."

Evangelicals Lobby Bush To Intervene In Darfur. The AP (10/19, Zoll) reports, "Liberal and conservative evangelicals set aside their political differences Wednesday to urge that President Bush do more to end the humanitarian crisis in the Darfur region of Sudan." While the

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White House did not "immediately respond" to overtures from both liberal and conservative Christian groups, the AP notes some believe "world attention to the region has been sporadic, and evangelical leaders think time is running out to prevent what many consider government-backed genocide." Religious "leaders said they are not calling for U.S. military intervention, but instead want the U.S. to use its authority as a world leader to get a multinational force into the country." Their methods will include "print newspaper ads, a letter-writing campaign to Bush and other activities. Among the supporters are some of the top names in the evangelical movement: the Revs. Ted Haggard and Rich Cizik of the National Association of Evangelicals; the Rev. Samuel Rodriguez of the National Hispanic Christian Leadership Conference; and the Rev. Geoff Tunnicliffe of the World Evangelical Alliance."

The Washington Times (10/19, Duin, 88K) adds, "Twenty-four liberal and conservative evangelical leaders representing at least 50 million Americans called on President Bush yesterday to 'stop the genocide' in Darfur, saying he is the only world leader in a position to do so." The Times says five of those leaders "promised to put the immense resources of the country's evangelical Christian populace at the president's disposal on behalf of the beleaguered inhabitants of western Sudan."

Tamil Tigers Suicide Bombing Brings Civil War To Southern Sinhalese Port. The New York Times (10/19, Senanayake, 1.21M) notes, "Powerful explosions rocked" Galle, "an important southern tourist and port town in Sri Lanka for the first time on Wednesday, apparently extending the war in [Sri Lanka] to a stronghold of the Sinhalese ethnic majority." Colombo "said suicide boats of the secessionist Liberation Tigers of Tamil Eelam, disguised as fishing boats, had been detonated near a navy base. While the death toll was low — one sailor and 15 rebels — the attack was significant because the recent surge in fighting between the government and the rebels had largely been concentrated in the Tamil-dominated north and the east." The Times says the "attack was quickly followed by sporadic violence, with angry mobs attacking Tamil-owned stores in the town and smashing windows." The Tigers declined to comment on the Galle attack.

US Rejection Of Technology Transfer Request Scuttles Spain-Venezuela Airplane Deal. The New York Times (10/19, McLean, 1.21M) reports Spanish Foreign Minister Miguel Ángel Moratinos "said Wednesday that a deal to sell military aircraft to Venezuela had been canceled because American government objections made it unfeasible." The Administration "denied Spain's request in January, saying that the sale would strengthen the government of President Hugo Chávez, which is hostile to American interests, and destabilize the region. Permission from the White House was needed because the aircraft would use American technology." The potential deal, "which involved the sale of 12 military transport planes, was signed in November as part of a broader agreement between Spain and Venezuela that was valued at 1.7 billion euros, about $2.1 billion." Spanish authorities complained "that the aircraft deal would have created hundreds of jobs. They also dispute the American contention that the sale would have a destabilizing effect, contending that transport planes are not suited for attack missions that could threaten Venezuela's neighbors."

Support Builds For Nicaraguan Atlantic-Pacific Canal. USA Today/AP (10/19, Watson) notes, "Dusting off a dream that dates back 500 years, Nicaragua wants to build an $18 billion alternative to the increasingly overloaded Panama Canal." The AP notes that "polls predict [Panamanians] will approve widening their 92-year-old canal" in a referendum this Sunday, but "Nicaraguan officials insist there isn't a rivalry, saying there's enough traffic to sustain two waterways, and theirs would be able to handle bigger ships." A Nicaraguan canal "would be 173 miles long," running up the San Juan River to Lake Nicaragua and west for twelve miles in a constructed canal. "Nicaragua's outgoing president, Enrique Bolanos, says a canal could be built in 12 years and would open the way for giant tankers from Asia that cannot squeeze through Panama's 50-mile waterway. The Nicaraguan option could cut a day off shipments between California and New York, while Chinese tankers could save as much as 36 days and $2 million on their round trips to the U.S. East Coast, Bolanos said."

Russian Deportations Of Georgians Escalate. USA Today (10/19, For, 2.27M) reports, "Russian authorities pressed ahead this week with deportations of Georgians living illegally in the country, signaling the Kremlin won't let up a diplomatic war with its Soviet-era satellite state." USA Today says Russian

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authorities have "deported more than 540 Georgians — 140 on Tuesday alone — this month," actions the Moscow Helsinki Group and others called "a systematic campaign of ethnic harassment that is expanding to include other non-Russians." Georgia has long "sought to distance itself from Moscow's influence," and the latest disputes also involve "Georgia's two breakaway regions, Abkhazia and South Ossetia. The two regions, whose bids for separation from Georgia are supported by Russia, are monitored by Russian peacekeepers." Noting the economic links between the two nations, USA Today says "Russia has long been a magnet for Georgians, who can earn more [in Moscow] than at home, where the average salary is $100 per month."

State Department Official Denies Linkage Between North Korea, Georgia UNSC Votes. The Washington Times (10/19, Sands, 88K) reports Assistant Secretary of State Dan Fried "denied yesterday that the Bush administration supported a Russian-backed U.N. resolution critical of Georgia last week in order to win Moscow's support for a package of sanctions against North Korea over its nuclear missile test." The Times notes that "two top Georgian lawmakers expressed disappointment with the U.S. vote and said it would only help Russia's long-term goal of 'regime change' in" Tbilisi. Fried "told reporters on a visit to Tbilisi yesterday there was no horse-trading over the two votes." The Times explains that the UNSCR "renewed the expiring mandate of a U.N. observer group monitoring the standoff between Georgia's central government and the Russian-backed separatist enclave in Abkhazia," and also "included new, Russian-backed language that called on Georgia to refrain from 'militant rhetoric' and 'provocative' actions in the Kodori Gorge, a disputed region on the unofficial border with Abkhazia that Georgian troops reclaimed in a bloodless operation in July." Ambassador Bolton "issued a statement after Friday's vote defending the Kodori operation as an 'exercise of Georgia's sovereign right.' He expressed regret that Moscow had pushed the critical Georgia resolution without coordinating with Western countries trying to resolve the standoff."

New Registration Law Forces Many Russian NGOs To Cease Operations. The Washington Times (10/19, Mainville, 88K) notes, "Dozens of human rights groups and humanitarian charities will be forced to suspend work in Russia today after missing a deadline for registering under a law against foreign support of nongovernmental agencies." The legislation "allows authorities to shut down nongovernmental organizations (NGOs) if they fail to register again with Russia's Justice Ministry, provide financial data and submit program plans for approval." NGOs failing to supply the information and take the required steps will lose their legal status and cease operating after January 18. The Times notes, "Among the organizations that failed to obtain registration were Amnesty International, Human Rights Watch, the International Republican Institute (IRI) and the National Democratic Institute (NDI)."

Controversy Over Veils Aggravates Tensions In UK. The Wall Street Journal (10/19, A6, Ball, Bryan-low, 2.03M) reports, "A furor over Muslim women wearing veils is aggravating long-simmering tensions between the British government and the nation's large Muslim population, illustrating conflicts between the government's goals of protecting religious rights and fostering a cohesive society." Despite long-standing policies granting British Muslims "broad freedom to follow their religious customs," UK officials have now "raised the question of how separate Muslims have a right to be." The UK's "newly surfaced tensions echo those that have long been in the open elsewhere in Europe over religious dress," however, those "tensions threaten to stymie [Prime Minister Tony] Blair's efforts to improve communication with the Muslim community. That has been a government priority as it toils to stamp out home-grown radicalism and lessen the chance of further terrorist attacks on British soil." Blair's team "has struggled to build bridges with the Muslim community."

NYTimes Says European Governments, Muslims Have Failed To Bridge Gap. In an editorial today, the New York Times (10/19, 1.21M) says the issue in the current controversy is "the larger question of the place of Europe's Muslim minority. … The problem is that the discovery of jihadists in Europe…has made non-Muslim Europeans far more suspicious of the large Muslim minorities among them and what they perceive as a self-imposed isolation. Those suspicions have, in turn, bolstered the arguments of a small minority of Muslim leaders who call for more isolation." The Times says officials should tackle "the failure of European governments to address the sources of immigrant discontent," and the debate should focus on "the failure of Muslim leaders in the West to counter the rise of extremism in their communities." They conclude, "The public attacks on a religious custom by Mr. Straw and Mr. Blair will only feed the

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suspicions of non-Muslim Europeans and the sense of stigma and segregation among European Muslims."

Barbour Griffith Begins Advocacy Work For Serbia. In her weekly column on the lobbying world in the Washington Post (10/19, A27, 748K), Judy Sarasohn says Republican lobbyists Barbour Griffith & Rogers "has picked up a client that won't be an easy sell to the U.S. government, but at least it pays well. The contract is with the government of Serbia for $60,000 a month, from July 28, 2006, through Jan. 31, 2009. If all goes as planned, that would amount to a total of $1.8 million." The firm's "work for Serbia…comes at a time of tense negotiations over the independence of Kosovo and its ethnic Albanians as well as the Serbian government's apparent lack of interest in finding war crimes suspect Ratko Mladic." They have pledged to provide Belgrade with "strategic counsel and tactical planning on foreign policy matters regarding Serbia before the U.S. government." Those assigned to manage the Serbia work include former Deputy National Security Advisor Robert Blackwill, and Andrew Parasiliti, former foreign policy aide to Sen. Chuck Hagel."

Israeli President's Rape Charges Said To Highlight Shifting Social Attitudes. A 1,143-word feature in today's New York Times (10/19, Kraft, 1.21M) reports, "For decades it was widely accepted that some of Israel's top military officers and government ministers considered sexual encounters with female employees a seigneurial right. A society built partly on the conscious effort to project an image of strength tended to overlook such harassment." The Times says "alleged womanizing by national legends…was considered part of their mystique." However, "the ground is shifting rapidly under the feet of the current crop of leaders as a result of legal and societal changes." The Times explains, "The militarization of Israeli society that eventually followed in the wake of successive wars with Arab neighbors seemed to cement Israel's male-dominated character. And while that has not changed completely, the question of sexual harassment is getting real attention, especially in the army, which is the epicenter of such activity and the institution with the most influence on the society."

Scholar Says US Should Not Gloss Over Radicalization Of Turkish Politics. In an op-ed in today's Wall Street Journal (10/19, A18, 2.03M), the American Enterprise Institute's Michael Rubin says "inept U.S. diplomacy risks undercutting a key democracy (and ally) that President Bush once called a model for the Muslim world." Turkey's future "as a secular, Western-oriented state is at risk," and "U.S. diplomats interfere to dismiss Turkish concerns and downplay the Islamist threat." US Ambassador Ross Wilson recently "dismissed opposition concern about the Islamism of Mr. Erdogan's ruling Justice and Development Party (known in Turkish as the AKP) as 'political cacophony,'" and "his remarks were consistent with those of his State Department superiors." Rubin says the AKP leaders "seek to alter the system itself," and Erdogan has "waged a slow and steady assault on the system. He endorsed, for example, the dream of Turkey's secular elite to enter the European Union, but only to embrace reforms diluting the checks and balances of military constitutional enforcement." Rubin continues, "The assault on the secular education system has been subtle but effective," and Erdogan's anti-democratic "tactics have become commonplace." He concludes, "Diplomacy should not just accentuate the positive and ignore the negative. When a country faces an Islamist challenge, PC platitudes do far more harm than good. At the very least, U.S. diplomats should never intercede to preserve the status quo at the expense of liberalism." The US' primary goal should be "the triumph of the democratic and liberal ideas for which Turkey traditionally stands."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Crossing Guards In Training."
"Inroads Into GOP Country."
"More Homeowners Going Into Default."
"Residuals Debate: Old Script On New Set."
"N. Korea Sanctions Hang On Bridge Across The Yalu."
"Troop Losses On Pace For 2-Year High."
"2 Held in Squatter Scam That Targets The Elderly."

USA Today:

"Flood Risk Doesn't Stop Rebuilders."
"Fall TV Lineup Filled With Political Spots."
"U.S. Toll Soars As Fight For City Rages."
"Deadliest Days Of 2006."

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New York Times:
"Premier Of Iraq Seeks Assistance Of Shiite Clerics."
"Tables Turned For The G.O.P. Over Iraq Issue."
"A New Mayor Tests His Promises On Newark's Harsh Reality."
"With Cash, Defectors Find North Korea's Cracks."
"Israel Warriors Find Machismo Is Way Of Past."
"New Laws and Machines May Spell Voting Woes."

Washington Post:
"One-Day Iraq Toll Is Highest for U.S. In Many Months."
"Gallaudet Trustees Split On Fernandes."
"Militias Splintering Into Radicalized Cells."
"Moderates In Kansas Decide They're Not in GOP Anymore."
"Stadium Garages Proposal Rejected."
"Poll Shows Support For Va. Tax Increase."
"High Hopes, Higher Home Prices, In Anacostia."

Washington Times:
"'Dramatic Change Of Direction' Coming For Iraq."
"Conservative Voters Likely To Stay Home."
"Star Power To Fill War Chest."
"Democrats Would Reverse Bush's Work."
"Pyle House Picked National Landmark."
"Charities In Russia Stymied By News Law."
"Virtual Colonoscopy Accurate And 'Less Invasive'."

Detroit Free Press:
"Ready, Still Waiting."
"Ultimate Tigers Fans."

Atlanta Journal-Constitution:
"Will New Symphony Hall Change Sites."
"Women May Give Perdue Crucial Edge."
"Children At Risk."
"Liberated Wives Feel Free To Take Husband's Name."

Story Lineup From Last Night's Network News:
ABC: Bush Interview-North Korea, Iraq; Iraq-Sectarian Violence; Bush Interview-Politics; Walk-in Health Clinics; Terrorism Threat; Stock Market; Social Security Increase; MySpace-Sex Offenders Using; Bush Interview-Next President.
CBS: Iraq-Sectarian Violence; Reservist Activated; Iraq Conflict-Analysis; American Soldiers On Trial; North Korea-UN Sanctions; Terrorism Threat; Social Security Increase; Stock Market; Drugging Children-Foster Care; NFL Caskets; Bob Schieffer Opinion –Love OF Sports; School Tag Banned; Love For Pizza.
NBC: Political Polls-Iraq; Iraq-Sectarian Violence; American Soldiers On Trial; Who Is The Enemy?; Terrorism Threat; Stock Market; Campaign 2006; Social Security Increase; Medicare Benefits-Cancer Care; Baby Boomers-And New Careers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rice-Asia Trip; North Korea-Nuclear Program; NFL Terror Threat; Bush-Iraq.
CBS: Bush-Iraq; Marines-Second Iraq Tours Of Duty; NFL Terror Threat; MLB Playoffs; Wall Street.
NPR: Gitmo Detainee Allowed To Contact Family; FL-Foley Replacement; NFL Terror Threat; Foreign Stock Markets; Social Security-2007 COLA; AMR Corp.-Third Quarter Profit; Airline Pilots Union-New President.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Friends of Dan Sherwood reception, Keystone College, La Plume, Pa.; attends Friends of George Allen reception, Science Museum of Virginia, Richmond.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in the Preserve America Summit, Customs House, New Orleans; tours the Audubon Insectarium and participates in a youth breakout session on Preserve America, Customs House, New Orleans.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: EMERGENCY PREPAREDNESS _ Joint Commission Resources, the American Red Cross and OSHA hold the 2nd annual ``Emergency Preparedness Conference: Readiness on the Home Front." Highlights: 8:30 a.m. Hakan Sandbladh of the International Federation of Red Cross and Red Crescent Societies speaks about emergency preparedness worldwide. 9:10 a.m. Sessions on lessons learned from hurricanes, with Hank Wheeler, Hancock Medical Center, Bay St. Louis, Miss.; Norman McSwain, Charity Hospital, New Orleans, Douglas Jolly, Baptist Health South Florida, Miami. 10:50 a.m. Session on managing earthquake responses, with Paul Odberg, International Red Cross; and Wally Ghurabi, UCLA Medical Center, Santa Monica, Calif. 11:30 a.m. Session on managing responses to

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tornadoes, with Mark Schultz, sumner Health Care, Gallatin, Tenn.; Pamela Hoffner, Vanderbilt University Medical Center, Nashville. 12:15 p.m. Keynote speech - Labor Secretary Chao. Location: Renaissance Washington Hotel, 999 9th St. NW.

HAMDAN V. RUMSFELD _ Two-day symposium sponsored by the George Washington Law Review on the implications of the recent Supreme Court decision in Hamdan v. Rumsfeld. Highlights: 1 p.m. Discussion on enemy combatants under the radar. 3:45 p.m. Session on trying enemy combatants in civilian courts. Location: Lerner Hall, 2000 H St. NW.

FOLEY SCANDAL _ 9 a.m. Judicial Watch holds a panel discussion on the fallout from the resignation of Rep. Mark Foley and surrounding events, with Stephen Hess of Brookings, others. Location: National Press Club.

CREDIT _ 9:30 a.m. Treasury Secretary Paulson and Deputy Assistant Secretary Dan Iannicola discuss Get Smart About Credit Day. Location: Room 5432, main Treasury.

CHRISTIANS-ENVIRONMENT _ 10 a.m. Christian evangelicals hold a telephone news briefing to announce a program to convince people that creation care and environmental stewardship is a top policy priority. Contacts: Katie Barge, 202-544-7921. Notes: Callin number: 800-658-0035; password: Great Warming.

PANDEMIC FLU _ 10:30 a.m. - 12 p.m. Brookings scholars will address the potential impact of a pandemic flu worldwide. Featured speakers include Joshua Epstein, senior fellow and modeler for the National Institutes of Health and Warwick McKibbin, nonresident senior fellow, professor of international economics at the Australian National University and professorial fellow at the Lowy Institute for International Policy. Carol Graham, senior fellow and co- director, Center on Social and Economic Dynamics and professor, School of Public Policy, University of Maryland, will make opening remarks and moderate the discussion. Location: 1775 Massachusetts Ave. NW.

MERRIT _ 12 p.m. The National Economists Club holds its weekly luncheon with David Merrit of the Center for Health Transformation, speaking on ``Transforming Healthcare: Real Change Requires Real Change." Location: Chinatown Garden Restaurant, 618 H St. NW.

RED CROSS _ 12 p.m. International Red Cross President Jakob Kellenberger speaks at Georgetown University on the challenges facing the committee and international Humanitarian law. Location: Gaston Hall, 3rd floor, Healy Hall, Georgetown University.

EXPORT CONTROLS-DEFENSE _ 12 p.m. - 1 p.m. The Heritage Foundation hosts a panel, ``Export Control Policy in the Age of Globalization: The View From The Defense Industry." Speakers: Mark Esper, Executive Vice President, Aerospace Industry Association of America; Robert Bauerlein, Vice President, The Boeing Company; and Charles Jameson, Vice President, Northrop Grumman Corporation. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

FOREIGN POLICY _ 12:15 p.m. The New America Foundation holds a panel discussion on the future of American foreign policy, with Anatol Lieven of the foundation, author Michael Signer, Lawrence Kaplan of New Republic, and Michael Lind of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

UNINSURED _ 12:15 p.m. The Alliance for Health Reform and the Kaiser Family Foundation hold a briefing on the increasing number of Americans without health insurance, with Bo Garrett and John Holahan of the Urban Institute, Jeanne Lambrew of the Center for American Progress and Chip Kahn of the Federation of American Hospitals. Location: Room 106, Dirksen.

NUCLEAR WEAPONS _ 12:30 p.m. The National Nuclear Security Administration holds a press conference phone call to discuss plans to prepare an environmental impact statement for the transformation and modernization of the Cold War-era nuclear weapons complex. Contacts: n/a, 202-586-7371.

NO CHILD LEFT BEHIND _ 1 p.m. The PDK International education group holds a panel discussion on lessons learned from the No Child Left Behind law, with Michael Casserly of the Council of Great City Schools, Maine Education Commissioner Susan Gendron, Virginia McClaughlin of the College of William and Mary, Wendy Puriefoy of the Public Education Network, William Sanders of the University of North Carolina, others. Location: Capital Hilton, 16th and K Sts. NW.

VOTERS-HISPANICS _ 1:30 p.m. Democracia USA, a project of People for the American Way Foundation, holds a news briefing to announce that it has registered over 100,000 new Hispanic voters in four key electoral states. Location: National Press Club.

MEDIA OWNERSHIP _ 2 p.m. The Media and Democracy Coalition holds a telephone briefing to release

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research concerning the impact of proposed FCC media ownership rule changes on local communities. Contacts: Jon Rintels, 202-747-1712. Notes: Callin number: 888-424-6234; passcode: 7882031.

NO CHILD LEFT BEHIND _ 3 p.m. The New America Foundation holds a discussion on the future for teachers of young children within the No Child Left Behind Act, with Kimberly Oliver, 2006 Teacher of the Year; Rebecca Palacios of the National Board for Professional Teaching Standards; Josue Cruz, Jr., Bowling Green STate University; Stephanie Robinson, Yale University, Ruby Takanishi, Foundation for Child Development. Location: Room 325, Russell.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, OCTOBER 19, 2006 7:45 AM EDT

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TERRORISM NEWS:

Virginia Man Goes On Trial In Chicago For Alleged Supporting Hamas. The Washington Post (10/19, B1, Sheridan) reports on Abdelhaleem Ashqar, 48, a former Howard University business professor from Springfield, VA who "is to go on trial in Chicago today, accused of being a part of a sprawling U.S. network that helped the Palestinian group Hamas. The Justice Department regarded the case so important that Attorney General John D. Ashcroft himself announced the indictment of Ashqar and two co-defendants in 2004." The Post continues, "Prosecutors say they have abundant evidence that Ashqar moved money for Hamas through his U.S. bank accounts and served as a go-between for some of the organization's leaders -- even passing on a request to kill a rogue Hamas operative. … Those acts allegedly occurred before the U.S. government first designated Hamas a terrorist group in 1995. The indictment charges that Hamas, nonetheless, was carrying out attacks aimed ultimately at destroying Israel -- and thus was a 'criminal enterprise' under federal racketeering laws, which are more commonly applied to drug gangs and Mafia figures." The Post adds, "Ashqar denies being a member of Hamas, which won a majority in the Palestinian parliament in January. But the soft-spoken professor clearly sees himself as a Palestinian fighter -- albeit one living in a suburban split-level with a basketball hoop. Twice, he has refused to testify before grand juries investigating Hamas's activities in the United States, launching hunger strikes that left him emaciated. … Ashqar is one of several Northern Virginia Muslims to be accused in recent years of aiding Hamas, the Islamic Resistance Movement. Like them, the professor offers a far different image than the chanting, AK-47-waving Hamas supporters who appear on the TV news."

Arar Barred From Visiting US. The AP (10/19, Mann) reports, "Syrian torturers could find nothing to implicate Canadian Maher Arar in al-Qaida or any other terrorist ties. An official Canadian government report agreed with that finding and recommended that Arar be compensated for his 10 months in a Syrian prison. … Still, Arar remains on the U.S. government terror watch list. And the United States has not admitted fault for holding him incommunicado for a week, then, five days after his first telephone call, putting him on a private jet and flying him to the Syrian prison." The AP continues, "Arar and his American lawyer, Michael Ratner, president of the Center for Constitutional Rights, were invited to Washington on Wednesday to receive human rights awards from the rights advocates Institute for Policy Studies. Ratner came from his New York headquarters to accept for the center, a longtime campaigner against torture and other abuses." The AP adds, "Because the watch list will not let Arar enter the United States, he had to stay in Canada and participate by telephone in a discussion of his case and of the U.S. law signed Tuesday by President Bush on treatment and prosecution of detainees. At the awards presentation, he delivered a videotaped message of thanks in which he described his ordeal, which began on Sept. 26, 2002, at New York's John F. Kennedy International Airport and ended with his arrival in Canada in early October 2003. … John Cavanagh, the institute's director, told Arar he had asked Attorney General Alberto Gonzales to clear Arar's name and let him come. Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment. … Gonzales has said Arar was deported to the country where he was born. A representative of the Immigration and Naturalization Service was there when he was put on the plane, Arar said in his videotaped talk, and he said he told her the Syrians would torture him."

Detainee Moves To Force US To Prosecute Him. The Denver Post (10/19, Finley) reports, "A man from the Pakistan-Afghanistan borderlands jailed for more than two years after the FBI targeted him as a possible Denver-based terrorist - but never charged him - has begun a last-ditch legal gambit to resume his life with his U.S.-citizen wife and four kids." The Post continues, "Still in prison in Colorado, Haroon Rashid has filed a motion in federal court to force the government to prosecute him. … It's an unusual effort to break out of the legal limbo that has derailed his life - and lives of others jailed since Sept. 11, 2001, in the government's war on terrorism." The Post adds, "After charging 441 detainees in terrorism and terrorism-related cases, federal authorities have won 261 convictions, a new Justice Department study found. Most of the convictions were for petty offenses, not terrorism. … An undetermined number of suspects including Rashid still are detained. Some 150 cases are pending. … U.S. officials say secret evidence supports a hardline approach. Prosecutors are trying 'to prevent terrorist acts before they can occur,' Justice Department spokesman Bryan Sierra said. … But civil liberties leaders question basic fairness." The Post notes, "Rashid made his move, through his attorney Jeff Pagliuca, after U.S. Attorney Troy Eid filed a motion Oct. 2 to drop a lesser immigration charge the government pursued as the FBI's initial terrorism case evaporated, court records show. … By dropping the immigration charge, Eid had planned to clear the way for Rashid to be deported back to his native Pakistan

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for misdemeanor assault. In 2003, a jury found Rashid guilty of assaulting a street-gang member he said threatened his kids. He received a 401-day sentence that was mostly suspended. … Now Rashid's motion - to block federal prosecutors from dropping their case - aims to delay his deportation and further clear his record. He's been held in federal custody at his lawyer's request to avoid deportation until the federal case is resolved."

Colonel To Investigate Guantanamo Abuse Allegations. The AP (10/19, Melia) reports that US Army Col. Richard Basset "arrived at Guantanamo Bay Wednesday to investigate allegations that guards at the prison abused detainees." He was "appointed after Marine Sgt. Heather Cerveny said in a sworn statement that guards she met in a Guantanamo bar last month spoke of hitting detainees and denying them water. She said the guards described it as common practice." Basset "will conduct interviews for up to a month" has the "authority to interview any member of the military Joint Task Force that runs the prison regardless of rank." He "will submit his findings to the commander of the U.S. Southern Command, which oversees the detention center."

Yoo Calls Military Commission Bill "Stinging Rebuke" To Supreme Court. John Yoo, a professor of law at Berkeley, writes in the Wall Street Journal (10/19, 2.03M), "During the bitter controversy over the military commission bill, which President Bush signed into law on Tuesday, most of the press and the professional punditry missed the big story. In the struggle for power between the three branches of government, it is not the presidency that 'won.' Instead, it is the judiciary that lost. The new law is, above all, a stinging rebuke to the Supreme Court. It strips the courts of jurisdiction to hear any habeas corpus claim filed by any alien enemy combatant anywhere in the world." Congress and the President "did not take the court's power grab lying down. They told the courts, in effect, to get out of the war on terror, stripped them of habeas jurisdiction over alien enemy combatants, and said there was nothing wrong with the military commissions. It is the first time since the New Deal that Congress had so completely divested the courts of power over a category of cases. It is also the first time since the Civil War that Congress saw fit to narrow the court's habeas powers in wartime because it disagreed with its decisions."

NYTimes Criticizes Bill. The New York Times (10/19, 1.21M) editorializes, "Once President Bush signed the new law on military tribunals, administration officials and Republican leaders in Congress wasted no time giving Americans a taste of the new order created by this unconstitutional act. Within hours, Justice Department lawyers notified the federal courts that they no longer had the authority to hear pending lawsuits filed by attorneys on behalf of inmates of the penal camp at Guantánamo Bay. They cited passages in the bill that suspend the fundamental principle of habeas corpus, making Mr. Bush the first president since the Civil War to take that undemocratic step. … This nonsense is part of the Republicans' scare-America-first strategy for the elections." The Times adds, "In the short run, voters should see through the fog created by the Republican campaign machine. It will be up to the courts to repair the harm this law has done to the Constitution."

Christopher Graveline, who served as an active-duty Army JAG officer for more than seven years and participated in the prosecution of 10 soldiers for detainee abuse at Abu Ghraib prison, writes in today's Washington Post (10/19, A29, 748K), "Bush has signed into law Congress's latest attempt to clarify our country's position on proper treatment of detainees and the boundaries of legitimate interrogation techniques. Unfortunately, this legislation demonstrates that both the administration and Congress have failed to learn important lessons from what Bush described as the 'biggest mistake that's happened so far' in Iraq: the detainee abuses at Abu Ghraib." Graveline adds that "by dissociating potential criminal responsibility from overly aggressive interrogation practices that could be classified as 'minor' breaches of the Geneva Conventions, and setting up a situation in which different interrogation practices can be used by our military and the CIA, our national leadership has ensured more abuse scandals."

HOMELAND RESPONSE:

DHS Says Threat To Stadiums Lacks Credibility. A terrorist threat made against seven stadiums hosting NFL games this weekend is receiving widespread media attention, but as CNN's Live From (10/17, 3:35 pm, Meserve) broadcasted in the station's first report on the story, "Department of Homeland Security officials are not taking these threats seriously. Let me emphasize that they are treating these threats with strong skepticism because of their spectacular nature."

The AP (10/19, Jordan) reports, "A Web site is claiming that seven NFL football stadiums will be hit with radiological dirty bombs this weekend, but the government on Wednesday expressed doubts about the threat." The AP continues, "The warning, posted Oct. 12, was part of an ongoing Internet conversation titled 'New Attack on America Be Afraid.' It mentioned NFL stadiums in New York, Miami, Atlanta, Seattle, Houston, Oakland and Cleveland, where games are scheduled for this weekend." The AP adds, "The Homeland Security Department alerted authorities and stadium owners in those cities, as well as the NFL, of the

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Web message but said the threat was being viewed 'with strong skepticism.' Homeland Security spokesman Russ Knocke said there was no intelligence that indicated such an attack was imminent, and that the alert was 'out of an abundance of caution.' … 'The department strongly encourages the public to continue to go about their plans, including attending events that involve large public gatherings such as football games,' Knocke said. … The FBI also expressed doubt about the threat."

CNN's The Situation Room (10/18, Meserve) reported, "A spokesman for the Department of Homeland Security is saying there is no credible intelligence to support claims that are being made on a Web site called thefriendsociety.com. There, there is a posting by someone by the name of 'javness.' He says that this Sunday, October 22nd, there will be seven dirty bomb explosive devices detonated outside NFL games… According to this posting, the death toll would approach 100,000 from the initial blast and other fatalities that would occur as a result of radioactive fallout. The Web site says that the bombs would be delivered via trucks."

The Washington Post (10/19, E8, Hsu, Maske, 748K) reports DHS spokesman Russ Knocke said the agency views the threat "with the strongest of skepticism, and we strongly encourage the American public to go about their daily lives and to attend large gatherings, and to go to football games." A notice to the NFL, which Knocke said DHS issued "out of an abundance of caution," said the threat was made against "games in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif. 'Our stadiums are very well protected through the comprehensive security procedures we have in place,' NFL spokesman Greg Aiello said in a statement." The New York Times (10/19, 1.21M) reports Knocke added that "the public should continue to be vigilant and report any abnormal or suspicious activity to authorities."

NBC Nightly News (10/18, Williams, 9.87M) aired a report noting that the Department of Homeland Security "is voicing strong skepticism about this." NBC (P. Williams) added, "The NFL says security has been high for months at its stadiums and if anything more is going to be done, it won't be much." CBS Evening News and ABC World News each aired brief reports noting the threat and DHS statements that it was not credible. USA Today (10/19, Hall, 2.27M) reports the threat did not prompt a change to "the threat level, now at yellow or 'elevated' risk for terrorist attack, either nationally or for NFL football stadiums."

Intelligence Plan Addresses Recruiting, Retaining Personnel. The Washington Post (10/19, A18, DeYoung, Pincus, 748K) reports that according to the "Strategic Human Capital Plan" prepared for John D. Negroponte, the director of national intelligence, "U.S. intelligence efforts are hampered by inefficient methods for recruiting, training and assigning personnel." It "calls for a more 'corporate' business model and increased cooperation," including "an outline for hiring, training and benefits policies and directs each agency to develop a plan to contribute to overall goals. It calls for creating an 'all source' workforce by setting overarching goals for numbers and quality and for 'determining the optimum mix of military, civilian, contractor and other human resources,' as well as creating a 'cohesive' leadership culture." Amongst the problems it cites is "an inability to compete with the private sector for the 'best and the brightest' workers in language, scientific and technological skills." In fact, "Increasingly, the IC [intelligence community] finds itself in competition with its contractors for our own employees," who are "already cleared and trained at government expense and then" a contractor will "'lease' them back to us at considerably greater expense."

Privacy Group Sues For Information On FBI "Investigative Data Warehouse." In a widely-distributed story, the AP (10/19, Caterinicchia) reports, "A privacy-advocacy group has sued the U.S. government for information about an FBI database of more than 700 million personal records set up after the Sept. 11 terrorist attacks. The Electronic Frontier Foundation said it sued the Justice Department because the FBI failed to respond to Freedom of Information Act requests on its 'Investigative Data Warehouse.' The lawsuit also charges the FBI has not posted a public notice describing the criteria on personal information included in the database, as required by the Privacy Act of 1974." The AP notes, "FBI spokesman Paul Bresson declined to comment on the lawsuit, but said IDW 'simply unifies previously and lawfully acquired data from other established databases into one place.' 'It should also be noted that even though the E-Government Act does not require IDW to undergo privacy impact analysis, FBI policy does require it,' Bresson wrote in an e-mail. 'As a result we have conducted several privacy impact assessments at different times as new data sets are added.'"

2nd Circuit Upholds Verdicts In WTC Insurance Dispute. The New York Law Journal (10/19, Hamblett) reports, "World Trade Center leaseholder Larry Silverstein's attempt to win at least $2 billion more from insurers on the theory that the two airplane attacks on Sept. 11, 2001, were two separate occurrences was rebuffed Wednesday." The Journal continues, "The 2nd U.S. Circuit Court of Appeals upheld a Southern District of New York jury verdict that the bulk of insurance policies covering the Trade Center treated the terror attacks as a single occurrence. … However, the court also upheld a victory awarded Silverstein by the jury in the second phase of trial, agreeing that temporary insurance policies in effect when terrorists leveled the buildings required

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treatment of the attack as two occurrences. That ruling meant that nine insurance companies will have to pay double the roughly $1 billion in coverage under their policies." The Journal adds, "Judges John M. Walker Jr., Jose Cabranes and Rosemary Pooler decided the appeals in SR International Business Insurance Co. v. World Trade Center Properties, lead docket 04-4500-cv. Walker wrote the opinion of the panel. … The ruling is likely the final resolution of a massive insurance dispute that began shortly after the terror attacks. Silverstein originally sought more than $7 billion. He has been awarded about $4.5 billion. … Silverstein had agreed on a 99-year lease for the World Trade Center buildings in the spring of 2001, and spent the summer negotiating a multilayer insurance program that provided for $3.54 billion in coverage on a 'per occurrence' basis. … But for all but one of the insurers, final insurance contracts had not been signed when the hijackers steered two planes into the North and South towers at 8:48 and 9:03 on the morning of Sept. 11."

New Orleans Homeowners Plan To Use Federal Funds To Rebuild In Flood-Prone Areas. USA Today (10/19, Konigsmark, 2.27M) reports, "Nearly three-fourths of New Orleans homeowners applying for federal grants say they'll rebuild their Katrina-damaged homes in flood areas even though city restrictions are unlikely to prevent their houses from being wiped out if the levees fail again." FEMA has said "thousands of houses could flood again if they are rebuilt" under new three foot elevation guidelines. 'The taxpayers are going to be subsidizing unwise construction,' says Robert Hunter, director of insurance for the Consumer Federation of America. About $7.5 billion is available to homeowners."

Fears Of An Active Hurricane Season Prompted "Spending Spree" In Southeast. The Washington Post (10/19, A11, Whoriskey, 748K) reports that in the Southeast this year, "predictions of another scary storm season and the memory of last year's record-setting disasters inspired fear and a spending spree of hundreds of millions of dollars." Now, with the season's peak passed, "meteorologists concede that its totals will almost certainly fall far short of the dire predictions issued as the summer began. In fact, the year's storm totals probably will not even reach the averages of the past 10 years." The fact that no hurricanes made landfall in the United States this year made it "seem especially quiet in the portion of the country known as Hurricane Alley."

WAR NEWS:

Bush Says US "Won't Cut And Run" In Iraq. On ABC World News (10/18, lead story, 6:05, Gibson, 8.78M), George Stephanopoulos interviewed President Bush last night. Asked about the surge in violence in Iraq, the President said, "Here's how I view it: First of all, al Qaeda is still very active in Iraq. They're dangerous, they are lethal. They're trying to not only kill American troops but they're trying to foment sectarian violence. They believe that if they can create enough chaos that the American people will grow sick and tired of the Iraqi effort and cause government to withdraw." Stephanopoulos: "I know you don't think that Iraq is in the middle of a civil war right now. But whatever you call it, aren't American men and women dying to prevent Sunnis and Shiites from killing each other?" President Bush: "It's dangerous, and you're right, no matter what you call it. The fundamental question is, are we on our way to achieving a goal which is an Iraq that can defend itself, sustain itself, and govern itself and be an ally in the war on terror in the heart of the Middle East." Stephanopoulos: "Every month it seems we're going to farther from that goal." President Bush: "I don't know why you would say that. If that's a definition of success or failure, the number of casualties, then you're right. But that's what the enemy knows. They try to define success or failure. I define success or failure as to whether or not the Iraqis will be able to defend themselves. I define success or failure as whether the unity government is making the difficult decisions to unite the government. The government has, the guy has been in office for about four months. Maliki has, in my judgment, has got what it takes to lead a unity government. But what you're seeing is a new form of government beginning to evolve after years of tyranny. I'm patient. I'm not patient forever. And I'm not patient with dawdling. But I recognize the degree of difficulty of the task and therefore, I'll say to the American people, we won't cut and run."

The Washington Post (10/19, A4, Fletcher, Baker, 748K), in a story titled "Iraq Violence, 'No Child; Occupy Bush," reports on Bush's visit to a North Carolina school yesterday. The President used his speech there to tout the No Child Left Behind law. The Post starts its report with a summary of the ABC interview, noting Bush "said Wednesday that the current surge of violence in Iraq 'could be' comparable to the Tet Offensive during the Vietnam War, a succession of battles that became a milestone because it helped turn the American public against the conflict and its political leadership." Bush "has strongly resisted comparisons between Iraq and Vietnam, but with US casualties continuing to mount, he agreed to an interviewer's analogy and said he detected a spike in attacks timed to the

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congressional elections in three weeks with the goal of forcing the United States to lose its will."

As Bush spoke, NBC Nightly News (10/18, lead story, Russert, 9.87M) was reporting that a new poll finds the public is growing more pessimistic about Iraq. Said NBC, "There is an increase in anxiety over the war in Iraq. Look at these numbers. Are you more optimistic about the war in Iraq, 20% and less optimistic, 68%. In June, we asked that same question and it was 45% and 44%. The country evenly split no more on the war in Iraq." In an editorial, the Los Angeles Times (10/19, 918K) says "American impatience with the war in Iraq is wearing thin. It's no longer just liberal blue-staters fed up with the Bush administration's foreign policy, or Republican members of Congress annoyed at this albatross during campaign season." The Times adds, "Unless things start changing, even the staunchest neocons in Washington are going to start looking for the exits."

Bush was asked on Fox News' The O'Reilly Factor (10/18) what goes through his mind when he sees his approval rating at 40%. Bush said, "That a president must make decisions based upon principle and stand by the principles by which he makes decisions in order to achieve peace. Sometimes people will agree with my decisions and sometimes they won't, but you cannot make decisions based upon opinion polls." Asked if it is discouraging that people do not see why he is doing what he is doing, Bush said, "Discouraging isn't the right word. It encourages me to go out and continue to make the case why we need to succeed in Iraq, why we need to make sure that we multilateralize the North Korean issue to achieve peace. That we have to keep taxes low to keep the economy growing. I have been up and down in the polls. A president who tries to make decisions based on polls is a policy that fails the American people."

Also on Fox News' The O'Reilly Factor (10/18), Bush was asked about "secular progressives" who don't like him because he is a man of faith. Bush said, "That causes me to be sad for people who don't like somebody because he happens to believe in the almighty." Bush added, "The great thing about America is those of us who don't believe and those who do, that's the way we have to keep it. That's what distinguishes us between al Qaeda and the Taliban. So I welcome the diversity of views when it comes to religion. And I think that anybody who dislikes somebody because he happens to be a religious person is someone to be pitied." Asked about the criticism tat he makes policy based on his faith, Bush said, "I make it based on principles that are important. My faith sustains me. My faith gives me comfort and strength. But -- listen when I campaigned, I said vote for me and I will help reform the school system. Vote for me, we'll make Medicare work better. Vote for me, I'll defend the United States. And if people want to ascribe all kinds of motives to my thinking, they just don't understand me."

Burns Says Bush Is Keeping Plan For Victory In Iraq Secret. The AP (10/19, Gouras) reports, "Sen. Conrad Burns says he believes President Bush has a plan to win the war in Iraq but is keeping it quiet, a statement Democrats pounced on Wednesday as reminiscent of comments made during another divisive war." Burns, at a debate with Democratic challenger Jon Tester, "said he believes Bush has a plan to win -- but added: 'we're not going to tell you what our plan is.'" Burns, "who has said repeatedly the country must stay in Iraq as long as it takes to win the war, also seemed to suggest a new path may be needed in Iraq. He pointed to fellow Republican Sen. John Warner of Virginia, who has recently called for a new strategy in Iraq."

USA Today (10/19, 2.27M) reports Matt McKenna, a Tester spokesman, "likened Burns' comments to statements by President Nixon that led to rumors of a 'secret plan' to end or win the war in Vietnam. 'The comparison is two politicians who put their own ambitions above the safety and success of the troops,' McKenna said."

McCain Says US Needs More Troops In Iraq. The AP (10/19, Glover) reports, "Arizona Sen. John McCain on Wednesday said more combat troops are needed in Iraq to quell a 'classic insurgency,' and he rejected calls to reduce US troop levels in the country. 'A lot of mistakes have been made in Iraq and they've been well documented,' McCain told reporters. 'That doesn't change the fact that, in my view, we cannot fail.'' McCain "spoke before a luncheon fundraiser at which he raised $40,000 for Republican congressional candidate Jeff Lamberti, who is challenging Democratic US Rep. Leonard Boswell in central Iowa's 3rd District."

Haass Says US Cannot Win In Iraq. The CBS Evening News (10/18, story 3, 2:15, Couric, 7.66M) interviewed Richard Haass, a "top State Department official during President Bush's first term and is now President of the Council on Foreign Relations, a non-partisan think tank." Asked whether the US can "win this war," Haass said, "No. I think the days of wining are over. The days of creating an Iraq that would be a model for the region are over. We're really talking now about how we limit our losses." Asked about his "understanding of the James Baker/Lee Hamilton plan being drafted right now," Haass replied, "They are looking at various options including some sort of phased withdrawals from Iraq, some reductions in the American presence that are linked not to performance of Iraqis but simply to a calendar. They're also looking at redeploying US forces in narrow areas so maybe they can create order in a small area rather than simply allow disorder all over the place. I think you're going to see one very interesting thing out of Mr. Baker, it's going to be a call that the United States open up its diplomacy, involve all of Iraq's neighbors, including Iran including Syria, to try to come up with a regional approach to quiet things down."

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Iraqi Leaders, US, Arab Neighbors Ponder "Dramatic Change Of Direction." The Washington Times (10/19, Behn, 88K) reports, "The escalating violence raking Baghdad and other Iraqi cities is pushing that nation's leaders, neighboring Arab countries and US advisers to consider a dramatic change of direction in the conduct of the war." The Times adds, "Leaks from a UA task force headed by former Secretary of State James A. Baker III are contributing to the widespread sense that the Bush administration is preparing for a 'course correction' in the coming months."

Deputy Secretary Of Defense Says Coalition's Strategy Isn't Static. Mark Kimmitt, deputy secretary of Defense for the Middle East, writes in an op-ed in USA Today (10/19, 2.27M), "The idea that coalition forces have pursued a static tactical policy in Iraq is a myth and a disservice to our innovative, creative and adaptable troops." The "coalition forces have continuously adapted to a changing environment, not only to respond and react to a thinking enemy, but to also develop better tactics to defeat the enemy's own seams, weaknesses and disadvantages." Our "operations in Iraq are developed from a position of advantage and superiority and do not cede initiative, nor innovation, to the enemy." The troops know that "tactically, staying the course is the wrong way to defeat an enemy, but they also recognize that consistency in strategic guidance, combined with patience and persistence to see the job through, is the right way to win."

As Fight For Baghdad Intensifies, US Troops See Deadliest Month Since November 2004. USA Today (10/19, Jervis, Brook, 2.27M) reports, "A US and Iraqi offensive to wrest control of Baghdad from insurgents and sectarian death squads is producing some of the most intense fighting of the war and a spike in American deaths." The US command "reported Wednesday that 10 American troops had been killed the day before in Iraq, making it one of the deadliest days for U.S. forces this year. Another soldier was killed Wednesday, bringing the death toll this month to 70. At least a third of the recent fatalities happened in Baghdad. At the current pace, October would be the deadliest month since November 2004 when 137 troops died." In addition, says the Los Angeles Times (10/19, Daragahi, Roug, 918K), "at least seven Iraqis were killed and 30 were injured today in attacks targeting US and Iraqi security forces and sectarian gang killings targeting civilians."

All three networks reported on US casualties, offering a starkly negative assessment of US progress in Iraq. ABC World News (10/18, story 2, 2:00, McCarthy, 8.78M) said, "The plan was to save Baghdad. The risk was increased American casualties. The result so far, the violence is getting worse." In August, "under 'Operation Together Forward,' thousands of US troops were brought in to the capital to patrol some of the most violent neighborhoods. … After 2 1/2 months, 79 Americans and over 5,000 Iraqis have been killed in Baghdad. Operation Together Forward doesn't appear to be going forward and nor does it appear to bringing Americans and Iraqis together."

The CBS Evening News (10/18, lead story, 3:10, Couric, 7.66M) reported, "We begin with the worst kind of news. American forces in Iraq are now dying this month at a rate of four a day. Nearly 2,800 have been killed since the war began." The casualties "mount and no end to the war" is "in sight."

NBC Nightly News (10/18, story 2, 3:00, Miklaszewski, 9.87M) reported, "By this time, the US military was planning turn over most of the fight to Iraqi forces. Instead, American troops are once again digging for the long haul. For US forces Baghdad has once again become the killing ground." A second piece on NBC Nightly News (10/18, story 4, 3:30, Williams, 9.87M) said "amid all of this ugliness and chaos there is this war's daily fog of war meaning Americans in uniform in Iraq are no longer entirely sure who the enemy is. That is especially true in the capital city of Baghdad."

The story is generating generally negative press coverage. Under the headline "Death Toll Mounts For US Forces In Iraq," the Financial Times (10/19, Sevastopulo) reports President Bush "has repeatedly argued that Iraq is making political progress and that the US will stay the course." But "his administration is becoming increasingly frustrated at the apparent inability of the Iraqi government to stem the rise in bloodshed." The Washington Post (10/19, A1, Knickmeyer, 748K) reports yesterday was "the deadliest day of combat for US forces in 10 months," and McClatchy (10/19, Youssef) says the US security plan for Baghdad "hasn't produced evidence of significant improvements," and in fact "has exposed some of the weaknesses of handing over operations to Iraqi security forces. So far they haven't appeared prepared to tackle the burgeoning sectarian violence."

The Washington Times/AP (10/19, Hurst) says Iraqi civilians "are being killed at a rate of 43 a day," and adds "there have been growing signs in recent days of mounting strain between Washington and the wobbly government of Prime Minister Nouri al-Maliki, who felt compelled during a conversation with President Bush this week to seek his assurances that the Americans were not going to dump him." Foreign Minister Hoshyar Zebari yesterday "blamed American officials who ran Iraq before its own government took nominal control for bringing the country to the present state of chaos."

Marines To Recall Battalions. The AP (10/19, Burns) reports, "The Marines are drawing up plans to send back to Iraq at least some reserve combat battalions that have already served one tour there, officials said Wednesday — the first time such units would be returned to the war. The plan to remobilize those reserve forces is designed to relieve

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some of the growing strain on active-duty Marines." A Marine Corps spokesman, Lt. Col. Scott Fazekas, "said Defense Secretary Donald H. Rumsfeld gave the Marines the go-ahead to conduct detailed planning on how the battalion reactivations would be done. Initially, Fazekas said Rumsfeld had approved the plan itself. Later he said the approval was for detailed planning." Eric Ruff, a spokesman for Rumsfeld, "said Wednesday evening that no specific proposals have been presented to Rumsfeld."

The CBS Evening News (10/18, story 2, 1:55, Couric, 7.66M), in its report, said, "The practical impact of the stay-the-course policy in Iraq? A growing strain on the military." CBS (Martin) called the expected move "one more sign of the stress the military is under, in fighting a war which the commandant of the Marine Corps told CBS News today he never bargained for. Did you ever think this war was going to go on this long?" Gen. Michael Hagee, Commandant, USMC: "No, I did not think it would go on as long as it has now. I was obviously wrong. My sense is now that it's going to go on for some time. We, the nation, we have to be prepared for a long war."

Splinter Militias Said To Bring More Volatility, Violence. The Washington Post (10/19, A1, Raghavan, 748K) reports, "In the void forged by the sectarian tensions gripping Baghdad, militias are further splintering into smaller, more radicalized cells, signifying a new and potentially more volatile phase in the struggle for the capital. Iraqis and U.S. officials blame militias for mass kidnappings and slayings, for setting up unauthorized checkpoints and for causing much of the recent carnage." The militias "appear more localized and more ruthless than their predecessors," and "have carved neighborhoods into fiefdoms, governing through fear and intimidation." Now, "Senior U.S. military officials privately acknowledge they do not have the manpower to conduct urban sweeps in every neighborhood or prevent areas they have cleared from again becoming havens of lawlessness and killing." A senior U.S. military official said that "it is harder to find them when they are splintered, to identify who they are," although he added, "it makes it easier for me because I have digestible doses I can deal with that might not be reinforcing one another."

Violence During Ramadan Has Most Iraqis Staying Behind Locked Doors. USA Today (10/19, Sabah, 2.27M) reports that while during Ramadan "evenings are traditionally spent breaking the fast, visiting friends and strolling along neighborhood streets," in "the past several years in Iraq, violence has spiked during Ramadan, making it difficult for many people to go out as freely as they would like. This year, however, has been even worse. The religion-based nature of much of the violence, new curfews and random militia checkpoints have most people staying home behind locked doors."

WSJournal Criticizes Iraqi Dead Estimate. The Wall Street Journal (10/19, A18, 2.03M) editorializes that the reporting on the Lancelet study estimating the deaths in Iraq at 655,000 "leaves us wondering if reporters and editors have enough sense anymore to ask basic questions about such enormous numbers, or whether they are simply too biased against the Bush Administration and its Iraq policy to do so," as "we find it hard to believe killing on the scale of Antietam or Gettysburg has been going on without anybody having noticed." The study is "based on a very inadequate sampling process." Meanwhile, "the majority of those trumpeting the Lancet findings" want not only "to nail the Bush Administration for incompetence in failing to achieve a sustainable victory in Iraq," but also "to discredit the war as a moral enterprise by suggesting there's no difference between Saddam Hussein's now well documented mass murders and the violence taking place today."

Rumsfeld Says US Must Be "On The Offensive" Against Terrorists. The AP (10/19, Baldor) reports that Defense Secretary Donald H. Rumsfeld said in remarks to students at the Air Force's war college at Maxwell-Gunter Air Force Base in Montgomery, Ala., that "Americans must take a lesson from history and not believe the terrorist threat has been exaggerated or will go away." He added that with "a new, more ruthless and lethal terrorist enemy, 'with no territory to defend, no treaties to honor, that measures progress in terms of decades, not days,'" the US "has no choice but to go on the offensive."

Quinn Says Rumsfeld Acting As Scapegoat For Bush. Sally Quinn writes in a column in the Washington Post (10/19, A29, 748K), "Don Rumsfeld is the shrewdest person in Washington. He understands better than anyone that somebody has to be in line to take the blame when things go wrong. So far he has been willing to do so. But not much longer. The drumbeat to get him out of the Pentagon has reached deafening proportions," and "those in the know say that the president may have reached the point where he realizes that Rumsfeld has outlived his usefulness." However, "if Rumsfeld goes, the attention and criticism can be directed only to Cheney, or to Bush," who "will then have to contend with the reality of the new situation: One goat must be sent off into the wilderness. Who will it be?"

Maliki In Talks With Sistani, Sadr. The AP (10/19, Ridha) reports, "Prime Minister Nouri al-Maliki consulted with Iraq's Shiite spiritual leader and a radical, anti-US cleric Wednesday in a bid to enlist support for efforts to build political consensus and tackle widening sectarian violence." Al-Maliki's "call on Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr came as the Shiite prime minister faces growing U.S. pressure to show more resolve in dealing with the daily carnage of sectarian bombings and attacks."

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The New York Times (10/19, Semple, 1.21M) reports, "Though details of the conversations with Ayatollah Sistani and Mr. Sadr were sparse, it seemed clear, in light of the pressures Mr. Maliki is under, that the prime minister's principal focus with both men would have been how to handle the militias." The Times adds, "At the crux of Mr. Maliki's problem lies Mr. Sadr, who controls one of the largest blocs in Parliament as well as a volatile militia, the Mahdi Army, that has been blamed for helping to drive the deadly cycle of sectarian revenge." The Los Angeles Times (10/19, Fakhrildeen, Daragahi, 918K) runs a similar report.

Eight US Soldiers To Be Court-Martialed For Iraq Rape-Murder. CBS Evening News (10/18, story 4, 0:15, Couric, 7.66M) reported "eight American soldiers who served in Iraq are going to be court-martialed for murder. They're all from the Army's 101st Airborne, four are accused of raping a 14-year-old girl and killing her and her family. The other four are charged with murdering Iraqi prisoners north of Baghdad." NBC Nightly News (10/18, story 3, 0:20, Williams, 9.87M) also reported the story. USA Today/AP (10/19) notes two of the soldiers "could get the death penalty if convicted. Four other soldiers from the 101st are charged with murdering three Iraqi men during a raid." The soldiers facing the prospect of a death sentence "are Sgt. Paul Cortez and Pfc. Jesse Spielman. Both are accused of raping Abeer Qassim al-Janabi in March at her family's home in Mahmoudiya, about 20 miles south of Baghdad." The New York Times (10/19, 1.21M) runs a shorter version of the same AP story.

Testimony Suggests Jordan Knew About Abu Ghraib Abuse. The AP (10/19, Dishneau) reports, "An Army Reserve officer accused of ignoring abuses of Iraqi detainees at Abu Ghraib prison was a daily visitor to the 'hard site,' where some detainees were stripped naked as an interrogation technique, a former military police commander testified Wednesday." Capt. Donald Reese's testimony "supported government allegations that Lt. Col. Steven L. Jordan, as director of the prison's interrogation center, knew about the abuse and lied about it." Reese "testified on the third day of Jordan's Article 32 investigation, the military equivalent of a grand jury hearing. The hearing to determine whether Jordan, the highest-ranking soldier charged in the scandal, should be court-martialed for any of the 12 charges he faces. He could face up to 42 years in prison if convicted."

NATO Airstrikes Kill Afghan Civilians. The AP (10/19, Gannon) reports, "Airstrikes by NATO helicopters hunting Taliban fighters ripped through three dried mud homes in southern Afghanistan as villagers slept early Wednesday. At least nine civilians were killed, including women and children, said residents and the provincial governor. Shellshocked, angry villagers in Ashogho condemned the attack, which set back NATO's hopes of winning local support for their tough counterinsurgency campaign." The airstrikes "came at about the same time a rocket struck a house in a village to the west, reportedly killing 13 people."

Administration Urged To Offer Citizenship In Exchange For Military Service. Max Boo and Michael O'Hanlon, the a senior fellow at the Council on Foreign Relations and author of "War Made New: Technology, Warfare, and the Course of History, 1500 to Today" and a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security," respectively, write in an op-ed in the Washington Post (10/19, A29, 748K), "By inviting foreigners to join the U.S. armed forces in exchange for a promise of citizenship after a four-year tour of duty, we could continue to attract some of the world's most enterprising, selfless and talented individuals. … And we could solve the No. 1 problem facing the Army and Marine Corps: the fact that these services need to grow to meet current commitments yet cannot easily do so (absent a draft) given the current recruiting environment." It would be "a valuable influx of highly motivated soldiers" that "would also address one of America's key deficiencies in the battle against Islamist extremists: our lack of knowledge of the languages and mores in the lands where terrorists reside." While "Screening would have to be done to ensure that would-be terrorists did not gain access to the armed forces through this program," a plan of "offering citizenship to foreigners who first join the armed forces should be a winner for everyone."

CORPORATE SCANDALS:

Differences Between Fastow, Skilling Sentences Shows Benefit Of Cooperating With Prosecutors. The Wall Street Journal (10/19, Emshwiller) reports, "The surprisingly lenient prison sentence given recently to Enron Corp. former Chief Financial Officer Andrew Fastow highlights the benefits of cooperating with federal criminal authorities. The coming sentencing of former Enron President Jeffrey Skilling is likely to demonstrate the dangers of fighting them." Skilling "is scheduled to be sentenced Monday by Judge Sim Lake and observers believe that he could get in the range of 20 years imprisonment. … The likely discrepancy in prison terms for Messrs. Fastow and Skilling, widely considered to be two of the central figures of the Enron scandal, illustrates that there has never been a better time in the white-collar-crime world to rat on your colleagues."

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Two SafeNet Executives Resign Amid Stock Options Probe. The Baltimore Sun (10/19, Hopkins, Hirsh, Bishop) reports, "SafeNet announced yesterday that Anthony A. Caputo, its chairman and chief executive, and Carole Argo, its president, chief operating officer and acting chief financial officer, voluntarily resigned Tuesday, effective immediately. Their departure was the result of the company's continuing probe of stock option grants, SafeNet said." The Sun adds, "Chris Fedde, senior vice president and general manager of SafeNet's enterprise security division, was named president and chief operating officer. John W. Frederick, SafeNet's vice president and worldwide controller, stepped up as chief accounting officer and interim chief financial officer."

The Wall Street Journal (10/19, Seward) reports, "The resignations at SafeNet follow similar departures earlier this week at UnitedHealth Group Inc., KLA-Tencor Corp. and Sapient Corp., also in connection to alleged options irregularities. The timing of the departures coincides with the need to file quarterly earnings reports." SafeNet "previously said some options grants between 2000 and 2005 'were accounted for using incorrect measurement dates.' The company has said it expects to record additional charges, less than $20 million, because of the grants, suggesting they were backdated or otherwise manipulated."

The Washington Post (10/19, D4, Witte) reports, "The two SafeNet executives join about 30 others nationwide who have stepped aside during stock-option inquiries. More than 100 companies have been investigated for the practice of backdating stock options, in which options are dated back to a time when the stock price is lower so the profit is higher after the options are exercised. … SafeNet said earlier that it received a subpoena from the U.S. attorney's office in New York related to the stock options issue. The Securities and Exchange Commission has also sent the firm a letter of informal inquiry requesting information. … An internal investigation at SafeNet continues, but the company has already said that certain options over the past six years were accounted for using incorrect dates. The company plans to restate its results between 2000 and this year."

Senate Panel Probes UnitedHealth On Ex-CEO's Pay. The Wall Street Journal (10/19, Tomsho) reports the Senate Finance Committee, "wading once again into the stock-options scandal, asked UnitedHealth Group Inc. for an array of documents related to the $1.1 billion in compensation that William McGuire, its departing chief executive, could receive when he leaves the company." Sen. Chuck Grassley (R), the committee chairman, said, "The UnitedHealth situation is the most disturbing yet. … The news reports make it sound like the CEO had the board of directors over a barrel and helped himself to whatever he could get, even with the taint of stock-options backdating allegations against him."

The Minneapolis Star-Tribune (10/18, Phelps, Serres) adds that Grassley noted, "Congress has a duty to the taxpayers to find out what happened at UnitedHealth and figure out what to do to stop this flood of backdating scandals." Meanwhile, Max Baucus (D), ranking minority member on the committee, "accused McGuire and other executives tainted by backdated stock options of 'gaming the law to avoid paying their fair share of taxes on stock options and other benefits.'"

The Financial Times (10/19, Grant) quotes the senators as stating, "[We] want to know how a top executive can lose his job for allegedly defrauding his company's own investors, but still get rewarded with a billion dollars for doing it." Among other things, "the senators asked United Healthgroup to 'provide the amount of federal tax deductions claimed by UnitedHealth with respect to compensation paid to Mr McGuire since 1994; and provide the amount of such deductible compensation that has been 'performance-based' and what criteria or metrics were used to determine if compensation was deemed 'performance-based.'"

Business Week (10/18, Sasseen) adds, "In its 1999 proxy statement, UnitedHealth Group made sure investors knew of a few small relationships between its directors and the company." And, "following the New York Stock Exchange's 2004 imposition of stricter standards for director independence, UnitedHealth (UNH) had eliminated even those minor ties by the time the 2005 proxy was filed. This time, it told investors that all the members of its comp committee met the NYSE's independence test, and that no relationships or ties existed between directors and the company. How nice of them to share. Of course, what the proxy neglected to mention were significant personal and financial ties between ousted CEO William McGuire, and William Spears, a New York investment adviser and long-time head of UnitedHealth's compensation committee."

Former Delphi Officials Face SEC Civil Fraud Charges. The Detroit News (10/19, Shepardson) reports, "The U.S. Securities and Exchange Commission is expected to file civil fraud charges this month against up to a dozen former Delphi Corp. executives following a 27-month investigation into accounting fraud at the bankrupt Troy auto supplier, people familiar with the situation said." The News continues, "Among those expected to face civil charges are John Blahnik, the former Delphi vice president of treasury, mergers and acquisitions; Laura Marion, who had served as director of financial accounting and reporting; and Paul R. Free, former chief accounting officer, the people said. … The SEC also is expected to file civil charges against several officials at other companies involved in improper transactions

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with Delphi, The Detroit News has learned." The News adds, "Those charged, if they are found liable, could face hefty fines and be barred from serving as a board member or corporate officer at publicly traded companies. Delphi spokeswoman Claudia Piccinin declined to comment Wednesday, except to say that the company continues to cooperate with the SEC. … Last year, Delphi acknowledged several instances of improper accounting and restated several years of earnings. … The SEC's investigation has found that Delphi used varied improper methods to inflate earnings, cash flow and revenue, which hid the declining health of the company, according to people familiar with the matter."

CRIMINAL LAW:

US Charges 78 In Bankruptcy Fraud Probe. The AP (10/19, Jordan) reports, "Nine lawyers, an ex-police officer and an electrician who bribed a former governor were among 78 people charged with bankruptcy fraud in the past two months, the Justice Department said Wednesday." The AP continues, "Eighteen of the arrests came this week alone, said Deputy Attorney General Paul McNulty, who outlined the nationwide crackdown on people trying to conceal more than $3 million in assets. … 'In the end, we all wind up paying for fraud, in the form of higher interest rates and fees from companies that offer credit and loans,' McNulty told reporters." The AP adds, "Bankruptcy fraud often follows false claims on mortgages, banks and the mail, McNulty said. .. .The arrests are on track to outpace last year's estimated total of 100 bankruptcy fraud cases, the FBI said."

CNN.com (10/19, Frieden) reports, "Authorities said the nationwide sweep culminated Wednesday with arrests stemming from 18 cases of bankruptcy fraud and related counts. … Those charged include nine lawyers, two bankruptcy petition preparers and a former police officer. The cases involved concealment of more than $3 million in assets, use of false identities and forged documents, and fraudulent receipt of government loans and benefits, officials said. … 'Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important,' said Deputy Attorney General Paul McNulty." CNN adds, "The culmination of "Operation Truth or Consequences" coincided with the anniversary of new bankruptcy laws aimed at combating fraud. … Authorities said the 78 people charged were named in 69 prosecutions in 36 judicial districts. … FBI Assistant Director Chip Burrus issued a statement staying the nationwide sweep 'highlights the scope of bankruptcy fraud and negative impact on the economy.'"

The Pittsburgh Tribune-Review (10/19, Roebuck) reports, "A Sewickley (PA) attorney and two other Western Pennsylvania residents were indicted this week as part of a nationwide crackdown on bankruptcy fraud and related crimes." The Tribune-Review continues, "Attorney Robin L. Grassel, 42, faces two counts of embezzlement from bankruptcy estates. She is among 78 people nationwide -- including nine attorneys -- charged as part of what the U.S. Department of Justice dubbed 'Operation Truth or Consequences.' … The allegations leveled nationwide include concealing more than $3 million in assets, using fake identities and Social Security numbers, forging documents and defrauding people whose homes were in foreclosure." The Tribune-Review adds, "Grassel, also known as Robin Musher, was representing clients in bankruptcy proceedings and administering their funds when she embezzled or misappropriated the funds, the indictment charges. .. She embezzled $104,832.94 from the bankruptcy estate of clients identified only as MW and PW and $47,420.28 from Jimmie and Joyce B., according to the indictment."

UPI (10/19) reports, "The project includes charges filed against nine lawyers, two bankruptcy petition preparers and one former law enforcement officer. Charges include alleged concealment of more than $3 million in assets and the alleged use of false Social Security numbers and false identities. … 'Today we send a clear message to those who abuse, for their own criminal financial gain, the bankruptcy system's promise of a fresh start to honest Americans,' said McNulty. … McNulty also announced the creation of a new Internet hotline for reporting suspected bankruptcy fraud to the Justice Department's U.S. Trustee Program."

The Arizona Republic (10/19, Wagner) reports, "Two federal fraud prosecutions under way in Arizona are part of a nationwide campaign to thwart abuse of U.S. bankruptcy courts, according to the Justice Department." The Republic continues, "One of the cases was filed in August against attorney James Joseph Everett, 51, who is accused of concealing about $500,000 in assets and income. The other indictment names three family members from southern Arizona accused of seeking bankruptcy protection as part of a larger swindle of government funds. … Those cases are among 69 filed nationally under Operation Truth or Consequences, launched to protect the integrity of the bankruptcy system, Deputy Attorney General Paul J. McNulty said in a news release." The Republic adds, "In Phoenix, Everett was indicted on 34 counts, including money laundering, false declarations and bankruptcy fraud. The U.S. Attorney's Office said he used $300,000 in concealed funds to purchase a house in Paradise Valley. Everett faces a maximum 20-year prison sentence for money laundering, the most serious offense. … The other Arizona case involves Sergio and Sandra Renteria of Willcox and their daughter, Kayla Taylor. They were indicted in August on charges of conspiracy and fraud in connection with an $800,000 loan from the Farm Service Agency. They are accused of failing to repay the loan while selling crops and equipment pledged as collateral. The indictment says Taylor also used loan money

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to buy a pair of Mercedes Benz cars. Finally, the Renterias are charged with filing for bankruptcy while hiding assets from the court. They face up to 30 years in prison."

Weldon Claims House Ethics Letter Closes Case. The Philadelphia Inquirer (10/19, Mason, Shiffman) reports, "U.S. Rep. Curt Weldon (R., Pa.) said he hasn't decided whether to release a letter from the House Ethics Committee that he says 'closed the case' on whether he used his influence to help his daughter." The Inquirer continues, "The FBI is probing whether Weldon helped his daughter Karen and friend Charles P. Sexton Jr. land $1 million in contracts from a Russian energy firm and a Serbian family with ties to Slobodan Milosevic. … 'My kids do their own work,' the 10-term congressman told a media scrum yesterday in the Ridley Township Municipal Building after a hearing on flight-path changes at Philadelphia International Airport." The Inquirer adds, "Weldon is in a neck-and-neck race against retired Adm. Joe Sestak, a 31-year Navy veteran who was raised in Springfield, Delaware County. Because of the disclosure of the FBI investigation last week, political observers say the race is now leaning in the Democrat's favor. … Yesterday, Weldon repeated his claim that he presented documents to the Ethics Committee in 2004 when the Los Angeles Times broke the story, and the committee didn't pursue the matter. … Weldon and his attorney, William J. Winning, said they hadn't decided yet whether to release the committee's letter. … A source close to the Weldon campaign said the four-page document, dated Sept. 29, discusses the allegations about Weldon's daughter and dismisses them without issuing a warning or reprimand."

Seven Funeral Home Directors Plead Guilty In Organ Smuggling Case. The AP (10/19, Hays) reports, "Seven funeral home directors linked to a scheme to plunder corpses and sell the body parts for transplants have secretly pleaded guilty to undisclosed charges, prosecutors announced Wednesday." The AP continues, "The unidentified directors all agreed to cooperate in an ongoing investigation into what investigators describe as an enterprise to steal bone and tissue from cadavers and sell the material to biomedical supply companies for profit, Brooklyn District Attorney Charles Hynes said." The AP adds, "The seven entered their pleas in closed courtrooms and their names were withheld, but defense attorneys said that among those cooperating was the director of a funeral home that took parts from the body of 'Masterpiece Theatre' host Alistair Cooke."

AFP (10/19) reports, "The Justice Department announced Wednesday that it had expanded its indictment against the four, Michael Mastromarino, Joseph Nicelli, Lee Cruceta, and Christopher Aldorasi. … 'These ghoulish thieves thought they could pull off the crime of the century, stealing bones from the dead, without any thoughts to their victims' families or the transplant recipients who would receive possibly tainted bone and tissue grafts,' Brooklyn District Attorney Charles Hynes said in a statement." AFP adds, "Funeral homes in Rochester, Manhattan, Brooklyn and the Bronx have been accused of providing corpses for the organ smuggling scheme. … In announcing the indictment in February, authorities alleged that the four men made millions of dollars selling body tissue to transplant companies. … In many cases, the bones were replaced by PVC pipes so that their theft would not be noticed at a funeral, authorities said. … At the same time, the accused would regularly toss gloves, aprons, and other evidence of their criminal handiwork into the bodies before sewing them back up, prosecutors said."

US Misses Deadline In DC Death Penalty Case. The Washington Times (10/19, McElhatton) reports, "A federal judge has ruled that prosecutors cannot seek the death penalty against two D.C. men accused of running a violent street gang in Southeast because the government missed a key deadline." The Times continues, "U.S. District Judge Richard W. Roberts ruled that the Justice Department failed to file a timely notice of intent to seek the death penalty against Antwuan Ball and David Wilson. The judge's opinion was issued late Tuesday and made public yesterday." The Times adds, "Mr. Ball and Mr. Wilson are awaiting trial on charges of murder, racketeering and drug trafficking after a joint investigation by the Metropolitan Police Department and the FBI of the so-called Congress Park Crew in Southeast. … In his ruling, Judge Roberts said the 'government showed no cause, much less any good cause' for failing to file a notice of intent to seek the death penalty by a court-ordered Sept. 15 deadline. … Prosecutors filed a notice of intent to seek the death penalty Sept. 25. Citing the missed deadline, the judge barred capital punishment in the case Sept. 18. … One week later, prosecutors filed notice to seek the death penalty with a separate motion asking the judge to reconsider his Sept. 18 ruling." The Times notes, "The government attorneys blamed the delay on a misunderstanding about the deadline, the need for more deliberations and the fifth anniversary of the September 11, 2001, terrorist attacks. … But Judge Roberts remained unconvinced. … It's not clear whether prosecutors plan to appeal the ruling. … 'We are currently reviewing our options but have no further comment at this time,' said Channing Phillips, spokesman for the U.S. Attorney's Office."

Boehner, Trandahl To Testify Today House Ethics Committee's Foley Probe. The AP (10/19, Taylor) reports former House Clerk Jeff Trandahl "will face ethics investigators" on Thursday "in what could be the most important testimony yet on how GOP leaders handled complaints about Rep. Mark Foley's behavior toward pages — including the early concerns" of Rep. Rodney Alexander of

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Louisiana, "who testified Wednesday." Alexander "spoke with investigators for three hours about how his office handled a complaint last fall from a former page about too-friendly e-mails from Foley." Trandahl's testimony "is critical in determining how many people knew about Foley's behavior with pages and whether there are even more incidents than those reported so far."

USA Today (10/19, Kiely, 2.27M) reports "two key witnesses"—Trandahl and Majority Leader John Boehner – "will testify before the House ethics committee today on what they knew about former congressman Mark Foley's contacts with teenage boys." Meanwhile, Rep. Chris Van Hollen, D-Md., "accused the GOP of covering up complaints about Foley because of the upcoming election." At a National Press Club lunch on the midterm elections, Van Hollen said, "The Republican leadership in Congress decided to put their political fortunes above the safety of the youngsters."

Roll Call (10/19, Davis) reports Trandahl has "retained defense attorney Cono Namorato, and has made no public statements since Foley resigned Sept. 29. Through his attorney, Trandahl has said he will 'cooperate fully' with both the FBI's probe and the Committee on Standards of Official Conduct." Trandahl could "provide key testimony as to when senior aides to Hastert were first informed of Foley's alleged inappropriate behavior with male pages. Trandahl also could confirm or dispute the veracity of the timeline of events released by the Speaker's office on Sept. 30."

The New York Times (10/19, Zeleny, 1.21M) reports Rep. Alexander said the "former Congressional page from Louisiana whose e-mail exchanges with Representative Mark Foley set off a Capitol Hill scandal was neither exposed to nor aware of the sexually explicit instant messages that ultimately led to Mr. Foley's resignation." Alexander said "the page, who lives in his district, was not familiar with Mr. Foley's pattern of conduct and should not be a focal point of the investigation."

Attorneys Say They Shared Alleged Foley Abuser's Name With Prosecutors. The AP (10/19, Skoloff) reports Foley attorneys "said they revealed to state prosecutors Wednesday the name of a clergyman he said abused him as a teen." Mike Edmondson, a spokesman for "the state attorney's office in West Palm Beach, said Wednesday evening his office had not yet seen the name." Edmondson said, "I'm sure they faxed it over. It could very well just be sitting on the fax machine." The AP adds a "joint statement from Roth and Foley's civil attorney, Gerald Richman, said they agreed with the Archdiocese of Miami that the clergy member's name should first be disclosed to the state attorney's office." Edmondson said prosecutors "would share the name of the clergyman with the Archdiocese Thursday, as long as it was received by the office before it opened for business."

More Commentary. In a USA Today op-ed (10/19), George Washington University law professor Jonathan Turley says, "The Foley scandal is the perfect bookend to one of the most corrupt Congresses ever. Whether they're dealing with sleazy lobbyists or innocent pages, lawmakers have shown that they can't be trusted. In its waning months, the 109th Congress has finally achieved a status in politics that the 1919 Black Sox achieved in sports: It is a symbol of utter corruption."

Sweeney Faces Questions Over Who Paid For Trip. The New York Times (10/19, Hernandez, 1.21M) reports that GOP Rep. John Sweeney "is facing questions about a trip he took to a western Pacific island with an associate of Jack Abramoff, the powerful Washington lobbyist at the center of an extensive corruption scandal. The Times Union of Albany reported yesterday that Mr. Sweeney might have violated House ethics rules when he failed to disclose who paid for a trip that he made in January 2001 to one of the Northern Mariana Islands with Tony Rudy, who worked for Mr. Abramoff. Mr. Sweeney made the trip to deliver a speech to the Saipan Chamber of Commerce in the Commonwealth of the Northern Mariana Islands, a territory of the United States. Mr. Rudy was lobbying on behalf of the commonwealth." The Times adds, "Responding to the report, Mr. Sweeney's office released a statement saying that he believed the government of the Marianas had paid for the trip. House rules do not require the disclosure of any travel sponsored by the government, including United States territories."

The AP (10/19, Barrett) reports, "Sweeney, who has not been linked to the Abramoff corruption case, said Wednesday, 'I don't know Jack Abramoff and I've never even met Jack Abramoff.' … The congressman's financial forms were reviewed last year by the Department of Justice at the same time records of Rep. Bob Ney, R-Ohio, were reviewed. Ney pleaded guilty Friday to conspiracy and making false statements as part of the Abramoff influence-peddling scandal."

Despite Conviction, Ney Refuses To Resign. The New York Times (10/19, Shenon, 1.21M) reports Rep. Bob Ney "is headed to prison early next year after pleading guilty to charges of accepting tens of thousands of dollars in illegal gifts from lobbyists. Until then, Mr. Ney, a six-term Republican from Ohio, has a comfortable place to bide his time." Ney's "congressional office — the one that he has effectively acknowledged selling to the highest bidder — is open for business." To the "dismay of House colleagues eager to remove him as a symbol of the corruption scandals that are tarring several Republican candidates in next month's Congressional elections, Mr. Ney, defying House leaders, has refused to step down for now, insisting that he

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owes his staff and his constituents a few more weeks of his time."

Cunningham Offered To Testify To House Panel From Prison. Roll Call (10/19, Bresnahan) reports that former Rep. Duke Cunningham "has offered to testify about his activities as a member of the House Intelligence Committee to the panel's chairman, Rep. Pete Hoekstra (R-Mich.), but only if Hoekstra personally travels to the North Carolina federal prison where Cunningham is now serving a sentence for bribery-related charges. Hoekstra turned down the offer to meet with his former colleague, which was outlined in a recent letter from Cunningham to the Michigan Republican. Hoekstra told Cunningham that he wanted a special counsel appointed by the committee, Michael Stern, to conduct any interview with the imprisoned ex-lawmaker." Roll Call adds, "Disclosure of Cunningham's letter to Hoekstra comes after the Michigan Republican and Rep. Jane Harman (D-Calif.), the ranking member of the Intelligence Committee, have publicly clashed over Harman's decision to release a summary of Stern's investigation, and over the need to subpoena Cunningham."

WPost Says Public Deserves To See Full Report On Cunningham. The Washington Post (10/19, A28, 748K) editorializes that Cunningham, "now serving time for taking $2.4 million in bribes from defense contractors, was enabled in his criminality by a system that empowers members of key congressional committees to earmark funds for favored entities, by the secrecy surrounding intelligence spending, and by the compliance of congressional staff members and others who acceded to Mr. Cunningham's spending demands despite their misgivings." The Post adds, "A devastating report -- actually, the devastating executive summary of a still-secret report -- by a special counsel to the House intelligence committee found that the corrupt congressman steered between $70 million and $80 million in government spending to defense contractors Mitchell J. Wade and Brent R. Wilkes. The public deserves to see the full 23-page unclassified version of the report, which has been ready since July. Even more, it deserves to know whether any of those complicit in Mr. Cunningham's misdeeds will be disciplined and how such abuses will be prevented in the future."

Blagojevich Fundraiser Expected To Appear For Arraignment Today. The Chicago Tribune (10/19, Coen, O'Connor, 623K) reports, "After missing his first two federal court hearings last week because of his international travel, Antoin 'Tony' Rezko is expected in court Thursday to be arraigned in at least one of the fraud cases against him. Sources said there was some indication Wednesday that Rezko, a businessman and top fundraiser for Gov. Rod Blagojevich, would arrive as scheduled at the Dirksen U.S. Courthouse, but they declined to elaborate." The Tribune notes, "An arrest warrant has been issued for Rezko, 51, but the FBI has promised not to impede his promised return to the United States. Rezko…has not officially been declared a fugitive by law enforcement."

FBI, Colorado Authorities Investigating Alleged Beauprez Misuse Of Database. In a widely-distributed story, the AP (10/19, Paulson) reports, "Information in an attack ad run by Rep. Bob Beauprez against his Democratic opponent for governor used illegal confidential information from a federal law enforcement database, Colorado authorities said Wednesday." Colorado Bureau of Investigation Director Robert Cantwell "said the information came from the National Crime Information Center, a federal database available only to law-enforcement officials. 'Because this is a federally controlled and regulated system, CBI has requested the assistance of the FBI to further pursue the investigation,' Cantwell said. 'The FBI and CBI will be working jointly to complete the investigation.'" The AP notes, "The TV ad refers to a suspected illegal immigrant who was arrested in Denver in 2001 on suspicion of heroin trafficking. The ad says that when Ritter was the district attorney for Denver, he chose to seek a plea bargain in the case, the man avoided deportation, and he was later arrested in California on suspicion of sexually assaulting a minor."

The Colorado Springs Gazette (10/19, Henley) adds, "Ritter's campaign asked for the investigation, which has derailed Beauprez's damaging political attacks less than three weeks before the Nov. 7 election. 'The congressman is now on day six of refusing to disclose his source, and, with each passing day, he digs himself a deeper and deeper hole,' said Evan Dreyer, Ritter's spokesman. 'He has asked voters to hold them accountable. Well, he can rest assured the FBI will hold him accountable.'"

Prosecutors Want Postponement Of Pellicano Trial. The Los Angeles Times (10/18, Krikorian) reported on its web site, "Federal prosecutors today urged a judge to reject Anthony Pellicano's request that his wiretapping trial begin as scheduled in February, arguing that the complexity of the case, the number of defendants and other factors justify postponement until next fall." Prosecutors told US District Judge Dale S. Fischer "that if she agrees with Pellicano's request, the government wants to proceed with a February trial for the former private eye and all of his six co-defendants, all but one of whom have agreed to a delay."

California Jailer Arrested On Bribery, Contraband Charges. The Los Angeles Times (10/19, Hanley, 918K) reports, "A guard at a federal detention center in Orange County was arrested this week on suspicion of

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taking bribes in exchange for smuggling contraband to at least one inmate, including cellphones, a small computer, protein powders and other bodybuilding substances, a federal official said. Jose Abel Flores is a correctional officer at the Santa Ana City Jail, which has a contract to house federal prisoners awaiting trial. … He is scheduled to appear at a bail hearing today," and Assistant US Attorney Kenneth B. Julian "said he would probably ask that Flores be held without bail." The Times notes, "According to an arrest affidavit prepared by FBI agent Philip J. Carson, the investigation was carried out with the help of an unnamed inmate who is awaiting sentencing on weapons and drug charges, and who is cooperating with the government in hopes of leniency."

Trial Begins In Murder Of DC Journalist. The Washington Times (10/19, Emerling) reports, "The trial of a man charged with killing New York Times journalist David Rosenbaum opened yesterday with attorneys on both sides saying that the case hinges on the testimony of the defendant's cousin and admitted co-conspirator." The Times continues, "Michael Hamlin 'will confess to you that he and his cousin did this terrible thing,' Assistant U.S. Attorney Amanda Haines told jurors during opening statements in the trial of Percey Jordan Jr. 'You will find out that the evidence in this case 100 percent corroborates what he is telling you.'" The Times adds, "Mr. Jordan, 42, is charged with felony murder, aggravated assault and credit-card fraud. … Mr. Rosenbaum, 63, was out for a walk late Jan. 6 when he was beaten and robbed on Gramercy Street near his Northwest home. He died two days later at Howard University Hospital. … Hamlin, 24, pleaded guilty to second-degree murder, robbery and conspiracy and is expected to testify against Mr. Jordan. … He has admitted stealing Mr. Rosenbaum's wallet but said Mr. Jordan hit the journalist on the head with a pipe." The Times notes, "Defense attorney Michael Starr sought to discredit Hamlin in his opening statements. … He said that Hamlin, who surrendered to police after seeing his face broadcast on television, has changed his story repeatedly to cooperate with police and keep himself out of trouble. … 'The government has manufactured a case about a completely unbelievable, untrustworthy story they have been fed by Michael Hamlin,' said Mr. Starr, who noted a lack of forensic evidence in the case. 'That story, the evidence will show you, is false [and] untrue.'"

125 Arrested In Nationwide Child Porn Sweep. The AP (10/19, Parry) reports, "A Bible camp counselor and a Boy Scout leader were among 125 people arrested nationwide in an Internet child pornography case in which subscribers purchased photos and videos of children engaged in sex acts with adults, federal authorities said Wednesday. The case originated in New Jersey, but quickly spread to 22 states. The defendants were charged with either possession or receipt of child pornography. Additional arrests are expected." The AP notes, "Several of those arrested nationwide have prior records for molesting or sexually assaulting children." US Attorney Christopher Christie said that "One defendant from San Diego told agents at his arrest that he had molested at least eight children over a 30-year period, and boasted of being able to identify particularly vulnerable children."

Miami Man Sentenced To 10 Years In Prison For Prostituting Teen. The Miami Herald (10/19, Benn, 310K) reports, "A Miami man will spend 10 years in prison for planning to drive a 14-year-old girl to Georgia and prostitute her. A federal judge on Monday sentenced Michael Miller, 29, who pleaded guilty in August to attempting to transport a minor for prostitution." The Herald notes, "Miller made the teen call him Daddy, and he took all of her prostitution earnings, up to $1,000 a day, investigators said. The teen told detectives Miller 'beat her on several occasions if she did not follow his rules, acted defiantly or looked at other men,' according to court documents."

Herbert Says Atlanta Has Become Child Prostitution Hub. In his New York Times (10/19, 1.21M) column, Bob Herbert writes, "Atlanta, for a variety of reasons, has become a hub of child prostitution and other forms of commercial sexual exploitation of children. The overall market for sex with kids is booming in many parts of the US. In Atlanta — a thriving hotel and convention center with a sophisticated airport and ground transportation network — pimps and other lowlifes have tapped into that market bigtime." Herbert adds, "The risks for pimps and other exploiters of children are low, and the payoff is often enormous. Demand is increasing for younger and younger prostitutes, in part because of the cultural emphasis on the sexual appeal of very young women and girls, and in part because of the widely held belief among johns that there is less risk of contracting a disease from younger prostitutes."

DC Council Alters, Extends Emergency Anti-Crime Efforts. The Washington Times (10/19, Doolittle) reports, "The D.C. Council agreed unanimously yesterday on legislation to continue the enforcement of some of the emergency crime measures passed this summer." The Times continues, "The bill renews for 90 days three of the provisions passed by the council in early July, after an increase in violent crime. … The provisions authorize the continued use of neighborhood-surveillance cameras, some offenders being held until trial and police still having access to juvenile criminal records." The Times adds, "Though the bill still allows police to see juvenile records, it limits their access to the offender's name, address, date of birth and condition of

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release. Unlike the July emergency bill, it does not allow them full access to case files."

CIVIL LAW:

Alaska Family Sues US Over North Slope Lease. The Fairbanks (AK) Daily News-Miner (10/19, Bishop) reports, "A family that owns land under a BP oil drilling pad on the northeast shore of Prudhoe Bay wants the company to pay at least $40 million in back rent, and it is suing the federal government and going to the media to push the point." The News-Miner continues, "The U.S. Department of Justice, in a recent response to the lawsuit, says the lease was made properly and the family has been paid what it is owed — about $670,000 from 1994 to 2001. … A BP spokesman said Tuesday that the family's dispute is properly with the federal government, not the company." The News-Miner adds, "Joseph Inu-quruq Delia, who lives in Anchorage but grew up in Fairbanks, said the federal Bureau of Indian Affairs failed to negotiate a fair lease on behalf of his grandfather, Andrew Oenga. … Oenga, an Inupiat who didn't read or speak English, died in 1990, a year after signing the original lease. … Delia is one of eight family members, known as the 'Oenga heirs,' who sued the government in June. They live in Anchorage, Barrow and Fairbanks. … Their lawsuit targets the government for the money. However, a summary distributed by Levick Strategic Communications, a Washington firm hired to spread the story to the media, also pointed to BP."

CIVIL RIGHTS:

Texas Club Owner Sentenced To 10 Years For Forced Labor. AFP (10/19) reports, "A nightclub owner was sentenced to 10 years in prison for forcing young South Korean women to work as hostesses, the US Justice Department said. … 'Sung Bum Chang imported innocent young women from South Korea and forced them to work at Club Wa under terrible conditions of fear and violence,' said Wan Kim, Assistant Attorney General for the Civil Rights Division." AFP continues, "Chang, who ran the club in Dallas, Texas, was also ordered to pay 37,000 dollars to the victims. … On June 12 Chang, pleaded guilty to one count of forced labor and one count of conspiracy to commit forced labor. … Prosecutors called this a case of human trafficking, as Chang had set up a network in South Korea to bring young women to the United States with the promise of lucrative jobs."

California Officials Interview Anti-Immigration Activist About Election Letter. The AP (10/19) reports, "The leader of an anti-illegal immigration group said she was interviewed by investigators from the attorney general's office Wednesday about a letter sent to Hispanic families in Orange County warning some immigrants could be jailed or deported for voting next month. Barbara Coe, leader of the California Coalition for Immigration Reform, said she told investigators her group had not authorized the letter and she didn't know who sent it. The note's letterhead resembles that of the group's." The AP notes, "Coe said she has received a handful of death threats since last week, when the letter began arriving at an unknown number of Orange County homes. Her group was investigated by the FBI in the late 1990s because members held signs near polls stating only citizens can vote."

Former Georgia Governor Drops Action Against Successor Over Voter ID Letter. The Atlanta Journal-Constitution (10/19, Suggs) reports, "Former Gov. Roy Barnes dropped a request to have his successor, Gov. Sonny Perdue, and the State Election Board found in contempt of court for the mailing of 200,000 letters to Georgia voters that suggested a photo ID was needed to vote in the Nov. 7 general election. … A hearing scheduled for Friday has been canceled." The AJC continues, "Barnes filed the contempt motion Monday on behalf of a 60-year-old Atlanta woman who did not have a state-issued ID. … The election board met in a special called meeting Tuesday and voted to again mail letters to about 300,000 voters who received the first letter. … The new letter, to be mailed on or before Oct. 27, clarifies that photo ID is not currently required to vote in Georgia." The AJC adds, "Georgia's photo ID law, passed by the Legislature this spring, has failed several times this year to meet legal challenges. … The law was ruled unconstitutional Sept. 19 by Fulton County Superior Court Judge T. Jackson Bedford. … The election board, however, allowed about 200,000 letters to be mailed after the ruling. Many letters also had been mailed before the ruling. .. .Critics said the original letters would mislead recipients into thinking photo ID was required to vote, and would therefore suppress voter turnout among minorities."

Cracker Barrel Denies Racial Bias Against Comedian's Mother. The State (SC) (10/19, Fuller) reports, "A problem during a shift change, not racial bias, was the reason Georgetown (SC) resident Rose Rock was not served in May at the Murrells Inlet location of the Cracker Barrel Old Country Store, restaurant chain officials said Wednesday." The State continues, "A news conference held outside the Murrells Inlet restaurant drew the Rev. Al Sharpton, Rock and officials from the Lebanon, Tenn.-based restaurant. … Rock and restaurant official Diana Wynne offered different versions of what caused Rock and her 21-year-old daughter, Andi Rock, to leave the restaurant May 16

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without receiving service. … Rock, mother of comedian Chris Rock, owns a home in Georgetown and is the host of a local radio show. … 'We're outraged that racism is permitted,' Sharpton said. 'Mrs. Rock did what was right. In frustration, she reached out to us.'" The State adds, "Wynne, vice president of corporate affairs for Cracker Barrel, said the incident is under investigation. … 'We made an honest mistake,' she said. 'It was not a discrimination issue. It was a service issue.'" The State notes, "It is not the first time the restaurant chain has been scrutinized over allegations of racial bias. … In 2004, a civil action claiming racial discrimination against the restaurant chain was settled without admission of guilt. The agreement came with stipulations by the U.S. Justice Department. … The injunction from the Justice Department forbids Cracker Barrel from denying service or food, or providing inferior service or food, to any person because of race or color."

Michigan Referendum On Affirmative Action Expected To Influence National Debate. The Chicago Tribune (10/18, Cohen, 623K) reported that civil rights leaders say this fall's referendum to ban affirmative action in pubic education in Michigan will influence the affirmative action debate nationally. Michigan voters "will decide Nov. 7 whether to amend the state constitution to outlaw consideration of race and gender in deciding which applicants get into college, who receives government jobs and what businesses secure state and local contracts." The vote "comes as affirmative action, one of the nation's most controversial social issues, remains in the spotlight. The Supreme Court will hear cases this term from Seattle and Louisville about whether public elementary and high schools can consider race in assigning students to specific schools to maintain a racial balance."

Panel Urges Brown To Amend For Past Ties To Slavery. The New York Times (10/19, Belluck) reports, "Extensively documenting Brown University's 18th-century ties to slavery, a university committee called today for the institution to make amends by building a memorial, creating a center for the study of slavery and injustice and increasing efforts to recruit minority students, particularly those from Africa and the West Indies." Brown's Committee on Slavery and Justice "said in a 106-page report: 'We cannot change the past. But an institution can hold itself accountable for the past, accepting its burdens and responsibilities along with its benefits and privileges.' It added, 'In the present instance this means acknowledging and taking responsibility for Brown's part in grievous crimes.'"

Black Conservatives Anger Liberals By Claiming Civil Rights Mantle. The Washington Post (10/19, A4, Fears, 748K) reports when "a black conservative group ran a radio ad proclaiming that the Rev. Martin Luther King Jr. was a Republican, reaction was swift." Frances Rice, chairman of the National Black Republican Association, said, "We've gotten some e-mails and telephone calls filled with vitriol. They've called me Aunt Jemima, a sellout, a traitor to my race." The Post adds that in the "battle for the black electorate, liberals, who make up the overwhelming majority of black voters, have long disagreed with conservatives over ideology, public policy and economic strategies to better the lives of African Americans. But when conservatives placed the civil rights movement in a Republican context, black liberals said, they crossed a line."

Officials Anticipate Problems As States Switch To Electronic Voting Machines. The New York Times (10/19, Urbina, 1.21M) reports, "As dozens of states are enforcing new voter registration laws and switching to paperless electronic voting systems, officials across the country are bracing for an Election Day with long lines and heightened confusion, followed by an increase in the number of contested results. In Maryland, Mississippi and Pennsylvania, a shortage of technicians has vendors for new machines soliciting applications for technical support workers on job Web sites like Monster.com." The Times adds, "Arizona, California, Georgia, Indiana, Maryland, Mississippi, Missouri, North Carolina, Ohio and Pennsylvania are among the states considered most likely to experience difficulties, according to voting experts who have been tracking the technology and other election changes."

ANTITRUST:

US Indicts Three In Computer Memory Price-Fixing Scheme. The Washington Times (10/19, Seper) reports, "A federal grand jury in San Francisco yesterday indicted two executives from Samsung Electronics Ltd. and another from Hynix Semiconductor America Inc. on charges of a global conspiracy to fix prices on a memory product used in everything from laptops to video-game consoles, Justice Department officials said." The Times continues, "Each of the three executives is charged with participating in a conspiracy to suppress competition in the multibillion-dollar dynamic random access memory (DRAM) industry in violation of the Sherman Antitrust Act. … 'The Antitrust Division will vigorously pursue individuals who engage in criminal cartel conspiracies,' said Assistant Attorney General Thomas O. Barnett, who heads the division. … 'Criminal cartel enforcement is the division's top priority, and both companies and individuals must comply with the antitrust laws.'" The Times adds, "The indictment, filed in U.S. District Court in San Francisco, charged that Il-ung Kim and Young-bae Rha,

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both of Samsung, and Gary Swanson participated with co-conspirators in the scheme from April 2001 until June 2002. At the time, according to the document, Mr. Kim was vice president of marketing and Mr. Rha was vice president of sales and marketing. … The indictment said that at the time of the conspiracy, Mr. Swanson was a senior vice president at Hynix America, the U.S.-based subsidiary of Hynix Semiconductor Inc., with headquarters in South Korea. Mr. Swanson is a U.S. citizen."

Bloomberg (10/19, Gullo) reports, "In meetings and telephone conversations with unnamed co- conspirators, Kim and Rha, both citizens of Korea, and Swanson, of the U.S., agreed to rig a November 2001 online auction of chips, set prices charged to certain computer makers and raise and maintain prices for manufacturers, according to the indictment filed in U.S. District Court in San Francisco." Bloomberg continues, "U.S. DRAM sales were $7.1 billion in 2004, the U.S. Justice Department said. The indictment is part of a four-year federal investigation into price fixing in the chip market that has led to claims against four companies and 16 individuals who have been fined $731 million, the U.S. said. Samsung, the world's biggest maker of computer memory chips, agreed to pay $300 million last year to settle U.S. antitrust claims. … Kim 'did not engage in a price fixing conspiracy,' said Lawrence Callaghan, his attorney. 'From our knowledge of the facts and evidence, he is simply not guilty of violating' U.S. antitrust laws 'and we believe he is not guilty of fixing prices.' … The executive has never received training in antitrust law, particularly 'the line between gathering competitive intelligence and price checking, which are perfectly legal, and fixing prices,' said Callaghan."

AFP (10/19) reports, "The indictments were returned in the US District Court in San Francisco and come after government prosecutors have already charged 13 other individuals in the ongoing investigation, according to a Justice Department statement." AFP adds, "Their indictments come after Thomas Quinn, a former US executive of Samsung, agreed to plead guilty and serve jail time last month as part of the ongoing probe which has already placed other industry executives behind bars."

IDG News Service (10/19, Gross) reports, "Including Wednesday's charges, four companies and 16 individuals have been charged in the DOJ DRAM price-fixing probe. The investigation has resulted in US$731 million in fines, the second highest total obtained by the DOJ in a criminal antitrust investigation aimed at one industry." IDG adds, "Three foreign-based Samsung executives pleaded guilty to the DRAM price-fixing conspiracy in March and August. They agreed to serve prison terms ranging from seven to eight months and to each pay a $250,000 fine. In September, a fourth Samsung executive agreed to plead guilty to the DRAM price-fixing conspiracy. … In addition, four Hynix Semiconductor Inc. executives were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a $250,000 fine. In December 2004, four executives of Infineon Technologies AG pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months, and each paid a $250,000 fine." The AP (10/19) also reports on the indictments.

Bayer Settles Price-Fixing Charges With US For $18 Million. The AP (10/19, Twiddy) reports, "Bayer AG has agreed to pay $18 million to settle claims it conspired with other manufacturers to inflate the price of certain plastics, the second multi-million-dollar settlement the company has made this year regarding its polymer operation." The AP continues, "On Tuesday, U.S. District Judge John Lungstrum in Kansas City, Kan., approved the settlement, which covers the company's sales of polyester polyol-based products between Jan. 1, 1998 and Dec. 31, 2004. … The agreement also requires Bayer, headquartered in Germany, to cooperate with plaintiff attorneys as they continue their class-action lawsuit against former co-defendants Uniroyal Chemical Co. and Chemtura Corp., formerly known as Crompton Corp." The AP adds, "Lungstrum also agreed to dismiss defendants Rhein Chemie Corp. and Rhein Chemie Rheinau GmbH, subsidiaries of Lanxess Corp., which was spun off from Bayer last year. … In August, Lungstrum approved a $55.3 million settlement by Bayer in a separate case involving the sale of polyether polyol. Bayer also agreed to help attorneys against former co-defendants BASF Corp., BASF AG, The Dow Chemical Co., Huntsman International Holdings LLC and Lyondell Chemical Co."

Chicago Exchange Deal Could Force Hands Of Rivals. The Wall Street Journal (10/19, C1, Lucchetti, Taylor, MacDonald) reports, "The New York Stock Exchange's owner twice considered bids for the Chicago Board of Trade, people familiar with the matter said. Now that the CBOT has another suitor, pressure is growing on the Big Board and the world's other major exchanges to pull off their own megadeals." The Journal continues, "While Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. put aside decades of rivalry to announce a merger on Tuesday, other U.S. and European exchanges are having a tough time tying the knot. The Chicago deal, which would create the world's largest financial market and a derivatives-trading powerhouse, could make doing so even harder. … NYSE owner NYSE Group Inc. agreed in June to merge with European stock and derivatives exchange Euronext in a deal valued at $20 billion. But shareholders won't vote on it until December, and now it is bogged down amid political

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wrangling in Europe. Many leaders there want a big European merger first, and a giant derivatives behemoth in Chicago could accelerate that push."

Avaya Maintenance Policy Is Target Of Antitrust Suit. The AP (10/19, Johnson) reports, "Business communications systems provider Avaya Inc. is accused in a federal antitrust lawsuit of illegally blocking competitors from providing maintenance and repairs to telephone equipment and software sold by Avaya." The AP continues, "Continuant Inc., of Fife, Wash., which operates a telephone system maintenance business throughout North America, said Wednesday that it countersued Basking Ridge-based Avaya after the AT&T spinoff sued Continuant this summer." The AP adds, "The two parties are scheduled to appear in federal court in Trenton, where the two lawsuits were filed, for a hearing on Nov. 14. … Continuant's lawsuit asks the court to permanently bar Avaya 'from continuing its anti-competitive conduct,' including bundling service contracts with the sales of its telephones, cables and other telecom equipment, and keeping secret from competitors passwords necessary for maintaining the communications systems. Continuant also is seeking compensatory and punitive damages, legal fees and other costs. … 'Avaya's the only company that has a policy like this,' said Bruce Shelby, Continuant's vice president of sales. 'They say a customer doesn't have the right to access their system to perform maintenance' or to hire a third party to do it. … Shelby said his company believes that is illegal and that Avaya is overcharging its customers for maintenance when its service level has declined because of a series of major layoffs."

Critics Target Federal Circuit As Final Arbiter Of Patent Claims. The National Law Journal (10/19, Coyle) reports, "In the often highly technical, cutting-edge world of inventions, the U.S. Court of Appeals for the Federal Circuit is the Mount Olympus of patent law. But are its 12 Olympians falling?" The Journal continues, "The U.S. Supreme Court is reviewing more of the circuit court's patent decisions and liking them less, which is a much-noted trend in the relatively small patent bar. … Some patent litigators are increasingly critical of a Federal Circuit that, in its desire to achieve certainty and harmony in patent law, they say, has become overly formalistic, expanding the power of patent holders at the expense of innovation. … And some scholars suggest that after 25 years as the only game in town for review of patent appeals, the Federal Circuit might benefit, both in terms of its overall workload and the development of patent law, from some outside input, not just from the Supreme Court but from a limited number of regional circuit courts getting back into the business of handling patent appeals." The Journal adds, "Do the Supreme Court's heightened interest and increased reversals mean that the Federal Circuit has run amok? … 'Some of the shriller commentators have suggested the Supreme Court may be concerned the Federal Circuit is a runaway court or a pro-patent court. I don't think there is the slightest substance to those observations by a couple of people,' said Chief Judge Paul R. Michel. … His best guess as to why the high court has stepped up its interest, he explained, is that 'the Federal Circuit has had a good amount of time to wrestle with fundamental issues of patent law and has developed a body of law on those fundamental issues. The time is ripe for the Supreme Court to review the way we have resolved those issues. It's neither surprising nor worrisome.'"

ENVIRONMENT:

Firms Ramp Up Global Warming Practices. The California Recorder (10/19, Pasternak) reports, "While scientists ponder how quickly the polar ice cap will become a tropical resort -- and California turns the heat up on the auto industry -- law firms are starting to wave their green flags." The Recorder continues, "Soon after California Attorney General Bill Lockyer announced he was suing carmakers over vehicle pollution, and the state passed a new law to limit greenhouse gas emissions, Pillsbury Winthrop Shaw Pittman announced it was putting together a new climate change and sustainability practice group. And Morrison & Foerster announced an event to discuss the new Global Warming Solutions Act. … 'We're going to try to start up a group initially within the confines of our IP practice,' said MoFo partner Thomas Ciotti. 'You've got to start marketing to the community in order to start attracting more business.'" The Recorder adds, "Partners are going to discuss hiring needs for his firm's new global-warming practice, dubbed Greentech, at an end-of-month meeting, Ciotti said. … Neither Pillsbury nor MoFo has hired anyone for the new climate groups. But both are earnest about what they call a burgeoning new area and say they're anticipating client needs by connecting previously disparate disciplines. … Ciotti predicted that biodiesel and ethanol manufacturers and chemical companies, for example, will need project finance, transactional, corporate and even IP help as they look to acquire and develop new facilities. … At Pillsbury, San Francisco partner Michael Steel said the new team-in-development consists of lawyers from the environmental and land use litigation practices, as well as from corporate and finance."

Researcher See Crop Threat In Pollinators' Decline. The Washington Post (10/19, A10, Eilperin) reports, "Birds, bees, bats and other species that pollinate North American plant life are losing population, according to a

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study released yesterday by the National Research Council. This 'demonstrably downward' trend could damage dozens of commercially important crops, scientists warned, since three-quarters of all flowering plants depend on pollinators for fertilization." The Post continues, "American honeybees, which pollinate more than 90 commercial crops in the United States, have declined by 30 percent in the last 20 years. This poses a challenge to agricultural interests such as California almond farmers, who need about 1.4 million colonies of honeybees to pollinate 550,000 acres of their trees. By 2012, the state's almond farmers are expected to need bees to pollinate 800,000 acres." The Post adds, "A number of factors have cut pollinators' numbers in recent decades, the researchers said. Introduced parasites such as the varroa mite have hurt the honeybee population, and pesticides have also taken a toll. Bats, which carry pollen to a variety of crops, have declined as vandalism and development have destroyed some of their key cave roosts."

Democrats, Evangelicals To Launch Global Warming Awareness Campaign. The Los Angeles Times (10/19, Simon, 918K) reports, "Democratic strategists are joining forces with conservative evangelicals to promote a faith-based campaign to raise awareness about global warming, in an improbable alliance that could boost Democratic hopes of taking control of Congress." At a news conference Friday, the president of the Christian Coalition and a board member of the National Association of Evangelicals will announce Call to Action, an effort to make global warming a front-and-center issue over the next three weeks for Christians in Pennsylvania, Ohio, Tennessee, North Carolina, Colorado and several other states with pitched election campaigns." Through ads "on Christian radio, sermons from the pulpit, Bible studies, house parties and a documentary film, 'The Great Warming,' Christians will be urged to view protecting the environment as a religious and moral issue, every bit as urgent as opposing abortion and gay marriage."

The Washington Post (10/19, A19, Cooperman, 748K) reports Evangelical Christian leaders "are tackling a growing list of domestic and international issues, such as genocide in Darfur and global warming, despite dissension in their ranks over whether this broader moral agenda will dilute their political power just before crucial elections." Two dozen "prominent evangelicals issued a joint appeal for President Bush to take the lead in sending a multinational, U.N.-backed peacekeeping force into the Darfur region of Sudan. They included not just liberal religious leaders but also several notable conservatives, including the Rev. Richard Land of the Southern Baptist Convention and the Rev. Ted Haggard, president of the National Association of Evangelicals." Today, "another broad coalition of evangelical leaders will begin airing advertisements on Christian radio stations calling for action to address climate change."

FBI/DEA/ATF/USMS:

Money-Laundering Investigation Nets More Than 20 Arrests In 3 Countries. There are more than 200 media references to a money-laundering investigation that has led to arrests in the U.S., England, and Colombia. For example, the AP (10/19) reports agents "broke up a Colombian money-laundering ring Wednesday, arresting 26 people in three countries and seizing more than $16.5 million in cash and drugs. Arrests were made in Bogota and Cali, Colombia; New York, New Jersey, Florida and London, according to Drug Enforcement Administration officials. More than $10 million in alleged drug profits and more than $6.5 million in cocaine, heroin and marijuana were seized in the operation conducted by DEA, the FBI, Immigration and Customs Enforcement, the Internal Revenue Service, New York City and state police and Suffolk County police, authorities said. … Narcotics traffickers used the Colombian black market peso exchange to disguise the source of income." News outlets that used the AP story include CBS News, CNN, MSNBC, FOX News, The New York Times, Washington Post, USA Today, the San Francisco Chronicle, Houston Chronicle, Denver Post, and the UK's Guardian.

The Washington Times (10/19, Seper) reports federal agents yesterday "broke up what authorities described as an international money laundering ring diverting millions of Colombian drug dollars through a sophisticated 'Black Market Peso Exchange,' an illegal currency exchange system. … According to two indictments and a complaint unsealed in U.S. District Court in Manhattan, the suspects used 'peso brokers' to serve as middlemen between cash-heavy drug traffickers and Colombian businesspeople seeking to purchase cheap U.S. dollars outside the highly regulated Colombian banking system."

Cable TV Coverage. CNN's Lou Dobbs Tonight (10/18, 6:00 p.m.) aired, "Federal officials have announced a major money laundering bust. Twenty-six people were arrested in three countries, Colombia, the United States and Great Britain. Officials also seized more than $16 million in cash and illegal drugs. Agents say the suspects helped launder billions of dollars for Colombian drug dealers."

FOX's Hannity and Colmes (10/18, 9:00 p.m.) aired, "Law enforcement agencies seized more than 16-million dollars in cash and drugs. Police say drug traffickers used the Colombian black market [to] disguise sources of cash."

DEA Warns Of Illicit Use Of Cough Syrup. USA Today (10/19, Leinwand) reports that when San Diego

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Chargers defensive back Terrence Kiel "was charged last month with illegally shipping cases of prescription cough syrup back home to East Texas, it cast a spotlight on a drug trend authorities say is spreading throughout the South and being celebrated in rap songs. In a statement announcing Kiel's arrest Sept. 26, the Drug Enforcement Administration cited the rising popularity of a concoction that includes codeine-laced syrup mixed with a soft drink or sports drink. Such cocktails — known as 'Lean,' 'Syrup,' 'Sizzurp' and 'Purple Drank' — were popularized in rap mixes in the late 1990s by Robert Earl Davis Jr., a Houston disc jockey known as DJ Screw." DEA Special Agent Doug Coleman, who "tracks the drug from the agency's headquarters in Arlington, Va., says users typically mix an ounce of the syrup with Sprite, a sports drink or a regional soft drink called Big Red, then plop in a Jolly Rancher candy and pour it over ice. The opiate produces a feeling of euphoria and causes motor skill impairment that makes users move slowly or lean over." USA Today notes that DEA agents say demand for illicit cough syrup has "sent its price soaring."

Oklahoma Army Reservist Pleads Guilty To Drug Smuggling Charges. The AP (10/18) reported, "A former member of the US Army Reserve today became the latest soldier or former soldier to plead guilty to smuggling drugs while in uniform. Terrance Wilson of Oklahoma City pleaded guilty today in federal court…to a felony conspiracy charges and faces up to five years in prison. Wilson is among the soldiers caught in an FBI sting in which agents posed as drug traffickers and bribed soldiers to escort cocaine from Texas to Oklahoma City."

Chicago Raid Targets Suspected Dealers Of Fentanyl-Laced Heroin. The AP (10/18) reports police "raided a public housing complex Wednesday in a sweep targeting suspected dealers of deadly fentanyl-laced heroin. Officers were looking for 37 suspects and had arrested about half by Wednesday afternoon, said Chicago police spokeswoman Monique Bond. … In Cook County, more than 200 deaths were attributed to fentanyl-laced heroin from April 2005 through August 2006, said Joanna Zoltay, a spokeswoman for the Drug Enforcement Administration in Chicago." The New York Times, Washington Post "In Brief" section, Seattle Post Intelligencer, and the UK's Guardian used the AP story.

The Chicago Tribune (10/18) also reports the arrests "were the culmination of Operation Fallout, for which police spent close to three months monitoring the complex from mounted cameras and making undercover buys from members of the Gangster Disciples, they said. Sources said 41 buys were made and that a large percentage of the heroin was laced with fentanyl. Since April 2005 more than 185 people have overdosed in Chicago on heroin laced with the powerful painkiller, authorities have said. The bust follows a similar effort earlier in the year, Operation Snakebite, which targeted heroin sales in the nearby Dearborn Homes and resulted in drug charges against 47 gang members."

The Chicago Defender (10/19) Chicago police swept down on the Harold Ickes Housing Project early Wednesday morning in the latest of the city's all out assault on drug dealers and gangs. The police Narcotics and Gangs Division surrounded the housing project...to round up approximately 37 offenders who either are gang members, drug dealers or substance abusers, Chicago police Spokeswoman Monique Bond told the Defender Wednesday. … The crackdown on the project also was called Operation Fallout because the drugs being sold there (a form of heroin) were so strong 'that people were literally falling out,' Bond said."

On its Web site, WBBM Radio, Chicago (10/18) also reports police "targeted 37 people in arrests they hope will take a chunk out of the gang and drug problem like at the Dearborn Homes, which are also along State Street just the across the Stevenson Expressway from the Ickes Homes."

New York Man Gets 11-Year Sentence For Role In Cocaine Ring. In White Plains, the Journal News.com (10/18) reports a Spring Valley man "has been sentenced to 11 years in federal prison for being part of a cocaine distribution ring. James E. Johnson ran a network of drug dealers and shuttled cocaine daily in 2004 and 2005 from Queens into Spring Valley, Nanuet and Pearl River. … Seven other people were arrested in Rockland, Queens and Suffolk counties as a result of an investigation by the U.S. Drug Enforcement Administration and the anti-crime units of the Spring Valley and Ramapo police departments."

DEA Agents Accused Of Corruption. The Miami (FL) New Times (10/19) focuses on attorney Israel Perez Jr. who, Miami's New Times says, "offered convicts reduced sentences for a price." According to the New Times, two "corrupt DEA agents" involved in the case were never identified. The New Times adds, "It now seems a probe into the affair has gone nowhere. … Federal authorities declined to comment about the case. … If there's any truth to Perez's claims about working with rogue DEA agents, the case raises serious questions about the propriety of drug investigations and prosecutions in South Florida, and about why Perez was never charged with a crime."

Colorado, Nevada Seen As Potential Leaders In Marijuana-Legalization Movement. According to USA Today (10/19, Kenworthy), Colorado and Nevada "could become leaders in the movement to legalize marijuana, when voters decide Nov. 7 whether to remove all penalties for adults 21 or older possessing up to an ounce of the drug.

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Alaska is the only state that allows penalty-free possession of marijuana, the result of a court decision in August striking down part of a state law that made it a misdemeanor for adults to have less than 1 ounce of marijuana. … 'Every objective study has found that marijuana is far less harmful to the people who use it and society than alcohol,' says Mason Tvert, campaign director for an organization called Safer Alternative For Enjoyable Recreation (SAFER) that is leading the Colorado ballot drive." Colorado Attorney General John Suthers "criticizes backers of the measure for 'an irresponsible and inaccurate message that legalizing marijuana will make Colorado a safer place.'"

Detroit Defensive Tackle Suspended For Violating NFL Steroid Policy. According to the AP (10/18), the Detroit Lions "understand they will be missing star defensive tackle Shaun Rogers for the next month. They just aren't clear why. The NFL suspended Rogers without pay for the next four games for violating a league rule on banned substances. The league said Wednesday the violation involved an NFL policy that covers anabolic steroids and related substances." However, several Lions players "said the two-time Pro Bowler fell afoul of a confusing policy that leaves them not knowing which supplements are OK and which are banned."

The New York Times (10/19) reports Lions Coach Rod Marinelli "indicated during a conference call with reporters on Wednesday that Rogers would not appeal the suspension."

Two Men Convicted Of Running Meth "Superlab" Sentenced In Atlanta. The AP (10/18) reports two men "convicted of running one of the East Coast's largest methamphetamine labs out of the basement of a Smyrna, Georgia, home were sentenced Tuesday to more than 15 years each in federal prison. Twenty-four-year-old Ignacio Cortes-Valencia was given 21 years in prison, and 31-year-old Gustavo Lara-Murillo received a 17-year sentence. … The men were arrested during a February 2005 raid where authorities found what is known as a 'superlab,' or a meth lab that can produce more than ten pounds in a single run. It is the first superlab discovered in the state and one of just a handful found on the East Coast."

Few States Allow Right-To-Die Forms. USA Today (10/19, Appleby) reports, "Oregon was the first of only a handful of areas where patients and their doctors can fill out simple forms -- that carry the legal weight of physicians' orders -- outlining what kind of medical care they will receive, from ambulance to hospital to nursing home. … Washington state and West Virginia, along with parts of New York and Wisconsin, have similar programs. Advocates in a handful of other states, including Hawaii, Utah, Florida and Nevada, are developing them." USA continues, "Ken Brummel-Smith, who heads the department of geriatrics at Florida State University College of Medicine, supports the effort to make the forms available in Florida. He says the case of Terry Schiavo helped fuel debate about the need for the forms. The woman who was in a long-term vegetative state drew national attention when Florida lawmakers and Congress tried to prevent her husband from having her feeding tube removed, … While the idea of the forms did not pass out of Florida legislative committees on its first try, Brummel-Smith says that advocates plan to try again. The debate highlights concerns from all sides. … But, he says, others worry that if they are terminally ill, they will face too much unnecessary medical treatment. That's where the forms can help."

California Gang Members Sentenced To Life. The Vallejo (CA) Times Herald (10/19, Gafni) reports, "A federal judge on Monday sentenced the leaders of a reputed Vallejo street gang to life in prison without the possibility of parole." The Herald continues, "U.S. District Judge Frank C. Damrell sentenced Shango Jaja Greer, 34, and Jason Keith Walker, 31, both of Vallejo, after a lengthy trial in U.S. District Court, Sacramento. In April, after three years in court, a federal jury convicted Greer conducting the affairs of an enterprise through racketeering, and Walker guilty of conspiring to conduct the same offense. … The jury specifically found Greer responsible for a murder in 1994 and 2000, a 1994 attempted murder and various drug trafficking activities. The jury found Walker responsible for two 1994 murders, a 1994 attempted murder and drug trafficking enterprises." The Herald adds, "Prosecutors painted the pair as running Pitch Dark Family, a gang of dope dealers and wannabe rappers, who operated in downtown Vallejo and rubbed out anyone who threatened their territory. Specifically, evidence established that between 1994 and 2000, Pitch Dark family members committed four murders, one attempted murder and trafficked rock cocaine. … '(Monday's) sentences appropriately reflect the heinous reign of terror carried out by Greer and Walker, and other members of the Pitch Dark Family gang,' said U.S. Attorney McGregor W. Scott in a released statement. 'The efforts of the FBI and the Vallejo Police Department have broken the back of that notorious gang.' … In addition to Greer and Walker, six other defendants pleaded guilty to lesser crimes as part of the complex case."

Oregon Man Arrested In Pipe Bomb Probe. The Salem (OR) Statesman-Journal (10/19, Gustafson) reports, "A 44-year-old Sweet Home man has been arrested and charged with attempted aggravated murder in connection with the planting of four pipe bombs on Salem-area vehicles Aug. 10, authorities said Tuesday." The S-J continues, "Lonnie Troy Glinski was arrested without incident Monday at his rural Linn County home, officials said. His girlfriend, Laurie

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Girtman, also was arrested and charged with hindering prosecution." The S-J adds, "Glinski's ex-wife, Stephanie Glinski, who lives in South Salem, was one of his intended victims, authorities said. She and Glinski have two children. Stephen Dingle, a Marion County deputy district attorney, declined to reveal any motives for the attempted pipe bombings. He said it would be improper to disclose such information before court proceedings. … Investigators said they received a break in the case last week. However, that information also was being kept under wraps by the DA's office." The S-J notes, "This week's arrests capped an intense multi-agency investigation led by Salem police and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives. … ATF agents and local officials said they were pleased and relieved by the arrests, saying they resolved a high-profile threat that rattled Salem-area residents for weeks. … 'Our aggressive joint law enforcement response has answered the community's call,' Kelvin Crenshaw, the ATF special agent in charge of the agency's Pacific Northwest's region, said Tuesday in Salem."

DOJ Poster In South Dakota Riles Lawmakers. The Sioux Falls (SD) Argus Leader (10/19, Harriman) reports, "If prison isn't enough of a deterrent, officials in eastern Missouri hope a desolate portrayal of Yankton will dissuade potential criminals. … 'Nobody you know has a clue where it is. There's no airport, no bus station, no Amtrak,' a Project Safe Neighborhood poster claims of the community." The Argus Leader continues, "That the Justice Department, which paid for the advertisement, is trashing Yankton for a good cause – 'commit a gun crime and we won't just send you to prison,' the ad promises, 'we'll send you to Yankton' - doesn't sit well with Sen. Tim Johnson, who fired off a letter to Attorney General Alberto Gonzales telling him there ought to be a better use of federal tax dollars. … 'Violent gun crime is a serious problem that needs to be addressed but not at the expense of a community like Yankton and not by using federal dollars to disparage such a thriving, historic community,' Johnson said." The Argus Leader adds, "He wrote Gonzales, 'These public service announcements, which have run in the Eastern District of Missouri describing Yankton as "600 miles away from nowhere," are inaccurate and an inappropriate expenditure of federal funds.' … Sen. John Thune also weighed in on Yankton's behalf. … 'Yankton is a vibrant and growing city, and anyone who suggests otherwise has obviously never been there,' Thune said." The AP (10/19) also reports this story.

IMMIGRATION:

Former Nazi Guard Released To Uncertain Fate. The Detroit Free Press (10/18, Ashenfelter) reports, "Johann Leprich, the former Nazi concentration camp guard who was jailed in 2003 after agents found him hiding in a secret compartment in his Clinton Township home, has been released from federal custody. … And now he's literally a man without a country." The Free Press continues, "Federal officials said they freed Leprich on Monday at the request of his lawyer after the government failed to find a country willing to accept Leprich, who was stripped of his citizenship in 1987 and ordered deported in 2004. … Although Justice Department officials vowed to continue their 20-year effort to remove him, his lawyer predicted the battle is over. … 'They'll have to call it quits,' attorney Joseph McGinness of Cleveland said Tuesday. 'What country is going to accept an 81-year-old man who is in declining health?'" The Free Press adds, "Last week, the U.S. Supreme Court refused to review the case of Iwan Mandycz of Sterling Heights, who was stripped of his citizenship last year for serving as a guard at two Nazi concentration camps in Poland in World War II. The Justice Department won't say if it would seek deportation. Mandycz, 86, suffers from Alzheimer's disease. … On Monday, Leprich was taken from the Calhoun County Jail to U.S. Immigration and Customs Enforcement headquarters in Detroit and released on an electronic tether to his wife and son, ICE spokesman Greg Palmore said. … He said Leprich must report weekly to ICE, which will continue to seek deportation."

Immigrant Remittances To Latin America Will Total $45 Billion This Year. The New York Times (10/19, Porter, 1.21M) reports, "According to a new report about immigrants' money transfers to Latin America, the remittances flow from almost every state. Even in states that had virtually no Latin American immigrants only a few years ago, like Mississippi and Pennsylvania, a growing trickle of money is making its way south to places like Tlalchapa, Mexico, or Panajachel, in the Guatemalan highlands. … For the nation as a whole, the flow of money has become a torrent. According to the study, sponsored by the Multilateral Investment Fund of the 47-nation Inter-American Development Bank, remittances from the United States to Latin America this year will total more than $45 billion. That is 51 percent higher than they were only two years ago."

The Washington Post (10/19, A9, Williams, 748K) reports, "About $3 billion in remittances will go to El Salvador this year, or about 15 percent of that country's gross domestic product and more money per capita than flows to Mexico, which will receive $24 billion from immigrants living in the United States." The Post adds, "Most of the money immigrant workers send to their families is used for basic needs, such as food, medicine and shelter, but more than half of the immigrants surveyed by the Inter-American Development Bank said that they would like to invest a portion of that

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money. But the majority of Latin America's financial institutions don't have programs that help the families of migrant workers, who are often poor and rural, open savings accounts or start small businesses."

Lawsuit Seeks To Block Arizona From Seizing Immigrant Money Transfers. The Chicago Tribune (10/19, Avila, 623K) reports, "A Burbank truck driver sued Wednesday to block Arizona authorities from seizing large money transfers sent from Illinois and 25 other states targeted because they have significant illegal-immigrant populations. Arizona officials report that since 2002, they have seized $17 million in a little-known campaign to foil criminal networks that often wire money through Western Union and other firms to help smuggle drugs and illegal immigrants over the border from Mexico. Wednesday's suit, filed in federal court in Arizona, argues that the seizures are unconstitutional because the dragnet is too broad." State courts "have allowed Arizona Atty. Gen. Terry Goddard's office to stop transfers that come from certain states, exceed a certain amount and are executed by certain companies during a specified period." Plaintiffs "say their right to due process has been violated because senders aren't adequately notified how to contest the seizures. The plaintiffs, all Latino, two of them immigrants, are seeking to make the suit a class-action."

Students At Border Patrol Academy Trained In Diverse Aspects Of Job. the Los Angeles Times (10/19, Riccardi, 918K) reports on life at US Border Patrol Academy in Artesia, New Mexico, where demand for more agents along the US-Mexico border has "forced" the patrol to draw "more diverse candidates from other parts of the country." New trainees "enter an institution that's unlike any other law enforcement school — part police academy, part law school, part language institute. They learn to shoot, drive off-road and speak Spanish. Seventeen percent of all trainees do not complete the training. Some fail, but most who leave are worn down by the rigors and isolation of the academy."

TAX:

Government Cracks Down On Popular Tax Deferral. The Wall Street Journal (10/19, Silverman) reports that the federal government is "cracking down on a popular tax-deferral strategy." On Tuesday, the IRS and Treasury Department "issued proposed regulations that would change the tax treatment of transactions in which sellers exchange real estate or other property for an annuity. The move may effectively end a strategy called a 'private annuity trust,' which has grown popular in recent years as the real-estate market has soared. … The proposed regulations essentially would end the capital-gains tax deferral for these deals. Instead, a seller would be taxed on the full, fair-market value of the annuity at the time of the exchange. That means the seller's total capital gains would be taxable at the time of the deal, instead of over a period of years."

CONGRESS-ADMINISTRATION:

Bush Touts Education Law In Visit to North Carolina. The Winston-Salem Journal (10/19, Romoser) reports, "President Bush, speaking yesterday at a Greensboro elementary school, praised the high standards and testing requirements of the No Child Left Behind law, his signature public-education program. 'It can't do the teaching. It can't be a leader. But it can help people who care deeply about the life of a child to succeed,' Bush told about 200 people at Falkener Elementary School." Bush "called on the US Congress to reauthorize and strengthen No Child Left Behind, saying that it forces schools to identify students who are falling below grade level early in their educational careers. And, he said, it motivates teachers to improve the performance of those students." He also "defended the law's emphasis on standardized tests." Before his speech, the President "ate lunch with community leaders at a barbecue restaurant in Greensboro, and afterward, he traveled to Randleman to visit Victory Junction Gang Camp, a camp for children with chronic illnesses. Yesterday evening, Bush attended a fundraising dinner in Greensboro that raised an estimated $600,000 for the Republican National Committee."

The Washington Post (10/19, A4, Fletcher, Baker, 748K), in a story titled "Iraq Violence, 'No Child; Occupy Bush," reports on Bush's visit to a North Carolina school yesterday. However, most of the story deals with the President's interview on ABC interview, which dealt mainly with the Iraq war. In the final paragraphs of the article, the Post says "Bush's interview with ABC came as he visited North Carolina to highlight his education program." After his speech, Bush "visited the Victory Junction Gang Camp for children with life-threatening illnesses. NASCAR driver Kyle Petty and his wife, Pattie, founded the camp in memory of their son Adam. The day ended with a dinner at the Greensboro home of businessman Louis DeJoy, chairman of New Breed Logistics Inc. The event was expected to raise $900,000 for the Republican National Committee."

The Eden Daily News (10/19, Ewing) reports Bush "praised North Carolina for making strides toward meeting No Child Left Behind goals. 'Your state was the first in the nation to establish an accountability system, and one of the first to have the testing plans approved under No Child Left Behind,' he said. 'In other words, your state led. And I congratulate the state leaders and those involved with education for being bold on behalf of the children of your state.'" The News adds, "Because of officials' willingness to work with No Child Left Behind, Bush said his administration was willing to work with

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North Carolina to ensure the accountability measurements were accurate."

The AP (10/19, Pickler) reports, "Bush took a day off from the politics of national security Wednesday and went on a Southern charm offensive that included time with children, NASCAR drivers, devoted Republicans and some sweet tea." Bush's "return to his 'compassionate conservative' roots came during a base-building trip to North Carolina, a state he won easily in both his presidential races. But even in the conservative South, many voters have grown unhappy with Bush's leadership with Iraq under continuing violence." Bush "did not mention those troubles while visiting with voters three weeks before Election Day, but focused on his education agenda and old-fashioned politicking with plenty of local flavor." The AP adds, "Noticeably missing on Bush's North Carolina itinerary were campaign stops with Reps. Charles Taylor and Robin Hayes, a pair of veteran Republicans facing spirited Democratic challenges that could help tip the balance of power in the House. He didn't go near their districts."

UPI (10/19) reports White House Press Secretary Tony Snow "denied the timing of the president's visit had any political motives. 'It's important to remind (people) that you've got a president who's pushing for higher standards and more resources,' Snow told the daily press briefing en route to Greensboro."

The Los Angeles Times (10/19, Gerstenzang, 918K) says "critics, particularly Democrats, say that though the president speaks frequently about" the No Child Left Behind law, "he has not committed enough money to help pay for the requirements it imposes on schools." The Times adds, "Two hours before Bush's appearance here, the Democratic National Committee sent an e-mail to reporters, citing a study by Democrats on the House Committee on Education and the Workforce. According to their figures, Bush has shortchanged funding for the legislation by $40 billion since the law took effect, and in the 2007 budget he proposed providing half of the money promised for the most disadvantaged students."

White House Insiders Start Post-Election Staff Vacancy List. The White House Bulletin/US News (10/18) reported, "Even before the midterm elections take place, White House insiders are reviewing which top staffers are likely to leave or stay until the end. Topping the list of expected departures is that of Karl Rove, the President's top political strategist." Insiders believe that Rove "will leave after the first of the year, having completed an eight-year stint as Bush's top political strategist. That could spark another staff shakeup, they said, though what's most notable about the developing list is how many senior staffers are expected to stay on until the end. Those include new press secretary Tony Snow, chief of staff Josh Bolten, lawyer Harriet Miers, counselor Dan Bartlett and new communications czar Kevin Sullivan."

Social Security Benefits To Increase By 3.3%. The AP (10/19, Crutsinger) reports, "Social Security checks for nearly 49 million retirees are going up by 3.3 percent next year -- an average increase of $33 per month, though rising health care costs will take a bite out of the gain."

ABC World News (10/18, story 7, 0:15, Gibson, 8.78M) reported, "Those receiving a monthly Social Security check" are "finding out how much they'll get next year. The cost of living increase beginning in the month of January, boosting the average Social Security check by $33 a month to $1,044." The CBS Evening News (10/18, story 7, 0:15, Couric, 7.66M) and NBC Nightly News (10/18, story 8, Williams, 9.87M) also mentioned the story. The New York Times/AP (10/19) notes "the increase for 2006 was 4.1 percent, which had been the biggest increase in 15 years." The Los Angeles Times (10/19, Havemann, 918K) and Wall Street Journal (10/19, D6, 2.03M), among other newspapers, run similar stories this morning.

The Washington Post (10/19, D1, Henderson, Barr, 748K) says "Federal workers who retired under the newer Federal Employees Retirement System and who are 62 or older will receive a 2.3 percent cost-of-living increase in their pensions, under the separate rules for that program."

Federal Retirees Question Whether COLAs Keep Up With Inflation. The Washington Post's (10/19, D1, Barr) reports in its "Federal Diary" column that while federal retirees "look forward to the annual COLA announcement," whether the "cost-of-living adjustments keep pace with health-care costs, property taxes and rising prices is not an easy calculation. Larry Daks , a retired Foreign Service officer in Northern Virginia, said his pension increase should help him cope with rising consumer prices, assuming his health-care costs remain reasonable." But "Gerald Cornell of Burtonsville, who worked for the Internal Revenue Service and served in the military, said his health-insurance company has scheduled a sharp jump in premiums for next year that will drain his COLA dry." The Post adds that federal employees "covered by older retirement programs typically receive a pension considered generous by private-sector standards, while employees hired after 1984 receive a smaller pension and Social Security income, and may enroll in a 401(k)-type savings program."

Medicare Cancer Project Questioned. NBC Nightly News (10/18, story 9, Williams, 9.87M) reported, "Who among us is going to complain about an effort to improve the quality of care for cancer patients? It is conceivable once people hear of this plan originally designed last year by Medicare officials at a cost of $300 million that's since become what now some are calling 'the Fleecing of

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America,' both for taxpayers and for 230,000 cancer patients." NBC's Lisa Myers added, "While under going chemotherapy last year, Charles Warner was part of a $300 million Medicare project to improve quality of care for cancer patients." Warner: "They were to ask me certain questions. Every time he received therapy he was asked three questions about side-effects, assessing severity of nausea, pain and fatigue and that data was given to Medicare. But two independent investigations found the project had so few guidelines the data was virtually useless." Sen. Charles Grassley: "It should be have been obvious to them that it was a waste of taxpayer's money at any level." In addressing some of the criticisms such as doctors abusing the program, Dr. Peter Bach, Centers for Medicare & Medicaid Services, said, "Those are clearly things that need to be examined."

Snow To Perform At Charity Concert. White House Press Secretary Tony Snow gave an interviewed to Washington Times's "Inside the Beltway" column (10/19, McCaslin). Snow is quoted saying, "I play the flute, sax and guitar, and I'll be playing all three Saturday night." He "was referring to a charity concert his rock 'n' roll band, Beats Workin', will perform at the Old Town Theater on King Street in Alexandria. (The show, from 8 p.m. to midnight, is $35 and includes a food buffet and a cash bar. Tickets can be reserved at www.oldtowntheater.com.)"

Economists Give Congress Failing Marks On Long Term Fiscal Policy. In a column for the Washington Post (10/19, A29, 748K), David Broder writes National Journal "had the smart idea of inviting 11 distinguished economists to fill out a score card on the economic performance of the Republican Congress." The economists were "asked to score Congress in seven categories, using letter grades. The composite score of four categories was a C, meaning average by historical standards. Two got a B-minus and one a D. Not exactly a huge vote of confidence." There was "one area where they said Congress failed and failed badly. That was long-term fiscal policy. There were five F's, three D's and no grade higher than a B-minus, for a composite grade of D."

LATimes Says Von Eschenbach Should Be Confirmed As FDA Commissioner. The Los Angeles Times (10/19, 918K) editorializes, "A guilty plea from former FDA Commissioner Lester M. Crawford shows that the ethics guardians are making some progress against conflicts of interest at the Food and Drug Administration. Now they need to delve deeper into ethical lapses at the agency, which has been suffering a crisis of confidence." Congress "should take the opportunity to impose more comprehensive reforms next year when it reconsiders the user fees that provide much of the FDA's funding." The Times adds, "The current acting commissioner, Texas surgeon Andrew C. von Eschenbach, is a solid replacement for Crawford. He deserves to be confirmed by Congress so that the FDA can turn its full attention to regaining the public's confidence and protecting its health."

OTHER NEWS:

Dow Jones Sets New Record, Trades Above 12,000 For First Time Ever. ABC World News (10/18, story 6, 0:15, Gibson, 8.78M) reported, "The Dow hit the 12,000 mark before settling down. It was up 42 points [to close at 11,992]. The average hit 12,049. Its highest trading level in history." CBS Evening News (10/18, story 8, 2:50, Couric, 7.66M) reported that "on Wall Street today, it came oh so close. The Dow traded above 12,000 for the first time ever. But by the end of the day, it had given back some of its gains and while it closed at a record high, it was still about eight points shy of that elusive milestone." NBC Nightly News (10/18, story 6, 0:35, Williams, 9.87M) said the Nasdaq "lost a bit of ground on the day. It dropped seven points [to close at 7.80]." USA Today (10/19, Shell, 2.27M) among other major newspapers, also reports on the stock market, sating, "Another day, another record-breaking milestone on Wall Street."

GOP Tries To Shift Focus To Economy In Campaign's Homestretch. The Washington Times (10/19, Hurt, 88K) reports, "The Foley scandal has dropped off the front pages and House Republicans are aggressively trying to shift attention in the final weeks of the campaign season to the healthy economy and the damage they say would be done if Democrats take control of Congress. 'Today's record-setting stock market rally is proof that Republican economic policies of tax relief work,' said House Speaker J. Dennis Hastert of Illinois." He "hailed the Dow Jones Industrial Average passage of the 12,000 mark, which he said was largely a result of efforts by the Republican-controlled Congress to cut taxes and streamline government regulation." Added Hastert, "If Democrats had their way, they would erase stock market gains by raising taxes and stalling the economy, destroying job growth and putting leaders in place that are in favor of tax increases." Republicans "issued a list of initiatives that they fear would gain traction under a Democrat-led Congress. Among them is H.R. 3760, which would create the Department of Peace. Authored by Rep. Dennis J. Kucinich, Ohio Democrat, the Department of Peace and Nonviolence Act has 74 co-sponsors. Also listed is H.R. 4683, which essentially would nationalize health care by expanding Medicare to cover all Americans."

Consumer Prices Down Sharply. The New York Times (10/19, Peters, 1.21M) reports, "Rapidly falling energy prices helped push consumer prices down sharply last

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month, the government reported yesterday." But "the decline did not entirely dispel inflation worries because the measure of retail prices that excludes volatile food and energy costs held steady at a level above the Federal Reserve's comfort zone." While "overall consumer prices fell last month by 0.5 percent, the core Consumer Price Index, which excludes food and energy, rose by 0.2 percent." It was "the third consecutive month that the core index grew by 0.2 percent and an indication to many economists that underlying inflation may be peaking. With core prices up 2.9 percent compared with last September, well above the 1.5 percent to 2.5 percent level that central bankers consider ideal, the economists cautioned that it is still not clear whether the Fed will have more tightening to do next year." The Wall Street Journal (10/19, Conkey, 2.03M) and USA Today (10/19, Kirchhoff, 2.27M) run similar reports. The Christian Science Monitor (10/19, Trumbull, 58K), meanwhile, headlines its story "Falling US Fuel Prices Ease Fears Of Recession," reporting that "even with OPEC's decision this week to cut oil production, lower energy prices could persist -- bringing a welcome boost to the economy. The 'oil dividend' is worldwide" but "comes at a sensitive time for the United States. By easing costs for heating homes, commuting, and running factories, lower energy prices reduce worries about a possible recession for the world's biggest economy."

Gasoline Demand Jumps As Prices Fall. USA Today (10/19, 3B, Hagenbaugh, 2.27M) reports, "Americans are celebrating plunging gasoline prices by hitting the roads. After barely rising during the summer months, gasoline demand rose swiftly in September, the American Petroleum Institute said... ." Gasoline deliveries "to U.S. service stations, a proxy for demand, rose more than 4% in September from the same month a year ago. That number was boosted by the comparison with September 2005, when Hurricanes Katrina and Rita interrupted deliveries." However, "even excluding the hurricane effects, gas demand likely was up approximately 2% in September, API economist Ron Planting says. That's about triple the average increase over the prior six months and the biggest gain since August 2005."

EPA Rule Opens Door To New Generation Of Diesels. The Washington Post (10/19, D1, Freeman, 748K) reports that although diesel cars "have taken off" in Europe "in the past 15 years, accounting for 50 percent of the new models sold each year," the US market for diesels "has lagged because of government concerns over what the fuel does to air quality; diesel vehicles make up just 3.2 percent of the market." However, "The dynamics began to shift this week. On Sunday, the Environmental Protection Agency began requiring refiners and fuel importers to reduce the sulfur content in diesel fuel by 97 percent. The low-sulfur fuel opens the door to a new generation of clean diesel cars, and automakers are moving to bring out more models in the U.S. market." The Post says, "The change promises to significantly cut air pollution caused by diesel emissions." US "automakers have pledged to expand diesel offerings, particularly in pickup trucks."

NYTimes Says Pombo Has Thrown Away "Prudent Restraints" On Energy Exploration. The New York Times (10/19, 1.21M) editorializes, "When you add up the energy resources of the American West, one of the biggest items in the ledger is oil shale — rock formations containing deposits that can be distilled, by heating, into oil. … The processes for extracting oil shale are still hugely expensive — which is fortunate, because the potential environmental costs are staggering. … None of this has stopped Congressman Richard Pombo of California…from throwing yet another economic bone to the energy sector. In a little-noticed provision of the much- reviled Deep Ocean Energy Resources Act…Mr. Pombo lowered the royalty rate for oil shale from 12.5 percent to 1 percent. Should the day arrive when the price of shale oil becomes competitive, this could turn out to be an extraordinary giveaway of federal revenue (most oil shale lies under federal land) and a huge incentive to wreak environmental damage." Pombo "has been well-financed by oil and gas producers. He has done his best to give away public resources and throw away prudent restraints on energy exploration."

Decline In Oil Prices Strains OPEC Unity. The Wall Street Journal (10/19, A8, Cummins, 2.03M) reports, "Saudi Arabian oil czar Ali Naimi worked for years to turn OPEC from a group of squabbling politicians into an effective price-enforcing posse patrolling world oil markets. Now, with the oil cartel facing its first significant price drop in years, that unity of purpose is showing strain." OPEC "is set to meet Thursday in Qatar in an effort to bolster sagging prices. Members are trying to hammer out a tricky agreement about how to share the pain of any cut in crude-oil output that they announce at the meeting. They also will try to reverse sharp internal divisions that threaten the cartel's longer-term ability to prop up prices." The meeting's outcome "could have big implications for OPEC's credibility as a price cop and thus for fuel users around the world."

Study Finds Elevated Cancer Rates Among IBM Employees. The Wall Street Journal (10/19, Bulkeley) reports, "A long-suppressed study finding elevated rates of many cancers among workers at International Business Machines Corp. was published in Environmental Health, a peer-reviewed online scientific journal. IBM has fought for several years to prevent release of the study done by Richard Clapp, a Boston University professor of environmental health. The study analyzes data collected by IBM itself on the ages and causes of death of nearly 32,000 people who had worked at IBM and died between 1969 and 2001. IBM has

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maintained the analysis is 'junk science' that misuses the data."

ABC Medical Editor Argues For Universal Care. Timothy Johnson, medical editor for ABC News, writes in the USA Today (10/19, 2.27M), "The most basic question about health care reform is an old one: Should basic care be a 'right' for everyone regardless of income, pre-existing illness or bad genes or should it be a 'privilege' obtained by hard work or bestowed by good birth? … That's an emotionally charged issue, but there is one observation almost everyone agrees with: Our present health care 'system'…badly needs reform." One major reason for the health care crisis "is the huge number of uninsured or underinsured in our country who do not get timely care. So why not make health care a right so every American can potentially benefit from early intervention and better prevention?" Some experts "argue that with more thoughtful use of the money we now spend…we can provide basic care to everyone with relatively little increase in total expenditure."

DC Launches Effort To Boost Hopes, Home Prices In Anacostia. The Washington Post (10/19, Layton) reports, "The newest government-supported housing in the District is a landscaped development of four-bedroom homes with Palladian windows, cathedral ceilings, hardwood floors and prices that reach $584,000." The Post continues, "The District gave the builders of the Homes at Woodmont about $1 million toward the $14 million project on Good Hope Road SE because it wants to attract professionals and their money to the most economically distressed section of the city. .. .The project inverts the traditional notion of housing subsidies because it isn't aimed at low-income buyers. … 'We're trying to create diversity in the southeast quadrant of the city, to break up pockets of poverty,' said Leo Clarke, special projects coordinator at the D.C. Department of Housing and Community Development, which gave the developers a grant toward the cost of preparing the land for construction. 'We're trying to encourage investment in an otherwise blighted area.'" The Post notes, "The city is trying to use tax dollars, housing policy and, in one instance, legal power to inject middle-class elements into the long-distressed area, which is east of the Anacostia River at the northern tip of Ward 8 and has the city's largest concentration of public housing and the lowest median income. … Earlier this year, in a controversial move, the city used eminent domain to seize a worn shopping center less than a mile from the Homes at Woodmont. Over the protests of storekeepers, District officials are trying to replace the liquor stores and dollar stores in the Skyland shopping center with higher-end shops and restaurants."

NIH Doctors Accuse Lilly Of Influencing Sepsis Study. The New York Times (10/19, Berenson) reports, "Three doctors at the National Institutes of Health have sharply criticized Eli Lilly for its efforts to promote the use of Xigris, an expensive treatment for patients with sepsis, an often deadly blood infection. In an article published yesterday in The New England Journal of Medicine, the doctors wrote that Lilly — the nation's sixth-largest drug maker — had manipulated treatment guidelines for sepsis patients to promote Xigris at the expense of older, cheaper and equally effective treatments." The journal article says that Lilly used "marketing strategies masquerading as evidence-based medicine" to promote Xigris.

The AP (10/19, Donn, Marchione) reports, "Several government doctors say drug maker Eli Lilly & Co. subtly orchestrated medical guidelines for treatment of an often lethal blood infection, hoping to boost sales of a drug whose value is being debated. Such involvement could open another door to corporate interests trying to shape health care, beyond funding experiments and cozying up to doctors in labs or at luncheons. Guidelines are meant to reflect independent medical opinion." Lilly "said in a prepared statement that it is taking the concerns raised 'very seriously' and has examined the issue closely."

Researchers Focus On End-Of-Life Health Care Costs. USA Today (10/19, Appleby) reports that the variation in costs of dying between Miami and Portland. The Miami "tab for your doctor and hospital care will run just over $23,000." But "spend those last six months in Portland" and the "total tab" will be "slightly more than $14,000." Researchers "at the Dartmouth Atlas Project…analyzed Medicare data on patients with chronic illnesses to develop those statistics, showing that it costs far more to die in some parts of the country than in others." While researchers "are able to show differences in costs, the real question remains how much of those additional hospitalizations, tests and doctor visits resulted in better care or better quality of life? Finding answers to that question is difficult and controversial, but health policy experts say doing so will become increasingly important as the U.S. seeks ways to slow the rapid rise in health care spending."

Bush Says Midterms Are Referendum On National Security, Economy. ABC World News (10/18, story 3, 2:40, Stephanopoulos, 8.78M) interviewed President Bush. Asked if the midterm elections were "a referendum on Iraq," Bush said, "I think they're a referendum, from my perspective, which is kind of like your perspective, which is the Washington perspective, based on who best to secure this country from further attack and who best to help this economy continue to grow. The truth of the matter is, as

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you well know, most elections are very local elections. … I'm going to continue saying vote Republican, because we have the best plan to protect you. And we will keep your taxes low too keep this economy growing." Asked if he can "name a Democrat who wants to wave the white flag" on Iraq, Bush said, "I can name a Democrat [John Kerry] who said there ought to be a date certain to withdraw from Iraq whether or not we've achieved a victory or not." Stephanopoulos: "And that is surrender." President Bush: "If you pull the troops out before the job is done, absolute absolutely George." Stephanopoulos: "You don't think that is questioning there patriotism when you say that?" President Bush: "No it is not questioning their patriotism. I think it is questioning their judgment."

Bush Offers Advice For Next President. ABC World News (10/18, story 9, 0:35, Gibson, 8.78M) reported, "As George Stephanopoulos was finishing his interview with the President today, he asked if President Bush read any of the avalanche of books about his presidency. None of them, said, the President, I don't feel comfortable reading about myself. Then George asked about the next president." ABC (Stephanopoulos) added, "Based on everything you have learned as President, which personal quality is going to be most important for the next president?" President Bush: "That's a very good question. Can I name two?" Stephanopoulos: "Sure?" President Bush: "Determination and compassion." Stephanopoulos: "What's the one piece of advice for that person whoever it is?" President Bush: "Stand on principle."

Bush Seen As Reducing Visibility On Campaign Trail. In a story titled, "Bush Sidelined As Defeat Looms," the Financial Times (10/19, Luce, Daniel) reports President Bush "used to win elections for Republicans. But with the exception of private fund-raising events, at which he still excels, most of the US president's fellow Republicans are now pretending he does not exist." Bush's "approval ratings are even lower than those of his colleagues, whose defeat to the opposition Democrats next month is now widely assumed." The "relative absence of the president from the campaign trail bears a striking resemblance to the way Tony Blair, UK prime minister, was all but removed from Labour's European election campaign a year before the 2005 general election. Though Mr Blair went on to win that election, Labour's vote slumped."

NBC Nightly News (10/18, story 7, , Williams, 9.87M) reported, "The President will be an active campaigner down the stretch, but in some of these tight races around the country many Republicans are keeping their distance from the White House. Mr. Bush is a big draw in campaign 2006 for Democrats eager to link their GOP opponents with an unpopular President." The Democratic attacks "have led some to highlight their independence. A top advisor to Republican Senator Rick Santorum who is trailing in his battle to win re-election in Pennsylvania describes the President as a distraction. A Bush visit becomes all about him." John Brabender, Republican political consultant: "We need to have the races be about Republican versus Democrat not just the referendum on some of the problems in Washington." Larry Sabato, University of Virginia: "It is a simple matter of Bush's unpopularity. He is low enough in the polls so he is a minus for the Republican candidates for Senate and House and Governor. They put him at arms length." Gregory: "The Republican Party says Mr. Bush has raised nearly $200 million for the GOP this year, but many appearance have been closed to the news media. Some candidates prefer to be seen with more popular political figures like John McCain and Rudy Giuliani." Even in "this difficult climate, White House advisors say he is not a liability for his party. Said one top official tonight: 'He can sharpen the questions in these races and motivate the party to pay attention.' This in a year when voter intensity may win the day."

The Financial Times (10/19, Daniel) reports, "A glance at Mr Bush's schedule" since a four event swing at the beginning of October "suggests he has become the invisible man. Last week he had just two events for candidates. Instead he spent most of the week at the White House, finding time to pose with the US Air Force Thunderbirds aerobatic team and talk to the leader of the Southern Baptist Convention. His wife, Laura, a notoriously reluctant campaigner, had four campaign events." This week "is little different. Mr Bush has two campaign events on Thursday for senators [sic] whose images seem in worse shape than his own. George Allen's race in Virginia has been side-tracked since he uttered an alleged racial slur. Don Sherwood in Pennsylvania has been forced to run embarrassing adverts denying that he tried to choke a woman he was having an affair with." Bush's role "is a reflection of his diminished stature, his low approval rating of 37 per cent and the fact he personifies an unpopular war."

Laura Bush's Popularity Remains Intact. Bloomberg News (10/19, Keil) reports, "In this autumn of Republican discontent, party candidates who shy away from appearances with the president and Vice President Dick Cheney are gladly greeting the barnstorming" First Lady, Laura Bush. Susan Whitson, "the first lady's press secretary, said Laura Bush has attended three or four times as many events this year as she did four years ago. She has helped raise more than $14 million, including the $500,000 she generated for" Senate candidate Bob Corker and the Tennessee Republican Party in Knoxville.

White House Election Confidence Based On Historically Steady GOP Voting. The White House Bulletin/US News (10/18) reported, "Much fun has been made of reports that top Republican political strategists, notably Bush advisor Karl Rove, are confident that the party will retain control of Congress despite polls showing a big

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Democratic surge. But Rove and party insiders shrug off the sneering, explaining that they don't believe the polling that suggests Republican voters are either switching sides or so upset they will stay away from the polls. They also reject suggestions that the Mark Foley page scandal will impact the electorate, though the White House now believes a few more House seats are in jeopardy since the scandal was revealed." Insiders say that "before the scandal, Rove expected a loss of eight House seats. That estimate is now about 12 seats. Democrats, who expect to pick up 25 seats, need only 15 more to control the House. The reason some GOP analysts don't believe the President's party will lose the House and Senate is their confidence that Republican voters, a majority in the 2004 election, will still vote." A memo from a "key party strategist" says "that turnout is the key, and a lower turnout is best. In fact, a low turnout could mean fewer Democratic voters, leading to the possibility of GOP gains. "If turnout is below 35% overall we've got a good chance of making gains," emailed the strategist in the memo provided to the Bulletin and US News as background material."

Rove's Strategy Questioned. In a Financial Times op-ed (10/19), Jacob Weisberg says, "With the conservative edifice" of the Republican Party base "groaning and shifting, there are at least some grounds for scepticism about the architect's brilliance." While Karl Rove "boasts an impressive winning streak, the largest part of his success is arguably due to luck and circumstances beyond his control." Rove's "bolder thrust was his 'base strategy' of 2004." This time, Bush "won more legitimately, but still very narrowly and again with the benefit of an unloved opponent and an inept Democratic campaign." But "the fact that Mr Bush won does not prove that Mr Rove's strategy was correct. And we do know that Mr Rove was incorrect when he followed his latest close shave with another blunder by making partial privatisation of Social Security the centrepiece of Bush's second term. This decision helped push Mr Bush's popularity to historic lows and set him up as a lame duck for his second term." But if the "Republicans manage to keep control of both houses this time, the architect will be vindicated. It will be time for Democrats to head home, hang up their spikes and await word of Mr Rove's retirement."

Republicans Conceding They Could Lose 23 To 27 House Seats. Time (10/18, Allen, 4.03M) reported on its web site, "Republican officials now concede they could lose a net of 23 to 27 seats in the House, that higher figure being close to twice the 15 Democrats would need to take control. Democrats would need six seats to take control of the Senate, and Republican officials tell TIME they see several scenarios for warding that off. … If Democrats picked up five, the chamber would be 50-50, guaranteeing frequent appearances by Vice President Cheney as President of the Senate."

In his Roll Call column (10/19), Morton Kondracke says, "Except at the White House and the top reaches of the Republican National Committee, I can hardly find a single politician, consultant or pollster, Democratic or Republican, who thinks the GOP can retain control of the House." Even at "the White House, the messages are mixed. Strategist-in-chief Karl Rove is proclaiming that Republicans will pull out a victory. On the other hand, one aide also told me that the chances of Republicans retaining narrow control is in the 40 percent to 45 percent range — that is, less than a 50-50 shot — while Democrats' chances of winning either narrowly or with a bigger margin are greater." Republicans are "more optimistic about the Senate, where they think retaining contested seats in Arizona, Missouri, Tennessee and Virginia will leave them with a 51-seat majority, assuming they lose in Montana, Ohio, Pennsylvania and Rhode Island, and fail to pick up New Jersey."

The Los Angeles Times (10/19, Hook, 918K) reports that in order to "keep one of Idaho's House seats in Republican hands, the national GOP in recent weeks has poured in hundreds of thousands of dollars for television ads and brought in a parade of party bigwigs to campaign. Such a huge effort in a district that should be a cakewalk for Republicans is a measure of how deep into GOP territory the fight for control of Congress has reached." Even a "top Republican strategist estimates that the number of highly vulnerable Republican seats has more than doubled in recent weeks -- and now far exceeds the 15 seats Democrats need to pick up to win a House majority." GOP pollster Frank Luntz said, "There used to be 15 races that were vulnerable, then it was 20. . . . Today you'd say 35 seats are in play." The Times adds the developments reflect "an unusually fluid political landscape that has sent candidates, party leaders and interest groups scrambling to recalibrate strategy."

Three Colorado Republican House Seats At Risk. The Wall Street Journal (10/19, A4, Rogers, 2.03M) reports it is "hard to paint Colorado as a pretty picture for Republicans this fall." Rep. Bob Beauprez, the former state party chairman, "is trailing in the race for governor, and Republicans could lose his House seat in suburban Denver as well." In the Fifth District, "retiring Rep. Joel Hefley refuses to endorse the Republican running for his seat. And in the vast rural Fourth, stretching from Fort Collins to the state's eastern high plains, the national party is spending heavily to save Rep. Marilyn Musgrave in counties President Bush won easily." Colorado Democrats, "having been teased before, know this bubble can yet burst. But the combination of war in Iraq and scandal at home has fed into voter frustration with Congress, for which Republicans as the majority are paying a price." For the White House, "having three Republican seats in play in a state like Colorado spells trouble." Yet to "save

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themselves, Colorado Republicans have so forcefully seized the issue of illegal immigration, they risk alienating Latino voters and crippling Mr. Bush's efforts to address the problem of millions of undocumented workers now in the U.S."

Up To Five Ohio GOP House Seats At Risk. The Washington Post/AP (10/19, Espo) reports that in Ohio, "even Republicans concede Rep. Ted Strickland in on track to become the first Democratic governor in 16 years. At the same time, Rep. Sherrod Brown has clawed his way to a large lead in the polls over GOP Sen. Mike DeWine." Democrats have "led for weeks for two House seats long in Republican hands, and party officials talk giddily of snatching two or three more seats _ gains that would almost certainly portend an end to GOP control of the House." But Republicans "dismiss talk of a political tidal wave, and say even Rep. Deborah Pryce, a member of the House leadership, is making a comeback in a race that seemed lost. But increasingly, their goal is to minimize losses at a time of widespread voter discontent over the economy, the war in Iraq and corruption."

DNC To Borrow $10 Million To Target More Races. The Washington Times (10/19, Lambro, 88K) reports the Democratic National Committee "will borrow up to $10 million for additional House and Senate campaigns the DNC now thinks it has a chance to win in next month's midterm elections, a senior party official said yesterday." Some of the "borrowed money will be spent on 'an outreach-media program' aimed at black and Hispanic voters in targeted House races where increased minority turnout is seen as the key to boosting Democratic gains in Congress, the official said." Two "possible targets for additional funding are in Virginia, where Republican Sen. George Allen is in a surprisingly tight battle with Democrat James H. Webb Jr., and in New Jersey, where Democratic Sen. Robert Menendez is in a dead heat with Republican state Sen. Tom Kean Jr."

Disillusioned Republican Base Said To Have Little Passion For Election. The Washington Times (10/19, Hallow, 88K) reports the Republican Party "can stave off defeat with a strong turnout on Nov. 7, party leaders are telling the faithful -- but they are finding it tough to sell that message to some disillusioned conservative voters." Tom McClusky, vice president for government affairs at the Family Research Council (FRC), said, "The message hasn't gotten across because a lot of people are sick and tired of thinking the only reason for going to the polls is to vote for the Republicans because they are lesser of two evils." The Times adds a "top Republican pollster confidentially echoed those sentiments." The pollster said, "There are very definitely trouble signs in many states of what we call the 'LRs' -- the lethargic Republicans. They are unhappy with the president and have little love lost for Congress." The Times adds many Republicans "are worried that the sex scandal surrounding former Rep. Mark Foley of Florida will depress turnout among religious conservatives who have been staunchly loyal to the Republican Party."

Some Moderate Republicans Abandon GOP In Kansas. The Washington Post (10/19, A1, Slevin, 748K) reports that in Kansas, "a state that voted nearly 2 to 1 for President Bush in 2004, nine former Republicans will be on the November ballot as Democrats. Among them is Mark Parkinson, a former chairman of the Kansas Republican Party, who changed parties to run for lieutenant governor with the popular Democratic governor, Kathleen Sebelius." The Kansas developments "coincide with efforts by Democrats across the country to capture moderate Republican and independent voters dismayed with partisan bickering from both parties, particularly from the Republican right. The spirit of the attempted Democratic comeback in Kansas, set by Sebelius, is a search for the workable political center." Though "yet untested in the election booth, the Democratic developments in Kansas reflect polls in many parts of the country. As elsewhere, Democrats and moderate Republicans say they are frustrated with policies and practices they trace to Republican leadership, including the Iraq war, ballooning government spending, ethics violations and the influence of social conservatives."

NBC Poll Shows Democrats With 15-Point Advantage On Generic Ballot. NBC Nightly News (10/18, lead story, Russert, 9.87M) reported, "Only 38% of Americans give President Bush a positive job approval. 57% disapprove." Meanwhile, "16% approve of the job Congress is doing and 75% disapprove, three out of four Americans disapprove. Compare that to October 1994, Congress had a 24% job approval." On the generic ballot, "37% said Republicans and 52% say Democrats. It is the highest disparity since we have found since the beginning of this poll and certainly since 1994. And look at this, just a month ago there was a nine-point spread. Back in 1994 the Republicans had a six point advantage going into that election in November of 1994. The Democrats have three times that. Republicans are very, very nervous tonight."

The Wall Street Journal (10/19, A1, Calmes, Harwood, 2.03M) reports the NBC/WSJ poll "shows both President Bush and his party in worse shape among voters than Democrats were in the October before they lost control of Capitol Hill a dozen years ago." The 15-point Democratic advantage on the generic ballot "is the widest ever registered by either party in the Journal/NBC surveys. Also, the result marks the first time voter preference for one party has exceeded 50%." The "Journal/NBC telephone survey of 1,006 registered voters, conducted Oct. 13-16, carries a margin of error of +/- 3.1 percentage points." The new poll "also suggests the advantages that have helped Republicans sustain their majority in Congress -- gerrymandered House districts, a well-oiled turnout machine and the national-

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security issue -- all have been somewhat neutralized by the political winds buffeting the party. Democrats need to gain a net 15 seats for a House majority, and they now have polls showing leads in about 40 Republican-held districts from New England through the Mountain West -- with none of their own in serious jeopardy."

Democratic Agenda Seen As Largely Irrelevant To Election Outcome. The Washington Times (10/19, Lambro, 88K) reports the Democrats' "election-year agenda, which says what they will do if the voters put them back in charge of Congress, would seek to overturn or change just about everything President Bush and the Republicans have done since 2001." Key parts "of their agenda call for repealing the bulk of the administration's tax cuts, ending the ban on federal funding for new lines of stem-cell research and limiting some of the investigative, prosecutorial and surveillance methods in the counterterrorism USA Patriot Act." But one "top election pollster questions whether Democrats' agenda will play that much of a role in the election's outcome and whether many voters even know whether they have offered alternatives to Mr. Bush's policies." Pollster John Zogby said, "If the Democrats win, it will have all the elements of a Forrest Gump victory. In other words, things swirling around them over which they were barely aware."

Judge Bars Election Supervisors From Noting Foley Votes Go To Substitute. The New York Times (10/19, Sexton, 1.21M) reports a judge "barred election supervisors from posting signs in polling places explaining that votes cast for former Representative Mark Foley would go to the substitute candidate." Judge Janet E. Ferris, "ruling on a complaint by the Florida Democratic Party, said the Legislature had not authorized such postings in its law on replacement candidates. The law requires the original candidate's name to be the ballot if the change is made after the primary results have been certified."

Reynolds Opponent Running Non-Traditional Campaign. The Washington Post (10/19, A2, Powell, 748K) reports Democrat Jack Davis, who is challenging Republican Rep. Tom Davis in New York's 26th CD, "is the anti-candidate, and so far his strategy, if that's what you want to call it, has the look of distilled brilliance. A recent poll found Davis, who changed his party registration from Republican to Democrat in 2004, has jumped 17 percentage points ahead of Rep. Thomas M. Reynolds, a Republican power broker." Davis is "helped greatly by the fact that the House Republicans in general, and Reynolds in particular, have tripped through a trapdoor labeled 'Congressional Page Scandal.' Reynolds, a beefy political pro who rarely spots a back that doesn't beg for a friendly slap, wears a haunted look of late."

Strategists In Both Parties Believe Senate Control Could Hinge On Virginia Race. Time (10/18, Allen, 4.03M) reported on its web site, "Strategists in both parties tell TIME that they now believe control of the Senate could turn on a race that wasn't on anyone's toss-up list two months ago -- the Democratic challenge by former Navy Secretary Jim Webb (D) to Senator George Allen." The NRSC, which had once hoped Allen "would be able to fend for himself, is having to spend $900,000 on radio ads and mailings in Virginia to try to shore up Allen. … The committee had already spent $450,000 there, but decided this week that it would have to spend the maximum it can, doubling its investment." Time added, "President George W. Bush is appearing Thursday at a fund-raising reception at the Science Museum of Virginia, in Richmond -- a telling sign of how critical the race has become."

Potential Exists For Evenly-Divided Senate. Roll Call (10/19, Billings) reports as the "political landscape continues to improve for Senate Democrats, it appears increasingly likely that the chamber could return to a 50-50 split in January — an extraordinary scenario neither party seems anxious to relive." But with "seven GOP-held Senate seats very much in play, Republicans and Democrats alike privately acknowledge they are facing at least the prospect of an equal party balance in the 110th Congress. Such a scenario leaves more questions than answers, but both parties agree it likely would force them to revisit a delicate power-sharing agreement struck by Senate leaders in early 2001."

Bush, Bill Clinton To Raise Funds For Allen, Webb. The Washington Post (10/19, B1, Craig, 748K) reports President Bush and former president Bill Clinton "will wade into Virginia's closely contested U.S. Senate race today at separate fundraisers that underscore the growing importance of the state in the fight for control of Congress." The presidential visits "for Sen. George Allen (R) and Democratic challenger James Webb will raise money and rally supporters for the final push to the Nov. 7 election. But the events come as Allen and Webb are using either the name 'Clinton' or 'Bush' to sway voters who either love or hate the current or former president." Bush will "be raising money for Allen in Richmond this afternoon. In the evening, Clinton will attend a sold-out Webb fundraiser at the McLean home of former senator Charles S. Robb (D-Va.)."

The Washington Times (10/19, Bellantoni, 88K) reports top Republicans "counting on Mr. Allen to help them retain their majority say a cash infusion from the president will act as insurance for their optimism, and Internet activists are

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urging their followers to tell every Virginian they know to vote for Mr. Webb." A senior White House official "told The Washington Times on Tuesday that Mr. Bush tonight will talk about taxes and the war on terror, a continuing theme as Mr. Allen tries to paint Mr. Webb as an out-of-touch liberal." But Webb supporters "think Virginia is ready for a change. 'The Democratic tide is building across Virginia,' former Lt.Gov. Donald S. Beyer Jr. said in an e-mail soliciting donations for Mr. Webb."

Allen Said To Signal Change In Iraq Stance. The Hampton Roads Daily Press (10/19, Hodges, 94K) reports that in Lynchburg, Sen. Allen, "who has voted down the line with the Bush administration on the conduct of the war in Iraq, signaled a change of direction today. Democratic opponent Jim Webb asked why it had taken so long." Before the Virginia Association of School Superintendents, Allen said, "Although our principles and strategic goals remain unchanged, mistakes have been made and progress has been too slow." Allen also said "that the Iraqis should be given 60 to 90 days to stem the violence, particularly in Baghdad, before the U.S. initiates a change."

WTimes Endorses Allen. The Washington Times (10/19, 88K) endorses Sen. Allen, saying, "A vigorous conservative, he is a good choice for both moderate and conservative voters this November." Allen's opponents "have tried to obscure his record, which is no surprise. Mr. Allen has voted to cut taxes; opposed illegal immigration; supported the Patriot Act and other tough antiterrorismmeasures; supported our troops in Iraq and Afghanistan; and voted for conservative judges. He has also pushed free trade; defended traditional marriage; expanded opportunities for education and health care; aggressively worked to improve benefits for veterans; and sponsored economic, transportation and military initiatives which improved the livelihoods of Virginians across the state. That's a record the citizens of the Commonwealth can applaud."

Clinton Says Democrats Need To Fight Back Against GOP Attacks. The AP (10/19, Elliott) reports former President Clinton "bemoaned ideologues who describe opponents as 'running for office on his or her way to hell' and urged Democrats not to shy from fighting back." In a speech at Georgetown, Clinton said "intellectual debate should trump partisan rancor and either-or choices are false." Clinton said, "Most of us long for politics where we have genuine arguments, vigorous disagreements but we don't claim to have the whole truth and we don't demonize our opponents and we work for what's best for the American people." The AP adds Clinton "gave notice that Democrats would not be passive victims of attacks." He said, "This is a contact sport, politics. You can't complain about being attacked. It's like Yao Ming complaining about being fouled playing basketball."

The New York Times (10/19, Kornblut, 1.21M) reports Clinton "did not prescribe remedies for his party or give expansive advice about the 2008 presidential campaign. And his advisers insisted that the speech, at Georgetown University, was not tied to any presidential aspirations of his wife, Senator Hillary Rodham Clinton." But Clinton's advisers said "the address was an effort to convey the purpose of his two terms under a single heading. Mr. Clinton reviewed many of the themes of his own political career, especially that of leveling the economic playing field for all Americans."

The Washington Post (10/19, A4, Balz, 748K) reports Clinton said "that the governing Republican majority has abandoned the common good in favor of ideologically driven politics that demonize its opponents, has forced ordinary Americans to fend for themselves and has too often left the United States isolated internationally." Clinton used the "lengthy speech looking back at his own administration to offer sharp contrasts between the approach of Democrats in the 1990s and that of Republicans since President Bush took office more than five years ago."

In a Newsweek "Web exclusive" commentary (10/19), Richard Wolffe and Holly Bailey say Bill Clinton "declared his political comeback Wednesday with a set-piece speech that is aimed, according to his aides, at framing his governing philosophy in the context of the 2006 elections. Clinton's goal: to show why his philosophy works, and why Bush's doesn't. Clinton, of course, doesn't cite Bush's name. But he hardly pulls his punches against what he calls 'the leadership in Washington today.'" The speech "in theory…marked the 15th anniversary of Clinton's 'new covenant' speech at Georgetown University. In practice, it marked a reinventing of Clinton's themes -- three weeks before the congressional elections -- for today's problems." Clinton is "still trying to offer a vision of what he calls the 'common good' instead of division over taxes, culture and conflict."

TV Still Medium Of Choice For Political Ads. USA Today (10/19, Page, 2.27M) reports though "some candidates are experimenting with posting ads on websites and campaign video on YouTube, old-fashioned commercials on local TV stations remain what Democratic strategist David Axelrod calls 'the nuclear weapon' of politics." Viewers "across the country face an autumn deluge of campaign ads, especially in places such as Minnesota that have several competitive races. During the local news shows here — campaigns prefer them on the theory that people who tune in to the news are likely to be voters — the customary ads for new cars and diet aids have been largely replaced by ones for candidates." On Minneapolis-St. Paul stations alone, "more than $7.4 million had been spent by last Friday on ads aimed at shaping the election outcome, according to the media firm TNSMI/Campaign Media Analysis Group, and the

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most intense three weeks of advertising were still ahead." Evan Tracey of TNSMI "predicts a record $1.4 billion to $1.6 billion will be spent nationwide on political ads this year, with no signs of a drain to the Internet."

Democrats Embrace Opposition To Iraq War On Campaign Trail. The New York Times (10/19, Nagourney, Rutenberg, 1.21M) reports, "Four months ago, the White House offered a set of clear political directions to Republicans heading into the midterm elections: embrace the war in Iraq as critical to the antiterrorism fight and belittle Democrats as advocates of a 'cut and run' policy of weakness." But with "three weeks until Election Day, Republican candidates are barely mentioning Iraq on the campaign trail and in their television advertisements." Even President Bush, "continuing to attack Democrats for opposing the war, has largely dropped his call of "stay the course" and replaced it with a more nuanced promise of flexibility." For their part, Democrats "are pummeling Republicans with accusations of a failed war. Rather than avoiding confrontation on Iraq as they did in 2002 and 2004, they are spotlighting their opposition in new television advertisements that feature mayhem and violence in Iraq, denounce Republicans for supporting Mr. Bush and, in at least one case, demand the ouster of Defense Secretary Donald H. Rumsfeld." The development "also suggests that what has been a classic strategy of Mr. Bush's senior adviser, Karl Rove — to turn a weakness into a strength — is not working as well as the White House had hoped."

In his Roll Call column (10/19), Stuart Rothenberg says President Bush "and his allies have spent months trying to drum up support for the administration's Iraq policies by arguing that the Iraq War isn't merely an isolated battle but rather the front line in a much larger war against terrorism." This year, "it's fashionable to believe the link between those two 'wars' has been severed in the public's mind." But Rothenberg believes "the president has achieved what he wanted to achieve all along — to have Americans see Iraq as part of the larger American effort against terror — but he failed to understand that U.S. military and policy failures in Iraq could cause Americans to see the war on terror as failing as well." It's "no wonder Americans give the president increasingly poor grades on his handling of the war on terror. By Bush's own standard, the front line of the war against terror — his Iraq policy — has been considerably less than successful."

Economic Benefits From Iraq War Bolster Support In Alabama. The New York Times (10/19, Leland, 1.21M) reports Madison, Alabama, is a "well-to-do community of new brick housing developments on former cotton fields, is one of the fastest-growing towns in the Southeast. Its population of 36,000 is more than double what it was in 1990, largely because of the military and aerospace industries, which employ more than half the area's workers. Companies like Boeing, Hewlett-Packard and Raytheon have branches here." In interviews "this month about the elections, the overriding concern here was, in fact, the war in Iraq. But many residents said they were not seeking dramatic change." The concerns "expressed in interviews were less on local affairs than national ones. While many here have friends or relatives serving in Iraq, the town has also benefited from military contracts, which lead to high salaries, low unemployment and rising real estate values."

McCaskill, Talent Joust On Iraq, Other Issues During Final Debate. The AP (10/19, Lieb) reports that Democratic nominee Claire McCaskill "on Wednesday night called for the firing of Secretary of Defense Donald Rumsfeld as she and Republican Sen. Jim Talent mixed criticism with praise of each other in Missouri's final Senate debate. McCaskill claimed Rumsfeld had failed to give a single shred of correct advice about the war in Iraq, asserting: 'He should definitely be fired.'" Talent "declined to say whether Bush should retain or remove his defense secretary." Talent quickly "went on the offensive Wednesday against McCaskill by questioning her husband's business practices, whether her family has paid all of its taxes and her effectiveness as a Kansas City area prosecutor in 1990s." Talent, at one point, "complained that McCaskill had called him 'a false patriot' and that her campaign had said he was 'surrounded by scandal.' McCaskill apologized for the false patriot remark…but added she disagreed with the level of funding for veterans benefits that Talent and the Republican-led Congress had approved. 'You are surrounded by scandal, but it's not your fault, it's because you're in Washington,' McCaskill added, drawing the largest laugh of the evening from the audience."

The St. Louis Post-Dispatch (10/19, Franck, 300K) reports that on Iraq, Talent "said the war had been more difficult than anticipated. He said Rumsfeld had been at a disadvantage because of prior cutbacks in military staffing. Finishing the task, he said, is the only alternative in the conflict. 'The only thing worse than going through what we're going through now in Iraq is going through it for nothing,' Talent said." On other issues, Talent "cited low unemployment, double-digit economic growth and a surging stock market as validation that tax cuts approved in recent years were stimulating the economy. McCaskill suggested that the only ones enjoying those financial statistics are those on Wall Street." Both candidates "said the No Child Left Behind law was too fixated on rigid goals, rather than rewarding schools that improve.

Cardin Says Bush Should Fire Rumsfeld. The Baltimore Sun (10/19, Reddy, 262K) reports Democratic Rep. Benjamin L. Cardin "today called for the administration to fire

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Secretary of Defense Donald Rumsfeld and develop a plan to bring American troops home immediately." Cardin "criticized his Republican opponent, Lt. Gov. Michael S. Steele, for his support of President Bush's Iraq policy -- an accusation the Steele campaign adamantly denied today." Doug Heye, Steele's communications director, "insisted that Steele has been critical of the administration's Iraq policy." Heye said, "He has called for the president to be more open with what the mission on hand is and to set specific benchmarks so that we can get the job done as quickly as possible and bring our troops home as quickly as possible."

Black Leaders Have Mixed Reaction To Hoyer's Use Of "Slavishly" To Criticize Steele. The Washington Times (10/19, Ward, Miller, 88K) reports, "Opinion was mixed among black leaders in Prince George's County yesterday about whether a top Democrat's comment that Maryland Lt. Gov. Michael S. Steele is 'slavishly' devoted to the Republican Party is racist." House Minority Whip Steny H. Hoyer "made the comment Sunday before a group of mostly black business leaders in Upper Marlboro, as reported by MSNBC. Mr. Hoyer, who is white, has apologized for the remark, saying he should not have used the word 'slavish,' but that he meant no offense." Steele said, "Why use that word? You saying it tells me you think it and feel it." The Times adds Rep. Benjamin L. Cardin, "Steele's Democratic opponent, yesterday agreed that Mr. Hoyer's remarks were 'the wrong words to use,' but said the apology should 'put an end to it.'"

In Debate, Lieberman Hit By Foes Over Stance On War In Iraq. The AP (10/19, Miga) reports, "The Iraq war touched off a war of words Wednesday as Sen. Joe Lieberman debated four candidates trying to succeed him in the Senate. Two minor party candidates joined Democrat Ned Lamont in assailing Lieberman's support for the war." Taking aim at Lieberman, Lamont said, "Three-and-a-half years ago, President Bush rushed our country into war. … Senator Lieberman cheered him on every step of the way." In response, Lieberman "said, 'No one wants to end the war in Iraq more than I do.' But he warned against pulling out troops before the job is done." Lieberman "criticized Lamont's support for a Senate resolution earlier this year that would have set a July 1 deadline for withdrawing U.S. troops. 'That would be a recipe for disaster,' Lieberman said. 'We've got to end the war in Iraq, but we've got to do it in the right way.'" GOP nominee Alan Schlesinger "delivered an energetic debate performance similar to the one he gave Monday, but the long-shot candidate had a harder time Wednesday because of two minor party candidates," Green Party candidate Ralph Ferrucci and Concerned Citizens Party candidate Timothy Knibbs."

The New York Times (10/19, Medina, 1.21M) reports that Schlesinger "called for a three-state solution in Iraq, saying: 'The problem in Iraq is not the military. The problem in Iraq is political.'" The Times notes, "After all four of his opponents railed against the war," Lieberman "insisted that any discussion about it in Congress should include those who do not favor immediate withdrawal. 'We cannot and will not stay in Iraq forever,' he said. 'My commitment to Iraq is not indefinite or unconditional. We need to stay there as long as there is a reasonable prospect with our help of building a free and independent Iraq which will be a whole different path in the Arab world.'" Schlesinger fired back at Lieberman, saying, "You see this is what happens when you spend six years running for president and vice president of the United States, you begin to believe you are actually in the executive branch of the government." Lamont also "criticized a bill Mr. Lieberman sponsored that called for 'regime change' in Iran," but Schlesinger "made it clear that he agreed with Mr. Lieberman on that issue, saying that it would be impossible to negotiate with President Mahmoud Ahmadinejad of Iran. Mr. Lieberman did not back off his support for the legislation, saying it was because 'there are some leaders you can't negotiate with.'"

The New London Day (10/19, Mann) reports that Schlesinger "shined Wednesday as he had in a debate in Stamford, and his attacks on the incumbent Lieberman seemed to please Lamont's fans as much as they did Schlesinger's own. In a spat over Social Security, in which Lieberman reiterated his opposition to partial-privatization proposals for the program even as Lamont noted that the senator had 'been on both sides of the issue' in the past, Schlesinger drew the only applause. 'I say we repeal congressional pensions and put the Congress under Social Security like the rest of us,' he said. After Lieberman mentioned the Social Security trust fund, a prime topic in the senator's vice presidential campaign in 2000, Schlesinger turned to Lieberman, impassioned, to insist that the program's funding is in jeopardy. 'I'm telling you,' he cried. 'From the bottom of my heart! This thing is not funded. It's IOUs from Joe Lieberman and Al Gore.'"

Poll Finds Northern Virginia Residents Willing To Pay More Taxes For Transportation. The Washington Post (10/19, A1, Shear, 748K) reports, "A large majority of Northern Virginia residents want the state to spend more money to fix the region's roads and rails, and more than three-quarters say they wanted the opportunity to raise local taxes to do it, a new Washington Post poll shows." The survey "finds deep resentment among the region's voters toward their government in Richmond, particularly the General Assembly. Only 9 percent of likely Northern Virginia voters polled said they were 'very satisfied' that the

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government is working for the best interests of their part of the commonwealth. Forty-eight percent of those voters said they were dissatisfied, compared with 37 percent in other parts of the state." At the same time, "those likely voters living in the Washington suburbs gave extremely high marks to Gov. Timothy M. Kaine (D), despite his having so far failed to make good on his campaign promise to help solve the region's transportation problems. Almost 80 percent of Northern Virginians approve of the job he is doing as governor, the poll found." The results "highlight a truth about the Washington suburbs: There is desperation for a traffic fix and frustration with a state government that has not been able to deliver one."

Bloomberg's Car Stolen In Car Jacking. The New York Times (10/19, Chan, Schweber, 1.21M) reports that New York City Mayor Michael Bloomberg's 2001 Lexus was stolen in a carjacking in Hackensack, New Jersey yesterday. During the theft, "two thieves assaulted a personal employee of the mayor, took the car and ditched it about seven miles away, according to the authorities. … Though the car was recovered a few hours later, the thieves…were not apprehended." Bloomberg "was not involved in the carjacking."

GOP Columnist Urges Obama To Run For President. In his New York Times column (10/19), David Brooks says, "Barack Obama should run for president. He should run first for the good of his party. It would demoralize the Democrats to go through a long primary season with the most exciting figure in the party looming off in the distance like some unapproachable dream. The next Democratic nominee should either be Barack Obama or should have the stature that would come from defeating Barack Obama." Obama's "style is surely the antidote to the politics of the past several years. It is surely true that a president who brings a deliberative style to the White House will multiply his knowledge, not divide it."

Murray Says Online Gambling Bill Could Cost GOP Votes. Charles Murray, a scholar at the American Enterprise Institute, writes in the New York Times (10/19, 1.21M), "Last week President Bush signed a law that will try to impede online gambling by prohibiting American banks from transferring money to gambling sites." Murray says the signing "may do significant political damage to the Republicans this fall and long-term damage to Americans' respect for the law. … In the short term, this law all by itself could add a few more Democratic Congressional seats in the fall elections. We are talking about a lot of people (an estimated 23 million Americans gamble online) who are angry enough to vote on the basis of this one issue, and they blame Republicans."

WSJournal Criticizes Ninth Circuit Ruling In UPS Case. An editorial in the Wall Street Journal (10/19, 2.03M) faults "last week's ruling by the Ninth Circuit Court of Appeals that United Parcel Service has violated federal law by banning drivers who are deaf. While acknowledging that federal law requires drivers of trucks heavier than 10,000 pounds to be able to hear, a three-judge panel of the oft-overruled court ruled that UPS was obliged to prove that allowing the deaf to drive one of its ubiquitous brown vehicles would be unsafe. … UPS drivers have to keep to a tight schedule, often amid crowded urban traffic where the ability to hear is needed to prevent accidents to other cars and pedestrians. A company such as UPS is obliged to take such precautions if only to protect itself against liability. The Ninth Circuit has once again let its egalitarian impulses trump the larger public good."

Rice Says US Will Defend Japan, Which Says It Has No Plans To Build Nuclear Arsenal. Coverage of the North Korea nuclear crisis has declined over the past 24 hours, with just a brief mention on the CBS Evening News and no coverage at all on NBC Nightly News. Unlike Wednesday's coverage, which was generally skeptical of Secretary Rice's chances of success during her Asia trip, the latest reports tend to cast her as firm and resolute. ABC World News (10/18, 6:05, Gibson, 8.78M) led its broadcast with a lengthy George Stephanopoulos interview with President Bush. The President said if the US learned North Korea was planning to transfer nuclear weapons to Iran or al Qaeda, "They would be held to account. … We would stop the transfer. … I want the leader to understand, the leader of North Korea, he'll be held to account. Just like he is being held to account now for having run a test." When Stephanopoulos said China "only seems half-committed" to sanctions against North Korea, Bush said, "I think I'm getting a little different picture from Condi. They don't particularly want to board ships. But on the other hand, if there is good intelligence, they will work with us on that intelligence." The AP (10/18) summarizes the interview.

Most of the coverage deals with Rice in Japan, and has fallen off the front pages. CBS Evening News (10/18, story 5, 0:15, Couric, 7.66M) said the "North Korean nuclear crisis took center stage in Tokyo where Secretary of State Rice is promising the US will continue to protect Japan." CNN's The Situation Room (10/18, Verjee) said, "The message from Secretary Rice to Japan: Don't worry, the US stands with Japan. The defense alliance is strong." And in more blunt terms, Brit Hume on Fox News' Special Report (10/18) said Rice "assured Japan that while diplomacy is the order of the day in dealing with North Korea, the US still has the ability to blow North Korea to smithereens if Pyongyang attacks its neighbors."

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The Wall Street Journal (10/19, A6, Ramstad, King, Fairclough, 2.03M) said Rice "sought to ease jitters in Japan" during her visit, promising that the US "would use the 'full range' of its powers" to defend that US ally. The Journal also says scientists and military analysts said a possible second North Korean test, "while certain to provoke widespread condemnation, could provide useful insight into North Korea's technical capability and its intentions."

Other reports highlight Japan's renewed insistence that it has no plans to pursue a nuclear weapons program of its own. In the second line of its report, the New York Times (10/19, Shanker, Onishi, 1.21M) quotes Foreign Minister Taro Aso saying, "he government of Japan has no position at all to consider going nuclear. There is no need to arm ourselves with nuclear weapons, either." The Times said Rice "vowed that the full range of American military commitments to Japan remained undiminished." McClatchy (10/19, Strobel, Doi) also quotes Aso. In its own straightforward report, the Washington Post (10/19, A24, Kessler, 748K) leads by saying Aso said "Japan 'is absolutely not considering' building a nuclear arsenal."

McCain Says North Korea May Sell Nuclear Weapons To Terrorists. Appearing on MSNBC's Hardball (10/18), Sen. John McCain said of North Korea, "I am afraid that if they have nuclear weapons, there's a risk of them selling them, possibly to a terrorist organization. I think there's a lot at stake here, and I think the President has led us well in this crisis by going to the United Nations by seeking and obtaining sanctions against North Korea."

Rumsfeld Says Nuclear Proliferation "Practically Impossible" To Prevent. In a straightforward report, the Financial Times (10/19, Sevastopulo, Pilling) says Secretary Rumsfeld said in Alabama Wednesday that it "was 'practically impossible' to prevent countries from proliferating nuclear weapons if they had that aim." He said, "This is one of the hardest things we do. … It would take a lot of countries co-operating with a high degree of cohesion."

Experts Say North May Continue Testing. The Christian Science Monitor (10/19, Grier, 58K) runs a feature titled "Pyongyang's Nukes: How Dangerous Are They?" The Monitor says the October 6 test "was small, and possibly a failure. But US experts say that given the length of time the North Koreans have been at work, and the apparent importance of nuclear weapons to the country's leadership, they may now continue to test until they get it right."

Pyongyang Increasingly Unable To Prevent Defections, Starvation. The New York Times (10/19, Onishi, 1.21M) runs a 2,600-word feature on defectors from North Korea, finding that the "increasing ease with which people are able to buy their way out of North Korea suggests that, beneath the images of goose-stepping soldiers in Pyongyang, the capital, the government's still considerable ability to control its citizens is diminishing." The Times interviewed defectors in South Korea and Thailand, concluding that the North Korean government, "while still a repressive police state, is progressively losing the paramount role it used to enjoy in society." Meanwhile, the Christian Science Monitor (10/19, Kirk, 58K) reports on another upcoming winter of hunger in North Korea, examining the "critical question of how the world can unite in a forceful response" to the nuclear test "and still rescue the North's hungry people."

WSJournal Urges South Korea To Quash Trade With North. The Wall Street Journal (10/19, A18, 2.03M) editorializes that as Rice moves on to Seoul, "we hope two names were at the top of her list of talking points: Kaesong and Mt. Kumgang," the "centerpieces of the South's misbegotten 'sunshine policy' of engagement with the North. They are also money machines for Kim Jong Il, contributing to the record $1 billion North-South trade last year." Kim "has had years to show he's serious about economic reform but there's nothing to show for it," and he has now "told China that his response to the U.N. sanctions will be to explode three more nuclear bombs as 'tests.' And why not, as long as he knows he can count on his patrons in Seoul to keep him in hard currency?"

Iran Warns UN Against Sanctions. The AP (10/18, Karimi) reports Iran said the likely imposition of sanctions by the UN Security Council "would wreck any possibility for a compromise to resolve the standoff over the country's disputed nuclear program." Iranian negotiator Ali Larijani "said the West knows that their path would incite regional crisis, but he reiterated that Iran is ready for unconditional talks." Meanwhile, the New York Times (10/19, Fathi, 1.21M) reports Iran's leaders have mostly "offered silence on what lessons they draw" from the North Korean standoff, "other than to say, as they have in the past, that they intend to continue what they call a peaceful nuclear program."

Israeli Troops Kill Two Hamas Gunmen. The Washington Times/AP (10/19, Barzak) reports, "Israeli tanks and infantry took up positions on the Egypt-Gaza border yesterday for the first time since the pullout from Gaza a year ago, killing two Palestinian gunmen as the army broadened its search for arms-smuggling tunnels." The IDF pushed into Rafah, a border town, Wednesday morning, in what officials called "an operation to uncover tunnels used by Palestinian militants to smuggle weapons from Egypt. The army said it has uncovered five tunnels so far." The two gunmen were killed "as they approached army positions in Rafah," and Hamas identified one of them as "a senior participant involved in" the June abduction of Israeli Cpl. Gilad Shalit.

The Los Angeles Times (10/19, Ellingwood, 918K) details the nine tunnels discovered by the IDF, seven of which are complete. "Israel wants to avoid a repeat of its

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experience this summer in southern Lebanon, where, in the eyes of many Israelis, too little had been done over the years to prevent Hezbollah from building up an impressive arsenal." Experts "say that in the last year, Palestinian guerrillas hoping to counter Tel Aviv's vast military edge have smuggled tons of arms and explosives into Gaza through tunnels. The weapons, the Israelis say, include 122-millimeter Grad rockets."

Evangelicals Lobby Bush To Intervene In Darfur. The AP (10/19, Zoll) reports, "Liberal and conservative evangelicals set aside their political differences Wednesday to urge that President Bush do more to end the humanitarian crisis in the Darfur region of Sudan." While the White House did not "immediately respond" to overtures from both liberal and conservative Christian groups, the AP notes some believe "world attention to the region has been sporadic, and evangelical leaders think time is running out to prevent what many consider government-backed genocide." Religious "leaders said they are not calling for U.S. military intervention, but instead want the U.S. to use its authority as a world leader to get a multinational force into the country." Their methods will include "print newspaper ads, a letter-writing campaign to Bush and other activities. Among the supporters are some of the top names in the evangelical movement: the Revs. Ted Haggard and Rich Cizik of the National Association of Evangelicals; the Rev. Samuel Rodriguez of the National Hispanic Christian Leadership Conference; and the Rev. Geoff Tunnicliffe of the World Evangelical Alliance."

The Washington Times (10/19, Duin, 88K) adds, "Twenty-four liberal and conservative evangelical leaders representing at least 50 million Americans called on President Bush yesterday to 'stop the genocide' in Darfur, saying he is the only world leader in a position to do so." The Times says five of those leaders "promised to put the immense resources of the country's evangelical Christian populace at the president's disposal on behalf of the beleaguered inhabitants of western Sudan."

Tamil Tigers Suicide Bombing Brings Civil War To Southern Sinhalese Port. The New York Times (10/19, Senanayake, 1.21M) notes, "Powerful explosions rocked" Galle, "an important southern tourist and port town in Sri Lanka for the first time on Wednesday, apparently extending the war in [Sri Lanka] to a stronghold of the Sinhalese ethnic majority." Colombo "said suicide boats of the secessionist Liberation Tigers of Tamil Eelam, disguised as fishing boats, had been detonated near a navy base. While the death toll was low — one sailor and 15 rebels — the attack was significant because the recent surge in fighting between the government and the rebels had largely been concentrated in the Tamil-dominated north and the east." The Times says the "attack was quickly followed by sporadic violence, with angry mobs attacking Tamil-owned stores in the town and smashing windows." The Tigers declined to comment on the Galle attack.

US Rejection Of Technology Transfer Request Scuttles Spain-Venezuela Airplane Deal. The New York Times (10/19, McLean, 1.21M) reports Spanish Foreign Minister Miguel Ángel Moratinos "said Wednesday that a deal to sell military aircraft to Venezuela had been canceled because American government objections made it unfeasible." The Administration "denied Spain's request in January, saying that the sale would strengthen the government of President Hugo Chávez, which is hostile to American interests, and destabilize the region. Permission from the White House was needed because the aircraft would use American technology." The potential deal, "which involved the sale of 12 military transport planes, was signed in November as part of a broader agreement between Spain and Venezuela that was valued at 1.7 billion euros, about $2.1 billion." Spanish authorities complained "that the aircraft deal would have created hundreds of jobs. They also dispute the American contention that the sale would have a destabilizing effect, contending that transport planes are not suited for attack missions that could threaten Venezuela's neighbors."

Support Builds For Nicaraguan Atlantic-Pacific Canal. USA Today/AP (10/19, Watson) notes, "Dusting off a dream that dates back 500 years, Nicaragua wants to build an $18 billion alternative to the increasingly overloaded Panama Canal." The AP notes that "polls predict [Panamanians] will approve widening their 92-year-old canal" in a referendum this Sunday, but "Nicaraguan officials insist there isn't a rivalry, saying there's enough traffic to sustain two waterways, and theirs would be able to handle bigger ships." A Nicaraguan canal "would be 173 miles long," running up the San Juan River to Lake Nicaragua and west for twelve miles in a constructed canal. "Nicaragua's outgoing president, Enrique Bolanos, says a canal could be built in 12 years and would open the way for giant tankers from Asia that cannot squeeze through Panama's 50-mile waterway. The Nicaraguan option could cut a day off shipments between California and New York, while Chinese tankers could save as much as 36 days and $2 million on their round trips to the U.S. East Coast, Bolanos said."

Russian Deportations Of Georgians Escalate. USA Today (10/19, For, 2.27M) reports, "Russian authorities pressed ahead this week with deportations of Georgians living illegally in the country, signaling the Kremlin won't let up a diplomatic war with its Soviet-era satellite state." USA

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Today says Russian authorities have "deported more than 540 Georgians — 140 on Tuesday alone — this month," actions the Moscow Helsinki Group and others called "a systematic campaign of ethnic harassment that is expanding to include other non-Russians." Georgia has long "sought to distance itself from Moscow's influence," and the latest disputes also involve "Georgia's two breakaway regions, Abkhazia and South Ossetia. The two regions, whose bids for separation from Georgia are supported by Russia, are monitored by Russian peacekeepers." Noting the economic links between the two nations, USA Today says "Russia has long been a magnet for Georgians, who can earn more [in Moscow] than at home, where the average salary is $100 per month."

State Department Official Denies Linkage Between North Korea, Georgia UNSC Votes. The Washington Times (10/19, Sands, 88K) reports Assistant Secretary of State Dan Fried "denied yesterday that the Bush administration supported a Russian-backed U.N. resolution critical of Georgia last week in order to win Moscow's support for a package of sanctions against North Korea over its nuclear missile test." The Times notes that "two top Georgian lawmakers expressed disappointment with the U.S. vote and said it would only help Russia's long-term goal of 'regime change' in" Tbilisi. Fried "told reporters on a visit to Tbilisi yesterday there was no horse-trading over the two votes." The Times explains that the UNSCR "renewed the expiring mandate of a U.N. observer group monitoring the standoff between Georgia's central government and the Russian-backed separatist enclave in Abkhazia," and also "included new, Russian-backed language that called on Georgia to refrain from 'militant rhetoric' and 'provocative' actions in the Kodori Gorge, a disputed region on the unofficial border with Abkhazia that Georgian troops reclaimed in a bloodless operation in July." Ambassador Bolton "issued a statement after Friday's vote defending the Kodori operation as an 'exercise of Georgia's sovereign right.' He expressed regret that Moscow had pushed the critical Georgia resolution without coordinating with Western countries trying to resolve the standoff."

New Registration Law Forces Many Russian NGOs To Cease Operations. The Washington Times (10/19, Mainville, 88K) notes, "Dozens of human rights groups and humanitarian charities will be forced to suspend work in Russia today after missing a deadline for registering under a law against foreign support of nongovernmental agencies." The legislation "allows authorities to shut down nongovernmental organizations (NGOs) if they fail to register again with Russia's Justice Ministry, provide financial data and submit program plans for approval." NGOs failing to supply the information and take the required steps will lose their legal status and cease operating after January 18. The Times notes, "Among the organizations that failed to obtain registration were Amnesty International, Human Rights Watch, the International Republican Institute (IRI) and the National Democratic Institute (NDI)."

Controversy Over Veils Aggravates Tensions In UK. The Wall Street Journal (10/19, A6, Ball, Bryan-low, 2.03M) reports, "A furor over Muslim women wearing veils is aggravating long-simmering tensions between the British government and the nation's large Muslim population, illustrating conflicts between the government's goals of protecting religious rights and fostering a cohesive society." Despite long-standing policies granting British Muslims "broad freedom to follow their religious customs," UK officials have now "raised the question of how separate Muslims have a right to be." The UK's "newly surfaced tensions echo those that have long been in the open elsewhere in Europe over religious dress," however, those "tensions threaten to stymie [Prime Minister Tony] Blair's efforts to improve communication with the Muslim community. That has been a government priority as it toils to stamp out home-grown radicalism and lessen the chance of further terrorist attacks on British soil." Blair's team "has struggled to build bridges with the Muslim community."

NYTimes Says European Governments, Muslims Have Failed To Bridge Gap. In an editorial today, the New York Times (10/19, 1.21M) says the issue in the current controversy is "the larger question of the place of Europe's Muslim minority. … The problem is that the discovery of jihadists in Europe…has made non-Muslim Europeans far more suspicious of the large Muslim minorities among them and what they perceive as a self-imposed isolation. Those suspicions have, in turn, bolstered the arguments of a small minority of Muslim leaders who call for more isolation." The Times says officials should tackle "the failure of European governments to address the sources of immigrant discontent," and the debate should focus on "the failure of Muslim leaders in the West to counter the rise of extremism in their communities." They conclude, "The public attacks on a religious custom by Mr. Straw and Mr. Blair will only feed the suspicions of non-Muslim Europeans and the sense of stigma and segregation among European Muslims."

Barbour Griffith Begins Advocacy Work For Serbia. In her weekly column on the lobbying world in the Washington Post (10/19, A27, 748K), Judy Sarasohn says Republican lobbyists Barbour Griffith & Rogers "has picked up a client that won't be an easy sell to the U.S. government, but at least it pays well. The contract is with the government of Serbia for $60,000 a month, from July 28, 2006, through Jan. 31, 2009. If all goes as planned, that would amount to a total of $1.8 million." The firm's "work for Serbia…comes at a time of tense negotiations over the independence of Kosovo

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and its ethnic Albanians as well as the Serbian government's apparent lack of interest in finding war crimes suspect Ratko Mladic." They have pledged to provide Belgrade with "strategic counsel and tactical planning on foreign policy matters regarding Serbia before the U.S. government." Those assigned to manage the Serbia work include former Deputy National Security Advisor Robert Blackwill, and Andrew Parasiliti, former foreign policy aide to Sen. Chuck Hagel."

Israeli President's Rape Charges Said To Highlight Shifting Social Attitudes. A 1,143-word feature in today's New York Times (10/19, Kraft, 1.21M) reports, "For decades it was widely accepted that some of Israel's top military officers and government ministers considered sexual encounters with female employees a seigneurial right. A society built partly on the conscious effort to project an image of strength tended to overlook such harassment." The Times says "alleged womanizing by national legends…was considered part of their mystique." However, "the ground is shifting rapidly under the feet of the current crop of leaders as a result of legal and societal changes." The Times explains, "The militarization of Israeli society that eventually followed in the wake of successive wars with Arab neighbors seemed to cement Israel's male-dominated character. And while that has not changed completely, the question of sexual harassment is getting real attention, especially in the army, which is the epicenter of such activity and the institution with the most influence on the society."

Scholar Says US Should Not Gloss Over Radicalization Of Turkish Politics. In an op-ed in today's Wall Street Journal (10/19, A18, 2.03M), the American Enterprise Institute's Michael Rubin says "inept U.S. diplomacy risks undercutting a key democracy (and ally) that President Bush once called a model for the Muslim world." Turkey's future "as a secular, Western-oriented state is at risk," and "U.S. diplomats interfere to dismiss Turkish concerns and downplay the Islamist threat." US Ambassador Ross Wilson recently "dismissed opposition concern about the Islamism of Mr. Erdogan's ruling Justice and Development Party (known in Turkish as the AKP) as 'political cacophony,'" and "his remarks were consistent with those of his State Department superiors." Rubin says the AKP leaders "seek to alter the system itself," and Erdogan has "waged a slow and steady assault on the system. He endorsed, for example, the dream of Turkey's secular elite to enter the European Union, but only to embrace reforms diluting the checks and balances of military constitutional enforcement." Rubin continues, "The assault on the secular education system has been subtle but effective," and Erdogan's anti-democratic "tactics have become commonplace." He concludes, "Diplomacy should not just accentuate the positive and ignore the negative. When a country faces an Islamist challenge, PC platitudes do far more harm than good. At the very least, U.S. diplomats should never intercede to preserve the status quo at the expense of liberalism." The US' primary goal should be "the triumph of the democratic and liberal ideas for which Turkey traditionally stands."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Crossing Guards In Training."
"Inroads Into GOP Country."
"More Homeowners Going Into Default."
"Residuals Debate: Old Script On New Set."
"N. Korea Sanctions Hang On Bridge Across The Yalu."
"Troop Losses On Pace For 2-Year High."
"2 Held in Squatter Scam That Targets The Elderly."

USA Today:
"Flood Risk Doesn't Stop Rebuilders."
"Fall TV Lineup Filled With Political Spots."
"U.S. Toll Soars As Fight For City Rages."
"Deadliest Days Of 2006."

New York Times:
"Premier Of Iraq Seeks Assistance Of Shiite Clerics."
"Tables Turned For The G.O.P. Over Iraq Issue."
"A New Mayor Tests His Promises On Newark's Harsh Reality."
"With Cash, Defectors Find North Korea's Cracks."
"Israel Warriors Find Machismo Is Way Of Past."
"New Laws and Machines May Spell Voting Woes."

Washington Post:
"One-Day Iraq Toll Is Highest for U.S. In Many Months."
"Gallaudet Trustees Split On Fernandes."
"Militias Splintering Into Radicalized Cells."
"Moderates In Kansas Decide They're Not in GOP Anymore."
"Stadium Garages Proposal Rejected."
"Poll Shows Support For Va. Tax Increase."
"High Hopes, Higher Home Prices, In Anacostia."

Washington Times:
"'Dramatic Change Of Direction' Coming For Iraq."
"Conservative Voters Likely To Stay Home."
"Star Power To Fill War Chest."
"Democrats Would Reverse Bush's Work."
"Pyle House Picked National Landmark."
"Charities In Russia Stymied By News Law."

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"Virtual Colonoscopy Accurate And 'Less Invasive'."

Detroit Free Press:
"Ready, Still Waiting."
"Ultimate Tigers Fans."

Atlanta Journal-Constitution:
"Will New Symphony Hall Change Sites."
"Women May Give Perdue Crucial Edge."
"Children At Risk."
"Liberated Wives Feel Free To Take Husband's Name."

Story Lineup From Last Night's Network News:
ABC: Bush Interview-North Korea, Iraq; Iraq-Sectarian Violence; Bush Interview-Politics; Walk-in Health Clinics; Terrorism Threat; Stock Market; Social Security Increase; MySpace-Sex Offenders Using; Bush Interview-Next President.
CBS: Iraq-Sectarian Violence; Reservist Activated; Iraq Conflict-Analysis; American Soldiers On Trial; North Korea-UN Sanctions; Terrorism Threat; Social Security Increase; Stock Market; Drugging Children-Foster Care; NFL Caskets; Bob Schieffer Opinion –Love OF Sports; School Tag Banned; Love For Pizza.
NBC: Political Polls-Iraq; Iraq-Sectarian Violence; American Soldiers On Trial; Who Is The Enemy?; Terrorism Threat; Stock Market; Campaign 2006; Social Security Increase; Medicare Benefits-Cancer Care; Baby Boomers-And New Careers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rice-Asia Trip; North Korea-Nuclear Program; NFL Terror Threat; Bush-Iraq.
CBS: Bush-Iraq; Marines-Second Iraq Tours Of Duty; NFL Terror Threat; MLB Playoffs; Wall Street.
NPR: Gitmo Detainee Allowed To Contact Family; FL-Foley Replacement; NFL Terror Threat; Foreign Stock Markets; Social Security-2007 COLA; AMR Corp.-Third Quarter Profit; Airline Pilots Union-New President.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Friends of Dan Sherwood reception, Keystone College, La Plume, Pa.; attends Friends of George Allen reception, Science Museum of Virginia, Richmond.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in the Preserve America Summit, Customs House, New Orleans; tours the Audubon Insectarium and participates in a youth breakout session on Preserve America, Customs House, New Orleans.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: EMERGENCY PREPAREDNESS _ Joint Commission Resources, the American Red Cross and OSHA hold the 2nd annual ``Emergency Preparedness Conference: Readiness on the Home Front." Highlights: 8:30 a.m. Hakan Sandbladh of the International Federation of Red Cross and Red Crescent Societies speaks about emergency preparedness worldwide. 9:10 a.m. Sessions on lessons learned from hurricanes, with Hank Wheeler, Hancock Medical Center, Bay St. Louis, Miss.; Norman McSwain, Charity Hospital, New Orleans, Douglas Jolly, Baptist Health South Florida, Miami. 10:50 a.m. Session on managing earthquake responses, with Paul Odberg, International Red Cross; and Wally Ghurabi, UCLA Medical Center, Santa Monica, Calif. 11:30 a.m. Session on managing responses to tornadoes, with Mark Schultz, sumner Health Care, Gallatin, Tenn.; Pamela Hoffner, Vanderbilt University Medical Center, Nashville. 12:15 p.m. Keynote speech - Labor Secretary Chao. Location: Renaissance Washington Hotel, 999 9th St. NW.

HAMDAN V. RUMSFELD _ Two-day symposium sponsored by the George Washington Law Review on the implications of the recent Supreme Court decision in Hamdan v. Rumsfeld. Highlights: 1 p.m. Discussion on enemy combatants under the radar. 3:45 p.m. Session on trying enemy combatants in civilian courts. Location: Lerner Hall, 2000 H St. NW.

FOLEY SCANDAL _ 9 a.m. Judicial Watch holds a panel discussion on the fallout from the resignation of Rep. Mark Foley and surrounding events, with Stephen Hess of Brookings, others. Location: National Press Club.

CREDIT _ 9:30 a.m. Treasury Secretary Paulson and Deputy Assistant Secretary Dan Iannicola discuss Get Smart About Credit Day. Location: Room 5432, main Treasury.

CHRISTIANS-ENVIRONMENT _ 10 a.m. Christian evangelicals hold a telephone news briefing to announce a program to convince people that creation care and environmental stewardship is a top policy priority. Contacts: Katie Barge, 202-544-7921. Notes: Callin number: 800-658-0035; password: Great Warming.

PANDEMIC FLU _ 10:30 a.m. - 12 p.m. Brookings scholars will address the potential impact of a pandemic flu worldwide. Featured speakers include Joshua Epstein, senior fellow and modeler for the National Institutes of Health and Warwick McKibbin, nonresident senior fellow, professor of international economics at the Australian National University and professorial fellow at the Lowy Institute for International Policy. Carol Graham, senior fellow and co- director, Center on Social and Economic Dynamics and professor, School of Public Policy, University of Maryland, will make opening

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remarks and moderate the discussion. Location: 1775 Massachusetts Ave. NW.

MERRIT _ 12 p.m. The National Economists Club holds its weekly luncheon with David Merrit of the Center for Health Transformation, speaking on ``Transforming Healthcare: Real Change Requires Real Change." Location: Chinatown Garden Restaurant, 618 H St. NW.

RED CROSS _ 12 p.m. International Red Cross President Jakob Kellenberger speaks at Georgetown University on the challenges facing the committee and international Humanitarian law. Location: Gaston Hall, 3rd floor, Healy Hall, Georgetown University.

EXPORT CONTROLS-DEFENSE _ 12 p.m. - 1 p.m. The Heritage Foundation hosts a panel, ``Export Control Policy in the Age of Globalization: The View From The Defense Industry." Speakers: Mark Esper, Executive Vice President, Aerospace Industry Association of America; Robert Bauerlein, Vice President, The Boeing Company; and Charles Jameson, Vice President, Northrop Grumman Corporation. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

FOREIGN POLICY _ 12:15 p.m. The New America Foundation holds a panel discussion on the future of American foreign policy, with Anatol Lieven of the foundation, author Michael Signer, Lawrence Kaplan of New Republic, and Michael Lind of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

UNINSURED _ 12:15 p.m. The Alliance for Health Reform and the Kaiser Family Foundation hold a briefing on the increasing number of Americans without health insurance, with Bo Garrett and John Holahan of the Urban Institute, Jeanne Lambrew of the Center for American Progress and Chip Kahn of the Federation of American Hospitals. Location: Room 106, Dirksen.

NUCLEAR WEAPONS _ 12:30 p.m. The National Nuclear Security Administration holds a press conference phone call to discuss plans to prepare an environmental impact statement for the transformation and modernization of the Cold War-era nuclear weapons complex. Contacts: n/a, 202-586-7371.

NO CHILD LEFT BEHIND _ 1 p.m. The PDK International education group holds a panel discussion on lessons learned from the No Child Left Behind law, with Michael Casserly of the Council of Great City Schools, Maine Education Commissioner Susan Gendron, Virginia McClaughlin of the College of William and Mary, Wendy Puriefoy of the Public Education Network, William Sanders of the University of North Carolina, others. Location: Capital Hilton, 16th and K Sts. NW.

VOTERS-HISPANICS _ 1:30 p.m. Democracia USA, a project of People for the American Way Foundation, holds a news briefing to announce that it has registered over 100,000 new Hispanic voters in four key electoral states. Location: National Press Club.

MEDIA OWNERSHIP _ 2 p.m. The Media and Democracy Coalition holds a telephone briefing to release research concerning the impact of proposed FCC media ownership rule changes on local communities. Contacts: Jon Rintels, 202-747-1712. Notes: Callin number: 888-424-6234; passcode: 7882031.

NO CHILD LEFT BEHIND _ 3 p.m. The New America Foundation holds a discussion on the future for teachers of young children within the No Child Left Behind Act, with Kimberly Oliver, 2006 Teacher of the Year; Rebecca Palacios of the National Board for Professional Teaching Standards; Josue Cruz, Jr., Bowling Green STate University; Stephanie Robinson, Yale University, Ruby Takanishi, Foundation for Child Development. Location: Room 325, Russell.

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Subject:	Attorney General's News Briefing for Friday, October 20, 2006
Attachments:	agnb061020.pdf; agnb061020.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 20, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

DOJ Tells Court It Lacks Jurisdiction In Detainee Cases. The Washington Post (10/20, A18, DeYoung) reports, "Moving quickly to implement the bill signed by President Bush this week that authorizes military trials of enemy combatants, the administration has formally notified the U.S. District Court here that it no longer has jurisdiction to consider hundreds of habeas corpus petitions filed by inmates at the Guantanamo Bay prison in Cuba." The Post continues, "In a notice dated Wednesday, the Justice Department listed 196 pending habeas cases, some of which cover groups of detainees. The new Military Commissions Act (MCA), it said, provides that 'no court, justice, or judge' can consider those petitions or other actions related to treatment or imprisonment filed by anyone designated as an enemy combatant, now or in the future. … Beyond those already imprisoned at Guantanamo Bay or elsewhere, the law applies to all non-U.S. citizens, including permanent U.S. residents." The Post adds, "The new law already has been challenged as unconstitutional by lawyers representing the petitioners. The issue of detainee rights is likely to reach the Supreme Court for a third time." The Post notes, "Immediately after Bush signed the act into law Tuesday, the Justice Department sent a letter to the U.S. Court of Appeals for the District of Columbia Circuit asserting the new authorities and informing the court that it no longer had jurisdiction over a combined habeas case that had been under consideration since 2004. The U.S. District Court cases, which had been stayed pending the appeals court decision, were similarly invalid, the administration informed that court on Wednesday. … A number of legal scholars and members of Congress, including Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have said that the habeas provision of the new law violates a clause of the Constitution that says the right to challenge detention 'shall not be suspended' except in cases of 'rebellion or invasion.' Historically, the Constitution has been interpreted to apply equally to citizens and noncitizens under U.S. jurisdiction."

Red Cross Expresses Concerns About New Law. The Financial Times (10/20, Sevastopulo, Dombey) reports, "The International Committee of the Red Cross raised concerns on Thursday about recent US legislation that creates military commissions to try prisoners at Guantánamo Bay and redefines American obligations under the Geneva conventions." Jakob Kellenberger, the ICRC president, "said the legislation 'raises certain concerns and questions.' 'The very broad definition of who is an "unlawful enemy combatant" and the fact that there is not an explicit prohibition of the admission of evidence attained by coercion are examples,' he said, in comments posted on the ICRC website following a speech at Georgetown University."

More Commentary. In a column distributed by Scripps Howard news service (10/20), Dan K. Thomasson writes, "The news photos of President Bush signing the latest anti-terrorist measure show a line up of dignitaries whose unsmiling countenances were properly grim for witnessing the execution of the American notion of justice. … Obviously some in the gathering, like Attorney General Alberto Gonzales and Vice President Cheney, don't see it that way. For them the potential shredding of civil liberties is necessary to save the nation from the terrorist hordes waiting to destroy us. One doesn't smile in triumph when the president is saving the lives of millions of Americans. … But one would hope that the somberness of some of those in attendance, like Sens. John Warner, R-Va., and Lindsey Graham, R-S.C., may have stemmed from an uncomfortable realization that their earlier fight against passage of a bill they considered dangerously excessive was in the end futile and unrewarding." Thomasson continues, "How long this law will stay in place is the subject of much speculation. Civil libertarians already are talking about a new challenge in the federal courts on constitutional grounds because it strips suspects of habeas corpus rights. The Democrats who strenuously opposed it may want to challenge it next January if the November election gives them control of one or both houses of Congress as the signs now indicate." Thomasson adds, "The president's action was seen by longtime observers as an attempt to turn the nation's focus away from Iraq and toward terrorism in advance of next month's important midterm elections. For a time it seemed to work but gains in the president's approval ratings during that time have since slipped back." Thomasson concludes, "Of course we must guard ourselves from the maniacs and that requires strong medicine. But should we torch the Constitution and international agreements to do so? Who shall guard against the guardians? Plato's question is never more relevant than

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now. That is not a statement reflecting a tolerance for terrorism. It is only an expression of concern about how much of our own freedom is lost to accomplish this job. … This is grim business."

Attorneys Claim Padilla Was Drugged, Threatened. Bloomberg (10/20, Bliss, St.onge) reports, "Lawyers for accused terrorism supporter Jose Padilla say U.S. authorities drugged him with LSD or PCP, filled his cell with 'noxious fumes' and threatened to slash him with a knife while he was being held without charges." Bloomberg continues, "In court papers seeking dismissal of charges against Padilla, his lawyers said the abuse occurred after President George W. Bush declared him an 'enemy combatant' following his arrest in 2002. The designation allowed Padilla, a U.S. citizen, to be held without being charged with a crime for three years and five months. … 'The torture took myriad forms, each designed to cause pain, anguish, depression and, ultimately, the loss of will to live,' according to the court document filed Oct. 4 in federal court in Miami." Bloomberg adds, "The government initially accused Padilla, who was arrested in Chicago, of plotting to explode a radioactive 'dirty bomb' in the U.S. The government later said the al-Qaeda terrorist group trained him to blow up U.S. apartment buildings. … In November 2005, Padilla and four co-defendants were indicted on charges of conspiring to provide material support to terrorists. He is awaiting trial."

Canadian Officials Told US Arar's Terror Links Were Not Definite. The AP (10/20, Yost) reports, "Days before the Bush administration put Canadian citizen Maher Arar on a plane for Syria, Canadian law enforcement officials advised their U.S. counterparts that evidence of terrorist links by Arar was not definitive. … Why the Bush administration still shipped Arar to Syria - where he was tortured - and whether he remains on the United States' terror watch list are still unknown. Administration officials refuse to talk about the case." The AP adds, "It has been a month since a Canadian commission cleared Syrian-born Arar of all suspicion of terrorist activity, yet Arar still can't get into the United States, one of his lawyers, Michael Ratner, said Thursday. … John Cavanagh, director of the Institute for Policy Studies, asked Attorney General Alberto Gonzales to clear Arar's name and let him come into the United States this week to receive a human rights award. … Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment. … It is not the Justice Department that keeps track of terrorist watch lists, but rather the Homeland Security Department, where spokesman Russ Knocke said in an e-mail, 'We do not disclose names on watch lists.'" The AP notes, "Arar is a software engineer who was traveling on a Canadian passport in 2002 when he was detained at New York's Kennedy Airport because of what the Canadian government now says was faulty intelligence. Without informing Canada, the U.S. government turned Arar over to Syria where he was tortured, tossed in a small cell and finally released after nearly a year of confinement."

DOJ Defends NSA Surveillance Program In 6th Circuit Brief. The Cleveland Plain Dealer (10/20, Sloat) reports, "President Bush's lawyers contend Congress broadened his power to conduct warrantless surveillance on 'those associated with al-Qaida' when it allowed American military action against terrorists shortly after the 9/11 attacks." The Plain Dealer continues, "Justice Department lawyers repeatedly invoke Bush's war powers - and his duties as the nation's commander-in-chief - in a 48-page legal brief that defends a National Security Agency program which secretly monitors international communications." The Plain Dealer adds, "Because of the classified program's wide sweep, U.S. citizens may be the subject of warrantless eavesdropping by the spy agency. That possibility led to a lawsuit by the American Civil Liberties Union and others challenging the program as a violation of the Fourth Amendment's prohibition against search and seizure without a warrant. … The legal brief says Bush acted properly because Congress put the nation on a wartime footing. … 'This specific authorization, focusing directly on those whom the president determined were responsible for the 9/11 attacks, represents a targeted expansion of the president's statutory authority to address al-Qaida's extraordinary threat,' Justice Department lawyers wrote. … They cited a 2001 congressional resolution, the Authorization for Use of Military Force, adopted around the time the U.S. invasion of Afghanistan overthrew the Taliban regime that sheltered Osama bin Laden." The Plain Dealer notes, "The brief, filed Thursday in the 6th U.S. Circuit Court of Appeals in Cincinnati, is part of the administration's appeal of a Detroit federal judge's ruling that the spying program is unconstitutional. … While portions of the brief were kept secret on national security grounds, the administration's legal

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team makes clear that the White House believes U.S. District Judge Anna Diggs Taylor's decision would aid al-Qaida."

Opening Arguments Made At Chicago Hamas-Funding Trial. The Chicago Tribune (10/20, Bush, 623K) reports that "the intractable conflict between Palestinians and Israelis became the backdrop Thursday for the trial of two men accused of supporting terrorism." In their opening argument, prosecutors said that Muhammad Salah and Abdelhaleem Ashqar "aided terrorism from the United States as active members of the Palestinian extremist group Hamas. The defense responded that neither man has ever supported violence and any assistance they provided was legal and came from a desire to help their own people as they struggled under a stifling occupation." Assistant US Attorney Carrie Hamilton "detailed a conversation federal agents recorded between Ashqar and a top Hamas member in which they allegedly discussed a suicide bomber who blew himself up before reaching his final destination. … The defense, meanwhile, focused in part on the desperate and sometimes deadly conditions Palestinians face under Israeli occupation."

The AP (10/20, Robinson) reports Ashquar "was once asked by the CIA whether he wanted a job as a spy, his attorney told a jury Thursday." Ashqar "apparently never pursued the idea. But his defense attorneys say the offer shows federal agents were eager to recruit him to spy on fellow Palestinians before doing an about-face and indicting him." The New York Times (10/20, Sander, 1.21M) adds that "Salah spent four and a half years in an Israeli prison in the mid-1990's after admitting that he had provided money and other aid to…Hamas for use in attacks against Israel," and his lawyers contend "that the confession, on which a federal racketeering case against him is based, was obtained through torture." The Times notes, "The indictment was announced in 2004 with much fanfare by the attorney general at the time, John D. Ashcroft, as part of the federal government's response to terrorism."

Alleged Al Qaeda Operative's Relative Pleads Guilty To Fraud In Utah. The AP (10/20) reports, "A relative of a man under investigation for ties to al-Qaida in Iraq pleaded guilty Thursday to numerous fraud charges, according to the U.S. Attorney's office in Utah." Alaa "Alex" Ramadan "pleaded guilty in federal court to numerous violations in four criminal indictments stemming from mortgage, loan, credit card, wire and mail fraud and money laundering schemes." The AP adds, "Ramadan along with his uncle Sharif Omar and three others were accused of defrauding Utah banks of hundreds of thousands of dollars through bad mortgages and car loans. … Some of the money wound up in Jordan with Omar's relatives, Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City, said Thursday. He said investigators are trying to determine if any of that money was used to finance terrorism." Omar "is the brother of suspected senior al-Qaida operative Shawqi Omar, who is still being held by the U.S. military in Iraq, Bretzing said." The Salt Lake Tribune (10/20, Bergreen) notes, "Though the case was investigated by the FBI's Joint Terrorism Task Force, none of the charges relate to terrorism, and prosecutors had downplayed the significance of the counter terrorist agents' involvement.

Michigan Accountant To Plead Guilty In Toledo Terrorism Case. The Toledo Blade (10/19, Reiter) reported, "A Michigan accountant who is charged with lying to investigators in the federal government's case against three terrorist suspects will enter into a plea agreement in U.S. District Court in Toledo." Jihad Hekmat Dahabi "is accused of making false, fictitious, and fraudulent statements in the investigation of Marwan Othman El-Hindi," and "Dahabi allegedly met with Mr. El-Hindi in Dearborn to prepare paperwork for a nonprofit organization that would divert government grants for education services to jihadist paramilitaries." The Blade noted, "No court date has been scheduled" for Dahabi's sentencing.

Italians Arrest Seven In Hawala Crackdown. The Financial Times (10/20, Michaels, Burns) reports, "Italian authorities arrested seven people yesterday as part of an international operation to crack down on the laundering of drug money through an informal banking system used by immigrant workers." The Hawalas "could be being used as a conduit for terror finances. Marcello Musso, an Italian investigator, said: 'That this involves a group of radical Islamic people is...not fantasy.'" The Times notes, "In a sign of growing international co-operation, Italian investigators have been working closely with the US's Drug Enforcement Agency and the UK's Serious Organised Crime Agency (Soca), an FBI-style law enforcement body. They also cited co-operation with officials in the Netherlands, Dubai, Spain, Germany, South America and Australia."

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HOMELAND RESPONSE:

DHS, FBI Say NFL Terror Threat Was A Hoax.

CNN's The Situation Room (10/19, Arena) aired a report that according to the FBI and the Department of Homeland Security, the alleged threat against NFL stadiums "was a hoax," the product of "two young men, one in Milwaukee, one in Texas, who were basically competing with each other to come up with who could write the more imaginative, believable terror threat story. … Agents interviewed both men. Their stories matched. There's no terror connection whatsoever."

ABC World News and CBS Evening News each aired brief reports noting that the threat had been deemed a hoax. NBC Nightly News (10/19, story 6, 2:45, Williams, 9.87M) followed its mention of the hoax with an "In Depth" report on the threat posed by dirty bombs. NBC (P. Williams) reported from a restricted government facility in New Mexico where "scientists have set off more than 600 explosions in closed chambers to study dirty bombs. … In the worst case radiation could contaminate dozens of city blocks, taking years to clean up and leaving people wary of returning even longer." DHS Secretary Michael Chertoff was shown saying, "That's the kind of high-consequence attack that would have a real impact on our national economy and our way of life." Though Fred Harper, a nuclear engineer at Sandia National Laboratory, said that "building a dirty bomb turns out to be very difficult," Homeland Security remains concerned "that a terrorist might get it right." The agency is "rushing to install radiation monitors…nationwide and hoping to set up a ring of detectors around New York and other big cities. And government researchers are testing more advanced portable detectors, easier to deploy, harder to spot."

In a very widely-distributed story, the AP (10/20, Fredrix) reports, "Internet threats of 'dirty bomb' attacks at NFL stadiums this weekend" were declared "false by the FBI on Thursday after agents questioned a 20-year-old Milwaukee man. 'This is a hoax,' said Special Agent Richard Kolko, a spokesman at the FBI's Washington headquarters. … An FBI official in Washington…said the Milwaukee man acknowledged posting the phony stadium threat as part of a 'writing duel' with a man from the Brownsville, Texas, area to see who could post the scariest threat. The Texas man corroborated the story during questioning Thursday by FBI agents, the official said." The AP notes, "Milwaukee police contacted the FBI about the 20-year-old man Wednesday night. 'From the information we have, we believe he was involved to some extent, but we don't know at what level,' said FBI agent Douglas E. Porrini. … 'I don't think it was put out there to be real,' said FBI agent Linda Krieg in Milwaukee."

The Washington Post (10/20, E9, Maske, 748K) reports FBI and DHS said in a joint statement yesterday, "The investigation has determined that this is a hoax. The public should be reassured of their security as they continue to attend sporting events this weekend." The New York Times (10/20, Lipton, 1.21M) notes that Kolko "said no decision had been made on whether to file charges against the Milwaukee man."

Wal-Mart To Limit Sales Of Pre-Paid Cell Phones. The AP (10/20, Meyerson) reports Wal-Mart "plans to limit each customer to two prepaid cell phones per purchase amid complaints that entrepreneurs are buying the subsidized handsets by the hundreds to resell at a profit, according to people familiar with the matter. The new limit on the phones, effective last week, was disclosed to The Associated Press by persons at two national cell carriers. … The phones in question, sold under brands including TracFone and GoPhone from Cingular Wireless, are priced as low as $20 and $30 per handset." The AP notes, "The Federal Bureau of Investigation and Department of Homeland Security issued bulletins earlier this year warning police to look out for bulk phone purchases. … But in the Ohio and Michigan cases, early hints of possible terrorism links by authorities never resulted in related charges."

Human Remains From World Trade Center Found In Manhole. The AP (10/20, Franklin) reports, "Human remains that appear to be from World Trade Center victims were found by utility workers in a manhole at the northern edge of the site, a Port Authority official said Thursday. A Consolidated Edison crew doing excavation of the manhole at street level found the remains, some as big as arm or leg bones, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey, which owns the site."

WSJournal Says Democrats Caved To Port Workers Union On SAFE Ports Act. The Wall Street Journal (10/20, A12, 2.03M) editorializes, "The October newsletter of the International Longshore and Warehouse

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Union is trumpeting the 'major gains' the union was able to achieve, via its Democratic Congressional allies," in the final version of the SAFE Ports Act. The union's real "'victory' was its success in stripping from the final version of the bill a provision that would have barred a broad class of former felons -- including those convicted of 'dishonesty, fraud and misrepresentation' -- from obtaining a port security clearance for at least seven years after their conviction." The Journal states that it does not "seem especially onerous to demand that American port workers meet the same basic background requirements the government imposes on airport screeners. You would think the Democratic Party would get this, seeing as its been screaming the loudest about the holes in port security. The ILWU's priorities being otherwise, however, so are theirs."

Democrats Lay Out Recommendations For Federal Disaster Response Overhaul. McClatchy (10/20, Recio) reports, "Congressional Democrats, trying to draw a stark contrast to the Bush administration's response to Hurricane Katrina, laid out recommendations Thursday for a legislative agenda that would radically change the federal response to emergencies. Rep. Gene Taylor of Mississippi, who chairs the Democratic leadership-created Katrina Task Force and who lost his home in the hurricane last year, presented the findings, hitting hard on what he described as a need to overhaul the insurance industry." The task force also "recommends diminishing the role of the Federal Emergency Management Agency by redirecting its responsibility for disaster recovery to agencies directly responsible for housing, transportation, education and economic development."

WAR NEWS:

US Military Says Plan To Defeat Insurgency In Baghdad Has Failed. USA Today/AP (10/20) reports, "The US military acknowledged Thursday that its two-month drive to crush insurgent and militia violence in the Iraqi capital had fallen short." Maj. Gen. William Caldwell, chief US military spokesman in Iraq, "called the raging bloodshed disheartening and said the United States is rethinking its strategy to rein in gunmen, torturers and bombers."

Caldwell's words had a strong media impact, with stories in all three networks newscasts and in the major US newspapers. Almost universally, the reports painted a bleak picture of the situation in Iraq. NBC Nightly News (10/19, lead story, 2:50, Williams, 9.87M) reported "the US military is admitting a major initiative in Iraq is not working. The effort announced this summer to take control of the streets of Baghdad and cut down on attacks has in fact increased attacks there, led to more bloodshed and more American casualties. In fact, attacks have been up a full 22% in just the last three weeks." NBC (Engel) added, "It was four months ago when the Iraqi government announced Operation Together Forward, a plan to secure Baghdad with Iraqi forces in the lead." President Bush: "This operation is a joint effort to restore security and rural law to high-risk areas in the capital city." Engel: "But it never happened." Similarly, the Washington Post (10/20, A1, Anderson, 748K) also says "Caldwell's appraisal of the Baghdad campaign…was in stark contrast to reviews during the opening weeks. At that time, US military leaders said the deployment of 12,000 additional U.S. troops in Baghdad's most violent neighborhoods was significantly improving security for residents."

The CBS Evening News (10/19, story 4, 1:15, Couric, 7.66M) reported "the US military delivered more bad news about the situation in Iraq, specifically Baghdad." CBS (Martin) added, "The chief US military spokesman in Iraq gave probably the bleakest assessment yet." Caldwell was shown saying, "Violence is, indeed, disheartening. And Baghdad alone we've seen a 22% increase in attacks during the first three weeks of Ramadan."

The New York Times (10/20, Burns, 1.21M) reports Caldwell "said American troops were being forced to return to neighborhoods, like Dora in southwestern Baghdad, that they had sealed off and cleared as part of the security campaign because 'extremists' fighting back had sent sectarian violence soaring there. The security plan sent heavy deployments of American troops into troubled neighborhoods, reversing the previous policy, which was to allow Iraqi troops to police the capital."

The Los Angeles Times (10/20, Roug, 918K) reports Caldwell "said at least 73 US troops have been killed so far this month, putting October on track to be the bloodiest month for American forces since the battle of Fallujah in 2004. … Most of the US deaths this month have taken place in the capital, where troops had stepped up patrols as part of Operation Together Forward." The Financial Times (10/20, Sevastopulo, Negus) titles its story "US Army Concedes Failure In Baghdad," while the Wall Street Journal (10/20, Dreazen, Jaffe, 2.03M) reports "the strategy's apparent failure

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to stem the violence is forcing the Bush administration to weigh a host of unpalatable choices -- and leaving the White House and Pentagon with a dwindling amount of time to decide what to do next. … The pressure to change course in Iraq will grow stronger if Democrats regain one or both chambers of Congress. More than 60% of Americans regard the war in Iraq as a mistake, and Democrats have promised to subpoena the Pentagon for clearer statistics about the situation in Iraq if they retake either the House or Senate."

NBC Nightly News (10/19, story 2, 1:50, Williams, 9.87M) interviewed "NBC News military analyst and retired US Army four-star Gen. Barry McCaffrey," who said, "This is a tricky situation. After the elections are over, we better have an honest dialogue on going forward."

USA Today (10/20, Reed, Zoroya, 2.27M) runs a story this morning titled "Surge In Military Deaths Weighs On Families," in which it reports from Fort Hood, TX, on "the memorial service here Thursday," which "included a ceremonial roll call for those killed in action during September and the first few days of October. Sgt. Maj. Michael Gartland called out 18 names of the dead. The only response was the weeping of families and friends who came to the chapel to honor the loved ones they lost."

Lawmakers Says Bush Will Soon Be Forced To Abandon "Open-Ended" Commitment To War. The Washington Post (10/20, A1, Abramowitz, Ricks, 748K) reports, "The growing doubts among GOP lawmakers about the administration's Iraq strategy, coupled with the prospect of Democratic wins in next month's midterm elections, will soon force the Bush administration to abandon its open-ended commitment to the war, according to lawmakers in both parties, foreign policy experts and others involved in policymaking." The Post adds, "Senior figures in both parties are coming to the conclusion that the Bush administration will be unable to achieve its goal of a stable, democratic Iraq within a politically feasible time frame. Agitation is growing in Congress for alternatives to the administration's strategy of keeping Iraq in one piece and getting its security forces up and running while 140,000 U.S. troops try to keep a lid on rapidly spreading sectarian violence." The Post also reports, "Until now, Democrats' calls for withdrawing troops have been largely irrelevant, but if Democrats take one or both houses of Congress next month, their views could become significant in shaping strategy."

The New York Times (10/20, Sanger, Cloud, 1.21M), in an analysis piece headlined "Bush Faces A Battery Of Ugly Choices On War," says Caldwell's comments leave Bush "with some of the ugliest choices he has yet faced in the war. He can once again order a rearrangement of American forces inside the country, as he did in August, when American commanders declared that newly trained Iraqi forces would "clear and hold" neighborhoods with backup support from redeployed American forces. That strategy collapsed within a month, frequently forcing the Americans to take the lead, making them prime targets. … Or Mr. Bush can reassess the strategy itself, perhaps listening to those advisers -- including some members of the bipartisan Iraq Study Group, the advisory commission charged with coming up with new strategies for Iraq -- who say that he needs to redefine the 'victory' that he again on Thursday declared was his goal." The Times adds, "One official providing advice to the president noted on Thursday that while Mr. Bush still insists his goal is an Iraq that 'can govern itself, sustain itself and defend itself,' he has already dropped most references to creating a flourishing democracy in the heart of the Middle East."

White House Rules Out Partitioning Iraq. The AP (10/20, Hunt) reports, "Awaiting the recommendations of a commission exploring US options in Iraq, the White House on Thursday emphatically ruled out some proposals to end the long and unpopular war." White House spokesman Tony Snow "said a suggestion to divide Iraq into Sunni, Shiite and Kurdish regions, each with high degrees of autonomy, was a 'nonstarter.' Similarly, he said a phased withdrawal of American troops -- perhaps by 5 percent every two months -- also was a 'nonstarter.'" The Washington Times (10/20, Curl, 88K), however, says Snow "left some wiggle room." Said Snow, "Ideas like partition had been studied. What you're talking now about are tactical adjustments that may be made along the way. And I'm not saying yes and I'm not saying no because I don't know. What you end up doing, again, is you respond to the people on the ground."

Biden Says Administration Is "Totally Divorced From Reality." Sen. Joe Biden was asked on MSNBC's Hardball (10/19) about White House Press Secretary Tony Snow's claim that Biden's call to divide Iraq under "kind of a federal system among the Kurds, the Shia" is a non-starter. Biden said, "I don't call for dividing Iraq. What I call for is a strong start with three regions, and Tony should read what the Iraqi Parliament already did. Last week, the Iraqi Parliament voted to implement a procedure by which the regions under their constitution could join together to form regions under a

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strong, central government that control the army, the oil, and the borders. And so Tony does not understand what is going on. But then again, not being a wise guy, this administration is totally divorced from reality, the Vice President a couple of days ago saying -- and I quote -- things are going remarkably well, he told Rush Limbaugh. He may be the only guy in the world who would think that was true."

McCain Says He Would Send More Troops To Iraq. The CBS Evening News (10/19, story 5, 1:15, Couric, 7.66M) interviewed Sen. John McCain, who said he would send more troops to Iraq. Couric: "Do you really think that that is the answer?" Sen. John McCain: "I would increase the size of the Army, Marine Corps by some 100,000 people and I would send more troops over there, where necessary, and I would listen very carefully to my military commanders." Couric: "It seems as if there are no good options here." Sen. John McCain: "There are no good options. I agree with you. And it's very difficult. And mistakes have been made. But I sincerely believe if we withdraw now at this critical time we will pay a very heavy price there, in the in the region, or even here."

Insurgent Web Sites Ponder How Attacks Will Affect US Midterm Elections. ABC World News (10/19, story 3, 0:15, McCarthy, 8.78M) reported, "As the US loses troops in the streets, it also risks losing the propaganda war. Insurgents are surprisingly media savvy. We found Websites that refer to how events in Iraq could affect the upcoming US elections. Some carry graphic footage of attacks on Americans to promote their cause."

Insurgent Snipers Second Only To IEDs As Threat To US Forces. NBC Nightly News (10/19, story 3, 2:30, Williams, 9.87M) reported that "there is more to report tonight about what is going on right now on the ground in Iraq and how the enemy is using its lethal force against the US. We know the leading threat is those roadside bombs, the IEDs. But now sniper attacks are a rapidly increasing number-two threat."

More Commentary. Eliot A. Cohen, a professor at Johns Hopkins University's School of Advanced International Studies, writes in the Wall Street Journal (10/20, A12, 2.03M), "That the Iraq war is, if not a failure, failing, requires little demonstration. By all measures -- but above all, the sheer insecurity of daily life in Baghdad -- things have been getting worse, not better. … It will be important in future years to settle whether the Iraq war was the right idea badly executed, an enterprise doomed to disappoint, or simply folly. There will be individuals to be held accountable (not all of whom have been in the crosshairs of journalists and partisans), and institutions whose shortcomings require not only soul-searching but reform. That's for later. The question now is, what should we do?" He adds, "American prestige has taken a hard knock; it will probably take a harder knock, and in ways that will not be restored without a considerable and successful use of American military power down the road. … It is folly to think we can win in Iraq the way some of us thought possible in 2003. It would be even greater folly to think that by getting out, learning our lessons, and licking our wounds we can save ourselves from considerable danger, expense, effort and loss in what remains a protracted and global conflict with mortal enemies."

Pace Says Rumsfeld's Leadership Inspired By God. AFP (10/20) reports JCF Chairman Gen. Peter Pace "defended the leadership" of Secretary Rumsfeld, "saying it is inspired by God. 'He leads in a way that the good Lord tells him is best for our country,'" Pace said, adding that "Rumsfeld is 'a man whose patriotism focus, energy, drive, is exceeded by no one else I know…quite simply, he works harder than anybody else in our building.'"

Rumsfeld Said To Be Satisfied With Casey's Performance. The Washington Times (10/20, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld is said to be fully satisfied with the performance of Army Gen. George Casey in Iraq. The four-star general is trying to defeat an amalgam of enemies — al Qaeda, Saddam Hussein loyalists, rejectionists, criminal gangs, Shi'ite death squads and militias — that may be America's toughest foe in history. The question asked in Pentagon corridors is what's next for Gen. Casey? Defense sources say the door is open if he wants another four-star post."

DOD Audit Concludes Planted News Reports In Iraq Were Legal. USA Today/AP (10/20, Jelinek) reports, "A US military propaganda program used in Iraq was legal under the rules for psychological operations, a Pentagon investigation has concluded. A classified Defense Department inspector general's report says regulations were followed when the military paid to have favorable stories about coalition forces planted in Iraqi newspapers, according to the unclassified executive summary of the report obtained

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Thursday by the Associated Press." The summary "says psychological operations 'contribute to achieving the…commander's objectives.' They are aimed at conveying selected, truthful information to foreign audiences to influence their emotions and ultimately the behavior of governments.'"

However, says the New York Times (10/20, Mazzetti, 1.21M), the audit found the effort "was not properly supervised by military officials in Baghdad, an audit by the Pentagon Inspector General has concluded." Military officials "in Baghdad violated federal contracting guidelines by failing to keep adequate records about the Lincoln Group's first propaganda contract — for $10.4 million, signed in September 2004."

US Judge Rules US Citizen Sentenced To Death May Be Turned Over To Iraqis. The New York Times/AP (10/20, Press) reports, "An American citizen facing a death sentence in Iraq lost a court challenge Thursday that would have prohibited the military from turning him over to Iraqi authorities." Mohammad Munaf "was convicted and sentenced to death by an Iraqi judge last week on charges he helped in the 2005 kidnapping of three Romanian journalists in Baghdad." Munaf, "who was born in Iraq and became an American citizen in 2000, sought an emergency order blocking US military officials from turning him over to Iraq. He claimed his trial was flawed and his confession was coerced." Those "would normally be grounds for American citizens to challenge their imprisonment. But US District Judge Royce Lamberth said he had no authority to intervene because Munaf was being held by coalition military forces, not by the US military alone."

The Washington Times (10/20, Seper, 88K) also reports the story, and quotes Lamberth saying, "No court in our country's history...has ever found habeas corpus jurisdiction over a multinational force comprised of the United States acting jointly with its allies overseas." The ruling "strikes at the heart of arguments by several detainees who have challenged the multinational designation as incorrect, saying the prisons where they are being held are operated by the US military."

Political Furor Continues In UK Over General's Comments About Iraq. The Washington Times (10/20, Webb, 88K) reports, "A top general's retreat from a call for an early exit from Iraq has done little to ease the damage to Prime Minister Tony Blair, with public pressure building for the early withdrawal of British troops." Former Foreign Secretary Malcolm Rifkind of the opposition Conservative Party "announced he was putting together a multiparty group of lawmakers to demand a full-day debate on Iraq." House leader Jack Straw, "who previously served as Mr. Blair's foreign secretary, has rejected requests for an Iraq debate." Gen. Richard Dannatt, "the British army's chief of the general staff since August, said in a newspaper interview last week that British forces should 'get ourselves out sometime soon,' warning that 'we are in a Muslim country, and Muslims' views of foreigners in their country are quite clear.'" Dannatt "backed down a day later by saying that the words 'sometime soon' meant two to three years, and that he and Mr. Blair share the same views."

WSJournal Says US Should Increase Defense Spending. The Wall Street Journal (10/20, A12, 2.03M) editorializes, "Congress recently passed a record defense-spending bill for 2007, and critics lost no time adding it to their list of woes caused by the Iraq war. The real story is more interesting: to wit, how relatively little the US now spends on national security, notwithstanding a war on terror and especially compared with previous periods of global conflict. It's true that overall defense outlays for fiscal year 2007 are on track to surpass -- in dollars adjusted for inflation -- defense spending at the height of the Vietnam War. It's also true that defense spending has already increased by some 40% since 2001, when President Bush came to office. War opponents cite such figures to suggest that the Iraq campaign is too great a burden, and is sucking up funds better spent on domestic programs." The Journal adds, "Less talked about is that the $528 billion spent on national defense in fiscal 2006, which ended on September 30, equaled only 4% of U.S. gross domestic product. Historically, that level is far more in line with peacetime military spending. Many Americans might be surprised to learn that current U.S. defense spending isn't all that much above the 3% share of GDP that prevailed from 1999-2001 and was a postwar World War II low. … Our own judgment is that the US is going to have to increase defense spending to meet" new "challenges, and that the time to begin such a debate is now."

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CORPORATE SCANDALS:

Rambus Internal Probe Finds Misdated Options. The Wall Street Journal (10/20) reports, "Rambus Corp. said an internal investigation found that a 'significant number' of stock-option grants awarded since 1996 weren't correctly dated or accounted for. It plans to take over $200 million in compensation charges to correct for the errors." The Journal continues, "The Los Altos, Calif., chip-technology company said the vast majority of incorrectly dated grants, both in terms of number of shares of common stock and financial accounting impact, occurred between 1998 and 2001. Rambus had previously said it had discovered errors in its grants and expected to take a material charge to correct them. In August, Rambus announced the resignation of Geoff Tate, chief executive of Rambus from 1990 through 2005, from its board amid questions about past options practices." The Journal adds, "Rambus said its independent investigation, performed by Heller Ehrman LLP as independent legal counsel and outside accounting firm Ernst & Young LLP, has taken over four months and consisted of a review of over 200 stock-option granting actions. The review looked at 1.5 million emails and other documents, and involved over 50 interviews with executive officers, directors, employees and advisers."

Citing Backdating Scandals, Krugman Calls For "Serious Corporate Reform." Paul Krugman writes in the New York Times (10/20, 1.21M) that when corporations began granting stock options to executives, the theory was that "executives would have the incentive to do whatever it took to push the stock price up. … But the truth was that in many — perhaps most — cases, executive pay still had little to do with performance. For one thing, the great bull market of the 1990's meant that even companies that didn't do especially well saw their stock prices rise. … To ensure that executives profited from newly issued options, companies would pretend that the options had in fact been issued at an earlier date, when the stock price was lower. … What's wrong with backdating stock options? There's a tax evasion aspect, but the main point is the bait-and-switch. The public was told that gigantic executive paychecks were rewards for exceptional performance, but in practice executives were lavishly paid simply for showing up at the office. … So we're still waiting for serious corporate reform. And don't tell me that everything must be O.K. because stocks have been rising lately. Remember, they rose even faster in the 1990's — and the 1920's."

Review Turns Up Suspicious Past Stock Transactions At UnitedHealth. The Wall Street Journal (10/20, B1, Forelle, Bandler) reports that "investors and the public heaped scorn on William McGuire this week for his role in apparent stock-options backdating at UnitedHealth Group Inc. But his thorniest legal problems could stem from a 1999 transaction in which backdating played only a minor role. In the transaction, according to a report prepared by outside lawyers commissioned by UnitedHealth directors, Dr. McGuire and other employees were able to effectively get the same options twice, at favorable prices, while skirting disclosure requirements and potentially violating accounting rules. For Dr. McGuire alone, the extra options are now valued at $250 million. Just as troublesome for Dr. McGuire, the report concluded that it's unclear whether directors ever intended to give Dr. McGuire such a generous deal."

The AP (10/20) reports, "Lawyers probing UnitedHealth found a 1999 memo from McGuire to directors in which he initiated the arrangement. He also told the investigators that it was structured as it was in part to avoid having to reprice the options, which would have accounting consequences, The Wall Street Journal said, citing a person familiar with the matter. But UnitedHealth's outside lawyers believe that the accounting treatment was nonetheless improper. That will likely require UnitedHealth to take substantial charges, and it may expose McGuire or others to allegations of accounting misdeeds."

Study Finds Director Overlap Among Firms In Options Scandal. The AP (10/20, Simon) reports, "On tennis courts and golf courses, in bars and restaurants, at meetings and conventions, it seems corporate board members spread the word about a novel way to boost executive compensation – backdating options." The AP continues, "A study released Thursday suggested that the common link between companies that backdated options was a network of directors who sat on some of the same company boards. Now many of them, their companies and their chief executives are losing their jobs because of it." The AP adds, "Of 120 companies involved in the snowballing backdating scandal, more than 40 percent share directors with other implicated companies, The Corporate Library, a

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corporate governance research firm, said in a report Thursday. That proportion of interconnected boards is much higher than would be expected from a similar, randomly selected sample, the study found. … 'Director interlocking relationships are fast becoming what appear to be the most important characteristic and indicator of backdating problems,' the report said."

New York Judge Orders Grasso To Repay Millions To NYSE. The AP (10/20, Gormley) reports, "In a sternly worded decision, a (New York) state judge ordered former New York Stock Exchange chief Richard Grasso on Thursday to pay as much as $100 million back in his contested compensation package. … Grasso's claim for another $48 million from the exchange was also rejected in the ruling." The AP continues, "New York State Supreme Court Justice Charles Ramos also said in a partial summary judgment that he was 'shocked' at one aspect of Grasso's defense that he believed stock exchange officials were fully aware of all the elements of his compensation as they increased it annually. … Ramos stated that he 'must agree with Mr. Grasso that is impossible for the court to determine on this motion what Mr. Grasso actually knew about what the board members knew. But summary judgment is not granted on the basis of his actual knowledge. … Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty.'"

The Wall Street Journal (10/20, A1, Lucchetti, Lublin) reports, "In his 73-page opinion, Justice Ramos repeatedly chastised Mr. Grasso, writing that, among other things, the former executive had failed to adequately disclose the size of his enormous compensation package to the exchange's board of directors. The justice also criticized the board for failing to do its homework. … The former NYSE boss, who has repeatedly indicated he won't settle the case and wants to clear his name, said he plans to appeal yesterday's ruling, which he said was 'riddled with errors.'" The Journal adds, "Courts rarely criticize a top executive's pay package so forcefully, much less rebuke board members for their ignorance of such rewards. In June, the Delaware Supreme Court upheld a lower-court ruling exonerating the board of Walt Disney Co. of wrongdoing in connection with a $140 million severance package paid to Michael Ovitz at the end of his brief stint as president of the entertainment giant."

The New York Times (10/20, Thomas) reports, "The ruling was not the judge's final word on the dispute — he did not directly address the central claim in the lawsuit brought by Eliot Spitzer, the New York attorney general, that Mr. Grasso's compensation was unreasonable under the state's not-for-profit law. But the ruling bolstered Mr. Spitzer's main argument in support of that claim — that the exchange directors were not fully informed about Mr. Grasso's compensation. … Whether his pay was reasonable or not is to be decided at a subsequent trial — one that would likely focus on the $80 million he was paid between 1999 and 2001."

USA Today (10/20, Farrell) reports, "Grasso was forced out as NYSE chief three years ago after the sudden disclosure that he'd accumulated $187 million in compensation during his career there, most of it after he became CEO. Several board members expressed shock at the size of his pay package. … Spitzer filed a lawsuit against Grasso, alleging that he breached his fiduciary duty to the exchange by not keeping board members fully informed as to how much money he was owed." USA adds, "Grasso's attorneys argued that the CEO wasn't fully aware of every detail of his pay package, which was approved by the board in any case. Rather, they said, any oversight in this area was simply due to 'neglect.' … In a stinging rebuke, Ramos described that defense as 'shocking.' … 'That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care,' the judge wrote."

The Washington Post (10/20, D1, Johnson) reports, "Because the stock exchange had for years operated as a nonprofit entity, the ruling is being closely followed by that sector, which has received far less scrutiny from regulators seeking to rein in corporate pay and benefits. That, however, is beginning to change during a campaign for greater oversight of nonprofit groups by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and the debate over the propriety of the pay package for a former leader of California's J. Paul Getty Trust." The Post adds, "While the numbers at stake in the Grasso case -- more than $188 million -- are unusual for their size, many businesses and nonprofit groups use deferred compensation plans similar to the one at issue in the Grasso case, legal experts said."

The Financial Times (10/20, Ben White) also reports on the ruling.

Skilling Faces Sentencing On Monday. The Washington Post (10/20, D1) reports, "When former Enron

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Corp. chief executive Jeffrey K. Skilling stands to face a judge and a possible decades-long prison sentence Monday, he will be -- as usual -- alone." The Post continues, "The death of company founder Kenneth L. Lay weeks after a jury convicted both men of fraud and conspiracy charges for misleading investors about Enron's financial health means that Skilling, 52, is the last person standing from the energy company's top ranks. It is a familiar position for a man painted by the government as both unusually self-reliant and occasionally self-destructive." The Post adds, "The single-mindedness that made Skilling a successful management consultant and a masterful corporate strategist powers his vow to go forward with an appeal. Skilling, who told jurors that he was 'absolutely innocent,' is attacking the four-year investigation against him as a 'witch hunt' and claiming that prosecutors used unfair tactics and relied on shaky jury instructions to bring down a man who once dashed from presidential inaugurations to conference calls with Wall Street analysts. … 'It's not in my nature not to fight something like this,' Skilling testified at his trial. "I will fight those charges until the day I die.' … But it is very much an open question whether U.S. District Judge Simeon T. Lake III will let Skilling remain free pending an appeal, as defense lawyers recently requested, or whether he will order him into Bureau of Prisons custody immediately on Monday afternoon."

Senate Committees Probe SEC's Investigation Of Pequot. The Wall Street Journal (10/20, Scannell) reports, "The Senate Finance Committee, among other entities, is continuing to probe the Securities and Exchange Commission's handling of an insider-trading investigation involving hedge fund Pequot Capital Management Inc. and Wall Street executive John Mack. The matter stems from an allegation that the agency granted him favored treatment because of his large donations to Republican campaigns." The Journal continues, "Sen. Chuck Grassley's staff has sought testimony and emails related to several SEC enforcement attorneys, including the emails of one who recently left for a law firm that represented Mr. Mack. It also has sent stinging letters to the SEC." The Journal adds, "The Senate Judiciary Committee is involved, with Chairman Arlen Specter (R., Pa.) holding two hearings where he has raised concerns about the SEC and Justice Department's supervision of hedge funds, short-selling activities, and insider-trading. … Missing so far is the Senate Banking Committee, which has direct oversight of the SEC. Senate Finance has jurisdiction over the tax code; Judiciary writes criminal and civil laws. .. . Mr. Mack is now chief executive of Morgan Stanley." The Journal notes, "The issue arose after a former SEC attorney brought his allegations to Capital Hill this spring and filed more than 80 documents with the Banking Committee. The former SEC lawyer, Gary Aguirre, was fired last year, he says, for pursuing the case. In a lawsuit filed in U.S. District Court in Washington, DC, Mr. Aguirre said his supervisors refused his request to interview Mr. Mack because of his 'political clout.' In court filings responding to the suit, the SEC conceded the supervisor said Mr. Mack's lawyers had 'juice' but denied any reference to Mr. Mack's political clout."

California Mortgage Firm Executive Settles Ponzi Scheme Civil Charges. The Wall Street Journal (10/11, C3, Hughes, 2.03M) reported, "The former head of a California mortgage firm settled civil securities charges that he used investor money to pay off more than $10 million in gambling debts, host lavish house parties and support community music festivals. The Securities and Exchange Commission said Salvatore Favata, president of National Consumer Mortgage LLC in Orange County, raised $30 million from more than 200 investors from late 2001 through March 2006 by promising that they would receive annual interest payments of 30% to 60% of their original investments. Investors were told their money would be used to finance loans to homeowners who couldn't qualify for traditional mortgages," but "Favata used the money to make payments to existing investors, pay the operating expenses of the firm's conventional-mortgage business and to pay off more than $10 million of his gambling debts, the SEC said."

The Los Angeles Times (10/11, Reckard, 918K) reports, "He also threw lavish parties and put on oldies music festivals he called 'Favata Fests,' often in his spacious Yorba Linda backyard, at which Garvey, who appeared in a National League record 1,207 straight games, glad-handed Favata clients and had his picture taken with them, federal authorities said. Favata's attorney, Nathan J. Hochman of Beverly Hills, described his client as a 'gambling addict' who dug himself an ever deeper hole trying to cover his losses and 'is extremely sorry for what he has done.' Assistant U.S. Atty. Brent Tabacchi said Favata agreed to plead guilty to a fraud charge carrying a maximum sentence of five years."

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Delphi Ownership Talks Could Be Influenced By SEC Suits. The Wall Street Journal (10/20, A3, Scannell, Mccracken, Dugan) reports, "Federal securities regulators are preparing civil securities-fraud suits against former executives of auto-parts giant Delphi Corp., according to a person familiar with the matter, raising the stakes in the high-profile battle over Delphi's future." The Journal continues, "Separate investigations by shareholders, creditors, federal prosecutors and securities regulators into Delphi's accounting and dealings with its former parent, General Motors Corp., are coming to a head as several investors jockey for a slice of a restructured Delphi. The outcome of the investigations could affect how Delphi, which had world-wide sales of $27 billion last year, reshapes itself a year after it filed for bankruptcy-law protection." The Journal adds, "Among the issues involved is whether GM will be allowed to get a valuable stake in a reorganized Delphi as compensation for taking back the benefits obligations of thousands of Delphi's U.S. workers. … The Securities and Exchange Commission is expected to file securities-fraud suits this month against about a dozen former executives of Delphi and others, alleging they used improper accounting in at least three different transactions, which led the auto-parts supplier to restate earnings from 2001 to 2003, according to a person familiar with the matter. It is unclear which executives will be named in the suits. … Delphi is also expected to be named in the civil complaint, although it isn't clear if the SEC will seek a penalty against the corporation, according to this person. The SEC's five commissioners are expected to vote on the case next week."

NYTimes Calls For Enforceable Rules Governing Hedge Funds. The New York Times (10/20, 1.21M) editorializes, "At first glance, the market-beating returns of hedge funds are impressive. But on closer inspection, things look less showy. Performance measures are based on voluntary reporting by hedge funds and thus tend to reflect outperformers rather than laggards and losers. And even some of the winners' outsized returns are overstated because they are not adequately adjusted to reflect the huge risks that go hand in hand with big gains." The Times adds, "It is time for Congress and federal regulators to take an unflinching look at how deals really get done in today's markets, and to come up with enforceable rules and laws to ensure market integrity and the overall soundness of the financial system."

CRIMINAL LAW:

Former House Clerk, Boehner Testify In Ethics Committee Foley Probe. The AP (10/20, Taylor) reports, "Ethics investigators on Thursday heard from the GOP aide once in charge of the House page program about how he handled cases of ex-Rep. Mark Foley's inappropriate behavior toward the teenage errand-runners. The No. 2 House leader, Majority Leader John Boehner, also testified, repeating his public statements that he discussed with Speaker Dennis Hastert, R-Ill., the 'overly friendly' e-mails from Foley to a former male page." Boehner told reporters, "I made myself clear on the record for the last three weeks, and I told the ethics committee today the same thing that I've told many of you." CNN's The Situation Room (10/19, Bash) reported that as he finished his appearance, Boehner "said that he is convinced that this is a thorough investigation. He said that he made clear what he knew, the who, what, when of the Mark Foley sandal and that apparently is about it if terms of what he revealed about his testimony."

The CBS Evening News (10/19, story 2, 2:15, Borger, 7.66M) reported that the House Ethics Committee "interviewed a central player" in the Foley case, "Jeff Trandahl, the former Clerk of the House who supervised the page program. He sent a series of early warnings to Foley's staff, perhaps as far back as 1999, about Foley's inappropriate contacts with pages. And he confronted Foley himself last fall about overly friendly e-mails. Sources tell CBS News that the committee spent time today trying to establish a time line of who knew what and when. And that Trandahl was expected to say that he kept the Speaker's counsel in the loop on all page problems." Trandahl "sent red flags over the years to Foley's staff, saying he was spending too much time on the pages. Each time the Congressman was told to cut it out, he denied any inappropriate behavior. One former aide says: 'We always thought it was Mark being Mark. We never thought it would go to the next step. We never thought he would be stupid enough to contact them off campus.' But he was. Sometime around 2002, Trandahl contacted a key Foley staffer sounding alarmed. He had been told Foley showed up at the page dorm, apparently drunk, trying to get in. Frustrated with Foley, the staffers agreed to bump the matter up to a higher level, the Speaker's office. And we've also been told that the very first complaints about Foley's behavior were ten years

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ago during his first term when another office complained that Foley had been calling a male intern, Katie."

NBC Nightly News (10/19, story 4, 2:40, Williams, 9.87M) reported Trandahl has "nothing to say publicly, but a source close to the investigation tells NBC News he was aware at least two years ago of Foley's inappropriate behavior with House pages, including an incident when Foley allegedly showed up drunk at the page dormitory. He was expected to be asked by the ethics committee whether he reported his concerns about Foley to Speaker Hastert's office. And the investigation is moving quickly at the ethics committee but it appears unlikely that any final conclusions will be reached before election day."

The New York Times (10/20, Zeleny, 1.21M) headlines its report "Former Clerk Tells Panel He Alerted Speaker's Office To Foley Concerns," and says, "People with knowledge of Mr. Trandahl's testimony said Mr. Trandahl corroborated previous testimony that top aides to the speaker, including his chief counsel, Ted Van Der Meid, had been advised of complaints about Mr. Foley for at least three years." Hastert's office "has denied that assertion."

The Washington Post (10/20, A3, Babington, 748K) says Trandahl "joined Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, in quietly confronting Foley last fall about e-mails that the lawmaker had sent to a Louisiana boy, which the youth and his parents found troubling. Those e-mails were not nearly as explicit as the messages that emerged later from other sources." Hastert's office "has said that two high-ranking aides knew about the meeting with Foley but did not tell the speaker or his chief of staff, Scott Palmer. The board's other members, including a Democratic congressman, were also not told."

Priest Admits To Fondling Teenaged Foley. CNN's The Situation Room (10/19, Blitzer) reported, "A Catholic priest is now acknowledging that he fondled [former Rep. Mark] Foley when he was a teenager but he says they never had sex. Foley disclosed his claim of past abuse by a clergyman after his clearly inappropriate online messages to congressional pages became public." CNN (Zarella) added, "CNN has learned through sources that the priest that Foley is claiming abused him is Father Anthony Mercieca, 72 years old, he now lives off the coast of Italy in Malta. CNN spoke with Mercieca and Mercieca acknowledged he and Foley did swim naked and that he did massage Foley's neck, but that Foley was wearing a towel at the time, and that they took saunas together, but that they were wearing towels."

The CBS Evening News (10/19, lead story, 3:20, Couric, 7.66M) interviewed the priest by phone. Mercieca said, "We used to go to the sauna bath you know, and we used to go there to take a bath you know. … That's what I can't remember, you know. And I guess that's what maybe Mark is thinking that was something bad." Couric: "What actions do you think will be taken by the Catholic Church in light of these revelations?" Rev. Mercieca: "I don't know. These are 40 years old. So really, It's there is a limit too." Couric later said, "This was probably the weirdest interview I've ever done." ABC World News (10/19, story 6, 0:15, Gibson, 8.78M) noted the priest now "lives in the European island nation of Malta." The AP (10/20, D'Emilio), New York Times (10/20, Goodnough, 1.21M), Washington Post (10/20, A3, Schneider, Wilgoren, 748K) and Washington Times (10/20, Hurt, 88K) also report on the priest's revelations.

More Commentary. Michael Kinsley writes in the Washington Post (10/20, A21, 748K), "Poor Dennis Hastert is suspected, probably falsely, of being willing to sacrifice a child for the good of his party, and now the other party reaps the benefit. Do you think that if the devil told Nancy Pelosi she could undo the scandal, save these 17-year-olds from the trauma of electronic messages from a sicko congressman and give up her hopes of being speaker, that she would find such an offer tempting? I don't. And I don't think Pelosi is callous or cruel. If she thought it through, she might conclude that the good that can come from a Democratic Congress exceeds the evil that a few randy messages may have done to a few teenage pages. Meanwhile, most Americans, I strongly suspect, would happily sacrifice a few more pages just to keep the story going for entertainment purposes."

Jailed Gun Dealer Agrees To Cooperate With Wales Murder Probe. The AP (10/20, Johnson) reports, "A gun collector once jailed as a material witness in the assassination" of Assistant US Attorney Thomas Wales "has agreed to take a lie-detector test and will fully cooperate with a grand jury investigating the case, his lawyers said in a court filing Thursday." Albert K. Kwan "was jailed on an unrelated charge of machine-gun possession." The AP notes, "Kwan was first contacted by the FBI in August 2003, when an agent met with him and asked if the FBI could test-fire his Makarov pistols. Kwan initially refused because his guns were collector's items that had never been fired; once investigators obtained a subpoena for them, he turned them over, his lawyers wrote" in the motion petitioning for his

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release from custody. "His lawyers also insisted that agents were less than diligent in trying to serve Kwan with a subpoena to appear before the grand jury in December 2004 and January 2005."

The Seattle Times (10/20, Carter, 217K) reports, "Up to this point…Kwan has invoked his Fifth Amendment right prohibiting self incrimination when he's been questioned before the grand jury," but in yesterday's filing, "Kwan's attorneys said he will submit to questioning by the FBI task force investigating the killing." The Times notes, "At issue in the Wales case is Kwan's purchase of at least one replacement barrel for a 9-mm Makarov handgun. FBI experts have determined that Wales was shot with a Makarov fitted with such a barrel. His attorneys have said that Kwan has maintained he purchased just one such barrel, although the FBI has evidence he purchased two."

Colorado Man's Gifts To British Official Raise Complaint. The AP (10/20) reports, "A businessman has complained to the U.S. Department of Justice about gifts a Colorado billionaire gave to British Deputy Prime Minister John Prescott, a news report said Thursday." The AP continues, "A parliamentary ethics panel gave Prescott a mild rebuke in July, saying he should have immediately disclosed his stay at the ranch of Philip Anschutz, the American tycoon who is bidding to open a casino at London's Millennium Dome site. … But it said Prescott had 'acted correctly' in belatedly declaring the visit, and recommended no further action." The AP adds, "The Times newspaper said George Bathurst, a businessman based in Windsor, outside London, had reported the hospitality and gifts Anschutz gave Prescott to the Justice Department under laws banning U.S. businesses from attempting to bribe foreign officials. … Prescott was widely criticized for initially failing to declare his stay with Anschutz, who also gave him a cowboy outfit. … He says he has met twice a year with the oil, media and transport billionaire who has taken over the vast Millennium Dome, an enormous exhibition space built for the 2000 New Year's celebrations. Anschutz is seeking a license to operate a casino there, but Prescott says the two never discussed that issue in their meetings."

FBI Investigating Possible Theft Of Diebold Software. The Washington Post (10/20, B1, Barr, 748K) reports, "The FBI is investigating the possible theft of software developed by the nation's leading maker of electronic voting equipment." Former Maryland Democratic Del. Cheryl C. Kagan, "who has long questioned the security of electronic voting systems, said the disks were delivered anonymously to her office…on Tuesday and that the FBI contacted her yesterday." The Post notes, "Diebold spokesman Mark Radke and Goldstein said that the labels on the disks referred to versions of the software that are no longer in use in Maryland, although the Diebold statement said the version of one program apparently stored on the disks is still in use in 'a limited number of jurisdictions' and is protected by encryption. The statement also said the FBI is investigating the disks' chain of custody."

Texas Inmate Commits Suicide On Day Of Execution. The AP (10/20, Graczyk) reports, "A death-row inmate slit his own throat with a makeshift knife early Thursday, committing suicide less than 18 hours before he was scheduled to be executed, a prison official said." The AP continues, "Michael Dewayne Johnson, 29, was on death row for the 1995 killing of a convenience store clerk near Waco. … He was in a death-row cell early Thursday when he slashed his own throat with a makeshift blade fashioned from a small piece of metal attached to a wooden stick, said Michelle Lyons, spokeswoman for the Texas Department of Criminal Justice in Huntsville." The AP adds, "Johnson's execution had been scheduled for 6 p.m. Thursday. His last-minute appeal was still pending before the U.S. Supreme Court."

Escorted By FBI Agents, Rezko Pleads Not Guilty To Corruption Charges. The Chicago Tribune (10/20, Coen, 623K) reports, "A fundraiser and close adviser to Gov. Rod Blagojevich pleaded not guilty to fraud charges Thursday after being escorted to federal court by FBI agents. The appearance in court of Antoin 'Tony' Rezko ended weeks of speculation about his whereabouts that peaked after a pair of indictments were unsealed against him last week. Federal prosecutors charge that Rezko leveraged his influence with state leaders to extort illegal payments and a campaign contribution from investment firms seeking to do business with Illinois." The Tribune notes US District Judges Amy J. St. Eve and Charles Kocoras "agreed to release Rezko on $1.4 million bail," although prosecutors "had argued a decision on bail shouldn't only be made in the light of Rezko's return." The AP (10/20, Bellandi) notes, "Rezko, who is charged in two separate indictments, also pleaded not guilty

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earlier in the day to charges he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company. More than two dozen Rezko supporters traveled from courtroom to courtroom as he was arraigned in the two indictments by separate judges who reminded them they could lose their houses if Rezko doesn't show up for trial." USA Today (10/20, 9A, 2.27M) also briefly reported on Rezko's arraignment.

Longtime Florida Politician Sentenced To 18 Months In Prison For Bribery. The Palm Beach Post (10/20, Doris) reports, "Ray Liberti, an elder Palm Beach County statesman snared in an FBI corruption sting, was sentenced Thursday to 18 months in prison for pocketing $66,000 in cash, most of it delivered in a shaving kit." Liberti, "who resigned from the West Palm Beach City Commission in May, was ordered into custody immediately by U.S. District Judge William P. Dimitrouleas, who rejected Liberti's request that he remain free for a month to sort out his personal affairs." The Post notes, "The commissioner took four payoffs, including one, for $5,000, that was handed to him as he stepped off the dais after a commission meeting last November," but "his client turned out to be an FBI undercover agent."

The South Florida Sun-Sentinel (10/20, Blum, 265K) reports that the sentence "is likely to feel even more foreign to Liberti, a lifelong politician who spent 14 years as a state representative. … Prosecutor John Kastrenakes said Liberti used his office to illegally intimidate two local business owners in exchange for money and gifts. 'Who are the victims of Mr. Liberti's conduct? It is good government,' Kastrenakes said. Dimitrouleas gave Liberti a prison term at the low end of federal recommendations, describing Liberti as 'a good person who did some bad things.'" The AP (10/20) also reports on Liberi's sentencing.

DC Drug Trade Group Accountant Under Probe For Embezzlement. The Washington Times (10/20, McElhatton) reports, "Federal authorities have seized personal bank records of the accounting director at a District-based pharmaceutical research group in a probe of whether she funneled money to buy property in Jamaica." The Times continues, "The FBI and the financial crimes unit of the Metropolitan Police Department have been investigating accountant Marcia Campbell for more than a week after learning of an internal audit that showed that more than $200,000 was missing from the Pharmaceutical Research and Manufacturers Association (PhRMA), court records show. … Her attorney said that she has not been formally indicted and that he could not comment on the matter." The Times adds, "Miss Campbell was arrested Monday by a deputy U.S. marshal and was later released. … Ken Johnson, senior vice president at PhRMA, said Miss Campbell 'no longer works here.' He declined to discuss whether she had been terminated or had resigned. … He said the investigation began after PhRMA contacted law-enforcement authorities. … According to a search warrant affidavit filed in federal court in the District this week, PhRMA began an internal investigation this month after a vendor, National Media Inc., inquired about a $73,560 payment it had not received. … Police said in court documents that PhRMA auditors traced the money to a Washington Mutual Bank account belonging to Miss Campbell."

At Getty Trial, Italian Prosecutors Detail Smuggling Of Looted Statue. In a widely-distributed story, the AP (10/20, David) reports, "Prosecutors in the trial of a former J. Paul Getty Museum curator retraced the steps of an ancient statue they say was smuggled out of the country, and is now one of the most significant pieces in a dispute between Italy and the Los Angeles museum. The prosecution presented testimony and documents reconstructing the route that the fifth century B.C. statue of the goddess Aphrodite took from Sicily to the Getty, which bought the piece for $18 million in 1988." The AP notes Prosecutor Paolo Ferri "showed documents that accompanied the statue as it traveled from Switzerland to Los Angeles through London, noting that the weight of the crates carrying it increased dramatically with each step. He said this was an indication that the statue was sold in pieces at different stages, a technique smugglers use to get more money out of buyers."

Five Californians Charged With Katrina Relief Fraud. The AP (10/20) reports, "Five people have been charged with making fraudulent claims for more than $30,000 in disaster assistance funds targeted for victims of Hurricane Katrina. U.S. Attorney McGregor W. Scott announced the charges Wednesday, calling the five individuals' behavior 'unconscionable.'" Larry McDaniel and Jerry Davis of Sacramento "are each accused of stealing more than $12,000 in funds earmarked for Katrina victims."

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Crystal Housley, John Housley and Shawn Cudaback of Marysville "are each charged with conspiracy to defraud the federal government, making false claims to FEMA and mail fraud. They allegedly stole $6,000 in disaster relief funds."

Couple Recounts Prince-George's County Restaurant Siege. The Washington Post (10/20, A1, Partlow) reports, "The Haitian restaurant Chez Yon Yon doesn't typically serve curried shrimp, but since Lyonel and Yanick Simeon are still shepherding their business through its first arduous year, they agreed to prepare the dish to please the two young gentlemen who came in for takeout Wednesday evening." The Post continues, "While the plantains were frying, the two men sat in small wicker chairs at the entrance of the Prince George's County restaurant, near a sign advertising the restaurant's money transfer business -- an unsuccessful service that hadn't operated in a few months. It seems no one noticed that the men were wearing bulletproof vests under their shirts. … For the next six hours, the two men would transform a warm fall evening into a hostage crisis and a tense standoff with Prince George's police." The Post adds, "Yesterday, Yanick and Lyonel Simeon told their story of the attempted robbery at 834 Chillum Rd., while Lyonel recovered from a beating and their 7-year-old daughter, the last hostage to get out, remained too skittish to go to school. … 'This had all the makings of an absolute disaster,' said Capt. Robert Liberati of the Prince George's County police. … But it ended with no shots fired and the arrest of two suspects -- Oliver Tunstall, 26, of Lanham and Darren Johnson, 19, of Landover."

Witness Testifies His Cousin Fatally Beat DC Reporter. The Washington Post (10/20, B4, Cauvin) reports, "It was as if David E. Rosenbaum sensed something in the darkness of Gramercy Street NW.... The 63-year-old journalist, out for a stroll near his home, stopped and looked around for a moment, one of the men accused in his death testified yesterday. But Rosenbaum didn't see anything, and by the time he did, it was too late." The Post continues, "Seconds later, Percey Jordan jumped Rosenbaum from behind and began beating the retired New York Times reporter with a heavy plastic pipe, Jordan's cousin said in D.C. Superior Court. … 'Give it up, old man, give it up, old man,' Jordan yelled, according to his cousin, Michael Hamlin, who testified in the second day of Jordan's trial before a jury in Judge Erik P. Christian's courtroom. … 'It took him by surprise because it happened so quick,' Hamlin said of the attack, which unfolded about 9 p.m. Jan. 6 in the 3800 block of Gramercy." The Post adds, "Jordan struck him twice in the head and three times in the torso, Hamlin said, and Rosenbaum staggered and crumpled to the sidewalk as Hamlin rushed in and ripped Rosenbaum's wallet from his hip pocket. … Two days later, Rosenbaum succumbed to his wounds, and a few days after that, the men suspected of killing him turned themselves in to police after store surveillance images linked them to the crime. … Not until yesterday had Hamlin, 24, provided a public account of what he says happened that night. … Facing his cousin across the courtroom, Hamlin, who pleaded guilty last month to murder, laid the worst acts of that night on Jordan -- an accusation that Jordan's attorney, Michael Starr, has assailed as a self-serving lie."

FBI Investigating Boeing Scientist Who Allegedly Misused Computer. The AP (10/20) reports, "The FBI is investigating a Boeing Co. scientist with Defense Department security clearance whose computer the company seized earlier this year after he allegedly misused it, according to officials and court documents. The FBI has searched the San Fernando Valley home of Abraham Lesnik three times in recent months, said bureau spokeswoman Laura Eimiller. She declined to say why, and affidavits filed in the case are sealed. However, according to court filings the probe comes after Lesnik's laptop computer was confiscated in May after he searched for map directions during an unclassified teleconference." The AP notes that defense lawyer Marc Harris declared, "Mr. Lesnik has never improperly transmitted any classified information to anyone." The Seattle Times/Bloomberg (10/20) adds, "'Search warrants were executed with respect to this matter, but they are under seal,' said FBI spokesman Bill Carter in Washington, D.C. He declined further comment. ABC News reported earlier that the FBI's foreign counterintelligence unit is investigating Abraham Lesnik's handling of secret information."

The Los Angeles Times (10/20, Krikorian, Mozingo, 918K) also notes that "Eimiller confirmed that agents served three search warrants within the last two months" at Lesnik's house, and reports, "Earlier this year, Lesnik sued Boeing after a supervisor seized his laptop computer because he was accessing the Internet website Mapquest during an office meeting. In his lawsuit, Lesnik challenged the confiscation of

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his laptop on grounds that it contained personal information on his wife and four children. He also said Boeing's policies permitted use of the computer."

DNA Analysis Increasingly Used To Solve Non-Violent Crimes. USA Today (10/20, Willing) reports, "The national database of criminals' DNA, designed by the FBI to help solve rapes and murders, increasingly is being used to identify suspects in unsolved burglaries and other property crimes, a USA TODAY review of state crime lab records shows." USA continues, "In 10 states — Alabama, Florida, Indiana, Michigan, Missouri, New Mexico, Ohio, Oregon, Virginia and Wisconsin — the total number of DNA matches in property-crime cases has exceeded the number of matches in violent crimes, the review indicates. Other states also are reporting increases in property-crime matches: Of Georgia's first 171 matches, only 13 involved DNA from the scenes of unsolved burglaries. Of the 300 matches that followed, 79 were in burglary cases." USA adds, "Oregon state police DNA analyst Brian Ostrom says there are many reasons for the rise in property-crime matches. DNA testing has become more sophisticated, he says, allowing analysts to draw genetic profiles from evidence left at burglary scenes — palm prints, cigarette butts, sweat stains on gloves and masks — nearly as easily as they can get profiles from blood or semen at the scenes of violent crimes. And government grants for testing evidence, initially limited to violent crimes, now can be used to analyze DNA from property crimes. … Since 1990, the states, the federal government and the military have collected DNA from those convicted of felonies — serious crimes punishable by more than a year in prison — and stored the genetic profiles in computer databases. Several states collect DNA from those convicted of misdemeanors, such as minor assaults. With FBI software, the profiles are compared with DNA from crimes. The system was designed to 'solve violent crimes,' its mission statement says."

Retired West Virginia Policeman Sentenced To Prison For Child Porn Possession. The (WV) State Journal (10/19) reports, "A retired Clarksburg police officer learned his sentence Thursday for possessing child pornography. Ronald Alonzo pleaded guilty in July to federal charges of possessing child porn Alonzo, 54, will spend 46 months in federal prison." The State Journal notes, "Prosecutors say Alonzo was working as an officer when he confessed to having sexually explicit images of minors on his computer. An FBI investigation determined Alonzo was receiving and sending pictures of children under the age of 18 as attachments in e-mails."

Swedish Businessman Pleads No Contest To Drunk Driving Charge In Ferrari Crash Case. The Los Angeles Times (10/20, Hong) reports Bo Stefan Eriksson, a Swedish businessman and ex-convict who allegedly crashed a million-dollar Ferrari into a telephone poll in February, "pleaded no contest Thursday to drunk driving." He "agreed to the plea deal to clear the way for his trial next week on grand theft, embezzlement and firearms possession charges, his lawyers said. … Eriksson is accused of illegally bringing a second Ferrari and a Mercedes into the US without authorization of the British banks that held the titles."

CIVIL LAW:

Returning Veterans Face Disputes Over Employment Rights. The Minneapolis Star Tribune (10/20, Von Sternberg) reports, "When Army Reservist Mitch Minnaert came marching home to Inver Grove Heights after 15 months of active duty in 2003, all he wanted to do was to go back to work at the Ford plant in St. Paul. … That was easier said than done." The Tribune continues, "After several wanderings though the company's bureaucratic maze and two more mobilizations as an intelligence officer, he sued the company in federal court, a lawsuit that was settled earlier this year. … Ford wouldn't comment on this case but said it wouldn't violate the law. … 'I kept ending up between a rock and a hard place, because I could have stayed on active duty, but I needed the benefits Ford had,' said Minnaert, a 22-year military veteran. 'The way I was treated, problem after problem -- I can't be the first person who's had this.'" The Tribune adds, "He's not, by any means. Last year, a survey by the Government Accountability Office concluded that as many as 8 percent of 119,761 deactivated Reserve members were not promptly rehired by their civilian employers. Fourteen percent lost seniority, seniority-related pay or benefits; and health insurance for about one in 10 wasn't immediately reinstated, the survey found. … Still, it appears the federal government's web of laws and regulations designed to protect the jobs of returning troops has worked the way it was designed far more often than not, both in Minnesota and nationwide." The Tribune notes, "In 1994,

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Congress enacted the Uniformed Services Employment and Reemployment Rights Act in the wake of the Gulf War, requiring that employers reinstate returning soldiers to positions equivalent to those they left, while protecting seniority, raises and benefits they would have had while on duty. … More than 6,000 complaint cases were opened by the U.S. Department of Labor between Sept. 11, 2001, and April of this year, the department reported. Minnesota cases during that period have totaled 119. … Those cases can be resolved informally or can ultimately be pursued in federal court by the Justice Department. On average, that has occurred only a few dozen times annually nationwide, according to the Accountability Office."

DOJ FOIA Report Sees Avenues For Technological Improvement. Federal Computer Week (10/20, Sternstein) reports, "A review of agency plans to improve Freedom of Information Act operations by Attorney General Alberto Gonzales found that many want to adopt information technology -- including internal Web sites -- for expediting requests. … 'Agencies have enthusiastically embraced the area of advanced technology and automation as a means of improving their FOIA operations, most particularly as a way of meeting the challenges faced by those with backlogs of complex FOIA requests,' the report states." FCW continues, "A December 2005 executive order directed the attorney general to issue a FOIA report based on an assessment of individual agency implementation plans and fiscal 2005 annual agency FOIA reports. Gonzales submitted his report to the president Oct. 16. … Notably, two agency plans included intranet FOIA Web sites for their employees, the report states." FCW adds, "The Interior and Commerce departments have taken a step that 'can increase an agency's efficiency, though improved communications among its FOIA personnel has perhaps its greatest value in bridging the distance that otherwise can exist in large agencies between headquarters and field office employees,' Gonzales wrote. … He recommended that other agencies carefully consider this strategy for their FOIA divisions." FCW notes, "Gonzales also recommended that in the coming months, agency officials collaborate in mapping out approaches that use technology to cost-effectively expedite FOIA requests and reduce backlogs."

CIVIL RIGHTS:

California Congressional Candidate Linked To Voter Intimidation Letter. The AP (10/20, Prengaman) reports, "Orange County (CA) Republican leaders on Thursday called for the withdrawal of a GOP congressional candidate they believe sent a letter threatening Hispanic immigrant voters with arrest." The AP continues, "Tan D. Nguyen denied knowing anything about the letter in an interview Thursday with The Associated Press but said he fired a campaign staffer who may have been responsible for it. Nguyen's attorney said his client had no intention of quitting." The AP adds, "County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen had direct knowledge of the 'obnoxious and reprehensible' letter. He told the AP that the party's executive committee voted unanimously to urge Nguyen to drop out of the race against Democratic U.S. Rep. Loretta Sanchez. … 'I learned information that allows me to draw the conclusion that not only was Mr. Nguyen's campaign involved in this, but that Mr. Nguyen was personally involved in expediting the mailer,' Baugh said in a telephone interview. … State and federal officials were investigating the letter, which was written in Spanish and mailed to an estimated 14,000 Democratic voters in central Orange County. It warns, 'You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time.' … Immigrants who are adult naturalized citizens are eligible to vote."

McClatchy Newspapers (10/20, Wisckol, Bunis) reports, "Condemnation of an intimidating mailer from Congressional candidate Tan Nguyen's campaign swelled Thursday, as state investigators continued interviews in the county and the U.S. Justice Department joined the probe." McClatchy continues, "State Attorney General Bill Lockyer told Nguyen's opponent, Rep. Loretta Sanchez, D-Garden Grove, that details should become clearer in the next couple days and that his office 'would be making arrests,' Sanchez said." McClatchy adds, "Nguyen, a Republican, said Thursday that a campaign worker helped put out the letter without his knowledge and that she had been fired. He called the letter, which targeted immigrant voters, 'flawed and ill-conceived.' … Nguyen, who said Thursday morning that he was scheduled to meet with investigators later in the day, did not

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return subsequent calls seeking response to Baugh." USA Today (10/20, 9A, 2.27M) notes, "The letter warns that 'if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time.' … Justice Department spokeswoman Cynthia Magnuson and state attorney general's office spokesman Nathan Barankin said their offices were investigating."

The Los Angeles Times (10/20, Berthelsen, Tran, Goffard, 918K) reports, "Christopher West, owner of Mailing Pros, said in a phone interview that he wouldn't confirm or deny that Nguyen was involved. He added that he had spoken with investigators from the attorney general's office and had told them 'the whole enchilada.'" The Times notes, "Some observers say xenophobia has long been part of the GOP playbook in a county that spawned Proposition 187, the 1994 ballot measure that sought to curb public services for illegal immigrants. It is also home to Jim Gilchrist, co-founder of the Minuteman Project." The Washington Post (10/20, A4, Geis, 748K) adds, "Sanchez said she has called for a federal probe into possible violations of the Voting Rights Act. 'We would like to find who did this and have them prosecuted,' she said." The Post reports that Nguyen's "campaign materials describe immigration as the focus of his campaign. He praises the Minuteman Project and opposes Bush's proposed guest-worker program."

The New York Times (10/20, Chang) reports, "Mr. Nguyen, a Vietnamese immigrant, is running an underdog campaign for the 47th Congressional District seat held by a five-term Democrat, Loretta Sanchez, a member of the House Hispanic Caucus. The district has a sizable Vietnamese and Hispanic population. … The Justice Department and the California attorney general are investigating the case. Bill Lockyer, the attorney general, said Wednesday on a local radio station, KPCC-FM, that the sender of the letter might have violated state laws against voter intimidation."

Local Television. At least seven California television networks reported that the office of California's Attorney General is investigating intimidation letters sent by the campaign of CA47 candidate Tan Nguyen (R) to the Hispanic community, threatening illegal immigrants with arrest if they vote. Some examples: KERO-TV Bakersfield, (10/19, 6:12 p.m.) broadcasted, "Republican Tan Nguyen knows that he has explaining to do. His campaign for congress is implicated in the case of alleged voter intimidation. The Attorney General's office is investigating who sent the letter to 14 thousand people in Orange County, telling them if they are here as an illegal immigrant and they vote, then they could go to jail."

KFMB-TV San Diego, (10/19, 5:33 a.m.) broadcasted, "State authorities investigate a case of voter intimidation in Southern California. … A letter is being mailed to Hispanic voters in Orange County warning them it's illegal for illegal immigrants to vote."

KCAL-TV Los Angeles, (10/19, 8:00 p.m.) broadcasted, "A local politician may be linked to voter intimidation and tonight Orange County Republican leaders want him to drop out of race. Tan Nguyen is running for a congressional seat. His campaign office mailed letters threatening immigrant voters with arrest. He says he fired the staffer who has been responsible."

KNBC-TV Los Angeles, (10/19, 6:00 p.m.) broadcasted, "Republican candidate for Congress in Orange County is under investigation tonight amid allegations of alleged voter intimidation. Republican candidate Tan Nguyen is running against Sanchez in the 47th congressional district. Nguyen has now acknowledged that somebody on his staff sent out an official looking letter warning Latino immigrant it may be illegal for them to cast a vote."

KCBS-TV Los Angeles, (10/19, 6:00 p.m.) broadcasted, "A local politician may be linked to voter intimidation. And tonight, Orange County Republican leaders want him to drop out of the race. Tan Nguyen is running for a congressional seat. GOP leaders say Nguyen's campaign office mailed thousands of letters that threatened Latino immigrant voters with arrest."

DOJ Seeks Monitors At Philadelphia Polls.

The AP (10/20, Matheson) reports, "The federal government has asked a judge to post monitors at (Philadelphia) polling places next month to make sure Spanish speakers get proper help when voting." The AP continues, "In a federal lawsuit, the Justice Department accused the city of failing to provide enough election materials in Spanish and failing to recruit enough bilingual poll workers to assist voters who don't speak English well. … The suit, filed last Friday, asked the court to authorize monitors through 2009, and also filed court papers asking that action be taken in time for the Nov. 7 election." The AP adds, "The lawsuit also contends that the city violated the federal Voting Rights Act by allowing only poll workers — some of whom did not speak Spanish — to help Hispanic voters cast ballots. The law permits voters who require assistance to request help from someone they know. … About

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10 percent of Philadelphia's 1.4 million residents are Hispanic, according to 2004 Census figures cited in the suit. The government estimates that about 36 percent of voting-age Hispanics in the city have limited English skills. … The Justice Department won a similar suit against Berks County in March 2003, when a federal judge substantiated allegations that officials there had engaged in 'hostile and unequal treatment' of Hispanics during past elections."

Bill Would Help Re-Open Decades-Old Civil Rights Cases. The Miami Herald (10/20, Burch) reports, "The slow march to close the cold cases that lay buried with the bones of the civil rights movement is closer to resolution." The Herald continues, "A bill before Congress proposes to establish a squad -- much like the popular television series Cold Case-- in the Justice Department to prosecute unresolved slayings from the civil rights era, mostly those occurring before 1970. … The measure, also known as the Emmett Till bill, is part of a sweeping national effort to reconcile the ugliest crimes of the era, at least symbolically. … 'It is critically important that we right the wrongs of the past and bring to justice the people who perpetrated heinous crimes predicated on racial hatred,' said Sen. Chris Dodd, D-Conn., who along with Sen. Jim Talent, R-Mo., sponsored the bill. … 'While we cannot bring back and make whole those who suffered and died at the hands of racists, we can at least reaffirm our nation's commitment to seek the truth and make equal justice a reality.'" The Herald adds, "All over the South, prosecutors are tackling a dozen or so defining civil rights cases, despite graying suspects and witnesses and fading memories. The most famous is the case of Emmett Till, the Chicago boy murdered in Mississippi after whistling at a white woman more than a half-century ago. … 'The proposed legislation, which is likely headed to the Senate floor after midterm elections next month, would create partnerships with state and local officials and give more prosecutorial muscle to solve crimes … It would create the Unsolved Crimes Section, a unit within the Civil Rights Division of the Department of Justice, and an Unsolved Civil Rights Crime Investigative Office in the Civil Rights Unit of the FBI. … More than anything, the measure creates a staff and resources dedicated to the cause. But well before now, the Justice Deparment had been involved in the retrying of cold cases, including Edgar Ray Killen, who was convicted last year of orchestrating the killings of Chaney, Schwerner and Goodman and the 1994 conviction of Byron De La Beckwith who murdered Mississippi NAACP leader Medgar Evers in 1963."

Referendum Makes South Dakota Frontline In National Abortion Debate. The Financial Times (10/20, Yeager) reports that with a referendum on South Dakota's new abortion law on the ballot this November, the state "has become the frontline in the long-running national debate on abortion. A victory here would show that even in a conservative Midwestern state, the public will not tolerate a near-total ban on abortion. But a defeat would signal just how difficult a challenge campaigners face in trying to protect a woman's right to abortion." The Times adds, "A recent poll showed opponents of the law with a slim lead, and abortion-rights activists hope victory here could discourage other states from moving to adopt similar bans. But if their repeal effort fails, they will take their battle to the courts."

Court Rules Religious Social Service Agencies Must Provide Contraception. The AP (10/19, Gormley) reported, "New York's highest court ruled Thursday that social service agencies run by the Roman Catholic Church and other faiths must provide birth-control coverage to their employees, even if they consider contraception a sin. The 6-0 decision by the Court of Appeals hinged on whether Catholic Charities and the nine other groups are essentially social service agencies, not churches." The AP adds, "At issue was a 2002 state law that requires employers to provide health insurance coverage for mammograms, bone density screening and other preventive services for women, including prescription contraceptives. The law exempts churches, seminaries and other institutions with a mainly religious mission. Catholic Charities and the other groups sued the state for an exemption but lost in the lower courts."

"Medical Bill Sharing Ministry" Faces Legal Challenge. The New York Times (10/20, Henriques, 1.21M) reports, "It looks like a business and, in many ways, acts like one. But it is beyond the reach of most of the rules and government oversight that apply to businesses — because it is a church mission. This is the 'medical bill sharing ministry' known as Christian Care Ministry, based in Melbourne, Fla., the largest of a handful of similar ministries around the country." E. John Reinhold, "the ministry's chairman, explains the concept simply: 'You add up all the

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medical bills and divide by the number of sharing households. Everybody kicks in and you pay the bills.'" But over the years, "some state officials have looked at ministries like Christian Care and seen what they would call unregulated health insurance." Next week "it will be Mr. Reinhold's turn to defend his organization, before a state judge in Kentucky." Regulators "say that Mr. Reinhold's organization goes beyond what" a law exempting "religious bill-sharing ministries from state insurance laws" allows.

ANTITRUST:

DOJ Closes Price-Fixing Probe Of Avery Dennison. The AP (10/20) reports, "Label and tag maker Avery Dennison Corp. on Thursday said the Justice Department has closed its investigation into alleged price-fixing in the label stock industry, without any action." The AP continues, "The company, one of the largest makers of office products and adhesive labels, first disclosed the probe in April 2003."

The Los Angeles Times (10/20, Zimmerman) reports, "Avery first revealed in April 2003 that it was part of an investigation into the market for pressure-sensitive label stock, which is used on products as varied as shampoo bottles and office supplies. … Avery and Bemis Co., a Minneapolis-based competitor, were subpoenaed by the government later that year." The Times continues, "At the time, the Justice Department was suing to block the $420-million purchase of Bemis' MACtac unit by Raflatac Inc., a subsidiary of Finnish paper products maker UPM-Kymmene Corp. .. The government argued that the deal would hinder competition in the label stock industry." The Times notes, "Avery, which commands about half of the labeling market, apparently is still under investigation by regulators in Europe and Australia regarding possible price fixing and manipulation. … Two years ago, Avery said an internal investigation had uncovered 'instances of improper conduct' by employees in its European operations and said the infractions could result in heavy fines by regulators. … The company didn't describe the nature of the wrongdoing."

AmSouth To Sell Branches In Merger Agreement With DOJ. The AP (10/20) reports, "AmSouth Bancorp. said Thursday it agreed to sell 52 branches in Alabama, Mississippi and Tennessee to settle Justice Department concerns over possible antitrust violations in its nearly $10 billion merger with Regions Financial Corp." The AP continues, "AmSouth said the branches have total assets of about $2.7 billion. The largest number of the offices are in the Mobile area, where 22 are located in two counties. … In exchange for the sale, the Justice Department said it agreed not to challenge the merger on antritrust grounds. … The deal is in the final stages of review by the Federal Reserve board." The AP adds, "The Birmingham-based AmSouth has 691 branches and $52.8 billion in assets. Regions, also with headquarters in Birmingham, has about 1,300 branches and $84.6 billion in assets."

The Birmingham Business Journal (10/20) reports, "The divestiture of the branches was required by the Justice Department to ensure that the merger of the two banks would not create unfair competition in certain markets in which both have a significant presence." The Journal adds, "The sale of a branch includes its deposits, loans and equipment. Customers of the affected branches "do not need to do anything at this time," the news release said, as they will be notified once a sale occurs. The release notes, too, that the Justice Department and the Federal Reserve made the decision on which branches were to be sold."

Amgen Dialysis Deal Raises Antitrust Concerns. The New York Times (10/20, Pollack) reports, "In a move that could help preserve its lucrative monopoly on an important anemia drug, Amgen has reached an agreement that will make it the sole supplier of the drug to one of the nation's two main operators of kidney dialysis centers." The Times continues, "The deal, announced yesterday by the dialysis provider, Fresenius Medical Care, comes as Roche is preparing to enter the market next year with a drug that would offer the first competition to Amgen's drug, which is known as Epogen. … Now, it appears, Roche will not be able to sell its drug to Fresenius, which represents about 35 percent of the American dialysis market." The Times adds, "Some analysts said the deal, which lasts for five years, could raise antitrust concerns. 'We would use an analogy of Microsoft signing an exclusive supply agreement with Dell precluding Dell from selling any computers with a competitive operating system a few months before a market entry of a competitor,' Michael Aberman, biotechnology analyst at Credit Suisse, wrote yesterday in a note to clients. … Dr. Aberman said in an interview that a deal with Fresenius alone might not attract concern. But if Amgen were to arrange

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a similar exclusive supply agreement with DaVita, the other major provider of dialysis, with about 30 percent of the market, it would draw attention. … Marie Fay, an Amgen spokeswoman, said the company did not think the deal presented any antitrust issues. She said that Fresenius had approached Amgen, not the other way around, about having a broader collaboration."

Russians File Antitrust Suit Against NHL Over Hockey Player. The AP (10/20, Neumeister) reports, "A Russian hockey club filed an antitrust lawsuit Thursday against the NHL and the Pittsburgh Penguins, saying rookie Evgeni Malkin shouldn't be allowed to play in the league because he remains under contract in his native country." The AP continues, "The Metallurg Magnitogorsk hockey club, which filed the lawsuit in U.S. District Court in Manhattan, also demanded unspecified damages from the NHL and the Penguins over Malkin's deal to jump teams this summer. … The 20-year-old Malkin left the Russian Super League team during August's training camp in Helsinki, Finland, slipping quietly into the United States to begin his NHL career. In his debut Wednesday night, Malkin scored his team's lone goal in a 2-1 loss to the New Jersey Devils." The AP adds, "Malkin was under contract for another year in Russia. The NHL had previously said the league believes any player should have the right to choose where he wants to play as long as he is legally free to do so. … After Malkin left his Russian team, he cited a Russian labor law that permits an employee to leave a job by giving two weeks notice. … The lawsuit, filed after a Russian arbitration panel ruled that Malkin is still under contract to Magnitogorsk, said the signing of Malkin to an NHL contract was a 'blatant and deliberate tampering and interference' with the Russian team's existing agreement."

India's Tata Steel Moves Toward Bid For Corus. The Wall Street Journal (10/20, C4, Singer) reports, "Tata Steel Ltd. of India is moving closer to securing its purchase of Corus Group PLC, with the British steelmaker's board poised to approve the takeover and the likelihood of a competing bid fading." The Journal continues, "Corus is set to announce as early as today that it has agreed to be acquired in a deal valued at about £4.6 billion, or $8.6 billion, according to people familiar with the situation. Corus's board, which met Wednesday, will recommend Tata's proposed cash bid of 455 pence ($8.50) a Corus share, according to these people. … The board of Corus is bound by United Kingdom takeover rules to disclose its decision once officially made."

The Financial Times (10/20, Marsh, Leahy) reports, "The move will throw down the gauntlet to any potential counter-bidders for Corus, Europe's second-biggest producer. Novolipetsk and Severstal, two Russian steel companies, and CSN of Brazil are thought to be interested." The Times adds, "A Tata-Corus deal would be the biggest takeover by an Indian business of a foreign company and underlines Asian dominance in steel, which – assuming the deal goes through – will account for five of the top six makers. … The transaction continues the rapid consolidation of the steel sector …"

ENVIRONMENT:

Colorado Water Wars Raise Spying Allegations. The AP (10/20, Paulson) reports, "If some farmers in eastern Colorado felt like they were being watched this summer, they had good reason. … Private investigators hired by some of Colorado's fastest-growing communities spent weeks spying on them, trying to determine if they were illegally pumping water for their crops, The Associated Press has learned." The AP continues, "The investigators put together an elaborate database on 50 plots of land in eastern Colorado, noting things like 'puddles around sprinkler perimeter' and 'lush corn,' and turned it over to state engineer Hal Simpson, who is investigating the claims. … 'There was one man taking pictures. My wife asked if she could help him and he sped off,' said Steve Bruntz, who recently joined other farmers at a Wiggins gas station to talk with a reporter." The AP adds, "Behind the fight are farmers who depend on irrigation, on one side, and cities that rely on water from the South Platte River, on the other. State water law guarantees that those with higher-priority rights get their share first. … The water crisis came to a head in May when the state engineer told farmers along the South Platte to turn off 440 wells after forecasting lower-than-average river flows and well owners were unable to devise plans to replace the water they were using. … Millions of dollars worth of wheat, corn, sugar beets and melons were left to die after some farmers and three cities - Sterling, Boulder and Highlands Ranch - rejected an emergency plan that would have allowed well owners to continue pumping."

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FBI/DEA/ATF/USMS:

Gonzales Visits Virginia ATF Demonstration.

The Fredericksburg (VA) Free Lance-Star (10/20, Branscome) reports, "U.S. Attorney General Alberto Gonzales stopped by Caroline County's Fort A.P. Hill yesterday for a fireworks show of a different kind." The Free Lance-Star continues, "Wearing a collared shirt with the Department of Justice's logo, Gonzales stood with his hands on his hips and watched a Ford Taurus explode about 1,000 feet away. … Ten pounds of dynamite in the car's back seat sent a plume of black smoke into the overcast sky. … 'That's exactly what you're seeing in Iraq,' Rich Marianos, a special agent for the ATF, told a reporter after assessing the damage." The Free Lance-Star adds, "It was the last of several improvised explosions at an 80-acre training site run by the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Such exercises are a 'very important contribution to our effort in Iraq,' Gonzales said." The Free Lance-Star notes, "For much of his 30-minute tour, Gonzalez spoke in low tones to Steve Beggs of Spotsylvania County, who is chief of ATF's explosives training branch at A.P. Hill. … The ATF established the training area in 2000, in part to teach local and state investigators how to check out the scene of a blast. Bomb technicians also learn how to dispose of explosives at the site, an open field with a large patch of asphalt. … In response to a question from Gonzales, Beggs said Timothy McVeigh used up to 5,000 pounds of the substance during his attack in Oklahoma City. … Gonzales called the demonstrations 'interesting' and said they represent the 'danger of explosives and the good work ATF is doing.'"

Federal Grand Jury Indicts 38 Suspected Traffickers In Multistate Drug Investigation.

The Washington Times (10/20, Seper) reports a federal grand jury in Colorado yesterday "returned an indictment against 38 persons suspected of drug trafficking in an investigation of a multistate marijuana and Ecstasy distribution and money-laundering operation in Denver. Garrison K. Courtney…said the probe known as Operation Berthoud led to the seizure of 95 pounds of high-grade marijuana, three indoor marijuana-growing operations containing 414 live plants, 1,500 tablets of MDMA, or Ecstasy, and more than $700,000 in cash, assets and stolen property." Courtney "said a 152-count indictment handed up in U.S. District Court in Denver accused gang members of engaging in a 'pattern of racketeering activity' involving the shipment of 50-pound to 100-pound quantities of 'BC Bud' marijuana...from Washington state and California to Denver. The marijuana was valued at $3,000 to $4,000 a pound because of its potency, he said."

The AP (10/19) reports investigators "said Thursday they broke up a drug operation that was raking in up to $150,000 a month for its 22-year-old alleged ringleader by bringing high-grade marijuana from the West Coast to Colorado. The alleged ring was bringing 'BC Bud' marijuana from Washington state and California in 50- to 100-pound quantities, repackaging it and selling it for up to $500 an ounce, authorities said. … Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division, said the alleged ringleader was Thanh Thea Hau of Denver." Frisco, Colorado's Summit Daily News used the AP story.

The Denver Post (10/19) reports, "According to agents from several law enforcement agencies, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected by the distributor, Hau would send a driver from Denver to pickup the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into one pound bags for delivery to his clients, who in turn sold the marijuana to their clients."

The Rocky Mountain News (10/19) reports DEA officials said Hau, part-owner of the Denver nightclub DC 10, faces 59 counts related to drug trafficking. The DEA said Hau and the other 24 members of the alleged drug network are in custody. … Sweetin said the people indicted have been linked to numerous criminal enterprises, including marijuana and ecstasy distribution, marijuana cultivation and money laundering."

On its Web site, KMGH-TV, Denver (10/20) reports that of the 38 people who "have been indicted, 25 have been arrested, including the alleged ring leader, Thanh Thea Hau. 'The principle trafficker our agents identified in Denver was determined to be making up to $150,000 per month,'" said Sweetin.

In Baltimore, Two Brothers Plead Guilty In Racketeering Case.

The Baltimore Sun (10/20, Dolan) reports two brothers "admitted in federal court Thursday that they imported more than 100 kilograms of cocaine and heroin from both coasts, sold the drugs to

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dealers on the streets of Northwest Baltimore and hid their proceeds by investing in nightclubs, suburban real estate and high-performance cars. Thursday's hearing in U.S. District Court in Baltimore gave federal prosecutors close to a clean sweep in the widespread racketeering case. Twelve of the 13 indicted defendants…have pleaded guilty to helping operate a decade-old drug organization that trafficked large amounts of drugs in the city's Park Heights neighborhood." Federal drug officials "said the investigation relied on cooperating witnesses and months of watching drug dealers, bugging their cars with electronic listening devices and recording their telephone conversations. 'The cooperation between local and federal officials was just great,' said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office."

Money-Laundering Ring Tied To Colombian Drug Sales Avoided Paper Trail. The Washington Times/UPI (10/19) reports a U.S. attorney in New York "said federal agents have arrested 26 people in connection with a money-laundering ring tied to Colombian drug sales." U.S. Attorney Michael Garcia "said federal agents seized more than $10 million in cash and about $6.5 million worth of cocaine, heroin and marijuana." Indictments "filed in U.S. District Court in Manhattan accuse the suspects of using 'peso brokers' to help drug traffickers trade U.S. dollars for pesos." Garcia "said the exchanges occur with verbal agreements, leaving no paper trial and thus complicating investigation of money laundering schemes."

Federal Fugitive Linked To Drug Cartel. The Porterville (CA) Recorder (10/19) reports on federal fugitive Jose Felix, who "escaped from a minimum-security federal prison in Kern County [California] on Oct. 9." The Recorder adds that Felix "was a prominent player in the Felix family's sophisticated drug-trafficking network, which at its peak spread methamphetamine from Tijuana, Mexico to Bakersfield, Porterville and throughout the Central Valley for two decades. … Fourteen agencies were involved with the six-year operation to bring down the cartel, which had its roots in Sinaloa, Mexico, according to previous reports." Authorities "have received anonymous leads in the week since Felix's disappearance, but have not located him."

San Francisco Chronicle Held In Contempt In Connection With Bonds Case. The AP (10/20) reports the San Francisco Chronicle "agreed to be held in contempt of court and pay perhaps hundreds of thousands of dollars in fines for refusing to assist a federal grand jury investigating who leaked its reporters the secret testimony of Barry Bonds and other athletes, according to a court filing. The government agreed to stay any fines pending the outcome of an appeal to the 9th U.S. Circuit Court of Appeals. The paper, citing the First Amendment, is refusing to abide by a grand jury subpoena ordering it to release any information it has on the reporters' source or sources."

Officials Concerned About Easy Availability Of Guns. The Hernando (FL) Today (10/20, Martin) reports, "Brooksville (FL) police Lt. Rick Hankins decided to run an experiment last year to find out how easy it is to buy a gun on the streets. … A confidential informant was sent out to buy two guns within the hour. … The informant was back 30 minutes later, guns in hand. … 'It was very surprising,' Hankins said." HT continues, "You can legitimately buy a gun in 30 minutes, from a flea market, classified ad or yard sale. These avenues don't require the paperwork and three-day waiting period of a licensed gun dealer. … But convicted felons are prohibited from owning guns and ammunition, regardless of where they buy them. Even so, two people were charged with the crime on Monday. … One of them is also accused of attempted murder." HT adds, "Michael Lavon Lazenby has been connected with Sunday's shooting in South Brooksville of Henry Maner, who was shielding a 2-year-old girl from the gunfire. … Authorities have also arrested Marcus Tyre Barnes, who they believe shot at Lazenby and the other shooters from a separate vehicle. Barnes is also a convicted felon. … So where do felons get their guns? … 'The black market, thefts, robberies, gun dealers and residences,' said John Ryan, assistant special agent in charge for the ATF's Tampa field division." HT notes, "A popular tactic is the straw purchase, which involves a legitimate person buying guns for a felon. Two local pawnshop owners say that's rare. 'I haven't had anybody try that,' said Thomas Bell, owner of Bell's Pawn Shop. 'Everybody knows I go by the book.' … Still, there's no stopping a wife from taking a gun home to her husband, said George Redman, owner of Redman Pawn and Gun. 'We have no control over that,' he said."

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IMMIGRATION:

California City Votes To Bar Rental Housing To Illegal Immigrants. The AP (10/20) reports that city leaders in Escondido, CA, "have approved a controversial ordinance prohibiting landlords from renting to illegal immigrants, the latest of a handful of communities nationwide to pass laws cracking down on people who hire or rent to undocumented immigrants." The AP continues, "More than 100 police officers and sheriff's deputies dressed in riot gear were on hand for the vote, passed 3-2 Wednesday. After the measure was approved, one person ran outside the council chamber and yelled, 'The USA wins!' prompting opponents and supporters gathered on the lawn to shout at each other for 30 minutes." The AP adds, "Inside the chamber, officers removed two men after a brief confrontation. Police said no arrests were made. … Wednesday's vote was the final reading of the ordinance, which has drawn crowds each time it has been heard. The American Civil Liberties Union has indicated it will go to court to block implementation of the ordinance, which is set to take effect Nov. 18 in Escondido, a city where Hispanics make up about 42 percent of the 142,000 residents."

TAX:

IRS Adjusts Contribution Limits For Federal Retirement Plans. The Washington Post's (10/20, D4, Barr) "Federal Diary" column reports that the IRS announced that "federal employees will be allowed to invest up to $15,500 in their retirement savings plan in calendar year 2007, $500 more than this year's limit," under the "elective deferral limit, which applies to 401(k) plans in the private sector as well the federal government's Thrift Savings Plan," which the IRS "adjusted for inflation, as required under the tax code." The Post adds that the TSP "allows investors to change their contribution amounts at any time," allowing workers to "designate withholdings from their biweekly pay in either percentage or dollar amounts. Employees covered by the Federal Employees Retirement System, though, should structure their investments so they do not hit the IRS dollar limit until the end of the year, in order to continue receiving matching government contributions." The IRS "also announced that the 'catch-up' contribution amount will remain unchanged at $5,000 in 2007."

CONGRESS-ADMINISTRATION:

Bush Gives Stickler Recess Appointment For Mine Safety Post. The New York Times/AP (10/20) reports with Congress "now in a recess, President Bush on Thursday bypassed opposition from Democrats in the Senate and the United Mineworkers of America and appointed his nominee to head the agency that oversees mine safety." Bush "appointed Richard M. Stickler, who is expected to serve about a year until the end of the next session of Congress." Stickler "will head the Mine Safety and Health Administration, which has been without a leader for two years."

Judge Orders White House To Release Records Of Visitors To Cheney's Home, Office. CNN's The Situation Room (10/19, Blitzer) reported, "A Federal judge now is ordering the Bush administration to release information about who visited Vice President Dick Cheney's home and office. The Secret Service had refused a request by The Washington Post for the information. Government lawyers call it a fishing expedition that interferes with the effective functioning of the vice presidency." The AP (10/20) says US District Judge Ricardo M. Urbina "ruled Wednesday that, by the end of next week, the Secret Service must produce the records or at least identity them and justify why they are being withheld." The newspaper "sought logs for anyone visiting Mr. Cheney, his legal counsel, chief spokesman and other top aides and advisers."

Medicare To Discontinue Automatic Drug Aid Program. The Washington Post (10/20, A6, Lee, 748K) reports, "More than 600,000 low-income elderly and disabled people who automatically received federal help to pay for their Medicare drug coverage this year will have to actively apply to get such assistance in 2007, Medicare officials said yesterday. The change affects people who were automatically enrolled in the inaugural year of the drug benefit and got the low-income subsidy in 2006 but who are no longer eligible for Medicaid or two other government assistance programs." Still, "some advocates say the affected seniors may not have understood a letter about the change that the Centers for Medicare and Medicaid Services sent last

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month. And even beneficiaries aware of the change might have trouble completing the six-page application, they said."

House Intelligence Panel Suspends Democratic Aide Over Possible Leak. The AP (10/20, Shrader) reports House Intelligence Chairman Peter Hoekstra "has suspended a Democratic staff member because of concerns he may have leaked a high-level intelligence assessment to The New York Times last month." In a letter "obtained by The Associated Press Thursday night, Rep. Ray LaHood, R-Ill., a committee member, said that an unidentified staffer requested the document from National Intelligence Director John Negroponte three days before the Sept. 23 story about its conclusions." The aide "received the National Intelligence Estimate on global terror trends on Sept. 21." LaHood wrote, "I have no credible information to say any classified information was leaked from the committee's minority staff, but the implications of such would be dramatic. This may, in fact, be only coincidence, and simply 'look bad.' But coincidence, in this town, is rare."

House Appropriations Committee Dismisses Majority Of Investigations Unit. USA Today (10/20, Johnson, 2.27M) reports the House Appropriations Committee "has let go about 60 private contractors who made up most of an investigative unit that was auditing billions of dollars in government spending, including the $62 billion federal relief package for Hurricane Katrina, the panel's spokesman said Thursday." Spokesman John Scofield said the "investigators, attached to the committee's Surveys and Investigations division, were released during the past week." He said "that the quality of the unit's work had been questioned by leaders of the Republican-controlled committee, including some Democrats, but he declined to say who." USA adds the "shake-up — which leaves only 16 full-time employees in the investigative unit — comes about a year after the Appropriations Committee's chairman, Rep. Jerry Lewis, R-Calif., launched the Katrina review by saying the unit would 'conduct a wide-ranging assessment and analysis of disaster spending.'"

LATimes Criticizes Congressional Use Of Self-Dealing Earmarks. The Los Angeles Times (10/20, 918K) says in an editorial, "Capitol Hill pols are outdoing even the movies with bills and deals that rake in big money for themselves, their families and their political friends. In one of the latest instances, Senate Minority Leader Harry Reid (D-Nev.) is under fire for not reporting part of a complex real estate transaction that led to the sale of some of his Las Vegas property. After a little government land swap here and some rezoning there, Reid received $1.1 million." But Reid "has nothing on House Republicans, who appear to be perfecting the art of 'earmarking' money in federal spending bills to boost their real estate interests. Speaker J. Dennis Hastert (R-Ill.) earmarked funds for construction of a parkway near land he owned, which he later sold for a $2-million profit. Rep. Charles H. Taylor (R-N.C.) directed $11.4 million in federal funds to a highway-widening project that just happened to make it easier to get to resort acreage and subdivisions that he owns. Rep. Ken Calvert (R-Corona) directed federal money to projects near his Riverside County property that he later sold for about twice the purchase price. Earmarking in another highway bill put $1.28 million to work improving land near a development owned in part by Rep. Gary G. Miller (R-Diamond Bar)." If Congress "is to repair its reputation, it must go beyond merely admitting that its members engage in self-dealing. It has to change."

OTHER NEWS:

Dow Reaches New High, Closes Above 12,000 For First Time. The Wall Street Journal (10/20, C1, Zuckerman, 2.03M) reports, "Powered by once-skeptical investors rediscovering a passion for stocks, the Dow Jones Industrial Average yesterday closed above the 12000 mark for the first time, after testing the milestone for days. It looks as if there are more potential converts still on the sidelines. The newfound enthusiasm comes from an array of sources, including small-time investors pouring money into mutual funds and hedge funds investing money for deep-pocketed institutions and individuals." The Journal adds, "For all the excitement of the Dow's record close, which came on the 19th anniversary of the 1987 stock-market crash, the market barely nudged over the finishing line. The Dow, comprising 30 major companies, advanced just 19.05 points, or 0.2%, to close at 12011.73." The S&P 500 "rose just one point to 1366.96, a 0.1% increase, and still is off 11% from its record high in March 2000. The Nasdaq Composite was up 0.2%, or 3.79 points, to 2340.94, less than half its record high."

ABC Evening News (10/19, lead story, 2:50, Gibson) reported, "With all the attention on Iraq, the war in Lebanon,

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and North Korea in recent months, it has been easy to overlook the economy and the stock market, which has been moving upward quite nicely, thank you very much. 19 years ago to the day, Wall Street suffers black Monday. Today, the Dow had its highest closing ever. Over the 12,000 mark. Now, the Dow is not the most scientific of indicators. But it is still very good economic news." On NBC Nightly News (10/19, story 5, 1:40, Williams, 9.87M), Maria Bartiromo of CNBC said, "People are very optimistic about earnings and economic backdrop. Oil prices way down from the highs three months ago. And earnings seem to be growing strongly indicating that the corporate sector is vibrant." The CBS Evening News(10/19, story 7, 0:10, Couric, 7.66M) briefly noted that "the Dow reached new heights today, closing over 12,000 for the very first time."

The New York Times (10/20, Bajaj, 1.21M) reports, "The achievement by the popular, though not comprehensive, barometer of the stock market indicates that investors are increasingly confident that the economy is poised to perform the rare feat of slowing without stalling. The Dow is up 12 percent so far this year." The Washington Post/AP (10/20, D3) runs the story inside its Business section, and calls the Dow's finish above 12,000 "the latest sign that the stock market continues a cautious recovery from the losses and despair that investors suffered in the early part of this decade."

USA Today (10/20, Shell, 2.27M), for example, reports, "Dow 12,000 is a big round number, a fresh, mountainlike peak never seen before, but it doesn't mean a return to the dangerous days of hyperinflated stocks." Moreover, "the 30 stocks in the blue-chip Dow are trading at lower valuations than they were at the 2000 top, when stock investing surpassed baseball as the national pastime. In early 2000, Dow stocks had a median P-E (half higher, half lower) of 29, says Ned Davis Research. Now, the median P-E is 18. The broader Standard & Poor's 500 is trading at roughly 14 times estimated 2007 earnings, vs. a 27 P-E in March 2000, Thomson Financial says."

Leading Indicators Rise 0.1% In September. The Wall Street Journal (10/20, A10, Derby, Walsh, 2.03M) reports, "Separate reports showed that factory activity in the Philadelphia region was flat in a mid-October reading even as manufacturers remain optimistic, and that weekly U.S. jobless claims hit a four-month low." The Conference Board "reported Thursday its index of leading indicators edged up just 0.1% to 137.7 in September, but noted that consumer expectations have improved. The index fell by a revised 0.2% in August. Economists had expected a more robust 0.3% advance last month." The Federal Reserve Bank of Philadelphia, meanwhile, "reported that a gauge of manufacturing activity in its region slipped to -0.7 in a mid-October reading from -0.4% in September. Economists expected October's reading to stand at 8.0. Negative readings indicate a contraction in activity."

OPEC Agrees On Larger-Than-Expected Production Cut. The Financial Times (10/20, Hoyos) reports OPEC "on Thursday night agreed to cut production by 1.2m barrels a day, showing its determination to defend $60 as its new minimum international price." The cut "was deeper than the market had expected." Moreover, Saudi Arabia "on Thursday warned that the cartel could make a second cut as early as December. The news is likely to push oil prices sharply higher this morning as traders had expected a reduction of 1m b/d." The cartel's "ministers, who had for the last two weeks been divided over how to implement the cut, on Thursday agreed that each of Opec's 10 active members would participate on a pro rata basis, said Edmund Daukoru, Nigeria's oil minister and Opec's current president." The Times says, "The full seriousness of Opec's resolve will only become apparent in the next two months as members either adhere to the decision or cheat by not fully cutting their share."

The Wall Street Journal (10/20, Cummins, Swartz, Al Qudaihi, 2.03M) says, "OPEC's decision to reduce production by 1.2 million barrels of oil a day -- a modestly larger cut than expected -- marks its strongest signal in years that the cartel will act aggressively to stop falling crude prices." The Journal says, "By announcing a bigger-than-expected cut and leaving on the table the prospect of more cuts later in the year, OPEC ministers appear to be trying to send a strong message that they will stomach the temporary pain of reduced oil sales in exchange for the stability of higher prices."

The Washington Post (10/20, D3, Mufson, 748K) says, "The unexpectedly large size of the cut...was aimed at the many oil traders and analysts who still take a skeptical view of OPEC's will to follow through and carry out meaningful output reductions." The Post says, "For the Bush administration, OPEC's accord was a disappointment. 'We continue to believe that it is best for oil producers and consumers alike to allow free markets to determine issues of supply, demand and price,' Energy Secretary Samuel W. Bodman said in a statement last night. 'As past experience has shown, market

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intervention is not beneficial for producing or consuming nations.'"

Lower Prices Seen As Discouraging Investment In Exploration, Alternative Energy. The Washington Post (10/20, Mufson, 748K) reports the uncertainty caused by wide swings in the price of oil "has served to discourage some of the big-money, long-term investments in new drilling, more-efficient refining techniques or alternative energy sources that could more easily meet growing demand. Now that prices have pulled back from the $70 range that held for much of the past year, industry watchers are worried that the urgency to invest in new supply may dissipate." The Post says, "energy experts put little faith in OPEC's efforts to hold the line on supply and prices; rather, the experts are bracing themselves for the downward whoosh of another boom-and-bust cycle." The Post notes, "No major company has yet backed off investment plans announced when oil was $20 a barrel higher." Oil prices "are still high enough for these investments to make sense."

Mankiw Calls For Higher Gasoline Tax. In a Wall Street Journal (10/20, 2.03M) op-ed, N. Gregory Mankiw, a Harvard professor and former chairman of the Council of Economic Advisers, writes, "I would like to see Congress increase the gas tax by $1 per gallon, phased in gradually by 10 cents per year over the next decade." Higher gas taxes "would be the most direct and least invasive policy to address environmental concerns" such as global warming and would curb traffic congestion." The revenue from an increased gas tax would "make a dent in the looming fiscal gap," and because "the burden of a tax is shared by consumer and producer," "[s]ome of the tax would in effect be paid by Saudi Arabia and Venezuela." Makiw writes, "Public finance experts have long preached that consumption taxes are better than income taxes for long-run economic growth, because income taxes discourage saving and investment." Noting Alan Greenspan's recent call for higher gas taxes, Makiw says, "Greenspan may well be right that the gas tax is an economic policy with positive spillovers to foreign affairs." He concludes, "don't expect those vying for office to come around until the American people recognize that while higher gas taxes are unattractive, the alternatives are even worse."

Car Driven By Federal Judge Hits Connecticut Police Officer. The AP (10/20) reports, "A popular city police officer was fighting for his life Thursday after being hit by a sport utility vehicle driven by a federal judge, New Haven, Conn., police said." The AP continues, "Officer Dan Picagli, a 17-year veteran of the force, was hit while working an extra-duty job directing traffic in the rain Tuesday night in a dimly lit section of Chapel Street. … He had on a black raincoat, and Police Chief Francisco Ortiz said Thursday that he was wearing a reflective vest. Ortiz described Picagli's injuries as life-threatening." The AP adds, "City officials identified the driver of the SUV that hit Picagli as John M. Walker Jr., a judge on the 2nd U.S. Circuit Court of Appeals in New York, who lives in Connecticut and maintains court chambers in New Haven. They said he was leaving work when the accident happened. … Ortiz said a long investigation will be required to determine what happened, but police did not feel it was necessary to test Walker for drugs or alcohol. … 'He's cooperating,' Ortiz said. 'He's also very much distraught over what occurred.' … Walker, 65, voluntarily stepped down as chief judge Oct. 1 and took the status of senior judge, said spokeswoman Karen Milton, circuit executive for the appeals court."

Most Stations Carrying E85 Likely Violate Fire Codes. USA Today/The Detroit Free Press (10/20, Hyde) reports, "Underwriters Laboratories, the product-safety testing group, said on Thursday that it has no timetable for approving E85 systems for filling stations, an issue that's created confusion around the country and could slow the spread of ethanol fuel." The Free Press says, "A UL listing is a requirement for filling stations under most fire codes. But on Oct. 5, UL said it was suspending its listings for any fuel system that handles E85... . The lack of the UL seal for fuel pumps carrying E85 means that most of the roughly 1,000 stations that carry it likely violate fire codes. It also means that in most states, stations that want to install E85 pumps will need waivers from local or state fire marshals." John Drengenberg, UL's manager of consumer affairs, "said UL understands the demand for E85 pumps and is moving quickly."

Texas Court To Rule Whether Judge Who Lobbied For Miers Violated Judicial Ethics. The New York Times (10/20, Blumenthal, 1.21M) reports that a special court in Texas is to rule today on whether Texas Supreme Court Justice Nathan Hecht, who was enlisted by the Bush Administration in its unsuccessful bid to put Harriet Miers on the US Supreme Court was guilty of "willful and persistent violations" of judicial ethics for his role in that effort.

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Hecht "testified before the State Commission on Judicial Conduct that he had given about 120 interviews to reporters in which he promoted her nomination. Justice Hecht, a Republican who is running for re-election, also said he had reported back to the White House on questions he was asked about Ms. Miers, President Bush's longtime counsel." He was "widely portrayed in news reports as Ms. Miers's 'spokesman.'"

Bush Campaigns For Troubled GOP Incumbents In Virginia, Pennsylvania. President Bush yesterday attended campaign fundraisers for Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia, both of whom earlier appeared to have safe seats in Congress. CNN's The Situation Room (10/19, Quijano) reported Bush was "hitting two places once considered to be safe seats for Republicans, but now, for very different reasons, are in danger." Bush's "goal, to try to rally those all-important conservative voters, who are, of course, so crucial to the GOP's success, and to try to remind them why they should head to the polls next month."

The New York Times (10/20, Rutenberg, 1.21M) reports Democrats "cast the presidential visits as signs of anxiety at the White House and among national Republicans in this election year, mockingly calling it part of 'Character Counts Week' in e-mail to reporters." The White House "said it was living up to commitments made to candidates who still had the president's support, though Tony Snow, the White House spokesman, declined Thursday to address directly the specific controversies involving Mr. Sherwood and Mr. Allen."

The AP (10/20, Loven) reports Bush's appearances for Rep. Don Sherwood in La Plume, Pennsylvania and for Sen. George Allen in Richmond, Va., "found the White House on the defensive over the decision to try to help candidates in such straits as the GOP struggles to keep control of Congress." White House spokesman Tony Snow said, "I think the president understands that it's important to set high standards." The AP adds the "troubles of Sherwood and Allen have made them two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away."

The Washington Times (10/20, Dinan, 88K) reports the story under the headline, "Lawmakers Mired In Gaffes, Scandal Get Help From Bush." The Times notes, "It is a sign of how bad Republicans' problems are that President Bush, this close to the election, had to stump yesterday for two men who should have locked up their re-election months ago but are facing difficult campaigns because of scandal or mistakes."

The Los Angeles Times (10/20, Gerstenzang, 918K) reports Sherwood "shouldn't have needed President Bush's help in his reelection campaign," and Allen "shouldn't have, either. But there was Bush on Thursday, first in the small town of La Plume, Pa., and then in Richmond, Va., raising money and rousing the faithful — each appearance illustrating the difficulties Republicans face as they seek to hold on to what in the past have been safe seats." White House Press Secretary Tony Snow, "who said Oct. 13 that Bush would stick to his commitments to campaign for Sherwood and Allen, was not quite as effusive Thursday." Asked whether Bush "had concerns, 'personally and morally' about the controversies swirling about the two candidates, Snow said: 'I'm just not going to comment on it.'"

Allen Seen As Distancing Himself From Bush's Stance On War. Several media sources noted that while Bush delivered a "tough" speech on Iraq, Sen. Allen nonetheless distanced himself from the Administration's position. Democrats also brought in a high-powered fundraiser, former President Bill Clinton, to help Webb's surging campaign fund. Clinton, for his part, attacked the Republican message as scaremongering. Republicans, meanwhile, sought to highlight Webb's remarks from 2000 that were highly critical of Clinton's ethics.

The AP (10/20, Lewis, Barakat) reports Sen. Allen "welcomed fundraising help Thursday from a visit by President Bush even as the senator distanced himself from Bush's tough stance on an increasingly deadly Iraq." Democrat Jim Webb "joined former President Clinton later Thursday at a fundraiser in McLean where they dismissed Bush's hawkish talk as more Republican scare tactics." Bush, speaking to Allen supporters, said "that the best way to protect Americans is to stay on the offensive. He criticized Democrats' opposition to an indefinite military occupation in Iraq." But Allen, 'over the past two weeks, has nuanced his position closer to that of fellow Virginia Republican Sen. John W. Warner, who returned from Iraq with a bleak assessment of the increasing death toll." Clinton, "at a fundraiser for about 375 Webb backers at the home of Democratic former Sen. Chuck Robb in the Washington, D.C., suburbs, said the public is weary of the Iraq politics Bush used successfully in 2004."

The Richmond Times-Dispatch (10/20, Whitley) reports President Bush "strongly defended the war in Iraq and tax

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cuts" at the event. Allen aides "said $550,000 was raised for the senator's re-election campaign. At the reception, the president said of the war: 'It's tough,' but added 'we will fight, we will stay and we will win in Iraq.'" The Times-Dispatch added Bush "stood beside Allen, who has begun to express doubts about the war, in the rotunda of the Science Museum of Virginia." The Bush "entourage, which included political adviser Karl Rove, flew into Richmond International Airport aboard Air Force One after Bush spoke at a fundraiser for U.S. Rep. Donald L. Sherwood of Pennsylvania." Outside the Science Museum, "protesters chanting anti-Bush and anti-war slogans appeared to outnumber the guests who paid $500 to listen to Bush deliver a 31-minute speech. Other guests paid $5,000 for the chance to mingle briefly with Bush and have their photograph taken with him."

The AP (10/20, Lewis) reports Clinton, "speaking later in the evening, said the public is weary of the Iraq politics Bush used successfully in 2004. Republicans 'won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times,' Clinton said. 'It's kind of mangy dog right now.'"

The Washington Post (10/20, B1, Barnes, Shear, 748K) reports President Bush "added a stern stay-the-course message on the war in Iraq to his buoyant endorsement" of Allen. While Bush "raised about $500,000 for Allen (R) at an event in Richmond, former president Bill Clinton raced through Maryland and into Northern Virginia with a similar mission for Democrats in mind." In Richmond, Allen "may have gotten a bit more support from the president than he wanted; after Bush departed, Allen seemed to distance himself from some of Bush's tough talk on Iraq." The Post adds that in Clinton's visit to McLean for the Webb fundraiser, "Irony abounded. In 2000, when he was a Republican, former Navy secretary Webb endorsed Allen over Robb, the incumbent, saying that Robb had become 'part of the problem.' And at that November event, Webb took one of his many swipes at Clinton, saying his was 'the most corrupt administration in modern memory.'" Webb, "a decorated Vietnam War veteran, has said his feelings were driven by Clinton's avoidance of service in the military, 'but I'll say on 9/11 that wall came down for me." Clinton "indicated no hard feelings."

The Richmond Times-Dispatch (10/20, Hardin) reports former President Clinton "saluted Democrat Jim Webb yesterday for his service to the nation and his courage in challenging" Allen. Though they "have had different views in the past, Clinton said he and Webb share a Scots-Irish lineage and hardscrabble upbringing, and deep divisions in the nation over the Vietnam War are passing." Responding to "a question about President Bush's remarks in Richmond earlier, Clinton defended Democrats on the Iraq war, saying, 'There isn't anybody that's cut and run.'" The Times-Dispatch adds Webb "aides estimated the proceeds at between $400,000 and $600,000." But just "six years ago, then-Republican Webb called the Clinton administration 'one of the most corrupt' in modern times and backed Allen for election over incumbent Democratic Sen. Charles S. Robb."

USA Today (10/20, Jackson, 2.27M) reports Allen and Webb "brought out their party's big guns: the current and former commanders in chief." While the candidates "may hope the Oval Office aura changes voters' minds, political analysts said presidential visits are more about raising money and inspiring turnout by partisans."

The Washington Times (10/20, Bellantoni, McLaughlin, 88K) reports Bush and Clinton, "rallying party faithful at swanky fundraisers yesterday, told Virginia voters their choice in next month's U.S. Senate election is crucial." At the Allen event, Bush said the election is about "which party will take the steps necessary to protect the American people and win the war on terror and which party is going to keep your taxes low and keep this economy growing." The Times adds that Clinton "agreed the two parties have clear opposing philosophies. 'We've got a chance to win a victory for America,' Mr. Clinton said, casting the upcoming election as a historic opportunity for Democrats."

Democrats Using Bush In Ads To Tar GOP Opponents On Iraq. The Chicago Tribune (10/20, Silva, 623K) reports "well before" President Bush's Richmond event for Allen, Democrat Jim Webb "had poured his own campaign cash into a 30-second television spot ridiculing Allen for parroting the president's promise of 'staying the course' in Iraq." Now, Bush's "appearance has armed the campaign of challenger Jim Webb with fresh videotape, as he and Democratic congressional candidates throughout the country attempt to saddle Republicans with the unpopularity of their party's president, deploying Bush as a weapon in their own ads." Clinton has "joined the fray too, making an appearance alongside Webb at another Virginia fundraiser Thursday night - accentuating the debate in a campaign which Democrats are attempting to frame, in part, as a referendum on the Bush administration's policies in Iraq and at home." The Tribune adds that in the "closing weeks of a

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campaign in which control of Congress is at stake, Bush's face has appeared in campaign ads from coast to coast. But it is Democrats who have dragged Bush into the campaign in a bid to portray Republicans as 'rubber-stamps' for the White House and a vote for the GOP as a vote for the Bush agenda. Many Republicans, meanwhile, have sought to distance themselves from the president."

McClatchy (10/20, Thomma) reports, "It always comes back to Iraq. Regardless of what politicians and the media talk about from week to week - the Foley sex scandal in the House, a nuclear test in North Korea, a soaring stock market - what dominates American politics this fall is Iraq." The war is "consuming George Bush's second term, threatening his party's control of Congress and endangering his dream of forging a Republican majority that would rule the country long after he retired to his Texas ranch." But even as "public skepticism about the war spreads, it's not producing any consensus on what to do about the mess, and thus the elections will offer little direction and no mandate for the U.S. government heading into next year. Voters split four ways in a recent McClatchy-MSNBC poll - send more troops, keep the same level, start withdrawing, or withdraw them all. They split evenly in another poll over whether to keep troops in Iraq or pull them out." The division "helps explain the growing cracks in Republican support for the White House's open-ended, stay-the-course approach to the war. And it makes clear why Democrats don't offer a clear alternative - and why they'd have a hard time reconciling their competing visions of what to do should they win the House of Representatives or the Senate."

The Los Angeles Times (10/20, Levey, Hook, Simon, 918K) reports, "Across the country, GOP candidates are breaking with the White House over how long troops should remain in Iraq and who should lead the war effort." Even "some of President Bush' staunchest allies in solidly Republican states are questioning the administration's war policies, while others are scrambling to find new ways to talk about Iraq in the face of rising voter frustration over management of the war." Sen. Kay Bailey Hutchison, "who earlier this year stood by Bush during some of the most damaging sectarian violence, this week said Iraq was in 'chaos' and that it was 'worth trying' to partition the country into semiautonomous regions, a proposal that sharply diverged from White House policy."

Bush Seen As Clearly Embracing Sherwood. The New York Times (10/20, Rutenberg, 1.21M) reports it is "certainly not every day that the current president stumps on behalf of a fellow party member fighting for his political life after recently admitting to an extramarital affair — but denying his mistress's accusation of abuse — in a usually reliable Republican township here in northeastern Pennsylvania. In fact, it can safely be said that this president has never before done so." But President Bush "did come" to La Plume "to lend crucial support" to Sherwood, "whose confessed infidelity has put his House seat into jeopardy. And far from seeming to hold his nose, Mr. Bush strongly embraced Mr. Sherwood, firmly shaking his hand as they stood on the stage, smiling for the flashing cameras, and then telling supporters, with gusto, 'I'm pleased to be here with Don Sherwood: he is the right man to represent the people of the 10th Congressional District from the state of Pennsylvania.'"

The AP (10/20, Loven) reports, "Helping to raise more than $300,000 for Sherwood at Keystone College, Bush only obliquely addressed the controversy. He praised Sherwood as 'the right man to represent' his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign." Bush called her "a 'caring and courageous woman' because of a letter she wrote to constituents over the weekend. In that letter, she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair and the abuse that Sherwood has denied."

McClatchy (10/20, Hutcheson) reports, "Bush traveled to northeastern Pennsylvania Thursday to help the wayward husband, Republican Rep. Don Sherwood, keep his seat in Congress. Perhaps it's a measure of the Republicans' plight that the president would throw his prestige behind a candidate whose marital misbehavior conjures memories of Bill Clinton." While Sherwood's "five-year fling with a woman half his age has all the elements of a bad soap opera," the "voter reaction to his performance could help decide whether Republicans keep control of the House of Representatives. Polls show Sherwood trailing Democratic challenger Chris Carney in a district that had been considered a lock for the GOP." White House spokesman Tony Snow noted the congressman's contrition in explaining the president's decision to campaign for him." Snow said, "Mr. Sherwood has certainly admitted to what has gone on, and the president believes that we're all sinners, we all seek forgiveness."

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The Scranton Times-Tribune (10/20) reports that at Wilkes-Barre/Scranton International Airport, President Bush stopped "briefly to greet supporters, including a Scranton literacy volunteer. Naomi Alamar, a volunteer for almost two decades with Scranton Council of Literacy Advance, met the president on the tarmac with Rep. Don Sherwood, R-Tunkhannock Township before a motorcade of five SUVs, a black box truck, two state police cruisers and a dozen police motorcycles whisked Mr. Bush to his speech at Keystone College in LaPlume." About "125 protestors were waiting for Mr. Bush as he arrived at the college and made his way to the Gambal Athletic Center, where he told a cheering crowd that Republicans like Mr. Sherwood were better defenders of national security than 'cut-and-run' Democrats."

WNEP-TV Wilkes-Barre/Scranton (10/20) reports on its Website, "The President was joined on Air Force One with Congressman Don Sherwood and his wife, Carol. After spending a few minutes together aboard, they descended the steps to be greeted by other dignitaries waiting at the bottom of the steps." Bush "also greeted Naomi Alamar of Scranton. She was presented with the Presidential Volunteer Service Award. Alamar is a volunteer with SCOLA Volunteers with Literacy." During his speech "at Keystone, President Bush talked about what Sherwood has accomplished while serving in Congress and he used the opportunity of a Republican audience to make a few pointed jabs at the Democratic party."

Republicans Said To Have Begun Blame Game Before Any Elections Losses. The New York Times (10/20, Kirkpatrick, 1.21M) reports, "Tax-cutters are calling evangelicals bullies. Christian conservatives say Republicans in Congress have let them down. Hawks say President Bush is bungling the war in Iraq. And many conservatives blame Representative Mark Foley's sexual messages to teenage pages." With polls "showing Republican control of Congress in jeopardy, conservative leaders are pointing fingers at one other in an increasingly testy circle of blame for potential Republican losses this fall." The "skirmish among conservatives over what is going wrong has begun unusually early and turned unusually personal. But almost regardless of the outcome on Nov. 7, many conservatives express frustration that the party has lost its ideological focus. And after six years of nearly continuous control over the White House and Congress, conservatives are having a hard time finding anyone but one another to blame." National Review editor Rich Lowry said, "It is pre-criminations. If a party looks like it is going to take a real pounding, this sort of debate is healthy. What is unusual is that it is happening beforehand."

McCain Says GOP Failed In Enacting Reform Agenda. The CBS Evening News (10/19, story 11, 2:25, Couric, 7.66M) interviewed Sen. John McCain. Asked why Republicans were "in such trouble heading into the midterm elections," McCain said, "I believe that we Republicans have a message and a strong one, a good economy, low inflation low employment, American is safer. But to somehow state that we don't have enormous challenge I think would not be accurate. We do." Couric: "What has the GOP not done right?" Sen. John McCain: "We haven't reformed immigration. We haven't reformed lobbying. We haven't reformed ethics. We haven't made many of the reforms that I think we want. I think our base is very angry. Our conservative fiscal conservative base is angry that we haven't restrained spending more." Couric: "What scares you the most about the possibility of a Democratic majority?" Sen. John McCain: "Gridlock. I worry about gridlock."

GOP Supporters Blast "Whining" Of Activists Worried About Turnout. The Washington Times (10/20, Hallow, 88K) reports, "Top Republican Party supporters yesterday accused fellow conservatives of 'whining' in response to complaints from activists worried that grass-roots Republican voters are disillusioned and will stay home on Nov. 7." Grover Norquist, "a close associate of White House political strategist Karl Rove, dismissed concerns about voter turnout as empty threats." Norquist said, "There are always in every election cycle self-appointed conservative leaders who announce, 'You haven't done enough for me, so my troops are staying home." Norquist added that the National Rifle Association, Americans for Tax Reform, the [National] Right to Life Committee, "the groups that actually put lead on the target and who do stuff all the time, they're not unhappy. The people who are whining are the guys that don't have grass roots that they can actually move." The Times adds Norquist and others criticized "remarks in yesterday's edition of The Washington Times by Family Research Council President Tony Perkins and Republican pollsters and consultants, who expressed concern about lack of enthusiasm among conservative voters."

Despite Democratic Fundraising Gains, GOP Maintains Cash Edge. The New York Times (10/20,

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Zeleny, 1.21M) reports Democrats "raised $34 million in September and began whittling down the Republicans' financial advantage, according to finance reports to be filed on Friday. Yet Republicans still have more cash at their disposal as the midterm election campaign advances from television advertising wars to a battle of getting out the vote." The Democratic Congressional Campaign Committee, buoyed by optimism, reported "raising $14.4 million last month and the party's Senate committee raising $13.6 million. With the addition of the tally of the Democratic National Committee, the party's three main groups have outraised their Republican rivals by $3.5 million for the month." But the "three Republican committees reported having cash-on-hand balances of $77.2 million at the end of September, compared with $67.3 million for Democrats. And the Republican National Committee raised $13 million in September compared with $5.6 million by the Democratic National Committee."

The AP (10/20, Kuhnhenn) reports, "The numbers show a closing trend for Democrats who have been trailing overall Republican fundraising and were $20 million behind in cash on hand a month ago." And "even with those sizable bank accounts, the Democrats were already borrowing money to address an expanding field of competitive races and the Republicans could follow suit. The Democratic National Committee this month took out a loan of up to $10 million and distributed $5 million of that to the DSCC to spend on Senate races. The balance, party officials said, was to be spent on turnout efforts targeted to minorities."

The Wall Street Journal (10/20, A4, Cummings, 2.03M) reports the three Democratic committees "raised more money last month than their Republican counterparts, slicing deep into a financial edge Republicans hoped would provide an advantage in the final weeks of the bruising campaign for the midterm elections." Overall, Republicans "have raised more money in the 2005-2006 campaign cycle than Democrats, with totals of $408 million and $304 million, respectively. But Democrats have managed to stay within reach of their adversaries in cash on hand for the critical home stretch by containing overhead costs." In the "run-up to Election Day, the RNC has spent nearly $8 million on consultants thus far this cycle, compared with $4 million by the DNC. Travel and event costs for the RNC approached $15 million, compared with $4 million for its Democratic counterpart. Some of that disparity is attributable to the higher cost of presidential trips, but Republicans also spend significantly more for trinkets for donors, such as lithographs and $93,500 for books about the inauguration."

The Washington Post (10/20, A4, Birnbaum, 748K) reports the "Democratic fundraising for the midterm elections is ending with a surge. In September, the Democratic campaign committees for the House and the Senate outraised their counterpart Republican committees, reversing historical trends." The Campaign Finance Institute "reported that 30 Democratic challengers had raised $1 million or more by Sept. 30, which compares with 12 Democratic contenders who exceeded the million-dollar threshold in 2004."

Voters Over 50 Favor Democrats By 20 Points In WSJournal/NBC News Poll. The Wall Street Journal (10/20, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Voters over 50, traditionally more likely to show up on Election Day than younger counterparts, favor Democrats for control of Congress by 20 percentage points in new Wall Street Journal/NBC News poll. As Republicans brace for renewed Democratic campaign attacks on Social Security, older voters favor Bush's adversaries on the issue by more than 30 percentage points. … Voters 65 and over give Republicans a solid edge on handling terrorism, but rate Iraq and Social Security more important to their voting decisions." The survey "of 1,006 registered voters, conducted Oct. 13-16, has a margin of error of plus or minus 3.1 percentage points."

Six In 10 Liberals Express High Interest In November Election. The Wall Street Journal (10/20, A4, Harwood, 2.03M) reports in its "Washington Wire" column that the new Wall Street Journal/NBC News poll has found that six in 10 "liberals express highest possible interest in elections, compared with five in 10 moderates and conservatives. A 46% plurality of those earning less than $30,000 calls themselves 'more enthusiastic' than usual about voting, outpacing the 42% among those earning more than $75,000."

Bush, Top Republicans To Warn Of Democratic Congress. The Washington Post (10/20, A1, Balz, VandeHei, 748K) reports in a front page story that with "top Republican strategists now privately predicting substantial House losses, President Bush and top GOP officials plan to spend the final days of the 2006 campaign attempting to rally partisans and limit conservative defections with dire warnings about the consequences of a Democratic Congress." Amid "predictions that demoralized conservative

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voters might sit out the election, Bush and other senior Republicans will escalate charges that Democrats will raise taxes, weaken national security and liberalize social policies. Bush struck those themes in campaign appearances yesterday in Pennsylvania and Virginia, and White House senior adviser Karl Rove said he 'will consistently refresh that message' between now and Election Day." But "beyond the White House, however, there is increasing anxiety among Republicans about whether new efforts to frame the party's message can be effective in turning a tide that seems to be running powerfully against them as a result of the Iraq war and the Mark Foley page scandal." A "number of GOP operatives said privately yesterday that they now see minimum losses of perhaps 18 seats, with 25 to 30 a more likely outcome. Democrats need 15 to take control of the House." Republicans are "slightly more optimistic about the Senate but nonetheless are worried about prospects for maintaining control. At this point, they see four seats likely to tip to the Democrats: Pennsylvania, Rhode Island, Montana and Ohio."

GOP Ad To Feature Warning Of Terror Attacks. The AP (10/20, Kuhnhenn) reports the Republican National Committee "will begin airing a hard-hitting ad this weekend that warns of more cataclysmic terror attacks against the U.S. homeland." The ad "portrays Osama bin Laden and quotes his threats against America dating to February 1998. 'These are the stakes,' the ad concludes. 'Vote November 7.'" RNC spokesman Brian Jones "said the ad would run on national cable beginning Sunday, but he declined to discuss specifics of the buy." The AP adds the commercial "tracks with Republican Party strategy to make the war on terrorism a central theme of this election. It will air as recent polls show Republicans losing ground as the party best able to combat terrorism." Democrats "denounced the ad as scaremongering."

Congress Criticized For Lack Of Reform After Abramoff Scandal. ABC World News (10/19, story 7, 2:45, Gibson, 8.78M) reported, "Congress has suffered a black eye this year, after revelations that Jack Abramoff bought influence with campaign contributions and trips. Lawmakers promised reform." ABC (Ross) added, "Lobster dinner with John Kerry, $25,000. A round of golf with Republican Sen. Saxby Chambliss, $15,000. Access to Congress, priceless. Access that is still for sale, despite the scandal involving convicted lobbyist, Jack Abramoff. Despite promises of reform from both parties, especially the Democrats." Rep. Nancy Pelosi: "Republicans have turned Congress into an auction house. For sale to the highest bidder. You have to pay to play." Ross: "But there wasn't much of that kind of talk this summer in Nantucket, where 17 Senate Democrats, offered lobbyists and big donors a weekend of wining, dining and schmoozing, for the price of $25,000." Senator Kerry "worked the crowd at the outdoor lobster dinner." As for Senate Republicans, "they put on the same kind of show this summer in West Virginia. Flying in on private, corporate jets, provided by FedEx, Union Pacific and US Tobacco. The Senators and the lobbyists spent a July weekend at the five-star Greenbier Resort. Louisiana Sen. David Vitter on the tennis court. North Carolina Senator Richard Burr, with lobbyists on the golf course. Inside, as with the Democrats, private briefings by the Senators. All included in the $15,000 price tag for this and another gathering."

Would-Be Democratic Chairmen Promise Centrist Course. The Washington Post/AP (10/20, Taylor) reports the ranking Democrats in House committees are "mostly a liberal bunch. Yet the would-be chairmen in a House under Democratic control promise to rule from the center. They'd have little choice, given the likely balance of power they would confront if elected." President Bush "would still occupy the Oval Office, and no one thinks Democrats could win control of the House by more than a few seats next month. And that would include three dozen or more moderate 'blue dog' Democrats." The dynamics "ensure that despite the overwhelmingly liberal cast of the chairmen-to-be -- as measured by liberal interest groups such as Americans for Democratic Action -- the early agenda would consist of bills that could garner Republican support." Those "include legislation to raise the minimum wage, empower the government to negotiate lower prescription prices from drug companies for the Medicare program and end tax breaks for companies that move U.S. jobs overseas."

Pelosi May See Stiff Challenges In Her Caucus On Road To Speakership. The Washington Times (10/20, Hurt, 88K) reports Minority Leader Nancy Pelosi's "prospects for becoming the nation's first female House speaker depend not only on a Democratic victory in November but also on her ability to prevent any Democrats from voting against her -- primarily centrists opposed to her liberal stances." At least "one Democratic House candidate has pledged not to support Mrs. Pelosi, and others in conservative districts have

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refused to commit their support -- potentially leaving Mrs. Pelosi shy of the 218 votes required for the chamber's top post." Democrat Charlie Stuart, "who hopes to unseat Republican Rep. Ric Keller in Florida, already has said he opposes Mrs. Pelosi and would prefer Rep. Steny H. Hoyer, the more conservative No. 2 Democrat in the House whose strained relations with Mrs. Pelosi have been well-chronicled on Capitol Hill." At least "three other Democrats contacted by The Washington Times refused to commit their support to Mrs. Pelosi." If Pelosi "were to fail to win, the speakership would go to the highest vote-getter, most likely Mr. Hastert. Democrats would later win it back by settling on a leader after an intraparty showdown that could pit Mrs. Pelosi against Mr. Hoyer."

Democrats Begin Drafting Comprehensive Health Care Agenda. The New York Times (10/20, Pear, 1.21M) reports, "Expecting to gain seats in Congress, Democrats are drafting an ambitious health care agenda to carry out their campaign promises with legislation to lower drug costs for older Americans, provide more money for children's health insurance and expand research using embryonic stem cells. Democrats in the House and the Senate say they want federal officials to negotiate directly with pharmaceutical companies to obtain lower prices for Medicare beneficiaries." Private insurers "already negotiate drug discounts for Medicare beneficiaries, but Democrats say the government could get a better deal. … For 12 years, House Democrats have felt powerless to shape the health care agenda. Now they sense a major opportunity. Not only are they using health care as an issue in the midterm elections, but they also plan to use it to set the stage for the 2008 presidential campaign."

Ruling Appealed That Bars Signs Indicating Foley's Replacement. The AP (10/20, Kaczor) reports Florida Secretary of State Sue Cobb "appealed a ruling that prohibits the posting of signs to tell voters in the district of disgraced former Rep. Mark Foley that his votes will go to another Republican." Circuit Judge Janet Ferris "ruled Wednesday that state law did not permit such signs to be posted in polling places." But Cobb "asked the 1st District Court of Appeal to reverse the ruling. The court agreed to expedite the case. Early voting for the Nov. 7 election begins Monday."

Democrats Hope For Kleeb Win In Heavily-Republican NE3. The AP (10/20, O'Hanlon) reports, "A Yale-educated rancher — and a Democrat to boot — could rope in a House seat in the most Republican state in the nation." Scott Kleeb "has raised his party's hopes in Nebraska's 3rd Congressional District, which gave President Bush his best numbers in the deep red state in 2004 — 75 percent — and heartily embraced football icon and Republican Rep. Tom Osborne in three elections." In "another year, the open seat would be a gimme for the Republicans, but Kleeb has turned heads — even conservative ones. The great-great-grandson of an 1870s homesteader near Broken Bow, Neb., Kleeb is appealing to the district's rural voters, many of whom are part of Nebraska's $6 billion beef industry." Kleeb faces Republican state Sen. Adrian Smith, "a real estate agent and owner of a mini-storage unit who has served in the legislature since 1998."

Clinton Rallies Democrats For Maryland Candidates. The Washington Post (10/20, B1, Barnes, Shear, 748K) reports former President Bill Clinton "'headlined a fundraiser for Maryland Senate candidate Benjamin L. Cardin, rallied die-hard Democrats at a park in Baltimore, raised money for gubernatorial candidate Martin O'Malley in Montgomery County and ended his evening across the river in McLean." Clinton "told the Baltimore crowd that his party now has a chance to represent not just progressives but also sensible conservatives. 'There's something amazing going on here,' Clinton said. 'This is not a usual election.'" The Post adds that in "overwhelmingly Democratic Maryland, there was no disagreement with anything Clinton said. The crowd at a waterfront park in Baltimore, many wearing union jerseys, held camera cellphones, waved signs and cheered loudly at every applause line in the president's short speech. Nostalgia for Clinton's years in office was the theme." The "entire statewide Democratic ticket shared the stage with Clinton, and Democrats stressed that ousting Gov. Robert L. Ehrlich Jr. (R) and replacing retiring Sen. Paul Sarbanes (D) with Cardin was a way to send a message to Bush."

The Washington Times (10/20, Ward, 88K) reports Clinton "came to Maryland to boost a state Democratic Party struggling to connect with black voters." Clinton "urged people to recruit as many voters for the Democrats as possible, something he acknowledged 'you don't usually have

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to do in Maryland.'" O'Malley officials "said they planned to raise about $500,000 from the event."

The Washington Times (10/20, Bellantoni, McLaughlin, 88K) reports that in his remarks at Frederick Douglass-Isaac Myers Maritime Park in Baltimore, Clinton said "the Republicans have been taken over" by "'the most ideological, most extreme wing' of the party, prompting some conservatives to switch parties."

WPost Endorses Cardin. The Washington Post (10/20, A20, 748K), in an editorial, endorses Rep. Cardin in the Senate race, saying he "would be a natural leader in the Senate by dint of his command of issues, proven integrity, formidable intellect and unstinting work ethic. The other candidate, Lt. Gov. Michael S. Steele, deploys platitudes and gauzy rhetoric to disguise a tissue-thin grasp of policy."

Steele Gains Among Black Voters Said Likely To Be Offset By Loss Of White Republicans. In the Washington Times (10/20, 88K), Adrienne Washington says there is a " typically intractable anti-Republican sentiment that still runs high among black voters, many of whom lob far worse slurs at black conservatives than any white Democrat can dish out. But the tide may be shifting, slightly. Another die-hard Democrat from Prince George's County told me that publicly, he is supporting the party ticket, but privately, he is going to vote for Mr. Steele." He "suggested that Mr. Steele should have taken his message to black voters sooner. Still, he doesn't think the black crossover vote will determine Mr. Steele's fate. A loss would rest more with the number of white Republican voters who 'just can't bring themselves to vote for a black man.' The Washington Times reported earlier this week that Republicans, particularly in rural areas of the state, said they will vote instead for the Democratic candidate, Rep. Benjamin L. Cardin."

Experts Disagree On Possibility Of Bill Clinton As VP. The Washington Post (10/20, A19, Baker, 748K) reports the "prospective presidential candidacy of Hillary Rodham Clinton has given rise to plenty of speculation about the notion of Bill Clinton as the nation's first gentleman. But what about another role? How about, say, vice president?" A "subsequent sampling of opinion from professors of constitutional law, former White House lawyers and even a couple of federal judges reveals a simmering disagreement on whether a president who has already served two terms can be vice president. Some agree with the conclusion that the presidential term limit embedded in the Constitution bars someone such as Clinton from returning to the White House even in the No. 2 slot. Others, though, call that a misreading of the literal language of the law." As "the former president might say, it all depends on the meaning of the word 'elected.' Under Article II of the Constitution, a person is 'eligible to the Office of President' as long as he or she is a natural-born U.S. citizen, at least 35 years old and a resident of the United States for 14 years. The 12th Amendment says 'no person constitutionally ineligible to the office of President shall be eligible to that of Vice-President.'" But the 22nd Amendment says, "No person shall be elected to the office of the President more than twice." That "seems to suggest that Clinton could be vice president because he is only barred from being elected president a third time, not from serving as president."

Erhlich Pledges $338 Million For School Construction. The Washington Post (10/20, B2, Wagner, 748K) reports Maryland Gov. Robert L. Ehrlich Jr. "pledged yesterday to spend at least $338 million on school construction in the next fiscal year, matching what the state is spending this year." Ehrlich's announcement, "made at a school in the Frederick area, comes during a heated reelection campaign against a Democratic challenger who has made a big issue of school construction." Baltimore Mayor Martin O'Malley has "pledged to spend $400 million next fiscal year to make up for what he has characterized as insufficient funding during the early part of Ehrlich's term, resulting in too many 'temporary learning shacks' on school grounds across the state."

McCain Plans To Announce Decision On Presidential Run In Early '07. The CBS Evening News (10/19, story 11, 2:25, Couric, 7.66M) interviewed Sen. John McCain. Asked when he would "announce you'll be running for President," McCain said, "Early next year." Couric: "There's no question in your mind you will take the plunge." Sen. John McCain: "Oh, no, we will decide. We will decide after the election and then make an announcement as to whether or not early next year."

College Republicans Is One Of Largest Berkeley Student Groups. The Wall Street Journal (10/20, A1, Tam, 2.03M) reports, "Faculty, administrators and student-government officials all say the conservative" Berkeley College Republicans, "which has about 650 members, has

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become one of the campus's biggest student groups, outstripping its main rival, the Cal Berkeley Democrats." The "growth of the Berkeley College Republicans at one of the nation's most liberal campuses echoes some broader political trends. At Berkeley, while leftist students still dominate and outnumber conservatives, the liberal groups have splintered and are now spread across factions from the Cal Democrats to the International Socialist Organization to groups formed to oppose the war in Iraq. At the same time, several faculty members say, there are more conservative-leaning students than in the past, propelled by swells of patriotic feeling after events like Sept. 11 and an increase in the number of religious student groups."

Henninger Says In Lieberman, Democrats Will Have "Independent Maverick." Daniel Henninger writes in the Wall Street Journal (10/20, 2.03M), "If as seems possible control of the Senate turns on a single seat, attention will return to one probable winner" who won't be celebrating with Democrats election night: Sen. Joe Lieberman. Lieberman "is going to defeat the Ned Lamont 'insurgency' from the Democratic left. … This wasn't supposed to happen. What was supposed to happen is that Joe Lieberman was supposed to go away. After Ned Lamont defeated Mr. Lieberman in the primary, a procession of his Senate friends traveled ostentatiously to Connecticut to recreate the scene in 'Godfather II' where Tom Hagen tells Frank Pentangeli about how marked guys went away in the time of the Roman Empire." But, instead "of a political corpse, the Democratic Party is about to get its own version of John McCain -- a shrewd and independent maverick. By the accounts of friends and associates, Joe Lieberman feels 'liberated' and 'unshackled.'"

Dionne Says Healey Is Moving To Romney's Left In Massachusetts Gubernatorial Race. E.J. Dionne writes in the Washington Post (10/20, A21, 748K) that with Massachusetts Gov,. Mitt Romney "leaving the statehouse to go national, his designated successor is Lt. Gov. Kerry Healey, a down-the-line loyalist -- until this year. Now, as Romney moves to the right, Healey moves the other way. After keeping mum about her differences with Romney for most of his term, she has split with his more conservative stances on a whole range of social issues, including stem cell research, abortion and same-sex civil unions. … But another national political player looms in Deval Patrick, Healey's Democratic opponent. Patrick, who was in charge of the Justice Department's civil rights division under President Bill Clinton, has unleashed a sense of excitement among Massachusetts Democrats, who have had a lot to be glum about in recent years." Dionne adds, "If Healey wins, Romney will claim credit for ensuring his succession in an ideologically unfriendly state, even if Healey did have to toss Romney's social conservatism over the side. … Imagine: A state famous for producing hard-core political pros, practical precinct captains and worldly wise consultants may be on the verge of creating two new export commodities: an attractive central-casting conservative governor and a young passionate idealist. Anything to keep Massachusetts in the game."

Record Number Of Black Candidates Draws Praise. Joyce King writes in USA Today (10/20, 2.27M), "While most blacks are Democrats, Republicans are gradually finding converts. Yet, no matter which party blacks favor on Nov. 7, this trend is good news for the political process: A record number of black candidates are posing serious bids for high-level offices never held by blacks. … 'We the people' don't all drive Volvos or espouse the same political values. Neither do black candidates. With more and more African-American candidates moving into the mainstream, voters can focus more on qualifications and less on hue; just as it should be."

NYTimes Decries "Treacherous Distortions" During Campaign's Homestretch. The New York Times (10/20, 1.21M) editorializes, "The homestretch of the campaign season historically puts treacherous distortions of the truth before the voters, none more so this year than a mysterious California letter informing thousands of Latino-Americans that immigrants have no right to vote. … It now appears that someone in a Republican Congressional campaign conjured a contemporary spin on a classic scare tactic from torchlight politics. … The head of Google, Eric Schmidt, is cautioning politicians stuck in the sound-bite era that "truth predictor" software is in the works so that computer-wise voters will be instantaneously able to check on the probability, if not the certainty, of what candidates claim as fact. Actually, careful parsing of egregiously misleading campaign ads is already available on the Web at factcheck.org, a nonprofit service that thinks voters should be

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treated as intelligent consumers entitled to the plain facts. If only the candidates saw it that way."

WSJournal Examines Riley's Change Of Heart On Tax Cuts. The Wall Street Journal (10/20, 2.03M) editorializes, "In an otherwise bad year for Republicans, one GOP incumbent doing well is Alabama Governor Bob Riley, in large part for the ironic reason that he failed to raise taxes. Three years ago Mr. Riley told voters it was their 'Christian duty' to approve a $1.2 billion tax hike he wanted to plug a $675 million deficit." Alabama voters rejected the tax hike. Riley "is now running for re-election and it seems he has converted to supply-side economics. Sitting on a $1 billion budget surplus and faced with an opportunity to hand his party control of the legislature for the first time in more than 130 years, the Governor is preaching tax cuts like a true believer." Riley's Democratic opponent, Lieutenant Governor Lucy Baxley, "has her own property tax cut on the table and hopes voters will have more faith in her promises than a Governor who wavered on taxes once before." Should Riley win next month "it will be the second time Alabama voters have rejected higher taxes in three years. In politics, that's enough to make a believer out of anyone."

Charity, Foundation Directors To Discuss Accountability. The Wall Street Journal (10/20, W2, Beatty, 2.03M) reports in its "Giving Back" column, "As charity and foundation heads gather for their annual meeting in Minneapolis this weekend, a key issue will be accountability -- and whether the $3.37 trillion nonprofit sector is capable of policing itself. Two years ago, the Senate Finance Committee told nonprofit leaders it was considering 'comprehensive reforms to protect charities from bad actors and strengthen their accountability to donors.' … Since then, Congress has focused on reining in abuses by donor-advised funds (which allow donors to take a tax deduction for gifts to a charitable fund that may be distributed later) and by nonprofit hospitals. It also cracked down on charities flouting the strict limits placed on political activity. Still unresolved are concerns about the patchwork of financial reporting made by nonprofits."

Campaign Over California Oil Tax Proposition May Be Costliest In History. The Washington Post (10/20, A8, Pomfret, 748K) reports, "Oil companies are squaring off against venture capitalists in a fight over a California proposition that would tax oil production in the state to fund alternative energy. To date, $107 million has been raised in the fight. If it is all spent, it will make Proposition 87 the most expensive proposition in the nation's history." The Post says, "Oil companies...have given more than $60 million to oppose the measure. On the other side is a coalition of environmentalists and venture capitalists... . The 800-pound gorilla in that camp is Hollywood mogul Stephen Bing, who has donated $40 million." The proposition "would impose a tax of 1.5 to 6 percent per barrel of oil extracted from California" in order to "create a $4 billion fund that would be used to develop alternative energy."

Friedman Urges Schwarzenegger To Support Proposition 87. Thomas Friedman writes in the New York Times (10/20, 1.21M), "This Nov. 7, Californians will be asked to vote yes or no on Proposition 87, a ballot initiative that would impose a higher extraction fee on oil pumped in California. … Passage of Prop 87 would be huge. To begin with, it would be the perfect complement to the carbon reduction law that Arnold just signed. … But Prop 87, by also raising a $4 billion energy fund, and devoting most of it to nurturing new fuels and more fuel-efficient vehicles and buildings, would enable California to consistently enhance those companies, communities and schools now pioneering alternative energies." Friedman adds, "And that brings us back to Arnold. He's on the fence. Even though he'll be re-elected in a landslide, he's not come out for Prop 87 -- because he's against higher taxes, in principle. But he hasn't come out against it either. If he, and wife, Maria, openly support it, Prop 87 passes. It's that simple. … C'mon, Arnold, just do it."

In Seoul, Rice Defends Effort To Secure Enforcement Of North Korea Sanctions. The Washington Post (10/20, A15, Kessler, 748K) reports Secretary Rice "pressed the South Korean government on Thursday to fully implement [UNSCR 1718] sanctions against North Korea for its nuclear test, but she encountered reluctance among officials in Seoul, who fear that tough action could lead to increased tensions and even war." Those leaders "said they had deferred decisions on whether to suspend two cross-border business projects with North Korea -- the Mount Kumgang tourist resort and the Kaesong Industrial Park." Chief Presidential Secretary Song Min-soon said earlier that "South Korea could not be left at the whims of the United States, given that the United States 'has fought

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more wars than any other nation.'" Meanwhile, Chinese State Councilor Tang Jiaxuan "led a high-level delegation to Pyongyang and met with North Korean leader Kim Jong Il. A Chinese government spokesman said it was a 'very significant' meeting but declined to provide details." The Post adds, "Throughout her tour of Asia, Rice has battled the perception that the United States is eager for an escalation. News media reports here have suggested that the United States wants to use [UNSCR 1718] to spur a dramatic confrontation with North Korea, such as a blockage or quarantine. Asian officials have repeatedly cautioned against relying only on sanctions." In Seoul, Rice met with Foreign Minister and UNSYG Ban Ki-moon and President Roh Moo-hyun, and hosted a dinner for Ban and Japanese Foreign Minister Taro Aso, "which was intended to show trilateral solidarity after several years of bickering between South Korea and Japan -- and a worsening U.S.-South Korean relationship."

The New York Times (10/20, Shanker, Fackler, 1.21M) focuses its reporting on Seoul's refusal to abandon the Kaesong and Kumgang projects. South Korean officials "told" Rice that they have "no intention of pulling out of" either deal, "even though the operations put hard currency into the pocket of" Kim Jong-il. "In her public comments, at least, Ms. Rice only emphasized the importance of the United States alliance with South Korea. The goal is not to elevate tensions on the peninsula, but to put into effect sanctions under [UNSCR 1718] as a multinational effort to press North Korea to return to six-party negotiations and end its nuclear program, she said." The Times says Rice "is in the region to press for strict enforcement of the" sanctions. "Her toughest job will be persuading South Korea and China, which differ with the United States on how to engage North Korea's reclusive Communist government." Those nations, the Times adds, "hold the key to the effectiveness of the sanctions." AFP (10/20, Millikin) adds Rice "has landed in China on the most delicate -- but potentially most promising -- leg of a tour to turn the screw on North Korea after its first atom bomb test." She is "expected to reassure the Chinese that neither South Korea or Japan will seek to arm themselves with nuclear weapons in response to North Korea's provocations."

The AP (10/20, Gearan) adds Rice "said Thursday she would not try to dictate how U.S. allies enforce sanctions on North Korea for its nuclear program, and there were signs South Korea wouldn't quickly embrace Washington's approach." She "is on a crisis mission to Asia to reinforce the sanctions and reassure jittery allies of U.S. support. But she played down differences over how to confront Pyongyang, and left U.S. expectations vague."

Under the headline, "Cracks Appear In US-Korea Front," the Financial Times (10/20, Fifield) reports Washington and Seoul "tried to present a united front on the North Korean nuclear crisis on Thursday," however, "they remained at odds over how to punish Kim Jong-il's regime." Rice "arrived in Seoul amid stern domestic criticism of Washington's apparent attempts to pressure the South Korean government to stop economic engagement with the North." Noting that "Seoul is reluctant to join" enforcement efforts out of "fear of upsetting the fragile security balance," the Times says Rice and Ban "insisted the US-South Korean alliance 'could not be stronger,' with Ms Rice saying they were now discussing how inspections and interdiction at sea might work." The Christian Science Monitor (10/20, Kirk, 58K) runs a similar story under the headline "For Rice, Seoul Proves A Cautious Ally."

Rice Says US Still Willing To Talk To North Korea. CNN's The Situation Room (10/19, Verjee) reported, "US Secretary of State Condoleezza Rice says the US is still willing to talk to North Korea. She says North Korea has to give up its nuclear program and get back to six-party talks." Rice: "We want to leave open the path of negotiation. We don't want the crisis to escalate, and the sooner that North Korea would choose to unconditionally come back to the table and take up the very good -- very good statement or very good agreement that is there, framework agreement that is there as of September, it would be to the betterment of everyone." CNN added, "Secretary Rice is also hoping that a senior Chinese official that's been dispatched to Pyongyang is able to convince North Korea to do just that and get back to talks. The Secretary of State also wants South Korea to implement a resolution that was passed by the UN Security Council that essentially slaps sanctions on North Korea. Among other things, Secretary Rice wants South Korea to play a part in inspecting North Korea cargo ships that may be carrying nuclear material."

Kim Reportedly Told Tang He Regrets Test. The AP (10/20) carries domestic South Korean media reports, primarily from the Chosun Ilbo daily, that Kim Jong-il "expressed regret about his country's nuclear test to a Chinese delegation and said Pyongyang would return to international nuclear talks if Washington backs off a

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campaign to financially isolate the country." Kim "told the Chinese delegation that 'he is sorry about the nuclear test,' the newspaper reported."

In a 1,392-word analysis piece, the New York Times (10/20, Kahn, 1.21M) says Beijing "is prepared to step up pressure on North Korea in coming weeks by reducing oil shipments, among other measures, if the country refuses to return to negotiations or conducts more nuclear tests, Chinese government advisers and scholars who have discussed the matter with the leadership say." Those actions are "likely to bolster [China's] relationship with the United States.] The Times adds, "Among the most potent of those tools is oil," and "several leading Chinese experts said senior officials had indicated in the past week that they planned to slap new penalties on North Korea going beyond the ban on sales of military equipment imposed by the United Nations." Some analysts believe "that as long as the Bush administration kept its focus on a diplomatic solution, China would work to maintain solidarity with the United States." A related AP (10/20) piece carries the headline "China Steps Up Diplomacy With N. Korea."

The Wall Street Journal (10/20, Fairclough, King, 2.03M) reports, "Chinese banks are moving to halt transactions with North Korea as Beijing looks for ways to pressure its recalcitrant ally to abandon any further atomic-weapons tests and return to multilateral disarmament talks." The Journal says Beijing's "financial system has long served as a major conduit for isolated North Korea to move money to and from the outside world," and notes that Chinese officials "at four commercial banks said that in recent days they have stopped moving funds into or out of North Korea -- a ban that could deliver a serious blow to Pyongyang's finances if it remains in force." However, it remains "unclear how widespread the crackdown is. The People's Bank of China, the central bank, declined to comment. But officials at Shanghai Pudong Development Bank Co., China Construction Bank Corp. and China Citic Bank also said they are shutting off business with North Korea."

In a segment on suspicious shipping activity by Pyongyang, CBS Evening News (10/19, story 3, 1:15, Couric, 7.66M) reported, "We want to start with the North Korea nuclear crisis. CBS (Martin) added, "Katie, a North Korean ship US intelligence suspects may be carrying military equipment prohibited by the UN sanctions has left port in North Korea. Its destination is unknown, but it is currently being tracked while US officials try to figure out exactly what's on board and what to do about it. The UN resolution, which was passed after North Korea's nuclear test, calls on all countries to enforce the embargo. But it also rules out the use of military force. So for now, it's a very uncertain situation. Uncertain about exactly what that ship is carrying, where it's headed, and what if anything the US can do to stop it."

North Korean General Says War "Inevitable" If US Keeps Up Pressure. ABC World News (10/19, story 2, 3:00, Gibson, 8.78M) showed Diane Sawyer's "interview with a top Korean General who says if the US keeps up the pressure, war is, in his words, inevitable." ABC (Sawyer) added, "Today, we had a chance to sit down with Lee Jung Bak. For 40 years he has been the Generalin charge of the DMZ, that flash point, that 2 1/2 miles between South and North Korea. We talked to him about what the President said yesterday. We also talked to him about the prospect of another nuclear test. And he said to us, 'Make it clear to everyone in the US that if there is another nuclear test, the person responsible is George Bush.' Because he said, 'The Bush Administration is backing North Korea into a corner with its pressures and its sanctions.' Can the General guarantee or reassure the American people that this nuclear information will not be passed to terrorists?" Lee Jung Bak, North Korean General (through translator): "We have nuclear weapons to defend our country and our people. Not to make money out of selling it." Sawyer: "The General said to us, he does want peace. And he also said, again, reiterated, North Korea will not be the first to use a nuclear weapon. No first strike, he says, from North Korea."

North Korea's Use Of "Flags Of Convenience" Examined. The New York Times (10/20, Bradsher, 1.21M) reports, "When helicopter-borne Australian commandos stormed a freighter three years ago after it was spotted unloading 110 pounds of high-grade heroin, the ship proved to be registered in Tuvalu, a tiny island nation in the South Pacific. When a Spanish warship stopped a freighter carrying cement to Yemen four years ago, the cargo vessel turned out to be carrying 15 Scud missiles as well and was registered in Cambodia. The two freighters had something in common: although registered elsewhere, both were owned by North Korea." The incidents "illustrated North Korea's adroit use of so-called flags of convenience to camouflage the movement of its cargo vessels as they engage in tasks that sometimes violate international laws." The use of "flags of convenience" could "weaken moves like Australia's on Monday to ban North Korean-flagged vessels from its ports to protest the nuclear

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test." But "if Western nations suspect that a North Korean-owned vessel flying another country's flag is carrying illicit weapons, boarding the vessel could be simpler than if it carried North Korea's flag, said Jonathan D. Pollack, professor of Asian and Pacific studies at the Naval War College in Newport, R.I."

More Commentary. Charles Krauthammer writes in the Washington Post (10/20, A21, 748K), "The immediate effect of Japan's considering going nuclear would be to concentrate China's mind on denuclearizing North Korea. China calculates that North Korea is a convenient buffer between it and a dynamic, capitalist South Korea bolstered by American troops. China is quite content with a client regime that is a thorn in our side, keeping us tied down while it pursues its ambitions in the rest of Asia. Pyongyang's nukes, after all, are pointed not west but east." Japan's "threatening to go nuclear would alter that calculation. It might even persuade China to squeeze Kim Jong Il as a way to prevent Japan from going nuclear. The Japan card remains the only one that carries even the remote possibility of reversing North Korea's nuclear program. … Why are we so intent on denying this stable, reliable, democratic ally the means to help us shoulder the burden in a world where so many other allies -- the inveterately appeasing South Koreans most notoriously -- insist on the free ride?"

Olmert Suggests Israel May Act Against Iranian Nuclear Program. The CBS Evening News (10/19, story 6, 0:15, Couric, 7.66M) reported, "But first, some blunt talk tonight from Israel. Prime Minister Olmert warns that Iran will have what he calls a price to pay if it doesn't drop its nuclear program. Iran's President has said Israel should be wiped off the face of the earth. However, Iran continues to claim its nuclear program is for generating power only."

The AP (10/20, Teibel) reports Israeli Prime Minister Ehud Olmert "delivered his strongest comments yet on Iran's nuclear program, warning Thursday that Tehran would have to 'a price to pay' if it does not back down from its atomic ambitions and hinting that Israel might be forced to take action." While he "did not specifically threaten to cripple Iran's nuclear program in a military strike," Olmert "repeated what he said a day earlier after meeting Russian President Vladimir Putin in Moscow — the Iranians 'have to be afraid' of the consequences of their intransigence." Tel Aviv "rejects Tehran's claim that its nuclear program is peaceful," and, the AP says, Israel "considers Iran to be the greatest threat to its survival."

Momentum Seen As Building For Iranian Sanctions Resolution. The AP (10/20, Lederer) reports British PermRep Emyr Jones Parry "said Thursday [he] expects a draft U.N. resolution on Iran to be introduced in the Security Council early next week and diplomats said it will seek sanctions on Tehran for refusing to suspend uranium enrichment." French PermRep Jean-Marc de La Sabliere "had said Tuesday he hoped to circulate a draft by the end of the week. But France, Britain and Germany, who have led negotiations with Iran on its nuclear program, were still discussing the text with the United States on Thursday, and had not yet shown it to Russia and China." Ambassador Bolton "said 'we're consulting on it and I expect within a day or two we'll have something to circulate more broadly in the council.'" Also, EU foreign ministers said this week "that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran."

Ignatius Notes Baker's Contacts With Iranian Diplomats. David Ignatius writes in the Washington Post (10/20, A21, 748K), "Here's a real-life international mystery: What happened in Tehran in September that torpedoed the prospect of negotiations with the United States over Iran's nuclear program? Were Western hopes of Iranian pragmatism simply an illusion? Are there other channels open for discussion with Tehran if the nuclear route is blocked? US and European intelligence analysts are debating these questions, and for now they don't seem to have good answers." The US "has a foreign policy mystery of its own -- rivaling that black box of decision making in Tehran. Just what was former secretary of state James A. Baker III up to, in his contacts last month with Iranian and Syrian diplomats about how to stabilize Iraq? Is Baker opening a back channel for the Bush administration? Is America quietly seeking Iranian help as Iraq spins out of control? We'll leave that puzzle to pundits in Tehran."

UN Denies UNIFIL Would Repel Israeli Aircraft By Force. The Financial Times (10/20, Turner) reports UN officials "moved rapidly to dispel suggestions by Alain Pellegrini, the UN force commander in Lebanon, that it would consider shooting down Israeli aircraft if they continued illegal incursions into Lebanese airspace." Pellegrini had told reporters that airspace violations were "not to be accepted," emphasizing "that French troops were

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armed with anti-aircraft missiles." The Times adds, "Barely had [he] spoken than the UN spokesman sought to play down any suggestion of a threat. One French diplomat said its UN mission was perplexed by the comments, and officials in the Italian-led strategic cell in New York said no change to the rules of engagement were on the table." UNIFIL added that "there was no appetite to end up in an armed conflict with Israel. But [UNIFIL leaders] added that the air violations were in contravention of [UNSCR] 1701, and could be considered a violent act, by spreading fear among Lebanese civilians."

Despite US-Led Funding Freeze, Hamas Charities Thriving. The Washington Times (10/20, Mitnick, 88K) reports, "A US-led funding squeeze, which has paralyzed the Hamas-led Palestinian government, has had the unintended effect of bolstering the militant group's network of schools, hospitals and alms societies. Foreign donations, often consisting of cash in suitcases smuggled across the border, have permitted Hamas' vast social-welfare network to thrive, say officials and analysts." In Palestine, unable to pay for supplies, government ministries have since ceased to function, and without salaries, civil servants have gone on strike. The charities, however, openly boast that they continue to get money from Muslim communities in the Persian Gulf, Europe and the United States."

Russia Moves Against Foreign NGOs. Major media reported the implementation of a Russian law heightening state regulations of foreign NGOs. In a lengthy piece, the New York Times (10/20, Chivers, 1.21M) reports, "Scores of foreign private organizations were forced to cease their operations in Russia on Thursday while the government considered whether to register them under a new law that has received sharp international criticism." The Justice Ministry "insisted that the suspensions were neither retaliatory nor permanent," but said the groups "had not properly filed new registration materials or had submitted the required materials on the last day before the registration deadline, which was midnight on Wednesday. It said it was rushing to review the applications it had received." The Times adds, "The number of suspended organizations is not entirely clear. The statement said the ministry had received applications from 185 organizations, approved 108 of them and continued to review the 77 others." These shutdowns "marked the latest chapter in Russia's pressure on many foreign organizations that have offices on its soil. They occurred in a climate of deepening worry about the Kremlin's crackdown on civil society here, and just days ahead of a planned visit by" Secretary Rice. The Washington Post (10/20, A1, Finn, 748K) and Los Angeles Times (10/20, Holley, 918K) run similar reports.

Recent Poll Shows Chavez Leading Challenger 50-37. The Washington Times (10/20, Feinman, 88K) reports, "President Hugo Chavez faces voters in fewer than two months with a credible opposition candidate, who says he can overcome a double-digit lead in public-opinion polls. One of the most respected pollsters in Venezuela, Alfredo Keller, recently released his newest survey, which concludes that Mr. Chavez enjoys 50 percent support to Manuel Rosales' 37 percent." The lead "makes the task daunting but not impossible, analysts say, because Mr. Keller's poll also found increasing dissatisfaction with the current government among potential voters."

LATimes Criticizes Bush, Chavez Over Security Council Election. The Los Angeles Times (10/20, 918K) says in an editorial, "It seems that the United Nations General Assembly finds both" President Bush and Venezuelan President Hugo Chavez "pretty objectionable. Chavez's Venezuela looks like it's heading toward defeat in its bid for a nonpermanent seat on the 15-member Security Council, a heavy blow for its fiery president. But Venezuela's loss is hardly a ringing endorsement for the Bush administration, which has thrown its diplomatic weight behind Guatemala. After 35 rounds of balloting from Monday to Thursday, neither Latin American country could come close to the two-thirds vote needed to win." Venezuela's "continued support from a large portion of the developing world, even after Chavez's clownish antics last month, is a discouraging indicator of international anger toward the United States. Many argue that White House arm-twisting on behalf of Guatemala may have actually harmed the country's chances, though it's likely that the pressure pushed at least as many countries to vote yes as no."

Estonia Used "Mother's Salary" To Stem Population Decline. The Wall Street Journal (10/20, A1, Walker, 2.03M) reports from Estonia, "A handful of developed countries, including the Nordic nations and France, have stable populations thanks to a long tradition of financial support for families. But for other countries in Europe and Asia that have already seen steep falls in birthrates,

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demographers have doubted there was much that could be done. Governments agreed, making little serious attempt to boost their birthrates." Estonia "stands out because it has made a dramatic shift, from laissez-faire to aggressive activism, in an attempt to alter its future. And as other nations slowly start to address the risk of declining birthrates, the effort there is being closely watched around the world." The country "took a bold step: In 2004 it began paying women to have babies. Working women who take time off after giving birth get their entire monthly income for up to 15 months, up to a ceiling of $1,560. Non-wage-earners get $200 a month. The welfare perk -- known locally as the 'mother's salary' -- was a sharp about-face for the radically free-market government."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S. Rethinks Strategy To Cut Iraqi Violence."
"Competition Drives 'Scrappy' Angelides."
"The Road To Riches And Ruin."
"GOP's Solidarity On War Is Cracking."
"O.C. Candidate Is Disowned."
"NBC's Cuts Will Alter The Look Of Prime Time."
"Agents Get Prison For Wounding A Smuggler."

USA Today:
"Invisibility Cloak Could Become A Reality."
"Fall's Wide-Open Classic."
"Thefts Solved By DNA Analysis."

New York Times:
"U.S. Says Violence in Baghdad Rises, Foiling Campaign."
"Republican Woes Lead To Feuding By Conservatives."
"China May Press North Koreans."
"Cards Shock Mets In 9th And Are Off To World Series."
"New Nerve Test, a Moneymaker, Divides Doctors."
"Ex-Stock Exchange Chief Told To Return Up To $100 Million."
"No Test Tubes? Debate On Virtual Science Classes."

Washington Post:
"General Says Mission In Baghdad Falls Short."
"Major Change Expected In Strategy For Iraq War."
"NBC Taking Big Step Back From Television."
"'God Had To Be Right Here'."
"Russia Halts Activities Of Many Groups From Abroad."
"GOP's Voter-Turnout Message To Paint Democratic Horrors."

Washington Times:
"White House Rejects Iraq Partition Plan."
"Airlines Fight For Non Stop To China."
"Hamas Charities Thrive Despite US-Led Freeze."
"Pelosi No Shoo-In For Job As Speaker."
"Conservatives hit For 'Whining' Over Turnout."
"Death Of Gunston Greatly Exaggerated."

Detroit Free Press:
"Let's Play Cards!"
"Maddie Gets her Wish."
"Stingray's Victim Has Michigan Ties."

Atlanta Journal-Constitution:
"Trapped Eight hours With Dead Mom."
"Ala. Poised To Horn In On State's Kia Party."
"Rising Violence In Iraq Vexes Military."
"Hole in Ozone balloons While Polar Ice Melts."
"Teen's fatal Car Crash A Suicide Try, DA Says."

Story Lineup From Last Night's Network News:
ABC: Stock Market; Inside North Korea; Iraq-Sectarian Violence; Terrorism Threat-Hoax; Flu Shots; Foley Investigation; Lobbyist Buying Congress; Government Healthcare System; Digging A Hole Too China.
CBS: Foley's Priest Interview; Foley Investigation; North Korea Sanctions; Iraq-Sectarian Violence; McCain Interview-Iraq; Israel Harsh Word For Iran; Stock Market; Judge Order-NY Stock Exchange; Terrorism Threat-Hoax; Soldiers In Battle-Mental illness; McCain Interview-Republicans In Trouble; Stingray Attack.
NBC: Iraq-Sectarian Violence; Iraq War-Analysis; Sniper Attacks-Iraq; Foley Investigation; Stock Market; Terrorism Threat-Hoax; Hole In Ozone; PreSchool Tutors; Viewer E-Mails.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: KY-Kidnapped Baby Recovered; Bush-Virginia, Pennsylvania; Iraq-Baghdad Violence; CA-Threatening Letter To Hispanic Voters; Wall Street.
CBS: MLB Playoffs; North Korea-Nuclear Test; Rice-Asia Trip; KY-Kidnapped Baby Recovered; House-Foley Investigation.
NPR: Rice-Asia Trip; Iraq-Baghdad Violence; KY-Railroad Tanker Acid Leak; Mexico-CA Lettuce Ban Lifted; House-

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Foley Investigation; Barbados-US Embassy Annex Closed; MLB Playoffs.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends the National Republican Senatorial Committee reception, Mayflower Hotel.

VICE PRESIDENT CHENEY — Speaks at a rally for the Indiana Air and Army National Guard, Camp Atterbury, Ind.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: EMERGENCY PREPAREDNESS _ Joint Commission Resources, the American Red Cross and OSHA hold the 2nd annual ``Emergency Preparedness Conference: Readiness on the Home Front." Highlights: 8 a.m. Session on the global perspective of the avian flu, with Stephen Maretin, WHO; Denise Cardo, CDC. 9:10 a.m. Session on pandemic flu preparations, with Charles Mackett III, University of Pittsburgh Medical Center, Pittsburgh. 10:15 a.m. Session on guidance for healthcare workers and employer in pandemic flu situations, with Max Kiefer, CDC; and John Placentino, OSHA. 2:45 p.m. Session on lessons learned from SARS to pandemic flu, with Allison McGeer, Mount Saini Hospital, Toronto. Location: Renaissance Washington Hotel, 999 9th St. NW.

HAMDAN V. RUMSFELD _ Two-day symposium sponsored by the George Washington Law Review on the implications of the recent Supreme Court decision in Hamdan v. Rumsfeld. Highlights: 9 a.m. John Bellinger, legal adviser to the Secretary of State. 3:30 p.m. Session on the Geneva Conventions in the war on terror. Location: Lerner Hall, 2000 H St. NW.

NAVAL ORDER _ The Naval Order of the United States holds its 2006 Annual Congress Program, ``Honoring Our Navy at Normandy." Highlights: 12 p.m. Deputy Defense Secretary Gordon England. Location: Holiday Inn Rosslyn, 1900 N. Fort Myer Dr., Arlington.

EDUCATION-DRUG ABUSE _ The 20th Annual National Meeting on Alcohol and Other Drug Abuse and Violence Prevention in Higher Education will be held. Highlights: 12 p.m. Assistant Deputy Secretary Deborah Price, U.S. Department of Education, will deliver remarks and recognize model grantees in a luncheon ceremony. Location: Hyatt Crystal City , 2799 Jefferson Davis Highway.

ITALIAN AMERICANS _ The National Italian American Foundation holds its 2006 Convention and 31st Anniversary Gala. showcase Italian products and services. On Saturday evening, actor Alan Alda, baseball greats Yogi Berra and Tommy Lasorda, director Mel Brooks, Supreme Court Justice Antonin Scalia, Chicago mayor Richard M. Daley, and singers Neil Sedaka and Jerry Vale will join more than 3,000 people from across the U.S. and Italy at the Foundations 31st Anniversary Awards Gala. Academy Award-winning actress Anne Bancroft will be posthumously inducted into the NIAF Italian American Hall of Fame. Her husband, Mel Brooks, will represent Bancroft. Gala honorees are Samuel Alito Jr., Supreme Court justice; Raffaello Follieri, chairman and CEO of Follieri Yucaipa Investments; Tom W. LaSorda, CEO and president of the Chrysler Group; Catherine B. Reynolds, chairman of the Catherine B. Reynolds Foundation, and singer Frankie Valli. Highlights: 12 p.m. Former President George H.W. Bush delivers keynote address. He will be accompanied by former First Lady Barbara Bush. 2:30 p.m. NIAF Chairman Dr. A. Kenneth Ciongoli presents the Foundations ``One America award to former President George H.W. Bush. 8 p.m. Frankie Valli and The Four Seasons and international recording artist Patrizio Buanne highlight NIAFs ``Annual Salute to the Martini" gala. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

CAPITAL MARKETS _ 8 a.m. The Commission on the Regulation of U.S. Capital Markets in the 21st Century and its Financial Services Working Group will hold a town hall meeting, ``U.S. Financial Institutions Regulation: Assessing the Efficiency, Transparency and Investor Protections of the Capital Markets." Location: 1615 H St. NW.

JUSTICE-AWARDS CEREMONY _ 10 a.m. Deputy Attorney General Paul J. McNulty and Director Michael A. Battle of the Executive Office for United States Attorneys (EOUSA) will host the annual EOUSA Director's Awards Ceremony. Attorney General Alberto R. Gonzales will also deliver videotaped remarks during the ceremony. Location: The Great Hall, U.S. Department of Justice, 950 Pennsylvania Ave. NW.

GEORGIA-RUSSIA _ 12 p.m. The Central Asia-Caaucasus Institute holds a program with Giga Bokeria of the Parliament of Georgia and Amb. Basil Sikharulidze on the situation between Russia and Georgia. Location: Room 806, 1619 Massachusetts Ave. NW.

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ACLU-INTERNET _ 1 p.m. The American Civil Liberties Union will hold a telephone news briefing on the upcoming four-week trial in its landmark challenge to Internet censorship, ACLU v. Gonzales, slated to begin Monday, October 23, in Philadelphia. Contacts: Erica Pelletreau, 212-519-2666. Notes: Dial-In Number: 888-400-7916.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

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TERRORISM NEWS:

DOJ Tells Court It Lacks Jurisdiction In Detainee Cases. The Washington Post (10/20, A18, DeYoung) reports, "Moving quickly to implement the bill signed by President Bush this week that authorizes military trials of enemy combatants, the administration has formally notified the U.S. District Court here that it no longer has jurisdiction to consider hundreds of habeas corpus petitions filed by inmates at the Guantanamo Bay prison in Cuba." The Post continues, "In a notice dated Wednesday, the Justice Department listed 196 pending habeas cases, some of which cover groups of detainees. The new Military Commissions Act (MCA), it said, provides that 'no court, justice, or judge' can consider those petitions or other actions related to treatment or imprisonment filed by anyone designated as an enemy combatant, now or in the future. … Beyond those already imprisoned at Guantanamo Bay or elsewhere, the law applies to all non-U.S. citizens, including permanent U.S. residents." The Post adds, "The new law already has been challenged as unconstitutional by lawyers representing the petitioners. The issue of detainee rights is likely to reach the Supreme Court for a third time." The Post notes, "Immediately after Bush signed the act into law Tuesday, the Justice Department sent a letter to the U.S. Court of Appeals for the District of Columbia Circuit asserting the new authorities and informing the court that it no longer had jurisdiction over a combined habeas case that had been under consideration since 2004. The U.S. District Court cases, which had been stayed pending the appeals court decision, were similarly invalid, the administration informed that court on Wednesday. … A number of legal scholars and members of Congress, including Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have said that the habeas provision of the new law violates a clause of the Constitution that says the right to challenge detention 'shall not be suspended' except in cases of 'rebellion or invasion.' Historically, the Constitution has been interpreted to apply equally to citizens and noncitizens under U.S. jurisdiction."

Red Cross Expresses Concerns About New Law. The Financial Times (10/20, Sevastopulo, Dombey) reports, "The International Committee of the Red Cross raised concerns on Thursday about recent US legislation that creates military commissions to try prisoners at Guantánamo Bay and redefines American obligations under the Geneva conventions." Jakob Kellenberger, the ICRC president, "said the legislation 'raises certain concerns and questions.' 'The very broad definition of who is an "unlawful enemy combatant" and the fact that there is not an explicit prohibition of the admission of evidence attained by coercion are examples,' he said, in comments posted on the ICRC website following a speech at Georgetown University."

More Commentary. In a column distributed by Scripps Howard news service (10/20), Dan K. Thomasson writes, "The news photos of President Bush signing the latest anti-terrorist measure show a line up of dignitaries whose unsmiling countenances were properly grim for witnessing the execution of the American notion of justice. … Obviously some in the gathering, like Attorney General Alberto Gonzales and Vice President Cheney, don't see it that way. For them the potential shredding of civil liberties is necessary to save the nation from the terrorist hordes waiting to destroy us. One doesn't smile in triumph when the president is saving the lives of millions of Americans. … But one would hope that the somberness of some of those in attendance, like Sens. John Warner, R-Va., and Lindsey Graham, R-S.C., may have stemmed from an uncomfortable realization that their earlier fight against passage of a bill they considered dangerously excessive was in the end futile and unrewarding." Thomasson continues, "How long this law will stay in place is the subject of much speculation. Civil libertarians already are talking about a new challenge in the federal courts on constitutional grounds because it strips suspects of habeas corpus rights. The Democrats who strenuously opposed it may want to challenge it next January if the November election gives them control of one or both houses of Congress as the signs now indicate." Thomasson adds, "The president's action was seen by longtime observers as an attempt to turn the nation's focus away from Iraq and toward terrorism in advance of next month's important midterm elections. For a time it seemed to work but gains in the president's approval ratings during that time have since slipped back." Thomasson concludes, "Of course we must guard ourselves from the maniacs and that requires strong medicine. But should we torch the Constitution and international agreements to do so? Who shall guard against the guardians? Plato's question is never more relevant than now. That is not a statement reflecting a tolerance for terrorism. It is only an expression of concern about how much of our own freedom is lost to accomplish this job. … This is grim business."

Attorneys Claim Padilla Was Drugged, Threatened. Bloomberg (10/20, Bliss, St.onge) reports, "Lawyers for accused terrorism supporter Jose Padilla say U.S. authorities drugged him with LSD or PCP, filled his cell with 'noxious fumes' and threatened to slash him with a knife while he was being held without charges." Bloomberg continues, "In court papers seeking dismissal of charges against Padilla, his lawyers said the abuse occurred after

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President George W. Bush declared him an 'enemy combatant' following his arrest in 2002. The designation allowed Padilla, a U.S. citizen, to be held without being charged with a crime for three years and five months. … 'The torture took myriad forms, each designed to cause pain, anguish, depression and, ultimately, the loss of will to live,' according to the court document filed Oct. 4 in federal court in Miami." Bloomberg adds, "The government initially accused Padilla, who was arrested in Chicago, of plotting to explode a radioactive 'dirty bomb' in the U.S. The government later said the al-Qaeda terrorist group trained him to blow up U.S. apartment buildings. … In November 2005, Padilla and four co-defendants were indicted on charges of conspiring to provide material support to terrorists. He is awaiting trial."

Canadian Officials Told US Arar's Terror Links Were Not Definite. The AP (10/20, Yost) reports, "Days before the Bush administration put Canadian citizen Maher Arar on a plane for Syria, Canadian law enforcement officials advised their U.S. counterparts that evidence of terrorist links by Arar was not definitive. … Why the Bush administration still shipped Arar to Syria - where he was tortured - and whether he remains on the United States' terror watch list are still unknown. Administration officials refuse to talk about the case." The AP adds, "It has been a month since a Canadian commission cleared Syrian-born Arar of all suspicion of terrorist activity, yet Arar still can't get into the United States, one of his lawyers, Michael Ratner, said Thursday. … John Cavanagh, director of the Institute for Policy Studies, asked Attorney General Alberto Gonzales to clear Arar's name and let him come into the United States this week to receive a human rights award. … Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment. … It is not the Justice Department that keeps track of terrorist watch lists, but rather the Homeland Security Department, where spokesman Russ Knocke said in an e-mail, 'We do not disclose names on watch lists.'" The AP notes, "Arar is a software engineer who was traveling on a Canadian passport in 2002 when he was detained at New York's Kennedy Airport because of what the Canadian government now says was faulty intelligence. Without informing Canada, the U.S. government turned Arar over to Syria where he was tortured, tossed in a small cell and finally released after nearly a year of confinement."

DOJ Defends NSA Surveillance Program In 6th Circuit Brief. The Cleveland Plain Dealer (10/20, Sloat) reports, "President Bush's lawyers contend Congress broadened his power to conduct warrantless surveillance on 'those associated with al-Qaida' when it allowed American military action against terrorists shortly after the 9/11 attacks." The Plain Dealer continues, "Justice Department lawyers repeatedly invoke Bush's war powers - and his duties as the nation's commander-in-chief - in a 48-page legal brief that defends a National Security Agency program which secretly monitors international communications." The Plain Dealer adds, "Because of the classified program's wide sweep, U.S. citizens may be the subject of warrantless eavesdropping by the spy agency. That possibility led to a lawsuit by the American Civil Liberties Union and others challenging the program as a violation of the Fourth Amendment's prohibition against search and seizure without a warrant. … The legal brief says Bush acted properly because Congress put the nation on a wartime footing. … 'This specific authorization, focusing directly on those whom the president determined were responsible for the 9/11 attacks, represents a targeted expansion of the president's statutory authority to address al-Qaida's extraordinary threat,' Justice Department lawyers wrote. … They cited a 2001 congressional resolution, the Authorization for Use of Military Force, adopted around the time the U.S. invasion of Afghanistan overthrew the Taliban regime that sheltered Osama bin Laden." The Plain Dealer notes, "The brief, filed Thursday in the 6th U.S. Circuit Court of Appeals in Cincinnati, is part of the administration's appeal of a Detroit federal judge's ruling that the spying program is unconstitutional. … While portions of the brief were kept secret on national security grounds, the administration's legal team makes clear that the White House believes U.S. District Judge Anna Diggs Taylor's decision would aid al-Qaida."

Opening Arguments Made At Chicago Hamas-Funding Trial. The Chicago Tribune (10/20, Bush, 623K) reports that "the intractable conflict between Palestinians and Israelis became the backdrop Thursday for the trial of two men accused of supporting terrorism." In their opening argument, prosecutors said that Muhammad Salah and Abdelhaleem Ashqar "aided terrorism from the United States as active members of the Palestinian extremist group Hamas. The defense responded that neither man has ever supported violence and any assistance they provided was legal and came from a desire to help their own people as they struggled under a stifling occupation." Assistant US Attorney Carrie Hamilton "detailed a conversation federal agents recorded between Ashqar and a top Hamas member in which they allegedly discussed a suicide bomber who blew himself up before reaching his final destination. … The defense, meanwhile, focused in part on the desperate and sometimes deadly conditions Palestinians face under Israeli occupation."

The AP (10/20, Robinson) reports Ashquar "was once asked by the CIA whether he wanted a job as a spy, his attorney told a jury Thursday." Ashqar "apparently never pursued the idea. But his defense attorneys say the offer shows federal agents were eager to recruit him to spy on

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fellow Palestinians before doing an about-face and indicting him." The New York Times (10/20, Sander, 1.21M) adds that "Salah spent four and a half years in an Israeli prison in the mid-1990's after admitting that he had provided money and other aid to…Hamas for use in attacks against Israel," and his lawyers contend "that the confession, on which a federal racketeering case against him is based, was obtained through torture." The Times notes, "The indictment was announced in 2004 with much fanfare by the attorney general at the time, John D. Ashcroft, as part of the federal government's response to terrorism."

Alleged Al Qaeda Operative's Relative Pleads Guilty To Fraud In Utah. The AP (10/20) reports, "A relative of a man under investigation for ties to al-Qaida in Iraq pleaded guilty Thursday to numerous fraud charges, according to the U.S. Attorney's office in Utah." Alaa "Alex" Ramadan "pleaded guilty in federal court to numerous violations in four criminal indictments stemming from mortgage, loan, credit card, wire and mail fraud and money laundering schemes." The AP adds, "Ramadan along with his uncle Sharif Omar and three others were accused of defrauding Utah banks of hundreds of thousands of dollars through bad mortgages and car loans. … Some of the money wound up in Jordan with Omar's relatives, Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City, said Thursday. He said investigators are trying to determine if any of that money was used to finance terrorism." Omar "is the brother of suspected senior al-Qaida operative Shawqi Omar, who is still being held by the U.S. military in Iraq, Bretzing said." The Salt Lake Tribune (10/20, Bergreen) notes, "Though the case was investigated by the FBI's Joint Terrorism Task Force, none of the charges relate to terrorism, and prosecutors had downplayed the significance of the counter terrorist agents' involvement.

Michigan Accountant To Plead Guilty In Toledo Terrorism Case. The Toledo Blade (10/19, Reiter) reported, "A Michigan accountant who is charged with lying to investigators in the federal government's case against three terrorist suspects will enter into a plea agreement in U.S. District Court in Toledo." Jihad Hekmat Dahabi "is accused of making false, fictitious, and fraudulent statements in the investigation of Marwan Othman El-Hindi," and "Dahabi allegedly met with Mr. El-Hindi in Dearborn to prepare paperwork for a nonprofit organization that would divert government grants for education services to jihadist paramilitaries." The Blade noted, "No court date has been scheduled" for Dahabi's sentencing.

Italians Arrest Seven In Hawala Crackdown. The Financial Times (10/20, Michaels, Burns) reports, "Italian authorities arrested seven people yesterday as part of an international operation to crack down on the laundering of drug money through an informal banking system used by immigrant workers." The Hawalas "could be being used as a conduit for terror finances. Marcello Musso, an Italian investigator, said: 'That this involves a group of radical Islamic people is...not fantasy.'" The Times notes, "In a sign of growing international co-operation, Italian investigators have been working closely with the US's Drug Enforcement Agency and the UK's Serious Organised Crime Agency (Soca), an FBI-style law enforcement body. They also cited co-operation with officials in the Netherlands, Dubai, Spain, Germany, South America and Australia."

HOMELAND RESPONSE:

DHS, FBI Say NFL Terror Threat Was A Hoax. CNN's The Situation Room (10/19, Arena) aired a report that according to the FBI and the Department of Homeland Security, the alleged threat against NFL stadiums "was a hoax," the product of "two young men, one in Milwaukee, one in Texas, who were basically competing with each other to come up with who could write the more imaginative, believable terror threat story. … Agents interviewed both men. Their stories matched. There's no terror connection whatsoever."

ABC World News and CBS Evening News each aired brief reports noting that the threat had been deemed a hoax. NBC Nightly News (10/19, story 6, 2:45, Williams, 9.87M) followed its mention of the hoax with an "In Depth" report on the threat posed by dirty bombs. NBC (P. Williams) reported from a restricted government facility in New Mexico where "scientists have set off more than 600 explosions in closed chambers to study dirty bombs. … In the worst case radiation could contaminate dozens of city blocks, taking years to clean up and leaving people wary of returning even longer." DHS Secretary Michael Chertoff was shown saying, "That's the kind of high-consequence attack that would have a real impact on our national economy and our way of life." Though Fred Harper, a nuclear engineer at Sandia National Laboratory, said that "building a dirty bomb turns out to be very difficult," Homeland Security remains concerned "that a terrorist might get it right." The agency is "rushing to install radiation monitors…nationwide and hoping to set up a ring of detectors around New York and other big cities. And government researchers are testing more advanced portable detectors, easier to deploy, harder to spot."

In a very widely-distributed story, the AP (10/20, Fredrix) reports, "Internet threats of 'dirty bomb' attacks at NFL stadiums this weekend" were declared "false by the FBI on Thursday after agents questioned a 20-year-old Milwaukee man. 'This is a hoax,' said Special Agent Richard Kolko, a spokesman at the FBI's Washington headquarters.

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… An FBI official in Washington…said the Milwaukee man acknowledged posting the phony stadium threat as part of a 'writing duel' with a man from the Brownsville, Texas, area to see who could post the scariest threat. The Texas man corroborated the story during questioning Thursday by FBI agents, the official said." The AP notes, "Milwaukee police contacted the FBI about the 20-year-old man Wednesday night. 'From the information we have, we believe he was involved to some extent, but we don't know at what level,' said FBI agent Douglas E. Porrini. … 'I don't think it was put out there to be real,' said FBI agent Linda Krieg in Milwaukee."

The Washington Post (10/20, E9, Maske, 748K) reports FBI and DHS said in a joint statement yesterday, "The investigation has determined that this is a hoax. The public should be reassured of their security as they continue to attend sporting events this weekend." The New York Times (10/20, Lipton, 1.21M) notes that Kolko "said no decision had been made on whether to file charges against the Milwaukee man."

Wal-Mart To Limit Sales Of Pre-Paid Cell Phones. The AP (10/20, Meyerson) reports Wal-Mart "plans to limit each customer to two prepaid cell phones per purchase amid complaints that entrepreneurs are buying the subsidized handsets by the hundreds to resell at a profit, according to people familiar with the matter. The new limit on the phones, effective last week, was disclosed to The Associated Press by persons at two national cell carriers. … The phones in question, sold under brands including TracFone and GoPhone from Cingular Wireless, are priced as low as $20 and $30 per handset." The AP notes, "The Federal Bureau of Investigation and Department of Homeland Security issued bulletins earlier this year warning police to look out for bulk phone purchases. … But in the Ohio and Michigan cases, early hints of possible terrorism links by authorities never resulted in related charges."

Human Remains From World Trade Center Found In Manhole. The AP (10/20, Franklin) reports, "Human remains that appear to be from World Trade Center victims were found by utility workers in a manhole at the northern edge of the site, a Port Authority official said Thursday. A Consolidated Edison crew doing excavation of the manhole at street level found the remains, some as big as arm or leg bones, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey, which owns the site."

WSJournal Says Democrats Caved To Port Workers Union On SAFE Ports Act. The Wall Street Journal (10/20, A12, 2.03M) editorializes, "The October newsletter of the International Longshore and Warehouse Union is trumpeting the 'major gains' the union was able to achieve, via its Democratic Congressional allies," in the final version of the SAFE Ports Act. The union's real "'victory' was its success in stripping from the final version of the bill a provision that would have barred a broad class of former felons -- including those convicted of 'dishonesty, fraud and misrepresentation' -- from obtaining a port security clearance for at least seven years after their conviction." The Journal states that it does not "seem especially onerous to demand that American port workers meet the same basic background requirements the government imposes on airport screeners. You would think the Democratic Party would get this, seeing as its been screaming the loudest about the holes in port security. The ILWU's priorities being otherwise, however, so are theirs."

Democrats Lay Out Recommendations For Federal Disaster Response Overhaul. McClatchy (10/20, Recio) reports, "Congressional Democrats, trying to draw a stark contrast to the Bush administration's response to Hurricane Katrina, laid out recommendations Thursday for a legislative agenda that would radically change the federal response to emergencies. Rep. Gene Taylor of Mississippi, who chairs the Democratic leadership-created Katrina Task Force and who lost his home in the hurricane last year, presented the findings, hitting hard on what he described as a need to overhaul the insurance industry." The task force also "recommends diminishing the role of the Federal Emergency Management Agency by redirecting its responsibility for disaster recovery to agencies directly responsible for housing, transportation, education and economic development."

WAR NEWS:

US Military Says Plan To Defeat Insurgency In Baghdad Has Failed. USA Today/AP (10/20) reports, "The US military acknowledged Thursday that its two-month drive to crush insurgent and militia violence in the Iraqi capital had fallen short." Maj. Gen. William Caldwell, chief US military spokesman in Iraq, "called the raging bloodshed disheartening and said the United States is rethinking its strategy to rein in gunmen, torturers and bombers."

Caldwell's words had a strong media impact, with stories in all three networks newscasts and in the major US newspapers. Almost universally, the reports painted a bleak picture of the situation in Iraq. NBC Nightly News (10/19, lead story, 2:50, Williams, 9.87M) reported "the US military is admitting a major initiative in Iraq is not working. The effort announced this summer to take control of the streets of Baghdad and cut down on attacks has in fact increased attacks there, led to more bloodshed and more American

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casualties. In fact, attacks have been up a full 22% in just the last three weeks." NBC (Engel) added, "It was four months ago when the Iraqi government announced Operation Together Forward, a plan to secure Baghdad with Iraqi forces in the lead." President Bush: "This operation is a joint effort to restore security and rural law to high-risk areas in the capital city." Engel: "But it never happened." Similarly, the Washington Post (10/20, A1, Anderson, 748K) also says "Caldwell's appraisal of the Baghdad campaign…was in stark contrast to reviews during the opening weeks. At that time, US military leaders said the deployment of 12,000 additional U.S. troops in Baghdad's most violent neighborhoods was significantly improving security for residents."

The CBS Evening News (10/19, story 4, 1:15, Couric, 7.66M) reported "the US military delivered more bad news about the situation in Iraq, specifically Baghdad." CBS (Martin) added, "The chief US military spokesman in Iraq gave probably the bleakest assessment yet." Caldwell was shown saying, "Violence is, indeed, disheartening. And Baghdad alone we've seen a 22% increase in attacks during the first three weeks of Ramadan."

The New York Times (10/20, Burns, 1.21M) reports Caldwell "said American troops were being forced to return to neighborhoods, like Dora in southwestern Baghdad, that they had sealed off and cleared as part of the security campaign because 'extremists' fighting back had sent sectarian violence soaring there. The security plan sent heavy deployments of American troops into troubled neighborhoods, reversing the previous policy, which was to allow Iraqi troops to police the capital."

The Los Angeles Times (10/20, Roug, 918K) reports Caldwell "said at least 73 US troops have been killed so far this month, putting October on track to be the bloodiest month for American forces since the battle of Fallujah in 2004. … Most of the US deaths this month have taken place in the capital, where troops had stepped up patrols as part of Operation Together Forward." The Financial Times (10/20, Sevastopulo, Negus) titles its story "US Army Concedes Failure In Baghdad," while the Wall Street Journal (10/20, Dreazen, Jaffe, 2.03M) reports "the strategy's apparent failure to stem the violence is forcing the Bush administration to weigh a host of unpalatable choices -- and leaving the White House and Pentagon with a dwindling amount of time to decide what to do next. … The pressure to change course in Iraq will grow stronger if Democrats regain one or both chambers of Congress. More than 60% of Americans regard the war in Iraq as a mistake, and Democrats have promised to subpoena the Pentagon for clearer statistics about the situation in Iraq if they retake either the House or Senate."

NBC Nightly News (10/19, story 2, 1:50, Williams, 9.87M) interviewed "NBC News military analyst and retired US Army four-star Gen. Barry McCaffrey," who said, "This is a tricky situation. After the elections are over, we better have an honest dialogue on going forward."

USA Today (10/20, Reed, Zoroya, 2.27M) runs a story this morning titled "Surge In Military Deaths Weighs On Families," in which it reports from Fort Hood, TX, on "the memorial service here Thursday," which "included a ceremonial roll call for those killed in action during September and the first few days of October. Sgt. Maj. Michael Gartland called out 18 names of the dead. The only response was the weeping of families and friends who came to the chapel to honor the loved ones they lost."

Lawmakers Says Bush Will Soon Be Forced To Abandon "Open-Ended" Commitment To War. The Washington Post (10/20, A1, Abramowitz, Ricks, 748K) reports, "The growing doubts among GOP lawmakers about the administration's Iraq strategy, coupled with the prospect of Democratic wins in next month's midterm elections, will soon force the Bush administration to abandon its open-ended commitment to the war, according to lawmakers in both parties, foreign policy experts and others involved in policymaking." The Post adds, "Senior figures in both parties are coming to the conclusion that the Bush administration will be unable to achieve its goal of a stable, democratic Iraq within a politically feasible time frame. Agitation is growing in Congress for alternatives to the administration's strategy of keeping Iraq in one piece and getting its security forces up and running while 140,000 U.S. troops try to keep a lid on rapidly spreading sectarian violence." The Post also reports, "Until now, Democrats' calls for withdrawing troops have been largely irrelevant, but if Democrats take one or both houses of Congress next month, their views could become significant in shaping strategy."

The New York Times (10/20, Sanger, Cloud, 1.21M), in an analysis piece headlined "Bush Faces A Battery Of Ugly Choices On War," says Caldwell's comments leave Bush "with some of the ugliest choices he has yet faced in the war. He can once again order a rearrangement of American forces inside the country, as he did in August, when American commanders declared that newly trained Iraqi forces would "clear and hold" neighborhoods with backup support from redeployed American forces. That strategy collapsed within a month, frequently forcing the Americans to take the lead, making them prime targets. … Or Mr. Bush can reassess the strategy itself, perhaps listening to those advisers -- including some members of the bipartisan Iraq Study Group, the advisory commission charged with coming up with new strategies for Iraq -- who say that he needs to redefine the 'victory' that he again on Thursday declared was his goal." The Times adds, "One official providing advice to the president noted on Thursday that while Mr. Bush still insists his goal is an Iraq that 'can govern itself, sustain itself and defend itself,' he has already dropped most references to

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creating a flourishing democracy in the heart of the Middle East."

White House Rules Out Partitioning Iraq. The AP (10/20, Hunt) reports, "Awaiting the recommendations of a commission exploring US options in Iraq, the White House on Thursday emphatically ruled out some proposals to end the long and unpopular war." White House spokesman Tony Snow "said a suggestion to divide Iraq into Sunni, Shiite and Kurdish regions, each with high degrees of autonomy, was a 'nonstarter.' Similarly, he said a phased withdrawal of American troops -- perhaps by 5 percent every two months -- also was a 'nonstarter.'" The Washington Times (10/20, Curl, 88K), however, says Snow "left some wiggle room." Said Snow, "Ideas like partition had been studied. What you're talking now about are tactical adjustments that may be made along the way. And I'm not saying yes and I'm not saying no because I don't know. What you end up doing, again, is you respond to the people on the ground."

Biden Says Administration Is "Totally Divorced From Reality." Sen. Joe Biden was asked on MSNBC's Hardball (10/19) about White House Press Secretary Tony Snow's claim that Biden's call to divide Iraq under "kind of a federal system among the Kurds, the Shia" is a non-starter. Biden said, "I don't call for dividing Iraq. What I call for is a strong start with three regions, and Tony should read what the Iraqi Parliament already did. Last week, the Iraqi Parliament voted to implement a procedure by which the regions under their constitution could join together to form regions under a strong, central government that control the army, the oil, and the borders. And so Tony does not understand what is going on. But then again, not being a wise guy, this administration is totally divorced from reality, the Vice President a couple of days ago saying -- and I quote -- things are going remarkably well, he told Rush Limbaugh. He may be the only guy in the world who would think that was true."

McCain Says He Would Send More Troops To Iraq. The CBS Evening News (10/19, story 5, 1:15, Couric, 7.66M) interviewed Sen. John McCain, who said he would send more troops to Iraq. Couric: "Do you really think that that is the answer?" Sen. John McCain: "I would increase the size of the Army, Marine Corps by some 100,000 people and I would send more troops over there, where necessary, and I would listen very carefully to my military commanders." Couric: "It seems as if there are no good options here." Sen. John McCain: "There are no good options. I agree with you. And it's very difficult. And mistakes have been made. But I sincerely believe if we withdraw now at this critical time we will pay a very heavy price there, in the in the region, or even here."

Insurgent Web Sites Ponder How Attacks Will Affect US Midterm Elections. ABC World News (10/19, story 3, 0:15, McCarthy, 8.78M) reported, "As the US loses troops in the streets, it also risks losing the propaganda war. Insurgents are surprisingly media savvy. We found Websites that refer to how events in Iraq could affect the upcoming US elections. Some carry graphic footage of attacks on Americans to promote their cause."

Insurgent Snipers Second Only To IEDs As Threat To US Forces. NBC Nightly News (10/19, story 3, 2:30, Williams, 9.87M) reported that "there is more to report tonight about what is going on right now on the ground in Iraq and how the enemy is using its lethal force against the US. We know the leading threat is those roadside bombs, the IEDs. But now sniper attacks are a rapidly increasing number-two threat."

More Commentary. Eliot A. Cohen, a professor at Johns Hopkins University's School of Advanced International Studies, writes in the Wall Street Journal (10/20, A12, 2.03M), "That the Iraq war is, if not a failure, failing, requires little demonstration. By all measures -- but above all, the sheer insecurity of daily life in Baghdad -- things have been getting worse, not better. … It will be important in future years to settle whether the Iraq war was the right idea badly executed, an enterprise doomed to disappoint, or simply folly. There will be individuals to be held accountable (not all of whom have been in the crosshairs of journalists and partisans), and institutions whose shortcomings require not only soul-searching but reform. That's for later. The question now is, what should we do?" He adds, "American prestige has taken a hard knock; it will probably take a harder knock, and in ways that will not be restored without a considerable and successful use of American military power down the road. … It is folly to think we can win in Iraq the way some of us thought possible in 2003. It would be even greater folly to think that by getting out, learning our lessons, and licking our wounds we can save ourselves from considerable danger, expense, effort and loss in what remains a protracted and global conflict with mortal enemies."

Pace Says Rumsfeld's Leadership Inspired By God. AFP (10/20) reports JCF Chairman Gen. Peter Pace "defended the leadership" of Secretary Rumsfeld, "saying it is inspired by God. 'He leads in a way that the good Lord tells him is best for our country,'" Pace said, adding that "Rumsfeld is 'a man whose patriotism focus, energy, drive, is exceeded by no one else I know…quite simply, he works harder than anybody else in our building.'"

Rumsfeld Said To Be Satisfied With Casey's Performance. The Washington Times (10/20, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld is said to be fully satisfied with the performance of Army Gen. George Casey in Iraq. The four-star general is trying to defeat an amalgam of

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enemies — al Qaeda, Saddam Hussein loyalists, rejectionists, criminal gangs, Shi'ite death squads and militias — that may be America's toughest foe in history. The question asked in Pentagon corridors is what's next for Gen. Casey? Defense sources say the door is open if he wants another four-star post."

DOD Audit Concludes Planted News Reports In Iraq Were Legal. USA Today/AP (10/20, Jelinek) reports, "A US military propaganda program used in Iraq was legal under the rules for psychological operations, a Pentagon investigation has concluded. A classified Defense Department inspector general's report says regulations were followed when the military paid to have favorable stories about coalition forces planted in Iraqi newspapers, according to the unclassified executive summary of the report obtained Thursday by the Associated Press." The summary "says psychological operations 'contribute to achieving the…commander's objectives.' They are aimed at conveying selected, truthful information to foreign audiences to influence their emotions and ultimately the behavior of governments.'"

However, says the New York Times (10/20, Mazzetti, 1.21M), the audit found the effort "was not properly supervised by military officials in Baghdad, an audit by the Pentagon Inspector General has concluded." Military officials "in Baghdad violated federal contracting guidelines by failing to keep adequate records about the Lincoln Group's first propaganda contract — for $10.4 million, signed in September 2004."

US Judge Rules US Citizen Sentenced To Death May Be Turned Over To Iraqis. The New York Times/AP (10/20, Press) reports, "An American citizen facing a death sentence in Iraq lost a court challenge Thursday that would have prohibited the military from turning him over to Iraqi authorities." Mohammad Munaf "was convicted and sentenced to death by an Iraqi judge last week on charges he helped in the 2005 kidnapping of three Romanian journalists in Baghdad." Munaf, "who was born in Iraq and became an American citizen in 2000, sought an emergency order blocking US military officials from turning him over to Iraq. He claimed his trial was flawed and his confession was coerced." Those "would normally be grounds for American citizens to challenge their imprisonment. But US District Judge Royce Lamberth said he had no authority to intervene because Munaf was being held by coalition military forces, not by the US military alone."

The Washington Times (10/20, Seper, 88K) also reports the story, and quotes Lamberth saying, "No court in our country's history...has ever found habeas corpus jurisdiction over a multinational force comprised of the United States acting jointly with its allies overseas." The ruling "strikes at the heart of arguments by several detainees who have challenged the multinational designation as incorrect, saying the prisons where they are being held are operated by the US military."

Political Furor Continues In UK Over General's Comments About Iraq. The Washington Times (10/20, Webb, 88K) reports, "A top general's retreat from a call for an early exit from Iraq has done little to ease the damage to Prime Minister Tony Blair, with public pressure building for the early withdrawal of British troops." Former Foreign Secretary Malcolm Rifkind of the opposition Conservative Party "announced he was putting together a multiparty group of lawmakers to demand a full-day debate on Iraq." House leader Jack Straw, "who previously served as Mr. Blair's foreign secretary, has rejected requests for an Iraq debate." Gen. Richard Dannatt, "the British army's chief of the general staff since August, said in a newspaper interview last week that British forces should 'get ourselves out sometime soon,' warning that 'we are in a Muslim country, and Muslims' views of foreigners in their country are quite clear.'" Dannatt "backed down a day later by saying that the words 'sometime soon' meant two to three years, and that he and Mr. Blair share the same views."

WSJournal Says US Should Increase Defense Spending. The Wall Street Journal (10/20, A12, 2.03M) editorializes, "Congress recently passed a record defense-spending bill for 2007, and critics lost no time adding it to their list of woes caused by the Iraq war. The real story is more interesting: to wit, how relatively little the US now spends on national security, notwithstanding a war on terror and especially compared with previous periods of global conflict. It's true that overall defense outlays for fiscal year 2007 are on track to surpass -- in dollars adjusted for inflation -- defense spending at the height of the Vietnam War. It's also true that defense spending has already increased by some 40% since 2001, when President Bush came to office. War opponents cite such figures to suggest that the Iraq campaign is too great a burden, and is sucking up funds better spent on domestic programs." The Journal adds, "Less talked about is that the $528 billion spent on national defense in fiscal 2006, which ended on September 30, equaled only 4% of U.S. gross domestic product. Historically, that level is far more in line with peacetime military spending. Many Americans might be surprised to learn that current U.S. defense spending isn't all that much above the 3% share of GDP that prevailed from 1999-2001 and was a postwar World War II low. … Our own judgment is that the US is going to have to increase defense spending to meet" new "challenges, and that the time to begin such a debate is now."

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CORPORATE SCANDALS:

Rambus Internal Probe Finds Misdated Options. The Wall Street Journal (10/20) reports, "Rambus Corp. said an internal investigation found that a 'significant number' of stock-option grants awarded since 1996 weren't correctly dated or accounted for. It plans to take over $200 million in compensation charges to correct for the errors." The Journal continues, "The Los Altos, Calif., chip-technology company said the vast majority of incorrectly dated grants, both in terms of number of shares of common stock and financial accounting impact, occurred between 1998 and 2001. Rambus had previously said it had discovered errors in its grants and expected to take a material charge to correct them. In August, Rambus announced the resignation of Geoff Tate, chief executive of Rambus from 1990 through 2005, from its board amid questions about past options practices." The Journal adds, "Rambus said its independent investigation, performed by Heller Ehrman LLP as independent legal counsel and outside accounting firm Ernst & Young LLP, has taken over four months and consisted of a review of over 200 stock-option granting actions. The review looked at 1.5 million emails and other documents, and involved over 50 interviews with executive officers, directors, employees and advisers."

Citing Backdating Scandals, Krugman Calls For "Serious Corporate Reform." Paul Krugman writes in the New York Times (10/20, 1.21M) that when corporations began granting stock options to executives, the theory was that "executives would have the incentive to do whatever it took to push the stock price up. … But the truth was that in many — perhaps most — cases, executive pay still had little to do with performance. For one thing, the great bull market of the 1990's meant that even companies that didn't do especially well saw their stock prices rise. … To ensure that executives profited from newly issued options, companies would pretend that the options had in fact been issued at an earlier date, when the stock price was lower. … What's wrong with backdating stock options? There's a tax evasion aspect, but the main point is the bait-and-switch. The public was told that gigantic executive paychecks were rewards for exceptional performance, but in practice executives were lavishly paid simply for showing up at the office. … So we're still waiting for serious corporate reform. And don't tell me that everything must be O.K. because stocks have been rising lately. Remember, they rose even faster in the 1990's — and the 1920's."

Review Turns Up Suspicious Past Stock Transactions At UnitedHealth. The Wall Street Journal (10/20, B1, Forelle, Bandler) reports that "investors and the public heaped scorn on William McGuire this week for his role in apparent stock-options backdating at UnitedHealth Group Inc. But his thorniest legal problems could stem from a 1999 transaction in which backdating played only a minor role. In the transaction, according to a report prepared by outside lawyers commissioned by UnitedHealth directors, Dr. McGuire and other employees were able to effectively get the same options twice, at favorable prices, while skirting disclosure requirements and potentially violating accounting rules. For Dr. McGuire alone, the extra options are now valued at $250 million. Just as troublesome for Dr. McGuire, the report concluded that it's unclear whether directors ever intended to give Dr. McGuire such a generous deal."

The AP (10/20) reports, "Lawyers probing UnitedHealth found a 1999 memo from McGuire to directors in which he initiated the arrangement. He also told the investigators that it was structured as it was in part to avoid having to reprice the options, which would have accounting consequences, The Wall Street Journal said, citing a person familiar with the matter. But UnitedHealth's outside lawyers believe that the accounting treatment was nonetheless improper. That will likely require UnitedHealth to take substantial charges, and it may expose McGuire or others to allegations of accounting misdeeds."

Study Finds Director Overlap Among Firms In Options Scandal. The AP (10/20, Simon) reports, "On tennis courts and golf courses, in bars and restaurants, at meetings and conventions, it seems corporate board members spread the word about a novel way to boost executive compensation – backdating options." The AP continues, "A study released Thursday suggested that the common link between companies that backdated options was a network of directors who sat on some of the same company boards. Now many of them, their companies and their chief executives are losing their jobs because of it." The AP adds, "Of 120 companies involved in the snowballing backdating scandal, more than 40 percent share directors with other implicated companies, The Corporate Library, a corporate governance research firm, said in a report Thursday. That proportion of interconnected boards is much higher than would be expected from a similar, randomly selected sample, the study found. … 'Director interlocking relationships are fast becoming what appear to be the most important characteristic and indicator of backdating problems,' the report said."

New York Judge Orders Grasso To Repay Millions To NYSE. The AP (10/20, Gormley) reports, "In a sternly worded decision, a (New York) state judge ordered former New York Stock Exchange chief Richard Grasso on

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Thursday to pay as much as $100 million back in his contested compensation package. … Grasso's claim for another $48 million from the exchange was also rejected in the ruling." The AP continues, "New York State Supreme Court Justice Charles Ramos also said in a partial summary judgment that he was 'shocked' at one aspect of Grasso's defense that he believed stock exchange officials were fully aware of all the elements of his compensation as they increased it annually. … Ramos stated that he 'must agree with Mr. Grasso that is impossible for the court to determine on this motion what Mr. Grasso actually knew about what the board members knew. But summary judgment is not granted on the basis of his actual knowledge. … Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty.'"

The Wall Street Journal (10/20, A1, Lucchetti, Lublin) reports, "In his 73-page opinion, Justice Ramos repeatedly chastised Mr. Grasso, writing that, among other things, the former executive had failed to adequately disclose the size of his enormous compensation package to the exchange's board of directors. The justice also criticized the board for failing to do its homework. … The former NYSE boss, who has repeatedly indicated he won't settle the case and wants to clear his name, said he plans to appeal yesterday's ruling, which he said was 'riddled with errors.'" The Journal adds, "Courts rarely criticize a top executive's pay package so forcefully, much less rebuke board members for their ignorance of such rewards. In June, the Delaware Supreme Court upheld a lower-court ruling exonerating the board of Walt Disney Co. of wrongdoing in connection with a $140 million severance package paid to Michael Ovitz at the end of his brief stint as president of the entertainment giant."

The New York Times (10/20, Thomas) reports, "The ruling was not the judge's final word on the dispute — he did not directly address the central claim in the lawsuit brought by Eliot Spitzer, the New York attorney general, that Mr. Grasso's compensation was unreasonable under the state's not-for-profit law. But the ruling bolstered Mr. Spitzer's main argument in support of that claim — that the exchange directors were not fully informed about Mr. Grasso's compensation. … Whether his pay was reasonable or not is to be decided at a subsequent trial — one that would likely focus on the $80 million he was paid between 1999 and 2001."

USA Today (10/20, Farrell) reports, "Grasso was forced out as NYSE chief three years ago after the sudden disclosure that he'd accumulated $187 million in compensation during his career there, most of it after he became CEO. Several board members expressed shock at the size of his pay package. … Spitzer filed a lawsuit against Grasso, alleging that he breached his fiduciary duty to the exchange by not keeping board members fully informed as to how much money he was owed." USA adds, "Grasso's attorneys argued that the CEO wasn't fully aware of every detail of his pay package, which was approved by the board in any case. Rather, they said, any oversight in this area was simply due to 'neglect.' … In a stinging rebuke, Ramos described that defense as 'shocking.' … 'That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care,' the judge wrote."

The Washington Post (10/20, D1, Johnson) reports, "Because the stock exchange had for years operated as a nonprofit entity, the ruling is being closely followed by that sector, which has received far less scrutiny from regulators seeking to rein in corporate pay and benefits. That, however, is beginning to change during a campaign for greater oversight of nonprofit groups by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and the debate over the propriety of the pay package for a former leader of California's J. Paul Getty Trust." The Post adds, "While the numbers at stake in the Grasso case -- more than $188 million -- are unusual for their size, many businesses and nonprofit groups use deferred compensation plans similar to the one at issue in the Grasso case, legal experts said."

The Financial Times (10/20, Ben White) also reports on the ruling.

Skilling Faces Sentencing On Monday. The Washington Post (10/20, D1) reports, "When former Enron Corp. chief executive Jeffrey K. Skilling stands to face a judge and a possible decades-long prison sentence Monday, he will be -- as usual -- alone." The Post continues, "The death of company founder Kenneth L. Lay weeks after a jury convicted both men of fraud and conspiracy charges for misleading investors about Enron's financial health means that Skilling, 52, is the last person standing from the energy company's top ranks. It is a familiar position for a man painted by the government as both unusually self-reliant and occasionally self-destructive." The Post adds, "The single-mindedness that made Skilling a successful management consultant and a masterful corporate strategist powers his vow to go forward with an appeal. Skilling, who told jurors that he was 'absolutely innocent,' is attacking the four-year investigation against him as a 'witch hunt' and claiming that prosecutors used unfair tactics and relied on shaky jury instructions to bring down a man who once dashed from presidential inaugurations to conference calls with Wall Street analysts. … 'It's not in my nature not to fight something like this,' Skilling testified at his trial. "I will fight those charges until the day I die.' … But it is very much an open question whether U.S. District Judge Simeon T. Lake III will let Skilling remain free pending an appeal, as defense lawyers recently requested, or whether he will order him into Bureau of Prisons custody immediately on Monday afternoon."

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Senate Committees Probe SEC's Investigation Of Pequot. The Wall Street Journal (10/20, Scannell) reports, "The Senate Finance Committee, among other entities, is continuing to probe the Securities and Exchange Commission's handling of an insider-trading investigation involving hedge fund Pequot Capital Management Inc. and Wall Street executive John Mack. The matter stems from an allegation that the agency granted him favored treatment because of his large donations to Republican campaigns." The Journal continues, "Sen. Chuck Grassley's staff has sought testimony and emails related to several SEC enforcement attorneys, including the emails of one who recently left for a law firm that represented Mr. Mack. It also has sent stinging letters to the SEC." The Journal adds, "The Senate Judiciary Committee is involved, with Chairman Arlen Specter (R., Pa.) holding two hearings where he has raised concerns about the SEC and Justice Department's supervision of hedge funds, short-selling activities, and insider-trading. … Missing so far is the Senate Banking Committee, which has direct oversight of the SEC. Senate Finance has jurisdiction over the tax code; Judiciary writes criminal and civil laws. .. . Mr. Mack is now chief executive of Morgan Stanley." The Journal notes, "The issue arose after a former SEC attorney brought his allegations to Capital Hill this spring and filed more than 80 documents with the Banking Committee. The former SEC lawyer, Gary Aguirre, was fired last year, he says, for pursuing the case. In a lawsuit filed in U.S. District Court in Washington, DC, Mr. Aguirre said his supervisors refused his request to interview Mr. Mack because of his 'political clout.' In court filings responding to the suit, the SEC conceded the supervisor said Mr. Mack's lawyers had 'juice' but denied any reference to Mr. Mack's political clout."

California Mortgage Firm Executive Settles Ponzi Scheme Civil Charges. The Wall Street Journal (10/11, C3, Hughes, 2.03M) reported, "The former head of a California mortgage firm settled civil securities charges that he used investor money to pay off more than $10 million in gambling debts, host lavish house parties and support community music festivals. The Securities and Exchange Commission said Salvatore Favata, president of National Consumer Mortgage LLC in Orange County, raised $30 million from more than 200 investors from late 2001 through March 2006 by promising that they would receive annual interest payments of 30% to 60% of their original investments. Investors were told their money would be used to finance loans to homeowners who couldn't qualify for traditional mortgages," but "Favata used the money to make payments to existing investors, pay the operating expenses of the firm's conventional-mortgage business and to pay off more than $10 million of his gambling debts, the SEC said."

The Los Angeles Times (10/11, Reckard, 918K) reports, "He also threw lavish parties and put on oldies music festivals he called 'Favata Fests,' often in his spacious Yorba Linda backyard, at which Garvey, who appeared in a National League record 1,207 straight games, glad-handed Favata clients and had his picture taken with them, federal authorities said. Favata's attorney, Nathan J. Hochman of Beverly Hills, described his client as a 'gambling addict' who dug himself an ever deeper hole trying to cover his losses and 'is extremely sorry for what he has done.' Assistant U.S. Atty. Brent Tabacchi said Favata agreed to plead guilty to a fraud charge carrying a maximum sentence of five years."

Delphi Ownership Talks Could Be Influenced By SEC Suits. The Wall Street Journal (10/20, A3, Scannell, Mccracken, Dugan) reports, "Federal securities regulators are preparing civil securities-fraud suits against former executives of auto-parts giant Delphi Corp., according to a person familiar with the matter, raising the stakes in the high-profile battle over Delphi's future." The Journal continues, "Separate investigations by shareholders, creditors, federal prosecutors and securities regulators into Delphi's accounting and dealings with its former parent, General Motors Corp., are coming to a head as several investors jockey for a slice of a restructured Delphi. The outcome of the investigations could affect how Delphi, which had world-wide sales of $27 billion last year, reshapes itself a year after it filed for bankruptcy-law protection." The Journal adds, "Among the issues involved is whether GM will be allowed to get a valuable stake in a reorganized Delphi as compensation for taking back the benefits obligations of thousands of Delphi's U.S. workers. … The Securities and Exchange Commission is expected to file securities-fraud suits this month against about a dozen former executives of Delphi and others, alleging they used improper accounting in at least three different transactions, which led the auto-parts supplier to restate earnings from 2001 to 2003, according to a person familiar with the matter. It is unclear which executives will be named in the suits. … Delphi is also expected to be named in the civil complaint, although it isn't clear if the SEC will seek a penalty against the corporation, according to this person. The SEC's five commissioners are expected to vote on the case next week."

NYTimes Calls For Enforceable Rules Governing Hedge Funds. The New York Times (10/20, 1.21M) editorializes, "At first glance, the market-beating returns of hedge funds are impressive. But on closer inspection, things look less showy. Performance measures are based on voluntary reporting by hedge funds and thus tend to reflect outperformers rather than laggards and losers. And even some of the winners' outsized returns are

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overstated because they are not adequately adjusted to reflect the huge risks that go hand in hand with big gains." The Times adds, "It is time for Congress and federal regulators to take an unflinching look at how deals really get done in today's markets, and to come up with enforceable rules and laws to ensure market integrity and the overall soundness of the financial system."

CRIMINAL LAW:

Former House Clerk, Boehner Testify In Ethics Committee Foley Probe. The AP (10/20, Taylor) reports, "Ethics investigators on Thursday heard from the GOP aide once in charge of the House page program about how he handled cases of ex-Rep. Mark Foley's inappropriate behavior toward the teenage errand-runners. The No. 2 House leader, Majority Leader John Boehner, also testified, repeating his public statements that he discussed with Speaker Dennis Hastert, R-Ill., the 'overly friendly' e-mails from Foley to a former male page." Boehner told reporters, "I made myself clear on the record for the last three weeks, and I told the ethics committee today the same thing that I've told many of you." CNN's The Situation Room (10/19, Bash) reported that as he finished his appearance, Boehner "said that he is convinced that this is a thorough investigation. He said that he made clear what he knew, the who, what, when of the Mark Foley sandal and that apparently is about it if terms of what he revealed about his testimony."

The CBS Evening News (10/19, story 2, 2:15, Borger, 7.66M) reported that the House Ethics Committee "interviewed a central player" in the Foley case, "Jeff Trandahl, the former Clerk of the House who supervised the page program. He sent a series of early warnings to Foley's staff, perhaps as far back as 1999, about Foley's inappropriate contacts with pages. And he confronted Foley himself last fall about overly friendly e-mails. Sources tell CBS News that the committee spent time today trying to establish a time line of who knew what and when. And that Trandahl was expected to say that he kept the Speaker's counsel in the loop on all page problems." Trandahl "sent red flags over the years to Foley's staff, saying he was spending too much time on the pages. Each time the Congressman was told to cut it out, he denied any inappropriate behavior. One former aide says: 'We always thought it was Mark being Mark. We never thought it would go to the next step. We never thought he would be stupid enough to contact them off campus.' But he was. Sometime around 2002, Trandahl contacted a key Foley staffer sounding alarmed. He had been told Foley showed up at the page dorm, apparently drunk, trying to get in. Frustrated with Foley, the staffers agreed to bump the matter up to a higher level, the Speaker's office. And we've also been told that the very first complaints about Foley's behavior were ten years ago during his first term when another office complained that Foley had been calling a male intern, Katie."

NBC Nightly News (10/19, story 4, 2:40, Williams, 9.87M) reported Trandahl has "nothing to say publicly, but a source close to the investigation tells NBC News he was aware at least two years ago of Foley's inappropriate behavior with House pages, including an incident when Foley allegedly showed up drunk at the page dormitory. He was expected to be asked by the ethics committee whether he reported his concerns about Foley to Speaker Hastert's office. And the investigation is moving quickly at the ethics committee but it appears unlikely that any final conclusions will be reached before election day."

The New York Times (10/20, Zeleny, 1.21M) headlines its report "Former Clerk Tells Panel He Alerted Speaker's Office To Foley Concerns," and says, "People with knowledge of Mr. Trandahl's testimony said Mr. Trandahl corroborated previous testimony that top aides to the speaker, including his chief counsel, Ted Van Der Meid, had been advised of complaints about Mr. Foley for at least three years." Hastert's office "has denied that assertion."

The Washington Post (10/20, A3, Babington, 748K) says Trandahl "joined Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, in quietly confronting Foley last fall about e-mails that the lawmaker had sent to a Louisiana boy, which the youth and his parents found troubling. Those e-mails were not nearly as explicit as the messages that emerged later from other sources." Hastert's office "has said that two high-ranking aides knew about the meeting with Foley but did not tell the speaker or his chief of staff, Scott Palmer. The board's other members, including a Democratic congressman, were also not told."

Priest Admits To Fondling Teenaged Foley. CNN's The Situation Room (10/19, Blitzer) reported, "A Catholic priest is now acknowledging that he fondled [former Rep. Mark] Foley when he was a teenager but he says they never had sex. Foley disclosed his claim of past abuse by a clergyman after his clearly inappropriate online messages to congressional pages became public." CNN (Zarella) added, "CNN has learned through sources that the priest that Foley is claiming abused him is Father Anthony Mercieca, 72 years old, he now lives off the coast of Italy in Malta. CNN spoke with Mercieca and Mercieca acknowledged he and Foley did swim naked and that he did massage Foley's neck, but that Foley was wearing a towel at the time, and that they took saunas together, but that they were wearing towels."

The CBS Evening News (10/19, lead story, 3:20, Couric, 7.66M) interviewed the priest by phone. Mercieca said, "We used to go to the sauna bath you know, and we used to go there to take a bath you know. … That's what I can't remember, you know. And I guess that's what maybe Mark is thinking that was something bad." Couric: "What

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actions do you think will be taken by the Catholic Church in light of these revelations?" Rev. Mercieca: "I don't know. These are 40 years old. So really, It's there is a limit too." Couric later said, "This was probably the weirdest interview I've ever done." ABC World News (10/19, story 6, 0:15, Gibson, 8.78M) noted the priest now "lives in the European island nation of Malta." The AP (10/20, D'Emilio), New York Times (10/20, Goodnough, 1.21M), Washington Post (10/20, A3, Schneider, Wilgoren, 748K) and Washington Times (10/20, Hurt, 88K) also report on the priest's revelations.

More Commentary. Michael Kinsley writes in the Washington Post (10/20, A21, 748K), "Poor Dennis Hastert is suspected, probably falsely, of being willing to sacrifice a child for the good of his party, and now the other party reaps the benefit. Do you think that if the devil told Nancy Pelosi she could undo the scandal, save these 17-year-olds from the trauma of electronic messages from a sicko congressman and give up her hopes of being speaker, that she would find such an offer tempting? I don't. And I don't think Pelosi is callous or cruel. If she thought it through, she might conclude that the good that can come from a Democratic Congress exceeds the evil that a few randy messages may have done to a few teenage pages. Meanwhile, most Americans, I strongly suspect, would happily sacrifice a few more pages just to keep the story going for entertainment purposes."

Jailed Gun Dealer Agrees To Cooperate With Wales Murder Probe. The AP (10/20, Johnson) reports, "A gun collector once jailed as a material witness in the assassination" of Assistant US Attorney Thomas Wales "has agreed to take a lie-detector test and will fully cooperate with a grand jury investigating the case, his lawyers said in a court filing Thursday." Albert K. Kwan "was jailed on an unrelated charge of machine-gun possession." The AP notes, "Kwan was first contacted by the FBI in August 2003, when an agent met with him and asked if the FBI could test-fire his Makarov pistols. Kwan initially refused because his guns were collector's items that had never been fired; once investigators obtained a subpoena for them, he turned them over, his lawyers wrote" in the motion petitioning for his release from custody. "His lawyers also insisted that agents were less than diligent in trying to serve Kwan with a subpoena to appear before the grand jury in December 2004 and January 2005."

The Seattle Times (10/20, Carter, 217K) reports, "Up to this point…Kwan has invoked his Fifth Amendment right prohibiting self incrimination when he's been questioned before the grand jury," but in yesterday's filing, "Kwan's attorneys said he will submit to questioning by the FBI task force investigating the killing." The Times notes, "At issue in the Wales case is Kwan's purchase of at least one replacement barrel for a 9-mm Makarov handgun. FBI experts have determined that Wales was shot with a Makarov fitted with such a barrel. His attorneys have said that Kwan has maintained he purchased just one such barrel, although the FBI has evidence he purchased two."

Colorado Man's Gifts To British Official Raise Complaint. The AP (10/20) reports, "A businessman has complained to the U.S. Department of Justice about gifts a Colorado billionaire gave to British Deputy Prime Minister John Prescott, a news report said Thursday." The AP continues, "A parliamentary ethics panel gave Prescott a mild rebuke in July, saying he should have immediately disclosed his stay at the ranch of Philip Anschutz, the American tycoon who is bidding to open a casino at London's Millennium Dome site. … But it said Prescott had 'acted correctly' in belatedly declaring the visit, and recommended no further action." The AP adds, "The Times newspaper said George Bathurst, a businessman based in Windsor, outside London, had reported the hospitality and gifts Anschutz gave Prescott to the Justice Department under laws banning U.S. businesses from attempting to bribe foreign officials. … Prescott was widely criticized for initially failing to declare his stay with Anschutz, who also gave him a cowboy outfit. … He says he has met twice a year with the oil, media and transport billionaire who has taken over the vast Millennium Dome, an enormous exhibition space built for the 2000 New Year's celebrations. Anschutz is seeking a license to operate a casino there, but Prescott says the two never discussed that issue in their meetings."

FBI Investigating Possible Theft Of Diebold Software. The Washington Post (10/20, B1, Barr, 748K) reports, "The FBI is investigating the possible theft of software developed by the nation's leading maker of electronic voting equipment." Former Maryland Democratic Del. Cheryl C. Kagan, "who has long questioned the security of electronic voting systems, said the disks were delivered anonymously to her office…on Tuesday and that the FBI contacted her yesterday." The Post notes, "Diebold spokesman Mark Radke and Goldstein said that the labels on the disks referred to versions of the software that are no longer in use in Maryland, although the Diebold statement said the version of one program apparently stored on the disks is still in use in 'a limited number of jurisdictions' and is protected by encryption. The statement also said the FBI is investigating the disks' chain of custody."

Texas Inmate Commits Suicide On Day Of Execution. The AP (10/20, Graczyk) reports, "A death-row inmate slit his own throat with a makeshift knife early Thursday, committing suicide less than 18 hours before he was scheduled to be executed, a prison official said." The AP

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continues, "Michael Dewayne Johnson, 29, was on death row for the 1995 killing of a convenience store clerk near Waco. … He was in a death-row cell early Thursday when he slashed his own throat with a makeshift blade fashioned from a small piece of metal attached to a wooden stick, said Michelle Lyons, spokeswoman for the Texas Department of Criminal Justice in Huntsville." The AP adds, "Johnson's execution had been scheduled for 6 p.m. Thursday. His last-minute appeal was still pending before the U.S. Supreme Court."

Escorted By FBI Agents, Rezko Pleads Not Guilty To Corruption Charges. The Chicago Tribune (10/20, Coen, 623K) reports, "A fundraiser and close adviser to Gov. Rod Blagojevich pleaded not guilty to fraud charges Thursday after being escorted to federal court by FBI agents. The appearance in court of Antoin 'Tony' Rezko ended weeks of speculation about his whereabouts that peaked after a pair of indictments were unsealed against him last week. Federal prosecutors charge that Rezko leveraged his influence with state leaders to extort illegal payments and a campaign contribution from investment firms seeking to do business with Illinois." The Tribune notes US District Judges Amy J. St. Eve and Charles Kocoras "agreed to release Rezko on $1.4 million bail," although prosecutors "had argued a decision on bail shouldn't only be made in the light of Rezko's return." The AP (10/20, Bellandi) notes, "Rezko, who is charged in two separate indictments, also pleaded not guilty earlier in the day to charges he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company. More than two dozen Rezko supporters traveled from courtroom to courtroom as he was arraigned in the two indictments by separate judges who reminded them they could lose their houses if Rezko doesn't show up for trial." USA Today (10/20, 9A, 2.27M) also briefly reported on Rezko's arraignment.

Longtime Florida Politician Sentenced To 18 Months In Prison For Bribery. The Palm Beach Post (10/20, Doris) reports, "Ray Liberti, an elder Palm Beach County statesman snared in an FBI corruption sting, was sentenced Thursday to 18 months in prison for pocketing $66,000 in cash, most of it delivered in a shaving kit." Liberti, "who resigned from the West Palm Beach City Commission in May, was ordered into custody immediately by U.S. District Judge William P. Dimitrouleas, who rejected Liberti's request that he remain free for a month to sort out his personal affairs." The Post notes, "The commissioner took four payoffs, including one, for $5,000, that was handed to him as he stepped off the dais after a commission meeting last November," but "his client turned out to be an FBI undercover agent."

The South Florida Sun-Sentinel (10/20, Blum, 265K) reports that the sentence "is likely to feel even more foreign to Liberti, a lifelong politician who spent 14 years as a state representative. … Prosecutor John Kastrenakes said Liberti used his office to illegally intimidate two local business owners in exchange for money and gifts. 'Who are the victims of Mr. Liberti's conduct? It is good government,' Kastrenakes said. Dimitrouleas gave Liberti a prison term at the low end of federal recommendations, describing Liberti as 'a good person who did some bad things.'" The AP (10/20) also reports on Liberi's sentencing.

DC Drug Trade Group Accountant Under Probe For Embezzlement. The Washington Times (10/20, McElhatton) reports, "Federal authorities have seized personal bank records of the accounting director at a District-based pharmaceutical research group in a probe of whether she funneled money to buy property in Jamaica." The Times continues, "The FBI and the financial crimes unit of the Metropolitan Police Department have been investigating accountant Marcia Campbell for more than a week after learning of an internal audit that showed that more than $200,000 was missing from the Pharmaceutical Research and Manufacturers Association (PhRMA), court records show. … Her attorney said that she has not been formally indicted and that he could not comment on the matter." The Times adds, "Miss Campbell was arrested Monday by a deputy U.S. marshal and was later released. … Ken Johnson, senior vice president at PhRMA, said Miss Campbell 'no longer works here.' He declined to discuss whether she had been terminated or had resigned. … He said the investigation began after PhRMA contacted law-enforcement authorities. … According to a search warrant affidavit filed in federal court in the District this week, PhRMA began an internal investigation this month after a vendor, National Media Inc., inquired about a $73,560 payment it had not received. … Police said in court documents that PhRMA auditors traced the money to a Washington Mutual Bank account belonging to Miss Campbell."

At Getty Trial, Italian Prosecutors Detail Smuggling Of Looted Statue. In a widely-distributed story, the AP (10/20, David) reports, "Prosecutors in the trial of a former J. Paul Getty Museum curator retraced the steps of an ancient statue they say was smuggled out of the country, and is now one of the most significant pieces in a dispute between Italy and the Los Angeles museum. The prosecution presented testimony and documents reconstructing the route that the fifth century B.C. statue of the goddess Aphrodite took from Sicily to the Getty, which bought the piece for $18 million in 1988." The AP notes Prosecutor Paolo Ferri "showed documents that

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accompanied the statue as it traveled from Switzerland to Los Angeles through London, noting that the weight of the crates carrying it increased dramatically with each step. He said this was an indication that the statue was sold in pieces at different stages, a technique smugglers use to get more money out of buyers."

Five Californians Charged With Katrina Relief Fraud. The AP (10/20) reports, "Five people have been charged with making fraudulent claims for more than $30,000 in disaster assistance funds targeted for victims of Hurricane Katrina. U.S. Attorney McGregor W. Scott announced the charges Wednesday, calling the five individuals' behavior 'unconscionable.'" Larry McDaniel and Jerry Davis of Sacramento "are each accused of stealing more than $12,000 in funds earmarked for Katrina victims." Crystal Housley, John Housley and Shawn Cudaback of Marysville "are each charged with conspiracy to defraud the federal government, making false claims to FEMA and mail fraud. They allegedly stole $6,000 in disaster relief funds."

Couple Recounts Prince-George's County Restaurant Siege. The Washington Post (10/20, A1, Partlow) reports, "The Haitian restaurant Chez Yon Yon doesn't typically serve curried shrimp, but since Lyonel and Yanick Simeon are still shepherding their business through its first arduous year, they agreed to prepare the dish to please the two young gentlemen who came in for takeout Wednesday evening." The Post continues, "While the plantains were frying, the two men sat in small wicker chairs at the entrance of the Prince George's County restaurant, near a sign advertising the restaurant's money transfer business -- an unsuccessful service that hadn't operated in a few months. It seems no one noticed that the men were wearing bulletproof vests under their shirts. … For the next six hours, the two men would transform a warm fall evening into a hostage crisis and a tense standoff with Prince George's police." The Post adds, "Yesterday, Yanick and Lyonel Simeon told their story of the attempted robbery at 834 Chillum Rd., while Lyonel recovered from a beating and their 7-year-old daughter, the last hostage to get out, remained too skittish to go to school. … 'This had all the makings of an absolute disaster,' said Capt. Robert Liberati of the Prince George's County police. … But it ended with no shots fired and the arrest of two suspects -- Oliver Tunstall, 26, of Lanham and Darren Johnson, 19, of Landover."

Witness Testifies His Cousin Fatally Beat DC Reporter. The Washington Post (10/20, B4, Cauvin) reports, "It was as if David E. Rosenbaum sensed something in the darkness of Gramercy Street NW…. The 63-year-old journalist, out for a stroll near his home, stopped and looked around for a moment, one of the men accused in his death testified yesterday. But Rosenbaum didn't see anything, and by the time he did, it was too late." The Post continues, "Seconds later, Percey Jordan jumped Rosenbaum from behind and began beating the retired New York Times reporter with a heavy plastic pipe, Jordan's cousin said in D.C. Superior Court. … 'Give it up, old man, give it up, old man,' Jordan yelled, according to his cousin, Michael Hamlin, who testified in the second day of Jordan's trial before a jury in Judge Erik P. Christian's courtroom. … 'It took him by surprise because it happened so quick,' Hamlin said of the attack, which unfolded about 9 p.m. Jan. 6 in the 3800 block of Gramercy." The Post adds, "Jordan struck him twice in the head and three times in the torso, Hamlin said, and Rosenbaum staggered and crumpled to the sidewalk as Hamlin rushed in and ripped Rosenbaum's wallet from his hip pocket. … Two days later, Rosenbaum succumbed to his wounds, and a few days after that, the men suspected of killing him turned themselves in to police after store surveillance images linked them to the crime. … Not until yesterday had Hamlin, 24, provided a public account of what he says happened that night. … Facing his cousin across the courtroom, Hamlin, who pleaded guilty last month to murder, laid the worst acts of that night on Jordan -- an accusation that Jordan's attorney, Michael Starr, has assailed as a self-serving lie."

FBI Investigating Boeing Scientist Who Allegedly Misused Computer. The AP (10/20) reports, "The FBI is investigating a Boeing Co. scientist with Defense Department security clearance whose computer the company seized earlier this year after he allegedly misused it, according to officials and court documents. The FBI has searched the San Fernando Valley home of Abraham Lesnik three times in recent months, said bureau spokeswoman Laura Eimiller. She declined to say why, and affidavits filed in the case are sealed. However, according to court filings the probe comes after Lesnik's laptop computer was confiscated in May after he searched for map directions during an unclassified teleconference." The AP notes that defense lawyer Marc Harris declared, "Mr. Lesnik has never improperly transmitted any classified information to anyone." The Seattle Times/Bloomberg (10/20) adds, "'Search warrants were executed with respect to this matter, but they are under seal,' said FBI spokesman Bill Carter in Washington, D.C. He declined further comment. ABC News reported earlier that the FBI's foreign counterintelligence unit is investigating Abraham Lesnik's handling of secret information."

The Los Angeles Times (10/20, Krikorian, Mozingo, 918K) also notes that "Eimiller confirmed that agents served three search warrants within the last two months" at Lesnik's

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house, and reports, "Earlier this year, Lesnik sued Boeing after a supervisor seized his laptop computer because he was accessing the Internet website Mapquest during an office meeting. In his lawsuit, Lesnik challenged the confiscation of his laptop on grounds that it contained personal information on his wife and four children. He also said Boeing's policies permitted use of the computer."

DNA Analysis Increasingly Used To Solve Non-Violent Crimes. USA Today (10/20, Willing) reports, "The national database of criminals' DNA, designed by the FBI to help solve rapes and murders, increasingly is being used to identify suspects in unsolved burglaries and other property crimes, a USA TODAY review of state crime lab records shows." USA continues, "In 10 states — Alabama, Florida, Indiana, Michigan, Missouri, New Mexico, Ohio, Oregon, Virginia and Wisconsin — the total number of DNA matches in property-crime cases has exceeded the number of matches in violent crimes, the review indicates. Other states also are reporting increases in property-crime matches: Of Georgia's first 171 matches, only 13 involved DNA from the scenes of unsolved burglaries. Of the 300 matches that followed, 79 were in burglary cases." USA adds, "Oregon state police DNA analyst Brian Ostrom says there are many reasons for the rise in property-crime matches. DNA testing has become more sophisticated, he says, allowing analysts to draw genetic profiles from evidence left at burglary scenes — palm prints, cigarette butts, sweat stains on gloves and masks — nearly as easily as they can get profiles from blood or semen at the scenes of violent crimes. And government grants for testing evidence, initially limited to violent crimes, now can be used to analyze DNA from property crimes. … Since 1990, the states, the federal government and the military have collected DNA from those convicted of felonies — serious crimes punishable by more than a year in prison — and stored the genetic profiles in computer databases. Several states collect DNA from those convicted of misdemeanors, such as minor assaults. With FBI software, the profiles are compared with DNA from crimes. The system was designed to 'solve violent crimes,' its mission statement says."

Retired West Virginia Policeman Sentenced To Prison For Child Porn Possession. The (WV) State Journal (10/19) reports, "A retired Clarksburg police officer learned his sentence Thursday for possessing child pornography. Ronald Alonzo pleaded guilty in July to federal charges of possessing child porn Alonzo, 54, will spend 46 months in federal prison." The State Journal notes, "Prosecutors say Alonzo was working as an officer when he confessed to having sexually explicit images of minors on his computer. An FBI investigation determined Alonzo was receiving and sending pictures of children under the age of 18 as attachments in e-mails."

Swedish Businessman Pleads No Contest To Drunk Driving Charge In Ferrari Crash Case. The Los Angeles Times (10/20, Hong) reports Bo Stefan Eriksson, a Swedish businessman and ex-convict who allegedly crashed a million-dollar Ferrari into a telephone poll in February, "pleaded no contest Thursday to drunk driving." He "agreed to the plea deal to clear the way for his trial next week on grand theft, embezzlement and firearms possession charges, his lawyers said. … Eriksson is accused of illegally bringing a second Ferrari and a Mercedes into the US without authorization of the British banks that held the titles."

CIVIL LAW:

Returning Veterans Face Disputes Over Employment Rights. The Minneapolis Star Tribune (10/20, Von Sternberg) reports, "When Army Reservist Mitch Minnaert came marching home to Inver Grove Heights after 15 months of active duty in 2003, all he wanted to do was to go back to work at the Ford plant in St. Paul. … That was easier said than done." The Tribune continues, "After several wanderings though the company's bureaucratic maze and two more mobilizations as an intelligence officer, he sued the company in federal court, a lawsuit that was settled earlier this year. … Ford wouldn't comment on this case but said it wouldn't violate the law. … 'I kept ending up between a rock and a hard place, because I could have stayed on active duty, but I needed the benefits Ford had,' said Minnaert, a 22-year military veteran. 'The way I was treated, problem after problem -- I can't be the first person who's had this.'" The Tribune adds, "He's not, by any means. Last year, a survey by the Government Accountability Office concluded that as many as 8 percent of 119,761 deactivated Reserve members were not promptly rehired by their civilian employers. Fourteen percent lost seniority, seniority-related pay or benefits; and health insurance for about one in 10 wasn't immediately reinstated, the survey found. … Still, it appears the federal government's web of laws and regulations designed to protect the jobs of returning troops has worked the way it was designed far more often than not, both in Minnesota and nationwide." The Tribune notes, "In 1994, Congress enacted the Uniformed Services Employment and Reemployment Rights Act in the wake of the Gulf War, requiring that employers reinstate returning soldiers to positions equivalent to those they left, while protecting seniority, raises and benefits they would have had while on duty. … More than 6,000 complaint cases were opened by the U.S. Department of Labor between Sept. 11, 2001, and April of this year, the department reported. Minnesota cases

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during that period have totaled 119. … Those cases can be resolved informally or can ultimately be pursued in federal court by the Justice Department. On average, that has occurred only a few dozen times annually nationwide, according to the Accountability Office."

DOJ FOIA Report Sees Avenues For Technological Improvement. Federal Computer Week (10/20, Sternstein) reports, "A review of agency plans to improve Freedom of Information Act operations by Attorney General Alberto Gonzales found that many want to adopt information technology -- including internal Web sites -- for expediting requests. … 'Agencies have enthusiastically embraced the area of advanced technology and automation as a means of improving their FOIA operations, most particularly as a way of meeting the challenges faced by those with backlogs of complex FOIA requests,' the report states." FCW continues, "A December 2005 executive order directed the attorney general to issue a FOIA report based on an assessment of individual agency implementation plans and fiscal 2005 annual agency FOIA reports. Gonzales submitted his report to the president Oct. 16. … Notably, two agency plans included intranet FOIA Web sites for their employees, the report states." FCW adds, "The Interior and Commerce departments have taken a step that 'can increase an agency's efficiency, though improved communications among its FOIA personnel has perhaps its greatest value in bridging the distance that otherwise can exist in large agencies between headquarters and field office employees,' Gonzales wrote. … He recommended that other agencies carefully consider this strategy for their FOIA divisions." FCW notes, "Gonzales also recommended that in the coming months, agency officials collaborate in mapping out approaches that use technology to cost-effectively expedite FOIA requests and reduce backlogs."

CIVIL RIGHTS:

California Congressional Candidate Linked To Voter Intimidation Letter. The AP (10/20, Prengaman) reports, "Orange County (CA) Republican leaders on Thursday called for the withdrawal of a GOP congressional candidate they believe sent a letter threatening Hispanic immigrant voters with arrest." The AP continues, "Tan D. Nguyen denied knowing anything about the letter in an interview Thursday with The Associated Press but said he fired a campaign staffer who may have been responsible for it. Nguyen's attorney said his client had no intention of quitting." The AP adds, "County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen had direct knowledge of the 'obnoxious and reprehensible' letter. He told the AP that the party's executive committee voted unanimously to urge Nguyen to drop out of the race against Democratic U.S. Rep. Loretta Sanchez. … 'I learned information that allows me to draw the conclusion that not only was Mr. Nguyen's campaign involved in this, but that Mr. Nguyen was personally involved in expediting the mailer,' Baugh said in a telephone interview. … State and federal officials were investigating the letter, which was written in Spanish and mailed to an estimated 14,000 Democratic voters in central Orange County. It warns, 'You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time.' … Immigrants who are adult naturalized citizens are eligible to vote."

McClatchy Newspapers (10/20, Wisckol, Bunis) reports, "Condemnation of an intimidating mailer from Congressional candidate Tan Nguyen's campaign swelled Thursday, as state investigators continued interviews in the county and the U.S. Justice Department joined the probe." McClatchy continues, "State Attorney General Bill Lockyer told Nguyen's opponent, Rep. Loretta Sanchez, D-Garden Grove, that details should become clearer in the next couple days and that his office 'would be making arrests,' Sanchez said." McClatchy adds, "Nguyen, a Republican, said Thursday that a campaign worker helped put out the letter without his knowledge and that she had been fired. He called the letter, which targeted immigrant voters, 'flawed and ill-conceived.' … Nguyen, who said Thursday morning that he was scheduled to meet with investigators later in the day, did not return subsequent calls seeking response to Baugh." USA Today (10/20, 9A, 2.27M) notes, "The letter warns that 'if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time.' … Justice Department spokeswoman Cynthia Magnuson and state attorney general's office spokesman Nathan Barankin said their offices were investigating."

The Los Angeles Times (10/20, Berthelsen, Tran, Goffard, 918K) reports, "Christopher West, owner of Mailing Pros, said in a phone interview that he wouldn't confirm or deny that Nguyen was involved. He added that he had spoken with investigators from the attorney general's office and had told them 'the whole enchilada.'" The Times notes, "Some observers say xenophobia has long been part of the GOP playbook in a county that spawned Proposition 187, the 1994 ballot measure that sought to curb public services for illegal immigrants. It is also home to Jim Gilchrist, co-founder of the Minuteman Project." The Washington Post (10/20, A4, Geis, 748K) adds, "Sanchez said she has called for a federal probe into possible violations of the Voting Rights Act. 'We would like to find who did this and have them prosecuted,' she said." The Post reports that Nguyen's "campaign materials describe immigration as the focus of his campaign.

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He praises the Minuteman Project and opposes Bush's proposed guest-worker program."

The New York Times (10/20, Chang) reports, "Mr. Nguyen, a Vietnamese immigrant, is running an underdog campaign for the 47th Congressional District seat held by a five-term Democrat, Loretta Sanchez, a member of the House Hispanic Caucus. The district has a sizable Vietnamese and Hispanic population. … The Justice Department and the California attorney general are investigating the case. Bill Lockyer, the attorney general, said Wednesday on a local radio station, KPCC-FM, that the sender of the letter might have violated state laws against voter intimidation."

Local Television. At least seven California television networks reported that the office of California's Attorney General is investigating intimidation letters sent by the campaign of CA47 candidate Tan Nguyen (R) to the Hispanic community, threatening illegal immigrants with arrest if they vote. Some examples: KERO-TV Bakersfield, (10/19, 6:12 p.m.) broadcasted, "Republican Tan Nguyen knows that he has explaining to do. His campaign for congress is implicated in the case of alleged voter intimidation. The Attorney General's office is investigating who sent the letter to 14 thousand people in Orange County, telling them if they are here as an illegal immigrant and they vote, then they could go to jail."

KFMB-TV San Diego, (10/19, 5:33 a.m.) broadcasted, "State authorities investigate a case of voter intimidation in Southern California. … A letter is being mailed to Hispanic voters in Orange County warning them it's illegal for illegal immigrants to vote."

KCAL-TV Los Angeles, (10/19, 8:00 p.m.) broadcasted, "A local politician may be linked to voter intimidation and tonight Orange County Republican leaders want him to drop out of race. Tan Nguyen is running for a congressional seat. His campaign office mailed letters threatening immigrant voters with arrest. He says he fired the staffer who has been responsible."

KNBC-TV Los Angeles, (10/19, 6:00 p.m.) broadcasted, "Republican candidate for Congress in Orange County is under investigation tonight amid allegations of alleged voter intimidation. Republican candidate Tan Nguyen is running against Sanchez in the 47th congressional district. Nguyen has now acknowledged that somebody on his staff sent out an official looking letter warning Latino immigrant it may be illegal for them to cast a vote."

KCBS-TV Los Angeles, (10/19, 6:00 p.m.) broadcasted, "A local politician may be linked to voter intimidation. And tonight, Orange County Republican leaders want him to drop out of the race. Tan Nguyen is running for a congressional seat. GOP leaders say Nguyen's campaign office mailed thousands of letters that threatened Latino immigrant voters with arrest."

DOJ Seeks Monitors At Philadelphia Polls. The AP (10/20, Matheson) reports, "The federal government has asked a judge to post monitors at (Philadelphia) polling places next month to make sure Spanish speakers get proper help when voting." The AP continues, "In a federal lawsuit, the Justice Department accused the city of failing to provide enough election materials in Spanish and failing to recruit enough bilingual poll workers to assist voters who don't speak English well. … The suit, filed last Friday, asked the court to authorize monitors through 2009, and also filed court papers asking that action be taken in time for the Nov. 7 election." The AP adds, "The lawsuit also contends that the city violated the federal Voting Rights Act by allowing only poll workers — some of whom did not speak Spanish — to help Hispanic voters cast ballots. The law permits voters who require assistance to request help from someone they know. … About 10 percent of Philadelphia's 1.4 million residents are Hispanic, according to 2004 Census figures cited in the suit. The government estimates that about 36 percent of voting-age Hispanics in the city have limited English skills. … The Justice Department won a similar suit against Berks County in March 2003, when a federal judge substantiated allegations that officials there had engaged in 'hostile and unequal treatment' of Hispanics during past elections."

Bill Would Help Re-Open Decades-Old Civil Rights Cases. The Miami Herald (10/20, Burch) reports, "The slow march to close the cold cases that lay buried with the bones of the civil rights movement is closer to resolution." The Herald continues, "A bill before Congress proposes to establish a squad -- much like the popular television series Cold Case-- in the Justice Department to prosecute unresolved slayings from the civil rights era, mostly those occurring before 1970. … The measure, also known as the Emmett Till bill, is part of a sweeping national effort to reconcile the ugliest crimes of the era, at least symbolically. … 'It is critically important that we right the wrongs of the past and bring to justice the people who perpetrated heinous crimes predicated on racial hatred,' said Sen. Chris Dodd, D-Conn., who along with Sen. Jim Talent, R-Mo., sponsored the bill. … 'While we cannot bring back and make whole those who suffered and died at the hands of racists, we can at least reaffirm our nation's commitment to seek the truth and make equal justice a reality.'" The Herald adds, "All over the South, prosecutors are tackling a dozen or so defining civil rights cases, despite graying suspects and witnesses and fading memories. The most famous is the case of Emmett Till, the Chicago boy murdered in Mississippi after whistling at a white woman more than a half-century ago. … 'The proposed legislation, which is likely headed to the Senate floor after midterm elections next month, would create partnerships with state and local officials and give more prosecutorial muscle to

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solve crimes … It would create the Unsolved Crimes Section, a unit within the Civil Rights Division of the Department of Justice, and an Unsolved Civil Rights Crime Investigative Office in the Civil Rights Unit of the FBI. … More than anything, the measure creates a staff and resources dedicated to the cause. But well before now, the Justice Deparment had been involved in the retrying of cold cases, including Edgar Ray Killen, who was convicted last year of orchestrating the killings of Chaney, Schwerner and Goodman and the 1994 conviction of Byron De La Beckwith who murdered Mississippi NAACP leader Medgar Evers in 1963."

Referendum Makes South Dakota Frontline In National Abortion Debate. The Financial Times (10/20, Yeager) reports that with a referendum on South Dakota's new abortion law on the ballot this November, the state "has become the frontline in the long-running national debate on abortion. A victory here would show that even in a conservative Midwestern state, the public will not tolerate a near-total ban on abortion. But a defeat would signal just how difficult a challenge campaigners face in trying to protect a woman's right to abortion." The Times adds, "A recent poll showed opponents of the law with a slim lead, and abortion-rights activists hope victory here could discourage other states from moving to adopt similar bans. But if their repeal effort fails, they will take their battle to the courts."

Court Rules Religious Social Service Agencies Must Provide Contraception. The AP (10/19, Gormley) reported, "New York's highest court ruled Thursday that social service agencies run by the Roman Catholic Church and other faiths must provide birth-control coverage to their employees, even if they consider contraception a sin. The 6-0 decision by the Court of Appeals hinged on whether Catholic Charities and the nine other groups are essentially social service agencies, not churches." The AP adds, "At issue was a 2002 state law that requires employers to provide health insurance coverage for mammograms, bone density screening and other preventive services for women, including prescription contraceptives. The law exempts churches, seminaries and other institutions with a mainly religious mission. Catholic Charities and the other groups sued the state for an exemption but lost in the lower courts."

"Medical Bill Sharing Ministry" Faces Legal Challenge. The New York Times (10/20, Henriques, 1.21M) reports, "It looks like a business and, in many ways, acts like one. But it is beyond the reach of most of the rules and government oversight that apply to businesses — because it is a church mission. This is the 'medical bill sharing ministry' known as Christian Care Ministry, based in Melbourne, Fla., the largest of a handful of similar ministries around the country." E. John Reinhold, "the ministry's chairman, explains the concept simply: 'You add up all the medical bills and divide by the number of sharing households. Everybody kicks in and you pay the bills.'" But over the years, "some state officials have looked at ministries like Christian Care and seen what they would call unregulated health insurance." Next week "it will be Mr. Reinhold's turn to defend his organization, before a state judge in Kentucky." Regulators "say that Mr. Reinhold's organization goes beyond what" a law exempting "religious bill-sharing ministries from state insurance laws" allows.

ANTITRUST:

DOJ Closes Price-Fixing Probe Of Avery Dennison. The AP (10/20) reports, "Label and tag maker Avery Dennison Corp. on Thursday said the Justice Department has closed its investigation into alleged price-fixing in the label stock industry, without any action." The AP continues, "The company, one of the largest makers of office products and adhesive labels, first disclosed the probe in April 2003."

The Los Angeles Times (10/20, Zimmerman) reports, "Avery first revealed in April 2003 that it was part of an investigation into the market for pressure-sensitive label stock, which is used on products as varied as shampoo bottles and office supplies. … Avery and Bemis Co., a Minneapolis-based competitor, were subpoenaed by the government later that year." The Times continues, "At the time, the Justice Department was suing to block the $420-million purchase of Bemis' MACtac unit by Raflatac Inc., a subsidiary of Finnish paper products maker UPM-Kymmene Corp. .. The government argued that the deal would hinder competition in the label stock industry." The Times notes, "Avery, which commands about half of the labeling market, apparently is still under investigation by regulators in Europe and Australia regarding possible price fixing and manipulation. … Two years ago, Avery said an internal investigation had uncovered 'instances of improper conduct' by employees in its European operations and said the infractions could result in heavy fines by regulators. … The company didn't describe the nature of the wrongdoing."

AmSouth To Sell Branches In Merger Agreement With DOJ. The AP (10/20) reports, "AmSouth Bancorp. said Thursday it agreed to sell 52 branches in Alabama, Mississippi and Tennessee to settle Justice Department concerns over possible antitrust violations in its nearly $10 billion merger with Regions Financial Corp." The AP continues, "AmSouth said the branches have total assets of about $2.7 billion. The largest

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number of the offices are in the Mobile area, where 22 are located in two counties. … In exchange for the sale, the Justice Department said it agreed not to challenge the merger on antritrust grounds. … The deal is in the final stages of review by the Federal Reserve board." The AP adds, "The Birmingham-based AmSouth has 691 branches and $52.8 billion in assets. Regions, also with headquarters in Birmingham, has about 1,300 branches and $84.6 billion in assets."

The Birmingham Business Journal (10/20) reports, "The divestiture of the branches was required by the Justice Department to ensure that the merger of the two banks would not create unfair competition in certain markets in which both have a significant presence." The Journal adds, "The sale of a branch includes its deposits, loans and equipment. Customers of the affected branches "do not need to do anything at this time," the news release said, as they will be notified once a sale occurs. The release notes, too, that the Justice Department and the Federal Reserve made the decision on which branches were to be sold."

Amgen Dialysis Deal Raises Antitrust Concerns. The New York Times (10/20, Pollack) reports, "In a move that could help preserve its lucrative monopoly on an important anemia drug, Amgen has reached an agreement that will make it the sole supplier of the drug to one of the nation's two main operators of kidney dialysis centers." The Times continues, "The deal, announced yesterday by the dialysis provider, Fresenius Medical Care, comes as Roche is preparing to enter the market next year with a drug that would offer the first competition to Amgen's drug, which is known as Epogen. … Now, it appears, Roche will not be able to sell its drug to Fresenius, which represents about 35 percent of the American dialysis market." The Times adds, "Some analysts said the deal, which lasts for five years, could raise antitrust concerns. 'We would use an analogy of Microsoft signing an exclusive supply agreement with Dell precluding Dell from selling any computers with a competitive operating system a few months before a market entry of a competitor,' Michael Aberman, biotechnology analyst at Credit Suisse, wrote yesterday in a note to clients. … Dr. Aberman said in an interview that a deal with Fresenius alone might not attract concern. But if Amgen were to arrange a similar exclusive supply agreement with DaVita, the other major provider of dialysis, with about 30 percent of the market, it would draw attention. … Marie Fay, an Amgen spokeswoman, said the company did not think the deal presented any antitrust issues. She said that Fresenius had approached Amgen, not the other way around, about having a broader collaboration."

Russians File Antitrust Suit Against NHL Over Hockey Player. The AP (10/20, Neumeister) reports, "A Russian hockey club filed an antitrust lawsuit Thursday against the NHL and the Pittsburgh Penguins, saying rookie Evgeni Malkin shouldn't be allowed to play in the league because he remains under contract in his native country." The AP continues, "The Metallurg Magnitogorsk hockey club, which filed the lawsuit in U.S. District Court in Manhattan, also demanded unspecified damages from the NHL and the Penguins over Malkin's deal to jump teams this summer. … The 20-year-old Malkin left the Russian Super League team during August's training camp in Helsinki, Finland, slipping quietly into the United States to begin his NHL career. In his debut Wednesday night, Malkin scored his team's lone goal in a 2-1 loss to the New Jersey Devils." The AP adds, "Malkin was under contract for another year in Russia. The NHL had previously said the league believes any player should have the right to choose where he wants to play as long as he is legally free to do so. … After Malkin left his Russian team, he cited a Russian labor law that permits an employee to leave a job by giving two weeks notice. … The lawsuit, filed after a Russian arbitration panel ruled that Malkin is still under contract to Magnitogorsk, said the signing of Malkin to an NHL contract was a 'blatant and deliberate tampering and interference' with the Russian team's existing agreement."

India's Tata Steel Moves Toward Bid For Corus. The Wall Street Journal (10/20, C4, Singer) reports, "Tata Steel Ltd. of India is moving closer to securing its purchase of Corus Group PLC, with the British steelmaker's board poised to approve the takeover and the likelihood of a competing bid fading." The Journal continues, "Corus is set to announce as early as today that it has agreed to be acquired in a deal valued at about £4.6 billion, or $8.6 billion, according to people familiar with the situation. Corus's board, which met Wednesday, will recommend Tata's proposed cash bid of 455 pence ($8.50) a Corus share, according to these people. … The board of Corus is bound by United Kingdom takeover rules to disclose its decision once officially made."

The Financial Times (10/20, Marsh, Leahy) reports, "The move will throw down the gauntlet to any potential counter-bidders for Corus, Europe's second-biggest producer. Novolipetsk and Severstal, two Russian steel companies, and CSN of Brazil are thought to be interested." The Times adds, "A Tata-Corus deal would be the biggest takeover by an Indian business of a foreign company and underlines Asian dominance in steel, which – assuming the deal goes through – will account for five of the top six makers. … The transaction continues the rapid consolidation of the steel sector …"

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ENVIRONMENT:

Colorado Water Wars Raise Spying Allegations. The AP (10/20, Paulson) reports, "If some farmers in eastern Colorado felt like they were being watched this summer, they had good reason. … Private investigators hired by some of Colorado's fastest-growing communities spent weeks spying on them, trying to determine if they were illegally pumping water for their crops, The Associated Press has learned." The AP continues, "The investigators put together an elaborate database on 50 plots of land in eastern Colorado, noting things like 'puddles around sprinkler perimeter' and 'lush corn,' and turned it over to state engineer Hal Simpson, who is investigating the claims. … 'There was one man taking pictures. My wife asked if she could help him and he sped off,' said Steve Bruntz, who recently joined other farmers at a Wiggins gas station to talk with a reporter." The AP adds, "Behind the fight are farmers who depend on irrigation, on one side, and cities that rely on water from the South Platte River, on the other. State water law guarantees that those with higher-priority rights get their share first. … The water crisis came to a head in May when the state engineer told farmers along the South Platte to turn off 440 wells after forecasting lower-than-average river flows and well owners were unable to devise plans to replace the water they were using. … Millions of dollars worth of wheat, corn, sugar beets and melons were left to die after some farmers and three cities - Sterling, Boulder and Highlands Ranch - rejected an emergency plan that would have allowed well owners to continue pumping."

FBI/DEA/ATF/USMS:

Gonzales Visits Virginia ATF Demonstration. The Fredericksburg (VA) Free Lance-Star (10/20, Branscome) reports, "U.S. Attorney General Alberto Gonzales stopped by Caroline County's Fort A.P. Hill yesterday for a fireworks show of a different kind." The Free Lance-Star continues, "Wearing a collared shirt with the Department of Justice's logo, Gonzales stood with his hands on his hips and watched a Ford Taurus explode about 1,000 feet away. … Ten pounds of dynamite in the car's back seat sent a plume of black smoke into the overcast sky. … 'That's exactly what you're seeing in Iraq,' Rich Marianos, a special agent for the ATF, told a reporter after assessing the damage." The Free Lance-Star adds, "It was the last of several improvised explosions at an 80-acre training site run by the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Such exercises are a 'very important contribution to our effort in Iraq,' Gonzales said." The Free Lance-Star notes, "For much of his 30-minute tour, Gonzalez spoke in low tones to Steve Beggs of Spotsylvania County, who is chief of ATF's explosives training branch at A.P. Hill. … The ATF established the training area in 2000, in part to teach local and state investigators how to check out the scene of a blast. Bomb technicians also learn how to dispose of explosives at the site, an open field with a large patch of asphalt. … In response to a question from Gonzales, Beggs said Timothy McVeigh used up to 5,000 pounds of the substance during his attack in Oklahoma City. … Gonzales called the demonstrations 'interesting' and said they represent the 'danger of explosives and the good work ATF is doing.'"

Federal Grand Jury Indicts 38 Suspected Traffickers In Multistate Drug Investigation. The Washington Times (10/20, Seper) reports a federal grand jury in Colorado yesterday "returned an indictment against 38 persons suspected of drug trafficking in an investigation of a multistate marijuana and Ecstasy distribution and money-laundering operation in Denver. Garrison K. Courtney…said the probe known as Operation Berthoud led to the seizure of 95 pounds of high-grade marijuana, three indoor marijuana-growing operations containing 414 live plants, 1,500 tablets of MDMA, or Ecstasy, and more than $700,000 in cash, assets and stolen property." Courtney "said a 152-count indictment handed up in U.S. District Court in Denver accused gang members of engaging in a 'pattern of racketeering activity' involving the shipment of 50-pound to 100-pound quantities of 'BC Bud' marijuana...from Washington state and California to Denver. The marijuana was valued at $3,000 to $4,000 a pound because of its potency, he said."

The AP (10/19) reports investigators "said Thursday they broke up a drug operation that was raking in up to $150,000 a month for its 22-year-old alleged ringleader by bringing high-grade marijuana from the West Coast to Colorado. The alleged ring was bringing 'BC Bud' marijuana from Washington state and California in 50- to 100-pound quantities, repackaging it and selling it for up to $500 an ounce, authorities said. … Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division, said the alleged ringleader was Thanh Thea Hau of Denver." Frisco, Colorado's Summit Daily News used the AP story.

The Denver Post (10/19) reports, "According to agents from several law enforcement agencies, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected by the distributor, Hau would send a driver from Denver to pickup the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into one pound bags for delivery to his clients, who in turn sold the marijuana to their clients."

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The Rocky Mountain News (10/19) reports DEA officials said Hau, part-owner of the Denver nightclub DC 10, faces 59 counts related to drug trafficking. The DEA said Hau and the other 24 members of the alleged drug network are in custody. … Sweetin said the people indicted have been linked to numerous criminal enterprises, including marijuana and ecstasy distribution, marijuana cultivation and money laundering."

On its Web site, KMGH-TV, Denver (10/20) reports that of the 38 people who "have been indicted, 25 have been arrested, including the alleged ring leader, Thanh Thea Hau. 'The principle trafficker our agents identified in Denver was determined to be making up to $150,000 per month,'" said Sweetin.

In Baltimore, Two Brothers Plead Guilty In Racketeering Case. The Baltimore Sun (10/20, Dolan) reports two brothers "admitted in federal court Thursday that they imported more than 100 kilograms of cocaine and heroin from both coasts, sold the drugs to dealers on the streets of Northwest Baltimore and hid their proceeds by investing in nightclubs, suburban real estate and high-performance cars. Thursday's hearing in U.S. District Court in Baltimore gave federal prosecutors close to a clean sweep in the widespread racketeering case. Twelve of the 13 indicted defendants…have pleaded guilty to helping operate a decade-old drug organization that trafficked large amounts of drugs in the city's Park Heights neighborhood." Federal drug officials "said the investigation relied on cooperating witnesses and months of watching drug dealers, bugging their cars with electronic listening devices and recording their telephone conversations. 'The cooperation between local and federal officials was just great,' said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore office."

Money-Laundering Ring Tied To Colombian Drug Sales Avoided Paper Trail. The Washington Times/UPI (10/19) reports a U.S. attorney in New York "said federal agents have arrested 26 people in connection with a money-laundering ring tied to Colombian drug sales." U.S. Attorney Michael Garcia "said federal agents seized more than $10 million in cash and about $6.5 million worth of cocaine, heroin and marijuana." Indictments "filed in U.S. District Court in Manhattan accuse the suspects of using 'peso brokers' to help drug traffickers trade U.S. dollars for pesos." Garcia "said the exchanges occur with verbal agreements, leaving no paper trial and thus complicating investigation of money laundering schemes."

Federal Fugitive Linked To Drug Cartel. The Porterville (CA) Recorder (10/19) reports on federal fugitive Jose Felix, who "escaped from a minimum-security federal prison in Kern County [California] on Oct. 9." The Recorder adds that Felix "was a prominent player in the Felix family's sophisticated drug-trafficking network, which at its peak spread methamphetamine from Tijuana, Mexico to Bakersfield, Porterville and throughout the Central Valley for two decades. … Fourteen agencies were involved with the six-year operation to bring down the cartel, which had its roots in Sinaloa, Mexico, according to previous reports." Authorities "have received anonymous leads in the week since Felix's disappearance, but have not located him."

San Francisco Chronicle Held In Contempt In Connection With Bonds Case. The AP (10/20) reports the San Francisco Chronicle "agreed to be held in contempt of court and pay perhaps hundreds of thousands of dollars in fines for refusing to assist a federal grand jury investigating who leaked its reporters the secret testimony of Barry Bonds and other athletes, according to a court filing. The government agreed to stay any fines pending the outcome of an appeal to the 9th U.S. Circuit Court of Appeals. The paper, citing the First Amendment, is refusing to abide by a grand jury subpoena ordering it to release any information it has on the reporters' source or sources."

Officials Concerned About Easy Availability Of Guns. The Hernando (FL) Today (10/20, Martin) reports, "Brooksville (FL) police Lt. Rick Hankins decided to run an experiment last year to find out how easy it is to buy a gun on the streets. … A confidential informant was sent out to buy two guns within the hour. … The informant was back 30 minutes later, guns in hand. … 'It was very surprising,' Hankins said." HT continues, "You can legitimately buy a gun in 30 minutes, from a flea market, classified ad or yard sale. These avenues don't require the paperwork and three-day waiting period of a licensed gun dealer. … But convicted felons are prohibited from owning guns and ammunition, regardless of where they buy them. Even so, two people were charged with the crime on Monday. … One of them is also accused of attempted murder." HT adds, "Michael Lavon Lazenby has been connected with Sunday's shooting in South Brooksville of Henry Maner, who was shielding a 2-year-old girl from the gunfire. … Authorities have also arrested Marcus Tyre Barnes, who they believe shot at Lazenby and the other shooters from a separate vehicle. Barnes is also a convicted felon. … So where do felons get their guns? … 'The black market, thefts, robberies, gun dealers and residences,' said John Ryan, assistant special agent in charge for the ATF's Tampa field division." HT notes, "A popular tactic is the straw purchase, which involves a legitimate person buying guns for a felon. Two local pawnshop owners say that's rare. 'I haven't had anybody try that,' said Thomas Bell, owner of Bell's Pawn Shop.

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'Everybody knows I go by the book.' … Still, there's no stopping a wife from taking a gun home to her husband, said George Redman, owner of Redman Pawn and Gun. 'We have no control over that,' he said."

IMMIGRATION:

California City Votes To Bar Rental Housing To Illegal Immigrants. The AP (10/20) reports that city leaders in Escondido, CA, "have approved a controversial ordinance prohibiting landlords from renting to illegal immigrants, the latest of a handful of communities nationwide to pass laws cracking down on people who hire or rent to undocumented immigrants." The AP continues, "More than 100 police officers and sheriff's deputies dressed in riot gear were on hand for the vote, passed 3-2 Wednesday. After the measure was approved, one person ran outside the council chamber and yelled, 'The USA wins!' prompting opponents and supporters gathered on the lawn to shout at each other for 30 minutes." The AP adds, "Inside the chamber, officers removed two men after a brief confrontation. Police said no arrests were made. … Wednesday's vote was the final reading of the ordinance, which has drawn crowds each time it has been heard. The American Civil Liberties Union has indicated it will go to court to block implementation of the ordinance, which is set to take effect Nov. 18 in Escondido, a city where Hispanics make up about 42 percent of the 142,000 residents."

TAX:

IRS Adjusts Contribution Limits For Federal Retirement Plans. The Washington Post's (10/20, D4, Barr) "Federal Diary" column reports that the IRS announced that "federal employees will be allowed to invest up to $15,500 in their retirement savings plan in calendar year 2007, $500 more than this year's limit," under the "elective deferral limit, which applies to 401(k) plans in the private sector as well the federal government's Thrift Savings Plan," which the IRS "adjusted for inflation, as required under the tax code." The Post adds that the TSP "allows investors to change their contribution amounts at any time," allowing workers to "designate withholdings from their biweekly pay in either percentage or dollar amounts. Employees covered by the Federal Employees Retirement System, though, should structure their investments so they do not hit the IRS dollar limit until the end of the year, in order to continue receiving matching government contributions." The IRS "also announced that the 'catch-up' contribution amount will remain unchanged at $5,000 in 2007."

CONGRESS-ADMINISTRATION:

Bush Gives Stickler Recess Appointment For Mine Safety Post. The New York Times/AP (10/20) reports with Congress "now in a recess, President Bush on Thursday bypassed opposition from Democrats in the Senate and the United Mineworkers of America and appointed his nominee to head the agency that oversees mine safety." Bush "appointed Richard M. Stickler, who is expected to serve about a year until the end of the next session of Congress." Stickler "will head the Mine Safety and Health Administration, which has been without a leader for two years."

Judge Orders White House To Release Records Of Visitors To Cheney's Home, Office. CNN's The Situation Room (10/19, Blitzer) reported, "A Federal judge now is ordering the Bush administration to release information about who visited Vice President Dick Cheney's home and office. The Secret Service had refused a request by The Washington Post for the information. Government lawyers call it a fishing expedition that interferes with the effective functioning of the vice presidency." The AP (10/20) says US District Judge Ricardo M. Urbina "ruled Wednesday that, by the end of next week, the Secret Service must produce the records or at least identity them and justify why they are being withheld." The newspaper "sought logs for anyone visiting Mr. Cheney, his legal counsel, chief spokesman and other top aides and advisers."

Medicare To Discontinue Automatic Drug Aid Program. The Washington Post (10/20, A6, Lee, 748K) reports, "More than 600,000 low-income elderly and disabled people who automatically received federal help to pay for their Medicare drug coverage this year will have to actively apply to get such assistance in 2007, Medicare officials said yesterday. The change affects people who were automatically enrolled in the inaugural year of the drug benefit and got the low-income subsidy in 2006 but who are no longer eligible for Medicaid or two other government assistance programs." Still, "some advocates say the affected seniors may not have understood a letter about the change that the Centers for Medicare and Medicaid Services sent last month. And even beneficiaries aware of the change might have trouble completing the six-page application, they said."

House Intelligence Panel Suspends Democratic Aide Over Possible Leak. The AP (10/20, Shrader) reports House Intelligence Chairman Peter Hoekstra "has suspended a Democratic staff member because of concerns

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he may have leaked a high-level intelligence assessment to The New York Times last month." In a letter "obtained by The Associated Press Thursday night, Rep. Ray LaHood, R-Ill., a committee member, said that an unidentified staffer requested the document from National Intelligence Director John Negroponte three days before the Sept. 23 story about its conclusions." The aide "received the National Intelligence Estimate on global terror trends on Sept. 21." LaHood wrote, "I have no credible information to say any classified information was leaked from the committee's minority staff, but the implications of such would be dramatic. This may, in fact, be only coincidence, and simply 'look bad.' But coincidence, in this town, is rare."

House Appropriations Committee Dismisses Majority Of Investigations Unit. USA Today (10/20, Johnson, 2.27M) reports the House Appropriations Committee "has let go about 60 private contractors who made up most of an investigative unit that was auditing billions of dollars in government spending, including the $62 billion federal relief package for Hurricane Katrina, the panel's spokesman said Thursday." Spokesman John Scofield said the "investigators, attached to the committee's Surveys and Investigations division, were released during the past week." He said "that the quality of the unit's work had been questioned by leaders of the Republican-controlled committee, including some Democrats, but he declined to say who." USA adds the "shake-up — which leaves only 16 full-time employees in the investigative unit — comes about a year after the Appropriations Committee's chairman, Rep. Jerry Lewis, R-Calif., launched the Katrina review by saying the unit would 'conduct a wide-ranging assessment and analysis of disaster spending.'"

LATimes Criticizes Congressional Use Of Self-Dealing Earmarks. The Los Angeles Times (10/20, 918K) says in an editorial, "Capitol Hill pols are outdoing even the movies with bills and deals that rake in big money for themselves, their families and their political friends. In one of the latest instances, Senate Minority Leader Harry Reid (D-Nev.) is under fire for not reporting part of a complex real estate transaction that led to the sale of some of his Las Vegas property. After a little government land swap here and some rezoning there, Reid received $1.1 million." But Reid "has nothing on House Republicans, who appear to be perfecting the art of 'earmarking' money in federal spending bills to boost their real estate interests. Speaker J. Dennis Hastert (R-Ill.) earmarked funds for construction of a parkway near land he owned, which he later sold for a $2-million profit. Rep. Charles H. Taylor (R-N.C.) directed $11.4 million in federal funds to a highway-widening project that just happened to make it easier to get to resort acreage and subdivisions that he owns. Rep. Ken Calvert (R-Corona) directed federal money to projects near his Riverside County property that he later sold for about twice the purchase price. Earmarking in another highway bill put $1.28 million to work improving land near a development owned in part by Rep. Gary G. Miller (R-Diamond Bar)." If Congress "is to repair its reputation, it must go beyond merely admitting that its members engage in self-dealing. It has to change."

OTHER NEWS:

Dow Reaches New High, Closes Above 12,000 For First Time. The Wall Street Journal (10/20, C1, Zuckerman, 2.03M) reports, "Powered by once-skeptical investors rediscovering a passion for stocks, the Dow Jones Industrial Average yesterday closed above the 12000 mark for the first time, after testing the milestone for days. It looks as if there are more potential converts still on the sidelines. The newfound enthusiasm comes from an array of sources, including small-time investors pouring money into mutual funds and hedge funds investing money for deep-pocketed institutions and individuals." The Journal adds, "For all the excitement of the Dow's record close, which came on the 19th anniversary of the 1987 stock-market crash, the market barely nudged over the finishing line. The Dow, comprising 30 major companies, advanced just 19.05 points, or 0.2%, to close at 12011.73." The S&P 500 "rose just one point to 1366.96, a 0.1% increase, and still is off 11% from its record high in March 2000. The Nasdaq Composite was up 0.2%, or 3.79 points, to 2340.94, less than half its record high."

ABC Evening News (10/19, lead story, 2:50, Gibson) reported, "With all the attention on Iraq, the war in Lebanon, and North Korea in recent months, it has been easy to overlook the economy and the stock market, which has been moving upward quite nicely, thank you very much. 19 years ago to the day, Wall Street suffers black Monday. Today, the Dow had its highest closing ever. Over the 12,000 mark. Now, the Dow is not the most scientific of indicators. But it is still very good economic news." On NBC Nightly News (10/19, story 5, 1:40, Williams, 9.87M), Maria Bartiromo of CNBC said, "People are very optimistic about earnings and economic backdrop. Oil prices way down from the highs three months ago. And earnings seem to be growing strongly indicating that the corporate sector is vibrant." The CBS Evening News(10/19, story 7, 0:10, Couric, 7.66M) briefly noted that "the Dow reached new heights today, closing over 12,000 for the very first time."

The New York Times (10/20, Bajaj, 1.21M) reports, "The achievement by the popular, though not comprehensive, barometer of the stock market indicates that investors are increasingly confident that the economy is poised to perform the rare feat of slowing without stalling. The Dow is up 12

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percent so far this year." The Washington Post/AP (10/20, D3) runs the story inside its Business section, and calls the Dow's finish above 12,000 "the latest sign that the stock market continues a cautious recovery from the losses and despair that investors suffered in the early part of this decade."

USA Today (10/20, Shell, 2.27M), for example, reports, "Dow 12,000 is a big round number, a fresh, mountainlike peak never seen before, but it doesn't mean a return to the dangerous days of hyperinflated stocks." Moreover, "the 30 stocks in the blue-chip Dow are trading at lower valuations than they were at the 2000 top, when stock investing surpassed baseball as the national pastime. In early 2000, Dow stocks had a median P-E (half higher, half lower) of 29, says Ned Davis Research. Now, the median P-E is 18. The broader Standard & Poor's 500 is trading at roughly 14 times estimated 2007 earnings, vs. a 27 P-E in March 2000, Thomson Financial says."

Leading Indicators Rise 0.1% In September. The Wall Street Journal (10/20, A10, Derby, Walsh, 2.03M) reports, "Separate reports showed that factory activity in the Philadelphia region was flat in a mid-October reading even as manufacturers remain optimistic, and that weekly U.S. jobless claims hit a four-month low." The Conference Board "reported Thursday its index of leading indicators edged up just 0.1% to 137.7 in September, but noted that consumer expectations have improved. The index fell by a revised 0.2% in August. Economists had expected a more robust 0.3% advance last month." The Federal Reserve Bank of Philadelphia, meanwhile, "reported that a gauge of manufacturing activity in its region slipped to -0.7 in a mid-October reading from -0.4% in September. Economists expected October's reading to stand at 8.0. Negative readings indicate a contraction in activity."

OPEC Agrees On Larger-Than-Expected Production Cut. The Financial Times (10/20, Hoyos) reports OPEC "on Thursday night agreed to cut production by 1.2m barrels a day, showing its determination to defend $60 as its new minimum international price." The cut "was deeper than the market had expected." Moreover, Saudi Arabia "on Thursday warned that the cartel could make a second cut as early as December. The news is likely to push oil prices sharply higher this morning as traders had expected a reduction of 1m b/d." The cartel's "ministers, who had for the last two weeks been divided over how to implement the cut, on Thursday agreed that each of Opec's 10 active members would participate on a pro rata basis, said Edmund Daukoru, Nigeria's oil minister and Opec's current president." The Times says, "The full seriousness of Opec's resolve will only become apparent in the next two months as members either adhere to the decision or cheat by not fully cutting their share."

The Wall Street Journal (10/20, Cummins, Swartz, Al Qudaihi, 2.03M) says, "OPEC's decision to reduce production by 1.2 million barrels of oil a day -- a modestly larger cut than expected -- marks its strongest signal in years that the cartel will act aggressively to stop falling crude prices." The Journal says, "By announcing a bigger-than-expected cut and leaving on the table the prospect of more cuts later in the year, OPEC ministers appear to be trying to send a strong message that they will stomach the temporary pain of reduced oil sales in exchange for the stability of higher prices."

The Washington Post (10/20, D3, Mufson, 748K) says, "The unexpectedly large size of the cut...was aimed at the many oil traders and analysts who still take a skeptical view of OPEC's will to follow through and carry out meaningful output reductions." The Post says, "For the Bush administration, OPEC's accord was a disappointment. 'We continue to believe that it is best for oil producers and consumers alike to allow free markets to determine issues of supply, demand and price,' Energy Secretary Samuel W. Bodman said in a statement last night. 'As past experience has shown, market intervention is not beneficial for producing or consuming nations.'"

Lower Prices Seen As Discouraging Investment In Exploration, Alternative Energy. The Washington Post (10/20, Mufson, 748K) reports the uncertainty caused by wide swings in the price of oil "has served to discourage some of the big-money, long-term investments in new drilling, more-efficient refining techniques or alternative energy sources that could more easily meet growing demand. Now that prices have pulled back from the $70 range that held for much of the past year, industry watchers are worried that the urgency to invest in new supply may dissipate." The Post says, "energy experts put little faith in OPEC's efforts to hold the line on supply and prices; rather, the experts are bracing themselves for the downward whoosh of another boom-and-bust cycle." The Post notes, "No major company has yet backed off investment plans announced when oil was $20 a barrel higher." Oil prices "are still high enough for these investments to make sense."

Mankiw Calls For Higher Gasoline Tax. In a Wall Street Journal (10/20, 2.03M) op-ed, N. Gregory Mankiw, a Harvard professor and former chairman of the Council of Economic Advisers, writes, "I would like to see Congress increase the gas tax by $1 per gallon, phased in gradually by 10 cents per year over the next decade." Higher gas taxes "would be the most direct and least invasive policy to address environmental concerns" such as global warming and would curb traffic congestion." The revenue from an increased gas tax would "make a dent in the looming fiscal gap," and because "the burden of a tax is shared by consumer and producer," "[s]ome of the tax would in effect be paid by Saudi

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Arabia and Venezuela." Makiw writes, "Public finance experts have long preached that consumption taxes are better than income taxes for long-run economic growth, because income taxes discourage saving and investment." Noting Alan Greenspan's recent call for higher gas taxes, Makiw says, "Greenspan may well be right that the gas tax is an economic policy with positive spillovers to foreign affairs." He concludes, "don't expect those vying for office to come around until the American people recognize that while higher gas taxes are unattractive, the alternatives are even worse."

Car Driven By Federal Judge Hits Connecticut Police Officer. The AP (10/20) reports, "A popular city police officer was fighting for his life Thursday after being hit by a sport utility vehicle driven by a federal judge, New Haven, Conn., police said." The AP continues, "Officer Dan Picagli, a 17-year veteran of the force, was hit while working an extra-duty job directing traffic in the rain Tuesday night in a dimly lit section of Chapel Street. … He had on a black raincoat, and Police Chief Francisco Ortiz said Thursday that he was wearing a reflective vest. Ortiz described Picagli's injuries as life-threatening." The AP adds, "City officials identified the driver of the SUV that hit Picagli as John M. Walker Jr., a judge on the 2nd U.S. Circuit Court of Appeals in New York, who lives in Connecticut and maintains court chambers in New Haven. They said he was leaving work when the accident happened. … Ortiz said a long investigation will be required to determine what happened, but police did not feel it was necessary to test Walker for drugs or alcohol. … 'He's cooperating,' Ortiz said. 'He's also very much distraught over what occurred.' … Walker, 65, voluntarily stepped down as chief judge Oct. 1 and took the status of senior judge, said spokeswoman Karen Milton, circuit executive for the appeals court."

Most Stations Carrying E85 Likely Violate Fire Codes. USA Today/The Detroit Free Press (10/20, Hyde) reports, "Underwriters Laboratories, the product-safety testing group, said on Thursday that it has no timetable for approving E85 systems for filling stations, an issue that's created confusion around the country and could slow the spread of ethanol fuel." The Free Press says, "A UL listing is a requirement for filling stations under most fire codes. But on Oct. 5, UL said it was suspending its listings for any fuel system that handles E85... . The lack of the UL seal for fuel pumps carrying E85 means that most of the roughly 1,000 stations that carry it likely violate fire codes. It also means that in most states, stations that want to install E85 pumps will need waivers from local or state fire marshals." John Drengenberg, UL's manager of consumer affairs, "said UL understands the demand for E85 pumps and is moving quickly."

Texas Court To Rule Whether Judge Who Lobbied For Miers Violated Judicial Ethics. The New York Times (10/20, Blumenthal, 1.21M) reports that a special court in Texas is to rule today on whether Texas Supreme Court Justice Nathan Hecht, who was enlisted by the Bush Administration in its unsuccessful bid to put Harriet Miers on the US Supreme Court was guilty of "willful and persistent violations" of judicial ethics for his role in that effort. Hecht "testified before the State Commission on Judicial Conduct that he had given about 120 interviews to reporters in which he promoted her nomination. Justice Hecht, a Republican who is running for re-election, also said he had reported back to the White House on questions he was asked about Ms. Miers, President Bush's longtime counsel." He was "widely portrayed in news reports as Ms. Miers's 'spokesman.'"

Bush Campaigns For Troubled GOP Incumbents In Virginia, Pennsylvania. President Bush yesterday attended campaign fundraisers for Rep. Don Sherwood of Pennsylvania and Sen. George Allen of Virginia, both of whom earlier appeared to have safe seats in Congress. CNN's The Situation Room (10/19, Quijano) reported Bush was "hitting two places once considered to be safe seats for Republicans, but now, for very different reasons, are in danger." Bush's "goal, to try to rally those all-important conservative voters, who are, of course, so crucial to the GOP's success, and to try to remind them why they should head to the polls next month."

The New York Times (10/20, Rutenberg, 1.21M) reports Democrats "cast the presidential visits as signs of anxiety at the White House and among national Republicans in this election year, mockingly calling it part of 'Character Counts Week' in e-mail to reporters." The White House "said it was living up to commitments made to candidates who still had the president's support, though Tony Snow, the White House spokesman, declined Thursday to address directly the specific controversies involving Mr. Sherwood and Mr. Allen."

The AP (10/20, Loven) reports Bush's appearances for Rep. Don Sherwood in La Plume, Pennsylvania and for Sen. George Allen in Richmond, Va., "found the White House on the defensive over the decision to try to help candidates in such straits as the GOP struggles to keep control of Congress." White House spokesman Tony Snow said, "I think the president understands that it's important to set high standards." The AP adds the "troubles of Sherwood and Allen have made them two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away."

The Washington Times (10/20, Dinan, 88K) reports the story under the headline, "Lawmakers Mired In Gaffes, Scandal Get Help From Bush." The Times notes, "It is a sign

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of how bad Republicans' problems are that President Bush, this close to the election, had to stump yesterday for two men who should have locked up their re-election months ago but are facing difficult campaigns because of scandal or mistakes."

The Los Angeles Times (10/20, Gerstenzang, 918K) reports Sherwood "shouldn't have needed President Bush's help in his reelection campaign," and Allen "shouldn't have, either. But there was Bush on Thursday, first in the small town of La Plume, Pa., and then in Richmond, Va., raising money and rousing the faithful — each appearance illustrating the difficulties Republicans face as they seek to hold on to what in the past have been safe seats." White House Press Secretary Tony Snow, "who said Oct. 13 that Bush would stick to his commitments to campaign for Sherwood and Allen, was not quite as effusive Thursday." Asked whether Bush "had concerns, 'personally and morally' about the controversies swirling about the two candidates, Snow said: 'I'm just not going to comment on it.'"

Allen Seen As Distancing Himself From Bush's Stance On War. Several media sources noted that while Bush delivered a "tough" speech on Iraq, Sen. Allen nonetheless distanced himself from the Administration's position. Democrats also brought in a high-powered fundraiser, former President Bill Clinton, to help Webb's surging campaign fund. Clinton, for his part, attacked the Republican message as scaremongering. Republicans, meanwhile, sought to highlight Webb's remarks from 2000 that were highly critical of Clinton's ethics.

The AP (10/20, Lewis, Barakat) reports Sen. Allen "welcomed fundraising help Thursday from a visit by President Bush even as the senator distanced himself from Bush's tough stance on an increasingly deadly Iraq." Democrat Jim Webb "joined former President Clinton later Thursday at a fundraiser in McLean where they dismissed Bush's hawkish talk as more Republican scare tactics." Bush, speaking to Allen supporters, said "that the best way to protect Americans is to stay on the offensive. He criticized Democrats' opposition to an indefinite military occupation in Iraq." But Allen, 'over the past two weeks, has nuanced his position closer to that of fellow Virginia Republican Sen. John W. Warner, who returned from Iraq with a bleak assessment of the increasing death toll." Clinton, "at a fundraiser for about 375 Webb backers at the home of Democratic former Sen. Chuck Robb in the Washington, D.C., suburbs, said the public is weary of the Iraq politics Bush used successfully in 2004."

The Richmond Times-Dispatch (10/20, Whitley) reports President Bush "strongly defended the war in Iraq and tax cuts" at the event. Allen aides "said $550,000 was raised for the senator's re-election campaign. At the reception, the president said of the war: 'It's tough,' but added 'we will fight, we will stay and we will win in Iraq.'" The Times-Dispatch added Bush "stood beside Allen, who has begun to express doubts about the war, in the rotunda of the Science Museum of Virginia." The Bush "entourage, which included political adviser Karl Rove, flew into Richmond International Airport aboard Air Force One after Bush spoke at a fundraiser for U.S. Rep. Donald L. Sherwood of Pennsylvania." Outside the Science Museum, "protesters chanting anti-Bush and anti-war slogans appeared to outnumber the guests who paid $500 to listen to Bush deliver a 31-minute speech. Other guests paid $5,000 for the chance to mingle briefly with Bush and have their photograph taken with him."

The AP (10/20, Lewis) reports Clinton, "speaking later in the evening, said the public is weary of the Iraq politics Bush used successfully in 2004. Republicans 'won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times,' Clinton said. 'It's kind of mangy dog right now.'"

The Washington Post (10/20, B1, Barnes, Shear, 748K) reports President Bush "added a stern stay-the-course message on the war in Iraq to his buoyant endorsement" of Allen. While Bush "raised about $500,000 for Allen (R) at an event in Richmond, former president Bill Clinton raced through Maryland and into Northern Virginia with a similar mission for Democrats in mind." In Richmond, Allen "may have gotten a bit more support from the president than he wanted; after Bush departed, Allen seemed to distance himself from some of Bush's tough talk on Iraq." The Post adds that in Clinton's visit to McLean for the Webb fundraiser, "Irony abounded. In 2000, when he was a Republican, former Navy secretary Webb endorsed Allen over Robb, the incumbent, saying that Robb had become 'part of the problem.' And at that November event, Webb took one of his many swipes at Clinton, saying his was 'the most corrupt administration in modern memory.'" Webb, "a decorated Vietnam War veteran, has said his feelings were driven by Clinton's avoidance of service in the military, 'but I'll say on 9/11 that wall came down for me." Clinton "indicated no hard feelings."

The Richmond Times-Dispatch (10/20, Hardin) reports former President Clinton "saluted Democrat Jim Webb yesterday for his service to the nation and his courage in challenging" Allen. Though they "have had different views in the past, Clinton said he and Webb share a Scots-Irish lineage and hardscrabble upbringing, and deep divisions in the nation over the Vietnam War are passing." Responding to "a question about President Bush's remarks in Richmond earlier, Clinton defended Democrats on the Iraq war, saying, 'There isn't anybody that's cut and run.'" The Times-Dispatch adds Webb "aides estimated the proceeds at between $400,000 and $600,000." But just "six years ago, then-Republican Webb called the Clinton administration 'one of the most corrupt' in modern times and backed Allen for election over incumbent Democratic Sen. Charles S. Robb."

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USA Today (10/20, Jackson, 2.27M) reports Allen and Webb "brought out their party's big guns: the current and former commanders in chief." While the candidates "may hope the Oval Office aura changes voters' minds, political analysts said presidential visits are more about raising money and inspiring turnout by partisans."

The Washington Times (10/20, Bellantoni, McLaughlin, 88K) reports Bush and Clinton, "rallying party faithful at swanky fundraisers yesterday, told Virginia voters their choice in next month's U.S. Senate election is crucial." At the Allen event, Bush said the election is about "which party will take the steps necessary to protect the American people and win the war on terror and which party is going to keep your taxes low and keep this economy growing." The Times adds that Clinton "agreed the two parties have clear opposing philosophies. 'We've got a chance to win a victory for America,' Mr. Clinton said, casting the upcoming election as a historic opportunity for Democrats."

Democrats Using Bush In Ads To Tar GOP Opponents On Iraq. The Chicago Tribune (10/20, Silva, 623K) reports "well before" President Bush's Richmond event for Allen, Democrat Jim Webb "had poured his own campaign cash into a 30-second television spot ridiculing Allen for parroting the president's promise of 'staying the course' in Iraq." Now, Bush's "appearance has armed the campaign of challenger Jim Webb with fresh videotape, as he and Democratic congressional candidates throughout the country attempt to saddle Republicans with the unpopularity of their party's president, deploying Bush as a weapon in their own ads." Clinton has "joined the fray too, making an appearance alongside Webb at another Virginia fundraiser Thursday night - accentuating the debate in a campaign which Democrats are attempting to frame, in part, as a referendum on the Bush administration's policies in Iraq and at home." The Tribune adds that in the "closing weeks of a campaign in which control of Congress is at stake, Bush's face has appeared in campaign ads from coast to coast. But it is Democrats who have dragged Bush into the campaign in a bid to portray Republicans as 'rubber-stamps' for the White House and a vote for the GOP as a vote for the Bush agenda. Many Republicans, meanwhile, have sought to distance themselves from the president."

McClatchy (10/20, Thomma) reports, "It always comes back to Iraq. Regardless of what politicians and the media talk about from week to week - the Foley sex scandal in the House, a nuclear test in North Korea, a soaring stock market - what dominates American politics this fall is Iraq." The war is "consuming George Bush's second term, threatening his party's control of Congress and endangering his dream of forging a Republican majority that would rule the country long after he retired to his Texas ranch." But even as "public skepticism about the war spreads, it's not producing any consensus on what to do about the mess, and thus the elections will offer little direction and no mandate for the U.S. government heading into next year. Voters split four ways in a recent McClatchy-MSNBC poll - send more troops, keep the same level, start withdrawing, or withdraw them all. They split evenly in another poll over whether to keep troops in Iraq or pull them out." The division "helps explain the growing cracks in Republican support for the White House's open-ended, stay-the-course approach to the war. And it makes clear why Democrats don't offer a clear alternative - and why they'd have a hard time reconciling their competing visions of what to do should they win the House of Representatives or the Senate."

The Los Angeles Times (10/20, Levey, Hook, Simon, 918K) reports, "Across the country, GOP candidates are breaking with the White House over how long troops should remain in Iraq and who should lead the war effort." Even "some of President Bush' staunchest allies in solidly Republican states are questioning the administration's war policies, while others are scrambling to find new ways to talk about Iraq in the face of rising voter frustration over management of the war." Sen. Kay Bailey Hutchison, "who earlier this year stood by Bush during some of the most damaging sectarian violence, this week said Iraq was in 'chaos' and that it was 'worth trying' to partition the country into semiautonomous regions, a proposal that sharply diverged from White House policy."

Bush Seen As Clearly Embracing Sherwood. The New York Times (10/20, Rutenberg, 1.21M) reports it is "certainly not every day that the current president stumps on behalf of a fellow party member fighting for his political life after recently admitting to an extramarital affair — but denying his mistress's accusation of abuse — in a usually reliable Republican township here in northeastern Pennsylvania. In fact, it can safely be said that this president has never before done so." But President Bush "did come" to La Plume "to lend crucial support" to Sherwood, "whose confessed infidelity has put his House seat into jeopardy. And far from seeming to hold his nose, Mr. Bush strongly embraced Mr. Sherwood, firmly shaking his hand as they stood on the stage, smiling for the flashing cameras, and then telling supporters, with gusto, 'I'm pleased to be here with Don Sherwood: he is the right man to represent the people of the 10th Congressional District from the state of Pennsylvania.'"

The AP (10/20, Loven) reports, "Helping to raise more than $300,000 for Sherwood at Keystone College, Bush only obliquely addressed the controversy. He praised Sherwood as 'the right man to represent' his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign." Bush called her "a 'caring and courageous woman' because of a letter she wrote to constituents over the

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weekend. In that letter, she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair and the abuse that Sherwood has denied."

McClatchy (10/20, Hutcheson) reports, "Bush traveled to northeastern Pennsylvania Thursday to help the wayward husband, Republican Rep. Don Sherwood, keep his seat in Congress. Perhaps it's a measure of the Republicans' plight that the president would throw his prestige behind a candidate whose marital misbehavior conjures memories of Bill Clinton." While Sherwood's "five-year fling with a woman half his age has all the elements of a bad soap opera," the "voter reaction to his performance could help decide whether Republicans keep control of the House of Representatives. Polls show Sherwood trailing Democratic challenger Chris Carney in a district that had been considered a lock for the GOP." White House spokesman Tony Snow noted the congressman's contrition in explaining the president's decision to campaign for him." Snow said, "Mr. Sherwood has certainly admitted to what has gone on, and the president believes that we're all sinners, we all seek forgiveness."

The Scranton Times-Tribune (10/20) reports that at Wilkes-Barre/Scranton International Airport, President Bush stopped "briefly to greet supporters, including a Scranton literacy volunteer. Naomi Alamar, a volunteer for almost two decades with Scranton Council of Literacy Advance, met the president on the tarmac with Rep. Don Sherwood, R-Tunkhannock Township before a motorcade of five SUVs, a black box truck, two state police cruisers and a dozen police motorcycles whisked Mr. Bush to his speech at Keystone College in LaPlume." About "125 protestors were waiting for Mr. Bush as he arrived at the college and made his way to the Gambal Athletic Center, where he told a cheering crowd that Republicans like Mr. Sherwood were better defenders of national security than 'cut-and-run' Democrats."

WNEP-TV Wilkes-Barre/Scranton (10/20) reports on its Website, "The President was joined on Air Force One with Congressman Don Sherwood and his wife, Carol. After spending a few minutes together aboard, they descended the steps to be greeted by other dignitaries waiting at the bottom of the steps." Bush "also greeted Naomi Alamar of Scranton. She was presented with the Presidential Volunteer Service Award. Alamar is a volunteer with SCOLA Volunteers with Literacy." During his speech "at Keystone, President Bush talked about what Sherwood has accomplished while serving in Congress and he used the opportunity of a Republican audience to make a few pointed jabs at the Democratic party."

Republicans Said To Have Begun Blame Game Before Any Elections Losses. The New York Times (10/20, Kirkpatrick, 1.21M) reports, "Tax-cutters are calling evangelicals bullies. Christian conservatives say Republicans in Congress have let them down. Hawks say President Bush is bungling the war in Iraq. And many conservatives blame Representative Mark Foley's sexual messages to teenage pages." With polls "showing Republican control of Congress in jeopardy, conservative leaders are pointing fingers at one other in an increasingly testy circle of blame for potential Republican losses this fall." The "skirmish among conservatives over what is going wrong has begun unusually early and turned unusually personal. But almost regardless of the outcome on Nov. 7, many conservatives express frustration that the party has lost its ideological focus. And after six years of nearly continuous control over the White House and Congress, conservatives are having a hard time finding anyone but one another to blame." National Review editor Rich Lowry said, "It is pre-criminations. If a party looks like it is going to take a real pounding, this sort of debate is healthy. What is unusual is that it is happening beforehand."

McCain Says GOP Failed In Enacting Reform Agenda. The CBS Evening News (10/19, story 11, 2:25, Couric, 7.66M) interviewed Sen. John McCain. Asked why Republicans were "in such trouble heading into the midterm elections," McCain said, "I believe that we Republicans have a message and a strong one, a good economy, low inflation low employment, American is safer. But to somehow state that we don't have enormous challenge I think would not be accurate. We do." Couric: "What has the GOP not done right?" Sen. John McCain: "We haven't reformed immigration. We haven't reformed lobbying. We haven't reformed ethics. We haven't made many of the reforms that I think we want. I think our base is very angry. Our conservative fiscal conservative base is angry that we haven't restrained spending more." Couric: "What scares you the most about the possibility of a Democratic majority?" Sen. John McCain: "Gridlock. I worry about gridlock."

GOP Supporters Blast "Whining" Of Activists Worried About Turnout. The Washington Times (10/20, Hallow, 88K) reports, "Top Republican Party supporters yesterday accused fellow conservatives of 'whining' in response to complaints from activists worried that grass-roots Republican voters are disillusioned and will stay home on Nov. 7." Grover Norquist, "a close associate of White House political strategist Karl Rove, dismissed concerns about voter turnout as empty threats." Norquist said, "There are always in every election cycle self-appointed conservative leaders who announce, 'You haven't done enough for me, so my troops are staying home." Norquist added that the National Rifle Association, Americans for Tax Reform, the [National] Right to Life Committee, "the groups that actually put lead on the target and who do stuff all the time, they're not unhappy. The people who are whining are the guys that don't have grass roots that they can actually move." The Times adds Norquist and others criticized "remarks in yesterday's edition of The Washington Times by Family Research Council

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President Tony Perkins and Republican pollsters and consultants, who expressed concern about lack of enthusiasm among conservative voters."

Despite Democratic Fundraising Gains, GOP Maintains Cash Edge. The New York Times (10/20, Zeleny, 1.21M) reports Democrats "raised $34 million in September and began whittling down the Republicans' financial advantage, according to finance reports to be filed on Friday. Yet Republicans still have more cash at their disposal as the midterm election campaign advances from television advertising wars to a battle of getting out the vote." The Democratic Congressional Campaign Committee, buoyed by optimism, reported "raising $14.4 million last month and the party's Senate committee raising $13.6 million. With the addition of the tally of the Democratic National Committee, the party's three main groups have outraised their Republican rivals by $3.5 million for the month." But the "three Republican committees reported having cash-on-hand balances of $77.2 million at the end of September, compared with $67.3 million for Democrats. And the Republican National Committee raised $13 million in September compared with $5.6 million by the Democratic National Committee."

The AP (10/20, Kuhnhenn) reports, "The numbers show a closing trend for Democrats who have been trailing overall Republican fundraising and were $20 million behind in cash on hand a month ago." And "even with those sizable bank accounts, the Democrats were already borrowing money to address an expanding field of competitive races and the Republicans could follow suit. The Democratic National Committee this month took out a loan of up to $10 million and distributed $5 million of that to the DSCC to spend on Senate races. The balance, party officials said, was to be spent on turnout efforts targeted to minorities."

The Wall Street Journal (10/20, A4, Cummings, 2.03M) reports the three Democratic committees "raised more money last month than their Republican counterparts, slicing deep into a financial edge Republicans hoped would provide an advantage in the final weeks of the bruising campaign for the midterm elections." Overall, Republicans "have raised more money in the 2005-2006 campaign cycle than Democrats, with totals of $408 million and $304 million, respectively. But Democrats have managed to stay within reach of their adversaries in cash on hand for the critical home stretch by containing overhead costs." In the "run-up to Election Day, the RNC has spent nearly $8 million on consultants thus far this cycle, compared with $4 million by the DNC. Travel and event costs for the RNC approached $15 million, compared with $4 million for its Democratic counterpart. Some of that disparity is attributable to the higher cost of presidential trips, but Republicans also spend significantly more for trinkets for donors, such as lithographs and $93,500 for books about the inauguration."

The Washington Post (10/20, A4, Birnbaum, 748K) reports the "Democratic fundraising for the midterm elections is ending with a surge. In September, the Democratic campaign committees for the House and the Senate outraised their counterpart Republican committees, reversing historical trends." The Campaign Finance Institute "reported that 30 Democratic challengers had raised $1 million or more by Sept. 30, which compares with 12 Democratic contenders who exceeded the million-dollar threshold in 2004."

Voters Over 50 Favor Democrats By 20 Points In WSJournal/NBC News Poll. The Wall Street Journal (10/20, A4, Harwood, 2.03M) reports in its "Washington Wire" column, "Voters over 50, traditionally more likely to show up on Election Day than younger counterparts, favor Democrats for control of Congress by 20 percentage points in new Wall Street Journal/NBC News poll. As Republicans brace for renewed Democratic campaign attacks on Social Security, older voters favor Bush's adversaries on the issue by more than 30 percentage points. … Voters 65 and over give Republicans a solid edge on handling terrorism, but rate Iraq and Social Security more important to their voting decisions." The survey "of 1,006 registered voters, conducted Oct. 13-16, has a margin of error of plus or minus 3.1 percentage points."

Six In 10 Liberals Express High Interest In November Election. The Wall Street Journal (10/20, A4, Harwood, 2.03M) reports in its "Washington Wire" column that the new Wall Street Journal/NBC News poll has found that six in 10 "liberals express highest possible interest in elections, compared with five in 10 moderates and conservatives. A 46% plurality of those earning less than $30,000 calls themselves 'more enthusiastic' than usual about voting, outpacing the 42% among those earning more than $75,000."

Bush, Top Republicans To Warn Of Democratic Congress. The Washington Post (10/20, A1, Balz, VandeHei, 748K) reports in a front page story that with "top Republican strategists now privately predicting substantial House losses, President Bush and top GOP officials plan to spend the final days of the 2006 campaign attempting to rally partisans and limit conservative defections with dire warnings about the consequences of a Democratic Congress." Amid "predictions that demoralized conservative voters might sit out the election, Bush and other senior Republicans will escalate charges that Democrats will raise taxes, weaken national security and liberalize social policies. Bush struck those themes in campaign appearances yesterday in Pennsylvania and Virginia, and White House senior adviser Karl Rove said he 'will consistently refresh that message' between now and Election Day." But "beyond the White House, however, there is increasing anxiety among

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Republicans about whether new efforts to frame the party's message can be effective in turning a tide that seems to be running powerfully against them as a result of the Iraq war and the Mark Foley page scandal." A "number of GOP operatives said privately yesterday that they now see minimum losses of perhaps 18 seats, with 25 to 30 a more likely outcome. Democrats need 15 to take control of the House." Republicans are "slightly more optimistic about the Senate but nonetheless are worried about prospects for maintaining control. At this point, they see four seats likely to tip to the Democrats: Pennsylvania, Rhode Island, Montana and Ohio."

GOP Ad To Feature Warning Of Terror Attacks. The AP (10/20, Kuhnhenn) reports the Republican National Committee "will begin airing a hard-hitting ad this weekend that warns of more cataclysmic terror attacks against the U.S. homeland." The ad "portrays Osama bin Laden and quotes his threats against America dating to February 1998. 'These are the stakes,' the ad concludes. 'Vote November 7.'" RNC spokesman Brian Jones "said the ad would run on national cable beginning Sunday, but he declined to discuss specifics of the buy." The AP adds the commercial "tracks with Republican Party strategy to make the war on terrorism a central theme of this election. It will air as recent polls show Republicans losing ground as the party best able to combat terrorism." Democrats "denounced the ad as scaremongering."

Congress Criticized For Lack Of Reform After Abramoff Scandal. ABC World News (10/19, story 7, 2:45, Gibson, 8.78M) reported, "Congress has suffered a black eye this year, after revelations that Jack Abramoff bought influence with campaign contributions and trips. Lawmakers promised reform." ABC (Ross) added, "Lobster dinner with John Kerry, $25,000. A round of golf with Republican Sen. Saxby Chambliss, $15,000. Access to Congress, priceless. Access that is still for sale, despite the scandal involving convicted lobbyist, Jack Abramoff. Despite promises of reform from both parties, especially the Democrats." Rep. Nancy Pelosi: "Republicans have turned Congress into an auction house. For sale to the highest bidder. You have to pay to play." Ross: "But there wasn't much of that kind of talk this summer in Nantucket, where 17 Senate Democrats, offered lobbyists and big donors a weekend of wining, dining and schmoozing, for the price of $25,000." Senator Kerry "worked the crowd at the outdoor lobster dinner." As for Senate Republicans, "they put on the same kind of show this summer in West Virginia. Flying in on private, corporate jets, provided by FedEx, Union Pacific and US Tobacco. The Senators and the lobbyists spent a July weekend at the five-star Greenbier Resort. Louisiana Sen. David Vitter on the tennis court. North Carolina Senator Richard Burr, with lobbyists on the golf course. Inside, as with the Democrats, private briefings by the Senators. All included in the $15,000 price tag for this and another gathering."

Would-Be Democratic Chairmen Promise Centrist Course. The Washington Post/AP (10/20, Taylor) reports the ranking Democrats in House committees are "mostly a liberal bunch. Yet the would-be chairmen in a House under Democratic control promise to rule from the center. They'd have little choice, given the likely balance of power they would confront if elected." President Bush "would still occupy the Oval Office, and no one thinks Democrats could win control of the House by more than a few seats next month. And that would include three dozen or more moderate 'blue dog' Democrats." The dynamics "ensure that despite the overwhelmingly liberal cast of the chairmen-to-be -- as measured by liberal interest groups such as Americans for Democratic Action -- the early agenda would consist of bills that could garner Republican support." Those "include legislation to raise the minimum wage, empower the government to negotiate lower prescription prices from drug companies for the Medicare program and end tax breaks for companies that move U.S. jobs overseas."

Pelosi May See Stiff Challenges In Her Caucus On Road To Speakership. The Washington Times (10/20, Hurt, 88K) reports Minority Leader Nancy Pelosi's "prospects for becoming the nation's first female House speaker depend not only on a Democratic victory in November but also on her ability to prevent any Democrats from voting against her -- primarily centrists opposed to her liberal stances." At least "one Democratic House candidate has pledged not to support Mrs. Pelosi, and others in conservative districts have refused to commit their support -- potentially leaving Mrs. Pelosi shy of the 218 votes required for the chamber's top post." Democrat Charlie Stuart, "who hopes to unseat Republican Rep. Ric Keller in Florida, already has said he opposes Mrs. Pelosi and would prefer Rep. Steny H. Hoyer, the more conservative No. 2 Democrat in the House whose strained relations with Mrs. Pelosi have been well-chronicled on Capitol Hill." At least "three other Democrats contacted by The Washington Times refused to commit their support to Mrs. Pelosi." If Pelosi "were to fail to win, the speakership would go to the highest vote-getter, most likely Mr. Hastert. Democrats would later win it back by settling on a leader after an intraparty showdown that could pit Mrs. Pelosi against Mr. Hoyer."

Democrats Begin Drafting Comprehensive Health Care Agenda. The New York Times (10/20, Pear, 1.21M) reports, "Expecting to gain seats in Congress, Democrats are drafting an ambitious health care agenda to

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carry out their campaign promises with legislation to lower drug costs for older Americans, provide more money for children's health insurance and expand research using embryonic stem cells. Democrats in the House and the Senate say they want federal officials to negotiate directly with pharmaceutical companies to obtain lower prices for Medicare beneficiaries." Private insurers "already negotiate drug discounts for Medicare beneficiaries, but Democrats say the government could get a better deal. … For 12 years, House Democrats have felt powerless to shape the health care agenda. Now they sense a major opportunity. Not only are they using health care as an issue in the midterm elections, but they also plan to use it to set the stage for the 2008 presidential campaign."

Ruling Appealed That Bars Signs Indicating Foley's Replacement. The AP (10/20, Kaczor) reports Florida Secretary of State Sue Cobb "appealed a ruling that prohibits the posting of signs to tell voters in the district of disgraced former Rep. Mark Foley that his votes will go to another Republican." Circuit Judge Janet Ferris "ruled Wednesday that state law did not permit such signs to be posted in polling places." But Cobb "asked the 1st District Court of Appeal to reverse the ruling. The court agreed to expedite the case. Early voting for the Nov. 7 election begins Monday."

Democrats Hope For Kleeb Win In Heavily-Republican NE3. The AP (10/20, O'Hanlon) reports, "A Yale-educated rancher — and a Democrat to boot — could rope in a House seat in the most Republican state in the nation." Scott Kleeb "has raised his party's hopes in Nebraska's 3rd Congressional District, which gave President Bush his best numbers in the deep red state in 2004 — 75 percent — and heartily embraced football icon and Republican Rep. Tom Osborne in three elections." In "another year, the open seat would be a gimme for the Republicans, but Kleeb has turned heads — even conservative ones. The great-great-grandson of an 1870s homesteader near Broken Bow, Neb., Kleeb is appealing to the district's rural voters, many of whom are part of Nebraska's $6 billion beef industry." Kleeb faces Republican state Sen. Adrian Smith, "a real estate agent and owner of a mini-storage unit who has served in the legislature since 1998."

Clinton Rallies Democrats For Maryland Candidates. The Washington Post (10/20, B1, Barnes, Shear, 748K) reports former President Bill Clinton "'headlined a fundraiser for Maryland Senate candidate Benjamin L. Cardin, rallied die-hard Democrats at a park in Baltimore, raised money for gubernatorial candidate Martin O'Malley in Montgomery County and ended his evening across the river in McLean." Clinton "told the Baltimore crowd that his party now has a chance to represent not just progressives but also sensible conservatives. 'There's something amazing going on here,' Clinton said. 'This is not a usual election.'" The Post adds that in "overwhelmingly Democratic Maryland, there was no disagreement with anything Clinton said. The crowd at a waterfront park in Baltimore, many wearing union jerseys, held camera cellphones, waved signs and cheered loudly at every applause line in the president's short speech. Nostalgia for Clinton's years in office was the theme." The "entire statewide Democratic ticket shared the stage with Clinton, and Democrats stressed that ousting Gov. Robert L. Ehrlich Jr. (R) and replacing retiring Sen. Paul Sarbanes (D) with Cardin was a way to send a message to Bush."

The Washington Times (10/20, Ward, 88K) reports Clinton "came to Maryland to boost a state Democratic Party struggling to connect with black voters." Clinton "urged people to recruit as many voters for the Democrats as possible, something he acknowledged 'you don't usually have to do in Maryland.'" O'Malley officials "said they planned to raise about $500,000 from the event."

The Washington Times (10/20, Bellantoni, McLaughlin, 88K) reports that in his remarks at Frederick Douglass-Isaac Myers Maritime Park in Baltimore, Clinton said "the Republicans have been taken over" by "'the most ideological, most extreme wing' of the party, prompting some conservatives to switch parties."

WPost Endorses Cardin. The Washington Post (10/20, A20, 748K), in an editorial, endorses Rep. Cardin in the Senate race, saying he "would be a natural leader in the Senate by dint of his command of issues, proven integrity, formidable intellect and unstinting work ethic. The other candidate, Lt. Gov. Michael S. Steele, deploys platitudes and gauzy rhetoric to disguise a tissue-thin grasp of policy."

Steele Gains Among Black Voters Said Likely To Be Offset By Loss Of White Republicans. In the Washington Times (10/20, 88K), Adrienne Washington says there is a " typically intractable anti-Republican sentiment that still runs high among black voters, many of whom lob far worse slurs at black conservatives than any white Democrat can dish out. But the tide may be shifting, slightly. Another die-hard Democrat from Prince George's County told me that publicly, he is supporting the party ticket, but privately, he is going to vote for Mr. Steele." He "suggested that Mr. Steele should have taken his message to black voters sooner. Still, he doesn't think the black crossover vote will determine Mr. Steele's fate. A loss would rest more with the number of white Republican voters who 'just can't bring themselves to vote for a black man.' The Washington Times reported earlier this week that Republicans, particularly in rural areas of the state, said they will vote instead for the Democratic candidate, Rep. Benjamin L. Cardin."

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Experts Disagree On Possibility Of Bill Clinton As VP. The Washington Post (10/20, A19, Baker, 748K) reports the "prospective presidential candidacy of Hillary Rodham Clinton has given rise to plenty of speculation about the notion of Bill Clinton as the nation's first gentleman. But what about another role? How about, say, vice president?" A "subsequent sampling of opinion from professors of constitutional law, former White House lawyers and even a couple of federal judges reveals a simmering disagreement on whether a president who has already served two terms can be vice president. Some agree with the conclusion that the presidential term limit embedded in the Constitution bars someone such as Clinton from returning to the White House even in the No. 2 slot. Others, though, call that a misreading of the literal language of the law." As "the former president might say, it all depends on the meaning of the word 'elected.' Under Article II of the Constitution, a person is 'eligible to the Office of President' as long as he or she is a natural-born U.S. citizen, at least 35 years old and a resident of the United States for 14 years. The 12th Amendment says 'no person constitutionally ineligible to the office of President shall be eligible to that of Vice-President.'" But the 22nd Amendment says, "No person shall be elected to the office of the President more than twice." That "seems to suggest that Clinton could be vice president because he is only barred from being elected president a third time, not from serving as president."

Erhlich Pledges $338 Million For School Construction. The Washington Post (10/20, B2, Wagner, 748K) reports Maryland Gov. Robert L. Ehrlich Jr. "pledged yesterday to spend at least $338 million on school construction in the next fiscal year, matching what the state is spending this year." Ehrlich's announcement, "made at a school in the Frederick area, comes during a heated reelection campaign against a Democratic challenger who has made a big issue of school construction." Baltimore Mayor Martin O'Malley has "pledged to spend $400 million next fiscal year to make up for what he has characterized as insufficient funding during the early part of Ehrlich's term, resulting in too many 'temporary learning shacks' on school grounds across the state."

McCain Plans To Announce Decision On Presidential Run In Early '07. The CBS Evening News (10/19, story 11, 2:25, Couric, 7.66M) interviewed Sen. John McCain. Asked when he would "announce you'll be running for President," McCain said, "Early next year." Couric: "There's no question in your mind you will take the plunge." Sen. John McCain: "Oh, no, we will decide. We will decide after the election and then make an announcement as to whether or not early next year."

College Republicans Is One Of Largest Berkeley Student Groups. The Wall Street Journal (10/20, A1, Tam, 2.03M) reports, "Faculty, administrators and student-government officials all say the conservative" Berkeley College Republicans, "which has about 650 members, has become one of the campus's biggest student groups, outstripping its main rival, the Cal Berkeley Democrats." The "growth of the Berkeley College Republicans at one of the nation's most liberal campuses echoes some broader political trends. At Berkeley, while leftist students still dominate and outnumber conservatives, the liberal groups have splintered and are now spread across factions from the Cal Democrats to the International Socialist Organization to groups formed to oppose the war in Iraq. At the same time, several faculty members say, there are more conservative-leaning students than in the past, propelled by swells of patriotic feeling after events like Sept. 11 and an increase in the number of religious student groups."

Henninger Says In Lieberman, Democrats Will Have "Independent Maverick." Daniel Henninger writes in the Wall Street Journal (10/20, 2.03M), "If as seems possible control of the Senate turns on a single seat, attention will return to one probable winner" who won't be celebrating with Democrats election night: Sen. Joe Lieberman. Lieberman "is going to defeat the Ned Lamont 'insurgency' from the Democratic left. … This wasn't supposed to happen. What was supposed to happen is that Joe Lieberman was supposed to go away. After Ned Lamont defeated Mr. Lieberman in the primary, a procession of his Senate friends traveled ostentatiously to Connecticut to recreate the scene in 'Godfather II' where Tom Hagen tells Frank Pentangeli about how marked guys went away in the time of the Roman Empire." But, instead "of a political corpse, the Democratic Party is about to get its own version of John McCain -- a shrewd and independent maverick. By the accounts of friends and associates, Joe Lieberman feels 'liberated' and 'unshackled.'"

Dionne Says Healey Is Moving To Romney's Left In Massachusetts Gubernatorial Race. E.J. Dionne writes in the Washington Post (10/20, A21, 748K) that with Massachusetts Gov,. Mitt Romney "leaving the statehouse to go national, his designated successor is Lt. Gov. Kerry Healey, a down-the-line loyalist -- until this year. Now, as Romney moves to the right, Healey moves the other way. After keeping mum about her differences with Romney for most of his term, she has split with his more conservative stances on a whole range of social issues, including stem cell research, abortion and same-sex civil unions. … But another national political player looms in Deval Patrick, Healey's Democratic opponent. Patrick, who was in charge of the

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Justice Department's civil rights division under President Bill Clinton, has unleashed a sense of excitement among Massachusetts Democrats, who have had a lot to be glum about in recent years." Dionne adds, "If Healey wins, Romney will claim credit for ensuring his succession in an ideologically unfriendly state, even if Healey did have to toss Romney's social conservatism over the side. … Imagine: A state famous for producing hard-core political pros, practical precinct captains and worldly wise consultants may be on the verge of creating two new export commodities: an attractive central-casting conservative governor and a young passionate idealist. Anything to keep Massachusetts in the game."

Record Number Of Black Candidates Draws Praise. Joyce King writes in USA Today (10/20, 2.27M), "While most blacks are Democrats, Republicans are gradually finding converts. Yet, no matter which party blacks favor on Nov. 7, this trend is good news for the political process: A record number of black candidates are posing serious bids for high-level offices never held by blacks. … 'We the people' don't all drive Volvos or espouse the same political values. Neither do black candidates. With more and more African-American candidates moving into the mainstream, voters can focus more on qualifications and less on hue; just as it should be."

NYTimes Decries "Treacherous Distortions" During Campaign's Homestretch. The New York Times (10/20, 1.21M) editorializes, "The homestretch of the campaign season historically puts treacherous distortions of the truth before the voters, none more so this year than a mysterious California letter informing thousands of Latino-Americans that immigrants have no right to vote. … It now appears that someone in a Republican Congressional campaign conjured a contemporary spin on a classic scare tactic from torchlight politics. … The head of Google, Eric Schmidt, is cautioning politicians stuck in the sound-bite era that "truth predictor" software is in the works so that computer-wise voters will be instantaneously able to check on the probability, if not the certainty, of what candidates claim as fact. Actually, careful parsing of egregiously misleading campaign ads is already available on the Web at factcheck.org, a nonprofit service that thinks voters should be treated as intelligent consumers entitled to the plain facts. If only the candidates saw it that way."

WSJournal Examines Riley's Change Of Heart On Tax Cuts. The Wall Street Journal (10/20, 2.03M) editorializes, "In an otherwise bad year for Republicans, one GOP incumbent doing well is Alabama Governor Bob Riley, in large part for the ironic reason that he failed to raise taxes. Three years ago Mr. Riley told voters it was their 'Christian duty' to approve a $1.2 billion tax hike he wanted to plug a $675 million deficit." Alabama voters rejected the tax hike. Riley "is now running for re-election and it seems he has converted to supply-side economics. Sitting on a $1 billion budget surplus and faced with an opportunity to hand his party control of the legislature for the first time in more than 130 years, the Governor is preaching tax cuts like a true believer." Riley's Democratic opponent, Lieutenant Governor Lucy Baxley, "has her own property tax cut on the table and hopes voters will have more faith in her promises than a Governor who wavered on taxes once before." Should Riley win next month "it will be the second time Alabama voters have rejected higher taxes in three years. In politics, that's enough to make a believer out of anyone."

Charity, Foundation Directors To Discuss Accountability. The Wall Street Journal (10/20, W2, Beatty, 2.03M) reports in its "Giving Back" column, "As charity and foundation heads gather for their annual meeting in Minneapolis this weekend, a key issue will be accountability -- and whether the $3.37 trillion nonprofit sector is capable of policing itself. Two years ago, the Senate Finance Committee told nonprofit leaders it was considering 'comprehensive reforms to protect charities from bad actors and strengthen their accountability to donors.' … Since then, Congress has focused on reining in abuses by donor-advised funds (which allow donors to take a tax deduction for gifts to a charitable fund that may be distributed later) and by nonprofit hospitals. It also cracked down on charities flouting the strict limits placed on political activity. Still unresolved are concerns about the patchwork of financial reporting made by nonprofits."

Campaign Over California Oil Tax Proposition May Be Costliest In History. The Washington Post (10/20, A8, Pomfret, 748K) reports, "Oil companies are squaring off against venture capitalists in a fight over a California proposition that would tax oil production in the state to fund alternative energy. To date, $107 million has been raised in the fight. If it is all spent, it will make Proposition 87 the most expensive proposition in the nation's history." The Post says, "Oil companies...have given more than $60 million to oppose the measure. On the other side is a coalition of environmentalists and venture capitalists... . The 800-pound gorilla in that camp is Hollywood mogul Stephen Bing, who has donated $40 million." The proposition "would impose a tax of 1.5 to 6 percent per barrel of oil extracted from California" in order to "create a $4 billion fund that would be used to develop alternative energy."

Friedman Urges Schwarzenegger To Support Proposition 87. Thomas Friedman writes in the New York

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Times (10/20, 1.21M), "This Nov. 7, Californians will be asked to vote yes or no on Proposition 87, a ballot initiative that would impose a higher extraction fee on oil pumped in California. … Passage of Prop 87 would be huge. To begin with, it would be the perfect complement to the carbon reduction law that Arnold just signed. … But Prop 87, by also raising a $4 billion energy fund, and devoting most of it to nurturing new fuels and more fuel-efficient vehicles and buildings, would enable California to consistently enhance those companies, communities and schools now pioneering alternative energies." Friedman adds, "And that brings us back to Arnold. He's on the fence. Even though he'll be re-elected in a landslide, he's not come out for Prop 87 -- because he's against higher taxes, in principle. But he hasn't come out against it either. If he, and wife, Maria, openly support it, Prop 87 passes. It's that simple. … C'mon, Arnold, just do it."

In Seoul, Rice Defends Effort To Secure Enforcement Of North Korea Sanctions. The Washington Post (10/20, A15, Kessler, 748K) reports Secretary Rice "pressed the South Korean government on Thursday to fully implement [UNSCR 1718] sanctions against North Korea for its nuclear test, but she encountered reluctance among officials in Seoul, who fear that tough action could lead to increased tensions and even war." Those leaders "said they had deferred decisions on whether to suspend two cross-border business projects with North Korea -- the Mount Kumgang tourist resort and the Kaesong Industrial Park." Chief Presidential Secretary Song Min-soon said earlier that "South Korea could not be left at the whims of the United States, given that the United States 'has fought more wars than any other nation.'" Meanwhile, Chinese State Councilor Tang Jiaxuan "led a high-level delegation to Pyongyang and met with North Korean leader Kim Jong Il. A Chinese government spokesman said it was a 'very significant' meeting but declined to provide details." The Post adds, "Throughout her tour of Asia, Rice has battled the perception that the United States is eager for an escalation. News media reports here have suggested that the United States wants to use [UNSCR 1718] to spur a dramatic confrontation with North Korea, such as a blockage or quarantine. Asian officials have repeatedly cautioned against relying only on sanctions." In Seoul, Rice met with Foreign Minister and UNSYG Ban Ki-moon and President Roh Moo-hyun, and hosted a dinner for Ban and Japanese Foreign Minister Taro Aso, "which was intended to show trilateral solidarity after several years of bickering between South Korea and Japan -- and a worsening U.S.-South Korean relationship."

The New York Times (10/20, Shanker, Fackler, 1.21M) focuses its reporting on Seoul's refusal to abandon the Kaesong and Kumgang projects. South Korean officials "told" Rice that they have "no intention of pulling out of" either deal, "even though the operations put hard currency into the pocket of" Kim Jong-il. "In her public comments, at least, Ms. Rice only emphasized the importance of the United States alliance with South Korea. The goal is not to elevate tensions on the peninsula, but to put into effect sanctions under [UNSCR 1718] as a multinational effort to press North Korea to return to six-party negotiations and end its nuclear program, she said." The Times says Rice "is in the region to press for strict enforcement of the" sanctions. "Her toughest job will be persuading South Korea and China, which differ with the United States on how to engage North Korea's reclusive Communist government." Those nations, the Times adds, "hold the key to the effectiveness of the sanctions." AFP (10/20, Millikin) adds Rice "has landed in China on the most delicate -- but potentially most promising -- leg of a tour to turn the screw on North Korea after its first atom bomb test." She is "expected to reassure the Chinese that neither South Korea or Japan will seek to arm themselves with nuclear weapons in response to North Korea's provocations."

The AP (10/20, Gearan) adds Rice "said Thursday she would not try to dictate how U.S. allies enforce sanctions on North Korea for its nuclear program, and there were signs South Korea wouldn't quickly embrace Washington's approach." She "is on a crisis mission to Asia to reinforce the sanctions and reassure jittery allies of U.S. support. But she played down differences over how to confront Pyongyang, and left U.S. expectations vague."

Under the headline, "Cracks Appear In US-Korea Front," the Financial Times (10/20, Fifield) reports Washington and Seoul "tried to present a united front on the North Korean nuclear crisis on Thursday," however, "they remained at odds over how to punish Kim Jong-il's regime." Rice "arrived in Seoul amid stern domestic criticism of Washington's apparent attempts to pressure the South Korean government to stop economic engagement with the North." Noting that "Seoul is reluctant to join" enforcement efforts out of "fear of upsetting the fragile security balance," the Times says Rice and Ban "insisted the US-South Korean alliance 'could not be stronger,' with Ms Rice saying they were now discussing how inspections and interdiction at sea might work." The Christian Science Monitor (10/20, Kirk, 58K) runs a similar story under the headline "For Rice, Seoul Proves A Cautious Ally."

Rice Says US Still Willing To Talk To North Korea. CNN's The Situation Room (10/19, Verjee) reported, "US Secretary of State Condoleezza Rice says the US is still willing to talk to North Korea. She says North Korea has to give up its nuclear program and get back to six-party talks." Rice: "We want to leave open the path of negotiation. We don't want the crisis to escalate, and the sooner that North Korea would choose to unconditionally come back to the

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table and take up the very good -- very good statement or very good agreement that is there, framework agreement that is there as of September, it would be to the betterment of everyone." CNN added, "Secretary Rice is also hoping that a senior Chinese official that's been dispatched to Pyongyang is able to convince North Korea to do just that and get back to talks. The Secretary of State also wants South Korea to implement a resolution that was passed by the UN Security Council that essentially slaps sanctions on North Korea. Among other things, Secretary Rice wants South Korea to play a part in inspecting North Korea cargo ships that may be carrying nuclear material."

Kim Reportedly Told Tang He Regrets Test. The AP (10/20) carries domestic South Korean media reports, primarily from the Chosun Ilbo daily, that Kim Jong-il "expressed regret about his country's nuclear test to a Chinese delegation and said Pyongyang would return to international nuclear talks if Washington backs off a campaign to financially isolate the country." Kim "told the Chinese delegation that 'he is sorry about the nuclear test,' the newspaper reported."

In a 1,392-word analysis piece, the New York Times (10/20, Kahn, 1.21M) says Beijing "is prepared to step up pressure on North Korea in coming weeks by reducing oil shipments, among other measures, if the country refuses to return to negotiations or conducts more nuclear tests, Chinese government advisers and scholars who have discussed the matter with the leadership say." Those actions are "likely to bolster [China's] relationship with the United States.] The Times adds, "Among the most potent of those tools is oil," and "several leading Chinese experts said senior officials had indicated in the past week that they planned to slap new penalties on North Korea going beyond the ban on sales of military equipment imposed by the United Nations." Some analysts believe "that as long as the Bush administration kept its focus on a diplomatic solution, China would work to maintain solidarity with the United States." A related AP (10/20) piece carries the headline "China Steps Up Diplomacy With N. Korea."

The Wall Street Journal (10/20, Fairclough, King, 2.03M) reports, "Chinese banks are moving to halt transactions with North Korea as Beijing looks for ways to pressure its recalcitrant ally to abandon any further atomic-weapons tests and return to multilateral disarmament talks." The Journal says Beijing's "financial system has long served as a major conduit for isolated North Korea to move money to and from the outside world," and notes that Chinese officials "at four commercial banks said that in recent days they have stopped moving funds into or out of North Korea -- a ban that could deliver a serious blow to Pyongyang's finances if it remains in force." However, it remains "unclear how widespread the crackdown is. The People's Bank of China, the central bank, declined to comment. But officials at Shanghai Pudong Development Bank Co., China Construction Bank Corp. and China Citic Bank also said they are shutting off business with North Korea."

In a segment on suspicious shipping activity by Pyongyang, CBS Evening News (10/19, story 3, 1:15, Couric, 7.66M) reported, "We want to start with the North Korea nuclear crisis. CBS (Martin) added, "Katie, a North Korean ship US intelligence suspects may be carrying military equipment prohibited by the UN sanctions has left port in North Korea. Its destination is unknown, but it is currently being tracked while US officials try to figure out exactly what's on board and what to do about it. The UN resolution, which was passed after North Korea's nuclear test, calls on all countries to enforce the embargo. But it also rules out the use of military force. So for now, it's a very uncertain situation. Uncertain about exactly what that ship is carrying, where it's headed, and what if anything the US can do to stop it."

North Korean General Says War "Inevitable" If US Keeps Up Pressure. ABC World News (10/19, story 2, 3:00, Gibson, 8.78M) showed Diane Sawyer's "interview with a top Korean General who says if the US keeps up the pressure, war is, in his words, inevitable." ABC (Sawyer) added, "Today, we had a chance to sit down with Lee Jung Bak. For 40 years he has been the Generalin charge of the DMZ, that flash point, that 2 1/2 miles between South and North Korea. We talked to him about what the President said yesterday. We also talked to him about the prospect of another nuclear test. And he said to us, 'Make it clear to everyone in the US that if there is another nuclear test, the person responsible is George Bush.' Because he said, 'The Bush Administration is backing North Korea into a corner with its pressures and its sanctions.' Can the General guarantee or reassure the American people that this nuclear information will not be passed to terrorists?" Lee Jung Bak, North Korean General (through translator): "We have nuclear weapons to defend our country and our people. Not to make money out of selling it." Sawyer: "The General said to us, he does want peace. And he also said, again, reiterated, North Korea will not be the first to use a nuclear weapon. No first strike, he says, from North Korea."

North Korea's Use Of "Flags Of Convenience" Examined. The New York Times (10/20, Bradsher, 1.21M) reports, "When helicopter-borne Australian commandos stormed a freighter three years ago after it was spotted unloading 110 pounds of high-grade heroin, the ship proved to be registered in Tuvalu, a tiny island nation in the South Pacific. When a Spanish warship stopped a freighter carrying cement to Yemen four years ago, the cargo vessel turned out to be carrying 15 Scud missiles as well and was registered in Cambodia. The two freighters had something in common: although registered elsewhere, both were owned by North Korea." The incidents "illustrated North Korea's adroit use of

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so-called flags of convenience to camouflage the movement of its cargo vessels as they engage in tasks that sometimes violate international laws." The use of "flags of convenience" could "weaken moves like Australia's on Monday to ban North Korean-flagged vessels from its ports to protest the nuclear test." But "if Western nations suspect that a North Korean-owned vessel flying another country's flag is carrying illicit weapons, boarding the vessel could be simpler than if it carried North Korea's flag, said Jonathan D. Pollack, professor of Asian and Pacific studies at the Naval War College in Newport, R.I."

More Commentary. Charles Krauthammer writes in the Washington Post (10/20, A21, 748K), "The immediate effect of Japan's considering going nuclear would be to concentrate China's mind on denuclearizing North Korea. China calculates that North Korea is a convenient buffer between it and a dynamic, capitalist South Korea bolstered by American troops. China is quite content with a client regime that is a thorn in our side, keeping us tied down while it pursues its ambitions in the rest of Asia. Pyongyang's nukes, after all, are pointed not west but east." Japan's "threatening to go nuclear would alter that calculation. It might even persuade China to squeeze Kim Jong Il as a way to prevent Japan from going nuclear. The Japan card remains the only one that carries even the remote possibility of reversing North Korea's nuclear program. … Why are we so intent on denying this stable, reliable, democratic ally the means to help us shoulder the burden in a world where so many other allies -- the inveterately appeasing South Koreans most notoriously -- insist on the free ride?"

Olmert Suggests Israel May Act Against Iranian Nuclear Program. The CBS Evening News (10/19, story 6, 0:15, Couric, 7.66M) reported, "But first, some blunt talk tonight from Israel. Prime Minister Olmert warns that Iran will have what he calls a price to pay if it doesn't drop its nuclear program. Iran's President has said Israel should be wiped off the face of the earth. However, Iran continues to claim its nuclear program is for generating power only."

The AP (10/20, Teibel) reports Israeli Prime Minister Ehud Olmert "delivered his strongest comments yet on Iran's nuclear program, warning Thursday that Tehran would have to 'a price to pay' if it does not back down from its atomic ambitions and hinting that Israel might be forced to take action." While he "did not specifically threaten to cripple Iran's nuclear program in a military strike," Olmert "repeated what he said a day earlier after meeting Russian President Vladimir Putin in Moscow — the Iranians 'have to be afraid' of the consequences of their intransigence." Tel Aviv "rejects Tehran's claim that its nuclear program is peaceful," and, the AP says, Israel "considers Iran to be the greatest threat to its survival."

Momentum Seen As Building For Iranian Sanctions Resolution. The AP (10/20, Lederer) reports British PermRep Emyr Jones Parry "said Thursday [he] expects a draft U.N. resolution on Iran to be introduced in the Security Council early next week and diplomats said it will seek sanctions on Tehran for refusing to suspend uranium enrichment." French PermRep Jean-Marc de La Sabliere "had said Tuesday he hoped to circulate a draft by the end of the week. But France, Britain and Germany, who have led negotiations with Iran on its nuclear program, were still discussing the text with the United States on Thursday, and had not yet shown it to Russia and China." Ambassador Bolton "said 'we're consulting on it and I expect within a day or two we'll have something to circulate more broadly in the council.'" Also, EU foreign ministers said this week "that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran."

Ignatius Notes Baker's Contacts With Iranian Diplomats. David Ignatius writes in the Washington Post (10/20, A21, 748K), "Here's a real-life international mystery: What happened in Tehran in September that torpedoed the prospect of negotiations with the United States over Iran's nuclear program? Were Western hopes of Iranian pragmatism simply an illusion? Are there other channels open for discussion with Tehran if the nuclear route is blocked? US and European intelligence analysts are debating these questions, and for now they don't seem to have good answers." The US "has a foreign policy mystery of its own -- rivaling that black box of decision making in Tehran. Just what was former secretary of state James A. Baker III up to, in his contacts last month with Iranian and Syrian diplomats about how to stabilize Iraq? Is Baker opening a back channel for the Bush administration? Is America quietly seeking Iranian help as Iraq spins out of control? We'll leave that puzzle to pundits in Tehran."

UN Denies UNIFIL Would Repel Israeli Aircraft By Force. The Financial Times (10/20, Turner) reports UN officials "moved rapidly to dispel suggestions by Alain Pellegrini, the UN force commander in Lebanon, that it would consider shooting down Israeli aircraft if they continued illegal incursions into Lebanese airspace." Pellegrini had told reporters that airspace violations were "not to be accepted," emphasizing "that French troops were armed with anti-aircraft missiles." The Times adds, "Barely had [he] spoken than the UN spokesman sought to play down any suggestion of a threat. One French diplomat said its UN mission was perplexed by the comments, and officials in the Italian-led strategic cell in New York said no change to the rules of engagement were on the table." UNIFIL added that "there was no appetite to end up in an armed conflict with Israel. But [UNIFIL leaders] added that the air violations were in

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contravention of [UNSCR] 1701, and could be considered a violent act, by spreading fear among Lebanese civilians."

Despite US-Led Funding Freeze, Hamas Charities Thriving. The Washington Times (10/20, Mitnick, 88K) reports, "A US-led funding squeeze, which has paralyzed the Hamas-led Palestinian government, has had the unintended effect of bolstering the militant group's network of schools, hospitals and alms societies. Foreign donations, often consisting of cash in suitcases smuggled across the border, have permitted Hamas' vast social-welfare network to thrive, say officials and analysts." In Palestine, unable to pay for supplies, government ministries have since ceased to function, and without salaries, civil servants have gone on strike. The charities, however, openly boast that they continue to get money from Muslim communities in the Persian Gulf, Europe and the United States."

Russia Moves Against Foreign NGOs. Major media reported the implementation of a Russian law heightening state regulations of foreign NGOs. In a lengthy piece, the New York Times (10/20, Chivers, 1.21M) reports, "Scores of foreign private organizations were forced to cease their operations in Russia on Thursday while the government considered whether to register them under a new law that has received sharp international criticism." The Justice Ministry "insisted that the suspensions were neither retaliatory nor permanent," but said the groups "had not properly filed new registration materials or had submitted the required materials on the last day before the registration deadline, which was midnight on Wednesday. It said it was rushing to review the applications it had received." The Times adds, "The number of suspended organizations is not entirely clear. The statement said the ministry had received applications from 185 organizations, approved 108 of them and continued to review the 77 others." These shutdowns "marked the latest chapter in Russia's pressure on many foreign organizations that have offices on its soil. They occurred in a climate of deepening worry about the Kremlin's crackdown on civil society here, and just days ahead of a planned visit by" Secretary Rice. The Washington Post (10/20, A1, Finn, 748K) and Los Angeles Times (10/20, Holley, 918K) run similar reports.

Recent Poll Shows Chavez Leading Challenger 50-37. The Washington Times (10/20, Feinman, 88K) reports, "President Hugo Chavez faces voters in fewer than two months with a credible opposition candidate, who says he can overcome a double-digit lead in public-opinion polls. One of the most respected pollsters in Venezuela, Alfredo Keller, recently released his newest survey, which concludes that Mr. Chavez enjoys 50 percent support to Manuel Rosales' 37 percent." The lead "makes the task daunting but not impossible, analysts say, because Mr. Keller's poll also found increasing dissatisfaction with the current government among potential voters."

LATimes Criticizes Bush, Chavez Over Security Council Election. The Los Angeles Times (10/20, 918K) says in an editorial, "It seems that the United Nations General Assembly finds both" President Bush and Venezuelan President Hugo Chavez "pretty objectionable. Chavez's Venezuela looks like it's heading toward defeat in its bid for a nonpermanent seat on the 15-member Security Council, a heavy blow for its fiery president. But Venezuela's loss is hardly a ringing endorsement for the Bush administration, which has thrown its diplomatic weight behind Guatemala. After 35 rounds of balloting from Monday to Thursday, neither Latin American country could come close to the two-thirds vote needed to win." Venezuela's "continued support from a large portion of the developing world, even after Chavez's clownish antics last month, is a discouraging indicator of international anger toward the United States. Many argue that White House arm-twisting on behalf of Guatemala may have actually harmed the country's chances, though it's likely that the pressure pushed at least as many countries to vote yes as no."

Estonia Used "Mother's Salary" To Stem Population Decline. The Wall Street Journal (10/20, A1, Walker, 2.03M) reports from Estonia, "A handful of developed countries, including the Nordic nations and France, have stable populations thanks to a long tradition of financial support for families. But for other countries in Europe and Asia that have already seen steep falls in birthrates, demographers have doubted there was much that could be done. Governments agreed, making little serious attempt to boost their birthrates." Estonia "stands out because it has made a dramatic shift, from laissez-faire to aggressive activism, in an attempt to alter its future. And as other nations slowly start to address the risk of declining birthrates, the effort there is being closely watched around the world." The country "took a bold step: In 2004 it began paying women to have babies. Working women who take time off after giving birth get their entire monthly income for up to 15 months, up to a ceiling of $1,560. Non-wage-earners get $200 a month. The welfare perk -- known locally as the 'mother's salary' -- was a sharp about-face for the radically free-market government."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"U.S. Rethinks Strategy To Cut Iraqi Violence."
"Competition Drives 'Scrappy' Angelides."
"The Road To Riches And Ruin."
"GOP's Solidarity On War Is Cracking."
"O.C. Candidate Is Disowned."
"NBC's Cuts Will Alter The Look Of Prime Time."
"Agents Get Prison For Wounding A Smuggler."

USA Today:
"Invisibility Cloak Could Become A Reality."
"Fall's Wide-Open Classic."
"Thefts Solved By DNA Analysis."

New York Times:
"U.S. Says Violence in Baghdad Rises, Foiling Campaign."
"Republican Woes Lead To Feuding By Conservatives."
"China May Press North Koreans."
"Cards Shock Mets In 9th And Are Off To World Series."
"New Nerve Test, a Moneymaker, Divides Doctors."
"Ex-Stock Exchange Chief Told To Return Up To $100 Million."
"No Test Tubes? Debate On Virtual Science Classes."

Washington Post:
"General Says Mission In Baghdad Falls Short."
"Major Change Expected In Strategy For Iraq War."
"NBC Taking Big Step Back From Television."
"'God Had To Be Right Here'."
"Russia Halts Activities Of Many Groups From Abroad."
"GOP's Voter-Turnout Message To Paint Democratic Horrors."

Washington Times:
"White House Rejects Iraq Partition Plan."
"Airlines Fight For Non Stop To China."
"Hamas Charities Thrive Despite US-Led Freeze."
"Pelosi No Shoo-In For Job As Speaker."
"Conservatives hit For 'Whining' Over Turnout."
"Death Of Gunston Greatly Exaggerated."

Detroit Free Press:
"Let's Play Cards!"
"Maddie Gets her Wish."
"Stingray's Victim Has Michigan Ties."

Atlanta Journal-Constitution:
"Trapped Eight hours With Dead Mom."
"Ala. Poised To Horn In On State's Kia Party."
"Rising Violence In Iraq Vexes Military."
"Hole in Ozone balloons While Polar Ice Melts."
"Teen's fatal Car Crash A Suicide Try, DA Says."

Story Lineup From Last Night's Network News:
ABC: Stock Market; Inside North Korea; Iraq-Sectarian Violence; Terrorism Threat-Hoax; Flu Shots; Foley Investigation; Lobbyist Buying Congress; Government Healthcare System; Digging A Hole Too China.
CBS: Foley's Priest Interview; Foley Investigation; North Korea Sanctions; Iraq-Sectarian Violence; McCain Interview-Iraq; Israel Harsh Word For Iran; Stock Market; Judge Order-NY Stock Exchange; Terrorism Threat-Hoax; Soldiers In Battle-Mental illness; McCain Interview-Republicans In Trouble; Stingray Attack.
NBC: Iraq-Sectarian Violence; Iraq War-Analysis; Sniper Attacks-Iraq; Foley Investigation; Stock Market; Terrorism Threat-Hoax; Hole In Ozone; PreSchool Tutors; Viewer E-Mails.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: KY-Kidnapped Baby Recovered; Bush-Virginia, Pennsylvania; Iraq-Baghdad Violence; CA-Threatening Letter To Hispanic Voters; Wall Street.
CBS: MLB Playoffs; North Korea-Nuclear Test; Rice-Asia Trip; KY-Kidnapped Baby Recovered; House-Foley Investigation.
NPR: Rice-Asia Trip; Iraq-Baghdad Violence; KY-Railroad Tanker Acid Leak; Mexico-CA Lettuce Ban Lifted; House-Foley Investigation; Barbados-US Embassy Annex Closed; MLB Playoffs.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends the National Republican Senatorial Committee reception, Mayflower Hotel.

VICE PRESIDENT CHENEY — Speaks at a rally for the Indiana Air and Army National Guard, Camp Atterbury, Ind.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: EMERGENCY PREPAREDNESS _ Joint Commission Resources, the American Red Cross and OSHA hold the 2nd annual ``Emergency Preparedness Conference: Readiness on the Home Front." Highlights: 8 a.m. Session on the global perspective of the avian flu, with Stephen Maretin, WHO; Denise Cardo, CDC. 9:10 a.m. Session on pandemic flu preparations, with Charles Mackett III, University of Pittsburgh Medical Center, Pittsburgh. 10:15 a.m. Session on guidance for healthcare workers and employer in pandemic flu situations, with Max Kiefer, CDC; and John Placentino, OSHA. 2:45 p.m. Session on lessons learned from SARS to pandemic flu, with Allison McGeer, Mount Saini Hospital, Toronto. Location: Renaissance Washington Hotel, 999 9th St. NW.

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HAMDAN V. RUMSFELD _ Two-day symposium sponsored by the George Washington Law Review on the implications of the recent Supreme Court decision in Hamdan v. Rumsfeld. Highlights: 9 a.m. John Bellinger, legal adviser to the Secretary of State. 3:30 p.m. Session on the Geneva Conventions in the war on terror. Location: Lerner Hall, 2000 H St. NW.

NAVAL ORDER _ The Naval Order of the United States holds its 2006 Annual Congress Program, ``Honoring Our Navy at Normandy." Highlights: 12 p.m. Deputy Defense Secretary Gordon England. Location: Holiday Inn Rosslyn, 1900 N. Fort Myer Dr., Arlington.

EDUCATION-DRUG ABUSE _ The 20th Annual National Meeting on Alcohol and Other Drug Abuse and Violence Prevention in Higher Education will be held. Highlights: 12 p.m. Assistant Deputy Secretary Deborah Price, U.S. Department of Education, will deliver remarks and recognize model grantees in a luncheon ceremony. Location: Hyatt Crystal City , 2799 Jefferson Davis Highway.

ITALIAN AMERICANS _ The National Italian American Foundation holds its 2006 Convention and 31st Anniversary Gala. showcase Italian products and services. On Saturday evening, actor Alan Alda, baseball greats Yogi Berra and Tommy Lasorda, director Mel Brooks, Supreme Court Justice Antonin Scalia, Chicago mayor Richard M. Daley, and singers Neil Sedaka and Jerry Vale will join more than 3,000 people from across the U.S. and Italy at the Foundations 31st Anniversary Awards Gala. Academy Award-winning actress Anne Bancroft will be posthumously inducted into the NIAF Italian American Hall of Fame. Her husband, Mel Brooks, will represent Bancroft. Gala honorees are Samuel Alito Jr., Supreme Court justice; Raffaello Follieri, chairman and CEO of Follieri Yucaipa Investments; Tom W. LaSorda, CEO and president of the Chrysler Group; Catherine B. Reynolds, chairman of the Catherine B. Reynolds Foundation, and singer Frankie Valli. Highlights: 12 p.m. Former President George H.W. Bush delivers keynote address. He will be accompanied by former First Lady Barbara Bush. 2:30 p.m. NIAF Chairman Dr. A. Kenneth Ciongoli presents the Foundations ``One America award to former President George H.W. Bush. 8 p.m. Frankie Valli and The Four Seasons and international recording artist Patrizio Buanne highlight NIAFs ``Annual Salute to the Martini" gala. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

CAPITAL MARKETS _ 8 a.m. The Commission on the Regulation of U.S. Capital Markets in the 21st Century and its Financial Services Working Group will hold a town hall meeting, ``U.S. Financial Institutions Regulation: Assessing the Efficiency, Transparency and Investor Protections of the Capital Markets." Location: 1615 H St. NW.

JUSTICE-AWARDS CEREMONY _ 10 a.m. Deputy Attorney General Paul J. McNulty and Director Michael A. Battle of the Executive Office for United States Attorneys (EOUSA) will host the annual EOUSA Director's Awards Ceremony. Attorney General Alberto R. Gonzales will also deliver videotaped remarks during the ceremony. Location: The Great Hall, U.S. Department of Justice, 950 Pennsylvania Ave. NW.

GEORGIA-RUSSIA _ 12 p.m. The Central Asia-Caaucasus Institute holds a program with Giga Bokeria of the Parliament of Georgia and Amb. Basil Sikharulidze on the situation between Russia and Georgia. Location: Room 806, 1619 Massachusetts Ave. NW.

ACLU-INTERNET _ 1 p.m. The American Civil Liberties Union will hold a telephone news briefing on the upcoming four-week trial in its landmark challenge to Internet censorship, ACLU v. Gonzales, slated to begin Monday, October 23, in Philadelphia. Contacts: Erica Pelletreau, 212-519-2666. Notes: Dial-In Number: 888-400-7916.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, OCTOBER 20, 2006 7:45 AM EDT

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TERRORISM NEWS:

Court Told It Lacks Power In Detainee Cases (WP)

By Karen DeYoung

The Washington Post, October 20, 2006

Moving quickly to implement the bill signed by President Bush this week that authorizes military trials of enemy combatants, the administration has formally notified the U.S. District Court here that it no longer has jurisdiction to consider hundreds of habeas corpus petitions filed by inmates at the Guantanamo Bay prison in Cuba.

In a notice dated Wednesday, the Justice Department listed 196 pending habeas cases, some of which cover groups of detainees. The new Military Commissions Act (MCA), it said, provides that "no court, justice, or judge" can consider those petitions or other actions related to treatment or imprisonment filed by anyone designated as an enemy combatant, now or in the future.

Beyond those already imprisoned at Guantanamo Bay or elsewhere, the law applies to all non-U.S. citizens, including permanent U.S. residents.

The new law already has been challenged as unconstitutional by lawyers representing the petitioners. The issue of detainee rights is likely to reach the Supreme Court for a third time.

Habeas corpus, a Latin term meaning "you have the body," is one of the oldest principles of English and American law. It requires the government to show a legal basis for holding a prisoner. A series of unresolved federal court cases brought against the administration over the last several years by lawyers representing the detainees had left the question in limbo.

Two years ago, in Rasul v. Bush, which gave Guantanamo detainees the right to challenge their detention before a U.S. court, and in this year's Hamdan v. Rumsfeld , the Supreme Court appeared to settle the issue in favor of the detainees. But the new legislation approved by Congress last month, which gives Bush the authority to try detainees before military commissions, included a provision removing judicial review for all habeas claims.

Immediately after Bush signed the act into law Tuesday, the Justice Department sent a letter to the U.S. Court of Appeals for the District of Columbia Circuit asserting the new authorities and informing the court that it no longer had jurisdiction over a combined habeas case that had been under consideration since 2004. The U.S. District Court cases, which had been stayed pending the appeals court decision, were similarly invalid, the administration informed that court on Wednesday.

A number of legal scholars and members of Congress, including Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have said that the habeas provision of the new law violates a clause of the Constitution that says the right to challenge detention "shall not be suspended" except in cases of "rebellion or invasion." Historically, the Constitution has been interpreted to apply equally to citizens and noncitizens under U.S. jurisdiction.

The administration's persistence on the issue "demonstrates how difficult it is for the courts to enforce [the clause] in the face of a resolute executive branch that is bound and determined to resist it," said Joseph Margulies, a Northwestern University law professor involved in the detainee cases.

On Tuesday, the appeals court granted a petition by lawyers for the detainees to argue against the new law. Vincent Warren, the executive director of the Center for Constitutional Rights, which represents many of the detainees, said yesterday that he expected the administration to file a motion for dismissal of all the cases before the defense challenge is heard.

"We and other habeas counsel are going to vigorously oppose dismissal of these cases," Warren said. "We are going to challenge that law as violating the Constitution on several grounds." Whichever side loses in the upcoming court battles, he said, will then appeal to the Supreme Court.

Staff researcher Julie Tate contributed to this report.

ICRC Concerned Over New US Terror Law (FT)

DOJ_NMG_0083603

By Demetri Sevastopulo And Daniel Dombey

Financial Times, October 20, 2006

The International Committee of the Red Cross raised concerns on Thursday about recent US legislation that creates military commissions to try prisoners at Guantánamo Bay and redefines American obligations under the Geneva conventions.

President George W. Bush signed the Military Commissions Act this week. Among other controversial provisions it permits the admission of evidence gained through coercion, and prevents detainees at Guantánamo from challenging their detention in US courts.

Jakob Kellenberger, the ICRC president, said the legislation "raises certain concerns and questions".

"The very broad definition of who is an 'unlawful enemy combatant' and the fact that there is not an explicit prohibition of the admission of evidence attained by coercion are examples," he said, in comments posted on the ICRC website following a speech at Georgetown University.

The administration hammered out agreement on the law with key Republican senators after the Supreme Court ruled this year that the previous military commissions created to try prisoners at Guantánamo violated US law and the Geneva conventions.

Republicans, and a few Democrats, have argued that the law will help the US prosecute the "war on terror" but the American Civil Liberties Union called it one of the "worst civil liberties measures ever enacted".

Mr Kellenberger said the legislation was also problematic because it had created "two tiers of prohibitions" out of those listed under common article three of the Geneva conventions.

"[The law] omits certain violations from the list of acts that are war crimes under US domestic law. These included the prohibition of outrages upon personal dignity, in particular humiliating and degrading treatment, and the prohibition of the denial of the right to a fair trial . . . This distinction between the different violations disrupts the integrity of common article three."

Mr Kellenberger raised concerns about the use of secret detentions, which he said were "contrary to a range of safeguards provided for under the relevant international standards". The ICRC has also asked the US to provide the names of people who were previously held in the secret CIA detention programme.

John Bellinger, the US State Department legal adviser, on Thursday told reporters that Washington was "not required" to provide the ICRC with access to any prisoners that entered the system in the future.

He added that Washington also believed there was "no requirement" to provide the ICRC with the identities of previously held prisoners.

European politicians have responded angrily to Mr Bush's admission the CIA has operated secret prisons.

Terrorism Law Faces Challenges (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, October 20, 2006

WASHINGTON -- The news photos of President Bush signing the latest anti-terrorist measure show a line up of dignitaries whose unsmiling countenances were properly grim for witnessing the execution of the American notion of justice.

Obviously some in the gathering, like Attorney General Alberto Gonzales and Vice President Cheney, don't see it that way. For them the potential shredding of civil liberties is necessary to save the nation from the terrorist hordes waiting to destroy us. One doesn't smile in triumph when the president is saving the lives of millions of Americans.

Despite the violence it does to our constitutional principles, without this latest authorization to conduct questionable interrogations, strip detainees of their right to examine the evidence against them, exclude evidence gained through coercion and challenge their incarceration, another Sept. 11, 2001, could be just around the corner. Or so we are led to believe.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said. "I have that privilege this morning."

But one would hope that the somberness of some of those in attendance, like Sens. John Warner, R-Va., and Lindsey Graham, R-S.C., may have stemmed from an uncomfortable realization that their earlier fight against passage of a bill they considered dangerously excessive was in the end futile and unrewarding. There was little compromise when all was said and

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done, a fact certified by the noticeable absence of the third member of the initial Senate opposition, John McCain, who skipped the signing ostensibly to campaign in Wisconsin for a GOP House candidate.

McCain, a likely candidate for the Republican presidential nomination in 2008, is one of the few members of Congress who truly understands the need to protect the rights of even one's enemies lest it happen to you. His long and brutal incarceration by the North Vietnamese has left him with an appreciation of the value of constitutional safeguards for all. His decision to skip this important ceremony for "campaign" reasons speaks volumes about how he truly feels about this act whether he admits it or not.

How long this law will stay in place is the subject of much speculation. Civil libertarians already are talking about a new challenge in the federal courts on constitutional grounds because it strips suspects of habeas corpus rights. The Democrats who strenuously opposed it may want to challenge it next January if the November election gives them control of one or both houses of Congress as the signs now indicate.

The bill is the result of a Supreme Court ruling outlawing the system of military commissions the president had set up to try suspected terrorists. The court said the system was invalid without congressional authorization. In their ruling the justices also required suspects to be treated in accordance with the Geneva Conventions' prohibition against inhumane treatment, including "outrages upon personal dignity." Bush then acknowledged the existence of secret prisons, transferred 14 top al Qaeda suspects to Guantanamo and asked Congress to approve the military commissions and provisions to permit the CIA to continue its interrogations of terrorists.

The president's action was seen by longtime observers as an attempt to turn the nation's focus away from Iraq and toward terrorism in advance of next month's important midterm elections. For a time it seemed to work but gains in the president's approval ratings during that time have since slipped back.

No one expects those clearly identified as hardnosed terrorists to be treated with kid gloves. But denying even the worst of them the justice Americans cherish, it seems to me, is doing the terrorists' job for them. The end never justifies the means in these cases and while the president may believe he is saving lives, in the long run he may be paying a price far more damaging. In many ways, this scary action erodes the basics of our system about as badly as anything the terrorists are plotting.

Of course we must guard ourselves from the maniacs and that requires strong medicine. But should we torch the Constitution and international agreements to do so? Who shall guard against the guardians? Plato's question is never more relevant than now. That is not a statement reflecting a tolerance for terrorism. It is only an expression of concern about how much of our own freedom is lost to accomplish this job.

This is grim business.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Padilla Was Drugged, Threatened By Authorities, His Lawyers Say (BLOOM)

By Jeff Bliss And Jeff St.onge

Bloomberg, October 20, 2006

Oct. 19 (Bloomberg) -- Lawyers for accused terrorism supporter Jose Padilla say U.S. authorities drugged him with LSD or PCP, filled his cell with ``noxious fumes" and threatened to slash him with a knife while he was being held without charges.

In court papers seeking dismissal of charges against Padilla, his lawyers said the abuse occurred after President George W. Bush declared him an ``enemy combatant" following his arrest in 2002. The designation allowed Padilla, a U.S. citizen, to be held without being charged with a crime for three years and five months.

``The torture took myriad forms, each designed to cause pain, anguish, depression and, ultimately, the loss of will to live," according to the court document filed Oct. 4 in federal court in Miami.

A call and e-mail seeking comment from the U.S. Justice Department weren't immediately returned.

The government initially accused Padilla, who was arrested in Chicago, of plotting to explode a radioactive ``dirty bomb" in the U.S. The government later said the al-Qaeda terrorist group trained him to blow up U.S. apartment buildings.

In November 2005, Padilla and four co-defendants were indicted on charges of conspiring to provide material support to terrorists. He is awaiting trial.

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The government is appealing a judge's decision to dismiss one charge against Padilla of conspiracy to ``murder, kidnap and maim" people. Padilla is asking the judge to throw out the entire case against him on the grounds his right to a speedy trial was denied.

For almost two years, Padilla was kept in isolation in a 9- foot-by-7-foot cell with no view of the outside world, said the court papers filed by his lawyers. Prison authorities also deprived Padilla of sleep and shackled him in uncomfortable positions for hours, his lawyers said.

``Noxious fumes would be introduced to his room causing his eyes and nose to run," according to the filing.

Prison officials gave Padilla ``drugs against his will, believed to be some form of lysergic acid diethylamide (LSD) or phencyclidine (PCP), to act as a sort of truth serum during his interrogations," according to the filing by his lawyers.

Padilla's interrogators told him he might be sent to Guantanamo Bay, Cuba, where prisoners caught during the U.S. invasion of Afghanistan are being kept, his lawyers said.

``He was threatened with being cut with a knife and having alcohol poured on his wounds," the filing said.

The case is U.S. v. Hassoun et al., 04cr60001, U.S. District Court in Miami.

U.S. Questioned About Arar Torture Case (AP)

By Pete Yost

AP, October 20, 2006

WASHINGTON - Days before the Bush administration put Canadian citizen Maher Arar on a plane for Syria, Canadian law enforcement officials advised their U.S. counterparts that evidence of terrorist links by Arar was not definitive.

Why the Bush administration still shipped Arar to Syria - where he was tortured - and whether he remains on the United States' terror watch list are still unknown. Administration officials refuse to talk about the case.

It has been a month since a Canadian commission cleared Syrian-born Arar of all suspicion of terrorist activity, yet Arar still can't get into the United States, one of his lawyers, Michael Ratner, said Thursday.

John Cavanagh, director of the Institute for Policy Studies, asked Attorney General Alberto Gonzales to clear Arar's name and let him come into the United States this week to receive a human rights award.

Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment.

It is not the Justice Department that keeps track of terrorist watch lists, but rather the Homeland Security Department, where spokesman Russ Knocke said in an e-mail, "We do not disclose names on watch lists."

Arar is a software engineer who was traveling on a Canadian passport in 2002 when he was detained at New York's Kennedy Airport because of what the Canadian government now says was faulty intelligence. Without informing Canada, the U.S. government turned Arar over to Syria where he was tortured, tossed in a small cell and finally released after nearly a year of confinement.

"How long is it going to take to get him off the watch list, remove the bar on re-entry to the United States and exonerate him?" asked Ratner, president of the Center for Constitutional Rights.

Sending Arar to Syria "appears to be part of a Bush administration policy of using suspicion to send people to countries where they are tortured," added Ratner, whose group has been representing Arar in a lawsuit against the Bush administration.

Immediately after Arar's release from Syria in 2003, the White House summoned Canada's ambassador to a private meeting, according to an exhaustive, 1,000-page-plus report on Arar released last month by a Canadian government commission.

At the meeting, White House official Frances Fragos Townsend "indicated that senior administration officials were irritated" that the Canadian prime minister was saying publicly that the decision to remove Arar was made unilaterally by U.S. officials, says the Canadian report.

The Canadian commission concluded there was no evidence Canadian officials participated in or agreed to the decision to send Arar to Syria.

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On Thursday, Deputy White House press secretary Dana Perino declined to comment, citing the fact that Arar plans to sue the U.S. government.

The Canadian inquiry found the Royal Canadian Mounted Police in 2002 wrongly described Arar to American law enforcement officials as "an Islamic extremist suspected of being linked to the al-Qaida terrorist network."

Raising additional questions about why the U.S. government sent Arar to Syria, the Canadian inquiry also found that in the days before the U.S. government sent him, Canadian law enforcement officials advised their U.S. counterparts at the FBI that evidence of terrorist links by Arar was not definitive.

"A link analysis has yet to be completed on Arar, and while he has had contact with many individuals of interest to this project we are unable to indicate links to al-Qaida," the Canadians stated in one communication. It added that a detailed investigation into Arar had not yet been completed.

Questions raised by the Canadian report about the Arar case have drawn only brief comment at the State Department and the Justice Department.

Regarding Arar being turned over to Syria, State Department spokesman Sean McCormack said last month that the determination of U.S. government officials at the time was that Arar posed a threat to the United States and that officials had the reasonable expectation that he would not be "maltreated." At the Justice Department, Gonzales has said simply that "I'm not aware that he was tortured, and I haven't read the commission report."

Speaking from Canada this week, Arar said a representative of the U.S. Immigration and Naturalization Service was present when he was put on the plane for Syria in 2002. Arar said he told the INS representative that the Syrians would torture him.

"She said something like: 'The INS is not the body or the agency that signed the Geneva Convention convention against torture.' For me what that really meant is, 'We will send you to torture, and we don't care.'"

"Even when the Canadian commission exonerated, the U.S. was totally unapologetic; the man deserves an apology," said Joanne Mariner of Human Rights Watch, where she is the organization's terrorism and counterterrorism director.

ON THE NET

http://www.ararcommission.ca/eng/Vol_I_English.pdf

Court Filing Defends NSA Spy Program (CLPD)

By Bill Sloat, Plain Dealer Reporter

The Cleveland Plain Dealer, October 20, 2006

Cincinnati - President Bush's lawyers contend Congress broadened his power to conduct warrantless surveillance on "those associated with al-Qaida" when it allowed American military action against terrorists shortly after the 9/11 attacks.

Justice Department lawyers repeatedly invoke Bush's war powers - and his duties as the nation's commander-in-chief - in a 48-page legal brief that defends a National Security Agency program which secretly monitors international communications.

Because of the classified program's wide sweep, U.S. citizens may be the subject of warrantless eavesdropping by the spy agency. That possibility led to a lawsuit by the American Civil Liberties Union and others challenging the program as a violation of the Fourth Amendment's prohibition against search and seizure without a warrant.

The legal brief says Bush acted properly because Congress put the nation on a wartime footing.

"This specific authorization, focusing directly on those whom the president determined were responsible for the 9/11 attacks, represents a targeted expansion of the president's statutory authority to address al-Qaida's extraordinary threat," Justice Department lawyers wrote.

They cited a 2001 congressional resolution, the Authorization for Use of Military Force, adopted around the time the U.S. invasion of Afghanistan overthrew the Taliban regime that sheltered Osama bin Laden.

The brief, filed Thursday in the 6th U.S. Circuit Court of Appeals in Cincinnati, is part of the administration's appeal of a Detroit federal judge's ruling that the spying program is unconstitutional.

While portions of the brief were kept secret on national security grounds, the administration's legal team makes clear that the White House believes U.S. District Judge Anna Diggs Taylor's decision would aid al-Qaida.

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The court filing contends her decision "dismantles a vital tool that already has helped detect and disrupt al-Qaida plots," although no details about those plots were made public.

Mideast Conflict Plays Out In Terrorism Funding Trial (CHIT)

By Rudolph Bush

Chicago Tribune, October 20, 2006

In an overflowing courtroom guarded by a metal detector and bomb-sniffing dog, the intractable conflict between Palestinians and Israelis became the backdrop Thursday for the trial of two men accused of supporting terrorism.

Federal prosecutors charge that Muhammad Salah of Bridgeview and Abdelhaleem Ashqar of suburban Washington, D.C., aided terrorism from the United States as active members of the Palestinian extremist group Hamas.

The defense responded that neither man has ever supported violence and any assistance they provided was legal and came from a desire to help their own people as they struggled under a stifling occupation.

Assistant U.S Atty. Carrie Hamilton was the first to address the jury.

She began her statement by recalling the May 13, 1996, murder of David Boim, a 17-year-old American student shot to death in Israel by members of Hamas.

"Neither of these defendants was in that car on May 13 when David Boim was gunned down, but Muhammad Salah and Abdelhaleem Ashqar are just as responsible for the murder," she said.

She noted that for years, Israeli civilians have lived under the threat of suicide bombings and other terrorist attacks carried out by Hamas.

"Since at least 1989, these two defendants have supported and aided Hamas from right here in the United States," Hamilton said.

Hamilton detailed a conversation federal agents recorded between Ashqar and a top Hamas member in which they allegedly discussed a suicide bomber who blew himself up before reaching his final destination.

She told jurors that agents seized thousands of documents related to Hamas from Ashqar's previous home in Oxford, Miss.

The defense, meanwhile, focused in part on the desperate and sometimes deadly conditions Palestinians face under Israeli occupation.

Salah's attorney, Michael Deutsch, told jurors that resistance to occupation was inevitable.

Salah's intent was not violence, however, it was "helping people survive," he said.

"He is not a member of Hamas. He's never been a member of Hamas," Deutsch said.

Ashqar's attorney, William Moffitt, insisted the government is punishing his client not because he did anything wrong but because he turned down attempts by the FBI and CIA to recruit him as an informant and spy.

Moffitt displayed a January 1996 CIA recruitment letter that requested Ashqar, a business professor educated in the U.S., consider applying to the agency's clandestine services.

"They wanted him to betray himself, his people, his ideals," Moffitt said. "He is an intelligent, non-violent person, and they wanted him on their side."

Moffitt compared Ashqar to American Revolutionary hero Nathan Hale and the legendary anti-apartheid champion Nelson Mandela.

Deutsch took a similar line, comparing the Palestinian resistance to the American Revolution and the French resistance against Nazi Germany.

Deutsch derided the idea that his client, who spent most of his adult life in the U.S., could be a Hamas leader, much less act as head of the group's military wing as prosecutors charge.

The only evidence that Salah was a Hamas leader comes from a statement he gave while in Israeli custody in 1993, Deutsch said.

The statement was the product of physical and psychological torture Salah endured for more than 50 days and should not be considered as evidence in a U.S. court, he said.

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Hamilton said that Salah provided the statement voluntarily and that it included damning corroborating evidence, including Salah's knowledge of the burial site of an Israeli soldier kidnapped and murdered by members of Hamas.

Salah spent four years in an Israeli prison after confessing to being a leader of Hamas. He returned to the U.S. in 1997 and was immediately put under federal surveillance.

Prosecutors intend to call former New York Times reporter Judith Miller to testify that Salah was not under duress when he spoke to Israeli agents in 1993.

Miller observed one question-and-answer session between Salah and an Israeli agent and reported that Salah appeared calm and comfortable as he provided information about his role in Hamas.

Deutsch said Miller saw a staged interview of a broken man who was willing to do whatever it took to get along with his interrogators.

Hamilton told jurors Salah's confession is further corroborated by bank records that show he delivered to the West Bank and Gaza hundreds of thousands of dollars he received from top Hamas leader Mousa Abu Marzook.

Deutsch acknowledged Salah took money to the West Bank and Gaza, but said it was intended to provide humanitarian aid.

Testimony in the trial began late Thursday afternoon, with prosecutors calling to the stand Matthew Levitt, a high-ranking official at the U.S. Treasury Department and an expert on Hamas.

Terror Suspect Says CIA Recruited Him (AP-Y)

By Mike Robinson, Associated Press Writer

AP, October 20, 2006

A former university professor charged with plotting to bankroll Hamas terrorists was once asked by the CIA whether he wanted a job as a spy, his attorney told a jury Thursday.

Abdelhaleem Ashqar, 48, apparently never pursued the idea. But his defense attorneys say the offer shows federal agents were eager to recruit him to spy on fellow Palestinians before doing an about-face and indicting him.

Attorney William Moffitt showed jurors a June 17, 1996, letter on CIA stationary telling Ashqar, then a post-graduate business student at the University of Mississippi, that he might want a clandestine services job.

"Operations officers serve overseas as collectors of information," the letter said. It told him to "tick the box below" to pursue such a job.

But Moffitt said that when the job was suggested, federal agents already had searched his house, found the documents and tapped his phone.

Ashqar, of Alexandria, Va., and suburban Chicago grocer Muhammad Salah, 53, are charged in a four-count racketeering indictment with furnishing thousands of dollars and fresh recruits to the Palestinian militant organization Hamas, which has been officially designated a terrorist group by the federal government.

The indictment was announced in August 2004 in Washington by John Ashcroft, attorney general at the time, who called the men prime movers in "a U.S.-based terrorism recruiting and financing cell." The trial is expected to take three months, and expected witnesses include Israeli security agents.

Also charged in the indictment but absent and classified as a fugitive is Mousa Abu Marzook, described by federal officials as the deputy chief of the political section of Hamas — which since winning an election last January has controlled the government of the Palestinian territories.

Ashqar is accused of funneling money destined for Hamas fighters in Israel in the Palestinian territories through his U.S. bank accounts and making his home an archive of Hamas documents.

Moffitt and Salah's attorney, Michael E. Deutsch, portrayed the two defendants as men who funneled money not to terrorists but to the poor and the downtrodden of the West Bank and Gaza Strip suffering under Israeli occupation.

Trial Begins For 2 Charged With Aiding Terror Group (NYT)

By Libby Sander

The New York Times, October 20, 2006

DOJ_NMG_0083609

CHICAGO, Oct. 19 — Muhammad Salah spent four and a half years in an Israeli prison in the mid-1990's after admitting that he had provided money and other aid to the Palestinian organization Hamas for use in attacks against Israel.

Now, nearly a decade after Mr. Salah's release, his lawyers are trying to convince a federal jury here that that confession, on which a federal racketeering case against him is based, was obtained through torture.

"What they want you to do is buy into Israeli torture," Mr. Salah's lawyer, Michael E. Deutsch, told jurors on Thursday in the trial's opening statements. "You don't have to accept a case based on torture."

Mr. Salah, 53, a former grocer from suburban Chicago who now drives vans that transport dialysis patients for treatments, and his co-defendant, Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, are charged with supplying financial support to Hamas's military leaders. Prosecutors say they have evidence that the two men used United States bank accounts to funnel money to the group.

The indictment was announced in 2004 with much fanfare by the attorney general at the time, John D. Ashcroft, as part of the federal government's response to terrorism.

Carrie E. Hamilton, an assistant United States attorney, told jurors in a packed courtroom that during the trial, which is expected to last three to four months, the government would show how Mr. Salah and Dr. Ashqar channeled money to Hamas's military leaders during the early 1990's. Because of their financial support for Hamas, Ms. Hamilton said, the two men were responsible for the group's violent tactics against Israel.

"They're on the outside," she said, "helping people on the inside with Hamas's terror."

Mr. Salah, who was born in a Palestinian refugee camp on the West Bank and later became a United States citizen, has maintained that his involvement with Hamas was for humanitarian reasons only. When he was arrested in Israel in 1993, the organization, which was founded in 1987, existed mainly to provide social services to impoverished Palestinians, his lawyer, Mr. Deutsch, told the jury. The United States government did not label Hamas a terrorist organization until 1997, he said.

A "giving person" driven by a commitment to his Palestinian roots, Mr. Salah felt strongly about providing humanitarian aid to Palestinians, Mr. Deutsch said. And as a United States citizen, it was easy for him to travel to Israel and the occupied territories. All financial transactions related to Mr. Salah's dealings with Hamas were done openly in his name and in his own checking account, he said.

Mr. Salah was arrested at an Israeli checkpoint in the Gaza Strip in 1993, where the police found $97,000 in his hotel room in Jerusalem. He later confessed to meeting with Hamas military leaders and giving them money, but defense lawyers said the confession was false and obtained only after Israeli secret police tortured Mr. Salah for more than 50 days.

"This is the Israeli secret police," Mr. Deutsch told jurors. "They are notorious throughout the world for getting information through coercion and torture."

Prosecutors, however, pointed to Mr. Salah's confession as evidence that he was plugged into the highest levels of Hamas's military organization, and Ms. Hamilton spoke of a different kind of interrogation. She called accusations of torture "outrageous" and said that a former New York Times reporter, Judith Miller, who witnessed part of Mr. Salah's interrogation, would testify that she did not see any mistreatment. Two Israeli security agents, disguised and using aliases, are also expected to testify for the government in a courtroom cleared of public spectators.

Prosecutors said Dr. Ashqar, like Mr. Salah, was also part of an extended United States network that supported Hamas. Federal agents found a "treasure trove" of Hamas-related documents and minutes of high-level Hamas meetings in Dr. Ashqar's home in Oxford, Miss., Ms. Hamilton said. Wiretaps of Dr. Ashqar's telephones revealed that he was aware of Hamas's violent tactics and that he gave money and support to the family of a suicide bomber, she said.

Dr. Ashqar's lawyer, William Moffitt, portrayed his client, who came to the United States on an academic fellowship, as an intellectual who kept current on Palestinian issues. Enjoying the free speech afforded to him in this country, he met openly with others concerned about Palestinian issues, Mr. Moffitt told jurors.

Jordanian Immigrant Pleads Guilty To Fraud Charges (AP)

AP, October 20, 2006

DOJ_NMG_0083610

SALT LAKE CITY A relative of a man under investigation for ties to al-Qaida in Iraq pleaded guilty Thursday to numerous fraud charges, according to the U.S. Attorney's office in Utah.

Alaa "Alex" Ramadan, 29, pleaded guilty in federal court to numerous violations in four criminal indictments stemming from mortgage, loan, credit card, wire and mail fraud and money laundering schemes.

Ramadan pleaded guilty to one charge each of mortgage fraud, mail fraud and wire fraud; two counts of use of a false social security number; three counts each of conspiracy to commit money laundering, bank fraud and receiving money by fraud, and four counts of money laundering.

Under the terms of the plea agreement Ramadan will serve a sentence of three years and five months in federal prison, subject to approval by U.S. District Judge Dale Kimball.

Ramadan is scheduled to be sentenced by Kimball on Jan. 4.

Ramadan along with his uncle Sharif Omar and three others were accused of defrauding Utah banks of hundreds of thousands of dollars through bad mortgages and car loans.

The cases against Omar and the others are still pending.

Some of the money wound up in Jordan with Omar's relatives, Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City, said Thursday. He said investigators are trying to determine if any of that money was used to finance terrorism.

Sharif Omar, 37, is the brother of suspected senior al-Qaida operative Shawqi Omar, who is still being held by the U.S. military in Iraq, Bretzing said.

When he was arrested in Baghdad in 2004, the U.S. government said Shawqi Omar had bomb-making materials and was harboring an Iraqi insurgent and four Jordanian fighters.

Suspect Pleads Guilty To Fraud Schemes (SLT)

By Jason Bergreen, The Salt Lake Tribune

Salt Lake Tribune, October 20, 2006

Alaa Ramadan, the accused leader of a fraud and money laundering ring that allegedly involved at least six relatives of a former Utahn suspected of aiding terrorists in Iraq, pleaded guilty Thursday to federal violations involving mortgage, loan, credit card and other money laundering schemes that generated thousands of dollars.

Ramadan, a 29-year-old Jordanian, who lived in Salt Lake City, also pleaded guilty to a misdemeanor charge of failing to file federal income tax returns between 2000 and 2005, U.S. Attorney's Office spokeswoman Melodie Rydalch stated in a press release.

Ramadan's guilty pleas were related to four separate federal indictments returned in October and December of 2005.

Ramadan and Bassam Omar were indicted in October 2005 with mortgage fraud involving homes in Sandy and Bountiful, attempting to defraud at least two Utah banks of more than $120,000, falsifying bank loan applications, participating in financial transactions designed to disguise a crime, as well as wire and mail fraud and money laundering, the press release states.

The case against Omar is pending.

Though the case was investigated by the FBI's Joint Terrorism Task Force, none of the charges relate to terrorism, and prosecutors had downplayed the significance of the counter terrorist agents' involvement.

The FBI's investigation into the alleged

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fraud appears to have been triggered by the arrest of Shawqi Omar in Baghdad in October 2004. The former Salt Lake City resident is being held without charge in a U.S. prison in southern Iraq. He is accused by military officers of being a close aide of former al-Qaida leader Abu Musab al-Zarqawi.

Ramadan faces up to 41 months in prison. Restitution in the case is pending. Ramadan will remain in custody until sentencing.

Terror Case Accountant Will Agree To Plea Deal (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), October 20, 2006

A Michigan accountant who is charged with lying to investigators in the federal government's case against three terrorist suspects will enter into a plea agreement in U.S. District Court in Toledo.

Jihad Hekmat Dahabi, 47, of Dearborn, is accused of making false, fictitious, and fraudulent statements in the investigation of Marwan Othman El-Hindi, one of three Toledo-area terrorism suspects.

Mr. Dahabi allegedly met with Mr. El-Hindi in Dearborn to prepare paperwork for a nonprofit organization that would divert government grants for education services to jihadist paramilitaries.

Information was filed last month in federal court in Detroit against Mr. Dahabi. He agreed last week to have the case transferred to Toledo. Documents in the case were sent Tuesday to U.S. District Court in Toledo. Judge Jack Zouhary will accept his plea and sentence him. No court date has been scheduled.

Mr. El-Hindi and Mohammad Zaki Amawi, both of Toledo, and Wassim I. Mazloum of Sylvania were charged in February with conspiring to kill or injure U.S. troops serving in Iraq and others in the Middle East, and providing material support to terrorists.

They have pleaded not guilty; Judge James Carr has scheduled their trial for May.

The charge against Mr. Dahabi stems from statements he made in February to federal authorities who were investigating the three suspects.

Three days before the indictment against the men was unsealed, investigators said the accountant denied preparing documents to register the corporation in April, 2005, when he met with Mr. El-Hindi because he didn't have all the information he needed.

But in a second interview in June, Mr. Dahabi said he prepared paperwork to create a corporation for Mr. El-Hindi and an associate, and used the names of Mr. El-Hindi's children as incorporators so they could pay themselves with government grant funds.

According to court records, Mr. Dahabi was last employed by Expert Accounting Tax Services in Dearborn.

In an unrelated development in the terrorism case, a hearing will be held today before Judge Carr on a request from Mr. Amawi's attorney, Dennis Terez, to withdraw from the case.

Mr. Terez, of the federal public defender's office in Cleveland, would not comment on why he wants to be removed.

Italy Arrests Seven In Push To Curb Laundering Of Drug Cash (FT)

By Adrian Michaels In Milan And Jimmy Burns In London

Financial Times, October 20, 2006

Italian authorities arrested seven people yesterday as part of an international operation to crack down on the laundering of drug money through an informal banking system used by immigrant workers.

The authorities also said the banking system, known as Hawala, could be being used as a conduit for terror finances. Marcello Musso, an Italian investigator, said: "That this involves a group of radical Islamic people is . . . not fantasy."

Hawala uses a legal network of informal dealers to help millions of immigrants in the west send remittances back to their home countries. But authorities have focused recently on the system's illegal use.

One Italian official said recently: "The underground banking system used all over the world by different ethnic groups is also used to launder an enormous quantity of serious crime money."

Other operations against money laundering, involving the UK and other jurisdictions, remain shrouded in secrecy as they touch on political sensitivities in countries with large Muslim communities and highly sophisticated criminal networks.

But Italian police revealed yesterday what they believe is some of the strongest evidence yet that the Hawala system is being used to carry millions of dollars made from the sale of cocaine and heroin.

In a sign of growing international co-operation, Italian investigators have been working closely with the US's Drug Enforcement Agency and the UK's Serious Organised Crime Agency (Soca), an FBI-style law enforcement body. They also cited co-operation with officials in the Netherlands, Dubai, Spain, Germany, South America and Australia.

DOJ_NMG_0083612

In July Soca officials attended an international summit in the United Arab Emirates, a Hawala hub, as part of efforts to strengthen anti-money laundering operations there.

It is suspected that the Hawala system is exploited by al-Qaeda in the UAE and other countries in the Middle East to finance its operations. Investigators have also identified the involvement of Afghanistan and neighbouring countries.

Aside from the seven arrests, a list of charges was approved by a judge in Milan against 13 other people, some of whom are already in jail accused of lesser offences. People close to the investigations stressed that the probes continued and that further arrests were possible.

Italian authorities started their investigations in November 2004 by looking into the drug trafficking activities of Albanians in northern Italy. They soon made a connection with a group of Pakistanis near Modena, northern Italy, who were helping immigrants move money internationally.

HOMELAND RESPONSE:

Football Stadium Threat A Hoax, FBI Says (AP)

By Emily Fredrix

AP, October 20, 2006

Football Stadium Threat Is a Hoax, FBI Says After Interviewing Milwaukee Man

MILWAUKEE Oct 19, 2006 (AP)— Internet threats of "dirty bomb" attacks at NFL stadiums this weekend were a hoax inspired by a writing competition between two men trying to come up with scary threats, a law enforcement official said Thursday.

The threats, which were posted on a Web site last week and mentioned stadiums in seven U.S. cities, were deemed to be false by the FBI on Thursday after agents questioned a 20-year-old Milwaukee man.

"This is a hoax," said Special Agent Richard Kolko, a spokesman at the FBI's Washington headquarters. A joint statement from the FBI and Homeland Security said fans "should be reassured of their security as they continue to attend sporting events this weekend."

An FBI official in Washington, who spoke on condition of anonymity because the case is still under investigation, said the Milwaukee man acknowledged posting the phony stadium threat as part of a "writing duel" with a man from the Brownsville, Texas, area to see who could post the scariest threat.

The Texas man corroborated the story during questioning Thursday by FBI agents, the official said. Investigators also searched the Milwaukee man's computer, the official added.

No decision has been made yet on whether charges will be filed, the official said. In Houston, FBI spokeswoman Shauna Dunlap said officials are not investigating any connections to the NFL scare in that jurisdiction.

Milwaukee police contacted the FBI about the 20-year-old man Wednesday night.

"From the information we have, we believe he was involved to some extent, but we don't know at what level," said FBI agent Douglas E. Porrini. He added, "That person was released, but we're not saying that he won't be charged."

The threat, dated Oct. 12, appeared on a Web site, The Friend Society, that links to various online forums and off-color cartoons. Its author, identified in the message as "javness," said trucks would deliver radiological bombs Sunday to stadiums in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif., and that Osama bin Laden would claim responsibility.

Threat On Stadiums Is Found To Be A Hoax (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, October 20, 2006

An Internet threat that said terrorist attacks were planned on seven NFL stadiums this weekend was determined by investigators to be "a hoax," the FBI and the Department of Homeland Security announced yesterday.

"The investigation has determined that this is a hoax," the two agencies said in a joint written statement. "The public should be reassured of their security as they continue to attend sporting events this weekend."

DOJ_NMG_0083613

FBI agents yesterday questioned a 20-year-old Milwaukee man thought to be involved in the threat, which was made Oct. 12 on a Web site that links to multiple online conversations and cartoons. The man was released, but authorities left open the possibility that he could be charged with a crime.

A message on the Web site said the seven stadiums would be hit by bombs containing radiological material. The stadiums mentioned were in New York, Miami, Houston, Cleveland, Seattle, Atlanta and Oakland, Calif. The posting said the bombs would be delivered to the stadiums in trucks and that Osama bin Laden later would claim responsibility.

The Associated Press reported that the man in Milwaukee told the FBI he posted the threat as part of a writing duel with a man in Brownsville, Tex., to see who could post the scariest threat.Bears Put Brown on IR

The Chicago Bears placed safety Mike Brown on the injured reserve list, ending his season.

Brown underwent surgery Wednesday to repair a torn ligament in his foot. He was injured in Monday night's comeback victory at Arizona.

The veteran is one of the Bears' top players and leaders, and Coach Lovie Smith acknowledged Wednesday that the loss was a severe blow to his unbeaten team. The Bears have some time to pick a replacement, given that they're on their bye week. Possibilities include Todd Johnson, who replaced Brown on Monday, and Chris Harris, who was unavailable for the Arizona game because of a quadriceps injury. . . .

Seldom-used cornerback Reggie Howard left the Carolina Panthers for what the team said were personal reasons. Panthers officials said they had received a roster exemption to replace Howard, a former starter stuck this season behind Chris Gamble and Ken Lucas and top reserve Richard Marshall. . . .

San Diego Chargers defensive end Igor Olshansky will be out three to four weeks after undergoing knee surgery Wednesday. . . . Ed Hartwell is scheduled to return to the Atlanta Falcons' lineup this weekend at middle linebacker. Hartwell, who is coming off knee surgery, will make his season debut. . . .

The two teams involved in the most acrimonious dealings of the offseason square off this weekend in Seattle. The Seahawks are scheduled to host the Minnesota Vikings on Sunday. The two clubs were involved in a bitter offseason tussle over free agent contracts.

The Vikings signed Pro Bowl guard Steve Hutchinson away from the Seahawks. The Seahawks had used their transition player tag on Hutchinson, enabling them to retain him by matching any contract offer he might receive from another club in free agency. But the Vikings used a contract containing a provision the Seahawks couldn't afford to match, known as a "poison pill," to land Hutchinson. Hutchinson's seven-year, $49 million contract would have become fully guaranteed if he wasn't the highest-paid offensive lineman on his team, and in Seattle he would have been making less than left tackle Walter Jones.

The Seahawks retaliated by using a poison pill to sign wide receiver Nate Burleson, a restricted free agent, away from the Vikings. Paul Tagliabue, then the NFL commissioner, and owners of other teams denounced the tactics and vowed to change the rules governing such transactions. But the league and the NFL Players Association have been unable to reach an agreement on a rule to eliminate or limit such tactics.

Football Threat Is Said To Be Hoax (NYT)

By Eric Lipton

The New York Times, October 20, 2006

After questioning a 20-year old Milwaukee man, federal law-enforcement officials said that a threat posted on the Internet last week about plans to detonate radiological bombs at football stadiums on Sunday was a hoax. A Federal Bureau of Investigation spokesman said the F.B.I. believed that the man, whose name was not released, was involved in the Internet posting, which led to a warning Tuesday to the National Football League and others in seven cities. Richard J. Kolko, an F.B.I. spokesman, said no decision had been made on whether to file charges against the Milwaukee man.

Wal-Mart Limits Prepaid Cell Phones To 2 (WP/AP)

By Bruce Meyerson, The Associated Press

The Washington Post, October 20, 2006

DOJ_NMG_0083614

NEW YORK -- Wal-Mart Stores Inc. plans to limit each customer to two prepaid cell phones per purchase amid complaints that entrepreneurs are buying the subsidized handsets by the hundreds to resell at a profit, according to people familiar with the matter.

The new limit on the phones, effective last week, was disclosed to The Associated Press by persons at two national cell carriers. They spoke on condition of anonymity because Wal-Mart's policy hasn't been announced.

Wal-Mart declined to confirm the change from its prior limit of three prepaid phones per customer.

The phones in question, sold under brands including TracFone and GoPhone from Cingular Wireless, are priced as low as $20 and $30 per handset. The phones are called "prepaid" because users buy minutes of air time in advance for calls rather than signing up for a monthly plan with recurring charges.

Limits on their purchase aren't new among major retailers. But phone makers and service providers are pressing retailers to tighten restrictions, which can be easy to skirt by going to multiple cashiers or coming back at different times of day. Law enforcement, meanwhile, worries the anonymity of prepaid phones makes them appealing tools for criminal and terrorist activity.

Wireless service providers willingly lose money or make no profit on the devices in hopes that purchasers will make up for it by using the service, buying additional air time for calls. But there's no profit if the phones are never used for their intended purpose.

Those who buy in bulk at stores can double their investment by reselling the phones to entrepreneurs who deactivate a software lock on the devices. The phones can then be used on other cellular networks, often in Asia and Latin America, though sometimes in the United States.

Purchasing phones in bulk is not in itself illegal, and authorities haven't had much luck trying to prosecute those engaged in the trade. But wireless companies have sued them, alleging the reconfiguration and repackaging violate trademark and copyright protections.

The change in Wal-Mart's policy follows high-profile arrests two months ago in Ohio and Michigan of men who had purchased bulk quantities of the phones.

The Federal Bureau of Investigation and Department of Homeland Security issued bulletins earlier this year warning police to look out for bulk phone purchases. Authorities said they were worried the devices might be used as bomb detonators or that profits from their resale might fund a terrorist attack.

But in the Ohio and Michigan cases, early hints of possible terrorism links by authorities never resulted in related charges. The men arrested in Ohio pled no contest last month to a low-level charge of giving misleading information to police. In the Michigan case, a federal judge threw out charges of trafficking in counterfeited goods.

Remains From WTC Site Found In Manhole (AP-Y)

By Marcus Franklin

AP, October 20, 2006

Human remains that appear to be from World Trade Center victims were found by utility workers in a manhole at the northern edge of the site, a Port Authority official said Thursday.

A Consolidated Edison crew doing excavation of the manhole at street level found the remains, some as big as arm or leg bones, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey, which owns the site.

Con Ed said it entered the site Wednesday to remove material from two manholes that had been damaged and abandoned after the 2001 collapse of the twin towers.

Crews hauled the excavated materials Wednesday to a work center more than a mile away, as is customary, Con Edison said. On Thursday morning, a contractor working for the Port Authority realized the materials contained remains, Con Edison spokesman Chris Olert said, and the medical examiner's office was contacted.

Five years after 2,749 people died in the Sept. 11 World Trade Center attacks, families of about 1,150 victims still do not know whether their loved ones' remains were recovered.

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During the excavation of the 110-story twin towers, which began the evening of the attacks and lasted for nine months, about 20,000 pieces of human remains were found. The DNA in thousands of those pieces, many small enough to slip into a test tube, was too damaged by heat, humidity and time to yield matches in the many tests forensic scientists have tried over the years.

The city told victims' families last year that it was putting the project of making identifications on hold, possibly for years, until new DNA technology was developed. Last month, the company contracted to work on the bone fragments said advances had been made and new identifications would be forthcoming.

Besides the new remains found by the utility workers, the lab also has recently received hundreds of bone fragments discovered on the roof of a building just south of where the trade center had stood. The building had been condemned since the attacks and was about to be torn down when workers found the bone pieces.

Charles Wolf, whose wife Katherine's remains were never recovered, said he wants an independent party to take over the remains search. He showed up at the Con Edison site after being contacted by television stations Thursday.

"We've got a problem right now," Wolf said. "Where else are we going to find them next?"

Porthole Security (WSJ)

The Wall Street Journal, October 20, 2006

President Bush signed the SAFE Ports Act into law last week, and the longshoremen's union is finding reasons to celebrate. You don't find that reassuring? Neither do we.

The October newsletter of the International Longshore and Warehouse Union is trumpeting the "major gains" the union was able to achieve, via its Democratic Congressional allies, as the final version of the bill was haggled out in conference. Among its triumphs: "An amendment by Sen. John Kerry (D., Mass.) that required a port security training and exercise program for longshore workers." Mr. Kerry made sure the ILWU was "eligible for grant money for such training," a thoughtful bequest for a union that almost invariably endorses Democrats.

But the real ILWU "victory" was its success in stripping from the final version of the bill a provision that would have barred a broad class of former felons -- including those convicted of "dishonesty, fraud and misrepresentation" -- from obtaining a port security clearance for at least seven years after their conviction. The ILWU's International President Robert McEllrath denounced the list of disqualifying offenses as "overly broad" in a response, posted on the union's Web site, to our previous editorials on this subject. He also dismisses as "an incredible leap of logic" the suggestion that such felons might be dangerously prone to colluding with terrorists trying to gain access to our ports.

In fact, links between terrorism and organized crime are the norm everywhere from Colombia to Afghanistan. Nor does it seem especially onerous to demand that American port workers meet the same basic background requirements the government imposes on airport screeners. You would think the Democratic Party would get this, seeing as its been screaming the loudest about the holes in port security. The ILWU's priorities being otherwise, however, so are theirs.

Democrats Outline Reform Plan For Federal Emergency Response (MCT)

By Maria Recio

McClatchy Newspapers, October 20, 2006

WASHINGTON - Congressional Democrats, trying to draw a stark contrast to the Bush administration's response to Hurricane Katrina, laid out recommendations Thursday for a legislative agenda that would radically change the federal response to emergencies.

Rep. Gene Taylor of Mississippi, who chairs the Democratic leadership-created Katrina Task Force and who lost his home in the hurricane last year, presented the findings, hitting hard on what he described as a need to overhaul the insurance industry.

"Number one, we have to take the antitrust exemption of the insurance industry away," Taylor said at a news conference. "No one should be above the law."

Insurers can set prices under the exemption, which dates to the 1940s.

The second priority, Taylor said as he released the report, "Katrina and Beyond," is all-perils insurance.

DOJ_NMG_0083616

With private insurers saying the hurricane damage was caused by water - which federal insurance covers - not wind - which the private insurers cover - most claims are being dismissed, Taylor said.

He said his third priority was to have some form of federal oversight. Insurers are regulated by the states. Taylor said one of his greatest frustrations as a congressman was constituents coming to him "with their policies and tears in their eyes and not be able to do anything."

The insurance companies maintain that they've paid what was owed under their polices. They say they can't be expected to cover damage for which no premiums were collected.

The task force, which Taylor chaired with Rep. Charlie Melancon, D-La., as the vice chairman, was formed to develop proposals that the Democrats hope will become a blueprint for action, especially if they take back control of the House of Representatives.

When Taylor started his remarks, he said he'd been asked to chair the task force by "Speaker Pelosi," then corrected himself to refer to "Minority Leader" Nancy Pelosi, D-Calif. He said later that a Democratic majority was something "I'd like to see happen."

"I know we'd have a better chance of passing these reforms with a Democratic majority," the Mississippi lawmaker said.

Asked how quickly legislation could move, Taylor said, "I'm a realist. On the insurance thing, we're planting the seed."

At the news conference, Taylor focused on insurance - a central issue to his constituency - but the recommendations propose radical changes in the federal response to emergencies. He stressed that they had far-reaching consequences: Fifty-three percent of Americans live in coastal communities.

The task force recommends diminishing the role of the Federal Emergency Management Agency by redirecting its responsibility for disaster recovery to agencies directly responsible for housing, transportation, education and economic development. Other recommendations include rebuilding levees to withstand a Category 5 hurricane - New Orleans' were built only for a Category 3 - and re-equipping National Guard units, which have been strained by the war in Iraq.

The report's first recommendation is that the relationship between the insurance companies and the National Flood Insurance Program be investigated. The national-flood policies are sold by the insurance companies, which determine how to resolve claims - and, Taylor charged, invariably decide to make payments from the taxpayer-backed flood-insurance plan.

The result has been a "wind vs. water" debate, in which the insurance companies decide, in the absence of eyewitness accounts, that water - not wind - caused the damage.

"Insurance company adjusters have an obvious conflict of interest when deciding whether claims should be billed to the federal flood insurance program or to the insurance companies that employ them," the report said.

The insurance companies say they've handled claims fairly and investigated each one individually.

Sen. Trent Lott, R-Miss., inserted language into the homeland security appropriations legislation just signed by President Bush that calls on the inspector general of the Homeland Security Department to investigate the conduct of insurers in deciding Katrina claims and report to Congress by April 1. Taylor had a similar version of the amendment in a different bill and supports Lott's move.

Lott also lost his coastal home in the hurricane. He and Taylor are part of the same lawsuit against State Farm Insurance Co. brought by Lott's brother-in-law, well-known lawyer Richard Scruggs, whose home also was destroyed by Katrina.

Melancon later spoke to reporters in Taylor's office via conference call.

"This is a beginning," the Louisiana lawmaker said of the findings. Like Taylor, he's looking forward to the 110th Congress, which begins Jan. 3. "What we've got here is the beginning of a way America responds to disasters."

WAR NEWS:

General: U.S. Rethinking Strategy To Secure Baghdad (AP)

The Associated Press, October 20, 2006

BAGHDAD — The U.S. military acknowledged Thursday that its two-month drive to crush insurgent and militia violence in the Iraqi capital had fallen short.

DOJ_NMG_0083617

Maj. Gen. William Caldwell, chief U.S. military spokesman in Iraq, called the raging bloodshed disheartening and said the United States is rethinking its strategy to rein in gunmen, torturers and bombers.

Caldwell's remarks came as car bombs, mortar fire and shootings around the country killed at least 66 people and wounded 175. The dead included the Anbar province police commander, slain by gunmen who burst into his home.

The military announced the deaths of three U.S. servicemembers in fighting, raising the death toll for October to 74. The month is on course to be the deadliest for U.S. forces in nearly two years.

The high death tolls this month for both Americans and Iraqis have pushed the war back into the public eye in the USA, forcing the Bush administration and the military to address difficult questions in the final weeks of the campaign season before elections Nov. 7.

Vice President Cheney said the United States is not looking for a way out of Iraq. "I know what the president thinks. I know what I think. And we're not looking for an exit strategy. We're looking for victory," he said in an interview posted on Time magazine's website.

Caldwell told reporters the U.S.-Iraqi bid to crush violence in Baghdad had not delivered the desired results. He said attacks in the capital had risen 22% in the first three weeks of the Muslim holy month of Ramadan, compared with the three previous weeks.

"Operation Together Forward has made a difference in the focus areas but has not met our overall expectations in sustaining a reduction in the level of violence," Caldwell said. He was referring to the security sweep, which began on Aug. 7 with the introduction of an additional 12,000 U.S. and Iraqi troops into Baghdad.

"The violence is indeed disheartening," he said.

Caldwell said security plans were being reviewed for the sprawling city of 6 million people, where rival Shiite and Sunni Muslims live in uneasy proximity to each other.

His assessment came amid tensions between the United States and the nearly 5-month-old government of Prime Minister Nouri al-Maliki. The prime minister ordered U.S. troops to release Mazin al-Sa'edi, a top organizer in western Baghdad for radical Shiite cleric Muqtada al-Sadr.

Caldwell said al-Sa'edi was freed after being detained Wednesday with five aides for suspected involvement in Shiite violence. Al-Sadr's Mahdi Army has been blamed for attacks and for inspiring groups to kidnap and kill Sunnis.

The newly reported U.S. deaths were a Marine and a soldier killed in Anbar province in the Sunni heartland west of Baghdad and another soldier who died in a roadside bombing near Balad.

"When there's more presence (of U.S. troops), there's more chance" of casualties, said Maj. Ken Slover of the 172nd Stryker Brigade, operating in Baghdad.

General Says Mission In Baghdad Falls Short (WP)

By John Ward Anderson

The Washington Post, October 20, 2006

BAGHDAD, Oct. 19 -- A two-month U.S.-Iraqi military operation to stem sectarian bloodshed and insurgent attacks in Baghdad has failed to reduce the violence, which has surged 22 percent in the capital in the last three weeks, much of it in areas where the military has focused its efforts, a senior U.S. military spokesman said Thursday.

The assessment by Army Maj. Gen. William B. Caldwell IV followed a 43 percent spike in attacks on U.S. and Iraqi forces in the capital since midsummer that has pushed U.S. military fatalities to their highest rates in more than a year. The military reported that three soldiers were killed in Anbar province west of Baghdad on Wednesday, bringing the number of U.S troops killed so far this month to 74.

Caldwell's appraisal of the Baghdad campaign known as Operation Together Forward was in stark contrast to reviews during the opening weeks. At that time, U.S. military leaders said the deployment of 12,000 additional U.S. troops in Baghdad's most violent neighborhoods was significantly improving security for residents.

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The operation "has not met our overall expectations of sustaining a reduction in the levels of violence," Caldwell said Thursday at a weekly news briefing. Violence has risen in the areas where the U.S.-Iraqi operation has focused, because of counterattacks, he said.

"We're finding insurgent elements, the extremists, are pushing back hard. They're trying to get back into those areas" where Iraqi and U.S. forces have targeted them, he said. "We're constantly going back in and doing clearing operations."

Under the program, joint U.S.-Iraqi teams of soldiers and police entered dangerous Baghdad neighborhoods and used aggressive tactics to try to secure them, engaging with fighters, searching door-to-door and patrolling the streets. Teams then moved on to the next sector, leaving behind a fixed force that attempted to ensure gunmen would not return. The goal of the program was also to restore basic services such as trash collection.

Now, Caldwell said, "we are working very closely with the government of Iraq to determine how best to refocus our efforts. . . . It's clear that the conditions under which we started are probably not the same today. And so it does require some modifications of the plan."

Attacks on police and military units continued in many parts of Iraq on Thursday. Coordinated suicide car and truck bombings and mortar attacks on several police facilities and two U.S. patrols in the northern city of Mosul killed at least 12 Iraqis and wounded 30, local police and hospital officials said. There were no reports of U.S. casualties.

Later in Kirkuk, about 150 miles north of Baghdad, a suicide car bomber targeted a group of soldiers and civilians lined up outside a bank to cash their paychecks before the start of the Muslim holiday of Eid al-Fitr this week. The explosion killed 12 people and injured about 70. Three people were killed in a suicide car blast at a checkpoint west of Kirkuk early Thursday night.

In Baghdad, at least 19 people were killed and 31 injured in mortar attacks, suicide bombings and roadside bombings. News services reported at least 23 other killings Thursday in violence scattered around the country.

There are about 68,000 U.S. and Iraqi troops in Baghdad, and about 15,400 troops are taking part in Operation Together Forward. The campaign was launched in early August in response to attacks that were claiming as many as 100 lives a day in the capital. In September, 2,667 Iraqis were killed in Baghdad, according to the Iraqi Health Ministry.

Without providing exact statistics, Caldwell said attacks had surged during the Muslim holy month of Ramadan. The four weeks of fasting end in a few days with the beginning of the three-day festival of Eid al-Fitr. But Caldwell said the increase in attacks on U.S. forces also reflected the fact that more forces are patrolling Baghdad because of Operation Together Forward. The timing of the violence was also linked to the upcoming midterm elections in the United States, he said.

"The enemy knows that killing innocent people and Americans will garner headlines and create a sense of frustration," he said.

Caldwell said Iraqi Prime Minister Nouri al-Maliki has adopted Operation Together Forward as "the model which he is trying to take to clear the city of the violence and extremism." But the campaign is under intense counterattack, he said, because "if you want to in fact discredit the government and show they have an inability to bring security and safety to the city, you would in fact target the focus areas. We think that's exactly why it's occurring."

Maliki, who heads a government led by Shiite Muslim religious parties, has come under criticism recently for not doing enough to curb sectarian violence, particularly reining in the Mahdi Army, the militia controlled by popular Shiite cleric Moqtada al-Sadr. The force has been accused of slaughtering Sunni Arabs and forcing tens of thousand of them to flee their homes.

Caldwell also said that on Wednesday, at Maliki's behest, the U.S. military freed a Sadr official, Mazin al-Saidy, who had been detained the day before by U.S. forces in Baghdad on suspicion of being a member of the Mahdi Army and involvement in the killings of numerous Sunnis.

Caldwell said he did not know why Maliki had intervened to have Saidy released, but said it was not for the United States to "second-guess him."

"He is the prime minister of this nation, and . . . if he makes that decision, he has a lot of other information which we probably are not privy to," Caldwell said.

He said that as a condition of his release, Saidy signed a statement "promising to support the government of Iraq and disavow future acts of violence."

Washington Post correspondents in Mosul, Kirkuk and Baqubah contributed to this report.

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U.S. Says Violence In Baghdad Rises, Foiling Campaign (NYT)

By John F. Burns

The New York Times, October 20, 2006

BAGHDAD, Iraq, Oct. 19 — The United States military command in Iraq acknowledged on Thursday that its 12-week-old campaign to win back control of Baghdad from sectarian death squads and insurgents had failed to reduce violence across the city. A spokesman for the command said intensive discussions were under way between American and Iraqi officials on ways to "refocus" the effort, which American officials have placed at the heart of their war strategy.

In one of the most somber assessments of the war by American commanders, a statement read by the spokesman, Maj. Gen. William B. Caldwell IV, said the campaign had been marked by increasing attacks on American troops and a spike in combat deaths. Attacks soared by 22 percent, he said, during the first three weeks of Ramadan, the holy month now nearing its end. With three new combat deaths announced on Thursday, the number of American troops who have lost their lives in October rose to 73, representing one of the sharpest surges in military casualties in the past two years.

General Caldwell said American troops were being forced to return to neighborhoods, like Dora in southwestern Baghdad, that they had sealed off and cleared as part of the security campaign because "extremists" fighting back had sent sectarian violence soaring there. The security plan sent heavy deployments of American troops into troubled neighborhoods, reversing the previous policy, which was to allow Iraqi troops to police the capital.

"The violence is indeed disheartening," General Caldwell said. While the sweeps have contained violence in some areas, over all, he said, the campaign to gain control of the city "has not met our overall expectations of sustaining a reduction in the levels of violence." As a result, he said, "We are working very closely with the government of Iraq to determine how to best refocus our efforts."

President Bush, who ordered the rearrangement of troops to begin the campaign, is now left with only a handful of tough and politically unattractive options. [News analysis, Page A10.]

The general's remarks, unusual for their candor and unvarnished portrayal of bad news, appeared to mark a new setback for the American military effort. Stark new videotape broadcast on Thursday by Al Jazeera from Ramadi, an insurgent stronghold 80 miles west of Baghdad, showed heavily armed insurgents taking over a busy city street in broad daylight to celebrate the proclamation by their leaders of an Islamic state in wide areas of Iraq's Sunni heartland. There was no sign of any attempt to intervene by the heavy concentration of American and Iraqi troops in the city. The Iraqi government said the demonstrators fled after 15 minutes.

The insurgents' ability to strike across wide areas of the country was demonstrated anew on Thursday in the northern oil city of Mosul, when suicide bombers attacked a police station and an American convoy, killing at least 22 people and wounding dozens more, mostly civilians, a hospital official said.

In the city of Diyala, 40 miles north of Baghdad, a bomb near a market killed 10 people and injured 20 others, an Interior Ministry official said. In Baghdad, the police reported the discovery of 27 bodies on Thursday.

The American command's statement on the faltering campaign signified a new and jarring stage in 18 months of efforts to bring peace to Baghdad, with one military plan succeeding another, and none achieving more than a temporary decline in the violence that has made Baghdad the most bloody theater of the war. Senior officers have spoken of the campaign in "make or break" terms, saying that there would be little hope of prevailing in the wider war if the bid to retake Baghdad's streets failed.

General Caldwell gave little hint of what changes the American command might make in the Baghdad operation. Other senior American military officials who have discussed the Baghdad operation with reporters in recent days have suggested that they have no fundamental reworking of the plan in mind; rather, they say, they plan to continue with it for many months, adjusting as conditions dictate.

Across Baghdad, as in other troubled areas of Iraq that American forces have tried to "clear and hold," military officials have struggled to deal with insurgents simply melting away, only to return stronger after the offensives wound down. Commanders say the challenge will be not only to clear and hold, but also to "build," meaning that the cleared areas, with Iraqi policing after the troops withdraw, will benefit from infrastructure investment as part of a plan to cut the militants' support.

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General Caldwell suggested that the increased American troop presence had acted as a spur to the surge in attacks. The general said the Iraq insurgents were aiming at affecting American public opinion in an election year.

"It's no coincidence that the surge in attacks against coalition forces and the subsequent increase in U.S. casualties coincide with our increased presence in the streets of Baghdad and the run-up to the American midterm elections," the general said. "The enemy knows that killing innocent people and Americans will garner headlines and create a sense of frustration."

A hint that changes in the Baghdad operation were afoot came three weeks ago, when the neighborhood sweeps were halted with large areas of the city untouched, including strongholds of Sunni and Shiite militants like Mansour, in western Baghdad, and Sadr City in the east. Last week, Mr. Bush told reporters he was open to modifying the approach in Iraq "if it's not working." Gen. George W. Casey Jr., the top American commander in Iraq, made similar comments.

The American military has said that it has committed 15,600 troops to the operation — compared with 9,600 from the Iraqi Army — with 30,000 Iraqi policemen serving in support roles. American troops have led the 95,000 house searches conducted in the campaign, and General Caldwell said that their visibility had been accompanied by a shift in the pattern of insurgent attacks, with a sharp rise in strikes against American troops and attacks on civilian targets staying more or less constant.

"We find the insurgent elements, the extremists, are in fact punching back hard," he said. "They're trying to get back into those areas," the general said. "We're constantly going back in and doing clearing operations again."

Perhaps the most striking element in the news conference was General Caldwell's candor. Although American commanders have struck a generally sober tone in the past year, they have been careful not to hint in public at the increasingly gloomy view that some, at least, have taken in private. In recent weeks, some senior officers have voiced growing exasperation at background briefings for reporters, particularly when discussing the ineffectiveness, dithering and corruption, as they have termed it, in the government of Prime Minister Nuri Kamal al-Maliki, and the prime minister's failure to act effectively on his pledge to rein in the Shiite militias that American commanders now see as the main source of instability.

General Caldwell came to the Baghdad spokesman's job after commanding the 82nd Airborne Division in its relief efforts after Hurricane Katrina last year, and he has struck a generally upbeat tone in his briefings since arriving here this spring. But on Thursday, he appeared unusually subdued. He waved off a question suggesting that the situation in Baghdad had similarities to the period of the 1968 Tet offensive in Vietnam, saying, "We're getting far beyond my realm to start making analogies to the Vietnam War."

Then he added: "But I can tell you that we're obviously very concerned about what we're seeing in the city. We're taking a lot of time to go back and look at the whole Baghdad security plan."

He went on: "Everything stays very dynamic in this type of environment, and it's clear that the conditions under which we started are probably not the same today. And so it does require some modifications of the plan."

American commanders who have discussed the Baghdad operation with reporters in recent days have spoken of having limited options as they seek for ways to make the campaign more effective. One is to increase the number of Iraqi troops deployed to the sweeps. Of six Iraqi battalions that were promised when the operation began, these commanders said, only two have been deployed. The commanders also noted that assessments of the operation might improve after November, when a phase of the plan involving economic reconstruction in the "cleared" areas would begin.

The strategy known as "clear, hold and build" is loosely patterned on a similar effort in Vietnam after the Tet offensive, which was credited with helping turn the tide in that war against the Communist insurgents in the early 1970's, before the withdrawal of American troops and a cutoff in Congressional financing for the war hastened the final Communist victory. American commanders in Iraq say that the Baghdad campaign has so far covered only the "clear" and "hold" phases, and that the rebuilding of infrastructure in cleared Baghdad neighborhoods, especially restoring electricity, sewage and clinics, could help win popular support that would aid in tracking down the death squads and insurgents.

Security Operation Yields No Reduction In Baghdad Violence (LAT)

By Louise Roug

The Los Angeles Times, October 20, 2006

DOJ_NMG_0083621

BAGHDAD — The top U.S. military spokesman in Iraq acknowledged Thursday that a much-touted security crackdown by American and Iraqi forces had failed to reduce violence in the Iraqi capital and called the results "disheartening."

With attacks in Baghdad having increased by 22 percent during the past three weeks, Maj. Gen. William B. Caldwell IV said military planners might have to go back to the drawing board.

"We're obviously very concerned about what we're seeing in the city," Caldwell said. "We're taking a lot of time to go back and look at the whole Baghdad security plan. We're asking ourselves if the conditions under which it was first devised and planned still exist today, or have the conditions changed and therefore a modification to that plan needs to be made."

Despite the joint operation, launched in June, sectarian violence between Sunni Arabs and Shiites continues unabated, Caldwell said, and insurgents are targeting American troops.

Caldwell said at least 73 U.S. troops have been killed so far this month, putting October on track to be the bloodiest month for American forces since the battle of Fallujah in 2004.

The U.S. military announced the death of a Marine on Thursday and two American soldiers Wednesday. Tuesday, 10 American troops were killed.

Seven suicide attackers struck across northern Iraq on Thursday, targeting American and Iraqi troops as well as civilians. The attacks killed at least 20 Iraqis and wounded 80 others. Elsewhere, at least 16 other Iraqis died in various attacks.

Most of the U.S. deaths this month have taken place in the capital, where troops had stepped up patrols as part of Operation Together Forward.

In August, Gen. George W. Casey ordered the extended deployment of about 4,000 troops from the 172nd Stryker Brigade, moving a total of about 12,000 additional Iraqi and American troops on to the streets to conduct house-to-house searches and disarm Sunni Arab insurgents and Shiite militias.

That month, U.S. Ambassador Zalmay Khalilzad said the offensive would "go a long ways toward determining the future of Iraq and the future of the Middle East."

Despite the thousands of heavily armored American troops, the bloodshed has continued unabated

In September alone, the Iraqi Health Ministry reported that more than 2,660 civilians were killed in Baghdad.

Privately, U.S. officers say Shiite militias -- some affiliated with Iraqi government security forces -- are responsible for most of the attacks against U.S. troops as well as on Sunni civilians. But commanders on the ground often find themselves stymied when going after Shiite militias, especially those affiliated with anti-American cleric Muqtada al-Sadr, whose political bloc controls 30 seats in parliament.

Earlier in the week, Prime Minister Nouri al-Maliki, a Shiite, ordered the release of Sheikh Mazen Saedi, a leading member of al-Sadr's organization, who had been arrested by U.S. troops on suspicion of "illegal activity," Caldwell confirmed Thursday. He did not specify what crimes Saedi was suspected of committing.

Al-Maliki relies on al-Sadr's support and has on other occasions stepped in to protect al-Sadr's group.

Adding to the problem is that the Shiite-dominated Iraqi security forces have been riddled with problems ranging from militia infiltration to a heavy casualty rate. Of 312,000 trained Iraqi security forces, 8,000 have been illed and an additional 16,000 wounded.

While Baghdad is the center of violence, rebels continue to attack across the nation.

In Mosul on Thursday, six car bombers blew themselves up near U.S. convoys and Iraqi police stations in a barrage of coordinated attacks that killed at least 10 Iraqis and wounded 20 others, officials said. In response to the flare-up of violence, local authorities closed all entrances to the city and imposed a curfew.

In the ethnically mixed city of Kirkuk, a suicide car bomber detonated a load of explosives outside a bank, killing 10 people and wounding 60 others, according to local authorities. Another bomb exploded close to a convoy carrying a local police commander, who survived the attack. A third bomb in the city hit a police patrol, injuring three officers, authorities said.

Three people were killed in various assassinations in Basra, and rockets were fired at British bases in the southern city as well as its airport, according to police. Black-clad Shiite militiamen swarmed the oil-rich city of Amara, all but taking over the town amid clashes spurred by the killing of the provincial head of intelligence a day earlier and the retaliatory kidnapping of a militia's leader's brother.

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In Baghdad, at least nine people were killed or found dead in various bombings and assassinations Thursday. Just south of the capital, gunmen opened fire on former oil minister and Washington insider Ahmed Chalabi's motorcade as he returned from a funeral in Najaf. One of his bodyguards was injured, police said.

US Army Concedes Failure In Baghdad (FT)

By Demetri Sevastopulo And Steve Negus

Financial Times, October 20, 2006

American and Iraqi efforts to improve security in Baghdad have failed to reduce bloodshed in the increasingly violent Iraqi capital, the senior US military spokesman in Iraq acknowledged on Thursday.

In an uncharacteristically gloomy admission, Major General William Caldwell said the recent surge in violence was "disheartening". He said US and Iraqi forces would have to "refocus" security measures. The review was demanded by General George Casey, who commands the 140,000 US troops in Iraq.

Gen Caldwell did not specify how security methods might be refocused, but the unusually grim assessment seems in part intended to put pressure on Iraqi Prime Minister Nouri al-Maliki to take political steps that US officers have long said need to accompany military operations.

"In Baghdad, Operation Together Forward [launched in August to curb violence in the capital] has made a difference in the focus areas but has not met our overall expectations in sustaining a reduction in the level of violence," Gen Caldwell told reporters.

At its launch, Operation Together Forward was to deploy more than 20,000 Iraqi security forces – including army and police – plus more than 7,000 coalition forces to tighten security in the capital. In July, General John Abizaid, the top US commander in the Middle East, told US senators that reducing violence in Baghdad was the key to avoiding a full-scale civil war. Since those comments, the level of violence in Iraq, and Baghdad in particular, has continued to rise.

So far in October, 72 US troops – including a soldier killed in fighting near Balad on Thursday – and hundreds of Iraqis have been killed. Gen Caldwell said attacks on US and Iraqi forces in Baghdad shot up 22 per cent in the first three weeks of Ramadan, the Muslim holy month.

The increasingly pessimistic assessments from Iraq come as Republicans in Congress grow anxious that the Iraq war is going to cost them control of one, or both, houses of Congress in next month's elections.

While the Bush administration insists that progress is being made in Iraq, privately they are frustrated with the apparent inability of the government of Mr Maliki to help clamp down on some of the sectarian killing perpetrated by death squads and Shia militias associated with members of the governing coalition.

Mr Bush on Wednesday made a comparison between Iraq and the Vietnam War when he said Thomas Friedman, a New York Times columnist, "could be right" in writing that the violent situation in Iraq was the "jihadist equivalent" of the Tet offensive, which helped increase public opposition to that war. But a White House spokeswoman said Mr Bush was only trying to make the point that "the enemy is trying to affect the psyche of Americans".

The US military wants Mr Maliki to stop protecting radical Shia groups such as the Mahdi Army militia loyal to cleric Moqtada al-Sadr. In a virtually unprecedented criticism of the Iraqi leadership, Gen Caldwell said US forces had been forced to release Sadrist organiser Mazin al-Sa'edi on Wednesday, one day after his arrest on suspicion of involvement in violence, at the prime minister's request.

Mr Maliki told USA Today that he had blocked a US proposal to conduct a large-scale operation against the Mahdi Army, saying the government did not intend to disarm militias until the end of this year.

U.S. Faces Iraq Crossroads (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, October 20, 2006

In yet another effort to secure Baghdad, President Bush stood next to visiting Iraqi Prime Minister Nouri al-Maliki in July and announced plans to shift thousands of additional American forces to Iraq's capital.

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With American and Iraqi deaths rising since then, the strategy's apparent failure to stem the violence is forcing the Bush administration to weigh a host of unpalatable choices -- and leaving the White House and Pentagon with a dwindling amount of time to decide what to do next.

Shortly after next month's U.S. midterm elections, a bipartisan commission headed by former Secretary of State James Baker III will present the administration with recommendations for altering U.S. policy in Iraq. If the administration opts to maintain U.S. troop levels, it will have to decide early next year whether to change longstanding Pentagon policy to allow deployment of National Guard and Army Reserve troops for a second stint in Iraq.

The military is also in the midst of a re-evaluation of its Iraq strategy. Earlier this month, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, asked each of the armed services to send their best commanders with Iraq experience to the Pentagon for 60 days to generate options for how the U.S. might shift its counterinsurgency strategy.

The pressure to change course in Iraq will grow stronger if Democrats regain one or both chambers of Congress. More than 60% of Americans regard the war in Iraq as a mistake, and Democrats have promised to subpoena the Pentagon for clearer statistics about the situation in Iraq if they retake either the House or Senate. They say they would use control of the nation's purse strings to force the administration to re-evaluate its Iraq policy.

The upshot is the administration's vow to maintain its course of action in Iraq appears untenable in the face of the rising death toll and the war's mounting unpopularity among Americans.

"It's just not enough to say 'stay the course,'" says Rep. Bob Inglis, a South Carolina Republican. "It's very important to lean on the Iraqi leadership and get them to establish reasonable security so we can give them their country back. The longer they take, the more they risk losing American public support and congressional support."

Mr. Inglis, who visited Iraq in mid-August, said American policy makers also have to rethink their definition of victory. "The main objective has to be American security, not whether we're accomplishing something for the Iraqi people," he says.

Rep. Chris Shays, a Connecticut Republican locked in a re-election battle, says the strategy "is failing," and the White House should set a time line for U.S. withdrawal as a way of spurring the Maliki government to make the political compromises that could help stem sectarian violence.

"The president is sending the wrong message; there have to be deadlines," Mr. Shays says.

Senior military officials, such as Gen. John Abizaid, the top commander in the Middle East, until recently have said the U.S. wouldn't know until December whether the strategy to secure Baghdad is working. But commanders are now acknowledging the approach is failing to make much of an impact.

In a briefing to reporters yesterday, the U.S. command in Iraq said attacks in Baghdad had risen 22% during the first weeks of the Muslim holy month of Ramadan despite thousands more U.S. and Iraqi forces in the city. Maj. Gen. William Caldwell, chief U.S. military spokesman there, said commanders are working with the Iraqi government to "refocus" security measures. October has been an especially bloody month for U.S. forces, with 10 soldiers killed Tuesday -- the most single-day fatalities since January 2005 -- and 73 American troops killed overall.

One of the most wrenching questions for the military is how long it can keep 140,000 troops in Iraq and an additional 20,000 in Afghanistan. The repeated deployments of active-duty personnel have put them under such pressure that senior military officials say they will likely have to make even greater use of the National Guard and Army Reserve to sustain the force levels.

At their peak, about 50,000 Guard and Reserve forces were in Iraq, accounting for about 40% of the total force at that time, military officials say. Guard and Reserve forces now account for about 12% of U.S. troops in Iraq, according a Pentagon spokeswoman. Senior Army officers have already begun asking the Bush administration to consider changing policy to let them call up larger numbers of Guardsmen and Reservists.

At issue are Pentagon policies that limit Reserve and Guard forces to 24 months of cumulative active duty. Most Guardsmen and Reservists who have served in Iraq and Afghanistan already have spent 18 months on active duty and can't be called up again for either of those two conflicts unless the rules are changed, because a deployment lasts more than six months.

Any move to send reserve forces involuntarily back to either Iraq or Afghanistan would be deeply unpopular politically.

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Elected officials from both parties also say it is dangerous for states to have so many of their Guard troops -- traditionally used in disaster-response and homeland-security roles -- deployed to the war zones.

Oregon Gov. Ted Kulongoski, a Democrat, says having so many of his state's forces overseas is limiting his ability to respond to natural disasters. "We need our National Guard home in case of an emergency," he says.

Surge In Military Deaths Weighs On Families (USAT)

By Dan Reed And Gregg Zoroya

USA Today, October 20, 2006

FORT HOOD, Texas — The memorial service here Thursday included a ceremonial roll call for those killed in action during September and the first few days of October. Sgt. Maj. Michael Gartland called out 18 names of the dead.

The only response was the weeping of families and friends who came to the chapel to honor the loved ones they lost.

Ten more soldiers based here died this month during fighting in which U.S. forces have joined Iraqi soldiers to try to quell sectarian violence in and around Baghdad.

Their names will be read in a roll call in November.

The surge in combat deaths this week has left military families dreading more bad news. Perhaps nowhere is this more keenly felt than here, at the nation's largest Army installation.

“It's not about the total numbers,” Army Col. Richard Francey, said after the ceremony Thursday. “It's about each and every one of these soldiers. These are real people, not numbers.”

The 4th Infantry Division based here is close to coming home after a year in Iraq. A small number have already returned. But as most continue to fight insurgents and sectarian death squads, casualties mount.

“I can cry at the thought that it's so close to him coming home that it's just ripping my heart to pieces,” says Diann Dunne, whose son, Staff Sgt. Kevin Dunne, 26, is with the 4th Infantry in Baghdad.

Each new loss leaves families wondering whether a casualty officer will come knocking.

“This community is emotionally exhausted,” says Joyce Raezer, an executive with the National Military Family Association who has been visiting the base.

The division has lost 119 soldiers this tour, exceeding the 81 deaths incurred during the unit's first tour in Iraq in 2003-04.

One woman leaving the memorial service Thursday is the wife of Capt. Jonathan Bodenhamer, who is still serving in Iraq.

“To be honest with you, we're just hanging on now,” said Gailo Bodenhamer. “(We're) just hoping no one else is hurt in these last weeks before they get home.”

As 4th Infantry Division families pray for safe returns, Fort Hood's other unit — the 1st Armored Cavalry Division — is beginning to deploy to Iraq.

“It's been a rough week here,” Raezer says. “My sense is that families here are very tired and that the stress is wearing on them.”

She says the deaths in Iraq have been the “topic of conversation” at Fort Hood.

Says Francey, “I'll never be able to bring their stress levels down until we bring their family members home.”

The anxiety isn't unique to Fort Hood. It's felt across the USA, among families with loved ones in the National Guard and Reserves, and at military bases from coast to coast. Those who often feel it most are the children whose mothers or fathers are deployed.

“There can be increased irritability, sleep problems and more pronounced separation anxiety” among the children of soldiers, says William Saltzman, a clinical psychologist who has worked with Marine Corps families at Camp Pendleton in California.

Adding to the strain, Raezer says, are fears that the demands of war will suddenly require deployments to be extended. That's happened to two Army brigades this month, including the 172nd Stryker Brigade based in Alaska.

Families of soldiers in that unit were preparing welcome-home celebrations for early August when word arrived that the unit was going to Baghdad for four more months of combat. Five soldiers have since died.

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"They've been through a tremendous amount. The Army asks some extraordinary things of these soldiers and their families. But the Army's also doing extraordinary things to help them," says Maj. Kirk Gohlke, a spokesman for the brigade. "The spike in violence? Yes, they're aware of it. But for crying out loud, they're used to shocks."

Preparations are again underway for a homecoming. Still, Tamara Bell — whose husband, Staff Sgt. Edward Bell, is with the brigade — is skeptical.

"I'm kind of going, 'Yeah, whatever,' " she says. "I don't believe the military. I don't believe the generals, I don't believe the political leaders."

Major Change Expected In Strategy For Iraq War (WP)

By Michael Abramowitz And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, October 20, 2006

The growing doubts among GOP lawmakers about the administration's Iraq strategy, coupled with the prospect of Democratic wins in next month's midterm elections, will soon force the Bush administration to abandon its open-ended commitment to the war, according to lawmakers in both parties, foreign policy experts and others involved in policymaking.

Senior figures in both parties are coming to the conclusion that the Bush administration will be unable to achieve its goal of a stable, democratic Iraq within a politically feasible time frame. Agitation is growing in Congress for alternatives to the administration's strategy of keeping Iraq in one piece and getting its security forces up and running while 140,000 U.S. troops try to keep a lid on rapidly spreading sectarian violence.

On the campaign trail, Democratic candidates are hammering Republican candidates for backing a failed Iraq policy, and GOP defense of the war is growing muted. A new NBC-Wall Street Journal poll released this week showed that voters are more confident in Democrats' ability to handle the Iraq war than the Republicans' -- a reversal from the last election.

Few officials in either party are talking about an immediate pullout of U.S. combat troops. But interest appears to be growing in several broad ideas. One would be some kind of effort to divide the country along regional lines. Another, favored by many Democrats, is a gradual withdrawal of troops over a set period of time. A third would be a dramatic scaling-back of U.S. ambitions in Iraq, giving up on democracy and focusing only on stability.

Many senior Republicans with close ties to the administration also believe that essential to a successful strategy in Iraq are an aggressive new diplomatic initiative to secure a Middle East peace settlement and a new effort to engage Iraq's neighbors, such as Syria and Iran, in helping stabilize the country -- perhaps through an international conference.

One point on which adherents of these sharply different approaches appear to agree is that "staying the course" is fast becoming a dead letter. "I don't believe that we can continue based on an open-ended, unconditional presence," said Sen. Olympia J. Snowe, a centrist Maine Republican. "I don't think there's any question about that, that there will be a change" in the U.S. strategy in Iraq after next month's elections.

Richard N. Haass, a former Bush administration foreign policy official, told reporters yesterday that the situation is reaching a "tipping point" both in Iraq and in U.S. politics. "More of essentially the same is going to be a policy that very few people are going to be able to support," said Haass, now the president of the Council on Foreign Relations. He added that the administration's current Iraq strategy "has virtually no chance of succeeding" and predicted that "change will come."

Many Senate Republicans are waiting for the recommendations of the Iraq Study Group, a bipartisan panel co-chaired by former secretary of state James A. Baker III, a Republican, and former Indiana congressman Lee H. Hamilton, a Democrat. Both Baker and Hamilton have made it clear that they do not see the administration's current Iraq policy as working -- though they do not plan to issue recommendations until well after the midterm elections, probably in early January.

Many foreign policy experts believe that the commission could sway President Bush more than most such study groups because of Baker's close ties to the Bush family.

In an interview this week, Hamilton said there is no "silver bullet" to turning the situation around in Iraq but noted that frustration is clearly rising over the current course. "I can't walk out the door without someone handing me a recommendation," he said.

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Sen. John E. Sununu (R-N.H.), a member of the Foreign Relations Committee, said he is open to "significant changes" in the U.S. approach and is hoping the Iraq Study Group can supply them. "I don't think anyone in the administration is pleased about the current state of affairs," he said. "I would hope that members of the administration are willing to learn from past mistakes . . . and choose a different path that would allow us to meet our objectives."

How open Bush will be to a change in course is unclear, even as the violence escalates -- this week has been one of the bloodiest for Americans in Baghdad in months. In recent remarks about Iraq, Bush has sounded a more flexible tone, saying he is open to suggestions for changes and emphasizing that his commanders adjust tactics constantly. He has repeatedly made it clear that U.S. patience with the new Iraqi government is not open-ended.

White House officials describe the current turmoil over Iraq policy in Washington as an expected byproduct of the upsurge in violence. Press secretary Tony Snow yesterday dismissed a dramatic about-face in policy -- such as a division of the country or phased withdrawal -- as a "non-starter" and called the idea that the White House will seek a course correction in Iraq "a bunch of hooey."

Bush has been adamant that the United States will not withdraw its troops until the Iraqi government can defend itself.

Like many who have met with the president in recent months to discuss Iraq policy, author and military expert Robert Kaplan said he detected clear limits to Bush's flexibility. "He seemed genuinely to enjoy the challenges to his policy that we threw at him," Kaplan said, describing a session Bush held with several outside strategists at Camp David in June. "He wasn't at all defensive. He appeared open to any new direction or tactic, except withdrawal, and yet that is what he might be faced with after November."

Along with the political debate, there also is growing frustration inside the U.S. military over Iraq, with some officers debating privately whether the situation there is salvageable. In recent weeks, senior military officers have offered a torrent of negative comments, a sharp contrast to the official optimism of the past three years.

"We're obviously very concerned about what we're seeing" in Baghdad, Army Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said yesterday. He indicated that changes to a plan to restore security to the capital are being considered. "We find the insurgent elements, the extremists, are in fact punching back hard," Caldwell said.

In recent days, the demand for change on Iraq has been especially notable from inside the president's party: Sen. John W. Warner (R-Va.), the chairman of the Armed Services Committee, returned from a trip to Iraq saying that country was adrift and all options should be considered. Sen. Kay Bailey Hutchison, a conservative Republican from Texas, said this week that she is willing to consider the wisdom of somehow breaking up Iraq.

Until now, Democrats' calls for withdrawing troops have been largely irrelevant, but if Democrats take one or both houses of Congress next month, their views could become significant in shaping strategy.

Sen. Carl M. Levin (D-Mich.), who would take over the chairmanship of the Armed Services Committee, said he favors beginning a phased withdrawal of U.S. troops that "gives the Iraqis notice that they're going to be looking into the abyss" unless they make necessary changes.

One version of this option was presented to House Democrats last month by former national security adviser Zbigniew Brzezinski, who outlined a four-step plan that would include a joint declaration by the U.S. and Iraqi governments on a timeline for the departure of U.S. troops, a follow-up international conference on stabilizing Iraq and a greater focus on economic reconstruction.

Rep. Steny H. Hoyer (D-Md.), who is campaigning to become the new majority leader should Democrats take power, said many in his caucus like the idea behind the Brzezinski plan, though perhaps not all the specifics. "The Iraqis have to understand that there is a time frame," he said. "Our commitment is substantial, but it is not unending."

People familiar with the work of the Iraq Study Group say it is also mulling a variant of the gradual withdrawal idea that would move U.S. troops out of Iraq but leave a residual force in the region to keep the violence from spreading and Iraq's neighbors from meddling.

Another idea getting a closer look is a new power-sharing agreement that would give more power to autonomous regions -- Kurdish in the north, Sunni in the middle and Shiite in the south -- while weakening the central government. This idea is most closely identified with Sen. Joseph R. Biden Jr. (Del.), the senior Democrat on the Foreign Relations Committee, and Leslie H.

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Gelb, a former president of the Council on Foreign Relations. Because there is no oil in what would be the Sunni-controlled area, Biden and Gelb envision some sort of scheme to share oil revenue with the Sunnis to get them to agree to such a plan.

Biden said yesterday that if the Democrats win big in next month's elections, "You have a lot of Republicans who are going to openly join Democrats and will push back hard against the president."

Bush Faces A Battery Of Ugly Choices On War (NYT)

By David E. Sanger And David S. Cloud

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — The acknowledgment by the United States Army spokesman in Iraq that the latest plan to secure Baghdad has faltered leaves President Bush with some of the ugliest choices he has yet faced in the war.

He can once again order a rearrangement of American forces inside the country, as he did in August, when American commanders declared that newly trained Iraqi forces would "clear and hold" neighborhoods with backup support from redeployed American forces. That strategy collapsed within a month, frequently forcing the Americans to take the lead, making them prime targets.

There is no assurance, though, that another redeployment of those forces will reduce the casualty rate, which has been unusually high in recent weeks, senior military and administration officials say. The toll comes just before midterm elections, in which even many of his own party have given up arguing that progress is being made or that the killing will soon slow.

Or Mr. Bush can reassess the strategy itself, perhaps listening to those advisers — including some members of the bipartisan Iraq Study Group, the advisory commission charged with coming up with new strategies for Iraq — who say that he needs to redefine the "victory" that he again on Thursday declared was his goal.

One official providing advice to the president noted on Thursday that while Mr. Bush still insists his goal is an Iraq that "can govern itself, sustain itself and defend itself," he has already dropped most references to creating a flourishing democracy in the heart of the Middle East.

Or, he could take the advice of Senator John McCain, the Arizona Republican who is expected to run to replace him in two years, who argues in favor of pouring more troops into Iraq, an option one senior administration official said recently might make sense but could "cause the bottom to fall out" of public support.

But whatever choices he makes — probably not until after the Nov. 7 election, and perhaps not until the bipartisan group issues its report — they will be forced by a series of events, in Iraq and at home, that now seems largely out of Mr. Bush's control, in Iraq and at home.

Every day, administration and Pentagon officials fume — privately, to avoid the ire of the White House — about frustrations with Iraq's prime minister, Nuri Kamal al-Maliki, for not confronting the country's Shiite militias, meaning that there is no end to the daily cycle of attack and reprisals. Mr. Bush finds himself increasingly unable to make a convincing argument that, behind the daily toll in American lives, the Maliki government is making measurable progress, or even that the problems in Iraq are subject to a military solution.

It is a vexing quandary that military experts say they doubt that any study group — even the blue-ribbon group assembled under former Secretary of State James A. Baker III and former Representative Lee H. Hamilton of Indiana — can cut its way through.

At the Pentagon, several examinations of the current approach in Iraq are under way, including an effort ordered by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff. He has asked the Army and the other services to identify officers who have recently returned from Iraq and to ask them to offer their views to the joint staff about whether adjustments in tactics or strategy are necessary, two military officials said.

"We are not able to project sufficient coalition and Iraqi forces to properly execute the strategy" of clearing, holding and rebuilding Baghdad and other areas of insurgents and hostile militias, said another veteran, retired Gen. Jack Keane, a former Army vice chief of staff. "General Pace is doing the right thing by reassessing our entire strategy."

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Mr. Bush says his resolve to win is unshaken. But a few of his aides were wondering aloud why Mr. Bush, asked to respond to a column by Thomas L. Friedman in The New York Times that compared the Ramadan attacks in Iraq to the 1968 Tet offensive, said the comparison "could be right."

"There's certainly a stepped up level of violence, and we're heading into an election," he told George Stephanopoulos of ABC News on Wednesday. "George, my gut tells me that they have all along been trying to inflict enough damage that we would leave."

For now there is no talk of leaving. But there is plenty of talk about pulling back.

"The Iraq situation is not winnable in any real sense of the word 'winnable,' " Richard N. Haass, the former chief of the policy planning operations in the State Department during Mr. Bush's first term, told reporters on Thursday. Privately, Pentagon strategists and some administration officials note that President Bush has talked often in recent months of changing his tactics, but not his strategy.

"Tactics are something you can turn on a dime," said Richard L. Armitage, the former deputy secretary of state, and an Army veteran with close ties to the military. "Strategy takes time, and that's the question. Do we have time for a new strategy?"

While members of the Iraq Strategy Group are cagey about the recommendations they are drafting, several say that Mr. Baker — who is in regular contact with Mr. Bush — is seeking to move away from Mr. Bush's strategy of withdrawing Americans when the Iraqis are ready to replace them and toward one that sets a schedule.

"Jim's problem is that he wants a way to make clear to Maliki that we're leaving, but without signaling to the Shia and the Sunni that if they bide their time, they can battle it out for Iraq," said one longtime national security expert who recently testified in front of the study group. "How do you do that? Got me."

Then there is the recurring question whether a new strategy requires the exit of Defense Secretary Donald H. Rumsfeld.

Privately some Republicans say that the combination of a poor showing in next month's midterm elections and the worsening violence could ultimately force Mr. Rumsfeld's departure. Pentagon aides say Mr. Rumsfeld is not planning on going anywhere. "He serves at the pleasure of the president and has no intention to step down," said Eric Ruff, the Pentagon press secretary. And, officially, the White House says it has no intention of changing its strategy, either. Only its tactics.

White House Nixes Partitioning Iraq (AP)

By Terence Hunt

The Associated Press, October 19, 2006

Awaiting the recommendations of a commission exploring U.S. options in Iraq, the White House on Thursday emphatically ruled out some proposals to end the long and unpopular war.

Presidential spokesman Tony Snow said a suggestion to divide Iraq into Sunni, Shiite and Kurdish regions, each with high degrees of autonomy, was a "nonstarter." Similarly, he said a phased withdrawal of American troops — perhaps by 5 percent every two months — also was a "nonstarter."

"You withdraw when you win," Snow said. "Phased withdrawal is a way of saying, `Regardless of what the conditions are on the ground, we're going to get out of Dodge.' "

Vice President Dick Cheney said the United States was not looking for a way out of Iraq. "I know what the president thinks. I know what I think. And we're not looking for an exit strategy. We're looking for victory," Cheney said in an interview posted on Time magazine's Web site Thursday.

The notions of partitioning Iraq and withdrawing troops have been floated recently as a blue-ribbon commission headed by former Secretary of State James A. Baker III searches for a bipartisan approach. Baker has said there are alternatives other than "stay the course and cut and run."

Among other ideas, the panel is considering whether to set a timetable for withdrawal and whether to solicit help from Iran and Syria to stop the fighting, according to Leon Panetta, a member of the advisory group and one-time chief of staff for former President Clinton. Panetta says no decisions have been made.

The commission's work has been portrayed by some as a way of providing political cover for Bush to change course and scale down the U.S. role, which has cost the lives of at least 2,785 members of the U.S. military since the beginning of the war in

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March 2003. In October alone, more than 70 American troops have been killed, putting the month on course to be the bloodiest for U.S. forces in nearly two years.

Cheney, in the interview, acknowledged he was mistaken when he said nearly 17 months ago that the insurgency in Iraq was in its last throes. "I thought we were over the hump in terms of violence — I think that was premature," he said. He said he thought Iraq's elections would have created a different environment. "And it hasn't happened yet."

Snow said Bush would take the commission's recommendations seriously but that they were simply advisory suggestions. The White House has said Bush would not feel bound by the group's proposals, which are not due to be released until after the November elections.

The White House also tried to clarify Bush's remarks Wednesday when he said the surge of violence in Iraq "could be" comparable to the 1968 Tet offensive that prompted Americans to lose support for the Vietnam War.

"The president was making a point that he's made before, which is that terrorists try to exploit pictures and try to use the media as conduits for influencing public opinion in the United States," Snow said.

Acknowledging that the Tet offensive "was successful from a propaganda point of view," Snow said the violence in Iraq would not have the same result.

"The important thing to remember is, the president's determined it's not going to happen with Iraq because you have a president who is determined to win," he said. "And the strategy is a threefold strategy that involves security, economics and political reconciliation, working with the Iraqis. And we'll continue to make adjustments as necessary to pursue victory."

"But the one thing that nobody should have any doubt about is that we're going win," Snow said.

He agreed that the Tet offensive had become shorthand for the point at which the Vietnam War changed course but, again, said there was no parallel with Iraq.

"We do not think that there's been a flipover point," Snow said. "But more importantly, from the standpoint of the government and the standpoint of this administration, we are going to continue pursuing victory aggressively."

White House Rejects Iraq Partition Plan (WT)

By Joseph Curl

The Washington Times, October 20, 2006

The White House yesterday rejected partitioning Iraq into three sections based on ethnicity and religion and took issue with reports that President Bush now views the 3-1/2-year-old Iraq war as similar to the war in Vietnam.

With leaks from the Iraq Study Group (ISG), headed by former Secretary of State James A. Baker III, swirling around Washington, press secretary Tony Snow moved to distance Mr. Bush from a few alternative proposals.

"We've thought about partition, for a series of reasons," but Mr. Bush has categorically rejected the idea of breaking Iraq into regions, Mr. Snow said in reply to questions about an article in The Washington Times.

Under such a plan, the nation would be divided into Sunni, Shi'ite and Kurdish regions, each enjoying near autonomy, with a central government handling defense, foreign policy and oil production.

Still, the spokesman left some wiggle room.

"Ideas like partition had been studied. What you're talking now about are tactical adjustments that may be made along the way. And I'm not saying yes and I'm not saying no because I don't know. What you end up doing, again, is you respond to the people on the ground," he said.

While the ISG's report on recommendations is not expected until after the Nov. 7 elections, leaks show that several proposals have been discussed, including partitioning and a phased withdrawal of U.S. troops.

But Mr. Snow yesterday dismissed an article in The Washington Times about a coming "course correction" on war strategy in Iraq.

"That's a bunch of hooey. I mean, it seems to be a collection of actually old hooey brought into a piece of new hooey. So, I mean, you get -- I don't know where that came from, but it didn't come from the White House," he said.

The article in fact quoted several administration members and supporters describing the present situation in Iraq as unsatisfactory and then identified some alternative approaches, listing their pros and cons.

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Among them was the idea of partitioning Iraq, which the spokesman described as a "non-starter."

Another proposal that has been floated in advance of the ISG's report is a phased withdrawal, pulling 5 percent of U.S. troops out every two months. Mr. Snow also rejected that notion.

"You don't -- you withdraw when you win. Phased withdrawal is a way of saying, regardless of what the conditions are on the ground, we're going to get out of Dodge," he said.

The White House also took issue with reports that Mr. Bush now views Iraq as another Vietnam, saying his answer during an ABC News interview was narrowly tailored and referred only to propaganda efforts by insurgents.

The president was asked by George Stephanopoulos on Wednesday if he agreed with an opinion piece by New York Times columnist Thomas Friedman that the violence in Iraq is "the jihadist equivalent of the Tet offensive."

"He could be right," Mr. Bush said. "There's certainly a stepped-up level of violence, and we're heading into an election."

But after news outlets reported that the president had compared Iraq to Vietnam, the White House sought to set the record straight.

"The president was making a point that he's made before, which is that terrorists try to exploit pictures and try to use the media as conduits for influencing public opinion in the United States," Mr. Snow said.

"It is possible, although we don't have a clear pathway into the minds of terrorists, it is possible that they are trying to use violence right now as a way of influencing the elections."

The Tet Offensive, which began Jan. 30, 1968, is widely considered the turning point of the Vietnam War. Although U.S. and South Vietnamese forces repulsed the Northern troops with huge losses, the breadth and power of the offensive caused deep doubts in the American public about the prospects for eventual victory.

Support for the war quickly deteriorated, and President Johnson, who saw his popularity plummet, withdrew as a candidate for re-election in March of 1968.

Plan B (WSJ)

By Eliot A. Cohen

The Wall Street Journal, October 20, 2006

That the Iraq war is, if not a failure, failing, requires little demonstration. By all measures -- but above all, the sheer insecurity of daily life in Baghdad -- things have been getting worse, not better. Yes, there are islands of security and stability, particularly in the Kurdish north; but the communal violence between Sunni and Shia has gotten worse. The Iraqi army has improved, but the police, consigned to secondary relevance by the U.S., are penetrated by militias. Iranian influence spreads, and Iranian-designed and -manufactured improvised explosive devices inflict higher tolls on American troops. With an eye to the forthcoming American elections, the enemy is ratcheting up the violence, and successfully.

It will be important in future years to settle whether the Iraq war was the right idea badly executed, an enterprise doomed to disappoint, or simply folly. There will be individuals to be held accountable (not all of whom have been in the crosshairs of journalists and partisans), and institutions whose shortcomings require not only soul-searching but reform. That's for later. The question now is, what should we do?

The current course -- Plan A -- involves an open-ended commitment of some 130,000 or 140,000 soldiers, with temporary surges during periods of crisis. Its theory of victory seems to be that American support, nagging and cajoling can eventually bring the Iraqi security forces to maturity and gradually hand over responsibility to a democratically constituted, unitary Iraqi government. It is difficult to believe that the U.S. Army and Marine Corps -- filled with soldiers now doing their second or third tour in Iraq, including soldiers whose participation is enforced by "stop-loss" orders that keep them beyond their enlistments -- can sustain this indefinitely. The hairline cracks in the armed forces are there, and growing for those willing to see them. Public support for the war is dwindling, and most importantly, we are not only making no progress: Things are actively getting worse. So what are the alternatives?

• Getting by with help from your enemies. It is bruited about in Washington that the Iraq Study Group, a collection of worthies commissioned by Congress that has spent several days in Iraq, chiefly in the Green Zone, will recommend turning to Iran and Syria to, in effect, bail out the U.S. To think that either state, with remarkable records of violence, duplicity and hostility to the U.S.,

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will rescue us bespeaks a certain willful blindness. And to think that the Sunni states of the Arab world, much less Iraq's Sunni population, would welcome such a deal is more incredible yet. Syria is, as the Lebanon war and its earlier defense treaty with Iran demonstrated, now a client state of Iran. This option would in effect mean conceding dominance in the northern Gulf to that country; it would pave the way for more wars, and in no way guarantee us a clean exit.

• Wash your hands. Simple withdrawal, with or without a timetable and surely under fire -- although American forces could probably cope with that -- would have the disadvantages of the first option, without the putative benefits. Iraq would almost surely become even more violent, with massacres of scores or even hundreds being replaced by massacres of thousands, and various regional powers straining to secure their own buffers and clients.

• Double your bets. Conversely, the U.S. could react by reasserting its strength in Iraq -- sending an additional 30,000 or 40,000 troops to secure Baghdad and its environs, and making a far more strenuous effort than it has thus far to take control of the civilian ministries that are now merely fronts for political parties and their militias. But could American public opinion sustain this? More importantly, where would the soldiers come from? And has the strain on Iraqis' sense of national identity become so great that those institutions could be built?

• Hunker down and let the fires burn. The U.S. military, at its current strength or something less, could, conceivably, simply retreat to its forward operating bases, do its best to train a neutral and effective military and police force, and allow communal violence to take its course. Over time, new demographic realities would emerge, as Sunnis and Shiites separate into different neighborhoods, while some minorities -- Christians, most notably -- simply flee the country. But would there be anything left once the massacres had stopped? And would they stop?

• Back to counterinsurgency. One school has it that the U.S. should never have engaged directly in combat with Iraqi insurgents. Instead, it should have focused overwhelmingly on the training mission, retaining only enough combat units to rescue Iraqi forces (and their U.S. advisers) if they get in over their heads. To some extent this is already going on; but some have suggested much more radical reductions in the U.S. presence, down to 40,000 or 50,000 soldiers. The question is whether the levels of violence are so high, and the competence of the Iraqi forces so limited, that this has a chance of success. And what would be Plan C if it were to fail?

• - Let the generals have it. The Iraqi government is incompetent. Its ministries are viewed not as national institutions but as the playthings of competing parties and their bands of thugs. Yet Iraqi nationalism is real, and it is found where nationalism often is -- in the armed forces. A junta of military modernizers might be the only hope of a country whose democratic culture is weak, whose politicians are either corrupt or incapable. But what would then become of the American goal of democratization? And could the generals suppress the militias that have backing from abroad, and support in local communities?

• - Break it up. This option would have us concede the end of Iraq as a nation state. The precedents in the Middle East -- with the exceptions of Egypt and Iran, a collection of artificial entities produced by the highly fallible imaginations of British and French diplomats at the end of World War I -- are chilling. Presumably, population transfers on a large scale would be needed, although the problem of multiconfessional Baghdad would be particularly difficult. But it is hard to imagine that a formally independent Kurdistan would last long in the face of the hostility of all of its neighbors, or that the oil-deprived and landlocked Sunni state of western Iraq would be tranquil, or that the southern Shiastan would be able to resist Iranian penetration.

All of the options for Plan B are either wretched to contemplate or based on fantasy; the most plausible (the sixth option, a coup which we quietly endorse) would involve a substantial repast of crow that this administration will be deeply unwilling to eat. But it is not only the administration that can, and should, feel uncomfortable about the choices that lie ahead.

An honest debate about Iraq policy will require of all who participate in it to acknowledge some unpleasant facts. We must all admit, for example, that the enemy (or rather, enemies, of us and of one another) exercises a vote. We have not yet had a Tet offensive, but the experience of Hezbollah in the Lebanon war may well encourage the Shiite militias, particularly those influenced by Iran, to try something like it. Iran's influence is great, and will become greater. There will be considerable bloodshed ahead, but our choices, though they may not make it better, could make it a lot worse.

American prestige has taken a hard knock; it will probably take a harder knock, and in ways that will not be restored without a considerable and successful use of American military power down the road. The tides of Sunni salafism and Iran's distinct combination of messianism and power politics have not crested, and will not crest without much greater violence in which we

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too will be engaged. Whether it be the Islamization of the Israeli-Palestinian conflict, the subversion of conservative regimes by salafist movements, or the continuing radicalization of European Muslims, the Long War, as the administration calls it, will be even longer, and more difficult, than anyone might have thought.

It is folly to think we can win in Iraq the way some of us thought possible in 2003. It would be even greater folly to think that by getting out, learning our lessons, and licking our wounds we can save ourselves from considerable danger, expense, effort and loss in what remains a protracted and global conflict with mortal enemies.

Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins University's School of Advanced International Studies.

Top US General Says Rumsfeld Is Inspired By God (AFP)

AFP, October 20, 2006

The top US general defended the leadership of Defense Secretary Donald Rumsfeld, saying it is inspired by God.

"He leads in a way that the good Lord tells him is best for our country," said Marine General Peter Pace, chairman of the Joint Chiefs of Staff.

Rumsfeld is "a man whose patriotism focus, energy, drive, is exceeded by no one else I know ... quite simply, he works harder than anybody else in our building," Pace said at a ceremony at the Southern Command (Southcom) in Miami.

Rumsfeld has faced a storm of criticism and calls for his resignation, largely over his handling of the Iraq war.

But he got a strong show of support from the military establishment at Thursday's ceremony, where Navy Admiral James Stavridis took over Southcom's command from General Bantz Craddock.

"He comes to work everyday with a single-minded focus to make this country safe," said Stavridis who was a senior aide to Rumsfeld before taking on the Southcom job.

"We're lucky as a nation that he continues to serve with such passion and such integrity and such determination and such brilliance," said Stavridis, 51.

As head of Southcom, Stavridis will be responsible for military cooperation with Latin American countries, and will be in charge of the Guantanamo US military base in Cuba where more than 400 "war on terror" detainees are being held.

Craddock, who was named supreme commander of allied forces in Europe, hailed the role Southcom has played.

"Today I believe that we can say we were successful in our efforts and contributed to ensuring our nation's security through support on the global war on terror, and encouraged regional cooperation to enhance the security and stability in the region," he said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 20, 2006

Casey's tenure

Defense Secretary Donald H. Rumsfeld is said to be fully satisfied with the performance of Army Gen. George Casey in Iraq. The four-star general is trying to defeat an amalgam of enemies — al Qaeda, Saddam Hussein loyalists, rejectionists, criminal gangs, Shi'ite death squads and militias — that may be America's toughest foe in history.

The question asked in Pentagon corridors is what's next for Gen. Casey? Defense sources say the door is open if he wants another four-star post.

Three three-star Army generals are often mentioned inside the Pentagon's E-ring as replacements: Peter Chiarelli, the top tactical commander in Iraq; Martin Dempsey, who heads the critical task of training and equipping the Iraqi Security Forces (ISF); and David Petraeus, Gen. Dempsey's predecessor who commands the Combined Arms Center at Fort Leavenworth, Kan.

Gen. Petraeus would be a likely front-runner. Mr. Rumsfeld admired his work getting the ISF on its feet. He has overseen the writing of a new counterinsurgency field manual, so he knows the Iraq mission, cover to cover.

A military officer says don't look for Gen. Casey to transfer any time soon.

Military votes

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Sen. Conrad Burns, Montana Republican, has had to bust up the Pentagon furniture to persuade it to fully adopt the integrated voting alternative site, or IVAS. It is a secure connection whereby a deployed person can download an absentee ballot from his or her county election board and mail it in. It greatly cuts the time to complete and mail in a ballot, meaning more service members should be able to beat their local election board's deadline to vote.

Mr. Burns blocked several Defense Department nominations until he thought the bureaucrats were finally adopting IVAS, as called for in Congress' 2004 defense budget.

There is an independent report that backs Mr. Burns' stance. "Successful outcomes from either the current [Federal Voter Assistance Program] or the continued IVAS effort are questionable at this point," said the August report by a military officer.

It said that after the 2004 election, the Pentagon dropped IVAS altogether. It did not restart it until the 2006 defense bill authorized it and then Mr. Burns raised concerns.

Citing "significant friction," the report also said the Pentagon's voter assistance office and the IVAS developer did not get along.

Deterring North Korea

Defense Secretary Donald H. Rumsfeld warned North Korea this week not to transfer nuclear weapons to any "non-state" entity and suggested that doing so would lead to an attack on the Pyongyang regime.

Asked after a speech at Maxwell Air Force Base, Ala., about nuclear deterrence against rogue states, Mr. Rumsfeld noted that "the world is different" today than during the Cold War.

"If you have countries that are nuclear countries and one of two things happens: They transfer those capabilities, their illegal capabilities, to non-state entities, terrorist organizations of one type or another, or they're led by somebody who has a martyr complex and believes that it's OK to have great catastrophic events occur in the world, in those cases, standard deterrents don't work," he said Wednesday.

Mr. Rumsfeld said that since North Korea's nuclear test Oct. 9, the president has said "that were a nuclear country to transfer nuclear capabilities to a non-state entity, that they would be held fully accountable for that."

He did not elaborate, but the phrase "held fully accountable" has been used in the past by U.S. leaders to threaten massive retaliation.

A CIA report to Congress last year stated that "we remain concerned about North Korea's potential for exporting nuclear materials or technology," noting that in 2003 a North Korean official threatened privately to export nuclear weapons.

Casualty count

One of the military services has seen a reduction in deaths, but it has little to do with battlefields in Afghanistan or Iraq.

The Air Force has been on a campaign to cut down on accidents during what it calls the "101 Critical Days of Summer" between Memorial Day and Labor Day. In a message to the force, it reports that 18 airmen lost their lives in accidents during that span, most of them in automobile accidents.

"Due to increased participation in outdoor activities, many of which are inherently risky, this period has historically been one of the most costly in terms of fatal mishaps," the message said.

But the total was 11 fewer than a year ago and 40 percent below the five-year average.

"This is a big step toward achieving our goal of zero mishaps, but the work toward keeping ourselves and our fellow airmen safe is never done," the message says.

Mobile coms

General Dynamics Corp. has come up with the perfect communications network to fit the lighter, faster Army that Defense Secretary Donald H. Rumsfeld wants.

The system is called WIN-T. If installed, it would give Army combat brigades unprecedented access to satellite communications and intelligence information while on the move. Currently, such advanced communications can be set up only by stationary troops, according to documents on the program.

But an industry official says the Army, while pleased with the tests, has not reached a decision on buying WIN-Ts with its $10 billion price tag.

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An example of how WIN-T (Warfighter Information Network-Tactical) would work: An intelligence analyst in the United States might send information to an individual Stryker armored vehicle patrolling the streets of Mosul, Iraq, and link the two to a soldier on foot.

• Bill Gertz and Rowan Scarborough are Pentagon reporters. Mr. Gertz can be reached at 202/636-3274 or by e-mail at bgertz@washingtontimes.com. Mr. Scarborough can be reached at 202/636-3208 or by e-mail at rscarborough@washingtontimes.com.

Planted News Reports Were Legal, Report Says (USAT/AP)

By Pauline Jelinek

USA Today, October 20, 2006

WASHINGTON — A U.S. military propaganda program used in Iraq was legal under the rules for psychological operations, a Pentagon investigation has concluded.

A classified Defense Department inspector general's report says regulations were followed when the military paid to have favorable stories about coalition forces planted in Iraqi newspapers, according to the unclassified executive summary of the report obtained Thursday by the Associated Press.

The summary says psychological operations "contribute to achieving the … commander's objectives." They are aimed at conveying "selected, truthful information to foreign audiences to influence their emotions and ultimately the behavior of governments."

Senate Armed Services Committee Chairman John Warner, R-Va., and committee member Edward Kennedy, D-Mass., had complained that planting stories could set a bad example in a country where the United States was trying to establish democracy and a free press. Kennedy requested the inspector general's investigation.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also recommended a review of the practice.

The inspector general's office completed the report Oct. 6. It was being redacted so an unclassified version could be released publicly. A copy was forwarded to Kennedy.

Kennedy said the report shows that the Pentagon can't account for millions of dollars it paid the Lincoln Group public relations firm for the program and that contracting rules were not followed. "Broader policy questions remain about whether the administration's manipulation of the news in Iraq contradicts our goal of a free and independent press there," he said.

The inspector general looked at three contracts awarded to the Lincoln Group from October 2004 through last month.

Defense Secretary Donald Rumsfeld has said the military must use "non-traditional means" to get its message out in the face of widespread disinformation campaigns by insurgents.

Pentagon Audit Clears Propaganda Effort (NYT)

By Mark Mazzetti

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — An American military propaganda campaign that planted favorable news articles in the Iraqi news media did not violate laws or Pentagon regulations, but it was not properly supervised by military officials in Baghdad, an audit by the Pentagon Inspector General has concluded.

The report said that the secret program, run by the military in conjunction with the Lincoln Group, a Washington contractor, was lawful and that it did not constitute a "covert action" designed to influence the internal political conditions of another country.

By law, only intelligence operatives, not the military, are authorized to carry out covert actions, and the government is authorized to deny publicly any knowledge of these activities.

But the audit concluded that military officials in Baghdad violated federal contracting guidelines by failing to keep adequate records about the Lincoln Group's first propaganda contract — for $10.4 million, signed in September 2004.

A copy of the report's executive summary was released by the inspector general's office on Thursday, and other unclassified materials elaborating on its findings were provided to The New York Times by other government officials in response to a request.

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The report found that contract officers "did not retain adequate documentation to verify expenditures," nor did they keep records about whether the contract went through the normal procedures for competitive bidding.

As a result, the report concluded, the inspector general could not determine whether the contract was properly awarded. Since that contract has expired, however, the inspector general did not recommend any punishment for the violations.

Since winning its first "strategic communications" contract in 2004, the Lincoln Group has secured more than 20 contracts from the Pentagon worth tens of millions of dollars.

The company came under scrutiny late last year when news reports disclosed that Lincoln Group employees were working with the military to write favorable news articles about American operations in Iraq.

Under the terms of the contract, members of a military information operations task force would write summaries of news events and editorials, called storyboards, which Lincoln Group employees would translate into Arabic and pay Iraqi newspapers to publish.

The inspector general's report concluded that the Lincoln Group successfully placed hundreds of these articles in the Iraqi news media.

Despite criticism of the operation from within the Pentagon and from lawmakers on Capitol Hill, a military investigation in Iraq completed this year found that the propaganda program was not in violation of Pentagon policy.

In recent months, the Lincoln Group has won a string of new contracts for work both in Iraq and Afghanistan. Last month, the company was awarded a two-year, $12.4 million contract to monitor English and Arabic news outlets for military officials in Baghdad and to produce talking points and public relations material for American commanders there.

A statement from the company released on Thursday said that the Lincoln Group's work is performed "ethically and effectively" and that the company "continues to win contracts because of the firm's performance in hostile and challenging environments."

Senator Edward M. Kennedy, Democrat of Massachusetts, said in a statement on Thursday that the inspector general's report "shows that the Pentagon cannot account for millions paid to the Lincoln Group for their propaganda program."

"Broader policy questions remain about whether the administration's manipulation of the news in Iraq contradicts our goal of a free and independent media there," said Mr. Kennedy, who had requested the inspector general's investigation.

Judge: American Can Be Transferred To Iraq For Execution (NYT/AP)

By The Associated Press

The New York Times, October 20, 2006

WASHINGTON (AP) -- An American citizen facing a death sentence in Iraq lost a court challenge Thursday that would have prohibited the military from turning him over to Iraqi authorities.

Mohammad Munaf was convicted and sentenced to death by an Iraqi judge last week on charges he helped in the 2005 kidnapping of three Romanian journalists in Baghdad.

Munaf, who was born in Iraq and became an American citizen in 2000, sought an emergency order blocking U.S. military officials from turning him over to Iraq. He claimed his trial was flawed and his confession was coerced.

Those would normally be grounds for American citizens to challenge their imprisonment. But U.S. District Judge Royce Lamberth said he had no authority to intervene because Munaf was being held by coalition military forces, not by the U.S. military alone.

That distinction, adopted by the U.S. government, is at the heart of a legal fight over the fate of American citizens being held in Iraq. Critics say it is disingenuous because the prisons Munaf and others are being held in are operated by the U.S. military.

"In time of actual hostilities or war, as in Iraq, courts should tread lightly and give the president, as commander in chief, the full power of his office," Lamberth wrote.

Munaf's defense team wanted Lamberth to block the transfer at least temporarily, while an appeals court considers the similar case of Shawqi Omar, an American citizen accused of being a top Al-Qaida lieutenant in Iraq.

Munaf's lawyer said he would continue trying to block his client's transfer. Lawyers could appeal the case to the same court considering Omar's case.

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"It's an unprecedented and unjustified ruling that sends an American citizen that's been tortured in U.S. custody to death after a sham Iraqi proceeding," lawyer Jonathan Hafetz said.

Judge Dismisses Bid To Elude Iraq (WT)

By Jerry Seper

The Washington Times, October 20, 2006

A federal judge yesterday turned down an emergency motion by attorneys for an Iraqi-born U.S. citizen to prevent the U.S. military from surrendering the translator and convicted kidnapper to Iraqi officials to face the death penalty.

U.S. District Judge Royce C. Lamberth in Washington rejected arguments by Mohammad Munaf that an Iraqi trial violated his due process protection as a U.S. citizen, ruling that Munaf is in the custody of a multinational entity and cannot invoke the U.S. court's jurisdiction.

Munaf's attorneys had sought a writ of habeas corpus -- an order to bring their client to the courtroom to determine whether he was lawfully imprisoned or should be released -- to stop his transfer to Iraq, where he faces execution.

Judge Lamberth said, "No court in our country's history ... has ever found habeas corpus jurisdiction over a multinational force comprised of the United States acting jointly with its allies overseas."

The ruling strikes at the heart of arguments by several detainees who have challenged the multinational designation as incorrect, saying the prisons where they are being held are operated by the U.S. military.

Munaf was convicted and sentenced to death last week by an Iraqi judge in the March 2005 kidnapping and detention of three Romanian journalists in Iraq, who were held for 55 days before their release. His attorneys argued that their client was never confronted with the evidence against him and was prevented from presenting exculpatory evidence.

A naturalized U.S. citizen since 2000, Munaf worked as a translator and guide for the journalists at the time of their kidnapping and was accused of assisting in the plot. The kidnapping was orchestrated by a group that called itself the "Muadh Ibn Jabal Brigade," and demanded a ransom and Romanian troop withdrawal from Iraq.

The journalists' release was secured by a raid by military troops under the command of Multi-National Force-Iraq.

Judge Lamberth called the MNF-I "a coalition authority" operating with the power of the United Nations to detain prisoners who pose a threat to security in Iraq.

Since the raid, Munaf has been detained by MNF-I troops at Camp Cropper, a military installation located at Baghdad International Airport.

Judge Lamberth said in the ruling that Munaf appeared Oct. 12 before a three-judge trial panel in Iraq to face kidnapping charges under the Iraqi Penal Code and was accompanied by his Iraqi counsel. The judge said Munaf had the opportunity to "submit any evidence or bring any witnesses" but only reiterated his position that he was innocent and that a prior confession was coerced.

The judge also said that although Munaf claimed two U.S. military officers attended the hearing, including an American general "who told the judge in open court that the defendants should all be convicted and sentenced to death," there was no evidence to support the claim.

General's Comment No Help To Blair (WT)

By Al Webb

The Washington Times, October 20, 2006

LONDON -- A top general's retreat from a call for an early exit from Iraq has done little to ease the damage to Prime Minister Tony Blair, with public pressure building for the early withdrawal of British troops.

Former Foreign Secretary Malcolm Rifkind of the opposition Conservative Party announced he was putting together a multiparty group of lawmakers to demand a full-day debate on Iraq.

"It is a disgrace that the House of Commons has not been allowed a full debate on Iraq since 2004," Mr. Rifkind said.

House leader Jack Straw, who previously served as Mr. Blair's foreign secretary, has rejected requests for an Iraq debate.

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Gen. Richard Dannatt, the British army's chief of the general staff since August, said in a newspaper interview last week that British forces should "get ourselves out sometime soon," warning that "we are in a Muslim country, and Muslims' views of foreigners in their country are quite clear."

Gen. Dannatt backed down a day later by saying that the words "sometime soon" meant two to three years, and that he and Mr. Blair share the same views.

An opinion poll indicates that nearly three-quarters of Britons think the general got it right the first time.

The survey in London's Sunday Express newspaper indicated that 74 percent of Britons agreed with the general's assessment that the time to get out was "sometime soon."

The poll also showed that 71 percent thought Gen. Dannatt was right in asserting that the continuing presence of British troops was worsening the security crisis.

Mr. Blair insists that there is not a "cigarette paper" of difference between himself and Gen. Dannatt, and that British forc es will stay as long as it takes to finish the job of pacification and democratization of Iraq. Left unsaid was exactly how long either thought that would take.

It is the general's use of the phrase "sometime soon" that has triggered the latest wave of fear that Britain is caught up with the United States in an unfolding disaster.

John McDonnell, who has said he intends to run for the leadership of the ruling Labor Party when Mr. Blair steps down as prime minister within the next year, called for a timetable to be set within the next week to withdraw Britain's forces.

"In the name of reason and humanity," Mr. McDonnell said, "the government must act and bring forward an exit strategy," adding that "the government appears to be paralyzed by indecision on this."

Conservative Party leader David Cameron, the favorite in political polls to become prime minister in Britain's next general election, has remained silent over the explosive issue, but his defense spokesman, Liam Fox, told reporters that British troo ps "could not remain [in Iraq] for an indefinite time."

Also lining up against the prime minister is Menzies Campbell, leader of the smaller opposition Liberal Democrat Party.

Mr. Campbell said that the Blair government, which named Gen. Dannatt chief of the general staff, "has got an overwhelming obligation to listen to what he has to say."

"If the military are now voicing these concerns, we can't ignore them. I think we now need a clear exit strategy," said Geraldine Smith, a Labor member of Parliament. "We are in a position where we could possibly be doing more harm than good by being there."

Mr. Blair is adamant that British forces will remain in Iraq and Afghanistan as long as necessary.

At his monthly press conference Tuesday, he said, "If we walk away before the job is done ... we will leave a situation in which the very people we are fighting everywhere, including the extremism in our own country, are heightened and emboldened, and we can't afford to let that happen."

Our Small Defense Budget (WSJ)

The Wall Street Journal, October 20, 2006

Congress recently passed a record defense-spending bill for 2007, and critics lost no time adding it to their list of woes caused by the Iraq war. The real story is more interesting: to wit, how relatively little the U.S. now spends on national secur ity, notwithstanding a war on terror and especially compared with previous periods of global conflict.

It's true that overall defense outlays for fiscal year 2007 are on track to surpass -- in dollars adjusted for inflation -- defense spending at the height of the Vietnam War. It's also true that defense spending has already increased by some 40% since 2001, when President Bush came to office. War opponents cite such figures to suggest that the Iraq campaign is too great a burden, and is sucking up funds better spent on domestic programs.

Less talked about is that the $528 billion spent on national defense in fiscal 2006, which ended on September 30, equaled only 4% of U.S. gross domestic product. Historically, that level is far more in line with peacetime military spending. Many Americans might be surprised to learn that current U.S. defense spending isn't all that much above the 3% sh are of GDP that prevailed from 1999-2001 and was a postwar World War II low.

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The top chart nearby tracks defense spending as a share of the economy since 1940, when it was 1.7% before the mass mobilization of World War II. It reached a postwar high of 14.2% in 1953 during the Korean War, 9.5% in 1968 at the height of Vietnam, and 6.2% in 1986 at the peak of the Reagan re-armament that showed the Soviets they couldn't win the Cold War. Defense spending then took an especially rapid plunge from 4.8% in 1992, falling to 3% by the end of the 1990s. Some of this "peace dividend" was warranted after the Berlin Wall fell, but letting the security budget fall so far is also one of the ways in which the Clinton era was a holiday from global history.

This huge defense drawdown is also the real story behind President Clinton's ballyhooed deficit reduction. The GOP Congress gets some credit for slowing the rate of growth in domestic spending in the mid-1990s. But nearly all of the decline in government spending in the Clinton years came from defense. Only toward the end of the 1990s did the GOP Congress begin to agitate for modest defense increases, which Mr. Clinton accommodated in return for more spending on his own domestic priorities.

Sooner or later this trend had to stop, and it did with the jolt of September 11. President Bush needed to find more resources to fight the war on terror, and he has done so by increasing defense spending by a full percentage-point of GDP over his six years in office. More than half of the fiscal 2006 budget deficit of 1.9% of GDP can thus be attributed solely to this rebuilding of American defenses after the Clinton drawdown.

Today's relatively modest defense buildup is also apparent if you look at defense spending as a share of all federal outlays. (See lower chart.) Nearly half (46%) of all tax dollars went to national security during Vietnam, and 28.1% as recently as 1987. But spending for the war on terror, including Iraq and Afghanistan, has only lifted defense to 19.8% of all federal spending today. We have less to spend on guns because we are spending so much more than we once did on the rest of government, especially health care.

In retrospect, Mr. Bush missed a historic opportunity after 9/11 to ask government to spend less on non-essential programs so it could spend more on security. Instead, overall federal spending grew by nearly 50% in Mr. Bush's first five years, as he allowed Congress to spend more on just about everything. At least Mr. Bush avoided the trap of asking for a tax increase, which would have slowed the economic growth that we have seen throw off record amounts of revenue in the past two years, and thus fund spending on both guns and butter (or, too often, pork).

The larger point is that America remains a long way from a state of "imperial overstretch," as critics of an assertive foreign policy like to put it. U.S. defense spending remains at modest levels, probably too modest given the threats we face and the overseas deployments by our servicemen and women. In addition to hot wars in the Middle East and against terrorism everywhere, the U.S. must maintain its air and sealift capacity to deploy to other regions if needed. Weapons built during the Reagan era must be upgraded or replaced, and the Pentagon will also have to invest in new technologies to deter any future enemies. And all of these priorities must compete with the ever-larger share of the defense budget consumed by health care and salaries for the volunteer force.

Our own judgment is that the U.S. is going to have to increase defense spending to meet these challenges, and that the time to begin such a debate is now.

CORPORATE SCANDALS:

Rambus Says Misdated Options Will Result In Large Charge (WSJ)

The Wall Street Journal, October 20, 2006

Rambus Corp. said an internal investigation found that a "significant number" of stock-option grants awarded since 1996 weren't correctly dated or accounted for. It plans to take over $200 million in compensation charges to correct for the errors.

MORE ON OPTIONS

- KLA Chairman, Sapient CEO Quit1
- Options Scorecard: Companies under scrutiny2
- Perfect Payday: Complete coverage3

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The Los Altos, Calif., chip-technology company said the vast majority of incorrectly dated grants, both in terms of number of shares of common stock and financial accounting impact, occurred between 1998 and 2001. Rambus had previously said it had discovered errors in its grants and expected to take a material charge to correct them. In August, Rambus announced the resignation of Geoff Tate, chief executive of Rambus from 1990 through 2005, from its board amid questions about past options practices.

Rambus said its independent investigation, performed by Heller Ehrman LLP as independent legal counsel and outside accounting firm Ernst & Young LLP, has taken over four months and consisted of a review of over 200 stock-option granting actions. The review looked at 1.5 million emails and other documents, and involved over 50 interviews with executive officers, directors, employees and advisers.

The findings at Rambus come as other companies are releasing results of their internal reports. With a harsh spotlight shining on compensation practices, companies have been scrambling to wrap up internal options probes and make related adjustments to their books before they file their reports with the Securities and Exchange Commission.

In all, more than 100 companies are under investigation for options backdating, and more than 30 executives and directors have lost their jobs in connection with internal and federal probes. Options represent the right to buy a stock at a set price. Backdated options allow recipients a jump-start on profits by pretending the options were granted when the share price was lower.

Due to the options investigation, Rambus didn't release its third-quarter earnings today, although it did release revenue figures. Revenue for the third quarter was $45.9 million, up 28% over the third quarter last year and down 6% from the previous quarter.

How Did UnitedHealth's McGuire Get Same Options Twice? (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, October 20, 2006

Investors and the public heaped scorn on William McGuire this week for his role in apparent stock-options backdating at UnitedHealth Group Inc. But his thorniest legal problems could stem from a 1999 transaction in which backdating played only a minor role.

In the transaction, according to a report prepared by outside lawyers commissioned by UnitedHealth directors, Dr. McGuire and other employees were able to effectively get the same options twice, at favorable prices, while skirting disclosure requirements and potentially violating accounting rules. For Dr. McGuire alone, the extra options are now valued at $250 million. Just as troublesome for Dr. McGuire, the report concluded that it's unclear whether directors ever intended to give Dr. McGuire such a generous deal.

Dr. McGuire's role in implementing the transaction is amply documented. The lawyers probing UnitedHealth found a 1999 memo from Dr. McGuire to directors in which he initiated the arrangement. He also told the investigators that it was structured as it was in part to avoid having to reprice the options, which would have unpleasant accounting consequences, according to a person familiar with the matter. That would cause a drag on earnings. (See an article1 on the company's third-quarter earnings.)

But UnitedHealth's outside lawyers believe that the accounting treatment was nonetheless improper. That will likely require UnitedHealth to take substantial charges, and it may expose Dr. McGuire or others to allegations of accounting misdeeds.

Dr. McGuire, the longtime chief executive of UnitedHealth, stepped down as chairman of the giant Minnetonka, Minn.-based insurer Sunday, and he will leave his post as chief executive by Dec. 1. The moves follow an internal investigation by the law firm of Wilmer Cutler Pickering Hale & Dorr, released in a report on Sunday, that found rampant backdating of stock options at the company, and attributed a substantial portion of the blame to Dr. McGuire.

MORE

- Read about William McGuire's lawyer David Brodsky and follow coverage of the backdating scandal on the Law Blog2.
- Read the text of the board-commissioned report3 on UnitedHealth's options practices.
- UnitedHealth on the Mend4

10/20/06

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PERFECT PAYDAY

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"If I were at the SEC, I think I would have plenty from the WilmerHale report that would motivate me to look very hard at Dr. McGuire's conduct," said Donald C. Langevoort, a law professor at the Georgetown University Law Center. The 1999 options-swap transaction, he added, "is a perfect example of a major compensation decision not being presented clearly and plainly to the investing public until well after the fact."

Dr. McGuire's lawyer, David M. Brodsky, said, "Dr. McGuire is an expert in health care but not the legal and accounting issues concerning options. For that, he sought advice from others and relied on their advice." He said he doesn't know who gave Dr. McGuire the guidance.

In late 1999, according to the WilmerHale report, Dr. McGuire was concerned that some stock options issued in the prior five years were "underwater" -- that is, carrying exercise prices above the stock's current market value. Because options give recipients the ability to buy stock at a fixed exercise price, that meant the options couldn't immediately be cashed in for a profit.

On Oct. 22, 1999, Dr. McGuire wrote a memo to the board's compensation committee proposing an unusual maneuver. He suggested that more than two million options held by him and others be "suspended," and that new ones be issued in their place with a lower exercise price.

The motivation for such a swap appears to be avoiding the deleterious accounting consequences of a straight "repricing" -- whereby options are simply given a new exercise price.

Accounting rules adopted in 1998 required repriced options to be recorded on a company's books under so-called variable accounting, a punishing method that requires assessing an option every quarter between vesting and expiration to determine if it gained in value, and recording any gain as an expense. By contrast, the usual method of accounting for options that were issued at market value at the time of grant involved no expense whatsoever.

In any event, directors approved the swap, giving Dr. McGuire and others roughly the same number of new options at substantially lower exercise prices. As it happens, the WilmerHale report concluded the new options likely were backdated to Oct. 13, 1999, the low point that year for UnitedHealth's stock, giving the recipients a running start to make a profit on their replacement options.

Dr. McGuire's actions were likely in vain, though. The WilmerHale report said the 1999 replacement grant "was effectively a repricing for accounting purposes." Though UnitedHealth itself hasn't come to a conclusion about how to account for the grant, it is likely the company will conclude that its past financial statements didn't record adequate compensation expenses -- meaning the company's earnings looked better to investors than they should have.

Charles Mulford, an accounting professor at Georgia Institute of Technology, said, "I would argue, in substance, this was a repricing and should have been accounted for as such."

In August 2000, the suspended options were reactivated. That meant that Dr. McGuire and other employees got the best of both worlds-owning both the original options, which were now "in the money" because the stock price had surpassed the exercise price, and the purported replacements.

The WilmerHale report said Dr. McGuire's 750,000 options were reactivated with an average strike price of $47.21, at a time when shares were changing hands at $81.81 -- an instant gain of $26 million for Dr. McGuire alone.

Though the reactivation was apparently approved by directors, the WilmerHale report suggested they may not have fully understood what they were doing. The report cited missing or nonexistent documents, and said that minutes from the August 2000 board meeting don't even mention the reactivation.

Two directors "recalled that there was a discussion of the reactivation at [the August 2000] meeting," the report said. But "no member of the Compensation Committee in 2000 specifically recalled that Dr. McGuire was the intended recipient of such a large grant of options."

Legal experts said the Securities and Exchange Commission will want to determine whether directors were, in effect, bamboozled. "To the extent that the commission decides that Dr. McGuire or anyone else in senior management was not candid with the board and let them operate in the dark, I think the commission could turn that into the basis for an enforcement action," Prof. Langevoort said.

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A person close to Dr. McGuire said the August 2000 reactivation was not a surreptitious pay grab. Indeed, this person said, it was decided at a compensation-committee meeting and at a full board meeting. This person added that employees with suspended options were sent a memo shortly after the meeting noting that the suspension had been lifted, and that such lifting didn't affect the 1999 supplemental grant.

In any case, the WilmerHale lawyers determined, the August 2000 reactivation should have been treated as a new grant altogether, requiring UnitedHealth to take a substantial charge against its earnings.

Dr. McGuire and UnitedHealth are negotiating the financial terms of his departure. The question of whether he should be allowed to keep the now-disputed reactivated grant is likely to be a key element in those discussions.

Companies Backdating Stock Options Likely To Share Directors (AP)

By Ellen Simon, Associated Press

AP, October 20, 2006

NEW YORK – On tennis courts and golf courses, in bars and restaurants, at meetings and conventions, it seems corporate board members spread the word about a novel way to boost executive compensation – backdating options.

A study released Thursday suggested that the common link between companies that backdated options was a network of directors who sat on some of the same company boards. Now many of them, their companies and their chief executives are losing their jobs because of it.

Of 120 companies involved in the snowballing backdating scandal, more than 40 percent share directors with other implicated companies, The Corporate Library, a corporate governance research firm, said in a report Thursday. That proportion of interconnected boards is much higher than would be expected from a similar, randomly selected sample, the study found.

“Director interlocking relationships are fast becoming what appear to be the most important characteristic and indicator of backdating problems,” the report said.

Options grants give the recipient a right to buy a stock at a fixed “strike price,” which is generally set at the stock's market price the day of the grant. Generally, a company's board or compensation committee must approve its options grants to top executives.

Options holders benefit if the stock rises above the strike price because it enables them to buy stock at the lower price. In the backdating scandal, companies have dated option grants to days when the stock was at a low, enhancing the potential benefit.

The scandal was first reported in March by The Wall Street Journal, which calculated the tiny odds of companies randomly making grants on the days they chose, when the stock was at its lowest prices for the year or for the quarter. For instance, the Journal found the odds of one executive's options being timed so well, without backdating, were about 200 million to one.

H. Nejat Seyhun, a finance professor at University of Michigan, said one of his studies found that “directors are often participants, as well as beneficiaries, of backdating.”

For instance, the odds that options grants to UnitedHealth Group Inc. director Richard T. Burke occurring randomly were more than a trillion to one, Seyhun found. In Burke's 27 options grants, he got the best price available for a 91-day period five times.

Seyhun said the odds of some of Burke's grants occurring randomly were even narrower than the odds of randomness for grants given to William McGuire, the company's Chairman and CEO, who agreed Sunday to step down from both posts after an internal probe of the company's option practices. The odds of his all of his grants occurring when they did were 45 billion to one against.

UnitedHealth spokesman Mark Lindsay said that during the time period in question, “Option awards were distributed broadly, and based on merit, to over 14,000 employees.”

At least 135 public companies have disclosed Justice Department, SEC or internal investigations of their option grants, according to an Associated Press review. So far, at least 39 executives and board directors at 19 companies have been fired or resigned.

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Some of the directors on multiple boards of implicated companies include Millard S. Drexler, former chief executive and a director of retailer Gap Inc. also sits on the board of Apple Computer Inc. Both companies have uncovered troubles with options grants after internal reviews. Drexler left Gap in 2002 has been CEO of retailer J. Crew since 2003.

J. Crew and Apple representatives had no comment. Greg Rossiter, a spokesman for Gap, said that the company's internal review had found no backdating or errors in options granted to executives at or above the vice president level and less than $5 million in errors related to options given to lower-level employees. He referred questions about Drexler to J. Crew.

N.Y. Judge Orders Grasso To Pay Back Up To $100M From Compensation Package (AP)

By Michael Gormley, The Associated Press

AP, October 20, 2006

In a sternly worded decision, a state judge ordered former New York Stock Exchange chief Richard Grasso on Thursday to pay as much as $100 million back in his contested compensation package.

Grasso's claim for another $48 million from the exchange was also rejected in the ruling.

New York State Supreme Court Justice Charles Ramos also said in a partial summary judgment that he was "shocked" at one aspect of Grasso's defense that he believed stock exchange officials were fully aware of all the elements of his compensation as they increased it annually.

Ramos stated that he "must agree with Mr. Grasso that is impossible for the court to determine on this motion what Mr. Grasso actually knew about what the board members knew. But summary judgment is not granted on the basis of his actual knowledge.

"Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty."

"The question is whether his duty included disclosure of the magnitude of his SERP benefits," Ramos stated. "It did."

The court ordered an accounting of how much Grasso must repay, based on specific areas and interest identified by the judge. Spitzer spokesman Darren Dopp said he expects the court's accounting will total about $100 million.

Spitzer has been trying to recover some of the $187.5 million pay package Grasso received in 2003. Spitzer said the compensation was unreasonable under laws governing nonprofit organizations and that board members were misled into approving greater compensation. An internal NYSE review known as the Webb report claimed up to $156.7 million of the pay package was excessive compared with most U.S. corporations.

Grasso has long argued the exchange's officers were aware of the package when it was approved.

The 72-page decision by Ramos dated Wednesday said Grasso didn't fully disclose his growing compensation from his Supplemental Executive Retirement Plan. A SERP is an extra retirement fund many companies maintain for their executives.

The decision states Grasso's SERP of $36 million in 1999 grew to more than $100 million in less than three years.

"Mr. Grasso's failure to disclose the amount of the SERP thwarted the (NYSE) Compensation Committee from performing its duty of care and obedience," Ramos stated. "Year after year, it made decisions to pay him without knowing his true compensation."

Ramos continued: "Many members of the (NYSE) board testified that they did not know about the SERP and if they did, they did not know what the balance was.

"This court also finds this affirmative defense of neglect to be shocking," Ramos wrote. "That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care. The fact that it was a liability to an insider (chairman and CEO) is even more shocking."

Grasso's attorney, Gerson A. Zweifach of Washington, didn't immediately respond to a request for comment. The decision could be appealed.

Spitzer, who is running for governor in New York, has been criticized by some Republicans for continuing the lengthy case against Grasso, arguing a private organization should be able to pay an executive whatever it wants. But Spitzer has said the exchange was subject to nonprofit organization laws that prohibit excessive payments and that some exchange officials were misled about the size of the compensation.

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Spitzer has said any return of Grasso's compensation will be used to help fund a stock exchange program that educates investors.

Grasso Is Ordered To Repay Millions In Compensation (WSJ)

By Aaron Lucchetti And Joann S. Lublin

The Wall Street Journal, October 20, 2006

A New York state judge ordered former New York Stock Exchange Chairman Dick Grasso to return tens of millions of dollars in retirement pay in a harshly written ruling that is sure to reverberate through corporate boardrooms, where executive compensation has become a hot-button concern.

Justice Charles E. Ramos ruled that Mr. Grasso would have to return an amount from his $187.5 million pay package that will be finalized after a hearing within the next 30 days. That amount totals at least $95 million in retirement benefits and interest, according to the office of New York Attorney General Eliot Spitzer, which brought the case against Mr. Grasso.

In his 73-page opinion, Justice Ramos repeatedly chastised Mr. Grasso, writing that, among other things, the former executive had failed to adequately disclose the size of his enormous compensation package to the exchange's board of directors. The justice also criticized the board for failing to do its homework.

"Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty," Justice Ramos wrote.

The former NYSE boss, who has repeatedly indicated he won't settle the case and wants to clear his name, said he plans to appeal yesterday's ruling, which he said was "riddled with errors."

Courts rarely criticize a top executive's pay package so forcefully, much less rebuke board members for their ignorance of such rewards. In June, the Delaware Supreme Court upheld a lower-court ruling exonerating the board of Walt Disney Co. of wrongdoing in connection with a $140 million severance package paid to Michael Ovitz at the end of his brief stint as president of the entertainment giant.

"Today, Justice Ramos somehow rejected the testimony of dozens of [NYSE] directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing," Mr. Grasso said in a statement.

Yesterday's ruling is the latest in a string of decisions that have gone against Mr. Grasso in his 2½-year legal battle. Last month, he sought unsuccessfully to remove Justice Ramos from overseeing the case, arguing that the judge couldn't render an impartial decision because he has a conflict of interest, having twice applied for a job on the NYSE board. The justice's latest ruling "is not a surprise," Mr. Grasso said. "He's ruled against us every time."

The ruling represents a big victory for Mr. Spitzer, who is leading in the race to become New York governor. He has waged his campaign based in part on his record of going after what he views as Wall Street abuses. Mr. Spitzer said at the beginning of the case that Mr. Grasso should return at least $100 million to the NYSE.

At issue in the Grasso case is the outsize retirement package that he accumulated over his years as an executive at the NYSE, which was then a not-for-profit organization. The disclosure of that package in 2003 set off a controversy that led to Mr. Grasso's forced departure. The Big Board has since gone public as part of the for-profit NYSE Group Inc. The exchange is now scrambling to buy rivals and is pursuing more electronic trading -- initiatives that had been opposed in varying degrees by Mr. Grasso during his 36-year tenure there.

Among Justice Ramos's findings: that the NYSE board wasn't made aware of a huge chunk of the retirement pay Mr. Grasso was due and that Mr. Grasso had a duty to disclose that pay to the board. The justice also had harsh words for the board.

"That a fiduciary of any institution, profit or not for profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care," Justice Ramos wrote in a partial summary judgment, a pretrial ruling on certain aspects of a case.

The case is particularly striking because the Big Board boasted an all-star roster of directors, including the chiefs of some of Wall Street's largest financial companies, each of whom made tens of millions of dollars in annual pay.

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Jim Barrall, head of the global executive-compensation and benefits practice at Latham & Watkins LLP in Los Angeles, described the findings as "stunning." "I have never heard of a court decision finding a breach of fiduciary duty based on the failure to disclose all the numbers" about the size of a supplemental pension.

At a minimum, Mr. Barrall suggested, corporate CEOs will have to make sure "the board understands the numbers and all the elements of the [leader's] pay package and how they work together." At many companies, the size of an executive's supplemental pension swells along with the magnitude of bonuses and equity awards.

Legal experts expressed surprise that the justice would make such a ruling before the case went to trial. "It's really extraordinary," said Christopher Clark, a former assistant U.S. attorney who is now an attorney at LeBoeuf, Lamb, Greene & MacRae LLP. "I'm not used to seeing cases with this many facts and this many depositions decided without a trial."

The ruling has precedent, however. In 1998, Mr. Spitzer's predecessor as state attorney general, Dennis Vacco, recovered about $4 million in a lawsuit he filed against the former board of trustees of Adelphi University, also a not-for-profit organization, after critics charged that some of the money awarded to the university's former president was excessive.

Even so, Mr. Clark and other attorneys said Mr. Grasso has strong grounds for an appeal, which would likely extend his legal battle into 2007. "I can't image the parties will be able to get close to a [settlement] agreement with the ruling hanging out there," Mr. Clark said.

In any appeal, Mr. Grasso's lawyers would be likely to argue that many of the NYSE directors in the case have said at deposition that they were aware of Mr. Grasso's increasingly valuable retirement package. Under the structure of the benefits, Mr. Grasso's rising compensation in 2000-2002 sent his retirement benefits soaring too.

"The question is whether his duty included disclosure of the magnitude of his SERP [or supplementary retirement] benefits. It did," Justice Ramos wrote. The supplementary retirement package was valued at about $80 million, according to a statement from Mr. Spitzer's office.

Robert Michels, a lawyer representing the Big Board at Winston & Strawn, agreed that Mr. Grasso would have to return close to $100 million, based on Justice Ramos's ruling. But he added that Mr. Grasso might be able to get some of that back in the portion of the trial in which Justice Ramos or a jury decides how much of Mr. Grasso's overall pay was reasonable.

Gerson Zweifach, Mr. Grasso's attorney, said that further hearings will be necessary to determine whether his client has to return money to the NYSE.

Justice Ramos also ruled that Mr. Grasso should pay the NYSE interest on payment advances the attorney general described as loans made in violation of New York's not-for-profit law. Mr. Spitzer's office said that sum could be about $15 million, depending on how the court decides to calculate the interest.

In his ruling, Justice Ramos found that the NYSE and its former chairman, John Reed, hadn't defamed Mr. Grasso, and that the NYSE didn't owe Mr. Grasso about $50 million in unpaid compensation that Mr. Grasso sued to receive.

Kenneth Langone, a former Big Board director Mr. Spitzer has sued for involvement in Mr. Grasso's pay, is still fighting his case.

There are still a number of issues to be decided in the Grasso case. A New York state appellate court is hearing arguments over whether a judge or a jury should decide whether Mr. Grasso's compensation was reasonable under New York state law.

Throughout the case, Mr. Grasso has rebuffed friends and former Big Board colleagues who have suggested he settle the legal dispute. "We feel we have a very strong case," Mr. Grasso said yesterday.

Mr. Grasso ran the NYSE at a time of soaring profits from stock trading, record returns for the market and growing interest in investing that made the NYSE a marketing icon. He was known for his efforts to keep the NYSE on top as a global stock-trading center, often picking up the phone to rebuke brokerage-firm executives when they took their clients' orders elsewhere.

His departure triggered huge changes. The current Big Board chief executive, former Goldman Sachs Group Inc. executive John Thain, has reshaped the NYSE, embracing electronic trading, adding a stock-options business and proposing the NYSE merge with Euronext NV, a pan-European market operator.

Executive-pay has become a top concern for some investors this year -- largely because so many highly paid CEOs have lost their perches following scandals, poor shareholder returns or other problems.

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Last weekend, for instance, UnitedHealth Group Inc.'s William McGuire agreed to relinquish command of the giant health insurer Dec. 1 after an internal probe concluded that the stock-option grants that brought him a huge fortune likely were manipulated. At the end of last year, Dr. McGuire's cache of unexercised options was valued at $1.78 billion, a sum far greater than any other U.S. corporate chieftain's. The Senate Finance Committee is pushing for documents related to the $1.1 billion in compensation that the departing CEO could receive when he leaves the Minnetonka, Minn., company.

Pfizer Inc.'s languishing stock price and internal strife over a succession contest were among the factors that prompted the board of the big New York pharmaceutical company to replace Henry "Hank" McKinnell as CEO last summer. Mr. McKinnell had become a target of shareholder ire due to Pfizer's disclosure that he was eligible for a lump-sum retirement payout valued at $83 million as of last Dec. 31. To express their dissatisfaction, stockholders withheld more than a fifth of their votes for the re-election of two directors on Pfizer's compensation committee at April's annual meeting.

Ex-Stock Exchange Chief Told To Return Up To $100 Million (NYT)

By Landon Thomas Jr.

The New York Times, October 20, 2006

A New York judge ruled yesterday that Richard A. Grasso, a former chairman of the New York Stock Exchange, would have to return as much as $100 million he received as part of a fiercely contested $139.5 million payout.

The judge, Justice Charles E. Ramos of State Supreme Court in Manhattan, said that Mr. Grasso did not disclose to his fellow directors on the board of the exchange the extent to which his soaring compensation had caused his pension and savings to balloon in size and that he violated his contract by withdrawing $87 million before his retirement. Interest and money from a separate retirement account would raise the total.

The ruling was not the judge's final word on the dispute — he did not directly address the central claim in the lawsuit brought by Eliot Spitzer, the New York attorney general, that Mr. Grasso's compensation was unreasonable under the state's not-for-profit law. But the ruling bolstered Mr. Spitzer's main argument in support of that claim — that the exchange directors were not fully informed about Mr. Grasso's compensation.

Whether his pay was reasonable or not is to be decided at a subsequent trial — one that would likely focus on the $80 million he was paid between 1999 and 2001.

Mr. Grasso said yesterday that he would appeal, which would further delay a nonjury trial that had been scheduled to start last month.

In September 2003, Mr. Grasso was forced to resign as chairman of the New York Stock Exchange, the world's largest stock market, amid an outcry over the disclosure of his $139.5 million compensation package, all of it tied to accrued pension and retirement savings. John S. Reed, Mr. Grasso's temporary successor, commissioned an inquiry into Mr. Grasso's pay. That report was passed on to Mr. Spitzer, who sued in 2004. Since then the two sides have been embroiled in a drawn-out series of legal skirmishes.

The ruling is a major legal setback for Mr. Grasso, who for the last three years has battled to make the case that the exchange's board was well aware of all aspects of his pay and approved the package accordingly.

Justice Ramos also ruled yesterday against Mr. Grasso's claim that he was terminated and thus due an additional $95 million in severance pay. And the judge dismissed a countersuit for disparagement that Mr. Grasso had filed against his temporary successor, Mr. Reed.

In his ruling, the judge was responding to several legal motions filed by Mr. Spitzer, claiming that Mr. Grasso violated his contract by withdrawing pension savings before his retirement and failed in his duty as chairman of the board by not keeping his fellow directors informed of his escalating pension.

Mr. Grasso said in a statement: "Today's ruling is riddled with errors. One month ago, the Appellate Division told Justice Ramos not to try this case himself until the Appellate Division had decided important legal questions before them. Today, Justice Ramos somehow rejected the testimony of dozens of directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing."

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Mr. Grasso said that he had instructed his lawyers to appeal and that he looked "forward to the jury trial that the state constitution promised me."

For Mr. Spitzer, who leads his Republican opponent in the race for New York governor by a wide margin, the ruling is a welcome riposte to the criticisms he has faced that in place of winning in the courtroom he has bullied companies and executives into reaching settlements.

"I have maintained since the beginning that the principles at stake in this issue were clear and the facts were egregious," Mr. Spitzer said in an interview yesterday. "At every turn the government perspective has been vindicated. The defendants have done nothing more than scream louder and louder and their arguments are vacuous and wrong."

In his ruling, Justice Ramos said he wanted to reach a payment solution within the next 30 days.

In the unlikely event that Mr. Grasso follows the court judgment and writes a $100 million check, Mr. Spitzer would be expected to drop the case, as he could claim that he had received the amount he had originally asked Mr. Grasso to return. Mr. Grasso would still be a wealthy man, getting to keep tens of millions of dollars in compensation from his more than three decades at the exchange.

While having to return a significant portion of his pay package carries its own financial punishment, it is the judge's sweeping rejection of Mr. Grasso's long-held contention that the exchange board had been aware of his growing pay that represents a more resonant defeat.

Justice Ramos said it was "shocking" that the board could have been "unaware of a liability of over $100 million," and he said that Mr. Grasso violated his fiduciary duty as a director to keep his board fully apprised of how quickly his pension benefits were accumulating. "Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed," he wrote. "He failed in this duty."

Between 1999 and 2002, as Mr. Grasso's annual pay soared to a high of $31 million, his pension plan, a supplemental executive retirement plan, or SERP, grew at an even faster clip, topping out at over $80 million in 2003, when Mr. Grasso made the decision to withdraw his funds.

That decision, which according to the depositions of several directors he made because he was fearful that another board would prevent such a withdrawal, set in motion the events that would lead to the public controversy over his pay and his eventual resignation. In the subsequent years, all the participants have been deposed over the matter, with many directors on the wider board claiming that they had no idea how fast Mr. Grasso's SERP had grown.

In his decision, Justice Ramos draws the crucial conclusion that Mr. Grasso did not inform members of his board about his escalating SERP. "Mr. Grasso's failure to disclose the amount of his SERP thwarted the compensation committee from performing its duty," he wrote. "Year after year, it made decisions to pay him without knowing his true compensation."

At the crux of the judge's ruling is his decision that Mr. Grasso must return the $87 million in pension savings that he withdrew from the exchange before he retired. And it also supports a similar argument made by directors like Henry M. Paulson Jr., the former Goldman Sachs chief and current Treasury secretary who led the campaign for Mr. Grasso's ouster. In his decision, the judge said that the pension withdrawals that he made in 1995 and 1999, totaling $35 million, were unlawful transfers and should be recognized as loans.

Lawyers from Mr. Spitzer's office calculate that Mr. Grasso would owe interest of about $15 million on that sum. Mr. Grasso will also be required to return money from a separate retirement account that is not yet vested.

That brings the total to close to $100 million, representing a significant portion of the $185 million he was paid as head of the stock exchange from 1995 to 2003.

Court Tells Grasso To Repay Tens Of Millions (USAT)

By Greg Farrell

USA Today, October 20, 2006

NEW YORK — New York State Attorney General Eliot Spitzer scored a victory Thursday when a state judge ruled that former New York Stock Exchange CEO Richard Grasso must pay back tens of millions of dollars in compensation from the Big Board.

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State Supreme Court Justice Charles Ramos sided with Spitzer, ruling in a 72-page partial summary judgment that Grasso "breached his fiduciary duty" to the NYSE by not fully disclosing how much compensation he had accumulated over several years.

Darren Dopp, a spokesman for Spitzer, estimated that Grasso would have to pay back almost $100 million.

Grasso was forced out as NYSE chief three years ago after the sudden disclosure that he'd accumulated $187 million in compensation during his career there, most of it after he became CEO. Several board members expressed shock at the size of his pay package.

Spitzer filed a lawsuit against Grasso, alleging that he breached his fiduciary duty to the exchange by not keeping board members fully informed as to how much money he was owed.

Grasso's attorneys argued that the CEO wasn't fully aware of every detail of his pay package, which was approved by the board in any case. Rather, they said, any oversight in this area was simply due to "neglect."

In a stinging rebuke, Ramos described that defense as "shocking."

"That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care," the judge wrote.

The judge also ruled against Grasso's claim that he was owed an additional $48 million from the exchange and dismissed his claim that the current NYSE chairman, John Reed, had defamed him.

For Spitzer, the judge's decision is a welcome boost, just weeks before he is widely expected to be elected governor of New York. In the past four years, Spitzer has established a national reputation for his ability to identify unethical or improper behavior and force companies to change their ways. But when he took on Grasso, some observers thought he was biting off more than he could chew.

Grasso could not be reached for comment Thursday; his lawyer, Gerson Zweifach, did not return phone calls. The case is expected to go to trial early next year.

Grasso Breached Duty To NYSE, N.Y. Judge Rules (WP)

By Carrie Johnson

The Washington Post, October 20, 2006

A judge ruled yesterday that former New York Stock Exchange chief Dick Grasso breached his duty by failing to disclose his ballooning retirement fund in the years before his resignation, a decision that could force Grasso to hand over as much as $100 million he already received and relinquish his stake to $48 million more, prosecutors said.

In what New York State Supreme Court Justice Charles E. Ramos called a "shocking" abdication of responsibility for an executive, Grasso thwarted the stock exchange's board from fulfilling its obligations to oversee his pay and benefits before he left the nation's largest and most prestigious market three years ago.

Ramos's sharply worded order, which Grasso's lawyers called "riddled with errors," is the most important development so far in a dispute that touched off a national debate about the bounds of executive compensation.

Because the stock exchange had for years operated as a nonprofit entity, the ruling is being closely followed by that sector, which has received far less scrutiny from regulators seeking to rein in corporate pay and benefits. That, however, is beginning to change during a campaign for greater oversight of nonprofit groups by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and the debate over the propriety of the pay package for a former leader of California's J. Paul Getty Trust.

While the numbers at stake in the Grasso case -- more than $188 million -- are unusual for their size, many businesses and nonprofit groups use deferred compensation plans similar to the one at issue in the Grasso case, legal experts said.

"This is the kind of decision that will make nonprofit CEOs sit up and take notice," said Michael W. Peregrine, a lawyer at Chicago's McDermott, Will & Emery. "They're going to spill their coffee in their laps when they read this case."

Grasso was forced out as NYSE chief in September 2003 during a furor over the reasonableness of his pay package. Much has changed since then. Critics said that Grasso had lost sight of the NYSE's roots and instead demanded to be paid like the executives of the large companies listed on the exchange. The stock exchange later merged with Archipelago Holdings and now operates as a for-profit business.

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The Securities and Exchange Commission this year adopted rules requiring companies to disclose more clearly the compensation packages of their highest-paid officials. And, in part because of the Grasso uproar, board members ask more skeptical questions about compensation and ask to see tally sheets that include several years worth of deferred and retirement income, said Mary Ann Jorgenson, a corporate lawyer at Cleveland's Squire, Sanders & Dempsey.

But in New York, Attorney General Eliot L. Spitzer's two-year-old lawsuit against Grasso rages on. Yesterday's order was based on motions filed by both sides before the much-delayed trial even began. A spokesman for Spitzer, who is running for governor on the Democratic ticket, said the judge has yet to set a trial date. It is unclear whether Ramos's ruling will spur both sides to begin settlement negotiations.

Grasso's defense lawyers vowed to appeal the judge's order. They issued a statement in Grasso's name saying that the judge had rejected testimony from "dozens of directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing." Grasso's team, from the Washington firm Williams & Connolly, already has contested at least three Ramos decisions and has asked for the judge to be removed from the case because, they say, he cannot be fair and impartial. An appeals court has yet to rule on that issue.

The latest ruling by Ramos has no effect on Grasso's longtime friend and fellow defendant, Kenneth G. Langone, a co-founder of Home Depot Inc. and the former chief of the stock exchange's compensation committee. Langone, who argued a separate appeal in his case Wednesday, has attacked Spitzer's case as without merit. Pointing to statements from board members, Langone maintained that the directors knew exactly what they were doing when they richly rewarded Grasso for his years of stewardship, including a difficult stretch after the 2001 terrorist attacks in New York.

But Grasso ultimately resigned during questioning about whether his pay was appropriate under New York's stringent state laws governing practices at nonprofit groups, and whether board members had known about and understood his skyrocketing compensation arrangements. Those issues will be central to the trial, whenever it takes place.

In the meantime, Ramos's latest ruling means that Grasso could be forced to turn over about $80 million in the form of retirement pay he already received, more than $10 million more in interest and a yet-to-be-determined sum in related compensation. The judge also rejected a bid by Grasso for $48 million he left on the table when he resigned.

The judge said Grasso's failure to disclose fully to the NYSE board the amount of money in his retirement fund meant that "year after year, it made decisions to pay him without knowing his true compensation."

Referring to a defense advanced by Grasso that he did not know about the size of his compensation package until the fall of 2002, when it more than tripled to top $100 million, the judge said the argument was "shocking."

"That a fiduciary of any institution, profit or not for profit, could honestly admit that the was unaware of a liability of over $100 million . . . is a clear violation of the duty of care," Ramos wrote.

Separately, the judge yesterday dismissed defamation and disparagement claims that Grasso had filed against the exchange and its former leader John S. Reed over a report that denounced his pay as "excessive." The judge also batted away defense arguments that the attorney general no longer had authority to sue because the NYSE has transformed itself into a for-profit business.

"The Attorney General represents the investing community, all of which rely on the integrity of the market," the judge wrote. "The integrity of the market mattered before the action was initiated, and it matters now."

Grasso To Repay Millions To NYSE (FT)

By Ben White In New York

Financial Times, October 20, 2006

Richard Grasso, the former New York Stock Exchange chairman, must return tens of millions of dollars in compensation to the organisation, a New York state judge ruled on Thursday.

The ruling represents a big win for Eliot Spitzer, New York attorney-general, a rising star in the Democratic party who is heavily favoured in his attempt to become governor of New York.

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Mr Spitzer filed a high-profile lawsuit in 2004 arguing that the $139.5m in salary, bonus and benefits paid to Mr Grasso in 2003 for his eight years as NYSE chairman violated New York law requiring that compensation for executives at not-for-profit organisations be “reasonable” and “commensurate with services performed”.

The NYSE operated as a not-for-profit organisation owned by its members before becoming a publicly traded organisation under John Thain, the new chief executive, early this year. Mr Grasso was forced out by the board in 2003 after public disclosure of the payment generated outrage among regulators and investors.

In his 72-page ruling on Thursday, Charles Ramos, New York state supreme court judge, said Mr Grasso violated his fiduciary duty by failing to disclose to compensation committee members the full amount of money accruing in his supplemental retirement account.

“Year after year, [the compensation committee] made decisions to pay him without knowing his true compensation,” Judge Ramos wrote.

He also dismissed a defamation counterclaim filed by Mr Grasso against the NYSE and John Reed.

Mr Reed served as interim NYSE chairman after Mr Grasso’s ousting.

Judge Ramos also dismissed Mr Grasso’s demand that the NYSE pay him an additional $48m plus interest he claims he is owed.

The judge did not specify how much Mr Grasso must return, saving that for a future ruling. Officials in Mr Spitzer’s office said they believed the amount would be about $100m, based on language in the ruling.

Late on Thursday, Mr Grasso said: “Today’s ruling is riddled with errors...I have instructed my attorneys to seek review from the appellate court, and look forward to the jury trial that the state constitution promised me.”

Judge Ramos described as “shocking” Mr Grasso’s assertion that he did not know how much money was building up in his supplemental retirement account. “That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100m, or even over $36m, is a clear violation of the duty of care,” the judge wrote.

Mr Grasso, who joined the NYSE as a clerk in 1968, has strongly defended his pay, saying it was fully disclosed to the board and justified given his contributions to the NYSE.

SKILLING'S LAST STAND (WP)

The Washington Post, October 20, 2006

By Carrie Johnson {vbar} Washington Post Staff Writer

When former Enron Corp. chief executive Jeffrey K. Skilling stands to face a judge and a possible decades-long prison sentence Monday, he will be -- as usual -- alone.

The death of company founder Kenneth L. Lay weeks after a jury convicted both men of fraud and conspiracy charges for misleading investors about Enron's financial health means that Skilling, 52, is the last person standing from the energy company's top ranks. It is a familiar position for a man painted by the government as both unusually self-reliant and occasionally self-destructive.

The single-mindedness that made Skilling a successful management consultant and a masterful corporate strategist powers his vow to go forward with an appeal. Skilling, who told jurors that he was "absolutely innocent," is attacking the four-year investigation against him as a "witch hunt" and claiming that prosecutors used unfair tactics and relied on shaky jury instructions to bring down a man who once dashed from presidential inaugurations to conference calls with Wall Street analysts.

"It's not in my nature not to fight something like this," Skilling testified at his trial. "I will fight those charges until the day I die."

But it is very much an open question whether U.S. District Judge Simeon T. Lake III will let Skilling remain free pending an appeal, as defense lawyers recently requested, or whether he will order him into Bureau of Prisons custody immediately on Monday afternoon.

The judge closed the book on the criminal case against Lay on Tuesday by tossing out his conviction on 10 charges because he died before he could appeal. Thus, people who lost money in Enron's demise will watch what happens to Skilling with great interest.

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Among the representatives for Enron's victims who have asked to speak at Skilling's sentencing is a lawyer for employees who lost what they say is more than $1.3 billion through the company's stock-heavy savings plan. The former employees "have all been condemned to many more years of labor to try and rebuild the hard-earned financial security that was stolen from them," the lawyers wrote in court papers last week. "Their lives have been shattered in ways that most Americans are fortunate to have never experienced."

Skilling, a graduate of Harvard Business School, transformed the Houston energy company from a stodgy pipeline business to a cutting-edge technology trader in the 1990s. But success -- or, prosecutors would say, keeping up the appearance of success -- wore on him. After ascending to the chief executive job in early 2001, Skilling was increasingly isolated from the opportunistic, hard-charging executives he called friends during his rise to power.

His best friend, former Enron dealmaker J. Clifford Baxter, committed suicide in early 2002 as the criminal investigation widened. His closest associates -- including master salesman Kenneth D. Rice, youthful protege David W. Delainey, and finance chief Andrew S. Fastow -- all turned on him, pleading guilty and providing damning testimony that helped convince a jury to convict Skilling in May.

"I can't say that I have a lot of very close, personal relationships with people," Skilling told the jury.

During eight sometimes captivating days as his own chief witness, Skilling described for the jury his psychological odyssey, which left him "going to pieces," unable to get out of bed and plagued with alcohol problems as Enron hurtled toward bankruptcy protection in December 2001.

At one point, Skilling testified, he was so overcome with emotion and drink that his fiancee could not roust him out of a Fort Lauderdale, Fla., hotel room to meet friends and attend a boat show. The woman, former Enron corporate secretary Rebecca Carter, later became his wife. Although she sometimes appeared in court during the 16-week trial, Carter did not show up when the judge, in rapid-fire speech, read aloud 19 guilty counts against Skilling on May 25.

At inopportune times, Skilling's demons have returned to the surface.

Two months after his indictment, New York City police took him to the hospital after passersby reported a disturbed person on the street. Prosecutors later wrote in court papers that Skilling was intoxicated and had confronted bar patrons, searching for a recording device in a woman's blouse and accusing others of tailing him on behalf of the FBI. After the incident, Skilling sought treatment for his drinking.

Last month, several weeks after his conviction, Dallas police took him into custody on a misdemeanor public intoxication charge after finding him on the street in the early morning in a state they described as incapacitated, according to a police report. Skilling resolved the charge by paying a $385 fine.

At the time, his defense lawyer, Daniel M. Petrocelli, implored the media to consider Skilling's delicate predicament.

"Jeff is doing his best to cope with a nearly impossible situation," Petrocelli wrote in an e-mail to reporters.

Herbert J. Hoelter, a prison consultant who has advised domestic entrepreneur Martha Stewart and Adelphia Communications Corp. founder John J. Rigas, said the pressures on former executives facing prison are weighty, in both practical and psychological terms.

Executives who once exerted control over thousands of employees now look at the prospect of being told when to eat, when to report to work, when to go to sleep and how much money they can spend at the prison commissary. They must make their peace with their families and face such questions as "will I see my son graduate from high school or college?" Hoelter said.

In that context, Hoelter said, Skilling's recent brush with the law makes more sense. "It's certainly in my book very understandable. If I was facing this, who knows what relief you seek?"

Senate Committees Probe SEC's Pequot Investigation (WSJ)

By Kara Scannell

The Wall Street Journal, October 20, 2006

WASHINGTON -- The Senate Finance Committee, among other entities, is continuing to probe the Securities and Exchange Commission's handling of an insider-trading investigation involving hedge fund Pequot Capital Management Inc. and

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Wall Street executive John Mack. The matter stems from an allegation that the agency granted him favored treatment because of his large donations to Republican campaigns.

Sen. Chuck Grassley's staff has sought testimony and emails related to several SEC enforcement attorneys, including the emails of one who recently left for a law firm that represented Mr. Mack. It also has sent stinging letters to the SEC.

The Senate Judiciary Committee is involved, with Chairman Arlen Specter (R., Pa.) holding two hearings where he has raised concerns about the SEC and Justice Department's supervision of hedge funds, short-selling activities, and insider-trading.

Missing so far is the Senate Banking Committee, which has direct oversight of the SEC. Senate Finance has jurisdiction over the tax code; Judiciary writes criminal and civil laws.

Mr. Mack is now chief executive of Morgan Stanley.

The issue arose after a former SEC attorney brought his allegations to Capital Hill this spring and filed more than 80 documents with the Banking Committee. The former SEC lawyer, Gary Aguirre, was fired last year, he says, for pursuing the case. In a lawsuit filed in U.S. District Court in Washington, DC, Mr. Aguirre said his supervisors refused his request to interview Mr. Mack because of his "political clout." In court filings responding to the suit, the SEC conceded the supervisor said Mr. Mack's lawyers had "juice" but denied any reference to Mr. Mack's political clout.

The SEC was investigating Pequot's trading in more than 17 stocks, including two that took place in 2001. The agency examined trades just ahead of General Electric Co.'s acquisition of Heller Financial and trades in Microsoft Corp.'s stocks just before an earnings announcement. The U.S. Attorney in Manhattan had also looked over at least those two trades but has not brought any action. Earlier this month the SEC notified Pequot and Mr. Mack that it would not be filing charges against them. The statute of limitations on those trades would run out this year.

The Banking Committee said this spring that it is looking into the SEC's handling of the case and Mr. Aguirre's firing alongside the Finance Committee. Yet, so far it appears that Sen. Grassley's committee is directing most of the action.

Favata Settles SEC Civil Charges (WSJ)

By Siobhan Hughes

The Wall Street Journal, October 20, 2006

WASHINGTON -- The former head of a California mortgage firm settled civil securities charges that he used investor money to pay off more than $10 million in gambling debts, host lavish house parties and support community music festivals.

The Securities and Exchange Commission said Salvatore Favata, president of National Consumer Mortgage LLC in Orange County, raised $30 million from more than 200 investors from late 2001 through March 2006 by promising that they would receive annual interest payments of 30% to 60% of their original investments. Investors were told their money would be used to finance loans to homeowners who couldn't qualify for traditional mortgages, the SEC said.

Instead, Mr. Favata used the money to make payments to existing investors, pay the operating expenses of the firm's conventional-mortgage business and to pay off more than $10 million of his gambling debts, the SEC said. National Consumer Mortgage's assets were sold at an auction in June after a trustee decided to terminate the company's operations.

Mr. Favata, a resident of Yorba Linda, Calif., has deep ties in California. He attended Edgewood High School in West Covina and was picked by baseball's Los Angeles Dodgers in a 1977 draft, according to information supplied by Major League Baseball. He played baseball at California State University, Fullerton, and was drafted by the Milwaukee Brewers in 1980. He never played for the team, a Brewers spokesman said.

He hosted a music festival called "Favata Fest" at his home in 2005, according to the SEC. He had planned another live concert, also to be called "Favata Fest," for July at Titan Stadium at his alma mater and gave the university $213,200 of company money for the event, according to a complaint filed in bankruptcy court. The university said the concert didn't ultimately take place.

The case follows a period of double-digit gains in real-estate prices that was particularly notable in states such as California. Over the past five years, home prices in California have more than doubled, with prices jumping by more than 20% in 2004 and 2005 alone, according to data from the Office of Federal Housing Enterprise Oversight. The big gains fueled investor appetite for real-estate investments, leaving some people vulnerable to pitches that turned out to be scams.

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Mr. Favata has agreed to be banned from associating with a brokerage firm, the SEC said.

In a separate criminal case, he has agreed to plead guilty to one count of mail fraud, to pay restitution in excess of $20 million and to give up his home under a plea agreement with the U.S. attorney's office for the Central District of California, the SEC said.

An attorney for Mr. Favata couldn't be reached for comment.

Write to Siobhan Hughes at siobhan.hughes@dowjones.com1

Ex-Athlete To Plead Guilty In Ponzi Case (LAT)

By E. Scott Reckard, Times Staff Writer

The Los Angeles Times, October 20, 2006

A Cal State Fullerton baseball star who hired Steve Garvey to promote his loan business cost investors more than $20 million, SEC says.

A former Cal State Fullerton baseball star who hired Steve Garvey to promote his mortgage company has agreed to plead guilty to an investment scam that raised more than $30 million, authorities said Tuesday.

From 2000 until this year, Salvatore "Sam" Favata, 46, promised investors returns of 30% to 60% a year, the Securities and Exchange Commission said. He said their money would be loaned at high rates to borrowers who needed short-term funding for real estate developments, construction projects and other ventures, according to his plea agreement with federal prosecutors.

In reality, Favata was paying earlier investors with funds from new investors, employing a method known as a Ponzi scheme, the SEC said in a lawsuit filed along with the criminal case. The SEC and the U.S. attorney's office in Santa Ana estimated the total losses to investors at more than $20 million.

The SEC lawsuit and Favata's plea agreement, filed Friday and announced Tuesday, said he persuaded clients of his Orange-based National Consumer Mortgage firm — which had a legitimate home loan business — to use cash from refinancing their homes to buy investment notes issued by another arm of the company.

There was no indication that Garvey, hired as a pitchman for the legitimate loan business, knew anything was amiss, authorities said. The former Dodgers star couldn't be reached for comment.

A second baseman on Cal State Fullerton's NCAA championship team in 1979, Favata was drafted by the Milwaukee Brewers in 1980 but didn't go far as a professional player.

At National Consumer Mortgage, where he was president, Favata and his sales staff solicited investors face to face, at seminars and at a church in Colorado, and also advertised on the radio, federal officials said.

Little of the money was invested, according to the SEC, which said Favata used much of the funds to pay his living expenses and debts, including more than $10 million in gambling losses, and the expenses of his mortgage company.

He also threw lavish parties and put on oldies music festivals he called "Favata Fests," often in his spacious Yorba Linda backyard, at which Garvey, who appeared in a National League record 1,207 straight games, glad-handed Favata clients and had his picture taken with them, federal authorities said.

Favata's attorney, Nathan J. Hochman of Beverly Hills, described his client as a "gambling addict" who dug himself an ever deeper hole trying to cover his losses and "is extremely sorry for what he has done."

Assistant U.S. Atty. Brent Tabacchi said Favata agreed to plead guilty to a fraud charge carrying a maximum sentence of five years. Favata, who has remained free while cooperating with investigators, is scheduled to be arraigned by a federal magistrate judge in Santa Ana on Monday, Tabacchi said. Sentencing is expected early next year.

To settle the SEC lawsuit, Favata agreed to attempt to make full restitution to his victims, including forfeiting his house to help repay them, and to be banned from associating with investment brokers and dealers for the rest of his life.

Tabacchi and SEC officials said Favata told his more than 200 investors that their money was safe because he made sure his loans were secured by property worth much more than the loan amount. That way, he said, even if the projects went into default the investors would still be protected against losses.

That promise, along with his reputation as an athlete and his link to Garvey, apparently lulled the investors until this year, when tips to the SEC triggered an investigation, said John Reed Stark, chief of the SEC Office of Internet Enforcement.

"As is the case in many Ponzi schemes, Mr. Favata used his association with prominent figures — athletes and clergy are very common — to create an aura of legitimacy," Stark said.

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SEC Suits Could Influence Delphi Ownership Talks (WSJ)

By Kara Scannell In Washington, Jeffrey Mccracken In Detroit And Ianthe Jeanne Dugan In New York

The Wall Street Journal, October 20, 2006

Federal securities regulators are preparing civil securities-fraud suits against former executives of auto-parts giant Delphi Corp., according to a person familiar with the matter, raising the stakes in the high-profile battle over Delphi's future.

Separate investigations by shareholders, creditors, federal prosecutors and securities regulators into Delphi's accounting and dealings with its former parent, General Motors Corp., are coming to a head as several investors jockey for a slice of a restructured Delphi. The outcome of the investigations could affect how Delphi, which had world-wide sales of $27 billion last year, reshapes itself a year after it filed for bankruptcy-law protection.

Among the issues involved is whether GM will be allowed to get a valuable stake in a reorganized Delphi as compensation for taking back the benefits obligations of thousands of Delphi's U.S. workers.

The Securities and Exchange Commission is expected to file securities-fraud suits this month against about a dozen former executives of Delphi and others, alleging they used improper accounting in at least three different transactions, which led the auto-parts supplier to restate earnings from 2001 to 2003, according to a person familiar with the matter. It is unclear which executives will be named in the suits.

Delphi is also expected to be named in the civil complaint, although it isn't clear if the SEC will seek a penalty against the corporation, according to this person. The SEC's five commissioners are expected to vote on the case next week.

Delphi spokeswoman Claudia Piccinin said, "We continue to cooperate with the SEC investigation of Delphi." She added that Delphi wrapped up its own internal investigation of the accounting irregularities in 2005. Delphi in early 2005 acknowledged that the SEC had begun an investigation of accounting irregularities for how the company accounted for warranty claims, its pension plan and other matters.

At least six high-level Delphi executives, including its former chairman and chief executive, have left or been forced out since the accounting problems came to light. Delphi's former chairman and chief executive officer, J.T. Battenberg, retired just before the SEC probe became public. It isn't clear whether the SEC believes he had any role in the alleged accounting fraud. Attorney Bill Jeffress, who represents Mr. Battenberg, declined to comment and said Mr. Battenberg also wasn't willing to comment.

Other executives, including former Chief Financial Officer Alan Dawes, were ousted following an independent internal investigation by Delphi's board that found accounting problems. Some former executives are expected to fight the allegations, while some may settle the matter, this person said.

News of the expected SEC charges was reported yesterday by the Detroit News.

As previously reported, the SEC also is investigating GM in connection with certain transactions with Delphi. GM previously disclosed it had received a subpoena from a federal grand jury investigating its handling of payments or "credits" from suppliers and said it had found "material weaknesses" or "significant deficiencies" in certain areas of its accounting controls. The company also said it had received a subpoena from the SEC in connection with a previously disclosed probe of GM's transactions in precious-metal raw materials. GM has said it is cooperating with the inquiry.

The accounting questions could have a direct bearing on the delicate negotiations that Delphi is currently conducting with GM, unions, shareholders and creditors over control of the company after bankruptcy. Among the key players is Appaloosa Management, a hedge fund that owns more than 9% of Delphi's stock and a significant share of its bonds. The fund, led by David Tepper, has proposed pumping billions of dollars into the company so it can pay off debts while keeping its shares intact. Under its plan, which also includes hedge fund Harbinger Capital Partners, Appaloosa could ultimately own more than a third of Delphi's shares.

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Also involved in the talks is Cerberus Capital Management, another private-equity firm with connections to GM. Cerberus, which recently agreed to buy 51% of GM's finance unit, GMAC, is angling for a significant chunk of Delphi's stock.

A deal to create a new ownership structure for Delphi could pave the way for the parts maker to exit from bankruptcy in mid-2007. A key issue in these talks is whether GM can assert a right to an ownership stake in Delphi in return for shouldering obligations for retirement benefits for Delphi workers. But creditors and shareholders are determined to use claims of fraud in Delphi's spinoff -- claims GM denies -- to prevent that.

The official committee representing Delphi shareholders filed a report with the bankruptcy court in Manhattan last month claiming that GM designed the spinoff as a "fraudulent" way to take losing businesses off its own books while making it impossible for Delphi to profit. The committee calculates that GM owes Delphi $26 billion -- topping the $22 billion in debts that Delphi listed in its bankruptcy-law filing. The equity committee claimed, for example, that Delphi is owed $1.8 billion that it paid into a fund when it was part of GM that didn't transfer back to it after the spinoff.

GM denies the claims. "At the time of the spinoff, we feel we set up Delphi to be a successful supplier," said GM spokeswoman Gina Proia. "The industry as a whole is going through a difficult period."

The equity-committee report echoes a similar document filed by the official creditors' committee, though the creditors' report is under seal. Both reports stem from an investigation that Delphi, of Troy, Mich., commissioned to examine the circumstances surrounding its spinoff. The results of the internal investigation were furnished confidentially to creditors and shareholders, who incorporated elements into their own documents.

The creditors' report raises a host of accounting issues, according to a lawyer familiar with the report. It alleges, for example, that if GM appeared bound to miss a quarterly number, it would submit false warranty claims to Delphi. Delphi would take that obligation on as its own, padding GM's books, the person said.

Ms. Proia of GM said the claims are "unfounded and without merit."

Closing In On Hedge Funds (NYT)

The New York Times, October 20, 2006

At first glance, the market-beating returns of hedge funds are impressive. But on closer inspection, things look less showy. Performance measures are based on voluntary reporting by hedge funds and thus tend to reflect outperformers rather than laggards and losers. And even some of the winners' outsized returns are overstated because they are not adequately adjusted to reflect the huge risks that go hand in hand with big gains.

In addition to those concerns, Jenny Anderson of The Times has now articulated another: the strong possibility that hedge funds' returns are juiced by insider trading.

Over the past several years, largely unregulated hedge funds have become a towering presence in the stock market, now accounting for roughly half of all trading on the New York and London exchanges. More recently, they have become major players in the debt market as lenders to companies, buyers of banks loans and investors in tricky derivative securities tied to companies' credit quality.

The loan market is far larger than the stock market, and as such, of vast importance to the performance of the overall economy — a fact that on its own should entice regulators to inquire more about hedge funds' potentially destabilizing positions and activities. A more immediate problem is that loan-market participants routinely deal in confidential information, including all of the details a company must divulge to qualify for a loan and frequent — nonpublic — financial updates while a loan is outstanding. With virtually no government oversight and generally fewer institutional controls than banks, hedge funds that are active in both equity and debt markets face huge temptations to trade on insider information.

Ms. Anderson reported that the Securities and Exchange Commission is looking into whether certain hedge funds improperly traded the shares of Movie Gallery, a movie rental chain, after taking part in a confidential conference call for the company's lenders. Such an investigation may be just the tip of an iceberg. Even if it doesn't uncover any wrongdoing, it has opened a window on how information travels on Wall Street.

On Monday, Senator Charles Grassley, chairman of the Senate Finance Committee, sent a letter to Treasury Secretary Henry Paulson Jr. and several other administration officials and members of Congress, soliciting views on how Congress could

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improve hedge fund transparency. The replies will, at the least, create a record of officials' ability and willingness to respond to the obvious problems posed by hedge funds — before those problems become crises.

It is time for Congress and federal regulators to take an unflinching look at how deals really get done in today's markets, and to come up with enforceable rules and laws to ensure market integrity and the overall soundness of the financial system.

CRIMINAL LAW:

Boehner, Former House Clerk Testify In Foley Investigation (CHIT/AP)

By Andrew Taylor

Chicago Tribune, October 20, 2006

WASHINGTON -- Ethics investigators on Thursday heard from the GOP aide once in charge of the House page program about how he handled cases of ex-Rep. Mark Foley's inappropriate behavior toward the teenage errand-runners.

The No. 2 House leader, Majority Leader John Boehner, also testified, repeating his public statements that he discussed with Speaker Dennis Hastert, R-Ill., the "overly friendly" e-mails from Foley to a former male page.

"I made myself clear on the record for the last three weeks, and I told the ethics committee today the same thing that I've told many of you," Boehner, R-Ohio, told reporters.

His appearance came after the former House clerk, Jeff Trandahl, explained how he handled incidents involving Foley and whether he alerted top House GOP staff aides about them.

Trandahl's lawyer said Trandahl "has cooperated fully" with the investigations by the FBI and the House ethics committee. "He answered every question asked of him," lawyer Cono Namorato said in a statement.

Namorato said Trandahl would not comment while the investigation continues. He did not return messages left for comment beyond his prepared statement.

Boehner would not say what he specifically told the committee in private. But Boehner publicly has quoted Hastert as telling him the complaint about Foley "had been taken care of." Hastert has said he does not recall the conversation with Boehner.

Trandahl had direct responsibility for the page program and was on the five-member oversight board. He was alerted to an earlier instance in 2001 or 2002 involving Foley's inappropriate e-mails to a former page sponsored by Rep. Jim Kolbe, R-Ariz., and was apprised of others.

At least two other incidents are known to be under investigation: last fall's episode involving the Louisiana page and an earlier one in which Foley reportedly tried to enter the page dorm while he was drunk.

No one, however, has claimed knowledge of the sexually graphic e-mails sent in 2003 that prompted Foley to resign from Congress on Sept. 29 when confronted with copies of them by ABC News.

Of special concern to the ethics panel is who was aware of the Foley problem and whether enough was done to end his inappropriate contacts with pages.

The known incidents were handled discreetly by Trandahl, other GOP staff aides and a few lawmakers. They were not brought to the attention of the page oversight board or the ethics committee.

Foley's former top aide, Kirk Fordham, testified before the ethics panel last week and has said he had meetings and "one more than one conversation" with senior GOP leadership aides about Foley's inappropriate behavior. That drew a quick denial from Hastert's chief of staff, Scott Palmer. He has not commented since and has yet to appear before investigators.

Trandahl, as one of the chamber's chief administrators, was in frequent contact with Hastert's office, including the speaker's counsel Ted Van Der Meid and Palmer about the page program and other House business. Trandahl was appointed to his post by Hastert.

Hastert's office has produced a detailed account of the 2005 incident, involving "over friendly" e-mails to a former page sponsored by Rep. Rodney Alexander, R-La. But the speaker's office has not commented on the page dorm incident or the earlier episode involving the e-mails to an Arizona teenager.

Palmer has denied Fordham's claim that he warned Palmer and other top GOP aides several years ago of Foley's inappropriate contact with pages and asked them to intervene.

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Foley, 52, has said through his lawyer that he is alcoholic, gay and had been molested as a boy by a clergyman. On Thursday, a priest acknowledged he was naked in saunas with Foley decades ago when Foley was a boy in Florida. The priest denied that the two had sex.

The Rev. Anthony Mercieca, 69, speaking from his home on the Maltese island of Gozo, said a report in a Florida newspaper about their encounters was "exaggerated."

A story in the Sarasota Herald-Tribune described several encounters in the 1960s that the priest said Foley might perceive as sexually inappropriate.

Former Clerk Tells Panel He Alerted Speaker's Office To Foley Concerns (NYT)

By Jeff Zeleny

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Jeff Trandahl, the former House clerk who supervised the Congressional page program, testified Thursday before the House ethics committee that he had periodically advised senior Republican leadership aides of complaints about Representative Mark Foley's behavior on Capitol Hill.

Mr. Trandahl, whose account is seen by investigators as crucial to determining whether Speaker J. Dennis Hastert knew about Mr. Foley's conduct, took questions for four hours in a closed session. He declined to comment as he left the Capitol, but people familiar with his testimony said Mr. Trandahl recounted how he informed the speaker's office about concerns that Mr. Foley was spending too much time with young pages.

Mr. Foley, Republican of Florida, resigned last month after news reports about his exchange of sexually suggestive e-mail and instant messages with pages. "Jeff Trandahl has cooperated fully with the investigation being conducted by the F.B.I. and the investigative group of the Committee on Standards," his lawyer, Cono Namorato, said in a statement. "He answered every question asked of him, and stands ready to render additional assistance if needed."

John A. Boehner, Republican of Ohio and the House majority leader, also testified Thursday before the ethics committee. After more than an hour of questioning, Mr. Boehner emerged to say that he stood by his account that he had told Mr. Hastert about overly friendly e-mail messages Mr. Foley had sent a former male page.

"I've made clear on the record what I knew and when I knew it," Mr. Boehner told reporters. "I told the ethics committee the same thing I've said on the record for many of you. It was very thorough, and I was very forthcoming."

Mr. Hastert, Republican of Illinois, has said he does not recall having such a conversation with Mr. Boehner. He has not denied that it could have taken place, but said it could simply have slipped his mind as Republicans were dealing with a number of controversies earlier this year.

The House ethics committee is trying to determine how Mr. Hastert's office handled reports of Mr. Foley's inappropriate e-mail exchanges with pages. Investigators are also trying to deduce whether anyone inside the speaker's office had ignored previous concerns about Mr. Foley.

Mr. Trandahl, who left his job as House clerk last year to take a nongovernment position, has told friends that he occasionally raised alarms about Mr. Foley's advances toward high school students who had come to Washington to work on Capitol Hill. He has told former colleagues that neither he, nor anyone else, knew about the explicit e-mail exchanges between Mr. Foley and former pages.

People with knowledge of Mr. Trandahl's testimony said Mr. Trandahl corroborated previous testimony that top aides to the speaker, including his chief counsel, Ted Van Der Meid, had been advised of complaints about Mr. Foley for at least three years.

Mr. Hastert's office has denied that assertion, saying aides learned of concerns about Mr. Foley only a year ago when a former page from Louisiana turned over e-mail exchanges he had had with Mr. Foley.

Mr. Trandahl, who was elected by the House but served at the pleasure of the speaker's office, has emerged as a central figure in the case. The House investigators are trying to establish whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, played a role in how complaints about Mr. Foley were handled.

Boehner And Ex-Clerk Of House Testify (WP)

By Charles Babington

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The Washington Post, October 20, 2006

Two key congressional figures testified before a House ethics panel yesterday about their roles in the Mark Foley scandal, reportedly sticking to accounts indicating that Speaker J. Dennis Hastert (R-Ill.) or his top aides had been alerted to concerns about the disgraced Florida Republican's behavior toward teenage pages before it became public.

The committee spent more than four hours questioning Jeff Trandahl, a central figure who has remained publicly silent about the affair. As House clerk from 1999 through last year, Trandahl oversaw the page program and dealt with several complaints about the actions of Foley, who abruptly resigned his House seat Sept. 29 as ABC News was reporting on sexually graphic electronic messages he had exchanged with former pages.

Trandahl joined Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, in quietly confronting Foley last fall about e-mails that the lawmaker had sent to a Louisiana boy, which the youth and his parents found troubling. Those e-mails were not nearly as explicit as the messages that emerged later from other sources.

Hastert's office has said that two high-ranking aides knew about the meeting with Foley but did not tell the speaker or his chief of staff, Scott Palmer. The board's other members, including a Democratic congressman, were also not told.

Trandahl did not speak to reporters as he left the ethics committee's office in the Capitol basement yesterday, but his attorney, Cono Namorato, said in a statement that Trandahl "has cooperated fully with the investigation being conducted by the FBI" and the ethics committee and "stands ready to render additional assistance if needed."

A source who has spoken with Trandahl since the scandal broke said the former House clerk indicated that he had alerted Hastert's staff in recent years to concerns that Foley was showing inappropriate attention to teenage pages. The source, who spoke on the condition of anonymity, said he had no reason to think Trandahl would give a different version to the FBI or the four-member subcommittee of the House Committee on Standards of Official Conduct. Trandahl's main contact on Hastert's staff appeared to have been counsel Ted Van Der Meid, the source said.

Hastert spokesman Ron Bonjean, asked to respond to the source's comments, said the ethics panel "is investigating this matter and we are confident in its ability to determine the real facts."

"The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion," Bonjean said.

Also yesterday, House Majority Leader John A. Boehner (R-Ohio) became the highest-ranking lawmaker to testify to the ethics panel on the Foley matter. Speaking to reporters after about an hour of questioning, he said: "I told the committee the same thing that I have told many of you."

Boehner originally told The Washington Post that he had spoken with Hastert earlier this year about Foley's e-mails to the Louisiana youth. He later said that he was not sure he had told Hastert, and still later said that he was fairly certain he had told the speaker.

Rep. Thomas M. Reynolds (R-N.Y.) has said that he had also spoken with Hastert about Foley's e-mails to the former page from Louisiana, but he has not met with the ethics committee. Hastert has said he does not recall such conversations, but does not dispute that they may have occurred.

The FBI, which interviewed Trandahl last week, is looking into whether Foley committed a crime. The ethics committee is examining whether House members or staffers handled the matter properly.

Trandahl's testimony is considered crucial in either bolstering or challenging that of Kirk Fordham, a former Foley chief of staff who testified before the ethics subcommittee last week. Fordham has said that Trandahl repeatedly urged him to rein in Foley, who was showing inappropriate attention to male pages on Capitol Hill. Fordham has said that he eventually appealed for help from Palmer, a powerful Hastert aide respected and feared by many lawmakers.

Fordham said Palmer later reported that he had met with Foley about the problem and had alerted Hastert. Palmer has issued a seven-word statement: "What Kirk Fordham said did not happen."

Fordham's attorney, Timothy J. Heaphy, said yesterday that he expected Trandahl to have corroborated his client's statement: that the then-clerk had repeatedly alerted Fordham about Foley's overly friendly behavior toward pages, long before top House leaders say the matter came to their attention. "I always believed he would say that," Heaphy said in an interview.

Craig Shniderman, a Trandahl friend who directs the Washington charity Food & Friends, said that, of all his responsibilities as House clerk, Trandahl viewed the care of the pages as his biggest.

Republican insiders say that they are perplexed and troubled by conflicting accounts stemming from the scandal, especially the differences between Fordham and Palmer. Both men are described as truthful, conscientious staffers who are too smart and honest to try to mislead the FBI or the ethics committee.

Some GOP staffers wonder whether their differences result from misunderstandings or faulty memories. One veteran congressional aide said Palmer handles a huge load of issues for Hastert, including matters of policy, legislation, budgets, office allocations and staffing levels. House members and employees constantly approach him with problems and requests, the aide said, and it is possible that Palmer feels he had "dealt with" complaints about Foley in a way that fell short of other people's expectations and understanding.

Priest Denies Having Sex With Foley (CHIT/AP)

By Frances D'emilio

Chicago Tribune, October 20, 2006

ROME -- A priest acknowledged Thursday that he was naked in saunas and went skinny-dipping with Mark Foley decades ago when the former congressman was a boy in Florida, but denied that the two had sex.

The Rev. Anthony Mercieca, 69, speaking by telephone from his home on the Maltese island of Gozo, made his comments after the Sarasota Herald-Tribune published an interview in which he described several encounters that he said Foley might perceive as sexually inappropriate. Mercieca said the Florida newspaper report was "exaggerated."

"We were friends and trusted each other as brothers and loved each other as brothers," Mercieca told The Associated Press in Rome. Asked if their association was sexual, the priest replied: "It wasn't."

Among the activities described by Mercieca in the newspaper were massaging the boy in the nude, skinny-dipping together at a secluded lake in Lake Worth, Fla., and being nude in the same room on overnight trips while he was a priest and Foley was a parishioner.

Sarasota Herald-Tribune Executive Editor Mike Connelly said Thursday the story is accurate, including the reference to a night in which Mercieca said he was in a drug-induced stupor due to a nervous breakdown and couldn't clearly remember what happened.

"The reporter talked to the priest four times yesterday and carefully reviewed his account, especially of the one night," Connelly said. "The story accurately reports what the priest said."

Foley, a 52-year-old Florida Republican, resigned from Congress last month after his sexually explicit e-mails to young male pages surfaced.

His lawyer said shortly afterward that Foley was an alcoholic, gay and had been molested as a boy by a "clergyman." Foley's civil lawyer, Gerald Richman, said the alleged abuser was a Catholic priest whose name he shared with Florida state prosecutors.

Mike Edmondson, a spokesman for the state attorney's office in West Palm Beach, Fla., said an e-mail from Foley's attorney was received Wednesday identifying the alleged abuser. He said the e-mail was being forwarded to the Archdiocese of Miami.

The Archdiocese of Miami said in a statement Thursday evening that it had received the name from the state attorney's office but was waiting for permission from prosecutors to release it publicly.

"It is the intention of the Archdiocese of Miami to fully cooperate with the Palm Beach State Attorney's office and not to interfere with any investigation that they are conducting," the statement said. A telephone call to the Archdiocese was not immediately returned.

Edmondson said earlier in the day that law enforcement involvement at this point had ended.

Dioceses across the United States have been grappling with sex abuse scandals involving clergy and young faithful.

Mercieca had worked at Sacred Heart Catholic Church in Lake Worth in 1967, according to church records. Foley would have been 13 at the time.

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Mercieca told the AP that he and Foley would go into saunas naked when he was a priest in Florida and Foley was a parishioner, but he said "everybody does that." The priest also said he didn't think it was unusual to go on overnight trips with a young boy.

The newspaper reporter "wrote many things that I didn't say," Mercieca told the AP, his voice trembling and sounding feeble at times. "He quotes me as saying I had one night stands with him. That's not true."

Richard Sipe, a former priest who studies sexuality and the priesthood and has counseled abusive clergy and victims, said abusive priests typically deny that their activities were sexual, because they often convince themselves that only intercourse violates their vow of celibacy.

"It's a lack of development," said Sipe. "This is not what an adult reasons about sex."

A study of five decades of clergy sex abuse claims, conducted by the John Jay College of Criminal Justice for the U.S. bishops, found that most victims have been adolescent boys.

Matthew Doig, an investigative reporter with Sarasota Herald-Tribune who talked to Mercieca on Wednesday, said he did not record their phone conversations but he was "100 percent confident" his story was correct.

According to Doig, Mercieca said he had been following the Foley story on CNN and then said, "Now it's his word against mine."

The priest was not quoted in the story as saying they had any "one night stands." However, the newspaper reported Mercieca said there was one night when he was in a drug-induced stupor as he was suffering from a nervous breakdown and "there was an incident he says he can't clearly remember that might have gone too far."

Doig said Mercieca had called back three times after the initial conversation and had confirmed that paragraph but would not directly describe the behavior on that night, claiming it was obscured by many years and his use of tranquilizers and alcohol at the time.

Mercieca told the AP that at the time he knew the young Foley "I had a nervous breakdown and was taking some pills and alcohol and maybe I did something that he didn't like."

The priest said he based that statement on what he had seen on TV news accounts about the Foley case. Pressed for details about what Foley might not have liked, Mercieca said he couldn't remember because "it was a long time ago."

Foley "seems to have interpreted certain things as inappropriate. ... I don't know what I did to him," the priest said. "I wonder why 40 years later he brought this up?"

He said the two became friends when he was assigned to Foley's parish, and he had Christmas dinner at Foley's childhood home, with the boy's parents, one year.

Mercieca described Foley as "a very happy person and he knew how to do things."

"He was 'allegro,'" Mercieca said, switching from English to use a word in Italian that means cheerful or merry.

"We would go to the movies," the priest said, adding another boy would sometimes come along, although he couldn't remember his name.

Referring to the page e-mail scandal, the priest said: "I don't think there was a connection with our friendship and this thing now."

Mercieca brushed off other questions, saying he didn't remember much, and he often paused for a long time before replying.

He said the last time he saw Foley was about 18 years ago when the two had dinner in a restaurant in Lake Worth.

Foley's criminal defense lawyer David Roth declined to comment Thursday, but he said earlier this month: "Mark does not blame the trauma he sustained as a young adolescent for his totally inappropriate" e-mails and instant messages.

Mercieca lives in a house with his brother, George, who is also a priest. He regularly hears confession and celebrates Mass in Gozo's cathedral, one of two main churches on the Mediterranean island.

Gozo, 60 miles south of Sicily, has a population of about 32,000 and is one of Malta's three inhabited islands -- filled with vacation homes and holiday resorts.

Priest Says He Had Close Contact With Foley (NYT)

By Abby Goodnough

The New York Times, October 20, 2006

MIAMI, Oct. 19 — A priest living in Malta has admitted having intimate contact with Mark Foley when he worked at the former congressman's childhood church in the 1960's. But the state attorney's office in Palm Beach County and the Archdiocese of Miami would not say on Thursday whether he was the priest Mr. Foley has said molested him.

The Rev. Anthony Mercieca, 69, told The Herald-Tribune in Sarasota, Fla., that he had formed a friendship with the young Mr. Foley after arriving at Sacred Heart Catholic Church in Lake Worth in 1966. Mr. Foley was 12 or 13, and Father Mercieca, who had moved from Brazil, was 29 or 30.

Father Mercieca told of skinny-dipping and lounging naked in saunas with Mr. Foley and massaging him while the boy was unclothed. He said that once, while on tranquilizers, he might have done something that Mr. Foley found inappropriate but that he could not recall the details.

"I wish him well," Father Mercieca told The Herald-Tribune from his home in Gozo, a Maltese island about 60 miles south of Sicily. "Let bygones be bygones."

In an interview Thursday with WPTV, an NBC affiliate in West Palm Beach, Father Mercieca said he had not done anything "dirty" but that there had been intimate contact.

"Once maybe I touched him," he told the television station. "It's not something you call, I mean, rape or penetration or anything like that, you know. We were just fondling."

In an interview with The Associated Press, Father Mercieca said the Herald-Tribune report was "exaggerated," but the newspaper stood by its story.

The Diocese of Gozo said in a statement that it had only just learned of "the allegations" and had asked the Archdiocese of Miami for more information. Bishop Mario Grech of Gozo would start investigating on Friday, the statement said.

"Bishop Grech, conscious of the gravity of pedophilia, reiterates that he will cooperate with those responsible for investigating such cases so that justice is done to the victims, the perpetrators are reformed and the common good is safeguarded," it said.

After leaving Sacred Heart in 1967, Father Mercieca worked at seven other parishes in South Florida, most recently at Blessed Trinity Catholic Church in Miami Springs from 1993 to 2003. Officials at those churches either did not return calls or referred them to the Archdiocese of Miami, which did not return them.

The archdiocese issued a statement saying that Palm Beach County prosecutors had given it the name of the man Mr. Foley has accused, but that it would not release it without the prosecutors' permission.

Mr. Foley, 52, resigned on Sept. 29 after the release of sexually graphic messages he had sent to teenage Congressional pages. Soon after, his lawyer announced that Mr. Foley was gay, had gone into treatment for alcoholism and had been molested by a clergyman as a teenager. Mr. Foley has not been seen publicly or heard from since.

The Survivors Network of Those Abused by Priests, a national advocacy group, asked Bishop Grech in an e-mail message to place Father Mercieca in "a secure facility" with no access to children.

"We hope Foley will go a step further and file a formal police report," said David Clohessy, the national director of the network, "and we encourage the police in the towns where the priest worked to actively beg victims and witnesses to come forward instead of sitting there and waiting for the phone to ring."

John Ombres, a childhood friend of Mr. Foley's who also attended Sacred Heart, said that Father Mercieca had gone to the movies with them when they were in sixth and seventh grades and taught them to drive.

"Sometimes we would go help him wash his car, a '57 Chevy from the parish, which we thought was very cool," Mr. Ombres, 52, said in an interview. "This is so horrible to me. I'm amazed."

Mr. Clohessy of the Survivors Network and Terence McKiernan of bishopaccountability.org, which keeps a database of accused priests, said they had no record of complaints about Father Mercieca.

According to The Herald-Tribune, Father Mercieca was born in Gozo and still has family there. Consiglia Grech, a neighbor of Father Mercieca's, said by phone that she could not believe he had done anything untoward. "That's not true," she said, "because Father Tony is very quiet."

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Father Mercieca told WPTV that the Foleys had invited him to Christmas dinner at their house in Lake Worth, and that he had taken Mr. Foley to events and on overnight trips to Washington and New York.

Asked what he would tell Mr. Foley, he said, “Remember the good times we had together, you know, and how well we enjoyed each other’s company.” He added, “Don’t keep dwelling on this thing, you know?”

Retired Priest Admits Encounters With Foley (WP)

By Howard Schneider And Debbi Wilgoren

The Washington Post, October 20, 2006

A retired priest from Malta acknowledged yesterday that he had intimate contact with a young Mark Foley that involved nudity and -- on at least one occasion -- "light touching," but he denied that he and Foley had "sexual intercourse."

The Rev. Anthony Mercieca, in a telephone interview from the Maltese island of Gozo, said he was surprised that his long-ago interaction with Foley had become linked to the scandal that erupted last month and cost the former congressman his job.

Foley, who served as an altar boy at the Sacred Heart Catholic Church in Lake Worth, Fla., when Mercieca was assigned there in the mid-1960s, resigned from Congress after reports about sexually intimate electronic messages he had sent to congressional pages. After his resignation, Foley entered alcohol rehabilitation, said he was gay and alleged that he had been sexually abused by a member of the clergy as a youth.

Yesterday, the Sarasota Herald-Tribune, citing confidential sources close to Foley's family, identified Mercieca as the priest in question.

A source familiar with details of Foley's allegations confirmed yesterday that Mercieca is the priest that Foley has told investigators abused him.

Church officials have encouraged Foley to name the priest who allegedly abused him, and Foley turned that information over to law enforcement authorities yesterday, wire services reported. A statement issued by the Archdiocese of Miami yesterday morning said church officials believe the name had been given to the Palm Beach County state's attorney on Wednesday but added that the state's attorney's office had not revealed the information to the church.

The statement said the archdiocese would publicize the name of the priest once it receives it, "per our policy relating to the protection of children and vulnerable adults."

Mercieca, 69, told The Washington Post that issues such as molestation and sexual harassment are "in the eye of the beholder," and that Foley -- who was 12 or 13 at the time -- might have interpreted some of their contact "the wrong way."

During at least one encounter with Foley, "I was a little out of myself," Mercieca said, from using tranquilizers as a result of what the Sarasota paper described as a nervous breakdown. "The whole idea is . . . that I did something that he did not like, but at the time he did not say anything."

"It was not what you call intercourse. . . . There was no rape or anything. . . . Maybe light touches here or there," he said.

Mercieca said he could not explain why Foley might be attributing his broader problems to their contact.

"We had some kind of friendship. I was very friendly with him and his family," Mercieca said. "Then almost 40 years passed without him saying anything. . . . And now because he got caught, he recited these things."

An employee at the law firm that is representing Foley said his attorney, Gerald F. Richman, had no comment on Mercieca. Mercieca said he did not expect to be sued or prosecuted criminally over his ties to Foley. For criminal cases, the statute of limitations has expired.

Mark Serrano, a board member of Survivors Network of Those Abused by Priests, encouraged a full investigation, including whether he had similar involvement with other minors, and whether any allegations had been reported to church officials.

"A crime is a crime is a crime," Serrano said. "Advanced age is no indication that kids are safe from a perpetrator. . . . An investigation would be required."

Priest Admits 'Fondling' Foley, Denies Rape (WT)

By Charles Hurt

The Washington Times, October 20, 2006

DOJ_NMG_0083662

A Catholic priest admitted yesterday to fondling Mark Foley nearly 40 years ago, an episode the disgraced Florida lawmaker made public after he resigned last month for sending sexually explicit Internet messages to teenage boys he knew from the Congressional Page Program.

"Once maybe I touched him or so," the Rev. Anthony Mercieca, 69, yesterday told a TV station in Florida, where Mr. Foley is in therapy for a reported alcohol addiction. "It's not something you call, I mean, rape or penetration or anything like that, you know. We were just fondling."

Father Mercieca, who now lives on the Maltese island of Gozo in the Mediterranean Sea, was posted at the Florida church where Mr. Foley was an altar boy in the 1960s. Just as Mr. Foley did after he was exposed, Father Mercieca cited substance abuse in explaining his actions.

"I have to confess, I was going through a nervous breakdown," he told the Sarasota Herald-Tribune, which broke the news in yesterday's editions. "I was taking pills -- tranquilizers. I used to take them all the time. They affected my mind a little bit."

Though associates of Mr. Foley said they never knew him to drink much, the six-term lawmaker said through his attorney that he has been a "closet drinker" for years and sent teenage boys lurid messages only when he was drunk. During that press conference, the attorney also said for the first time that a priest had molested Mr. Foley when he was a teen.

But unlike Mr. Foley, Father Mercieca is hardly apologetic.

"He seemed to like it, you know," he said in a telephone interview with West Palm Beach television station WPTV. "So it was sort of more like a spontaneous thing."

Among the activities Father Mercieca recalled were massaging the young Foley while the boy was naked, skinny-dipping with him at a secluded lake and being naked in the same room on overnight trips.

The admission ends three weeks of speculation over whether Mr. Foley really had been molested but raised other questions about why he had waited so long to report it.

"Let's say it was 40 years ago, almost 40 years ago, so why bring this up at this late stage?" Father Mercieca told the TV station.

"I would say that if I offended him, I am sorry, but to remember the good time we had together, you know?" he said. "And how really we enjoyed each other's company. And to let bygones be bygones. Don't keep dwelling on this thing, you know?"

Knowing Mr. Foley, Father Mercieca said, he's confident the former congressman will recover.

"He will overcome it with a psychiatrist, you know," he said. "Mark is a very intelligent man."

In Washington, meanwhile, House Majority Leader John A. Boehner and former House Clerk Jeff Trandahl testified yesterday before the House ethics committee about the Foley matter and how Republican leaders had responded to complaints about Mr. Foley that arose a year ago or longer.

"Had anyone known about it, we would have moved to expel Mr. Foley from our ranks immediately," Mr. Boehner told reporters after testifying for an hour behind closed doors. "The ongoing inquiry will determine the facts."

Folier Than Thou (WP)

By Michael Kinsley

The Washington Post, October 20, 2006

Here in Washington, we're all competing to see who can be more po-faced about Mark Foley and the congressional pages. Who can deplore Foley's behavior the most?

Democrats, sensing a deeply wounded Republican Party, are going in for the kill. It's the final evidence that the GOP is terminally corrupt: A congressman was cyber-molesting teenage boys and his party leaders evidently didn't even care.

Republicans answer: Hey, we invented child molesting! As an issue, that is. We own family values, and we're not about to let the party of Monica Lewinsky and Heather Has Two Mommies outflank us on the sexual morality front.

And then there are gay voices, eager to remind people that being gay and molesting children are two different things, which of course they are. But just to make the point clear, gays want everyone to know that they defer to no one in their distaste for Foley's behavior.

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So everyone claims to be terribly distressed. We glare at each other, looking as grim as possible, and the first one to break into a grin or a smirk or a snort loses. Stop it! It's not funny!

But then who are all the people watching David Letterman and Jay Leno, Jon Stewart and Stephen Colbert, and laughing -- laughing! -- at Foley's shenanigans? Who are the people cracking jokes on the Internet? They are so distressed that they can't stop giggling, and they find the whole subject so distasteful that they can't get enough of it. This is not a traditional case of politicians' hypocrisy. This is politicians accommodating the hypocrisy of voters.

Perhaps it would be a better world if everybody were as disgusted by the Foley episode as almost everybody claims to be. But the truth is that most people are enjoying this story and can't get enough of it. If you gave them the secret power to wish the whole thing away, they'd say, "Are you nuts? This is terrific!"

Poor Dennis Hastert is suspected, probably falsely, of being willing to sacrifice a child for the good of his party, and now the other party reaps the benefit. Do you think that if the devil told Nancy Pelosi she could undo the scandal, save these 17-year-olds from the trauma of electronic messages from a sicko congressman and give up her hopes of being speaker, that she would find such an offer tempting? I don't. And I don't think Pelosi is callous or cruel. If she thought it through, she might conclude that the good that can come from a Democratic Congress exceeds the evil that a few randy messages may have done to a few teenage pages. Meanwhile, most Americans, I strongly suspect, would happily sacrifice a few more pages just to keep the story going for entertainment purposes.

Then there is Gerry Studds (who, by a weird coincidence, died last week). Studds was a Democratic congressman who, in 1983, was censured for having an actual physical affair with a congressional page 10 years before that. After his censure, he continued to run in his district (in Massachusetts, natch), to win and to serve in Congress until 1997.

Compare and contrast Mark Foley: It develops that he may have had physical something-or-other with a page after all. But even before this came out, he had resigned under pressure on the basis of those e-mails alone. Doesn't that prove that Republicans are more serious about Protecting Our Children than Democrats are? Don't they win the po-face contest?

The Studds case is troubling. Do the Republicans have a point? Maybe, but there are a few points in mitigation as well. One is the huge random element in what becomes a Washington scandal. You don't need ideological conspiracies or grand cultural tectonic shifts. Whether something becomes a scandal depends on how close we are to an election, on what else is in the news, on what Michael Isikoff had for lunch and so on.

The Studds case came paired with that of Republican congressman Dan Crane, who had an affair with a female page. In a mutual disarmament agreement, both miscreants were "censured," which was actually a ratchet up from "reprimanded" or "scolded" or "tickled" or some other term recommended by an outside committee. Speaker Hastert says that if Foley hadn't resigned immediately, he would have been bounced. Maybe. But Crane, like Studds, was renominated by his party in the 1984 election. That would be the Republican Party. (Unlike Studds, Crane lost.)

Back in 1983 Studds took the position that the page had been over the age of consent in the District of Columbia, which is 16, and consent for the affair had, in fact, been mutual. This, of course, left out the question whether, as a member of Congress, he had some special duty to protect even 17-year-old congressional pages from middle-aged men such as himself. He probably did have such a duty, though he never paraded around as a protector of children, as Foley did.

A final difference between Studds and Foley is that the Foley case exposed the tawdry mechanics of a congressman trolling for action among teenage pages. No doubt the Studds affair involved the pre-e-mail equivalent of these mechanics, but they never became public. Obviously, that doesn't excuse Studds. But it also does not establish anything superior about Republican moral values.

Gun Collector Once Held In Prosecutor's Death To Help Grand Jury (AP)

By Gene Johnson

AP, October 20, 2006

A gun collector once jailed as a material witness in the assassination of a federal prosecutor has agreed to take a lie-detector test and will fully cooperate with a grand jury investigating the case, his lawyers said in a court filing Thursday.

DOJ_NMG_0083664

Albert K. Kwan, of suburban Bellevue, was held for three weeks in January 2005 as part of the investigation into the killing of Assistant U.S. Attorney Thomas Wales. Last month, Kwan was jailed on an unrelated charge of machine-gun possession.

In a motion challenging his detention Thursday, his lawyers, Joseph Conte and Eric Stahlfeld, wrote that Kwan signed an agreement with an assistant U.S. attorney on Monday, agreeing to take at least one polygraph examination and "to fully cooperate with the grand jury." In several previous appearances before the grand jury, Kwan has invoked his Fifth Amendment right against self-incrimination.

Wales, an 18-year veteran of the U.S. attorney's office in Seattle and the president of the gun-control group Washington CeaseFire, was shot as he worked in the basement of his home in Seattle's Queen Anne Hill neighborhood on Oct. 11, 2001. According to ballistics tests, the murder weapon was a Makarov pistol outfitted with a replacement barrel.

The FBI launched a nationwide search for the 3,500 replacement Makarov barrels imported into the United States prior to the killing.

Kwan was first contacted by the FBI in August 2003, when an agent met with him and asked if the FBI could test-fire his Makarov pistols. Kwan initially refused because his guns were collector's items that had never been fired; once investigators obtained a subpoena for them, he turned them over, his lawyers wrote.

His lawyers also insisted that agents were less than diligent in trying to serve Kwan with a subpoena to appear before the grand jury in December 2004 and January 2005. The agents made just one attempt: According to an FBI affidavit supporting a search warrant, when Kwan didn't answer his door, agents asked a neighbor where he was. Kwan called the neighbor and said he couldn't come to the door because he was washing his hair — a message the neighbor relayed. A section of the affidavit was cited in the motion.

After that, the FBI kept him under surveillance and eventually arrested him as a material witness, the lawyers wrote. According to the motion, agents insist that sales records from a Minnesota company, Federal Arms Corp., show Kwan purchased two Makarov replacement barrels in the mid-1990s, but Kwan only turned over one barrel and insists he never purchased a second one.

Kwan legally owns more than 100 pristine and historical machine guns. But during a search of Kwan's home in January 2005, agents found one — an M-14 — that they said was illegal.

Kwan's attorneys argue that the M-14 in question required substantial modification by federal agents — including use of a rotary tool with a cutting wheel and the installation of new parts — before it could be fired automatically. Therefore it didn't meet the legal definition of a machine gun, they argued.

Nevertheless, last month — long after the January 2005 search — Kwan was indicted on one count of machine gun possession. His attorneys suggested that the reason for the charge might be to improve his memory about the supposed second Makarov barrel; asked Thursday night whether he believed the federal government was trying to squeeze his client, Conte said, "Absolutely."

Through spokeswoman Emily Langlie, the U.S. attorney's office declined to respond. Previously, the prosecutor handling the case said the indictment was brought as soon as the Bureau of Alcohol, Tobacco and Firearms provided information about the crime.

"All of Mr. Kwan's problems with the grand jury and this indictment stem from his refusal to let the government take his pistols without a subpoena and his assertion of his legal rights from that time forward," the lawyers wrote. "... At a minimum the United States somehow believes that Mr. Kwan either killed AUSA Thomas Wales or provided the gun, or the barrel to the gun, to the person who did kill Mr. Wales."

Conte said his client was not involved in Wales' death.

U.S. Magistrate Judge Monica Benton refused to release Kwan pending trial. She said that given his history of legal scuffles with federal authorities, including the revocation of his federal firearms licenses, which he has appealed; his weapons collection; and his frequent travel to China to study the language, he posed a flight risk and a danger to the community. She also said it was "difficult to ignore" his behavior regarding the Wales investigation.

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In asking U.S. District Judge Thomas Zilly to review the detention order, Conte and Stahlfeld argued that Kwan's exercise of his constitutional rights did not constitute grounds for detention. They said he is a native of Hong Kong who has lived in the Seattle area for 20 years, has no previous convictions and is a sergeant in the U.S. Army Reserve.

"He is a person who scrupulously guards his privacy and his constitutional rights," Stahlfeld and Conte wrote. "None of these makes him a risk of flight or a danger to the community."

Only one person has been identified publicly as a suspect in the Wales case: an airline pilot who recently moved from Bellevue to Snohomish, and who was once prosecuted by Wales in a fraud case. That man's lawyer has insisted he is innocent.

Gun Collector To Cooperate In Wales Case (SEATIMES)

By Mike Carter, Seattle Times staff reporter

Seattle Times, October 20, 2006

A Bellevue gun collector who was jailed as a witness in the slaying of a federal prosecutor will cooperate with a grand-jury investigation and undergo a lie-detector test, his attorneys said Thursday.

Up to this point, Albert Kwok Leung Kwan has invoked his Fifth Amendment right prohibiting self incrimination when he's been questioned before the grand jury investigating the 2001 slaying of Assistant U.S. Attorney Thomas Wales.

Last month, Kwan was indicted for owning an illegal machine gun and jailed because he was a flight risk. He remains in custody. The machine gun was one of several weapons taken from his house in 2005 after an earlier arrest; at that time he was held for 23 days as a material witness in the Wales investigation.

In papers filed Thursday in U.S. District Court, Kwan's attorneys said he will submit to questioning by the FBI task force investigating the killing. He also will testify before the grand jury and "submit to one or more polygraph examinations." The lawyers are attempting to persuade a U.S. magistrate to release Kwan from custody in the machine-gun case.

At issue in the Wales case is Kwan's purchase of at least one replacement barrel for a 9-mm Makarov handgun. FBI experts have determined that Wales was shot with a Makarov fitted with such a barrel. His attorneys have said that Kwan has maintained he purchased just one such barrel, although the FBI has evidence he purchased two.

Joseph Conte, Kwan's attorney from Washington, D.C., said Kwan's recollection has not changed.

"This is what he has said since 2004," Conte said.

Federal investigators are tracing nearly 3,500 Makarov replacement barrels sold in the United States before Wales' slaying Oct. 11, 2001. Wales was sitting at his computer in the basement of his Queen Anne home when he was shot several times through a window.

Kwan lives just miles from the former home of an airline pilot and gun enthusiast who is the prime suspect in the Wales investigation. The pilot was once indicted for fraud by Wales, who ultimately dismissed the charges after a contentious prosecution.

If Wales' slaying was related to his job, he would be the first federal prosecutor in U.S. history to be killed in the line of duty.

Steve Clymer, the special prosecutor assigned to the Wales investigation, declined to comment on the development Thursday.

Mike Carter: 206-464-3706 or mcarter@seattletimes.com. Reporter Steve Miletich contributed to this story.

Anschutz Gesture To Deputy Prime Minister Equals Complaint (AP)

AP, October 20, 2006

LONDON — A businessman has complained to the U.S. Department of Justice about gifts a Colorado billionaire gave to British Deputy Prime Minister John Prescott, a news report said Thursday.

A parliamentary ethics panel gave Prescott a mild rebuke in July, saying he should have immediately disclosed his stay at the ranch of Philip Anschutz, the American tycoon who is bidding to open a casino at London's Millennium Dome site.

But it said Prescott had "acted correctly" in belatedly declaring the visit, and recommended no further action.

The Times newspaper said George Bathurst, a businessman based in Windsor, outside London, had reported the hospitality and gifts Anschutz gave Prescott to the Justice Department under laws banning U.S. businesses from attempting to bribe foreign officials.

A call by The Associated Press to a number listed as Bathurst's went unanswered Thursday.

Prescott was widely criticized for initially failing to declare his stay with Anschutz, who also gave him a cowboy outfit.

He says he has met twice a year with the oil, media and transport billionaire who has taken over the vast Millennium Dome,

an enormous exhibition space built for the 2000 New Year's celebrations. Anschutz is seeking a license to operate a casino there, but Prescott says the two never discussed that issue in their meetings.

Officials Probing Possible Theft Of Voting Software In Md. (WP)

By Cameron W. Barr

The Washington Post, October 20, 2006

The FBI is investigating the possible theft of software developed by the nation's leading maker of electronic voting equipment, said a former Maryland legislator who this week received three computer disks that apparently contain key portions of programs created by Diebold Election Systems.

Cheryl C. Kagan, a former Democratic delegate who has long questioned the security of electronic voting systems, said the disks were delivered anonymously to her office in Olney on Tuesday and that the FBI contacted her yesterday. The package contained an unsigned letter critical of Maryland State Board of Elections Administrator Linda H. Lamone that said the disks were "right from SBE" and had been "accidentally picked up."

Lamone's deputy, Ross Goldstein, said "they were not our disks," but he acknowledged that the software was used in Maryland in the 2004 elections. Diebold said in a statement last night that it had never created or received the disks.

The disks bear the logos of two testing companies that send such disks to the Maryland board after using the software to conduct tests on Diebold equipment. A Ciber Inc. spokeswoman said the disks had not come from Ciber, and Wyle Laboratories Inc. said it was not missing any disks.

Diebold spokesman Mark Radke and Goldstein said that the labels on the disks referred to versions of the software that are no longer in use in Maryland, although the Diebold statement said the version of one program apparently stored on the disks is still in use in "a limited number of jurisdictions" and is protected by encryption. The statement also said the FBI is investigating the disks' chain of custody.

Michelle Crnkovich, an FBI spokeswoman in Baltimore, said she had no knowledge of an investigation.

In an unrelated development, Maryland state auditors said in a report yesterday that the State Board of Elections is not properly controlling access to a new statewide database of registered voters or verifying what changes are made to it. The report comes at a time of heightened concern over the security and effectiveness of electronic voting systems.

Legislative auditor Bruce Myers said it was unusual to allow "across-the-board access" by local election officials to a sensitive database, but Lamone defended the board's practices. In a letter released with the Office of Legislative Audits report, she wrote that the board "is unaware of any allegations of the falsification of additions or deletions to the system."

The FBI investigation into the disks could focus further scrutiny on the security of Maryland's electronic voting system.

The disks delivered to Kagan's office bear labels indicating that they hold "source code" -- the instructions that constitute the core of a software program -- for Diebold's Ballot Station and Global Election Management System (GEMS) programs. The former guides the operation of the company's touch-screen voting machines; the latter is in part a tabulation program used to tally votes after an election.

Three years ago, Diebold was embarrassed when an activist obtained some of its confidential software by searching the Internet. The company vowed to improve its security procedures to prevent another lapse.

The release of such software poses a risk, computer scientists say, because it could allow someone to discover security vulnerabilities or to write a virus that could be used to manipulate election results.

In September, computer scientists at Princeton University who had obtained a Diebold voting machine demonstrated how a program they had created could secretly alter the votes cast on the machine. Diebold President Dave Byrd called the demonstration "unrealistic and inaccurate" and said it ignored the "physical security" measures used to safeguard voting machines.

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The Washington Post obtained copies of the disks Wednesday and allowed Avi Rubin, a computer scientist at Johns Hopkins University, along with a colleague and a graduate student, to review the software on the condition that they make no copies of it.

"I would be stunned if it's not real," Rubin said.

Rubin, who has said that electronic voting systems that do not produce a paper record of each vote cannot be secured, led a team that produced an analysis that pointed out security vulnerabilities in the Diebold software found on the Internet in 2003.

Sam Small, the graduate student, said the version of Ballot Station "was consistent with what we've seen previously." Small could not gain access to the GEMS software because the material on two of the disks was protected by a password.

Radke, the Diebold spokesman, said the versions of Ballot Station released since the version identified on the disks have many new security features. The Diebold statement said "it would take years for a knowledgeable scientist" to break the encryption used on the software apparently contained on the disks delivered to Kagan. But Rubin said "the data and files were not encrypted" on the Ballot Station disk he reviewed.

The Office of Legislative Audits report also said the Maryland elections board has paid bills submitted by contractors without proper documentation and has not taken appropriate steps to safeguard its computer network and Web site.

Lamone said, "It seems inappropriate to base findings on a partially implemented system," referring to the new MDVOTERS database, which Maryland has established to comply with federal law.

She said it is appropriate for local election workers to have access to the database and said procedures are in place to verify changes. Lamone concurred with the auditors' criticism of her staff's accounting practices and said they had "obtained nearly all necessary documentation" for contractors' bills.

Providing the sort of local oversight envisioned by the auditors, she said, "simply cannot be conducted with existing resources."

Texas Inmate Kills Self Day Of Execution (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, October 20, 2006

(AP) - LIVINGSTON, Texas-A death-row inmate slit his own throat with a makeshift knife early Thursday, committing suicide less than 18 hours before he was scheduled to be executed, a prison official said.

Michael Dewayne Johnson, 29, was on death row for the 1995 killing of a convenience store clerk near Waco.

He was in a death-row cell early Thursday when he slashed his own throat with a makeshift blade fashioned from a small piece of metal attached to a wooden stick, said Michelle Lyons, spokeswoman for the Texas Department of Criminal Justice in Huntsville.

Prison guards had been checking on Johnson's welfare every 15 minutes, as is customary, when they found him unresponsive in a pool of blood in his cell, Lyons said. He was taken to a hospital in nearby Livingston, where he was pronounced dead, Lyons said.

Johnson's execution had been scheduled for 6 p.m. Thursday. His last-minute appeal was still pending before the U.S. Supreme Court.

Blagojevich Fundraiser Pleads Not Guilty In Two Cases (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, October 20, 2006

A fundraiser and close adviser to Gov. Rod Blagojevich pleaded not guilty to fraud charges Thursday after being escorted to federal court by FBI agents.

The appearance in court of Antoin "Tony" Rezko ended weeks of speculation about his whereabouts that peaked after a pair of indictments were unsealed against him last week.

Federal prosecutors charge that Rezko leveraged his influence with state leaders to extort illegal payments and a campaign contribution from investment firms seeking to do business with Illinois. He is separately accused of setting up a phony transaction involving the sale of his pizza restaurants.

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Despite the official escort—agents met Rezko's plane as it landed Thursday at O'Hare International Airport—Rezko walked into court seemingly unconcerned, waving to family members and shaking his lawyer's hand.

His attorney, Joseph J. Duffy, said Rezko's travel back to Chicago had begun in his native Syria after he concluded a business trip to the Middle East.

"In the last week, there has been what I would call an unnecessary media frenzy about Mr. Rezko and his whereabouts and his intentions," Duffy said as he left the courthouse. "Mr. Rezko today in court proclaimed his innocence. He is confident he will be vindicated in trial."

Rezko was arraigned before U.S. District Judge Charles Kocoras in the charge related to his pizza business and before U.S. District Judge Amy J. St. Eve in the kickback case. Kocoras and St. Eve agreed to release Rezko on $1.4 million bail.

Assistant U.S. Atty. Christopher Niewoehner had argued a decision on bail shouldn't only be made in the light of Rezko's return. Rezko could decide to flee once he realizes the full weight of the evidence against him and understands he could face up to 14 years in prison, Niewoehner said.

Rezko has significant ties to the Middle East, and his wife and daughter met him in Damascus recently. He has transferred money around the world, Niewoehner said, including $400,000 to Beirut in 2004.

Duffy countered that all of Rezko's family contacts are local and said he may have less than $5,000 in some of his bank accounts here.

If Rezko had wanted to run, he wouldn't have been in court Thursday, Duffy said. Rezko understands his duty as a U.S. citizen to appear, he said.

"The best expression of that is he's standing here today," Duffy said.

Nine homes owned by friends and family members were submitted to secure Rezko's release. He also must put up his own residences in Wilmette and Lake Geneva, Wis.

St. Eve said Rezko must also be placed on electronic home monitoring until an affidavit outlining his finances can be organized.

Rezko's whereabouts had been a concern for authorities for weeks as the case against him progressed. Prosecutors, unsure when or whether Rezko would return from an overseas trip, sought his indictment under seal Oct. 5.

When prosecutors announced the indictment last week, U.S. Atty. Patrick Fitzgerald said it was done without regard for any impact it could have on the Nov. 7 election

The governor has distanced himself from Rezko in recent days, insisting his trust was betrayed and that he had no knowledge of Rezko's actions. Sources with knowledge of the case have said Rezko sought a $1.5 million campaign contribution for Blagojevich in lieu of one secret kickback.

"Tony Rezko has returned to defend the charges against him," Blagojevich said in a statement Thursday. "Today, with his arrival in court, the legal proceedings have begun. Now it is time for the justice system to fairly decide his case."

Rezko is accused of helping to get businessman Stuart Levine reappointed to the board of the state's Teachers' Retirement System and scheming with Levine to get kickbacks from companies seeking business with the state board.

Levine is cooperating with the government, and Niewoehner said there are recordings of Rezko discussing his activities.

"Mr. Rezko has no idea what is in store for him," Niewoehner said.

Rezko cooperated throughout the investigation into his activities as long ago as 2004, Duffy said, offering information when any of the entities he owns was subpoenaed.

Randall Samborn, a spokesman for the U.S. attorney's office, said Rezko's travel itinerary had been provided in advance to authorities, and the FBI and U.S. Customs agents were waiting for his plane when it arrived.

He was escorted off his flight at about noon and into a van waiting on the tarmac, which took him to the FBI's Chicago headquarters on the West Side prior to his court appearance.

"He knew we would be there; we knew he would be there," Samborn said.

Tribune staff reporters Gerry Doyle and Matt O'Connor contributed to this report.

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Governor's Fundraiser Says He's Not Guilty Of Seeking Kickbacks (BVND)

By Deanna Bellandi

The Belleville News Democrat, October 20, 2006

CHICAGO - A fundraiser and political confidant for Gov. Rod Blagojevich pleaded not guilty Thursday to federal charges that he worked to squeeze millions of dollars in kickbacks from investment firms seeking state business.

Businessman Antoin "Tony" Rezko, 51, of Wilmette was released from custody after friends and family helped secure his release by putting up as collateral nine pieces of property worth about $1.5 million, along with Rezko's north suburban Chicago home and one he owns in Lake Geneva, Wis.

"Mr. Rezko today in court proclaimed his innocence. He is confident that he will be vindicated at trial," said his attorney, Joseph J. Duffy, who entered not guilty pleas on Rezko's behalf.

Rezko, who is charged in two separate indictments, also pleaded not guilty earlier in the day to charges he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company.

More than two dozen Rezko supporters traveled from courtroom to courtroom as he was arraigned in the two indictments by separate judges who reminded them they could lose their houses if Rezko doesn't show up for trial.

Prosecutor Christopher Niewoehner noted Rezko's willingness to appear in court now but said he did not know all the details of the case against him.

"Mr. Rezko has no idea what is in store for him," Niewoehner said.

Rezko was released on the condition that he be on home confinement with electronic monitoring pending the completion of a financial affidavit before a Nov. 3 hearing with U.S. District Judge Amy J. St. Eve.

The financial affidavit will help prosecutors sort out Rezko's net worth because Duffy said he apparently has "negative cash flow."

Rezko can leave his home for certain duties, including work and court appearances, but he is not allowed to travel outside the northern district of Illinois.

Rezko was arrested without incident Thursday at O'Hare International Airport, after he returned from Syria to face charges of fraud and extortion, federal officials said. Rezko was born in Syria and moved to the U.S. as a teenager. The father of three has no criminal record.

Duffy had asked U.S. District Judge Charles Kocoras, who handled the arraignment on the case involving loans to a pizza restaurant company, to release Rezko on his own recognizance, saying there is nothing to indicate he would flee.

Kocoras declined but said the fact Rezko showed up Thursday was "a point in his favor," and Prosecutor Carolyn McNiven said she was "very happy" he appeared.

Rezko failed to show up for arraignment last Friday. His attorney said he was overseas on business and the indictments caught him by surprise.

Rezko is accused of mail fraud, wire fraud and other charges in an elaborate scheme with millionaire campaign contributor Stuart Levine to squeeze millions of dollars out of companies, including a $1.5 million contribution to "a certain public official" from a company seeking state business. A person familiar with the investigation, who spoke only on condition of anonymity because the probe is ongoing, has said the unnamed public official is Blagojevich.

The indictments came more than a year after federal authorities began investigating allegations of fraudulent hiring practices by top officials in the governor's office.

The governor has not been charged with any crime and has denied knowing of any wrongdoing.

Blagojevich has said if the allegations against Rezko are proven true, then he was duped by a friend.

"Tony Rezko has returned to defend the charges against him. Today, with his arrival in court, the legal proceedings have begun. Now it is time for the justice system to fairly decide his case," Blagojevich said in a written statement.

John McGovern, a spokesman for Blagojevich's Republican opponent, Judy Baar Topinka, said this "may well be the biggest corruption scandal in Illinois history."

Duffy has said the attempt to shake down investment firms never happened and was made up by Levine.

Levine has been under two indictments in the federal investigation of state government corruption. His attorney, Jeffrey B. Steinback, has said he is cooperating and expects to plead guilty.

Levine is due in court on the charges Oct. 27.

Warning Letter Lands Candidate In Hot Seat (USAT)

USA Today, October 20, 2006

The head of the Republican Party in Orange County, Calif., on Thursday called for the withdrawal of a GOP congressional candidate, citing a letter threatening Hispanic immigrant voters with arrest. Tan Nguyen, challenging Democratic Rep. Loretta Sanchez, denied any knowledge of the letter sent to an estimated 14,000 voters, but said he fired a campaign staffer who may have been responsible. County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen knew of the letter.

The letter warns that "if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time." Immigrants who are citizens are eligible to vote, and it is a crime to threaten or intimidate voters.

Justice Department spokeswoman Cynthia Magnuson and state attorney general's office spokesman Nathan Barankin said their offices were investigating.

Blagojevich fundraiser pleads not guilty

A fundraiser and political confidant for Illinois Gov. Rod Blagojevich pleaded not guilty to federal charges of involvement in a kickback scheme.

Antoin "Tony" Rezko, 51, is accused of working with millionaire campaign contributor Stuart Levine to squeeze millions of dollars out of companies, including a $1.5 million contribution to "a certain public official" from a company seeking state business. The Associated Press reports that a person familiar with the probe, who spoke on condition of anonymity because the investigation is ongoing, said the unnamed public official is Blagojevich.

Rezko also pleaded not guilty to separate charges that he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company. Blagojevich, a Democrat seeking re-election against Republican Judy Baar Topinka, has denied wrongdoing.

Democracia USA registers 105,000 voters

Democracia USA, a Hispanic civic engagement program, said it has registered more than 105,000 Hispanics in Arizona, Florida, New Jersey and Pennsylvania. Executive Director Jorge Mursuli declined to give the party breakdown, saying the group's goal was participation and not partisanship. "There is a growing sense of political engagement in the Hispanic community, and a sense of emerging political power," he said.

The group said there are about 9 million Hispanics registered to vote. The four states were chosen for their growing Hispanic communities, Mursuli said. He said the new voters could be the deciding factor in several races, including Senate races in Pennsylvania and New Jersey and the Florida gubernatorial campaign.

The group will be back in the states next week concentrating on get-out-the-vote efforts, Mursuli said.

Liberti Gets 18 Months For Pocketing $66,000 (PALMBEACHP)

By Tony Doris, Palm Beach Post Staff Writer

Palm Beach Post (FL), October 20, 2006

FORT LAUDERDALE — Ray Liberti, an elder Palm Beach County statesman snared in an FBI corruption sting, was sentenced today to 18 months in prison for pocketing $66,000 in cash, most of it delivered in a shaving kit.

Liberti, who resigned from the West Palm Beach City Commission in May after he was charged by federal prosecutors, was ordered to surrender immediately by U.S. District Judge William P. Dimitrouleas, who rejected Liberti's request that he remain free for a month to sort out his personal affairs.

He will serve the sentence at a minimum security facility, most likely in the Florida Panhandle or in Central Florida.

It's possible that Liberti will spend just nine months in a prison cell, then serve the remainder of his term in a halfway house. Two or three months could be shaved off the sentence for good behavior behind bars.

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About a dozen of Liberti's family and friends attended today's sentencing hearing. He hugged each one of them for a few moments before he was escorted by marshals from the courtoom. Liberti remained composed, but some of them broke down in sobs.

"It's very strange being here," a red-eyed Liberti told the judge. "I know what I did and what I didn't do. It's the first time in my life that I've ever been in trouble. You'll never see me in this courtroom again. I want to apologize to this court, my constituents, the people of Palm Beach County and the state of Florida and most of all, to my parents and my children."

Dimitrouleas went easy on Liberti, saying he was "a good person who did some bad things." He had faced as much as 50 years in federal prison, but prosecutors John Kastrenakes and Bruce Reinhart agreed to recommend 18 to 24 months in exchange for a guilty plea and his cooperation in their investigations of others' misdeeds.

"The court doesn't view public corruption as a minor victimless crime," the judge said. "It can corrode the foundations of our government."

Liberti, 60, had been caught on FBI tape wielding his power as a city commissioner to push a massage parlor owner into slashing the price of her business. He had taken $66,000 plus a $2,000 watch from an FBI undercover agent posing as a buyer.

Thus far, nothing public has come of Liberti's promised cooperation.

Still, the repercussions from the scandal continue at city hall: A state grand jury is investigating city contracts, and the mayor has launched an unprecedented campaign to raise ethical standards for the city's public servants.

Since his guilty plea in May, Liberti has paid a private price for his betrayal of public trust. His wife, whom he married 19 months before the arrest, has divorced him and he has been shunned by politicians he had befriended while serving the city for three years and as a state representative for 14 years.

Liberti had pleaded guilty to two counts of mail fraud and one of witness-tampering and had been free on bond until today.

Nearly three dozen people wrote letters to the court on Liberti's behalf. But none came from his one-time political pals.

Instead, letters came from his parents, Ray and Fran. The elder Liberti, 83, has a heart condition, is short of breath and suffers from depression; Fran, 80, awaits a kidney operation. They need their only child, his mother wrote. "We would not have gotten this far without knowing he is always there to help us."

Eight letters came from within his family circle; four came from his neighbors on Iroquois Circle; three, from Episcopal reverends. Most came from friends and associates from various points in his career as public administrator, college instructor and consultant. His family eye doctor sent a letter. So did his chiropractor.

Enid Atwater, whose divorce from Liberti was completed Oct. 12, did not write. But Brenda Sutton, one of Liberti's three ex-wives, wrote of his proud, early years in the Florida House.

"He was a man of vision, of ideals, and of strong personal integrity," she recalled, asking for leniency.

His daughter Rachel, 26, wrote: "A couple of months ago, my car broke down at night in the middle of nowhere. I didn't call my sister, boyfriend, best friend, or my mom for help. I called my dad. He immediately ran out of his meeting, and drove the two hours to come to my aid. I don't know what I would do without him."

Charles Cannon, a deacon at St. David's-in-the-Pines Episcopal Church in Wellington, described Liberti as someone who worked "for the transformation of human systems and for a finer world." He called Liberti "a friend, a servant of God and a sinner seeking God's redemption."

Many letters came from longtime friends who saw Liberti's confessed actions as out of character. They asked that the judge recognize that Liberti already has suffered "ridicule, humiliation and future loss in his professions," as neighbors David and JoAnn Deuschle put it.

Some professed to being baffled by events, others suspected political motivations at work. "Stories and comments made about him in the media came from recognized Democrats in journalism and public relations," wrote Linda Hamburger, an adjunct instructor at Northwood University.

Others asked that Liberti be viewed as someone who already has paid dearly.

"There is no pride or ego left in this man," wrote neighbors Michael and Sharon Kintzel. "This is a good man who made a serious moral error that he has paid for with everything in his life that he values."

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Ex-WPB Official Sentenced To 18 Months In Federal Corruption Case (AP)

AP, October 20, 2006

FORT LAUDERDALE, Fla. -- A former West Palm Beach commissioner and state legislator was sentenced Thursday to 18 months in federal prison after admitting he took bribes to harass local businesses so they could be purchased at bargain prices.

Ray Liberti, 60, pleaded guilty in May to mail fraud and obstruction of justice charges. He admitted accepting $66,000 in cash and a $2,000 Tag Heuer watch from investors - one of whom was actually an undercover FBI agent - who wanted to buy a massage parlor and a nightclub below market value.

To drive down the prices, Liberti made false health and city code violation complaints about the businesses, persuaded West Palm Beach police to conduct a prostitution investigation involving them and even posed over the telephone as a reporter for the South Florida Sun-Sentinel, threatening to write a negative story.

The sentence imposed Thursday by U.S. District Judge William Dimitrouleas was below the two years sought by prosecutors for what Assistant U.S. Attorney John Kastrenakes called "pervasive, repeated criminal conduct" over a nine-month span.

"I know you'll never see me again in this courtroom," Liberti told the judge.

Liberti served for 14 years in the state House of Representatives and was elected to the West Palm Beach commission in 2001. He resigned shortly after the charges were made public earlier this year.

Accountant Probed In Embezzlement At Drug Trade Group (WT)

By Jim Mcelhatton

The Washington Times, October 20, 2006

Federal authorities have seized personal bank records of the accounting director at a District-based pharmaceutical research group in a probe of whether she funneled money to buy property in Jamaica.

The FBI and the financial crimes unit of the Metropolitan Police Department have been investigating accountant Marcia Campbell for more than a week after learning of an internal audit that showed that more than $200,000 was missing from the Pharmaceutical Research and Manufacturers Association (PhRMA), court records show.

Miss Campbell declined to comment when reached by phone at her home.

Her attorney said that she has not been formally indicted and that he could not comment on the matter.

Miss Campbell was arrested Monday by a deputy U.S. marshal and was later released.

Ken Johnson, senior vice president at PhRMA, said Miss Campbell "no longer works here." He declined to discuss whether she had been terminated or had resigned.

"There is an ongoing criminal investigation, and it would be inappropriate to comment," Mr. Johnson said.

He said the investigation began after PhRMA contacted law-enforcement authorities.

According to a search warrant affidavit filed in federal court in the District this week, PhRMA began an internal investigation this month after a vendor, National Media Inc., inquired about a $73,560 payment it had not received.

Police said in court documents that PhRMA auditors traced the money to a Washington Mutual Bank account belonging to Miss Campbell.

Auditors found that it wasn't the first time that PhRMA funds had been diverted to the account, according to the affidavit.

Authorities think Miss Campbell in December transferred $150,000 to her accounts from funds that were supposed to go to another vendor, LETNOM Productions Inc., court records show.

Since December, Miss Campbell's accounts have received at least $223,560 in unauthorized transfers from PhRMA, police say.

Investigators also have examined Miss Campbell's e-mail records. They say she sent a note from her work computer to a real estate agent in Jamaica this month indicating that she recently had wired money for the closing costs in a real estate deal.

PhRMA officials discussed "ongoing matters" related to the investigation with Miss Campbell last week, according to the affidavit.

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On Monday, authorities searched Miss Campbell's home and car in Northwest and seized a day planner, an airline ticket and bank statements, according to court records.

PhRMA, the lobbying group for the nation's largest drug makers, hired Miss Campbell about six years ago, according to court filings.

Prosecution Traces Smuggled Venus' Steps (WP/AP)

By Ariel David, The Associated Press

The Washington Post, October 20, 2006

ROME -- Prosecutors in the trial of a former J. Paul Getty Museum curator retraced the steps of an ancient statue they say was smuggled out of the country, and is now one of the most significant pieces in a dispute between Italy and the Los Angeles museum.

The prosecution presented testimony and documents reconstructing the route that the fifth century B.C. statue of the goddess Aphrodite took from Sicily to the Getty, which bought the piece for $18 million in 1988.

Italy has been cracking down on antiquities trafficking and campaigning to recover artifacts it contends were stolen or illegally exported from the country and sold to European and U.S. museums.

As part of these efforts, former Getty curator Marion True and American art dealer Robert Hecht are on trial in Rome, accused of knowingly trafficking in stolen artifacts. They deny wrongdoing. Their trial resumed Wednesday after a lengthy summer break.

Fausto Guarnieri, a former police officer, testified Wednesday that he first received anonymous tips in the late 1980s of the existence of a secret dig at Morgantina _ the Greek settlement in Sicily where the "Venere di Morgantina" is said to have been found.

The tips came from illegal diggers angered that rival raiders had sold precious statues found at the site for a very low price, he said.

At the same time, as they prepared to acquire the Venus, Getty officials wrote letters to Italian authorities, inquiring if the statue had been stolen.

Guarnieri said that no connection was made then between the Venus and Morgantina, and authorities responded that the statue was not on their lists of stolen artifacts, but that they would investigate. Only a 1997 analysis of the statue confirmed it was made out of the same stone as fragments found in the Morgantina illegal dig, he said.

Prosecutor Paolo Ferri then showed the court documents from subsequent investigations that reconstructed the statue's voyage.

A 1986 receipt made out by an Italian who claimed to own the statue says it was sold in Switzerland to a London-based dealer for $400,000 after "it had been in my family's possession since 1939."

Ferri suggested the ownership claim was fake, reminding the judges that 1939 was the year Italy passed a law making all antiquities found in the country property of the state.

Ferri also showed documents that accompanied the statue as it traveled from Switzerland to Los Angeles through London, noting that the weight of the crates carrying it increased dramatically with each step. He said this was an indication that the statue was sold in pieces at different stages, a technique smugglers use to get more money out of buyers.

Lawyers for True have always maintained that their client acquired this and other disputed pieces in good faith, without knowing of their supposed illegal origin. Defense lawyer Francesco Isolabella stressed that point while cross-examining Guarnieri on Wednesday, repeatedly questioning how Italian authorities followed up on the Getty's original inquiries about the statue.

"From (1988 to 1997) they didn't do anything," Isolabella later told reporters. "They didn't ask for the Venus back, they never asked questions on its origin."

The fact that the Getty had made inquiries on the artifact and later made it available for the 1997 analysis was proof of the museum's good faith.

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True and Hecht were not in court Wednesday. Their lawyers said they could show up for the next session, set for Nov. 10, and would be available to take the stand.

The 7-foot statue of Aphrodite is only one of dozens of artifacts Italy wants returned from the Getty. Negotiations between the museum and the Italian Culture Ministry have so far failed to yield a deal.

Last month, Boston's Museum of Fine Arts returned 13 disputed ancient artifacts to Italy in exchange for loans of other treasures. Earlier this year, New York's Metropolitan Museum of Art signed a similar deal for the return of 21 pieces, including a collection of Greek silverware from Morgantina.

Five People Accused Of Stealing Katrina Relief Money (SDUT/AP)

Associated Press

The San Diego Union-Tribune, October 20, 2006

SACRAMENTO – Five people have been charged with making fraudulent claims for more than $30,000 in disaster assistance funds targeted for victims of Hurricane Katrina.

U.S. Attorney McGregor W. Scott announced the charges Wednesday, calling the five individuals' behavior "unconscionable."

Larry McDaniel and Jerry Davis, both 34 and of Sacramento, are each accused of stealing more than $12,000 in funds earmarked for Katrina victims. They are charged with making false claims to the Federal Emergency Management Agency and mail fraud related to those claims, according to Assistant U.S. Attorney Michelle Rodriguez.

Davis also is charged with defrauding the Department of Housing and Urban Development. He allegedly attempted to obtain public housing benefits by falsely claiming he was displaced by the hurricane.

Marysville residents Crystal Housley, 27, John Housley, 49, and Shawn Cudaback, 26, are each charged with conspiracy to defraud the federal government, making false claims to FEMA and mail fraud. They allegedly stole $6,000 in disaster relief funds.

Each defendant faces up to five years in prison on the conspiracy and false claims offenses and up to 20 years on the mail fraud charges. If convicted, each defendant also faces a $250,000 fine and a three-year term of supervision, the U.S. Attorney's Office said.

'God Was Right Here' During Restaurant Siege (WP)

By Joshua Partlow

The Washington Post, October 20, 2006

The Haitian restaurant Chez Yon Yon doesn't typically serve curried shrimp, but since Lyonel and Yanick Simeon are still shepherding their business through its first arduous year, they agreed to prepare the dish to please the two young gentlemen who came in for takeout Wednesday evening.

While the plantains were frying, the two men sat in small wicker chairs at the entrance of the Prince George's County restaurant, near a sign advertising the restaurant's money transfer business -- an unsuccessful service that hadn't operated in a few months. It seems no one noticed that the men were wearing bulletproof vests under their shirts.

For the next six hours, the two men would transform a warm fall evening into a hostage crisis and a tense standoff with Prince George's police.

Yesterday, Yanick and Lyonel Simeon told their story of the attempted robbery at 834 Chillum Rd., while Lyonel recovered from a beating and their 7-year-old daughter, the last hostage to get out, remained too skittish to go to school.

"This had all the makings of an absolute disaster," said Capt. Robert Liberati of the Prince George's County police.

But it ended with no shots fired and the arrest of two suspects -- Oliver Tunstall, 26, of Lanham and Darren Johnson, 19, of Landover.

Yanick Simeon said she feels grateful to be alive.

"God was right here," she said, standing amid the bloodstains on the restaurant's tile floor. "I don't know how else this could have gone the way it went. God had to be right here."

The day got off to a good start. That morning, a package arrived containing a framed restaurant review from last month's Washington Post. Lyonel Simeon proudly mounted it on the wall by the stairs. The couple's two children, son Yephnick, 11, and

daughter Phabiene, 7, bustled around the restaurant, helping out. It seemed that the family's dream -- the moment they hoped for when, short of money, they slept on friends' couches -- might actually be realized.

"He was jumping up and down yesterday morning, saying this will stay on the wall for my children even when I'm dead," Yanick Simeon, 34, said of her husband, who was a well-known trombone player in Haiti before he came to the United States in the 1980s. "This was the same day. The same day."

It had been a relatively slow night when the two men walked in. Fewer than 10 guests were seated, though the Simeons were expecting a party of 18 to arrive shortly. Yanick Simeon hurried out the back door and down Riggs Road to the Save-A-Lot to buy spices.

Not long before 6 p.m., the men identified by police as Tunstall and Johnson paid for their carryout with a $20 bill. When Lyonel Simeon handed them change, one of the men pulled out a gun.

"Freeze," the man said, according to Lyonel Simeon. "Give me the money."

Lyonel Simeon said he handed over the money from the register and his pockets, as well as his jewelry, but the men wanted more. His wife said the men demanded the nonexistent funds from the money transfer business.

Lyonel Simeon took one of the gunmen upstairs and "showed him the safe was open and there was no money inside." He said that the gunman pistol-whipped him and that he also was beaten with a VCR and a fire extinguisher.

"I said, 'You don't have to do that,' " he recalled.

Lyonel Simeon said his head wounds required nine staples.

When Yanick Simeon return to the restaurant, she said, she found both doors locked, and, looking through a downstairs window, she saw customers on the floor and one man stalking about the room.

"I thought everybody was dead," she said. "I was screaming."

She said she turned around to find two Prince George's police officers she knew standing behind her. They were coming for a meal, she said. The appearance of police caused enough commotion to bring the gunman down from upstairs, she said, at which point her husband poked his bleeding head out the second-story window.

"Help me, please, help me. You have to catch me," she recalled him saying. "I said, 'Honey, you have to jump.' "

She said yesterday that she believes he would have been killed if he had stayed.

Lyonel Simeon crashed down into the bushes and escaped. One of the gunmen went out a second-story window on the other side of the building, leapt onto a roof and then landed on the wooden deck stairs, she said. Police quickly arrested him.

The second man, identified as Tunstall, remained inside with as many as six hostages, including the Simeons' two children and a 9-year-old girl, authorities said.

Police moved in. About 30 tactical officers, including a SWAT team and conflict negotiators, rushed to the scene. Police blocked off Riggs Road, Chillum Road and nearby streets. A helicopter flew overhead, and an armored personnel carrier shuttled between the restaurant and the improvised command post outside a nearby Giant supermarket.

As dusk settled, Nixon Clermont, 44, a Haitian immigrant who plays kompa music with Lyonel Simeon, anxiously paced behind a police barricade on Chillum Road about 400 yards from the restaurant.

"I'm numb. I got the calls from the guys and I'm driving like a madman to get down here," he said. "This is unbelievable. I've never seen anything like it."

Police quickly contacted the hostage taker on his cellphone, and they talked to him repeatedly throughout the evening, said Cpl. Diane Richardson, a police spokeswoman.

"There were times he would just hang up. Other times he would talk," she said. "We had an officer who maintained contact with him and asked him to surrender peacefully."

At one point, a police officer stuck a hose through a window into the kitchen to extinguish burning food, Richardson said. About 30 firefighters were standing by.

Tunstall did not injure the children, police said. Yanick Simeon said her children told her that Johnson was the more aggressive of the two gunmen and that Tunstall allowed them to watch television. Over a period of hours, all of the hostages managed to escape or were released until only the robber and 7-year-old Phabiene remained inside.

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About 10:40 p.m., an officer inside the armored truck used his public-address system. He told Tunstall to switch lights on and off if he could hear the police, and Tunstall complied, police said.

"I know you can hear me, and I know you're listening," the officer's voice boomed out. The spectators, who were kept far away, strained to listen.

The officer said he knew that Tunstall wasn't sure what to do, "and that's normal."

"Nobody's going to hurt you or harm you in any way," the officer said. "You're not a bad person."

"You were good enough to let the people come out," he went on. "Everybody here just wants you to come out."

From the police barricade on Chillum Road, Audrey Clarke, 35, who works in the grants office of the National Institutes of Health, suddenly pointed at the second-story window.

"I saw him! He's upstairs!" she said, as a dark shape passed by the window.

"This could last all night," Clermont said.

"I think he's going to give up," Clarke said of the hostage. "He has to. He's got no place to go."

Police negotiators eventually persuaded the robber to give the cellphone to Phabiene and let her go.

"We directed her outside. We told her it was okay," said Richardson, the police spokeswoman. "She was on the phone with us the entire time she was walking out."

With no hostages remaining, police fired tear gas through second-story windows, and Tunstall emerged within five to 10 minutes, police said. He was arrested without further incident.

Both men were charged with assault, armed robbery and use of a handgun; Tunstall was additionally charged with false imprisonment, police said.

The Simeons plan to reopen Chez Yon Yon tomorrow.

"This was police work at its best," said Prince George's Chief Melvin C. High.

Witness Says He Stood By As Cousin Beat Reporter (WP)

By Henri E. Cauvin

The Washington Post, October 20, 2006

It was as if David E. Rosenbaum sensed something in the darkness of Gramercy Street NW.

The 63-year-old journalist, out for a stroll near his home, stopped and looked around for a moment, one of the men accused in his death testified yesterday. But Rosenbaum didn't see anything, and by the time he did, it was too late.

Seconds later, Percey Jordan jumped Rosenbaum from behind and began beating the retired New York Times reporter with a heavy plastic pipe, Jordan's cousin said in D.C. Superior Court.

"Give it up, old man, give it up, old man," Jordan yelled, according to his cousin, Michael Hamlin, who testified in the second day of Jordan's trial before a jury in Judge Erik P. Christian's courtroom.

"It took him by surprise because it happened so quick," Hamlin said of the attack, which unfolded about 9 p.m. Jan. 6 in the 3800 block of Gramercy.

Jordan struck him twice in the head and three times in the torso, Hamlin said, and Rosenbaum staggered and crumpled to the sidewalk as Hamlin rushed in and ripped Rosenbaum's wallet from his hip pocket.

Two days later, Rosenbaum succumbed to his wounds, and a few days after that, the men suspected of killing him turned themselves in to police after store surveillance images linked them to the crime.

Not until yesterday had Hamlin, 24, provided a public account of what he says happened that night. Dressed in dark blue jail-issue shirt and pants, Hamlin sounded contrite at times, at one point choking up and pausing to regain his composure.

Facing his cousin across the courtroom, Hamlin, who pleaded guilty last month to murder, laid the worst acts of that night on Jordan -- an accusation that Jordan's attorney, Michael Starr, has assailed as a self-serving lie.

Hamlin kept changing his story during his interrogation by police in January, authorities said, and Starr said his testimony is only the latest in a series of fabrications.

Hamlin insisted yesterday that he was telling the truth. He said the trouble began after he came home from his job at a trash hauling company, took his mother to her Friday night card game and set out on a ride with his cousin, listening to oldies music

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along the way. "Let's go, cuz, let's go, cuz," Hamlin recalled Jordan, 42, telling him that night once they reached Wisconsin Avenue. Hamlin's planned dinner in Bethesda with a lady friend could wait, but the robbery Jordan was itching to do could not, Hamlin said he was told.

"I gave him a look, but I agreed to do it," Hamlin said during questioning by the prosecutor, Assistant U.S. Attorney Amanda Haines.

In the darkness, in a corner of the District unfamiliar to him, Hamlin became disoriented, he said, when he pulled his Cadillac into Rosenbaum's quiet Northwest Washington neighborhood. Looking around, Jordan said he wanted to break into some of the "nice houses," Hamlin told the jury. But Hamlin told his cousin he wanted no part of any burglaries, he said yesterday.

Then, Hamlin said, they saw Rosenbaum, who had taken a walk after dinner in hopes that the cold winter air would cure him of his hiccups.

But before the cousins could strike, a woman walking her dog entered the block, prompting Hamlin to move his car to distract her, Hamlin said.

Jordan got out of the car and slipped behind a tree, the plastic pipe -- previously reported to be a metal pipe -- hidden in his sleeve, Hamlin said. About that time, Rosenbaum, who was wearing headphones, paused to look around, Hamlin said.

Accosted by Jordan, Rosenbaum resisted before the blows from the pipe sent him falling, Hamlin said. Darting in to steal Rosenbaum's wallet, Hamlin heard the murmurs of a dying man. "He mumbled, but I don't know what he said," Hamlin said yesterday.

After divvying up the cash -- $265 or $275 -- and the credit cards, Hamlin said, his conscience weighed on him. "I looked at my cousin, and I just stared at him, and I thought about it, and I said, 'It wasn't right.' "

Taking a last look at the man they had attacked, Hamlin was tempted to try to help him, he said yesterday. But he didn't. "I thought he was going to recover from his injuries," he said. "I didn't think he was hit that hard."

So they left him there. A neighbor found him and called for help. Initially believed to be intoxicated and not seriously hurt, Rosenbaum was treated as a low medical priority.

An investigation by the city found that emergency medical personnel failed Rosenbaum at almost every turn. As they sped off, Hamlin and Jordan didn't know the damage they had done, Hamlin said.

According to prosecutors, the cousins then went to the 1200 block of Woodside Parkway in Silver Spring and robbed a woman in her 50s before making their way back to Southeast Washington, where they lived and where they went on a shopping spree using the cards stolen in the two robberies.

Security cameras captured them in a CVS and a Safeway, where they filled their baskets with laundry detergent, fabric softener, body lotion, deodorant and jumper cables, Hamlin said.

FBI Investigates Boeing Scientist In L.A. (SDUT/AP)

Associated Press

The San Diego Union-Tribune, October 20, 2006

LOS ANGELES – The FBI is investigating a Boeing Co. scientist with Defense Department security clearance whose computer the company seized earlier this year after he allegedly misused it, according to officials and court documents.

The FBI has searched the San Fernando Valley home of Abraham Lesnik three times in recent months, said bureau spokeswoman Laura Eimiller. She declined to say why, and affidavits filed in the case are sealed.

However, according to court filings the probe comes after Lesnik's laptop computer was confiscated in May after he searched for map directions during an unclassified teleconference.

Lesnik's Defense Department security clearance is listed as “Secret, Special Access” on a resume attached to the filings. The documents are part of a legal action he filed to prevent Boeing officials from examining his computer.

Lesnik, who has four children and five grandchildren, says his computer's contents include personal financial, medical and family information.

“Mr. Lesnik has never improperly transmitted any classified information to anyone,” said his attorney, Marc Harris.

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Boeing spokesman Walt Rice said the company was “cooperating with U.S. government investigators.” He declined to comment further.

FBI Investigates Boeing Scientist's Handling Of Data (BLOOM)

Bloomberg News

Bloomberg News, October 20, 2006

The FBI searched the home of a Boeing scientist in Los Angeles after the company confiscated his laptop.

"Search warrants were executed with respect to this matter, but they are under seal," said FBI spokesman Bill Carter in Washington, D.C. He declined further comment.

ABC News reported earlier that the FBI's foreign counterintelligence unit is investigating Abraham Lesnik's handling of secret information.

Boeing turned over the laptop to the FBI over concerns classified data ended up in the hands of unauthorized individuals, ABC reported, citing unidentified investigators.

Lesnik hasn't been charged with a crime, said his lawyer, Marc Harris.

"My client has never improperly transferred classified information to anyone," Harris said in a telephone interview.

Lesnik, a senior engineer for 28 years, has worked for Boeing since March 2004, according to a complaint Lesnik filed in Los Angeles County Superior Court to prevent Boeing from accessing private information on the laptop.

Lesnik's supervisor confiscated the computer in May because Lesnik was using it for private purposes during a Boeing meeting, according to the complaint filed June 22.

Boeing spokesman Walt Rice said the company is cooperating with the investigation. He declined additional comment.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in Los Angeles, declined to comment.

L.A. Scientist For Boeing Is Focus Of Probe (LAT)

By Greg Krikorian And Joe Mozingo, Times Staff Writers

The Los Angeles Times, October 20, 2006

Federal agents examine handling of classified data. A lawyer denies wrongdoing by his client, whose work has targeted threats to aircraft.

Federal authorities are investigating the handling of classified information by a Los Angeles scientist who works for the aerospace giant Boeing.

Though the FBI would not comment on the probe, spokeswoman Laura Eimiller confirmed that agents served three search warrants within the last two months at the Valley Village home of Abraham Lesnik. The warrants remain under seal.

Lesnik's attorney, Marc Harris, also declined to talk about the case, other than to dismiss any notion that his client engaged in corporate espionage or turned over information about a U.S. government project to a foreign power.

"He has never improperly passed classified information over to anyone who shouldn't have seen it," Harris said, declining to elaborate.

Earlier this year, Lesnik sued Boeing after a supervisor seized his laptop computer because he was accessing the Internet website Mapquest during an office meeting.

In his lawsuit, Lesnik challenged the confiscation of his laptop on grounds that it contained personal information on his wife and four children. He also said Boeing's policies permitted use of the computer.

According to court papers in the case — including Lesnik's resume — he has a Defense Department security clearance of Secret, Special Access. The resume also said that Lesnik, who has worked for Boeing for two years, has been a physicist and engineer for more than 30 years, and that he previously worked for two other major defense contractors: Northrop Grumman and Raytheon.

Lesnik's role at Boeing was not immediately known. At Northrop Grumman, according to his resume, his work included developing systems to detect and track threats to aircraft, particularly threats from missiles. Later, his resume suggests, he continued to work on the same types of surveillance and warning systems at Raytheon.

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Lesnik's lawsuit also suggests that Boeing was concerned about data he carried on his laptop. On June 20, it says, Lesnik met two Boeing security officials who "advised me that the laptop computer was in their custody and had not yet been examined, but that Boeing intended to conduct a 'forensic examination' of the computer's contents."

Lesnik said in his lawsuit that he treated his laptop as an extension of himself, keeping personal diaries, e-mails concerning his children's school performance and records on his family's finances and medical histories.

"If I had known that Boeing could, on a whim and without any notice or reasonable basis, confiscate this laptop and claim the right to 'investigate' everything that I recorded on it, I would obviously not have used the laptop for my personal use," he said in the suit.

Several calls to Boeing seeking comment were not returned.

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Thefts Solved By DNA Analysis (USAT)

By Richard Willing

USA Today, October 20, 2006

The national database of criminals' DNA, designed by the FBI to help solve rapes and murders, increasingly is being used to identify suspects in unsolved burglaries and other property crimes, a USA TODAY review of state crime lab records shows.

In 10 states — Alabama, Florida, Indiana, Michigan, Missouri, New Mexico, Ohio, Oregon, Virginia and Wisconsin — the total number of DNA matches in property-crime cases has exceeded the number of matches in violent crimes, the review indicates. Other states also are reporting increases in property-crime matches: Of Georgia's first 171 matches, only 13 involved DNA from the scenes of unsolved burglaries. Of the 300 matches that followed, 79 were in burglary cases.

Oregon state police DNA analyst Brian Ostrom says there are many reasons for the rise in property-crime matches. DNA testing has become more sophisticated, he says, allowing analysts to draw genetic profiles from evidence left at burglary scenes — palm prints, cigarette butts, sweat stains on gloves and masks — nearly as easily as they can get profiles from blood or semen at the scenes of violent crimes. And government grants for testing evidence, initially limited to violent crimes, now can be used to analyze DNA from property crimes.

Since 1990, the states, the federal government and the military have collected DNA from those convicted of felonies — serious crimes punishable by more than a year in prison — and stored the genetic profiles in computer databases. Several states collect DNA from those convicted of misdemeanors, such as minor assaults. With FBI software, the profiles are compared with DNA from crimes. The system was designed to “solve violent crimes,” its mission statement says.

The database contains DNA profiles from about 3.5 million people and has scored matches in about 38,000 cases, FBI scientist Thomas Callaghan says. The system adds about 25,000 profiles a month.

The FBI does not keep track of the types of crimes for which the system scores DNA matches, nor does it track how many matches produce arrests or convictions. USA TODAY compiled statistics on matches by reviewing records in the 20 states that account for about 85% of the system's matches.

Critics say using DNA to solve non-violent crimes could raise privacy concerns by dramatically expanding the database. Some question spending millions of dollars to probe such crimes. “For what it does in terms of cost, and in threats to civil liberties, (the database) has to justify itself much better,” University of Minnesota political science professor Jay Aronson says.

Backers of expanded DNA testing say burglars often go on to commit more serious crimes. In Alabama, about 80% of the rapes solved via DNA databasing in the past five years were linked to criminals whose DNA was taken after a burglary conviction, state forensic biology chief Angelo Della Manna says.

Retired Clarksburg Policeman Headed For Federal Prison. (WVSJ)

The (WV) State Journal, October 20, 2006

A retired Clarksburg police officer learned his sentence Thursday for possessing child pornography.

Ronald Alonzo pleaded guilty in July to federal charges of possessing child porn Alonzo, 54, will spend 46 months in federal prison. He will also be supervised for three years after his release.

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Prosecutors say Alonzo was working as an officer when he confessed to having sexually explicit images of minors on his computer.

An FBI investigation determined Alonzo was receiving and sending pictures of children under the age of 18 as attachments in e-mails.

He is scheduled to report to prison on November 30.

Plea Deal Resolves DUI Charge In Ferrari Crash Case (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, October 20, 2006

A Swedish businessman and ex-convict charged in the infamous crash of a million-dollar Ferrari in Malibu pleaded no contest Thursday to drunk driving.

Bo Stefan Eriksson, 44, agreed to the plea deal to clear the way for his trial next week on grand theft, embezzlement and firearms possession charges, his lawyers said.

"We want to fight the battle where the battle is. It makes no sense to chase windmills and waste the jury's time and the court's time," said attorney James Parkman.

Los Angeles County Superior Court Judge Patricia M. Schnegg will sentence Eriksson for the drunk driving offense at the conclusion of his trial.

Eriksson is accused of illegally bringing a second Ferrari and a Mercedes into the U.S. without authorization of the British banks that held the titles.

Eriksson allegedly crashed a red 2003 Ferrari Enzo into a utility pole on Pacific Coast Highway on Feb. 21. Authorities said the car, reportedly worth $1 million, was going 162 mph when it crashed.

The exotic car, glamorous setting and white-knuckle speed of the crash made for a sensational news story both in California and Europe. Then even more intriguing details emerged.

The video game executive told police at the scene that a man named Dietrich had been behind the wheel. Eriksson said Dietrich ran away before authorities arrived.

Eriksson also said he was deputy commissioner of the police department of the San Gabriel Valley Transit Authority, a tiny private agency that provides rides to the disabled and elderly.

A few minutes after the crash, two men arrived, identified themselves as Homeland Security officials and spoke to Eriksson at length before leaving.

Eriksson has nine criminal convictions in Sweden for forgery, counterfeiting, narcotics and firearms offenses. Because of his criminal record, Eriksson cannot legally possess a gun in this country. He faces a weapons charge for a handgun that police found at his Bel-Air house.

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CIVIL LAW:

Returning Vets Can Face New Fight (MINNST)

By Bob Von Sternberg, Star Tribune

Minneapolis Star Tribune, October 20, 2006

An Inver Grove Heights Reservist went to court after trying to get his job back at the Ford plant in St. Paul.

When Army Reservist Mitch Minnaert came marching home to Inver Grove Heights after 15 months of active duty in 2003, all he wanted to do was to go back to work at the Ford plant in St. Paul.

That was easier said than done.

After several wanderings though the company's bureaucratic maze and two more mobilizations as an intelligence officer, he sued the company in federal court, a lawsuit that was settled earlier this year.

Ford wouldn't comment on this case but said it wouldn't violate the law.

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"I kept ending up between a rock and a hard place, because I could have stayed on active duty, but I needed the benefits Ford had," said Minnaert, a 22-year military veteran. "The way I was treated, problem after problem -- I can't be the first person who's had this."

He's not, by any means. Last year, a survey by the Government Accountability Office concluded that as many as 8 percent of 119,761 deactivated Reserve members were not promptly rehired by their civilian employers. Fourteen percent lost seniority, seniority-related pay or benefits; and health insurance for about one in 10 wasn't immediately reinstated, the survey found.

Still, it appears the federal government's web of laws and regulations designed to protect the jobs of returning troops has worked the way it was designed far more often than not, both in Minnesota and nationwide.

"Some employers aren't following the law, not out of malice, but to protect their bottom line," said Harry Sieben, Minnaert's attorney and a brigadier general in the Minnesota National Guard. "After 36 years in the military, I've heard about hundreds of these cases and filed dozens of lawsuits."

Another local case involves about 20 members of the mechanics union at Northwest Airlines who were on military leave serving in Iraq and elsewhere more than two years ago, were given layoff notices and did not get eight weeks of pay that normally accompanied some layoffs.

Local 33 of the Aircraft Mechanics Fraternal Association (AMFA) filed grievances on those members' behalf, but those grievances have not yet been resolved, a union spokesman said.

Dennis Schulstad, who leads the volunteer effort to help Reservists and Minnesota National Guard members with their employment problems, said they crop up most often because of employers' ignorance about the law's requirements.

"Occasionally, yes, people do fall through the cracks," he said. "This thing is not perfect, but I think the system is working very well."

In 1994, Congress enacted the Uniformed Services Employment and Reemployment Rights Act in the wake of the Gulf War, requiring that employers reinstate returning soldiers to positions equivalent to those they left, while protecting seniority, raises and benefits they would have had while on duty.

More than 6,000 complaint cases were opened by the U.S. Department of Labor between Sept. 11, 2001, and April of this year, the department reported. Minnesota cases during that period have totaled 119.

Those cases can be resolved informally or can ultimately be pursued in federal court by the Justice Department. On average, that has occurred only a few dozen times annually nationwide, according to the Accountability Office.

A veteran's first stop for help is often with the Employer Support of the Guard and Reserve, a Defense Department agency staffed by volunteers in every state. Minnesota's branch has 10 ombudsmen who conduct informal mediations between employees and their bosses.

James Thune, the program's state staff coordinator, said that its track record in Minnesota is comparable with nationwide patterns, showing that more than 95 percent of the cases it handles are resolved informally.

First suit was settled in 1999

In the case of Minnaert, 42, that didn't happen.

He joined the Army in 1984. After he finished a nine-month hitch in Bosnia in 1997, he showed up at the firm where he worked as a security guard and was told the job was no longer his.

"I returned safe and in one piece and they refused to reemploy me," he said. He tried government channels, went to Sieben, sued and in 1999 reached an undisclosed settlement.

He began working on the assembly line at Ford's Highland Park factory, primarily, he said, because of the benefits. "I could always go back on active duty, but the benefits aren't as good as they are at Ford," he said.

When he was called to active duty about two months after 9/11, Minnaert said, he tried to make sure all of his Ford paperwork was in order.

"When I came off orders in February of '03, I called them and they said to be here at 3 p.m. Monday so I could start my shift at 5."

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But Ford didn't hire him back, and it became temporarily moot when he was reactivated in April 2003. "When that ended, I got a phone call from Ford and they agreed to hire me back," Minnaert said. "But my life insurance was cut down, pay raises I should have gotten didn't come in."

In May 2004, Minnaert was deployed to Iraq. While he was gone, Sieben went back to U.S. District Court in Minneapolis and sued Ford. The case was settled in January with a sealed agreement.

Ford officials won't comment directly on the case, citing privacy policies. In a statement, company spokeswoman Kathleen Vokes said Ford "appreciates the commitment of the men and women serving in the armed forces and would not violate the statute."

Said Sieben: "Some people in the Guard and Reserve aren't getting what they're entitled to. ... "I'm sure it's a small percentage of cases, but it's 100 percent for someone in Mitch's situation."

And Minnaert isn't sure his travails are over. He has been reactivated again. "Because I won't be on the payroll, I'm worried I won't be eligible for the buyout" that Ford is offering to its 75,000 union workers in the United States.

Company officials wouldn't comment, but Jim Eagle, chairman of United Auto Workers Local 879, said the union "isn't going to leave our military guys and gals just hanging. We don't know the specifics of the buyout yet."

Added Sieben: "I'm going to wait and see if I have to sue them again."

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IT, Intranets Would Improve FOIA Processes, Attorney General Says (FCW)

By Aliya Sternstein

Federal Computer Week, October 20, 2006

A review of agency plans to improve Freedom of Information Act operations by Attorney General Alberto Gonzales found that many want to adopt information technology -- including internal Web sites -- for expediting requests.

“Agencies have enthusiastically embraced the area of advanced technology and automation as a means of improving their FOIA operations, most particularly as a way of meeting the challenges faced by those with backlogs of complex FOIA requests,” the report states.

A December 2005 executive order directed the attorney general to issue a FOIA report based on an assessment of individual agency implementation plans and fiscal 2005 annual agency FOIA reports. Gonzales submitted his report to the president Oct. 16.

Notably, two agency plans included intranet FOIA Web sites for their employees, the report states.

The Interior and Commerce departments have taken a step that “can increase an agency’s efficiency, though improved communications among its FOIA personnel has perhaps its greatest value in bridging the distance that otherwise can exist in large agencies between headquarters and field office employees,” Gonzales wrote.

He recommended that other agencies carefully consider this strategy for their FOIA divisions.

Gonzales also recommended that in the coming months, agency officials collaborate in mapping out approaches that use technology to cost-effectively expedite FOIA requests and reduce backlogs.

Agencies reported in their plans that they want to deploy or upgrade an automated system for scanning, redacting and processing FOIA records that works faster and wastes less paper.

Likewise, agencies widely recognized the importance of refining and maintaining Web sites for FOIA administrative purposes, according to the report.

Decentralized agencies, such as the departments of Veterans Affairs and Housing and Urban Development, are using IT to keep better track of the status of requests, Gonzales wrote.

Lawmakers recently acted on legislation that would strengthen FOIA beyond the requirements of the executive order. On Sept. 27, the House Government Reform Committee’s Government Management, Finance and Accountability Subcommittee passed the OPEN Government Act, which would mandate that each agency have a phone or Internet service to update FOIA requestors on the status of their requests.

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In responding to the attorney general's report, subcommittee Chairman Todd Platts (R-Pa.) said he will not introduce any IT-specific legislation because each agency's IT needs vary.

"We feel that legislation would be too prescriptive and therefore that [IT] should be addressed at the agency level," subcommittee staff member Tabetha Mueller said.

For example, she added, a system that works for an agency with a centralized structure might not work for a more decentralized department.

"Mr. Platts would want to allow agencies to meet the goals in the OPEN Government Act -- establishment of a tracking system -- in the most appropriate way for their situation," Mueller said. "Agencies need flexibility to design the IT solution that best meets their needs."

CIVIL RIGHTS:

Calif. Candidate Urged To Exit Race (AP)

By Peter Prengaman, Associated Press Writer

AP, October 20, 2006

GARDEN GROVE, Calif. — Orange County Republican leaders on Thursday called for the withdrawal of a GOP congressional candidate they believe sent a letter threatening Hispanic immigrant voters with arrest.

Tan D. Nguyen denied knowing anything about the letter in an interview Thursday with The Associated Press but said he fired a campaign staffer who may have been responsible for it. Nguyen's attorney said his client had no intention of quitting.

County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen had direct knowledge of the "obnoxious and reprehensible" letter. He told the AP that the party's executive committee voted unanimously to urge Nguyen to drop out of the race against Democratic U.S. Rep. Loretta Sanchez.

"I learned information that allows me to draw the conclusion that not only was Mr. Nguyen's campaign involved in this, but that Mr. Nguyen was personally involved in expediting the mailer," Baugh said in a telephone interview.

State and federal officials were investigating the letter, which was written in Spanish and mailed to an estimated 14,000 Democratic voters in central Orange County. It warns, "You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time."

Immigrants who are adult naturalized citizens are eligible to vote.

Nguyen, a Vietnamese immigrant whose opposition to illegal immigration has figured heavily in his underdog campaign, was not immediately available to react to the committee's vote. His attorney, David Wiechert, said Thursday night that his client does not plan to quit.

"Mr. Nguyen has no intention of dropping out of the race. He would do the public a disservice if he dropped out," Wiechert said.

The attorney said he and Nguyen met with investigators for two hours Thursday. He described the meeting as "pleasant and professional" but declined to elaborate.

Nguyen said he has fired an employee in his office who he believes might have used his campaign's voter data base to send the letter without his knowledge.

"I will do whatever I can do to encourage all citizens in this district to vote," he said.

Orange County is an immigration battleground. One founder of the Minuteman civilian border patrol group ran for Congress here, and cities have debated issues such as the value of public centers for day laborers and the use of local police to arrest illegal immigrants.

Complaints about the letters this week prompted a state probe, and a spokesman for California's attorney general said investigators had been questioning people in Orange County. U.S. Justice Department spokeswoman Cynthia Magnuson said the department's civil rights division was investigating in coordination with the state attorney general's office.

Numerous political leaders denounced the letter, including Gov. Arnold Schwarzenegger.

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"If it is proven that a candidate was responsible for this action, that candidate is clearly not fit to serve the people of California and should withdraw immediately from his or her race," California GOP Chairman Duf Sundheim said in a statement.

In an interview Thursday morning, Sanchez said she had never spoken to Nguyen because her campaign didn't see him as a threat to her re-election.

"If it is in fact this guy (who sent the letter), the most disgusting and saddest thing about it is that it comes from another immigrant," said Sanchez, who was born in the U.S. to Mexican parents and whose 1996 election signaled Orange County's increasing diversification. "These communities have spent years trying to get naturalized immigrants to vote."

Nguyen's campaign Web site says he was born in 1973 in Vietnam, where his family fled the Communist regime.

In 2004, he unsuccessfully ran in the Democratic primary to challenge GOP Rep. Dana Rohrabacher in a heavily Republican coastal district. He later changed his party affiliation and declared his bid to upset Sanchez.

State attorney general spokesman Nathan Barankin said he did not know how long the investigation would take, but did say that investigators "have identified where we believe the mailing list was obtained."

The owner of Huntington Beach-based Mailing Pros, Christopher West, said he did not know any laws were being broken when his company sent the mailer. "It was in Spanish, and I don't read Spanish," he said.

West said he gave investigators the name of the person who hired him, but he declined to provide that name in an interview.

The letterhead of the mailing resembles that of an anti-illegal immigration group, the Huntington Beach-based California Coalition for Immigration Reform. The group's leader, Barbara Coe, said she told investigators Wednesday that her group didn't authorize the letter and that she didn't know who sent it.

"The letterhead was altered, and I've never head of any Sergio Ramirez," the name signed to the letter, Coe said.

This is not the county's first dispute over alleged intimidation of Hispanic voters. In 1988, Republican Assembly candidate Curt Pringle posted uniformed "security guards" at 20 predominantly Hispanic voting places in Orange County.

Republicans said the guards were stationed to prevent noncitizens from casting ballots. Pringle and the county GOP paid $400,000 to settle a civil rights lawsuit alleging intimidation of Hispanic voters.

State Investigates Allegations Of Voter Intimidation In California (MCT)

By Martin Wisckol And Dena Bunis, The Orange County Register

McClatchy Newspapers, October 20, 2006

SANTA ANA, Calif. - Condemnation of an intimidating mailer from Congressional candidate Tan Nguyen's campaign swelled Thursday, as state investigators continued interviews in the county and the U.S. Justice Department joined the probe.

State Attorney General Bill Lockyer told Nguyen's opponent, Rep. Loretta Sanchez, D-Garden Grove, that details should become clearer in the next couple days and that his office "would be making arrests," Sanchez said.

Nguyen, a Republican, said Thursday that a campaign worker helped put out the letter without his knowledge and that she had been fired. He called the letter, which targeted immigrant voters, "flawed and ill-conceived."

But Orange County Republican Party Chairman Scott Baugh didn't believe Nguyen's denial and continued to call for him to bow out of the race.

"I've learned that Mr. Nguyen was involved in expediting that mailer," Baugh said. "I've had conversations with the attorney general and folks involved with the mail house. He called the mail house himself and told them to expedite the mailing."

Nguyen, who said Thursday morning that he was scheduled to meet with investigators later in the day, did not return subsequent calls seeking response to Baugh. Lockyer's office did not return calls seeking specifics of Nguyen's relationship to the case.

The letter, written in Spanish and sent to about 14,000 foreign-born Hispanic voters, said that immigrants voting in an election are committing a crime that "could result in jail time, and you will be deported for voting without a right to do so."

Immigrants who become U.S. citizens have the same voting rights as native-born citizens.

"If it is determined that this letter was directed to prevent a certain population from voting, then potentially there could have been a criminal act and there could be criminal charges," said Cynthia Magnuson of the U.S. Justice Department.

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The controversial letter also said a new federal computer system could verify the names of newly registered voters and that anti-immigration groups could access the information.

Magnuson said there is no such system and no plans for one.

The mailer carried the letterhead of the Huntington Beach-based California Coalition for Immigration Reform. CCIR founder Barbara Coe condemned the letter and said her group had no part in it.

Gov. Arnold Schwarzenegger called the letter "a despicable act of political intimidation."

Sen. Barbara Boxer called it "outrageous and reprehensible." Assemblyman Van Tran, R-Westminster also condemned it.

Throughout the Vietnamese community, there was criticism of the campaign tactic. A coalition of Hispanic, Asian-American and Muslim groups will hold a joint press conference today to denounce the letter.

Nguyen said he would hold a press conference today to discuss whether he will remain in the race. If he pulls out, his name would remain on the ballot.

Orange County Democratic Party Chairman Frank Barbaro praised Baugh for calling on Nguyen to bow out. Barbaro also called on Registrar of Voters Neal Kelley to write voters who received the letter and encourage them to vote. Kelley said Thursday he is not planning such a mailing.

Like Baugh, Barbaro doesn't believe Nguyen's denial of involvement with the controversy.

"All roads lead to Tan Nguyen," he said.

But Barbaro said that rather than hurt Democratic and Hispanic turnout, it could provide a boost. While Sanchez was already predicted to win easily, turnout will play a key role in the competitive match for state Senate between Democrat Lou Correa and Republican Lynn Daucher.

"The anger here is amazing," Barbaro said. "People are mobilizing. This is going to help elect Lou Correa."

Correa wasn't so sure.

"I'm getting phone calls from voters saying they're afraid to vote," he said.

O.C. Candidate Is Disowned (LAT)

By Christian Berthelsen, Mai Tran And Christopher Goffard, Times Staff Writers

The Los Angeles Times, October 20, 2006

Republicans urge their House hopeful to quit over a campaign letter scaring Latino voters.

Orange County Republican leaders urged their own congressional candidate to withdraw from the race Thursday after he acknowledged that his campaign was involved in sending out a letter intended to scare off Latino voters.

Tan Nguyen, a Vietnamese immigrant waging an uphill battle against a longtime Democratic incumbent in central Orange County, faced a battery of questions from state attorney general's investigators and possible civil and criminal liability for voting rights violations.

With a political firestorm growing less than three weeks before the Nov. 7 election, Nguyen said Thursday that he had fired the campaign's office manager, who he said helped produce the letter, but that he had no prior knowledge of it.

His account was contradicted by the chairman of Orange County's Republican Party, who said he had been told by the mail house that sent the letter that Nguyen was personally involved in its development.

The episode was a jarring reminder of what some observers call Orange County's history of xenophobia and voter intimidation, an ugly distinction that Republican leaders say they've tried hard to bury.

Just days ago, Nguyen had been largely overlooked as a quixotic challenger to Democratic U.S. Rep. Loretta Sanchez, running a largely self-funded campaign that had little support from the Republican Party apparatus.

But the racially charged letter sent to an estimated 14,000 registered voters in Santa Ana, Garden Grove and Anaheim brought sweeping, national condemnation from both political parties.

Written in Spanish, the letter stated at one point: "You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time…."

DOJ_NMG_0083686

The letter evoked memories of the 1988 race for the 71st Assembly District in Orange County, when the local GOP hired uniformed guards to stand in Latino neighborhoods with signs stating, "Non-Citizens Can't Vote." Even when it paid an undisclosed sum to settle a lawsuit, the GOP doggedly denied wrongdoing.

That is not the case today, as Republicans rush to condemn the letter. With the election 18 days away, politicians from the U.S. Senate to the state Senate on both sides of the aisle emerged to denounce the mailing, and several advocacy groups said they would hold rallies today and Saturday urging authorities to fully investigate the matter and prosecute anyone involved.

At the same time, Republican officials on Thursday quickly sought to distance themselves from Nguyen, with several calling for him to bow out of his underdog campaign.

Nguyen has hired a lawyer and met with investigators from the state attorney general's office Thursday.

Addressing questions about the letter publicly for the first time, Nguyen said his office manager "took it upon herself to allow our database to be used to send out the letter. It was disseminated without my authorization or approval."

The office manager, whose name was not made public, had been working for Nguyen since he opened his campaign office. He said the employee had access to a database of Democratic voters, which he bought to send mailers to 73,000 households.

Nguyen denied any involvement.

"People are pointing fingers saying that I did it, and that's going to get cleared up," he said. "I want to get the truth out so people can vote for candidates for the right reasons."

The office manager could not be reached for comment.

In an interview Thursday, Orange County GOP Chairman Scott Baugh said representatives of the Huntington Beach mail house hired to send the letter told him Nguyen had been directly involved.

"It has been relayed to me that Mr. Nguyen himself was involved in expediting this particular mail piece," Baugh said. "He called the mail house and asked them to do it."

Christopher West, owner of Mailing Pros, said in a phone interview that he wouldn't confirm or deny that Nguyen was involved. He added that he had spoken with investigators from the attorney general's office and had told them "the whole enchilada."

Another person familiar with the investigation, who spoke on condition of anonymity, said the campaign office manager gave the database to a volunteer, who paid for and oversaw the production of the mailers.

Baugh, who called the letter "reprehensible and stupid," said the party's executive committee voted unanimously to ask Nguyen to withdraw from the race.

Gov. Arnold Schwarzenegger has called the letter "a despicable act of political intimidation and a hate crime," while Democratic gubernatorial hopeful Phil Angelides called it "the latest in a disgraceful pattern of efforts to intimidate Latino voters" by Republicans.

Rep. Sanchez said she hoped voters who received the letters would get additional correspondence, perhaps from the California secretary of state's office, encouraging them to vote. She said she was horrified that an immigrant was involved in such a scheme.

"To have an opponent who is an immigrant who is suppressing the immigrant vote is disgusting and sad," she said.

Nguyen "owes an apology to these 14,000 people. Someone needs to send out a letter to these people to explain that we want them to vote."

Nguyen said he would not withdraw from the race. "We're winning and we're going to win," he said.

Nguyen has made halting illegal immigration part of his campaign against Sanchez, who is Orange County's only Democratic member of Congress.

County officials said Nguyen met with Orange County Registrar Neal Kelley in August and asked him how illegal immigrants can be prevented from voting.

"He wanted to talk about how to keep illegal immigrants from voting," said Brett Rowley, a spokesman for Kelley who sat in on the session. "That seemed to be his main concern."

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The letter warned that the state had developed a tracking system that would allow the names of Latino voters to be handed over to anti-immigrant groups.

Information in the letter is false. Immigrants who become naturalized citizens, such as Schwarzenegger, can vote. An illegal immigrant who votes can be subject to jail and deportation, but the letter's assertion that the state had developed a system that would make it easy to track down immigrants or illegal residents is false.

The letter was especially frustrating, Baugh said, "because we have been engaged in methodical efforts to open the party up."

Some observers say xenophobia has long been part of the GOP playbook in a county that spawned Proposition 187, the 1994 ballot measure that sought to curb public services for illegal immigrants. It is also home to Jim Gilchrist, co-founder of the Minuteman Project for citizen border patrols, and Costa Mesa is the nation's first municipality seeking to train local police in immigration enforcement.

"It's most natural that it would occur in Orange County," Nativo V. Lopez, president of Hermandad Mexicana, a Latino civil rights group, said of the letter. "It's a direct outcome of the type of anti-immigrant frenzy that still abides here."

When Sanchez narrowly ejected high-profile Republican Robert K. Dornan from his central Orange County House seat in 1996, Dornan accused Hermandad of registering illegal immigrants to vote. The House Oversight Committee concluded that not enough noncitizens had voted to shift the outcome, and a grand jury declined to indict Hermandad or its officers.

Peter Hinton, an attorney who represented plaintiffs against the Orange County GOP in the case stemming from the stationing of poll guards at voter precincts, said the letter indicated "that we're back in the dark ages."

"I'm really quite shocked to learn that it's going on again," Hinton said. "I thought we'd come way beyond that. This is like the South before Martin Luther King Jr."

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Times staff writer Jennifer Delson contributed to this report.

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(INFOBOX BELOW)

`You are being sent this letter ...'

Following is a translation of a letter written in Spanish by the campaign office of Tan Nguyen, a Republican congressional candidate in central Orange County, and mailed to an estimated 14,000 registered voters.

Greetings …

You are being sent this letter because you were recently registered to vote. If you are a citizen of the United States, we ask that you participate in the democratic process of voting.

You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time and you will be deported for voting without having a right to do so.

At the same time, you are advised that the government of the United States is installing a new computer system to verify the names of all new registered voters that vote in the October and November elections. Anti-immigration organizations can ask for information from this new computer system.

Unlike Mexico, here, there is no incentive to vote. There is not a voter registration card in the United States. Therefore, it is useless and dangerous to vote in any election if you are not a citizen of the United States.

Do not listen to any politician that tells you the opposite. They are only looking out for their own interest. They only want to win elections without any regard to what happens to you.

Sincerely,

Sergio Ramirez

DOJ_NMG_0083688

The translation from Spanish was done by the office of state Sen. Gloria Romero (D-Los Angeles).

Calif. Campaign In Turmoil Over Letters (WP)

By Sonya Geis

The Washington Post, October 20, 2006

LOS ANGELES, Oct. 19 -- A California Republican's congressional campaign went into meltdown Thursday after he said a staff member was responsible for sending thousands of letters to new voters with Hispanic surnames telling them -- wrongly -- that it is illegal for them to vote if they are immigrants.

Tan Nguyen, the GOP candidate for California's 47th District, said in a statement that a staff member had sent the letters without his knowledge and has since been fired. Nguyen, himself an immigrant from Vietnam, has focused his campaign on keeping illegal immigrants out of the country, a deeply felt issue in suburban Orange County.

"The mailer was flawed and ill-conceived," Nguyen's statement said. "I will do whatever I can in the weeks before the election to encourage all citizens in this district to exercise the most important of their democratic privileges."

The Orange County Republican Party immediately called for Nguyen to withdraw from the race. He will hold a news conference today.

Written in Spanish, the letters advise recently registered voters that it is a crime for those in the country illegally to vote in a federal election, which is true. They also say, falsely, that immigrants may not vote and could be jailed or deported for doing so, that the federal government has a new computer system to verify voter names, and that anti-immigration organizations can access the records.

As many as 14,000 letters were sent in the district, now represented by Rep. Loretta Sanchez (D). The letterhead identified them as coming from the California Coalition for Immigration Reform.

The group denied responsibility, and California Attorney General Bill Lockyer launched an investigation into possible violations of two state laws that prohibit intimidation to suppress voting. On a radio program, Lockyer confirmed that his office was focused on a Republican congressional candidate.

Sanchez said she has called for a federal probe into possible violations of the Voting Rights Act. "We would like to find who did this and have them prosecuted," she said.

Local Republicans have largely ignored the race, though Sanchez's seat is not normally considered safely Democratic. The district narrowly went for President Bush in 2004.

Nguyen, 32, was largely unknown to local Republicans until he beat out a favored candidate to face Sanchez. Two years ago, Nguyen ran as a Democrat in an effort to take the 46th District seat of Rep. Dana Rohrabacher (R-Calif.).

Orange County Republican Party Chairman Scott Baugh said: "When I interviewed him to determine why he was becoming a Republican, I was less than convinced that he switched parties because he doesn't believe in the values of Democrats. Then, after getting the nomination, he wanted the Republican Party to carry him across the finish line. And I told him that's not how it works."

Nguyen had spent $427,000 of his own money on the race as of September, according to campaign filings.

His campaign materials describe immigration as the focus of his campaign. He praises the Minuteman Project and opposes Bush's proposed guest-worker program.

Nguyen himself immigrated to the United States at age 8, one of thousands of Vietnamese to flee in boats. He worked as a stockbroker before entering politics.

Orange County is known for heated immigration politics. One-third of its residents are Hispanic, according to 2004 census data, and the area is home to large populations of Vietnamese and Middle Eastern immigrants. It is also the birthplace of several anti-illegal-immigration movements. Jim Gilchrist, founder of the Minutemen, is a resident, as is Barbara Coe, founder of the California Coalition for Immigration Reform.

"Certainly this is a very polarized area," Sanchez said. "When you have people like the creator of the Minutemen living there, and Gloria Tuchman, who worked on the anti-bilingual law, and Barbara Coe, one would say that it's a pretty volatile area."

County G.O.P. Asks Candidate To Withdraw Over Letter Threat (NYT)

DOJ_NMG_0083689

By Cindy Chang

The New York Times, October 20, 2006

LOS ANGELES, Oct. 19 — The Orange County Republican Party asked one of its Congressional candidates on Thursday to withdraw from the November election after a campaign worker from his office sent a letter threatening Hispanic voters with jail if they went to the polls.

The candidate, Tan Nguyen, who is running on an anti-immigration platform, said in a news release on Thursday: "Evidently, an employee took it upon herself to allow our database to be used to send out the letter. It was disseminated without my authorization or approval. The employee has been discharged."

The letter, which The Los Angeles Times reported was sent to about 14,000 voters in central Orange County last week, wrongly claimed that immigrants could be subject to criminal penalties if they voted in a federal election. Immigrants may vote only if they are naturalized citizens.

The letter also claimed that anti-immigration groups would be able to access a federal computer system containing the names of those who vote in October and November. No such database exists.

Despite Mr. Nguyen's disavowing involvement with the letter, local Republican leaders said they thought he had played a direct role in it, said Adam Probolsky, a spokesman.

"The Republican Party of Orange County has asked Mr. Nguyen to resign his candidacy," Mr. Probolsky said. "We condemn all voter intimidation, and Mr. Nguyen is not a welcome member of our party."

Mr. Nguyen, a Vietnamese immigrant, is running an underdog campaign for the 47th Congressional District seat held by a five-term Democrat, Loretta Sanchez, a member of the House Hispanic Caucus. The district has a sizable Vietnamese and Hispanic population.

The Justice Department and the California attorney general are investigating the case. Bill Lockyer, the attorney general, said Wednesday on a local radio station, KPCC-FM, that the sender of the letter might have violated state laws against voter intimidation.

Written in Spanish and mailed to residents with Hispanic surnames, the letter advised that "if you're an immigrant, voting in a federal election is a crime that can result in incarceration" or deportation.

It was signed Sergio Ramirez and printed on stationery purporting to be that of the anti-immigration group California Coalition for Immigration Reform. That group's leader, Barbara Coe, said the stationery did not resemble her group's and denied it had sent the letter.

Monitors Sought At Polling Places In Pa. (AP-Y)

By Kathy Matheson, Associated Press Writer

AP, October 20, 2006

The federal government has asked a judge to post monitors at city polling places next month to make sure Spanish speakers get proper help when voting.

In a federal lawsuit, the Justice Department accused the city of failing to provide enough election materials in Spanish and failing to recruit enough bilingual poll workers to assist voters who don't speak English well.

The suit, filed last Friday, asked the court to authorize monitors through 2009, and also filed court papers asking that action be taken in time for the Nov. 7 election.

A spokesman for the mayor's office did not immediately return a call for comment Thursday.

The lawsuit also contends that the city violated the federal Voting Rights Act by allowing only poll workers — some of whom did not speak Spanish — to help Hispanic voters cast ballots. The law permits voters who require assistance to request help from someone they know.

About 10 percent of Philadelphia's 1.4 million residents are Hispanic, according to 2004 Census figures cited in the suit. The government estimates that about 36 percent of voting-age Hispanics in the city have limited English skills.

The Justice Department won a similar suit against Berks County in March 2003, when a federal judge substantiated allegations that officials there had engaged in "hostile and unequal treatment" of Hispanics during past elections.

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Berks County officials had resisted providing Spanish-language ballots, saying they discouraged people from learning English.

Bill Could Bring Justice In Old Civil Rights Murder Cases (MH)

By Audra D.s. Burch

The Miami Herald, October 20, 2006

The slow march to close the cold cases that lay buried with the bones of the civil rights movement is closer to resolution.

A bill before Congress proposes to establish a squad -- much like the popular television series Cold Case-- in the Justice Department to prosecute unresolved slayings from the civil rights era, mostly those occurring before 1970.

The measure, also known as the Emmett Till bill, is part of a sweeping national effort to reconcile the ugliest crimes of the era, at least symbolically.

"It is critically important that we right the wrongs of the past and bring to justice the people who perpetrated heinous crimes predicated on racial hatred," said Sen. Chris Dodd, D-Conn., who along with Sen. Jim Talent, R-Mo., sponsored the bill.

``While we cannot bring back and make whole those who suffered and died at the hands of racists, we can at least reaffirm our nation's commitment to seek the truth and make equal justice a reality."

All over the South, prosecutors are tackling a dozen or so defining civil rights cases, despite graying suspects and witnesses and fading memories. The most famous is the case of Emmett Till, the Chicago boy murdered in Mississippi after whistling at a white woman more than a half-century ago.

"The blatant failure for decades to bring Emmett Till's murderers to justice was and is a national disgrace," said Talent. ``The idea for this legislation grew out of the Emmett Till case. . . . It became clear that we needed to create federal offices to investigate and prosecute unsolved murders that occurred in the era before there was vigorous enforcement of federal law."

The proposed legislation, which is likely headed to the Senate floor after midterm elections next month, would create partnerships with state and local officials and give more prosecutorial muscle to solve crimes -- such as the case of Charles Eddie Moore and Henry Hezekiah Dee, a young black college student and a sawmill worker from Mississippi who were killed in 1964.

At the time, FBI agents were scouring the landscape of Mississippi to find three missing voter registration volunteers, James Chaney, Michael Schwerner and Andrew Goodman.

Instead, they found Moore and Dee -- beaten, broken, bloodied -- dumped into the the muddy waters of the Mississippi River near the town of Tallulah, La. But they were not registration workers and so their deaths, however heinous, went largely forgotten -- until recently.

Mississippi officials, buoyed by the convictions of several septuagenarians who had murdered blacks during the civil rights era, reopened the case of Moore and Dee.

The passage of the bill, which was first introduced in April, would go a long way toward helping solve the case.

It would create the Unsolved Crimes Section, a unit within the Civil Rights Division of the Department of Justice, and an Unsolved Civil Rights Crime Investigative Office in the Civil Rights Unit of the FBI.

More than anything, the measure creates a staff and resources dedicated to the cause. But well before now, the Justice Deparment had been involved in the retrying of cold cases, including Edgar Ray Killen, who was convicted last year of orchestrating the killings of Chaney, Schwerner and Goodman and the 1994 conviction of Byron De La Beckwith who murdered Mississippi NAACP leader Medgar Evers in 1963.

"Symbolically, this will give families some closure," said Penny Weaver of the Southern Poverty Law Center, which tracks hate crimes.

She added, ``You are talking about people having to live with the idea that somebody killed their loved one and got off scot-free, got to live out their lives."

Dakota Divided As Abortion Vote Tests US Opinion (FT)

By Holly Yeager In Sioux Falls, South Dakota

Financial Times, October 20, 2006

DOJ_NMG_0083691

Abortion-rights activists in South Dakota took many by surprise a few months ago when they said voters should decide the fate of the state's new abortion law, the most restrictive in the US.

Now, with a referendum on the November 7 ballot, their campaign has become the frontline in the long-running national debate on abortion.

A victory here would show that even in a conservative Midwestern state, the public will not tolerate a near-total ban on abortion. But a defeat would signal just how difficult a challenge campaigners face in trying to protect a woman's right to abortion.

While they bristle at the attention, the South Dakota activists are counting on residents of this old frontier state to prove them right.

"I don't think South Dakota likes being in the limelight," says Jan Nicolay, co-chair of the South Dakota Campaign for Healthy Families, formed to fight the abortion law, as a light snow falls outside the group's slipshod Sioux Falls office.

"We're a pretty independent, proud group of people," she adds, hoping that independent streak will help voters reject what she sees as government meddling in an individual decision.

The law, passed with broad support by the state legislature and signed by Governor Mike Rounds in March, makes it a crime to help a woman abort a pregnancy at any stage, including in cases of rape and incest. Women would not face charges but doctors who perform abortions could be sentenced to five years in prison. The only exception in the law is to save the life of the mother.

The central message of the campaign to repeal it – taped on the office window, printed in voter guides being mailed out this week and mentioned frequently by volunteers making telephone calls to voters – is a simple one: "This law simply goes too far." The referendum has prompted vigorous public debate, with television and radio advertisements, lawn signs and newspaper inserts. Neither side will discuss how much money has been spent, and how much of their firepower is coming from outside the state. "It's a very divisive issue," says Jack Billion, Democratic candidate for governor, who backs repeal of the law. "It pits family versus family."

A recent poll showed opponents of the law with a slim lead, and abortion-rights activists hope victory here could discourage other states from moving to adopt similar bans. But if their repeal effort fails, they will take their battle to the courts.

A court challenge would be welcome news for some anti-abortion activists, who see the strict South Dakota law as a good opportunity for the US Supreme Court – with President George W. Bush's two appointees, John Roberts and Samuel Alito – to overturn Roe vs Wade, the landmark 1973 ruling that legalised abortion.

The Vote Yes for Life campaign is based in a warehouse on the outskirts of Sioux Falls. Outside, a bumper sticker declares, "The Killing Stops Here". Inside, a home-schooled teenager stops by to volunteer. There are hundreds of lawn signs to be distributed and DVDs that feature women who regret their abortions, and one who became pregnant after she was raped. "I am here to say that true compassion does not come from abortion but from giving life."

Rushing between appointments, Leslee Unruh, who is leading the campaign, mentions an abortion she had nearly 30 years ago and the support she received from other "post-abortive" women who say they regret their decisions. She has tried to expand the traditional debate on abortion beyond its effect on the unborn to its effect on women.

"We're not going to be silenced," she says. "It doesn't matter if we win or we lose. We are educating people that abortion hurts women and we're not going to stop."

She shakes her head when asked whether the state can make such decisions for others. "Don't get pregnant then, if you don't want a child," says Mrs Unruh. But maintaining legal access to abortion should not be an option. "We need to be protected. Abortion harms us, physically and emotionally."

South Dakota voters drew national attention two years ago when they surprised the political pundits and voted out Tom Daschle, Democratic leader in the US Senate. This year, voters' positions on the abortion question are difficult to predict, frequently crossing gender and party lines.

Sharon Rons, a Democrat who owns her own small business, said she would vote to keep the law. "I don't think abortion should be a form of birth control," she says, adding that the decision to end a pregnancy "could haunt women for the rest of their lives".

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But some Republicans say they will oppose it, perhaps a reflection of a libertarian strain that runs through the sparsely populated state. “I just don’t feel that somebody else should make this decision for a woman,” said one Republican pensioner.

“We are responsible people,” said Mrs Nicolay, a Rep-ublican and former member of the state legislature. “We can make our own decisions.”

Court: Groups Must Offer Contraceptives (AP-Y)

By Michael Gormley, Associated Press Writer

AP, October 20, 2006

New York's highest court ruled Thursday that social service agencies run by the Roman Catholic Church and other faiths must provide birth-control coverage to their employees, even if they consider contraception a sin.

The 6-0 decision by the Court of Appeals hinged on whether Catholic Charities and the nine other groups are essentially social service agencies, not churches.

At issue was a 2002 state law that requires employers to provide health insurance coverage for mammograms, bone density screening and other preventive services for women, including prescription contraceptives. The law exempts churches, seminaries and other institutions with a mainly religious mission.

Catholic Charities and the other groups sued the state for an exemption but lost in the lower courts.

The organizations "believe contraception to be sinful," the Court of Appeals said. "We must weigh against (their) interests in adhering to the tenets of their faith the state's substantial interest in fostering equality between the sexes, and in providing women with better health care."

The New York Catholic Conference said it may appeal to the U.S. Supreme Court.

"We think this has never really been about contraception. We think it was to target the church and open the door for coverage of abortion," said Dennis Poust, spokesman for the Catholic conference.

Kelli Conlin, president of NARAL Pro-Choice New York, said the ruling "shows that no one is above the law, including the Catholic bishops."

The New York court said the fact that the organizations hire employees outside their faith was a critical factor and that they deserve the rights sought under the law.

Catholic Charities said that while it considers an appeal, it will continue to cover contraceptives for employees under protest.

Sharing The Health Bills (NYT)

By Diana B. Henriques

The New York Times, October 20, 2006

It looks like a business and, in many ways, acts like one. But it is beyond the reach of most of the rules and government oversight that apply to businesses — because it is a church mission.

This is the “medical bill sharing ministry” known as Christian Care Ministry, based in Melbourne, Fla., the largest of a handful of similar ministries around the country.

E. John Reinhold, who once worked with the Campus Crusade for Christ and is now the ministry’s chairman, explains the concept simply: “You add up all the medical bills and divide by the number of sharing households. Everybody kicks in and you pay the bills.”

Every month, in roughly 19,000 households across the country, ministry members — who must be observant Christians with recommendations from their pastors — write a check to Christian Care Ministry. The amount depends on their family’s size and how much of their medical bills they are willing to pay out of their own pocket.

And each month, the ministry writes checks to health care providers — totaling more than $240 million since it was founded — to cover the medical bills submitted by its members. Roughly $57 million moved through the ministry in its latest fiscal year.

Mr. Reinhold, who formed Christian Care in 1993, says it is an efficient way for Christians to fulfill the admonition of Galatians 6:2, which tells them to “carry each other’s burdens, and in this way you will fulfill the law of Christ.”

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But over the years, some state officials have looked at ministries like Christian Care and seen what they would call unregulated health insurance. Their concern is that confused consumers looking for low-cost coverage will rely on these groups as if they were insurance companies, even though the groups may lack the resources to pay claims.

Next week it will be Mr. Reinhold's turn to defend his organization, before a state judge in Kentucky.

Kentucky was one of a half-dozen states that passed laws in the early 1990's exempting religious bill-sharing ministries from state insurance laws. But regulators there say that Mr. Reinhold's organization goes beyond what that exemption allows — a claim the Florida ministry says is misguided, because its practices actually improve on the state's requirements.

The exemption being tested in Kentucky this month is just one of a host of special arrangements for religious ministries that are not available to similar secular organizations — exemptions rooted in the First Amendment's ban on any Congressional action that would restrict the free exercise of religion or establish an officially sponsored religion.

Special breaks like these have been accumulating at a time when religious organizations of all faiths are expanding into a range of new activities that may compete directly with businesses and other nonprofit organizations that are not eligible for the same exemptions.

The Internal Revenue Service has a number of special rules for religious nonprofit groups. Under those rules, as a ministry of the American Evangelistic Association, which ordains clergy and supports various educational and humanitarian missions, Christian Care Ministry is not required to file public financial statements with the I.R.S., as secular nonprofit organizations are.

The I.R.S. makes this exemption available to all churches — including synagogues, temples, mosques and other congregational forms in different faiths — as well as church associations, auxiliaries and retirement plans; religious elementary and secondary schools; foreign mission societies; and the "exclusively religious" activities of any religious order.

As part of a church association, Christian Care is also protected by special limits Congress has put on the I.R.S.'s ability to audit religious congregations.

These restrictions, which do not apply to other nonprofit groups or for-profit entities, require a top-level I.R.S. official's approval before any audit can begin. The religious group must get advance notice and the opportunity for a personal conference before the audit can proceed. The audit must be finished in two years. Finally, if the inquiry does not turn up deficiencies, the I.R.S. cannot return to audit that issue again for five years.

How does a bill-sharing ministry become eligible for I.R.S. exemptions that apply to churches? Although the tax agency decides case by case what qualifies as a church, it lists more than a dozen criteria it weighs in reaching its decisions. These include having established times and places of worship, a recognized creed and liturgy, a distinct history and form of ecclesiastical government and spiritual leaders who are ordained in some way after a course of study.

Christian Care says the I.R.S. has determined that the American Evangelistic Association, the ministry's parent organization, meets the test. And the association's exemption extends to the ministry, Mr. Reinhold explained, because it is not considered an unrelated business — whose revenue would be taxable — but part of the association's religious mission.

But bill-sharing ministries make some regulators nervous. Indeed, the first such ministry that most regulators encountered, the Christian Brotherhood Newsletter ministry in Barberton, Ohio, faced questions, and sometimes lawsuits, from regulators in about three dozen states for more than a decade after it was founded in 1982.

The warning currently printed in Christian Brotherhood's monthly newsletter summarizes the arguments these ministries make when regulators accuse them of being health insurers: "Whether anyone chooses to pay your medical bills will be totally voluntary," members are told. "As such, this publication should never be considered as a substitute for an insurance policy."

Four years ago, a group of independent directors successfully sued Christian Brotherhood's founder and several members of his family, accusing them of diverting millions of dollars for their personal use. The attorney general's office in Ohio, which regulates charities, joined the case as co-plaintiff. By the time the founder and his relatives were removed from management, the pile of unpaid bills was as high as $27 million, a backlog the ministry expects to eliminate by next summer, according to the Rev. Howard S. Russell, who helped initiate the earlier litigation and who leads the ministry today.

Mr. Russell said the ministry had tightened its managerial controls and improved its communication with its members since the lawsuit. It makes its financial records available to the public both through an annual statement called a Form 990, filed with the I.R.S., and through responses to requests made by phone or on its Web site, he said.

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Another large bill-sharing ministry, Samaritan Ministries International, based in Peoria, Ill., also files a Form 990 with the I.R.S. each year.

But Mr. Reinhold noted that churches had long been exempt from filing with the I.R.S. "I've been in Christian work since 1972 and I've never heard of a church filing a Form 990," he said in an e-mail message.

Christian Care Ministry did provide The Times with the independent audits for the parent association and affiliates for the fiscal years that ended last June and June 2005. The new draft audit substantially restated the 2005 results, to change the accounting treatment of the members' money.

Robert Baldwin, the ministry's president, said the change underscored the fact that these pending medical payments were not actually legal liabilities of the ministry — as previous accounting suggested.

The ministry reports that that member receipts in fiscal 2006 grew 11 percent over the previous year, after adjusting for the accounting change. The monthly sharing requirement was raised in March and raised again in July. The association spends about 17 percent of every member's monthly check to pay administrative costs. For years, the ministry also paid premiums for "stop loss" insurance that kicked in to cover the bills for catastrophic medical incidents.

The insurance policy had been purchased through an affiliated trust in the British Virgin Islands, which receives member contributions and sends out the medical payments.

Glenn Jennings, who until July was executive director of the Kentucky Office of Insurance, says it was the offshore insurance policy that prompted him to take a hard look at the ministry; such a policy would seem to go beyond voluntary bill sharing to the kind of formal safety net an insurance company provides.

"When I learned about that, I said to them, 'You're really starting to quack a lot like a duck,' " Mr. Jennings said.

Mr. Jennings filed suit, arguing that Christian Care does not qualify for the state's religious ministry exemption. His successor, Julie Mix McPeak, is pursuing the case, which is set for a final hearing in state court next week. .

In its defense, the ministry has argued that to deny it the safe haven of the state exemption would violate its First Amendment rights of religious freedom.

Nevertheless, the ministry eliminated one point of dispute with Kentucky regulators on Oct. 2 when it canceled its insurance, effective at the end of last month.

Mr. Baldwin, the ministry's president, said the ministry made the move, not because of the lawsuit, but because the benefits did not justify the expense.

But another difficulty remains. Kentucky requires that each sharing household send its check directly to the family whose bills it is helping to pay, not to some central office as Christian Care members do. But Mr. Reinhold said his practice leaves a clearer audit trail.

He seemed unconcerned about the Kentucky litigation. "We went through this eight years ago," he said. "Then, you have a regime change and another set of bushy-tails comes into command and it starts up all over again."

ANTITRUST:

Avery Dennison Says DOJ Closes Probe (AP)

AP, October 20, 2006

PASADENA, Calif. --Label and tag maker Avery Dennison Corp. on Thursday said the Justice Department has closed its investigation into alleged price-fixing in the label stock industry, without any action.

The company, one of the largest makers of office products and adhesive labels, first disclosed the probe in April 2003.

Avery Dennison shares rose 40 cents to $62.69 on the New York Stock Exchange.

U.S. Closes Probe, Avery Says (LAT)

By Martin Zimmerman, Times Staff Writer

The Los Angeles Times, October 20, 2006

The label company apparently is still the target of price-fixing inquiries overseas.

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Avery Dennison Corp. said it was notified by the Department of Justice on Thursday that the government had closed its investigation into competitive practices in the labeling industry.

Pasadena-based Avery said it was told that "no further action" would be taken in the case. Company executives declined to comment further.

The Justice Department couldn't be reached for comment late Thursday.

Avery first revealed in April 2003 that it was part of an investigation into the market for pressure-sensitive label stock, which is used on products as varied as shampoo bottles and office supplies.

Avery and Bemis Co., a Minneapolis-based competitor, were subpoenaed by the government later that year.

At the time, the Justice Department was suing to block the $420-million purchase of Bemis' MACtac unit by Raflatac Inc., a subsidiary of Finnish paper products maker UPM-Kymmene Corp.

The government argued that the deal would hinder competition in the label stock industry.

Avery, which commands about half of the labeling market, apparently is still under investigation by regulators in Europe and Australia regarding possible price fixing and manipulation.

Two years ago, Avery said an internal investigation had uncovered "instances of improper conduct" by employees in its European operations and said the infractions could result in heavy fines by regulators.

The company didn't describe the nature of the wrongdoing.

Avery launched the internal probe after the European Commission — the European Union's antitrust authority — began to look into the company's actions as part of a broader probe of the labeling market.

Avery's announcement came after the close of trading Thursday. Its shares, which rose 40 cents to $62.69 during the day, were little changed in after-hours trading.

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AmSouth To Sell 52 Branches In Antitrust Agreement (AP)

AP, October 20, 2006

AmSouth Bancorp. said Thursday it agreed to sell 52 branches in Alabama, Mississippi and Tennessee to settle Justice Department concerns over possible antitrust violations in its nearly $10 billion merger with Regions Financial Corp.

AmSouth said the branches have total assets of about $2.7 billion. The largest number of the offices are in the Mobile area, where 22 are located in two counties.

In exchange for the sale, the Justice Department said it agreed not to challenge the merger on antritrust grounds.

The deal is in the final stages of review by the Federal Reserve board.

The Birmingham-based AmSouth has 691 branches and $52.8 billion in assets. Regions, also with headquarters in Birmingham, has about 1,300 branches and $84.6 billion in assets.

AmSouth Identifies Branches To Be Sold In Merger With Regions Financial (BIRMBIZ)

Birmingham Business Journal, October 20, 2006

AmSouth Bancorporation will sell 52 branches in Alabama, Mississippi and Tennessee to comply with antitrust requirements related to its pending merger with Regions Financial Corp., the bank holding company announced Thursday.

The branches hold deposits totaling approximately $2.7 billion.

None of the branches is in Birmingham, headquarters of both AmSouth (NYSE: ASO) and Regions Financial (NYSE: RF). Most of the Alabama branches are in the Mobile area.

The divestiture of the branches was required by the Justice Department to ensure that the merger of the two banks would not create unfair competition in certain markets in which both have a significant presence.

"We are dedicated to selling these branches to companies that share our commitment to our associates, our customers, and our communities," said Dowd Ritter, AmSouth's chairman, president and CEO. "We would expect the purchasers to offer positions to the associates in these branches, and we will work hard to ensure that our customers and associates experience a flawless transition."

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The sale of a branch includes its deposits, loans and equipment. Customers of the affected branches "do not need to do anything at this time," the news release said, as they will be notified once a sale occurs. The release notes, too, that the Justice Department and the Federal Reserve made the decision on which branches were to be sold.

Alabama branches to be sold are as follows:

Decatur: 2404 Danville Road.

Huntsville area: 107 Lily Flagg Road S.E., 4769 Whitesburg Drive S., 1470 Perimeter Parkway N.W., 2204 Whitesburg Drive, 7930 Highway 72 (Madison).

Mobile area: 511 D'Olive St. (Bay Minette), 13825 S. Wintzell Ave. (Bayou La Batre), 28770 U.S. 98 (Daphne), 111 Baldwin Square (Fairhope), 51 S. Section St. (Fairhope), 7860 Airport Blvd., 5133 Cottage Hill Road, 2820 Springhill Ave., 1402 Government St., 720 Hillcrest Road, 6241 Cottage Hill Road, 3920 Airport Blvd., 7849 Cottage Hill Road, 3942 Government Blvd., Old Shell Road, 3250 Airport Blvd., 5351 Highway 90 W., 2326 St. Stephens Road, 34 Shelton Beach Road (Saraland), 7800 Moffat Road (Semmes), 10010 Eastern Shore (Spanish Fort), 500 Spanish Fort Blvd. (Spanish Fort).

Montgomery area: 3725 Alabama 14 (Millbrook), 5375 Atlanta Highway, 1465 Eastern Blvd., 2710 Taylor Road, 743 S. Main St. (Wetumpka).

Selma: 9 Broad St.

Tuscaloosa area: 3076 McFarland Blvd. (Northport), 719 Skyland Blvd. E., 2330 University Blvd., 331 University Blvd.

AmSouth's merger with Regions Financial is expected to close in November and will create one of the nation's 10 largest bank holding companies, with assets of about $140 billion.

Kidney Dialysis Center Deal With Amgen Blocks Roche (NYT)

By Andrew Pollack

The New York Times, October 20, 2006

In a move that could help preserve its lucrative monopoly on an important anemia drug, Amgen has reached an agreement that will make it the sole supplier of the drug to one of the nation's two main operators of kidney dialysis centers.

The deal, announced yesterday by the dialysis provider, Fresenius Medical Care, comes as Roche is preparing to enter the market next year with a drug that would offer the first competition to Amgen's drug, which is known as Epogen.

Now, it appears, Roche will not be able to sell its drug to Fresenius, which represents about 35 percent of the American dialysis market.

Some analysts said the deal, which lasts for five years, could raise antitrust concerns. "We would use an analogy of Microsoft signing an exclusive supply agreement with Dell precluding Dell from selling any computers with a competitive operating system a few months before a market entry of a competitor," Michael Aberman, biotechnology analyst at Credit Suisse, wrote yesterday in a note to clients.

Dr. Aberman said in an interview that a deal with Fresenius alone might not attract concern. But if Amgen were to arrange a similar exclusive supply agreement with DaVita, the other major provider of dialysis, with about 30 percent of the market, it would draw attention.

Marie Fay, an Amgen spokeswoman, said the company did not think the deal presented any antitrust issues. She said that Fresenius had approached Amgen, not the other way around, about having a broader collaboration.

Still, the deal comes as Amgen's marketing practices are drawing increasing scrutiny. Representative Bill Thomas, the California Republican who is chairman of the House Ways and Means Committee, has asked the Government Accountability Office to do a report on pricing and other aspects of drugs used for dialysis patients.

Medicare, which pays most expenses for dialysis, even for people younger than 65, is estimated to spend roughly $2 billion a year on Epogen, representing one of its biggest expenditures on any drug.

Epogen had $2.5 billion in sales last year. It and Aranesp, a similar drug that also is used to treat anemia, together accounted for nearly half of Amgen's overall $12.4 billion in revenue last year.

Both drugs are synthetic forms of erythropoietin, also called EPO, a protein normally made in the kidney that spurs the production of oxygen-carrying red blood cells.

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Epogen, approved in 1989, was Amgen's first product and helped transform the company into the world's largest biotechnology concern. While the basic patent protecting the product has already expired in Europe, Amgen got several patents in the United States, which could protect its franchise here until 2015.

Roche, the Swiss pharmaceutical company, has developed CERA, a form of EPO it says can be given less frequently than Amgen's drugs. Roche is expected to begin selling the drug next year, assuming approval by the Food and Drug Administration.

To block Roche, Amgen has filed a patent infringement suit against it in federal District Court in Boston. Roche said its drug did not infringe on the patent.

The deal with Fresenius, which is based in Germany, could provide further protection to Amgen.

Dr. Ben Lipps, chief executive of Fresenius, said that his company "selected Amgen as our sole supplier based on more than 10 years of demonstrated clinical efficacy and safety with Epogen." Analysts said Fresenius probably used the looming threat from Roche to extract a bigger discount from Amgen in return for making it the sole supplier.

Russians Sue To Stop Malkin From Playing (AP)

By Larry Neumeister, The Associated Press

AP, October 20, 2006

NEW YORK (AP) — A Russian hockey club filed an antitrust lawsuit Thursday against the NHL and the Pittsburgh Penguins, saying rookie Evgeni Malkin shouldn't be allowed to play in the league because he remains under contract in his native country.

The Metallurg Magnitogorsk hockey club, which filed the lawsuit in U.S. District Court in Manhattan, also demanded unspecified damages from the NHL and the Penguins over Malkin's deal to jump teams this summer.

NHL spokesman Frank Brown said he hadn't seen a copy of the complaint and couldn't comment. Penguins spokesman Tom McMillan said the team hadn't received the lawsuit and doesn't comment on litigation.

The 20-year-old Malkin left the Russian Super League team during August's training camp in Helsinki, Finland, slipping quietly into the United States to begin his NHL career. In his debut Wednesday night, Malkin scored his team's lone goal in a 2-1 loss to the New Jersey Devils.

Malkin was under contract for another year in Russia. The NHL had previously said the league believes any player should have the right to choose where he wants to play as long as he is legally free to do so.

After Malkin left his Russian team, he cited a Russian labor law that permits an employee to leave a job by giving two weeks notice.

The lawsuit, filed after a Russian arbitration panel ruled that Malkin is still under contract to Magnitogorsk, said the signing of Malkin to an NHL contract was a "blatant and deliberate tampering and interference" with the Russian team's existing agreement.

In the lawsuit, the team said the Penguins knew or should have known that Malkin was under contract to a Russian team when they signed him. The lawsuit said the NHL and the Penguins violated antitrust laws by conspiring in a group boycott and refusing to deal with Russian hockey clubs regarding player transfers.

Malkin and Magnitogorsk signed a one-year contract on Aug. 7, calling for Malkin to receive $3.45 million, according to the lawsuit.

It said the contract was negotiated and signed in the presence of Malkin's Russian agent and his parents, and provided favorable terms allowing him to become a free agent a year sooner than an earlier contract.

Malkin, the No. 2 pick in the 2004 NHL draft, missed the early part of the NHL season after dislocating a shoulder in his first preseason game.

The lawsuit said the NHL and its clubs have "decided to play hardball" with Russian hockey clubs to punish them for the Russian Ice Hockey Federation's rejection of a new general agreement governing the transfer of foreign players to the NHL.

It said the NHL told its clubs on Aug. 2 that they were free to sign NHL contracts with Russian hockey players already under contract with Russian hockey clubs if the players secured releases according to Russian labor law.

Tata Steel Nears Deal To Buy U.K.'s Corus For $8.6 Billion (WSJ)

By Jason Singer

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The Wall Street Journal, October 20, 2006

LONDON -- Tata Steel Ltd. of India is moving closer to securing its purchase of Corus Group PLC, with the British steelmaker's board poised to approve the takeover and the likelihood of a competing bid fading.

Corus is set to announce as early as today that it has agreed to be acquired in a deal valued at about £4.6 billion, or $8.6 billion, according to people familiar with the situation. Corus's board, which met Wednesday, will recommend Tata's proposed cash bid of 455 pence ($8.50) a Corus share, according to these people.

The board of Corus is bound by United Kingdom takeover rules to disclose its decision once officially made. A Corus spokeswoman declined to comment.

Corus said Tuesday that Tata Steel proposed an acquisition of the British company at 455 pence a share, subject to a recommendation from Corus's board, and that talks were taking place. Since then, most of the remaining obstacles have been resolved.

Corus shares have been trading at levels higher than Tata's proposed bid price, largely on expectations that someone would attempt to trump the offer. But people close to the matter said that such a move is unlikely, since Corus has tried to sell itself all year and has talked to nearly all potential candidates. In London trading yesterday, Corus's stock price was off 1.8% at 478.50 pence.

While Tata Steel is far smaller than Corus, it is part of the Tata Group, a diversified conglomerate run by Ratan Tata. It is one of the largest and wealthiest groups in India. The deal would catapult Tata from an Indian steel producer with relatively limited capacity into one of the world's top global producers.

The steel industry has been fast consolidating, forming giant producers that can provide customers such as auto makers the steel products they need for factories in locations around the world.

Corus operates plants in Britain, which are considered among the world's least efficient with no nearby access to iron ore. It also has a state-of-the-art facility in the Netherlands. Tata, whose mills have been running at capacity, is building a mill that will produce semifinished slabs that could go to Europe to be finished and sold through Corus's operations.

The deal will be subject to normal regulatory clearance, although many potentially thorny issues, such as clearance from the trustee of Corus's huge pension fund, already have been negotiated, according to people familiar with the situation.

Any rival bidder would need to negotiate approval from Corus's pension-fund trustee and others.

Corus is advised by Credit Suisse Group and HSBC Holdings PLC. Tata Steel's advisers are Deutsche Bank AG and ABN Amro Holding NV. The deal will include a breakup fee of 1% of the transaction value, standard in acquisitions of U.K. companies.

Corus Expected To Agree To Tata Bid (FT)

By Peter Marsh In London And Joe Leahy In Mumbai

Financial Times, October 20, 2006

Corus, the Anglo-Dutch steelmaker, is on Friday expected to agree to a £5.1bn ($9.5bn) takeover by India's Tata Steel, in a deal that would create the world's sixth- biggest steel producer.

The move will throw down the gauntlet to any potential counter-bidders for Corus, Europe's second-biggest producer. Novolipetsk and Severstal, two Russian steel companies, and CSN of Brazil are thought to be interested.

A Tata-Corus deal would be the biggest takeover by an Indian business of a foreign company and underlines Asian dominance in steel, which – assuming the deal goes through – will account for five of the top six makers.

The transaction continues the rapid consolidation of the steel sector, illustrated by June's €26.9bn ($34bn) takeover of Arcelor by Mittal Steel.

Managers at Tata Steel and Corus were meeting separately on Thursday to discuss the details of the offer, which values Corus at 455p a share. The Corus board decided on Wednesday night to recommend the offer from Tata, which will be put to shareholders over the next two months.

The £5.1bn valuation includes an equity value of £4.1bn plus roughly £1bn in debt, and is subject to how big a valuation the two sides put on Corus's sizeable pension obligations. Corus shares on Thursday night closed at 478.5p, down 8.5p but still

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some way above the likely 455p price for the company favoured by Tata, indicating that some investors continue to believe a new bidder could come forward.

James Moss, a partner in First River, a US consultancy, said: "Corus represents important strategic assets in Europe for an emerging steel company such as Tata, and I find it difficult to believe this [the 455p bid] is the best offer for the business."

According to a person involved in the deal, Tata Steel – part of the Tata industrial group – plans to inject about $2.5bn of its own borrowings and $1bn cash into a special purpose vehicle that would take over Corus. This unit would then raise roughly $5.5bn of debt against Corus's cashflow.

Created in 1999 from the merger of British Steel and Hoogovens of the Netherlands, Corus is three times bigger than Tata in terms of output. Some job losses among Corus's 41,000 workforce – 25,000 of whom are in the UK – would be likely, but a number of Corus's top managers are expected to stay on if the deal with goes through.

A link with Corus would help Tata diversify away from Asia and provide it with access to more sophisticated technology.

ENVIRONMENT:

Colorado Water Wars Include Spy Campaign (FINDLAW/AP)

By Steven K. Paulson, Associated Press Writer

AP, October 20, 2006

(AP) - WIGGINS, Colo.-If some farmers in eastern Colorado felt like they were being watched this summer, they had good reason.

Private investigators hired by some of Colorado's fastest-growing communities spent weeks spying on them, trying to determine if they were illegally pumping water for their crops, The Associated Press has learned.

The investigators put together an elaborate database on 50 plots of land in eastern Colorado, noting things like "puddles around sprinkler perimeter" and "lush corn," and turned it over to state engineer Hal Simpson, who is investigating the claims.

"There was one man taking pictures. My wife asked if she could help him and he sped off," said Steve Bruntz, who recently joined other farmers at a Wiggins gas station to talk with a reporter.

Behind the fight are farmers who depend on irrigation, on one side, and cities that rely on water from the South Platte River, on the other. State water law guarantees that those with higher-priority rights get their share first.

The water crisis came to a head in May when the state engineer told farmers along the South Platte to turn off 440 wells after forecasting lower-than-average river flows and well owners were unable to devise plans to replace the water they were using.

Millions of dollars worth of wheat, corn, sugar beets and melons were left to die after some farmers and three cities - Sterling, Boulder and Highlands Ranch - rejected an emergency plan that would have allowed well owners to continue pumping.

Water attorney Tim Buchanan, who represents farmers with senior water rights, said he ordered the spying campaign because he suspected some well owners were continuing to pump water.

Buchanan said water users, including communities and farmers, hired a private investigator to go out during daylight hours to survey 50 plots of land. They then paid engineers to verify the information.

"We started hearing rumors and people in the area where the wells are located called us and said people were pumping contrary to the state's order," he said. "We looked only at properties that had wells as their sole source of water. Not only were they wet, they were growing crops."

Exact details of the spying program, including how many acres were studied and how much was spent to gather the information, was not disclosed.

But word of the investigation stunned farmers who say they are struggling because the state shut down their wells this spring after complaints from those holding more senior rights to the water.

"I wish I could have caught them on my property. We shoot every other trespasser and he'd be the second one," said David Knievel, whose name was in the database obtained by the AP.

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Water attorney Veronica Sperling, who represents Boulder and Highlands Ranch, said her clients were concerned after hearing reports of illegal pumping.

Carol Ellinghouse, the water resources coordinator for Boulder, said she and others hired the investigator after she got a tip from a turf farm worker who said his neighbors were running their wells.

"They went out and some farms showed signs of being recently irrigated," she said. "Others were pretty lush, a condition that couldn't happen if they weren't watering."

John Hendrick, general manager of the Centennial Water and Sanitation District that supplies water to Highlands Ranch, said he was aware of the surveillance program and agreed with it.

"It's like people running a stop sign or speeding," he said. "The thing to do is identify the problem and fix it."

Farmer John Moser, who was on the list of alleged scofflaws provided to the AP for irrigating 290 acres and growing "green and vigorous alfalfa," said just because water is coming from a sprinkler doesn't mean the water is coming from a well. He said he is getting his water from a small lake on his property.

"It does upset me, for in fact they don't know the details. Does it bother me? Yes. Is there anything we can do about it? No," Moser said. "It's gotten out of hand. People are yelling and screaming at each other."

On the Net:

Colorado Foundation for Water Education: http://cfwe.org

FBI/DEA/ATF/USMS:

'Fire In The Hole!' ATF Shows Off Site For Gonzales (FFLS)

By Jeff Branscome

Fredericksburg (VA) Free Lance-Star, October 20, 2006

U.S. attorney general visits Fort A. P. Hill for an ATF demonstration

U.S. Attorney General Alberto Gonzales stopped by Caroline County's Fort A.P. Hill yesterday for a fireworks show of a different kind.

Wearing a collared shirt with the Department of Justice's logo, Gonzales stood with his hands on his hips and watched a Ford Taurus explode about 1,000 feet away.

Ten pounds of dynamite in the car's back seat sent a plume of black smoke into the overcast sky.

"That's exactly what you're seeing in Iraq," Rich Marianos, a special agent for the ATF, told a reporter after assessing the damage.

It was the last of several improvised explosions at an 80-acre training site run by the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Such exercises are a "very important contribution to our effort in Iraq," Gonzales said.

With his hands cupped to his mouth, an ATF employee shouted, "Fire in the hole!" several times before each boom.

Surrounded by a gaggle of cameramen and reporters, Gonzales wore protective glasses and earplugs.

But the gear didn't keep his head from quivering after the first explosion, which sent shock waves through the ground.

He turned around with a smile and proclaimed, "Wow!"

"There's nothing like experiencing it for yourself," Marianos later said.

They generated most of the blasts electronically with equipment used by the mining and quarrying industries.

At one point, officials showed off what they called "a wall of fire" by detonating 24 milk jugs filled with gasoline. That's the type of explosion seen in movies, officials said, but not real life.

Just before Gonzales arrived in a Chevrolet Suburban with tinted windows, an ATF employee asked, "Where are my dogs?"

He was referring to two bomb-sniffing Labradors, which they introduced to Gonzales at the start of his visit.

The labs then showed off their skills, with one sniffing a car for hazardous material. The dog eventually sat down to alert its handler of a problem.

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For much of his 30-minute tour, Gonzalez spoke in low tones to Steve Beggs of Spotsylvania County, who is chief of ATF's explosives training branch at A.P. Hill.

The ATF established the training area in 2000, in part to teach local and state investigators how to check out the scene of a blast. Bomb technicians also learn how to dispose of explosives at the site, an open field with a large patch of asphalt.

"We probably have the broadest training mission of anyone in the federal government as it relates to explosives," Beggs said.

Gonzales left after a brief news conference but many folks stayed behind to check out the Ford Taurus--or what was left of it.

"You will save American lives," Gonzales told Beggs before taking a group photo with ATF officials.

Fifty pounds of ammonium nitrate--an explosive used in the 1995 Oklahoma City bombing--made one blast possible.

In response to a question from Gonzales, Beggs said Timothy McVeigh used up to 5,000 pounds of the substance during his attack in Oklahoma City.

Gonzales called the demonstrations "interesting" and said they represent the "danger of explosives and the good work ATF is doing."

Jury Indicts 38 In Inquiry Into Multistate Drug Trade (WT)

By Jerry Seper, The Washington Times

The Washington Times, October 19, 2006

A federal grand jury in Colorado yesterday returned an indictment against 38 persons suspected of drug trafficking in an investigation of a multistate marijuana and Ecstasy distribution and money-laundering operation in Denver, officials said.

Garrison K. Courtney, a spokesman for the Drug Enforcement Agency, said the probe known as Operation Berthoud led to the seizure of 95 pounds of high-grade marijuana, three indoor marijuana-growing operations containing 414 live plants, 1,500 tablets of MDMA, or Ecstasy, and more than $700,000 in cash, assets and stolen property.

Mr. Courtney said a 152-count indictment handed up in U.S. District Court in Denver accused gang members of engaging in a "pattern of racketeering activity" involving the shipment of 50-pound to 100-pound quantities of "BC Bud" marijuana -- a high-grade form of the drug grown in the Pacific Northwest -- from Washington state and California to Denver. The marijuana was valued at $3,000 to $4,000 a pound because of its potency, he said.

"This case ensures that this organization will never do business on the streets of Denver again," said Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division. "The fact that drug dealers are paying these prices for this high-quality marijuana reflects the appetite some in Denver have for the drug."

Police suspect the gang leader was Thanh Thea Hau, 22, of Denver, described in the indictment as the part owner of the Denver night club DC 10. He was named on 59 counts of drug trafficking.

Mr. Courtney said the charges stem from an investigation that began in March 2005 when Weld County, Colo., Task Force agents began purchasing quantities of Ecstasy from a suspected gang member.

Mr. Courtney said the purchases led agents to identify an Ecstasy trafficking organization operating in Denver, Seattle and San Francisco and bringing high-quality marijuana to Colorado.

"This case demonstrates the necessity for state, local and federal law-enforcement agencies to work in a cooperative manner to identify, target and dismantle drug trafficking organizations operating at a local, national and international level," Weld County Sheriff John Cooke said.

Mr. Courtney said that, according to agents, Mr. Hau was in contact with marijuana distributors in Seattle and San Francisco and arranged for the purchase of each load. Once the marijuana had been selected from the distributor, he said, Mr. Hau sent a driver from Denver to pick up the load and return the drugs to Denver in a rental vehicle.

The marijuana was then processed into one-pound bags for delivery to his clients, who in turn sold the marijuana to their customers for up to $500 per ounce, he said.

Denver Investigators Smash Lucrative Drug Ring (AP)

AP, October 19, 2006

DOJ_NMG_0083702

(AP) DENVER Investigators said Thursday they broke up a drug operation that was raking in up to $150,000 a month for its 22-year-old alleged ringleader by bringing high-grade marijuana from the West Coast to Colorado.

The alleged ring was bringing "BC Bud" marijuana from Washington state and California in 50- to 100-pound quantities, repackaging it and selling it for up to $500 an ounce, authorities said.

The federal Drug Enforcement Administration and the Denver district attorney's office said a Denver grand jury indicted 38 people on a total of 152 counts including drug distribution, marijuana cultivation, money laundering and racketeering.

Authorities said 25 of the suspects have been arrested and the others were being sought.

Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division, said the alleged ringleader was Thanh Thea Hau of Denver, part-owner of the Denver nightclub DC10.

Hau was making "pretty good money for a 22-year-old," Sweetin said.

A DEA statement said Hau faces 59 counts related to drug trafficking and is one of the 25 suspects in custody. The Denver jail said it had no record of Hau, and a DEA spokesman did not immediately return a call.

Michael Guerrero, general manager of DC10, declined to comment and referred questions to attorney Harvey Steinberg, who he said represents Hau. Steinberg did not immediately return a call.

Investigators seized 95 pounds of marijuana, more than 1,500 tablets of ecstasy, $149,000 in cash and 13 vehicles. Also seized were 414 live marijuana plants at three indoor growing operations.

The charges stemmed from a 20-month investigation dubbed "Operation Berthoud." The DEA said the Front Range Task Force, the Weld County Task Force and the Colorado State Patrol participated.

Dozens Arrested In Drug Investigation (DENP)

Denver Post, October 19, 2006

A sophisticated Denver-based drug ring that distributed ecstasy and high-grade California and Washington State marijuana in the metro area has been crushed following a year-long investigation, state and federal officials said today.

The organization, allegedly headed by Thanh Thea Hu of Denver brought 50 to 100 pounds of marijuana into Denver a month, according to Jeffrey D. Sweetin, special agent in charge of the Rocky Mountain Division of the Drug Enforcement Administration.

The marijuana was sold on Denver streets at $500 an ounce, Sweetin said.

"We uncovered a very significant organized crime group," Sweetin said. "We are talking about multi-pound deals. The transactions were conducted in residences or parking lots."

Sweetin said that Hau, 22, is part owner of the Denver nightclub, DC 10.

Denver District Attorney Mitch Morrissey said that the investigation resulted in the biggest indictment in the history of the Denver district attorney's office, with a total of 38 individuals being charged.

The 152-count indictment alleges that the individuals were engaged in a pattern of racketeering activity. Officials said Hau's organization transported 50-to-100 pound quantities of "BC Bud" marijuana, a high grade form of marijuana grown in the Pacific Northwest. The marijuana was valued at $3,000 - $4,000 per pound due to the drug's potency.

"This case ensures that this organization will never do business on the streets of Denver again," Sweetin said. "The fact that drug dealers are paying these prices for this high quality marijuana reflects the appetite some in Denver have for the drug," Sweetin said. "The principle trafficker our agents identified in Denver was determined to make up to $150,000 a month. That's pretty good money for a 22-year-old."

According to agents from several law enforcement agencies, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected by the distributor, Hau would send a driver from Denver to pickup the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into one pound bags for delivery to his clients, who in turn sold the marijuana to their clients.

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The DEA said that on the evening of Sept. 19, investigators watched as Hau received a large marijuana shipment at his residence that had arrived from San Francisco. Agents continued to watch as Hau distributed marijuana to many of his customers.

Later that evening, agents executed search warrants on six locations in the Denver area. As a result, agents seized approximately 70 pounds of high quality marijuana, two marijuana indoor grow operations containing 344 live marijuana plants and approximately $149,000 in cash, Sweetin aid. Also seized that night were 13 vehicles valued at $274,000.

38 Indicted In Alleged Drug Ring (RMN)

Rocky Mountain News, October 19, 2006

Several Colorado law enforcement agencies today announced a 152-count indictment they said brought down a large marijuana-distribution network that stretched from Colorado to Washington State.

The federal Drug Enforcement Agency named Thanh Thea Hau, 22, of Denver. DEA officials said Hau, part-owner of the Denver nightclub DC 10, faces 59 counts related to drug trafficking.

The DEA said Hau and the other 24 members of the alleged drug network are in custody.

The Denver District Attorney's office, the Front Range Task Force, the Weld County Task Force and the Colorado State Patrol were involved in the investigation, dubbed Operation Berthoud due to its origins in Weld County.

The indictment alleges the 38 individuals were engaged in a pattern of racketeering in violation of the Colorado Organized Crime Control Act.

Denver District Attorney Mitch Morrissey said the indictment names the largest number of people in the history of his office.

At a morning news conference, DEA Special Agent-In-Charge Jeffrey D. Sweetin said the people indicted have been linked to numerous criminal enterprises, including marijuana and ecstasy distribution, marijuana cultivation and money laundering.

During the course of the year-long investigation, officials seized 95 pounds of high-grade marijuana, equipment from three indoor marijuana-growing operations containing 414 plants, more than 1,500 tablets of ecstasy, about $7,040 in cash, assets and stolen property.

Announcement of the bust comes less than three weeks before Coloradoans go to the polls to vote on Amendment 44, which would legalize possession of one ounce or less of marijuana.

Sweetin was asked if the timing of the announcement had a political intent.

"I don't consider it a political announcement," Sweetin said. "It wasn't timed to be a message, but yes, I think it was a message."

Immediately after the news conference, Amendment 44 campaign director Mason Tvert held a second news conference to blast officials for the indictment's timing, which he said was an effort to scare voters into rejecting the pot referendum.

Massive Drug Trafficking Ring Shut Down (KMGH)

KMGH-TV, October 20, 2006

DENVER -- Local and federal officials on Thursday said they have shut down a massive drug trafficking ring in Denver and have indicted 38 people, including the co-owner of a Denver nightclub, whom they say was the mastermind behind the operation.

Of the 38 people who have been indicted, 25 have been arrested, including the alleged ring leader, Thanh Thea Hau.

Hau, 22, faces 59 counts of drug trafficking. Hau is known to be part owner of the Denver nightclub DC 10.

"The principle trafficker our agents identified in Denver was determined to be making up to $150,000 per month. That's pretty good money for a 22-year-old. Unfortunately for him, he is now out of business," said DEA agent Jeffrey D. Sweetin.

The investigation began in March 2005, when Weld County Task Force agents said they began buying large quantities of Ecstasy from an alleged co-conspirator. These purchases led agents to identify an Ecstasy trafficking organization operating in Denver, Seattle and San Francisco that was also bringing high-quality marijuana to Denver, officials said.

During the investigation, the Drug Enforcement Administration seized 95 pounds of "BC Bud" or high-grade marijuana, three indoor growing operations, thousands of tablets of Ecstasy, and $704,000 in cash and assets.

Thirteen vehicles were seized in the bust, and three cultivation centers in Denver, with 414 live marijuana plants, have been shut down.

Officials said the operation was bringing 50- to 100-pound quantities of the high-grade marijuana grown in the Pacific Northwest and California to Denver.

The marijuana was valued at $3,000 to $4,000 per pound because of its potency.

The DEA said the drug ring involved a very organized crime group that was operating in several states.

"This organization's leadership would fly up to the source areas, decide what marijuana was of sufficiently high potency and quality, then return to Denver and have that delivered through their distribution system, not unlike a legitimate business would," Sweetin said.

According to agents, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected from the distributor, Hau would send a driver from Denver to pick up the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into 1-pound bags for delivery to his clients, who in turn sold the marijuana to their clients for up to $500 per ounce, the DEA said.

The investigation also determined that Hau provided clients with paper sacks filled with marijuana, and many of these dealers were seen entering and exiting his home, agents said. In addition, exchanges took place on the side neighborhood streets and in shopping center parking lots.

Once Hau had sold his marijuana supply, he would arrange for another purchase of marijuana, according to investigators.

Hau would have an associate drive the cash to Seattle or San Francisco with money hidden in the vehicle. With this information, agents intercepted the trips to Seattle and made two cash seizures of $132,000 and $149,000, respectively, the DEA said.

On the evening of Sept. 19, DEA investigators watched as Hau allegedly received a large marijuana shipment from San Francisco at his home. Agents continued to watch as Hau allegedly distributed marijuana to many of his customers, who were then followed and arrested. Later that evening, agents executed state of Colorado search warrants on six locations in the Denver area.

The 38 individuals were indicted by a Denver grand jury and are facing drug charges in Denver District Court related to marijuana and Ecstasy distribution, marijuana cultivation and money laundering.

The 152-count indictment, the largest in Denver's history, alleges the individuals were engaged in a pattern of racketeering activity in violation of the Colorado Organized Crime Control Act.

26 Arrested In Money-laundering Scheme (WT/UPI)

The Washington Times/UPI, October 20, 2006

A U.S. attorney in New York said federal agents have arrested 26 people in connection with a money-laundering ring tied to Colombian drug sales.

U.S. Attorney Michael Garcia said the suspects, who have been accused of laundering money through an illegal "Black Market Peso Exchange" system, were arrested in the Columbian cities of Bogota and Cali as well as New York, New Jersey, Florida and London, The Washington Times reported Thursday.

Garcia said federal agents seized more than $10 million in cash and about $6.5 million worth of cocaine, heroin and marijuana.

Indictments filed in U.S. District Court in Manhattan accuse the suspects of using "peso brokers" to help drug traffickers trade U.S. dollars for pesos from Colombian businesspeople seeking to purchase dollars outside of the Colombian banking system, the Times said.

Garcia said the exchanges occur with verbal agreements, leaving no paper trial and thus complicating investigation of money laundering schemes.

Garcia said the suspects could each face 20 years in prison if convicted.

Escapee Linked To Drug Cartel (PR)

Porterville Recorder, October 19, 2006

DOJ_NMG_0083705

When Porterville Police Sgt. Mike Blain was informed that federal fugitive Jose Felix was not considered armed and dangerous, Blain said he knew better.

Felix, a Porterville native who escaped from a minimum-security federal prison in Kern County on Oct. 9, was exactly that, Blain said.

"They don't know his history," Blain said, referring to the Taft Correctional Institution, where Felix spent the last three years. "We are the ones who had to live with him and the results of his and his family's actions."

Felix, 35, was a prominent player in the Felix family's sophisticated drug-trafficking network, which at its peak spread methamphetamine from Tijuana, Mexico to Bakersfield, Porterville and throughout the Central Valley for two decades.

His father, Praxedes Felix Sr., 56, was the kingpin of the drug network, officials said.

TCI officials noticed Felix missing during an inmate count at 10:50 p.m. Oct. 9. He was last accounted for three hours earlier.

Jose Felix was sentenced to 11 years in federal prison shortly after he and 15 other family members were arrested by law enforcement officials in a major drug raid in April 2003.

His brother, Praxedes Felix Jr., was also sent to TCI by a federal judge.

Fourteen agencies were involved with the six-year operation to bring down the cartel, which had its roots in Sinaloa, Mexico, according to previous reports.

Interim Police Chief Chuck McMillan referred to Jose Felix as "a long-term project."

"We've dealt with Jose for many years," McMillan said. "He and his family were big-time players in the drug trade. In previous contacts with Jose, he was armed."

McMillan said that the Felix family, which operated out of Terra Bella, may have had ties to the infamous Arellano Felix Organization, also known as the Tijuana Cartel.

What is clear, Blain said, is that the family - including Jose Felix - was extremely brazen and violent in their practice.

"There was a documented history with Jose and other family members currently in custody of kidnapping, rape, shootings of people or groups which they had disagreements, and threats made to the lives of others, including officers," Blain said. "Toward the end, they were extremely brazen in their activity."

Jose Felix was arrested on a weapons charge during the 1990s, Blain said.

During that arrest, Jose Felix threatened the life of an officer and his family, Blain said.

Thus, the question is raised: How did a criminal with a record like Jose Felix end up in a minimum-security facility without a fence.

According to Blain and TCI's warden, his previous history likely did not have any bearing on his sentence, which was reached in a plea deal with federal prosecutors.

"The charges he has on his record are not a true reflection of his actions," Blain said.

Jeff Wrigley, the warden of the privately-owned federally-operated facility, said federal officials send prisoners to the low-security facilities based on the offenses for which they were convicted.

"These criminals are sent because they have non-violent offenses and are not considered threats," Wrigley said. "But oftentimes, there may be some information about a criminal that is not brought up at the time of sentencing or in pre-sentencing."

"We've had walkaways at the prison, but we've never had any incident where a walkaway has caused any harm or wreaked havoc in a community," Wrigley said.

In Wrigley's nine years as warden, an average of five inmates each year escapes the prison simply by walking away from the camp.

These statistics are on par with similar security-level prisons, according to Wrigley and the Federal Bureau of Prisons.

Wrigley said he does not know how many of those walkaways are captured.

"Sometimes what will happen is a person will be captured in another region, Wrigley said. "The U.S. Marshal's office is working diligently and coordinating with nationwide law enforcement officials and local law enforcement in the Porterville to locate Felix, and rest assured he will be prosecuted to the fullest extent for his actions."

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The Marshal's office, TCI and Porterville PD have received anonymous leads in the week since Felix's disappearance, but have not located him as of the time of publication.

"One caller said that he was in Porterville, and another caller said he was Sinaloa," Blain said. "He could be anywhere, but we will continue to look for him."

Newspaper Held In Contempt In Bonds Case (AP)

AP, October 20, 2006

SAN FRANCISCO (AP) -- The San Francisco Chronicle agreed to be held in contempt of court and pay perhaps hundreds of thousands of dollars in fines for refusing to assist a federal grand jury investigating who leaked its reporters the secret testimony of Barry Bonds and other athletes, according to a court filing.

The government agreed to stay any fines pending the outcome of an appeal to the 9th U.S. Circuit Court of Appeals. The paper, citing the First Amendment, is refusing to abide by a grand jury subpoena ordering it to release any information it has on the reporters' source or sources.

Two Chronicle reporters who wrote about Bonds' 2003 testimony before a federal grand jury investigating the BALCO steroid ring also have agreed to be held in contempt, pending appeal.

Reporters Lance Williams and Mark Fainaru-Wada could be jailed for as much as 18 months or until they agree to divulge the source or sources of the leak. They argue the First Amendment protects them as well, a position a federal judge has rejected.

Under the proposed deal between the newspaper and federal prosecutors, which must be approved by U.S. District Judge Jeffrey White, the Chronicle agreed to pay a fine of at least $1,000 per day, for up to 18 months. Both sides reserve the right to argue the amount of the fine.

The agreement is largely procedural, allowing the case to move before the appeals court.

According to the leaked testimony, Bonds told the Bay Area Laboratory Co-Operative grand jury that he did not knowingly use steroids and said he thought his trainer Greg Anderson supplied him with flaxseed oil and arthritic balm.

Where Do Felons Get Their Guns? (HERNTDY)

By Kyle Martin

Hernando (FL) Today, October 20, 2006

BROOKSVILLE — Brooksville police Lt. Rick Hankins decided to run an experiment last year to find out how easy it is to buy a gun on the streets.

A confidential informant was sent out to buy two guns within the hour.

The informant was back 30 minutes later, guns in hand.

"It was very surprising," Hankins said.

You can legitimately buy a gun in 30 minutes, from a flea market, classified ad or yard sale. These avenues don't require the paperwork and three-day waiting period of a licensed gun dealer.

But convicted felons are prohibited from owning guns and ammunition, regardless of where they buy them. Even so, two people were charged with the crime on Monday.

One of them is also accused of attempted murder.

Michael Lavon Lazenby has been connected with Sunday's shooting in South Brooksville of Henry Maner, who was shielding a 2-year-old girl from the gunfire.

Authorities have also arrested Marcus Tyre Barnes, who they believe shot at Lazenby and the other shooters from a separate vehicle. Barnes is also a convicted felon.

So where do felons get their guns?

"The black market, thefts, robberies, gun dealers and residences," said John Ryan, assistant special agent in charge for the ATF's Tampa field division.

A popular tactic is the straw purchase, which involves a legitimate person buying guns for a felon. Two local pawnshop owners say that's rare. "I haven't had anybody try that," said Thomas Bell, owner of Bell's Pawn Shop. "Everybody knows I go by the book."

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Still, there's no stopping a wife from taking a gun home to her husband, said George Redman, owner of Redman Pawn and Gun. "We have no control over that," he said.

Like any licensed dealer, if you buy a gun from Redman you have to fill out paperwork authorizing a background check by the Florida Department of Law Enforcement.

If the background check reveals any number of violations, including a felony conviction, a domestic violence misdemeanor, or most restraining orders, Redman, will return your money and bid you goodbye.

The background check usually takes three days, but sometimes it's red flagged and can take longer. If the dealer hasn't heard back from FDLE in five business days, though, he has the right to sell the gun. Redman chooses not to. "It just doesn't feel safe doing that," he said.

Redman's concern is flea markets, like the one he visited in Homosassa this weekend. There appeared to be little control over the gun sales, according to Redman. "It's shocking, really," he said.

Sales at flea markets and gun shows fall under the purview of local law enforcement. ATF gets involved because it's a federal offense to sell a gun to a felon and for a felon to own a gun. But unless you knowingly sell the gun to a felon, there's no crime committed.

Another source of guns is yard sales and classified ads in newspapers. Robert Turner, of St. Petersburg, is advertising two antique guns in the classifieds. The guns are functional, but Turner doubts anyone would spend several hundred dollars for a crime spree.

If he were selling some newer pistols, however, his attitude would be different. "You probably couldn't tell the difference," if a felon came to buy his guns, he said. But he would ask for a name, age and address. If it seemed suspicious, Turner would probably tell the buyer the gun was already sold. "I would feel responsible myself if anything happened," he said.

The area of Sunday's shooting straddles the boundary between city limits and Hernando County. This time it happened to fall in the hands of the sheriff's office.

Drugs and guns often go hand in hand, Hankins said, so a joint task force was created to handle the problem. This has cut back on drug dealers going across the street to the county after they are busted in the city, according to Hankins. "It's a game of ping pong otherwise," he said.

Reporter Kyle Martin can be contacted at 352-544-5271.

IMMIGRATION:

California City Bars Renting Housing To Illegal Immigrants (FINDLAW/AP)

AP, October 20, 2006

(AP) - ESCONDIDO, California-City leaders have approved a controversial ordinance prohibiting landlords from renting to illegal immigrants, the latest of a handful of communities nationwide to pass laws cracking down on people who hire or rent to undocumented immigrants.

More than 100 police officers and sheriff's deputies dressed in riot gear were on hand for the vote, passed 3-2 Wednesday. After the measure was approved, one person ran outside the council chamber and yelled, "The USA wins!" prompting opponents and supporters gathered on the lawn to shout at each other for 30 minutes.

Inside the chamber, officers removed two men after a brief confrontation. Police said no arrests were made.

Wednesday's vote was the final reading of the ordinance, which has drawn crowds each time it has been heard. The American Civil Liberties Union has indicated it will go to court to block implementation of the ordinance, which is set to take effect Nov. 18 in Escondido, a city where Hispanics make up about 42 percent of the 142,000 residents.

Councilman Sam Abed, who supported the measure, said it will improve the city's image and reputation, "and certainly our quality of life," The San Diege Union-Tribune reported Thursday.

Mayor Lori Holt Pfeiler and Councilman Ron Newman, the two no votes, said the ordinance would create new problems for Escondido.

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Pfeiler said everyone agrees illegal immigration is a problem, but the ordinance "is going to have neighbor against neighbor."

Under the law, landlords will be required to submit documentation of their tenants' immigration status to the city, which will then submit the information to the federal government for verification.

If tenants are found to be illegal immigrants, landlords would be given 10 days to evict them or face suspension of their business license. Repeat offenders could face misdemeanor charges and fines.

A handful of cities across the country have passed similar ordinances, with local leaders arguing the federal government has not done enough to crackdown on the estimated 11 million illegal immigrants living in the country.

TAX:

Loftier Limits For Retirement Savers (WP)

By Stephen Barr

The Washington Post, October 20, 2006

Federal employees will be allowed to invest up to $15,500 in their retirement savings plan in calendar year 2007, $500 more than this year's limit, the Internal Revenue Service has announced.

The elective deferral limit, which applies to 401(k) plans in the private sector as well the federal government's Thrift Savings Plan, was adjusted for inflation, as required under the tax code.

The TSP, the 401(k)-type program for government employees, allows investors to change their contribution amounts at any time. Investors can designate withholdings from their biweekly pay in either percentage or dollar amounts.

Employees covered by the Federal Employees Retirement System, though, should structure their investments so they do not hit the IRS dollar limit until the end of the year, in order to continue receiving matching government contributions. Those covered by the old Civil Service Retirement System and persons in the military do not receive matching contributions.

The IRS also announced that the "catch-up" contribution amount will remain unchanged at $5,000 in 2007.

Catch-up contributions are allowed during a calendar year for people age 50 or older who have hit the elective deferral limit or who are on a pace to do so by the end of the year. There are no matching contributions for catch-ups, which were approved by Congress in 2002 as a way to help employees who did not have an opportunity to participate in a 401(k)-type program early in their career to save more for retirement.Back to the Drawing Board

A federal district court judge has directed the Homeland Security Department and the Office of Personnel Management to revise or abandon regulations that failed to ensure that Homeland Security employees could bargain collectively and that went too far in limiting the topics that could be put on the negotiating table.

U.S. District Judge Rosemary M. Collyer also told the agencies to file a status report on their efforts to fix the regulations by July 17. Her request for a report should not be seen as a deadline for the agencies to complete decisions on what to do about the regulations, she said.

In August 2005, Collyer ruled in a lawsuit brought by the National Treasury Employees Union and other unions that the department had gone too far when it came up with new rules that called into question whether the department would be obligated to abide by binding contracts. She issued an injunction to block the regulations, and her ruling was upheld by a three-judge federal appeals panel in June. The government decided not to take an appeal to the Supreme Court.

Government lawyers asked Collyer to close the case, saying that would not prevent NTEU from returning to court if it had objections to any revised rules. But she declined the request, and issued an order saying that "this court shall retain jurisdiction over this matter for all purposes."At Center Ice

The Partnership for Public Service and the Washington Capitals will team up tomorrow night to honor federal employees at the Capitals' game against the Tampa Bay Lightning.

The Caps are sponsoring a Federal Employees' Night with the Partnership, which seeks to encourage more young people and mid-career professionals to consider working in the federal government. For discount tickets, go to http://www.ourpublicservice.org .Talk Shows

DOJ_NMG_0083709

Steven L. Katz , an author and consultant on federal management issues, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Lt. Gen. Roger A. Brady , deputy chief of staff for manpower and personnel at Air Force headquarters, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK radio (106.7 FM).

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

CONGRESS-ADMINISTRATION:

Bush Appoints Mine Safety Administrator (NYT/AP)

By The Associated Press

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 (AP) — With Congress now in a recess, President Bush on Thursday bypassed opposition from Democrats in the Senate and the United Mineworkers of America and appointed his nominee to head the agency that oversees mine safety.

Mr. Bush appointed Richard M. Stickler, who is expected to serve about a year until the end of the next session of Congress.

Mr. Stickler, of Terra Alta, W. Va., will head the Mine Safety and Health Administration, which has been without a leader for two years.

The mine agency is part of the Labor Department.

Mr. Bush nominated Mr. Stickler last year, but Senate Democrats have blocked the nomination. The lawmakers and the mine workers' union said Mr. Stickler had spent too many years as a mining executive and had failed to demonstrate adequate concern for safety in the mining industry.

More than three dozen miners have been killed in accidents this year, according to the mine safety agency's Web site.

Mr. Stickler headed the Pennsylvania mine safety office from 1997 to 2003.

"I think my track record in Pennsylvania proves that I did not go easy on mine operators," Mr. Stickler said in a conference call to reporters.

U.S. Judge Orders White House To Release Cheney Visitor Logs (WSJ/AP)

The Wall Street Journal, October 20, 2006

WASHINGTON -- A federal judge has ordered the Bush administration to release information about who visited Vice President Dick Cheney's office and personal residence, an order that could spark a late election season debate over lobbyists' White House access.

The Washington Post asked for two years of White House visitor logs in June but the Secret Service refused to process the request. Government attorneys called it "a fishing expedition into the most sensitive details of the vice presidency."

U.S. District Judge Ricardo M. Urbina ruled Wednesday that, by the end of next week, the Secret Service must produce the records or at least identity them and justify why they are being withheld.

The newspaper sought logs for anyone visiting Mr. Cheney, his legal counsel, chief spokesman and other top aides and advisers.

The Secret Service had no comment on the ruling Thursday. In court documents, government attorneys said releasing the documents would infringe on Mr. Cheney's ability to seek advice.

"This case is about protecting the effective functioning of the vice presidency under the Constitution," attorneys wrote.

A lawsuit over similar records revealed last month that Republican activists Grover Norquist and Ralph Reed -- key figures in the Jack Abramoff lobbying scandal -- landed more than 100 meetings inside the Bush White House.

The Washington Post cited those records, which were released to the Democratic Party and Citizens for Responsibility and Ethics in Washington, as evidence that the documents should be released.

DOJ_NMG_0083710

Medicare Drug Aid No Longer Automatic (WP)

By Christopher Lee

The Washington Post, October 20, 2006

More than 600,000 low-income elderly and disabled people who automatically received federal help to pay for their Medicare drug coverage this year will have to actively apply to get such assistance in 2007, Medicare officials said yesterday.

The change affects people who were automatically enrolled in the inaugural year of the drug benefit and got the low-income subsidy in 2006 but who are no longer eligible for Medicaid or two other government assistance programs.

Some advocates say the affected seniors may not have understood a letter about the change that the Centers for Medicare and Medicaid Services sent last month. And even beneficiaries aware of the change might have trouble completing the six-page application, they said.

"Just sending these folks a letter and an application doesn't mean they necessarily are going to apply for the extra help even though they may need it," said Marisa Scala-Foley, associate director of the Access to Benefits Coalition at the National Council on Aging. "These are still likely to be low income folks who need all the help they can get. . . . These folks are going to need a lot of hand-holding."

There is no danger of them losing Medicare drug coverage. Even if they do nothing, they will be automatically enrolled in their current plan for 2007. But in January, most would be charged a monthly premium for the first time.

Kathleen Harrington, director of external affairs for the Medicare agency, said it has provided drug plans and community organizations with information about the affected seniors and encouraged greater outreach. The open enrollment period is Nov. 15 to Dec. 31, and the affected group will have three extra months to switch to a plan with no monthly premium, she said.

"We're very concerned about this," Harrington said. "We want to ensure that they know and that they've been contacted by plans, by us, by advocates, by community resources to make sure that they apply for this low-income subsidy, so if they have a premium liability they can minimize it."

More than 9 million of the 23 million people enrolled in Medicare drug plans this year qualified for the low-income subsidy, which meant they paid no monthly premiums and only $1 to $5 in co-payments for their prescriptions. Of those, about 7.2 million were automatically enrolled in the program and the subsidy, while the rest applied and got it, Medicare officials said.

Medicare drug plan beneficiaries qualify for special help if their annual incomes are at or below 150 percent of the poverty level, which is $14,700 for individuals and $19,800 for married couples. Also, individuals must have no more than $11,500 in assets, and married couples no more than $23,000 in assets.

Some of the affected people who no longer automatically qualify for a subsidy might have had a change in income but could still qualify for premium assistance under the drug benefit, officials said.

"The worst outcome will be someone getting surprised that they have a premium and then dropping their coverage," Harrington said. "We want to do everything we can to keep them in coverage."

House Intel Chair Suspends Staff Member (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, October 20, 2006

House Intelligence Chairman Peter Hoekstra has suspended a Democratic staff member because of concerns he may have leaked a high-level intelligence assessment to The New York Times last month.

In a letter obtained by The Associated Press Thursday night, Rep. Ray LaHood, R-Ill., a committee member, said that an unidentified staffer requested the document from National Intelligence Director John Negroponte three days before the Sept. 23 story about its conclusions.

The staffer received the National Intelligence Estimate on global terror trends on Sept. 21.

"I have no credible information to say any classified information was leaked from the committee's minority staff, but the implications of such would be dramatic," LaHood wrote Hoekstra, R-Mich., late last month. "This may, in fact, be only coincidence, and simply 'look bad.' But coincidence, in this town, is rare."

DOJ_NMG_0083711

A spokesman to Hoekstra, Jamal Ware, confirmed that a committee staff member was suspended this week. He said the staff member is being denied access to classified information pending the outcome of a review.

"Chairman Hoekstra considers security highly important, and the coincidence certainly merits a review," he said.

An aide to California Rep. Jane Harman, the committee's top Democrat, did not have an immediate comment Thursday night.

The New York Times did not immediately answer a telephone message seeking comment.

House Committee Dismisses Bulk Of Investigative Division (USAT)

By Kevin Johnson

USA Today, October 20, 2006

WASHINGTON — The House Appropriations Committee has let go about 60 private contractors who made up most of an investigative unit that was auditing billions of dollars in government spending, including the $62 billion federal relief package for Hurricane Katrina, the panel's spokesman said Thursday.

The investigators, attached to the committee's Surveys and Investigations division, were released during the past week, committee spokesman John Scofield said. He said that the quality of the unit's work had been questioned by leaders of the Republican-controlled committee, including some Democrats, but he declined to say who.

The shake-up — which leaves only 16 full-time employees in the investigative unit — comes about a year after the Appropriations Committee's chairman, Rep. Jerry Lewis, R-Calif., launched the Katrina review by saying the unit would "conduct a wide-ranging assessment and analysis of disaster spending." At the time, Lewis said the unit had a tradition of "comprehensive" reporting.

It's unclear how the departures will affect the work of the unit, whose contract staff is made up of former employees of the FBI, CIA and other government investigative services. Some of them had worked for the unit for several years. Scofield said the dismissals would not compromise any ongoing investigations. Scofield said he could not identify the specific work being done by investigators because much of the unit's inquiries involve classified information.

Robert Pearre, the unit's director, did not respond to requests for comment.

Scofield said the "pace" of the Katrina review was not as critical as the quality of the work. "There is nothing sinister here. It's about how we do the best oversight."

The committee's ranking Democrat, David Obey of Wisconsin, was in his home state and could not be reached for comment.

Established in 1943, the investigative unit has focused mainly on defense and intelligence spending programs. Its reports usually are not made public. Regarding Katrina spending, however, Lewis has said he intends to reveal the results of the committee's investigation because of "the national importance of the Katrina recovery efforts and the record amount of funds that have been appropriated."

The committee's review of Katrina spending is one of several examinations of how government relief was directed and spent after the nation's worst natural disaster.

Last year, the Justice Department launched a separate inquiry into Katrina-related incidents of alleged fraud in which dozens of people have been charged. Many were accused of filing fraudulent claims of property damage in order to get thousands of dollars in government relief checks.

Capitol Hill Eats Own Pork (LAT)

The Los Angeles Times, October 20, 2006

WHERE HAVE YOU GONE, Jefferson Smith, now that we need you? A naïf sent to the U.S. Senate on a fluke in "Mr. Smith Goes to Washington," Smith (played by Jimmy Stewart) discovered that his mentor had slipped a provision into a "deficiency bill" to construct a dam on land secretly purchased by the

home state's political boss. The boss stood to make a killing, and Smith's former hero figured to get a piece of the action.

But Smith would have none of it. He knew graft and corruption when he saw it, so he made a courageous stand, nearly destroying himself in the process and etching into the American psyche a fable so beloved that no member of Congress, out here in the real world, would ever try such a thing.

Instead, Capitol Hill pols are outdoing even the movies with bills and deals that rake in big money for themselves, their families and their political friends.

In one of the latest instances, Senate Minority Leader Harry Reid (D-Nev.) is under fire for not reporting part of a complex real estate transaction that led to the sale of some of his Las Vegas property. After a little government land swap here and some rezoning there, Reid received $1.1 million. Now that the deal has made the newspapers, Reid has seen fit to amend his ethics report retroactively.

But Reid has nothing on House Republicans, who appear to be perfecting the art of "earmarking" money in federal spending bills to boost their real estate interests. Speaker J. Dennis Hastert (R-Ill.) earmarked funds for construction of a parkway near land he owned, which he later sold for a $2-million profit. Rep. Charles H. Taylor (R-N.C.) directed $11.4 million in federal funds to a highway-widening project that just happened to make it easier to get to resort acreage and subdivisions that he owns. Rep. Ken Calvert (R-Corona) directed federal money to projects near his Riverside County property that he later sold for about twice the purchase price. Earmarking in another highway bill put $1.28 million to work improving land near a development owned in part by Rep. Gary G. Miller (R-Diamond Bar).

Elected officials insist that, in earmarking funds, they are only doing what politicians have done for years: directing pork back to the home district. But that doesn't mean they should be allowed to use the federal purse to do favors for themselves or their political donors and friends who happen to own chunks of land near projects Congress approves.

Earmarking used to be done in virtual secrecy. But the House recently approved a rule drafted by Rep. David Dreier (R-San Dimas) that requires bills and reports to include a list of earmarks and the names of members who sponsored them. It's still not enough. If Congress is to repair its reputation, it must go beyond merely admitting that its members engage in self-dealing. It has to change. Jefferson Smith would demand no less. Neither do we.

OTHER NEWS:

Home Run: Dow's First Close At 12000 (WSJ)

By Gregory Zuckerman

The Wall Street Journal, October 20, 2006

Powered by once-skeptical investors rediscovering a passion for stocks, the Dow Jones Industrial Average yesterday closed above the 12000 mark for the first time, after testing the milestone for days. It looks as if there are more potential converts still on the sidelines.

The newfound enthusiasm comes from an array of sources, including small-time investors pouring money into mutual funds and hedge funds investing money for deep-pocketed institutions and individuals.

For all the excitement of the Dow's record close, which came on the 19th anniversary of the 1987 stock-market crash, the market barely nudged over the finishing line. The Dow, comprising 30 major companies, advanced just 19.05 points, or 0.2%, to close at 12011.73.

"It was pretty balanced between winners and losers with the bulls just getting a slight advantage," said Jon Najarian, chief executive of Najarian Capital in Chicago. "It wasn't like investors were throwing money at" shares.

Even so, the Dow is now up a solid 12% this year, reflecting a recent embrace of big companies, especially by hedge funds that traditionally prefer betting on smaller companies, where they can hunt for bargains others might not have noticed.

The blue-chip companies' gains are part of a recent marketwide rally that has seen technology and small stocks show signs of strength after months of dormancy. The Russell 2000 index of small companies is up 6.4% since Sept. 1, while the tech-stock-led Nasdaq Composite Index is up 6.7%, topping the Dow's 4.8% gain. The Russell 2000 now is just 1.8% below its high, reached on May 5, and is up 14% for the year, compared with 9.5% for the broad Standard & Poor's 500-stock index.

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The S&P 500 rose just one point to 1366.96, a 0.1% increase, and still is off 11% from its record high in March 2000. The Nasdaq Composite was up 0.2%, or 3.79 points, to 2340.94, less than half its record high. Apple Computer, a Nasdaq stock, rose $4.46 to $78.99, a nearly 6% jump.

The Dow was helped by a run-up in shares of cigarette maker Altria Group, a Dow component, which rose $1.85 to $80.19.

Analysts say the climb could continue as long as interest rates and inflation remain low and more skeptics abandon their doubts and start buying. There are also some dangers ahead: The market could be jolted by a change in control of Congress following next month's midterm elections or by signs that the housing slump is worsening.

Data suggest a sizable group of skeptics remains, which could give shares room to rise. Measures of bearish bets in the market have remained high during the recent rally. Record amounts of stock are being sold short, meaning investors are wagering that prices will fall by selling borrowed shares in hopes of replacing them with cheaper ones bought later. In the New York Stock Exchange's latest monthly reporting period, ending last Friday, so-called short interest -- a measure of how much stock is being shorted -- rose for the ninth straight time. Through mid-September, the Nasdaq Stock Market saw short interest rise more than 25% this year. (Related article on page B6.)

"You haven't really seen excitement among investors, retail brokers and institutional trading desks yet," says Tobias Levkovich, Citigroup's chief U.S. equity strategist. "If investors get more aggressive, there is more upside to the market."

One sign that investors are rapidly warming up to U.S. stocks: Last month, $2.2 billion was added to U.S. stock-focused mutual funds, the second-highest monthly figure this year. And investors have added an estimated $2.6 billion so far this month, according to TrimTabs Investment Research, which tracks mutual-fund flows. That is a sharp contrast to much of the past year, when investors chased international stocks and shunned U.S. companies.

There also are indications that large investors are getting more comfortable with stocks. The Volatility Index, or the VIX, a measure of the market's estimate of the stock market's future bumpiness that trades on the Chicago Board Options Exchange, is near its lowest levels of the past decade. This suggests that investors are "relatively complacent, and fairly optimistic," says Thomas McManus, chief investment strategist at Bank of America's Banc of America Securities.

A number of investors seem to be pulling back from commodity investments, amid marked weakness in energy prices and other commodities lately, and may look to redeploy their cash in the stock market. Investors withdrew $214 million from mutual funds that invest in gold and precious metals last month, according to Lipper Inc., a fund tracker. These funds added $129 million each month, on average, during the past six months.

Hedge funds that focus on stocks have lagged behind the market this year, in part because they had doubts that share prices would climb. Many are jumping on the bandwagon, especially in regard to larger stocks. Large "speculative" investors, a category dominated by hedge funds, held more bullish than bearish positions on the S&P 500 as of Oct. 10, according to Merrill Lynch. Two months ago, more of these investors were betting against a rise in the S&P 500.

Global macro hedge funds, a category of funds managing $115 billion that bets on trends in various markets, now hold positions that amount to wagers that stocks will rise further, according to Merrill Lynch. Just two months ago, these big hedge funds were holding positions betting that stocks would fall.

Among the largest buyers of Microsoft, a Dow component, in the second quarter, were hedge funds Perry Capital, Farralon Capital Management, Eminence Capital and D.E. Shaw, according to securities filings tracked by FactSet Research. Hedge funds including D.E. Shaw, Renaissance Technologies and Citadel Investment were buyers of Hewlett-Packard, also part of the Dow.

Hedge funds manage about $1.2 trillion compared with about $9.6 trillion at mutual funds, but their buying could make a difference. According to some estimates, hedge funds are responsible for more than 40% of daily stock trades.

Hedge funds hold a near-record number of short positions linked to the Russell 2000, which tracks smaller stocks, suggesting they are becoming less enamored with smaller companies even as they warm to bigger stocks.

Chris Johnson, of the research firm Schaeffer Investment Research, says he is encouraged that the high ratio of options on individual stocks that pay off if shares falter to contracts that rise in value if a stock jumps is roughly comparable to activity shortly before some past rallies.

In major U.S. market action:

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Stocks rose. Total trading volume for stocks listed on the NYSE was 2.65 billion shares, as 2,033 stocks advanced and 1,268 fell.

Bond prices fell. The 10-year note declined 6/32 point, or $1.88 for each $1,000 invested, pushing the yield to 4.788%. The 30-year bond fell 11/32 to yield 4.911%.

The dollar weakened. Against the Japanese currency, the dollar fell to 118.16 yen, compared with 118.92. The euro rose against the dollar to $1.2628, compared with $1.2534.

Dow Closes Above 12,000 For The First Time (NYT)

By Vikas Bajaj

The New York Times, October 20, 2006

Less than three weeks after it set its first record high in more than six years, the Dow Jones industrial average closed above the 12,000-point mark for the first time this afternoon.

The achievement by the popular, though not comprehensive, barometer of the stock market indicates that investors are increasingly confident that the economy is poised to perform the rare feat of slowing without stalling. The Dow is up 12 percent so far this year.

The Standard & Poor's 500-stock index, a broader measure of the market, has also done well and is up 9.5 percent for the year.

The Dow's move above 12,000 came on modest gains for the day, with the industrial average rising 19.05 points, or 0.2 percent, to close at 12,011.73.

The day's gains were just as modest elsewhere in the stock market. The S.&P. rose 1 point, or less than 0.1 percent, to 1,366.96, while the Nasdaq composite index rose 3.79 points, or 0.2 percent, to 2,340.94.

"It is the best of both worlds here," said Steven M. Rogé, a portfolio manager at the Rogé Partners Fund. "We have interest rates that are still below the long-term average, capital is still flowing freely and growth is strong but not excessive."

The current rally, which started in late July after an early summer swoon, has followed a well-worn pattern in which stocks do well in the last three months of midterm election years, analysts experts note. The one difference this time is that the stock market started moving up in the third quarter, which historically has proven to be a weak stretch.

"You have to back a very long way to find a negative" in a midterm election year, said Sam Stovall, chief investment strategist at Standard & Poor's. "On average, you have a positive year 90 percent of the time."

Larger stocks, particularly in consumer staples, have done particularly well, which has helped the Dow, an index of 30 blue-chip companies.

Technology companies like Intel and Microsoft, which lagged the market earlier in the year, have also done well.

Some stock pickers, however, see that strength as a worrying signal that big company stocks may have become too expensive, at least for the time being.

More broadly, some economists and bond investors do not share the stock market's sanguine view. Atop their list of concerns is a softening housing market and its direct and indirect effect on the American economy.

If home sales continue to fall at current rates or faster, that decline will reduce employment in construction, mortgage lending and other related areas. Also, falling prices will make it harder for consumers to refinance and tap their homes for lines of credit for home improvement and other spending.

Other concerns include tensions in the Middle East and on the Korean peninsula. Those and other geopolitical crisis could easily reverse the two-month-long slide in oil and gasoline prices.

Dow Notches First Close Above 12,000 (WP/AP)

The Washington Post, October 20, 2006

NEW YORK, Oct. 19 -- The Dow Jones industrial average scored its first close at more than 12,000 Thursday as Wall Street, showing its growing confidence despite new evidence of a weakening economy, managed to hold on to a slim advance.

The Dow ended the day at 12,011.73, the ninth time in two weeks that the index achieved a record high close. The index gained 19.05, or 0.16 percent, for the day.

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The Standard & Poor's 500-stock index rose 1.00, or 0.07 percent, to 1366.96. The Nasdaq composite index rose 3.79, or 0.16 percent, to 2340.94.

The Dow's latest milestone came on the anniversary of Black Monday in 1987, when the Dow fell 508 points and also suffered its second-biggest percentage drop in history. The Dow finished that day at 1793.90.

The Dow's finish above 12,000 was the latest sign that the stock market continues a cautious recovery from the losses and despair that investors suffered in the early part of this decade. After peaking in early 2000, the Dow and other indicators fell precipitously during the dot-com collapse, recession and the impact of the Sept. 11, 2001, terrorist attacks.

Still, trading was erratic Thursday, with the overall market struggling to sustain gains after a pair of reports signaled that the Federal Reserve might have a tougher time orchestrating a soft landing of the economy. Disappointing earnings in the technology sector also weighed on stocks.

The Conference Board's index of U.S. leading economic indicators rose less than forecast in September. Meanwhile, the Philadelphia Fed's general economic index contracted for the first time since April 2003. The numbers rattled investors who had been sending stocks higher since September on optimism the Fed might cut rates in early 2007.Movers

Pfizer fell 42 cents, to $27.68.

Apple Computer rose $4.46, to $78.99. Sales of iPod music players helped fourth-quarter earnings.

Dell fell $1.58, to $23.12.

Advanced Micro Devices fell $3.22, to $21.01. The chipmaker forecast declining profit margins and lower desktop processor revenue.Indexes

New York Stock Exchange composite index rose 37.27, to 8,700.81.

American Stock Exchange index rose 16.21, to 1,933.08.

Russell 2000 index of smaller-company stocks rose 3.98, to 767.39.Volume

NYSE: 2.65 billion shares, up from 2.63 billion on Wednesday. Advancers led decliners by 4 to 3.

Nasdaq: 2.03 billion shares, down from 2.24 billion. Advancers narrowly outnumbered decliners.Commodities

Crude oil for November delivery: $58.85, up 85 cents.

Gold for current delivery: $599 a troy ounce, up from $$588.90 on Wednesday.

Dow Breaks 12,000 (USAT)

By Adam Shell

USA Today, October 20, 2006

NEW YORK — Dow 12,000 is a big round number, a fresh, mountainlike peak never seen before, but it doesn't mean a return to the dangerous days of hyperinflated stocks.

Investors who recall the steep declines suffered by massively overvalued stocks after the 2000 market top might worry that the Dow Jones industrial average's first close above 12,000 Thursday is a sign that stocks are again at superexpensive prices relative to earnings, or P-E ratios. But “compared with 1999 and 2000, when valuations reached surreal levels, the Dow is priced attractively,” says Quincy Krosby, chief strategist at The Hartford.

Despite rising 19.05 points Thursday to a record close of 12,011.73, the 30 stocks in the blue-chip Dow are trading at lower valuations than they were at the 2000 top, when stock investing surpassed baseball as the national pastime.

In early 2000, Dow stocks had a median P-E (half higher, half lower) of 29, says Ned Davis Research. Now, the median P-E is 18. The broader Standard & Poor's 500 is trading at roughly 14 times estimated 2007 earnings, vs. a 27 P-E in March 2000, Thomson Financial says.

Falling oil prices, strong corporate profit growth and a belief that the Federal Reserve is done raising interest rates have fueled the Dow's rally. While more reasonably priced stocks don't preclude a market pullback, which some Wall Street analysts predict given the impressive run-up the past few months, it could provide some support.

The Dow is now at or near price targets projected by investment strategists at the start of the year. It has topped the 12,000 target of RBC Dain Rauscher. It is fast-approaching the 12,100 target set by A.G. Edwards and the recently updated target of 12,222 set by S&P's technical strategist Mark Arbeter.

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The Dow is also about 6% below a year-end 2007 target of 12,750 set by Citigroup's top equity strategist, Tobias Levkovich. It's 4,000 points away from Dow 16,000, an aggressive 2007 call made by Curtis Teberg, who runs a small mutual fund.

Aside from the morale boost the Dow's record-setting run gives, it also confirms that after five years, investors are finally pulling money out of small-company stocks and putting it to work in large stocks, says Joe Quinlan, chief strategist at Bank of America Global Wealth & Investment Management.

Still, it's too "early to pop the champagne," says Leo Kamp, TIAA-CREF's chief investment economist, because a slowing economy could hurt earnings. "A sustained rally," he says, "won't occur until the Fed cuts rates."

Economic Index Suggests Continued Slowing (WSJ)

By Michael Derby And Campion Walsh

The Wall Street Journal, October 20, 2006

Leading economic indicators pointed to slower U.S. economic growth in September.

Separate reports showed that factory activity in the Philadelphia region was flat in a mid-October reading even as manufacturers remain optimistic, and that weekly U.S. jobless claims hit a four-month low.

The Conference Board reported Thursday its index of leading indicators edged up just 0.1% to 137.7 in September, but noted that consumer expectations have improved. The index fell by a revised 0.2% in August. Economists had expected a more robust 0.3% advance last month.

"The economy has slowed but the evidence to date doesn't suggest it will stall or go into a recession," said Ken Goldstein, an economist with the private research group. "To the contrary, the economy retains considerable strength," given the rise in stock prices and drop in energy prices, he said. Mr. Goldstein also noted that employment remains robust and inflation relatively low.

Five of the 10 indicators making up the leading index rose last month, led by consumer expectations and money supply. The biggest negatives were building permits and average weekly manufacturing hours.

The group noted that the leading index has fallen in five of the last eight months, and from March to September, the index is down by 0.9%, a 1.7% annual rate decline.

Factory Activity in Philadelphia Area Idles

The Federal Reserve Bank of Philadelphia reported that a gauge of manufacturing activity in its region slipped to -0.7 in a mid-October reading from -0.4% in September. Economists expected October's reading to stand at 8.0. Negative readings indicate a contraction in activity.

The survey is widely seen as a precursor to a national reading on manufacturing activity next month. The October report followed the unexpectedly weak showing in September, an event that had caused considerable turmoil in financial markets. The findings of that report, however, weren't borne out in other regional manufacturing surveys, or in the Institute for Supply Management's national report.

Among the area firms surveyed, 22% reported increased activity this month, while 23% reported a decrease. Measures of new orders and shipments ticked higher from negative readings in prior months. The employment index fell by one point and, the regional bank said, remains at relatively low level. Manufacturers reported continued input-pricing pressures but a measure of prices paid dropped slightly from September's reading.

Expectations for future manufacturing growth improved after last month's sharp decline. Indicators for future orders, shipments and employment were all higher.

Weekly Jobless Claims Hit Four-Month Low

The Labor Department reported that initial jobless claims in the U.S. dropped by 10,000 last week to a seasonally adjusted level of 299,000 in the week ended Oct. 14. New claims for the week ended Oct. 7 were revised to 309,000 from a previously reported 308,000. Economists had expected a gain of 2,000 jobless claims, according to a survey by Dow Jones Newswires.

The four-week moving average of new claims, which smooths out weekly fluctuations, fell by 5,750 last week to 307,750, the lowest since the week ended June 24.

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The number of workers drawing unemployment benefits for more than a week grew in the week ended Oct. 7, the latest week for which such data are available. These continuing jobless claims increased 25,000 to 2,453,000. In the week ended Oct. 7, the jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week.

Opec Set To Defend $60 Global Minimum (FT)

By Carola Hoyos

Financial Times, October 20, 2006

The Organisation of the Petroleum Exporting Countries on Thursday night agreed to cut production by 1.2m barrels a day, showing its determination to defend $60 as its new minimum international price.

The cut, which was deeper than the market had expected, will take Opec production to 26.3m barrels a day if it is fully implemented on November 1.

Saudi Arabia, the world's biggest oil producer, on Thursday warned that the cartel could make a second cut as early as December. The news is likely to push oil prices sharply higher this morning as traders had expected a reduction of 1m b/d.

Opec oil ministers, who had for the last two weeks been divided over how to implement the cut, on Thursday agreed that each of Opec's 10 active members would participate on a pro rata basis, said Edmund Daukoru, Nigeria's oil minister and Opec's current president.

Nymex and Brent crude futures, the world's two benchmarks, had already begun to rise on Thursday in anticipation of the deal.

Ali Naimi, Saudi Arabia's oil minister, told reporters on Thursday: "The price is determined by the market, what we try to do is to make the market balanced. Today there is a dis-equilibrium between supply and demand. Today we are trying to get the market to the normal equilibrium and the price will take care of itself."

He added that the possibility of another cut "is there".

Vera de Ladoucette, an analyst at the consultancy Cambridge Energy Research Associates, said: "Usually when the decision is taken it has already been priced into the market. But sometimes Opec can surprise. The market is going to be caught off guard today by this decision."

Oil producers have watched with concern as crude oil inventories have grown, indicating that the market is oversupplied.

US inventories of crude have risen in the past week by 5.1m barrels a day to levels 8 per cent above those of a year ago, according to data published on Wednesday by the Energy Information Administration, the statistical arm of the US Department of Energy.

Oil prices in the last three months have fallen 25 per cent to below $60 a barrel. Mr Daukoru said: "We have never seen a drop [in the price of oil] like this in many years."

But despite its price concerns, Saudi Arabia did not want to return to being Opec's swing producer of oil, a role it played from 1980-86, when it cut supplies as prices fell. Therefore, it was imperative to get the rest of Opec on board.

The full seriousness of Opec's resolve will only become apparent in the next two months as members either adhere to the decision or cheat by not fully cutting their share.

As divisions had appeared within Opec within the past two weeks, traders began to doubt the cartel's ability to act.

They will be looking at whether the cuts will be adhered to by at least the cartel's lead members.

Opec's ambition to cut supplies comes at a cost, particularly for countries that have heavily invested their petrodollars into building up their oil sectors. Libya, the United Arab Emirates, Nigeria and Algeria have courted international energy groups to help them boost their production.

Venezuela, Indonesia, Qatar and Iran also have international oil companies working in their fields. These members of Opec will now have to tell the likes of Europe's Royal Dutch Shell, BP, Total, Repsol and the US's ExxonMobil and ChevronTexaco to reduce the output from their fields and forgo revenue. How much each company will have to sacrifice will depend on how Opec splits the burden of the cut among its member states.

But the news is not all bad for the companies as they will benefit from any boost in prices that follows Opec's decision.

OPEC Signals Resolve With Cutback (WSJ)

DOJ_NMG_0083718

By Chip Cummins, Spencer Swartz And Anees Al Qudaihi

The Wall Street Journal, October 20, 2006

OPEC's decision to reduce production by 1.2 million barrels of oil a day -- a modestly larger cut than expected -- marks its strongest signal in years that the cartel will act aggressively to stop falling crude prices.

The decrease -- decided at a hastily arranged meeting late last night in Doha, Qatar, by the Organization of Petroleum Exporting Countries -- represents about 4% of the group's current output and just more than 1% of global consumption. The cuts will take effect Nov. 1, OPEC said in a statement after the meeting. In comments before and after the meeting, ministers suggested the cartel could cut again this year if necessary.

OPEC ministers had indicated in recent weeks they had all but agreed to cut output by one million barrels a day -- worried that slowing demand growth, swelling inventories and new supply from non-OPEC producers threatened a downward price spiral below the $55-to-$60-a-barrel range for U.S. benchmark crude they suggested they were targeting.

But markets had largely shrugged off the threatened cut amid squabbling among ministers about how to distribute the decrease in production among members. That squabbling called into question the group's resolve.

By announcing a bigger-than-expected cut and leaving on the table the prospect of more cuts later in the year, OPEC ministers appear to be trying to send a strong message that they will stomach the temporary pain of reduced oil sales in exchange for the stability of higher prices.

If the gambit works, crude-oil prices could stabilize from their roughly 25% drop from mid-July highs. That could also put a floor under gasoline prices, which have also fallen sharply in the U.S., providing consumers a welcome boon from years of rising fuel costs.

But OPEC hasn't necessarily won its battle to stabilize crude prices. In the past, OPEC members have been reluctant to decrease production in line with their promises, fearful of the double whammy to state coffers of falling prices and reduced volume. And the cut is still a small proportion of total global demand of some 84 million barrels a day. If demand growth slackens, as some analysts are predicting, prices could continue to fall.

U.S. benchmark crude futures rose 85 cents, or 1.5%, to $58.50 on the New York Mercantile Exchange yesterday, before the outcome of the OPEC meeting. (See related article on page C4.) Prices have plunged from a nominal settlement high of $77.03 on July 14 and remain well below an inflation-adjusted high of $99.56, reached in April 1980.

The decision ended for now a rancorous debate among OPEC members about how to portion out the group's first production cut since February 2004. Countries that had been struggling to pump enough oil to meet their allotted share of the cartel's output had argued the group should simply reduce those quotas. That solution would cause them little pain but require the group's heavy producers to cut back more sharply.

But ministers last night said they would cut from the group's actual current output. The International Energy Agency estimates OPEC's output reached 27.8 million barrels a day in September excluding Iraq, which is exempt from production limits.

Saudi Arabia's oil minister, Ali Naimi, OPEC's de facto leader as the representative of the group's largest producer, suggested OPEC would act aggressively to bolster prices. Before going into last night's meeting, he said he supported another cut in output in December if necessary.

"We're trying to get the market back to equilibrium," Mr. Naimi told reporters ahead of the meeting.

OPEC Says It Will Cut 1.2 Million Barrels A Day (WP)

By Steven Mufson

The Washington Post, October 20, 2006

The Organization of the Petroleum Exporting Countries early today announced plans to cut oil production by 1.2 million barrels a day, equal to 4.3 percent of the group's total, in an effort to stop the slide in oil prices over the past three months.

The unexpectedly large size of the cut, the cartel's first since December 2004, was aimed at the many oil traders and analysts who still take a skeptical view of OPEC's will to follow through and carry out meaningful output reductions.

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In contrast to the jawboning about production cuts that has been going on for the past three weeks, this plan emerged from an emergency meeting in the Qatari capital of Doha and had the crucial support of Saudi Arabia, the biggest producer in the group.

Qatar's energy minister, Abdullah bin Hamad al-Attiyah, announced the decision after a late-night session and said that the production cuts would take effect Nov. 1 and be shared by all OPEC members except Iraq, but he did not say how the cuts would be allocated among the members, a key issue.

Earlier as he arrived for the meeting, Saudi Arabia's Oil Minister Ali al-Naimi threw his support behind a 1 million-barrel-a-day cut in production. "We're trying to get the market back to its normal equilibrium and the price will take care of itself," he told reporters in the Qatari capital. Prices have fallen from a peak of $78.40 a barrel in July to just under $60 a barrel recently.

Many analysts remained doubtful that the 11-member group could agree on how to divvy up the production cuts or whether it could avoid cheating by members even if they did reach an agreement. With prices high, the incentive for members to cheat is also high.

"Talk is cheap, oil isn't," said Fadel Gheit, oil analyst with Oppenheimer & Co. He said that OPEC members "never thought in their most optimistic forecasts that oil prices would be as high for as long as they have been. For them to have a knee-jerk reaction to $60 oil doesn't make sense."

Before the final agreement was announced, crude oil prices on the New York Mercantile Exchange closed at $58.50 a barrel, up 85 cents, for November delivery.

But other analysts said that OPEC's move would have an impact. Even if the cuts fall short of the stated target, "clearly cuts are on the way, and just at the moment when demand for crude oil is about to skyrocket" because of the start of the winter heating season, said Edward Morse, chief energy economist at Lehman Brothers. Morse said he was surprised that Saudi Arabia agreed to publicly cut production just before the U.S. elections. "OPEC doesn't like to see the market betting against it and clearly felt the need to act to change the psychology of the marketplace," he said.

It remained unclear what price level OPEC is trying to support. As prices have risen, so too have the cartel members' expectations. Though down about 25 percent from its July peak, the price of crude oil is still high by historical standards. Just four years ago, OPEC had a target range of $22 to $28 a barrel. Now many members talk about supporting a price of $55 a barrel. (OPEC's oil basket usually carries a slightly lower value than the higher quality oil used as a benchmark on spot markets.)

Higher oil revenues have political as well as economic implications. Oil dollars have helped bankroll Venezuela's efforts to spread its influence in South America, Iran's assistance to Hezbollah and the United Arab Emirates' glittering new buildings. Virtually all OPEC members have boosted spending to contain domestic social pressures.

In Saudi Arabia, where there is a rapidly growing underemployed labor force, high petroleum prices in 2005 helped double the central banks' foreign asset holdings; they also fueled 6.6 percent growth and a budget surplus equal to 18.4 percent of gross domestic product despite a sharp increase in government spending, according to an International Monetary Fund report in August. This year, average oil prices have been higher.

Saudi support is crucial for any effective OPEC cut. The kingdom accounts for nearly 30 percent of OPEC output and it is the group's swing producer. But within OPEC, it is also considered a moderate on pricing, preferring a stable price to a volatile one that might encourage too many alternative energy projects. Most traders believe that Saudi Arabia will shoulder about half the burden of OPEC's actual cuts. Bloomberg News reported that before the meeting, Naimi said: "What is 33 percent of 1 million -- that is an excellent number."

One issue the group has faced as it has negotiated over how to implement the 1.2 million-barrel-a-day cut is whether to calculate the cut from members' actual production or from their quotas, the production ceilings that were established by mutual agreement years ago and have been suspended. Kuwait, Algeria and Libya have expanded production beyond their old quotas. Venezuela, Iran and Indonesia are already producing far less than their quotas. Naimi said as he arrived for the meeting that cuts should come out of current production; Iran's oil minister, Kazem Vaziri Hamaneh, said in a statement on the ministry's Web site that cuts should be calculated from quotas, Bloomberg News reported. Last night, the Qatari minister, Attiyah, said the cuts would be from current production.

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A senior European oil trader and consultant said yesterday that he doubted that OPEC could implement more than half a million barrels a day of output cuts, though he said even that might be enough to stabilize oil prices.

Without ceremony, Saudi Arabia has already trimmed its production in recent months. Its output has been reduced from 9.5 million barrels a day in the spring to 9.1 million barrels a day currently. Most of the reduction has been in low-quality crude oil that is difficult to refine and less sought after. Further reductions would probably be in this area, oil traders said.

OPEC has a regularly scheduled meeting in the Nigerian capital, Abuja, on Dec. 14. Ministers said they would review market conditions then, and cut further if necessary to prop up prices.

For the big oil companies, high prices remain welcome news. Doug Leggate, oil analyst at Citigroup Inc., said, "For the [producing] companies in this sector, the ExxonMobils, they are printing money at these prices."

The Petroleum Paradox (WP)

By Steven Mufson

The Washington Post, October 20, 2006

Exactly three months ago, as oil prices touched $78.40 a barrel, people wondered where the ceiling was. Investment dollars flowed into a raft of alternative energy projects, and famous oilman T. Boone Pickens talked about $100-a-barrel crude oil and $4-a-gallon gasoline.

Since then, oil prices have dropped 25 percent, to $58.57 a barrel, leaving people to speculate about where the price floor is. OPEC ministers are fretting, some hedge funds are losing billions of dollars on bad market bets, and Pickens now mumbles about $70-a-barrel crude oil. Others are talking about half that price.

These wide-swinging cycles have long characterized oil markets, and the resulting uncertainty has served to discourage some of the big-money, long-term investments in new drilling, more-efficient refining techniques or alternative energy sources that could more easily meet growing demand. Now that prices have pulled back from the $70 range that held for much of the past year, industry watchers are worried that the urgency to invest in new supply may dissipate.

"Only high prices can turn around two decades of sluggish investment in exploration, production and refining capacity," said Leonardo Maugeri, author of "The Age of Oil" and senior vice president for strategy at the Italian oil giant ENI SpA. That is, the only cure for high oil prices is a high oil price.

Suddenly, the talk of the oil-producing countries is how to prop up prices, not how to ease the supply squeeze and calm political tensions that had kept oil prices stubbornly high. Yesterday the Organization of the Petroleum Exporting Countries held an emergency meeting to negotiate production cuts. But energy experts put little faith in OPEC's efforts to hold the line on supply and prices; rather, the experts are bracing themselves for the downward whoosh of another boom-and-bust cycle.

"When you're told that 'this time is different,' that is usually the time for warning bells to go off," said Daniel Yergin, author of a history of the oil industry called "The Prize" and chairman of Cambridge Energy Research Associates. "There's no reason to think that cycles have been abolished."

OPEC produces about 40 percent of the world's 85.4 million barrels a day of oil. Despite OPEC's new commitment to cut production by 1.2 million barrels a day, the politics of the organization -- such as the traditional rivalry between Iran and Saudi Arabia or the need in populous Venezuela and Nigeria to keep up revenue to contain domestic social pressures -- make it hard for members to agree on how to share the burden of output cuts. So far, international oil traders seem unimpressed by the countries' efforts. Prices remain quiescent.

No major company has yet backed off investment plans announced when oil was $20 a barrel higher.

ConocoPhillips Co. and EnCana Corp. are still planning to spend the $10 billion they announced this month to tap and refine thick Canadian tar sands. Cambridge Energy Research Associates estimates that a new Canadian tar sands project needs oil prices of at least $35 a barrel to be profitable, much more than most conventional oil projects.

Chevron Corp. and its partners are still committed to tapping oil reserves in the deep waters of the Gulf of Mexico, where they paid more than $100 million to drill a single exploratory well. Oil firms are also circling reserves in deep water off Angola, where their investments will pay off if oil costs as little as $20 to $30 a barrel.

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At this point, oil costs are still high enough for these investments to make sense. "This price is the level we had just four or five months ago. This is not a collapse," said Doug Leggate, oil analyst at Citigroup Inc. "A collapse is $20 oil. This is a pullback."

Earlier this year, BP PLC chief executive John P. Browne said that his planners expected prices to drop no lower than $40 a barrel and that the company will therefore continue exploration and investments that would be profitable at that price.

Though experts agree that wide swings will persist in the oil markets, some think the price floors will never reach, say, $20 a barrel, last seen in March 2002. "We have to face the fact that prices are rising," said James R. Schlesinger, former secretary of defense, secretary of energy and CIA director and now head of a Council on Foreign Relations task force that warned this week that oil dependency is compromising U.S. foreign policy. "There is an illusion in the body politic that we can go back to an era of cheap oil, and that's just not feasible."

Some analysts think prices will stay high because there's only a limited amount of oil in the ground and production has peaked. Even those who disagree think much of the "easy oil" is gone. Yergin said oil supplies will keep pace with demand and increase to 110 million barrels a day by 2015. He said that because of high prices, "nontraditional liquids" -- oil sands, ultra-deep water and liquid fuels produced from natural gas -- will be a bigger portion of that total.

Investors in alternative energy supplies have also been lured by high prices. Some of these projects can be profitable at lower price levels. One executive in search of funding claims his firm can turn organic waste into ethanol for less than $1 a gallon. Other projects -- including wind, solar and hydrogen -- depend on continued high prices.

"Fuel prices can slip and put a lot of people out of business," Richard Branson, the British music and airline tycoon, said last Friday in Washington. Branson has said he will invest $3 billion in other fuels, such as ethanol. If oil prices fall, he said, "I have an advantage because I'm in the airline business. At least I can balance the books by saving money for my trains and planes." Others might not be so lucky.

World oil demand can also alter the long-term dynamics of the market -- and it's another unknown factor. After the 1979 spike in oil prices, energy use fell much more than conventional wisdom thought possible. Now analysts are trying to measure the impact of more than a year of high prices. The International Energy Agency says global oil demand will be 84.6 million barrels a day this year, a bit lower than the agency's earlier forecasts but still up 1.2 percent from last year. The increase is driven almost entirely by China and the Middle East; consumption in the developed countries belonging to the Organization for Economic Cooperation and Development declined. The IEA expects world demand to rise 1.7 percent next year.

"The real change is long term," Yergin said. "When people buy their next car, what do they buy? Fuel economy, which had fallen off the charts, is very much back on the charts now." Yergin notes that after the 1979 spike in oil prices, it took five to seven years for consumer responses to fully show up.

"It comes down to what this does to turnover of the nation's basic capital stock, from cars to factories," he said. "At a certain point, you notice and you start reengineering your factories. I think that's what's happened here."

Raise The Gas Tax (WSJ)

By N. Gregory Mankiw

The Wall Street Journal, October 20, 2006

With the midterm election around the corner, here's a wacky idea you won't often hear from our elected leaders: We should raise the tax on gasoline. Not quickly, but substantially. I would like to see Congress increase the gas tax by $1 per gallon, phased in gradually by 10 cents per year over the next decade. Campaign consultants aren't fond of this kind of proposal, but policy wonks keep pushing for it. Here's why:

The environment. The burning of gasoline emits several pollutants. These include carbon dioxide, a cause of global warming. Higher gasoline taxes, perhaps as part of a broader carbon tax, would be the most direct and least invasive policy to address environmental concerns.

Road congestion. Every time I am stuck in traffic, I wish my fellow motorists would drive less, perhaps by living closer to where they work or by taking public transport. A higher gas tax would give all of us the incentive to do just that, reducing congestion on streets and highways.

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Regulatory relief. Congress has tried to reduce energy dependence with corporate average fuel economy standards. These CAFE rules are heavy-handed government regulations replete with unintended consequences: They are partly responsible for the growth of SUVs, because light trucks have laxer standards than cars. In addition, by making the car fleet more fuel-efficient, the regulations encourage people to drive more, offsetting some of the conservation benefits and exacerbating road congestion. A higher gas tax would accomplish everything CAFE standards do, but without the adverse side effects.

The budget. Everyone who has studied the numbers knows that the federal budget is on an unsustainable path. When baby-boomers retire and become eligible for Social Security and Medicare, either benefits for the elderly will have to be cut or taxes raised. The most likely political compromise will include some of each. A $1 per gallon hike in gas tax would bring in $100 billion a year in government revenue and make a dent in the looming fiscal gap.

Tax incidence. A basic principle of tax analysis -- taught in most freshman economics courses -- is that the burden of a tax is shared by consumer and producer. In this case, as a higher gas tax discouraged oil consumption, the price of oil would fall in world markets. As a result, the price of gas to consumers would rise by less than the increase in the tax. Some of the tax would in effect be paid by Saudi Arabia and Venezuela.

Economic growth. Public finance experts have long preached that consumption taxes are better than income taxes for long-run economic growth, because income taxes discourage saving and investment. Gas is a component of consumption. An increased reliance on gas taxes over income taxes would make the tax code more favorable to growth. It would also encourage firms to devote more R&D spending to the search for gasoline substitutes.

National security. Alan Greenspan called for higher gas taxes recently. "It's a national security issue," he said. It is hard to judge how much high oil consumption drives U.S. involvement in Middle Eastern politics. But Mr. Greenspan may well be right that the gas tax is an economic policy with positive spillovers to foreign affairs.

Is it conceivable that the policy wonks will ever win the battle with the campaign consultants? I think it is. Even after a $1 hike, the U.S. gas tax would still be less than half the level in, say, Great Britain, which last I checked is still a democracy. But don't expect those vying for office to come around until the American people recognize that while higher gas taxes are unattractive, the alternatives are even worse.

Mr. Mankiw, a professor at Harvard, was chairman of the Council of Economic Advisers from 2003 to 2005.

Police: Motorist Who Struck Officer Is 2nd Circuit Judge (LAW/AP)

The Associated Press

AP, October 20, 2006

A popular city police officer was fighting for his life Thursday after being hit by a sport utility vehicle driven by a federal judge, New Haven, Conn., police said.

Officer Dan Picagli, a 17-year veteran of the force, was hit while working an extra-duty job directing traffic in the rain Tuesday night in a dimly lit section of Chapel Street.

He had on a black raincoat, and Police Chief Francisco Ortiz said Thursday that he was wearing a reflective vest. Ortiz described Picagli's injuries as life-threatening.

City officials identified the driver of the SUV that hit Picagli as John M. Walker Jr., a judge on the 2nd U.S. Circuit Court of Appeals in New York, who lives in Connecticut and maintains court chambers in New Haven. They said he was leaving work when the accident happened.

Ortiz said a long investigation will be required to determine what happened, but police did not feel it was necessary to test Walker for drugs or alcohol.

"He's cooperating," Ortiz said. "He's also very much distraught over what occurred."

Walker, 65, voluntarily stepped down as chief judge Oct. 1 and took the status of senior judge, said spokeswoman Karen Milton, circuit executive for the appeals court.

"Our thoughts and prayers are with the police officer and his family, and we pray for his full recovery," Milton said.

The 2nd Circuit handles federal court appeals from New York, Connecticut and Vermont.

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Picagli, 38, was the school resource officer at Fair Haven Middle School and later spent time with the department's youth-oriented policing unit.

He currently oversees the Board of Young Adult Police Commissioners and the Police Athletic League, where he organizes athletic camps for city children.

Confusion Reigns Over Safety Tester's Approval Of E85 Fuel Station Pumps (USAT)

By Justin Hyde, The Detroit Free Press

USA Today, October 20, 2006

WASHINGTON — Underwriters Laboratories, the product-safety testing group, said on Thursday that it has no timetable for approving E85 systems for filling stations, an issue that's created confusion around the country and could slow the spread of ethanol fuel.

A UL listing is a requirement for filling stations under most fire codes. But on Oct. 5, UL said it was suspending its listings for any fuel system that handles E85, a blend of 85% ethanol and 15% gasoline.

John Drengenberg, UL's manager of consumer affairs, said the group had certified some parts of a fueling system as acceptable for alternative fuels, but it didn't take a close look at E85 until May, when a supplier applied for a UL listing for an entire "dispenser" — the pump and nozzle you park next to for refueling.

The lack of the UL seal for fuel pumps carrying E85 means that most of the roughly 1,000 stations that carry it likely violate fire codes. It also means that in most states, stations that want to install E85 pumps will need waivers from local or state fire marshals.

No safety problems with E85 pumps have been reported. UL's decision applies only to pumps that sell fuels containing more than 15% ethanol.

So far, two E85 stations in Columbus, Ohio, have been closed because of a lack of a UL listing.

Drengenberg said that as UL began to examine the system, it realized it needed more information about how ethanol reacts over long periods of time with parts made from some metals.

"We looked at it very carefully, and we found this issue of the corrosiveness of ethanol," Drengenberg said. "We're going to hold back until we get all the questions that came into our minds answered."

He said UL understands the demand for E85 pumps and is moving quickly.

Nearly all current E85 pumps were converted from gasoline, and while some components had UL listings for ethanol, many companies sold parts that had been UL-listed for gas, then upgraded to handle ethanol.

Robert Renkes of the Petroleum Equipment Institute, which represents 1,600 companies that supply fueling stations, said the UL decision puts pressure on local officials to decide whether to allow new stations.

Ruling Is Due For Justice Who Lobbied For Bush Pick (NYT)

By Ralph Blumenthal

The New York Times, October 20, 2006

HOUSTON, Oct. 18 — A year after the Bush administration enlisted a Texas Supreme Court justice in its unsuccessful bid to put Harriet E. Miers on the United States Supreme Court, a special state court is to announce Friday whether the judge was guilty of "willful and persistent" violations of judicial ethics for his role in that effort.

The justice, Nathan L. Hecht, 57, the longest-serving member of the Texas high court and a friend of Ms. Miers for 30 years, testified before the State Commission on Judicial Conduct that he had given about 120 interviews to reporters in which he promoted her nomination.

Justice Hecht, a Republican who is running for re-election, also said he had reported back to the White House on questions he was asked about Ms. Miers, President Bush's longtime counsel.

Justice Hecht was widely portrayed in news reports as Ms. Miers's "spokesman." Defending himself before commission members, he said he had been swept up in a "tsunami" of news coverage. "I felt I was drawn kicking and screaming into the process," he testified.

But under questioning, he acknowledged, "Nobody forced me."

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Justice Hecht also told the commission that he had been advancing a public interest in Ms. Miers's nomination, that she was not a candidate for elective office and that he was entitled to free speech.

But the commission, citing rules it said had been devised by Justice Hecht's own court, argued that the judge had improperly lent the prestige of his office to advance someone else's "private interests," illegally used his name to endorse "another candidate" for "public office," and violated the State Constitution by conduct discrediting the judiciary.

Texas judges themselves had asked for the prohibition against political endorsements to fend off requests from fellow party candidates. Judges in Texas run for election on party lines.

The commission decided in May that the justice's actions on behalf of the White House and Ms. Miers merited a public admonition, the lightest form of reprimand, which carries no criminal or civil consequences.

But Justice Hecht sought to overturn the sanction by appealing to a Special Court of Review, which is randomly selected by the Texas Supreme Court, the nine-member bench on which Justice Hecht has served since 1989. The Texas Supreme Court has final authority over civil and juvenile delinquency cases; the Court of Criminal Appeals has ultimate jurisdiction over criminal cases.

In an unusual move, the special court — two state appellate judges from Dallas and one from El Paso — had announced this month that it would release its ruling at a court hearing and news conference in Fort Worth on Oct. 23. But this week it said instead that it would notify the parties by fax on Friday. No explanation was given for the change.

Mark L. Greenwald, a special counsel for the commission, said that if the court dismissed the admonition against the judge, "I would hope the commission would appeal it, to get the United States Supreme Court on board." An appeal from a ruling by a special review court can be made only to the nation's highest court.

Mr. Greenwald said the minimal reprimand sought by the commission translated to "please don't do that again."

Charles L. Babcock, a lawyer representing Justice Hecht, said the judge had an unblemished record and was set on vindication. "He's a candidate for re-election," Mr. Babcock said. Even the admonition, he said, "has a very nasty effect."

The justice's appeal was supported in friend of the court briefs submitted by the Republican Party of Texas and the American Civil Liberties Union Foundation of Texas.

In testimony to the Special Court of Review in August, Justice Hecht traced the start of his involvement in Ms. Miers's nomination to a call from President Bush's senior adviser, Karl Rove, on Oct. 1, 2005, two days before Mr. Bush announced his choice to fill the Supreme Court seat being vacated by Justice Sandra Day O'Connor.

Justice Hecht told the court that Mr. Rove had asked him to talk to callers about Ms. Miers's "faith, about her religious background," and that the group included James C. Dobson, a conservative leader and founder of Focus on the Family.

Justice Hecht said he also answered news media queries, which he said were so numerous that he was asked to report back to a White House aide on the nature of the questions.

He conceded to the court that he told one reporter, "I'm a P.R. office for the White House," but he later called that a joke.

Justice Hecht said he had considered the Code of Judicial Conduct during his campaign in support of Ms. Miers's nomination but did not think he was in violation of it. That opinion, he said, was reinforced by two senior appellate judges with whom he conferred.

The evidence Mr. Greenwald presented to the special review court included a television interview in which Justice Hecht vouched for Ms. Miers as an opponent of abortion, citing her attendance at "a church that is — takes an open pro-life stance." He also said of Ms. Miers: "She is very charming, of course. Everybody says gracious, but also very determined."

Mr. Greenwald told the court the case was "Shakespearean." Faulting Justice Hecht, he said, "The very individual who is part of that process of making sure that the rules and canons are in compliance with the law, being charged with violating that canon."

Mr. Babcock, Justice Hecht's lawyer, said he agreed that the case was Shakespearean but for different reasons.

"Imagine the senior-most appellate justice of this state being sanctioned for speaking truthful speech on a matter of public importance that is core speech in our democracy," he said. "Tragedy, true. Comedy tonight, perhaps."

Bush Campaigns For 2 Lawmakers Caught Up In Controversy (NYT)

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By Jim Rutenberg

The New York Times, October 20, 2006

LA PLUME, Pa., Oct. 19 — It is not every day that a United States president visits this tiny farm and quarry town of 603 residents, where the "breaking news" story discussed on local radio Thursday was about two men caught breaking deer-hunting laws.

And it is certainly not every day that the current president stumps on behalf of a fellow party member fighting for his political life after recently admitting to an extramarital affair — but denying his mistress's accusation of abuse — in a usually reliable Republican township here in northeastern Pennsylvania. In fact, it can safely be said that this president has never before done so.

But President Bush did come here on Thursday to lend crucial support to Representative Don Sherwood, whose confessed infidelity has put his House seat into jeopardy. And far from seeming to hold his nose, Mr. Bush strongly embraced Mr. Sherwood, firmly shaking his hand as they stood on the stage, smiling for the flashing cameras, and then telling supporters, with gusto, "I'm pleased to be here with Don Sherwood: he is the right man to represent the people of the 10th Congressional District from the state of Pennsylvania."

The president also accompanied Mr. Sherwood; his wife, Carol and his daughter Maria to a local ice cream shop, ushering photographers over to take a picture of him with the Sherwoods, "a little family-style, eating ice cream."

The appearance with Mr. Sherwood, at Keystone College, was the first of two stops that added up to a sort of Double Trouble Tour for Mr. Bush, who went from here to Richmond, Va., to a fund-raiser for Senator George Allen, who has been accused of using racially insensitive language and who has appeared to bristle at the recent revelation that his mother was born Jewish.

Democrats on Thursday cast the presidential visits as signs of anxiety at the White House and among national Republicans in this election year, mockingly calling it part of "Character Counts Week" in e-mail to reporters.

Local liberals, however, found it none too surprising.

"That's how desperate he is to keep this one seat that he would actually support this man," said Chris Darko, 49, who was one of dozens of people who turned out to protest the war in Iraq, and had to take black electrical tape off her mouth to speak. (It was worn to protest the United States' treatment of terrorism suspects, she said.)

But the White House said it was living up to commitments made to candidates who still had the president's support, though Tony Snow, the White House spokesman, declined Thursday to address directly the specific controversies involving Mr. Sherwood and Mr. Allen.

"The president understands it's important to set high standards," Mr. Snow told reporters. "But the other thing the president is doing is he's going to go out and let the candidates speak for themselves on this."

Mr. Bush did not dodge the issue of the Sherwoods' marriage, going so far as to refer to a letter that Carol Sherwood sent to constituents over the weekend — and that easily made its way to local newspapers — chiding her husband's Democratic opponent, Chris Carney, for mentioning the affair in a commercial.

"Private humiliation is one thing to endure," Ms. Sherwood wrote. "But to be repeatedly, publicly humiliated is quite another."

Mr. Bush turned to her on the stage, where she sat smiling, and said, "I read Carol Sherwood's letter to the citizens of this Congressional district. I was deeply moved by her words."

The president moved on to what he said were the two issues that mattered the most this campaign year, taxes and terrorism, beginning what may have been his strongest attack against Democrats so far this campaign season.

"As this campaign gets closer to the stretch," he said, "you will hear a lot of rhetoric and a lot of partisan charges coming from the other side. Their goal is to distract you from the two main issues in this campaign."

The White House did not make it easy for reporters to come here and report on his message. They were offered no directions and no charter plane to get to La Plume — far from Washington. White House officials said that was because the White House Correspondents Association, which organizes press transportation, did not ask for a plane, concluding that even with one, reporters could not catch both events.

Steven Scully, president of the association, said that was true, but he found fault with the scheduling by the White House. "They certainly weren't making it easy for us to get up there; there's no question about that," Mr. Scully said.

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At least this event was open to the press, he noted — unlike many others on Mr. Bush's campaign schedule. And members of the news media were also invited to Mr. Allen's event, to which the White House did offer directions.

At the Virginia event, Mr. Bush did not talk about the problems that have arisen in Mr. Allen's campaign, calling the senator a "good man of strong principles" while focusing most of his remarks on tax cuts and the economy.

Outside the event, several hundred protesters drummed while chanting "Allen is a racist" and "Impeach Bush."

Bush Campaigns For Pa., Va. Candidates (AP-Y)

By Jennifer Loven

AP, October 20, 2006

President Bush campaigned Thursday for a congressman who has confessed to adultery and a senator accused of racial insensitivity, seeking to boost incumbent Republicans once safe for re-election but now in peril.

Bush's appearances for Rep. Don Sherwood here and for Sen. George Allen in Richmond, Va., found the White House on the defensive over the decision to try to help candidates in such straits as the GOP struggles to keep control of Congress.

"I think the president understands that it's important to set high standards," said spokesman Tony Snow.

Bush, whose low approval ratings and identification with the unpopular war in Iraq has caused some Republicans to see him as a liability, tried to keep the focus on his contentions that Democrats would go soft on the war on terror and raise taxes if handed a majority in the November elections.

But the pictures of the day were of Bush descending from Air Force One in Pennsylvania alongside Sherwood, his wife and one of their daughters, who were secreted onto the plane to set up the photo-op, and of the grinning foursome's appearance later at a local farmer's ice cream store.

Allen opted for a slightly less robust presidential embrace, merely greeting Bush at the bottom of his airplane's stairs and keeping a bit of a distance on their pumpkin-buying stop at a roadside stand. Sticking closely by Allen's side throughout was state Sen. Benjamin Lambert, who is black and a Democrat who has endorsed the GOP senator.

Sherwood has held one of the safest seats in Congress, his conservatism playing well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the past two elections. But last year, Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit that claimed he had choked her — he has denied he abused her — and has aired a campaign commercial asking constituents to forgive his infidelity.

Helping to raise more than $300,000 for Sherwood, Bush only obliquely addressed the controversy.

He praised Sherwood as "the right man to represent" his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign.

Bush called her a "caring and courageous woman" because of a letter she wrote to constituents over the weekend, in which she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair.

The president's main message at the event was that the Iraq war is part of the broader anti-terrorism effort.

He warned ominously that Democratic control of Congress would result in a chairman of the House tax-writing committee who would cut off funding for troops in Iraq and a House speaker, referring to now-Minority Leader Nancy Pelosi, who voted against a string of bills: renewing the Patriot Act, creating a Homeland Security Department, waging the Iraq war and authorizing a warrantless wiretapping program.

"Given the record of Democrats on our nation's security, I understand why they want to change the subject," Bush said.

Responded Pelosi spokeswoman Jennifer Crider: "Clearly, the president is getting desperate to keep his rubber-stamp Republican Congress if all he can do is try to scare the American people with false claims."

Later, scooping about $500,000 into Allen's campaign account, Bush switched his emphasis to the other pillar of his campaign-trail speeches: that Democrats would preside over an economically damaging increase in taxes on American families and businesses.

The president took the unusual tack of using a Democrat from yesteryear to ridicule the Democrats of today, pointing to President Kennedy's proposal upon taking office to cut taxes across the board, including on capital gains.

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"John F. Kennedy was right in 1963 and George Allen and I are right in 2006," Bush said.

The troubles of Sherwood and Allen have made them two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away.

Allen, once considered a potential candidate for the Republican presidential nomination in 2008, is in a now-tightened race with Democratic challenger Jim Webb. Allen has spent weeks battling the fallout from a series of missteps that started when he used what is sometimes regarded as a racial slur against at Webb campaign staffer of Indian descent. Bush made no mention of Allen's troubles.

Webb, gaining ground in polls and on the incumbent's financial advantage, is drawing help from national Democrats. On Thursday, former President Clinton was also in Virginia, raising money for Webb at the home of former Sen. Charles Robb.

Last week, White House press secretary Snow was in the position of defending Sherwood as a sinner who, like everyone else, is in need of forgiveness and Allen as "not a bigot."

On Thursday, Snow said the president had not changed his mind on either of those points — though he declined to repeat them — and insisted there was no downside to campaigning for the two troubled Republicans.

Anti-war protests awaited Bush at both fundraisers, with the larger and more boisterous crowd in Richmond yelling "Impeach Bush" as his limousine pulled up.

Lawmakers Mired In Gaffes, Scandal Get Help From Bush (WT)

By Stephen Dinan

The Washington Times, October 20, 2006

LA PLUME, Pa. -- It is a sign of how bad Republicans' problems are that President Bush, this close to the election, had to stump yesterday for two men who should have locked up their re-election months ago but are facing difficult campaigns because of scandal or mistakes.

Mr. Bush first campaigned for a Pennsylvania congressman who admitted to a five-year affair with a staffer half his age, though Rep. Don Sherwood has denied her charges that he tried to strangle her.

The president then flew to Virginia to campaign with Sen. George Allen, whose verbal gaffes have left him fighting for political survival against Democrat James H. Webb Jr.

Mr. Bush didn't refer to Mr. Allen's gaffes, which included using the word "macaca" -- considered a racial slur in some cultures -- to refer to an Indian American staffer from Mr. Webb's campaign. But in Pennsylvania he did refer to Mr. Sherwood's affair.

He noted that Carol Sherwood, the congressman's wife, had written an open letter over the weekend about the campaign and said he "was deeply moved by her words."

In the letter, Mrs. Sherwood said she has decided not to "dwell on" her husband's infidelity, and she accused his opponent, Democrat Chris Carney, of exploiting the issue.

"Perhaps Carney gets some pleasure out of hurting our family, or maybe that's what he thinks will make him a winner," she wrote.

Democrats said Mr. Bush's appearances yesterday were amusing given that last weekend he had proclaimed this as "Character Counts Week."

"It is no surprise that President Bush is celebrating Character Counts Week by campaigning today for two ethically challenged Republican incumbents," said Stacie Paxton, press secretary for the Democratic National Committee.

Mr. Carney said Mr. Bush "chose empty partisan rhetoric instead of addressing the realities facing our nation."

White House spokesman Tony Snow said Mr. Bush had no hesitation about campaigning for both men. Mr. Snow said last week that Mr. Bush does not think Mr. Allen is a bigot. Mr. Snow also said the president believes everyone sins, noting that Mr. Sherwood has asked for forgiveness.

In 2004, Mr. Bush captured 60 percent of the vote for president in Mr. Sherwood's district, and he won Virginia by eight percentage points over Sen. John Kerry, Massachusetts Democrat.

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Yesterday's campaigning was a study in the power of the presidency to sway elections, particularly when in territory friendly to him. He emerged from Air Force One in Pennsylvania with Mr. Sherwood, his wife and their daughter Maria, and all of them paused for photos at the top of the stairway.

Mr. Bush then got maximum exposure in the district, taking a 30-minute motorcade route from the airport to the event and a different route back. Hundreds of supporters turned out to watch the motorcade. Mr. Bush also made a stop at an ice-cream store on the return trip, where he mugged for photos and gathered the Sherwoods around him inside the shop for what he called "family-style" ice-cream eating.

In Virginia, Mr. Bush stopped at a pumpkin patch with Mr. Allen along the motorcade route. Asked by the press during the stop about his campaigning for the two men, Mr. Bush demurred, saying instead that he was focused on getting a pumpkin for his wife, Laura.

Bush Makes House Calls On 2 Ailing GOP Candidates (LAT)

By James Gerstenzang

The Los Angeles Times, October 20, 2006

WASHINGTON — Rep. Don Sherwood shouldn't have needed President Bush's help in his reelection campaign. Sen. George Allen shouldn't have, either.

But there was Bush on Thursday, first in the small town of La Plume, Pa., and then in Richmond, Va., raising money and rousing the faithful — each appearance illustrating the difficulties Republicans face as they seek to hold on to what in the past have been safe seats.

Sherwood won 92% of the vote in his northeastern Pennsylvania district two years ago, just as he did two years before that, each time with no Democratic opposition. Allen, a former governor of Virginia seeking a second Senate term, only a few weeks ago was anticipating a run for the 2008 GOP presidential nomination.

Now, each presents unique challenges to the Republican Party as it tries to keep its majorities in Congress on Nov. 7: Sherwood is trying to survive a race in which accusations that the long-married lawmaker tried to choke his much younger mistress have become a central focus. Allen has committed a series of miscues that have raised suggestions of racism and efforts to hide his Jewish heritage.

Each race has put Bush in the awkward position of lending the prestige of the presidency to a candidate whose personal or political conduct is difficult to defend.

But that's just what he did, using the symbols of his office — and, in the case of Sherwood, an ice cream parlor — to convey his support.

Sherwood, accompanied by his wife, Carol, and daughter Maria, flew to Pennsylvania with Bush, offering a portrait of family togetherness as they stepped off Air Force One at the Wilkes-Barre-Scranton airport.

After a fundraising reception at Keystone College, they stopped for five minutes at Manning Ice Cream & Milk in Clarks Summit. The president made sure the message was clear; he told photographers to record "a little family-style, eating ice cream," according to a pool report from Bush's motorcade.

In between, the president used the example set by Carol Sherwood to bolster the case for her husband's reelection. Responding to commercials raising the adultery issue by the Democratic candidate, college professor Chris Carney, she wrote in a mass mailing last weekend to district voters: "I am certainly not condoning the mistake Don made, but I am not going to dwell on it either…. We do not believe in flogging dead horses or living in the past. It is time to move on, and that is exactly what we are trying to do."

"I'm glad Carol's here with us today," Bush said at the reception, which the Republican National Committee said raised $375,000. "I read Carol Sherwood's letter…. I was deeply moved by her words. Carol's letter shows what a caring and courageous woman she is."

White House Press Secretary Tony Snow, who said Oct. 13 that Bush would stick to his commitments to campaign for Sherwood and Allen, was not quite as effusive Thursday.

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Asked whether Bush had concerns, "personally and morally" about the controversies swirling about the two candidates, Snow said: "I'm just not going to comment on it."

Democrats gleefully pointed out that Bush was campaigning for Sherwood and Allen in the midst of what he declared Oct. 13 as "National Character Counts Week."

Sherwood's problems became public in May 2005, when the Wilkes-Barre Times Leader newspaper reported that District of Columbia police had responded to a 911 call from his Capitol Hill apartment the previous September. The woman who placed the call initially said Sherwood had choked her but then withdrew the complaint. In November, Sherwood settled a lawsuit she had filed, accusing him of physical abuse, after admitting a five-year affair.

Allen's difficulties emerged over several weeks this summer and autumn: During a rally, he referred to his opponent's dark-skinned campaign worker as "macaca"; he was reported to have repeatedly used a racial slur when referring to African Americans in the late 1970s; and he wrestled awkwardly with the disclosure that his mother's parents were Jewish.

At the Richmond fundraiser, which Republicans said brought in $530,000, Bush did not directly address the issues that have brought Allen into a tight race against former Navy Secretary Jim Webb, for whom former President Clinton was campaigning during the day.

Bush Boosts Allen Campaign, Even As Allen Nuances Pro-war Stance (AP)

By BOB LEWIS And MATTHEW BARAKAT

Associated Press, October 20, 2006

RICHMOND, Va. (AP) -- Sen. George Allen welcomed fundraising help Thursday from a visit by President Bush even as the senator distanced himself from Bush's tough stance on an increasingly deadly Iraq.

Allen's Democratic rival, Jim Webb, joined former President Clinton later Thursday at a fundraiser in McLean where they dismissed Bush's hawkish talk as more Republican scare tactics.

With polls showing little support for the war and poor numbers for Bush, even in conservative Virginia, the president is nevertheless campaigning nationally for sustaining American troop strength in Iraq until its fledgling government can control the sectarian carnage that threatens to spread into a civil war.

In Bush's speech to Allen supporters, he said that the best way to protect Americans is to stay on the offensive. He criticized Democrats' opposition to an indefinite military occupation in Iraq.

"That's why they're the party of cut and run," Bush said. "That's why the United States will stand with our allies in Iraq.

"We will give our military leaders the flexibility they need to win this war. We will stay and we will fight and we will win in Iraq," he said as Allen stood beside him, smiling broadly but saying nothing.

Allen has steadfastly backed Bush on the war, but when asked by reporters after Bush departed the fundraiser whether he still shares the president's hard line, Allen was evasive.

"I have my position based on my own assessment of Iraq," Allen said.

"The situation in Iraq is tough. Progress has been too slow. I think we do need to adapt to face this evolving threat that we find from the terrorists," he said.

Allen, over the past two weeks, has nuanced his position closer to that of fellow Virginia Republican Sen. John W. Warner, who returned from Iraq with a bleak assessment of the increasing death toll. Unless Iraq's government can function soon, Warner said in a news conference with Allen, the United States may have to consider changing its course.

"The president has his ideas on Iraq, John Warner has his and I have mine," Allen said Thursday.

Clinton, at a fundraiser for about 375 Webb backers at the home of Democratic former Sen. Chuck Robb in the Washington, D.C., suburbs, said the public is weary of the Iraq politics Bush used successfully in 2004.

Republicans "won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times," Clinton said. "It's kind of mangy dog right now."

"Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?" he said.

DOJ_NMG_0083730

Iraq has dominated Webb's candidacy. He warned in 2002, before the invasion, of a protracted military quagmire in Iraq that would destabilize the Middle East. Webb cited the war and other Bush policies for leaving the GOP. Six years ago, Webb not only endorsed Bush and Allen, he called Clinton's two terms "the most corrupt" in modern history.

Webb, a decorated Vietnam veteran, said his differences with Clinton were over the Vietnam War, which Clinton opposed as young man.

"On 9/11, that wall came down for me. I lost my anger about Vietnam," Webb said with Clinton at his side.

Earlier Thursday, Webb said he hoped his appearance with Clinton would be viewed as "a measure of reconciliation and understanding."

Clinton joked about Webb's criticism from six years ago.

"If I only supported people who didn't criticize me, I'd have no one to support," Clinton said.

More than 100 anti-Bush protesters gathered across the street from the fundraiser for about 250 people at the Science Museum of Virginia. Most protesters held signs or wore T-shirts against the Iraq war. Some Allen donors walked nervously through the gauntlet of activists.

Both campaigns estimated that their fundraisers would generate at least $500,000 come they approach the home stretch of the race and throttle up their media campaigns to well in excess of $1 million a week.

Allen on Thursday picked up the endorsement of the National Black Farmers Association and its president, John Boyd, who unsuccessfully ran for a Virginia congressional seat as a Democrat in 2000.

Boyd praised Allen for Senate legislation he introduced that would have provided an estimated 72,000 black farmers nationally an opportunity to have their discrimination claims heard in court.

The endorsement has added importance for Allen, who this fall has battled claims he used racist epithets in the 1970s and his use of an obscure ethnic slur against a man of Indian descent in August.

On Wednesday, Allen won the endorsement of the Veterans of Foreign Wars, even though he never served in the military and Webb was a highly decorated Marine veteran of the Vietnam War.

Allen also picked up the endorsement of The Washington Times in its Thursday editions.

"For Virginians who favor low taxes, strong defense, limited government and traditional values, George Allen is the clear choice," the paper wrote.

Webb, meanwhile, picked up the endorsement Thursday of the Police Benevolent Association and of the Rev. Curtis Harris of Hopewell, a contemporary of the Rev. Martin Luther King Jr. during the civil rights era and a national officer of the Southern Christian Leadership Conference.

Bush Trip Raises $550,000 (RTD)

By Tyler Whitley

Richmond Times Dispatch, October 20, 2006

President George W. Bush strongly defended the war in Iraq and tax cuts last night at a fundraising reception for U.S. Sen. George Allen in Richmond.

Allen aides said $550,000 was raised for the senator's re-election campaign. At the reception, the president said of the war: "It's tough," but added "we will fight, we will stay and we will win in Iraq."

He stood beside Allen, who has begun to express doubts about the war, in the rotunda of the Science Museum of Virginia.

In two hours and 40 minutes on the ground in Richmond, Bush stopped traffic, drew protesters and even found time to stop at a roadside stand in eastern Henrico County to buy a pumpkin for his wife, Laura.

"Don't tell Laura," he joked as television cameras captured him hefting a large pumpkin at Bill Gaulmyer's farm at Millers Lane and Gay Avenue.

The Bush entourage, which included political adviser Karl Rove, flew into Richmond International Airport aboard Air Force One after Bush spoke at a fundraiser for U.S. Rep. Donald L. Sherwood of Pennsylvania. Like Allen, Sherwood faces a tough re-election battle in a political climate that is hostile to Bush and particularly to the war in Iraq.

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The presidential motorcade diverted briefly from Interstate 64 to the pumpkin patch before proceeding on to the twilight reception for Allen.

Outside the Science Museum, protesters chanting anti-Bush and anti-war slogans appeared to outnumber the guests who paid $500 to listen to Bush deliver a 31-minute speech. Other guests paid $5,000 for the chance to mingle briefly with Bush and have their photograph taken with him.

The crowd, dwarfed by the rotunda in the old train station, numbered about 225 people.

"It's a fundraiser, not a rally," said Christopher J. LaCivita, a long-time Allen adviser.

Like the president, Allen put in a pitch for tax cuts, which have become a focal point of his campaign.

Neither Bush nor Allen mentioned Allen's Democratic opponent, Jim Webb, by name, but Bush lambasted Democrats in general for wanting to raise taxes. Allen, seizing on a debate comment when Webb said the government needed more revenues, has sought to tie Webb to tax increases. Webb has said he wants to close corporate tax loopholes and reimpose a tax on wealthier estates.

Bush, hoarse from his campaign rigors, said he and Allen had something in common.

"We both are named George, and we both married smart, beautiful women," he said. Allen's wife, Susan, beamed.

Among those to greet Bush at the airport was state Sen. Benjamin J. Lambert III, a Richmond Democrat, who has drawn criticism from fellow African-Americans for backing Allen. Lambert said Allen has promised federal aid for his alma mater, Virginia Union University, and other historically black colleges.

Bush praised Lambert and Allen for reaching across party lines.

Bush credited the tax cuts he began in 2003 with starting an economic surge that has created 6.6 million new jobs in 37 months. Some Democrats fought those tax cuts every step of the way, he said.

"The best way to continue with tax relief is to send George Allen back to the Senate," Bush said.

Bush said Democrats will not be strong enough in fighting terrorists. He said many Democrats voted against reauthorization of the Patriot Act and against giving interrogators more powers to question detainees. Opponents say those powers could include torture and a suspension of constitutional rights.

Speaking of the terrorists, he said, "These people use murder to achieve their political goals, and you cannot negotiate with them."

Bush said America should stand firm in Iraq because Osama Bin Laden "thinks America is weak and that it is just a matter of time before we withdraw."

Bush, Clinton Headline Va. Fundraisers (AP-Y)

By Bob Lewis

AP, October 20, 2006

President Bush criticized Democrats' opposition to an indefinite military occupation in Iraq during a fundraiser for the Republican Senate candidate Thursday, while President Clinton dismissed the comments as a scare tactic in a stop for the Democratic challenger.

The stops come as polls show the two locked in an even Senate race. Sen. George Allen appeared with Bush at the Science Museum of Virginia, while Democrat Jim Webb joined Clinton at a fundraiser at the home of Democratic former Sen. Chuck Robb.

The race is considered pivotal because a Democratic victory in once reliably Republican Virginia could signal a shift of power from the GOP to the Democrats in the Senate in the Nov. 7 midterm election.

In the speech to Allen supporters, Bush said the best way to protect Americans is to stay on the offensive. "That's why they're the party of cut and run," Bush said. "That's why the United States will stand with our allies in Iraq."

Clinton, speaking later in the evening, said the public is weary of the Iraq politics Bush used successfully in 2004. Republicans "won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times," Clinton said. "It's kind of mangy dog right now."

"Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?" he said.

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Allen appeared with Bush even as he has nuanced his position on Iraq in recent weeks. Allen has steadfastly backed Bush on the war, but when asked by reporters after Bush departed the fundraiser whether he still shares the president's hard line, Allen was evasive.

"I have my position based on my own assessment of Iraq," Allen said.

Allen has been campaigning with his Virginia colleague, popular Republican Sen. John Warner, who said after a recent trip to Iraq that the country was "drifting sideways" and that a change in course may be needed if Iraq fails to restore order in two or three months. Allen's spokesman, Dick Wadhams, said this week that Warner and Allen "absolutely agree" on Iraq.

Iraq has dominated Webb's candidacy. He warned before the invasion in 2002 of a protracted military quagmire in Iraq that would destabilize the Middle East. Webb cited the war and other Bush policies for leaving the GOP. Six years ago, Webb not only endorsed Bush and Allen, he called Clinton's two terms "the most corrupt" in modern history.

At an afternoon campaign event in Richmond, Webb — a decorated Vietnam War veteran who was President Reagan's Navy secretary — said his previous criticism of Clinton was rooted in divisions over that war.

"I think 9/11 for me just changed all that," Webb told reporters.

"I see this as a measure of reconciliation and understanding that we need to come together and bring this country forward on issues of national security, on issues of economic fairness. My standing with President Clinton hopefully will be interpreted that way," he said.

Once regarded only as a warm-up race for a presumed 2008 Allen presidential bid, the race became competitive in August after Allen singled out a man of Indian descent before a mostly white crowd at a rally and called him "macaca," which can be considered a racial slur.

A Washington Post poll released Sunday showed Allen favored by 49 percent of voters surveyed last week, while Webb had 47 percent support. The results were within the poll's sampling margin of error of plus or minus 3 percentage points.

Both campaigns estimated that their fundraisers would generate at least $500,000 come they approach the home stretch of the race and throttle up their media campaigns to well in excess of $1 million a week.

Bush, Clinton Ratchet Up The Drama (WP)

By Robert Barnes And Michael D. Shear

The Washington Post, October 20, 2006

President Bush added a stern stay-the-course message on the war in Iraq to his buoyant endorsement of Virginia Sen. George Allen (R) yesterday, and the region's high-profile Senate races received special attention not only from the current occupant of the White House but the former one as well.

While Bush raised about $500,000 for Allen (R) at an event in Richmond, former president Bill Clinton raced through Maryland and into Northern Virginia with a similar mission for Democrats in mind.

Clinton headlined a fundraiser for Maryland Senate candidate Benjamin L. Cardin, rallied die-hard Democrats at a park in Baltimore, raised money for gubernatorial candidate Martin O'Malley in Montgomery County and ended his evening across the river in McLean, where 375 Democrats ponied up about $500,000 for Democratic Senate candidate James Webb.

Clinton told the Baltimore crowd that his party now has a chance to represent not just progressives but also sensible conservatives. "There's something amazing going on here," Clinton said. "This is not a usual election."

In Richmond, Allen may have gotten a bit more support from the president than he wanted; after Bush departed, Allen seemed to distance himself from some of Bush's tough talk on Iraq.

As he and his wife, Susan, stood next to Bush in front of a huge U.S. flag, the president excoriated Democrats on national security and taxes. "They would have our country quit in Iraq before the job is done," Bush said. "That's why they are the party of cut and run. We will fight. We will stay. We will win in Iraq."

After the speech, the senator's aides brought Allen out to meet with reporters, where he softened the tone, saying that "America needs to adjust. Our battlefield commanders need to adjust and adapt to this evolving threat."

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With polls showing that a growing number of Virginia voters are questioning whether the war was worth fighting, Allen has, in recent days, repeatedly sought to align himself with the commonwealth's senior senator, John W. Warner (R), who recently returned from Iraq and has been critical about the war's progress.

"John Warner and I discuss this . . . almost daily," Allen said, adding that a sudden withdrawal would "leave our country much less secure." Asked whether he agreed with Bush's "cut and run" statement, Allen said, "I'm not going to get in an argument here about the president's words versus my words."

He added: "The president has his ideas on Iraq, John Warner has his and I have mine."

In overwhelmingly Democratic Maryland, there was no disagreement with anything Clinton said. The crowd at a waterfront park in Baltimore, many wearing union jerseys, held camera cellphones, waved signs and cheered loudly at every applause line in the president's short speech.

Nostalgia for Clinton's years in office was the theme. Cardin, a congressman, introduced him in a plaintive voice, saying: "Mr. President, we miss you in the White House. It's been a long six years."

Clinton was full of his favorite old lines, saying that Republican attempts to accuse Democrats of not being up to the complicated battle against terrorism was "kind of a mangy old dog they're running out of the kennel one more time, and I don't think it'll hunt."

He said an anti-Washington fervor was something the political foot soldiers in Maryland should exploit.

"You'd be amazed who wants to talk to you," he said. "In the next three weeks, don't give up on anybody."

The entire statewide Democratic ticket shared the stage with Clinton, and Democrats stressed that ousting Gov. Robert L. Ehrlich Jr. (R) and replacing retiring Sen. Paul Sarbanes (D) with Cardin was a way to send a message to Bush.

"Ehrlich is on his way out. A Democratic House and Senate are on the way in. And Bush is on his way down," Cardin said.

From the Baltimore waterfront, Clinton and the Democratic candidates gathered again at the gated Potomac estate of real estate developer Morton Funger. Party faithful paid from $1,000 to $10,000 to mingle with Clinton and O'Malley over shrimp and mini-Reubens on the expansive veranda, some of the attendees said.

Clinton then headed to former senator Charles S. Robb's McLean estate to prove that there are no permanent friends or permanent enemies in politics.

Irony abounded. In 2000, when he was a Republican, former Navy secretary Webb endorsed Allen over Robb, the incumbent, saying that Robb had become "part of the problem." And at that November event, Webb took one of his many swipes at Clinton, saying his was "the most corrupt administration in modern memory."

Webb, a decorated Vietnam War veteran, has said his feelings were driven by Clinton's avoidance of service in the military, "but I'll say on 9/11 that wall came down for me. I lost my anger over Vietnam." Webb made similar comments during appearances with Sen. Hillary Rodham Clinton (D-N.Y.), who has had at least two fundraisers on Webb's behalf during the campaign.

"I think there have been some obvious questions I have received about issues, issues that divided this particular generation during and after the Vietnam War," said Webb. "And I want to say as emphatically as I can it is very important for all of us to step forward and lead this country in a way it deserves in the areas of foreign policy and economic policy."

Clinton indicated no hard feelings.

"If I only supported those who never criticized me, I would have no one to support. That is part of being president. . . . Those times divided us, and maybe we are finally putting them behind us as a country."

The Allen campaign was not so accepting of the new friendship.

"Bill Clinton and Chuck Robb better enjoy their time with their fellow tax-raiser Webb tonight. His hypocrisy is becoming legendary," Allen campaign manager Dick Wadhams said. "Webb has a clear pattern of changing who he is and what he stands for with the political winds. Webb could well be calling Bill Clinton 'corrupt' and Chuck Robb a 'problem' again soon."

Both candidates in Virginia had to balance their guests' fundraising abilities with the baggage they bring to the state.

A Washington Post poll last week found that Bush's job approval among likely voters in the November election is at 43 percent in Virginia, about the same as nationally. In addition, 54 percent believe that the war in Iraq was not worth fighting, and 46 percent believe that "strongly."

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The numbers are much higher, and Bush's approval rating much lower, in Northern Virginia, where about 30 percent of the state's voters reside.

At a news conference yesterday morning, Allen appeared reluctant to embrace Bush even as he prepared to welcome him to the state. Allen dodged a question about whether he is proud of his support for Bush -- the Webb campaign repeatedly points out that it is north of 95 percent -- describing his own record without once mentioning the president in his answer.

"I'm proud of my record as governor of Virginia, and I'm proud of my record in the United States Senate," Allen said.

Asked about the purpose for the president's visit, Allen said: "It's a fundraiser. The president's coming in to raise money. We need to raise money because Hillary Rodham Clinton has piled in a million dollars via the Democratic Senate committee."

Staff writers Tim Craig, Ann E. Marimow and Matthew Mosk contributed to this report.

JIM WEBB: Clinton Visit May Net Half-million (RTD)

By Peter Hardin

Richmond Times-Dispatch, October 20, 2006

ARLINGTON -- Former President Bill Clinton saluted Democrat Jim Webb yesterday for his service to the nation and his courage in challenging Republican Sen. George Allen.

"I value his service to our country," Clinton told reporters before he moved on to a fundraiser for the decorated Marine veteran, and "the sheer audacity it took for him to make this brave race."

Though they have had different views in the past, Clinton said he and Webb share a Scots-Irish lineage and hardscrabble upbringing, and deep divisions in the nation over the Vietnam War are passing.

"Those times divided us. Maybe we're finally putting it behind us, as a country," Clinton said.

Responding to a question about President Bush's remarks in Richmond earlier, Clinton defended Democrats on the Iraq war, saying, "There isn't anybody that's cut and run."

Last night's event completed a political turnabout for Webb when he aligned himself with Clinton's star-raising power.

Webb hoped a sell-out crowd of 375 guests at the private event with Clinton later in the evening would give his campaign a big boost.

Webb aides estimated the proceeds at between $400,000 and $600,000.

Just six years ago, then-Republican Webb called the Clinton administration "one of the most corrupt" in modern times and backed Allen for election over incumbent Democratic Sen. Charles S. Robb.

Not only has Webb become a Democrat and patched things up with Clinton, last night's fundraising event in McLean was held at Robb's stately, brick-columned manor with a bird's-eye view above the Potomac River.

The appearance of Clinton in Northern Virginia on the same day that President Bush campaigned for Allen in Richmond not only underscored the importance of Virginia's vigorously contested Senate race, it mirrored the candidates' geographic strengths.

Webb, an author and former Navy secretary from Falls Church, had a solid lead in Northern Virginia in a recent Washington Post poll, with 56 percent of the vote compared to Allen's 42 percent.

In the rest of the state, Allen topped Webb in the poll by almost 10 points. Allen is a former governor, former House of Representatives member and former state legislator.

The Allen campaign, meanwhile, lambasted Webb with a press statement headlined "Webb Sells out Tonight . . . AGAIN." It cited his differences with Clinton and with Robb in the past.

"Webb has a clear pattern of changing who he is and what he stands for with the political winds. Webb could well be calling Bill Clinton 'corrupt' and Chuck Robb a 'problem' again soon," said Allen campaign manager Dick Wadhams.

Senate Race In Va. Draws Biggest Fundraisers (USAT)

By David Jackson

USA Today, October 20, 2006

RICHMOND, Va. — Locked in a tight race that could help decide control of the U.S. Senate, the two candidates in Virginia's Senate race Thursday brought out their party's big guns: the current and former commanders in chief.

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President Bush raised money for Sen. George Allen, R-Va., while predecessor Bill Clinton campaigned with challenger Jim Webb. While Allen and Webb may hope the Oval Office aura changes voters' minds, political analysts said presidential visits are more about raising money and inspiring turnout by partisans.

"Both of them are the champion fundraisers in their parties," said Bob Holsworth, a political scientist at Virginia Commonwealth University. "It shows you how the attention of the major parties has shifted to Virginia because of the sense it's a competitive race."

Rich Galen, a Republican strategist, said that in non-presidential election years, campaigns need to find ways to energize wavering party members. "Presidents can do that," he said. "Ex-presidents, too."

The Bush-Allen event, at an old railroad station turned science museum, was expected to raise about $530,000. The Webb campaign did not offer an estimate for Clinton's appearance Thursday night at the home of former senator Chuck Robb.

A USA TODAY/Gallup Poll this month showed Allen with a 3-point lead over Webb, within the poll's margin of error. Allen had once been a heavy favorite in Virginia, but that was before he used the term "macaca" to refer to an Indian-American who had been filming an Allen campaign rally on behalf of the Webb campaign.

After attending a private reception, Bush and Allen were all smiles as they waved to the crowd of a few hundred in the rotunda of the train station.

Bush called the former governor of Virginia "a man who has earned the confidence of the people of this state. … We need him in the United States Senate."

For Bush, it was a full day of helping candidates in trouble. Before jetting to Richmond, he spoke at a fundraiser for incumbent Rep. Don Sherwood, R-Pa., whose re-election bid has been dogged by his admission of an extramarital affair.

Clinton told about 375 Webb backers Thursday that the public is weary of the Iraq politics Bush used successfully in 2004, an issue Webb has focused on in his campaign.

Republicans "won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times," Clinton said. "It's kind of a mangy dog right now."

"Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?" he said.

Webb, a secretary of the Navy under President Reagan, also is a novelist and political commentator who in years past has had harsh words for Clinton.

In a 2001 letter to The Wall Street Journal concerning Clinton's end-of-term pardons, Webb, then a Republican, wrote, "It is a pleasurable experience to watch Bill Clinton finally being judged, even by his own party, for the ethical fraudulence that has characterized his entire political career."

Webb's spokeswoman, Kristian Denny Todd, said Webb's past disputes with Clinton stem from being on opposite sides during the emotional era of the Vietnam War. Todd said Webb changed his outlook after the 9/11 terrorist attacks, and opposes the war in Iraq.

Hastings Wyman, editor of the Southern Political Report, said it's hard to project a winner in Virginia's president-vs.-president faceoff. Wyman said each should "stir up the base a bit," but, "with both of them going there, they'll probably cancel each other out."

Big Names Campaign As Election Day Nears (WT)

By Christina Bellantoni And Seth Mclaughlin

The Washington Times, October 20, 2006

President Bush and former President Bill Clinton, rallying party faithful at swanky fundraisers yesterday, told Virginia voters their choice in next month's U.S. Senate election is crucial.

The Nov. 7 election is about "which party will take the steps necessary to protect the American people and win the war on terror and which party is going to keep your taxes low and keep this economy growing," Mr. Bush said while standing beside Republican Sen. George Allen and his wife, Susan, at the Science Museum of Virginia in Richmond.

"We just have a different point of view, a different look at the world," Mr. Bush said of Democrats and Republicans.

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Mr. Clinton, who endorsed Democrat James H. Webb Jr. in the Senate race, agreed the two parties have clear opposing philosophies.

"We've got a chance to win a victory for America," Mr. Clinton said, casting the upcoming election as a historic opportunity for Democrats.

Before hosting a private fundraiser in McLean for Mr. Webb last night, Mr. Clinton appeared in Maryland where he stumped for Rep. Benjamin L. Cardin, the Democratic candidate for the U.S. Senate, and Baltimore Mayor Martin O'Malley, the Democratic candidate for governor.

The Republicans have been taken over, Mr. Clinton said at Frederick Douglass-Isaac Myers Maritime Park in Baltimore, "by the most ideological, most extreme wing" of the party, prompting some conservatives to switch parties.

"We represent, now, both strains" of American politics, said Mr. Clinton, who later appeared at a fundraiser for Mr. O'Malley in Potomac. Mr. Clinton was expected to raise $500,000 for Mr. O'Malley.

At a brief stop in Arlington last night, Mr. Clinton told reporters that he admired Mr. Webb's courage for running against Mr. Allen.

"I wanted to express my public support [for Mr. Webb] for some time," Mr. Clinton said of the former Republican who several years ago called Mr. Clinton's presidency "the most corrupt administration in modern memory." Both men mended their relationship after September 11, 2001.

"This is a question of whether we're going to be frozen in ideology that ignores evidence and arguments or whether we are going to look at evidence and arguments and do what's best for our country," Mr. Clinton said.

In Richmond, Mr. Bush told the estimated 300 people who turned out to show their support for Mr. Allen that the senator "has earned the confidence of the people of this state."

"There's no bigger issue than what we're doing with people's money," Mr. Bush said. "The best thing Virginia citizens can do to make sure that taxes stay low is to send George Allen back to the United States Senate."

Mr. Allen has said he wants to make the Bush tax cuts permanent before they expire.

Mr. Bush did not mention Mr. Webb, Navy secretary under President Reagan, by name or criticize him. But he did criticize Democrats as the "party of cut and run."

Mr. Clinton, while in Arlington, responded to Mr. Bush's "party of cut and run" comment.

"They won two elections by their skins' teeth, by scaring people," Mr. Clinton said. "But you can only run a dog through the same path so many times before it doesn't work anymore. And I just kind of think it's a mangy old dog."

Mr. Bush also insisted the U.S. must fight the terrorists in Iraq to keep Americans safe. "We will fight, we will stay and we will win in Iraq," he said.

The rhetoric differs from Mr. Allen's line on the war, which he recently has tempered as its unpopularity grows and its death toll increases.

"I'm not going to get here in an argument over the president's words versus my words," Mr. Allen told reporters after the event when asked whether he agreed with Mr. Bush's statement.

Mr. Allen said he thinks the troops should come home "in victory, not defeat" and that Iraq can't become a safe haven for terrorists.

In McLean, Mr. Clinton was expected to raise between $400,000 and $600,000 for Mr. Webb at the fundraiser held at the home of former Sen. Charles S. Robb, the Democrat Mr. Allen unseated in 2000.

Webb campaign spokeswoman Kristian Denny-Todd said about 375 people were expected to attend the sold-out event.

The White House said the Bush event was expected to raise nearly $600,000 for Mr. Allen, a former Virginia governor who is seeking re-election after one term in the Senate.

Hundreds of anti-war demonstrators lined the streets of downtown Richmond to greet Mr. Bush with handmade signs that said: "Torture is not a family value" and "Impeach Bush."

Democrats, Republicans Both Focus On Bush (CHIT)

By Mark Silva

DOJ_NMG_0083737

Chicago Tribune, October 20, 2006

RICHMOND, Va. -- Well before President Bush stepped on stage here Thursday evening to raise big money for embattled GOP Sen. George Allen of Virginia, the senator's Democratic rival had poured his own campaign cash into a 30-second television spot ridiculing Allen for parroting the president's promise of "staying the course" in Iraq.

Now the president's appearance has armed the campaign of challenger Jim Webb with fresh videotape, as he and Democratic congressional candidates throughout the country attempt to saddle Republicans with the unpopularity of their party's president, deploying Bush as a weapon in their own ads.

Former President Bill Clinton has joined the fray too, making an appearance alongside Webb at another Virginia fundraiser Thursday night - accentuating the debate in a campaign which Democrats are attempting to frame, in part, as a referendum on the Bush administration's policies in Iraq and at home.

"A big issue in this campaign, of course, is Iraq," Bush said in Richmond, praising Allen as a "steadfast" leader.

"Most leading Democrats argue we should pull our troops out of Iraq," he said. "They would have our country quit in Iraq before the job is done. That's why they are the party of cut and run."

In the closing weeks of a campaign in which control of Congress is at stake, Bush's face has appeared in campaign ads from coast to coast. But it is Democrats who have dragged Bush into the campaign in a bid to portray Republicans as "rubber-stamps" for the White House and a vote for the GOP as a vote for the Bush agenda. Many Republicans, meanwhile, have sought to distance themselves from the president.

If the Democrats lack a unifying theme - particularly on a war which is foremost on many voters' minds - attempting to make this election more about the president and his policies is a means of capitalizing on two dynamics: Bush has staked an unwavering course on Iraq, and voters overwhelmingly say the country is on the wrong track.

With the president's job approval rating below 40 percent in opinion polls, Democrats are doing their best to rub that off on Republican senators and congressmen. Even in Rhode Island, where Republican Sen. Lincoln Chafee has opposed the war and stood as far from Bush as anyone within the GOP, his Democratic foe, Sheldon Whitehouse, has aired a TV ad that opens with Bush.

"Bush needs Chafee to keep Republican control of the Senate," the narrator says. "That's how Bush keeps his agenda alive."

Such ads may play well in places like Rhode Island, where a recent Brown University survey gauged the president's job approval at 22 percent - among the lowest in the nation.

"Across the country, Bush is unpopular," says Darrell West, professor of political science at Brown University. "People don't like the way he has handled Iraq… So Democrats want to run as much against the president as their opponent. It's the Siamese-twin strategy: You tie your opponent to the president."

With a battery of similar TV and radio ads in several contested Senate races and in many congressional campaigns, Democrats are tying Republicans to Bush. And, as Bush closes his campaigning with appearances for endangered Republicans, Democrats are reveling in ties drawn anew {ndash} such as Bush and Allen, who harbored presidential ambitions of his own until his re-election chances slumped after addressing a young man of Indian descent as "macaca" at a campaign rally.

"It comes at a heckuva price," says Democratic strategist Steve Jarding, a campaign consultant for Webb. "These guys are in a hole, and the only tool they have is a shovel - not a ladder. Bush provides the shovel."

The Republicans, acutely aware that the tide of history works against the president's party during any second-term elections, are intent on focusing voters on their commitment to national security and cutting taxes. And the GOP warns that Democrats offer no alternative to the war, will raise taxes and resort to attacking Bush for lack of any true agenda.

"We've heard a lot of talk over the last few months about whether or not the Democrats were going to come up with some kind of agenda for the election, and they haven't," says Dan Ronayne, spokesman for the National Republican Senatorial Committee. "To beat an incumbent, you have to do two things. You have to give a reason to fire, and a reason to hire. All we are hearing is the reason to fire."

Voters are hearing it, and seeing it, in campaign ads from coast to coast.

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In Virginia, Webb's campaign put enough money behind a recent TV ad to ensure the typical viewer saw it ten times in a week. It pictured Bush saying: "We'll stay the course in Iraq." A price-tag for the war: $318.5 billion. And Allen saying: "I very much agree with the president" and "we need to stay the course."

The war is No. 1 on the minds of Virginia voters, according to a Washington Post poll showing that 54 percent of likely voters say the war was not worth fighting and only 43 percent approve of the job Bush is doing. It also shows Allen and Webb in a virtual tie among likely voters, with 25 percent calling their Senate vote an expression of opposition to Bush.

In five of the six Republican-held Senate seats that Democrats have targeted for takeover, Democrats have run ads connecting the Republican incumbent or candidate with the president.

In Ohio, where Republican Sen. Mike DeWine trails his Democratic rival, Rep. Sherrod Brown, by 7 percentage points in the latest Ohio Poll, the Democrats are airing a rollicking TV ad featuring DeWine and Bush arm-in-arm with hilarious smiles and a soundtrack of children singing a variation on a nursery lyric: "The more we work together, together, together, the more we work together, the happier we'll be. Cause your friends are my friends, cause your friends are my friends…"

Ads such as this play effectively to deep-seated discontent in Ohio about the way things are going at home and nationally, says Eric Rademacher, co-director of the Ohio Poll. His latest survey, showing Brown's lead over DeWine growing in the past month, found that 71 percent of the voters supporting Brown see Ohio as headed on the "wrong track."

In Tennessee, where Democratic Rep. Harold Ford is running a close race with Republican Bob Corker for the seat of retiring Senate Majority Leader Bill Frist, Ford has aired an ad quoting his opponent: "We are in Iraq… Our country is in Iraq. I think we should stay the course." Then Ford says: "I voted for the war. But we shouldn't stay the course as Mr. Corker wants."

Ken Goldstein, professor of political science at the University of Wisconsin at Madison and seasoned campaign ad analyst, sees an attempt by Democrats in this and other ads to address a war for which the party has no unified strategy.

"In previous elections, the Democrats tried to blur the issue on Iraq and terror and said they were going to talk about issues that are more important," Goldstein says. "Now there is a way to talk about the war… It is: 'We're stuck, and this guy just doesn't understand that we're stuck.' That is something that people can understand."

If Democrats have attempted to blur their differences over the war, some Republicans have sought to blur their own party allegiance in a campaign with a president who has low approval ratings.

In Maryland, camera-friendly Republican Lt. Gov. Michael Steele has waged a disarmingly personable campaign for an open Senate seat with TV ads featuring a puppy. "Soon your TV will be jammed with negative ads from the Washington crowd," he says in one. "Grainy pictures and spooky music, saying 'Steele hates puppies'… For the record, I love puppies."

His Democratic rival, Rep. Ben Cardin, has struck back with ads warning: "Michael Steele. He likes puppies. But he loves George Bush."

Brad Todd, a partner in On Message, produced Steele's ads. Todd's puppy, a Boston terrier, stars in the ads.

In attempting to snare Steele with Bush, Todd says, Democrats are waging a conventional attack against a candidate with a fresh, new appeal {ndash} he even takes heart in the Bush-based attacks.

"It's clear the Democrats don't really know how to deal with Lt. Gov. Steele's candidacy," Todd said. "They have come back with a very conventional campaign against him. It shows they just don't understand."

Iraq Threatens To Cripple The GOP (MCT)

By Steven Thomma

McClatchy Newspapers, October 20, 2006

WASHINGTON - It always comes back to Iraq.

Regardless of what politicians and the media talk about from week to week - the Foley sex scandal in the House, a nuclear test in North Korea, a soaring stock market - what dominates American politics this fall is Iraq.

It's consuming George Bush's second term, threatening his party's control of Congress and endangering his dream of forging a Republican majority that would rule the country long after he retired to his Texas ranch.

Yet the debate over Iraq won't be settled on Election Day, Nov. 7.

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Even as public skepticism about the war spreads, it's not producing any consensus on what to do about the mess, and thus the elections will offer little direction and no mandate for the U.S. government heading into next year.

Voters split four ways in a recent McClatchy-MSNBC poll - send more troops, keep the same level, start withdrawing, or withdraw them all. They split evenly in another poll over whether to keep troops in Iraq or pull them out.

That helps explain the growing cracks in Republican support for the White House's open-ended, stay-the-course approach to the war. And it makes clear why Democrats don't offer a clear alternative - and why they'd have a hard time reconciling their competing visions of what to do should they win the House of Representatives or the Senate.

"It is THE dominant issue," said Andy Kohut, the director of the Pew Research Center, a non-partisan research group.

"The public is unhappy with the way the war has turned out. They're divided about what to do. But that doesn't mean they don't have a strong political point of view. They give Bush atrocious ratings. This is an unpopular war with his name on it. And that causes collateral damage for the Republican Party."

Bush and the White House continue to talk up the war.

"If you look at the general overall situation, they're doing remarkably well," Vice President Dick Cheney said of the Iraqi government this week.

But they're increasingly alone. More Republicans this fall are openly skeptical, an unthinkable break in party unity from a year ago.

"You can see some movement forward, but a lot of movement back," said Sen. John Warner, R-Va., last week. He's the chairman of the Senate Armed Services Committee. "We have to rethink all the options, except any option which says we precipitously pull out."

Public confidence in the war effort fell sharply in recent weeks as violence escalated anew. The ranks of Americans who think the war is going well dropped from 47 percent to 37 percent from September to October, a Pew poll found. The biggest drops were registered by conservative Republicans, independents and conservative to moderate Democrats. Liberals had turned sour on the war long ago.

"It's creating a real challenge for Republicans," said Whit Ayres, a Republican pollster.

"Not because the Democrats have any good answers, because they don't. But because voters are frustrated and don't see continuing the same course as a viable strategy."

Iraq's impact on this year's elections is evident in states such as Virginia, which features a surprisingly close contest between Republican Sen. George Allen, who supports the war, and Republican-turned-Democrat James Webb, a former Marine and Navy Secretary who opposes the war.

Iraq is the top issue in the state, where 3 out of 5 likely voters disapprove of the Bush administration's handling of the war, according to the McClatchy-MSNBC poll.

Virginia also symbolizes the muddled direction for post-Election Day policy.

"It's a mess now, and I'm not sure what to do about it," said Joel Dexter, a teacher from Richmond who supports Democrat Webb.

"If I had my way, I wish they could come home tomorrow," added Diane Canary, a homemaker from Roanoke who also supports Webb. "But I know that would leave Iraq in turmoil."

For their part, Republicans aren't telling voters much about what they'd do differently in Iraq.

Bush has said that the goal of complete withdrawal is "an objective" that "will be decided by future presidents and future governments of Iraq."

Sen. Conrad Burns, R-Mont., caught in a tough struggle to keep his seat, said this week that Bush had a secret plan to win the war that he couldn't share with the world. There's no evidence of that, however.

At the same time, Republicans criticize Democrats for allegedly wanting to "cut and run" and for offering no alternatives to Bush's war plan.

Many Democrats do want to start withdrawing some troops. But their party leaders refuse to offer an alternative strategy beyond pressuring administration officials at hearings.

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House Democratic Leader Nancy Pelosi of California and other party leaders signed a letter urging Bush to start withdrawing troops by the end of this year, but didn't commit themselves to what they'd do if they took power - which could happen in three months.

One option would be for Congress to cut spending for the war.

"You've got to be able to pay for the war, don't you?" asked Rep. Charles Rangel, D-N.Y., in a newspaper interview. But members of the party's "Out of Iraq" caucus are skeptical they could get such a proposal past their party leaders.

"I understand that there's a range of views within the Democratic Party," said Rep. Chris Van Hollen, D-Md., who stressed the value of congressional oversight of the war. "These are tough, tough issues. We don't have a (formal) position on what your position should be on this particular issue."

But that might not make a difference on Election Day.

"People are not voting FOR the Democrats on this issue," said Kohut. "They're voting AGAINST the Republicans."

GOP's Solidarity On War Is Cracking (LAT)

By Noam N. Levey, Janet Hook And Richard Simon

The Los Angeles Times, October 20, 2006

WASHINGTON — Public anxiety over the Iraq war, already reflected in polls and demands from some Democrats to withdraw U.S. troops, is now prompting calls for change from some unlikely quarters: Republican congressional candidates.

Across the country, GOP candidates are breaking with the White House over how long troops should remain in Iraq and who should lead the war effort.

Even some of President Bush's staunchest allies in solidly Republican states are publicly questioning the administration's war policies, while others are scrambling to find new ways to talk about Iraq in the face of rising voter frustration over management of the war.

Sen. Kay Bailey Hutchison (R-Texas), who earlier this year stood by Bush during some of the most damaging sectarian violence, this week said that Iraq was in "chaos" and that it was "worth trying" to partition the country into semiautonomous regions, a proposal that sharply diverged from White House policy.

In Washington state this week, the Republican candidate for the Senate called on Bush to replace Defense Secretary Donald H. Rumsfeld, a position also taken by a Republican congressman from Connecticut and the party's Senate candidate in New Jersey, Thomas H. Kean Jr.

Kean said this week that the Bush administration had made "horrendous mistakes" in Iraq.

In Minnesota and Iowa, congressmen in tough reelection battles have called for withdrawing troops. So, too, has the Republican candidate in the congressional district around Boulder, Colo.

And in Virginia and Tennessee, states that Bush won handily in 2004, Senate candidates have been put on the defensive over their earlier calls to "stay the course" in Iraq, a line Republicans once hoped would demonstrate resolve. Both candidates there are now saying the U.S. must change tactics in Iraq.

"We haven't found one part of the country, even in the South, where it is good to say, 'Stay the course,' " said Sarah Chamberlain Resnick, executive director of the Republican Main Street Partnership, a group for GOP centrists. But Republicans "don't want to do a major in-your-face with the president. They are trying to work around the issue in their districts."

The rhetorical tap-dancing over the war is a somewhat novel experience for Republicans, who have ridden to victory in the last two national elections with a strong and unified stand on the war. In 2002 and 2004, Bush and other GOP leaders increased the party's congressional majorities by hammering Democratic candidates as weak and indecisive.

As recently as summer, Republicans seemed poised to outmaneuver the minority party again by accusing Democrats pushing for troop withdrawals of wanting to "cut and run."

But in the last several months, strategists and pollsters from both parties say, the public mood has darkened substantially. Mounting body counts and the growing specter of civil war in Iraq have dragged public confidence in the war effort to new lows. A CNN poll over the weekend found support for the war at 34%, compared with 64% who said they opposed it.

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Public dissatisfaction has been further fueled by news reports that U.S. intelligence agencies have concluded the war may be exacerbating the terrorist threat. At the same time, some of the Republican Party's most respected voices on national security, including the powerful chairman of the Senate Armed Services Committee, John Warner (R-Va.), have increasingly raised questions about the administration's policy in Iraq.

Bush nonetheless is continuing to portray the Democrats as wavering on the war.

"Democrats have been all over the place" in their own Iraq policy, Bush said at a campaign event for Rep. Don Sherwood (R-Pa.) on Thursday.

He said that the "only position in the Democrat Party that everybody seems to agree on: If you want to be a Democrat these days, you can be for almost anything, but victory in Iraq is not an option."

Several GOP lawmakers said they and most of their colleagues had no plans to abandon the president.

"There's no question we're in a challenging moment in Iraq," said Rep. Tom Cole (R-Okla.), a former Republican National Committee official who represents a district with a heavy military presence. "But I don't think some mood has set in whereby we need to change our position as a party. You can't change it this close to the election. It's not credible. It's better to argue your position with passion than cast about for a new position."

Across the country, a number of Cole's colleagues are trying.

Some of the earliest calls for change came from Republicans with large numbers of Democratic constituents, such as Rep. Jim Leach, whose southeastern Iowa district gave 55% of its vote in 2004 to the Democratic presidential nominee, Sen. John F. Kerry.

Leach called for a withdrawal of U.S. troops two years ago, although he didn't say until this week that American soldiers should come home within a year.

Outside Philadelphia in Pennsylvania's 7th Congressional District, which voted 53% to 46% for Kerry two years ago, Rep. Curt Weldon has said he wants to take authority over troop withdrawal away from Rumsfeld. Weldon, like Leach, is locked in a tough race for reelection.

In Connecticut, Republican Rep. Christopher Shays, who was once one of the strongest supporters of the Iraq war, two weeks ago called for Rumsfeld to resign, months after his Democratic opponent had taken the same position.

It is not only Republicans in Democratic-leaning states who are facing the pressure to recalibrate their positions on Iraq.

In Virginia, Sen. George Allen, once considered one of the strongest adherents of Bush's strategy, has begun emphasizing his alliance with Warner, who has said that a policy change will be necessary in coming weeks if the violence in Iraq continues.

On Wednesday, Allen told a meeting of the Virginia Assn. of Schools Superintendents: "We cannot continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics." Allen's race for reelection against Democrat Jim Webb has grown tighter in recent months.

An Allen spokesman said Thursday that there was nothing inconsistent in Allen's call for change.

In Tennessee, GOP Senate candidate Bob Corker found himself on the defensive after insisting at a debate earlier this month that he had never said the U.S. should "stay the course" in Iraq.

Mocking that claim, Corker's opponent pointed out that he had in fact said it in July and September.

Some Republican candidates who continue to support the war have nonetheless been forced to address the issue in sometimes tortured ways.

In New York's 20th Congressional District in the Hudson River Valley, an area that voted for Bush in 2004, Rep. John E. Sweeney aired a television ad last month featuring the mother of soldier who had died in Iraq. The mother says to the camera: "I don't believe in the war, but I do believe in our soldiers, and John Sweeney."

Sweeney's opponent has run a series of ads criticizing Sweeney's support for the war.

In Montana, Republican Sen. Conrad Burns insisted in a candidate debate this week that the president had a plan for victory — but "he's not going to tell everyone in the world."

When Jon Tester, Burns' Democratic opponent, asserted that Bush had no plan, Burns replied: "We're not going to tell you what our plan is, Jon, because you're just going to go out and blow it."

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Democrats ridiculed Burns' claim, comparing it to the "secret plan" to end the Vietnam War that was attributed to Richard Nixon in his 1968 campaign for president.

Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference, said Thursday that GOP candidates cannot avoid talking about the war.

"Iraq is the 500-pound gorilla in the room," Kingston said. "And candidates who don't discuss it are probably going to be disappointed on election day."

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*

(INFOBOX BELOW)

Breaking ranks

With sentiment against the war in Iraq growing, more Republican candidates for the U.S. House and Senate are openly criticizing the administration's strategy and distancing themselves from President Bush.

Mike McGavick,

Senate candidate in Washington

"As a show of faith that he is willing to set a new direction, the president should appoint a new secretary of Defense, preferably someone who has demonstrated bipartisanship in the past and someone who knows the value of involving Congress in these strategy decisions."

— Statement on Monday

*

Rep. Curt Weldon

of Pennsylvania

"I don't want Dick Cheney or Don Rumsfeld" deciding on a timetable for troop withdrawal. "We don't need some armchair politician back in Washington, because they want to run for office, to pick a date out of the air."

— During a recent

appearance

*

Thomas H. Kean Jr.,

Senate candidate

in New Jersey

"I've been very clear that I think there have been horrendous mistakes that have been made in the conduct of the war in Iraq. And I said the administration has made these horrendous mistakes. That's why I've called for Secretary Rumsfeld's resignation."

— Statement

in September

*

Rep. Christopher Shays

of Connecticut

"I am losing faith in how we are fighting this war…. I believe we have to motivate the Iraqis to do more."

— Said in August,

after his 14th trip

to Iraq since the war began

*

Sen. George Allen

of Virginia

"We cannot continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics…. The Iraqi people need to show some backbone, some spine. They need to get their heads, their minds and their hearts in control of their own destiny."

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— In address this week to
the Virginia Assn. of School
Superintendents
Source: Times research
Los Angeles Times

Bush Campaigns For GOP Candidates Facing Unexpected Troubles (PENNNWSFLSH)

By Jennifer Loven
PennLive.com, October 19, 2006

LA PLUME, Pa. (AP) — In an unusual day of campaigning, President Bush swooped into two races once safe for Republicans but turned perilous by one candidate's affair with a much-younger woman and by accusations of racial insensitivity against the other.

Bush's appearances on Thursday, for Rep. Don Sherwood in Pennsylvania and for Sen. George Allen in Richmond, Va., found the White House on the defensive over the decision to help candidates in such plights.

"I think the president understands that it's important to set high standards," said spokesman Tony Snow when asked about the situation.

Bush tried to keep the focus on his contentions that Democrats would go soft on the war on terror and would raise taxes if handed control of Congress in the November elections.

The pictures of the day from Pennsylvania were of Bush descending the steps of Air Force One followed by Sherwood, his wife, Carol, and one of their daughters, and the foursome's appearance later at a local farmer's ice cream store.

Sherwood has held one of the safest seats in Congress, his conservatism playing well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the past two elections. But last year, Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit that claimed he had choked her — he has denied he abused her — and has aired a campaign commercial asking constituents to forgive his infidelity — and re-elect him.

Helping to raise more than $300,000 for Sherwood at Keystone College, Bush only obliquely addressed the controversy.

He praised Sherwood as "the right man to represent" his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign.

Bush called her a "caring and courageous woman" because of a letter she wrote to constituents over the weekend. In that letter, she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair and the abuse that Sherwood has denied.

"I was deeply moved by her words," Bush said.

The president's main message at the event was that the Iraq war is part of the broader anti-terrorism effort.

He warned ominously that Democratic control of Congress would result in a chairman of the House tax-writing committee who would cut off funding for troops in Iraq and a speaker, referring to now-Minority Leader Nancy Pelosi, who voted against a string of bills: renewing the Patriot Act, creating a Department of Homeland Security, waging the Iraq war and authorizing a warrantless wiretapping program.

"Given the record of Democrats on our nation's security, I understand why they want to change the subject," Bush said.

Responded Pelosi spokeswoman Jennifer Crider: "Clearly, the president is getting desperate to keep his rubber-stamp Republican Congress if all he can do is try to scare the American people with false claims."

Later, at the fundraiser for Allen, Bush was switching to the other pillar of his campaign-trail speeches: that a Democratic-controlled Congress would preside over an economically damaging increase in taxes on American families and businesses.

Sherwood and Allen are two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away that could strip Republicans of their majority in one or both houses of Congress.

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Allen, once considered a potential candidate for the Republican presidential nomination in 2008, is in a tightening Senate re-election race with Democrat Jim Webb. Allen has spent weeks rebutting charges of racism and religious insensitivity.

Webb is gaining ground on the incumbent's financial advantage and drawing help from national Democrats, and a recent poll showed the race virtually tied.

On Thursday, former President Clinton was also in Virginia, raising money for Webb at the home of former Sen. Charles Robb.

Last week, White House press secretary Snow was in the position of defending Sherwood as a sinner who, like everyone else, is in need of forgiveness and Allen as "not a bigot."

On Thursday, Snow said the president had not changed his mind on either of those points — though he declined to repeat them — and insisted there was no downside to campaigning for the two troubled Republicans.

Bush Campaigns For Pa. Congressman Enmeshed In Sex Scandal (MCT)

By Ron Hutcheson

McClatchy Newspapers, October 20, 2006

LA PLUME, Pa. - He said she was "a casual acquaintance." She said they were extra-marital lovers, but told police that he tried to choke her. His wife says she forgives him. So does President Bush.

In fact, Bush traveled to northeastern Pennsylvania Thursday to help the wayward husband, Republican Rep. Don Sherwood, keep his seat in Congress. Perhaps it's a measure of the Republicans' plight that the president would throw his prestige behind a candidate whose marital misbehavior conjures memories of Bill Clinton.

Sherwood's five-year fling with a woman half his age has all the elements of a bad soap opera, but voter reaction to his performance could help decide whether Republicans keep control of the House of Representatives. Polls show Sherwood trailing Democratic challenger Chris Carney in a district that had been considered a lock for the GOP.

"It looks like he's in pretty serious trouble," said Jonathan Williamson, chairman of the political science department at Lycoming College in Williamsport, Pa. "If they didn't need the seat so much, the national Republicans would cut Sherwood loose. This may be one of the firewalls - they have to have this one, even though they're not all that thrilled with their guy."

Bush gave Sherwood his wholehearted endorsement as he helped the candidate raise more than $300,000 at a fundraiser at Keystone College. The president addressed Sherwood's adultery head-on by praising the candidate's wife, Carol, for standing by him.

In a letter to voters last weekend, Carol Sherwood accused Carney of exploiting her family's trauma by casting the congressional election as a referendum on moral values.

"Chris Carney might be trying to make himself look squeaky clean, but we have all made mistakes we regret over the years," she wrote. "I am certainly not condoning the mistake Don made, but I'm not going to dwell on it, either."

Bush said he was "deeply moved" by her comments.

"Carol's letter shows what a caring and courageous woman she is," he said as the Sherwoods and one of the couple's three daughters looked on.

The congressman's marital misdeeds have become a frequent topic of discussion in his conservative, rural district, where the mountains are now covered with trees in shades of yellow, orange and red. Sherwood's problems started in September 2004, when Cynthia Ore called police to the congressman's Capitol Hill apartment claiming that he'd choked her for no apparent reason.

She was 29 at the time; he was 63.

Sherwood was never charged, and the matter attracted little attention until the following spring, when Ore threatened legal action and provided details of a relationship that Sherwood had initially denied. The two met in 1999 at a gathering for young Republicans.

"We had such good chemistry," Ore told the Wilkes-Barre Times Leader. "I saw Don as a small-town all-American. He has that pink, rosy skin. When I first met him, he had those big glasses."

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Sherwood, a wealthy car dealer, settled Ore's $5.5 million civil suit for an undisclosed sum, but his indiscretion continues to haunt him. Carney's efforts to exploit the scandal and the furor over former Rep. Mark Foley's sexually explicit Internet messages to congressional pages have added fuel to the issue.

Sherwood has all but pleaded for voters to forgive him.

"I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this," he said in one of his television ads. "Should you forgive me, you can count on me to continue to fight for you and your family."

But some Republicans aren't ready to forget or forgive. Former Sherwood supporter Joseph Lech of Tunkhannock, Pa., Sherwood's hometown, vented his anger in an ad for Carney.

"This incident with Don Sherwood just cuts right at the core values of our district. I've spoken to my daughter about that incident, and she's disgusted by it," Lech says in the ad. "I love my daughter tremendously. How can I tell her that I support Don Sherwood and feel good about myself?"

Carney's efforts to benefit from his opponent's failings mirror Bush's references to Clinton's infidelity during the 2000 presidential campaign. Bush presented himself as a morally upright alternative to the outgoing president by repeatedly assuring voters that he would "uphold the dignity of the office."

Sherwood admittedly fell short of Bush's pledge, but White House spokesman Tony Snow noted the congressman's contrition in explaining the president's decision to campaign for him.

"Mr. Sherwood has certainly admitted to what has gone on, and the president believes that we're all sinners, we all seek forgiveness," Snow said last week.

Pressed on the issue again Thursday, Snow seemed eager to change the topic. He defended the president's visit, then said: "I'm not going to go any further."

President Bush Visits The Area (TR)

The Times-Tribune, October 20, 2006

PITTSTON TOWNSHIP -- With a wave, President Bush walked down the steps of Air Force One at Wilkes-Barre/Scranton International Airport, stopping briefly to greet supporters, including a Scranton literacy volunteer. Naomi Alamar, a volunteer for almost two decades with Scranton Council of Literacy Advance, met the president on the tarmac with Rep. Don Sherwood, R-Tunkhannock Township before a motorcade of five SUVs, a black box truck, two state police cruisers and a dozen police motorcycles whisked Mr. Bush to his speech at Keystone College in LaPlume. "I'm numb," Mrs. Alamar said, glancing back at Air Force One. The massive jet's 198-foot wingspan was too much for the airport's 150-foot-wide runway, sending crews out early to remove some runway lights to make room. After the president left for Keystone, about a dozen onlookers were treated to a tour of Air Force One, including 5-year-old Nathan Bakunas of Plains and his father, Rob. "It's really fun to know that we're going to see the inside of the plane," Nathan said, snapping photos of his father. About 125 protestors were waiting for Mr. Bush as he arrived at the college and made his way to the Gambal Athletic Center, where he told a cheering crowd that Republicans like Mr. Sherwood were better defenders of national security than "cut-and-run" Democrats. He also praised Mr. Sherwood's wife, Carol, for standing by her husband despite his admitted five-year affair with a woman 35 years his junior.

After the speech, Mr. Bush made a brief stop for ice cream at the Manning's Farm Dairy store on Grove Street in Clarks Summit. He was back at the airport by 3:20 p.m. Air Force One took off about 10 minutes later. Log back on to thetimes-tribune.com for updates throughout the president's visit

Presidential Visit To Lackawanna County (WNEP)

WNEP's website, October 20, 2006

President Bush spoke before a crowd at Keystone College. The president came to northeast Pennsylvania to help raise money for Congressman Don Sherwood's campaign.

The president stopped at Manning's Ice Cream in Clarks Summit after his speech at Keystone College.

Thursday, October 19, UDPATED: 3:22 p.m.

President George Bush has wrapped up his visit to Keystone College in Lackawanna County.

Air Force One took off from the Wilkes-Barre/Scranton International Airport around 3:30 p.m.

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The president and his entourage arrived at the Wilkes-Barre/Scranton International Airport just before 12:45 p.m.

The president was joined on Air Force One with Congressman Don Sherwood and his wife, Carol. After spending a few minutes together aboard, they descended the steps to be greeted by other dignitaries waiting at the bottom of the steps.

The president also greeted Naomi Alamar of Scranton. She was presented with the Presidential Volunteer Service Award. Alamar is a volunteer with SCOLA Volunteers with Literacy.

There are state troopers all along Interstate 81 from the Wilkes-Barre/Scranton International Airport north and along sections of Routes 6 and 11 leading to Keystone College in La Plume.

The president was here to stump for Republican Congressman Don Sherwood. He spoke at a luncheon at the college. Tickets for the event went for $350 a plate. For people who wanted their photo taken with the president, the price tag was $2,500. It doubled for couples.

During his speech at Keystone, President Bush talked about what Sherwood has accomplished while serving in Congress and he used the opportunity of a Republican audience to make a few pointed jabs at the Democratic party.

On campus, security was very tight. There were state and local police along with secret service agents keeping a close eye on all activity on and surrounding the Keystone College campus.

The president was met with protestors and supporters as he approached the Keystone campus. The president was in our area about three hours.

After leaving Keystone, the president's entourage stopped at Manning's Ice Cream along Routes 6 and 11 in Clarks Summit for a surprise stop and a quick ice cream cone.

Newswatch 16 will bring you live team coverage of the visit beginning at 5 p.m.

More from Newswatch 16 . . .

Awaiting the President

Search for Missing Man

Secret Service Investigates Perceived Presidential Threat

New Vending Machine Promotes Healthy Eating, PA Products

A school in Columbia County has been selected to be the first to try a new state program aimed at getting students to eat healthier food made in the Keystone state.

Burglaries in Monroe County.

Republican Woes Lead To Feuding By Conservatives (NYT)

By David D. Kirkpatrick

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Tax-cutters are calling evangelicals bullies. Christian conservatives say Republicans in Congress have let them down. Hawks say President Bush is bungling the war in Iraq. And many conservatives blame Representative Mark Foley's sexual messages to teenage pages.

With polls showing Republican control of Congress in jeopardy, conservative leaders are pointing fingers at one other in an increasingly testy circle of blame for potential Republican losses this fall.

"It is one of those rare defeats that will have many fathers," said David Keene, chairman of the American Conservative Union, expressing the gloomy view of many conservatives about the outcome on Election Day. "And they will all be somebody else."

Whether the election will bear out their pessimism remains to be seen, and the factors that contribute to an electoral defeat are often complex and even contradictory. But the post-mortem recriminations can influence politics and policy for years after the fact. After 1992, Republicans shunned tax increases. After 1994, Democrats avoided gun control and health care reform. And 2004 led some Democrats to start quoting Scripture and rethinking abortion rights, while others opened an intraparty debate about the national security that is not yet resolved.

In the case of the Republican Party this year, the skirmish among conservatives over what is going wrong has begun unusually early and turned unusually personal.

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But almost regardless of the outcome on Nov. 7, many conservatives express frustration that the party has lost its ideological focus. And after six years of nearly continuous control over the White House and Congress, conservatives are having a hard time finding anyone but one another to blame.

"It is pre-criminations," said Rich Lowry, editor of National Review, the conservative magazine. "If a party looks like it is going to take a real pounding, this sort of debate is healthy. What is unusual is that it is happening beforehand."

Some conservative leaders have often been quicker in the past to turn on Republican officials and one another than their rank-and-file supporters. But this year polls show broad disaffection at the grass roots, prompting some Republicans — including former Speaker Newt Gingrich — to worry that the public sparring could dampen turnout.

This year's antagonists also include some new critics, including Mr. Gingrich's one-time lieutenant, Dick Armey, the former House Republican majority leader.

In recent weeks, Mr. Armey has stepped up a public campaign against the influence of Dr. James C. Dobson, founder of Focus on the Family and an influential voice among evangelical protestants. In an interview published last month in "The Elephant in the Room," a book by Ryan Sager about splits among conservatives, Mr. Armey accused Congressional Republicans of "blatant pandering to James Dobson" and "his gang of thugs," whom Mr. Armey called "real nasty bullies" — arguments he reprised on the editorial page of The Wall Street Journal and in an open letter on the Web site organization FreedomWorks.

In an interview this week, Mr. Armey said catering to Dr. Dobson and his allies had led the party to abandon budget-cutting. And he said Christian conservatives could cost Republicans seats around the country, especially in Ohio.

"The Republicans are talking about things like gay marriage and so forth, and the Democrats are talking about the things people care about, like how do I pay my bills?" he said.

Mr. Armey also pinned some of the blame on Tom DeLay, the former Republican House majority leader, who "was always more comfortable with the social conservatives, the evangelical wing of the party, than he was with the business wing."

Mr. Armey, who identifies himself as an evangelical, said he was tired of Christian conservative leaders threatening that their supporters would stay away from the ballot box unless they got what they wanted.

"Economic conservatives," he argued, were emerging as the swing voters in need of attention, in part because they had become more likely to vote Democratic in the years since President Bill Clinton was in office. "A lot of people believe he brought us from deficits to surpluses, and there is a certain empirical evidence there," Mr. Armey acknowledged.

In a statement on Thursday, Dr. Dobson said Mr. Armey was "still ticked" over a long-ago House leadership race in which Dr. Dobson endorsed someone else, and he restated his warnings to Republicans that social conservative voters "would abandon them if they forgot the promises they had made."

In a recent newsletter from Dr. Dobson's organization, Representative Mark Souder, an Indiana Republican counting on Christian conservatives to turn out for his re-election, called Mr. Armey's comments "disgusting" and insulting to "the many Christians around the United States who devoutly hold conservative moral beliefs."

Christian conservatives began complaining last year that the Republicans had put proposed Social Security changes and tax changes ahead of issues like abortion and same-sex marriage, risking the support of social-issue voters.

Over the summer, Congress held a rush of votes on just those issues — an election-year ritual intended to motivate those voters — and in an interview last week Tony Perkins, president of the Christian conservative Family Research Council, said he believed it had begun to revive some grass-roots enthusiasm.

"But the Foley scandal just let the air out of the tires," Mr. Perkins said.

Others dismissed the Foley scandal as largely irrelevant outside of Mr. Foley's district. Several conservatives said Republican incumbents were using it as a scapegoat.

"It will make you feel better to say, I didn't lose the election; Foley lost it for me," said Grover Norquist, the president of Americans for Tax Reform. "Your wife and kids will believe it."

Mr. Norquist said the Iraq war was the biggest drag on Republican candidates even before their big wins in 2004.

"Some people think we did it just to prove we could do it, like people who go running with weights on their ankles," he said.

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Many blame neoconservatives who argued most vocally for the invasion of Iraq. “The principal sin of the neoconservatives is overbearing arrogance,” Mr. Keene said. Neoconservatives, in turn, blamed Defense Secretary Donald H. Rumsfeld’s insistence on holding down troop levels for the fouling up of the war

“There is a bit of a battle between people who say, Hey, your tax cuts wrecked our war and people who say, Hey, your war wrecked our tax cuts,” said David Frum, a former Bush speechwriter who was among the war’s proponents.

Mr. Frum argued that the problem with the Iraq war was in its execution, not in the idea behind it. “The war has to be seen through the prism of Hurricane Katrina,” he argued, “because conservatives will support a tough war if they are confident in the war’s management.”

William Kristol, editor of the conservative Weekly Standard and another prominent advocate of the invasion, said he doubted that soaring spending was turning off as many voters as tax-cutters like Mr. Norquist or Mr. Armey suggested.

“The spending bill that was supposedly going to destroy the Republican Party was the Medicare drug bill,” he said. “I have heard almost no one talk about it one way or the other.”

Mr. Kristol argued that the Bush administration was suffering politically for applying too little force, not too much. “I am struck that people have the sense in North Korea and Iran that things are spinning out of control,” he said.

Mr. Frum and others blamed the Republican Senate’s support for the president’s guest-worker immigration proposal for angering the grass-roots talk-radio crowd. But Mr. Norquist, who favored the immigration proposal, argued that the election would provide a verdict on “restrictionism” in the fate of Randy Graf, a Republican candidate in Arizona running on calls for tighter borders. Polls show Mr. Graf faces long odds.

Mr. Gingrich, for his part, made the best of the fray, saying, “I would rather have a movement active enough to bite itself rather than a movement so moribund it didn’t realize it was irritated.”

Conservatives Hit For 'Whining' Over Turnout (WT)

By Ralph Z. Hallow

The Washington Times, October 20, 2006

Top Republican Party supporters yesterday accused fellow conservatives of "whining" in response to complaints from activists worried that grass-roots Republican voters are disillusioned and will stay home on Nov. 7.

Grover Norquist, a close associate of White House political strategist Karl Rove, dismissed concerns about voter turnout as empty threats.

"There are always in every election cycle self-appointed conservative leaders who announce, 'You haven't done enough for me, so my troops are staying home,' " Mr. Norquist said.

"The National Rifle Association, Americans for Tax Reform, the [National] Right to Life Committee -- the groups that actually put lead on the target and who do stuff all the time, they're not unhappy," Mr. Norquist said. "The people who are whining are the guys that don't have grass roots that they can actually move. So they are frustrated, and they don't have anything to do other than threaten not to participate."

Mr. Norquist was not alone in criticizing remarks in yesterday's edition of The Washington Times by Family Research Council President Tony Perkins and Republican pollsters and consultants, who expressed concern about lack of enthusiasm among conservative voters.

On his top-rated radio talk show, Rush Limbaugh yesterday denounced disillusioned Republican voters as "cut-and-run conservatives" and said those worried about turnout were just trying "to make a name for themselves."

"I think a lot of people want to matter," Mr. Limbaugh told his millions of national listeners. "They want to have power. They feel powerless, and if they think they can [mess] it up for somebody else by getting noticed and doing that, then they feel like they've got some power, so there could be all kinds of things at play here."

Conservative leaders told The Times that, while they have heard complaints from voters dismayed by a range of issues from runaway spending to immigration, they have become more concerned since Rep. Mark Foley of Florida resigned in a sex scandal, which they say has discouraged many "values voters" who helped push President Bush to victory in the 2004 election.

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But Mr. Limbaugh said those worries were "conventional wisdom" inspired by liberals urging conservatives to "stay home and give the election to the Democrats."

"Have you noticed the conventional wisdom has spread, and now it's become commonplace in everybody's thinking? It is so pervasive a theme: Republicans staying home, conservatives fed up, not going to the polls because of Foley and whatever else."

The finger-pointing among conservatives is an ill omen, said Republican media consultant Craig Shirley.

"You know things are bad when the members of the leper colony start fighting with each other," Mr. Shirley said.

Mr. Norquist's description of "whining" conservative leaders telling their "troops" to stay home on Election Day prompted a puzzled response from Mr. Perkins.

"I've not heard anyone say that," the FRC president said. "He should wait until someone says it to break out the talking points."

In fact, social-conservative groups are continuing efforts to mobilize voters.

"Stand and be counted," was the subject line on an e-mail that Concerned Women for America sent yesterday to its supporters.

"Will you vote your values this election, or will you remain silent?" the CWA e-mail said, telling conservatives: "Don't stay home on Election Day. Forfeiting your right to vote -- no matter how disenchanted you are -- is no way to protest moral corruption."

Mr. Perkins said his own group has worked hard to motivate social conservatives, citing last month's "Value Voters Summit" in Washington and a "Justice Sunday" event last weekend in Boston that was co-sponsored by Colorado-based Focus on the Family and televised via satellite by churches nationwide.

But Merrill Matthews, policy analyst at the Institute for Policy Innovation, a free-market think tank, said Republicans are also worried about complaints from economic conservatives.

"It's ironic that social conservatives seem to be so upset with the administration," said Mr. Matthews, noting that the Republican Party's "libertarian faction is complaining that the president hasn't focused enough on the bread-and-butter economic issues."

Those concerns were echoed by David Boaz, executive vice president of the Cato Institute and author of a new study on libertarian voters.

"The war looks like a mistake, and Republicans have been spending worse than Democrats," Mr. Boaz said. "Both libertarians and social conservatives are disgusted with the Cunningham, Abramoff and Foley scandals. They're thinking that maybe the Republicans have been in power too long and don't deserve another term."

Republican campaign pollster Rick Shaftan said Mr. Norquist's criticisms were misdirected.

"Grover's answer is to blame conservatives for the GOP's problems," Mr. Shaftan said. "This is exactly why people are disillusioned. Those of us not on the [Republican National Committee] payroll do not feel the same obligation to spout the party line."

Despite such complaints, Mr. Matthews said, the Republican Party's election turnout machinery may yet save the day on Nov. 7.

"One never wants to underestimate the ability of Karl Rove and his team to turn out the vote," he said.

Democrats Make Big Gains In Fund-Raising, But G.O.P. Has More Cash On Hand (NYT)

By Jeff Zeleny

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Democrats raised $34 million in September and began whittling down the Republicans' financial advantage, according to finance reports to be filed on Friday. Yet Republicans still have more cash at their disposal as the midterm election campaign advances from television advertising wars to a battle of getting out the vote.

As optimism among Democrats has grown in recent weeks, the generosity of party contributors has followed suit, with the party's House campaign committee raising $14.4 million last month and the party's Senate committee raising $13.6 million. With

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the addition of the tally of the Democratic National Committee, the party's three main groups have outraised their Republican rivals by $3.5 million for the month.

"If you would have told me a year ago that the three Democratic committees would have raised more money than the three Republican committees, I would have said you're on a different planet," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "People are feeling a real reason for change."

Still, the three Republican committees reported having cash-on-hand balances of $77.2 million at the end of September, compared with $67.3 million for Democrats. And the Republican National Committee raised $13 million in September compared with $5.6 million by the Democratic National Committee.

"September was the best financial month we've had this cycle," Ken Mehlman, the Republican chairman, said in an interview Thursday evening. "But they are going to outspend us. That's the whole reason why it is so important to build the turnout operation."

Republican and Democratic committees are required to file their September fund-raising reports with the Federal Election Commission on Friday. While cash-on-hand tallies are viewed as critical indicators of the resources the parties can draw upon in the final weeks of the campaign, party officials concede that much of the money has already been spent on buying television commercials in competitive districts across the country.

As Election Day approaches, the parties are also investing their money on mailings, telephone banks on behalf of their candidates and a final barrage of television advertisements as the number of competitive House and Senate races expands in the final three weeks of the campaign.

To win control of Congress, Democrats must win 15 seats in the House and 6 in the Senate. Party strategists believe that more than 20 House races and at least seven Senate seats remain up for grabs in the final dash.

Throughout the midterm cycle, Democrats feared that their fund-raising efforts would be dwarfed in the closing month of the race. The electoral climate, particularly the low approval rating for Congress and President Bush, has accounted for stronger-than-expected fund-raising that Democrats say will allow them to be competitive in every race they need to be, particularly in the Senate.

On the Senate side, Democrats raised $13.6 million in September compared with $5.1 million for Republicans. On the House side, Democrats raised $14.4 million last month compared with $12 million for Republicans.

There is greater disparity in the national party committees, which concentrate on get-out-the-vote operations and larger message campaigns, with the Republican National Committee's $13 million versus the $5.6 million raised by the Democratic National Committee.

The disparity is in part caused because the Democratic chairman, Howard Dean, has taken a longer view of turning around the party by trying to rebuild state Democratic organizations across the country. The approach has been controversial inside the party.

Still, the Democratic National Committee reported a cash-on-hand balance of $8.2 million, which party officials say is twice as much as they had during the midterm race of 2002.

To close the gap, the Democratic National Committee is taking a loan of up to $10 million to finance turnout operations, half of which will be devoted to Senate races and half to increasing the turnout of minority voters.

Asked to comment on the fund-raising reports, Mr. Dean responded in a statement on Thursday evening that, "We're pleased that we nearly doubled what the D.N.C. raised in the last midterm election, but we're going to keep working hard to ensure that our candidates have the resources to win."

Democrats Close Fundraising Gap With GOP (AP-Y)

By Jim Kuhnhenn

AP, October 20, 2006

The national Democratic Party raised $33.6 million in September, outpacing the Republican Party and setting the stage for an expensive and brawling finish to the 2006 campaign.

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Overall, Republicans still held a financial advantage going into the final days of the campaign. The GOP's three national party committees reported having $77.2 million in hand. The Democratic committees reported a total of $67.3 million in the bank. But the numbers show a closing trend for Democrats who have been trailing overall Republican fundraising and were $20 million behind in cash on hand a month ago.

The committees must file detailed reports of their September financial activity with the Federal Election Commission on Friday.

_The Democratic National Committee reported raising $5.6 million and had $8.2 million in hand.

_The Democratic Senatorial Campaign Committee said it raised $13.6 million and had $23.1 million in the bank.

_The Democratic Congressional Campaign Committee, the House organization, reported $14.4 million raised and $36 million cash on hand.

_The Republican National Committee was the top GOP fundraiser, collecting $13 million. It reported $26 million in hand.

_The National Republican Congressional Committee, the House organization, reported raising $12 million and had $39.2 million in hand.

_The National Republican Senatorial Committee said it raised $5.15 million and had $12 million in the bank.

"The fact that the Senate Democrats beat the Michael Jordan of political fundraising speaks to the fact that there is an enormous appetite for change in the Senate and in America," said Sen. Charles Schumer of New York, the chairman of the senatorial campaign.

But Republicans were also cheering their numbers. The Republican National Committee raised $13 million in September, the party's biggest fundraising month of this campaign season.

RNC Chairman Ken Mehlman said the party was not only raising money successfully, it also was reaching out to voters. "This is clear evidence that Republicans all across the country are committed to maintaining our majorities in Congress and electing Republicans this November," he said.

Even with those sizable bank accounts, the Democrats were already borrowing money to address an expanding field of competitive races and the Republicans could follow suit. The Democratic National Committee this month took out a loan of up to $10 million and distributed $5 million of that to the DSCC to spend on Senate races. The balance, party officials said, was to be spent on turnout efforts targeted to minorities.

Since Sept. 1, the parties have spent more than $1 million in 25 congressional races, according to an analysis by the nonpartisan Campaign Finance Institute. At the same time, the candidates have been raising and spending significant amounts of cash. According to the finance group, 39 challengers to House incumbents had raised $1 million by the end of September. In previous elections, $500,000 was considered a significant amount to run a credible campaign.

Republicans' Cash Advantage Ebbs As Vote Nears (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 20, 2006

The Democratic Party's three major campaign committees raised more money last month than their Republican counterparts, slicing deep into a financial edge Republicans hoped would provide an advantage in the final weeks of the bruising campaign for the midterm elections.

According to the reports -- among the final tallies filed before Election Day -- the three Democratic committees collectively raised $33.6 million, compared with $30 million by the Republicans. The strong showing cut the cash-on-hand advantage Republicans had a month ago to about $10 million, or nearly half. That is money the committees can use to buy television and radio ads for candidates.

ELECTION-YEAR LEDGER

See a chart showing how Democrats have saved money for campaigns by containing overhead costs.

Plus, see more spending data from PoliticalMoneyLine.org: • Democratic National Committee1

• Democratic Congressional Campaign Committee2

• Republican National Committee3

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• National Republican Congressional Committee4

"If one party has fund-raising momentum, it's very helpful at this stage," said Michael Malbin, of the Campaign Finance Institute, a nonpartisan organization that tracks political money.

According to figures released yesterday, both the House and the Senate Democratic campaign committees raised more in September than the Republican National Committee, the party's fund-raising powerhouse.

House Democrats were the top money raisers, collecting $14.4 million, much of it through donations from incumbent members who aren't facing tough re-elections. Senate Democrats raised $13.6 million, through a mix of incumbent giving and a surge of individual donations. Committee Chairman Charles Schumer (D., N.Y.) said the committee received $900,000 in direct-mail checks in a single day.

The two Democratic committees reported that at the end of September they had $36 million in cash for House races and $23 million for Senate campaigns. "We've always been worried they'd throw a lot of money into some blue [Democratic-dominated] states in the end. This gives us the ability to defend our blue states and go hard in the red [Republican] states," Mr. Schumer said.

The Democratic National Committee, which has lagged behind the congressional committees in fund raising, reported $5.6 million in donations and $8.2 million in cash. Beyond that, the DNC has taken out a loan for as much as $10 million, which essentially puts the party's cash position at parity with the Republicans in the final weeks of campaigning.

The RNC reported raising $13 million, a sum Chairman Ken Mehlman said is "evidence" that Republicans are willing to fight for their majorities. The RNC had $26 million in cash, officials said.

House Republicans also showed strength, raising $12 million and reporting $39 million in cash on hand. The Republican Senate committee raised $5 million and had $12 million in the bank.

Overall, Republicans have raised more money in the 2005-2006 campaign cycle than Democrats, with totals of $408 million and $304 million, respectively. But Democrats have managed to stay within reach of their adversaries in cash on hand for the critical home stretch by containing overhead costs.

A look at spending by the national and House committees between January 2005 and Aug. 30 shows areas where Republicans spent significantly more on operations than the Democrats. Senate committee spending data weren't available.

In the run-up to Election Day, the RNC has spent nearly $8 million on consultants thus far this cycle, compared with $4 million by the DNC. Travel and event costs for the RNC approached $15 million, compared with $4 million for its Democratic counterpart. Some of that disparity is attributable to the higher cost of presidential trips, but Republicans also spend significantly more for trinkets for donors, such as lithographs and $93,500 for books about the inauguration.

All the Republican committees spend much more on fund raising, primarily through telemarketing and direct mail. The approach generates lists of supporters who can be contacted during voter-turnout operations and subsequent fund-raising programs.

The costs give the Democrats, who rely more on less-expensive Internet-based fund raising, an opportunity to narrow the cash differential at the end of each quarter.

The RNC spent nearly $15 million on telemarketing and $56 million on direct mail through Aug. 30. The DNC spent $3 million on telemarketing and nearly $30 million on direct-mail pitches. Meanwhile, the Democrats invested $5.6 million in Web programming, compared with less than $1 million by Republicans, records indicate.

At the congressional level, the differences are even more pronounced. The Republican House committee has spent nearly $45 million on fund-raising calls and processing data generated by them since January of 2005, compared with $7 million by House Democrats. Meanwhile, the Democrats invested nearly $2 million in Web-based programs, the data show.

Democrats Approach Nov. 7 With A Surge In Fundraising (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 20, 2006

Democratic fundraising for the midterm elections is ending with a surge.

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In September, the Democratic campaign committees for the House and the Senate outraised their counterpart Republican committees, reversing historical trends.

The Democratic Congressional Campaign Committee raised $14.4 million and the Democratic Senatorial Campaign Committee collected $13.6 million last month, they said. In contrast, the National Republican Congressional Committee raised $12 million and the National Republican Senatorial Committee collected $5.2 million.

The Republican National Committee, however, continued to outpace the Democratic National Committee. In September, the RNC raised $13.1 million and reported total receipts of $14.3 million, while the DNC said it collected $5.6 million.

The GOP committees maintained an overall advantage of about $10 million in funds available to be spent. At the end of September, the Democratic committees had $67.3 million on hand; the Republican committees had $77.4 million.

"The Republicans' extra $10 million is better than being behind," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. "But it may not be enough if you're playing defense, which Republicans are."

The institute reported that 30 Democratic challengers had raised $1 million or more by Sept. 30, which compares with 12 Democratic contenders who exceeded the million-dollar threshold in 2004.

All three Democratic campaign committees raised more in the current election cycle than they did for the previous midterm elections four years ago; the House and Senate committees collected substantially more. Of the three Republican committees, only the House committee collected more this year than in 2002.

Over the past 21 months, the Republican committees raised a total of $408.4 million, while the Democratic committees raised $313.3 million, the Campaign Finance Institute calculated. The Republican total is about 10 percent lower than four years ago, while the Democratic total is 27 percent higher.

At the end of September, the DCCC had $36 million on hand and the NRCC had $39.2 million. The Democratic Senatorial Campaign Committee had $23.1 million in the bank, while the National Republican Senatorial Committee had $12.1 million on hand.

The Republican National Committee had $26 million available, three times the amount the Democratic National Committee had.

"We're comfortable that we've brought in the resources we need," said the RNC's Tracey Schmitt.

Voters Over 50 Favor Democrats (WSJ)

By John Harwood

The Wall Street Journal, October 20, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

OLDER VOTERS FLOCK to Democrats as midterm elections approach.

Voters over 50, traditionally more likely to show up on Election Day than younger counterparts, favor Democrats for control of Congress by 20 percentage points in new Wall Street Journal/NBC News poll. As Republicans brace for renewed Democratic campaign attacks on Social Security, older voters favor Bush's adversaries on the issue by more than 30 percentage points.

The poll represents "a vote of no confidence" in the Republican Party, says Democratic pollster Peter Hart, who conducts the Journal/NBC survey with Republican counterpart Bill McInturff. The survey of 1,006 registered voters, conducted Oct. 13-16, has a margin of error of plus or minus 3.1 percentage points.

Voters 65 and over give Republicans a solid edge on handling terrorism, but rate Iraq and Social Security more important to their voting decisions.

Republicans do best, trailing by five percentage points in race for Congress, among those ages 35-49.

REPUBLICAN TURNOUT MACHINE faces steep challenge.

The left displays greater fervor. Six in 10 liberals express highest possible interest in elections, compared with five in 10 moderates and conservatives. A 46% plurality of those earning less than $30,000 calls themselves "more enthusiastic" than usual about voting, outpacing the 42% among those earning more than $75,000.

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"The GOP's ground game is really going to get a stress test," one Bush adviser frets. Worries about Election Day challenges to voters' legal status diminish after Ohio and Florida ban the practice. But minority voter advocates scrutinize Michigan, which still allows them.

BUSH LOSES second-term backing from key constituencies.

Defections among past allies undercut president's clout as his overall job approval drops to 38% from 48% just before the 2004 elections. Among white men, he receives a net negative rating by seven percentage points.

Among blue-collar workers, his performance is rated negatively by 19 percentage points. Bush draws 53% disapproval from small town and rural voters, up from 39% two years ago.

Bush retains approval of eight in 10 Republicans, down from nine in 10 as he won re-election.

NOTORIOUS: House page scandal brings Republican Rep. Foley national name recognition. Seven in 10 Americans rate him negatively, comparable with past assessments of Yasser Arafat and Michael Jackson.

TEAM BUSH seeks more credit for economic news despite expected softness in third-quarter numbers next week. "Wages are growing in real terms," says Commerce Secretary Gutierrez. But among voters who call the economy most important to their election decision, Democrats hold a 30 percentage point lead.

COMMON GROUND? A 36% plurality of Republicans echoes view of Democrats and independents that Iraq is in civil war. Some 50% of persuadable voters say Bush hasn't given good reasons for U.S. troops to remain there, while 44% say he has.

BETTER OUTCOME: Despite recent difficulties, war in Afghanistan is called successful by 51% of voters; 47% say it has been unsuccessful. Men and Southerners are most likely to express positive views of the battle there against the Taliban and al Qaeda; women and Northeasterners are most negative.

SUPPORT EBBS for hitting North Korea militarily after its nuclear test.

Just 32% of voters say the U.S. should use force to stop that country's nuclear program, down from 42% in July. Opposition rises to 57% from 47% amid increasing concerns about violence in Iraq.

Attention to the issue marginally benefits Republicans. By 33% to 31%, voters say North Korea's test blast makes them more likely to support Bush's party for Congress; 31% say it makes no difference.

By two-to-one ratio, voters say the U.S. couldn't have prevented the North Korean test.

MINOR MEMOS: Foley scandal pushes Speaker Hastert's negative rating to 32%, higher than House Democratic leader Pelosi's 25%. ... By 56% to 39%, voters say capturing or killing Osama bin Laden isn't necessary for successful conclusion of Afghanistan military campaign.

GOP Aims To Scare Up Big Voter Turnout (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 20, 2006

With top Republican strategists now privately predicting substantial House losses, President Bush and top GOP officials plan to spend the final days of the 2006 campaign attempting to rally partisans and limit conservative defections with dire warnings about the consequences of a Democratic Congress.

Amid predictions that demoralized conservative voters might sit out the election, Bush and other senior Republicans will escalate charges that Democrats will raise taxes, weaken national security and liberalize social policies. Bush struck those themes in campaign appearances yesterday in Pennsylvania and Virginia, and White House senior adviser Karl Rove said he "will consistently refresh that message" between now and Election Day.

Beyond the White House, however, there is increasing anxiety among Republicans about whether new efforts to frame the party's message can be effective in turning a tide that seems to be running powerfully against them as a result of the Iraq war and the Mark Foley page scandal.

For months, Republican leaders have sought to reassure candidates and activists with a succession of strategies. These included efforts to transcend the national environment by focusing House and Senate races on local issues, as well as high-profile speeches by Bush casting Iraq as just one theater in a larger war against terrorists. But none of these approaches has

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succeeded over a sustained time in reversing polls showing deep voter unrest and willingness to punish Republicans for the performance of Washington.

The mood among most GOP strategists -- with the exception of Rove and a few others -- is decidedly downbeat heading into the final 18 days. They see poll after poll showing a growing number of GOP House incumbents in serious danger, including many who just weeks ago were considered relatively safe for reelection. The list of most-imperiled incumbents now includes Reps. Heather A. Wilson (N.M.) and Curt Weldon (Pa.), a top GOP strategist said.

By this reckoning, roughly a dozen GOP-controlled House seats are "gone, no ifs, ands or buts about it," said the strategist, who discussed internal party deliberations on the condition of anonymity.

A number of GOP operatives said privately yesterday that they now see minimum losses of perhaps 18 seats, with 25 to 30 a more likely outcome. Democrats need 15 to take control of the House.

Republicans are slightly more optimistic about the Senate but nonetheless are worried about prospects for maintaining control. At this point, they see four seats likely to tip to the Democrats: Pennsylvania, Rhode Island, Montana and Ohio. Democrats need six seats to take control. That means the battle could come down to Republican-held seats in Missouri, Tennessee and Virginia, all of which are considered too close to call now. Republicans see New Jersey as their best chance to gain a seat.

"If the vote were today, we would not hold the House," said Rep. Mark Edward Souder (R-Ind.), one of several Republicans in relatively safe districts running ads and sending mailings to voters to protect their seats. Souder, who easily won two years ago with 69 percent of the vote, said that if Democrats are successful in knocking off the three Indiana GOP lawmakers who are currently trailing in the polls, he could be washed away, too. "This is going to be for me an all-time Republican low in this district," he said.

Still, Souder said the primary factor preventing a Democratic landslide has been the failure of Democrats to a present a clear alternative. Souder, who first won his seat in 1994, said he spent the past few days studying the run-up to the election 12 years ago and found that Republicans are in a slightly better position. But "right now, it is not closing right," he said.

Mike Franc, a senior analyst at the conservative Heritage Foundation, said the GOP warnings of Democratic policies might be a hard sell with conservatives upset over recent decisions on spending and other policies.

"Republicans did a lot to soften up their own base to make it very easy for rank-and-file, conservative-minded voters to say there is not a whole lot of difference between the two parties," he said. "That has become a cancerous development on the Republican biosystem." He said even the true believers at his think tank are so fed up with GOP governance that many do not seem overly worried about the consequences of losing the House.

A series of polls show that evangelical Christians, a key component of the GOP, are turning against the Republican Congress and are less likely to vote for GOP candidates this time around.

Former House majority leader Richard K. Armey -- one of the key architects of the GOP takeover in 1994 -- agreed that Republicans have ample reason to be concerned about fiscal conservatives sitting the election out. Armey said the GOP's plan to take advantage of low unemployment and a soaring stock market was destroyed by the Foley page scandal.

"The fact of the matter is, right now people are embarrassed by Republicans, and the economic base is still angry" because of high government spending over the past six years, Armey said. Consequently, he predicted, Democrats will take control of the House in three weeks.

Mark McKinnon, who was Bush's chief media adviser in 2000 and 2004, said the campaign may look better in a few weeks if Republicans can refocus the electorate on what a Democratic takeover might mean in terms of policy.

"I think Republicans wish the election were three weeks ago and the Democrats wish it were today," he said. "The fact is, it is three weeks from now. Whatever is going on right now is not the endgame; it's the middle game."

Rove, who believes that Republicans will hold both the House and Senate, said Democrats have failed to capitalize on events because they lack a clear message that presents a compelling alternative to the Republicans. "Generally when you're trying to nationalize something and you're the out party, you have a consistent message," he said. "I'm not sure what that consistent message is on the other side. Is there unanimity on Iraq? I don't think so."

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Rove, speaking by telephone while on a campaign swing with the president, discounted polls and other indicators suggesting that Democratic voters are far more energized than Republicans. He said the GOP's get-out-the-vote operation, which proved more effective than the Democrats' in the past two elections, will be as strong or stronger this year.

Republican National Committee Chairman Ken Mehlman said that for the past six weeks, a voter mobilization effort in competitive House and Senate districts has produced more contacts than during an equivalent time in 2004.

"Conservatives are cranky but not self-destructive," said GOP adviser Mary Matalin, a former aide to Vice President Cheney. "A thing we could do, have time to do and will do in the remaining time will be to hammer home what a Pelosi-Rangel-Conyers House would really mean." She was referring to House Minority Leader Nancy Pelosi (Calif.), who would become House speaker if Democrats win, and fellow liberals Charles B. Rangel (N.Y.) and John Conyers Jr. (Mich.), who are in line for committee chairmanships.

"That hasn't reached penetration levels yet," Matalin said.

GOP To Air Ad Warning Of Terror Attacks (AP-Y)

By Jim Kuhnhenn

AP, October 20, 2006

The Republican Party will begin airing a hard-hitting ad this weekend that warns of more cataclysmic terror attacks against the U.S. homeland.

The ad portrays Osama bin Laden and quotes his threats against America dating to February 1998. "These are the stakes," the ad concludes. "Vote November 7."

Brian Jones, a spokesman for the Republican National Committee, said the ad would run on national cable beginning Sunday, but he declined to discuss specifics of the buy.

The commercial tracks with Republican Party strategy to make the war on terrorism a central theme of this election. It will air as recent polls show Republicans losing ground as the party best able to combat terrorism.

Last month, President Bush made the war against terrorism a recurrent topic in public appearances. But his message was drowned out by the e-mail sex scandal involving former Republican Rep. Mark Foley of Florida and by increasing fatalities in Iraq.

The ad displays an array of quotes from bin Laden and his top lieutenant, Ayman al-Zawahri, that include bin Laden's Dec. 26, 2001 vow that "what is yet to come will be even greater."

The ad also cites al-Zawahri's claim to have obtained "some suitcase bombs," followed by a scene that appears to show a nuclear explosion.

Despite al-Zawahri's claim, portable nuclear devices are believed to be particularly difficult to produce and elusive to rogue regimes and terror groups.

The ad is also featured on the RNC's Web site. The party said the ad, called "The Stakes," will be e-mailed to millions of GOP supporters, activists and the state parties.

Democrats denounced the ad as scaremongering.

"This is a pathetic move by an increasingly desperate GOP," said Democratic National Committee Communications Director Karen Finney. "Clearly Republicans are so afraid of their abysmal record they can't offer one example of what they've done to keep America safe."

Former U.S. Navy Vice Admiral Joe Sestak, a Democratic congressional candidate running against incumbent Rep. Curt Weldon, R-Pa., said the war in Iraq has made Americans less safe. "It's disturbing that the Republicans in Washington are trying to reinvent history with this latest message of fear," he said.

Dems To Use Moderation If They Win House (AP)

By Andrew Taylor

AP, October 20, 2006

WASHINGTON -- They're mostly a liberal bunch. Yet the would-be chairmen in a House under Democratic control promise to rule from the center. They'd have little choice, given the likely balance of power they would confront if elected.

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George W. Bush would still occupy the Oval Office, and no one thinks Democrats could win control of the House by more than a few seats next month. And that would include three dozen or more moderate "blue dog" Democrats.

The dynamics ensure that despite the overwhelmingly liberal cast of the chairmen-to-be _ as measured by liberal interest groups such as Americans for Democratic Action _ the early agenda would consist of bills that could garner Republican support.

Those include legislation to raise the minimum wage, empower the government to negotiate lower prescription prices from drug companies for the Medicare program and end tax breaks for companies that move U.S. jobs overseas.

"If we do take back the House, there will certainly be a Republican president and there may well be a Republican Senate, so we're well aware of the constraints," said Rep. Barney Frank, D-Mass. "But I think there are some things that we can put out that will put some pressure on: minimum wage, negotiating with drug companies."

What won't be seen is any serious move to impeach Bush, even though the top Democrat on the Judiciary Committee, Rep. John Conyers of Michigan, has introduced a bill calling on Congress to determine whether there are grounds for impeachment over the government's warrantless wiretapping program.

Conyers already has been overruled by Democratic leaders including would-be Speaker Nancy Pelosi of California, who dismiss any talk of impeachment.

And there's no talk of gun control measures _ anathema to the 40 or so pro-gun Democrats in the House _ nor even much speculation about steps to curb greenhouse gas emissions thought responsible for global warming. For starters, would-be Energy and Commerce Committee Chairman John Dingell, D-Mich., is a staunch supporter of his state's automobile manufacturers.

Instead, the Democrats' "Six for '06" agenda is studded with items designed to attract broad support from Democrats and also win over plenty of Republicans. Besides the minimum wage, they include: making college tuition tax deductible, boosting production of biofuels and improving military readiness.

Democrats do promise to use committee posts to step up oversight of the Bush administration. They would be likely to hold hearings into the conduct of the Iraq war, the National Security Agency's wiretapping program, Hurricane Katrina contracting abuses and the influence of industry lobbyists on environmental rulemaking.

"When President Clinton was in office, congressional committees were themselves on steroids and investigated every possible allegation of wrongdoing, no matter how small," said Rep. Henry Waxman, D-Calif., who stands to assume the chairmanship of the Government Reform Committee. "But when President Bush took over, oversight virtually ceased. No matter how big the issue, Congress now often looks away."

The Democratic chairmen deposed in 1994 were a sometimes imperious group, often uninterested in the opinions of junior lawmakers, even those of fellow Democrats. But the arrogance is gone after 12 demoralizing years in the minority.

"The biggest job is to see whether (Republicans) want to talk," said Rep. Charles Rangel, D-N.Y., poised to grab the helm of the Ways and Means Committee, with its broad portfolio that includes taxes, trade, Social Security, Medicare and welfare. "If we win, it's only for two years and we should be able to say what we have accomplished in two years. We really need their input and the bipartisanship if we're going to succeed."

Republicans say that giving Rangel the gavel of the tax-writing committee would lead to tax hikes. Most of Bush's tax cuts would expire at the end of the decade unless renewed by Congress.

"If Charlie Rangel were to be chairman of the Ways and Means Committee, he would put at risk ... some of the best economic policy this nation has seen in a long time," said Vice President Cheney in an interview with Time magazine.

Rangel said the White House would have to show flexibility on reforming Social Security and simplifying the tax code if Democrats were to try to address those issues.

Frank stands to take over the Financial Services Committee, a panel that claims jurisdiction over federal housing programs, which Democrats argue have been shortchanged under GOP rule.

"We'll be getting back into building affordable housing," Frank said.

Moderate Democrat Collin Peterson of Minnesota, who would take over the Agriculture Committee, said he would resist what he characterized as Bush administration efforts to "gut the farm bill." Farm subsidy programs are up for renewal next year.

"If I'm chairman, that's not going to work," Peterson said.

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Some Democrats, such as George Miller of California _ potential chairman of the Education and the Workforce Committee _ refuse to comment since it's far from a sure bet who will control the House.

Right now, Republicans hold 230 of the 435 seats, with 201 Democrats and one independent. Three seats are vacant.

Pelosi No Shoo-in For Job As Speaker (WT)

By Charles Hurt

The Washington Times, October 20, 2006

Minority Leader Nancy Pelosi's prospects for becoming the nation's first female House speaker depend not only on a Democratic victory in November but also on her ability to prevent any Democrats from voting against her -- primarily centrists opposed to her liberal stances.

At least one Democratic House candidate has pledged not to support Mrs. Pelosi, and others in conservative districts have refused to commit their support -- potentially leaving Mrs. Pelosi shy of the 218 votes required for the chamber's top post.

Democrat Charlie Stuart, who hopes to unseat Republican Rep. Ric Keller in Florida, already has said he opposes Mrs. Pelosi and would prefer Rep. Steny H. Hoyer, the more conservative No. 2 Democrat in the House whose strained relations with Mrs. Pelosi have been well-chronicled on Capitol Hill.

"He's a centrist," Stuart spokeswoman Sultana Ali said of the Florida Democrat. "His values really are more in line with Steny Hoyer than Nancy Pelosi."

At least three other Democrats contacted by The Washington Times refused to commit their support to Mrs. Pelosi, whose San Francisco district is far more liberal than the districts that are up for grabs in this election.

Ordinarily, a party's leadership structure is set by the caucus in advance, and all members are expected go along with the decision. In the eight years Rep. J. Dennis Hastert, Illinois Republican, has been speaker, he's never had a protest vote cast against him.

Mrs. Pelosi, whose voting record is considerably more liberal than many of her fellow Democrats, has never enjoyed that luxury. In last year's election for speaker, one Democrat opposed her for the top post. Four Democrats opposed her in 2003, with three of them simply voting "present" as a protest.

Such protest votes are a sign of dissension within a party. But in the upcoming Congress -- where Democrats could hold the majority by just one or two seats -- any members who vote for someone other than Mrs. Pelosi or simply decide not to vote could trigger parliamentary mayhem.

If Mrs. Pelosi were to fail to win, the speakership would go to the highest vote-getter, most likely Mr. Hastert. Democrats would later win it back by settling on a leader after an intraparty showdown that could pit Mrs. Pelosi against Mr. Hoyer.

But many insiders say Mrs. Pelosi has already moved to protect herself from Mr. Hoyer by privately encouraging another conservative Democrat -- Rep. John P. Murtha of Pennsylvania -- to announce earlier this year he will run for the party's No. 2 position if Democrats gain control of the chamber. Mr. Murtha, who is conservative on many issues but has lately become a hero of the left for demanding that troops be withdrawn from Iraq, is considered a formidable challenger.

One of those who opposed Mrs. Pelosi in 2003 was former Rep. Ken Lucas, Kentucky Democrat, who retired the following year. Now he is trying to regain his seat from the Republican who replaced him, and Democrats list the race as among one of their most promising chances to pick up a seat in November.

The Lucas campaign did not return several phone messages inquiring whether he would support Mrs. Pelosi for speaker.

Rep. Gene Taylor, a conservative Democrat from Mississippi, refused to support Mrs. Pelosi in both past leadership elections. Each time, he has cast his protest vote for Mr. Murtha.

Next year, however, Mr. Taylor said he would support Mrs. Pelosi, at least if his was the deciding vote.

"If it comes down to Hastert or Pelosi, then I'm certainly not going to vote for Hastert," he said. "I'm not going to vote against my own self-interest."

Mr. Taylor said that voters in his district -- which went 66 percent for President Bush in 2000 -- don't have much in common with Mrs. Pelosi, who visited recently to survey the damage left by Hurricane Katrina.

"People were very nice to her," Mr. Taylor said.

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Heath Shuler, the former Washington Redskins quarterback who is challenging Rep. Charles H. Taylor in North Carolina, is another Democrat running in a conservative district who refuses to say whether he would support Mrs. Pelosi for speaker.

"He will support whoever he thinks will best represent this district," Shuler spokesman Andrew Whalen said.

Mr. Taylor's campaign -- like vulnerable Republican campaigns in conservative districts across the country -- has gone to some effort to smear the Democratic candidate by association to Mrs. Pelosi.

Pelosi spokeswoman Jennifer Crider said it's a campaign that won't work.

"Republicans are without a single winning issue, so it's no wonder they are desperately trying to falsely smear a churchgoing grandmother who has made fiscal responsibility, bipartisanship and middle-class tax cuts a priority," she said.

In some races, such as Democrat Brad Ellsworth's effort to unseat Republican Rep. John Hostettler in Indiana, the charge has become so heavy that the Democrat ran a television commercial pleading with voters that the election "isn't about Nancy Pelosi." Mr. Ellsworth also refuses to say he will support Mrs. Pelosi for speaker.

Said Gene Taylor of Mississippi: "I still wish Jack Murtha would run for speaker. He's pro-gun, pro-life, a real conservative."

Confident Democrats Draft Broad Health Care Agenda (NYT)

By Robert Pear

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Expecting to gain seats in Congress, Democrats are drafting an ambitious health care agenda to carry out their campaign promises with legislation to lower drug costs for older Americans, provide more money for children's health insurance and expand research using embryonic stem cells.

Many Democrats in the House and the Senate say they want federal officials to negotiate directly with pharmaceutical companies to obtain lower prices for Medicare beneficiaries. The 2003 Medicare law explicitly prohibits such negotiations.

Representative Nancy Pelosi of California, the House Democratic leader, said that if Democrats were in control, they would try to repeal that ban in the first 100 hours after the House convenes.

Private insurers already negotiate drug discounts for Medicare beneficiaries, but Democrats say the government could get a better deal.

"I don't know that we could undo all the private plans," said Representative Pete Stark of California, who would be chairman of an important health subcommittee if Democrats were in the majority. "But at least we could offer a government-administered drug benefit. Under the existing program, we virtually guarantee the insurance companies against loss, which is a ludicrous position for us to be in."

For 12 years, House Democrats have felt powerless to shape the health care agenda. Now they sense a major opportunity. Not only are they using health care as an issue in the midterm elections, but they also plan to use it to set the stage for the 2008 presidential campaign.

Chris Murphy, the Democrat challenging Representative Nancy L. Johnson in Connecticut, has attacked her role in writing the 2003 Medicare law, while Mrs. Johnson takes credit for helping "millions of seniors."

In Ohio, the Democratic candidate for the Senate, Representative Sherrod Brown, repeatedly points out that the number of uninsured has increased by more than five million since President Bush took office.

Embryonic stem cell research has been a defining issue in Senate races in Arizona, Maryland and Minnesota.

But Republicans are not ceding those issues to Democrats.

In a recent television commercial, Representative John E. Sweeney, a four-term Republican from upstate New York, boasts that he has "come through for every hospital in this part of New York — every one." Senator Lincoln Chafee, Republican of Rhode Island, and Representative Deborah Pryce, Republican of Ohio, boast that they split with Mr. Bush and voted for research using embryonic stem cells.

On Capitol Hill, the Democratic agenda faces three significant constraints: Mr. Bush, fiscal reality and industry resistance.

Any move to allow direct federal negotiation of drug prices would be opposed by the White House, most Congressional Republicans and drug companies, which stand to lose more than any other industry if Democrats take control of Congress.

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Drug companies worked closely with Republicans to pass the 2003 Medicare law, and drug makers have overwhelmingly favored Republicans over Democrats in their campaign contributions.

Democrats are not naïve about their ability to write laws over White House objections. "The Democratic agenda on health care will be somewhat limited by the fact that George Bush is still president," said Representative Henry A. Waxman of California, who has been working on health legislation for more than three decades.

After the demise of President Bill Clinton's plan for universal coverage, Mr. Waxman said, he concluded that "the health care system can be fundamentally changed only when there's strong public support for a specific proposal." Democrats will use the next two years to build such support before the 2008 presidential election, he said.

Democrats do not say exactly how they would pay for their proposals, but they have said they would consider tax increases.

A Democratic priority is to renew and expand the Children's Health Insurance Program, created with bipartisan support in 1997. Democrats say Congress must provide more money just to preserve coverage for the four million children already enrolled.

Federal officials say that two-thirds of uninsured children are eligible for Medicaid or the Children's Health Insurance Program. Democrats want to help states find those children.

The Congressional Budget Office assumes that the budget for the child health program will continue at its current level of $5 billion a year, but Democrats say that would threaten recent gains in coverage. The number of uninsured children fell to 7.9 million in 2004, from 11 million in 1998, but grew last year by 361,000.

Democrats also vow to step up spending at the National Institutes of Health. The agency's budget had doubled over five years, reaching $27 billion in 2003, but has risen less than 6 percent since then.

With additional seats in the House and the Senate, Democrats say, they would overturn restrictions that Mr. Bush imposed on research involving embryonic stem cells. Congress passed such legislation this year, but Mr. Bush vetoed it.

Democrats have a long list of federal agencies, programs and industries they want to investigate. Many are eager to look into drug prices and marketing practices. They also want to investigate whether Medicare overpays managed care plans, compared with spending for similar beneficiaries in the traditional Medicare program.

Mr. Stark, the senior Democrat on the Ways and Means Subcommittee on Health, said his priority was to stop what he called "the Republican drive to privatize Medicare."

The new drug benefit is delivered by private insurance companies, subsidized by the government. Under a bill drafted by Mr. Stark and other Democrats, Medicare would offer an additional option: one or more government-operated prescription drug plans. The government would "negotiate with pharmaceutical manufacturers with respect to the purchase price" of drugs covered by its plans.

The Congressional Budget Office says that lifting the ban on federal negotiation with drug companies "would have a negligible effect on federal spending" because federal officials could probably not negotiate prices much lower than those obtained by insurers in a highly competitive private market.

Democrats insist that government negotiations could save large sums for Medicare. They would like to use the money to improve the drug benefit — by closing a gap in coverage, sometimes known as a doughnut hole, or by making it easier for low-income people to qualify for extra assistance.

Fla. Official Appeals Foley Sign Ruling (AP-Y)

By Bill Kaczor

AP, October 20, 2006

Florida's secretary of state on Thursday appealed a ruling that prohibits the posting of signs to tell voters in the district of disgraced former Rep. Mark Foley that his votes will go to another Republican.

Circuit Judge Janet Ferris ruled Wednesday that state law did not permit such signs to be posted in polling places.

Florida Secretary of State Sue Cobb, an appointee of Republican Gov. Jeb Bush, asked the 1st District Court of Appeal to reverse the ruling. The court agreed to expedite the case. Early voting for the Nov. 7 election begins Monday.

"A confused voter should not be compelled to guess," said Cobb spokeswoman Jenny Nash.

Cobb has until noon Monday to file written arguments, and the Democratic Party has until noon Wednesday to reply.

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Foley resigned Sept. 29 after the disclosure of suggestive electronic messages he had sent to male teenage congressional pages. The Republican Party chose state Rep. Joe Negron to replace Foley as its candidate against Democrat Tim Mahoney in the south Florida district.

But the resignation came too late to change the ballots, so Republicans wanted signs posted telling voters Foley's votes would go to Negron instead. The Democrats sued Cobb and supervisors of elections in eight counties, claiming the signs would favor Republicans.

Cobb's appeal triggered an automatic stay of the injunction banning the signs. But Ferris lifted it later in the day, saying posting the signs would cause "irreparable injury" to the Florida Democratic Party, which also had a substantial likelihood of winning its lawsuit.

Dems Look To Rancher To Win Neb. Race (AP-Y)

By Kevin O'hanlon

AP, October 20, 2006

A Yale-educated rancher — and a Democrat to boot — could rope in a House seat in the most Republican state in the nation.

Scott Kleeb, 31, has raised his party's hopes in Nebraska's 3rd Congressional District, which gave President Bush his best numbers in the deep red state in 2004 — 75 percent — and heartily embraced football icon and Republican Rep. Tom Osborne in three elections.

Osborne made an unsuccessful bid for governor, creating an open seat in the expansive district that stretches from Scottsbluff on the Wyoming border, north to South Dakota and south to Kansas.

In another year, the open seat would be a gimme for the Republicans, but Kleeb has turned heads — even conservative ones. The great-great-grandson of an 1870s homesteader near Broken Bow, Neb., Kleeb is appealing to the district's rural voters, many of whom are part of Nebraska's $6 billion beef industry.

One television ad shows Kleeb at work on the McGinn Ranch in Nebraska's storied Sandhills region: "This is pioneer country. You don't punch cows and not put in a full day's work," the narrator says. "And that's what he does. His word is his bond. That's cattle talk, but that's the way it is. His word is his bond."

Kleeb says his years as a rancher counts with voters.

"People want to know that you've experienced the same things they've experienced — that when you are writing federal policy that has real-life consequences to people who work in production agriculture, that it's not just words on a piece of paper," he said.

Kleeb faces Republican state Sen. Adrian Smith, a real estate agent and owner of a mini-storage unit who has served in the legislature since 1998. Smith is counting on prevailing in a district that is 59 percent Republican and 28 percent Democratic.

"I have a lot of folks out in cattle country who appreciate my down-to-earth and authentic approach," Smith said.

The Republican primary in May left some hard feelings as Smith defeated four other candidates. He also has received contributions from the Club for Growth, which advocates ending all farm subsidies — hardly a popular stand in Nebraska.

No surprise then that "Republicans for Kleeb" have held meetings in five cities.

Better yet for the Democrat, Kleeb recently secured the endorsement of the conservative Omaha World-Herald, the state's largest newspaper.

"When pressed aggressively, Kleeb's opponent ... falls back on sound bites and slogans. When pressed under the same conditions, Kleeb draws on different resources — mental focus, breadth of analytical ability and an unshakable internal steadiness," the newspaper said.

Kleeb's chiseled good looks and charisma remind many voters of a young Bob Kerrey, who as an unknown Democrat emerged from nowhere to unseat Republican Gov. Charles Thone in 1982 and later served two terms in the Senate.

"I wish I was tall and good looking," Kerrey joked when reminded of the comparisons. "I've heard more than one person say — accurately — that he is much better than I was in 1982."

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Born in Adana, Turkey, Kleeb is the son of two teachers who worked on U.S. military bases He did his undergraduate work in history and political science at the University of Colorado and has a master's degree in international relations and a doctorate in history from Yale University.

He lists the reauthorization of the farm bill, maintaining partly subsidized rural airline service and alternative energy sources as important. Smith touts making President Bush's tax cuts permanent and reducing the number of government mandates for farmers and ranchers.

Neither candidate has received much financial help from their respective parties. The Nebraska Democratic Party has given Kleeb $10,000 plus paid for $28,000 in ads. Smith has received just $5,000 each from the Republican National Committee and the National Republican Congressional Committee.

Heading into the last month of the campaign, Smith had $319,000 on hand and Kleeb had $255,000.

If the Democrat wins, it would be one for the history books. The last time a Democrat held the House seat was 1961.

Clinton Stumps For Cardin (WT)

By Jon Ward

The Washington Times, October 20, 2006

BALTIMORE -- Former President Bill Clinton yesterday came to Maryland to boost a state Democratic Party struggling to connect with black voters.

"This is not a usual election," Mr. Clinton told an enthusiastic crowd of several hundred at Frederick Douglass Isaac Myers Maritime Park.

He urged people to recruit as many voters for the Democrats as possible, something he acknowledged "you don't usually have to do in Maryland."

Mr. Clinton spoke at a rally for Baltimore Mayor Martin O'Malley, who is running for governor, and for Rep. Benjamin L. Cardin, who is running for the U.S. Senate.

Basking in the crowd's cheers as he stood on an outdoor stage near the Inner Harbor, Mr. Clinton described Mr. Cardin as an "old-fashioned politician."

"He actually thinks you're going to give him a job if you elect him," Mr. Clinton said, chiding Republicans for being ideological and divisive.

After the rally, Mr. Clinton attended a fundraiser in Potomac for Mr. O'Malley.

O'Malley officials said they planned to raise about $500,000 from the event.

Mr. Clinton was the latest in a string of national Democrats to stump for Mr. O'Malley and Mr. Cardin. Mr. Clinton's wife, Sen. Hillary Rodham Clinton of New York, came last month, as did Sen. Barack Obama of Illinois.

The appearances by Mr. Obama, the fifth black senator in U.S. history, and Mr. Clinton have been aimed at bolstering Democrats' standing among black voters, traditionally the party's most loyal voting bloc.

Race and minority representation have played large roles during this campaign season, in which Mr. Cardin defeated a black candidate, Kweisi Mfume, in the primary and now faces in the general election Lt. Gov. Michael S. Steele, the first black to win a statewide election.

The Democratic nominees for the state's four top races -- Senate, governor, attorney general and comptroller -- are all white men. Mr. O'Malley's running mate, Delegate Anthony G. Brown of Prince George's County, is black.

Maryland's 10 black state senators last month met with Mr. O'Malley and Mr. Cardin to express concern about the lack of diversity at the top of the Democratic ticket, the Baltimore Sun reported.

In addition, black business and religious leaders have said there is grass-roots discontent among black Democrats over the lack of minority representation at the top of the party's ticket.

And during a visit to Maryland this month, Democratic National Committee Chairman Howard Dean said that "there should be more diversity on this ticket" but added that the national party is not at fault.

Democrats have called Mr. Steele a "unique threat" to their hold on black voters.

Maryland's Senate Race (WP)

DOJ_NMG_0083763

The Washington Post, October 20, 2006

ONE CANDIDATE in Maryland's U.S. Senate race, Rep. Benjamin L. Cardin , would be a natural leader in the Senate by dint of his command of issues, proven integrity, formidable intellect and unstinting work ethic. The other candidate, Lt. Gov. Michael S. Steele, deploys platitudes and gauzy rhetoric to disguise a tissue-thin grasp of policy. Mr. Cardin would give Maryland legislative clout from Day One; in Annapolis and on Capitol Hill, he has been an effective, knowledgeable, serious lawmaker. Mr. Steele is hard-pressed to claim a significant achievement in public service.

Slightly frumpy and occasionally professorial, Mr. Cardin, a Democrat, is sometimes stereotyped as a drab policy wonk. In fact he is fervent about ideas, chief among them that government should be effective, accountable and proactive. No one who has heard Mr. Cardin on the subject of health insurance, Social Security, or tax and trade policy will conclude that he lacks passion -- or an impressive mastery of detail. It is that passion and attention to the mechanics of government that have earned him such respect for pragmatism and problem-solving.

To a degree rare among Democrats, Mr. Cardin has broken through the barriers of partisanship and minority-party impotence in Congress, enabling him to craft major bills to help senior citizens and reform the Internal Revenue Service. He forged strategic partnerships with key congressional Republicans, notably former Ohio representative Rob Portman, who is now the White House budget director. Such alliances could help Mr. Cardin play a key role in the Senate on a range of issues, no matter who is in the majority.

Mr. Cardin is well known to Marylanders. While still in his 30s, he was the youngest-ever speaker of the state's House of Delegates. In that role and in Congress, he has been sensible, tough-minded and independent. He broke with many Democrats and labor unions to back the North American Free Trade Agreement.

Mr. Steele, a Republican, deserves credit for helping move Maryland's Republican Party in a centrist and more appealing direction. But during the campaign he has done everything in his power to sidestep questions of substance while positioning himself mainly as a friendly guy. At times he has bristled when pressed on, say, abortion, as if it were somehow unfair to delve deeper into his thinking. His economic prescription is tax cuts and more spending -- a recipe for budgetary disaster. As lieutenant governor, he promised a study on Maryland's death penalty, but he waited three years to produce a report that the governor did not see fit to make public.

Mr. Steele recently said on talk radio that the race is "not about the issues so much as it is about the style of leadership that we need to elect in Washington." We're old-fashioned enough to believe that leadership arises from a mastery of policy and a commitment to positive change. Mr. Cardin has both, and as a senator he would be an asset to the state of Maryland.

Too Late For Lame Attempts To Win The Black Vote (WT)

By Adrienne Washington

The Washington Times, October 20, 2006

"That's the guy I don't like," said my hairstylist, pointing to yet another slick commercial that popped up featuring Lt. Gov. Michael S. Steele, a Republican, in his bid to win a U.S. Senate seat.

Another friend is more amused. She refers to Mr. Steele's "we're in this together" campaign theme as the "EHarmony ads."

My hairstylist is not "feelin' the love." And she is just the type of black, middle-class homeowner to whom Mr. Steele is pandering, hoping to get them to cross party lines to cast a vote for his historic candidacy.

Guess again. His is no cakewalk. It is going to take more than a few fighting words from has-been boxer (Mike Tyson) or hip-hop mogul (Russell Simmons) or the black version of P.T. Barnum (Don King) to woo suddenly coveted black voters.

"What I don't like is how they're always talking, talking about the other guy and why you shouldn't vote" for their opponent," said a Largo mother of three who is distrustful of most politicians. "But they don't tell you why you should vote for them." And, "I really don't like black Republicans because they do all these things to get there, and then they forget where they come from," she said. "That's what I think when I see" Mr. Steele.

Like it or not, wrong or right, hers is the typically intractable anti-Republican sentiment that still runs high among black voters, many of whom lob far worse slurs at black conservatives than any white Democrat can dish out.

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But the tide may be shifting, slightly. Another die-hard Democrat from Prince George's County told me that publicly, he is supporting the party ticket, but privately, he is going to vote for Mr. Steele.

Why? "Just to make the Democrats crazy," he said.

He suggested that Mr. Steele should have taken his message to black voters sooner. Still, he doesn't think the black crossover vote will determine Mr. Steele's fate. A loss would rest more with the number of white Republican voters who "just can't bring themselves to vote for a black man." The Washington Times reported earlier this week that Republicans, particularly in rural areas of the state, said they will vote instead for the Democratic candidate, Rep. Benjamin L. Cardin.

Ronald Walters, a political-science professor at the University of Maryland, agreed with the Prince George's man, predicting that whatever gains Mr. Steele makes among black votes will be canceled by whites who will not vote for him as happened in Virginia with L. Douglas Wilder and in New York with David Dinkins, black Democrats who won by slim margins.

He also said he expects few black voters to cast ballots in favor of Mr. Steele, despite the historic aspects of his success.

Too bad. Too late. I know it was wishful thinking to want former Rep. Kweisi Mfume as Mr. Steele's Democratic opponent.

We missed the rare and welcome opportunity to witness an election campaign that might not have deteriorated into name calling and race baiting on both sides.

No matter how hard we try, we simply cannot escape the age-old issues stemming from racial injustice and division in this country.

Even when the dueling candidates are of an apparently similar ethnic background, hurtful words still sully the debate and detract from common concerns.

Just when the brouhaha over the use of the "N-word" seems to have subsided in the Old Dominion, we cross the Woodrow Wilson Bridge to the Free State to hear words like "Oreo," "Uncle Tom" and "slavishly" shamelessly thrown into the campaign dialogue, predictably followed by weak excuses and mea culpas.

Wasn't it E.B. White who said to choose your words wisely and "make every word tell"? Sorry, but I'm not buying the I-didn't-mean-any-offense line from Rep. Steny H. Hoyer.

For his part, Mr. Steele trots out black celebrities, slips into street dialect, spends most of his time in the 'hood and chastises his benefactors for forgetting folks who still haven't made it up the ladder as he has. But he pretends to have thin skin whenever the opposition alludes to its color.

Not surprisingly, a fair number of black Maryland voters resent politicians on both sides of the aisle who show up only to shower empty campaign promises when the margin for victory gets slim. The old-boy network in the Maryland Democrats' cabal couldn't reward its loyal black constituency by backing a single black candidate in a bid for a powerful statewide office. Then, they feared backlash from black Democrats, as they should, now that the folks they have traditionally taken for granted have a viable alternative.

The Republicans upped the ante by fielding a more attractive, articulate foe than the Democrats' pedestrian Mr. Cardin.

In response, the white Democratic Party leaders have done their best to paint Mr. Steele as a puppet for the Republicans whom they suggest are determined to return their water boy and his people to those bygone Southern Maryland farms to harvest tobacco.

Talk about a picture speaking a thousand words. Should all Maryland voters be offended by the spectacle of a lineup of suited white men preaching fire and brimstone to a black audience about why they should stick with the very people who passed them over? At the eleventh hour to add "hope" to the mix of fear, they serve up "the first black president," Bill Clinton, or the future first black vice-presidential candidate, Sen. Barack Obama.

"Give us free," says the frustrated slave in "Amistad."

No "EHarmony" here. Clearly politicians of every hue and stripe must think voters can't see through their thinly veiled, self-serving divisive rhetoric.

VP Bill? Depends On Meaning Of 'Elected' (WP)

By Peter Baker

The Washington Post, October 20, 2006

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The prospective presidential candidacy of Hillary Rodham Clinton has given rise to plenty of speculation about the notion of Bill Clinton as the nation's first gentleman. But what about another role? How about, say, vice president?

Politically, of course, the idea is a non-starter for all sorts of reasons. But that doesn't stop the parlor games, especially on the Internet. The issue came up last week during a chat on washingtonpost.com: What if Hillary picked Bill as her running mate? A Post reporter rashly dismissed the idea as unconstitutional. But that only proved the dangers of unedited journalism. The answer, it turns out, is not so simple.

A subsequent sampling of opinion from professors of constitutional law, former White House lawyers and even a couple of federal judges reveals a simmering disagreement on whether a president who has already served two terms can be vice president. Some agree with the conclusion that the presidential term limit embedded in the Constitution bars someone such as Clinton from returning to the White House even in the No. 2 slot. Others, though, call that a misreading of the literal language of the law.

As the former president might say, it all depends on the meaning of the word "elected." Under Article II of the Constitution, a person is "eligible to the Office of President" as long as he or she is a natural-born U.S. citizen, at least 35 years old and a resident of the United States for 14 years. The 12th Amendment says "no person constitutionally ineligible to the office of President shall be eligible to that of Vice-President."

Okay, so that means if you're not eligible to be president, you're not eligible to be vice president. Makes sense. What would be the point of electing a vice president who can't succeed the president in case of death, incapacity or vacancy?

But then Congress and the states added the 22nd Amendment in 1951 to prevent anyone from following the example of Franklin D. Roosevelt, who won four terms. That's where things get dicey. "No person shall be elected to the office of the President more than twice," the 22nd Amendment says.

On its face, that seems to suggest that Clinton could be vice president because he is only barred from being elected president a third time, not from serving as president. That's the argument of Scott E. Gant, a partner at Boies, Schiller & Flexner in Washington, and Bruce G. Peabody, an assistant professor of political science at Fairleigh Dickinson University in New Jersey. The two wrote a law review article in 1999 called "The Twice and Future President" and reprised the argument this summer in the Christian Science Monitor.

"In preventing individuals from being elected to the presidency more than twice, the amendment does not preclude a former president from again assuming the presidency by means other than election, including succession from the vice presidency," they wrote. "If this view is correct, then Clinton is not 'constitutionally ineligible to the office of president,' and is not barred by the 12th Amendment from being elected vice president."

Others share that opinion. Three former White House lawyers consulted by The Washington Post (two who served President Bush and one who served Clinton) agreed that the amendment would not bar Clinton from the vice presidency. A federal judge, who noted that he has "no views on the matter," said the plain language of the amendment would seem to allow Clinton to "become president through succession."

Kathleen M. Sullivan, director of the Stanford Constitutional Law Center, said the 22nd Amendment, "as I read it, does not preclude a Clinton-Clinton ticket." She added: "Bill, if elected VP, could become president in the event that President Hillary became incapacitated; he just could not run for reelection from that successor post."

Still, that view is not universal. Judge Richard A. Posner of the U.S. Court of Appeals for the 7th Circuit said by e-mail that "read literally, the 22nd Amendment does not apply" and therefore Clinton could be vice president. "But one could argue that since the vice president is elected . . . should he take office he would be in effect elected president. Electing a vice president means electing a vice president and contingently electing him as president. That interpretation, though a little bold, would honor the intention behind the 22nd Amendment."

Bruce Ackerman, a constitutional scholar at Yale Law School, also pointed to original intent in addressing the issue in his book this year, "Before the Next Attack: Preserving Civil Liberties in the Age of Terrorism." The amendment, he wrote, "represents a considered judgment by the American People, after Franklin Roosevelt's lengthy stay in the White House, which deserves continuing respect" and "should not be eroded" by a narrow interpretation allowing someone to manipulate his way to a third term.

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Eugene Volokh, a law professor at the University of California at Los Angeles who was a clerk for Sandra Day O'Connor when she was on the Supreme Court, focused on the broader meaning of the language in the amendment in reaching the same conclusion. "My tentative answer is that 'eligible' roughly means 'elected,' " he wrote on his Web site, the Volokh Conspiracy, this summer, meaning that if Clinton cannot be elected president, he is no longer eligible at all.

One constitutional lawyer not heard from on the issue is William Jefferson Clinton, Yale Law class of 1973. But he has offered thoughts on the 22nd Amendment. Before leaving office and again in 2003, he suggested amending the amendment to let a two-term president leave office and then run again: "Since people are living much longer . . . the 22nd Amendment should probably be modified to say two consecutive terms instead of two terms for a lifetime."

Now, who might he have had in mind?

Ehrlich Vows To Spend $338 Million Next Year (WP)

By John Wagner

The Washington Post, October 20, 2006

Maryland Gov. Robert L. Ehrlich Jr. pledged yesterday to spend at least $338 million on school construction in the next fiscal year, matching what the state is spending this year.

The Republican incumbent's announcement, made at a school in the Frederick area, comes during a heated reelection campaign against a Democratic challenger who has made a big issue of school construction.

Baltimore Mayor Martin O'Malley has pledged to spend $400 million next fiscal year to make up for what he has characterized as insufficient funding during the early part of Ehrlich's term, resulting in too many "temporary learning shacks" on school grounds across the state.

Aides to Ehrlich said yesterday that the governor's announcement, less than three weeks before Election Day, was driven not by the political calendar but by the law. Ehrlich spokesman Henry Fawell said the law required the governor to provide a preliminary estimate of funding to legislative leaders by mid-October.

Ehrlich said this year's funding level is the highest in 30 years.

But O'Malley spokesman Rick Abbruzzese said Ehrlich's announcement was more evidence of "the two Bob Ehrlichs."

"Three weeks before the election, he says he's going to fund school construction. But when he has the power, he cuts funding," Abbruzzese said.

He was referring to the first part of Ehrlich's term, when, grappling with projected state budget deficits, the governor proposed significantly cutting school construction money from levels granted under his Democratic predecessor.

During Ehrlich's first two budget years, the state authorized $106.5 million and $116.6 million, respectively, on school construction.

A state commission has recommended that Maryland spend at least $250 million a year.

"We will continue making substantial investments in school construction so that every child learns in a safe and modernized school," Ehrlich said during his appearance at the groundbreaking for Oakdale High School for 1,600 students.

Young Republicans Now Flourishing At Liberal Berkeley (WSJ)

By Pui-wing Tam

The Wall Street Journal, October 20, 2006

BERKELEY, Calif. -- The University of California at Berkeley has been notable for firebrand leftist students like Mario Savio. The 1960s leader of the Free Speech Movement staged sit-ins on campus to demand students' rights to academic freedom and free speech. On a recent Thursday, one of the university's new generation of student leaders was playing with a life-size cardboard cutout of Ronald Reagan.

"Elect Ronald Reagan," called out Josiah Prendergast, before unfolding the cutout on a grassy field on the Berkeley campus. After propping up the late Republican president, the 21-year-old reached into a bag and pulled out stickers and buttons featuring the slogans "Support Our Troops" and "Schwarzenegger: Protecting the California Dream."

A political-science major, Mr. Prendergast, a college senior, is serving his second term as president of the Berkeley College Republicans. Faculty, administrators and student-government officials all say the conservative organization, which has

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about 650 members, has become one of the campus's biggest student groups, outstripping its main rival, the Cal Berkeley Democrats.

On this day, Mr. Prendergast was busy recruiting college freshmen. He and some friends were attending "Calapalooza," an annual event at which new students sign up to join campus organizations. He figures the new blood could potentially help California's governor, Arnold Schwarzenegger, and other Republican politicians.

"Don't be scared," Mr. Prendergast yelled out, as college kids walked by. "We don't bite."

The growth of the Berkeley College Republicans at one of the nation's most liberal campuses echoes some broader political trends. At Berkeley, while leftist students still dominate and outnumber conservatives, the liberal groups have splintered and are now spread across factions from the Cal Democrats to the International Socialist Organization to groups formed to oppose the war in Iraq. At the same time, several faculty members say, there are more conservative-leaning students than in the past, propelled by swells of patriotic feeling after events like Sept. 11 and an increase in the number of religious student groups.

The modus operandi of the Berkeley Republicans over the past few years has been to be provocative. In 2003, its members opposed affirmative action with an "Affirmative Action Bake Sale," where students paid for pastries on a sliding scale: White students were charged more, while Hispanics and African-Americans paid less. Under Mr. Prendergast's presidency, the group this year protested the People for the Ethical Treatment of Animals, or PETA, by giving away hot dogs and encouraging students to eat meat. Mr. Prendergast also held an "Anti Antiwar Rally" in nearby San Francisco, and staged a "Dunk a Republican" contest. The group gets several thousand dollars a year from the Berkeley student government. It also does its own fund raising and will sometimes get donations from local Republicans and others.

The splashy tactics have sometimes aroused the ire of campus liberals. Scott Lucas, president of the Cal Democrats through last May, says the Republican club cheats on membership numbers because it doesn't charge dues as other student groups do. But Mr. Lucas acknowledges that the Cal Dems are now "a hair" smaller than the Republican club.

For Republicans, the ascendant Berkeley group is a cause for celebration. Dan Schnur, communications director for John McCain's 2000 presidential run and now a lecturer at Berkeley, often speaks to Republican groups around the state and talks about how the Berkeley Republican students have become a big student club on the liberal campus. "At first, the audiences are surprised, and then they're inspired," Mr. Schnur says. "It has a tremendous motivating effect" in mobilizing Republican voters.

The strength of the Berkeley Republican students is surprising given that the club barely existed in the late 1990s. A revival began in 2000, when several new students restructured the group to hold social activities as well as engage in political debates and attend Republican conventions. They also founded a conservative publication called the Patriot. To spread the conservative gospel, the club has set up a Web site, created an alumni database, regularly brings speakers to campus and holds weekly meetings.

When Mr. Prendergast enrolled at Berkeley in 2003, he quickly became active in the group and was elected its president in 2005. A grandson of the late Spalding G. Wathen, a land developer in California's Central Valley, Mr. Prendergast grew up in Fresno, in what he calls a "gospel family." The family was conservative -- Mr. Wathen helped break a local plumbers union in the 1980s -- and Mr. Prendergast followed the same ideology. He decided to go to Berkeley when he was rejected by his first-choice college, the U.S. Naval Academy. "I thought it'd be a fun challenge," he says.

Mr. Prendergast, who hopes to go to law school, has grand ideas for the club in his final year at Berkeley. Over the summer, he held an offsite retreat with his executive board to sketch out plans, including campaigning door-to-door and showing up at rallies for conservative politicians for the November elections. To raise funds, he is organizing an Oct. 28 golf outing. And to raise student awareness and beef up membership, the group recently staged a "Conservative Coming Out Parade."

Such tactics have helped Mr. Prendergast recruit students like Kevin Ligutom, who transferred to UC Berkeley from a junior college in nearby Hayward, Calif., in August. Mr. Ligutom, 21, isn't a Republican (he's registered as an independent voter) but was intrigued to find the conservative club on campus. After attending several of the club's meetings, he says he was impressed by the guest speakers the group brought in and how the group's members rallied to attend state Republican meetings.

"At their first meeting, they had a local Republican politician talk," says Mr. Ligutom. "And Josiah isn't just sitting around in a circle with everyone and complaining about things." Mr. Ligutom, who has since worked the phones for some Republican politicians along with the group, says he plans to remain active in the club.

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Being a Republican at a liberal college isn't easy. Andrea Rasmussen, 22, an integrative biology and anthropology major who is a vice president of the club, says some fellow students once threatened to shoot her for her conservative beliefs. Mr. Prendergast, who also works as a local restaurant waiter, says some of his friends have been spat on and called fascists.

At the Calapalooza event, meanwhile, more freshmen were wandering by and picking up the club's fliers, which exhorted them to "Come Out of the Political Closet." Mr. Prendergast and Ms. Rasmussen, along with group treasurer Ben Chapman, answered questions and pitched the club as "a social outlet with conservative students." An hour into the event, they had signed up around 35 students. But they ultimately fell short of their goal of 150, netting around 100 registrations by the end of the three-hour event, with an additional 20 or so signups online.

During Calapalooza, held in late August, UC Berkeley Chancellor Robert Birgeneau walked by. When he saw President Reagan's cardboard figure, the chancellor chuckled and stopped to talk.

"I gave an interview to a British newspaper recently, and the journalist asked me about Berkeley's liberalism," said Mr. Birgeneau to the group. "I had to tell him that the largest student political group on campus is Republican. You should've seen him: He was so disappointed."

Joe Lieberman Rediscovers Belief In Connecticut (WSJ)

By Daniel Henninger

The Wall Street Journal, October 20, 2006

We see where the Democrats are laying in cases of champagne to celebrate their Nov. 7 victory in the congressional elections. If as seems possible control of the Senate turns on a single seat, attention will return to one probable winner who likely won't be in the Democratic clubhouse spraying bubbly that night -- Joe Lieberman.

Sen. Lieberman is going to defeat the Ned Lamont "insurgency" from the Democratic left. Now what?

His lead in the most recent polls runs between 8 and 13 points. It is safe to assume that if the Democrats win next month, they won't be urging reporters to focus on the Lieberman victory in Connecticut. This wasn't supposed to happen.

What was supposed to happen is that Joe Lieberman was supposed to go away. After Ned Lamont defeated Mr. Lieberman in the primary, a procession of his Senate friends traveled ostentatiously to Connecticut to recreate the scene in "Godfather II" where Tom Hagen tells Frank Pentangeli about how marked guys went away in the time of the Roman Empire. "Yeah," said Frankie, "and their families were taken care of." Hagen: "A nice deal."

That was a movie. Instead of a political corpse, the Democratic Party is about to get its own version of John McCain -- a shrewd and independent maverick. By the accounts of friends and associates, Joe Lieberman feels "liberated" and "unshackled."

Back in 2000, as Al Gore's running mate, Joe Lieberman did what the party asked him to do. He threw over some of his core beliefs, as on affirmative action and school vouchers, and swept left in a way that made his bipartisan admirers cringe. After the Lamont defeat, he could have slicked together a campaign that threw sops to Greenwich's liberals and held his Democratic base (he got 48% in the primary).

Didn't happen. In terms of what comes next for Mr. Lieberman and his party, the signal event in this campaign is his Sept. 25 speech to the Veterans of Foreign War in East Hampton. It's about Iraq. This speech could serve as a template for Democratic Party policy on Iraq after the election -- but it won't.

In August, just weeks before the Lamont antiwar frenzy crested, 12 Democrats led by Sen. Harry Reid and Rep. Nancy Pelosi sent President Bush a letter urging the start of withdrawal from Iraq by the end of 2006 and a reduced mission there. That's the party's current business model. It was the energy source that the progressive blogosphere took into Connecticut. Sen. Lieberman is running straight at it.

His East Hampton VFW speech describes bringing the troops home prematurely as a "formula for defeat and disaster." He restates his support for Saddam's overthrow, criticizes rank partisanship in a time of war, praises Iraq's democratic progress and ends by offering an alternative strategy for avoiding defeat.

It includes resolving the crucial issue of sharing Iraq's oil revenues, ending the out-rotation of the U.S.'s best military commanders, accelerating the logistical support system for Iraq's army and, most interestingly, increasing the overall force structure of the Army and Marine Corps to face future threats.

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Sen. Lieberman says the troops he has spoken to want to see the job finished in a way that honors their service and sacrifice: "We owe it to them not to give up and walk off the battlefield before the job is done."

He proposes forming a "bipartisan Iraq working group" when Congress reconvenes in January made up of senior members of the relevant committees who would meet regularly with the president. It could happen. If the Democrats take the Senate, Sen. Lieberman is in line to chair the committee on homeland security.

There is talk of the ever-present Democratic "insurgency" on the left organizing to prevent Mr. Lieberman from gaining the committee chairmanship. That will happen if the Republicans are lucky, leaving Sen. Lieberman as a cherished but ignored party eccentric. But it could be back luck for the GOP if the Democrats take a close look at what is winning in Connecticut.

Sen. Lieberman is probably going to carry the Democratic vote in places like the Naugatuck Valley around Waterbury -- blue-collar, culturally conservative Reagan Democrats deeply discomfited by the war but unwilling to truck with a Vietnam-like pullout. He is pulling well in the suburbs around New Haven, home to knowledge-based industries in the biosciences, information and health. In the Republican stronghold of Fairfield County, where incumbent GOP Congressman Chris Shays may lose, a new internal Lieberman poll puts him up 15 points.

A diverse in-migration of Republicans is helping Mr. Lieberman. Maine Sen. Susan Collins, a moderate, will be in the state today for him. Jack Kemp arrives next week for stops in New London and Mystic. Most intriguing, New York City's nominally Republican mayor Mike Bloomberg is about to hold his third fund-raiser for Sen. Lieberman.

For fans of political irony, this is a wonderful race. The blog-based Democratic insurgents created the Lamont movement. But after receiving investiture from party elders Kennedy, Dodd and Kerry, Mr. Lamont was the candidate of the Washington establishment. Driven from the compound, Joe Lieberman was now the man not "of" politics-as-usual.

Unlike in 2000, Joe Lieberman is running this time on his beliefs, something he probably thought a lot about while pulling the knives out in August. The Democratic Party lost in 2000 and 2004 by running liberals who couldn't get across the goal line. The 2008 party desperately needs a belief-based centrist, with national name recognition, to hold off McCain, Romney or Giuliani. If perchance Hillary falters . . . It won't happen, but for a reborn winner, even the dreams are sweet solace.

Massachusetts, Back In The Game (WP)

By E. J. Dionne Jr.

The Washington Post, October 20, 2006

BOSTON -- Massachusetts is often down in presidential politics, but never out.

The state that gave the United States two of its first six presidents has not had a presidential winner since John F. Kennedy in 1960. The most recent entries, Michael Dukakis and John Kerry, were dispatched by different

Bushes.

But in a state where, as the late Mary McGrory once noted, every baby is born with a campaign manager's gene, the political players are as resilient as Red Sox fans.

Astonishingly, the hottest 2008 presidential contender from this very Democratic state is a Republican, Gov. Mitt Romney. He insists, as the scripture might have it, that he may be in Massachusetts but he's surely not of it.

In an interview with Elizabeth Mehren of the Los Angeles Times earlier this month, Romney admitted that, had he known he would go into national politics, he would have been "a lot smarter to stay in Michigan," where his father, George Romney, was governor in the 1960s. He regularly excoriates the legalization of same-sex marriage by "activist judges" in his current home state who "struck a blow to the foundation of civilization, the family."

With Romney leaving the statehouse to go national, his designated successor is Lt. Gov. Kerry Healey, a down-the-line loyalist -- until this year. Now, as Romney moves to the right, Healey moves the other way. After keeping mum about her differences with Romney for most of his term, she has split with his more conservative stances on a whole range of social issues, including stem cell research, abortion and same-sex civil unions.

"The poor woman has been forced to discover that she disagrees with him on all these issues," said Rep. Barney Frank, the state's most entertaining Democrat. "She should run her ads on the Discovery Channel."

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But another national political player looms in Deval Patrick, Healey's Democratic opponent. Patrick, who was in charge of the Justice Department's civil rights division under President Bill Clinton, has unleashed a sense of excitement among Massachusetts Democrats, who have had a lot to be glum about in recent years.

"I haven't seen anybody else since the Kennedys who had that way of energizing people," says Boston Mayor Thomas Menino, a tough-minded pro not given to extravagant expression. "They'd march through a wall for him."

In a state famed in the 1970s for bitter racial conflict over mandatory school busing, Patrick is an African American with cross-racial appeal. Frank describes Patrick as "bright and thoughtful and extremely competent and in command," and adds: "It's hard to attack this guy as a radical leftist."

But that's what Healey is trying to do with a series of brutal soft-on-crime attacks that bring to mind the ones that helped sink Dukakis's presidential candidacy in 1988. Healey has gone after Patrick for his efforts to seek a DNA test for a convicted rapist in the 1980s. Patrick has a strong defense, saying he dropped his support for the man when the DNA test was positive -- but he initially fumbled his explanation. Healey has also attacked Patrick for serving as a defense lawyer for a convicted killer of a police officer. "While lawyers have a right to defend admitted cop killers," the announcer on one ad intones, "do we really want one as our governor?"

Healey's assaults cut Patrick's advantage in the polls, though he still leads by double digits, and the ads have invited an anti-Healey backlash. "That's what defense lawyers do," says Menino, a Democrat, referring to the murder case. "I'm lucky I'm not a lawyer."

Patrick is commonly compared to another talented African American, Sen. Barack Obama, but many Massachusetts Democrats think the best analogy is between Patrick and Clinton, who campaigned for his former appointee this week and plans to visit again.

A Boston Globe reporter recently read Patrick a politician's long riff about "hope" vs. "fear." Patrick couldn't tell whether the words were his or Clinton's. (They were Clinton's.)

If Healey wins, Romney will claim credit for ensuring his succession in an ideologically unfriendly state, even if Healey did have to toss Romney's social conservatism over the side. But Menino's money is on Patrick for an interesting reason. "We're void of passion," Menino says of politics generally and of his Democratic Party in particular, and Patrick has it. "You see it in his face."

Imagine: A state famous for producing hard-core political pros, practical precinct captains and worldly wise consultants may be on the verge of creating two new export commodities: an attractive central-casting conservative governor and a young passionate idealist. Anything to keep Massachusetts in the game.

Black Candidates, A Welcome Norm (USAT)

Commentary By Joyce King

USA Today, October 20, 2006

An older black woman once told me: “You drive a Volvo and talk proper. You must be a black Republican.” She likely didn't know that latte-drinking Volvo owners are more closely associated with Democrats.

These days, you can't look at black people and assume anything. While most blacks are Democrats, Republicans are gradually finding converts. Yet, no matter which party blacks favor on Nov. 7, this trend is good news for the political process: A record number of black candidates are posing serious bids for high-level offices never held by blacks:

•Governor. Democrat Deval Patrick is leading in the Massachusetts race. If he wins, he will become the first black to hold that office. Another black, former NFL star Lynn Swann, is running as a Republican in Pennsylvania. In Ohio, it's Republican Kenneth Blackwell. These men are prime examples of what should matter most: qualifications, not color. Only one black has been elected governor: Virginia's Douglas Wilder in 1989.

•Lieutenant governor. Black candidates are running strong campaigns in New York, where state senator David Paterson is expected to win, and in Maryland, where Democrat Anthony Brown, on the ticket with gubernatorial candidate Martin O'Malley, is favored. Paterson would become the first black lieutenant governor for his state; Brown would be the second in Maryland, succeeding Michael Steele, an African-American running for U.S. Senate. Daryl Jones is Florida's first black nominee for the office, but he is trailing.

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•Senate. Another closely watched race is in Tennessee, where Democratic Rep. Harold Ford narrowly leads his GOP opponent. If Ford wins, he'll be the first black senator from the South since Reconstruction.

David Bositis of the Joint Center for Political and Economic Studies says Democrats Ford and Illinois Sen. Barack Obama are from a new generation of black leaders: Ivy Leaguers who focus less on opening new doors for blacks and more on taking advantage of those already opened. On the GOP side, Bositis says, Steele and Blackwell are candidates who won statewide office by advocating policies not generally popular with blacks, such as tax cuts, deregulation and limiting social services.

This year, 51 black candidates — 43 Democrats and eight Republicans — are running for House seats.

"We the people" don't all drive Volvos or espouse the same political values. Neither do black candidates. With more and more African-American candidates moving into the mainstream, voters can focus more on qualifications and less on hue; just as it should be.

It's Voter-Fooling Time In America (NYT)

The New York Times, October 20, 2006

The homestretch of the campaign season historically puts treacherous distortions of the truth before the voters, none more so this year than a mysterious California letter informing thousands of Latino-Americans that immigrants have no right to vote. "You are advised," begins the Spanish-language letter, dripping with authority, that if "you're an immigrant, voting in a federal election is a crime that can result in incarceration." It now appears that someone in a Republican Congressional campaign conjured a contemporary spin on a classic scare tactic from torchlight politics.

Comparable outrages surface daily now, with an ad for black voters in six states misrepresenting the Rev. Martin Luther King Jr.'s politics in a staged chat between two black women: "Dr. King was a real man," says one actress. "You know he was a Republican," the other chimes in.

Democrats are no less tempted to flash bare-knuckle mischief. In a prime example, Representative Nancy Johnson, a Connecticut Republican, is being portrayed by Chris Murphy, the Democrat, as heartlessly unresponsive to a woman whose child needed insurance coverage for a cleft lip and palate. Of course, Ms. Johnson has represented Mr. Murphy as being opposed to the surveillance of terrorists.

So it goes, with some ethically challenged spinners creating false news clippings and tucking them knifelike into campaign videos of real stories. Even Lincoln is being falsely quoted by defenders of the Iraq war. The 16th president never said that Congressional critics who damage wartime morale "should be arrested, exiled or hanged."

One of the more widespread canards is rooted in the divisive and fruitless immigration debate. Democrats in more than two dozen races are being falsely accused of wanting to give Social Security benefits to illegal immigrants — a distortion of a proposal to actually block immigrants from being credited for benefit days worked before they had legal status. One Web site coated with obvious racism and xenophobia is MuchasGraciasDebbie.com, which skewers Senator Debbie Stabenow, Democrat of Michigan, dressing her digitally in a sombrero, grinning and declaring, "No problema!"

What to do, beyond celebrating the continuing pungency of free speech across the nation? The most obvious answer is that voters need to pay ever closer attention to what the candidates say in this world of mixed media and mixed messages. The Internet is a powerful ally.

The head of Google, Eric Schmidt, is cautioning politicians stuck in the sound-bite era that "truth predictor" software is in the works so that computer-wise voters will be instantaneously able to check on the probability, if not the certainty, of what candidates claim as fact. Actually, careful parsing of egregiously misleading campaign ads is already available on the Web at factcheck.org, a nonprofit service that thinks voters should be treated as intelligent consumers entitled to the plain facts. If only the candidates saw it that way.

Tax Cut Convert (WSJ)

The Wall Street Journal, October 20, 2006

In an otherwise bad year for Republicans, one GOP incumbent doing well is Alabama Governor Bob Riley, in large part for the ironic reason that he failed to raise taxes.

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Three years ago Mr. Riley told voters it was their "Christian duty" to approve a $1.2 billion tax hike he wanted to plug a $675 million deficit. His crusade briefly became a national story, as the press played up a GOP tax-raiser. We chimed in that this seemed like a bad idea and were chided by all sorts of Alabama Republicans who said we didn't understand the state. However, voters -- many of them even Christian -- opposed the tax hike by two-to-one in a special election, forcing lawmakers to restrain spending instead.

Mr. Riley is now running for re-election and it seems he has converted to supply-side economics. Sitting on a $1 billion budget surplus and faced with an opportunity to hand his party control of the legislature for the first time in more than 130 years, the Governor is preaching tax cuts like a true believer. He has already pushed through an income tax cut that will kick in come January. And if given a second term, he promises another round of income and property tax cuts that would eventually save residents about $250 million a year.

With the economy booming -- the unemployment rate is near a record low at 3.5% -- even some Democrats are starting to believe. Mr. Riley's Democratic opponent, Lieutenant Governor Lucy Baxley, has her own property tax cut on the table and hopes voters will have more faith in her promises than a Governor who wavered on taxes once before.

Mr. Riley has given himself a little wiggle room by also proposing "triggers" to delay his tax cuts if revenue dedicated to education doesn't increase by at least 3% a year (it's up by more than 10% this year). But should he win next month -- and he is running ahead -- it will be the second time Alabama voters have rejected higher taxes in three years. In politics, that's enough to make a believer out of anyone.

Charities Tackle Accountability (WSJ)

By Sally Beatty

The Wall Street Journal, October 20, 2006

As charity and foundation heads gather for their annual meeting in Minneapolis this weekend, a key issue will be accountability -- and whether the $3.37 trillion nonprofit sector is capable of policing itself.

Two years ago, the Senate Finance Committee told nonprofit leaders it was considering "comprehensive reforms to protect charities from bad actors and strengthen their accountability to donors." The warning followed public outrage over disclosures about costly perks being reaped by private foundations and questions about governance practices at the Nature Conservancy, the American Red Cross and other nonprofit organizations.

In response, Independent Sector, the leading umbrella organization representing charities and foundations, organized a blue-ribbon panel to discuss overhauls and make recommendations, including a redesign of the tax form charities file to the Internal Revenue Service.

Since then, Congress has focused on reining in abuses by donor-advised funds (which allow donors to take a tax deduction for gifts to a charitable fund that may be distributed later) and by nonprofit hospitals. It also cracked down on charities flouting the strict limits placed on political activity. Still unresolved are concerns about the patchwork of financial reporting made by nonprofits.

Despite headlines over Warren Buffett's $31 billion pledge to the foundation of his good friend Bill Gates in June, much of the growth in the nonprofit sector in recent years has come from much smaller charities. Today there are at least one million U.S. charities and foundations, excluding religious groups, up nearly 60% in the past decade. But only about a third of tax-exempt organizations file IRS returns. Under IRS rules, only organizations with annual revenue of $25,000 or more are required to file a detailed financial statement annually.

Facing the threat of stricter regulation, Independent Sector asked Congress last year to require any charitable organization with $1 million or more in annual revenue, including donations and earnings on assets, to have its financial statements audited each year. But it believes it is "too onerous" to require all charities to do so.

Currently, the IRS statement required of charities, called Form 990, offers the public the best look at individual charity finances. But nonprofit officials say many groups routinely leave out important details required by the form, such as addresses of recipients of charity dollars. The IRS is preparing to overhaul Form 990 to make it easier for the public to understand it. It also is

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planning to require that the form be filed electronically, which could make it easier for the agency to spot abuses by nonprofits. ***

GIFT OF THE WEEK / From Jeans to African Studies

WHO GAVE IT: Thomas W. and Pauline Tusher

HOW MUCH: $10 million over five years

WHO GOT IT: California Academy of Sciences, San Francisco

BY REQUEST: The funds will help rebuild the academy's African Hall as part of a $429 million reconstruction of the entire institution.

YOUR NAME HERE: Tusher African Center, which will house the rebuilt African Hall, and the Pauline Tusher Education Facility

HOW IT HAPPENED: Tom Tusher, former president of Levi Strass & Co., was playing tennis at a country club in Ross, Calif., about five years ago when he ran into John W. Larsen, a trustee of the California Academy of Sciences. The two got to talking about the academy, and Mr. Larsen invited the Tushers to several academy benefit dinners. Mr. Tusher had retired from Levi in 1997 and was thinking more seriously about philanthropy.

In 2000, the academy hired architect Renzo Piano to design a new structure, which will include "environmentally sensitive materials" such as insulation made of recycled fiber from bluejeans -- though not necessarily Levi's brand -- and sustainably harvested wood. Mr. Larsen and Mr. Tusher subsequently spoke about Mrs. Tusher's upbringing in Africa (she was born in the U.S. to English parents and moved to Nairobi at age 6), and whether the couple would be interested in supporting the new African center, which will include dioramas about African wildlife and a live penguin exhibit. Since then, other Tusher family members have become involved in the academy, where Mr. Tusher is a trustee. In 2005, son Gregory Tusher joined the academy's investment committee and daughter-in-law Virginia Tusher, a scientist, joined the academy's education committee.

Mr. Tusher, 65 years old, says this is his family's largest single gift to date.

Calif. Ballot Battle Over Big Oil May Be Costliest In U.S. History (WP)

By John Pomfret

The Washington Post, October 20, 2006

LOS ANGELES, Oct. 19 -- Call it the battle of Big Oil vs. Silicon Valley with a whole lot of Hollywood funding thrown in. Oil companies are squaring off against venture capitalists in a fight over a California proposition that would tax oil production in the state to fund alternative energy.

To date, $107 million has been raised in the fight. If it is all spent, it will make Proposition 87 the most expensive proposition in the nation's history, dwarfing the $93 million epic, also in California, to legalize Las Vegas-style casinos on Indian reservations in 1998. Oil companies, including Chevron; Aera Energy, a partnership of Shell Oil and Exxon Mobil; and Occidental Petroleum have given more than $60 million to oppose the measure. On the other side is a coalition of environmentalists and venture capitalists led by John Doerr, a partner at the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, and former partners Vinod Khosla and William Randolph Hearst III. The 800-pound gorilla in that camp is Hollywood mogul Stephen Bing, who has donated $40 million.

"This is a huge amount of money," said John Matsusaka, the director of the Initiative and Referendum Institute at the University of Southern California. "Bush and Kerry spent $250 million for a national election. This measure is costing nearly half that for a local issue in one state."

The idea behind Proposition 87, formally known as the Clean Alternative Energy Act, is simple. Oil companies, the proposition's backers charge, have not spent enough on alternative energy in the state that consumes the most oil and has the dirtiest air. So it's time that the government forced them to do so.

Prop. 87 would impose a tax of 1.5 to 6 percent per barrel of oil extracted from California, generating $225 million to $485 million a year in new tax revenue. California provides 12 percent of the U.S. oil supply and 40 percent of the state's supply. This money would create a $4 billion fund that would be used to develop alternative energy, with the goal of cutting petroleum consumption by 25 percent in 10 years. The measure also prohibits oil companies from passing the tax on to consumers.

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In addition to strong financial backing from Silicon Valley and Hollywood, several political, business and entertainment luminaries have rallied to the measure's cause. Among them are former president Bill Clinton, who addressed a rally on Oct. 14 of 5,000 in Los Angeles in favor of Prop. 87; former vice president Al Gore, who cut his first political commercial since the 2000 presidential campaign in favor of Prop. 87; Richard Branson, the British entrepreneur; and actress Julia Roberts.

Yes on 87's campaign strategy has been to demonize the oil companies and to raise the specter of foreign oil imports and global warming. "We buy their oil, they burn our flag," intoned the announcer on one ad that featured a photograph of King Abdullah of Saudi Arabia and a Middle East mob. And in a state where Big Oil is as popular as earthquakes and even the Republican governor's Hummer is a hybrid, that strategy might seem like a winner. But support for Prop. 87, which had been in the double digits in July, is slipping. A Field Poll released earlier this month showed voters nearly evenly split on the measure.

One reason is the onslaught of ads funded by oil company money. As with any measure focused against multinational corporations, Matsusaka said, Big Oil "is trying to signal to anyone else contemplating similar measures that if you're going to take on the industry, you are going to have to spend a ton of money." The No on 87 campaign ads say that gas prices will rise and that the measure will actually increase, not lessen, California's dependence on foreign oil by forcing producers to stop pumping oil from their wells in the state. Independent economists have challenged that logic, saying energy prices are set globally, not locally.

There is also growing concern, expressed by economists and editorialists, about the state agency the measure would create and how the $4 billion would be distributed. The Los Angeles Times called the formation of a whole new government bureaucracy to fund alternative energy, already a prime target of venture capital, a "spectacularly bad idea." Indeed, of the 24 papers in California that have editorialized on the issue, only two have supported it.

Taxpayer groups have lambasted the measure, saying the new bureaucracy would be unfettered by normal checks and balances. And even energy economists worry that the proposition would simply create a taxpayer-funded piggy bank to subsidize the investments of Silicon Valley's richest venture capitalists, such as Doerr and Khosla, who are backing the measure.

Responding to those criticisms, Leslie Miller, a spokeswoman for the Yes on 87 campaign, acknowledged that firms associated with the measure's supporters could benefit but said that others would, too.

"It's going to be kids driving in clean-energy school buses," she said.

Although she acknowledged that alternative energy is already attracting millions in investment, Miller contended the program is necessary because "at a certain point you need government investment in order to propel implementation."

"This is not corporate welfare, this is venture-capitalist welfare, and that bothers me," countered James Sweeney, an economist at Stanford University who is starting a new institute that could profit from the energy fund. "I think they've chosen a bad instrument for a good goal."

Rice Presses S. Korea To Pursue Full Sanctions (WP)

By Glenn Kessler

The Washington Post, October 20, 2006

SEOUL, Oct. 19 -- Secretary of State Condoleezza Rice pressed the South Korean government on Thursday to fully implement U.N.-authorized sanctions against North Korea for its nuclear test, but she encountered reluctance among officials in Seoul, who fear that tough action could lead to increased tensions and even war.

South Korean officials said they had deferred decisions on whether to suspend two cross-border business projects with North Korea -- the Mount Kumgang tourist resort and the Kaesong Industrial Park.

Foreign Minister Ban Ki Moon said the government would evaluate its participation in light of the new U.N. Security Council resolution that punishes North Korea by halting trade in weapons, luxury goods and other items. He noted that the Kumgang resort, which provides about $13 million a year in hard currency for North Korea, is a "very symbolic project" for the two countries, separated since World War II.

Before Rice landed in Seoul, one of the government's top officials was quoted in local newspapers as saying South Korea could not be left at the whims of the United States, given that the United States "has fought more wars than any other nation." Song Min Soon, chief presidential secretary for security, later softened his remarks in a telephone interview, explaining that while

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the "United States has global interests," it was also important for the U.S. government "to accept our interests" and "harmonize our needs in the U.S. global policy." He said the U.N. resolution would be implemented through "our view and our interpretation."

Rice arrived here as the Chinese government announced that State Councilor Tang Jiaxuan had led a high-level delegation to Pyongyang and met with North Korean leader Kim Jong Il. A Chinese government spokesman said it was a "very significant" meeting but declined to provide details.

A senior State Department official traveling with Rice said China has taken a "rather dramatic shift" in its policy toward North Korea since the Stalinist country announced it had conducted a nuclear test on Oct. 9.

[At least four Chinese banks in recent days have halted transactions with North Korea, cutting off a major conduit for the isolated country to move its money to and from the outside world, the Wall Street Journal reported in Friday's editions.]

"I'm pretty convinced that the Chinese will have a very strong message about future tests," the official said, referring to intelligence reports that suggest preparation for a second test is underway. He spoke to reporters on Rice's plane under condition of anonymity, citing rules set by the State Department.

Tang, who as state councilor outranks the foreign minister in the Chinese system, visited Washington last week and then flew to Moscow before arriving in Pyongyang. He is scheduled to meet with Rice when she visits Beijing on Friday, but the official cautioned against any breakthrough. "Our understanding is that the North Koreans have not been in the mood to return" to negotiations, the U.S. official said. "If anything, they are looking to escalate the crisis further."

Throughout her tour of Asia, Rice has battled the perception that the United States is eager for an escalation. News media reports here have suggested that the United States wants to use the U.N. resolution to spur a dramatic confrontation with North Korea, such as a blockage or quarantine.

Asian officials have repeatedly cautioned against relying only on sanctions. Ban said that "sanctions are not made for the sake of sanctions," but as a way to draw North Korea back to negotiations. In Beijing, Rice's next stop, a Chinese government spokesman told reporters that "sanctions are a signal, not the goal."

At the news conference with Ban, Rice emphasized: "We want to leave open the path of negotiation. We don't want the crisis to escalate."

She added: "I did not come to South Korea, nor will I go anyplace else, to try and dictate to governments what they ought to do." But she urged other nations to "take stock of the leverage we have to get North Korea to return to the six-party talks" involving Russia and Japan in addition to the United States, China and the two Koreas.

Rice held lengthy talks with Ban, who was recently selected as the next U.N. secretary general, and South Korean President Roh Moo Hyun. She then held a dinner with Ban and Japanese Foreign Minister Taro Aso, which was intended to show trilateral solidarity after several years of bickering between South Korea and Japan -- and a worsening U.S.-South Korean relationship.

U.S. officials want South Korea to join the administration's Proliferation Security Initiative, a maritime exercise designed to thwart trade in weapons of mass destruction. South Korea was deliberately not invited when the program was started during President Bush's first term. The official traveling with Rice acknowledged that South Korea previously felt that joining it would be seen as a "provocative act" that would undermine its ability to influence North Korea.

Rice said that "there is a lot of misunderstanding" about the initiative, stressing that it is based on current legal authority and relies on intelligence, not "constant random inspection of ships." Rice said that while the United States wants to pay close attention to North Korean cargo, "there are many different ways in which this can be achieved," such as "container security initiatives" to detect potentially radioactive materials.

The senior U.S. official suggested there is concern about the stability of North Korea, a tightly controlled dictatorship. "A lot of us are wondering what is going on," the official said, adding it did not make sense for North Korea to test a weapon in defiance of China, its main benefactor.

"There should never be a second nuclear test, as it would further aggravate the current situation," Ban said. The United States and South Korea "shared an understanding that if it happened, there would be more grave consequences."

South Korea Tells Rice It Won't Abandon Industrial And Tourist Ventures With North (NYT)

DOJ_NMG_0083776

By Thom Shanker And Martin Fackler

The New York Times, October 20, 2006

SEOUL, South Korea, Oct. 19 — The government of South Korea told Secretary of State Condoleezza Rice on Thursday that it had no intention of pulling out of an industrial zone and a tourist resort in North Korea, even though the operations put hard currency into the pocket of its government.

During a news conference with Ms. Rice, the South Korean foreign minister, Ban Ki-moon, said he had explained "the positive aspects" of the industrial park at Kaesong and described how the tourism zone around Mount Kumgang was "a very symbolic project" for reconciliation between the Koreas.

At the end of a dinner here on Thursday that united Ms. Rice with her South Korean and Japanese counterparts, a senior State Department official, speaking on the customary condition of anonymity when traveling with the secretary, said the South Korean government had said it would review its support for the industrial and tourist projects — in particular the subsidies for the Mount Kumgang zone.

"We never expected them to announce steps today," the official said.

In her public comments, at least, Ms. Rice only emphasized the importance of the United States alliance with South Korea. The goal is not to elevate tensions on the peninsula, but to put into effect sanctions under a United Nations Security Council resolution as a multinational effort to press North Korea to return to six-party negotiations and end its nuclear program, she said.

"I did not come to South Korea, nor will I go anyplace else, to try and dictate to governments what they ought to do in response to Resolution 1718," Ms. Rice said after meetings with President Roh Moo-hyun and Mr. Ban, who will be the next United Nations secretary general.

"What I do think is very important is that everyone take stock of the leverage that we have to get North Korea to return to the six-party talks and negotiate seriously the dismantlement of its nuclear weapons programs," she said.

Ms. Rice is in the region to press for strict enforcement of the Security Council's sanctions against North Korea for its nuclear test last week. Her toughest job will be persuading South Korea and China, which differ with the United States on how to engage North Korea's reclusive Communist government.

The senior State Department official said after the dinner that the South Koreans had said they would "have a full program in place" to carry out the resolution in about three weeks, and would not want to announce new steps while Ms. Rice was in town for fear of appearing to bow to American pressure.

South Korea and China hold the key to the effectiveness of the sanctions, which were passed Saturday after intense negotiations, because they share the longest borders with North Korea, and are by far its biggest economic partners. South Korea's trade with North Korea reached $1.06 billion last year.

Ms. Rice said that she had received no official Chinese report on a visit on Thursday by State Councilor Tang Jiaxuan to the North Korean leader, Kim Jong-il, but expressed certainty that he had delivered a strong message that North Korea's "behavior is unacceptable."

She is to fly to Beijing on Friday.

While the United States has long called for further isolating North Korea to discourage its nuclear ambitions, South Korea has taken a different course. Its decade-old policy of engagement has aimed to ensure peace on the peninsula by opening North Korea to trade, investment and economic interdependence.

The nuclear test raised calls in South Korea to re-examine the policy. But officials here have said the United Nations sanctions will not end broad economic and trade contacts with North Korea, a stand backed by South Korean public opinion.

State Department officials describe the tourism zone in particular as a conduit for cash for North Korean leaders. The project, which opens a revered mountain site and hot springs to foreign visitors, has earned North Korea more than $456.9 million in precious hard currency, said its South Korean developers, Hyundai Asan.

On Wednesday, Song Min-soon, a security adviser for President Roh, replied that the project "is not a policy to be changed following somebody's order to do this or that."

"We are not deviating from the international community only because we differ with a certain country," he told reporters. "I'm not going to name that country," he added, though the context made it clear he was referring to the United States.

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In his comments beside Ms. Rice on Thursday, Mr. Ban said South Korea was awaiting more specific guidelines from a United Nations sanctions committee working on details of carrying out the resolution.

But many in South Korea see the United States as trying to drive a wedge between the Koreas, fueling resentment. In a show of support for the engagement policy, Kim Geun-tae, the chairman of South Korea's governing Uri Party, said he planned to visit the industrial park on Friday "to show symbolically that the inter-Korean economic cooperation projects must continue," the JoongAng Daily newspaper reported.

The Security Council sanctions bar the sale or transfer of material that could be used to make nuclear, biological and chemical weapons or ballistic missiles. They also forbid international travel and freeze overseas assets of people associated with North Korea's nuclear program.

Rice In China On Trickiest Leg Of NKorea Crisis Tour (AFP)

By David Millikin

AFP, October 20, 2006

BEIJING - US Secretary of State Condoleezza Rice has landed in China on the most delicate -- but potentially most promising -- leg of a tour to turn the screw on North Korea after its first atom bomb test.

Rice, who flew in from Seoul, landed just before 10:00 am (0200 GMT) for a hectic round of meetings with China's leaders, including President Hu Jintao, Premier Wen Jiabao and Foreign Minister Li Zhaoxing.

On the eve of her visit to China, North Korea's closest ally and long-time protector, a Chinese presidential envoy met North Korean leader Kim Jong-Il in a bid to pull his Stalinist regime back from the nuclear brink.

No details emerged from Thursday's meeting between Kim and Tang Jiaxuan, who according to the Chinese foreign ministry delivered a message from Hu during what was described as a "significant" visit aimed at resolving the crisis.

A senior US official travelling with Rice said her talks in Beijing would focus on Tang's meeting with Kim, with the aim of finding out what came out of it and whether there were any signs of movement from Pyongyang.

US officials said Thursday that Tang was believed to have delivered "a very strong message" to North Korea not to carry out further weapons tests -- something Western intelligence services say is a real possibility.

The October 9 announcement of the impoverished nation's first nuclear test triggered global outrage and sweeping UN sanctions which China has promised to "faithfully implement," despite earlier reluctance.

China is North Korea's biggest trade and aid partner and holds the key to enforcing the UN embargo on shipments in and out of the country of weapons of mass destruction or related materials, as well as trade in luxury goods.

Tang's meeting in Pyongyang was all the more important in that the former Chinese foreign minister had met US President George W. Bush and Russian leaders days earlier.

Washington has long insisted that Chinese pressure is crucial to convincing Pyongyang to return to stalled six-party negotiations on ending its nuclear program.

Those talks reached a deal a year ago under which the North agreed to give up its nuclear arms in exchange for security guarantees and massive aid, but Pyongyang backed out in November to protest at US sanctions against a bank in Macau accused of counterfeiting and laundering money for the regime.

Beijing is reluctant to put too much pressure on the unstable and isolated nation, fearing its collapse would lead to South Korea, a key US ally, holding land all the way to its border and raising a specter of millions of starving refugees flooding the country.

Nevertheless, there have been signs this week along China's 1,400-kilometer (880-mile) border with North Korea that Chinese officials had begun inspecting cargo vehicles.

In Seoul, where Rice held three-way talks with her counterparts from South Korea and Japan, she expressed hope the Chinese envoy would convince the North Koreans to disarm and return to negotiations.

But a senior aide to the US secretary of state said "no breakthrough" was expected to be announced Friday, and revealed that Kim had kept Tang waiting 24 hours before finally meeting him.

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"Our understanding is the North Koreans have not been in a mood to return to the talks and if anything the North Koreans are looking to escalate the crisis further," the official said.

Rice is also expected to reassure the Chinese that neither South Korea or Japan will seek to arm themselves with nuclear weapons in response to North Korea's provocations.

In both Tokyo and Seoul, Rice this week repeated that Washington would "fully" honor defense agreements obliging it to defend both allies -- with nuclear weapons if needed -- in case either is attacked.

The UN resolution bans trade with North Korea related to its development of nuclear arms, ballistic missiles and other weapons of mass destruction, and imposes financial controls to starve the North Korean military of funds.

The most controversial measure calls for the inspection of cargo to and from North Korea, aimed at preventing its cash-strapped government selling material for an atomic bomb or other illicit weapons to terrorists.

Rice: Won't Coerce Allies On N. Korea (AP)

By Anne Gearan

AP, October 20, 2006

Secretary of State Condoleezza Rice said Thursday she would not try to dictate how U.S. allies enforce sanctions on North Korea for its nuclear program, and there were signs South Korea wouldn't quickly embrace Washington's approach.

"The key is to live up to the obligation that all of us undertook" to bar North Korea from exporting nuclear technology or receiving overseas help for its nuclear program, Rice said after meetings with South Korea's president and top diplomat.

South Korea and China are the communist North's closest neighbors and trading partners, accounting for two-thirds of its foreign commerce.

Both nations are pledged to carry out U.N. restrictions approved after North Korea's Oct. 9 test explosion of a small nuclear device, but they have hedged on details. Rice visits Chinese leaders Friday in Beijing.

In China, officials with four commercial banks said they have stopped moving funds in and out of North Korea, The Wall Street Journal Asia reported on its Web site Thursday, and one of the officials cited a ban ordered by Chinese regulators.

A senior U.S. official confirmed that the Chinese were taking "unusual measures" against the North Koreans in their banking system but would not elaborate. The official spoke on condition of anonymity because Rice had not yet discussed the issue with her Chinese counterparts.

Rice is on a crisis mission to Asia to reinforce the sanctions and reassure jittery allies of U.S. support. But she played down differences over how to confront Pyongyang, and left U.S. expectations vague.

"I did not come to South Korea nor will I go anyplace else to try to dictate to governments what they ought to do," to enforce the U.N. mandate, Rice said at a news conference with South Korean Foreign Minister Ban Ki-moon.

Ban said Seoul will review the terms of economic projects it has undertaken with the North "in harmony and in line with the U.N. Security Council resolution and international demands," but he made no promises.

The United States is skeptical about a pair of landmark inter-Korean projects — a tourism venture and joint economic zone in North Korea — that are symbols of hopes for the peninsula's reunification. U.S. officials have suggested the tourism project in particular serves to funnel badly needed hard currency to the North Korean regime.

A senior State Department official traveling with Rice said Seoul is likely to announce changes to the projects or other means of meeting the sanctions requirement after Rice has left the region, so as not to appear to have caved to U.S. demands. The official spoke on condition of anonymity because Rice's consultations were private.

South Korea has said it would fully comply with the sanctions but has also indicated it does not plan to halt key economic projects with the North.

North Korean Gen. Ri Chan Bok told ABC News that his country's nuclear weapons were "to defend our country and our people" and would not be sold for profit. He also said President Bush wants Pyongyang to "kneel."

At the White House, spokesman Tony Snow denied that Bush wanted North Korea to "kneel down," and said the U.S. was seeking a diplomatic accord with North Korea over its nuclear weapons. Snow said that included a "better economy, more security, better relations with their neighbors, integration into the global community, as opposed to isolation."

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Meanwhile, a Chinese envoy, State Councilor Tang Jiaxuan, delivered North Korean leader Kim Jong Il a personal message from China's president on Thursday in the highest-level Chinese visit to its isolated ally since the nuclear test.

Chinese Foreign Ministry spokesman Liu Jianchao said Kim and the diplomat had "in-depth discussions" about the nuclear dispute.

"This is a very significant visit against the backdrop of major changes on the Korean Peninsula," Liu said at a news briefing. "We hope China's diplomatic efforts ... will bear fruit."

In Washington, State Department spokesman Tom Casey said the Chinese diplomat was "carrying a very strong message from the Chinese government about the need for the North Koreans not to engage in additional nuclear tests and to move forward in terms of stopping their negative behavior."

But in a sign of the hurdles Rice faces in Beijing, Liu said that while China will "implement in earnest" the sanctions, they are "the means to an end, which is to solve the nuclear issue on the Korean Peninsula in a peaceful way."

China, a permanent member of the U.N. Security Council with power to veto U.N. actions, is traditionally reluctant to punish the North. Besides ideological parallels between the Asian communist nations, Beijing fears that coming down too hard could topple the fragile government of Kim Jong Il and send hundreds of thousands of hungry refugees flooding across the border.

China signed on to the U.N. sanctions partly to rebuke North Korea for ignoring repeated Chinese warnings not to test-fire missiles or conduct a nuclear test. Beijing has since warned its neighbor against taking any further steps, such as a second nuclear test, that would heighten tensions.

Beijing's U.N. ambassador has indicated that inspectors will not board ships to search for equipment or material that can be used to make nuclear, chemical and biological weapons or ballistic missiles. China and South Korea worry that the North would consider the action provocative.

Cracks Appear In US-Korea Front (FT)

By Anna Fifield

Financial Times, October 20, 2006

The US and South Korea tried to present a united front on the North Korean nuclear crisis on Thursday, again warning of "grave consequences" if there were a second test. But they remained at odds over how to punish Kim Jong-il's regime.

As China sent a special envoy to Pyongyang to speak directly to Mr Kim about last week's nuclear test, Condoleezza Rice, US secretary of state, arrived in Seoul amid stern domestic criticism of Washington's apparent attempts to pressure the South Korean government to stop economic engagement with the North.

The South Korean government says it may "improve", rather than suspend its joint tourism and commercial projects with North Korea but US officials have made clear they view the Mount Kumgang tourist resort as a cash cow for the North. South Korea has sent about $950m (€758m, £508m) to North Korea since tours began in 1998.

Ms Rice told a news conference on Thursday, after meeting Roh Moo-hyun, South Korea's president, and Ban Ki-moon, foreign minister: "I did not come to South Korea, nor will I go anywhere else, to try to dictate to governments what they ought to do in response to [United Nations] resolution 1718.

"What I do think is very important is that everyone takes stock of the leverage we have to get North Korea to return to the six-party talks and to negotiate the serious dismantlement of its nuclear weapons programme."

The day before the talks, Song Min-soon, the president's chief security adviser, suggested at a conference that the US needed to pay more attention to South Korea's unique security situation, adding that the US "has fought more wars than any other nation in the history of its establishment and survival".

In addition to the inter-Korean co-operation projects, the two parties are at odds over South Korea's involvement in the proliferation security initiative aimed at interdicting ships carrying weapons of mass des-truction technology. But Seoul is reluctant to join, again for fear of upsetting the fragile security balance.

However, Ms Rice and Mr Ban insisted the US-South Korean alliance "could not be stronger", with Ms Rice saying they were now discussing how inspections and interdiction at sea might work. She said: "The US has no desire to do anything to escalate this. The key is to live up to the obligations that all of us undertook that North Korea should not be able to traffic in

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weapons or weapons technology, nor should they be able to receive help, assistance, financing for their nuclear weapons programmes."

Meanwhile, Mr Ban warned North Korea that a second test would "aggravate" the situation. "We agreed that, in case it happens, there should be more grave consequences."

In Beijing, the Chinese foreign ministry said Tang Jianxuan, the state councillor, had been sent to Pyong-yang as a special envoy for President Hu Jiantao and had met Kim Jong-il on Thursday. The foreign ministry said the visit was "very meaningful to the relations between the two countries".

Ms Rice said she had not yet received a "read out" on the meeting.

For Rice, Seoul Proves A Cautious Ally (CSM)

By Donald Kirk

The Christian Science Monitor, October 20, 2006

SEOUL

As she whirls through the capitals of northeast Asia this week, Secretary of State Condoleezza Rice is conveying messages tailored to the sensitivities of leaders united in their concern over North Korea's nuclear test but wavering in their responses.

Nowhere is Ms. Rice's message more carefully modulated than in South Korea.

There, the government yearns to rescue its policy of reconciliation with North Korea against US pressure for strong measures to combat what Rice says is "trafficking" in weapons of mass destruction.

The hard-line view of Japan's new prime minister, Shinzo Abe, contrasts with China's clearly defined wish to avoid an armed clash with North Korea. But Seoul's view of its alliance with the United States and its relationship with North Korea is more complex than that of any other regional stakeholder.

Anxious to restore historic ties with its northern neighbor, South Korea has pursued a policy of engagement with North Korea that increasingly conflicts with its alliance with the US - and leaves Koreans in sharp disagreement with each other.

"She did very well in Japan where she was assured the US-Japan alliance is in solid shape," says Shim Jae-hoon, a columnist and political commentator here. "But in Korea we have lost the legitimacy of the US alliance and just don't know where we belong."

It was to brace the frayed alliance, and persuade South Korea of the need for real firmness toward North Korea, that Rice spent twice the originally scheduled 30 minutes in a meeting with President Roh Moo Hyun before emerging with a finely tuned view of what the US was doing - and not doing.

She had not come to South Korea "to try to dictate" what the government should do, she said, seated beside Foreign Minister Ban Ki Moon. The US, Rice wanted Koreans to understand, has "no desire" to see an escalation in tensions.

That said, Rice was firm about the need for "all of us" to "live up to the obligations we undertook that North Korea should not traffic in these materials" - that is, the military hardware covered in the UN resolution banning their movement in and out of the North and on financial dealings that might aid the weapons program.

Rice was careful not to demand that South Korea should join the Proliferation Security Initiative - a US-backed scheme in which some 70 nations have agreed to work together to try to stop the spread of weapons of mass destruction.

She did, however, attempt what appeared to be an effort at diplomatic salesmanship, hoping to alleviate high-level Korean concerns that the interdiction of North Korean vessels might lead to armed conflict.

The Proliferation Security Initiative, she said, was "based on intelligence" - and not the constant inspection of ships.

"Scrutiny of North Korean cargoes," she noted, "can be achieved in many ways" - ranging from "port security" to "detection of radioactive materials."

Whether she sold South Koreans on this perspective, though, was far from clear. Kim Byungki, visiting scholar at Georgetown University's School of Foreign Service, predicts she'll only "partially succeed" in convincing skeptical South Koreans leaders to endorse US policy. Our policies are 'under review'

Throughout the meetings, a favorite phrase of South Korean officials, including Foreign Minister Ban, was that policies, including what to do about the Proliferation Security Initiative, were under review.

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Ban, in what is likely to be his last meeting with Rice before he steps down to become UN secretary-general, was equally circumspect when it came to US pressure to stop tours to the North Korean resort region of Mount Kumkang. That was also "under review," he said, parrying US criticism that payment for the tours goes directly into North Korean nuclear and missile programs in violation of the UN sanctions. (See related story.) Next stop: Beijing

Rice may have an easier time when she gets to Beijing, whose emissaries were in North Korea's capital city of Pyongyang Thursday delivering what is assumed to be a firm message of warning against conducting a second nuclear test.

At the very least, US officials hope to learn what State Councilor Tang Jiaxuan, who led the Chinese team to Pyongyang, said in a message described by a Chinese official as "very significant" and "in-depth discussions on China-North Korea relations as well as the prevailing situation on the Korean peninsula."

Rice is expected to use much the same diplomatic verbiage in Beijing as in Seoul, where she said everyone was taking stock "of the leverage" each country wields over North Korea and how "much we can do cooperatively."

In Beijing, unlike Seoul, Rice won't have to deal with the whole issue of widely differing views about either an alliance with the US or the future of the government - a question that hangs over all discussions here about North Korea.

"I have no idea where President Roh is trying to lead this country," says political commentator Mr. Shim. "This issue is spotlighted by Rice's visit. We need to make a decision - whether to support the sanctions or not. I just don't know where this government is leading us."

Report: N. Korean Leader Regrets Test (AP)

AP, October 20, 2006

North Korean leader Kim Jong Il expressed regret about his country's nuclear test to a Chinese delegation and said Pyongyang would return to international nuclear talks if Washington backs off a campaign to financially isolate the country, a South Korean newspaper reported Friday.

"If the U.S. makes a concession to some degree, we will also make a concession to some degree, whether it be bilateral talks or six-party talks," Kim was quoted as telling a Chinese envoy, the mass-circulation Chosun Ilbo reported, citing a diplomatic source in China.

Kim told the Chinese delegation that "he is sorry about the nuclear test," the newspaper reported.

The delegation led by State Councilor Tang Jiaxuan met Kim on Thursday and returned to Beijing later that day — ahead of U.S. Secretary of State Condoleezza Rice's arrival in the Chinese capital Friday. China is viewed as a key nation in efforts to persuade the North to disarm, as it is the isolated communist nation's main trading partner.

North Korea has long insisted that the U.S. desist from a campaign to sever its ties to the international financial system. Washington accuses Pyongyang of complicity in counterfeiting and money laundering to sell weapons of mass destruction.

The North has refused since last November to return to the nuclear talks, which also include China, Japan, Russia and South Korea. Pyongyang has sought bolster its negotiating position by a series of provocative actions, test-firing a barrage of missiles in July and performing its first-ever nuclear test Oct. 9.

China May Press North Koreans (NYT)

By Joseph Kahn

The New York Times, October 20, 2006

BEIJING, Oct. 19 — China is prepared to step up pressure on North Korea in coming weeks by reducing oil shipments, among other measures, if the country refuses to return to negotiations or conducts more nuclear tests, Chinese government advisers and scholars who have discussed the matter with the leadership say.

If Beijing does take a tougher line on its neighbor and longtime ally, the action is likely to bolster its relationship with the United States. Washington has urged Chinese leaders to use all the tools at their disposal to put additional pressure on Kim Jong-il, the North Korean leader.

Among the most potent of those tools is oil. China provides an estimated 80 to 90 percent of North Korea's oil imports, shipped by pipeline at undisclosed prices that Chinese officials say represent a steep discount from the world market price. Any reduction in that aid could severely hamper North Korea's already faltering economy.

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Several leading Chinese experts said senior officials had indicated in the past week that they planned to slap new penalties on North Korea going beyond the ban on sales of military equipment imposed by the United Nations. But they would be likely to hold off if Mr. Kim agreed to return soon to multilateral talks North Korea has boycotted since September 2005. Years of talks have produced meager results.

Discussions about how to respond to the nuclear test, which was described by one expert as a "political earthquake" for Chinese leaders, come amid a flurry of diplomacy aimed at ironing out enforcement of United Nations sanctions and luring Mr. Kim back to negotiations.

Secretary of State Condoleezza Rice is to arrive here Friday to meet with Chinese officials. On Thursday in Pyongyang, Mr. Kim met a delegation sent by President Hu Jintao of China, the first diplomatic contact with the North Korean leader since the nuclear test on Oct. 9.

There was no immediate word on what Mr. Kim told the Chinese, but Beijing experts said he would most likely have declined to meet with the delegation, headed by a cabinet-level official, State Councilor Tang Jiaxuan, unless he hoped to head off additional penalties by promising to resume negotiations.

"China is going to have to make some crucial choices in the coming days," said one senior international relations specialist who has participated in top-level discussions of the matter but asked to remain anonymous. "I think Chinese leaders are prepared to take a hard line, but Kim may be smart enough to try to divide China and the U.S."

China and the United States already have some differences over how to enforce the United Nations sanctions that they and the rest of the Security Council voted for last Saturday. Beijing says it will not interdict North Korean cargo ships at sea, as the United States and Japan have recommended, and has warned against seeking to use the sanctions to provoke a confrontation.

"All sides need to consider how to implement Resolution 1718 in a balanced way and not devise ways to willfully expand the sanctions," Liu Jianchao, the Foreign Ministry spokesman, said Thursday, referring to the Security Council resolution banning the sale or transfer of missile- or nuclear-weapons-related goods to North Korea. "Sanctions are the signal, not the goal."

But Chinese experts who have taken part in discussions about how to manage the situation said that after North Korea's missile tests in July, Chinese leaders concluded that Mr. Kim might not negotiate a way out of the impasse unless he had no other choice. Officials felt badly stung by the nuclear test and have dug in their heels on ending the nuclear program there, the experts said.

China has opposed military action or an embargo to prevent the spread of nuclear weapons to its Korean War ally and has subsidized Mr. Kim's its government despite gross human rights violations. But it is also wary that Mr. Kim may set off an arms race in Northeast Asia and prompt Japan and South Korea, and even Taiwan, to seek nuclear weapons.

Beijing's relations with North Korea have been strained for many years, and some Chinese officials argue that Mr. Kim wants a nuclear trump card to intimidate China as much as the United States.

In the wake of the test, President Hu renewed his government's commitment to "a nuclear-free Korean Peninsula," and ruled out recognizing North Korea, as a fellow nuclear power, they said.

"I believe that Chinese leaders are firmly resolved to roll back the nuclear program and not accept it as an accomplished fact," said Zhang Liangui, a Korea expert at the Communist Party's Central Party School in Beijing who has favored taking a tougher line.

"I do not think that the resolve of the Chinese leadership is going to be less than the resolve of the American leadership," he said.

Others agreed, arguing that as long as the Bush administration kept its focus on a diplomatic solution, China would work to maintain solidarity with the United States.

"The only issue that they do not agree on is interdiction at sea," said Xu Guangyu, a retired general who is now a member of the Chinese Arms Control and Disarmament Association, a government-sponsored institute. "For the most part the United States has responded to this with the right tone, so I don't see a major obstacle to cooperation."

Mr. Xu said the question now was not whether China and the United States could maintain common ground, but rather how Mr. Kim would respond to the universal condemnation of his test. "The matter is in his hands," Mr. Xu said. "If he returns to negotiating, the pressure will ease. If he conducts another test, that would be very reckless."

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Chinese officials have already begun carrying out measures intended to increase the pressure.

Customs officers have begun inspecting cargo passing through Dandong, a major trading post with North Korea. China Southern Airlines, the only Chinese carrier that flies to Pyongyang, the North Korean capital, announced that it had suspended service to the city.

Chinese banks, fearing possible freezes on assets, have restricted some forms of transactions involving North Korean interests while expanding a crackdown on suspected laundering of drug money and counterfeiting by individuals and front companies associated with North Korea, according to Chinese officials and local news reports.

More important, Chinese officials have discussed staged reductions in oil shipments if North Korea ignores international pressure, scholars who have been told about the leadership's planning said.

Beijing is also North Korea's leading provider of grain, but is not likely to suspend food shipments. North Korea suffers severe food shortages, with about a third of the population depending on imported grain.

China has not threatened publicly to cut off oil supplies, and it has resisted imposing economic sanctions. Instead, it has emphasized reviving the six-nation nuclear talks that collapsed a year ago. At least superficially, that puts China on the same page as the United States, which has called for a diplomatic solution to the crisis.

China has put much more emphasis on the process of negotiating than has the United States, which has expressed interest only in the results. Beijing argues that resuming talks would de-escalate the crisis, giving Mr. Kim an incentive to freeze his nuclear activities and making it possible to find a peaceful way out.

Some Chinese experts speculate that Mr. Kim, having proved that he has mastered at least the basics of manufacturing atomic bombs, may now be willing to return to the table, feeling he can demand a higher price for agreeing to discontinue the program.

"Kim has done nothing but anger China for the last few months," said Shi Yinhong, a foreign policy expert at People's University in Beijing. "But he could be smart enough to make a concession now, just before Rice visits, to create some trouble for the United States."

After Mr. Kim twice ignored China's stern warnings — first when he tested ballistic missiles in July, and then when he exploded a nuclear device close to the Chinese border — many officials here felt chagrined about having sheltered him, people who discussed the situation with the leadership said.

"The people who were the most critical of Kim in the past were a minority," said one scholar. "But they have a bigger voice now. The people who had the most favorable interpretations of Kim's actions are for now keeping quiet."

China Steps Up Diplomacy With N. Korea (AP)

AP, October 20, 2006

China stepped up its diplomatic efforts with North Korea on Thursday, sending a personal message and a gift from the Chinese president to the North's leader Kim Jong Il as Washington appealed for cooperation by Asian powers on U.N. sanctions for Pyongyang's nuclear test.

The trip by State Councilor Tang Jiaxuan was the highest-level Chinese visit to its isolated ally since its Oct. 9 atomic test.

The visit came as Secretary of State Condoleezza Rice stopped in South Korea and Japan as part of a tour of Asia to solidify support for the U.N. sanctions amid reports of a possible second atomic test by Pyongyang. She was to arrive in Beijing on Friday.

Chinese Foreign Ministry spokesman Liu Jianchao said he had no details of the message from President Hu Jintao conveyed by Tang in Pyongyang, but said Kim and the diplomat had "in-depth discussions" about the nuclear dispute. North Korea's official Korean Central News Agency said Tang also brought a gift for Kim but did not say what it was.

"This is a very significant visit against the backdrop of major changes on the Korean Peninsula," Liu said at a regular news briefing. "We hope China's diplomatic efforts ... will bear fruit."

Japanese state broadcaster NHK reported late Thursday that Tang returned to Beijing but China's Foreign Ministry could not confirm the report.

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Tang's trip might be a way for Beijing to express frustration at last week's test and warn against conducting any more while wooing it back to six-party talks on the North's nuclear program.

But relations between North Korea and China, the main source of food and fuel aid to Pyongyang's decrepit economy, have deteriorated in recent years, and Beijing's sway over North Korea appears to be eroding.

China's North Korean experts expressed skepticism that Tang's diplomatic mission would yield significant results. Pyongyang has ignored Chinese pleas for negotiations for months, they said, and having proven that it has nuclear-weapons capabilities, North Korea is unlikely to be open to bargaining.

"North Korea has abused China's good intentions to de-escalate this matter," said Zhang Liangui of the Central Party School, a training academy for the communist leadership. "Instead, it has dragged out the time for dialogue in order to develop nuclear weapons."

Piao Jianyi, executive director for the Center for Korean Studies at the Chinese Academy of Social Sciences, said the isolated North "doesn't care about the pressure from outside."

"It is beyond hope," he said. "It doesn't care about any consequences. It doesn't want dialogue."

Tang, a former foreign minister whose Cabinet post ranks above minister, was accompanied by Vice Foreign Minister Dai Bingguo and Wu Dawei, the Chinese envoy to the six-nation nuclear disarmament talks.

Discussions have been stalled for a year because of a boycott by the North over U.S. financial sanctions. They involve the United States, host China, the two Koreas, Japan and Russia.

China, a permanent member of the U.N. Security Council with power to veto U.N. actions, is traditionally reluctant to punish the North. But it voted last weekend for the resolution imposing sanctions in response to the nuclear test.

The measures ban trade with the North in major weapons and materials that could be used by its ballistic missile and unconventional weapons programs. They also call for inspections of all cargo leaving and arriving in North Korea.

Beijing has since warned its neighbor against taking any steps that would heighten tensions.

However, Beijing's U.N. ambassador has indicated that inspectors will not board ships. China and South Korea worry that the North would consider the action provocative.

The U.N. resolution "is a balanced resolution and the spirit must also be reflected in its implementation," Liu said.

Liu said that while China will "implement in earnest" the sanctions, they are not an end in themselves.

"They are rather the means to an end, which is to solve the nuclear issue on the Korean Peninsula in a peaceful way," he said.

China Banks To Halt Dealings With North Korea (WSJ)

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, October 20, 2006

Chinese banks are moving to halt transactions with North Korea as Beijing looks for ways to pressure its recalcitrant ally to abandon any further atomic-weapons tests and return to multilateral disarmament talks.

Meanwhile, a high-ranking Chinese envoy met yesterday with North Korean leader Kim Jong Il in Pyongyang, China's Foreign Ministry spokesman, Liu Jianchao, said. He offered no details on what he termed a "very significant visit" at a time of "major changes on the Korean peninsula."

The flurry of Chinese activity came amid fears that Pyongyang is readying for a second nuclear test as U.S. Secretary of State Condoleezza Rice toured Asian capitals to rally support for tough sanctions in the wake of the North's Oct. 9 test. But Ms. Rice, who was due to arrive in Beijing this morning, appeared to make little progress to that end during her talks yesterday in South Korea.

China's financial system has long served as a major conduit for isolated North Korea to move money to and from the outside world. China also is North Korea's major supplier of food and oil and its largest trading partner. How strictly it enforces United Nations-imposed economic sanctions on North Korea and what additional measures it chooses to take will be critical in determining the amount of pressure brought to bear on Pyongyang.

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In China, officials at four commercial banks said that in recent days they have stopped moving funds into or out of North Korea -- a ban that could deliver a serious blow to Pyongyang's finances if it remains in force. Since the U.S. threatened sanctions against a Macau bank that allegedly helped Pyongyang launder money, other lenders outside China have shied away from North Korean customers.

One of the officials said regulators ordered the ban; the others said they weren't sure what had prompted the cutoff.

"All transactions are blocked, whether it's company-to-company or person-to-person," said an employee at a Bank of China Ltd. branch in Dandong, China, on the border with North Korea. "We don't know how long it will last."

It isn't clear how widespread the crackdown is. The People's Bank of China, the central bank, declined to comment. But officials at Shanghai Pudong Development Bank Co., China Construction Bank Corp. and China Citic Bank also said they are shutting off business with North Korea.

Since the U.N. Security Council passed the sanctions resolution Oct. 14, China also has visibly stepped up inspections of trucks bound for North Korea. The U.N. has barred North Korea from importing military equipment and materials that can be used in its nuclear program, as well as luxury goods.

Beijing's steps may be part of a short-term campaign aimed at dissuading Pyongyang from going ahead with a second test, or they may be part of a broader shift by China toward using its economic leverage to force Mr. Kim to give up his nuclear weapons.

China has long been reluctant to apply the kind of tough measures sought by Washington, in large part because it fears destabilizing or toppling the communist regime. A collapse of North Korea and its absorption by the capitalist South would put a U.S. ally right on China's northeast border. It also could cause serious economic dislocation.

"They're trying to come up with a balance between punishing North Korea for what it's done, but not squeezing hard enough to break it, because they don't want to fix it," one senior U.S. official said.

South Korea has been noticeably more reluctant to take any decisive steps that might upset Pyongyang in the wake of its nuclear test, and the U.S. approach has been to coax Seoul gently and in private. An aide traveling with Ms. Rice said en route to Seoul that the secretary of state would avoid calling for any specific steps on border inspections or on the South's economic cooperation with the North. The South Koreans, the aide said, "don't like to be seen as being pushed to make specific steps."

Ms. Rice told reporters in Seoul that she didn't come to South Korea to tell the government how it should implement the U.N. sanctions. And in remarks after their meetings, South Korean Foreign Minister Ban Ki Moon defended the value of two joint economic projects the South has with North Korea, while giving no indication that Seoul plans to join an international effort to crack down on trafficking in nuclear materials from North Korea and other states.

In her one nudging comment during a media briefing with Mr. Ban, Ms. Rice said "everyone should take stock of the leverage we have to get North Korea to return" to the negotiations over its nuclear program, which fell apart last year.

Ms. Rice later joined Mr. Ban and Japanese Foreign Minister Taro Aso in a dinner that U.S. officials portrayed as a significant sign of warming relations between Japan and South Korea, brought about in large part by shared jitters over North Korea's nuclear program. The three countries hadn't met formally at such a level since the late 1990s.

--Evan Ramstad in Seoul and Tang Hanting in Shanghai contributed to this article.

North Korean Ploy Masks Ships Under Other Flags (NYT)

By Keith Bradsher

The New York Times, October 20, 2006

HONG KONG, Oct. 19 — When helicopter-borne Australian commandos stormed a freighter three years ago after it was spotted unloading 110 pounds of high-grade heroin, the ship proved to be registered in Tuvalu, a tiny island nation in the South Pacific.

When a Spanish warship stopped a freighter carrying cement to Yemen four years ago, the cargo vessel turned out to be carrying 15 Scud missiles as well and was registered in Cambodia.

The two freighters had something in common: although registered elsewhere, both were owned by North Korea.

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The incidents illustrated North Korea's adroit use of so-called flags of convenience to camouflage the movement of its cargo vessels as they engage in tasks that sometimes violate international laws.

The North Korean ploy could both simplify and complicate the efforts to carry out the United Nations Security Council's resolution authorizing countries to inspect cargo entering or leaving North Korea to see if it includes illicit weapons, say shipping executives, lawyers and security experts.

The use of flags of convenience could also weaken moves like Australia's on Monday to ban North Korean-flagged vessels from its ports to protest the nuclear test.

But if Western nations suspect that a North Korean-owned vessel flying another country's flag is carrying illicit weapons, boarding the vessel could be simpler than if it carried North Korea's flag, said Jonathan D. Pollack, professor of Asian and Pacific studies at the Naval War College in Newport, R.I.

A Western nation could ask the country that registered the vessel for permission to board it even if the vessel was not entering or leaving North Korean waters. Practically any country would be more cooperative about giving permission for a search than North Korea, Mr. Pollack noted.

A North Korean crew might still resist boarding, however. The crew of the Tuvalu-registered freighter, the Pong Su, did so when chased by Australian forces for four days in 2003 before it was finally boarded and captured by the commandos.

But Mr. Pollack and other experts said that flags of convenience could still prove useful to North Korea in maintaining its arms trade despite the Security Council resolution.

One possibility would be for North Korea to try to smuggle out weapons or weapons components across its land borders with China or Russia, and then to a Chinese or Russian port. The weapons could then be loaded on a vessel secretly owned by North Korea but flying another country's flag — and perhaps not be closely watched by Western intelligence services as a result.

Or weapons could be loaded on a North Korean ship flying its own flag, and the registration of the ship could be altered after it left port. "In the middle of the night, they could change the name and change the flag," said Gary Wolfe, a maritime lawyer at Seward & Kissel, a New York law firm.

Still another possibility, shipping and security experts said, would be for a North Korean-flagged ship to transfer cargo to a North Korean ship carrying another flag, either in port or in midocean if it were a calm day and the cargo small enough.

Changing the registration of a ship — and therefore its flag — is fairly simple. A ship owner simply sends the necessary paperwork to a country's ship registry, along with a fee of as little as $1,000. The vessel is not required to visit the country where it is registered, or even go to port.

Ship registries do require basic information about a vessel's length and tonnage. So if a ship of a certain size and displacement disappears from one ship's registry and a vessel of equal size and displacement pops up with a different name on another registry at the same time, they may be the same ship and could be identified with careful sleuthing, Mr. Wolfe said.

The Pong Su sailed from North Korea to Singapore in 2003 under a North Korean flag. The vessel then switched its registration to Tuvalu and sailed on to Australia, where witnesses saw a dinghy coming ashore with what proved to be the shipment of heroin.

The freighter was seized and later used as a bombing target by the Australian armed forces as a warning to drug traffickers. The North Korean government denied that it had been involved.

Without specifically mentioning flags of convenience, Defense Secretary Donald H. Rumsfeld warned on Wednesday of the difficulty of monitoring North Korea's trade. "There's so much moving around the world by land, sea and air that it is practically impossible — not impossible, but certainly it would take a lot of countries cooperating with a high degree of cohesion," and cohesion has been lacking, he said during a question-and-answer period at Maxwell-Gunter Air Force Base in Alabama.

Until 2002, North Korea tended to register its ships as Cambodian, using a registration office that the Cambodian government had authorized in Singapore. Marcus Hand, the Asia editor for Lloyd's List, a shipping industry newspaper, said dozens of North Korean ships used to carry the Cambodian flag.

He cautioned, however, that it is often difficult to know with certainty who owns a ship, since ships are often held through various companies registered all over the world. No one outside North Korea really knows for sure how many cargo vessels the country has registered under other flags.

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Cambodia canceled the right of its Singapore agents to register ships in 2002 after finding that Cambodian-registered ships were in such poor condition that ports were reluctant to let them berth, and after France accused a Cambodian-registered ship and its crew of transporting cocaine. The government of Cambodia ended up authorizing representatives in Pusan, South Korea, to manage the country's ship registry.

Charlie Bach, the managing director of the overhauled International Ship Registry of Cambodia, said in an e-mail message that there were no longer any North Korean ships carrying the Cambodian flag.

The mystery lies in where North Korea's ships are registered instead.

According to reports in the shipping press in 2003, some of the shipping agents in Singapore who represented Cambodia switched to representing Tuvalu and landlocked Mongolia instead, and encouraged their clients to change their ships' registration to those countries.

Several shipping executives said they believed that North Korean ships were sailing under Mongolian and Tuvaluan flags now.

World War II Is Over (WP)

By Charles Krauthammer

The Washington Post, October 20, 2006

The first stop on Condoleezza Rice's post-detonation, nuclear reassurance tour was Tokyo. There she dutifully unfurled the American nuclear umbrella, pledging in person that the United States would meet any North Korean attack on Japan with massive American retaliation, nuclear if necessary.

An important message, to be sure, for the short run, lest Kim Jong Il imbibe a little too much cognac and be teased by one of his "pleasure squad" lovelies into launching a missile or two into Japan.

But Rice's declaration had another and obvious longer-run intent: to quell any thought Japan might have of going nuclear to counter and deter North Korea's bomb.

The Japanese understood this purpose well. Thus, at a joint news conference with Rice, Foreign Minister Taro Aso offered the boilerplate denial of even thinking of going nuclear: "The government of Japan has no position at all to consider going nuclear."

The impeccably polite Japanese were not about to contradict the secretary of state in her presence. Nonetheless, the very same Aso had earlier the very same day told a parliamentary committee that Japan should begin debating the issue: "The reality is that it is only Japan that has not discussed possessing

nuclear weapons, and all other countries have been discussing it."

Just three days earlier, another high-ranking member of the ruling party had transgressed the same taboo and called for open debate about Japan's acquiring nuclear weapons.

The American reaction to such talk is knee-jerk opposition. Like those imperial Japanese soldiers discovered holed up on some godforsaken Pacific island decades after World War II, we continue to act as if we, too, never received news of the Japanese surrender. We applaud the Japanese for continuing their adherence to the MacArthur constitution that forever denies Japan the status of Great Power replete with commensurate military force.

Of course Japan has in recent decades skirted that proscription, building a small but serious conventional military. Nuclear weapons, however, have remained off the table.

As the only country ever to suffer nuclear attack, Japan obviously has its own reasons to resist the very thought. But now that the lunatic regime next door, which has already overflown Japan with its missiles, has officially gone nuclear, some rethinking is warranted.

Japan is a true anomaly. All the other Great Powers went nuclear decades ago -- even the once-and-no-longer great, such as France; the wannabe great, such as India; and the never-will-be great, such as North Korea. There are nukes in the hands of Pakistan, which overnight could turn into an al-Qaeda state, and North Korea, a country so cosmically deranged that it reports that the "Dear Leader" shot five holes-in-one in his first time playing golf and also wrote six operas. Yet we are plagued by doubts about Japan's joining this club.

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Japan is not just a model international citizen -- dynamic economy, stable democracy, self-effacing foreign policy -- it is also the most important and reliable U.S. ally after only Britain. One of the quieter success stories of recent American foreign policy has been the intensification of the U.S.-Japanese alliance. Tokyo has joined with the United States in the development and deployment of missile defenses and aligned itself with the United States on the

neuralgic issue of Taiwan, pledging

solidarity should there ever be a confrontation.

The immediate effect of Japan's considering going nuclear would be to concentrate China's mind on denuclearizing North Korea. China calculates that North Korea is a convenient buffer between it and a dynamic, capitalist South Korea bolstered by American troops. China is quite content with a client regime that is a thorn in our side, keeping us tied down while it pursues its ambitions in the rest of Asia. Pyongyang's nukes, after all, are pointed not west but east.

Japan's threatening to go nuclear would alter that calculation. It might even persuade China to squeeze Kim Jong Il as a way to prevent Japan from going nuclear. The Japan card remains the only one that carries even the remote possibility of reversing North Korea's nuclear program.

Japan's response to the North Korean threat has been very strong and very insistent on serious sanctions. This is, of course, out of self-interest, not altruism. But that is the point. Japan's natural interests parallel America's in the Pacific Rim -- maintaining military and political stability, peacefully containing an inexorably expanding China, opposing the gangster regime in Pyongyang, and spreading the liberal democratic model throughout Asia.

Why are we so intent on denying this stable, reliable, democratic ally the means to help us shoulder the burden in a world where so many other allies -- the inveterately appeasing South Koreans most notoriously -- insist on the free ride?

Olmert Warns Iran About Its Nuke Program (AP)

By Amy Teibel, Associated Press Writer

AP, October 20, 2006

Israel's prime minister delivered his strongest comments yet on Iran's nuclear program, warning Thursday that Tehran would have "a price to pay" if it does not back down from its atomic ambitions and hinting that Israel might be forced to take action.

Ehud Olmert did not specifically threaten to cripple Iran's nuclear program in a military strike, as it did 25 years ago in Iraq when it bombed an unfinished nuclear reactor there. But he repeated what he said a day earlier after meeting Russian President Vladimir Putin in Moscow — the Iranians "have to be afraid" of the consequences of their intransigence.

"They have to understand that if they object to every compromise, there will be a price to pay," Olmert said on a flight back to Israel after a three-day trip to Moscow.

Israel rejects Tehran's claim that its nuclear program is peaceful, designed solely to produce energy. In the past, Israel has said it would not lead a campaign against Iran's nuclear program, but would act in concert with world powers that are similarly worried.

But with Iran rejecting various compromise proposals and insisting on enriching uranium — a process key to developing nuclear weapons — Olmert been raising the stakes. He said Israel cannot reconcile itself to a nuclear Iran.

"There comes a time when you have to do damage control," he said. "A red line must be drawn that cannot be crossed," Olmert added, without elaborating. "Time isn't standing still," he said "and perhaps there will be a need to do something in the future."

Some Israeli officials have made specific threats to hit Iran. But military experts have questioned Israel's ability to destroy Iran's nuclear facilities, which unlike Iraq's in 1981 are scattered among installations, some hidden underground. But they have said Israel could set the program back years by striking several of the sites.

Israel considers Iran to be the greatest threat to its survival. Iranian President Mahmoud Ahmadinejad has repeatedly called for the Jewish state's destruction, and Iran already has missiles capable of carrying payloads to Israel.

Ahmadinejad shrugged off the threat of U.N. sanctions Thursday, saying his nation would not give up any of its nuclear program.

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"The Iranian nation will not cede one iota of its rights," Ahmadinejad told thousands of cheering supporters in the town of Islamshahr, about 25 miles south of the capital Tehran.

"Our nation achieved proficiency in nuclear energy at a time when you imposed economic, scientific and technological sanctions against us," he said, addressing the U.S. and its allies and referring to sanctions imposed on Iran after the 1979 Islamic revolution and hostage-taking at the U.S. Embassy in Tehran.

The crowd interrupted his speech with the chant: "Nuclear energy is our right!"

France said Wednesday that a resolution calling for sanctions against Iran would likely be circulated at the U.N. Security Council by the end of the week. Support for sanctions has grown among council members after weeks of talks between the EU and Iran failed to persuade Tehran to suspend uranium enrichment and start broader negotiations.

At a meeting in Luxembourg on Tuesday, European Union foreign ministers endorsed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

Iran has stalled on a package of economic incentives and political rewards that the six countries offered in June, on the condition that Tehran agree to consider a long-term moratorium on uranium enrichment.

Britain Says U.N. Iran Resolution Coming (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 20, 2006

Britain said Thursday it expects a draft U.N. resolution on Iran to be introduced in the Security Council early next week and diplomats said it will seek sanctions on Tehran for refusing to suspend uranium enrichment.

France's U.N. Ambassador Jean-Marc de La Sabliere had said Tuesday he hoped to circulate a draft by the end of the week. But France, Britain and Germany, who have led negotiations with Iran on its nuclear program, were still discussing the text with the United States on Thursday, and had not yet shown it to Russia and China.

"My expectation is that sometime early next week we'll put a resolution down," Britain's U.N. Ambassador Emyr Jones Parry told reporters.

U.S. Ambassador John Bolton said "we're consulting on it and I expect within a day or two we'll have something to circulate more broadly in the council."

European Union foreign ministers said after a meeting in Luxembourg on Tuesday that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran.

The ministers backed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

British Foreign Secretary Margaret Beckett said earlier this month that they would seek measures under Article 41 of Chapter 7 of the U.N. Charter, which allows nonmilitary sanctions.

The six countries offered Iran a package of economic incentives and political rewards in June if it agreed to consider a long-term moratorium on enrichment and commit to a freeze on uranium enrichment before talks to discuss details of their package.

But Iranian President Mahmoud Ahmadinejad has repeatedly and defiantly said his country would continue enrichment, and is not intimidated by the possibility of sanctions.

The United States has called for broad sanctions, such as a total ban on missile and nuclear technology sales, while the Russians and Chinese back prohibitions of selected items as a first step.

The Black Box Of Tehran (WP)

By David Ignatius

The Washington Post, October 20, 2006

Here's a real-life international mystery: What happened in Tehran in September that torpedoed the prospect of negotiations with the United States over Iran's nuclear program? Were Western hopes of Iranian pragmatism simply an illusion? Are there other channels open for discussion with Tehran if the nuclear route is blocked?

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U.S. and European intelligence analysts are debating these questions, and for now they don't seem to have good answers. The process of decision making in Tehran remains a "black box." Analysts can see the decisions that emerge from the supreme leader, Ayatollah Ali Khamenei, and they can hear the competing arguments of pragmatists and hard-liners. But how consensus is reached remains a puzzle. My fear is that at its core, the Islamic republic disdains compromise as a sign of weakness.

Hopes for a breakthrough on the nuclear issue were raised last summer by discussions between Ali Larijani, Iran's national security adviser, and Javier Solana, the European Union's foreign policy chief. Both men are at the pragmatic, deal-making ends of their respective political spectrums, and that may have been part of the problem. But as the discussions continued, the Iranians appeared ready to offer a two-month suspension of uranium enrichment once talks with the Europeans resumed -- thereby meeting the U.S. precondition for joining the talks. It looked like a classic bit of face-saving bargaining.

The background music seemed right as well. President Bush told me in an interview on Sept. 13 that the United States respected Iran's legitimate interests, including its right to a civilian nuclear program. Iranian President Mahmoud Ahmadinejad, while taking a defiant line on many issues, told me and Lally Weymouth of Newsweek on Sept. 19 that Iran would be willing to resume diplomatic relations with the United States "under appropriate conditions." And he said in other meetings that Iran might accept suspension of enrichment as a byproduct of negotiations, although not as a precondition. The sense that a deal was possible was reinforced by a back-channel exchange in which a European intermediary and an Iranian former official prepared a joint paper outlining a compromise formula on the nuclear issue.

But by late September, State Department officials concluded that the Iranians were backing away. Pessimistic private signals were confirmed when Khamenei, the only Iranian who speaks authoritatively on foreign policy, explained last week that Iran had already tried suspension of enrichment, in its earlier negotiations with the Europeans, and wouldn't do so again. "If we had not experienced that path [a two-year suspension of uranium enrichment], perhaps we would have criticized ourselves today. But now we will pursue with a strong heart."

So what's next? Bush administration officials rightly argue that Iran must pay some price for continuing its nuclear program in defiance of warnings from the International Atomic Energy Agency. Russia and China have promised to support some penalties for Iran, and my sense is that maintaining their support -- and international solidarity on Iran -- matters more than the details of sanctions. Failure to penalize Tehran would, among other things, undermine the Iranian pragmatists who favored negotiations. It would show that Tehran can defy the West and get away with it, which has been one of Ahmadinejad's implicit themes.

While the Bush administration wants to draw a clear red line for Tehran, it also appears ready to keep the door open for dialogue. An important gesture was the announcement this month that the United States will lift sanctions to allow an American company to provide spare parts to repair Iranian civilian aircraft. Another signal came from Undersecretary of State Nicholas Burns, who said last week in an otherwise hard-line speech that the U.S.-European package of incentives for Iran to halt enrichment will remain on the table, despite Tehran's refusal to join negotiations.

Burns called for "a dramatic increase in our exchanges with Iran -- in business, in academia, in athletics, in the arts." That amplified a comment Bush had made to me in our interview. (If the administration is serious about exchanges, however, it ought to quash an absurd investigation by the Treasury Department into whether American basketball players playing for Iranian teams are violating U.S. sanctions. Good grief!)

America, meanwhile, has a foreign policy mystery of its own -- rivaling that black box of decision making in Tehran. Just what was former secretary of state James A. Baker III up to, in his contacts last month with Iranian and Syrian diplomats about how to stabilize Iraq? Is Baker opening a back channel for the Bush administration? Is America quietly seeking Iranian help as Iraq spins out of control? We'll leave that puzzle to pundits in Tehran.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com.

UN 'poses No Threat To Israeli Aircraft' (FT)

By Mark Turner

Financial Times, October 20, 2006

DOJ_NMG_0083791

The United Nations on Thursday night moved rapidly to dispel suggestions by Alain Pellegrini, the UN force commander in Lebanon, that it would consider shooting down Israeli aircraft if they continued illegal incursions into Lebanese airspace.

Major-General Pellegrini told a news conference in New York that Israeli violations were “a major concern . . . not to be accepted”. While Unifil was currently using diplomatic channels to persuade Israel to stop its flights, in the future “other ways” could be considered, including force.

He added that French troops were armed with anti-aircraft missiles, although under the current rules they could only be fired in self-defence. Were its positions to be attacked, however, Unifil would “respond with these missiles”. Any more proactive action would require a change to the UN’s rules of engagement.

Barely had Maj-Gen Pellegrini spoken than the UN spokesman sought to play down any suggestion of a threat. One French diplomat said its UN mission was perplexed by the comments, and officials in the Italian-led strategic cell in New York said no change to the rules of engagement were on the table.

An Israeli diplomat suggested it was not the first time Mr Pellegrini had made curious statements; and one diplomat suggested it was time for him to move on.

Unifil officials said there was no appetite to end up in an armed conflict with Israel. But they added that the air violations were in contravention of UN resolution 1701, and could be considered a violent act, by spreading fear among Lebanese civilians.

Maj-Gen Pellegrini noted that the number of air violations had declined recently. He also said the 7,200-strong force had seen no evidence of illegal arms in the hands of Hizbollah or any other militias in the zone under his control.

He added that there were continued efforts to convince Israel to withdraw from the town of Ghajar, on the border between Lebanon and occupied Syria.

Hamas Charities Thrive Despite U.S.-led Fund Freeze (WT)

By Joshua Mitnick

The Washington Times, October 20, 2006

RAMALLAH, West Bank -- A U.S.-led funding squeeze, which has paralyzed the Hamas-led Palestinian government, has had the unintended effect of bolstering the militant group's network of schools, hospitals and alms societies.

Foreign donations, often consisting of cash in suitcases smuggled across the border, have permitted Hamas' vast social-welfare network to thrive, say officials and analysts.

"All charitable organizations affiliated with Hamas are still functioning," said Sheik Yazeeb Khader, an editor of Hamas' West Bank newspaper. He said the charities in Gaza have especially benefited from money "brought across the border and not checked."

For years, while Hamas' military wing dispatched suicide bombers to Israeli cities, the group's civilian wing quietly built up a grass-roots following with its network of Islamic social-welfare organizations.

The charities went far beyond anything established by the secular government of Yasser Arafat and helped give Hamas the support needed to oust Arafat loyalists in January elections and take power in March.

Unable to pay for supplies, government ministries have since ceased to function, and without salaries, civil servants have gone on strike.

The charities, however, openly boast that they continue to get money from Muslim communities in the Persian Gulf, Europe and the United States.

"These organizations are living in a golden age, where they are badly needed. There is no other way to take care of those people," said Basem Ezbidi, a political science professor at Birzeit University.

The links between Hamas and its social affiliates are kept deliberately murky.

None of the charities bear the Hamas name. Ask the managers about support from Hamas, and they are quick to deny any political affiliation.

Amid continuing economic hardship, the charities are coming under fire from some who charge that Hamas is protecting its own.

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"There is a lot of money in Hamas," said Abdel Nasser Najjar, a columnist for Al Ayyam, a newspaper of the opposition Fatah party.

"The problem now, is that Hamas is only giving to their own people, or people who are close to the movement."

At one Islamic charity in Ramallah, the Al Farah society, questions about Hamas make relief workers and clients -- a group of women in head scarves or veils -- go stiff.

Israeli soldiers raided the organization's offices several months ago, confiscating computers, welfare records, and eventually arresting director Teiysur Arure.

Recently released from jail, the director denies any political affiliation.

The same goes for Mohammad Tanbura, who heads the Gaza-based El-Salah society, which distributes school supplies and helps destitute families survive.

"We have nothing to do with the government, we are a Palestinian organization that works for the social sector rather than the political sector," Mr. Tanbura said. "This is not a Hamas charity work. Our money is legal."

Birzeit University's Mr. Ezbidi said most Islamic charities have some connection with Hamas, even if it's a 10 percent stake in the operations.

"To really draw a line between what is considered Hamas and what is not is a difficult thing because Hamas has a broad constituency," he said. "It's general knowledge that Hamas is running health care clinics, hospitals and subsidizing tuition. But it's done in an unpublicized forum."

In recent months, the case load at Al Farah's alms house has more than doubled under the weight of an aid boycott that has left some 140,000 civil servants without pay and the poor without welfare checks.

"If the government isn't providing for us, then Islamic institutions are providing for us," said Mr. Arure, the director. "People have crossed the red line, they have no money whatsoever."

Russia Suspends Scores Of Foreign Groups (NYT)

By C.J. Chivers

The New York Times, October 20, 2006

MOSCOW, Oct. 19 — Scores of foreign private organizations were forced to cease their operations in Russia on Thursday while the government considered whether to register them under a new law that has received sharp international criticism.

Among the suspended organizations were some of those most critical of the Kremlin, including Human Rights Watch and Amnesty International, and others, like the National Democratic Institute and the International Republican Institute, that have been accused by Russian officials of instigating or assisting revolutions against other former Soviet republics.

The Justice Ministry, which is responsible for registering foreign private organizations, insisted that the suspensions were neither retaliatory nor permanent.

It issued a statement saying the suspended organizations had not properly filed new registration materials or had submitted the required materials on the last day before the registration deadline, which was midnight on Wednesday. It said it was rushing to review the applications it had received.

“It is important to note that lack of re-registration does not entail the liquidation of the organization,” the statement said. “The talk here is only that these organizations cannot carry out the activity envisaged by their charters before they are brought into the register.”

The number of suspended organizations is not entirely clear. The statement said the ministry had received applications from 185 organizations, approved 108 of them and continued to review the 77 others.

But the suspensions marked the latest chapter in Russia’s pressure on many foreign organizations that have offices on its soil. They occurred in a climate of deepening worry about the Kremlin’s crackdown on civil society here, and just days ahead of a planned visit by Secretary of State Condoleezza Rice, who has expressed concerns about the law regulating foreign private organizations, known as nongovernmental organizations, or N.G.O.’s, which was passed earlier this year.

Some Russian officials, including Nikolai P. Patrushev, the chief of the domestic intelligence service, have accused the groups of interfering with state affairs or even harboring spies.

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The new law, strongly backed by President Vladimir V. Putin, created extensive new filing requirements, which in some cases the organizations said have been so tedious and lengthy as to be almost impossible to fulfill. The groups have also expressed fears that the rules were written vaguely enough to allow any group to be audited, and perhaps closed, on a pretext.

The groups and their supporters have said that the way the law was carried out would be a test of whether Russia would allow foreign organizations that it disliked to continue to work in the country. The first deadline, and its effects on Thursday, were accompanied by a strong sense of concern, even fear.

"My fear is that their intention is to shut us down," Josh Rubenstein, a director at Amnesty International, said by telephone. Amnesty International has had an office in Russia since the days of Mikhail S. Gorbachev, he said.

The Justice Ministry posted a list of 73 organizations that were not yet approved, and thus suspended. At least 38 of these were either listed by the ministry as American or had a clear American affiliation, including the American Bar Association, the American-Russian Business Council, the American Trade Chamber and an office of Johns Hopkins University.

The suspended Western organizations also included the Danish Refugee Council and the French and Belgian offices of Doctors without Borders.

News organizations reported that nearly 100 groups had been suspended, but did not provide a list. The Associated Press quoted one justice ministry official saying that 96 groups were suspended, while the ITAR-Tass news agency later quoted the same officials saying that the number was 93.

While the ministry said it had approved 108 organizations for registration, it provided a list of only 80.

Forty-one of those were American, including the Ford Foundation, the Nuclear Threat Initiative and the Moscow office of the Carnegie Endowment for International Peace. Among the 41, there appeared to be 33 child-adoption agencies.

As the day passed with offices idled, some of the affected groups declined to comment, saying they worried about antagonizing Russia while their registration documents were under review.

Others described a new posture their offices had assumed on the workday on Thursday: they had abruptly stopped their work and programs, but left their lights on and offices staffed.

Carroll Bogert, an associate director at Human Rights Watch, said by telephone from New York that the employees in Russia were still being paid "but otherwise we are not operating in Russia."

She said, however, that she expected that the office would be registered once its documents were reviewed, and that the organization did not feel that it was a specific target. The new law, she said "is a weapon of broad usage."

She added that even if the government approves the registration of the Human Rights Watch office in Russia, the organization would be required to file an annual work plan by Oct. 31. This was another onerous task, she said. Such requirements, she said, "are affecting our ability to do substantive work."

The cessation of activities for some organizations was decried by their partners in the country.

Elena Panfilova, director of the Russian chapter of Transparency International, an anticorruption organization, said her office was registered as a domestic organization, and not a foreign one, so it was not directly affected by the new registration procedures.

But she said she had work planned with other groups, which now are unable to meet with her. "It is appalling," she said. "It is a total disgrace."

With such statements circulating, the Justice Ministry said it was working to expedite the registrations and placed blame on the organizations for not providing the required documentation.

"Very often," it said, "the terms of re-registration depend only on the desire of the representatives of an N.G.O. and their accuracy when filling out the documents."

Russia Halts Activities Of Many Groups From Abroad (WP)

By Peter Finn

The Washington Post, October 20, 2006

DOJ_NMG_0083794

MOSCOW, Oct. 19 -- Russia on Thursday suspended the activities of Human Rights Watch, Amnesty International, the International Republican Institute and more than 90 other foreign nongovernmental organizations, saying they failed to meet the registration requirements of a controversial new law designed to bring activists here under much closer government scrutiny.

Across the country, foreign grass-roots organizations that investigate human rights abuses, promote democracy and work with refugees folded their tents until further notice, informing staff that all operations must cease immediately. The only work officially authorized was the paying of staff and bills.

The law, signed by President Vladimir Putin at the start of the year, drew broad criticism as part of a general rollback of democratic freedoms in Russia. Activists said it was intended to rein in one of the last areas of independent civic life here; Putin called it necessary to prevent foreigners from interfering in the country's political process.

On Thursday, officials said the suspensions resulted simply from the failure of private groups to meet the law's requirements, not from a political decision on the part of the state. The groups would be allowed to resume work once their registrations are completed, they said.

"No political order has been given . . . to tighten the screws," said Vladimir Lukin, Russia's federal ombudsman, speaking at a Moscow forum hosted by the Council of Europe, a 46-country human rights organization based in Strasbourg, France. "Colleagues from international NGOs are not in the habit of keeping their affairs and documents in order."

Many nongovernmental organizations fear that the current bureaucratic tangle might be the beginning of a larger crackdown on activism that is not controlled by the Kremlin. They note too that successful registration would not end their dealings with the Justice Ministry. After that, they would have to report on planned activities for the year, and they worry that officials could reject their plans or penalize the groups if they deviate from the plans because of unexpected events.

Many of the suspended organizations are American, including adoption agencies, the National Democratic Institute and the International Republican Institute. The latter two are funded by the U.S. Congress but act independently to promote democracy.

Other suspended groups include two branches of Doctors Without Borders, the Danish Refugee Council and the Netherlands-based Russian Justice Initiative, which helps Russians bring cases to the European Court of Human Rights.

Under the law, Russian nongovernmental organizations are also subject to new regulation. But a Wednesday deadline to meet the paperwork requirements or stop operation applied only to foreign groups.

Russian officials stressed that the suspensions, which went into effect at midnight Wednesday, are temporary. "We are not speaking about closing organizations; that is out of the question," said a senior Justice Ministry official, Natalia Vishnyakova, in a telephone interview. Concerning the registration process, she said: "We are working properly, and put all our efforts into making it even faster. It is not at all complicated, believe me, absolutely not. It's really their own headache. On our part, we provided all necessary conditions."

Activists complained, however, that the requirements of the law are so vague and cumbersome that meeting the deadline was extremely difficult. Russian officials, they said, nitpicked their way through the submitted documents.

The local Human Rights Watch operation, for instance, called itself the "Representative Office of the Non-Governmental Organization Human Rights Watch in the Russian Federation." Officials at the registration office rejected that description and said the group should call itself the "Representative Office of the Corporation Human Rights Watch Inc. (USA) in the Russian Federation."

That change, among others, required Human Rights Watch to send its submission back to its headquarters in New York to have the document revised and re-notarized, then retranslated into Russian and re-notarized in Russia.

Officials at the Human Rights Watch office in Moscow said they could not speak on the record to a reporter because they interpreted the strictures of the suspension to extend to news media interviews. The law says that suspended groups can do nothing that would advance the aims and goals of their offices in Russia.

"We are registering, and we are complying with the law," said Carroll Bogert, associate director of Human Rights Watch, in a telephone interview from New York. "But we have been really distracted from our work by the onerous burdens that this law imposes. But this is not particular to us. It's a hassle for everyone."

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Other groups, however, said they found the registration office helpful. The American Chamber of Commerce, for instance, said Russian officials there pointed out errors before the organization formally submitted its documents, allowing it to correct them and expedite the registration. In all, the office accepted the registrations of 99 foreign organizations, freeing them to continue their work, officials at the Justice Ministry said. The American groups included the chamber, the Ford Foundation and the Carnegie Moscow Center.

Amnesty International said it was exploring whether it could continue field research in Russia by flying in researchers from its London headquarters. "We are seeking clarification," said Lydia Aroyo, a spokeswoman based in London. "But we are very unhappy. There were no clear guidelines as to what documents were required or how to fill them out. The process was very cumbersome and very time-consuming."

Foreign Groups Suspend Work In Russia Pending Registration (LAT)

By David Holley

The Los Angeles Times, October 20, 2006

MOSCOW — Dozens of foreign nongovernmental organizations suspended work in Russia on Thursday after failing to complete a re-registration process by the deadline imposed under a controversial new law.

Those suspending their activities included Amnesty International and Human Rights Watch.

Human rights organizations have said that the new law contains burdensome requirements and appears aimed at tightening control over their work in Russia, and perhaps at shutting some down.

Russian authorities have said the law is needed to ensure that nongovernmental organizations are not used as fronts for terrorist activities and to prevent foreign organizations from illegally interfering in Russian politics.

The law requires groups to submit extensive documentation on their boards and founders, even if the founders no longer have ties to the groups. The Carnegie Moscow Center, established by the Washington-based Carnegie Endowment for International Peace, was re-registered only after it provided proof of the death of its founder, Andrew Carnegie, who died in 1919.

The Russian Justice Ministry said that 108 branches of foreign NGOs had been re-registered by the Wednesday deadline, and that 77 applications were still being processed.

Amnesty International and Human Rights Watch, two organizations that frequently criticize the Kremlin, were among the groups whose documents were still being processed.

"The Russian authorities go through the documents down to the last comma," Sergei Nikitin, head of Amnesty International's Russian resource center, told the Russian news agency Interfax. "They will most likely send our documents back to us and tell us to correct some mistakes they uncover."

Allison Gill, head of the Moscow office of Human Rights Watch, told Interfax that a package of documents for re-registration had been submitted to authorities in late September, and that she hoped the office would restart work soon.

Organizations that suspended their work can still pay their staff and keep their offices, but must discontinue research and publicity activities until their re-registration is official.

Many organizations have expressed even greater concern about an Oct. 31 deadline for them to report on activities they plan next year. Some groups have expressed fear this could lead to government monitoring, bans on programs, or to punishment for holding unlisted events.

Venezuela Opposition Confident Of Victory (WT)

By Sacha Feinman

The Washington Times, October 20, 2006

CARACAS, Venezuela -- President Hugo Chavez faces voters in fewer than two months with a credible opposition candidate, who says he can overcome a double-digit lead in public-opinion polls.

One of the most respected pollsters in Venezuela, Alfredo Keller, recently released his newest survey, which concludes that Mr. Chavez enjoys 50 percent support to Manuel Rosales' 37 percent.

The lead makes the task daunting but not impossible, analysts say, because Mr. Keller's poll also found increasing dissatisfaction with the current government among potential voters.

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Polls have consistently shown that the Chavez government gets poor marks on security, as the country's violent-crime rate has steadily increased during Mr. Chavez's seven years in power.

"Rosales is a very intuitional person; he doesn't follow polls or politics," said Ivo Hernandez, a professor of political science at Venezuela's Simon Bolivar University.

"I think that Rosales absolutely has a chance to carry the elections. People are really scared of what is going on here.

"Mr. Chavez is getting more and more radical, and no one wants to return to the instability of the 2002 coup. He still has about two months; in Venezuela, two months is enough for everything to change," he said.

In 2002, a military coup removed Mr. Chavez from office for 48 hours.

Mr. Rosales, the governor of the oil-rich state Zulia, held a rally in the heart of Caracas Saturday that attracted an estimated 10,000 supporters.

It was the largest gathering of opposition forces in Venezuela since an effort to recall Mr. Chavez failed in August 2004.

Mr. Rosales is running with the unified support of the country's often splintered and squabbling opposition.

In August, he emerged from a crowded field of potential contenders as the sole opposition candidate when Julio Borges and Teodoro Petkoff withdrew their candidacies.

Mr. Petkoff, now Mr. Rosales' campaign manager, thinks the opposition's bid to unseat Mr. Chavez is within its grasp.

"We are about to witness a close competition," he told Agence France-Presse earlier this month. "We like to think of Rosales's campaign as one of 'national unity' ... as an attempt to restore civility to the political process."

In both his initial and re-election campaigns for the Zulia governorship, Mr. Rosales defeated the hand-picked candidates of the Venezuelan president.

For his part, Mr. Chavez has frequently tried to portray the election as a choice between himself and President Bush, describing Mr. Rosales as nothing more than a stalking-horse for the CIA.

In late September, Mr. Chavez charged that his security forces had foiled an assassination plot while he campaigned in Zulia.

He said the would-be assassins were members of the Zulia police and part of a larger campaign by Mr. Bush to assassinate Mr. Chavez before the U.S. president leaves office in 2009.

The U.S. State Department has dismissed as "absurd" Mr. Chavez's frequent charges that he is the target of a U.S. assassination plot.

U.N. Losers (LAT)

The Los Angeles Times, October 20, 2006

¿QUIEN ES MAS MACHO, Hugo Chavez or George W. Bush? Or more to the point, which of the two is the biggest loser in the eyes of the world?

It seems that the United Nations General Assembly finds both pretty objectionable. Chavez's Venezuela looks like it's heading toward defeat in its bid for a nonpermanent seat on the 15-member Security Council, a heavy blow for its fiery president. But Venezuela's loss is hardly a ringing endorsement for the Bush administration, which has thrown its diplomatic weight behind Guatemala. After 35 rounds of balloting from Monday to Thursday, neither Latin American country could come close to the two-thirds vote needed to win.

Deadlocks can be resolved in one of two ways. Either the country with the least votes — in this case Venezuela — concedes, or they both agree to drop out in favor of a third candidate. Chavez has said he has no intention of quitting, and neither does Guatemala, meaning this could go on for a long time indeed. The U.N. record is 155 rounds of voting in a battle between Cuba and U.S.-backed Colombia in 1979. The seat ended up going to Mexico.

The election is a referendum of sorts between Chavez, who in a notorious rant before the General Assembly in September referred to Bush as "the devil," and the White House. If Venezuela prevails, Chavez intends to personally attend Security Council meetings to "defend dignity and truth" — meaning oppose the United States at nearly every turn.

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Chavez stands to lose the most if, as expected, neither Guatemala nor Venezuela wins. Obtaining the Security Council seat has been the single-minded goal in what passes for his foreign policy agenda, and it was the focus of a recent globe-trotting tour of such nations as Iran, Russia and China.

The U.S. has far less to lose because, even if Guatemala fails, pretty much any Latin American or Caribbean country except Cuba would be less harmful to U.S. interests.

Still, Venezuela's continued support from a large portion of the developing world, even after Chavez's clownish antics last month, is a discouraging indicator of international anger toward the United States. Many argue that White House arm-twisting on behalf of Guatemala may have actually harmed the country's chances, though it's likely that the pressure pushed at least as many countries to vote yes as no.

More troubling is a recent report from the State Department showing that just 25% of U.N. member states voted in line with the U.S. last year, down from 50% a decade earlier. Bush may win this battle, but he's giving ground in the larger diplomatic war.

Population Control: In Estonia, Paying Women To Have Babies Is Paying Off (WSJ)

By Marcus Walker

The Wall Street Journal, October 20, 2006

TALLINN, Estonia -- Pia Kurro sat cross-legged on her bed in a drab, Soviet-era maternity ward that smelled of detergent and old linoleum and breast-fed her two-day-old daughter, Syria, who owes her existence to state subsidies.

In return for having the child, Ms. Kurro will receive the equivalent of $1,560 a month from her government for over a year, a lot of money in a country where the average monthly salary is $650.

"I would not have had a baby without the support," said the 39-year-old business consultant.

Ms. Kurro embodies an increasingly urgent question: Can government policies aimed at raising a nation's birthrate actually work? The answer is vital to the future of the global economy. Like most developed countries around the world, Estonia has a critical shortfall of children that, if not reversed, will lead to a sharply aging and shrinking population. That will undermine economic growth and public finances as a dwindling work force struggles to support a growing pool of retirees who are living longer.

A handful of developed countries, including the Nordic nations and France, have stable populations thanks to a long tradition of financial support for families. But for other countries in Europe and Asia that have already seen steep falls in birthrates, demographers have doubted there was much that could be done. Governments agreed, making little serious attempt to boost their birthrates. Estonia stands out because it has made a dramatic shift, from laissez-faire to aggressive activism, in an attempt to alter its future. And as other nations slowly start to address the risk of declining birthrates, the effort there is being closely watched around the world.

Estonia's wake-up call came in 2001, when the United Nations' annual world-population report showed that Estonia was one of the fastest-shrinking nations on earth, at risk of losing nearly half its 1.4 million people by mid-century. Estonia's fertility rate -- the average number of children a woman bears -- had collapsed to 1.3 in the late 1990s, down from 2.2 under communism only a decade earlier.

In an attempt to stop that downward spiral, Estonia took a bold step: In 2004 it began paying women to have babies. Working women who take time off after giving birth get their entire monthly income for up to 15 months, up to a ceiling of $1,560. Non-wage-earners get $200 a month. The welfare perk -- known locally as the "mother's salary" -- was a sharp about-face for the radically free-market government.

"Step by step, [the declining birthrate] became a danger to the survival of the nation, so we had to do something," says Paul-Eerik Rummo, minister for population affairs and a member of the Reform Party in Estonia's ruling coalition.

Tentative Results

Now, two years into the program, the government is seeing some of the first tentative results. Since the adoption of the new benefits, Estonia's fertility rate has improved to 1.5. That's still below the 2.1 children needed to stop the population from shrinking (one child to replace each parent, plus some room to allow for child mortality). And it will take years to see the full impact of the

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mother's salary. But the apparent early success has inspired the government to look at other ways of getting people to have more children -- everything from subsidies for nannies to linking pension payments to the number of children one has.

Many countries once loath to meddle in matters of fertility are looking at their numbers and concluding that they must take similar steps. "Governments may not achieve their aim, but the competing risk of doing nothing is too great for many countries -- their future young labor supplies are going to be decimated," says Peter McDonald, professor of demography at the Australian National University in Canberra.

The fertility rate in the 30 countries of the Organization for Economic Cooperation and Development, the club of the world's leading industrialized democracies, was only 1.6 in 2005, down from 2.4 in 1970. Mexico, at 2.4, is the highest, with South Korea the lowest at 1.1. Demographers say the decline is due to fundamental changes in society. They include: greater economic opportunities for women; advances in birth control that have made reproduction a matter of choice rather than accident; and the spread of ideas about individual freedom and happiness that are hard to reconcile with caring for a large family.

Some European countries are experimenting with monthly cash compensation to women who leave work to have babies, including Lithuania, Austria and Slovenia. Starting next year, Germany and Bulgaria plan to pay new mothers benefits linked to their previous earnings. Russian President Vladimir Putin, who bemoaned his country's lack of children in his last state-of-the-nation speech in May, has also promised more aid to parents.

Elsewhere, Australia introduced in 2004 a one-time bonus per baby, currently worth about $3,000. The fertility rate is believed to have risen slightly thanks to a combination of the incentive and a booming economy, but is still around 1.8. Australia's finance minister has even exhorted parents to "do your patriotic duty tonight," echoing similar campaigns in the city-state of Singapore, which is still struggling with a fertility rate that hovers barely above 1.2. South Korea has introduced several policies this year, including more financial aid for day care and for fertility treatment.

Payments such as Estonia's are predictably controversial. Some demographers argue that paying people to have a baby simply makes them have one earlier; it doesn't necessarily make them have more. That point is tough to prove for now: Only after the current generation of young women passes menopause will it be clear whether they had more children in their fertile years than women of an earlier age group.

But the experience in places such as France and the Nordic countries suggests that incentives can have an impact. For example, women in Sweden and Norway, which support families with generous benefits, labor laws and child care, have close to two children on average. "Where there are consistent family-oriented policies in place for a long time, people have more children," says Tomas Sobotka of the Vienna Institute of Demography.

The main exception to the rule is the U.S., where the average woman has two children, despite only modest public support for families, largely via tax breaks. Demographers say America's tradition of mass immigration and its large minority populations make it unusual among developed nations. Hispanics, in particular, boost national fertility, with more than three children per woman. The U.S.'s population passed 300 million this week, according to the Census Bureau's estimate. About 55% of America's population growth is due to legal and illegal immigrants and their children, according to the Population Reference Bureau in Washington.

Estonia's experience shows what may lie ahead for many countries. Since it regained its independence from the Soviet Union in 1991, the small Baltic country has emerged as one of the fastest-growing economies in the world and is now a member of the European Union. Along the way, family dynamics in Estonia raced through a transformation in 15 years that took a century in many other countries.

For many, a spartan but stable lifestyle under communism preserved traditional family customs longer than in the West. Estonians tended to marry young and have two or more children despite hardship and little help from the state.

Different World

The world looked very different to many young, educated Estonians only a few years later. Miina Puusepp and Aive Levandi, both age 36 now, were 21 when Estonia broke from the Soviet Union, offering up new opportunities that pushed having children into the background. "After independence, the world was suddenly open," said Ms. Puusepp, sitting with her friend in a Tallinn cafe.

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The two young women worked and studied around Europe during the 1990s, eventually building careers in marketing and tourism. Ms. Levandi has had one boyfriend for the past 12 years. They didn't want to start a family because it would have cramped the couple's lifestyle. "We are living a full life, traveling a lot," Ms. Levandi said.

Meanwhile, many working-class Estonians were putting off thoughts of childbearing, too, but for different reasons: They saw their real incomes and job security eroded.

The Estonian government had dismantled welfare provisions -- even closing many kindergartens -- and pursued some of the most radically free-market policies in Europe. The country became a model for light business regulation. It encouraged investment and entrepreneurship with flat-rate income taxes and no tax on reinvested corporate profits. Economic growth soared, topping 10% in 1997. But the benefits flowed more to newer service industries and entrepreneurs -- and less to the old-line heavy industries that nonskilled workers relied on.

The U.N.'s 2001 warning that Estonia's population would almost halve by mid-century was widely publicized, pushing the plunging birthrate to the center of national politics. When the country held elections in 2003, fertility was the main issue along with tax cuts. Every party promised generous financial aid for families. The Reform Party, previously known for championing small government, proposed the mother's salary, arguing that in a country where most women work, women needed to have their income protected if they were to have children.

Now, Estonia's government is debating other measures, such as subsidizing nannies and private day care. Currently in Tallinn, there are waiting lists of as much as three years for day-care centers. Only the relatively wealthy can afford a nanny to bridge the time between the mother's salary and kindergarten.

Advisers to the population minister are also studying different ways to link people's pension entitlements to the number of children they had. And the government is expanding pre-abortion counseling, in the hope of giving more women confidence that they can cope with a baby, and of reducing the country's high abortion rate.

"Estonia should be a test site for the rest of Europe," says Kristina Täht, who advises the population minister on family policies.

Many Estonians say the mother's salary is contributing to a change in climate. Indeed, for the capital of a country that's critically short of children, pregnant women and mothers pushing strollers are a surprisingly common sight in Tallinn -- a new trend many locals are quick to comment on.

At the Merimetsa mall near Tallinn's Baltic seafront recently, Leila Niidas pushed her five-month-old daughter Annaliisa in a stroller. "In the past I didn't see little children in the streets. Now it's crazy how many children you see here," she said.

Now 41, Ms. Niidas decided last year to have a third child, 15 years after her second child was born. She wouldn't have had Annaliisa, she said, if the government hadn't ponied up, replacing the income from her marketing job at Hansabank, the country's largest bank.

"My husband's salary would not have been enough," Ms. Niidas said. "We spend all that we earn." In addition to paying loans on the family's large four-room apartment and upmarket Audi station wagon, she has a 19-year-old son who wants to go to college in Florida, where he recently spent his last year of high school.

Not surprisingly, the mother's salary has had the biggest impact on the birthrate of affluent, career-oriented women, because the amount is linked to the mother's previous wages. Researchers at Tallinn think tank Praxis say the biggest statistical change is that more high-salaried women are having second and third children. While Ms. Niidas's higher income qualifies her for the maximum $1,560 monthly benefit, less well-off Estonians get less help.

"To me it seems an unfair way to divide the government's money," says Hanna Kaptein, 25, who gets the minimum rate of $200 a month because she had a baby right after graduating from university and wasn't working yet. Her husband, Veljo, a church pastor, earns only $650 a month.

He jokes that if the family's washing machine breaks down once more, they will need another baby to get more benefits to pay for the repair.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Court Told It Lacks Power In Detainee Cases (WP)

By Karen DeYoung

The Washington Post, October 20, 2006

Moving quickly to implement the bill signed by President Bush this week that authorizes military trials of enemy combatants, the administration has formally notified the U.S. District Court here that it no longer has jurisdiction to consider hundreds of habeas corpus petitions filed by inmates at the Guantanamo Bay prison in Cuba.

In a notice dated Wednesday, the Justice Department listed 196 pending habeas cases, some of which cover groups of detainees. The new Military Commissions Act (MCA), it said, provides that "no court, justice, or judge" can consider those petitions or other actions related to treatment or imprisonment filed by anyone designated as an enemy combatant, now or in the future.

Beyond those already imprisoned at Guantanamo Bay or elsewhere, the law applies to all non-U.S. citizens, including permanent U.S. residents.

The new law already has been challenged as unconstitutional by lawyers representing the petitioners. The issue of detainee rights is likely to reach the Supreme Court for a third time.

Habeas corpus, a Latin term meaning "you have the body," is one of the oldest principles of English and American law. It requires the government to show a legal basis for holding a prisoner. A series of unresolved federal court cases brought against the administration over the last several years by lawyers representing the detainees had left the question in limbo.

Two years ago, in Rasul v. Bush, which gave Guantanamo detainees the right to challenge their detention before a U.S. court, and in this year's Hamdan v. Rumsfeld , the Supreme Court appeared to settle the issue in favor of the detainees. But the new legislation approved by Congress last month, which gives Bush the authority to try detainees before military commissions, included a provision removing judicial review for all habeas claims.

Immediately after Bush signed the act into law Tuesday, the Justice Department sent a letter to the U.S. Court of Appeals for the District of Columbia Circuit asserting the new authorities and informing the court that it no longer had jurisdiction over a combined habeas case that had been under consideration since 2004. The U.S. District Court cases, which had been stayed pending the appeals court decision, were similarly invalid, the administration informed that court on Wednesday.

A number of legal scholars and members of Congress, including Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have said that the habeas provision of the new law violates a clause of the Constitution that says the right to challenge detention "shall not be suspended" except in cases of "rebellion or invasion." Historically, the Constitution has been interpreted to apply equally to citizens and noncitizens under U.S. jurisdiction.

The administration's persistence on the issue "demonstrates how difficult it is for the courts to enforce [the clause] in the face of a resolute executive branch that is bound and determined to resist it," said Joseph Margulies, a Northwestern University law professor involved in the detainee cases.

On Tuesday, the appeals court granted a petition by lawyers for the detainees to argue against the new law. Vincent Warren, the executive director of the Center for Constitutional Rights, which represents many of the detainees, said yesterday that he expected the administration to file a motion for dismissal of all the cases before the defense challenge is heard.

"We and other habeas counsel are going to vigorously oppose dismissal of these cases," Warren said. "We are going to challenge that law as violating the Constitution on several grounds." Whichever side loses in the upcoming court battles, he said, will then appeal to the Supreme Court.

Staff researcher Julie Tate contributed to this report.

ICRC Concerned Over New US Terror Law (FT)

By Demetri Sevastopulo And Daniel Dombey

Financial Times, October 20, 2006

The International Committee of the Red Cross raised concerns on Thursday about recent US legislation that creates military commissions to try prisoners at Guantánamo Bay and redefines American obligations under the Geneva conventions.

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President George W. Bush signed the Military Commissions Act this week. Among other controversial provisions it permits the admission of evidence gained through coercion, and prevents detainees at Guantánamo from challenging their detention in US courts.

Jakob Kellenberger, the ICRC president, said the legislation "raises certain concerns and questions".

"The very broad definition of who is an 'unlawful enemy combatant' and the fact that there is not an explicit prohibition of the admission of evidence attained by coercion are examples," he said, in comments posted on the ICRC website following a speech at Georgetown University.

The administration hammered out agreement on the law with key Republican senators after the Supreme Court ruled this year that the previous military commissions created to try prisoners at Guantánamo violated US law and the Geneva conventions.

Republicans, and a few Democrats, have argued that the law will help the US prosecute the "war on terror" but the American Civil Liberties Union called it one of the "worst civil liberties measures ever enacted".

Mr Kellenberger said the legislation was also problematic because it had created "two tiers of prohibitions" out of those listed under common article three of the Geneva conventions.

"[The law] omits certain violations from the list of acts that are war crimes under US domestic law. These included the prohibition of outrages upon personal dignity, in particular humiliating and degrading treatment, and the prohibition of the denial of the right to a fair trial . . . This distinction between the different violations disrupts the integrity of common article three."

Mr Kellenberger raised concerns about the use of secret detentions, which he said were "contrary to a range of safeguards provided for under the relevant international standards". The ICRC has also asked the US to provide the names of people who were previously held in the secret CIA detention programme.

John Bellinger, the US State Department legal adviser, on Thursday told reporters that Washington was "not required" to provide the ICRC with access to any prisoners that entered the system in the future.

He added that Washington also believed there was "no requirement" to provide the ICRC with the identities of previously held prisoners.

European politicians have responded angrily to Mr Bush's admission the CIA has operated secret prisons.

Terrorism Law Faces Challenges (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, October 20, 2006

WASHINGTON -- The news photos of President Bush signing the latest anti-terrorist measure show a line up of dignitaries whose unsmiling countenances were properly grim for witnessing the execution of the American notion of justice.

Obviously some in the gathering, like Attorney General Alberto Gonzales and Vice President Cheney, don't see it that way. For them the potential shredding of civil liberties is necessary to save the nation from the terrorist hordes waiting to destroy us. One doesn't smile in triumph when the president is saving the lives of millions of Americans.

Despite the violence it does to our constitutional principles, without this latest authorization to conduct questionable interrogations, strip detainees of their right to examine the evidence against them, exclude evidence gained through coercion and challenge their incarceration, another Sept. 11, 2001, could be just around the corner. Or so we are led to believe.

"It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said. "I have that privilege this morning."

But one would hope that the somberness of some of those in attendance, like Sens. John Warner, R-Va., and Lindsey Graham, R-S.C., may have stemmed from an uncomfortable realization that their earlier fight against passage of a bill they considered dangerously excessive was in the end futile and unrewarding. There was little compromise when all was said and done, a fact certified by the noticeable absence of the third member of the initial Senate opposition, John McCain, who skipped the signing ostensibly to campaign in Wisconsin for a GOP House candidate.

McCain, a likely candidate for the Republican presidential nomination in 2008, is one of the few members of Congress who truly understands the need to protect the rights of even one's enemies lest it happen to you. His long and brutal incarceration by the North Vietnamese has left him with an appreciation of the value of constitutional safeguards for all. His decision to skip this important ceremony for "campaign" reasons speaks volumes about how he truly feels about this act whether he admits it or not.

How long this law will stay in place is the subject of much speculation. Civil libertarians already are talking about a new challenge in the federal courts on constitutional grounds because it strips suspects of habeas corpus rights. The Democrats who strenuously opposed it may want to challenge it next January if the November election gives them control of one or both houses of Congress as the signs now indicate.

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The bill is the result of a Supreme Court ruling outlawing the system of military commissions the president had set up to try suspected terrorists. The court said the system was invalid without congressional authorization. In their ruling the justices also required suspects to be treated in accordance with the Geneva Conventions' prohibition against inhumane treatment, including "outrages upon personal dignity." Bush then acknowledged the existence of secret prisons, transferred 14 top al Qaeda suspects to Guantanamo and asked Congress to approve the military commissions and provisions to permit the CIA to continue its interrogations of terrorists.

The president's action was seen by longtime observers as an attempt to turn the nation's focus away from Iraq and toward terrorism in advance of next month's important midterm elections. For a time it seemed to work but gains in the president's approval ratings during that time have since slipped back.

No one expects those clearly identified as hardnosed terrorists to be treated with kid gloves. But denying even the worst of them the justice Americans cherish, it seems to me, is doing the terrorists' job for them. The end never justifies the means in these cases and while the president may believe he is saving lives, in the long run he may be paying a price far more damaging. In many ways, this scary action erodes the basics of our system about as badly as anything the terrorists are plotting.

Of course we must guard ourselves from the maniacs and that requires strong medicine. But should we torch the Constitution and international agreements to do so? Who shall guard against the guardians? Plato's question is never more relevant than now. That is not a statement reflecting a tolerance for terrorism. It is only an expression of concern about how much of our own freedom is lost to accomplish this job.

This is grim business.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Padilla Was Drugged, Threatened By Authorities, His Lawyers Say (BLOOM)

By Jeff Bliss And Jeff St.onge

Bloomberg, October 20, 2006

Oct. 19 (Bloomberg) -- Lawyers for accused terrorism supporter Jose Padilla say U.S. authorities drugged him with LSD or PCP, filled his cell with ``noxious fumes'' and threatened to slash him with a knife while he was being held without charges.

In court papers seeking dismissal of charges against Padilla, his lawyers said the abuse occurred after President George W. Bush declared him an ``enemy combatant'' following his arrest in 2002. The designation allowed Padilla, a U.S. citizen, to be held without being charged with a crime for three years and five months.

``The torture took myriad forms, each designed to cause pain, anguish, depression and, ultimately, the loss of will to live,'' according to the court document filed Oct. 4 in federal court in Miami.

A call and e-mail seeking comment from the U.S. Justice Department weren't immediately returned.

The government initially accused Padilla, who was arrested in Chicago, of plotting to explode a radioactive ``dirty bomb'' in the U.S. The government later said the al-Qaeda terrorist group trained him to blow up U.S. apartment buildings.

In November 2005, Padilla and four co-defendants were indicted on charges of conspiring to provide material support to terrorists. He is awaiting trial.

The government is appealing a judge's decision to dismiss one charge against Padilla of conspiracy to ``murder, kidnap and maim'' people. Padilla is asking the judge to throw out the entire case against him on the grounds his right to a speedy trial was denied.

For almost two years, Padilla was kept in isolation in a 9- foot-by-7-foot cell with no view of the outside world, said the court papers filed by his lawyers. Prison authorities also deprived Padilla of sleep and shackled him in uncomfortable positions for hours, his lawyers said.

``Noxious fumes would be introduced to his room causing his eyes and nose to run,'' according to the filing.

Prison officials gave Padilla ``drugs against his will, believed to be some form of lysergic acid diethylamide (LSD) or phencyclidine (PCP), to act as a sort of truth serum during his interrogations,'' according to the filing by his lawyers.

Padilla's interrogators told him he might be sent to Guantanamo Bay, Cuba, where prisoners caught during the U.S. invasion of Afghanistan are being kept, his lawyers said.

``He was threatened with being cut with a knife and having alcohol poured on his wounds,'' the filing said.

The case is U.S. v. Hassoun et al., 04cr60001, U.S. District Court in Miami.

U.S. Questioned About Arar Torture Case (AP)

By Pete Yost

AP, October 20, 2006

DOJ_NMG_0083806

WASHINGTON - Days before the Bush administration put Canadian citizen Maher Arar on a plane for Syria, Canadian law enforcement officials advised their U.S. counterparts that evidence of terrorist links by Arar was not definitive.

Why the Bush administration still shipped Arar to Syria - where he was tortured - and whether he remains on the United States' terror watch list are still unknown. Administration officials refuse to talk about the case.

It has been a month since a Canadian commission cleared Syrian-born Arar of all suspicion of terrorist activity, yet Arar still can't get into the United States, one of his lawyers, Michael Ratner, said Thursday.

John Cavanagh, director of the Institute for Policy Studies, asked Attorney General Alberto Gonzales to clear Arar's name and let him come into the United States this week to receive a human rights award.

Gonzales did not reply, Cavanagh said. At the Justice Department, a spokesman said he was unaware of the letter and could not comment.

It is not the Justice Department that keeps track of terrorist watch lists, but rather the Homeland Security Department, where spokesman Russ Knocke said in an e-mail, "We do not disclose names on watch lists."

Arar is a software engineer who was traveling on a Canadian passport in 2002 when he was detained at New York's Kennedy Airport because of what the Canadian government now says was faulty intelligence. Without informing Canada, the U.S. government turned Arar over to Syria where he was tortured, tossed in a small cell and finally released after nearly a year of confinement.

"How long is it going to take to get him off the watch list, remove the bar on re-entry to the United States and exonerate him?" asked Ratner, president of the Center for Constitutional Rights.

Sending Arar to Syria "appears to be part of a Bush administration policy of using suspicion to send people to countries where they are tortured," added Ratner, whose group has been representing Arar in a lawsuit against the Bush administration.

Immediately after Arar's release from Syria in 2003, the White House summoned Canada's ambassador to a private meeting, according to an exhaustive, 1,000-page-plus report on Arar released last month by a Canadian government commission.

At the meeting, White House official Frances Fragos Townsend "indicated that senior administration officials were irritated" that the Canadian prime minister was saying publicly that the decision to remove Arar was made unilaterally by U.S. officials, says the Canadian report.

The Canadian commission concluded there was no evidence Canadian officials participated in or agreed to the decision to send Arar to Syria.

On Thursday, Deputy White House press secretary Dana Perino declined to comment, citing the fact that Arar plans to sue the U.S. government.

The Canadian inquiry found the Royal Canadian Mounted Police in 2002 wrongly described Arar to American law enforcement officials as "an Islamic extremist suspected of being linked to the al-Qaida terrorist network."

Raising additional questions about why the U.S. government sent Arar to Syria, the Canadian inquiry also found that in the days before the U.S. government sent him, Canadian law enforcement officials advised their U.S. counterparts at the FBI that evidence of terrorist links by Arar was not definitive.

"A link analysis has yet to be completed on Arar, and while he has had contact with many individuals of interest to this project we are unable to indicate links to al-Qaida," the Canadians stated in one communication. It added that a detailed investigation into Arar had not yet been completed.

Questions raised by the Canadian report about the Arar case have drawn only brief comment at the State Department and the Justice Department.

Regarding Arar being turned over to Syria, State Department spokesman Sean McCormack said last month that the determination of U.S. government officials at the time was that Arar posed a threat to the United States and that officials had the reasonable expectation that he would not be "maltreated." At the Justice Department, Gonzales has said simply that "I'm not aware that he was tortured, and I haven't read the commission report."

Speaking from Canada this week, Arar said a representative of the U.S. Immigration and Naturalization Service was present when he was put on the plane for Syria in 2002. Arar said he told the INS representative that the Syrians would torture him.

"She said something like: 'The INS is not the body or the agency that signed the Geneva Convention convention against torture.' For me what that really meant is, 'We will send you to torture, and we don't care.'"

"Even when the Canadian commission exonerated, the U.S. was totally unapologetic; the man deserves an apology," said Joanne Mariner of Human Rights Watch, where she is the organization's terrorism and counterterrorism director.

ON THE NET

http://www.ararcommission.ca/eng/Vol_I_English.pdf

DOJ_NMG_0083807

Court Filing Defends NSA Spy Program (CLPD)

By Bill Sloat, Plain Dealer Reporter

The Cleveland Plain Dealer, October 20, 2006

Cincinnati - President Bush's lawyers contend Congress broadened his power to conduct warrantless surveillance on "those associated with al-Qaida" when it allowed American military action against terrorists shortly after the 9/11 attacks.

Justice Department lawyers repeatedly invoke Bush's war powers - and his duties as the nation's commander-in-chief - in a 48-page legal brief that defends a National Security Agency program which secretly monitors international communications.

Because of the classified program's wide sweep, U.S. citizens may be the subject of warrantless eavesdropping by the spy agency. That possibility led to a lawsuit by the American Civil Liberties Union and others challenging the program as a violation of the Fourth Amendment's prohibition against search and seizure without a warrant.

The legal brief says Bush acted properly because Congress put the nation on a wartime footing.

"This specific authorization, focusing directly on those whom the president determined were responsible for the 9/11 attacks, represents a targeted expansion of the president's statutory authority to address al-Qaida's extraordinary threat," Justice Department lawyers wrote.

They cited a 2001 congressional resolution, the Authorization for Use of Military Force, adopted around the time the U.S. invasion of Afghanistan overthrew the Taliban regime that sheltered Osama bin Laden.

The brief, filed Thursday in the 6th U.S. Circuit Court of Appeals in Cincinnati, is part of the administration's appeal of a Detroit federal judge's ruling that the spying program is unconstitutional.

While portions of the brief were kept secret on national security grounds, the administration's legal team makes clear that the White House believes U.S. District Judge Anna Diggs Taylor's decision would aid al-Qaida.

The court filing contends her decision "dismantles a vital tool that already has helped detect and disrupt al-Qaida plots," although no details about those plots were made public.

Mideast Conflict Plays Out In Terrorism Funding Trial (CHIT)

By Rudolph Bush

Chicago Tribune, October 20, 2006

In an overflowing courtroom guarded by a metal detector and bomb-sniffing dog, the intractable conflict between Palestinians and Israelis became the backdrop Thursday for the trial of two men accused of supporting terrorism.

Federal prosecutors charge that Muhammad Salah of Bridgeview and Abdelhaleem Ashqar of suburban Washington, D.C., aided terrorism from the United States as active members of the Palestinian extremist group Hamas.

The defense responded that neither man has ever supported violence and any assistance they provided was legal and came from a desire to help their own people as they struggled under a stifling occupation.

Assistant U.S Atty. Carrie Hamilton was the first to address the jury.

She began her statement by recalling the May 13, 1996, murder of David Boim, a 17-year-old American student shot to death in Israel by members of Hamas.

"Neither of these defendants was in that car on May 13 when David Boim was gunned down, but Muhammad Salah and Abdelhaleem Ashqar are just as responsible for the murder," she said.

She noted that for years, Israeli civilians have lived under the threat of suicide bombings and other terrorist attacks carried out by Hamas.

"Since at least 1989, these two defendants have supported and aided Hamas from right here in the United States," Hamilton said.

Hamilton detailed a conversation federal agents recorded between Ashqar and a top Hamas member in which they allegedly discussed a suicide bomber who blew himself up before reaching his final destination.

She told jurors that agents seized thousands of documents related to Hamas from Ashqar's previous home in Oxford, Miss.

The defense, meanwhile, focused in part on the desperate and sometimes deadly conditions Palestinians face under Israeli occupation.

Salah's attorney, Michael Deutsch, told jurors that resistance to occupation was inevitable.

Salah's intent was not violence, however, it was "helping people survive," he said.

"He is not a member of Hamas. He's never been a member of Hamas," Deutsch said.

Ashqar's attorney, William Moffitt, insisted the government is punishing his client not because he did anything wrong but because he turned down attempts by the FBI and CIA to recruit him as an informant and spy.

DOJ_NMG_0083808

Moffitt displayed a January 1996 CIA recruitment letter that requested Ashqar, a business professor educated in the U.S., consider applying to the agency's clandestine services.

"They wanted him to betray himself, his people, his ideals," Moffitt said. "He is an intelligent, non-violent person, and they wanted him on their side."

Moffitt compared Ashqar to American Revolutionary hero Nathan Hale and the legendary anti-apartheid champion Nelson Mandela.

Deutsch took a similar line, comparing the Palestinian resistance to the American Revolution and the French resistance against Nazi Germany.

Deutsch derided the idea that his client, who spent most of his adult life in the U.S., could be a Hamas leader, much less act as head of the group's military wing as prosecutors charge.

The only evidence that Salah was a Hamas leader comes from a statement he gave while in Israeli custody in 1993, Deutsch said.

The statement was the product of physical and psychological torture Salah endured for more than 50 days and should not be considered as evidence in a U.S. court, he said.

Hamilton said that Salah provided the statement voluntarily and that it included damning corroborating evidence, including Salah's knowledge of the burial site of an Israeli soldier kidnapped and murdered by members of Hamas.

Salah spent four years in an Israeli prison after confessing to being a leader of Hamas. He returned to the U.S. in 1997 and was immediately put under federal surveillance.

Prosecutors intend to call former New York Times reporter Judith Miller to testify that Salah was not under duress when he spoke to Israeli agents in 1993.

Miller observed one question-and-answer session between Salah and an Israeli agent and reported that Salah appeared calm and comfortable as he provided information about his role in Hamas.

Deutsch said Miller saw a staged interview of a broken man who was willing to do whatever it took to get along with his interrogators.

Hamilton told jurors Salah's confession is further corroborated by bank records that show he delivered to the West Bank and Gaza hundreds of thousands of dollars he received from top Hamas leader Mousa Abu Marzook.

Deutsch acknowledged Salah took money to the West Bank and Gaza, but said it was intended to provide humanitarian aid.

Testimony in the trial began late Thursday afternoon, with prosecutors calling to the stand Matthew Levitt, a high-ranking official at the U.S. Treasury Department and an expert on Hamas.

Terror Suspect Says CIA Recruited Him (AP-Y)

By Mike Robinson, Associated Press Writer

AP, October 20, 2006

A former university professor charged with plotting to bankroll Hamas terrorists was once asked by the CIA whether he wanted a job as a spy, his attorney told a jury Thursday.

Abdelhaleem Ashqar, 48, apparently never pursued the idea. But his defense attorneys say the offer shows federal agents were eager to recruit him to spy on fellow Palestinians before doing an about-face and indicting him.

Attorney William Moffitt showed jurors a June 17, 1996, letter on CIA stationary telling Ashqar, then a post-graduate business student at the University of Mississippi, that he might want a clandestine services job.

"Operations officers serve overseas as collectors of information," the letter said. It told him to "tick the box below" to pursue such a job.

But Moffitt said that when the job was suggested, federal agents already had searched his house, found the documents and tapped his phone.

Ashqar, of Alexandria, Va., and suburban Chicago grocer Muhammad Salah, 53, are charged in a four-count racketeering indictment with furnishing thousands of dollars and fresh recruits to the Palestinian militant organization Hamas, which has been officially designated a terrorist group by the federal government.

The indictment was announced in August 2004 in Washington by John Ashcroft, attorney general at the time, who called the men prime movers in "a U.S.-based terrorism recruiting and financing cell." The trial is expected to take three months, and expected witnesses include Israeli security agents.

Also charged in the indictment but absent and classified as a fugitive is Mousa Abu Marzook, described by federal officials as the deputy chief of the political section of Hamas — which since winning an election last January has controlled the government of the Palestinian territories.

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Ashqar is accused of funneling money destined for Hamas fighters in Israel in the Palestinian territories through his U.S. bank accounts and making his home an archive of Hamas documents.

Moffitt and Salah's attorney, Michael E. Deutsch, portrayed the two defendants as men who funneled money not to terrorists but to the poor and the downtrodden of the West Bank and Gaza Strip suffering under Israeli occupation.

Trial Begins For 2 Charged With Aiding Terror Group (NYT)

By Libby Sander

The New York Times, October 20, 2006

CHICAGO, Oct. 19 — Muhammad Salah spent four and a half years in an Israeli prison in the mid-1990's after admitting that he had provided money and other aid to the Palestinian organization Hamas for use in attacks against Israel.

Now, nearly a decade after Mr. Salah's release, his lawyers are trying to convince a federal jury here that that confession, on which a federal racketeering case against him is based, was obtained through torture.

"What they want you to do is buy into Israeli torture," Mr. Salah's lawyer, Michael E. Deutsch, told jurors on Thursday in the trial's opening statements. "You don't have to accept a case based on torture."

Mr. Salah, 53, a former grocer from suburban Chicago who now drives vans that transport dialysis patients for treatments, and his co-defendant, Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, are charged with supplying financial support to Hamas's military leaders. Prosecutors say they have evidence that the two men used United States bank accounts to funnel money to the group.

The indictment was announced in 2004 with much fanfare by the attorney general at the time, John D. Ashcroft, as part of the federal government's response to terrorism.

Carrie E. Hamilton, an assistant United States attorney, told jurors in a packed courtroom that during the trial, which is expected to last three to four months, the government would show how Mr. Salah and Dr. Ashqar channeled money to Hamas's military leaders during the early 1990's. Because of their financial support for Hamas, Ms. Hamilton said, the two men were responsible for the group's violent tactics against Israel.

"They're on the outside," she said, "helping people on the inside with Hamas's terror."

Mr. Salah, who was born in a Palestinian refugee camp on the West Bank and later became a United States citizen, has maintained that his involvement with Hamas was for humanitarian reasons only. When he was arrested in Israel in 1993, the organization, which was founded in 1987, existed mainly to provide social services to impoverished Palestinians, his lawyer, Mr. Deutsch, told the jury. The United States government did not label Hamas a terrorist organization until 1997, he said.

A "giving person" driven by a commitment to his Palestinian roots, Mr. Salah felt strongly about providing humanitarian aid to Palestinians, Mr. Deutsch said. And as a United States citizen, it was easy for him to travel to Israel and the occupied territories. All financial transactions related to Mr. Salah's dealings with Hamas were done openly in his name and in his own checking account, he said.

Mr. Salah was arrested at an Israeli checkpoint in the Gaza Strip in 1993, where the police found $97,000 in his hotel room in Jerusalem. He later confessed to meeting with Hamas military leaders and giving them money, but defense lawyers said the confession was false and obtained only after Israeli secret police tortured Mr. Salah for more than 50 days.

"This is the Israeli secret police," Mr. Deutsch told jurors. "They are notorious throughout the world for getting information through coercion and torture."

Prosecutors, however, pointed to Mr. Salah's confession as evidence that he was plugged into the highest levels of Hamas's military organization, and Ms. Hamilton spoke of a different kind of interrogation. She called accusations of torture "outrageous" and said that a former New York Times reporter, Judith Miller, who witnessed part of Mr. Salah's interrogation, would testify that she did not see any mistreatment. Two Israeli security agents, disguised and using aliases, are also expected to testify for the government in a courtroom cleared of public spectators.

Prosecutors said Dr. Ashqar, like Mr. Salah, was also part of an extended United States network that supported Hamas. Federal agents found a "treasure trove" of Hamas-related documents and minutes of high-level Hamas meetings in Dr. Ashqar's home in Oxford, Miss., Ms. Hamilton said. Wiretaps of Dr. Ashqar's telephones revealed that he was aware of Hamas's violent tactics and that he gave money and support to the family of a suicide bomber, she said.

Dr. Ashqar's lawyer, William Moffitt, portrayed his client, who came to the United States on an academic fellowship, as an intellectual who kept current on Palestinian issues. Enjoying the free speech afforded to him in this country, he met openly with others concerned about Palestinian issues, Mr. Moffitt told jurors.

Jordanian Immigrant Pleads Guilty To Fraud Charges (AP)

AP, October 20, 2006

DOJ_NMG_0083810

SALT LAKE CITY A relative of a man under investigation for ties to al-Qaida in Iraq pleaded guilty Thursday to numerous fraud charges, according to the U.S. Attorney's office in Utah.

Alaa "Alex" Ramadan, 29, pleaded guilty in federal court to numerous violations in four criminal indictments stemming from mortgage, loan, credit card, wire and mail fraud and money laundering schemes.

Ramadan pleaded guilty to one charge each of mortgage fraud, mail fraud and wire fraud; two counts of use of a false social security number; three counts each of conspiracy to commit money laundering, bank fraud and receiving money by fraud, and four counts of money laundering.

Under the terms of the plea agreement Ramadan will serve a sentence of three years and five months in federal prison, subject to approval by U.S. District Judge Dale Kimball.

Ramadan is scheduled to be sentenced by Kimball on Jan. 4.

Ramadan along with his uncle Sharif Omar and three others were accused of defrauding Utah banks of hundreds of thousands of dollars through bad mortgages and car loans.

The cases against Omar and the others are still pending.

Some of the money wound up in Jordan with Omar's relatives, Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City, said Thursday. He said investigators are trying to determine if any of that money was used to finance terrorism.

Sharif Omar, 37, is the brother of suspected senior al-Qaida operative Shawqi Omar, who is still being held by the U.S. military in Iraq, Bretzing said.

When he was arrested in Baghdad in 2004, the U.S. government said Shawqi Omar had bomb-making materials and was harboring an Iraqi insurgent and four Jordanian fighters.

Suspect Pleads Guilty To Fraud Schemes (SLT)

By Jason Bergreen, The Salt Lake Tribune

Salt Lake Tribune, October 20, 2006

Alaa Ramadan, the accused leader of a fraud and money laundering ring that allegedly involved at least six relatives of a former Utahn suspected of aiding terrorists in Iraq, pleaded guilty Thursday to federal violations involving mortgage, loan, credit card and other money laundering schemes that generated thousands of dollars.

Ramadan, a 29-year-old Jordanian, who lived in Salt Lake City, also pleaded guilty to a misdemeanor charge of failing to file federal income tax returns between 2000 and 2005, U.S. Attorney's Office spokeswoman Melodie Rydalch stated in a press release.

Ramadan's guilty pleas were related to four separate federal indictments returned in October and December of 2005.

Ramadan and Bassam Omar were indicted in October 2005 with mortgage fraud involving homes in Sandy and Bountiful, attempting to defraud at least two Utah banks of more than $120,000, falsifying bank loan applications, participating in financial transactions designed to disguise a crime, as well as wire and mail fraud and money laundering, the press release states.

The case against Omar is pending.

Though the case was investigated by the FBI's Joint Terrorism Task Force, none of the charges relate to terrorism, and prosecutors had downplayed the significance of the counter terrorist agents' involvement.

The FBI's investigation into the alleged

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fraud appears to have been triggered by the arrest of Shawqi Omar in Baghdad in October 2004. The former Salt Lake City resident is being held without charge in a U.S. prison in southern Iraq. He is accused by military officers of being a close aide of former al-Qaida leader Abu Musab al-Zarqawi.

Ramadan faces up to 41 months in prison. Restitution in the case is pending. Ramadan will remain in custody until sentencing.

Terror Case Accountant Will Agree To Plea Deal (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), October 20, 2006

A Michigan accountant who is charged with lying to investigators in the federal government's case against three terrorist suspects will enter into a plea agreement in U.S. District Court in Toledo.

Jihad Hekmat Dahabi, 47, of Dearborn, is accused of making false, fictitious, and fraudulent statements in the investigation of Marwan Othman El-Hindi, one of three Toledo-area terrorism suspects.

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Mr. Dahabi allegedly met with Mr. El-Hindi in Dearborn to prepare paperwork for a nonprofit organization that would divert government grants for education services to jihadist paramilitaries.

Information was filed last month in federal court in Detroit against Mr. Dahabi. He agreed last week to have the case transferred to Toledo. Documents in the case were sent Tuesday to U.S. District Court in Toledo. Judge Jack Zouhary will accept his plea and sentence him. No court date has been scheduled.

Mr. El-Hindi and Mohammad Zaki Amawi, both of Toledo, and Wassim I. Mazloum of Sylvania were charged in February with conspiring to kill or injure U.S. troops serving in Iraq and others in the Middle East, and providing material support to terrorists.

They have pleaded not guilty; Judge James Carr has scheduled their trial for May.

The charge against Mr. Dahabi stems from statements he made in February to federal authorities who were investigating the three suspects.

Three days before the indictment against the men was unsealed, investigators said the accountant denied preparing documents to register the corporation in April, 2005, when he met with Mr. El-Hindi because he didn't have all the information he needed.

But in a second interview in June, Mr. Dahabi said he prepared paperwork to create a corporation for Mr. El-Hindi and an associate, and used the names of Mr. El-Hindi's children as incorporators so they could pay themselves with government grant funds.

According to court records, Mr. Dahabi was last employed by Expert Accounting Tax Services in Dearborn.

In an unrelated development in the terrorism case, a hearing will be held today before Judge Carr on a request from Mr. Amawi's attorney, Dennis Terez, to withdraw from the case.

Mr. Terez, of the federal public defender's office in Cleveland, would not comment on why he wants to be removed.

Italy Arrests Seven In Push To Curb Laundering Of Drug Cash (FT)

By Adrian Michaels In Milan And Jimmy Burns In London

Financial Times, October 20, 2006

Italian authorities arrested seven people yesterday as part of an international operation to crack down on the laundering of drug money through an informal banking system used by immigrant workers.

The authorities also said the banking system, known as Hawala, could be being used as a conduit for terror finances. Marcello Musso, an Italian investigator, said: "That this involves a group of radical Islamic people is . . . not fantasy."

Hawala uses a legal network of informal dealers to help millions of immigrants in the west send remittances back to their home countries. But authorities have focused recently on the system's illegal use.

One Italian official said recently: "The underground banking system used all over the world by different ethnic groups is also used to launder an enormous quantity of serious crime money."

Other operations against money laundering, involving the UK and other jurisdictions, remain shrouded in secrecy as they touch on political sensitivities in countries with large Muslim communities and highly sophisticated criminal networks.

But Italian police revealed yesterday what they believe is some of the strongest evidence yet that the Hawala system is being used to carry millions of dollars made from the sale of cocaine and heroin.

In a sign of growing international co-operation, Italian investigators have been working closely with the US's Drug Enforcement Agency and the UK's Serious Organised Crime Agency (Soca), an FBI-style law enforcement body. They also cited co-operation with officials in the Netherlands, Dubai, Spain, Germany, South America and Australia.

In July Soca officials attended an international summit in the United Arab Emirates, a Hawala hub, as part of efforts to strengthen anti-money laundering operations there.

It is suspected that the Hawala system is exploited by al-Qaeda in the UAE and other countries in the Middle East to finance its operations. Investigators have also identified the involvement of Afghanistan and neighbouring countries.

Aside from the seven arrests, a list of charges was approved by a judge in Milan against 13 other people, some of whom are already in jail accused of lesser offences. People close to the investigations stressed that the probes continued and that further arrests were possible.

Italian authorities started their investigations in November 2004 by looking into the drug trafficking activities of Albanians in northern Italy. They soon made a connection with a group of Pakistanis near Modena, northern Italy, who were helping immigrants move money internationally.

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HOMELAND RESPONSE:

Football Stadium Threat A Hoax, FBI Says (AP)

By Emily Fredrix

AP, October 20, 2006

Football Stadium Threat Is a Hoax, FBI Says After Interviewing Milwaukee Man

MILWAUKEE Oct 19, 2006 (AP)— Internet threats of "dirty bomb" attacks at NFL stadiums this weekend were a hoax inspired by a writing competition between two men trying to come up with scary threats, a law enforcement official said Thursday.

The threats, which were posted on a Web site last week and mentioned stadiums in seven U.S. cities, were deemed to be false by the FBI on Thursday after agents questioned a 20-year-old Milwaukee man.

"This is a hoax," said Special Agent Richard Kolko, a spokesman at the FBI's Washington headquarters. A joint statement from the FBI and Homeland Security said fans "should be reassured of their security as they continue to attend sporting events this weekend."

An FBI official in Washington, who spoke on condition of anonymity because the case is still under investigation, said the Milwaukee man acknowledged posting the phony stadium threat as part of a "writing duel" with a man from the Brownsville, Texas, area to see who could post the scariest threat.

The Texas man corroborated the story during questioning Thursday by FBI agents, the official said. Investigators also searched the Milwaukee man's computer, the official added.

No decision has been made yet on whether charges will be filed, the official said. In Houston, FBI spokeswoman Shauna Dunlap said officials are not investigating any connections to the NFL scare in that jurisdiction.

Milwaukee police contacted the FBI about the 20-year-old man Wednesday night.

"From the information we have, we believe he was involved to some extent, but we don't know at what level," said FBI agent Douglas E. Porrini. He added, "That person was released, but we're not saying that he won't be charged."

The threat, dated Oct. 12, appeared on a Web site, The Friend Society, that links to various online forums and off-color cartoons. Its author, identified in the message as "javness," said trucks would deliver radiological bombs Sunday to stadiums in New York, Miami, Atlanta, Seattle, Houston, Cleveland and Oakland, Calif., and that Osama bin Laden would claim responsibility.

Threat On Stadiums Is Found To Be A Hoax (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, October 20, 2006

An Internet threat that said terrorist attacks were planned on seven NFL stadiums this weekend was determined by investigators to be "a hoax," the FBI and the Department of Homeland Security announced yesterday.

"The investigation has determined that this is a hoax," the two agencies said in a joint written statement. "The public should be reassured of their security as they continue to attend sporting events this weekend."

FBI agents yesterday questioned a 20-year-old Milwaukee man thought to be involved in the threat, which was made Oct. 12 on a Web site that links to multiple online conversations and cartoons. The man was released, but authorities left open the possibility that he could be charged with a crime.

A message on the Web site said the seven stadiums would be hit by bombs containing radiological material. The stadiums mentioned were in New York, Miami, Houston, Cleveland, Seattle, Atlanta and Oakland, Calif. The posting said the bombs would be delivered to the stadiums in trucks and that Osama bin Laden later would claim responsibility.

The Associated Press reported that the man in Milwaukee told the FBI he posted the threat as part of a writing duel with a man in Brownsville, Tex., to see who could post the scariest threat.Bears Put Brown on IR

The Chicago Bears placed safety Mike Brown on the injured reserve list, ending his season.

Brown underwent surgery Wednesday to repair a torn ligament in his foot. He was injured in Monday night's comeback victory at Arizona.

The veteran is one of the Bears' top players and leaders, and Coach Lovie Smith acknowledged Wednesday that the loss was a severe blow to his unbeaten team. The Bears have some time to pick a replacement, given that they're on their bye week. Possibilities include Todd Johnson, who replaced Brown on Monday, and Chris Harris, who was unavailable for the Arizona game because of a quadriceps injury. . . .

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Seldom-used cornerback Reggie Howard left the Carolina Panthers for what the team said were personal reasons. Panthers officials said they had received a roster exemption to replace Howard, a former starter stuck this season behind Chris Gamble and Ken Lucas and top reserve Richard Marshall. . . .

San Diego Chargers defensive end Igor Olshansky will be out three to four weeks after undergoing knee surgery Wednesday. . . . Ed Hartwell is scheduled to return to the Atlanta Falcons' lineup this weekend at middle linebacker. Hartwell, who is coming off knee surgery, will make his season debut. . . .

The two teams involved in the most acrimonious dealings of the offseason square off this weekend in Seattle. The Seahawks are scheduled to host the Minnesota Vikings on Sunday. The two clubs were involved in a bitter offseason tussle over free agent contracts.

The Vikings signed Pro Bowl guard Steve Hutchinson away from the Seahawks. The Seahawks had used their transition player tag on Hutchinson, enabling them to retain him by matching any contract offer he might receive from another club in free agency. But the Vikings used a contract containing a provision the Seahawks couldn't afford to match, known as a "poison pill," to land Hutchinson. Hutchinson's seven-year, $49 million contract would have become fully guaranteed if he wasn't the highest-paid offensive lineman on his team, and in Seattle he would have been making less than left tackle Walter Jones.

The Seahawks retaliated by using a poison pill to sign wide receiver Nate Burleson, a restricted free agent, away from the Vikings. Paul Tagliabue, then the NFL commissioner, and owners of other teams denounced the tactics and vowed to change the rules governing such transactions. But the league and the NFL Players Association have been unable to reach an agreement on a rule to eliminate or limit such tactics.

Football Threat Is Said To Be Hoax (NYT)

By Eric Lipton

The New York Times, October 20, 2006

After questioning a 20-year old Milwaukee man, federal law-enforcement officials said that a threat posted on the Internet last week about plans to detonate radiological bombs at football stadiums on Sunday was a hoax. A Federal Bureau of Investigation spokesman said the F.B.I. believed that the man, whose name was not released, was involved in the Internet posting, which led to a warning Tuesday to the National Football League and others in seven cities. Richard J. Kolko, an F.B.I. spokesman, said no decision had been made on whether to file charges against the Milwaukee man.

Wal-Mart Limits Prepaid Cell Phones To 2 (WP/AP)

By Bruce Meyerson, The Associated Press

The Washington Post, October 20, 2006

NEW YORK -- Wal-Mart Stores Inc. plans to limit each customer to two prepaid cell phones per purchase amid complaints that entrepreneurs are buying the subsidized handsets by the hundreds to resell at a profit, according to people familiar with the matter.

The new limit on the phones, effective last week, was disclosed to The Associated Press by persons at two national cell carriers. They spoke on condition of anonymity because Wal-Mart's policy hasn't been announced.

Wal-Mart declined to confirm the change from its prior limit of three prepaid phones per customer.

The phones in question, sold under brands including TracFone and GoPhone from Cingular Wireless, are priced as low as $20 and $30 per handset. The phones are called "prepaid" because users buy minutes of air time in advance for calls rather than signing up for a monthly plan with recurring charges.

Limits on their purchase aren't new among major retailers. But phone makers and service providers are pressing retailers to tighten restrictions, which can be easy to skirt by going to multiple cashiers or coming back at different times of day. Law enforcement, meanwhile, worries the anonymity of prepaid phones makes them appealing tools for criminal and terrorist activity.

Wireless service providers willingly lose money or make no profit on the devices in hopes that purchasers will make up for it by using the service, buying additional air time for calls. But there's no profit if the phones are never used for their intended purpose.

Those who buy in bulk at stores can double their investment by reselling the phones to entrepreneurs who deactivate a software lock on the devices. The phones can then be used on other cellular networks, often in Asia and Latin America, though sometimes in the United States.

Purchasing phones in bulk is not in itself illegal, and authorities haven't had much luck trying to prosecute those engaged in the trade. But wireless companies have sued them, alleging the reconfiguration and repackaging violate trademark and copyright protections.

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The change in Wal-Mart's policy follows high-profile arrests two months ago in Ohio and Michigan of men who had purchased bulk quantities of the phones.

The Federal Bureau of Investigation and Department of Homeland Security issued bulletins earlier this year warning police to look out for bulk phone purchases. Authorities said they were worried the devices might be used as bomb detonators or that profits from their resale might fund a terrorist attack.

But in the Ohio and Michigan cases, early hints of possible terrorism links by authorities never resulted in related charges. The men arrested in Ohio pled no contest last month to a low-level charge of giving misleading information to police. In the Michigan case, a federal judge threw out charges of trafficking in counterfeited goods.

Remains From WTC Site Found In Manhole (AP-Y)

By Marcus Franklin

AP, October 20, 2006

Human remains that appear to be from World Trade Center victims were found by utility workers in a manhole at the northern edge of the site, a Port Authority official said Thursday.

A Consolidated Edison crew doing excavation of the manhole at street level found the remains, some as big as arm or leg bones, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey, which owns the site.

Con Ed said it entered the site Wednesday to remove material from two manholes that had been damaged and abandoned after the 2001 collapse of the twin towers.

Crews hauled the excavated materials Wednesday to a work center more than a mile away, as is customary, Con Edison said. On Thursday morning, a contractor working for the Port Authority realized the materials contained remains, Con Edison spokesman Chris Olert said, and the medical examiner's office was contacted.

Five years after 2,749 people died in the Sept. 11 World Trade Center attacks, families of about 1,150 victims still do not know whether their loved ones' remains were recovered.

During the excavation of the 110-story twin towers, which began the evening of the attacks and lasted for nine months, about 20,000 pieces of human remains were found. The DNA in thousands of those pieces, many small enough to slip into a test tube, was too damaged by heat, humidity and time to yield matches in the many tests forensic scientists have tried over the years.

The city told victims' families last year that it was putting the project of making identifications on hold, possibly for years, until new DNA technology was developed. Last month, the company contracted to work on the bone fragments said advances had been made and new identifications would be forthcoming.

Besides the new remains found by the utility workers, the lab also has recently received hundreds of bone fragments discovered on the roof of a building just south of where the trade center had stood. The building had been condemned since the attacks and was about to be torn down when workers found the bone pieces.

Charles Wolf, whose wife Katherine's remains were never recovered, said he wants an independent party to take over the remains search. He showed up at the Con Edison site after being contacted by television stations Thursday.

"We've got a problem right now," Wolf said. "Where else are we going to find them next?"

Porthole Security (WSJ)

The Wall Street Journal, October 20, 2006

President Bush signed the SAFE Ports Act into law last week, and the longshoremen's union is finding reasons to celebrate. You don't find that reassuring? Neither do we.

The October newsletter of the International Longshore and Warehouse Union is trumpeting the "major gains" the union was able to achieve, via its Democratic Congressional allies, as the final version of the bill was haggled out in conference. Among its triumphs: "An amendment by Sen. John Kerry (D., Mass.) that required a port security training and exercise program for longshore workers." Mr. Kerry made sure the ILWU was "eligible for grant money for such training," a thoughtful bequest for a union that almost invariably endorses Democrats.

But the real ILWU "victory" was its success in stripping from the final version of the bill a provision that would have barred a broad class of former felons -- including those convicted of "dishonesty, fraud and misrepresentation" -- from obtaining a port security clearance for at least seven years after their conviction. The ILWU's International President Robert McEllrath denounced the list of disqualifying offenses as "overly broad" in a response, posted on the union's Web site, to our previous editorials on this subject. He also dismisses as "an incredible leap of logic" the suggestion that such felons might be dangerously prone to colluding with terrorists trying to gain access to our ports.

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In fact, links between terrorism and organized crime are the norm everywhere from Colombia to Afghanistan. Nor does it seem especially onerous to demand that American port workers meet the same basic background requirements the government imposes on airport screeners. You would think the Democratic Party would get this, seeing as its been screaming the loudest about the holes in port security. The ILWU's priorities being otherwise, however, so are theirs.

Democrats Outline Reform Plan For Federal Emergency Response (MCT)

By Maria Recio

McClatchy Newspapers, October 20, 2006

WASHINGTON - Congressional Democrats, trying to draw a stark contrast to the Bush administration's response to Hurricane Katrina, laid out recommendations Thursday for a legislative agenda that would radically change the federal response to emergencies.

Rep. Gene Taylor of Mississippi, who chairs the Democratic leadership-created Katrina Task Force and who lost his home in the hurricane last year, presented the findings, hitting hard on what he described as a need to overhaul the insurance industry.

"Number one, we have to take the antitrust exemption of the insurance industry away," Taylor said at a news conference. "No one should be above the law."

Insurers can set prices under the exemption, which dates to the 1940s.

The second priority, Taylor said as he released the report, "Katrina and Beyond," is all-perils insurance.

With private insurers saying the hurricane damage was caused by water - which federal insurance covers - not wind - which the private insurers cover - most claims are being dismissed, Taylor said.

He said his third priority was to have some form of federal oversight. Insurers are regulated by the states. Taylor said one of his greatest frustrations as a congressman was constituents coming to him "with their policies and tears in their eyes and not be able to do anything."

The insurance companies maintain that they've paid what was owed under their polices. They say they can't be expected to cover damage for which no premiums were collected.

The task force, which Taylor chaired with Rep. Charlie Melancon, D-La., as the vice chairman, was formed to develop proposals that the Democrats hope will become a blueprint for action, especially if they take back control of the House of Representatives.

When Taylor started his remarks, he said he'd been asked to chair the task force by "Speaker Pelosi," then corrected himself to refer to "Minority Leader" Nancy Pelosi, D-Calif. He said later that a Democratic majority was something "I'd like to see happen."

"I know we'd have a better chance of passing these reforms with a Democratic majority," the Mississippi lawmaker said.

Asked how quickly legislation could move, Taylor said, "I'm a realist. On the insurance thing, we're planting the seed."

At the news conference, Taylor focused on insurance - a central issue to his constituency - but the recommendations propose radical changes in the federal response to emergencies. He stressed that they had far-reaching consequences: Fifty-three percent of Americans live in coastal communities.

The task force recommends diminishing the role of the Federal Emergency Management Agency by redirecting its responsibility for disaster recovery to agencies directly responsible for housing, transportation, education and economic development. Other recommendations include rebuilding levees to withstand a Category 5 hurricane - New Orleans' were built only for a Category 3 - and re-equipping National Guard units, which have been strained by the war in Iraq.

The report's first recommendation is that the relationship between the insurance companies and the National Flood Insurance Program be investigated. The national-flood policies are sold by the insurance companies, which determine how to resolve claims - and, Taylor charged, invariably decide to make payments from the taxpayer-backed flood-insurance plan.

The result has been a "wind vs. water" debate, in which the insurance companies decide, in the absence of eyewitness accounts, that water - not wind - caused the damage.

"Insurance company adjusters have an obvious conflict of interest when deciding whether claims should be billed to the federal flood insurance program or to the insurance companies that employ them," the report said.

The insurance companies say they've handled claims fairly and investigated each one individually.

Sen. Trent Lott, R-Miss., inserted language into the homeland security appropriations legislation just signed by President Bush that calls on the inspector general of the Homeland Security Department to investigate the conduct of insurers in deciding Katrina claims and report to Congress by April 1. Taylor had a similar version of the amendment in a different bill and supports Lott's move.

Lott also lost his coastal home in the hurricane. He and Taylor are part of the same lawsuit against State Farm Insurance Co. brought by Lott's brother-in-law, well-known lawyer Richard Scruggs, whose home also was destroyed by Katrina.

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Melancon later spoke to reporters in Taylor's office via conference call.

"This is a beginning," the Louisiana lawmaker said of the findings. Like Taylor, he's looking forward to the 110th Congress, which begins Jan. 3. "What we've got here is the beginning of a way America responds to disasters."

WAR NEWS:

General: U.S. Rethinking Strategy To Secure Baghdad (AP)

The Associated Press, October 20, 2006

BAGHDAD — The U.S. military acknowledged Thursday that its two-month drive to crush insurgent and militia violence in the Iraqi capital had fallen short.

Maj. Gen. William Caldwell, chief U.S. military spokesman in Iraq, called the raging bloodshed disheartening and said the United States is rethinking its strategy to rein in gunmen, torturers and bombers.

Caldwell's remarks came as car bombs, mortar fire and shootings around the country killed at least 66 people and wounded 175. The dead included the Anbar province police commander, slain by gunmen who burst into his home.

The military announced the deaths of three U.S. servicemembers in fighting, raising the death toll for October to 74. The month is on course to be the deadliest for U.S. forces in nearly two years.

The high death tolls this month for both Americans and Iraqis have pushed the war back into the public eye in the USA, forcing the Bush administration and the military to address difficult questions in the final weeks of the campaign season before elections Nov. 7.

Vice President Cheney said the United States is not looking for a way out of Iraq. “I know what the president thinks. I know what I think. And we're not looking for an exit strategy. We're looking for victory,” he said in an interview posted on Time magazine's website.

Caldwell told reporters the U.S.-Iraqi bid to crush violence in Baghdad had not delivered the desired results. He said attacks in the capital had risen 22% in the first three weeks of the Muslim holy month of Ramadan, compared with the three previous weeks.

“Operation Together Forward has made a difference in the focus areas but has not met our overall expectations in sustaining a reduction in the level of violence,” Caldwell said. He was referring to the security sweep, which began on Aug. 7 with the introduction of an additional 12,000 U.S. and Iraqi troops into Baghdad.

“The violence is indeed disheartening,” he said.

Caldwell said security plans were being reviewed for the sprawling city of 6 million people, where rival Shiite and Sunni Muslims live in uneasy proximity to each other.

His assessment came amid tensions between the United States and the nearly 5-month-old government of Prime Minister Nouri al-Maliki. The prime minister ordered U.S. troops to release Mazin al-Sa'edi, a top organizer in western Baghdad for radical Shiite cleric Muqtada al-Sadr.

Caldwell said al-Sa'edi was freed after being detained Wednesday with five aides for suspected involvement in Shiite violence. Al-Sadr's Mahdi Army has been blamed for attacks and for inspiring groups to kidnap and kill Sunnis.

The newly reported U.S. deaths were a Marine and a soldier killed in Anbar province in the Sunni heartland west of Baghdad and another soldier who died in a roadside bombing near Balad.

“When there's more presence (of U.S. troops), there's more chance” of casualties, said Maj. Ken Slover of the 172nd Stryker Brigade, operating in Baghdad.

General Says Mission In Baghdad Falls Short (WP)

By John Ward Anderson

The Washington Post, October 20, 2006

BAGHDAD, Oct. 19 -- A two-month U.S.-Iraqi military operation to stem sectarian bloodshed and insurgent attacks in Baghdad has failed to reduce the violence, which has surged 22 percent in the capital in the last three weeks, much of it in areas where the military has focused its efforts, a senior U.S. military spokesman said Thursday.

The assessment by Army Maj. Gen. William B. Caldwell IV followed a 43 percent spike in attacks on U.S. and Iraqi forces in the capital since midsummer that has pushed U.S. military fatalities to their highest rates in more than a year. The military reported that three soldiers were killed in Anbar province west of Baghdad on Wednesday, bringing the number of U.S troops killed so far this month to 74.

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Caldwell's appraisal of the Baghdad campaign known as Operation Together Forward was in stark contrast to reviews during the opening weeks. At that time, U.S. military leaders said the deployment of 12,000 additional U.S. troops in Baghdad's most violent neighborhoods was significantly improving security for residents.

The operation "has not met our overall expectations of sustaining a reduction in the levels of violence," Caldwell said Thursday at a weekly news briefing. Violence has risen in the areas where the U.S.-Iraqi operation has focused, because of counterattacks, he said.

"We're finding insurgent elements, the extremists, are pushing back hard. They're trying to get back into those areas" where Iraqi and U.S. forces have targeted them, he said. "We're constantly going back in and doing clearing operations."

Under the program, joint U.S.-Iraqi teams of soldiers and police entered dangerous Baghdad neighborhoods and used aggressive tactics to try to secure them, engaging with fighters, searching door-to-door and patrolling the streets. Teams then moved on to the next sector, leaving behind a fixed force that attempted to ensure gunmen would not return. The goal of the program was also to restore basic services such as trash collection.

Now, Caldwell said, "we are working very closely with the government of Iraq to determine how best to refocus our efforts. . . . It's clear that the conditions under which we started are probably not the same today. And so it does require some modifications of the plan."

Attacks on police and military units continued in many parts of Iraq on Thursday. Coordinated suicide car and truck bombings and mortar attacks on several police facilities and two U.S. patrols in the northern city of Mosul killed at least 12 Iraqis and wounded 30, local police and hospital officials said. There were no reports of U.S. casualties.

Later in Kirkuk, about 150 miles north of Baghdad, a suicide car bomber targeted a group of soldiers and civilians lined up outside a bank to cash their paychecks before the start of the Muslim holiday of Eid al-Fitr this week. The explosion killed 12 people and injured about 70. Three people were killed in a suicide car blast at a checkpoint west of Kirkuk early Thursday night.

In Baghdad, at least 19 people were killed and 31 injured in mortar attacks, suicide bombings and roadside bombings. News services reported at least 23 other killings Thursday in violence scattered around the country.

There are about 68,000 U.S. and Iraqi troops in Baghdad, and about 15,400 troops are taking part in Operation Together Forward. The campaign was launched in early August in response to attacks that were claiming as many as 100 lives a day in the capital. In September, 2,667 Iraqis were killed in Baghdad, according to the Iraqi Health Ministry.

Without providing exact statistics, Caldwell said attacks had surged during the Muslim holy month of Ramadan. The four weeks of fasting end in a few days with the beginning of the three-day festival of Eid al-Fitr. But Caldwell said the increase in attacks on U.S. forces also reflected the fact that more forces are patrolling Baghdad because of Operation Together Forward. The timing of the violence was also linked to the upcoming midterm elections in the United States, he said.

"The enemy knows that killing innocent people and Americans will garner headlines and create a sense of frustration," he said.

Caldwell said Iraqi Prime Minister Nouri al-Maliki has adopted Operation Together Forward as "the model which he is trying to take to clear the city of the violence and extremism." But the campaign is under intense counterattack, he said, because "if you want to in fact discredit the government and show they have an inability to bring security and safety to the city, you would in fact target the focus areas. We think that's exactly why it's occurring."

Maliki, who heads a government led by Shiite Muslim religious parties, has come under criticism recently for not doing enough to curb sectarian violence, particularly reining in the Mahdi Army, the militia controlled by popular Shiite cleric Moqtada al-Sadr. The force has been accused of slaughtering Sunni Arabs and forcing tens of thousand of them to flee their homes.

Caldwell also said that on Wednesday, at Maliki's behest, the U.S. military freed a Sadr official, Mazin al-Saidy, who had been detained the day before by U.S. forces in Baghdad on suspicion of being a member of the Mahdi Army and involvement in the killings of numerous Sunnis.

Caldwell said he did not know why Maliki had intervened to have Saidy released, but said it was not for the United States to "second-guess him."

"He is the prime minister of this nation, and . . . if he makes that decision, he has a lot of other information which we probably are not privy to," Caldwell said.

He said that as a condition of his release, Saidy signed a statement "promising to support the government of Iraq and disavow future acts of violence."

Washington Post correspondents in Mosul, Kirkuk and Baqubah contributed to this report.

U.S. Says Violence In Baghdad Rises, Foiling Campaign (NYT)

By John F. Burns

The New York Times, October 20, 2006

DOJ_NMG_0083818

BAGHDAD, Iraq, Oct. 19 — The United States military command in Iraq acknowledged on Thursday that its 12-week-old campaign to win back control of Baghdad from sectarian death squads and insurgents had failed to reduce violence across the city. A spokesman for the command said intensive discussions were under way between American and Iraqi officials on ways to "refocus" the effort, which American officials have placed at the heart of their war strategy.

In one of the most somber assessments of the war by American commanders, a statement read by the spokesman, Maj. Gen. William B. Caldwell IV, said the campaign had been marked by increasing attacks on American troops and a spike in combat deaths. Attacks soared by 22 percent, he said, during the first three weeks of Ramadan, the holy month now nearing its end. With three new combat deaths announced on Thursday, the number of American troops who have lost their lives in October rose to 73, representing one of the sharpest surges in military casualties in the past two years.

General Caldwell said American troops were being forced to return to neighborhoods, like Dora in southwestern Baghdad, that they had sealed off and cleared as part of the security campaign because "extremists" fighting back had sent sectarian violence soaring there. The security plan sent heavy deployments of American troops into troubled neighborhoods, reversing the previous policy, which was to allow Iraqi troops to police the capital.

"The violence is indeed disheartening," General Caldwell said. While the sweeps have contained violence in some areas, over all, he said, the campaign to gain control of the city "has not met our overall expectations of sustaining a reduction in the levels of violence." As a result, he said, "We are working very closely with the government of Iraq to determine how to best refocus our efforts."

President Bush, who ordered the rearrangement of troops to begin the campaign, is now left with only a handful of tough and politically unattractive options. [News analysis, Page A10.]

The general's remarks, unusual for their candor and unvarnished portrayal of bad news, appeared to mark a new setback for the American military effort. Stark new videotape broadcast on Thursday by Al Jazeera from Ramadi, an insurgent stronghold 80 miles west of Baghdad, showed heavily armed insurgents taking over a busy city street in broad daylight to celebrate the proclamation by their leaders of an Islamic state in wide areas of Iraq's Sunni heartland. There was no sign of any attempt to intervene by the heavy concentration of American and Iraqi troops in the city. The Iraqi government said the demonstrators fled after 15 minutes.

The insurgents' ability to strike across wide areas of the country was demonstrated anew on Thursday in the northern oil city of Mosul, when suicide bombers attacked a police station and an American convoy, killing at least 22 people and wounding dozens more, mostly civilians, a hospital official said.

In the city of Diyala, 40 miles north of Baghdad, a bomb near a market killed 10 people and injured 20 others, an Interior Ministry official said. In Baghdad, the police reported the discovery of 27 bodies on Thursday.

The American command's statement on the faltering campaign signified a new and jarring stage in 18 months of efforts to bring peace to Baghdad, with one military plan succeeding another, and none achieving more than a temporary decline in the violence that has made Baghdad the most bloody theater of the war. Senior officers have spoken of the campaign in "make or break" terms, saying that there would be little hope of prevailing in the wider war if the bid to retake Baghdad's streets failed.

General Caldwell gave little hint of what changes the American command might make in the Baghdad operation. Other senior American military officials who have discussed the Baghdad operation with reporters in recent days have suggested that they have no fundamental reworking of the plan in mind; rather, they say, they plan to continue with it for many months, adjusting as conditions dictate.

Across Baghdad, as in other troubled areas of Iraq that American forces have tried to "clear and hold," military officials have struggled to deal with insurgents simply melting away, only to return stronger after the offensives wound down. Commanders say the challenge will be not only to clear and hold, but also to "build," meaning that the cleared areas, with Iraqi policing after the troops withdraw, will benefit from infrastructure investment as part of a plan to cut the militants' support.

General Caldwell suggested that the increased American troop presence had acted as a spur to the surge in attacks. The general said the Iraq insurgents were aiming at affecting American public opinion in an election year.

"It's no coincidence that the surge in attacks against coalition forces and the subsequent increase in U.S. casualties coincide with our increased presence in the streets of Baghdad and the run-up to the American midterm elections," the general said. "The enemy knows that killing innocent people and Americans will garner headlines and create a sense of frustration."

A hint that changes in the Baghdad operation were afoot came three weeks ago, when the neighborhood sweeps were halted with large areas of the city untouched, including strongholds of Sunni and Shiite militants like Mansour, in western Baghdad, and Sadr City in the east. Last week, Mr. Bush told reporters he was open to modifying the approach in Iraq "if it's not working." Gen. George W. Casey Jr., the top American commander in Iraq, made similar comments.

The American military has said that it has committed 15,600 troops to the operation — compared with 9,600 from the Iraqi Army — with 30,000 Iraqi policemen serving in support roles. American troops have led the 95,000 house searches conducted in

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the campaign, and General Caldwell said that their visibility had been accompanied by a shift in the pattern of insurgent attacks, with a sharp rise in strikes against American troops and attacks on civilian targets staying more or less constant.

"We find the insurgent elements, the extremists, are in fact punching back hard," he said. "They're trying to get back into those areas," the general said. "We're constantly going back in and doing clearing operations again."

Perhaps the most striking element in the news conference was General Caldwell's candor. Although American commanders have struck a generally sober tone in the past year, they have been careful not to hint in public at the increasingly gloomy view that some, at least, have taken in private. In recent weeks, some senior officers have voiced growing exasperation at background briefings for reporters, particularly when discussing the ineffectiveness, dithering and corruption, as they have termed it, in the government of Prime Minister Nuri Kamal al-Maliki, and the prime minister's failure to act effectively on his pledge to rein in the Shiite militias that American commanders now see as the main source of instability.

General Caldwell came to the Baghdad spokesman's job after commanding the 82nd Airborne Division in its relief efforts after Hurricane Katrina last year, and he has struck a generally upbeat tone in his briefings since arriving here this spring. But on Thursday, he appeared unusually subdued. He waved off a question suggesting that the situation in Baghdad had similarities to the period of the 1968 Tet offensive in Vietnam, saying, "We're getting far beyond my realm to start making analogies to the Vietnam War."

Then he added: "But I can tell you that we're obviously very concerned about what we're seeing in the city. We're taking a lot of time to go back and look at the whole Baghdad security plan."

He went on: "Everything stays very dynamic in this type of environment, and it's clear that the conditions under which we started are probably not the same today. And so it does require some modifications of the plan."

American commanders who have discussed the Baghdad operation with reporters in recent days have spoken of having limited options as they seek for ways to make the campaign more effective. One is to increase the number of Iraqi troops deployed to the sweeps. Of six Iraqi battalions that were promised when the operation began, these commanders said, only two have been deployed. The commanders also noted that assessments of the operation might improve after November, when a phase of the plan involving economic reconstruction in the "cleared" areas would begin.

The strategy known as "clear, hold and build" is loosely patterned on a similar effort in Vietnam after the Tet offensive, which was credited with helping turn the tide in that war against the Communist insurgents in the early 1970's, before the withdrawal of American troops and a cutoff in Congressional financing for the war hastened the final Communist victory. American commanders in Iraq say that the Baghdad campaign has so far covered only the "clear" and "hold" phases, and that the rebuilding of infrastructure in cleared Baghdad neighborhoods, especially restoring electricity, sewage and clinics, could help win popular support that would aid in tracking down the death squads and insurgents.

Security Operation Yields No Reduction In Baghdad Violence (LAT)

By Louise Roug

The Los Angeles Times, October 20, 2006

BAGHDAD — The top U.S. military spokesman in Iraq acknowledged Thursday that a much-touted security crackdown by American and Iraqi forces had failed to reduce violence in the Iraqi capital and called the results "disheartening."

With attacks in Baghdad having increased by 22 percent during the past three weeks, Maj. Gen. William B. Caldwell IV said military planners might have to go back to the drawing board.

"We're obviously very concerned about what we're seeing in the city," Caldwell said. "We're taking a lot of time to go back and look at the whole Baghdad security plan. We're asking ourselves if the conditions under which it was first devised and planned still exist today, or have the conditions changed and therefore a modification to that plan needs to be made."

Despite the joint operation, launched in June, sectarian violence between Sunni Arabs and Shiites continues unabated, Caldwell said, and insurgents are targeting American troops.

Caldwell said at least 73 U.S. troops have been killed so far this month, putting October on track to be the bloodiest month for American forces since the battle of Fallujah in 2004.

The U.S. military announced the death of a Marine on Thursday and two American soldiers Wednesday. Tuesday, 10 American troops were killed.

Seven suicide attackers struck across northern Iraq on Thursday, targeting American and Iraqi troops as well as civilians. The attacks killed at least 20 Iraqis and wounded 80 others. Elsewhere, at least 16 other Iraqis died in various attacks.

Most of the U.S. deaths this month have taken place in the capital, where troops had stepped up patrols as part of Operation Together Forward.

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In August, Gen. George W. Casey ordered the extended deployment of about 4,000 troops from the 172nd Stryker Brigade, moving a total of about 12,000 additional Iraqi and American troops on to the streets to conduct house-to-house searches and disarm Sunni Arab insurgents and Shiite militias.

That month, U.S. Ambassador Zalmay Khalilzad said the offensive would "go a long ways toward determining the future of Iraq and the future of the Middle East."

Despite the thousands of heavily armored American troops, the bloodshed has continued unabated

In September alone, the Iraqi Health Ministry reported that more than 2,660 civilians were killed in Baghdad.

Privately, U.S. officers say Shiite militias -- some affiliated with Iraqi government security forces -- are responsible for most of the attacks against U.S. troops as well as on Sunni civilians. But commanders on the ground often find themselves stymied when going after Shiite militias, especially those affiliated with anti-American cleric Muqtada al-Sadr, whose political bloc controls 30 seats in parliament.

Earlier in the week, Prime Minister Nouri al-Maliki, a Shiite, ordered the release of Sheikh Mazen Saedi, a leading member of al-Sadr's organization, who had been arrested by U.S. troops on suspicion of "illegal activity," Caldwell confirmed Thursday. He did not specify what crimes Saedi was suspected of committing.

Al-Maliki relies on al-Sadr's support and has on other occasions stepped in to protect al-Sadr's group.

Adding to the problem is that the Shiite-dominated Iraqi security forces have been riddled with problems ranging from militia infiltration to a heavy casualty rate. Of 312,000 trained Iraqi security forces, 8,000 have been illed and an additional 16,000 wounded.

While Baghdad is the center of violence, rebels continue to attack across the nation.

In Mosul on Thursday, six car bombers blew themselves up near U.S. convoys and Iraqi police stations in a barrage of coordinated attacks that killed at least 10 Iraqis and wounded 20 others, officials said. In response to the flare-up of violence, local authorities closed all entrances to the city and imposed a curfew.

In the ethnically mixed city of Kirkuk, a suicide car bomber detonated a load of explosives outside a bank, killing 10 people and wounding 60 others, according to local authorities. Another bomb exploded close to a convoy carrying a local police commander, who survived the attack. A third bomb in the city hit a police patrol, injuring three officers, authorities said.

Three people were killed in various assassinations in Basra, and rockets were fired at British bases in the southern city as well as its airport, according to police. Black-clad Shiite militiamen swarmed the oil-rich city of Amara, all but taking over the town amid clashes spurred by the killing of the provincial head of intelligence a day earlier and the retaliatory kidnapping of a militia's leader's brother.

In Baghdad, at least nine people were killed or found dead in various bombings and assassinations Thursday. Just south of the capital, gunmen opened fire on former oil minister and Washington insider Ahmed Chalabi's motorcade as he returned from a funeral in Najaf. One of his bodyguards was injured, police said.

US Army Concedes Failure In Baghdad (FT)

By Demetri Sevastopulo And Steve Negus

Financial Times, October 20, 2006

American and Iraqi efforts to improve security in Baghdad have failed to reduce bloodshed in the increasingly violent Iraqi capital, the senior US military spokesman in Iraq acknowledged on Thursday.

In an uncharacteristically gloomy admission, Major General William Caldwell said the recent surge in violence was “disheartening”. He said US and Iraqi forces would have to “refocus” security measures. The review was demanded by General George Casey, who commands the 140,000 US troops in Iraq.

Gen Caldwell did not specify how security methods might be refocused, but the unusually grim assessment seems in part intended to put pressure on Iraqi Prime Minister Nouri al-Maliki to take political steps that US officers have long said need to accompany military operations.

“In Baghdad, Operation Together Forward [launched in August to curb violence in the capital] has made a difference in the focus areas but has not met our overall expectations in sustaining a reduction in the level of violence,” Gen Caldwell told reporters.

At its launch, Operation Together Forward was to deploy more than 20,000 Iraqi security forces – including army and police – plus more than 7,000 coalition forces to tighten security in the capital. In July, General John Abizaid, the top US commander in the Middle East, told US senators that reducing violence in Baghdad was the key to avoiding a full-scale civil war. Since those comments, the level of violence in Iraq, and Baghdad in particular, has continued to rise.

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So far in October, 72 US troops – including a soldier killed in fighting near Balad on Thursday – and hundreds of Iraqis have been killed. Gen Caldwell said attacks on US and Iraqi forces in Baghdad shot up 22 per cent in the first three weeks of Ramadan, the Muslim holy month.

The increasingly pessimistic assessments from Iraq come as Republicans in Congress grow anxious that the Iraq war is going to cost them control of one, or both, houses of Congress in next month's elections.

While the Bush administration insists that progress is being made in Iraq, privately they are frustrated with the apparent inability of the government of Mr Maliki to help clamp down on some of the sectarian killing perpetrated by death squads and Shia militias associated with members of the governing coalition.

Mr Bush on Wednesday made a comparison between Iraq and the Vietnam War when he said Thomas Friedman, a New York Times columnist, "could be right" in writing that the violent situation in Iraq was the "jihadist equivalent" of the Tet offensive, which helped increase public opposition to that war. But a White House spokeswoman said Mr Bush was only trying to make the point that "the enemy is trying to affect the psyche of Americans".

The US military wants Mr Maliki to stop protecting radical Shia groups such as the Mahdi Army militia loyal to cleric Moqtada al-Sadr. In a virtually unprecedented criticism of the Iraqi leadership, Gen Caldwell said US forces had been forced to release Sadrist organiser Mazin al-Sa'edi on Wednesday, one day after his arrest on suspicion of involvement in violence, at the prime minister's request.

Mr Maliki told USA Today that he had blocked a US proposal to conduct a large-scale operation against the Mahdi Army, saying the government did not intend to disarm militias until the end of this year.

U.S. Faces Iraq Crossroads (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, October 20, 2006

In yet another effort to secure Baghdad, President Bush stood next to visiting Iraqi Prime Minister Nouri al-Maliki in July and announced plans to shift thousands of additional American forces to Iraq's capital.

With American and Iraqi deaths rising since then, the strategy's apparent failure to stem the violence is forcing the Bush administration to weigh a host of unpalatable choices -- and leaving the White House and Pentagon with a dwindling amount of time to decide what to do next.

Shortly after next month's U.S. midterm elections, a bipartisan commission headed by former Secretary of State James Baker III will present the administration with recommendations for altering U.S. policy in Iraq. If the administration opts to maintain U.S. troop levels, it will have to decide early next year whether to change longstanding Pentagon policy to allow deployment of National Guard and Army Reserve troops for a second stint in Iraq.

The military is also in the midst of a re-evaluation of its Iraq strategy. Earlier this month, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, asked each of the armed services to send their best commanders with Iraq experience to the Pentagon for 60 days to generate options for how the U.S. might shift its counterinsurgency strategy.

The pressure to change course in Iraq will grow stronger if Democrats regain one or both chambers of Congress. More than 60% of Americans regard the war in Iraq as a mistake, and Democrats have promised to subpoena the Pentagon for clearer statistics about the situation in Iraq if they retake either the House or Senate. They say they would use control of the nation's purse strings to force the administration to re-evaluate its Iraq policy.

The upshot is the administration's vow to maintain its course of action in Iraq appears untenable in the face of the rising death toll and the war's mounting unpopularity among Americans.

"It's just not enough to say 'stay the course,'" says Rep. Bob Inglis, a South Carolina Republican. "It's very important to lean on the Iraqi leadership and get them to establish reasonable security so we can give them their country back. The longer they take, the more they risk losing American public support and congressional support."

Mr. Inglis, who visited Iraq in mid-August, said American policy makers also have to rethink their definition of victory. "The main objective has to be American security, not whether we're accomplishing something for the Iraqi people," he says.

Rep. Chris Shays, a Connecticut Republican locked in a re-election battle, says the strategy "is failing," and the White House should set a time line for U.S. withdrawal as a way of spurring the Maliki government to make the political compromises that could help stem sectarian violence.

"The president is sending the wrong message; there have to be deadlines," Mr. Shays says.

Senior military officials, such as Gen. John Abizaid, the top commander in the Middle East, until recently have said the U.S. wouldn't know until December whether the strategy to secure Baghdad is working. But commanders are now acknowledging the approach is failing to make much of an impact.

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In a briefing to reporters yesterday, the U.S. command in Iraq said attacks in Baghdad had risen 22% during the first weeks of the Muslim holy month of Ramadan despite thousands more U.S. and Iraqi forces in the city. Maj. Gen. William Caldwell, chief U.S. military spokesman there, said commanders are working with the Iraqi government to "refocus" security measures. October has been an especially bloody month for U.S. forces, with 10 soldiers killed Tuesday -- the most single-day fatalities since January 2005 -- and 73 American troops killed overall.

One of the most wrenching questions for the military is how long it can keep 140,000 troops in Iraq and an additional 20,000 in Afghanistan. The repeated deployments of active-duty personnel have put them under such pressure that senior military officials say they will likely have to make even greater use of the National Guard and Army Reserve to sustain the force levels.

At their peak, about 50,000 Guard and Reserve forces were in Iraq, accounting for about 40% of the total force at that time, military officials say. Guard and Reserve forces now account for about 12% of U.S. troops in Iraq, according a Pentagon spokeswoman. Senior Army officers have already begun asking the Bush administration to consider changing policy to let them call up larger numbers of Guardsmen and Reservists.

At issue are Pentagon policies that limit Reserve and Guard forces to 24 months of cumulative active duty. Most Guardsmen and Reservists who have served in Iraq and Afghanistan already have spent 18 months on active duty and can't be called up again for either of those two conflicts unless the rules are changed, because a deployment lasts more than six months.

Any move to send reserve forces involuntarily back to either Iraq or Afghanistan would be deeply unpopular politically.

Elected officials from both parties also say it is dangerous for states to have so many of their Guard troops -- traditionally used in disaster-response and homeland-security roles -- deployed to the war zones.

Oregon Gov. Ted Kulongoski, a Democrat, says having so many of his state's forces overseas is limiting his ability to respond to natural disasters. "We need our National Guard home in case of an emergency," he says.

Surge In Military Deaths Weighs On Families (USAT)

By Dan Reed And Gregg Zoroya

USA Today, October 20, 2006

FORT HOOD, Texas — The memorial service here Thursday included a ceremonial roll call for those killed in action during September and the first few days of October. Sgt. Maj. Michael Gartland called out 18 names of the dead.

The only response was the weeping of families and friends who came to the chapel to honor the loved ones they lost.

Ten more soldiers based here died this month during fighting in which U.S. forces have joined Iraqi soldiers to try to quell sectarian violence in and around Baghdad.

Their names will be read in a roll call in November.

The surge in combat deaths this week has left military families dreading more bad news. Perhaps nowhere is this more keenly felt than here, at the nation's largest Army installation.

“It's not about the total numbers,” Army Col. Richard Francey, said after the ceremony Thursday. “It's about each and every one of these soldiers. These are real people, not numbers.”

The 4th Infantry Division based here is close to coming home after a year in Iraq. A small number have already returned. But as most continue to fight insurgents and sectarian death squads, casualties mount.

“I can cry at the thought that it's so close to him coming home that it's just ripping my heart to pieces,” says Diann Dunne, whose son, Staff Sgt. Kevin Dunne, 26, is with the 4th Infantry in Baghdad.

Each new loss leaves families wondering whether a casualty officer will come knocking.

“This community is emotionally exhausted,” says Joyce Raezer, an executive with the National Military Family Association who has been visiting the base.

The division has lost 119 soldiers this tour, exceeding the 81 deaths incurred during the unit's first tour in Iraq in 2003-04.

One woman leaving the memorial service Thursday is the wife of Capt. Jonathan Bodenhamer, who is still serving in Iraq.

“To be honest with you, we're just hanging on now,” said Gailo Bodenhamer. “(We're) just hoping no one else is hurt in these last weeks before they get home.”

As 4th Infantry Division families pray for safe returns, Fort Hood's other unit — the 1st Armored Cavalry Division — is beginning to deploy to Iraq.

“It's been a rough week here,” Raezer says. “My sense is that families here are very tired and that the stress is wearing on them.”

She says the deaths in Iraq have been the “topic of conversation” at Fort Hood.

Says Francey, “I'll never be able to bring their stress levels down until we bring their family members home.”

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The anxiety isn't unique to Fort Hood. It's felt across the USA, among families with loved ones in the National Guard and Reserves, and at military bases from coast to coast. Those who often feel it most are the children whose mothers or fathers are deployed.

"There can be increased irritability, sleep problems and more pronounced separation anxiety" among the children of soldiers, says William Saltzman, a clinical psychologist who has worked with Marine Corps families at Camp Pendleton in California.

Adding to the strain, Raezer says, are fears that the demands of war will suddenly require deployments to be extended. That's happened to two Army brigades this month, including the 172nd Stryker Brigade based in Alaska.

Families of soldiers in that unit were preparing welcome-home celebrations for early August when word arrived that the unit was going to Baghdad for four more months of combat. Five soldiers have since died.

"They've been through a tremendous amount. The Army asks some extraordinary things of these soldiers and their families. But the Army's also doing extraordinary things to help them," says Maj. Kirk Gohlke, a spokesman for the brigade. "The spike in violence? Yes, they're aware of it. But for crying out loud, they're used to shocks."

Preparations are again underway for a homecoming. Still, Tamara Bell — whose husband, Staff Sgt. Edward Bell, is with the brigade — is skeptical.

"I'm kind of going, 'Yeah, whatever,' " she says. "I don't believe the military. I don't believe the generals, I don't believe the political leaders."

Major Change Expected In Strategy For Iraq War (WP)

By Michael Abramowitz And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, October 20, 2006

The growing doubts among GOP lawmakers about the administration's Iraq strategy, coupled with the prospect of Democratic wins in next month's midterm elections, will soon force the Bush administration to abandon its open-ended commitment to the war, according to lawmakers in both parties, foreign policy experts and others involved in policymaking.

Senior figures in both parties are coming to the conclusion that the Bush administration will be unable to achieve its goal of a stable, democratic Iraq within a politically feasible time frame. Agitation is growing in Congress for alternatives to the administration's strategy of keeping Iraq in one piece and getting its security forces up and running while 140,000 U.S. troops try to keep a lid on rapidly spreading sectarian violence.

On the campaign trail, Democratic candidates are hammering Republican candidates for backing a failed Iraq policy, and GOP defense of the war is growing muted. A new NBC-Wall Street Journal poll released this week showed that voters are more confident in Democrats' ability to handle the Iraq war than the Republicans' -- a reversal from the last election.

Few officials in either party are talking about an immediate pullout of U.S. combat troops. But interest appears to be growing in several broad ideas. One would be some kind of effort to divide the country along regional lines. Another, favored by many Democrats, is a gradual withdrawal of troops over a set period of time. A third would be a dramatic scaling-back of U.S. ambitions in Iraq, giving up on democracy and focusing only on stability.

Many senior Republicans with close ties to the administration also believe that essential to a successful strategy in Iraq are an aggressive new diplomatic initiative to secure a Middle East peace settlement and a new effort to engage Iraq's neighbors, such as Syria and Iran, in helping stabilize the country -- perhaps through an international conference.

One point on which adherents of these sharply different approaches appear to agree is that "staying the course" is fast becoming a dead letter. "I don't believe that we can continue based on an open-ended, unconditional presence," said Sen. Olympia J. Snowe, a centrist Maine Republican. "I don't think there's any question about that, that there will be a change" in the U.S. strategy in Iraq after next month's elections.

Richard N. Haass, a former Bush administration foreign policy official, told reporters yesterday that the situation is reaching a "tipping point" both in Iraq and in U.S. politics. "More of essentially the same is going to be a policy that very few people are going to be able to support," said Haass, now the president of the Council on Foreign Relations. He added that the administration's current Iraq strategy "has virtually no chance of succeeding" and predicted that "change will come."

Many Senate Republicans are waiting for the recommendations of the Iraq Study Group, a bipartisan panel co-chaired by former secretary of state James A. Baker III, a Republican, and former Indiana congressman Lee H. Hamilton, a Democrat. Both Baker and Hamilton have made it clear that they do not see the administration's current Iraq policy as working -- though they do not plan to issue recommendations until well after the midterm elections, probably in early January.

Many foreign policy experts believe that the commission could sway President Bush more than most such study groups because of Baker's close ties to the Bush family.

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In an interview this week, Hamilton said there is no "silver bullet" to turning the situation around in Iraq but noted that frustration is clearly rising over the current course. "I can't walk out the door without someone handing me a recommendation," he said.

Sen. John E. Sununu (R-N.H.), a member of the Foreign Relations Committee, said he is open to "significant changes" in the U.S. approach and is hoping the Iraq Study Group can supply them. "I don't think anyone in the administration is pleased about the current state of affairs," he said. "I would hope that members of the administration are willing to learn from past mistakes . . . and choose a different path that would allow us to meet our objectives."

How open Bush will be to a change in course is unclear, even as the violence escalates -- this week has been one of the bloodiest for Americans in Baghdad in months. In recent remarks about Iraq, Bush has sounded a more flexible tone, saying he is open to suggestions for changes and emphasizing that his commanders adjust tactics constantly. He has repeatedly made it clear that U.S. patience with the new Iraqi government is not open-ended.

White House officials describe the current turmoil over Iraq policy in Washington as an expected byproduct of the upsurge in violence. Press secretary Tony Snow yesterday dismissed a dramatic about-face in policy -- such as a division of the country or phased withdrawal -- as a "non-starter" and called the idea that the White House will seek a course correction in Iraq "a bunch of hooey."

Bush has been adamant that the United States will not withdraw its troops until the Iraqi government can defend itself.

Like many who have met with the president in recent months to discuss Iraq policy, author and military expert Robert Kaplan said he detected clear limits to Bush's flexibility. "He seemed genuinely to enjoy the challenges to his policy that we threw at him," Kaplan said, describing a session Bush held with several outside strategists at Camp David in June. "He wasn't at all defensive. He appeared open to any new direction or tactic, except withdrawal, and yet that is what he might be faced with after November."

Along with the political debate, there also is growing frustration inside the U.S. military over Iraq, with some officers debating privately whether the situation there is salvageable. In recent weeks, senior military officers have offered a torrent of negative comments, a sharp contrast to the official optimism of the past three years.

"We're obviously very concerned about what we're seeing" in Baghdad, Army Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said yesterday. He indicated that changes to a plan to restore security to the capital are being considered. "We find the insurgent elements, the extremists, are in fact punching back hard," Caldwell said.

In recent days, the demand for change on Iraq has been especially notable from inside the president's party: Sen. John W. Warner (R-Va.), the chairman of the Armed Services Committee, returned from a trip to Iraq saying that country was adrift and all options should be considered. Sen. Kay Bailey Hutchison, a conservative Republican from Texas, said this week that she is willing to consider the wisdom of somehow breaking up Iraq.

Until now, Democrats' calls for withdrawing troops have been largely irrelevant, but if Democrats take one or both houses of Congress next month, their views could become significant in shaping strategy.

Sen. Carl M. Levin (D-Mich.), who would take over the chairmanship of the Armed Services Committee, said he favors beginning a phased withdrawal of U.S. troops that "gives the Iraqis notice that they're going to be looking into the abyss" unless they make necessary changes.

One version of this option was presented to House Democrats last month by former national security adviser Zbigniew Brzezinski, who outlined a four-step plan that would include a joint declaration by the U.S. and Iraqi governments on a timeline for the departure of U.S. troops, a follow-up international conference on stabilizing Iraq and a greater focus on economic reconstruction.

Rep. Steny H. Hoyer (D-Md.), who is campaigning to become the new majority leader should Democrats take power, said many in his caucus like the idea behind the Brzezinski plan, though perhaps not all the specifics. "The Iraqis have to understand that there is a time frame," he said. "Our commitment is substantial, but it is not unending."

People familiar with the work of the Iraq Study Group say it is also mulling a variant of the gradual withdrawal idea that would move U.S. troops out of Iraq but leave a residual force in the region to keep the violence from spreading and Iraq's neighbors from meddling.

Another idea getting a closer look is a new power-sharing agreement that would give more power to autonomous regions -- Kurdish in the north, Sunni in the middle and Shiite in the south -- while weakening the central government. This idea is most closely identified with Sen. Joseph R. Biden Jr. (Del.), the senior Democrat on the Foreign Relations Committee, and Leslie H. Gelb, a former president of the Council on Foreign Relations. Because there is no oil in what would be the Sunni-controlled area, Biden and Gelb envision some sort of scheme to share oil revenue with the Sunnis to get them to agree to such a plan.

Biden said yesterday that if the Democrats win big in next month's elections, "You have a lot of Republicans who are going to openly join Democrats and will push back hard against the president."

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Bush Faces A Battery Of Ugly Choices On War (NYT)

By David E. Sanger And David S. Cloud

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — The acknowledgment by the United States Army spokesman in Iraq that the latest plan to secure Baghdad has faltered leaves President Bush with some of the ugliest choices he has yet faced in the war.

He can once again order a rearrangement of American forces inside the country, as he did in August, when American commanders declared that newly trained Iraqi forces would "clear and hold" neighborhoods with backup support from redeployed American forces. That strategy collapsed within a month, frequently forcing the Americans to take the lead, making them prime targets.

There is no assurance, though, that another redeployment of those forces will reduce the casualty rate, which has been unusually high in recent weeks, senior military and administration officials say. The toll comes just before midterm elections, in which even many of his own party have given up arguing that progress is being made or that the killing will soon slow.

Or Mr. Bush can reassess the strategy itself, perhaps listening to those advisers — including some members of the bipartisan Iraq Study Group, the advisory commission charged with coming up with new strategies for Iraq — who say that he needs to redefine the "victory" that he again on Thursday declared was his goal.

One official providing advice to the president noted on Thursday that while Mr. Bush still insists his goal is an Iraq that "can govern itself, sustain itself and defend itself," he has already dropped most references to creating a flourishing democracy in the heart of the Middle East.

Or, he could take the advice of Senator John McCain, the Arizona Republican who is expected to run to replace him in two years, who argues in favor of pouring more troops into Iraq, an option one senior administration official said recently might make sense but could "cause the bottom to fall out" of public support.

But whatever choices he makes — probably not until after the Nov. 7 election, and perhaps not until the bipartisan group issues its report — they will be forced by a series of events, in Iraq and at home, that now seems largely out of Mr. Bush's control, in Iraq and at home.

Every day, administration and Pentagon officials fume — privately, to avoid the ire of the White House — about frustrations with Iraq's prime minister, Nuri Kamal al-Maliki, for not confronting the country's Shiite militias, meaning that there is no end to the daily cycle of attack and reprisals. Mr. Bush finds himself increasingly unable to make a convincing argument that, behind the daily toll in American lives, the Maliki government is making measurable progress, or even that the problems in Iraq are subject to a military solution.

It is a vexing quandary that military experts say they doubt that any study group — even the blue-ribbon group assembled under former Secretary of State James A. Baker III and former Representative Lee H. Hamilton of Indiana — can cut its way through.

At the Pentagon, several examinations of the current approach in Iraq are under way, including an effort ordered by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff. He has asked the Army and the other services to identify officers who have recently returned from Iraq and to ask them to offer their views to the joint staff about whether adjustments in tactics or strategy are necessary, two military officials said.

"We are not able to project sufficient coalition and Iraqi forces to properly execute the strategy" of clearing, holding and rebuilding Baghdad and other areas of insurgents and hostile militias, said another veteran, retired Gen. Jack Keane, a former Army vice chief of staff. "General Pace is doing the right thing by reassessing our entire strategy."

Mr. Bush says his resolve to win is unshaken. But a few of his aides were wondering aloud why Mr. Bush, asked to respond to a column by Thomas L. Friedman in The New York Times that compared the Ramadan attacks in Iraq to the 1968 Tet offensive, said the comparison "could be right."

"There's certainly a stepped up level of violence, and we're heading into an election," he told George Stephanopoulos of ABC News on Wednesday. "George, my gut tells me that they have all along been trying to inflict enough damage that we would leave."

For now there is no talk of leaving. But there is plenty of talk about pulling back.

"The Iraq situation is not winnable in any real sense of the word 'winnable,' " Richard N. Haass, the former chief of the policy planning operations in the State Department during Mr. Bush's first term, told reporters on Thursday. Privately, Pentagon strategists and some administration officials note that President Bush has talked often in recent months of changing his tactics, but not his strategy.

"Tactics are something you can turn on a dime," said Richard L. Armitage, the former deputy secretary of state, and an Army veteran with close ties to the military. "Strategy takes time, and that's the question. Do we have time for a new strategy?"

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While members of the Iraq Strategy Group are cagey about the recommendations they are drafting, several say that Mr. Baker — who is in regular contact with Mr. Bush — is seeking to move away from Mr. Bush's strategy of withdrawing Americans when the Iraqis are ready to replace them and toward one that sets a schedule.

"Jim's problem is that he wants a way to make clear to Maliki that we're leaving, but without signaling to the Shia and the Sunni that if they bide their time, they can battle it out for Iraq," said one longtime national security expert who recently testified in front of the study group. "How do you do that? Got me."

Then there is the recurring question whether a new strategy requires the exit of Defense Secretary Donald H. Rumsfeld.

Privately some Republicans say that the combination of a poor showing in next month's midterm elections and the worsening violence could ultimately force Mr. Rumsfeld's departure. Pentagon aides say Mr. Rumsfeld is not planning on going anywhere. "He serves at the pleasure of the president and has no intention to step down," said Eric Ruff, the Pentagon press secretary. And, officially, the White House says it has no intention of changing its strategy, either. Only its tactics.

White House Nixes Partitioning Iraq (AP)

By Terence Hunt

The Associated Press, October 19, 2006

Awaiting the recommendations of a commission exploring U.S. options in Iraq, the White House on Thursday emphatically ruled out some proposals to end the long and unpopular war.

Presidential spokesman Tony Snow said a suggestion to divide Iraq into Sunni, Shiite and Kurdish regions, each with high degrees of autonomy, was a "nonstarter." Similarly, he said a phased withdrawal of American troops — perhaps by 5 percent every two months — also was a "nonstarter."

"You withdraw when you win," Snow said. "Phased withdrawal is a way of saying, `Regardless of what the conditions are on the ground, we're going to get out of Dodge.' "

Vice President Dick Cheney said the United States was not looking for a way out of Iraq. "I know what the president thinks. I know what I think. And we're not looking for an exit strategy. We're looking for victory," Cheney said in an interview posted on Time magazine's Web site Thursday.

The notions of partitioning Iraq and withdrawing troops have been floated recently as a blue-ribbon commission headed by former Secretary of State James A. Baker III searches for a bipartisan approach. Baker has said there are alternatives other than "stay the course and cut and run."

Among other ideas, the panel is considering whether to set a timetable for withdrawal and whether to solicit help from Iran and Syria to stop the fighting, according to Leon Panetta, a member of the advisory group and one-time chief of staff for former President Clinton. Panetta says no decisions have been made.

The commission's work has been portrayed by some as a way of providing political cover for Bush to change course and scale down the U.S. role, which has cost the lives of at least 2,785 members of the U.S. military since the beginning of the war in March 2003. In October alone, more than 70 American troops have been killed, putting the month on course to be the bloodiest for U.S. forces in nearly two years.

Cheney, in the interview, acknowledged he was mistaken when he said nearly 17 months ago that the insurgency in Iraq was in its last throes. "I thought we were over the hump in terms of violence — I think that was premature," he said. He said he thought Iraq's elections would have created a different environment. "And it hasn't happened yet."

Snow said Bush would take the commission's recommendations seriously but that they were simply advisory suggestions. The White House has said Bush would not feel bound by the group's proposals, which are not due to be released until after the November elections.

The White House also tried to clarify Bush's remarks Wednesday when he said the surge of violence in Iraq "could be" comparable to the 1968 Tet offensive that prompted Americans to lose support for the Vietnam War.

"The president was making a point that he's made before, which is that terrorists try to exploit pictures and try to use the media as conduits for influencing public opinion in the United States," Snow said.

Acknowledging that the Tet offensive "was successful from a propaganda point of view," Snow said the violence in Iraq would not have the same result.

"The important thing to remember is, the president's determined it's not going to happen with Iraq because you have a president who is determined to win," he said. "And the strategy is a threefold strategy that involves security, economics and political reconciliation, working with the Iraqis. And we'll continue to make adjustments as necessary to pursue victory."

"But the one thing that nobody should have any doubt about is that we're going win," Snow said.

He agreed that the Tet offensive had become shorthand for the point at which the Vietnam War changed course but, again, said there was no parallel with Iraq.

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"We do not think that there's been a flipover point," Snow said. "But more importantly, from the standpoint of the government and the standpoint of this administration, we are going to continue pursuing victory aggressively."

White House Rejects Iraq Partition Plan (WT)

By Joseph Curl

The Washington Times, October 20, 2006

The White House yesterday rejected partitioning Iraq into three sections based on ethnicity and religion and took issue with reports that President Bush now views the 3-1/2-year-old Iraq war as similar to the war in Vietnam.

With leaks from the Iraq Study Group (ISG), headed by former Secretary of State James A. Baker III, swirling around Washington, press secretary Tony Snow moved to distance Mr. Bush from a few alternative proposals.

"We've thought about partition, for a series of reasons," but Mr. Bush has categorically rejected the idea of breaking Iraq into regions, Mr. Snow said in reply to questions about an article in The Washington Times.

Under such a plan, the nation would be divided into Sunni, Shi'ite and Kurdish regions, each enjoying near autonomy, with a central government handling defense, foreign policy and oil production.

Still, the spokesman left some wiggle room.

"Ideas like partition had been studied. What you're talking now about are tactical adjustments that may be made along the way. And I'm not saying yes and I'm not saying no because I don't know. What you end up doing, again, is you respond to the people on the ground," he said.

While the ISG's report on recommendations is not expected until after the Nov. 7 elections, leaks show that several proposals have been discussed, including partitioning and a phased withdrawal of U.S. troops.

But Mr. Snow yesterday dismissed an article in The Washington Times about a coming "course correction" on war strategy in Iraq.

"That's a bunch of hooey. I mean, it seems to be a collection of actually old hooey brought into a piece of new hooey. So, I mean, you get -- I don't know where that came from, but it didn't come from the White House," he said.

The article in fact quoted several administration members and supporters describing the present situation in Iraq as unsatisfactory and then identified some alternative approaches, listing their pros and cons.

Among them was the idea of partitioning Iraq, which the spokesman described as a "non-starter."

Another proposal that has been floated in advance of the ISG's report is a phased withdrawal, pulling 5 percent of U.S. troops out every two months. Mr. Snow also rejected that notion.

"You don't -- you withdraw when you win. Phased withdrawal is a way of saying, regardless of what the conditions are on the ground, we're going to get out of Dodge," he said.

The White House also took issue with reports that Mr. Bush now views Iraq as another Vietnam, saying his answer during an ABC News interview was narrowly tailored and referred only to propaganda efforts by insurgents.

The president was asked by George Stephanopoulos on Wednesday if he agreed with an opinion piece by New York Times columnist Thomas Friedman that the violence in Iraq is "the jihadist equivalent of the Tet offensive."

"He could be right," Mr. Bush said. "There's certainly a stepped-up level of violence, and we're heading into an election."

But after news outlets reported that the president had compared Iraq to Vietnam, the White House sought to set the record straight.

"The president was making a point that he's made before, which is that terrorists try to exploit pictures and try to use the media as conduits for influencing public opinion in the United States," Mr. Snow said.

"It is possible, although we don't have a clear pathway into the minds of terrorists, it is possible that they are trying to use violence right now as a way of influencing the elections."

The Tet Offensive, which began Jan. 30, 1968, is widely considered the turning point of the Vietnam War. Although U.S. and South Vietnamese forces repulsed the Northern troops with huge losses, the breadth and power of the offensive caused deep doubts in the American public about the prospects for eventual victory.

Support for the war quickly deteriorated, and President Johnson, who saw his popularity plummet, withdrew as a candidate for re-election in March of 1968.

Plan B (WSJ)

By Eliot A. Cohen

The Wall Street Journal, October 20, 2006

That the Iraq war is, if not a failure, failing, requires little demonstration. By all measures -- but above all, the sheer insecurity of daily life in Baghdad -- things have been getting worse, not better. Yes, there are islands of security and stability,

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particularly in the Kurdish north; but the communal violence between Sunni and Shia has gotten worse. The Iraqi army has improved, but the police, consigned to secondary relevance by the U.S., are penetrated by militias. Iranian influence spreads, and Iranian-designed and -manufactured improvised explosive devices inflict higher tolls on American troops. With an eye to the forthcoming American elections, the enemy is ratcheting up the violence, and successfully.

It will be important in future years to settle whether the Iraq war was the right idea badly executed, an enterprise doomed to disappoint, or simply folly. There will be individuals to be held accountable (not all of whom have been in the crosshairs of journalists and partisans), and institutions whose shortcomings require not only soul-searching but reform. That's for later. The question now is, what should we do?

The current course -- Plan A -- involves an open-ended commitment of some 130,000 or 140,000 soldiers, with temporary surges during periods of crisis. Its theory of victory seems to be that American support, nagging and cajoling can eventually bring the Iraqi security forces to maturity and gradually hand over responsibility to a democratically constituted, unitary Iraqi government. It is difficult to believe that the U.S. Army and Marine Corps -- filled with soldiers now doing their second or third tour in Iraq, including soldiers whose participation is enforced by "stop-loss" orders that keep them beyond their enlistments -- can sustain this indefinitely. The hairline cracks in the armed forces are there, and growing for those willing to see them. Public support for the war is dwindling, and most importantly, we are not only making no progress: Things are actively getting worse. So what are the alternatives?

· Getting by with help from your enemies. It is bruited about in Washington that the Iraq Study Group, a collection of worthies commissioned by Congress that has spent several days in Iraq, chiefly in the Green Zone, will recommend turning to Iran and Syria to, in effect, bail out the U.S. To think that either state, with remarkable records of violence, duplicity and hostility to the U.S., will rescue us bespeaks a certain willful blindness. And to think that the Sunni states of the Arab world, much less Iraq's Sunni population, would welcome such a deal is more incredible yet. Syria is, as the Lebanon war and its earlier defense treaty with Iran demonstrated, now a client state of Iran. This option would in effect mean conceding dominance in the northern Gulf to that country; it would pave the way for more wars, and in no way guarantee us a clean exit.

· Wash your hands. Simple withdrawal, with or without a timetable and surely under fire -- although American forces could probably cope with that -- would have the disadvantages of the first option, without the putative benefits. Iraq would almost surely become even more violent, with massacres of scores or even hundreds being replaced by massacres of thousands, and various regional powers straining to secure their own buffers and clients.

· Double your bets. Conversely, the U.S. could react by reasserting its strength in Iraq -- sending an additional 30,000 or 40,000 troops to secure Baghdad and its environs, and making a far more strenuous effort than it has thus far to take control of the civilian ministries that are now merely fronts for political parties and their militias. But could American public opinion sustain this? More importantly, where would the soldiers come from? And has the strain on Iraqis' sense of national identity become so great that those institutions could be built?

· Hunker down and let the fires burn. The U.S. military, at its current strength or something less, could, conceivably, simply retreat to its forward operating bases, do its best to train a neutral and effective military and police force, and allow communal violence to take its course. Over time, new demographic realities would emerge, as Sunnis and Shiites separate into different neighborhoods, while some minorities -- Christians, most notably -- simply flee the country. But would there be anything left once the massacres had stopped? And would they stop?

· Back to counterinsurgency. One school has it that the U.S. should never have engaged directly in combat with Iraqi insurgents. Instead, it should have focused overwhelmingly on the training mission, retaining only enough combat units to rescue Iraqi forces (and their U.S. advisers) if they get in over their heads. To some extent this is already going on; but some have suggested much more radical reductions in the U.S. presence, down to 40,000 or 50,000 soldiers. The question is whether the levels of violence are so high, and the competence of the Iraqi forces so limited, that this has a chance of success. And what would be Plan C if it were to fail?

· - Let the generals have it. The Iraqi government is incompetent. Its ministries are viewed not as national institutions but as the playthings of competing parties and their bands of thugs. Yet Iraqi nationalism is real, and it is found where nationalism often is -- in the armed forces. A junta of military modernizers might be the only hope of a country whose democratic culture is weak, whose politicians are either corrupt or incapable. But what would then become of the American goal of democratization? And could the generals suppress the militias that have backing from abroad, and support in local communities?

· - Break it up. This option would have us concede the end of Iraq as a nation state. The precedents in the Middle East -- with the exceptions of Egypt and Iran, a collection of artificial entities produced by the highly fallible imaginations of British and French diplomats at the end of World War I -- are chilling. Presumably, population transfers on a large scale would be needed, although the problem of multiconfessional Baghdad would be particularly difficult. But it is hard to imagine that a formally

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independent Kurdistan would last long in the face of the hostility of all of its neighbors, or that the oil-deprived and landlocked Sunni state of western Iraq would be tranquil, or that the southern Shiastan would be able to resist Iranian penetration.

All of the options for Plan B are either wretched to contemplate or based on fantasy; the most plausible (the sixth option, a coup which we quietly endorse) would involve a substantial repast of crow that this administration will be deeply unwilling to eat. But it is not only the administration that can, and should, feel uncomfortable about the choices that lie ahead.

An honest debate about Iraq policy will require of all who participate in it to acknowledge some unpleasant facts. We must all admit, for example, that the enemy (or rather, enemies, of us and of one another) exercises a vote. We have not yet had a Tet offensive, but the experience of Hezbollah in the Lebanon war may well encourage the Shiite militias, particularly those influenced by Iran, to try something like it. Iran's influence is great, and will become greater. There will be considerable bloodshed ahead, but our choices, though they may not make it better, could make it a lot worse.

American prestige has taken a hard knock; it will probably take a harder knock, and in ways that will not be restored without a considerable and successful use of American military power down the road. The tides of Sunni salafism and Iran's distinct combination of messianism and power politics have not crested, and will not crest without much greater violence in which we too will be engaged. Whether it be the Islamization of the Israeli-Palestinian conflict, the subversion of conservative regimes by salafist movements, or the continuing radicalization of European Muslims, the Long War, as the administration calls it, will be even longer, and more difficult, than anyone might have thought.

It is folly to think we can win in Iraq the way some of us thought possible in 2003. It would be even greater folly to think that by getting out, learning our lessons, and licking our wounds we can save ourselves from considerable danger, expense, effort and loss in what remains a protracted and global conflict with mortal enemies.

Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins University's School of Advanced International Studies.

Top US General Says Rumsfeld Is Inspired By God (AFP)

AFP, October 20, 2006

The top US general defended the leadership of Defense Secretary Donald Rumsfeld, saying it is inspired by God.

"He leads in a way that the good Lord tells him is best for our country," said Marine General Peter Pace, chairman of the Joint Chiefs of Staff.

Rumsfeld is "a man whose patriotism focus, energy, drive, is exceeded by no one else I know ... quite simply, he works harder than anybody else in our building," Pace said at a ceremony at the Southern Command (Southcom) in Miami.

Rumsfeld has faced a storm of criticism and calls for his resignation, largely over his handling of the Iraq war.

But he got a strong show of support from the military establishment at Thursday's ceremony, where Navy Admiral James Stavridis took over Southcom's command from General Bantz Craddock.

"He comes to work everyday with a single-minded focus to make this country safe," said Stavridis who was a senior aide to Rumsfeld before taking on the Southcom job.

"We're lucky as a nation that he continues to serve with such passion and such integrity and such determination and such brilliance," said Stavridis, 51.

As head of Southcom, Stavridis will be responsible for military cooperation with Latin American countries, and will be in charge of the Guantanamo US military base in Cuba where more than 400 "war on terror" detainees are being held.

Craddock, who was named supreme commander of allied forces in Europe, hailed the role Southcom has played.

"Today I believe that we can say we were successful in our efforts and contributed to ensuring our nation's security through support on the global war on terror, and encouraged regional cooperation to enhance the security and stability in the region," he said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, October 20, 2006

Casey's tenure

Defense Secretary Donald H. Rumsfeld is said to be fully satisfied with the performance of Army Gen. George Casey in Iraq. The four-star general is trying to defeat an amalgam of enemies — al Qaeda, Saddam Hussein loyalists, rejectionists, criminal gangs, Shi'ite death squads and militias — that may be America's toughest foe in history.

The question asked in Pentagon corridors is what's next for Gen. Casey? Defense sources say the door is open if he wants another four-star post.

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Three three-star Army generals are often mentioned inside the Pentagon's E-ring as replacements: Peter Chiarelli, the top tactical commander in Iraq; Martin Dempsey, who heads the critical task of training and equipping the Iraqi Security Forces (ISF); and David Petraeus, Gen. Dempsey's predecessor who commands the Combined Arms Center at Fort Leavenworth, Kan.

Gen. Petraeus would be a likely front-runner. Mr. Rumsfeld admired his work getting the ISF on its feet. He has overseen the writing of a new counterinsurgency field manual, so he knows the Iraq mission, cover to cover.

A military officer says don't look for Gen. Casey to transfer any time soon.

Military votes

Sen. Conrad Burns, Montana Republican, has had to bust up the Pentagon furniture to persuade it to fully adopt the integrated voting alternative site, or IVAS. It is a secure connection whereby a deployed person can download an absentee ballot from his or her county election board and mail it in. It greatly cuts the time to complete and mail in a ballot, meaning more service members should be able to beat their local election board's deadline to vote.

Mr. Burns blocked several Defense Department nominations until he thought the bureaucrats were finally adopting IVAS, as called for in Congress' 2004 defense budget.

There is an independent report that backs Mr. Burns' stance. "Successful outcomes from either the current [Federal Voter Assistance Program] or the continued IVAS effort are questionable at this point," said the August report by a military officer.

It said that after the 2004 election, the Pentagon dropped IVAS altogether. It did not restart it until the 2006 defense bill authorized it and then Mr. Burns raised concerns.

Citing "significant friction," the report also said the Pentagon's voter assistance office and the IVAS developer did not get along.

Deterring North Korea

Defense Secretary Donald H. Rumsfeld warned North Korea this week not to transfer nuclear weapons to any "non-state" entity and suggested that doing so would lead to an attack on the Pyongyang regime.

Asked after a speech at Maxwell Air Force Base, Ala., about nuclear deterrence against rogue states, Mr. Rumsfeld noted that "the world is different" today than during the Cold War.

"If you have countries that are nuclear countries and one of two things happens: They transfer those capabilities, their illegal capabilities, to non-state entities, terrorist organizations of one type or another, or they're led by somebody who has a martyr complex and believes that it's OK to have great catastrophic events occur in the world, in those cases, standard deterrents don't work," he said Wednesday.

Mr. Rumsfeld said that since North Korea's nuclear test Oct. 9, the president has said "that were a nuclear country to transfer nuclear capabilities to a non-state entity, that they would be held fully accountable for that."

He did not elaborate, but the phrase "held fully accountable" has been used in the past by U.S. leaders to threaten massive retaliation.

A CIA report to Congress last year stated that "we remain concerned about North Korea's potential for exporting nuclear materials or technology," noting that in 2003 a North Korean official threatened privately to export nuclear weapons.

Casualty count

One of the military services has seen a reduction in deaths, but it has little to do with battlefields in Afghanistan or Iraq.

The Air Force has been on a campaign to cut down on accidents during what it calls the "101 Critical Days of Summer" between Memorial Day and Labor Day. In a message to the force, it reports that 18 airmen lost their lives in accidents during that span, most of them in automobile accidents.

"Due to increased participation in outdoor activities, many of which are inherently risky, this period has historically been one of the most costly in terms of fatal mishaps," the message said.

But the total was 11 fewer than a year ago and 40 percent below the five-year average.

"This is a big step toward achieving our goal of zero mishaps, but the work toward keeping ourselves and our fellow airmen safe is never done," the message says.

Mobile coms

General Dynamics Corp. has come up with the perfect communications network to fit the lighter, faster Army that Defense Secretary Donald H. Rumsfeld wants.

The system is called WIN-T. If installed, it would give Army combat brigades unprecedented access to satellite communications and intelligence information while on the move. Currently, such advanced communications can be set up only by stationary troops, according to documents on the program.

But an industry official says the Army, while pleased with the tests, has not reached a decision on buying WIN-Ts with its $10 billion price tag.

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An example of how WIN-T (Warfighter Information Network-Tactical) would work: An intelligence analyst in the United States might send information to an individual Stryker armored vehicle patrolling the streets of Mosul, Iraq, and link the two to a soldier on foot.

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Planted News Reports Were Legal, Report Says (USAT/AP)

By Pauline Jelinek

USA Today, October 20, 2006

WASHINGTON — A U.S. military propaganda program used in Iraq was legal under the rules for psychological operations, a Pentagon investigation has concluded.

A classified Defense Department inspector general's report says regulations were followed when the military paid to have favorable stories about coalition forces planted in Iraqi newspapers, according to the unclassified executive summary of the report obtained Thursday by the Associated Press.

The summary says psychological operations "contribute to achieving the … commander's objectives." They are aimed at conveying "selected, truthful information to foreign audiences to influence their emotions and ultimately the behavior of governments."

Senate Armed Services Committee Chairman John Warner, R-Va., and committee member Edward Kennedy, D-Mass., had complained that planting stories could set a bad example in a country where the United States was trying to establish democracy and a free press. Kennedy requested the inspector general's investigation.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also recommended a review of the practice.

The inspector general's office completed the report Oct. 6. It was being redacted so an unclassified version could be released publicly. A copy was forwarded to Kennedy.

Kennedy said the report shows that the Pentagon can't account for millions of dollars it paid the Lincoln Group public relations firm for the program and that contracting rules were not followed. "Broader policy questions remain about whether the administration's manipulation of the news in Iraq contradicts our goal of a free and independent press there," he said.

The inspector general looked at three contracts awarded to the Lincoln Group from October 2004 through last month.

Defense Secretary Donald Rumsfeld has said the military must use "non-traditional means" to get its message out in the face of widespread disinformation campaigns by insurgents.

Pentagon Audit Clears Propaganda Effort (NYT)

By Mark Mazzetti

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — An American military propaganda campaign that planted favorable news articles in the Iraqi news media did not violate laws or Pentagon regulations, but it was not properly supervised by military officials in Baghdad, an audit by the Pentagon Inspector General has concluded.

The report said that the secret program, run by the military in conjunction with the Lincoln Group, a Washington contractor, was lawful and that it did not constitute a "covert action" designed to influence the internal political conditions of another country.

By law, only intelligence operatives, not the military, are authorized to carry out covert actions, and the government is authorized to deny publicly any knowledge of these activities.

But the audit concluded that military officials in Baghdad violated federal contracting guidelines by failing to keep adequate records about the Lincoln Group's first propaganda contract — for $10.4 million, signed in September 2004.

A copy of the report's executive summary was released by the inspector general's office on Thursday, and other unclassified materials elaborating on its findings were provided to The New York Times by other government officials in response to a request.

The report found that contract officers "did not retain adequate documentation to verify expenditures," nor did they keep records about whether the contract went through the normal procedures for competitive bidding.

As a result, the report concluded, the inspector general could not determine whether the contract was properly awarded. Since that contract has expired, however, the inspector general did not recommend any punishment for the violations.

Since winning its first "strategic communications" contract in 2004, the Lincoln Group has secured more than 20 contracts from the Pentagon worth tens of millions of dollars.

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The company came under scrutiny late last year when news reports disclosed that Lincoln Group employees were working with the military to write favorable news articles about American operations in Iraq.

Under the terms of the contract, members of a military information operations task force would write summaries of news events and editorials, called storyboards, which Lincoln Group employees would translate into Arabic and pay Iraqi newspapers to publish.

The inspector general's report concluded that the Lincoln Group successfully placed hundreds of these articles in the Iraqi news media.

Despite criticism of the operation from within the Pentagon and from lawmakers on Capitol Hill, a military investigation in Iraq completed this year found that the propaganda program was not in violation of Pentagon policy.

In recent months, the Lincoln Group has won a string of new contracts for work both in Iraq and Afghanistan. Last month, the company was awarded a two-year, $12.4 million contract to monitor English and Arabic news outlets for military officials in Baghdad and to produce talking points and public relations material for American commanders there.

A statement from the company released on Thursday said that the Lincoln Group's work is performed "ethically and effectively" and that the company "continues to win contracts because of the firm's performance in hostile and challenging environments."

Senator Edward M. Kennedy, Democrat of Massachusetts, said in a statement on Thursday that the inspector general's report "shows that the Pentagon cannot account for millions paid to the Lincoln Group for their propaganda program."

"Broader policy questions remain about whether the administration's manipulation of the news in Iraq contradicts our goal of a free and independent media there," said Mr. Kennedy, who had requested the inspector general's investigation.

Judge: American Can Be Transferred To Iraq For Execution (NYT/AP)

By The Associated Press

The New York Times, October 20, 2006

WASHINGTON (AP) -- An American citizen facing a death sentence in Iraq lost a court challenge Thursday that would have prohibited the military from turning him over to Iraqi authorities.

Mohammad Munaf was convicted and sentenced to death by an Iraqi judge last week on charges he helped in the 2005 kidnapping of three Romanian journalists in Baghdad.

Munaf, who was born in Iraq and became an American citizen in 2000, sought an emergency order blocking U.S. military officials from turning him over to Iraq. He claimed his trial was flawed and his confession was coerced.

Those would normally be grounds for American citizens to challenge their imprisonment. But U.S. District Judge Royce Lamberth said he had no authority to intervene because Munaf was being held by coalition military forces, not by the U.S. military alone.

That distinction, adopted by the U.S. government, is at the heart of a legal fight over the fate of American citizens being held in Iraq. Critics say it is disingenuous because the prisons Munaf and others are being held in are operated by the U.S. military.

"In time of actual hostilities or war, as in Iraq, courts should tread lightly and give the president, as commander in chief, the full power of his office," Lamberth wrote.

Munaf's defense team wanted Lamberth to block the transfer at least temporarily, while an appeals court considers the similar case of Shawqi Omar, an American citizen accused of being a top Al-Qaida lieutenant in Iraq.

Munaf's lawyer said he would continue trying to block his client's transfer. Lawyers could appeal the case to the same court considering Omar's case.

"It's an unprecedented and unjustified ruling that sends an American citizen that's been tortured in U.S. custody to death after a sham Iraqi proceeding," lawyer Jonathan Hafetz said.

Judge Dismisses Bid To Elude Iraq (WT)

By Jerry Seper

The Washington Times, October 20, 2006

A federal judge yesterday turned down an emergency motion by attorneys for an Iraqi-born U.S. citizen to prevent the U.S. military from surrendering the translator and convicted kidnapper to Iraqi officials to face the death penalty.

U.S. District Judge Royce C. Lamberth in Washington rejected arguments by Mohammad Munaf that an Iraqi trial violated his due process protection as a U.S. citizen, ruling that Munaf is in the custody of a multinational entity and cannot invoke the U.S. court's jurisdiction.

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Munaf's attorneys had sought a writ of habeas corpus -- an order to bring their client to the courtroom to determine whether he was lawfully imprisoned or should be released -- to stop his transfer to Iraq, where he faces execution.

Judge Lamberth said, "No court in our country's history ... has ever found habeas corpus jurisdiction over a multinational force comprised of the United States acting jointly with its allies overseas."

The ruling strikes at the heart of arguments by several detainees who have challenged the multinational designation as incorrect, saying the prisons where they are being held are operated by the U.S. military.

Munaf was convicted and sentenced to death last week by an Iraqi judge in the March 2005 kidnapping and detention of three Romanian journalists in Iraq, who were held for 55 days before their release. His attorneys argued that their client was never confronted with the evidence against him and was prevented from presenting exculpatory evidence.

A naturalized U.S. citizen since 2000, Munaf worked as a translator and guide for the journalists at the time of their kidnapping and was accused of assisting in the plot. The kidnapping was orchestrated by a group that called itself the "Muadh Ibn Jabal Brigade," and demanded a ransom and Romanian troop withdrawal from Iraq.

The journalists' release was secured by a raid by military troops under the command of Multi-National Force-Iraq.

Judge Lamberth called the MNF-I "a coalition authority" operating with the power of the United Nations to detain prisoners who pose a threat to security in Iraq.

Since the raid, Munaf has been detained by MNF-I troops at Camp Cropper, a military installation located at Baghdad International Airport.

Judge Lamberth said in the ruling that Munaf appeared Oct. 12 before a three-judge trial panel in Iraq to face kidnapping charges under the Iraqi Penal Code and was accompanied by his Iraqi counsel. The judge said Munaf had the opportunity to "submit any evidence or bring any witnesses" but only reiterated his position that he was innocent and that a prior confession was coerced.

The judge also said that although Munaf claimed two U.S. military officers attended the hearing, including an American general "who told the judge in open court that the defendants should all be convicted and sentenced to death," there was no evidence to support the claim.

General's Comment No Help To Blair (WT)

By Al Webb

The Washington Times, October 20, 2006

LONDON -- A top general's retreat from a call for an early exit from Iraq has done little to ease the damage to Prime Minister Tony Blair, with public pressure building for the early withdrawal of British troops.

Former Foreign Secretary Malcolm Rifkind of the opposition Conservative Party announced he was putting together a multiparty group of lawmakers to demand a full-day debate on Iraq.

"It is a disgrace that the House of Commons has not been allowed a full debate on Iraq since 2004," Mr. Rifkind said.

House leader Jack Straw, who previously served as Mr. Blair's foreign secretary, has rejected requests for an Iraq debate.

Gen. Richard Dannatt, the British army's chief of the general staff since August, said in a newspaper interview last week that British forces should "get ourselves out sometime soon," warning that "we are in a Muslim country, and Muslims' views of foreigners in their country are quite clear."

Gen. Dannatt backed down a day later by saying that the words "sometime soon" meant two to three years, and that he and Mr. Blair share the same views.

An opinion poll indicates that nearly three-quarters of Britons think the general got it right the first time.

The survey in London's Sunday Express newspaper indicated that 74 percent of Britons agreed with the general's assessment that the time to get out was "sometime soon."

The poll also showed that 71 percent thought Gen. Dannatt was right in asserting that the continuing presence of British troops was worsening the security crisis.

Mr. Blair insists that there is not a "cigarette paper" of difference between himself and Gen. Dannatt, and that British forces will stay as long as it takes to finish the job of pacification and democratization of Iraq. Left unsaid was exactly how long either thought that would take.

It is the general's use of the phrase "sometime soon" that has triggered the latest wave of fear that Britain is caught up with the United States in an unfolding disaster.

John McDonnell, who has said he intends to run for the leadership of the ruling Labor Party when Mr. Blair steps down as prime minister within the next year, called for a timetable to be set within the next week to withdraw Britain's forces.

"In the name of reason and humanity," Mr. McDonnell said, "the government must act and bring forward an exit strategy," adding that "the government appears to be paralyzed by indecision on this."

Conservative Party leader David Cameron, the favorite in political polls to become prime minister in Britain's next general election, has remained silent over the explosive issue, but his defense spokesman, Liam Fox, told reporters that British troops "could not remain [in Iraq] for an indefinite time."

Also lining up against the prime minister is Menzies Campbell, leader of the smaller opposition Liberal Democrat Party.

Mr. Campbell said that the Blair government, which named Gen. Dannatt chief of the general staff, "has got an overwhelming obligation to listen to what he has to say."

"If the military are now voicing these concerns, we can't ignore them. I think we now need a clear exit strategy," said Geraldine Smith, a Labor member of Parliament. "We are in a position where we could possibly be doing more harm than good by being there."

Mr. Blair is adamant that British forces will remain in Iraq and Afghanistan as long as necessary.

At his monthly press conference Tuesday, he said, "If we walk away before the job is done ... we will leave a situation in which the very people we are fighting everywhere, including the extremism in our own country, are heightened and emboldened, and we can't afford to let that happen."

Our Small Defense Budget (WSJ)

The Wall Street Journal, October 20, 2006

Congress recently passed a record defense-spending bill for 2007, and critics lost no time adding it to their list of woes caused by the Iraq war. The real story is more interesting: to wit, how relatively little the U.S. now spends on national security, notwithstanding a war on terror and especially compared with previous periods of global conflict.

It's true that overall defense outlays for fiscal year 2007 are on track to surpass -- in dollars adjusted for inflation -- defense spending at the height of the Vietnam War. It's also true that defense spending has already increased by some 40% since 2001, when President Bush came to office. War opponents cite such figures to suggest that the Iraq campaign is too great a burden, and is sucking up funds better spent on domestic programs.

Less talked about is that the $528 billion spent on national defense in fiscal 2006, which ended on September 30, equaled only 4% of U.S. gross domestic product. Historically, that level is far more in line with peacetime military spending. Many Americans might be surprised to learn that current U.S. defense spending isn't all that much above the 3% share of GDP that prevailed from 1999-2001 and was a postwar World War II low.

The top chart nearby tracks defense spending as a share of the economy since 1940, when it was 1.7% before the mass mobilization of World War II. It reached a postwar high of 14.2% in 1953 during the Korean War, 9.5% in 1968 at the height of Vietnam, and 6.2% in 1986 at the peak of the Reagan re-armament that showed the Soviets they couldn't win the Cold War. Defense spending then took an especially rapid plunge from 4.8% in 1992, falling to 3% by the end of the 1990s. Some of this "peace dividend" was warranted after the Berlin Wall fell, but letting the security budget fall so far is also one of the ways in which the Clinton era was a holiday from global history.

This huge defense drawdown is also the real story behind President Clinton's ballyhooed deficit reduction. The GOP Congress gets some credit for slowing the rate of growth in domestic spending in the mid-1990s. But nearly all of the decline in government spending in the Clinton years came from defense. Only toward the end of the 1990s did the GOP Congress begin to agitate for modest defense increases, which Mr. Clinton accommodated in return for more spending on his own domestic priorities.

Sooner or later this trend had to stop, and it did with the jolt of September 11. President Bush needed to find more resources to fight the war on terror, and he has done so by increasing defense spending by a full percentage-point of GDP over his six years in office. More than half of the fiscal 2006 budget deficit of 1.9% of GDP can thus be attributed solely to this rebuilding of American defenses after the Clinton drawdown.

Today's relatively modest defense buildup is also apparent if you look at defense spending as a share of all federal outlays. (See lower chart.) Nearly half (46%) of all tax dollars went to national security during Vietnam, and 28.1% as recently as 1987. But spending for the war on terror, including Iraq and Afghanistan, has only lifted defense to 19.8% of all federal spending today. We have less to spend on guns because we are spending so much more than we once did on the rest of government, especially health care.

In retrospect, Mr. Bush missed a historic opportunity after 9/11 to ask government to spend less on non-essential programs so it could spend more on security. Instead, overall federal spending grew by nearly 50% in Mr. Bush's first five years, as he allowed Congress to spend more on just about everything. At least Mr. Bush avoided the trap of asking for a tax increase, which would have slowed the economic growth that we have seen throw off record amounts of revenue in the past two years, and thus fund spending on both guns and butter (or, too often, pork).

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The larger point is that America remains a long way from a state of "imperial overstretch," as critics of an assertive foreign policy like to put it. U.S. defense spending remains at modest levels, probably too modest given the threats we face and the overseas deployments by our servicemen and women. In addition to hot wars in the Middle East and against terrorism everywhere, the U.S. must maintain its air and sealift capacity to deploy to other regions if needed. Weapons built during the Reagan era must be upgraded or replaced, and the Pentagon will also have to invest in new technologies to deter any future enemies. And all of these priorities must compete with the ever-larger share of the defense budget consumed by health care and salaries for the volunteer force.

Our own judgment is that the U.S. is going to have to increase defense spending to meet these challenges, and that the time to begin such a debate is now.

CORPORATE SCANDALS:

Rambus Says Misdated Options Will Result In Large Charge (WSJ)

The Wall Street Journal, October 20, 2006

Rambus Corp. said an internal investigation found that a "significant number" of stock-option grants awarded since 1996 weren't correctly dated or accounted for. It plans to take over $200 million in compensation charges to correct for the errors.

MORE ON OPTIONS

· KLA Chairman, Sapient CEO Quit1

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The Los Altos, Calif., chip-technology company said the vast majority of incorrectly dated grants, both in terms of number of shares of common stock and financial accounting impact, occurred between 1998 and 2001. Rambus had previously said it had discovered errors in its grants and expected to take a material charge to correct them. In August, Rambus announced the resignation of Geoff Tate, chief executive of Rambus from 1990 through 2005, from its board amid questions about past options practices.

Rambus said its independent investigation, performed by Heller Ehrman LLP as independent legal counsel and outside accounting firm Ernst & Young LLP, has taken over four months and consisted of a review of over 200 stock-option granting actions. The review looked at 1.5 million emails and other documents, and involved over 50 interviews with executive officers, directors, employees and advisers.

The findings at Rambus come as other companies are releasing results of their internal reports. With a harsh spotlight shining on compensation practices, companies have been scrambling to wrap up internal options probes and make related adjustments to their books before they file their reports with the Securities and Exchange Commission.

In all, more than 100 companies are under investigation for options backdating, and more than 30 executives and directors have lost their jobs in connection with internal and federal probes. Options represent the right to buy a stock at a set price. Backdated options allow recipients a jump-start on profits by pretending the options were granted when the share price was lower.

Due to the options investigation, Rambus didn't release its third-quarter earnings today, although it did release revenue figures. Revenue for the third quarter was $45.9 million, up 28% over the third quarter last year and down 6% from the previous quarter.

How Did UnitedHealth's McGuire Get Same Options Twice? (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, October 20, 2006

Investors and the public heaped scorn on William McGuire this week for his role in apparent stock-options backdating at UnitedHealth Group Inc. But his thorniest legal problems could stem from a 1999 transaction in which backdating played only a minor role.

In the transaction, according to a report prepared by outside lawyers commissioned by UnitedHealth directors, Dr. McGuire and other employees were able to effectively get the same options twice, at favorable prices, while skirting disclosure requirements and potentially violating accounting rules. For Dr. McGuire alone, the extra options are now valued at $250 million. Just as troublesome for Dr. McGuire, the report concluded that it's unclear whether directors ever intended to give Dr. McGuire such a generous deal.

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Dr. McGuire's role in implementing the transaction is amply documented. The lawyers probing UnitedHealth found a 1999 memo from Dr. McGuire to directors in which he initiated the arrangement. He also told the investigators that it was structured as it was in part to avoid having to reprice the options, which would have unpleasant accounting consequences, according to a person familiar with the matter. That would cause a drag on earnings. (See an article1 on the company's third-quarter earnings.)

But UnitedHealth's outside lawyers believe that the accounting treatment was nonetheless improper. That will likely require UnitedHealth to take substantial charges, and it may expose Dr. McGuire or others to allegations of accounting misdeeds.

Dr. McGuire, the longtime chief executive of UnitedHealth, stepped down as chairman of the giant Minnetonka, Minn.-based insurer Sunday, and he will leave his post as chief executive by Dec. 1. The moves follow an internal investigation by the law firm of Wilmer Cutler Pickering Hale & Dorr, released in a report on Sunday, that found rampant backdating of stock options at the company, and attributed a substantial portion of the blame to Dr. McGuire.

MORE

· Read about William McGuire's lawyer David Brodsky and follow coverage of the backdating scandal on the Law Blog2.

· Read the text of the board-commissioned report3 on UnitedHealth's options practices.

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"If I were at the SEC, I think I would have plenty from the WilmerHale report that would motivate me to look very hard at Dr. McGuire's conduct," said Donald C. Langevoort, a law professor at the Georgetown University Law Center. The 1999 options-swap transaction, he added, "is a perfect example of a major compensation decision not being presented clearly and plainly to the investing public until well after the fact."

Dr. McGuire's lawyer, David M. Brodsky, said, "Dr. McGuire is an expert in health care but not the legal and accounting issues concerning options. For that, he sought advice from others and relied on their advice." He said he doesn't know who gave Dr. McGuire the guidance.

In late 1999, according to the WilmerHale report, Dr. McGuire was concerned that some stock options issued in the prior five years were "underwater" -- that is, carrying exercise prices above the stock's current market value. Because options give recipients the ability to buy stock at a fixed exercise price, that meant the options couldn't immediately be cashed in for a profit.

On Oct. 22, 1999, Dr. McGuire wrote a memo to the board's compensation committee proposing an unusual maneuver. He suggested that more than two million options held by him and others be "suspended," and that new ones be issued in their place with a lower exercise price.

The motivation for such a swap appears to be avoiding the deleterious accounting consequences of a straight "repricing" -- whereby options are simply given a new exercise price.

Accounting rules adopted in 1998 required repriced options to be recorded on a company's books under so-called variable accounting, a punishing method that requires assessing an option every quarter between vesting and expiration to determine if it gained in value, and recording any gain as an expense. By contrast, the usual method of accounting for options that were issued at market value at the time of grant involved no expense whatsoever.

In any event, directors approved the swap, giving Dr. McGuire and others roughly the same number of new options at substantially lower exercise prices. As it happens, the WilmerHale report concluded the new options likely were backdated to Oct. 13, 1999, the low point that year for UnitedHealth's stock, giving the recipients a running start to make a profit on their replacement options.

Dr. McGuire's actions were likely in vain, though. The WilmerHale report said the 1999 replacement grant "was effectively a repricing for accounting purposes." Though UnitedHealth itself hasn't come to a conclusion about how to account for the grant, it is likely the company will conclude that its past financial statements didn't record adequate compensation expenses -- meaning the company's earnings looked better to investors than they should have.

Charles Mulford, an accounting professor at Georgia Institute of Technology, said, "I would argue, in substance, this was a repricing and should have been accounted for as such."

In August 2000, the suspended options were reactivated. That meant that Dr. McGuire and other employees got the best of both worlds-owning both the original options, which were now "in the money" because the stock price had surpassed the exercise price, and the purported replacements.

The WilmerHale report said Dr. McGuire's 750,000 options were reactivated with an average strike price of $47.21, at a time when shares were changing hands at $81.81 -- an instant gain of $26 million for Dr. McGuire alone.

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Though the reactivation was apparently approved by directors, the WilmerHale report suggested they may not have fully understood what they were doing. The report cited missing or nonexistent documents, and said that minutes from the August 2000 board meeting don't even mention the reactivation.

Two directors "recalled that there was a discussion of the reactivation at [the August 2000] meeting," the report said. But "no member of the Compensation Committee in 2000 specifically recalled that Dr. McGuire was the intended recipient of such a large grant of options."

Legal experts said the Securities and Exchange Commission will want to determine whether directors were, in effect, bamboozled. "To the extent that the commission decides that Dr. McGuire or anyone else in senior management was not candid with the board and let them operate in the dark, I think the commission could turn that into the basis for an enforcement action," Prof. Langevoort said.

A person close to Dr. McGuire said the August 2000 reactivation was not a surreptitious pay grab. Indeed, this person said, it was decided at a compensation-committee meeting and at a full board meeting. This person added that employees with suspended options were sent a memo shortly after the meeting noting that the suspension had been lifted, and that such lifting didn't affect the 1999 supplemental grant.

In any case, the WilmerHale lawyers determined, the August 2000 reactivation should have been treated as a new grant altogether, requiring UnitedHealth to take a substantial charge against its earnings.

Dr. McGuire and UnitedHealth are negotiating the financial terms of his departure. The question of whether he should be allowed to keep the now-disputed reactivated grant is likely to be a key element in those discussions.

Companies Backdating Stock Options Likely To Share Directors (AP)

By Ellen Simon, Associated Press

AP, October 20, 2006

NEW YORK – On tennis courts and golf courses, in bars and restaurants, at meetings and conventions, it seems corporate board members spread the word about a novel way to boost executive compensation – backdating options.

A study released Thursday suggested that the common link between companies that backdated options was a network of directors who sat on some of the same company boards. Now many of them, their companies and their chief executives are losing their jobs because of it.

Of 120 companies involved in the snowballing backdating scandal, more than 40 percent share directors with other implicated companies, The Corporate Library, a corporate governance research firm, said in a report Thursday. That proportion of interconnected boards is much higher than would be expected from a similar, randomly selected sample, the study found.

“Director interlocking relationships are fast becoming what appear to be the most important characteristic and indicator of backdating problems,” the report said.

Options grants give the recipient a right to buy a stock at a fixed “strike price,” which is generally set at the stock's market price the day of the grant. Generally, a company's board or compensation committee must approve its options grants to top executives.

Options holders benefit if the stock rises above the strike price because it enables them to buy stock at the lower price. In the backdating scandal, companies have dated option grants to days when the stock was at a low, enhancing the potential benefit.

The scandal was first reported in March by The Wall Street Journal, which calculated the tiny odds of companies randomly making grants on the days they chose, when the stock was at its lowest prices for the year or for the quarter. For instance, the Journal found the odds of one executive's options being timed so well, without backdating, were about 200 million to one.

H. Nejat Seyhun, a finance professor at University of Michigan, said one of his studies found that “directors are often participants, as well as beneficiaries, of backdating.”

For instance, the odds that options grants to UnitedHealth Group Inc. director Richard T. Burke occurring randomly were more than a trillion to one, Seyhun found. In Burke's 27 options grants, he got the best price available for a 91-day period five times.

Seyhun said the odds of some of Burke's grants occurring randomly were even narrower than the odds of randomness for grants given to William McGuire, the company's Chairman and CEO, who agreed Sunday to step down from both posts after an internal probe of the company's option practices. The odds of his all of his grants occurring when they did were 45 billion to one against.

UnitedHealth spokesman Mark Lindsay said that during the time period in question, “Option awards were distributed broadly, and based on merit, to over 14,000 employees.”

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At least 135 public companies have disclosed Justice Department, SEC or internal investigations of their option grants, according to an Associated Press review. So far, at least 39 executives and board directors at 19 companies have been fired or resigned.

Some of the directors on multiple boards of implicated companies include Millard S. Drexler, former chief executive and a director of retailer Gap Inc. also sits on the board of Apple Computer Inc. Both companies have uncovered troubles with options grants after internal reviews. Drexler left Gap in 2002 has been CEO of retailer J. Crew since 2003.

J. Crew and Apple representatives had no comment. Greg Rossiter, a spokesman for Gap, said that the company's internal review had found no backdating or errors in options granted to executives at or above the vice president level and less than $5 million in errors related to options given to lower-level employees. He referred questions about Drexler to J. Crew.

N.Y. Judge Orders Grasso To Pay Back Up To $100M From Compensation Package (AP)

By Michael Gormley, The Associated Press

AP, October 20, 2006

In a sternly worded decision, a state judge ordered former New York Stock Exchange chief Richard Grasso on Thursday to pay as much as $100 million back in his contested compensation package.

Grasso's claim for another $48 million from the exchange was also rejected in the ruling.

New York State Supreme Court Justice Charles Ramos also said in a partial summary judgment that he was "shocked" at one aspect of Grasso's defense that he believed stock exchange officials were fully aware of all the elements of his compensation as they increased it annually.

Ramos stated that he "must agree with Mr. Grasso that is impossible for the court to determine on this motion what Mr. Grasso actually knew about what the board members knew. But summary judgment is not granted on the basis of his actual knowledge.

"Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty."

"The question is whether his duty included disclosure of the magnitude of his SERP benefits," Ramos stated. "It did."

The court ordered an accounting of how much Grasso must repay, based on specific areas and interest identified by the judge. Spitzer spokesman Darren Dopp said he expects the court's accounting will total about $100 million.

Spitzer has been trying to recover some of the $187.5 million pay package Grasso received in 2003. Spitzer said the compensation was unreasonable under laws governing nonprofit organizations and that board members were misled into approving greater compensation. An internal NYSE review known as the Webb report claimed up to $156.7 million of the pay package was excessive compared with most U.S. corporations.

Grasso has long argued the exchange's officers were aware of the package when it was approved.

The 72-page decision by Ramos dated Wednesday said Grasso didn't fully disclose his growing compensation from his Supplemental Executive Retirement Plan. A SERP is an extra retirement fund many companies maintain for their executives.

The decision states Grasso's SERP of $36 million in 1999 grew to more than $100 million in less than three years.

"Mr. Grasso's failure to disclose the amount of the SERP thwarted the (NYSE) Compensation Committee from performing its duty of care and obedience," Ramos stated. "Year after year, it made decisions to pay him without knowing his true compensation."

Ramos continued: "Many members of the (NYSE) board testified that they did not know about the SERP and if they did, they did not know what the balance was.

"This court also finds this affirmative defense of neglect to be shocking," Ramos wrote. "That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care. The fact that it was a liability to an insider (chairman and CEO) is even more shocking."

Grasso's attorney, Gerson A. Zweifach of Washington, didn't immediately respond to a request for comment. The decision could be appealed.

Spitzer, who is running for governor in New York, has been criticized by some Republicans for continuing the lengthy case against Grasso, arguing a private organization should be able to pay an executive whatever it wants. But Spitzer has said the exchange was subject to nonprofit organization laws that prohibit excessive payments and that some exchange officials were misled about the size of the compensation.

Spitzer has said any return of Grasso's compensation will be used to help fund a stock exchange program that educates investors.

Grasso Is Ordered To Repay Millions In Compensation (WSJ)

By Aaron Lucchetti And Joann S. Lublin

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The Wall Street Journal, October 20, 2006

A New York state judge ordered former New York Stock Exchange Chairman Dick Grasso to return tens of millions of dollars in retirement pay in a harshly written ruling that is sure to reverberate through corporate boardrooms, where executive compensation has become a hot-button concern.

Justice Charles E. Ramos ruled that Mr. Grasso would have to return an amount from his $187.5 million pay package that will be finalized after a hearing within the next 30 days. That amount totals at least $95 million in retirement benefits and interest, according to the office of New York Attorney General Eliot Spitzer, which brought the case against Mr. Grasso.

In his 73-page opinion, Justice Ramos repeatedly chastised Mr. Grasso, writing that, among other things, the former executive had failed to adequately disclose the size of his enormous compensation package to the exchange's board of directors. The justice also criticized the board for failing to do its homework.

"Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed. He failed in this duty," Justice Ramos wrote.

The former NYSE boss, who has repeatedly indicated he won't settle the case and wants to clear his name, said he plans to appeal yesterday's ruling, which he said was "riddled with errors."

Courts rarely criticize a top executive's pay package so forcefully, much less rebuke board members for their ignorance of such rewards. In June, the Delaware Supreme Court upheld a lower-court ruling exonerating the board of Walt Disney Co. of wrongdoing in connection with a $140 million severance package paid to Michael Ovitz at the end of his brief stint as president of the entertainment giant.

"Today, Justice Ramos somehow rejected the testimony of dozens of [NYSE] directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing," Mr. Grasso said in a statement.

Yesterday's ruling is the latest in a string of decisions that have gone against Mr. Grasso in his 2½-year legal battle. Last month, he sought unsuccessfully to remove Justice Ramos from overseeing the case, arguing that the judge couldn't render an impartial decision because he has a conflict of interest, having twice applied for a job on the NYSE board. The justice's latest ruling "is not a surprise," Mr. Grasso said. "He's ruled against us every time."

The ruling represents a big victory for Mr. Spitzer, who is leading in the race to become New York governor. He has waged his campaign based in part on his record of going after what he views as Wall Street abuses. Mr. Spitzer said at the beginning of the case that Mr. Grasso should return at least $100 million to the NYSE.

At issue in the Grasso case is the outsize retirement package that he accumulated over his years as an executive at the NYSE, which was then a not-for-profit organization. The disclosure of that package in 2003 set off a controversy that led to Mr. Grasso's forced departure. The Big Board has since gone public as part of the for-profit NYSE Group Inc. The exchange is now scrambling to buy rivals and is pursuing more electronic trading -- initiatives that had been opposed in varying degrees by Mr. Grasso during his 36-year tenure there.

Among Justice Ramos's findings: that the NYSE board wasn't made aware of a huge chunk of the retirement pay Mr. Grasso was due and that Mr. Grasso had a duty to disclose that pay to the board. The justice also had harsh words for the board.

"That a fiduciary of any institution, profit or not for profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care," Justice Ramos wrote in a partial summary judgment, a pretrial ruling on certain aspects of a case.

The case is particularly striking because the Big Board boasted an all-star roster of directors, including the chiefs of some of Wall Street's largest financial companies, each of whom made tens of millions of dollars in annual pay.

Jim Barrall, head of the global executive-compensation and benefits practice at Latham & Watkins LLP in Los Angeles, described the findings as "stunning." "I have never heard of a court decision finding a breach of fiduciary duty based on the failure to disclose all the numbers" about the size of a supplemental pension.

At a minimum, Mr. Barrall suggested, corporate CEOs will have to make sure "the board understands the numbers and all the elements of the [leader's] pay package and how they work together." At many companies, the size of an executive's supplemental pension swells along with the magnitude of bonuses and equity awards.

Legal experts expressed surprise that the justice would make such a ruling before the case went to trial. "It's really extraordinary," said Christopher Clark, a former assistant U.S. attorney who is now an attorney at LeBoeuf, Lamb, Greene & MacRae LLP. "I'm not used to seeing cases with this many facts and this many depositions decided without a trial."

The ruling has precedent, however. In 1998, Mr. Spitzer's predecessor as state attorney general, Dennis Vacco, recovered about $4 million in a lawsuit he filed against the former board of trustees of Adelphi University, also a not-for-profit organization, after critics charged that some of the money awarded to the university's former president was excessive.

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Even so, Mr. Clark and other attorneys said Mr. Grasso has strong grounds for an appeal, which would likely extend his legal battle into 2007. "I can't image the parties will be able to get close to a [settlement] agreement with the ruling hanging out there," Mr. Clark said.

In any appeal, Mr. Grasso's lawyers would be likely to argue that many of the NYSE directors in the case have said at deposition that they were aware of Mr. Grasso's increasingly valuable retirement package. Under the structure of the benefits, Mr. Grasso's rising compensation in 2000-2002 sent his retirement benefits soaring too.

"The question is whether his duty included disclosure of the magnitude of his SERP [or supplementary retirement] benefits. It did," Justice Ramos wrote. The supplementary retirement package was valued at about $80 million, according to a statement from Mr. Spitzer's office.

Robert Michels, a lawyer representing the Big Board at Winston & Strawn, agreed that Mr. Grasso would have to return close to $100 million, based on Justice Ramos's ruling. But he added that Mr. Grasso might be able to get some of that back in the portion of the trial in which Justice Ramos or a jury decides how much of Mr. Grasso's overall pay was reasonable.

Gerson Zweifach, Mr. Grasso's attorney, said that further hearings will be necessary to determine whether his client has to return money to the NYSE.

Justice Ramos also ruled that Mr. Grasso should pay the NYSE interest on payment advances the attorney general described as loans made in violation of New York's not-for-profit law. Mr. Spitzer's office said that sum could be about $15 million, depending on how the court decides to calculate the interest.

In his ruling, Justice Ramos found that the NYSE and its former chairman, John Reed, hadn't defamed Mr. Grasso, and that the NYSE didn't owe Mr. Grasso about $50 million in unpaid compensation that Mr. Grasso sued to receive.

Kenneth Langone, a former Big Board director Mr. Spitzer has sued for involvement in Mr. Grasso's pay, is still fighting his case.

There are still a number of issues to be decided in the Grasso case. A New York state appellate court is hearing arguments over whether a judge or a jury should decide whether Mr. Grasso's compensation was reasonable under New York state law.

Throughout the case, Mr. Grasso has rebuffed friends and former Big Board colleagues who have suggested he settle the legal dispute. "We feel we have a very strong case," Mr. Grasso said yesterday.

Mr. Grasso ran the NYSE at a time of soaring profits from stock trading, record returns for the market and growing interest in investing that made the NYSE a marketing icon. He was known for his efforts to keep the NYSE on top as a global stock-trading center, often picking up the phone to rebuke brokerage-firm executives when they took their clients' orders elsewhere.

His departure triggered huge changes. The current Big Board chief executive, former Goldman Sachs Group Inc. executive John Thain, has reshaped the NYSE, embracing electronic trading, adding a stock-options business and proposing the NYSE merge with Euronext NV, a pan-European market operator.

Executive-pay has become a top concern for some investors this year -- largely because so many highly paid CEOs have lost their perches following scandals, poor shareholder returns or other problems.

Last weekend, for instance, UnitedHealth Group Inc.'s William McGuire agreed to relinquish command of the giant health insurer Dec. 1 after an internal probe concluded that the stock-option grants that brought him a huge fortune likely were manipulated. At the end of last year, Dr. McGuire's cache of unexercised options was valued at $1.78 billion, a sum far greater than any other U.S. corporate chieftain's. The Senate Finance Committee is pushing for documents related to the $1.1 billion in compensation that the departing CEO could receive when he leaves the Minnetonka, Minn., company.

Pfizer Inc.'s languishing stock price and internal strife over a succession contest were among the factors that prompted the board of the big New York pharmaceutical company to replace Henry "Hank" McKinnell as CEO last summer. Mr. McKinnell had become a target of shareholder ire due to Pfizer's disclosure that he was eligible for a lump-sum retirement payout valued at $83 million as of last Dec. 31. To express their dissatisfaction, stockholders withheld more than a fifth of their votes for the re-election of two directors on Pfizer's compensation committee at April's annual meeting.

Ex-Stock Exchange Chief Told To Return Up To $100 Million (NYT)

By Landon Thomas Jr.

The New York Times, October 20, 2006

A New York judge ruled yesterday that Richard A. Grasso, a former chairman of the New York Stock Exchange, would have to return as much as $100 million he received as part of a fiercely contested $139.5 million payout.

The judge, Justice Charles E. Ramos of State Supreme Court in Manhattan, said that Mr. Grasso did not disclose to his fellow directors on the board of the exchange the extent to which his soaring compensation had caused his pension and savings to balloon in size and that he violated his contract by withdrawing $87 million before his retirement. Interest and money from a separate retirement account would raise the total.

The ruling was not the judge's final word on the dispute — he did not directly address the central claim in the lawsuit brought by Eliot Spitzer, the New York attorney general, that Mr. Grasso's compensation was unreasonable under the state's not-for-profit law. But the ruling bolstered Mr. Spitzer's main argument in support of that claim — that the exchange directors were not fully informed about Mr. Grasso's compensation.

Whether his pay was reasonable or not is to be decided at a subsequent trial — one that would likely focus on the $80 million he was paid between 1999 and 2001.

Mr. Grasso said yesterday that he would appeal, which would further delay a nonjury trial that had been scheduled to start last month.

In September 2003, Mr. Grasso was forced to resign as chairman of the New York Stock Exchange, the world's largest stock market, amid an outcry over the disclosure of his $139.5 million compensation package, all of it tied to accrued pension and retirement savings. John S. Reed, Mr. Grasso's temporary successor, commissioned an inquiry into Mr. Grasso's pay. That report was passed on to Mr. Spitzer, who sued in 2004. Since then the two sides have been embroiled in a drawn-out series of legal skirmishes.

The ruling is a major legal setback for Mr. Grasso, who for the last three years has battled to make the case that the exchange's board was well aware of all aspects of his pay and approved the package accordingly.

Justice Ramos also ruled yesterday against Mr. Grasso's claim that he was terminated and thus due an additional $95 million in severance pay. And the judge dismissed a countersuit for disparagement that Mr. Grasso had filed against his temporary successor, Mr. Reed.

In his ruling, the judge was responding to several legal motions filed by Mr. Spitzer, claiming that Mr. Grasso violated his contract by withdrawing pension savings before his retirement and failed in his duty as chairman of the board by not keeping his fellow directors informed of his escalating pension.

Mr. Grasso said in a statement: "Today's ruling is riddled with errors. One month ago, the Appellate Division told Justice Ramos not to try this case himself until the Appellate Division had decided important legal questions before them. Today, Justice Ramos somehow rejected the testimony of dozens of directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing."

Mr. Grasso said that he had instructed his lawyers to appeal and that he looked "forward to the jury trial that the state constitution promised me."

For Mr. Spitzer, who leads his Republican opponent in the race for New York governor by a wide margin, the ruling is a welcome riposte to the criticisms he has faced that in place of winning in the courtroom he has bullied companies and executives into reaching settlements.

"I have maintained since the beginning that the principles at stake in this issue were clear and the facts were egregious," Mr. Spitzer said in an interview yesterday. "At every turn the government perspective has been vindicated. The defendants have done nothing more than scream louder and louder and their arguments are vacuous and wrong."

In his ruling, Justice Ramos said he wanted to reach a payment solution within the next 30 days.

In the unlikely event that Mr. Grasso follows the court judgment and writes a $100 million check, Mr. Spitzer would be expected to drop the case, as he could claim that he had received the amount he had originally asked Mr. Grasso to return. Mr. Grasso would still be a wealthy man, getting to keep tens of millions of dollars in compensation from his more than three decades at the exchange.

While having to return a significant portion of his pay package carries its own financial punishment, it is the judge's sweeping rejection of Mr. Grasso's long-held contention that the exchange board had been aware of his growing pay that represents a more resonant defeat.

Justice Ramos said it was "shocking" that the board could have been "unaware of a liability of over $100 million," and he said that Mr. Grasso violated his fiduciary duty as a director to keep his board fully apprised of how quickly his pension benefits were accumulating. "Mr. Grasso's duty is to be fully informed and to see to it that the board was fully informed," he wrote. "He failed in this duty."

Between 1999 and 2002, as Mr. Grasso's annual pay soared to a high of $31 million, his pension plan, a supplemental executive retirement plan, or SERP, grew at an even faster clip, topping out at over $80 million in 2003, when Mr. Grasso made the decision to withdraw his funds.

That decision, which according to the depositions of several directors he made because he was fearful that another board would prevent such a withdrawal, set in motion the events that would lead to the public controversy over his pay and his eventual resignation. In the subsequent years, all the participants have been deposed over the matter, with many directors on the wider board claiming that they had no idea how fast Mr. Grasso's SERP had grown.

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In his decision, Justice Ramos draws the crucial conclusion that Mr. Grasso did not inform members of his board about his escalating SERP. “Mr. Grasso’s failure to disclose the amount of his SERP thwarted the compensation committee from performing its duty,” he wrote. “Year after year, it made decisions to pay him without knowing his true compensation.”

At the crux of the judge’s ruling is his decision that Mr. Grasso must return the $87 million in pension savings that he withdrew from the exchange before he retired. And it also supports a similar argument made by directors like Henry M. Paulson Jr., the former Goldman Sachs chief and current Treasury secretary who led the campaign for Mr. Grasso’s ouster. In his decision, the judge said that the pension withdrawals that he made in 1995 and 1999, totaling $35 million, were unlawful transfers and should be recognized as loans.

Lawyers from Mr. Spitzer’s office calculate that Mr. Grasso would owe interest of about $15 million on that sum. Mr. Grasso will also be required to return money from a separate retirement account that is not yet vested.

That brings the total to close to $100 million, representing a significant portion of the $185 million he was paid as head of the stock exchange from 1995 to 2003.

Court Tells Grasso To Repay Tens Of Millions (USAT)

By Greg Farrell

USA Today, October 20, 2006

NEW YORK — New York State Attorney General Eliot Spitzer scored a victory Thursday when a state judge ruled that former New York Stock Exchange CEO Richard Grasso must pay back tens of millions of dollars in compensation from the Big Board.

State Supreme Court Justice Charles Ramos sided with Spitzer, ruling in a 72-page partial summary judgment that Grasso “breached his fiduciary duty” to the NYSE by not fully disclosing how much compensation he had accumulated over several years.

Darren Dopp, a spokesman for Spitzer, estimated that Grasso would have to pay back almost $100 million.

Grasso was forced out as NYSE chief three years ago after the sudden disclosure that he'd accumulated $187 million in compensation during his career there, most of it after he became CEO. Several board members expressed shock at the size of his pay package.

Spitzer filed a lawsuit against Grasso, alleging that he breached his fiduciary duty to the exchange by not keeping board members fully informed as to how much money he was owed.

Grasso's attorneys argued that the CEO wasn't fully aware of every detail of his pay package, which was approved by the board in any case. Rather, they said, any oversight in this area was simply due to “neglect.”

In a stinging rebuke, Ramos described that defense as “shocking.”

“That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100 million, or even over $36 million, is a clear violation of the duty of care,” the judge wrote.

The judge also ruled against Grasso's claim that he was owed an additional $48 million from the exchange and dismissed his claim that the current NYSE chairman, John Reed, had defamed him.

For Spitzer, the judge's decision is a welcome boost, just weeks before he is widely expected to be elected governor of New York. In the past four years, Spitzer has established a national reputation for his ability to identify unethical or improper behavior and force companies to change their ways. But when he took on Grasso, some observers thought he was biting off more than he could chew.

Grasso could not be reached for comment Thursday; his lawyer, Gerson Zweifach, did not return phone calls. The case is expected to go to trial early next year.

Grasso Breached Duty To NYSE, N.Y. Judge Rules (WP)

By Carrie Johnson

The Washington Post, October 20, 2006

A judge ruled yesterday that former New York Stock Exchange chief Dick Grasso breached his duty by failing to disclose his ballooning retirement fund in the years before his resignation, a decision that could force Grasso to hand over as much as $100 million he already received and relinquish his stake to $48 million more, prosecutors said.

In what New York State Supreme Court Justice Charles E. Ramos called a "shocking" abdication of responsibility for an executive, Grasso thwarted the stock exchange's board from fulfilling its obligations to oversee his pay and benefits before he left the nation's largest and most prestigious market three years ago.

Ramos's sharply worded order, which Grasso's lawyers called "riddled with errors," is the most important development so far in a dispute that touched off a national debate about the bounds of executive compensation.

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Because the stock exchange had for years operated as a nonprofit entity, the ruling is being closely followed by that sector, which has received far less scrutiny from regulators seeking to rein in corporate pay and benefits. That, however, is beginning to change during a campaign for greater oversight of nonprofit groups by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and the debate over the propriety of the pay package for a former leader of California's J. Paul Getty Trust.

While the numbers at stake in the Grasso case -- more than $188 million -- are unusual for their size, many businesses and nonprofit groups use deferred compensation plans similar to the one at issue in the Grasso case, legal experts said.

"This is the kind of decision that will make nonprofit CEOs sit up and take notice," said Michael W. Peregrine, a lawyer at Chicago's McDermott, Will & Emery. "They're going to spill their coffee in their laps when they read this case."

Grasso was forced out as NYSE chief in September 2003 during a furor over the reasonableness of his pay package. Much has changed since then. Critics said that Grasso had lost sight of the NYSE's roots and instead demanded to be paid like the executives of the large companies listed on the exchange. The stock exchange later merged with Archipelago Holdings and now operates as a for-profit business.

The Securities and Exchange Commission this year adopted rules requiring companies to disclose more clearly the compensation packages of their highest-paid officials. And, in part because of the Grasso uproar, board members ask more skeptical questions about compensation and ask to see tally sheets that include several years worth of deferred and retirement income, said Mary Ann Jorgenson, a corporate lawyer at Cleveland's Squire, Sanders & Dempsey.

But in New York, Attorney General Eliot L. Spitzer's two-year-old lawsuit against Grasso rages on. Yesterday's order was based on motions filed by both sides before the much-delayed trial even began. A spokesman for Spitzer, who is running for governor on the Democratic ticket, said the judge has yet to set a trial date. It is unclear whether Ramos's ruling will spur both sides to begin settlement negotiations.

Grasso's defense lawyers vowed to appeal the judge's order. They issued a statement in Grasso's name saying that the judge had rejected testimony from "dozens of directors that they approved every dime they paid me, and decided that these men and women did not know what they were doing." Grasso's team, from the Washington firm Williams & Connolly, already has contested at least three Ramos decisions and has asked for the judge to be removed from the case because, they say, he cannot be fair and impartial. An appeals court has yet to rule on that issue.

The latest ruling by Ramos has no effect on Grasso's longtime friend and fellow defendant, Kenneth G. Langone, a co-founder of Home Depot Inc. and the former chief of the stock exchange's compensation committee. Langone, who argued a separate appeal in his case Wednesday, has attacked Spitzer's case as without merit. Pointing to statements from board members, Langone maintained that the directors knew exactly what they were doing when they richly rewarded Grasso for his years of stewardship, including a difficult stretch after the 2001 terrorist attacks in New York.

But Grasso ultimately resigned during questioning about whether his pay was appropriate under New York's stringent state laws governing practices at nonprofit groups, and whether board members had known about and understood his skyrocketing compensation arrangements. Those issues will be central to the trial, whenever it takes place.

In the meantime, Ramos's latest ruling means that Grasso could be forced to turn over about $80 million in the form of retirement pay he already received, more than $10 million more in interest and a yet-to-be-determined sum in related compensation. The judge also rejected a bid by Grasso for $48 million he left on the table when he resigned.

The judge said Grasso's failure to disclose fully to the NYSE board the amount of money in his retirement fund meant that "year after year, it made decisions to pay him without knowing his true compensation."

Referring to a defense advanced by Grasso that he did not know about the size of his compensation package until the fall of 2002, when it more than tripled to top $100 million, the judge said the argument was "shocking."

"That a fiduciary of any institution, profit or not for profit, could honestly admit that the was unaware of a liability of over $100 million . . . is a clear violation of the duty of care," Ramos wrote.

Separately, the judge yesterday dismissed defamation and disparagement claims that Grasso had filed against the exchange and its former leader John S. Reed over a report that denounced his pay as "excessive." The judge also batted away defense arguments that the attorney general no longer had authority to sue because the NYSE has transformed itself into a for-profit business.

"The Attorney General represents the investing community, all of which rely on the integrity of the market," the judge wrote. "The integrity of the market mattered before the action was initiated, and it matters now."

Grasso To Repay Millions To NYSE (FT)

By Ben White In New York

Financial Times, October 20, 2006

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Richard Grasso, the former New York Stock Exchange chairman, must return tens of millions of dollars in compensation to the organisation, a New York state judge ruled on Thursday.

The ruling represents a big win for Eliot Spitzer, New York attorney-general, a rising star in the Democratic party who is heavily favoured in his attempt to become governor of New York.

Mr Spitzer filed a high-profile lawsuit in 2004 arguing that the $139.5m in salary, bonus and benefits paid to Mr Grasso in 2003 for his eight years as NYSE chairman violated New York law requiring that compensation for executives at not-for-profit organisations be “reasonable” and “commensurate with services performed”.

The NYSE operated as a not-for-profit organisation owned by its members before becoming a publicly traded organisation under John Thain, the new chief executive, early this year. Mr Grasso was forced out by the board in 2003 after public disclosure of the payment generated outrage among regulators and investors.

In his 72-page ruling on Thursday, Charles Ramos, New York state supreme court judge, said Mr Grasso violated his fiduciary duty by failing to disclose to compensation committee members the full amount of money accruing in his supplemental retirement account.

“Year after year, [the compensation committee] made decisions to pay him without knowing his true compensation,” Judge Ramos wrote.

He also dismissed a defamation counterclaim filed by Mr Grasso against the NYSE and John Reed.

Mr Reed served as interim NYSE chairman after Mr Grasso’s ousting.

Judge Ramos also dismissed Mr Grasso’s demand that the NYSE pay him an additional $48m plus interest he claims he is owed.

The judge did not specify how much Mr Grasso must return, saving that for a future ruling. Officials in Mr Spitzer’s office said they believed the amount would be about $100m, based on language in the ruling.

Late on Thursday, Mr Grasso said: “Today’s ruling is riddled with errors...I have instructed my attorneys to seek review from the appellate court, and look forward to the jury trial that the state constitution promised me.”

Judge Ramos described as “shocking” Mr Grasso’s assertion that he did not know how much money was building up in his supplemental retirement account. “That a fiduciary of any institution, profit or not-for-profit, could honestly admit that he was unaware of a liability of over $100m, or even over $36m, is a clear violation of the duty of care,” the judge wrote.

Mr Grasso, who joined the NYSE as a clerk in 1968, has strongly defended his pay, saying it was fully disclosed to the board and justified given his contributions to the NYSE.

SKILLING'S LAST STAND (WP)

The Washington Post, October 20, 2006

By Carrie Johnson {vbar} Washington Post Staff Writer

When former Enron Corp. chief executive Jeffrey K. Skilling stands to face a judge and a possible decades-long prison sentence Monday, he will be -- as usual -- alone.

The death of company founder Kenneth L. Lay weeks after a jury convicted both men of fraud and conspiracy charges for misleading investors about Enron's financial health means that Skilling, 52, is the last person standing from the energy company's top ranks. It is a familiar position for a man painted by the government as both unusually self-reliant and occasionally self-destructive.

The single-mindedness that made Skilling a successful management consultant and a masterful corporate strategist powers his vow to go forward with an appeal. Skilling, who told jurors that he was "absolutely innocent," is attacking the four-year investigation against him as a "witch hunt" and claiming that prosecutors used unfair tactics and relied on shaky jury instructions to bring down a man who once dashed from presidential inaugurations to conference calls with Wall Street analysts.

"It's not in my nature not to fight something like this," Skilling testified at his trial. "I will fight those charges until the day I die."

But it is very much an open question whether U.S. District Judge Simeon T. Lake III will let Skilling remain free pending an appeal, as defense lawyers recently requested, or whether he will order him into Bureau of Prisons custody immediately on Monday afternoon.

The judge closed the book on the criminal case against Lay on Tuesday by tossing out his conviction on 10 charges because he died before he could appeal. Thus, people who lost money in Enron's demise will watch what happens to Skilling with great interest.

Among the representatives for Enron's victims who have asked to speak at Skilling's sentencing is a lawyer for employees who lost what they say is more than $1.3 billion through the company's stock-heavy savings plan. The former employees "have all been condemned to many more years of labor to try and rebuild the hard-earned financial security that was stolen from them,"

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the lawyers wrote in court papers last week. "Their lives have been shattered in ways that most Americans are fortunate to have never experienced."

Skilling, a graduate of Harvard Business School, transformed the Houston energy company from a stodgy pipeline business to a cutting-edge technology trader in the 1990s. But success -- or, prosecutors would say, keeping up the appearance of success -- wore on him. After ascending to the chief executive job in early 2001, Skilling was increasingly isolated from the opportunistic, hard-charging executives he called friends during his rise to power.

His best friend, former Enron dealmaker J. Clifford Baxter, committed suicide in early 2002 as the criminal investigation widened. His closest associates -- including master salesman Kenneth D. Rice, youthful protege David W. Delainey, and finance chief Andrew S. Fastow -- all turned on him, pleading guilty and providing damning testimony that helped convince a jury to convict Skilling in May.

"I can't say that I have a lot of very close, personal relationships with people," Skilling told the jury.

During eight sometimes captivating days as his own chief witness, Skilling described for the jury his psychological odyssey, which left him "going to pieces," unable to get out of bed and plagued with alcohol problems as Enron hurtled toward bankruptcy protection in December 2001.

At one point, Skilling testified, he was so overcome with emotion and drink that his fiancee could not roust him out of a Fort Lauderdale, Fla., hotel room to meet friends and attend a boat show. The woman, former Enron corporate secretary Rebecca Carter, later became his wife. Although she sometimes appeared in court during the 16-week trial, Carter did not show up when the judge, in rapid-fire speech, read aloud 19 guilty counts against Skilling on May 25.

At inopportune times, Skilling's demons have returned to the surface.

Two months after his indictment, New York City police took him to the hospital after passersby reported a disturbed person on the street. Prosecutors later wrote in court papers that Skilling was intoxicated and had confronted bar patrons, searching for a recording device in a woman's blouse and accusing others of tailing him on behalf of the FBI. After the incident, Skilling sought treatment for his drinking.

Last month, several weeks after his conviction, Dallas police took him into custody on a misdemeanor public intoxication charge after finding him on the street in the early morning in a state they described as incapacitated, according to a police report. Skilling resolved the charge by paying a $385 fine.

At the time, his defense lawyer, Daniel M. Petrocelli, implored the media to consider Skilling's delicate predicament.

"Jeff is doing his best to cope with a nearly impossible situation," Petrocelli wrote in an e-mail to reporters.

Herbert J. Hoelter, a prison consultant who has advised domestic entrepreneur Martha Stewart and Adelphia Communications Corp. founder John J. Rigas, said the pressures on former executives facing prison are weighty, in both practical and psychological terms.

Executives who once exerted control over thousands of employees now look at the prospect of being told when to eat, when to report to work, when to go to sleep and how much money they can spend at the prison commissary. They must make their peace with their families and face such questions as "will I see my son graduate from high school or college?" Hoelter said.

In that context, Hoelter said, Skilling's recent brush with the law makes more sense. "It's certainly in my book very understandable. If I was facing this, who knows what relief you seek?"

Senate Committees Probe SEC's Pequot Investigation (WSJ)

By Kara Scannell

The Wall Street Journal, October 20, 2006

WASHINGTON -- The Senate Finance Committee, among other entities, is continuing to probe the Securities and Exchange Commission's handling of an insider-trading investigation involving hedge fund Pequot Capital Management Inc. and Wall Street executive John Mack. The matter stems from an allegation that the agency granted him favored treatment because of his large donations to Republican campaigns.

Sen. Chuck Grassley's staff has sought testimony and emails related to several SEC enforcement attorneys, including the emails of one who recently left for a law firm that represented Mr. Mack. It also has sent stinging letters to the SEC.

The Senate Judiciary Committee is involved, with Chairman Arlen Specter (R., Pa.) holding two hearings where he has raised concerns about the SEC and Justice Department's supervision of hedge funds, short-selling activities, and insider-trading.

Missing so far is the Senate Banking Committee, which has direct oversight of the SEC. Senate Finance has jurisdiction over the tax code; Judiciary writes criminal and civil laws.

Mr. Mack is now chief executive of Morgan Stanley.

The issue arose after a former SEC attorney brought his allegations to Capital Hill this spring and filed more than 80 documents with the Banking Committee. The former SEC lawyer, Gary Aguirre, was fired last year, he says, for pursuing the

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case. In a lawsuit filed in U.S. District Court in Washington, DC, Mr. Aguirre said his supervisors refused his request to interview Mr. Mack because of his "political clout." In court filings responding to the suit, the SEC conceded the supervisor said Mr. Mack's lawyers had "juice" but denied any reference to Mr. Mack's political clout.

The SEC was investigating Pequot's trading in more than 17 stocks, including two that took place in 2001. The agency examined trades just ahead of General Electric Co.'s acquisition of Heller Financial and trades in Microsoft Corp.'s stocks just before an earnings announcement. The U.S. Attorney in Manhattan had also looked over at least those two trades but has not brought any action. Earlier this month the SEC notified Pequot and Mr. Mack that it would not be filing charges against them. The statute of limitations on those trades would run out this year.

The Banking Committee said this spring that it is looking into the SEC's handling of the case and Mr. Aguirre's firing alongside the Finance Committee. Yet, so far it appears that Sen. Grassley's committee is directing most of the action.

Favata Settles SEC Civil Charges (WSJ)

By Siobhan Hughes

The Wall Street Journal, October 20, 2006

WASHINGTON -- The former head of a California mortgage firm settled civil securities charges that he used investor money to pay off more than $10 million in gambling debts, host lavish house parties and support community music festivals.

The Securities and Exchange Commission said Salvatore Favata, president of National Consumer Mortgage LLC in Orange County, raised $30 million from more than 200 investors from late 2001 through March 2006 by promising that they would receive annual interest payments of 30% to 60% of their original investments. Investors were told their money would be used to finance loans to homeowners who couldn't qualify for traditional mortgages, the SEC said.

Instead, Mr. Favata used the money to make payments to existing investors, pay the operating expenses of the firm's conventional-mortgage business and to pay off more than $10 million of his gambling debts, the SEC said. National Consumer Mortgage's assets were sold at an auction in June after a trustee decided to terminate the company's operations.

Mr. Favata, a resident of Yorba Linda, Calif., has deep ties in California. He attended Edgewood High School in West Covina and was picked by baseball's Los Angeles Dodgers in a 1977 draft, according to information supplied by Major League Baseball. He played baseball at California State University, Fullerton, and was drafted by the Milwaukee Brewers in 1980. He never played for the team, a Brewers spokesman said.

He hosted a music festival called "Favata Fest" at his home in 2005, according to the SEC. He had planned another live concert, also to be called "Favata Fest," for July at Titan Stadium at his alma mater and gave the university $213,200 of company money for the event, according to a complaint filed in bankruptcy court. The university said the concert didn't ultimately take place.

The case follows a period of double-digit gains in real-estate prices that was particularly notable in states such as California. Over the past five years, home prices in California have more than doubled, with prices jumping by more than 20% in 2004 and 2005 alone, according to data from the Office of Federal Housing Enterprise Oversight. The big gains fueled investor appetite for real-estate investments, leaving some people vulnerable to pitches that turned out to be scams.

Mr. Favata has agreed to be banned from associating with a brokerage firm, the SEC said.

In a separate criminal case, he has agreed to plead guilty to one count of mail fraud, to pay restitution in excess of $20 million and to give up his home under a plea agreement with the U.S. attorney's office for the Central District of California, the SEC said.

An attorney for Mr. Favata couldn't be reached for comment.

Write to Siobhan Hughes at siobhan.hughes@dowjones.com1

Ex-Athlete To Plead Guilty In Ponzi Case (LAT)

By E. Scott Reckard, Times Staff Writer

The Los Angeles Times, October 20, 2006

A Cal State Fullerton baseball star who hired Steve Garvey to promote his loan business cost investors more than $20 million, SEC says.

A former Cal State Fullerton baseball star who hired Steve Garvey to promote his mortgage company has agreed to plead guilty to an investment scam that raised more than $30 million, authorities said Tuesday.

From 2000 until this year, Salvatore "Sam" Favata, 46, promised investors returns of 30% to 60% a year, the Securities and Exchange Commission said. He said their money would be loaned at high rates to borrowers who needed short-term funding for real estate developments, construction projects and other ventures, according to his plea agreement with federal prosecutors.

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In reality, Favata was paying earlier investors with funds from new investors, employing a method known as a Ponzi scheme, the SEC said in a lawsuit filed along with the criminal case. The SEC and the U.S. attorney's office in Santa Ana estimated the total losses to investors at more than $20 million.

The SEC lawsuit and Favata's plea agreement, filed Friday and announced Tuesday, said he persuaded clients of his Orange-based National Consumer Mortgage firm — which had a legitimate home loan business — to use cash from refinancing their homes to buy investment notes issued by another arm of the company.

There was no indication that Garvey, hired as a pitchman for the legitimate loan business, knew anything was amiss, authorities said. The former Dodgers star couldn't be reached for comment.

A second baseman on Cal State Fullerton's NCAA championship team in 1979, Favata was drafted by the Milwaukee Brewers in 1980 but didn't go far as a professional player.

At National Consumer Mortgage, where he was president, Favata and his sales staff solicited investors face to face, at seminars and at a church in Colorado, and also advertised on the radio, federal officials said.

Little of the money was invested, according to the SEC, which said Favata used much of the funds to pay his living expenses and debts, including more than $10 million in gambling losses, and the expenses of his mortgage company.

He also threw lavish parties and put on oldies music festivals he called "Favata Fests," often in his spacious Yorba Linda backyard, at which Garvey, who appeared in a National League record 1,207 straight games, glad-handed Favata clients and had his picture taken with them, federal authorities said.

Favata's attorney, Nathan J. Hochman of Beverly Hills, described his client as a "gambling addict" who dug himself an ever deeper hole trying to cover his losses and "is extremely sorry for what he has done."

Assistant U.S. Atty. Brent Tabacchi said Favata agreed to plead guilty to a fraud charge carrying a maximum sentence of five years. Favata, who has remained free while cooperating with investigators, is scheduled to be arraigned by a federal magistrate judge in Santa Ana on Monday, Tabacchi said. Sentencing is expected early next year.

To settle the SEC lawsuit, Favata agreed to attempt to make full restitution to his victims, including forfeiting his house to help repay them, and to be banned from associating with investment brokers and dealers for the rest of his life.

Tabacchi and SEC officials said Favata told his more than 200 investors that their money was safe because he made sure his loans were secured by property worth much more than the loan amount. That way, he said, even if the projects went into default the investors would still be protected against losses.

That promise, along with his reputation as an athlete and his link to Garvey, apparently lulled the investors until this year, when tips to the SEC triggered an investigation, said John Reed Stark, chief of the SEC Office of Internet Enforcement.

"As is the case in many Ponzi schemes, Mr. Favata used his association with prominent figures — athletes and clergy are very common — to create an aura of legitimacy," Stark said.

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SEC Suits Could Influence Delphi Ownership Talks (WSJ)

By Kara Scannell In Washington, Jeffrey Mccracken In Detroit And Ianthe Jeanne Dugan In New York

The Wall Street Journal, October 20, 2006

Federal securities regulators are preparing civil securities-fraud suits against former executives of auto-parts giant Delphi Corp., according to a person familiar with the matter, raising the stakes in the high-profile battle over Delphi's future.

Separate investigations by shareholders, creditors, federal prosecutors and securities regulators into Delphi's accounting and dealings with its former parent, General Motors Corp., are coming to a head as several investors jockey for a slice of a restructured Delphi. The outcome of the investigations could affect how Delphi, which had world-wide sales of $27 billion last year, reshapes itself a year after it filed for bankruptcy-law protection.

Among the issues involved is whether GM will be allowed to get a valuable stake in a reorganized Delphi as compensation for taking back the benefits obligations of thousands of Delphi's U.S. workers.

The Securities and Exchange Commission is expected to file securities-fraud suits this month against about a dozen former executives of Delphi and others, alleging they used improper accounting in at least three different transactions, which led the auto-parts supplier to restate earnings from 2001 to 2003, according to a person familiar with the matter. It is unclear which executives will be named in the suits.

Delphi is also expected to be named in the civil complaint, although it isn't clear if the SEC will seek a penalty against the corporation, according to this person. The SEC's five commissioners are expected to vote on the case next week.

Delphi spokeswoman Claudia Piccinin said, "We continue to cooperate with the SEC investigation of Delphi." She added that Delphi wrapped up its own internal investigation of the accounting irregularities in 2005. Delphi in early 2005 acknowledged

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that the SEC had begun an investigation of accounting irregularities for how the company accounted for warranty claims, its pension plan and other matters.

At least six high-level Delphi executives, including its former chairman and chief executive, have left or been forced out since the accounting problems came to light. Delphi's former chairman and chief executive officer, J.T. Battenberg, retired just before the SEC probe became public. It isn't clear whether the SEC believes he had any role in the alleged accounting fraud. Attorney Bill Jeffress, who represents Mr. Battenberg, declined to comment and said Mr. Battenberg also wasn't willing to comment.

Other executives, including former Chief Financial Officer Alan Dawes, were ousted following an independent internal investigation by Delphi's board that found accounting problems. Some former executives are expected to fight the allegations, while some may settle the matter, this person said.

News of the expected SEC charges was reported yesterday by the Detroit News.

As previously reported, the SEC also is investigating GM in connection with certain transactions with Delphi. GM previously disclosed it had received a subpoena from a federal grand jury investigating its handling of payments or "credits" from suppliers and said it had found "material weaknesses" or "significant deficiencies" in certain areas of its accounting controls. The company also said it had received a subpoena from the SEC in connection with a previously disclosed probe of GM's transactions in precious-metal raw materials. GM has said it is cooperating with the inquiry.

The accounting questions could have a direct bearing on the delicate negotiations that Delphi is currently conducting with GM, unions, shareholders and creditors over control of the company after bankruptcy. Among the key players is Appaloosa Management, a hedge fund that owns more than 9% of Delphi's stock and a significant share of its bonds. The fund, led by David Tepper, has proposed pumping billions of dollars into the company so it can pay off debts while keeping its shares intact. Under its plan, which also includes hedge fund Harbinger Capital Partners, Appaloosa could ultimately own more than a third of Delphi's shares.

Also involved in the talks is Cerberus Capital Management, another private-equity firm with connections to GM. Cerberus, which recently agreed to buy 51% of GM's finance unit, GMAC, is angling for a significant chunk of Delphi's stock.

A deal to create a new ownership structure for Delphi could pave the way for the parts maker to exit from bankruptcy in mid-2007. A key issue in these talks is whether GM can assert a right to an ownership stake in Delphi in return for shouldering obligations for retirement benefits for Delphi workers. But creditors and shareholders are determined to use claims of fraud in Delphi's spinoff -- claims GM denies -- to prevent that.

The official committee representing Delphi shareholders filed a report with the bankruptcy court in Manhattan last month claiming that GM designed the spinoff as a "fraudulent" way to take losing businesses off its own books while making it impossible for Delphi to profit. The committee calculates that GM owes Delphi $26 billion -- topping the $22 billion in debts that Delphi listed in its bankruptcy-law filing. The equity committee claimed, for example, that Delphi is owed $1.8 billion that it paid into a fund when it was part of GM that didn't transfer back to it after the spinoff.

GM denies the claims. "At the time of the spinoff, we feel we set up Delphi to be a successful supplier," said GM spokeswoman Gina Proia. "The industry as a whole is going through a difficult period."

The equity-committee report echoes a similar document filed by the official creditors' committee, though the creditors' report is under seal. Both reports stem from an investigation that Delphi, of Troy, Mich., commissioned to examine the circumstances surrounding its spinoff. The results of the internal investigation were furnished confidentially to creditors and shareholders, who incorporated elements into their own documents.

The creditors' report raises a host of accounting issues, according to a lawyer familiar with the report. It alleges, for example, that if GM appeared bound to miss a quarterly number, it would submit false warranty claims to Delphi. Delphi would take that obligation on as its own, padding GM's books, the person said.

Ms. Proia of GM said the claims are "unfounded and without merit."

Closing In On Hedge Funds (NYT)

The New York Times, October 20, 2006

At first glance, the market-beating returns of hedge funds are impressive. But on closer inspection, things look less showy. Performance measures are based on voluntary reporting by hedge funds and thus tend to reflect outperformers rather than laggards and losers. And even some of the winners' outsized returns are overstated because they are not adequately adjusted to reflect the huge risks that go hand in hand with big gains.

In addition to those concerns, Jenny Anderson of The Times has now articulated another: the strong possibility that hedge funds' returns are juiced by insider trading.

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Over the past several years, largely unregulated hedge funds have become a towering presence in the stock market, now accounting for roughly half of all trading on the New York and London exchanges. More recently, they have become major players in the debt market as lenders to companies, buyers of banks loans and investors in tricky derivative securities tied to companies' credit quality.

The loan market is far larger than the stock market, and as such, of vast importance to the performance of the overall economy — a fact that on its own should entice regulators to inquire more about hedge funds' potentially destabilizing positions and activities. A more immediate problem is that loan-market participants routinely deal in confidential information, including all of the details a company must divulge to qualify for a loan and frequent — nonpublic — financial updates while a loan is outstanding. With virtually no government oversight and generally fewer institutional controls than banks, hedge funds that are active in both equity and debt markets face huge temptations to trade on insider information.

Ms. Anderson reported that the Securities and Exchange Commission is looking into whether certain hedge funds improperly traded the shares of Movie Gallery, a movie rental chain, after taking part in a confidential conference call for the company's lenders. Such an investigation may be just the tip of an iceberg. Even if it doesn't uncover any wrongdoing, it has opened a window on how information travels on Wall Street.

On Monday, Senator Charles Grassley, chairman of the Senate Finance Committee, sent a letter to Treasury Secretary Henry Paulson Jr. and several other administration officials and members of Congress, soliciting views on how Congress could improve hedge fund transparency. The replies will, at the least, create a record of officials' ability and willingness to respond to the obvious problems posed by hedge funds — before those problems become crises.

It is time for Congress and federal regulators to take an unflinching look at how deals really get done in today's markets, and to come up with enforceable rules and laws to ensure market integrity and the overall soundness of the financial system.

CRIMINAL LAW:

Boehner, Former House Clerk Testify In Foley Investigation (CHIT/AP)

By Andrew Taylor

Chicago Tribune, October 20, 2006

WASHINGTON -- Ethics investigators on Thursday heard from the GOP aide once in charge of the House page program about how he handled cases of ex-Rep. Mark Foley's inappropriate behavior toward the teenage errand-runners.

The No. 2 House leader, Majority Leader John Boehner, also testified, repeating his public statements that he discussed with Speaker Dennis Hastert, R-Ill., the "overly friendly" e-mails from Foley to a former male page.

"I made myself clear on the record for the last three weeks, and I told the ethics committee today the same thing that I've told many of you," Boehner, R-Ohio, told reporters.

His appearance came after the former House clerk, Jeff Trandahl, explained how he handled incidents involving Foley and whether he alerted top House GOP staff aides about them.

Trandahl's lawyer said Trandahl "has cooperated fully" with the investigations by the FBI and the House ethics committee. "He answered every question asked of him," lawyer Cono Namorato said in a statement.

Namorato said Trandahl would not comment while the investigation continues. He did not return messages left for comment beyond his prepared statement.

Boehner would not say what he specifically told the committee in private. But Boehner publicly has quoted Hastert as telling him the complaint about Foley "had been taken care of." Hastert has said he does not recall the conversation with Boehner.

Trandahl had direct responsibility for the page program and was on the five-member oversight board. He was alerted to an earlier instance in 2001 or 2002 involving Foley's inappropriate e-mails to a former page sponsored by Rep. Jim Kolbe, R-Ariz., and was apprised of others.

At least two other incidents are known to be under investigation: last fall's episode involving the Louisiana page and an earlier one in which Foley reportedly tried to enter the page dorm while he was drunk.

No one, however, has claimed knowledge of the sexually graphic e-mails sent in 2003 that prompted Foley to resign from Congress on Sept. 29 when confronted with copies of them by ABC News.

Of special concern to the ethics panel is who was aware of the Foley problem and whether enough was done to end his inappropriate contacts with pages.

The known incidents were handled discreetly by Trandahl, other GOP staff aides and a few lawmakers. They were not brought to the attention of the page oversight board or the ethics committee.

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Foley's former top aide, Kirk Fordham, testified before the ethics panel last week and has said he had meetings and "one more than one conversation" with senior GOP leadership aides about Foley's inappropriate behavior. That drew a quick denial from Hastert's chief of staff, Scott Palmer. He has not commented since and has yet to appear before investigators.

Trandahl, as one of the chamber's chief administrators, was in frequent contact with Hastert's office, including the speaker's counsel Ted Van Der Meid and Palmer about the page program and other House business. Trandahl was appointed to his post by Hastert.

Hastert's office has produced a detailed account of the 2005 incident, involving "over friendly" e-mails to a former page sponsored by Rep. Rodney Alexander, R-La. But the speaker's office has not commented on the page dorm incident or the earlier episode involving the e-mails to an Arizona teenager.

Palmer has denied Fordham's claim that he warned Palmer and other top GOP aides several years ago of Foley's inappropriate contact with pages and asked them to intervene.

Foley, 52, has said through his lawyer that he is alcoholic, gay and had been molested as a boy by a clergyman. On Thursday, a priest acknowledged he was naked in saunas with Foley decades ago when Foley was a boy in Florida. The priest denied that the two had sex.

The Rev. Anthony Mercieca, 69, speaking from his home on the Maltese island of Gozo, said a report in a Florida newspaper about their encounters was "exaggerated."

A story in the Sarasota Herald-Tribune described several encounters in the 1960s that the priest said Foley might perceive as sexually inappropriate.

Former Clerk Tells Panel He Alerted Speaker's Office To Foley Concerns (NYT)

By Jeff Zeleny

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Jeff Trandahl, the former House clerk who supervised the Congressional page program, testified Thursday before the House ethics committee that he had periodically advised senior Republican leadership aides of complaints about Representative Mark Foley's behavior on Capitol Hill.

Mr. Trandahl, whose account is seen by investigators as crucial to determining whether Speaker J. Dennis Hastert knew about Mr. Foley's conduct, took questions for four hours in a closed session. He declined to comment as he left the Capitol, but people familiar with his testimony said Mr. Trandahl recounted how he informed the speaker's office about concerns that Mr. Foley was spending too much time with young pages.

Mr. Foley, Republican of Florida, resigned last month after news reports about his exchange of sexually suggestive e-mail and instant messages with pages. "Jeff Trandahl has cooperated fully with the investigation being conducted by the F.B.I. and the investigative group of the Committee on Standards," his lawyer, Cono Namorato, said in a statement. "He answered every question asked of him, and stands ready to render additional assistance if needed."

John A. Boehner, Republican of Ohio and the House majority leader, also testified Thursday before the ethics committee. After more than an hour of questioning, Mr. Boehner emerged to say that he stood by his account that he had told Mr. Hastert about overly friendly e-mail messages Mr. Foley had sent a former male page.

"I've made clear on the record what I knew and when I knew it," Mr. Boehner told reporters. "I told the ethics committee the same thing I've said on the record for many of you. It was very thorough, and I was very forthcoming."

Mr. Hastert, Republican of Illinois, has said he does not recall having such a conversation with Mr. Boehner. He has not denied that it could have taken place, but said it could simply have slipped his mind as Republicans were dealing with a number of controversies earlier this year.

The House ethics committee is trying to determine how Mr. Hastert's office handled reports of Mr. Foley's inappropriate e-mail exchanges with pages. Investigators are also trying to deduce whether anyone inside the speaker's office had ignored previous concerns about Mr. Foley.

Mr. Trandahl, who left his job as House clerk last year to take a nongovernment position, has told friends that he occasionally raised alarms about Mr. Foley's advances toward high school students who had come to Washington to work on Capitol Hill. He has told former colleagues that neither he, nor anyone else, knew about the explicit e-mail exchanges between Mr. Foley and former pages.

People with knowledge of Mr. Trandahl's testimony said Mr. Trandahl corroborated previous testimony that top aides to the speaker, including his chief counsel, Ted Van Der Meid, had been advised of complaints about Mr. Foley for at least three years.

Mr. Hastert's office has denied that assertion, saying aides learned of concerns about Mr. Foley only a year ago when a former page from Louisiana turned over e-mail exchanges he had had with Mr. Foley.

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Mr. Trandahl, who was elected by the House but served at the pleasure of the speaker's office, has emerged as a central figure in the case. The House investigators are trying to establish whether a deteriorating relationship between Mr. Van Der Meid and others in the Capitol, particularly Mr. Trandahl, played a role in how complaints about Mr. Foley were handled.

Boehner And Ex-Clerk Of House Testify (WP)

By Charles Babington

The Washington Post, October 20, 2006

Two key congressional figures testified before a House ethics panel yesterday about their roles in the Mark Foley scandal, reportedly sticking to accounts indicating that Speaker J. Dennis Hastert (R-Ill.) or his top aides had been alerted to concerns about the disgraced Florida Republican's behavior toward teenage pages before it became public.

The committee spent more than four hours questioning Jeff Trandahl, a central figure who has remained publicly silent about the affair. As House clerk from 1999 through last year, Trandahl oversaw the page program and dealt with several complaints about the actions of Foley, who abruptly resigned his House seat Sept. 29 as ABC News was reporting on sexually graphic electronic messages he had exchanged with former pages.

Trandahl joined Rep. John M. Shimkus (R-Ill.), the chairman of the House Page Board, in quietly confronting Foley last fall about e-mails that the lawmaker had sent to a Louisiana boy, which the youth and his parents found troubling. Those e-mails were not nearly as explicit as the messages that emerged later from other sources.

Hastert's office has said that two high-ranking aides knew about the meeting with Foley but did not tell the speaker or his chief of staff, Scott Palmer. The board's other members, including a Democratic congressman, were also not told.

Trandahl did not speak to reporters as he left the ethics committee's office in the Capitol basement yesterday, but his attorney, Cono Namorato, said in a statement that Trandahl "has cooperated fully with the investigation being conducted by the FBI" and the ethics committee and "stands ready to render additional assistance if needed."

A source who has spoken with Trandahl since the scandal broke said the former House clerk indicated that he had alerted Hastert's staff in recent years to concerns that Foley was showing inappropriate attention to teenage pages. The source, who spoke on the condition of anonymity, said he had no reason to think Trandahl would give a different version to the FBI or the four-member subcommittee of the House Committee on Standards of Official Conduct. Trandahl's main contact on Hastert's staff appeared to have been counsel Ted Van Der Meid, the source said.

Hastert spokesman Ron Bonjean, asked to respond to the source's comments, said the ethics panel "is investigating this matter and we are confident in its ability to determine the real facts."

"The speaker has said that any person who is found guilty of improper conduct involving sexual contact or communication with a page should immediately resign, be fired, or be subjected to a vote of expulsion," Bonjean said.

Also yesterday, House Majority Leader John A. Boehner (R-Ohio) became the highest-ranking lawmaker to testify to the ethics panel on the Foley matter. Speaking to reporters after about an hour of questioning, he said: "I told the committee the same thing that I have told many of you."

Boehner originally told The Washington Post that he had spoken with Hastert earlier this year about Foley's e-mails to the Louisiana youth. He later said that he was not sure he had told Hastert, and still later said that he was fairly certain he had told the speaker.

Rep. Thomas M. Reynolds (R-N.Y.) has said that he had also spoken with Hastert about Foley's e-mails to the former page from Louisiana, but he has not met with the ethics committee. Hastert has said he does not recall such conversations, but does not dispute that they may have occurred.

The FBI, which interviewed Trandahl last week, is looking into whether Foley committed a crime. The ethics committee is examining whether House members or staffers handled the matter properly.

Trandahl's testimony is considered crucial in either bolstering or challenging that of Kirk Fordham, a former Foley chief of staff who testified before the ethics subcommittee last week. Fordham has said that Trandahl repeatedly urged him to rein in Foley, who was showing inappropriate attention to male pages on Capitol Hill. Fordham has said that he eventually appealed for help from Palmer, a powerful Hastert aide respected and feared by many lawmakers.

Fordham said Palmer later reported that he had met with Foley about the problem and had alerted Hastert. Palmer has issued a seven-word statement: "What Kirk Fordham said did not happen."

Fordham's attorney, Timothy J. Heaphy, said yesterday that he expected Trandahl to have corroborated his client's statement: that the then-clerk had repeatedly alerted Fordham about Foley's overly friendly behavior toward pages, long before top House leaders say the matter came to their attention. "I always believed he would say that," Heaphy said in an interview.

Craig Shniderman, a Trandahl friend who directs the Washington charity Food & Friends, said that, of all his responsibilities as House clerk, Trandahl viewed the care of the pages as his biggest.

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Republican insiders say that they are perplexed and troubled by conflicting accounts stemming from the scandal, especially the differences between Fordham and Palmer. Both men are described as truthful, conscientious staffers who are too smart and honest to try to mislead the FBI or the ethics committee.

Some GOP staffers wonder whether their differences result from misunderstandings or faulty memories. One veteran congressional aide said Palmer handles a huge load of issues for Hastert, including matters of policy, legislation, budgets, office allocations and staffing levels. House members and employees constantly approach him with problems and requests, the aide said, and it is possible that Palmer feels he had "dealt with" complaints about Foley in a way that fell short of other people's expectations and understanding.

Priest Denies Having Sex With Foley (CHIT/AP)

By Frances D'emilio

Chicago Tribune, October 20, 2006

ROME -- A priest acknowledged Thursday that he was naked in saunas and went skinny-dipping with Mark Foley decades ago when the former congressman was a boy in Florida, but denied that the two had sex.

The Rev. Anthony Mercieca, 69, speaking by telephone from his home on the Maltese island of Gozo, made his comments after the Sarasota Herald-Tribune published an interview in which he described several encounters that he said Foley might perceive as sexually inappropriate. Mercieca said the Florida newspaper report was "exaggerated."

"We were friends and trusted each other as brothers and loved each other as brothers," Mercieca told The Associated Press in Rome. Asked if their association was sexual, the priest replied: "It wasn't."

Among the activities described by Mercieca in the newspaper were massaging the boy in the nude, skinny-dipping together at a secluded lake in Lake Worth, Fla., and being nude in the same room on overnight trips while he was a priest and Foley was a parishioner.

Sarasota Herald-Tribune Executive Editor Mike Connelly said Thursday the story is accurate, including the reference to a night in which Mercieca said he was in a drug-induced stupor due to a nervous breakdown and couldn't clearly remember what happened.

"The reporter talked to the priest four times yesterday and carefully reviewed his account, especially of the one night," Connelly said. "The story accurately reports what the priest said."

Foley, a 52-year-old Florida Republican, resigned from Congress last month after his sexually explicit e-mails to young male pages surfaced.

His lawyer said shortly afterward that Foley was an alcoholic, gay and had been molested as a boy by a "clergyman." Foley's civil lawyer, Gerald Richman, said the alleged abuser was a Catholic priest whose name he shared with Florida state prosecutors.

Mike Edmondson, a spokesman for the state attorney's office in West Palm Beach, Fla., said an e-mail from Foley's attorney was received Wednesday identifying the alleged abuser. He said the e-mail was being forwarded to the Archdiocese of Miami.

The Archdiocese of Miami said in a statement Thursday evening that it had received the name from the state attorney's office but was waiting for permission from prosecutors to release it publicly.

"It is the intention of the Archdiocese of Miami to fully cooperate with the Palm Beach State Attorney's office and not to interfere with any investigation that they are conducting," the statement said. A telephone call to the Archdiocese was not immediately returned.

Edmondson said earlier in the day that law enforcement involvement at this point had ended.

Dioceses across the United States have been grappling with sex abuse scandals involving clergy and young faithful.

Mercieca had worked at Sacred Heart Catholic Church in Lake Worth in 1967, according to church records. Foley would have been 13 at the time.

Mercieca told the AP that he and Foley would go into saunas naked when he was a priest in Florida and Foley was a parishioner, but he said "everybody does that." The priest also said he didn't think it was unusual to go on overnight trips with a young boy.

The newspaper reporter "wrote many things that I didn't say," Mercieca told the AP, his voice trembling and sounding feeble at times. "He quotes me as saying I had one night stands with him. That's not true."

Richard Sipe, a former priest who studies sexuality and the priesthood and has counseled abusive clergy and victims, said abusive priests typically deny that their activities were sexual, because they often convince themselves that only intercourse violates their vow of celibacy.

"It's a lack of development," said Sipe. "This is not what an adult reasons about sex."

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A study of five decades of clergy sex abuse claims, conducted by the John Jay College of Criminal Justice for the U.S. bishops, found that most victims have been adolescent boys.

Matthew Doig, an investigative reporter with Sarasota Herald-Tribune who talked to Mercieca on Wednesday, said he did not record their phone conversations but he was "100 percent confident" his story was correct.

According to Doig, Mercieca said he had been following the Foley story on CNN and then said, "Now it's his word against mine."

The priest was not quoted in the story as saying they had any "one night stands." However, the newspaper reported Mercieca said there was one night when he was in a drug-induced stupor as he was suffering from a nervous breakdown and "there was an incident he says he can't clearly remember that might have gone too far."

Doig said Mercieca had called back three times after the initial conversation and had confirmed that paragraph but would not directly describe the behavior on that night, claiming it was obscured by many years and his use of tranquilizers and alcohol at the time.

Mercieca told the AP that at the time he knew the young Foley "I had a nervous breakdown and was taking some pills and alcohol and maybe I did something that he didn't like."

The priest said he based that statement on what he had seen on TV news accounts about the Foley case. Pressed for details about what Foley might not have liked, Mercieca said he couldn't remember because "it was a long time ago."

Foley "seems to have interpreted certain things as inappropriate. ... I don't know what I did to him," the priest said. "I wonder why 40 years later he brought this up?"

He said the two became friends when he was assigned to Foley's parish, and he had Christmas dinner at Foley's childhood home, with the boy's parents, one year.

Mercieca described Foley as "a very happy person and he knew how to do things."

"He was 'allegro,'" Mercieca said, switching from English to use a word in Italian that means cheerful or merry.

"We would go to the movies," the priest said, adding another boy would sometimes come along, although he couldn't remember his name.

Referring to the page e-mail scandal, the priest said: "I don't think there was a connection with our friendship and this thing now."

Mercieca brushed off other questions, saying he didn't remember much, and he often paused for a long time before replying.

He said the last time he saw Foley was about 18 years ago when the two had dinner in a restaurant in Lake Worth.

Foley's criminal defense lawyer David Roth declined to comment Thursday, but he said earlier this month: "Mark does not blame the trauma he sustained as a young adolescent for his totally inappropriate" e-mails and instant messages.

Mercieca lives in a house with his brother, George, who is also a priest. He regularly hears confession and celebrates Mass in Gozo's cathedral, one of two main churches on the Mediterranean island.

Gozo, 60 miles south of Sicily, has a population of about 32,000 and is one of Malta's three inhabited islands -- filled with vacation homes and holiday resorts.

Priest Says He Had Close Contact With Foley (NYT)

By Abby Goodnough

The New York Times, October 20, 2006

MIAMI, Oct. 19 — A priest living in Malta has admitted having intimate contact with Mark Foley when he worked at the former congressman's childhood church in the 1960's. But the state attorney's office in Palm Beach County and the Archdiocese of Miami would not say on Thursday whether he was the priest Mr. Foley has said molested him.

The Rev. Anthony Mercieca, 69, told The Herald-Tribune in Sarasota, Fla., that he had formed a friendship with the young Mr. Foley after arriving at Sacred Heart Catholic Church in Lake Worth in 1966. Mr. Foley was 12 or 13, and Father Mercieca, who had moved from Brazil, was 29 or 30.

Father Mercieca told of skinny-dipping and lounging naked in saunas with Mr. Foley and massaging him while the boy was unclothed. He said that once, while on tranquilizers, he might have done something that Mr. Foley found inappropriate but that he could not recall the details.

"I wish him well," Father Mercieca told The Herald-Tribune from his home in Gozo, a Maltese island about 60 miles south of Sicily. "Let bygones be bygones."

In an interview Thursday with WPTV, an NBC affiliate in West Palm Beach, Father Mercieca said he had not done anything "dirty" but that there had been intimate contact.

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"Once maybe I touched him," he told the television station. "It's not something you call, I mean, rape or penetration or anything like that, you know. We were just fondling."

In an interview with The Associated Press, Father Mercieca said the Herald-Tribune report was "exaggerated," but the newspaper stood by its story.

The Diocese of Gozo said in a statement that it had only just learned of "the allegations" and had asked the Archdiocese of Miami for more information. Bishop Mario Grech of Gozo would start investigating on Friday, the statement said.

"Bishop Grech, conscious of the gravity of pedophilia, reiterates that he will cooperate with those responsible for investigating such cases so that justice is done to the victims, the perpetrators are reformed and the common good is safeguarded," it said.

After leaving Sacred Heart in 1967, Father Mercieca worked at seven other parishes in South Florida, most recently at Blessed Trinity Catholic Church in Miami Springs from 1993 to 2003. Officials at those churches either did not return calls or referred them to the Archdiocese of Miami, which did not return them.

The archdiocese issued a statement saying that Palm Beach County prosecutors had given it the name of the man Mr. Foley has accused, but that it would not release it without the prosecutors' permission.

Mr. Foley, 52, resigned on Sept. 29 after the release of sexually graphic messages he had sent to teenage Congressional pages. Soon after, his lawyer announced that Mr. Foley was gay, had gone into treatment for alcoholism and had been molested by a clergyman as a teenager. Mr. Foley has not been seen publicly or heard from since.

The Survivors Network of Those Abused by Priests, a national advocacy group, asked Bishop Grech in an e-mail message to place Father Mercieca in "a secure facility" with no access to children.

"We hope Foley will go a step further and file a formal police report," said David Clohessy, the national director of the network, "and we encourage the police in the towns where the priest worked to actively beg victims and witnesses to come forward instead of sitting there and waiting for the phone to ring."

John Ombres, a childhood friend of Mr. Foley's who also attended Sacred Heart, said that Father Mercieca had gone to the movies with them when they were in sixth and seventh grades and taught them to drive.

"Sometimes we would go help him wash his car, a '57 Chevy from the parish, which we thought was very cool," Mr. Ombres, 52, said in an interview. "This is so horrible to me. I'm amazed."

Mr. Clohessy of the Survivors Network and Terence McKiernan of bishopaccountability.org, which keeps a database of accused priests, said they had no record of complaints about Father Mercieca.

According to The Herald-Tribune, Father Mercieca was born in Gozo and still has family there. Consiglia Grech, a neighbor of Father Mercieca's, said by phone that she could not believe he had done anything untoward. "That's not true," she said, "because Father Tony is very quiet."

Father Mercieca told WPTV that the Foleys had invited him to Christmas dinner at their house in Lake Worth, and that he had taken Mr. Foley to events and on overnight trips to Washington and New York.

Asked what he would tell Mr. Foley, he said, "Remember the good times we had together, you know, and how well we enjoyed each other's company." He added, "Don't keep dwelling on this thing, you know?"

Retired Priest Admits Encounters With Foley (WP)

By Howard Schneider And Debbi Wilgoren

The Washington Post, October 20, 2006

A retired priest from Malta acknowledged yesterday that he had intimate contact with a young Mark Foley that involved nudity and -- on at least one occasion -- "light touching," but he denied that he and Foley had "sexual intercourse."

The Rev. Anthony Mercieca, in a telephone interview from the Maltese island of Gozo, said he was surprised that his long-ago interaction with Foley had become linked to the scandal that erupted last month and cost the former congressman his job.

Foley, who served as an altar boy at the Sacred Heart Catholic Church in Lake Worth, Fla., when Mercieca was assigned there in the mid-1960s, resigned from Congress after reports about sexually intimate electronic messages he had sent to congressional pages. After his resignation, Foley entered alcohol rehabilitation, said he was gay and alleged that he had been sexually abused by a member of the clergy as a youth.

Yesterday, the Sarasota Herald-Tribune, citing confidential sources close to Foley's family, identified Mercieca as the priest in question.

A source familiar with details of Foley's allegations confirmed yesterday that Mercieca is the priest that Foley has told investigators abused him.

Church officials have encouraged Foley to name the priest who allegedly abused him, and Foley turned that information over to law enforcement authorities yesterday, wire services reported. A statement issued by the Archdiocese of Miami yesterday

morning said church officials believe the name had been given to the Palm Beach County state's attorney on Wednesday but added that the state's attorney's office had not revealed the information to the church.

The statement said the archdiocese would publicize the name of the priest once it receives it, "per our policy relating to the protection of children and vulnerable adults."

Mercieca, 69, told The Washington Post that issues such as molestation and sexual harassment are "in the eye of the beholder," and that Foley -- who was 12 or 13 at the time -- might have interpreted some of their contact "the wrong way."

During at least one encounter with Foley, "I was a little out of myself," Mercieca said, from using tranquilizers as a result of what the Sarasota paper described as a nervous breakdown. "The whole idea is . . . that I did something that he did not like, but at the time he did not say anything."

"It was not what you call intercourse. . . . There was no rape or anything. . . . Maybe light touches here or there," he said.

Mercieca said he could not explain why Foley might be attributing his broader problems to their contact.

"We had some kind of friendship. I was very friendly with him and his family," Mercieca said. "Then almost 40 years passed without him saying anything. . . . And now because he got caught, he recited these things."

An employee at the law firm that is representing Foley said his attorney, Gerald F. Richman, had no comment on Mercieca. Mercieca said he did not expect to be sued or prosecuted criminally over his ties to Foley. For criminal cases, the statute of limitations has expired.

Mark Serrano, a board member of Survivors Network of Those Abused by Priests, encouraged a full investigation, including whether he had similar involvement with other minors, and whether any allegations had been reported to church officials.

"A crime is a crime is a crime," Serrano said. "Advanced age is no indication that kids are safe from a perpetrator. . . . An investigation would be required."

Priest Admits 'Fondling' Foley, Denies Rape (WT)

By Charles Hurt

The Washington Times, October 20, 2006

A Catholic priest admitted yesterday to fondling Mark Foley nearly 40 years ago, an episode the disgraced Florida lawmaker made public after he resigned last month for sending sexually explicit Internet messages to teenage boys he knew from the Congressional Page Program.

"Once maybe I touched him or so," the Rev. Anthony Mercieca, 69, yesterday told a TV station in Florida, where Mr. Foley is in therapy for a reported alcohol addiction. "It's not something you call, I mean, rape or penetration or anything like that, you know. We were just fondling."

Father Mercieca, who now lives on the Maltese island of Gozo in the Mediterranean Sea, was posted at the Florida church where Mr. Foley was an altar boy in the 1960s. Just as Mr. Foley did after he was exposed, Father Mercieca cited substance abuse in explaining his actions.

"I have to confess, I was going through a nervous breakdown," he told the Sarasota Herald-Tribune, which broke the news in yesterday's editions. "I was taking pills -- tranquilizers. I used to take them all the time. They affected my mind a little bit."

Though associates of Mr. Foley said they never knew him to drink much, the six-term lawmaker said through his attorney that he has been a "closet drinker" for years and sent teenage boys lurid messages only when he was drunk. During that press conference, the attorney also said for the first time that a priest had molested Mr. Foley when he was a teen.

But unlike Mr. Foley, Father Mercieca is hardly apologetic.

"He seemed to like it, you know," he said in a telephone interview with West Palm Beach television station WPTV. "So it was sort of more like a spontaneous thing."

Among the activities Father Mercieca recalled were massaging the young Foley while the boy was naked, skinny-dipping with him at a secluded lake and being naked in the same room on overnight trips.

The admission ends three weeks of speculation over whether Mr. Foley really had been molested but raised other questions about why he had waited so long to report it.

"Let's say it was 40 years ago, almost 40 years ago, so why bring this up at this late stage?" Father Mercieca told the TV station.

"I would say that if I offended him, I am sorry, but to remember the good time we had together, you know?" he said. "And how really we enjoyed each other's company. And to let bygones be bygones. Don't keep dwelling on this thing, you know?"

Knowing Mr. Foley, Father Mercieca said, he's confident the former congressman will recover.

"He will overcome it with a psychiatrist, you know," he said. "Mark is a very intelligent man."

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In Washington, meanwhile, House Majority Leader John A. Boehner and former House Clerk Jeff Trandahl testified yesterday before the House ethics committee about the Foley matter and how Republican leaders had responded to complaints about Mr. Foley that arose a year ago or longer.

"Had anyone known about it, we would have moved to expel Mr. Foley from our ranks immediately," Mr. Boehner told reporters after testifying for an hour behind closed doors. "The ongoing inquiry will determine the facts."

Folier Than Thou (WP)

By Michael Kinsley

The Washington Post, October 20, 2006

Here in Washington, we're all competing to see who can be more po-faced about Mark Foley and the congressional pages. Who can deplore Foley's behavior the most?

Democrats, sensing a deeply wounded Republican Party, are going in for the kill. It's the final evidence that the GOP is terminally corrupt: A congressman was cyber-molesting teenage boys and his party leaders evidently didn't even care.

Republicans answer: Hey, we invented child molesting! As an issue, that is. We own family values, and we're not about to let the party of Monica Lewinsky and Heather Has Two Mommies outflank us on the sexual morality front.

And then there are gay voices, eager to remind people that being gay and molesting children are two different things, which of course they are. But just to make the point clear, gays want everyone to know that they defer to no one in their distaste for Foley's behavior.

So everyone claims to be terribly distressed. We glare at each other, looking as grim as possible, and the first one to break into a grin or a smirk or a snort loses. Stop it! It's not funny!

But then who are all the people watching David Letterman and Jay Leno, Jon Stewart and Stephen Colbert, and laughing -- laughing! -- at Foley's shenanigans? Who are the people cracking jokes on the Internet? They are so distressed that they can't stop giggling, and they find the whole subject so distasteful that they can't get enough of it. This is not a traditional case of politicians' hypocrisy. This is politicians accommodating the hypocrisy of voters.

Perhaps it would be a better world if everybody were as disgusted by the Foley episode as almost everybody claims to be. But the truth is that most people are enjoying this story and can't get enough of it. If you gave them the secret power to wish the whole thing away, they'd say, "Are you nuts? This is terrific!"

Poor Dennis Hastert is suspected, probably falsely, of being willing to sacrifice a child for the good of his party, and now the other party reaps the benefit. Do you think that if the devil told Nancy Pelosi she could undo the scandal, save these 17-year-olds from the trauma of electronic messages from a sicko congressman and give up her hopes of being speaker, that she would find such an offer tempting? I don't. And I don't think Pelosi is callous or cruel. If she thought it through, she might conclude that the good that can come from a Democratic Congress exceeds the evil that a few randy messages may have done to a few teenage pages. Meanwhile, most Americans, I strongly suspect, would happily sacrifice a few more pages just to keep the story going for entertainment purposes.

Then there is Gerry Studds (who, by a weird coincidence, died last week). Studds was a Democratic congressman who, in 1983, was censured for having an actual physical affair with a congressional page 10 years before that. After his censure, he continued to run in his district (in Massachusetts, natch), to win and to serve in Congress until 1997.

Compare and contrast Mark Foley: It develops that he may have had physical something-or-other with a page after all. But even before this came out, he had resigned under pressure on the basis of those e-mails alone. Doesn't that prove that Republicans are more serious about Protecting Our Children than Democrats are? Don't they win the po-face contest?

The Studds case is troubling. Do the Republicans have a point? Maybe, but there are a few points in mitigation as well. One is the huge random element in what becomes a Washington scandal. You don't need ideological conspiracies or grand cultural tectonic shifts. Whether something becomes a scandal depends on how close we are to an election, on what else is in the news, on what Michael Isikoff had for lunch and so on.

The Studds case came paired with that of Republican congressman Dan Crane, who had an affair with a female page. In a mutual disarmament agreement, both miscreants were "censured," which was actually a ratchet up from "reprimanded" or "scolded" or "tickled" or some other term recommended by an outside committee. Speaker Hastert says that if Foley hadn't resigned immediately, he would have been bounced. Maybe. But Crane, like Studds, was renominated by his party in the 1984 election. That would be the Republican Party. (Unlike Studds, Crane lost.)

Back in 1983 Studds took the position that the page had been over the age of consent in the District of Columbia, which is 16, and consent for the affair had, in fact, been mutual. This, of course, left out the question whether, as a member of Congress, he had some special duty to protect even 17-year-old congressional pages from middle-aged men such as himself. He probably did have such a duty, though he never paraded around as a protector of children, as Foley did.

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A final difference between Studds and Foley is that the Foley case exposed the tawdry mechanics of a congressman trolling for action among teenage pages. No doubt the Studds affair involved the pre-e-mail equivalent of these mechanics, but they never became public. Obviously, that doesn't excuse Studds. But it also does not establish anything superior about Republican moral values.

Gun Collector Once Held In Prosecutor's Death To Help Grand Jury (AP)

By Gene Johnson

AP, October 20, 2006

A gun collector once jailed as a material witness in the assassination of a federal prosecutor has agreed to take a lie-detector test and will fully cooperate with a grand jury investigating the case, his lawyers said in a court filing Thursday.

Albert K. Kwan, of suburban Bellevue, was held for three weeks in January 2005 as part of the investigation into the killing of Assistant U.S. Attorney Thomas Wales. Last month, Kwan was jailed on an unrelated charge of machine-gun possession.

In a motion challenging his detention Thursday, his lawyers, Joseph Conte and Eric Stahlfeld, wrote that Kwan signed an agreement with an assistant U.S. attorney on Monday, agreeing to take at least one polygraph examination and "to fully cooperate with the grand jury." In several previous appearances before the grand jury, Kwan has invoked his Fifth Amendment right against self-incrimination.

Wales, an 18-year veteran of the U.S. attorney's office in Seattle and the president of the gun-control group Washington CeaseFire, was shot as he worked in the basement of his home in Seattle's Queen Anne Hill neighborhood on Oct. 11, 2001. According to ballistics tests, the murder weapon was a Makarov pistol outfitted with a replacement barrel.

The FBI launched a nationwide search for the 3,500 replacement Makarov barrels imported into the United States prior to the killing.

Kwan was first contacted by the FBI in August 2003, when an agent met with him and asked if the FBI could test-fire his Makarov pistols. Kwan initially refused because his guns were collector's items that had never been fired; once investigators obtained a subpoena for them, he turned them over, his lawyers wrote.

His lawyers also insisted that agents were less than diligent in trying to serve Kwan with a subpoena to appear before the grand jury in December 2004 and January 2005. The agents made just one attempt: According to an FBI affidavit supporting a search warrant, when Kwan didn't answer his door, agents asked a neighbor where he was. Kwan called the neighbor and said he couldn't come to the door because he was washing his hair — a message the neighbor relayed. A section of the affidavit was cited in the motion.

After that, the FBI kept him under surveillance and eventually arrested him as a material witness, the lawyers wrote. According to the motion, agents insist that sales records from a Minnesota company, Federal Arms Corp., show Kwan purchased two Makarov replacement barrels in the mid-1990s, but Kwan only turned over one barrel and insists he never purchased a second one.

Kwan legally owns more than 100 pristine and historical machine guns. But during a search of Kwan's home in January 2005, agents found one — an M-14 — that they said was illegal.

Kwan's attorneys argue that the M-14 in question required substantial modification by federal agents — including use of a rotary tool with a cutting wheel and the installation of new parts — before it could be fired automatically. Therefore it didn't meet the legal definition of a machine gun, they argued.

Nevertheless, last month — long after the January 2005 search — Kwan was indicted on one count of machine gun possession. His attorneys suggested that the reason for the charge might be to improve his memory about the supposed second Makarov barrel; asked Thursday night whether he believed the federal government was trying to squeeze his client, Conte said, "Absolutely."

Through spokeswoman Emily Langlie, the U.S. attorney's office declined to respond. Previously, the prosecutor handling the case said the indictment was brought as soon as the Bureau of Alcohol, Tobacco and Firearms provided information about the crime.

"All of Mr. Kwan's problems with the grand jury and this indictment stem from his refusal to let the government take his pistols without a subpoena and his assertion of his legal rights from that time forward," the lawyers wrote. "... At a minimum the United States somehow believes that Mr. Kwan either killed AUSA Thomas Wales or provided the gun, or the barrel to the gun, to the person who did kill Mr. Wales."

Conte said his client was not involved in Wales' death.

U.S. Magistrate Judge Monica Benton refused to release Kwan pending trial. She said that given his history of legal scuffles with federal authorities, including the revocation of his federal firearms licenses, which he has appealed; his weapons

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collection; and his frequent travel to China to study the language, he posed a flight risk and a danger to the community. She also said it was "difficult to ignore" his behavior regarding the Wales investigation.

In asking U.S. District Judge Thomas Zilly to review the detention order, Conte and Stahlfeld argued that Kwan's exercise of his constitutional rights did not constitute grounds for detention. They said he is a native of Hong Kong who has lived in the Seattle area for 20 years, has no previous convictions and is a sergeant in the U.S. Army Reserve.

"He is a person who scrupulously guards his privacy and his constitutional rights," Stahlfeld and Conte wrote. "None of these makes him a risk of flight or a danger to the community."

Only one person has been identified publicly as a suspect in the Wales case: an airline pilot who recently moved from Bellevue to Snohomish, and who was once prosecuted by Wales in a fraud case. That man's lawyer has insisted he is innocent.

Gun Collector To Cooperate In Wales Case (SEATIMES)

By Mike Carter, Seattle Times staff reporter

Seattle Times, October 20, 2006

A Bellevue gun collector who was jailed as a witness in the slaying of a federal prosecutor will cooperate with a grand-jury investigation and undergo a lie-detector test, his attorneys said Thursday.

Up to this point, Albert Kwok Leung Kwan has invoked his Fifth Amendment right prohibiting self incrimination when he's been questioned before the grand jury investigating the 2001 slaying of Assistant U.S. Attorney Thomas Wales.

Last month, Kwan was indicted for owning an illegal machine gun and jailed because he was a flight risk. He remains in custody. The machine gun was one of several weapons taken from his house in 2005 after an earlier arrest; at that time he was held for 23 days as a material witness in the Wales investigation.

In papers filed Thursday in U.S. District Court, Kwan's attorneys said he will submit to questioning by the FBI task force investigating the killing. He also will testify before the grand jury and "submit to one or more polygraph examinations." The lawyers are attempting to persuade a U.S. magistrate to release Kwan from custody in the machine-gun case.

At issue in the Wales case is Kwan's purchase of at least one replacement barrel for a 9-mm Makarov handgun. FBI experts have determined that Wales was shot with a Makarov fitted with such a barrel. His attorneys have said that Kwan has maintained he purchased just one such barrel, although the FBI has evidence he purchased two.

Joseph Conte, Kwan's attorney from Washington, D.C., said Kwan's recollection has not changed.

"This is what he has said since 2004," Conte said.

Federal investigators are tracing nearly 3,500 Makarov replacement barrels sold in the United States before Wales' slaying Oct. 11, 2001. Wales was sitting at his computer in the basement of his Queen Anne home when he was shot several times through a window.

Kwan lives just miles from the former home of an airline pilot and gun enthusiast who is the prime suspect in the Wales investigation. The pilot was once indicted for fraud by Wales, who ultimately dismissed the charges after a contentious prosecution.

If Wales' slaying was related to his job, he would be the first federal prosecutor in U.S. history to be killed in the line of duty.

Steve Clymer, the special prosecutor assigned to the Wales investigation, declined to comment on the development Thursday.

Mike Carter: 206-464-3706 or mcarter@seattletimes.com. Reporter Steve Miletich contributed to this story.

Anschutz Gesture To Deputy Prime Minister Equals Complaint (AP)

AP, October 20, 2006

LONDON — A businessman has complained to the U.S. Department of Justice about gifts a Colorado billionaire gave to British Deputy Prime Minister John Prescott, a news report said Thursday.

A parliamentary ethics panel gave Prescott a mild rebuke in July, saying he should have immediately disclosed his stay at the ranch of Philip Anschutz, the American tycoon who is bidding to open a casino at London's Millennium Dome site.

But it said Prescott had "acted correctly" in belatedly declaring the visit, and recommended no further action.

The Times newspaper said George Bathurst, a businessman based in Windsor, outside London, had reported the hospitality and gifts Anschutz gave Prescott to the Justice Department under laws banning U.S. businesses from attempting to bribe foreign officials.

A call by The Associated Press to a number listed as Bathurst's went unanswered Thursday.

Prescott was widely criticized for initially failing to declare his stay with Anschutz, who also gave him a cowboy outfit.

He says he has met twice a year with the oil, media and transport billionaire who has taken over the vast Millennium Dome,

an enormous exhibition space built for the 2000 New Year's celebrations. Anschutz is seeking a license to operate a casino there, but Prescott says the two never discussed that issue in their meetings.

Officials Probing Possible Theft Of Voting Software In Md. (WP)

By Cameron W. Barr

The Washington Post, October 20, 2006

The FBI is investigating the possible theft of software developed by the nation's leading maker of electronic voting equipment, said a former Maryland legislator who this week received three computer disks that apparently contain key portions of programs created by Diebold Election Systems.

Cheryl C. Kagan, a former Democratic delegate who has long questioned the security of electronic voting systems, said the disks were delivered anonymously to her office in Olney on Tuesday and that the FBI contacted her yesterday. The package contained an unsigned letter critical of Maryland State Board of Elections Administrator Linda H. Lamone that said the disks were "right from SBE" and had been "accidentally picked up."

Lamone's deputy, Ross Goldstein, said "they were not our disks," but he acknowledged that the software was used in Maryland in the 2004 elections. Diebold said in a statement last night that it had never created or received the disks.

The disks bear the logos of two testing companies that send such disks to the Maryland board after using the software to conduct tests on Diebold equipment. A Ciber Inc. spokeswoman said the disks had not come from Ciber, and Wyle Laboratories Inc. said it was not missing any disks.

Diebold spokesman Mark Radke and Goldstein said that the labels on the disks referred to versions of the software that are no longer in use in Maryland, although the Diebold statement said the version of one program apparently stored on the disks is still in use in "a limited number of jurisdictions" and is protected by encryption. The statement also said the FBI is investigating the disks' chain of custody.

Michelle Crnkovich, an FBI spokeswoman in Baltimore, said she had no knowledge of an investigation.

In an unrelated development, Maryland state auditors said in a report yesterday that the State Board of Elections is not properly controlling access to a new statewide database of registered voters or verifying what changes are made to it. The report comes at a time of heightened concern over the security and effectiveness of electronic voting systems.

Legislative auditor Bruce Myers said it was unusual to allow "across-the-board access" by local election officials to a sensitive database, but Lamone defended the board's practices. In a letter released with the Office of Legislative Audits report, she wrote that the board "is unaware of any allegations of the falsification of additions or deletions to the system."

The FBI investigation into the disks could focus further scrutiny on the security of Maryland's electronic voting system.

The disks delivered to Kagan's office bear labels indicating that they hold "source code" -- the instructions that constitute the core of a software program -- for Diebold's Ballot Station and Global Election Management System (GEMS) programs. The former guides the operation of the company's touch-screen voting machines; the latter is in part a tabulation program used to tally votes after an election.

Three years ago, Diebold was embarrassed when an activist obtained some of its confidential software by searching the Internet. The company vowed to improve its security procedures to prevent another lapse.

The release of such software poses a risk, computer scientists say, because it could allow someone to discover security vulnerabilities or to write a virus that could be used to manipulate election results.

In September, computer scientists at Princeton University who had obtained a Diebold voting machine demonstrated how a program they had created could secretly alter the votes cast on the machine. Diebold President Dave Byrd called the demonstration "unrealistic and inaccurate" and said it ignored the "physical security" measures used to safeguard voting machines.

The Washington Post obtained copies of the disks Wednesday and allowed Avi Rubin, a computer scientist at Johns Hopkins University, along with a colleague and a graduate student, to review the software on the condition that they make no copies of it.

"I would be stunned if it's not real," Rubin said.

Rubin, who has said that electronic voting systems that do not produce a paper record of each vote cannot be secured, led a team that produced an analysis that pointed out security vulnerabilities in the Diebold software found on the Internet in 2003.

Sam Small, the graduate student, said the version of Ballot Station "was consistent with what we've seen previously." Small could not gain access to the GEMS software because the material on two of the disks was protected by a password.

Radke, the Diebold spokesman, said the versions of Ballot Station released since the version identified on the disks have many new security features. The Diebold statement said "it would take years for a knowledgeable scientist" to break the

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encryption used on the software apparently contained on the disks delivered to Kagan. But Rubin said "the data and files were not encrypted" on the Ballot Station disk he reviewed.

The Office of Legislative Audits report also said the Maryland elections board has paid bills submitted by contractors without proper documentation and has not taken appropriate steps to safeguard its computer network and Web site.

Lamone said, "It seems inappropriate to base findings on a partially implemented system," referring to the new MDVOTERS database, which Maryland has established to comply with federal law.

She said it is appropriate for local election workers to have access to the database and said procedures are in place to verify changes. Lamone concurred with the auditors' criticism of her staff's accounting practices and said they had "obtained nearly all necessary documentation" for contractors' bills.

Providing the sort of local oversight envisioned by the auditors, she said, "simply cannot be conducted with existing resources."

Texas Inmate Kills Self Day Of Execution (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, October 20, 2006

(AP) - LIVINGSTON, Texas-A death-row inmate slit his own throat with a makeshift knife early Thursday, committing suicide less than 18 hours before he was scheduled to be executed, a prison official said.

Michael Dewayne Johnson, 29, was on death row for the 1995 killing of a convenience store clerk near Waco.

He was in a death-row cell early Thursday when he slashed his own throat with a makeshift blade fashioned from a small piece of metal attached to a wooden stick, said Michelle Lyons, spokeswoman for the Texas Department of Criminal Justice in Huntsville.

Prison guards had been checking on Johnson's welfare every 15 minutes, as is customary, when they found him unresponsive in a pool of blood in his cell, Lyons said. He was taken to a hospital in nearby Livingston, where he was pronounced dead, Lyons said.

Johnson's execution had been scheduled for 6 p.m. Thursday. His last-minute appeal was still pending before the U.S. Supreme Court.

Blagojevich Fundraiser Pleads Not Guilty In Two Cases (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, October 20, 2006

A fundraiser and close adviser to Gov. Rod Blagojevich pleaded not guilty to fraud charges Thursday after being escorted to federal court by FBI agents.

The appearance in court of Antoin "Tony" Rezko ended weeks of speculation about his whereabouts that peaked after a pair of indictments were unsealed against him last week.

Federal prosecutors charge that Rezko leveraged his influence with state leaders to extort illegal payments and a campaign contribution from investment firms seeking to do business with Illinois. He is separately accused of setting up a phony transaction involving the sale of his pizza restaurants.

Despite the official escort—agents met Rezko's plane as it landed Thursday at O'Hare International Airport—Rezko walked into court seemingly unconcerned, waving to family members and shaking his lawyer's hand.

His attorney, Joseph J. Duffy, said Rezko's travel back to Chicago had begun in his native Syria after he concluded a business trip to the Middle East.

"In the last week, there has been what I would call an unnecessary media frenzy about Mr. Rezko and his whereabouts and his intentions," Duffy said as he left the courthouse. "Mr. Rezko today in court proclaimed his innocence. He is confident he will be vindicated in trial."

Rezko was arraigned before U.S. District Judge Charles Kocoras in the charge related to his pizza business and before U.S. District Judge Amy J. St. Eve in the kickback case. Kocoras and St. Eve agreed to release Rezko on $1.4 million bail.

Assistant U.S. Atty. Christopher Niewoehner had argued a decision on bail shouldn't only be made in the light of Rezko's return. Rezko could decide to flee once he realizes the full weight of the evidence against him and understands he could face up to 14 years in prison, Niewoehner said.

Rezko has significant ties to the Middle East, and his wife and daughter met him in Damascus recently. He has transferred money around the world, Niewoehner said, including $400,000 to Beirut in 2004.

Duffy countered that all of Rezko's family contacts are local and said he may have less than $5,000 in some of his bank accounts here.

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If Rezko had wanted to run, he wouldn't have been in court Thursday, Duffy said. Rezko understands his duty as a U.S. citizen to appear, he said.

"The best expression of that is he's standing here today," Duffy said.

Nine homes owned by friends and family members were submitted to secure Rezko's release. He also must put up his own residences in Wilmette and Lake Geneva, Wis.

St. Eve said Rezko must also be placed on electronic home monitoring until an affidavit outlining his finances can be organized.

Rezko's whereabouts had been a concern for authorities for weeks as the case against him progressed. Prosecutors, unsure when or whether Rezko would return from an overseas trip, sought his indictment under seal Oct. 5.

When prosecutors announced the indictment last week, U.S. Atty. Patrick Fitzgerald said it was done without regard for any impact it could have on the Nov. 7 election

The governor has distanced himself from Rezko in recent days, insisting his trust was betrayed and that he had no knowledge of Rezko's actions. Sources with knowledge of the case have said Rezko sought a $1.5 million campaign contribution for Blagojevich in lieu of one secret kickback.

"Tony Rezko has returned to defend the charges against him," Blagojevich said in a statement Thursday. "Today, with his arrival in court, the legal proceedings have begun. Now it is time for the justice system to fairly decide his case."

Rezko is accused of helping to get businessman Stuart Levine reappointed to the board of the state's Teachers' Retirement System and scheming with Levine to get kickbacks from companies seeking business with the state board.

Levine is cooperating with the government, and Niewoehner said there are recordings of Rezko discussing his activities.

"Mr. Rezko has no idea what is in store for him," Niewoehner said.

Rezko cooperated throughout the investigation into his activities as long ago as 2004, Duffy said, offering information when any of the entities he owns was subpoenaed.

Randall Samborn, a spokesman for the U.S. attorney's office, said Rezko's travel itinerary had been provided in advance to authorities, and the FBI and U.S. Customs agents were waiting for his plane when it arrived.

He was escorted off his flight at about noon and into a van waiting on the tarmac, which took him to the FBI's Chicago headquarters on the West Side prior to his court appearance.

"He knew we would be there; we knew he would be there," Samborn said.

Tribune staff reporters Gerry Doyle and Matt O'Connor contributed to this report.

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Governor's Fundraiser Says He's Not Guilty Of Seeking Kickbacks (BVND)

By Deanna Bellandi

The Belleville News Democrat, October 20, 2006

CHICAGO - A fundraiser and political confidant for Gov. Rod Blagojevich pleaded not guilty Thursday to federal charges that he worked to squeeze millions of dollars in kickbacks from investment firms seeking state business.

Businessman Antoin "Tony" Rezko, 51, of Wilmette was released from custody after friends and family helped secure his release by putting up as collateral nine pieces of property worth about $1.5 million, along with Rezko's north suburban Chicago home and one he owns in Lake Geneva, Wis.

"Mr. Rezko today in court proclaimed his innocence. He is confident that he will be vindicated at trial," said his attorney, Joseph J. Duffy, who entered not guilty pleas on Rezko's behalf.

Rezko, who is charged in two separate indictments, also pleaded not guilty earlier in the day to charges he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company.

More than two dozen Rezko supporters traveled from courtroom to courtroom as he was arraigned in the two indictments by separate judges who reminded them they could lose their houses if Rezko doesn't show up for trial.

Prosecutor Christopher Niewoehner noted Rezko's willingness to appear in court now but said he did not know all the details of the case against him.

"Mr. Rezko has no idea what is in store for him," Niewoehner said.

Rezko was released on the condition that he be on home confinement with electronic monitoring pending the completion of a financial affidavit before a Nov. 3 hearing with U.S. District Judge Amy J. St. Eve.

The financial affidavit will help prosecutors sort out Rezko's net worth because Duffy said he apparently has "negative cash flow."

Rezko can leave his home for certain duties, including work and court appearances, but he is not allowed to travel outside the northern district of Illinois.

Rezko was arrested without incident Thursday at O'Hare International Airport, after he returned from Syria to face charges of fraud and extortion, federal officials said. Rezko was born in Syria and moved to the U.S. as a teenager. The father of three has no criminal record.

Duffy had asked U.S. District Judge Charles Kocoras, who handled the arraignment on the case involving loans to a pizza restaurant company, to release Rezko on his own recognizance, saying there is nothing to indicate he would flee.

Kocoras declined but said the fact Rezko showed up Thursday was "a point in his favor," and Prosecutor Carolyn McNiven said she was "very happy" he appeared.

Rezko failed to show up for arraignment last Friday. His attorney said he was overseas on business and the indictments caught him by surprise.

Rezko is accused of mail fraud, wire fraud and other charges in an elaborate scheme with millionaire campaign contributor Stuart Levine to squeeze millions of dollars out of companies, including a $1.5 million contribution to "a certain public official" from a company seeking state business. A person familiar with the investigation, who spoke only on condition of anonymity because the probe is ongoing, has said the unnamed public official is Blagojevich.

The indictments came more than a year after federal authorities began investigating allegations of fraudulent hiring practices by top officials in the governor's office.

The governor has not been charged with any crime and has denied knowing of any wrongdoing.

Blagojevich has said if the allegations against Rezko are proven true, then he was duped by a friend.

"Tony Rezko has returned to defend the charges against him. Today, with his arrival in court, the legal proceedings have begun. Now it is time for the justice system to fairly decide his case," Blagojevich said in a written statement.

John McGovern, a spokesman for Blagojevich's Republican opponent, Judy Baar Topinka, said this "may well be the biggest corruption scandal in Illinois history."

Duffy has said the attempt to shake down investment firms never happened and was made up by Levine.

Levine has been under two indictments in the federal investigation of state government corruption. His attorney, Jeffrey B. Steinback, has said he is cooperating and expects to plead guilty.

Levine is due in court on the charges Oct. 27.

Warning Letter Lands Candidate In Hot Seat (USAT)

USA Today, October 20, 2006

The head of the Republican Party in Orange County, Calif., on Thursday called for the withdrawal of a GOP congressional candidate, citing a letter threatening Hispanic immigrant voters with arrest. Tan Nguyen, challenging Democratic Rep. Loretta Sanchez, denied any knowledge of the letter sent to an estimated 14,000 voters, but said he fired a campaign staffer who may have been responsible. County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen knew of the letter.

The letter warns that “if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time.” Immigrants who are citizens are eligible to vote, and it is a crime to threaten or intimidate voters.

Justice Department spokeswoman Cynthia Magnuson and state attorney general's office spokesman Nathan Barankin said their offices were investigating.

Blagojevich fundraiser pleads not guilty

A fundraiser and political confidant for Illinois Gov. Rod Blagojevich pleaded not guilty to federal charges of involvement in a kickback scheme.

Antoin “Tony” Rezko, 51, is accused of working with millionaire campaign contributor Stuart Levine to squeeze millions of dollars out of companies, including a $1.5 million contribution to “a certain public official” from a company seeking state business. The Associated Press reports that a person familiar with the probe, who spoke on condition of anonymity because the investigation is ongoing, said the unnamed public official is Blagojevich.

Rezko also pleaded not guilty to separate charges that he swindled the General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant company. Blagojevich, a Democrat seeking re-election against Republican Judy Baar Topinka, has denied wrongdoing.

Democracia USA registers 105,000 voters

Democracia USA, a Hispanic civic engagement program, said it has registered more than 105,000 Hispanics in Arizona, Florida, New Jersey and Pennsylvania. Executive Director Jorge Mursuli declined to give the party breakdown, saying the group's goal was participation and not partisanship. “There is a growing sense of political engagement in the Hispanic community, and a sense of emerging political power,” he said.

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The group said there are about 9 million Hispanics registered to vote. The four states were chosen for their growing Hispanic communities, Mursuli said. He said the new voters could be the deciding factor in several races, including Senate races in Pennsylvania and New Jersey and the Florida gubernatorial campaign.

The group will be back in the states next week concentrating on get-out-the-vote efforts, Mursuli said.

Liberti Gets 18 Months For Pocketing $66,000 (PALMBEACHP)

By Tony Doris, Palm Beach Post Staff Writer

Palm Beach Post (FL), October 20, 2006

FORT LAUDERDALE — Ray Liberti, an elder Palm Beach County statesman snared in an FBI corruption sting, was sentenced today to 18 months in prison for pocketing $66,000 in cash, most of it delivered in a shaving kit.

Liberti, who resigned from the West Palm Beach City Commission in May after he was charged by federal prosecutors, was ordered to surrender immediately by U.S. District Judge William P. Dimitrouleas, who rejected Liberti's request that he remain free for a month to sort out his personal affairs.

He will serve the sentence at a minimum security facility, most likely in the Florida Panhandle or in Central Florida.

It's possible that Liberti will spend just nine months in a prison cell, then serve the remainder of his term in a halfway house. Two or three months could be shaved off the sentence for good behavior behind bars.

About a dozen of Liberti's family and friends attended today's sentencing hearing. He hugged each one of them for a few moments before he was escorted by marshals from the courtoom. Liberti remained composed, but some of them broke down in sobs.

"It's very strange being here," a red-eyed Liberti told the judge. "I know what I did and what I didn't do. It's the first time in my life that I've ever been in trouble. You'll never see me in this courtroom again. I want to apologize to this court, my constituents, the people of Palm Beach County and the state of Florida and most of all, to my parents and my children."

Dimitrouleas went easy on Liberti, saying he was "a good person who did some bad things." He had faced as much as 50 years in federal prison, but prosecutors John Kastrenakes and Bruce Reinhart agreed to recommend 18 to 24 months in exchange for a guilty plea and his cooperation in their investigations of others' misdeeds.

"The court doesn't view public corruption as a minor victimless crime," the judge said. "It can corrode the foundations of our government."

Liberti, 60, had been caught on FBI tape wielding his power as a city commissioner to push a massage parlor owner into slashing the price of her business. He had taken $66,000 plus a $2,000 watch from an FBI undercover agent posing as a buyer.

Thus far, nothing public has come of Liberti's promised cooperation.

Still, the repercussions from the scandal continue at city hall: A state grand jury is investigating city contracts, and the mayor has launched an unprecedented campaign to raise ethical standards for the city's public servants.

Since his guilty plea in May, Liberti has paid a private price for his betrayal of public trust. His wife, whom he married 19 months before the arrest, has divorced him and he has been shunned by politicians he had befriended while serving the city for three years and as a state representative for 14 years.

Liberti had pleaded guilty to two counts of mail fraud and one of witness-tampering and had been free on bond until today.

Nearly three dozen people wrote letters to the court on Liberti's behalf. But none came from his one-time political pals.

Instead, letters came from his parents, Ray and Fran. The elder Liberti, 83, has a heart condition, is short of breath and suffers from depression; Fran, 80, awaits a kidney operation. They need their only child, his mother wrote. "We would not have gotten this far without knowing he is always there to help us."

Eight letters came from within his family circle; four came from his neighbors on Iroquois Circle; three, from Episcopal reverends. Most came from friends and associates from various points in his career as public administrator, college instructor and consultant. His family eye doctor sent a letter. So did his chiropractor.

Enid Atwater, whose divorce from Liberti was completed Oct. 12, did not write. But Brenda Sutton, one of Liberti's three ex-wives, wrote of his proud, early years in the Florida House.

"He was a man of vision, of ideals, and of strong personal integrity," she recalled, asking for leniency.

His daughter Rachel, 26, wrote: "A couple of months ago, my car broke down at night in the middle of nowhere. I didn't call my sister, boyfriend, best friend, or my mom for help. I called my dad. He immediately ran out of his meeting, and drove the two hours to come to my aid. I don't know what I would do without him."

Charles Cannon, a deacon at St. David's-in-the-Pines Episcopal Church in Wellington, described Liberti as someone who worked "for the transformation of human systems and for a finer world." He called Liberti "a friend, a servant of God and a sinner seeking God's redemption."

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Many letters came from longtime friends who saw Liberti's confessed actions as out of character. They asked that the judge recognize that Liberti already has suffered "ridicule, humiliation and future loss in his professions," as neighbors David and JoAnn Deuschle put it.

Some professed to being baffled by events, others suspected political motivations at work. "Stories and comments made about him in the media came from recognized Democrats in journalism and public relations," wrote Linda Hamburger, an adjunct instructor at Northwood University.

Others asked that Liberti be viewed as someone who already has paid dearly.

"There is no pride or ego left in this man," wrote neighbors Michael and Sharon Kintzel. "This is a good man who made a serious moral error that he has paid for with everything in his life that he values."

Ex-WPB Official Sentenced To 18 Months In Federal Corruption Case (AP)

AP, October 20, 2006

FORT LAUDERDALE, Fla. -- A former West Palm Beach commissioner and state legislator was sentenced Thursday to 18 months in federal prison after admitting he took bribes to harass local businesses so they could be purchased at bargain prices.

Ray Liberti, 60, pleaded guilty in May to mail fraud and obstruction of justice charges. He admitted accepting $66,000 in cash and a $2,000 Tag Heuer watch from investors - one of whom was actually an undercover FBI agent - who wanted to buy a massage parlor and a nightclub below market value.

To drive down the prices, Liberti made false health and city code violation complaints about the businesses, persuaded West Palm Beach police to conduct a prostitution investigation involving them and even posed over the telephone as a reporter for the South Florida Sun-Sentinel, threatening to write a negative story.

The sentence imposed Thursday by U.S. District Judge William Dimitrouleas was below the two years sought by prosecutors for what Assistant U.S. Attorney John Kastrenakes called "pervasive, repeated criminal conduct" over a nine-month span.

"I know you'll never see me again in this courtroom," Liberti told the judge.

Liberti served for 14 years in the state House of Representatives and was elected to the West Palm Beach commission in 2001. He resigned shortly after the charges were made public earlier this year.

Accountant Probed In Embezzlement At Drug Trade Group (WT)

By Jim Mcelhatton

The Washington Times, October 20, 2006

Federal authorities have seized personal bank records of the accounting director at a District-based pharmaceutical research group in a probe of whether she funneled money to buy property in Jamaica.

The FBI and the financial crimes unit of the Metropolitan Police Department have been investigating accountant Marcia Campbell for more than a week after learning of an internal audit that showed that more than $200,000 was missing from the Pharmaceutical Research and Manufacturers Association (PhRMA), court records show.

Miss Campbell declined to comment when reached by phone at her home.

Her attorney said that she has not been formally indicted and that he could not comment on the matter.

Miss Campbell was arrested Monday by a deputy U.S. marshal and was later released.

Ken Johnson, senior vice president at PhRMA, said Miss Campbell "no longer works here." He declined to discuss whether she had been terminated or had resigned.

"There is an ongoing criminal investigation, and it would be inappropriate to comment," Mr. Johnson said.

He said the investigation began after PhRMA contacted law-enforcement authorities.

According to a search warrant affidavit filed in federal court in the District this week, PhRMA began an internal investigation this month after a vendor, National Media Inc., inquired about a $73,560 payment it had not received.

Police said in court documents that PhRMA auditors traced the money to a Washington Mutual Bank account belonging to Miss Campbell.

Auditors found that it wasn't the first time that PhRMA funds had been diverted to the account, according to the affidavit.

Authorities think Miss Campbell in December transferred $150,000 to her accounts from funds that were supposed to go to another vendor, LETNOM Productions Inc., court records show.

Since December, Miss Campbell's accounts have received at least $223,560 in unauthorized transfers from PhRMA, police say.

Investigators also have examined Miss Campbell's e-mail records. They say she sent a note from her work computer to a real estate agent in Jamaica this month indicating that she recently had wired money for the closing costs in a real estate deal.

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PhRMA officials discussed "ongoing matters" related to the investigation with Miss Campbell last week, according to the affidavit.

On Monday, authorities searched Miss Campbell's home and car in Northwest and seized a day planner, an airline ticket and bank statements, according to court records.

PhRMA, the lobbying group for the nation's largest drug makers, hired Miss Campbell about six years ago, according to court filings.

Prosecution Traces Smuggled Venus' Steps (WP/AP)

By Ariel David, The Associated Press

The Washington Post, October 20, 2006

ROME -- Prosecutors in the trial of a former J. Paul Getty Museum curator retraced the steps of an ancient statue they say was smuggled out of the country, and is now one of the most significant pieces in a dispute between Italy and the Los Angeles museum.

The prosecution presented testimony and documents reconstructing the route that the fifth century B.C. statue of the goddess Aphrodite took from Sicily to the Getty, which bought the piece for $18 million in 1988.

Italy has been cracking down on antiquities trafficking and campaigning to recover artifacts it contends were stolen or illegally exported from the country and sold to European and U.S. museums.

As part of these efforts, former Getty curator Marion True and American art dealer Robert Hecht are on trial in Rome, accused of knowingly trafficking in stolen artifacts. They deny wrongdoing. Their trial resumed Wednesday after a lengthy summer break.

Fausto Guarnieri, a former police officer, testified Wednesday that he first received anonymous tips in the late 1980s of the existence of a secret dig at Morgantina _ the Greek settlement in Sicily where the "Venere di Morgantina" is said to have been found.

The tips came from illegal diggers angered that rival raiders had sold precious statues found at the site for a very low price, he said.

At the same time, as they prepared to acquire the Venus, Getty officials wrote letters to Italian authorities, inquiring if the statue had been stolen.

Guarnieri said that no connection was made then between the Venus and Morgantina, and authorities responded that the statue was not on their lists of stolen artifacts, but that they would investigate. Only a 1997 analysis of the statue confirmed it was made out of the same stone as fragments found in the Morgantina illegal dig, he said.

Prosecutor Paolo Ferri then showed the court documents from subsequent investigations that reconstructed the statue's voyage.

A 1986 receipt made out by an Italian who claimed to own the statue says it was sold in Switzerland to a London-based dealer for $400,000 after "it had been in my family's possession since 1939."

Ferri suggested the ownership claim was fake, reminding the judges that 1939 was the year Italy passed a law making all antiquities found in the country property of the state.

Ferri also showed documents that accompanied the statue as it traveled from Switzerland to Los Angeles through London, noting that the weight of the crates carrying it increased dramatically with each step. He said this was an indication that the statue was sold in pieces at different stages, a technique smugglers use to get more money out of buyers.

Lawyers for True have always maintained that their client acquired this and other disputed pieces in good faith, without knowing of their supposed illegal origin. Defense lawyer Francesco Isolabella stressed that point while cross-examining Guarnieri on Wednesday, repeatedly questioning how Italian authorities followed up on the Getty's original inquiries about the statue.

"From (1988 to 1997) they didn't do anything," Isolabella later told reporters. "They didn't ask for the Venus back, they never asked questions on its origin."

The fact that the Getty had made inquiries on the artifact and later made it available for the 1997 analysis was proof of the museum's good faith.

True and Hecht were not in court Wednesday. Their lawyers said they could show up for the next session, set for Nov. 10, and would be available to take the stand.

The 7-foot statue of Aphrodite is only one of dozens of artifacts Italy wants returned from the Getty. Negotiations between the museum and the Italian Culture Ministry have so far failed to yield a deal.

Last month, Boston's Museum of Fine Arts returned 13 disputed ancient artifacts to Italy in exchange for loans of other treasures. Earlier this year, New York's Metropolitan Museum of Art signed a similar deal for the return of 21 pieces, including a collection of Greek silverware from Morgantina.

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Five People Accused Of Stealing Katrina Relief Money (SDUT/AP)

Associated Press

The San Diego Union-Tribune, October 20, 2006

SACRAMENTO – Five people have been charged with making fraudulent claims for more than $30,000 in disaster assistance funds targeted for victims of Hurricane Katrina.

U.S. Attorney McGregor W. Scott announced the charges Wednesday, calling the five individuals' behavior "unconscionable."

Larry McDaniel and Jerry Davis, both 34 and of Sacramento, are each accused of stealing more than $12,000 in funds earmarked for Katrina victims. They are charged with making false claims to the Federal Emergency Management Agency and mail fraud related to those claims, according to Assistant U.S. Attorney Michelle Rodriguez.

Davis also is charged with defrauding the Department of Housing and Urban Development. He allegedly attempted to obtain public housing benefits by falsely claiming he was displaced by the hurricane.

Marysville residents Crystal Housley, 27, John Housley, 49, and Shawn Cudaback, 26, are each charged with conspiracy to defraud the federal government, making false claims to FEMA and mail fraud. They allegedly stole $6,000 in disaster relief funds.

Each defendant faces up to five years in prison on the conspiracy and false claims offenses and up to 20 years on the mail fraud charges. If convicted, each defendant also faces a $250,000 fine and a three-year term of supervision, the U.S. Attorney's Office said.

'God Was Right Here' During Restaurant Siege (WP)

By Joshua Partlow

The Washington Post, October 20, 2006

The Haitian restaurant Chez Yon Yon doesn't typically serve curried shrimp, but since Lyonel and Yanick Simeon are still shepherding their business through its first arduous year, they agreed to prepare the dish to please the two young gentlemen who came in for takeout Wednesday evening.

While the plantains were frying, the two men sat in small wicker chairs at the entrance of the Prince George's County restaurant, near a sign advertising the restaurant's money transfer business -- an unsuccessful service that hadn't operated in a few months. It seems no one noticed that the men were wearing bulletproof vests under their shirts.

For the next six hours, the two men would transform a warm fall evening into a hostage crisis and a tense standoff with Prince George's police.

Yesterday, Yanick and Lyonel Simeon told their story of the attempted robbery at 834 Chillum Rd., while Lyonel recovered from a beating and their 7-year-old daughter, the last hostage to get out, remained too skittish to go to school.

"This had all the makings of an absolute disaster," said Capt. Robert Liberati of the Prince George's County police.

But it ended with no shots fired and the arrest of two suspects -- Oliver Tunstall, 26, of Lanham and Darren Johnson, 19, of Landover.

Yanick Simeon said she feels grateful to be alive.

"God was right here," she said, standing amid the bloodstains on the restaurant's tile floor. "I don't know how else this could have gone the way it went. God had to be right here."

The day got off to a good start. That morning, a package arrived containing a framed restaurant review from last month's Washington Post. Lyonel Simeon proudly mounted it on the wall by the stairs. The couple's two children, son Yephnick, 11, and daughter Phabiene, 7, bustled around the restaurant, helping out. It seemed that the family's dream -- the moment they hoped for when, short of money, they slept on friends' couches -- might actually be realized.

"He was jumping up and down yesterday morning, saying this will stay on the wall for my children even when I'm dead," Yanick Simeon, 34, said of her husband, who was a well-known trombone player in Haiti before he came to the United States in the 1980s. "This was the same day. The same day."

It had been a relatively slow night when the two men walked in. Fewer than 10 guests were seated, though the Simeons were expecting a party of 18 to arrive shortly. Yanick Simeon hurried out the back door and down Riggs Road to the Save-A-Lot to buy spices.

Not long before 6 p.m., the men identified by police as Tunstall and Johnson paid for their carryout with a $20 bill. When Lyonel Simeon handed them change, one of the men pulled out a gun.

"Freeze," the man said, according to Lyonel Simeon. "Give me the money."

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Lyonel Simeon said he handed over the money from the register and his pockets, as well as his jewelry, but the men wanted more. His wife said the men demanded the nonexistent funds from the money transfer business.

Lyonel Simeon took one of the gunmen upstairs and "showed him the safe was open and there was no money inside." He said that the gunman pistol-whipped him and that he also was beaten with a VCR and a fire extinguisher.

"I said, 'You don't have to do that,' " he recalled.

Lyonel Simeon said his head wounds required nine staples.

When Yanick Simeon return to the restaurant, she said, she found both doors locked, and, looking through a downstairs window, she saw customers on the floor and one man stalking about the room.

"I thought everybody was dead," she said. "I was screaming."

She said she turned around to find two Prince George's police officers she knew standing behind her. They were coming for a meal, she said. The appearance of police caused enough commotion to bring the gunman down from upstairs, she said, at which point her husband poked his bleeding head out the second-story window.

"Help me, please, help me. You have to catch me," she recalled him saying. "I said, 'Honey, you have to jump.' "

She said yesterday that she believes he would have been killed if he had stayed.

Lyonel Simeon crashed down into the bushes and escaped. One of the gunmen went out a second-story window on the other side of the building, leapt onto a roof and then landed on the wooden deck stairs, she said. Police quickly arrested him.

The second man, identified as Tunstall, remained inside with as many as six hostages, including the Simeons' two children and a 9-year-old girl, authorities said.

Police moved in. About 30 tactical officers, including a SWAT team and conflict negotiators, rushed to the scene. Police blocked off Riggs Road, Chillum Road and nearby streets. A helicopter flew overhead, and an armored personnel carrier shuttled between the restaurant and the improvised command post outside a nearby Giant supermarket.

As dusk settled, Nixon Clermont, 44, a Haitian immigrant who plays kompa music with Lyonel Simeon, anxiously paced behind a police barricade on Chillum Road about 400 yards from the restaurant.

"I'm numb. I got the calls from the guys and I'm driving like a madman to get down here," he said. "This is unbelievable. I've never seen anything like it."

Police quickly contacted the hostage taker on his cellphone, and they talked to him repeatedly throughout the evening, said Cpl. Diane Richardson, a police spokeswoman.

"There were times he would just hang up. Other times he would talk," she said. "We had an officer who maintained contact with him and asked him to surrender peacefully."

At one point, a police officer stuck a hose through a window into the kitchen to extinguish burning food, Richardson said. About 30 firefighters were standing by.

Tunstall did not injure the children, police said. Yanick Simeon said her children told her that Johnson was the more aggressive of the two gunmen and that Tunstall allowed them to watch television. Over a period of hours, all of the hostages managed to escape or were released until only the robber and 7-year-old Phabiene remained inside.

About 10:40 p.m., an officer inside the armored truck used his public-address system. He told Tunstall to switch lights on and off if he could hear the police, and Tunstall complied, police said.

"I know you can hear me, and I know you're listening," the officer's voice boomed out. The spectators, who were kept far away, strained to listen.

The officer said he knew that Tunstall wasn't sure what to do, "and that's normal."

"Nobody's going to hurt you or harm you in any way," the officer said. "You're not a bad person."

"You were good enough to let the people come out," he went on. "Everybody here just wants you to come out."

From the police barricade on Chillum Road, Audrey Clarke, 35, who works in the grants office of the National Institutes of Health, suddenly pointed at the second-story window.

"I saw him! He's upstairs!" she said, as a dark shape passed by the window.

"This could last all night," Clermont said.

"I think he's going to give up," Clarke said of the hostage. "He has to. He's got no place to go."

Police negotiators eventually persuaded the robber to give the cellphone to Phabiene and let her go.

"We directed her outside. We told her it was okay," said Richardson, the police spokeswoman. "She was on the phone with us the entire time she was walking out."

With no hostages remaining, police fired tear gas through second-story windows, and Tunstall emerged within five to 10 minutes, police said. He was arrested without further incident.

Both men were charged with assault, armed robbery and use of a handgun; Tunstall was additionally charged with false imprisonment, police said.

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The Simeons plan to reopen Chez Yon Yon tomorrow.

"This was police work at its best," said Prince George's Chief Melvin C. High.

Witness Says He Stood By As Cousin Beat Reporter (WP)

By Henri E. Cauvin

The Washington Post, October 20, 2006

It was as if David E. Rosenbaum sensed something in the darkness of Gramercy Street NW.

The 63-year-old journalist, out for a stroll near his home, stopped and looked around for a moment, one of the men accused in his death testified yesterday. But Rosenbaum didn't see anything, and by the time he did, it was too late.

Seconds later, Percey Jordan jumped Rosenbaum from behind and began beating the retired New York Times reporter with a heavy plastic pipe, Jordan's cousin said in D.C. Superior Court.

"Give it up, old man, give it up, old man," Jordan yelled, according to his cousin, Michael Hamlin, who testified in the second day of Jordan's trial before a jury in Judge Erik P. Christian's courtroom.

"It took him by surprise because it happened so quick," Hamlin said of the attack, which unfolded about 9 p.m. Jan. 6 in the 3800 block of Gramercy.

Jordan struck him twice in the head and three times in the torso, Hamlin said, and Rosenbaum staggered and crumpled to the sidewalk as Hamlin rushed in and ripped Rosenbaum's wallet from his hip pocket.

Two days later, Rosenbaum succumbed to his wounds, and a few days after that, the men suspected of killing him turned themselves in to police after store surveillance images linked them to the crime.

Not until yesterday had Hamlin, 24, provided a public account of what he says happened that night. Dressed in dark blue jail-issue shirt and pants, Hamlin sounded contrite at times, at one point choking up and pausing to regain his composure.

Facing his cousin across the courtroom, Hamlin, who pleaded guilty last month to murder, laid the worst acts of that night on Jordan -- an accusation that Jordan's attorney, Michael Starr, has assailed as a self-serving lie.

Hamlin kept changing his story during his interrogation by police in January, authorities said, and Starr said his testimony is only the latest in a series of fabrications.

Hamlin insisted yesterday that he was telling the truth. He said the trouble began after he came home from his job at a trash hauling company, took his mother to her Friday night card game and set out on a ride with his cousin, listening to oldies music along the way. "Let's go, cuz, let's go, cuz," Hamlin recalled Jordan, 42, telling him that night once they reached Wisconsin Avenue. Hamlin's planned dinner in Bethesda with a lady friend could wait, but the robbery Jordan was itching to do could not, Hamlin said he was told.

"I gave him a look, but I agreed to do it," Hamlin said during questioning by the prosecutor, Assistant U.S. Attorney Amanda Haines.

In the darkness, in a corner of the District unfamiliar to him, Hamlin became disoriented, he said, when he pulled his Cadillac into Rosenbaum's quiet Northwest Washington neighborhood. Looking around, Jordan said he wanted to break into some of the "nice houses," Hamlin told the jury. But Hamlin told his cousin he wanted no part of any burglaries, he said yesterday.

Then, Hamlin said, they saw Rosenbaum, who had taken a walk after dinner in hopes that the cold winter air would cure him of his hiccups.

But before the cousins could strike, a woman walking her dog entered the block, prompting Hamlin to move his car to distract her, Hamlin said.

Jordan got out of the car and slipped behind a tree, the plastic pipe -- previously reported to be a metal pipe -- hidden in his sleeve, Hamlin said. About that time, Rosenbaum, who was wearing headphones, paused to look around, Hamlin said.

Accosted by Jordan, Rosenbaum resisted before the blows from the pipe sent him falling, Hamlin said. Darting in to steal Rosenbaum's wallet, Hamlin heard the murmurs of a dying man. "He mumbled, but I don't know what he said," Hamlin said yesterday.

After divvying up the cash -- $265 or $275 -- and the credit cards, Hamlin said, his conscience weighed on him. "I looked at my cousin, and I just stared at him, and I thought about it, and I said, 'It wasn't right.' "

Taking a last look at the man they had attacked, Hamlin was tempted to try to help him, he said yesterday. But he didn't. "I thought he was going to recover from his injuries," he said. "I didn't think he was hit that hard."

So they left him there. A neighbor found him and called for help. Initially believed to be intoxicated and not seriously hurt, Rosenbaum was treated as a low medical priority.

An investigation by the city found that emergency medical personnel failed Rosenbaum at almost every turn. As they sped off, Hamlin and Jordan didn't know the damage they had done, Hamlin said.

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According to prosecutors, the cousins then went to the 1200 block of Woodside Parkway in Silver Spring and robbed a woman in her 50s before making their way back to Southeast Washington, where they lived and where they went on a shopping spree using the cards stolen in the two robberies.

Security cameras captured them in a CVS and a Safeway, where they filled their baskets with laundry detergent, fabric softener, body lotion, deodorant and jumper cables, Hamlin said.

FBI Investigates Boeing Scientist In L.A. (SDUT/AP)

Associated Press

The San Diego Union-Tribune, October 20, 2006

LOS ANGELES – The FBI is investigating a Boeing Co. scientist with Defense Department security clearance whose computer the company seized earlier this year after he allegedly misused it, according to officials and court documents.

The FBI has searched the San Fernando Valley home of Abraham Lesnik three times in recent months, said bureau spokeswoman Laura Eimiller. She declined to say why, and affidavits filed in the case are sealed.

However, according to court filings the probe comes after Lesnik's laptop computer was confiscated in May after he searched for map directions during an unclassified teleconference.

Lesnik's Defense Department security clearance is listed as “Secret, Special Access” on a resume attached to the filings. The documents are part of a legal action he filed to prevent Boeing officials from examining his computer.

Lesnik, who has four children and five grandchildren, says his computer's contents include personal financial, medical and family information.

“Mr. Lesnik has never improperly transmitted any classified information to anyone,” said his attorney, Marc Harris.

Boeing spokesman Walt Rice said the company was “cooperating with U.S. government investigators.” He declined to comment further.

FBI Investigates Boeing Scientist's Handling Of Data (BLOOM)

Bloomberg News

Bloomberg News, October 20, 2006

The FBI searched the home of a Boeing scientist in Los Angeles after the company confiscated his laptop.

"Search warrants were executed with respect to this matter, but they are under seal," said FBI spokesman Bill Carter in Washington, D.C. He declined further comment.

ABC News reported earlier that the FBI's foreign counterintelligence unit is investigating Abraham Lesnik's handling of secret information.

Boeing turned over the laptop to the FBI over concerns classified data ended up in the hands of unauthorized individuals, ABC reported, citing unidentified investigators.

Lesnik hasn't been charged with a crime, said his lawyer, Marc Harris.

"My client has never improperly transferred classified information to anyone," Harris said in a telephone interview.

Lesnik, a senior engineer for 28 years, has worked for Boeing since March 2004, according to a complaint Lesnik filed in Los Angeles County Superior Court to prevent Boeing from accessing private information on the laptop.

Lesnik's supervisor confiscated the computer in May because Lesnik was using it for private purposes during a Boeing meeting, according to the complaint filed June 22.

Boeing spokesman Walt Rice said the company is cooperating with the investigation. He declined additional comment.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in Los Angeles, declined to comment.

L.A. Scientist For Boeing Is Focus Of Probe (LAT)

By Greg Krikorian And Joe Mozingo, Times Staff Writers

The Los Angeles Times, October 20, 2006

Federal agents examine handling of classified data. A lawyer denies wrongdoing by his client, whose work has targeted threats to aircraft.

Federal authorities are investigating the handling of classified information by a Los Angeles scientist who works for the aerospace giant Boeing.

Though the FBI would not comment on the probe, spokeswoman Laura Eimiller confirmed that agents served three search warrants within the last two months at the Valley Village home of Abraham Lesnik. The warrants remain under seal.

Lesnik's attorney, Marc Harris, also declined to talk about the case, other than to dismiss any notion that his client engaged in corporate espionage or turned over information about a U.S. government project to a foreign power.

"He has never improperly passed classified information over to anyone who shouldn't have seen it," Harris said, declining to elaborate.

Earlier this year, Lesnik sued Boeing after a supervisor seized his laptop computer because he was accessing the Internet website Mapquest during an office meeting.

In his lawsuit, Lesnik challenged the confiscation of his laptop on grounds that it contained personal information on his wife and four children. He also said Boeing's policies permitted use of the computer.

According to court papers in the case — including Lesnik's resume — he has a Defense Department security clearance of Secret, Special Access. The resume also said that Lesnik, who has worked for Boeing for two years, has been a physicist and engineer for more than 30 years, and that he previously worked for two other major defense contractors: Northrop Grumman and Raytheon.

Lesnik's role at Boeing was not immediately known. At Northrop Grumman, according to his resume, his work included developing systems to detect and track threats to aircraft, particularly threats from missiles. Later, his resume suggests, he continued to work on the same types of surveillance and warning systems at Raytheon.

Lesnik's lawsuit also suggests that Boeing was concerned about data he carried on his laptop. On June 20, it says, Lesnik met two Boeing security officials who "advised me that the laptop computer was in their custody and had not yet been examined, but that Boeing intended to conduct a 'forensic examination' of the computer's contents."

Lesnik said in his lawsuit that he treated his laptop as an extension of himself, keeping personal diaries, e-mails concerning his children's school performance and records on his family's finances and medical histories.

"If I had known that Boeing could, on a whim and without any notice or reasonable basis, confiscate this laptop and claim the right to 'investigate' everything that I recorded on it, I would obviously not have used the laptop for my personal use," he said in the suit.

Several calls to Boeing seeking comment were not returned.

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Thefts Solved By DNA Analysis (USAT)

By Richard Willing

USA Today, October 20, 2006

The national database of criminals' DNA, designed by the FBI to help solve rapes and murders, increasingly is being used to identify suspects in unsolved burglaries and other property crimes, a USA TODAY review of state crime lab records shows.

In 10 states — Alabama, Florida, Indiana, Michigan, Missouri, New Mexico, Ohio, Oregon, Virginia and Wisconsin — the total number of DNA matches in property-crime cases has exceeded the number of matches in violent crimes, the review indicates. Other states also are reporting increases in property-crime matches: Of Georgia's first 171 matches, only 13 involved DNA from the scenes of unsolved burglaries. Of the 300 matches that followed, 79 were in burglary cases.

Oregon state police DNA analyst Brian Ostrom says there are many reasons for the rise in property-crime matches. DNA testing has become more sophisticated, he says, allowing analysts to draw genetic profiles from evidence left at burglary scenes — palm prints, cigarette butts, sweat stains on gloves and masks — nearly as easily as they can get profiles from blood or semen at the scenes of violent crimes. And government grants for testing evidence, initially limited to violent crimes, now can be used to analyze DNA from property crimes.

Since 1990, the states, the federal government and the military have collected DNA from those convicted of felonies — serious crimes punishable by more than a year in prison — and stored the genetic profiles in computer databases. Several states collect DNA from those convicted of misdemeanors, such as minor assaults. With FBI software, the profiles are compared with DNA from crimes. The system was designed to “solve violent crimes,” its mission statement says.

The database contains DNA profiles from about 3.5 million people and has scored matches in about 38,000 cases, FBI scientist Thomas Callaghan says. The system adds about 25,000 profiles a month.

The FBI does not keep track of the types of crimes for which the system scores DNA matches, nor does it track how many matches produce arrests or convictions. USA TODAY compiled statistics on matches by reviewing records in the 20 states that account for about 85% of the system's matches.

Critics say using DNA to solve non-violent crimes could raise privacy concerns by dramatically expanding the database. Some question spending millions of dollars to probe such crimes. “For what it does in terms of cost, and in threats to civil liberties, (the database) has to justify itself much better,” University of Minnesota political science professor Jay Aronson says.

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Backers of expanded DNA testing say burglars often go on to commit more serious crimes. In Alabama, about 80% of the rapes solved via DNA databasing in the past five years were linked to criminals whose DNA was taken after a burglary conviction, state forensic biology chief Angelo Della Manna says.

Retired Clarksburg Policeman Headed For Federal Prison. (WVSJ)

The (WV) State Journal, October 20, 2006

A retired Clarksburg police officer learned his sentence Thursday for possessing child pornography.

Ronald Alonzo pleaded guilty in July to federal charges of possessing child porn Alonzo, 54, will spend 46 months in federal prison. He will also be supervised for three years after his release.

Prosecutors say Alonzo was working as an officer when he confessed to having sexually explicit images of minors on his computer.

An FBI investigation determined Alonzo was receiving and sending pictures of children under the age of 18 as attachments in e-mails.

He is scheduled to report to prison on November 30.

Plea Deal Resolves DUI Charge In Ferrari Crash Case (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, October 20, 2006

A Swedish businessman and ex-convict charged in the infamous crash of a million-dollar Ferrari in Malibu pleaded no contest Thursday to drunk driving.

Bo Stefan Eriksson, 44, agreed to the plea deal to clear the way for his trial next week on grand theft, embezzlement and firearms possession charges, his lawyers said.

"We want to fight the battle where the battle is. It makes no sense to chase windmills and waste the jury's time and the court's time," said attorney James Parkman.

Los Angeles County Superior Court Judge Patricia M. Schnegg will sentence Eriksson for the drunk driving offense at the conclusion of his trial.

Eriksson is accused of illegally bringing a second Ferrari and a Mercedes into the U.S. without authorization of the British banks that held the titles.

Eriksson allegedly crashed a red 2003 Ferrari Enzo into a utility pole on Pacific Coast Highway on Feb. 21. Authorities said the car, reportedly worth $1 million, was going 162 mph when it crashed.

The exotic car, glamorous setting and white-knuckle speed of the crash made for a sensational news story both in California and Europe. Then even more intriguing details emerged.

The video game executive told police at the scene that a man named Dietrich had been behind the wheel. Eriksson said Dietrich ran away before authorities arrived.

Eriksson also said he was deputy commissioner of the police department of the San Gabriel Valley Transit Authority, a tiny private agency that provides rides to the disabled and elderly.

A few minutes after the crash, two men arrived, identified themselves as Homeland Security officials and spoke to Eriksson at length before leaving.

Eriksson has nine criminal convictions in Sweden for forgery, counterfeiting, narcotics and firearms offenses. Because of his criminal record, Eriksson cannot legally possess a gun in this country. He faces a weapons charge for a handgun that police found at his Bel-Air house.

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CIVIL LAW:

Returning Vets Can Face New Fight (MINNST)

By Bob Von Sternberg, Star Tribune

Minneapolis Star Tribune, October 20, 2006

An Inver Grove Heights Reservist went to court after trying to get his job back at the Ford plant in St. Paul.

When Army Reservist Mitch Minnaert came marching home to Inver Grove Heights after 15 months of active duty in 2003, all he wanted to do was to go back to work at the Ford plant in St. Paul.

That was easier said than done.

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After several wanderings though the company's bureaucratic maze and two more mobilizations as an intelligence officer, he sued the company in federal court, a lawsuit that was settled earlier this year.

Ford wouldn't comment on this case but said it wouldn't violate the law.

"I kept ending up between a rock and a hard place, because I could have stayed on active duty, but I needed the benefits Ford had," said Minnaert, a 22-year military veteran. "The way I was treated, problem after problem -- I can't be the first person who's had this."

He's not, by any means. Last year, a survey by the Government Accountability Office concluded that as many as 8 percent of 119,761 deactivated Reserve members were not promptly rehired by their civilian employers. Fourteen percent lost seniority, seniority-related pay or benefits; and health insurance for about one in 10 wasn't immediately reinstated, the survey found.

Still, it appears the federal government's web of laws and regulations designed to protect the jobs of returning troops has worked the way it was designed far more often than not, both in Minnesota and nationwide.

"Some employers aren't following the law, not out of malice, but to protect their bottom line," said Harry Sieben, Minnaert's attorney and a brigadier general in the Minnesota National Guard. "After 36 years in the military, I've heard about hundreds of these cases and filed dozens of lawsuits."

Another local case involves about 20 members of the mechanics union at Northwest Airlines who were on military leave serving in Iraq and elsewhere more than two years ago, were given layoff notices and did not get eight weeks of pay that normally accompanied some layoffs.

Local 33 of the Aircraft Mechanics Fraternal Association (AMFA) filed grievances on those members' behalf, but those grievances have not yet been resolved, a union spokesman said.

Dennis Schulstad, who leads the volunteer effort to help Reservists and Minnesota National Guard members with their employment problems, said they crop up most often because of employers' ignorance about the law's requirements.

"Occasionally, yes, people do fall through the cracks," he said. "This thing is not perfect, but I think the system is working very well."

In 1994, Congress enacted the Uniformed Services Employment and Reemployment Rights Act in the wake of the Gulf War, requiring that employers reinstate returning soldiers to positions equivalent to those they left, while protecting seniority, raises and benefits they would have had while on duty.

More than 6,000 complaint cases were opened by the U.S. Department of Labor between Sept. 11, 2001, and April of this year, the department reported. Minnesota cases during that period have totaled 119.

Those cases can be resolved informally or can ultimately be pursued in federal court by the Justice Department. On average, that has occurred only a few dozen times annually nationwide, according to the Accountability Office.

A veteran's first stop for help is often with the Employer Support of the Guard and Reserve, a Defense Department agency staffed by volunteers in every state. Minnesota's branch has 10 ombudsmen who conduct informal mediations between employees and their bosses.

James Thune, the program's state staff coordinator, said that its track record in Minnesota is comparable with nationwide patterns, showing that more than 95 percent of the cases it handles are resolved informally.

First suit was settled in 1999

In the case of Minnaert, 42, that didn't happen.

He joined the Army in 1984. After he finished a nine-month hitch in Bosnia in 1997, he showed up at the firm where he worked as a security guard and was told the job was no longer his.

"I returned safe and in one piece and they refused to reemploy me," he said. He tried government channels, went to Sieben, sued and in 1999 reached an undisclosed settlement.

He began working on the assembly line at Ford's Highland Park factory, primarily, he said, because of the benefits. "I could always go back on active duty, but the benefits aren't as good as they are at Ford," he said.

When he was called to active duty about two months after 9/11, Minnaert said, he tried to make sure all of his Ford paperwork was in order.

"When I came off orders in February of '03, I called them and they said to be here at 3 p.m. Monday so I could start my shift at 5."

But Ford didn't hire him back, and it became temporarily moot when he was reactivated in April 2003. "When that ended, I got a phone call from Ford and they agreed to hire me back," Minnaert said. "But my life insurance was cut down, pay raises I should have gotten didn't come in."

In May 2004, Minnaert was deployed to Iraq. While he was gone, Sieben went back to U.S. District Court in Minneapolis and sued Ford. The case was settled in January with a sealed agreement.

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Ford officials won't comment directly on the case, citing privacy policies. In a statement, company spokeswoman Kathleen Vokes said Ford "appreciates the commitment of the men and women serving in the armed forces and would not violate the statute."

Said Sieben: "Some people in the Guard and Reserve aren't getting what they're entitled to. ... "I'm sure it's a small percentage of cases, but it's 100 percent for someone in Mitch's situation."

And Minnaert isn't sure his travails are over. He has been reactivated again. "Because I won't be on the payroll, I'm worried I won't be eligible for the buyout" that Ford is offering to its 75,000 union workers in the United States.

Company officials wouldn't comment, but Jim Eagle, chairman of United Auto Workers Local 879, said the union "isn't going to leave our military guys and gals just hanging. We don't know the specifics of the buyout yet."

Added Sieben: "I'm going to wait and see if I have to sue them again."

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IT, Intranets Would Improve FOIA Processes, Attorney General Says (FCW)

By Aliya Sternstein

Federal Computer Week, October 20, 2006

A review of agency plans to improve Freedom of Information Act operations by Attorney General Alberto Gonzales found that many want to adopt information technology -- including internal Web sites -- for expediting requests.

“Agencies have enthusiastically embraced the area of advanced technology and automation as a means of improving their FOIA operations, most particularly as a way of meeting the challenges faced by those with backlogs of complex FOIA requests,” the report states.

A December 2005 executive order directed the attorney general to issue a FOIA report based on an assessment of individual agency implementation plans and fiscal 2005 annual agency FOIA reports. Gonzales submitted his report to the president Oct. 16.

Notably, two agency plans included intranet FOIA Web sites for their employees, the report states.

The Interior and Commerce departments have taken a step that “can increase an agency’s efficiency, though improved communications among its FOIA personnel has perhaps its greatest value in bridging the distance that otherwise can exist in large agencies between headquarters and field office employees,” Gonzales wrote.

He recommended that other agencies carefully consider this strategy for their FOIA divisions.

Gonzales also recommended that in the coming months, agency officials collaborate in mapping out approaches that use technology to cost-effectively expedite FOIA requests and reduce backlogs.

Agencies reported in their plans that they want to deploy or upgrade an automated system for scanning, redacting and processing FOIA records that works faster and wastes less paper.

Likewise, agencies widely recognized the importance of refining and maintaining Web sites for FOIA administrative purposes, according to the report.

Decentralized agencies, such as the departments of Veterans Affairs and Housing and Urban Development, are using IT to keep better track of the status of requests, Gonzales wrote.

Lawmakers recently acted on legislation that would strengthen FOIA beyond the requirements of the executive order. On Sept. 27, the House Government Reform Committee’s Government Management, Finance and Accountability Subcommittee passed the OPEN Government Act, which would mandate that each agency have a phone or Internet service to update FOIA requestors on the status of their requests.

In responding to the attorney general's report, subcommittee Chairman Todd Platts (R-Pa.) said he will not introduce any IT-specific legislation because each agency's IT needs vary.

"We feel that legislation would be too prescriptive and therefore that [IT] should be addressed at the agency level," subcommittee staff member Tabetha Mueller said.

For example, she added, a system that works for an agency with a centralized structure might not work for a more decentralized department.

"Mr. Platts would want to allow agencies to meet the goals in the OPEN Government Act -- establishment of a tracking system -- in the most appropriate way for their situation," Mueller said. "Agencies need flexibility to design the IT solution that best meets their needs."

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CIVIL RIGHTS:

Calif. Candidate Urged To Exit Race (AP)

By Peter Prengaman, Associated Press Writer

AP, October 20, 2006

GARDEN GROVE, Calif. — Orange County Republican leaders on Thursday called for the withdrawal of a GOP congressional candidate they believe sent a letter threatening Hispanic immigrant voters with arrest.

Tan D. Nguyen denied knowing anything about the letter in an interview Thursday with The Associated Press but said he fired a campaign staffer who may have been responsible for it. Nguyen's attorney said his client had no intention of quitting.

County Republican Chairman Scott Baugh said that after speaking with state investigators and the company that distributed the mailer, he believes Nguyen had direct knowledge of the "obnoxious and reprehensible" letter. He told the AP that the party's executive committee voted unanimously to urge Nguyen to drop out of the race against Democratic U.S. Rep. Loretta Sanchez.

"I learned information that allows me to draw the conclusion that not only was Mr. Nguyen's campaign involved in this, but that Mr. Nguyen was personally involved in expediting the mailer," Baugh said in a telephone interview.

State and federal officials were investigating the letter, which was written in Spanish and mailed to an estimated 14,000 Democratic voters in central Orange County. It warns, "You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time."

Immigrants who are adult naturalized citizens are eligible to vote.

Nguyen, a Vietnamese immigrant whose opposition to illegal immigration has figured heavily in his underdog campaign, was not immediately available to react to the committee's vote. His attorney, David Wiechert, said Thursday night that his client does not plan to quit.

"Mr. Nguyen has no intention of dropping out of the race. He would do the public a disservice if he dropped out," Wiechert said.

The attorney said he and Nguyen met with investigators for two hours Thursday. He described the meeting as "pleasant and professional" but declined to elaborate.

Nguyen said he has fired an employee in his office who he believes might have used his campaign's voter data base to send the letter without his knowledge.

"I will do whatever I can do to encourage all citizens in this district to vote," he said.

Orange County is an immigration battleground. One founder of the Minuteman civilian border patrol group ran for Congress here, and cities have debated issues such as the value of public centers for day laborers and the use of local police to arrest illegal immigrants.

Complaints about the letters this week prompted a state probe, and a spokesman for California's attorney general said investigators had been questioning people in Orange County. U.S. Justice Department spokeswoman Cynthia Magnuson said the department's civil rights division was investigating in coordination with the state attorney general's office.

Numerous political leaders denounced the letter, including Gov. Arnold Schwarzenegger.

"If it is proven that a candidate was responsible for this action, that candidate is clearly not fit to serve the people of California and should withdraw immediately from his or her race," California GOP Chairman Duf Sundheim said in a statement.

In an interview Thursday morning, Sanchez said she had never spoken to Nguyen because her campaign didn't see him as a threat to her re-election.

"If it is in fact this guy (who sent the letter), the most disgusting and saddest thing about it is that it comes from another immigrant," said Sanchez, who was born in the U.S. to Mexican parents and whose 1996 election signaled Orange County's increasing diversification. "These communities have spent years trying to get naturalized immigrants to vote."

Nguyen's campaign Web site says he was born in 1973 in Vietnam, where his family fled the Communist regime.

In 2004, he unsuccessfully ran in the Democratic primary to challenge GOP Rep. Dana Rohrabacher in a heavily Republican coastal district. He later changed his party affiliation and declared his bid to upset Sanchez.

State attorney general spokesman Nathan Barankin said he did not know how long the investigation would take, but did say that investigators "have identified where we believe the mailing list was obtained."

The owner of Huntington Beach-based Mailing Pros, Christopher West, said he did not know any laws were being broken when his company sent the mailer. "It was in Spanish, and I don't read Spanish," he said.

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West said he gave investigators the name of the person who hired him, but he declined to provide that name in an interview.

The letterhead of the mailing resembles that of an anti-illegal immigration group, the Huntington Beach-based California Coalition for Immigration Reform. The group's leader, Barbara Coe, said she told investigators Wednesday that her group didn't authorize the letter and that she didn't know who sent it.

"The letterhead was altered, and I've never head of any Sergio Ramirez," the name signed to the letter, Coe said.

This is not the county's first dispute over alleged intimidation of Hispanic voters. In 1988, Republican Assembly candidate Curt Pringle posted uniformed "security guards" at 20 predominantly Hispanic voting places in Orange County.

Republicans said the guards were stationed to prevent noncitizens from casting ballots. Pringle and the county GOP paid $400,000 to settle a civil rights lawsuit alleging intimidation of Hispanic voters.

State Investigates Allegations Of Voter Intimidation In California (MCT)

By Martin Wisckol And Dena Bunis, The Orange County Register

McClatchy Newspapers, October 20, 2006

SANTA ANA, Calif. - Condemnation of an intimidating mailer from Congressional candidate Tan Nguyen's campaign swelled Thursday, as state investigators continued interviews in the county and the U.S. Justice Department joined the probe.

State Attorney General Bill Lockyer told Nguyen's opponent, Rep. Loretta Sanchez, D-Garden Grove, that details should become clearer in the next couple days and that his office "would be making arrests," Sanchez said.

Nguyen, a Republican, said Thursday that a campaign worker helped put out the letter without his knowledge and that she had been fired. He called the letter, which targeted immigrant voters, "flawed and ill-conceived."

But Orange County Republican Party Chairman Scott Baugh didn't believe Nguyen's denial and continued to call for him to bow out of the race.

"I've learned that Mr. Nguyen was involved in expediting that mailer," Baugh said. "I've had conversations with the attorney general and folks involved with the mail house. He called the mail house himself and told them to expedite the mailing."

Nguyen, who said Thursday morning that he was scheduled to meet with investigators later in the day, did not return subsequent calls seeking response to Baugh. Lockyer's office did not return calls seeking specifics of Nguyen's relationship to the case.

The letter, written in Spanish and sent to about 14,000 foreign-born Hispanic voters, said that immigrants voting in an election are committing a crime that "could result in jail time, and you will be deported for voting without a right to do so."

Immigrants who become U.S. citizens have the same voting rights as native-born citizens.

"If it is determined that this letter was directed to prevent a certain population from voting, then potentially there could have been a criminal act and there could be criminal charges," said Cynthia Magnuson of the U.S. Justice Department.

The controversial letter also said a new federal computer system could verify the names of newly registered voters and that anti-immigration groups could access the information.

Magnuson said there is no such system and no plans for one.

The mailer carried the letterhead of the Huntington Beach-based California Coalition for Immigration Reform. CCIR founder Barbara Coe condemned the letter and said her group had no part in it.

Gov. Arnold Schwarzenegger called the letter "a despicable act of political intimidation."

Sen. Barbara Boxer called it "outrageous and reprehensible." Assemblyman Van Tran, R-Westminster also condemned it.

Throughout the Vietnamese community, there was criticism of the campaign tactic. A coalition of Hispanic, Asian-American and Muslim groups will hold a joint press conference today to denounce the letter.

Nguyen said he would hold a press conference today to discuss whether he will remain in the race. If he pulls out, his name would remain on the ballot.

Orange County Democratic Party Chairman Frank Barbaro praised Baugh for calling on Nguyen to bow out. Barbaro also called on Registrar of Voters Neal Kelley to write voters who received the letter and encourage them to vote. Kelley said Thursday he is not planning such a mailing.

Like Baugh, Barbaro doesn't believe Nguyen's denial of involvement with the controversy.

"All roads lead to Tan Nguyen," he said.

But Barbaro said that rather than hurt Democratic and Hispanic turnout, it could provide a boost. While Sanchez was already predicted to win easily, turnout will play a key role in the competitive match for state Senate between Democrat Lou Correa and Republican Lynn Daucher.

"The anger here is amazing," Barbaro said. "People are mobilizing. This is going to help elect Lou Correa."

Correa wasn't so sure.

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"I'm getting phone calls from voters saying they're afraid to vote," he said.

O.C. Candidate Is Disowned (LAT)

By Christian Berthelsen, Mai Tran And Christopher Goffard, Times Staff Writers

The Los Angeles Times, October 20, 2006

Republicans urge their House hopeful to quit over a campaign letter scaring Latino voters.

Orange County Republican leaders urged their own congressional candidate to withdraw from the race Thursday after he acknowledged that his campaign was involved in sending out a letter intended to scare off Latino voters.

Tan Nguyen, a Vietnamese immigrant waging an uphill battle against a longtime Democratic incumbent in central Orange County, faced a battery of questions from state attorney general's investigators and possible civil and criminal liability for voting rights violations.

With a political firestorm growing less than three weeks before the Nov. 7 election, Nguyen said Thursday that he had fired the campaign's office manager, who he said helped produce the letter, but that he had no prior knowledge of it.

His account was contradicted by the chairman of Orange County's Republican Party, who said he had been told by the mail house that sent the letter that Nguyen was personally involved in its development.

The episode was a jarring reminder of what some observers call Orange County's history of xenophobia and voter intimidation, an ugly distinction that Republican leaders say they've tried hard to bury.

Just days ago, Nguyen had been largely overlooked as a quixotic challenger to Democratic U.S. Rep. Loretta Sanchez, running a largely self-funded campaign that had little support from the Republican Party apparatus.

But the racially charged letter sent to an estimated 14,000 registered voters in Santa Ana, Garden Grove and Anaheim brought sweeping, national condemnation from both political parties.

Written in Spanish, the letter stated at one point: "You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time…."

The letter evoked memories of the 1988 race for the 71st Assembly District in Orange County, when the local GOP hired uniformed guards to stand in Latino neighborhoods with signs stating, "Non-Citizens Can't Vote." Even when it paid an undisclosed sum to settle a lawsuit, the GOP doggedly denied wrongdoing.

That is not the case today, as Republicans rush to condemn the letter. With the election 18 days away, politicians from the U.S. Senate to the state Senate on both sides of the aisle emerged to denounce the mailing, and several advocacy groups said they would hold rallies today and Saturday urging authorities to fully investigate the matter and prosecute anyone involved.

At the same time, Republican officials on Thursday quickly sought to distance themselves from Nguyen, with several calling for him to bow out of his underdog campaign.

Nguyen has hired a lawyer and met with investigators from the state attorney general's office Thursday.

Addressing questions about the letter publicly for the first time, Nguyen said his office manager "took it upon herself to allow our database to be used to send out the letter. It was disseminated without my authorization or approval."

The office manager, whose name was not made public, had been working for Nguyen since he opened his campaign office. He said the employee had access to a database of Democratic voters, which he bought to send mailers to 73,000 households.

Nguyen denied any involvement.

"People are pointing fingers saying that I did it, and that's going to get cleared up," he said. "I want to get the truth out so people can vote for candidates for the right reasons."

The office manager could not be reached for comment.

In an interview Thursday, Orange County GOP Chairman Scott Baugh said representatives of the Huntington Beach mail house hired to send the letter told him Nguyen had been directly involved.

"It has been relayed to me that Mr. Nguyen himself was involved in expediting this particular mail piece," Baugh said. "He called the mail house and asked them to do it."

Christopher West, owner of Mailing Pros, said in a phone interview that he wouldn't confirm or deny that Nguyen was involved. He added that he had spoken with investigators from the attorney general's office and had told them "the whole enchilada."

Another person familiar with the investigation, who spoke on condition of anonymity, said the campaign office manager gave the database to a volunteer, who paid for and oversaw the production of the mailers.

Baugh, who called the letter "reprehensible and stupid," said the party's executive committee voted unanimously to ask Nguyen to withdraw from the race.

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Gov. Arnold Schwarzenegger has called the letter "a despicable act of political intimidation and a hate crime," while Democratic gubernatorial hopeful Phil Angelides called it "the latest in a disgraceful pattern of efforts to intimidate Latino voters" by Republicans.

Rep. Sanchez said she hoped voters who received the letters would get additional correspondence, perhaps from the California secretary of state's office, encouraging them to vote. She said she was horrified that an immigrant was involved in such a scheme.

"To have an opponent who is an immigrant who is suppressing the immigrant vote is disgusting and sad," she said.

Nguyen "owes an apology to these 14,000 people. Someone needs to send out a letter to these people to explain that we want them to vote."

Nguyen said he would not withdraw from the race. "We're winning and we're going to win," he said.

Nguyen has made halting illegal immigration part of his campaign against Sanchez, who is Orange County's only Democratic member of Congress.

County officials said Nguyen met with Orange County Registrar Neal Kelley in August and asked him how illegal immigrants can be prevented from voting.

"He wanted to talk about how to keep illegal immigrants from voting," said Brett Rowley, a spokesman for Kelley who sat in on the session. "That seemed to be his main concern."

The letter warned that the state had developed a tracking system that would allow the names of Latino voters to be handed over to anti-immigrant groups.

Information in the letter is false. Immigrants who become naturalized citizens, such as Schwarzenegger, can vote. An illegal immigrant who votes can be subject to jail and deportation, but the letter's assertion that the state had developed a system that would make it easy to track down immigrants or illegal residents is false.

The letter was especially frustrating, Baugh said, "because we have been engaged in methodical efforts to open the party up."

Some observers say xenophobia has long been part of the GOP playbook in a county that spawned Proposition 187, the 1994 ballot measure that sought to curb public services for illegal immigrants. It is also home to Jim Gilchrist, co-founder of the Minuteman Project for citizen border patrols, and Costa Mesa is the nation's first municipality seeking to train local police in immigration enforcement.

"It's most natural that it would occur in Orange County," Nativo V. Lopez, president of Hermandad Mexicana, a Latino civil rights group, said of the letter. "It's a direct outcome of the type of anti-immigrant frenzy that still abides here."

When Sanchez narrowly ejected high-profile Republican Robert K. Dornan from his central Orange County House seat in 1996, Dornan accused Hermandad of registering illegal immigrants to vote. The House Oversight Committee concluded that not enough noncitizens had voted to shift the outcome, and a grand jury declined to indict Hermandad or its officers.

Peter Hinton, an attorney who represented plaintiffs against the Orange County GOP in the case stemming from the stationing of poll guards at voter precincts, said the letter indicated "that we're back in the dark ages."

"I'm really quite shocked to learn that it's going on again," Hinton said. "I thought we'd come way beyond that. This is like the South before Martin Luther King Jr."

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Times staff writer Jennifer Delson contributed to this report.

*

(INFOBOX BELOW)

`You are being sent this letter ...'

Following is a translation of a letter written in Spanish by the campaign office of Tan Nguyen, a Republican congressional candidate in central Orange County, and mailed to an estimated 14,000 registered voters.

Greetings …

You are being sent this letter because you were recently registered to vote. If you are a citizen of the United States, we ask that you participate in the democratic process of voting.

You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time and you will be deported for voting without having a right to do so.

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At the same time, you are advised that the government of the United States is installing a new computer system to verify the names of all new registered voters that vote in the October and November elections. Anti-immigration organizations can ask for information from this new computer system.

Unlike Mexico, here, there is no incentive to vote. There is not a voter registration card in the United States. Therefore, it is useless and dangerous to vote in any election if you are not a citizen of the United States.

Do not listen to any politician that tells you the opposite. They are only looking out for their own interest. They only want to win elections without any regard to what happens to you.

Sincerely,

Sergio Ramirez

The translation from Spanish was done by the office of state Sen. Gloria Romero (D-Los Angeles).

Calif. Campaign In Turmoil Over Letters (WP)

By Sonya Geis

The Washington Post, October 20, 2006

LOS ANGELES, Oct. 19 -- A California Republican's congressional campaign went into meltdown Thursday after he said a staff member was responsible for sending thousands of letters to new voters with Hispanic surnames telling them -- wrongly -- that it is illegal for them to vote if they are immigrants.

Tan Nguyen, the GOP candidate for California's 47th District, said in a statement that a staff member had sent the letters without his knowledge and has since been fired. Nguyen, himself an immigrant from Vietnam, has focused his campaign on keeping illegal immigrants out of the country, a deeply felt issue in suburban Orange County.

"The mailer was flawed and ill-conceived," Nguyen's statement said. "I will do whatever I can in the weeks before the election to encourage all citizens in this district to exercise the most important of their democratic privileges."

The Orange County Republican Party immediately called for Nguyen to withdraw from the race. He will hold a news conference today.

Written in Spanish, the letters advise recently registered voters that it is a crime for those in the country illegally to vote in a federal election, which is true. They also say, falsely, that immigrants may not vote and could be jailed or deported for doing so, that the federal government has a new computer system to verify voter names, and that anti-immigration organizations can access the records.

As many as 14,000 letters were sent in the district, now represented by Rep. Loretta Sanchez (D). The letterhead identified them as coming from the California Coalition for Immigration Reform.

The group denied responsibility, and California Attorney General Bill Lockyer launched an investigation into possible violations of two state laws that prohibit intimidation to suppress voting. On a radio program, Lockyer confirmed that his office was focused on a Republican congressional candidate.

Sanchez said she has called for a federal probe into possible violations of the Voting Rights Act. "We would like to find who did this and have them prosecuted," she said.

Local Republicans have largely ignored the race, though Sanchez's seat is not normally considered safely Democratic. The district narrowly went for President Bush in 2004.

Nguyen, 32, was largely unknown to local Republicans until he beat out a favored candidate to face Sanchez. Two years ago, Nguyen ran as a Democrat in an effort to take the 46th District seat of Rep. Dana Rohrabacher (R-Calif.).

Orange County Republican Party Chairman Scott Baugh said: "When I interviewed him to determine why he was becoming a Republican, I was less than convinced that he switched parties because he doesn't believe in the values of Democrats. Then, after getting the nomination, he wanted the Republican Party to carry him across the finish line. And I told him that's not how it works."

Nguyen had spent $427,000 of his own money on the race as of September, according to campaign filings.

His campaign materials describe immigration as the focus of his campaign. He praises the Minuteman Project and opposes Bush's proposed guest-worker program.

Nguyen himself immigrated to the United States at age 8, one of thousands of Vietnamese to flee in boats. He worked as a stockbroker before entering politics.

Orange County is known for heated immigration politics. One-third of its residents are Hispanic, according to 2004 census data, and the area is home to large populations of Vietnamese and Middle Eastern immigrants. It is also the birthplace of several anti-illegal-immigration movements. Jim Gilchrist, founder of the Minutemen, is a resident, as is Barbara Coe, founder of the California Coalition for Immigration Reform.

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"Certainly this is a very polarized area," Sanchez said. "When you have people like the creator of the Minutemen living there, and Gloria Tuchman, who worked on the anti-bilingual law, and Barbara Coe, one would say that it's a pretty volatile area."

County G.O.P. Asks Candidate To Withdraw Over Letter Threat (NYT)

By Cindy Chang

The New York Times, October 20, 2006

LOS ANGELES, Oct. 19 — The Orange County Republican Party asked one of its Congressional candidates on Thursday to withdraw from the November election after a campaign worker from his office sent a letter threatening Hispanic voters with jail if they went to the polls.

The candidate, Tan Nguyen, who is running on an anti-immigration platform, said in a news release on Thursday: "Evidently, an employee took it upon herself to allow our database to be used to send out the letter. It was disseminated without my authorization or approval. The employee has been discharged."

The letter, which The Los Angeles Times reported was sent to about 14,000 voters in central Orange County last week, wrongly claimed that immigrants could be subject to criminal penalties if they voted in a federal election. Immigrants may vote only if they are naturalized citizens.

The letter also claimed that anti-immigration groups would be able to access a federal computer system containing the names of those who vote in October and November. No such database exists.

Despite Mr. Nguyen's disavowing involvement with the letter, local Republican leaders said they thought he had played a direct role in it, said Adam Probolsky, a spokesman.

"The Republican Party of Orange County has asked Mr. Nguyen to resign his candidacy," Mr. Probolsky said. "We condemn all voter intimidation, and Mr. Nguyen is not a welcome member of our party."

Mr. Nguyen, a Vietnamese immigrant, is running an underdog campaign for the 47th Congressional District seat held by a five-term Democrat, Loretta Sanchez, a member of the House Hispanic Caucus. The district has a sizable Vietnamese and Hispanic population.

The Justice Department and the California attorney general are investigating the case. Bill Lockyer, the attorney general, said Wednesday on a local radio station, KPCC-FM, that the sender of the letter might have violated state laws against voter intimidation.

Written in Spanish and mailed to residents with Hispanic surnames, the letter advised that "if you're an immigrant, voting in a federal election is a crime that can result in incarceration" or deportation.

It was signed Sergio Ramirez and printed on stationery purporting to be that of the anti-immigration group California Coalition for Immigration Reform. That group's leader, Barbara Coe, said the stationery did not resemble her group's and denied it had sent the letter.

Monitors Sought At Polling Places In Pa. (AP-Y)

By Kathy Matheson, Associated Press Writer

AP, October 20, 2006

The federal government has asked a judge to post monitors at city polling places next month to make sure Spanish speakers get proper help when voting.

In a federal lawsuit, the Justice Department accused the city of failing to provide enough election materials in Spanish and failing to recruit enough bilingual poll workers to assist voters who don't speak English well.

The suit, filed last Friday, asked the court to authorize monitors through 2009, and also filed court papers asking that action be taken in time for the Nov. 7 election.

A spokesman for the mayor's office did not immediately return a call for comment Thursday.

The lawsuit also contends that the city violated the federal Voting Rights Act by allowing only poll workers — some of whom did not speak Spanish — to help Hispanic voters cast ballots. The law permits voters who require assistance to request help from someone they know.

About 10 percent of Philadelphia's 1.4 million residents are Hispanic, according to 2004 Census figures cited in the suit. The government estimates that about 36 percent of voting-age Hispanics in the city have limited English skills.

The Justice Department won a similar suit against Berks County in March 2003, when a federal judge substantiated allegations that officials there had engaged in "hostile and unequal treatment" of Hispanics during past elections.

Berks County officials had resisted providing Spanish-language ballots, saying they discouraged people from learning English.

DOJ_NMG_0083880

Bill Could Bring Justice In Old Civil Rights Murder Cases (MH)

By Audra D.s. Burch

The Miami Herald, October 20, 2006

The slow march to close the cold cases that lay buried with the bones of the civil rights movement is closer to resolution.

A bill before Congress proposes to establish a squad -- much like the popular television series Cold Case-- in the Justice Department to prosecute unresolved slayings from the civil rights era, mostly those occurring before 1970.

The measure, also known as the Emmett Till bill, is part of a sweeping national effort to reconcile the ugliest crimes of the era, at least symbolically.

"It is critically important that we right the wrongs of the past and bring to justice the people who perpetrated heinous crimes predicated on racial hatred," said Sen. Chris Dodd, D-Conn., who along with Sen. Jim Talent, R-Mo., sponsored the bill.

``While we cannot bring back and make whole those who suffered and died at the hands of racists, we can at least reaffirm our nation's commitment to seek the truth and make equal justice a reality."

All over the South, prosecutors are tackling a dozen or so defining civil rights cases, despite graying suspects and witnesses and fading memories. The most famous is the case of Emmett Till, the Chicago boy murdered in Mississippi after whistling at a white woman more than a half-century ago.

"The blatant failure for decades to bring Emmett Till's murderers to justice was and is a national disgrace," said Talent. ``The idea for this legislation grew out of the Emmett Till case. . . . It became clear that we needed to create federal offices to investigate and prosecute unsolved murders that occurred in the era before there was vigorous enforcement of federal law."

The proposed legislation, which is likely headed to the Senate floor after midterm elections next month, would create partnerships with state and local officials and give more prosecutorial muscle to solve crimes -- such as the case of Charles Eddie Moore and Henry Hezekiah Dee, a young black college student and a sawmill worker from Mississippi who were killed in 1964.

At the time, FBI agents were scouring the landscape of Mississippi to find three missing voter registration volunteers, James Chaney, Michael Schwerner and Andrew Goodman.

Instead, they found Moore and Dee -- beaten, broken, bloodied -- dumped into the the muddy waters of the Mississippi River near the town of Tallulah, La. But they were not registration workers and so their deaths, however heinous, went largely forgotten -- until recently.

Mississippi officials, buoyed by the convictions of several septuagenarians who had murdered blacks during the civil rights era, reopened the case of Moore and Dee.

The passage of the bill, which was first introduced in April, would go a long way toward helping solve the case.

It would create the Unsolved Crimes Section, a unit within the Civil Rights Division of the Department of Justice, and an Unsolved Civil Rights Crime Investigative Office in the Civil Rights Unit of the FBI.

More than anything, the measure creates a staff and resources dedicated to the cause. But well before now, the Justice Deparment had been involved in the retrying of cold cases, including Edgar Ray Killen, who was convicted last year of orchestrating the killings of Chaney, Schwerner and Goodman and the 1994 conviction of Byron De La Beckwith who murdered Mississippi NAACP leader Medgar Evers in 1963.

"Symbolically, this will give families some closure," said Penny Weaver of the Southern Poverty Law Center, which tracks hate crimes.

She added, ``You are talking about people having to live with the idea that somebody killed their loved one and got off scot-free, got to live out their lives."

Dakota Divided As Abortion Vote Tests US Opinion (FT)

By Holly Yeager In Sioux Falls, South Dakota

Financial Times, October 20, 2006

Abortion-rights activists in South Dakota took many by surprise a few months ago when they said voters should decide the fate of the state's new abortion law, the most restrictive in the US.

Now, with a referendum on the November 7 ballot, their campaign has become the frontline in the long-running national debate on abortion.

A victory here would show that even in a conservative Midwestern state, the public will not tolerate a near-total ban on abortion. But a defeat would signal just how difficult a challenge campaigners face in trying to protect a woman's right to abortion.

While they bristle at the attention, the South Dakota activists are counting on residents of this old frontier state to prove them right.

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"I don't think South Dakota likes being in the limelight," says Jan Nicolay, co-chair of the South Dakota Campaign for Healthy Families, formed to fight the abortion law, as a light snow falls outside the group's slipshod Sioux Falls office.

"We're a pretty independent, proud group of people," she adds, hoping that independent streak will help voters reject what she sees as government meddling in an individual decision.

The law, passed with broad support by the state legislature and signed by Governor Mike Rounds in March, makes it a crime to help a woman abort a pregnancy at any stage, including in cases of rape and incest. Women would not face charges but doctors who perform abortions could be sentenced to five years in prison. The only exception in the law is to save the life of the mother.

The central message of the campaign to repeal it – taped on the office window, printed in voter guides being mailed out this week and mentioned frequently by volunteers making telephone calls to voters – is a simple one: "This law simply goes too far." The referendum has prompted vigorous public debate, with television and radio advertisements, lawn signs and newspaper inserts. Neither side will discuss how much money has been spent, and how much of their firepower is coming from outside the state. "It's a very divisive issue," says Jack Billion, Democratic candidate for governor, who backs repeal of the law. "It pits family versus family."

A recent poll showed opponents of the law with a slim lead, and abortion-rights activists hope victory here could discourage other states from moving to adopt similar bans. But if their repeal effort fails, they will take their battle to the courts.

A court challenge would be welcome news for some anti-abortion activists, who see the strict South Dakota law as a good opportunity for the US Supreme Court – with President George W. Bush's two appointees, John Roberts and Samuel Alito – to overturn Roe vs Wade, the landmark 1973 ruling that legalised abortion.

The Vote Yes for Life campaign is based in a warehouse on the outskirts of Sioux Falls. Outside, a bumper sticker declares, "The Killing Stops Here". Inside, a home-schooled teenager stops by to volunteer. There are hundreds of lawn signs to be distributed and DVDs that feature women who regret their abortions, and one who became pregnant after she was raped. "I am here to say that true compassion does not come from abortion but from giving life."

Rushing between appointments, Leslee Unruh, who is leading the campaign, mentions an abortion she had nearly 30 years ago and the support she received from other "post-abortive" women who say they regret their decisions. She has tried to expand the traditional debate on abortion beyond its effect on the unborn to its effect on women.

"We're not going to be silenced," she says. "It doesn't matter if we win or we lose. We are educating people that abortion hurts women and we're not going to stop."

She shakes her head when asked whether the state can make such decisions for others. "Don't get pregnant then, if you don't want a child," says Mrs Unruh. But maintaining legal access to abortion should not be an option. "We need to be protected. Abortion harms us, physically and emotionally."

South Dakota voters drew national attention two years ago when they surprised the political pundits and voted out Tom Daschle, Democratic leader in the US Senate. This year, voters' positions on the abortion question are difficult to predict, frequently crossing gender and party lines.

Sharon Rons, a Democrat who owns her own small business, said she would vote to keep the law. "I don't think abortion should be a form of birth control," she says, adding that the decision to end a pregnancy "could haunt women for the rest of their lives".

But some Republicans say they will oppose it, perhaps a reflection of a libertarian strain that runs through the sparsely populated state. "I just don't feel that somebody else should make this decision for a woman," said one Republican pensioner.

"We are responsible people," said Mrs Nicolay, a Rep-ublican and former member of the state legislature. "We can make our own decisions."

Court: Groups Must Offer Contraceptives (AP-Y)

By Michael Gormley, Associated Press Writer

AP, October 20, 2006

New York's highest court ruled Thursday that social service agencies run by the Roman Catholic Church and other faiths must provide birth-control coverage to their employees, even if they consider contraception a sin.

The 6-0 decision by the Court of Appeals hinged on whether Catholic Charities and the nine other groups are essentially social service agencies, not churches.

At issue was a 2002 state law that requires employers to provide health insurance coverage for mammograms, bone density screening and other preventive services for women, including prescription contraceptives. The law exempts churches, seminaries and other institutions with a mainly religious mission.

Catholic Charities and the other groups sued the state for an exemption but lost in the lower courts.

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The organizations "believe contraception to be sinful," the Court of Appeals said. "We must weigh against (their) interests in adhering to the tenets of their faith the state's substantial interest in fostering equality between the sexes, and in providing women with better health care."

The New York Catholic Conference said it may appeal to the U.S. Supreme Court.

"We think this has never really been about contraception. We think it was to target the church and open the door for coverage of abortion," said Dennis Poust, spokesman for the Catholic conference.

Kelli Conlin, president of NARAL Pro-Choice New York, said the ruling "shows that no one is above the law, including the Catholic bishops."

The New York court said the fact that the organizations hire employees outside their faith was a critical factor and that they deserve the rights sought under the law.

Catholic Charities said that while it considers an appeal, it will continue to cover contraceptives for employees under protest.

Sharing The Health Bills (NYT)

By Diana B. Henriques

The New York Times, October 20, 2006

It looks like a business and, in many ways, acts like one. But it is beyond the reach of most of the rules and government oversight that apply to businesses — because it is a church mission.

This is the "medical bill sharing ministry" known as Christian Care Ministry, based in Melbourne, Fla., the largest of a handful of similar ministries around the country.

E. John Reinhold, who once worked with the Campus Crusade for Christ and is now the ministry's chairman, explains the concept simply: "You add up all the medical bills and divide by the number of sharing households. Everybody kicks in and you pay the bills."

Every month, in roughly 19,000 households across the country, ministry members — who must be observant Christians with recommendations from their pastors — write a check to Christian Care Ministry. The amount depends on their family's size and how much of their medical bills they are willing to pay out of their own pocket.

And each month, the ministry writes checks to health care providers — totaling more than $240 million since it was founded — to cover the medical bills submitted by its members. Roughly $57 million moved through the ministry in its latest fiscal year.

Mr. Reinhold, who formed Christian Care in 1993, says it is an efficient way for Christians to fulfill the admonition of Galatians 6:2, which tells them to "carry each other's burdens, and in this way you will fulfill the law of Christ."

But over the years, some state officials have looked at ministries like Christian Care and seen what they would call unregulated health insurance. Their concern is that confused consumers looking for low-cost coverage will rely on these groups as if they were insurance companies, even though the groups may lack the resources to pay claims.

Next week it will be Mr. Reinhold's turn to defend his organization, before a state judge in Kentucky.

Kentucky was one of a half-dozen states that passed laws in the early 1990's exempting religious bill-sharing ministries from state insurance laws. But regulators there say that Mr. Reinhold's organization goes beyond what that exemption allows — a claim the Florida ministry says is misguided, because its practices actually improve on the state's requirements.

The exemption being tested in Kentucky this month is just one of a host of special arrangements for religious ministries that are not available to similar secular organizations — exemptions rooted in the First Amendment's ban on any Congressional action that would restrict the free exercise of religion or establish an officially sponsored religion.

Special breaks like these have been accumulating at a time when religious organizations of all faiths are expanding into a range of new activities that may compete directly with businesses and other nonprofit organizations that are not eligible for the same exemptions.

The Internal Revenue Service has a number of special rules for religious nonprofit groups. Under those rules, as a ministry of the American Evangelistic Association, which ordains clergy and supports various educational and humanitarian missions, Christian Care Ministry is not required to file public financial statements with the I.R.S., as secular nonprofit organizations are.

The I.R.S. makes this exemption available to all churches — including synagogues, temples, mosques and other congregational forms in different faiths — as well as church associations, auxiliaries and retirement plans; religious elementary and secondary schools; foreign mission societies; and the "exclusively religious" activities of any religious order.

As part of a church association, Christian Care is also protected by special limits Congress has put on the I.R.S.'s ability to audit religious congregations.

These restrictions, which do not apply to other nonprofit groups or for-profit entities, require a top-level I.R.S. official's approval before any audit can begin. The religious group must get advance notice and the opportunity for a personal conference

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before the audit can proceed. The audit must be finished in two years. Finally, if the inquiry does not turn up deficiencies, the I.R.S. cannot return to audit that issue again for five years.

How does a bill-sharing ministry become eligible for I.R.S. exemptions that apply to churches? Although the tax agency decides case by case what qualifies as a church, it lists more than a dozen criteria it weighs in reaching its decisions. These include having established times and places of worship, a recognized creed and liturgy, a distinct history and form of ecclesiastical government and spiritual leaders who are ordained in some way after a course of study.

Christian Care says the I.R.S. has determined that the American Evangelistic Association, the ministry's parent organization, meets the test. And the association's exemption extends to the ministry, Mr. Reinhold explained, because it is not considered an unrelated business — whose revenue would be taxable — but part of the association's religious mission.

But bill-sharing ministries make some regulators nervous. Indeed, the first such ministry that most regulators encountered, the Christian Brotherhood Newsletter ministry in Barberton, Ohio, faced questions, and sometimes lawsuits, from regulators in about three dozen states for more than a decade after it was founded in 1982.

The warning currently printed in Christian Brotherhood's monthly newsletter summarizes the arguments these ministries make when regulators accuse them of being health insurers: "Whether anyone chooses to pay your medical bills will be totally voluntary," members are told. "As such, this publication should never be considered as a substitute for an insurance policy."

Four years ago, a group of independent directors successfully sued Christian Brotherhood's founder and several members of his family, accusing them of diverting millions of dollars for their personal use. The attorney general's office in Ohio, which regulates charities, joined the case as co-plaintiff. By the time the founder and his relatives were removed from management, the pile of unpaid bills was as high as $27 million, a backlog the ministry expects to eliminate by next summer, according to the Rev. Howard S. Russell, who helped initiate the earlier litigation and who leads the ministry today.

Mr. Russell said the ministry had tightened its managerial controls and improved its communication with its members since the lawsuit. It makes its financial records available to the public both through an annual statement called a Form 990, filed with the I.R.S., and through responses to requests made by phone or on its Web site, he said.

Another large bill-sharing ministry, Samaritan Ministries International, based in Peoria, Ill., also files a Form 990 with the I.R.S. each year.

But Mr. Reinhold noted that churches had long been exempt from filing with the I.R.S. "I've been in Christian work since 1972 and I've never heard of a church filing a Form 990," he said in an e-mail message.

Christian Care Ministry did provide The Times with the independent audits for the parent association and affiliates for the fiscal years that ended last June and June 2005. The new draft audit substantially restated the 2005 results, to change the accounting treatment of the members' money.

Robert Baldwin, the ministry's president, said the change underscored the fact that these pending medical payments were not actually legal liabilities of the ministry — as previous accounting suggested.

The ministry reports that that member receipts in fiscal 2006 grew 11 percent over the previous year, after adjusting for the accounting change. The monthly sharing requirement was raised in March and raised again in July. The association spends about 17 percent of every member's monthly check to pay administrative costs. For years, the ministry also paid premiums for "stop loss" insurance that kicked in to cover the bills for catastrophic medical incidents.

The insurance policy had been purchased through an affiliated trust in the British Virgin Islands, which receives member contributions and sends out the medical payments.

Glenn Jennings, who until July was executive director of the Kentucky Office of Insurance, says it was the offshore insurance policy that prompted him to take a hard look at the ministry; such a policy would seem to go beyond voluntary bill sharing to the kind of formal safety net an insurance company provides.

"When I learned about that, I said to them, 'You're really starting to quack a lot like a duck,' " Mr. Jennings said.

Mr. Jennings filed suit, arguing that Christian Care does not qualify for the state's religious ministry exemption. His successor, Julie Mix McPeak, is pursuing the case, which is set for a final hearing in state court next week. .

In its defense, the ministry has argued that to deny it the safe haven of the state exemption would violate its First Amendment rights of religious freedom.

Nevertheless, the ministry eliminated one point of dispute with Kentucky regulators on Oct. 2 when it canceled its insurance, effective at the end of last month.

Mr. Baldwin, the ministry's president, said the ministry made the move, not because of the lawsuit, but because the benefits did not justify the expense.

But another difficulty remains. Kentucky requires that each sharing household send its check directly to the family whose bills it is helping to pay, not to some central office as Christian Care members do. But Mr. Reinhold said his practice leaves a clearer audit trail.

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He seemed unconcerned about the Kentucky litigation. “We went through this eight years ago,” he said. “Then, you have a regime change and another set of bushy-tails comes into command and it starts up all over again.”

ANTITRUST:

Avery Dennison Says DOJ Closes Probe (AP)

AP, October 20, 2006

PASADENA, Calif. --Label and tag maker Avery Dennison Corp. on Thursday said the Justice Department has closed its investigation into alleged price-fixing in the label stock industry, without any action.

The company, one of the largest makers of office products and adhesive labels, first disclosed the probe in April 2003.

Avery Dennison shares rose 40 cents to $62.69 on the New York Stock Exchange.

U.S. Closes Probe, Avery Says (LAT)

By Martin Zimmerman, Times Staff Writer

The Los Angeles Times, October 20, 2006

The label company apparently is still the target of price-fixing inquiries overseas.

Avery Dennison Corp. said it was notified by the Department of Justice on Thursday that the government had closed its investigation into competitive practices in the labeling industry.

Pasadena-based Avery said it was told that "no further action" would be taken in the case. Company executives declined to comment further.

The Justice Department couldn't be reached for comment late Thursday.

Avery first revealed in April 2003 that it was part of an investigation into the market for pressure-sensitive label stock, which is used on products as varied as shampoo bottles and office supplies.

Avery and Bemis Co., a Minneapolis-based competitor, were subpoenaed by the government later that year.

At the time, the Justice Department was suing to block the $420-million purchase of Bemis' MACtac unit by Raflatac Inc., a subsidiary of Finnish paper products maker UPM-Kymmene Corp.

The government argued that the deal would hinder competition in the label stock industry.

Avery, which commands about half of the labeling market, apparently is still under investigation by regulators in Europe and Australia regarding possible price fixing and manipulation.

Two years ago, Avery said an internal investigation had uncovered "instances of improper conduct" by employees in its European operations and said the infractions could result in heavy fines by regulators.

The company didn't describe the nature of the wrongdoing.

Avery launched the internal probe after the European Commission — the European Union's antitrust authority — began to look into the company's actions as part of a broader probe of the labeling market.

Avery's announcement came after the close of trading Thursday. Its shares, which rose 40 cents to $62.69 during the day, were little changed in after-hours trading.

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AmSouth To Sell 52 Branches In Antitrust Agreement (AP)

AP, October 20, 2006

AmSouth Bancorp. said Thursday it agreed to sell 52 branches in Alabama, Mississippi and Tennessee to settle Justice Department concerns over possible antitrust violations in its nearly $10 billion merger with Regions Financial Corp.

AmSouth said the branches have total assets of about $2.7 billion. The largest number of the offices are in the Mobile area, where 22 are located in two counties.

In exchange for the sale, the Justice Department said it agreed not to challenge the merger on antritrust grounds.

The deal is in the final stages of review by the Federal Reserve board.

The Birmingham-based AmSouth has 691 branches and $52.8 billion in assets. Regions, also with headquarters in Birmingham, has about 1,300 branches and $84.6 billion in assets.

AmSouth Identifies Branches To Be Sold In Merger With Regions Financial (BIRMBIZ)

Birmingham Business Journal, October 20, 2006

DOJ_NMG_0083885

AmSouth Bancorporation will sell 52 branches in Alabama, Mississippi and Tennessee to comply with antitrust requirements related to its pending merger with Regions Financial Corp., the bank holding company announced Thursday.

The branches hold deposits totaling approximately $2.7 billion.

None of the branches is in Birmingham, headquarters of both AmSouth (NYSE: ASO) and Regions Financial (NYSE: RF). Most of the Alabama branches are in the Mobile area.

The divestiture of the branches was required by the Justice Department to ensure that the merger of the two banks would not create unfair competition in certain markets in which both have a significant presence.

"We are dedicated to selling these branches to companies that share our commitment to our associates, our customers, and our communities," said Dowd Ritter, AmSouth's chairman, president and CEO. "We would expect the purchasers to offer positions to the associates in these branches, and we will work hard to ensure that our customers and associates experience a flawless transition."

The sale of a branch includes its deposits, loans and equipment. Customers of the affected branches "do not need to do anything at this time," the news release said, as they will be notified once a sale occurs. The release notes, too, that the Justice Department and the Federal Reserve made the decision on which branches were to be sold.

Alabama branches to be sold are as follows:

Decatur: 2404 Danville Road.

Huntsville area: 107 Lily Flagg Road S.E., 4769 Whitesburg Drive S., 1470 Perimeter Parkway N.W., 2204 Whitesburg Drive, 7930 Highway 72 (Madison).

Mobile area: 511 D'Olive St. (Bay Minette), 13825 S. Wintzell Ave. (Bayou La Batre), 28770 U.S. 98 (Daphne), 111 Baldwin Square (Fairhope), 51 S. Section St. (Fairhope), 7860 Airport Blvd., 5133 Cottage Hill Road, 2820 Springhill Ave., 1402 Government St., 720 Hillcrest Road, 6241 Cottage Hill Road, 3920 Airport Blvd., 7849 Cottage Hill Road, 3942 Government Blvd., Old Shell Road, 3250 Airport Blvd., 5351 Highway 90 W., 2326 St. Stephens Road, 34 Shelton Beach Road (Saraland), 7800 Moffat Road (Semmes), 10010 Eastern Shore (Spanish Fort), 500 Spanish Fort Blvd. (Spanish Fort).

Montgomery area: 3725 Alabama 14 (Millbrook), 5375 Atlanta Highway, 1465 Eastern Blvd., 2710 Taylor Road, 743 S. Main St. (Wetumpka).

Selma: 9 Broad St.

Tuscaloosa area: 3076 McFarland Blvd. (Northport), 719 Skyland Blvd. E., 2330 University Blvd., 331 University Blvd.

AmSouth's merger with Regions Financial is expected to close in November and will create one of the nation's 10 largest bank holding companies, with assets of about $140 billion.

Kidney Dialysis Center Deal With Amgen Blocks Roche (NYT)

By Andrew Pollack

The New York Times, October 20, 2006

In a move that could help preserve its lucrative monopoly on an important anemia drug, Amgen has reached an agreement that will make it the sole supplier of the drug to one of the nation's two main operators of kidney dialysis centers.

The deal, announced yesterday by the dialysis provider, Fresenius Medical Care, comes as Roche is preparing to enter the market next year with a drug that would offer the first competition to Amgen's drug, which is known as Epogen.

Now, it appears, Roche will not be able to sell its drug to Fresenius, which represents about 35 percent of the American dialysis market.

Some analysts said the deal, which lasts for five years, could raise antitrust concerns. "We would use an analogy of Microsoft signing an exclusive supply agreement with Dell precluding Dell from selling any computers with a competitive operating system a few months before a market entry of a competitor," Michael Aberman, biotechnology analyst at Credit Suisse, wrote yesterday in a note to clients.

Dr. Aberman said in an interview that a deal with Fresenius alone might not attract concern. But if Amgen were to arrange a similar exclusive supply agreement with DaVita, the other major provider of dialysis, with about 30 percent of the market, it would draw attention.

Marie Fay, an Amgen spokeswoman, said the company did not think the deal presented any antitrust issues. She said that Fresenius had approached Amgen, not the other way around, about having a broader collaboration.

Still, the deal comes as Amgen's marketing practices are drawing increasing scrutiny. Representative Bill Thomas, the California Republican who is chairman of the House Ways and Means Committee, has asked the Government Accountability Office to do a report on pricing and other aspects of drugs used for dialysis patients.

Medicare, which pays most expenses for dialysis, even for people younger than 65, is estimated to spend roughly $2 billion a year on Epogen, representing one of its biggest expenditures on any drug.

Epogen had $2.5 billion in sales last year. It and Aranesp, a similar drug that also is used to treat anemia, together accounted for nearly half of Amgen's overall $12.4 billion in revenue last year.

Both drugs are synthetic forms of erythropoietin, also called EPO, a protein normally made in the kidney that spurs the production of oxygen-carrying red blood cells.

Epogen, approved in 1989, was Amgen's first product and helped transform the company into the world's largest biotechnology concern. While the basic patent protecting the product has already expired in Europe, Amgen got several patents in the United States, which could protect its franchise here until 2015.

Roche, the Swiss pharmaceutical company, has developed CERA, a form of EPO it says can be given less frequently than Amgen's drugs. Roche is expected to begin selling the drug next year, assuming approval by the Food and Drug Administration.

To block Roche, Amgen has filed a patent infringement suit against it in federal District Court in Boston. Roche said its drug did not infringe on the patent.

The deal with Fresenius, which is based in Germany, could provide further protection to Amgen.

Dr. Ben Lipps, chief executive of Fresenius, said that his company "selected Amgen as our sole supplier based on more than 10 years of demonstrated clinical efficacy and safety with Epogen." Analysts said Fresenius probably used the looming threat from Roche to extract a bigger discount from Amgen in return for making it the sole supplier.

Russians Sue To Stop Malkin From Playing (AP)

By Larry Neumeister, The Associated Press

AP, October 20, 2006

NEW YORK (AP) — A Russian hockey club filed an antitrust lawsuit Thursday against the NHL and the Pittsburgh Penguins, saying rookie Evgeni Malkin shouldn't be allowed to play in the league because he remains under contract in his native country.

The Metallurg Magnitogorsk hockey club, which filed the lawsuit in U.S. District Court in Manhattan, also demanded unspecified damages from the NHL and the Penguins over Malkin's deal to jump teams this summer.

NHL spokesman Frank Brown said he hadn't seen a copy of the complaint and couldn't comment. Penguins spokesman Tom McMillan said the team hadn't received the lawsuit and doesn't comment on litigation.

The 20-year-old Malkin left the Russian Super League team during August's training camp in Helsinki, Finland, slipping quietly into the United States to begin his NHL career. In his debut Wednesday night, Malkin scored his team's lone goal in a 2-1 loss to the New Jersey Devils.

Malkin was under contract for another year in Russia. The NHL had previously said the league believes any player should have the right to choose where he wants to play as long as he is legally free to do so.

After Malkin left his Russian team, he cited a Russian labor law that permits an employee to leave a job by giving two weeks notice.

The lawsuit, filed after a Russian arbitration panel ruled that Malkin is still under contract to Magnitogorsk, said the signing of Malkin to an NHL contract was a "blatant and deliberate tampering and interference" with the Russian team's existing agreement.

In the lawsuit, the team said the Penguins knew or should have known that Malkin was under contract to a Russian team when they signed him. The lawsuit said the NHL and the Penguins violated antitrust laws by conspiring in a group boycott and refusing to deal with Russian hockey clubs regarding player transfers.

Malkin and Magnitogorsk signed a one-year contract on Aug. 7, calling for Malkin to receive $3.45 million, according to the lawsuit.

It said the contract was negotiated and signed in the presence of Malkin's Russian agent and his parents, and provided favorable terms allowing him to become a free agent a year sooner than an earlier contract.

Malkin, the No. 2 pick in the 2004 NHL draft, missed the early part of the NHL season after dislocating a shoulder in his first preseason game.

The lawsuit said the NHL and its clubs have "decided to play hardball" with Russian hockey clubs to punish them for the Russian Ice Hockey Federation's rejection of a new general agreement governing the transfer of foreign players to the NHL.

It said the NHL told its clubs on Aug. 2 that they were free to sign NHL contracts with Russian hockey players already under contract with Russian hockey clubs if the players secured releases according to Russian labor law.

Tata Steel Nears Deal To Buy U.K.'s Corus For $8.6 Billion (WSJ)

By Jason Singer

The Wall Street Journal, October 20, 2006

DOJ_NMG_0083887

LONDON -- Tata Steel Ltd. of India is moving closer to securing its purchase of Corus Group PLC, with the British steelmaker's board poised to approve the takeover and the likelihood of a competing bid fading.

Corus is set to announce as early as today that it has agreed to be acquired in a deal valued at about £4.6 billion, or $8.6 billion, according to people familiar with the situation. Corus's board, which met Wednesday, will recommend Tata's proposed cash bid of 455 pence ($8.50) a Corus share, according to these people.

The board of Corus is bound by United Kingdom takeover rules to disclose its decision once officially made. A Corus spokeswoman declined to comment.

Corus said Tuesday that Tata Steel proposed an acquisition of the British company at 455 pence a share, subject to a recommendation from Corus's board, and that talks were taking place. Since then, most of the remaining obstacles have been resolved.

Corus shares have been trading at levels higher than Tata's proposed bid price, largely on expectations that someone would attempt to trump the offer. But people close to the matter said that such a move is unlikely, since Corus has tried to sell itself all year and has talked to nearly all potential candidates. In London trading yesterday, Corus's stock price was off 1.8% at 478.50 pence.

While Tata Steel is far smaller than Corus, it is part of the Tata Group, a diversified conglomerate run by Ratan Tata. It is one of the largest and wealthiest groups in India. The deal would catapult Tata from an Indian steel producer with relatively limited capacity into one of the world's top global producers.

The steel industry has been fast consolidating, forming giant producers that can provide customers such as auto makers the steel products they need for factories in locations around the world.

Corus operates plants in Britain, which are considered among the world's least efficient with no nearby access to iron ore. It also has a state-of-the-art facility in the Netherlands. Tata, whose mills have been running at capacity, is building a mill that will produce semifinished slabs that could go to Europe to be finished and sold through Corus's operations.

The deal will be subject to normal regulatory clearance, although many potentially thorny issues, such as clearance from the trustee of Corus's huge pension fund, already have been negotiated, according to people familiar with the situation.

Any rival bidder would need to negotiate approval from Corus's pension-fund trustee and others.

Corus is advised by Credit Suisse Group and HSBC Holdings PLC. Tata Steel's advisers are Deutsche Bank AG and ABN Amro Holding NV. The deal will include a breakup fee of 1% of the transaction value, standard in acquisitions of U.K. companies.

Corus Expected To Agree To Tata Bid (FT)

By Peter Marsh In London And Joe Leahy In Mumbai

Financial Times, October 20, 2006

Corus, the Anglo-Dutch steelmaker, is on Friday expected to agree to a £5.1bn ($9.5bn) takeover by India's Tata Steel, in a deal that would create the world's sixth- biggest steel producer.

The move will throw down the gauntlet to any potential counter-bidders for Corus, Europe's second-biggest producer. Novolipetsk and Severstal, two Russian steel companies, and CSN of Brazil are thought to be interested.

A Tata-Corus deal would be the biggest takeover by an Indian business of a foreign company and underlines Asian dominance in steel, which – assuming the deal goes through – will account for five of the top six makers.

The transaction continues the rapid consolidation of the steel sector, illustrated by June's €26.9bn ($34bn) takeover of Arcelor by Mittal Steel.

Managers at Tata Steel and Corus were meeting separately on Thursday to discuss the details of the offer, which values Corus at 455p a share. The Corus board decided on Wednesday night to recommend the offer from Tata, which will be put to shareholders over the next two months.

The £5.1bn valuation includes an equity value of £4.1bn plus roughly £1bn in debt, and is subject to how big a valuation the two sides put on Corus's sizeable pension obligations. Corus shares on Thursday night closed at 478.5p, down 8.5p but still some way above the likely 455p price for the company favoured by Tata, indicating that some investors continue to believe a new bidder could come forward.

James Moss, a partner in First River, a US consultancy, said: "Corus represents important strategic assets in Europe for an emerging steel company such as Tata, and I find it difficult to believe this [the 455p bid] is the best offer for the business."

According to a person involved in the deal, Tata Steel – part of the Tata industrial group – plans to inject about $2.5bn of its own borrowings and $1bn cash into a special purpose vehicle that would take over Corus. This unit would then raise roughly $5.5bn of debt against Corus's cashflow.

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Created in 1999 from the merger of British Steel and Hoogovens of the Netherlands, Corus is three times bigger than Tata in terms of output. Some job losses among Corus's 41,000 workforce – 25,000 of whom are in the UK – would be likely, but a number of Corus's top managers are expected to stay on if the deal with goes through.

A link with Corus would help Tata diversify away from Asia and provide it with access to more sophisticated technology.

ENVIRONMENT:

Colorado Water Wars Include Spy Campaign (FINDLAW/AP)

By Steven K. Paulson, Associated Press Writer

AP, October 20, 2006

(AP) - WIGGINS, Colo.-If some farmers in eastern Colorado felt like they were being watched this summer, they had good reason.

Private investigators hired by some of Colorado's fastest-growing communities spent weeks spying on them, trying to determine if they were illegally pumping water for their crops, The Associated Press has learned.

The investigators put together an elaborate database on 50 plots of land in eastern Colorado, noting things like "puddles around sprinkler perimeter" and "lush corn," and turned it over to state engineer Hal Simpson, who is investigating the claims.

"There was one man taking pictures. My wife asked if she could help him and he sped off," said Steve Bruntz, who recently joined other farmers at a Wiggins gas station to talk with a reporter.

Behind the fight are farmers who depend on irrigation, on one side, and cities that rely on water from the South Platte River, on the other. State water law guarantees that those with higher-priority rights get their share first.

The water crisis came to a head in May when the state engineer told farmers along the South Platte to turn off 440 wells after forecasting lower-than-average river flows and well owners were unable to devise plans to replace the water they were using.

Millions of dollars worth of wheat, corn, sugar beets and melons were left to die after some farmers and three cities - Sterling, Boulder and Highlands Ranch - rejected an emergency plan that would have allowed well owners to continue pumping.

Water attorney Tim Buchanan, who represents farmers with senior water rights, said he ordered the spying campaign because he suspected some well owners were continuing to pump water.

Buchanan said water users, including communities and farmers, hired a private investigator to go out during daylight hours to survey 50 plots of land. They then paid engineers to verify the information.

"We started hearing rumors and people in the area where the wells are located called us and said people were pumping contrary to the state's order," he said. "We looked only at properties that had wells as their sole source of water. Not only were they wet, they were growing crops."

Exact details of the spying program, including how many acres were studied and how much was spent to gather the information, was not disclosed.

But word of the investigation stunned farmers who say they are struggling because the state shut down their wells this spring after complaints from those holding more senior rights to the water.

"I wish I could have caught them on my property. We shoot every other trespasser and he'd be the second one," said David Knievel, whose name was in the database obtained by the AP.

Water attorney Veronica Sperling, who represents Boulder and Highlands Ranch, said her clients were concerned after hearing reports of illegal pumping.

Carol Ellinghouse, the water resources coordinator for Boulder, said she and others hired the investigator after she got a tip from a turf farm worker who said his neighbors were running their wells.

"They went out and some farms showed signs of being recently irrigated," she said. "Others were pretty lush, a condition that couldn't happen if they weren't watering."

John Hendrick, general manager of the Centennial Water and Sanitation District that supplies water to Highlands Ranch, said he was aware of the surveillance program and agreed with it.

"It's like people running a stop sign or speeding," he said. "The thing to do is identify the problem and fix it."

Farmer John Moser, who was on the list of alleged scofflaws provided to the AP for irrigating 290 acres and growing "green and vigorous alfalfa," said just because water is coming from a sprinkler doesn't mean the water is coming from a well. He said he is getting his water from a small lake on his property.

"It does upset me, for in fact they don't know the details. Does it bother me? Yes. Is there anything we can do about it? No," Moser said. "It's gotten out of hand. People are yelling and screaming at each other."

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On the Net:
Colorado Foundation for Water Education: http://cfwe.org

FBI/DEA/ATF/USMS:

'Fire In The Hole!' ATF Shows Off Site For Gonzales (FFLS)

By Jeff Branscome
Fredericksburg (VA) Free Lance-Star, October 20, 2006
U.S. attorney general visits Fort A. P. Hill for an ATF demonstration

U.S. Attorney General Alberto Gonzales stopped by Caroline County's Fort A.P. Hill yesterday for a fireworks show of a different kind.

Wearing a collared shirt with the Department of Justice's logo, Gonzales stood with his hands on his hips and watched a Ford Taurus explode about 1,000 feet away.

Ten pounds of dynamite in the car's back seat sent a plume of black smoke into the overcast sky.

"That's exactly what you're seeing in Iraq," Rich Marianos, a special agent for the ATF, told a reporter after assessing the damage.

It was the last of several improvised explosions at an 80-acre training site run by the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Such exercises are a "very important contribution to our effort in Iraq," Gonzales said.

With his hands cupped to his mouth, an ATF employee shouted, "Fire in the hole!" several times before each boom.

Surrounded by a gaggle of cameramen and reporters, Gonzales wore protective glasses and earplugs.

But the gear didn't keep his head from quivering after the first explosion, which sent shock waves through the ground.

He turned around with a smile and proclaimed, "Wow!"

"There's nothing like experiencing it for yourself," Marianos later said.

They generated most of the blasts electronically with equipment used by the mining and quarrying industries.

At one point, officials showed off what they called "a wall of fire" by detonating 24 milk jugs filled with gasoline. That's the type of explosion seen in movies, officials said, but not real life.

Just before Gonzales arrived in a Chevrolet Suburban with tinted windows, an ATF employee asked, "Where are my dogs?"

He was referring to two bomb-sniffing Labradors, which they introduced to Gonzales at the start of his visit.

The labs then showed off their skills, with one sniffing a car for hazardous material. The dog eventually sat down to alert its handler of a problem.

For much of his 30-minute tour, Gonzalez spoke in low tones to Steve Beggs of Spotsylvania County, who is chief of ATF's explosives training branch at A.P. Hill.

The ATF established the training area in 2000, in part to teach local and state investigators how to check out the scene of a blast. Bomb technicians also learn how to dispose of explosives at the site, an open field with a large patch of asphalt.

"We probably have the broadest training mission of anyone in the federal government as it relates to explosives," Beggs said.

Gonzales left after a brief news conference but many folks stayed behind to check out the Ford Taurus--or what was left of it.

"You will save American lives," Gonzales told Beggs before taking a group photo with ATF officials.

Fifty pounds of ammonium nitrate--an explosive used in the 1995 Oklahoma City bombing--made one blast possible.

In response to a question from Gonzales, Beggs said Timothy McVeigh used up to 5,000 pounds of the substance during his attack in Oklahoma City.

Gonzales called the demonstrations "interesting" and said they represent the "danger of explosives and the good work ATF is doing."

Jury Indicts 38 In Inquiry Into Multistate Drug Trade (WT)

By Jerry Seper, The Washington Times
The Washington Times, October 19, 2006

DOJ_NMG_0083890

A federal grand jury in Colorado yesterday returned an indictment against 38 persons suspected of drug trafficking in an investigation of a multistate marijuana and Ecstasy distribution and money-laundering operation in Denver, officials said.

Garrison K. Courtney, a spokesman for the Drug Enforcement Agency, said the probe known as Operation Berthoud led to the seizure of 95 pounds of high-grade marijuana, three indoor marijuana-growing operations containing 414 live plants, 1,500 tablets of MDMA, or Ecstasy, and more than $700,000 in cash, assets and stolen property.

Mr. Courtney said a 152-count indictment handed up in U.S. District Court in Denver accused gang members of engaging in a "pattern of racketeering activity" involving the shipment of 50-pound to 100-pound quantities of "BC Bud" marijuana -- a high-grade form of the drug grown in the Pacific Northwest -- from Washington state and California to Denver. The marijuana was valued at $3,000 to $4,000 a pound because of its potency, he said.

"This case ensures that this organization will never do business on the streets of Denver again," said Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division. "The fact that drug dealers are paying these prices for this high-quality marijuana reflects the appetite some in Denver have for the drug."

Police suspect the gang leader was Thanh Thea Hau, 22, of Denver, described in the indictment as the part owner of the Denver night club DC 10. He was named on 59 counts of drug trafficking.

Mr. Courtney said the charges stem from an investigation that began in March 2005 when Weld County, Colo., Task Force agents began purchasing quantities of Ecstasy from a suspected gang member.

Mr. Courtney said the purchases led agents to identify an Ecstasy trafficking organization operating in Denver, Seattle and San Francisco and bringing high-quality marijuana to Colorado.

"This case demonstrates the necessity for state, local and federal law-enforcement agencies to work in a cooperative manner to identify, target and dismantle drug trafficking organizations operating at a local, national and international level," Weld County Sheriff John Cooke said.

Mr. Courtney said that, according to agents, Mr. Hau was in contact with marijuana distributors in Seattle and San Francisco and arranged for the purchase of each load. Once the marijuana had been selected from the distributor, he said, Mr. Hau sent a driver from Denver to pick up the load and return the drugs to Denver in a rental vehicle.

The marijuana was then processed into one-pound bags for delivery to his clients, who in turn sold the marijuana to their customers for up to $500 per ounce, he said.

Denver Investigators Smash Lucrative Drug Ring (AP)

AP, October 19, 2006

(AP) DENVER Investigators said Thursday they broke up a drug operation that was raking in up to $150,000 a month for its 22-year-old alleged ringleader by bringing high-grade marijuana from the West Coast to Colorado.

The alleged ring was bringing "BC Bud" marijuana from Washington state and California in 50- to 100-pound quantities, repackaging it and selling it for up to $500 an ounce, authorities said.

The federal Drug Enforcement Administration and the Denver district attorney's office said a Denver grand jury indicted 38 people on a total of 152 counts including drug distribution, marijuana cultivation, money laundering and racketeering.

Authorities said 25 of the suspects have been arrested and the others were being sought.

Jeffrey D. Sweetin, special agent in charge of the DEA's Rocky Mountain Division, said the alleged ringleader was Thanh Thea Hau of Denver, part-owner of the Denver nightclub DC10.

Hau was making "pretty good money for a 22-year-old," Sweetin said.

A DEA statement said Hau faces 59 counts related to drug trafficking and is one of the 25 suspects in custody. The Denver jail said it had no record of Hau, and a DEA spokesman did not immediately return a call.

Michael Guerrero, general manager of DC10, declined to comment and referred questions to attorney Harvey Steinberg, who he said represents Hau. Steinberg did not immediately return a call.

Investigators seized 95 pounds of marijuana, more than 1,500 tablets of ecstasy, $149,000 in cash and 13 vehicles. Also seized were 414 live marijuana plants at three indoor growing operations.

The charges stemmed from a 20-month investigation dubbed "Operation Berthoud." The DEA said the Front Range Task Force, the Weld County Task Force and the Colorado State Patrol participated.

Dozens Arrested In Drug Investigation (DENP)

Denver Post, October 19, 2006

A sophisticated Denver-based drug ring that distributed ecstasy and high-grade California and Washington State marijuana in the metro area has been crushed following a year-long investigation, state and federal officials said today.

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The organization, allegedly headed by Thanh Thea Hu of Denver brought 50 to 100 pounds of marijuana into Denver a month, according to Jeffrey D. Sweetin, special agent in charge of the Rocky Mountain Division of the Drug Enforcement Administration.

The marijuana was sold on Denver streets at $500 an ounce, Sweetin said.

"We uncovered a very significant organized crime group," Sweetin said. "We are talking about multi-pound deals. The transactions were conducted in residences or parking lots."

Sweetin said that Hau, 22, is part owner of the Denver nightclub, DC 10.

Denver District Attorney Mitch Morrissey said that the investigation resulted in the biggest indictment in the history of the Denver district attorney's office, with a total of 38 individuals being charged.

The 152-count indictment alleges that the individuals were engaged in a pattern of racketeering activity. Officials said Hau's organization transported 50-to-100 pound quantities of "BC Bud" marijuana, a high grade form of marijuana grown in the Pacific Northwest. The marijuana was valued at $3,000 - $4,000 per pound due to the drug's potency.

"This case ensures that this organization will never do business on the streets of Denver again," Sweetin said. "The fact that drug dealers are paying these prices for this high quality marijuana reflects the appetite some in Denver have for the drug," Sweetin said. "The principle trafficker our agents identified in Denver was determined to make up to $150,000 a month. That's pretty good money for a 22-year-old."

According to agents from several law enforcement agencies, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected by the distributor, Hau would send a driver from Denver to pickup the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into one pound bags for delivery to his clients, who in turn sold the marijuana to their clients.

The DEA said that on the evening of Sept. 19, investigators watched as Hau received a large marijuana shipment at his residence that had arrived from San Francisco. Agents continued to watch as Hau distributed marijuana to many of his customers.

Later that evening, agents executed search warrants on six locations in the Denver area. As a result, agents seized approximately 70 pounds of high quality marijuana, two marijuana indoor grow operations containing 344 live marijuana plants and approximately $149,000 in cash, Sweetin aid. Also seized that night were 13 vehicles valued at $274,000.

38 Indicted In Alleged Drug Ring (RMN)

Rocky Mountain News, October 19, 2006

Several Colorado law enforcement agencies today announced a 152-count indictment they said brought down a large marijuana-distribution network that stretched from Colorado to Washington State.

The federal Drug Enforcement Agency named Thanh Thea Hau, 22, of Denver. DEA officials said Hau, part-owner of the Denver nightclub DC 10, faces 59 counts related to drug trafficking.

The DEA said Hau and the other 24 members of the alleged drug network are in custody.

The Denver District Attorney's office, the Front Range Task Force, the Weld County Task Force and the Colorado State Patrol were involved in the investigation, dubbed Operation Berthoud due to its origins in Weld County.

The indictment alleges the 38 individuals were engaged in a pattern of racketeering in violation of the Colorado Organized Crime Control Act.

Denver District Attorney Mitch Morrissey said the indictment names the largest number of people in the history of his office.

At a morning news conference, DEA Special Agent-In-Charge Jeffrey D. Sweetin said the people indicted have been linked to numerous criminal enterprises, including marijuana and ecstasy distribution, marijuana cultivation and money laundering.

During the course of the year-long investigation, officials seized 95 pounds of high-grade marijuana, equipment from three indoor marijuana-growing operations containing 414 plants, more than 1,500 tablets of ecstasy, about $7,040 in cash, assets and stolen property.

Announcement of the bust comes less than three weeks before Coloradoans go to the polls to vote on Amendment 44, which would legalize possession of one ounce or less of marijuana.

Sweetin was asked if the timing of the announcement had a political intent.

"I don't consider it a political announcement," Sweetin said. "It wasn't timed to be a message, but yes, I think it was a message."

Immediately after the news conference, Amendment 44 campaign director Mason Tvert held a second news conference to blast officials for the indictment's timing, which he said was an effort to scare voters into rejecting the pot referendum.

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Massive Drug Trafficking Ring Shut Down (KMGH)

KMGH-TV, October 20, 2006

DENVER -- Local and federal officials on Thursday said they have shut down a massive drug trafficking ring in Denver and have indicted 38 people, including the co-owner of a Denver nightclub, whom they say was the mastermind behind the operation.

Of the 38 people who have been indicted, 25 have been arrested, including the alleged ring leader, Thanh Thea Hau.

Hau, 22, faces 59 counts of drug trafficking. Hau is known to be part owner of the Denver nightclub DC 10.

"The principle trafficker our agents identified in Denver was determined to be making up to $150,000 per month. That's pretty good money for a 22-year-old. Unfortunately for him, he is now out of business," said DEA agent Jeffrey D. Sweetin.

The investigation began in March 2005, when Weld County Task Force agents said they began buying large quantities of Ecstasy from an alleged co-conspirator. These purchases led agents to identify an Ecstasy trafficking organization operating in Denver, Seattle and San Francisco that was also bringing high-quality marijuana to Denver, officials said.

During the investigation, the Drug Enforcement Administration seized 95 pounds of "BC Bud" or high-grade marijuana, three indoor growing operations, thousands of tablets of Ecstasy, and $704,000 in cash and assets.

Thirteen vehicles were seized in the bust, and three cultivation centers in Denver, with 414 live marijuana plants, have been shut down.

Officials said the operation was bringing 50- to 100-pound quantities of the high-grade marijuana grown in the Pacific Northwest and California to Denver.

The marijuana was valued at $3,000 to $4,000 per pound because of its potency.

The DEA said the drug ring involved a very organized crime group that was operating in several states.

"This organization's leadership would fly up to the source areas, decide what marijuana was of sufficiently high potency and quality, then return to Denver and have that delivered through their distribution system, not unlike a legitimate business would," Sweetin said.

According to agents, Hau was in contact with marijuana distributors in Seattle and San Francisco and would personally arrange for the purchase of each load of marijuana. Once the marijuana had been selected from the distributor, Hau would send a driver from Denver to pick up the marijuana and drive the drugs back to Denver in a rental vehicle. The marijuana would be processed into 1-pound bags for delivery to his clients, who in turn sold the marijuana to their clients for up to $500 per ounce, the DEA said.

The investigation also determined that Hau provided clients with paper sacks filled with marijuana, and many of these dealers were seen entering and exiting his home, agents said. In addition, exchanges took place on the side neighborhood streets and in shopping center parking lots.

Once Hau had sold his marijuana supply, he would arrange for another purchase of marijuana, according to investigators.

Hau would have an associate drive the cash to Seattle or San Francisco with money hidden in the vehicle. With this information, agents intercepted the trips to Seattle and made two cash seizures of $132,000 and $149,000, respectively, the DEA said.

On the evening of Sept. 19, DEA investigators watched as Hau allegedly received a large marijuana shipment from San Francisco at his home. Agents continued to watch as Hau allegedly distributed marijuana to many of his customers, who were then followed and arrested. Later that evening, agents executed state of Colorado search warrants on six locations in the Denver area.

The 38 individuals were indicted by a Denver grand jury and are facing drug charges in Denver District Court related to marijuana and Ecstasy distribution, marijuana cultivation and money laundering.

The 152-count indictment, the largest in Denver's history, alleges the individuals were engaged in a pattern of racketeering activity in violation of the Colorado Organized Crime Control Act.

26 Arrested In Money-laundering Scheme (WT/UPI)

The Washington Times/UPI, October 20, 2006

A U.S. attorney in New York said federal agents have arrested 26 people in connection with a money-laundering ring tied to Colombian drug sales.

U.S. Attorney Michael Garcia said the suspects, who have been accused of laundering money through an illegal "Black Market Peso Exchange" system, were arrested in the Columbian cities of Bogota and Cali as well as New York, New Jersey, Florida and London, The Washington Times reported Thursday.

Garcia said federal agents seized more than $10 million in cash and about $6.5 million worth of cocaine, heroin and marijuana.

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Indictments filed in U.S. District Court in Manhattan accuse the suspects of using "peso brokers" to help drug traffickers trade U.S. dollars for pesos from Colombian businesspeople seeking to purchase dollars outside of the Colombian banking system, the Times said.

Garcia said the exchanges occur with verbal agreements, leaving no paper trial and thus complicating investigation of money laundering schemes.

Garcia said the suspects could each face 20 years in prison if convicted.

Escapee Linked To Drug Cartel (PR)

Porterville Recorder, October 19, 2006

When Porterville Police Sgt. Mike Blain was informed that federal fugitive Jose Felix was not considered armed and dangerous, Blain said he knew better.

Felix, a Porterville native who escaped from a minimum-security federal prison in Kern County on Oct. 9, was exactly that, Blain said.

"They don't know his history," Blain said, referring to the Taft Correctional Institution, where Felix spent the last three years. "We are the ones who had to live with him and the results of his and his family's actions."

Felix, 35, was a prominent player in the Felix family's sophisticated drug-trafficking network, which at its peak spread methamphetamine from Tijuana, Mexico to Bakersfield, Porterville and throughout the Central Valley for two decades.

His father, Praxedes Felix Sr., 56, was the kingpin of the drug network, officials said.

TCI officials noticed Felix missing during an inmate count at 10:50 p.m. Oct. 9. He was last accounted for three hours earlier.

Jose Felix was sentenced to 11 years in federal prison shortly after he and 15 other family members were arrested by law enforcement officials in a major drug raid in April 2003.

His brother, Praxedes Felix Jr., was also sent to TCI by a federal judge.

Fourteen agencies were involved with the six-year operation to bring down the cartel, which had its roots in Sinaloa, Mexico, according to previous reports.

Interim Police Chief Chuck McMillan referred to Jose Felix as "a long-term project."

"We've dealt with Jose for many years," McMillan said. "He and his family were big-time players in the drug trade. In previous contacts with Jose, he was armed."

McMillan said that the Felix family, which operated out of Terra Bella, may have had ties to the infamous Arellano Felix Organization, also known as the Tijuana Cartel.

What is clear, Blain said, is that the family - including Jose Felix - was extremely brazen and violent in their practice.

"There was a documented history with Jose and other family members currently in custody of kidnapping, rape, shootings of people or groups which they had disagreements, and threats made to the lives of others, including officers," Blain said. "Toward the end, they were extremely brazen in their activity."

Jose Felix was arrested on a weapons charge during the 1990s, Blain said.

During that arrest, Jose Felix threatened the life of an officer and his family, Blain said.

Thus, the question is raised: How did a criminal with a record like Jose Felix end up in a minimum-security facility without a fence.

According to Blain and TCI's warden, his previous history likely did not have any bearing on his sentence, which was reached in a plea deal with federal prosecutors.

"The charges he has on his record are not a true reflection of his actions," Blain said.

Jeff Wrigley, the warden of the privately-owned federally-operated facility, said federal officials send prisoners to the low-security facilities based on the offenses for which they were convicted.

"These criminals are sent because they have non-violent offenses and are not considered threats," Wrigley said. "But oftentimes, there may be some information about a criminal that is not brought up at the time of sentencing or in pre-sentencing."

"We've had walkaways at the prison, but we've never had any incident where a walkaway has caused any harm or wreaked havoc in a community," Wrigley said.

In Wrigley's nine years as warden, an average of five inmates each year escapes the prison simply by walking away from the camp.

These statistics are on par with similar security-level prisons, according to Wrigley and the Federal Bureau of Prisons.

Wrigley said he does not know how many of those walkaways are captured.

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"Sometimes what will happen is a person will be captured in another region, Wrigley said. "The U.S. Marshal's office is working diligently and coordinating with nationwide law enforcement officials and local law enforcement in the Porterville to locate Felix, and rest assured he will be prosecuted to the fullest extent for his actions."

The Marshal's office, TCI and Porterville PD have received anonymous leads in the week since Felix's disappearance, but have not located him as of the time of publication.

"One caller said that he was in Porterville, and another caller said he was Sinaloa," Blain said. "He could be anywhere, but we will continue to look for him."

Newspaper Held In Contempt In Bonds Case (AP)

AP, October 20, 2006

SAN FRANCISCO (AP) -- The San Francisco Chronicle agreed to be held in contempt of court and pay perhaps hundreds of thousands of dollars in fines for refusing to assist a federal grand jury investigating who leaked its reporters the secret testimony of Barry Bonds and other athletes, according to a court filing.

The government agreed to stay any fines pending the outcome of an appeal to the 9th U.S. Circuit Court of Appeals. The paper, citing the First Amendment, is refusing to abide by a grand jury subpoena ordering it to release any information it has on the reporters' source or sources.

Two Chronicle reporters who wrote about Bonds' 2003 testimony before a federal grand jury investigating the BALCO steroid ring also have agreed to be held in contempt, pending appeal.

Reporters Lance Williams and Mark Fainaru-Wada could be jailed for as much as 18 months or until they agree to divulge the source or sources of the leak. They argue the First Amendment protects them as well, a position a federal judge has rejected.

Under the proposed deal between the newspaper and federal prosecutors, which must be approved by U.S. District Judge Jeffrey White, the Chronicle agreed to pay a fine of at least $1,000 per day, for up to 18 months. Both sides reserve the right to argue the amount of the fine.

The agreement is largely procedural, allowing the case to move before the appeals court.

According to the leaked testimony, Bonds told the Bay Area Laboratory Co-Operative grand jury that he did not knowingly use steroids and said he thought his trainer Greg Anderson supplied him with flaxseed oil and arthritic balm.

Where Do Felons Get Their Guns? (HERNTDY)

By Kyle Martin

Hernando (FL) Today, October 20, 2006

BROOKSVILLE — Brooksville police Lt. Rick Hankins decided to run an experiment last year to find out how easy it is to buy a gun on the streets.

A confidential informant was sent out to buy two guns within the hour.

The informant was back 30 minutes later, guns in hand.

"It was very surprising," Hankins said.

You can legitimately buy a gun in 30 minutes, from a flea market, classified ad or yard sale. These avenues don't require the paperwork and three-day waiting period of a licensed gun dealer.

But convicted felons are prohibited from owning guns and ammunition, regardless of where they buy them. Even so, two people were charged with the crime on Monday.

One of them is also accused of attempted murder.

Michael Lavon Lazenby has been connected with Sunday's shooting in South Brooksville of Henry Maner, who was shielding a 2-year-old girl from the gunfire.

Authorities have also arrested Marcus Tyre Barnes, who they believe shot at Lazenby and the other shooters from a separate vehicle. Barnes is also a convicted felon.

So where do felons get their guns?

"The black market, thefts, robberies, gun dealers and residences," said John Ryan, assistant special agent in charge for the ATF's Tampa field division.

A popular tactic is the straw purchase, which involves a legitimate person buying guns for a felon. Two local pawnshop owners say that's rare. "I haven't had anybody try that," said Thomas Bell, owner of Bell's Pawn Shop. "Everybody knows I go by the book."

Still, there's no stopping a wife from taking a gun home to her husband, said George Redman, owner of Redman Pawn and Gun. "We have no control over that," he said.

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Like any licensed dealer, if you buy a gun from Redman you have to fill out paperwork authorizing a background check by the Florida Department of Law Enforcement.

If the background check reveals any number of violations, including a felony conviction, a domestic violence misdemeanor, or most restraining orders, Redman, will return your money and bid you goodbye.

The background check usually takes three days, but sometimes it's red flagged and can take longer. If the dealer hasn't heard back from FDLE in five business days, though, he has the right to sell the gun. Redman chooses not to. "It just doesn't feel safe doing that," he said.

Redman's concern is flea markets, like the one he visited in Homosassa this weekend. There appeared to be little control over the gun sales, according to Redman. "It's shocking, really," he said.

Sales at flea markets and gun shows fall under the purview of local law enforcement. ATF gets involved because it's a federal offense to sell a gun to a felon and for a felon to own a gun. But unless you knowingly sell the gun to a felon, there's no crime committed.

Another source of guns is yard sales and classified ads in newspapers. Robert Turner, of St. Petersburg, is advertising two antique guns in the classifieds. The guns are functional, but Turner doubts anyone would spend several hundred dollars for a crime spree.

If he were selling some newer pistols, however, his attitude would be different. "You probably couldn't tell the difference," if a felon came to buy his guns, he said. But he would ask for a name, age and address. If it seemed suspicious, Turner would probably tell the buyer the gun was already sold. "I would feel responsible myself if anything happened," he said.

The area of Sunday's shooting straddles the boundary between city limits and Hernando County. This time it happened to fall in the hands of the sheriff's office.

Drugs and guns often go hand in hand, Hankins said, so a joint task force was created to handle the problem. This has cut back on drug dealers going across the street to the county after they are busted in the city, according to Hankins. "It's a game of ping pong otherwise," he said.

Reporter Kyle Martin can be contacted at 352-544-5271.

IMMIGRATION:

California City Bars Renting Housing To Illegal Immigrants (FINDLAW/AP)

AP, October 20, 2006

(AP) - ESCONDIDO, California-City leaders have approved a controversial ordinance prohibiting landlords from renting to illegal immigrants, the latest of a handful of communities nationwide to pass laws cracking down on people who hire or rent to undocumented immigrants.

More than 100 police officers and sheriff's deputies dressed in riot gear were on hand for the vote, passed 3-2 Wednesday. After the measure was approved, one person ran outside the council chamber and yelled, "The USA wins!" prompting opponents and supporters gathered on the lawn to shout at each other for 30 minutes.

Inside the chamber, officers removed two men after a brief confrontation. Police said no arrests were made.

Wednesday's vote was the final reading of the ordinance, which has drawn crowds each time it has been heard. The American Civil Liberties Union has indicated it will go to court to block implementation of the ordinance, which is set to take effect Nov. 18 in Escondido, a city where Hispanics make up about 42 percent of the 142,000 residents.

Councilman Sam Abed, who supported the measure, said it will improve the city's image and reputation, "and certainly our quality of life," The San Diege Union-Tribune reported Thursday.

Mayor Lori Holt Pfeiler and Councilman Ron Newman, the two no votes, said the ordinance would create new problems for Escondido.

Pfeiler said everyone agrees illegal immigration is a problem, but the ordinance "is going to have neighbor against neighbor."

Under the law, landlords will be required to submit documentation of their tenants' immigration status to the city, which will then submit the information to the federal government for verification.

If tenants are found to be illegal immigrants, landlords would be given 10 days to evict them or face suspension of their business license. Repeat offenders could face misdemeanor charges and fines.

A handful of cities across the country have passed similar ordinances, with local leaders arguing the federal government has not done enough to crackdown on the estimated 11 million illegal immigrants living in the country.

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TAX:

Loftier Limits For Retirement Savers (WP)

By Stephen Barr

The Washington Post, October 20, 2006

Federal employees will be allowed to invest up to $15,500 in their retirement savings plan in calendar year 2007, $500 more than this year's limit, the Internal Revenue Service has announced.

The elective deferral limit, which applies to 401(k) plans in the private sector as well the federal government's Thrift Savings Plan, was adjusted for inflation, as required under the tax code.

The TSP, the 401(k)-type program for government employees, allows investors to change their contribution amounts at any time. Investors can designate withholdings from their biweekly pay in either percentage or dollar amounts.

Employees covered by the Federal Employees Retirement System, though, should structure their investments so they do not hit the IRS dollar limit until the end of the year, in order to continue receiving matching government contributions. Those covered by the old Civil Service Retirement System and persons in the military do not receive matching contributions.

The IRS also announced that the "catch-up" contribution amount will remain unchanged at $5,000 in 2007.

Catch-up contributions are allowed during a calendar year for people age 50 or older who have hit the elective deferral limit or who are on a pace to do so by the end of the year. There are no matching contributions for catch-ups, which were approved by Congress in 2002 as a way to help employees who did not have an opportunity to participate in a 401(k)-type program early in their career to save more for retirement.Back to the Drawing Board

A federal district court judge has directed the Homeland Security Department and the Office of Personnel Management to revise or abandon regulations that failed to ensure that Homeland Security employees could bargain collectively and that went too far in limiting the topics that could be put on the negotiating table.

U.S. District Judge Rosemary M. Collyer also told the agencies to file a status report on their efforts to fix the regulations by July 17. Her request for a report should not be seen as a deadline for the agencies to complete decisions on what to do about the regulations, she said.

In August 2005, Collyer ruled in a lawsuit brought by the National Treasury Employees Union and other unions that the department had gone too far when it came up with new rules that called into question whether the department would be obligated to abide by binding contracts. She issued an injunction to block the regulations, and her ruling was upheld by a three-judge federal appeals panel in June. The government decided not to take an appeal to the Supreme Court.

Government lawyers asked Collyer to close the case, saying that would not prevent NTEU from returning to court if it had objections to any revised rules. But she declined the request, and issued an order saying that "this court shall retain jurisdiction over this matter for all purposes."At Center Ice

The Partnership for Public Service and the Washington Capitals will team up tomorrow night to honor federal employees at the Capitals' game against the Tampa Bay Lightning.

The Caps are sponsoring a Federal Employees' Night with the Partnership, which seeks to encourage more young people and mid-career professionals to consider working in the federal government. For discount tickets, go to http://www.ourpublicservice.org .Talk Shows

Steven L. Katz , an author and consultant on federal management issues, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Lt. Gen. Roger A. Brady , deputy chief of staff for manpower and personnel at Air Force headquarters, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK radio (106.7 FM).

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

CONGRESS-ADMINISTRATION:

Bush Appoints Mine Safety Administrator (NYT/AP)

By The Associated Press

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 (AP) — With Congress now in a recess, President Bush on Thursday bypassed opposition from Democrats in the Senate and the United Mineworkers of America and appointed his nominee to head the agency that oversees mine safety.

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Mr. Bush appointed Richard M. Stickler, who is expected to serve about a year until the end of the next session of Congress.

Mr. Stickler, of Terra Alta, W. Va., will head the Mine Safety and Health Administration, which has been without a leader for two years.

The mine agency is part of the Labor Department.

Mr. Bush nominated Mr. Stickler last year, but Senate Democrats have blocked the nomination. The lawmakers and the mine workers' union said Mr. Stickler had spent too many years as a mining executive and had failed to demonstrate adequate concern for safety in the mining industry.

More than three dozen miners have been killed in accidents this year, according to the mine safety agency's Web site.

Mr. Stickler headed the Pennsylvania mine safety office from 1997 to 2003.

"I think my track record in Pennsylvania proves that I did not go easy on mine operators," Mr. Stickler said in a conference call to reporters.

U.S. Judge Orders White House To Release Cheney Visitor Logs (WSJ/AP)

The Wall Street Journal, October 20, 2006

WASHINGTON -- A federal judge has ordered the Bush administration to release information about who visited Vice President Dick Cheney's office and personal residence, an order that could spark a late election season debate over lobbyists' White House access.

The Washington Post asked for two years of White House visitor logs in June but the Secret Service refused to process the request. Government attorneys called it "a fishing expedition into the most sensitive details of the vice presidency."

U.S. District Judge Ricardo M. Urbina ruled Wednesday that, by the end of next week, the Secret Service must produce the records or at least identity them and justify why they are being withheld.

The newspaper sought logs for anyone visiting Mr. Cheney, his legal counsel, chief spokesman and other top aides and advisers.

The Secret Service had no comment on the ruling Thursday. In court documents, government attorneys said releasing the documents would infringe on Mr. Cheney's ability to seek advice.

"This case is about protecting the effective functioning of the vice presidency under the Constitution," attorneys wrote.

A lawsuit over similar records revealed last month that Republican activists Grover Norquist and Ralph Reed -- key figures in the Jack Abramoff lobbying scandal -- landed more than 100 meetings inside the Bush White House.

The Washington Post cited those records, which were released to the Democratic Party and Citizens for Responsibility and Ethics in Washington, as evidence that the documents should be released.

Medicare Drug Aid No Longer Automatic (WP)

By Christopher Lee

The Washington Post, October 20, 2006

More than 600,000 low-income elderly and disabled people who automatically received federal help to pay for their Medicare drug coverage this year will have to actively apply to get such assistance in 2007, Medicare officials said yesterday.

The change affects people who were automatically enrolled in the inaugural year of the drug benefit and got the low-income subsidy in 2006 but who are no longer eligible for Medicaid or two other government assistance programs.

Some advocates say the affected seniors may not have understood a letter about the change that the Centers for Medicare and Medicaid Services sent last month. And even beneficiaries aware of the change might have trouble completing the six-page application, they said.

"Just sending these folks a letter and an application doesn't mean they necessarily are going to apply for the extra help even though they may need it," said Marisa Scala-Foley, associate director of the Access to Benefits Coalition at the National Council on Aging. "These are still likely to be low income folks who need all the help they can get. . . . These folks are going to need a lot of hand-holding."

There is no danger of them losing Medicare drug coverage. Even if they do nothing, they will be automatically enrolled in their current plan for 2007. But in January, most would be charged a monthly premium for the first time.

Kathleen Harrington, director of external affairs for the Medicare agency, said it has provided drug plans and community organizations with information about the affected seniors and encouraged greater outreach. The open enrollment period is Nov. 15 to Dec. 31, and the affected group will have three extra months to switch to a plan with no monthly premium, she said.

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"We're very concerned about this," Harrington said. "We want to ensure that they know and that they've been contacted by plans, by us, by advocates, by community resources to make sure that they apply for this low-income subsidy, so if they have a premium liability they can minimize it."

More than 9 million of the 23 million people enrolled in Medicare drug plans this year qualified for the low-income subsidy, which meant they paid no monthly premiums and only $1 to $5 in co-payments for their prescriptions. Of those, about 7.2 million were automatically enrolled in the program and the subsidy, while the rest applied and got it, Medicare officials said.

Medicare drug plan beneficiaries qualify for special help if their annual incomes are at or below 150 percent of the poverty level, which is $14,700 for individuals and $19,800 for married couples. Also, individuals must have no more than $11,500 in assets, and married couples no more than $23,000 in assets.

Some of the affected people who no longer automatically qualify for a subsidy might have had a change in income but could still qualify for premium assistance under the drug benefit, officials said.

"The worst outcome will be someone getting surprised that they have a premium and then dropping their coverage," Harrington said. "We want to do everything we can to keep them in coverage."

House Intel Chair Suspends Staff Member (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, October 20, 2006

House Intelligence Chairman Peter Hoekstra has suspended a Democratic staff member because of concerns he may have leaked a high-level intelligence assessment to The New York Times last month.

In a letter obtained by The Associated Press Thursday night, Rep. Ray LaHood, R-Ill., a committee member, said that an unidentified staffer requested the document from National Intelligence Director John Negroponte three days before the Sept. 23 story about its conclusions.

The staffer received the National Intelligence Estimate on global terror trends on Sept. 21.

"I have no credible information to say any classified information was leaked from the committee's minority staff, but the implications of such would be dramatic," LaHood wrote Hoekstra, R-Mich., late last month. "This may, in fact, be only coincidence, and simply 'look bad.' But coincidence, in this town, is rare."

A spokesman to Hoekstra, Jamal Ware, confirmed that a committee staff member was suspended this week. He said the staff member is being denied access to classified information pending the outcome of a review.

"Chairman Hoekstra considers security highly important, and the coincidence certainly merits a review," he said.

An aide to California Rep. Jane Harman, the committee's top Democrat, did not have an immediate comment Thursday night.

The New York Times did not immediately answer a telephone message seeking comment.

House Committee Dismisses Bulk Of Investigative Division (USAT)

By Kevin Johnson

USA Today, October 20, 2006

WASHINGTON — The House Appropriations Committee has let go about 60 private contractors who made up most of an investigative unit that was auditing billions of dollars in government spending, including the $62 billion federal relief package for Hurricane Katrina, the panel's spokesman said Thursday.

The investigators, attached to the committee's Surveys and Investigations division, were released during the past week, committee spokesman John Scofield said. He said that the quality of the unit's work had been questioned by leaders of the Republican-controlled committee, including some Democrats, but he declined to say who.

The shake-up — which leaves only 16 full-time employees in the investigative unit — comes about a year after the Appropriations Committee's chairman, Rep. Jerry Lewis, R-Calif., launched the Katrina review by saying the unit would “conduct a wide-ranging assessment and analysis of disaster spending.” At the time, Lewis said the unit had a tradition of “comprehensive” reporting.

It's unclear how the departures will affect the work of the unit, whose contract staff is made up of former employees of the FBI, CIA and other government investigative services. Some of them had worked for the unit for several years. Scofield said the dismissals would not compromise any ongoing investigations. Scofield said he could not identify the specific work being done by investigators because much of the unit's inquiries involve classified information.

Robert Pearre, the unit's director, did not respond to requests for comment.

Scofield said the “pace” of the Katrina review was not as critical as the quality of the work. “There is nothing sinister here. It's about how we do the best oversight.”

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The committee's ranking Democrat, David Obey of Wisconsin, was in his home state and could not be reached for comment.

Established in 1943, the investigative unit has focused mainly on defense and intelligence spending programs. Its reports usually are not made public. Regarding Katrina spending, however, Lewis has said he intends to reveal the results of the committee's investigation because of "the national importance of the Katrina recovery efforts and the record amount of funds that have been appropriated."

The committee's review of Katrina spending is one of several examinations of how government relief was directed and spent after the nation's worst natural disaster.

Last year, the Justice Department launched a separate inquiry into Katrina-related incidents of alleged fraud in which dozens of people have been charged. Many were accused of filing fraudulent claims of property damage in order to get thousands of dollars in government relief checks.

Capitol Hill Eats Own Pork (LAT)

The Los Angeles Times, October 20, 2006

WHERE HAVE YOU GONE, Jefferson Smith, now that we need you? A naïf sent to the U.S. Senate on a fluke in "Mr. Smith Goes to Washington," Smith (played by Jimmy Stewart) discovered that his mentor had slipped a provision into a "deficiency bill" to construct a dam on land secretly purchased by the

home state's political boss. The boss stood to make a killing, and Smith's former hero figured to get a piece of the action.

But Smith would have none of it. He knew graft and corruption when he saw it, so he made a courageous stand, nearly destroying himself in the process and etching into the American psyche a fable so beloved that no member of Congress, out here in the real world, would ever try such a thing.

Instead, Capitol Hill pols are outdoing even the movies with bills and deals that rake in big money for themselves, their families and their political friends.

In one of the latest instances, Senate Minority Leader Harry Reid (D-Nev.) is under fire for not reporting part of a complex real estate transaction that led to the sale of some of his Las Vegas property. After a little government land swap here and some rezoning there, Reid received $1.1 million. Now that the deal has made the newspapers, Reid has seen fit to amend his ethics report retroactively.

But Reid has nothing on House Republicans, who appear to be perfecting the art of "earmarking" money in federal spending bills to boost their real estate interests. Speaker J. Dennis Hastert (R-Ill.) earmarked funds for construction of a parkway near land he owned, which he later sold for a $2-million profit. Rep. Charles H. Taylor (R-N.C.) directed $11.4 million in federal funds to a highway-widening project that just happened to make it easier to get to resort acreage and subdivisions that he owns. Rep. Ken Calvert (R-Corona) directed federal money to projects near his Riverside County property that he later sold for about twice the purchase price. Earmarking in another highway bill put $1.28 million to work improving land near a development owned in part by Rep. Gary G. Miller (R-Diamond Bar).

Elected officials insist that, in earmarking funds, they are only doing what politicians have done for years: directing pork back to the home district. But that doesn't mean they should be allowed to use the federal purse to do favors for themselves or their political donors and friends who happen to own chunks of land near projects Congress approves.

Earmarking used to be done in virtual secrecy. But the House recently approved a rule drafted by Rep. David Dreier (R-San Dimas) that requires bills and reports to include a list of earmarks and the names of members who sponsored them. It's still not enough. If Congress is to repair its reputation, it must go beyond merely admitting that its members engage in self-dealing. It has to change. Jefferson Smith would demand no less. Neither do we.

OTHER NEWS:

Home Run: Dow's First Close At 12000 (WSJ)

By Gregory Zuckerman

The Wall Street Journal, October 20, 2006

Powered by once-skeptical investors rediscovering a passion for stocks, the Dow Jones Industrial Average yesterday closed above the 12000 mark for the first time, after testing the milestone for days. It looks as if there are more potential converts still on the sidelines.

The newfound enthusiasm comes from an array of sources, including small-time investors pouring money into mutual funds and hedge funds investing money for deep-pocketed institutions and individuals.

For all the excitement of the Dow's record close, which came on the 19th anniversary of the 1987 stock-market crash, the market barely nudged over the finishing line. The Dow, comprising 30 major companies, advanced just 19.05 points, or 0.2%, to close at 12011.73.

"It was pretty balanced between winners and losers with the bulls just getting a slight advantage," said Jon Najarian, chief executive of Najarian Capital in Chicago. "It wasn't like investors were throwing money at" shares.

Even so, the Dow is now up a solid 12% this year, reflecting a recent embrace of big companies, especially by hedge funds that traditionally prefer betting on smaller companies, where they can hunt for bargains others might not have noticed.

The blue-chip companies' gains are part of a recent marketwide rally that has seen technology and small stocks show signs of strength after months of dormancy. The Russell 2000 index of small companies is up 6.4% since Sept. 1, while the tech-stock-led Nasdaq Composite Index is up 6.7%, topping the Dow's 4.8% gain. The Russell 2000 now is just 1.8% below its high, reached on May 5, and is up 14% for the year, compared with 9.5% for the broad Standard & Poor's 500-stock index.

The S&P 500 rose just one point to 1366.96, a 0.1% increase, and still is off 11% from its record high in March 2000. The Nasdaq Composite was up 0.2%, or 3.79 points, to 2340.94, less than half its record high. Apple Computer, a Nasdaq stock, rose $4.46 to $78.99, a nearly 6% jump.

The Dow was helped by a run-up in shares of cigarette maker Altria Group, a Dow component, which rose $1.85 to $80.19.

Analysts say the climb could continue as long as interest rates and inflation remain low and more skeptics abandon their doubts and start buying. There are also some dangers ahead: The market could be jolted by a change in control of Congress following next month's midterm elections or by signs that the housing slump is worsening.

Data suggest a sizable group of skeptics remains, which could give shares room to rise. Measures of bearish bets in the market have remained high during the recent rally. Record amounts of stock are being sold short, meaning investors are wagering that prices will fall by selling borrowed shares in hopes of replacing them with cheaper ones bought later. In the New York Stock Exchange's latest monthly reporting period, ending last Friday, so-called short interest -- a measure of how much stock is being shorted -- rose for the ninth straight time. Through mid-September, the Nasdaq Stock Market saw short interest rise more than 25% this year. (Related article on page B6.)

"You haven't really seen excitement among investors, retail brokers and institutional trading desks yet," says Tobias Levkovich, Citigroup's chief U.S. equity strategist. "If investors get more aggressive, there is more upside to the market."

One sign that investors are rapidly warming up to U.S. stocks: Last month, $2.2 billion was added to U.S. stock-focused mutual funds, the second-highest monthly figure this year. And investors have added an estimated $2.6 billion so far this month, according to TrimTabs Investment Research, which tracks mutual-fund flows. That is a sharp contrast to much of the past year, when investors chased international stocks and shunned U.S. companies.

There also are indications that large investors are getting more comfortable with stocks. The Volatility Index, or the VIX, a measure of the market's estimate of the stock market's future bumpiness that trades on the Chicago Board Options Exchange, is near its lowest levels of the past decade. This suggests that investors are "relatively complacent, and fairly optimistic," says Thomas McManus, chief investment strategist at Bank of America's Banc of America Securities.

A number of investors seem to be pulling back from commodity investments, amid marked weakness in energy prices and other commodities lately, and may look to redeploy their cash in the stock market. Investors withdrew $214 million from mutual funds that invest in gold and precious metals last month, according to Lipper Inc., a fund tracker. These funds added $129 million each month, on average, during the past six months.

Hedge funds that focus on stocks have lagged behind the market this year, in part because they had doubts that share prices would climb. Many are jumping on the bandwagon, especially in regard to larger stocks. Large "speculative" investors, a category dominated by hedge funds, held more bullish than bearish positions on the S&P 500 as of Oct. 10, according to Merrill Lynch. Two months ago, more of these investors were betting against a rise in the S&P 500.

Global macro hedge funds, a category of funds managing $115 billion that bets on trends in various markets, now hold positions that amount to wagers that stocks will rise further, according to Merrill Lynch. Just two months ago, these big hedge funds were holding positions betting that stocks would fall.

Among the largest buyers of Microsoft, a Dow component, in the second quarter, were hedge funds Perry Capital, Farralon Capital Management, Eminence Capital and D.E. Shaw, according to securities filings tracked by FactSet Research. Hedge funds including D.E. Shaw, Renaissance Technologies and Citadel Investment were buyers of Hewlett-Packard, also part of the Dow.

Hedge funds manage about $1.2 trillion compared with about $9.6 trillion at mutual funds, but their buying could make a difference. According to some estimates, hedge funds are responsible for more than 40% of daily stock trades.

Hedge funds hold a near-record number of short positions linked to the Russell 2000, which tracks smaller stocks, suggesting they are becoming less enamored with smaller companies even as they warm to bigger stocks.

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Chris Johnson, of the research firm Schaeffer Investment Research, says he is encouraged that the high ratio of options on individual stocks that pay off if shares falter to contracts that rise in value if a stock jumps is roughly comparable to activity shortly before some past rallies.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the NYSE was 2.65 billion shares, as 2,033 stocks advanced and 1,268 fell.

Bond prices fell. The 10-year note declined 6/32 point, or $1.88 for each $1,000 invested, pushing the yield to 4.788%. The 30-year bond fell 11/32 to yield 4.911%.

The dollar weakened. Against the Japanese currency, the dollar fell to 118.16 yen, compared with 118.92. The euro rose against the dollar to $1.2628, compared with $1.2534.

Dow Closes Above 12,000 For The First Time (NYT)

By Vikas Bajaj

The New York Times, October 20, 2006

Less than three weeks after it set its first record high in more than six years, the Dow Jones industrial average closed above the 12,000-point mark for the first time this afternoon.

The achievement by the popular, though not comprehensive, barometer of the stock market indicates that investors are increasingly confident that the economy is poised to perform the rare feat of slowing without stalling. The Dow is up 12 percent so far this year.

The Standard & Poor's 500-stock index, a broader measure of the market, has also done well and is up 9.5 percent for the year.

The Dow's move above 12,000 came on modest gains for the day, with the industrial average rising 19.05 points, or 0.2 percent, to close at 12,011.73.

The day's gains were just as modest elsewhere in the stock market. The S.&P. rose 1 point, or less than 0.1 percent, to 1,366.96, while the Nasdaq composite index rose 3.79 points, or 0.2 percent, to 2,340.94.

"It is the best of both worlds here," said Steven M. Rogé, a portfolio manager at the Rogé Partners Fund. "We have interest rates that are still below the long-term average, capital is still flowing freely and growth is strong but not excessive."

The current rally, which started in late July after an early summer swoon, has followed a well-worn pattern in which stocks do well in the last three months of midterm election years, analysts experts note. The one difference this time is that the stock market started moving up in the third quarter, which historically has proven to be a weak stretch.

"You have to back a very long way to find a negative" in a midterm election year, said Sam Stovall, chief investment strategist at Standard & Poor's. "On average, you have a positive year 90 percent of the time."

Larger stocks, particularly in consumer staples, have done particularly well, which has helped the Dow, an index of 30 blue-chip companies.

Technology companies like Intel and Microsoft, which lagged the market earlier in the year, have also done well.

Some stock pickers, however, see that strength as a worrying signal that big company stocks may have become too expensive, at least for the time being.

More broadly, some economists and bond investors do not share the stock market's sanguine view. Atop their list of concerns is a softening housing market and its direct and indirect effect on the American economy.

If home sales continue to fall at current rates or faster, that decline will reduce employment in construction, mortgage lending and other related areas. Also, falling prices will make it harder for consumers to refinance and tap their homes for lines of credit for home improvement and other spending.

Other concerns include tensions in the Middle East and on the Korean peninsula. Those and other geopolitical crisis could easily reverse the two-month-long slide in oil and gasoline prices.

Dow Notches First Close Above 12,000 (WP/AP)

The Washington Post, October 20, 2006

NEW YORK, Oct. 19 -- The Dow Jones industrial average scored its first close at more than 12,000 Thursday as Wall Street, showing its growing confidence despite new evidence of a weakening economy, managed to hold on to a slim advance.

The Dow ended the day at 12,011.73, the ninth time in two weeks that the index achieved a record high close. The index gained 19.05, or 0.16 percent, for the day.

The Standard & Poor's 500-stock index rose 1.00, or 0.07 percent, to 1366.96. The Nasdaq composite index rose 3.79, or 0.16 percent, to 2340.94.

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The Dow's latest milestone came on the anniversary of Black Monday in 1987, when the Dow fell 508 points and also suffered its second-biggest percentage drop in history. The Dow finished that day at 1793.90.

The Dow's finish above 12,000 was the latest sign that the stock market continues a cautious recovery from the losses and despair that investors suffered in the early part of this decade. After peaking in early 2000, the Dow and other indicators fell precipitously during the dot-com collapse, recession and the impact of the Sept. 11, 2001, terrorist attacks.

Still, trading was erratic Thursday, with the overall market struggling to sustain gains after a pair of reports signaled that the Federal Reserve might have a tougher time orchestrating a soft landing of the economy. Disappointing earnings in the technology sector also weighed on stocks.

The Conference Board's index of U.S. leading economic indicators rose less than forecast in September. Meanwhile, the Philadelphia Fed's general economic index contracted for the first time since April 2003. The numbers rattled investors who had been sending stocks higher since September on optimism the Fed might cut rates in early 2007.Movers

Pfizer fell 42 cents, to $27.68.

Apple Computer rose $4.46, to $78.99. Sales of iPod music players helped fourth-quarter earnings.

Dell fell $1.58, to $23.12.

Advanced Micro Devices fell $3.22, to $21.01. The chipmaker forecast declining profit margins and lower desktop processor revenue.Indexes

New York Stock Exchange composite index rose 37.27, to 8,700.81.

American Stock Exchange index rose 16.21, to 1,933.08.

Russell 2000 index of smaller-company stocks rose 3.98, to 767.39.Volume

NYSE: 2.65 billion shares, up from 2.63 billion on Wednesday. Advancers led decliners by 4 to 3.

Nasdaq: 2.03 billion shares, down from 2.24 billion. Advancers narrowly outnumbered decliners.Commodities

Crude oil for November delivery: $58.85, up 85 cents.

Gold for current delivery: $599 a troy ounce, up from $$588.90 on Wednesday.

Dow Breaks 12,000 (USAT)

By Adam Shell

USA Today, October 20, 2006

NEW YORK — Dow 12,000 is a big round number, a fresh, mountainlike peak never seen before, but it doesn't mean a return to the dangerous days of hyperinflated stocks.

Investors who recall the steep declines suffered by massively overvalued stocks after the 2000 market top might worry that the Dow Jones industrial average's first close above 12,000 Thursday is a sign that stocks are again at superexpensive prices relative to earnings, or P-E ratios. But “compared with 1999 and 2000, when valuations reached surreal levels, the Dow is priced attractively,” says Quincy Krosby, chief strategist at The Hartford.

Despite rising 19.05 points Thursday to a record close of 12,011.73, the 30 stocks in the blue-chip Dow are trading at lower valuations than they were at the 2000 top, when stock investing surpassed baseball as the national pastime.

In early 2000, Dow stocks had a median P-E (half higher, half lower) of 29, says Ned Davis Research. Now, the median P-E is 18. The broader Standard & Poor's 500 is trading at roughly 14 times estimated 2007 earnings, vs. a 27 P-E in March 2000, Thomson Financial says.

Falling oil prices, strong corporate profit growth and a belief that the Federal Reserve is done raising interest rates have fueled the Dow's rally. While more reasonably priced stocks don't preclude a market pullback, which some Wall Street analysts predict given the impressive run-up the past few months, it could provide some support.

The Dow is now at or near price targets projected by investment strategists at the start of the year. It has topped the 12,000 target of RBC Dain Rauscher. It is fast-approaching the 12,100 target set by A.G. Edwards and the recently updated target of 12,222 set by S&P's technical strategist Mark Arbeter.

The Dow is also about 6% below a year-end 2007 target of 12,750 set by Citigroup's top equity strategist, Tobias Levkovich. It's 4,000 points away from Dow 16,000, an aggressive 2007 call made by Curtis Teberg, who runs a small mutual fund.

Aside from the morale boost the Dow's record-setting run gives, it also confirms that after five years, investors are finally pulling money out of small-company stocks and putting it to work in large stocks, says Joe Quinlan, chief strategist at Bank of America Global Wealth & Investment Management.

Still, it's too “early to pop the champagne,” says Leo Kamp, TIAA-CREF's chief investment economist, because a slowing economy could hurt earnings. “A sustained rally,” he says, “won't occur until the Fed cuts rates.”

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Economic Index Suggests Continued Slowing (WSJ)

By Michael Derby And Campion Walsh

The Wall Street Journal, October 20, 2006

Leading economic indicators pointed to slower U.S. economic growth in September.

Separate reports showed that factory activity in the Philadelphia region was flat in a mid-October reading even as manufacturers remain optimistic, and that weekly U.S. jobless claims hit a four-month low.

The Conference Board reported Thursday its index of leading indicators edged up just 0.1% to 137.7 in September, but noted that consumer expectations have improved. The index fell by a revised 0.2% in August. Economists had expected a more robust 0.3% advance last month.

"The economy has slowed but the evidence to date doesn't suggest it will stall or go into a recession," said Ken Goldstein, an economist with the private research group. "To the contrary, the economy retains considerable strength," given the rise in stock prices and drop in energy prices, he said. Mr. Goldstein also noted that employment remains robust and inflation relatively low.

Five of the 10 indicators making up the leading index rose last month, led by consumer expectations and money supply. The biggest negatives were building permits and average weekly manufacturing hours.

The group noted that the leading index has fallen in five of the last eight months, and from March to September, the index is down by 0.9%, a 1.7% annual rate decline.

Factory Activity in Philadelphia Area Idles

The Federal Reserve Bank of Philadelphia reported that a gauge of manufacturing activity in its region slipped to -0.7 in a mid-October reading from -0.4% in September. Economists expected October's reading to stand at 8.0. Negative readings indicate a contraction in activity.

The survey is widely seen as a precursor to a national reading on manufacturing activity next month. The October report followed the unexpectedly weak showing in September, an event that had caused considerable turmoil in financial markets. The findings of that report, however, weren't borne out in other regional manufacturing surveys, or in the Institute for Supply Management's national report.

Among the area firms surveyed, 22% reported increased activity this month, while 23% reported a decrease. Measures of new orders and shipments ticked higher from negative readings in prior months. The employment index fell by one point and, the regional bank said, remains at relatively low level. Manufacturers reported continued input-pricing pressures but a measure of prices paid dropped slightly from September's reading.

Expectations for future manufacturing growth improved after last month's sharp decline. Indicators for future orders, shipments and employment were all higher.

Weekly Jobless Claims Hit Four-Month Low

The Labor Department reported that initial jobless claims in the U.S. dropped by 10,000 last week to a seasonally adjusted level of 299,000 in the week ended Oct. 14. New claims for the week ended Oct. 7 were revised to 309,000 from a previously reported 308,000. Economists had expected a gain of 2,000 jobless claims, according to a survey by Dow Jones Newswires.

The four-week moving average of new claims, which smooths out weekly fluctuations, fell by 5,750 last week to 307,750, the lowest since the week ended June 24.

The number of workers drawing unemployment benefits for more than a week grew in the week ended Oct. 7, the latest week for which such data are available. These continuing jobless claims increased 25,000 to 2,453,000. In the week ended Oct. 7, the jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week.

Opec Set To Defend $60 Global Minimum (FT)

By Carola Hoyos

Financial Times, October 20, 2006

The Organisation of the Petroleum Exporting Countries on Thursday night agreed to cut production by 1.2m barrels a day, showing its determination to defend $60 as its new minimum international price.

The cut, which was deeper than the market had expected, will take Opec production to 26.3m barrels a day if it is fully implemented on November 1.

Saudi Arabia, the world's biggest oil producer, on Thursday warned that the cartel could make a second cut as early as December. The news is likely to push oil prices sharply higher this morning as traders had expected a reduction of 1m b/d.

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Opec oil ministers, who had for the last two weeks been divided over how to implement the cut, on Thursday agreed that each of Opec's 10 active members would participate on a pro rata basis, said Edmund Daukoru, Nigeria's oil minister and Opec's current president.

Nymex and Brent crude futures, the world's two benchmarks, had already begun to rise on Thursday in anticipation of the deal.

Ali Naimi, Saudi Arabia's oil minister, told reporters on Thursday: "The price is determined by the market, what we try to do is to make the market balanced. Today there is a dis-equilibrium between supply and demand. Today we are trying to get the market to the normal equilibrium and the price will take care of itself."

He added that the possibility of another cut "is there".

Vera de Ladoucette, an analyst at the consultancy Cambridge Energy Research Associates, said: "Usually when the decision is taken it has already been priced into the market. But sometimes Opec can surprise. The market is going to be caught off guard today by this decision."

Oil producers have watched with concern as crude oil inventories have grown, indicating that the market is oversupplied.

US inventories of crude have risen in the past week by 5.1m barrels a day to levels 8 per cent above those of a year ago, according to data published on Wednesday by the Energy Information Administration, the statistical arm of the US Department of Energy.

Oil prices in the last three months have fallen 25 per cent to below $60 a barrel. Mr Daukoru said: "We have never seen a drop [in the price of oil] like this in many years."

But despite its price concerns, Saudi Arabia did not want to return to being Opec's swing producer of oil, a role it played from 1980-86, when it cut supplies as prices fell. Therefore, it was imperative to get the rest of Opec on board.

The full seriousness of Opec's resolve will only become apparent in the next two months as members either adhere to the decision or cheat by not fully cutting their share.

As divisions had appeared within Opec within the past two weeks, traders began to doubt the cartel's ability to act.

They will be looking at whether the cuts will be adhered to by at least the cartel's lead members.

Opec's ambition to cut supplies comes at a cost, particularly for countries that have heavily invested their petrodollars into building up their oil sectors. Libya, the United Arab Emirates, Nigeria and Algeria have courted international energy groups to help them boost their production.

Venezuela, Indonesia, Qatar and Iran also have international oil companies working in their fields. These members of Opec will now have to tell the likes of Europe's Royal Dutch Shell, BP, Total, Repsol and the US's ExxonMobil and ChevronTexaco to reduce the output from their fields and forgo revenue. How much each company will have to sacrifice will depend on how Opec splits the burden of the cut among its member states.

But the news is not all bad for the companies as they will benefit from any boost in prices that follows Opec's decision.

OPEC Signals Resolve With Cutback (WSJ)

By Chip Cummins, Spencer Swartz And Anees Al Qudaihi

The Wall Street Journal, October 20, 2006

OPEC's decision to reduce production by 1.2 million barrels of oil a day -- a modestly larger cut than expected -- marks its strongest signal in years that the cartel will act aggressively to stop falling crude prices.

The decrease -- decided at a hastily arranged meeting late last night in Doha, Qatar, by the Organization of Petroleum Exporting Countries -- represents about 4% of the group's current output and just more than 1% of global consumption. The cuts will take effect Nov. 1, OPEC said in a statement after the meeting. In comments before and after the meeting, ministers suggested the cartel could cut again this year if necessary.

OPEC ministers had indicated in recent weeks they had all but agreed to cut output by one million barrels a day -- worried that slowing demand growth, swelling inventories and new supply from non-OPEC producers threatened a downward price spiral below the $55-to-$60-a-barrel range for U.S. benchmark crude they suggested they were targeting.

But markets had largely shrugged off the threatened cut amid squabbling among ministers about how to distribute the decrease in production among members. That squabbling called into question the group's resolve.

By announcing a bigger-than-expected cut and leaving on the table the prospect of more cuts later in the year, OPEC ministers appear to be trying to send a strong message that they will stomach the temporary pain of reduced oil sales in exchange for the stability of higher prices.

If the gambit works, crude-oil prices could stabilize from their roughly 25% drop from mid-July highs. That could also put a floor under gasoline prices, which have also fallen sharply in the U.S., providing consumers a welcome boon from years of rising fuel costs.

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But OPEC hasn't necessarily won its battle to stabilize crude prices. In the past, OPEC members have been reluctant to decrease production in line with their promises, fearful of the double whammy to state coffers of falling prices and reduced volume. And the cut is still a small proportion of total global demand of some 84 million barrels a day. If demand growth slackens, as some analysts are predicting, prices could continue to fall.

U.S. benchmark crude futures rose 85 cents, or 1.5%, to $58.50 on the New York Mercantile Exchange yesterday, before the outcome of the OPEC meeting. (See related article on page C4.) Prices have plunged from a nominal settlement high of $77.03 on July 14 and remain well below an inflation-adjusted high of $99.56, reached in April 1980.

The decision ended for now a rancorous debate among OPEC members about how to portion out the group's first production cut since February 2004. Countries that had been struggling to pump enough oil to meet their allotted share of the cartel's output had argued the group should simply reduce those quotas. That solution would cause them little pain but require the group's heavy producers to cut back more sharply.

But ministers last night said they would cut from the group's actual current output. The International Energy Agency estimates OPEC's output reached 27.8 million barrels a day in September excluding Iraq, which is exempt from production limits.

Saudi Arabia's oil minister, Ali Naimi, OPEC's de facto leader as the representative of the group's largest producer, suggested OPEC would act aggressively to bolster prices. Before going into last night's meeting, he said he supported another cut in output in December if necessary.

"We're trying to get the market back to equilibrium," Mr. Naimi told reporters ahead of the meeting.

OPEC Says It Will Cut 1.2 Million Barrels A Day (WP)

By Steven Mufson

The Washington Post, October 20, 2006

The Organization of the Petroleum Exporting Countries early today announced plans to cut oil production by 1.2 million barrels a day, equal to 4.3 percent of the group's total, in an effort to stop the slide in oil prices over the past three months.

The unexpectedly large size of the cut, the cartel's first since December 2004, was aimed at the many oil traders and analysts who still take a skeptical view of OPEC's will to follow through and carry out meaningful output reductions.

In contrast to the jawboning about production cuts that has been going on for the past three weeks, this plan emerged from an emergency meeting in the Qatari capital of Doha and had the crucial support of Saudi Arabia, the biggest producer in the group.

Qatar's energy minister, Abdullah bin Hamad al-Attiyah, announced the decision after a late-night session and said that the production cuts would take effect Nov. 1 and be shared by all OPEC members except Iraq, but he did not say how the cuts would be allocated among the members, a key issue.

Earlier as he arrived for the meeting, Saudi Arabia's Oil Minister Ali al-Naimi threw his support behind a 1 million-barrel-a-day cut in production. "We're trying to get the market back to its normal equilibrium and the price will take care of itself," he told reporters in the Qatari capital. Prices have fallen from a peak of $78.40 a barrel in July to just under $60 a barrel recently.

Many analysts remained doubtful that the 11-member group could agree on how to divvy up the production cuts or whether it could avoid cheating by members even if they did reach an agreement. With prices high, the incentive for members to cheat is also high.

"Talk is cheap, oil isn't," said Fadel Gheit, oil analyst with Oppenheimer & Co. He said that OPEC members "never thought in their most optimistic forecasts that oil prices would be as high for as long as they have been. For them to have a knee-jerk reaction to $60 oil doesn't make sense."

Before the final agreement was announced, crude oil prices on the New York Mercantile Exchange closed at $58.50 a barrel, up 85 cents, for November delivery.

But other analysts said that OPEC's move would have an impact. Even if the cuts fall short of the stated target, "clearly cuts are on the way, and just at the moment when demand for crude oil is about to skyrocket" because of the start of the winter heating season, said Edward Morse, chief energy economist at Lehman Brothers. Morse said he was surprised that Saudi Arabia agreed to publicly cut production just before the U.S. elections. "OPEC doesn't like to see the market betting against it and clearly felt the need to act to change the psychology of the marketplace," he said.

It remained unclear what price level OPEC is trying to support. As prices have risen, so too have the cartel members' expectations. Though down about 25 percent from its July peak, the price of crude oil is still high by historical standards. Just four years ago, OPEC had a target range of $22 to $28 a barrel. Now many members talk about supporting a price of $55 a barrel. (OPEC's oil basket usually carries a slightly lower value than the higher quality oil used as a benchmark on spot markets.)

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Higher oil revenues have political as well as economic implications. Oil dollars have helped bankroll Venezuela's efforts to spread its influence in South America, Iran's assistance to Hezbollah and the United Arab Emirates' glittering new buildings. Virtually all OPEC members have boosted spending to contain domestic social pressures.

In Saudi Arabia, where there is a rapidly growing underemployed labor force, high petroleum prices in 2005 helped double the central banks' foreign asset holdings; they also fueled 6.6 percent growth and a budget surplus equal to 18.4 percent of gross domestic product despite a sharp increase in government spending, according to an International Monetary Fund report in August. This year, average oil prices have been higher.

Saudi support is crucial for any effective OPEC cut. The kingdom accounts for nearly 30 percent of OPEC output and it is the group's swing producer. But within OPEC, it is also considered a moderate on pricing, preferring a stable price to a volatile one that might encourage too many alternative energy projects. Most traders believe that Saudi Arabia will shoulder about half the burden of OPEC's actual cuts. Bloomberg News reported that before the meeting, Naimi said: "What is 33 percent of 1 million -- that is an excellent number."

One issue the group has faced as it has negotiated over how to implement the 1.2 million-barrel-a-day cut is whether to calculate the cut from members' actual production or from their quotas, the production ceilings that were established by mutual agreement years ago and have been suspended. Kuwait, Algeria and Libya have expanded production beyond their old quotas. Venezuela, Iran and Indonesia are already producing far less than their quotas. Naimi said as he arrived for the meeting that cuts should come out of current production; Iran's oil minister, Kazem Vaziri Hamaneh, said in a statement on the ministry's Web site that cuts should be calculated from quotas, Bloomberg News reported. Last night, the Qatari minister, Attiyah, said the cuts would be from current production.

A senior European oil trader and consultant said yesterday that he doubted that OPEC could implement more than half a million barrels a day of output cuts, though he said even that might be enough to stabilize oil prices.

Without ceremony, Saudi Arabia has already trimmed its production in recent months. Its output has been reduced from 9.5 million barrels a day in the spring to 9.1 million barrels a day currently. Most of the reduction has been in low-quality crude oil that is difficult to refine and less sought after. Further reductions would probably be in this area, oil traders said.

OPEC has a regularly scheduled meeting in the Nigerian capital, Abuja, on Dec. 14. Ministers said they would review market conditions then, and cut further if necessary to prop up prices.

For the big oil companies, high prices remain welcome news. Doug Leggate, oil analyst at Citigroup Inc., said, "For the [producing] companies in this sector, the ExxonMobils, they are printing money at these prices."

The Petroleum Paradox (WP)

By Steven Mufson

The Washington Post, October 20, 2006

Exactly three months ago, as oil prices touched $78.40 a barrel, people wondered where the ceiling was. Investment dollars flowed into a raft of alternative energy projects, and famous oilman T. Boone Pickens talked about $100-a-barrel crude oil and $4-a-gallon gasoline.

Since then, oil prices have dropped 25 percent, to $58.57 a barrel, leaving people to speculate about where the price floor is. OPEC ministers are fretting, some hedge funds are losing billions of dollars on bad market bets, and Pickens now mumbles about $70-a-barrel crude oil. Others are talking about half that price.

These wide-swinging cycles have long characterized oil markets, and the resulting uncertainty has served to discourage some of the big-money, long-term investments in new drilling, more-efficient refining techniques or alternative energy sources that could more easily meet growing demand. Now that prices have pulled back from the $70 range that held for much of the past year, industry watchers are worried that the urgency to invest in new supply may dissipate.

"Only high prices can turn around two decades of sluggish investment in exploration, production and refining capacity," said Leonardo Maugeri, author of "The Age of Oil" and senior vice president for strategy at the Italian oil giant ENI SpA. That is, the only cure for high oil prices is a high oil price.

Suddenly, the talk of the oil-producing countries is how to prop up prices, not how to ease the supply squeeze and calm political tensions that had kept oil prices stubbornly high. Yesterday the Organization of the Petroleum Exporting Countries held an emergency meeting to negotiate production cuts. But energy experts put little faith in OPEC's efforts to hold the line on supply and prices; rather, the experts are bracing themselves for the downward whoosh of another boom-and-bust cycle.

"When you're told that 'this time is different,' that is usually the time for warning bells to go off," said Daniel Yergin, author of a history of the oil industry called "The Prize" and chairman of Cambridge Energy Research Associates. "There's no reason to think that cycles have been abolished."

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OPEC produces about 40 percent of the world's 85.4 million barrels a day of oil. Despite OPEC's new commitment to cut production by 1.2 million barrels a day, the politics of the organization -- such as the traditional rivalry between Iran and Saudi Arabia or the need in populous Venezuela and Nigeria to keep up revenue to contain domestic social pressures -- make it hard for members to agree on how to share the burden of output cuts. So far, international oil traders seem unimpressed by the countries' efforts. Prices remain quiescent.

No major company has yet backed off investment plans announced when oil was $20 a barrel higher.

ConocoPhillips Co. and EnCana Corp. are still planning to spend the $10 billion they announced this month to tap and refine thick Canadian tar sands. Cambridge Energy Research Associates estimates that a new Canadian tar sands project needs oil prices of at least $35 a barrel to be profitable, much more than most conventional oil projects.

Chevron Corp. and its partners are still committed to tapping oil reserves in the deep waters of the Gulf of Mexico, where they paid more than $100 million to drill a single exploratory well. Oil firms are also circling reserves in deep water off Angola, where their investments will pay off if oil costs as little as $20 to $30 a barrel.

At this point, oil costs are still high enough for these investments to make sense. "This price is the level we had just four or five months ago. This is not a collapse," said Doug Leggate, oil analyst at Citigroup Inc. "A collapse is $20 oil. This is a pullback."

Earlier this year, BP PLC chief executive John P. Browne said that his planners expected prices to drop no lower than $40 a barrel and that the company will therefore continue exploration and investments that would be profitable at that price.

Though experts agree that wide swings will persist in the oil markets, some think the price floors will never reach, say, $20 a barrel, last seen in March 2002. "We have to face the fact that prices are rising," said James R. Schlesinger, former secretary of defense, secretary of energy and CIA director and now head of a Council on Foreign Relations task force that warned this week that oil dependency is compromising U.S. foreign policy. "There is an illusion in the body politic that we can go back to an era of cheap oil, and that's just not feasible."

Some analysts think prices will stay high because there's only a limited amount of oil in the ground and production has peaked. Even those who disagree think much of the "easy oil" is gone. Yergin said oil supplies will keep pace with demand and increase to 110 million barrels a day by 2015. He said that because of high prices, "nontraditional liquids" -- oil sands, ultra-deep water and liquid fuels produced from natural gas -- will be a bigger portion of that total.

Investors in alternative energy supplies have also been lured by high prices. Some of these projects can be profitable at lower price levels. One executive in search of funding claims his firm can turn organic waste into ethanol for less than $1 a gallon. Other projects -- including wind, solar and hydrogen -- depend on continued high prices.

"Fuel prices can slip and put a lot of people out of business," Richard Branson, the British music and airline tycoon, said last Friday in Washington. Branson has said he will invest $3 billion in other fuels, such as ethanol. If oil prices fall, he said, "I have an advantage because I'm in the airline business. At least I can balance the books by saving money for my trains and planes." Others might not be so lucky.

World oil demand can also alter the long-term dynamics of the market -- and it's another unknown factor. After the 1979 spike in oil prices, energy use fell much more than conventional wisdom thought possible. Now analysts are trying to measure the impact of more than a year of high prices. The International Energy Agency says global oil demand will be 84.6 million barrels a day this year, a bit lower than the agency's earlier forecasts but still up 1.2 percent from last year. The increase is driven almost entirely by China and the Middle East; consumption in the developed countries belonging to the Organization for Economic Cooperation and Development declined. The IEA expects world demand to rise 1.7 percent next year.

"The real change is long term," Yergin said. "When people buy their next car, what do they buy? Fuel economy, which had fallen off the charts, is very much back on the charts now." Yergin notes that after the 1979 spike in oil prices, it took five to seven years for consumer responses to fully show up.

"It comes down to what this does to turnover of the nation's basic capital stock, from cars to factories," he said. "At a certain point, you notice and you start reengineering your factories. I think that's what's happened here."

Raise The Gas Tax (WSJ)

By N. Gregory Mankiw

The Wall Street Journal, October 20, 2006

With the midterm election around the corner, here's a wacky idea you won't often hear from our elected leaders: We should raise the tax on gasoline. Not quickly, but substantially. I would like to see Congress increase the gas tax by $1 per gallon, phased in gradually by 10 cents per year over the next decade. Campaign consultants aren't fond of this kind of proposal, but policy wonks keep pushing for it. Here's why:

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The environment. The burning of gasoline emits several pollutants. These include carbon dioxide, a cause of global warming. Higher gasoline taxes, perhaps as part of a broader carbon tax, would be the most direct and least invasive policy to address environmental concerns.

Road congestion. Every time I am stuck in traffic, I wish my fellow motorists would drive less, perhaps by living closer to where they work or by taking public transport. A higher gas tax would give all of us the incentive to do just that, reducing congestion on streets and highways.

Regulatory relief. Congress has tried to reduce energy dependence with corporate average fuel economy standards. These CAFE rules are heavy-handed government regulations replete with unintended consequences: They are partly responsible for the growth of SUVs, because light trucks have laxer standards than cars. In addition, by making the car fleet more fuel-efficient, the regulations encourage people to drive more, offsetting some of the conservation benefits and exacerbating road congestion. A higher gas tax would accomplish everything CAFE standards do, but without the adverse side effects.

The budget. Everyone who has studied the numbers knows that the federal budget is on an unsustainable path. When baby-boomers retire and become eligible for Social Security and Medicare, either benefits for the elderly will have to be cut or taxes raised. The most likely political compromise will include some of each. A $1 per gallon hike in gas tax would bring in $100 billion a year in government revenue and make a dent in the looming fiscal gap.

Tax incidence. A basic principle of tax analysis -- taught in most freshman economics courses -- is that the burden of a tax is shared by consumer and producer. In this case, as a higher gas tax discouraged oil consumption, the price of oil would fall in world markets. As a result, the price of gas to consumers would rise by less than the increase in the tax. Some of the tax would in effect be paid by Saudi Arabia and Venezuela.

Economic growth. Public finance experts have long preached that consumption taxes are better than income taxes for long-run economic growth, because income taxes discourage saving and investment. Gas is a component of consumption. An increased reliance on gas taxes over income taxes would make the tax code more favorable to growth. It would also encourage firms to devote more R&D spending to the search for gasoline substitutes.

National security. Alan Greenspan called for higher gas taxes recently. "It's a national security issue," he said. It is hard to judge how much high oil consumption drives U.S. involvement in Middle Eastern politics. But Mr. Greenspan may well be right that the gas tax is an economic policy with positive spillovers to foreign affairs.

Is it conceivable that the policy wonks will ever win the battle with the campaign consultants? I think it is. Even after a $1 hike, the U.S. gas tax would still be less than half the level in, say, Great Britain, which last I checked is still a democracy. But don't expect those vying for office to come around until the American people recognize that while higher gas taxes are unattractive, the alternatives are even worse.

Mr. Mankiw, a professor at Harvard, was chairman of the Council of Economic Advisers from 2003 to 2005.

Police: Motorist Who Struck Officer Is 2nd Circuit Judge (LAW/AP)

The Associated Press

AP, October 20, 2006

A popular city police officer was fighting for his life Thursday after being hit by a sport utility vehicle driven by a federal judge, New Haven, Conn., police said.

Officer Dan Picagli, a 17-year veteran of the force, was hit while working an extra-duty job directing traffic in the rain Tuesday night in a dimly lit section of Chapel Street.

He had on a black raincoat, and Police Chief Francisco Ortiz said Thursday that he was wearing a reflective vest. Ortiz described Picagli's injuries as life-threatening.

City officials identified the driver of the SUV that hit Picagli as John M. Walker Jr., a judge on the 2nd U.S. Circuit Court of Appeals in New York, who lives in Connecticut and maintains court chambers in New Haven. They said he was leaving work when the accident happened.

Ortiz said a long investigation will be required to determine what happened, but police did not feel it was necessary to test Walker for drugs or alcohol.

"He's cooperating," Ortiz said. "He's also very much distraught over what occurred."

Walker, 65, voluntarily stepped down as chief judge Oct. 1 and took the status of senior judge, said spokeswoman Karen Milton, circuit executive for the appeals court.

"Our thoughts and prayers are with the police officer and his family, and we pray for his full recovery," Milton said.

The 2nd Circuit handles federal court appeals from New York, Connecticut and Vermont.

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Picagli, 38, was the school resource officer at Fair Haven Middle School and later spent time with the department's youth-oriented policing unit.

He currently oversees the Board of Young Adult Police Commissioners and the Police Athletic League, where he organizes athletic camps for city children.

Confusion Reigns Over Safety Tester's Approval Of E85 Fuel Station Pumps (USAT)

By Justin Hyde, The Detroit Free Press

USA Today, October 20, 2006

WASHINGTON — Underwriters Laboratories, the product-safety testing group, said on Thursday that it has no timetable for approving E85 systems for filling stations, an issue that's created confusion around the country and could slow the spread of ethanol fuel.

A UL listing is a requirement for filling stations under most fire codes. But on Oct. 5, UL said it was suspending its listings for any fuel system that handles E85, a blend of 85% ethanol and 15% gasoline.

John Drengenberg, UL's manager of consumer affairs, said the group had certified some parts of a fueling system as acceptable for alternative fuels, but it didn't take a close look at E85 until May, when a supplier applied for a UL listing for an entire "dispenser" — the pump and nozzle you park next to for refueling.

The lack of the UL seal for fuel pumps carrying E85 means that most of the roughly 1,000 stations that carry it likely violate fire codes. It also means that in most states, stations that want to install E85 pumps will need waivers from local or state fire marshals.

No safety problems with E85 pumps have been reported. UL's decision applies only to pumps that sell fuels containing more than 15% ethanol.

So far, two E85 stations in Columbus, Ohio, have been closed because of a lack of a UL listing.

Drengenberg said that as UL began to examine the system, it realized it needed more information about how ethanol reacts over long periods of time with parts made from some metals.

"We looked at it very carefully, and we found this issue of the corrosiveness of ethanol," Drengenberg said. "We're going to hold back until we get all the questions that came into our minds answered."

He said UL understands the demand for E85 pumps and is moving quickly.

Nearly all current E85 pumps were converted from gasoline, and while some components had UL listings for ethanol, many companies sold parts that had been UL-listed for gas, then upgraded to handle ethanol.

Robert Renkes of the Petroleum Equipment Institute, which represents 1,600 companies that supply fueling stations, said the UL decision puts pressure on local officials to decide whether to allow new stations.

Ruling Is Due For Justice Who Lobbied For Bush Pick (NYT)

By Ralph Blumenthal

The New York Times, October 20, 2006

HOUSTON, Oct. 18 — A year after the Bush administration enlisted a Texas Supreme Court justice in its unsuccessful bid to put Harriet E. Miers on the United States Supreme Court, a special state court is to announce Friday whether the judge was guilty of "willful and persistent" violations of judicial ethics for his role in that effort.

The justice, Nathan L. Hecht, 57, the longest-serving member of the Texas high court and a friend of Ms. Miers for 30 years, testified before the State Commission on Judicial Conduct that he had given about 120 interviews to reporters in which he promoted her nomination.

Justice Hecht, a Republican who is running for re-election, also said he had reported back to the White House on questions he was asked about Ms. Miers, President Bush's longtime counsel.

Justice Hecht was widely portrayed in news reports as Ms. Miers's "spokesman." Defending himself before commission members, he said he had been swept up in a "tsunami" of news coverage. "I felt I was drawn kicking and screaming into the process," he testified.

But under questioning, he acknowledged, "Nobody forced me."

Justice Hecht also told the commission that he had been advancing a public interest in Ms. Miers's nomination, that she was not a candidate for elective office and that he was entitled to free speech.

But the commission, citing rules it said had been devised by Justice Hecht's own court, argued that the judge had improperly lent the prestige of his office to advance someone else's "private interests," illegally used his name to endorse "another candidate" for "public office," and violated the State Constitution by conduct discrediting the judiciary.

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Texas judges themselves had asked for the prohibition against political endorsements to fend off requests from fellow party candidates. Judges in Texas run for election on party lines.

The commission decided in May that the justice's actions on behalf of the White House and Ms. Miers merited a public admonition, the lightest form of reprimand, which carries no criminal or civil consequences.

But Justice Hecht sought to overturn the sanction by appealing to a Special Court of Review, which is randomly selected by the Texas Supreme Court, the nine-member bench on which Justice Hecht has served since 1989. The Texas Supreme Court has final authority over civil and juvenile delinquency cases; the Court of Criminal Appeals has ultimate jurisdiction over criminal cases.

In an unusual move, the special court — two state appellate judges from Dallas and one from El Paso — had announced this month that it would release its ruling at a court hearing and news conference in Fort Worth on Oct. 23. But this week it said instead that it would notify the parties by fax on Friday. No explanation was given for the change.

Mark L. Greenwald, a special counsel for the commission, said that if the court dismissed the admonition against the judge, "I would hope the commission would appeal it, to get the United States Supreme Court on board." An appeal from a ruling by a special review court can be made only to the nation's highest court.

Mr. Greenwald said the minimal reprimand sought by the commission translated to "please don't do that again."

Charles L. Babcock, a lawyer representing Justice Hecht, said the judge had an unblemished record and was set on vindication. "He's a candidate for re-election," Mr. Babcock said. Even the admonition, he said, "has a very nasty effect."

The justice's appeal was supported in friend of the court briefs submitted by the Republican Party of Texas and the American Civil Liberties Union Foundation of Texas.

In testimony to the Special Court of Review in August, Justice Hecht traced the start of his involvement in Ms. Miers's nomination to a call from President Bush's senior adviser, Karl Rove, on Oct. 1, 2005, two days before Mr. Bush announced his choice to fill the Supreme Court seat being vacated by Justice Sandra Day O'Connor.

Justice Hecht told the court that Mr. Rove had asked him to talk to callers about Ms. Miers's "faith, about her religious background," and that the group included James C. Dobson, a conservative leader and founder of Focus on the Family.

Justice Hecht said he also answered news media queries, which he said were so numerous that he was asked to report back to a White House aide on the nature of the questions.

He conceded to the court that he told one reporter, "I'm a P.R. office for the White House," but he later called that a joke.

Justice Hecht said he had considered the Code of Judicial Conduct during his campaign in support of Ms. Miers's nomination but did not think he was in violation of it. That opinion, he said, was reinforced by two senior appellate judges with whom he conferred.

The evidence Mr. Greenwald presented to the special review court included a television interview in which Justice Hecht vouched for Ms. Miers as an opponent of abortion, citing her attendance at "a church that is — takes an open pro-life stance." He also said of Ms. Miers: "She is very charming, of course. Everybody says gracious, but also very determined."

Mr. Greenwald told the court the case was "Shakespearean." Faulting Justice Hecht, he said, "The very individual who is part of that process of making sure that the rules and canons are in compliance with the law, being charged with violating that canon."

Mr. Babcock, Justice Hecht's lawyer, said he agreed that the case was Shakespearean but for different reasons.

"Imagine the senior-most appellate justice of this state being sanctioned for speaking truthful speech on a matter of public importance that is core speech in our democracy," he said. "Tragedy, true. Comedy tonight, perhaps."

Bush Campaigns For 2 Lawmakers Caught Up In Controversy (NYT)

By Jim Rutenberg

The New York Times, October 20, 2006

LA PLUME, Pa., Oct. 19 — It is not every day that a United States president visits this tiny farm and quarry town of 603 residents, where the "breaking news" story discussed on local radio Thursday was about two men caught breaking deer-hunting laws.

And it is certainly not every day that the current president stumps on behalf of a fellow party member fighting for his political life after recently admitting to an extramarital affair — but denying his mistress's accusation of abuse — in a usually reliable Republican township here in northeastern Pennsylvania. In fact, it can safely be said that this president has never before done so.

But President Bush did come here on Thursday to lend crucial support to Representative Don Sherwood, whose confessed infidelity has put his House seat into jeopardy. And far from seeming to hold his nose, Mr. Bush strongly embraced Mr. Sherwood, firmly shaking his hand as they stood on the stage, smiling for the flashing cameras, and then telling supporters, with

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gusto, “I’m pleased to be here with Don Sherwood: he is the right man to represent the people of the 10th Congressional District from the state of Pennsylvania.”

The president also accompanied Mr. Sherwood; his wife, Carol and his daughter Maria to a local ice cream shop, ushering photographers over to take a picture of him with the Sherwoods, “a little family-style, eating ice cream.”

The appearance with Mr. Sherwood, at Keystone College, was the first of two stops that added up to a sort of Double Trouble Tour for Mr. Bush, who went from here to Richmond, Va., to a fund-raiser for Senator George Allen, who has been accused of using racially insensitive language and who has appeared to bristle at the recent revelation that his mother was born Jewish.

Democrats on Thursday cast the presidential visits as signs of anxiety at the White House and among national Republicans in this election year, mockingly calling it part of “Character Counts Week” in e-mail to reporters.

Local liberals, however, found it none too surprising.

“That’s how desperate he is to keep this one seat that he would actually support this man,” said Chris Darko, 49, who was one of dozens of people who turned out to protest the war in Iraq, and had to take black electrical tape off her mouth to speak. (It was worn to protest the United States’ treatment of terrorism suspects, she said.)

But the White House said it was living up to commitments made to candidates who still had the president’s support, though Tony Snow, the White House spokesman, declined Thursday to address directly the specific controversies involving Mr. Sherwood and Mr. Allen.

“The president understands it’s important to set high standards,” Mr. Snow told reporters. “But the other thing the president is doing is he’s going to go out and let the candidates speak for themselves on this.”

Mr. Bush did not dodge the issue of the Sherwoods’ marriage, going so far as to refer to a letter that Carol Sherwood sent to constituents over the weekend — and that easily made its way to local newspapers — chiding her husband’s Democratic opponent, Chris Carney, for mentioning the affair in a commercial.

“Private humiliation is one thing to endure,” Ms. Sherwood wrote. “But to be repeatedly, publicly humiliated is quite another.”

Mr. Bush turned to her on the stage, where she sat smiling, and said, “I read Carol Sherwood’s letter to the citizens of this Congressional district. I was deeply moved by her words.”

The president moved on to what he said were the two issues that mattered the most this campaign year, taxes and terrorism, beginning what may have been his strongest attack against Democrats so far this campaign season.

“As this campaign gets closer to the stretch,” he said, “you will hear a lot of rhetoric and a lot of partisan charges coming from the other side. Their goal is to distract you from the two main issues in this campaign.”

The White House did not make it easy for reporters to come here and report on his message. They were offered no directions and no charter plane to get to La Plume — far from Washington. White House officials said that was because the White House Correspondents Association, which organizes press transportation, did not ask for a plane, concluding that even with one, reporters could not catch both events.

Steven Scully, president of the association, said that was true, but he found fault with the scheduling by the White House. “They certainly weren’t making it easy for us to get up there; there’s no question about that,” Mr. Scully said.

At least this event was open to the press, he noted — unlike many others on Mr. Bush’s campaign schedule. And members of the news media were also invited to Mr. Allen’s event, to which the White House did offer directions.

At the Virginia event, Mr. Bush did not talk about the problems that have arisen in Mr. Allen’s campaign, calling the senator a “good man of strong principles” while focusing most of his remarks on tax cuts and the economy.

Outside the event, several hundred protesters drummed while chanting “Allen is a racist” and “Impeach Bush.”

Bush Campaigns For Pa., Va. Candidates (AP-Y)

By Jennifer Loven

AP, October 20, 2006

President Bush campaigned Thursday for a congressman who has confessed to adultery and a senator accused of racial insensitivity, seeking to boost incumbent Republicans once safe for re-election but now in peril.

Bush's appearances for Rep. Don Sherwood here and for Sen. George Allen in Richmond, Va., found the White House on the defensive over the decision to try to help candidates in such straits as the GOP struggles to keep control of Congress.

"I think the president understands that it's important to set high standards," said spokesman Tony Snow.

Bush, whose low approval ratings and identification with the unpopular war in Iraq has caused some Republicans to see him as a liability, tried to keep the focus on his contentions that Democrats would go soft on the war on terror and raise taxes if handed a majority in the November elections.

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But the pictures of the day were of Bush descending from Air Force One in Pennsylvania alongside Sherwood, his wife and one of their daughters, who were secreted onto the plane to set up the photo-op, and of the grinning foursome's appearance later at a local farmer's ice cream store.

Allen opted for a slightly less robust presidential embrace, merely greeting Bush at the bottom of his airplane's stairs and keeping a bit of a distance on their pumpkin-buying stop at a roadside stand. Sticking closely by Allen's side throughout was state Sen. Benjamin Lambert, who is black and a Democrat who has endorsed the GOP senator.

Sherwood has held one of the safest seats in Congress, his conservatism playing well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the past two elections. But last year, Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit that claimed he had choked her — he has denied he abused her — and has aired a campaign commercial asking constituents to forgive his infidelity.

Helping to raise more than $300,000 for Sherwood, Bush only obliquely addressed the controversy.

He praised Sherwood as "the right man to represent" his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign.

Bush called her a "caring and courageous woman" because of a letter she wrote to constituents over the weekend, in which she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair.

The president's main message at the event was that the Iraq war is part of the broader anti-terrorism effort.

He warned ominously that Democratic control of Congress would result in a chairman of the House tax-writing committee who would cut off funding for troops in Iraq and a House speaker, referring to now-Minority Leader Nancy Pelosi, who voted against a string of bills: renewing the Patriot Act, creating a Homeland Security Department, waging the Iraq war and authorizing a warrantless wiretapping program.

"Given the record of Democrats on our nation's security, I understand why they want to change the subject," Bush said.

Responded Pelosi spokeswoman Jennifer Crider: "Clearly, the president is getting desperate to keep his rubber-stamp Republican Congress if all he can do is try to scare the American people with false claims."

Later, scooping about $500,000 into Allen's campaign account, Bush switched his emphasis to the other pillar of his campaign-trail speeches: that Democrats would preside over an economically damaging increase in taxes on American families and businesses.

The president took the unusual tack of using a Democrat from yesteryear to ridicule the Democrats of today, pointing to President Kennedy's proposal upon taking office to cut taxes across the board, including on capital gains.

"John F. Kennedy was right in 1963 and George Allen and I are right in 2006," Bush said.

The troubles of Sherwood and Allen have made them two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away.

Allen, once considered a potential candidate for the Republican presidential nomination in 2008, is in a now-tightened race with Democratic challenger Jim Webb. Allen has spent weeks battling the fallout from a series of missteps that started when he used what is sometimes regarded as a racial slur against at Webb campaign staffer of Indian descent. Bush made no mention of Allen's troubles.

Webb, gaining ground in polls and on the incumbent's financial advantage, is drawing help from national Democrats. On Thursday, former President Clinton was also in Virginia, raising money for Webb at the home of former Sen. Charles Robb.

Last week, White House press secretary Snow was in the position of defending Sherwood as a sinner who, like everyone else, is in need of forgiveness and Allen as "not a bigot."

On Thursday, Snow said the president had not changed his mind on either of those points — though he declined to repeat them — and insisted there was no downside to campaigning for the two troubled Republicans.

Anti-war protests awaited Bush at both fundraisers, with the larger and more boisterous crowd in Richmond yelling "Impeach Bush" as his limousine pulled up.

Lawmakers Mired In Gaffes, Scandal Get Help From Bush (WT)

By Stephen Dinan

The Washington Times, October 20, 2006

LA PLUME, Pa. -- It is a sign of how bad Republicans' problems are that President Bush, this close to the election, had to stump yesterday for two men who should have locked up their re-election months ago but are facing difficult campaigns because of scandal or mistakes.

Mr. Bush first campaigned for a Pennsylvania congressman who admitted to a five-year affair with a staffer half his age, though Rep. Don Sherwood has denied her charges that he tried to strangle her.

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The president then flew to Virginia to campaign with Sen. George Allen, whose verbal gaffes have left him fighting for political survival against Democrat James H. Webb Jr.

Mr. Bush didn't refer to Mr. Allen's gaffes, which included using the word "macaca" -- considered a racial slur in some cultures -- to refer to an Indian American staffer from Mr. Webb's campaign. But in Pennsylvania he did refer to Mr. Sherwood's affair.

He noted that Carol Sherwood, the congressman's wife, had written an open letter over the weekend about the campaign and said he "was deeply moved by her words."

In the letter, Mrs. Sherwood said she has decided not to "dwell on" her husband's infidelity, and she accused his opponent, Democrat Chris Carney, of exploiting the issue.

"Perhaps Carney gets some pleasure out of hurting our family, or maybe that's what he thinks will make him a winner," she wrote.

Democrats said Mr. Bush's appearances yesterday were amusing given that last weekend he had proclaimed this as "Character Counts Week."

"It is no surprise that President Bush is celebrating Character Counts Week by campaigning today for two ethically challenged Republican incumbents," said Stacie Paxton, press secretary for the Democratic National Committee.

Mr. Carney said Mr. Bush "chose empty partisan rhetoric instead of addressing the realities facing our nation."

White House spokesman Tony Snow said Mr. Bush had no hesitation about campaigning for both men. Mr. Snow said last week that Mr. Bush does not think Mr. Allen is a bigot. Mr. Snow also said the president believes everyone sins, noting that Mr. Sherwood has asked for forgiveness.

In 2004, Mr. Bush captured 60 percent of the vote for president in Mr. Sherwood's district, and he won Virginia by eight percentage points over Sen. John Kerry, Massachusetts Democrat.

Yesterday's campaigning was a study in the power of the presidency to sway elections, particularly when in territory friendly to him. He emerged from Air Force One in Pennsylvania with Mr. Sherwood, his wife and their daughter Maria, and all of them paused for photos at the top of the stairway.

Mr. Bush then got maximum exposure in the district, taking a 30-minute motorcade route from the airport to the event and a different route back. Hundreds of supporters turned out to watch the motorcade. Mr. Bush also made a stop at an ice-cream store on the return trip, where he mugged for photos and gathered the Sherwoods around him inside the shop for what he called "family-style" ice-cream eating.

In Virginia, Mr. Bush stopped at a pumpkin patch with Mr. Allen along the motorcade route. Asked by the press during the stop about his campaigning for the two men, Mr. Bush demurred, saying instead that he was focused on getting a pumpkin for his wife, Laura.

Bush Makes House Calls On 2 Ailing GOP Candidates (LAT)

By James Gerstenzang

The Los Angeles Times, October 20, 2006

WASHINGTON — Rep. Don Sherwood shouldn't have needed President Bush's help in his reelection campaign. Sen. George Allen shouldn't have, either.

But there was Bush on Thursday, first in the small town of La Plume, Pa., and then in Richmond, Va., raising money and rousing the faithful — each appearance illustrating the difficulties Republicans face as they seek to hold on to what in the past have been safe seats.

Sherwood won 92% of the vote in his northeastern Pennsylvania district two years ago, just as he did two years before that, each time with no Democratic opposition. Allen, a former governor of Virginia seeking a second Senate term, only a few weeks ago was anticipating a run for the 2008 GOP presidential nomination.

Now, each presents unique challenges to the Republican Party as it tries to keep its majorities in Congress on Nov. 7: Sherwood is trying to survive a race in which accusations that the long-married lawmaker tried to choke his much younger mistress have become a central focus. Allen has committed a series of miscues that have raised suggestions of racism and efforts to hide his Jewish heritage.

Each race has put Bush in the awkward position of lending the prestige of the presidency to a candidate whose personal or political conduct is difficult to defend.

But that's just what he did, using the symbols of his office — and, in the case of Sherwood, an ice cream parlor — to convey his support.

Sherwood, accompanied by his wife, Carol, and daughter Maria, flew to Pennsylvania with Bush, offering a portrait of family togetherness as they stepped off Air Force One at the Wilkes-Barre-Scranton airport.

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After a fundraising reception at Keystone College, they stopped for five minutes at Manning Ice Cream & Milk in Clarks Summit. The president made sure the message was clear; he told photographers to record "a little family-style, eating ice cream," according to a pool report from Bush's motorcade.

In between, the president used the example set by Carol Sherwood to bolster the case for her husband's reelection. Responding to commercials raising the adultery issue by the Democratic candidate, college professor Chris Carney, she wrote in a mass mailing last weekend to district voters: "I am certainly not condoning the mistake Don made, but I am not going to dwell on it either…. We do not believe in flogging dead horses or living in the past. It is time to move on, and that is exactly what we are trying to do."

"I'm glad Carol's here with us today," Bush said at the reception, which the Republican National Committee said raised $375,000. "I read Carol Sherwood's letter…. I was deeply moved by her words. Carol's letter shows what a caring and courageous woman she is."

White House Press Secretary Tony Snow, who said Oct. 13 that Bush would stick to his commitments to campaign for Sherwood and Allen, was not quite as effusive Thursday.

Asked whether Bush had concerns, "personally and morally" about the controversies swirling about the two candidates, Snow said: "I'm just not going to comment on it."

Democrats gleefully pointed out that Bush was campaigning for Sherwood and Allen in the midst of what he declared Oct. 13 as "National Character Counts Week."

Sherwood's problems became public in May 2005, when the Wilkes-Barre Times Leader newspaper reported that District of Columbia police had responded to a 911 call from his Capitol Hill apartment the previous September. The woman who placed the call initially said Sherwood had choked her but then withdrew the complaint. In November, Sherwood settled a lawsuit she had filed, accusing him of physical abuse, after admitting a five-year affair.

Allen's difficulties emerged over several weeks this summer and autumn: During a rally, he referred to his opponent's dark-skinned campaign worker as "macaca"; he was reported to have repeatedly used a racial slur when referring to African Americans in the late 1970s; and he wrestled awkwardly with the disclosure that his mother's parents were Jewish.

At the Richmond fundraiser, which Republicans said brought in $530,000, Bush did not directly address the issues that have brought Allen into a tight race against former Navy Secretary Jim Webb, for whom former President Clinton was campaigning during the day.

Bush Boosts Allen Campaign, Even As Allen Nuances Pro-war Stance (AP)

By BOB LEWIS And MATTHEW BARAKAT

Associated Press, October 20, 2006

RICHMOND, Va. (AP) -- Sen. George Allen welcomed fundraising help Thursday from a visit by President Bush even as the senator distanced himself from Bush's tough stance on an increasingly deadly Iraq.

Allen's Democratic rival, Jim Webb, joined former President Clinton later Thursday at a fundraiser in McLean where they dismissed Bush's hawkish talk as more Republican scare tactics.

With polls showing little support for the war and poor numbers for Bush, even in conservative Virginia, the president is nevertheless campaigning nationally for sustaining American troop strength in Iraq until its fledgling government can control the sectarian carnage that threatens to spread into a civil war.

In Bush's speech to Allen supporters, he said that the best way to protect Americans is to stay on the offensive. He criticized Democrats' opposition to an indefinite military occupation in Iraq.

"That's why they're the party of cut and run," Bush said. "That's why the United States will stand with our allies in Iraq.

"We will give our military leaders the flexibility they need to win this war. We will stay and we will fight and we will win in Iraq," he said as Allen stood beside him, smiling broadly but saying nothing.

Allen has steadfastly backed Bush on the war, but when asked by reporters after Bush departed the fundraiser whether he still shares the president's hard line, Allen was evasive.

"I have my position based on my own assessment of Iraq," Allen said.

"The situation in Iraq is tough. Progress has been too slow. I think we do need to adapt to face this evolving threat that we find from the terrorists," he said.

Allen, over the past two weeks, has nuanced his position closer to that of fellow Virginia Republican Sen. John W. Warner, who returned from Iraq with a bleak assessment of the increasing death toll. Unless Iraq's government can function soon, Warner said in a news conference with Allen, the United States may have to consider changing its course.

"The president has his ideas on Iraq, John Warner has his and I have mine," Allen said Thursday.

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Clinton, at a fundraiser for about 375 Webb backers at the home of Democratic former Sen. Chuck Robb in the Washington, D.C., suburbs, said the public is weary of the Iraq politics Bush used successfully in 2004.

Republicans "won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times," Clinton said. "It's kind of mangy dog right now."

"Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?" he said.

Iraq has dominated Webb's candidacy. He warned in 2002, before the invasion, of a protracted military quagmire in Iraq that would destabilize the Middle East. Webb cited the war and other Bush policies for leaving the GOP. Six years ago, Webb not only endorsed Bush and Allen, he called Clinton's two terms "the most corrupt" in modern history.

Webb, a decorated Vietnam veteran, said his differences with Clinton were over the Vietnam War, which Clinton opposed as young man.

"On 9/11, that wall came down for me. I lost my anger about Vietnam," Webb said with Clinton at his side.

Earlier Thursday, Webb said he hoped his appearance with Clinton would be viewed as "a measure of reconciliation and understanding."

Clinton joked about Webb's criticism from six years ago.

"If I only supported people who didn't criticize me, I'd have no one to support," Clinton said.

More than 100 anti-Bush protesters gathered across the street from the fundraiser for about 250 people at the Science Museum of Virginia. Most protesters held signs or wore T-shirts against the Iraq war. Some Allen donors walked nervously through the gauntlet of activists.

Both campaigns estimated that their fundraisers would generate at least $500,000 come they approach the home stretch of the race and throttle up their media campaigns to well in excess of $1 million a week.

Allen on Thursday picked up the endorsement of the National Black Farmers Association and its president, John Boyd, who unsuccessfully ran for a Virginia congressional seat as a Democrat in 2000.

Boyd praised Allen for Senate legislation he introduced that would have provided an estimated 72,000 black farmers nationally an opportunity to have their discrimination claims heard in court.

The endorsement has added importance for Allen, who this fall has battled claims he used racist epithets in the 1970s and his use of an obscure ethnic slur against a man of Indian descent in August.

On Wednesday, Allen won the endorsement of the Veterans of Foreign Wars, even though he never served in the military and Webb was a highly decorated Marine veteran of the Vietnam War.

Allen also picked up the endorsement of The Washington Times in its Thursday editions.

"For Virginians who favor low taxes, strong defense, limited government and traditional values, George Allen is the clear choice," the paper wrote.

Webb, meanwhile, picked up the endorsement Thursday of the Police Benevolent Association and of the Rev. Curtis Harris of Hopewell, a contemporary of the Rev. Martin Luther King Jr. during the civil rights era and a national officer of the Southern Christian Leadership Conference.

Bush Trip Raises $550,000 (RTD)

By Tyler Whitley

Richmond Times Dispatch, October 20, 2006

President George W. Bush strongly defended the war in Iraq and tax cuts last night at a fundraising reception for U.S. Sen. George Allen in Richmond.

Allen aides said $550,000 was raised for the senator's re-election campaign. At the reception, the president said of the war: "It's tough," but added "we will fight, we will stay and we will win in Iraq."

He stood beside Allen, who has begun to express doubts about the war, in the rotunda of the Science Museum of Virginia.

In two hours and 40 minutes on the ground in Richmond, Bush stopped traffic, drew protesters and even found time to stop at a roadside stand in eastern Henrico County to buy a pumpkin for his wife, Laura.

"Don't tell Laura," he joked as television cameras captured him hefting a large pumpkin at Bill Gaulmyer's farm at Millers Lane and Gay Avenue.

The Bush entourage, which included political adviser Karl Rove, flew into Richmond International Airport aboard Air Force One after Bush spoke at a fundraiser for U.S. Rep. Donald L. Sherwood of Pennsylvania. Like Allen, Sherwood faces a tough re-election battle in a political climate that is hostile to Bush and particularly to the war in Iraq.

The presidential motorcade diverted briefly from Interstate 64 to the pumpkin patch before proceeding on to the twilight reception for Allen.

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Outside the Science Museum, protesters chanting anti-Bush and anti-war slogans appeared to outnumber the guests who paid $500 to listen to Bush deliver a 31-minute speech. Other guests paid $5,000 for the chance to mingle briefly with Bush and have their photograph taken with him.

The crowd, dwarfed by the rotunda in the old train station, numbered about 225 people.

"It's a fundraiser, not a rally," said Christopher J. LaCivita, a long-time Allen adviser.

Like the president, Allen put in a pitch for tax cuts, which have become a focal point of his campaign.

Neither Bush nor Allen mentioned Allen's Democratic opponent, Jim Webb, by name, but Bush lambasted Democrats in general for wanting to raise taxes. Allen, seizing on a debate comment when Webb said the government needed more revenues, has sought to tie Webb to tax increases. Webb has said he wants to close corporate tax loopholes and reimpose a tax on wealthier estates.

Bush, hoarse from his campaign rigors, said he and Allen had something in common.

"We both are named George, and we both married smart, beautiful women," he said. Allen's wife, Susan, beamed.

Among those to greet Bush at the airport was state Sen. Benjamin J. Lambert III, a Richmond Democrat, who has drawn criticism from fellow African-Americans for backing Allen. Lambert said Allen has promised federal aid for his alma mater, Virginia Union University, and other historically black colleges.

Bush praised Lambert and Allen for reaching across party lines.

Bush credited the tax cuts he began in 2003 with starting an economic surge that has created 6.6 million new jobs in 37 months. Some Democrats fought those tax cuts every step of the way, he said.

"The best way to continue with tax relief is to send George Allen back to the Senate," Bush said.

Bush said Democrats will not be strong enough in fighting terrorists. He said many Democrats voted against reauthorization of the Patriot Act and against giving interrogators more powers to question detainees. Opponents say those powers could include torture and a suspension of constitutional rights.

Speaking of the terrorists, he said, "These people use murder to achieve their political goals, and you cannot negotiate with them."

Bush said America should stand firm in Iraq because Osama Bin Laden "thinks America is weak and that it is just a matter of time before we withdraw."

Bush, Clinton Headline Va. Fundraisers (AP-Y)

By Bob Lewis

AP, October 20, 2006

President Bush criticized Democrats' opposition to an indefinite military occupation in Iraq during a fundraiser for the Republican Senate candidate Thursday, while President Clinton dismissed the comments as a scare tactic in a stop for the Democratic challenger.

The stops come as polls show the two locked in an even Senate race. Sen. George Allen appeared with Bush at the Science Museum of Virginia, while Democrat Jim Webb joined Clinton at a fundraiser at the home of Democratic former Sen. Chuck Robb.

The race is considered pivotal because a Democratic victory in once reliably Republican Virginia could signal a shift of power from the GOP to the Democrats in the Senate in the Nov. 7 midterm election.

In the speech to Allen supporters, Bush said the best way to protect Americans is to stay on the offensive. "That's why they're the party of cut and run," Bush said. "That's why the United States will stand with our allies in Iraq."

Clinton, speaking later in the evening, said the public is weary of the Iraq politics Bush used successfully in 2004. Republicans "won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times," Clinton said. "It's kind of mangy dog right now."

"Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?" he said.

Allen appeared with Bush even as he has nuanced his position on Iraq in recent weeks. Allen has steadfastly backed Bush on the war, but when asked by reporters after Bush departed the fundraiser whether he still shares the president's hard line, Allen was evasive.

"I have my position based on my own assessment of Iraq," Allen said.

Allen has been campaigning with his Virginia colleague, popular Republican Sen. John Warner, who said after a recent trip to Iraq that the country was "drifting sideways" and that a change in course may be needed if Iraq fails to restore order in two or three months. Allen's spokesman, Dick Wadhams, said this week that Warner and Allen "absolutely agree" on Iraq.

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Iraq has dominated Webb's candidacy. He warned before the invasion in 2002 of a protracted military quagmire in Iraq that would destabilize the Middle East. Webb cited the war and other Bush policies for leaving the GOP. Six years ago, Webb not only endorsed Bush and Allen, he called Clinton's two terms "the most corrupt" in modern history.

At an afternoon campaign event in Richmond, Webb — a decorated Vietnam War veteran who was President Reagan's Navy secretary — said his previous criticism of Clinton was rooted in divisions over that war.

"I think 9/11 for me just changed all that," Webb told reporters.

"I see this as a measure of reconciliation and understanding that we need to come together and bring this country forward on issues of national security, on issues of economic fairness. My standing with President Clinton hopefully will be interpreted that way," he said.

Once regarded only as a warm-up race for a presumed 2008 Allen presidential bid, the race became competitive in August after Allen singled out a man of Indian descent before a mostly white crowd at a rally and called him "macaca," which can be considered a racial slur.

A Washington Post poll released Sunday showed Allen favored by 49 percent of voters surveyed last week, while Webb had 47 percent support. The results were within the poll's sampling margin of error of plus or minus 3 percentage points.

Both campaigns estimated that their fundraisers would generate at least $500,000 come they approach the home stretch of the race and throttle up their media campaigns to well in excess of $1 million a week.

Bush, Clinton Ratchet Up The Drama (WP)

By Robert Barnes And Michael D. Shear

The Washington Post, October 20, 2006

President Bush added a stern stay-the-course message on the war in Iraq to his buoyant endorsement of Virginia Sen. George Allen (R) yesterday, and the region's high-profile Senate races received special attention not only from the current occupant of the White House but the former one as well.

While Bush raised about $500,000 for Allen (R) at an event in Richmond, former president Bill Clinton raced through Maryland and into Northern Virginia with a similar mission for Democrats in mind.

Clinton headlined a fundraiser for Maryland Senate candidate Benjamin L. Cardin, rallied die-hard Democrats at a park in Baltimore, raised money for gubernatorial candidate Martin O'Malley in Montgomery County and ended his evening across the river in McLean, where 375 Democrats ponied up about $500,000 for Democratic Senate candidate James Webb.

Clinton told the Baltimore crowd that his party now has a chance to represent not just progressives but also sensible conservatives. "There's something amazing going on here," Clinton said. "This is not a usual election."

In Richmond, Allen may have gotten a bit more support from the president than he wanted; after Bush departed, Allen seemed to distance himself from some of Bush's tough talk on Iraq.

As he and his wife, Susan, stood next to Bush in front of a huge U.S. flag, the president excoriated Democrats on national security and taxes. "They would have our country quit in Iraq before the job is done," Bush said. "That's why they are the party of cut and run. We will fight. We will stay. We will win in Iraq."

After the speech, the senator's aides brought Allen out to meet with reporters, where he softened the tone, saying that "America needs to adjust. Our battlefield commanders need to adjust and adapt to this evolving threat."

With polls showing that a growing number of Virginia voters are questioning whether the war was worth fighting, Allen has, in recent days, repeatedly sought to align himself with the commonwealth's senior senator, John W. Warner (R), who recently returned from Iraq and has been critical about the war's progress.

"John Warner and I discuss this . . . almost daily," Allen said, adding that a sudden withdrawal would "leave our country much less secure." Asked whether he agreed with Bush's "cut and run" statement, Allen said, "I'm not going to get in an argument here about the president's words versus my words."

He added: "The president has his ideas on Iraq, John Warner has his and I have mine."

In overwhelmingly Democratic Maryland, there was no disagreement with anything Clinton said. The crowd at a waterfront park in Baltimore, many wearing union jerseys, held camera cellphones, waved signs and cheered loudly at every applause line in the president's short speech.

Nostalgia for Clinton's years in office was the theme. Cardin, a congressman, introduced him in a plaintive voice, saying: "Mr. President, we miss you in the White House. It's been a long six years."

Clinton was full of his favorite old lines, saying that Republican attempts to accuse Democrats of not being up to the complicated battle against terrorism was "kind of a mangy old dog they're running out of the kennel one more time, and I don't think it'll hunt."

He said an anti-Washington fervor was something the political foot soldiers in Maryland should exploit.

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"You'd be amazed who wants to talk to you," he said. "In the next three weeks, don't give up on anybody."

The entire statewide Democratic ticket shared the stage with Clinton, and Democrats stressed that ousting Gov. Robert L. Ehrlich Jr. (R) and replacing retiring Sen. Paul Sarbanes (D) with Cardin was a way to send a message to Bush.

"Ehrlich is on his way out. A Democratic House and Senate are on the way in. And Bush is on his way down," Cardin said.

From the Baltimore waterfront, Clinton and the Democratic candidates gathered again at the gated Potomac estate of real estate developer Morton Funger. Party faithful paid from $1,000 to $10,000 to mingle with Clinton and O'Malley over shrimp and mini-Reubens on the expansive veranda, some of the attendees said.

Clinton then headed to former senator Charles S. Robb's McLean estate to prove that there are no permanent friends or permanent enemies in politics.

Irony abounded. In 2000, when he was a Republican, former Navy secretary Webb endorsed Allen over Robb, the incumbent, saying that Robb had become "part of the problem." And at that November event, Webb took one of his many swipes at Clinton, saying his was "the most corrupt administration in modern memory."

Webb, a decorated Vietnam War veteran, has said his feelings were driven by Clinton's avoidance of service in the military, "but I'll say on 9/11 that wall came down for me. I lost my anger over Vietnam." Webb made similar comments during appearances with Sen. Hillary Rodham Clinton (D-N.Y.), who has had at least two fundraisers on Webb's behalf during the campaign.

"I think there have been some obvious questions I have received about issues, issues that divided this particular generation during and after the Vietnam War," said Webb. "And I want to say as emphatically as I can it is very important for all of us to step forward and lead this country in a way it deserves in the areas of foreign policy and economic policy."

Clinton indicated no hard feelings.

"If I only supported those who never criticized me, I would have no one to support. That is part of being president. . . . Those times divided us, and maybe we are finally putting them behind us as a country."

The Allen campaign was not so accepting of the new friendship.

"Bill Clinton and Chuck Robb better enjoy their time with their fellow tax-raiser Webb tonight. His hypocrisy is becoming legendary," Allen campaign manager Dick Wadhams said. "Webb has a clear pattern of changing who he is and what he stands for with the political winds. Webb could well be calling Bill Clinton 'corrupt' and Chuck Robb a 'problem' again soon."

Both candidates in Virginia had to balance their guests' fundraising abilities with the baggage they bring to the state.

A Washington Post poll last week found that Bush's job approval among likely voters in the November election is at 43 percent in Virginia, about the same as nationally. In addition, 54 percent believe that the war in Iraq was not worth fighting, and 46 percent believe that "strongly."

The numbers are much higher, and Bush's approval rating much lower, in Northern Virginia, where about 30 percent of the state's voters reside.

At a news conference yesterday morning, Allen appeared reluctant to embrace Bush even as he prepared to welcome him to the state. Allen dodged a question about whether he is proud of his support for Bush -- the Webb campaign repeatedly points out that it is north of 95 percent -- describing his own record without once mentioning the president in his answer.

"I'm proud of my record as governor of Virginia, and I'm proud of my record in the United States Senate," Allen said.

Asked about the purpose for the president's visit, Allen said: "It's a fundraiser. The president's coming in to raise money. We need to raise money because Hillary Rodham Clinton has piled in a million dollars via the Democratic Senate committee."

Staff writers Tim Craig, Ann E. Marimow and Matthew Mosk contributed to this report.

JIM WEBB: Clinton Visit May Net Half-million (RTD)

By Peter Hardin

Richmond Times-Dispatch, October 20, 2006

ARLINGTON -- Former President Bill Clinton saluted Democrat Jim Webb yesterday for his service to the nation and his courage in challenging Republican Sen. George Allen.

"I value his service to our country," Clinton told reporters before he moved on to a fundraiser for the decorated Marine veteran, and "the sheer audacity it took for him to make this brave race."

Though they have had different views in the past, Clinton said he and Webb share a Scots-Irish lineage and hardscrabble upbringing, and deep divisions in the nation over the Vietnam War are passing.

"Those times divided us. Maybe we're finally putting it behind us, as a country," Clinton said.

Responding to a question about President Bush's remarks in Richmond earlier, Clinton defended Democrats on the Iraq war, saying, "There isn't anybody that's cut and run."

Last night's event completed a political turnabout for Webb when he aligned himself with Clinton's star-raising power.

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Webb hoped a sell-out crowd of 375 guests at the private event with Clinton later in the evening would give his campaign a big boost.

Webb aides estimated the proceeds at between $400,000 and $600,000.

Just six years ago, then-Republican Webb called the Clinton administration "one of the most corrupt" in modern times and backed Allen for election over incumbent Democratic Sen. Charles S. Robb.

Not only has Webb become a Democrat and patched things up with Clinton, last night's fundraising event in McLean was held at Robb's stately, brick-columned manor with a bird's-eye view above the Potomac River.

The appearance of Clinton in Northern Virginia on the same day that President Bush campaigned for Allen in Richmond not only underscored the importance of Virginia's vigorously contested Senate race, it mirrored the candidates' geographic strengths.

Webb, an author and former Navy secretary from Falls Church, had a solid lead in Northern Virginia in a recent Washington Post poll, with 56 percent of the vote compared to Allen's 42 percent.

In the rest of the state, Allen topped Webb in the poll by almost 10 points. Allen is a former governor, former House of Representatives member and former state legislator.

The Allen campaign, meanwhile, lambasted Webb with a press statement headlined "Webb Sells out Tonight . . . AGAIN." It cited his differences with Clinton and with Robb in the past.

"Webb has a clear pattern of changing who he is and what he stands for with the political winds. Webb could well be calling Bill Clinton 'corrupt' and Chuck Robb a 'problem' again soon," said Allen campaign manager Dick Wadhams.

Senate Race In Va. Draws Biggest Fundraisers (USAT)

By David Jackson

USA Today, October 20, 2006

RICHMOND, Va. — Locked in a tight race that could help decide control of the U.S. Senate, the two candidates in Virginia's Senate race Thursday brought out their party's big guns: the current and former commanders in chief.

President Bush raised money for Sen. George Allen, R-Va., while predecessor Bill Clinton campaigned with challenger Jim Webb. While Allen and Webb may hope the Oval Office aura changes voters' minds, political analysts said presidential visits are more about raising money and inspiring turnout by partisans.

“Both of them are the champion fundraisers in their parties,” said Bob Holsworth, a political scientist at Virginia Commonwealth University. “It shows you how the attention of the major parties has shifted to Virginia because of the sense it's a competitive race.”

Rich Galen, a Republican strategist, said that in non-presidential election years, campaigns need to find ways to energize wavering party members. “Presidents can do that,” he said. “Ex-presidents, too.”

The Bush-Allen event, at an old railroad station turned science museum, was expected to raise about $530,000. The Webb campaign did not offer an estimate for Clinton's appearance Thursday night at the home of former senator Chuck Robb.

A USA TODAY/Gallup Poll this month showed Allen with a 3-point lead over Webb, within the poll's margin of error. Allen had once been a heavy favorite in Virginia, but that was before he used the term “macaca” to refer to an Indian-American who had been filming an Allen campaign rally on behalf of the Webb campaign.

After attending a private reception, Bush and Allen were all smiles as they waved to the crowd of a few hundred in the rotunda of the train station.

Bush called the former governor of Virginia “a man who has earned the confidence of the people of this state. … We need him in the United States Senate.”

For Bush, it was a full day of helping candidates in trouble. Before jetting to Richmond, he spoke at a fundraiser for incumbent Rep. Don Sherwood, R-Pa., whose re-election bid has been dogged by his admission of an extramarital affair.

Clinton told about 375 Webb backers Thursday that the public is weary of the Iraq politics Bush used successfully in 2004, an issue Webb has focused on in his campaign.

Republicans “won two elections by skin-teeth by scaring people and dividing them up. But you can only run a dog through the same path so many times,” Clinton said. “It's kind of a mangy dog right now.”

“Look at Jim Webb. Does he look to you like a cut-and-run kind of guy?” he said.

Webb, a secretary of the Navy under President Reagan, also is a novelist and political commentator who in years past has had harsh words for Clinton.

In a 2001 letter to The Wall Street Journal concerning Clinton's end-of-term pardons, Webb, then a Republican, wrote, “It is a pleasurable experience to watch Bill Clinton finally being judged, even by his own party, for the ethical fraudulence that has characterized his entire political career.”

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Webb's spokeswoman, Kristian Denny Todd, said Webb's past disputes with Clinton stem from being on opposite sides during the emotional era of the Vietnam War. Todd said Webb changed his outlook after the 9/11 terrorist attacks, and opposes the war in Iraq.

Hastings Wyman, editor of the Southern Political Report, said it's hard to project a winner in Virginia's president-vs.-president faceoff. Wyman said each should “stir up the base a bit,” but, “with both of them going there, they'll probably cancel each other out.”

Big Names Campaign As Election Day Nears (WT)

By Christina Bellantoni And Seth Mclaughlin

The Washington Times, October 20, 2006

President Bush and former President Bill Clinton, rallying party faithful at swanky fundraisers yesterday, told Virginia voters their choice in next month's U.S. Senate election is crucial.

The Nov. 7 election is about "which party will take the steps necessary to protect the American people and win the war on terror and which party is going to keep your taxes low and keep this economy growing," Mr. Bush said while standing beside Republican Sen. George Allen and his wife, Susan, at the Science Museum of Virginia in Richmond.

"We just have a different point of view, a different look at the world," Mr. Bush said of Democrats and Republicans.

Mr. Clinton, who endorsed Democrat James H. Webb Jr. in the Senate race, agreed the two parties have clear opposing philosophies.

"We've got a chance to win a victory for America," Mr. Clinton said, casting the upcoming election as a historic opportunity for Democrats.

Before hosting a private fundraiser in McLean for Mr. Webb last night, Mr. Clinton appeared in Maryland where he stumped for Rep. Benjamin L. Cardin, the Democratic candidate for the U.S. Senate, and Baltimore Mayor Martin O'Malley, the Democratic candidate for governor.

The Republicans have been taken over, Mr. Clinton said at Frederick Douglass-Isaac Myers Maritime Park in Baltimore, "by the most ideological, most extreme wing" of the party, prompting some conservatives to switch parties.

"We represent, now, both strains" of American politics, said Mr. Clinton, who later appeared at a fundraiser for Mr. O'Malley in Potomac. Mr. Clinton was expected to raise $500,000 for Mr. O'Malley.

At a brief stop in Arlington last night, Mr. Clinton told reporters that he admired Mr. Webb's courage for running against Mr. Allen.

"I wanted to express my public support [for Mr. Webb] for some time," Mr. Clinton said of the former Republican who several years ago called Mr. Clinton's presidency "the most corrupt administration in modern memory." Both men mended their relationship after September 11, 2001.

"This is a question of whether we're going to be frozen in ideology that ignores evidence and arguments or whether we are going to look at evidence and arguments and do what's best for our country," Mr. Clinton said.

In Richmond, Mr. Bush told the estimated 300 people who turned out to show their support for Mr. Allen that the senator "has earned the confidence of the people of this state."

"There's no bigger issue than what we're doing with people's money," Mr. Bush said. "The best thing Virginia citizens can do to make sure that taxes stay low is to send George Allen back to the United States Senate."

Mr. Allen has said he wants to make the Bush tax cuts permanent before they expire.

Mr. Bush did not mention Mr. Webb, Navy secretary under President Reagan, by name or criticize him. But he did criticize Democrats as the "party of cut and run."

Mr. Clinton, while in Arlington, responded to Mr. Bush's "party of cut and run" comment.

"They won two elections by their skins' teeth, by scaring people," Mr. Clinton said. "But you can only run a dog through the same path so many times before it doesn't work anymore. And I just kind of think it's a mangy old dog."

Mr. Bush also insisted the U.S. must fight the terrorists in Iraq to keep Americans safe. "We will fight, we will stay and we will win in Iraq," he said.

The rhetoric differs from Mr. Allen's line on the war, which he recently has tempered as its unpopularity grows and its death toll increases.

"I'm not going to get here in an argument over the president's words versus my words," Mr. Allen told reporters after the event when asked whether he agreed with Mr. Bush's statement.

Mr. Allen said he thinks the troops should come home "in victory, not defeat" and that Iraq can't become a safe haven for terrorists.

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In McLean, Mr. Clinton was expected to raise between $400,000 and $600,000 for Mr. Webb at the fundraiser held at the home of former Sen. Charles S. Robb, the Democrat Mr. Allen unseated in 2000.

Webb campaign spokeswoman Kristian Denny-Todd said about 375 people were expected to attend the sold-out event.

The White House said the Bush event was expected to raise nearly $600,000 for Mr. Allen, a former Virginia governor who is seeking re-election after one term in the Senate.

Hundreds of anti-war demonstrators lined the streets of downtown Richmond to greet Mr. Bush with handmade signs that said: "Torture is not a family value" and "Impeach Bush."

Democrats, Republicans Both Focus On Bush (CHIT)

By Mark Silva

Chicago Tribune, October 20, 2006

RICHMOND, Va. -- Well before President Bush stepped on stage here Thursday evening to raise big money for embattled GOP Sen. George Allen of Virginia, the senator's Democratic rival had poured his own campaign cash into a 30-second television spot ridiculing Allen for parroting the president's promise of "staying the course" in Iraq.

Now the president's appearance has armed the campaign of challenger Jim Webb with fresh videotape, as he and Democratic congressional candidates throughout the country attempt to saddle Republicans with the unpopularity of their party's president, deploying Bush as a weapon in their own ads.

Former President Bill Clinton has joined the fray too, making an appearance alongside Webb at another Virginia fundraiser Thursday night - accentuating the debate in a campaign which Democrats are attempting to frame, in part, as a referendum on the Bush administration's policies in Iraq and at home.

"A big issue in this campaign, of course, is Iraq," Bush said in Richmond, praising Allen as a "steadfast" leader.

"Most leading Democrats argue we should pull our troops out of Iraq," he said. "They would have our country quit in Iraq before the job is done. That's why they are the party of cut and run."

In the closing weeks of a campaign in which control of Congress is at stake, Bush's face has appeared in campaign ads from coast to coast. But it is Democrats who have dragged Bush into the campaign in a bid to portray Republicans as "rubber-stamps" for the White House and a vote for the GOP as a vote for the Bush agenda. Many Republicans, meanwhile, have sought to distance themselves from the president.

If the Democrats lack a unifying theme - particularly on a war which is foremost on many voters' minds - attempting to make this election more about the president and his policies is a means of capitalizing on two dynamics: Bush has staked an unwavering course on Iraq, and voters overwhelmingly say the country is on the wrong track.

With the president's job approval rating below 40 percent in opinion polls, Democrats are doing their best to rub that off on Republican senators and congressmen. Even in Rhode Island, where Republican Sen. Lincoln Chafee has opposed the war and stood as far from Bush as anyone within the GOP, his Democratic foe, Sheldon Whitehouse, has aired a TV ad that opens with Bush.

"Bush needs Chafee to keep Republican control of the Senate," the narrator says. "That's how Bush keeps his agenda alive."

Such ads may play well in places like Rhode Island, where a recent Brown University survey gauged the president's job approval at 22 percent - among the lowest in the nation.

"Across the country, Bush is unpopular," says Darrell West, professor of political science at Brown University. "People don't like the way he has handled Iraq… So Democrats want to run as much against the president as their opponent. It's the Siamese-twin strategy: You tie your opponent to the president."

With a battery of similar TV and radio ads in several contested Senate races and in many congressional campaigns, Democrats are tying Republicans to Bush. And, as Bush closes his campaigning with appearances for endangered Republicans, Democrats are reveling in ties drawn anew {ndash} such as Bush and Allen, who harbored presidential ambitions of his own until his re-election chances slumped after addressing a young man of Indian descent as "macaca" at a campaign rally.

"It comes at a heckuva price," says Democratic strategist Steve Jarding, a campaign consultant for Webb. "These guys are in a hole, and the only tool they have is a shovel - not a ladder. Bush provides the shovel."

The Republicans, acutely aware that the tide of history works against the president's party during any second-term elections, are intent on focusing voters on their commitment to national security and cutting taxes. And the GOP warns that Democrats offer no alternative to the war, will raise taxes and resort to attacking Bush for lack of any true agenda.

"We've heard a lot of talk over the last few months about whether or not the Democrats were going to come up with some kind of agenda for the election, and they haven't," says Dan Ronayne, spokesman for the National Republican Senatorial

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Committee. "To beat an incumbent, you have to do two things. You have to give a reason to fire, and a reason to hire. All we are hearing is the reason to fire."

Voters are hearing it, and seeing it, in campaign ads from coast to coast.

In Virginia, Webb's campaign put enough money behind a recent TV ad to ensure the typical viewer saw it ten times in a week. It pictured Bush saying: "We'll stay the course in Iraq." A price-tag for the war: $318.5 billion. And Allen saying: "I very much agree with the president" and "we need to stay the course."

The war is No. 1 on the minds of Virginia voters, according to a Washington Post poll showing that 54 percent of likely voters say the war was not worth fighting and only 43 percent approve of the job Bush is doing. It also shows Allen and Webb in a virtual tie among likely voters, with 25 percent calling their Senate vote an expression of opposition to Bush.

In five of the six Republican-held Senate seats that Democrats have targeted for takeover, Democrats have run ads connecting the Republican incumbent or candidate with the president.

In Ohio, where Republican Sen. Mike DeWine trails his Democratic rival, Rep. Sherrod Brown, by 7 percentage points in the latest Ohio Poll, the Democrats are airing a rollicking TV ad featuring DeWine and Bush arm-in-arm with hilarious smiles and a soundtrack of children singing a variation on a nursery lyric: "The more we work together, together, together, the more we work together, the happier we'll be. Cause your friends are my friends, cause your friends are my friends…"

Ads such as this play effectively to deep-seated discontent in Ohio about the way things are going at home and nationally, says Eric Rademacher, co-director of the Ohio Poll. His latest survey, showing Brown's lead over DeWine growing in the past month, found that 71 percent of the voters supporting Brown see Ohio as headed on the "wrong track."

In Tennessee, where Democratic Rep. Harold Ford is running a close race with Republican Bob Corker for the seat of retiring Senate Majority Leader Bill Frist, Ford has aired an ad quoting his opponent: "We are in Iraq… Our country is in Iraq. I think we should stay the course." Then Ford says: "I voted for the war. But we shouldn't stay the course as Mr. Corker wants."

Ken Goldstein, professor of political science at the University of Wisconsin at Madison and seasoned campaign ad analyst, sees an attempt by Democrats in this and other ads to address a war for which the party has no unified strategy.

"In previous elections, the Democrats tried to blur the issue on Iraq and terror and said they were going to talk about issues that are more important," Goldstein says. "Now there is a way to talk about the war… It is: 'We're stuck, and this guy just doesn't understand that we're stuck.' That is something that people can understand."

If Democrats have attempted to blur their differences over the war, some Republicans have sought to blur their own party allegiance in a campaign with a president who has low approval ratings.

In Maryland, camera-friendly Republican Lt. Gov. Michael Steele has waged a disarmingly personable campaign for an open Senate seat with TV ads featuring a puppy. "Soon your TV will be jammed with negative ads from the Washington crowd," he says in one. "Grainy pictures and spooky music, saying 'Steele hates puppies'… For the record, I love puppies."

His Democratic rival, Rep. Ben Cardin, has struck back with ads warning: "Michael Steele. He likes puppies. But he loves George Bush."

Brad Todd, a partner in On Message, produced Steele's ads. Todd's puppy, a Boston terrier, stars in the ads.

In attempting to snare Steele with Bush, Todd says, Democrats are waging a conventional attack against a candidate with a fresh, new appeal {ndash} he even takes heart in the Bush-based attacks.

"It's clear the Democrats don't really know how to deal with Lt. Gov. Steele's candidacy," Todd said. "They have come back with a very conventional campaign against him. It shows they just don't understand."

Iraq Threatens To Cripple The GOP (MCT)

By Steven Thomma

McClatchy Newspapers, October 20, 2006

WASHINGTON - It always comes back to Iraq.

Regardless of what politicians and the media talk about from week to week - the Foley sex scandal in the House, a nuclear test in North Korea, a soaring stock market - what dominates American politics this fall is Iraq.

It's consuming George Bush's second term, threatening his party's control of Congress and endangering his dream of forging a Republican majority that would rule the country long after he retired to his Texas ranch.

Yet the debate over Iraq won't be settled on Election Day, Nov. 7.

Even as public skepticism about the war spreads, it's not producing any consensus on what to do about the mess, and thus the elections will offer little direction and no mandate for the U.S. government heading into next year.

Voters split four ways in a recent McClatchy-MSNBC poll - send more troops, keep the same level, start withdrawing, or withdraw them all. They split evenly in another poll over whether to keep troops in Iraq or pull them out.

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That helps explain the growing cracks in Republican support for the White House's open-ended, stay-the-course approach to the war. And it makes clear why Democrats don't offer a clear alternative - and why they'd have a hard time reconciling their competing visions of what to do should they win the House of Representatives or the Senate.

"It is THE dominant issue," said Andy Kohut, the director of the Pew Research Center, a non-partisan research group.

"The public is unhappy with the way the war has turned out. They're divided about what to do. But that doesn't mean they don't have a strong political point of view. They give Bush atrocious ratings. This is an unpopular war with his name on it. And that causes collateral damage for the Republican Party."

Bush and the White House continue to talk up the war.

"If you look at the general overall situation, they're doing remarkably well," Vice President Dick Cheney said of the Iraqi government this week.

But they're increasingly alone. More Republicans this fall are openly skeptical, an unthinkable break in party unity from a year ago.

"You can see some movement forward, but a lot of movement back," said Sen. John Warner, R-Va., last week. He's the chairman of the Senate Armed Services Committee. "We have to rethink all the options, except any option which says we precipitously pull out."

Public confidence in the war effort fell sharply in recent weeks as violence escalated anew. The ranks of Americans who think the war is going well dropped from 47 percent to 37 percent from September to October, a Pew poll found. The biggest drops were registered by conservative Republicans, independents and conservative to moderate Democrats. Liberals had turned sour on the war long ago.

"It's creating a real challenge for Republicans," said Whit Ayres, a Republican pollster.

"Not because the Democrats have any good answers, because they don't. But because voters are frustrated and don't see continuing the same course as a viable strategy."

Iraq's impact on this year's elections is evident in states such as Virginia, which features a surprisingly close contest between Republican Sen. George Allen, who supports the war, and Republican-turned-Democrat James Webb, a former Marine and Navy Secretary who opposes the war.

Iraq is the top issue in the state, where 3 out of 5 likely voters disapprove of the Bush administration's handling of the war, according to the McClatchy-MSNBC poll.

Virginia also symbolizes the muddled direction for post-Election Day policy.

"It's a mess now, and I'm not sure what to do about it," said Joel Dexter, a teacher from Richmond who supports Democrat Webb.

"If I had my way, I wish they could come home tomorrow," added Diane Canary, a homemaker from Roanoke who also supports Webb. "But I know that would leave Iraq in turmoil."

For their part, Republicans aren't telling voters much about what they'd do differently in Iraq.

Bush has said that the goal of complete withdrawal is "an objective" that "will be decided by future presidents and future governments of Iraq."

Sen. Conrad Burns, R-Mont., caught in a tough struggle to keep his seat, said this week that Bush had a secret plan to win the war that he couldn't share with the world. There's no evidence of that, however.

At the same time, Republicans criticize Democrats for allegedly wanting to "cut and run" and for offering no alternatives to Bush's war plan.

Many Democrats do want to start withdrawing some troops. But their party leaders refuse to offer an alternative strategy beyond pressuring administration officials at hearings.

House Democratic Leader Nancy Pelosi of California and other party leaders signed a letter urging Bush to start withdrawing troops by the end of this year, but didn't commit themselves to what they'd do if they took power- which could happen in three months.

One option would be for Congress to cut spending for the war.

"You've got to be able to pay for the war, don't you?" asked Rep. Charles Rangel, D-N.Y., in a newspaper interview. But members of the party's "Out of Iraq" caucus are skeptical they could get such a proposal past their party leaders.

"I understand that there's a range of views within the Democratic Party," said Rep. Chris Van Hollen, D-Md., who stressed the value of congressional oversight of the war. "These are tough, tough issues. We don't have a (formal) position on what your position should be on this particular issue."

But that might not make a difference on Election Day.

"People are not voting FOR the Democrats on this issue," said Kohut. "They're voting AGAINST the Republicans."

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GOP's Solidarity On War Is Cracking (LAT)

By Noam N. Levey, Janet Hook And Richard Simon

The Los Angeles Times, October 20, 2006

WASHINGTON — Public anxiety over the Iraq war, already reflected in polls and demands from some Democrats to withdraw U.S. troops, is now prompting calls for change from some unlikely quarters: Republican congressional candidates.

Across the country, GOP candidates are breaking with the White House over how long troops should remain in Iraq and who should lead the war effort.

Even some of President Bush's staunchest allies in solidly Republican states are publicly questioning the administration's war policies, while others are scrambling to find new ways to talk about Iraq in the face of rising voter frustration over management of the war.

Sen. Kay Bailey Hutchison (R-Texas), who earlier this year stood by Bush during some of the most damaging sectarian violence, this week said that Iraq was in "chaos" and that it was "worth trying" to partition the country into semiautonomous regions, a proposal that sharply diverged from White House policy.

In Washington state this week, the Republican candidate for the Senate called on Bush to replace Defense Secretary Donald H. Rumsfeld, a position also taken by a Republican congressman from Connecticut and the party's Senate candidate in New Jersey, Thomas H. Kean Jr.

Kean said this week that the Bush administration had made "horrendous mistakes" in Iraq.

In Minnesota and Iowa, congressmen in tough reelection battles have called for withdrawing troops. So, too, has the Republican candidate in the congressional district around Boulder, Colo.

And in Virginia and Tennessee, states that Bush won handily in 2004, Senate candidates have been put on the defensive over their earlier calls to "stay the course" in Iraq, a line Republicans once hoped would demonstrate resolve. Both candidates there are now saying the U.S. must change tactics in Iraq.

"We haven't found one part of the country, even in the South, where it is good to say, 'Stay the course,' " said Sarah Chamberlain Resnick, executive director of the Republican Main Street Partnership, a group for GOP centrists. But Republicans "don't want to do a major in-your-face with the president. They are trying to work around the issue in their districts."

The rhetorical tap-dancing over the war is a somewhat novel experience for Republicans, who have ridden to victory in the last two national elections with a strong and unified stand on the war. In 2002 and 2004, Bush and other GOP leaders increased the party's congressional majorities by hammering Democratic candidates as weak and indecisive.

As recently as summer, Republicans seemed poised to outmaneuver the minority party again by accusing Democrats pushing for troop withdrawals of wanting to "cut and run."

But in the last several months, strategists and pollsters from both parties say, the public mood has darkened substantially. Mounting body counts and the growing specter of civil war in Iraq have dragged public confidence in the war effort to new lows. A CNN poll over the weekend found support for the war at 34%, compared with 64% who said they opposed it.

Public dissatisfaction has been further fueled by news reports that U.S. intelligence agencies have concluded the war may be exacerbating the terrorist threat. At the same time, some of the Republican Party's most respected voices on national security, including the powerful chairman of the Senate Armed Services Committee, John Warner (R-Va.), have increasingly raised questions about the administration's policy in Iraq.

Bush nonetheless is continuing to portray the Democrats as wavering on the war.

"Democrats have been all over the place" in their own Iraq policy, Bush said at a campaign event for Rep. Don Sherwood (R-Pa.) on Thursday.

He said that the "only position in the Democrat Party that everybody seems to agree on: If you want to be a Democrat these days, you can be for almost anything, but victory in Iraq is not an option."

Several GOP lawmakers said they and most of their colleagues had no plans to abandon the president.

"There's no question we're in a challenging moment in Iraq," said Rep. Tom Cole (R-Okla.), a former Republican National Committee official who represents a district with a heavy military presence. "But I don't think some mood has set in whereby we need to change our position as a party. You can't change it this close to the election. It's not credible. It's better to argue your position with passion than cast about for a new position."

Across the country, a number of Cole's colleagues are trying.

Some of the earliest calls for change came from Republicans with large numbers of Democratic constituents, such as Rep. Jim Leach, whose southeastern Iowa district gave 55% of its vote in 2004 to the Democratic presidential nominee, Sen. John F. Kerry.

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Leach called for a withdrawal of U.S. troops two years ago, although he didn't say until this week that American soldiers should come home within a year.

Outside Philadelphia in Pennsylvania's 7th Congressional District, which voted 53% to 46% for Kerry two years ago, Rep. Curt Weldon has said he wants to take authority over troop withdrawal away from Rumsfeld. Weldon, like Leach, is locked in a tough race for reelection.

In Connecticut, Republican Rep. Christopher Shays, who was once one of the strongest supporters of the Iraq war, two weeks ago called for Rumsfeld to resign, months after his Democratic opponent had taken the same position.

It is not only Republicans in Democratic-leaning states who are facing the pressure to recalibrate their positions on Iraq.

In Virginia, Sen. George Allen, once considered one of the strongest adherents of Bush's strategy, has begun emphasizing his alliance with Warner, who has said that a policy change will be necessary in coming weeks if the violence in Iraq continues.

On Wednesday, Allen told a meeting of the Virginia Assn. of Schools Superintendents: "We cannot continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics." Allen's race for reelection against Democrat Jim Webb has grown tighter in recent months.

An Allen spokesman said Thursday that there was nothing inconsistent in Allen's call for change.

In Tennessee, GOP Senate candidate Bob Corker found himself on the defensive after insisting at a debate earlier this month that he had never said the U.S. should "stay the course" in Iraq.

Mocking that claim, Corker's opponent pointed out that he had in fact said it in July and September.

Some Republican candidates who continue to support the war have nonetheless been forced to address the issue in sometimes tortured ways.

In New York's 20th Congressional District in the Hudson River Valley, an area that voted for Bush in 2004, Rep. John E. Sweeney aired a television ad last month featuring the mother of soldier who had died in Iraq. The mother says to the camera: "I don't believe in the war, but I do believe in our soldiers, and John Sweeney."

Sweeney's opponent has run a series of ads criticizing Sweeney's support for the war.

In Montana, Republican Sen. Conrad Burns insisted in a candidate debate this week that the president had a plan for victory — but "he's not going to tell everyone in the world."

When Jon Tester, Burns' Democratic opponent, asserted that Bush had no plan, Burns replied: "We're not going to tell you what our plan is, Jon, because you're just going to go out and blow it."

Democrats ridiculed Burns' claim, comparing it to the "secret plan" to end the Vietnam War that was attributed to Richard Nixon in his 1968 campaign for president.

Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference, said Thursday that GOP candidates cannot avoid talking about the war.

"Iraq is the 500-pound gorilla in the room," Kingston said. "And candidates who don't discuss it are probably going to be disappointed on election day."

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(INFOBOX BELOW)

Breaking ranks

With sentiment against the war in Iraq growing, more Republican candidates for the U.S. House and Senate are openly criticizing the administration's strategy and distancing themselves from President Bush.

Mike McGavick,

Senate candidate in Washington

"As a show of faith that he is willing to set a new direction, the president should appoint a new secretary of Defense, preferably someone who has demonstrated bipartisanship in the past and someone who knows the value of involving Congress in these strategy decisions."

— Statement on Monday

*

Rep. Curt Weldon

of Pennsylvania

"I don't want Dick Cheney or Don Rumsfeld" deciding on a timetable for troop withdrawal. "We don't need some armchair politician back in Washington, because they want to run for office, to pick a date out of the air."

— During a recent

appearance

*

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Thomas H. Kean Jr.,
Senate candidate
in New Jersey

"I've been very clear that I think there have been horrendous mistakes that have been made in the conduct of the war in Iraq. And I said the administration has made these horrendous mistakes. That's why I've called for Secretary Rumsfeld's resignation."

— Statement
in September

*

Rep. Christopher Shays
of Connecticut

"I am losing faith in how we are fighting this war…. I believe we have to motivate the Iraqis to do more."

— Said in August,
after his 14th trip
to Iraq since the war began

*

Sen. George Allen
of Virginia

"We cannot continue doing the same things and expect different results. We have to adapt our operations, adapt our tactics…. The Iraqi people need to show some backbone, some spine. They need to get their heads, their minds and their hearts in control of their own destiny."

— In address this week to
the Virginia Assn. of School
Superintendents

Source: Times research
Los Angeles Times

Bush Campaigns For GOP Candidates Facing Unexpected Troubles (PENNNWSFLSH)

By Jennifer Loven
PennLive.com, October 19, 2006

LA PLUME, Pa. (AP) — In an unusual day of campaigning, President Bush swooped into two races once safe for Republicans but turned perilous by one candidate's affair with a much-younger woman and by accusations of racial insensitivity against the other.

Bush's appearances on Thursday, for Rep. Don Sherwood in Pennsylvania and for Sen. George Allen in Richmond, Va., found the White House on the defensive over the decision to help candidates in such plights.

"I think the president understands that it's important to set high standards," said spokesman Tony Snow when asked about the situation.

Bush tried to keep the focus on his contentions that Democrats would go soft on the war on terror and would raise taxes if handed control of Congress in the November elections.

The pictures of the day from Pennsylvania were of Bush descending the steps of Air Force One followed by Sherwood, his wife, Carol, and one of their daughters, and the foursome's appearance later at a local farmer's ice cream store.

Sherwood has held one of the safest seats in Congress, his conservatism playing well in his heavily Republican, rural district in northeastern Pennsylvania. Democrats didn't even bother fielding a candidate in the past two elections. But last year, Sherwood admitted to a five-year extramarital affair with a woman 35 years his junior. He settled a lawsuit that claimed he had choked her — he has denied he abused her — and has aired a campaign commercial asking constituents to forgive his infidelity — and re-elect him.

Helping to raise more than $300,000 for Sherwood at Keystone College, Bush only obliquely addressed the controversy.

He praised Sherwood as "the right man to represent" his district, because of policy positions ranging from taxes to Iraq to highway money. Bush then offered effusive admiration for Sherwood's wife, Carol, who sat beaming beside her husband on the dais behind the president after mostly staying out of view during the campaign.

Bush called her a "caring and courageous woman" because of a letter she wrote to constituents over the weekend. In that letter, she denounced Sherwood's opponent, Democrat Chris Carney, for airing campaign ads about the affair and the abuse that Sherwood has denied.

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"I was deeply moved by her words," Bush said.

The president's main message at the event was that the Iraq war is part of the broader anti-terrorism effort.

He warned ominously that Democratic control of Congress would result in a chairman of the House tax-writing committee who would cut off funding for troops in Iraq and a speaker, referring to now-Minority Leader Nancy Pelosi, who voted against a string of bills: renewing the Patriot Act, creating a Department of Homeland Security, waging the Iraq war and authorizing a warrantless wiretapping program.

"Given the record of Democrats on our nation's security, I understand why they want to change the subject," Bush said.

Responded Pelosi spokeswoman Jennifer Crider: "Clearly, the president is getting desperate to keep his rubber-stamp Republican Congress if all he can do is try to scare the American people with false claims."

Later, at the fundraiser for Allen, Bush was switching to the other pillar of his campaign-trail speeches: that a Democratic-controlled Congress would preside over an economically damaging increase in taxes on American families and businesses.

Sherwood and Allen are two of the GOP's more-endangered candidates as the parties head into midterm elections less than three weeks away that could strip Republicans of their majority in one or both houses of Congress.

Allen, once considered a potential candidate for the Republican presidential nomination in 2008, is in a tightening Senate re-election race with Democrat Jim Webb. Allen has spent weeks rebutting charges of racism and religious insensitivity.

Webb is gaining ground on the incumbent's financial advantage and drawing help from national Democrats, and a recent poll showed the race virtually tied.

On Thursday, former President Clinton was also in Virginia, raising money for Webb at the home of former Sen. Charles Robb.

Last week, White House press secretary Snow was in the position of defending Sherwood as a sinner who, like everyone else, is in need of forgiveness and Allen as "not a bigot."

On Thursday, Snow said the president had not changed his mind on either of those points — though he declined to repeat them — and insisted there was no downside to campaigning for the two troubled Republicans.

Bush Campaigns For Pa. Congressman Enmeshed In Sex Scandal (MCT)

By Ron Hutcheson

McClatchy Newspapers, October 20, 2006

LA PLUME, Pa. - He said she was "a casual acquaintance." She said they were extra-marital lovers, but told police that he tried to choke her. His wife says she forgives him. So does President Bush.

In fact, Bush traveled to northeastern Pennsylvania Thursday to help the wayward husband, Republican Rep. Don Sherwood, keep his seat in Congress. Perhaps it's a measure of the Republicans' plight that the president would throw his prestige behind a candidate whose marital misbehavior conjures memories of Bill Clinton.

Sherwood's five-year fling with a woman half his age has all the elements of a bad soap opera, but voter reaction to his performance could help decide whether Republicans keep control of the House of Representatives. Polls show Sherwood trailing Democratic challenger Chris Carney in a district that had been considered a lock for the GOP.

"It looks like he's in pretty serious trouble," said Jonathan Williamson, chairman of the political science department at Lycoming College in Williamsport, Pa. "If they didn't need the seat so much, the national Republicans would cut Sherwood loose. This may be one of the firewalls - they have to have this one, even though they're not all that thrilled with their guy."

Bush gave Sherwood his wholehearted endorsement as he helped the candidate raise more than $300,000 at a fundraiser at Keystone College. The president addressed Sherwood's adultery head-on by praising the candidate's wife, Carol, for standing by him.

In a letter to voters last weekend, Carol Sherwood accused Carney of exploiting her family's trauma by casting the congressional election as a referendum on moral values.

"Chris Carney might be trying to make himself look squeaky clean, but we have all made mistakes we regret over the years," she wrote. "I am certainly not condoning the mistake Don made, but I'm not going to dwell on it, either."

Bush said he was "deeply moved" by her comments.

"Carol's letter shows what a caring and courageous woman she is," he said as the Sherwoods and one of the couple's three daughters looked on.

The congressman's marital misdeeds have become a frequent topic of discussion in his conservative, rural district, where the mountains are now covered with trees in shades of yellow, orange and red. Sherwood's problems started in September 2004, when Cynthia Ore called police to the congressman's Capitol Hill apartment claiming that he'd choked her for no apparent reason.

She was 29 at the time; he was 63.

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Sherwood was never charged, and the matter attracted little attention until the following spring, when Ore threatened legal action and provided details of a relationship that Sherwood had initially denied. The two met in 1999 at a gathering for young Republicans.

"We had such good chemistry," Ore told the Wilkes-Barre Times Leader. "I saw Don as a small-town all-American. He has that pink, rosy skin. When I first met him, he had those big glasses."

Sherwood, a wealthy car dealer, settled Ore's $5.5 million civil suit for an undisclosed sum, but his indiscretion continues to haunt him. Carney's efforts to exploit the scandal and the furor over former Rep. Mark Foley's sexually explicit Internet messages to congressional pages have added fuel to the issue.

Sherwood has all but pleaded for voters to forgive him.

"I made a mistake that nearly cost me the love of my wife, Carol, and our daughters. As a family, we've worked through this," he said in one of his television ads. "Should you forgive me, you can count on me to continue to fight for you and your family."

But some Republicans aren't ready to forget or forgive. Former Sherwood supporter Joseph Lech of Tunkhannock, Pa., Sherwood's hometown, vented his anger in an ad for Carney.

"This incident with Don Sherwood just cuts right at the core values of our district. I've spoken to my daughter about that incident, and she's disgusted by it," Lech says in the ad. "I love my daughter tremendously. How can I tell her that I support Don Sherwood and feel good about myself?"

Carney's efforts to benefit from his opponent's failings mirror Bush's references to Clinton's infidelity during the 2000 presidential campaign. Bush presented himself as a morally upright alternative to the outgoing president by repeatedly assuring voters that he would "uphold the dignity of the office."

Sherwood admittedly fell short of Bush's pledge, but White House spokesman Tony Snow noted the congressman's contrition in explaining the president's decision to campaign for him.

"Mr. Sherwood has certainly admitted to what has gone on, and the president believes that we're all sinners, we all seek forgiveness," Snow said last week.

Pressed on the issue again Thursday, Snow seemed eager to change the topic. He defended the president's visit, then said: "I'm not going to go any further."

President Bush Visits The Area (TR)

The Times-Tribune, October 20, 2006

PITTSTON TOWNSHIP -- With a wave, President Bush walked down the steps of Air Force One at Wilkes-Barre/Scranton International Airport, stopping briefly to greet supporters, including a Scranton literacy volunteer. Naomi Alamar, a volunteer for almost two decades with Scranton Council of Literacy Advance, met the president on the tarmac with Rep. Don Sherwood, R-Tunkhannock Township before a motorcade of five SUVs, a black box truck, two state police cruisers and a dozen police motorcycles whisked Mr. Bush to his speech at Keystone College in LaPlume. "I'm numb," Mrs. Alamar said, glancing back at Air Force One. The massive jet's 198-foot wingspan was too much for the airport's 150-foot-wide runway, sending crews out early to remove some runway lights to make room. After the president left for Keystone, about a dozen onlookers were treated to a tour of Air Force One, including 5-year-old Nathan Bakunas of Plains and his father, Rob. "It's really fun to know that we're going to see the inside of the plane," Nathan said, snapping photos of his father. About 125 protestors were waiting for Mr. Bush as he arrived at the college and made his way to the Gambal Athletic Center, where he told a cheering crowd that Republicans like Mr. Sherwood were better defenders of national security than "cut-and-run" Democrats. He also praised Mr. Sherwood's wife, Carol, for standing by her husband despite his admitted five-year affair with a woman 35 years his junior.

After the speech, Mr. Bush made a brief stop for ice cream at the Manning's Farm Dairy store on Grove Street in Clarks Summit. He was back at the airport by 3:20 p.m. Air Force One took off about 10 minutes later. Log back on to thetimes-tribune.com for updates throughout the president's visit

Presidential Visit To Lackawanna County (WNEP)

WNEP's website, October 20, 2006

President Bush spoke before a crowd at Keystone College. The president came to northeast Pennsylvania to help raise money for Congressman Don Sherwood's campaign.

The president stopped at Manning's Ice Cream in Clarks Summit after his speech at Keystone College.

Thursday, October 19, UDPATED: 3:22 p.m.

President George Bush has wrapped up his visit to Keystone College in Lackawanna County.

Air Force One took off from the Wilkes-Barre/Scranton International Airport around 3:30 p.m.

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The president and his entourage arrived at the Wilkes-Barre/Scranton International Airport just before 12:45 p.m.

The president was joined on Air Force One with Congressman Don Sherwood and his wife, Carol. After spending a few minutes together aboard, they descended the steps to be greeted by other dignitaries waiting at the bottom of the steps.

The president also greeted Naomi Alamar of Scranton. She was presented with the Presidential Volunteer Service Award. Alamar is a volunteer with SCOLA Volunteers with Literacy.

There are state troopers all along Interstate 81 from the Wilkes-Barre/Scranton International Airport north and along sections of Routes 6 and 11 leading to Keystone College in La Plume.

The president was here to stump for Republican Congressman Don Sherwood. He spoke at a luncheon at the college. Tickets for the event went for $350 a plate. For people who wanted their photo taken with the president, the price tag was $2,500. It doubled for couples.

During his speech at Keystone, President Bush talked about what Sherwood has accomplished while serving in Congress and he used the opportunity of a Republican audience to make a few pointed jabs at the Democratic party.

On campus, security was very tight. There were state and local police along with secret service agents keeping a close eye on all activity on and surrounding the Keystone College campus.

The president was met with protestors and supporters as he approached the Keystone campus. The president was in our area about three hours.

After leaving Keystone, the president's entourage stopped at Manning's Ice Cream along Routes 6 and 11 in Clarks Summit for a surprise stop and a quick ice cream cone.

Newswatch 16 will bring you live team coverage of the visit beginning at 5 p.m.

More from Newswatch 16 . . .

Awaiting the President

Search for Missing Man

Secret Service Investigates Perceived Presidential Threat

New Vending Machine Promotes Healthy Eating, PA Products

A school in Columbia County has been selected to be the first to try a new state program aimed at getting students to eat healthier food made in the Keystone state.

Burglaries in Monroe County.

Republican Woes Lead To Feuding By Conservatives (NYT)

By David D. Kirkpatrick

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Tax-cutters are calling evangelicals bullies. Christian conservatives say Republicans in Congress have let them down. Hawks say President Bush is bungling the war in Iraq. And many conservatives blame Representative Mark Foley's sexual messages to teenage pages.

With polls showing Republican control of Congress in jeopardy, conservative leaders are pointing fingers at one other in an increasingly testy circle of blame for potential Republican losses this fall.

"It is one of those rare defeats that will have many fathers," said David Keene, chairman of the American Conservative Union, expressing the gloomy view of many conservatives about the outcome on Election Day. "And they will all be somebody else."

Whether the election will bear out their pessimism remains to be seen, and the factors that contribute to an electoral defeat are often complex and even contradictory. But the post-mortem recriminations can influence politics and policy for years after the fact. After 1992, Republicans shunned tax increases. After 1994, Democrats avoided gun control and health care reform. And 2004 led some Democrats to start quoting Scripture and rethinking abortion rights, while others opened an intraparty debate about the national security that is not yet resolved.

In the case of the Republican Party this year, the skirmish among conservatives over what is going wrong has begun unusually early and turned unusually personal.

But almost regardless of the outcome on Nov. 7, many conservatives express frustration that the party has lost its ideological focus. And after six years of nearly continuous control over the White House and Congress, conservatives are having a hard time finding anyone but one another to blame.

"It is pre-criminations," said Rich Lowry, editor of National Review, the conservative magazine. "If a party looks like it is going to take a real pounding, this sort of debate is healthy. What is unusual is that it is happening beforehand."

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Some conservative leaders have often been quicker in the past to turn on Republican officials and one another than their rank-and-file supporters. But this year polls show broad disaffection at the grass roots, prompting some Republicans — including former Speaker Newt Gingrich — to worry that the public sparring could dampen turnout.

This year's antagonists also include some new critics, including Mr. Gingrich's one-time lieutenant, Dick Armey, the former House Republican majority leader.

In recent weeks, Mr. Armey has stepped up a public campaign against the influence of Dr. James C. Dobson, founder of Focus on the Family and an influential voice among evangelical protestants. In an interview published last month in "The Elephant in the Room," a book by Ryan Sager about splits among conservatives, Mr. Armey accused Congressional Republicans of "blatant pandering to James Dobson" and "his gang of thugs," whom Mr. Armey called "real nasty bullies" — arguments he reprised on the editorial page of The Wall Street Journal and in an open letter on the Web site organization FreedomWorks.

In an interview this week, Mr. Armey said catering to Dr. Dobson and his allies had led the party to abandon budget-cutting. And he said Christian conservatives could cost Republicans seats around the country, especially in Ohio.

"The Republicans are talking about things like gay marriage and so forth, and the Democrats are talking about the things people care about, like how do I pay my bills?" he said.

Mr. Armey also pinned some of the blame on Tom DeLay, the former Republican House majority leader, who "was always more comfortable with the social conservatives, the evangelical wing of the party, than he was with the business wing."

Mr. Armey, who identifies himself as an evangelical, said he was tired of Christian conservative leaders threatening that their supporters would stay away from the ballot box unless they got what they wanted.

"Economic conservatives," he argued, were emerging as the swing voters in need of attention, in part because they had become more likely to vote Democratic in the years since President Bill Clinton was in office. "A lot of people believe he brought us from deficits to surpluses, and there is a certain empirical evidence there," Mr. Armey acknowledged.

In a statement on Thursday, Dr. Dobson said Mr. Armey was "still ticked" over a long-ago House leadership race in which Dr. Dobson endorsed someone else, and he restated his warnings to Republicans that social conservative voters "would abandon them if they forgot the promises they had made."

In a recent newsletter from Dr. Dobson's organization, Representative Mark Souder, an Indiana Republican counting on Christian conservatives to turn out for his re-election, called Mr. Armey's comments "disgusting" and insulting to "the many Christians around the United States who devoutly hold conservative moral beliefs."

Christian conservatives began complaining last year that the Republicans had put proposed Social Security changes and tax changes ahead of issues like abortion and same-sex marriage, risking the support of social-issue voters.

Over the summer, Congress held a rush of votes on just those issues — an election-year ritual intended to motivate those voters — and in an interview last week Tony Perkins, president of the Christian conservative Family Research Council, said he believed it had begun to revive some grass-roots enthusiasm.

"But the Foley scandal just let the air out of the tires," Mr. Perkins said.

Others dismissed the Foley scandal as largely irrelevant outside of Mr. Foley's district. Several conservatives said Republican incumbents were using it as a scapegoat.

"It will make you feel better to say, I didn't lose the election; Foley lost it for me," said Grover Norquist, the president of Americans for Tax Reform. "Your wife and kids will believe it."

Mr. Norquist said the Iraq war was the biggest drag on Republican candidates even before their big wins in 2004.

"Some people think we did it just to prove we could do it, like people who go running with weights on their ankles," he said.

Many blame neoconservatives who argued most vocally for the invasion of Iraq. "The principal sin of the neoconservatives is overbearing arrogance," Mr. Keene said. Neoconservatives, in turn, blamed Defense Secretary Donald H. Rumsfeld's insistence on holding down troop levels for the fouling up of the war

"There is a bit of a battle between people who say, Hey, your tax cuts wrecked our war and people who say, Hey, your war wrecked our tax cuts," said David Frum, a former Bush speechwriter who was among the war's proponents.

Mr. Frum argued that the problem with the Iraq war was in its execution, not in the idea behind it. "The war has to be seen through the prism of Hurricane Katrina," he argued, "because conservatives will support a tough war if they are confident in the war's management."

William Kristol, editor of the conservative Weekly Standard and another prominent advocate of the invasion, said he doubted that soaring spending was turning off as many voters as tax-cutters like Mr. Norquist or Mr. Armey suggested.

"The spending bill that was supposedly going to destroy the Republican Party was the Medicare drug bill," he said. "I have heard almost no one talk about it one way or the other."

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Mr. Kristol argued that the Bush administration was suffering politically for applying too little force, not too much. “I am struck that people have the sense in North Korea and Iran that things are spinning out of control,” he said.

Mr. Frum and others blamed the Republican Senate’s support for the president’s guest-worker immigration proposal for angering the grass-roots talk-radio crowd. But Mr. Norquist, who favored the immigration proposal, argued that the election would provide a verdict on “restrictionism” in the fate of Randy Graf, a Republican candidate in Arizona running on calls for tighter borders. Polls show Mr. Graf faces long odds.

Mr. Gingrich, for his part, made the best of the fray, saying, “I would rather have a movement active enough to bite itself rather than a movement so moribund it didn’t realize it was irritated.”

Conservatives Hit For 'Whining' Over Turnout (WT)

By Ralph Z. Hallow

The Washington Times, October 20, 2006

Top Republican Party supporters yesterday accused fellow conservatives of "whining" in response to complaints from activists worried that grass-roots Republican voters are disillusioned and will stay home on Nov. 7.

Grover Norquist, a close associate of White House political strategist Karl Rove, dismissed concerns about voter turnout as empty threats.

"There are always in every election cycle self-appointed conservative leaders who announce, 'You haven't done enough for me, so my troops are staying home,' " Mr. Norquist said.

"The National Rifle Association, Americans for Tax Reform, the [National] Right to Life Committee -- the groups that actually put lead on the target and who do stuff all the time, they're not unhappy," Mr. Norquist said. "The people who are whining are the guys that don't have grass roots that they can actually move. So they are frustrated, and they don't have anything to do other than threaten not to participate."

Mr. Norquist was not alone in criticizing remarks in yesterday's edition of The Washington Times by Family Research Council President Tony Perkins and Republican pollsters and consultants, who expressed concern about lack of enthusiasm among conservative voters.

On his top-rated radio talk show, Rush Limbaugh yesterday denounced disillusioned Republican voters as "cut-and-run conservatives" and said those worried about turnout were just trying "to make a name for themselves."

"I think a lot of people want to matter," Mr. Limbaugh told his millions of national listeners. "They want to have power. They feel powerless, and if they think they can [mess] it up for somebody else by getting noticed and doing that, then they feel like they've got some power, so there could be all kinds of things at play here."

Conservative leaders told The Times that, while they have heard complaints from voters dismayed by a range of issues from runaway spending to immigration, they have become more concerned since Rep. Mark Foley of Florida resigned in a sex scandal, which they say has discouraged many "values voters" who helped push President Bush to victory in the 2004 election.

But Mr. Limbaugh said those worries were "conventional wisdom" inspired by liberals urging conservatives to "stay home and give the election to the Democrats."

"Have you noticed the conventional wisdom has spread, and now it's become commonplace in everybody's thinking? It is so pervasive a theme: Republicans staying home, conservatives fed up, not going to the polls because of Foley and whatever else."

The finger-pointing among conservatives is an ill omen, said Republican media consultant Craig Shirley.

"You know things are bad when the members of the leper colony start fighting with each other," Mr. Shirley said.

Mr. Norquist's description of "whining" conservative leaders telling their "troops" to stay home on Election Day prompted a puzzled response from Mr. Perkins.

"I've not heard anyone say that," the FRC president said. "He should wait until someone says it to break out the talking points."

In fact, social-conservative groups are continuing efforts to mobilize voters.

"Stand and be counted," was the subject line on an e-mail that Concerned Women for America sent yesterday to its supporters.

"Will you vote your values this election, or will you remain silent?" the CWA e-mail said, telling conservatives: "Don't stay home on Election Day. Forfeiting your right to vote -- no matter how disenchanted you are -- is no way to protest moral corruption."

Mr. Perkins said his own group has worked hard to motivate social conservatives, citing last month's "Value Voters Summit" in Washington and a "Justice Sunday" event last weekend in Boston that was co-sponsored by Colorado-based Focus on the Family and televised via satellite by churches nationwide.

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But Merrill Matthews, policy analyst at the Institute for Policy Innovation, a free-market think tank, said Republicans are also worried about complaints from economic conservatives.

"It's ironic that social conservatives seem to be so upset with the administration," said Mr. Matthews, noting that the Republican Party's "libertarian faction is complaining that the president hasn't focused enough on the bread-and-butter economic issues."

Those concerns were echoed by David Boaz, executive vice president of the Cato Institute and author of a new study on libertarian voters.

"The war looks like a mistake, and Republicans have been spending worse than Democrats," Mr. Boaz said. "Both libertarians and social conservatives are disgusted with the Cunningham, Abramoff and Foley scandals. They're thinking that maybe the Republicans have been in power too long and don't deserve another term."

Republican campaign pollster Rick Shaftan said Mr. Norquist's criticisms were misdirected.

"Grover's answer is to blame conservatives for the GOP's problems," Mr. Shaftan said. "This is exactly why people are disillusioned. Those of us not on the [Republican National Committee] payroll do not feel the same obligation to spout the party line."

Despite such complaints, Mr. Matthews said, the Republican Party's election turnout machinery may yet save the day on Nov. 7.

"One never wants to underestimate the ability of Karl Rove and his team to turn out the vote," he said.

Democrats Make Big Gains In Fund-Raising, But G.O.P. Has More Cash On Hand (NYT)

By Jeff Zeleny

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Democrats raised $34 million in September and began whittling down the Republicans' financial advantage, according to finance reports to be filed on Friday. Yet Republicans still have more cash at their disposal as the midterm election campaign advances from television advertising wars to a battle of getting out the vote.

As optimism among Democrats has grown in recent weeks, the generosity of party contributors has followed suit, with the party's House campaign committee raising $14.4 million last month and the party's Senate committee raising $13.6 million. With the addition of the tally of the Democratic National Committee, the party's three main groups have outraised their Republican rivals by $3.5 million for the month.

"If you would have told me a year ago that the three Democratic committees would have raised more money than the three Republican committees, I would have said you're on a different planet," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "People are feeling a real reason for change."

Still, the three Republican committees reported having cash-on-hand balances of $77.2 million at the end of September, compared with $67.3 million for Democrats. And the Republican National Committee raised $13 million in September compared with $5.6 million by the Democratic National Committee.

"September was the best financial month we've had this cycle," Ken Mehlman, the Republican chairman, said in an interview Thursday evening. "But they are going to outspend us. That's the whole reason why it is so important to build the turnout operation."

Republican and Democratic committees are required to file their September fund-raising reports with the Federal Election Commission on Friday. While cash-on-hand tallies are viewed as critical indicators of the resources the parties can draw upon in the final weeks of the campaign, party officials concede that much of the money has already been spent on buying television commercials in competitive districts across the country.

As Election Day approaches, the parties are also investing their money on mailings, telephone banks on behalf of their candidates and a final barrage of television advertisements as the number of competitive House and Senate races expands in the final three weeks of the campaign.

To win control of Congress, Democrats must win 15 seats in the House and 6 in the Senate. Party strategists believe that more than 20 House races and at least seven Senate seats remain up for grabs in the final dash.

Throughout the midterm cycle, Democrats feared that their fund-raising efforts would be dwarfed in the closing month of the race. The electoral climate, particularly the low approval rating for Congress and President Bush, has accounted for stronger-than-expected fund-raising that Democrats say will allow them to be competitive in every race they need to be, particularly in the Senate.

On the Senate side, Democrats raised $13.6 million in September compared with $5.1 million for Republicans. On the House side, Democrats raised $14.4 million last month compared with $12 million for Republicans.

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There is greater disparity in the national party committees, which concentrate on get-out-the-vote operations and larger message campaigns, with the Republican National Committee's $13 million versus the $5.6 million raised by the Democratic National Committee.

The disparity is in part caused because the Democratic chairman, Howard Dean, has taken a longer view of turning around the party by trying to rebuild state Democratic organizations across the country. The approach has been controversial inside the party.

Still, the Democratic National Committee reported a cash-on-hand balance of $8.2 million, which party officials say is twice as much as they had during the midterm race of 2002.

To close the gap, the Democratic National Committee is taking a loan of up to $10 million to finance turnout operations, half of which will be devoted to Senate races and half to increasing the turnout of minority voters.

Asked to comment on the fund-raising reports, Mr. Dean responded in a statement on Thursday evening that, "We're pleased that we nearly doubled what the D.N.C. raised in the last midterm election, but we're going to keep working hard to ensure that our candidates have the resources to win."

Democrats Close Fundraising Gap With GOP (AP-Y)

By Jim Kuhnhenn

AP, October 20, 2006

The national Democratic Party raised $33.6 million in September, outpacing the Republican Party and setting the stage for an expensive and brawling finish to the 2006 campaign.

Overall, Republicans still held a financial advantage going into the final days of the campaign. The GOP's three national party committees reported having $77.2 million in hand. The Democratic committees reported a total of $67.3 million in the bank. But the numbers show a closing trend for Democrats who have been trailing overall Republican fundraising and were $20 million behind in cash on hand a month ago.

The committees must file detailed reports of their September financial activity with the Federal Election Commission on Friday.

_The Democratic National Committee reported raising $5.6 million and had $8.2 million in hand.

_The Democratic Senatorial Campaign Committee said it raised $13.6 million and had $23.1 million in the bank.

_The Democratic Congressional Campaign Committee, the House organization, reported $14.4 million raised and $36 million cash on hand.

_The Republican National Committee was the top GOP fundraiser, collecting $13 million. It reported $26 million in hand.

_The National Republican Congressional Committee, the House organization, reported raising $12 million and had $39.2 million in hand.

_The National Republican Senatorial Committee said it raised $5.15 million and had $12 million in the bank.

"The fact that the Senate Democrats beat the Michael Jordan of political fundraising speaks to the fact that there is an enormous appetite for change in the Senate and in America," said Sen. Charles Schumer of New York, the chairman of the senatorial campaign.

But Republicans were also cheering their numbers. The Republican National Committee raised $13 million in September, the party's biggest fundraising month of this campaign season.

RNC Chairman Ken Mehlman said the party was not only raising money successfully, it also was reaching out to voters. "This is clear evidence that Republicans all across the country are committed to maintaining our majorities in Congress and electing Republicans this November," he said.

Even with those sizable bank accounts, the Democrats were already borrowing money to address an expanding field of competitive races and the Republicans could follow suit. The Democratic National Committee this month took out a loan of up to $10 million and distributed $5 million of that to the DSCC to spend on Senate races. The balance, party officials said, was to be spent on turnout efforts targeted to minorities.

Since Sept. 1, the parties have spent more than $1 million in 25 congressional races, according to an analysis by the nonpartisan Campaign Finance Institute. At the same time, the candidates have been raising and spending significant amounts of cash. According to the finance group, 39 challengers to House incumbents had raised $1 million by the end of September. In previous elections, $500,000 was considered a significant amount to run a credible campaign.

Republicans' Cash Advantage Ebbs As Vote Nears (WSJ)

By Jeanne Cummings

The Wall Street Journal, October 20, 2006

DOJ_NMG_0083934

The Democratic Party's three major campaign committees raised more money last month than their Republican counterparts, slicing deep into a financial edge Republicans hoped would provide an advantage in the final weeks of the bruising campaign for the midterm elections.

According to the reports -- among the final tallies filed before Election Day -- the three Democratic committees collectively raised $33.6 million, compared with $30 million by the Republicans. The strong showing cut the cash-on-hand advantage Republicans had a month ago to about $10 million, or nearly half. That is money the committees can use to buy television and radio ads for candidates.

ELECTION-YEAR LEDGER

See a chart showing how Democrats have saved money for campaigns by containing overhead costs.

Plus, see more spending data from PoliticalMoneyLine.org: · Democratic National Committee1

· Democratic Congressional Campaign Committee2

· Republican National Committee3

· National Republican Congressional Committee4

"If one party has fund-raising momentum, it's very helpful at this stage," said Michael Malbin, of the Campaign Finance Institute, a nonpartisan organization that tracks political money.

According to figures released yesterday, both the House and the Senate Democratic campaign committees raised more in September than the Republican National Committee, the party's fund-raising powerhouse.

House Democrats were the top money raisers, collecting $14.4 million, much of it through donations from incumbent members who aren't facing tough re-elections. Senate Democrats raised $13.6 million, through a mix of incumbent giving and a surge of individual donations. Committee Chairman Charles Schumer (D., N.Y.) said the committee received $900,000 in direct-mail checks in a single day.

The two Democratic committees reported that at the end of September they had $36 million in cash for House races and $23 million for Senate campaigns. "We've always been worried they'd throw a lot of money into some blue [Democratic-dominated] states in the end. This gives us the ability to defend our blue states and go hard in the red [Republican] states," Mr. Schumer said.

The Democratic National Committee, which has lagged behind the congressional committees in fund raising, reported $5.6 million in donations and $8.2 million in cash. Beyond that, the DNC has taken out a loan for as much as $10 million, which essentially puts the party's cash position at parity with the Republicans in the final weeks of campaigning.

The RNC reported raising $13 million, a sum Chairman Ken Mehlman said is "evidence" that Republicans are willing to fight for their majorities. The RNC had $26 million in cash, officials said.

House Republicans also showed strength, raising $12 million and reporting $39 million in cash on hand. The Republican Senate committee raised $5 million and had $12 million in the bank.

Overall, Republicans have raised more money in the 2005-2006 campaign cycle than Democrats, with totals of $408 million and $304 million, respectively. But Democrats have managed to stay within reach of their adversaries in cash on hand for the critical home stretch by containing overhead costs.

A look at spending by the national and House committees between January 2005 and Aug. 30 shows areas where Republicans spent significantly more on operations than the Democrats. Senate committee spending data weren't available.

In the run-up to Election Day, the RNC has spent nearly $8 million on consultants thus far this cycle, compared with $4 million by the DNC. Travel and event costs for the RNC approached $15 million, compared with $4 million for its Democratic counterpart. Some of that disparity is attributable to the higher cost of presidential trips, but Republicans also spend significantly more for trinkets for donors, such as lithographs and $93,500 for books about the inauguration.

All the Republican committees spend much more on fund raising, primarily through telemarketing and direct mail. The approach generates lists of supporters who can be contacted during voter-turnout operations and subsequent fund-raising programs.

The costs give the Democrats, who rely more on less-expensive Internet-based fund raising, an opportunity to narrow the cash differential at the end of each quarter.

The RNC spent nearly $15 million on telemarketing and $56 million on direct mail through Aug. 30. The DNC spent $3 million on telemarketing and nearly $30 million on direct-mail pitches. Meanwhile, the Democrats invested $5.6 million in Web programming, compared with less than $1 million by Republicans, records indicate.

At the congressional level, the differences are even more pronounced. The Republican House committee has spent nearly $45 million on fund-raising calls and processing data generated by them since January of 2005, compared with $7 million by House Democrats. Meanwhile, the Democrats invested nearly $2 million in Web-based programs, the data show.

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Democrats Approach Nov. 7 With A Surge In Fundraising (WP)

By Jeffrey H. Birnbaum

The Washington Post, October 20, 2006

Democratic fundraising for the midterm elections is ending with a surge.

In September, the Democratic campaign committees for the House and the Senate outraised their counterpart Republican committees, reversing historical trends.

The Democratic Congressional Campaign Committee raised $14.4 million and the Democratic Senatorial Campaign Committee collected $13.6 million last month, they said. In contrast, the National Republican Congressional Committee raised $12 million and the National Republican Senatorial Committee collected $5.2 million.

The Republican National Committee, however, continued to outpace the Democratic National Committee. In September, the RNC raised $13.1 million and reported total receipts of $14.3 million, while the DNC said it collected $5.6 million.

The GOP committees maintained an overall advantage of about $10 million in funds available to be spent. At the end of September, the Democratic committees had $67.3 million on hand; the Republican committees had $77.4 million.

"The Republicans' extra $10 million is better than being behind," said Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. "But it may not be enough if you're playing defense, which Republicans are."

The institute reported that 30 Democratic challengers had raised $1 million or more by Sept. 30, which compares with 12 Democratic contenders who exceeded the million-dollar threshold in 2004.

All three Democratic campaign committees raised more in the current election cycle than they did for the previous midterm elections four years ago; the House and Senate committees collected substantially more. Of the three Republican committees, only the House committee collected more this year than in 2002.

Over the past 21 months, the Republican committees raised a total of $408.4 million, while the Democratic committees raised $313.3 million, the Campaign Finance Institute calculated. The Republican total is about 10 percent lower than four years ago, while the Democratic total is 27 percent higher.

At the end of September, the DCCC had $36 million on hand and the NRCC had $39.2 million. The Democratic Senatorial Campaign Committee had $23.1 million in the bank, while the National Republican Senatorial Committee had $12.1 million on hand.

The Republican National Committee had $26 million available, three times the amount the Democratic National Committee had.

"We're comfortable that we've brought in the resources we need," said the RNC's Tracey Schmitt.

Voters Over 50 Favor Democrats (WSJ)

By John Harwood

The Wall Street Journal, October 20, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

OLDER VOTERS FLOCK to Democrats as midterm elections approach.

Voters over 50, traditionally more likely to show up on Election Day than younger counterparts, favor Democrats for control of Congress by 20 percentage points in new Wall Street Journal/NBC News poll. As Republicans brace for renewed Democratic campaign attacks on Social Security, older voters favor Bush's adversaries on the issue by more than 30 percentage points.

The poll represents "a vote of no confidence" in the Republican Party, says Democratic pollster Peter Hart, who conducts the Journal/NBC survey with Republican counterpart Bill McInturff. The survey of 1,006 registered voters, conducted Oct. 13-16, has a margin of error of plus or minus 3.1 percentage points.

Voters 65 and over give Republicans a solid edge on handling terrorism, but rate Iraq and Social Security more important to their voting decisions.

Republicans do best, trailing by five percentage points in race for Congress, among those ages 35-49.

REPUBLICAN TURNOUT MACHINE faces steep challenge.

The left displays greater fervor. Six in 10 liberals express highest possible interest in elections, compared with five in 10 moderates and conservatives. A 46% plurality of those earning less than $30,000 calls themselves "more enthusiastic" than usual about voting, outpacing the 42% among those earning more than $75,000.

"The GOP's ground game is really going to get a stress test," one Bush adviser frets. Worries about Election Day challenges to voters' legal status diminish after Ohio and Florida ban the practice. But minority voter advocates scrutinize Michigan, which still allows them.

BUSH LOSES second-term backing from key constituencies.

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Defections among past allies undercut president's clout as his overall job approval drops to 38% from 48% just before the 2004 elections. Among white men, he receives a net negative rating by seven percentage points.

Among blue-collar workers, his performance is rated negatively by 19 percentage points. Bush draws 53% disapproval from small town and rural voters, up from 39% two years ago.

Bush retains approval of eight in 10 Republicans, down from nine in 10 as he won re-election.

NOTORIOUS: House page scandal brings Republican Rep. Foley national name recognition. Seven in 10 Americans rate him negatively, comparable with past assessments of Yasser Arafat and Michael Jackson.

TEAM BUSH seeks more credit for economic news despite expected softness in third-quarter numbers next week. "Wages are growing in real terms," says Commerce Secretary Gutierrez. But among voters who call the economy most important to their election decision, Democrats hold a 30 percentage point lead.

COMMON GROUND? A 36% plurality of Republicans echoes view of Democrats and independents that Iraq is in civil war. Some 50% of persuadable voters say Bush hasn't given good reasons for U.S. troops to remain there, while 44% say he has.

BETTER OUTCOME: Despite recent difficulties, war in Afghanistan is called successful by 51% of voters; 47% say it has been unsuccessful. Men and Southerners are most likely to express positive views of the battle there against the Taliban and al Qaeda; women and Northeasterners are most negative.

SUPPORT EBBS for hitting North Korea militarily after its nuclear test.

Just 32% of voters say the U.S. should use force to stop that country's nuclear program, down from 42% in July. Opposition rises to 57% from 47% amid increasing concerns about violence in Iraq.

Attention to the issue marginally benefits Republicans. By 33% to 31%, voters say North Korea's test blast makes them more likely to support Bush's party for Congress; 31% say it makes no difference.

By two-to-one ratio, voters say the U.S. couldn't have prevented the North Korean test.

MINOR MEMOS: Foley scandal pushes Speaker Hastert's negative rating to 32%, higher than House Democratic leader Pelosi's 25%. ... By 56% to 39%, voters say capturing or killing Osama bin Laden isn't necessary for successful conclusion of Afghanistan military campaign.

GOP Aims To Scare Up Big Voter Turnout (WP)

By Dan Balz And Jim Vandehei

The Washington Post, October 20, 2006

With top Republican strategists now privately predicting substantial House losses, President Bush and top GOP officials plan to spend the final days of the 2006 campaign attempting to rally partisans and limit conservative defections with dire warnings about the consequences of a Democratic Congress.

Amid predictions that demoralized conservative voters might sit out the election, Bush and other senior Republicans will escalate charges that Democrats will raise taxes, weaken national security and liberalize social policies. Bush struck those themes in campaign appearances yesterday in Pennsylvania and Virginia, and White House senior adviser Karl Rove said he "will consistently refresh that message" between now and Election Day.

Beyond the White House, however, there is increasing anxiety among Republicans about whether new efforts to frame the party's message can be effective in turning a tide that seems to be running powerfully against them as a result of the Iraq war and the Mark Foley page scandal.

For months, Republican leaders have sought to reassure candidates and activists with a succession of strategies. These included efforts to transcend the national environment by focusing House and Senate races on local issues, as well as high-profile speeches by Bush casting Iraq as just one theater in a larger war against terrorists. But none of these approaches has succeeded over a sustained time in reversing polls showing deep voter unrest and willingness to punish Republicans for the performance of Washington.

The mood among most GOP strategists -- with the exception of Rove and a few others -- is decidedly downbeat heading into the final 18 days. They see poll after poll showing a growing number of GOP House incumbents in serious danger, including many who just weeks ago were considered relatively safe for reelection. The list of most-imperiled incumbents now includes Reps. Heather A. Wilson (N.M.) and Curt Weldon (Pa.), a top GOP strategist said.

By this reckoning, roughly a dozen GOP-controlled House seats are "gone, no ifs, ands or buts about it," said the strategist, who discussed internal party deliberations on the condition of anonymity.

A number of GOP operatives said privately yesterday that they now see minimum losses of perhaps 18 seats, with 25 to 30 a more likely outcome. Democrats need 15 to take control of the House.

Republicans are slightly more optimistic about the Senate but nonetheless are worried about prospects for maintaining control. At this point, they see four seats likely to tip to the Democrats: Pennsylvania, Rhode Island, Montana and Ohio.

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Democrats need six seats to take control. That means the battle could come down to Republican-held seats in Missouri, Tennessee and Virginia, all of which are considered too close to call now. Republicans see New Jersey as their best chance to gain a seat.

"If the vote were today, we would not hold the House," said Rep. Mark Edward Souder (R-Ind.), one of several Republicans in relatively safe districts running ads and sending mailings to voters to protect their seats. Souder, who easily won two years ago with 69 percent of the vote, said that if Democrats are successful in knocking off the three Indiana GOP lawmakers who are currently trailing in the polls, he could be washed away, too. "This is going to be for me an all-time Republican low in this district," he said.

Still, Souder said the primary factor preventing a Democratic landslide has been the failure of Democrats to a present a clear alternative. Souder, who first won his seat in 1994, said he spent the past few days studying the run-up to the election 12 years ago and found that Republicans are in a slightly better position. But "right now, it is not closing right," he said.

Mike Franc, a senior analyst at the conservative Heritage Foundation, said the GOP warnings of Democratic policies might be a hard sell with conservatives upset over recent decisions on spending and other policies.

"Republicans did a lot to soften up their own base to make it very easy for rank-and-file, conservative-minded voters to say there is not a whole lot of difference between the two parties," he said. "That has become a cancerous development on the Republican biosystem." He said even the true believers at his think tank are so fed up with GOP governance that many do not seem overly worried about the consequences of losing the House.

A series of polls show that evangelical Christians, a key component of the GOP, are turning against the Republican Congress and are less likely to vote for GOP candidates this time around.

Former House majority leader Richard K. Armey -- one of the key architects of the GOP takeover in 1994 -- agreed that Republicans have ample reason to be concerned about fiscal conservatives sitting the election out. Armey said the GOP's plan to take advantage of low unemployment and a soaring stock market was destroyed by the Foley page scandal.

"The fact of the matter is, right now people are embarrassed by Republicans, and the economic base is still angry" because of high government spending over the past six years, Armey said. Consequently, he predicted, Democrats will take control of the House in three weeks.

Mark McKinnon, who was Bush's chief media adviser in 2000 and 2004, said the campaign may look better in a few weeks if Republicans can refocus the electorate on what a Democratic takeover might mean in terms of policy.

"I think Republicans wish the election were three weeks ago and the Democrats wish it were today," he said. "The fact is, it is three weeks from now. Whatever is going on right now is not the endgame; it's the middle game."

Rove, who believes that Republicans will hold both the House and Senate, said Democrats have failed to capitalize on events because they lack a clear message that presents a compelling alternative to the Republicans. "Generally when you're trying to nationalize something and you're the out party, you have a consistent message," he said. "I'm not sure what that consistent message is on the other side. Is there unanimity on Iraq? I don't think so."

Rove, speaking by telephone while on a campaign swing with the president, discounted polls and other indicators suggesting that Democratic voters are far more energized than Republicans. He said the GOP's get-out-the-vote operation, which proved more effective than the Democrats' in the past two elections, will be as strong or stronger this year.

Republican National Committee Chairman Ken Mehlman said that for the past six weeks, a voter mobilization effort in competitive House and Senate districts has produced more contacts than during an equivalent time in 2004.

"Conservatives are cranky but not self-destructive," said GOP adviser Mary Matalin, a former aide to Vice President Cheney. "A thing we could do, have time to do and will do in the remaining time will be to hammer home what a Pelosi-Rangel-Conyers House would really mean." She was referring to House Minority Leader Nancy Pelosi (Calif.), who would become House speaker if Democrats win, and fellow liberals Charles B. Rangel (N.Y.) and John Conyers Jr. (Mich.), who are in line for committee chairmanships.

"That hasn't reached penetration levels yet," Matalin said.

GOP To Air Ad Warning Of Terror Attacks (AP-Y)

By Jim Kuhnhenn

AP, October 20, 2006

The Republican Party will begin airing a hard-hitting ad this weekend that warns of more cataclysmic terror attacks against the U.S. homeland.

The ad portrays Osama bin Laden and quotes his threats against America dating to February 1998. "These are the stakes," the ad concludes. "Vote November 7."

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Brian Jones, a spokesman for the Republican National Committee, said the ad would run on national cable beginning Sunday, but he declined to discuss specifics of the buy.

The commercial tracks with Republican Party strategy to make the war on terrorism a central theme of this election. It will air as recent polls show Republicans losing ground as the party best able to combat terrorism.

Last month, President Bush made the war against terrorism a recurrent topic in public appearances. But his message was drowned out by the e-mail sex scandal involving former Republican Rep. Mark Foley of Florida and by increasing fatalities in Iraq.

The ad displays an array of quotes from bin Laden and his top lieutenant, Ayman al-Zawahri, that include bin Laden's Dec. 26, 2001 vow that "what is yet to come will be even greater."

The ad also cites al-Zawahri's claim to have obtained "some suitcase bombs," followed by a scene that appears to show a nuclear explosion.

Despite al-Zawahri's claim, portable nuclear devices are believed to be particularly difficult to produce and elusive to rogue regimes and terror groups.

The ad is also featured on the RNC's Web site. The party said the ad, called "The Stakes," will be e-mailed to millions of GOP supporters, activists and the state parties.

Democrats denounced the ad as scaremongering.

"This is a pathetic move by an increasingly desperate GOP," said Democratic National Committee Communications Director Karen Finney. "Clearly Republicans are so afraid of their abysmal record they can't offer one example of what they've done to keep America safe."

Former U.S. Navy Vice Admiral Joe Sestak, a Democratic congressional candidate running against incumbent Rep. Curt Weldon, R-Pa., said the war in Iraq has made Americans less safe. "It's disturbing that the Republicans in Washington are trying to reinvent history with this latest message of fear," he said.

Dems To Use Moderation If They Win House (AP)

By Andrew Taylor

AP, October 20, 2006

WASHINGTON -- They're mostly a liberal bunch. Yet the would-be chairmen in a House under Democratic control promise to rule from the center. They'd have little choice, given the likely balance of power they would confront if elected.

George W. Bush would still occupy the Oval Office, and no one thinks Democrats could win control of the House by more than a few seats next month. And that would include three dozen or more moderate "blue dog" Democrats.

The dynamics ensure that despite the overwhelmingly liberal cast of the chairmen-to-be _ as measured by liberal interest groups such as Americans for Democratic Action _ the early agenda would consist of bills that could garner Republican support.

Those include legislation to raise the minimum wage, empower the government to negotiate lower prescription prices from drug companies for the Medicare program and end tax breaks for companies that move U.S. jobs overseas.

"If we do take back the House, there will certainly be a Republican president and there may well be a Republican Senate, so we're well aware of the constraints," said Rep. Barney Frank, D-Mass. "But I think there are some things that we can put out that will put some pressure on: minimum wage, negotiating with drug companies."

What won't be seen is any serious move to impeach Bush, even though the top Democrat on the Judiciary Committee, Rep. John Conyers of Michigan, has introduced a bill calling on Congress to determine whether there are grounds for impeachment over the government's warrantless wiretapping program.

Conyers already has been overruled by Democratic leaders including would-be Speaker Nancy Pelosi of California, who dismiss any talk of impeachment.

And there's no talk of gun control measures _ anathema to the 40 or so pro-gun Democrats in the House _ nor even much speculation about steps to curb greenhouse gas emissions thought responsible for global warming. For starters, would-be Energy and Commerce Committee Chairman John Dingell, D-Mich., is a staunch supporter of his state's automobile manufacturers.

Instead, the Democrats' "Six for '06" agenda is studded with items designed to attract broad support from Democrats and also win over plenty of Republicans. Besides the minimum wage, they include: making college tuition tax deductible, boosting production of biofuels and improving military readiness.

Democrats do promise to use committee posts to step up oversight of the Bush administration. They would be likely to hold hearings into the conduct of the Iraq war, the National Security Agency's wiretapping program, Hurricane Katrina contracting abuses and the influence of industry lobbyists on environmental rulemaking.

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"When President Clinton was in office, congressional committees were themselves on steroids and investigated every possible allegation of wrongdoing, no matter how small," said Rep. Henry Waxman, D-Calif., who stands to assume the chairmanship of the Government Reform Committee. "But when President Bush took over, oversight virtually ceased. No matter how big the issue, Congress now often looks away."

The Democratic chairmen deposed in 1994 were a sometimes imperious group, often uninterested in the opinions of junior lawmakers, even those of fellow Democrats. But the arrogance is gone after 12 demoralizing years in the minority.

"The biggest job is to see whether (Republicans) want to talk," said Rep. Charles Rangel, D-N.Y., poised to grab the helm of the Ways and Means Committee, with its broad portfolio that includes taxes, trade, Social Security, Medicare and welfare. "If we win, it's only for two years and we should be able to say what we have accomplished in two years. We really need their input and the bipartisanship if we're going to succeed."

Republicans say that giving Rangel the gavel of the tax-writing committee would lead to tax hikes. Most of Bush's tax cuts would expire at the end of the decade unless renewed by Congress.

"If Charlie Rangel were to be chairman of the Ways and Means Committee, he would put at risk ... some of the best economic policy this nation has seen in a long time," said Vice President Cheney in an interview with Time magazine.

Rangel said the White House would have to show flexibility on reforming Social Security and simplifying the tax code if Democrats were to try to address those issues.

Frank stands to take over the Financial Services Committee, a panel that claims jurisdiction over federal housing programs, which Democrats argue have been shortchanged under GOP rule.

"We'll be getting back into building affordable housing," Frank said.

Moderate Democrat Collin Peterson of Minnesota, who would take over the Agriculture Committee, said he would resist what he characterized as Bush administration efforts to "gut the farm bill." Farm subsidy programs are up for renewal next year.

"If I'm chairman, that's not going to work," Peterson said.

Some Democrats, such as George Miller of California _ potential chairman of the Education and the Workforce Committee _ refuse to comment since it's far from a sure bet who will control the House.

Right now, Republicans hold 230 of the 435 seats, with 201 Democrats and one independent. Three seats are vacant.

Pelosi No Shoo-in For Job As Speaker (WT)

By Charles Hurt

The Washington Times, October 20, 2006

Minority Leader Nancy Pelosi's prospects for becoming the nation's first female House speaker depend not only on a Democratic victory in November but also on her ability to prevent any Democrats from voting against her -- primarily centrists opposed to her liberal stances.

At least one Democratic House candidate has pledged not to support Mrs. Pelosi, and others in conservative districts have refused to commit their support -- potentially leaving Mrs. Pelosi shy of the 218 votes required for the chamber's top post.

Democrat Charlie Stuart, who hopes to unseat Republican Rep. Ric Keller in Florida, already has said he opposes Mrs. Pelosi and would prefer Rep. Steny H. Hoyer, the more conservative No. 2 Democrat in the House whose strained relations with Mrs. Pelosi have been well-chronicled on Capitol Hill.

"He's a centrist," Stuart spokeswoman Sultana Ali said of the Florida Democrat. "His values really are more in line with Steny Hoyer than Nancy Pelosi."

At least three other Democrats contacted by The Washington Times refused to commit their support to Mrs. Pelosi, whose San Francisco district is far more liberal than the districts that are up for grabs in this election.

Ordinarily, a party's leadership structure is set by the caucus in advance, and all members are expected go along with the decision. In the eight years Rep. J. Dennis Hastert, Illinois Republican, has been speaker, he's never had a protest vote cast against him.

Mrs. Pelosi, whose voting record is considerably more liberal than many of her fellow Democrats, has never enjoyed that luxury. In last year's election for speaker, one Democrat opposed her for the top post. Four Democrats opposed her in 2003, with three of them simply voting "present" as a protest.

Such protest votes are a sign of dissension within a party. But in the upcoming Congress -- where Democrats could hold the majority by just one or two seats -- any members who vote for someone other than Mrs. Pelosi or simply decide not to vote could trigger parliamentary mayhem.

If Mrs. Pelosi were to fail to win, the speakership would go to the highest vote-getter, most likely Mr. Hastert. Democrats would later win it back by settling on a leader after an intraparty showdown that could pit Mrs. Pelosi against Mr. Hoyer.

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But many insiders say Mrs. Pelosi has already moved to protect herself from Mr. Hoyer by privately encouraging another conservative Democrat -- Rep. John P. Murtha of Pennsylvania -- to announce earlier this year he will run for the party's No. 2 position if Democrats gain control of the chamber. Mr. Murtha, who is conservative on many issues but has lately become a hero of the left for demanding that troops be withdrawn from Iraq, is considered a formidable challenger.

One of those who opposed Mrs. Pelosi in 2003 was former Rep. Ken Lucas, Kentucky Democrat, who retired the following year. Now he is trying to regain his seat from the Republican who replaced him, and Democrats list the race as among one of their most promising chances to pick up a seat in November.

The Lucas campaign did not return several phone messages inquiring whether he would support Mrs. Pelosi for speaker.

Rep. Gene Taylor, a conservative Democrat from Mississippi, refused to support Mrs. Pelosi in both past leadership elections. Each time, he has cast his protest vote for Mr. Murtha.

Next year, however, Mr. Taylor said he would support Mrs. Pelosi, at least if his was the deciding vote.

"If it comes down to Hastert or Pelosi, then I'm certainly not going to vote for Hastert," he said. "I'm not going to vote against my own self-interest."

Mr. Taylor said that voters in his district -- which went 66 percent for President Bush in 2000 -- don't have much in common with Mrs. Pelosi, who visited recently to survey the damage left by Hurricane Katrina.

"People were very nice to her," Mr. Taylor said.

Heath Shuler, the former Washington Redskins quarterback who is challenging Rep. Charles H. Taylor in North Carolina, is another Democrat running in a conservative district who refuses to say whether he would support Mrs. Pelosi for speaker.

"He will support whoever he thinks will best represent this district," Shuler spokesman Andrew Whalen said.

Mr. Taylor's campaign -- like vulnerable Republican campaigns in conservative districts across the country -- has gone to some effort to smear the Democratic candidate by association to Mrs. Pelosi.

Pelosi spokeswoman Jennifer Crider said it's a campaign that won't work.

"Republicans are without a single winning issue, so it's no wonder they are desperately trying to falsely smear a churchgoing grandmother who has made fiscal responsibility, bipartisanship and middle-class tax cuts a priority," she said.

In some races, such as Democrat Brad Ellsworth's effort to unseat Republican Rep. John Hostettler in Indiana, the charge has become so heavy that the Democrat ran a television commercial pleading with voters that the election "isn't about Nancy Pelosi." Mr. Ellsworth also refuses to say he will support Mrs. Pelosi for speaker.

Said Gene Taylor of Mississippi: "I still wish Jack Murtha would run for speaker. He's pro-gun, pro-life, a real conservative."

Confident Democrats Draft Broad Health Care Agenda (NYT)

By Robert Pear

The New York Times, October 20, 2006

WASHINGTON, Oct. 19 — Expecting to gain seats in Congress, Democrats are drafting an ambitious health care agenda to carry out their campaign promises with legislation to lower drug costs for older Americans, provide more money for children's health insurance and expand research using embryonic stem cells.

Many Democrats in the House and the Senate say they want federal officials to negotiate directly with pharmaceutical companies to obtain lower prices for Medicare beneficiaries. The 2003 Medicare law explicitly prohibits such negotiations.

Representative Nancy Pelosi of California, the House Democratic leader, said that if Democrats were in control, they would try to repeal that ban in the first 100 hours after the House convenes.

Private insurers already negotiate drug discounts for Medicare beneficiaries, but Democrats say the government could get a better deal.

"I don't know that we could undo all the private plans," said Representative Pete Stark of California, who would be chairman of an important health subcommittee if Democrats were in the majority. "But at least we could offer a government-administered drug benefit. Under the existing program, we virtually guarantee the insurance companies against loss, which is a ludicrous position for us to be in."

For 12 years, House Democrats have felt powerless to shape the health care agenda. Now they sense a major opportunity. Not only are they using health care as an issue in the midterm elections, but they also plan to use it to set the stage for the 2008 presidential campaign.

Chris Murphy, the Democrat challenging Representative Nancy L. Johnson in Connecticut, has attacked her role in writing the 2003 Medicare law, while Mrs. Johnson takes credit for helping "millions of seniors."

In Ohio, the Democratic candidate for the Senate, Representative Sherrod Brown, repeatedly points out that the number of uninsured has increased by more than five million since President Bush took office.

Embryonic stem cell research has been a defining issue in Senate races in Arizona, Maryland and Minnesota.

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But Republicans are not ceding those issues to Democrats.

In a recent television commercial, Representative John E. Sweeney, a four-term Republican from upstate New York, boasts that he has "come through for every hospital in this part of New York — every one." Senator Lincoln Chafee, Republican of Rhode Island, and Representative Deborah Pryce, Republican of Ohio, boast that they split with Mr. Bush and voted for research using embryonic stem cells.

On Capitol Hill, the Democratic agenda faces three significant constraints: Mr. Bush, fiscal reality and industry resistance.

Any move to allow direct federal negotiation of drug prices would be opposed by the White House, most Congressional Republicans and drug companies, which stand to lose more than any other industry if Democrats take control of Congress.

Drug companies worked closely with Republicans to pass the 2003 Medicare law, and drug makers have overwhelmingly favored Republicans over Democrats in their campaign contributions.

Democrats are not naïve about their ability to write laws over White House objections. "The Democratic agenda on health care will be somewhat limited by the fact that George Bush is still president," said Representative Henry A. Waxman of California, who has been working on health legislation for more than three decades.

After the demise of President Bill Clinton's plan for universal coverage, Mr. Waxman said, he concluded that "the health care system can be fundamentally changed only when there's strong public support for a specific proposal." Democrats will use the next two years to build such support before the 2008 presidential election, he said.

Democrats do not say exactly how they would pay for their proposals, but they have said they would consider tax increases.

A Democratic priority is to renew and expand the Children's Health Insurance Program, created with bipartisan support in 1997. Democrats say Congress must provide more money just to preserve coverage for the four million children already enrolled.

Federal officials say that two-thirds of uninsured children are eligible for Medicaid or the Children's Health Insurance Program. Democrats want to help states find those children.

The Congressional Budget Office assumes that the budget for the child health program will continue at its current level of $5 billion a year, but Democrats say that would threaten recent gains in coverage. The number of uninsured children fell to 7.9 million in 2004, from 11 million in 1998, but grew last year by 361,000.

Democrats also vow to step up spending at the National Institutes of Health. The agency's budget had doubled over five years, reaching $27 billion in 2003, but has risen less than 6 percent since then.

With additional seats in the House and the Senate, Democrats say, they would overturn restrictions that Mr. Bush imposed on research involving embryonic stem cells. Congress passed such legislation this year, but Mr. Bush vetoed it.

Democrats have a long list of federal agencies, programs and industries they want to investigate. Many are eager to look into drug prices and marketing practices. They also want to investigate whether Medicare overpays managed care plans, compared with spending for similar beneficiaries in the traditional Medicare program.

Mr. Stark, the senior Democrat on the Ways and Means Subcommittee on Health, said his priority was to stop what he called "the Republican drive to privatize Medicare."

The new drug benefit is delivered by private insurance companies, subsidized by the government. Under a bill drafted by Mr. Stark and other Democrats, Medicare would offer an additional option: one or more government-operated prescription drug plans. The government would "negotiate with pharmaceutical manufacturers with respect to the purchase price" of drugs covered by its plans.

The Congressional Budget Office says that lifting the ban on federal negotiation with drug companies "would have a negligible effect on federal spending" because federal officials could probably not negotiate prices much lower than those obtained by insurers in a highly competitive private market.

Democrats insist that government negotiations could save large sums for Medicare. They would like to use the money to improve the drug benefit — by closing a gap in coverage, sometimes known as a doughnut hole, or by making it easier for low-income people to qualify for extra assistance.

Fla. Official Appeals Foley Sign Ruling (AP-Y)

By Bill Kaczor

AP, October 20, 2006

Florida's secretary of state on Thursday appealed a ruling that prohibits the posting of signs to tell voters in the district of disgraced former Rep. Mark Foley that his votes will go to another Republican.

Circuit Judge Janet Ferris ruled Wednesday that state law did not permit such signs to be posted in polling places.

Florida Secretary of State Sue Cobb, an appointee of Republican Gov. Jeb Bush, asked the 1st District Court of Appeal to reverse the ruling. The court agreed to expedite the case. Early voting for the Nov. 7 election begins Monday.

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"A confused voter should not be compelled to guess," said Cobb spokeswoman Jenny Nash.

Cobb has until noon Monday to file written arguments, and the Democratic Party has until noon Wednesday to reply.

Foley resigned Sept. 29 after the disclosure of suggestive electronic messages he had sent to male teenage congressional pages. The Republican Party chose state Rep. Joe Negron to replace Foley as its candidate against Democrat Tim Mahoney in the south Florida district.

But the resignation came too late to change the ballots, so Republicans wanted signs posted telling voters Foley's votes would go to Negron instead. The Democrats sued Cobb and supervisors of elections in eight counties, claiming the signs would favor Republicans.

Cobb's appeal triggered an automatic stay of the injunction banning the signs. But Ferris lifted it later in the day, saying posting the signs would cause "irreparable injury" to the Florida Democratic Party, which also had a substantial likelihood of winning its lawsuit.

Dems Look To Rancher To Win Neb. Race (AP-Y)

By Kevin O'hanlon

AP, October 20, 2006

A Yale-educated rancher — and a Democrat to boot — could rope in a House seat in the most Republican state in the nation.

Scott Kleeb, 31, has raised his party's hopes in Nebraska's 3rd Congressional District, which gave President Bush his best numbers in the deep red state in 2004 — 75 percent — and heartily embraced football icon and Republican Rep. Tom Osborne in three elections.

Osborne made an unsuccessful bid for governor, creating an open seat in the expansive district that stretches from Scottsbluff on the Wyoming border, north to South Dakota and south to Kansas.

In another year, the open seat would be a gimme for the Republicans, but Kleeb has turned heads — even conservative ones. The great-great-grandson of an 1870s homesteader near Broken Bow, Neb., Kleeb is appealing to the district's rural voters, many of whom are part of Nebraska's $6 billion beef industry.

One television ad shows Kleeb at work on the McGinn Ranch in Nebraska's storied Sandhills region: "This is pioneer country. You don't punch cows and not put in a full day's work," the narrator says. "And that's what he does. His word is his bond. That's cattle talk, but that's the way it is. His word is his bond."

Kleeb says his years as a rancher counts with voters.

"People want to know that you've experienced the same things they've experienced — that when you are writing federal policy that has real-life consequences to people who work in production agriculture, that it's not just words on a piece of paper," he said.

Kleeb faces Republican state Sen. Adrian Smith, a real estate agent and owner of a mini-storage unit who has served in the legislature since 1998. Smith is counting on prevailing in a district that is 59 percent Republican and 28 percent Democratic.

"I have a lot of folks out in cattle country who appreciate my down-to-earth and authentic approach," Smith said.

The Republican primary in May left some hard feelings as Smith defeated four other candidates. He also has received contributions from the Club for Growth, which advocates ending all farm subsidies — hardly a popular stand in Nebraska.

No surprise then that "Republicans for Kleeb" have held meetings in five cities.

Better yet for the Democrat, Kleeb recently secured the endorsement of the conservative Omaha World-Herald, the state's largest newspaper.

"When pressed aggressively, Kleeb's opponent ... falls back on sound bites and slogans. When pressed under the same conditions, Kleeb draws on different resources — mental focus, breadth of analytical ability and an unshakable internal steadiness," the newspaper said.

Kleeb's chiseled good looks and charisma remind many voters of a young Bob Kerrey, who as an unknown Democrat emerged from nowhere to unseat Republican Gov. Charles Thone in 1982 and later served two terms in the Senate.

"I wish I was tall and good looking," Kerrey joked when reminded of the comparisons. "I've heard more than one person say — accurately — that he is much better than I was in 1982."

Born in Adana, Turkey, Kleeb is the son of two teachers who worked on U.S. military bases He did his undergraduate work in history and political science at the University of Colorado and has a master's degree in international relations and a doctorate in history from Yale University.

He lists the reauthorization of the farm bill, maintaining partly subsidized rural airline service and alternative energy sources as important. Smith touts making President Bush's tax cuts permanent and reducing the number of government mandates for farmers and ranchers.

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Neither candidate has received much financial help from their respective parties. The Nebraska Democratic Party has given Kleeb $10,000 plus paid for $28,000 in ads. Smith has received just $5,000 each from the Republican National Committee and the National Republican Congressional Committee.

Heading into the last month of the campaign, Smith had $319,000 on hand and Kleeb had $255,000.

If the Democrat wins, it would be one for the history books. The last time a Democrat held the House seat was 1961.

Clinton Stumps For Cardin (WT)

By Jon Ward

The Washington Times, October 20, 2006

BALTIMORE -- Former President Bill Clinton yesterday came to Maryland to boost a state Democratic Party struggling to connect with black voters.

"This is not a usual election," Mr. Clinton told an enthusiastic crowd of several hundred at Frederick Douglass Isaac Myers Maritime Park.

He urged people to recruit as many voters for the Democrats as possible, something he acknowledged "you don't usually have to do in Maryland."

Mr. Clinton spoke at a rally for Baltimore Mayor Martin O'Malley, who is running for governor, and for Rep. Benjamin L. Cardin, who is running for the U.S. Senate.

Basking in the crowd's cheers as he stood on an outdoor stage near the Inner Harbor, Mr. Clinton described Mr. Cardin as an "old-fashioned politician."

"He actually thinks you're going to give him a job if you elect him," Mr. Clinton said, chiding Republicans for being ideological and divisive.

After the rally, Mr. Clinton attended a fundraiser in Potomac for Mr. O'Malley.

O'Malley officials said they planned to raise about $500,000 from the event.

Mr. Clinton was the latest in a string of national Democrats to stump for Mr. O'Malley and Mr. Cardin. Mr. Clinton's wife, Sen. Hillary Rodham Clinton of New York, came last month, as did Sen. Barack Obama of Illinois.

The appearances by Mr. Obama, the fifth black senator in U.S. history, and Mr. Clinton have been aimed at bolstering Democrats' standing among black voters, traditionally the party's most loyal voting bloc.

Race and minority representation have played large roles during this campaign season, in which Mr. Cardin defeated a black candidate, Kweisi Mfume, in the primary and now faces in the general election Lt. Gov. Michael S. Steele, the first black to win a statewide election.

The Democratic nominees for the state's four top races -- Senate, governor, attorney general and comptroller -- are all white men. Mr. O'Malley's running mate, Delegate Anthony G. Brown of Prince George's County, is black.

Maryland's 10 black state senators last month met with Mr. O'Malley and Mr. Cardin to express concern about the lack of diversity at the top of the Democratic ticket, the Baltimore Sun reported.

In addition, black business and religious leaders have said there is grass-roots discontent among black Democrats over the lack of minority representation at the top of the party's ticket.

And during a visit to Maryland this month, Democratic National Committee Chairman Howard Dean said that "there should be more diversity on this ticket" but added that the national party is not at fault.

Democrats have called Mr. Steele a "unique threat" to their hold on black voters.

Maryland's Senate Race (WP)

The Washington Post, October 20, 2006

ONE CANDIDATE in Maryland's U.S. Senate race, Rep. Benjamin L. Cardin , would be a natural leader in the Senate by dint of his command of issues, proven integrity, formidable intellect and unstinting work ethic. The other candidate, Lt. Gov. Michael S. Steele, deploys platitudes and gauzy rhetoric to disguise a tissue-thin grasp of policy. Mr. Cardin would give Maryland legislative clout from Day One; in Annapolis and on Capitol Hill, he has been an effective, knowledgeable, serious lawmaker. Mr. Steele is hard-pressed to claim a significant achievement in public service.

Slightly frumpy and occasionally professorial, Mr. Cardin, a Democrat, is sometimes stereotyped as a drab policy wonk. In fact he is fervent about ideas, chief among them that government should be effective, accountable and proactive. No one who has heard Mr. Cardin on the subject of health insurance, Social Security, or tax and trade policy will conclude that he lacks passion -- or an impressive mastery of detail. It is that passion and attention to the mechanics of government that have earned him such respect for pragmatism and problem-solving.

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To a degree rare among Democrats, Mr. Cardin has broken through the barriers of partisanship and minority-party impotence in Congress, enabling him to craft major bills to help senior citizens and reform the Internal Revenue Service. He forged strategic partnerships with key congressional Republicans, notably former Ohio representative Rob Portman, who is now the White House budget director. Such alliances could help Mr. Cardin play a key role in the Senate on a range of issues, no matter who is in the majority.

Mr. Cardin is well known to Marylanders. While still in his 30s, he was the youngest-ever speaker of the state's House of Delegates. In that role and in Congress, he has been sensible, tough-minded and independent. He broke with many Democrats and labor unions to back the North American Free Trade Agreement.

Mr. Steele, a Republican, deserves credit for helping move Maryland's Republican Party in a centrist and more appealing direction. But during the campaign he has done everything in his power to sidestep questions of substance while positioning himself mainly as a friendly guy. At times he has bristled when pressed on, say, abortion, as if it were somehow unfair to delve deeper into his thinking. His economic prescription is tax cuts and more spending -- a recipe for budgetary disaster. As lieutenant governor, he promised a study on Maryland's death penalty, but he waited three years to produce a report that the governor did not see fit to make public.

Mr. Steele recently said on talk radio that the race is "not about the issues so much as it is about the style of leadership that we need to elect in Washington." We're old-fashioned enough to believe that leadership arises from a mastery of policy and a commitment to positive change. Mr. Cardin has both, and as a senator he would be an asset to the state of Maryland.

Too Late For Lame Attempts To Win The Black Vote (WT)

By Adrienne Washington

The Washington Times, October 20, 2006

"That's the guy I don't like," said my hairstylist, pointing to yet another slick commercial that popped up featuring Lt. Gov. Michael S. Steele, a Republican, in his bid to win a U.S. Senate seat.

Another friend is more amused. She refers to Mr. Steele's "we're in this together" campaign theme as the "EHarmony ads."

My hairstylist is not "feelin' the love." And she is just the type of black, middle-class homeowner to whom Mr. Steele is pandering, hoping to get them to cross party lines to cast a vote for his historic candidacy.

Guess again. His is no cakewalk. It is going to take more than a few fighting words from has-been boxer (Mike Tyson) or hip-hop mogul (Russell Simmons) or the black version of P.T. Barnum (Don King) to woo suddenly coveted black voters.

"What I don't like is how they're always talking, talking about the other guy and why you shouldn't vote" for their opponent," said a Largo mother of three who is distrustful of most politicians. "But they don't tell you why you should vote for them." And, "I really don't like black Republicans because they do all these things to get there, and then they forget where they come from," she said. "That's what I think when I see" Mr. Steele.

Like it or not, wrong or right, hers is the typically intractable anti-Republican sentiment that still runs high among black voters, many of whom lob far worse slurs at black conservatives than any white Democrat can dish out.

But the tide may be shifting, slightly. Another die-hard Democrat from Prince George's County told me that publicly, he is supporting the party ticket, but privately, he is going to vote for Mr. Steele.

Why? "Just to make the Democrats crazy," he said.

He suggested that Mr. Steele should have taken his message to black voters sooner. Still, he doesn't think the black crossover vote will determine Mr. Steele's fate. A loss would rest more with the number of white Republican voters who "just can't bring themselves to vote for a black man." The Washington Times reported earlier this week that Republicans, particularly in rural areas of the state, said they will vote instead for the Democratic candidate, Rep. Benjamin L. Cardin.

Ronald Walters, a political-science professor at the University of Maryland, agreed with the Prince George's man, predicting that whatever gains Mr. Steele makes among black votes will be canceled by whites who will not vote for him as happened in Virginia with L. Douglas Wilder and in New York with David Dinkins, black Democrats who won by slim margins.

He also said he expects few black voters to cast ballots in favor of Mr. Steele, despite the historic aspects of his success.

Too bad. Too late. I know it was wishful thinking to want former Rep. Kweisi Mfume as Mr. Steele's Democratic opponent.

We missed the rare and welcome opportunity to witness an election campaign that might not have deteriorated into name calling and race baiting on both sides.

No matter how hard we try, we simply cannot escape the age-old issues stemming from racial injustice and division in this country.

Even when the dueling candidates are of an apparently similar ethnic background, hurtful words still sully the debate and detract from common concerns.

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Just when the brouhaha over the use of the "N-word" seems to have subsided in the Old Dominion, we cross the Woodrow Wilson Bridge to the Free State to hear words like "Oreo," "Uncle Tom" and "slavishly" shamelessly thrown into the campaign dialogue, predictably followed by weak excuses and mea culpas.

Wasn't it E.B. White who said to choose your words wisely and "make every word tell"? Sorry, but I'm not buying the I-didn't-mean-any-offense line from Rep. Steny H. Hoyer.

For his part, Mr. Steele trots out black celebrities, slips into street dialect, spends most of his time in the 'hood and chastises his benefactors for forgetting folks who still haven't made it up the ladder as he has. But he pretends to have thin skin whenever the opposition alludes to its color.

Not surprisingly, a fair number of black Maryland voters resent politicians on both sides of the aisle who show up only to shower empty campaign promises when the margin for victory gets slim. The old-boy network in the Maryland Democrats' cabal couldn't reward its loyal black constituency by backing a single black candidate in a bid for a powerful statewide office. Then, they feared backlash from black Democrats, as they should, now that the folks they have traditionally taken for granted have a viable alternative.

The Republicans upped the ante by fielding a more attractive, articulate foe than the Democrats' pedestrian Mr. Cardin.

In response, the white Democratic Party leaders have done their best to paint Mr. Steele as a puppet for the Republicans whom they suggest are determined to return their water boy and his people to those bygone Southern Maryland farms to harvest tobacco.

Talk about a picture speaking a thousand words. Should all Maryland voters be offended by the spectacle of a lineup of suited white men preaching fire and brimstone to a black audience about why they should stick with the very people who passed them over? At the eleventh hour to add "hope" to the mix of fear, they serve up "the first black president," Bill Clinton, or the future first black vice-presidential candidate, Sen. Barack Obama.

"Give us free," says the frustrated slave in "Amistad."

No "EHarmony" here. Clearly politicians of every hue and stripe must think voters can't see through their thinly veiled, self-serving divisive rhetoric.

VP Bill? Depends On Meaning Of 'Elected' (WP)

By Peter Baker

The Washington Post, October 20, 2006

The prospective presidential candidacy of Hillary Rodham Clinton has given rise to plenty of speculation about the notion of Bill Clinton as the nation's first gentleman. But what about another role? How about, say, vice president?

Politically, of course, the idea is a non-starter for all sorts of reasons. But that doesn't stop the parlor games, especially on the Internet. The issue came up last week during a chat on washingtonpost.com: What if Hillary picked Bill as her running mate? A Post reporter rashly dismissed the idea as unconstitutional. But that only proved the dangers of unedited journalism. The answer, it turns out, is not so simple.

A subsequent sampling of opinion from professors of constitutional law, former White House lawyers and even a couple of federal judges reveals a simmering disagreement on whether a president who has already served two terms can be vice president. Some agree with the conclusion that the presidential term limit embedded in the Constitution bars someone such as Clinton from returning to the White House even in the No. 2 slot. Others, though, call that a misreading of the literal language of the law.

As the former president might say, it all depends on the meaning of the word "elected." Under Article II of the Constitution, a person is "eligible to the Office of President" as long as he or she is a natural-born U.S. citizen, at least 35 years old and a resident of the United States for 14 years. The 12th Amendment says "no person constitutionally ineligible to the office of President shall be eligible to that of Vice-President."

Okay, so that means if you're not eligible to be president, you're not eligible to be vice president. Makes sense. What would be the point of electing a vice president who can't succeed the president in case of death, incapacity or vacancy?

But then Congress and the states added the 22nd Amendment in 1951 to prevent anyone from following the example of Franklin D. Roosevelt, who won four terms. That's where things get dicey. "No person shall be elected to the office of the President more than twice," the 22nd Amendment says.

On its face, that seems to suggest that Clinton could be vice president because he is only barred from being elected president a third time, not from serving as president. That's the argument of Scott E. Gant, a partner at Boies, Schiller & Flexner in Washington, and Bruce G. Peabody, an assistant professor of political science at Fairleigh Dickinson University in New Jersey. The two wrote a law review article in 1999 called "The Twice and Future President" and reprised the argument this summer in the Christian Science Monitor.

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"In preventing individuals from being elected to the presidency more than twice, the amendment does not preclude a former president from again assuming the presidency by means other than election, including succession from the vice presidency," they wrote. "If this view is correct, then Clinton is not 'constitutionally ineligible to the office of president,' and is not barred by the 12th Amendment from being elected vice president."

Others share that opinion. Three former White House lawyers consulted by The Washington Post (two who served President Bush and one who served Clinton) agreed that the amendment would not bar Clinton from the vice presidency. A federal judge, who noted that he has "no views on the matter," said the plain language of the amendment would seem to allow Clinton to "become president through succession."

Kathleen M. Sullivan, director of the Stanford Constitutional Law Center, said the 22nd Amendment, "as I read it, does not preclude a Clinton-Clinton ticket." She added: "Bill, if elected VP, could become president in the event that President Hillary became incapacitated; he just could not run for reelection from that successor post."

Still, that view is not universal. Judge Richard A. Posner of the U.S. Court of Appeals for the 7th Circuit said by e-mail that "read literally, the 22nd Amendment does not apply" and therefore Clinton could be vice president. "But one could argue that since the vice president is elected . . . should he take office he would be in effect elected president. Electing a vice president means electing a vice president and contingently electing him as president. That interpretation, though a little bold, would honor the intention behind the 22nd Amendment."

Bruce Ackerman, a constitutional scholar at Yale Law School, also pointed to original intent in addressing the issue in his book this year, "Before the Next Attack: Preserving Civil Liberties in the Age of Terrorism." The amendment, he wrote, "represents a considered judgment by the American People, after Franklin Roosevelt's lengthy stay in the White House, which deserves continuing respect" and "should not be eroded" by a narrow interpretation allowing someone to manipulate his way to a third term.

Eugene Volokh, a law professor at the University of California at Los Angeles who was a clerk for Sandra Day O'Connor when she was on the Supreme Court, focused on the broader meaning of the language in the amendment in reaching the same conclusion. "My tentative answer is that 'eligible' roughly means 'elected,' " he wrote on his Web site, the Volokh Conspiracy, this summer, meaning that if Clinton cannot be elected president, he is no longer eligible at all.

One constitutional lawyer not heard from on the issue is William Jefferson Clinton, Yale Law class of 1973. But he has offered thoughts on the 22nd Amendment. Before leaving office and again in 2003, he suggested amending the amendment to let a two-term president leave office and then run again: "Since people are living much longer . . . the 22nd Amendment should probably be modified to say two consecutive terms instead of two terms for a lifetime."

Now, who might he have had in mind?

Ehrlich Vows To Spend $338 Million Next Year (WP)

By John Wagner

The Washington Post, October 20, 2006

Maryland Gov. Robert L. Ehrlich Jr. pledged yesterday to spend at least $338 million on school construction in the next fiscal year, matching what the state is spending this year.

The Republican incumbent's announcement, made at a school in the Frederick area, comes during a heated reelection campaign against a Democratic challenger who has made a big issue of school construction.

Baltimore Mayor Martin O'Malley has pledged to spend $400 million next fiscal year to make up for what he has characterized as insufficient funding during the early part of Ehrlich's term, resulting in too many "temporary learning shacks" on school grounds across the state.

Aides to Ehrlich said yesterday that the governor's announcement, less than three weeks before Election Day, was driven not by the political calendar but by the law. Ehrlich spokesman Henry Fawell said the law required the governor to provide a preliminary estimate of funding to legislative leaders by mid-October.

Ehrlich said this year's funding level is the highest in 30 years.

But O'Malley spokesman Rick Abbruzzese said Ehrlich's announcement was more evidence of "the two Bob Ehrlichs."

"Three weeks before the election, he says he's going to fund school construction. But when he has the power, he cuts funding," Abbruzzese said.

He was referring to the first part of Ehrlich's term, when, grappling with projected state budget deficits, the governor proposed significantly cutting school construction money from levels granted under his Democratic predecessor.

During Ehrlich's first two budget years, the state authorized $106.5 million and $116.6 million, respectively, on school construction.

A state commission has recommended that Maryland spend at least $250 million a year.

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"We will continue making substantial investments in school construction so that every child learns in a safe and modernized school," Ehrlich said during his appearance at the groundbreaking for Oakdale High School for 1,600 students.

Young Republicans Now Flourishing At Liberal Berkeley (WSJ)

By Pui-wing Tam

The Wall Street Journal, October 20, 2006

BERKELEY, Calif. -- The University of California at Berkeley has been notable for firebrand leftist students like Mario Savio. The 1960s leader of the Free Speech Movement staged sit-ins on campus to demand students' rights to academic freedom and free speech. On a recent Thursday, one of the university's new generation of student leaders was playing with a life-size cardboard cutout of Ronald Reagan.

"Elect Ronald Reagan," called out Josiah Prendergast, before unfolding the cutout on a grassy field on the Berkeley campus. After propping up the late Republican president, the 21-year-old reached into a bag and pulled out stickers and buttons featuring the slogans "Support Our Troops" and "Schwarzenegger: Protecting the California Dream."

A political-science major, Mr. Prendergast, a college senior, is serving his second term as president of the Berkeley College Republicans. Faculty, administrators and student-government officials all say the conservative organization, which has about 650 members, has become one of the campus's biggest student groups, outstripping its main rival, the Cal Berkeley Democrats.

On this day, Mr. Prendergast was busy recruiting college freshmen. He and some friends were attending "Calapalooza," an annual event at which new students sign up to join campus organizations. He figures the new blood could potentially help California's governor, Arnold Schwarzenegger, and other Republican politicians.

"Don't be scared," Mr. Prendergast yelled out, as college kids walked by. "We don't bite."

The growth of the Berkeley College Republicans at one of the nation's most liberal campuses echoes some broader political trends. At Berkeley, while leftist students still dominate and outnumber conservatives, the liberal groups have splintered and are now spread across factions from the Cal Democrats to the International Socialist Organization to groups formed to oppose the war in Iraq. At the same time, several faculty members say, there are more conservative-leaning students than in the past, propelled by swells of patriotic feeling after events like Sept. 11 and an increase in the number of religious student groups.

The modus operandi of the Berkeley Republicans over the past few years has been to be provocative. In 2003, its members opposed affirmative action with an "Affirmative Action Bake Sale," where students paid for pastries on a sliding scale: White students were charged more, while Hispanics and African-Americans paid less. Under Mr. Prendergast's presidency, the group this year protested the People for the Ethical Treatment of Animals, or PETA, by giving away hot dogs and encouraging students to eat meat. Mr. Prendergast also held an "Anti Antiwar Rally" in nearby San Francisco, and staged a "Dunk a Republican" contest. The group gets several thousand dollars a year from the Berkeley student government. It also does its own fund raising and will sometimes get donations from local Republicans and others.

The splashy tactics have sometimes aroused the ire of campus liberals. Scott Lucas, president of the Cal Democrats through last May, says the Republican club cheats on membership numbers because it doesn't charge dues as other student groups do. But Mr. Lucas acknowledges that the Cal Dems are now "a hair" smaller than the Republican club.

For Republicans, the ascendant Berkeley group is a cause for celebration. Dan Schnur, communications director for John McCain's 2000 presidential run and now a lecturer at Berkeley, often speaks to Republican groups around the state and talks about how the Berkeley Republican students have become a big student club on the liberal campus. "At first, the audiences are surprised, and then they're inspired," Mr. Schnur says. "It has a tremendous motivating effect" in mobilizing Republican voters.

The strength of the Berkeley Republican students is surprising given that the club barely existed in the late 1990s. A revival began in 2000, when several new students restructured the group to hold social activities as well as engage in political debates and attend Republican conventions. They also founded a conservative publication called the Patriot. To spread the conservative gospel, the club has set up a Web site, created an alumni database, regularly brings speakers to campus and holds weekly meetings.

When Mr. Prendergast enrolled at Berkeley in 2003, he quickly became active in the group and was elected its president in 2005. A grandson of the late Spalding G. Wathen, a land developer in California's Central Valley, Mr. Prendergast grew up in Fresno, in what he calls a "gospel family." The family was conservative -- Mr. Wathen helped break a local plumbers union in the 1980s -- and Mr. Prendergast followed the same ideology. He decided to go to Berkeley when he was rejected by his first-choice college, the U.S. Naval Academy. "I thought it'd be a fun challenge," he says.

Mr. Prendergast, who hopes to go to law school, has grand ideas for the club in his final year at Berkeley. Over the summer, he held an offsite retreat with his executive board to sketch out plans, including campaigning door-to-door and showing up at rallies for conservative politicians for the November elections. To raise funds, he is organizing an Oct. 28 golf outing. And to raise student awareness and beef up membership, the group recently staged a "Conservative Coming Out Parade."

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Such tactics have helped Mr. Prendergast recruit students like Kevin Ligutom, who transferred to UC Berkeley from a junior college in nearby Hayward, Calif., in August. Mr. Ligutom, 21, isn't a Republican (he's registered as an independent voter) but was intrigued to find the conservative club on campus. After attending several of the club's meetings, he says he was impressed by the guest speakers the group brought in and how the group's members rallied to attend state Republican meetings.

"At their first meeting, they had a local Republican politician talk," says Mr. Ligutom. "And Josiah isn't just sitting around in a circle with everyone and complaining about things." Mr. Ligutom, who has since worked the phones for some Republican politicians along with the group, says he plans to remain active in the club.

Being a Republican at a liberal college isn't easy. Andrea Rasmussen, 22, an integrative biology and anthropology major who is a vice president of the club, says some fellow students once threatened to shoot her for her conservative beliefs. Mr. Prendergast, who also works as a local restaurant waiter, says some of his friends have been spat on and called fascists.

At the Calapalooza event, meanwhile, more freshmen were wandering by and picking up the club's fliers, which exhorted them to "Come Out of the Political Closet." Mr. Prendergast and Ms. Rasmussen, along with group treasurer Ben Chapman, answered questions and pitched the club as "a social outlet with conservative students." An hour into the event, they had signed up around 35 students. But they ultimately fell short of their goal of 150, netting around 100 registrations by the end of the three-hour event, with an additional 20 or so signups online.

During Calapalooza, held in late August, UC Berkeley Chancellor Robert Birgeneau walked by. When he saw President Reagan's cardboard figure, the chancellor chuckled and stopped to talk.

"I gave an interview to a British newspaper recently, and the journalist asked me about Berkeley's liberalism," said Mr. Birgeneau to the group. "I had to tell him that the largest student political group on campus is Republican. You should've seen him: He was so disappointed."

Joe Lieberman Rediscovers Belief In Connecticut (WSJ)

By Daniel Henninger

The Wall Street Journal, October 20, 2006

We see where the Democrats are laying in cases of champagne to celebrate their Nov. 7 victory in the congressional elections. If as seems possible control of the Senate turns on a single seat, attention will return to one probable winner who likely won't be in the Democratic clubhouse spraying bubbly that night -- Joe Lieberman.

Sen. Lieberman is going to defeat the Ned Lamont "insurgency" from the Democratic left. Now what?

His lead in the most recent polls runs between 8 and 13 points. It is safe to assume that if the Democrats win next month, they won't be urging reporters to focus on the Lieberman victory in Connecticut. This wasn't supposed to happen.

What was supposed to happen is that Joe Lieberman was supposed to go away. After Ned Lamont defeated Mr. Lieberman in the primary, a procession of his Senate friends traveled ostentatiously to Connecticut to recreate the scene in "Godfather II" where Tom Hagen tells Frank Pentangeli about how marked guys went away in the time of the Roman Empire. "Yeah," said Frankie, "and their families were taken care of." Hagen: "A nice deal."

That was a movie. Instead of a political corpse, the Democratic Party is about to get its own version of John McCain -- a shrewd and independent maverick. By the accounts of friends and associates, Joe Lieberman feels "liberated" and "unshackled."

Back in 2000, as Al Gore's running mate, Joe Lieberman did what the party asked him to do. He threw over some of his core beliefs, as on affirmative action and school vouchers, and swept left in a way that made his bipartisan admirers cringe. After the Lamont defeat, he could have slicked together a campaign that threw sops to Greenwich's liberals and held his Democratic base (he got 48% in the primary).

Didn't happen. In terms of what comes next for Mr. Lieberman and his party, the signal event in this campaign is his Sept. 25 speech to the Veterans of Foreign War in East Hampton. It's about Iraq. This speech could serve as a template for Democratic Party policy on Iraq after the election -- but it won't.

In August, just weeks before the Lamont antiwar frenzy crested, 12 Democrats led by Sen. Harry Reid and Rep. Nancy Pelosi sent President Bush a letter urging the start of withdrawal from Iraq by the end of 2006 and a reduced mission there. That's the party's current business model. It was the energy source that the progressive blogosphere took into Connecticut. Sen. Lieberman is running straight at it.

His East Hampton VFW speech describes bringing the troops home prematurely as a "formula for defeat and disaster." He restates his support for Saddam's overthrow, criticizes rank partisanship in a time of war, praises Iraq's democratic progress and ends by offering an alternative strategy for avoiding defeat.

It includes resolving the crucial issue of sharing Iraq's oil revenues, ending the out-rotation of the U.S.'s best military commanders, accelerating the logistical support system for Iraq's army and, most interestingly, increasing the overall force structure of the Army and Marine Corps to face future threats.

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Sen. Lieberman says the troops he has spoken to want to see the job finished in a way that honors their service and sacrifice: "We owe it to them not to give up and walk off the battlefield before the job is done."

He proposes forming a "bipartisan Iraq working group" when Congress reconvenes in January made up of senior members of the relevant committees who would meet regularly with the president. It could happen. If the Democrats take the Senate, Sen. Lieberman is in line to chair the committee on homeland security.

There is talk of the ever-present Democratic "insurgency" on the left organizing to prevent Mr. Lieberman from gaining the committee chairmanship. That will happen if the Republicans are lucky, leaving Sen. Lieberman as a cherished but ignored party eccentric. But it could be back luck for the GOP if the Democrats take a close look at what is winning in Connecticut.

Sen. Lieberman is probably going to carry the Democratic vote in places like the Naugatuck Valley around Waterbury -- blue-collar, culturally conservative Reagan Democrats deeply discomfited by the war but unwilling to truck with a Vietnam-like pullout. He is pulling well in the suburbs around New Haven, home to knowledge-based industries in the biosciences, information and health. In the Republican stronghold of Fairfield County, where incumbent GOP Congressman Chris Shays may lose, a new internal Lieberman poll puts him up 15 points.

A diverse in-migration of Republicans is helping Mr. Lieberman. Maine Sen. Susan Collins, a moderate, will be in the state today for him. Jack Kemp arrives next week for stops in New London and Mystic. Most intriguing, New York City's nominally Republican mayor Mike Bloomberg is about to hold his third fund-raiser for Sen. Lieberman.

For fans of political irony, this is a wonderful race. The blog-based Democratic insurgents created the Lamont movement. But after receiving investiture from party elders Kennedy, Dodd and Kerry, Mr. Lamont was the candidate of the Washington establishment. Driven from the compound, Joe Lieberman was now the man not "of" politics-as-usual.

Unlike in 2000, Joe Lieberman is running this time on his beliefs, something he probably thought a lot about while pulling the knives out in August. The Democratic Party lost in 2000 and 2004 by running liberals who couldn't get across the goal line. The 2008 party desperately needs a belief-based centrist, with national name recognition, to hold off McCain, Romney or Giuliani. If perchance Hillary falters . . . It won't happen, but for a reborn winner, even the dreams are sweet solace.

Massachusetts, Back In The Game (WP)

By E. J. Dionne Jr.

The Washington Post, October 20, 2006

BOSTON -- Massachusetts is often down in presidential politics, but never out.

The state that gave the United States two of its first six presidents has not had a presidential winner since John F. Kennedy in 1960. The most recent entries, Michael Dukakis and John Kerry, were dispatched by different

Bushes.

But in a state where, as the late Mary McGrory once noted, every baby is born with a campaign manager's gene, the political players are as resilient as Red Sox fans.

Astonishingly, the hottest 2008 presidential contender from this very Democratic state is a Republican, Gov. Mitt Romney. He insists, as the scripture might have it, that he may be in Massachusetts but he's surely not of it.

In an interview with Elizabeth Mehren of the Los Angeles Times earlier this month, Romney admitted that, had he known he would go into national politics, he would have been "a lot smarter to stay in Michigan," where his father, George Romney, was governor in the 1960s. He regularly excoriates the legalization of same-sex marriage by "activist judges" in his current home state who "struck a blow to the foundation of civilization, the family."

With Romney leaving the statehouse to go national, his designated successor is Lt. Gov. Kerry Healey, a down-the-line loyalist -- until this year. Now, as Romney moves to the right, Healey moves the other way. After keeping mum about her differences with Romney for most of his term, she has split with his more conservative stances on a whole range of social issues, including stem cell research, abortion and same-sex civil unions.

"The poor woman has been forced to discover that she disagrees with him on all these issues," said Rep. Barney Frank, the state's most entertaining Democrat. "She should run her ads on the Discovery Channel."

But another national political player looms in Deval Patrick, Healey's Democratic opponent. Patrick, who was in charge of the Justice Department's civil rights division under President Bill Clinton, has unleashed a sense of excitement among Massachusetts Democrats, who have had a lot to be glum about in recent years.

"I haven't seen anybody else since the Kennedys who had that way of energizing people," says Boston Mayor Thomas Menino, a tough-minded pro not given to extravagant expression. "They'd march through a wall for him."

In a state famed in the 1970s for bitter racial conflict over mandatory school busing, Patrick is an African American with cross-racial appeal. Frank describes Patrick as "bright and thoughtful and extremely competent and in command," and adds: "It's hard to attack this guy as a radical leftist."

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But that's what Healey is trying to do with a series of brutal soft-on-crime attacks that bring to mind the ones that helped sink Dukakis's presidential candidacy in 1988. Healey has gone after Patrick for his efforts to seek a DNA test for a convicted rapist in the 1980s. Patrick has a strong defense, saying he dropped his support for the man when the DNA test was positive -- but he initially fumbled his explanation. Healey has also attacked Patrick for serving as a defense lawyer for a convicted killer of a police officer. "While lawyers have a right to defend admitted cop killers," the announcer on one ad intones, "do we really want one as our governor?"

Healey's assaults cut Patrick's advantage in the polls, though he still leads by double digits, and the ads have invited an anti-Healey backlash. "That's what defense lawyers do," says Menino, a Democrat, referring to the murder case. "I'm lucky I'm not a lawyer."

Patrick is commonly compared to another talented African American, Sen. Barack Obama, but many Massachusetts Democrats think the best analogy is between Patrick and Clinton, who campaigned for his former appointee this week and plans to visit again.

A Boston Globe reporter recently read Patrick a politician's long riff about "hope" vs. "fear." Patrick couldn't tell whether the words were his or Clinton's. (They were Clinton's.)

If Healey wins, Romney will claim credit for ensuring his succession in an ideologically unfriendly state, even if Healey did have to toss Romney's social conservatism over the side. But Menino's money is on Patrick for an interesting reason. "We're void of passion," Menino says of politics generally and of his Democratic Party in particular, and Patrick has it. "You see it in his face."

Imagine: A state famous for producing hard-core political pros, practical precinct captains and worldly wise consultants may be on the verge of creating two new export commodities: an attractive central-casting conservative governor and a young passionate idealist. Anything to keep Massachusetts in the game.

Black Candidates, A Welcome Norm (USAT)

Commentary By Joyce King

USA Today, October 20, 2006

An older black woman once told me: “You drive a Volvo and talk proper. You must be a black Republican.” She likely didn't know that latte-drinking Volvo owners are more closely associated with Democrats.

These days, you can't look at black people and assume anything. While most blacks are Democrats, Republicans are gradually finding converts. Yet, no matter which party blacks favor on Nov. 7, this trend is good news for the political process: A record number of black candidates are posing serious bids for high-level offices never held by blacks:

·Governor. Democrat Deval Patrick is leading in the Massachusetts race. If he wins, he will become the first black to hold that office. Another black, former NFL star Lynn Swann, is running as a Republican in Pennsylvania. In Ohio, it's Republican Kenneth Blackwell. These men are prime examples of what should matter most: qualifications, not color. Only one black has been elected governor: Virginia's Douglas Wilder in 1989.

·Lieutenant governor. Black candidates are running strong campaigns in New York, where state senator David Paterson is expected to win, and in Maryland, where Democrat Anthony Brown, on the ticket with gubernatorial candidate Martin O'Malley, is favored. Paterson would become the first black lieutenant governor for his state; Brown would be the second in Maryland, succeeding Michael Steele, an African-American running for U.S. Senate. Daryl Jones is Florida's first black nominee for the office, but he is trailing.

·Senate. Another closely watched race is in Tennessee, where Democratic Rep. Harold Ford narrowly leads his GOP opponent. If Ford wins, he'll be the first black senator from the South since Reconstruction.

David Bositis of the Joint Center for Political and Economic Studies says Democrats Ford and Illinois Sen. Barack Obama are from a new generation of black leaders: Ivy Leaguers who focus less on opening new doors for blacks and more on taking advantage of those already opened. On the GOP side, Bositis says, Steele and Blackwell are candidates who won statewide office by advocating policies not generally popular with blacks, such as tax cuts, deregulation and limiting social services.

This year, 51 black candidates — 43 Democrats and eight Republicans — are running for House seats.

“We the people” don't all drive Volvos or espouse the same political values. Neither do black candidates. With more and more African-American candidates moving into the mainstream, voters can focus more on qualifications and less on hue; just as it should be.

It’s Voter-Fooling Time In America (NYT)

The New York Times, October 20, 2006

The homestretch of the campaign season historically puts treacherous distortions of the truth before the voters, none more so this year than a mysterious California letter informing thousands of Latino-Americans that immigrants have no right to vote.

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"You are advised," begins the Spanish-language letter, dripping with authority, that if "you're an immigrant, voting in a federal election is a crime that can result in incarceration." It now appears that someone in a Republican Congressional campaign conjured a contemporary spin on a classic scare tactic from torchlight politics.

Comparable outrages surface daily now, with an ad for black voters in six states misrepresenting the Rev. Martin Luther King Jr.'s politics in a staged chat between two black women: "Dr. King was a real man," says one actress. "You know he was a Republican," the other chimes in.

Democrats are no less tempted to flash bare-knuckle mischief. In a prime example, Representative Nancy Johnson, a Connecticut Republican, is being portrayed by Chris Murphy, the Democrat, as heartlessly unresponsive to a woman whose child needed insurance coverage for a cleft lip and palate. Of course, Ms. Johnson has represented Mr. Murphy as being opposed to the surveillance of terrorists.

So it goes, with some ethically challenged spinners creating false news clippings and tucking them knifelike into campaign videos of real stories. Even Lincoln is being falsely quoted by defenders of the Iraq war. The 16th president never said that Congressional critics who damage wartime morale "should be arrested, exiled or hanged."

One of the more widespread canards is rooted in the divisive and fruitless immigration debate. Democrats in more than two dozen races are being falsely accused of wanting to give Social Security benefits to illegal immigrants — a distortion of a proposal to actually block immigrants from being credited for benefit days worked before they had legal status. One Web site coated with obvious racism and xenophobia is MuchasGraciasDebbie.com, which skewers Senator Debbie Stabenow, Democrat of Michigan, dressing her digitally in a sombrero, grinning and declaring, "No problema!"

What to do, beyond celebrating the continuing pungency of free speech across the nation? The most obvious answer is that voters need to pay ever closer attention to what the candidates say in this world of mixed media and mixed messages. The Internet is a powerful ally.

The head of Google, Eric Schmidt, is cautioning politicians stuck in the sound-bite era that "truth predictor" software is in the works so that computer-wise voters will be instantaneously able to check on the probability, if not the certainty, of what candidates claim as fact. Actually, careful parsing of egregiously misleading campaign ads is already available on the Web at factcheck.org, a nonprofit service that thinks voters should be treated as intelligent consumers entitled to the plain facts. If only the candidates saw it that way.

Tax Cut Convert (WSJ)

The Wall Street Journal, October 20, 2006

In an otherwise bad year for Republicans, one GOP incumbent doing well is Alabama Governor Bob Riley, in large part for the ironic reason that he failed to raise taxes.

Three years ago Mr. Riley told voters it was their "Christian duty" to approve a $1.2 billion tax hike he wanted to plug a $675 million deficit. His crusade briefly became a national story, as the press played up a GOP tax-raiser. We chimed in that this seemed like a bad idea and were chided by all sorts of Alabama Republicans who said we didn't understand the state. However, voters -- many of them even Christian -- opposed the tax hike by two-to-one in a special election, forcing lawmakers to restrain spending instead.

Mr. Riley is now running for re-election and it seems he has converted to supply-side economics. Sitting on a $1 billion budget surplus and faced with an opportunity to hand his party control of the legislature for the first time in more than 130 years, the Governor is preaching tax cuts like a true believer. He has already pushed through an income tax cut that will kick in come January. And if given a second term, he promises another round of income and property tax cuts that would eventually save residents about $250 million a year.

With the economy booming -- the unemployment rate is near a record low at 3.5% -- even some Democrats are starting to believe. Mr. Riley's Democratic opponent, Lieutenant Governor Lucy Baxley, has her own property tax cut on the table and hopes voters will have more faith in her promises than a Governor who wavered on taxes once before.

Mr. Riley has given himself a little wiggle room by also proposing "triggers" to delay his tax cuts if revenue dedicated to education doesn't increase by at least 3% a year (it's up by more than 10% this year). But should he win next month -- and he is running ahead -- it will be the second time Alabama voters have rejected higher taxes in three years. In politics, that's enough to make a believer out of anyone.

Charities Tackle Accountability (WSJ)

By Sally Beatty

The Wall Street Journal, October 20, 2006

DOJ_NMG_0083952

As charity and foundation heads gather for their annual meeting in Minneapolis this weekend, a key issue will be accountability -- and whether the $3.37 trillion nonprofit sector is capable of policing itself.

Two years ago, the Senate Finance Committee told nonprofit leaders it was considering "comprehensive reforms to protect charities from bad actors and strengthen their accountability to donors." The warning followed public outrage over disclosures about costly perks being reaped by private foundations and questions about governance practices at the Nature Conservancy, the American Red Cross and other nonprofit organizations.

In response, Independent Sector, the leading umbrella organization representing charities and foundations, organized a blue-ribbon panel to discuss overhauls and make recommendations, including a redesign of the tax form charities file to the Internal Revenue Service.

Since then, Congress has focused on reining in abuses by donor-advised funds (which allow donors to take a tax deduction for gifts to a charitable fund that may be distributed later) and by nonprofit hospitals. It also cracked down on charities flouting the strict limits placed on political activity. Still unresolved are concerns about the patchwork of financial reporting made by nonprofits.

Despite headlines over Warren Buffett's $31 billion pledge to the foundation of his good friend Bill Gates in June, much of the growth in the nonprofit sector in recent years has come from much smaller charities. Today there are at least one million U.S. charities and foundations, excluding religious groups, up nearly 60% in the past decade. But only about a third of tax-exempt organizations file IRS returns. Under IRS rules, only organizations with annual revenue of $25,000 or more are required to file a detailed financial statement annually.

Facing the threat of stricter regulation, Independent Sector asked Congress last year to require any charitable organization with $1 million or more in annual revenue, including donations and earnings on assets, to have its financial statements audited each year. But it believes it is "too onerous" to require all charities to do so.

Currently, the IRS statement required of charities, called Form 990, offers the public the best look at individual charity finances. But nonprofit officials say many groups routinely leave out important details required by the form, such as addresses of recipients of charity dollars. The IRS is preparing to overhaul Form 990 to make it easier for the public to understand it. It also is planning to require that the form be filed electronically, which could make it easier for the agency to spot abuses by nonprofits.

*** GIFT OF THE WEEK / From Jeans to African Studies

WHO GAVE IT: Thomas W. and Pauline Tusher

HOW MUCH: $10 million over five years

WHO GOT IT: California Academy of Sciences, San Francisco

BY REQUEST: The funds will help rebuild the academy's African Hall as part of a $429 million reconstruction of the entire institution.

YOUR NAME HERE: Tusher African Center, which will house the rebuilt African Hall, and the Pauline Tusher Education Facility

HOW IT HAPPENED: Tom Tusher, former president of Levi Strass & Co., was playing tennis at a country club in Ross, Calif., about five years ago when he ran into John W. Larsen, a trustee of the California Academy of Sciences. The two got to talking about the academy, and Mr. Larsen invited the Tushers to several academy benefit dinners. Mr. Tusher had retired from Levi in 1997 and was thinking more seriously about philanthropy.

In 2000, the academy hired architect Renzo Piano to design a new structure, which will include "environmentally sensitive materials" such as insulation made of recycled fiber from bluejeans -- though not necessarily Levi's brand -- and sustainably harvested wood. Mr. Larsen and Mr. Tusher subsequently spoke about Mrs. Tusher's upbringing in Africa (she was born in the U.S. to English parents and moved to Nairobi at age 6), and whether the couple would be interested in supporting the new African center, which will include dioramas about African wildlife and a live penguin exhibit. Since then, other Tusher family members have become involved in the academy, where Mr. Tusher is a trustee. In 2005, son Gregory Tusher joined the academy's investment committee and daughter-in-law Virginia Tusher, a scientist, joined the academy's education committee.

Mr. Tusher, 65 years old, says this is his family's largest single gift to date.

Calif. Ballot Battle Over Big Oil May Be Costliest In U.S. History (WP)

By John Pomfret

The Washington Post, October 20, 2006

LOS ANGELES, Oct. 19 -- Call it the battle of Big Oil vs. Silicon Valley with a whole lot of Hollywood funding thrown in. Oil companies are squaring off against venture capitalists in a fight over a California proposition that would tax oil production in the state to fund alternative energy.

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To date, $107 million has been raised in the fight. If it is all spent, it will make Proposition 87 the most expensive proposition in the nation's history, dwarfing the $93 million epic, also in California, to legalize Las Vegas-style casinos on Indian reservations in 1998. Oil companies, including Chevron; Aera Energy, a partnership of Shell Oil and Exxon Mobil; and Occidental Petroleum have given more than $60 million to oppose the measure. On the other side is a coalition of environmentalists and venture capitalists led by John Doerr, a partner at the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, and former partners Vinod Khosla and William Randolph Hearst III. The 800-pound gorilla in that camp is Hollywood mogul Stephen Bing, who has donated $40 million.

"This is a huge amount of money," said John Matsusaka, the director of the Initiative and Referendum Institute at the University of Southern California. "Bush and Kerry spent $250 million for a national election. This measure is costing nearly half that for a local issue in one state."

The idea behind Proposition 87, formally known as the Clean Alternative Energy Act, is simple. Oil companies, the proposition's backers charge, have not spent enough on alternative energy in the state that consumes the most oil and has the dirtiest air. So it's time that the government forced them to do so.

Prop. 87 would impose a tax of 1.5 to 6 percent per barrel of oil extracted from California, generating $225 million to $485 million a year in new tax revenue. California provides 12 percent of the U.S. oil supply and 40 percent of the state's supply. This money would create a $4 billion fund that would be used to develop alternative energy, with the goal of cutting petroleum consumption by 25 percent in 10 years. The measure also prohibits oil companies from passing the tax on to consumers.

In addition to strong financial backing from Silicon Valley and Hollywood, several political, business and entertainment luminaries have rallied to the measure's cause. Among them are former president Bill Clinton, who addressed a rally on Oct. 14 of 5,000 in Los Angeles in favor of Prop. 87; former vice president Al Gore, who cut his first political commercial since the 2000 presidential campaign in favor of Prop. 87; Richard Branson, the British entrepreneur; and actress Julia Roberts.

Yes on 87's campaign strategy has been to demonize the oil companies and to raise the specter of foreign oil imports and global warming. "We buy their oil, they burn our flag," intoned the announcer on one ad that featured a photograph of King Abdullah of Saudi Arabia and a Middle East mob. And in a state where Big Oil is as popular as earthquakes and even the Republican governor's Hummer is a hybrid, that strategy might seem like a winner. But support for Prop. 87, which had been in the double digits in July, is slipping. A Field Poll released earlier this month showed voters nearly evenly split on the measure.

One reason is the onslaught of ads funded by oil company money. As with any measure focused against multinational corporations, Matsusaka said, Big Oil "is trying to signal to anyone else contemplating similar measures that if you're going to take on the industry, you are going to have to spend a ton of money." The No on 87 campaign ads say that gas prices will rise and that the measure will actually increase, not lessen, California's dependence on foreign oil by forcing producers to stop pumping oil from their wells in the state. Independent economists have challenged that logic, saying energy prices are set globally, not locally.

There is also growing concern, expressed by economists and editorialists, about the state agency the measure would create and how the $4 billion would be distributed. The Los Angeles Times called the formation of a whole new government bureaucracy to fund alternative energy, already a prime target of venture capital, a "spectacularly bad idea." Indeed, of the 24 papers in California that have editorialized on the issue, only two have supported it.

Taxpayer groups have lambasted the measure, saying the new bureaucracy would be unfettered by normal checks and balances. And even energy economists worry that the proposition would simply create a taxpayer-funded piggy bank to subsidize the investments of Silicon Valley's richest venture capitalists, such as Doerr and Khosla, who are backing the measure.

Responding to those criticisms, Leslie Miller, a spokeswoman for the Yes on 87 campaign, acknowledged that firms associated with the measure's supporters could benefit but said that others would, too.

"It's going to be kids driving in clean-energy school buses," she said.

Although she acknowledged that alternative energy is already attracting millions in investment, Miller contended the program is necessary because "at a certain point you need government investment in order to propel implementation."

"This is not corporate welfare, this is venture-capitalist welfare, and that bothers me," countered James Sweeney, an economist at Stanford University who is starting a new institute that could profit from the energy fund. "I think they've chosen a bad instrument for a good goal."

Rice Presses S. Korea To Pursue Full Sanctions (WP)

By Glenn Kessler

The Washington Post, October 20, 2006

DOJ_NMG_0083954

SEOUL, Oct. 19 -- Secretary of State Condoleezza Rice pressed the South Korean government on Thursday to fully implement U.N.-authorized sanctions against North Korea for its nuclear test, but she encountered reluctance among officials in Seoul, who fear that tough action could lead to increased tensions and even war.

South Korean officials said they had deferred decisions on whether to suspend two cross-border business projects with North Korea -- the Mount Kumgang tourist resort and the Kaesong Industrial Park.

Foreign Minister Ban Ki Moon said the government would evaluate its participation in light of the new U.N. Security Council resolution that punishes North Korea by halting trade in weapons, luxury goods and other items. He noted that the Kumgang resort, which provides about $13 million a year in hard currency for North Korea, is a "very symbolic project" for the two countries, separated since World War II.

Before Rice landed in Seoul, one of the government's top officials was quoted in local newspapers as saying South Korea could not be left at the whims of the United States, given that the United States "has fought more wars than any other nation." Song Min Soon, chief presidential secretary for security, later softened his remarks in a telephone interview, explaining that while the "United States has global interests," it was also important for the U.S. government "to accept our interests" and "harmonize our needs in the U.S. global policy." He said the U.N. resolution would be implemented through "our view and our interpretation."

Rice arrived here as the Chinese government announced that State Councilor Tang Jiaxuan had led a high-level delegation to Pyongyang and met with North Korean leader Kim Jong Il. A Chinese government spokesman said it was a "very significant" meeting but declined to provide details.

A senior State Department official traveling with Rice said China has taken a "rather dramatic shift" in its policy toward North Korea since the Stalinist country announced it had conducted a nuclear test on Oct. 9.

[At least four Chinese banks in recent days have halted transactions with North Korea, cutting off a major conduit for the isolated country to move its money to and from the outside world, the Wall Street Journal reported in Friday's editions.]

"I'm pretty convinced that the Chinese will have a very strong message about future tests," the official said, referring to intelligence reports that suggest preparation for a second test is underway. He spoke to reporters on Rice's plane under condition of anonymity, citing rules set by the State Department.

Tang, who as state councilor outranks the foreign minister in the Chinese system, visited Washington last week and then flew to Moscow before arriving in Pyongyang. He is scheduled to meet with Rice when she visits Beijing on Friday, but the official cautioned against any breakthrough. "Our understanding is that the North Koreans have not been in the mood to return" to negotiations, the U.S. official said. "If anything, they are looking to escalate the crisis further."

Throughout her tour of Asia, Rice has battled the perception that the United States is eager for an escalation. News media reports here have suggested that the United States wants to use the U.N. resolution to spur a dramatic confrontation with North Korea, such as a blockage or quarantine.

Asian officials have repeatedly cautioned against relying only on sanctions. Ban said that "sanctions are not made for the sake of sanctions," but as a way to draw North Korea back to negotiations. In Beijing, Rice's next stop, a Chinese government spokesman told reporters that "sanctions are a signal, not the goal."

At the news conference with Ban, Rice emphasized: "We want to leave open the path of negotiation. We don't want the crisis to escalate."

She added: "I did not come to South Korea, nor will I go anyplace else, to try and dictate to governments what they ought to do." But she urged other nations to "take stock of the leverage we have to get North Korea to return to the six-party talks" involving Russia and Japan in addition to the United States, China and the two Koreas.

Rice held lengthy talks with Ban, who was recently selected as the next U.N. secretary general, and South Korean President Roh Moo Hyun. She then held a dinner with Ban and Japanese Foreign Minister Taro Aso, which was intended to show trilateral solidarity after several years of bickering between South Korea and Japan -- and a worsening U.S.-South Korean relationship.

U.S. officials want South Korea to join the administration's Proliferation Security Initiative, a maritime exercise designed to thwart trade in weapons of mass destruction. South Korea was deliberately not invited when the program was started during President Bush's first term. The official traveling with Rice acknowledged that South Korea previously felt that joining it would be seen as a "provocative act" that would undermine its ability to influence North Korea.

Rice said that "there is a lot of misunderstanding" about the initiative, stressing that it is based on current legal authority and relies on intelligence, not "constant random inspection of ships." Rice said that while the United States wants to pay close attention to North Korean cargo, "there are many different ways in which this can be achieved," such as "container security initiatives" to detect potentially radioactive materials.

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The senior U.S. official suggested there is concern about the stability of North Korea, a tightly controlled dictatorship. "A lot of us are wondering what is going on," the official said, adding it did not make sense for North Korea to test a weapon in defiance of China, its main benefactor.

"There should never be a second nuclear test, as it would further aggravate the current situation," Ban said. The United States and South Korea "shared an understanding that if it happened, there would be more grave consequences."

South Korea Tells Rice It Won't Abandon Industrial And Tourist Ventures With North (NYT)

By Thom Shanker And Martin Fackler

The New York Times, October 20, 2006

SEOUL, South Korea, Oct. 19 — The government of South Korea told Secretary of State Condoleezza Rice on Thursday that it had no intention of pulling out of an industrial zone and a tourist resort in North Korea, even though the operations put hard currency into the pocket of its government.

During a news conference with Ms. Rice, the South Korean foreign minister, Ban Ki-moon, said he had explained "the positive aspects" of the industrial park at Kaesong and described how the tourism zone around Mount Kumgang was "a very symbolic project" for reconciliation between the Koreas.

At the end of a dinner here on Thursday that united Ms. Rice with her South Korean and Japanese counterparts, a senior State Department official, speaking on the customary condition of anonymity when traveling with the secretary, said the South Korean government had said it would review its support for the industrial and tourist projects — in particular the subsidies for the Mount Kumgang zone.

"We never expected them to announce steps today," the official said.

In her public comments, at least, Ms. Rice only emphasized the importance of the United States alliance with South Korea. The goal is not to elevate tensions on the peninsula, but to put into effect sanctions under a United Nations Security Council resolution as a multinational effort to press North Korea to return to six-party negotiations and end its nuclear program, she said.

"I did not come to South Korea, nor will I go anyplace else, to try and dictate to governments what they ought to do in response to Resolution 1718," Ms. Rice said after meetings with President Roh Moo-hyun and Mr. Ban, who will be the next United Nations secretary general.

"What I do think is very important is that everyone take stock of the leverage that we have to get North Korea to return to the six-party talks and negotiate seriously the dismantlement of its nuclear weapons programs," she said.

Ms. Rice is in the region to press for strict enforcement of the Security Council's sanctions against North Korea for its nuclear test last week. Her toughest job will be persuading South Korea and China, which differ with the United States on how to engage North Korea's reclusive Communist government.

The senior State Department official said after the dinner that the South Koreans had said they would "have a full program in place" to carry out the resolution in about three weeks, and would not want to announce new steps while Ms. Rice was in town for fear of appearing to bow to American pressure.

South Korea and China hold the key to the effectiveness of the sanctions, which were passed Saturday after intense negotiations, because they share the longest borders with North Korea, and are by far its biggest economic partners. South Korea's trade with North Korea reached $1.06 billion last year.

Ms. Rice said that she had received no official Chinese report on a visit on Thursday by State Councilor Tang Jiaxuan to the North Korean leader, Kim Jong-il, but expressed certainty that he had delivered a strong message that North Korea's "behavior is unacceptable."

She is to fly to Beijing on Friday.

While the United States has long called for further isolating North Korea to discourage its nuclear ambitions, South Korea has taken a different course. Its decade-old policy of engagement has aimed to ensure peace on the peninsula by opening North Korea to trade, investment and economic interdependence.

The nuclear test raised calls in South Korea to re-examine the policy. But officials here have said the United Nations sanctions will not end broad economic and trade contacts with North Korea, a stand backed by South Korean public opinion.

State Department officials describe the tourism zone in particular as a conduit for cash for North Korean leaders. The project, which opens a revered mountain site and hot springs to foreign visitors, has earned North Korea more than $456.9 million in precious hard currency, said its South Korean developers, Hyundai Asan.

On Wednesday, Song Min-soon, a security adviser for President Roh, replied that the project "is not a policy to be changed following somebody's order to do this or that."

"We are not deviating from the international community only because we differ with a certain country," he told reporters. "I'm not going to name that country," he added, though the context made it clear he was referring to the United States.

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In his comments beside Ms. Rice on Thursday, Mr. Ban said South Korea was awaiting more specific guidelines from a United Nations sanctions committee working on details of carrying out the resolution.

But many in South Korea see the United States as trying to drive a wedge between the Koreas, fueling resentment. In a show of support for the engagement policy, Kim Geun-tae, the chairman of South Korea's governing Uri Party, said he planned to visit the industrial park on Friday "to show symbolically that the inter-Korean economic cooperation projects must continue," the JoongAng Daily newspaper reported.

The Security Council sanctions bar the sale or transfer of material that could be used to make nuclear, biological and chemical weapons or ballistic missiles. They also forbid international travel and freeze overseas assets of people associated with North Korea's nuclear program.

Rice In China On Trickiest Leg Of NKorea Crisis Tour (AFP)

By David Millikin

AFP, October 20, 2006

BEIJING - US Secretary of State Condoleezza Rice has landed in China on the most delicate -- but potentially most promising -- leg of a tour to turn the screw on North Korea after its first atom bomb test.

Rice, who flew in from Seoul, landed just before 10:00 am (0200 GMT) for a hectic round of meetings with China's leaders, including President Hu Jintao, Premier Wen Jiabao and Foreign Minister Li Zhaoxing.

On the eve of her visit to China, North Korea's closest ally and long-time protector, a Chinese presidential envoy met North Korean leader Kim Jong-Il in a bid to pull his Stalinist regime back from the nuclear brink.

No details emerged from Thursday's meeting between Kim and Tang Jiaxuan, who according to the Chinese foreign ministry delivered a message from Hu during what was described as a "significant" visit aimed at resolving the crisis.

A senior US official travelling with Rice said her talks in Beijing would focus on Tang's meeting with Kim, with the aim of finding out what came out of it and whether there were any signs of movement from Pyongyang.

US officials said Thursday that Tang was believed to have delivered "a very strong message" to North Korea not to carry out further weapons tests -- something Western intelligence services say is a real possibility.

The October 9 announcement of the impoverished nation's first nuclear test triggered global outrage and sweeping UN sanctions which China has promised to "faithfully implement," despite earlier reluctance.

China is North Korea's biggest trade and aid partner and holds the key to enforcing the UN embargo on shipments in and out of the country of weapons of mass destruction or related materials, as well as trade in luxury goods.

Tang's meeting in Pyongyang was all the more important in that the former Chinese foreign minister had met US President George W. Bush and Russian leaders days earlier.

Washington has long insisted that Chinese pressure is crucial to convincing Pyongyang to return to stalled six-party negotiations on ending its nuclear program.

Those talks reached a deal a year ago under which the North agreed to give up its nuclear arms in exchange for security guarantees and massive aid, but Pyongyang backed out in November to protest at US sanctions against a bank in Macau accused of counterfeiting and laundering money for the regime.

Beijing is reluctant to put too much pressure on the unstable and isolated nation, fearing its collapse would lead to South Korea, a key US ally, holding land all the way to its border and raising a specter of millions of starving refugees flooding the country.

Nevertheless, there have been signs this week along China's 1,400-kilometer (880-mile) border with North Korea that Chinese officials had begun inspecting cargo vehicles.

In Seoul, where Rice held three-way talks with her counterparts from South Korea and Japan, she expressed hope the Chinese envoy would convince the North Koreans to disarm and return to negotiations.

But a senior aide to the US secretary of state said "no breakthrough" was expected to be announced Friday, and revealed that Kim had kept Tang waiting 24 hours before finally meeting him.

"Our understanding is the North Koreans have not been in a mood to return to the talks and if anything the North Koreans are looking to escalate the crisis further," the official said.

Rice is also expected to reassure the Chinese that neither South Korea or Japan will seek to arm themselves with nuclear weapons in response to North Korea's provocations.

In both Tokyo and Seoul, Rice this week repeated that Washington would "fully" honor defense agreements obliging it to defend both allies -- with nuclear weapons if needed -- in case either is attacked.

The UN resolution bans trade with North Korea related to its development of nuclear arms, ballistic missiles and other weapons of mass destruction, and imposes financial controls to starve the North Korean military of funds.

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The most controversial measure calls for the inspection of cargo to and from North Korea, aimed at preventing its cash-strapped government selling material for an atomic bomb or other illicit weapons to terrorists.

Rice: Won't Coerce Allies On N. Korea (AP)

By Anne Gearan

AP, October 20, 2006

Secretary of State Condoleezza Rice said Thursday she would not try to dictate how U.S. allies enforce sanctions on North Korea for its nuclear program, and there were signs South Korea wouldn't quickly embrace Washington's approach.

"The key is to live up to the obligation that all of us undertook" to bar North Korea from exporting nuclear technology or receiving overseas help for its nuclear program, Rice said after meetings with South Korea's president and top diplomat.

South Korea and China are the communist North's closest neighbors and trading partners, accounting for two-thirds of its foreign commerce.

Both nations are pledged to carry out U.N. restrictions approved after North Korea's Oct. 9 test explosion of a small nuclear device, but they have hedged on details. Rice visits Chinese leaders Friday in Beijing.

In China, officials with four commercial banks said they have stopped moving funds in and out of North Korea, The Wall Street Journal Asia reported on its Web site Thursday, and one of the officials cited a ban ordered by Chinese regulators.

A senior U.S. official confirmed that the Chinese were taking "unusual measures" against the North Koreans in their banking system but would not elaborate. The official spoke on condition of anonymity because Rice had not yet discussed the issue with her Chinese counterparts.

Rice is on a crisis mission to Asia to reinforce the sanctions and reassure jittery allies of U.S. support. But she played down differences over how to confront Pyongyang, and left U.S. expectations vague.

"I did not come to South Korea nor will I go anyplace else to try to dictate to governments what they ought to do," to enforce the U.N. mandate, Rice said at a news conference with South Korean Foreign Minister Ban Ki-moon.

Ban said Seoul will review the terms of economic projects it has undertaken with the North "in harmony and in line with the U.N. Security Council resolution and international demands," but he made no promises.

The United States is skeptical about a pair of landmark inter-Korean projects — a tourism venture and joint economic zone in North Korea — that are symbols of hopes for the peninsula's reunification. U.S. officials have suggested the tourism project in particular serves to funnel badly needed hard currency to the North Korean regime.

A senior State Department official traveling with Rice said Seoul is likely to announce changes to the projects or other means of meeting the sanctions requirement after Rice has left the region, so as not to appear to have caved to U.S. demands. The official spoke on condition of anonymity because Rice's consultations were private.

South Korea has said it would fully comply with the sanctions but has also indicated it does not plan to halt key economic projects with the North.

North Korean Gen. Ri Chan Bok told ABC News that his country's nuclear weapons were "to defend our country and our people" and would not be sold for profit. He also said President Bush wants Pyongyang to "kneel."

At the White House, spokesman Tony Snow denied that Bush wanted North Korea to "kneel down," and said the U.S. was seeking a diplomatic accord with North Korea over its nuclear weapons. Snow said that included a "better economy, more security, better relations with their neighbors, integration into the global community, as opposed to isolation."

Meanwhile, a Chinese envoy, State Councilor Tang Jiaxuan, delivered North Korean leader Kim Jong Il a personal message from China's president on Thursday in the highest-level Chinese visit to its isolated ally since the nuclear test.

Chinese Foreign Ministry spokesman Liu Jianchao said Kim and the diplomat had "in-depth discussions" about the nuclear dispute.

"This is a very significant visit against the backdrop of major changes on the Korean Peninsula," Liu said at a news briefing. "We hope China's diplomatic efforts ... will bear fruit."

In Washington, State Department spokesman Tom Casey said the Chinese diplomat was "carrying a very strong message from the Chinese government about the need for the North Koreans not to engage in additional nuclear tests and to move forward in terms of stopping their negative behavior."

But in a sign of the hurdles Rice faces in Beijing, Liu said that while China will "implement in earnest" the sanctions, they are "the means to an end, which is to solve the nuclear issue on the Korean Peninsula in a peaceful way."

China, a permanent member of the U.N. Security Council with power to veto U.N. actions, is traditionally reluctant to punish the North. Besides ideological parallels between the Asian communist nations, Beijing fears that coming down too hard could topple the fragile government of Kim Jong Il and send hundreds of thousands of hungry refugees flooding across the border.

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China signed on to the U.N. sanctions partly to rebuke North Korea for ignoring repeated Chinese warnings not to test-fire missiles or conduct a nuclear test. Beijing has since warned its neighbor against taking any further steps, such as a second nuclear test, that would heighten tensions.

Beijing's U.N. ambassador has indicated that inspectors will not board ships to search for equipment or material that can be used to make nuclear, chemical and biological weapons or ballistic missiles. China and South Korea worry that the North would consider the action provocative.

Cracks Appear In US-Korea Front (FT)

By Anna Fifield

Financial Times, October 20, 2006

The US and South Korea tried to present a united front on the North Korean nuclear crisis on Thursday, again warning of "grave consequences" if there were a second test. But they remained at odds over how to punish Kim Jong-il's regime.

As China sent a special envoy to Pyongyang to speak directly to Mr Kim about last week's nuclear test, Condoleezza Rice, US secretary of state, arrived in Seoul amid stern domestic criticism of Washington's apparent attempts to pressure the South Korean government to stop economic engagement with the North.

The South Korean government says it may "improve", rather than suspend its joint tourism and commercial projects with North Korea but US officials have made clear they view the Mount Kumgang tourist resort as a cash cow for the North. South Korea has sent about $950m (€758m, £508m) to North Korea since tours began in 1998.

Ms Rice told a news conference on Thursday, after meeting Roh Moo-hyun, South Korea's president, and Ban Ki-moon, foreign minister: "I did not come to South Korea, nor will I go anywhere else, to try to dictate to governments what they ought to do in response to [United Nations] resolution 1718.

"What I do think is very important is that everyone takes stock of the leverage we have to get North Korea to return to the six-party talks and to negotiate the serious dismantlement of its nuclear weapons programme."

The day before the talks, Song Min-soon, the president's chief security adviser, suggested at a conference that the US needed to pay more attention to South Korea's unique security situation, adding that the US "has fought more wars than any other nation in the history of its establishment and survival".

In addition to the inter-Korean co-operation projects, the two parties are at odds over South Korea's involvement in the proliferation security initiative aimed at interdicting ships carrying weapons of mass des-truction technology. But Seoul is reluctant to join, again for fear of upsetting the fragile security balance.

However, Ms Rice and Mr Ban insisted the US-South Korean alliance "could not be stronger", with Ms Rice saying they were now discussing how inspections and interdiction at sea might work. She said: "The US has no desire to do anything to escalate this. The key is to live up to the obligations that all of us undertook that North Korea should not be able to traffic in weapons or weapons technology, nor should they be able to receive help, assistance, financing for their nuclear weapons programmes."

Meanwhile, Mr Ban warned North Korea that a second test would "aggravate" the situation. "We agreed that, in case it happens, there should be more grave consequences."

In Beijing, the Chinese foreign ministry said Tang Jianxuan, the state councillor, had been sent to Pyong-yang as a special envoy for President Hu Jiantao and had met Kim Jong-il on Thursday. The foreign ministry said the visit was "very meaningful to the relations between the two countries".

Ms Rice said she had not yet received a "read out" on the meeting.

For Rice, Seoul Proves A Cautious Ally (CSM)

By Donald Kirk

The Christian Science Monitor, October 20, 2006

SEOUL

As she whirls through the capitals of northeast Asia this week, Secretary of State Condoleezza Rice is conveying messages tailored to the sensitivities of leaders united in their concern over North Korea's nuclear test but wavering in their responses.

Nowhere is Ms. Rice's message more carefully modulated than in South Korea.

There, the government yearns to rescue its policy of reconciliation with North Korea against US pressure for strong measures to combat what Rice says is "trafficking" in weapons of mass destruction.

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The hard-line view of Japan's new prime minister, Shinzo Abe, contrasts with China's clearly defined wish to avoid an armed clash with North Korea. But Seoul's view of its alliance with the United States and its relationship with North Korea is more complex than that of any other regional stakeholder.

Anxious to restore historic ties with its northern neighbor, South Korea has pursued a policy of engagement with North Korea that increasingly conflicts with its alliance with the US - and leaves Koreans in sharp disagreement with each other.

"She did very well in Japan where she was assured the US-Japan alliance is in solid shape," says Shim Jae-hoon, a columnist and political commentator here. "But in Korea we have lost the legitimacy of the US alliance and just don't know where we belong."

It was to brace the frayed alliance, and persuade South Korea of the need for real firmness toward North Korea, that Rice spent twice the originally scheduled 30 minutes in a meeting with President Roh Moo Hyun before emerging with a finely tuned view of what the US was doing - and not doing.

She had not come to South Korea "to try to dictate" what the government should do, she said, seated beside Foreign Minister Ban Ki Moon. The US, Rice wanted Koreans to understand, has "no desire" to see an escalation in tensions.

That said, Rice was firm about the need for "all of us" to "live up to the obligations we undertook that North Korea should not traffic in these materials" - that is, the military hardware covered in the UN resolution banning their movement in and out of the North and on financial dealings that might aid the weapons program.

Rice was careful not to demand that South Korea should join the Proliferation Security Initiative - a US-backed scheme in which some 70 nations have agreed to work together to try to stop the spread of weapons of mass destruction.

She did, however, attempt what appeared to be an effort at diplomatic salesmanship, hoping to alleviate high-level Korean concerns that the interdiction of North Korean vessels might lead to armed conflict.

The Proliferation Security Initiative, she said, was "based on intelligence" - and not the constant inspection of ships.

"Scrutiny of North Korean cargoes," she noted, "can be achieved in many ways" - ranging from "port security" to "detection of radioactive materials."

Whether she sold South Koreans on this perspective, though, was far from clear. Kim Byungki, visiting scholar at Georgetown University's School of Foreign Service, predicts she'll only "partially succeed" in convincing skeptical South Koreans leaders to endorse US policy. Our policies are 'under review'

Throughout the meetings, a favorite phrase of South Korean officials, including Foreign Minister Ban, was that policies, including what to do about the Proliferation Security Initiative, were under review.

Ban, in what is likely to be his last meeting with Rice before he steps down to become UN secretary-general, was equally circumspect when it came to US pressure to stop tours to the North Korean resort region of Mount Kumkang. That was also "under review," he said, parrying US criticism that payment for the tours goes directly into North Korean nuclear and missile programs in violation of the UN sanctions. (See related story.) Next stop: Beijing

Rice may have an easier time when she gets to Beijing, whose emissaries were in North Korea's capital city of Pyongyang Thursday delivering what is assumed to be a firm message of warning against conducting a second nuclear test.

At the very least, US officials hope to learn what State Councilor Tang Jiaxuan, who led the Chinese team to Pyongyang, said in a message described by a Chinese official as "very significant" and "in-depth discussions on China-North Korea relations as well as the prevailing situation on the Korean peninsula."

Rice is expected to use much the same diplomatic verbiage in Beijing as in Seoul, where she said everyone was taking stock "of the leverage" each country wields over North Korea and how "much we can do cooperatively."

In Beijing, unlike Seoul, Rice won't have to deal with the whole issue of widely differing views about either an alliance with the US or the future of the government - a question that hangs over all discussions here about North Korea.

"I have no idea where President Roh is trying to lead this country," says political commentator Mr. Shim. "This issue is spotlighted by Rice's visit. We need to make a decision - whether to support the sanctions or not. I just don't know where this government is leading us."

Report: N. Korean Leader Regrets Test (AP)

AP, October 20, 2006

North Korean leader Kim Jong Il expressed regret about his country's nuclear test to a Chinese delegation and said Pyongyang would return to international nuclear talks if Washington backs off a campaign to financially isolate the country, a South Korean newspaper reported Friday.

"If the U.S. makes a concession to some degree, we will also make a concession to some degree, whether it be bilateral talks or six-party talks," Kim was quoted as telling a Chinese envoy, the mass-circulation Chosun Ilbo reported, citing a diplomatic source in China.

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Kim told the Chinese delegation that "he is sorry about the nuclear test," the newspaper reported.

The delegation led by State Councilor Tang Jiaxuan met Kim on Thursday and returned to Beijing later that day — ahead of U.S. Secretary of State Condoleezza Rice's arrival in the Chinese capital Friday. China is viewed as a key nation in efforts to persuade the North to disarm, as it is the isolated communist nation's main trading partner.

North Korea has long insisted that the U.S. desist from a campaign to sever its ties to the international financial system. Washington accuses Pyongyang of complicity in counterfeiting and money laundering to sell weapons of mass destruction.

The North has refused since last November to return to the nuclear talks, which also include China, Japan, Russia and South Korea. Pyongyang has sought bolster its negotiating position by a series of provocative actions, test-firing a barrage of missiles in July and performing its first-ever nuclear test Oct. 9.

China May Press North Koreans (NYT)

By Joseph Kahn

The New York Times, October 20, 2006

BEIJING, Oct. 19 — China is prepared to step up pressure on North Korea in coming weeks by reducing oil shipments, among other measures, if the country refuses to return to negotiations or conducts more nuclear tests, Chinese government advisers and scholars who have discussed the matter with the leadership say.

If Beijing does take a tougher line on its neighbor and longtime ally, the action is likely to bolster its relationship with the United States. Washington has urged Chinese leaders to use all the tools at their disposal to put additional pressure on Kim Jong-il, the North Korean leader.

Among the most potent of those tools is oil. China provides an estimated 80 to 90 percent of North Korea's oil imports, shipped by pipeline at undisclosed prices that Chinese officials say represent a steep discount from the world market price. Any reduction in that aid could severely hamper North Korea's already faltering economy.

Several leading Chinese experts said senior officials had indicated in the past week that they planned to slap new penalties on North Korea going beyond the ban on sales of military equipment imposed by the United Nations. But they would be likely to hold off if Mr. Kim agreed to return soon to multilateral talks North Korea has boycotted since September 2005. Years of talks have produced meager results.

Discussions about how to respond to the nuclear test, which was described by one expert as a "political earthquake" for Chinese leaders, come amid a flurry of diplomacy aimed at ironing out enforcement of United Nations sanctions and luring Mr. Kim back to negotiations.

Secretary of State Condoleezza Rice is to arrive here Friday to meet with Chinese officials. On Thursday in Pyongyang, Mr. Kim met a delegation sent by President Hu Jintao of China, the first diplomatic contact with the North Korean leader since the nuclear test on Oct. 9.

There was no immediate word on what Mr. Kim told the Chinese, but Beijing experts said he would most likely have declined to meet with the delegation, headed by a cabinet-level official, State Councilor Tang Jiaxuan, unless he hoped to head off additional penalties by promising to resume negotiations.

"China is going to have to make some crucial choices in the coming days," said one senior international relations specialist who has participated in top-level discussions of the matter but asked to remain anonymous. "I think Chinese leaders are prepared to take a hard line, but Kim may be smart enough to try to divide China and the U.S."

China and the United States already have some differences over how to enforce the United Nations sanctions that they and the rest of the Security Council voted for last Saturday. Beijing says it will not interdict North Korean cargo ships at sea, as the United States and Japan have recommended, and has warned against seeking to use the sanctions to provoke a confrontation.

"All sides need to consider how to implement Resolution 1718 in a balanced way and not devise ways to willfully expand the sanctions," Liu Jianchao, the Foreign Ministry spokesman, said Thursday, referring to the Security Council resolution banning the sale or transfer of missile- or nuclear-weapons-related goods to North Korea. "Sanctions are the signal, not the goal."

But Chinese experts who have taken part in discussions about how to manage the situation said that after North Korea's missile tests in July, Chinese leaders concluded that Mr. Kim might not negotiate a way out of the impasse unless he had no other choice. Officials felt badly stung by the nuclear test and have dug in their heels on ending the nuclear program there, the experts said.

China has opposed military action or an embargo to prevent the spread of nuclear weapons to its Korean War ally and has subsidized Mr. Kim's its government despite gross human rights violations. But it is also wary that Mr. Kim may set off an arms race in Northeast Asia and prompt Japan and South Korea, and even Taiwan, to seek nuclear weapons.

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Beijing's relations with North Korea have been strained for many years, and some Chinese officials argue that Mr. Kim wants a nuclear trump card to intimidate China as much as the United States.

In the wake of the test, President Hu renewed his government's commitment to "a nuclear-free Korean Peninsula," and ruled out recognizing North Korea, as a fellow nuclear power, they said.

"I believe that Chinese leaders are firmly resolved to roll back the nuclear program and not accept it as an accomplished fact," said Zhang Liangui, a Korea expert at the Communist Party's Central Party School in Beijing who has favored taking a tougher line.

"I do not think that the resolve of the Chinese leadership is going to be less than the resolve of the American leadership," he said.

Others agreed, arguing that as long as the Bush administration kept its focus on a diplomatic solution, China would work to maintain solidarity with the United States.

"The only issue that they do not agree on is interdiction at sea," said Xu Guangyu, a retired general who is now a member of the Chinese Arms Control and Disarmament Association, a government-sponsored institute. "For the most part the United States has responded to this with the right tone, so I don't see a major obstacle to cooperation."

Mr. Xu said the question now was not whether China and the United States could maintain common ground, but rather how Mr. Kim would respond to the universal condemnation of his test. "The matter is in his hands," Mr. Xu said. "If he returns to negotiating, the pressure will ease. If he conducts another test, that would be very reckless."

Chinese officials have already begun carrying out measures intended to increase the pressure.

Customs officers have begun inspecting cargo passing through Dandong, a major trading post with North Korea. China Southern Airlines, the only Chinese carrier that flies to Pyongyang, the North Korean capital, announced that it had suspended service to the city.

Chinese banks, fearing possible freezes on assets, have restricted some forms of transactions involving North Korean interests while expanding a crackdown on suspected laundering of drug money and counterfeiting by individuals and front companies associated with North Korea, according to Chinese officials and local news reports.

More important, Chinese officials have discussed staged reductions in oil shipments if North Korea ignores international pressure, scholars who have been told about the leadership's planning said.

Beijing is also North Korea's leading provider of grain, but is not likely to suspend food shipments. North Korea suffers severe food shortages, with about a third of the population depending on imported grain.

China has not threatened publicly to cut off oil supplies, and it has resisted imposing economic sanctions. Instead, it has emphasized reviving the six-nation nuclear talks that collapsed a year ago. At least superficially, that puts China on the same page as the United States, which has called for a diplomatic solution to the crisis.

China has put much more emphasis on the process of negotiating than has the United States, which has expressed interest only in the results. Beijing argues that resuming talks would de-escalate the crisis, giving Mr. Kim an incentive to freeze his nuclear activities and making it possible to find a peaceful way out.

Some Chinese experts speculate that Mr. Kim, having proved that he has mastered at least the basics of manufacturing atomic bombs, may now be willing to return to the table, feeling he can demand a higher price for agreeing to discontinue the program.

"Kim has done nothing but anger China for the last few months," said Shi Yinhong, a foreign policy expert at People's University in Beijing. "But he could be smart enough to make a concession now, just before Rice visits, to create some trouble for the United States."

After Mr. Kim twice ignored China's stern warnings — first when he tested ballistic missiles in July, and then when he exploded a nuclear device close to the Chinese border — many officials here felt chagrined about having sheltered him, people who discussed the situation with the leadership said.

"The people who were the most critical of Kim in the past were a minority," said one scholar. "But they have a bigger voice now. The people who had the most favorable interpretations of Kim's actions are for now keeping quiet."

China Steps Up Diplomacy With N. Korea (AP)

AP, October 20, 2006

China stepped up its diplomatic efforts with North Korea on Thursday, sending a personal message and a gift from the Chinese president to the North's leader Kim Jong Il as Washington appealed for cooperation by Asian powers on U.N. sanctions for Pyongyang's nuclear test.

The trip by State Councilor Tang Jiaxuan was the highest-level Chinese visit to its isolated ally since its Oct. 9 atomic test.

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The visit came as Secretary of State Condoleezza Rice stopped in South Korea and Japan as part of a tour of Asia to solidify support for the U.N. sanctions amid reports of a possible second atomic test by Pyongyang. She was to arrive in Beijing on Friday.

Chinese Foreign Ministry spokesman Liu Jianchao said he had no details of the message from President Hu Jintao conveyed by Tang in Pyongyang, but said Kim and the diplomat had "in-depth discussions" about the nuclear dispute. North Korea's official Korean Central News Agency said Tang also brought a gift for Kim but did not say what it was.

"This is a very significant visit against the backdrop of major changes on the Korean Peninsula," Liu said at a regular news briefing. "We hope China's diplomatic efforts ... will bear fruit."

Japanese state broadcaster NHK reported late Thursday that Tang returned to Beijing but China's Foreign Ministry could not confirm the report.

Tang's trip might be a way for Beijing to express frustration at last week's test and warn against conducting any more while wooing it back to six-party talks on the North's nuclear program.

But relations between North Korea and China, the main source of food and fuel aid to Pyongyang's decrepit economy, have deteriorated in recent years, and Beijing's sway over North Korea appears to be eroding.

China's North Korean experts expressed skepticism that Tang's diplomatic mission would yield significant results. Pyongyang has ignored Chinese pleas for negotiations for months, they said, and having proven that it has nuclear-weapons capabilities, North Korea is unlikely to be open to bargaining.

"North Korea has abused China's good intentions to de-escalate this matter," said Zhang Liangui of the Central Party School, a training academy for the communist leadership. "Instead, it has dragged out the time for dialogue in order to develop nuclear weapons."

Piao Jianyi, executive director for the Center for Korean Studies at the Chinese Academy of Social Sciences, said the isolated North "doesn't care about the pressure from outside."

"It is beyond hope," he said. "It doesn't care about any consequences. It doesn't want dialogue."

Tang, a former foreign minister whose Cabinet post ranks above minister, was accompanied by Vice Foreign Minister Dai Bingguo and Wu Dawei, the Chinese envoy to the six-nation nuclear disarmament talks.

Discussions have been stalled for a year because of a boycott by the North over U.S. financial sanctions. They involve the United States, host China, the two Koreas, Japan and Russia.

China, a permanent member of the U.N. Security Council with power to veto U.N. actions, is traditionally reluctant to punish the North. But it voted last weekend for the resolution imposing sanctions in response to the nuclear test.

The measures ban trade with the North in major weapons and materials that could be used by its ballistic missile and unconventional weapons programs. They also call for inspections of all cargo leaving and arriving in North Korea.

Beijing has since warned its neighbor against taking any steps that would heighten tensions.

However, Beijing's U.N. ambassador has indicated that inspectors will not board ships. China and South Korea worry that the North would consider the action provocative.

The U.N. resolution "is a balanced resolution and the spirit must also be reflected in its implementation," Liu said.

Liu said that while China will "implement in earnest" the sanctions, they are not an end in themselves.

"They are rather the means to an end, which is to solve the nuclear issue on the Korean Peninsula in a peaceful way," he said.

China Banks To Halt Dealings With North Korea (WSJ)

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, October 20, 2006

Chinese banks are moving to halt transactions with North Korea as Beijing looks for ways to pressure its recalcitrant ally to abandon any further atomic-weapons tests and return to multilateral disarmament talks.

Meanwhile, a high-ranking Chinese envoy met yesterday with North Korean leader Kim Jong Il in Pyongyang, China's Foreign Ministry spokesman, Liu Jianchao, said. He offered no details on what he termed a "very significant visit" at a time of "major changes on the Korean peninsula."

The flurry of Chinese activity came amid fears that Pyongyang is readying for a second nuclear test as U.S. Secretary of State Condoleezza Rice toured Asian capitals to rally support for tough sanctions in the wake of the North's Oct. 9 test. But Ms. Rice, who was due to arrive in Beijing this morning, appeared to make little progress to that end during her talks yesterday in South Korea.

China's financial system has long served as a major conduit for isolated North Korea to move money to and from the outside world. China also is North Korea's major supplier of food and oil and its largest trading partner. How strictly it enforces

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United Nations-imposed economic sanctions on North Korea and what additional measures it chooses to take will be critical in determining the amount of pressure brought to bear on Pyongyang.

In China, officials at four commercial banks said that in recent days they have stopped moving funds into or out of North Korea -- a ban that could deliver a serious blow to Pyongyang's finances if it remains in force. Since the U.S. threatened sanctions against a Macau bank that allegedly helped Pyongyang launder money, other lenders outside China have shied away from North Korean customers.

One of the officials said regulators ordered the ban; the others said they weren't sure what had prompted the cutoff.

"All transactions are blocked, whether it's company-to-company or person-to-person," said an employee at a Bank of China Ltd. branch in Dandong, China, on the border with North Korea. "We don't know how long it will last."

It isn't clear how widespread the crackdown is. The People's Bank of China, the central bank, declined to comment. But officials at Shanghai Pudong Development Bank Co., China Construction Bank Corp. and China Citic Bank also said they are shutting off business with North Korea.

Since the U.N. Security Council passed the sanctions resolution Oct. 14, China also has visibly stepped up inspections of trucks bound for North Korea. The U.N. has barred North Korea from importing military equipment and materials that can be used in its nuclear program, as well as luxury goods.

Beijing's steps may be part of a short-term campaign aimed at dissuading Pyongyang from going ahead with a second test, or they may be part of a broader shift by China toward using its economic leverage to force Mr. Kim to give up his nuclear weapons.

China has long been reluctant to apply the kind of tough measures sought by Washington, in large part because it fears destabilizing or toppling the communist regime. A collapse of North Korea and its absorption by the capitalist South would put a U.S. ally right on China's northeast border. It also could cause serious economic dislocation.

"They're trying to come up with a balance between punishing North Korea for what it's done, but not squeezing hard enough to break it, because they don't want to fix it," one senior U.S. official said.

South Korea has been noticeably more reluctant to take any decisive steps that might upset Pyongyang in the wake of its nuclear test, and the U.S. approach has been to coax Seoul gently and in private. An aide traveling with Ms. Rice said en route to Seoul that the secretary of state would avoid calling for any specific steps on border inspections or on the South's economic cooperation with the North. The South Koreans, the aide said, "don't like to be seen as being pushed to make specific steps."

Ms. Rice told reporters in Seoul that she didn't come to South Korea to tell the government how it should implement the U.N. sanctions. And in remarks after their meetings, South Korean Foreign Minister Ban Ki Moon defended the value of two joint economic projects the South has with North Korea, while giving no indication that Seoul plans to join an international effort to crack down on trafficking in nuclear materials from North Korea and other states.

In her one nudging comment during a media briefing with Mr. Ban, Ms. Rice said "everyone should take stock of the leverage we have to get North Korea to return" to the negotiations over its nuclear program, which fell apart last year.

Ms. Rice later joined Mr. Ban and Japanese Foreign Minister Taro Aso in a dinner that U.S. officials portrayed as a significant sign of warming relations between Japan and South Korea, brought about in large part by shared jitters over North Korea's nuclear program. The three countries hadn't met formally at such a level since the late 1990s.

--Evan Ramstad in Seoul and Tang Hanting in Shanghai contributed to this article.

North Korean Ploy Masks Ships Under Other Flags (NYT)

By Keith Bradsher

The New York Times, October 20, 2006

HONG KONG, Oct. 19 — When helicopter-borne Australian commandos stormed a freighter three years ago after it was spotted unloading 110 pounds of high-grade heroin, the ship proved to be registered in Tuvalu, a tiny island nation in the South Pacific.

When a Spanish warship stopped a freighter carrying cement to Yemen four years ago, the cargo vessel turned out to be carrying 15 Scud missiles as well and was registered in Cambodia.

The two freighters had something in common: although registered elsewhere, both were owned by North Korea.

The incidents illustrated North Korea's adroit use of so-called flags of convenience to camouflage the movement of its cargo vessels as they engage in tasks that sometimes violate international laws.

The North Korean ploy could both simplify and complicate the efforts to carry out the United Nations Security Council's resolution authorizing countries to inspect cargo entering or leaving North Korea to see if it includes illicit weapons, say shipping executives, lawyers and security experts.

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The use of flags of convenience could also weaken moves like Australia's on Monday to ban North Korean-flagged vessels from its ports to protest the nuclear test.

But if Western nations suspect that a North Korean-owned vessel flying another country's flag is carrying illicit weapons, boarding the vessel could be simpler than if it carried North Korea's flag, said Jonathan D. Pollack, professor of Asian and Pacific studies at the Naval War College in Newport, R.I.

A Western nation could ask the country that registered the vessel for permission to board it even if the vessel was not entering or leaving North Korean waters. Practically any country would be more cooperative about giving permission for a search than North Korea, Mr. Pollack noted.

A North Korean crew might still resist boarding, however. The crew of the Tuvalu-registered freighter, the Pong Su, did so when chased by Australian forces for four days in 2003 before it was finally boarded and captured by the commandos.

But Mr. Pollack and other experts said that flags of convenience could still prove useful to North Korea in maintaining its arms trade despite the Security Council resolution.

One possibility would be for North Korea to try to smuggle out weapons or weapons components across its land borders with China or Russia, and then to a Chinese or Russian port. The weapons could then be loaded on a vessel secretly owned by North Korea but flying another country's flag — and perhaps not be closely watched by Western intelligence services as a result.

Or weapons could be loaded on a North Korean ship flying its own flag, and the registration of the ship could be altered after it left port. "In the middle of the night, they could change the name and change the flag," said Gary Wolfe, a maritime lawyer at Seward & Kissel, a New York law firm.

Still another possibility, shipping and security experts said, would be for a North Korean-flagged ship to transfer cargo to a North Korean ship carrying another flag, either in port or in midocean if it were a calm day and the cargo small enough.

Changing the registration of a ship — and therefore its flag — is fairly simple. A ship owner simply sends the necessary paperwork to a country's ship registry, along with a fee of as little as $1,000. The vessel is not required to visit the country where it is registered, or even go to port.

Ship registries do require basic information about a vessel's length and tonnage. So if a ship of a certain size and displacement disappears from one ship's registry and a vessel of equal size and displacement pops up with a different name on another registry at the same time, they may be the same ship and could be identified with careful sleuthing, Mr. Wolfe said.

The Pong Su sailed from North Korea to Singapore in 2003 under a North Korean flag. The vessel then switched its registration to Tuvalu and sailed on to Australia, where witnesses saw a dinghy coming ashore with what proved to be the shipment of heroin.

The freighter was seized and later used as a bombing target by the Australian armed forces as a warning to drug traffickers. The North Korean government denied that it had been involved.

Without specifically mentioning flags of convenience, Defense Secretary Donald H. Rumsfeld warned on Wednesday of the difficulty of monitoring North Korea's trade. "There's so much moving around the world by land, sea and air that it is practically impossible — not impossible, but certainly it would take a lot of countries cooperating with a high degree of cohesion," and cohesion has been lacking, he said during a question-and-answer period at Maxwell-Gunter Air Force Base in Alabama.

Until 2002, North Korea tended to register its ships as Cambodian, using a registration office that the Cambodian government had authorized in Singapore. Marcus Hand, the Asia editor for Lloyd's List, a shipping industry newspaper, said dozens of North Korean ships used to carry the Cambodian flag.

He cautioned, however, that it is often difficult to know with certainty who owns a ship, since ships are often held through various companies registered all over the world. No one outside North Korea really knows for sure how many cargo vessels the country has registered under other flags.

Cambodia canceled the right of its Singapore agents to register ships in 2002 after finding that Cambodian-registered ships were in such poor condition that ports were reluctant to let them berth, and after France accused a Cambodian-registered ship and its crew of transporting cocaine. The government of Cambodia ended up authorizing representatives in Pusan, South Korea, to manage the country's ship registry.

Charlie Bach, the managing director of the overhauled International Ship Registry of Cambodia, said in an e-mail message that there were no longer any North Korean ships carrying the Cambodian flag.

The mystery lies in where North Korea's ships are registered instead.

According to reports in the shipping press in 2003, some of the shipping agents in Singapore who represented Cambodia switched to representing Tuvalu and landlocked Mongolia instead, and encouraged their clients to change their ships' registration to those countries.

Several shipping executives said they believed that North Korean ships were sailing under Mongolian and Tuvaluan flags now.

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World War II Is Over (WP)

By Charles Krauthammer

The Washington Post, October 20, 2006

The first stop on Condoleezza Rice's post-detonation, nuclear reassurance tour was Tokyo. There she dutifully unfurled the American nuclear umbrella, pledging in person that the United States would meet any North Korean attack on Japan with massive American retaliation, nuclear if necessary.

An important message, to be sure, for the short run, lest Kim Jong Il imbibe a little too much cognac and be teased by one of his "pleasure squad" lovelies into launching a missile or two into Japan.

But Rice's declaration had another and obvious longer-run intent: to quell any thought Japan might have of going nuclear to counter and deter North Korea's bomb.

The Japanese understood this purpose well. Thus, at a joint news conference with Rice, Foreign Minister Taro Aso offered the boilerplate denial of even thinking of going nuclear: "The government of Japan has no position at all to consider going nuclear."

The impeccably polite Japanese were not about to contradict the secretary of state in her presence. Nonetheless, the very same Aso had earlier the very same day told a parliamentary committee that Japan should begin debating the issue: "The reality is that it is only Japan that has not discussed possessing

nuclear weapons, and all other countries have been discussing it."

Just three days earlier, another high-ranking member of the ruling party had transgressed the same taboo and called for open debate about Japan's acquiring nuclear weapons.

The American reaction to such talk is knee-jerk opposition. Like those imperial Japanese soldiers discovered holed up on some godforsaken Pacific island decades after World War II, we continue to act as if we, too, never received news of the Japanese surrender. We applaud the Japanese for continuing their adherence to the MacArthur constitution that forever denies Japan the status of Great Power replete with commensurate military force.

Of course Japan has in recent decades skirted that proscription, building a small but serious conventional military. Nuclear weapons, however, have remained off the table.

As the only country ever to suffer nuclear attack, Japan obviously has its own reasons to resist the very thought. But now that the lunatic regime next door, which has already overflown Japan with its missiles, has officially gone nuclear, some rethinking is warranted.

Japan is a true anomaly. All the other Great Powers went nuclear decades ago -- even the once-and-no-longer great, such as France; the wannabe great, such as India; and the never-will-be great, such as North Korea. There are nukes in the hands of Pakistan, which overnight could turn into an al-Qaeda state, and North Korea, a country so cosmically deranged that it reports that the "Dear Leader" shot five holes-in-one in his first time playing golf and also wrote six operas. Yet we are plagued by doubts about Japan's joining this club.

Japan is not just a model international citizen -- dynamic economy, stable democracy, self-effacing foreign policy -- it is also the most important and reliable U.S. ally after only Britain. One of the quieter success stories of recent American foreign policy has been the intensification of the U.S.-Japanese alliance. Tokyo has joined with the United States in the development and deployment of missile defenses and aligned itself with the United States on the

neuralgic issue of Taiwan, pledging

solidarity should there ever be a confrontation.

The immediate effect of Japan's considering going nuclear would be to concentrate China's mind on denuclearizing North Korea. China calculates that North Korea is a convenient buffer between it and a dynamic, capitalist South Korea bolstered by American troops. China is quite content with a client regime that is a thorn in our side, keeping us tied down while it pursues its ambitions in the rest of Asia. Pyongyang's nukes, after all, are pointed not west but east.

Japan's threatening to go nuclear would alter that calculation. It might even persuade China to squeeze Kim Jong Il as a way to prevent Japan from going nuclear. The Japan card remains the only one that carries even the remote possibility of reversing North Korea's nuclear program.

Japan's response to the North Korean threat has been very strong and very insistent on serious sanctions. This is, of course, out of self-interest, not altruism. But that is the point. Japan's natural interests parallel America's in the Pacific Rim -- maintaining military and political stability, peacefully containing an inexorably expanding China, opposing the gangster regime in Pyongyang, and spreading the liberal democratic model throughout Asia.

Why are we so intent on denying this stable, reliable, democratic ally the means to help us shoulder the burden in a world where so many other allies -- the inveterately appeasing South Koreans most notoriously -- insist on the free ride?

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Olmert Warns Iran About Its Nuke Program (AP)

By Amy Teibel, Associated Press Writer

AP, October 20, 2006

Israel's prime minister delivered his strongest comments yet on Iran's nuclear program, warning Thursday that Tehran would have "a price to pay" if it does not back down from its atomic ambitions and hinting that Israel might be forced to take action.

Ehud Olmert did not specifically threaten to cripple Iran's nuclear program in a military strike, as it did 25 years ago in Iraq when it bombed an unfinished nuclear reactor there. But he repeated what he said a day earlier after meeting Russian President Vladimir Putin in Moscow — the Iranians "have to be afraid" of the consequences of their intransigence.

"They have to understand that if they object to every compromise, there will be a price to pay," Olmert said on a flight back to Israel after a three-day trip to Moscow.

Israel rejects Tehran's claim that its nuclear program is peaceful, designed solely to produce energy. In the past, Israel has said it would not lead a campaign against Iran's nuclear program, but would act in concert with world powers that are similarly worried.

But with Iran rejecting various compromise proposals and insisting on enriching uranium — a process key to developing nuclear weapons — Olmert been raising the stakes. He said Israel cannot reconcile itself to a nuclear Iran.

"There comes a time when you have to do damage control," he said. "A red line must be drawn that cannot be crossed," Olmert added, without elaborating. "Time isn't standing still," he said "and perhaps there will be a need to do something in the future."

Some Israeli officials have made specific threats to hit Iran. But military experts have questioned Israel's ability to destroy Iran's nuclear facilities, which unlike Iraq's in 1981 are scattered among installations, some hidden underground. But they have said Israel could set the program back years by striking several of the sites.

Israel considers Iran to be the greatest threat to its survival. Iranian President Mahmoud Ahmadinejad has repeatedly called for the Jewish state's destruction, and Iran already has missiles capable of carrying payloads to Israel.

Ahmadinejad shrugged off the threat of U.N. sanctions Thursday, saying his nation would not give up any of its nuclear program.

"The Iranian nation will not cede one iota of its rights," Ahmadinejad told thousands of cheering supporters in the town of Islamshahr, about 25 miles south of the capital Tehran.

"Our nation achieved proficiency in nuclear energy at a time when you imposed economic, scientific and technological sanctions against us," he said, addressing the U.S. and its allies and referring to sanctions imposed on Iran after the 1979 Islamic revolution and hostage-taking at the U.S. Embassy in Tehran.

The crowd interrupted his speech with the chant: "Nuclear energy is our right!"

France said Wednesday that a resolution calling for sanctions against Iran would likely be circulated at the U.N. Security Council by the end of the week. Support for sanctions has grown among council members after weeks of talks between the EU and Iran failed to persuade Tehran to suspend uranium enrichment and start broader negotiations.

At a meeting in Luxembourg on Tuesday, European Union foreign ministers endorsed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

Iran has stalled on a package of economic incentives and political rewards that the six countries offered in June, on the condition that Tehran agree to consider a long-term moratorium on uranium enrichment.

Britain Says U.N. Iran Resolution Coming (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 20, 2006

Britain said Thursday it expects a draft U.N. resolution on Iran to be introduced in the Security Council early next week and diplomats said it will seek sanctions on Tehran for refusing to suspend uranium enrichment.

France's U.N. Ambassador Jean-Marc de La Sabliere had said Tuesday he hoped to circulate a draft by the end of the week. But France, Britain and Germany, who have led negotiations with Iran on its nuclear program, were still discussing the text with the United States on Thursday, and had not yet shown it to Russia and China.

"My expectation is that sometime early next week we'll put a resolution down," Britain's U.N. Ambassador Emyr Jones Parry told reporters.

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U.S. Ambassador John Bolton said "we're consulting on it and I expect within a day or two we'll have something to circulate more broadly in the council."

European Union foreign ministers said after a meeting in Luxembourg on Tuesday that they have no choice but to back diplomatic talks at the United Nations about sanctions on Iran.

The ministers backed a decision by the U.N.'s five permanent Security Council members — the U.S., Russia, China, Britain and France — and Germany to pursue limited sanctions on Tehran while keeping the door open to future talks.

British Foreign Secretary Margaret Beckett said earlier this month that they would seek measures under Article 41 of Chapter 7 of the U.N. Charter, which allows nonmilitary sanctions.

The six countries offered Iran a package of economic incentives and political rewards in June if it agreed to consider a long-term moratorium on enrichment and commit to a freeze on uranium enrichment before talks to discuss details of their package.

But Iranian President Mahmoud Ahmadinejad has repeatedly and defiantly said his country would continue enrichment, and is not intimidated by the possibility of sanctions.

The United States has called for broad sanctions, such as a total ban on missile and nuclear technology sales, while the Russians and Chinese back prohibitions of selected items as a first step.

The Black Box Of Tehran (WP)

By David Ignatius

The Washington Post, October 20, 2006

Here's a real-life international mystery: What happened in Tehran in September that torpedoed the prospect of negotiations with the United States over Iran's nuclear program? Were Western hopes of Iranian pragmatism simply an illusion? Are there other channels open for discussion with Tehran if the nuclear route is blocked?

U.S. and European intelligence analysts are debating these questions, and for now they don't seem to have good answers. The process of decision making in Tehran remains a "black box." Analysts can see the decisions that emerge from the supreme leader, Ayatollah Ali Khamenei, and they can hear the competing arguments of pragmatists and hard-liners. But how consensus is reached remains a puzzle. My fear is that at its core, the Islamic republic disdains compromise as a sign of weakness.

Hopes for a breakthrough on the nuclear issue were raised last summer by discussions between Ali Larijani, Iran's national security adviser, and Javier Solana, the European Union's foreign policy chief. Both men are at the pragmatic, deal-making ends of their respective political spectrums, and that may have been part of the problem. But as the discussions continued, the Iranians appeared ready to offer a two-month suspension of uranium enrichment once talks with the Europeans resumed -- thereby meeting the U.S. precondition for joining the talks. It looked like a classic bit of face-saving bargaining.

The background music seemed right as well. President Bush told me in an interview on Sept. 13 that the United States respected Iran's legitimate interests, including its right to a civilian nuclear program. Iranian President Mahmoud Ahmadinejad, while taking a defiant line on many issues, told me and Lally Weymouth of Newsweek on Sept. 19 that Iran would be willing to resume diplomatic relations with the United States "under appropriate conditions." And he said in other meetings that Iran might accept suspension of enrichment as a byproduct of negotiations, although not as a precondition. The sense that a deal was possible was reinforced by a back-channel exchange in which a European intermediary and an Iranian former official prepared a joint paper outlining a compromise formula on the nuclear issue.

But by late September, State Department officials concluded that the Iranians were backing away. Pessimistic private signals were confirmed when Khamenei, the only Iranian who speaks authoritatively on foreign policy, explained last week that Iran had already tried suspension of enrichment, in its earlier negotiations with the Europeans, and wouldn't do so again. "If we had not experienced that path [a two-year suspension of uranium enrichment], perhaps we would have criticized ourselves today. But now we will pursue with a strong heart."

So what's next? Bush administration officials rightly argue that Iran must pay some price for continuing its nuclear program in defiance of warnings from the International Atomic Energy Agency. Russia and China have promised to support some penalties for Iran, and my sense is that maintaining their support -- and international solidarity on Iran -- matters more than the details of sanctions. Failure to penalize Tehran would, among other things, undermine the Iranian pragmatists who favored negotiations. It would show that Tehran can defy the West and get away with it, which has been one of Ahmadinejad's implicit themes.

While the Bush administration wants to draw a clear red line for Tehran, it also appears ready to keep the door open for dialogue. An important gesture was the announcement this month that the United States will lift sanctions to allow an American company to provide spare parts to repair Iranian civilian aircraft. Another signal came from Undersecretary of State Nicholas

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Burns, who said last week in an otherwise hard-line speech that the U.S.-European package of incentives for Iran to halt enrichment will remain on the table, despite Tehran's refusal to join negotiations.

Burns called for "a dramatic increase in our exchanges with Iran -- in business, in academia, in athletics, in the arts." That amplified a comment Bush had made to me in our interview. (If the administration is serious about exchanges, however, it ought to quash an absurd investigation by the Treasury Department into whether American basketball players playing for Iranian teams are violating U.S. sanctions. Good grief!)

America, meanwhile, has a foreign policy mystery of its own -- rivaling that black box of decision making in Tehran. Just what was former secretary of state James A. Baker III up to, in his contacts last month with Iranian and Syrian diplomats about how to stabilize Iraq? Is Baker opening a back channel for the Bush administration? Is America quietly seeking Iranian help as Iraq spins out of control? We'll leave that puzzle to pundits in Tehran.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://www.washingtonpost.com.

UN 'poses No Threat To Israeli Aircraft' (FT)

By Mark Turner

Financial Times, October 20, 2006

The United Nations on Thursday night moved rapidly to dispel suggestions by Alain Pellegrini, the UN force commander in Lebanon, that it would consider shooting down Israeli aircraft if they continued illegal incursions into Lebanese airspace.

Major-General Pellegrini told a news conference in New York that Israeli violations were "a major concern . . . not to be accepted". While Unifil was currently using diplomatic channels to persuade Israel to stop its flights, in the future "other ways" could be considered, including force.

He added that French troops were armed with anti-aircraft missiles, although under the current rules they could only be fired in self-defence. Were its positions to be attacked, however, Unifil would "respond with these missiles". Any more proactive action would require a change to the UN's rules of engagement.

Barely had Maj-Gen Pellegrini spoken than the UN spokesman sought to play down any suggestion of a threat. One French diplomat said its UN mission was perplexed by the comments, and officials in the Italian-led strategic cell in New York said no change to the rules of engagement were on the table.

An Israeli diplomat suggested it was not the first time Mr Pellegrini had made curious statements; and one diplomat suggested it was time for him to move on.

Unifil officials said there was no appetite to end up in an armed conflict with Israel. But they added that the air violations were in contravention of UN resolution 1701, and could be considered a violent act, by spreading fear among Lebanese civilians.

Maj-Gen Pellegrini noted that the number of air violations had declined recently. He also said the 7,200-strong force had seen no evidence of illegal arms in the hands of Hizbollah or any other militias in the zone under his control.

He added that there were continued efforts to convince Israel to withdraw from the town of Ghajar, on the border between Lebanon and occupied Syria.

Hamas Charities Thrive Despite U.S.-led Fund Freeze (WT)

By Joshua Mitnick

The Washington Times, October 20, 2006

RAMALLAH, West Bank -- A U.S.-led funding squeeze, which has paralyzed the Hamas-led Palestinian government, has had the unintended effect of bolstering the militant group's network of schools, hospitals and alms societies.

Foreign donations, often consisting of cash in suitcases smuggled across the border, have permitted Hamas' vast social-welfare network to thrive, say officials and analysts.

"All charitable organizations affiliated with Hamas are still functioning," said Sheik Yazeeb Khader, an editor of Hamas' West Bank newspaper. He said the charities in Gaza have especially benefited from money "brought across the border and not checked."

For years, while Hamas' military wing dispatched suicide bombers to Israeli cities, the group's civilian wing quietly built up a grass-roots following with its network of Islamic social-welfare organizations.

The charities went far beyond anything established by the secular government of Yasser Arafat and helped give Hamas the support needed to oust Arafat loyalists in January elections and take power in March.

Unable to pay for supplies, government ministries have since ceased to function, and without salaries, civil servants have gone on strike.

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The charities, however, openly boast that they continue to get money from Muslim communities in the Persian Gulf, Europe and the United States.

"These organizations are living in a golden age, where they are badly needed. There is no other way to take care of those people," said Basem Ezbidi, a political science professor at Birzeit University.

The links between Hamas and its social affiliates are kept deliberately murky.

None of the charities bear the Hamas name. Ask the managers about support from Hamas, and they are quick to deny any political affiliation.

Amid continuing economic hardship, the charities are coming under fire from some who charge that Hamas is protecting its own.

"There is a lot of money in Hamas," said Abdel Nasser Najjar, a columnist for Al Ayyam, a newspaper of the opposition Fatah party.

"The problem now, is that Hamas is only giving to their own people, or people who are close to the movement."

At one Islamic charity in Ramallah, the Al Farah society, questions about Hamas make relief workers and clients -- a group of women in head scarves or veils -- go stiff.

Israeli soldiers raided the organization's offices several months ago, confiscating computers, welfare records, and eventually arresting director Teiysur Arure.

Recently released from jail, the director denies any political affiliation.

The same goes for Mohammad Tanbura, who heads the Gaza-based El-Salah society, which distributes school supplies and helps destitute families survive.

"We have nothing to do with the government, we are a Palestinian organization that works for the social sector rather than the political sector," Mr. Tanbura said. "This is not a Hamas charity work. Our money is legal."

Birzeit University's Mr. Ezbidi said most Islamic charities have some connection with Hamas, even if it's a 10 percent stake in the operations.

"To really draw a line between what is considered Hamas and what is not is a difficult thing because Hamas has a broad constituency," he said. "It's general knowledge that Hamas is running health care clinics, hospitals and subsidizing tuition. But it's done in an unpublicized forum."

In recent months, the case load at Al Farah's alms house has more than doubled under the weight of an aid boycott that has left some 140,000 civil servants without pay and the poor without welfare checks.

"If the government isn't providing for us, then Islamic institutions are providing for us," said Mr. Arure, the director. "People have crossed the red line, they have no money whatsoever."

Russia Suspends Scores Of Foreign Groups (NYT)

By C.J. Chivers

The New York Times, October 20, 2006

MOSCOW, Oct. 19 — Scores of foreign private organizations were forced to cease their operations in Russia on Thursday while the government considered whether to register them under a new law that has received sharp international criticism.

Among the suspended organizations were some of those most critical of the Kremlin, including Human Rights Watch and Amnesty International, and others, like the National Democratic Institute and the International Republican Institute, that have been accused by Russian officials of instigating or assisting revolutions against other former Soviet republics.

The Justice Ministry, which is responsible for registering foreign private organizations, insisted that the suspensions were neither retaliatory nor permanent.

It issued a statement saying the suspended organizations had not properly filed new registration materials or had submitted the required materials on the last day before the registration deadline, which was midnight on Wednesday. It said it was rushing to review the applications it had received.

“It is important to note that lack of re-registration does not entail the liquidation of the organization,” the statement said. “The talk here is only that these organizations cannot carry out the activity envisaged by their charters before they are brought into the register.”

The number of suspended organizations is not entirely clear. The statement said the ministry had received applications from 185 organizations, approved 108 of them and continued to review the 77 others.

But the suspensions marked the latest chapter in Russia’s pressure on many foreign organizations that have offices on its soil. They occurred in a climate of deepening worry about the Kremlin’s crackdown on civil society here, and just days ahead of a planned visit by Secretary of State Condoleezza Rice, who has expressed concerns about the law regulating foreign private organizations, known as nongovernmental organizations, or N.G.O.’s, which was passed earlier this year.

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Some Russian officials, including Nikolai P. Patrushev, the chief of the domestic intelligence service, have accused the groups of interfering with state affairs or even harboring spies.

The new law, strongly backed by President Vladimir V. Putin, created extensive new filing requirements, which in some cases the organizations said have been so tedious and lengthy as to be almost impossible to fulfill. The groups have also expressed fears that the rules were written vaguely enough to allow any group to be audited, and perhaps closed, on a pretext.

The groups and their supporters have said that the way the law was carried out would be a test of whether Russia would allow foreign organizations that it disliked to continue to work in the country. The first deadline, and its effects on Thursday, were accompanied by a strong sense of concern, even fear.

"My fear is that their intention is to shut us down," Josh Rubenstein, a director at Amnesty International, said by telephone. Amnesty International has had an office in Russia since the days of Mikhail S. Gorbachev, he said.

The Justice Ministry posted a list of 73 organizations that were not yet approved, and thus suspended. At least 38 of these were either listed by the ministry as American or had a clear American affiliation, including the American Bar Association, the American-Russian Business Council, the American Trade Chamber and an office of Johns Hopkins University.

The suspended Western organizations also included the Danish Refugee Council and the French and Belgian offices of Doctors without Borders.

News organizations reported that nearly 100 groups had been suspended, but did not provide a list. The Associated Press quoted one justice ministry official saying that 96 groups were suspended, while the ITAR-Tass news agency later quoted the same officials saying that the number was 93.

While the ministry said it had approved 108 organizations for registration, it provided a list of only 80.

Forty-one of those were American, including the Ford Foundation, the Nuclear Threat Initiative and the Moscow office of the Carnegie Endowment for International Peace. Among the 41, there appeared to be 33 child-adoption agencies.

As the day passed with offices idled, some of the affected groups declined to comment, saying they worried about antagonizing Russia while their registration documents were under review.

Others described a new posture their offices had assumed on the workday on Thursday: they had abruptly stopped their work and programs, but left their lights on and offices staffed.

Carroll Bogert, an associate director at Human Rights Watch, said by telephone from New York that the employees in Russia were still being paid "but otherwise we are not operating in Russia."

She said, however, that she expected that the office would be registered once its documents were reviewed, and that the organization did not feel that it was a specific target. The new law, she said "is a weapon of broad usage."

She added that even if the government approves the registration of the Human Rights Watch office in Russia, the organization would be required to file an annual work plan by Oct. 31. This was another onerous task, she said. Such requirements, she said, "are affecting our ability to do substantive work."

The cessation of activities for some organizations was decried by their partners in the country.

Elena Panfilova, director of the Russian chapter of Transparency International, an anticorruption organization, said her office was registered as a domestic organization, and not a foreign one, so it was not directly affected by the new registration procedures.

But she said she had work planned with other groups, which now are unable to meet with her. "It is appalling," she said. "It is a total disgrace."

With such statements circulating, the Justice Ministry said it was working to expedite the registrations and placed blame on the organizations for not providing the required documentation.

"Very often," it said, "the terms of re-registration depend only on the desire of the representatives of an N.G.O. and their accuracy when filling out the documents."

Russia Halts Activities Of Many Groups From Abroad (WP)

By Peter Finn

The Washington Post, October 20, 2006

MOSCOW, Oct. 19 -- Russia on Thursday suspended the activities of Human Rights Watch, Amnesty International, the International Republican Institute and more than 90 other foreign nongovernmental organizations, saying they failed to meet the registration requirements of a controversial new law designed to bring activists here under much closer government scrutiny.

Across the country, foreign grass-roots organizations that investigate human rights abuses, promote democracy and work with refugees folded their tents until further notice, informing staff that all operations must cease immediately. The only work officially authorized was the paying of staff and bills.

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The law, signed by President Vladimir Putin at the start of the year, drew broad criticism as part of a general rollback of democratic freedoms in Russia. Activists said it was intended to rein in one of the last areas of independent civic life here; Putin called it necessary to prevent foreigners from interfering in the country's political process.

On Thursday, officials said the suspensions resulted simply from the failure of private groups to meet the law's requirements, not from a political decision on the part of the state. The groups would be allowed to resume work once their registrations are completed, they said.

"No political order has been given . . . to tighten the screws," said Vladimir Lukin, Russia's federal ombudsman, speaking at a Moscow forum hosted by the Council of Europe, a 46-country human rights organization based in Strasbourg, France. "Colleagues from international NGOs are not in the habit of keeping their affairs and documents in order."

Many nongovernmental organizations fear that the current bureaucratic tangle might be the beginning of a larger crackdown on activism that is not controlled by the Kremlin. They note too that successful registration would not end their dealings with the Justice Ministry. After that, they would have to report on planned activities for the year, and they worry that officials could reject their plans or penalize the groups if they deviate from the plans because of unexpected events.

Many of the suspended organizations are American, including adoption agencies, the National Democratic Institute and the International Republican Institute. The latter two are funded by the U.S. Congress but act independently to promote democracy.

Other suspended groups include two branches of Doctors Without Borders, the Danish Refugee Council and the Netherlands-based Russian Justice Initiative, which helps Russians bring cases to the European Court of Human Rights.

Under the law, Russian nongovernmental organizations are also subject to new regulation. But a Wednesday deadline to meet the paperwork requirements or stop operation applied only to foreign groups.

Russian officials stressed that the suspensions, which went into effect at midnight Wednesday, are temporary. "We are not speaking about closing organizations; that is out of the question," said a senior Justice Ministry official, Natalia Vishnyakova, in a telephone interview. Concerning the registration process, she said: "We are working properly, and put all our efforts into making it even faster. It is not at all complicated, believe me, absolutely not. It's really their own headache. On our part, we provided all necessary conditions."

Activists complained, however, that the requirements of the law are so vague and cumbersome that meeting the deadline was extremely difficult. Russian officials, they said, nitpicked their way through the submitted documents.

The local Human Rights Watch operation, for instance, called itself the "Representative Office of the Non-Governmental Organization Human Rights Watch in the Russian Federation." Officials at the registration office rejected that description and said the group should call itself the "Representative Office of the Corporation Human Rights Watch Inc. (USA) in the Russian Federation."

That change, among others, required Human Rights Watch to send its submission back to its headquarters in New York to have the document revised and re-notarized, then retranslated into Russian and re-notarized in Russia.

Officials at the Human Rights Watch office in Moscow said they could not speak on the record to a reporter because they interpreted the strictures of the suspension to extend to news media interviews. The law says that suspended groups can do nothing that would advance the aims and goals of their offices in Russia.

"We are registering, and we are complying with the law," said Carroll Bogert, associate director of Human Rights Watch, in a telephone interview from New York. "But we have been really distracted from our work by the onerous burdens that this law imposes. But this is not particular to us. It's a hassle for everyone."

Other groups, however, said they found the registration office helpful. The American Chamber of Commerce, for instance, said Russian officials there pointed out errors before the organization formally submitted its documents, allowing it to correct them and expedite the registration. In all, the office accepted the registrations of 99 foreign organizations, freeing them to continue their work, officials at the Justice Ministry said. The American groups included the chamber, the Ford Foundation and the Carnegie Moscow Center.

Amnesty International said it was exploring whether it could continue field research in Russia by flying in researchers from its London headquarters. "We are seeking clarification," said Lydia Aroyo, a spokeswoman based in London. "But we are very unhappy. There were no clear guidelines as to what documents were required or how to fill them out. The process was very cumbersome and very time-consuming."

Foreign Groups Suspend Work In Russia Pending Registration (LAT)

By David Holley

The Los Angeles Times, October 20, 2006

MOSCOW — Dozens of foreign nongovernmental organizations suspended work in Russia on Thursday after failing to complete a re-registration process by the deadline imposed under a controversial new law.

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Those suspending their activities included Amnesty International and Human Rights Watch.

Human rights organizations have said that the new law contains burdensome requirements and appears aimed at tightening control over their work in Russia, and perhaps at shutting some down.

Russian authorities have said the law is needed to ensure that nongovernmental organizations are not used as fronts for terrorist activities and to prevent foreign organizations from illegally interfering in Russian politics.

The law requires groups to submit extensive documentation on their boards and founders, even if the founders no longer have ties to the groups. The Carnegie Moscow Center, established by the Washington-based Carnegie Endowment for International Peace, was re-registered only after it provided proof of the death of its founder, Andrew Carnegie, who died in 1919.

The Russian Justice Ministry said that 108 branches of foreign NGOs had been re-registered by the Wednesday deadline, and that 77 applications were still being processed.

Amnesty International and Human Rights Watch, two organizations that frequently criticize the Kremlin, were among the groups whose documents were still being processed.

"The Russian authorities go through the documents down to the last comma," Sergei Nikitin, head of Amnesty International's Russian resource center, told the Russian news agency Interfax. "They will most likely send our documents back to us and tell us to correct some mistakes they uncover."

Allison Gill, head of the Moscow office of Human Rights Watch, told Interfax that a package of documents for re-registration had been submitted to authorities in late September, and that she hoped the office would restart work soon.

Organizations that suspended their work can still pay their staff and keep their offices, but must discontinue research and publicity activities until their re-registration is official.

Many organizations have expressed even greater concern about an Oct. 31 deadline for them to report on activities they plan next year. Some groups have expressed fear this could lead to government monitoring, bans on programs, or to punishment for holding unlisted events.

Venezuela Opposition Confident Of Victory (WT)

By Sacha Feinman

The Washington Times, October 20, 2006

CARACAS, Venezuela -- President Hugo Chavez faces voters in fewer than two months with a credible opposition candidate, who says he can overcome a double-digit lead in public-opinion polls.

One of the most respected pollsters in Venezuela, Alfredo Keller, recently released his newest survey, which concludes that Mr. Chavez enjoys 50 percent support to Manuel Rosales' 37 percent.

The lead makes the task daunting but not impossible, analysts say, because Mr. Keller's poll also found increasing dissatisfaction with the current government among potential voters.

Polls have consistently shown that the Chavez government gets poor marks on security, as the country's violent-crime rate has steadily increased during Mr. Chavez's seven years in power.

"Rosales is a very intuitional person; he doesn't follow polls or politics," said Ivo Hernandez, a professor of political science at Venezuela's Simon Bolivar University.

"I think that Rosales absolutely has a chance to carry the elections. People are really scared of what is going on here.

"Mr. Chavez is getting more and more radical, and no one wants to return to the instability of the 2002 coup. He still has about two months; in Venezuela, two months is enough for everything to change," he said.

In 2002, a military coup removed Mr. Chavez from office for 48 hours.

Mr. Rosales, the governor of the oil-rich state Zulia, held a rally in the heart of Caracas Saturday that attracted an estimated 10,000 supporters.

It was the largest gathering of opposition forces in Venezuela since an effort to recall Mr. Chavez failed in August 2004.

Mr. Rosales is running with the unified support of the country's often splintered and squabbling opposition.

In August, he emerged from a crowded field of potential contenders as the sole opposition candidate when Julio Borges and Teodoro Petkoff withdrew their candidacies.

Mr. Petkoff, now Mr. Rosales' campaign manager, thinks the opposition's bid to unseat Mr. Chavez is within its grasp.

"We are about to witness a close competition," he told Agence France-Presse earlier this month. "We like to think of Rosales's campaign as one of 'national unity' ... as an attempt to restore civility to the political process."

In both his initial and re-election campaigns for the Zulia governorship, Mr. Rosales defeated the hand-picked candidates of the Venezuelan president.

For his part, Mr. Chavez has frequently tried to portray the election as a choice between himself and President Bush, describing Mr. Rosales as nothing more than a stalking-horse for the CIA.

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In late September, Mr. Chavez charged that his security forces had foiled an assassination plot while he campaigned in Zulia.

He said the would-be assassins were members of the Zulia police and part of a larger campaign by Mr. Bush to assassinate Mr. Chavez before the U.S. president leaves office in 2009.

The U.S. State Department has dismissed as "absurd" Mr. Chavez's frequent charges that he is the target of a U.S. assassination plot.

U.N. Losers (LAT)

The Los Angeles Times, October 20, 2006

¿QUIEN ES MAS MACHO, Hugo Chavez or George W. Bush? Or more to the point, which of the two is the biggest loser in the eyes of the world?

It seems that the United Nations General Assembly finds both pretty objectionable. Chavez's Venezuela looks like it's heading toward defeat in its bid for a nonpermanent seat on the 15-member Security Council, a heavy blow for its fiery president. But Venezuela's loss is hardly a ringing endorsement for the Bush administration, which has thrown its diplomatic weight behind Guatemala. After 35 rounds of balloting from Monday to Thursday, neither Latin American country could come close to the two-thirds vote needed to win.

Deadlocks can be resolved in one of two ways. Either the country with the least votes — in this case Venezuela — concedes, or they both agree to drop out in favor of a third candidate. Chavez has said he has no intention of quitting, and neither does Guatemala, meaning this could go on for a long time indeed. The U.N. record is 155 rounds of voting in a battle between Cuba and U.S.-backed Colombia in 1979. The seat ended up going to Mexico.

The election is a referendum of sorts between Chavez, who in a notorious rant before the General Assembly in September referred to Bush as "the devil," and the White House. If Venezuela prevails, Chavez intends to personally attend Security Council meetings to "defend dignity and truth" — meaning oppose the United States at nearly every turn.

Chavez stands to lose the most if, as expected, neither Guatemala nor Venezuela wins. Obtaining the Security Council seat has been the single-minded goal in what passes for his foreign policy agenda, and it was the focus of a recent globe-trotting tour of such nations as Iran, Russia and China.

The U.S. has far less to lose because, even if Guatemala fails, pretty much any Latin American or Caribbean country except Cuba would be less harmful to U.S. interests.

Still, Venezuela's continued support from a large portion of the developing world, even after Chavez's clownish antics last month, is a discouraging indicator of international anger toward the United States. Many argue that White House arm-twisting on behalf of Guatemala may have actually harmed the country's chances, though it's likely that the pressure pushed at least as many countries to vote yes as no.

More troubling is a recent report from the State Department showing that just 25% of U.N. member states voted in line with the U.S. last year, down from 50% a decade earlier. Bush may win this battle, but he's giving ground in the larger diplomatic war.

Population Control: In Estonia, Paying Women To Have Babies Is Paying Off (WSJ)

By Marcus Walker

The Wall Street Journal, October 20, 2006

TALLINN, Estonia -- Pia Kurro sat cross-legged on her bed in a drab, Soviet-era maternity ward that smelled of detergent and old linoleum and breast-fed her two-day-old daughter, Syria, who owes her existence to state subsidies.

In return for having the child, Ms. Kurro will receive the equivalent of $1,560 a month from her government for over a year, a lot of money in a country where the average monthly salary is $650.

"I would not have had a baby without the support," said the 39-year-old business consultant.

Ms. Kurro embodies an increasingly urgent question: Can government policies aimed at raising a nation's birthrate actually work? The answer is vital to the future of the global economy. Like most developed countries around the world, Estonia has a critical shortfall of children that, if not reversed, will lead to a sharply aging and shrinking population. That will undermine economic growth and public finances as a dwindling work force struggles to support a growing pool of retirees who are living longer.

A handful of developed countries, including the Nordic nations and France, have stable populations thanks to a long tradition of financial support for families. But for other countries in Europe and Asia that have already seen steep falls in birthrates, demographers have doubted there was much that could be done. Governments agreed, making little serious attempt to boost their birthrates. Estonia stands out because it has made a dramatic shift, from laissez-faire to aggressive activism, in an

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attempt to alter its future. And as other nations slowly start to address the risk of declining birthrates, the effort there is being closely watched around the world.

Estonia's wake-up call came in 2001, when the United Nations' annual world-population report showed that Estonia was one of the fastest-shrinking nations on earth, at risk of losing nearly half its 1.4 million people by mid-century. Estonia's fertility rate -- the average number of children a woman bears -- had collapsed to 1.3 in the late 1990s, down from 2.2 under communism only a decade earlier.

In an attempt to stop that downward spiral, Estonia took a bold step: In 2004 it began paying women to have babies. Working women who take time off after giving birth get their entire monthly income for up to 15 months, up to a ceiling of $1,560. Non-wage-earners get $200 a month. The welfare perk -- known locally as the "mother's salary" -- was a sharp about-face for the radically free-market government.

"Step by step, [the declining birthrate] became a danger to the survival of the nation, so we had to do something," says Paul-Eerik Rummo, minister for population affairs and a member of the Reform Party in Estonia's ruling coalition.

Tentative Results

Now, two years into the program, the government is seeing some of the first tentative results. Since the adoption of the new benefits, Estonia's fertility rate has improved to 1.5. That's still below the 2.1 children needed to stop the population from shrinking (one child to replace each parent, plus some room to allow for child mortality). And it will take years to see the full impact of the mother's salary. But the apparent early success has inspired the government to look at other ways of getting people to have more children -- everything from subsidies for nannies to linking pension payments to the number of children one has.

Many countries once loath to meddle in matters of fertility are looking at their numbers and concluding that they must take similar steps. "Governments may not achieve their aim, but the competing risk of doing nothing is too great for many countries -- their future young labor supplies are going to be decimated," says Peter McDonald, professor of demography at the Australian National University in Canberra.

The fertility rate in the 30 countries of the Organization for Economic Cooperation and Development, the club of the world's leading industrialized democracies, was only 1.6 in 2005, down from 2.4 in 1970. Mexico, at 2.4, is the highest, with South Korea the lowest at 1.1. Demographers say the decline is due to fundamental changes in society. They include: greater economic opportunities for women; advances in birth control that have made reproduction a matter of choice rather than accident; and the spread of ideas about individual freedom and happiness that are hard to reconcile with caring for a large family.

Some European countries are experimenting with monthly cash compensation to women who leave work to have babies, including Lithuania, Austria and Slovenia. Starting next year, Germany and Bulgaria plan to pay new mothers benefits linked to their previous earnings. Russian President Vladimir Putin, who bemoaned his country's lack of children in his last state-of-the-nation speech in May, has also promised more aid to parents.

Elsewhere, Australia introduced in 2004 a one-time bonus per baby, currently worth about $3,000. The fertility rate is believed to have risen slightly thanks to a combination of the incentive and a booming economy, but is still around 1.8. Australia's finance minister has even exhorted parents to "do your patriotic duty tonight," echoing similar campaigns in the city-state of Singapore, which is still struggling with a fertility rate that hovers barely above 1.2. South Korea has introduced several policies this year, including more financial aid for day care and for fertility treatment.

Payments such as Estonia's are predictably controversial. Some demographers argue that paying people to have a baby simply makes them have one earlier; it doesn't necessarily make them have more. That point is tough to prove for now: Only after the current generation of young women passes menopause will it be clear whether they had more children in their fertile years than women of an earlier age group.

But the experience in places such as France and the Nordic countries suggests that incentives can have an impact. For example, women in Sweden and Norway, which support families with generous benefits, labor laws and child care, have close to two children on average. "Where there are consistent family-oriented policies in place for a long time, people have more children," says Tomas Sobotka of the Vienna Institute of Demography.

The main exception to the rule is the U.S., where the average woman has two children, despite only modest public support for families, largely via tax breaks. Demographers say America's tradition of mass immigration and its large minority populations make it unusual among developed nations. Hispanics, in particular, boost national fertility, with more than three children per woman. The U.S.'s population passed 300 million this week, according to the Census Bureau's estimate. About 55% of America's population growth is due to legal and illegal immigrants and their children, according to the Population Reference Bureau in Washington.

Estonia's experience shows what may lie ahead for many countries. Since it regained its independence from the Soviet Union in 1991, the small Baltic country has emerged as one of the fastest-growing economies in the world and is now a member

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of the European Union. Along the way, family dynamics in Estonia raced through a transformation in 15 years that took a century in many other countries.

For many, a spartan but stable lifestyle under communism preserved traditional family customs longer than in the West. Estonians tended to marry young and have two or more children despite hardship and little help from the state.

Different World

The world looked very different to many young, educated Estonians only a few years later. Miina Puusepp and Aive Levandi, both age 36 now, were 21 when Estonia broke from the Soviet Union, offering up new opportunities that pushed having children into the background. "After independence, the world was suddenly open," said Ms. Puusepp, sitting with her friend in a Tallinn cafe.

The two young women worked and studied around Europe during the 1990s, eventually building careers in marketing and tourism. Ms. Levandi has had one boyfriend for the past 12 years. They didn't want to start a family because it would have cramped the couple's lifestyle. "We are living a full life, traveling a lot," Ms. Levandi said.

Meanwhile, many working-class Estonians were putting off thoughts of childbearing, too, but for different reasons: They saw their real incomes and job security eroded.

The Estonian government had dismantled welfare provisions -- even closing many kindergartens -- and pursued some of the most radically free-market policies in Europe. The country became a model for light business regulation. It encouraged investment and entrepreneurship with flat-rate income taxes and no tax on reinvested corporate profits. Economic growth soared, topping 10% in 1997. But the benefits flowed more to newer service industries and entrepreneurs -- and less to the old-line heavy industries that nonskilled workers relied on.

The U.N.'s 2001 warning that Estonia's population would almost halve by mid-century was widely publicized, pushing the plunging birthrate to the center of national politics. When the country held elections in 2003, fertility was the main issue along with tax cuts. Every party promised generous financial aid for families. The Reform Party, previously known for championing small government, proposed the mother's salary, arguing that in a country where most women work, women needed to have their income protected if they were to have children.

Now, Estonia's government is debating other measures, such as subsidizing nannies and private day care. Currently in Tallinn, there are waiting lists of as much as three years for day-care centers. Only the relatively wealthy can afford a nanny to bridge the time between the mother's salary and kindergarten.

Advisers to the population minister are also studying different ways to link people's pension entitlements to the number of children they had. And the government is expanding pre-abortion counseling, in the hope of giving more women confidence that they can cope with a baby, and of reducing the country's high abortion rate.

"Estonia should be a test site for the rest of Europe," says Kristina Täht, who advises the population minister on family policies.

Many Estonians say the mother's salary is contributing to a change in climate. Indeed, for the capital of a country that's critically short of children, pregnant women and mothers pushing strollers are a surprisingly common sight in Tallinn -- a new trend many locals are quick to comment on.

At the Merimetsa mall near Tallinn's Baltic seafront recently, Leila Niidas pushed her five-month-old daughter Annaliisa in a stroller. "In the past I didn't see little children in the streets. Now it's crazy how many children you see here," she said.

Now 41, Ms. Niidas decided last year to have a third child, 15 years after her second child was born. She wouldn't have had Annaliisa, she said, if the government hadn't ponied up, replacing the income from her marketing job at Hansabank, the country's largest bank.

"My husband's salary would not have been enough," Ms. Niidas said. "We spend all that we earn." In addition to paying loans on the family's large four-room apartment and upmarket Audi station wagon, she has a 19-year-old son who wants to go to college in Florida, where he recently spent his last year of high school.

Not surprisingly, the mother's salary has had the biggest impact on the birthrate of affluent, career-oriented women, because the amount is linked to the mother's previous wages. Researchers at Tallinn think tank Praxis say the biggest statistical change is that more high-salaried women are having second and third children. While Ms. Niidas's higher income qualifies her for the maximum $1,560 monthly benefit, less well-off Estonians get less help.

"To me it seems an unfair way to divide the government's money," says Hanna Kaptein, 25, who gets the minimum rate of $200 a month because she had a baby right after graduating from university and wasn't working yet. Her husband, Veljo, a church pastor, earns only $650 a month.

He jokes that if the family's washing machine breaks down once more, they will need another baby to get more benefits to pay for the repair.

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, October 20, 2006 11:14 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 10/20/06 Civil Division News

Judge Orders Cheney To Say Who Visited Him

Court told it has no say over detainees

Terror Law Stymies Cases for Detainees

Questions persist in Canadian's torture case

Income sues US govt to recover $111,000 payout; Money was paid to technician killed after crash between two US helicopters

SECOND COMPANY CHALLENGES BYRD LAW ON FIFTH AMENDMENT GROUNDS

Pediatrix completes settlement of Medicaid and Tricare investigation

Houston man convicted in Medicare fraud

AP

October 20, 2006

Judge Orders Cheney To Say Who Visited Him

BY MATT APUZZO - Associated Press

WASHINGTON — A federal judge has ordered the Bush administration to release information about who

visited Vice President Cheney's office and personal residence, an order that could spark a late election season debate over lobbyists' White House access.

The Washington Post asked for two years of White House visitor logs in June, but the Secret Service refused to process the request.Government attorneys called it "a fishing expedition into the most sensitive details of the vice presidency."

U.S. District Judge Ricardo Urbina ruled Wednesday that, by the end of next week, the Secret Service must produce the records or at least identity them and justify why they are being withheld.

The newspaper sought logs for anyone visiting Mr. Cheney, his legal counsel, chief spokesman, and other top aides and advisers. The Secret Service had no comment on the ruling yesterday. In court documents, government attorneys said releasing the documents would infringe on Mr. Cheney's ability to seek advice.

"This case is about protecting the effective functioning of the vice presidency under the Constitution," attorneys wrote.A lawsuit over similar records disclosed last month that Republican activists Grover Norquist and Ralph Reed — key figures in the Jack Abramoff lobbying scandal — landed more than 100 meetings inside the Bush White House

END

UPI

October 20, 2006

Court told it has no say over detainees

WASHINGTON, Oct. 20 (UPI) -- The Bush administration has told the U.S. district court in Washington that it has no jurisdiction over hundreds of detainee cases at Guantanamo Bay, Cuba.

Acting on a bill, signed this week by U.S. President George Bush, that authorizes military trials of so-called enemy combatants, the Justice Department listed 196 cases that it says are covered by the law, The Washington Post said Friday.

The administration interprets the Military Commissions Act as stating that "no justice or judge" can consider treatment or imprisonment of anyone designated as an enemy combatant.

Lawyers representing detainees claim the law as unconstitutional, which likely will mean a third airing before the U.S. Supreme Court.

Legal scholars and some members of Congress, including Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said they believe the habeas provision of the new law is unconstitutional.

END

AP
Oct 20, 8:48 AM EDT

Terror Law Stymies Cases for Detainees

By MATT APUZZO
Associated Press Writer

WASHINGTON (AP) -- Hours after President Bush signed a tough anti-terrorism law, government lawyers began putting detainees on notice that the U.S. court system no longer was open to them.

Now it is up to a federal appeals court, and ultimately the Supreme Court, to decide the fate of hundreds of people who have spent years arguing the government is holding them illegally.

Such challenges normally go before federal judges. But the new law, which Bush said was necessary to fight terrorism, strips the court of any authority to hear such cases.

Under the law signed Tuesday, the military now has discretion to decide whether to charge enemy combatants before military commissions or indefinitely hold the detainees.

The Justice Department filed notices with several federal judges Wednesday, telling them the law renders their detainee cases moot.

The judges probably will not rule on that issue, however, until an appeals court decides how it is going to handle the law. The U.S. Court of Appeals for the District of Columbia Circuit, which was considering two detainee cases, ordered lawyers to make their case for what should happen next.

"What's being blocked and what the government is opposing tooth and nail is the most simple thing of all: a hearing before a district court judge," said Jonathan Hafetz, who handles many detainee cases for the Brennan Center for Justice at New York University School of Law. "The government will do anything to prevent Guantanamo detainees from being able to present evidence in court."

Bush evoked the memory of the victims of the 2001 terrorist attacks when he signed the bill. He said the law allows the nation to bring to trial such detainees as Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11 attacks, and Ramzi Binalshibh, an alleged would-be hijacker from the 2001 strikes.

The law was passed in response to a Supreme Court ruling in June that the Bush administration's original plan for military tribunals violated U.S. and international law.

"The judiciary has provided guidance and the president acted on it with bipartisan support," said Glenn Sulmasy, a law professor at the U.S. Coast Guard Academy and an early supporter of creating new courts to try suspected terrorists.

"It will be difficult for the court to attack what's going on and intervene in what's really warfare. It would be a broad step by the judicial branch," Sulmasy said.

The three-member appeals court ordered a month of briefs on the law, which means a ruling will not come before late November or December, well after the Nov. 7 elections.

END

AP

October 20, 2006

Questions persist in Canadian's torture case

Associated Press

WASHINGTON // Days before the Bush administration put Canadian citizen Maher Arar on a plane for Syria, Canadian law enforcement officials advised their U.S. counterparts that evidence of terrorist links by Arar was not definitive.

Why the Bush administration still shipped Arar to Syria - where he was tortured - and whether he remains on the United States' terror watch list are still unknown. Administration officials refuse to talk about the case.

It has been a month since a Canadian commission cleared Syrian-born Arar of all suspicion of terrorist activity, yet Arar still can't get into the United States, one of his lawyers, Michael Ratner, said yesterday.

John Cavanagh, director of the Institute for Policy Studies, said he had asked Attorney General Alberto R. Gonzales to clear Arar's name and let him come into the United States this week to receive the organization's human rights award. Gonzales did not reply, Cavanagh said. A Justice Department spokesman said he was unaware of the letter and could not comment.

At the Homeland Security Department, which keeps track of terrorist watch lists, spokesman Russ Knocke wrote in an e-mail, "We do not disclose names on watch lists."

Fearing a repeat detention, Arar did not travel to Washington on Wednesday for the awards presentation. He delivered a videotaped message of thanks in which he described his ordeal.

Arar is a software engineer who was traveling on a Canadian passport in 2002 when he was detained at New York's Kennedy Airport because of what the Canadian government now says was faulty intelligence. Without informing Canada, the U.S. government turned Arar over to Syria, where he was tortured, tossed in a small cell and finally released after nearly a year of confinement.

"How long is it going to take to get him off the watch list, remove the bar on re-entry to the United States and exonerate him?" asked Ratner, president of the Center for Constitutional Rights.

Sending Arar to Syria "appears to be part of a Bush administration policy of using suspicion to send people to countries where they are tortured," said Ratner, whose group has been representing Arar in a lawsuit against the Bush administration.

Immediately after Arar's release from Syria in 2003, the White House summoned Canada's ambassador to a private meeting, according to an exhaustive report on Arar released last month by a Canadian government commission.

At the meeting, White House official Frances Fragos Townsend "indicated that senior administration officials were irritated" that the Canadian prime minister was saying publicly that the decision to remove Arar was made unilaterally by U.S. officials, says the Canadian report.

The Canadian commission concluded there was no evidence that Canadian officials participated in or agreed to the decision to send Arar to Syria.

Yesterday, deputy White House press secretary Dana Perino would not comment, saying that Arar plans to sue the U.S. government.

The Canadian inquiry found the Royal Canadian Mounted Police wrongly described Arar to American law enforcement officials in 2002 as "an Islamic extremist suspected of being linked to the al-Qaida terrorist

network."

Raising additional questions about why the U.S. government sent Arar to Syria, the Canadian inquiry also found that in the days before the U.S. government sent him, Canadian law enforcement officials advised their U.S. counterparts at the FBI that evidence of terrorist links by Arar was not definitive.

"A link analysis has yet to be completed on Arar, and while he has had contact with many individuals of interest to this project we are unable to indicate links to al-Qaida," the Canadians stated in one communication. It added that a detailed investigation into Arar had not yet been completed.

Questions raised by the Canadian report about the Arar case have drawn only brief comment at the State Department and the Justice Department.

Regarding Arar being turned over to Syria, State Department spokesman Sean McCormack said last month that the determination of U.S. government officials at the time was that Arar posed a threat to the United States and that officials had the reasonable expectation that he would not be "maltreated." At the Justice Department, Gonzales has said simply: "I'm not aware that he was tortured, and I haven't read the commission report."

Speaking from Canada this week, Arar said a representative of the U.S. Immigration and Naturalization Service was present when he was put on the plane for Syria in 2002. Arar said he told the INS representative that the Syrians would torture him.

"She said something like: 'The INS is not the body or the agency that signed the Geneva Convention against torture.' For me what that really meant is, 'We will send you to torture, and we don't care.'"

"Even when the Canadian commission exonerated, the U.S. was totally unapologetic; the man deserves an apology," said Joanne Mariner, Human Rights Watch's terrorism and counterterrorism director.

END

Straits Times (Singapore)

October 20, 2006

Income sues US govt to recover $111,000 payout; Money was paid to technician killed after crash between two US helicopters

K. C. Vijayan

WHEN two US Navy helicopters collided at Paya Lebar Airbase in 2002, the flying debris killed a Singaporean technician nearby.

The dead man's family received $111,000 in workmen's compensation.

Now, in a rare move, NTUC Income Insurance Cooperative - which ultimately made the payout - is suing the United States government to recover its money.

In a High Court suit filed by lawyers from Khattar Wong, the insurers claim pilot negligence caused the collision.

When the mishap occurred, Mohamad Ruslan Radin, 41, was an engineering services inspector with ST Aerospace Engineering, which was contracted to the Republic of Singapore Air Force to provide services at Paya Lebar Airbase.

On July 16 that year, at about 1.30pm, two CH-53 Sea Stallion heavy duty helicopters apparently came too close to each other on the ground.

One was flying along the tarmac to park when it hit the other, which was stationary but had its engine and rotor blade running.

The contact between their rotor blades triggered the collision, according to court documents.

Mr Ruslan was about 75m away, inspecting an RSAF C-130 transport plane in a hangar, when he was struck by flying debris.

He died in hospital about three hours later.

NTUC claims in its lawsuit that the pilots and/or their agents failed to exercise proper safety precautions and to ensure a safe distance between the two choppers.

It also alleges that there was a failure to circumvent or reduce the exposure to danger faced by ground staff at the site.

It further claims that the tragedy was caused by inadequate supervision or control in the operation of the helicopters and/or the direction of the aircrafts' flight path.

Singapore's Defence Ministry investigated the incident together with a US team, but no reference has been made to the outcome in the suit.

Following the death of Mr Ruslan, who was single and lived with his mother and sister, the Ministry of Manpower (MOM) granted compensation of $111,000 to his dependants.

NTUC Income, as the insurer of ST Aerospace Engineering, then had to reimburse MOM.

NTUC is also claiming the costs of its court action from the US government.

The suit has been filed in Singapore because the incident took place here.

Lawyers told The Straits Times there is a chance that the case will succeed, as it involves a third party who suffered in an accident caused by two parties belonging to the same organisation, and with which the victim had no dealings.

"The principle of res ipsa loquitor - which means ?the thing speaks for itself? - clearly applies," said senior lawyer B. Ganesh.

He explained that it was quite usual for insurers to pay the victims upfront and then sue the negligent parties, much as they do in road accident cases.

This case is rare, as it involves a government.

But the Singapore court still has jurisdiction to try the suit and pronounce judgment, he said.

If the suit succeeds, NTUC will then have to register the Singapore judgment in a US court to recover its money.

A pre-trial conference, scheduled two days ago, was deferred to allow NTUC more time to serve and receive acknowledgement of the writ from the US government through official channels.

END

Inside US Trade

October 20, 2006

SECOND COMPANY CHALLENGES BYRD LAW ON FIFTH AMENDMENT GROUNDS

A second U.S. steel ball bearing company has filed a suit against U.S. Customs and Border Protection (CBP) and the International Trade Commission (ITC) challenging the constitutionality of the Byrd amendment, which allows duties collected in trade cases to be distributed to the petitioners of those companies.

Koyo Corporation of U.S.A filed the suit on Sept. 25 in the U.S. Court of International Trade (CIT). It argues the Byrd law, formally known as the Continued Dumping and Subsidy Offset Act, is unconstitutional because it excludes Koyo from the list of companies eligible for receiving duties collected under the Byrd law.

Koyo is excluded from collecting money because it did not support the original antidumping petition, even though the company was an interested party to that petition.

Koyo argues that the Byrd law requirement that a company support the petition in order to receive monies violates the Equal Protection guarantees of the Fifth Amendment to the Constitution because it favors certain U.S. companies over others. It also said this violates the First Amendment freedom of speech protections because it provides a monetary incentive that compels companies to support the petition even though they may not want to, a source following the case said.

The CIT issued a ruling last month against the Byrd amendment in a suit brought by SKF USA, another U.S. ball bearing company excluded from receiving Byrd distributions. In that decision, the CIT ruled in favor of SKF's arguments on the Fifth Amendment, but First Amendment arguments were not raised (Inside U.S. Trade, Sept. 22, p. 1).

An answer from the U.S. government to this complaint is due in mid-December.

END

Life Science Weekly

October 24, 2006

Pediatrix completes settlement of Medicaid and Tricare investigation

Pediatrix Medical Group, Inc., (PDX) has finalized its previously announced agreement in principle with the U.S. Department of Justice to settle the government's national Medicaid and Tricare investigation.

In finalizing the settlement, Pediatrix entered into an agreement with the U.S. Department of Justice and has paid the federal government $25.1 million related to neonatal services provided from January 1996 through December 1999.

In addition, Pediatrix will enter into separate state settlement agreements for each state Medicaid program involved in the settlement. Information for the period 2000 to 2003 was reviewed as part of the investigation and Pediatrix is not making any payments for this period. Pediatrix cooperated fully in all aspects of the government's investigation and settlement of this matter.

Pediatrix announced the financial terms of the settlement agreement in February 2006 and established reserves related to the investigation during periods through December 31, 2005. This settlement amount will not impact operating results for 2006.

As part of the settlement, Pediatrix has entered into a five-year corporate integrity agreement with the Office of the Inspector General of the Department of Health and Human Services. The corporate integrity agreement acknowledges the existence of Pediatrix's comprehensive compliance program and provides other compliance-related activities during the term of the agreement.

Pediatrix is a provider of newborn, maternal-fetal and pediatric physician subspecialty services.

END

AP

October 20, 2006

Houston man convicted in Medicare fraud

LAFAYETTE, La._A Houston man accused of bilking Medicare out of more than 500-thousand dollars through fraudulent billings at an Opelousas physical rehabilitation clinic has been convicted on federal charges of health care fraud .

Michael Prince, who helped organize Alpha Healthcare Services, faces up to 10 years in prison.

Prosecutors also plan to seek a monetary judgment against Prince in an effort to recover money lost to the scheme.

U-S Attorney Donald Washington says Alpha Healthcare billed Medicare more than 700-thousand dollars from October 2000 to April 2001 -- at least 500-thousand dollars of which was fraudulent.

Prince, who attended medical school but never passed exams required to become a licensed physician, was one of three people who helped start the company.

A key witness in the case, Pamela Sampson, of Stafford, Texas, had served as the onsite director of the clinic.

She pleaded guilty in 2003 to health care fraud charges.

END

USDOJ- Office of Public Affairs

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Sent:	Monday, October 23, 2006 8:24 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, October 21, 2006
Attachments:	dojclips061021.pdf; dojclips061021.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

U.S.: Courts No Longer Open To Detainees (AP)

DOJ_NMG_0083989

By Matt Apuzzo

AP, October 21, 2006

Hundreds of detainees received notice from the Justice Department this week that because of a new law signed by President Bush, the U.S. court system is no longer open to them. Now it will be up to a federal appeals court, and ultimately the Supreme Court, to decide the fate of prisoners who have spent years arguing the government is illegally holding them at overseas military bases.

A prisoner's right to challenge his detention is one of the basic tenets of the Constitution — a right known as habeas corpus. Under the law signed Tuesday, however, the courts no longer have authority over such petitions in cases involving "enemy combatants."

The law gives the military the authority to decide whether to charge prisoners before special commissions or, if necessary, hold them indefinitely.

Attorney General Alberto Gonzales said Friday that the new law gives more access to appeals "than has ever been available to any enemy combatant in the past."

But the habeas corpus exemption has drawn criticism from lawyers, civil rights groups and even members of Bush's own party, such as Sen. Arlen Specter, R-Pa., the chairman of the Senate Judiciary Committee.

"Habeas protects against the executive taking a person and locking them up without a chance to prove their innocence," said Jonathan Hafetz, who handles many detainee cases for the Brennan Center for Justice at New York University School of Law. "Habeas is what stands between us and a system of secret detentions, a police state."

The Justice Department filed notices with several federal judges Wednesday, telling them the law renders detainee cases in their courts moot.

The judges probably will not rule on that issue, however, until an appeals court decides how to handle the law. The U.S. Court of Appeals for the District of Columbia Circuit, which was considering two detainee cases, ordered lawyers to make their case for what should happen next.

Bush cited the victims of the 2001 terrorist attacks when he signed the bill. He said the law allows the nation to bring to trial such detainees as Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11 attacks, and Ramzi Binalshibh, an alleged would-be hijacker.

The law was passed in response to a Supreme Court ruling in June that the Bush administration's original plan for military tribunals violated U.S. and international law.

"The judiciary has provided guidance, and the president acted on it with bipartisan support," said Glenn Sulmasy, a law professor at the U.S. Coast Guard Academy and an early supporter of creating new courts to try terror suspects.

"It will be difficult for the court to attack what's going on and intervene in what's really warfare. It would be a broad step by the judicial branch," Sulmasy said.

The three-member appeals court ordered a month of briefs on the law, which means a ruling will not come before late November or December, well after the Nov. 7 elections.

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Associated Press writer Lara Jakes Jordan contributed to this report.

Opinions Vary On Constitutionality Of Tribunal Compromise Law (MCT)

By James Rosen

McClatchy Newspapers, October 21, 2006

WASHINGTON - For weeks, as he and other senators held up President Bush's proposal for trying terrorism suspects, Sen. Lindsey Graham, R-S.C., said the Supreme Court would reject Bush's measure.

Now, after joining the president at the White House for the bill-signing ceremony, Graham is predicting that the high court will accept the compromise law produced by weeks of high-stakes negotiations.

Graham, a military lawyer who serves in the Air Force Reserve, already has counted heads on the Supreme Court.

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"I think this could be 7-2" to uphold the new law, Graham said Thursday in an interview. "I think the court is going to find that the military commissions Congress has authorized are compliant with Common Article 3 of the Geneva Conventions, and that they afford due process of a civilized nation."

"Everything we've done is consistent with the law of armed conflict, and the detainees have more rights than any other enemy prisoners have had in any other war," Graham said.

Legal scholars' opinions vary.

The tribunals law "unconstitutionally suspends the writ of habeas corpus, and it denies any noncitizen held anywhere in the world his fundamental right to contest the lawfulness of his detention by the United States," said Jonathan Hafetz, who represents a detainee as associate counsel at New York University's Brennan Center for Justice.

"It defines `enemy combatant' in overly broad terms that exceed what the Constitution allows," Hafetz said.

Habeas corpus affords those accused of crimes access to court to respond to the charges against them. The Founding Fathers wrote it into the Constitution, preceding the Bill of Rights, which was added later as its first 10 amendments.

Randy Barnett, a constitutional law professor at Georgetown University, expressed confidence that the new law will pass Supreme Court muster, however.

"Most of the Supreme Court's focus (in post-Sept. 11 detainee cases) has been about the failure of the Bush administration to get congressional authorization for what it was doing," Barnett said. "Now the administration has such authorization. The odds of the Supreme Court saying that what Congress did was unconstitutional are extremely remote."

No matter where they stand on habeas or the other substantive issues that the controversial law raises, legal experts of all stripes agree that it will end up before the Supreme Court.

According to legal scholars, much of the coming struggle over the tribunals law will focus on its stripping habeas rights from about 400 terrorism suspects, most of them detained at the U.S. military base in Guantanamo Bay, Cuba.

The high court probably also will examine the law's definition of "enemy combatant" and explore whether it meets the U.S. government's obligations under the Geneva Conventions.

In large measure, as the government continues to adapt laws and procedures to the Sept. 11, 2001, terrorist attacks, the 2006 Military Commissions Act is Congress' answer to two key high-court rulings since the tragedy:

- In a June 2004 ruling on Rasul v. Bush, the justices said U.S. courts - not the military commissions - have the ultimate say in determining whether noncitizens captured overseas and held at Guantanamo Bay have been detained legally.

- In its June 2006 decision in the Hamdan v. Rumsfeld case, the court ruled that Bush had exceeded his presidential authority by creating, without congressional action, a system of military commissions to try the detainees.

On Sept. 8, almost three months after the Hamdan ruling, Bush sent Congress a proposal for interrogating the detainees and trying them before military tribunals. Almost immediately, Graham and two fellow Republican senators - John McCain of Arizona and John Warner of Virginia - criticized several of its main provisions, and others soon joined them.

Over the next month, White House lawyers led by National Security Adviser Stephen Hadley engaged in fevered talks with the three senators. When they reached a compromise, all said they'd found common ground on the legal issues at stake.

The administration gave more ground on how the military commissions will work and how the trials will run, while the three senators yielded more on the controversial interrogation techniques, said John Radsan, who served as the CIA's assistant general counsel from 2002 to 2004 and now runs the National Security Forum at the William Mitchell College of Law in St. Paul, Minn.

The law spells out nine "grave breaches" of Geneva Convention protections and prohibits "cruel, inhumane or degrading" treatment of detainees, Radsan said. It retains "gray areas" in weighing which interrogation procedures are legal.

"I don't know what Graham, McCain and Warner agreed to in that room with Hadley, and I don't think the American people know," Radsan said. "A lot of what was decided stayed in that room between Hadley and those three senators. We want to have some check on the CIA. This is being done in our name."

Graham said the law provided more than enough guidance for CIA interrogations. And he said it protected detainees' rights by allowing them to appeal the U.S. military's classification of them as "enemy combatants" to the U.S. Circuit Court of Appeals in Washington.

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Graham, though, also said the law properly dismissed hundreds of lawsuits already brought by detainees with a broad range of grievances over their confinement.

"Every detainee will have their day in court, and the court can determine whether the government properly defined them as an enemy combatant," Graham said. "But they can no longer sue the government for better exercise, mail delivery, medical malpractice."

Despite his confidence that the Supreme Court will uphold the law, Graham said he was far from cocky.

"If I'm wrong, I will take the floor of the Senate and humbly say I was wrong," he said.

Legal scholars who've combed through the 38-page Military Commissions Act of 2006 say the forthcoming court struggle over it probably will focus on three sections:

-Near its start, it defines "unlawful enemy combatant" as "a person who has purposefully and materially supported hostilities against the United States ... including a person who is part of the Taliban, al-Qaida or associated forces." Critics say this definition is too broad and permits the indefinite detention of those who express their intense dislike of the United States but aren't terrorists.

-While the law affirms U.S. adherence to the Geneva Conventions elsewhere, a clause near the ends troubles critics. "No person may invoke the Geneva Conventions or any protocols thereto ... as a source of rights in any court of the United States or its states or territories," it says. Some scholars say the clause appears to prevent the prosecution of interrogators or other American officials for breaking U.S. laws that codify international war-crimes standards and make them part of the American justice system.

-In perhaps the most contentious issue, the measure amends federal civil law by stripping noncitizens of their habeas-corpus rights to appeal their detentions to U.S. courts outside the military. The clause reads: "No court, justice or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States who has been determined by the United States to have been properly detained as an enemy combatant or is awaiting such determination."

Lawyer Convicted In Terror Case Lied On The Stand, A Juror Says (NYT)

By Julia Preston

The New York Times, October 21, 2006

He was known as Juror 8, for the jury box chair where he listened silently for more than six months as the convoluted evidence unfolded in the trial of Lynne F. Stewart, the radical defense lawyer accused of aiding Islamic terrorism.

The jurors argued behind closed doors in Federal District Court in Manhattan for another month before they finally agreed to convict Ms. Stewart on all five charges she faced for smuggling messages out of prison from her terrorist client, Sheik Omar Abdel Rahman.

“We found what jurors called the smoking gun,” Juror 8 said in an interview. “Lynne Stewart knew full well that violence was going to be committed,” he said, after she publicized the sheik’s words. He said the jurors also concluded that she had lied in her testimony.

So on Monday, 20 months after the verdict, Juror 8 kept his eye on the television, waiting for news of her sentence. When he heard that Judge John G. Koeltl had reduced the 30 years sought by the government to 28 months in prison, Juror 8 said he was first disbelieving, then “vastly disappointed.”

He said the light sentence obscured facts the jurors had painstakingly linked together that tied Ms. Stewart to terrorism. He believes only the jurors understood their meaning in the complex case.

He does not speak for all the jurors. Because of the serious terrorism charges, they served anonymously, and the names of the eight women and four men were known to only one court administrator. One other, a woman known as Juror 9, made her views known this week. “I am glad that the sentence was as short as it was, but sorry that she was sentenced to any time at all,” Juror 9 said in a statement issued by her lawyer, Steven Masef.

“The right thing for the judge to have done,” she said, “was to have overturned the jury verdict and thrown the whole case out.”

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Although she voted to convict, Juror 9 wrote a letter to Judge Koeltl in March 2005 saying she had done it "as a result of the fear and intimidation I was made to feel for my life" in the jury room. The judge ruled that her objections were not sufficient to overturn the verdict. Juror 8 said that Juror 9 was one of two jurors who held out for acquittal long into the deliberations.

Juror 8 still does not want his name published, saying he continues to have moments of fear because of his vote to convict Ms. Stewart. He is a research scientist in his early 60's who holds an advanced academic degree from a prominent East Coast university and lives in Manhattan.

He came forward for an interview armed with trial exhibit numbers and typewritten notes, giving the most detailed look to date inside the jury's grueling, often angry deliberations. He said he wanted to counter his dismay about the sentence by leaving a public record about the jury's findings.

The jurors' mining of the evidence, he said, convinced them that Ms. Stewart was aware that one militant from Abdel Rahman's organization in Egypt, the Islamic Group, planned to foment terror attacks using a message from the sheik that Ms. Stewart released. The sheik, a blind Islamic cleric from Egypt, is serving a life sentence for his role in a 1993 plot to bomb New York City landmarks.

Juror 8 said the militant, Rifai Taha, a fugitive convicted terrorist, emerged as a major and very chilling figure in the trial. Prosecutors showed a videotape of Mr. Taha sitting with Osama bin Laden somewhere in Afghanistan before the Sept. 11 attacks, calling for violence against Americans.

One message that Ms. Stewart carried into prison on a visit to the sheik in May 2000, violating special restrictions, was from Mr. Taha. He sought guidance about a cease-fire the sheik's followers were observing in Egypt, which Mr. Taha was chafing to cancel.

Ms. Stewart testified that she was not aware of Mr. Taha's violent history or his efforts to spur a new campaign of attacks against Egypt's government.

But according to Juror 8, the jury found clear evidence among the stacks of prosecution documents and wiretap transcripts that she did know of Mr. Taha's extremist violence as early as 1998.

"There's the belief that she didn't know who Taha was, that she didn't think anything bad would happen," Juror 8 said. "I want to state very emphatically: that is a complete lie."

Even more persuasive to the jury, Juror 8 contended, was the evidence about the chain of events after Ms. Stewart called a reporter in Egypt with the sheik's response to Mr. Taha, in which he said he no longer supported the cease-fire.

The sheik's new position provoked a furor in Egypt. According to evidence the jurors examined, Juror 8 said, several of his supporters warned in public comments and letters sent to Ms. Stewart that his words could prompt violence. But a week later Ms. Stewart issued a second press release in which the sheik once again criticized the cease-fire.

Juror 8 said the jurors found that Mr. Taha had used the sheik's words to recruit at least one Egyptian militant to start plotting an attack.

"She smuggled Taha's message in," Juror 8 said. "She smuggled Rahman's reply out. She was told that violence would occur, and she had a second press conference to reinforce the first. No person who was opposed to violence would conduct themselves in that manner."

Ultimately, the cease-fire was not canceled.

Juror 8 said he was offended after the Feb. 10, 2005, verdict when Ms. Stewart said that the jurors had been influenced by post-Sept. 11 fears of terrorism. "It wasn't politics, it was her actions," he said. "The jury did not speculate. We dealt with the evidence."

It is not uncommon for jurors, who have no say in sentencing, to disagree with a judge's decision. In court on Monday, Judge Koeltl cited laws requiring him to consider other factors besides the guilty verdict, such as Ms. Stewart's past work and the possibility that she would repeat her crime.

While the judge found that Ms. Stewart, who is 67, had engaged in "extraordinarily severe" criminal conduct that "plainly went beyond any reasonable bounds of zealous advocacy," he also considered her long career defending unpopular clients, her recent bout with cancer and her disbarment. He allowed her to remain free on bail while she pursues her appeal.

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Juror 8 said he gained respect for Judge Koeltl during the trial. “He’s a very logical man,” he said. “I’m sure he was led logically to that sentence.” The judge was appointed to the bench in 1994 by President Clinton.

The juror insisted that the looming figure of Mr. bin Laden had no impact on the jurors, who were repeatedly instructed he had no role in the case.

“The judge told me he had no part, so he had no part,” Juror 8 said. “And 11 other people agreed. We did not go off reservation.”

He said he was distressed by the sight of Ms. Stewart celebrating on Monday with cheering supporters outside the courthouse. “The end of this process,” he said, “is a person who committed very serious crimes out on the street smiling with bouquets of roses.”

Enemy Of The State: Kurdish Man Imprisoned By Taliban And U.S. (AP)

By Michael J. Sniffen, Associated Press

AP, October 21, 2006

WASHINGTON – Abdul Rahim insists he's an apolitical student who fled a strict father. But he's fallen into a black hole in the war on terror in which first the Taliban and then the United States imprisoned him as an enemy of the state.

Arrested by the Taliban in Afghanistan in January 2000, Rahim says al-Qaeda leaders burned him with cigarettes, smashed his right hand, deprived him of sleep, nearly drowned him and hanged him from the ceiling until he “confessed” to spying for the United States.

U.S. forces took the young Kurd from Syria into custody in January 2002 after the Taliban fled his prison. Accusing him of being an al-Qaeda terrorist, U.S. interrogators deprived him of sleep, threatened him with police dogs and kept him in stress positions for hours, he says. He's been held ever since as an enemy combatant.

Rahim's story is one of several emerging from the U.S. prison at Guantanamo Bay as defense lawyers make bids to free their clients while the Bush administration tries to use a new law to lock them out of federal courts.

After the Supreme Court overturned President Bush's plans for commissions to try detainees, Bush obtained a new law from Congress barring federal courts from hearing appeals for release by any alien “properly detained as an enemy combatant.” The Justice Department told district and appellate judges this week they no longer have jurisdiction to hear dozens of such pending cases.

A court fight over that is certain.

Calling the move to strip jurisdiction “a direct attack on our constitutional structure,” Federal Public Defender Steven T. Wax in Portland, Ore., said, “We will litigate that as hard as we can in whatever forum we can find, because they are wrong.”

Other detainees whose lawyers filed new evidence in U.S. District Court motions this month include:

Adel Hassan Hamad, a Sudanese charity worker arrested at 1:30 a.m. July 18, 2002, in his Peshawar, Pakistan, apartment. Co-workers swear he was a hospital administrator with no connection to terrorists. A dissenting U.S. Army major on the panel that reviewed the unclassified and secret evidence against him called it “unconscionable” to detain him because some employees of the same charity may have supported terrorist ideals.

Nazar “Chaman” Gul, a 29-year-old Afghani who thought he was working as an armed fuel depot guard for the Karzi government installed by U.S. forces. The man who hired him swears that was the case, but he is accused of being a member of a terrorist group. The lawyers say he has been mistaken for a commander of that terror group, named Chaman Gul, also held at Guantanamo.

All three are represented by Wax and his assistants. Wax's staff traveled to Afghanistan, Pakistan and the United Arab Emirates to gather dozens of sworn statements from co-workers, relatives, fellow inmates and people who knew these detainees but haven't spoken to them in years. These newly filed accounts substantiate details of the detainees' denials that they were terrorists.

“These clients are not enemy combatants,” Wax said in an interview. The new law “does not apply to people who are not enemy combatants,” he said.

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Wax said it would be unconstitutional to apply the jurisdiction-stripping bill retroactively to existing cases. And he said the Supreme Court has ruled before that it has the final say over its jurisdiction in these so-called habeas corpus petitions for release from custody. Following President Lincoln's suspension of habeas corpus for prisoners of war, the high court in 1866 set a man free after finding he was not a prisoner of war, Wax noted.

The government feels differently about Wax's clients.

"Multiple reviews have been conducted since each detained enemy fighter was captured, including for these three individuals," said a Pentagon spokesman, Navy Cmdr. Jeffrey D. Gordon. "There is a significant amount of evidence, both unclassified and classified, which supports continued detention of these detainees and others at Guantanamo."

Now 28, Rahim, buttressed by testimony from friends and relatives, says he wound up in Afghanistan in a bid to escape his father, a strict teacher of Islamic education who objected to his borrowing money outside the family for a college trip. With his father holding his passport, he tried futilely to get from his home in the United Arab Emirates to Europe or Canada.

Finally a friendly diplomat got him deported to Afghanistan where he and others say he hoped to be declared a refugee and moved to Europe by international aid agencies. He says the Taliban conscripted him and sent him against his will to the Al Farouq terrorist training camp. When he tried to leave 18 days later, they imprisoned him, he says.

In spring 2000, Abu Dhabi television broadcast a video of a tearful, fidgeting Rahim saying a U.S. agent recruited him to find Osama bin Laden. "I deserve to die ... but if the Taliban let me live, I want to spend the next 22 years fighting for jihad," he said.

On Jan. 17, 2002, then-Attorney General John Ashcroft said U.S. forces found five videotapes in the ruined Afghan home of bin Laden aide Mohammed Atef – one of the men Rahim says directed his torture. Ashcroft said the tapes show young men delivering "martyrdom messages from suicide terrorists" and identified one as "Abd Rahim."

Rahim's attorney Stephen Sady said any Taliban tapes of Rahim "were the product of torture" and no different from false confessions Sen. John McCain, R-Ariz., made to stay alive in a North Vietnamese prison.

"After two years the Americans came and saved me from the prison," Rahim told U.S. officers. "I told them about the videotape the Taliban made of me ... it created confusion to the point that the Americans believed I was working with al-Qaeda."

He added: "Nothing changed in my life. I was taken from prison to prison."

The FBI's Un-intelligence (TOLB)

Toledo Blade (OH), October 21, 2006

A FEW weeks ago, Jeff Stein, national security editor for Congressional Quarterly magazine, interviewed Willie Hulon, who recently was named chief of the FBI's national security branch.

Toward the end of the interview, Mr. Stein (according to an op-ed article he wrote for the New York Times last Tuesday) asked Mr. Hulon if it was important for a man in his position to know the difference between Sunnis and Shiites.

"Yes, sure," Mr. Hulon responded. "It's important to know who your targets are."

But then Mr. Stein asked Mr. Hulon to explain the difference. He couldn't. And he misidentified Iran and Hezbollah as Sunni.

Mr. Hulon is continuing a long tradition of abysmal and inexcusable ignorance in high places at FBI.

"My curiosity about our policy makers' grasp of Islam's two major branches was piqued in 2005, when Jon Stewart and other TV comedians made hash out of depositions, taken in a whistle-blower case, in which top FBI officials drew blanks when asked basic questions about Islam," Mr. Stein wrote. "One of the bemused officials was Gary Bald, then the bureau's counterterrorism chief. Such expertise, Mr. Bald maintained, wasn't as important as being a good manager."

Intelligence analyses of North Korea's missile and nuclear programs were badly flawed, wrote Bill Gertz in the Washington Times Oct. 12.

"The officials said there were as many as 10 failures related to intelligence reporting on North Korean missile tests and the suspected nuclear test that harmed administration efforts to deal with the issue," Mr. Gertz wrote.

The 9/11 plot succeeded due to a massive intelligence failure on the part of the FBI and the CIA. The FBI knew that Ramzi Yousef, the architect of the 1993 attack on the World Trade Center, planned to use airplanes in (among other things) a suicide attack on CIA headquarters (Operation Bojinka), and that Islamists were taking flying lessons in Arizona, Oklahoma, and Minnesota. But senior FBI leaders failed to connect the dots and turned a deaf ear to subordinates who did.

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The 1993 World Trade Center attack could have been averted had senior FBI officials in New York paid attention to Emad Salem, an informant recruited by Special Agent Nancy Floyd, who warned of the attack. Afterwards, wrote Peter Lance in his superb book, A Thousand Years for Revenge, Ms. Floyd was driven from the bureau for having been too aggressively right. Her superiors - who were so disastrously wrong - were promoted.

When in 2002 FBI translator Sibel Edmonds reported to her supervisor that some of her fellow Turkish and Farsi translators were leaving important information out of their translations and had ties to radical groups, it was Ms. Edmonds who was fired, for "rocking the boat."

The Iraq war was undertaken in large part because intelligence agencies exaggerated the threat posed by Saddam Hussein's weapons of mass destruction. Reporting on Saddam's forces and tactics was also badly flawed, wrote Michael Gordon and retired Marine Gen. Bernard Trainor in their acclaimed book, Cobra II:

"The CIA in particular was not only wrong about WMD, but failed to identify the importance of the Fedayeen [irregular forces loyal to Saddam] or to uncover the tons of arms that had been cached in the cities and towns of southern Iraq," they said. "The CIA's assurances that the Iraqi military would capitulate and that the Army and Marines would be welcome in the southern cities were misleading and dangerous."

Most of what has passed for debate on intelligence failures has been efforts to assign partisan blame for them.

There is some partisan blame to be assigned. President Clinton slashed spending on intelligence gathering, and his Justice Department forbade FBI agents working on criminal cases from sharing information with FBI intelligence officers.

But most of our intelligence failures have little to do with politics. They are a product of the bureaucratic structures and imperatives of the agencies, and the competence - or lack of it - of the people who lead them.

As far as we know, no one in the FBI or the CIA has been held accountable for intelligence failures. And when no one is held accountable, you get people like Mr. Hulon in jobs they obviously are unqualified to do.

This is President Bush's greatest failure. And it's worse than President Clinton's, because it's happened after 9/11, when there can no longer be any excuse for being asleep at the switch.

"Too many officials in charge of the war on terrorism just don't care to learn much, if anything about the enemy we're fighting," Mr. Stein said.

Jack Kelly is a member of The Blade's national bureau.

HOMELAND RESPONSE:

Man, 20, Arrested In Stadium Threat Hoax (NYT)

By Ronald Smothers

The New York Times, October 21, 2006

NEWARK, Oct. 20 — A 20-year-old Wisconsin man was arrested Friday and charged with posting messages on Internet chat boards threatening that radioactive "dirty bombs" would go off at National Football League stadiums in seven cities on Sunday.

Federal officials labeled the threat a hoax on Thursday, but at a news conference on Friday to announce the arrest, the United States attorney in Newark, Christopher J. Christie, called it the "Internet version of yelling 'Fire!' in a crowded theater in this post-9/11 era."

Law enforcement officials said that the message posted by the man, Jake J. Brahm, a clerk at a natural-foods grocery cooperative in Wauwatosa, Wis., explained that the timing of the threatened explosions coincided with the end of the Muslim holy month of Ramadan and that Al Qaeda would take credit for what members would call "America's Hiroshima." General chaos would follow, the message said, with civil wars erupting across the globe and economies collapsing.

Mr. Christie said investigators had determined that Mr. Brahm first posted the message in mid-September and reposted it at least 40 times. It identified the stadiums where the bombs would go off simultaneously as Giants Stadium in East Rutherford, N.J., and those in Atlanta; Cleveland; Houston; Miami; Oakland, Calif.; and Seattle.

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Mr. Brahm surrendered to Federal Bureau of Investigation agents in Milwaukee on Friday morning and later appeared in shackles for his first court appearance at the Federal District Court for the Southeastern District of Wisconsin. He was charged with making a terrorist threat over the Internet. A conviction would carry a maximum sentence of five years in prison and a $250,000 fine.

Citing Mr. Brahm's lack of a criminal record and his strong community ties, Federal Magistrate Patricia J. Gorence released him into the custody of his father on the condition that Mr. Brahm not travel outside Wisconsin and New Jersey, where Mr. Christie's office will have jurisdiction over his case. Judge Gorence also forbade him to use the Internet or any computer that has access to the Internet.

Mr. Brahm's lawyer, Patrick Knight, would not speculate on a motive or on F.B.I. reports that his client had said he had admitted posting the message as part of a "writing duel" with a Texas man to see who could come up with the scariest threat.

Mr. Knight did say that his client's intent was not malicious.

"It's the curse of the Internet," he said. "I think there is a whole class of folks who post a variety of things to get comments back, and in 2006 I don't think anyone is sure what is a private communication and what is intended for public consumption. I think in the end we will find that this was something that just spiraled out of control."

Wisconsin Man Charged In Terror Hoax (WT)

By Jerry Seper

The Washington Times, October 21, 2006

Federal prosecutors have charged a Wisconsin man as the source of an Internet posting that threatened to detonate radioactive "dirty bombs" at NFL stadiums in seven states.

Jake J. Brahm, 20, of Wauwatosa, Wis., was charged in a criminal complaint with willfully conveying false information or hoaxes threatening to damage buildings through the use of weapons of mass destruction and radiological dispersal devices. The charge carries a maximum penalty of five years in prison and a $250,000 fine.

U.S. Attorney Christopher J. Christie in New Jersey said Mr. Brahm, a grocery store worker, turned himself in yesterday to the U.S. Marshal's Service in Milwaukee on a criminal complaint filed in U.S. District Court in Newark, N.J.

FBI spokesman Richard Kolko said Mr. Brahm was first taken into custody by local police in Wauwatosa on Wednesday, based on information police received that he was the source of the Internet threat to bomb the stadiums. The FBI was immediately notified, and Mr. Brahm was interviewed by agents Wednesday evening.

"These types of hoaxes scare innocent people, cost business resources and waste valuable homeland security resources," Mr. Christie said. "We cannot tolerate this Internet version of yelling fire in a crowded theater in the post-9/11 era."

According to the criminal complaint, Mr. Brahm told the FBI he posted the threatening message at least 40 times on various Web sites.

Mr. Kolko said that in the message, Mr. Brahm warned that on Oct. 22, seven "dirty explosive devices" would be delivered by truck and detonated at NFL stadiums in New Jersey, Miami, Atlanta, Seattle, Houston, Oakland, Calif., and Cleveland.

All but the Atlanta stadium are open-air arenas and, according to message, that would allow for a maximum death toll, with the radioactive fallout spreading beyond the stadium to a wider area.

"The death toll will approach 100,000 from the initial blasts and countless other fatalities will later occur as result from radioactive fallout," the message said, adding that the explosions would be lauded by al Qaeda leader Osama bin Laden and the aftermath of the near-simultaneous blasts would be civil wars around the globe.

"Global economies will screech to a halt," the message said. "General chaos will rule."

Mr. Christie credited FBI agents in Newark, under the direction of Special Agent in Charge Leslie G. Wiser, Jr., for their work in the investigation leading to the charges against Mr. Brahm. He also credited FBI agents and the Joint Terrorism Task Force in Milwaukee, under the direction of Special Agent in Charge Richard K. Ruminski, for their work in the investigation, as well as the Wauwatosa Police Department.

The case is being prosecuted by Assistant U.S. Attorney Michael A. Hammer, Jr., chief of the U.S. Attorney's Office Terrorism Unit in Newark.

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FBI Removes Dead Man From Terror List (AP-Y)

AP, October 21, 2006

The FBI removed an al-Qaida explosives expert linked to the 1998 U.S. Embassy bombings in Africa from the most wanted terrorists list Friday after learning he was killed six months ago.

Muhsin Musa Matwali Atwah was killed in an April 12 gunfight with Pakistani authorities, FBI spokesman Richard Kolko said. He said the FBI was notified just this week that Atwah's death had been confirmed.

Egyptian-born Atwah was wanted in connection with the deadly embassy bombings in Kenya and Tanzania. The State Department offered a $5 million reward for his capture.

News reports out of Pakistan in late April said Atwah was killed by the Pakistani military in a raid on a suspected insurgent hideout in the tribal region of North Waziristan bordering Afghanistan.

Twenty-six suspected terrorists remain on the FBI's list, including al-Qaida leader Osama bin Laden.

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On the Net:

FBI's Most Wanted Terrorists: http://www.fbi.gov/wanted/terrorists/fugitives.htm

Ground Zero Forensic Team Is Posted To Seek Remains (NYT)

By David W. Dunlap

The New York Times, October 21, 2006

New York City's chief medical examiner will station a team at ground zero to look for human remains from 9/11, the Bloomberg administration said yesterday, after dozens of bones were found Thursday by workers excavating two manholes that had been covered since 2002.

"This was an enormous disaster," Mayor Michael R. Bloomberg said on his WABC radio program. "It's an enormous area. And I think those that did the recovery effort, you know they did the best they could. You can't be perfect, unfortunately, when something's this big."

The excavation began Wednesday under a service road paralleling West Street. Workers for Phoenix Constructors are preparing this area, south of Vesey Street and within the World Trade Center site, for a passageway to link the future trade center below ground to Battery Park City. On Thursday morning, they found as many as 80 bones and bone fragments and personal effects like wallets and watches.

Officials expect more remains to emerge from four other manholes and utility service boxes that have been covered since the service road was built four years ago. They also expect to find smaller remains in material that was vacuumed out of the manholes by Consolidated Edison crews on Wednesday.

After a 90-minute meeting yesterday with utility executives and other officials, Deputy Mayor Edward Skyler said that Con Ed and Verizon crews would continue to remove material from underground areas near West Street.

"The city's medical examiner will be on site to carefully sift through any material recovered to identify any human remains," Mr. Skyler said. "The medical examiner's forensic anthropologists will work closely with police and fire personnel, who will be on scene at all times."

Mr. Skyler said the city's Department of Design and Construction and the Lower Manhattan Construction Command Center would identify other underground areas, if any, that need to be searched by the same method.

Mayor Bloomberg said such discoveries might continue. "Whether or not two years from now or during construction somebody finds something else, you just don't know," he said.

Despite an impression four years ago that the recovery effort had been completed, human remains continue to be found around ground zero. In the last year, 760 body parts were discovered at the former Deutsche Bank building. Victims' relatives believe that many more remains await recovery at the Fresh Kills landfill on Staten Island.

The discovery this week reopened a scar that never healed for the many relatives of victims who all but vanished on Sept. 11, 2001. To date, the medical examiner's office has identified no physical trace of 1,151 of the 2,749 people who died in the attack.

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Yesterday, family members called on local officials to step aside and permit a thorough new search for human remains, governed by strict protocols, on the trade center site and its environs.

"If they were capable of doing the job, we wouldn't be finding these human remains now," said Sally Regenhard of the Skyscraper Safety Campaign. She has yet to recover the remains of her son, Christian, a probationary firefighter, who was killed on 9/11.

The family members demanded a halt to all construction at the trade center site and the intervention of the federal government through the Joint P.O.W.-M.I.A. Accounting Command, which recovers and identifies service members who have been killed in action and operates what it describes as the world's largest forensic anthropology laboratory.

None of these concessions were forthcoming from City Hall, leading Glenn P. Corbett, a technical adviser to the Skyscraper Safety Campaign, to call the mayor's response "totally inadequate."

Fire On The Water (NYT)

The New York Times, October 21, 2006

When the Coast Guard decided it wanted to practice firing its new machine guns on the Great Lakes, it posted an item in the Federal Register — not exactly household reading. Now that the public has caught up, there is an uproar all around the lakes — in Canada as well as the United States — and a belated decision to hold public hearings.

The Coast Guard's proposal is cautious and, as military exercises go, quite modest. It plans two or three test firings a year, a few hours each time, in 34 possible areas at least five nautical miles offshore. Officials argue that it is prudent to give crews heavier weapons than the handheld guns they carried on the lakes before 9/11.

Few are disputing that the United States needs to do more to protect its borders against terrorists. But we face far more plausible threats than terrorists cutting across Lake Michigan in small boats.

As a defense against terrorism, militarizing the Great Lakes is a symbolic defeat. And it is another in a series of incremental changes that threaten to change everything that we take for granted about our country.

The question is how far we choose to militarize ourselves at home in response to terrorism. Turning the Great Lakes — even on occasion — into a live-fire zone is the kind of decision that says little to terrorists but speaks volumes to the rest of us.

Louisiana Pays Part Of FEMA Bill And Sues On Rest (NYT/AP)

By The Associated Press

The New York Times, October 21, 2006

BATON ROUGE, La., Oct. 20 (AP) — Louisiana wired $319 million to the Federal Emergency Management Agency on Friday, a large part of what the agency billed the state for hurricane recovery for Hurricanes Katrina and Rita, and filed a lawsuit in federal court disputing the remaining $61 million bill.

The state's actions were based on the advice of the legislative auditor.

The commissioner of administration, Jerry Luke LeBlanc, who is the governor's top financial adviser, said that the state attorney general's office filed the lawsuit Friday afternoon and that the disputed dollars would be deposited into a registry of the court until the case was resolved.

The legislative auditor, Steve Theriot, the chief investigator for the Legislature, said that he could account for only 88 percent of the spending, but that the state was objecting to a part of that as well.

In the remaining disputed money, Mr. Theriot said that in some instances, people with invalid addresses or duplicate homes, who should not have received benefits from the agency, had.

"One of those errors, as an example, was a person who was charged with a felony in another state had applied for funds and got it," he told the Joint Legislative Committee on the Budget, which approved the payment to FEMA.

Agency officials have said they welcome any information from the legislative auditor's office about improper spending and will investigate it.

States are required to pick up part of the cost for some types of FEMA's disaster aid.

Storming Capitol Hill To Help Louisiana (LAT)

DOJ_NMG_0083999

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, October 21, 2006

Women of the Storm encourage lawmakers to visit the devastated Gulf Coast so they will be roused to offer aid. Scores have accepted.

The chartered jet that lifted off at dawn recently from New Orleans carried 131 Louisiana women — homemakers, professionals, full-time volunteers and local celebrities, dressed for political combat in pastel power suits, smart skirt outfits and discreet jewelry.

As they sipped coffee and munched scones, their conversations ranged from their kids' progress at school to next month's reopening of a downtown landmark, Saks Fifth Avenue.

But the chatter came to a stop when Anne Milling, a striking, slender woman in her 60s, strode to the front of the plane. Brimming with confidence and charm, she outlined the game plan. At stake was nothing less than the future of their Gulf Coast home, battered a year ago by Hurricanes Katrina and Rita.

"Be positive, be tenacious, be your upbeat self," Milling urged her compatriots. "This is how you're going to sell Louisiana."

The Women of the Storm, as this ad hoc group calls itself, were about to land in Washington and embark on a one-day mission in the nation's halls of power. The goal: to persuade members of Congress to help save the state's fast-disappearing coastline.

The powerful folks in Washington ignore this eclectic group at their peril. The Women are quickly becoming a recognized power among the activist groups that have sprouted from the rubble of Katrina, many fueled by frustration with the slow pace of government assistance.

Their first objective has been to bring Washington to New Orleans. The group's premise is simple: When lawmakers see how devastated the Gulf Coast looks, they will be roused to help. So far, the group has helped convince 55 of the nation's 100 senators and at least 106 of its 435 representatives to visit Louisiana.

But the Women of the Storm also have accomplished something just as rare: offering this city, historically fraught with ethnic division, a shining example of cross-cultural unity. Among these women are whites, blacks, Latinas and Asians. They are executives, civil servants and stay-at-home moms, all pulling together for the future of their city.

Before landing to tackle their September agenda, the group's leaders prepped the fledgling lobbyists.

"Don't hesitate to be dramatic," advised Pam Bryan, a member of the group's executive committee. "What we're asking for is $15 billion. When you think about it, that's not a lot of money. Don't be afraid to ask for that. Please pass on the sense of urgency … that we need this money now!"

Information sheets rustled, and whispered acknowledgments were heard through the cabin. Two committee members, Beverly Church and Nancy Marsiglia, rose for a role-playing exercise, with Church playing a skeptical U.S. representative and Marsiglia playing a Woman of the Storm.

"What about your leadership? Who is running the city?" Church demanded.

"We think it is important to keep politics out of this," Marsiglia responded. "We are a citizens group, and citizens are leading the way. We are the face of Louisiana today."

The grass-roots women's movement was born on Thanksgiving as Milling sat down to dinner with a group of friends and talked about the paucity of help after the storm. By Jan. 10, Milling had gathered eight pals in her living room to make a plan. And by Jan. 30, when they made their first trip to Capitol Hill to lobby for the release of funds for Louisiana's Road Home program, they had added more than 120 to their ranks. Today, more than 500 Louisiana members are registered on the group's e-mail list.

Financed by donations, the group is a broad range of Gulf Coast women, including some local celebrities, like 83-year-old chef Leah Chase, commonly known as the "queen of Creole Cuisine" and owner of the landmark New Orleans restaurant Dooky Chase's.

They hand-deliver invitations to the politicians and lead those who visit the region on tours of the most damaged neighborhoods.

Still, 45 senators and at least 329 U.S. representatives have not made the journey.

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"Why have they not come?" asked Cecile Tebo, a member of the group who is also a crisis unit coordinator for the New Orleans Police Department and a third-generation New Orleanian. "Is it fear? I can't imagine. This affects the entire country. Until you feel it, see it, smell it, hear it, you don't understand it."

For many of the women, mastering the intricacies of lobbying on Capitol Hill is new. But just as Katrina changed New Orleans forever, it changed their minds about their roles in its recovery. Jeanette Bell, a floriculturist who is African American, said, "I believe my presence [in the group] represents a commitment on the part of people of color. Just because we're not always in the forefront doesn't mean that we aren't committed to the rebuilding of the city."

"It's the power of group," added Tebo, the police crisis unit worker. "This is typical New Orleans. There's that passion. There's that little bit of funk."

The women were driven by bus from Ronald Reagan Washington National Airport to a grassy area near the Capitol complex. They hoisted blue umbrellas — symbols of the blue tarps that cover many damaged rooftops in Louisiana. At a news conference, they were surrounded by the state's two senators and five of its members of Congress.

Before fanning out, some of the women changed from pumps into comfortable walking shoes. Naydja Bynum, a property preservationist who lives in the historic traditionally African American New Orleans neighborhood of Treme, donned black soft fabric slip-on shoes that she bought last year on a trip to Europe. "I knew they would come in handy, she said later that day.

The women traipsed from the House to the Senate, from the Senate to House, navigating the maze of underground tunnels and magnificent corridors that connects them.

On Tebo's list were one senator and four congressmen. She was partnered with Lang Le, a Vietnamese American whose eastern New Orleans house was inundated by several feet of water. Tebo and Le rushed to their first scheduled appointment, with Rep. Patrick J. Kennedy (D-R.I.), who has not yet visited New Orleans. But he was called away on other business, so a staff member filled in.

Tebo did most of the talking, sticking to the script and convincingly pleading the case of coastal restoration and flood protection.

"I didn't know if I was saying all the right things," Tebo said as she left the room.

"You did great," Le encouraged. "It sounded good."

Milling was teamed with Rita Benson LeBlanc, executive vice president of administration for the New Orleans Saints football team. At 29, LeBlanc is one of the group's youngest members.

Their list included Sen. Hillary Rodham Clinton (D-N.Y.).

"How's it going?" Clinton asked the group.

"They know who we are," Benson LeBlanc informed the senator. The Women need no introduction on the Hill.

Clinton told them how important it was that they were helping put a human face on Louisiana's tragedy. "Just be persistent," the senator added.

"You know how women are," Milling said. "They can nag, and they are tenacious."

She handed Clinton a book about Katrina by the staff of the Times Picayune as she impressed upon the senator the need to "get the House and the Senate on the same page" in terms of backing coastal restoration in Louisiana.

"We need the revenue now," Milling told Clinton. "This is an issue that's crucial to us today."

"I'm supportive, and I'll continue to do whatever I can," the senator promised, as she readied to pose for a photograph with the women.

Many of the elected officials pledged continued assistance. But some in the group said they got the cold shoulder from a few representatives or their testy staffers; and one official reportedly mocked the Women as being nothing more than debutantes. Diplomacy prevented group members from naming names.

Encountering a naysayer or two is par for the course, said Madeline West, an attorney and core member, but "overall it was positive."

En route to the airport for the trip back to New Orleans, one woman called her kids and promised a hug and a kiss when she got home; another longed for a bath. All recognized that their work was far from done.

"The women-hours in this are tremendous," member Polly Renwick said. "And it will not end when we leave here."

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As cups of white wine were handed out on board the aircraft, Milling thanked members for their day of hard work — they had gathered at 5:45 a.m. and landed back in New Orleans at around 10:30 p.m.

She also reminded them to send a thank-you note, or a card, to every official or staffer they had called on.

"It does make a difference being a woman," Milling said. "We can say and do things men can't. We are more passionate. It's different to the way a man would approach a problem."

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WAR NEWS:

Bush, Rumsfeld Defend Strategy (WP)

By Ann Scott Tyson And Michael A. Fletcher

The Washington Post, October 21, 2006

They Say Surge In Violence Won't Change Iraq Goals

President Bush and Defense Secretary Donald H. Rumsfeld yesterday defended the U.S. strategy in Iraq, saying the ultimate goals remain unchanged despite escalating violence and increasingly somber assessments from military leaders on the ground.

Speaking at a Washington fundraiser, Bush said the U.S. goal in Iraq "is clear and unchanging": creating a country that can govern and defend itself and "that will be an ally in the war against these extremists."

In a briefing later at the Pentagon, Rumsfeld played down the significance of fighting and sectarian violence that have erupted over the past few days outside Baghdad, as U.S. troops in Iraq suffer some of the highest monthly casualties since the 2003 invasion.

The U.S. military strategy of handing over security to Iraqi forces will never be a "straight, smooth, steady path" and American troops may have to step back in repeatedly to quell outbreaks of violence, Rumsfeld said.

But Rumsfeld rejected the suggestion that this means the U.S. strategy of "clear, hold and build" is failing.

The remarks came amid growing concern among both Republican and Democratic lawmakers about the administration's Iraq plan, with some predicting that upcoming elections and the apparent lack of progress on the ground would soon force the Bush administration to abandon its open-ended support of the war.

Rumsfeld said he will meet today with Bush, Vice President Cheney and top U.S. commanders including Gen. John P. Abizaid and Gen. George W. Casey Jr. to "discuss the way forward" in Iraq. White House press secretary Tony Snow said the meeting was a routine update on the conflict -- scheduled weeks ago -- and that it did not herald a major change in strategy.

"The biggest mistake would be not to pass things over to the Iraqis," Rumsfeld said. "It's their country. They're going to have to govern it. They're going to have to provide security for it. And they're going to have to do it sooner rather than later."

Attacks and sectarian fighting have flared beyond Baghdad in recent days -- from Amarah in the south to the Tigris River town of Balad and the northern city of Mosul -- in some cases requiring the urgent intervention of U.S. forces. Sunni insurgents have also been staging bold military displays in cities and towns in the vast western province of Anbar, which a senior U.S. military officer this week described as "an al-Qaeda stronghold."

The eruption of violence around Iraq comes as thousands of U.S. reinforcement troops are tied down in aggressive operations to secure Baghdad, where attacks have nevertheless surged 43 percent since midsummer in a trend that an American general there this week called "disheartening."

At least 75 U.S. troops have been killed so far in Iraq this month -- the highest daily rate since January 2005. The United Nations has said that more than 100 Iraqis a day are being killed in raging sectarian violence.

U.S. commanders are wrestling with the question of whether to raise troop levels. Last week, Casey, the top U.S. general in Iraq, said that more troops would have an immediate impact on reducing attacks in localities where they operate but that it was uncertain whether they would contribute to bringing violence down in the long term.

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Casey is working on projections for when the U.S. military can hand over responsibilities to Iraqi forces in different parts of the country, but Rumsfeld said yesterday that "there's no doubt" some of the projections will not be met. "In some cases, once we meet the projection, we may have to go back and do it again if it doesn't work," he said.

Iraqi insurgents and other fighters may be targeting areas transferred to the control of Iraqi forces, Rumsfeld said. "They're smart, the enemy," he added. "They've got brains, and they use them."

Rumsfeld and Bush said military commanders are constantly adjusting their tactics to meet enemy challenges, even though overarching goals remain unchanged.

Bush repeated his vow not to withdraw troops from Iraq before the goals are achieved. "Victory in Iraq is vital for the security of a generation of Americans who are coming up," he said. "And so we will stay in Iraq, we will fight in Iraq and we will win in Iraq."

Bush said the recent spike in violence is largely attributable to a more aggressive posture being taken by U.S. troops, who have been directly confronting militias and others who have been stirring trouble. "In other words, we're on the move," Bush said. ". . . We're engaging the enemies, and they're putting up a tough fight."

In his remarks at an event that raised $1 million for Republican Senate candidates, Bush acknowledged the difficulty of the war. "Listen, I fully understand it's a tough fight in Iraq," he said. "I know it, you know it, and our troops know it."

Still, he said, the United States has no choice but to stay in the fight. "This is going to be a long struggle, but in order to prevail, it requires perseverance and determination, and a strong belief in the power of liberty to conquer the ideology of hate," he said.

Militias Battle For Iraqi City As Shiite Rivalry Escalates (NYT)

By Kirk Semple

The New York Times, October 21, 2006

BAGHDAD, Oct. 20 — Hundreds of militiamen linked to the Shiite cleric Moktada al-Sadr battled local police and members of a rival Shiite militia in the southeastern city of Amara on Friday, destroying police stations, seizing control of entire neighborhoods and detonating bombs that sent thick pillars of black smoke into the sky.

At one point, the Mahdi Army, Mr. Sadr's militia force, appeared to be in control of the eastern half of the city of about 250,000, close to the Iranian border. But after a day of negotiations involving representatives of the warring militias, and delegates from the Baghdad offices of Prime Minister Nuri Kamal al-Maliki, Mahdi Army gunmen withdrew from their positions, and by nightfall the city was under the control of an Iraqi Army battalion that had been dispatched from Basra, officials and residents said.

The clashes, pitting fighters linked to Mr. Sadr against members of the Badr Organization, the military wing one of the country's leading Shiite parties, exposed the deep fissures in the country's Shiite leadership and cast doubt on the ability of the ruling Shiite coalition to hold itself together. It also underscored the weaknesses of the Iraqi security forces and the potency of the Mahdi Army, which has been able to operate virtually unchecked in Iraq and is widely accused of propelling the cycle of sectarian violence that has pushed the nation to the brink of civil war.

With the battle for the city erupting only two months after British troops withdrew from a garrison on the city's edge, it raised fresh questions, too, about the ability of the Iraqi government and security forces to maintain order once allied troops are withdrawn.

Reviews of the American strategy in Iraq took on more urgency on Friday, as President Bush held a half-hour meeting at the White House with Gen. John. P. Abizaid, the top American commander in the Middle East. The meeting was the first of several scheduled in coming days with his senior advisers.

The stability of Mr. Maliki's government in Baghdad depends on a tenuous peace between Mr. Sadr, who controls one of the largest parties in the ruling Shiite bloc, and Abdul Aziz al-Hakim, who leads another, the Supreme Council for the Islamic Revolution in Iraq, and its private army, the Badr Organization. A dynastic rivalry between their families, dating back decades, has carried over into a personal and political rivalry between the men, and their militias have periodically clashed.

"The split is very old and it has caused a lot of tragedy," said Abd-Kareem al-Mahamedawy, one of Amara's most prominent political leaders and a moderate Shiite. "It's just a fight for power."

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Mr. Sadr's office disavowed responsibility for the fighting in Amara, and his role in the assault remained murky. But residents and local officials said the gunmen, who wore the black clothes and black balaclavas that have become hallmarks of the Mahdi Army, claimed allegiance to Mr. Sadr.

The possibility of a violent break between the factions would severely complicate the efforts of Iraqi and American officials to quell the soaring sectarian and insurgent violence in Iraq. A factional war among the Shiite groups, which might quickly spread to other major centers where Mr. Sadr and Mr. Hakim are vying for power, including Baghdad, would add another nightmarish dimension to the bloodletting here, on top of the sectarian killing between Sunnis and Shiites and the war that militant groups from both sects are waging against American-led allied troops.

Compared to the west and north of the country, where a fierce Sunni Arab-led insurgency has tormented American and Iraqi troops and Sunni and Shiite death squads have engaged in a vicious cycle of violence, the predominantly Shiite south has been relatively peaceful. But a disintegration of the unstable pact between Mr. Sadr and Mr. Hakim could draw American attention away from the other fronts and compel the British military to return to areas they had ceded to the Iraqis.

The American military command acknowledged this week that it was re-examining the latest security plan for Baghdad, where three months of intensive American-led sweeps had failed to curb violence by Sunni Arab-led insurgents and Shiite and Sunni militias. An American soldier was killed Friday in a bombing in southwest Baghdad, according to the military, raising the total of American troop deaths in Iraq this month to at least 74.

The Bush administration has pinned the withdrawal of American troops on the ability of Iraqi forces to assume command of the country's security. In the south, the British have handed over security for two provinces to the Iraqis. In August, they put Iraqi forces in charge of Amara and withdrew from the city.

In an interview with The Associated Press, President Bush said of Iraq, "We are constantly adjusting our tactics so that we achieve the objective, and right now it's tough, it's tough."

At the Pentagon, Defense Secretary Donald H. Rumsfeld said it was essential to transfer more security and governing responsibilities to the Iraqi government. "It's their country," he said at a news conference. "They're going to have to govern it, they're going to have to provide security for it, and they're going to have to do it sooner rather than later."

Shiite militias — especially the Mahdi Army — have presented Mr. Maliki with perhaps the greatest conundrum of his administration. American officials have pressed him vigorously to disarm the militias and rid the state security forces of their influence. Yet Mr. Maliki has been hesitant to attack them, particularly the Mahdi Army and Badr Organization, for fear of alienating fundamentalist Shiite leaders inside his fractious coalition. On Wednesday, Mr. Maliki met privately with Mr. Sadr in Najaf but offered no details about their conversation.

British forces did not intervene to stop the bloodshed in Amara, instead deferring to the Iraqi government to resolve the dispute. British military officials said a quick reaction force was standing by in case Iraqi diplomatic efforts failed.

British commanders called the Iraqi response to the crisis a success.

"The Iraqi police and Iraqi Army have faced their sternest test since we stepped back from Amara," Maj. Charlie Burbridge, a British military spokesman, said in a telephone interview. "We believed the Iraqi security forces were in position to provide day-to-day security and implement the rule of law in Amara, and we still maintain the case."

The fighting, he said, did not upset plans to hand over full control of Maysan Province to the Iraqi government in December.

According to Mr. Mahamedawy, this week's dispute between the Shiite militias began after Qassim al-Tamimi, chief of investigations for the provincial police force and a member of the Badr Organization, was killed in a bombing. Badr fighters blamed the Mahdi Army. Police then arrested the brother of the local Mahdi Army commander in connection with the bombing, the authorities said.

More than 200 Mahdi fighters responded with an assault on the city beginning Thursday afternoon, then continuing at daybreak on Friday. According to Col. Khalid al-Fredgy, a police officer in Amara, the police officers eventually ran out of ammunition and fled their posts. By late morning, Mahdi gunmen wearing black clothes and black balaclavas were patrolling neighborhoods in commandeered police vehicles and manning roadblocks, local leaders and residents said.

"Policemen tried to protect the stations, but what can they do?" Mr. Mahamedawy said by telephone early Friday afternoon. "They do not have enough weapons and ammunition compared with the militia, which has all kinds of weapons."

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Delegates from the Badr Organization and from Mr. Sadr's headquarters in Najaf met with envoys from Mr. Maliki's office and hammered out a truce that allowed for the Iraqi Army to retake the streets, according to Mr. Mahamedawy.

By dusk, at least 10 police officers and 15 militiamen had been killed, according to Major Burbridge, and about 90 gunmen were wounded. Police officials said that several of their men remained unaccounted for and had presumably been kidnapped by the Mahdi Army fighters.

"Those rogue gangs were brought back into line by their political leaders," Major Burbridge said.

Witnesses said a message from Mr. Sadr was broadcast by loudspeakers atop vehicles Friday, calling on gunmen to lay down their weapons, though the order was widely disregarded.

Western intelligence officials in Baghdad have also spoken of Mahdi splinter groups operating as freelance death squads beyond Mr. Sadr's control, but some American officers have questioned whether Mr. Sadr has adopted this notion in order to deflect responsibility for crimes committed by his men.

Amara is the capital of Maysan Province, a region of farmland and marshes about 240 miles southeast of Baghdad. The city has been a chokepoint for munitions and people entering from Iran.

Political control there, and throughout the south, has been fiercely contested by followers of Mr. Hakim and Mr. Sadr. Mr. Sadr's allies dominate the provincial council. But the police chief is a former Badr Organization member and many of his officers are loyal to the militia.

Some local leaders warned that the cycle of revenge among Shiites would likely not end with Friday's truce, and that in the fiercely tribal culture of Maysan, relatives of officers who were killed or kidnapped might seek to avenge those attacks.

Bush Open To Shift In Iraq War 'Tactics' (LAT)

By Paul Richter And Doyle Mcmanus

The Los Angeles Times, October 21, 2006

WASHINGTON — With U.S. casualties rising and pressure growing from Republican and Democratic leaders for a change of course in Iraq, President Bush said Friday that he was willing to adjust U.S. "tactics" in Baghdad but did not intend to change his strategy or long-term goals.

"We will stay in Iraq, we will fight in Iraq and we will win in Iraq," Bush told Republican contributors in Washington. "Our goal hasn't changed, but the tactics are constantly adjusting to an enemy which is brutal and violent."

But pressure is mounting among some administration officials and party faithful for a major change in the way Bush is handling the war.

His remarks appeared to signal that he was open to at least a limited change in his approach, and that he was not wedded to a "stay-the-course" doctrine, as critics say. At the same time, Bush pledged to secure victory and said he would not change his administration's strategy or overall goals, even if it shifted tactics.

He spoke at the end of a grim week that saw an American commander acknowledge that U.S. policies aimed at quelling violence in Baghdad had fallen short and on the eve of a White House conference with generals, Cabinet officials and national security advisors.

The developments came as an increasing number of Republicans questioned the wisdom of Bush's policies in Iraq and called for new military and political options, and as expectations grew for a postelection change in direction. By adhering to longer-term goals while allowing for tactical changes, Bush could argue that military shifts did not represent a failure of policies.

In his comments, Bush said his administration's "unchanging" goal was to enable Iraq to govern, defend and sustain itself.

But some administration officials said Friday that in the face of Iraq's deepening troubles, they were weighing major changes in direction and expected a new course — though not a withdrawal — to be announced within months.

One senior official said he expected the change to come once a congressionally chartered panel, the Iraq Study Group, makes its recommendations, giving the administration "political cover."

"We're not going to pack up and go home," said the official, who asked to remain anonymous because he was not authorized to speak on the subject. "But the situation is grim, and may even be worse than it looks in the media" because of frequent near-calamities in Iraq that never come to the public's attention.

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"People here are desperate, and there is a lot of deep thinking going on," the senior official said.

Richard N. Haass, president of the Council on Foreign Relations, an independent foreign policy organization, said opinion on the war appeared to be near "a tipping point."

"I think we are reaching the point, and it's going to happen soon, where simply 'more of essentially the same' is going to be a policy that very few people are going to be able to support," said Haass, who was an aide to former Secretary of State Colin L. Powell.

Several strategic alternatives in Iraq are receiving the most attention, observers said.

They include setting a timetable for withdrawal; giving a larger role to other countries in the region, notably Syria and Iran, to win their cooperation on security; decentralizing the government of Iraq, or even formally dividing the country into Kurdish, Sunni Arab and Shiite states; and encouraging the formation of a new government led by a strong leader, such as an Iraqi army general.

Administration officials and outside experts said all of the options had major disadvantages and would have substantial political costs. U.S. officials said each of the alternatives had been rejected at various points by the administration.

But the senior U.S. official said some in the government continued to think about options that had been ruled out — including a more authoritarian approach — in hopes of establishing order as a first step toward rebuilding the country.

The official described it as a "last choice," but said, "at some point, the situation becomes so serious that you need order, period."

Handing the government over to a strong leader would carry large political costs. It would mean setting aside the administration's goal of establishing an American-style government, at least temporarily. And it would mean finding what some officials call a "man on horseback" who would have support from all the major Iraqi factions — perhaps an impossible task.

The strongman option was called the "most plausible" by scholar Eliot Cohen of the Johns Hopkins University School of Advanced International Studies, who has close ties to the military and administration. Cohen, often described as a leading neoconservative, has been praised by Bush.

Cohen wrote in a Wall Street Journal column published Friday that the Iraq war was, "if not a failure, failing." He said throwing U.S. support behind a strong leader would force the administration to swallow "a substantial repast of crow."

The option of regionalizing the effort — with the help of Iran and Syria — appears to have the support of former Secretary of State James A. Baker III, the Iraq Study Group co-chairman.

The senior U.S. official said that such an approach would require Washington to set aside other goals regarding Syria and Iran — including its push to keep Tehran from gaining a nuclear weapon.

"The question is, are they willing to throw out their Iran and Syria policies to help their Iraq policy?" he said. "That's hard for me to conceive."

The Pentagon has begun its own work on a "Plan B," involving changes that Bush would consider tactical rather than strategic.

Pentagon officials have declined to talk about alternatives under discussion, but there are several shifts they could make.

The military could intensify its counterinsurgency efforts, moving more American units out of bases and into cities and neighborhoods — a version of the strategy the U.S. pursued in Tall Afar and Ramadi. But those options probably would require additional troops, who most likely would come from unpopular combat tour extensions.

A probable candidate for an extension under such a scenario would be the 4th Infantry Division, which is expected to complete its yearlong tour in November and December. Keeping the division in Baghdad would provide an instant boost in the U.S. military presence.

Conversely, the military may decide to abandon its Baghdad security plan, returning more forces to bases. Such a move essentially would mean dropping a large part of the Pentagon's counterinsurgency effort, but it could force the Iraqi military to take more responsibility.

The Pentagon also could seek to ramp up its military advisor efforts. Top Army generals have repeatedly predicted that as infantry brigades shrink, the number of military advisors working with Iraqi security forces will increase.

One military option, backed by Sen. John McCain (R-Ariz.) and others, is increasing troop levels. But administration officials are concerned that would further erode public support, and that there are no extra troops to be had in large numbers.

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Bush summoned Army Gen. John P. Abizaid, the top U.S. commander in the Middle East, to the White House on Friday. The administration said Abizaid already was in the capital and Bush asked for a meeting.

Bush will consult today with Abizaid and Army Gen. George W. Casey Jr., who is commander of U.S. forces in Iraq. Defense Secretary Donald H. Rumsfeld, Vice President Dick Cheney and national security advisor Stephen Hadley also will take part, Rumsfeld told reporters.

Abizaid will appear via teleconference from the U.S. Central Command in Florida and Casey will take part from Baghdad.

Democrats sought Friday to use the acknowledged breakdown of the Baghdad offensive as an opportunity to emphasize their case for a phased withdrawal from Iraq.

"It has never been more clear that we need to change course in Iraq," House and Senate Democratic leaders wrote in a letter to Bush.

Times staff writers Julian E. Barnes and Peter Spiegel contributed to this report.

Pressure Builds For Policy Shift, But Bush Shows No Signs Of Budging (MCT)

By Ron Hutcheson And Nancy A. Youssef

McClatchy Newspapers, October 21, 2006

WASHINGTON - Appalled by spiraling violence in Iraq and frustrated by Prime Minister Nouri al Maliki's failure to quell it, American officials are grasping for new ways to keep the conflict from spinning out of control.

But President Bush has given no indication that he's ready to make dramatic changes in his Iraq policy, which has come to define his presidency and dominate next month's congressional elections. If anything, the president's public comments and those of his senior aides suggest that he's more determined than ever to stay the course.

Senior U.S. military, diplomatic and intelligence officials, however, have concluded that Maliki's Iraqi government is either unwilling or unable to crack down on the country's Shiite Muslim militias. Some even have suggested that the United States should consider beginning to withdraw some troops to increase the pressure on Maliki to take decisive action.

Bush and his aides, however, say he won't retreat from his vision of a united, stable, secure and democratic Iraq.

"Our goal in Iraq is clear and it's unchanging: a country that can sustain itself, a country that can govern itself, a country that can defend itself, and a country which will be an ally in the war against these extremists," Bush said Friday at a Republican fundraiser.

White House spokesman Tony Snow said Friday that Bush has rejected two of the most frequently mentioned options: a phased U.S. withdrawal or a partition that would divide Iraq into Shiite, Sunni and Kurdish regions. He said that Bush is open to changes in tactics that could help achieve his goals, but won't consider any deviation from his core strategy.

"Leaving is not going to work, and partition is simply off the table," Snow said. "The strategy's going to be the same, which is an Iraq that can sustain, govern and defend itself."

That leaves senior American officials and commanders in Iraq in a tough place. They've acknowledged that the current approach isn't working, and that they're looking for an alternative. But the decision ultimately is the president's.

Lawmakers in both parties agree that Bush will face more pressure to change course if Republicans lose control of Congress next month.

Calls for change by the independent Iraq Study Group, headed by former Secretary of State James Baker, a Bush family friend, might sway the president. Baker, who's said that the group won't release its findings until after the Nov. 7 elections, has pledged to consider all options, but Snow already has made it clear that Bush won't be bound by the group's advice.

"This is something you listen to seriously, but we are not going to outsource the business of handling the war in Iraq," he said. "The president is the commander-in-chief. And simply because you have a blue ribbon panel, it does not mean that he hands it off to them."

The pressure for change - from commanders in Iraq, from voters and from Bush's fellow Republicans - is building, and a flurry of meetings has prompted speculation that some changes may be afoot.

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Bush invited Gen. John Abizaid, the top U.S. commander in the region, to the White House Friday for an update on Iraq, and the president will hear from commanders in the field in a videoconference on Saturday that will include Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld.

A senior defense official said that Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, also has begun taking a more active role in shaping discussions about Iraq strategy, meeting regularly with military commanders and retired officers who've returned from the region.

But the official, who declined to be named because he wasn't authorized to speak on the record, was skeptical that the discussions would lead to "a major overhaul" of Iraq strategy, even though Pace acknowledged at a luncheon with reporters last week that the current strategy hasn't worked.

"I think conceptually the strategy is correct," the official said, "and I think operationally there may be a need for some adjustment to achieve the desired results."

At a Pentagon news conference Friday, Rumsfeld declined to say whether he'd offer any new ideas, but he stressed the current goal of transferring security responsibility to Iraqi forces.

"It's their country. They're going to have to govern it," Rumsfeld said. "They're going to have to provide security for it, and they're going to have to do it sooner rather than later. And that means they've got to take pieces of it as they go along."

U.S. officials in Iraq, however, concede that the handoff to Iraqis hasn't gone as planned.

On Thursday, Army Maj. Gen. William Caldwell, the chief U.S. spokesman in Iraq, announced that a two-month effort to stabilize Baghdad has fallen far short of its goals. Shiite death squads continue to operate with near impunity, other officials said, and sectarian violence is increasing - up 22 percent in the first three weeks of the Muslim holy month of Ramadan over previous weeks, Caldwell said. The Iraqi government is plagued by corruption and ineffectiveness.

Earlier this week, Iraqi forces lost control of the mostly Shiite city of Balad, months after U.S. forces handed control of the community to local leaders. U.S. forces had to intervene to stop tit-for-tat violence between the residents of Balad and neighboring Sunnis.

On Friday, hundreds of Shiite militiamen took over three police stations in the southern city of Amara. British troops joined Iraqi security forces in trying to restore order.

U.S. officials were particularly frustrated by Maliki's recent decision to order the release of Sheik Mazin al Saidy, a top associate of fiery Shiite cleric Muqtada al-Sadr, whose Mahdi Army militia is thought to be responsible for much of the sectarian killings.

U.S. officials had planned to trumpet the arrest as a significant step toward stopping the surge of sectarian violence. But Maliki intervened and demanded Saidy's release, pointing out that he was the elected leader of a democratic Iraq.

To Iraqi Sunnis, the decision was more evidence that the Iraqi government is aligned with Shiite death squads. To U.S. military officials, it was a troubling development in their campaign to crack down on sectarian violence.

Some senior officials in Washington, all of whom spoke on the condition of anonymity because their reports are classified and their advice to the president and the defense secretary is confidential, echoed the frustrations in Iraq.

Some have concluded that current U.S. troop levels and deployments aren't sufficient to stem the rising sectarian violence, but that sending additional troops wouldn't change the equation. Some say that the U.S. effort to train Iraqi police and troops to take over security has failed because the Iraqi forces are either overwhelmed by or in league with sectarian militias.

Earlier this week, former Deputy Secretary of State Richard Armitage suggested a gradual reduction of U.S. troops, perhaps at a rate of about 5 percent every few months.

"We can't win on the battlefield," said Armitage, who served throughout Bush's first term. "The problem is that this is now a political struggle being carried out amid chaos, and we can't wish stability on the Iraqis. They have to be willing to fight for it."

Asked if he thought that staying the course remains an option, Armitage replied: "If the definition of insanity is doing the same thing over and over again and expecting a different result, then clearly it isn't. The problem is that you can change tactics in an hour, but it takes time to change strategy, and it's too late for that now."

One senior official said advocates of change have mounted a "low-wattage mutiny" to try to convince Bush to try a new approach.

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So far, though, it seems to have had little impact on the president.

"All these proposals have one thing in common: they would have our country quit in Iraq before the job is done," Bush said on Thursday at another Republican fundraiser, after summing up the various options offered by his critics. "America will stay, we will fight, and we will win in Iraq."

Hutcheson reported from Washington, Youssef from Baghdad. McClatchy correspondents Drew Brown and John Walcott in Washington contributed to this report.

Bush: I Won't Change Strategy In Iraq (AP)

By Deb Riechmann And Kevin Freking

AP, October 21, 2006

President Bush conceded Friday that "right now it's tough" for American forces in Iraq, but the White House said he would not change U.S. strategy in the face of pre-election polls that show voters are upset.

With Republicans anxious about the potential loss of Congress — and with conditions seemingly deteriorating in Iraq — Bush addressed the question of whether he would alter his policies.

"We are constantly adjusting our tactics so that we achieve the objective, and right now it's tough, it's tough," Bush said in an Associated Press interview.

Bush met with Gen. John Abizaid, the top U.S. commander in the Middle East, at the White House for a half-hour Friday afternoon. The White House said Abizaid already was in town and Bush asked him over. The president also will consult by video conference on Saturday with Abizaid at U.S. Central Command in Tampa, Fla., and with Gen. George Casey, who leads the U.S.-led Multinational Forces in Iraq, to determine if a change in tactics is necessary to combat the increasing violence.

Despite calls for change, Bush said, "Our goal has not changed. Our goal is a country that can defend, sustain and govern itself, a country that which will serve as an ally in this war. Our tactics are adjusting."

There were fresh signs of Republican doubts about the war. Sen. Kay Bailey Hutchison of Texas, who holds a seat deemed safe for the GOP, said in a campaign debate Thursday she would have voted against the war had she known ousted Iraqi leader Saddam Hussein possessed no weapons of mass destruction.

Democrats also kept up the pressure on Bush. In a letter to the president, a dozen House and Senate Democratic leaders urged him to bring home some U.S. troops and force the Iraqis to take more responsibility for their security. The Democrats said Bush should do more to pressure Iraqi leaders to disarm militias and find a political solution that would curb violence.

"The steadily mounting sectarian violence, growing insurgency and escalating casualty figures in Iraq are unacceptable and unsustainable," the Democrats said. "We urge you to change course, level with the American people and join with us to develop a policy that will work before the situation in Iraq is irretrievable."

Presidential spokesman Tony Snow said that while Bush might change tactics, he would not change his overall strategy.

"He's not somebody who gets jumpy at polls," Snow said of Bush.

Bush, at a political fundraiser in Washington for the National Republican Senatorial Committee, railed against Democrats who criticize the war. Calling the Democrats the party of "cut and run," Bush said voters need to ask: "Which political party has a strategy for victory in this war on terror?' "

As of Friday, the U.S. combat death toll in Iraq during October stood at 75 — possibly heading for the highest for any month in nearly two years. Now in its fourth year, the war has claimed the lives of at least 2,786 Americans. Approval of Bush's handling of Iraq has dipped to 37 percent among likely voters in the AP-Ipsos poll early this month, down slightly from 41 percent last month.

Defense Secretary Donald H. Rumsfeld said the Iraqi government must become less reliant on the United States to handle security. He also said U.S. officials are working with the Iraqis to develop projections on when that might happen.

"It's their country, they're going to have to govern it, they're going to have to provide security for it, and they're going to have to do it sooner rather than later," Rumsfeld said.

"The biggest mistake would be to not pass things over to the Iraqis, create a dependency on their part, instead of developing strength and capacity and competence," he said.

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Doubts about the effectiveness of current tactics have risen, and the U.S. military has said its two-month drive to crush insurgent and militia violence in Baghdad has fallen short. Attacks in Baghdad rose by 22 percent in the first three weeks of the Muslim holy month of Ramadan, compared with the three previous weeks.

On Friday, the Shiite militia run by the anti-American cleric Muqtada al-Sadr briefly seized control of the southern Iraqi city of Amarah in one of the most brazen acts of defiance yet by the country's powerful, unofficial armies. Tom Casey, deputy spokesman at the State Department, said the United States was urging the Iraqis to make sure that security in Amarah was returned to the government.

"The flare-up of violence in Amarah points out that our strategy to quell the violence in that country is failing," said Rep. Ike Skelton of Missouri, the ranking Democrat on the House Armed Services Committee.

Bush Sees Support Ebb Away For Military Strategy In Iraq (FT)

By Edward Luce And Demetri Sevastopulo In Washington

Financial Times, October 21, 2006

Support for George W. Bush's strategy of "staying the course" in Iraq appears to be crumbling, with a growing number of fellow Republicans and senior military figures questioning how long the US can sustain its presence.

The US president got a jolting reminder of the deteriorating situation when the Mahdi army of hardline Shia cleric Moqtada al-Sadr took control of the southern city of Amara. The putsch raised more questions over the stability of Iraq's coalition government under Nouri al-Maliki, who is nominally supported by the Sadrist group that carried it out.

It follows some of the worst violence in Iraq since the US-led invasion, with more than 100 civilian deaths a day over the past three weeks and more than 70 US military casualties. Major General William Caldwell, US military spokesman in Baghdad, acknowledged on Thursday that the strategy of "clear and hold" in Baghdad was failing.

Mr Bush conceded yesterday that he was increasingly flexible about America's military strategy. In the past few weeks he has abandoned talk of achieving "victory" in Iraq - previously a stock-in-trade of presidential announcements. "We are constantly adjusting tactics so we can achieve our objectives," Mr Bush said. "And right now, it's tough."

Domestic pressure on him is mounting ahead of a widely predicted Republican defeat in the November 7 mid-term elections.

"We are now way past the tipping point on the ground in Iraq," said Gary Samore at the Council on Foreign Relations in New York. "But it is doubtful there will be any change of course until we see the results of the mid-term elections."

Mr Bush's difficulties have been exacerbated by growing dissent within his own party, with Republican congressional candidates distancing themselves from Washington's "stay the course" line. In what analysts see as a sign of growing desperation, some even support a widely-distrusted plan to partition Iraq into separate Kurdish, Shia and Sunni entities.

Attention is increasingly focused on the Iraq Study Group, an independent body led by James Baker, the former secretary of state, and Lee Hamilton, a former Democratic lawmaker, which is expected to recommend a drastic change of course. Some think it could lead to the departure of Donald Rumsfeld, defence secretary, soon after the polls.

"A lot rides on the outcome of the elections," an ISG member in Washington said last night. "If the Democrats win, the pressure on Mr Bush to start drawing down the troops could be overwhelming. If the Republicans retain control of Congress, then you could see more US troops sent there in a last-ditch effort to stabilise the violence."

Amara Violence Increases Strains On Unified Iraq Idea (Update1) (BLOOM)

By Judy Mathewson And Daniel Williams

Bloomberg, October 21, 2006

Oct. 20 (Bloomberg) -- A Shiite militia clashed with Iraqi police today in an effort to take over the southern Iraqi city of Amara, raising questions about whether the U.S.-backed central government and its army can keep the country whole.

Hooded gunmen wearing black uniforms seized Amara for a few hours, and 25 people died in gun battles before the Iraqi Army moved in to retake the city of 750,000, the Associated Press reported.

The fighting involving the Mahdi Army militia broke out yesterday after a police intelligence officer linked to a rival militia was killed. In retaliation, a brother of the Mahdi Army commander in the city was abducted, and demands were made for the

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official's killers to be handed over, according to AP. Mahdi Army gunmen, loyal to anti-U.S. cleric Moqtada al-Sadr, carried out the assault on Amara. Al-Sadr made an appeal for calm.

The violence in Amara demonstrates how events may be overrunning the U.S. policy of supporting a unified Iraqi government, and also driving a de facto division of the country along ethnic and sectarian lines. President George W. Bush has so far rejected any recommendation to divide the country, saying it would only lead to more violence.

``You don't want to create the Balkans," Bush spokesman Tony Snow said today in Washington. Ethnic conflicts erupted in the Balkans after the breakup of Yugoslavia in the 1990s, killing tens of thousands of people. The U.S. will continue urging Iraqis to identify themselves as one people, recalling how 12 million citizens turned out a year ago for the first democratic election in decades, Snow said.

At least three police stations and several other facilities were attacked in Amara, Sheik Abdul Kareem al-Muhammadawi, a tribal leader, told the New York Times in a telephone interview. He said the Iraqi police were outgunned and lacked sufficient weapons and ammunition.

Status of Amara

The Iraqi police in Amara are able to ``contain" the fighting, according to the U.K. Ministry of Defense, which has responsibility for southern Iraq. CNN broadcast pictures of masked men toting automatic weapons on the streets of Amara as black smoke billowed behind them.

An independent commission set up by Congress and led by former Secretary of State James Baker III is set to make recommendations on Iraq before the end of the year. Baker has said Prime Minister Nuri al-Maliki's government is running out of time to demonstrate that it can get control of the country. He has also said creating three Iraqi states in a loose federation is one of the ideas that the panel is reviewing.

Republican Rift

As the idea of creating semi-autonomous states for Kurds and Shiite and Sunni Muslims gains attention, splits are emerging between President George W. Bush and Republican lawmakers.

The break was highlighted this week when Senator Kay Bailey Hutchison, a Texas Republican, endorsed greater autonomy for Iraq's main groups.

``We have to step back and stop trying to put our American ideas onto this problem and start trying to get an understanding of their views, and strong-held prejudices," Hutchinson told the Houston Chronicle.

``There are many Republicans who are privately saying they want to see the decentralization idea tried," Leslie Gelb, president emeritus of the New York-based Council on Foreign Relations and an advocate of decentralizing Iraqi power, said today in a telephone interview.

Gelb said these Republicans will not go public until after the midterm congressional elections a few weeks away. Until then, Gelb said he is ``honor-bound" not to name the dissenters.

Government Model, Poll

The Iraqi Constitution already allows regions to exercise limited self-government while giving the central government authority over common interests, such as border defense, foreign affairs and oil revenues.

Iraqis favor the centralized form of government in place now, according to a poll released last month by the University of Maryland. Asked whether their new system ``grants the central government too much power, too little power or about the right amount," only 37 percent of the 1,150 Iraqi adults questioned said it gave too much power.

Senator Joseph Biden of Delaware, the top Democrat on the Senate Foreign Relations Committee, joined Gelb last May to recommend amending the Iraqi Constitution to establish independently governed Kurdish, Sunni and Shiite regions with a central government in Baghdad to manage common interests.

`Emerging Reality'

Under the proposal, Sunnis would be guaranteed 20 percent of oil revenue to match their share of the population. In a New York Times commentary they cited the success of Bosnia's Dayton Accords a decade ago that brought peace to that part of the Balkans.

``At least this idea has a chance because it fits the emerging reality on the ground," Gelb said today.

Iraq's Arab neighbors, along with Turkey, all oppose partition or federalism. Several states have minorities within their own borders and regard partition in Iraq as a bad precedent. Arab states, ruled mostly by Sunni Muslim administrations, are reluctant to see Shiites and Kurds benefit from partition, due to their control of the southern and northern oil fields, while Sunnis in the center of Iraq are left without oil.

The traditional rivalry between Arabs and Iranians makes any partition of Iraq problematic. Many Arab governments view such a partition as an opportunity for Iran to gain influence in the Arab Middle East.

As early as 2003, Egypt's president Hosni Mubarak expressed opposition to ``trends towards partitioning the country." Last April, Mubarak went further and warned that Iran's influence in southern Iraq was poisoning the region.

An Old Bush Hand Takes On A New Role On The Iraq War (NYT)

By Steven R. Weisman

The New York Times, October 21, 2006

WASHINGTON, Oct. 20 — For years, James A. Baker III was asked to explain why the first President Bush, whom he served as secretary of state, did not oust Saddam Hussein in 1991 at the end of the Persian Gulf war.

“Guess what?” Mr. Baker says these days. “Nobody asks me that anymore.”

Of course, Mr. Baker is still asked about Iraq. But the questions now focus on what strategies he and the Iraq Study Group, which he helps lead, will propose to deal with the Iraq war that the current President Bush started, taking on a job that his father began but cut short.

In a telephone interview on Friday, Mr. Baker said he was reluctant to take the job as the Republican co-chairman of the bipartisan group when Congressional leaders and members of the Bush administration urged him to do it, suggesting that was what Mr. Bush wanted. “My attitude was that if the president wants me to do this, he’ll look me in the eye and say, ‘Please do it,’ ” Mr. Baker said. “And that’s what he did. The point being, I wasn’t going to get involved in an intramural contest about what the policy on Iraq should or shouldn’t be without his approval.”

Asserting that Mr. Bush has an unwarranted reputation for not listening to dissenting views, Mr. Baker added: “It seems to me that this project demonstrates one heck of a lot of flexibility. He’s very interested in what this panel has to say.”

Mr. Bush has opened himself to the new ideas when the war is presenting some of the problems the elder Mr. Bush and his aides, in their own memoirs, have said they worried about in 1991. They feared that Iraq would be torn by sectarian strife and that the United States would face worldwide resentment and a backlash at home.

Mr. Baker leads the study group with Lee H. Hamilton, a former Democratic representative from Indiana who is now director of the Woodrow Wilson Center for Scholars in Washington. Its work is to be completed in December or January, a timetable set up at the group’s beginning to keep its conclusions out of the current election campaign.

Few outside the group know what it will recommend. Speculation has centered on the possibility of a phased military withdrawal from Iraq; a possible separation of Sunni, Shiite and Kurdish areas; some kind of international protectorate to secure Baghdad; and greater involvement in Iraq and the region by Iran and other neighbors.

But as a personal drama, the study group has set off fevered talk in Washington, ranging from the political to the psychological, especially now that Mr. Baker has declared that neither Mr. Bush’s “stay the course” message nor what the White House calls the “cut and run” approach of critics offers a way out.

“There are other options other than just those two,” Mr. Baker said recently on National Public Radio while promoting his new book, “Work Hard, Study and Keep Out of Politics.” His group’s proposals, Mr. Baker added, will probably not please the administration or its foes.

Mr. Baker’s long association with the Bush family has often led to his coming to the rescue in bad situations. But the talk in Washington about the panel’s work is filled with rich historical antiphonies.

In late 1992, for example, he resigned as secretary of state to try to save the first President Bush’s faltering re-election campaign; Mr. Baker was openly reluctant to leave the citadel of diplomacy at the end of the cold war to return to the petty world of political handlers.

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Family associates have said that George W. Bush was among those who resented Mr. Baker at the time for his mixed feelings about leaving when his father needed help. Running for president eight years later, the younger Mr. Bush, by then governor of Texas, turned to many longtime Republican strategists, including former Secretary of State George P. Shultz, but not Mr. Baker. "That was O.K. with me," Mr. Baker wrote in his book.

But in the crisis over the vote count in Florida in 2000, the younger Mr. Bush was prevailed on to reach out to Mr. Baker. People close to the family said Mr. Baker's brilliant managing of the team of lawyers and political experts in that fight banished the younger man's doubts about his loyalty.

"My perception is that Baker feels that with Florida he recouped his relationship with the family," said a friend of Mr. Baker's. "That's very important to him personally."

That friend as well as others who spoke for this article did not want to be quoted discussing Mr. Baker's relationship with the Bush family, a subject that Mr. Baker himself refuses to talk about.

The friendship between Mr. Baker and the elder Mr. Bush is legendary among their friends. The two men had been friends for years when Mr. Baker's wife died of breast cancer in 1970, leaving him close to despair. Mr. Bush offered Mr. Baker refuge from his grief by asking him to join his Senate campaign in Texas, though Mr. Baker had to change his registration from Democrat to Republican.

The Senate campaign failed, and Mr. Baker went on to more failures and successes: managing Mr. Bush's first presidential run in 1980, serving as President Reagan's chief of staff and treasury secretary, then as manager of Mr. Bush's successful White House campaign in 1988 and later as Mr. Bush's secretary of state.

For some time, Mr. Baker now acknowledges, he shared the limited regard that many people had of George W. Bush. Like others, he attributes Mr. Bush's eventual success to the discipline and Christian faith that led him to turn his life around in his 40's. In his book, Mr. Baker said he has tremendous admiration for the current president.

But reading between the lines, it seems that admiration may not extend to others in the Bush administration.

The Iraq Study Group, for example, may not recommend a change of personnel in the administration along with a change of course, but many doubt that those associated with the current approach could carry out a new one.

It is well known that Mr. Baker is not a great fan of Defense Secretary Donald H. Rumsfeld. Mr. Baker said in his book that Mr. Rumsfeld "engineered" the elder Mr. Bush out of contention as a vice-presidential candidate under President Ford in 1976.

Mr. Baker wrote of the "costly mistakes" of the war, including the lack of adequate troops and the dismantling of the Iraqi Army. But he attributed those failings to the Defense Department, not the White House.

The one hallmark of Mr. Baker's efforts, associates said, is that he would not undertake a project destined to sit on a shelf and be ignored. "Jim Baker knows that Iraq is a mess," said Dennis B. Ross, the longtime Middle East envoy who remains a close adviser to Mr. Baker. "But this is not going to be an academic exercise. He's going to try to come up with a solution that also allows him to persuade the president that this is the right way to go."

If there is an analogy to Mr. Baker's enterprise, it could be the Social Security commission of the early 1980's under President Reagan. There was an impasse between Mr. Reagan and House Speaker Thomas P. O'Neill Jr., the Democratic lion and opponent of Mr. Reagan's desire to overhaul the system.

Alan Greenspan, the retired chairman of the commission, recalled in an interview that he had remained in constant touch with Mr. Baker, then White House chief of staff, while the commission's top Democrat was in constant touch with Mr. O'Neill.

The eventual compromise preserved the Social Security system, but subjected benefits of the wealthy to taxation.

"Jim is one of the best negotiators I've ever seen," Mr. Greenspan said. "Were he not involved in the Social Security commission, I seriously question whether we could have pulled it off."

Bush Pins Label Of 'Defeat' Party On Democrats (WT)

By Stephen Dinan

The Washington Times, October 21, 2006

President Bush yesterday said Democrats became the party of "doubt and defeat" during the fight against communism in the Cold War, and said it shows today in their calls for withdrawal from Iraq.

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The president also said terrorists are trying to influence the debate in the United States by making images and video clips of their attacks on U.S. troops available to cable news networks "and opinion leaders throughout the West."

"The Democrat Party that has evolved from one that was confident in its capacity to help deal with the problems of the world to one that is doubting, today still has an approach of doubt and defeat," Mr. Bush said in a campaign speech to donors to the National Republican Senatorial Committee at the Mayflower Hotel near the White House.

He said that shift began in 1972, with the nomination of George McGovern to run for president, continued into President Jimmy Carter's administration and characterized Democrats during Republican President Ronald Reagan's administration.

"They'd gotten to the point where they didn't think that we could win," Mr. Bush said. "Many of their leaders fought the Reagan defense buildup; they fought his Strategic Defense Initiative; they opposed the liberation of Grenada; they didn't like America's support for freedom fighters resisting Soviet puppet regimes."

He contrasted that with Presidents John F. Kennedy and Harry S. Truman, who he said "understood the challenges of their time and were willing to confront those challenges with strong leadership."

Mr. Bush finds himself trying to rally support for the war in Iraq in the face of declining support for both the war and for his own presidency, and with congressional elections little more than two weeks away.

He also is facing more questions from inside his party, as well as from Democrats, over specific tactics and strategy during a violent month for both U.S. forces and Iraqi civilians.

In an interview with the Associated Press yesterday, Mr. Bush acknowledged "tough" times in Iraq, but said the United States is always changing tactics.

The president met yesterday with Gen. John Abizaid, commander of U.S. Central Command, and is scheduled today to hold a briefing with military commanders and top civilian officials.

Democrats said the current flare-up in violence means Mr. Bush's strategy is failing.

"The eruptive situation in Iraq reflects that we are reaping the ultimate results of perils of the amateur strategy formulated by our civilian leaders in the early phases of this conflict," said Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee.

Mr. Skelton, a respected Democratic voice on military matters, said there needs to be "a major change in strategy that will shift the military mission to the Iraqis, allowing for the redeployment over time of American forces, and that will pressure the Iraqi government to disarm the militias."

Meanwhile, the Democratic leadership in the House and Senate wrote a letter urging Mr. Bush to tell the Iraqis the U.S. commitment is not limitless.

Defense Secretary Donald H. Rumsfeld seemed to agree yesterday, saying in a briefing with reporters that U.S. officials are working with the Iraqi government to try to set a schedule for turning over responsibility for the country's security.

"It's their country, they're going to have to govern it, they're going to have to provide security for it, and they're going to have to do it sooner rather than later. And that means they've got to take pieces of it as we go along," Mr. Rumsfeld said.

Over the past two days, the Bush administration has argued that the increased violence is an attempt to influence U.S. opinion, particularly in the run-up to the midterm elections. Army Maj. Gen. William B. Caldwell IV, spokesman for the multinational force in Iraq, raised that possibility Thursday, as did White House spokesman Tony Snow.

And yesterday Mr. Bush said the terrorists exploit the press by filming their attacks and e-mailing images and video clips "to Middle Eastern cable networks like Al Jazeera, and opinion leaders throughout the West."

Mr. Snow later pointed to CNN as a network that "has shown pictures of snipers hitting Americans, which was used as a propaganda tool," as evidence of that claim.

But Mr. Snow said those videos are one-sided, and don't do justice to the state of the war.

"I'm sure the editors are savvy enough to know that when they get a video like this, it's designed less to give you a full and complete view of what's going on in the country than to create a sense of triumphalism for the killers of Americans," he said. "That's the intention of that. I think that's hard to dispute."

Hutchison: WMD Info Swayed Vote On Iraq (AP)

DOJ_NMG_0084014

By Suzanne Gamboa

AP, October 21, 2006

Sen. Kay Bailey Hutchison, one of President Bush's most ardent loyalists on the war in Iraq, voiced her strongest criticism yet of the administration's reasons for going to war.

In a debate with her challenger in the Nov. 7 election, Hutchison, R-Texas, said she would not have voted for war had she known there were no weapons of mass destruction in Iraq. But she also made it clear she does not support troop withdrawal.

"If I had known then what I know now about the weapons of mass destruction, which was a key reason that I voted to go in there, I would not vote to go into Iraq the way we did," Hutchison said. "But I have to say, I don't think the president would have asked for that vote, either. We had intelligence that we relied on."

Her comments Thursday night come as a small but growing number of Republicans are suggesting a change in the Iraq strategy may be necessary.

She recently has been edging slightly away from President Bush on the war. This week she told Texas newspapers the option of partitioning Iraq into semiautonomous regions should be considered.

The White House said it has rejected that option.

In July 2004, the bipartisan Senate Intelligence Committee found key U.S. assertions leading to the Iraq war — that Saddam Hussein had chemical and biological weapons and was working to make nuclear weapons — were wrong or based on faulty CIA analyses.

A September report by a Democratic Senate panel said the White House painted a portrait of Iraq of having ties to al-Qaida based in part on intelligence it knew was flawed.

Republicans attacked the report as recycled information and accused Democrats of election-year politicking on the eve of the fifth anniversary of the terrorist attacks.

Hutchison's opponent, Democrat Barbara Radnofsky criticized the senator's debate statement, saying it was evidence the U.S. should not be in Iraq.

"It's clear the Senate papers reflect a lack of consensus or decisiveness that there was weapons of mass destruction. They were there, she just didn't read them," Radnofsky said.

Allen Faces Questions On Iraq War Stance (AP)

By Bob Lewis

AP, October 21, 2006

Republican Sen. George Allen called for "changes in tactics" in how the U.S. is fighting the Iraq war on Friday as he continued to face questions about his morphing position on the war.

"The situation there is one that needs adjustments, that needs changes in tactics. We need to adapt to the situation on the ground," Allen said at a campaign event Friday morning with GOP leaders of the state legislature.

Even so, Allen, whom polls show to be in a tight Senate race with Democratic candidate Jim Webb, has yet to reject or criticize the hard line on Iraq that he had touted for months and that President Bush repeated Thursday at an Allen fundraiser.

Allen and Webb appeared separately later Friday in Hampton at a forum of the National Association for the Advancement of Colored People, where each signed up for lifetime membership.

Allen used the event to try to put behind him allegations that he has been insensitive to racial concerns, recounting efforts to provide money for historically black colleges and universities, as well as his trip to Selma, Ala., with Rep. John Lewis, D-Ga., to honor the bloody civil rights march there 40 years ago.

Once regarded only as a warm-up race for a presumed 2008 Allen presidential bid, the race became competitive in August after Allen singled out a man of Indian descent before a mostly white crowd at a rally and called him "macaca," which can be considered a racial slur.

Webb couched the coming election as "a choice between those who have power and those who will stand up to power."

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Webb has been a critic of the war since 2002, before the U.S.-led invasion, when he wrote that it would mire the United States in a bloody and protracted quagmire and destabilize the oil-rich region. He cited the war, in part, for his decision to leave the GOP. He was asked no questions about Iraq at the Friday event.

Allen began shifting his public position on the unpopular war two weeks ago after fellow Virginia Sen. John Warner, a five-term moderate and chairman of the Armed Services Committee, returned from an Iraq visit saying the war was "drifting sideways," with Iraq's fledgling government unable to disarm its deadly sectarian militias.

Allen continued to hedge his views on the war at the NAACP event.

"Progress in Iraq has not been sufficiently fast as far as I'm concerned," Allen said. But he added, "to leave Iraq a safe haven for terrorists is not an acceptable risk."

On Friday, Allen began televising a new ad in which John Warner says, "George and I stand for a safe and strong America."

Even in conservative Virginia, polls show lagging support for the war. A recent Washington Post poll of 1,004 likely Virginia voters showed that 44 percent believed the war worth fighting considering its costs to the U.S., and 54 percent said it was not worth fighting.

But Allen won't stiff-arm the president, who on Thursday raised an estimated $600,000 for him in a paid media campaign that is costing both sides well over $1 million a week in television time alone.

"I think the point of the matter we ought to take into consideration is the risk here, the risk facing our country, how we need to improve, how we need to adapt, how the Iraqi people have to stand up for their own sovereignty and control their own destiny," Allen said Friday.

A Washington Post poll released Sunday showed Allen favored by 49 percent of voters surveyed last week, while Webb had 47 percent support. The results were within the poll's margin of sampling error of plus or minus 3 percentage points.

Rumsfeld: Iraq Must Take Over Security (AP)

By Robert Burns

AP, October 21, 2006

The Iraqi government is going to have to take over its country's security "sooner rather than later," Defense Secretary Donald H. Rumsfeld said Friday, as the violence there continued to escalate.

Rumsfeld said U.S. officials, including Gen. George Casey, the top U.S. commander in Iraq, are working with the Iraqi government to develop projections as to when they think they can pass off various pieces of responsibility. He provided no detail.

"The biggest mistake would be to not pass things over to the Iraqis, create a dependency on their part, instead of developing strength and capacity and competence," said Rumsfeld. "It's their country, they're going to have to govern it, they're going to have to provide security for it, and they're going to have to do it sooner rather than later. And that means they've got to take pieces of it as we go along."

Rumsfeld has made similar comments before about gradually turning control of the country from American forces to Iraqi authorities.

But Friday's remarks came less than three weeks before elections in which Democrats are threatening to recapture control of Congress. A leading issue in the campaign is the war, which is widely unpopular with voters. U.S. deaths have surpassed 2,780, and President Bush is under growing pressure from lawmakers of both parties to alter his policies.

The secretary also said military commanders will speak with Bush on Saturday to discuss the situation in Iraq, although he said such discussions are not unusual.

He also said the biggest mistake would be to not continue turning regions of the country over to the Iraqis, even if that means the U.S. has to go back and retake control because the Iraqis are overwhelmed.

In recent weeks, the security situation in Iraq has continued to spiral out of control. Shiite militia stormed police stations in Amarah Friday, seizing that southern Iraqi city. Bush noted he was scheduled to speak with U.S. commanders to determine if a change in tactics is necessary to combat the escalating violence.

Bush told The Associated Press that the situation is Iraq is "tough" and that the Iraqi government is going to have to deal firmly with the militias.

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On Thursday the U.S. military acknowledged that the latest two-month operation to quell the violence had not met expectations and defense officials were rethinking their strategy there. There are currently 144,000 U.S. forces in Iraq.

Rumsfeld spoke to reporters at the conclusion of meetings with South Korea's defense minister, Yoon Kwang Ung, to discuss a number of issues. They included North Korea's recent nuclear test and the ongoing U.S. commitment to defend the region against a nuclear threat.

Rumsfeld: Iraq Must Stand Up 'Sooner' (WT/UPI)

The Washington Times/UPI, October 21, 2006

U.S. Defense Secretary Donald Rumsfeld told reporters Friday that Iraq must take responsibility "sooner rather than later" for its own security.

At a briefing, Rumsfeld refused to say whether a "course correction" is needed in U.S. strategy. He said he prefers to give his advice directly to the president, the Washington Post reported.

Rumsfeld is scheduled to confer Saturday with President George W. Bush, Vice President Dick Cheney and Gen. John Abizaid, head of Central Command. Gen. George Casey, the head of U.S. forces in Iraq, is to join the discussion from Baghdad by video.

October has been an especially deadly month for U.S. forces in Iraq and for Iraqis. Last weekend, sectarian violence erupted in Bladad, a city north of Baghdad, while U.S. troops in a massive base nearby did nothing for several days, the newspaper said.

Exit Vibrations (WT)

By Clarence Page

The Washington Times, October 21, 2006

President Bush says it's not true, but recent events related to Iraq indicate the administration is leaning toward the George Aiken option: Declare victory and come home.

Mr. Aiken is the late Republican senator from Vermont who is credited with offering that advice early in the Vietnam War. It could have saved us Americans and the Vietnamese a lot of grief.

A number of observers in recent years, including your humble column-scrivener, have suggested a similar answer to our worsening, no-win situation in Iraq. The White House has not listened, and the Iraq debacle has gotten worse. Iraq has sunk deeper into what looks like a civil war and the Bush administration has sunk deeper into denial.

But recent events indicate that, despite Mr. Bush's mantra about "staying the course" in Iraq, he's looking for an exit strategy.

Former Secretary of State James Baker, a savvy negotiator and reliable Bush family friend, has re-emerged as the Republican co-chairman with former Indiana Rep. Lee Hamilton, a Democrat, of the bipartisan Iraq Study Group. With the administration's support, the study group was created at the urging of Congress last March to reassess the war and come up with suggestions.

The group is withholding its report until after the November elections. But Mr. Baker's remarks in recent interviews offer important hints.

For example, Mr. Baker teased our curiosity in an ABC-TV interview last Sunday with this: "I think it's fair to say our commission believes that there are alternatives between the stated alternatives -- the ones that are out there in the political debate -- of 'stay the course' and 'cut and run.'"

Amid the cacophony of Washington's polarized shouting matches, Mr. Baker's words sounded like the voice of reason Americans took for granted in the years of President George H.W. Bush. Mr. Baker stood with the elder Mr. Bush against those who wanted the U.S. to invade Baghdad during the Persian Gulf war, in defiance of the United Nations mandate. The regional instability Mr. Baker feared from such an invasion has happened with today's Iraq war.

Obviously, the younger Mr. Bush should have listened to Mr. Baker's advice before embarking on his Iraq adventure. Instead, he went along in the heat of post-September 11 passions with Vice President Dick Cheney and other eager neo-conservatives who thought U.S. soldiers would be greeted with flowers and candy.

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Author-journalist Bob Woodward and other close observers say the younger Mr. Bush steadfastly avoids turning to his dad for advice, for reasons all his own, despite his father's superior international expertise. Yet, though the younger Bush's often vows to "stay the course" against those who want to "cut and run," he also says he is willing to "change tactics" in Iraq if the Baker-Hamilton group recommends it.

If so, the Baker group could offer cover for the younger Mr. Bush to do something he is loathe to do in public: change his mind.

His promise to "stay the course" in Iraq until "the job gets done" could undergo subtle alteration. If Mr. Baker's group defines a new "job" for America in Iraq, it could "get done" in whatever way the president says it should. Americans could declare victory and come home.

But what next? If Mr. Bush's softened stance offers a light at the end of Iraq's long, dark tunnel, to borrow a Vietnam-era metaphor, let us hope the light is not that of an oncoming train.

In interviews, Mr. Baker has rejected a quick withdrawal from Iraq, fearing "the biggest civil war you've ever seen." Unfortunately, the mounting casualties amid factional fighting indicate Iraq already has a growing civil war.

In fact, Iraq's best direction may come through a partitioning of the country between its dominant Sunni, Shi'ite and Kurdish factions. President Bush rejected that option this week in expressing support for Iraq's embattled Prime Minister Nouri al-Maliki.

But that's just as well. An American endorsement of partitioning probably would doom its acceptance by Iraqis and their regional neighbors. If Iraq is to be partitioned, responsible Iraqi leaders will have to work that out.

Mr. Baker is right to say Americans cannot be the sole deciders of Iraq's future. There are no perfect or peaceful solutions for Iraq in the short term. There are more hard days to come. But, whether in war or in peace, Iraq's future ultimately must be decided by Iraqis. As that happens, the best thing that Americans can do is to declare victory and get out of the way.

Clarence Page is a nationally syndicated columnist.

Sadr Militia Briefly Seizes Southern City (WP)

By John Ward Anderson, Washington Post Foreign Service

The Washington Post, October 21, 2006

Deadly Fighting Reflects Rifts Among Iraqi Shiites

BAGHDAD, Oct. 20 -- Members of the Mahdi Army, a powerful Shiite militia headed by firebrand cleric Moqtada al-Sadr, briefly took over the southern Iraqi city of Amarah and battled with the local Shiite police before withdrawing on Friday, in a bloody feud that illustrated deepening rifts within Iraq's largest sect and the growing turmoil in the south.

As many as 25 people, including 10 policemen, were killed in street fighting and mortar attacks that raged in Amarah, a predominantly Shiite city about 190 miles southeast of Baghdad, from midday Thursday until about 2 p.m. Friday. The militia attacked the headquarters and two stations of the city police department, which is reportedly aligned with the Badr Brigades, an arm of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite religious party.

Each side blamed the other in a cycle of retaliatory clashes with tribal overtones.

Residents reached by telephone said the conflict began when a police intelligence chief with the Supreme Council was assassinated, and police responded by arresting the brother of a local Mahdi Army chief.

Negotiations to release him broke down, they said, and at about 1 p.m. on Thursday members of the Mahdi Army attacked three police facilities with mortar fire and rocket-propelled grenades. The militia imposed a curfew and patrolled the streets with loudspeakers, ordering residents to stay inside.

The takeover ended, according to Maj. Charlie Burbridge, a British military spokesman, "when Moqtada al-Sadr told them to stop. The situation now is calm but tense."

Burbridge said about 200 to 300 gunmen were involved in the attacks. He said the local police chief said that 10 of his men were killed and that police killed 15 members of the militia and wounded 90.

Burbridge said police officers were back in their stations and in control of the streets. He said 220 Iraqi army troops were in the town supporting them, and that 700 more Iraqi soldiers and 500 British troops were on standby to go if requested.

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British troops withdrew from Amarah, the capital of Maysan province, two months ago after their camp came under repeated mortar fire from Shiite militiamen identified by local residents as members of the Mahdi Army.

Southern Iraq, a Shiite stronghold, has generally been spared the intense bloodletting that terrorist attacks and sectarian violence have brought to much of the rest of the country. But the Mahdi Army's takeover of Amarah, even if only temporary, is another sign that the south is becoming more restive as the rest of the country slips toward open civil war.

It also is a stark illustration of the deepening tension among Shiite leaders as the United States pushes the government of Prime Minister Nouri al-Maliki to rein in militias, particularly Sadr's. The Mahdi Army has openly fought U.S. forces and has been accused of ruthlessly attacking Sunni Arabs and forcing them from their homes and towns. The fierce struggle between Shiite factions at the local level mirrors that at the national level, where the same groups are flexing their political and military muscle in a battle for control.

Maliki, who heads a government led by Shiite religious parties and was backed by Sadr, sent a ministerial team led by Sherwan al-Wailli, minister of state for national security, to the province to help settle the conflict.

"This was a very serious incident, but the silver lining is that Iraqi security forces were able to deal with it without the need of multinational forces to intervene," Burbridge said. "The Iraqi police and army resolved the situation, and it was conducted through negotiations instead of armed violence."

In Baghdad, a spokesman for the Interior Ministry, Brig. Abdul Karim Khalaf Kinany, said the clashes were not driven by intra-Shiite conflict, but by tribal differences.

"The clashes in Amarah were not between the police and the Mahdi Army," he said. "Police had in fact interfered to settle a tribal dispute between the tribe of the police officer, the head of the intelligence division . . . and the tribesmen of the suspects who were arrested by the police on suspicion of carrying out the assassination."

Burbridge described the gunmen as "a rogue element of one militia" who gave up the fight about 2 p.m. Friday after "their leadership told them to come back into line, and the violence stopped."

Special correspondent Saad al-Izzi contributed to this report.

Siege Of Amarah Reflects Trouble In Baghdad (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, October 21, 2006

Deadly clashes between Shiite fighters and police ebb. But two days of mayhem show the Iraqi government's difficulty reining in militias.

BAGHDAD — As hundreds of masked, black-clad men descended on a normally quiet southern city Friday and gunfire echoed outside, Ahmed and Roqayah Jasim locked the doors of their modest home. They prayed for themselves and their three young children.

Then they heard a knock on the door. Ahmed, a 33-year-old teacher, reluctantly opened it. A fighter no older than 20 stood holding a sniper rifle.

"He didn't threaten me," Ahmed said later, still stunned. "He just asked me, like a favor, 'Can I use your roof to shoot from ?' And I said, 'No you can't. I have a family.' He seemed to understand, and so he left."

By Friday evening, two days of fighting in the southern city of Amarah between police and the Al Mahdi army militia, which is loyal to anti-American Shiite cleric Muqtada Sadr, had eased. The national government rushed soldiers and a high-level security delegation to the city, led by national security minister Sherwan Waili. Sadr also sent representatives. Government officials and tribal elders met into the evening, trying to negotiate a solution to the conflict.

U.S. Defense Secretary Donald H. Rumsfeld said in Washington that he believed Iraqi security forces had regained control of the area.

But the two-day offensive by the Al Mahdi army highlighted how difficult it has become for the central government and its security forces to rein in Shiite Muslim militias, both in the capital and in the south.

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The militias fired mortar rounds at police stations where officers had barricaded themselves. When police ran out of ammunition and fled, Al Mahdi militiamen blew up at least two of the stations. During 48 hours of ferocious street battles in the oil-rich city of 300,000, 22 people were killed and almost 100 were injured.

Prime Minister Nouri Maliki visited Sadr this week in the holy city of Najaf to ask for his support in clamping down on bands of militiamen who kill with impunity. But Maliki also depends for political support on Sadr, who controls 30 seats in the Council or Representatives, or parliament. And despite Sadr's intermittent calls for calm, violence has continued unabated.

Amarah residents said they were worried.

"Today we have those delegations, but what about tomorrow?" asked Khalil Rasheed, a 55-year-old shopkeeper, who said his city was beset by armed thugs bent on enforcing religious rule. "The situation is more dangerous than people imagine."

"I'm worried, seeing those people taking control," said Haitham Sadek, Ahmed Jasim's colleague. "The future will be horrible if these people are going to control" Amarah, he said.

Shiite militiamen have whipped those caught drinking alcohol and killed women accused of adultery, Sadek said. He said he recently saw the funeral of a nurse who was killed after she was accused of adultery.

British troops abruptly pulled out of a base in the city in late August, to hand power to Iraqi security forces and free up the soldiers to patrol the Iranian border. Their camp was promptly pillaged and burned by looters, some of them carrying pictures of Sadr.

At the time, Sadr's militia broadcast messages over loudspeakers throughout Amarah proclaiming victory.

"This is the first Iraqi city that has kicked out the occupier," one announcement said. "We have to celebrate this occasion."

Handing over control to the Iraqi army and police is key to the strategy of U.S.-led military forces, but the Iraqis often have proved inadequate, especially when facing Shiite militias.

During a similar battle between Iraqi forces and Shiite militiamen in the southern city of Diwaniya in late August, American troops eventually had to come to the aid of beleaguered Iraqi soldiers.

Rumsfeld told reporters in Washington that there would be setbacks when U.S. and British forces handed control to Iraqi forces, and that the U.S.-led coalition would step in and try to restore order.

"It is never going to be a straight, smooth, steady path," Rumsfeld said at a news conference. "The biggest mistake would be to not pass things over to the Iraqis, create a dependency on their part instead of developing strength and capacity and competence."

Police officers in Amarah, nearly 200 miles southeast of Baghdad, stood their ground in some cases, defending stations until their ammunition ran out. But in other cases, they simply ran when faced with the heavily armed attackers, witnesses said.

Assailants overran three police stations in the city, blowing up at least two of them. Unknown gunmen burned down the local Sadr office in apparent retaliation, witnesses said.

The fighting began Thursday afternoon. Carrying AK-47s, the black-clad militiamen fanned out across the city. The gunmen stopped one police patrol, telling officers to get out of the car. Watching the officers flee, leaving guns and equipment behind, one doctor said he was sickened by how powerless he felt.

Men using loudspeakers on cars and at mosques advised residents to stay inside.

Like others, Jasim became a prisoner in his house.

"Even standing at the gate, even looking through the window, was impossible because bullets were flying in all directions," he said. When the sniper knocked on the door Friday morning, Jasim and his wife were huddling with their children, Hussein, 5; Zainab, 3; and Fatma, 1; inside the most secure room in the house.

"We were afraid but, thank God, he showed understanding," Jasim said of the sniper.

The fighting was spurred by the killing this week of the provincial head of intelligence, Col. Ali Qassem Tamimi, who died in a roadside bombing along with five of his guards. Members of his tribe accused Sadr's militia and took revenge by kidnapping the brother of the local Al Mahdi army leader.

Shahib Amiri, a Sadr official in Najaf, said the cleric had sent his delegates to try to quell the violence because he "does not accept such acts."

As elsewhere in the south, the security situation has lately deteriorated in Amarah.

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When British forces first arrived, southern Iraq was relatively peaceful and troops patrolled the streets without flak jackets, wearing soft hats instead of helmets. But the calm slowly evaporated as Shiite militias became more assertive.

By August this year, just before their departure, British troops were constantly barraged by mortar fire and rockets in their camp in Amarah.

Hamid Rashi, a government official, longed for the days when the British patrolled the city. "They are the only force who can stand in the face of the Mahdi army," he said. "I don't think that the Iraqi army can settle the situation."

Elsewhere in Iraq on Friday, at least 10 people were reported killed in mortar attacks north of the capital near Balad, where sectarian fighting erupted last week. In Baghdad, four people were killed the previous night in a mortar attack, according to police officials. The American military also announced that a soldier died Friday when his vehicle struck a roadside bomb in southwest Baghdad.

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Times staff writers Raheem Salman and Saif Hameed in Baghdad and Julian E. Barnes in Washington and a special correspondent in Amarah contributed to this report.

Shiite Militias Attack Iraqi Government Forces In Amara (MCT)

By Zaineb Obeid And Nancy A. Youssef

McClatchy Newspapers, October 21, 2006

BAGHDAD, Iraq - Hundreds of members of Shiite cleric Muqtada al Sadr's militia seized control of three police stations in a southern Iraqi city Friday, in another sign that Iraqi government forces are unable or unwilling to subdue rogue elements.

As many 20 people were killed and another 90 were injured.

Amara residents said the attack was the latest battle in a long fight for control of the city among government forces, Sadr's Mahdi Army and the Badr Organization, which is backed by a rival Shiite party, the Supreme Council for Islamic Revolution in Iraq. Sadr's forces and the Badr Organization receive support from Iran.

Iraqi and British officials said the city was back under control by the end of the day, but many remain worried that sectarian violence is escalating across the country as Shiite militias battle government forces, Sunni Muslim fighters and sometimes one another.

Sadrists appear to have gained considerable influence in several cities in Iraq's largely Shiite south, where they attacked government forces earlier this month in the city of Diwaniyah.

Earlier this week, Shiites and Sunnis killed each other in retaliatory violence around the northern city of Balad, a Shiite community surrounded by Sunni towns. U.S. officials, who'd handed over control of Balad to Iraqi forces last April, had to intervene to stop the violence.

Likewise, British officials had returned control of Amara - the capital of Misan province, which borders Iran - to Iraqi forces in August. They, too, had to help quell an outbreak of fighting Friday.

It's unclear how much control Sadr has over some members of his militia, which has expanded and splintered since he founded it in 2003. During Friday's fighting, some militiamen appeared to defy the firebrand cleric's orders for calm.

"I am asking all to keep quiet and not to be dragged (into) the occupation schemes, which aim to escalate strife," Sadr said in a statement. "Anybody who does not obey this order should consider himself disavowed from the Mahdi Army and bear responsibility for what he did."

The killing Wednesday of the head of police intelligence in Amara spurred a full-scale battle. Police charged that Sadrists killed Lt. Ali al Tamami, a member of the Badr Organization. The next day, his family captured the brother of a local Mahdi Army leader, charging that he was responsible for Tamimi's murder, said Abdul Mahdi Omar, a member of the provincial council.

The Mahdi Army said it would attack if police didn't release the captive by 2 p.m. Friday. When he wasn't freed, hundreds of gunmen stormed the city's two police stations and its major crimes unit, setting them ablaze and destroying the buildings.

"All the police stations in the city and the suburbs and the outskirts have fallen into the Sadrists' hands," Wahid Hammed, 38, a worker in Amara, said in a midday interview with McClatchy Newspapers. "The Sadrists control the city."

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Prime Minister Nouri al Maliki sent a delegation to the city to try to calm tensions, and it was negotiating a peace deal along with tribal leaders. After they began meeting and Sadr issued a statement, the situation began to calm down, residents said. But a Mahdi Army Web site said militiamen had to defy Sadr's orders briefly to reclaim control of their Amara office from the police.

In other news, U.S. officials announced that a soldier was killed Friday by a homemade bomb in southern Baghdad, bringing the monthly death toll for the American military in Iraq to at least 74. If the trend continues, October could be the deadliest month for the U.S. since November 2004, when American forces launched an offensive in the mostly Sunni western city of Fallujah.

Amara Unrest Strains Plans For Unified Iraq (FT)

By Steve Negus, Iraq Correspondent, And Agencies

Financial Times, October 21, 2006

A radical Iraqi militia group stormed police stations in a bid to take over the southern provincial capital of Amara on Friday, in a move that threatens to set back British plans to hand over control of the area to local security forces.

Fighters from the Mahdi Army, a movement that is nominally loyal to the Shia radical cleric Moqtada al-Sadr, seized and demolished three police stations, news agencies quoted witnesses and police as saying. Others patrolled the streets and commandeered police vehicles or set up checkpoints on the outskirts of town. At least 15 people were reported killed. The fighting, which appears to be a feud between rival Shia factions, comes amid US attempts to force the government of prime minister Nouri al-Maliki to clamp down on militia activity. Complicating the situation is the fact that a number of seats in Mr Maliki's Shia-led coalition are occupied by politicians loyal to Mr Sadr.

The Iraqi government dispatched an emergency delegation to Amara, a town of 75,000 people, headed by Shirwan al-Waily, minister of state for national security, and also reinforced army units in the region.

"We're still studying the situation [in Amara] and trying to figure out exactly what's going on," Tony Snow, White House spokesman, said.

Rival groups reportedly clash frequently in Maysan, the lawless province of which Amara is the capital, although Friday's fighting appeared to be far larger than any previous incident. According to wire reports, the fighting broke out after a high-ranking policeman affiliated with another militia, the Badr Brigade, was killed by a roadside bomb, and his family kidnapped the teenage brother of the Mahdi Army's local commander.

The fighters, however, reportedly withdrew from some of their positions after an envoy from Mr Sadr neg-otiated a temporary ceasefire.

The BBC reported that the British Ministry of Defence said UK troops in the area could intervene if the Iraqi government requested it.

The fighting threatens to disrupt British plans to complete the handover of the four Shia-majority provinces in their area of responsibility to local authorities. British and other coalition forces had already pulled out of two of the four provinces in their zone in June and September and withdrew from Amara in August.

A key criterion for full withdrawal would be the ability of local security forces to maintain control of the province themselves, without falling back on foreign troops or the Iraqi army.

Conflicts between Shia militias are also blamed for a surge of lawlessness in the first half of this year in the neighbouring governorate of Basra, the fourth province in the British zone.

The Mahdi Army is also blamed for much of the sectarian killing that has left thousands dead in Baghdad and central Iraq in recent months, although US officials say much of the militia has fractured into smaller cells that do not necessarily answer to Mr Sadr.

The Amara upheaval provides a further sign that the main ethnic and sectarian blocs are not only warring against each other but are fractured internally as well.

Shiite Militia Briefly Seizes Iraqi City (AP-Y)

By Steven R. Hurst, Associated Press Writer

AP, October 21, 2006

DOJ_NMG_0084022

Black-uniformed, hooded gunmen loyal to an anti-American Shiite cleric briefly seized the major southern city of Amarah on Friday in an audacious drive against local security forces, largely controlled by Iraq's other main Shiite militia.

Twenty-five gunmen and police died in gunbattles before the Iraqi army moved in to retake the city of 750,000 people at the head of Iraq's famous marshlands where the Tigris and Euphrates rivers draw close together. Amarah is 30 miles from the border with Iran, where the Shiite theocracy is said to be funding, arming and training both rival militias.

The Amarah showdown between the two virtual private armies highlighted the potential for an all-out conflict between them and their political sponsors, both with large blocs in parliament and important to the survival of Prime Minister Nouri al-Maliki's shaky 4-month-old government.

It also underlined the deep underlying rift that exists between the firebrand cleric Muqtada al-Sadr's faction, whose forces took Amarah on Friday, and that of the more traditional but powerful Supreme Council for the Islamic Revolution in Iraq, or SCIRI, headed by key power broker Abdul-Aziz al-Hakim, who spent decades in Iranian exile during Saddam Hussein's rule.

The U.S. exit strategy depends on returning military and political control to the Iraqi government, but outbreaks of civil conflict raise doubts about how long that will take and add urgency to a policy review under way among Bush administration political and military officials.

President Bush conceded Friday that "right now it's tough" for American forces in Iraq, but the White House said he would not change U.S. strategy in the face of pre-election polls that show voters are upset. Bush said the war was at a difficult stage and that he was preparing to consult about a change in tactics with key generals — Gen. John Abizaid, the top U.S. commander in the Middle East, and Gen. George Casey, who leads the U.S.-led Multinational Forces in Iraq.

Defense Secretary Donald H. Rumsfeld said that despite the violence in Amarah, it was not a strategic error for the British to turn over control of the city to the Iraqis in August.

"The biggest mistake would be to not pass things over to the Iraqis, create a dependency on their part, instead of developing strength and capacity and competence," Rumsfeld said.

The clashes marred the Muslim day of prayer for the second Friday in a row in cities where American and British forces had only recently ceded military control to Iraqi security forces and the army. More than 100 people were slain in Balad this past week, most of them by Shiite deaths squads drawn largely from al-Sadr's Mahdi Army.

The Mahdi Army held Amarah for several hours in an embarrassingly strong showing against the local police and security forces, controlled by the Badr Brigade militia loyal to SCIRI, the country's dominant political force with deep and historic links to Iran.

Elsewhere in Iraq on Friday, police reported the deaths of 34 people, including 10 killed in mortar attacks overnight in Balad, an hour north of the capital, and a family of nine Shiites shot to death when gunmen burst into their home in Aziziyah, 35 miles southeast of Baghdad.

A U.S. soldier was killed when his vehicle was hit by a roadside bomb southwest of the capital. A Salvadoran Army captain was killed and four soldiers were wounded when their convoy hit an explosive device in Wasit province, El Salvador's defense department said.

Until recently, Baghdad had been the focus of sectarian and Sunni insurgent killers, prompting the United States to launch a drive in August to rid the capital of the gunmen and torturers. An additional 12,000 U.S. and Iraqi forces were put on the streets for the task.

But two months into the operation, the U.S. combat death toll in October alone stood at 75 — likely to be the highest for any month in nearly two years. Attacks on Americans jumped by 22 percent in the first three weeks of the holy month of Ramadan, when compared to the three previous weeks. The U.S. military spokesman in Iraq said the bid to cleanse the capital was failing and needs to be refocused.

Against that background, the Amarah turmoil and killings looked more ominous, especially as it marked one of the first serious armed confrontations among Shiites. Most recent killings in Iraq involved tit-for-tat attacks between Shiites and Sunni Arabs, the minority sect in Iraq that dominated the country until Saddam's ouster.

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Amarah is a major population center in the resource-rich yet impoverished south and a traditional center of Shiite defiance to successive Iraqi regimes. Its marshlands were drained by Saddam during the 1990s in reprisal for the city's role in the Shiite uprising after the Gulf War. Saddam ordered the killing of tens of thousands of Shiites in retribution.

The British military spokesman in Basra, headquarters for Britain's 7,200 soldiers in Iraq, sought to play down the seriousness of Friday's fighting, noting that 600 Iraqi soldiers were able to force Mahdi Army fighters off the streets, arrange a truce and return quiet to the city by Friday afternoon. Estimates of the number of Mahdi Army fighters ranged between 200 and 800.

"It's like when you take the training wheels off a bike. There are some wobbles. This was a pretty big wobble, but it's still moving in the right direction," said spokesman Maj. Charlie Burbridge.

"They (Iraqi security forces) have applied a solution and at the moment it's holding," he said. "At the moment, it's tense but calm."

Five-hundred British soldiers were on standby if the government called for help. Burbridge said 25 gunmen and police were killed, adding that a British drone overhead the city recorded the events all day.

At the height of the fighting Friday, AP Television News video showed thick, black smoke billowing from behind barricades at a police station, much of it from vehicles set on fire inside the compound. Hooded gunmen roamed the streets with Kalashnikov automatic rifles and rocket-propelled grenade launchers. Most of the streets were deserted except for the gunmen.

The militiamen later withdrew from their positions and lifted their siege under a truce brokered by an al-Sadr envoy as the Iraqi forces entered the city.

The fighting came just days after al-Maliki met with al-Sadr at the cleric's Najaf headquarters to enlist support for capping sectarian violence and to bolster his government, which is increasingly at odds with the United States for not disbanding the militias, among other issues.

The timing of the violence may have indicated al-Sadr and other Mahdi Army commanders did not have full control over individual units, lending weight to speculation that Shiite gunmen were splitting off from the main organization to pursue their own agendas. The U.S. military said it counts 23 separate militias in Baghdad alone.

The Amarah fighting was believed to have begun over the killing Thursday of Qassim al-Tamimi, the provincial head of police intelligence and a leading member of the Badr Brigade militia.

In retaliation, his family kidnapped the teenage brother of the Mahdi Army commander in Amarah, Sheik Fadel al-Bahadli, and demanded he find and hand over al-Tamimi's killers. The Mahdi Army then stormed into the city overnight and held it for several hours Friday. It was not clear if al-Bahadli's brother was released.

Many Iraqis Look To Gunmen As Protectors (NYT)

By Sabrina Tavernise

The New York Times, October 21, 2006

BAGHDAD, Oct. 20 — Behind the maze of men with guns in Iraq is a very simple truth: their barrels offer protection, something Iraqis say the government has never given them.

On Friday, the web wound tightly around the southern city of Amara, where the two largest and best-armed militias, both made up of religious Shiites, were fighting for control of the city.

But when the prime minister speaks of disarming militias — those mushrooming armies of men with guns that carry out most of the killing here — Iraqi brows begin to furrow.

“He’s just talking,” snapped Fadhil Sabri, a 37-year-old generator repairman in a grease-stained shop in Sadr City, a Baghdad stronghold of the Mahdi Army, a Shiite militia.

“Not now. Not even in 10 years. You need arms to defend yourself,” he said.

Iraq is awash in killings, and many are blamed on the Mahdi Army, the militia commanded by a glowering Shiite cleric, Moktada al-Sadr. An indignant Mr. Sadr called his men to fight against the American military twice in 2004. It was bloodied, but survived. Since then the Mahdi Army, and a growing criminal breakaway element, have grown into one of the government’s biggest problems and are a major obstacle to the success of the American enterprise here.

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Despite its new rogue fringe, Iraqi Shiites see the Mahdi militia as their most effective protector against the hostile Sunni groups that have slaughtered Shiites and driven them from their homes. Shiites say that as long as the government cannot keep them safe, they cannot support the disarming of militias.

That paradox confronts the American military as it presses the Iraqi government to contain militias like Mr. Sadr's: how is it possible to control a militia when trust among Iraqis has vanished and the government is incapable of containing the spiraling violence?

Mr. Sadr and his Mahdi Army have emerged as one of the biggest puzzles of the war. The cleric controls a large and crucial bloc of seats in Parliament. At the same time, 92 percent of the mortar and rocket attacks in August and September on the Green Zone — the protected area in Baghdad that houses the American military and the Iraqi government — came from Sadr City.

As the recent fighting in Amara shows, the group and its rogue elements have settled deeply into the crevices of Iraqi society, filling college security offices and student unions, as well as the ranks of the police and the army. It is often at the center of spasms of sectarian killing, like the violence last weekend in Balad, and it frequently battles rival Shiite groups, as in Amara, and earlier this month in another southern city, Diwaniya.

But in a measure of just how complex Iraq has become, it is impossible to tell where loyalties to Mr. Sadr end and criminal activity begins. Rogue groups of his former followers now run underground fiefdoms of sectarian killing and kidnapping — and even a special market for victims' cars. One of his senior aides was arrested by the American military earlier this week on suspicion of having directed the killing and torture of Sunnis. The Americans later reluctantly released him at the request of the Iraqi government.

The changes in the Mahdi Army are so profound — the American military estimates that as much as a third of it has fallen away — that it is becoming a generic term for Shiite militia. A senior American military official estimated there were 23 militias operating in Baghdad alone.

"It's hard to understand the amount of groups who are moving around and where they are getting their funding," said Col. Thomas Vail, the American commander in charge of eastern Baghdad. "It's very complex right now, more than when we first came."

The mechanisms for killing have become more sophisticated. A senior coalition intelligence official at a briefing last month detailed an example of a Mahdi Army death squad. Group leaders are issued instructions on order forms listing a target person and an address, the official said. A group can consist of special forces, intelligence units and punishment committees, complete with clerics who impose sentences. Some of the leaders may be inside the Interior Ministry, the official said. Others may work with their contacts within the ministry to obtain equipment such as cars.

The American military's task has been vastly complicated by the sheer relentlessness of the violence. Ever larger portions of the Iraqi population have been radicalized in three years of war, chopping ground out from under the moderates. Now, even those whose job requires them to take a position against militias reluctantly back them.

"Right now I support the presence of the Mahdi Army," said a senior judge on Iraq's criminal court, who declined to be named out of concern for his safety. "I know this is unacceptable in law, in politics, in society, but in this unusual time we are living in, this is the reality."

It is a broadly held view among Shiites that the American military has unfairly focused on Shiite militias and has largely forgotten the Sunni militias that they say launched the sectarian war. Groups like the Omar Brigade, formed to kill Shiites and carry out lethal suicide bombings, went unchecked, prompting a Shiite response, they say.

Just how far Shiite sentiment has shifted can be seen in the words of Qasim Dawood, the national security minister under former Prime Minister Ayad Allawi during Mr. Sadr's fight against the Americans in 2004.

"The support of the militias within the Shiite community comes from the failure of the Ministry of Interior, the Ministry of Defense and the coalition forces to provide security," he said. "The creation of these militias comes as a reaction."

But that reaction spilled over into open carnage in February, when Shiite mobs rampaged through Baghdad, dragging Sunnis out of their homes and mosques and killing them. Shiites' patience had snapped, and they began to take systematic revenge.

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As the killing spun off in strange new directions, the Mahdi Army, or those associated with it, was at the forefront.

The Mahdi Army's victims are sad, struggling figures, often stuffed into the trunks of cars. This tactic became so widespread that Iraqi soldiers at checkpoints have been known to stop cars that are playing loud, thumping music, mistaking the sound for a person trying to get out.

In the eastern Baghdad neighborhood of Ur, which is connected to Sadr City by a fast and largely empty road, a worker counted 14 victims on a particularly bad day in August, shortly after an attack on a procession of Shiite pilgrims. He said four were shot in front of him on a dirt road near a high school. The bodies of another 10 were dumped there later that day. Police cars, like hearses, later picked them up.

The killing took place openly, often silently, and without fanfare. Gunmen did not bother to hide their faces. One resident sardonically referred to Ur as gbour, which means graves in Arabic.

Iraqis began referring to the victims, often Sunnis, as sheep. Most condemn the killing, which they attribute to the Mahdi militia.

"I know they are killing Sunnis now — none of us likes this," said Firas al-Saeidi, a 29-year-old Shiite resident of Sadr City, who works in the Ministry of Defense. "But it keeps balance in our sensitive areas. We need that."

"Life was not just cheap, it was free," said Ibrahim, a Shiite from Ur who asked that his last name not be used.

Despite the carnage, Ibrahim sees the militia as providing important protection.

His sparely furnished guest room was subdued last week, after the killing of his brother and the brother's 15-year-old son by Sunni gunmen in September. At the funeral, Mahdi members approached him and offered to kill Sunnis to avenge the deaths. He declined, but said he would draw on their intelligence to find the killers. He could not go to the police station where his brother was shot because the policemen are Sunni, he said.

"If I find who killed my brother, I will tell Mahdi Army to kill him," he said.

The government, on the other hand, refused to even pick up the body of an acquaintance of his in a Sunni neighborhood recently, because the area was too hostile.

"If a government is too scared to pick up a body, is it a government?" Ibrahim asked.

A protector for most Shiites, the Mahdi Army can also be a persecutor. Mahdi members first approached Edrice al-Aaraji, a Shiite, shortly after he moved to a Shiite area in northern Baghdad this spring. The men acted chummy and asked if he and his brother would pitch in on overnight watch shifts on the block.

Mr. Aaraji pretended to be interested, but avoided them. He even traveled to a different neighborhood to make it look as if he was serving on guard duty somewhere else.

The men become more aggressive, particularly after the killing of his uncle, apparently by Mahdi-affiliated gunmen, in August. Later Mr. Aaraji learned that the men had been eyeing the house he moved into as a weapons storage space.

"Now they are after us," he said. "They watch our comings and goings."

In Sadr City, in a darkened room off a sun-splashed courtyard hung with laundry, Sayeed Abdul Zahra, a member of Mr. Sadr's social service committee, dismissed any suggestion of the Mahdi Army disarming: "Impossible."

Besides, he said, Mr. Sadr does not own the guns. "I bought my weapons with my own money."

A short drive north, in Ur, mourners were gathering for the funeral of a man and his 6-year-old son. A bombing on Monday in a nearby market killed them both. The family blamed a puritanical Sunni Islamic sect, the Wahhabis, whose name has become the Shiite codeword for Sunni extremists.

A boy around the age of 8 took money from his father to buy candy at a market across the street. As he walked away, his father called after him: "Be careful of the Wahhabis."

When asked why he had said it, his reply came fast and cold.

"I want to teach him whom to hate," he said.

Iraq's Religious Figures Issue Edicts (AP)

By By

AP, October 21, 2006

DOJ_NMG_0084026

In a bid to stop sectarian bloodshed, Shiite and Sunni religious figures met in Mecca, Islam's holiest city, and issued a series of edicts Friday forbidding violence between Iraq's two Muslim sects.

It is uncertain, however, whether the edicts, or fatwas, will find resonance among the country's Sunni and Shiite militants whose tit-for-tat attacks have created a deadly cycle of violence that gains momentum and brutality daily.

Previous attempts to reconcile Iraq's rival sects have failed to stanch the violence.

While Shiites and Sunnis in Iraq usually abide by fatwas issued or endorsed by their top clerics, the sectarian violence is largely perpetuated by militants who abide only by the strict interpretations of the Quran, Islam's holy book, and Hadith, sayings of Islam's prophet Muhammad, that are offered by radical clerics outside Islam's mainstream.

The Mecca meeting had lowered expectations from the outset, with its organizers maintaining that they did not seek a truce in Iraq, where a Sunni insurgency continues to target U.S. and Iraqi forces, but only to stop sectarian killings between rival Sunnis and Shiites.

A final communique, heavy on quotations from the Quran and Hadith, was issued at the end of the two-day meeting. It contained 10 points, the majority of which were edicts forbidding kidnappings, incitement of hatred, attacks on mosques and Shiite places of worship. It also prohibited forcing members of the other sect from their homes and called for the release from detention of Iraqis not charged with specific crimes.

It also stated that differences between the two sects did not touch on the basics of the faith.

Participants included Shiite and Sunni clerics, representatives of Shiite Prime Minister Nouri al-Maliki, and clerics from the Shiite holy city of Najaf, the former leader of Iraq's largest Sunni party and a senior official from the largest Shiite party, the Supreme Council for the Islamic Revolution in Iraq.

None was among the country's top clerics, but spokesman Salah Abdul-Razaq, speaking to The Associated Press from Mecca, said the fatwas were vetted and approved by Grand Ayatollah Ali al-Sistani, the country's top Shiite cleric, and radical anti-U.S. Shiite leader Muqtada al-Sadr. Al-Sadr is not a high-ranking cleric but he runs the Mahdi Army, a militia blamed for much of the violence against Sunni Arabs.

At the end of the signing ceremony, which was carried live by Iraqi TV stations, a presenter read a message from al-Sistani and other top Shiite clerics supporting the final communique. He also read a letter of support from Sheik Mohammed Sayed Tantawi, the grand sheik of al-Azhar in Cairo, Egypt, Sunni Islam's top seat of learning.

The Association of Muslim Scholars, an influential hard-line Sunni group, did not formally take part in the Mecca meeting, Abdul-Razaq said.

In an interview with the Saudi daily al-Watan, the association's leader, Harith al-Dhari, said he did not expect the Mecca meeting to make a difference on the ground.

"I don't believe ... it will contribute to the narrowing of the gap (between the Shiites and Sunnis) or reduce the suffering of the Iraqi people today," he said. "I am not optimistic." However, a message from al-Dhari read at the end of the signing ceremony said the Mecca meeting was "a step in the right direction."

The root of the current bout of Sunni-Shiite violence dates back to 2003, when the overthrow of Saddam Hussein's regime ended decades of domination by the minority Sunnis and empowering the long-oppressed Shiite majority.

The destruction of a major Shiite shrine in the city of Samarra north of Baghdad last February ignited the worst bout of sectarian violence, and the bloodletting is little diminished.

Differences between the two sides were exacerbated when parliament adopted a Shiite-backed law this week allowing provinces in the Shiite and oil-rich south to establish an autonomous region like the Kurdish one in the north. Sunni Arabs and some Shiites opposed the law, arguing that federalism would lead to the eventual breakup of Iraq.

Underlining the challenges facing any bid to end Iraq's violence and lawlessness, a Sunni organization reported in Baghdad within minutes of the signing ceremony in Mecca that the son of one of the signatories, Mohsin Abdul-Hamid, was kidnapped Thursday by gunmen at a checkpoint in Baghdad.

The son, Yasser Mohsin Abdul-Hamid is the deputy head of the Sunni government department that looks after Sunni mosques and seminaries.

DOJ_NMG_0084027

Islamic Clerics Decree A Halt To Sectarian Bloodshed (WT)

The Washington Times, October 21, 2006

From combined dispatches

BAGHDAD -- Dozens of Iraqi Shi'ite and Sunni clerics meeting in the Muslim holy city of Mecca yesterday called for an end to sectarian violence that many fear could lead to civil war in Iraq.

Sponsored by the 57-nation Organization of the Islamic Conference (OIC), the meeting approved a declaration prohibiting the killing of Muslims in Iraq and called for safeguarding the unity of the country.

It also urged the release of Muslim and non-Muslim hostages.

It was not clear what impact the document signed by the dozens of clerics would have on militias that appear to be outside the control of both Shi'ite and Sunni religious authorities, and others that are affiliated with al Qaeda.

Nevertheless, it marked an unprecedented effort by Iraqi religious leaders -- who gathered in the Saudi Arabian city where Islam was born -- to speak out against the bloodshed that has increased daily throughout the holy month of Ramadan.

Yesterday was no exception as black-uniformed, hooded gunmen loyal to anti-American Shi'ite cleric Muqtada al-Sadr briefly seized the major southern city of Amarah.

Twenty-five gunmen and police died in gunbattles between rival Shi'ite factions before the Iraqi army moved in to retake the city of 750,000 people.

The city is famous for its marshlands along the Tigris river 30 miles from the border with Iran, where the Shi'ite theocracy is said to be funding, arming and training both Sheik al-Sadr's Mahdi Army and the rival Badr Brigades.

The Amarah showdown highlighted the potential for an all-out conflict between them and their political sponsors, both with large blocs in parliament and important to the survival of Prime Minister Nouri al-Maliki's shaky four-month-old government.

It also underlined the deep underlying rift that exists between Sheik al-Sadr and the more traditional but powerful Supreme Council for the Islamic Revolution in Iraq (SCIRI).

SCIRI and its Badr Brigades are headed by key power broker Abdul-Aziz al-Hakim, who spent decades in Iranian exile during Saddam Hussein's rule.

The clashes marred the Muslim day of prayer for the second Friday in a row in cities where American and British forces had only recently ceded military control to Iraqi security forces and the army.

More than 100 persons were slain in Balad, a small city north of Baghdad, this past week, most of them by Shi'ite death squads drawn largely from Sheik al-Sadr's Mahdi militia.

The Mahdi fighters held Amarah for several hours in an embarrassingly strong showing against the local police and security forces, controlled by the Badr Brigade.

Elsewhere in Iraq yesterday, police reported the deaths of 34 persons, including 10 killed in mortar attacks overnight in Balad.

Gunmen burst into a Shi'ite home in Aziziyah, 35 miles southeast of Baghdad, killing a Shi'ite family of nine.

A U.S. soldier was killed when his vehicle was hit by a roadside bomb southwest of the capital.

Amarah is a major population center in the resource-rich yet impoverished south and a traditional center of Shi'ite defiance to successive Iraqi regimes.

Its marshlands were drained by Saddam during the 1990s in reprisal for the city's role in the Shi'ite uprising after the Persian Gulf War.

At the height of the fighting yesterday, Associated Press Television News video showed thick, black smoke billowing from behind barricades at a police station, much of it from vehicles set on fire inside the compound.

Hooded gunmen roamed the streets with automatic assault rifles and rocket-propelled grenade launchers. Most of the streets were deserted except for the gunmen.

The militiamen later withdrew from their positions and lifted their siege with a truce brokered by an al-Sadr envoy as government forces entered the city.

At the meeting in Mecca, clerics drafted a document they said was inspired by historic Islamic texts prohibiting infighting among Muslims.

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"This document takes effect from this moment. ... We hope [religious] authorities and clerics spread the message of the document in mosques ... and that local media make sure it reaches all Iraqis," said Saudi-based OIC Secretary-General Ekmeleddin Ihsanoglu.

He said the document draws its strength from the symbolism of the signing venue.

Neither Sheik al-Sadr nor Iraq's top Shi'ite leader, Grand Ayatollah Ali al-Sistani sent representatives to the meeting.

U.N.: 914,000 Have Fled Homes In Iraq (AP-Y)

By Frank Jordans, Associated Press Writer

AP, October 21, 2006

At least 914,000 Iraqis have fled their homes since the U.S.-led invasion in 2003, more than a third since an increase in sectarian bloodshed at the start of this year, the U.N. refugee agency said Friday.

The overall number is likely to be much higher, said Ron Redmond, chief spokesman for the U.N. High Commissioner for Refugees. The agency has concluded that 754,000 displaced Iraqis remain in the country, while tens of thousands more have sought refuge abroad.

"We remain extremely concerned about the rapidly deteriorating situation in Iraq and the ongoing displacement this is creating both inside and outside Iraq," Redmond told reporters.

Redmond told The Associated Press that at least 40,000 Iraqis have arrived in Syria every month for the last four months.

Most of those who have fled their homes since the start of the war came from central areas of the country around Baghdad, Redmond said.

"There are some in the north and south as well, but the majority are in the center. A lot of them are going to Sunni areas, or Shia areas, where they have family, relatives, other social groups that will help them and take care of them," Redmond said.

About 365,000 people — nearly half of those who have fled to other areas within Iraq — have left since sectarian fighting intensified after the bombing of an important Shiite shrine in the city of Samarra in February, Redmond said.

Redmond said the figures were compiled by UNHCR staffers from information provided by government offices and other aid agencies. According to Iraqi government information, 1.5 million people are currently classed as internally displaced, though that includes 800,000 from before the 2003 invasion.

Unlike casualty figures, which vary widely and have been the subject of much criticism from governments and non-governmental organizations working in Iraq, nobody has disputed the overall number of internally displaced, Redmond said.

The flow of refugees into neighboring countries also increased sharply after the Samarra attack, but the governments have so far failed to provide the agency with overall numbers, Redmond said.

UNHCR estimates that there are 1.6 million Iraqis in other countries in the region, mainly Jordan and Syria, but some of those have been outside Iraq for more than a decade.

914,000 Iraqis Displaced By War, U.N. Says (LAT/AP)

From The Associated Press

The Los Angeles Times, October 21, 2006

GENEVA — At least 914,000 Iraqis have fled their homes since the U.S.-led invasion in 2003, more than a third of them since sectarian bloodshed increased early this year, the United Nations refugee agency said Friday.

The Office of the U.N. High Commissioner for Refugees has concluded that 754,000 people are displaced in the country, and tens of thousands more have sought refuge abroad.

"We remain extremely concerned about the rapidly deteriorating situation in Iraq and the ongoing displacement this is creating both inside and outside Iraq," said Ron Redmond, chief spokesman for the agency.

Redmond said that at least 40,000 Iraqis had arrived in Syria in each of the last four months.

Most of the Iraqis displaced by the war came from central areas around Baghdad, he said.

About 365,000 people — nearly half of those who have fled to other areas within Iraq — have been displaced by sectarian fighting that intensified after the February bombing of an important Shiite Muslim shrine in the north-central city of Samarra, Redmond said.

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He said the figures were compiled by UNHCR staffers using information provided by government offices and other aid agencies.

According to Iraqi government information, 1.5 million people are classified as internally displaced, though that includes 800,000 who left their homes before the 2003 U.S.-led invasion.

Unlike casualty figures, which vary widely and have been the subject of much criticism from governments and nongovernmental organizations working in Iraq, the overall number of internally displaced has not been disputed, Redmond said.

U.N. Says Iraq Seals Data On The Civilian Toll (NYT)

By Warren Hoge

The New York Times, October 21, 2006

UNITED NATIONS, Oct. 20 — The United Nations office in Baghdad says that Nuri Kamal al-Maliki, the Iraqi prime minister, has ordered the country's medical authorities to stop providing the organization with monthly figures on the number of civilians killed and wounded in the conflict there, according to a confidential cable.

The cable, dated Oct. 17 and sent to United Nations officials in New York and Geneva by Ashraf Qazi, the United Nations envoy to Iraq, says the prohibition may hinder the ability of his office to give accurate accounts in its bimonthly human rights reports on the levels of violence and the effect on Iraqi society.

Concern over the numbers of civilians who have died in Iraq has risen sharply at a time when organized attacks by insurgents are swelling the numbers of victims and when a new report from a team of Iraqi and American researchers shows that more than 600,000 civilians have died in violence across Iraq since the 2003 American invasion.

Mr. Qazi, a former Pakistani diplomat, says that the order to let the prime minister's office take over the release of the numbers came down a day after a United Nations report for July and August showed a serious upward spike in the number of dead and wounded. The leader of the Health Ministry in Iraq appealed to be allowed to continue supplying the figures to the United Nations but was turned down according to a subsequent letter from the prime minister's office, Mr. Qazi's cable said.

The existence of the cable was reported Friday by The Washington Post.

Feisal al-Istrabadi, Iraq's deputy ambassador to the United Nations, said he had not seen the cable and therefore could not comment on its specifics. "But what I can say is what the prime minister is aiming for is to have one voice reflecting accurate information about the statistics of those who are dying every day," he said. "So, the concern was that the Ministry of Health, which has had accurate figures to date, be the official source of the information.

"It is trying to avoid a situation where different agencies, which may have different perspectives, put out sets of numbers that are, in fact, not as accurate as they should be."

The most recent United Nations report, published in September, showed that 3,590 people were killed in July and 3,009 in August in violence across the country. Compiled by statistics from Baghdad's central morgue and from hospitals and morgues countrywide, the report posited an average death rate of 97 people per day.

The United Nations reports have been cited by independent researchers as reliable indicators of the incidence of violence in Iraq and were not disputed by the Iraqi government until the September report that showed sharp rises in the figures.

In his cable, Mr. Qazi described a process by which his office tried to compile the most reliable statistics.

He said that initially his office had been able to overcome Iraqi government reluctance to release figures by obtaining statistics from the Health Ministry's Medico-Legal Institute in Baghdad.

The institute records the number of unidentified civilians killed violently whose bodies are taken to the morgue in Baghdad, but not those killed violently whose bodies are taken to hospitals and later handed over to families for burial. Therefore, Mr. Qazi said, the institute's figures represented only "an indicator, albeit imperfect, of the growing number of civilian victims in the capital."

To come up with a more thorough account, Mr. Qazi said, the United Nations combined the institute's findings with figures from the Department of Operations at the Ministry of Health, which records those killed or wounded as a result of violence from hospitals across almost all parts of the country.

Mr. Qazi noted that the figures "may have contributed to an increased international awareness regarding the severe consequences that the conflict in Iraq is having on civilians."

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The cable said that following the release of the last United Nations human rights report on Sept. 20, the prime minister's office "expressed doubts" about its accuracy.

The next day, the Ministry of Health was told that it should no longer release its figures but instead channel them through the prime minister's office. Mr. Qazi said he learned of this on Oct. 12.

Mr. Qazi said the United Nations would continue to seek figures from the Department of Operations at the Ministry of Health and "use our contacts to see what measure of verification may be possible."

Republicans Call CNN Tape 'Enemy Propaganda' (LAT)

By Tony Perry

The Los Angeles Times, October 21, 2006

SAN DIEGO -- CNN cable news has become "the publicist for an enemy propaganda film" by broadcasting a tape showing an insurgent sniper apparently killing an American soldier, said the chairman of the U.S. House Armed Services Committee here Friday.

Rep. Duncan Hunter, R-Calif., called for the Pentagon to oust immediately any CNN reporter embedded with U.S. troops in Iraq.

"I think Americans like to think we're all in this together," Hunter said. "The average American Marine or soldier has concluded after seeing that film that CNN is not on their side."

CNN said its decision to show the brief tape was motivated by a desire to show the public the growing threat insurgent snipers pose to U.S. troops.

"Whether or not you agree with us in this case, our goal, as always, is to present the unvarnished truth as best we can," wrote CNN producer David Doss in a blog on the network's Web site.

Tony Snow, President Bush's press secretary, said the insurgents were hoping to "break the will of the American people" by slipping the tape to CNN.

The tape was shown first on CNN's "Anderson Cooper 360" program, where Doss is executive producer, and then on several news shows. It remains on the network's Web site.

Doss said CNN Baghdad correspondent Michael Ware in Iraq received the tape after communicating through intermediaries with Ibrahim Shimar, a spokesman for the Islamic Army.

Doss said the decision to use the sniper tape came after hours of "intense editorial debate" at CNN. One compromise was made: The moment when the bullet hits the soldier's head is blacked out. The soldier's face and unit patches are not clearly visible and so identifying him was impossible, the network said.

Rep. Brian Bilbray, R-Calif., who joined Hunter and Rep. Darrell Issa, R-Calif., in sending a letter to Defense Secretary Donald H. Rumsfeld, called the film "nothing short of a terrorist snuff film."

Snow, at his regular news briefing in Washington, said the video was misleading because it made it appear that Americans were "sitting ducks" and the insurgents were winning. In fact, the insurgents "are dying in much greater numbers and suffering much greater damage," he said.

The Pentagon had no official reaction to the CNN video. Though embedded reporters are made to sign pledges not to show the faces of dead Americans until their families are notified, nothing prohibits the use of pictures where identities are not discernible.

Plea Deal Reported In Iraqi Murder Case (AP)

By Thomas Watkins

AP, October 21, 2006

A Camp Pendleton Marine will plead guilty next week for his role in the killing of an Iraqi man last April, his father said Friday.

Pfc. John J. Jodka, 20, of Encinitas will plead guilty to assault and obstruction of justice, his father, John Jodka, told The Associated Press in a telephone interview.

DOJ_NMG_0084031

The elder Jodka said murder, kidnapping and other charges would be dropped in exchange for the plea, but later said it was premature to discuss details of the arrangement.

Attorney Joseph Casas, who represents Jodka, said he could not disclose details of the negotiations but said the deal was "in the best interests of my client and the best interests of justice and the best interests of the Marine Corps."

Casas said that Jodka would testify at his court-martial and that the judge was not expected to sentence his client until Nov. 15.

"J.J. will have his chance to talk about his account of what happened in Hamdania," Casas said, adding he would be calling witnesses during the court appearance.

Jodka is one of seven Marines and one Navy corpsman who were charged in the murder of Hashim Ibrahim Awad in the town of Hamdania, west of Baghdad. As part of a separate plea negotiation, the corpsman recently testified about what he remembers from the incident.

Jodka would be the first Marine to plead guilty in the case.

Petty Officer 3rd Class Melson J. Bacos, a Navy corpsman on patrol with the Marines, pleaded guilty Oct. 6 to kidnapping and conspiracy under a deal with prosecutors. He agreed to testify at his court-martial and during upcoming proceedings about what he witnessed.

Details of Jodka's plea negotiations were not disclosed by order of the judge in the case, Jodka's father said. He added that his son would not be sentenced next week.

Marine Corps spokesman Lt. Col. Sean Gibson said it would be inappropriate to discuss any potential negotiations between the government and the defense.

Marine To Plead Guilty In Killing Of Iraqi Man (LAT)

By Tony Perry

The Los Angeles Times, October 21, 2006

ENCINITAS, Calif. — Marine Pfc. John Jodka III will become the second defendant accused in the shooting death of an unarmed Iraqi man in April to plead guilty in the case, Jodka's father said Friday night.

Jodka is one of eight troops with the 3rd Battalion, 5th Regiment, who were charged with murder and kidnapping in the shooting death of a disabled 52-year-old Iraqi in Hamandiya, west of Baghdad. The eight were accused of dragging Hashim Ibrahim Awad, whom they suspected of having ties to the insurgency, from his home, tying his hands and feet and shooting him to death.

Under the plea arrangement, Jodka will plead guilty to lesser charges.

"I remain as proud of my son as the day he enlisted in the Marine Corps," said John Jodka II, who lives in Encinitas. "He is my hero."

In the original indictment, Jodka, who was 19 and on his first tour in Iraq, was listed among the five Marines accused of shooting Awad. He was the youngest and lowest-ranking.

Navy corpsman Melson Bacos, who was a comrade of the troops in the 5th Regiment's Kilo Company, has pleaded guilty to lesser charges and agreed to testify against the Marines. He was sentenced to a year in the brig; with credit for time served, Bacos is expected to be free within five months.

Jodka, who is expected to enter his plea Thursday, is a graduate of San Dieguito Academy, a highly competitive Encinitas high school, and he attended UC Riverside before enlisting.

Jodka was moved from the brig at Camp Pendleton to the Miramar Marine Corps Air Station brig two weeks ago to separate him from other defendants.

Other attorneys in the case have asserted that their clients will not plea-bargain. Victor Kelley said his client, Cpl. Trent D. Thomas, would "never testify against his brothers."

Officer Awaits Fate In Abu Ghraib Case (AP)

By David Dishneau

AP, October 21, 2006

DOJ_NMG_0084032

An Army colonel began deliberating Friday whether to recommend a court-martial for an officer accused of abusing Abu Ghraib prisoners by ignoring their mistreatment and then lying to investigators about it.

A decision is expected by early November on whether Lt. Col. Steven L. Jordan, an Army reservist from Fredericksburg, Va., will stand trial for any of the 12 charges against him, including one count of cruelty and maltreatment and three counts of dereliction of duty.

Col. Daniel Cummings, who presided over Jordan's five-day Article 32 investigation, will make a written recommendation to Gen. Guy C. Swann, commander of the Military District of Washington. Swann will decide whether a trial is warranted.

Jordan, 50, is the highest-ranking U.S. soldier, and the first officer, charged with crimes stemming from the physical abuse and sexual humiliation of Abu Ghraib detainees. He faces up to 42 years in prison if convicted of all counts.

Prosecutors offered little direct evidence at the hearing that Jordan oppressed detainees in fall 2003 by "subjecting them to forced nudity and intimidation by dogs," as alleged in the lone count of cruelty and maltreatment.

The strongest eyewitness evidence that he ignored abuses came from Capt. Donald Reese, the former commander of the 372nd Military Police Company who testified that Jordan was a daily visitor to the prison's "hard site," where some prisoners were stripped naked as an interrogation technique.

Instead, prosecutors relied largely on documents and soldiers' statements to investigators to support the government's claim that Jordan, as titular director of the prison's interrogation center, knew of the abuses and didn't stop them.

"He didn't do the job, which resulted in criminality," Lt. Col. John P. Tracy said in closing arguments Friday.

Defense attorneys said Jordan wasn't in charge of interrogators, despite his director's title, and therefore wasn't responsible for any abuses they committed.

"No direct line, certainly, no dotted line, no blurry line — there has been no line drawn between Lt. Col. Jordan and detainee abuse," Maj. Kris Poppe said in his closing argument.

Jordan, a civil affairs officer with a military-intelligence background, was sent to Abu Ghraib in September 2003 by top intelligence commanders in Iraq to run the newly established Joint Interrogation and Debriefing Center.

But according to witnesses for both sides, Jordan devoted himself mainly to improving soldiers' safety and welfare, introducing himself to incoming interrogators as "the civil affairs officer" and as a liaison between the JIDC and U.S. commanders in Baghdad.

Jordan's case is the last remaining active investigation in the Abu Ghraib scandal, said Lt. Col. Patricia Lewis, deputy staff judge advocate at the Military District of Washington. Eleven enlisted soldiers have been convicted of crimes at Abu Ghraib, and a number of officers have been reprimanded.

Gunmen Execute 8 Afghan Laborers (LAT/AP)

From The Associated Press

The Los Angeles Times, October 21, 2006

KABUL, Afghanistan — Gunmen ambushed a carload of Afghan laborers heading home from a remote U.S. military base in eastern Afghanistan and executed eight of them, a police official said Friday.

The killings occurred as a statement purportedly issued by fugitive Taliban leader Mullah Mohammed Omar called for stepped-up attacks on Afghan and foreign troops. It told the North Atlantic Treaty Organization to leave Afghanistan, saying alliance members were "losing their soldiers only for America."

The victims, who worked for the U.S. military in the mountainous Korangal area of Kunar province, were killed Thursday, said Abdul Saboor, the provincial deputy police chief.

Gunmen stopped the workers' car, searched them and took about $6,000 before gunning them down, said Salehzai Didar, Kunar's governor. Two workers escaped, he said.

"This was a shocking attack against these poor people," said Saboor, who did not identify the attackers other than to describe them as "the enemy."

Afghanistan this year has faced its deadliest surge in violence since U.S.-led forces ousted the fundamentalist Taliban regime five years ago for sheltering Osama bin Laden.

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The statement attributed to Omar was forwarded by e-mail to the Associated Press by Mohammed Hanif, who claims to speak for the militia. It warned that the Taliban would increase its attacks against foreign and Afghan troops, "which would be a surprise to many."

"I would again ask mujahedin to intensify their attacks, but they should avoid any harm to innocent people and children," said the statement, which was issued just before the Muslim holiday of Eid al-Fitr, which marks the end of the fasting month of Ramadan.

The statement's authenticity could not be verified.

It said that democracy in Afghanistan had failed and that the Western-backed government of President Hamid Karzai was seeking an "exit."

Total Says Executive Questioned Over Iraq Oil Deals Is Innocent (NYT)

By James Kanter

The New York Times, October 21, 2006

PARIS, Oct. 20 — The French oil company Total rallied on Friday to the defense of its second in command and designated chief executive, Christophe de Margerie, after he was taken into custody and questioned about possible illegal payments for Iraqi oil.

Mr. de Margerie, 55, and a former Total executive, Bernard de Combret, 63, were released on bail on Thursday after being held for 48 hours. The two men were questioned by Judge Philippe Courroye, who is investigating possible kickbacks linked to the United Nations-supervised oil-for-food program in Iraq.

“The judge has to prove that he is or is not guilty, and we think he’s not guilty,” said a Total spokeswoman, Catherine Enck.

She said the Total board remained committed to elevating Mr. de Margerie, who is head of exploration and production, to the top job in February.

The oil-for-food program allowed the government of Saddam Hussein to sell oil while the country was under sanctions imposed by the United Nations after Iraq invaded Kuwait in 1990. The oil money was supposed to be used to buy necessities for Iraq’s civilians, but reports of corruption in the program prompted several inquiries.

An independent investigation by Paul A. Volcker, former chairman of the Federal Reserve Board, reported a year ago that Russia and France received favored treatment from the Hussein government.

In France, a former interior minister, Charles Pasqua, is among those under investigation.

Ms. Enck said Total had negotiated with the Hussein government to develop the oil-rich Majnoon and Nahr Umar fields in southern Iraq, the site of the world’s third-largest oil reserves, after Saudi Arabia and Iran. She insisted that the company had never signed contracts with the government, and that development of the fields could only have gone forward once the sanctions were lifted.

“The group has never purchased, either directly or indirectly, oil that has been smuggled illegally from Iraq,” Total said in a statement on its Web site.

A Citigroup analyst, Jonathan Wright, brushed off the seriousness of the development, writing in a research note that he expected business as usual at the company.

Total Chief Charged In Oil-for-food Scandal (FT)

By Martin Arnold

Financial Times, October 21, 2006

A Paris investigative judge has charged the incoming chief executive of Total, the French oil and gas group, with corruption during the scandal-plagued United Nations’ oil-for-food programme in Iraq.

Christophe de Margerie, Total’s head of exploration and production, was imprisoned for 48 hours, questioned by judicial police and a judge, before being charged with aiding and abetting corruption of foreign officials and misuse of company property.

He was released from custody on Thursday night. The surprise move cast a shadow over plans for Mr Margerie to replace Thierry Desmarest as chief executive when the latter steps up to non-executive chairman after the group’s annual results in February.

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But Total insisted the succession would proceed as planned. “Presumption of innocence is absolute and so life goes on,” said Catherine Enck, spokeswoman at Total. The French judicial system can often put people under investigation for years, sometimes without ever going to trial.

“The group would like to reassure Mr de Margerie of its solidarity. Total confirms that at no time did the group circumvent the United Nations embargo against Iraq and strictly adhered to the rules of the oil-for-food programme,” the company said on Friday.

The move is a setback for the image of France’s biggest company with a market capitalisation just short of €130bn. It employs 95,000 staff and had profits of €12bn and sales of €143bn in 2005. Yet analysts shrugged off the news and Total shares rose €0.50 to €53.70.

Mr de Margerie, 55, was head of Total’s activities in the Middle East between 1995 and 1999. He is well respected in the industry as an affable and outspoken expert on the Gulf region’s oil sector. His lawyer, Olivier Rosenfeld, said the charges were “without foundation”.

Bernard de Combret, Total’s former head of trading, who quit in 2001, was taken into custody with Mr de Margerie and charged with the same crimes. The charges add to growing discomfort in Paris political and business circles about the damage being done to France’s prestige by the inquiry. Mr de Margerie is due to accompany President Jacques Chirac on next week’s state visit to China.

He is suspected of participating in kickbacks to the Iraqi regime of Saddam Hussein from 1996 to 2002. Total is suspected of making the payments via Telliac, the Swiss trading company, to gain better access to Iraqi oil during the UN embargo.

Total said: “All oil acquired by the company, without exception, was purchased officially with the required authorisations under UN within the framework of the oil-for-food programme put in place in 1996. The group has never purchased, either directly or indirectly, oil that has been smuggled illegally from Iraq.”

The group has only recently recovered from a big corruption scandal at Elf, the former state oil group it acquired in 1999. The “Elf affair” lasted eight years, becoming France’s biggest corruption trial and exposing rampant corruption in the final years of the Mitterrand presidency.

Judge Philippe Courroye has already charged a handful of more junior Total executives with similar offences, as well as leading French diplomats and politicians, most notably Charles Pasqua, former interior minister, and Jean-Bernard Mérimée, France’s former UN ambassador.

An independent report by former Federal Reserve chairman Paul Volcker last year accused some 2,253 companies of paying kickbacks to Saddam Hussein’s regime, while officials and middlemen around the globe were accused of receiving illicit oil allocations in return for political support.

The payments were in contravention of international law and the rules of the oil-for-food system. Politicians and executives in countries from Germany to India have been snared by the scandal. But France’s strong ties to Saddam Hussein’s regime seemed to mean it was more involved than most.

The Real 'New Iraq' (WP)

By Colbert I. King

The Washington Post, October 21, 2006

Christians are being targeted in Iraq. It's not because they are one of the dominant groups vying to run the country. They aren't. Their clerics also are not part of Iraq's religious elite, although Christianity has deep roots in that country.

As the New York Times reported this week, since the Bush administration launched the invasion of Iraq 3 1/2 years ago, church bombings, assassinations, kidnappings and threats have become a daily part of Christian life. And the persecution of Christians began even before Pope Benedict XVI called attention to the words of a 14th-century Byzantine emperor who had some unkind things to say about Islam. Many churches in Baghdad have been forced to cancel services, the Times reports, and some have not met since.

Why? Because religion is moving front and center in Iraq, and to be a Christian in that Islamic nation has become dangerous.

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But it's equally risky to be a Shiite living among Sunnis or a Sunni residing in a province dominated by Shiites. These days, if you happen to be in the wrong place at the wrong time, religion can get you kidnapped, tortured and beheaded.

If that isn't enough, toss into this cauldron Americans in military uniform, many in the flower of their youth. Most have no idea why religious extremists are tearing each other apart. Trained to fight wars and combat terrorism, American troops have instead been engaged in sweeps through Baghdad's slums in an effort to uproot religiously chauvinistic death squads hellbent on destroying each other. For rendering that service to the Iraqi people (who should be doing the job themselves), America has been paying a high price in blood and treasure, and with little apparent success.

Instead of the violence being reduced, sectarian bloodshed and attacks in Baghdad have shot up 22 percent in the past three weeks. American military fatalities are occurring at the highest rate in more than a year, reports The Post. And toward what end?

Look at the post-Saddam Hussein Iraq taking shape.

In the eyes of the Bush administration and its foreign policy allies in Washington, Iraqi reconstruction and the march toward democracy are just a matter of time. All that's needed is for the government of Prime Minister Nouri al-Maliki and the Iraqi armed forces to quell the sectarian violence. Put together the right alliances and the problem is solved, they believe. They see the answer to Iraq's problems in political terms.

But there are other aspects of Iraq that bother those of us who aren't as smart as the brilliant Washington thinkers who got us where we are today.

Some of us can't forget the prewar talk about weapons of mass destruction and Saddam Hussein's partnership with al-Qaeda, and how wrong the foreign policy elite were about that.

Then there was the rosy post-Hussein world portrayed by the Bush administration, in which Iraqis, liberated from the grip of fear and imbued with a deep and abiding respect for human rights and freedom, would be busy building a better future for themselves.

Now let's return to the Christians.

From Tuesday's New York Times: "Conditions have been especially bleak for Christians in Basra, the southern city that is dominated by radical Shiite militias. Christian women there often wear Muslim head scarves to avoid harassment from religious zealots trying to impose a strict Islamic dress code." An Iraqi woman who attends the country's only Anglican church told the Times that she wears a head scarf anytime she goes outside her neighborhood. "I am afraid of being attacked," she said.

A priest was beheaded last week. A bomb blast at a Baghdad church killed two worshipers recently. From this mayhem, however, the Bush administration averts its gaze.

But the truth has been present all along for those who would dare to see it.

Within months of the U.S. invasion in 2003, The Post's Anthony Shadid and Rajiv Chandrasekaran were reporting on religious fissures in Iraq. The deepening divisions among Iraq's principal religious and ethnic groups were a regular theme in their writing.

But the White House and its cheerleaders would have had us think otherwise -- that the source of trouble was solely foreign infiltrators and remnants of Hussein's Baathist Party.

There is a new Iraq emerging before our eyes.

It is an Iraq that torments Christians, that indulges in unrelenting sectarian bloodbaths, that cheers for Hezbollah, that is no more a friend to Israel than is Iran, all despite the lies sold to the White House and Pentagon by self-serving, power-hungry Iraqi expatriates.

The new Iraq is not what George W. Bush talks about. But that's the Iraq he's got. And, worst of all, that's the Iraq we are in.

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Bush Exploited Americans' Urge For Safety (AJC)

By Cynthia Tucker

The Atlanta Journal-Constitution, October 21, 2006

Americans wanted to believe.

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In the weeks and months following the terrorist atrocities of Sept. 11, Americans wanted to believe that we could find our way back to a time when terrorism didn't happen here. They might strike U.S. embassies in east Africa, U.S. Navy destroyers in Middle Eastern waters or tourist hotels on faraway islands, but we wanted to believe we could keep them from reaching us here a second time. So when President Bush offered military invasions against two distant countries as the way back to safety at home, most Americans supported him enthusiastically. Not only did most Americans support the strike against Afghanistan, which had offered a safe haven to al-Qaida, but a majority also backed the invasion of Iraq, which had no link to Sept. 11.

Some armchair hawks supported the effort to topple Saddam Hussein because they wanted cheap revenge, whether or not Saddam had any link to Osama bin Laden. The United States has the strongest military in the history of the world — the most destructive bombs, the fanciest fighter jets, the fiercest tanks. What good is all that high-priced hardware if you don't use it every now and then?

Just this June, conservative pundit John Derbyshire confessed in a National Review column that he regretted his early enthusiasm for the invasion of Iraq. Quoting a harsh passage he had written earlier, he admitted that his support for that war was hardly based on humanitarian or strategic impulses:

"[M]y attitude to the war is really just punitive, and Iraq was a target of opportunity. I am not a Wilsonian nation-builder. I don't want to 'bring democracy to Iraq.' I don't, in fact, give a fig about the Iraqis. I am happy to leave barbarians alone to practice their unspeakable folkways, so long as they do not bother civilized peoples. When they do bother us, though, I want them smacked down with great ferocity."

Derbyshire was hardly alone. Secretary of Defense Donald Rumsfeld was eager to attack Iraq because it presented better targets for our advanced weaponry than primitive Afghanistan, according to several White House insider accounts.

Perhaps, though, most Americans supported the president because they believed him when he said Saddam had weapons of mass destruction that he'd give to terrorists. Americans also believed Bush when he said repeatedly that Saddam had crucial ties to al-Qaida, ignoring intelligence reports that Saddam and Osama had no relationship.

Bush had a major advantage in persuading Americans to support his Iraqi misadventure: Voters wanted to believe that ousting Saddam would take care of terrorists. The president offered the certainty that the nation craved. It's easier to believe in a highly unlikely proposition if you desperately want it to be true.

But 3 1/2 years after the invasion, with bloodshed escalating, the spell has worn off. A CNN poll this month showed 64 percent of respondents opposed to the war. And while a handful of Republican congressional candidates still try to justify the decision to topple Saddam, most GOP candidates try to avoid the subject.

Meanwhile, we are less secure than we were five years ago. Terrorists are using our invasion of Iraq as a recruiting tool. While Saddam had no weapons of mass destruction, North Korea apparently now has nukes. Iran is on its way to nuclear capabilities. And we have few soldiers left to handle a conflict anywhere else. Even if Bush wanted to invade Iran, he has no brigades to send. They're bogged down in Iraq. Moreover, our international alliances are frayed — where they're not ripped to shreds.

All in all, we've paid a high price for our refusal to see ourselves as we really are, not the way we want to be seen. We wanted to be "the shining city on the hill," set apart from the rest of the world, immune to its problems, better, safer, smarter than anybody else.

The United States is a strong and capable nation, but we are vulnerable to bird flu from Singapore, suitcase nukes from the old Soviet empire and suicide bombers from Saudi Arabia. Our best strategy for protecting ourselves will always be a nuanced and multifaceted approach using diplomacy, strategic alliances, intelligence-gathering, law enforcement and, as a last resort, military force.

That nuanced approach doesn't appeal to the bully boys who want to send other people's children out to blow up a country. But we should have learned by now to stop listening to them.

DOJ:

U.S. Prosecutors Honored (BSUN)

The Baltimore Sun, October 21, 2006

The U.S. Justice Department honored five federal prosecutors in Maryland yesterday with 2006 Director's Awards from the department's executive office for United States attorneys.

Roann Nichols was recognized for her work in negotiating the civil settlement of fraud charges against Serono Laboratories Inc. in connection with illegal schemes to promote, market and sell its AIDS drug, Serostim.

A. David Copperthite and Charles J. Peters, who serve in the U.S. attorney's narcotics and organized crime section, were recognized for their work on the prosecution of Baltimore police detectives William King and Antonio Murray. Stuart A. Berman and Barbara S. Skalla received Director's Awards for their work on the prosecution of international drug dealers from Pakistan, a trial handled in the U.S. District Court in Greenbelt.

[Matthew Dolan]

CORPORATE SCANDALS:

Ouster Of UnitedHealth CEO Rachets Up Stock Options Scandal (AP)

AP, October 21, 2006

WASHINGTON - Chief executives caught in the stock-options scandal may find it harder to keep their jobs now that a CEO as mighty as UnitedHealth's William McGuire has fallen.

The scandal rattling corporate America has claimed more than three dozen executives and board directors at 19 public companies so far. McGuire, whose retirement was announced Sunday, is arguably the most prominent.

The move was quickly followed this week by news that the chairman and founder of computer chip supplier KLA-Tencor Corp. was retiring over options, the top two executives of encryption specialist SafeNet Inc. had resigned, and consulting firm Sapient Corp.'s co-founder had quit as chief executive and co-chairman in a broad management shakeup.

Last week saw the abrupt departures of two well-known Silicon Valley CEOs: George Samenuk of McAfee Inc. and Shelby Bonnie of CNet Networks Inc. McAfee, a leading maker of computer antivirus software, also fired its president, Kevin Weiss.

The spotlight in the scandal has turned from lesser known executives like Jacob "Kobi" Alexander - the fugitive former CEO of Comverse Technology Inc. now in Namibia awaiting extradition to face charges - to more mainstream, established corporate leaders at blue-chip companies.

"Not only are the dominoes falling, but the dominoes are getting bigger," said Anthony Sabino, a business law professor at St. John's University in Queens.

The fall of a big domino like McGuire - the man who engineered UnitedHealth's rise from a regional health insurer into the nation's second-largest - can spark the descent of others like him, Sabino maintained. "Everybody else who's involved is at risk," he said.

A sort of guillotine for corporate executives has been set out in the public square. With more than 100 companies under options investigations by the Justice Department and the Securities and Exchange Commission, many likely are eager to show their cooperation with the authorities and willingness to take remedial action - like firing executives believed to be implicated or responsible and possibly recouping some of their options money.

"The companies are doing their best to anticipate the concerns that the government will raise," said Tim Coleman, a former federal prosecutor who is an attorney at Dewey Ballantine in Washington. Companies' actions "are with a view to what's going to happen on the day of reckoning," he suggested.

At issue in many of the investigations is a practice known as backdating. Stock options are issued retroactively to coincide with low points in a company's share price, potentially fattening profits for options recipients when they sell their shares at higher market prices.

If they aren't properly disclosed, backdated options can falsely inflate corporate profits and result in an underpayment of taxes.

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For executives and directors, "If there was knowing and willful participation by individuals, ... there's potential criminal liability for those individuals," said Michael Himmel, also an ex-federal prosecutor now in private practice, at Lowenstein Sandler in New York.

Falsifying documents related to options grants, concealing information from the board - those would be signs of potential criminal conduct by executives, experts say.

Some company officers and directors may contend that lawyers and other advisers gave their blessing to the options dating.

"It isn't criminal to basically end up giving bad advice," said Lawrence Barcella, a former Justice Department prosecutor who specializes in white-collar cases at Paul, Hastings, Janofsky & Walker. It's another matter, he said, if the attorneys or advisers "knowingly and willfully enabled" the company executives to carry out a deceptive options scheme.

Yesterday, Costco Wholesale Corp., the nation's largest wholesale club operator, said that President and Chief Executive Jim Sinegal and Chief Financial Officer Richard Galanti won't get what would would have been almost $300,000 in combined bonuses this year because they were responsible for irregular stock options awards.

Ruling On Convictions Could Help Skilling (BLOOM)

Bloomberg, October 21, 2006

HOUSTON, Oct. 20 (Bloomberg News) — A federal appeals court has refused to consider reinstating the convictions of four former Merrill Lynch executives found guilty of helping engineer Enron's sale of mobile power plants to the brokerage in 1999 to help Enron appear to have met earnings targets.

The United States Court of Appeals for the Fifth Circuit denied a government request for a hearing before all its 15 judges, the online court docket said yesterday. A three-judge panel in August threw out the fraud convictions of the bankers, finding flaws in the prosecution theory that they deprived Enron of their "honest services" in the transaction.

The decision may help Enron's former chief executive, Jeffrey K. Skilling, in his bid to have his guilty verdicts thrown out. Mr. Skilling, 52, had cited the ruling in asking the judge in his case to cancel his fraud convictions. His sentencing begins Monday.

"If the government's theory of prosecution was based on the same theory that's now been overturned and affirmed by the appellate court, we can expect Skilling's lawyers to make this the centerpiece of their appeal," said Robert Mintz, a former federal prosecutor.

Jaclyn Lesch, a Justice Department spokeswoman, declined to comment yesterday.

The Merrill executives were convicted of improperly inflating Enron's 1999 fourth-quarter earnings by disguising a loan as proceeds from the sale to the investment bank of power-generating barges moored off the Nigerian coast.

Prosecutors said the bankers deprived Enron of their honest services by acting against its interest.

The appeals court disagreed, saying the theory cannot be applied when an employer "aligns the interests of the employee with a specified corporate goal" and the employee acts accordingly.

SKILLING MAY GET 20 YEARS IN PRISON (NYPOST)

By Paul Tharp

The New York Post, October 21, 2006

October 21, 2006 -- Jeff Skilling, the last remaining disgraced boss of Enron, faces 20 years behind bars at his sentencing Monday - while his lawyers face an unpaid legal tab of $30 million.

Skilling, 52, is among eight executives snared in the infamous $60 billion collapse of Enron four years ago, and is likely to be in his 70s by the time he leaves prison.

He's already nearly broke, say his lawyers.

But prosecutors say he's got many millions left from his ill-gotten gains, and must fork over $182.9 million in penalties and restitution to his victims.

Thousands of investors and former Enron employees lost more than $2 billion from holding worthless Enron shares wrecked in the cooked-books scandal.

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About a dozen of the victims have been permitted to speak at Skilling's sentencing in Houston federal court to admonish him.

Skilling's partner in the crimes, former CEO Ken Lay, was to have been sentenced with Skilling on Monday but Lay cheated justice by dropping dead of a heart attack July 5, six weeks after his conviction.

A judge wiped Lay's record clean earlier this week, since his death leaves him unable to complete an appeal of his conviction.

Skilling also is appealing to have his conviction thrown out because four Merrill Lynch bankers involved in the schemes had their convictions tossed earlier this year by a three-judge appeals panel.

It hasn't stopped prosecutors, however, from going after Skilling to shoulder Lay's $43.5 million penalty plus Skilling's own separate penalties of $139.4 million.

Prosecutors say Skilling still has about $60 million in assets, which have been frozen.

Skilling's lawyer, Dan Petrocelli, said Skilling owes his legal defense team more than $30 million, not counting the $23 million that the Justice Department earlier allowed Skilling to set aside for his defense before his assets were frozen.

Feinstein Asks Justice To Appeal Ruling Vacating Lay Conviction (FRESBEE)

Fresno Bee, October 21, 2006

Sen. Dianne Feinstein is urging the Justice Department to appeal a ruling this week vacating the fraud and conspiracy conviction of Enron founder Kenneth Lay.

Feinstein, D-Calif., sent a letter to Attorney General Alberto Gonzales on Friday criticizing the decision to erase the conviction. U.S. District Judge Sim Lake in Houston made the ruling because Lay died before getting to pursue appeals.

"I urge the Justice Department to seek an appeal of Judge Lakes' decision, so that the government can fight to preserve Enron victims' hard-fought right to obtain restitution," Feinstein wrote.

The government wants to recover some $42.5 million in what it says were Lay's ill-gotten gains and the ruling complicates that. Fraud by Enron and other companies drove up energy costs in California by billions during the state's 2000-2001 energy crisis.

A Justice Department spokesman, Bryan Sierra, said the department was considering whether to appeal.

Feinstein also criticized the handling of legislation drafted by the Bush administration to change how the law handles the death of a criminal defendant while his or her appeal is pending. The Justice Department sent the proposed legislation to House Speaker Dennis Hastert and Vice President Dick Cheney, who is formally president of the Senate, in early September, but it was not brought to the floor before Congress recessed for the midterm elections.

Feinstein, who serves on the Senate Judiciary Committee, told Gonzales she was "dismayed" that the proposed legislation was not circulated to other lawmakers.

Sierra said the legislation was referred to the Judiciary Committee and widely reported in the press.

Feinstein said she planned to introduce legislation of her own once Congress reconvenes to address issues arising from the death of a defendant pending appeal.

Senator Wants Justice Department To Appeal Lay Decision (HC)

By David Ivanovich

Houston Chronicle, October 21, 2006

WASHINGTON — Sen. Dianne Feinstein, D-Calif., called on the Justice Department on Friday to appeal a Houston judge's decision to vacate the late Ken Lay's fraud and conspiracy convictions.

U.S. District Court Judge Sim Lake earlier this week wiped out the one-time Enron Corp. chairman's convictions because Lay died before his appeals had been exhausted. Lake's decision followed a precedent set in another case in the 5th Circuit Court of Appeals.

Feinstein, in a letter to U.S. Attorney General Alberto Gonzales, called on the government to appeal the ruling so "the government can fight to preserve Enron victims' hard-fought right to obtain restitution."

Feinstein argued the 5th Circuit's ruling went beyond a doctrine in common law that does away with punishments after a defendant's death.

"The Supreme Court has never held that it also must wipe out a victim's right to compensatory relief such as restitution," Feinstein wrote.

Justice Department spokeswoman Jaclyn Lesch said: "We have received the letter, and it will be sent to the appropriate persons for review."

Feinstein, a member of the Senate Judiciary Committee, said she plans to introduce legislation during Congress' lame duck session after the elections to try to address the decision.

Lay died July 5, just weeks after a jury found him guilty on six charges of fraud and conspiracy.

Lake also found him guilty of bank fraud.

Grasso Braces For Long Battle Over Pay Ruling (WSJ)

By Aaron Lucchetti And Paul Davies

The Wall Street Journal, October 21, 2006

Judge's Decision Means Victory For Foes of Former NYSE Chief; A Legal Monster Is Spawned

The fight over one of Wall Street's biggest paychecks -- the $187.5 million compensation package amassed by former New York Stock Exchange chief Dick Grasso -- is headed for yet another round of nasty court battles.

A judge's decision on Thursday that Mr. Grasso needs to give back as much as $100 million significantly changes the landscape of the battle, handing Mr. Grasso's enemies a key victory.

Mr. Grasso vowed to keep pressing his case. "I believe it was right when I started, and nothing has changed my mind," Mr. Grasso said Friday in an interview.

Mr. Grasso, 60 years old, lost his job at the NYSE in 2003 because of the controversy over the rich pay package. Mr. Grasso says he was paid the bulk of the money in 2003 and about $80 million was left after taxes. He says that cash is "prudently managed in a mix of stocks and bonds." He and his wife also own five homes and apartments in New York and Florida. "There are no boats, no planes," he said.

The case has become a many-headed legal monster. There are no fewer than six separate legal claims being made against Mr. Grasso in New York State courts pertaining to his pay. That proliferation of claims has produced some strange legal twists: For instance, a five-judge panel is already hearing appeals to some parts of the dispute -- even though the case itself has yet to go to trial.

Currently, the trial is slated to start sometime next year.

New York state, which is suing Mr. Grasso, contends that he was overpaid as the chairman of a not-for-profit institution. Back then, the NYSE was set up as a not-for-profit, although since then it has converted itself into a public company, NYSE Group Inc.

Justice Charles E. Ramos, a New York state-court judge, found that Mr. Grasso withheld details about the scope of his pay from the exchange's board of directors. The ruling was a big victory for Attorney General Eliot Spitzer, who made a name for himself a few years ago by waging a war on Wall Street abuses and is now running for governor.

He is up against the feisty Mr. Grasso, who hails from a mostly working-class neighborhood in the New York City borough of Queens, where his mother was a housekeeper. Mr. Grasso has fought Mr. Spitzer at every step. "If he wants to give us a jury trial tomorrow, we'll be there," Mr. Grasso said.

Mr. Spitzer sued Mr. Grasso in May 2004 after settlement discussions between the two sides went nowhere.

Mr. Grasso turned around and sued the NYSE, claiming he actually was owed another $50 million and also that he was defamed after he left the exchange. Over the past two and half years, he has filed numerous motions to have parts of the case against him tossed out, asking at one point for the judge to be replaced and arguing for a trial before a jury -- something he isn't guaranteed under state law.

All of those motions were denied by Justice Ramos and then sent to the New York appellate court, which is expected to hear arguments next month.

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"The motion, cross-motions and appeals are really indicative of what a pitched battled it is," says Zachary Hummel, an attorney at Bryan Cave LLP who has followed the matter.

Mr. Grasso defended his legal tactics as necessary for getting a fair trial. "We were ready to start" months ago, said Mr. Grasso. "What we're not ready to do is give up my right to justice under the law."

In an interview on Friday, Mr. Spitzer said "there will be no settlements" with Mr. Grasso. "These defendants deserve to have their repeated lies and misrepresentations brought out into the open."

Ken Langone, a former Big Board director who ran the compensation committee and was also named by the Attorney General as a defendant in the case, disputes Mr. Spitzer's assertions . "Mr. Langone has been straightforward and upfront from day one about the decisions he made as a director, and those facts have been brought into the open time and again in every deposition," a spokesman for Mr. Langone said in a statement. "Mr. Spitzer's cheap disparagements, while typical, cannot alter the obvious reality that Mr. Langone acted properly in his duties and stands behind his conduct."

Justice Ramos's latest ruling will be the subject of Mr. Grasso's next appeal, which will be heard by New York's appellate court, the second-highest court in New York under the Court of Appeals. If Justice Ramos's opinion stands, Mr. Grasso will have to give back the money, the exact amount of which has yet to be determined.

At that point, Mr. Spitzer could claim victory and call it a day. He has previously said that he felt Mr. Grasso should pay $100 million or more back to his former employer.

The same appellate court is expected to hear arguments after Thanksgiving on Mr. Grasso's motion to have the case decided by a jury. Justice Ramos doesn't support a jury trial for major parts of the case. The main legal question to be decided is whether Mr. Grasso's $187.5 million pay package was "reasonable" under the state laws governing not-for-profits.

Mr. Grasso has also requested that Justice Ramos remove himself from the case, in part because the judge had twice previously sought a board seat on the NYSE. If the appellate court agrees, a different judge will hear the case.

Mr. Spitzer said Mr. Grasso is grasping at straws on this claim: "The last refuge of the guilty is to impugn the integrity of the court," he said.

Legal experts say Mr. Grasso has strong grounds to appeal the Ramos ruling.

"Any time a judge usurps the legal process and makes a summary judgment, the appeals court will take a close look at it," says Thomas Curran, a former Manhattan assistant district attorney.

A settlement seems unlikely. Mr. Grasso "has very little leverage right now," Mr. Curran said. "And Mr. Spitzer is not interested in being conciliatory at this stage. Maybe after January [when Mr. Spitzer leaves office], there will be room for discussions."

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CRIMINAL LAW:

Foley Case A Test For Ethics Panel (WP)

By Juliet Eilperin

The Washington Post, October 21, 2006

Despite an uncharacteristic spurt of activity, the House ethics committee is unlikely to complete its investigation of the Mark Foley page scandal before the election, but it may issue an interim report on Foley's activities and how the GOP leadership responded to warnings, according to sources.

A committee panel has spent two weeks hearing from an array of witnesses. These included former House clerk Jeff Trandahl, who helped supervise the pages, and House Majority Leader John A. Boehner (R-Ohio), who said he warned House Speaker J. Dennis Hastert (R-Ill.) this spring about Foley's inappropriate e-mails to a former page from Louisiana.

Foley (R-Fla.) abruptly resigned his House seat Sept. 29 after being confronted by ABC News with copies of sexually explicit instant messages he had sent to male former pages. The FBI has launched a criminal investigation into Foley's actions, and the Committee on Standards of Official Conduct, which has been largely dormant for the past two years, is investigating what, if anything, House GOP leaders did in response to repeated warnings about Foley's conduct.

Next week, the panel is likely to depose members of Hastert's staff, including chief of staff Scott Palmer and counsel Ted Van Der Meid, and possibly the speaker himself.

It may also interview Rep. Jim Kolbe (R-Ariz.), who is the subject of a preliminary Justice Department inquiry into a camping trip he took with male former pages and others in 1996.

Rep. Tom Cole (R-Okla.), who sits on the ethics committee but is not on the four-member task force investigating the Foley matter, said both political parties have a stake in seeing that the probe is completed as soon as possible. The scandal has become an issue in several races and has cast a pall over the House, an institution that had already suffered a serious decline in public approval, according to polling.

"There's no upside for anybody in dragging this out," Cole said. "It serves us well and it serves [the Democrats] well to actually just do the right thing."

The committee's sudden flurry of activity -- its members have taken sworn depositions from key players in the Foley scandal four days a week for the past two weeks -- contrasts with its failure to respond to a rash of lobbying and political corruption scandals over the past two years. Evenly divided between Republicans and Democrats, the committee sat idle while the two parties feuded over staffing and procedural issues. Some ethics watchdog groups say the outcome of the Foley probe will demonstrate whether Congress can police itself.

"This is a crucial test institutionally," said Rep. Howard L. Berman (Calif.), the top Democrat on the ethics committee and the Foley investigative panel. "If we can't divorce ourselves from the political consequences and come to a bipartisan conclusion, it speaks poorly for the future of peer review in the House."

In April, the ethics committee's ranking Democrat, Rep. Alan B. Mollohan (W.Va.) stepped aside when it became known that he was under federal investigation for funneling federal funds to home-state foundations and possibly enriching himself. A month later, the committee finally announced that it was investigating three people: former representative Randy "Duke" Cunningham (R-Calif.), Rep. William J. Jefferson (D-La.) and Rep. Robert W. Ney (R-Ohio). Cunningham and Ney have pleaded guilty to accepting bribes, and Cunningham has begun serving a long prison sentence. Jefferson is the subject of another federal bribery probe. The committee has not issued reports in any of those cases.

"Regardless of what happens in the Foley investigation, the ethics process in the House is a failed process and must be fixed," said Democracy 21 President Fred Wertheimer, a congressional watchdog who supports establishment of an independent investigative body that would answer to the ethics panel. "We have had the most congressional corruption scandals in three decades, and we have had a House ethics committee that did nothing about it."

But Berman and the committee's chairman, Doc Hastings (R-Wash.), have managed to resuscitate the panel to some extent in recent months, doling out private advice to lawmakers behind closed doors and taking on the politically sensitive task of probing whether Hastert and his deputies failed to act quickly enough to stop Foley.

In a statement, Hastings said the task force's "primary focus is on how individuals holding positions of authority in the House -- as well as the overall system, if you will -- handled information concerning improper interaction between members and House pages."

Earlier this month, House Minority Leader Nancy Pelosi (D-Calif.) offered a resolution demanding that the panel issue a preliminary report on its work within 10 days. GOP leaders referred the measure to the ethics committee, and it is now clear that the panel will not release its findings that quickly.

The committee has not decided whether to issue an interim report, sources said, but members will weigh the option after concluding depositions in the case.

Hastings said that although he and his colleagues hope to conclude the probe soon, "the American people are entitled to the entire truth about how this incident was handled, and we'll take as long as necessary to make sure they get it.

"You simply cannot pledge to go wherever the evidence takes you and, at the same time, set some self-imposed deadline and expect to be taken seriously," he said.

The task force needs to depose only about half a dozen additional witnesses and does not need to engage in a lengthy document review, but GOP ethics lawyer Jan Baran said it will be nearly impossible for the committee to issue a final report before voters go to the polls.

Priest Named By Foley Is Barred From All Religious Duties (NYT)

By Abby Goodnough

The New York Times, October 21, 2006

MIAMI, Oct. 20 — The Archdiocese of Miami on Friday barred the Rev. Anthony Mercieca from functioning as a priest anywhere in the world after confirming that he was the clergyman who Mark Foley said molested him in the 1960's.

Father Mercieca, who now lives in Malta, can no longer publicly celebrate Mass, administer the sacraments or wear priestly clothes, said Mary Ross Agosta, a diocesan spokeswoman.

Ms. Agosta apologized to Mr. Foley in a statement and described as repugnant Father Mercieca's intimate contact with him, which the priest disclosed to a Florida newspaper this week. Father Mercieca, 69, worked in South Florida for almost 40 years and remains under the auspices of the archdiocese.

"Such behavior is morally reprehensible, canonically criminal and inexcusable," Ms. Agosta said.

Mr. Foley, 52, resigned from the House of Representatives last month after the release of sexually explicit messages he had sent to teenage Congressional pages. Soon after, his lawyer announced that Mr. Foley is gay, had gone into treatment for alcoholism and had been molested by a clergyman when he was 13 to 15.

"An apology is due to Mr. Foley for the hurt he has experienced," Ms. Agosta said.

So far, she said, no one else had reported sexual misconduct by Father Mercieca. He worked in at least eight parishes in South Florida since 1966, most recently at Blessed Trinity Catholic Church in Miami Springs from 1993 to 2003. Ms. Agosta said he left Florida to retire.

"There were absolutely no other problems," she said in an interview.

Ms. Agosta said the Archdiocese of Miami had begun an internal investigation that could result in further sanctions against Father Mercieca. A spokesman for the archbishop of Malta said an investigation was under way there, too.

Though retired, Father Mercieca was still saying Mass every morning at a cathedral on Gozo, the Maltese island where he was raised and now lives with his brother, also a priest.

The Survivors Network of Those Abused by Priests, an advocacy group, said that both diocesan actions were insufficient and that Father Mercieca should be put in a secure treatment facility while the police investigated.

The Herald-Tribune of Sarasota, Fla., reported Thursday that Father Mercieca said he had skinny-dipped and lounged naked in saunas with the young Mr. Foley, massaged him and roomed with him naked on overnight trips. He said that once, on tranquilizers, he might have gone further with Mr. Foley but could not recall details.

Father Mercieca repeated the claims in interviews with other news outlets, but also said his relationship with Mr. Foley was not sexual.

The survivors group has urged Mr. Foley to press charges, but the statute of limitations has probably expired. His civil lawyer, Gerald Richman, said Friday that he had no idea whether Mr. Foley would pursue the matter.

Mr. Richman identified Father Mercieca to Palm Beach County prosecutors this week as Mr. Foley's molester. Prosecutors shared the information with the archdiocese, but said they would do nothing more unless other victims emerged.

Ms. Agosta said the archdiocese, which includes Broward, Miami-Dade and Monroe Counties, would encourage any other victims to come forward by asking every parish to make an announcement about Father Mercieca.

Just A Quiet Retiree Leading Mass In Malta (NYT)

By Ian Fisher

The New York Times, October 21, 2006

VICTORIA, Malta, Oct. 20 — He is known here as Father Tony, though he does not seem to be known very well, for the Rev. Anthony Mercieca spent his career as a priest far from Gozo, the tiny Mediterranean island where he grew up. And he is not sociable anyway, say people who know him.

"He is a very solitary man," said George Borg, 52, a teacher who described himself as a family friend. "He walks alone."

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That quiet ended after Father Mercieca, 69, gave several telephone interviews admitting that he had had possibly inappropriate encounters in Florida in the 1960's with Mark Foley, the congressman who resigned over explicit electronic messages to pages.

In the interviews, Father Mercieca admitted to massaging the boy, skinny-dipping with him and staying in the same room with him on overnight trips. He said, perhaps, too much — and on Friday, he refused to speak to reporters camped out on the narrow street where he lives with his brother, George, also a priest. As the diocese here investigated the accusations, many of those closest to Father Mercieca did not want to address the subject.

"Leave me alone for five minutes," his brother begged reporters as he left the family house here in the main town on Gozo, the smaller of two principal islands of Malta, a Roman Catholic nation of 400,000 south of Sicily.

The sketchiest of portraits emerged from neighbors and church officials: Father Mercieca retired here a few years ago, having spent his career mostly in Brazil and the United States, and has not been officially active here as a priest. But he said Mass at 9 every morning for several dozen worshipers at the main church here.

While abroad, he returned to Gozo several weeks a year for vacation.

One church official, who requested anonymity because he did not have the authority to speak publicly, said that until the interviews on Thursday the diocese had not known of Mr. Foley's accusations — or indeed any against Father Mercieca concerning abuse.

There seemed to be little anger at Father Mercieca among his neighbors. "There are a lot of people like this," said one, Carmel Grech, 80. "Everybody has sins. What is the big fuss here?"

After 3 Attempts To Convict Gotti, Prosecutors Decide Against Making It 4 (NYT)

By Alan Feuer

The New York Times, October 21, 2006

John A. Gotti, who three times in just over a year has escaped conviction on federal racketeering charges, will finally be able to pursue what he claims he has long desired: an ordinary life.

After three trials in Manhattan, each ending in a hung jury, federal prosecutors have announced that they will not seek a fourth trial on those charges for Mr. Gotti, a decision federal officials had indicated was likely. It enshrines him as a defendant even trickier to convict than his father, the Gambino family don, John J. Gotti, who beat the rap three times himself before being found guilty in 1992 and dying in a federal prison hospital 10 years later. (The younger Mr. Gotti is not invulnerable: He was convicted in a previous case and served prison time.)

In a terse statement issued yesterday, Michael J. Garcia, the United States attorney in Manhattan, said this particular case was over. "The government has concluded that a retrial of defendant John A. Gotti on the pending indictment is not in the interests of justice in light of the three prior hung juries in the case," it read. "Accordingly, we submitted a proposed order which the court has signed and which ends this prosecution."

That left Mr. Gotti, who has acknowledged through his lawyers that he ran the Gambino family during stretches of the 1990's, to return to a life as normal as his name will allow — for now.

This decision does not preclude the F.B.I. or other authorities from developing new evidence for a different case some day.

At the end of his third trial in September, Mr. Gotti told reporters he wanted to "move on" and expressed a desire to work with children.

His lawyer, Charles F. Carnesi, said Mr. Gotti may turn to academe. "He's interested in pursuing a degree," he said. "In social work or counseling or maybe something with the schools." With the indictment dismissed, he is free to go as he pleases, and the liens on his property securing his bail will soon be lifted, Mr. Carnesi said.

Mr. Gotti's triumph was a stinging defeat for Curtis Sliwa, the radio talk show host whom prosecutors said was a victim in the case. While the jury agreed that Mr. Gotti ordered the abduction and attack of Mr. Sliwa in 1992 after he called the elder Mr. Gotti a drug dealer on the air, they could not agree on the overall charge that this was part of a racketeering conspiracy.

In a statement from the newsroom of WABC radio, Mr. Sliwa called Mr. Gotti a criminal and a drain on society. He also called Mr. Gotti's father a serial killer and a disgrace to the human race. He said he intended to sue Mr. Gotti "for not only the

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bullets that he ordered put into my body, but for the fear and abuse he has heaped on our law-abiding society over the past 20 years."

He ridiculed Mr. Gotti's plan to "turn over a new leaf" as a charade.

"He claims that he has moved on with his life and just wants to live in peace," Mr. Sliwa wrote. "He wants to write books for children and raise money for charity, he claims. But part of moving on in life is acknowledging the innocent people hurt in the past. The people he extorted, stole from, had beaten and shot."

Federal Prosecutors Decline To Pursue Fourth Racketeering Case Against Junior Gotti (AP)

By LARRY McSHANE, Associated Press

AP, October 21, 2006

NEW YORK (AP) - Three mistrials added up Friday to one huge victory for second-generation mobster John A. "Junior" Gotti.

Federal prosecutors announced they would not pursue a fourth racketeering case against Mr. Gotti, son of the late Gambino head John "Teflon Don" Gotti.

"The decision wasn't unexpected, but obviously it's great to have confirmation," said Mr. Gotti's attorney, Charles Carnesi. "It's a terrific relief."

Mr. Carnesi had not yet spoken with Mr. Gotti, who said after last month's third mistrial that he wanted to take his wife and six children to the Midwest, attend college and lead a quiet life away from the region where his name became synonymous with organized crime.

U.S. Attorney Michael Garcia said in a statement that retrying Mr. Gotti "is not in the interests of justice in light of the three prior hung juries in the case."

But more legal problems could lie ahead: Radio talk show host Curtis Sliwa promised a civil suit against Mr. Gotti over his near-fatal June 1992 kidnapping allegedly ordered by the mob scion. Mr. Sliwa was allegedly targeted for his incessant on-air criticism of the elder Mr. Gotti. He survived by diving out the window of a moving cab after suffering a pair of gunshot wounds.

The jury in the third trial unanimously found that Mr. Gotti, 42, had ordered the kidnapping, and the defendant admitted to a lengthy criminal career. But that was insufficient to convict the younger Mr. Gotti of racketeering because the panel was split on his claim of quitting the mob before July 1999.

Mr. Gotti's assertion was the key to the case, because the five-year racketeering statute of limitations expired if he had stopped mob activity by that date. The latest case had a jury divided 8-4, with most believing Mr. Gotti never swore off the mob before the Sept. 27 mistrial was declared.

In Mr. Gotti's September 2005 trial, a jury deadlocked 11-1 in favor of conviction. This spring, a second trial produced the same result - although that panel favored acquittal.

We Give Up On Jr., Say Feds (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, October 21, 2006

For John A. (Junior) Gotti, the third mistrial was the charm.

Federal prosecutors announced yesterday they will not retry Gotti for racketeering and will abandon efforts to nail him for trying to kill radio host Curtis Sliwa.

Manhattan U.S. Attorney Michael Garcia said in a statement that a fourth trial was "not in the interests of justice in light of the three prior hung juries."

That means for the first time in eight years, Gotti, 42, is a free man with no criminal charges hanging over him. That didn't sit well with Sliwa, who vowed to bring a lawsuit against Gotti seeking damages for the 1992 shooting, which allegedly was in retaliation for his on-air attacks on the late Gambino crime boss John Gotti.

"I feel as disappointed as a Mets fan today," Sliwa told the Daily News. "I would have hoped they would have prosecuted him four or five times. But I understand they have to deal with legal technicalities."

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Late yesterday afternoon, Gotti - whose father's ability to beat the rap earned him the moniker the Teflon Don - returned to his gated mansion in Oyster Bay Cove, L.I., with one of his sons in a chauffeured sedan, declining to speak to a reporter.

The mob scion has expressed interest in moving out West, returning to school to study child psychology and writing a book, but he needs permission from the feds because he's still on supervised release for his 1998 federal conviction.

"He's been talking about plans for the future and now John has the freedom to go on with his life," sister Victoria Gotti said. "His only option, I think, is to get off the [government's] radar and go off and live somewhere else, like the Midwest or down South."

She said the entire Gotti clan is "beat up and tired" after three trials that have taken a heavy emotional toll on her brother. Gotti already had heard the good news on the radio by the time defense lawyer Charles Carnesi reached him.

"He was thrilled," Carnesi said. "As much as it was expected, it's still different when you finally have confirmation.

"He wants to leave New York as soon as it can be arranged," Carnesi added.

Sliwa said he's owed monetary damages - "I can't tell you the pain I suffer as a result of the rearrangement of my internal plumbing" - and promised to donate any proceeds to charity.

But his lawsuit is probably dead on arrival, legal experts say, for the very same reason the feds failed to convict Gotti - the statute of limitations has passed.

Although the jury in the last mistrial agreed to convict Gotti in the Sliwa attack - which might have created an exception to the one-year statute of limitations for filing a civil suit - there was no verdict because they were hung on the racketeering charge.

Gotti's mother, Victoria, didn't think much of Sliwa's threatened suit.

"I think the victims of all his hoaxes should sue him," she said, referring to Sliwa's admissions that he had staged publicity stunts to get media coverage of the Guardian Angels, including a fabricated claim that he had been kidnapped by a city transit cop.

Though Gotti insists he left the Mafia behind in 1999, one law enforcement source said it's "pretty impossible" to believe he's going to move away and go straight.

"He sitting on a ton of money which is all ill-gotten gains," the source said. "He knows one life and it's called organized crime. Plus he has to look over his shoulder with the Gambino family because he really upset a lot of people."

But mob expert Jerry Capeci said he doesn't think anyone is gunning for Gotti for speaking to prosecutors, which at one point was a serious Mafia no-no.

"He never hurt anyone, never became a cooperating witness," Capeci said. "Even though three juries could never agree on whether he quit the mob, his Gambino crime family days are gone, if not forgotten."

With John Lauinger

Junior Gotti Won't Face Retrial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, October 21, 2006

The government dropped the other shoe Friday and said it won't retry John A. Gotti, the son of the late crime boss, on racketeering charges.

It was widely expected that federal prosecutors in Manhattan would drop efforts to convict Gotti after three mistrials. Gotti, 42, of Oyster Bay, the son of the late Gambino crime boss John Gotti, has been free on bail since the latest mistrial on Sept. 27.

"The government has concluded that a retrial of defendant John A. Gotti on the pending indictment is not in the interests of justice in light of the three prior hung juries in the case," said Manhattan U.S. Attorney Michael J. Garcia in a statement released Friday morning. Garcia said Manhattan federal court Judge Shira Scheindlin signed papers that ended the prosecution of Gotti.

"It was just wise to stop," said one federal law enforcement official who asked not to be named.

"It wasn't unexpected, but it is great to have confirmation," said Gotti's defense attorney, Charles Carnesi, of Garden City. "It was the right and responsible thing to do."

"He fully intends to move out of New York" to get away from his former associates, Carnesi said of Gotti.

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But Gotti was blasted by Curtis Sliwa, the Guardian Angels founder and radio personality whose 1992 kidnapping was ordered by Gotti, prosecutors charged. Sliwa, who was seriously wounded in the incident, also said he planned to sue Gotti for the attack. But such a suit could run up against the statute of limitations.

During his last trial, Gotti told Newsday that he planned to continue his college studies and work with children. With the dismissed indictment, Gotti's multimillion-dollar bail has been cleared.

Though Gotti couldn't be reached for comment Friday, his sister Angel said her brother might explore the idea of going into a food business with both her and sister Victoria.

"We are all relieved," Angel Gotti said. "Hopefully, they will leave him alone."

Gotti was accused in the indictment of various racketeering offenses, including conspiracy, extortion conspiracy and witness tampering. He faced 20 years in prison on the racketeering charge alone. But in three trials between August 2005 and this year, the government failed to convince a unanimous jury. In the last trial, jurors told reporters the panel sometimes was evenly split on some of the charges.

The only unanimous decision by the jury came in its finding that Gotti was involved in the Sliwa kidnapping, jurors said. But the Sliwa charge was only one racketeering act, of which two had to be proved to sustain a conviction.

Gotti maintained that he left the mob in July 1999, a date that would have put the indictment outside the statute of limitations. Some jurors said Gotti's withdrawal defense was credible.

Sliwa, who said he still suffers from the effects of being shot during the kidnap attempt, vented his anger and frustration in a statement released Friday.

"Today, John Gotti was given a gift he didn't deserve -- release from federal criminal charges, which included his ordering of the plot to kidnap and shoot me in 1992," Sliwa said.

Sliwa said he plans to bring a lawsuit against Gotti "for the harm he has caused to me and my family" as well as "fear and abuse he heaped on law-abiding society."

But intentional tort claims are governed by a one-year statute of limitations, and unless Sliwa has some other legal theory, any lawsuit against Gotti could not go forward, said Robert Kelner, a prominent personal injury attorney in Manhattan.

GIDDY GOTTI JR. DEFEATS THE FEDS (NYPOST)

By Kati Cornell

The New York Post, October 21, 2006

October 21, 2006 -- Prosecutors in the John "Junior" Gotti case threw in the towel yesterday, announcing they won't seek a fourth racketeering trial for the mob scion.

The son of the late Gambino boss John "Teflon Don" Gotti - who earned his nickname by beating a trio of prosecutions before he was jailed for life in 1992 - got his good news less than a month after his third mistrial in the span of a year.

"The government has concluded that a retrial of defendant John A. Gotti on the pending indictment is not in the interests of justice in light of the three prior hung juries," U.S. Attorney Michael Garcia said yesterday.

"We're very pleased," said Gotti lawyer Charles Carnesi. "The decision wasn't unexpected, but obviously it's great to have confirmation. It's a terrific relief, and I'm very, very pleased for John, his wife and his children."

But Gotti's legal woes are far from over if radio host Curtis Sliwa and the feds have their way.

Sliwa, who was kidnapped and shot in a chilling 1992 plot allegedly hatched by Gotti, yesterday announced plans to hit the former Gambino crime family leader with a civil suit.

"John Gotti was given a gift he didn't deserve," Sliwa said. "I'm bringing a lawsuit against Gotti for the harm he has caused to me and my family. For not only the bullets that he ordered put into my body, but for the fear and abuse he has heaped on our law-abiding society over the past 20 years."

Prosecutors made a written request to have the charges nullified, which was authorized by Manhattan federal Judge Shira Scheindlin - a strategic decision by the feds that could allow them to pursue portions of the case in a future indictment.

The move pre-empted plans by Gotti's lawyers to seek permanent dismissal of the racketeering charges, which included kidnapping, a 2003 witness-tampering plot, loansharking and other crimes.

The sticking point for the divided jury at Gotti's latest trial in September was his claim that he retired from the Mafia in 1999 - before the five-year statute of limitations on most of the charges in the case - splitting the anonymous panel eight to four in favor of conviction.

One charge the jury did agree on unanimously was that Gotti ordered a pair of Gambino goons to kidnap Sliwa, founder of the Guardian Angels, in a stolen taxi.

This wasn't enough for a conviction under racketeering laws, however, since prosecutors must prove at least two criminal acts.

"I'm now convinced that the trial must have occurred in some small, uneducated country, and not in New York City in 2006," said mob-busting former federal prosecutor James Walden. "The notion that John Gotti Jr. withdrew from the Gambino family based on the evidence presented in that trial is gullible in the extreme."

Defense lawyer Gerald Shargel, who represented Gotti, said: "The government had a very weak case, and every time they tried to make it better, it just got worse."

Paul Callan, legal analyst and former deputy chief of homicide at the Brooklyn DA's office, called the failure to convict Gotti a "travesty of justice."

"The prosecution tried him too often and too late," he said.

Sliwa, who nearly died from the bullet wounds after he escaped his attackers by throwing himself out of the speeding cab, said any money he receives from a suit would go to other victims of the Gambino family.

"Knowing John Gotti Jr., the biggest way to hurt him is to force him to give up his money. He's like a miser. He throws nickels around like manhole covers," Sliwa said.

Gotti has vowed to leave the Northeast if the feds abandoned the prosecution.

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Mr. Gotti, You're Free To Go (STNIA)

By Jeff Harrell, STATEN ISLAND ADVANCE

Staten Island Advance (NY), October 21, 2006

After 3 mistrials, prosecutors say they're done trying him

There won't be a fourth trial of John A. (Junior) Gotti.

After three hung juries, federal prosecutors yesterday dropped racketeering charges against the one-time head of the Gambino crime family.

"The government has concluded that a retrial of defendant John A. Gotti on the pending indictment is not in the interests of justice in light of the three prior hung juries in the case," said U.S. Attorney Michael Garcia, whose office first tried Gotti on a series of racketeering charges in August last year -- ending with a hung jury voting 11-1 for conviction.

"Accordingly, [on Thursday] we submitted a proposed order which the court has signed and which ends this prosecution," Garcia said.

Gotti, 42, was tried three times on charges ranging from racketeering and construction extortion to ordering the 1992 abduction of Curtis Sliwa, in which the radio-show host and Guardian Angels founder was shot and wounded in a rigged taxicab.

Had he been convicted, he faced 35 years in prison.

The dismissal -- signed by Garcia; Assistant U.S. Attorney Victor Hou, lead prosecutor during the third trial, and U.S. District Judge Shira A. Scheindlin -- was made public yesterday.

Gotti's attorney Charles Carnesi greeted the news with relief.

"It was not unexpected," Carnesi said. "We were thrilled when we got the outcome that we did -- the excitement was when we got the hung jury.

"We are relieved to get the confirmation."

Carnesi said yesterday afternoon that he had yet to speak with Gotti about the decision.

Jennie Carmona, who served as the defense team's legal assistant during all three trials, said word that the feds would not seek a fourth trial had reached members of Gotti's family, including his mother, Victoria Gotti, and his sister, Angel.

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"I'm glad that all the charges have been dismissed," Ms. Carmona said. "And now John Gotti can return and have a normal life, as normal as can be, with his children and family, who he adores."

Following the third mistrial, which was declared on Sept. 27, Gotti maintained that he wanted to take his wife and six children out of New York, perhaps to the Midwest, where he might attend college. He also mentioned Florida, North Carolina and the Pacific Northwest as possible destinations.

"Just let us go," was Gotti's mantra as he stood in the courtroom waiting for court officers to remove the electronic bracelet that he wore for nearly a year as a condition of house arrest. "Let me move on with my life."

In the first trial, only one juror believed that Gotti's defense. In the second trial, held in the spring, eight of 12 jurors voted for acquittal. In his third trial, the jury was unanimous only in finding that Gotti ordered the abduction of and attack on Sliwa as payback for on-air blasts against the elder John Gotti, who was sent to prison for life.

While the feds appear to be done with Gotti, Sliwa isn't.

"I'm bringing a lawsuit against Gotti for the harm he has caused to me and my family," Sliwa said yesterday. "He didn't deserve this break, because a jury found him guilty of nearly killing me."

Throughout the trials, Gotti was held on $7 million bail. That money, put up by family and friends, will be returned.

Jeff Harrell is a news reporter for the Advance. He may be reached at harrell@siadvance.com.

`Junior' Gotti Kidnap Case Is Dismissed By U.S. (Update2) (BLOOM)

By David Glovin And Patricia Hurtado

Bloomberg, October 21, 2006

Oct. 20 (Bloomberg) -- The U.S. government dropped its racketeering case against accused gangster John A. ``Junior'' Gotti, who was charged with ordering the 1992 kidnapping of radio talk show host Curtis Sliwa.

The dismissal of the case came after jurors deadlocked and a U.S. judge on Sept. 27 declared a third mistrial of the case for Gotti, the son of the late Gambino crime family boss. Gotti faced up to 30 years in prison had he been convicted of racketeering and conspiracy charges.

``The government has concluded that a retrial of defendant John A Gotti on the pending indictment is not in the interests of justice in light of the three prior hung juries,'' U.S. Attorney Michael Garcia said in a statement today in New York that announced the dismissal, which was approved by a judge yesterday.

The announcement mirrored Garcia's dismissal of several other high-profile cases. Prosecutors in August said they'd withdraw obstruction-of-justice charges against former Credit Suisse Group banker Frank Quattrone if he remains out of trouble. Quattrone's conviction had been reversed by an appeals court. Prosecutors also dismissed charges this year against two New York Stock Exchange specialists accused of illegal trading.

Lauren McDonough, a spokeswoman for Garcia, declined to comment beyond the statement.

Gotti lawyer Charles Canesi didn't have an immediate comment. Gotti lives with his wife and six children in Oyster Bay, New York.

Sliwa

Federal prosecutors said Gotti personally ordered the kidnapping and assault of Sliwa in retaliation for disparaging remarks he made on the air about Gotti's father.

Prosecutors claimed Joseph D'Angelo, a soldier in the Gambino crime family, posing as a taxi driver, picked up Sliwa near his apartment in Manhattan's East Village in a stolen cab.

Sliwa testified that a second man hiding in the front seat opened fire and shot him repeatedly while they struggled in the moving cab. Sliwa, founder of the Guardian Angels anti-crime group, escaped through the window of the cab with serious wounds in his leg and torso.

The defendant's father, John J. Gotti, who led the Gambino family until his 1992 conviction for racketeering, spent the last 11 years of his life in a federal prison hospital in Springfield, Missouri. He died of throat cancer on June 10, 2002. He was 61.

Exclusive: Feds Probe A Top Democrat's Relationship With AIPAC (TIME)

By Timothy J. Burger, Washington

Time, October 22, 2006

The Department of Justice is investigating whether Rep. Jane Harman and the pro-Israel group worked together to get her reappointed as the top Democrat on the House Intelligence Committee

Did a Democratic member of Congress improperly enlist the support of a major pro-Israel lobbying group to try to win a top committee assignment? That's the question at the heart of an ongoing investigation by the FBI and Justice Department prosecutors, who are examining whether Rep. Jane Harman of California and the American Israel Public Affairs Committee (AIPAC) may have violated the law in a scheme to get Harman reappointed as the top Democrat on the House intelligence committee, according to knowledgeable sources in and out of the U.S. government.

The sources tell TIME that the investigation by Justice and the Federal Bureau of Investigation, which has simmered out of sight since about the middle of last year, is examining whether Harman and AIPAC arranged for wealthy supporters to lobby House Democratic leader Nancy Pelosi on Harman's behalf. Harman said Thursday in a voicemail message that any investigation of — or allegation of improper conduct by — her would be "irresponsible, laughable and scurrilous." On Friday, Washington GOP super lawyer Ted Olson left voicemail messages underscoring that Harman has no knowledge of any investigation. "Congresswoman Harman has asked me to follow up on calls you've had," Olson said. "She is not aware of any such investigation, does not believe that it is occurring, and wanted to make sure that you and your editors knew that as far as she knows, that's not true... . No one from the Justice Department has contacted her." It is not, however, a given that Harman would know that she is under investigation. In a follow-up phone call from California, Olson said Harman hired him this morning because she takes seriously the possibility of a media report about an investigation of her, even though she does not believe it herself.

A spokesman for AIPAC, a powerful Washington-based organization with more than 100,000 members across the U.S., denied any wrongdoing by the group and stressed that it is not taking sides in regards to the committee assignment. Spokespersons for Justice and the FBI declined to comment. The case is a spin-off of a probe that has already led to charges under the Espionage Act against two AIPAC lobbyists, whose case is still pending, and to a 12-and-a-half-year prison sentence for former Defense Intelligence Agency official Lawrence A. Franklin. Franklin pleaded guilty a year ago to three felony counts involving improper disclosure and handling of classified information about the Middle East and terrorism to the two lobbyists, who in turn are accused of passing it on to a journalist and a foreign government, widely believed to be Israel. The two lobbyists, who have denied any wrongdoing but were dismissed by AIPAC in April of 2005, were indicted on felony counts of conspiring with government officials to receive classified information they were not authorized to have access to and providing national defense information to people not entitled to receive it.

Around mid-2005, the investigation expanded to cover aspects of Harman's quiet but aggressive campaign to persuade House Minority Leader Nancy Pelosi to reappoint her to the prestigious position on the House intel panel. The alleged campaign to support Harman for the leadership post came amid media reports that Pelosi had soured on her California colleague and might name Rep. Alcee Hastings of Florida, himself a major supporter of Israel, to succeed Harman.

The sources say the probe also involves whether, in exchange for the help from AIPAC, Harman agreed to help try to persuade the Administration to go lighter on the AIPAC officials caught up in the ongoing investigation. If that happened, it might be construed as an illegal quid pro quo, depending on the context of the situation. But the sources caution that there has been no decision to charge anyone and that it is unclear whether Harman and AIPAC acted on the idea.

AIPAC spokesman Patrick Dorton denies that the organization has engaged in any improper conduct. "Both Congressman Hastings and Congresswoman Harman are strong leaders on issues of importance to the pro-Israel community and would be exemplary Democratic leaders for the House intelligence committee," Dorton said. "AIPAC would never engage in a quid pro quo in relation to a federal investigation or any federal matter and the notion that it would do so is preposterous. AIPAC is not aware that the Justice Department is looking into issues involving the intelligence committee, and has not been asked any questions or contacted by the government on this matter, but certainly would cooperate with any inquiry." Dorton added that AIPAC has previously been assured that the organization and its current employees are not being investigated. In this same investigation, the Justice Department has previously suggested that AIPAC had questionable motives in trying to help a valued government contact remain in a sensitive national security post. The Justice Department alleges in its indictment of Franklin that he asked one of the

two AIPAC lobbyists to "put in a good word" for him in seeking assignment to the National Security Council. The document says the AIPAC official noted that such a job would put Franklin "by the elbow of the President" and said he would "do what I can."

AIPAC lists praise from Pelosi among a series of quotes from world leaders on its website: "The special relationship between the United States and Israel is as strong as it is because of your [AIPAC's] fidelity to that partnership..." But congressional sources say Pelosi has been infuriated by pressure from some major donors lobbying on behalf of Harman. In a story touching on tensions between Pelosi and Harman, an alternative California publication, LA Weekly, reported in May that Harman "had some major contributors call Pelosi to impress upon her the importance of keeping Jane in place. According to these members, this tactic, too, hasn't endeared Harman to Pelosi."

A congressional source tells TIME that the lobbbying for Harman has included a phone call several months ago from entertainment industry billionaire and major Democratic party contributor Haim Saban. A Saban spokeswoman said he could not be reached for comment. A phone call pushing for a particular member's committee assignment might be unwelcome, but it would not normally be illegal on its own. And it is unclear whether Saban — who made much of his fortune with the Mighty Morphin Power Rangers children's franchise — knew that lobbying Pelosi might be viewed by others as part of a larger alleged plan.

Saban has donated at least $3,000 to Harman's campaign, according to Federal Election Commission records, and the Saban Center for Middle East Policy, which he sponsors at the prestigious Brookings Institution, boasts Harman among its biggest fans. "When the Saban Center talks, I listen," Harman said at a Saban Center briefing in February on U.S. strategy in Iraq. Harman quipped that, in order to attend the session at Brookings, she had to "blow off" a senior intelligence official's appearance before a House committee.

Rep. Harman Reportedly Under Investigation (WT)

The Washington Times, October 21, 2006

The U.S. Justice Department is trying to determine whether Rep. Jane Harman, D-Calif., got improper help from an Israeli lobbying group.

Harman of California is the senior Democrat on the House intelligence committee. Time Magazine reports she may have received a boost from the American Israel Public Affairs Committee when Minority Leader Nancy Pelosi wanted to remove her from the committee.

Harman left a voice mail for the magazine calling any suggestions of improper conduct "irresponsible, laughable and scurrilous." She has retained Ted Olson, the lawyer who formerly served as President George W. Bush's solicitor general.

Olson told Time Harman did not know of any investigation but decided to retain him after news reports of a probe.

The investigation appears to stem from another probe involving AIPAC. Two former employees have been charged with receiving classified information from Lawrence Franklin, a former Defense Intelligence Agency employee who has pleaded guilty in the case.

Abramoff To Do Time In Cumberland, Md (NBC)

By Joel Seidman, Producer

NBC News, October 21, 2006

.Disgraced lobbyist still cooperating in influence-peddling probe

WASHINGTON - Disgraced lobbyist Jack Abramoff will report Nov. 15 to a federal prison in Cumberland, Md., to serve a 70-month sentence for fraud and conspiracy charges in connection with the purchase of Florida-based SunCruz Casinos.

U.S. District Judge Paul Huck granted a request by prosecutors and Abramoff's lawyer, Abbe Lowell, that Abramoff serve his time at the Cumberland facility because it is within driving distance of Washington. They said in a court filing that Abramoff was cooperating in the Justice Department's Washington influence peddling investigation and would continue to assist prosecutors while in prison.

The Cumberland facility, about a two-hour drive from Washington, "will facilitate the government's access" to Abramoff, according to court papers. The government said the proximity to Washington would help prosecutors reduce costs and travel time.

Story continues below ? advertisement

If the Cumberland prison is full, Huck recommended that Abramoff be housed at the federal corrections facility in Morgantown, W.Va., which "is also within driving distance of Washington, D.C."

Abramoff and his partner, Adam Kidan, pleaded guilty in January to defrauding lenders of more than $60 million in the SunCruz gambling casino scandal in Florida.

Abramoff is scheduled to appear at a court hearing Dec. 8 in Washington regarding his guilty pleas in January to charges of fraud, tax evasion and conspiracy to bribe Rep. Bob Ney, R-Ohio.

Ney pleaded guilty last week to two counts of conspiring to commit fraud and to making false statements. He is expected to serve 27 months based on a Justice Department recommendation.

Ney is the only member of Congress to be charged in the Abramoff lobbying scandal. He has vowed to resign from Congress in the "next few weeks," but as of now he remains in the House.

TAX BREAK: Legislator Lobbied Him On Behalf Of Marlow, Borough Mayor Says. (ADN)

By Lisa Demer, Anchorage Daily News

Anchorage Daily News, October 21, 2006

Kohring's work for developer criticized

Last year, state Rep. Vic Kohring sat down with the mayor of the Fairbanks North Star Borough, Jim Whitaker, to talk about changing a state law to increase a tax break for an Anchorage-based developer.

Kohring, a Wasilla Republican, wasn't there to represent a constituent. He was on the payroll of the developer, Marc Marlow, for whom he had been working since November 2004.

To Whitaker, himself a former legislator, Kohring was acting like a lobbyist, not a lawmaker.

The Fairbanks borough had already approved a tax break for Marlow should he buy and renovate the Polaris Hotel, a boarded-up derelict building that is to Fairbanks what the old MacKay Building was to Anchorage.

But in the meeting in Whitaker's office on Nov. 3, Kohring wanted to see if the borough would agree to a change in state law to make the tax break even more beneficial to Marlow, according to Whitaker.

"As far as I could tell, he was functioning as a lobbyist, and lobbyists do that all the time," said Whitaker, who served alongside Kohring from 1999 to 2003 as part of the Republican majority in the state House. "I thought it was inappropriate."

The bill was eventually introduced in the Alaska Legislature by Fairbanks Rep. Jay Ramras, who said he was asked by Kohring to advance the legislation. Marlow said in an interview recently that he drafted the bill.

"I wrote the original language," Marlow said.

TWO-YEAR RELATIONSHIP

Kohring has worked on a half-dozen projects for Marlow since being hired by him in 2004. Several of the projects, including a proposed electrical generating plant in the Mat-Su, are subject to government approvals.

Now their relationship is coming under new scrutiny as part of an FBI investigation into legislators, influence peddling and the oil field service and construction company Veco Corp.

Kohring is one of six Alaska legislators whose offices were searched by the FBI on Aug. 31. Agents took a folder of information on Marlow along with other items, according to a copy of the receipt for property provided by Kohring's attorney.

No one has been charged with a crime. The FBI has said the investigation is continuing.

Kohring, 48, is a Republican seeking his seventh term representing the Wasilla area. He rode the wave of conservatism that swept through the Mat-Su Borough in the 1990s. He is among a handful of state lawmakers who have found work with companies that have business before the Legislature or state agencies. Kohring's business, Vic Kohring Enterprises, has one client, Marlow, according to required financial disclosures. Marlow paid him $38,100 last year and $5,400 in 2004. Kohring won't have to disclose his 2006 income until March, but he said in an e-mail that his pay from Marlow has dropped because he's taking time off for campaigning.

Kohring says he's abiding by all the ethics rules for legislators.

Outside employment is to be expected for part-time legislators, he wrote in one of several e-mails to the Daily News.

"I trust the voter's judgment to evaluate my activities and my constituents are the ultimate judge," Kohring wrote. "I firmly believe I have never compromised my obligations to them or the state because of my personal employment."

The alternative, he said, is either full-time legislators or "those who are rich or retired."

Kohring declined to sit for an interview and answer detailed questions about his relationship with Marlow.

Kohring, who had a drywall business until back surgery four years ago, says he's qualified for his job with Marlow regardless of his role as legislator. He has a master's degree in business administration from Alaska Pacific University and served stints as vice chairman of the board of the Alaska Housing Finance Corp. and chairman of the Wasilla Planning Commission.

'GOOD HORSE SENSE'

Marlow said he hired Kohring because of his "good horse sense," work ethic and contacts in the Valley from spending his adult life there -- not because he's a legislator.

"There's not a lot of hand holding for him to get things done and analyze situations and figure out ways around roadblocks and that sort of thing," Marlow said. "The things I have him working on primarily are controlled by the state or a public utility."

Marlow, 49, has a knack for projects supported by tax breaks, grants and government-backed loans. The Oregon native came to Anchorage in 1983 as an electrical contractor. He soon branched out.

Marlow rescued the old MacKay building in downtown Anchorage after it had sat empty and ugly for nearly a quarter century and reopened it this year as a fashionable apartment house, McKinley Tower. A city property tax break, plus government loans and guarantees, made it possible. Over the past decade, he's developed a dozen low-income senior housing projects in Alaska with federal grants. He's a part owner of the old Knik Arm Power Plant on Ship Creek and plans to seek a property tax break once he firms up plans to get it running again.

Marlow said there's nothing wrong with hiring a legislator. He's known Kohring since about 1991, three years before Kohring was first elected to the House.

"The rules don't preclude it from happening, and the rules have been followed to the letter," Marlow said. "So if somebody has a problem with it, then they need to change the rules. They don't need to attack the people that are following the rules."

Marlow sounded offended that anyone would take issue with a lawmaker working for a developer and linked his situation to that of an oppressed minority.

"Some people don't like Muslims either or black people or homosexuals, but it doesn't make them right," Marlow said. Asked what that had to do with his situation with Kohring, Marlow said, "There's all kinds of different prejudices or people's different reasons for not liking one thing or another."

In 2002, a couple of years before he started working for Marlow, Kohring sponsored a bill to extend an existing state law allowing tax breaks to developers of deteriorated properties. Without the legislation, the opportunity for such tax breaks would have expired that July 1. The bill passed.

The next year, Kohring introduced a bill sought by Marlow to extend a lease for Alaska Railroad land on Government Hill from 55 to 75 years. The longer lease was necessary, Marlow testified, so a senior housing project proposed for the site would qualify for a government grant. The bill passed the House but stalled in a Senate committee.

In November 2004, Kohring started working for Marlow. He estimates he worked 800 hours last year setting up meetings, making phone calls, developing plans and conducting research on about a half-dozen projects.

In late 2005, Kohring called then-Anchorage municipal attorney Fred Boness on behalf of Marlow. At issue was an untried tax mechanism that Marlow hoped to use to pay for water and sewer lines on land in South Anchorage, around Minnesota Drive and C Street. Boness said he told Marlow the mechanism wouldn't work in Anchorage.

The concept, provided for in state law, is almost a "chicken and egg thing," said the municipality's chief fiscal officer, Jeff Sinz. A local government would issue revenue bonds to pay for improvements that are then repaid through higher taxes generated by the new development.

Asked what he wanted Kohring to accomplish for him, Marlow denied that the legislator ever worked for him on that project.

Kohring also said he didn't remember doing anything regarding any South Anchorage project.

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But Boness said in an e-mail to the Daily News that Kohring contacted him for an explanation. He figured Kohring was making the kind of inquiry a legislator would typically make to find out why a law didn't work. Boness said he doesn't recall Kohring disclosing he was on Marlow's payroll.

On Dec. 29, Boness sent a detailed e-mail to Kohring explaining why the tax mechanism wouldn't work even though state law provided for it. Boness referred to Marlow three times in the e-mail. The short answer is that in Anchorage, property taxes are designated for specific services; police taxes shouldn't be used for sewer lines.

FOCUS ON POLARIS BUILDING

In Fairbanks, the tax break at issue was for the infamous Polaris building. The old hotel is Fairbanks' tallest building, but it's been empty for years, a boarded-up embarrassment across the street from the new courthouse.

Marlow doesn't own the Polaris but said he's looking to buy it -- if the finances work out. He said his option has run out; talks continue.

The tax break approved by the Fairbanks borough in September 2005 exempted all but $10,000 a year in property taxes for 10 years and deferred normal property taxes for the five years after that.

Marlow thought he wouldn't have to pay the deferred taxes unless he sold the property. The borough expected the taxes when those five years were up, or when the property sold -- whichever happened first.

In stepped Kohring, said Whitaker, the borough mayor. Kohring made it clear he was working for Marlow, Whitaker said, and at a Nov. 3 meeting, Kohring wanted to know whether the borough would agree with a change in state law to match Marlow's view. His answer, Whitaker said, was no -- not if it meant the deferred taxes didn't come in as expected.

Kohring then approached Ramras, R-Fairbanks, and asked him to sponsor the legislation. The Polaris is in Ramras' district.

Why not just sponsor the bill yourself? Ramras recalled asking him.

He couldn't, because he had taken consulting fees from Marlow, Ramras said that Kohring told him.

"I further informed Jay that even though the rules would have allowed me to draft and file a bill, I had made a personal decision to limit my involvement with any legislation," Kohring wrote to the Daily News in an Oct. 15 e-mail.

Ramras said he was glad to sponsor the bill if it helped bring back to life the once glamorous hotel. He said he tried to keep his distance from Marlow and told him not to send a card, a campaign donation or anything else.

Fairbanks officials say the bill that passed doesn't provide as lucrative a tax break as Marlow wanted, allowing the taxes to be deferred until the building sells. Marlow insists it does. The final wording says the due date will be as specified by the municipality. The bill also eliminated the expiration date for the law.

On the House floor April 5 and again May 9, Kohring asked to be excused from voting on the measure because he worked for a developer who could benefit. He was directed to vote anyway, standard when conflicts are declared in the Legislature.

Just recently, Marlow said the legislation didn't even benefit him. On Oct. 9, Marlow battled talk radio host Dan Fagan over the issue. The exchange on KFQD went like this:

Marlow: "You said on the radio that I was going to have a direct benefit by the legislation, which is not true."

Fagan: "So that legislation did not in any way save you any money?"

Marlow: "Absolutely not one dime. All that legislation did is set up a situation in Fairbanks wherein the Polaris building could be renovated like the McKinley (the old MacKay) building was ..."

But as the 10-minute duel ran its course, Marlow admitted that he needed the legislation to even consider buying the building.

"You just made my point!" Fagan exclaimed.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

Bills helping Marlow

State Rep. Vic Kohring has sponsored two bills that benefited developer Marc Marlow and, after he began working directly for Marlow, asked another legislator to sponsor a third. The bills are:

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• HB 389: Sponsored by Kohring in 2002 to extend an existing state law allowing tax breaks to developers of deteriorated properties. Without the legislation, the opportunity for such tax breaks would have expired July 1, 2002. The bill passed, extending the tax breaks to 2006.

• HB 97: Sponsored by Kohring in 2003. Would have allowed Marlow to extend a lease of Alaska Railroad land on Government Hill from 55 to 75 years. Passed the House but stalled in the Senate.

• HB 334: Sponsored by Fairbanks Rep. Jay Ramras this year at the request of Kohring, who said he couldn't sponsor it himself because he was being paid by Marlow. Bill concerned tax breaks to developers of deteriorated properties. Marlow wanted to specify that deferred taxes only came due when the property sold. Bill passed, says that the taxes will be due as specified by the municipality. Also eliminated the expiration date.

FBI Said To Be Investigating Ex-official (APP)

By Keith Brown, COASTAL MONMOUTH BUREAU

Asbury Park Press, October 21, 2006

Records on Tinton Falls' Abrams reportedly sought

TINTON FALLS — The FBI served a subpoena at borough hall late Friday afternoon requesting all records relating to a former Planning Board member's activities while a borough official, a source said.

The source, who spoke on condition of anonymity, said the FBI is investigating the activities of Paul J. Abrams and his relationship with the developer of the proposed Heather Glen development, intended for the Tinton Avenue site of the former Communications-Electronic Command building.

Borough officials were tight-lipped Friday.

Borough Administrator W. Bryan Dempsey referred all questions regarding the subpoena to James E. Berube Jr., borough attorney.

Berube would not say whether the borough was served with an FBI subpoena, but he said there was "a development" regarding Abrams, who in 2002 contracted with a New York developer to further plans for an upscale housing development on the 39-acre property.

"We are cooperating fully with the authorities," Berube said.

Berube would not say which authorities the borough is cooperating with but referred other questions to the U.S. Attorney's Office and the Monmouth County Prosecutor's Office.

Mike Drewniak, a U.S. Attorney's Office spokesman, and Peter Warshaw, first assistant Monmouth County prosecutor, declined to comment.

News of the subpoena apparently had not reached Abrams on Friday.

"I have no idea what you're talking about," he said.

Abrams' lawyer, Mitchell Ansell, also said that he had no knowledge of the subpoena but that Abrams did nothing wrong during his tenure as a borough official.

"Paul Abrams committed no crime," said Ansell, of the Ocean Township law firm Ansell Zaro Grimm & Aaron. "Paul Abrams did nothing illegal and conducted himself at all times in a professional and lawful manner, and any allegation to the contrary we deem to be libelous."

Project approved in '05

An Asbury Park Press investigation published in March found that Abrams, a Realtor, in 2002 negotiated a deal worth up to $200,000 with New York developer Abraham Leser to be Leser's consultant in the approval process for the 151-unit housing development that became known as Heather Glen. The development was approved by the Planning Board in 2005.

Abrams worked the deal through his Ocean Township realty company, Saymark Realtors.

He was a Planning Board member from 1997 to November 2002. He also was a member of the Zoning Board of Adjustment until 2005 and the Environmental Commission until 2004.

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Under a contract between Saymark Realtors and Tinton Telecom LLC, a company owned by Leser, Abrams' responsibilities included pushing for the zoning change to allow the development and attempting to buy adjoining properties to more than double the project size.

Through his company, Abrams negotiated with adjoining landowners to sell their properties for the project. According to his consultant contract, he also provided "direction to professionals for the proposed development of the property."

In addition to a $10,000 retainer — paid by check to Saymark Realtors on Nov. 19, 2002 — Abrams' firm was to have been paid $20,000 when the property was rezoned, $20,000 when the project was approved by the Planning Board and $1,000 per home once the houses were sold, according to the contract. The total contract could be worth $201,000 if all the homes were sold.

Abrams resigned from the Planning Board Nov. 20, 2002, a day after he received the retainer for his work as Leser's consultant. He remained a member of the environmental commission and the zoning board.

Planning Board suing

The Press also reviewed planning board minutes and application files from late 1997, when Abrams was appointed to the board, through November 2002. That review revealed Abrams took actions that furthered the applications for three developments, homes in which Abrams' realty company later helped sell.

Abrams' involvement with the Heather Glen development prompted the Planning Board in May to sue the former board member, saying Abrams was "unjustly enriched" by his financial arrangement with Leser.

It also says Abrams breached his "duty of trust" to "the people of Tinton Falls" by accepting, through his company, payment from a developer while still a borough official. The lawsuit seeks hundreds of thousands of dollars in fines and the dissolution of Abrams' realty company. It also names Leser, six "John Does" and six "John Doe businesses" that ostensibly knew of the financial relationship among Abrams, Saymark, Leser and Tinton Telecom.

Ansell, Abrams' attorney, has said the claims in the lawsuit are shocking, meritless and "wholly without any type of basis in fact."

No work on the Heather Glen project has begun, pending the resolution of the planning board's suit against Abrams and other lawsuits involving the development.

Video: FBI Examines Records At West Warwick Town Hall (WJAR-TV)

WJAR-TV, October 21, 2006

NBC 10 has learned that the FBI has subpoenaed records from the West Warwick Town Hall and confirmed that the records taken involve land deals that Senate President Joseph Montalbano conducted for the town.

The land deals include two parcels in the West Warwick industrial park.

The state Ethics Commission is still looking into a complaint accusing Montalbano of failing to disclose legal work he did for West Warwick before a vote on a constitutional amendment that would allow a casino to be built in the town.

The complaint, filed by Operation Clean Government, a citizens group, accused Montalbano of failing to disclose more than $86,000 that his law firm received for work done for West Warwick town authorities.

The complaint also accused Montalbano of having a conflict of interest while the Senate debated and ultimately passed a constitutional amendment allowing the Narragansett Indian tribe to open a casino in West Warwick.

"Montalbano did this work while at the same time voting on the casino up on the General Assembly as senate president and urging passing of the bill," said Bob Arruda, president of Operation Clean Government.

While Town Manager Wolfgang Bauer confirmed the records were subpoenaed, he emphasized that none of the properties that Montalbano handled fell within the footprint of the Harrah's casino plan.

Arruda said he wasn't surprised that federal officials are now looking into the case.

"I think at this stage of the game, the only time that anything substantive is done in Rhode Island is when the feds come in," he said. "The feds need to be involved in this to make certain that has been no criminal activity. And I'm not alleging that there has been. But this needs to be cleaned up one way or another."

Montalbano said he had no comment.

FBI Grabs Montalbano Records In W.W. (PAWTIMES)

By Tracy Scudder, Special to The Times

Pawtucket Times, October 21, 2006

WEST WARWICK - The FBI has seized documents related to work that state Senate President Joseph A. Montalbano (D-Dist. 17, Pawtucket, North Providence, Lincoln) has done for the town, according to West Warwick Council President John J. Flynn.

Flynn confirmed that records like tax titles were turned over to the FBI by Town Manager Wolfgang Bauer, who received a confidential subpoena last week.

Montalbano worked on the tax title for property that is adjacent to the proposed Narragansett Indians casino site; however, town officials would not confirm if the documents subpoenaed included that property.

News of the FBI's interest in the records came as a report began spreading that the FBI had seized the records in Town Hall.

Several town employees Friday denied reports of FBI agents serving a subpoena for records. Flynn said he also received a call about a report that the FBI raided the town hall early yesterday afternoon.

"I have talked to both the town manager and the town clerk, who would obviously be in charge of the records," said Flynn. "There was no FBI presence in town hall and there certainly wasn't a raid."

"There hasn't been an FBI agent in West Warwick Town Hall in I don't know how long, unless they were here in disguise," he said. "Nothing has been seized and everything is still intact."

The FBI would not confirm or deny if or what documents were subpoenaed from the town.

"We can only speak to what is public record. I have nothing in my records that indicates any activity that is of public record," said FBI spokesperson Gail Marcinkevich.

Television news reports, however, said that Bauer confirmed it was the FBI that subpoenaed records from town hall. And Flynn said the documents were related to Montalbano's work.

"The records were turned over in a timely manner. I'm confident when all the records are reviewed they'll find no criminal activity," said Flynn.

Montalbano's spokesman would not comment on the matter. Montalbano and Bauer could not be reached for comment.

The Secret Life Of An Informant (WSJ)

By Karen Richardson

The Wall Street Journal, October 21, 2006

To secure a lighter sentence, Garland Hardeman taped friends, associates and a lover Surviving a .22 caliber shot to the head

Garland Hardeman had many awkward moments in his four-year career as a government informant, such as the time he got shot in the face, and the time he wiretapped one of his oldest friends. He also recorded a conversation with his girlfriend in their hotel bedroom, deactivating the device only when their pillow talk turned steamy.

Mr. Hardeman, a Los Angeles cop-turned-lobbyist, was "working off a beef," as prosecutors say -- hoping to reduce his own jail time by acting as a government witness. Earlier, he had been busted for attempted bribery in a Los Angeles garbage-hauling scandal. He continued to work as a lobbyist, using the job as cover to trick friends and business associates into admitting their part in one of the most widespread cases of public malfeasance in the U.S., spanning nine cities and five states.

The double life of an informant is a peculiar one, filled at the same time with tedium and betrayal. Mr. Hardeman wore a wire to record 17 people, many of whom were subsequently convicted. That included his girlfriend. He testified in four grand juries and three trials and accounted for a "substantial" part of the evidence used in "the most pervasive corruption case this district has ever seen," says Tom McConville, a federal prosecutor in the Central District of California. Many of the cases involved paying bribes and kickbacks in return for municipal contracts.

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Mr. Hardeman also complained about the petty indignities of life undercover. He had to pay for most of his travel costs before filing expenses to his boss, in this case, the Federal Bureau of Investigation. "It took them up to three months to reimburse me sometimes," he griped during one of a series of interviews this summer.

The feds are now among Mr. Hardeman's few remaining supporters. In February, Mary Butler, a top prosecutor from the Justice Department's Public Integrity Section in Washington, D.C., took the unusual step of speaking on his behalf in court. She praised his meticulous record-keeping and noted that he stood up under "serious cross-examination" when he took the stand.

Mr. Hardeman's account of his double life is largely confirmed by three current or former federal prosecutors, two of his defense lawyers, FBI officials, court documents and transcripts.

The government has long relied on informants and wiretapping to pursue drug rings and organized crime syndicates. But the government's use of cooperating witnesses spiked after 1987 when Congress enacted federal sentencing guidelines that largely usurped judges' discretion in doling out prison time.

Defendants quickly learned that the only way to escape the rigid penalty structure was to cooperate in return for a lenient sentence. In fraud cases, snitches are especially valuable because they can give life to the sometimes complex documents that lie at the heart of many cases. These days it is standard procedure in white-collar cases for the government to try to "flip" defendants if they have something to offer.

Cooperators' testimony is most useful when prosecutors can corroborate it with hard evidence; juries aren't predisposed to like or trust such witnesses. Mr. Hardeman, 49 years old, was ideal in this regard. He provided the feds with hotel receipts, old photos and secret recordings that backed up his version of events.

Mr. Hardeman grew up in a tight-knit African-American Catholic family in Detroit with two brothers, including a twin, and three sisters. He was an altar boy.

Carlos Jones, Mr. Hardeman's college roommate, and a family friend for 30 years, remembers the young Mr. Hardeman as "very gregarious," athletic and popular. "I was surprised he was caught up in that because for the most part he was an up-and-up type of person," says Dr. Jones, who is also Mr. Hardeman's dentist.

After graduating from Michigan State in 1982, Mr. Hardeman moved to L.A. and became a policeman, remaining on the force for 14 years. In 1987, while still part of the Los Angeles Police Department, he won the first of three terms as a councilman in Inglewood, a working-class area in southwestern L.A., where he earned a reputation for being outspoken. Risking retribution from colleagues, he testified about discrimination in the force at a commission set up after the beating of black motorist Rodney King.

After Mr. Hardeman lost his seat in 1999 -- he supported closing the local fire department -- he switched to lobbying. Using his knowledge as a public official, he helped companies bid for municipal contracts. Two big-name clients were M.R. Beal & Co., a minority-owned New York investment bank, and Waste Management Inc., a giant garbage-hauling company based in Houston.

Municipal contracting has expanded rapidly in recent years as cities turned to private companies to provide basic services. Last year municipalities issued $408 billion in bonds to pay for filling potholes, laying sewers, wiring street lights and picking up trash -- nearly double the sum of a decade earlier.

It is a business notorious for corruption, in part because of the clubby nature of city governments. As federal authorities cracked down on no-bid contracts and payrolls padded with employees who don't work, corruption shifted to areas that had escaped federal scrutiny, such as minority set-aside programs. In such programs, which expanded rapidly in the 1970s and 1980s, cities seek out firms owned by women or minorities, or those with a substantial minority staff. Most of the cases in which Mr. Hardeman testified directly or indirectly related to this area, prosecutors say.

Cases involving minority set-aside contracts are little different from earlier forms of wrongdoing. "African-Americans and women did not invent municipal corruption in this country," says Steve Dettelbach, a partner at Baker & Hostetler LLP in Cleveland. Mr. Dettelbach, a former federal prosecutor, tried one of the cases involving Mr. Hardeman.

As Mr. Hardeman began his lobbying career, he became adept at introducing companies to local, often African-American politicians who could help them win business. After barely a year, he found himself on the wrong side of the law.

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The FBI was investigating the mayor of City of Carson, Calif., as part of a wide-ranging corruption probe. Based on a tip from someone in the city council, agents started looking at consultants and lobbyists who did business with the city, including Mr. Hardeman.

Mr. Hardeman says he often thinks back to the events leading up to the day he was busted. "I should have followed my inner voice," he says, the one that told him "to go the road less traveled." Instead, he says, "I fell prey to the temptations of money."

The sting operation that nabbed him could have been written by a Hollywood scriptwriter. To play the part of the corrupt official extorting bribes, the FBI recruited Manual Ontal, a City of Carson councilman. He volunteered to cooperate with the government after he was caught in a previous municipal-bribery scandal.

First, Mr. Ontal tried to interest Mr. Hardeman in participating in a gun-smuggling venture he claimed to be running out of the Philippines. When that didn't work, Mr. Ontal introduced him to "Uncle Jerry," a burly white man who wore a ponytail and gold-plated jewelry, and traveled by limousine. "He looked like a white Mr. T," recalls Mr. Hardeman.

Uncle Jerry was working in some way for the FBI, which won't explain his exact role or identity. Uncle Jerry spent lavishly on Mr. Hardeman and, after putting his target at ease, tried coaxing the lobbyist to talk about criminal acts he might have committed, such as paying bribes. Uncle Jerry paid for expensive dinners at Josh Slockum's, a restaurant owned by basketball star Dennis Rodman, and took Mr. Hardeman marlin fishing off Marina Del Rey. But Mr. Hardeman didn't say anything incriminating.

Eventually, the FBI recorded Mr. Hardeman -- in a roundabout way -- offering Mr. Ontal a $50,000 bribe to steer city contracts to two clients, Waste Management and Klistoff & Sons, another trash-hauling company.

Nine people were convicted in what the FBI dubbed "the trash-talkin' case," including the City of Carson mayor. Neither Waste Management nor any of its employees were charged with a crime. In a written statement, the company's lawyer says Waste Management cooperated with the probe, "including providing information on Mr. Hardeman's activities." Klistoff & Sons was hit with a big fine in another corruption case and no longer exists. Waste Management later bought its assets.

In June 2005, a judge sentenced Mr. Ontal to one year probation. He couldn't be reached for comment and his attorney didn't return calls.

Facing up to three years in prison for attempted bribery, Mr. Hardeman swiftly agreed to cooperate. Soon he was wearing a recording device disguised as a pager and was reporting daily to an FBI agent.

To begin with, however, he was a reluctant snoop. "He didn't take to it well initially because he was mad that he got caught," says Craig Howland, the FBI special agent who worked with Mr. Hardeman during his cooperation with the government. "There was always that inner struggle with him on snitching out his friends."

Among his first assignments was to betray Tyrone Smith. Mr. Smith was a director of the West Basin Municipal Water Authority, the City of Carson's water district. The pair had been friends for 15 years.

The two had met when they were young city councilmen moving in Los Angeles's close circle of African-American politicians. Later, not knowing he had been betrayed by Mr. Hardeman, Mr. Smith continued to introduce business clients to Mr. Hardeman, recalls Mr. Hardeman. "Our kids went to school together," Mr. Hardeman says. "It wasn't a good position to be in."

The FBI wanted to hear Mr. Smith talking about a bribe Mr. Hardeman had given him a year earlier. According to both men, Mr. Hardeman paid Mr. Smith $25,000 -- half of a $50,000 payment from Mr. Hardeman's client, investment bank M.R. Beal. In exchange, Mr. Smith agreed to vote to award a $142 million debt-restructuring contract to M.R. Beal's partner on the deal, Rice Financial Products Co., another minority-owned finance firm in New York.

During a May 2002 conference in Palm Springs, Calif., Mr. Hardeman recorded about 10 conversations with his friend, during which he chatted about family matters to relax Mr. Smith and "ease it out of him," Mr. Hardeman recalls. Eventually Mr. Smith described on tape how he had given the money to his wife.

In August 2003, Mr. Smith pleaded guilty to extortion and money laundering; he was one of 12 defendants who were convicted in the City of Carson and West Basin cases. In March 2005, he was sentenced to two years in prison. His lawyer, Mark Albrecht of Ivie McNeill & Wyatt, declines to comment. Mr. Smith, who is in Lompoc Federal Prison Camp in Lompoc, Calif., couldn't be reached for comment.

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An M.R. Beal spokesman says, "M.R. Beal was not aware, did not authorize, and does not condone illicit payments to elected officials." Rice Financial, which is contesting a related civil suit in Superior Court of the State of California, County of Ventura, declines to comment on Mr. Hardeman.

As a former policeman, Mr. Hardeman knew how cooperators could be reviled by their peers -- and even by some cops. He scoured his memories to justify his actions. Revenge turned out to be a good motivator.

"I knew I was doing something to betray these people, but they weren't very good to me either," he says. Mr. Smith, for example, hadn't voted in his favor when he was bidding for a consulting contract with the water district.

In June 2002, a month after he taped Mr. Smith, Mr. Hardeman came close to getting uncovered as a snitch. He was sitting in a new, red pickup truck with a low-level former Waste Management official. The driver of the pickup seemed nervous, Mr. Hardeman recalls. The former official cranked up the music to drown out conversation. Then, he grabbed a pen and scribbled out a note to his passenger: "Are you going to snitch?"

After writing the note, the driver ripped it up and tossed it out the window as the pair drove through Inglewood. A few minutes later, Mr. Hardeman says, he returned to the scene with Mr. Howland, his FBI case agent, who had been tailing the pickup. The two men searched in vain for the scraps, which they wanted as evidence.

That summer came the most complex betrayal: Mr. Hardeman had to tape his girlfriend.

Monique McGilbra was a newly divorced mother of two when the pair met in April 2000 at a convention for African-American public administrators in Charlotte, N.C. Statuesque and an immaculate dresser, she held a senior job in the Houston mayor's office, running the city's energy and environmental business.

"I fell in love," says Mr. Hardeman. "She had power and influence in government. I was very attracted to her."

At the time, Ms. McGilbra was being wined and dined by consultants who wanted Houston contracts. Nate Gray, a lobbyist based in Cleveland, treated her to $1,000 dinners, Super Bowl tickets in New Orleans, and a $700 Louis Vuitton wallet, according to her later court testimony. Mr. Hardeman accompanied her to some of the events.

Ms. McGilbra later steered a city contract toward Honeywell Inc., a big industrial conglomerate that was a client of Messrs. Gray and Hardeman. (Honeywell gave up the work when the scandal broke.)

Investigators in Cleveland had been wiretapping Mr. Gray for months, during which time Mr. Gray was recorded complaining about Ms. McGilbra's expensive tastes. They wanted Mr. Hardeman to record his girlfriend admitting to taking the gifts, which were considered bribes by prosecutors because she was a public official. Prosecutors say Mr. Hardeman broke down in tears when they told him he would have to wear a wire.

In August 2002, Mr. Hardeman met Ms. McGilbra in Houston. During their evening out, they talked briefly about the gifts. Later, alone in their hotel, Mr. Hardeman brought up the topic again. He says Ms. McGilbra playfully patted him down, as if checking for a wire, before talking about her pay-to-play relationship with Mr. Gray.

"Before sex, there was some good information," Mr. Hardeman recalls.

Mr. Hardeman says he drew the line at keeping the recording device running once things got too steamy. The trick, he says, was to find an excuse to slip into the bathroom to stop the tape, a task that required sticking a paper clip into a button at the bottom of the fake pager. "I was always thinking, how do I get back to the bathroom to turn it off?" he says.

Ms. McGilbra, through her attorney Robert Rotatori, says she didn't detect anything suspicious about Mr. Hardeman's behavior when he was wearing the wire. She says she couldn't believe Mr. Hardeman was capable of "using her that way," Mr. Rotatori says, adding: "The government went to bed with Garland Hardeman. He's a scoundrel, a liar, a thief and a cheat."

Based in part on the taped conversations, Ms. McGilbra pleaded guilty last year to conspiracy to commit various types of fraud in Houston and Cleveland, and was sentenced to three years in prison. At her sentencing, Ms. McGilbra told the judge she was led to break the law because of her relationship with Mr. Hardeman. She says she accepted the gifts to help her boyfriend get to know Mr. Gray. "I loved him very much," she testified. Mr. Gray, one of nine people convicted in this case, was sentenced to 15 years in jail.

At the trial, Mr. Hardeman again suggested revenge as a reason for his cooperation with authorities. Ms. McGilbra had demanded he hand over a $3,000 monthly retainer he had won from one of her consultant friends, Mr. Hardeman testified. "It felt

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really like I was being used," he said in an interview. Mr. Hardeman said in court that they eventually agreed she would receive a 20% cut.

In April 2003, Mr. Hardeman was watching a Lakers basketball game on TV at Cabo's barbecue restaurant in Houston -- "I liked the shrimp at Cabo's," he says -- when he was suddenly knocked to the floor, unable to see. He had been hit directly above his right eye with a .22 caliber bullet. The shot was fired from a distance and caused no permanent damage after lodging in the space between his eyelid and his eyeball. Mr. Hardeman still has the bullet.

The shooting, rare in a white-collar crime case, threw prosecutors and the FBI into a tizzy. After an FBI investigation, no arrests were ever made and officials ultimately categorized it as a random event.

Mr. Hardeman doesn't buy that explanation. He thinks someone put a hit on him, perhaps Ms. McGilbra.

Ms. McGilbra's lawyer, Mr. Rotatori, denies it. "There are probably a million and one reasons someone would want to shoot him," he adds.

Despite the many anxieties of leading a double life, the subject to which Mr. Hardeman most often returns is the injustice of the FBI's expense-reimbursement system. A meticulous man -- he keeps business cards and receipts from every restaurant he visits -- the money issues gall him. "I was working full time, but I wasn't getting paid," he says.

He maintains a long list of affronts, including the time he was ordered to spend $85 at Radio Shack for a tape recorder, a special cord for recording phone conversations, and tapes. "I bought the best tapes, not cheap tapes," he says.

The FBI office in Los Angeles, which was responsible for reimbursing Mr. Hardeman, says the process may have seemed slow to him because he was often on the road and had to delay filing expenses.

Mr. Hardeman expected the real payoff to come when he was sentenced. He wanted probation, like Mr. Ontal, the councilman who lured him into giving a bribe in the first place. His prosecutors not only took the unusual step of recommending probation -- he was facing three years -- but also spoke out on his behalf at sentencing. Both Ms. Butler, the trial attorney from Washington, D.C., and Mr. McConville, the Assistant U.S. Attorney, said Mr. Hardeman deserved a break because of his extensive cooperation.

That didn't work out. This summer in Central District Court in Los Angeles, Judge Percy Anderson sentenced Mr. Hardeman to a year and a day in a federal penitentiary, plus three years of supervised release. The judge said he wanted to "send a very clear message" about public corruption.

"It's just totally unfair," Mr. Hardeman says. "I gave four years of my life to working for the government, and now I have to give another four."

The night before he had to report to the prison, Mr. Hardeman spent time with his dentist-friend in Detroit. Dr. Jones gave him a free, emergency root canal.

On Aug. 30, Mr. Hardeman was driven by an old friend to the Taft Correctional Institution federal prison camp, which is located in an isolated patch of California desert, to begin his sentence. Among Taft's other inmates are a former mayor and his onetime attorney, both of whom Mr. Hardeman helped put there.

Write to Karen Richardson at karen.richardson@awsj.com1

Columnist Settles Education Dept. Case (AP)

AP, October 21, 2006

WASHINGTON - Columnist Armstrong Williams has reached a settlement with prosecutors regarding payments he received by the Education Department to promote President Bush's agenda.

Under the settlement, Williams admits no wrongdoing but will have to pay $34,000. The deal was reached last week by Williams, the Education Department and its subcontractor, Ketchum Communications.

"The department is happy to see this matter come to a close," Katherine McLane, a spokeswoman for Education Secretary Margaret Spellings, said Sunday. "One of the first steps Secretary Spellings took when she came to office is to establish guidelines to prevent future occurrences of this type of situation."

A message left at Williams' office was not immediately returned Sunday.

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The settlement brings to a close a yearlong investigation into the case after reports emerged that the Education Department contracted with several radio, television and print commentators to promote the No Child Left Behind Act.

Lawmakers criticized the contracts as an improper use of taxpayer dollars. Congressional auditors concluded the department engaged in illegal "covert propaganda" by hiring Williams without requiring him to disclose he was paid.

In the settlement, the Justice Department examined whether Williams actually performed the work that was promised in his $240,000 contract signed in late 2003 and cited in his monthly reports to the Education Department.

Ultimately, prosecutors determined he was overpaid $34,000. Their review did not examine whether he improperly promoted the Bush administration's agenda.

ON THE NET

Education Department: http://www.ed.gov/index.jhtml

Justice Department: http://www.usdoj.gov

Glenview Man Linked To Cop Killing In Poland (CHIT)

By Jeff Coen And Rudolph Bush, Tribune Staff Reporters. Tribune Staff Reporters Andrew Zajac And Dave Wischnowsky And Tribune News Services Contributed To This Report

Chicago Tribune, October 21, 2006

Investor held in high-profile murder for hire

A Glenview businessman wanted in Poland for soliciting the gangland-style murder of a former national police chief was taken into custody Friday morning at his home, an arrest billed as a breakthrough in a case of enormous significance in that country.

A man identified in court records as Edward Mazur, 60, appeared in federal court in Chicago on Friday afternoon, and was ordered held pending an identification and extradition hearing Wednesday. The arrest came on the heels of a high-level meeting in Washington this month between Atty. Gen. Alberto Gonzales and Polish Justice Minister Zbigniew Ziobro.

Officials said Ziobro met with Gonzales to discuss Mazur's extradition for the 1998 murder of Marek Papala.

The wealthy investor is accused in Poland of scheming with organized crime figures to kill Papala, a one-time police commander general who was gunned down in front of his home in Warsaw as he got out of a car.

Mazur was arrested by federal agents Friday on a provisional warrant from the Polish government, FBI spokesman Ross Rice said.

A judge in Warsaw issued a warrant for Mazur's arrest in February 2005 on a charge of soliciting a man named Artur Zirajewski to carry out the murder with a third person in exchange for $40,000.

The case has been the subject of intense media scrutiny in Poland, where there has been much speculation about the crime and Mazur's possible connections to it. Mazur had been briefly arrested in Poland in 2002 in connection with the slaying, but was released.

His arrest Friday made national headlines in Poland.

Ziobro held a news conference there Friday to announce that prosecutors had gathered "hard evidence" against Mazur that includes statements from Zirajewski and other witnesses, and to call his arrest "good news."

In 2002, Mazur filed a libel suit in Chicago against a Polish-language publication in Washington that he claimed unfairly accused him of contracting Papala's murder and exercising undue influence over the prime minister of Poland.

"Mr. Mazur did not contract the murder of Mr. Papala and was not involved in Mr. Papala's murder in any way," his attorney, Michael Stiegel, wrote at the time.

Stiegel further wrote that Mazur has never been involved in or charged with involvement in any illegal activity or `shady dealings.'" The lawsuit was later dropped.

In an interview late Friday, Stiegel said he believed the accusations against Mazur were politically motivated. The recently victorious Polish conservative party won elections in that country in part on a promise to solve the Papala murder case.

Stiegel said he had "grave doubts" that Mazur was involved in the crime and understood that Papala was in fact a friend of Mazur's.

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"He had set up an opportunity for this guy to come to the United States and study English," Stiegel said.

In the suit, Mazur included a number of personal details. He stated he immigrated to the U.S. from Poland in 1962 and graduated from a school listed as "Chicago Tech" with a degree in electrical engineering.

His career involved working for a number of international companies as well as staking a claim in several businesses, from a medical products company to a yogurt manufacturer in Poland, the suit states.

Illinois records show Mazur was the president of a firm called Demarex Inc., which was registered at his Glenview home until it dissolved in May. A recent Securities and Exchange Commission filing showed Mazur has had multimillion-dollar dealings with a Canadian cable company that does a large amount of business in Poland.

Mazur also was involved in a number of Polish organizations locally and nationally, according to court records.

In the suit, Mazur stated that he was director of the American Center of Polish Culture in Washington, D.C., and was the president of WISLA, "a social and athletic club in Chicago founded by Polish immigrants in 1927."

In the 2002 suit, Mazur stated that he lived in Glenview and had three sons.

Neighbors on Mazur's upscale Glenview street said he lived in his home on Lawson Road with his wife, a son who is a junior in high school and the teen's grandfather.

A woman who answered the door there declined to comment as members of Chicago's Polish-language media waited outside.

The U.S. Embassy in Warsaw on Friday issued a statement that "Mazur is currently being held by U.S. authorities awaiting his formal extradition to Poland."

"I can assure the Polish public that this matter is receiving a great deal of attention from the U.S. government," the statement quoted U.S. Ambassador Victor Ashe as saying.

At the Dirksen U.S. Courthouse in Chicago, U.S. Magistrate Judge Arlander Keys delayed a proceeding to formally identify the man in custody as Mazur, because he did not have a criminal attorney to represent him.

A hearing will be held Wednesday afternoon for Mazur, "or whomever is under arrest in this case," Keys said.

The judge advised the man identified by prosecutors as Mazur of his rights, and ordered that he remain in custody until the hearing. If his identity is confirmed, Mazur would be extradited under a 1999 extradition treaty between the U.S. and Poland, officials said.

Assistant U.S. Atty. Mitchell Mars outlined the charges against Mazur. The man who appeared in court answered "I understood" when asked by the judge if the accusations were clear. Evidence against Mazur was spelled out in a 10-page complaint that was unsealed Friday.

The key witness, Zirajewski, allegedly has told authorities he met with an organized crime figure along with Mazur and another man a couple of months before the killing.

"The ensuing conversation lasted for about an hour, Mazur doing most of the talking," the complaint states. "Mazur said that he was interested in killing Papala, who `was a big obstacle to further business.'

"Mazur displayed a newspaper clipping featuring a picture of Papala," the complaint states.

Zirajewski allegedly told authorities Mazur told him Papala was under surveillance and asked questions about a hit man's skill.

Natalia Papala, daughter of the slain chief, was quoted on a Warsaw police Web site Friday.

"[The] arresting of Edward Mazur allows us to have hope that now will occur a turning point in the conducted investigation," the statement read. "Initiating the extradition procedure creates a chance to complete the investigation and press charges against other people who also stand behind this homicide."

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FBI Arrests Businessman Wanted In Poland Over 1998 Police Official Slaying (AP)

By Mike Robinson, The Associated Press

AP, October 21, 2006

CHICAGO - A businessman wanted in Poland on charges of soliciting the murder of a former superintendent of police was arrested Friday at his suburban home, federal officials announced.

Edward Mazur, 59, was taken into custody by the FBI, Drug Enforcement agents and police without incident at his home in affluent north suburban Glenview, FBI spokesman Ross Rice said.

He appeared briefly before U.S. Magistrate Judge Arlander Keys, who ordered him held in the federal government's Metropolitan Correctional Center pending an extradition hearing set for Wednesday.

Keys warned the defendant that if he proved to be the Edward Mazur named in an arrest warrant issued by a court in Warsaw, "the officials from Poland will come to Chicago and take you in custody to Poland."

Helen Kim, a federal defender who represented Mazur at the brief hearing, said she knew little about him and expected him to hire another attorney. A civil attorney, Bruce Tinkoff, said he and Mazur's wife were searching for a criminal defense lawyer to handle the case.

Tinkoff declined to answer questions about Mazur.

A complaint unsealed Friday said the arrest warrant issued by a Polish court in February charged that, in April 1998, Mazur had offered another man $40,000 to murder Warsaw's police chief superintendent Marek Papala.

Papers submitted by Polish authorities said that Mazur made the offer to an Artur Zirajewski at a meeting in a hotel in Gdansk, according to the complaint. It said that members of organized crime in Poland and narcotics traffickers might have been involved in plotting to murder Papala.

The Polish documents said that Mazur also solicited another man, Andrzej Zielinski, to kill the police official.

Papala, who was the commander general of the Warsaw Department of Police, was shot and killed on June 28, 1998, as he got out of a vehicle in front of his Warsaw home.

Before that, however, both Zirajewski and Zielinski had been arrested, according to the complaint. It said that the two men were among four witnesses who have given accounts of the case in statements to police.

The 10-page complaint traced a complex series of meetings between Zirajewski and an array of other alleged plotters at the Gdansk hotel and at a marina to solicit and plan the Papala killing.

"From the discussion at the marina, Zirajewski learned that the conspirators were waiting for a signal from someone at the Ministry of Internal Affairs, who was somehow connected to the policeman," it said.

It said that another man at the meeting told Zirajewski that "other highly placed persons were behind this murder plot."

There was nothing further in the complaint to suggest which highly placed officials, if any, might have been involved in such a conspiracy.

At a news conference in Warsaw, Justice Minister Zbigniew Ziobro said Polish prosecutors have gathered "hard evidence" that Mazur played a "very important role" in the killing of Papala.

Ziobro met with Justice Department officials in Washington earlier this month to present the evidence and request action in the case.

Papala's wife and daughter said that the arrest gave them hope that there could be a breakthrough in the eight-year investigation.

"Opening of the extradition procedure provides a chance for closing the investigation and bringing charges against other people who are also behind this killing," Malgorzata and Natalia said in a statement posted on the national police website.

Associated Press Writer Monika Scislowska in Warsaw contributed to this report.

YouTube Shared User Data With Studio Lawyers (MRKTWTCH)

By Ben Charny, MarketWatch

Market Watch, October 21, 2006

Video site helped Paramount Pictures track down and sue filmmaker

SAN FRANCISCO (MarketWatch) -- It's no secret that millions of Internet users every day watch copyright-infringing video clips on YouTube, the upstart Web site that Google Inc. has agreed to acquire for $1.65 billion.

What's less known is that YouTube has been watching the watchers.

YouTube's actions in response to a subpoena it received in May show that it has been keeping tabs on users who post copyrighted material to its site -- and in one case shared the name of a user with lawyers from a Hollywood film studio.

On May 24, lawyers for Viacom Inc.'s Paramount Pictures convinced a federal judge in San Francisco to issue a subpoena requiring YouTube to turn over details about a user who uploaded dialog from the movie studio's "Twin Towers," according to a copy of the document.

'I was happy to utilize YouTube when it was still not clearly established. It felt a bit utopian, even though the days for that were clearly numbered.'

— Chris Moukarbel, filmmaker

YouTube promptly handed over the data to Paramount, which on June 16 sued the creator of the 12-minute clip, New York City-based filmmaker Chris Moukarbel, for copyright infringement, in federal court in Washington.

That YouTube chose to turn over the data, rather than simply remove the offending video from its site -- as it did Friday when it agreed to take down 30,000 videos at the request of a group of Japanese media companies -- came as a surprise to copyright experts.

"YouTube seems to have given up too easily," said Laurence P. Colton, an intellectual-property lawyer at the firm of Powell & Goldstein LLP in Atlanta.

Its prompt legal capitulation suggests that YouTube users who post copyrighted material should not expect the company to protect them from media-business lawsuits, said Colton, whose firm wasn't involved in the Paramount subpoena or lawsuit and who learned of them from a MarketWatch reporter.

The "Twin Towers" episode is reminiscent of the way the entertainment industry vanquished the first version of Napster Inc. and other digital-music sites that made it easy to download copyrighted songs over the Internet.

Music company lawyers first warned and then sued individual users who downloaded their songs. Now it looks like piracy hunters for the movie studios are using the same technique against YouTube users.

YouTube's decision to help Paramount track down Moukarbel stands in stark contrast to the philosophy of Google, which has fought the U.S. Justice Department over attempts to access data about consumers who use its search services.

Google has balked at releasing even the most innocuous information about its users' behavior to the U.S. government in the past. Also, it's now battling requests for user details coming from Brazilian and Indian government investigators.

Google declined repeated phone and e-mail requests for comment for this story. Julie Supan, YouTube's senior marketing director, declined comment.

The end of 'utopia'

With more media companies signaling that they will come after YouTube for compensation over copyrighted material, Moukarbel's experience suggests that some of those among the Web site's 40 million users who post copyrighted material can expect legal trouble.

Moukarbel settled the suit after he admitted making the film and agreed to remove it from his own Web site and from YouTube, according to a copy of a court order that was part of the settlement. He also agreed to make an effort to remove it from other sites where it had been posted.

Moukarbel told MarketWatch in an interview that YouTube's actions signaled to him the end of an era for the video site.

"I was happy to utilize YouTube when it was still not clearly established. It felt a bit utopian, even though the days for that were clearly numbered," Moukarbel said.

It remains to be seen if this has any chilling effect on the phenomenal growth of YouTube, which was founded just 20 months ago by former executives of PayPal, the electronic payment firm that was eventually acquired by eBay Inc.

The freewheeling nature of the site - and its apparent cloak of user anonymity -- has helped the upstart become a top 20 Web site whose users watch up to 100 million video clips every day.

A slew of lawsuits like those filed against individual digital music pirates could change that atmosphere, and perhaps the growth rate, of YouTube's online community.

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"This community was built as a kind of free-for-all, where people could have a lot of fun and do it rather anonymously," Colton said. "You don't get that kind of community by saying, 'Here, sign up and at the simplest drop of a subpoena, we'll give that information away.' "

To be sure, Google, which hopes to close the YouTube purchase by year's end, has already taken steps to reduce the copyright liability it will inherit from the private firm. Just before it announced the acquisition of YouTube, the two companies signed licensing agreements with several large media firms, including Vivendi's Universal Music Group, Warner Music Group Corp., Sony BMG and CBS Corp.

Several large entertainment industry providers are now teaming up to request compensation from the site, according to The Wall Street Journal. Viacom , which owns Paramount, estimates that pirated versions of video clips from its MTV, Comedy Central and Nickelodeon channels are watched 80,000 times a day on YouTube, according to the Journal.

Paramount Pictures spokeswoman Nancy Kirkpatrick said that the company's actions against Moukarbel "in no way means we're targeting YouTube." She declined further comment on the lawsuit against Moukarbel.

When asked about YouTube, a spokeswoman for the Motion Picture Industry Association said "we continue to pursue those who violate copyright laws on all levels, and we will continue to monitor YouTube for copyrighted material."

That means YouTube users who post such material could face legal problems similar to Moukarbel's.

Moukarbel, meanwhile, said he harbors no hard feelings toward YouTube about the incident.

"I was happy with its run on YouTube, and, frankly, I was surprised it lasted as long as it did," he said. "That they eventually offered my information to Paramount doesn't bother me at this point." Ben Charny is a MarketWatch reporter based in San Francisco.

Former Youth Pastor Faces Child Porn Charges (SLPD)

By Sandi Villarreal

St. Louis Post-Dispatch, October 21, 2006

Authorities tipped off by someone from church

A former youth leader at Grace Baptist Church in St. Charles was indicted Thursday on federal child pornography charges.

According to the indictment, Michael Gulley, 45, of the 3600 block of Ehlmann Road in St. Charles, had seven files of child pornography on his computer.

Terri Dougherty, assistant to U.S. Attorney Catherine Hanaway, said the files were sent from Gulley's work computer to his home computer.

Capt. Gerry Pollard, spokesman for the St. Charles Police Department, said the investigation began in November 2005.

"A person involved with the church became alarmed at what was going on," he said.

Tom Bossch, a deacon at Grace Baptist Church, said it was church staff members who discovered what they believed to be a crime and immediately notified the police department. Bossch said the church has a system of checks that make sure that type of behavior is not tolerated.

The St. Charles County Sheriff's Department's computer forensics unit also was involved in the investigation. When a department seizes a computer, investigators in the unit process hard drives to uncover the information.

Gulley was indicted on one felony count of possession of child pornography. If he is convicted, he could face a maximum of 10 years in prison, fines up to $250,000 and supervised release for life.

Dougherty said Friday afternoon Gulley was in the process of being released on a $20,000 bond.

The case is part of Project Safe Childhood - a nationwide initiative created by Attorney General Alberto Gonzales.

According to the U.S. Department of Justice Web site, the project aims to protect children from exploitation on the Internet through coordinated and comprehensive efforts at a national and community level.

"Nothing we do is more important than protecting children from these predators," Hanaway said in a news release.

"We can only make these cases when we have the commitment of local law enforcement," she said. "I am very grateful to the St. Charles Police Department for their investigation in this case."

Federal $$ To Help Purchase Bulletproof Vests For NYPD (STNIA)

By Rob Hart, Advance Staff Writer

Staten Island Advance (NY), October 21, 2006

The NYPD is finally on course to receive a federal grant of more than $538,000 to purchase about 1,000 bulletproof vests, under a funding stream approved yesterday by the Department of Justice.

The money comes from the Justice Department's Bulletproof Vest Partnership Grant Program, funded at $30 million in the Fiscal Year 2006 Science, State, Justice, and Commerce Appropriations bill.

Earlier this year, the Bush administration proposed drastic cuts in the funding, from $30 million to $10 million.

Over two years, that reduction would have cost the city the money to buy 1,000 replacement vests. It was among a series of cuts the White House pushed to rein in spending and reduce the budget deficit.

However, a bipartisan effort in Congress opposing the cuts, joined by Rep. Vito Fossella (R-Staten Island/Brooklyn), was successful.

And Rep. Stephen Lynch (D-Mass.) submitted an amendment to the House, which was passed in June, which increased funding for the vest program to $32 million for Fiscal Year 2007.

"This funding will help ensure our law enforcement officers have necessary lifesaving equipment to do their jobs protecting the citizens of our city," Fossella said in a statement. "Cities like New York rely on federal assistance to purchase necessary equipment and resources for first responders."

"The Bulletproof Vest Partnership will ensure that we can provide the latest technology in protective vests to police and correction officers," Mayor Michael Bloomberg said.

Rob Hart covers state government for the Advance. He may be reached at rhart@siadvance.com.

Off-label Drug Marketing: Missing The Mark (MERCN)

By Steve Johnson

The San Jose Mercury News, October 21, 2006

The heart-failure drug Natrecor seemed sure to become a blockbuster after Scios of Fremont put it on the market in 2001.

Besides its use in hospitalized patients, many clinics began giving it to walk-in patients in weekly sessions dubbed ``tuneups." Some people -- including prominent heart specialist Dr. Eric Topol -- say Scios encouraged this with a hotline and brochure explaining how to bill Medicare for the sessions.

There was only one problem: Some medical experts contend Natrecor was never approved for such tuneups. Some also say it may not be as safe as initially thought.

Scios says studies show the drug is safe. And it has launched a campaign to clarify to doctors that the drug is not recommended for repeated use in patients in a clinic setting.

Nevertheless, the drug's sales have sagged and the company is under investigation by the U.S. attorney in San Francisco for allegedly engaging in ``off-label" marketing, promoting drugs for uses not approved by the government.

Since this case came to light, critics in two major medical journals have cited Natrecor as an example of how easy it is for drug companies to peddle their medicines for unapproved purposes. Although doctors are allowed to prescribe drugs for off-label treatments, companies are forbidden from promoting their drugs for such uses.

``The system is faulty, and there are numerous leaks in the pipe," said Aaron Kesselhelm, one of three Harvard medical specialists who published an article this summer in the journal Health Affairs that criticized the use of Natrecor for tuneups.

But executives at Scios -- which Johnson & Johnson bought for $2.4 billion in 2003 -- maintain they and Natrecor have been unfairly tarnished.

Scios spokeswoman Chris Ernst wouldn't comment about the off-label claims, except to say the company is cooperating with the federal probe. But she stressed that ``patients are our first priority" and noted that 15 studies of Natrecor in people turned up no cause to believe the drug is risky.

Nonetheless, Scios said in June it will do another massive study over the next couple of years to definitively assess Natrecor's safety.

DOJ_NMG_0084068

The U.S. Food and Drug Administration approved Natrecor for treating patients with congestive heart failure who have trouble breathing even while doing minimal activity or resting. It has been given to hundreds of thousands of people and its sales hit $395 million in 2004. But since then, the drug has run into trouble.

After reanalyzing past studies of Natrecor, New York heart specialist Dr. Jonathan Sack- ner-Bernstein published two reports in 2005, warning the drug seemed linked to worrisome rates of kidney problems and death.

In disputing Sackner-Bernstein's conclusions, Scios has reported finding only a slightly increased death rate among those taking Natrecor after 30 days. Moreover, after tracking some Natrecor patients over six months, the company said it found virtually no difference in their death rate compared with patients on other medicine.

Although many patients are given drugs for off-label uses, the practice worries some critics. Doctors often prescribe medicines for purposes not approved by the government based on preliminary studies suggesting they might be effective for such uses. But one expert has said the evidence supporting off-label use is questionable.

A study published in May by Dr. Randall Stafford, an associate professor of medicine at Stanford University, found about 20 percent of the drugs in a national prescription database were given for off-label purposes. And in most of those cases, he determined, there was little or no evidence the drug was effective for those uses.

Companies, on the other hand, can face heavy fines for promoting drugs for off-label purposes. But the FDA's ability to halt abuses is limited, said Dr. Sidney Wolfe, who directs Public Citizen's Health Research Group.

``They do not have anywhere near the budget they should," Wolfe said. ``That is a major reason the drug industry is able to get away with what they do."

FDA and Justice Department officials said they don't track how many companies have been prosecuted for off-label marketing. But Ioana Petrou, chief of major crimes for the U.S. attorney in San Francisco, said federal authorities have been paying increasing attention to such practice, given the grave danger it can pose to the public.

``In the vast majority of the cases prosecuted, there are misleading statements being made to the medical community by the pharmaceutical companies," she said. ``So the patients can't rely on their doctors to tell them what is safe and effective."

Petrou said the first off-label case the Justice Department ever prosecuted involved Protropin, made by Genentech of South San Francisco. Although Protropin was approved for treating children with a growth hormone deficiency, the company was accused of promoting it for healthy short children. Genentech denied the charges, but paid $50 million to settle the case in 1999.

Now Genentech is under investigation for off-label marketing again, this time over Rituxan. In 1997, the FDA approved the drug for treating non-Hodgkin's lymphoma and in February this year also approved its use for rheumatoid arthritis.

It's unclear what the current investigation by the U.S. Attorney in Philadelphia involves. But a lawsuit by a former Genentech employee has accused the firm and its partner, Biogen Idec, of promoting Rituxan for rheumatoid arthritis before it was approved for that purpose.

Genentech spokeswoman Caroline Pecquet said the company is cooperating with prosecutors, who she said are expected to call current and former Genentech employees before a grand jury.

``We are committed to ethical and legal promotional practices," Pecquet added.

Yet another Bay Area company accused of off-label marketing is InterMune of Brisbane. In July, its executives announced they had created a $30 million reserve in hopes of settling a federal investigation into claims the firm improperly promoted Actimmune. The drug is approved for treating a bone disorder and a condition that makes people prone to infections. But InterMune also was accused of marketing it as a treatment for lung disease.

InterMune spokeswoman Pam Lord said the probe focuses on former employees.

The marketing of Natrecor has aroused particular concern because of questions about its safety, especially given the claims that people were receiving repeated injections of the drug in tuneups.

Using Natrecor occasionally to treat people in out-patient clinics wouldn't necessarily be considered an off-label use of the drug, said Dr. Norman Stockbridge, who directs an FDA division overseeing heart and kidney drugs. But he said giving such patients frequent doses of Natrecor would be an unapproved use.

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Responding to the criticism, Scios convened a panel of medical experts last year to review Natrecor's safety. The group concluded more studies of the drug were warranted. But until then, it recommended that Natrecor should be given only to the seriously ill in hospitals and not in frequent doses to people in outpatient clinics.

Since the Natrecor controversy erupted last year, doctors familiar with the drug say its use has dropped dramatically. That troubles some doctors who swear by Natrecor, also known as nesiritide.

``I am absolutely enthusiastic," said Dr. John Luber Jr., a Tacoma, Wa. heart specialist involved in a Scios-sponsored study this year that found Natrecor lessened the likelihood of death among heart surgery patients.

But in the New England Journal of Medicine last year, Topol, former chair of the Cardiovascular Medicine Department at the Cleveland Clinic in Ohio, cited Natrecor as an example of a serious and widespread public health issue.

``We need a tuneup of our procedures to eliminate indiscriminate use of drugs, such as nesiritide, when there is not proper evidence of their safety," he warned.

CIVIL LAW:

Naval Shipyard Kickback Suit Settled For $4.2M (DPHR)

By Peter Dujardin 247-4749

Newport News (VA) Daily Press, October 21, 2006

The suit originated with a complaint filed by the head of a freight forwarding firm in Newport News.

NEWPORT NEWS -- An Illinois transportation firm has agreed to pay $4.2 million to settle U.S. Justice Department accusations that it deliberately overcharged Norfolk Naval Shipyard for delivering cargo.

The original whistle-blower - who runs a competing freight forwarding firm in Newport News - is sharing the winnings.

AIT Worldwide Logistics of Itasca, Ill., had been accused of scheming with its agent in Hampton Roads and a transportation officer at Norfolk Naval Shipyard to bilk the government in exchange for giving kickbacks to the transportation officer. Paul Watkins runs the Oyster Point division of Target Logistic Services, a Baltimore-based company that competes with AIT for freight forwarding contracts. He was the original whistle-blower, gathering evidence of the scheme three years ago and reporting it to the Naval Criminal Investigative Service.

Under the terms of the federal whistle-blower act, Watkins and his lawyer will split 18 percent of the amount of the Justice Department winnings.

Watkins will get $502,000, or 12 percent of the total, before taxes. Bryan Schempf - an attorney with the Newport News firm of Jones Blechman Woltz and Kelly - and his firm will get the remaining 6 percent, or $251,000 before taxes.

The Justice Department alleged that Thomas A. Perry Jr. - owner of Air Cargo Expediters Inc., as AIT's agent in Hampton Roads - provided illegal gratuities to people working in the transportation office at Norfolk Naval Shipyard. Those included Gene Boyce, the yard's transportation officer.

Perry, of Virginia Beach, and Boyce, of Elizabeth City, N.C., pleaded guilty last year to conspiracy in the scheme, which the Justice Department described as Boyce getting gratuities in return for awarding freight contracts to AIT between 1999 and 2004.

Boyce was sentenced to 44 months in prison and ordered to pay $543,055.36. Perry was sentenced to eight months in prison and ordered to pay $543,055.

Watkins said he heard rumors for years about kickbacks at the shipyard and always found it difficult to win contracts forwarding its air and truck cargo. "I couldn't ever get it," he said.

But then - simply by looking at public records at a government freight management Web site - Watkins began noticing that AIT was, at times, charging Norfolk Naval Shipyard as much as five or 10 times the going rate to ship spare aircraft and ship parts around the world.

There were thousands of shipments, with various levels of overcharging. In some cases, for example, a 10,000-pound air shipment delivered by AIT might be costing $50,000 - or $5 a pound - when it should have been costing only about $10,000, or $1 a pound, Watkins said.

"They were outrageous numbers, compared with what I would've charged," he said.

At first, Watkins said, "all the reasons were selfish - I was trying to grow my own business. But I finally got so disgusted in it. It was going on continually. Maybe daily."

He started printing out and tabulating what he found - at one point determining how many armored kits for soldiers in Iraq that the government could buy with the savings.

In the fall of 2003, Watkins e-mailed a Navy inspector general fraud line that he found on the Web and contacted several other Navy officials. He never heard back. But he persisted, calling the Naval Criminal Investigative Service, which began investigating immediately, he said.

"I talked to the head of it over there in Chesapeake," Watkins said.

"He told me, 'Hang up the phone. Someone will call you in 10 minutes.' And so I showed it all to them, ... and they responded."

The investigation was aggressive from the beginning, Watkins said, with the Justice Department getting involved in October 2005. Payments of gifts and cash payments were uncovered in the probe.

In addition to paying the fine, AIT has also been barred from providing federal freight forwarding to the government.

Tentative Settlement Reached In Va. Jet-noise Case (NAVYT)

By William H. McMichael, Staff writer

Navy Times, October 21, 2006

The U.S. government has reached a tentative settlement with more than 3,000 southern Virginia homeowners over their claims that excessive Navy jet noise reduced the value of their properties beginning in 1999, according to a court order filed Tuesday.

The published order cancels the trial that was scheduled to start Thursday in Chesapeake, Va., under the auspices of the U.S. Court of Federal Claims. Judge Victor J. Wolski also halted all proceedings in all the matters and ordered that the parties file a joint status report on the settlement process within 90 days.

Settlement details or proposals for same have not been released. Justice Department spokeswoman Cynthia Magnuson cautioned that “nothing has been finalized.”

A total of eight cases are covered by the ruling and involve a total of 3,400 property owners, Magnuson said. That figure likely includes husband-and-wife co-owners, according to Kieron Quinn, one of the attorneys representing the plaintiffs, who said that 2,098 properties are affected.

The claims vary slightly based on the level of exposure alleged by each plaintiff. But the general government and plaintiff positions are set out in motions filed in April and May in Carole and Robert Testwuide et al v. the U.S.

The Testwuide complaint is based on a claim of excessive jet noise in the areas around Virginia Beach’s Oceana Naval Air Station and nearby Fentress Auxiliary Landing Field in Chesapeake, to the south of Oceana. The noise increased dramatically, the plaintiffs allege, when 10 squadrons of F/A-18 Hornet fighter jets were transferred from Cecil Field in Florida to Oceana between December 1998 and June 1999, the result of a federal base-closing decision.

The plaintiff response in the Testwuide case held that the transfer “caused an enormous increase in noise in the neighborhood” surrounding Oceana and that residents have recorded backyard noise levels “that are at the threshold of pain.”

The brief cited the experience of former Virginia Beach resident Betty Capps, who lived in the city from 1981 to 2005. Capps said she formerly had no problem with the jet noise but as a result of the increased noise in 1999, “she cannot conduct phone conversations or hear the television,” according to the brief.

The government’s motion to dismiss that case argued that the plaintiff claims are “factually unsupported.” It argued that overflight rights — known as avigation easements — should have been taken and in place at least since 1981, when, the government said, flight activity was far greater than in 1999. As a result, the asserted claims should be barred under the six-year statute of limitations that governs claims made before the Court of Federal Claims, it said. The government also argued that some plaintiffs didn’t own their property at the time.

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The plaintiffs in the Testwuide case responded that the government provided no proof that a “taking” of overflight rights occurred in 1981 and that the selection of that year is arbitrary and based on the number of aircraft estimated to be flying out of Oceana at that time.

Feds Getting Tough On Utah Bankruptcy Fraud (SLT)

By Steven Oberbeck, The Salt Lake Tribune

Salt Lake Tribune, October 21, 2006

Shortly after emerging from a Chapter 7 bankruptcy in 2000, Deseree Dyer of West Valley City borrowed $26,000 from Wells Fargo Bank and purchased a new Jeep Grand Cherokee.

In less than a year, she defaulted on the loan.

Wells Fargo repossessed and sold the vehicle, then went after the 29-year-old Dyer to collect the rest of the money she owed. To get out of paying that debt, Dyer mailed the bank a copy of her bankruptcy papers, fraudulently dated to indicate the court had freed her from paying Wells Fargo.

She pleaded guilty to one count of bankruptcy fraud last week, days before the U.S. Department of Justice announced the result of a nationwide investigation aimed at rooting out similar bankruptcy fraud cases nationwide.

Prosecutors have filed criminal charges against 78 people in 36 judicial districts nationwide. Three of them were in Utah.

"Bankruptcy fraud must not be tolerated, if our bankruptcy system is to serve its purpose of helping the honest debtor in need of financial relief," Clifford White, acting director of the Executive Office of U.S. Trustees, said in announcing the results of the probe dubbed "Operation Truth or Consequences."

Among those charged as a result of the nationwide sweep were nine attorneys, two bankruptcy petition preparers and a former law enforcement officer. The Justice Department estimates fraud is

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involved in approximately 10 percent of all bankruptcy petitions.

Collectively, the charges alleged defendants concealed more than $3 million in assets, used false Social Security numbers and identities, submitted fraudulent documents and fraudulently received government loans and benefits, the Justice Department said. In many states such bankruptcy fraud prosecutions are rare, but that's not the case in Utah.

Three years ago, the U.S. Attorney's office in Utah teamed up with the U.S. Trustee's office to make bankruptcy-fraud prosecutions a priority. The result: Over the past several years attorneys from those offices in Utah have brought a big percentage of the indictments filed nationwide.

"We made a conscious decision to make it a priority," said Barbara Bearnson, chief of the Criminal Division at the U.S. attorney's office in Utah. "In other districts, though, bankruptcy fraud cases are regularly brought."

To bolster the government's investigation and prosecution efforts, then U.S. Attorney Paul Warner in 2003 named Assistant U.S. Trustee Cy Castle in Salt Lake City as a special assistant U.S. attorney.

Castle's presence brought an additional element of experience and manpower to the U.S. attorney's office, which takes the lead in prosecuting bankruptcy-fraud cases referred to it by the courts or U.S. trustee's office. As a special assistant U.S. attorney, Castle has taken the lead in prosecuting the cases as well.

Dyer will be sentenced in January and faces up to five years in prison and a $250,000 fine. Among the three Utahns charged in the sweep were Kathleen Heath, 51, of West Bountiful, indicted on one count of concealing assets and two counts of filing a false bankruptcy oath.

She filed a Chapter 7 bankruptcy in May 2005 and listed assets worth just $230. But prosecutors say she failed to disclose she owned a 2001 Honda Accord and a home in which there was approximately $80,000 in equity.

"We've been seeing fewer bankruptcy cases filed [this year], but the fraud hasn't decreased," Bearnson said. "And we're going to continue to make [prosecutions] a priority."

Response Rates To FOIA Requests Improve (FEDT)

By Aimee Curl

Federal Times, October 21, 2006

DOJ_NMG_0084072

Agencies are improving the way they disseminate information to the public thanks to a presidential directive that requires them to review and revamp how they respond to Freedom of Information Act requests.

The executive order "has had an immediate and widespread positive effect on the operations of the federal agencies that administer the FOIA," Attorney General Alberto Gonzales wrote in a report issued Oct. 16. However, he noted that a large backlog at many agencies "still remains an area of concern."

The order, issued by the president in December 2005, requires agencies to name chief FOIA officers at the assistant secretary level and create improvement plans to streamline the processing of requests. The order also directs agencies to establish one or more service centers and designate one or more public liaisons to this effort.

Gonzales said agencies, in their FOIA improvement plans, have embraced a number of critical elements — expanded use of technology, active disclosure of information, improved customer service and backlog reduction.

In reviewing agency improvement plans, Gonzales said he discovered a number of best practices worth sharing. He said some agencies, including the Small Business Administration and Energy and Defense departments, have implemented in-house, training programs for both FOIA and non-FOIA employees.

Other examples include the Commerce Department's use of intranet FOIA sites so agency personnel can share information and the General Services Administration's plan to simplify the standard acknowledgment letter and send out postcards to FOIA requestors instead.

In his recommendations, Gonzales suggested all agencies switch to postcards.

"The simple use of postcards rather than standard written letters for this basic, universal step in the FOIA process could save countless hours (and funding), freeing FOIA personnel for more substantive activities," he wrote.

Gonzales also recommended agencies work together to maximize the use of technology in order to make responding to FOIA requests more timely and cost-effective.

Rep. Todd Platts, R-Pa., said he was glad to see that the report discussed the issue of FOIA backlogs. Platts, who chairs the House Government Reform subcommittee on government management, finance and accountability, held a hearing in July to examine the executive order.

"Improving the operational aspects of the Freedom of Information Act has been an important goal of the subcommittee," Platts said in a statement. "I'm pleased to see that the attorney general's report provides a fair accounting of actions that federal agencies have taken to help citizens in their quest for information."

CIVIL RIGHTS:

Calif. Candidate's Office, Home Raided (AP)

By Peter Prengaman

AP, October 21, 2006

Garden Grove, Calif. (AP) -- For two days, a Republican congressional candidate had promised to explain how a threatening letter was sent by his campaign without his knowledge to thousands of Hispanic immigrant voters. As about 200 people gathered Friday in front of his campaign headquarters seeking answers, Tan D. Nguyen was a no-show at his own news conference. Instead, 10 uniformed California Department of Justice police officers arrived with a search warrant and pounded on the glass of Nguyen's storefront headquarters.

Agents spent two hours sifting through cabinets, boxes and computers. They left carrying several boxes and plastic bags of evidence.

Hours later, they searched a home in nearby Anaheim listed as belonging to one of Nguyen's staffers, emerging with a computer hard drive and a small box. Nguyen's neighbors in a gated community in Santa Ana said law enforcement officers also spent several hours searching his home.

Nguyen, a Vietnamese immigrant trying to unseat a popular Democratic incumbent, has acknowledged his campaign sent the letter, which wrongly said immigrants could be jailed if they voted. He blamed an unidentified staffer whom he said he has fired.

DOJ_NMG_0084073

Nguyen has resisted calls from leaders in his own party to quit the race, saying he did not approve the letter and did not know about it.

Many mulling around his office Friday were supporters.

"He's the No. 1 man because his No. 1 issue is kicking out all the illegals," said Ernie Sqarlata, 86.

State and federal officials have been investigating the mailing for possible violations of election or civil rights law. It is illegal to use threats to try to dissuade anyone from voting.

The letter, written in Spanish, was mailed to an estimated 14,000 Democratic voters in Orange County. It warns, "You are advised that if your residence in this country is illegal or you are an immigrant, voting in a federal election is a crime that could result in jail time."

In fact, immigrants who are adult naturalized citizens are eligible to vote. Secretary of State Bruce McPherson said Friday his office will send letters to homes that received the mailing to clarify voters' rights.

Nguyen's attorney, David Wiechert, cautioned against jumping to conclusions.

"A search doesn't mean the person whose office is being searched is guilty," said Wiechert, standing outside Nguyen's office. "This is a political firestorm of high-ranking Republicans and Democrats speculating about an investigation they have no knowledge of."

Orange County Republican Chairman Scott Baugh has said that after speaking with state investigators and the company that distributed the mailing, he believes Nguyen expedited the "obnoxious and reprehensible" letter. The party's executive committee voted unanimously to urge Nguyen to drop out, he said.

State Democratic Chairman Art Torres said party leaders were planning a rally for Orange County on Tuesday. "It's a hate crime as far as we are concerned," Torres said.

Gov. Arnold Schwarzenegger said he planned to visit the country and meet with Hispanic leaders Saturday.

Phil Angelides, the Democratic candidate for governor, said: "They've got a real problem. They've got to clean it up because it's not good for California."

Illegal immigration has been a centerpiece of Nguyen's campaign to oust Democratic Rep. Loretta Sanchez, a five-term congresswoman.

Nguyen was born in 1973 in Vietnam, where his family fled the communist regime. In 2004, he unsuccessfully ran in the Democratic primary to challenge GOP Rep. Dana Rohrabacher. He later changed his party affiliation and declared his bid to upset Sanchez.

On Friday, Hispanic and Vietnamese leaders joined the chorus condemning the letter, saying it should not become a wedge that drives their communities apart.

"This letter reminds us of what we were running away from in Vietnam, where people can't vote the way they want," said Xuyen Dong, who heads the Orange County chapter of the Vietnamese Professional Society.

Associated Press writers Michael R. Blood in Los Angeles, Don Thompson in Sacramento and Ana Beatriz Cholo in Santa Ana contributed to this report.

Nguyen's Campaign Office Raided (OCR)

By NORBERTO SANTANA Jr., The ORANGE COUNTY REGISTER

Orange County (CA) Register, October 21, 2006

State investigators take computers from the workplace and search the candidate's home.

News media converged on Tan Nguyen's Garden Grove campaign office Friday expecting to hear from the Republican congressional candidate about a mailer sent out this week warning immigrants against voting in the November election.

Instead, the media horde got a front-row seat to a half-dozen agents from the state Attorney General's Office serving search warrants and combing through Nguyen's office.

Officers confiscated three computer hard drives, checked for fingerprints, leafed through files and interviewed Nguyen's attorney. Agents also searched Nguyen's Santa Ana home and a campaign worker's Anaheim home.

DOJ_NMG_0084074

Despite burgeoning state and federal probes into the flier, Nguyen's attorney said Nguyen has no plans to withdraw as the Republican nominee for the 47th Congressional District race against incumbent Democrat Loretta Sanchez.

Dave Wiechert, an attorney representing Nguyen, said: "Mr. Nguyen has indicated that he did not authorize or approve the mailing" and would not discuss specifics because of the investigation. Wiechert said misinformation was fueling "a political firestorm."

That firestorm has included widespread condemnation from GOP leaders such as Gov. Arnold Schwarzenegger and Orange County Republican Party Chairman Scott Baugh. On Thursday, Baugh accused Nguyen of being directly linked to the letter.

Wiechert, citing his experience as a former prosecutor, said: "You see statements by high-ranking Republicans and Democrats speculating about an investigation that, I'm sure, based on my experience, that they have little or no knowledge about."

The controversy was fueled Friday when county officials halted Registrar of Voters Neal Kelley from sending out a letter setting the record straight to the 14,000 households targeted by Nguyen's mailer. The state attorney general and the secretary of state had contacted Kelley as part of discussions about sending out such a letter.

Several Republican county supervisors argue that the Registrar of Voters Office should not get involved in correcting campaign mailers.

"The registrar of voters is not supposed to be the arbiter of truth in elections," Board of Supervisors Chairman Bill Campbell said.

Campbell added that having the county elections office track and respond to such fliers would set a bad precedent.

Supervisor Lou Correa, the board's lone Democrat, argued that "ignoring this type of letter is a precedent that I'm concerned about being set."

Correa has demanded that supervisors publicly debate the issue at their meeting Tuesday. He wants a letter sent out. "This, in my opinion – this is not like every other mailer," Correa said. "The issue here is voter suppression, especially given the history here in Orange County."

On Friday, Secretary of State Bruce McPherson, whose office is also conducting an investigation into the suspect mailer, announced he would send out a letter.

"I want all eligible voters in California to cast their votes without fear or misinformation. I am outraged that anyone would try to rob eligible Californians of their right to vote. Any attempt to intimidate voters is unacceptable" McPherson said.

Santa Ana Councilman Jose Solorio indicated Friday that the voter-intimidation efforts may extend beyond the mailer. Solorio presented a copy of a sign he said was distributed throughout Delhi Park that read: "Are you a resident or illegal? If you vote, you'll get deported." The signs also carried the moniker of a group called Alizanda Pro-imigrados (Pro-Immigrants Alliance).

Solorio said he had forwarded the signs to the Attorney General's Office and has been assured that they would be investigated.

"(The signs) shows that it's more widespread than this one single rogue incident," Orange County Democratic Party Chairman Frank Barbaro said.

Meanwhile, pressure for a federal probe into the mailer continued to mount.

Sens. Patrick Leahy, D-Vt., and Edward Kennedy, D-Mass., wrote U.S. Attorney General Alberto Gonzales on Friday seeking a full report from the Department of Justice on its probe.

"This shameful and dishonest scheme to discourage Latino citizens from voting is a blatant violation of the Voting Rights Act, and all those involved should be held accountable as soon as possible," Kennedy said.

CONTACT US: Register staff writers Annie Burris, Dena Bunis, Jeff Overley and Martin Wisckol contributed to these reports.

State Police Raid Home Of California Congressional Candidate (MCT)

By Norberto Santana Jr., The Orange County Register

McClatchy Newspapers, October 21, 2006

DOJ_NMG_0084075

SANTA ANA, Calif. - News media converged on Tan Nguyen's campaign office Friday expecting to hear from the Republican congressional candidate about a mailer sent out this week warning immigrants against voting in the November election.

Instead, the media horde got a front-row seat to a half-dozen agents from the state Attorney General's Office serving search warrants and combing through Nguyen's office.

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Dave Wiechert, an attorney representing Nguyen, said that "Mr. Nguyen has indicated that he did not authorize or approve the mailing" yet declined to discuss specifics because of the ongoing investigation. Wiechert added that misinformation was fueling what he called "a political firestorm."

That firestorm has included widespread condemnation from GOP leaders such as Gov. Arnold Schwarzenegger and Orange County Republican Party Chairman Scott Baugh. On Thursday, Baugh accused Nguyen of being directly linked to the letter.

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Solorio said he had forwarded the signs to the Attorney General's Office and has been assured that they would be investigated.

"It (the signs) shows that it's more widespread than this one single rogue incident (the letter). This stuff does not happen in a vacuum," Orange County Democratic Party Chairman Frank Barbaro said.

Meanwhile, pressure for a federal probe into the mailer continued to mount.

DOJ_NMG_0084076

Sens. Patrick Leahy, D-Vt., and Edward Kennedy, D-Mass., wrote U.S. Attorney General Alberto Gonzales on Friday seeking a full report from the Department of Justice on its investigation.

"This shameful and dishonest scheme to discourage Latino citizens from voting is a blatant violation of the Voting Rights Act, and all those involved should be held accountable as soon as possible," Kennedy said.

Raids Widen 'Immigrant' Letter Probe (LAT)

By Jennifer Delson, Christopher Goffard And Mai Tran, Times Staff Writers

The Los Angeles Times, October 21, 2006

Agents take evidence from candidate Tan Nguyen's home and office, seeking details of note about voting status sent to O.C. residents.

Even as he prepared to step before the cameras Friday in an effort to mend his tattered candidacy for Congress, the worst week of Tan Nguyen's political life got bleaker still, as state agents raided his Garden Grove campaign headquarters and Santa Ana home, hauling off computers and bags of evidence.

The investigation by California Department of Justice agents stems from a racially charged letter that Nguyen admits his office sent to about 14,000 registered voters in central Orange County. The letter, which warned "immigrants" they could be jailed or deported if they tried to vote, has spurred condemnation across the political spectrum and an investigation into possible voting rights violations.

Nguyen, a Vietnamese immigrant who is running to unseat Democratic U.S. Rep. Loretta Sanchez, maintains that he neither wrote nor authorized the instantly infamous letter, claiming it was the work of a campaign manager he refused to name. According to the head of the Orange County Republican Party, however, the mailing house that sent the letter said Nguyen had a direct hand in it.

State agents arrived both at Nguyen's campaign office and his home about 1 p.m. Friday with search warrants, scouring files, plumbing cabinets and bagging evidence.

Nguyen had to cancel a planned afternoon news conference, which his lawyer, David Wiechert, said would be rescheduled for next week.

"I do not believe he'll be arrested," said Wiechert, who specializes in white collar criminal defense work. "My belief is he'll be cleared. He's asserted his innocence."

The lawyer said agents from the state attorney general's office had questioned Nguyen for two hours Thursday and that he was cooperating fully with their investigation.

"A search doesn't mean the person whose office is being searched is guilty," Wiechert added. "This is a political firestorm of high-ranking Republicans and Democrats speculating about an investigation they have no knowledge of."

According to a source close to the investigation, the attorney general's office has determined that an LAPD officer, who is a friend of a worker in Nguyen's office, paid $4,000 on a credit card for the bulk mailing of the letter and used an alias.

In addition to the letter, the attorney general's office is investigating a racially charged poster that was recently hung in Santa Ana's Delhi Park. Translated from Spanish, the poster reads, "If you are a resident or are illegal, if you vote, you will be thrown out."

Park regulars say there were dozens of the posters hanging in the park for nearly a week. "They were put on just about every tree and pole around here," said Juan Cabrera, who was visiting the park Friday.

Santa Ana Councilman Jose Solorio found one of the posters on the ground in the park Friday and passed the information on to the attorney general's office. Solorio wondered whether there was a link between the letters sent out by Nguyen's office and the park posters. "The rhetoric in the signs sounds similar to the letters, so I have my suspicions," Solorio said.

State attorney general spokesman Nathan Barankin said the posters were "under review" but would not say whether that probe would be tied to the letter investigation. "We can't rule [the posters] in or out," he said.

Javier Gonzalez, executive director of Strengthening Our Lives, a union-based voter drive campaign, said the poster's use of the word "resident" was deceptive. He said his mother, a naturalized U.S. citizen, considers herself a U.S. resident, and might think from reading the letter that she should not vote.

DOJ_NMG_0084077

Meanwhile, the letter from Nguyen's office, which has prompted the GOP to disown him, continues to generate howls of indignation. "When you tell immigrants who have become citizens they can go to jail for voting, you are spreading lies, not liberty," said an ACLU news release, calling for Orange County Registrar Neal Kelley to send out letters correcting misinformation in the original letter.

Said Mai Cong, president of the Vietnamese Community of Orange County: "I was distressed to learn that someone in our immigrant community is involved in a case of voter intimidation. This is like 'a single worm that spoils that soup,' as we Vietnamese Americans used to say."

Among the recipients of the letter was Kristen Panagua, a Disneyland Hotel worker, who said it angered her. "I respect and love this country," said Panagua, who registered to vote six years ago after becoming a U.S. citizen. "They are trying to intimidate us to keep us from being part of it."

Isabel Procopio, a janitor and volunteer for Strengthening Our Lives, said she was knocking on doors in Garden Grove on Saturday as part of a campaign to encourage voter participation. Of the 30 doors she approached, she found 10 residents who had received the letter. "Many people told me they are really afraid," she said. "They also said they were angry. I'm telling them not to let racist Republicans intimidate us."

Gustavo Arellano, the OC Weekly staffer who writes the syndicated "Ask A Mexican!" column, said the letter would generate a massive backlash among Latino voters, who would be galvanized to defeat Republicans in local elections in November.

"Latinos are going to hear about this [and say], 'Oh, Republicans: anti-immigrant,' " he said. "They're not going to pay attention to the fact that the Republican Party has denounced the letter, or that Gov. Schwarzenegger has called it a hate crime. They're just going to chalk it up as another instance of GOP xenophobia."

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Staff writer Christine Hanley contributed to this report.

California: Offices Searched Over Letters (NYT)

By Cindy Chang

The New York Times, October 21, 2006

State investigators searched the offices of a Republican Congressional candidate, a day after he acknowledged that a campaign worker was responsible for a letter sent to as many as 14,000 Latino residents in an effort to keep them from the polls. The candidate, Tan Nguyen, left, will stay in the race against the incumbent, Loretta Sanchez, even though the Republican Party has urged him to withdraw, said his lawyer, David Wiechert. Mr. Nguyen has denied having any knowledge of the letter, which stated that immigrants could be jailed if they voted.

Discrimination Claims Hurt Business Even If False (TSSC)

By Jim Duplessis

The State (SC), October 21, 2006

Experts say Cracker Barrel gained one more business risk when the mother of comedian Chris Rock accused Cracker Barrel of racial discrimination for her treatment at a restaurant Tuesday.

The risk isn't so much that Lebanon, Tenn.-based Cracker Barrel might lose a lawsuit, if one is filed.

The real risk is that it will set back the company's ability to lure one of the most lucrative sources of increasing its business: drawing more minority customers.

In customer relations, perceptions can be just as dangerous as reality for a company, said Jerome D. Williams, professor of advertising at the University of Texas at Austin.

"Whether they're true or not is irrelevant: They're true in the minds of the customer," Williams said. "Companies cannot stick their heads in the sand."

DOJ_NMG_0084078

How restaurants — or any other business — treat minorities became a major topic in business circles 12 years ago when the Spartanburg-based Denny's restaurant chain reached a consent decree with the U.S. Justice Department that required it to take a series of steps to prevent discrimination.

Similar lawsuits led Cracker Barrel to reach a consent decree in 2004. The Justice Department cited widespread discrimination within the chain. In some restaurants, black diners routinely were given tables apart from whites, were seated after white customers who arrived later and were given inferior service.

The decree led Cracker Barrel to establish a discrimination policy. It now handles customer complaints, regardless of race, by:

• Reporting the complaint to the manager on duty

• Requiring the manager to listens to the complaint

• Requiring complaints to be reported to company headquarters

• Requiring complaints to be investigated thoroughly

The company also posts its anti-discrimination policy on wall signs, in their menus and on its Web site. The postings include a toll-free number that customers can call to reach a company representative 24 hours a day, seven days a week.

But one of Cracker Barrel's 19 S.C. restaurants left Rose Rock and her daughter feeling they had been singled out for bad service because of their race.

Rock, who lives near Georgetown, and her daughter arrived at Cracker Barrel in Murrells Inlet May 14. They were seated, but waited about 30 minutes before a server or manager spoke with them.

Rock alleges racial discrimination, noting that she and her daughter were the only black customers in the restaurant, and they watched as white customers at other tables were served.

Diana Wynne, senior vice president of corporate affairs for Cracker Barrel, explained Rock and her daughter were seated during a shift change, and no server picked up their table. As a result, no one gave her a menu or took her order.

After Rock got the attention of the manager, he apologized and offered to expedite her order. She declined. The manager followed up with a letter of apology, a gift basket and free meal coupons.

"Ms. Rock is a valued guest of Cracker Barrel," Wynne said. "This is not a case of discrimination. We let a customer down."

"I can assure you we will take appropriate action, including termination if our policies were violated," she said. "We do not tolerate discrimination of any kind."

Blacks and other minorities represent about 30 percent of the nation's population — and base of potential customers.

"Companies can no longer afford to operate business as usual. They're going to lose future opportunity for growth," said Geraldine R. Henderson, associate professor at Northwestern University.

But many companies still do just that, Williams said.

"You have people in management from that generation who allow people to get away with it, or give them a slap on the wrist," Williams said.

Spartanburg-based Denny's set a new standard for coping with racial discrimination after 1993, when it reached a consent order with the U.S. Justice Department over a series of complaints of poor service given to black customers.

Shortly after the consent decree, Denny's conducted a poll that found about half of black respondents said they would never eat at a Denny's restaurant again. But by 2004, company polling found that number had fallen to 15 percent.

"Denny's is an excellent example of a company that turned things around," Williams said. "They made changes and the minority community was very receptive."

Danielle Holley-Walker, an assistant law professor at the University of South Carolina, said companies should establish practices to prevent discrimination, and respond to allegations immediately.

That starts with apologizing.

"Most people don't settle their everyday disputes by filing lawsuits," Holley-Walker said. "For most people, getting an apology or a voucher for a free meal is enough."

DOJ_NMG_0084079

Incidents in which customers report bad service should be reported up to top management, including the company's lawyers, so that the company can adjust its policies to better prevent discrimination and improve overall service, Holley-Walker said.

"In order to learn from your mistakes, you have to have some reporting," she said.

"From an economic, capitalist standpoint, you would not want to alienate anybody and leave money on the table because of the way you treat people," Williams said.

Reach DuPlessis at (803) 771-8305.

ABOUT CRACKER BARREL

Cracker barrel has 548 restaurants in 41 states, including 19 in South Carolina. Each store serves about 1,100 guests per day. Most of its restaurants are by interstate highways, and all are company owned.

Nevada: Street Solicitation (NYT)

By Carolyn Marshall

The New York Times, October 21, 2006

A federal appeals court in San Francisco struck down a Las Vegas ordinance barring solicitation on city streets, calling it unconstitutional. The decision, by the United States Court of Appeals for the Ninth Circuit, stems from a 1997 case brought by the American Civil Liberties Union and several religious and political groups challenging Las Vegas ordinances that barred certain groups from distributing leaflets or using vendor tables along a five-block pedestrian promenade. The court also ruled that the city violated the A.C.L.U.'s constitutional right to free speech when it forbid it to set up a vendor table. "We hold that the erection of tables in a public forum is expressive activity protected by our Constitution to the extent that the tables facilitate the dissemination of First Amendment speech," Judge Richard A. Paez wrote.

FBI: No Hate Crimes Recorded In Alabama In 2005 (MR)

By Susan Daker, Staff Reporter

Mobile Press-Register (AL), October 21, 2006

No hate crimes were recorded in Alabama in 2005, according to statistics released this week by the FBI, but law enforcement agencies representing about 10 percent of the state's population were the only ones providing information for the survey.

Alabama and Mississippi were the only states in the nation that reported zero hate crimes, according to the FBI. Hawaii did not participate in the study, which included 49 states and the District of Columbia.

"The idea that Alabama had no hate crimes is not believable," said Mark Potok, a director of the Southern Poverty Law Center, which is based in Montgomery and tracks hate crimes and monitors extremist groups.

The FBI reported that nationally more than 7,000 criminal incidents recorded in 2005 occurred as a result of bias toward a particular race, religion, sexual orientation, ethnicity/national origin, or physical or mental disability. In 2005, California reported the most hate crimes, recording 1,379. New Jersey reported the second most with 738, according to the FBI.

A more accurate survey of hate crimes, according to Potok, is the U.S. Department of Justice's "Hate Crimes Reported by Victims and Police" publication, which was released in Nov. 2005.

In contrast to the FBI's report, the Justice Department found that between 2000 and 2003 there was an annual average of 191,000 hate crime incidents nationally involving one or more victims.

The Justice Department's survey shows "a serious social problem," Potok said.

Thirty-two jurisdictions from Alabama submitted information to the FBI; these agencies represent a population of about 455,247. The state population is nearly 4.5 million.

Citronelle, Atmore, the University of South Alabama and Loxley were the only southwest Alabama police agencies that reported, according to the FBI. All those agencies reported zero hate crimes. The Mobile Police Department, the Prichard Police Department, the Mobile County Sheriff's Office and the Baldwin County Sheriff's Office did not participate in the study, the statistics show. Participation is voluntary, according to the FBI.

DOJ_NMG_0084080

Potok said the difference between the Justice Department and FBI numbers shows the "ludicrous" nature of the FBI's report.

"I'm not attacking the FBI," he said. The FBI is only reporting what is reported to it.

Potok said the FBI study's numbers fall short for a variety of reasons.

Many hate crimes are never reported to the police, he said. Some district attorneys will not prosecute under the enhanced penalties for hate crimes, so police do not bother to investigate whether race, sex, sexual orientation or religion were the motive for the crimes, Potok said.

Many law enforcement personnel do not agree with the idea of hate crimes. To them, murder is murder and all crimes are hate crimes, Potok said.

Some local law enforcement officials said they did not report to the FBI because they did not believe they had any hate crimes to report.

Hate crimes are "something that we obviously monitor," said John Murphy, spokesman for the Baldwin County Sheriff's Office. "We've been fortunate in Baldwin County not to have any."

In Mobile, police spokesman Officer Eric Gallichant said, "We did not report because we did not have any in that reporting period."

Kate Johnson, the spokeswoman for the Mobile County Sheriff's Office, said that the sheriff's department does not know of any hate crimes last year in the county. She said, however, under the new administration of Sheriff Sam Cochran, who was appointed to the post this year, the department will participate in the study.

Citronelle police Chief Conrad Reid said that he submitted the report because the FBI needs to know where hate crimes are and are not occurring so that it can provide extra support where needed.

"Any agency that asks me for something like that, I try to do it," he said.

Reid said he cannot recall Citronelle ever having had a hate crime, but he noted that the hate crime designation has existed only since 1994 when Alabama passed a law mandating longer minimum sentences for crimes committed because of a victim's race, color, religion, national origin, ethnicity, or physical or mental disability. The Alabama law does not include sexual orientation.

For the 2004 FBI report, Alabama law enforcement agencies submitted three hate crimes to the FBI. One of them occurred in Atmore, the report showed. A call for the Atmore police chief was not returned. Other instances of Alabama hate crimes occurred in Jefferson County and in the city of Greensboro in Hale County.

U.S. Asked To Watch Election In Chesterfield (RTD)

By Tyler Whitley, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, October 21, 2006

The American Civil Liberties Union of Virginia asked the U.S. Justice Department yesterday to send election observers to Chesterfield County on Election Day. The ACLU claims the county's actions could discourage minority voters.

Kent Willis, director of the ACLU, cited four incidents over the past two years, including a new allegation that the registrar, Lawrence C. Haake III, refused to issue an absentee ballot to a registered voter because the prospective voter would not give his Social Security number.

Cynthia Magnuson, a spokeswoman for the Justice Department, said the department has received the letter from Willis. It does not disclose which localities it will monitor until 24 hours before an election, she said.

Haake said he believes he is following the law.

But the State Board of Elections yesterday said Social Security numbers are not required. It said the Chesterfield Electoral Board, which supervises the registrar, should meet as soon as possible to consider the matter.

In a news release explaining his letter to John Tanner, chief of the Justice Department's Voting Rights Section, Willis said, "Chesterfield seems to be Virginia's No. 1 trouble spot for irregular voting procedures."

DOJ_NMG_0084081

He cited Election Day practices two years ago that the ACLU said disproportionately affected minority voters, such as the registrar asking for armed guards at the polling places. Haake said that because of heavy voting, he just wanted to maintain order.

Willis also said that in the same presidential election, county election officials misinformed voters that they must show identification to vote. If voters don't have identification, they are allowed to cast a provisional ballot after signing an affidavit that they are who they say they are.

Last year Haake refused to count provisional ballots submitted by people who had registered on time but whose applications were not processed in a timely manner.

Haake said he disagrees with the State Board of Election's interpretation of the law on Social Security numbers.

"The state board deals in abstract concepts, and we deal in realities," he said.

Contact staff writer Tyler Whitley at twhitley@timesdispatch.com or (804) 649-6780.

Citing Minority Voting Concerns, ACLU Seeks U.S. Poll Observers (AP)

By The Associated Press

AP, October 21, 2006

CHESTERFIELD, Va. -- The Virginia chapter of the American Civil Liberties Union is asking federal officials to monitor the Nov. 7 elections in Chesterfield County because of what the ACLU called a pattern of minority voter intimidation.

"My request stems from several recent incidents in Chesterfield, indicating that officials there may implement voting procedures that will have an adverse impact on minority voters," the ACLU's Kent Willis wrote to John Tanner, chief of voting rights for the U.S. Justice Department. The letter was sent Friday.

Willis cited several actions since 2004: --In October 2004, the county's general registrar, Lawrence Haake III, announced plans for security reasons to place armed guards at every polling precinct, a tactic Willis said was used in the past to intimidate black voters. --In November 2004, ACLU officials received complaints that county poll workers were restricting voters lacking identification. Willis said Virginia law allows voters to cast ballots without identification, provided they sign an affirmation of identity. --Requiring absentee voters to provide Social Security numbers. The State Board of Elections has said registrars can ask for Social Security numbers, but they cannot deny a ballot. --Refusing to count provisional ballots of voters who registered through the state Department of Motor Vehicles prior to registration deadlines, but whose applications had not been forwarded to the registrar.

"Chesterfield seems to be Virginia's number one trouble spot for irregular voting procedures," Willis said Friday of the suburban Richmond county. "The Justice Department ought to be present on Election Day in Chesterfield to ensure that racially fair procedures are in place."

Haake called the claims baseless and insisted he has followed state laws.

"We actually worked with the (U.S.) Department of Justice over the summer in a training program," he said.

"Federal observers can come or not, it doesn't matter," Haake said. "Everything we've done is consistent with the law."

Arizona May Use Voter-ID Law, High Court Says (WP)

By Charles Lane

The Washington Post, October 21, 2006

The Supreme Court ruled yesterday that Arizona may enforce a new state law requiring voters to show a photo identification card at the polls on Election Day this year, despite a pending lawsuit by opponents who say the measure will disenfranchise the poor, minorities and the elderly.

In its unanimous five-page ruling, the court did not decide whether the Arizona law was constitutional. Rather, it overturned a federal appeals court in San Francisco that would have blocked enforcement of the law until the opponents' suit could be decided.

That would take too long, the court said, noting that, "in view of the impending election," Arizona needed "clear guidance."

The actual impact of the Arizona law, which was approved in a statewide referendum two years ago but has not yet been applied, was still too unclear to justify changing the state's plans so close to Nov. 7, the justices said.

DOJ_NMG_0084082

Most states permit voters to present alternative forms of identification such as a bank statement or utility bill.

But Arizona, which borders Mexico and has seen a surge in migration in recent years, is one of several states that have recently enacted a photo-ID requirement in response to reports that illegal immigrants and other ineligible voters have been casting ballots.

The Arizona law requires voters not only to present proof of citizenship when they register but also to present a photo ID when they go to the polls. Those without a photo ID may cast a provisional ballot, but their votes do not count unless they can produce a valid identification card within five days.

Similar statutes in Georgia and Missouri have been struck down in court. An Indiana law was upheld, but a federal appeals court in Chicago is currently considering an appeal by opponents.

The Republican-controlled House recently approved the Federal Election Integrity Act, which requires voters in federal elections to present a photo ID at the polls. It also requires states to make such an ID available free of charge.

Because of the various lower-court cases, the Supreme Court may soon have to rule on the constitutionality of the photo-ID requirements.

The justices emphasized the limited scope of their decision yesterday. There are good arguments both for and against the Arizona law, the court said, but "we express no opinion here on the . . . ultimate resolution of these cases."

Opponents say that the ID requirement imposes an extra burden on minorities, the poor and the elderly, who are less likely than other citizens to have a driver's license, the most common form of state-issued photo ID. Opponents say that because states charge fees for photo IDs, requiring one to vote is tantamount to an unconstitutional poll tax.

Supreme Court Allows Arizona To Use New Voter-ID Procedure (NYT)

By Linda Greenhouse

The New York Times, October 21, 2006

WASHINGTON, Oct. 20 — The Supreme Court ruled unanimously late Friday that Arizona could put its new voter-identification rules into effect for the Nov. 7 election while challenges to those rules proceed in the lower federal courts.

In an unsigned opinion, the court granted Arizona's request to overturn an injunction issued this month by a two-judge federal appeals panel. The judges, A. Wallace Tashima and William A. Fletcher of the United States Court of Appeals for the Ninth Circuit, had acted at the request of a group of Arizona Indian tribes, the League of Women Voters and other groups who have joined to challenge the constitutionality of the rules.

The Supreme Court opinion made clear that it was not ruling on the merits of the case, in which the plaintiffs contend that Proposition 200, adopted by Arizona voters in 2004, places an unconstitutional burden on members of minorities and others who do not have ready access to the forms of identification required to register and to vote.

Justice John Paul Stevens filed a one-paragraph concurring opinion that offered an explanation for the court's action. "Allowing the election to proceed without enjoining the statutory provisions at issue will provide the courts with a better record on which to judge their constitutionality," Justice Stevens said.

The opinion criticized the appeals court judges for not providing "any factual findings or indeed any reasoning" in their four-sentence order granting the injunction, which had previously been denied by the federal district court in Phoenix.

Proposition 200 requires proof of citizenship before a person can register to vote. To receive a ballot at the polls, a voter must present a single form of photo identification or two forms of identification with the voter's name and address like a bank statement or utility bill.

Voters without proper identification can cast provisional ballots and provide identification within five days. No identification beyond a signature is required for those who cast an "early ballot."

Court: Ariz. Can Seek Photo ID For Vote (AP-Y)

By Mark Sherman

AP, October 21, 2006

The Supreme Court ruled Friday that Arizona may require voters to provide photo IDs when they cast their ballots next month.

DOJ_NMG_0084083

The justices cautioned that they were not issuing a ruling on the constitutionality of Arizona's law. "As we have noted, the facts in these cases are hotly contested," the court said in an unsigned five-page order.

The ruling merely allows the Nov. 7 election to proceed with the photo ID law in place. Federal courts still will have to resolve a lawsuit contending that the law will disenfranchise numerous voters, particularly the elderly and minorities.

"This decision eliminates all confusion about what rules will be followed for the Nov. 7 general election," Arizona Attorney General Terry Goddard said.

Courts in Georgia and Missouri have blocked similar laws.

Justice John Paul Stevens, in a brief concurring opinion, said the high court's action makes it more likely that the constitutional issues "will be resolved correctly on the basis of historical facts rather than speculation."

The law requires voters to prove citizenship when registering to vote and to show photo IDs when they go to the polls. The law was meant to make sure illegal immigrants weren't casting ballots.

Opponents of the law contend it discourages some people from voting, including the elderly, poor and disadvantaged who don't always carry IDs. Nina Perales, an attorney for the Mexican American Legal Defense and Educational Fund, said the ruling "means many voters will be turned away from the polls on election day" because they lack the required ID.

Arizona residents, Indian tribes and community groups filed suit in May.

A federal judge ruled the state could enforce the law. But the 9th U.S. Circuit Court of Appeals later blocked it from taking effect for the Nov. 7 election.

In his bid to allow the state to go forward, Goddard told the justices that "voter registration at the polls is an emerging issue of national importance. States have a compelling interest in curbing fraud and protecting the integrity of elections."

Voters without proper ID may cast provisional ballots and furnish identification within five business days of the election.

Lacking photo identification, voters still can cast ballots during the state's early voting period. State officials said there is ample time to compare signatures on the ballot with those on registration rolls.

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Associated Press writer Paul Davenport in Phoenix contributed to this report.

High Court Allows Arizona To Enact New Voter ID Law (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, October 21, 2006

The ruling reverses one by the 9th Circuit. It is expected to benefit Republicans at the polls.

WASHINGTON — The Supreme Court cleared the way Friday for Arizona to enforce a new rule for next month's election that requires most voters to show proof of identification before casting a ballot.

In an unsigned and apparently unanimous opinion, the justices reversed a ruling by the U.S. 9th Circuit Court of Appeals in San Francisco that had blocked the Arizona law from taking effect this year.

The justices emphasized that they were not ruling on the still-pending constitutional challenge to the law. They also noted that the law included some exceptions for eligible voters without photo identification.

Nonetheless, Friday's order is likely to be seen as a benefit for Republican candidates and a setback for Democrats.

In recent years, Republicans in Congress and in many state capitals have pressed for voter-identification requirements at the ballot box. They say these rules are needed to combat fraudulent voting.

These laws have been opposed by Democrats and civil rights advocates. They say that there is little evidence of such fraud and that the requirements are designed to suppress voting by poor, elderly, disabled or minority persons who do not have a government-issued photo identification, such as a driver's license.

Courts in recent weeks have blocked new voter ID laws in Georgia and Missouri. A challenge to an Indiana law is before an appeals court.

The Arizona measure was approved in 2004 by 56% of the vote as part of Proposition 200. Most of the controversy over this initiative involved its provisions for cutting off public benefits to immigrants.

DOJ_NMG_0084084

Under Arizona's law, eligible voters who do not have the required identification may vote as many as five days before election day. This gives election officials time to match their signatures with voter rolls. Voters without identification may cast a provisional ballot on election day, but their vote will be counted only if they furnish the required identification within five days.

In May, the American Civil Liberties Union, the League of Women Voters and several other civil rights groups sued to block the voter identification rule from being enforced Nov. 7. They called the rule a "21st century poll tax" because it could force some poor voters to purchase photo ID cards. Some voting rights experts also said this requirement could significantly depress voting by the state's Navajos.

A federal judge refused to block the law from taking effect, but on Oct. 5, a two-judge panel of the 9th Circuit issued an order saying the law could not be enforced for the upcoming election. The appeals court did not explain its ruling.

Arizona's attorney general asked the Supreme Court to intervene. And on Friday afternoon, the high court issued a six-page opinion that set aside the 9th Circuit's order. It noted that the 9th Circuit's "bare order" did not give a good reason for blocking the law from taking effect.

The court, however, said its decision was not intended to express an opinion on the outcome of the case, which must still be argued.

The opinion cites arguments on both sides. A state has "a compelling interest in preserving the integrity of its election process," the court said. At the same time, it noted that the "possibility that qualified voters might be turned away" required careful consideration of a challenge to the law.

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ANTITRUST:

Groups Balk Over Buyout (AP)

By John Dunbar

AP, October 21, 2006

WASHINGTON - Consumer groups say concessions offered by AT&T Inc. as it seeks government approval of its buyout of BellSouth Corp. fall far short of what's needed for the deal to be in the public interest.

The Justice Department has signed off on the deal, but the Federal Communications Commission has not voted on it.

AT&T contends it has offered a full range of accommodations, including $10-a-month Internet access, free modems, promises to temporarily freeze prices for competitors that use the company's networks and even a program to return to the United States some jobs that were shipped overseas.

Gene Kimmelman, vice president of federal and international affairs for Consumers Union, the publisher of Consumer Reports magazine, described AT&T's conditions as "things they think make them look good" and part of a marketing strategy rather than a sincere effort to preserve competition.

Opponents of the deal, whose views often closely track those of the commission's two Democrats who managed to delay a planned FCC vote, would like to see AT&T beef up its offer in three main areas:

• Stronger assurances by the company that it will not discriminate against certain kinds of Internet traffic, a concept known as "network neutrality."

• Offer "naked DSL," or stand-alone digital subscriber line service, that is priced competitively.

• Lower prices for "special access" customers -- service offered to capacity-hungry customers, such as large businesses and Internet service providers, that guarantee a dedicated high-capacity link to distribute voice and data.

Robert Quinn Jr., AT&T's vice president for federal regulatory affairs, briefed reporters Friday to defend his company's offer in advance of a Tuesday deadline for comment. He said AT&T has put a "full slate of conditions on the table" tailored to satisfy the public interest.

He pointed to two major benefits of the BellSouth buyout: greater availability of low-priced high-speed Internet access to customers in the AT&T-BellSouth service area, and the future benefits of video services for BellSouth customers to compete with the cable industry.

The deal would unite AT&T, which dominates much of California, Texas and the Midwest, with BellSouth, whose home base is in Atlanta and provides local phone and Internet access to the Carolinas, Florida, Georgia and Louisiana.

A vote is expected at a commission meeting on Nov. 3, though it does not appear that AT&T and consumer groups agree on the three major issues.

On network neutrality, AT&T says it has promised to adhere to a set of FCC principles that bar discrimination in the handling of Internet traffic.

On "naked DSL," Quinn said the company doesn't want to make guarantees about pricing that might hurt it competitively.

AT&T also says its rates for special-access customers are competitive and have even dropped in some areas.

AT&T To Fight Calls To Jettison Airwaves (BLOOM)

Bloomberg, October 21, 2006

They will be used to carry wireless high-speed Internet service.

AT&T Inc. will fight calls by opponents of its $81 billion purchase of BellSouth Corp. to divest airwaves intended for wireless high-speed Internet service, a company lobbyist said.

AT&T, the biggest U.S. telephone company, plans to use the airwaves for emerging "WiMax" broadband services, Senior Vice President Robert Quinn said Friday.

"Mobility is a feature that people are going to want to have," Quinn said. "We have every incentive in the world to utilize that spectrum."

Clearwire Corp., a wireless Internet service provider founded by mobile-phone pioneer Craig McCaw, is among the companies urging the U.S. Federal Communications Commission to force AT&T to sell WiMax spectrum that it would gain through the BellSouth deal. Without divestitures, the combined company could thwart independent carriers seeking to offer nationwide advanced broadband service, Clearwire told the FCC in an Oct. 18 letter.

Spectrum divestitures weren't among the conditions that San Antonio-based AT&T proposed last week in an effort to persuade at least three of the FCC's five members to support the BellSouth purchase.

"The commitments we put on the table were basically to expand the WiMax trials that we have," Quinn said. "We can't both divest spectrum and expand our offerings in those markets."

FCC approval is the last regulatory hurdle AT&T must surmount to finish the transaction. The Justice Department and 18 states have cleared the deal without conditions.

Judge: Petco Vote Can Go Ahead (SDUT)

By Frank Green, Union-tribune Staff Writer

The San Diego Union-Tribune, October 21, 2006

Dissident shareholders fail to stop meeting

A judge declined yesterday to block a Monday meeting at which Petco shareholders will vote on the proposed sale of the company to two private investment firms.

Attorneys representing dissident shareholders had wanted a temporary injunction halting the meeting so that shareholders could, among other remedies, be provided with additional information on how the company's board chose Leonard Green & Partners and Texas Pacific's $1.8 billion bid over a higher offer from PetSmart.

In turning down the injunction request, San Diego Superior Court Judge John S. Meyer said there was not enough time “to add some discrete information to the proxy” with Monday's meeting looming.

He added that he was not sure whether an injunction was appropriate. He voiced concern during the hearing about possible damage to Petco's stock price if there should be a delay in the vote.

Petco shares rose a penny yesterday to close at $28.84 on the Nasdaq.

The San Diego-based pet supplies firm, which has more than 800 stores, announced July 14 that it had a $1.8 billion stock and assumed debt deal with Leonard Green and Texas Pacific, which had previously owned Petco.

Petco would be bought for $29 a share – a 49 percent premium over the trading price of $19.45 a share the day before the announcement. The two private equity firms plan to make Petco a private company.

During the negotiating process, Petco's board passed on a $33-a-share offer by rival Pet-Smart, which has about 860 stores, because of what Petco said were concerns that antitrust questions could delay a deal indefinitely.

Darren Robbins, a partner in the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins representing shareholders, expressed disappointment in the judge's decision to allow the shareholders' meeting to go forward.

He said that the class-action lawsuit brought by his clients against Petco's directors and executives in July would proceed. It seeks between $300 million and $400 million in damages from the company, claiming that Petco's board and management were unduly influenced in their decision by their close ties to Leonard Green and Texas Pacific. A trial date has not yet been set.

Some Petco directors and executives have been with the company for many years, and several were on hand when the two private equity firms spent $600 million to acquire Petco stock in October 2000 to take the company private. Petco said in its proxy statement that it anticipated its current managers would hold similar positions following the sale.

Analysts expect shareholders to overwhelmingly approve Petco's sale to the two firms. The meeting is scheduled for 10 a.m. Monday at Homewood Suites by Hilton, 11025 Vista Sorrento Parkway, San Diego.

“I don't see any point in shareholders voting this down,” said Joan Storms, an analyst who covers Petco for Wedbush Morgan Securities in Los Angeles.

After taking Petco private, Leonard Green and Texas Pacific are likely to pare costs as they prepare the firm for a possible sale or a new public offering in the next several years, analysts said.

The deal is being financed largely by debt that Petco will repay, so it will need to maintain a strong cash flow to make the payments, added analysts.

In a typical leveraged buyout, the buyer “sees some asset that is undervalued,” said Paul Kedrosky, executive director of the von Liebig Center for Entrepreneurism and Technology Advancement at the University of California San Diego. “They aren't buying the company because it's efficiently run.”

Regions, AmSouth Merger Wins Fed Approval (HT)

By Wayne Smith, Times Business Editor Wayne.smith@htimes.com

The Huntsville Times (AL), October 21, 2006

$10 billion deal expected to close in early November

Regions Financial Corp. and AmSouth Bancorp. said late Friday that the Federal Reserve Board has approved their planned merger.

The announcement came one day after AmSouth said it had reached an agreement with federal regulators to sell 52 branches in Alabama, Mississippi and Tennessee. That agreement resolved antitrust concerns raised by the Department of Justice after the two Birmingham-based banks said last spring they planned to merge.

The offices for sale include five in Madison County, one in Decatur and one in Fayetteville, Tenn.

"We are pleased we have received the key regulatory approvals required for this merger and expect to complete the transaction in early November," Jackson W. Moore, Regions chairman, president and CEO, said in a prepared statement. "This moves us one step closer to creating a top regional financial services provider."

The combined bank will keep the Regions name. Moore will serve as chairman of the new Regions.

AmSouth and Regions announced plans in May to merge, and shareholders of both companies approved the $10 billion deal earlier this month.

The combination will create a bank holding company with more than $140 billion in assets, about $100 billion in deposits and nearly 2,000 branches in 16 states across the South, Midwest and Texas.

"Once we complete this merger, we can begin providing our customers with a wider range of products and services as well as more convenient locations," C. Dowd Ritter, chairman, president and CEO of AmSouth, said in a prepared statement. Ritter will serve as president and CEO of the new Regions.

Combined, the two companies employ about 37,000 people.

Officials have said as many as 10 percent of the employees of the combined bank, or some 3,700 workers, could lose their jobs.

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Ripplewood Ponders Bid For Delphi (WSJ)

By Ianthe Jeanne Dugan

The Wall Street Journal, October 21, 2006

Offer for Auto-Parts Maker Could Surpass $10 Billion; Stallkamp Leads the Effort

Ripplewood Holdings LLC, a large New York-based buyout firm, is preparing a likely bid for Delphi Corp., the auto-parts giant that filed for bankruptcy protection last year, according to people familiar with the matter.

Ripplewood has examined the possibility of taking over the entire auto-parts maker, but a bid for just part of Delphi also is possible, these people said. The effort is being led by Thomas Stallkamp, a Ripplewood partner who formerly was president of Chrysler Corp.

A bid for all of Delphi likely would far surpass $10 billion, people involved in the discussions said. Delphi's enterprise value -- the value of all its stocks and bonds combined -- is estimated to total between $13 billion and $14 billion when it emerges from bankruptcy protection, according to stakeholders and officials who have been negotiating a restructuring for several months.

If Ripplewood makes a bid, it will join a short list of official contenders jockeying for stakes in Delphi. Appaloosa Management, a hedge fund that owns more than 9% of Delphi, has proposed pumping in several billion dollars in a deal that would give that firm more than a third of Delphi's stock after it emerges from bankruptcy. Also jockeying for a significant stake is Cerberus Capital Management LP, a large private-equity firm. It is unclear whether these investors could work out a deal in which they coexist or if one investors' bid would put the others out of the running.

No deal is likely to come together before mid-November. Delphi has indicated it is trying to come to an agreement with unions and General Motors Corp. by Nov. 8 over proposals to cut costs. It is working closely in that effort with GM, Delphi's former parent. GM also has provided financial assistance to Delphi, which has offered buyouts and early-retirement incentives that have been accepted by about two-thirds of its workers. in offering buyout. It's unclear what full role GM may play in assessing any bids for Delphi.

Any proposal would have to be approved by Delphi's board, which is meeting in early November. The board would likely seek input from creditors, shareholders and union representatives, who have been negotiating for months over the framework for the company's restructuring. Any deal will also need approval of the bankruptcy court. Delphi has said it intends to emerge from bankruptcy protection by early 2007.

Write to Ianthe Jeanne Dugan at ianthe.dugan@wsj.com1

Tops Sale Of Stores To Rival Defended (CLPD)

By Janet H. Cho, Plain Dealer Reporter

The Cleveland Plain Dealer, October 21, 2006

Ohio groceries lacked viable buyer, official says

Tops Markets LLC insists there was never a financially viable offer to buy all 46 of its grocery stores in Northeast Ohio.

John Barrett, a senior vice president for Tops Markets in Williamsville, N.Y., said if Tops had received what it considered a legitimate proposal to keep all its stores open and hire all 4,000-plus employees, it would have taken it.

"We have a responsibility to our employees and our landlords to sell the stores to someone who has a business plan, a track record" and financial backing to ensure the deal wouldn't fall through, Barrett said. "There was nobody who could do it, nobody who had a track record of operating even one store successfully."

Barrett's remarks came at a meeting Friday with U.S. Rep. Dennis Kucinich, who is raising antitrust questions about Tops' decision to sell 18 of the stores to its principal competitor, Giant Eagle Inc.

Kucinich said he knows of at least two groups that have offered to buy all 46 stores and honor existing union contracts. When he pulled out a letter dated Oct. 18 from a private equity fund, Retail Group Partners Inc. of Kennesaw, Ga., Barrett said that group submitted its bid 10 days after Tops announced the Giant Eagle deal.

Barrett also hand-delivered a letter to Kucinich from Max Henderson Jr., Tops' executive vice president and general manager, explaining Tops' decision to exit Northeast Ohio after years of declining sales.

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Barrett said Tops was increasingly being squeezed between mass discounters like Wal-Mart Stores Inc. and local competitors such as Marc's Deeper Discount Stores, Aldi, Save-A-Lot and Heinen's Fine Foods.

"The competition will become even more fierce as Wal-Mart moves forward with its planned Supercenter expansion into the area," Henderson wrote, referring to Wal-Mart's planned opening next year at the Steelyard Commons shopping center under construction in Cleveland. "Tops suffered considerably from the competitive environment, which contributed to declining sales. This, coupled with extremely high labor costs, made it impossible for Tops to continue to be operated in the area, especially in light of the oncoming onslaught from non-union operators, like Wal-Mart."

Barrett said "legacy labor contracts" in the Cleveland market meant it paid higher labor costs here than in its other union markets in New York, Boston and Washington, D.C. He said Tops couldn't afford to keep offering premium wages and benefits and compete with supermarkets that pay much lower salaries, offer fewer benefits and no pensions.

Tops watched its market share shrink and its net sales decline "in the double digits" in Northeast Ohio to the point where it had no alternative but to withdraw from the market, Henderson said.

Although Henderson did not directly address Kucinich's antitrust charges, he said the agreement to sell 18 stores to Giant Eagle "ensured that customers will have excellent stores in which to shop; has protected good jobs for the vast majority of employees . . . and has contributed to the ongoing economic well-being of the communities where these stores are located."

Barrett said Tops has 1,770 employees in the 18 stores Giant Eagle is buying, and Giant Eagle plans to hire 2,300 people, including butchers and bakers. He said Giant Eagle has received more than 3,000 applications from Tops employees for those jobs.

Tops aims to sell the remaining 28 stores to buyers who will keep the businesses as supermarkets and hire Tops employees.

"We're close to some agreements to get more stores sold," Barrett said.

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States Battle Weyerhaeuser Argument (OREG)

By Dylan Rivera, The Oregonian

The Oregonian, October 21, 2006

Competition - The U.S. Supreme Court will hear the timber giant's appeal for a tighter test on predatory bids

The U.S. Supreme Court will hear arguments next month about a ruling that Oregon and seven other states say is critical in stopping big companies from getting away with illegal monopolies in forest products, agriculture and high-tech goods.

Attorneys general from Oregon, California, Arizona, Iowa, Louisiana, Montana, West Virginia and Wisconsin recently submitted a court brief that comes down against an argument by Weyerhaeuser Co., the timber giant.

The case led to a $79 million judgment against Weyerhaeuser, prompting settlements and judgments totaling about another $50 million.

The states did not explicitly support a 2003 Portland federal jury verdict that found Weyerhaeuser had created an illegal monopoly in the market for alder sawlogs. But they wrote stridently against a tough new legal standard for antitrust plaintiffs that Weyerhaeuser is seeking. Rejection of Weyerhaeuser's argument and adoption of a more lenient one, the states wrote, could bar a single firm from dominating government timber auctions, protect small businesses and ensure competition for government contracts.

"It's always significant when a government body, especially a major government body, signs on in support of a private plaintiff," said Jack Kirkwood, an antitrust expert at Seattle University School of Law who has consulted for the case's plaintiffs. "The states represent a public interest that the private plaintiff may not."

The states' chiming in raises the profile of a case that was fought mostly in obscurity until the last year or so. In part, it caught little attention because it dealt with alder, a native Northwest hardwood species used in musical instruments and furniture. It is not nearly as widespread as softwood lumber, such as Douglas fir, used in home construction.

It also mainly affects instances in which one competitor has at least 55 percent market share, one of many prerequisites for antitrust concern.

The case has caught national attention as a rare antitrust case to make it to the nation's highest court. As with all cases before the Supreme Court, the Weyerhaeuser case could set a precedent governing business competition nationwide.

Other elements, legal and political, add to the interest. It will be among the first major antitrust cases to be decided by a court that includes Chief Justice John Roberts and Justice Samuel Alito, and so could point to their position on antitrust issues.

The Weyerhaeuser case also presents questions about business conduct in competition for supplies, what economists call "inputs," for industrial processes. Antitrust cases more commonly turn on whether a large company unfairly reduced prices to undermine competitors, with the aim of controlling a market and, in the long term, using that power to increase prices.

The New York Times editorial board, in a critique of Bush administration antitrust enforcement last week, cited the alder log case.

"Not only has the government failed to bring many significant cases, it is opposing one brought and won by a third party," the newspaper wrote.

Trial in Portland

In a federal trial in 2003 in Portland, Ross-Simmons Hardwood Lumber Co. of Longview, Wash., alleged that Weyerhaeuser's Portland-based hardwoods division unfairly forced Ross-Simmons out of business.

Weyerhaeuser officials crafted exclusive contracts that guaranteed it could buy logs from some of the Northwest's largest landowners, causing log shortages for competitors, Ross-Simmons alleged. Weyerhaeuser bought alder sawlogs, even when it didn't need them, in some cases letting the logs rot rather than letting them to go to competitors, Ross-Simmons said.

The timber giant established a dominant presence in the market for alder logs, and plaintiffs say internal Weyerhaeuser documents showed a long-term plan to use that presence to force down the price it paid for logs.

Weyerhaeuser has denied all allegations in the lawsuit. It has settled cases that used the Ross-Simmons case as a precedent.

The issue before the Supreme Court pivots on how juries should decide when a dominant company's purchasing practices constitute illegal "predatory bidding."

Two-part test

The court has a well-established test for "predatory pricing," a more common illegal strategy in which companies offer products for below-cost prices to pressure competitors. In a 1993 case called Brooke Group Ltd. v. Brown & Williamson Tobacco Corp., the Supreme Court established that plaintiffs in predatory-pricing cases must meet a two-part test: They must show that a monopolist lost money by reducing prices and that it was likely to recoup its losses later by increasing prices.

Weyerhaeuser's attorneys say the Brooke Group test should apply to predatory bidding. But in the Ross-Simmons trial, they wrote, Judge Owen Panner used an unduly vague subjective test, like "throwing a marshmallow" at a jury.

Panner asked the jury to decide whether Weyerhaeuser bought more logs than it "needed" and whether it paid a higher price than "necessary" to prevent competitors from obtaining logs "at a fair price."

"Under the Ninth Circuit's wholly subjective rule, it is impossible for businesses to know what pricing decisions conform with the law," Weyerhaeuser wrote. "Firms accordingly will be forced to curb aggressive -- and desirable -- competitive bidding for fear of triggering unwarranted liability; and baseless litigation will be encouraged."

Other factors

The states attorneys general and Ross-Simmons' attorneys say the jury weighed more than just those few phrases, looking at Weyerhaeuser's dominance in the alder log market and evidence that the company intended to force competitors out of business.

The Brooke Group test is unworkable, the states argue. Monopolists could use other subsidiaries to offset losses in a given market so that they would not need to operate at a loss.

And, the states ask, what if the higher input cost is relatively small as a percentage of the product cost? Under that scenario, monopolists still could make profits while paying a much higher price for the input. And, if the input is essential to production of the end product, the increased price could cut off competitors and push them out of business.

Such a test would be too difficult for small companies to meet, the states wrote.

"You have a standard that we contend is not workable and will produce a lot of false negatives," said Emilio Varanini, deputy attorney general for California. "It will let a lot of people off who should not be getting off."

Varanini and Tim Nord, assistant attorney general for Oregon, co-wrote the states' brief, submitted Oct. 12.

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Feds Accuse Avaya In Antitrust Lawsuit (AP)

By LINDA A. JOHNSON, ASSOCIATED PRESS

AP, October 21, 2006

Communications company to appear at Nov. 14 hearing

TRENTON -- Business communications systems provider Avaya is accused in a federal antitrust lawsuit of illegally blocking competitors from providing maintenance and repairs to telephone equipment and software sold by Avaya.

Continuant of Fife, Wash., which operates a telephone system maintenance business throughout North America, said Wednesday that it countersued Bernards-based Avaya after the AT&T spinoff sued Continuant this summer.

The two parties are scheduled to appear in federal court in Trenton, where the two lawsuits were filed, for a hearing Nov. 14.

Avaya spokeswoman Lynn Newman declined to discuss the case.

Continuant's lawsuit asks the court to permanently bar Avaya "from continuing its anti-competitive conduct," including bundling service contracts with the sales of its telephones, cables and other telecom equipment, and keeping secret from competitors passwords necessary for maintaining the communications systems. Continuant also is seeking compensatory and punitive damages, legal fees and other costs.

"Avaya's the only company that has a policy like this," said Bruce Shelby, Continuant's vice president of sales.

"They say a customer doesn't have the right to access their system to perform maintenance."

Shelby said his company believes that is illegal and that Avaya is overcharging its customers for maintenance when its service level has declined because of a series of major layoffs.

Avaya filed suit against Continuant and two sister companies on June 5, accusing them of misappropriating trade secrets, interfering with contractual relations, misrepresentation, libel and other offenses.

Avaya later amended its complaint, and Continuant filed a countersuit on Aug. 21, but did not announce it until Wednesday.

Like other telecommunication equipment makers, Avaya has been trying to boost the continuing revenues that come from maintaining communication systems, rather than relying heavily on one-time sales. The company has been struggling with rising costs, falling profits and a depressed share price, culminating with the replacement of its president and chief executive, Donald K. Peterson, in July.

Update: Vista Security Discussions Off To Bad Start (IDG)

By Robert McMillan, IDG News Service

IDG News Service, October 21, 2006

Technical glitch keeps key security rivals from joining first online discussion of contentious Vista kernel seccurity

Security vendors looking to gain insight into Microsoft's plans for opening up the Vista operating system kernel were frustrated Thursday morning when a technical glitch kept many from joining the first online discussion of this issue.

"Oops," wrote Microsoft Senior Product Manager Stephen Toulouse in a blog posting on the subject. "We had a glitch where we sent out a messed up link. ... We're very sorry about that, it certainly was not intentional and we definitely see that was not a good thing for people to experience on such an important topic."

Microsoft set up the meeting to talk about how it plans to give security vendors access to Vista's kernel on 64-bit systems. This has been a contentious issue, as Microsoft had initially planned to lock software vendors such as Symantec and McAfee out of the kernel, claiming that this would make Vista more secure. The security vendors said this would harm their products, and Microsoft finally capitulated, after first being warned by European Union regulators.

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Microsoft rescheduled its Thursday morning Web conference after it realized it had sent out a bad LiveMeeting link to participants, but in the end some security vendors were shut out of the meeting.

Most of Symantec's team, for example, was unable to attend. "It turned out that everybody on our team was not able to make the first meeting but one guy," said Cris Paden, a Symantec spokesman.

Microsoft has set up a second meeting for later in the day Thursday to take questions from those who missed the first, Paden said. A further meeting is also planned for Monday, according to Toulouse.

Late Thursday, McAfee said there was "little indication" that Microsoft planned to live up to its promise, made late last week, to work with security vendors on several issues relating to Vista. "We have been greatly disappointed by the lack of action by the company so far and Microsoft has not lived up, either in detail or in spirit, to the hollow assurances offered by their top management," said Christopher Thomas, McAfee's outside legal counsel in Brussels, in a statement. Thomas is a partner with the Lovells law firm.

Sunbelt Software President Alex Eckelberry said that the mix-up was due to an honest mistake with Microsoft's conferencing software. "Someone at Microsoft accidentally sent out the LiveMeeting presentation invites as "presenter," which if you've ever used LiveMeeting, is an invitation to chaos," he said in a blog posting. "Realizing their error, the meeting was rescheduled for 30 minutes later, and that didn't all come together, because the meeting had been originally setup to end at 12:30, [Eastern time] so we were promptly all kicked off."

"While I have my disagreements with Microsoft on the PatchGuard issue, I must defend them in this instance," he added. "It was a case of a few honest mistakes made by well-intentioned people, probably working under a tremendous amount of stress."

Microsoft has said it expects to make new kernel APIs (application programming interfaces) for security products available as part of the first major, "service pack," update to Vista. Security vendors are pushing to have them included sooner.

Microsoft Partners Fume Over Vista Security Stance (AP)

By Jordan Robertson

AP, October 21, 2006

Microsoft Corp. is no stranger to antitrust skirmishes and complaints from competitors about unfair business practices.

But the latest fight over its upcoming Vista operating system pits Microsoft against an unlikely adversary: the security software vendors who are some of its most intimate partners in protecting its notoriously vulnerable systems from attacks.

As Vista's planned release nears, the company is facing a backlash from such vendors as Symantec Corp. and McAfee Inc., which argue that even the concessions Microsoft recently made to appease European antitrust regulators won't do enough to help them best protect their customers.

"We've been talking to them for over two years on this issue," said Rowan Trollope, Symantec's vice president for consumer engineering. "And now (with) basically a very short amount of time before the operating system comes out, we're not in a good position to provide that security to our customers."

Ultimately, consumers will decide whether Microsoft's own security measures are adequate to combat increasingly sophisticated Internet threats and keep personal data safe from hackers and online criminals.

But the showdown also marks an important turning point in how computer users buy security software.

Microsoft now competes directly with Cupertino-based Symantec and Santa Clara-based McAfee with its own product, called OneCare, posing a substantial threat to vendors who have been vital to protecting generations of Microsoft operating systems.

European antitrust regulators have warned Microsoft not to shut out rivals in security software and other markets, and the European Union so far has fined the Redmond, Wash., company $970 million over the current flavor of Windows.

To quell EU concerns about Vista, Microsoft pledged to make key changes, but the vendors remain unsatisfied and have threatened antitrust lawsuits. McAfee issued a statement Thursday complaining of the company's failure to live up to "hollow assurances."

Industry analysts said Microsoft's new dual role could inadvertently make the operating system more vulnerable.

"Microsoft's priority should be simple: Fortify the operating system, make it secure, make it as impenetrable as possible, but work with the third parties," said Joe Wilcox, a senior analyst with Jupiter Research.

Vista will be Microsoft's first major upgrade to its flagship operating system since Windows XP's release in 2001. The company touts Vista's sleeker looks, improved search capabilities and simplified organization as key upgrades over previous systems.

But several key security changes prompted Symantec and McAfee officials to launch withering public attacks in recent weeks.

Executives accused Microsoft of unfairly promoting its own security software with a dashboard that couldn't be disabled by vendors. The company pledged technological information to turn off the feature, designed to help customers easily see what protections are switched on.

Vendors also howled over an icon on the welcome screen linking to Microsoft security products. Microsoft refused to remove the link but has vowed to link to other security companies.

The biggest - and currently unresolved - fight hinges on vendors' claims they have been locked out of access to the core, or kernel, of higher-end, 64-bit versions of Vista.

A new feature called PatchGuard is meant to protect the most sensitive information in the guts of the system. While blocking out hackers, PatchGuard also keeps out security vendors that have traditionally been allowed inside to retrieve necessary information.

Vendors said their products will thus lack advanced security features for 64-bit users (The 32-bit version that consumers are likely to get does not include PatchGuard and thus offers access to the disputed data).

Microsoft said the methods previously used were undocumented and unsupported and left the system less secure and less stable. Customers, the company said, demand better security.

The company has agreed to permit limited kernel access, but will not provide a "blanket exception" or turn off the feature entirely, said Stephen Toulouse, a senior program manager in Microsoft's Security Technology Unit.

"We did look at that, but we got consistent feedback that that wouldn't be a good option for the customer," he said. "We want to make clear that we will work with those vendors. It will take some time, but we're committed to making that happen."

Microsoft held online briefings with security vendors on Thursday to address their concerns, though technical difficulties booted some vendors out.

Security vendors said their engineers are going to have to scramble to update their software once the technical tools they need become available, which could be months away.

Vista begins shipping to computer manufacturers and larger businesses next month. Consumers should be able to buy the new operating system in January.

"We're turning blue holding our breath waiting for something to happen," McAfee chief scientist George Heron said in an interview. "And frankly so are the users. This is the 11th hour. Now is not the time to crack open the designs."

In the meantime, third-party vendors said their products will work but won't have maximum protection. Microsoft said its products will adhere to the same rules and won't have an unfair advantage.

Security experts said it's unclear whether Microsoft's stance on protecting the kernel will make Windows more secure, though it will likely challenge hackers to try to crack it.

"No matter how secure any operating system is, if it has been built by man, it can be broken by man," said Ken Dunham, director of the rapid response team at VeriSign Inc.'s iDefense Intelligence. "While it might be a major improvement, there is no silver bullet."

Vendors said customers are likely to agree.

"It's a little bit like the fox guarding the hen house," Symantec's Trollope said. "If Microsoft can control the ways that companies can innovate, if they can control the dialogue of security with the customer, you end up with a security monoculture. And that's unacceptable."

Gartner: Vista Antitrust Tweaks To Take Years (CNET)

By Joris Evers, Staff Writer, CNET News.com

CNET News, October 21, 2006

Analyst firm says changes to the 64-bit version of the OS update could also cause compatibility trouble in the interim.

Antitrust related changes to security in Windows Vista 64-bit will take years to complete and will cause compatibility trouble in the interim, according to Gartner.

Users of security technologies such as host intrusion-prevention systems, or HIPS, should postpone buying 64-bit versions of Vista, Gartner analyst Neil MacDonald wrote in a research note published on Wednesday. MacDonald also noted that many integrated security products today include HIPS functionality.

"Recognize that many of these products will not deliver full functionality using 64-bit Vista," MacDonald wrote. "Do not plan for initial use of 64-bit Vista if you are using incompatible products for which no suitable alternative exists." People should ask their security vendor for Vista compatibility guarantees, he suggested.

In response to antitrust concerns from the European Commission, Microsoft last week said third-party security software will be able to interact with the kernel of 64-bit versions of Vista. Security companies had requested that capability, but Microsoft had denied it until it capitulated under pressure from regulators.

Security companies now have unfettered access to the core of 32-bit versions of Windows. But they complained that a kernel shield called PatchGuard in 64-bit versions of Vista, which is intended to stop hackers, blocks security products, too. 64-bit Windows is expected to eventually supplant 32-bit versions.

While Microsoft has promised to give its security rivals controlled access to the Vista kernel, the programming interfaces to do so still need to be developed.

"Our goal is to provide an initial set of documented, supported kernel interfaces in the Windows Vista SP1 (Service Pack 1) timeframe, recognizing that this will require collaboration from our industry partners," Ben Fathi, the outgoing corporate vice president of Microsoft's Security Technology Unit said in a statement late Thursday.

Gartner expects SP1 to be released in early 2008 and predicts that more programming interfaces related to the kernel will be delivered with SP2 or later. All these changes could have a negative effect on Vista, MacDonald wrote.

"Any kernel changes may have a 'ripple effect' up the software stack and will require retesting of all of Windows Vista applications," he wrote.

The timing is much to the dismay of some security companies, including McAfee. "Microsoft has not lived up, either in detail or in spirit, to the hollow assurances offered by their top management last week," Christopher Thomas, a partner at McAfee's Brussels-based law firm Lovells, said in a statement Thursday. Vista is scheduled for release to manufacturers in November and for sale to the public in January.

Access to the Vista kernel is one of two concessions Microsoft made. The Redmond, Wash., software giant has already provided security companies with a way to disable alerts sent out by the Windows Security Center, if their third-party protective software is installed.

ENVIRONMENT/INDIAN AFFAIRS:

Sunny Side Up (NYT)

By Claudia H. Deutsch

The New York Times, October 21, 2006

General Motors liked the idea of using the sun to power its buildings. But until recently, one immutable economic fact held G.M. back: The upfront costs were simply too high to justify the ultimate payoff.

G.M. is not alone. Even solar energy's biggest fans concede that the high investment costs have kept companies from pursuing what is arguably the cleanest, most renewable and least politically sensitive energy source around.

But now, G.M. and a small but growing number of other companies and municipalities are getting solar energy from systems installed by others. Even though the installations are right on their own roofs, they buy the electricity much as they would

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from a utility's grid. And because the companies that paid for the systems will get a steady income, they can provide power from the sun at competitive electricity rates.

Since June, the roof of G.M.'s parts warehouse in Cucamonga, Calif., has been host to a photovoltaic array with the ability to generate as much as 1.5 million kilowatt hours of electricity a year. The installation, which G.M. expects will provide half of the building's electricity, cost G.M. nothing.

A solar developer called Developing Energy Efficient Roof Systems — commonly called Deers — bought the equipment with money it raised from private financiers. Deers and its investors own the cells; G.M. signed a long-term contract to purchase the solar-generated electricity from them, at a discount to the prevailing rate for electricity in the region.

These days, that rate is 9 cents to 10 cents a kilowatt hour; G.M. expects that the solar system will reduce its overall electricity costs by 10 percent a year.

"We assume the risk, because we know that companies like G.M. have budgets to buy electricity, not to spend millions of dollars generating it," said Jack P. DeLiddo, president of Deers.

G.M. is already negotiating with Deers to put a similar solar array on a warehouse in nearby Fontana. "The savings are small, but it's exciting to create such an environmentally sound project without any need to shell out capital," said Kamesh Gupta, manager of planning and programs for General Motors Energy and Utility Services, which purchases all the energy used by G.M.

Similar deals are cropping up elsewhere. Some specify that the users pay the solar developers a fixed rate for electricity, while others specify a fixed discount to the going rate.

Other factors are involved as well. The parties generally negotiate who will retain potential credits for reducing carbon emissions. When the developers and their backers keep the carbon abatement credits, they generally plan to sell them to companies that might otherwise have trouble complying with rules planned in California and expected elsewhere aimed at limiting global warming.

The electricity users could do that, too, but some of them might also use the credits to offset emissions from other parts of their operations.

But the same logic underpins all of the deals: The electricity users get a clean, reliable source of energy. The developers and their backers get an equally reliable return on their investment — which can be as high as $6,000 per kilowatt hour of capacity — as well as the tax credits and rebates that California and other states offer for renewable energy projects.

"Corporations like solar energy, but they would rather make sizable investments in their core businesses," said Craig Hanson, head of the Green Power Market Development Group, a consortium of large companies working under the auspices of the World Resources Institute to promote renewable energy. "But for the financiers, it's like buying the bond of a triple-A-rated company. It may not offer a 20 percent return, but it's a stable and secure investment."

The "solar services model," as Mr. Hanson calls the solar contracts, is drawing interest from a diverse group of companies and financiers.

Alcoa is negotiating with developers to put solar cells on a manufacturing plant, although it will not specify details. General Electric Energy Financial Services has installed solar roofs that provide half the electricity used by 23 San Diego schools.

Kevin Walsh, the G.E. unit's manager for renewable energy, said the company was installing another seven. "For a financier like us, it's a nice, steady stream of revenue with the risk virtually eliminated," Mr. Walsh said. His unit, he said, is negotiating with a "big box retailer" to install solar roofs on some of its stores.

Retailers, which normally operate with the kind of razor-thin margins that cannot support large capital investments on anything but the core business, have been particularly receptive to the solar services model.

Whole Foods Market, in a deal with SunEdison, a solar project manager financed by a group of investors that includes Goldman Sachs, has solar cells providing about 10 percent of the energy it uses in three stores and one warehouse, and plans many more. "There's just no downside," said Jennifer McDonnell, green mission specialist for Whole Foods.

Staples, which has two distribution centers in California that derive about 15 percent of their electricity from 280 kilowatt solar arrays installed by SunEdison, also plans new ones. It recently put a 120 kilowatt system on an office building in Englewood, N.J., and is planning a large solar array for a distribution center in Killingly, Conn.

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Mark Buckley, vice president for environmental affairs, said he had identified 140 stores that seemed to be prime candidates for similar installations.

"We are a frugal business with low margins, so we cannot justify the cost of a solar system," he said. "This way, we've got no capital investment, no operating expenses, and we're lowering our energy costs even as we reduce our carbon emissions. This is a true win-win."

That does not mean the deals are free of risk. They are not feasible in locations where the sun does not shine consistently through the year, or in states that do not offer tax incentives and rebates.

The economics do not work for the many industrial companies that have negotiated below-market electricity rates. Users must commit to buying a set amount of energy for at least 10 years.

Older buildings often have aged roofs that cannot support conventional photovoltaic cells (although Mr. Walsh of G.E. Energy Financial Services said his group used a technology that embedded the photovoltaic cells in a new, and removable, roof).

Companies must also persuade their own managements — or in the case of leased buildings, their landlords — to allow the installations. And, of course, the economics only make sense to people who think that prices for conventional energy will keep rising.

"We have an incentive to make sure the systems work well, because that's how we make our money," said Jigar Shah, who founded SunEdison in 2003 and is generally thought to have pioneered the solar services model. "But let's face it, we are putting a hole in their roof, so they have to trust we can do it properly. And if you think electricity rates will go down, these long-term contracts don't look good."

But few economists are predicting that electricity rates will plummet. And, even if they do, solar energy would still appeal to companies worried about carbon emissions and looking at ways to improve their public image.

"The energy is clean, and the fixed-price agreement doesn't fluctuate," Ms. McDonnell of Whole Foods said. "Seeing whether solar would work is now on our check list for every one of our new stores."

Future Forecast: Extreme Weather (WP/AP)

By Seth Borenstein

The Washington Post, October 21, 2006

The world -- especially the Western United States, the Mediterranean region and Brazil -- is likely to suffer more extended droughts, heavy rainfalls and longer heat waves over the next century because of global warming, a new study forecasts.

But the prediction of a future of nasty extreme weather also includes fewer freezes and a longer growing season.

In a preview of a major international multiyear report on climate change that comes out next year, a study from the National Center for Atmospheric Research details what nine of the world's top computer models predict for the lurching of climate at its most extreme.

"It's going to be a wild ride, especially for specific regions," said the study's lead author, Claudia Tebaldi, a scientist at the federally funded academic research center.

Tebaldi pointed to the Western United States, Mediterranean nations and Brazil as "hot spots" that will get extremes at their worst, according to the computer models.

Some places, such as the Pacific Northwest, are predicted to get a strange double whammy of longer dry spells punctuated by heavier rainfall.

As the world warms, there is likely to be more rain in the tropical Pacific Ocean, and that will change the airflow for certain areas, in much the same way that El NiÃ±o weather oscillations now do, said the study's co-author, Gerald Meehl, a top computer modeler at the research center. Those changes will affect the Western United States, Australia and Brazil, even though it's on South America's eastern coast.

For the Mediterranean, the issue has more to do with rainfall in the tropical Atlantic Ocean changing air currents, he said.

"Extreme events are the kinds of things that have the biggest impacts, not only on humans but on mammals and ecosystems," Meehl said. The study, to be published in the December issue of the peer-reviewed journal Climatic Change, "gives us stronger and more compelling evidence that these changes in extremes are more likely," he said.

DOJ_NMG_0084096

The researchers took 10 international agreed-upon indexes that measure climate extremes -- five that deal with temperature and five with precipitation -- and ran computer models for the world through 2099. What Tebaldi called the scariest results had to do with heat waves and warm nights. Everything about heat waves -- their intensity, length and occurrence -- worsens.

"The changes are very significant there," Tebaldi said. "It's enough to say we're in for a bad future."

The Population Boon (WSJ)

The Wall Street Journal, October 21, 2006

"How will we house the next hundred million Americans? . . . How will we educate and employ such a large number of people? How will we provide adequate health care when our population reaches 300 million?"

-- President Richard Nixon, 1969

President Nixon didn't live to see his questions answered, but this week the U.S. population surpassed the 300 million mark. And surprisingly, given the tenor of the reaction to the last hectomillion milestone, reached in 1967, the 300 millionth American was not greeted with the same wailing and gnashing of teeth as the 200 millionth. Call it progress.

Around the time the country's population hit 200 million, biologist Paul Ehrlich, always good for a bit of doom and gloom, compared "America's pride in her growing population . . . to a cancer patient's pride in his expanding tumor," according to Time magazine. Stewart Udall, a former Secretary of the Interior, thought 100 million sounded like a better number than 200 million. Messrs. Ehrlich and Udall are still among our 300 million, but their population bomb has conspicuously failed to explode, which may go some way toward explaining why, in the popular imagination at least, this week's milestone did not prompt widespread anxiety about the future.

HOT TOPIC

The United States: 300 Million and Growing1

In Japan and Western Europe, population implosion has become the crisis of the moment. Birth rates in most Western European countries are now so low that governments are busily looking for ways to avoid a very different kind of demographic catastrophe. The problem posed by Europe's aging population is exacerbated by its reliance on intergenerational transfer payments to support its public pension systems; America, with both a greater emphasis on wealth accumulation and a higher birth rate, is comparatively better off. Demographics and Social Security are on a collision course here as well, but Europe's difficulties in this regard make America seem fortunate by comparison.

China, thanks to its draconian one-child policy, also faces a demographic challenge, embodied in the oft-heard refrain that the Middle Kingdom risks becoming the first country ever to grow old before it grows rich. Population-control measures have resulted in a shortage of women and girls, one of many unintended consequences of the population-control hysteria of the 1960s and 1970s.

At bottom, the debate over population revolves around a single question: Are human beings a burden, or a resource? The former view is embodied by the Ehrlich and Nixon quotes above. More bodies mean more mouths to feed, house and provide for. At a certain point, in this perspective, you run out of stuff.

The latter view holds that people don't just consume things. They make them too. More bodies mean more minds, more innovation, more dynamism and more progress. The history of the world as America went from 100 million or 200 million to 300 million lends a lot more support to the humans-as-resource view than the humans-as-burden view. In the middle of the last century, the fathers of the population-control school of thought warned darkly that when world population reached seven billion, the "carrying capacity" of the planet would be reached. Mass starvation and political upheaval would be the inevitable result. Well, we're getting right up there, but the bread lines are getting shorter, not longer.

Simply put, the reason is prosperity. For decades, economic growth has easily outstripped population growth, giving the U.S., and much of the rest of the world, both more people and more prosperity, something presumed to be impossible by the Malthusians. Meanwhile, the slowdown in population growth brings a whole new set of challenges. To meet them, America and the world will need more minds generating new ideas. Four hundred million, here we come.

Court Limits U.S. Authority At Casinos (AP-Y)

DOJ_NMG_0084097

By Erica Werner, Associated Press Writer

AP, October 21, 2006

The federal government can't make rules for the ways Las Vegas-style games are played at Indian casinos, an appeals court ruled Friday in a blow to efforts to regulate the booming, $22 billion tribal gambling industry.

The decision by a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit arises from a dispute in Arizona between the Colorado River Indian Tribes and the National Indian Gaming Commission, the federal agency that oversees Indian casinos.

The commission tried in 2001 to audit the tribe's casino in Parker, Ariz., to ensure compliance with recently enacted federal standards for how games like blackjack and slot machines are run. The tribe objected, contending the commission was overstepping its authority under the National Indian Gaming Regulatory Act.

A federal district court sided with the tribe, and the appeals court agreed in an 11-page ruling. While federal law gives the gaming commission some authority over games like lotto and bingo on Indian land, the big moneymakers like blackjack and slots — classified as "Class III" games — are outside the commission's jurisdiction, said the ruling written by Judge A. Raymond Randolph.

"What is the statutory basis empowering the commission to regulate Class III gaming operations?" the ruling asked. "Finding none, we affirm" the lower court's decision.

Tribes can open Las Vegas-style casinos only after they sign a "compact" with their state's governor, and the court asserted there was no federal role in regulating the game-playing.

Tribal gambling has grown explosively since Congress established the legal framework for it in 1988, and there are now more than 400 Indian gambling facilities operated by 223 Indian tribes in 28 states.

With the growth have come conflicts as tribes have asserted their sovereignty as independent governments. Local and state governments have sought to sketch out some authority, and the federal government increasingly has attempted to regulate aspects of Indian gambling from labor to slot machine standards.

The National Indian Gaming Association welcomed the ruling as a victory for tribal sovereignty.

"Today, the federal court of appeals told us what Indian tribes always knew — it is not the NIGCs job to establish federal regulations that override the sovereign decisions of tribes and states made through Class III gaming compacts," the association's chairman, Ernest Stevens, Jr., said in a statement.

Officials with the National Indian Gaming Commission did not immediately return calls seeking comment.

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On the Net:

The court: http://www.cadc.uscourts.gov/internet/internet.nsf

FBI/DEA/ATF/USMS:

Two Plead Guilty To Gun Trafficking Charges (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), October 21, 2006

Flea market dealers will be sentenced in Jan. to federal prison

Move over, Wal-Mart. Forget about it, Bass Pro Shops.

When it comes to peddling guns, these guys had a sales pitch the big retail boys just can't match - low prices and no questions asked.

There was only one hitch in the business plan for gun salesmen George Manus, 71, and Timothy Cobb, 49. It was illegal.

Now, this pair of flea market dealers is headed to federal prison.

Manus and Cobb pleaded guilty in U.S. District Court earlier this week to gun trafficking charges and face sentencing in January.

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In paperwork prepared as part of their pleas, Assistant U.S. Attorney Tracee Plowell described a profitable gun peddling business where the only thing that mattered was cash.

"Manus told (a police snitch) that he doesn't care so long as he gets his money out of it," Plowell wrote.

Manus and Cobb were nabbed as part of a U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives probe. It isn't the first time the ATF has gone after flea market gun dealers. The agency headed a roundup of more than a dozen unlicensed dealers in 2002.

But that case turned out to be a bit of a public relations nightmare for the ATF because many of the gun peddlers were gray-haired retirees with clean records who insisted they had no idea selling a few guns in their personal collections was a crime.

This go-around, the ATF built cases against Manus and Cobb that left little room for a casual-sales defense.

Plowell wrote that the agency used snitches to buy lots and lots of guns from the pair.

Cobb once met a snitch in the parking lot of a fast-food restaurant on Tazewell Pike to seal a deal, but most of the gun sales at issue in the case occurred at what has been identified as the 407 Flea Market in Sevier County.

The snitches made sure to tell Cobb and Manus they were criminals barred from owning or buying guns. One snitch made it clear he sold marijuana. Cobb and Manus made it equally clear they didn't care so long as the snitches masquerading as customers had cash.

Cobb and Manus also told the informants that the guns they were peddling were not part of their private stashes, Plowell wrote. Instead, the pair said they bought guns to resale at a profit, she wrote.

Jamie Satterfield may be reached at 865-342-6308.

CONGRESS-ADMINISTRATION:

Limits On Aide In Leak Case Are Protested By Democrat (NYT)

By Scott Shane

The New York Times, October 21, 2006

The senior Democrat on the House Intelligence Committee yesterday sharply protested the chairman's decision to suspend a Democratic staff member's access to classified information in a leak inquiry.

The congresswoman, Jane Harman of California, called the action a groundless act of political retaliation.

Ms. Harman's complaint to the chairman, Representative Peter Hoekstra, Republican of Michigan, involved his internal investigation of the possible source of an article on Sept. 24 in The New York Times about a National Intelligence Estimate saying the Iraq war had become a cause célèbre for terrorists.

Ms. Harman said she was appalled by Mr. Hoekstra's move against the staff member, Larry Hanauer.

"There is no evidence to suggest that the professional staff member in question did anything wrong," she said in a statement.

Ms. Harman said Mr. Hoekstra had admitted to her that his action against Mr. Hanauer was payback for her release on Tuesday of a report on actions by former Representative Randy Cunningham while he was on the Intelligence Committee. Mr. Cunningham, a California Republican, is serving an eight-year prison sentence for taking bribes.

"If you have a problem with me, why not deal with me directly?" Ms. Harman asked Mr. Hoekstra in a letter sent on Wednesday.

In his response sent yesterday, Mr. Hoekstra said he felt obliged to investigate the question. "This is an issue of national security," he wrote, inviting Ms. Harman to help decide how to conduct the inquiry.

The mutual accusations deepened the partisan tensions that have repeatedly gridlocked the House committee and its Senate counterpart for two years, a period of intense debate on intelligence policies.

On Tuesday, acting at the suggestion of another panel member, Representative Ray LaHood, Republican of Illinois, Mr. Hoekstra banned Mr. Hanauer, the staff member, from the committee's high-security offices and from access to classified documents.

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Mr. LaHood said Mr. Hanauer had requested a copy of the National Intelligence Estimate and received it two days before the article in The Times appeared on the Web.

In an interview yesterday, Mr. LaHood conceded he had no evidence of a leak beyond the coincidence of timing.

"But some of us think it's more than a coincidence," he said.

Democrats on the committee and a lawyer for Mr. Hanauer said Mr. LaHood's sleuthing was off base.

Representative John F. Tierney, Democrat of Massachusetts, said in an interview that he requested a copy of the National Intelligence Estimate last month after The Times had called his office. When a committee security officer could not immediately locate it, Mr. Hanauer requested the document from the office of the director of national intelligence, John D. Negroponte, and a copy was delivered.

"I didn't talk to The New York Times, and I don't think he did either," Mr. Tierney said of Mr. Hanauer. "I want the committee to clear his name as soon as possible."

Mr. Hanauer's lawyer, Jonathan Turley, said his client had nothing to do with any leak of the intelligence estimate and would offer a sworn statement to that effect. Mr. Turley said Mr. Hanauer was collateral damage in a pre-election squabble.

"He simply got the document and gave it to a member," the lawyer said.

Mr. Hanauer, who joined the committee staff last year after working for the Defense Department and the Booz Allen Hamilton, the consulting firm, remains on the panel payroll and retains his security clearance.

The estimate on terrorism had a relatively low-level classification, "secret," and was made available in May to hundreds of people in multiple agencies and Congressional committees. The Times has previously reported that its article about the estimate was based on interviews with more than 10 officials and outside experts.

The dispute on the panel appears to result from the argument over the report on Mr. Cunningham, which Michael Stern, a special counsel appointed jointly by Mr. Hoekstra and Ms. Harman, wrote. That report found that Mr. Cunningham had used his committee position to help steer $70 million in contracts to favored companies.

On Tuesday, when Ms. Harman released an unclassified summary of the counsel's report, Mr. Hoekstra called that "disturbing and beyond the pale." He wrote to Ms. Harman on Tuesday that he had suspended Mr. Hanauer, implicitly linking her releasing the report on Mr. Cunningham to the reported leak.

"It has become clear to me by your continuing and unauthorized release of information received and maintained by the committee," Mr. Hoekstra wrote, "that the Democrats are not willing to protect committee information."

Suspecting Leak, Chairman Suspends Panel Staffer (WP)

By Walter Pincus

The Washington Post, October 21, 2006

The Republican chairman of the House Permanent Select Committee on Intelligence suspended a mid-level Democratic staffer Tuesday based on a suspicion that he may have been connected to the leak of a politically damaging intelligence report almost a month ago, according to Republican and Democratic congressional sources.

The action by Rep. Peter Hoekstra (R-Mich.), which has drawn sharp criticism from Democratic panel members, was described by legislators of both parties as another example of the increased partisan infighting that has damaged the workings of the intelligence panel during this election year.

"The chairman's unilateral action is without basis and an abuse of his power to provide security accesses," Rep. Jane Harman (D-Calif.), ranking Democrat on the panel, said yesterday. "There is no evidence to suggest that the professional staff member in question did anything wrong," she added.

Late yesterday, Washington lawyer Jonathan Turley sent a letter to Hoekstra and Harman saying he represented the staff member involved, Larry Hanauer, whose name had been leaked to the media. Turley wrote that he wanted an expedited review of his client's role "to clear his name at the earliest possible date." He said there was "not a single scintilla of evidence suggesting that Mr. Hanauer had any role in the leaking of the NIE," or National Intelligence Estimate, and that he was drafting a sworn statement to that effect.

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Adding to the political overtones, several Republican lawmakers issued news releases yesterday condemning leaks and praising Hoekstra -- including House Majority Leader John A. Boehner (Ohio), House Majority Whip Roy Blunt (Mo.) and Sen. John Cornyn (Tex.).

The initial accusation against Hanauer was made to Hoekstra more than three weeks ago in a letter from Rep. Ray LaHood (R-Ill.), a committee member. The charge was based on a "coincidence" that the Democratic staffer obtained the document, at the request of a member, two days before stories about its contents were published. "I have no credible information to say any classified information was leaked from the committee's minority staff. . . . This may in fact be only coincidence and simply 'look bad,' " LaHood said in his letter, but he requested a formal inquiry.

LaHood defended his letter in a telephone interview yesterday. "Why was there this coincidence? . . . That's what the investigation should be about," he said.

LaHood also linked Hoekstra's decision to suspend the staff member on Tuesday to Harman's unilateral release that day of the summary of a special counsel's report about how former representative Randy "Duke" Cunningham (R-Calif.) manipulated the committee to benefit contractors who had bribed him.

"We are in the political season. . . . If the ranking member wants to play politics," LaHood told Fox News yesterday, referring to Harman, "there are some of us on the other side that can play politics, and I'm not afraid to do it."

Yesterday, Hoekstra sent a letter to Harman saying he thought the suspension was necessary "given the current 'zero tolerance' atmosphere for any indication . . . that suggests the potential for wrongdoing." He also referred to the coincidence of timing as a "red flag" suggesting a leak of classified information. The special counsel's report criticized the committee for failing to act on "red flags" about Cunningham.

Three days earlier, on the day of the suspension, Hoekstra wrote Harman that he had "thought carefully about this and have come to the conclusion that I cannot assume that this was mere coincidence." Hoekstra added that the staffer "could have been involved in, or confirmed the leak of, the classified NIE information."

At issue is the leak of selected contents, harmful to the Bush administration, from a classified April 2006 National Intelligence Estimate titled "Trends of Global Terrorism." The New York Times first published a story about the NIE, with the headline "Spy Agencies Say Iraq War Worsens Terrorism Threat," on Sept. 23 on its Web site and again in its Sept. 24 print edition.

Intelligence community sources, speaking anonymously because the NIE remains classified, have told The Washington Post that Times reporters were asking questions about the contents of that NIE weeks before publication of the story. In his story, Times reporter Mark Mazzetti wrote that over the weeks he had interviewed "a dozen United States government officials and outside experts . . . for this article." He added that all "had either seen the final version of the document or participated in the creation of earlier drafts."

Three days before publication of the Times story, on Sept. 20, Rep. John F. Tierney (D-Mass.), a member of the intelligence panel, received a media inquiry about the NIE, according to a statement his office released yesterday. Tierney said yesterday that he knew nothing about it but called over to the Democratic staff and asked whether such a report had been received. The staff member talked to the committee security officer, who said such reports had not been put on an internal, secure Web site because of technical problems, according to a committee staff member who asked not to be identified.

Hanauer and the security officer called the Office of the Director of National Intelligence, which had produced the NIE, and a copy of the secret document was delivered the next day, Sept. 21. The staff member took a hard copy to Tierney, and the committee security officer scanned it into the panel's classified Web site, making it available to all committee members. Tierney said that after he read it and saw it was classified he refused to discuss it with reporters.

"I don't know why they came down on this fellow," Tierney said.

Democratic Aide's Access To Intelligence Is Cut Off (LAT)

By Greg Miller

The Los Angeles Times, October 21, 2006

DOJ_NMG_0084101

WASHINGTON — The chairman of the House Intelligence Committee has suspended a Democratic aide's access to classified materials, citing concerns the staffer might have leaked parts of an intelligence assessment on terrorism to the media.

The highly unusual move drew sharp protest from the panel's ranking Democrat, Jane Harman of Venice, who said in a statement Friday, "There is no evidence to suggest that the professional staff member in question did anything wrong."

With an election in less than three weeks that could swing control of Congress, the exchange reflects a major deterioration in relations on a committee that traditionally has sought to avoid partisan clashes. One congressional official said the committee was in "meltdown."

Committee Chairman Peter Hoekstra (R-Mich.) said he suspended the aide's access to secret intelligence documents after learning that the employee had requested a copy of a high-level intelligence estimate days before details of the document showed up in the press.

In a letter to Harman released by Hoekstra's office Friday, Hoekstra said, "I cannot assume that this was mere coincidence."

The aide was identified by other congressional officials as Larry Hanauer. The officials, who spoke on condition of anonymity because of a pending investigation into the leak, said Hanauer had held positions with the departments of Defense and Homeland Security before joining the professional staff of Democrats on the House intelligence panel about two years ago.

A spokesman for Harman said Hanauer was not available to comment. His attorney, Jonathan Turley, expressed anger that Hanauer was named in news reports Friday and said there was no evidence the aide leaked the intelligence report.

Turley wrote to committee leaders, "When a staffer can become fodder for politics in this way, it discourages qualified people from seeking to join public service."

Other Democratic aides said Hanauer was familiar with rules surrounding classified materials and said they were skeptical he would leak information.

The document he requested — on behalf of committee member John F. Tierney (D-Mass.), according to Turley — was a National Intelligence Estimate on global terrorism trends that suggested the Iraq war had exacerbated terrorism. Disclosure of the analysis last month was a political embarrassment to the Bush administration.

The analysis was disseminated to government officials and multiple congressional committees months before some of its findings were reported Sept. 24 in the Los Angeles Times and New York Times.

Hoekstra's suspension of Hanauer's access was the latest in a series of showdowns between the committee's senior members. Hoekstra was angered earlier this week when Harman publicly released an unclassified summary of an internal committee investigation into abuses by former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), who served on the panel and is now in prison for taking bribes.

In his letter to Harman, dated Tuesday, Hoekstra alluded to the release of the Cunningham report and said he had suspended Hanauer's access in part because he was concerned that "Democrats are not willing to protect committee information." Hoekstra said Hanauer's suspension would remain in effect until a panel investigation of the Iraq analysis' leak was complete.

Writing to Hoekstra on Wednesday, Harman said the suspension of Hanauer was "in retaliation for my decision to release an unclassified summary" of the Cunningham probe.

"If you have a problem with me, why not deal with me directly?" she wrote.

A Democratic aide familiar with the Hanauer matter agreed: "He didn't do anything. He is a pawn in a retribution."

An aide to Harman said Hanauer remained on the committee payroll, working outside the main committee offices on unclassified matters.

Democrats Back Staffer Suspended Over Iraq Leak (WT/AP)

The Washington Times/AP, October 21, 2006

ASSOCIATED PRESS

Democrats say the Republican head of the House intelligence committee had no grounds to suspend a staff member who has come under scrutiny for the leak of a secret intelligence assessment.

The unidentified staff member, a Democrat, was suspended this week by Chairman Peter Hoekstra and is being denied access to classified information pending the outcome of a review. Mr. Hoekstra yesterday said the step was the least aggressive he could take while the committee investigates.

The Michigan Republican said the committee aide will be interviewed and other information will be collected. That could include correspondence, phone records and interviews with people who interacted with the aide.

For now, Mr. Hoekstra said, he has not involved the FBI, which would normally handle investigations into leaks of classified material.

"We ought to be able to resolve this very, very quickly," he said.

The House Permanent Select Committee on Intelligence's top Democrat, Jane Harman of California, said Mr. Hoekstra's "action is without basis and an abuse of his power" in overseeing security access.

"There is no evidence to suggest that the professional staff member in question did anything wrong," she said. She depicted Mr. Hoekstra's move as political payback, saying the chairman was angry that Mrs. Harman had released a report about a former Republican congressman jailed for taking bribes.

The leak to the New York Times of a National Intelligence Estimate on global terror trends caused a political uproar last month. In the assessment, completed in April, analysts from the government's 16 spy agencies concluded that the Iraq war has become a "cause celebre" for Islamic extremists, breeding deep resentment of the United States.

President Bush, who suggested the document was leaked for "political purposes" weeks before the midterm elections, later made public four pages of the estimate's key findings.

Attorney General Alberto R. Gonzales yesterday would not discuss whether the Justice Department is investigating who leaked the information about the intelligence assessment. But he described the government as "concerned about the disclosure of classified information, particularly during a time of war."

"Certain kinds of information are protected by law and should remain so," he said.

In a letter to Mr. Hoekstra dated Sept. 29, Rep. Ray LaHood, Illinois Republican, a committee member, said the Democratic staffer requested the document from Director of National Intelligence John D. Negroponte three days before a Sept. 23 story by the Times on its conclusions.

"I have no credible information to say any classified information was leaked from the committee's minority staff, but the implications of such would be dramatic," Mr. LaHood said in the letter, a copy of which was obtained by the Associated Press. "This may, in fact, be only coincidence, and simply 'look bad.' But coincidence, in this town, is rare."

A conference call to the committee's nine Democrats on Wednesday to inform them of the aide's suspension prompted outrage, said two congressional officials, who spoke on the condition of anonymity because they were not authorized to speak publicly about internal committee business.

The officials said that the National Intelligence Estimate was marked "secret," rather than "top secret" or another more restrictive classification. Mrs. Harman said thousands of people across government would have had access to it, and noted the assessment was also posted on the committee's internal Web site days before the story was published.

Mr. Hoekstra said he does not think that any committee Republicans had access to the intelligence assessment before it was leaked, citing a computer malfunction that prevented committee members and staff from realizing it had been transmitted to them.

"We are pretty confident that the number of people on the committee who had access to this report is very, very limited," he said.

Bush Urges GOP On Medicare Drug Benefit (AP-Y)

By Kevin Freking

AP, October 21, 2006

President Bush said Friday that Republicans are missing an opportunity if they're not talking up the Medicare drug benefit while campaigning this election season.

"I think this is a fantastic program, but more importantly, so do the seniors," he said in an interview with The Associated Press.

The drug program was rife with problems at the outset, but reports indicate that in recent months it has been operating smoothly. The administration estimates that the average elderly or disabled person will save about $1,100 annually on medicine.

Polls indicate that most participants are satisfied.

"My own view is our candidates and the people who voted for this ought to be out there traveling to senior centers all over their districts and their state saying, 'Look what we did,'" Bush said.

Democrats, however, say revising the plan would be a first order of business if they regain control of Congress.

The program allows seniors and the disabled to enroll in private plans that negotiate drug prices with manufacturers. The program is subsidized by the federal government and is expected to cost taxpayers about $30 billion this year.

Democratic lawmakers say the government should do the price negotiations, using its considerable purchasing power to lower the cost for seniors. Also, many Democrats would like to simplify the program by letting the government administer a plan instead of relying on dozens of private insurers.

Seniors would flock to the government-administered plan, Democrats say, because it would more closely resemble how they use Medicare to pay for visits to the family doctor.

Rep. Nancy Pelosi, D-Calif., promises that Democrats would move quickly to give the secretary of health and human services negotiation powers, similar to the way the Veterans Affairs Department negotiates prices for the drugs that it covers.

"As pharmaceutical companies reap record profits, it's clear the president's flawed prescription drug plan is working better for drug companies than it is for America's seniors," Pelosi said Friday. "It is no wonder that the Republican prescription drug bill actually bars Medicare from negotiating lower drug prices for seniors."

But the president said that he likes having dozens of private insurance plans competing for business — that the competition leads to better prices and service.

"There is a fundamental disagreement and that is: Who should be making decisions for consumers?" Bush said. "Obviously there's a group of folks that feel like the government can do a better job than the consumers themselves. We strongly believe that empowering consumers is the appropriate way to promote quality in health care."

"As a matter of fact, we will resist any changes to weaken the program."

Bush participated in a small roundtable on the drug benefit with a couple from Springfield, Va., pharmacy representatives, a caregiver who helped her aunt enroll and the administrator of a non-profit agency that helps low-income beneficiaries enroll.

Karen Smith, a pharmacist in Washington, told Bush that she believes the program has helped many of her customers.

"I would actually have customers who could only buy five pills at a time because of the cost of their medication. Since Medicare, I don't see that any more," Smith said.

Dr. William "Barker" Hardison and his wife Lois estimated they had saved about $1,700 through September on the cost of their medicine. The rate of savings will decline because Lois is now in the coverage gap known as the doughnut hole. Still, the couple estimated they will have save about $2,000 for the year.

"There's been a doughnut hole forever. It just used to start at zero," Health and Human Services Secretary Mike Leavitt said.

Bush asked Medicare officials about 630,000 seniors and disabled people who were recently notified that they would not be considered dual-eligibles, which means they would not be automatically enrolled in a plan that covers virtually all of their prescriptions for almost no cost.

Leslie Norwalk, the acting administrator for the Centers for Medicare and Medicaid Services, told Bush that the people will remain in the plans they are currently enrolled in. But if they want extra help in paying for their medicine, as they receive now, they need to apply for the low-income subsidy.

The Kaiser Family Foundation says its polling shows more than eight in 10 seniors who are enrolled in a Medicare drug plan are satisfied, although almost two in 10 say they have encountered a major problem in using it.

Michael Gerson Mr. Compassionate Conservatism (WSJ)

By Naomi Schaefer Riley

The Wall Street Journal, October 21, 2006

ALEXANDRIA, Va. -- Amid the cut and thrust of the midterm elections, two questions have frothed up within the recesses of the GOP -- almost as an arcane distraction from the squalid business of holding on to House and Senate: Has compassionate conservatism worked? And should Republicans try it again?

Former House Majority Leader Dick Armey has made his position plain. In a recent open letter from his organization, Freedomworks, he assailed some leaders of the religious right, suggesting that if Republicans lose in November it would be because they have abandoned the principle of limited government in favor of embracing government for supposedly conservative ends. Meanwhile, David Kuo, former deputy director of the Office of Faith-Based and Community Initiatives, has complained in recent interviews and op-eds that the biggest promises of compassionate conservatism, especially the support of faith-based initiatives, have been broken.

Perhaps the best person to sort out this business is Michael Gerson, George W. Bush's chief speechwriter from the beginning of his presidential campaign through the end of his first term, and then White House senior policy adviser until June. Now a senior fellow at the Council on Foreign Relations, Mr. Gerson is plotting a book about the future of conservatism. He has been giving a lot of thought to its history.

Known around the White House as "Mr. Compassionate Conservatism," Mr. Gerson tells me: "I think it's a political truth that one reason we won the 2000 election was that Republicans finally had a message on education and welfare. In 2008, they will have to have something other than a simplistic antigovernment message." In Mr. Gerson's view, "compassionate conservatism is the theory that the government should encourage the effective provision of social services without providing the service itself." It was, in effect, a conservative twofer: limiting the scope of government and empowering faith-based institutions by entrusting to the latter services that had traditionally been performed by the former. Or so the thinking went. * * *

We're in the sparsely decorated living room of Mr. Gerson's modest Alexandria home. An unassuming man who sits on the edge of his seat and nervously shakes his legs, he is regarded by people on both sides of the aisle as one of the most influential modern speechwriters. His rhetoric, they say, didn't just describe the president's policies, it helped shape them.

Mr. Gerson acknowledges that the antigovernment impulse "has a lot of intellectual energy" and has produced some "very healthy institutions and smart people with important policy prescriptions." But he is more interested in the strain of conservatism that is drawn from Catholic social thought, which stresses that human beings are responsible for others' welfare, and that the functions of society ought to be performed by the most local authority possible.

Yet Mr. Gerson is an evangelical, not a Catholic. And before being hired by the president, he worked for two other prominent evangelicals, both of whom he counts among the pioneers of compassionate conservatism: Prison Fellowship founder Chuck Colson and Sen. Dan Coats of Indiana. Mr. Colson plucked Mr. Gerson from Wheaton College (Billy Graham's alma mater) in 1986, where he studied theology. Wheaton has no Catholics on its faculty, but has led an intellectual charge to get evangelicals to think more about Catholic teachings. "It's almost a shame to say," Mr. Gerson laments, "but evangelicalism doesn't have that rich a tradition, and so you look for other sources that represent an authentic Christian witness in society."

Mr. Gerson's debt to Catholic teachings is also apparent on issues such as immigration. I asked him why, when most religious groups lined up this year to support the president's immigration proposals, evangelicals were noticeably absent. "There has been a significant history of Catholic reflection on immigration," Mr. Gerson says. He believes that a more "conspicuously global church" like the Catholic one is more likely to realize "that human beings in every culture and across every border have a radical equality before God." He also believes that evangelicals (and many secular Republicans) have succumbed "to one of the traditional temptations of conservatism": defining our national identity in terms of culture instead of ideals.

Mr. Gerson sees this temptation "reflected in our argument about democracy in the Middle East." Must there be a "democratic culture" before one can have a democracy? Mr. Gerson says that democracy took hold despite Confucianism in Asia, Catholicism in southern Europe and Orthodoxy in Eastern Europe. "All of these," Mr. Gerson notes, "were regarded as cultural impediments to democratic progress. In fact our ideals, the ideals of freedom, turned out to be more appealing than we thought." Mr. Gerson is confident that the same will prove true in Iraq and Afghanistan. "I have a deep belief that liberty improves human life. . . . People eventually find that to be true, but that doesn't mean they immediately find it to be true."

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Mr. Gerson looks back on the last few years of trying to spread freedom as "a time of exhausting international engagement on a variety of fronts." And he doesn't see it ending any time soon. But if the war on terror is really going to occupy our focus for the foreseeable future, why should Republicans run on improving education and ending poverty? Did 9/11 spell the end of compassionate conservatism?

Mr. Gerson believes the answer is no; the administration's foreign policy, he says, represents an expansion of the philosophy of compassionate conservatism. Bringing freedom and democracy to other parts of the globe has required military action, but Mr. Gerson is annoyed by Mr. Bush's critics on the left who say the president only uses force to solve global problems. "The administration's increases in foreign assistance have percentage-wise been the largest since the Marshall Plan," he notes.

He is more defensive, though, when it comes to domestic spending. Mr. Gerson justifies the ballooning federal budget in two ways. First, he notes that a lot of the spending has been on security: "I think it's largely and unfairly ignored that much of the spending increases that have occurred took place in the first term as a reaction to 9/11."

But Mr. Gerson also acknowledges that "there is a genuine argument about the role of government that is going on." And he asserts that the president has been nothing if not honest about where he comes down in that argument. "It should not have surprised anyone that President Bush was going to sign on to the Medicare prescription-drug benefit because he campaigned on it in 1999. And it should not have surprised anyone that he was going to define a federal role in education to raise standards because it was one of his main promises as a candidate."

Other proposals, though, like Social Security reform, which would have appeased the party's more libertarian wing, have fallen by the wayside. He suggests that the country's polarization is a significant part of the problem. The war has contributed to this embittered atmosphere, but Mr. Gerson believes that religious divisions in this country are also a factor. "I think religion raises the temperature of a lot of debates, and it becomes a cultural clash." He blames the religious right for "taking Republican policy prescriptions and baptizing them -- making them into requirements of conscience."

Of course, this "baptizing" has helped Republicans, not least the president, to garner votes. But he also observes "an abdication on the part of the Democratic Party, [which has] an almost active hostility to people of faith and religiously informed reasoning in public debate."

As a young man -- I picture a slightly more awkward and more agitated version of the one sitting before me -- Mr. Gerson was a fan of Jimmy Carter, but he broke ranks over abortion. Still, he believes that Democrats could win back religious folks some day. "There was a time in American history not too long ago where the most prominent evangelical was also the leading Democrat in the country. [William Jennings Bryan] didn't see any inconsistency in those things and I don't, to some extent."

Whatever its benefits for the Republicans, Mr. Gerson believes it is "unhealthy" that one party is secular and one party is religious. "My view" he tells me, "is summarized by Martin Luther King, Jr., who said that the church should not be the master of the state, or the servant of the state. It should be the conscience of the state."

He believes that conscience is especially needed for bioethical questions. He compares the utilitarian arguments of the president's critics -- "they believe that medical research should proceed with very few limits because it will benefit many people" -- with the supporters of popular sovereignty during Lincoln's time. "Yes we're a democracy," he acknowledges, "but we're a democracy that believes all men are created equal and endowed by their creator with certain inalienable rights."

Mr. Gerson punctuates his speech, the way he punctuated the president's speeches, with biblical references, and he has been accused of making the president speak in a kind of religious code -- indeed, Mr. Kuo recently suggested this. But Mr. Gerson says he isn't trying to hide anything and there are "tens of millions of people" for whom references to the Bible are "very familiar." * * *

But the president's rhetoric has come under fire from the right as well. After the second inaugural, this newspaper's Peggy Noonan criticized what she saw as the president's utopianism: "Tyranny," she wrote, "is a very bad thing and quite wicked, but one doesn't expect we're going to eradicate it any time soon. Again, this is not heaven, it's earth." Mr. Gerson again has little patience for this argument: "There is always tension between the ideals of rhetoric and the messy circumstances of the world." But he argues, as our conversation reaches crescendo, "I have no idea why that would argue that you give up on setting out the ideals."

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And here is where you see Mr. Gerson's gift. The president's critics, he knows, decry America's use of power as hypocritical -- that this country claims to look out for the oppressed when really we're the oppressor. In reply, Mr. Gerson picks the Founder many now think of as the biggest hypocrite of all: Thomas Jefferson. "Even though he was inconsistent in his own life, he set out an ideal that improved and motivated and guided American history from that day to this." That, he says, "is the best role of political rhetoric."

The Woman Who Would Be Speaker (WP)

By Lois Romano

The Washington Post, October 21, 2006

On election night 2004, Nancy Pelosi faced a painful reality: Her party was again a big loser, failing to win the presidency and losing three more House seats. Pundits were suggesting Pelosi should accept her fate as the leader of a permanent House minority.

But the California legislator had a different idea. Instead, she reached out to advertising executives, Internet moguls and language specialists to ask how Democrats could rise from the ashes and challenge President Bush and the Republicans. The advice that came back was unabashed: "You must take him down" and then hammer away at the differences between the two parties, Pelosi recalled.

Today the Democrats appear capable of taking back leadership of the House after 12 years in the minority, for reasons largely beyond Pelosi's control: an unpopular war, an unpopular president and a series of scandals that have left the Republicans highly vulnerable.

Nevertheless, if the Democrats win, experts say, much credit is due this 66-year-old woman, whose notable fundraising abilities (she raised $50 million this election cycle) and scorched-earth strategy of refusing to negotiate with the GOP have put her on track to become the first woman to be speaker of the House.

Dismissed by her critics as too liberal, too elitist and too lacking in gravitas, Pelosi, serving her 10th term, has proved to be a tough-minded tactician who has led her caucus from the political center and kept the fractious House Democrats in line. Pelosi and House Speaker J. Dennis Hastert (R-Ill.) rarely work together, and the Democrats voted along party lines 88 percent of the time last year -- the most unified voting record in 50 years -- according to a Congressional Quarterly study. By hanging together, the Democrats have thwarted many GOP initiatives, including the centerpiece of Bush's second-term agenda, restructuring Social Security.

That approach, while emboldening the Democrats, has earned Pelosi the enmity of House Republicans, who claim she is an obstructionist. Pelosi, who is married to a wealthy San Francisco businessman and wears designer suits, is a favorite target of conservatives. Throughout the campaign, Republicans have sought to scare voters by portraying Pelosi as a liberal extremist who would be weak on national security and prone to raises taxes if her party were back in control.

On his Web site, Majority Whip Roy Blunt (Mo.) calls the prospect of Pelosi becoming speaker "just plain scary" and says: "While Republicans fight the War on Terror, . . . House Democrats plot to establish a Department of Peace."

Even before the Democrats' disappointing showing in the 2002 midterm elections, Pelosi began making calls to line up support for a minority-leader bid, in case then-Rep. Richard A. Gephardt (D-Mo.) decided to step aside to run for president. Within days of Gephardt's decision to retire from the House, she locked up the post convincingly, by a vote of 177 to 29.

She took charge with a burst of energy and quickly developed a Democratic message that highlighted shortcomings in the Bush agenda. Later, she criticized the administration's decision to go to war in Iraq. Her strategy was to unite Democrats behind non-threatening, core issues such as the minimum wage, health care, Social Security and energy independence while steering clear of divisive social issues such as abortion rights and gun control.

While Pelosi appears at ease and chatty in informal gatherings, she often comes across as stiff and tentative in public, and she rarely projects well on television. After a halting performance on NBC's "Meet the Press" in May, Pelosi worked with media experts to polish her style and shorten her answers.

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Some conservative Democrats say she has given them a voice in forming policy by creating a number of advisory groups that focus on, among other things, rural issues and faith. "It's much easier to hold the party together if the people who feel the most disaffected feel well-treated," said David Rohde, a professor of political science at Duke University.

Rep. Collin C. Peterson (Minn.) is one of those conservatives. "I have always believed that it takes someone of the same political persuasion to convince the folks on the left that we're not going to be able to govern if we don't come to the center," he said.

This summer, as Republicans were demonizing Pelosi as a liberal liability, Peterson invited her to his rural district -- where she looked comfortable eating a pork chop on a stick and vowed to direct energy money to the Midwest, instead of the Mideast.

Colleagues say Pelosi's polished Pacific Heights exterior belies an iron-fist management style. One of her first moves as leader was to take control over who gets seats on the most coveted committees -- Ways and Means, Appropriations, and Energy and Commerce.

The newspaper Roll Call said in December that Pelosi threatened to remove Rep. Edolphus Towns (N.Y.) from the Energy and Commerce Committee for siding with Republicans on a key trade bill. And despite objections from the Congressional Black Caucus and others, she demanded the removal of Rep. William J. Jefferson (La.) from the Ways and Means Committee after authorities caught him on tape accepting $100,000, allegedly in bribe money. The ousting of Jefferson startled even Republicans.

Pelosi's biggest challenge was in trying to forge a consensus on the war in Iraq, a near-impossible task given the sharp divisions among Democrats in the House and Senate and the political danger of openly challenging Bush on the war. She had been highly critical of Gephardt's support for the war in the fall of 2002 and helped line up 126 Democratic votes against the resolution authorizing an invasion of Iraq.

But as the new minority leader, Pelosi knew she could not impose her views on her caucus and instead initially took the position that it was the Republicans' war, for the Republicans to fix. Privately, however, she spent months conferring with Rep. John P. Murtha (D-Pa.), a decorated Vietnam War veteran and prominent voice on military matters, who had voted for the war but was now souring on it. Pelosi knew that her voice would not be as credible as Murtha's.

The two planned Murtha's surprise turnaround a year ago, when he demanded immediate withdrawal of U.S. troops. Two weeks later, Pelosi followed his lead.

Should the Democrats win in November, Pelosi said, their new majority will push for the immediate start of a phased withdrawal of troops, to be completed by the end of 2007.

At the same time, she said, the new majority would quickly move to raise the minimum wage, allow the government to negotiate directly with drug companies for lower prices for seniors, repeal corporate incentives to take jobs overseas, make college tuition tax-deductible, and implement all the recommendations of the commission that investigated the Sept. 11, 2001, attacks, securing nuclear material from former Soviet states to keep it from terrorists.

Some Democrats complain that Pelosi relies on too tight a coterie of advisers, chief among them Reps. George Miller and Anna G. Eshoo of California. Others include Murtha, Edward J. Markey (D-Mass.), Rosa L. DeLauro (Conn.), David R. Obey (Wis.), John M. Spratt Jr. (S.C.) and Rahm Emanuel (Ill.), who heads the Democratic Congressional Campaign Committee. "The biggest complaint is that if you were not with her in the beginning you can't get in," a former leadership aide said.

Pelosi has signaled that she would not rely totally on seniority in appointing committee chairs. She has, however, told ranking members on the most powerful panels, Ways and Means, Rules, Energy and Commerce, and Appropriations, that she supports them.

And, after studiously avoiding cooperating with the Republican leadership for years, she has vowed to reach out to Republicans and be more inclusive. She said, for example, that she would allow Republicans to bring bills to the floor and have a say in conference committees. But many are skeptical.

"That would not happen," said Rep. Jack Kingston (R-Ga). "I have never seen Nancy Pelosi reach out to a Republican."

Pelosi was first elected to the House at 47, after she raised her five children. She grew up as a member of a prominent Maryland political family and developed an interest in politics at an early age. Her father, Thomas D'Alesandro Jr., was mayor of Baltimore for 12 years, and her brother, Thomas J. D'Alesandro III, later served as mayor for four years.

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She attended Trinity College in Washington, a Catholic girls school, and met and married Paul Pelosi, today a millionaire investor. The couple settled in San Francisco, and Pelosi honed her political skills and developed a name while driving carpool -- as a fundraiser, state party chairwoman and Democratic National Committee member.

Markey said Pelosi was "no ordinary freshman" when she arrived through a special election. She was someone who could pick up the phone and call first lady Hillary Rodham Clinton and raise millions when asked. Substantively, colleagues said she proved herself on key committees, including Appropriations and Intelligence.

In 2001, she successfully challenged the old boys' network by running for minority whip against the favored Rep. Steny H. Hoyer (Md.), because, she said, she saw "more of the same" ahead for Democrats.

She quickly consolidated her power, sending a strong message to those she saw as adversaries. "If someone is her enemy, she shuts them out. She closes them down," Murtha said.

Members took note when Pelosi gave $10,000 to former Democratic representative Lynn Nancy Rivers of Michigan, whom reapportionment had pitted against a Democratic lion of the House, John D. Dingell, who had voted for Hoyer. "She was with the people who supported her," said Miller, her friend.

Murtha and others said she never brought Hoyer into her circle, although he is her No. 2 in the House Democratic leadership. Hoyer said in an interview that "Nancy and I have worked very effectively together."

Pelosi said she holds no grudge against Hoyer, but members said there was no missing her intentions when she did not dissuade Murtha from challenging Hoyer for the No. 2 leadership post.

In describing her dealings with fellow Democrats, Pelosi said, "I expect a certain level of discipline when we have agreed on where we're going." Some members, she said, "mistake sometimes my courtesy for a lack of strength, and they ought not to do that."

Madam Speaker? Pelosi Likes The Sound (LAT)

By Faye Fiore

The Los Angeles Times, October 21, 2006

SEATTLE — It's only 9 a.m. and Nancy Pelosi has already had two breakfasts and a bowl of chocolate ice cream. The House minority leader has met with a couple of donors in a hotel dining room, run back up to her room for a live radio interview, down to the dining room again for a sit-down with the local newspapers, and up to her room for a phone strategy session.

She is, as ever, exquisitely dressed, in a stylish pale-green suit that she will wear three times in the next three days. Packing light saves time. Everything must fit into one carry-on and a garment bag, which she lugs herself, clacking across airports in her high heels.

With less than three weeks before an election that will decide control of Congress, the Democrats are within tantalizing reach of a House win that would almost certainly make Pelosi the first female speaker of the House — second in line to the presidency — and the first from California.

They need to gain 15 seats to take control, and Pelosi falls asleep at night crunching the numbers. It is her single burning obsession to lead her party to victory, and she devotes nearly every waking minute to it, coaching candidates, raising money and calculating in which districts to spend it.

In three years as minority leader she has raised record amounts of cash and preached party unity that has helped bring 201 unruly Democrats to the brink of power.

Yet Pelosi is not necessarily the public face most Democrats would have chosen to represent a party struggling to look strong in these unsettled times — a 66-year-old liberal congresswoman from war-protesting San Francisco who looks too demure to stand up for national security and isn't great on TV.

Republican ad campaigns cast her as a caricature of liberal excess; depicted with eyes bulging and mouth agape, she looks like she's about to pop a blood vessel or bite somebody.

"Look, if I weren't effective, I don't think they would try to take me down. You're in the arena, you're in the ring. That's what happens," Pelosi says on the way to another fundraiser as she crisscrosses the country, her cellphone affixed to her ear in the car, at breakfast and in the beauty salon, where she recently dropped it into a pedicure bowl.

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She has raised more money than any congressional Democrat — $100 million since she was elected leader nearly four years ago — half of it in this election cycle alone, tapping her wealthy ideological soul mates and cultivating small donors with direct mail and the Internet.

She brought vases of white lilies to the minority leader's office, but also a discipline that Democrats had not seen in years, threatening consequences for anyone who strayed from the party line. The result was unity 88% of the time on such votes as energy policy and President Bush's budget. The famously unified Republicans did only slightly better.

"Prior leadership did not discipline the troops in the way Nancy has," said Vic Fazio, a former Democratic congressman from West Sacramento, now a Washington lobbyist. "And she brought a lot of new donors to the table."

Pelosi proved herself in the backrooms and trenches of Washington, not on the Sunday morning talking-heads circuit. She tends to speak in scripted talking points — one columnist likened her delivery to "a compendium of bumper stickers." She leans toward mind-numbing alliteration: The only three excuses for breaking from the party line are "conscience, constituents, Constitution."

Most agree she has improved with practice and occasional guidance from media coaches to slow down and smile. She was more relaxed during a recent appearance on the "Late Show With David Letterman" and drew applause more than once with jabs such as: "Mr. President, 'stay the course' is not a strategy, it's a slogan, and we need more than that."

Unlike previous party leaders from both sides — Democrat Richard Gephardt and Republican Newt Gingrich, most notably — Pelosi isn't running for president. Her raucous but loyal district has sent her to Washington 10 times, by margins so huge that she doesn't campaign; she's never needed national exposure and says she would rather spend her time promoting her party than herself.

"I could stay in Washington all the time and go on Sunday morning shows, but I don't have time for that. I need to be traveling and raising money and be at home," she says from the back seat of a black SUV on her way to yet another fundraiser. "At the beginning of all this 23 months ago, we were told we were a permanent minority.... I'm fighting a battle here. I'm not getting my hair done."

Pelosi learned her political skills from her father, Thomas D'Alesandro Jr., a New Deal congressman and revered mayor of Baltimore. He taught "little Nancy" — one of six children and the only girl — how to build a grass-roots campaign, cultivate relationships and call in favors. In the living room of their brick row house there were usually constituents looking for work or a financial assist — along with the now-famous "favor file" that kept track of every good deed; it was consulted when her father or the party needed help in return.

Her time-management skills were honed on another training ground: the San Francisco home where she and her husband, Paul Pelosi, a wealthy investment banker and her college sweetheart, raised four girls and a boy, born in six years. Nancy Pelosi was the driver, cook, Halloween-costume seamstress and disciplinarian — putting out fires and making every minute count, not unlike life in Congress.

While the children were small, Pelosi served as California state party chair and learned the art of raising money. People would ask how she managed to do so much with so many kids. "I told them I couldn't have done it without the children," Pelosi says now.

Each one had a job addressing envelopes, stuffing, sealing and stamping. Their hard work at the Democratic Party office earned them a bowl of French onion soup across the street at the old Liberty House department store in San Francisco. Not to mention occasional recognition at church, where they belted out: "He's got the stuffers and the sealers, in his hands ... "

Raising her children taught Pelosi to think strategically, whether putting together a puzzle with her grandchildren at the family's Napa Valley vacation home (sort by color and edges and consult the picture on the box) or plotting to foil Bush's plan to privatize Social Security (kick him in the shins and give him nothing to attack).

Acting on advice from marketing gurus after the 2004 presidential election, Pelosi ordered her ranks to assail the Bush privatization plan while offering nothing of their own that the Republicans could counterassault. Week after week impatient Democrats asked, "When can we propose a plan?" and week after week she intoned, "Never."

When the Bush team visited 60 cities in 60 days to sell Medicare prescription coverage — the centerpiece of his second term — Democrats were on the ground too, with a message of higher drug costs and industry perks.

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In eight months, support for Bush's idea among seniors had dropped significantly, marking the beginning of his decline in national public opinion polls.

"We had to make them pay … for trying to do that to the American people," she explains, displaying the bite that has made her reputation as a political pit bull.

It is a side of Pelosi that has earned her both admirers and detractors, depending on who happens to be on the receiving end of her wrath. She is known to have a long memory for slights. A bitter and protracted House leadership battle with Rep. Steny H. Hoyer (D-Md.) has left lasting divisions between her backers and his.

"About 75% of the caucus are her rabid supporters, the other 25% not so supportive," one senior Democrat said, asking to remain anonymous to avoid offending the leadership. "A lot of people just don't like to be led. And to some degree, people perceive her as being too focused on her enemies and not sufficiently willing to open up a new dialogue and move on."

Some believe Pelosi is held to a higher standard in maledominated Washington. When the men in the leadership stick to talking points, they are "on message." When Pelosi does, she is redundant and shrill.

"There is still a double standard," said Democratic strategist Anita Dunn, who has given Pelosi tips on media presence. "There have been some comb-over jokes about male members of Congress, but by and large people just accept what they look and sound like. That is still not the case with females."

Though she is probably the second most lampooned woman in U.S. politics — after Sen. Hillary Rodham Clinton (D-N.Y.) — Pelosi is far from a household name. "I don't think most people know who I am," she says.

That could change in one historic moment if Pelosi is pulled from the trenches and plopped into the spotlight.

She sees it as an opportunity to change the culture of Washington.

"I think the fact that I am a woman will raise expectations in terms of more hope in government, and I will not disappoint," she says.

"The gavel of the speaker of the House is in the hands of special interests, and now it will be in the hands of America's children. I don't mean to imply my male colleagues will have any less integrity.… But I don't know that a man can say that as easily as a woman can."

*

(INFOBOX BELOW)

Nancy Pelosi

1940: Born Nancy D'Alesandro in Baltimore; her father served five terms in Congress ending in 1947, then 12 years as Baltimore mayor

1962: Graduates from Trinity College (now called Trinity University), Washington, D.C.

1977-1981: Northern chair, California Democratic Party

1981-1983: State chair, California Democratic Party

1985-1987: Finance chair, Democratic Senatorial Campaign Committee

1987-present: Elected by California's 8th Congressional District, which includes most of San Francisco; served for 10 years (until early 2003) on the intelligence committee

2001: Elected minority whip by House Democrats

Oct. 2002: Leads Democratic faction opposed to authorizing military force in Iraq, bucking the House Democratic leader

Nov. 2002: Elected minority leader by House Democrats

Nov. 2004: Democrats lose House seats as Bush wins reelection

Sources: Almanac of American Politics 2006; office of Nancy Pelosi

Los Angeles Times

Rank Would Guide Pelosi As She Chose Chairmen (WP)

By Jonathan Weisman

The Washington Post, October 21, 2006

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If Democrats win control in November, House Minority Leader Nancy Pelosi (Calif.) has decided to award committee chairmanships based almost entirely on seniority, ensuring that the House would feature far more minority faces, and some liberal firebrands, in key posts.

But, mindful of the growing power of an expanding band of Democratic moderates and conservatives, Pelosi has also vowed that she would keep her chairmen on a tight leash, according to leadership aides and current and former Democratic lawmakers. She has assured conservative Democrats that she would personally temper the legislative impulses of her most liberal chairmen while keeping close tabs on the investigations that could dominate the final two years of the Bush presidency.

House Democratic leaders and their would-be chairmen are careful to say in public that they are focused only on the Nov. 7 elections and have not begun to plan for a possible takeover. But privately, Pelosi has had several conversations with the senior Democrats on the House's most powerful committees, as well as with conservative "Blue Dog" Democrats, who have sought assurances that they will have a voice after the polls close.

"We've inched our way back toward the majority by replacing Republicans with conservative-to-moderate Democrats, and you're going to see a lot more of that November 7," said Rep. Mike Ross (D-Ark.), one of the leaders of the Blue Dog coalition. "Do I believe Blue Dogs will have a greater voice in the Democratic leadership? You betcha."

The Blue Dogs could hold the balance of power in a Democratic House. With 37 members, the group already has clout; 16 Democratic candidates have the Blue Dogs' endorsement, and a dozen of them could win. That would give them numbers surpassing the Congressional Black Caucus's 43 members.

Rep. Dennis Cardoza (D-Calif.), a Blue Dog co-chairman, promised that the group would be "a moderating influence on any excesses that might be brought forth by other wings of the party."

"That's not a threat," he said. "That's just the facts of life."

For Republicans in this campaign season, however, the face of the Democratic Party is not the Blue Dog wing but what Cardoza called those "other wings." Committee chairmanships would appear to be an unlikely campaign issue, but Republicans are using it with gusto, especially to rally dispirited conservatives to the polls.

Republicans have attacked Rep. Charles B. Rangel (N.Y.), the senior Democrat on the Ways and Means Committee, as a tax hiker. The Republican National Committee called Rep. George Miller (D-Calif.), the would-be chairman of the Education and Workforce Committee, "a liberal partisan" who "would launch criminal inquiries into the Bush administration."

In Topeka, Kan., last week, Vice President Cheney singled out three of the most liberal Democrats in the House as foils -- Reps. John Conyers Jr. (Mich.), the would-be Judiciary Committee chairman; Henry A. Waxman (Calif.), who is in line to take over the Government Reform Committee; and Barney Frank (Mass.), the senior Democrat on the Financial Services Committee.

"In all the decisions that will come in the next two years, it's going to matter a great deal which party has the majority on the floor and the gavel in committee," Cheney said.

In a debate between six-term Rep. John N. Hostettler (R-Ind.) and his challenger, Sheriff Brad Ellsworth (D), Hostettler warned that if Democrats take over, "Charlie Rangel will be the chairman of the House Ways and Means Committee."

Some Republicans have steered clear of those lines of attack. House Government Reform Committee Chairman Thomas M. Davis III (R-Va.) said he has "worked closely" with Waxman, the ranking Democrat.

Misgivings exist in Democratic ranks as well. Several moderate-to-conservative Democrats in the House, who spoke on the condition of anonymity for fear of fraying party unity, specifically mentioned two members: Conyers, who has already laid out what he says are grounds to impeach President Bush, and Alcee L. Hastings (Fla.), a senior Democrat on the intelligence committee, who was impeached and removed from his federal judgeship in 1989 for conspiring to take a $150,000 bribe and give light sentences to two convicted swindlers.

Hastings has already become something of a campaign issue. At a recent event featuring Democratic challenger Heath Shuler, an aide to his opponent, Rep. Charles H. Taylor (R-N.C.), called out that a Democratic majority would let Hastings into the inner sanctums of the intelligence world.

Such concerns have placed Pelosi in a squeeze between conservative Democrats, who could be responsible for swinging the balance of power next month, and minority lawmakers who are demanding that Pelosi respect the seniority system.

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For now, she is largely siding with the congressional black and Hispanic caucuses, whose ranks would provide at least half a dozen chairmen by seniority. Three black lawmakers have already received pledges: Pelosi aides gave strong assurances that Conyers would become Judiciary Committee chairman and that Rep. Bennie Thompson (D-Miss.) would become chairman of the Homeland Security Committee. In a private meeting, Pelosi told Rangel that he would take over the Ways and Means Committee.

In the same meeting, she assured Rep. John D. Dingell (D-Mich.) that she would back his return to the chairmanship of the Energy and Commerce Committee, a post he used in the 1980s and 1990s to become one of the most powerful and feared figures in Congress.

She also told Rep. David R. Obey (D-Wis.) that he would have her support to take back the reins of the Appropriations Committee.

But there are caveats. Parts of Dingell's former domain that Republicans took away from the energy committee, such as oversight over the Securities and Exchange Commission, will not be returned, leadership aides said. And Pelosi has made it clear that she wants Waxman, on the Government Reform Committee, not Dingell, to take the lead on investigations.

The intelligence committee remains the biggest problem. The senior Democrat, Rep. Jane Harman (Calif.), wants the chairmanship and has the strong backing of the Blue Dogs. But personal friction between Harman and Pelosi virtually ensures that Harman will not remain on the committee, according to lawmakers and aides close to Pelosi.

Hastings would be next in line, but conservative Democrats are adamantly opposed. Skipping over him would be problematic, however. Rep. Sanford Bishop (D-Ga.) was the last black lawmaker in line for the sensitive committee chairmanship. But to lure Harman out of retirement in 2000, Pelosi and then-House Minority Leader Richard A. Gephardt (Mo.) promised she would get the top Democratic slot on the panel. Bishop was eased off the committee with a plum seat on the appropriations panel.

In light of that history, skipping over Hastings might cause a real rupture with the Congressional Black Caucus, Pelosi aides fear. Tensions between Pelosi and the caucus flared earlier this year when she successfully pushed to remove the ethically tainted William J. Jefferson (D-La.) from the powerful Ways and Means Committee. Jefferson is under federal investigation as part of a bribery and corruption case.

Leadership aides have begun floating a compromise, Rep. Silvestre Reyes (Tex.), the third-ranking Democrat on the intelligence committee, hoping that a minority choice would soothe bruised feelings.

"Reyes would be a fabulous choice," said one Blue Dog lawmaker. "It would show no lack of sensitivity to minorities, and it would be a compromise that would take care of a lot of issues."

The Congressional Black Caucus, headed by Rep. Melvin Watt (D-N.C.), is having none of it, however.

"The CBC would not look kindly on that," said caucus spokeswoman Myra Dandridge. "The first order of business of the CBC chairman would be to protect his members, and Alcee Hastings has the seniority, the knowledge and the experience to be chairman of the intelligence committee."

Staff writer Juliet Eilperin contributed to this report.

At Play In The Realm Of Political Animals (NYT)

By Kayleen Schaefer

The New York Times, October 21, 2006

POOLESVILLE, Md.

THE gravel driveway for the Potomac Polo Club is unmarked, but the 200 young men and women who traveled here, 45 minutes from Washington, knew they were at the right place when they spotted the black Hummer limousine and saw the crowd at the beer bong.

They had arrived at the fall party, Swine on the Vine, of the Capital Club, a Washington group of 100 politically connected young men, who are known for partying like they're back at a fraternity kegger.

For a certain set of young Washington, the parties are a raucous antidote to the restrained fund-raisers and embassy cocktail gatherings that otherwise make up the district's social life.

"The Capital Club has no mission except to show its members and their many dates a good time," said Jayne Sandman, associate publisher of the Washington magazine Capitol File. "It's hedonistic relief from a city of suits and ties."

Among the club members and their guests, most in their 20's and 30's, were White House staff members, Capitol Hill aides, lawyers, publicists and lobbyists. About 90 percent of club members are Republican, and 80 percent work in government. Barbara and Jenna Bush have been known to show up at some of the parties, six a year, which provide a glimpse of Washington's young power elite with ties loosened, six years into the Republican domination of government.

When the cover band took a break at Swine on the Vine, guests crowded around the beer bong, eager to take their turn guzzling a can of beer poured down a funnel. A young man shook a portable outhouse because he knew his buddy was inside.

The dress code was preppy enough for a polo ground: women in pearl necklaces, lightweight wrap sweaters and jeans tucked into riding boots. Men favored oxford shirts with sunglasses strung around their necks. Jeff Kimbell, a lobbyist who is a former club president, wore a belt buckle made from a car's gearshift handle (with options for "drive and reverse," he said suggestively). Josh Overbay, who works for the United States Chamber of Commerce, wore a camouflage hat that said, "Support Wildlife. Drink Wild Turkey."

"Girls love to hate them," observed Bridget Bunner of the Capital Club's 100 men. Ms. Bunner, a 23-year-old fund-raiser for Democratic Congressman Alan B. Mollohan of West Virginia, added, "They're the kind of guys their moms want them to marry."

This summer, members sent each other Internet links to a Smirnoff ad on YouTube that parodied every cliché of the WASP elite, down to their seersucker suits and the popped collars of their polo shirts. It featured three blondes in pearls and tennis clothes, with young men rapping "where my WASP's at?" and calling haters "jealous because our families run the nation." Capital Club members said it reminded them of themselves.

Members of the club have connections throughout government, and in some cases are wired right into the brain trust at the White House: the Republican lobbying firm DCI Group, which has strong ties to the Republican Party chairman Ken Mehlman and the White House senior adviser Karl Rove, has sponsored its parties. But club members insist their gatherings are not about networking or advancing anyone's career or political agenda.

"If you want networking," said Jonathan Grella, 32, a public relations executive and Tom Delay's former press secretary, "go to a fund-raiser or a charity event, or go to Sally Quinn's house."

Even if this generation had a version of Ms. Quinn's house, the Capital Club partygoer would rather not drop by. "There's no one talking about issues in the beer line," said Jessica Clement, who dates a past president of the club and works for the DCI Group.

Jessica Cutler, the former congressional staff member whose blog, written under the pseudonym Washingtonienne, exposed several Washington men's sex lives, said she attended one party — uninvited — in 2004, and that was enough for her. But Washington is not like New York, she said, and there are not many opportunities for the young and ambitious to establish themselves on the social scene.

"Either you're dealing with college kids," she said of Washington's night life, "where you feel you're the oldest person there. Or you feel like you're way too young to be there because they're all old men."

Still, the Capital Club seems contrived, Ms. Cutler said. "It feels like these guys are young and they just came up with it, as opposed to it being an institution."

"That didn't appeal to me," she said, "but I can see why it appeals to the D.C. type. They do want to be on the board of the museum."

Many members do come from privileged backgrounds; Mississippi Gov. Haley Barbour's son, Reeves, is a member, as are West Virginia Rep. Shelley Moore Capito's son, Moore, and Georgia Senator Saxby Chambliss's son, Bo, a lobbyist, all Republicans. Billy Bush, President Bush's cousin and a host of "Access Hollywood," is a former member, as is John Breaux Jr., a lobbyist whose father is the former Democratic Louisiana senator.

But the club is, in some ways, populist. Annual dues are only $250. Anyone who buys a ticket can come to the parties. The cost for Swine on the Vine for nonmembers was $50 for men, $40 for women. At the end of the year, the club donates about $5,000 to charities like the American Red Cross.

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"I hate when we get painted with that picture of a bunch of bratty kids or of a privileged young Republicans' club," said George Vincent, 25, a real estate developer. "I know a lot of the guys fit that, but not all. The Republican part works, but I'm not pretentious."

The club was formed in 1980 — the year Ronald Reagan was elected president — by five graduates of the University of Virginia and Washington and Lee, with the intent of recreating their fraternity parties.

"The first one, as it has been described to us, was three kegs of beer in a hotel ballroom in Crystal City, Virginia," said Mat Lapinski, 26, the current club president and a lobbyist with a Washington law firm.

The Clinton years were not good for the club; according to some members, it tried to become too exclusive, restricting access to its parties. It could hardly refill its membership ranks. The return of the Republicans to Congress in the mid-90's marked the club's resurgence.

The club says 60 to 70 men try to join each year for the dozen spots that open up. A thousand people went to the Sinatra Soiree in July, where the "summer ahoy" dress code must have prompted a run on the J. Crew catalog. More than one guest carried a polo mallet as a walking stick.

Even with the polls this month showing Democrats threatening the Republican majority in Congress, and the House leadership under attack, members insisted that a shift in the balance of power in Washington would not dim the club's appeal, or its party-hearty spirit. The next gathering, a Halloween costume affair on Oct. 28, is 10 days before Election Day. Some members said they were looking forward to it as a timeout from the tense political season.

"It wouldn't matter if the Democrats controlled Congress or if Ralph Nader were president," said Mr. Kimbell, 35, the former president. "The club isn't about politics. It is precisely the opposite, as it gives members an opportunity to get away from politics for at least a little while, listen to some live music, throw down a few shots of Patrón and have a few howls with the boys. And perhaps enjoy the fruits of some of our lady guests."

The parties aren't so wild that anyone will be forced to issue a public apology the next day. This being Washington, Capital Club members are aware that once you damage your reputation, it's not easy to repair it. A lesson was learned from an experience with the Madison, a women's club similar to the Capital Club, after a member told The Hill newspaper that she "would be the ultimate trophy wife."

The same article called the Madison the female equivalent of the Capital Club. The Capital Club rushed out an e-mail message to the Madison's board insisting they "do not want the Madison to be referenced as the female equivalent to the club."

Mr. Lapinski, the Capital Club's president, said: "We have always welcomed everyone to our events. And some members worried that referring to the organizations as equivalents would have a negative impact on attendance at our events by our friends in the Junior League and other non-Madison ladies."

When the sun went down at Swine on the Vine, a few couples retreated to blankets by the bonfire, but the majority jammed together in front of the stage to hear the band, as if they were at a high school dance. Men on the sideline fired up cigars.

At the end of the night, 10 empty kegs were lined up as people danced to the last song, Journey's "Don't Stop Believin'." A young man stumbled out of the darkness while rebuttoning his untucked white shirt. Guests left in pairs, holding hands, while some single women consoled each other. "He's a dirtbag," one said.

"I just want to get out of here," her friend said.

A boisterous group piled into the Hummer limo, and all of the cars headed back to Washington together.

U.S. Treasury's Paulson Sells New York Condo For $8 Million (BLOOM)

By Sharon L. Crenson

Bloomberg, October 21, 2006

Oct. 20 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson, the former chief executive officer of Goldman Sachs Group Inc., sold his 50th floor condominium near Manhattan's Lincoln Center for almost $8 million, according to public records.

Paulson paid a total of $2.88 million for two apartments he bought and combined on West 67th Street, one in 1996 and the other in 1998. Tax on the re-sale was about $112,000, according to the New York City Register.

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The median price for four-bedroom Manhattan apartments like Paulson's was just under $7 million in the third quarter, according to Miller Samuel Inc., the borough's largest appraiser. On the Upper West Side, it was about $7.2 million, and prices in that neighborhood may be poised to rise further, said Gregory J. Heym, chief economist for Terra Holdings, the parent company of New York City real estate brokers Brown Harris Stevens and Halstead Property.

``The West Side market in our latest report looked a little weak," Heym said ``The prices over there are going to shoot up.''

Goldman, the world's most-profitable securities firm, last year paid Paulson $38.3 million in salary, stock and options, making him Wall Street's most highly-compensated executive in 2005. After he was confirmed on June 28 as Treasury secretary, the firm said it would give him an $18.7 million cash bonus for the first half of 2006. As Treasury secretary, he earns $183,500 per year. Treasury spokeswoman Brookly McLaughlin didn't immediately return a call seeking comment from Paulson.

The apartment sale was first reported in the New York Post.

Nine-Room Condo

Paulson and wife Wendy J. Paulson sold their nine-room condo for $7,995,000 just as that type of apartment building is becoming more popular in New York. About 70 percent of the city's multi- family stock is in co-operatives where residents sit on boards that review the finances and private lives of potential buyers. Condos don't require such approval and are more likely to be newly constructed.

The number of Manhattan apartment sales, both condominium and co-op, rose 9.3 percent to 2,113 in the third quarter, gaining 5.8 percent from a year ago, according to the Miller Samuel report.

Fueled by Wall Street bonus money, New York apartment prices gained 73 percent over the past five years, making Manhattan the most expensive urban market in the U.S.

Investment banks such as Goldman Sachs and Morgan Stanley handed out a record $21.5 billion in bonuses at the end of 2005, according to New York State Comptroller Alan Hevesi.

The Paulsons have another home in Barrington, Illinois, according to New York City documents.

U.S. new-house prices will fall this year for the first time since 1991 and existing homes will have the smallest gain ever, the National Association of Realtors said this month. The U.S. median price for a new home probably will dip 0.2 percent to $240,500, the first decline since a drop of 2.4 percent 15 years ago. The price for previously owned homes likely will rise 1.6 percent to $223,000, the smallest gain on record.

Neil Binder, co-owner of Manhattan's Bellmarc brokerage, said media coverage of the slowing U.S. housing market has sparked sales.

``When the press came out that the world was coming to an end, it stimulated a lot of activity," he said.

Flexing Our Muscles In Space (NYT)

The New York Times, October 21, 2006

The Bush administration has adopted a jingoistic and downright belligerent tone toward space operations. In a new “national space policy” posted without fanfare on an obscure government Web site, and in recent speeches, it has signaled its determination to be pre-eminent in space — as it is in air power and sea power — while opposing any treaties that might curtail any American action there.

This chest-thumping is being portrayed as a modest extension of the Clinton administration’s space policy issued a decade ago. And so far there is no mention of putting American weapons in space. But the more aggressive tone of the Bush policy may undercut international cooperation on civilian space projects — a goal to which the new policy subscribes — or set off an eventual arms race in space.

The new policy reflects the worst tendencies of the Bush administration — a unilateral drive for supremacy and a rejection of treaties. And it comes just as the White House is desperately seeking help to rein in the nuclear programs of North Korea and Iran. That effort depends heavily on cooperation from China and Russia, two countries with their own active space programs.

The administration regards the policy as a necessary update to reflect how important space is becoming for the American economy and defense. But outside experts who have parsed the language are struck by how forceful and nationalistic it sounds.

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Whereas the 1996 policy opened with assurances that the United States would pursue greater levels of partnership and cooperation in space, the new policy states: "In this new century, those who effectively utilize space will enjoy added prosperity and security and will hold a substantial advantage over those who do not. Freedom of action in space is as important to the United States as air power and sea power."

The only solace is that the new policy does not endorse placing weapons in space or fighting in, through or from space, as the Air Force has been urging. But neither does it rule out these activities.

In keeping with the more muscular stance, the administration is also opposing any negotiations on a treaty to prevent an arms race in outer space — arguing that it may impede America's ability to defend its satellites from ground-based weapons. That seems shortsighted. An international treaty to keep space free of weapons might well provide greater security than a unilateral declaration that we will do whatever we have to do to preserve our own space assets.

Michael Griffin, the NASA administrator, insisted he did not intend to sound jingoistic when he addressed a conference in Spain this month — but he sure came across that way. He wondered aloud what language future settlers of the Moon and Mars would speak. "Will my language be passed down over the generations to future lunar colonies?" he asked. "Or will another, bolder or more persistent culture surpass our efforts and put their own stamp on the predominant lunar society of the far future?"

We fear the old notion that space might provide the perfect arena for international cooperation may be yielding to a new era of competition — one not seen since the cold war race to the moon.

Farm Insurance Racket (WP)

The Washington Post, October 21, 2006

IF WE ASKED Congress to spend billions making the newspaper business a risk-free enterprise, our editorial would be laughed out of the Capitol. Yet that is essentially the deal American farmers -- and the insurance companies that profit from their government-sponsored premiums -- get from the federal government every year. The result, according to a two-part Post investigation published this week, is billions of federal dollars wasted in unfair and uncompetitive handouts, many of which go to farmers working land that would be left fallow in a freer market.

The Post's study found that many farmers benefit not only from government-backed, cut-rate farm insurance but also from federal disaster relief funds. This double-dipping means that farmers who lose 35 percent or more of a crop can recoup up to 95 percent of the money they would have gotten from selling their harvest. Ironically, Congress approved a complex public-private scheme that offers cheap farm insurance to all comers in order to wean farmers off disaster aid. Yet even now that the federal government pays, on average, 60 percent of farmers' premiums, lawmakers continue to pass redundant emergency aid for afflicted farmers.

Because of the government largess, farmers in parts of the country that are less than hospitable to productive agriculture continue to plant -- and eat up federal money. Post investigators Gilbert M. Gaul, Dan Morgan and Sarah Cohen revealed, for example, that over the past four years, Mark Orebaugh, a farmer in parched southwestern Kansas, paid $81,730 in insurance premiums and received $295,796 back in claims, more than 3 1/2 times what he put in. He has also taken disaster aid on top of that, as significant portions of his crop were destroyed in four of the past six years. In the past 10 years, four of every 10 dollars in disaster relief went to only four states -- Kansas, North Dakota, South Dakota and Texas. More than half of all farm payouts are concentrated in 25 congressional districts.

Unproductive farmers are not the only ones taking advantage. The insurance companies that work with the government to provide farm disaster coverage have seen their profits balloon in recent years. The federal government sets the price for coverage, helps farmers pay it and reimburses insurers for administrative costs. The insurance companies then shift the liability for their most risky accounts onto taxpayers. Last year, these farm insurers posted profits of $927 million and took $829 million in administrative fees from the government.

Nevertheless, North Dakota farmer Terry Aronson unpretentiously defended the system to Post reporters. "Taxpayers are funding something good, the rural life." Yet most Americans -- removed from "the rural life" in urban and suburban communities -- pay not only the opportunity cost of funneling money to farmers but also the incalculable costs of failed trade talks, which hurt the

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American consumer. America has a sentimental attachment to its farmlands. But preserving the rural life of a few, unproductive farmers is not worth the price it pays to do it.

OTHER NEWS:

Dow Closes Out Week Riding Crest Of 12,000 (WP/AP)

By Tim Paradis

The Washington Post, October 21, 2006

NEW YORK, Oct. 20 -- Wall Street ended a record-setting week narrowly mixed Friday, with the Dow Jones industrial average falling to close at slightly more than 12,000 after a lackluster profit report and forecast from Caterpillar Inc. prompted many investors to retreat.

Caterpillar, one of the 30 blue-chip stocks that make up the Dow, unnerved investors who have bet that the slowing economy would pull off a soft landing rather than tip into recession.

"Caterpillar must have taken about 60 to 70 points off the Dow," said Stephen Carl, head of equity trading at Williams Capital Group.

It was optimism about the economy and rising hopes for strong third-quarter earnings that had lifted the Dow into uncharted territory this week. The blue chip index, reaching its first 1,000-point milestone in 7 1/2 years, traded past 12,000 for the first time Wednesday and had its first close above that mark on Thursday.

On Friday, the Dow closed down 9.36, or 0.08 percent, at 12,002.37. Broader stock indicators showed modest gains after spending much of the session with losses. The Standard & Poor's 500-stock index rose 1.64, or 0.12 percent, to 1,368.60. The Nasdaq composite index rose 1.36, or 0.06 percent, to 2,342.30 after a strong earnings report from Google Inc.

For the week, the Dow rose 0.35 percent, the S&P gained 0.22 percent and the Nasdaq fell 0.64 percent. The Dow had shown triple-digit point gains in each of the previous three weeks.

Despite the overall gains in the market, the S&P stands about 10.4 percent below its high close of 1,527.46 and the Nasdaq is even further off, about 54 percent. All three indexes had peaked in early 2000 before plunging in response to the dot-com bust, recession and the aftermath of the 2001 terror attacks.

Joe Battipaglia, chief investment officer at Ryan Beck & Co., contends that while earnings reports have been sound over all companies are coming in with more guarded forecasts. He also is concerned that falling oil prices could indicate the economy is slowing too quickly.

"Caterpillar today was sort of a splash of cold water on the notion that this economy is in the perfect place and will continue to be in the perfect place," Battipaglia said.

Caterpillar fell $10.02 or 14.5 percent, to $59 despite a 15 percent increase in its third-quarter profit. Though the company sold more construction and mining equipment, it warned increased operating costs and weaker-than-expected sales would cut into its full-year profits.Movers

Merck rose $1.15, to $45.64, after reporting stronger-than-expected earnings and revenue, though earnings were down 34 percent and sales were flat.

Vical rose 53 cents, to $5.88. The developer of gene-based therapies said a trial of its bird flu vaccine effectively protected ferrets against a lethal strain of the virus. It hopes to begin testing the vaccine in humans soon.

SanDisk fell $12.59, to $49.15. The maker of flash-memory chips posted a 4 percent decline in third-quarter profit and forecast prices would fall as much as 20 percent in the fourth quarter.

Arch Coal fell $2.22, to $32.04, after the company lowered its full-year profit forecast because of weakness in the domestic market. Arch Coal also said that its third-quarter profit nearly tripled as its operating costs fell.Indexes

New York Stock Exchange composite index rose 1.22, to 8,702.03.

American Stock Exchange index rose 3.58, to 1,936.66.

Russell 2000 index of smaller-company stocks fell 5.26, to 762.13.Volume

NYSE: 2.57 billion shares, down from 2.65 billion on Thursday. Declining issues outnumbered advancers by about 3 to 2.

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Nasdaq: 1.88 billion shares, down from 1.97 billion. Decliners outnumbered advancers.Commodities

Crude oil for November delivery: $56.82, down $1.68.

Gold for current delivery: $593, down from $599 on Thursday.

Blue Chips Pause For Oxygen At 12000 Level (WSJ)

By Michael Hudson

The Wall Street Journal, October 21, 2006

The Dow Jones Industrial Average paused in its march to new records but finished above the 12000 level for the second straight session -- just barely.

After trading lower for much of the session, the blue-chip average rallied in the waning minutes of trading Friday afternoon to finish at 12002.37, down 9.36 points, or 0.1%. It ended the week up 41.86 points, or 0.3%, and is up 12% for the year.

"The mood swings have been pretty intense," said Edward Yardeni, chief investment strategist for Akron, Ohio, money manager Oak Associates Ltd., "Nobody wants to believe that things are as good as they are."

After 10 upward moves in the last 14 trading sessions, some market watchers think the Dow industrials are poised to take a breather, at least for the short term.

The stock market is "still nervous and jittery and will likely be so for the next week or so, until we're done with earnings season," said Brian Reynolds, chief market strategist for M.S. Howells, a Scottsdale, Ariz., brokerage firm. "Eventually we'll work through that and start moving up again."

The blue-chip average was dragged down Friday by heavy-equipment maker Caterpillar, one of 30 Dow components, which fell nearly 15% after reporting earnings below analysts' expectations.

Other indexes rose yesterday. The broad Standard & Poor's 500-stock index gained 0.1%, or 1.64 points, to finish at 1368.60, up 0.2% for the week and 9.6% for the year. The Nasdaq gained 0.06%, or 1.36, to 2342.30, down 0.6% for the week but up 6.2% year-to-date.

Despite the disappointing earnings report from Caterpillar, most companies have been reporting solid numbers, according to data provider Thomson Financial. Earnings of companies in the S&P 500 are now projected to have jumped 16% in the third quarter over last year, Thomson said.

In major market action:

Stocks rose; bonds were mostly flat. The price of the 10-year Treasury note stayed pat, yielding 4.788%. The 30-year bond rose 1/32, or 31.25 cents for every $1,000 invested, to yield 4.909%.

The dollar strengthened. Late in New York, it traded at 118.69 yen, compared with 118.16. The euro fell against the dollar to $1.2619 from $1.2618.

U.S. Stocks Rise As Google, 3M Beat Profit Estimates, Oil Falls (BLOOM)

By Nick Baker

Bloomberg, October 21, 2006

Oct. 20 (Bloomberg) -- U.S. stocks preserved their fourth straight weekly gain as earnings at Google Inc. and 3M Co. beat analysts' estimates and oil dropped below $57 a barrel, lifting companies that depend on consumer spending.

``Everyone's waiting for things to slow down here, but the information we are getting from corporate America is that things are fine," said Philip Tasho, who helps manage $450 million as chief investment officer at Tamro Capital Partners in Alexandria, Virginia.

Merck & Co. reached a two-year high after saying earnings will rise more than previously forecast. Coca-Cola Co. rallied after Merrill Lynch & Co. put it on a list of favored stocks.

The Dow Jones Industrial Average fell after Caterpillar Inc., the best-performing member during the past four years, said a slowing U.S. economy may reduce earnings growth. The average slid 9.36, or 0.1 percent, to 12,002.37. Caterpillar knocked 80 points off the measure for the day.

The Standard & Poor's 500 Index rose 1.64, or 0.1 percent, to 1368.60. The Nasdaq Composite Index gained 1.36, or 0.1 percent, to 2342.30.

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For the week, the S&P 500 increased 0.2 percent, while the Dow average gained 0.4 percent and the Nasdaq fell 0.6 percent.

Google soared $33.61, or 7.9 percent, to $459.67 for the S&P 500's biggest gain. Net income at the world's most-used Internet search engine almost doubled to $733.4 million. Profit excluding stock-based compensation costs was $2.62 a share. On average, analysts predicted $2.42, according to Thomson Financial.

Google's Prospects

Citigroup Inc. raised its price estimate for Google shares by 9.1 percent to $600. ``If retail this holiday season shapes up to be exceptionally strong, then Google could be a major beneficiary," analysts including Mark Mahaney wrote.

3M, maker of products from Post-it Notes to electronic road signs, advanced $2.07 to $78.47. Third-quarter net income rose 6.4 percent on acquisitions and sales of optical film for flat- panel television screens. Per-share profit was $1.17 excluding some items, topping analysts' $1.12 average estimate in a Thomson survey.

Merck gained $1.15 to $45.64. It raised its 2006 earnings forecast for the third time this year, to $2.18 to $2.25 a share from the prior $2.10-to-$2.24 projection.

With today's rally, the drugmaker's shares reclaimed all of their losses after Merck in September 2004 withdrew Vioxx, the world's second-best selling painkiller at the time, because of a potential link to heart attacks and strokes.

Coca-Cola's Gain

Coca-Cola gained $1.84 to $46.75. Merrill Lynch added the shares to its ``Focus 1" list, a day after profit at the world's biggest soft-drink maker beat analysts' estimates. Merrill's Christine Farkas increased forecasts for 2006, 2007 and 2008 earnings.

Caterpillar, the world's biggest maker of earthmoving equipment, tumbled more than 14 percent, the most since October 1987. The shares lost $10.02 to $59.

The company's results come a day after financial companies including Citigroup posted disappointing earnings and a report on leading economic indicators signaled a slowdown.

A weakening economy may soon put an end to a streak of 10 percent-plus growth in quarterly earnings. S&P 500 profit will increase 8.8 percent in the first three months of 2007, according to Thomson today. Double-digit rises in the third and fourth quarters would push the winning streak to 14 quarters, the longest in five decades.

Caterpillar Forecast

In 2007, Caterpillar's revenue will be little changed to up 5 percent, with per-share profit little changed to up 10 percent from the middle of its 2006 forecast. The company's third-quarter profit rose less than analysts' forecasts.

Crude for November delivery declined 2.9 percent to $56.82 a barrel in New York, the lowest close since Nov. 29, as traders said the Organization of Petroleum Exporting Countries will fail to cut production by 1.2 million barrels a day as planned. Prices have plunged 28 percent from a record of $78.40 reached July 14.

Exxon Mobil Corp., the world's biggest oil company, lost 18 cents to $69.55. Valero Energy Corp., the largest U.S. refiner, slipped 85 cents to $52.09.

Telephone, health-care and so-called consumer-staples companies, which have a reputation as havens in an economic slump, led the S&P 500's advance. The Russell Top 50, a gauge of 50 of the largest U.S. companies, added 0.6 percent on expectations the group will also weather a slowdown.

AT&T, Verizon

AT&T Inc., the biggest U.S. phone company, gained 69 cents to $34.44. Verizon Communications Inc., AT&T's closest rival, added 59 cents to $37.80.

Food, beverage and other consumer-staples stocks gained.

Wal-Mart Stores Inc. added 88 cents to $49.37. The world's largest retailer is ``changing for the better, rapidly," Oppenheimer analyst Bernard Sosnick wrote.

Airlines gained following oil's decline and a debt-rating upgrade by Fitch Ratings for AMR Corp. and Continental Airlines Inc. The risk of a ``liquidity crisis" at the pair has been ``reduced dramatically," according to Fitch.

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The AMEX Airline Index rose 3.1 percent. AMR, the parent of American Airlines, advanced $1.42 to $27.70. Continental added $2.40 to $35.05. JetBlue Airways Corp. climbed 26 cents to $10.92.

Steelmakers in the S&P 500 declined 1.2 percent after India's Tata Steel Ltd. agreed to buy Corus Group Plc, creating the world's fifth-largest steel producer, for less than some investors expected. U.S. Steel Corp., the biggest U.S.-based steel company, fell $1.37 to $66.18.

S&P 500 shares, called Spiders, increased 3 cents to $136.84. Nasdaq-100 tracking shares, known by their QQQQ symbol, added 10 cents to $42.

S&P 500 futures expiring in December advanced 0.60 to 1374.90 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures slipped 4 to 1718.75.

The Russell 2000 Index, a benchmark for companies with a median market value of $642.7 million, fell 0.7 percent to 762.13. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, added 0.1 percent to 13,690.51. Based on its gain, the value of stocks increased by $23.9 billion.

AMR Corp. (AMR US) AT&T Inc. (T US) Caterpillar Inc. (CAT US) Coca-Cola Co. (KO US) Continental Airlines Inc. (CAL US) Exxon Mobil Corp. (XOM US) Google Inc. (GOOG US) JetBlue Airways Corp. (JBLU US) Merck & Co. (MRK US) 3M Co. (MMM US) U.S. Steel Corp. (X US) Valero Energy Corp. (VLO US) Verizon Communications Inc. (VZ US) Wal-Mart Stores Inc. (WMT US)

Oil Tumbles Below $57 On Skepticism OPEC Will Make Output Cuts (BLOOM)

By Mark Shenk

Bloomberg, October 21, 2006

Oct. 20 (Bloomberg) -- Crude oil fell below $57 a barrel in New York for the first time this year as traders said OPEC members will fail to cut production by 1.2 million barrels a day as planned.

The 4.4 percent reduction starting Nov. 1 will be based on how much members were pumping last month, rather than quotas, United Arab Emirates Oil Minister Mohamed al-Hamli, who will become president of the group in 2007, said after members met in Doha, Qatar. Prices have plunged 28 percent from the record of $78.40 a barrel reached July 14.

``I'll be surprised if we see them cut even half the volumes promised," said Michael Lynch, president of Strategic Energy & Economic Research in Winchester, Massachusetts. ``If prices stay at this level for a few weeks we'll probably see some of the weaker members such as Venezuela and Algeria forget about their pledges."

Crude oil for November delivery fell $1.68, or 2.9 percent, to $56.82 a barrel on the New York Mercantile Exchange, the lowest close since Nov. 29. Futures are down 3 percent this week and 6.9 percent from a year ago. The November contract expired today. The more-active December contract fell $1.17, or 1.9 percent, to close at $59.33 a barrel.

``The OPEC announcement may help explain why the spread between the November and December contracts grew today," said Jason Schenker, an economist with Wachovia Corp. in Charlotte, North Carolina. ``OPEC's cuts may have an impact but we won't feel it until December at the earliest."

Expected Reduction

OPEC's cutback was larger than the reduction that ministers had been talking about for the past two weeks and was endorsed by OPEC's biggest producer, Saudi Arabia, which will trim output by 380,000 barrels a day.

``We needed more to stabilize the market," Algerian Oil Minister Chakib Khelil said after the meeting. Members are ``unanimous" that they need to ensure price stability, OPEC President and Nigerian Oil Minister Edmund Daukoru told reporters today in Madrid. OPEC ministers are concerned about falling prices and rising U.S. stockpiles, Abdullah bin Hamad al-Attiyah, Qatar's oil minister, said in a phone interview on Oct. 11.

``When we advertised 1 million, the market didn't respond, so something more had to be done," Daukoru said in an interview.

OPEC may need to cut an additional 300,000 barrels a day when the group meets Dec. 14 in Abuja, Nigeria, Venezuelan Oil Minister Rafael Ramirez said today.

Appropriate Cut

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``The cut seems appropriate given the increase in stockpiles," said Aaron Kildow, a broker at Prudential Financial Derivatives LLC in New York. ``The most bullish thing to come out of the meeting was the announcement that they may cut again when they meet in December."

Prices may fall next week on doubts the producer group will cut production enough to reduce excess supplies, according to a Bloomberg News survey yesterday, before OPEC announced its decision. Twenty-one of 49 analysts, traders and brokers, or 43 percent, said prices will decline. Fourteen forecast an increase and 14 predicted little change.

``A cut of 1 million barrels was factored in so it looks like they decided to cut more to get the market's attention," said Rick Mueller, an analyst with Energy Security Analysis Inc. in Tilburg, the Netherlands. ``I doubt there will be a dramatic up-tick in prices because inventories are so high and uncertainty about what the members will actually cut."

U.S. crude oil inventories surged 5.02 million barrels to 335.6 million last week, the Energy Department reported Oct. 18. It was the biggest increase since March and left stockpiles 14 percent higher than the five-year average for the week, the department said. The U.S. consumes 25 percent of the world's oil.

Heating Season

``Demand should rise in coming weeks because of the approach of heating season," Kildow said.

Global consumption peaks during the Northern Hemisphere winter, when furnaces are stoked. The International Energy Agency, which advises 26 industrialized nations on energy policy, said OPEC's decision was ill-timed because demand will increase as the heating season nears.

``I think this cut comes at the worst time possible," IEA Executive Director Claude Mandil said today in a phone interview. ``I don't like the idea of OPEC trying to defend prices of $60 a barrel." That is not ``helpful" to consumer nations and poorer countries, he said.

Brent crude oil for December fell $1.19, or 2 percent, to close at $59.68 a barrel on the London-based ICE Futures exchange.

Oil Prices Drop Despite OPEC Call To Cut Output (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, October 21, 2006

If yesterday was a test of the power of the Organization of the Petroleum Exporting Countries, the cartel flunked.

Hours after the world's leading group of oil producers vowed to cut output by 1.2 million barrels a day to stop a three-month-old slide in petroleum prices, oil prices on world markets continued to head downward. Crude oil slipped $1.68 a barrel yesterday to close at less than $57 a barrel in New York markets for the first time this year.

Oil traders and analysts said they remained unconvinced that OPEC members would have enough discipline to trim production by more than half the amount announced. And it remained unclear whether that smaller amount would be enough to stabilize prices as OPEC hopes.

"There's still a lot of skepticism about the extent to which they'll cut or not," said Adam E. Sieminski, chief energy economist of Deutsche Bank AG.

Meanwhile, the drop in oil prices continued to provide a boost to the U.S. economy, especially for companies sensitive to fuel prices. The shares of major airlines, for example, jumped after analysts boosted earnings estimates for several big carriers. They cited lower prices of jet fuel, one of the industry's biggest costs. Shares of American Airlines parent AMR Corp. rose $1.42 a share, or 5.4 percent, to close at $27.70. Continental Airlines Inc. set a new 52-week high for a second consecutive day.

Even if the cuts materialize, it will take weeks for them to work their way through the supply chain. OPEC said the cuts will take effect Nov. 1, but it would be several weeks before any change showed up on U.S. shores.

"The market is going to wait until it sees evidence that OPEC has cut back supply to a significant degree. And that's going to take time," said James Burkhard, managing director of the global oil group at Cambridge Energy Research Associates. He said that supply agreements for November had already been set. "So we're not likely to see much evidence of a cut until December," he said.

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In the absence of a measurable supply effect, the initial verdict on the production cuts was rendered by traders and investors based on psychology and expectations. "We are in the throes of momentum traders," said the head of commodity trading at a U.S. hedge fund, who requested anonymity so as not to disclose his position to competitors. "They don't care about demand for oil. All they care about is whether trends are broken. Those guys are in full control."

And the trend lines are pointing the opposite direction from the way they were looking earlier in the year. As a result, many of the speculative investors and hedge funds that were buying from February through August are now selling their energy positions.

"OPEC says it will defend a number and the assumption everyone makes is that $60 [a barrel] is that number," Sieminski said. "So there's a temptation to sell below that to force their hand and say, 'Let's see how many aces you're holding.' So what the Saudis and OPEC have to do to convince the speculators is to show that they have more than deuces in their hand."

Even analysts trying to look past today's market and calibrate real supply and demand two or three months from now were uncertain about what the balance would be. OPEC's own forecasts for next year are relatively pessimistic from the cartel's point of view. It sees world oil consumption rising by a relatively modest 1.3 million barrels a day and non-OPEC oil production rising by 1.8 million barrels a day, thus cutting demand for OPEC's oil.

But the Energy Department's Energy Information Administration sees a bigger increase in usage and a smaller increase in non-OPEC demand, resulting in a small increase in demand for OPEC oil.

Burkhard said that the uncertainty stems from an unclear picture of world economic growth and the conservation response to oil prices that have been very high for more than a year. Additional supplies next year will be coming from Canada; Brazil; West Africa, mostly Angola; and the Caspian Sea region, from Azerbaijan and Kazakhstan.

Even if OPEC succeeds in cutting world production below global consumption, which this year is running around 84.6 million barrels a day according to the International Energy Agency, ample inventories will soften the impact for a while. The IEA estimates that the 30 members of the Organization for Economic Cooperation and Development have 55 days of oil in storage, up one day from last year and slightly more than usual.

Burkhard said that another factor in prices would be the gradual buildup of spare production capacity. In 2002, the world had about 7 million barrels a day of spare oil production capacity, about 10 percent of consumption then, that could be tapped if a geopolitical crisis disrupted supplies somewhere. By some estimates, that cushion had shrunk to about 1 million barrels a day while consumption had grown. That contributed to what many called a "fear factor" in the oil price, especially as tensions rose between the United States and Iran over Tehran's insistence on continuing its nuclear program without international restrictions.

Burkhard estimated that OPEC's current spare capacity is about 2.4 million barrels a day and would rise to 2.8 million barrels a day next year, without counting production capacity currently shut in by violence in Iraq and Nigeria.

"One of the reasons prices rose so high earlier this year was the fear about what could happen," Burkhard said. "It was driven by the thin cushion of spare production capacity. If OPEC now cuts back on production at the same time that it is adding capacity, then we are likely to see a bigger cushion of spare capacity, which would diminish the impact of geopolitical fears on the oil price."

Texas Justice Who Spoke For Bush Pick Is Cleared (NYT)

By Ralph Blumenthal

The New York Times, October 21, 2006

HOUSTON, Oct. 20 — A Texas Supreme Court justice who championed a longtime friend and fellow Republican, Harriet E. Miers, for the United States Supreme Court last year was cleared Friday of charges that his efforts had violated state rules of judicial ethics.

The justice, Nathan. L. Hecht, 57, who is running for re-election, had received a public admonition, the mildest form of sanction, from the State Commission on Judicial Conduct. It said he had discredited the judiciary by giving about 120 interviews that amounted to an endorsement of another candidate and a lending of judicial prestige to a private interest.

But three appellate justices appointed as a Special Court of Review to hear Justice Hecht's appeal overturned the reprimand, which had carried no civil or criminal penalty.

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The true villain, a court majority said, was the ambiguity of the rules adopted by the Texas Supreme Court, the state's highest civil court, on which Justice Hecht has sat since 1989. Two of the three justices agreed with Justice Hecht that the ethics rules were improperly vague and did not apply to what he had done, at the urging of the White House, to further Ms. Miers's bid for the nation's highest court.

A third member of the special court found that Justice Hecht had violated the rules, but that they were unconstitutional because they limited his freedom of speech.

"I'm grateful to see it; I think they reached the right decision," Justice Hecht, the longest-serving member of the Texas Supreme Court, said by telephone after the ruling. He said he had expected to be vindicated, but the court would now have to grapple with rewriting the ethics code.

"We never thought about judges having free speech rights," he said. Revisions of the rules are "already in the mill," he added, "but there's still a lot of fog out there."

The case raised some perplexing questions. Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, has said he had been prepared to call Justice Hecht as a witness if the Miers nomination had not faltered.

Would it have been proper for the justice to speak forcefully for Ms. Miers in the hearing room, but not outside it? If he had stayed silent in the face of questions about Ms. Miers, the justice testified, would that, too, not have been taken as a powerful negative comment, in view of their close 30-year friendship?

And most peculiarly, Justice Hecht testified, if the rules prevent judges from speaking out in support of a candidate, why do they allow comments in opposition?

The opinion by the special court, an appellate panel drawn at random by the Texas Supreme Court, found that the ethics code, or canons, had "a complete lack of definitions of critical terms" involving what judges cannot do to support or endorse candidates for public office.

"There is no bright line of demarcation between acceptable and prohibited conduct," the ruling said. "We decline to come down on the side of condemnation in the face of what we perceive as undeniably obvious: the ambiguity, confusion and apparent contradictions in the content, interpretation and application of the canons." It was signed by Justices Kerry P. Fitzgerald and Amos L. Mazzant, both Republicans from Dallas.

The third justice, Ann Crawford McClure, a Democrat from El Paso, agreed to reverse the admonition of Justice Hecht, but for different reasons. In her concurring opinion, Justice McClure wrote that Justice Hecht had broken the rules by appealing for support for Ms. Miers, thereby "endorsing" her and authorizing the use of his name and judicial office "to sell the Miers nomination." She also found that it had been in Ms. Miers's "private interest."

Moreover, Justice McClure said, because Justice Hecht said he had seen nothing wrong with his conduct and would do it again, "the evidence supports a finding that Justice Hecht willfully violated the canons."

Still, she said, since judges can make political contributions — "a Texas judge may put his money where his mouth can't go," as she put it — she agreed that the rules imposed unconstitutional limits on his freedom of speech. And so, she said, the sanctions had to be reversed.

Because the majority opinion did not rely on constitutional issues, it left little ground for an appeal to the United States Supreme Court.

The case also left much unclear. "Thirty-seven-hundred judges want to know what to do," Justice McClure wrote. New rules would have to be devised, she said, but she suggested to her fellow jurists: "Our ability to speak does not mean that we should speak. I haven't and I won't."

No Reprimand In Judge's Support Of Miers (AP-Y)

By Angela K. Brown

AP, October 21, 2006

A three-judge panel dismissed the reprimand of a Texas Supreme Court justice who publicly endorsed his friend Harriet Miers after her short-lived U.S. Supreme Court nomination.

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In a ruling announced Friday, the panel of appeals court judges said Nathan Hecht did not violate state rules that bar judges from lending their office's prestige to boost the private interests of themselves or others, and from using their names to endorse candidates for office.

"This is complete vindication for Justice Hecht," said his attorney, Chip Babcock. "It removes the only blemish on a 20-plus-year record of service to the state."

The State Commission on Judicial Conduct had admonished Hecht in May after two complaints were filed against him.

Hecht had told White House staff to send him all media inquiries about Mier's career and campaigned for her in about 120 newspaper, radio and television interviews, the commission said.

Mark Greenwald, an attorney for the commission, said the panel had expected that outcome and was glad that Hecht got his day in court. But he said that the commission had no guidance on rules for the conduct of other judges.

"It does signal our fears will be realized of endorsement shenanigans," he said.

Hecht had argued that he did not violate any ethics codes and had the right to free speech.

Miers was nominated last October by President Bush to replace the retiring Sandra Day O'Connor, but she dropped out under fire from conservatives who questioned her qualifications and would not support her.

Hecht, who worked with Miers in a Dallas law firm starting in the 1970s, said he didn't mean to endorse her, rather he wanted to provide information about her qualifications. He said he felt compelled to comment because being silent would have been perceived as trying to hide something about Miers.

Bush Drops In At Italian-American Dinner (AP-Y)

By Deb Riechmann

AP, October 21, 2006

President Bush made a surprise appearance Friday night at a National Italian American Foundation dinner show featuring Frankie Valli and the Four Seasons.

"I'm sorry I'm not going to be around to hear you," said Bush, who stunned the crowd when he slipped on stage.

The president recognized famous faces in the audience, including Justices Samuel Alito Jr. and Antonin Scalia, New York Yankees baseball legend Yogi Berra and Tommy Lasorda, the longtime manager of the Los Angeles Dodgers. Then his remarks turned serious.

Bush recognized one prominent Italian American, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, who was missing from the annual gathering that attracted more than 1,000 people to a Washington hotel. Bush said he would be meeting with Pace and other military leaders on Saturday to discuss the U.S. strategy for addressing ongoing violence in Iraq.

"We're in a titanic struggle between extremists and radicals who cannot stand the way of life of America," Bush said. "They don't like the thought that people from different backgrounds are able to live under a nation and work together and achieve greatness. They can't stand the thought of free societies flourishing in their midst."

The National Italian American Foundation promotes the contributions of nearly 25 million Italian Americans, who represent the fifth largest ethnic and voting group in the nation. Bush's appearance continued a three-decade tradition of every president attending the annual convention.

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On the Net:

National Italian America Foundation http://www.niaf.org

White House http://www.whitehouse.gov

Ads Accuse Dems Of Not Protecting Kids (AP-Y)

By Jim Kuhnhenn

AP, October 21, 2006

The text is white against a black screen. The sound is the electronic warbling of a video game. But in this political ad, the message is in the faceless voices of cheerful children engaged in mayhem.

"Hit the hooker with the tire iron!" "Steal the old lady's car." "Shoot her first!"

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The ad accuses a Democratic candidate of voting against banning the sale of violent and sexually explicit video games to children. Another ad, in Connecticut, says a Democrat voted to permit convicted sex offenders in public housing. Yet another, in Arizona, linked a candidate's work as a lawyer for the American Civil Liberties Union to the ACLU's defense of a pedophile's group.

In the fallout from former Rep. Mark Foley's electronic sex scandal, Republicans are turning the tables on Democrats, airing ads and leveling public accusations claiming their opponents have failed to protect children against sexual imagery, sexual violence or sexual predators.

It's a case that Republicans have made against Democrats for some time. But the portrayal of Democrats as weak in the defense of children now also serves as a counterpoint to Democratic charges that GOP leaders did little to protect teenage congressional pages against Foley's sexually explicit electronic messages.

"I don't think it would be getting much national attention if it wasn't for the Foley case," said Tom McClusky, vice president of government affairs for the conservative Family Research Council.

To be sure, the attention to sex and allegations of sex in this election is not limited to Foley or the voting records or professional associations of certain candidates. In Pennsylvania, Republican Rep. Don Sherwood has been dogged by an extramarital affair he acknowledged last year. In Nevada, a cocktail waitress accused Republican Rep. Jim Gibbons, who is running for governor, of propositioning her and assaulting her in a parking garage. Gibbons on Thursday denied the accusation.

In a handful of other races, Republicans have raised the image of a fringe organization, the North American Man Boy Love Association, and tried to link Democrats to it through their votes or their association with the ACLU. The civil liberties organization defended NAMBLA in a 2000 First Amendment case.

In Arizona, Republican Rep. Rick Renzi aired an ad citing his challenger's work for the ACLU and the ACLU's defense of the man-boy love organization. In California, Republican Rep. John Doolittle accused his challenger, Charlie Brown, of supporting NAMBLA because he has an ACLU membership. And in Ohio, Republican gubernatorial candidate Ken Blackwell accused his Democratic opponent, Rep. Ted Strickland, of siding with NAMBLA because he voted against a resolution condemning an article in a psychology journal about child sexual abuse.

"Republicans are running a hyper-negative campaign to close out this election season because they are so far behind," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee. "But voters are smarter than these ridiculous Republican charges give them credit for."

The ad featuring children playing a violent video game is aimed at Rep. Baron Hill, a Democrat and former House member who is trying to recapture his seat from Republican Rep. Mike Sodrel. It cites Hill's vote in 1999 against an amendment to a juvenile crime bill that would have prohibited the sale of violent and sexually explicit movies and video games to teenagers. The amendment failed after lawmakers argued against it on First Amendment grounds. Ninety-two Republicans also voted against the measure.

But Democrats are seeking to inoculate themselves against such charges. In New Mexico, state Attorney General Patricia Madrid, a Democrat who is challenging Republican Rep. Heather Wilson, has run an ad highlighting the work of her office's Internet sex crimes prosecution unit. In Colorado, Democratic House candidate Ed Perlmutter aired an ad emphasizing his commitment to children.

"In Congress," he says, "I'll fight to pass laws protecting kids from online predators and violent video games."

Helping Democrats Bridge The 'God Gap' (WP)

By Daniel Burke

The Washington Post, October 21, 2006

At a meeting of the House Democrats' Faith Working Group, a perplexed congressman turned to his colleagues for pastoral guidance. How could he counter a local preacher who argued that all of Jesus's moral teachings were about the world to come, not the here and now?

Rep. David E. Price (D-N.C.) stood amid the sympathetic sighs and "you can't convert everyone" comments to offer a new spin on an old parable.

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The Good Samaritan is walking down the road and cares for a stranger who has been beaten and robbed, Price said. The next day, on the same road, another person has been beaten and robbed. So it goes for another week -- more robberies, more victims.

"How long is it going to take before the Samaritan says, 'Hey, maybe we ought to patrol this road,' " Price said. In other words, the lawmaker argued, there are some problems that individuals can't solve on their own. They require the resources of a morally responsible government.

As Democrats seek to reframe America's debate over moral values and close their "God gap" with religious communities, conversations such as these are blowing like a mighty wind through party circles.

Gone are the days when "faith outreach" meant visiting African-American churches two weeks before an election, party leaders say. Instead, Democrats are seeking -- and getting -- regular meetings with megachurch pastors T.D. Jakes, Joel Osteen and Rick Warren.

Rather than cede red states to Republicans, the party is buying airtime on Christian radio stations, with the message that Democrats are indeed a party with deep moral convictions.

No longer leaning on 1960s-era preachers to guide progressive politics, Democrats are now also turning to young voices such as strategist Mara Vanderslice, 31, and writer Amy Sullivan, 33, who offer new perspectives and fresh ideas.

While Republicans learned long ago how to connect with religious voters, Democrats are just now starting their efforts.

After interviews with dozens of politicians, strategists, the think-tank set and a Noah's ark of religious leaders, Religion News Service has identified 12 of the most influential voices in helping Democrats reach people of faith. Those on the list are whispering in the ears of the powerful and playing matchmaker between religious and political pace-setters.

They are:

Â· The House Trinity : Reps. James E. Clyburn (S.C.), Rosa L. DeLauro (Conn.) and David Price, who lead the effort on Capitol Hill to frame legislative debates in moral terms.

Â· The Theologian : Shaun Casey, an ethicist at Washington's Wesley Theological Seminary, who provides a moral and historical framework for progressive faith-based politics.

Â· The Preacher : Leah Daughtry, chief of staff at the Democratic National Committee, who champions outreach to religious voters at party headquarters.

Â· The Model : Timothy M. Kaine, governor of Virginia, who showed Democrats how a faith-infused campaign can turn a red state blue.

Â· The Insider : Michael McCurry, former White House press secretary, who coaxes Washington Democrats into sharing their spiritual sides.

Â· The Blessed One : Barack Obama, the junior senator from Illinois, who challenges his party to make room for religion in the public square.

Â· The Prophet : Rabbi David Saperstein, head of the Religious Action Center of Reform Judaism, who is one of Washington's most articulate voices in liberal politics.

Â· The Matchmaker : Burns Strider, a staffer who shepherds the House Democratic Faith Working Group and corrals lawmakers into meetings with the religious community.

Â· The Agitator : Amy Sullivan, an independent but opinionated journalist who pens passionate pleas for Democrats to "get religion."

Â· The Strategist : Mara Vanderslice of the consulting firm Common Good Strategies, who works the campaign trail, helping candidates build relationships with diverse religious communities.

In some ways, these 12 people reflect the diversity for which Democrats pride themselves. They include a former Churches of Christ minister, a Pentecostal preacher, two Catholics, a Methodist Sunday school teacher, an Episcopalian, a progressive evangelical, Baptists and a rabbi.

Some at Democratic Party headquarters are taking an under-the-radar approach to religious outreach and are reluctant to divulge all the party's plans and advisers.

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"Our focus is not in putting someone behind a pulpit," said Leslie Brown, the DNC's "faith in action" coordinator. But after conducting polls, meeting with state party chairs and undertaking an "internal education," Democrats are building a "message-driven machine," Brown said.

"We want to talk about things in ways we can relate to the faith community," said Rep. Clyburn, who heads the Faith Working Group. "I don't talk about the environment just as keeping things green, I talk about it in terms of stewardship."

But while recent polls suggest evangelicals may be growing disillusioned with Republicans, many are still reluctant to pull the lever for Democratic candidates, said the Rev. Richard Cizik, vice president of the National Association of Evangelicals.

"Simply using 'faith language' won't redound to the benefit of any candidate, Republican or Democrat, without some authenticity there," Cizik said.

"When evangelicals think about the reputation of the Republican Party, which isn't too good right now, at least it does have a record of reaching out to those voters and it does have a record on Capitol Hill of at least trying to carry water for their issues," Cizik said.

Still, there are issues such as the environment, poverty, war and health care on which Democratic positions dovetail with those of many religious Americans, party leaders say.

"It's not always pretty," Casey of Wesley Theological Seminary said of Democrats' fledgling efforts to reach these voters. "But the good news is everybody realizes the party has to do a better job."

Politics Why The Center Matters In This Election (WSJ)

By John Harwood

The Wall Street Journal, October 21, 2006

BILLINGS, Mont. -- As candidates head into the final two weeks of midterm election campaigns, Democrats see an opportunity as wide as the Rocky Mountain skies. The question, here and elsewhere, is whether they can hold high ground in the place that matters most in 2006.

That place, oddly enough, appears to be the political center. Polls suggest Republicans so far have lost the center -- in overwhelming proportions. To maintain their grip on power in Congress, they need to find some way to woo a big chunk of it back in the next 17 days.

Prevailing political wisdom holds that the only things that matter are each party's "base" -- that there is no center anymore, and no more swing voters worth chasing. But look at what has happened among independent voters in the latest Wall Street Journal/NBC Poll1, taken this past week: Support for Republicans has collapsed. Just 24% of them say they want President Bush's party to control Congress after Election Day. Independents disapprove of Mr. Bush's job performance by 2 to 1.

That's a big change from 2004, when Mr. Bush and John Kerry split the votes of independents. The president won for two reasons. He maintained higher allegiance within his own party -- just 6% of Republicans backed Mr. Kerry, while 11% of Democrats crossed over to support Mr. Bush -- and he generated sufficient partisan enthusiasm that Republicans matched Democrats as a proportion of the electorate.

Although Democrats display greater zest about this election, the "base" of Mr. Bush's party appears solid: Just 5% of Republicans want Democrats to take over Capitol Hill. Just 2% of Democrats want Republicans to win. By the standards of modern political history, those are extraordinary levels of partisan cohesion. In the landmark midterm elections of 1974 (when Democrats won big), 1982 (ditto) and 1994 (big Republican gains), more than twice that many voters crossed party lines.

Here in Montana, Democrats have nominated Jon Tester for the Senate. With a flat-top haircut, an ample farmer's belly and a hand that was mangled in a meat grinder when he was a boy, he appeals to locals. He attacks incumbent Sen. Conrad Burns for having lost touch with Montana while cozying up to lobbyist Jack Abramoff.

"My first priority will be not what any Democrat or Republican wants, but what the state of Montana needs," Mr. Tester says. Popular Democratic Gov. Brian Schweitzer, who has revived his party's fortunes in this red state, says Sen. Burns has developed "senator-itis."

But Sen. Burns hasn't won three terms by lacking political skills. He'll try to make up a deficit in the polls these last two weeks by accusing his opponent of favoring tax increases. He won't rail against "earmarks" the way some Republicans are doing

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to court their disaffected right wing. In a classic appeal toward centrists, Sen. Burns will invoke his clout as an appropriations subcommittee chairman. "When it comes to the state of Montana, seniority is important, effectiveness is important, and experience is important," he says. The odds may appear to be against him and his party, but his campaign's close will be pointed toward the voters who count most in campaign 2006.

McCain Tries To Trump Republican Woes (WSJ)

By Greg Hitt And Christopher Conkey

The Wall Street Journal, October 21, 2006

John McCain is one of the few Republicans to find a silver lining in an otherwise dreary political season for his party.

That is because the Arizona senator has capitalized in an aggressive and systematic way by using the 2006 fight for control of Congress to lay the groundwork for a probable run for the presidency in 2008.

Mr. McCain is crisscrossing the country on behalf of beleaguered Republicans, tapping his position as one of his party's most popular figures at a time when the image of President Bush and other administration officials is slumping. The senator has steered $1.2 million of campaign funds so far to Republican candidates and political committees. He is enlisting influential grass-roots supporters in Iowa and New Hampshire, pivotal early battlegrounds in the presidential-nomination fight.

And he is firing up the party's conservative foot soldiers, picking a fight with New York Sen. Hillary Clinton, a likely top Democratic presidential candidate, over whether her husband's administration took adequate steps to contain North Korea's nuclear ambitions.

McCain aides say he isn't doing anything differently than in years past, when the combative senator helped rally the Republican faithful during midterm elections. What is different now is that Mr. McCain is the biggest name in the ranks of Republicans considering a run for the presidency. Much of the work he has done this year for others can also help solidify his own status as the likely Republican front-runner.

"Obviously, we'd be committing malpractice as his advisers if we weren't laying the groundwork for a campaign," says longtime McCain strategist John Weaver. "I don't think anyone outside of perhaps the president has put more on the line and worked harder for the party and candidates than John has."

Republican consultant Greg Mueller said the political spadework by Mr. McCain, long considered an outsider within his own party, is helping him build ties with the conservative activists and party mandarins who play a key role in determining the Republican nomination. "McCain right now is leveraging the midterm elections to position himself as the national candidate and national front-runner," Mr. Mueller said.

Meanwhile, the senator's role as a critic of the administration's handling of Iraq -- from troop levels to reconstruction to the treatment of detainees -- has earned him credibility with a wider swath of voters. And while this has put welcome distance between him and a weakened White House, he hasn't wavered from defending his own vote in favor of toppling Saddam Hussein.

The Arizona senator isn't the only Republican with higher ambitions who is trying to forge alliances. Massachusetts Gov. Mitt Romney, Senate Majority Leader Bill Frist of Tennessee and New York Gov. George Pataki are among the potential Republican presidential hopefuls traversing the country to make campaign appearances with, and distribute contributions to, state and federal candidates.

"Everybody's pretty much equal" in terms of visibility in New Hampshire, said that state's Senate president, Ted Gatsas, referring to the potential Republican hopefuls. But Mr. McCain made a big splash at a Republican fund-raiser in the state earlier this year, raising more than $80,000. "It was probably the single most successful fund-raiser the Senate Republican PAC [political-action committee] had this year," Mr. Gatsas said.

Indeed, no one appears to be working as hard as Mr. McCain and his political team, which now includes Terry Nelson, political director of the 2004 Bush-Cheney campaign. "McCain's got something going almost everywhere," said Charles Black, a veteran Republican strategist.

McCain aides said the senator won't make a formal decision about seeking the presidency until early next year. Should he enter the 2008 race, he would find a much different landscape than in 2000, when he jousted unsuccessfully with Mr. Bush for

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the Republican nomination. Then, the war hero-turned-politician was the underdog, while then-Texas Gov. Bush traded on his famous last name to become the early favorite of the party establishment.

Now it is Mr. McCain who is working to assume the establishment mantel.

Since Labor Day, the senator's team has worked hard to create a sense of momentum. Every week has brought new announcements of local officials who have aligned themselves with the senator's political-action committee, known as Straight Talk America. Many are in battleground states such as Michigan, New Hampshire and Iowa. If Mr. McCain decides to run for the presidency, Straight Talk America would effectively serve as a launch pad for his candidacy.

Mr. McCain's ties with Mr. Bush have been strained since 2000. But recently, he has been at pains to stress that many of his new grass-roots supporters have been past backers of Mr. Bush. In Michigan, former Bush fund-raiser James Nicholson, one of the president's top moneymen, has agreed to lead fund raising in the state for Mr. McCain. Mr. McCain's team in Iowa is being led by Dave Roederer, who served as state chairman of the Bush-Cheney re-election team in 2004.

Mr. McCain has plans to campaign almost daily through Nov. 7. He has already been on the road for weeks, recently visiting Wisconsin, South Dakota and Iowa. Though many voters are taking a dim view of the Republican Party, Mr. McCain remains a big draw. On a recent stop in Sioux Falls, S.D., a 17-year-old student interviewer asked for Mr. McCain's autograph. "I couldn't miss the chance to get him to sign my poster," the student said.

Embattled Republican candidates campaigning with Mr. McCain, meanwhile, are benefiting from his carefully cultivated image as an iconoclast who nonetheless remains loyal to the party. In Virginia, incumbent Sen. George Allen, who until recently had harbored his own presidential ambitions and is in an unexpectedly tough race, has featured Mr. McCain in television ads.

The relentlessly bad news from Iraq, along with voter outrage over the Foley-page scandal and unease about the economy, have given Democrats the best chance in more than a decade to retake Congress.

In the months ahead, demand is likely to grow among Republicans for new leadership and a message that broadens the party's reach. That could benefit Mr. McCain, said Fred Greenstein, a scholar at Princeton University. "There is a market for someone who seems to transcend the very sharp cleavages in politics," he says. "McCain has a lot of that."

Questions remain about how much Mr. McCain's work in 2006 will matter as the 2008 fight unfolds and whether he has put at risk his image as an independent voice by entwining himself with the Republican establishment. The answers won't become clear for many months.

Scott Reed, who managed Republican Sen. Bob Dole's presidential campaign a decade ago, says Mr. McCain's work in 2006 will no doubt help down the line. "It is a good time to build a foundation, to put together a real nomination fight," Mr. Reed says. "He's getting some chits."

In Debate, Clinton Deflects Questions About 2008 (NYT)

By Anne E. Kornblut

The New York Times, October 21, 2006

ROCHESTER, Oct. 20 — Facing a barrage of questions about her national ambitions during the first Senate debate on Friday night, Senator Hillary Rodham Clinton firmly maintained that she was focused on her work in Congress and had made no decisions about running for president.

But her Republican opponent seized on her aspirations at every opening, accusing her of already abdicating her responsibilities to New York.

In a lively but cordial hour of exchanges, Mrs. Clinton steered toward substantive answers about foreign and domestic policy, and was sharply critical of the Bush administration's handling of the war in Iraq.

One of the most spirited exchanges came when she repeated her call for President Bush to replace Defense Secretary Donald H. Rumsfeld.

"You know, in the middle of the Civil War, Abraham Lincoln did not hesitate to change generals," Mrs. Clinton said, drawing applause from the audience at the University of Rochester auditorium.

"You're not president yet, Mrs. Clinton," her opponent, John Spencer, the former mayor of Yonkers, shot back, noting that Lincoln was the president, not a senator, when he made critical decisions about that war.

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The debate put the former first lady and her little-known challenger on an even stage for the first time in the campaign. But the question of Mrs. Clinton's ambitions beyond Election Day hovered over the event, with the debate considered a rare chance to see how the former first lady might perform in a political ritual common to presidential races.

Mr. Spencer, who is far behind in the polls, alluded to the difference in their national stature, joking that he, for one, had no intention of running for president if he won the Senate race.

Yet Mrs. Clinton, despite her far greater celebrity and resources in a race she appears poised to win, seemed to take her rival's criticisms seriously. She grew visibly defensive at one point, interrupting the line of questioning to respond to his accusations that she had not taken national security seriously enough and had weakened the nation's defenses by raising questions about the administration's secret wiretapping program.

"So many attacks, so little time," she said.

The underlying tone, nonetheless, was civil. Mr. Spencer took the stage first, greeting the crowd somewhat awkwardly. Mrs. Clinton then strode out to meet him, calling Mr. Spencer by his first name and telling him she was glad to see him.

When it was over, the two sides dispersed, barely bothering with the "spin room" where political strategists traditionally try to convince reporters that their candidates won.

The debate, the first of two, is scheduled to be replayed on C-Span on Saturday at 8 p.m. A second debate is set for Sunday morning, a time slot that, like Friday night, is unlikely to draw a sizable audience.

The debate setting proved critical for Mrs. Clinton in her first campaign six years ago: When her Republican rival, Rick A. Lazio, approached her onstage during their first debate and demanded she sign a pledge refusing soft-money donations, he appeared harsh and in turn made her look vulnerable. Strategists later blamed the incident for Mr. Lazio's defeat, saying the moment had helped Mrs. Clinton with female voters who had started out wary of her.

Mrs. Clinton ultimately beat Mr. Lazio by double digits, a relative breeze compared with what might have been a close race with Mayor Rudolph W. Giuliani if he had not dropped out.

And she has faced hardly a ripple of trouble in the years since. Her popularity is high statewide, her political opposition minimal; even some Republicans in upstate areas appear to have warmed to her as a senator, a fact her advisers intend to trumpet if she performs well on Nov. 7 and then turns to run for president.

A Quinnipiac University poll released this week showed Mrs. Clinton at 65 percent and Mr. Spencer at 30 percent, with 5 percent of voters undecided. That is an almost exact reversal of the state electorate's feelings about President Bush: 64 percent said they disapproved of his job performance as president, and 29 percent said they approved.

"Barring some cataclysmic reversal, Clinton-for-president can start cranking up for real on Nov. 8," said Maurice Carroll, director of the Quinnipiac University Polling Institute.

Mrs. Clinton's smooth trajectory since becoming a senator has been a shift after her turbulent years as a political wife. Few expected that she would court Republican allies after the bitter impeachment of her husband, or have the patience, after eight years in the White House, to focus on the minutiae of constituent work.

Similarly, Mr. Spencer has been in an unexpected spot as Mrs. Clinton's Republican challenger — abandoned financially by the national party, hardly recognized throughout the state. Mr. Spencer, a former mayor of Yonkers, had less than $475,000 in campaign funds at the end of September, a pittance compared with her approximately $15.8 million in the bank. Mrs. Clinton has raised nearly $50 million and spent about $35 million; both the infrastructure she has built and whatever money is left at the end can be transferred into a presidential race if she decides to run.

Mr. Spencer appears poised to win a good part of the third of the state that tends to vote Republican. With strong anti-abortion views and his ardent support for the Bush administration, he has run a lonely race, with little aid even from other Republicans in New York.

"I've been stabbed in the back," Mr. Spencer told the conservative columnist Robert D. Novak, who wrote that Mrs. Clinton was getting a "free pass to pursue both national party-building and her own presidential ambitions."

Mrs. Clinton, who turns 59 on Thursday, has insisted she is focused on running for re-election, a line that has become something of a comic refrain in her office. Yet she has run television and radio spots in her race, part of an effort to drive up Democratic turnout and run up her score.

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During the Democratic primary season this year, Mrs. Clinton refused to debate her antiwar challenger, Jonathan Tasini, all but ignoring his candidacy and sidestepping his attacks on her vote to authorize the invasion of Iraq.

Yet Mrs. Clinton did recalibrate her tone on the war, growing much sharper in her criticism of its handling — a move that not only secured her landslide victory in the August primary, but also helped lay the groundwork for a possible run in a presidential primary in 2008.

Clinton, Spencer Hold Debate In New York (AP-Y)

By Marc Humbert

AP, October 21, 2006

The Republican seeking to unseat Democratic Sen. Hillary Rodham Clinton went on the attack against her in their first debate Friday, accusing her of putting presidential aspirations ahead of voters.

"I'm the only one standing on this platform who wants to be a United States senator for New York for the next six years," said John Spencer, a former Yonkers mayor, in his opening remarks.

Clinton acknowledged that she has thought about running for the presidency in 2008, but said she is committed to running for Senate re-election.

"As you might guess, I've been asked that a few times before," she said of her possible White House aspirations. "I am focused on this election. I am focused on my work in the Senate. Obviously, people are talking about whether I will or should be running for president, and I'm flattered by that."

The debate attracted attention because Clinton, whose re-election appears increasingly likely, is the front-runner among potential 2008 Democratic presidential candidates. Analysts say the debates could be an important dress rehearsal for Clinton as she prepares to step onto the national stage.

Spencer is an ultraconservative former mayor of the New York City suburb of Yonkers, battling anonymity and a national party that has forsaken his candidacy.

He bashed Clinton throughout during the debate, attacking her on issues including immigration, North Korea and Iraq.

In Spencer, Clinton faces an abortion-hating, anti-gun-control conservative who has been vocal in his support of President Bush and the war in Iraq. Though she voted for the war, Clinton, who supports abortion rights, has strongly criticized Bush's conduct of the conflict.

Spencer said he favored changing war strategies, while Clinton said she favored changing course. She said that Bush's stay-the-course stance was not a strategy and that Defense Secretary Donald Rumsfeld is not credible any longer.

"In the middle of the Civil War, Abraham Lincoln did not hesitate to change generals," she said.

Spencer scolded Clinton for taking such a position because Rumsfeld serves the president, and "you are not president yet," he said.

Clinton stressed the need for diplomacy on such issues as the nuclear situation in North Korea — something she said the Bush administration has failed to do.

"This administration doesn't like to talk to people they disagree with," Clinton said.

But she said she would not rule out using military force against North Korea.

Spencer showed flashes of humor, such as when he was asked about speculation that he was using the Senate race to set himself up for another run for mayor of Yonkers.

"I'm not going to leave a six-year term in the Senate to run for mayor of Yonkers again," he said.

A statewide poll released on the eve of the debate by Quinnipiac University's Polling Institute had Clinton leading Spencer 65 percent to 30 percent. She has also far outspent him.

The timing of the one-hour televised debates accepted by Clinton, Friday night in Rochester and Sunday morning in New York City, appeared designed to attract small television audiences. Spencer had sought a series of debates all across the state.

Spencer has been complaining loudly for months that the national GOP has left him hanging.

"Running for U.S. Senate against Hillary Clinton is a lot like walking point," said the decorated Vietnam War veteran. "You find out who your buddies are real fast."

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Friday's debate was sponsored and moderated by Time Warner cable television news channels and was aired across the state.

Focusing On Opinions, Slipping On Some Facts (NYT)

By Richard Pérez-peña

The New York Times, October 21, 2006

The art of politics often calls upon more opinion and generalization than specific factual claims that can be disproved. So it went for most of the first half of last night's debate between Senator Hillary Rodham Clinton and her Republican challenger, John Spencer.

In fact, on the question hanging over the race, and the first to arise in the debate — will Mrs. Clinton, a Democrat, run for president in 2008? — there is no provable answer, though it would be hard to find a politically minded American without an opinion.

But as the debate in Rochester wore on, Mr. Spencer — the more heated, less rehearsed of the two — made questionable statements on a number of issues, including the fruits of the Bush administration's warrantless wiretapping, North Korea's nuclear program and Mrs. Clinton's voting record on security matters. At one point, he contradicted his own Web site on the subject of a proposed fence along the Mexican border.

Mrs. Clinton had her own slips, notably in insisting that her failed 1993 health care plan would not have been government-run, but with a lead of about 30 points in voter surveys, she has the luxury of sticking to her script, and she is adept at that. More often it was Mr. Spencer making the doubtful claims.

He derided a deal made in 1994 by the administration of Bill Clinton that was supposed to halt the nuclear weapons program of Kim Jong Il, the North Korean dictator. "He was duping us," Mr. Spencer said of Mr. Kim. "He was taking care of his military, starving his people and making plutonium."

In fact, intelligence officials say that as long as that deal stood, North Korea was not taking plutonium from its nuclear power plant and processing it for use in nuclear weapons, in part because United Nations inspectors were monitoring the program.

The 1994 pact fell apart after George W. Bush became president, a development that became known to the West in 2002, when it was revealed that Mr. Kim's regime had been secretly enriching uranium — another element that can make the core of an atomic bomb — in violation of the agreement.

On Oct. 8, North Korea detonated an atomic bomb for the first time, and United States government officials say that the fuel used was plutonium, processed either before the 1994 agreement, or since the agreement collapsed.

Mr. Spencer defended the Bush administration's program of wiretapping some communications of people within the United States without first obtaining warrants, and said Mrs. Clinton had voted against it. In fact, there has been no vote, in part because the administration says it does not need Congressional authority. Mrs. Clinton has said that she would vote to give the president some ability to conduct warrantless wiretapping, though she has also said that in many cases warrants should be obtained.

One of the debate panelists, in asking Mr. Spencer a question, stated that he favored building a 2,000-mile fence along the Mexican border to keep out illegal immigrants. Mr. Spencer interrupted to say that was not his view.

It was pointed out that his campaign Web site takes that position, saying, "Build a 2,000-mile-long fence to span the U.S.-Mexico border to slow border crossings and aid the efforts of those patrolling the border."

Mr. Spencer, a former mayor of Yonkers, shrugged and said, "First of all, I haven't looked at my Web site in about six months."

Late in the debate, Mrs. Clinton was asked if she still favored the kind of government-run health care she proposed in 1993. She countered that that plan "is not government-run."

But under the 1993 proposal, the federal government would have required employers to buy health insurance, the government would have established health care cooperatives for buying insurance, and the government would have regulated premiums.

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As for Mrs. Clinton's presidential aims, Mr. Spencer said that of the two candidates, only he intended to serve a full six-year term.

Mrs. Clinton replied, "I don't know what the future holds and I have no decision ready to be made or even waiting in the wings."

People may believe or disbelieve her, but only one person knows for certain whether she is telling the truth.

Elizabeth Edwards Apologizes To Clinton (AP-Y)

By Philip Elliott

AP, October 21, 2006

Elizabeth Edwards, wife of White House hopeful John Edwards, apologized to Sen. Hillary Clinton after saying her choices in life have made her happier than the senator, a Clinton aide said Friday.

Clinton adviser Howard Wolfson said Elizabeth Edwards called the New York Democrat on Friday night just after she finished a debate in Rochester, N.Y., against Republican challenger John Spencer.

"Elizabeth Edwards called her and apologized," Wolfson said. "They had a good conversation."

Wolfson said the two spoke only for a couple of minutes.

"The senator thanked her for the call and wished her well on her book tour," Wolfson said.

The apology followed remarks by Elizabeth Edwards on Thursday at a luncheon sponsored by Ladies' Home Journal.

"She and I are from the same generation," she said of the senator and former first lady. "We both went to law school and married other lawyers, but after that we made other choices. I think my choices have made me happier. I think I'm more joyful than she is."

Clinton and Edwards, the former North Carolina senator and Democratic vice presidential nominee in 2004, are potential rivals for their party's presidential nomination in 2008.

Edwards said she didn't know the New York senator very well but said Clinton would be "a formidable opponent" for her husband.

Before the apology, she released a statement Friday evening disputing reports about the event.

"Unfortunately, large portions of the material released by (Ladies' Home Journal) as quoted statements by me were erroneous and nearly all the statements, either because of significant omissions, or editing, or error, give a misimpression about what I said," Edwards said. "This is particularly true with respect to my comments about Sen. Clinton, who holds a serious and demanding public office while I am largely home, joyfully I must admit, with two lovely children."

Edwards also said she has "great respect" for the senator.

Asked for specific examples of errors, a spokeswoman for Edwards' One America Committee said the magazine's transcript combined answers to two questions into one quote. Also, her comments about being joyous referred to previous experiences and were not meant to be a contemporary comparison, said the spokeswoman, Kim Rubey.

Later, Rubey said Edwards called Clinton "to explain that her words had been taken out of context and to express her regret for the misunderstanding."

Ladies' Home Journal, which provided a transcript, said the quotes were accurate.

Edwards, who is promoting her memoir, "Saving Graces," recalled how as first lady Clinton deftly answered questions on Capitol Hill during testimony on President Clinton's health care proposal.

"As a woman, you couldn't help cheering from the sidelines," Edwards said. "That will be a factor for John. She will be a formidable opponent."

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Associated Press writer Marc Humbert in Rochester, N.Y., contributed to this report.

Lieberman Gets A Boost From A Republican And A Lift From A Recent Survey (NYT)

By Jennifer Medina

The New York Times, October 21, 2006

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HARTFORD, Oct. 20 — United States Senator Joseph I. Lieberman won the backing of a top Republican in the Senate on Friday as Howard Dean traveled here to rally Democrats behind Ned Lamont's effort to unseat Mr. Lieberman.

On the same day, a new independent poll was released showing Mr. Lieberman, who lost the Democratic primary to Mr. Lamont and is running as an independent, with a substantial lead as he seeks a fourth term.

Mr. Lieberman appeared at the New London City Pier with Senator Susan M. Collins, a Republican from Maine, to highlight the need for port security — and to campaign together. Ms. Collins said her support for Mr. Lieberman, a one-time Democratic vice-presidential candidate, marked the first time she was backing a "non-Republican."

Ms. Collins said she admired his ability to work with both parties in Washington. "There are certain leaders, and certain issues, that transcend partisan politics and require work across party lines, and Joe Lieberman is that leader, and homeland security is that issue," she said.

While Ms. Collins said she wanted nothing more than to see Mr. Lieberman win, she added that she did not want the Democrats to win back the Senate, where she heads the Homeland Security committee.

"As much as I love Joe Lieberman, I like being chairman," she said, embracing Mr. Lieberman with a laugh.

"This is one area where we have a slight disagreement," said a smiling Mr. Lieberman, who is the ranking minority member on the committee. He has said he will caucus with the Democrats if he wins.

Mr. Dean, the chairman of the Democratic National Committee, appeared at a sports bar in the state capital to rally support for Mr. Lamont and other Democratic candidates, including John DeStefano, the mayor of New Haven, who is running for governor, and Christopher S. Murphy, who is trying to unseat Congresswoman Nancy L. Johnson, a Republican.

His stop in Connecticut coincided with the release of a Quinnipiac University poll that showed Mr. Lamont trailing Mr. Lieberman by 17 percentage points, widening a 10-point lead he held in a Quinnipiac poll last month. The poll showed a 52 to 35 lead among likely voters and was conducted from Tuesday through Thursday. It had a margin of error of plus or minus 3.5 percentage points.

The Republican candidate for the Senate, Alan Schlesinger, trailed with 6 percent of the vote. Another 7 percent said they were undecided.

Mr. Lieberman was ebullient about the results, saying it showed that his bipartisan message was working. The polls suggest that Mr. Lieberman has overwhelming support from Republicans, but has also maintained a large chunk of Democratic support.

But Mr. Dean, along with other state party leaders, used the day to rally for a change in Washington, maintaining that Mr. Lamont's victory in the primary was a sign of progress. "Your state has done something extraordinary," he said. "Your state had a courageous person step up when nobody thought he could win and take on folks who supported the Bush policy." The Democrats are also challenging Republican incumbents in three competitive House seats in Connecticut.

Mr. Lamont took a veiled jab at Mr. Lieberman, who said earlier this week that Democrats should take control over Congress only if they ratcheted down the tone of partisanship in Washington.

"I don't know why it is, but it sure seems like George Bush and Dick Cheney really want Joe Lieberman in the U.S. Senate," Mr. Lamont said in brief remarks at the rally, prompting the audience to boo at the mention of the president's name.

On Thursday, President Bush used Mr. Lieberman's loss in the primary to roundly criticize the Democratic Party, saying that it showed that "if you want to be a Democrat these days, you can be for almost anything, but victory in Iraq is not an option."

Mr. Lieberman dismissed the president's remarks on Friday, saying that "people who are for giving up on Iraq" and "people who don't want to give up" have both tried to use the results of the Connecticut primary to their advantage.

Senate Candidate Confronts Opponent (AP-Y)

By Beth Rucker

AP, October 21, 2006

Democratic Senate candidate Harold Ford Jr. turned up at a news conference Friday in Memphis called by his opponent, Republican Bob Corker, leading to a confrontation about Ford's large, politically active family.

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Ford, a Memphis congressman, and Corker are locked in a tight race that could help determine whether Democrats gain control of the Senate.

Corker, a former Chattanooga mayor, has said he wouldn't make Ford's family an issue in the race, but in recent debates said the Fords engaged in "machine-type politics."

Corker has questioned the work of Ford's father, former U.S. Rep. Harold Ford Sr., as a lobbyist for Fannie Mae while Ford Jr. sat on the House committee overseeing the mortgage giant's activities.

Ford Jr. said that no one in his family has ever lobbied him on congressional issues and that he would refuse them if they did.

Corker had scheduled the Friday morning news conference at a Memphis airport to discuss a proposal to prohibit relatives of senators and representatives from lobbying their family members. The Ford campaign had said the congressman would also be there.

The meeting between the two men was captured by WREG-TV in Memphis. It was unclear whether the confrontation happened before or after the news conference.

Ford, who was speaking with reporters, spotted Corker in the parking lot and began walking toward him. Ford told Corker that he wanted to debate him on the Iraq war, then mentioned Ford's plan to partition Iraq into three regions.

But then Corker stopped him and said he had come to talk about ethics. Corker called Ford's visit to the news conference "a true sign of desperation."

Ford replied, "I could never find you...." Corker said he was in Jackson, northeast of Memphis, on Thursday night, but Ford brought the conversation back to Iraq.

"Tell me, what do you think about this Iraq thing?" Ford asked. "I know you're here to talk about my family. I thought you made a promise right after ..."

"No, no, no. I'm here to talk about you, and this race," Corker said before walking away.

The Ford campaign issued a statement Friday afternoon.

"I fully support prohibiting family members from lobbying members of Congress," Ford said. "As Mr. Corker knows full well, I have never been lobbied by any member of my family at any time on any matter before the Congress."

Playboy And Pastors Enlisted For Attack Adverts (FT)

By Caroline Daniel In Washington

Financial Times, October 21, 2006

The Republican attack advertisement starts with a clip from the rival candidate's campaign. It shows Harold Ford, sitting in church, saying he will not be painted as someone he is not. "Fair enough," intones the announcer. "So what kind of man parties with Playboy playmates in lingerie, then films political ads from a church pew?"

Cue: images of Mr Ford, the Democrat candidate for a Tennessee Senate seat, with James Bond-style silhouettes of Playboy bunnies, to highlight his hypocrisy. Then it cuts to images of Osama bin Laden and shadowy mig-rants darting through a forest.

The barbs are typical of a mid-term election campaign that experts say is unprecedented in its negative advertising. Candidates have been accused of all known earthly sins: mistress throttling, paedophile protecting, corruption, caring more about the sex habits of "the Two Spirited Aleutian Eskimos, whoever they are" than body armour.

In the Virginia Senate race, George Allen, the Rep-ublican, accused his opponent of trading on his brief period in the Ronald Reagan administration, invoking a letter from the secular saint, Nancy Reagan, to get him to stop doing so. In return the Democrats charged Mr Allen with failing to disclose stock options and of allowing the "corporate financing of terrorist states".

Such adverts are nothing new in American politics. The Tennessee advert had a precedent in one for another Ford: Gerald Ford, weaving the same twin themes of Playboy and church. President Ford's 1976 re-election campaign advert took a swipe at the Democrat Jimmy Carter for giving an interview to the magazine. It shows a pastor in church saying he had asked Mr Ford if he would have given such an interview and was told "no". Mr Ford is shown nodding from the pews.

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John Geer, professor of political science at Vanderbilt University and author of In Defense of Negativity, said: "2006 marks the most negative mid-term campaign in recent memory. In September the Republican party admitted early on that they would invest heavily in attack adverts. They don't normally say they are going negative."

The Republican national committee will spend 90 per cent of its $50m (€40m, £27m) budget on negative adverts. The toughest come from the national parties: outsourcing attacks offers a veneer of respectability to candidates. The national Republican senatorial committee paid for the Ford ad. When Bob Corker, the candidate, was asked, he demurred: "I haven't seen the ad."

Congressional campaign adverts tend to be nastier than presidential ones, says Mr Geer. "Many are not exactly prime-time candidates and the quality of their advertising teams tends to vary more. Weak consultants and weak candidates do weak adverts."

Negative adverts are usually more accurate, and informative, than positive adverts that offer woolly endorsements of abstract ideals such as peace, democracy or, in the ironic case of Michael Steele, the Senate candidate in Maryland, puppies. "For the record, I love puppies," one advert says. Instead, negative ads cite specific votes or documents.

In the Pennsylvania Senate race, Rick Santorum skewered his rival with facts about how much work Bob Casey had skipped, such as failing to complete 800 audits as governor. "Before running for a new job, shouldn't he show up for the one we already pay him for?"

Getting facts wrong can be fatal. Another Santorum ad-vert depicts Mr Casey's campaign team as shady crooks. The Democratic senatorial campaign committee points out: "Two have even contributed to Santorum's 2006 campaign. One of the alleged 'team' died two years ago."

In Mr Ford's case, the Play-boy advert was grounded in truth. Although he denied he had ever been to a "Playboy mansion party", he did go to one in Jacksonville after the SuperBowl last year. Even so, the advert could still backfire – and get him the sports and the church vote. As Mr Geer notes: "A lot of people would like to go to a SuperBowl party and go to church the next day."

Allen, Webb Are Not Spotlighting Their Positions On Immigration (WP)

By Karin Brulliard

The Washington Post, October 21, 2006

Millions of protesters took to the streets this year to demand amnesty for unauthorized immigrants. Congress debated immigration bills for months before approving a 700-mile border fence. In several fiercely contested political races nationwide, illegal immigration has taken center stage.

The candidates in Virginia's Senate race, meanwhile, have barely touched it.

Republican Sen. George Allen and his challenger, Democrat James Webb, have stark differences on the issue. While both call for sealing the borders, Allen brooks no sympathy for illegal immigrants and favors guest-worker plans. Webb supports legalization for some immigrants and opposes broad programs for temporary foreign labor.

Analysts say the relative absence of immigration in the race reflects the increasingly tricky proposition of campaigning on polarizing topics, especially in a traditionally conservative state with a changing political landscape. In recent elections, Northern Virginia voters' allegiance has shifted toward Democrats.

"Statewide in Virginia, I think it's a lot thornier," said Mark J. Rozell, a public policy professor at George Mason University. "With the divide . . . it's really hard to say that someone can play this issue one way and know that he's going to benefit."

Studies show that Virginia's illegal immigrant population has swelled in recent years and that growth has been densest in Northern Virginia. Herndon voters this spring ousted Town Council members who backed a hiring site for immigrant day laborers, but Republican Jerry W. Kilgore lost the Northern Virginia suburbs -- and the governor's race -- after a campaign in which he vowed, among other things, to crack down on illegal immigrants.

In a recent Washington Post poll, 59 percent of likely Virginia voters said immigration would be important in their choice for senator -- but only after issues such as terrorism, Iraq, the economy, ethics in government, health care and taxes.

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Nationally, most candidates campaigning on immigration are of the tough-on-illegal-immigration persuasion, like Allen. But Allen has battled accusations of insensitivity to minorities since the summer, when he called an Indian American campaign worker for Webb a "macaca."

"Immigration, like it or not, is an issue that touches on race," said Steven A. Camarota, research director at the Center for Immigration Studies, which favors limiting immigration.

Asked about the Herndon day-labor center at a Richmond debate this month, Allen responded: "We should not be rewarding illegal behavior because all that will do is encourage more illegal behavior."

Parting ways with President Bush, Allen voted this session against a failed Senate bill that would have given some illegal immigrants a path to citizenship. The senator leans toward House Republicans on immigration, favoring enforcement-only approaches that aim to close the borders.

"First and foremost, Virginians want our borders secured," said Dick Wadhams, Allen's campaign manager. He said Allen considered Congress's final border fence bill a "good start."

To address the question of the nation's estimated 12 million illegal immigrants, Allen wants stepped-up punishment of their employers, Wadhams said. Strict enforcement, Allen reasons, will dry up the source of jobs over time. Allen backs expanded guest-worker programs that supply migrant labor to farms and skilled employees to tech companies.

That position is a key difference between Allen and Webb, who rails against corporate interests and bemoans the struggle of the middle class. He criticizes large-scale guest-worker programs, saying more oversight is needed so jobs do not go to cheaper foreign labor. Unlike Allen, Webb supports giving a path to legalization to immigrants who have been in the United States long enough to have planted deep roots.

"That in some way means sorting out people who have long ties with their community in the name of fairness and reality," Webb said. But he added: "I'm not for amnesty. I want to make that clear."

Webb said the Herndon day-labor center is an acceptable way to locally manage the effects of a failed federal immigration system. On his Web site, he calls for the United States to strengthen border security above all else and to turn next to the questions of illegal immigrants and a guest-worker plan. In an interview, he did not emphasize the need for border security as strongly. And he added a fourth component: pressuring -- and helping -- Mexico to stem migration through economic development.

Webb has been endorsed by a group of Latino leaders called Adelante Con Webb, which chose Webb in part for his vision of a broad overhaul of immigration laws, said Arlington County Board member Walter Tejada (D), a member of the group.

But Tejada said the endorsement came only after Webb met with the group and justified his views on affirmative action, which he has called "state-sponsored racism." Now Webb says he supports it for blacks but not for other ethnic minorities, unless poor whites are included. Webb says the position is based on fairness and hews to the program's original intent.

"We really understood and realized that this man really is about opportunity," Tejada said.

Allen earned the endorsement of the Latino Coalition, a nonpartisan advocacy group that has often backed GOP proposals and is headed by former Bush appointee Hector V. Barreto, who resigned as head of the Small Business Administration in April. Robert de Posada, the Latino Coalition's president, called Webb's affirmative action position "extremely insulting."

As Virginia governor, de Posada said, Allen "opened doors for Hispanics" by appointing several Latinos, including former Virginia Transportation secretary Robert E. Martinez. That prompted the coalition, which favors legalization for illegal immigrants, to overlook Allen's immigration views.

Staff writer Michael D. Shear contributed to this report.

Wilder Advises Webb To Make Stance Clear (WT)

By Christina Bellantoni

The Washington Times, October 21, 2006

RICHMOND -- Mayor L. Douglas Wilder, a former governor and one of the state's leading Democrats, has some advice for his party's U.S. Senate nominee James H. Webb Jr. -- let voters know what you stand for.

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"The question is, what reasons will Jim Webb give people to vote for him," Mr. Wilder, 75, told The Washington Times. "There are so many people in the middle that want to have a reason to lean this way or that."

Mr. Wilder has yet to endorse anyone in Virginia's U.S. Senate contest.

He said that Mr. Webb still trails Republican Sen. George Allen, in part, because he has failed to articulate a message beyond opposing Mr. Allen and President Bush.

He also said it's "amazing" that so many voters he meets are undecided before the Nov. 7 election.

An endorsement from Mr. Wilder, who became the nation's first black governor in 1990, carries high value in any political contest in Virginia. But a Wilder blessing this year would be priceless for either Senate nominee.

Mr. Wilder said that he has spoken with both nominees -- and with Mr. Webb as recently as Thursday.

"I told him that I think a lot of people are looking to see which of the candidates has a concise clear message that distinguishes one from the other," he said. "It's not a matter of voting against somebody but reasons that people would want to vote for Jim Webb."

Gov. Timothy M. Kaine, a Democrat, knows the power of a Wilder blessing: He was endorsed by the mayor Nov. 2, less than a week before last year's election.

"It helped a lot," Mr. Kaine told The Times. "At that point, we felt like we had momentum and it was a confirmation of momentum, which created more momentum."

Mr. Wilder, who was elected with 79 percent of the vote in Richmond in 2004, holds influence over many Virginians but has particular sway among black voters.

Twenty percent of the state's population is black, according to the 2004 census.

Mr. Allen captured 20 percent of the black vote in 1993 when he was elected to succeed Mr. Wilder as governor, and 17 percent when he unseated Democratic Sen. Charles S. Robb in 2000.

The black vote has become increasingly important in the neck-and-neck contest between Mr. Allen and Mr. Webb.

Both men have been accused of making racist comments when they were young.

Mr. Allen was accused of using the "n-word" as a student at the University of Virginia, and he called an Indian-American Webb volunteer "macaca" at a campaign event this past summer. The term, which Mr. Allen said he made up, is considered a racial slur in some cultures.

Mr. Webb has faced criticism from blacks for saying that affirmative action is unfair to white men. However, he has since tempered his comments and recently received the endorsement of the state's Legislative Black Caucus.

Mr. Wilder, who dropped a bid for the U.S. Senate in 1994, is unpredictable. He has endorsed Republicans and Democrats, and has turned his back on candidates he previously had favored.

He joined Mr. Allen in March 2004, denouncing a state tax increase proposed by then-Gov. Mark Warner, a Democrat he had endorsed a few years earlier.

"Had I had any idea he would be embarking upon raising of taxes of Virginians past anything we had promised during that course, I would not have been there with him," Mr. Wilder said in 2004.

The increase ultimately passed, but left Mr. Wilder at odds with some of the state's most loyal Democrats.

Open Seats Lift Democratic Hopes In The House (NYT)

By Carl Hulse

The New York Times, October 21, 2006

GOLDEN, Colo., Oct. 19 — Ed Perlmutter, a former Democratic state senator, has had other opportunities to run for the House seat representing the district around Denver, but he waited until this year, when the Republican incumbent decided to run for governor rather than seek re-election.

“It is a clean slate,” Mr. Perlmutter said about the appeal of a race without an entrenched office-holder. “It gives people a real shot at seeing who the right guy is.”

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In the age of gerrymander, the open seat — one where incumbents step aside because of age, ambition, scandal or other considerations — is a rare but sometimes golden opportunity for one party to wrest control from the other. This year, Democrats like Mr. Perlmutter are taking full advantage, giving their party a potentially vital edge in the battle for control of the House.

"I hate open seats," Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee, said in an interview last month as he discussed his party's difficulties in defending its openings.

Deprived of the name recognition, fund-raising and other powers of incumbency — not least the ability to steer federal dollars into local projects — candidates trying to defend open seats for their parties can have a much harder time of it than do sitting members of Congress.

This year, there are 33 open House seats, including three that are vacant at the moment but had been held steadily by one party, and polls suggest that Democrats have a good chance to capture enough Republican-held districts to put them well on their way to tilting the balance of power in Washington.

Surveys show Mr. Perlmutter in command of his race against his Republican opponent, Rick O'Donnell, in the contest to succeed Representative Bob Beauprez, a Republican who is running for governor.

In races for 20 other Republican open seats, recent polls show the Democrat leading in at least 8, putting the party more than halfway to the 15 seats needed to capture the House. Just one of 12 Democratic open seats appears at risk, and even that is considered a long shot.

The state-of-play shows why leaders of both parties pleaded with incumbents who were contemplating leaving the House to stick around, begging them to pass up career changes, more time with the grandchildren or a run for the Senate.

Grabbing open seats has proven critical in past Congressional realignments. In the watershed election of 1994, House Republicans converted 22 Democratic open seats; in the Watergate election of 1974, House Democrats flipped 13 Republican seats. Now, for Democrats to seize the majority, the open seats will be crucial. "You have to win the open seats by a rather substantial proportion because, unless you have a nationalized race, the incumbents are going to win," said John Samples, director of the Center for Representative Government at the Cato Institute.

It is a testament to the partisan makeup of most Congressional districts that even with such a strong political tide running against the Republican majority, Democrats are still trying to assemble enough victories to gain control of the House.

But Colorado's Seventh, which ranges from industrial Commerce City through bedroom communities to the old Gold Rush town of Golden, is a textbook swing district drawn to foster competition. Mr. Perlmutter was considered a top prospect for the new seat in 2002, but said he decided not to run to tend to a young family and a law practice. In 2004, Mr. Beauprez was solidly ensconced, but when he started publicly pondering a run for governor in 2005, Mr. Perlmutter got serious about a race.

The benefits of incumbency can be both large and small — from visibility and the ability to help individual constituents to an aura of political invincibility that discourages challenges and keeps donations flowing.

Mr. Perlmutter, who represented part of the House district as a state legislator, still had to win a tough and expensive primary to get into the general election, though it ultimately helped raise his profile. Mr. O'Donnell, a lifelong resident of the district who lost a primary to Mr. Beauprez in 2002, escaped a primary this year. But he quickly discovered he had work to do to become known.

"Over the summer, I would knock on people's doors, and they would say, 'Who are you? What are you running for?' " Mr. O'Donnell said. "A couple hundred thousand dollars in TV ads takes care of that."

In their closely watched race, Mr. O'Donnell has sought to emphasize a hard line on immigration and raise the specter of Democratic tax increases while Mr. Perlmutter has pressed the need for change in Republican-controlled Washington and emphasized stem-cell research, an issue he has personalized, saying it represents the potential for treatment of his daughter's epilepsy.

If there were a year not to be an incumbent, Mr. O'Donnell argues, this is it with the Republicans he hopes to join in the House facing an electorate anxious about the war in Iraq, frustrated with the Congress and angry over constant scandal.

"This year, I am thrilled to be an open-seat candidate," Mr. O'Donnell said.

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Yet Mr. Perlmutter and his Democratic allies have worked to tie Mr. O'Donnell to the Bush administration and an unpopular war. In doing so, they have saddled Mr. O'Donnell with the disadvantages of incumbency while he lacks the long-term relationship with district voters that might help a sitting lawmaker.

In a new advertisement broadcast this week by the Democratic Congressional Campaign Committee on behalf of Mr. Perlmutter, a beaming Mr. O'Donnell was shown leaving Air Force One with President Bush as the president arrived for a fund-raising visit this summer. "Another vote for George Bush's agenda," says the advertisement.

Mr. O'Donnell and his aides acknowledge that in the Denver area, where snow is already falling this year, it is tough sledding for Republicans. "I am under no illusions," he said. "It is going to be painstaking, vote by vote by vote."

Republicans hardly needed added trouble in a year when the party controlling the White House traditionally suffers. But their task was greatly complicated by the departure of three veteran lawmakers in safe seats who exited under ethical clouds and left their local ballots in shambles.

Tom DeLay, the former House majority leader under indictment in Texas, quit after winning his primary and state Republicans lost a legal fight to replace him on the ballot, forcing them to put their hopes in a difficult write-in campaign. The name of Mark Foley, who resigned over sexually explicit e-mail to former pages, will remain on the ballot in his Florida district, though votes cast for him will go to another candidate. Representative Bob Ney of Ohio, who recently pleaded guilty to corruption charges, dropped out of his race but left his replacement contending with the fallout from his bribery scandal. Democrats could conceivably win all three seats.

In Arizona, Representative Jim Kolbe, who is retiring, refused to endorse the conservative Republican who won the primary to replace him, putting Republican retention of that seat in jeopardy. In Colorado Springs, Republican divisions over the candidate to succeed Representative Joel Hefley, who is retiring, have national Democrats examining whether to make a serious run at that solidly Republican seat.

"In a year like this, the only Republican open seats that are certain to stay Republican are rock-solid, overwhelmingly Republican districts," said Stuart Rothenberg, a nonpartisan Congressional handicapper.

The Democratic Congressional Campaign Committee just bought advertising time in the race for a Nevada open seat that was previously considered out of reach, and party strategists are looking into investing in others where Republicans are showing signs of weakness.

"We are trying to figure out the combination on the lock of the gerrymandered districts," said Representative Rahm Emanuel of Illinois, campaign committee chairman.

Republicans are fighting back, spending on television advertisements for Mr. O'Donnell and others in open seat races. But they are also being forced to spend in places like Idaho, where they had expected to avoid a fight. Party officials predict that in the end, many of the seats will remain in Republican hands.

In A G.O.P. Stronghold, 3 Districts In Indiana Are Now Battlegrounds (NYT)

By Joyce Purnick

The New York Times, October 21, 2006

MISHAWAKA, Ind. — Indiana, so heavily Republican that it has not voted for a Democratic presidential candidate since 1964, has become an unexpected battleground in this year's Congressional elections.

Three of the state's seven Republican members of Congress are locked in tough races, with the campaigns drawing big money and big names from both parties, including President Bush, Laura Bush, Barbara Bush, former President Bill Clinton and Senator Barack Obama, Democrat of Illinois.

What is happening here in the Crossroads of America?

Just standard election year politics, say Republicans, in a state with a history of close races and of electing some Democrats (two of its nine members of Congress are Democrats, as is one senator). It is more than that, say Democrats, portraying Indianans as unusually disaffected and predicting that their party will make significant gains.

Ed Feigenbaum, editor of The Indiana Legislative Insight, a nonpartisan newsletter, said the situation reflected the nation's souring mood.

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"People are unhappy everywhere," Mr. Feigenbaum said. "And incumbents suffer when they think the country is heading in the wrong direction."

It is not that candidates in the three competitive districts differ substantially on issues that matter most to voters. But their styles are different, as is the political company they keep, as each often reminds voters.

Republicans warn that Democratic victories will mean liberal leadership in Congress, while Democrats say their opponents support failed policies. The overwhelmingly negative advertisements on both sides have focused on personalities, moral values, party allegiances and help for veterans.

Voters seem focused on larger matters. From the hills of New Albany near the Kentucky border to the gray streets of Mishawaka near the Michigan border, scores of voters in the three districts said in interviews that they were uneasy about Iraq, illegal immigration, the economy and the cost of health care.

Some said they feared that gasoline prices would rise again, while others complained about lobbyists. None cited the resignation of Representative Mark Foley over his e-mail exchanges with Congressional pages, though many Republicans were concerned that unhappiness about moral lapses in Washington might depress turnout among Christian conservatives.

Some spoke about local issues, but national matters, especially Iraq, prevailed.

"Iraq is seen as a failed Republican policy that isn't working and costing money," said Brian Vargus, a professor of political science at Indiana University in Indianapolis.

"That really resonates with Hoosiers," Mr. Vargus said. "They are very patriotic, feel that the American military is very efficient so someone is doing something wrong."

Second District

Representative Chris Chocola, a Republican, and the Democrat, Joe Donnelly, a lawyer and businessman, are in a race that was never supposed to be so close, though the district has elected Democrats in the past.

The economy and immigration loom as large as Iraq in this blue-collar district. Many auto-parts plants have closed or been cut back. Workers are nervous, and some say that Mr. Chocola does not understand their predicament because he is independently wealthy.

Plant workers blame Washington for higher gasoline prices, which hurt demand for automobiles; for spending money on Iraq that could be spent at home; and for failing, as they see it, to stop illegal immigrants from taking jobs in nonunion shops.

Mr. Chocola soundly defeated Mr. Donnelly in 2004, but polls now show Mr. Donnelly ahead. Mr. Donnelly appears to be benefiting from spending by independent groups and national Democrats. (Republicans recently stopped broadcasting advertising for Mr. Chocola, cautioning they have not given up on him but declining to say if the advertisements will resume.)

"Billions of dollars go to China, they're taking away our jobs, and they call it free trade," said Richard Rittenhouse Jr., leaning against a friend's pickup after their shift at the AM General Hummer H2 plant in Elkhart.

Illegal immigrants, whose numbers are relatively small in Indiana, but are concentrated in some areas, are "working hard and cheap" in nonunion plants Mr. Rittenhouse said, while union jobs are trimmed.

He and his friend, Steve Patton, said they were also frustrated by high property taxes, the leasing of a state toll road to a foreign entity and changes in the local daylight saving time.

Mr. Chocola said he was not worried.

"This district is always competitive," he said, after addressing students at Penn High School in Mishawaka. "Nothing unusual."

Mr. Donnelly, who criticizes Mr. Chocola for supporting the president on Iraq and foreign trade, sounds equally confident.

"We're going to change the country," he said in a South Bend pub.

Eighth District

The "Bloody Eighth" as it is known because of its close elections. Representative John Hostettler, a six-term Republican, is invariably described an unorthodox public official who does as he likes, from voting against the Iraq war to taking a loaded gun into the Louisville airport two years ago. The congressman said he had forgotten that the gun was in his briefcase.

Political analysts say Mr. Hostettler has been more unorthodox than usual, campaigning and fund-raising less aggressively than might be expected, given his opposition — the telegenic sheriff of Vanderburgh County, Brad Ellsworth.

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Mr. Hostettler, who insists he is campaigning hard, historically wins, usually by small margins, helped by a strong get-out-the-vote operation led by Christian conservatives.

But Democrats see Mr. Ellsworth as the strongest opponent Mr. Hostettler has faced, a conservative Democrat whose record can appeal to working-class voters.

The candidates in fact agree on most issues. Both oppose abortion rights and favor tough immigration laws. Their major difference is Mr. Hostettler's vote against raising the minimum wage and Mr. Ellsworth's support for it.

Nonetheless, Mr. Hostettler paints Mr. Ellsworth as "far to the left," and raises the specter of Representative Nancy Pelosi, the House minority leader from California, becoming speaker if Democrats win a majority.

That registers with some voters. "They are both good men, but the Democrats will put pressure on him to put Pelosi in, an extreme Democrat," Mike Rhoads, an insurance agent, after said services at Bethel Temple, a nondenominational Christian church in Evansville.

Mr. Hostettler's longevity in Washington registers with other voters, among them Betty Paddock, a retired dietitian who voted for Mr. Hostettler in 2004.

"He's been there a long time, time for a change," Ms. Paddock said at the West Side Nut Club Fall Festival in Evansville. Hr sister Jean Tabor, a cashier at a Target store, added, "Too many bad things are happening."

Ninth District

The race is a rubber match, an unusually personal fight between two candidates with distinctly different styles — Representative Mike Sodrel, a Republican who two years ago beat the same Democratic opponent, Baron Hill, a former two-term congressman.

Mr. Sodrel worked the crowd in shirt sleeves during the Harvest Homecoming Festival in New Albany, across the Ohio River from Louisville, Ky. The day before, Mr. Hill appeared in suit and tie, serious and unsmiling as he and Senator Evan Bayh, Democrat of Indiana, discussed domestic security in a town firehouse.

Mr. Sodrel, owner of a trucking company, accuses Mr. Hill of having "gone Washington." He says that Mr. Hill "doesn't share our values" and that Mr. Hill voted against protecting the flag from desecration and opposed a bill banning same-sex marriage.

Mr. Hill says that he honors the flag and opposes same-sex marriage but that the issues should be left for states. He accuses Mr. Sodrel of being too close to the oil industry, and calls on him to return campaign contributions from Speaker J. Dennis Hastert and other Republicans for what he calls a failure of leadership in the Foley case.

Both candidates strike voters as too negative and out of touch with what really concerns people, many football fans said at a recent Friday game at New Albany High School.

"Nobody wants to talk about anything I think is important, like getting out of this stupid war," said Edward Summers, a veteran of World War II.

Neal Lang, a fifth-grade teacher from nearby Floyds Nob, said he was worried that the country "seems angry and strongly divided."

Mr. Lang said he did not know who he would vote for, but predicted, "I think it will be close again."

Working Families Party's Aim: Putting Democrats In Congress (NYT)

By Nicholas Confessore

The New York Times, October 21, 2006

Even by the Lilliputian standards of minor political parties, the Working Families Party has typically played the part of feisty underdog. Only four states list the party on their ballots, and even in New York, where it is based and most active, Working Families usually draws far fewer voters than rivals like the Conservative Party or the Independence Party.

Nevertheless, leaders of the Working Families Party, hoping to play a small but crucial role in this fall's Congressional elections, have started an effort to swing unaffiliated voters to Democratic candidates in three tight Congressional races.

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The party is focusing on unaffiliated voters in New York's 24th and 29th Congressional Districts and Connecticut's 5th Congressional District, which all have a Democratic candidate cross-endorsed by the Working Families Party. Both New York and Connecticut allow "fusion" elections in which candidates may run on more than one party line.

In New York's 24th District, Michael A. Arcuri, a Democrat, is battling State Senator Raymond A. Meier, a Republican; and in Connecticut's 5th District, State Senator Christopher S. Murphy, a Democrat, is challenging Nancy L. Johnson, the Republican incumbent.

Working Families is financing direct mail, door-to-door canvassing and phone banks in those districts. In New York's 29th Congressional District, the party will begin a direct-mail effort on behalf of the Democratic candidate, Eric Massa, who is challenging Congressman John Randy Kuhl Jr., the incumbent Republican.

The tight focus on upstate, unaffiliated voters is something of a departure for the Working Families Party, which was founded by a coalition of labor unions and community organizations in 1998. Its supporters are most heavily concentrated in the New York City area, where the party has worked largely in support of liberal Democratic candidates. But party officials said that polling they conducted but did not release showed that a large number of independent voters in the three districts supported views traditionally associated with liberal Democrats, like being in favor of universal health care and in opposition to free trade.

According to the poll, the party said, many of those surveyed said they believed that both major parties were indifferent to such concerns, and that they might be open to voting for a Democratic candidate on a minor party line if the candidate had their values.

"People see our message about jobs and health care not as a left-wing message," said Dan Cantor, the party's executive director. "They put it dead center in focus groups. Trade deals, universal health care. These independent voters are like incipient progressives."

Mr. Cantor also cited past efforts by the party, like its work in 2002 on behalf of Representative Tim Bishop of Suffolk County, as evidence that the party may prove able to provide candidates with crucial voters in tight races. Mr. Bishop, who ran on the Democratic and Working Families lines, beat a Republican incumbent by about 2,500 votes; he earned 2,700 votes on the Working Families line. Of those 2,700, more than half came from people who also voted to re-elect Republican Gov. George E. Pataki.

"Having that extra line, giving independents a place to go, and having them work to get out the vote, all of that was very helpful to me," Mr. Bishop said in an interview.

The party will spend at least $400,000 — a third of it donated from New York's Democratic Congressional delegation — on the effort, a large amount for the party, though a relatively small expenditure given the millions of dollars being spent by the Democratic and Republican campaign committees and the candidates themselves.

But some political experts said that such a political bank shot — persuading unaffiliated voters to register a protest vote for a Democrat by voting for a minor party — could prove more or less unsolvable.

"To the extent that people know that the Working Families Party exists, those people don't view the Working Families Party as less liberal or left than the Democratic Party," said Norman Adler, a political consultant in New York who has advised Republican and Democratic candidates. "People who are liberal are already very comfortable voting for the Democrats.

"Talking to blanks is always useful, since they comprise the largest number of people who haven't made up their mind," he added, referring to people who do not select a party on their voter registration. "But to make the argument that they're the alternative to the Democratic Party for independent voters — I don't think that'll work."

The Political Season Has Gone Sordid (LAT)

The Los Angeles Times, October 21, 2006

Republican congressional candidate Tan Nguyen was expendable (meaning he had no chance of beating Loretta Sanchez), so he was expended this week by the Orange County Republican leadership. A heroic decision, tempered only by the fact that as recently as 2004 Nguyen was running as a Democrat.

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In other words, Nguyen wasn't exactly dyed-in-the-wool. Still, when it was learned that his office apparently sent out 14,000 copies of a letter to registered voters saying it was illegal for immigrants to vote, the party leadership quickly leaned on him to withdraw and said all the right things about veiled intimidation of Latinos who are duly registered.

It is truly a new day in Orange County, where a generation ago the previous Republican Party leadership would have tabbed Nguyen as an up-and-comer with a good head on his shoulders.

Nguyen, who clearly doesn't yet have the hang of this running-for-office thing, said he had nothing to do with the mailing and ascribed the blame to his office manager. He presumably was going to lay out his defense Friday afternoon at a news conference, but state agents put a crimp in those plans by raiding his Garden Grove office.

You can't help but appreciate (in a twisted way) how this flare-up reflects on Orange County's changing demographics. That is, no longer is the attempted thwarting of the Latino vote limited to Anglo officeholders. Nguyen, according to his web site, is a Vietnamese refugee who was 8 when his family fled the Communists and came to America.

And now, just 25 years later, he's got his name in the newspapers in connection with political dirty tricks.

A cynic would say he's assimilated well.

And speaking of assimilation and participating in the democracy …

Over in Anaheim, Bill Dalati is getting a dose of the American political system in his first run for office. The 41-year-old insurance agent has been called a potential "Manchurian candidate" by a former state Republican Party chairman who cites Dalati's political support of a controversial congresswoman from Georgia and his advocacy of the local Council on American-

Islamic Relations, considered an extremist group by some but which somehow manages to operate quite comfortably and openly under the noses of the entire local and federal law enforcement structure. I was once at a CAIR meeting where local public officials and law enforcement representatives praised it.

For you youngsters, a "Manchurian candidate" is taken from a 1962 movie and refers to someone who pretends to be one of us but is really an agent of the enemy. Dalati's birth name is Belal, and he was born in Syria, so you know who the critics think he's a secret agent of.

Call me irreverent, but I'd like to see what a Manchurian candidate from Syria could do to Anaheim. Sure, he says he's interested in housing and traffic, but the mind boggles at what someone with a secret agenda could do.

Hey, wait a second! Isn't Anaheim Mayor Curt Pringle a more likely Manchurian candidate? Nobody looks more benign than he does. And how do we know for sure his family drapery business wasn't fronting for something else?

Sorry, mayor. It's all in the spirit of a long political season.

I got hold of a subdued Dalati late Friday and asked him how he was enjoying his first run for office. He didn't sound overly amused. "I was trying to run a straightforward campaign," he said. "Unfortunately, they brought race and religion into it. Because of the Islamophobia out there, I think it's hurt me."

He said he was getting calls of support from "true Americans" but that other e-mails included threats. He's one of seven candidates for two council seats, and I asked if he regretted running. No, he said. "I know what I ran for. I wanted to serve … and give back to a community and country that has given so much to me."

In the present climate, you say something like that and your critics only chalk it up to more cunning.

There you have it. That's my report from today's Politics & Ethnicity front.

Kind of gives you a warm, fuzzy feeling about things, doesn't it?

Ehrlich, O'Malley Focus On Turnout As Election Nears (WP)

By Matthew Mosk And Robert Barnes

The Washington Post, October 21, 2006

The hallways were decorated with the green and white of Martin O'Malley's campaign, but more important was what was happening inside the Prince George's County ballroom: thunderous applause from a thousand supporters, most of them African American women.

The Baltimore mayor converted the rostrum into a pulpit.

"Turn to your neighbor and say, 'There's a lot of power in this room,' " O'Malley preached.

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" There's a lot of power in this room ," the women cried out.

Four years ago, Democrats headed into the final stretch of a heated governor's race without much of a message to get their supporters to the polls, and there was a pointed lack of enthusiasm from black voters, the party's most loyal supporters. The Democrats got clobbered.

"We didn't really do our job in '02, and we saw what happened," said Donna Edwards, a Democratic Party activist and former congressional candidate who attended the rally.

Democrats are determined to make this year different, said Edwards and others supporting O'Malley's bid to retake the governor's office from Republican Robert L. Ehrlich Jr. This time, both Ehrlich and O'Malley have elaborate plans, in the works for more than a year, to maximize turnout that are the centerpiece of a two-week sprint to Election Day.

For O'Malley, the focus is on what campaign manager Josh White calls "drop-off voters," those who turn out when presidential candidates are on the ballot but stay home in intervening years.

"We're, in a sense, trying to expand our base," White said. "These are people who need a push out the door. But once they get there, we know they'll be with us."

For Republicans, the task is more complicated. Because Democrats hold a nearly 2 to 1 edge on voter rolls, Ehrlich can't afford to merely try to drive more people to the polls. He needs to motivate his supporters to show up Nov. 7 while doing nothing to energize those backing his opponent.

To accomplish this, his aides said they have been brewing their own turnout recipe -- one that depends on the science of "microtargeting" and on many of the same formulas that helped propel George W. Bush to victory in 2004. Information about every potential Ehrlich voter, down to the magazines they read and the church they attend, will drive the strategy for lighting a spark under them on Election Day.

"Every race is about turnout, but this one especially so for Ehrlich," said one of the governor's top aides, who discussed internal campaign strategy on the condition that he not be named. "Last time, we won partly because I think we had a superior air game -- television ads, radio ads, direct mail. This time, in my opinion, we win by having a better ground game."

While each campaign will spend the next two weeks working several fronts -- O'Malley will launch a bus tour; Ehrlich will begin a barrage of television ads -- the strategy that could ultimately decide the outcome of this year's hotly contested race is the one that succeeds at driving the right voters to the polls.

A crucial piece of the effort for Democrats will involve black voters, who traditionally have been the party's most loyal constituency but who stayed home in large numbers in 2002, when Kathleen Kennedy Townsend became the first Democratic gubernatorial candidate to lose in Maryland in 34 years.

Census records show that although 50.5 percent of registered black voters turned out to vote in 1998, that number dropped to 41.3 percent in 2002.

This year, many Democrats are still waiting for signs that black voters will take an interest in O'Malley, said former Maryland governor Parris N. Glendening (D).

"I think this is going to be the biggest single challenge, because the excitement and the enthusiasm is really not at the level that it needs to be to get a really good, strong turnout," Glendening said, adding that he believes interest will climb as the election approaches.

The Democrats have some obstacles within the black community. For one, Republicans fielded the state's first African American to be elected statewide, Lt. Gov. Michael S. Steele, and he is now on the ballot in the race for U.S. Senate.

And there is also unease about the complexion of the Democratic statewide ticket: All but one of the candidates is white. But that is a "longer-term problem," Edwards said. "I don't think that's going to be enough to keep people from voting."

Democratic Party officials have tried to address those issues by producing a series of door-hangers and brochures aimed specifically at black voters, including one that pictures an African American woman on the front and the words, "Why I am a Democrat . . ."

O'Malley recruited an African American running mate, Del. Anthony G. Brown (Prince George's), and has brought in well-known black figures to help, too. Basketball great-turned-movie theater mogul Earvin "Magic" Johnson is promoting the Baltimore mayor on the radio. Former president Bill Clinton and Sen. Barack Obama have joined him on the stump.

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"Bill Clinton is like the Energizer bunny for Democrats, and especially the key groups we need to make sure come out, African American voters especially," Edwards said.

Today, Rep. Elijah E. Cummings (D-Md.) will kick off a two-week canvassing effort in black neighborhoods that will involve passing out 10,000 postcards reminding residents of their voting rights. O'Malley himself will be knocking on doors of targeted voters in Montgomery and Howard counties tomorrow.

The party has also recruited three to four times as many volunteers as they had four years ago to phone the drop-off voters, White said. It's a strategy that might have yielded little in years past but could prove vital in taking advantage of a national climate that appears to favor Democrats heavily.

That climate has forced Ehrlich's campaign to direct more attention to independents and his own base of support, the state's rural Republicans, to make sure they don't decide to stay home. Part of Ehrlich's success in 2002 stemmed from bringing out 191,000 more Republicans than voted in 1998 for Ellen R. Sauerbrey.

Ehrlich said he is not concerned by the national mood, noting that in two weeks, events in North Korea or elsewhere could shift attention away from the series of GOP scandals in Washington. And he believes the microtargeting effort will overcome any unease about voting.

"You saw in 2004 what it can do," he said, referring to Bush's successful turnout effort.

At the same time, he has been writing to supporters to persuade them to cast absentee ballots. The stated purpose has been to ensure a secure ballot in the face of possible problems with electronic voting. But because he'll know that those ballots have been cast and can scratch those voters off of contact lists, he can improve the efficiency of his turnout operation come Election Day, he said.

When asked what effect surrogates such as Clinton will have on the outcome of the race, the governor laughed. Yes, the former president probably helps energize some Democrats, he said. "But he helps me with my base, too."

Anti-O'Malley Ad Shows Baltimore In A Grim Light (WP)

By Eric Rich

The Washington Post, October 21, 2006

Mayor Martin O'Malley may be the target but Baltimore also takes a beating in a television ad launched yesterday by the Republican Governors Association, a 30-second tableau of urban decay that declares Maryland's largest municipality "the most dangerous city in America."

The ad, the first the group has aired in the state, features footage of a cemetery and a crime scene. The camera bounces erratically as the images lose and regain focus. The schools are in shambles, a female voice says, and the homicide rate is six times higher than New York City's. "Baltimore," the voice says, "Martin O'Malley's legacy of mismanagement. And now he wants a promotion so he can do for the entire state of Maryland what he did for Baltimore."

The O'Malley campaign was quick to condemn the ad, which they said perpetuated stereotypes about a city they said Gov. Robert L. Ehrlich Jr. (R) is "essentially disowning."

"It's essentially unheard of for a governor to allow an outside group to attack the biggest city in his state," said Hari Sevugan, an O'Malley spokesman.

A recent Ehrlich ad raised similar issues far more delicately: A Baltimore resident -- with a criminal record, it later emerged -- describes himself as a Democrat so concerned about crime and the city schools that he intends to vote for Ehrlich.

Ehrlich spokeswoman Shareese N. DeLeaver declined to comment on whether the campaign has misgivings about Baltimore being portrayed in such a light. The ad, she said, "isn't about Baltimore, it's about Martin O'Malley's failure of leadership of Baltimore."

The governors association is barred from coordinating its activities with the campaign.

"The intent of this advertisement is not to trash Baltimore," said Phil Musser, the association's executive director. "The intent is to point out what's clearly a lackluster record."

The Democratic Governors Association contributed $290,000 to the Maryland Fund, an independent group that has spent nearly $1 million on negative ads linking Ehrlich to the policies of President Bush.

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Yesterday, Democrats pointed out that the Republican group received a $100,000 contribution Sept. 29 from a prominent Maryland developer and Ehrlich supporter, Kingdon Gould. Gould, developer of the Konterra project in Prince George's County, has contributed $50,000 to Ehrlich through various companies since 1999. He was traveling yesterday and did not respond to calls seeking comment.

Computer Voting Disks Likely Made For Testers (WP)

By Cameron W. Barr

The Washington Post, October 21, 2006

A Maryland election official said yesterday that possibly stolen computer disks believed to be electronic voting software were "apparently produced" for use by a testing firm hired by the Maryland legislature in November 2003.

Ross Goldstein, deputy administrator of the Maryland State Board of Elections, said documents indicate that the disks were sent to Maryland so Raba Technologies Inc. could assess the security of the state's electronic voting system, which is provided by Diebold Election Systems. A receptionist at Raba, based in Columbia, declined to comment yesterday after consulting with her supervisor.

Labels on the disks indicate that they contain the versions of two Diebold programs that powered electronic voting machines in Maryland in 2004, Goldstein said Thursday. Diebold said one version of one program is still in use in some jurisdictions elsewhere in the United States.

Cheryl C. Kagan, a former Maryland delegate who has questioned the security of electronic voting systems, said the disks were delivered anonymously to her office in Olney on Tuesday.

State elections administrator Linda H. Lamone has asked the FBI to investigate the apparent theft and leaking of proprietary voting software.

Critics of electronic voting said the most recent incident in Maryland casts doubt on Lamone's claim that Maryland has the nation's most secure voting system. "There now may be numerous copies of the Diebold software floating around in unauthorized hands," said Linda Schade, co-founder of TrueVoteMD, which has pressed for a system that provides a verifiable paper record of each vote.

Yesterday, Henry Fawell, a spokesman for Gov. Robert L. Ehrlich Jr. (R), said the suspected leak "raises yet another unanswered question about the Diebold technology on which our election system depends." Ehrlich initially supported the Diebold technology but in recent years has said Maryland should switch to a system that provides a paper trail.

Some computer scientists said the incident shows why the makers of voting systems should publicly disclose their software. "It's hard to keep a secret like this for a long time," said Edward Felten, a Princeton University computer scientist who demonstrated in September how Diebold's machines could easily be hacked. The company called Felten's work inaccurate and unrealistic.

The Washington Post, which obtained copies of the disks Wednesday to verify them, agreed yesterday to Diebold's request to return them.

Kagan said that she expects to meet with FBI agents next week and that she was prepared to grant the FBI's request to turn over the disks.

The disks bear logos from two other testing companies, Ciber Inc. and Wyle Laboratories, which Diebold hired to test its voting system. Maryland retained Raba in 2003 to conduct a security assessment after an academic study revealed vulnerabilities in Diebold's system, said Karl S. Aro, executive director of the Department of Legislative Services.

Aro said he believes that Diebold made its own arrangements to transmit the software to Raba. "To my knowledge, [Aro's staff] never touched those disks," Aro said.

Diebold spokesman Mark Radke said: "We contacted Ciber and Wyle and asked them to send the software directly to someone in Maryland." He said he could not confirm if the recipient was Raba or an intermediary.

Felten, the Princeton computer scientist, said public disclosure of the core instructions or "source code" that powers electronic voting machines would enhance security by allowing experts to find flaws that could then be corrected.

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David Jefferson, a computer scientist at Lawrence Livermore National Laboratory who advises California's secretary of state on election matters, said the source code should be public precisely because it is part of voting systems. "Our democratic process has to be completely open, and we cannot conduct transparent elections on top of secret software," he said.

Michael I. Shamos, a computer scientist at Carnegie Mellon University, said the appearance of the disks in Kagan's office is "essentially meaningless." He said electronic voting source code should be disclosed because of the public's strong interest in the credibility of voting systems. "Since the disclosure of source code is a good thing," he asked, "why should we be complaining when some gets disclosed?"

"Anything that happens to convince the makers of voting software to drop the nonsensical claim of 'trade secrets' is a good thing," Shamos said.

Radke said the company was not averse to disclosing its code if the law were changed to require it. But he said disclosure would dampen innovation in the field.

Avi Rubin, a computer scientist at Johns Hopkins University who reviewed the software Wednesday at the request of The Post, said he was all but certain that the material on the disks was Diebold software.

Angelides Urges Gov. To Release Tapes (LAT)

By Peter Nicholas

The Los Angeles Times, October 21, 2006

SACRAMENTO — In private conversations in the governor's office earlier this year, Arnold Schwarzenegger spoke with aides about the "failure of Mexican American immigrants to assimilate into American culture" and made "ad hominem remarks about a variety of legislators," Phil Angelides' gubernatorial campaign said Friday.

An attorney for Angelides sent a 10-page letter to Schwarzenegger aides urging them to release recordings of the governor's conversations before the Nov. 7 election.

In the letter, the Angelides campaign offered more detail about what Schwarzenegger said in unguarded moments in his office than has been made public to date.

Angelides aides know what the recordings contain because they downloaded them from the governor's website in late August. But the campaign has declined to release the tapes on its own, calling on Schwarzenegger to take that step.

"Instead of hiding behind his handlers, he should publicly release these records so that the people of the state of California can hear for themselves what the governor believes in candid moments away from the spotlight," Angelides campaign attorney Lance Olson wrote.

Schwarzenegger officials indicated that the governor would not release the recordings, saying they are not a matter of public record.

Schwarzenegger campaign manager Steve Schmidt, in an interview, said of Angelides: "This is yet another act of political desperation by a failing candidate who, with every passing day, makes it clear he lacks the ethics, integrity and character to be governor of California."

At issue are four hours of recordings. They were made by the governor's speech writing team, whose members taped the governor's conversations to familiarize themselves with his cadence and speech patterns. Six minutes of recordings have been made public so far and are posted on The Times' website at latimes.com/news/local/politics/cal/la-govmeetingmp30954716.mp3file.

In that snippet, Schwarzenegger, talking casually with his inner circle of advisors, made comments about the temperament of Assemblywoman Bonnie Garcia (R-Cathedral City). Discussing her ethnicity, he said it didn't matter if she was Puerto Rican or Cuban.

"I mean, they are all very hot," he said. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Fearing legal repercussions, Angelides campaign officials have been unwilling to release the rest of the recordings. But they've offered hints about what Schwarzenegger says in recent letters to the governor.

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In the letter Friday, Olson rebuts Schwarzenegger's claim that the tapes are exempt from disclosure under a legal provision that protects the governor's internal "deliberations."

Olson writes that the recordings "do not relate to anything 'deliberative' at all and are clearly unrelated to speech writing but, rather, discuss Republican Party politics, derogatory remarks about Mexican Americans and observations about legislators and other public figures."

Were Schwarzenegger to demean Mexican Americans, it could produce a backlash.

The governor has been courting Latino voters in hopes of building on the 32% of the Latino vote he received in the 2003 recall election.

After The Times made public part of the recordings last month, the California Highway Patrol opened an investigation. The Schwarzenegger administration had notified the CHP, claiming the Angelides campaign had "penetrated" a secure, password-protected part of the governor's website.

Angelides campaign officials deny that's the case. They said staff members encountered no passwords or obstacles of any kind in downloading the recordings and they assert that others who have visited the governor's website have done much the same thing.

The CHP said it would produce at least a preliminary report quickly. But at this point, with 17 days left in the campaign, no report has emerged.

Schwarzenegger Story Gets Another Rewrite (LAT)

By Peter Nicholas

The Los Angeles Times, October 21, 2006

SACRAMENTO — Maybe the make-or-break moment of Arnold Schwarzenegger's governorship was the morning of Nov. 10, 2005, in his hotel suite across the street from the Capitol building.

He had just been walloped in the special election that he had thrust before voters, capping a year when he had fought to put in place a distinctly conservative agenda.

Prepping the Republican governor for a news conference, one of his aides urged a tough stance: Don't apologize, don't give ground.

Schwarzenegger did the opposite. He appeared before the cameras and conceded that he had screwed up and promised to start listening to the Democrat-dominated Legislature.

So began his political resurrection. From a nadir at which he was being compared with Jesse Ventura, the pro wrestler who flamed out as governor of Minnesota after one term, Schwarzenegger rose to be the front-runner in the Nov. 7 election.

His governorship has been a string of such moments: spontaneous decisions that have carried large consequences, for better and for worse. New to professional politics, he has been learning as he goes.

He has overreached; called officials "stooges" and worse; flip-flopped, wasted time and money. All in full view of California voters and in the face of enormous expectations that came with the historic 2003 recall election.

But over the last 11 months he has righted himself, relying on competitive instincts that told him if he was to survive he needed to drop the hubris and build a centrist government more in step with California voters.

It worked. His approval rating is up to 56%, according to the latest Los Angeles Times poll, a rise of nearly 20 percentage points in one year.

Schwarzenegger came to the job convinced he could master it — much as he has everything else he's tried. But the job nearly mastered him. Three years after taking office, he is, in fundamental ways, still figuring out what a governor is supposed to do.

His advisors say they still worry when he speaks in public, wondering if he'll blurt out something that offends a constituency or torpedoes a policy position his administration spent months crafting. Others who have worked closely with him said they have no idea what to expect next if Schwarzenegger wins.

Will he be the combative partisan who, 168 times during 2005, railed about "special interests" corrupting Sacramento, according to transcripts of speeches and interviews?

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Will he be the go-along moderate who has not once uttered that phrase in public this year? "Arnold 2.0" is how some aides now describe him.

Or is another reinvention in the works?

"I don't know where the governor is going to go next year," said Assemblyman Keith Richman, a moderate Republican from Northridge.

Few people reach high elective office with so little political experience. Schwarzenegger walked off the set of "Terminator 3" and into the recall election.

Campaign workers mined interviews he'd given as a champion bodybuilder and movie star, looking for the germ of a policy platform. He was tutored extensively in his Santa Monica office — sessions his staff labeled "Schwarzenegger University."

The cramming helped. Schwarzenegger retains information well and is adept at numbers, which he says he thinks about in his native German. When he grasps something, he utters a two-word acknowledgment: "Got it."

But after he took office, his busy schedule slowed the schooling. And the gaps in what he understood about California government became painfully evident.

Marybel Batjer, the governor's Cabinet secretary in his first year, said, "Yes, he needed more education, and if I could have done it better — and I don't know how we could squeeze more time out of him — I would have had policy briefing time on his schedule weekly."

First Lady Maria Shriver would, on occasion, call then-Chief of Staff Patricia Clarey. Her husband would come home at night with a stack of briefing papers, Shriver said, and realize in frustration that he was not getting everything he needed from the daytime briefings, according to one person familiar with the conversations.

There was an embarrassing moment in his first months in office when Schwarzenegger's inexperience showed.

He often boasted about his negotiating skills. After years of haggling with Hollywood bosses over movie contracts, he was confident he could outwit Sacramento interest groups. But it wasn't as easy as he supposed.

He sat down with officials from the California Teachers Assn., the powerful labor group, to discuss the complex spending formulas that drive the education budget. The governor hoped CTA would agree to concessions that might stave off deep budget cuts.

Schwarzenegger acknowledged to his staff at one point that he wasn't in command of the details. But he plowed ahead, ultimately striking a deal with the union: CTA would forgo $2 billion owed to schools, in return for the governor's promise to repay the money in coming years.

The agreement turned out to be politically costly. It was Schwarzenegger who had been outmaneuvered.

Facing a tight budget the next year, the governor broke the promise. He told the union that if he lived up to the bargain, it would mean drastic cuts elsewhere in government that he was unwilling to make. Union officials turned on him.

The governor hadn't realized the commitment he'd made, said Peter Siggins, then Schwarzenegger's legal counsel, who was taken aback by the agreement.

"I sat down with [another aide] and said, 'Did we really agree to this?' " said Siggins, now a state appeals court judge in San Francisco. "I was surprised. It … really boxed him in."

The teachers union, once a friend, was now a dogged and well-funded enemy.

For all the stagecraft Schwarzenegger employs to make sure he appears in a flattering light, he tends to wing it when he grabs the mike. He says what feels right at the moment. But the spontaneity can backfire, and has.

In April, the administration prepared for an environmental summit in San Francisco. In defiance of his big-business supporters, the governor was going to call for emissions caps meant to curb global warming.

The day came. Schwarzenegger led a discussion that included business leaders unhappy about the plan. An official of a cement trade group objected that mandatory caps would be a burden to business.

Schwarzenegger began to waffle. Maybe it would be better to start "without caps," he said. Aides cringed.

"It undercut the main message of the day," said one administration official, requesting anonymity because he was not authorized to speak publicly.

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Damage was done — and Schwarzenegger had to undo it. The next day, in an appearance in Davis, he said emissions caps were "a great idea."

In other ways, Schwarzenegger sounds like the most seasoned of politicians, saying one thing but doing another.

The day after winning the election in 2003, he said at a news conference that he would devote himself to the job full time: "There will be no time for movies or anything else."

A month later, he quietly signed an agreement to serve as a consultant to and editor of the tabloid and muscle-magazine publisher American Media Inc., which would pay him an estimated $8 million over five years. He severed the arrangement after it was made public last year.

Schwarzenegger once eloquently warned of the danger of "special interests" — moneyed groups whose fortunes depend on state action. They give millions to politicians and expect favors in return, the governor said.

But since entering the recall campaign, Schwarzenegger has accepted record sums of campaign cash — more than $114 million — from oil companies, insurers, developers and growers that rely on the governor to sign or veto key legislation.

Every year the California Chamber of Commerce, the state's leading business lobbying group, puts out a list of what it calls "job killer bills" — legislation it wants defeated.

Of 11 such bills that passed the Legislature and made it to the governor's desk this year, he vetoed nine, or 82%.

"He came in on a reform platform which essentially was to hose out the Augean Stables," said Martin Kaplan, associate dean of the USC Annenberg School for Communication, referring to the labors of Hercules. "And he ends up raising more money than Gray Davis, or anyone else, for that matter."

Schwarzenegger has said repeatedly that legislators were "spending addicts." But he has signed budgets that have raised state spending 27%, to $101.3 billion from $79.8 billion.

On a radio show, Schwarzenegger explained his ethics policy. Indian tribes that own casinos are "people that I would never take money from," he said. That would be a "conflict of interest," because a governor negotiates gambling compacts with tribes, he said.

Yet six tribes that own casinos have donated at least $800,000 altogether to the California Republican Party in the last two years. And the party has run television ads helpful to Schwarzenegger.

Schwarzenegger has a record of floating ideas and then dropping them. He vowed in 2004 to bust the Legislature down to part-time status. Never did it.

He told the Sacramento Press Club in January that he would set up a bipartisan commission to examine the state's costly pension system. Never happened.

Then there are moments when he seems to simply get carried away.

Frustrated that lawmakers wouldn't pass his budget, he appeared at a rally at a shopping mall in Ontario two years ago to ratchet up pressure. His staff had written a speech for him, but Schwarzenegger ad-libbed.

Before a crowd of more than 1,000 supporters, he called his legislative opponents "girlie men." The audience loved it, but Democratic lawmakers were furious. The tone had been set for the next year, which Schwarzenegger had optimistically dubbed "the year of reform."

Some of Schwarzenegger's top aides never wanted the special election. After a flurry of campaigns in 2003-04, they thought he needed a year to govern quietly and squirrel away some money for a reelection bid.

But Schwarzenegger worried that if he didn't go to the ballot with a dramatic proposal to shake things up, he might be facing years of paralysis in Sacramento, aides said. A big, bold step was needed, he believed.

Things came to a head at a meeting at a Sheraton hotel near the Capitol late in 2004. Schwarzenegger snapped at his staff that they had dithered, failing to prepare for the special election he envisioned.

One advisor recalls Schwarzenegger saying that without a special election, he "would be facing 18 months where nothing would get done." He wouldn't be talked out of it.

Schwarzenegger backed four measures that his allies placed on the November 2005 ballot: He wanted to curb state spending, revamp the way the state draws voting districts, make it tougher for teachers to get tenure and bar unions from making campaign contributions without permission from members.

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The agenda wasn't even his own. It had been cobbled together by the Chamber of Commerce, anti-tax forces and conservative leaders on the fringes of the governor's political circle.

The program also was reminiscent of a Schwarzenegger mentor — former Republican Gov. Pete Wilson. In the 1990s, Wilson went to the ballot to expand the governor's budget-cutting powers and impose restrictions on union political activity. Voters said no.

The Republican operatives surrounding Schwarzenegger remembered those fights from the Wilson years. But maybe they'd have better luck with a former movie star as the salesman.

Joel Fox was co-chairman of a campaign committee that became the prime fundraising vehicle for the Schwarzenegger-backed initiatives.

In Schwarzenegger, he saw a "Mr. Olympia who has the ability to lift the weight of the world — and we were going to jump on his back. That's the attitude we had," he said.

But "it didn't serve Arnold well," Fox said. "And I take part of the blame for this debacle."

Teachers, nurses and firefighters mobilized against the governor's agenda, picketing Schwarzenegger's fundraising events from Manhattan to Los Angeles. Schwarzenegger could not muster grass-roots support or raise enough money to combat the union attacks.

"We stumbled around," said Mike Murphy, the governor's chief political strategist at the time. "We tried to do three years of reform in about six months."

Battered by the unions' TV ads, Schwarzenegger saw his approval ratings plummet. When defeat came last November, he moved quickly to recapture voters' trust.

He had spent much of 2005 declaring he'd been sent to Sacramento to "fix a broken system." Now he understood that voters wanted him to work within that system, broken or not.

A shake-up followed.

Murphy left to focus more on Hollywood projects. Shriver, injecting herself in the personnel search, as she often does when her husband is in trouble, found a replacement in Steve Schmidt, a barrel-chested veteran of the Bush White House who runs a no-nonsense political operation.

Out went Clarey, once an aide to former Republican Gov. Pete Wilson. In came Susan Kennedy, once an aide to former Democratic Gov. Gray Davis.

"That was his apology," Kaplan said. "By hiring her, and taking pretty intense public criticism for it from his Republican base, he was saying: 'I really heard you. I got it.' "

Embracing the Democratic agenda, Schwarzenegger signed bills raising the minimum wage and providing prescription drug discounts. It was effective politics, executed on the cusp of a reelection campaign.

But it also showed some flexibility: Schwarzenegger had tried something. It didn't work. So he tried something else.

"He's been a very reliable partner in advancing a very strong Democratic agenda," said Fabian Nuñez, the Democratic speaker of the Assembly. "It's the ultimate irony."

When something works, Schwarzenegger stays with it, his friends say. Now that his political recovery has put a second term within his grasp, he's unlikely to risk another effort to shake Sacramento to its core.

"I've known him 27 years and I've never seen him happier than he is now," said Bonnie Reiss, a longtime friend and a senior aide.

Others sound a more wistful note. They hoped Schwarzenegger would prove a transformational figure.

Right after taking office, Schwarzenegger embarked on one of the most ambitious projects of his governorship. Acting on his vow to "blow up the boxes" of government, he appointed 275 state employees, aides and consultants to plan how to do it. The group came up with a far-reaching program to wipe out 100 state boards and commissions. But when interest groups complained, Schwarzenegger backed down. The panel's 2,500-page report, released more than two years ago, sits on bookshelves across the capital, ignored.

"I would like to have blown up a box or two," Fox said.

(INFOBOX BELOW)

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Arnold Schwarzenegger
Party: Republican
Occupation: Governor of California
Age: 59; born in Thal, Austria.
Residence: Los Angeles (Brentwood)
Personal: Wife, Maria Shriver; four children.
Education: Bachelor's degree in business and international economics, University of Wisconsin-Superior, 1979

Career highlights: As a bodybuilder, won 13 championship titles; was the subject of "Pumping Iron," a 1977 documentary about bodybuilding, and went on to star in many films; in 1990, was named chairman of the President's Council on Physical Fitness and Sports under President George H. W. Bush; sponsored Proposition 49, a ballot measure approved in 2002 to increase funding for after-school programs.

Platform: Job creation through economic development and promotion of the California economy; no tax increases; curbs on greenhouse gases through regulation of business; $37 billion in bonds to rebuild state infrastructure.

Los Angeles Times

Boo!? An Inevitable October Surprise (WP)

By Linton Weeks

The Washington Post, October 21, 2006

The October surprise: It's as much a seasonal sure thing in Washington as cherry blossoms and the National Christmas Tree.

When leaves fall and elections loom, the term gets tossed around more than a Manning family football. This October, too, is chockablock with shockers. Already "October surprise" has been applied to: several unflattering new books about the White House, an upwardly revised civilian casualty estimate from the Iraq war, the Mark Foley scandal . . . and October isn't over yet.

Originally the term meant some alakazam rabbit-from-a-hat trick that an incumbent party would unveil to keep its candidate in office. Over time the phrase has been bandied about and overused to the point that it now means any startling surprise from any direction that might somehow affect the outcome of an election.

October, says Michele Swers, a political scientist at Georgetown University, "is when the electorate begins to focus on the candidates and the issues, and voters begin to actually look at what you do and what you say."

A surprise works, she says, "if there's already a national mood building for a certain issue. The surprise can exacerbate the mood of the people. Anything that intensifies a national wave is helpful."

On his MSNBC show last week, former congressman Joe Scarborough pointed out three recent eye-openers, including "the latest October surprise from New York's publishing world." Excited, he cited "State of Denial" by Bob Woodward, which actually went on sale Sept. 30, and "Soldier: The Life of Colin Powell" by Karen DeYoung, published on Oct. 10. Both books, by Washington Post reporters, "provided a double-barrel blast at the White House," Scarborough said.

He continued, "But now another book drops within weeks of the midterm elections, claiming the Bush White House played Christians for fools and called them nuts and lunatics behind their backs."

He was talking about David Kuo's "Tempting Faith: An Inside Story of Political Seduction." Published this week, the book questions the Bush administration's sincerity when it comes to support for faith-based initiatives and for the social issues important to evangelicals.

On CNBC, Jed Babbin, who was a defense undersecretary in the George H.W. Bush administration, referred to the Johns Hopkins University study of Iraqi civilian deaths -- published in the British medical journal the Lancet -- as "another October surprise. . . . It's not at all credible."

Babbin said the number of Iraqi dead has been used before as a pre-November jolt. "The last time they published this same report," he said of the Johns Hopkins survey, "the same group went out and did a similar analysis two years ago, and guess what? They put it out just before the 2004 election."

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The longest-running eyebrow-raiser of this October -- the Mark Foley scandal -- got its start in the final days of September. Keith Olbermann, host of the MSNBC program "Countdown," referred to it as a pre-October surprise, but the story has drip-dripped through the month. "The Democrats prayed for an October surprise," wrote syndicated columnist Jonah Goldberg, "and like manna from heaven, a hypocritical, sexually disturbed Florida Republican dropped into their laps."

Some Republican strategists suggested that Democrats waited to make a big deal about Foley's instant messages to generate an autumnal bombshell.

The earliest mention of "October surprise" in a Nexis database search of American newspapers is in The Washington Post in late August 1980. William R. Van Cleve, co-director of candidate Ronald Reagan's panel of military policy advisers, said that the notion of the incumbent president, Jimmy Carter, pulling an "October surprise" somewhere in the world to influence the pending election "has been nagging at some of us for some period of time." The rumored surprise was an invasion of Iran, which was holding dozens of Americans captive.

In October 1992, the issue of Penthouse magazine with the Gennifer Flowers interview about her relationship with candidate Bill Clinton went on sale. In late September 1996, questions arose about campaign contributions from foreign sources to the reelection campaign of Clinton and Al Gore. On Nov. 2, 2000, just five days before the election, a Maine television station reported that candidate George W. Bush had been arrested in 1976 on a drunk-driving charge. "Call it the October surprise a few days late," a CBS reporter said at the time.

In some years the October surprise, like the Great Pumpkin or Godot, is much anticipated but never appears. But in recent years it's become so predictable, so commonplace, it should be called the October Same-Old Same-Old.

"Surprises, on schedule, are hardly surprises," Matt Drudge of the Drudge Report says in an interview. "The October surprise has become a tired ritual that needs reinvention."

There are variations. And trying to guess the next iteration -- sex scandal, international policy shift, military assault -- makes for a popular bar game. But in this era of muck-slinging politics with candidates "going negative" and "digging up dirt," a true October surprise would be an October without one.

Obama's Project Runway (NYT)

By Maureen Dowd

The New York Times, October 21, 2006

WASHINGTON

So the question before us is, should Barack Obama stop lounging around in fashion magazines and do some honest work, like running for president?

How will we ever persuade him to give up his modeling gigs in Men's Vogue, Marie Claire, Vanity Fair and Washington Life? How can we lure the lanky young senator from Illinois out of the glossy celebrity pages and back to gritty substance, away from Annie Leibovitz's camera and back to Abraham Lincoln's tradition? He may not want to come back, now that he has mastered that J.F.K. casual glamour pose in shirt sleeves and tie, suit jacket slung over his shoulder, elegant wife and pretty children accessorizing.

The Washington Post's fashion reporter, Robin Givhan, analyzed the Men's Vogue spread, with its "touch football" aura: "Obama is pictured in warm light or soft focus. He is pondering, nurturing, working. But never glad-handing, pontificating or fund-raising. The pictures celebrate the idea of Obama rather than the reality of politics."

Why should the 45-year-old senator tackle reality in a city that has forsworn it altogether? And why not join the catwalk of Democratic hotties? The Washington Post reported that the Democrats were "fielding an uncommonly high number of uncommonly good-looking candidates." Young and cute, as the party campaign honcho Rahm Emanuel wryly told me, could be a refreshing change from "Hastert, Rumsfeld and Cheney, who look like the retirees from 'Goodfellas.' "

Mr. Obama's main accomplishment so far is sending a chill through Hillary Clinton, the Democrats' dreaded eventuality. It must certainly be more fun cavorting on a cover with Eva Longoria than caucusing in the Capitol with Harry Reid. Working on legislation can be so tedious, compared with a 13-city book tour in which you are feted as the liberal hunk of the 21st century, generating buzz about your future instead of the country's.

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Mr. Obama, who fears being seen as fluffy and who has been known to mock pretty boys in his party, never seems to take off his makeup these days, as he pads from one soft perch to the next, from Oprah to Meredith to Larry. The first black president of the Harvard Law Review is spending too much time in green rooms.

He also logs a lot of time at the gym. (You never know when Anna Wintour will call.) It is the only thing this intellectually nimble, preternaturally articulate smarty-pants has in common with W.

"Politics sometimes blends in with celebrity," he told Oprah this week. "And it gobbles you up because the tendency is for people to want to see you perform and say what they want to hear, as opposed to you trying to stay in touch with, you know, that deepest part of you, that kernel of truth inside." Doesn't he see that when you express this skepticism on Oprah it is not skepticism at all?

Haven't we seen this tease before? Before the 1996 campaign, Colin Powell scared the bejesus out of Hillary's husband by showing a fair amount of leg on his book tour. He sold 2.6 million books and was hugely popular, but caution crimped him. He never ran for president, and when he went to the State Department he never stood up to the forces of darkness.

Senator Obama's caution, too, may cause him to miss the moment. Like Alma Powell, Michelle Obama is afraid for her husband to run.

After 16 years of polarizing presidents driving them crazy, Americans will be yearning for someone as soothing as Obama. ("No one is exempt," he writes in one of many platitudes in his new book, "from the call to find common ground.") He is so hot now that tickets to his political events are being sought, at scalpers' prices, on Craig's List.

His appeal combines the political ability — alien to the Bush administration — to see something from your opponent's point of view with the cool detachment of a J.F.K. He's intriguingly imperfect: His ears stick out, he smokes, and he's written about wrestling with pot, booze and "maybe a little blow" as a young man.

He has been told by Democratic leaders to think about whether he really wants to be president, or whether he's just getting swept away by people who want him to do it. (That's a distinction that entitled and unqualified Republican WASPs like W. and Dan Quayle never bother to make, simply learning — or not learning — on the job.)

Does Barack Obama want to be a celebrity or a man of history — or is there no longer any difference?

The Decline Of Political Competition (LAT)

The Los Angeles Times, October 21, 2006

IN AN ELECTION YEAR IN WHICH grumpy voters from coast to coast are gunning for the scalps of doddering Republicans, Rep. Gary Miller (R-Diamond Bar) would seem a vulnerable target. Named this summer by a nonprofit watchdog group as one of the "20 most corrupt members of Congress," Miller has earmarked road repairs near housing developments he co-owns, declined to pay taxes on three land sales and — in a congressional district one-quarter Latino — wrote legislation denying citizenship to the children of illegal immigrants.

But Democrats have a competitive disadvantage in unseating the four-term congressman: Miller is running for reelection unopposed.

This scene is playing out throughout Southern California and the rest of the state as competitive races and even challengers are becoming endangered species. Because of a cynical bipartisan agreement after the 2000 census, Democrats and Republicans represent frequently convoluted geographical footprints meticulously designed, it would seem, to ensure that no incumbent party will ever lose another election, no matter which way the political winds are blowing. In 2004, for example, not a single one of the 153 redrawn congressional, Assembly or state Senate seats changed political hands, and only three of the 53 House victors won with less than 60% of the vote.

Having carved out their spoils, Yalta-like, the two parties are loath to venture into each other's territories, even with polls showing that people want change. The cities of Diamond Bar, Chino and Rowland Heights all voted for Al Gore in 2000, and the Italy-shaped 42nd District that envelops them abuts the land-splotches of Democrats Linda T. Sanchez, Joe Baca and Grace F. Napolitano, yet no Democrat bothered to muster the 3,000 signatures necessary to take on Miller. One-candidate elections are supposed to be for fiefdoms like Myanmar, or the city of Vernon.

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The unilateral disarmament is not limited to the party of Jimmy Carter. You could buy a car on Brand Boulevard in Glendale, drive southwest through Silver Lake and Hollywood as the street becomes Hyperion and then Fountain, take a left at Western and go all 30 miles to the Pacific Ocean, and only one of the five congressional districts you'd cross through would have a Republican on the ballot. (To add insult to neglect, the 35th's Maxine Waters is on that "20 most corrupt" list too.) That's 150,000 registered Republicans who the national party has left stranded in a sea of blue. Rarely have American Independents and Libertarians looked so inviting.

The solution to this unseemly state of affairs remains simple — put redistricting in the hands of retired judges, just like it was in the 1990s, and stop letting the major parties define the terms for their own cartel. Alas, voters turned down such a reform in last year's special election. Gov. Arnold Schwarzenegger is still committed to an overhaul of the redistricting process, and we wish him well. It'd be a shame to let California devolve into 53 one-party states.

U.S. And China Call For North Korea To Rejoin Talks (NYT)

By Thom Shanker And Joseph Kahn

The New York Times, October 21, 2006

BEIJING, Oct. 20 — The United States and China spoke in a unified voice on Friday to call for the resumption of six-party talks on North Korea's nuclear program, but they did not announce concrete steps to increase pressure on the North Korean government.

Secretary of State Condoleezza Rice said she had been told by the Chinese government that a special envoy sent by Beijing to North Korea had delivered "a strong message." And the Chinese foreign minister, standing beside Ms. Rice, pledged his nation's commitment to breaking the stalemate over the North's nuclear weapons program.

The meetings in Beijing took place after China's special envoy, State Councilor Tang Jiaxuan, returned from Pyongyang, where he had met with Kim Jong-il, the North Korean leader. Chinese officials described the meeting as "positive" and "greatly significant," but declined to provide details of what Mr. Kim had said.

Two South Korean news organizations quoted diplomatic sources as saying Mr. Kim had offered to resume nuclear talks under certain conditions, and said he gave assurances that he had no plans to conduct a second nuclear test, as many in the region had feared.

Those accounts were not confirmed by either Chinese or American officials, and North Korea held a huge political rally in downtown Pyongyang to "hail the success" of its nuclear test.

Li Zhaoxing, China's foreign minister, said, "We are ready to maintain and continue to strengthen our consultation and cooperation with all the other parties to strive to break the stalemate as soon as possible and reconvene the six-party talks."

Ms. Rice stressed that North Korea should return to those talks "without condition," and that the financial restrictions the United States has imposed to crack down on North Korean counterfeiting would not be lifted just to entice the North back to the negotiations.

In comments later Friday, Ms. Rice expressed confidence that China was committed to enforcing new United Nations military sanctions on North Korea, and that a number of economic and trade measures were under review.

Asked specifically whether the Chinese were considering halting their oil supplies to North Korea, Ms. Rice said the Chinese government had told her it would "consider a whole host of measures."

Ms. Rice also said the Beijing leadership pledged to be "scrupulous" about ensuring that North Korea does not ship prohibited materials across its lengthy border with China.

As she neared the end of a fast-paced swing through Japan, South Korea and China, with a final stop in Moscow planned for the weekend, Ms. Rice said that halting North Korea's trade in nuclear bomb-making materials and missiles would take time; she emphasized that "this is an early trip."

The six-nation talks over North Korea's nuclear program stalled after multiple rounds in 2004 and 2005. Mr. Kim ignored Chinese pressure to return to the bargaining table before conducting a missile test in July and the nuclear test on Oct. 9.

Some Chinese experts say they hope Mr. Kim, emboldened by becoming the world's latest nuclear power, is eager to resume negotiations and see the price he can extract in exchange for slowing or scrapping his nuclear program.

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But others here doubt he has any intention of rolling back the nuclear program, the realization of an enormously expensive effort begun by Mr. Kim's father, Kim Il-sung, after the Korean War.

There were mixed signs on Friday about the potential for resuming talks. Mr. Kim's meeting on Thursday with Mr. Tang was treated as a sign of progress here, if only because Mr. Kim appeared eager to repair relations with his leading benefactor.

A South Korean newspaper, Chosun Ilbo, citing diplomatic sources in China, said Mr. Kim had "expressed regret" for the nuclear test. Ms. Rice, however, said that her Chinese hosts had made no mention of any expression of regret by Mr. Kim. She said that there was nothing surprising in the Chinese summary of the visit by their envoy to North Korea.

Later in the day, though, the Yonhap News Agency of South Korea quoted diplomatic sources as saying that Mr. Kim had promised not to conduct another nuclear test, an event that China and the United States have said would quickly lead to a much harsher set of sanctions on his already isolated country.

That account also could not be confirmed.

It is unclear whether a new offer from North Korea to return to talks, provided certain conditions are met, will persuade China to reduce pressure on Pyongyang.

The risk for the United States is that China may soften its stance if it perceives that the Bush administration, rather than Mr. Kim, is throwing up obstacles to resuming talks.

Mr. Kim has pushed to hold one-on-one negotiations with the United States, but the Bush administration has refused to negotiate with North Korea outside the six-party talks. China has urged President Bush to authorize bilateral talks, but he has declined.

Even so, Chinese scholars who have held discussions with Chinese leaders say that North Korea's missile and nuclear tests, which were conducted despite stern warnings from China, had pushed Beijing toward a less accommodating approach toward its neighbor and onetime ally.

China twice backed United Nations sanctions against North Korea, and has since then indicated internally that it may be prepared to impose a range of bilateral sanctions if Mr. Kim continues to develop his nuclear program.

The Chinese leadership, the experts said, is prepared to reduce inexpensive oil supplies to North Korea if it conducts more nuclear tests or refuses to return to talks.

China has also imposed limited restrictions on banking transactions with North Korea, especially in the trading post of Dandong, on the Chinese side of the North Korean border, bankers there say.

Chinese analysts said they were not surprised that Mr. Kim would seek to blunt international solidarity against him. But they said they doubted he would be prepared to bargain in earnest about dismantling his nuclear program.

"I am pessimistic about the prospects for a diplomatic breakthrough," said Zhu Feng, a senior international affairs scholar and arms control expert at Beijing University. "The talks have to be given a chance, but I see no signs that Kim has undergone a sudden change of heart."

Mr. Zhu said he also doubted that China had much patience for inconclusive negotiations or North Korean "tricks" to buy time.

"I don't think our leaders are prepared to tolerate him much longer," Mr. Zhu said. "My feeling is that they are prepared to implement harsher penalties and will have to proceed with them before long."

China Gave 'Strong Message' To North Koreans, Rice Says (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, October 21, 2006

Beijing Is Called Ready to Apply U.N. Sanctions

BEIJING, Oct. 20 -- China and the United States on Friday appeared to close ranks on North Korea, as Secretary of State Condoleezza Rice emerged from a day-long series of meetings here to say that a high-level Chinese government delegation had given North Korea "a strong message" about its nuclear test. China urged North Korea, its longtime beneficiary, to return to six-nation negotiations and appeared ready to implement key measures of the U.N. Security Council resolution punishing the Pyongyang government, Rice said.

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Chinese Foreign Minister Li Zhaoxing and other Chinese officials did not provide details of the meeting on Thursday between a Chinese envoy and North Korean leader Kim Jong Il. But Li pointedly told reporters after meeting with Rice that China will "continue to implement our relevant international obligations and exert our due role in this process."

Rice, briefing reporters traveling with her, said China is considering a range of responses, but said she did not press the government to take any particular steps to force North Korea back to the bargaining table to discuss its nuclear program. "Let's just watch and see what China will do," Rice said, adding that "nobody wants to be on the wrong side of this resolution, in other words, something slipping through."

The U.N. resolution bars trade with North Korea in major weapons, materials that could be used in a nuclear program and luxury goods. China has an 880-mile land border with North Korea, and Rice said the border would be closely monitored.

China has been North Korea's largest trading partner, and has frequently criticized the Bush administration for its refusal to hold bilateral negotiations with North Korea. But officials here were shocked by Pyongyang's refusal to heed its warnings not to conduct a test.

Rice arrived in China after stops in Japan and South Korea to coordinate strategy on implementing the resolution and to reassure Asians that the United States does not want to escalate the conflict. Among the leaders she met with were Chinese President Hu Jintao and Premier Wen Jiabao.

Rice said it was clear that early reports on U.S. intentions have "conjured up in people's minds the Cuban missile crisis," in which the United States imposed a quarantine on Cuba, and she wanted to allay those fears.

She also emphasized that she had not come to Asia "with my own list of what every country in the world should do." But she predicted that the sanctions may remain in place for some time. "I do believe that you're getting a firm response," she said. "If there isn't some movement, you may get a firmer response as time goes on, but I think this is going to evolve."

On Thursday, China announced that State Councilor Tang Jiaxuan had met with Kim in Pyongyang. When Rice and Tang posed for photographs before their meeting Friday, Tang was overheard telling Rice, "Fortunately, my visit this time has not been in vain." Reporters were then ushered from the room.

The Tang-Kim meeting spurred a rash of news reports in South Korea that Kim had expressed regret for the Oct. 9 test, that North Korea would return to the talks and even that North Korea had declared it would not conduct a second test. Like the Chinese officials, Rice did not disclose details of the meeting, except to say she did not get any indication that Kim expressed regret for testing the weapon.

"There wasn't anything particularly surprising" about Kim's message, Rice said, suggesting the reports that Kim promised a halt in testing were also inaccurate.

Rice aides declined to elaborate on her remarks. In Washington, White House spokesman Tony Snow said that "the North Koreans have not made proffers to return to the six-party talks" and instead said they would return only if the United States ended a crackdown on North Korean money-laundering operations.

The talks have been suspended for nearly a year. North Korea has blamed a U.S. Treasury Department action against a bank in Macau called Banco Delta Asia, which the department had identified as the main conduit for bringing North Korean-made counterfeit U.S. bills into the international system. The Treasury Department had determined that senior officials at the Macau bank accepted large deposits of cash and agreed to place the bogus money into circulation. The bank is also reputed to hold the private accounts of Kim and his family.

In September 2005, four days before North Korea reached an agreement with the United States, China, Russia, Japan and South Korea on a "statement of principles" to guide nuclear negotiations, the Treasury Department formally designated the bank as a "primary money-laundering concern." Banco Delta Asia quickly teetered on the edge of collapse, and banks around the world began to curtail their dealings with North Korea for fear of being similarly tainted. After the impact of the Treasury action became apparent, North Korea refused to return to the six-party talks.

Rice said a recent decision by at least four Chinese banks to stop dealing with North Korea was related to the investigation of Banco Delta Asia. "I will tell you that the reaction to Banco Delta Asia has been quite extraordinary, and it must mean that it's having an effect," she said.

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In Washington, meanwhile, Defense Secretary Donald H. Rumsfeld and South Korean Defense Minister Yoon Kwang Ung met Friday and approved a joint communique emphasizing the "continuation of the extended deterrence offered by the U.S. nuclear umbrella" for South Korea. The 2005 communique had spoken only of "continued provision of a nuclear umbrella."

South Korean officials had urged their U.S. counterparts to expand on the "nuclear umbrella" assurance, although the Pentagon resisted the change, U.S. defense officials said. "They wanted to define it further" said a Pentagon spokesman, Maj. David Smith, such as "if the North does this, we'll do that." But he said U.S. policy is not to provide such details, either publicly or privately.

At a Pentagon news conference, Rumsfeld repeatedly said that this year's joint communique would be virtually the same as last year's, until Yoon contradicted him. "I hope that when the joint statement comes out eventually, it'll have different language from years past," Yoon said.

Staff writer Ann Scott Tyson in Washington contributed to this report.

China Urges North Korea To Return To Negotiations (MCT)

By Warren P. Strobel

McClatchy Newspapers, October 21, 2006

BEIJING - China sent "a strong message" to North Korea about its nuclear weapons test and urged Pyongyang to return to negotiations about its nuclear arsenal, Secretary of State Condoleezza Rice said after meetings here Friday.

Displaying unusual harmony with China on a key security issue, Rice praised Beijing's role in the crisis, and she, too, urged North Korea to return to the six-nation negotiations. She expressed pessimism that the isolated North Korean regime would take up the offer anytime soon, however.

Chinese Foreign Minister Li Zhaoxing appealed for "cool-headedness" in dealing with North Korea's nuclear ambitions, reflecting Beijing's long-standing fears of instability on the Korean peninsula.

China has long propped up Kim's regime with oil supplies and other aid, but there are signs that Beijing is losing patience with North Korea and reassessing those ties. Some U.S. officials believe that the apparent shift may reflect the fact the China has become a major economic power that values stability more than revolutionary fervor or ideological solidarity with the erratic Communist regime in Pyongyang.

Senior Chinese leaders privately have expressed frustration with North Korean leader Kim Jong Il and questioned his judgment with unusual candor, and a senior Rice aide, speaking aboard her flight here from South Korea, said there's been a "sea change" in China's attitude toward North Korea. The aide requested anonymity to speak more frankly. China, which was deeply embarrassed and angered by North Korea's October 9 nuclear test, this week sent a senior envoy, Tang Jiaxuan, to Pyongyang to make its views clear. Tang, who returned to Beijing on Thursday, said that his mission produced results.

"Fortunately, my visit this time has not been in vain," he said as he met with Rice. He wasn't more specific. There was an unconfirmed report from South Korea's Yonhap news agency that North Korean leader Kim promised Tang that his country wouldn't conduct more nuclear tests.

U.S. officials said they couldn't confirm that report, and cast doubt on it.

A major part of Rice's mission here was to ensure that China, North Korea's only major ally, enforces strict U.N. sanctions on the country's imports and exports.

Foreign Minister Li said that China would enforce the U.N. sanctions.

"China will, as always, continue to implement our relevant international obligations and exert our due role in this process," Li said.

That message apparently was delivered to the North Koreans, as well.

Tang "went out of his way to tell the North that (the U.N. resolution imposing sanctions) was a resolution that everybody has to implement," Rice said in a session with reporters accompanying her to Asia.

The U.N. sanctions ban North Korea from importing or exporting materials for its nuclear weapons and ballistic missile programs; advanced weapons such as tanks and artillery; and luxury goods.

China will be critical in determining whether the sanctions have any effect on isolated North Korea's political calculus.

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Rice said she didn't dictate to the Chinese how they should enforce them and noted that, since the U.N. resolution was passed with near-record swiftness, discussions are still under way about the details of inspecting North Korean cargoes.

She predicted that Beijing, which is concerned about a potential flood of refugees, would be "scrupulous" about patrolling its 880-mile border with impoverished North Korea.

The six-nation talks have been on ice for nearly a year, since North Korea boycotted them to protest a Bush administration financial crackdown that froze accounts linked to Kim's regime in a bank in China's territory of Macau.

China has been urging Washington to suspend the financial measures in order to restart the talks, which also include Japan, Russia and South Korea.

But Rice said the Chinese told her that the talks should begin without preconditions. "The Chinese are emphasizing the need for six-party talks to begin again," she said.

Rice said that President Bush has made it clear that he won't reverse the financial measures, some of which were taken to protect the U.S. dollar against counterfeiting.

She was skeptical that North Korea would return to the negotiating table soon, and predicted that the sanctions against it could be in place for some time.

"I don't know how quickly they will make a strategic decision to denuclearize," she said. "I think we will be at this for a long time."

Rice also met with Chinese President Hu Jintao and Premier Wen Jiabao. She flies to Moscow for meetings on Saturday.

China Takes Tough Stance On North Korea (AP-Y)

By Anne Gearan, Ap Diplomatic Writer

AP, October 21, 2006

An exasperated China took a newly tough approach to communist ally North Korea on Friday, siding with the United States in saying the North must back away from nuclear confrontation, and moving to cut Pyongyang's vital supply of hard currency.

Chinese banks have stopped financial transfers to North Korea under government orders, bank employees said Friday. And at an appearance with Secretary of State Condoleezza Rice, China's foreign minister nudged the North to resume negotiations over its nuclear program and assured Washington that China would carry out United Nations sanctions on Pyongyang.

"We hope all relevant parties will maintain coolheadedness, adopt a prudent and a responsible approach and adhere to peaceful dialogue," Li Zhaoxing said as Rice concluded crisis talks in Asia following the North's Oct. 9 nuclear test blast.

China, which is North Korea's longtime protector, has been reluctant in the past to use economic pressure for fear Kim Jung Il's government might collapse.

But Chinese leaders were stung when the North ignored their warnings not to test-fire missiles over the summer, and again when it defied Beijing by detonating the underground blast this month. China previously had reduced food aid to North Korea amid complaints that Pyongyang had ignored Chinese interests.

The move by China's banks could deal a significant blow to the already impoverished North. China is North Korea's top trading partner — accounting for more than half its total foreign trade of less than $4 billion last year — and is a key conduit for its hard currency.

China's actions are considered key to enforcing U.N. sanctions on the North over the test, and to coaxing the North to back away from the nuclear brink and rejoin talks.

Rice told reporters China has new resolve against the North that shows it has re-evaluated its relationship with Pyongyang. Last week's U.N. Security Council vote to impose sanctions on Pyongyang, which Beijing supported, proves the point, Rice said.

"In this entire 30-year history of the North Korean nuclear program, this is the first time that the international system has been able to actually impose a cost on North Korea for its nuclear behavior," Rice said. "It's able to impose that cost because China has been brought into the process in a way that China never was before."

The U.S.-backed sanctions were watered down partly at China's request, but China's vote in favor of punishment still represents a shift for Beijing.

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All four major Chinese state-owned banks and British-owned HSBC Corp. have stopped financial transfers to the North, according to bank employees in Beijing and the northeastern Chinese city of Shenyang.

China has also been inspecting North Korean trucks at some points along the two nations' 880-mile border, and it dispatched a top envoy to Pyongyang this week to warn the North against a second nuclear test and try to bring it back to the arms talks.

Discussions over Pyongyang's nuclear program have been stalled for a year because of a boycott by the North over U.S. financial sanctions. The talks involve the United States, host China, the two Koreas, Japan and Russia.

Beijing was the final and most important stop on Rice's hastily arranged tour of Asian capitals. She continues to Moscow on Saturday for talks on the dual nuclear challenges posed by North Korea and Iran.

In Beijing, Rice appealed to North Korea to return without condition to stalled international talks over its nuclear program. She downplayed differences among the U.S., China and South Korea over the strength and tone of world response to Pyongyang.

The U.N. sanctions ban trade with the North in major weapons and materials that could be used by its ballistic missile and unconventional weapons programs, and in luxury goods enjoyed almost exclusively by elites around Kim.

The U.N. restrictions call for inspections of all cargo leaving and arriving in North Korea, but it is not clear how that will work in practice. Rice has stepped gingerly around that point this week, saying all nations are obligated to enforce the sanctions but leaving the details vague.

Several Defense Department officials said Friday that the U.S. Navy is tracking a North Korean cargo ship that left port and was headed south from the Korean Peninsula. One of the officials, who requested anonymity because of the sensitivity of the information, said the U.S. does not know what the ship is carrying or its destination.

South Korean news reported Friday that Kim said Pyongyang doesn't plan to carry out any more nuclear tests and expressed regret about the country's first-ever atomic detonation last week. Kim told a visiting Chinese envoy, State Councilor Tang Jiaxuan, that the North had "no plans for additional nuclear tests," Yonhap news agency reported, citing an unnamed diplomatic source in Beijing.

Rice met with Tang in Beijing on Friday and later told reporters that he had carried a "strong message to North Korea about the seriousness of what has happened."

Rice would not provide details of Kim's response, but White House press secretary Tony Snow told reporters in Washington that the North had not offered to return to six-nation arms talks stalled since late last year.

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Associated Press writer Lolita C. Baldor contributed to this report from Washington.

U.S. Finds Allies Are Reluctant To Enforce North Korea Sanctions (WSJ)

By Neil King Jr. In Beijing, Gordon Fairclough In Shanghai And Yuka Hayashi In Tokyo

The Wall Street Journal, October 21, 2006

As it leads the charge to punish North Korea for testing nuclear weapons, the U.S. is finding its allies are reluctant to enforce even the minimal sanctions imposed by the United Nations -- and that its own, tougher approach has serious gaps as well.

During her Asia trip this past week, Secretary of State Condoleezza Rice said the solution is to put more muscle into an effort launched by the U.S. three years ago to monitor and interdict suspected weapons shipments around the world. The Proliferation Security Initiative, or PSI, has had its successes. But North Korea's three key neighbors -- China, South Korea and Japan -- are all uncertain about how that crackdown might work, or even if they want to participate.

The logic behind PSI is simple: A loose coalition of countries share intelligence on suspected arms trafficking, and then swoop in on ships or planes suspected of carrying illicit cargo. U.S. officials say the program has resulted in a number of prominent catches around the world, including missiles and chemicals, mainly involving North Korean shipments.

Pyongyang has been accused for years of trafficking in everything from counterfeit currency to nuclear-weapons parts. The U.N. resolution, approved days after North Korea's Oct. 9 nuclear test, calls for countries to prevent Pyongyang's trafficking in illicit materials. It left the details to be worked out later.

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Ms. Rice's immediate challenge is to get real cooperation from North Korea's neighbors. Yet she appeared to make little progress on that front during her Asia trip, which ended Saturday.

South Korea remains reluctant to sign on, and members of Seoul's ruling liberal party argue that it shouldn't. Demonstrators outside the Foreign Ministry headquarters chanted slogans opposing PSI during Ms. Rice's visit. Chinese authorities, meanwhile, who are otherwise taking tough steps to crack down on North Korea, have said they may draw the line at interdicting shipments at sea.

Beijing and Seoul worry that any attempts to stop North Korean freighters could spark an armed skirmish. Japan, while more eager to crack down on Pyongyang, is severely limited by its pacifist constitution.

Even if the U.S. were to get full cooperation on PSI, participants would face challenges in tracking and interdicting banned shipments. Getting sound intelligence on shipments is tough, especially when it is easy to disguise a vessel's identification and registration.

Countries are also wrangling over the legal justification for interdicting shipments, especially in international waters. Neither PSI nor the U.N. sanctions gives countries clear legal leverage. Ms. Rice has argued that under the U.N. resolution, countries have a "mandatory obligation" to scrutinize shipments from North Korea under the authority of their domestic laws.

The legal hurdle is particularly high in Japan. To pave the way for its military participation, Tokyo may have to invoke for the first time a clause in a 1999 law that grants expanded responsibility to the country's self-defense forces.

As the North's top trade partner, China has a tall order, too, policing a long land border with its neighbor. In the past week, Beijing has stepped up inspections of trucks bound for North Korea at the main border crossing in Dandong.

Some U.S. officials, too, are wary of the consequences of stopping or seizing North Korean vessels or their cargoes at sea. One U.S. official said the military, currently fighting two wars, is short of the resources to effectively police shipping. "I don't think our military is anxious to dedicate significant resources to that sort of effort," the official said.

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Asia Goal Proving Elusive For Rice (LAT)

By Mark Magnier

The Los Angeles Times, October 21, 2006

BEIJING — As U.S. Secretary of State Condoleezza Rice left China today for Russia, her goal of uniting Northeast Asia in a strong, unambiguous punitive stance against North Korea remained elusive.

China continued to balk at using its economic leverage too aggressively against its longtime ally, given the risk that a wave of refugees along their 880-mile shared border could destabilize its industrial northeast. China would be the linchpin of any effective sanctions since it supplies most of North Korea's fuel and much of its food.

South Korea has refused to shutter two major economic projects with the North that put millions of dollars in hard currency into the pockets of the isolated Stalinist regime.

Russia, the final stop on Rice's four-nation trip in the wake of North Korea's Oct. 9 nuclear test, opposes tough economic sanctions or intrusive searches.

And Japan, closest to Washington in its thinking on the crisis, is roundly viewed in the region as the wrong player at the wrong time to make like neighborhood cop. The concern is that memories of Japan's wartime brutality on the Korean peninsula and throughout Asia would inflame tensions were it to inspect North Korean ships at sea or take other tough enforcement steps.

With no easy answers, a wily adversary in Pyongyang, the North's capital, and limited options, Rice sought Friday to lower expectations, even as she praised China's willingness to consider tougher measures in the interest of regional and global stability.

"This is an early trip. People are reviewing where they are," she told reporters in Beijing. "What do we know about securing the land border with North Korea? Not very much."

Amid South Korean and Japanese media reports that Pyongyang had no plan to test a second nuclear device, and that it was contrite about the test that rattled nerves around the world, the North remained publicly defiant.

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"The nuclear test was an exercise of the independent and legitimate right of [North Korea] as a sovereign state," said Choe Thae Bok, a senior member of the North's Korean Workers' Party, according to the country's official news agency.

The record is not very good when it comes to nations getting the nuclear genie back into the bottle.

"No country has stopped nuclear tests after only carrying out one," Japanese Foreign Minister Taro Aso told reporters in Tokyo. "We have to think that [a second test] will be done."

Faced with few alternatives, North Korea's neighbors have put renewed faith in the heretofore unsuccessful six-nation talks as a way to contain the isolated, impoverished state. Negotiations stalled after Pyongyang walked out a year ago. In addition to China and the United States, the participants are the two Koreas, Japan and Russia.

As usual, a great deal comes down to mercurial North Korea's stance, behavior and negotiating tactics.

"I can't answer to whether they're serious about returning to six-party talks or not," Rice told reporters. "I don't think anybody believes that six or seven six-party talk sessions in which we again get into an argument about the sequencing of a light-water reactor is going to be very helpful to anyone."

China's desire to see the talks succeed — it had a crucial role in setting them up — and its role as mediator and host are additional reasons it is reluctant to push North Korea too hard on sanctions. Beijing believes that if it is identified too closely with a U.S. hard-line stance, it loses the opportunity to broker a solution in the future, with the international prestige that entails.

"Our purpose is to do some punitive things," said Shen Dingli, an international relations professor at Fudan University in Shanghai. "But the ultimate goal is to bring them back to the six-party talks and to abandon their nuclear weapons."

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Times staff writer Bruce Wallace in Tokyo and Yin Lijin in The Times' Beijing Bureau contributed to this report.

China Wrests N. Korean Pledge (WT)

By Nicholas Kralev

The Washington Times, October 21, 2006

BEIJING -- China reportedly won a pledge from North Korean leader Kim Jong-il not to conduct another nuclear test and at the same time blocked bank transfers to the isolated state.

"In this entire 30-year history of the North Korean nuclear program, this is the first time that the international system has been able to actually impose a cost on North Korea for its nuclear behavior," Secretary of State Condoleezza Rice said.

"It's able to impose that cost because China has been brought into the process in a way that China never was before," she said after meetings with President Hu Jintao and other senior leaders.

Chinese State Councilor Tang Jiaxuan briefed Miss Rice on his meeting with Mr. Kim a day earlier in Pyongyang. As state councilor, Mr. Tang outranks China's foreign minister in the government hierarchy.

"Fortunately, my visit this time has not been in vain," Mr. Tang said.

Meanwhile, acting on government orders, four state-owned Chinese banks halted financial transfers to North Korea, bank employees told the Associated Press in Beijing and the northeastern city of Shenyang.

Miss Rice flew out of the Chinese capital today for Moscow, where she will hold further talks on implementing U.N. sanctions. Miss Rice is scheduled to discuss North Korea with Russian President Vladimir Putin and Foreign Minister Sergei Lavrov.

The secretary of state has also visited Japan and South Korea on her tour of North Korea's neighbors.

"We have no plans for additional nuclear tests," South Korea's Yonhap news agency quoted Mr. Kim as telling the Chinese envoy. The newspaper cited an unidentified diplomatic source in Beijing.

South Korea's Chosun Ilbo daily reported that the North Korean leader also told the Chinese visitors "he is sorry about the nuclear test" already conducted. The newspaper cited a diplomatic source in China.

The Japanese news agency Kyodo quoted Foreign Minister Taro Aso as saying he had information, although not confirmed, that the North Korean leader had said he would not conduct another test.

U.S. and Chinese officials stopped short of confirming the reports, saying only that Mr. Kim pledged not to escalate the situation further.

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Mr. Tang "went out of his way to emphasize that he told the North" that China "intends to implement" U.N. Security Council Resolution 1718, Miss Rice told reporters in a joint press conference with Chinese Foreign Minister Li Zhaoxing.

The U.N. measure imposed sanctions on missile- and nuclear-related imports and exports and called for inspections of cargo heading in and out of North Korea.

"The Chinese made the point to us that they are scrupulous about [their] land border" with North Korea, Miss Rice said. "You will see cooperation on cargo, particularly if there is suspicious cargo."

China had said publicly that it would not participate in inspections called for in the U.N. resolution. Nevertheless, Chinese officials this week began inspecting North Korean trucks crossing the two nations' 880-mile border.

Miss Rice said that her visit to China, and earlier to Japan and South Korea, was intended to emphasize the importance of enforcing the resolution.

"Their implementation is going to differ according to their own authorities, with the specific problems they face," she said.

During his joint appearance with Miss Rice, Mr. Li, the Chinese foreign minister, urged North Korea to end its yearlong boycott of six-nation talks on North Korea's nuclear future.

"We hope all relevant parties will maintain coolheadedness, adopt a prudent and a responsible approach and adhere to peaceful dialogue," Mr. Li said.

As North Korea's longtime ally and protector, China had used its veto-wielding clout in the U.N. Security Council to soften the sanctions package.

The measure explicitly ruled out the threat of military force if North Korean defiance continued.

Nevertheless, China's vote for the final resolution and measures it has since implemented represented a major shift in its posture toward the North.

Russia, China, Japan, the two Koreas and the United States are parties in the six-nation talks that have been boycotted by North Korea since late last year.

N. Korea Threat Lies In Nuclear Sales (LAT)

By Greg Miller

The Los Angeles Times, October 21, 2006

U.S. intelligence officials and weapons experts say the possible export of atomic material and know-how is a greater concern than an attack.

WASHINGTON — U.S. intelligence officials and weapons proliferation experts say they are concerned that North Korea could add plutonium to the extensive inventory of arms components and technologies it already has sold to such nations as Syria, Pakistan and Libya.

Because of North Korea's track record as an eager exporter of weaponry, some experts are more worried about the government in Pyongyang spreading nuclear technology to other "rogue" nations than about the possibility of it launching a nuclear attack.

"Iran having nuclear weapons is a threat," said David Albright, a former weapons inspector and current president of the Institute for Science and International Security in Washington.

"It's hard to articulate that North Korea having nuclear weapons is a threat to anybody, except by selling it."

That concern prompted a warning from President Bush on Wednesday that Pyongyang would face a "grave consequence" if caught trying to sell plutonium or nuclear weapons to "rogue" nations or terrorist groups.

Albright and other experts, as well as American intelligence officials, said they had not seen evidence that North Korea was attempting to sell the nuclear technology it demonstrated in an underground explosion Oct. 9. Doing so, they said, would be an extreme and dangerous step even for one of the world's most defiant regimes.

But the combination of North Korea's newly demonstrated capability and its long history of selling arms has refocused international attention on the nuclear proliferation threat.

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"I don't think you'll find guys saying they've got devices ready to sell off the shelf," said a U.S. intelligence official, who spoke on condition of anonymity because of the classified nature of the subject. "I think the concern would be about components and raw material."

Tracking North Korea's weapons programs and shipments has been a major priority for U.S. intelligence agencies.

Last year, American intelligence analysts concluded that samples of processed uranium surrendered by Libya probably had come from North Korea. Libya turned over the materials when it agreed in 2003 to abandon its illegal weapons programs.

Pyongyang has a more extensive and established record as an exporter of conventional missile components.

A study by the London-based International Institute for Strategic Studies says North Korea had sold "several hundred" mid-range ballistic missiles "as well as materials, equipment, components and production technology" to countries that include Egypt, Iran, Libya, Pakistan, Syria and Yemen. Most of the exported missiles have been variants of the Scud design the Soviets first sold to North Korea in the late 1960s, the study says.

Over a two-decade period, sales of missiles and components have brought in revenue of several hundred million dollars, "a significant portion of North Korea's hard currency earnings," the study says.

North Korea is an impoverished country that relies on China for much of its food, and it depends on the sale of weapons and contraband, allegedly including counterfeit U.S. currency, for much of its revenue.

North Korea is believed to have engaged in barter arrangements by which it has provided missiles to Iran in exchange for oil. Of greater concern has been an apparent deal with Pakistan begun in 1997 by which North Korea provided missile components and technology in return for expertise on developing a uranium enrichment program — a means of producing weapons-grade nuclear material that is more difficult to detect than the reprocessing of plutonium.

Numerous North Korean weapons shipments have been intercepted. In 1996, Swiss authorities stopped a consignment of Scud missile components headed to Egypt, prompting Cairo to promise to curtail its purchases from North Korea.

Given North Korea's record, its nuclear test has triggered fears that it may next seek to export such weapons technology as well.

As recently as several years ago, American intelligence agencies concluded that North Korea probably had enough plutonium for two or three bombs. But in December 2002, North Korea expelled international inspectors, soon thereafter withdrew from the Nuclear Nonproliferation Treaty and subsequently declared that it was resuming the reprocessing of more than 8,000 spent fuel rods.

"They have certainly produced enough plutonium since that time to make a number of more weapons," said a U.S. defense official familiar with the intelligence on North Korea.

It is unclear whether Pyongyang plans further nuclear tests. American spy satellites and other surveillance have detected suspicious activity at other underground facilities, possibly indicating preparations for another test, U.S. intelligence officials said. However, South Korean and Japanese media reported Friday that North Korean leader Kim Jong Il had told a Chinese envoy that Pyongyang would not conduct another test.

Experts said that further tests would suggest that North Korea has an ample supply of plutonium, enough to make additional bombs and raise concerns about proliferation.

Recent sanctions imposed by the United Nations bar North Korea from spreading nuclear material or technology. And most experts said the country would probably refrain from doing so. "It's still a low-probability worry," said Michael Levi, a nuclear weapons expert at the Council on Foreign Relations, "but it's the high consequences that make people concerned."

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(INFOBOX BELOW)

A history of arms exports

Here are some of the transfers of weapons and related materials from North Korea to other countries:

Egypt

• Bought Scud-B missiles in 1980s

• Bought Scud-C throughout 1990s

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• Negotiated for Nodong missiles in 2000, but U.S. diplomatic intervention blocked transfer

Iran

• Had Scud-B missiles and mobile launchers shipped in 1987 for Iran-Iraq war

• Received Scud-C missiles in early 1990s

• Began to have Nodong missiles shipped in 1995

• May have received advanced Taepodong technology

Pakistan

• Reportedly agreed around 1997 to trade uranium enrichment technology for Nodong missiles and production technology

• Arranged for missile components and technicians to be transported by aircraft from North Korea in late 1997

• Tested version of Nodong in April 1998

Syria

• Reports of negotiations surfaced in 1989

• Received Scud-C missiles in 1990s

• Few reports of substantial sales since 1990s, perhaps because Syria and Iran developed missile cooperation

Libya

• Ship destined for Libya carrying Scud missile materials, components and blueprints intercepted June 1999 by Indian customs officials

• Unconfirmed reports of purchases of Nodong missiles or components since 2000

• U.S. intelligence analyzed Libyan-processed uranium after December 2003 and concluded it came from North Korea

United Arab Emirates, Yemen

• Minor purchases of Scud missiles during 1990s

• North Korean ship carrying 15 Scud missiles for Yemen temporarily detained in December 2002

Source: "North Korea's Weapons Programs — A Net Assessment," International Institute for Strategic Studies

Amid Nuclear Crisis, Sun May Be Setting On `sunshine Policy' (MCT)

By Tim Johnson

McClatchy Newspapers, October 21, 2006

SEOUL, South Korea - Many South Koreans shrug off North Korea's Oct. 9 nuclear test, saying that while a nuclear-armed Pyongyang may menace the United States and Japan, it's unlikely to attack its prosperous southern neighbor.

Their attitudes changed markedly under the "sunshine policy" launched in 1998 by former President Kim Dae-jung, which fueled investment in impoverished North Korea and helped defuse the fear that the Korean Peninsula might be at war once again.

But North Korea's entry into the global nuclear club may be a coda for the sunshine policy. Some South Koreans say engagement has failed to encourage significant reform in North Korea. Others view it as appeasement, saying their nation has served as a virtual ATM for North Korea.

The sunshine policy, which also has put Seoul in conflict with Washington, clearly is nearing sunset.

"Public opinion is divided," said Choi Jang-jip, a Korea University political scientist. "After the nuclear test, questions have been raised about people's trust in the policy."

A prominent political scientist, Nam Sung-wook, said he expected the policy "to expire in the near future" because it had failed to halt North Korea's nuclear quest. "North Korea is a brand-new country since Oct. 9," he said.

The sunshine policy dramatically increased the exposure of South Koreans to North Korea, and many South Koreans came to believe that they were forestalling North Korea's economic collapse and setting the pace for eventual orderly reunification. Each month, tens of thousands of South Koreans cross the heavily fortified border to visit a mountain sanctuary resort in North Korea, getting a small taste of life on the other side.

Now, however, polls show that an increasing number of South Koreans think that Seoul should stand up more firmly to Pyongyang, even as their fear of North Korea has diminished.

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"You need to use a stick as well as a carrot in conducting the engagement policy," said Kim Yong-won, a 25-year-old university student studying computer science.

The pillars of the policy are two massive cross-border investment projects, the Mount Kumgang resort - Diamond Mountain in English - and the Kaesong Industrial Zone.

About 40,000 South Koreans go each month to the resort in the Kumgang Mountains, a site exalted in Korean literature as the embodiment of the peninsula's scenic beauty. Some 1.35 million South Koreans have traveled to the resort, crossing the once-feared Demilitarized Zone into North Korea.

The Kaesong Industrial Zone, an hour's bus ride from Seoul just north of the DMZ, employs 9,000 North Koreans now and is slated to grow rapidly in the next few years.

The Hyundai Group, which has financed the projects, has pumped in about $1.6 billion, helping to increase cross-border trade to more than $1 billion last year.

Newspapers fill with emotional stories of reunions among relatives who were separated after the 1950-1953 Korean War. Some 14,600 people have been reunited, and tens of thousands of South Koreans, mainly businessmen, have visited North Korea under the sunshine policy, mostly searching for opportunities.

"For 50 years, before Kim Dae-jung's sunshine policy, only 200 South Koreans had visited North Korea," said Jung Chung-rae, a legislator from South Korea's ruling Uri Party.

As a result of the increased exposure, Jung said, polls consistently show that fewer than 10 percent of South Koreans feel an immediate threat from North Korea.

The last major nuclear scare occurred in 1994, when Pyongyang threatened to turn Seoul into a "sea of fire." Panic ensured, with many South Koreans fleeing to markets in "ramen runs," believing that catastrophic war might erupt.

But a majority of South Koreans now think that North Korea is using its newfound nuclear capacity as a bargaining chip and would target other nations - probably Japan and the United States - only if pushed to the wall.

"I don't think Kim Jong Il will fire nuclear weapons toward South Korea because that would be killing his own brethren," said Oh Sang-tae, a 64-year-old deliveryman for an office-supply store in central Seoul.

Like many residents of Seoul, he said he wasn't sure where there might be a secure bomb shelter. The Donga-ilbo newspaper reported recently that the city of some 10 million people has nuclear shelters capable of holding only 1,500.

Conservatives, who've long decried the sunshine policy, said many South Koreans had grown foolishly inured to real threats of war.

"Maybe people are numb," said Cha Myung-jin, a legislator with South Korea's largest opposition force, the Grand National Party. "The threat has been going on for so long, people don't feel it."

Pyongyang is known to have 8,000 artillery pieces dug into mountains and aimed at Seoul, ready to lob conventional, chemical and biological shells.

From his perch at Seoul's South Gate Market, vendor Kim Myong-seon - who sells military surplus gear, including gas masks - said citizens weren't nervous as they once were.

"It was after Sept. 11 that people bought gas masks," he said. "People thought South Korea could be another target of al-Qaida because it is a U.S. ally."

Now sales are slow. No one is rushing out to stock up for conflict.

"Nobody is frightened," Kim said. "It's not like in the past."

Yet polls have found that South Koreans do worry about the role the Bush administration may play in a crisis, fearing that they might get dragged into a war and dreading anything like the war U.S. troops are waging in Iraq, where some 2,400 South Korean troops are posted.

"I am afraid of President Bush. It is possible he could start a war in Korea as he did in Iraq," said Cho Sung-moo, an electrical engineering student at Chonnam University in Seoul.

U.N. Reports On Genetic Concentration Camps (WT)

By Damien Mcelroy

DOJ_NMG_0084168

The Washington Times, October 21, 2006

North Korea operates a rigorous system of eugenics that locks up those deemed subnormal, ranging from the disabled to dwarfs, according to a U.N. report released yesterday.

A system of gulags is designed to ensure that those who do not conform to the state's designation of normal do not pass on their genes by having children.

"Those with disabilities are sent away from the capital city and particularly those with mental disability are detained in areas or camps known as 'Ward 49' with harsh and subhuman conditions," wrote Vitit Muntarbhorn, a Thai lawyer who is special rapporteur for human rights in North Korea.

Evidence was gathered from defectors to South Korea.

The report said dwarfs are not allowed to reproduce and they are rounded up and relocated. Marriages at the camps are permitted but having children is not.

Shut away for life, the afflicted are subjected to harsh and subhuman conditions. Food is scarce and of poor quality and beatings are commonplace, according to the report.

There are extensive descriptions of other forms of torture, including chemical weapons tests and germ agent experiments. Those not used as laboratory guinea pigs are ordered to carry out back-breaking work.

North Korea is not the only totalitarian state to retain a fascination with the goal of breeding a better population by eliminating those with "weak" genes. But since the fall of the Soviet bloc, it apparently is one of the last states to implement the practice.

Pyongyang is also dedicated to the principle of racial purity. Women who have sexual relations with the small Chinese community in North Korea are often purged.

"If they carry a child of non-Korean ethnicity, they may be subjected to discrimination and/or violence, with a dire impact on the babies," the report stated.

The report was delivered to the U.N. General Assembly, which has been asked to censure the Stalinist dictatorship.

U.S.: China Must Address Trade Disputes (AP-Y)

By Martin Crutsinger

AP, October 21, 2006

China has made progress in resolving long-standing trade disputes with the United States, but more needs to be done in a number of areas, the administration's top trade official for Asia said Friday.

Deputy U.S. Trade Representative Karan Bhatia said that when he holds talks next week with Chinese trade officials in Beijing, he would review a number of commitments China made last spring.

He said the government seemed to be fulfilling some pledges, such as an agreement to load legal software on all new computers sold in China. But in other areas, the Chinese have been less forthcoming, he said.

"We are looking, frankly, for speedy resolution in areas where they have made policy commitments," Bhatia said.

In addition to the commitment on computer software, other commitments made by the Chinese included ways it planned to crack down on the sale of illegal, pirated computer software and expanding the opportunity for U.S. and other foreign firms to compete for Chinese government contracts.

Bhatia's trip is just the latest by administration officials seeking to show progress in dealing with America's ballooning trade deficit with China, which hit a record $202 billion last year and is on track to exceed that amount this year.

In addition to discussions with government officials in Beijing, Bhatia was traveling to the Chinese cities of Dalian and Shenyang to meet with local government officials and business leaders during five days of talks that will begin next Tuesday.

Before arriving in China, Bhatia planned a stop Monday in Seoul, South Korea, for meetings with government officials, business groups and students to present U.S. administration views on the current free trade negotiations with South Korea.

Bhatia said the United States still has significant issues to resolve before it will be able to complete the free trade deal with South Korea or a separate free trade agreement being negotiated with Malaysia.

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Both sets of talks face a deadline for completion at the beginning of next year for the deals to be submitted to Congress before President Bush loses his negotiating authority under the Trade Promotion Act, which is set to expire next July.

Bhatia said both South Korea and Malaysia stood to gain a great deal economically by concluding agreements. He said North Korea's recent testing of a nuclear device underscored the need for close ties between the U.S. and South Korea but did not have an impact on the "nuts and bolts" of the talks on removing trade barriers.

The fourth round of the U.S.-South Korea trade talks are scheduled to be held next week in Jeju, South Korea.

Those negotiations will be followed the next week in Kuala Lumpur with the third round of talks on a free trade agreement with Malaysia.

Bhatia said those talks had faced recent obstacles including debate inside the Malaysian government over negotiating positions in such areas as opening bidding on government contracts to U.S. companies.

But Bhatia said the administration still believed a deal could be done before Bush's negotiating authority expires.

"We are prepared to work as quickly as Malaysia wants to," he said.

China's Milestone, Our Millstone (NYT)

The New York Times, October 21, 2006

The Chinese sell a lot of merchandise in the United States and, in the process, accumulate a lot of dollars. They then loan many of those dollars back to the United States in exchange for all manner of American i.o.u.'s, including Treasury bonds, federal agency bonds, and private-sector debt.

America's indebtedness to China, as a result, is staggeringly high, although the Bush administration — which needs foreign loans to help finance the budget deficit — seems unfazed. But there is reason for pause. The Wall Street Journal reported this week that China's holdings of foreign currency and securities would soon top $1 trillion, a fivefold increase since 2000. Roughly 70 percent of that is believed to be in dollars or dollar-based assets.

Of course, $1 trillion does not confer significantly more clout than, say, $990 billion. But the size and growth of China's holdings mean increasing vulnerability for the United States.

For several years, China's loans have helped to keep prices and interest rates low in the United States, and to finance big tax cuts. If the lending began to dry up — because Chinese officials decided to diversify into other currencies or to spend more at home — prices, interest rates and taxes in the United States would very likely rise. If the loans dried up quickly — a worst-case scenario — the result could be a sharp financial crisis. A gradual shift could mean a long downward trend in American living standards as a higher cost of living took its toll.

China might never pull back in a way that harmed the United States. But the fact that it could already makes the global financial system more volatile. Investors and traders are hypersensitive to any hint that Beijing may switch allocations.

The Journal also reported that administration officials are concerned that developing nations, unhappy with conditions on loans from the International Monetary Fund, may decide to borrow directly from China. That would give Beijing more influence over emerging markets and their governments.

To its credit, the Bush administration has repeatedly stressed that the rise of China is not to be feared or begrudged. But excessive borrowing during the Bush years has made the United States unnecessarily vulnerable.

Iran's Leader Warns West On Support For Israel (NYT)

By Nazila Fathi

The New York Times, October 21, 2006

TEHRAN, Oct. 20 — President Mahmoud Ahmadinejad of Iran warned Europe on Friday that continued support for Israel could lead to an act of revenge by those in the Middle East angry about the Palestinians' plight.

He issued the warning at a critical time; the United Nations Security Council is expected to begin public deliberations next week on whether to impose sanctions on Iran for defying a United Nations demand to suspend uranium-enrichment activities by the end of August.

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Mr. Ahmadinejad, addressing European countries, said, "People in the region blame you for any crime or invasion against any country and will take revenge on you."

"You should know that the rage of people is boiling and is like an ocean that is welling up," he said in his speech at a rally here. "Once its storm begins blowing, it will go beyond the borders of Lebanon and Palestine, and it will hurt European countries."

He did not describe what revenge could entail in his speech, which was also carried live on radio.

The rally was called for Jerusalem Day, held here every year on the last Friday of the fasting month of Ramadan in support of the Palestinian struggle against Israel. Mr. Ahmadinejad told tens of thousands of demonstrators that Israel could not last long after its battle this summer against Hezbollah militants in Lebanon. "Hezbollah shattered the myth that Israel is undefeatable," he said. "Now Israel has no reason to exist."

State-run television showed tens of thousands of demonstrators around the country who chanted "Death to America" and "Death to Israel." People carried pictures of Sheik Hassan Nasrallah, the leader of Hezbollah in Lebanon, and burned American and Israeli flags.

Over the last year, Mr. Ahmadinejad has caused international outrage by questioning the Holocaust and saying, "Israel should be wiped off the map," a slogan used often by the father of the 1979 revolution, Ayatollah Ruhollah Khomeini.

On Friday, Mr. Ahmadinejad talked again about the Holocaust, saying: "Even if we assume that six million Jews were killed in World War II, how come you don't have sympathy for the other 54 million who were killed, too? It is not even clear who counted those you have sympathy for." He said Israel has effectively held European countries hostage for what happened during World War II.

Television reports also showed demonstrators chanting in support of Iran's nuclear program.

Mr. Ahmadinejad repeated Friday that Iran would not give in to international demands to suspend its uranium-enrichment program and dismissed United Nations efforts to impose sanctions on Iran as illegitimate. "They want to use the Security Council as an instrument to put pressure on our people," he said. "But thank God they will never succeed."

Ali Akbar Hashemi Rafsanjani, the former president, warned Western countries at the same rally that sanctions on Iran would have serious consequences for Europeans. "I advise them not to implement the harmful decision they have made over Iran's nuclear program," he said. Mr. Rafsanjani has backed Iran's nuclear program in public speeches but is believed to favor policies that would prevent confrontation between Iran and the West.

Mr. Ahmadinejad said last week that Iran would welcome sanctions because local industries would have a chance to grow.

Britain, France, Germany and the United States have been working on a Security Council resolution on Iran that they hope to introduce early next week. It may include a ban on nuclear or missile cooperation with Iran. European Union foreign ministers, meeting Tuesday in Luxembourg, agreed to call for limited sanctions.

In its first official response to the threat of United Nations action, Iran's Foreign Ministry said in a statement that Iran would not "remain idle if sanctions are imposed."

"It is big miscalculation to think the policy of carrot and stick can be pursued at the same time," the statement said, according to ISNA, a government-affiliated news agency.

Israel Accuses Iran Of Blocking Release (AP)

By Edith M. Lederer, Associated Press Writer

AP, October 21, 2006

Israel accused the Iranian government of paying $50 million to block a deal that would have freed an Israeli soldier captured by Hamas-linked militants who crossed from Gaza into Israel on June 25. Hamas and Iran dismissed the accusation as untrue.

Israel's U.N. Ambassador Dan Gillerman told the Security Council on Thursday that "we heard news" earlier in the day that Tehran bribed Hamas leader Khaled Mashaal "to sabotage the negotiations on the release of Cpl. Gilad Shalit and prevent his release."

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Gillerman later refused to divulge the basis of the allegation or provide details, saying only that "we have every reason to believe that the Iranian regime has bribed Khaled Mashaal."

Iranian diplomat Mansour Sadeghi told the council his government "categorically rejected" all allegations against his country made by Israel, dismissing Gillerman's allegations as "baseless and absurd."

He said Gillerman's allegations were an attempt to divert attention from Israel's "aggression, occupation and state terrorism," and its defiance of Security Council resolutions.

According to a report Thursday in the Israeli daily Yediot Ahronot, which cited anonymous sources from a Western country, the deal was foiled when an Iranian delegation met Mashaal in Damascus and offered him $50 million to block it.

Mashaal, who lives in exile in Damascus, accepted the money and ratcheted up his demands for Shalit's release, the report said, deadlocking the negotiations.

"If this is the way in which Iran threatens humanitarian situations," Gillerman said, "I shudder to think about the lengths to which Iran will go to undermine a diplomatic one, and achieve its dangerous regional aspirations and nightmarish and megalomaniacal dreams of nuclear capability."

Osama Hamdan, Hamas' representative in Lebanon, said in a telephone interview on Friday that the report "is an obvious Israeli lie."

"Everybody knows that the Israeli soldier was captured in order to exchange him with Palestinian prisoners, so, the issue has no relationship with money, or any other matter," Hamdan said. "The issue is related to the release of Palestinians captives."

Israel has long been targeting Mashaal. In 1997, Israel botched an assassination attempt in Jordan. Two Mossad agents injected Mashaal with poison, but were caught, and as Mashaal lay dying in a Jordanian hospital, King Hussein of Jordan forced Israel to provide the antidote in return for the release of the Mossad agents.

In June, then-Justice Minister Haim Ramon said Mashaal is a target for assassination for ordering Shalit's kidnapping.

Alvaro de Soto, the U.N.'s Mideast envoy, told the Security Council that Egyptian officials are leading diplomatic efforts to free Shalit "and report that a package is on the table designed to address both parties' concerns, but the captors say they seek additional guarantees."

The package reportedly involved a swap of hundreds of Palestinian prisoners jailed by Israel for Shalit.

Israeli War Plan Had No Exit Strategy (WP)

By Scott Wilson

The Washington Post, October 21, 2006

JERUSALEM -- Just two days after Israel launched a punishing counterattack against Hezbollah this summer, Israeli military and diplomatic officials were deeply split over war strategy.

On July 14, as Israeli aircraft prepared to bomb south Beirut, the research unit of Israel's military intelligence branch presented a report to senior Israeli officials that questioned the war plan's ability to achieve the government's goals.

The analysis, according to senior Foreign Ministry officials who read it, concluded that the heavy bombing campaign and small ground offensive then underway would show "diminishing returns" within days. It stated that the plan would neither win the release of the two Israeli soldiers in Hezbollah's hands nor reduce the militia's rocket attacks on Israel to fewer than 100 a day.

Those initial conclusions held true when the war ended 31 days later.

"The question we want to know to this day was why the military chose an option that had no exit strategy," said a senior Foreign Ministry official who read the report. "They never had one, as far as we could tell."

An examination of the first days of the war shows that leaders of Israel's newly elected government launched a broad military campaign without a clear strategy for how it was to end. It also reveals that while Israeli military officials anticipated an entrenched guerrilla force, front-line officers were surprised by just how well prepared Hezbollah was.

This account was drawn from interviews with Israeli military commanders, senior political and diplomatic officials and soldiers, and a visit to the site where the war began. Several commissions are investigating how Israel's political and military leadership managed the war, and those conclusions could determine how long Prime Minister Ehud Olmert's government remains in office.

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Maj. Gen. Ido Nehushtan, the military's chief of strategic planning, declined to comment directly on the research unit's assessment. But he acknowledged that "yes, you are right, that at one point we reached a point of diminishing returns."

"But you never know when that crack will come," he said.The Ambush

On July 12, two Israeli Humvees passed within yards of a Hezbollah ambush point. It was a hollow carved in the underbrush, just above the track used by Israeli military patrols. The hidden Hezbollah camp was stocked with food, water, radios, rifles, antitank missiles and diagrams detailing the insignia and size of Israeli military units. The Hezbollah fighters aimed and fired at the Israeli convoy just after 9 a.m. along a remote bend in the fence-lined road.

Lt. Col. Ishai Efroni, deputy commander of the Baram Brigade, had for months seen donkeys carrying sacks on the other side of the border, led by men who appeared to be Lebanese farmers. "We thought it was fertilizer," he said of the sacks. Later, he realized it was weapons and equipment. "This is what you learn in guerrilla school," he said of the Hezbollah fighters. "You take your time."

Efroni noticed that the Hezbollah gunmen had grown increasingly brazen walking the fence line in his sector along the northwestern border, and on May 28 the guerrillas fired a barrage of Katyusha rockets toward Israel's coastal towns. "I got the feeling something had changed," said Efroni, 41, who has spent most of his career in the northern border area.

On July 12, the dull thump of explosions reached Efroni's brigade headquarters as he reviewed morning intelligence reports. Six other army posts reported taking fire at the same time, coordinated attacks that knocked out surveillance cameras.

Contact with the patrol was lost after the Hezbollah team knocked out the trailing Humvee, killing the soldiers inside. But it took 20 minutes to confirm that Staff Sgts. Ehud Goldwasser, 31, and Eldad Regev, 26, were missing from the first vehicle, a delay that gave the gunmen a large lead as they fled through olive orchards to the Lebanese border village of Aita al-Shaab.

Efroni sent a Merkava tank, an armored personnel carrier and a helicopter in pursuit. But the most direct route into the village was a dirt track lined with explosives-filled trenches. Instead, Efroni ordered the tank through a rocky canyon from the east. Tracking its progress from the operations room, he watched with alarm as it unexpectedly veered onto the road near a known Hezbollah post.

The blast beneath the tank was enormous, killing the four soldiers inside instantly. The fight to retrieve the bodies lasted hours and killed the eighth Israeli soldier of the day.

"All they wanted was some part of their bodies," Efroni said, referring to the Hezbollah fighters. He recalled that Israel had released hundreds of Palestinian, Lebanese and other Arab prisoners in exchange for the remains of three soldiers taken in 2000 and a kidnapped civilian. "They know we go to great efforts to get our people back."An Evolving Response

At 9:45 on the morning of July 12, Olmert sat across from Noam and Aviva Shalit, an unassuming couple who had come to hear how Israel's leader intended to free their son, captured by radical Palestinians outside the Gaza Strip 2 1/2 weeks earlier.

There was a knock on Olmert's office door. His military aide entered with a note.

The slip contained news of the ambush. "Hannibal," the army code word for a captured soldier, had been passed up the chain of command.

"I think you should read this, too," Olmert said as he handed the note to Noam Shalit, according to his communications director, Asaf Shariv, who watched events unfold that morning.

The Hannibal code triggered instant aerial surveillance and airstrikes inside Lebanon to limit Hezbollah's ability to move the soldiers it had seized. "If we had found them, we would have hit them, even if it meant killing the soldiers," a senior Israeli official said.

Olmert ordered his government to assemble that evening for an emergency meeting at military headquarters in Tel Aviv.

Just before 6 p.m., Olmert arrived at the compound of palms and grassy courtyards. For the next two hours, his generals and intelligence chiefs presented him with a plan to strike Lebanon's roads, bridges, international airport and other infrastructure, especially in the Shiite Muslim south that is Hezbollah's heartland. This was followed by a government meeting, which went on until midnight.

Several officials said there was little dissension among ministers over the scope of the response. Within hours it had become an air-and-sea blockade of Lebanon. But Olmert, who was elected in March having never held a security portfolio, expressed concern over what Hezbollah intended to do in response.

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"He wanted to know what would happen in the north," a senior Israeli official who attended the meeting recounted. "On that day, though, everyone was in favor of war."

Scores of targets were hit in the first hours, including many of Hezbollah's longer-range rocket launchers in a single 34-minute period. But rockets launched by Hezbollah soon began falling across northern Israel.

The conventional Israeli military plan for an attack on southern Lebanon is called "Stones of Fire." The doctrine has been revised over the years, but it still relies on a ground invasion force of four army divisions.

Lt. Gen. Dan Halutz, Israel's chief of staff, set that plan aside. Instead, Halutz, the first air force general to lead the military, emphasized air power. He hoped aerial assaults would encourage Lebanon's Sunni Muslim and Christian populations to turn against Hezbollah, a radical Shiite movement that has an armed wing and a vast social services network, and that operates as a state within a state.

"We couldn't fight Lebanon as a country," said Nehushtan, the military's head of strategic planning. "The only way to stop them was to make them take the blame for their attacks."

Given the expected rocket reprisals from Hezbollah, some Israeli officials believed a large ground war was inevitable and should begin sooner rather than later. But Nehushtan, then a brigadier general, said "Stones of Fire" had lost its relevance after Syria's military withdrew from Lebanon last year. He said Hezbollah's guerrilla tactics required a different approach.

According to Israeli intelligence estimates, Hezbollah had invested $1.5 billion over the past six years preparing for war, chiefly with material and logistical help from Syria and Iran, whose Shiite government uses the militia to project power in the Arab world. Weapons had been stockpiled in tunnels, bunkers and private homes, a nightmarish scenario for a conventional army in the age of cable news.

Israeli military officials had watched much of the preparation take place from ground posts and aerial surveillance, and even knew which houses were used for storing some of Hezbollah's rockets months before the war began. But senior Israeli officers said the extent of the tunnel networks, the size of the arsenal and some of the more sophisticated weapons in it were not anticipated.

The officers also said Israel's airstrikes on some bunker systems and built-in short-range rocket sites were less effective than planned. Also, the Lebanese did not turn against Hezbollah as the Israelis had hoped.

"This was not the beginning," Nehushtan said of Hezbollah's ambush. "This was the end of one process and the beginning of another."Support From Abroad

Israel's foreign minister, Tzipi Livni, was one of those who initially supported the military assault on Hezbollah. She was influenced by events earlier in Gaza, when the soldier had been captured by radical Palestinians. Some of her senior advisers had been arguing that there were bigger issues involved -- that Israel should strike hard at Hamas, one of the groups involved in the soldier's capture, and attempt to focus international attention on its radical supporters in Syria and Iran. Livni had not fully agreed with them at the time. But when Hezbollah struck, she readily assented.

"I think July 12 was the day she accepted the thesis we submitted weeks before that we were being threatened by a radical axis," a senior Foreign Ministry official said. "This was another in-your-face event that if we allowed to go unpunished would lead to many more abductions."

Livni's chief concern was avoiding the international condemnation of a military strike that accompanied Israel's 1982 invasion of Lebanon. She reached out to the Bush administration, to European governments and to moderate Arab nations, whose Sunni leaders publicly criticized Hezbollah for the ambush and viewed Israel's response as an opportunity to rid the region of a menacing Iranian proxy.

The support she found, according to two senior officials, was surprising given the international criticism that accompanied past Israeli operations in Lebanon. Some within the ministry interpreted the support as encouragement to deepen the war.

"It took us more than a week to understand how the world had changed," the senior Foreign Ministry official said.Internal Dissent

The internal consensus, trumpeted in public by Israel's leaders, crumbled with the military intelligence assessment. A senior Foreign Ministry official said Livni was briefed on the report at 2 p.m. July 14 and immediately ordered her staff to begin devising a diplomatic exit strategy.

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Later that day in a meeting of the seven-member war cabinet, she voted against bombing Hezbollah's urban stronghold in south Beirut. She was concerned that the plan would only bring an escalation in Hezbollah rocket fire and not further the government's goals. Most of the cabinet voted to continue the bombing, according to Foreign Ministry officials, even though a number of cabinet members were expressing angry surprise over the size of Hezbollah's arsenal and tenacity on the ground.

In the days that followed, the cabinet, led by Olmert, continued voting to expand the war as proposed by Halutz and other proponents of the air campaign. While failing to deplete Hezbollah's rocket fire, the Israeli bombardment avoided heavy casualties for Israel, casualties that a major ground invasion would have brought.

Avi Dichter, Olmert's public security minister and a member of the war cabinet who also opposed the bombing of southern Beirut, said 10 days after the military intelligence report was filed that "if there are surprises, I think they are local surprises, not strategic ones."

"You can do this in a very short time," Dichter said. "But you are going to kill many more innocent civilians and cause many more casualties among the troops. We have no intention of doing either."

On Aug. 11, Israel finally went beyond the air campaign and pushed thousands of troops across the border as the debate over a U.N.-brokered cease-fire began. The goal of the troops was to destroy Hezbollah's short-range Katyusha rockets that the air force had been unable to knock out.

Just three days later, the troops froze after Olmert's cabinet accepted the cease-fire terms -- a period when 35 soldiers died, nearly a third of all Israeli troops killed in the war. "We realized we had to do this from the ground," Nehushtan said. "And it was left incomplete."

Muslims Flood Streets Of Jerusalem For Ramadan (NYT)

By Greg Myre

The New York Times, October 21, 2006

JERUSALEM, Oct. 20 — With Israel imposing tight restrictions on Palestinian movements, the holy month of Ramadan marks a rare occasion when large numbers of Palestinians from the West Bank can enter Jerusalem to worship at the Aksa Mosque compound, one of the most sacred sites in Islam.

On Friday, the last one before Ramadan ends, an estimated 180,000 Muslims from the West Bank and Israel filled the narrow stone streets of Jerusalem's Old City and prayed at the compound. But it was no consolation for the thousands of West Bank men who were turned back at the city's edge, some in scuffles with Israeli security forces.

Israel, citing security concerns, only permitted West Bank men over age 45 to enter Jerusalem and the mosque compound, while the Israeli security forces maintained a large presence at the crossing points along the nation's West Bank security barrier.

On Jerusalem's southern border with Bethlehem, Israeli security forces fired tear gas and lobbed stun grenades to drive back hundreds of Palestinian men who were not allowed to pass the security checkpoint through the 25-foot-high concrete wall dividing the cities.

"It's a terrible feeling," said Qassem al-Balboul, 42. He sought to pray in Jerusalem with his 8-year-old daughter, Sundus, who has been asking for years to visit Al Aksa Mosque. "We have no jobs and no money, and now we can't even pray at our greatest mosque."

The Palestinians in Bethlehem began gathering shortly after sunrise, hours before the main prayers at the Aksa compound a few miles away. As the crowd grew, with many clearly below the minimum age limit, the police ordered them to disperse.

"Please, please, move back; I don't want to use this," said an Israeli border policeman clutching a stun grenade. But as the crowd pressed forward, the policeman and his colleagues began tossing the stun grenades and firing tear gas.

It was the second consecutive Friday that the security forces had clashed with Palestinians seeking to enter Jerusalem, though no serious injuries were reported either time.

Arab citizens of Israel and those living in East Jerusalem do not face restrictions in visiting the mosque compound, the place where the Palestinian uprising began in 2000. But since then, Palestinians from the West Bank have had an increasingly difficult time entering Jerusalem. With occasional exceptions, Palestinians from the Gaza Strip cannot get permission to visit Jerusalem.

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Israel says that the huge crowds show its commitment to the freedom of worship, but insists that the restrictions are necessary to guard against possible violence at the site.

The mosque compound was built about 1,300 years ago over the ruins of the biblical Jewish Temples. The holiest site for Jewish prayer is the Western Wall, which forms one side of the compound, known to Jews as the Temple Mount.

The four Fridays during Ramadan always draw large crowds, and this year the Muslim holy month overlapped with Jewish holidays that brought tens of thousands of Jewish worshipers to the Western Wall.

"We have to make arrangements for huge numbers of people, and in our view, everything went according to plan," said Micky Rosenfeld, a police spokesman.

Palestinians took a different view.

Mufeed Dadoah, 39, has had a permit to work in Israel for the past 15 years, and enters Jerusalem daily for his job as a construction worker. But on Friday, he was prevented from entering in the morning because he was not 45.

"Today, Israel decides everything for us, but some day this will change," Mr. Dadoah said.

When Jordan controlled Jerusalem's Old City from 1948 to 1967, it did not permit Jews to enter and pray at the Western Wall.

Mr. Dadoah said he envisioned a day when Muslims would again rule the city and its religious shrines. He was asked if Jews would then be allowed to pray at their holy sites. "God willing, no," he said.

He then joined about 200 Palestinian men who prayed in the street, with Israel's separation barrier looming in the background.

In Jerusalem, worshipers emerged from the Aksa Mosque compound and clogged the streets lined with small shops. But this year, Palestinian economic conditions are worse than ever, and most said they lacked the money to buy the usual gifts for the Id al-Fitr holiday next week, at the end of Ramadan.

"How can we enjoy the holidays?" asked Safiyeh al-Awadeh, 42, from the West Bank town of Hebron. Normally, she comes to Jerusalem to pray and stock up on gifts for her nine children, as well as to prepare for a large family feast.

"Today, I can't afford anything," she said. "All I have is this," she added, opening a plastic bag with the prayer rug she had brought from home.

In the Gaza Strip on Friday, Palestinian gunmen fired on Palestinian security forces traveling with Prime Minister Ismail Haniya. One security force vehicle was set on fire, but no injuries were reported.

Residents Shut Out Of West Bank (LAT)

By Ken Ellingwood

The Los Angeles Times, October 21, 2006

Scores of Palestinians are separated from their families since Israel tightened reentry rules.

RAMALLAH, West Bank — Abdelhakeem Itayem, a Palestinian with American citizenship, was counting on a simple overnight stay when he traveled from the West Bank to Jordan on a business trip.

Six months later, he is still there, trapped in bureaucratic limbo.

Israeli officials, who control the border between Jordan and the West Bank, refused to let him return when he presented his U.S. passport at the crossing from Jordan.

"I came to Amman for one day. I had one suit and a change of clothes for one day. And now I can't go back," Itayem said by telephone from the Jordanian capital, where he has rented an apartment while awaiting an answer.

The long delay has kept him from his wife, Lisa, and their seven children, who remain in the family's home near Ramallah, said Itayem, 41. It also has cost him his job as a manager for a Palestinian distributor of foreign consumer goods.

"It's breaking my heart," he said.

His plight is not unique. Activists say scores of Palestinians who carry foreign passports, mostly American, have been denied entry this year since Israel moved to close a loophole that once allowed residents to enter repeatedly on renewable Israeli tourist visas.

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The policy has created a quandary for the Palestinian Americans who remain: If they leave to get a new three-month stamp, they may not be allowed back. If they stay, their current Israeli visas will expire. Many say their previous applications for formal residency in the Palestinian territories were rejected by Israel or never acted upon.

"The Israelis are turning their back to any logic," said Adel Samara, whose wife, Enayeh, was refused entry in May after she crossed to Jordan to get her American passport stamped with a fresh Israeli tourist visa.

Samara, a Palestinian economist and writer, said Enayeh, 56, is staying with a sister in Chicago after living in the West Bank for 31 years on a succession of short-term Israeli visas. Making matters worse, he said, Israel won't let him leave because of his past involvement in nationalist Palestinian groups.

"I can't go outside, and she can't come inside," Samara, 62, said in Ramallah. "It is like a form of divorce."

Israeli officials say the tourist visas were not meant to serve as documents for Palestinian residency or work in the West Bank and Gaza Strip.

The new restrictions have created uncertainty and anger among Palestinian Americans, especially in the West Bank, where they number at least 30,000 and are leading players in business and academic life.

A group of Palestinians with American citizenship has lobbied diplomats and launched a campaign to draw attention to the problem. Samara, who is also a U.S. citizen, is working with an Israeli advocacy group to challenge the legality of the new rules.

He and others charge that Israel imposed the tighter rules to punish Palestinians for electing the militant group Hamas in January's parliamentary elections, and to reduce the Palestinian population of the West Bank and Gaza Strip.

Israel rejects those claims.

U.S. Secretary of State Condoleezza Rice raised the visa issue in meetings with Israeli officials in Jerusalem this month. American diplomats say they have asked Israel to explain the policy.

Israel acknowledges that the rules, overseen by the Interior Ministry, have caused problems. Officials said the change was an attempt to curb misuse of tourist visas, which had become a favored means of entry for thousands of Palestinians with foreign citizenship.

"It was decided in the government, at a medium-level bureaucratic level, that this is wrong. How can you let people be here when they are obviously not tourists? It's an abuse of the tourist visa," said Mark Regev, a spokesman for the Israeli Foreign Ministry.

The tightened policy, however, is having "unintended consequences" that officials are now trying to correct, Regev said.

Israel has said that Palestinians living in the West Bank should apply for residency, which is granted by the Jewish state, rather than continue seeking tourist visas.

But many Palestinians complain that they have been denied residency, or have met with inaction.

After the signing of the Oslo interim peace accords in the early 1990s, Israel agreed to allow 3,000 people to move into the West Bank and Gaza Strip each year, an annual quota later raised to 10,000 and then 20,000, said Shlomo Dror, a spokesman for the office that serves as liaison to the Palestinians.

But he said the Palestinian Authority, created in 1994, often failed to provide the names of those who were living in the Palestinian territories and in need of formal residency.

Israel has frozen applications aimed at unifying families since the outbreak of violence in 2000. And since Hamas won office in January, Israel — which considers the group as a terrorist organization — has refused to deal with the Palestinian Authority government.

Dror said the number of people without proper residency status had grown to 60,000, in part because of Israel's freeze on the family-reunification process. "We are trying to sort the problem out and find a different way," he said.

Itayem, who was born in the West Bank but moved to Chicago at 15, said he might relocate his wife and children to Amman during the winter break for schools. But doing so would leave no one to watch over his 75-year-old mother and 38-year-old sister, who is disabled, he said.

The episode has left Itayem angry and disoriented. He found work in Amman at a sister company of his former West Bank employer. But Itayem is staying in an unfurnished apartment and has no clear answers to why he cannot go back to the West Bank, his home for the last 12 years.

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"What kind of a life?" he asked. "My wife is in one country, and I'm alone in another country."

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U.S. Courts Hamas Rival (WT)

By Harry De Quetteville

The Washington Times, October 21, 2006

GAZA CITY, Gaza Strip -- To his enemies, he is ruthless and corrupt.

But to his allies in the West, Mohammed Dahlan is a potential Palestinian savior to stand up to the radical Islamist group Hamas.

Secular and tough -- some say brutal -- Mr. Dahlan, a member of the rival Fatah party, is being courted by U.S. diplomats eager to counter Hamas' burgeoning influence in the occupied territories.

Last week, as the worst interfactional fighting in 10 years fueled fears of a Palestinian civil war, U.S. officials described him as a man who can "get things done" in a violent climate.

In less diplomatic terms, that means having the clout, if needed, to summon armed Palestinians into battle with Hamas, which Washington regards as a terrorist group.

"He can be viewed as a thug," said one official, "but he is one of the very few people who has authority and can impose some order on the ground who is not from Hamas."

U.S. officials are increasingly reluctant to apply that "can-do" description to Fatah's moderate leader, Palestinian Authority President Mahmoud Abbas, 71.

While outwardly backing him, they privately condemn Mr. Abbas as hesitant and timid in taking on Hamas since the Islamic movement came to power in January's democratic elections.

Since then, living standards for most Palestinians, particularly in the coastal Gaza Strip, have plummeted as a result of Hamas' refusal to recognize Israel's right to exist or accept previous peace agreements with the Jewish state. In the face of such intransigence, international aid has been cut off.

Sitting in his plush and heavily guarded office in Gaza, Mr. Dahlan is openly contemptuous of Hamas' ideological rule.

"They thought that running a government was like running a charity," said Mr. Dahlan, who ran Palestinian security services in Gaza under Yasser Arafat until 2002. "But we need health care, education, roads, salaries. We don't need speeches and sermons at the mosque on Friday."

The main proposal to restart international funding, on which the crippled Palestinian economy depends, had been to form a national unity government. But talks between Fatah and Hamas now look irremediably deadlocked.

U.S. officials say they have few options to stop the carnage. They are covertly grooming a few potential successors to Mr. Abbas, including Mr. Dahlan.

As security chief, Mr. Dahlan arrested thousands of Hamas members. Some purportedly were tortured and others had their beards -- signs of their religious devotion -- forcibly shaved off.

"Dahlan is a gangster. He tortured us and abused us," said Islam Shahwan, a spokesman for Hamas' militia.

A Liberal Brother At Odds With The Muslim Brotherhood (NYT)

By Michael Slackman

The New York Times, October 21, 2006

CAIRO

GAMAL AL-BANNA is 85, and for much of his life he has been overshadowed by his famous brother, Sheik Hassan al-Banna, the founder of the Muslim Brotherhood, the Islamist political party and antecedent of a host of militant Islamist organizations, from Al Qaeda to Hamas.

That seems to have suited him just fine, though. He liked to write, read and think. His sister left him a lot of money, and so for decades, that is exactly how he spent his days.

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His bedroom is at one end of a dusty old apartment on a chaotic street in the center of the city. At the other end is his office, his desk piled high with papers. In between are books — some 30,000 of them — arranged neatly on floor-to-ceiling shelves. One section is devoted to the 100 or so books he has written and translated over the course of his lifetime.

But Mr. Banna is no longer living in his brother's shadow. And, like the organization his brother founded, the younger Mr. Banna is no friend of the establishment, but for quite a different reason. He is a liberal thinker, a man who would like to see Islamic values and practices interpreted in the context of modern times. Egypt's gatekeepers of religious values, the government-appointed and self-appointed arbiters of God's word, condemn, dismiss and dispute what he says. They have also banned at least one of his books.

"Gamal al-Banna has opinions that fall outside the scope of religion," said Sheik Omar el-Deeb, deputy in charge of Al Azhar, the centuries-old seat of Islamic learning in Cairo. "The people, of course, oppose anybody who talks about things that violate religion."

Mr. Banna likes to wear a blue collarless suit, buttoned to the very top. He prefers sandals to shoes, and wears his thin, wiry white hair swept back. He is often laughing, a kind of knowing chuckle that seems to say he knows better, by virtue of his age and experience.

He doesn't press his ideas, does not try to wage a contest with the institution of Al Azhar, but instead takes the long-term view, hoping to plant a few seeds that will, in time, take root and spread. He recognizes that, at the moment, the other side is winning the contest of ideas in Egypt, and the region.

"If religion was correctly understood, it would be a power of liberation," Mr. Banna said. "But it is misunderstood, and so it is driving us backward."

The views alleged to fall outside religion include those on women: They are not required to wear a veil, as most do in Egypt, Mr. Banna believes; they should not be forced to undergo genital cutting, as most do now in Egypt; and they should be allowed to lead men in prayer, which is forbidden in Egypt.

"My idea is that man is the aim of religion, and religion only a means," said Mr. Banna. "What is prevalent today is the opposite."

Egypt, often looked to as a center of moderate Islam, is, like the rest of the Arab world, becoming more conservative and less tolerant of opposing religious views, according to thinkers like Mr. Banna. Since August there have been at least three high-profile cases here where religious officials condemned, or sought to have criminally charged, people or publications promoting religious ideas they deemed offensive.

"When the Muslims used to disagree, they had different schools of thought," said Sayed el-Qemni, another reform-minded writer who lives in a small city outside of Cairo. "No one would point to the other and say, 'This is not Islam.' But when one school of thought says, 'I am the correct school of thought and everyone else deserves death,' then you are starting a new religion."

Mr. Qemni has received death threats for some of his writings, and sleeps with two police officers guarding his house.

BY contrast, Mr. Banna exudes a sense of impunity. That, he says, is not a result of his name, though it is a powerful force in a society where family ties are deeply respected, but because "I am free."

He is free because he has been careful not to become involved in political movements — and because of his sister, Fawziyya, who left him the equivalent of about $100,000. That is a huge sum in Egypt, especially considering Mr. Banna has no family and lives and works in the same apartment at a nominal rent.

"I am a completely independent man," he said with a smile. "I am not an employee, I am not in any party, and I am not affiliated with anything — completely independent."

Mr. Banna was born Dec. 15, 1920, in Mahmudiya, a village in Egypt's northern Nile Delta, northwest of the capital. The youngest of five children, he moved with his family to Cairo at age 4. His oldest sibling, Hassan, went on to form the Muslim Brotherhood, which is the largest organized opposition group in Egypt, although banned.

Their father, Ahmad Banna, a self-taught prayer leader and religious teacher, supported the family by repairing watches (his small wooden worktable sits in the hall of Gamal's apartment). The elder Mr. Banna spent years of his life indexing the many thousands of sayings of the Prophet Muhammad, assembling them in a multivolume set that sits on his youngest son's shelves and inspires the son to this day.

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As a young man, Mr. Banna was kicked out of high school after a dispute with an English teacher. He finished his studies at a technical school and did not pursue college, he said, because he knew he wanted to pursue writing. So he went out and began to write. In 1946, he published a book, "A New Democracy," which included a chapter titled "Toward a New Understanding of Islam."

MR. BANNA says one of the fundamental problems with religious leaders in Egypt is that they look to the interpretations of their ancestors and not to the Koran itself. To look directly at the book, and not at the words as interpreted by men living in a different time, would have a liberating effect, he says.

Many of his ideas challenge the core beliefs of the radical Muslims who have been driving the religious agenda in the region. Some Islamists say, for example, that elected governments are un-Islamic because people must follow God's law, or Shariah, and not that of a parliament.

But Mr. Banna says the radicals are guilty of pursuing the very logic they say is un-Islamic. They would impose what amounts to their interpretation of the Koran onto other Muslims. That, he says, is no different than relying on a parliament to pass laws, as both are a result of man's intervention, not divine revelation.

Islam, he says, needs to be seen in a modern context. "Because Islam is the last of religions, if it was rigid and closed, it could not stand the changes of the ages," he said.

Mr. Banna does not deliver his message as a lecture. He speaks casually, slipping between English and Arabic, smiling, waving his hands. He has his own name now, and a philosophy quite different from the Islamist organization his brother founded.

Unlike the Brotherhood, he has stayed far from politics, but that does not mean he is apolitical. On the contrary, Mr. Banna says he believes that the reason his ideas have not gained momentum is that political freedom in Egypt is stifled by the nation's rulers.

"They want only power," he said. "They don't want freedom of thought. Free thought, that will condemn them."

Scrambling To Save Trade Perks (LAT)

By Chris Kraul

The Los Angeles Times, October 21, 2006

BOGOTA, Colombia — The Bush administration has a prescription for fighting coca growing, sidelining Venezuelan President Hugo Chavez and saving thousands of jobs in Latin America: extending free trade for Andean nations.

A senior Bush administration official said this week that the White House would push Congress to pass a bill continuing trade benefits for Colombia, Ecuador, Peru and Bolivia under a little-known law. It wants the bill passed during the "lame-duck session" after the November elections and before the new Congress is sworn in in January — while free-trade-friendly Republicans are still in control.

The administration has acknowledged that an extension of trade preferences would improve frayed diplomatic relations in Latin America while countering Chavez's influence, analysts said. The White House has mounted an 11th-hour campaign to preserve the trade perks, which have generated thousands of jobs, given birth to entire export industries and provided alternatives to drug trafficking. The benefits are set to expire Dec. 31.

The Andean Trade Promotion and Drug Eradication Act was initiated in 1991 by then-President George H.W. Bush. U.S.-Colombia trade alone has tripled to $15 billion since 1990, thanks partly to the boom in the flower, apparel, liquor and fresh-produce industries.

Industries such as pouched tuna in Ecuador and asparagus in Peru have sprung up to take advantage of special rules that allow products to enter the U.S. market duty-free. Colombian flower exports have grown 10% annually since 2002 to $758 million in 2005. Flower-related jobs now total 190,000, according to the nation's largest flower growers association.

Expiration of the trade preferences could deliver a death blow to industries that overnight will lose exemptions on duties of 6% to 20%. That margin is crucial to flower growers here and in Ecuador, which face rising competition from countries including China.

This month, Miami-based Dole Fresh Flowers, a major exporter of roses and other flowers to the U.S., announced that it was cutting 3,500 jobs at greenhouses in Colombia and Ecuador, partly because of the uncertainty surrounding free trade.

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The nations involved in the Andean Trade Promotion and Drug Eradication Act accepted that one-way trade preferences eventually would be replaced by bilateral free-trade agreements between the U.S. and each of the four countries. The deals, which would give U.S. companies access to Andean markets, would be sealed in international treaties.

"Preferences can be taken away, but a free-trade agreement is hard to change, so it's imperative that Colombia passes one," said Richard Francis, an analyst at Standard & Poor's in New York. "It would also make Colombia more attractive for foreign investors by giving them a longer-term horizon."

For a variety of reasons, none of the four countries will have individual free-trade agreements in place by year's end. Peru and Colombia are the furthest along, as both have completed free-trade negotiations with the U.S. By December, both will have signed formal agreements that could take months, perhaps a year, to take effect.

Negotiations on a free-trade agreement for Ecuador have stalled for political reasons, and a prospective effective date is even farther out. Bolivia is not ready for a formal free-trade agreement but wants an extension of the one-way preferences.

The White House recognizes that the "hole" between the expiration of the current trade preferences and the effective dates of the free-trade agreements could have dire economic consequences, according to a senior Bush administration official who spoke on condition that he not be identified.

"People have organized their commercial relations around the lack of tariffs," the official said. "We would prefer to see those relations continue without being disrupted by an on-again, off-again tariff situation."

Gary Hufbauer, an economist with the Washington-based Institute for International Economics, said the White House recognized that the loss of trade benefits would unduly punish Colombia and Peru, staunch U.S. allies in the drug war, and also "give the populists in Bolivia and in Ecuador more reason to push back against the United States."

Hufbauer was referring to Bolivian President Evo Morales, who, though not rejecting an eventual free-trade agreement, has used harsh anti-U.S. rhetoric.

In Ecuador, a presidential runoff election set for Nov. 26 will pit pro-free-trade candidate Alvaro Noboa against Chavez friend and free-trade opponent Rafael Correa.

The White House said it would push Congress for an extension of trade preferences for all four countries even though relations with Ecuador and Bolivia have been strained. In May, Ecuador's state oil company seized an oil field operated by Westwood-based Occidental Petroleum Corp. A month later, U.S. embassy officials there said chances of a new free-trade deal were slim in light of the seizure.

But this week, the senior administration official said the U.S. now believed it was best to "engage" both Ecuador and Bolivia with trade preferences.

"We would support an extension for all four countries for a year or two perhaps," he said.

For Ecuador, the extension might hinge on whether its president, whoever he is, agrees to abide by impending international arbitration of the oil field seizure, which could end in a judgment requiring Ecuador to reimburse Occidental hundreds of millions of dollars.

Bruce Bagley, a political science professor at the University of Miami, said the new U.S. posture was a clear effort to send a message to Ecuadorean voters to support candidate Noboa, because Correa has said during the campaign that he will not take part in the Occidental arbitration process.

"The U.S. government is showing political acumen for once in trying to tip the balance away from Correa, the pro-Chavez candidate, and toward Noboa, whom they see as an entrepreneur, free trader and capitalist," Bagley said.

Santiago Pardo, vice president of Andalex, Colombia's largest foreign trade business group, said the move to get the trade preferences extended might have come too late.

"There is very little time, and the U.S. Congress will have lots of other things to do," Pardo said. "We are already losing investment because of the uncertainty."

Organization of American States Secretary General Jose Miguel Insulza and Inter-American Development Bank President Luis Alberto Moreno have joined in lobbying Congress for the extension.

"They're making a big push," Hufbauer said.

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Peru has already signed a free-trade agreement with the U.S. that awaits approval by the legislatures of both countries. Colombia is expected to sign a free-trade deal in late November, but it will not take effect until next fall, assuming that the legislatures of both nations approve it, observers here say.

Failure of Congress to extend the trade preferences would result in significant losses of Colombian jobs and exports, said Mauricio Reina, an economist with Fedesarrollo, a think tank in Bogota. Four of every 5 Colombian export-oriented apparel firms, for example, rely on the trade preferences, as do 5 of every 6 firms that export liquor or tobacco. Those firms would find themselves in immediate financial difficulty, he said.

"It's hard to know what percentage would be left out of the U.S. market because it's impossible to know how many companies could absorb that extra tariff they would begin to pay," Reina said. "But it's safe to say that it would be a very important percentage."

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EU Urges Putin To Honour Oil Contracts (FT)

By George Parker In Lahti

Financial Times, October 21, 2006

European leaders on Friday night pressed Vladimir Putin, Russia's president, to honour contracts with western oil companies, amid fears in the EU over Moscow's tightening grip on the energy sector.

In a strained summit dinner in the Finnish town of Lahti, EU leaders also chided Mr Putin on questions of human rights, press freedom and Moscow's tough treatment of the former Soviet republic of Georgia.

The meeting with Mr Putin served as a reminder to European leaders that their attempt to build a more equal energy partnership with Russia has so far yielded few positive results.

Instead of encouraging European investment in Russia, Moscow has questioned contracts signed in the 1990s by companies including Royal Dutch Shell and Total. This month it also shut foreign capital out of the development of the huge Shtokman gas field.

In spite of the differences among EU member states in their relations with Moscow, some leaders bit their tongues at last night's dinner. They jointly argued that Mr Putin should treat western companies fairly if he wants Russian companies to have greater access to European markets.

"We offer security in contracts and we expect the same from Russia, namely also legal security in contracts and access to the Russian market," Angela Merkel, German chancellor, said before the dinner.

Tony Blair, Britain's prime minister, called for a "two-way street" in investment, in spite of criticism that he has already signalled that Gazprom could be considered as a buyer for Centrica, the British gas company, without reciprocal market opening in Russia.

Mr Putin said that he had no intention of bowing to European demands that Russia should open Gazprom's pipelines to other companies, as required under the energy charter treaty, which Russia has signed but has not ratified.

He also defended Russia's decision to clamp down on "environmental breaches" by Royal Dutch Shell in the Sakhalin 2 field, and said he hoped foreign companies could be involved later in the Shtokman project.

Mr Putin also issued an uncompromising warning to Georgia to calm a dispute with Russian-backed breakaway regions in the former Soviet republic, claiming it could end in "disaster and bloodshed".

Faced with their implacable dinner guest, the EU's 25 heads of government had spent much of lunch discussing how to present a common line to the Russian president. Matti Vanhanen, Finland's president, said they succeeded: "We were very united," he said.

José Manuel Barroso, European Commission president, said Russia and the EU needed a partnership based on reciprocity, openness, transparency, non-discrimination and market prices.

"We cannot allow energy to divide Europe as communism once did," he said.

The timing of Mr Putin's appearance as the guest of honour at the EU summit was viewed as awkward by many European diplomats.

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Russia's dealings with western oil companies, its tough treatment of Georgians living within Russian borders and the assassination of the journalist Anna Politkovskaya have all caused increasing concern in Europe.

On Friday Mr Barroso was forced to justify why the EU was honouring a leader who was overheard on Thursday joking that he "envied" the Israeli president, who is facing rape allegations.

The Russian Kommersant daily newspaper quoted Mr Putin, a former KGB agent, as saying: "He turns out to be a really powerful guy! He raped 10 women!" The Kremlin said his attempt at humour had been lost in translation.

Putin Ducks EU Demands On Energy Charter (AP)

By Constant Brand, Associated Press Writer

AP, October 21, 2006

Russian President Vladimir Putin defended his government's tough stance on Georgia and dodged EU leaders' demands Friday that he commit to a legally binding energy charter that would guarantee better access to Russia's oil and gas fields.

The 25 EU leaders, meeting with Putin over dinner following a one-day summit on energy, also grilled Putin about the recent killing of Russian journalist Anna Politkovskaya — an apparent execution-style slaying that EU leaders raised as an example of slipping human rights in Russia.

Putin called her death "a brutal murder" and pledged to hunt down her killers, diplomats said.

But he sidestepped European appeals for moderation on Georgia, and said he was acting to prevent conflict between Georgia and its breakaway regions of Abkhazia and South Ossetia, which have close ties to Russia.

"To our great sorrow and concern, the situation is developing in the direction of possible bloodshed," Putin told reporters. He accused Georgia of trying to take back the two regions "by military means. This is what you and I should be afraid of ... bloodshed in that region."

Russia and Georgia have had a history of friction since they went their separate ways with the collapse of the Soviet Union 15 years ago.

The Kremlin has recently cracked down on Georgian migrants in Russia as retaliation for Georgia's arrest in late September of four Russian military officers on charges of espionage. Russia has deported hundreds of people and closed dozens of Georgian-run firms and restaurants.

Summit host Finnish Prime Minister Matti Vanhanen confronted Putin on human rights and democracy in Russia, as well as EU concerns about Moscow's military campaign in Chechnya, officials and diplomats said.

"It was a tough message," Lithuanian President Valdas Adamkus told The Associated Press. But Putin "was very forceful" in defending his country's policy on Chechnya.

EU leaders spent Friday in the lakeside town of Lahti, north of Helsinki, forging a united front on energy before meeting with Putin in the evening.

The leaders of the European Union — which already depends on Russia for a quarter of its energy — urged Putin to implement a legally binding energy charter that would ensure supplies of Russian oil and gas for Europe.

The EU is anxious to secure future supplies of oil and gas from Russia but concerned about Moscow's reliability as a source — at a time of questions about a backsliding on democracy in increasingly authoritarian Russia.

Last winter, a dispute with Ukraine led Moscow to temporarily turn off the taps, disrupting natural gas supplies for several EU nations.

"From the economic point of view, we demand that Russia is a stable and reliable supplier," said Italian Prime Minister Romano Prodi.

The 25 EU leaders succeeded in devising a common stance on how to approach Russia on energy — but Putin disagreed with their views, Estonian Prime Minister Andrus Ansip told the AP.

"The European Union was speaking in one voice — one single voice — and of course, Russia wasn't speaking in the same voice," he said with a laugh.

Dutch Prime Minister Jan Peter Balkenende said Friday's talks with Putin were just the start of a wider discussion on EU's partnership with Moscow. The two sides meet again Nov. 24 for an EU-Russia summit.

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Also at the summit, EU leaders called on the Sudanese government to accept a U.N. peacekeeping force in the western region of Darfur, where 200,000 people have died and more than 2.5 million displaced in three years of violence.

EU leaders also discussed illegal immigration, with Spanish Prime Minister Jose Luis Rodriguez Zapatero appealing for more boats, planes, patrols and money to help Italy, Malta, Greece and Spain tackle the growing problem of migrants from Africa landing on European shores.

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Associated Press writers Maria Danilova, Paul Ames, Robert Wielaard and Matti Huuhtanen contributed to this report.

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On the Net:
http://www.eu2006.fi

Aftermath Of A Murder (WP)

The Washington Post, October 21, 2006

IT HAS NOW been 14 days since Russian journalist Anna Politkovskaya was murdered in Moscow. No one has been arrested for the crime, which is hardly surprising: None of the dozen other killings of journalists since Vladimir Putin became Russia's president has been solved. This one eliminated one of the fiercest and bravest critics of his government, a reporter who had tenaciously documented the depravity of Mr. Putin's war against Chechnya. We don't have any evidence implicating the Kremlin, but it's revealing to examine how Mr. Putin and his regime have behaved over the past few days.

The president's first reaction was a strange silence. While politicians, media outlets and statesmen in Russia and around the world condemned Ms. Politkovskaya's murder, no word came from Mr. Putin for three days. When finally compelled to speak, at a joint news conference in Germany with Chancellor Angela Merkel, Mr. Putin offered a rote condemnation of the attack. He then disparaged Ms. Politkovskaya, saying that "the level of her influence on political life in Russia was utterly insignificant." He made the ugly suggestion that foreign-based enemies of his government were somehow behind the killing -- a claim echoed in the state-controlled press. "We have information, and it is reliable, that many people hiding from Russian justice have long been nurturing the idea of sacrificing somebody in order to create a wave of anti-Russia feeling in the world," he said.

Really? If so, Mr. Putin's enemies also must have found a way to manipulate his own security forces. It was interior ministry operatives, after all, who violently broke up a peaceful vigil in Ms. Politkovskaya's memory in the Caucasian city of Nazran on Monday. Flowers and pictures of the slain journalist were ripped from the hands of the participants and stomped on. Ekaterina Sokiryanskaya, a well-known activist of the human rights group Memorial, was punched in the face and head; she suffered a broken nose and a concussion. Three days earlier, a court ordered the closure of the Russian-Chechen Friendship Society, one of the few nongovernmental organizations still attempting to document abuses in that devastated province. On Thursday the government suspended the operations of Amnesty International, Human Rights Watch and more than 90 other NGOs, saying they had not met the requirements of a controversial new registration law.

One other part of this story has played out with depressing predictability: the absence of any serious follow-up by Western leaders. At the same news conference at which Mr. Putin uttered his ugly insinuations, Ms. Merkel vowed that her government would press to complete a new partnership agreement between the European Union and Russia when Germany has the rotating E.U. presidency next year. Yesterday Mr. Putin was invited to dine with European leaders at a summit in Finland. If Ms. Politkovskaya's murder remains unsolved, will it be an obstacle to "partnership" between Russia and Europe? Sadly, Mr. Putin has been given no reason to think so.

'Enemy' Schoolchildren In Moscow (WP)

By Masha Lipman

The Washington Post, October 21, 2006

MOSCOW -- A Georgian migrant worker died at a Moscow airport this week while awaiting deportation. Tengiz Togonidze, 48, had asthma and was gasping for breath, but he was reportedly denied permission to get some fresh air either during the five days he was held in a detention center or afterward, during the trip to the airport, which took many hours. He was one of some 700 ethnic Georgians deported over the past three weeks as the government's anti-Georgia policies turned into a campaign of

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harassment of Georgians in Russia. The political conflict between Russia and Georgia has led to an ugly outburst of political xenophobia here.

In recent years intolerance and even violent ethnic and racial crime have become increasingly common in Russia. Just this summer, in a vicious attack on "non-locals," dark-skinned residents were driven out of the northwestern town of Kondopoga and some of their businesses set on fire or property smashed.

But this anti-Georgian campaign is different, in a scary way. Until now, if government authorities contributed to public xenophobia it was through inaction, incompetence or irresponsibility. Now ethnic hostility is being incited by government figures -- legislators and executive officials alike.

Three weeks ago, in a new round of the tit-for-tat fight between Moscow and Tbilisi that has been going on since Mikheil Saakashvili became Georgia's president, four Russian servicemen were arrested in Georgia on charges of espionage. Apparently caught off guard, the Kremlin responded with a barrage of threatening language. Though the immediate conflict was resolved after a few days through Western mediation, the anger and resentment over an obviously arrogant act by the Georgian government appeared to call for revenge.

In the days that followed the arrests, Russian officials sought to outdo one another in anti-Georgian rhetoric. Georgians were declared the most criminal of all ethnic minorities in Russia. A broad range of officials and loyalists demanded that they be barred from entering Russia and that migrant workers be forbidden to send home remittances.

President Vladimir Putin remarked that "migration flows should be regulated so that . . . our citizens would not be disadvantaged in various sectors of the economy." The speaker of the lower house proclaimed that "indigenous residents should be assured of advantages in trading activity at marketplaces." At the same time, on Kremlin-controlled television, Georgians were vilified as fat cats running casinos and driving Mercedes-Benzes. Raids on casinos (with their owners' unmistakably Georgian-sounding last names repeatedly cited) were shown on national news programs. One of the federal channels showed a documentary about "guests" from the south -- all with Georgian last names -- coming to Russia to commit crimes.

Georgia has been virtually blockaded, with transport from and to Russia severed. Though the Russian government wouldn't admit that the blockade was political (it was described as a punitive measure for failure to observe various rules and regulations), the message was unambiguous: Georgia and Georgians were the enemies of Russia.

Ethnic Georgians all over Moscow have been harassed by the police, regardless of whether they were Georgian nationals or held Russian citizenship. Fearing raids and shakedowns, Georgian restaurants suspended operations. Georgians were denied Russian entry visas regardless of their status and occupation; those barred from entering Russia included a popular dance company. Meanwhile, the Russian youth chess team refused to take part in the world championship being held in the Georgian city of Batumi.

The campaign took an especially ugly turn when some Moscow schools were ordered to submit lists of children with Georgian last names to police to facilitate the search for their parents, whose Georgian origin now made them suspect.

Until recently, Georgians would have seemed an unlikely target for such hostility. Georgian culture, art and cuisine have long been inseparable from Russian/Soviet life. Georgian moviemakers directed some of the most popular Soviet movies, which are watched by millions of Russians as eagerly today as they were in the U.S.S.R. The Russian cultural elite is inconceivable without Georgian actors, singers and artists. Georgian food is found not only in Georgian restaurants, which are mercifully cheap by Moscow standards, but as part of family holiday meals throughout Russia. And Georgians share a common Orthodox Christian religion with Russians.

But the sad truth is that ethnic hostility can be readily embraced by the Russian people, and the ethnicity involved doesn't seem to matter much. As the TV news was filled with anti-Georgian themes, television monitoring services registered increased interest in news programming. In a national poll taken in mid-October, 38 percent of Russians said they would support the deportation of all Georgians from Russia, even those with Russian citizenship. A significant majority said they approve of deportations, transportation blockades, stepped-up inspections of Georgian businesses and other anti-Georgian measures taken by the government. And there has been little in the way of protest against the xenophobia: Russia's remaining liberal media outlets condemned what they referred to as "ethnic cleansing," and a couple of rallies opposing the anti-Georgia campaign were held.

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After a while, however, the authorities seemed to realize that things had gone too far. They have begun to backpedal. The initiative to check schools for Georgian children was strongly condemned by a Moscow government official, who was joined by many others; high-ranking law enforcers even apologized for the action. Several officials came out with reassuring statements that the government is acting to restore order, not to harass individual Georgians.

The campaign may well turn out to be simply a resentful overreaction to Georgia's arrogance with regard to the alleged spying rather than a deliberate policy aimed at capitalizing on public xenophobia. But the government's desire to punish Georgia has broken the fragile taboo on ethnic hostility in official language. In the xenophobic atmosphere of today's Russia, this threatens to further encourage ethnic hatred and lead to more loss of life.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

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